



Global Express and Small Parcels 2016 – Sample report

The logo for TI (Transport Intelligence) is a white 'Ti' inside a red square.

This report examines the composition of this logistics sector over time, highlighting the recent strategic decisions that have been made to accommodate changing customer expectations, as well as analysing the sustainability of these choices.

Ti's Origin and Development

Ti is a leading logistics and supply chain market analysis company developed around five pillars of growth:

- Logistics Briefing
- Ti Market Research Reports
- Ti Insight portals
- Ti Consulting
- Ti Conferences and Training

Ti acts as advisors to the World Economic Forum, World Bank, UN and European Commission and have 14 years worth of providing expert analysis to the worlds leading manufacturers, retailers, banks, consultancies, shipping lines and logistics providers.

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- Globally recognised and trusted brand
- Global Associate Network provides a multi-country, multi-disciplinary and multi-lingual extension to Ti's in-house capabilities
- More than fourteen years of knowledge delivery to global manufacturers, retailers, banks, consultancies, shipping lines and logistics providers
- Unique web-based intelligence portals
- Interactive dashboard
- On-going and comprehensive programmes of primary and secondary research

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| | | | |
|-----------------------------------------------------------------------|-----------|----------------------------------------------------------------------------|-----------|
| About the authors | 6 | 2.20 Amazon's last mile | 45 |
| 1.0 Introduction | 7 | 2.20.1 Recent Amazon developments | 48 |
| 1.1 Foreword by Joel Ray | 8 | 2.21 Growth in cross-border B2C volumes | 50 |
| 1.2 Key findings | 9 | 2.21.1 Case study: Australian cross-border e-commerce market | 52 |
| <hr/> | | 2.22 Growth of Asian players | 53 |
| 2.0 Market structure | 10 | 2.23 Market segmentation – International parcels market: Speed of delivery | 55 |
| 2.1 The changing parcel sector | 11 | <hr/> | |
| 2.2 Recent strategic developments | 12 | 3.0 Industry innovations | 57 |
| 2.3 Composition of the parcel sector | 14 | 3.1 Innovations | 58 |
| 2.4 Changing definitions in the parcel sector | 15 | 3.1.1 Address mapping | 59 |
| 2.5 Market segmentation – Domestic parcels, B2B vs B2C | 18 | 3.2 New start-ups and competitive pressures | 60 |
| 2.6 Increasing competition | 20 | 3.2.1 Start-up winners | 61 |
| 2.7 B2B – Missed opportunity? | 21 | 3.2.2 Start-up losers | 64 |
| 2.8 The changing 'time definite' market | 22 | 3.3 Sustainability of different models and technologies | 65 |
| 2.9 Assessment of market segmentation by speed of delivery (domestic) | 23 | 3.4 Future opportunities | 67 |
| 2.10 Changing customer expectations – Speed vs flexibility | 24 | <hr/> | |
| 2.11 Retailers' delivery strategies | 25 | 4.0 Market size and forecasts | 68 |
| 2.11.1 Evolution of delivery operating models | 27 | 4.1 Express market sizing and forecasting methodology | 69 |
| 2.11.2 Evolution of cost structures | 28 | 4.2 Global express and small parcels market size and forecast | 71 |
| 2.12 Attractiveness of segments | 29 | 4.2.1 Global express and small parcels market size by region | 73 |
| 2.13 Recent CAPEX and network developments | 30 | 4.3 Africa express and small parcels market size and forecast | 74 |
| 2.14 Sustainability of residential e-commerce deliveries | 33 | 4.3.1 Africa express and small parcels market size by country | 75 |
| 2.15 Dealing with peak fluctuations | 34 | 4.4 Asia Pacific express and small parcels market size and forecast | 76 |
| 2.16 Alternative networks | 37 | 4.4.1 Asia Pacific express and small parcels market size by country | 77 |
| 2.16.1 Click and Collect | 38 | | |
| 2.17 City Deliveries | 39 | | |
| 2.18 Returns | 42 | | |
| 2.19 Last mile delivery developments | 43 | | |
| 2.19.1 Other companies | 44 | | |

| | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|------------------------------------------------------------------------------------------|------------|
| 4.5 CIS express and small parcels market size and forecast | 78 | 5.3.1 Purolator | 103 |
| 4.6 Total Europe express and small parcels market size and forecast | 79 | 5.4 China Post | 105 |
| 4.6.1 Central and Eastern Europe express and small parcels market size and forecast | 80 | 5.5 Deutsche Post DHL Group | 107 |
| 4.6.1.1 Central and Eastern Europe express and small parcels market size by country | 81 | 5.5.1 DHL Express | 108 |
| 4.6.2 Western Europe express and small parcels market size and forecast | 82 | 5.5.2 DHL Post – eCommerce – Parcel | 114 |
| 4.6.2.1 Western Europe express and small parcels market size by country | 83 | 5.6 FedEx | 121 |
| 4.7 Middle East express and small parcels market size and forecast | 84 | 5.6.1 TNT | 127 |
| 4.7.1 Middle East express and small parcels market size by country | 85 | 5.7 Japan Post | 134 |
| 4.8 North America express and small parcels market size and forecast | 86 | 5.8 La Poste | 137 |
| 4.8.1 North America express and small parcels market size by country | 87 | 5.8.1 <u>GeoPost</u> | 140 |
| 4.9 South & Central America and the Caribbean express and small parcels market size and forecast | 88 | 5.8.2 DPD Group | 145 |
| 4.9.1 South & Central America and the Caribbean express and small parcels market size by country | 89 | 5.9 Royal Mail | 146 |
| 5.0 Express provider profiles | 90 | 5.9.1 Parcelforce Worldwide | 150 |
| <div style="border: 1px solid red; padding: 5px;"> <p><i>Note: All express provider profiles include the following information:</i></p> <ul style="list-style-type: none"> • An overview of the company's structure and operations • Insight into the company's Express and Parcels focussed strategy • Analysis of the company's most recent available financial data </div> | | 5.9.2 General Logistics Systems | 151 |
| 5.1 Aramex | 91 | 5.10 Singapore Post | 153 |
| 5.2 Australia Post | 94 | 5.11 UPS | 157 |
| 5.3 Canada Post | 98 | 6.0 Appendix | 163 |
| | | 6.1 Total express and small parcels market size by region | 164 |
| | | 6.1.1 Domestic express and small parcels market size by region | 165 |
| | | 6.1.2 International express and small parcels market size by region | 166 |
| | | 6.2 Africa total express and small parcels market size by country | 167 |
| | | 6.2.1 Africa domestic and international express and small parcels market size by country | 168 |
| | | 6.3 Asia Pacific total express and small parcels market size by country | 169 |
| | | 6.3.1 Asia Pacific domestic express and small parcels market size by country | 170 |

Table of contents (continued)



| | | | |
|--------------------------------------------------------------------------------------------------------|-----|-----------------------------------------------------------------------------------------|------------|
| 6.3.2 Asia Pacific international express and small parcels market size by country | 171 | 6.7.2 Middle East Europe international express and small parcels market size by country | 181 |
| 6.4 Central America and the Caribbean total express and small parcels market size by country | 172 | 6.8 North America express and small parcels market size by country | 182 |
| 6.4.1 Central America and the Caribbean domestic express and small parcels market size by country | 173 | 6.9 South America total express and small parcels market size by country | 183 |
| 6.4.2 Central America and the Caribbean international express and small parcels market size by country | 174 | 6.9.1 South America domestic express and small parcels market size by country | 184 |
| 6.5 Central and Eastern Europe total express and small parcels market size by country | 175 | 6.9.2 South America international express and small parcels market size by country | 185 |
| 6.5.1 Central and Eastern Europe domestic express and small parcels market size by country | 176 | 6.10 Western Europe total express and small parcels market size by country | 186 |
| 6.5.2 Central and Eastern Europe international express and small parcels market size by country | 177 | 6.10.1 Western Europe domestic express and small parcels market size by country | 187 |
| 6.6 CIS express and small parcels market size by country | 178 | 6.10.2 Western Europe international express and small parcels market size by country | 188 |
| 6.7 Middle East total express and small parcels market size by country | 179 | | |
| 6.7.1 Middle East domestic express and small parcels market size by country | 180 | | |
| | | Contact Ti | 189 |





A career dedicated to strategic consultancy and corporate development in the logistics industry, with a particular expertise in distribution property, express logistics and assisting companies in developing their logistics strategies. After graduating with a degree in Business Administration Joel joined a specialist logistics consultancy firm where he spent a number of years developing its Mergers and Acquisition business, as well as leading a number of strategic consultancy projects. He relocated to Ireland in 1998 to take up the position of Strategy Manager with An Post (the Irish Post Office) where he was responsible for analysing organic and acquisition growth opportunities, advising the board on the strategic direction of the company. He joined Transport Intelligence in 2002 to head up its bespoke research and consultancy division after establishing and running an internet based warehousing exchange. As part of his role at Ti Joel has travelled extensively throughout Europe, the Middle East, the Americas, India and Asia working on a variety of client lead projects. Joel is also an experienced conference moderator and speaker, having participated in many global logistics events.



Having obtained a Masters in Economics David is now Ti's resident Economist. He manages one of Ti's core strengths, that of quantitative analysis of a range of logistics markets, including sizing and forecasting. He has completed market sizing studies over a number of years on markets such as freight forwarding, contract logistics, European road freight transport, express and small parcels and e-commerce logistics. He also regularly updates Ti's other quantitative tracking products - the Dashboard and Global Logistics Monitor.

David also provides contributions to the GSCi portal, Ti reports and consultancy projects. He authors many briefs for Ti's Logistics Briefing service, contributes articles to external publications and is regularly cited by industry media.

His key interests are the economics of the logistics sector, emerging markets and statistical modelling.

- 1.0 Introduction**
- 2.0 Market structure**
- 3.0 Industry innovations**
- 4.0 Market size and forecasts**
- 5.0 Express provider profiles**
- 6.0 Appendix**





“Express markets have undergone seismic change since the advent of e-commerce. Many analysts believe that e-commerce has been the saviour of the express sector, however, customer expectations are driving additional complexity and cost into already low margin operations.”

e-commerce continues to dominate the strategies of the integrators and major regional players, however, competition is becoming fiercer than ever:

- How can traditional express companies continue to fight off the onslaught of geographic, horizontal and disruptive competitive pressures?
- Where are the real opportunities for growth? Domestic markets, cross-border or inter-regional?
- Is B2C e-commerce the panacea for the express sector, or is the B2B sector likely to represent a more attractive target in the future?

high as they continue to seek the next Uber-style innovation.

- The total global express and small parcels market grew by 7.7% in 2015, down from 8.2% in 2014. Growth is forecast at 8.4% in real terms between 2015 and 2019. As in previous years, growth is primarily being driven by domestic e-commerce and, increasingly, cross border and inter-regional.
- Domestic express markets expanded by 8.4% in 2015. Ti expects both the global domestic and international parcel markets to grow at similar rates to those seen in 2015 through to 2019. For the domestic market, the real 2015-19 CAGR is forecast at 9.1%, whilst international market is forecast to expand by a 5.6% CAGR over the same period.
- This growth, and the sector’s continued focus on e-commerce, has resulted in additional competition from a variety of quarters. Not only are disruptive innovations continuing to attract sizable investments but many overseas and other logistics companies are now actively competing in this area.
- The past year has seen many start-ups fall by the way side. However, investors’ confidence in these disruptors appears
- A rethinking of strategic direction by DHL has seen the company re-enter the B2C segments in two of Europe’s most important e-commerce markets – France (via minority acquisition) and the UK (the acquisition of UK Mail). It is likely that some additional investment will be required, however, to re-orientate depot network focus to better serve residential customers.
- B2C cross border e-commerce is expected to increase to US\$1tn in 2020, from US\$230bn in 2014. DHL, UPS and FedEx are all investing in the development of their networks to better serve this fast growing segment of the market.
- Asia Pacific continues to cement its position as one the world’s most important regions for express parcels. SingPost, Japan Post and Australia Post are all investing heavily to expand their operations in the region. In addition, a raft of Chinese operators are seeking stock market listings in order to raise capital to grow.

Market structure

- Ti sees a move away from the terms B2B and B2C to 'Industrial' and 'e-commerce'. There has been a level of polarisation, with some companies operating only in the 'industrial' segment and some only in the lower value 'e-commerce' segment.
- Amazon's fulfilment strategy varies by geography and in areas with higher delivery densities, Amazon also undertakes last-mile deliveries. This is extremely dangerous for the traditional parcel companies, as they are in danger of being left with only those parcels that are less economically viable to deliver

Industry innovations

- Opportunities within the express market upon which innovative companies could capitalise on include: consolidation, mobile depots and crowdsourced delivery, as well as autonomous vehicles and in-boot deliveries.
- There are hundreds (if not thousands) of disruptive start-ups trying to penetrate the e-commerce market, as well as different segments of the last-mile delivery element of the chain. Ti analyses the varying successes of some of these.

Market size and forecasts

- Express market growth is primarily being driven by domestic e-commerce and, increasingly, cross border and inter-regional. Ti estimates that the total global express and small parcels market grew by 7.7% in 2015, down from 8.2% in 2014.
- Ti expects that by 2019 Asia Pacific will be the world's largest regional parcel market, representing almost 40% of the global market.

Express provider profiles

- Asian postal providers, such as Australia Post, China Post, Singapore Post, are all among the LSPs profiled in this report that are investing in innovative technologies.
- According to a report from Accenture and AliResearch B2C cross-border e-commerce is expected to increase to US\$1 trillion in 2020, from US\$230bn in 2014. DHL, UPS and FedEx are all investing in the development of their networks to better serve this fast growing segment of the market.

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