



# Issue 9 | Retail and E-commerce Logistics Executive Summary

**Strong growth of online retail sales fuels demand for logistics services.** The fast growth of online retailing in China has given the logistics industry a boost in line with soaring demand for transport and delivery services. The total value of logistics activity reached a record 252.8 trillion yuan in 2017, up by 0.6% yoy in real terms.

**Express delivery market scales up; growing demand for intra-city courier services.** As a critical part of e-commerce logistics, the express delivery sector has grown rapidly. The total volume of completed deliveries amounted to 40.1 billion pieces in 2017, up 28.0% yoy, making China's express delivery market the largest in the world in terms of delivery volume. Total sales revenue for the sector amounted to 495.7 billion yuan in 2017, up 24.7% yoy. There has been a surge in demand for intra-city courier with the emergence of new retail practices such as O2O and the creation of large numbers of online channels selling fresh produce and healthcare products, coupled with increasing customer demand for fast delivery.

**“Smart logistics” dominates the agenda.** Adoption of advanced technologies such as Radio Frequency Identification (RFID), Global Positioning System (GPS), the Internet of Things (IoT), cloud computing, drones and robotics, in addition to automation of logistics processes to improve efficiency, has become imperative for the retail and e-commerce logistics sector. Recently, logistics and e-commerce operators have invested heavily in smart logistics, hoping to enhance fulfilment capability and efficiency, to streamline operations and reduce logistics costs.

**Innovations to strengthen last-mile delivery.** To cater to consumers' heightened expectations for fast delivery, retailers such as Uniqlo, Walmart (China), Yonghui, YH Super Species and Watsons have introduced “click & collect” services. Many retailers have partnered with O2O platforms or logistics companies to roll out such services. Meanwhile, some retailers and logistics operators have introduced innovative ways to speed up delivery and enhance consumer convenience through, for example, the use of drones and autonomous vehicle, and smart pick-up towers in key locations.

**E-commerce and logistics players put more emphasis on global logistics network expansion.** In recent years, companies engaged in e-commerce and logistics have stepped up global expansion of their logistics networks to better facilitate cross-border delivery between China and overseas countries. For example, Cainiao plans to build world-class logistics hubs in several locations around the world, and JD Logistics has upgraded its overseas warehousing services.

**Rural logistics is the next growth engine.** The promising outlook for rural e-commerce has prompted many leading e-commerce and Internet companies to push further ahead with “going rural” initiatives.

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