

Saudi Arabia 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 Saudi Arabia courier, express, and parcel (CEP) market is anticipated to register a CAGR of more than 6.5% during the forecast period. The growth of e-commerce and technological advancement in Saudi Arabia is driving the market. And increasing cross-border shipments is also supporting the growth of the market.

Key Highlights

Due to COVID-19, there was a surge in the CEP market as e-commerce surged, but other sectors, such as manufacturing, government, and financial services, dipped due to lockdown restrictions. In 2021, as the restrictions were relaxed, there was a surge in all the sectors in Saudi Arabia, driving the CEP growth in the Kingdom.

E-commerce is one of the major factors driving market growth, with higher connectivity rates, a young working population, and advanced infrastructure. Saudi Arabia is one of the Middle East's major markets in online retailing. The pickup and dropoff (PUDO) collection points are expected to gain popularity in the future. Currently, around 15% to 20% of e-commerce orders are collected at a physical location operated by courier companies or their partners. It also makes return management easy for companies. Saudi Arabia has become an important market for domestic and international shipments, with major companies entering and expanding networks in the market. The international players are making strategic investments to establish a regional logistics network, such as opening new distribution centers, smart warehouses, etc.

Technology has become a key enabler for companies to be competitively aligned with market trends and dynamics. Logistics companies, especially in the CEP business, must consider technological investments that can otherwise disrupt the business. According to industry sources, maintaining the consistency of quality for service and managing costs is a challenge for all the industry players. There is still a strong preference for cash on delivery while shopping online, so interactive delivery management and customer communications are becoming more important.

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Saudi Arabia Courier, Express, & Parcel Market Trends

Growth in E-commerce sector supporting the market

The e-commerce segment accounts for the majority of the B2C CEP market. In addition to e-commerce, the banking and financial services sector and other document delivery from the education, telecom, or government and public services sectors significantly contribute to the B2C segment.

Namshi.com is the dominant participant in the Saudi Arabian e-commerce business. In 2021, the store generated USD 153 million in sales. Amazon.sa and Jarir.com are the second and third-largest stores after Namshi.com, with USD 124 million and USD 105 million, respectively. The top three Internet retailers in Saudi Arabia collectively generate 5% of the country's online sales. Amazon is among the online retailers in Saudi Arabia with the quickest growth rate. In 2021, the store generated net online sales of around USD 0.1 billion. In the previous year, its revenues increased by 316%.

The e-commerce logistics in Saudi Arabia is at a nascent stage compared to many other mature markets. More business models are expected to evolve involving outsourcing and focus on specific parts of the value chain, such as the first mile, long haul, and last mile. The majority of the customers of SMEs, around two-thirds of all customers, are individuals. This indicates the large addressable market for B2C CEP companies from these SMEs.

International trade in Saudi Arabia driving the market

Saudi Arabia's economy ranked 20 globally in terms of GDP in 2020, 30 globally in terms of total exports and imports, 46 globally in terms of GDP per person, and 32 globally in terms of economic complexity. The top five imports into Saudi Arabia are automobiles, radio and television equipment, refined petroleum, packaged medicines, and mobile phones, with the bulk coming from China, the United Arab Emirates, the United States, Germany, and India.

According to the General Authority for Statistics (GASTAT), Saudi Arabia experienced a 43% increase in air traffic and a 7% increase in marine traffic in 2021. In all, 497 foreign and domestic aircraft landed and took off from Saudi Arabian airports in 2021. When compared to 2020, there was an increase of 43%.

Regarding freight transportation, the authority stated that airfreight registered an increase of 501,000 tons, representing a growth of 53%, of which domestic freight amounted to around 79,000 tons, representing a growth of 44%. Additionally, GASTAT showed that 2,20,000 tons were transported by international aircraft, while 3,60,000 tons were transported by Saudi airlines.

Saudi Arabia Courier, Express, & Parcel Market Competitor Analysis

The Saudi Arabia courier, express, and parcel (CEP) market is relatively consolidated. The top five domestic and international players dominate the market, accounting for more than 65-70% of the share. SMSA Express, DHL, Aramex, and Saudi Post are the top players in the domestic CEP market, while DHL and Aramex have very high market shares in the international CEP market. Digitally enabled logistics startups are rising in the country to capitalize on the high growth of the e-commerce sector and increase the operational efficiency in package delivery.

For instance, Trukkin offers a seamless and powerful platform designed to enhance efficiency, consistency, transparency, and reliability in the transportation and logistics ecosystem. Also, the companies operating in the country focus on improving their digital capabilities.

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Additional Benefits:

The market estimate (ME) sheet in Excel format
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Table of Contents:

1 INTRODUCTION

- 1.1 Study Assumptions
- 1.2 Scope of the Study

2 RESEARCH METHODOLOGY

- 2.1 Analysis Methodology
- 2.2 Research Phases

3 EXECUTIVE SUMMARY

4 MARKET INSIGHTS

- 4.1 Current Market Scenario
- 4.2 Technological Trends
- 4.3 Government Regulations
- 4.4 Value Chain / Supply Chain Analysis
- 4.5 Insights on Saudi Parcel Volumes (number of parcels in million, 2016 - 2025)
- 4.6 Overview of Logistics and Warehousing Market in Saudi
- 4.7 Brief on Freight Rates (average cost per parcel for domestic and international transport, trends, etc.)
- 4.8 Spotlight on 3PL Market in Saudi Arabia
- 4.9 Insights on Reverse Logistics
- 4.10 Impact of COVID-19 on the CEP Market (short-term and long-term effects on the market and economy)

5 MARKET DYNAMICS

- 5.1 Drivers
- 5.2 Restraints
- 5.3 Opportunities
- 5.4 Industry Attractiveness - Porter's Five Forces Analysis
 - 5.4.1 Bargaining Power of Suppliers
 - 5.4.2 Bargaining Power of Consumers
 - 5.4.3 Threat of New Entrants
 - 5.4.4 Threat of Substitutes
 - 5.4.5 Intensity of Competitive Rivalry

6 MARKET SEGMENTATION

- 6.1 By Destination
 - 6.1.1 Domestic
 - 6.1.2 International
- 6.2 By Business
 - 6.2.1 B2B (Business-to-Business)
 - 6.2.2 B2C (Business-to-Consumer)
- 6.3 By End User

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- 6.3.1 Services (includes BFSI (Banking, Financial Services and Insurance), etc.)
- 6.3.2 Wholesale and Retail Trade (including E-commerce)
- 6.3.3 Life Sciences/ Healthcare
- 6.3.4 Industrial manufacturing
- 6.3.5 Other End Users

7 COMPETITIVE LANDSCAPE

- 7.1 Overview (Overall Market Share, Market Concentration and Major Players, and Companies' Comparison Analysis)
- 7.2 Market Shares (Domestic CEP Market Share, and International CEP Market Share)
- 7.3 Company Profiles
 - 7.3.1 SMSA Express
 - 7.3.2 Aramex
 - 7.3.3 Deutsche Post DHL group
 - 7.3.4 Saudi Post Corporation
 - 7.3.5 Naqel Express
 - 7.3.6 Zajil Express
 - 7.3.7 Alma Express
 - 7.3.8 FedEx/SAB Express
 - 7.3.9 Abdul Latif Jameel Logistics
 - 7.3.10 United Parcel Service Inc.
 - 7.3.11 Esnad Express
 - 7.3.12 Noon logistics*
- 7.4 Other Companies (Key information/overview)
- 7.5 Insights on Potential Players to Enter the Market

8 FUTURE OUTLOOK OF MARKET

9 APPENDIX

- 9.1 Macroeconomic Indicators (GDP Distribution by Activity, Contribution of Transport and the Storage Sector to Economy)
- 9.2 Insights on Capital Flows (Investments in the Transport and Storage Sector)
- 9.3 E-commerce and Consumer Spending-related Statistics
- 9.4 External Trade Statistics - Export and Import, by Product and Country
- 9.5 Demographics of Saudi Arabia (Total Population, Population Breakdown by Age, Gender, City/Region, etc.)

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