

United Kingdom Contract Logistics Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The UK contract logistics market is expected to grow to register a CAGR of about 3% during the forecast period. Despite facing significant operational and financial disruption since March 2020, the logistics industry continued to supply the nation with goods, including food supplies and PPE. To deal with the COVID-19 pandemic, logistics businesses managed risks by scaling back operations, taking work back in-house, and reducing their reliance on third-party services, while many also focused on their core fleet of vehicles to save costs.

Key Highlights

The United Kingdom has the most advanced logistics industry in Europe. Owing to the variety and higher prevalence of e-commerce, this may not change-the contract logistics market benefits from expanding e-commerce due to increased demand for contract logistics services. As a result of the e-commerce boom, logistics companies are expanding their services. After a boom in demand for logistics locations in 2021, the United Kingdom experienced a lack of warehouse capacity. In 2021, almost 50.7 million sq. ft of big distribution warehouses were purchased, registering an increase of 3.6% compared to 2020. Around 89% of all goods transported by land in Great Britain are moved directly by road. Brexit is expected to have a significant impact on the international road freight transport market and impact contract logistics as well. The international road freight transport market will almost certainly be affected by Brexit. Contract logistics services are in high demand as a result of the retail e-commerce boom. Over the last decade, e-commerce has become the most popular retail trend in the United Kingdom. Even though e-commerce platforms have been around for a long time, they have only recently gained mainstream notice. In order to keep up with the rest of the globe, the expansion of internet shopping in the United Kingdom has been phenomenal.

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Growth in E-commerce

Significant growth in the e-commerce industry and increasing consumer propensity to shop online are among the key factors creating a positive outlook for the UK market. Logistics plays a vital role in the smooth functioning of warehousing, transportation, shipping, and online delivery. The widespread adoption of this solution is also due to the increase in reverse logistics operations, such as simple return and refund policies offered by various e-commerce platforms with flexible tracking capabilities will drive market growth.

In addition, the widespread use of logistics by several industrial sectors is another growth driver due to growing awareness of the benefits of logistics, such as reduced investment, faster delivery times, and a greater focus on consumers rather than administrative tasks. The introduction of technology-driven logistics services and the Internet of Things (IoT)-enabled connected devices, enabling the tracking of objects and remote control of elements of the transportation process, is driving the market growth.

Moreover, growing interest in sustainable development has increased the demand for green logistics to support the growth of the market. Furthermore, the prevalence of radio frequency identification (RFID), Bluetooth, and other emerging technologies, such as drone delivery and unmanned vehicles, are having a positive impact on the market growth. Extensive research and development (R&D) activities and other factors, such as increasing demand for safe refrigerated transportation across the country, are expected to boost market growth. The building is equipped with new technology and the latest storage software, further expanding the logistical capacity to manage all services. The e-commerce industry is driving a new era in customer service with extensive automation. The logistics industry is constantly adapting to new technologies and innovations.

Soon, drone deliveries might become more common in the United Kingdom. At the same time, hyperlocal services would help businesses deliver their goods, thus, fast-tracking last-mile delivery for a quick turnaround time on e-commerce orders from major retailers.

Brexit Driving the Demand for Refrigerated Transportation

With the European Union being one of its major trade partners in the food and beverages sector, the United Kingdom, after the no-deal Brexit, is facing extreme challenges in fulfilling demand from its population. To attract other exporters, the country has lowered the tariffs on agricultural produce from outside the European Union. Among importers of the country's meat, beef, fish, and beverages, the European Union holds a major share. Creating a market outside the Union will also be challenging for the country.

Countries like Australia, Africa, and Chile are potential trading partners for the country but are distant from the United Kingdom compared to the European Union. Trading with these countries will require huge capacities and technologically advanced cold chain services. The food and beverages sector and the pharmaceutical industry will be facing challenges in terms of the risk of drug shortages.

Major drugmakers such as Bayer, Novartis, AstraZeneca, and GSK have taken contingency steps to secure their supply. Novo Nordisk and Sanofi, Europe's largest diabetes drug companies, for instance, are stockpiling insulin in Britain, increasing the demand for advanced cold storage logistics and storage. The United Kingdom has the third-largest online grocery market globally, following South Korea and Japan, with about 6% of grocery sales being made online. With the increasing population and shifting generations, consumers' shopping preferences and habits are changing.

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The trends of healthy living and online shopping are aiding the increase in the demand for refrigerated warehousing and transportation of perishable and sensitive products in the retail market. Multiple cold chain warehouses have been established to ensure ideal storage and transportation conditions for temperature-sensitive products.

UK Contract Logistics Market Competitor Analysis

The market is relatively fragmented, with a large number of local and international players, including DHL Supply Chain, Wincanton, Clipper Logistics, and UPS as its key players. The market is experiencing expansions and mergers, and acquisitions as players focus on increasing their grasp over the nation as well as the international market.

The UK contract logistics market provides an example of near-perfect competition, as there are many buyers and sellers operating in the market. Even though major players have a strong footprint across the region and account for a significant market share, the market is still fragmented to some extent, with many players providing contract logistics services at different levels.?

Additional Benefits:

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

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