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# Indonesia Courier, Express, and Parcel (Cep) Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 150 pages | Mordor Intelligence

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**Report description:**

The Indonesian courier, express, and parcel (CEP) Market is anticipated to register a CAGR of more than 12.5% over the forecast period.

Key Highlights
With the world's fourth-largest population and excellent growth potential, Indonesia is a key market in the global scenario. The Indonesian CEP market is at an infant stage with many opportunities for the industry. With rapid regional and global economic integration, local businesses are continually seeking logistics and courier services that can provide direct access to local and international markets.
The courier, express, and parcel (CEP) market in Indonesia is growing rapidly in line with the country's e-commerce sector, generating significant revenues for the industry. The explosive growth of the country's e-commerce sector presents both opportunities and challenges for online retailers and logistics players. While the growth of e-commerce is the major driver for the CEP business, the rising demand for perishables and the growth of the country's life sciences sector may also support the growth of express delivery in the future.
These digital solutions seek to decrease administrative costs, increase logistics efficiency, and do away with the expense of sending physical papers across international boundaries. The transition to digital-based logistics is urgently required, according to the Indonesia's Ministry of Industry, given social trends and adjustments in corporate practice in the digital age. Based on the Logistics 4.0 platform, supply chain management and logistics will undergo a transition that will change how data is exchanged throughout logistics ecosystems, making it more effective.
Logistics 4.0 will also improve ecosystem collaboration, workflow trust among organisations, and the validity and immutability of digital documents. Indonesia's Ministry of Industry wants to develop Indonesia's Logistics 4.0 platform based on blockchain, cloud, big data, and the Internet of Things, and is hoping that stakeholders in the logistics ecosystem will work together to make this

happen (IoT). This will contribute to an increase in the efficient flow of digital information as well as the flow of goods and services, money, and other resources.

## Indonesia Courier, Express, & Parcel (CEP) Market Trends

### E-commerce growth is driving the CEP market in Indonesia

Indonesia is a potential e-commerce industry in Asia-Pacific, with several local and international players competing. The growth of e-commerce has opened up opportunities for many logistics companies to provide delivery services. E-commerce is rapidly growing in the country, driven by the growth of information and communication technology, the rising middle-class population, and smartphone penetration.

For instance, JNE Express, one of the leading courier companies in the country, has captured a big opportunity in an e-commerce business, which accounts for almost 60-70% of its shipments. Digitization is also enabling consumers to reach the global markets, promoting cross-border e-commerce and driving the international CEP market.

With Indonesia's e-commerce market standing at USD 53.8 billion in revenue in the past year, it is currently an e-commerce hotbed in Southeast Asia. This industry is witnessing lots of investment and has great potential to continue being one of the biggest e-commerce economies in Southeast Asia. Additionally, companies are optimistic about the government's commitment to improve infrastructure. A survey from the Institute of Southeast Asian Studies in Singapore estimates that 138 million Indonesians, or about half of the population, shop online.

The value of the entire digital economy is accounted for by the e-commerce industry at 72%. Only 25% of online purchases are international, but analysts predict that the market for products from other nations will grow. 31% of Indonesia's e-commerce income comes from the fashion sector. Following food and personal care at 16% are toys and hobbies at 16%, furniture and appliances at 14%, and electronics and media at 23%, in that order. JD.id, a retailer, is Indonesia's largest online retailer, with current revenue of USD 2.3 billion. The second site, a marketplace called Shopee.co.id, had sales of USD 390 million. A "parenting platform" that combines business, Orami.co.id, posted revenue of USD 295 million.

### Growth in the Manufacturing and Automotive Industry is Spurring the Market Growth

The growth in the manufacturing sector is expected to boost the demand for express delivery and logistics services. The express deliveries of industrial products are vital in avoiding stock shortages. The government has ambitious plans to propel the country into the top ten biggest economies in the world by 2030, with manufacturing at the heart of this goal. The main areas of production include textiles and garments, food and beverages (F&B), electronics, automotive, and chemicals, with the majority of manufacturers in this sector comprising micro, small, or medium-sized enterprises.

Investment in Indonesia's manufacturing sector totaled IDR 325.4 trillion (USD 21 billion) in 2021, a 19% rise from IDR 272.9 trillion (USD 17 billion) in 2020. This amount exceeds the IDR 280 trillion (USD 18 billion) to IDR 290 trillion (USD 19 billion) investment achievement objective for the industrial sector set by the Ministry of Industry (Kemenperin). According to information from the Investment Coordinating Board (BKPM), the investment achievement of IDR 325.4 trillion (USD 21 billion) was made up of IDR 94.7 trillion (USD 6.1 billion) in domestic investment and USD 15.8 billion in international investment. According to this number, the sub-sector for basic metal, metal goods, non-machinery, and equipment had the biggest investment amount, accounting for IDR 117.5 trillion (USD 7.5 billion), or 13% of all investments made in 2021.

The COVID-19 pandemic made many manufacturing and automotive companies question their heavy reliance on China, while

China's trade war with the United States also burdened the industries with additional tariffs. Indonesia has taken measures to take advantage of the situation, with the government establishing a special task force to attract businesses leaving China, which is expected to facilitate the growth of its logistics sector. As the lockdown was relaxed in the country, there was a surge in manufacturing activity across the country. After reaching a three-month high of 57.2 in October 2021, the Indonesia Manufacturing Purchasing Manager Index (PMI) reached 53.5 in December 2021. It recorded a higher PMI in 2021 than in December 2020, i.e., 51.3.

Even with the pandemic, the manufacturing sector's contribution to the realisation of export value is growing. Manufacturing exports from January through November 2021 were USD 160 billion, or 76.51% of all exports made by the country. The manufacturing industry's export performance improved by 35.36% from the same period in 2020. The manufacturing sector's export performance keeps the trade balance surplus that has been reported since May 2020.

Indonesia Courier, Express, & Parcel (CEP) Market Competitor Analysis

The Indonesian CEP market is slightly fragmented and is dominated by long-established players, such as JNE Express, Pos Indonesia, and DHL. Other significant players in the market include TIKI, Pandu Logistics, Pahala Express, SAP Express, etc. Technology has become important for companies to increase their efficiency and to attract customers in this era of Industrial Revolution 4.0. For example, Pos Indonesia is conducting trials with robots to chat without voice support. J&T Express is another example of a company that has expanded rapidly in the past three years. A lot of delivery companies that are online-based or employing high technology are entering the market, offering faster delivery services and presenting strong competition to conventional players.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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