

Australia 3PL - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2020 - 2029

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Report description:

The Australia 3PL Market size is estimated at USD 16.13 billion in 2024, and is expected to reach USD 20.60 billion by 2029, growing at a CAGR of 5.01% during the forecast period (2024-2029).

Key Highlights

- The Australian logistics industry experienced rapid growth in express delivery services, which was aided by growth in the e-commerce industry, which provides a variety of value-added services such as one-day delivery and door-to-door services. This has prompted the growth of 3PL services, with international players entering the market. To gain a competitive advantage over the other players, the major corporations are focusing on value-added services. Good infrastructures, such as warehousing, distribution networks, and technological capabilities, are critical for Australian 3PL firms.
- The development of logistics infrastructure, the rapid growth of the e-commerce sector, and the development of new technologies are expected to contribute to the Australian 3PL market growth significantly. Moreover, the omnichannel operation demands reliable, fast, and free shipping services, which has resulted in companies adopting a new business model to provide low-cost and on-demand delivery services. 3PL companies embrace various modifications in supply chain management to address the notable transformations and challenges that e-commerce presents. The 3PL companies are shifting their focus from long-haul delivery to just-in-time delivery. The suppliers are also transitioning from multiple storage facilities to a single warehouse location. To accommodate an increase in last-mile delivery, companies invest in smaller trucks and vans, which can support shorter and more frequent deliveries.
- DHL Supply Chain announced the launch of four new state-of-the-art storage facilities around Australia. Given the increasing demand for products such as pharmaceuticals, medical devices, vaccines, and consumer health products, healthcare-grade facilities will store and manage inventory. Moreover, many startups, such as Passel, Sendle, Go People, and Zoom2U, have also entered the 3PL Australia market

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- The Australian logistics market has been growing, and it represents 8.6 percent of the nation's GDP. The Australian logistics and warehousing market is expected to increase over the forecast period. It is predicted that the freight forwarding industry will continue to account for a large share of the revenue, supported by the growth of 3PL companies. Government investment is also a key factor in the growth of the 3PL logistics industry in Australia.
- The government plans an additional USD 75 billion investment in road and rail infrastructure from 2018 to 2027. These infrastructure development programs have, in turn, greatly improved the development of transport facilities, making freight movement easy and smooth.

Australia 3PL Logistics Market Trends

Rise in E-commerce Sector is Driving the Market

- During the last few years, Australia's e-commerce market has experienced rapid expansion. The COVID-19 epidemic is expected to boost e-commerce sales in the country even more. According to Australia Post's Online Shopping Report, over 5.6 million Australian households shopped online in December 2020, a 21.3% increase over the 2019 average. The Australian express delivery market has seen growth in the last five years, driven majorly by growth in the e-commerce sector.
- Companies are investing in logistics to meet the increased demand in to capitalize on this opportunity. Woolworths announced that it plans to build an automated warehouse in Western Sydney to fulfill up to 50,000 online deliveries a week and compete with Amazon's expanding footprint in Australia. Located in Western Sydney, the company said construction began in 2021, with a launch projected for 2024. The announcement comes as the company reported online sales growth of 92% in the last six months of 2020, with online sales accounting for 8% of total sales.
- As of January 2023 in Australia, online retail expenditure in the takeaway food category from domestic merchants increased by around 11.5 percent compared to the previous year. International merchants in this category experienced a growth rate of 135.6 percent.

A Surge in Retail Sales has Spurred the Demand for Road Freight Services

The retail sales in the country decreased in January 2020, affected by the prolonged bushfire season. However, it gradually increased in 2021 and 2022 and saw a surge in 2022, spurred by fears of shortages of essential products due to the spread of coronavirus.

With the coronavirus pandemic and the unprecedented grocery splurge, the domestic supply chain has witnessed challenges, with some companies exceeding 100% of their capacity to deliver supermarket goods. Major companies, such as Toll and Linfox, have reported deliveries exceeding those in the lead-up to Christmas to the major retailers.

Some of the truck operators have bought additional trailers, hired drivers, and are driving direct from interstate warehouses to supermarkets to cope with the COVID-19 panic-buying that has fueled more than double the usual grocery sales. The industry players are helping each other to provide fleets and equipment. The panic buying has been driving the demand for trucking services across the country. For example, one of the trucking operators reported that their fleet of double deliveries from a paper-products manufacturer went from the standard 8 each week to more than 40.

Before the impact of the coronavirus, the e-commerce sector in Australia is set to grow rapidly in 2020, and with the impact of COVID-19, the sector is expected to witness two sequential waves of accelerated growth. The grocery, liquor, healthcare, home maintenance, and recreational sectors may realize an increase in e-commerce trading, with apparel and footwear decreasing

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initially. However, the apparel and footwear categories are expected to witness high growth in the future.

Australia 3PL Logistics Industry Overview

The report covers major international players operating in the Australian 3PL Market. The market is highly fragmented in nature, with large companies claiming significant market share. An increase in demand for an easy and effective supply chain system and an increase in the complexities in the operation process drive the growth of the 3PL market. In addition, players in the market expand their businesses through mergers, acquisitions, strategic partnerships, and services to meet customer needs.

The major companies in the country have adopted various modern technologies, such as warehousing management systems, automation, drone delivery, and the transportation management system, enabling better planning and tracking facilities, resulting in increased productivity and increased value proposition. Some significant players include DB Schenker, Linfox, Kings Transport, Invesco, Yusen Logistics, etc.,

Additional Benefits:

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

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