

McKinsey
& Company

The Future of Logistics

Asbar World Forum

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**The story of
e-commerce growth
continues...
and not just for
Amazon and Alibaba**

> 20%

e-commerce growth rate per
year over the last 15 years

In the next 5-10 years:

10-15%

expected e-commerce
growth rates

15-20%

potential share of e-commerce
in total retail sales

While marketplaces are the biggest segment, growth is strong (and partly stronger) for other players, too

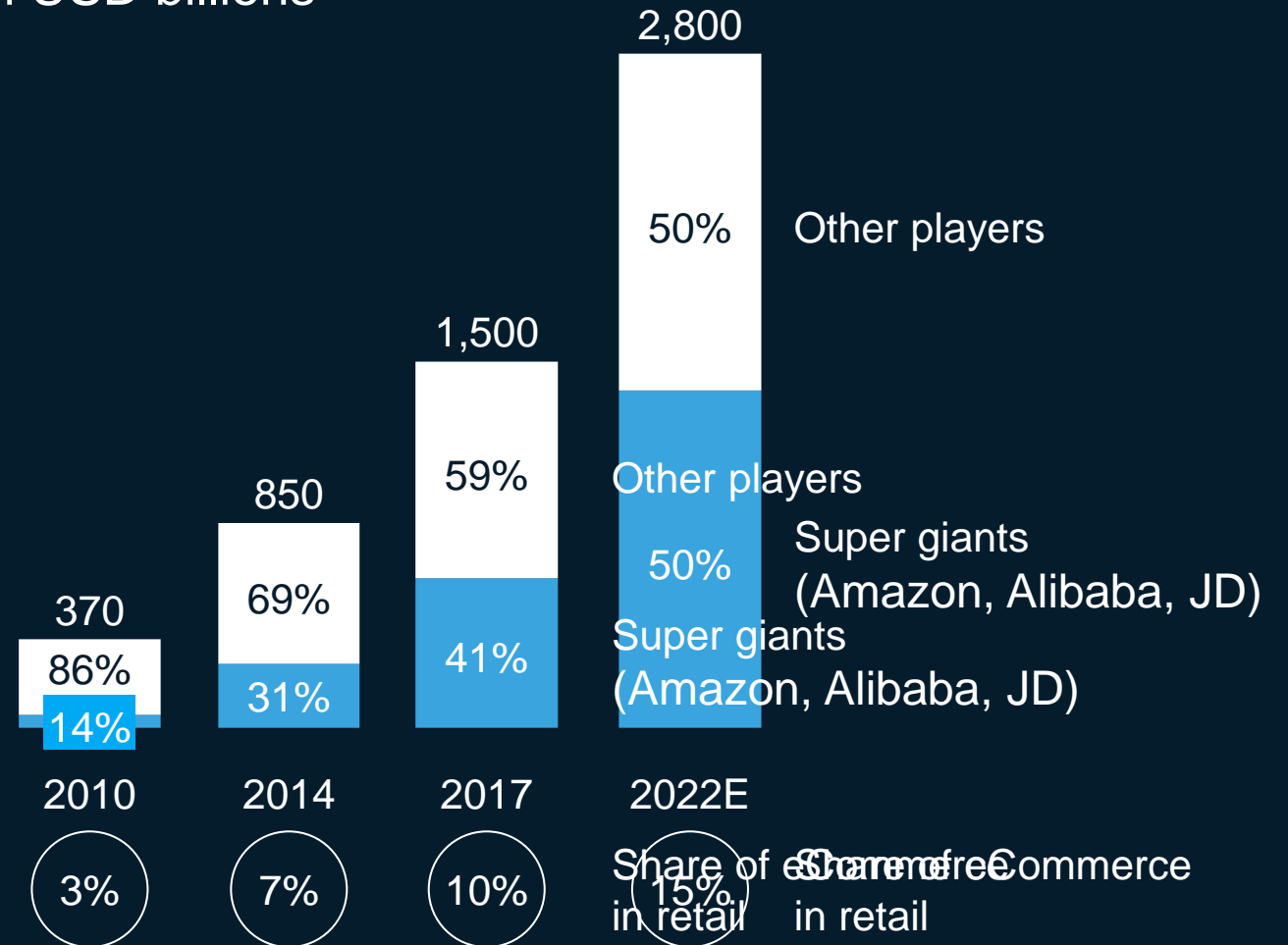
Customer segment			Market share Percent, 2017	CAGR 2014-17
Pure online	Market- places	Super Giants (>\$100bn GMV)	<div></div> 41	33%
		Giants (>\$10bn GMV)	<div></div> 9	16%
		Others	<div></div> 5	47%
	eTailer	<div></div> 12	21%	
Omni- channel	Multi-channel retailer	<div></div> 28	12%	
	Brands	<div></div> 6	13%	

**Marketplace
giants have been
outgrowing
the market...**

**...but will
unlikely reach
more than half
of the global
market share**

eCommerce market development

GMV in USD billions

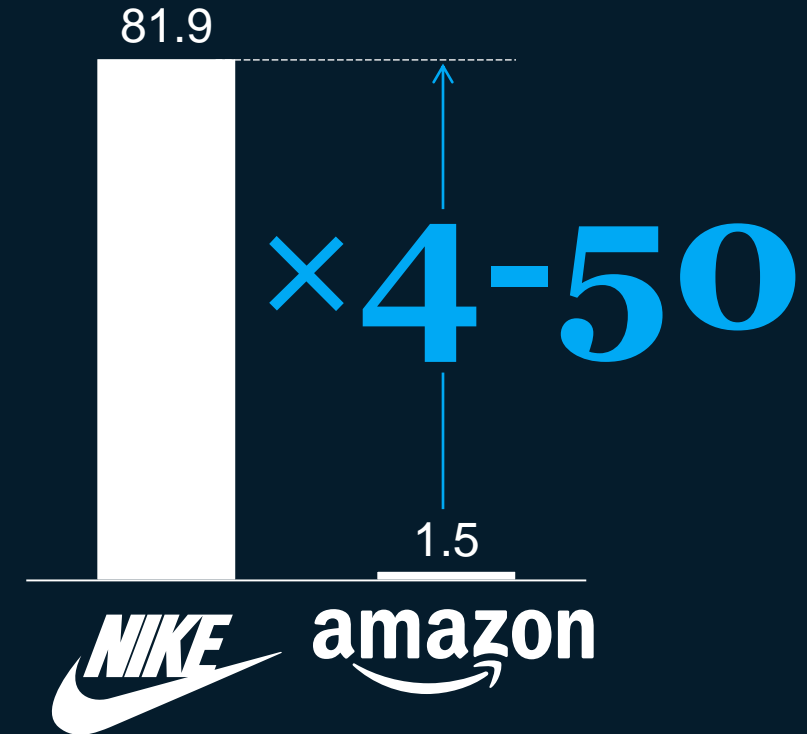


Social commerce is increasingly popular where marketplaces do not have a stronghold

Social media purchases
Percent of responders,
2018

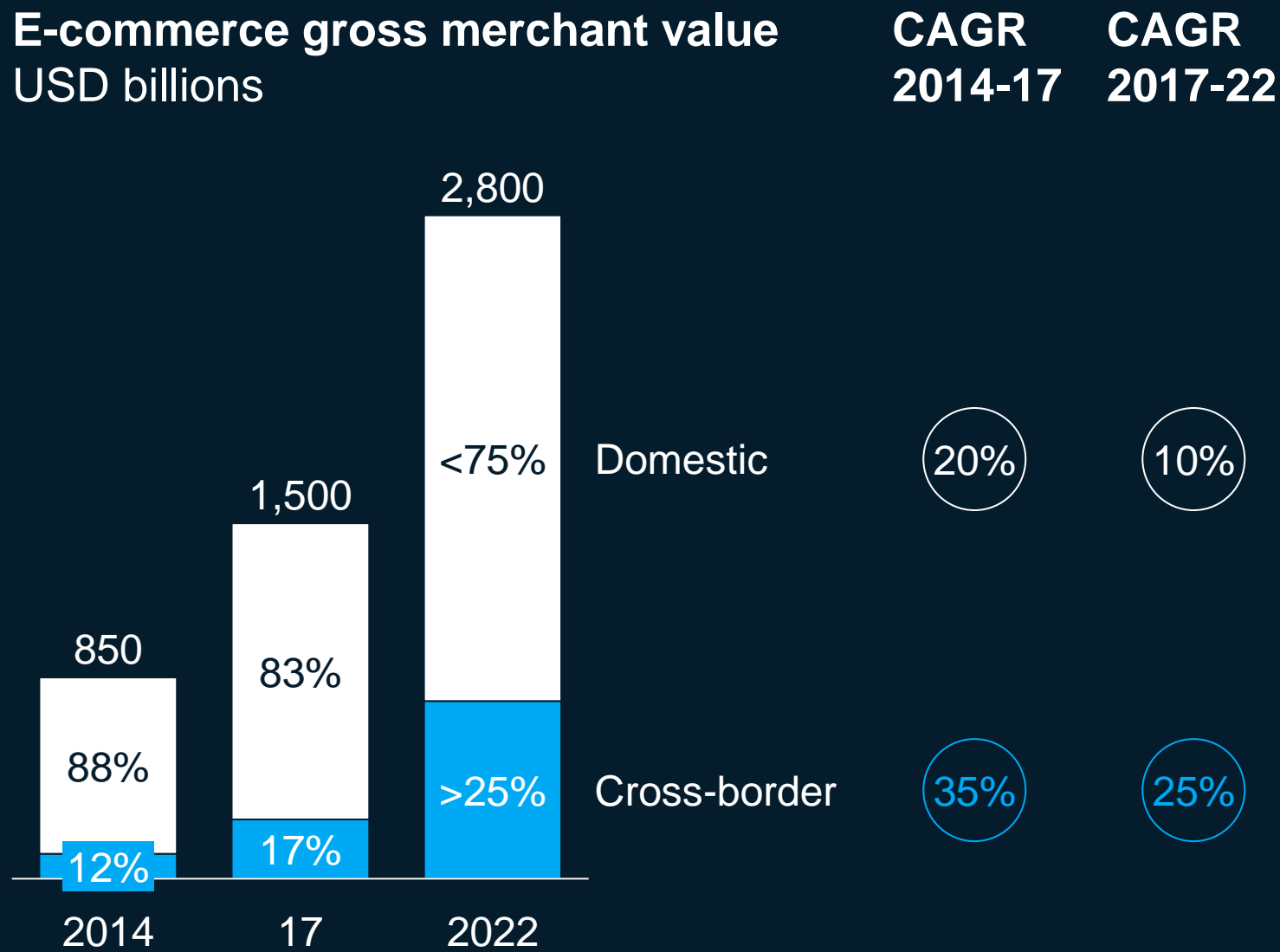


Instagram followers by e-commerce player
Millions, 2018



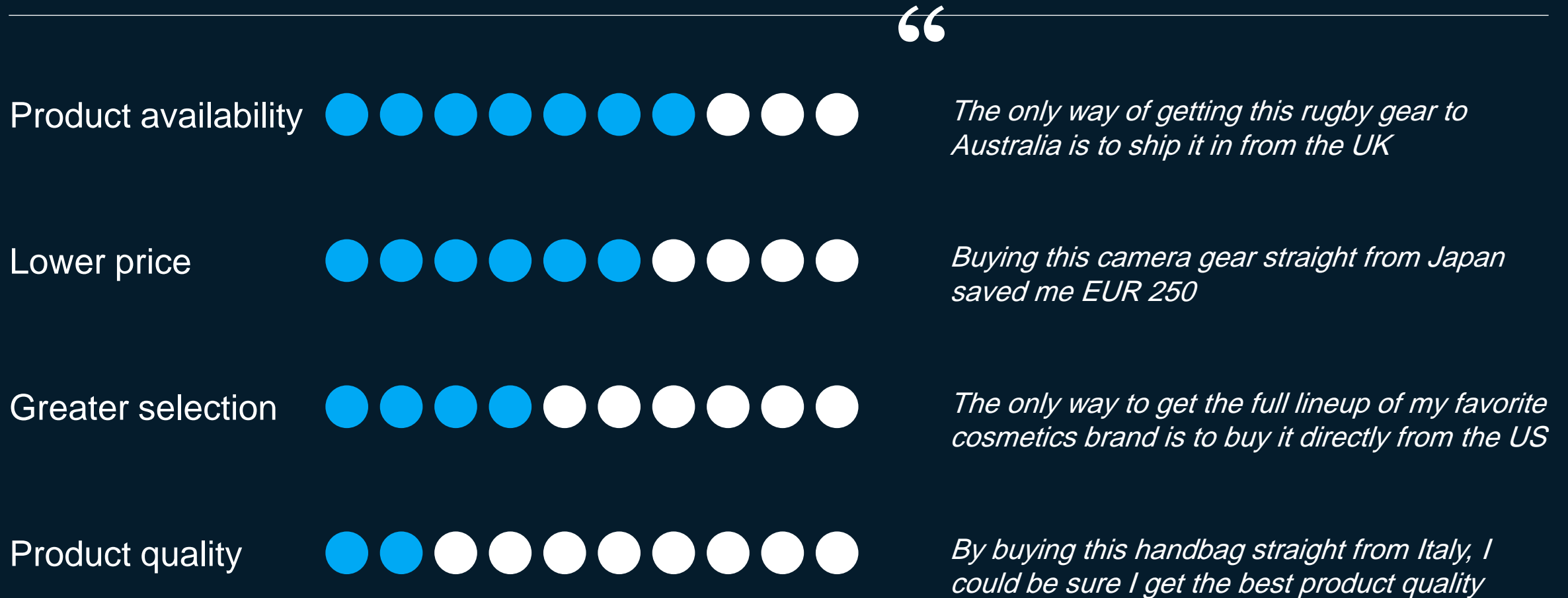
**Cross-border
e-commerce has
an even more
impressive
success story**

Cross-border e-commerce is expected to expand at 25% annual growth rate in coming 5 years



Why are consumers choosing to buy from non-domestic websites?

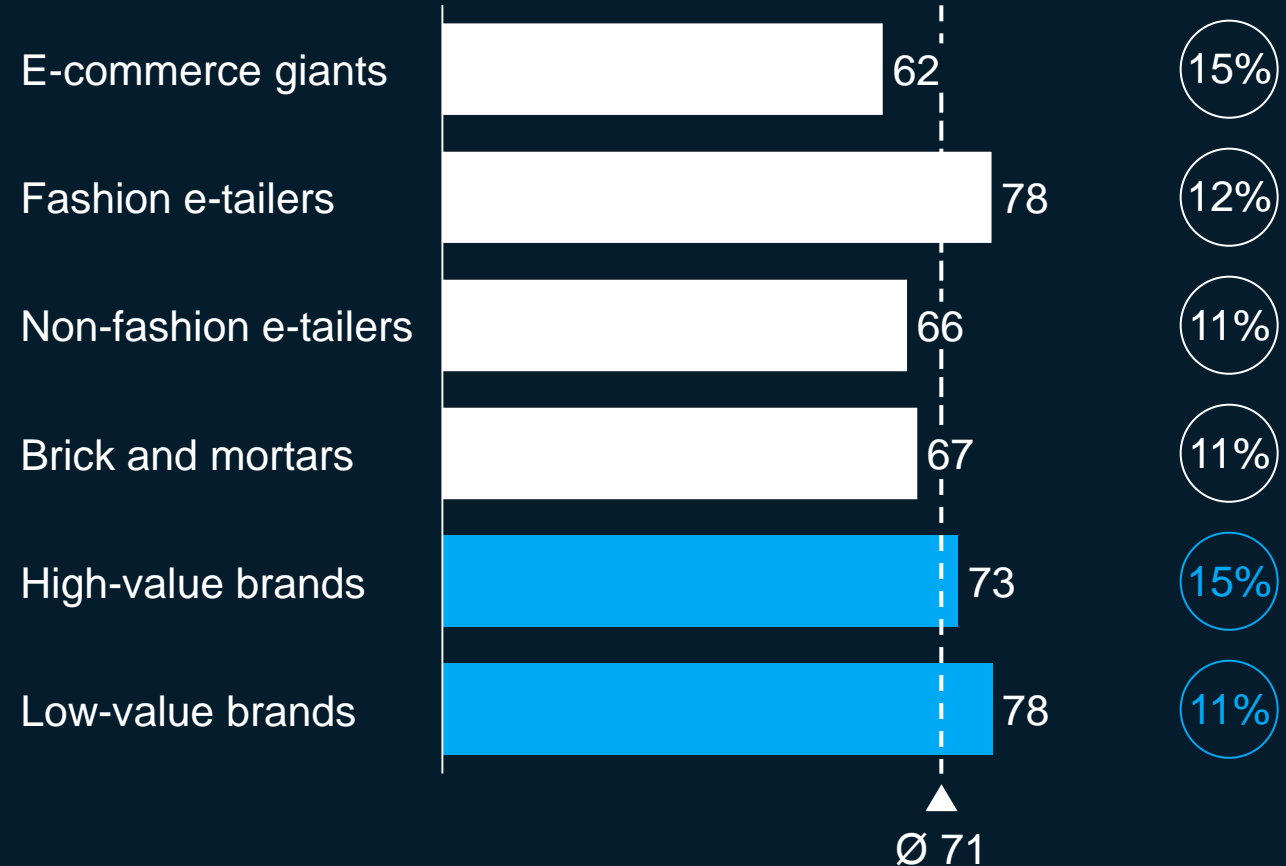
Number of customers (out of 10) citing respective reason for shopping cross-border



**Brands are
“rising stars” —
they expect
even higher
cross-border
growth than
other sellers**

**Share of respondents expecting
growth of cross-border revenue share
2016, Percent**

**Average cross-
border share of
total revenue, 2016**





amazon

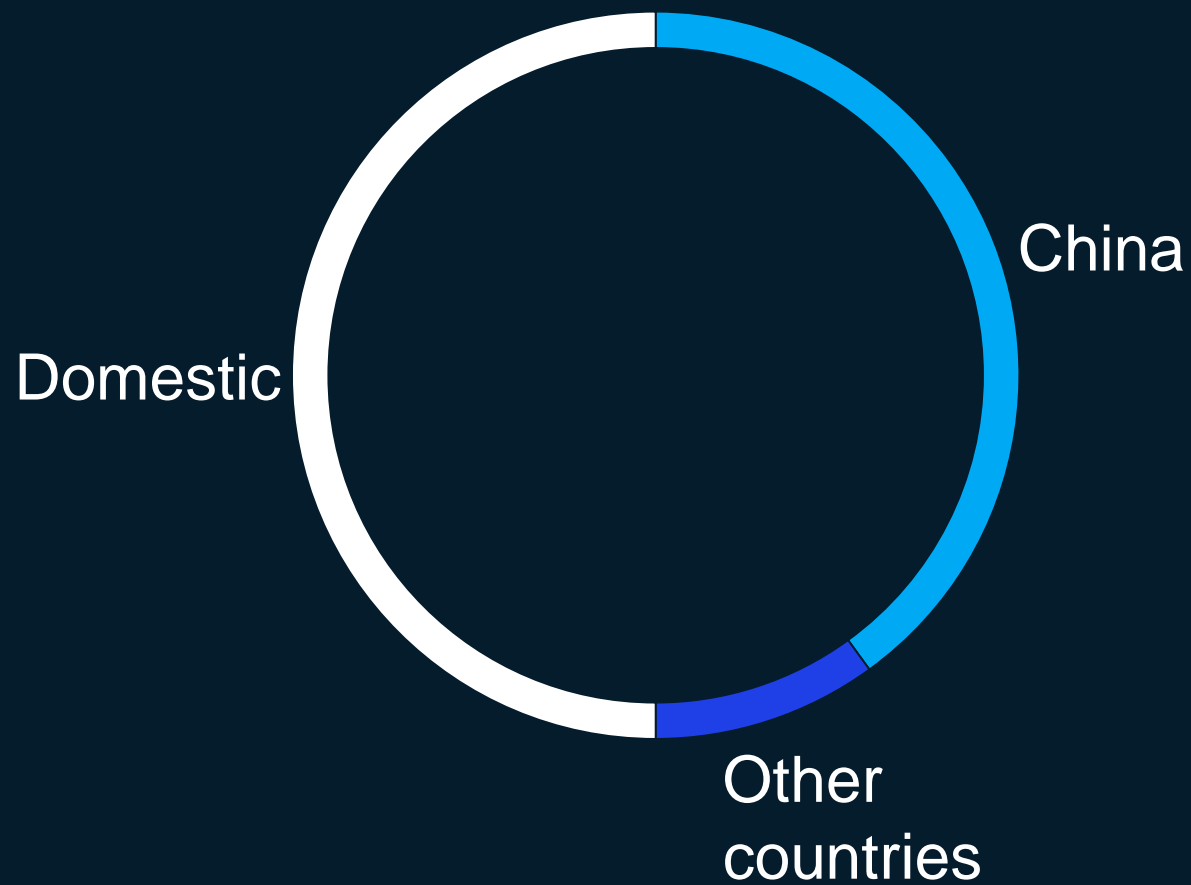
ebay

AliExpress

**AliExpress
is already the
clear winner
in Russia**

AliExpress

Online purchases, Russia
Percent

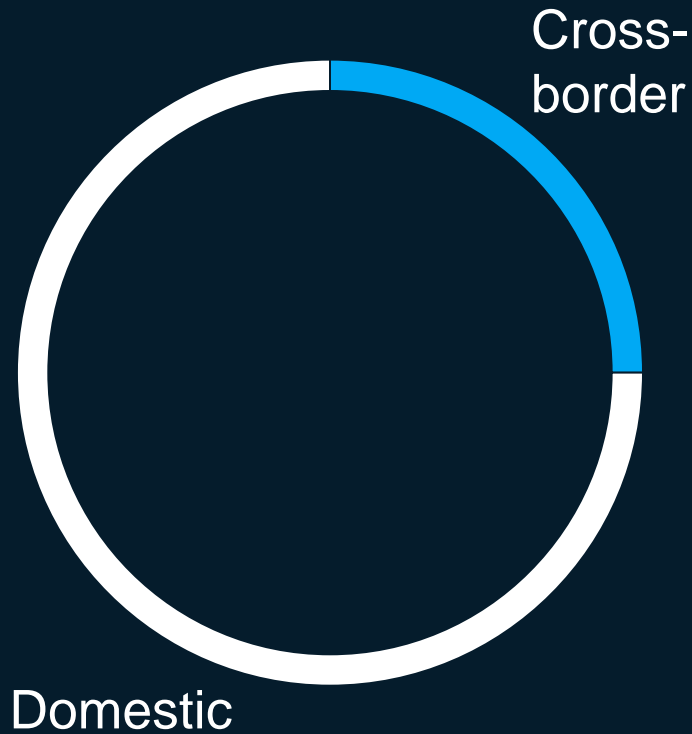


**Amazon is active
in cross-border
e-commerce
mainly through
their market-
place sellers**



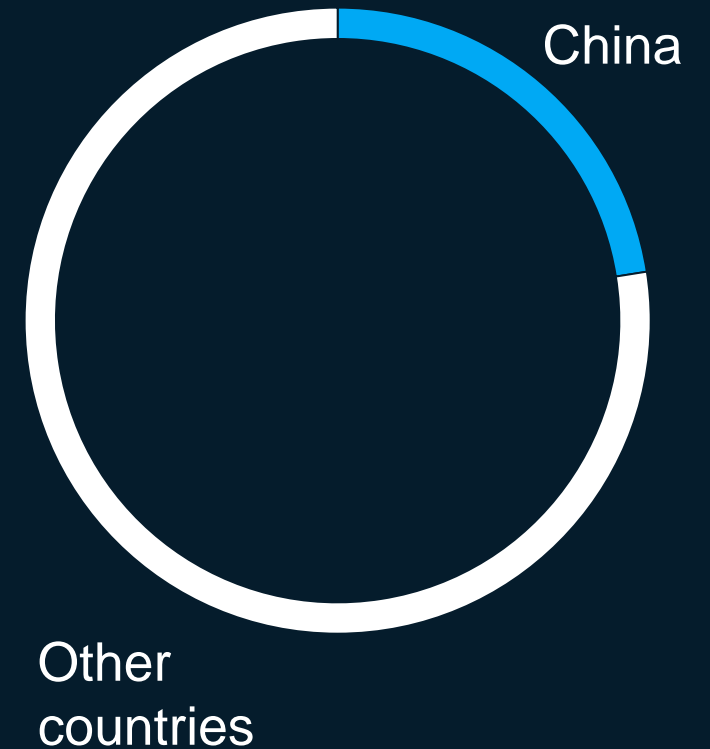
**Online sales from
marketplace sellers**

Percent



**European marketplace
sellers location**

Percent



Cross-border sourcing of bulk volume is different from “cross-border B2C e-commerce”

Cross-border sourcing

Goods are shipped in bulk to warehouse in country of destination (B2C or B2B e-tailer)

Origin



Line-haul

Country of destination (e.g., Germany)

Internal stock
replenishment

amazon

Inbound
logistics from
manufacturer

Warehouse/
fulfillment

Outbound
logistics to
consumer

Services

Reverse
logistics

Country of origin (e.g., China)

Country of destination (e.g., Germany)



Line-haul

AliExpress

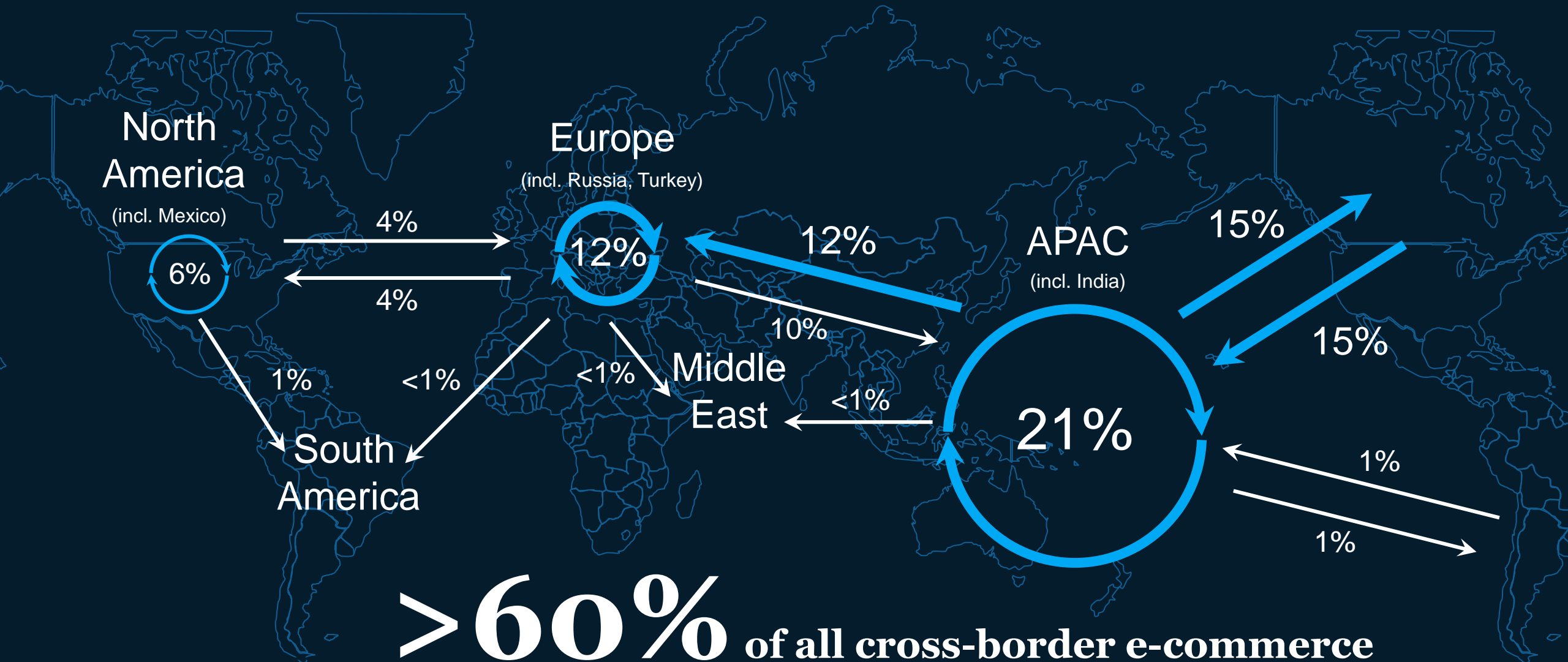
Cross-border e-commerce

Single goods from warehouse directly to end customer (incl. customized goods)

**How big of a market
is cross-border
e-commerce
and will its growth
be sustainable?**

~5 bn shipments annually

% → Percent of total trade
→ Top 5 trade lanes
↻ Intra-regional

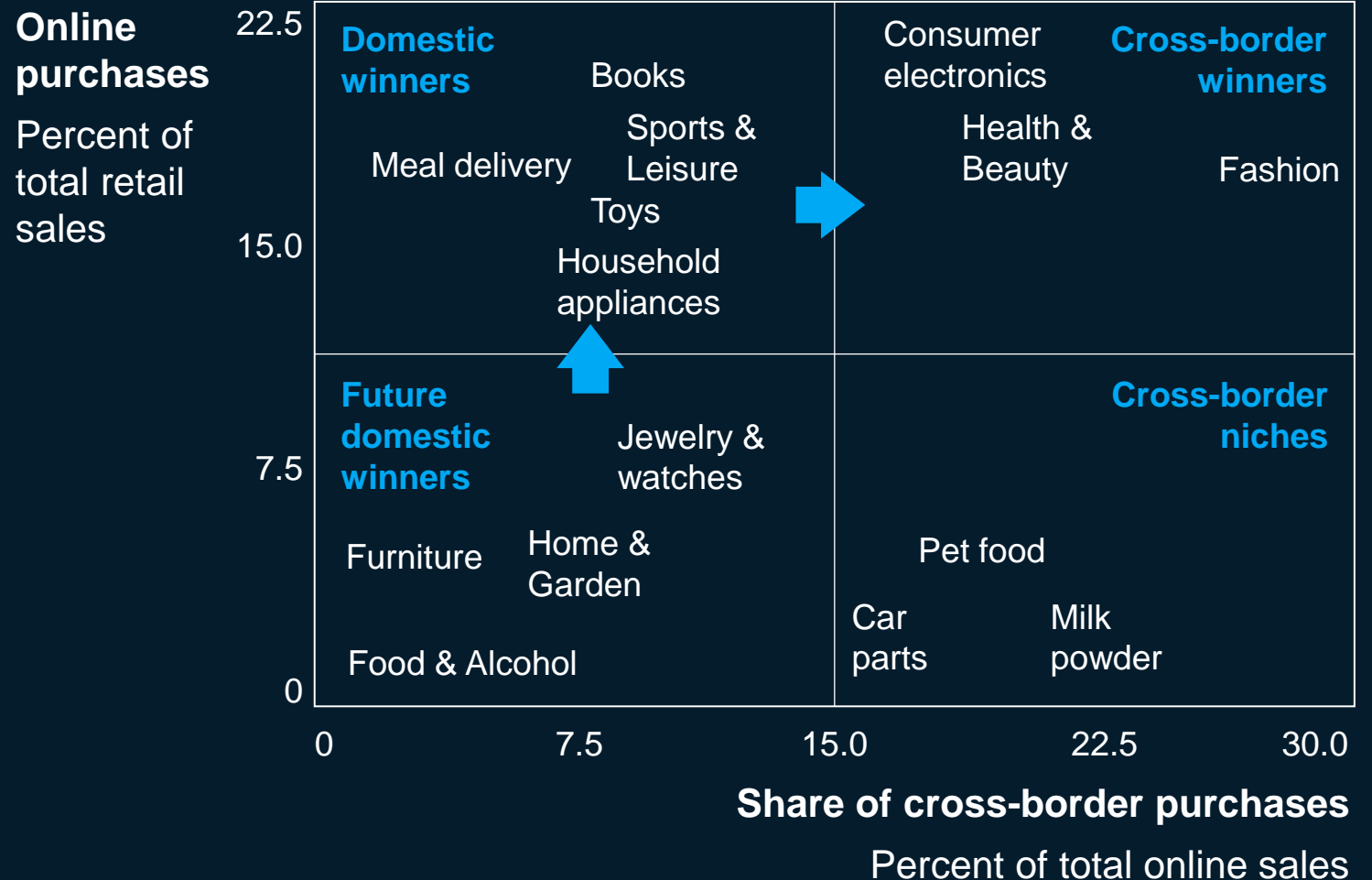


>60% of all cross-border e-commerce shipments are inter-continental

Different product categories will move online and cross-border in the future

Cross-border/online penetration matrix by product categories

Percent of total retail sales



~80% of cross-border B2C shipments are sent via air, most of them channeled through postal companies

Cross-border B2C shipment volume, 2017

Total

~5 bn

Non-air

Other modes
(regional road, sea)

~15-20%

Air

Express air
(via Integrators)

~5%

Postals
(via Airlines)

~70%

Others via airlines
(CEPs, Forwarders,
Airlines through
own channels)

~10%

Future
growth



**For air cargo,
e-commerce
accounts for
~10% of total air
cargo volumes
and the share
will be growing**

