

South Korea Domestic 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 South Korean courier, express, and parcel (CEP) market is expected to record a CAGR of over 10% during the forecast period 2022-2027.

As a result of the COVID-19 pandemic, distribution infrastructure was expanded across the country outside Seoul and metropolitan centers. The retail industry has stepped up to strengthen the same-day delivery system. As non-face-to-face consumption became commonplace due to the COVID-19 pandemic, an immediate delivery system was introduced, and omnichannel started becoming consolidated.

Even though the Korean e-commerce market was ranked fourth in the world in 2020, its share of the total retail market, including online and offline sales, was 35.8%, placing it first. The number of online market transactions exceeded USD 131.8 billion in 2020 and USD 155 billion in 2021.

In 2021, online shoppers in South Korea spent USD 20.4 billion on food and beverages, USD 13.8 billion on clothing, and USD 13.6 billion on household goods.

The leader among online shopping properties active as of September 2021 is Coupang. Their fast next-day delivery service is one of their most prized services. Coupang defeated G-market, an eBay-owned website, after months of increasing market share.

South Korea Domestic CEP Market Trends

Increase in Parcel Volumes Fueling CEP Market's Growth

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According to data from the Ministry of Land, Infrastructure, and Transport, parcel volume in South Korea increased 21% in 2020 as more people shifted to online shopping owing to the COVID-19 pandemic. A total of 3.37 billion parcels were delivered in the country by 18 logistics companies in 2020, surpassing 3 billion for the first time.

In 2020, the shipping trend was non-face-to-face delivery, in which customers requested that the delivery driver "leave it at the door" so that they do not meet and increased by more than 11 times.

The transactions of online shopping jumped 19.1% year-on-year to USD 144.4 billion in 2020, marking a record high since the data started being compiled by Statistics Korea in 2001.

Mesh Korea, which manages the logistics brand VROONG, reported in April 2021 that the delivery pattern of domestic consumers had changed dramatically as a result of the COVID-19 pandemic. Non-face-to-face delivery to the door and evening delivery after 1900 hours have increased, according to an industry report, and delivery sectors such as health, beauty, and clothes have varied. In comparison to 2020, the total number of orders and the number of delivery drivers both increased significantly in 2021.

Growth In E-commerce Driving the CEP Market

South Korea has been drawing the attention of the global e-commerce industry in terms of growth rate and size compared to the overall consumer market since before the COVID-19 pandemic. The ratio of online shopping purchases by domestic consumers was 27% in 2019 and increased to 34% in 2020, the highest in the world. This was higher than the United Kingdom (28%) and about double the online purchase rate of 14% in the US market.

The mobile shopping transaction value in South Korea totaled approximately KRW 31.3 trillion in the first quarter of 2021, with food services leading the categories at KRW 5.7 trillion. Mobile shopping is commonly used in South Korea, and the sector has shown continuous year-on-year growth within the online shopping sphere. In the third quarter of 2021, the online shopping transactions in South Korea grew by 19.6% compared to the same period in the previous year.

In the future, the domestic e-commerce market may have different growth prospects for different product groups, but it is expected to continue to expand in the long term. This is because Korean consumers have already experienced the convenience of online purchases in various product groups, and online and offline distributors are also making continuous investments.

South Korea's e-commerce market is expected to reach USD 325.12 billion in 2025. Factors such as increasing internet user penetration, the implementation of AI in retail, expanding urbanization, the escalating trend of online advertising, and increasing smartphone usage are expected to drive market growth over the forecast period.

South Korea Domestic CEP Market Competitor Analysis

The South Korean domestic CEP market is fragmented in nature, with a mix of global and local players, which makes the sector highly competitive. Some of the strong players in the country include CJ Logistics, Korea Post, Lotte Global Logistics, Hanjin Express, and Aramex. Unlike the global market, the current domestic online shopping market is not a monopolistic market centered on leading companies but rather involves intensifying competition among multiple companies. As high-cost competition in marketing and delivery continues, the market is expected to reorganize into a monopoly structure owing to mergers and acquisitions and alliances between companies.

Additional Benefits:

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The market estimate (ME) sheet in Excel format
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