

GCC Courier, Express And Parcel - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

<https://marketpublishers.com/r/GCD93D5A8BB1EN.html>

Date: July 2024

Pages: 120

Price: US\$ 4,750.00 (Single User License)

ID: GCD93D5A8BB1EN

Abstracts

The GCC Courier, Express And Parcel Market size is estimated at USD 10.12 billion in 2024, and is expected to reach USD 17 billion by 2029, growing at a CAGR of 10.94% during the forecast period (2024-2029).

Key Highlights

One of the main drivers of the market growth is e-commerce. With high connectivity, a youthful population, and modern infrastructure, the country ranks among the leading online retailing markets in the Middle East.

In Saudi Arabia, the popularity of pickup, and drop-off (PODs) are becoming more and more popular, according to the sources. Currently, around 15% to 20% of orders are picked up at PODs operated by courier operators or their POD partners. The increase in e-commerce investment by the big players was likely to lead to an increase in the number of warehousing facilities and an increase in POI points.

For instance, in October 2023, the National Transport and Logistics Strategy NTL invested approximately USD 133 billion in developing the logistics infrastructure of the Kingdom of Saudi Arabia (KSA). The NTL invested to improve KSA's multidimensional freight transport and logistics capacity. Large-scale projects are planned in the maritime sector to modernize existing ports and terminals, as well as develop new ports and trade routes. The objective is to increase the annual container throughput in Saudi Arabia to over four times its current capacity, reaching 40 million TEUs by 2030. The NTL Plan entails the construction of around 40 new logistics centers, covering a total area exceeding 100 million square meters. This represents over half of the existing

number of logistics centers and more than double the count from the year 2020.

In March 2021, global e-commerce giant Amazon announced plans to construct 11 new facilities in Saudi Arabia, increase its storage capacity by 89 percent in the Kingdom, and expand its geographic delivery footprint by 58 percent.

According to a recent report by Dubai-based news agency Arab News, Majid Al Futtaim said that the increase in e-commerce demand has led to an expansion of the company's fulfillment and delivery infrastructure. The company opened a 9,000-square-meter fulfillment center in Riyadh that operates 24 hours per day, 7 days per week. The center can handle as many as 5,000 e-commerce orders per day. The company employs more than 500 workers to process the orders. The order fulfillment process is carried out with the help of a fleet of refrigerated trucks. The company opened additional fulfillment centers in 2022.

Return rates for e-commerce goods were low in Saudi Arabia because most transactions were cash on demand, but they are expected to increase as digital payments continue to grow. One of the biggest challenges the industry will face in the coming years is the need for postal codes in Saudi Arabia. Delivery companies in the Kingdom often asked for landmarks instead of addresses, and drivers often asked for locations to be found via WhatsApp.

GCC Courier, Express And Parcel Market Trends

User-centric e-commerce to revolutionize the GCC retail sector

The USD 308 billion GCC retail sector is being rapidly transformed by digital disruption, with B2C e-commerce expected to grow 12.58% year-on-year to reach USD 116.8 billion by 2023, according to sources. Consumer behavior is changing rapidly. According to sources, mobile wallet usage in the MENA region will increase by 147 percent by 2025. Additionally, 50% of MENA consumers want to explore the Metaverse.

Retailers are exploring artificial intelligence (AI) and machine learning (ML) to enhance the customer experience. Within the digital commerce ecosystem, countless opportunities are waiting to be discovered. Every industry must take advantage of this untapped potential to scale to new heights. Customers will continue to demand a connected experience, and it's up to us to make sure it's ready for them. This is the internet at its most powerful, and it's only going to get bigger.

In 2023, 51% of Gen Z in the UAE paid with digital or mobile wallets every day, compared to 48% in Saudi Arabia. Moreover, 20% of Gen Z respondents in the UAE reported a decrease in cash usage, while 50% of Gen Z said they only use cards for transactions.

Drones and robots will soon be able to deliver packages to UAE residents

Aramex announced in February 2023 that it had completed its “future delivery program,” a global solution for logistics and transportation. The program is designed to improve last-mile logistical capabilities through smart shipping solutions, allowing for faster, more sustainable, and cost-efficient deliveries.

The first tests of Aramex's drone and roadside robotic deliveries were conducted at Rochester Institute of Technology (RIT) in partnership with Barrow Electric Vehicle (BARQ EV), one of the UAE's leading commercial unmanned aerial vehicle (UAV) delivery service providers, and Colombia-based delivery robotics company Kiwibot. The tests were carried out with the help of the Dubai Civil Aviation Authority, Roads and Transport Authority, Dubai Silicon Oasis Authority, Dubai Future Foundation, and Dubai Smart City. Using BARQ EV's advanced drone delivery technology, which can operate multiple continuous flights over long distances and in a variety of environments.

The drones have multi-directional sensors and depend on a robust fleet management system to ensure Aramex has a high degree of accuracy across all order placements and dispatch management, as well as drone flight routing and deliveries. Kiwibot's autonomous ground delivery vehicles are equipped with a combination of advanced sensors and cameras, as well as radars and artificial intelligence, to navigate through their environment and obstacles. They are also equipped with a state-of-the-art GPS navigation system that allows them to create virtual maps, set up multiple routes, and change course in case of delays or obstacles.

GCC Courier, Express And Parcel Industry Overview

The CEP market in the GCC is highly fragmented and competitive. Aramex, DP World, and Bahri are expanding their business all over the world to grab the untapped markets. The worldwide express and small parcel market continues to grow due to the e-

commerce trend. The companies are looking to grow either organically or unorganized to enhance their products, services, and geographical scope. International companies are investing to build a regional logistics infrastructure, such as new distribution centers and smart warehouses. The local companies are facing stiff competition from multinational companies with well-developed infrastructure. Domestic companies still have the upper hand in the regional context.

Additional Benefits:

The market estimate (ME) sheet in Excel format

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