MARKET ANALYSIS · NIGERIA

Nigeria's Capacity Gap

Online orders in Nigeria are growing three times faster than the formal logistics sector that carries them. The difference is already being absorbed by operators nobody is counting — and almost none of them have software.

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THE FINDING

- Nigerian e-commerce is projected to compound at 12.23% a year to 2031. Third-party logistics — the formal sector that carries those parcels — is projected at 4.03%.
- That is a threefold difference in growth rate, and the absolute gap between the two markets roughly **doubles by 2031**.
- The overflow does not disappear. It is carried by individually-owned micro-couriers who, by most accounts, run without tracking, routing or delivery-proof systems.
- Capital has meanwhile abandoned the asset-heavy answer: African logistics startups raised a combined $2.1m across three deals in 2024, and the sector's best-funded company has spent years in difficulty.

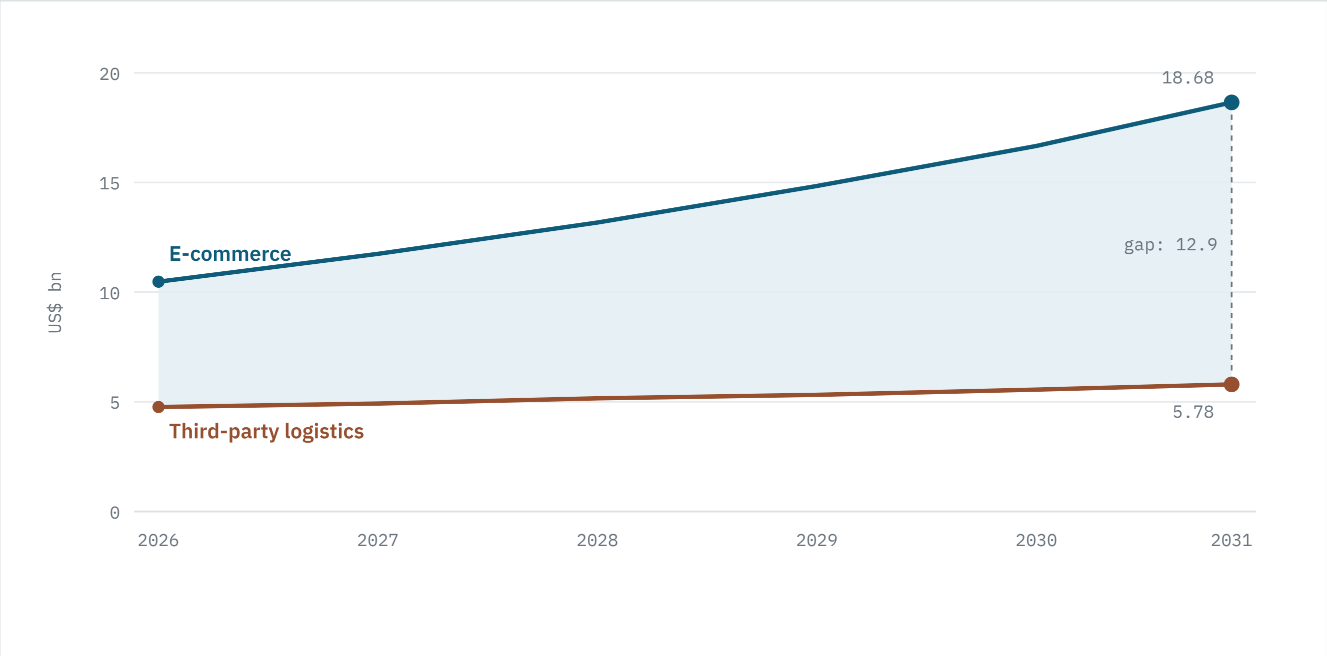
Demand is compounding

Nigeria's e-commerce market is estimated at $10.49bn in 2026, forecast to reach $18.68bn by 2031 — a compound annual growth rate of 12.23%. More than four-fifths of those orders are placed on a phone, and social platforms have become a primary place to discover and check out, which pushes volume toward small sellers rather than large warehouses.

Every one of those orders becomes a physical object that has to cross a city. E-commerce already accounted for 22.6% of Nigeria's third-party logistics market in 2025, and it is the fastest-moving part of the demand mix.

Formal capacity is not keeping pace

The third-party logistics market — the licensed, organised carriers — sits at $4.74bn in 2026 and is forecast to reach $5.78bn by 2031. That is 4.03% a year against demand growing at 12.23%.



Projected market value, 2026–2031. Endpoints are published forecasts; intervening years are interpolated from the stated compound growth rates. The gap between the two widens from $5.75bn to $12.90bn. Sources: Mordor Intelligence [2][3].

MARKET	2026	2031	CAGR
E-commerce	$10.49bn	$18.68bn	12.23%
Freight & logistics (all)	$11.66bn	$15.97bn	6.49%
Third-party logistics	$4.74bn	$5.78bn	4.03%
Ride-hailing (for scale)	$0.45bn	—	11.80%

So who is actually carrying it?

A forecast gap of this size does not mean parcels go undelivered. It means they are delivered by somebody the forecasts do not count. In Nigeria that somebody is well documented, if rarely measured: **most packages move through individually-owned micro-courier businesses**, and the sector is characterised as a mix of formal and informal providers with inconsistent standards.

These operators work against conditions that would defeat a well-equipped fleet. Addresses are communicated informally, so riders call customers repeatedly for directions and deliveries fail on location alone. In Lagos, Port Harcourt and Abuja, traffic can turn a fifteen-minute trip into two hours. And adoption of the tools that would help — GPS tracking, route optimisation — remains limited.

The capacity exists. It is simply running blind.

The cost floor moved, too

Whatever margin these operators had has been compressed from underneath. Petrol has risen from roughly ₦175 per litre in May 2023 to between ₦1,300 and ₦1,400 by mid-2026 — an increase of more than **600% in three years** — with commuting costs up close to 300% and naira depreciation amplifying the imported component of everything else.

A business running on paper cannot see which routes lose money at that fuel price, because it has never measured a route. This is the practical consequence of the technology gap: not inconvenience, but an inability to find the losses.

Capital already tried the expensive answer

The obvious response to a capacity shortfall is to fund more capacity. That has been tried, at scale, and the results are not encouraging.

Kobo360, once described as Africa's “Uber of trucks” and backed by Goldman Sachs and the IFC, raised roughly $86m. It has since faced leadership churn, stalled haulage operations and financial difficulty; its co-founder bought the company back from its investors in March 2025. **Uber** ended twelve years of Nigerian operations in September 2026, one of four African exits in under a year, citing costs, competition and pressure on fares and driver earnings.

Investors drew the obvious conclusion. In 2024, only three African logistics startups raised venture capital at all — Renda, Fez Delivery and Cargo Plus — for a combined $2.1m. That is not a sector being starved by accident. It is capital declining to fund the asset-heavy, subsidy-led model a second time.

What the market leader actually proves

GIG Logistics is the reference point for what winning looks like here: over 170 centres nationwide, roughly $22m in revenue and 500–1,000 staff, operating into Ghana and the United States.

What is worth noticing is *how* it got there. Electronic shipment tracking from 2014. An on-demand booking app from 2019. An API that merchants can integrate. GIG did not out-truck the market — it out-built it, over roughly a decade, with an in-house team that a company of that size can afford and almost nobody else in the sector can.

The differentiator was never the fleet. It was the software around it.

What this implies

Put the four observations together and the shape of the opportunity is fairly specific. Demand is compounding at three times the rate of formal supply. The overflow is already being carried by thousands of small operators. Those operators lack the systems that made the market leader a market leader. And capital has withdrawn from funding new fleets.

The efficient intervention is therefore not to build another carrier. It is to **equip the carriers that already exist** — the capacity is in place, it is simply operating without instruments. Software is the only input in this chain that can be delivered to a thousand operators at close to the cost of delivering it to one, which is precisely the property a market with this shape requires.

That is an argument about economics, not about optimism. The technology gap between the largest operator and the rest is the widest and most fixable inefficiency in Nigerian last-mile delivery. Closing it does not require anyone to buy a truck.

> LIMITS OF THIS ANALYSIS
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> The growth rates compared here come from separate market studies with different scopes and methods. E-commerce value and third-party logistics value are not the same quantity, and the ratio between them should be read as an indication of divergence, not a precise measure of unserved volume.
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> No reliable public count exists for the number of micro-courier operators in Nigeria. NIPOST licenses operators through its Courier and Logistics Regulatory Department and publishes a register, but a national figure — and the far larger informal population outside it — is not something I can source, so no estimate is offered here. The informal-sector characterisation is qualitative and drawn from industry reporting rather than measurement.
>
> Forecasts are forecasts. Nigeria's naira volatility and fuel prices have repeatedly outrun projections in both directions since 2023.

SOURCES

1. Mordor Intelligence — *Nigeria E-commerce Market*: $10.49bn (2026) to $18.68bn (2031), 12.23% CAGR; mobile share of orders.
2. Mordor Intelligence — *Nigeria Third-Party Logistics Market*: $4.74bn (2026) to $5.78bn (2031), 4.03% CAGR; e-commerce 22.6% share, 2025.
3. Mordor Intelligence — *Nigeria Freight and Logistics Market*: $11.66bn (2026) to $15.97bn (2031), 6.49% CAGR.
4. Ken Research — *Nigeria Urban Mobility and Ride-Hailing Market 2026–2031*: $450m (2026), 11.80% CAGR.
5. All Business Africa; Tradift; BusinessDay NG — last-mile conditions: micro-courier prevalence, informal addressing, urban congestion, limited tracking and routing adoption.
6. Legit.ng; Economic Confidential — petrol price movement, May 2023 to mid-2026, and transport cost pass-through.
7. TechCabal; Tracxn; CB Insights — Kobo360 funding history and 2025 buy-back; 2024 African logistics venture funding ($2.1m across three deals).
8. Bloomberg; BusinessDay NG; Channels Television — Uber's exit from Nigeria, 2 September 2026.

9. GIG Logistics; ZoomInfo — centre count, revenue band, headcount, and technology timeline (tracking 2014, GIGGo 2019).

Disclosure: I founded and run LogiFlow, which sells delivery-management software to Nigerian logistics operators. I have a commercial interest in the conclusion this analysis reaches. The underlying figures are cited above so the argument can be checked independently of me — and the section on what this analysis cannot establish is there for the same reason.
