

Post Covid-19 Forecasts: Global Express & Small Parcels Growth 2020-2024



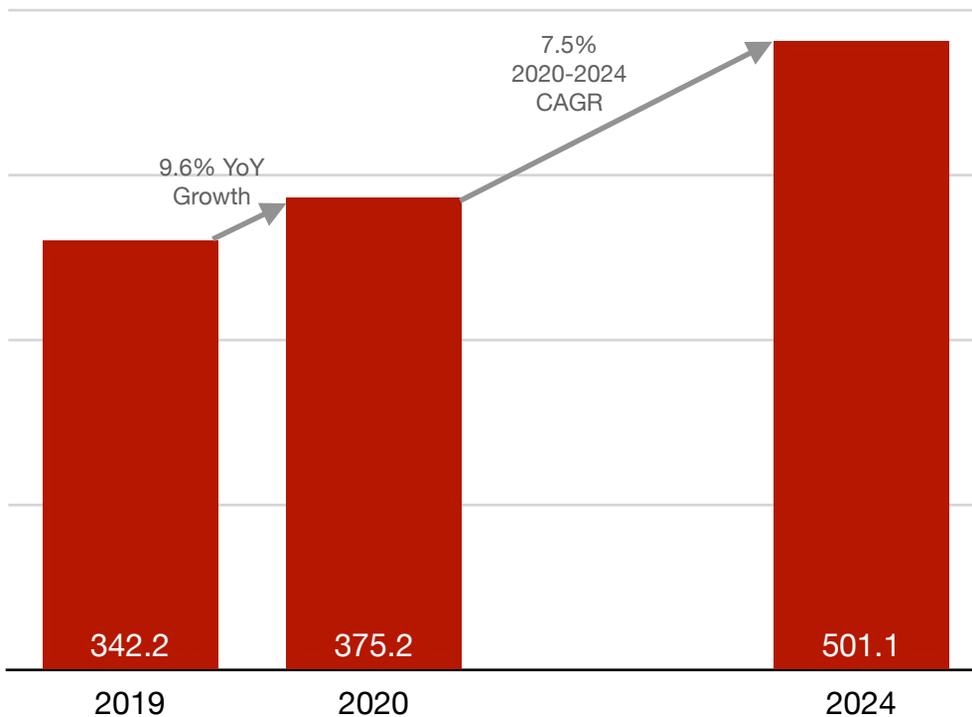
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The global express & small parcels market will reach a total value of €501.2bn in 2024, according to new Ti data. Over the four years to 2024, the market will grow at a CAGR of 7.5%. During the same period, the domestic express market will expand by at a 7.7% CAGR, while the international market's growth potential is set at 6.8% CAGR.

Ti's new global express & small parcels market data highlights a number of upward revisions at country, region and global level as the impact of the Covid-19 pandemic pushed shoppers online and shippers towards air express capacity to keep goods moving. In many locations, 2020 has been a bumper year for express market growth. The upswing in growth will set the market on course to top half-a-trillion Euros for the first ever time in 2024.

Global Express Market Size & Growth (€bn)



As the world slowly emerged from initial COVID-19 lockdowns many markets and sectors have suffered immensely from its consequences, however, globally the express and small parcels market has bucked that trend to record its second highest growth rate since 2010. The express sector has been at the forefront of keeping the global economy moving and enabling households to follow lockdown rules by eliminating the need to leave their house for shopping.

Globally, the domestic market will expand by 9.7% in 2020 as lockdown measures pushed shoppers to online channels for a range of goods, particularly as non-essential retail was curtailed in many consumer markets. The rapid acceleration of online retail in many markets has seen e-commerce penetration rates expand quickly, pulling forward future adoption. In the UK, official government statistics show online retail has come to account for 40% of addressable retail sales (excluding fuel, restaurant and grocery sales), while growth has been around 35% over the most recent two quarters in the US, according to the US Census Bureau. While it remains to be seen how much of this acceleration of adoption remains as the pandemic subsides, the shift is enough to provide new impetus to domestic express growth across much of the world.

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There are several reasons for the immense growth on the international side, all of which are unsurprisingly consequences of the COVID-19 pandemic. One of the first sectors to suffer a substantial blow from lockdown was the air travels business; a business that is also responsible for carrying approximately 50% of air cargo in its bellyhold, which has been effectively wiped out almost overnight for shippers. While global capacity, measured in available cargo tonne kilometres, shrank by 42% Y-o-Y in April, at the height of the pandemic, belly capacity for international air cargo dropped by 75% Y-o-Y in April. Even though the situation showed signs of recovery in September, as capacity was down by only 25.2% Y-o-Y, it was still nearly three times larger than the contraction in demand according to International Air Traffic Association (IATA), indicative of a severe lack of capacity in the market. The resulting tight air freight capacity has caused rates to skyrocket and capacity to be scarce despite additional air cargo freighters having been added by carriers, as well as airlines either converting their passenger aircraft fully or filling seats with cargo instead of passengers. Air freight rates are also impacted by the dynamics playing out in sea freight. For instance, after two weeks of relative stability of air freight rates in November, unsatisfying sea freight services resulted in shippers turning to charters, causing rates to rise. In May 2020 rates had reached their peak (\$7.73 per kg for Hong Kong to North America vs. \$5.69 per kg a month prior and \$3.14 per kg in January 2020, Statista data shows) and have mostly been decreasing since. The upcoming peak season combined with inadequate sea freight services have contributed to an upsurge in rates once again for Hong Kong – Europe, as well as for the Hong Kong – North America route.

The rapid growth in cross-border e-commerce seen by all integrators, especially from the Asia Pacific region was a large driving force in the success during Q3 for integrators. The expansion was above and beyond compared to the strong domestic e-commerce growth rates. Pent up demand over the first few months of lockdown has likely led to increased spending for many consumers. Lockdown measures followed by peak season spurred a boost in cross-border e-commerce. DHL reported a nearly 40% Y-o-Y revenue growth in its international B2C e-commerce segment. Retail and fashion are the leading verticals, as they recorded a 44% and 27% Y-o-Y revenue growth respectively for the first eight months of 2020. With regards to peak season, Alibaba's shopping festival, Single's Day, which takes place every year on November 11, saw Cainiao, Alibaba's logistics arm, ready more than 700 chartered flights for deliveries outside mainland China, as Alibaba recorded over \$74bn in gross merchandise volume for the overall event.

Ti's full express & small parcels mid-year market sizing data is now available through the [Global Supply Chain intelligence database \(GSCi\)](#).

- H1 growth rates for 2020
- Full year projections for 2020
- 5-year ahead forecasts
- Market sizing by region, country and split by international and domestic

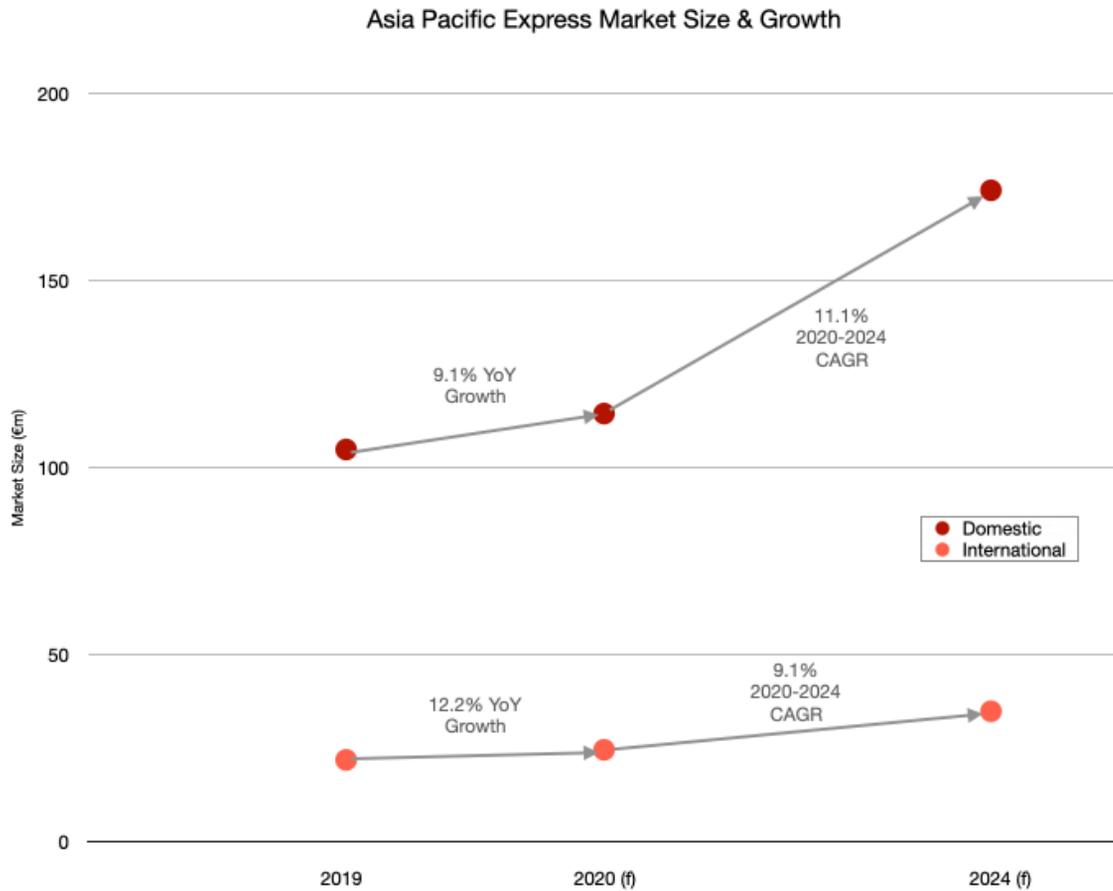
Use GSCi to break down the state of the market, optimise strategy in ever-changing market conditions and to keep pace in 2021...



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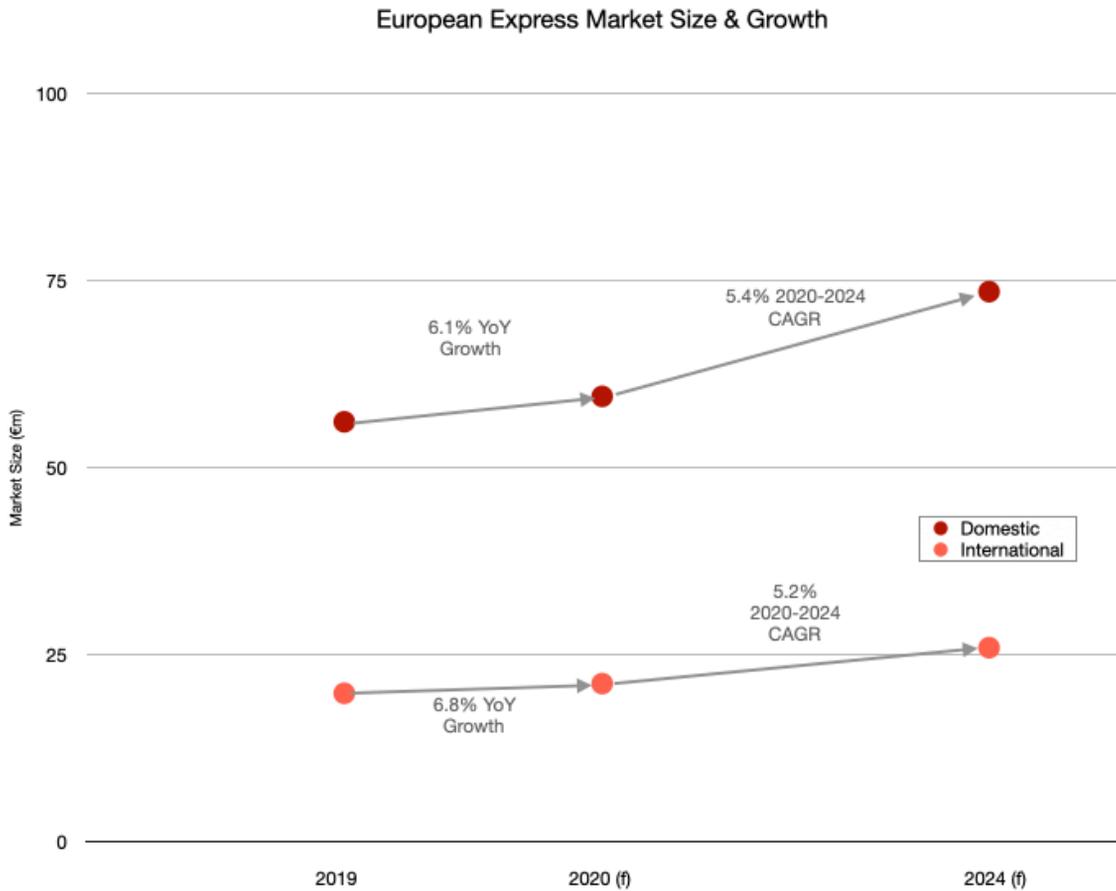
Asia Pacific



Despite having a rather successful domestic as well as international performance, the total growth rate for the **Asia Pacific** region remains nearly unchanged by pandemic impacts. The market is forecast to grow by a CAGR of 10.7% over the 2020-2024 period. Asia Pacific’s express market is partly fuelled by growth in China. Although China was the origin of the pandemic, and was hit with stringent lockdowns from the very start of 2020, it already had high levels of engagement with online retail in its major cities, so the express sector was well set up to keep the economy moving and to handle rising volumes. With China’s express sector booming, and other large markets in the region like Korea and Japan able to avoid the worst effects of Covid-19, economic growth in Asia Pacific has held up relatively well through 2020. Without as much economic disruption in 2020 as other regions, Asia Pacific is expected to sustain a more normal growth trajectory over the forecast period which will keep express growth moving at pace. The region’s international market sees the biggest growth rate among all regions for H12020, as well as being expected to grow by 12.2% during the full year. These trends are also reflected in the segment’s forecasts, with a 9.1% CAGR forecast between 2020-2024. In its domestic market, Asia Pacific will see an 11.1% CAGR between 2020-2024.



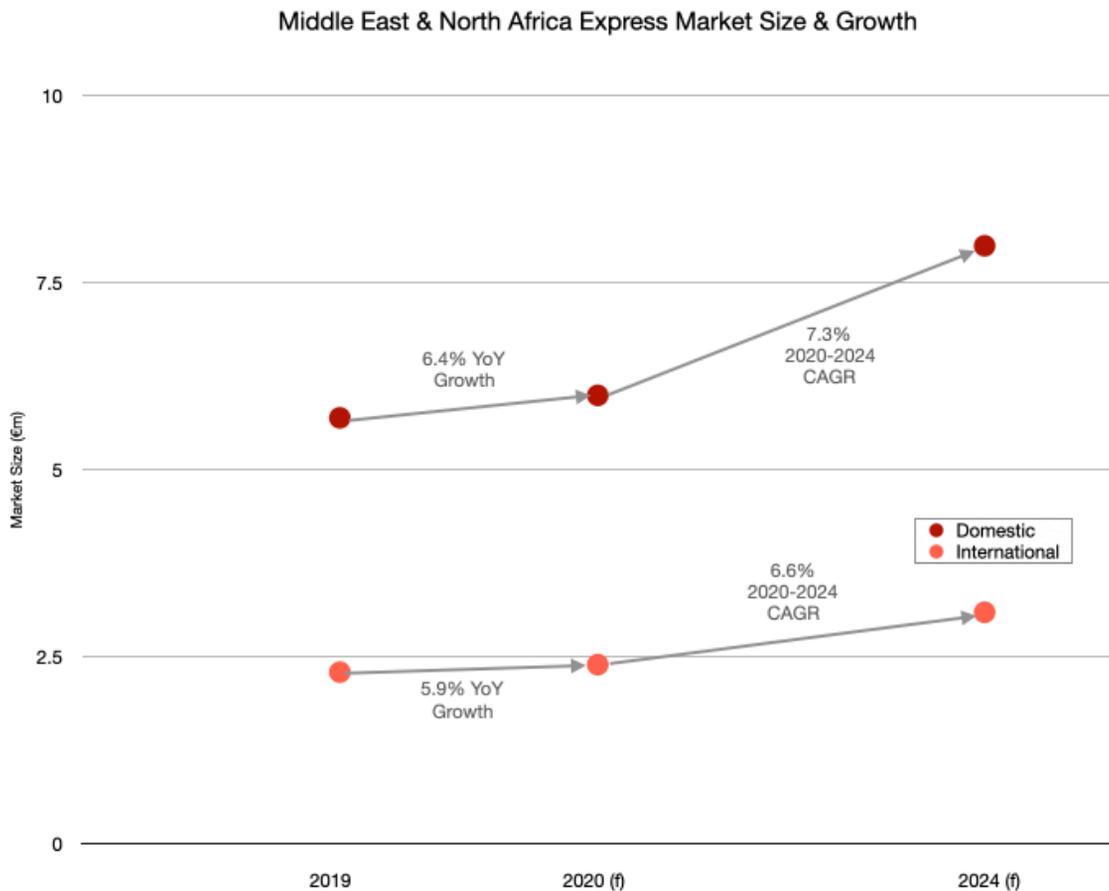
Europe



Europe’s express market is emerging with positive growth rates across the board from 2020. Ti’s revised 2019-2024 CAGR forecast for the total European market is 5.5%, an increase of 0.9% from the pre-COVID forecast and is expected to mostly maintain its pace. According to McKinsey findings, Europe has undergone a digital push over the course of the pandemic, recording a 14% jump of adopting digital technologies. The same report asserts that Germany, being the country with the lowest adoption rate prior to the pandemic has noted a 28 percentage point uptick, while an online activity gap between European countries has shrunk. The European domestic market is expected to grow by a CAGR of 5.5.% over 2019-2024, a notable increase from its pre-COVID forecast. However, it is the international market that is the main driver of the total growth. While in H1 2020 it has seen a contraction, the full year forecast shows healthy recuperation of 6.8% growth. This also informs the upwardly revised 2019-2024 CAGR of 5.5%.



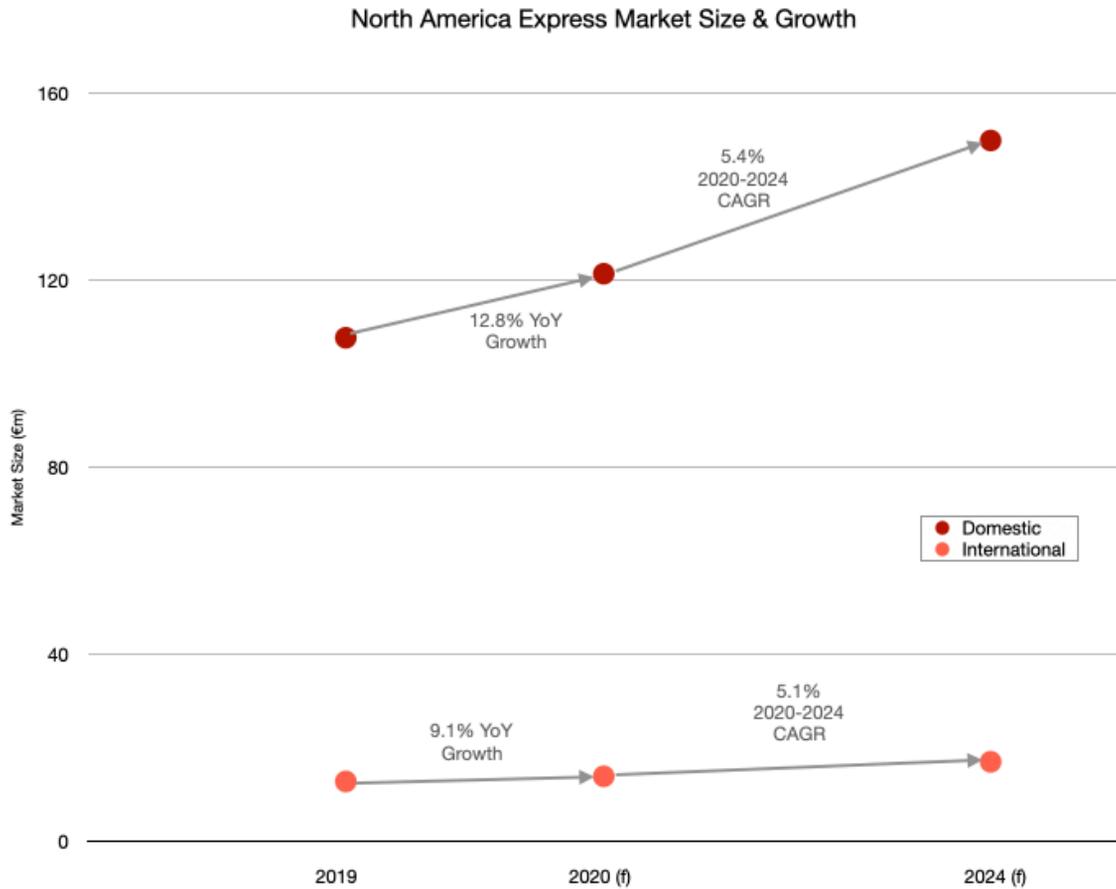
Middle East & North Africa



The **Middle East and North Africa** express market grew by 6.7% in H1 and is expected to slow down as the year runs its course. The COVID-19 induced boost to its express market impacted its 2019-2024 CAGR positively, as its domestic market’s growth rate increased by 1.4 percentage points to 7.1% and is projected to reach a CAGR of 7.3% for 2020-2024. The region has also seen considerable growth in the international market. Its forecast for 2020 shows a growth rate of 5.9% and a CAGR for 2020-2024 of 6.6%. The overall positive growth rates have helped improve the total market as it is projected to grow at a CAGR of 7.1% for 2020-2024. The region has seen a remarkable shift to e-commerce. Consumers under stay-at-home measures have been increasing their familiarity and engagement with online platforms, as well as their spending. While spending on fashion and beauty remains popular, electronic appliances are expected to become the leading segment over the next years, along with consumer and business tech.



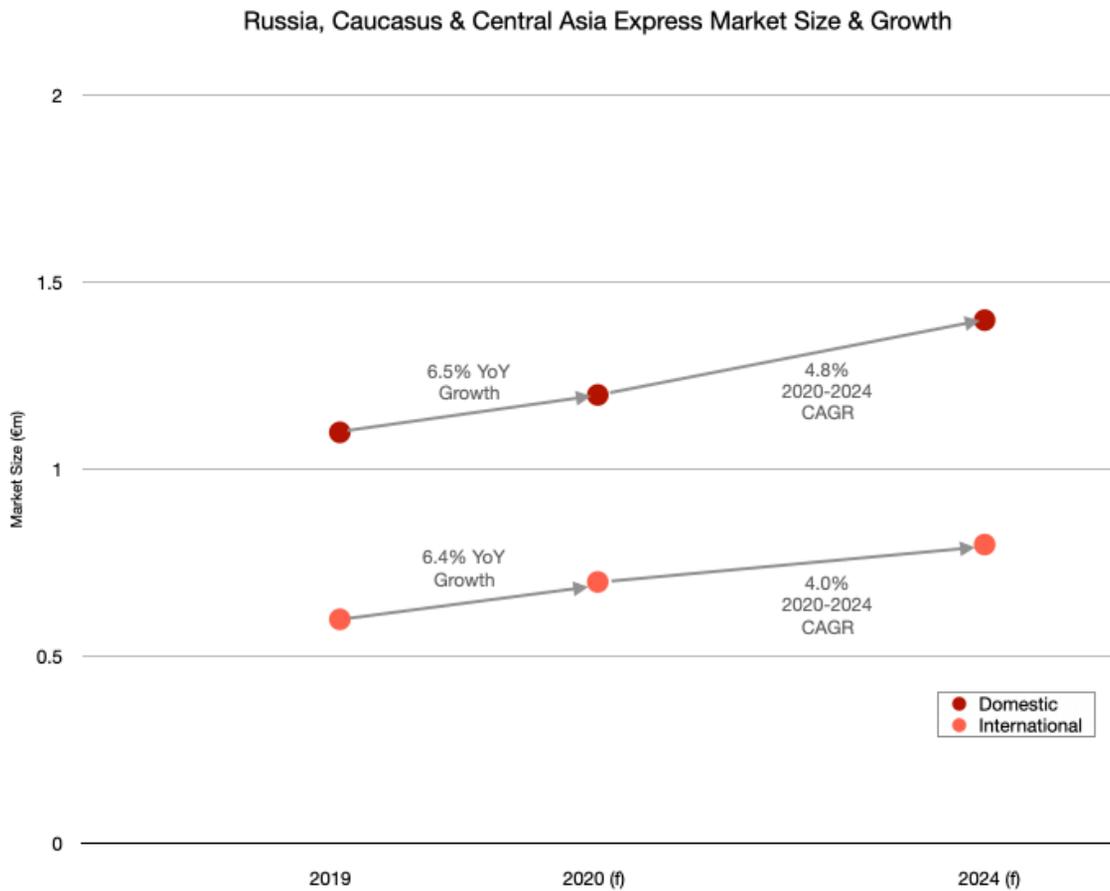
North America



The **North American** domestic express market is anticipated to grow at a CAGR of 5.4% over the 2020-2024 period, falling below pre-COVID CAGR estimates. The region’s biggest market, the United States, has implemented uneven stay-at-home measures across the country at state level, creating different shopping needs. Among the top selling online product categories in the US were household necessities and hygiene products, as disposable gloves were the fastest growing category earlier this year, followed by bread machines and cold medicine. Categories which are likely to be pandemic-specific purchases and will therefore not contribute to growth rates beyond 2020 as significantly. Despite a contractionary international market in H12020, it is forecast to grow by 9.1% for 2020 with volumes much stronger over the second half of the year. Some of that growth will be retained with forecasts of a 2020-2024 CAGR at 5.1%



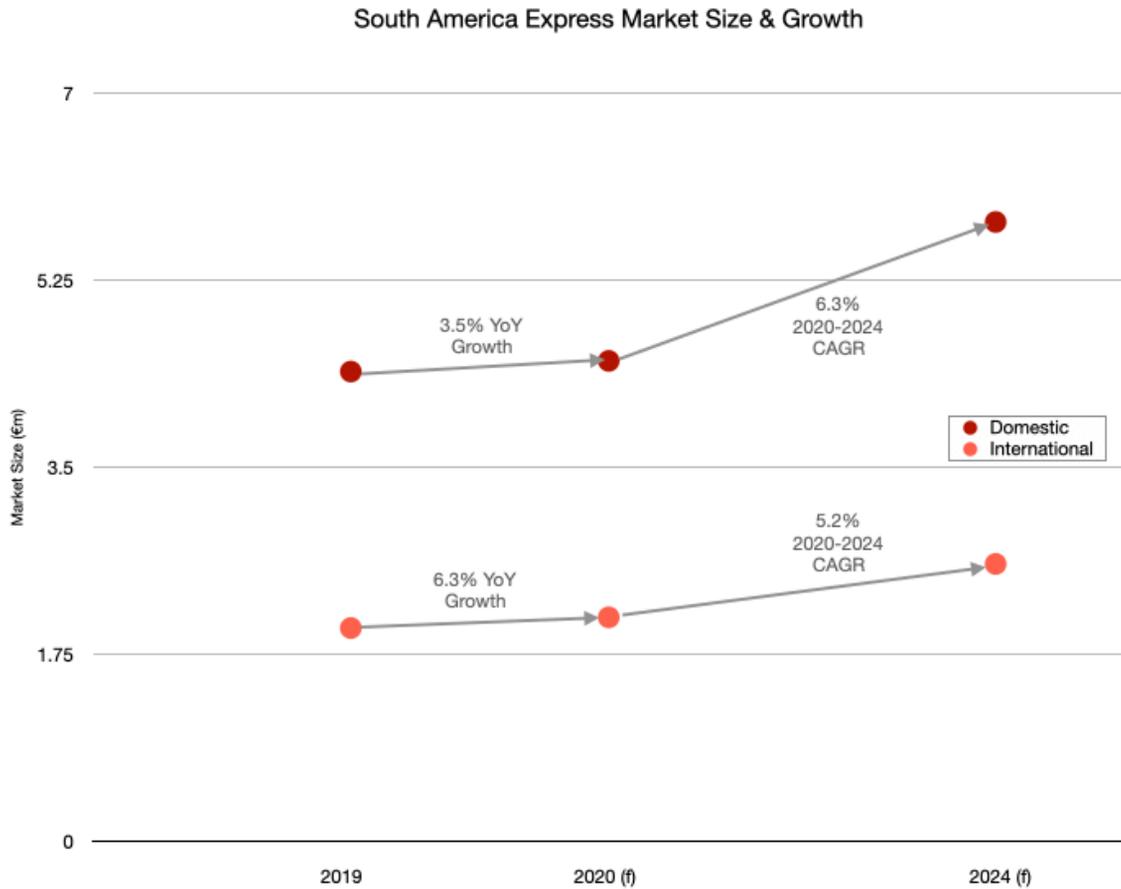
Russia, Caucasus & Central Asia



Russia, Caucasus & Central Asia’s express & small parcels market is projected to grow at a 2020-2024 CAGR of 4.5%. Its domestic market shows slightly high growth potential at 4.8%. The major player in the region, Russia, faces immense challenges with a poor infrastructure making logistics operations difficult in some regions. Spending in the country has also been dropping to levels last seen in May when the country underwent lockdown measures – even though lockdown measures have been lifted now, spending still fell by 10% Y-o-Y in the final week of October. Its international segment has had a rocky 2020, a contraction of 7.0% was recorded in the first six months of 2020, although for the full year a 6.5% expansion is forecast. Over the 2020-2024 period, the region’s international market is expected to expand at a CAGR of 4.0%.



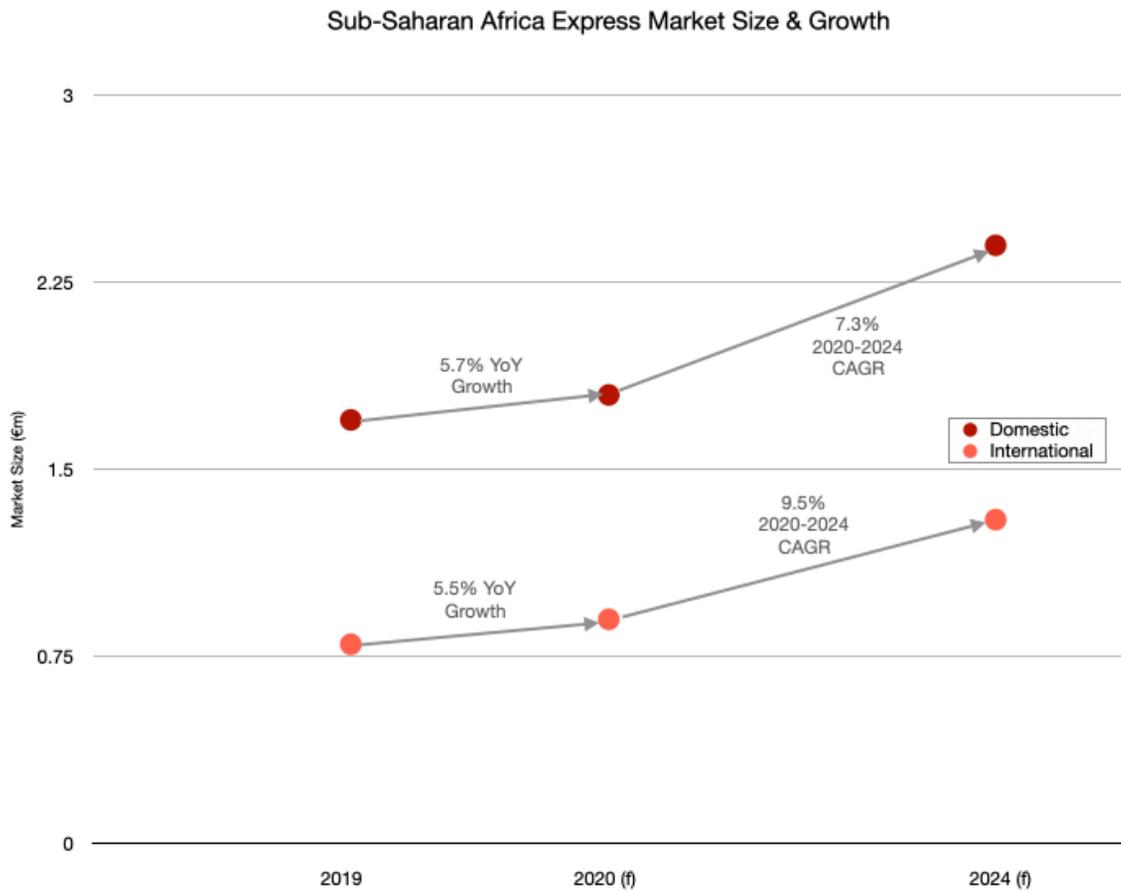
South America



Ti’s forecast for the **South American** express & small parcels market growth for the 2020-2024 period is set at a 6.0% CAGR. The domestic market’s forecast over the same period is higher at 7.3% CAGR. Internationally, South America has also seen growth pick up pace and is projected to expand at a CAGR of 9.5.% CAGR between 2020 and 2024. Similar to other regions, e-commerce has seen increased traction over the course of the pandemic, with increased online retail adoption set to be maintained. The increase in online sales – which shot up some 230% during the first weeks in April – is set to benefit the region’s domestic market in particular.



Sub-Saharan Africa



The **Sub-Saharan Africa** region’s express & small parcels market is forecast to expand at a CAGR of 8.0% for 2020-2024 period. While its domestic market grew at a double-digit rate in H1 2020 at 10.4%, it is forecast to see 5.7% growth over the full year. The domestic market has a 2020-2024 CAGR of 7.3%. In its international market, growth over the same period is forecast at a CAGR of 9.5%. Despite logistical challenges in the region, the express market is set to continue expanding in all forecasts. The outlook for the domestic market remains positive, however the huge economic impact of the pandemic has subdued discretionary spending and is likely to weigh on growth prospects.

About Ti



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Ti is a leading UK-headquartered logistics and supply chain market research and analysis company providing:

- Supply Chain and Logistics Market Research Reports
- Global Supply Chain Intelligence (GSCi) online knowledge platform
- Consulting and Market Research projects
- Training, Conferences and Webinars.

Ti has acted as advisors to the World Economic Forum, World Bank, UN and European Commission as well as providing expert analysis to the world's leading manufacturers, retailers, banks, consultancies, shipping lines and logistics providers.

Expertise includes:

- Analysis of the corporate strategies of leading express, freight forwarding and logistics companies.
- Global usage and perception studies of shipper and logistics provider behaviour.
- Micro-economic analysis of key logistics segments: express, freight forwarding, road freight, contract logistics, warehousing, air cargo, shipping and e-commerce logistics.
- Analysis of supply chain strategies employed in industry vertical sectors: pharmaceutical, fashion, high tech, oil and gas, chemical, cold chain, automotive and retail.
- Market sizing and forecasts of key logistics segments.
- Intelligence on emerging markets logistics sectors in Asia, Africa, Latin America, Eastern Europe and Middle East.

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- Global Associate Network provides a multi-country, multi-disciplinary and multi-lingual extension to Ti's in-house capabilities
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- Unique web-based intelligence portals
- On-going and comprehensive programmes of primary and secondary research

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