FarEye

The Year Of Change:

Eye On The Last-Mile 2.0

About This **Report**

'Eye on the last mile 2.0': Unveiling insights from 300+ global leaders, this report sets a new industry benchmark. Building upon the inaugural success of the 'Eye on Last-mile Delivery' in 2023, this sequel delves deeper into the dynamic last-mile landscape. With potential to redefine industry strategies and operations, it's a game-changer.

State of the Industry

Increased competition within both the retail and logistics industries has created an environment where last-mile delivery has become a strategic competitive advantage.

Our analysis examines the relationship shippers, carriers, and consumers have within last-mile delivery and the challenges, opportunities, and strategies companies are taking to create superior delivery experiences.

AI and emerging technologies now enable organizations to enhance their delivery processes to reduce costs and enhance customer experiences. For those looking to gain market share, the status quo of last-mile delivery is no longer an option.

The Importance of Research, Data and Insights

Research provides data, unlocks insights, and drives strategy. Understanding the current state of last-mile delivery, comparing it with previous trends, and how leading organizations are improving operations can help you create competitive benchmarks to plan your future.

For shippers, understanding what your consumers want from their delivery experience and how other shippers around the world are improving last-mile delivery can benefit your operations. For carriers, understanding the challenges shippers have when outsourcing deliveries can help you deliver a superior service.

Let's explore the current state of last-mile delivery and how technology is shaping the deliveries of tomorrow.

Eye On The Last-Mile 2.0

The 2024 last-mile landscape has transformed, moving towards timely deliveries and cost reduction. It also revolves around personalized customer experiences, interfaces, and communication. Leaders must leverage AI, EVs, and drones to optimize operations, gain a competitive edge, and achieve sustainable, low-carbon deliveries. The industry-standard cost-free returns also prove financially and environmentally unsustainable. This report thoroughly examines these critical parameters.
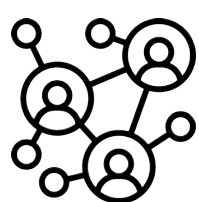
People

Demand for faster and more convenient delivery options is rising, with customers expecting same-day and next-day delivery as a norm. The ease of returns and seamless post-purchase experiences will be key differentiators for last-mile providers, ensuring a positive and hassle-free experience for customers throughout the delivery lifecycle.

Profit

Optimizing costs will remain a crucial focus for last-mile providers to maintain profitability. Leveraging AI and predictive analytics for demand forecasting, route planning, and capacity utilization can significantly reduce operational expenses.

Planet

Sustainability will be a key differentiator in 2024's last-mile landscape. Leaders will track and prioritize eco-friendly practices like EV fleets and carbon-neutral facilities to reduce environmental impact. Reverse logistics and circular economy models will gain prominence, minimizing waste and promoting responsible resource utilization.

The Key Drivers For Last Mile
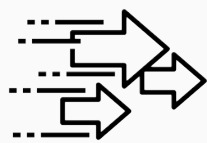
Promise of speed drives initial customer orders.

Cost influences the ability for repeat deliveries.

On-time SLA determines customers' decision to repeat orders.

Achieving Superior Deliveries

For shippers, last-mile delivery is only one piece of a much larger order-to-door picture, and they may view last-mile delivery as a cost center rather than a strategic advantage. They want to focus more on their core competency and don't want to spend on vertical integration for deliveries.

And while this is generally true, a quality delivery experience can be a revenue driver. The majority of shippers are struggling to maintain a balance between cost and quality and thus, outsourcing is not the only solution if they want to get a competitive advantage.

For carriers, last-mile delivery is the heart of their operation. Many are focused on reducing last-mile delivery costs and enhancing customer experiences.

As technology and connectivity improve, shippers are beginning to outsource delivery networks with more choices than ever before. Competition is heating up which makes it more alarming to be technology driven to improve efficiencies.

The U.S. And APAC Have Room For Speedier Deliveries

As customers want speedier delivery, there is a gap that can be bridged to get a competitive advantage.

Americas **33%**

EMEA **40%**

APAC **28%**
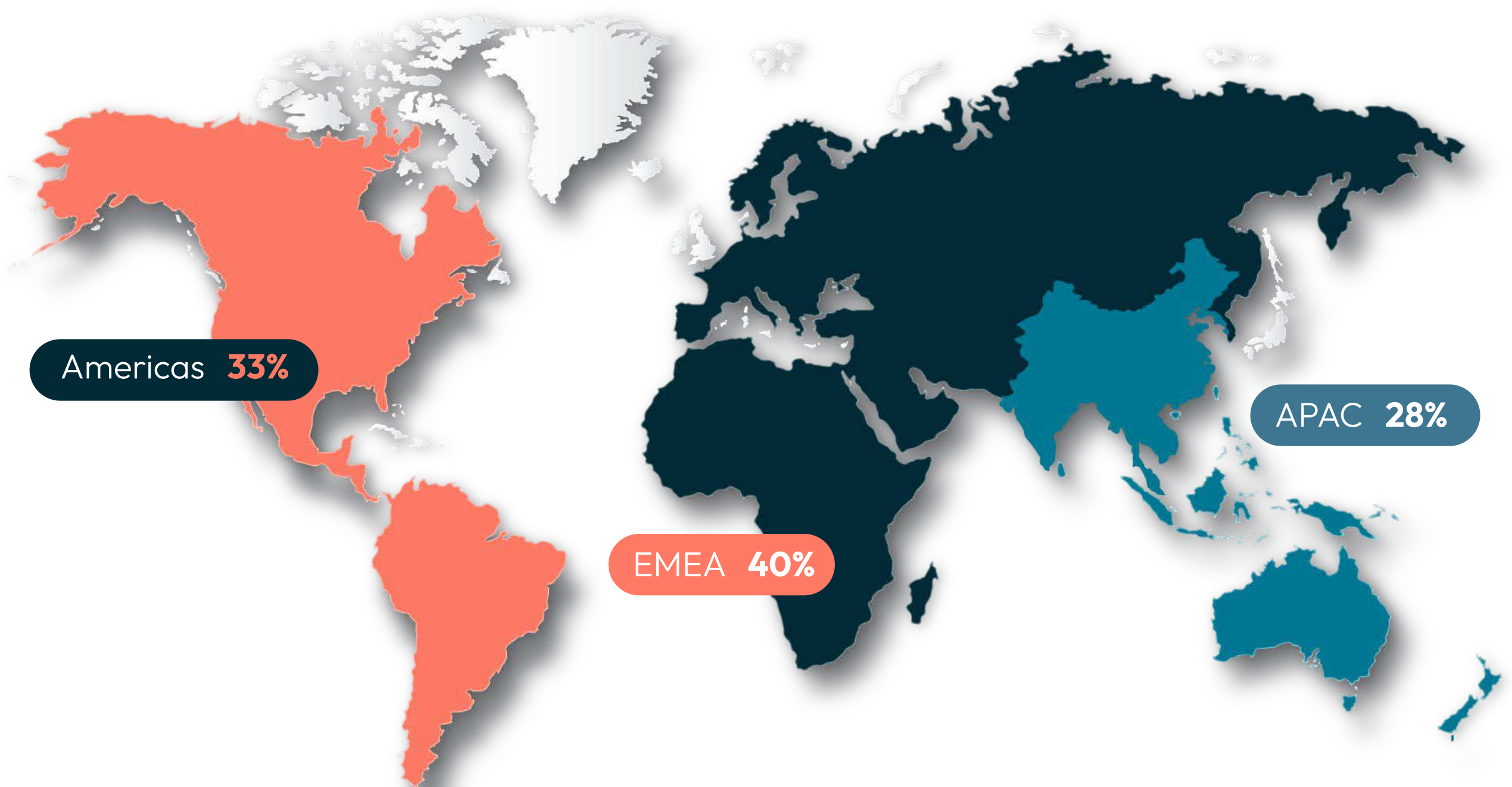
Region-wise percentage of shippers and carriers making same-day or next-day deliveries today.
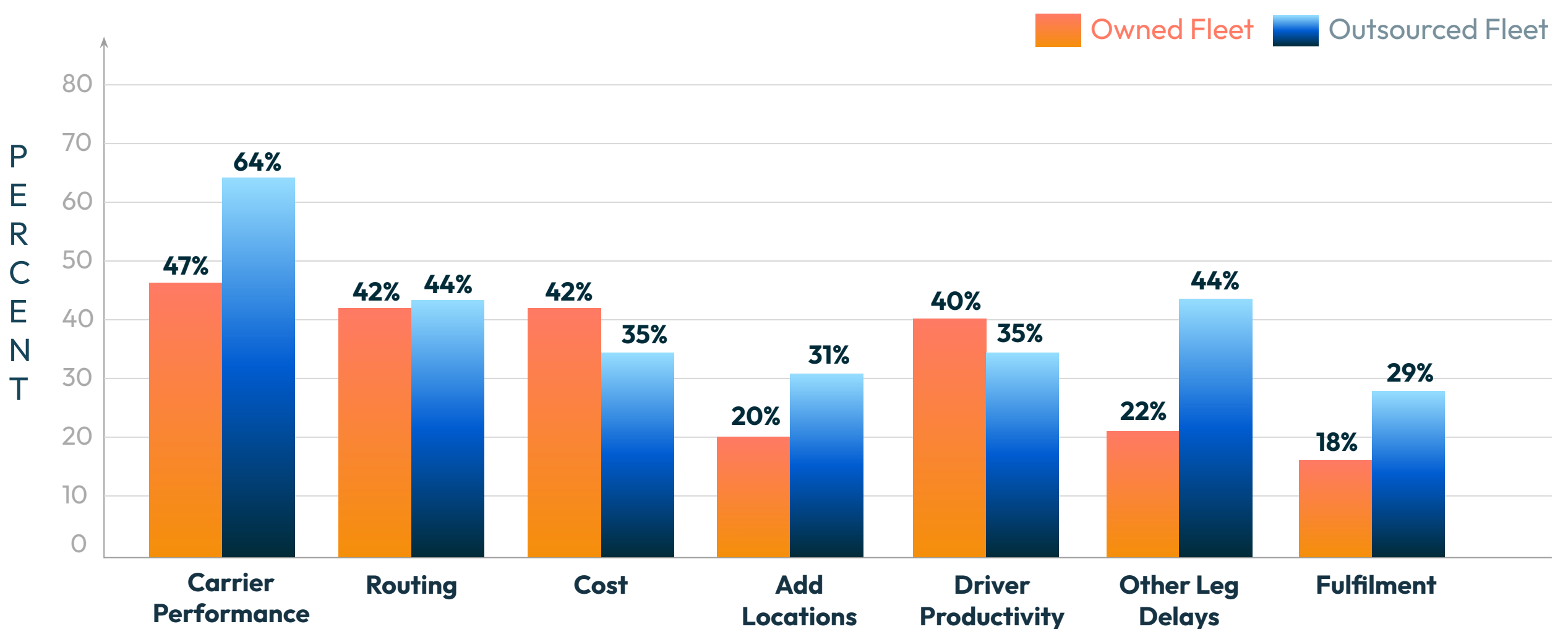
What Are The Preferred Delivery Options For Most Of Your Deliveries Today?

54% of companies claim to deliver same day/next day compared to less than 35% last year, which makes it imperative to be faster and meet the customer's expectations.

2022
2023

PERCENT

	Same Day	Next Day	Scheduled
2022	10%	25%	65%
2023	25%	29%	46%
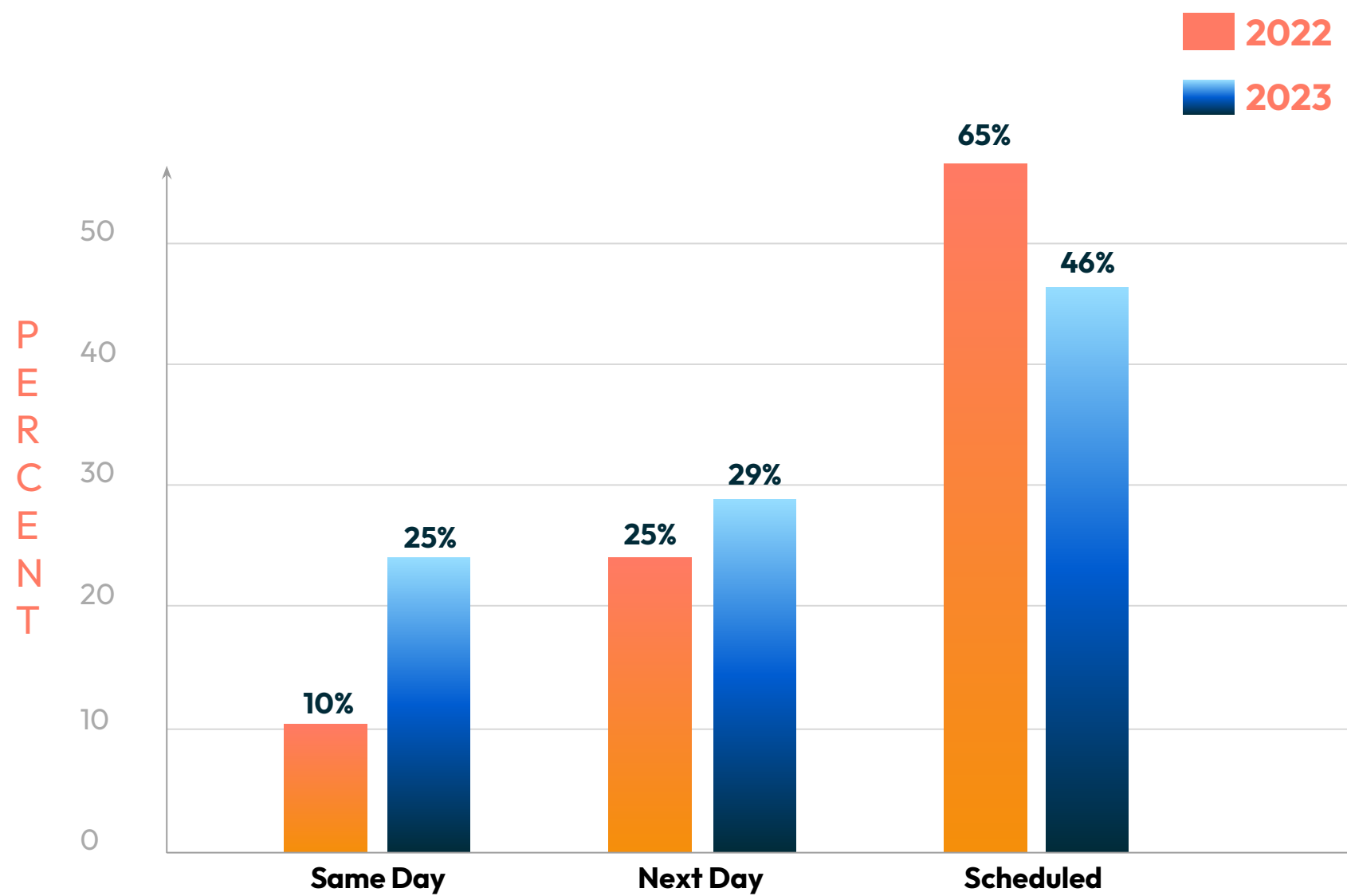
What Are The Major Factors That Inhibit Delivery Speed?

For outsourced fleets, carrier performance is the biggest hindrance while driver productivity ranks high for owned fleets.

Legend: ■ Owned Fleet ■ Outsourced Fleet

Factor	Owned Fleet	Outsourced Fleet
Carrier Performance	47%	64%
Routing	42%	44%
Cost	42%	35%
Add Locations	20%	31%
Driver Productivity	40%	35%
Other Leg Delays	22%	44%
Fulfilment	18%	29%

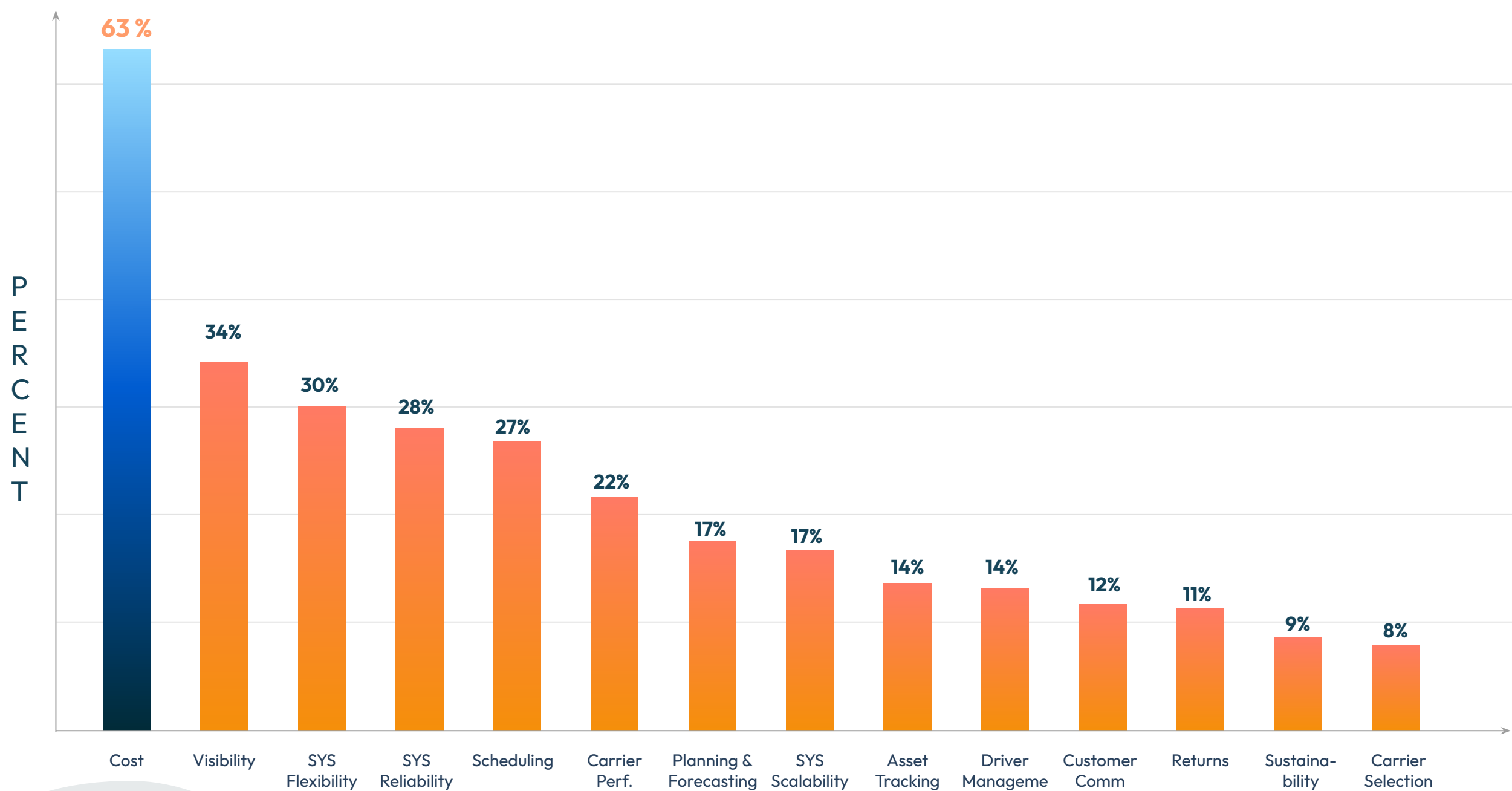*(Y-axis: PERCENT, scale 0 to 80)*

Routing and address location contribute to most reattempts. With the cost of each attempt on the rise, multiple attempts add to the overall delays.
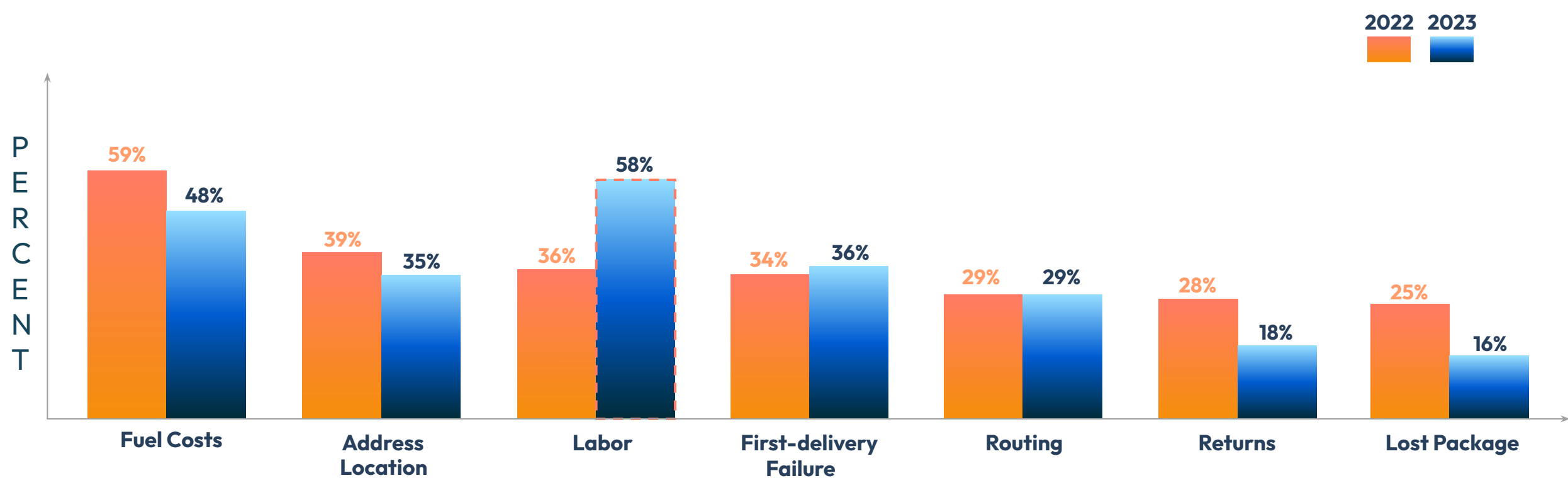
What Challenges Does Your Company Experience Regarding Last-Mile Delivery Technology?

63% of leaders and companies perceive cost as the most significant challenge.

PERCENT

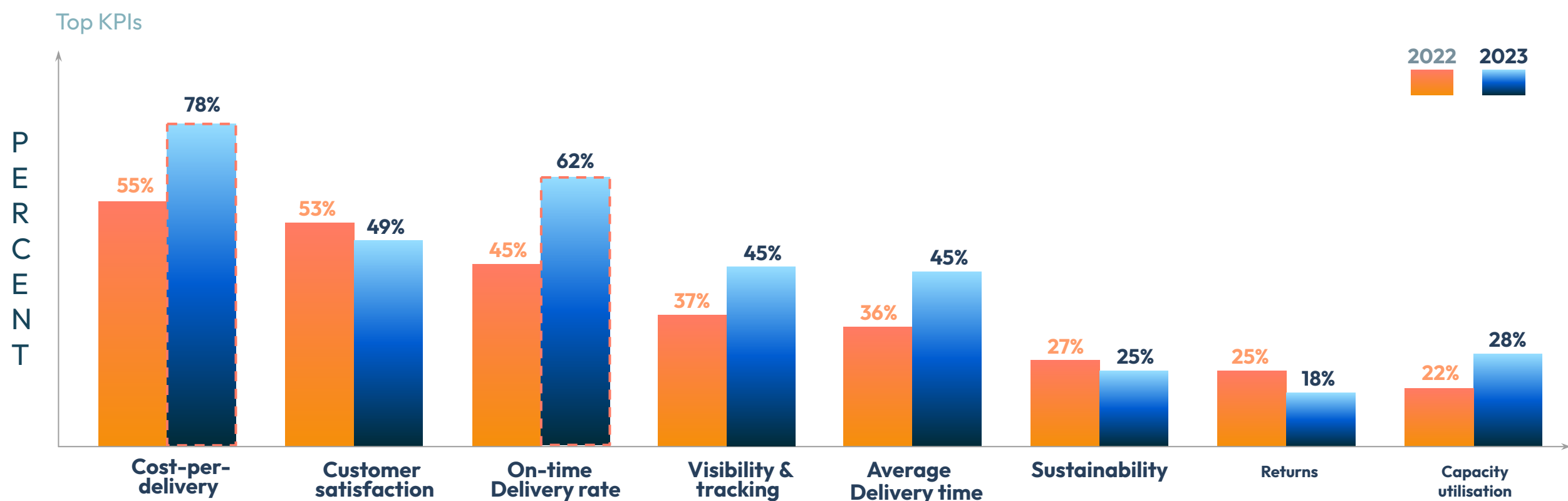| Challenge	Percent
Cost	63%
Visibility	34%
SYS Flexibility	30%
SYS Reliability	28%
Scheduling	27%
Carrier Perf.	22%
Planning & Forecasting	17%
SYS Scalability	17%
Asset Tracking	14%
Driver Manageme	14%
Customer Comm	12%
Returns	11%
Sustaina-bility	9%
Carrier Selection	8%

What Really Drives High Last-Mile Costs?

Labor cost, the biggest contributing factor to last-mile costs, has increased from **36%** last year to over **58%** this year.

2022 **2023**

PERCENT

Factor	2022	2023
Fuel Costs	59%	48%
Address Location	39%	35%
Labor	36%	58%
First-delivery Failure	34%	36%
Routing	29%	29%
Returns	28%	18%
Lost Package	25%	16%

What Matters The Most To The Leaders?

A transition from customer satisfaction to adopting a performance-oriented approach.

Top KPIs

2022 **2023**

PERCENT

KPI	2022	2023
Cost-per-delivery	55%	78%
Customer satisfaction	53%	49%
On-time Delivery rate	45%	62%
Visibility & tracking	37%	45%
Average Delivery time	36%	45%
Sustainability	27%	25%
Returns	25%	18%
Capacity utilisation	22%	28%

The Delivery Standards Have Shifted From Cost And Satisfaction To Cost And On-time Delivery.

On-time deliveries

Cost

On-time deliveries
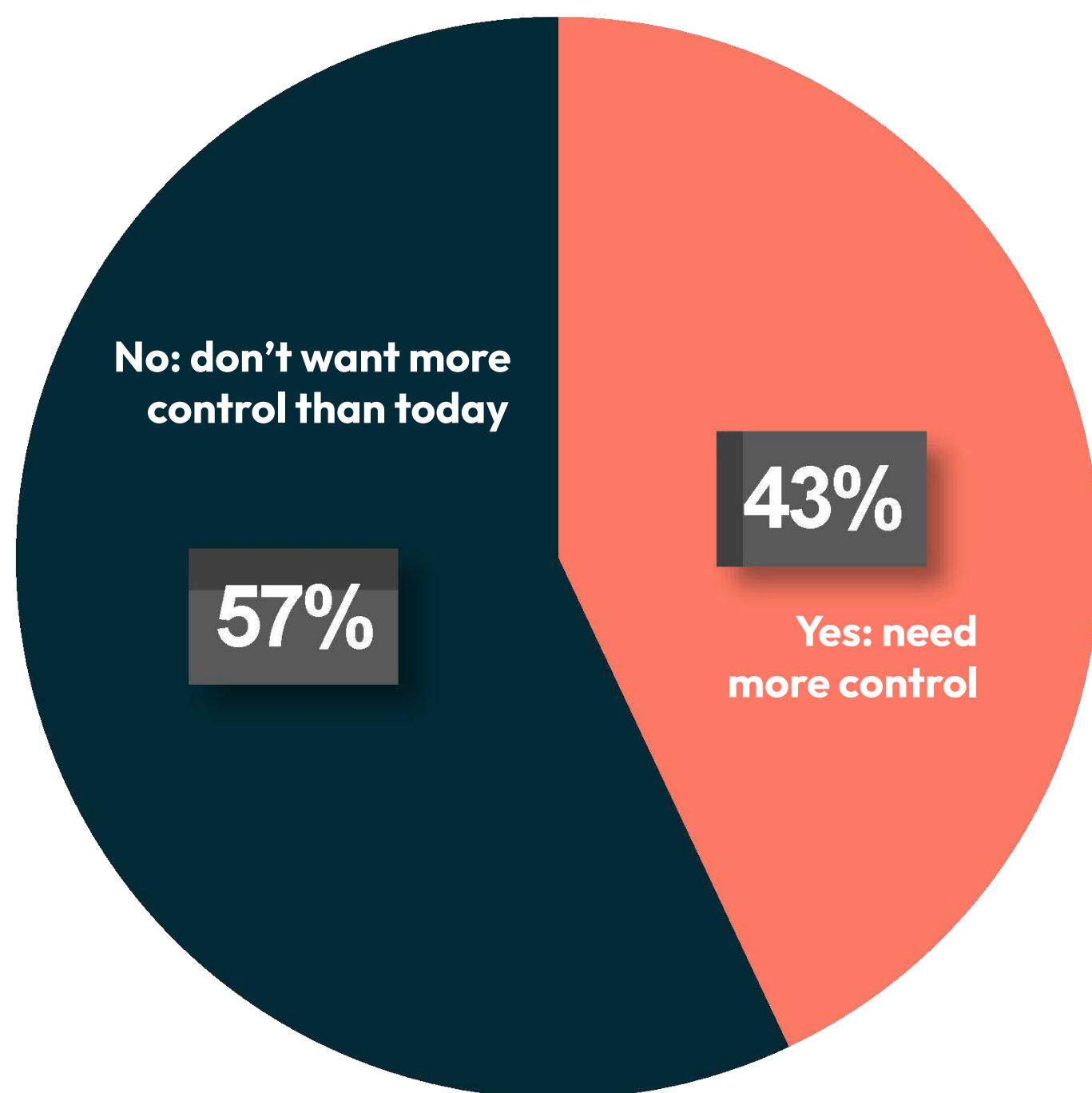
Cost-per-delivery

The Long Term Goal
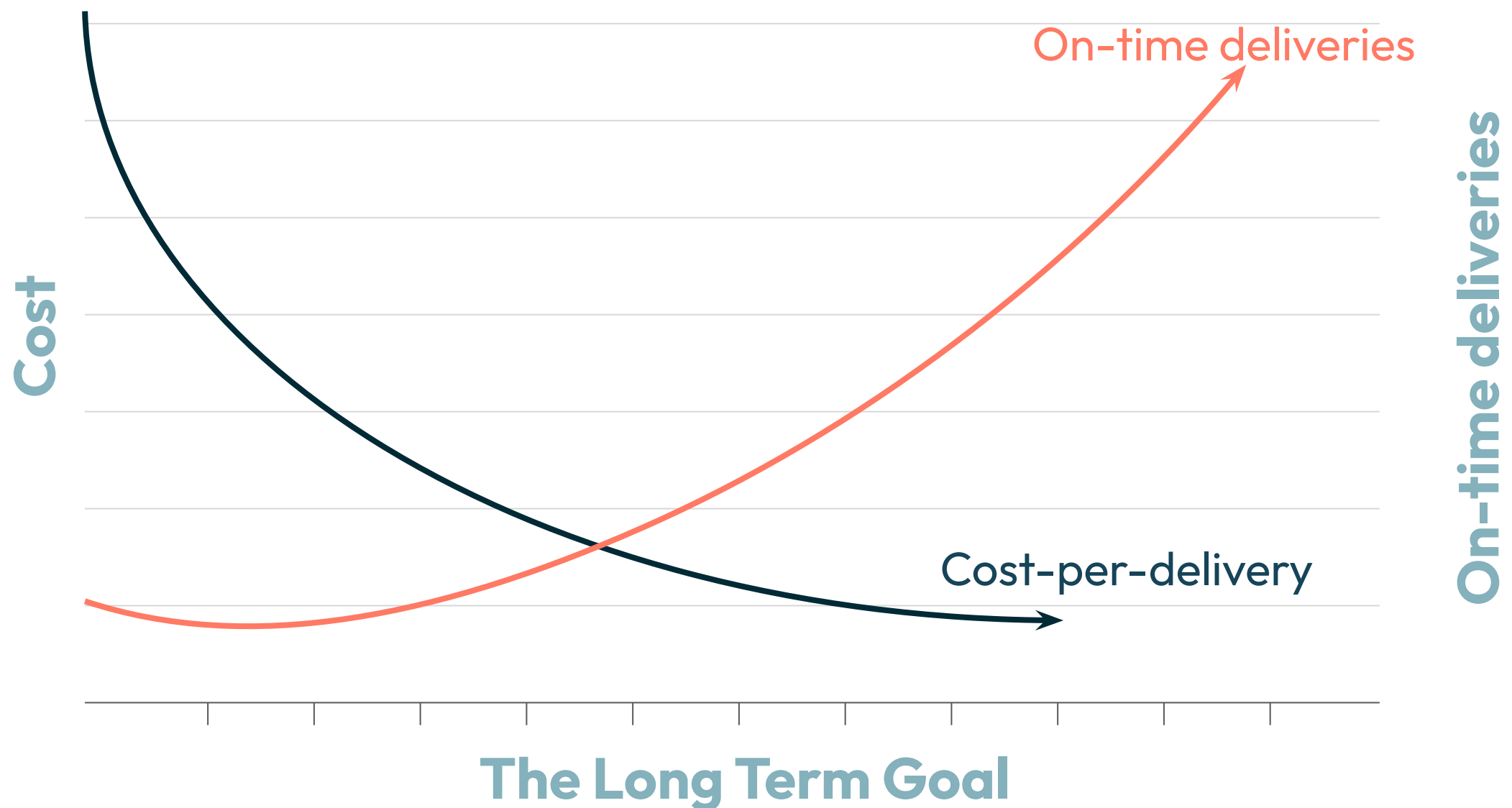
Outsourcing Last-Mile Deliveries

84%

Leaders in 2022, wanted more control of their fleet and delivery networks.

43%

Leaders in 2023, wanted more control of their fleet and delivery networks.
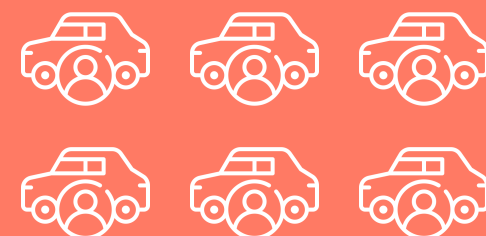
No: don't want more control than today

57%

43%

Yes: need more control

Delivery Networks Are Diversifying

Fleet types shippers use for last-mile delivery today.

51% of shippers now use outsourced carrier networks as compared to 40% last year, indicating a trend towards diversifying their fleets.
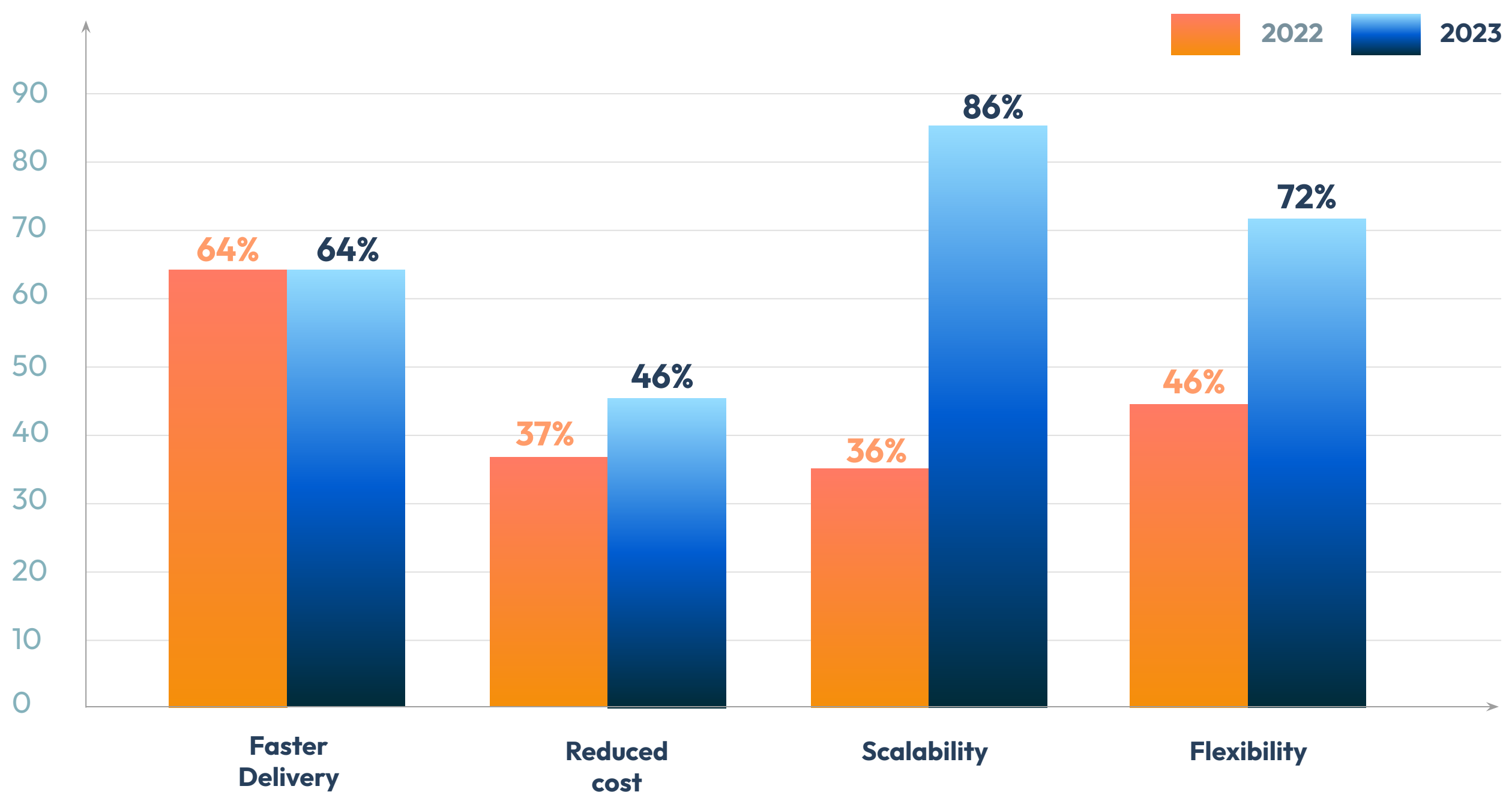
Owned Fleet

Outsourced Fleet

+ Postal Service
+ Courier Express Parcel (CEP)
+ Crowdsourced

Why Shippers Outsource Deliveries?

Percentage of shippers claiming benefits from outsourced delivery networks:

Legend: 2022 (orange) | 2023 (blue)

Benefit	2022	2023
Faster Delivery	64%	64%
Reduced cost	37%	46%
Scalability	36%	86%
Flexibility	46%	72%

Certainly this year **outsourced deliveries** are reaping benefits.

Logistics Partnerships Overcome Speed, Returns, & Reliability Hurdles

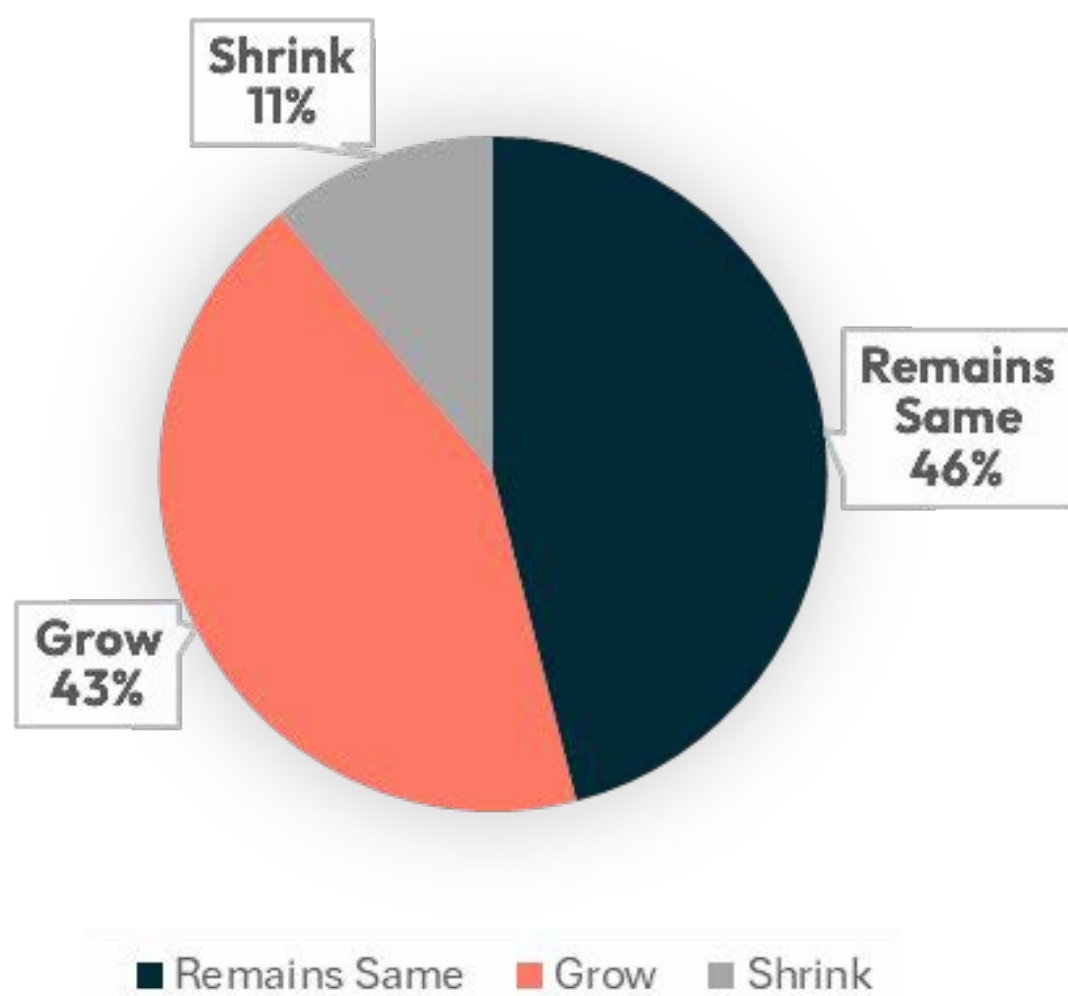Percentage of respondents claiming challenges with carriers:

The research reveals a considerable decrease in challenges faced by shippers from carriers across various aspects indicating more efficient processes and improved customer satisfaction strategies.

■ 2022 ■ 2023

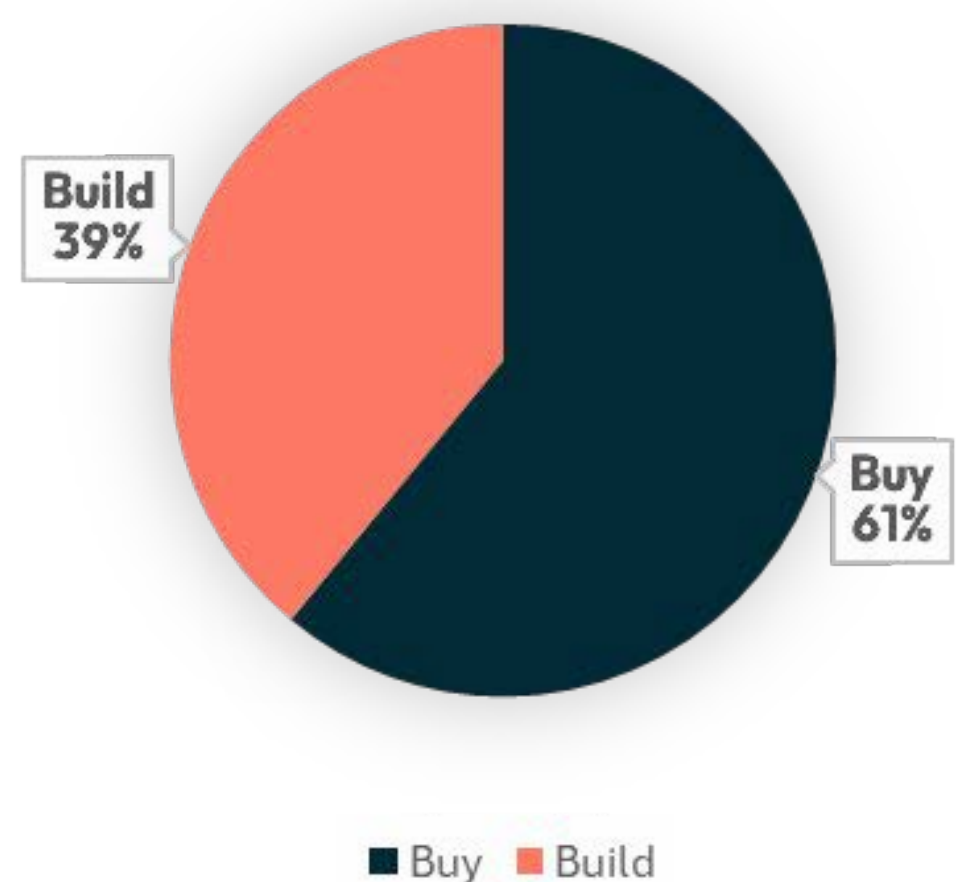|	Carrier Performance	Speed Dependency	Returns
2022	46%	100%	25%
2023	42%	42%	17%
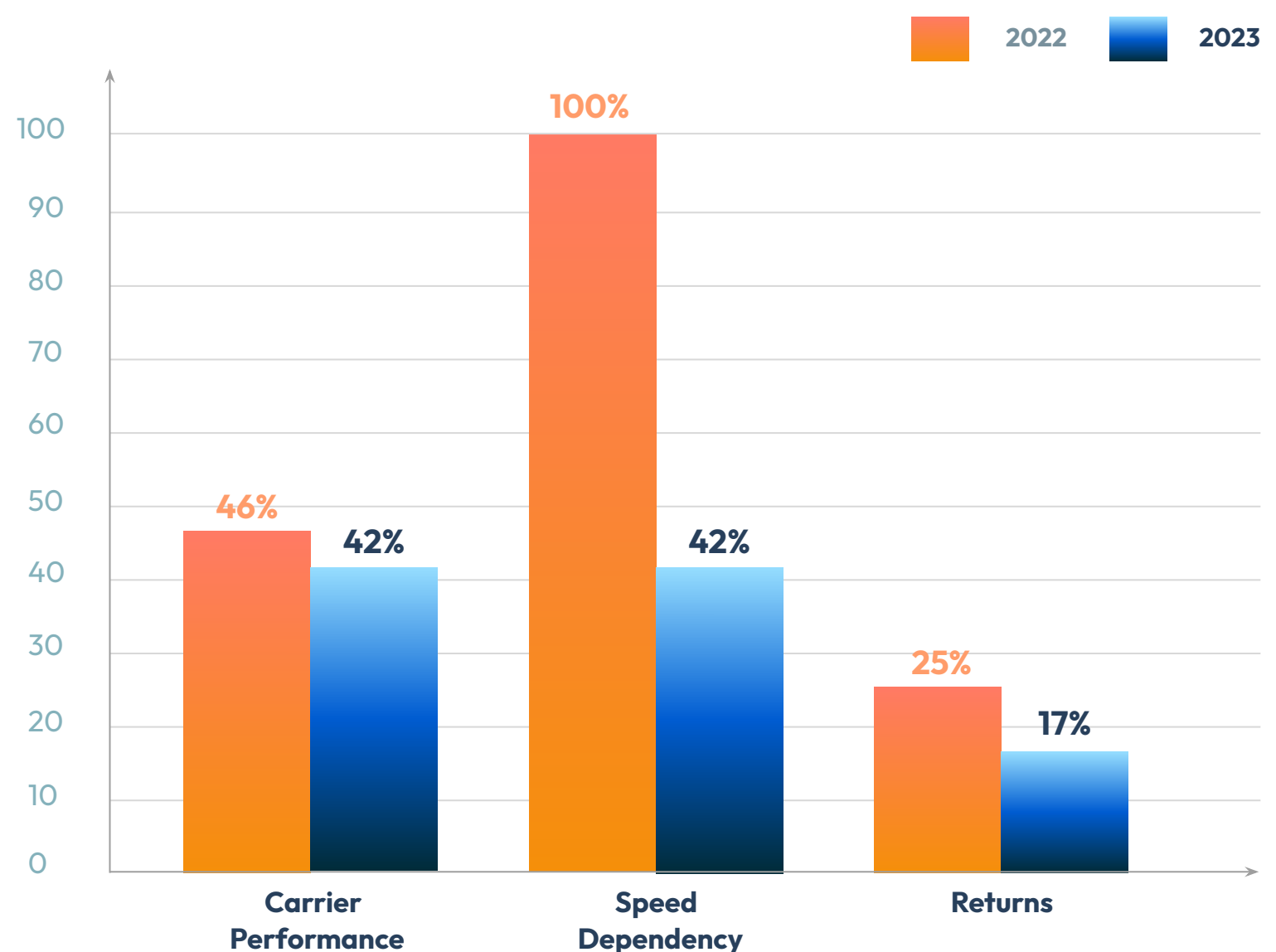
Tech Savvy Leaders For Future

Organizations prefer to consolidate their tech stack to streamline operations, reduce costs, and improve efficiency. With tech budgets growing, organizations are more inclined to buy (61%) integrated solutions rather than build (39%) them in-house.

Tech Budget

Shrink 11%

Remains Same 46%

Grow 43%

■ Remains Same ■ Grow ■ Shrink

Build vs Buy

Build 39%

Buy 61%

■ Buy ■ Build

Consolidating tech stack not only optimizes the tech budget but also simplifies implementation, maintenance, and provides a unified experience across the entire delivery lifecycle.

How Are Leaders Preparing For The Future?

Consolidation of tech budgets/systems to reduce costs

Investing and consolidation of multiple tech systems to reduce duplication and maintenance efforts. Leaders are setting up for a leaner tech stack and **61%** are ready to buy tech.

Transitioning to hybrid fleet models in lieu of control

By giving up control of the fleet and outsourcing parts of or sometimes the whole of their network, last-mile leaders are achieving cost efficiencies as well as aiming for more speed, flexibility, and scalability.

Methodology

An online survey conducted by FarEye in April 2024 targeted retailers and last-mile logistics providers in the U.S., EMEA, and APAC regions. The survey included **300 last-mile leaders** worldwide, collectively generating **revenue exceeding $300 billion.**

Americas

EMEA

APAC
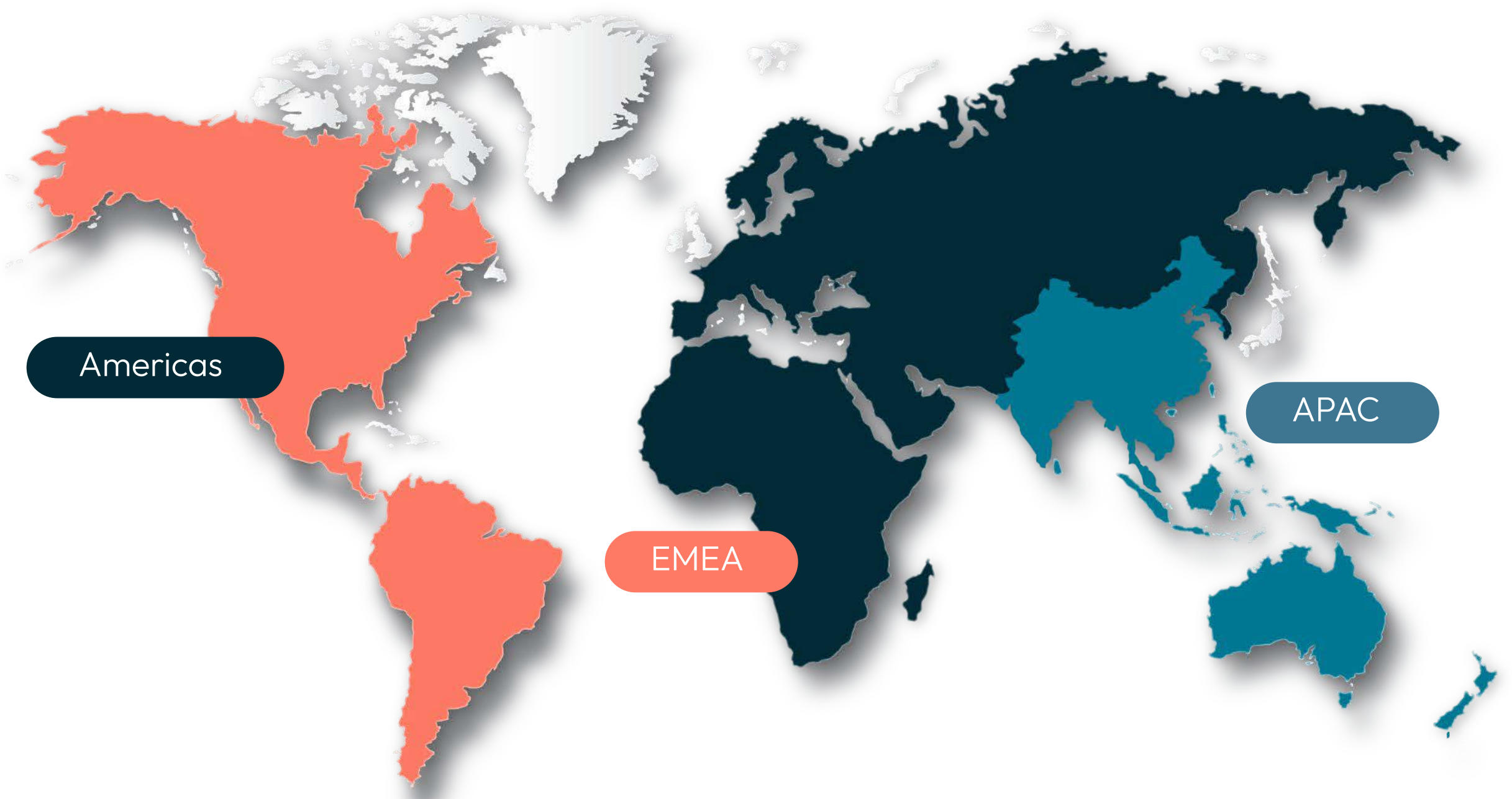
About FarEye

FarEye is a last mile technology partner for companies obsessed with delivery experience for their customers. Our vision is to ensure every delivery in the world reaches its destination every time, on-time, accurately, efficiently, and as sustainably as possible.

FarEye's AI-Powered platform turns deliveries into a competitive advantage. Carriers & Shippers use FarEye's unique combination of orchestration, real-time visibility, and branded customer experiences to simplify complex last-mile logistics.

The FarEye platform allows businesses to increase consumer loyalty and satisfaction, reduce costs and improve operational efficiencies, sustainably.

FarEye has 150+ customers across 30 countries and 5 offices globally.

**FarEye,
First Choice for Last Mile.**

For more details contact us at
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