

# [Express and courier industry](https://assignbuster.com/express-and-courier-industry/)

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Global express and courier industry overview Introduction The primary business of the express industry is the delivery of time-sensitive shipments, typically with a transit time of two to three days. These are delivered mainly by air and ground. The industry has been witnessing significant growth as a result of the constant rise in demand for express and courier services over the last decade across user industries, including manufacturing, pharmaceutical, financial services and high-tech sectors.

In the last decade, the advent of e-commerce business models and their subsequent penetration along with increasing demand from the financial services sector contributed to strong industry growth. Most companies provide an additional range of activities besides pure transportation, including online tracking of shipments, online payment collection and insurance facilities. However, in recent times, the industry has witnessed a deceleration in growth as a result of rising fuel costs and reduced demand from user industries due to the global economic slowdown. Major players

Traditionally, due to low demand and high costs of operation, the express industry has been dominated by national postal departments. While some of them still continue to be dominant in their respective national markets, others have evolved into larger regional and global players with multi-modal operations such as Deutsche Post World Net (which also operates DHL) and La Poste. Globally, the industry is dominated by the big four — Deutsche Post World Net (DHL), FedEx, United Postal Service (UPS) and TNT, all of which have strong multi-modal arms with worldwide operations.

Key markets The US is the single largest market for express services, followed by Europe and the Asia–Pacific region. In recent years, the Asia-Pacific region has experienced tremendous growth, largely attributed to increased demand for express and courier services in China and India as well as sustained demand growth in Japan, Korea and Australia. Strong economic growth and increased international trade due to manufacturing outsourcing from the western countries has particularly resulted in the fast-growing demand for express and courier in India and China.

Key challenges Rising fuel prices: Rising fuel costs have been the biggest concern of the express and courier industry globally over the past two years. Rising fuel costs have affected the industry directly via an increase in input costs and also indirectly by hampering growth prospects due to decreased demand from user industries. Environmental concerns: As part of the transport industry, the express industry has also come under renewed pressure from both environmental groups and governments to lower its carbon footprint.

Environmental laws have necessitated increased usage of vehicles run on alternative fuel to transport and deliver shipments across the globe. DHL, UPS and FedEx have begun to deploy vehicles run on alternative fuel for deliveries and collection, especially in the mature US market. Outlook Over the past two years, the global express market has been reeling under the pressure of rising fuel and transportation costs and decrease in demand from the western countries.

However, demand for express services is set to rise over the medium term with sustained growth of the Chinese and Indian economies. Over the longer term, the industry is expected to witness the emergence of large integrated players in the emerging markets of China and India. The market is expected to witness consolidation activities and a shift toward third-party logistics (3PL) and fourth-party logistics (4PL) players.