

Saudi Arabia Courier, Express, And Parcel (CEP) - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Saudi Arabia Courier, Express, And Parcel Market size is estimated at USD 1.22 billion in 2024, and is expected to reach USD 2.01 billion by 2029, growing at a CAGR of 10.31% during the forecast period (2024-2029).

E-commerce is one of the major factors driving market growth, with higher connectivity rates, a young working population, and advanced infrastructure. Saudi Arabia is one of the Middle East's major online retail markets. The pickup and dropoff (PUDO) collection points are expected to gain popularity in the future.

Due to COVID-19, there was a surge in the CEP market driven by the growth of e-commerce, but other sectors, such as manufacturing, government, and financial services, have witnessed a slowdown due to lockdown restrictions. In 2021, as the restrictions were relaxed, there was a surge in all the sectors in Saudi Arabia, driving the CEP growth in the Kingdom.

Saudi Arabia has become an important market for domestic and international shipments, with major companies entering and expanding networks in the market. The international players are making strategic investments to establish a regional logistics network, such as opening new distribution centers, smart warehouses, etc.

Technology has become a key enabler for companies to be competitively aligned with market trends and dynamics. Logistics companies, especially in the CEP business, must consider technological investments that can otherwise disrupt the business. According to industry sources, maintaining the consistency of quality for service and managing costs is a challenge for all the industry players. There is still a strong preference for cash on delivery while shopping online, so interactive delivery management and customer communications are becoming more important.

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Saudi Arabia CEP Market Trends

Growth in the E-commerce sector supporting the market

- The e-commerce segment accounts for the majority of the B2C CEP market. In addition to e-commerce, the banking and financial services sector and other document delivery from the education, telecom, or government and public services sectors significantly contribute to the B2C segment.
- The e-commerce logistics in Saudi Arabia is at a nascent stage compared to many other mature markets. More business models involving outsourcing are expected to evolve and focus on specific parts of the value chain, such as the first mile, long haul, and last mile. The majority of the customers of SMEs, around two-thirds of all customers, are individuals. This indicates the large addressable market for B2C CEP companies from these SMEs.
- Several e-commerce platforms like Noon, Amazon, and Namshi began expanding their marketing strategies on social media platforms that would display content according to the social media user's preferences. Additionally, to hold the interest of users, e-commerce platforms began improving their analytics and incorporating technologies like augmented reality to increase sales by building loyalty and creating a high impact on consumers. Although virtual reality is still in the nascent stages of application in KSA, the metaverse is expected to become a major force in shaping the retail shopping experience of the future.

Cross-border shipments driving air express market

- Cross-border e-commerce is driving the Saudi air cargo market as Saudi consumers are increasingly shopping online from international retailers.
- According to the General Authority for Statistics (GASTAT), Cargo quantities reached around 607 thousand tons in Saudi Arabia's international airports in 2022, up from around 549 thousand tons in 2010. This was a growth of around 11 percent from 2010 to 2022 in cargo quantities in the Kingdom's international airports.
- Saudi air connectivity has jumped to 13th place from 27th in 2019 as the Kingdom currently connects 131 destinations worldwide, the latest index published by the International Air Transport Association showed.
- This comes just over two years after the Saudi Cabinet's approval to launch the Civil Aviation Sector Strategy, which aims to enhance the Kingdom's air connectivity to 250 destinations worldwide, transporting 330 million passengers by 2030.
- It also intends to serve as a global logistics hub by doubling its air cargo capacity to 4.5 million tons by the end of this decade.
- The Kingdom also achieved another milestone in line with its National Aviation Strategy by launching a project to develop and expand Al-Ahsa International Airport and expand its capacity.

Saudi Arabia CEP Industry Overview

The Saudi Arabia courier, express, and parcel (CEP) market is relatively consolidated. The top five domestic and international players dominate the market, accounting for more than 65-70% of the share. SMSA Express, DHL, Aramex, Naqel Express, and Saudi Post are the top players in the domestic CEP market, while DHL and Aramex have very high market shares in the international CEP market. Digitally enabled logistics startups are rising in the country to capitalize on the high growth of the e-commerce sector and increase the operational efficiency in package delivery.

For instance, Trukkin offers a seamless and powerful platform designed to enhance efficiency, consistency, transparency, and reliability in the transportation and logistics ecosystem. Also, the companies operating in the country focus on improving their digital capabilities.

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Additional Benefits:

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

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