



Trim

Trim Insight

Logistics market

September 2023

Logistics Market

-  **In Italy, the logistics market** (which includes both activities conducted internally and outsourced to third parties) grew from € 110,9 billion in 2015 to **€ 119,4b in 2019 (CAGR 2015-2019 equal to +1,9%)**, interrupted **in 2020 due to covid (€ 116,4b; YoY: -2,5%)**
-  Turnover, including revenues from subcontracting supply chain, of **contract logistics** (logistics activities outsourced to specialized operators) grew from € 77,5 billion in 2015 to **€ 87,0b in 2019 (CAGR 2015-2019 equal to +2,9%)**. In **2021 turnover (€ 89,4b)** exceeded pre-covid levels (€ 85,4b in 2019) and is expected to grow by **+2,7% in 2022**
-  The **global logistics market** reached **\$10,4 trillion at the end of 2022** and is expected to reach **\$14,1 trillion in 2028 with a CAGR of 5,2%**

The value chain of the logistics industry

The supply chain of the logistics sector includes several services available to companies (*Figure 1*):

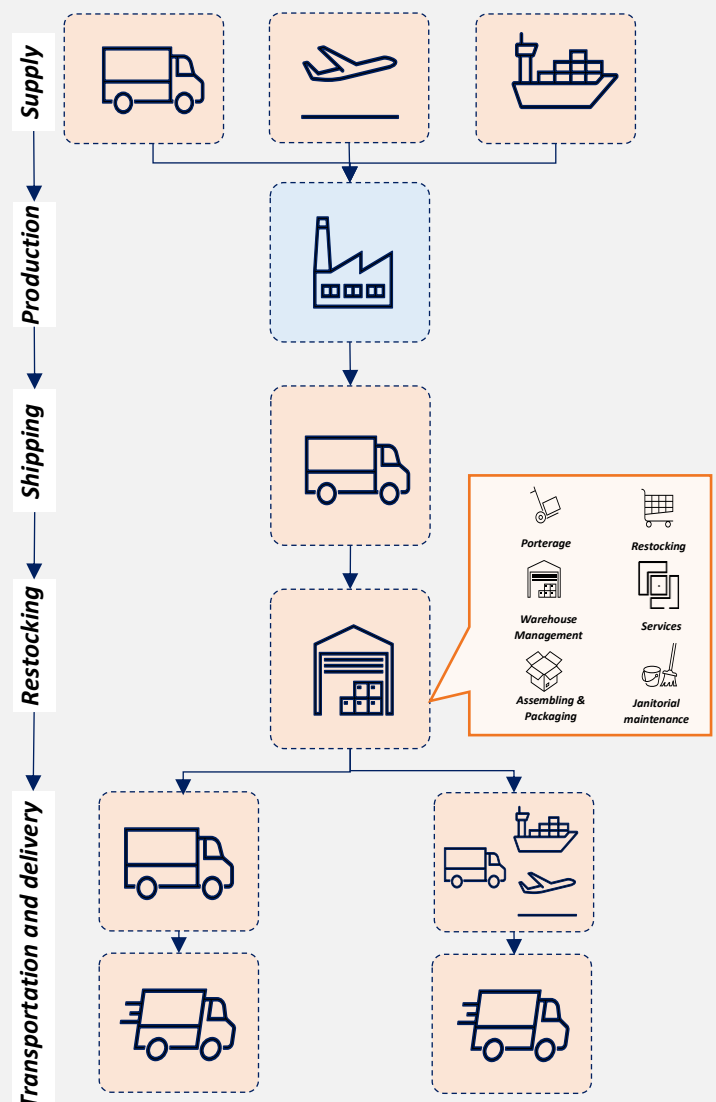
The first phase of the supply chain concerns **the procurement and supply** to the production centers. Logistics operators oversee managing the supply of production sites with goods and raw materials for their processing. The functioning of the supply chain involves the coordination of different means of transport, whether by air, land, or sea.

After production, the logistics industry offers services for **transporting** finished or semi-finished goods from production sites to warehouses, where they are stored awaiting sorting to final destinations or subsequent stages of production.

The goods arrive in the warehouse. We enter the **warehouse storage and management phase**, a complex activity that includes **portering, restocking, assembly, packaging, stock management**.

Finally, **distribution service providers** from warehouses to buyers are also part of the logistics industry. This activity can be further divided into segments that include transport from the warehouse to the sorting center, and finally the last mile route. For example, retail distribution of the goods up to their final destination, whether it is a point of sale or the consumer himself. These two phases

Figure 1 - The logistics chain



can be managed by the same operators or different depending on the specializations.

Global logistics turnover

Globally, the turnover of the entire logistics sector (understood as the set of all logistics activities, both carried out internally by companies and outsourced to specialized third-party operators) reached \$ 10,4 trillion in 2022 and is expected to reach \$ 14,1 trillion in 2028 with a CAGR 2022-2028 of 5,2%) (figure 2).

The world's 12 leading companies in the logistics sector, based on 2022 turnover, are: (data in billions, figure 3):

1. United Parcel Service: \$98,6b
2. Deutsche Post: \$96,5b
3. FedEx: \$92,6b
4. Xiangyu Xiamen: \$77,7b
5. A.P. Moller-Maersk Group: \$76,6b
6. Cosco Shipping: \$58,3b
7. Kuehne + Nagel: \$37,7b
8. Panalpina DSV: \$30,1b
9. Union Pacific: \$25,1b
10. Robinson CH Worldwide: \$22,5b
11. Yusen Nippon: \$20,2b
12. Nippon Express: \$19,9b

Global Contract Logistics Market

Companies globally find it more cost-effective to outsource their logistics and distribution activities, as they require a substantial amount of investment, skills, and knowledge of the market. The contract logistics market precisely represents this process of outsourcing of logistics and supply chain processes (in all their forms), to specialized operators. The categories of contract logistics operators include (figure 4): warehouse managers, logistics operators, hauliers, couriers/express, freight forwarders, railroad operators, freight village operators. The global contract logistics sector is estimated to grow at a 2023-2026 CAGR of +3,7% (figure 5).

Figure 2 - Global logistics market

Data in \$ trillion

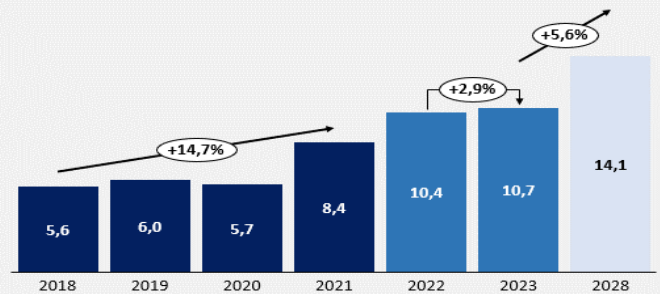


Figure 3 - Top global buyers

Data in €b

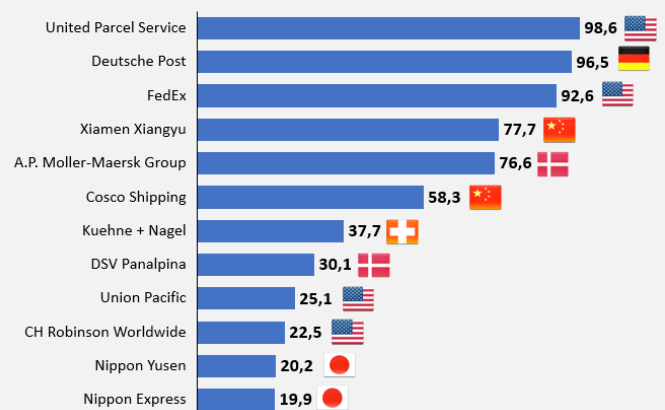
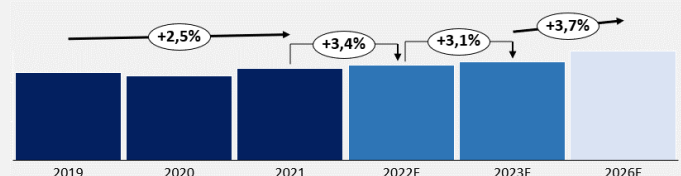


Figure 4 - The categories of logistics



Figure 5 - Global contract logistics market



Contract logistics in Italy

1. Italian logistics and contract logistics market

The **Italian logistics industry**, which includes all activities conducted both internally and outsourced to third parties (contract logistics), **amounted to € 116,4b in 2020**. It recorded a stable growth of +1,9% from 2015 to 2019, interrupted only in 2020 due to Covid (-2,5%), (figure 6).

The **Contract logistics market** has assumed an **increasing weight on the total Italian logistics market**, growing from **40,2% in 2015 to 43,6% in 2020** (figure 7). These percentage incidences consider only direct revenues to client companies only, thus excluding intra-supply chain trade, considering that contract logistics is characterized by an **elevated level of assignment/subcontracting** to third party operators.

Considering instead, **the turnover of contract logistics including the revenues deriving from the subcontracting of some services within the supply chain**, the turnover generated by the logistics chain grew at a CAGR 2015-2019 of 2,9%, also recording a decrease only in 2020 due to Covid (-1,9%). In 2021, **contract logistics turnover (€ 89,4b) exceeded pre-covid levels (€ 85,4b in 2020)** and is expected to grow by 2,7% in 2022 reaching a turnover of around € 92 billion (figure 8).

2. Turnover by type of operator

Analyzing the turnover of the supply chain by type of operators, **hauliers** have the greatest percentage weight on total revenues in 2020 (47,8%), despite a slight decrease compared to 2015 (-1,8 p.p.); followed by **freight forwarders** (17,8%) and logistics operators (12,8%) (figure 9). The types of operators in the supply chain that recorded the greatest growth in turnover, from 2015 to 2020, are **express couriers** (+2,1 p.p.) and **logistics operators** (+0,9 p.p.). The former has benefited from the rapid **expansion of the e-commerce sector**, seizing the additional opportunity presented by the increase in demand for deliveries during the Covid period. The latter recorded an increase in revenues linked to the trend of **vertical expansion of the supply chain**.

Figure 6 - Italian Logistics Market

Data in €b

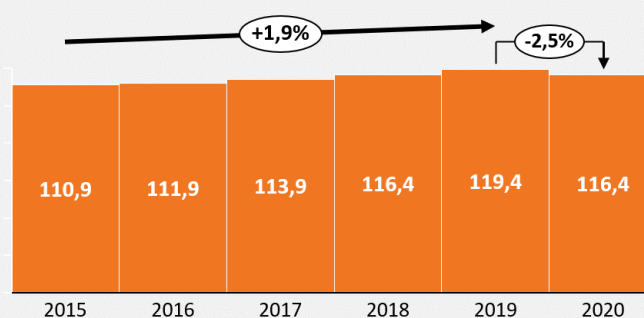


Figure 7 - % Contract Logistics

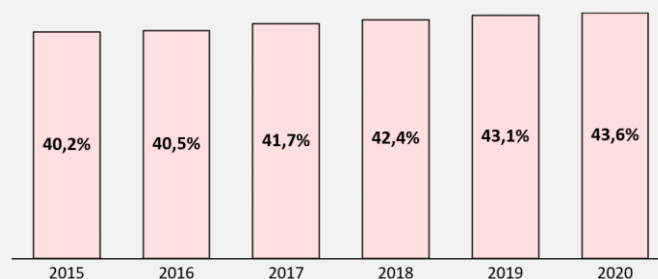
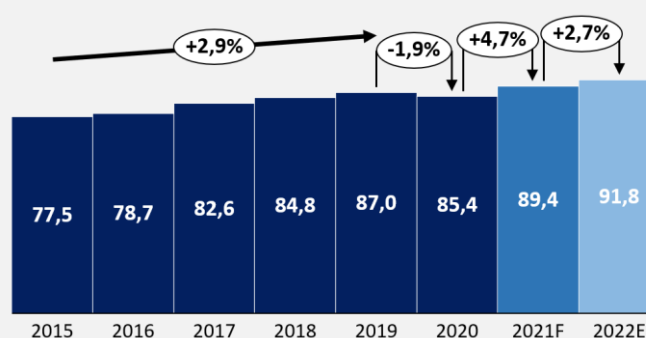


Figure 8 - Contract Logistics turnover (including revenues from supply chain subcontracting)

Data in €b



3. Number of operators

The increase in turnover (+€ 7,9b from 2015 to 2020) and the simultaneous **reduction in the number of operators (-10.685 from 2015 to 2020)** are due to a trend of aggregation and vertical integration implemented by big players to the detriment of small operators. In fact, there is a **reduction in the number of operators of -13,2% from 2017 (97.308) to 2020 (84.460)**, figure 10. The types most affected by this process of industrial concentration are **express couriers** (-6,1% in the period 2015-2020) and hauliers and **logistics operators** (both -2,2% in the period 2015-2020).

4. Territorial distribution

The distribution of companies in the logistics sector in Italy is concentrated in the **North (49,4%)** divided between the **Northwest (26,6%)** and the **Northeast (22,8%)**. The **South and the Islands** and **Central Italy** represent respectively **31,8%** and **18,8%** as territorial concentration of companies. The single region with the highest number of companies operating in the logistics sector is **Lombardy (18,2%)** followed by **Campania (10,4%)** and **Veneto (9,8%)**, figure 11.

5. Industry Trends

Logistics is at the heart of the **great transformations** that are affecting the economy and society, and, in turn, it is called to transform itself in a radical way to keep pace with innovation. With the dimensions that acquire a particular importance to compete in the national and international scenario, which puts pressure on margins and requires significant resources to invest in innovation, the **phenomenon of aggregations** has been accentuated. Among the objectives emerges the importance of generating economies of scale by freeing up resources for other investments, obtaining a better market positioning, expanding the customer portfolio, and integrating vertically along the complex logistics chain. **Over the last 7 years, about 150 M&A transactions have been carried out in Italy**, with primary integration in national **logistics (68%**, shown in figure 12) rather than international (32%).

The numerous M&A transactions in the sector reflect the challenges and difficulties met by operators in the Italian logistics sector such as the sharp **increase in the costs of production factors**, not only those of labor, but above all for road transport. In particular, the cost items that

Figure 9 – Contract Logistics turnover by type of operator

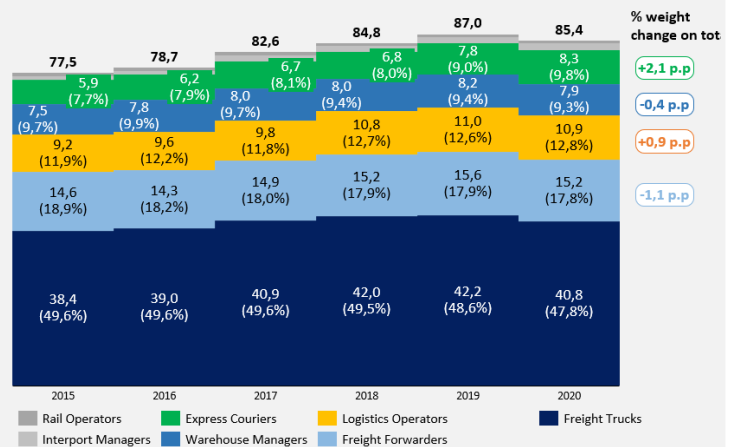


Figure 10 – Contract Logistics turnover by Number

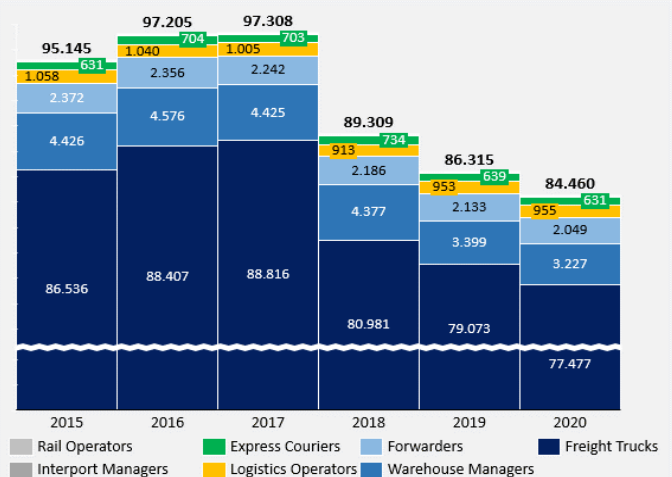
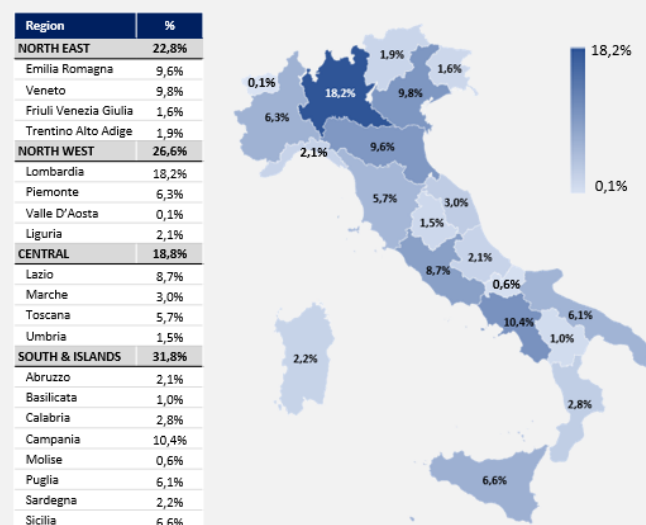


Figure 11 – Distribution by Region



recorded the **greatest increases from 2021 to 2022** are **electricity (+117%)** and **fuel (+23%)**, *figure 13*.

The drivers of logistics value

E-commerce, globalization, and technological advances have been, in the last two decades, macro-determining factors for the logistics market and its development.

E-Commerce

E-commerce has grown rapidly as a source of business for logistics companies. Customer demands have become more stringent regarding **speed of delivery**, becoming more inclined to request "one-day" delivery services. This has led to an increase in interest in logistics services such as warehouse management, transportation and shipping. E-commerce generates a lot of traffic and exchange of goods between **different geographies**, as consumers around the world have access to a wide range of B2B and B2C platforms that serve a wider range of markets. The **market value of the global logistics sector related to e-commerce activities** has been estimated at **€ 441,5b in 2021** and is estimated to reach **€ 770,8b in 2026** with a **2021-2026 CAGR of 11,8%**, *figure 14*.

Globalization

The spread of the Internet and its potential has further accelerated the **phenomenon of globalization**. The growth of integration between states at the economic level has led to the **formation of a macro market**, in which the phenomenon of globalization can be a critical success factor for many commercial sectors, with a consequent **expansion of their sales and distribution range**. Globalisation represents a major **development opportunity** for the logistics sector, offering numerous advantages but presenting specialized logistics operators with **several challenges**. Globalization changes logistics flows and imposes the need to find a perfect balance between resource consumption and sales. It places new demands on both supply chains and transportation solutions and requires more efficient and optimized logistics solutions and distribution channels. The storage phase and delivery service are also becoming increasingly important for competitiveness and to meet customer needs in terms of speed, reliability, adaptability, and quality.

Figure 12 – National logistics M&A transactions

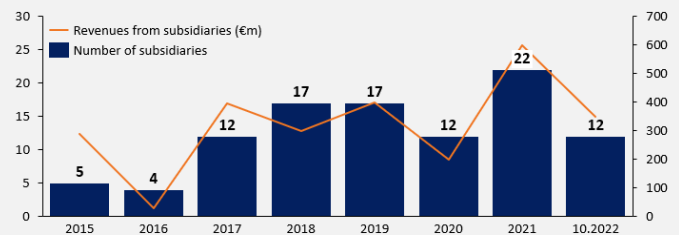


Figure 13 - Cost trend of logistics inputs

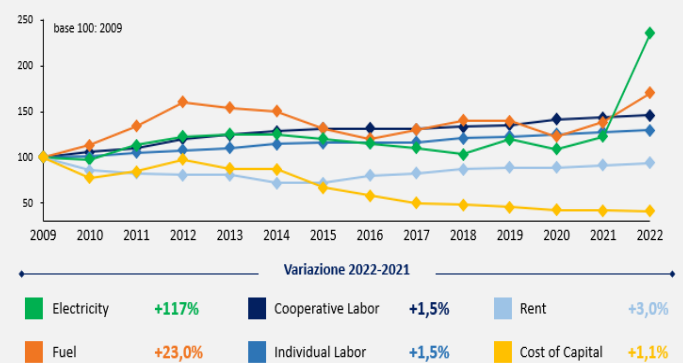
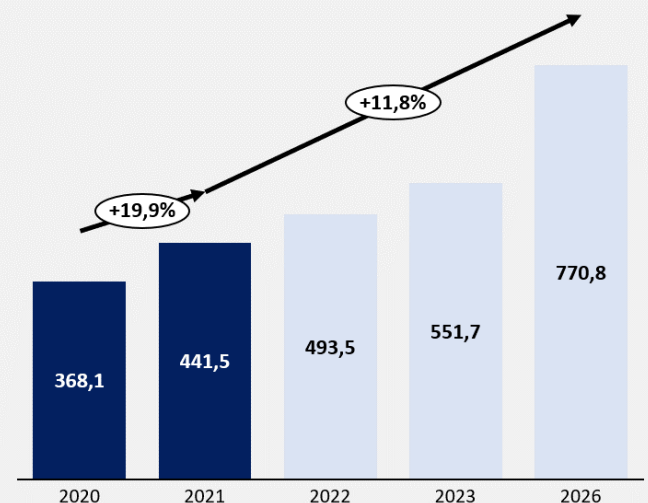


Figure 14 - Global e-commerce logistics market

Data in €b

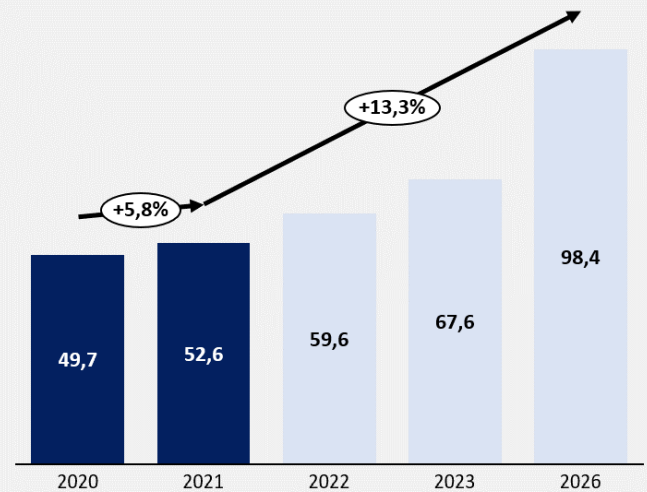


Technological progress

Today, the time distance between customer and product is reduced, therefore the need for **greater technological development in the field of logistics has increased**. To improve the reliability of the services offered to an increasingly demanding clientele, reduce costs, and speed up processes. The main market players are investing heavily in process automation. **Logistics automation** involves a wide range of technological solutions, often in combination with each other to improve the efficiency of operations: the integration of cutting-edge robotic machinery, automated warehouse storage and management systems, control systems and advanced software. The **global market size of automation services applied to logistics** is valued at \$52,6b in 2021 and is expected to double in 2026 to \$98,4b (CAGR 2021-2026 equal to 13,3%), figure 15.

Figure 15 - Global Logistics Automation Market

Data in \$b



Sources:

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