

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

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Report description:

The Vietnam Courier, Express, And Parcel Market size is estimated at USD 1.57 billion in 2024, and is expected to reach USD 2.46 billion by 2029, growing at a CAGR of 9.79% during the forecast period (2024-2029).

The growth in the e-commerce sector drives the market. Foreign investments and increasing demand for courier services in the country propel market growth.

Vietnam is a rapidly developing manufacturing powerhouse. As a result of China's trade war with the United States, Vietnam has welcomed firms looking to relocate manufacturing away from China. Aside from the obstacles and constraints, the logistics industry in Vietnam benefits from free trade agreements and the rapid rise of e-commerce. The Vietnamese freight and logistics industry is being propelled forward by rapid economic growth, increasing domestic production, expanding consumption, and rapid e-commerce. Two market constraints are a lack of transportation infrastructure and high logistical costs. Contract logistics is one of the most notable developments in the Vietnamese freight and logistics industry.

The country's growing e-commerce enables the formation of start-ups with matching technologies, requiring more efficient logistics services, particularly in the last-mile delivery and value-added services sectors. Vietnam's logistics economy is liberalizing, allowing new businesses to capitalize on increased demand. Vietnam also signed the Regional Comprehensive Economic Partnership Agreement to broaden the scope of its trade treaties to include nearly all of the world's major economies. As a result, Vietnam is well-positioned to become a global industrial and commercial hub. Vietnam's economy is one of the fastest growing in the region, and it has established itself as a center for investment and trade. A survey predicted that Vietnam's e-commerce sector would be the fastest growing in Southeast Asia by 2026.

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With the dramatic increase in the number of e-commerce businesses and the need to rent space to store, categorize, and process orders, many businesses have recognized the trend and are investing in a warehouse system and a logistics center to handle the transportation, order fulfillment, and professional distribution in a modern, high-quality manner. The cold storage industry in Vietnam, one of the largest real estate service businesses, has gained significant attractiveness in the previous two years, driven by import and export orders. Many businesses invest in developing technological platforms and logistical systems, expanding warehouses, and expanding distribution locations to meet the needs of their customers.

Under Vietnam's World Trade Organization service sector commitments, the country has opened certain types of logistic services to foreign investors, albeit with restrictions in some cases. For example, in some stages of logistics in Vietnam, such as warehousing, freight agency, and delivery services, foreign investors can establish a 100% foreign-owned company. As a result, these are favorable conditions for foreign firms to invest in logistics in Vietnam. As investment opportunities in logistics expand, some US players have expressed interest in entering the Vietnamese market. Vietnam's logistics market is currently attracting over 30,000 enterprises in the fields of transportation, warehousing, postal services, and delivery. Notably, 30 transnational logistics service providers, including DHL, FedEx, Maersk, APL Logistics, and UPS, are present in Vietnam.

Vietnam CEP Market Trends

Growth in E-commerce Sector Supporting the Market

According to the Vietnam E-commerce Association, e-commerce revenue in Vietnam increased by about 15% to USD 13.2 billion in 2022. With the rapid change in online shopping habits in Vietnam, its e-commerce and trade promotion activities in the online environment continue to grow rapidly and sustainably. However, many businesses with high-quality goods and products are still unfamiliar with information technology and e-commerce and are hesitant to choose trade promotions on online platforms. To achieve the goal of national digital transformation, all enterprises must use information technology and e-commerce in their business activities.

The Vietnamese government views digital transformation in Vietnam as critical to maintaining growth and prosperity. Vietnam is said to be one of the fastest-growing digital economies in Southeast Asia, with a projected 28% increase in Gross Merchandise Volume (GMV) in 2022. Vietnam's digital sector is expected to contribute 30% of the country's GDP by 2030. The European Union has significantly impacted the development of the digital economy through the EU-Vietnam Free Trade Agreement (EVFTA). The agreement establishes cross-sectoral initiatives such as increased investment, updating EU regulations, and the adoption of non-legislative measures to improve quality of life, among other things.

By encouraging the development of electronic commerce between the EU and Vietnam and by improving Vietnam's regulatory environment for digital transformation, the EVFTA will help boost Vietnam's digital economy and development, which can be achieved through the consistent and fruitful discussion of the regulatory issues raised by e-commerce and digitalization. Vietnam's e-commerce regulations, laws, and frameworks will gradually improve, advancing and enabling the country's digital transformation. Due to the EVFTA opportunities, Vietnamese businesses will undergo digital transformation to meet European market standards. Vietnamese manufacturers must invest in better technology to control product quality.

E-commerce is one of the fastest-growing sectors of the Vietnamese digital economy. According to the Vietnam E-commerce and Information Technology Agency, the country's e-commerce market is growing at a 35% annual rate, which is 2.5 times faster than Japan. The expansion of e-commerce in Vietnam is expected to generate USD 16.4 billion in revenue, a record for this industry. More foreign direct investments were expected in Vietnam's e-commerce market in 2022. Businesses from China, Japan, South Korea, and the United States have begun to expand their online presence on regional e-commerce platforms. Five of Southeast Asia's most popular e-commerce platforms are Lazada, Shopee, Tiki, Sendo, and The Gioi Di Dong, and Vietnam is one of their strongest markets.

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Increased Foreign Investment in Logistics Driving the Market

Despite regulatory barriers, more foreign investment is pouring into Vietnam's logistics market to capitalize on development opportunities following the pandemic. Experts predict that as Vietnam's role in the global supply chain grows, the logistics sector, which is still dominated by smaller domestic players with traditional warehouses, will develop faster. GLP recently announced the establishment of GLP Vietnam Development Partners with a USD 1.1 billion investment. Similarly, WHA Corporation PCL (Thailand) announced a five-year plan to invest VND 50 billion (USD 1.51 billion) in a new revenue stream. A portion of this will go toward expansion in Vietnam. In the first quarter of this year, WHA intends to expand a 352-hectare industrial park in Nghe An province.

The 13th National Party Congress emphasized the importance of a strong service sector based on the application of modern scientific and technological achievements, particularly higher value-added services. Foreign investors are permitted to establish an enterprise, contribute capital, or purchase shares in an enterprise that operates freight services via inland waterways or railways, with an overseas capital contribution not exceeding 49% of the total legal capital. Investment in road freight services is carried out through these forms or a business cooperation contract, but with foreign capital contribution not exceeding 51% of total legal capital, and 100% of the enterprise's drivers must be Vietnamese citizens.

Vietnam CEP Industry Overview

The Vietnamese courier, express, and parcel (CEP) market is fragmented and competitive, with a large number of local, regional, and global players. Domestic deliveries are dominated by companies like Vietnam Post and Viettel Post, while DHL, UPS, and FedEx hold the majority of the share in international CEP deliveries. Apart from the established companies gaining significant market shares, new start-ups, such as Giao Hang Nhanh (GHN), are entering the market, which is expanding fast and gaining huge growth rates. Technology is key in serving the growing demand. Viettel Post has been growing rapidly in recent times, increasing its market share, and is expected to take a major share of the Vietnamese CEP market in the forecast period. The investment of the company in technology is believed to be the main reason behind its huge growth.

Additional Benefits:

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

Table of Contents:

1 INTRODUCTION

- 1.1 Study Assumptions
- 1.2 Scope of the Study

2 RESEARCH METHODOLOGY

- 2.1 Analysis Method
- 2.2 Research Phases

3 EXECUTIVE SUMMARY

4 MARKET INSIGHTS AND DYNAMICS

- 4.1 Current Market Scenario
- 4.2 Market Overview
- 4.3 Market Dynamics

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- 4.3.1 Drivers
 - 4.3.1.1 Increasing Cross-Border Trade
 - 4.3.1.2 Competition Among the Logistics Players
- 4.3.2 Restraints
 - 4.3.2.1 Transportation Infrastructure Needs Improvement
- 4.3.3 Opportunities
 - 4.3.3.1 Digital Penetration Is On The Rise
- 4.4 Value Chain/Supply Chain Analysis
- 4.5 Porter's Five Forces Analysis
 - 4.5.1 Threat of New Entrants
 - 4.5.2 Bargaining Power of Buyers/Consumers
 - 4.5.3 Bargaining Power of Suppliers
 - 4.5.4 Threat of Substitute Products
 - 4.5.5 Intensity of Competitive Rivalry
- 4.6 Government Regulations and Initiatives
- 4.7 Technological Trends
- 4.8 Overview of the Logistics Market and Transport Infrastructure
- 4.9 Brief on CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership) and Its Effect
- 4.10 Insights into Reverse Logistics
- 4.11 Insights into the Trucking Industry
- 4.12 Elaboration on Warehousing Market of Vietnam

5 MARKET SEGMENTATION

- 5.1 By Business
 - 5.1.1 B2B
 - 5.1.2 B2C
- 5.2 By Destination
 - 5.2.1 Domestic
 - 5.2.2 International
- 5.3 By End User
 - 5.3.1 Services (includes BFSI (Banking, Financial Services and Insurance))
 - 5.3.2 Wholesale and Retail Trade (including E-commerce)
 - 5.3.3 Life Sciences/ Healthcare
 - 5.3.4 Industrial manufacturing
 - 5.3.5 Other End Users

6 COMPETITIVE LANDSCAPE

- 6.1 Overview (Market Concentration and Major Players)
- 6.2 Company Profiles (Mergers, Acquisitions, Joint Ventures, Collaborations, and Agreements)
 - 6.2.1 Deutsche Post DHL Group
 - 6.2.2 United Parcel Service Inc.
 - 6.2.3 FedEx Corporation
 - 6.2.4 SF Express (Group) Co. Ltd
 - 6.2.5 Kerry Logistics Network Limited
 - 6.2.6 Yamato Holdings Co. Ltd
 - 6.2.7 Sagawa Express Co. Ltd*
 - 6.2.8 Vietnam Post Corporation (VNPost)

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- 6.2.9 Viettel Post
- 6.2.10 New Post Express Joint Stock Company
- 6.2.11 Proship Joint Stock Company
- 6.2.12 Two Four Seven Joint Stock Company (247Post)
- 6.2.13 SpeedLink Company Limited
- 6.2.14 Vietstar Express Joint Stock Company
- 6.2.15 Shipchung (Vietnam Shipchung Electronic Commerce Joint Stock Company)
- 6.2.16 Giao Hang Nhanh*
- 6.3 Other Companies (Key Information/Overview)
- 6.3.1 Grab Express, Lazada Express, Supership, Giaohangtietkiem, Saigon Post and Telecommunication Services Joint Stock Company*

7 MARKET OPPORTUNITIES AND FUTURE TRENDS

8 APPENDIX

- 8.1 GDP Distribution, by Activity and Region
- 8.2 Insights into Capital Flows
- 8.3 E-Commerce and Cross-Border E-Commerce in ASEAN (Market Size, Growth Rate, and Forecast)
- 8.4 E-Commerce Sales in Vietnam by Product
- 8.5 External Trade Statistics - Export and Import, by Product

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