

South Korea Ecommerce Logistics - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The South Korea Ecommerce Logistics Market size is estimated at USD 14.93 billion in 2024, and is expected to reach USD 22.57 billion by 2029, growing at a CAGR of 8.61% during the forecast period (2024-2029).

South Korea is in a growing stage and has a moderately fragmented market with around 100+ domestic and foreign players operating in the e-commerce logistics market. CJ Logistics provides integrated transportation and logistics services to individuals and businesses in Korea, covering a wider area than other logistics companies.

Naver, Auction, and G-Market are the leading consumer-to-consumer (C2C) platforms in the Korean e-commerce market. Emerging technologies such as live tracking, automation, WhatsApp bots, AI systems, IoT, and telematics will be major trends leveraged by e-commerce logistics.

As South Korea has a well-developed transportation system, the growing e-commerce sector is expected to eventually create opportunities for intra-urban logistics. Therefore, orders can be easily shipped from one location to another.

The busy consumer lifestyles both partners work in prefer online shopping to waste time traveling from store to store to purchase different products. An online retailer has successfully enabled her to purchase all her needs from one platform, saving consumers a lot of time. Social distancing measures and lockdown enforcement have led to a massive shift to online shopping.

The COVID-19 outbreak prompted most retailers to switch from offline to online (O2O) sales methods. With strong network capabilities, E-Com's logistics companies started partnering with healthcare and food companies for the timely delivery of needed products.

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E-commerce players and 3PLs are driving the demand in the logistics market. Third-party logistics accounts for 50.2% of total occupied space, with e-commerce platforms accounting for 24.6%.

The two industries collectively occupy three-quarters of Greater Seoul's leasable logistics space, demonstrating their market dominance. Increased cross-border sales and the growth of online fashion drive the market.

South Korea Ecommerce Logistics Market Trends

Online fashion industry driving the growth of South Korea Ecommerce Logistics

The online fashion industry is one of the fastest-growing industries in the South Korean eCommerce market. According to the country's Ministry of Trade, Industry, and Energy (MOTIE), online retail sales in South Korea increased 7.8% year over year (YoY) in February 2023, largely due to a significant increase in demand for clothing and accessories (up 13% YoY due to an increase in outdoor activities and international travel).

In February, offline retail sales in the nation increased by 8% YoY. In February, overall retail sales in the nation increased year over year by 7.9%. The increase in operational days brought on the early Seollal vacations, plus a base impact from the Omicron pandemic, is what is responsible for the boost in sales.

Particularly in physical stores, the clothing and sports sectors saw unusually significant growth. According to the ministry, sales at hypermarket chain stores increased by 5.8% YoY, with sports (up 10.9 YoY), clothes (up 14.5 YoY), and miscellaneous (up 10.8 YoY) all experiencing double-digit growth.

The sales of department store chains climbed by 8.6% as early sales of new spring season merchandise and outdoor activities drove up demand for clothes. Women's casual clothing, children's and sportswear, suits for women and men, and other items all had a double-digit increase.

The sustained trends of modest purchases and proximity shopping were also responsible for the convenience retailers' 10.2% increase in sales. The government conducted monthly surveys of 26 significant merchants, half of which were physical stores and the other half were online.

Large fashion companies like Samsung C & The online fashion industry is one of the fastest-growing industries in the South Korean eCommerce market. Large fashion companies like Samsung C & C&T Fashion Group and LF saw a significant drop in sales and operating profit last year, with sales and operating profit falling by double digits.

The sales of online fashion companies are growing exponentially with the rise of non-face-to-face shopping due to the spread of the coronavirus (COVID-19). The major reason for large corporations showing interest in online fashion companies is to improve their e-commerce (e-commerce) capabilities.

Fashion is an industry with a low online penetration rate, and even large eCommerce companies like Amazon and Coupang have struggled to gain a foothold in it. C&T Fashion Group and LF saw a significant drop in sales and operating profit last year, with sales and operating profit falling by double digits.

The sales of online fashion companies grew exponentially with the rise of non-face-to-face shopping due to the spread of the coronavirus (COVID-19). Since the growth of the industry is high, many companies are expanding their networks by acquiring small companies.

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Cross border driving the growth of South Korea Ecommerce Logistics

South Korea is the third-largest retail eCommerce market in APAC, following China and Japan, With over 80% of its population using the Internet. Online purchases from foreign retailers are also on the rise, as consumers get goods cheaper from foreign retailers in general; according to a survey by the Korean Chamber of Commerce, 24.3% of respondents confirmed they purchased from overseas websites or buying agencies, citing "lower prices" as their main reason.

According to the Korea Customs Agency, dietary supplements (19.7%), apparel (17.9%), and electronics (11.3%) are the most popular foreign-sourced products purchased from online retailers by Koreans in 2019.

In conclusion, the cross-border B2C e-commerce market offers fresh chances for development and innovation, and the study provides insightful information on forthcoming trends and potential futures for the sector.

The market research provides a thorough analysis of the market's influencing features, including drivers, trends, constraints, key segments, the competitive environment, and other critical components that are considerably boosting the market's growth. Technological advancements and innovation are expected to play a key role in enhancing the performance of the product and expanding its application in various industries.

South Korea Ecommerce Logistics Industry Overview

As the demand for logistics services is growing rapidly across the region, companies are becoming more competitive to capture the huge opportunity. As a result, international players are making strategic investments to establish a regional logistics network, such as opening new distribution centers, smart warehouses, etc. Some of the leading players include DHL Group Logistics, FedEx Logistics, CJ Logistics, SF Express, and Pantos Logistics Etc.

Additional Benefits:

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

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