

United Arab Emirates (Uae) 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 market for Courier, Express, and Parcel (CEP) in United Arab Emirates is estimated to be valued at more than USD 1.6 billion and is estimated to grow at a CAGR of 7.5% during the forecast period.

Key Highlights

UAE being a leading e-commerce and smart hub in the region, the logistics companies are working to fill the logistics supply gaps and to offer faster delivery services to customers.

The growth in e-commerce being driven by young and tech-savvy consumer base, rising international trade are driving the volumes of express and parcel deliveries.

The major e-commerce players in the country, such as Souq, noon.com, awok.com, and Wadi, were forced to develop the logistics network in-house, due to the lack of an e-commerce eco-system.

However, the CEP market in the country has been quickly adapting to the needs of e-commerce platforms. The companies have been developing new technologies and experimenting new supply chain models to increase parcel volumes and expedite deliveries.

With the growing demand for on-time deliveries and increasing preference for convenience, the companies are developing solutions such as PickUp DropOff (PUDO) points, automated parcel delivery terminals, etc. In Nov 2019, Aramex has launched a new PUDO service called 'Aramex Spot' in UAE and Saudi.

The companies are increasing investments in technology, infrastructure and increasing their presence across the region.

Warehouses are becoming automated with the aid of robotics and automation, and companies are experimenting on autonomous vehicles and drone deliveries for efficient and faster last mile deliveries.

Many tech-based start-ups are emerging with robust delivery solutions across various eCommerce logistics segments. These start-ups help eCommerce companies, as well as the traditional brick and mortar stores, deliver at low costs.

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The Country is home to major courier and express service providers such as Aramex, UPS, DHL, FedEx and the government owned Emirates Post. The unique geographical positioning of Dubai, excellent infrastructure facilities and economic growth patterns have made it an ideal regional base for most courier and express service operators.

With the impact of COVID-19 on supply chains and trade, the CEP market is expected to have a significant drop in 2020, and it is expected to continue its growth trajectory post 2020 through the forecast period.

UAE CEP Market Trends

International deliveries to dominate the market

UAE being a key trading hub in the Middle East, the CEP market in the country is dominated by international B2B deliveries. The International CEP segment dominates accounting for more than 65% of the total market and is expected to continue the growth through the forecast period.

The significant share of cross-border online shopping is also contributing to the growth of international CEP market. The country's initiatives towards the development of cross-border e-commerce is expected to foster the growth of the segment. In Jan 2020, Dubai Customs has launched Cross Border e-commerce platform to make the country a global hub for e-commerce and to encourage e-commerce companies to establish their businesses in Dubai.

In 2019, while the logistics sector as a whole has been affected by global trade slowdown, the sub-sectors like international CEP have witnessed steady growth when compared to others such as freight forwarding, inventory and supply chain management.

Online marketplaces venturing into delivery business with in-house logistics

With e-commerce penetration being relatively low, some ambitious investments have been observed in the new online marketplaces in the past few years and those investments also extend to the delivery aspect of online shopping, too. The e-commerce players are building their own last-mile delivery infrastructure. The players such as noon express of noon.com and Q Express of Amazon's Souq.com has become largest delivery companies in the country taking up significant market share. Despite the capital that goes into developing the infrastructure, it offers the companies more flexibility and significant cost savings over the long-term.

After Souq getting acquired by Amazon, the company has acquired Wing.ae, a startup that is building out a network for Prime-style same-day and next-day deliveries for various e-commerce marketplaces. Wing.ae's fast-delivery network also potentially can help Amazon build out its Prime business into the region. Wing.ae facilitates the shipment of products and merchandise between merchants and consumers through a range of local and small shipping companies. Wing.ae has an integrated web platform and mobile devices and has partnerships with more than 15 shipping companies.

The companies operating in other businesses are also expanding to courier delivery business owing to the growth prospects in delivery business. For instance, the ride-sharing app Careem has launched delivery service 'BOX' in 2017. In the same year, the Transguard Group, the multifaceted business support services company, has also announced expansion of its delivery business.

UAE CEP Market Competitor Analysis

The Courier, Express, And Parcel (CEP) market in UAE is moderately fragmented in nature with some major players accounting for significant share of the total market. While the companies such as Aramex and Emirates Post are long established players operating in the country, the companies such as Fetchr and Snap delivery services are comparatively new entrants to the market.

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These companies are able to gain significant portion of the market by leveraging the technology and expanding their own fleet. With high competition, the major international express integrators such as DHL, FedEx, and UPS are not able to gain significant footprint in the domestic delivery business. However, these companies dominate the international delivery business with their strong global network.

Additional Benefits:

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

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