

## **Saudi Arabia Third-Party Logistics (3PL) 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 3PL market in Saudi Arabia is well-developed and is expected to grow at a CAGR of more than 5% during the forecast period 2022 - 2027.

Because of the Covid-19 pandemic, which affected the volume of demand for goods in several sectors in Saudi Arabia, the import sector of retail products experienced an unprecedented decline due to widespread closure of retail stores and the imposition of travel restrictions, many challenges have arisen for the Third-party logistics sector in Saudi Arabia.

In Saudi Arabia, the third-party logistics sector is gaining a lot of traction as a way to manage the growing cross-border movement of commodities. Consumer preferences are changing, and there is a growing desire for faster delivery times and more effective supply chain management, therefore 3PL companies in the country are incorporating technology and automation into their supply chain services.

Saudi Arabia is a trade partner with many countries of the globe owing to the large oil reserves present in the country. The accessibility to emerging markets hands significant trade advantage to the country and highlights the need to strengthen the transportation and logistics infrastructure of country. The lesser control of manufacturers on logistics service and delivery processes is anticipated to hinder the third-party logistics market for same in the coming years. Factors such as enabling cost reduction, availability of specialized service providers, the presence of industrial zones, and increasing industrialization, are driving the 3PL logistics market in Saudi Arabia.

Saudi Arabia 3PL Market Trends

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## Growth in E-Commerce boosting the demand for 3PL services

The expansion in the e-commerce business drove the growth of the 3PL market in Saudi Arabia. COVID-19 lockdown measures had a significant impact on e-commerce in 2021. Despite the fact that sales were already strong throughout the review period, limits and curfews prompted most businesses to shift from in-store to e-commerce in order to offset losses (due to the absence of in-store shopping). With the expansion of the supply chain and the emergence of new technologies, new businesses have evolved, and existing businesses have grown even more.

Saudi Arabia has the largest population in the GCC, with a tech-savvy and growing young population, which makes it a key market player in the region. In 2021, around 90 percent of the population had internet access. These factors eased e-commerce adoption among the population, with around 80 percent of active internet users in Saudi Arabia engaging in online shopping, which is the same share as in China. Thus, Saudi Arabia's e-commerce market is one of the largest across the region and it is expected to continue growing. While the COVID-19 pandemic has shaken businesses around the world, e-commerce witnessed immense growth. Saudi Arabia was no exception to this general trend.

## Drop in Trade Balance of Saudi Arabia

Saudi Arabia's positive trade balance fell during the economic downturn, recovered, but has declined in recent years. This is most likely attributable to a drop in export revenue due to lower crude oil prices in the region. This has had an impact on the economy, and the national debt is anticipated to rise as a result.

Saudi Arabia, as a significant oil producer and exporter, must manage international ties relating to the export of its most valuable resource while also maintaining regional peace. The country has been successful in doing so for the most part. Saudi Arabia's most major export partners are China, the United States, Japan, South Korea, India, and Singapore, all of which have large oil reserves around the area. Saudi Arabia is one of the most important players in the Muslim and Arab worlds, as one of the world's major oil producers and one of the world's wealthiest countries. Saudi Arabia exported items valued over USD 238.6 billion in 2021. In 2020, Saudi Arabia's trade balance surplus amounted to approximately USD 40.74 billion.

## Saudi Arabia 3PL Market Competitor Analysis

The market is fairly fragmented with a large number of domestic and international businesses competing. Among the major players are DHL, Agility Logistics, Mosanada Logistics Services, Almajdouie Logistics, Hala Supply Chain Services, Himmah Logistics, and LSC Logistics. Top companies in the industry are focusing on strategic market initiatives to expand their product capabilities and market presence. The dry warehouse is the most common type of warehousing, and it has seen significant growth in recent years. Given the potential of the region and the growing relevance of commercial ties, logistics and service organizations that currently have a huge foothold in Saudi Arabia are extending their operations.

### Additional Benefits:

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

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