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# The Analysis of the Distribution Mode of Rookie Network

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**Abstract**— *With online shopping spreading quickly, China ' s e-commerce market is rapidly expanding; the e-commerce distribution bottlenecks gradual emerge. Logistics distribution has restricted the development of Taobao.It is proved that during the process of distributing activity, information processing and dispatching speed can be speeded up with computer, telecommunication and network technologies, so improving efficiency and competence greatly. Alibaba set up rookie network aimed at long-term growth. The necessary of setting up “Rookie network” as well as business models of “Rookie network” were detailed in this article. Last,the effects of Rookie Network on market was analyzed.*

**Keywords**—*Logistics Distribution; Taobao; Electronic commerce; Express delivery enterprise*

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## I. INTRODUCTION

E-commerce enterprises are facing three major problems: information flow, capital flow, and logistics. In terms of Alibaba group, the current problems in information flow can be solved by Taobao and lynx , problems in Cash flow can be solved by alipay,however, the problem in logistics has not been solve well. At a time when its rivals were trying to Speed-up the Modern Logistics Construction, the development of the Alibaba group logistics industry is very slowly. The strains on the Alibaba group are growing by the day. Transport distribution is one of the most important links in the logistics system, studying the Delivery Mode problem can accelerate the response speed of the customer's demand, improve the service quality, enhance customer's satisfaction index, and reduce the business service operation cost.In order to solve this problem, Alibaba activated the China Smart Logistic Network (CSN) programme and established “Rookie network”, working with large companies and other partners.

## II.THE NECESSARY OF SETTING UP “ROOKIE NETWORK”

### *A. The Pressure From Competitors*

E-commerce enterprises in China are bearing great pressure both from price and customer experience. Now When we speak of E-commerce enterprises, many times the first response is favorable price and fast delivery. The efficiency of logistics of Taobao is poor, in comparison with the other E-commerce enterprises. So Alibaba is facing increasing customer loss risk. So far the Express Enterprise which are cooperating with Taobao includes EMS, SF Express, Shentong Express, flexible Express,Zhongtong Express, Best Express, Rush Delivery and TTK Expresses and SF Express which service level is higher than other co-operative express enterprise are rarely used because of their high price, and other co-operative express enterprise service level is so poor that cannot compared with Suning and Jingdong which built own logistics systems, quality of the service of these express companies is not satisfied, security is difficult to guarantee, the rate of complaint is high and the degree of consumers ' trust is low. so improved distribution model and efficiency is a matter of the highest priority for Taobao.

### *B. The Sharp Increase of Order*

Taobao is one of the biggest networks of e-commerce platform in China and sales of Taobao are crossing newer heights with each passing year. In 2016, on Alibaba's annual day of discounts called the 11.11 Shopping Festival, Taobao and Tmall generated more than\$ 9.12 billion in sales just in 24 hours.

Surges of orders lead to courier warehouse explosion and decrease the speed of delivery. In fact, being lack of funding input, indispensable infrastructure and technical equipment are in short supply which results in these issues. This shows, logistics infrastructure of Taobao does not match e-commerce market transactions that increase fast.

### **III. BUSINESS MODELS OF “ROOKIE NETWORK”**

Rookie network plans setting up storage facilities nationwide through self built, cooperation, transformation, etc. with 5-8 years of hard work. The logistics network can support an average of 30 billion sales per day, so that every city or region of the country can be delivered to the door within 24 hours.

According to traditional investment method, the first consideration of Express delivery companies is increase the warehouse count that need to buy trucks, additional personnel, self built team to speed up delivery. However, for most of the logistics enterprises, the cost of self formation of the team is too high, And what's more, the cost of self built warehouse. Rookie network plans to build 9 large storages base nationwide and built more than 20 logistics transit centers. In addition, Rookie network will establish city logistics network in a wider scope. Later, rookie network distribution to users in the first time. It is easy to enhance the efficiency of the express company, while reduce the cost of logistics businesses.

In addition to build warehousing base constantly, rookie network will optimize business model. We can use a typical example to describe the delivery process of rookie network in future. When an customer from Beijing place an order with Taobao sellers from Shanghai, Taobao sellers should supplied goods after the receipt of your order as soon as possible. If the data platform of rookie network shows that a courier of Shen Tong Company is nearby, the data platform will send information to him and inform him of picking up cargo. The courier will have to deliver the goods to Shanghai's transit centre in the first place. Now, if the data platform of rookie network shows that Yuantong company van will delivering goods to Beijing, it simply instructs Yuantong company to deliver the goods to the transit center in Beijing. After the goods arrive in Beijing, if rookie network data platform show that an SF courier will deliver goods to the area where close to customers, it simply instructs the SF courier to deliver goods to the customer. In this way, the courier companies and customers can make the cost down to a minimum, while shortening the delivery time.

As a relative unique course, Rookie network decomposes the process of logistics distribution and assigns tasks to courier companies that cooperate with Rookie network. After decomposition and combination, the goods can reach the hands of customers in the shortest time. The decomposition and planning of activities in the process of logistics distribution is very important that can take advantage of each courier company, then change the status of the logistics industry. Meeting the demand at higher speed, with lower cost, higher efficiency and more high-quality service and creating more value for the customers, enterprise itself and even society are the net effect Rookie network wants.

### **IV. THE EFFECTS OF ROOKIE NETWORK ON MARKET**

#### *A. The Effects of Rookie Network on Customers*

First of all, it shortens the physical distance between traders, and makes trader close. It will come true that customers can receive the goods within 24 hour after they placed orders online. Speed up the distribution of logistics allows customers can buy a wide range of clothing, food and specialty goods which sale in distant areas at home via a Web search. Taobao Marketplace which is a virtual markets become a big market that is closely related to people's lives. With the development of Rookie Network and a wide range of applications, the dependence on the online shopping of society will be gradually increasing.

Second, consumers can enjoy more benefits when they are shopping on the Taobao. If do hypostatic shop, earlier investment is very big, the store on the net can let their leave out this part is devoted, so prices are often relatively lower online compared to shopping in the physical store.

But online shopping is difficult to get rid of its defects: quality issues, delays in goods not received and after which point the lack of a\* casually, are enough to block the heart of consumers. Rookie Network creates a more personalized shopping experience that competition between Taobao sellers will be more fully and effectively. Taobao sellers must continuously improve product quality, and perfect service system, to exceed customer requirements and get more users. The ultimate beneficiaries will not only be Taobao sellers, but also be consumers and Alibaba.

#### *B. The Effects of Rookie Network on The Enterprise in The System*

The logistics network establish by "Rookie network" is so huge that be able to support online sales of 30 billion yuan per day. Over 30 billion million in sales a day means about Ten trillion in annual sales. That is really an astonishing number, It accounts for half of the total amount of the societal retail commodity revenue in China. The impact of such a huge logistics network on enterprises is substantial. To these enterprises, this is not only an opportunity but also a challenge.

For an online seller, the logistics distribution cost is dramatically lower. So it's reduced total cost and has made it possible for online seller to provide more products with cheaper price. More and more people are willing to get connected to the Internet and then buy goods on taobao.

For express delivery companies, the cooperation between each other will be strengthen, and the money spend on setting up Logistics distribution system will be reduce by integrating logistics delivery system. The establishment of "rookie network" will help shortening delivery time, while improve the service level of express delivery companies. That's what express delivery companies need.

For Alibaba, it was part of a continuing effort to improve service efficiency of logistics and bridge the gap with other E-commerce Enterprise. Although a lot of manpower and marketing costs should invest into this project at an early stage, the expected returns will be ideal enough. In general, if the rookie network operates effectively, it will integrate distribution system, reduce the cost and improve the efficiency of logistics distribution. It will have an important impact on China's logistics industry and even other industries.

However, we should clearly understand the difficulties in setting up Rookie Network. After the construction of Rookie Network, customer orders will be focused on the network platform, and then assign the task to express companies which cooperate with Taobao according to the instructions from the rookie network. But how task, profits and risks are shared in such system, clearly express companies can't self-determine what kind of assignment they take up. And what's more, these express companies are competitors. So It is very difficult for them to cooperate. In addition, the present condition of express companies is the service level is not even, so the overall level of service can not be guaranteed. Any company other than SF express company chose to join in commercial pattern of the representative, and can't full control the running process of distribution system. When the distribution business process is decomposed and then optimization, this mean the express enterprise operation process is dismembered. express companies ' s franchisees are more likely to withdraw from the league.

## V. CONCLUSION

The main problems in the logistics distribution system of taobao are the cost is too high and the level of service is too low. If these problems can not be solved in the future will directly affect the healthy development of taobao. Alibaba attempts to improved logistics distribution system by setting up Rookie Network. Although it will lead to cost increased in a short period of time, it is conducive to the sustainable development of Alibaba. There are other problems with the Taobao distribution system which cannot be solved by Rookie Network. For example, the user can not unconditionally return purchase sometimes, the product quality cannot be guaranteed. So, further efforts are required to build up the visualize and credit standing.ork can provide third party warehousing base for Taobao, express delivery companies so goods can be .



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