United Kingdom E-commerce Logistics - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Abstracts

The United Kingdom E-commerce Logistics Market size is estimated at USD 28.04 billion in 2024, and is expected to reach USD 36.94 billion by 2029, growing at a CAGR of 6.94% during the forecast period (2024-2029).

Key Highlights

The UK e-commerce logistics market has experienced significant growth over the years. It's driven by the increasing popularity of online shopping.

The E-commerce market penetration rate in the United Kingdom is projected to increase by 11 percentage points each year from 2024 to 2028. After nine consecutive years of rising, the indicator is expected to reach 93%, a new high in 2028. It is worth noting that the E-commerce penetration rate has been steadily rising in recent years.

The growing demand for reliable and efficient logistics services has skyrocketed with the rise of e-commerce giants like Amazon.

As of December 2023, Amazon.co.uk had the UK's largest e-commerce site, accounting for about 35% of all desktop traffic in the country. EBay.co.uk came in second at 17.73 %.

According to the 2023 report, 18% of the top 500 retailers in the United Kingdom offered free delivery for all orders. Consumer electronics and jewelry retailers accounted for 37% and 35%, respectively. Over 50% of the top retailers offered free delivery if you spent a minimum amount. Maternity and children's product retailers were the most

likely to offer free delivery. Eight out of 10 retailers offered free delivery when the customer spends the minimum amount.

The United Kingdom boasts an extensive network of roads, railways, and airports, making transporting goods across the country easier for logistics providers. This infrastructure, coupled with advanced technology and tracking systems, enables faster and more efficient delivery of products to customers. In the United Kingdom, the rail freight transport volume in 2022 decreased by 836 MKT (-5.01%) compared to 2021.

In recent years, several notable trends have shaped the UK's e-commerce logistics market. One of these trends is the growing emphasis on sustainability and environmentally friendly practices. GXO Logistics, a contract logistics services company, and Datasparq announced that it has successfully implemented AI solutions to increase productivity, reduce costs, and improve environmental performance by optimizing transport routes.

With the rising awareness of climate change and the environmental impact of logistic operations, many companies are adopting greener practices, such as using electric vehicles and optimizing delivery routes to reduce carbon emissions.

United Kingdom E-commerce Logistics Market Trends

Immense Growth Projection for the Domestic Segment

One of the key drivers for the domestic segment in the UK e-commerce logistics market is the increasing popularity of online shopping. Amazon is the UK's largest e-commerce platform, with 301 million monthly visits.

With more and more people turning to online platforms to make their purchases, the demand for efficient and reliable logistics services has skyrocketed. This has led to the growth of various e-commerce logistics companies specializing in domestic deliveries.

Clothing is the top-selling product for UK online shoppers, with 78% saying it's their go-to. 56% of online payments in the United Kingdom use credit cards, and 92% of socially shopped products are bought over Instagram. Online shopping makes up 26.5 % of the total retail market in the United Kingdom.

According to an online shopper survey in the United Kingdom in 2023, free shipping was the most important delivery criterion for two out of every three respondents. Fast

shipping was the second most important, followed by free return shipping. Carbon-neutral shipping was the least important, with only 13 % saying it was important.

Collaborative delivery models, such as crowdsourcing and peer-to-peer delivery, are emerging trends in the UK's e-commerce logistics market. These models leverage unused capacity in private vehicles to transport goods, providing cost-effective and flexible delivery options.

With the rise in e-commerce and the concentration of the population in urban areas, logistics providers are developing innovative solutions for urban deliveries. This includes using electric vehicles, cargo bikes, and micro-fulfillment centers located closer to customers to reduce congestion and emissions.

High Internet Penetration Driving the Market

The United Kingdom has one of the biggest online populations globally and in Europe. It had about 60 million internet users in 2023, 4th in Europe and 17th globally. The country is expected to have 63 million internet users by 2028. The vast majority of the United Kingdom population, around 98%, is online.

The United Kingdom is 6th in the world in terms of internet penetration rate. In addition, the proportion of households that have internet access in the UNITED KINGDOM is 95%. The most active internet users in the United Kingdom were between the ages of 30 and 39, making up nearly 30% of all internet users nationwide.

Men and women used the internet at similar rates, with only a 2% gap between them. According to a survey of internet users across the United Kingdom, the vast majority of people who use online services and platforms are full-time employees, with around 30% having a bachelor's degree or higher.

Smartphones outpaced all other internet-connected devices by 2023. In the United Kingdom alone, around 77 %of online time was spent on a smartphone. People in the United Kingdom spend an average of 3 hours and 40 minutes on the internet every day, including nearly 3 hours on a smartphone. The most active smartphone users were young adults aged 25 to 34.

With high internet penetration, more people in the United Kingdom have access to

online shopping platforms. This has led to a surge in online shoppers, resulting in higher demand for e-commerce logistics services.

United Kingdom E-commerce Logistics Industry Overview

The e-commerce logistics market in the United Kingdom is quite concentrated and vibrant. Several key players in the market are actively competing to provide efficient and reliable logistics services to support the e-commerce industry.

The major players include Royal Mail, DPD, Hermes, Amazon Logistics, and DHL. The competition among these companies has led to continuous innovation and improvement in logistics services, ultimately benefiting both businesses and consumers.

DHL Supply Chain (DSC) and AutoStore (AutoStore), the world's leading contract logistics provider, are growing their partnership in a strategic move to further automate warehouse operations worldwide. DHL, which is already involved in nine operating AutoStore warehouse projects and has four more in the pipeline, is set to become one of the largest 3PL clients of AutoStore, further reinforcing its commitment to digitization and automation. The nine existing Systems currently operate over 800,000 bins. The upcoming four Systems will add an impressive 1.2 million bins, and DHL plans to construct five more facilities in the future in addition to those currently in operation or planned.

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The market estimate (ME) sheet in Excel format

3 months of analyst support

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