

Nigeria Location-based Services - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Nigeria location-based services market size is estimated at USD 307.27 million in 2024 and is expected to reach USD 457.47 million by 2029, registering a CAGR of 6.86% during the forecast period (2024-2029).

Key Highlights

-Improved traffic management and navigation services are essential in Nigerian cities with congestion issues. Location-based services that provide real-time traffic updates and route optimization are expected to gain prominence in the coming years

Key Highlights

-Nigeria is undergoing substantial urbanization, with a significant portion of its population moving to cities. Moreover, in 2022, according to the World Bank estimate, around 54% of the 213 million Nigerians live in urban areas. Further, it is projected to rise beyond 70% by 2050. This trend is leading to population concentration in urban areas, creating a demand for location-based services to address urban challenges such as traffic management, logistics optimization, and delivery services. Location-based services play a crucial role in enhancing city living and infrastructure management.

-In addition, the rise of e-commerce and on-demand delivery services in Nigeria is another driving force behind the location-based services market. Consumers expect efficient delivery tracking, accurate location data, and real-time updates when ordering products and services online. LBS enables businesses to meet these expectations and operate efficiently in the digital marketplace.

-Also, location-based advertising and marketing are gaining prominence in Nigeria. Location-based services enable businesses to target consumers with personalized advertisements and promotions based on their current or designated locations, improving marketing return on investment (ROI).

-However, data privacy and security concerns could be potential barriers to Nigeria's location-based services market. Users and businesses may be reluctant to share location data due to privacy worries, potentially limiting the scope of location-based service

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applications. In addition, as location-based services rely on collecting and processing location data, they can be vulnerable to cybersecurity threats and data breaches. Ensuring robust security measures is essential to build trust among users and businesses.

-The COVID-19 had a mixed impact on the Nigeria location-based services market. During lockdowns and social distancing measures, there was a surge in Nigeria's e-commerce and online delivery services. As a result, location-based services were crucial for efficient delivery tracking and helping consumers locate nearby essential stores and services. At the same time, the pandemic created economic uncertainty, impacting business investments, including technology initiatives like location-based services. Due to financial constraints, some businesses delayed or reduced their investments in location-based services.

Nigeria Location-based Services Market Trends

Rapid Increase in Smartphone Adoption to Drive the Market Growth

- Nigeria, one of Africa's most populous nations, has experienced a significant surge in smartphone ownership over the past decade. This phenomenon has created numerous opportunities for digital connectivity and transformed the accessibility and interaction of people with location-based services.

- The widespread adoption of smartphones is driven by several factors, including declining smartphone prices, increased availability of budget-friendly devices, and improved mobile network infrastructure. As a result, a growing segment of the population currently possesses a device that is not only a communication tool but also a gateway to a multitude of location-based applications and services.

- Moreover, according to the Nigerian Communications Commission (NCC), the total number of active internet subscribers in August 2023 was recorded to be around 159.03 million, a 4.43% rise in subscribers in an annual period. The rise in active internet subscribers, specifically a 4.43% annual increase, further emphasizes the ongoing trend of digitalization and connectivity in the country. As more Nigerians gain access to the Internet, they are likely to explore the wide array of location-based services available on their smartphones. This includes navigation apps, location-based advertising, e-commerce platforms, and various other applications that rely on location data.

- Further, the implications of this smartphone revolution on the location-based services market are significant. With smartphones equipped with global positioning system (GPS) capabilities and internet connectivity, users can access real-time location data and services. Navigation apps, for instance, have become indispensable tools for commuters navigating Nigeria's heavy-traffic cities and complex road networks. These apps could provide turn-by-turn directions, traffic updates, and location-specific information, improving urban mobility and reducing travel time.

- For businesses, this smartphone-driven connectivity presents an opportunity to engage with consumers on a personal and localized level. Location-based advertising and marketing campaigns can target users based on their current or designated locations, enhancing the effectiveness of promotional efforts. Retailers, in particular, can utilize the benefits of location-based services to attract foot traffic to their physical stores and promote special offers to nearby shoppers.

Transportation and Logistics End-user Industry to Hold a Significant Market Share

- One of the primary drivers for the transportation and logistics sector's prominence in the market is the critical role played by location-based services in supply chain optimization. Location-based services offer real-time tracking and monitoring of shipments, allowing logistics companies to optimize routes, reduce delivery times, and lower operational costs. This is particularly beneficial in Nigeria, where transportation infrastructure can be challenging, and efficient routing is essential.

- The management and tracking of fleets of vehicles are core functions within the transportation and logistics sector.

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Location-based services technologies enable precise tracking of vehicles, facilitating better asset utilization, monitoring driver behavior, and optimizing maintenance schedules. This reduces fuel consumption and maintenance costs and improves overall fleet efficiency.

- Moreover, according to the National Bureau of Statistics, the rail transportation sector generated significant revenues from goods/cargo, accounting for around NGN 441.74 million (USD 1.0\3 million) in 2022. The rail transportation sector in Q2 2023 generated around NGN 188 million (USD 0.457 million) from goods/cargo, registering a growth rate of 105% from Q2 2022. The substantial growth and revenue generation in the rail transportation sector highlight the critical role that efficient transportation and logistics play in the Nigerian economy. As the rail sector records significant growth, it further emphasizes optimizing operations within this industry, which often relies on location-based services for various purposes.
- In addition, with the growth of e-commerce and the increasing demand for doorstep deliveries, last-mile delivery has become a critical aspect of logistics. Location-based services are pivotal in ensuring efficient and accurate last-mile deliveries, enabling logistics providers to meet customer expectations for timely and reliable services.
- Precise location tracking is essential for securing valuable cargo and assets during transportation. Location-based services enable logistics companies to monitor cargo movements and prevent theft or loss, which is crucial for industries such as pharmaceuticals and high-value goods.

Nigeria Location-based Services Industry Overview

The location-based services market in Nigeria is poised to exhibit moderate fragmentation due to the substantial presence of market players, with numerous startups entering the arena. Notable companies operating in this market include Google LLC, Microsoft Corporation, Apple Inc., Huawei Technologies Co. Ltd, and Uber Technologies Inc.

In July 2023, Uber partnered with Sety, a Nigeria-based security services firm, to introduce an emergency in-app assistance feature for both drivers and riders in Nigeria. This move underscores Uber's dedication to leveraging technology to enhance safety standards. Furthermore, the company also disclosed its plans to introduce nationwide audio recording services, emphasizing its continued commitment to innovation within the e-hailing industry in Nigeria.

In March 2023, Polaris Digitech Limited (PDL), a Nigerian geospatial technology company, collaborated with Google Nigeria. This collaboration ensures businesses in Nigeria have access to enhanced geographic visibility, allowing potential clients to easily locate their office spaces. PDL stressed the importance of leveraging location data in various business processes, which enhances decision-making and oversight for the management team while also providing a smart approach for both technical and commercial divisions.

Additional Benefits:

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

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