

# Third-party Logistics (3PL) Market Size Reach USD \$2.8 Trillion by 2031, Growing with 8.8% of CAGR

*Globalization-driven trade growth, manufacturers' focus on core strengths, e-commerce expansion, and improved reverse logistics boost the 3PL market.*

WILMINGTON, DE, UNITED STATES, October 25, 2024 /EINPresswire.com/ -- According to the report, the [global 3PL market size](#) was estimated at \$1,027.71 billion in 2019, and is anticipated to hit \$1,789.94 billion by 2027, registering a CAGR of 7.1% from 2020 to 2027.



Third-party logistics (3PL) is an outsourced service supporting supply chain management, ensuring efficient flow and timely delivery of goods from manufacturers to consumers. Beyond logistics, 3PL adds value by managing everything from procurement to product distribution, establishing an effective supply chain. Retailers and manufacturers leverage 3PL to concentrate on core functions by outsourcing secondary services. For example, Rhenus Group's acquisition of LOXX in May 2020 aimed to strengthen its less-than-truckload (LTL) and full truckload (FTL) capabilities in Germany. Additionally, advanced IT solutions, such as EDI (electronic data interchange) and VMI (vendor-managed inventory), are fueling 3PL market growth, while business analytics tools boost logistics efficiency.

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The global 3PL market is set for significant growth, driven by the e-commerce boom, increasing trade activities, and the need for manufacturers and retailers to focus on core competencies to enhance profitability. The complexity of international regulations also drives demand for 3PL expertise to navigate varied compliance requirements across regions. Investments in infrastructure development, like the UK's five-year plan launched in March 2020 to allocate \$888 billion for roadways, railways, and telecommunications, provide a supportive framework for 3PL expansion. Specifically, \$36 billion is aimed at over 50 roadway projects by 2023, expected to

enhance logistics efficiency.

Transportation and logistics providers continue to innovate for improved service levels, reliability, and efficiency. For instance, in September 2019, FedEx Corporation partnered with Wing Aviation LLC to launch a unique drone delivery pilot in Virginia, intended to enhance last-mile delivery and support local businesses. Additionally, companies are expanding warehouse capacities to meet growing storage and distribution demands, like DSV's 2022 warehouse expansion in Limburg. With the increasing adoption of automated warehousing, the demand for economical bulk transport solutions is set to present growth opportunities for 3PL market players.

Rise in trading activities due to globalization, increase in focus of manufacturers and retailers on core competencies, and development of the e-commerce industry coupled with progress in reverse logistics operations fuel the growth of the global third-party logistics (3PL) market. On the other hand, lack of control of manufacturers on logistics service impedes the growth to some extent. However, increase in use of IT solutions & software and reduction in cost cutting and lead time due to adoption of multi-modal system are expected to create multiple opportunities in the industry.

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Based on industry, the technological segment accounted for more than one-fourth of the global 3PL market revenue in 2019, and is projected to rule the roost till 2027, owing to increase in internet connectivity and rise in trend of ordering goods from e-commerce websites. At the same time, the food & groceries segment would register the fastest CAGR of 9.6% during the study period. Integration of distribution network in food start-ups to transport foods propels the segment growth.

Based on region, Asia-Pacific, followed by North America, held the highest share in 2019, generating nearly two-fifths of the global 3PL market. Initiatives by the e-commerce industry for incorporation of warehouse projects and IT solutions in the supply chain drive the growth. At the same time, the region across LAMEA would cite the fastest CAGR of 10.4% from 2020 to 2027. This is attributed to the growing alliance between the e-commerce industry and third-party logistics companies

Based on mode of transport, the roadways segment contributed to more than two-fifths of the global 3PL market share in 2019, and is expected to lead the trail by the end of 2027. This is due to improvement of road infrastructure and increase in cross-border trade among the landlocked countries across the world. The airways segment, on the other hand, would grow at the fastest CAGR of 13.1% throughout the forecast period. Various airlines are launching dedicated flights for logistics to provide fast and urgent transportation service across different regions. This factor has driven the growth of the segment.

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COVID-19 scenario-

1. The COVID-19 outbreak that started engulfing various nations across the globe has forced government bodies to take unprecedented measures like lockdown of cities and restricting the movement of people to check and control the exponential spread of the pandemic. '
2. This has consequently affected the global third party logistics market badly.
3. Most of the countries have restricted on international flights and air travel, which has led to a deferred slowdown as far as the movement of goods are concerned. The shipping sector has also been hit, as vessels are placed under quarantine for weeks before being allowed into the ports thereby slowing down processes. Shipping containers are stuck either at ports or at state borders.
4. However, e-groceries continue to meet the increasing demand for daily supplies by consumers, as the agriculture sector has been exempted from the restrictions. This has ensured sufficient supplies of food and other daily needs products.

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