



2022 State of Last Mile Logistics

A Bringg Report

Introduction and Executive Insights



Introduction & Methodology

Logistics providers spent 2020 and 2021 increasing their delivery capacity to keep up with rising eCommerce volumes. Peak season volumes have now become the everyday norm, leading many logistics and transportation providers to meet volume capacity by adding on drivers. However, this expansion has often come at the expense of visibility, efficiency and control over external resources. Moreover, it comes at a time of rising fuel prices that are leaving businesses struggling to make their last mile services more profitable.

Additionally, logistics and delivery providers are trying to meet the growing demand for competitive omnichannel delivery services demanded by shippers and end customers, including same day delivery, ship-from-store and returns. These require greater speed, and agility, and often a restructuring of resources, technologies, and operational processes.

To get more insight into these challenges and business drivers, we asked logistics and transportation leaders where they are focusing the last mile operations today, as well as their key priorities and challenges for 2022 and beyond.

SURVEY ANALYSIS

We surveyed 200 logistics and transportation leaders from North America and Europe. Based on the survey, this report highlights how logistics providers are tackling issues around delivery costs, driver retention, and demand for better end customer experiences, and how they can improve current last mile capabilities and services to fuel and sustain long-term growth.



Executive Insights

1. Connectivity is the missing link for managing last mile delivery at scale

As logistics networks expand, logistics providers can no longer afford a fragmented, disconnected last mile. Shipper onboarding and integration top the list of last mile operational pain points for all respondents (44%), followed by visibility into outsourced delivery partners (44%), and carrier and driver management (41%). More than half of providers (54%) believed that business analytics across all carriers would provide them with a competitive advantage. Improving integrations and delivery performance with external carriers will rely on a strong, connected last mile ecosystem that can deliver accurate, real-time data across all resources and systems

2. Local last mile and returns services set to become a competitive edge

68% of respondents either already offer same day delivery or will do in 2022 – which will create a clear differentiation between those providers who offer same-day, and those who do not. Returns as a capability is also growing, with 34% of logistics providers offering returns capabilities already, and a further 30% planning to offer within 12 months. Moreover, 27% of logistics providers said that offering returns and pickup services is one of their top strategies for increasing business through last mile operations - a number that jumps to one in three among North American logistics companies. With returns volumes and the subsequent cost to shippers growing, offering returns services will become increasingly important as a differentiator for logistics and transportation providers.

3. Real-time visibility and automation a focus for logistics providers in 2022

Logistics providers are prioritizing visibility and automation across delivery operations and stakeholders to enable greater delivery experiences for end customers, and the efficiency to operate more profitably at scale. 87% are either already using technology for real-time visibility, or plan to by 2024, while fully 90% say they will be live with automated dispatching and routing within the next two years. The top blocker to greater last mile profitability among respondents was overwhelmed customer service support (26%), which can be mitigated by offering automated self-scheduling capabilities and providing consignees and shippers with real-time visibility into order status and location.

4. **More efficiency needed to increase profitability at scale**

As logistics providers continue to scale their operations, the rising costs of managing high delivery volumes is an acknowledged concern. 38% struggle with driver retention, and 40% are significantly raising driver wages to meet this challenge. However, to remain competitive and reduce delivery costs, logistics providers need to focus on achieving greater efficiency with existing resources by digitizing and automating their delivery operations.

5. **Better delivery experiences will drive last mile revenue growth**

Shippers are increasingly looking to deliver five-star customer experiences, and logistics providers recognize this, with a clear focus on growing profitability through better delivery experiences for consignees. The top strategies for driving business are shortening delivery windows (47), offering faster deliveries through automated dispatch and routing (45%) and providing real time tracking (42%).

6. **Logistics providers struggle with managing multiple carriers**

While adding more headcount and more carriers was a short-term solution to scaling capacity, logistics and delivery providers now need to look for a long-term solution that prioritizes efficiency. 41% of providers say managing multiple carriers is a top pain point, and 18% claim it is the top blocker to more profitable last mile delivery – a number that grows to 25% for North American companies. These advanced technologies will help companies to get smarter about how they manage contracted fleets, adding efficiency that supports greater driver retention while supporting delivery of higher delivery volumes at speed.

Business Drivers



Same Day Delivery and Returns Services are Growing

As we saw in our [Retail Barometer](#) survey earlier this year, 99% of retailers either already offer same day delivery or plan to do so by 2025, tapping into strong market demand for fast, convenient delivery. Addressing this need, 68% of logistics providers say they currently offer same day services or will do so in 2022.

Returns are another growing priority for logistics providers. Within the next 12 months, 64% of delivery providers will offer returns services; by 2025, that number will grow to 80%.



Logistics and delivery providers who can facilitate returns for their shippers will have a competitive advantage, as eCommerce continues to boom, and returns become table stakes for today's retailers.

FIGURE 1 RETURNS SERVICES OFFERED

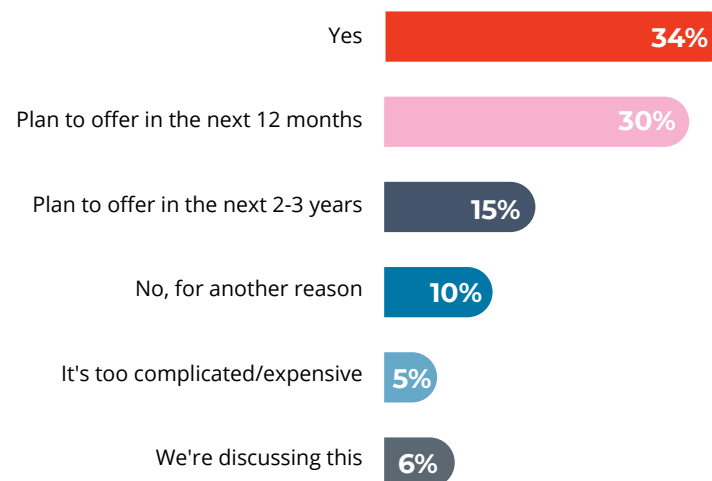
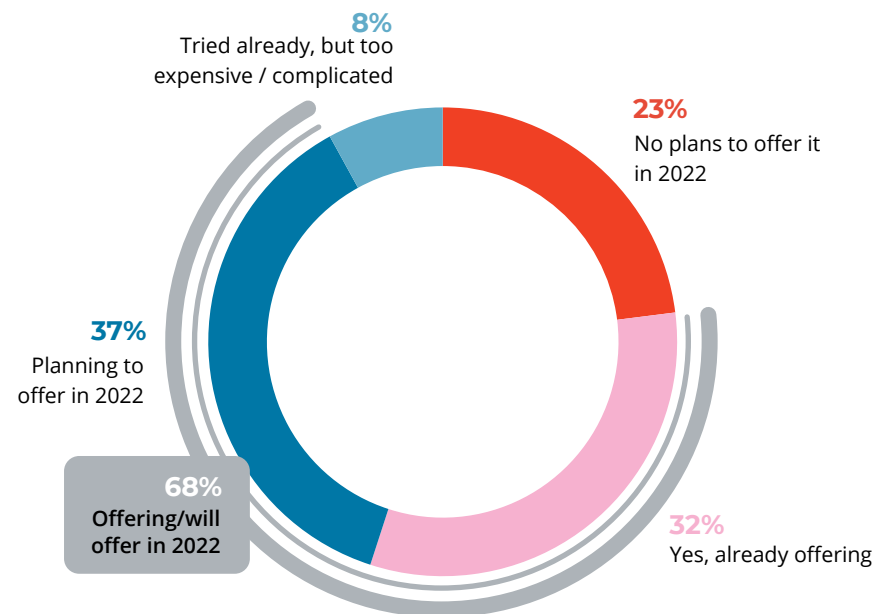


FIGURE 2 SAME-DAY DELIVERY SERVICES OFFERED



Meeting Shippers' Needs for More Engagement with End Customers

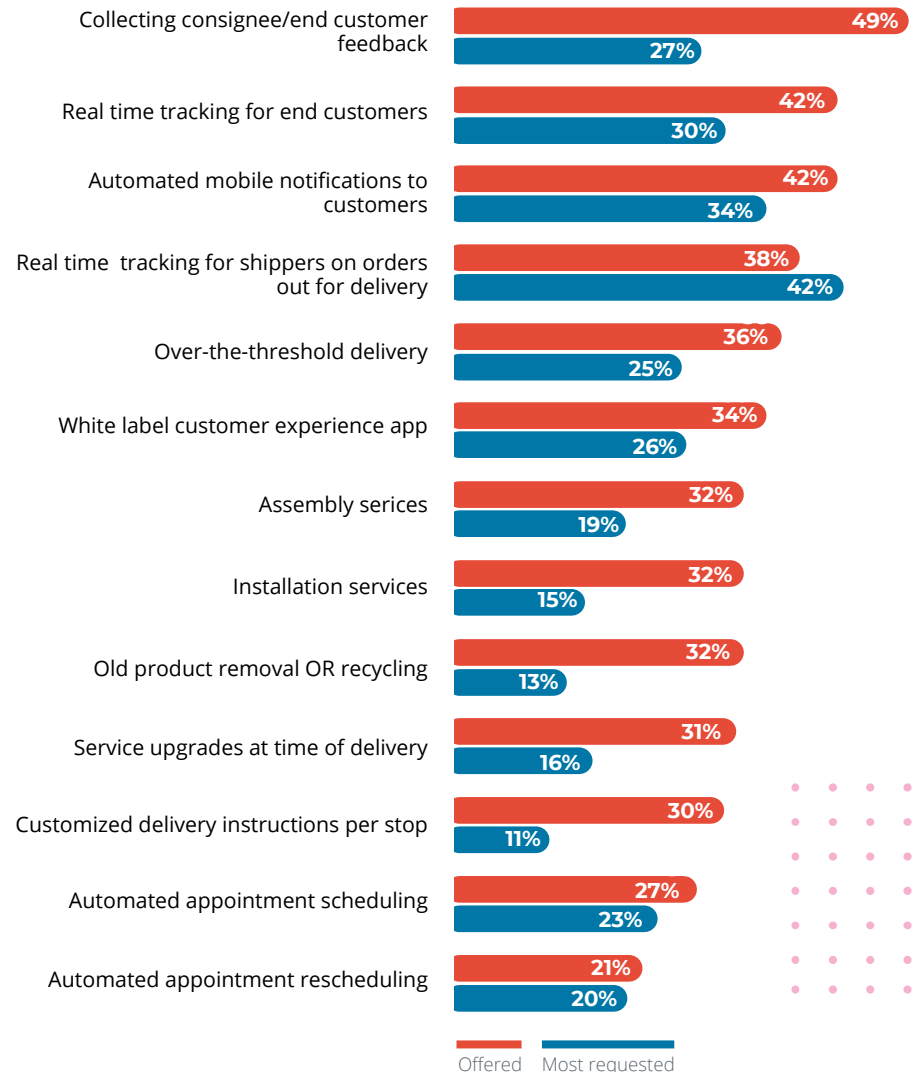
The capabilities provided by logistics providers are, overall, in sync with those they say are requested by shippers. The #1 capability offered to shippers is collecting consignee feedback (49%), followed by real time tracking for end customers (42%), and automated mobile notifications to customers (42%). These capabilities help shippers leverage delivery as an opportunity to create greater customer engagement, including visibility into the order and feedback reviews.

The top features requested by shippers are real time tracking of orders out for delivery (42%), followed by automated mobile notifications to customers (34%), and a white-labelled customer experience app (26%).



Facilitating better customer engagement depends on automating the end customer interactions throughout the delivery experience and providing greater visibility to both shippers and end customers.

FIGURE 3 TOP CUSTOMER EXPERIENCE CAPABILITIES OFFERED TO AND REQUESTED BY SHIPPERS



Automated Delivery Experiences and Premium Services: Europe VS. North America

There are significant differences between the customer experience capabilities requested by shippers in the EU vs. North America.

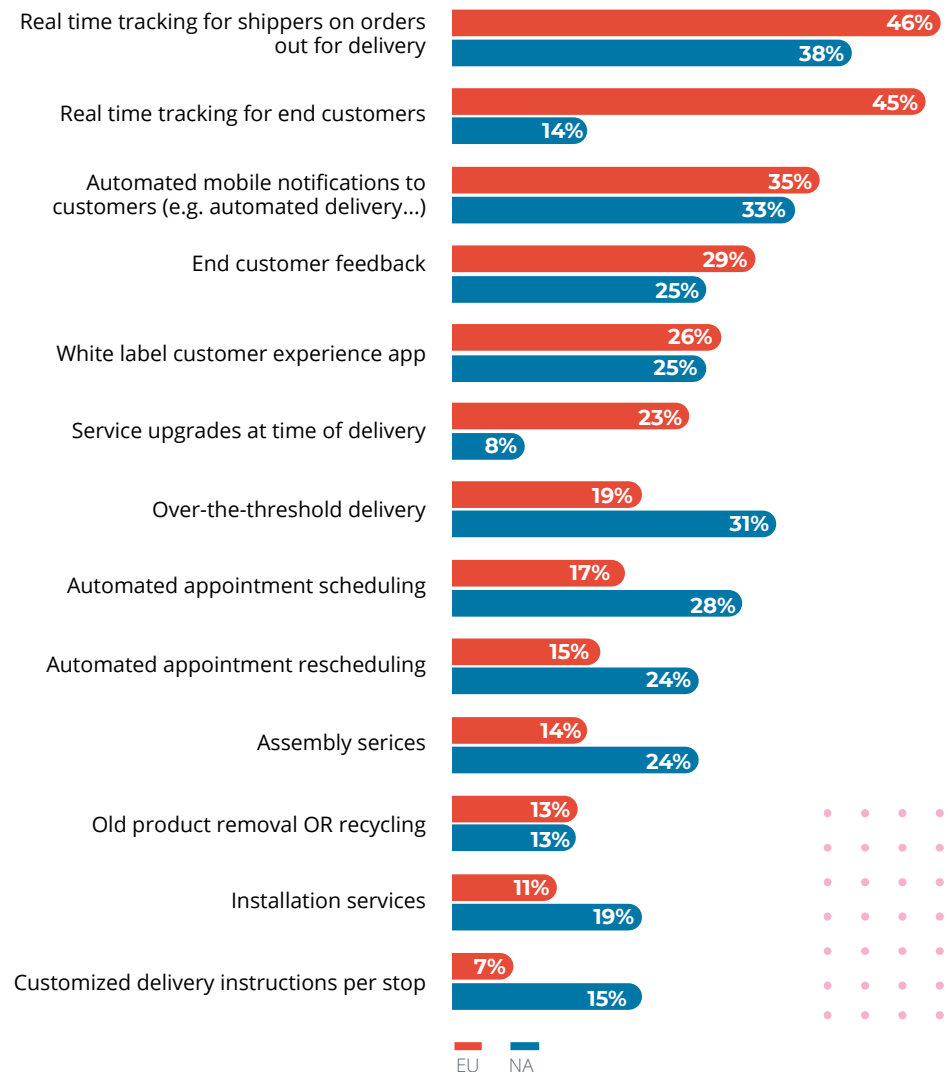
Real-time tracking is significantly more common in the EU than in North America for both end-customers (45% vs. 14%) and for shippers (46% vs. 38%). Other big gaps were found in service upgrades at time of delivery (23% vs. 8%).

Compared to European respondents, North American providers have higher requests for over-the-threshold delivery (31% vs. 19%), automated appointment scheduling (28% vs. 17%), assembly services (24% vs. 14%), and customized delivery instructions per stop (15% vs. 7%).



While providers should first cover those services in demand in their region, the need for these capabilities will soon converge across regions as consignee expectations around the delivery experience continue to rise.

FIGURE 4 TOP CUSTOMER EXPERIENCE CAPABILITIES REQUESTED BY SHIPPERS



Scaling the Last Mile: Challenges and Opportunities



Last Mile Profitability Held Back by Overwhelmed Customer Service Support

Among respondents, the #1 inhibitor to last mile profitability is overwhelmed customer service support (26%).

Managing contracted carriers is also called out as a large issue, especially in North America, (25% vs. 11%). As the number of shippers or order volumes grows, so does the need for improved carrier management solutions.

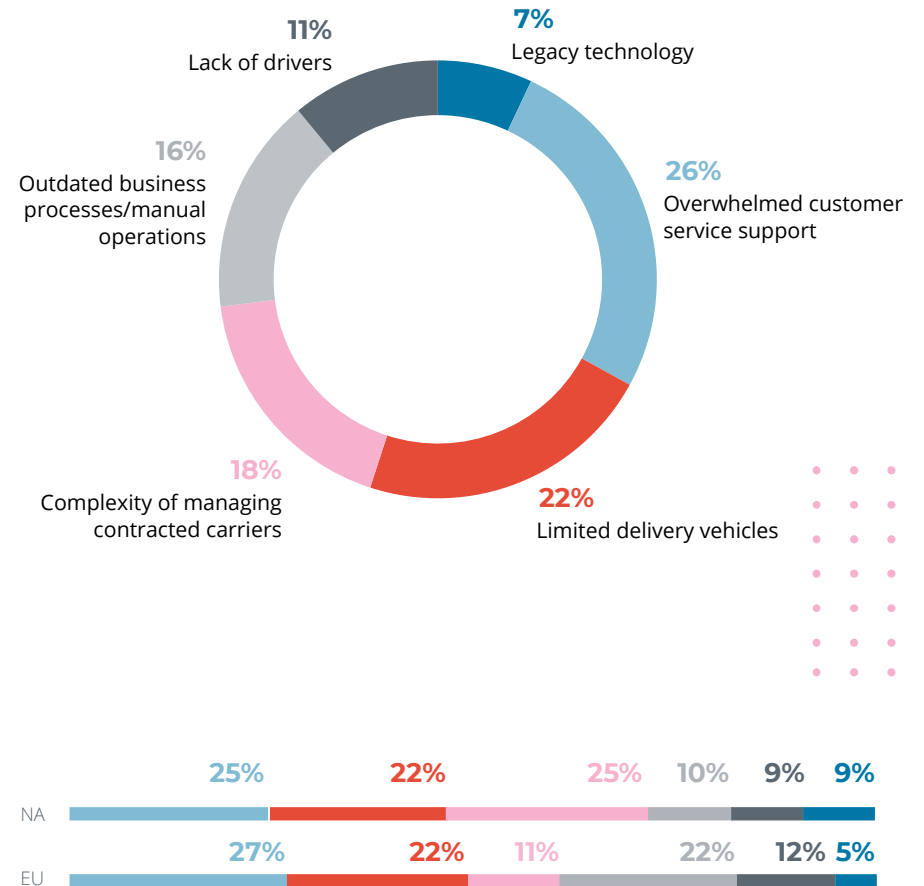
Fewer than half of those who struggle with limited delivery vehicles (22%) are using efficiency solutions such as automated order batching or auto-dispatch and routing to deal with this issue of capacity. (Figure 9)

Consignees are used to deliveries from technologically advanced, on-demand fleets that offer convenient, digitized delivery experiences, and they expect that from traditional carriers and 3PLs now, too. However, only 27% of logistics providers' currently offers self-scheduling (Figure 3).



The high cost of customer support is driving the focus on better visibility and automated interactions with end customers. Having solutions such as real time tracking and self-scheduling in place would reduce the cost of customer service support.

FIGURE 5 #1 BLOCKER TO GREATER LAST MILE PROFITABILITY



* Percentages do not add up to 100% due to rounding up of numbers

Top Pain Points in Last Mile Operations

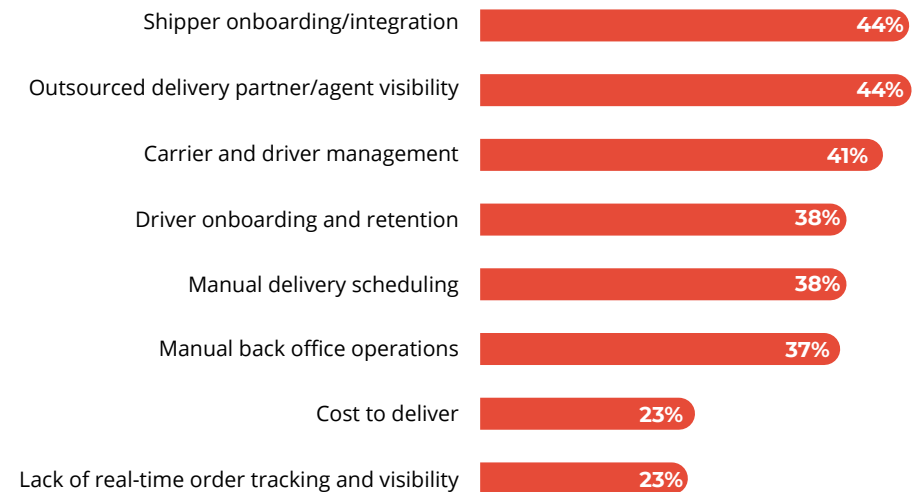
As in our 2021 survey report, shipper onboarding and integration tops the list of last mile operational pain points for all respondents (44%), followed by visibility into outsourced delivery (44%) and carrier and driver management (41%).

The acceleration of eCommerce is driving a continuous need for additional delivery capacity, resulting in expanded fleets, more external resources, and the difficulty of visibility and control over these resources.



The top last mile operational pain points all reflect issues around data: collecting data from shippers, transmitting data to carriers, and receive performance data from internal and external resources. Look for software that promotes greater connectivity across the last mile network, along with simpler onboarding processes for shippers.

FIGURE 6 TOP LAST MILE OPERATIONAL PAIN POINTS



* This question allowed more than one answer and as a result, percentages will add up to more than 100%

Addressing Driver Retention Through Driver Salaries

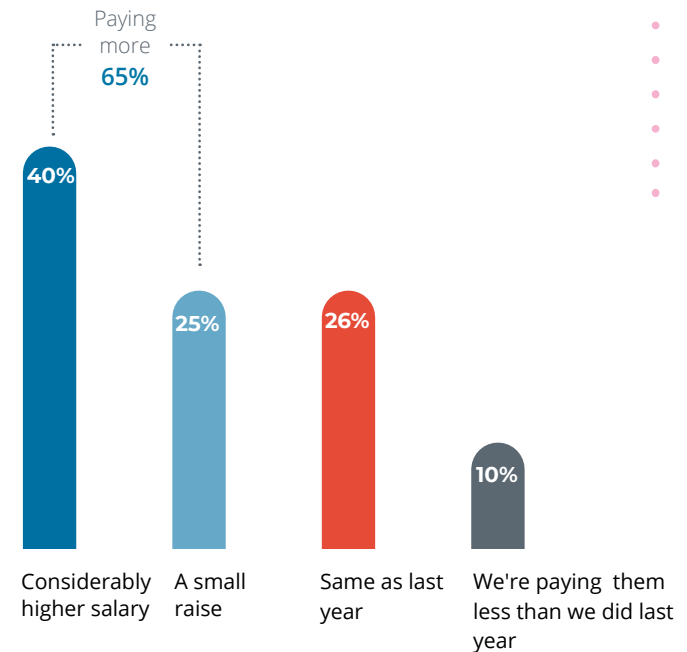
65% of respondents reported increasing driver salaries since last year. This increase is reflective of increases in salaries across the labor market, and the difficulties in driver retention – in part due to the alternative opportunities which experienced drivers have in the gig economy. These salary changes relate directly to the 38% of logistics providers who say driver satisfaction and retention is a top challenge blocking them from the ability to scale the last mile profitably (Figure 7).

At a time of high inflation and rising gas prices, to keep profit margins, logistics providers need to be able to do more with less by increasing the productivity of existing drivers.



Investing in tools that increase driver efficiency, such as better batching and routing, will increase the drop density per route, which in turn expands delivery capacity while helping drivers earn more.

FIGURE 7 CHANGES IN DRIVER SALARIES - 2022 VS 2021



* Percentages do not add up to 100% due to rounding up of numbers

Better Delivery Experiences Will Drive Revenue Growth

Logistics leaders are looking to increase business from last mile operations by improving the delivery experience and offering premium services.

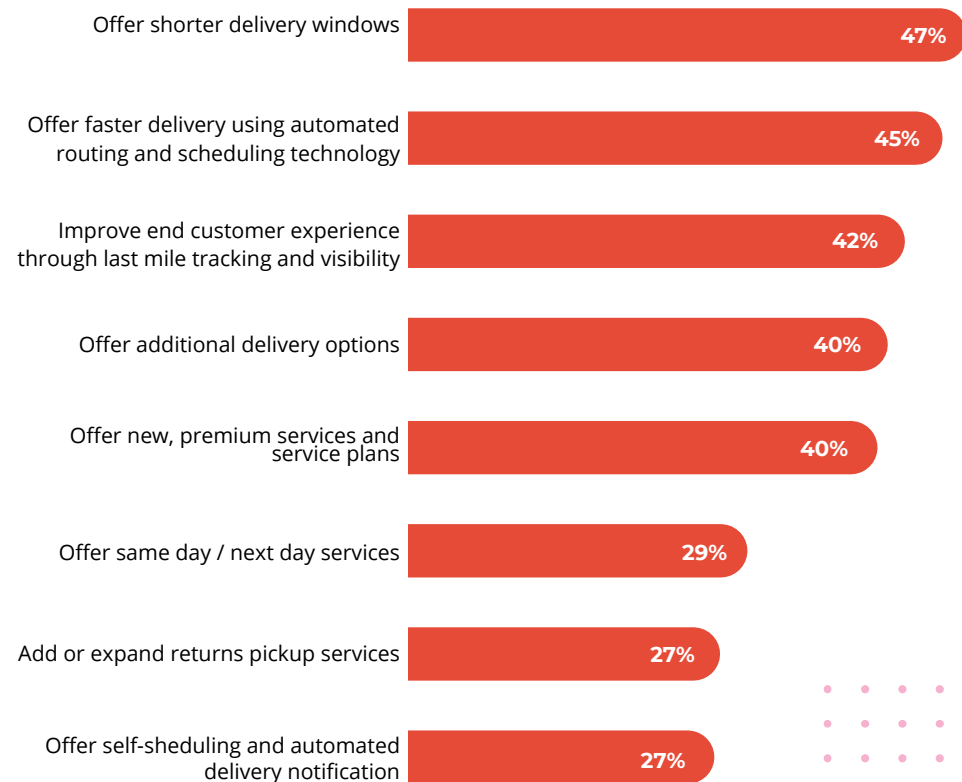
The #1 tactic as indicated by 47% of survey respondents is offering shorter delivery windows. This was followed by faster delivery using automated routing and scheduling technology (45%) and improving end customer experience through last mile tracking and visibility (42%).

When we looked at the tactic of returns between regions, we saw that just one in five logistics providers in the EU place returns among their top tactics, compared to one in three in North America.



These strategies all rely on increased data, visibility and automation across last mile processes, resources and stakeholders. To increase business, logistics providers need to look to technologies that provide enhanced speed and visibility for their last mile operations.

FIGURE 8 TACTICS TO INCREASE BUSINESS THROUGH LAST MILE OPERATIONS



* This question allowed more than one answer and as a result, percentages will add up to more than 100%

Last Mile Technologies



Technology Roadmap for Handling the Growth of Delivery Volume

We asked survey respondents which technology capabilities and initiatives they have in place to handle the growth of delivery volumes.

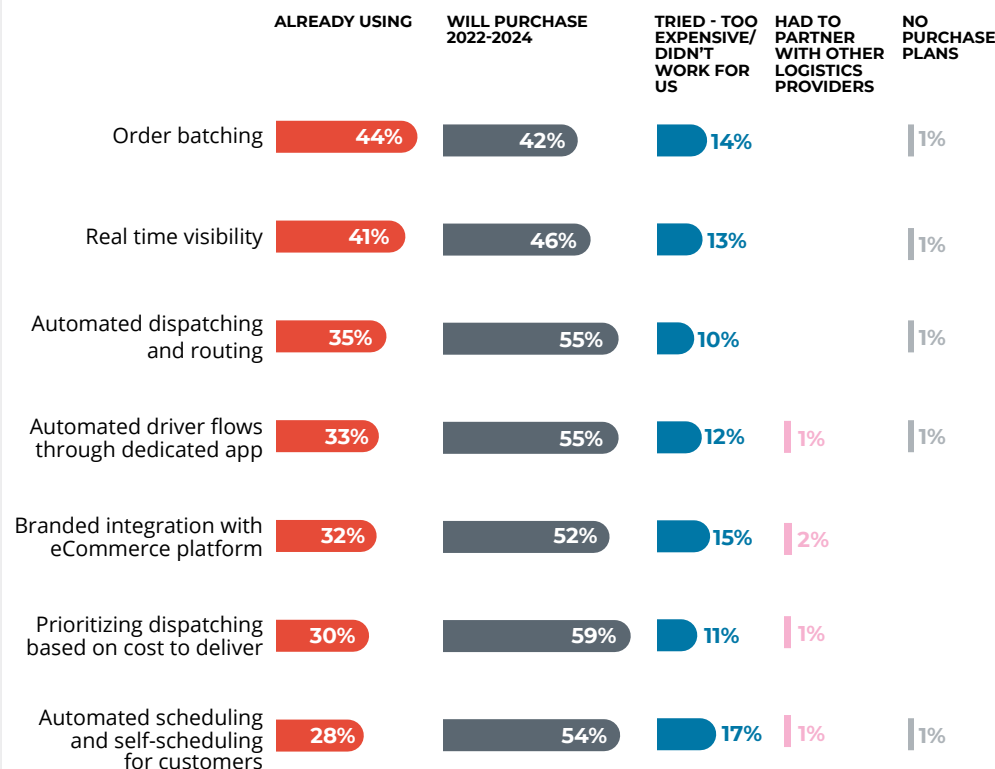
Order batching is the most-used technology for handling greater volumes with 86% of respondents either already using (44%) or planning to purchase (42%) this solution. This is followed by real-time visibility (87% use or will purchase). While prioritizing dispatching based on cost to deliver is only used by 30% today, it is the #1 technology in term of those with plans to purchase (59%).

Unsurprisingly, as integration with shippers is a #1 pain point for 44% of logistics companies, just 32% have a branded integration with an eCommerce platform which can solve for this issue.



Automation tools like order batching are a quick win to increase efficiency without scaling headcount or number of carriers.

FIGURE 9 TECHNOLOGY MAP FOR HANDLING THE GROWTH OF DELIVERY VOLUME



2022 Priority: Automating Last Mile Operations

While Figure 9 (page 16) gave us a 30,000 ft overview of technology usage and plans, we looked deeper to learn about the timeline of the technology roadmap for handling the growth of delivery volumes.

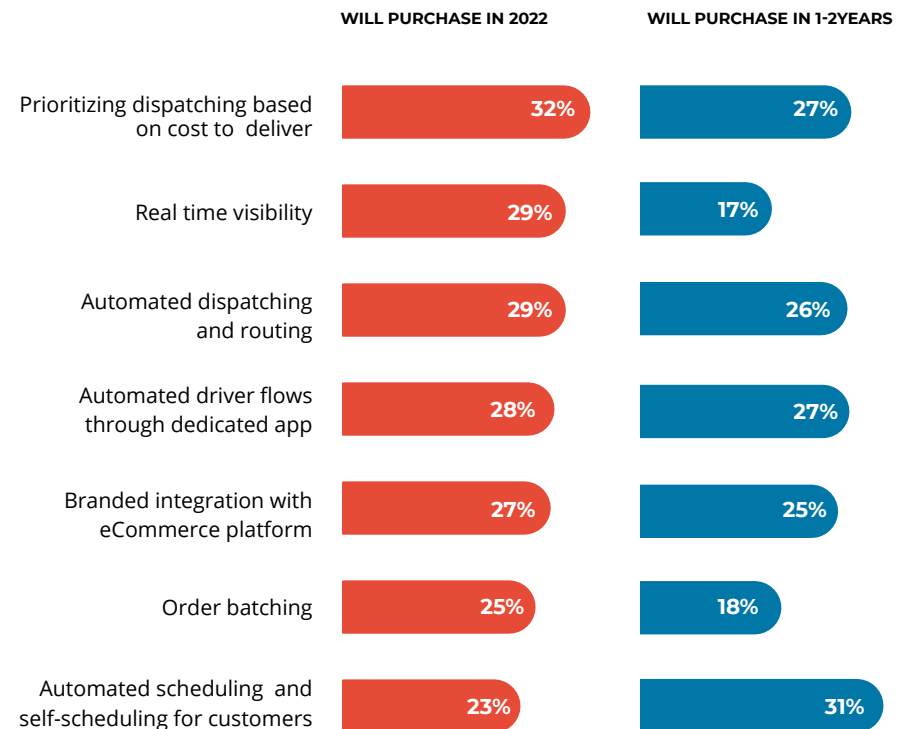
The top investments for the near future (2022) focus on enabling delivery providers with better visibility and control over the delivery process, including the prioritization of dispatching and tools to help drivers manage delivery.

The next priority is branded services for shippers (27% will purchase in 2022), followed by the need to enable automated scheduling (23%).



To optimize high volumes of delivery for cost and better delivery experiences in the future, real time visibility and automated capabilities will need to be in place first. Since the cost to deliver these technologies can add up fast, carriers should be looking for a single delivery solution that can support a wide range of capabilities.

FIGURE 10 TECHNOLOGY ROADMAP FOR HANDLING THE GROWTH OF DELIVERY VOLUME



Technologies Helping to Increase Driver Retention

As delivery volumes grow and logistics providers add more capabilities and service models, the complexity of delivery grows for drivers.

When asked which technologies will help increase driver retention, the top three technologies accounted for 66% of responses.

The #1 technology selected by 25% of survey respondents was better visibility into order requirements of delivery flow (e.g., requirements for each stop).

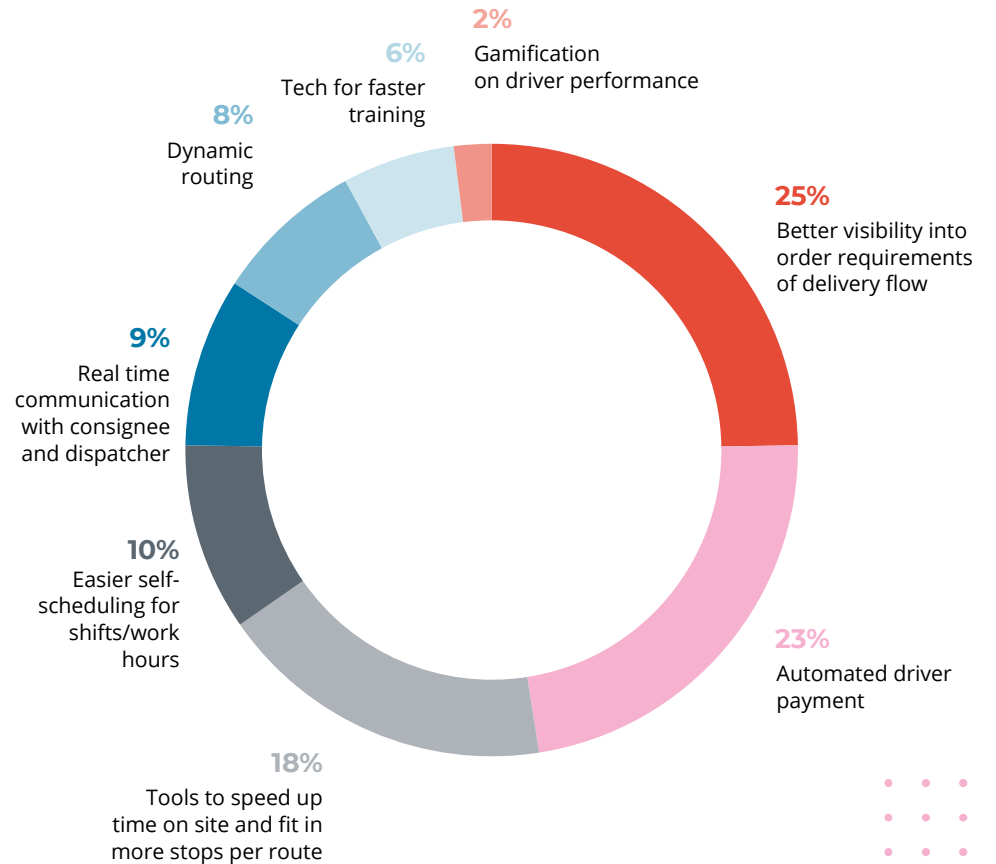
This was followed by automated driver payment (23%) and tools to speed up time on site and fit in more stops per route (18%).

Drivers are in high demand and have rising expectations of their own, fueling the need to provide drivers with more automation and ways to increase efficiency for complex deliveries.



Offering drivers mobile applications that digitize their delivery flow and provide greater visibility into individual order requirements – for example, digital proof of delivery or over-the-threshold delivery – will enable them to perform more tasks on a single route, and with greater accuracy, boosting retention among drivers.

FIGURE 11 TECHNOLOGIES HELPING TO INCREASE DRIVER RETENTION



* Percentages do not add up to 100% due to rounding up of numbers

Technologies Helping to Differentiate Offering and Win Business

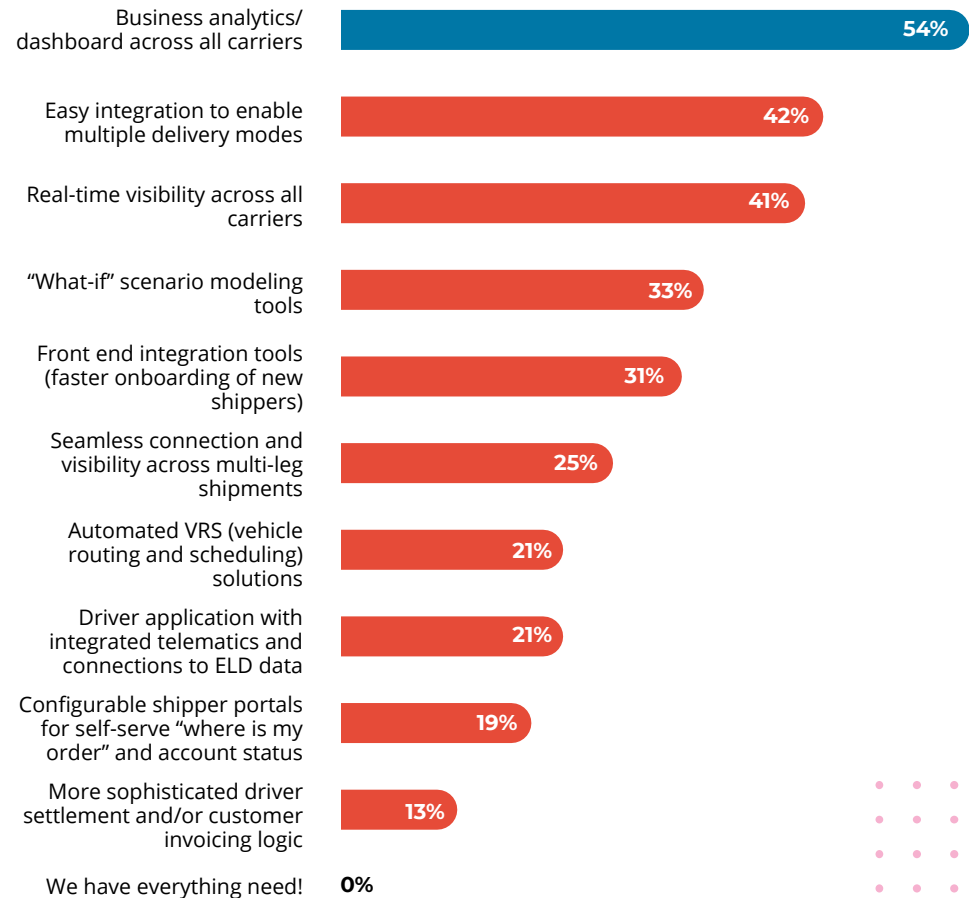
When asked which technologies would most help differentiate their offering and win business, none of the survey respondents said they have everything they need. The most-picked option was business analytics/dashboards across all carriers (54%), followed by easy integration to enable multiple delivery models (42%) and real-time visibility across all carriers (41%).

These technologies reflect a strong drive among logistics providers for greater connectivity across their last mile technologies and third parties.



To get value from data, logistics providers need integrations between systems, with dashboards to make the data clear, understandable and actionable. The ability to digitally connect an ecosystem via integrations, and to connect data across the last mile network will allow logistics companies to provide the data and additional services necessary to win more business and see better ROI.

FIGURE 12 TECHNOLOGIES HELPING TO DIFFERENTIATE OFFERING AND WIN BUSINESS



Sustainability in Last Mile Operations



Reducing Carbon Emissions Through Technology

Looking at how companies are planning to meet sustainability plans in the short term (over the next 6-12 months), the #1 plan is to batch orders for greater density (43%), reducing mileage and carbon emissions.

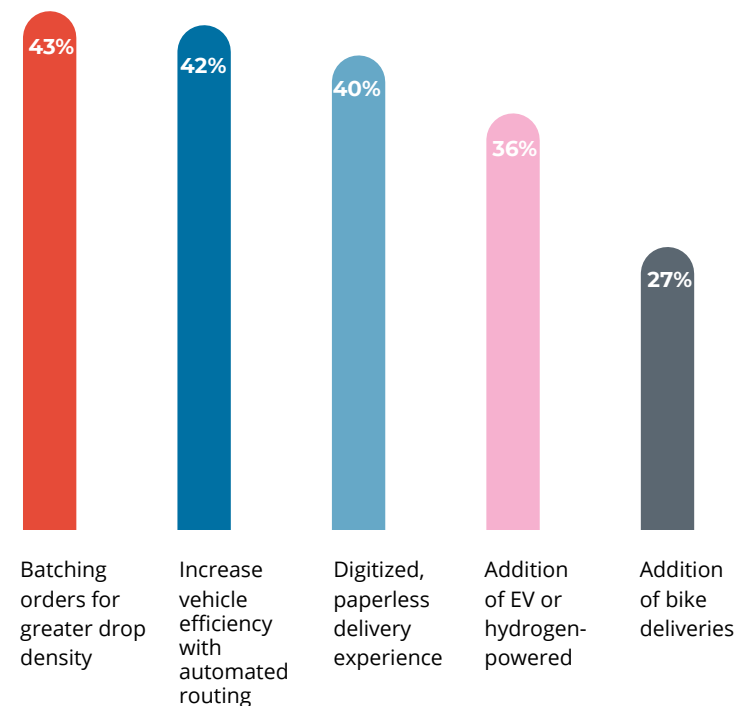
Other plans include increasing vehicle efficiency with automated routing (42%), and digitized paperless delivery experience (40%).

When broken down by region, bike deliveries are currently much more prevalent in Europe than in North America (16% higher rates), but North American delivery and logistics providers plan to close this gap.



For logistics companies, the route to sustainability lies through digitized, optimized last mile operations that simultaneously improve efficiency – including optimizing routes to reduce mileage, as well as batching orders to reduce the number of vehicles on the road.

FIGURE 13 SUSTAINABILITY PLANS FOR REDUCING CARBON EMISSIONS IN THE NEXT 6-12 MONTHS



* This question allowed more than one answer and as a result, percentages will add up to more than 100%

Demographics



Company Size, Seniority, Departments and Country

WEIGHTED AVERAGE: 9,442 PEOPLE



FIGURE 14 COMPANY SIZE

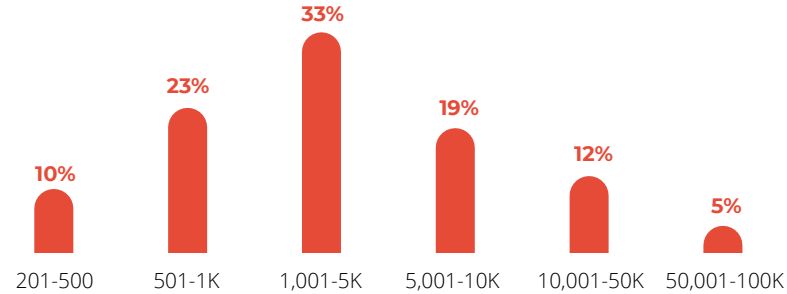


FIGURE 15 SENIORITY

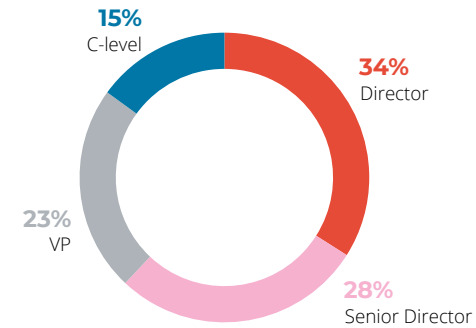


FIGURE 16 DEPARTMENT

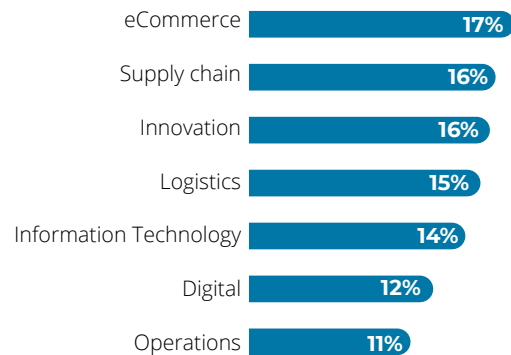
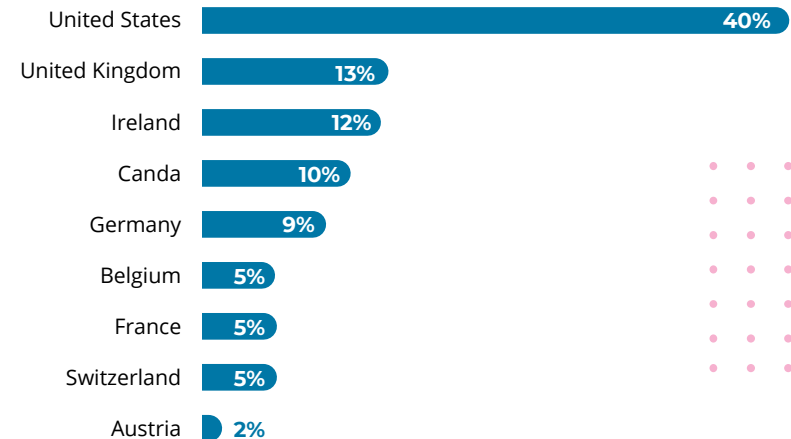


FIGURE 17 COUNTRY



About Bringg

Bringg helps enterprises scale up and optimize their logistics operations with our unified delivery and fulfillment cloud platform. Using Bringg, retailers and logistics providers can rapidly enable innovative delivery and fulfillment models that maximize the customer experience, optimize logistics operations and scale business channels for growth. Some of the world's best-known brands in more than 50 countries use Bringg's platform to deliver the perfect last mile experience at peak efficiency across multiple delivery models.

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