

South Korea Third-Party Logistics (3PL) - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Abstracts

The South Korea Third-Party Logistics Market size is estimated at USD 28.60 billion in 2024, and is expected to reach USD 34.89 billion by 2029, growing at a CAGR of 4.05% during the forecast period (2024-2029).

Key Highlights

South Korea is advantageously present between two world-class importers: China to the west and Japan, another Asian economic powerhouse, to the east. It relies on third-party logistics for trade. South Korea is one of the top five 3PL markets in Asia-Pacific. The logistics industry in Korea has rapidly grown over the past ten years, with multinational, major manufacturing and wholesale companies concentrating on the internal and external efficiency and effectiveness of supply chains to reduce logistics costs.

With the development of e-commerce, the volume of shipments has increased. There is a need to improve the demand for 3PL companies to handle orders continuously. This resulted in competition to deliver goods of good quality, making retailers seek logistics hubs in the Greater Seoul area.

South Korea boasts a well-developed transportation infrastructure that includes a modern road network, efficient ports, and a robust rail system. Incheon International Airport is a major air cargo hub in the region, contributing significantly to the logistics sector. South Korea's strategic location in Asia makes it a key player in international trade. It is a part of various trade agreements, such as the Korea-US Free Trade Agreement (KORUS FTA) and the Regional Comprehensive Economic Partnership

(RCEP), which further boost its logistics activities.

South Korea Third Party Logistics (3PL) Market Trends

Boom in Air Cargo contributing to 3PL market in South Korea

The growth of e-commerce and global trade has significantly increased the demand for air freight services, creating opportunities for 3PL providers specializing in air cargo logistics.

In 2021, exports of high-value-added products like displays (OLEDs), computers (SSDs), semiconductors, and pharmaceuticals saw considerable growth, contributing to the rise in air cargo exports. Although maritime cargo exports were generally slow, there was a notable upward trend in secondary battery exports, leading to an increased proportion of air cargo exports. Specifically, exports to Germany saw a rise in the proportion of air cargo exports.

In August 2021, Korean Air, South Korea's largest airline and flag carrier, reported a 31% increase in second-quarter profit. This growth was propelled by record revenue in its cargo business, which continued to support the airline despite the lack of passenger flights. The airline's revenue for the second quarter of 2021 surged by 16% compared to the previous year, reaching KRW 1.95 trillion (USD 1.7 billion), while the operating profit rose to KRW 196.9 billion (USD 0.15 billion). Notably, its cargo division achieved revenue of KRW 1.51 trillion (approximately USD 1.19 billion), marking the highest in its history. This was attributed to companies restocking in anticipation of economic recovery and a shortage of capacity in the shipping industry.

Growth of E-commerce in the Country is Driving the Market

South Korea ranks as the sixth-largest e-commerce market globally, projecting a revenue of USD 118 billion for 2022, trailing behind China, the United States, Japan, Germany, and the United Kingdom. The ramifications of economic globalization have led to the gradual spread of disputes between Russia and Ukraine, affecting South Korea.

Online retail sales in South Korea constitute 32% of total retail sales, standing second only to China (46%) and the United Kingdom (36%). Notably, countries with developed

e-commerce sectors, like Indonesia (20%) and the United States (16%), follow suit.

Regarding specific categories, fashion products dominate the Korean e-commerce market, with an estimated revenue of USD 41 billion expected by 2025. Electronics are projected at USD 27 billion, while beauty, health, personal care, and home care collectively amount to USD 19 billion. Additionally, Toys, Hobbies, and DIY products are forecasted to generate USD 17 billion in revenue.

Industry experts anticipate South Korean e-commerce revenue to sustain a 4% annual growth rate in the upcoming years. In comparison, the global revenue is forecasted to surge by 10% within the same period, reaching a 12% increase by 2025. The percentage of online shopping in South Korea is anticipated to hold relatively steady at 39% in 2025, up from 37% in 2022.

South Korea Third Party Logistics (3PL) Industry Overview

The third-party logistics (3PL) market in South Korea is fragmented, with a mix of foreign and local businesses, such as CJ Logistics, Pants Logistics, and Lotte Global Logistics, among the leading competitors. Consistent economic growth, the rapid expansion of e-commerce retailers such as Coupang, Wemakeprice, 11street, G-Market, and TMON, as well as the desire to achieve carbon-neutral operations, are driving increasing demand for third-party logistics businesses. Companies are concentrating on incorporating automation into their processes and upgrading their energy sources to reduce their carbon footprint.

South Korean gas stations have partnered with courier service providers, subletting their buildings as logistics hubs and bringing a new dynamic to the local delivery business. Hyundai Oil Bank Co., a major refiner in South Korea, has entered into a strategic relationship with Coupang Inc., an e-commerce business, to establish a gas station-based logistics system.

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The market estimate (ME) sheet in Excel format

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Contents

1 INTRODUCTION

- 1.1 Study Assumption
- 1.2 Market Definition
- 1.3 Scope of the Study

2 EXECUTIVE SUMMARY

3 RESEARCH METHODOLOGY

4 MARKET INSIGHTS AND DYNAMICS

- 4.1 Market Overview
- 4.2 Market Dynamics
 - 4.2.1 Market Drivers
 - 4.2.1.1 Global Trade and Export-Oriented Economy boosting the market
 - 4.2.1.2 Investment in Robotics and Automation
 - 4.2.2 Market Restraints
 - 4.2.2.1 South Korea's logistics infrastructure, while generally well-developed, can experience congestion in key areas, such as ports and highways
 - 4.2.2.2 Like many other countries, South Korea faced issues related to labor shortages in the logistics sector.
 - 4.2.3 Market Opportunities
 - 4.2.3.1 South Korea has a thriving e-commerce sector, with companies like Samsung, LG, and Hyundai expanding their online presence
 - 4.2.3.2 South Korea serves as a major hub for global trade, connecting Asia with North America and Europe.
- 4.3 Industry Attractiveness - Porter's Five Forces Analysis
 - 4.3.1 Bargaining Power of Sellers
 - 4.3.2 Bargaining Power of Consumers
 - 4.3.3 Threat of New Entrants
 - 4.3.4 Threat of Substitutes Products and Services
 - 4.3.5 Intensity of Competitive Rivalry
- 4.4 Value Chain / Supply Chain Analysis
- 4.5 Government Regulations And Initiatives
- 4.6 General Trends In Warehousing Market
- 4.7 Demand From Other Segments, such As Cep, Last Mile Delivery, Cold Chain

Logistics etc.

4.8 Insights Into The E-commerce Business

4.9 Technological Trends

4.10 Impact Of COVID-19 on The Market

5 MARKET SEGMENTATION

5.1 By Services

5.1.1 Domestic Transportation Management

5.1.2 International Transportation Management

5.1.3 Value-added Warehousing and Distribution

5.2 By End-User

5.2.1 Manufacturing and Automotive

5.2.2 Oil & Gas and Chemicals

5.2.3 Distributive Trade (Wholesale and Retail trade including e-commerce)

5.2.4 Pharma & Healthcare

5.2.5 Construction

5.2.6 Other End-Users

6 COMPETITIVE LANDSCAPE

6.1 Overview (Market Concentration and Major Players)

6.2 Company Profiles

6.2.1 CJ Logistics Corporation

6.2.2 Pantos Co.

6.2.3 Toll Holdings Limited

6.2.4 DSV

6.2.5 Kuehne + Nagel International AG

6.2.6 Daewoo Logistics

6.2.7 KCTC

6.2.8 Sunjin

6.2.9 SF Express

6.2.10 Jupiter Express

6.2.11 Logos Global*

7 FUTURE OF SOUTH KOREA 3PL MARKET

8 APPENDIX

8.1 Macroeconomic Indicators

8.2 External Trade Statistics - Exports And Imports, By Product

8.3 Insights into Key Export Destinations And Import Origin Countries

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