

Japan Road Freight Transportation Market Assessment, By Destination [Domestic, International], By Vehicle Type [Light Commercial Vehicle, Medium Commercial Vehicle, Heavy Commercial Vehicle], By Carrier Type [Full Truckload, Less-Than-Truckload], By End-user [Automotive, Food and Beverages, Oil and Gas, Chemicals, Healthcare, Others], By Region, Opportunities and Forecast, FY2018-FY2032F

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Report description:

Japan road freight transportation market is projected to witness a CAGR of 3.96% during the forecast period FY2025-FY2032F, growing from USD 72.34 billion in FY2024 to USD 98.70 billion in FY2032.

The Japan road freight transportation market is indeed growing due to several factors such as, rising demand for last-mile delivery services, driven by customers' preference for speedy delivery options. The well-developed infrastructures of Japan, its extensive network of highways as well as advanced logistics centers, ensure smooth flow from one corner of the nation to another. The country's focus on technological advancement, such as the integration of IoT and telematics in freight operations, has increased efficiency and reduced operational costs, further fueling growth. Government initiatives to modernize the transport sector and reduce carbon emissions have also spurred investments in eco-friendly vehicles, which have contributed to the market's expansion. The increased aging population within Japan resulted in an increasing market for third-party logistics services since companies had to outsource freight operations due to manpower shortages. The increasing temperatures and controlling logistics for cold produce, such as drugs and foods, are now other critical dimensions in this market growth. Japan is strategically located along the Asia-Pacific for easy trade with neighboring nations, ensuring that cross-boundary freights are performed efficiently without much hassle, hence its growth. Together, these factors drive the steady expansion of Japan's road freight transportation

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market.

In November 2024, Japan plans to create an automated cargo transport corridor known as the conveyor belt road between Tokyo and Osaka to address a truck driver shortage and reduce emissions. This innovative system, set to begin trials in 2027, automates cargo transport, improving efficiency and safety while decreasing reliance on human drivers. Streamlining logistics and integrating with other transport modes will mitigate workforce challenges, enhance operational efficiency, and support sustainable growth, ultimately driving expansion in Japan's road freight transportation market.

E-commerce to Fuel Road Freight Transportation Market

E-commerce is a major growth engine in the Japanese road freight transport market, and it has considerably increased the demand for effective logistics and delivery services. While online purchases continue to gain popularity, consumers expect faster and more reliable deliveries, especially for the last mile logistics. This has led to a sharp increase in parcel volumes, requiring a robust and optimized road freight network to meet customer demand. Companies are investing in advanced technologies such as route optimization and real-time tracking to handle the growing freight volumes associated with e-commerce effectively. In addition, the electronic trade platform is often based on the 3rd logistics suppliers that extend the road cargo section. The growth of electronic commercial transactions has created a new transportation opportunity controlled by the temperature of products such as food and pharmaceuticals, which are diversifying services provided by the Japanese road cargo industry.

In March 2024, Mitsui & Co., Ltd., in partnership with Shopify Japan, launched Plus Shipping to support the digital transformation of delivery operations for e-commerce merchants in Japan. This service integrates with Japan's major delivery companies, offering a streamlined one-stop solution for delivery orders and payments, reducing operational workloads by up to 93%. Plus Shipping handles a wide range of delivery needs, from small to large packages, including temperature-controlled transport. This initiative addresses the driver shortage and rising logistics costs, enhancing efficiency and competitiveness in the Japanese e-commerce and road freight transportation markets.

Technology Advancements to Drive Market Growth

Technological advancements are fueling the growth of the Japan road freight market by increasing efficiency, reducing costs and improving service quality. Innovations such as IoT, telematics and AI-based systems enable real-time tracking, better route optimization and predictive maintenance thereby minimizing delays and maximizing productivity. Automation in the warehouse and the use of automatic operating vehicles optimize logistics operation, eliminate lack of work and reduce human errors. In addition, adoption of environmentally friendly technologies such as electrical trucks and hydrogen trucks corresponds to state stability targets and attracts investment in modern fleets. Digital freight management platforms and seamless communication between shippers and carriers have also improved operational transparency and efficiency. These advancements will enable companies to meet the growing demand for e-commerce and time-sensitive deliveries, strengthening the overall competitiveness of Japan's road freight market.

In July 2023, the adoption of Platio by Rakusai Trucking Co., Ltd. represents a significant leap towards digital transformation in the Japanese road freight transportation market. By implementing the Delivery Record App, the company enhances the efficiency and transparency of freight operations, thereby reducing the burden on drivers and customer service representatives. This technological advancement addresses critical issues like delivery verification and incident tracking, which are vital for maintaining trust with clients. Consequently, this move not only mitigates logistical challenges but also sets a precedent for other companies to embrace digital solutions, ultimately driving growth and innovation in Japan's road freight sector.

Less-than-Truckload Dominate Road Freight Transportation Market

The less-than-truckload segment is dominating Japan's road freight transportation market due to its efficiency in catering to small and medium-sized enterprises which constitute over 90% of truck carriers in the country. LTL allows multiple shippers to share truck space, reducing transportation costs and increasing flexibility for businesses with smaller cargo volumes. The rise in e-commerce and demand for frequent smaller shipments has further boosted LTL services. Japan's urbanization and short transportation distances favor LTL over full truckload services making it the preferred choice for companies seeking cost-effective and sustainable logistics solutions.

In November 2024, Spiral.AI Inc., developer of services powered by large language models and other AI technologies, is partnering with Yamato Holdings Co., Ltd., which majorly deals in Less-than-Truckload carrier, to launch a proof of concept for a multilingual generative AI character to help provide a smoother travel experience for visitors to Japan and to reduce the workload of facility

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staff who support them. The company has also shown several signs of growth in recent years, out of which most of its workings are LTL.

Central Region Dominates Japan Road Freight Transportation Market

The Central region of Japan, especially around Tokyo, is highly important in the road freight transportation market for several reasons. Its geographical location places Tokyo as a hub for the domestic and international movement of goods with easy access to major ports and airports that help in multimodal logistics. Advanced infrastructural facilities abound here, including the well-developed network of highways and expressways that effectively link key industrial and commercial centers. All this results in smooth goods movement. Tokyo has a high concentration of businesses, manufacturing plants, and distribution centers, and all these make great demands on the road freight sector. In the Greater Tokyo Area, a population density as high as it is, creates the necessity for effective consumer goods delivery. The fast growth of e-commerce has been set to increase the need for faster and more reliable transportation services. Additionally, several logistics hubs and distribution centers in Tokyo and its vicinity improve the efficiency of warehousing and distribution, further entrenching the Central region's stranglehold in Japan's road freight market. In September 2024, Maersk co-hosted Japan's first methanol bunkering simulation at the Port of Yokohama, which is located in Central region of Japan, using its dual-fuel methanol vessel the Alette Maersk. This initiative in collaboration with Kokuka Sangyo and other stakeholders aims to develop methanol bunkering infrastructure and guidelines in Japan. This effort supports the growth of Japan's road freight transportation market by promoting sustainable fuel alternatives and enhancing the efficiency and environmental sustainability of maritime transport.

Future Market Scenario (FY2025 – FY2032F)

- Increased adoption of autonomous vehicles, electric trucks, and advanced logistics software will enhance efficiency and reduce costs.
- Growing emphasis on reducing carbon emissions will drive the shift towards greener transportation solutions, such as electric and hydrogen-powered vehicles.
- Continued expansion of e-commerce will boost demand for last-mile delivery services, leading to more localized distribution centres and innovative delivery methods.
- Rapid urbanization and improvements in infrastructure will create new opportunities and challenges for road freight transportation, requiring more efficient route planning and congestion management.

Key Players Landscape and Outlook

There are various strategies which are adopted by companies in this market. Many have emphasized efficiency using advanced technology such as the use of GPS tracking, route optimization software, or other software that helps the company save on fuel usage and enhance delivery times. Companies also spend money on automating and using robotics, which is an effort towards streamlining the logistics and operations like loading and offloading, to minimize human labor and the chances of errors. In addressing the aging workforce and the lack of labor, some organizations offer better working conditions, including higher wages and improved benefits, to attract and retain truckers. The road freight companies of Japan are embracing environmentally friendly practices by adopting electric vehicles and hybrid trucks, which lessen carbon emissions. Other logistics providers and partnerships with e-commerce giants have also become common, enabling companies to expand their services and reach a wider customer base. By emphasizing customer satisfaction, offering flexible and timely delivery services, and enhancing the safety and reliability of their operations, these companies continue to evolve and maintain their market presence in the highly competitive transportation industry.

In March 2023, KKR completed its acquisition of Hitachi Transport System. This acquisition strengthens LOGISTEED's position in Japan's third-party logistics market, offering integrated supply chain solutions and enhancing transportation and delivery services. This will help address the driver shortage and improve logistics efficiency, contributing to the growth of Japan's road freight transportation market.

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