

United States Digital Freight Forwarding 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 US digital freight forwarding market is anticipated to register a CAGR of more than 20.5% during the forecast period.

Key Highlights

The freight shipping sector in the United States was crippled by COVID-19 and is emerging with a new purpose and confidence that digitization could be the legacy of the pandemic. The COVID-19 pandemic impacted the country's marine shipping and air freight services in early 2020, resulting in canceled sailings and flights, port delays, and container shortages. These interruptions were particularly severe for shipments from Northeast Asia to the United States.

Digitization continues to be one of the key drivers supporting the growth of the US economy. Companies like Convoy, Uber Freight, and uShip are developing new platforms to fill in the gaps in the logistics industry. With digital freight forwarding, the manual process will be reduced. The major benefits of digital freight forwarding include instant quotes, transparent pricing, comparison of rates and carriers, tracking, easy documentation, and others. The logistics industry is developing into a paperless digitized industry, supporting the market's growth.

Many companies are now embracing digital freight services. In the six months before April 2021, Uber Freight's owner-operator activation nearly doubled, and by May 2021, the number of new authority carriers had increased by more than 300% year over year. In the first quarter of 2021, the company closely monitored this driver supply shift as well as other macro developments affecting the industry, such as the US labor trends and supply-chain bottlenecks.

US Digital Freight Forwarding Market Trends

Growth of e-commerce

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In the first half of 2021, US retail e-commerce sales amounted to almost USD 438 billion. Sales revenue from April to June of 2021 exceeded USD 222 billion, up from USD 215 billion in the first quarter. Overall, retail e-commerce sales outdid the quarterly sales records registered in 2020. According to data from the US Department of Commerce, e-commerce sales have increased gradually for more than ten years, with a notable rise in the last two years. Total US e-commerce sales increased by 18.3% from USD 811.6 billion in 2020 to USD 959.9 billion in 2021.

According to a Digital Commerce 360 analysis of the US Department of Commerce data, following the 45%-50% increases during the first year of the pandemic, US e-commerce spending in Q2 2022 recorded its fourth consecutive quarter of single-digit growth. But for the first time since early 2021, the year-over-year increase in online sales also topped that of physical locations. According to figures from the Commerce Department, digital revenue reached USD 252.14 billion in the second quarter, an increase of 7.3% from USD 234.89 billion for the same period in the previous year. This was less than half of the 15.4% US e-commerce growth in Q2 2021 and far less than the 53.4% increase that occurred amid lockdowns and store closings in Q2 2020.

Online customers expect order accuracy, same-day or same-hour delivery, and free returns. E-commerce companies are exploring ways to reduce order delivery times and operational costs. The e-commerce industry drives the demand for transparency, affordability, convenience, speed in delivery, and compelling frictionless returns. To cater to this need, it is essential to create new business models and solutions by digitalizing logistics operations and automating material handling systems, warehouse management systems, and distribution management systems. This has made fulfilment services speedier and more diverse, especially in terms of last-mile delivery alternatives and simple return procedures.

The Ocean freight segment showing significant growth

Innovation in the area of ocean freight is required. The market is starting to be filled by logistics technology companies. It is anticipated that e-commerce firms will transition to being 3PLs, and 3PLs will transition to become e-commerce companies, as the world wants things to be delivered as rapidly as Uber and Amazon can fulfil orders.

Once a product is imported into the United States, retailers and brands stop tracking it. More sellers accept inventory orders as soon as it ships at the port of origin, thanks to the Amazon effect and the warehouse pull-through it generates, which emphasizes total cycle times. This transforms ocean containers into the modern and future-day equivalent of warehouses, increasing consumer and supply chain experts' awareness of maritime freight.

In June 2021, Hapag-Lloyd and Singapore-based Ocean Network Express (ONE) Pvt Ltd announced they had completed integration onto the TradeLens platform, helping ensure a more timely and consistent view of logistics data for their containerized freight around the world. TradeLens is a neutral, third-party platform launched by IBM and AP Moller - Maersk to help modernize the world's supply chain ecosystems and is run on IBM Cloud and IBM Blockchain.

US Digital Freight Forwarding Market Competitor Analysis

The US digital freight forwarding market is competitive and fragmented, with many players. Some major players are Flexport, Uber Freight, DHL Group, and Agility Logistics Pvt. Ltd, Kuehne + Nagel International, and many more.

Digital freight forwarders (DFFs) use a digital platform to offer a broader range of logistics services than marketplaces and connectivity providers. DFFs build their core value proposition around a seamless user experience of shipping goods from one point to another while aggregating information on one platform with a single user interface.

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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 Value Chain/Supply Chain Analysis
- 4.3 Investment Scenarios
- 4.4 Government Regulations and Initiatives
- 4.5 Technology Development in Online Freight Forwarding and Digital Platforms
- 4.6 Overview on E-commerce Logistics and Freight Forwarding in the United States
- 4.7 Value Propositions of E-platforms Vs Competitors
- 4.8 Impact of COVID-19 on the Market

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 (Market Size By Value)

- 6.1 By Mode of Transportation
 - 6.1.1 Ocean
 - 6.1.2 Air
 - 6.1.3 Land
- 6.2 By Firm Type
 - 6.2.1 SMEs
 - 6.2.2 Large Enterprises and Governments

7 COMPETITIVE LANDSCAPE

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- 7.1 Market Concentration Overview
- 7.2 Company Profiles
 - 7.2.1 Flexport
 - 7.2.2 Twill
 - 7.2.3 Forto
 - 7.2.4 Expeditors International
 - 7.2.5 InstaFreight
 - 7.2.6 Transporteca
 - 7.2.7 Kontainers
 - 7.2.8 Kuehne + Nagel International (KN Freight Net)
 - 7.2.9 Turvo
 - 7.2.10 iContainers
 - 7.2.11 DHL Group
 - 7.2.12 NYSHEX
 - 7.2.13 Agility Logistics Pvt. Ltd
 - 7.2.14 Convoy
 - 7.2.15 Uber Freight
 - 7.2.16 uShip*

8 MARKET OPPORTUNITIES AND FUTURE TRENDS

9 DISCLAIMER

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