

Mexico 3PL - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Abstracts

The Mexico 3PL Market size is estimated at USD 24.30 billion in 2023, and is expected to reach USD 33.69 billion by 2028, growing at a CAGR of 6.75% during the forecast period (2023-2028).

The 3PL market in Mexico has evolved gradually over the past five years. According to industrial sources, services such as national and international transportation, warehousing, and customs brokerage are predominantly outsourced activities in the country.

The geographic location and the advantages of NAFTA/USMCA play an important role, especially for companies involved in manufacturing. The government of Mexico is making efforts to improve the infrastructure of the country's roads and communications, including some structural reforms, such as energy. These improvements are expected to benefit logistics companies through cost reductions in the long term.

Mexico, one of the largest trading partners of the United States, is a preferred location and is considered the most cost-effective alternative. For example, according to an estimate, running distribution, warehousing, and labeling services under one supplier in Mexico can cost a company up to 15% and 18% less compared to the United States. Utilizing the 3PL services in Mexico increases the business's scalability and offers more flexibility.

In December 2022, BIG Logistics, a SecurCapital Corp company, a third-party logistics provider (3PL) and technology-enabled warehouse management IT platform with warehouses throughout Texas and along the Mexican border,

announced the acquisitions of privately owned Xcell Logistic Services, Inc., and Xcell Logistics Corporation in Mexico.

Mexico 3PL Market Trends

Domestic Transportation Management is growing Traction in the Coming Years

The domestic transportation management segment is the largest segment by service type, supported by the wholesale and retail trade end-user segment in the Mexico market, while the total 3PL market accounts for a share of 15.58%. The two main factors driving demand in the domestic transportation sector are the phenomenal rise of e-commerce and the growing requirement for nearshoring to outsource production or logistics to Mexico.

In the domestic logistics sub-index in the Emerging Market Logistics Agility Index (IALME) – 2022, Mexico is in Ninth place with 5.54 points. Mexican domestic transportation is also benefitting from a wave of investment led by manufacturers that want to simplify their access to the US market following a period of supply chain congestion, record high freight rates, and inventory stuck on ships. Some prominent companies in these businesses include American producers Boyd and MGA Entertainment, the Chinese furniture company Keeson Technologies, and the Danish medical equipment firm Ambu.

Domestic transportation in Mexico is mostly road-dominated. 75% of carriers operating in southern Mexico have access to an average of one hundred trucks or less, which in many cases are family-owned, as per the industry association. The increase in trucking in Mexico is a result of the number of goods it transports, the simplicity with which many economic sectors may employ it, and the sheer quantity of customers and business partners who use it.

Some recent developments in the market are in January 2023. Aiming to capitalize on the rapid growth of e-commerce transactions across Mexico, last-mile solutions provider Locus has expanded its operation and service offerings in the country. To double down its efforts in Mexico, Locus has also partnered with Mexico City-based LastMile Consulting, aiming to understand better the regional market nuances to service existing and new customers. In May 2022, Fletes Mexico and its subsidiary Express Cargo are innovating their existing services like general cargo services, dedicated services, consolidated cargo,

and last mile.

By End-user Consumer and Retail Segment is Gaining Momentum in the Future

Modern format retail stores and multinational franchises, such as Walmart and Starbucks, are constantly growing and developing alongside the traditional 'kangaroos' and adapted concepts, such as OXXO and Farmacias Similares, in Mexico. In Mexico, FedEx is one of the most frequently offered delivery service providers among online stores. DHL and Redpack are among the top three shipping service companies offered by online retailers in Mexico.

Apart from these, online retail startups, like Gaia Design and Gaudena, have come up with catering to different segments. The retail and consumer sector is one industry that has the potential to exceed Mexico's average national future growth. According to the Mexican Online Sales Association, impediments to increased e-commerce usage include cybersecurity risks, with 80 % of eCommerce users noting concerns over electronic fraud and 74 % lacking confidence in providing banking information online.

An estimated 98% of online purchases are made through smartphones, with two out of 10 buyers making purchases on SmartTVs. Products sold online are covered by Mexico's Federal Copyright and Industrial Property Law.

In May 2023, Online fashion giant Shein is exploring plans to build a factory in Mexico as one of its manufacturing hubs outside China, sources familiar with the matter told Reuters, as the company faces increased scrutiny from US lawmakers and looks to expand its Latin America footprint.

Mexico 3PL Industry Overview

The Mexico 3PL market is fragmented with the presence of a large number of players, including major players like DHL Supply Chain, Traxion, Schneider, Ceva Logistics, and Accel Logistics. The strategic alliances of 3PL service providers in the market are expected to set the tone for the exchange of innovations in supply chains to improve the services provided and adopt and integrate the latest technological solutions. The total visibility of goods in transit, a trend that plans production and distribution according to real demand, is likely to make operations more efficient and profitable.

Additional Benefits:

The market estimate (ME) sheet in Excel format

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