



State of Last Mile Logistics

2021 Bringg Report

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Introduction and Key Findings



Introduction

Retailers and logistics providers are facing a new digital reality. The growth of eCommerce, customer expectations, and rising last mile delivery volumes have created a capacity problem which logistics providers are struggling to fill. Recent reports suggest that supply chain leaders have not established the necessary partnerships to handle supply chain demand. Frequently, they are outsourcing their logistics and transportation services, which can be an expensive undertaking. At the same time, logistics companies are seeing increased demand for last-mile delivery, including white-glove services such as home installation or haul-away services. This increased demand from consumers opens new opportunities for logistics providers, if they can meet the challenges involved.

To dive deeper into the challenges and trends of today's logistics providers, we surveyed 200 logistics and transportation leaders on their last mile operations. The respondents are spread across 8 countries in North America and Western Europe, in companies with between 200-50,000 employees.

This report examines how logistics and transportation providers are focusing their last mile operations today, and highlights gaps in how key goals and priorities are being met through last mile technology. While companies recognize the importance of visibility and automation, they are held back by high costs, and over half have no plans to invest in visibility solutions. Logistics providers are expanding their reliance on a more robust third-party ecosystem, but do not yet have the tools in place to manage and control the stakeholders in their last mile ecosystem. The results present a clear picture of where logistics providers are focusing their efforts in the near future, and how to fill the important gap between shipper demands and current capabilities to enable and facilitate long term growth.

Key findings

1. Visibility is set to be a key differentiator for all stakeholders

There is a clear need for visibility across the supply chain; 53% of respondents say their shippers use or have requested real-time visibility tools for end customers, and respondents listed visibility into order requirements as the tech capability that would most increase driver retention. However, only 18% of respondents offer real-time visibility today - and over half have no plans to purchase. Real-time visibility is rapidly turning into a differentiator, as shippers, drivers, and customers look for logistics providers who can supply it across the delivery flow.

2. Companies differ on the smartest route to sustainability

Sustainability is firmly on the roadmap, across regions. UK logistics leaders lead EMEA in terms of prioritizing sustainability practices (88% marked it as 'high' or 'very high'), while the U.S. lags behind its European counterparts (74%) In terms of the route to sustainability, larger companies with the budget for it are looking to improve sustainability with operational changes or investments such as EV fleets. Smaller budget companies, however, are more likely to be incentivizing consumers to pick from available sustainable options, with 42% of respondents from companies with less than 500 people looking for ways to make that happen.

3. Logistics stakeholders are looking for innovative technology

A lack of innovative tech is the biggest blocker to scaling last mile operations. 41% of respondents say their biggest blocker is their outdated business processes and manual operations, while another 36% point to legacy technology. The challenge of legacy technology increases in line with company size, with almost half of respondents (48%) in companies of more than 1,000 people calling it their greatest blocker. Moreover, 3 of the top CX capabilities used or requested from shippers all relate to creating a streamlined digital delivery experience for their customers.

4. **Logistic leaders have clearly identified that they want automation**

Automation is the primary tech tool that providers are looking at for improving customer experience and managing the growth of delivery volumes. There are too many packages, too many orders, and 98% of survey respondents say they are being impacted by the growth of eCommerce. 54% of logistics providers are focused on adding automation to meet this challenge, and in fact - 41% already have done. An underlying theme for logistics in the next 2-3 years will be extending this automation across the delivery cycle, and “doing more with less”.

5. **Automation needs to be cost-effective, not just improve processes**

It is interesting to note that automation is closely linked to business goals for reducing costs. The top abandoned technology for today's logistics and transportation providers, for example is automated scheduling and self-scheduling. 20% of people said this was too expensive, and only 2% said it was not a good fit. We can also see that it was the top wish-list item for 61% of LSPs. The same cost/benefit disparity was found with other automation technologies, such as driver flows and visibility technology, where the primary driver for abandonment in both cases was high costs.

6. **As stakeholders increase their network, technology becomes critical to new delivery models**

When asked about the top 3 customer experience capabilities requested from shippers, 45% of respondents named installation and assembly services. Fully 64% are planning to offer new premium services and service plans to increase business through last-mile operations this year. The top response to the technologies that are enabling these new delivery models, are intelligent and easy integrations, at 43% of the results, (and 30% higher than the next answer, business analytics). For logistics and transportation providers, digitally connecting their ecosystem is route to lower the cost of automation and add visibility, opportunities for sustainability, and ultimately better customer experience and control.

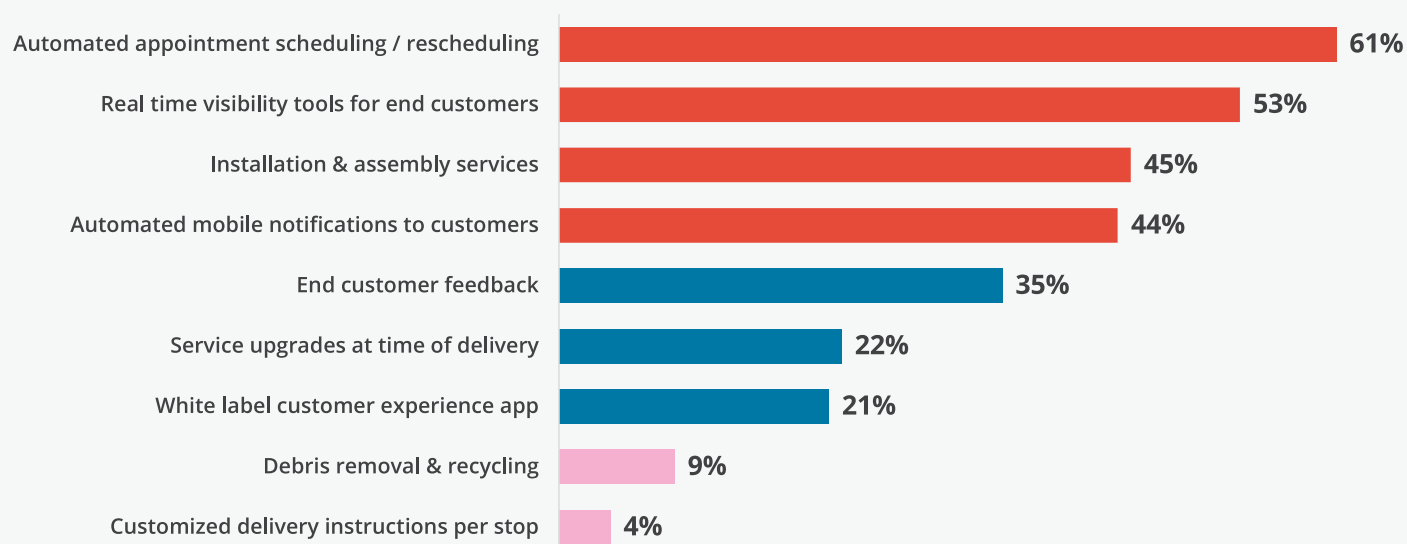
Business Drivers & Scaling the Last Mile



Top customer experience capabilities used / requested by shippers

Shippers want the ability to provide a streamlined digitized experience for their customers, and to provide more differentiated services. Looking at customer experience capabilities most requested by shippers, 3 of the top 4 relate to digitization and automation. The #1 capability, as indicated by 61% of survey respondents, is automated appointment scheduling and rescheduling. This was followed by real time visibility tools for end customers (53%), installation and assembly services (45%) and automated mobile notifications to customers such as automated delivery reminders (44%). When considering how to improve your operations, look to technology that gives end customers greater visibility and flexibility around the delivery process.

Figure 1 Top customer experience capabilities used / requested by shippers



Greatest blockers to scaling last mile operations

We've asked survey respondents which resources or processes are their greatest blockers to scaling their last mile.

Among respondents, the #1 inhibitor is outdated business processes and manual operations (41%).

Looking at the respondents by company size (Figure 3), larger companies are slightly more plagued by legacy tech than smaller ones. Smaller companies are more blocked by outdated business processes and manual operations compared to the larger companies.



Smaller logistics companies will see the greatest returns from rapidly digitizing their operations through cloud delivery solutions. Larger companies pained by legacy technology should look to integrate with cloud platforms that utilize their existing tech stack.

Figure 2 Greatest blockers to scaling last mile operations

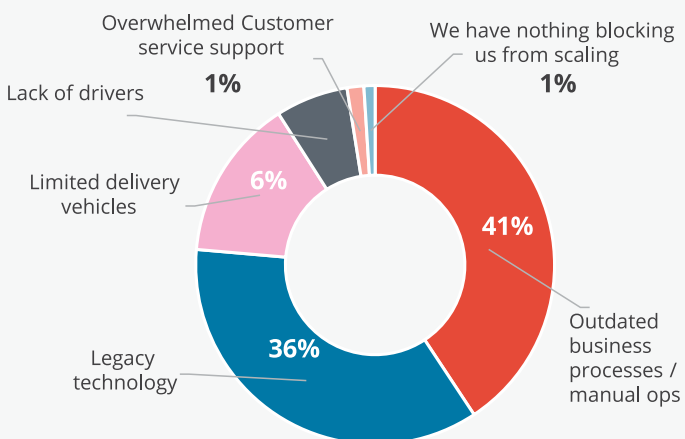
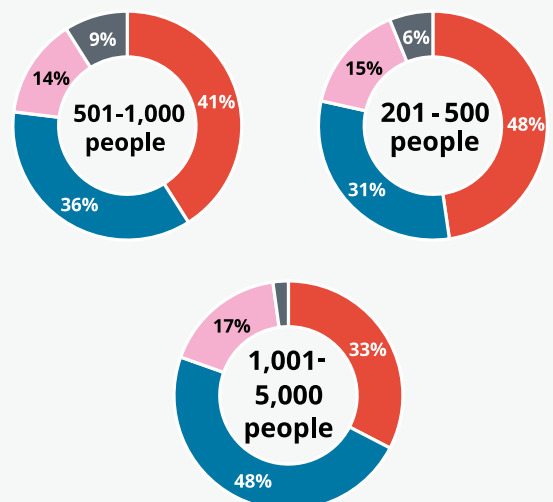


Figure 3 Greatest blockers to scaling last mile operations by company size



Top last mile operational pain points

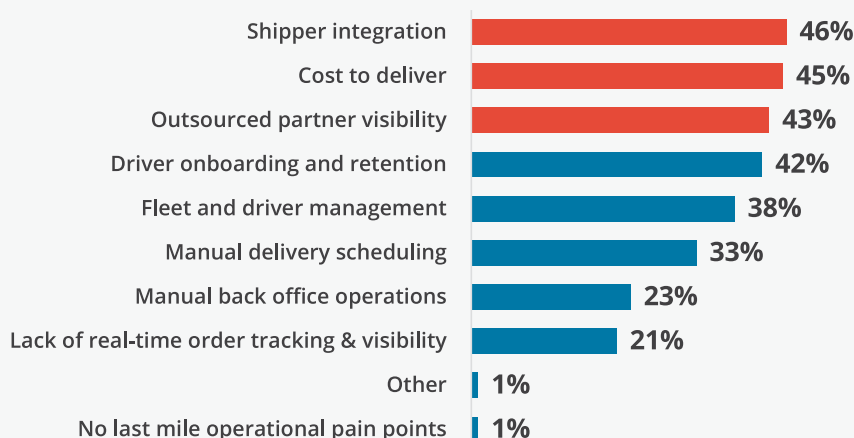
The top last mile introduced many operational pain points. Shipper integration came in as the biggest pain point (46%), followed by cost to deliver (45%) and outsourced partner visibility (43%).

While 45% rated cost to deliver as a top pain point, in comparing these findings with the technologies being used to handle growth of delivery volume (see Figure 8), only 26% of the same respondents are currently prioritizing dispatch based on cost to deliver, i.e. only 26% are trying to reduce delivery costs through dispatch technology. However, 61% of the same logistics providers plan to address this in the next two years.



Today's last mile delivery platforms connect the logistics ecosystem with greater visibility while providing routing and scheduling capabilities to reduce the cost to deliver.

Figure 4 Top last mile operational pain points



eCommerce growth impact on 2021 operations

eCommerce is growing and is impacting the growth of last mile operations. In fact, only 2% of survey respondents indicated they are not experiencing any impact from eCommerce growth.

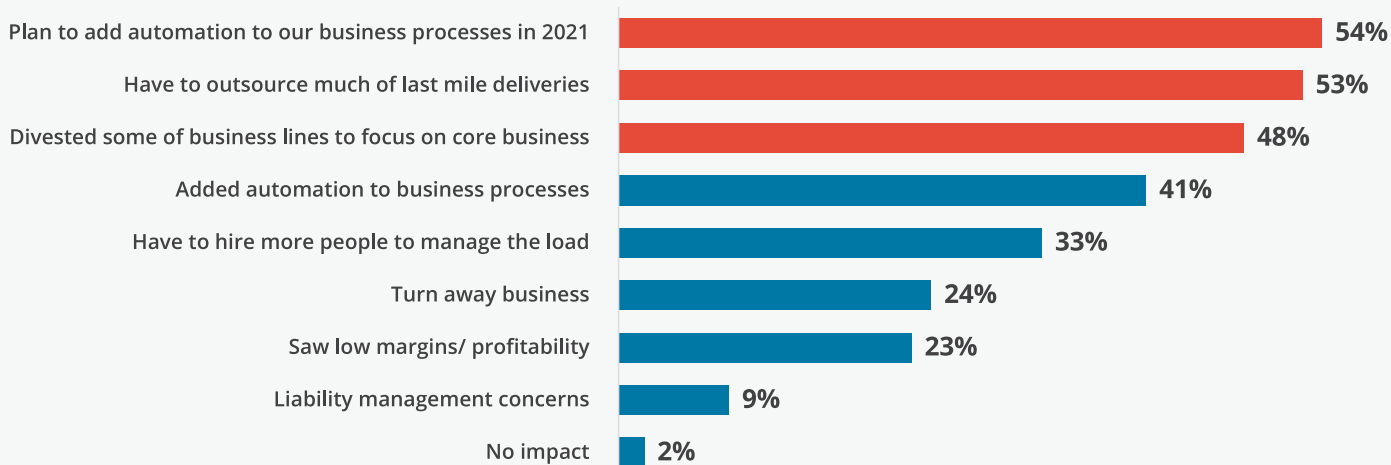
For most respondents, eCommerce growth galvanized their companies to add automation to business processes. 54% are planning to do so in 2021, and 41% have already done so.

Almost half of all respondents are divesting some of their business, so that they can focus on the last mile and facilitate growth in this line of business. Investing in last mile business is becoming a priority for logistics providers, due to its potential profitability.



As the year continues, those logistics and transportation providers who do not invest in their last mile logistics – particularly in automation and optimization – will find themselves unequipped to meet shipper volumes and demands for better customer experiences.

Figure 5 eCommerce growth impact on 2021 operations



Tactics to increase business through last mile operations

We set out to learn how companies are planning to increase business through last mile operations.

The #1 tactic as indicated by 64% of survey respondents is offering new, premium services and service plans (e.g. white glove).

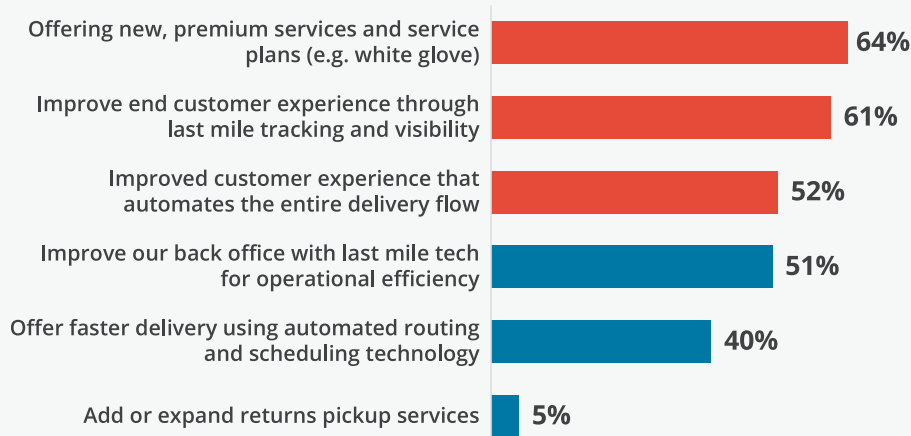
This was followed by the need to improve end customer experience through last mile tracking and visibility (61%) and improved customer experience that automates the entire delivery flow, including self-scheduling and automated delivery notifications (52%).

Only 5% of respondents are focused on adding or expanding returns. Compare this with an industry survey in which 87% of consumers called returns “important” or “very important” to their customer experience.



Returns are part of the omnichannel experience. While retailers are not currently focusing on improving their returns services, logistics providers will need to provide solutions for this through technologies that support omnichannel last mile delivery flows, including delivery and returns on the same run.

Figure 6 Tactics to increase business through last mile operations



Changes in delivery prices 2021

Recognizing that big players such as FedEx and UPS are raising their prices in 2021, we asked survey respondents if they have raised, or are going to raise their own delivery prices in 2021.

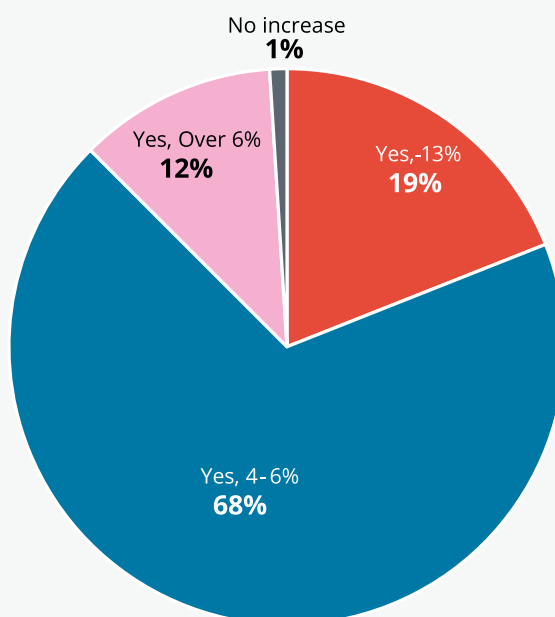
99% are increasing prices in 2021 with the vast majority (68%) raising prices by 4% to 6%, like other large companies in the industry.

The growth of delivery volumes is causing challenges and the only way to manage that for many is to raise prices.



While Logistics leaders are raising costs across the board, they must ensure that they are also investing in the features that provide better value and competitive differentiation to shippers and end customers.

Figure 7 Increase in delivery prices 2021



Last Mile Technologies



Technology map for handling the growth of delivery volume

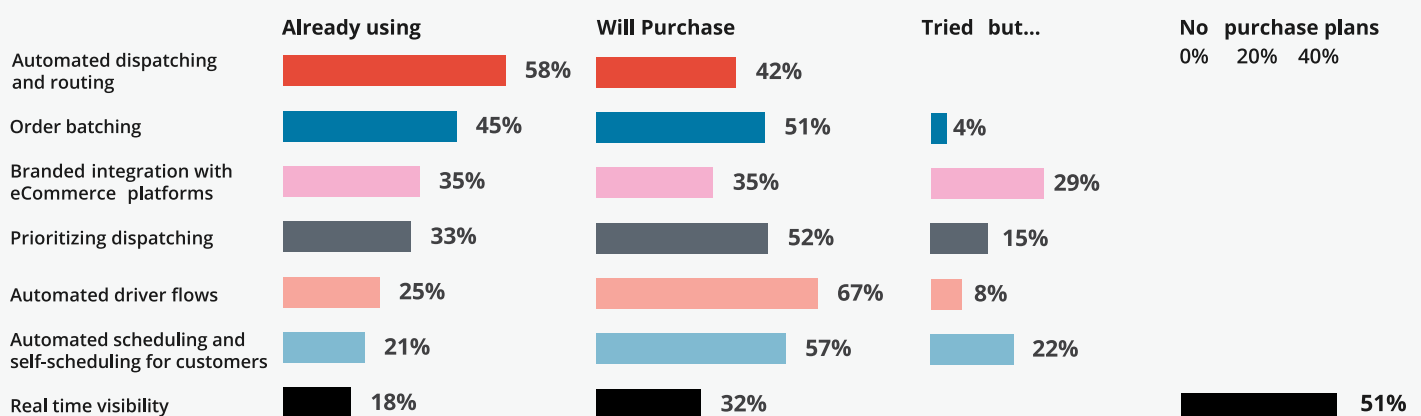
We asked survey respondents which technology capabilities and initiatives they have in place to handle the growth of delivery volume, including which ones they plan to purchase, those they have tried but abandoned, and those they have no plans to purchase.

Automated dispatching and routing is the most-used technology for handling greater volumes; 99% of respondents either already use (57%) or plan to purchase (42%) this solution. This is followed by order batching (96% use or will purchase). While automated driver flows through a dedicated app (e.g., overview of stops; prompts to take photo, proof of delivery, or regulatory steps) is only used by 25% today, it is the #1 technology in terms of those plans to purchase (67%).



Despite the overwhelming demand for real-time visibility from shippers, over half of respondents have no plan to purchase this technology. This is a significant gap that will have to be addressed if logistics companies plan to increase market share in the coming year.

Figure 8 Technology map for handling the growth of delivery volume



Technology roadmap for handling the growth of delivery volume, 2021-2023

While Figure 8 above gave us a 30,000 ft overview of technology usage and plans, we looked further to learn about the technology roadmap for handling the growth of delivery volume.

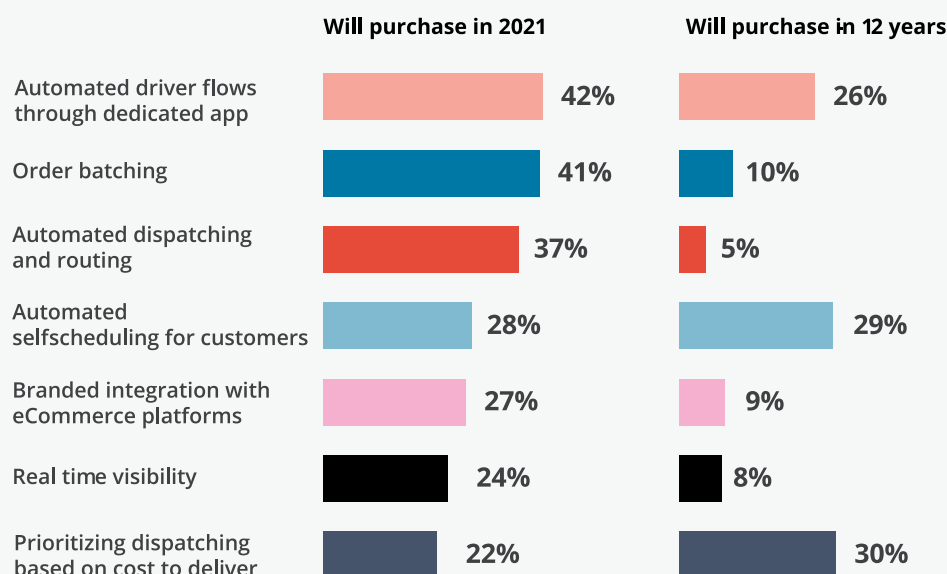
We asked survey respondents which technologies they are planning to use this year and which ones will be used in the coming 1-2 years.

For automated driver flows through a dedicated app, for example (Figure 9), 42% plan to purchase this technology in 2021, while 26% have it on the roadmap for the next 24 months.



The sense of urgency around missing tech capabilities is strong. This is the time for logistics providers to look for a delivery solution that can provide all the different functionalities on a single platform.

Figure 9 Technology roadmap for handling the growth of delivery volume, 2021-2023



Abandoned technologies for handling the growth of delivery volume

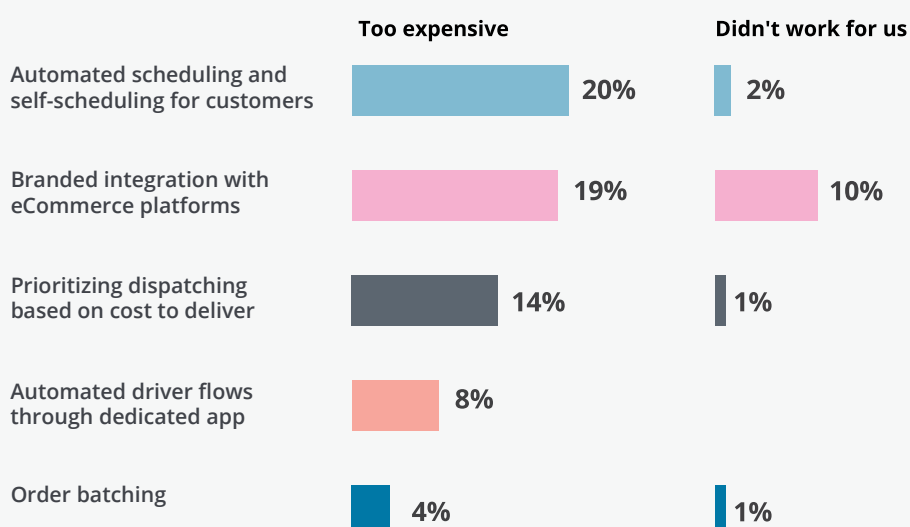
Following the overview of technology usage and plans, we asked survey respondents which technologies they tried but gave up on, either due to high costs or technologies that did not work for their company.

Automated and self-scheduling took the #1 spot when it comes to technologies that turned out to be too expensive (20%), and branded integration with eCommerce platforms took the #1 spot in technologies that did not work for companies (10%).



While 61% of respondents say automated scheduling/rescheduling was the top ask among shippers (figure 1), over 1 in 5 found it too expensive. This disparity highlights how often the price point for tech stacks can be a blocker to meeting shipper demands and creating better customer experiences.

Figure 10 Abandoned technologies for handling the growth of delivery volume



Technologies helping increase driver retention

As logistics providers are adding more capabilities and service models, the complexity grows for the drivers.

When asked which technologies will help increase driver retention, the top three technologies accounted for 71% of responses.

The #1 technology selected by 27% of survey respondents was better visibility into order requirements of delivery flow (e.g. requirements for each stop).

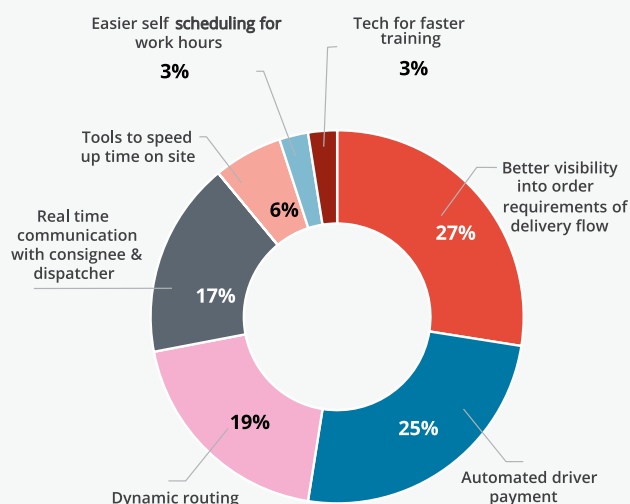
This was followed by automated driver payment (25%) and dynamic routing (19%).

As delivery volumes grow and new services become more popular, the delivery itself becomes more complex. Drivers need tools to handle deliveries where every order may contain different requirements, such as digital proof of delivery or over-the-threshold delivery.



Offering drivers mobile applications that digitize their delivery flow will enable them to perform more tasks on a single route and boost retention among drivers.

Figure 11 Technologies helping increase driver retention



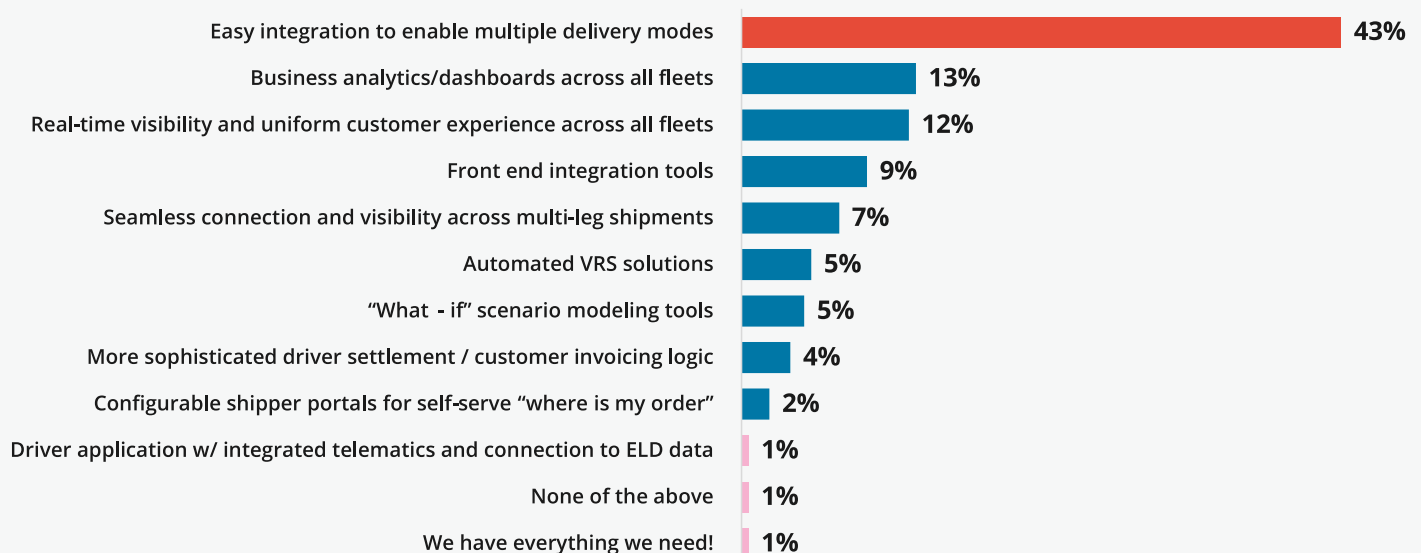
Technologies helping to differentiate offering and win business

When asked which single technology would most help differentiate their offering and win business, an overwhelming majority of survey respondents picked easy integration to enable multiple delivery modes (e.g. demand-driven dispatching to crowdsourced fleets as needed). Logistics leaders understand that new delivery models such as same-day delivery and services like installation and assembly are key to growing their last mile business.



The ability to digitally connect their ecosystem via integrations will allow logistics companies to extend their services via third-party providers that support these additional delivery modes.

Figure 12 Technologies helping to differentiate offering and win business



Sustainability in Last Mile Operations



Prioritizing Sustainability Practices in 2021

Sustainability practices are a priority. 78% of respondents indicated it as a high (50%) or very high (28%) concern. According to Gartner's 2020 report on the future of the supply chain, many large companies have taken a sustainability pledge, but in practice, 26% of large companies say they are not making it a priority.



There is a gap between what companies say they will do, and what they actually do.

Returning to our survey, when it comes to the top 3–5-year sustainability goal (Figures 13–14), small logistics providers are more likely than large ones to be aiming to incentivize consumers to pick sustainable delivery options. Larger companies are focusing more on operational changes that reduce their last mile carbon emissions, such as switching to EV vehicles or partnering with green fleets.

Figure 13 Sustainability practices prioritization in 2021

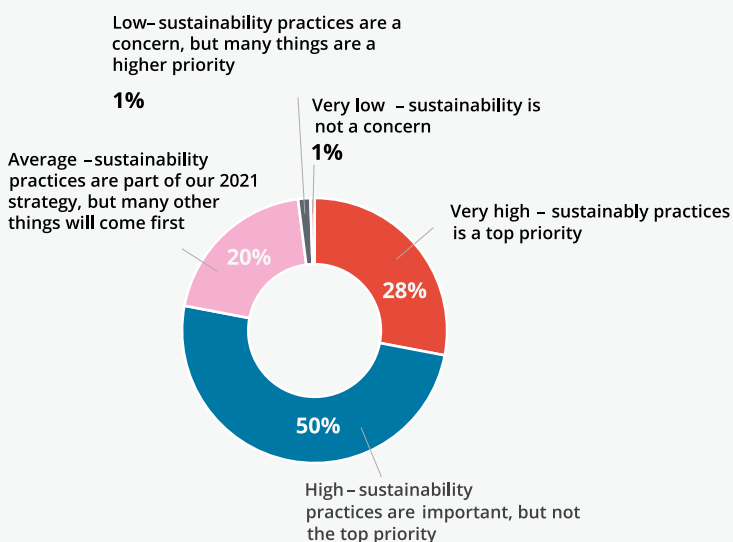
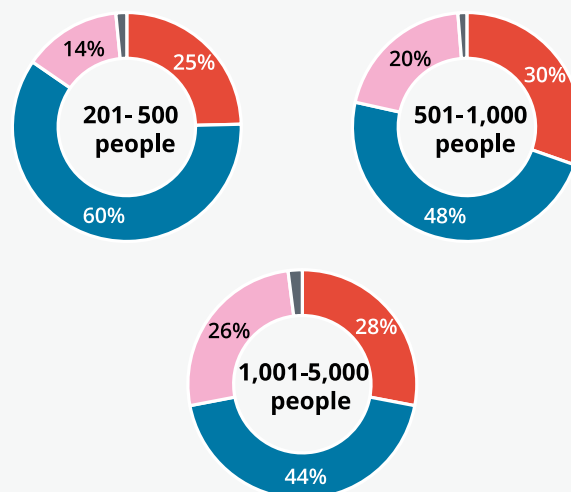


Figure 14 Sustainability practices prioritization in 2021 by company size



Sustainability leaders by country

We broke down responses to sustainability prioritization (Figure 13) by country and ranked countries based on those giving sustainability a high or very high priority.

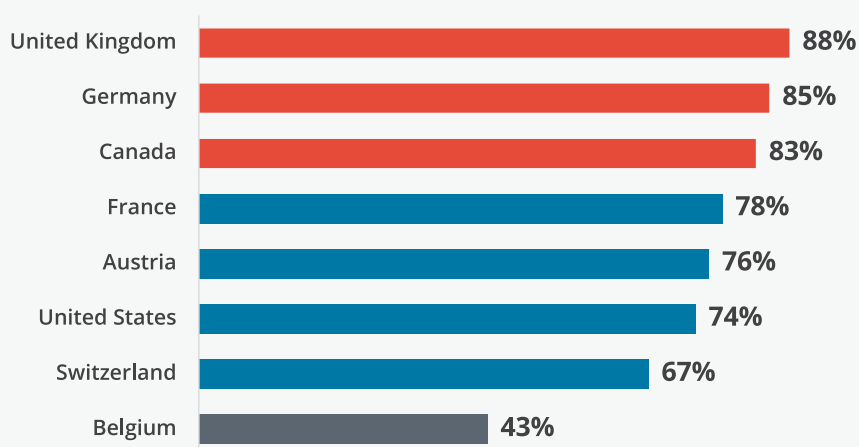
United Kingdom came in first (88%), followed by Germany (85%), and Canada (83%). United States came in #6 with 74%.

The United States is lagging Europe in turning sustainability pledges into practice. When reviewing delivery models and fleets, Europe is normalizing the use of eCargo bikes and green fleets.



As the leader in sustainable initiatives, Europe sets the example for how to undertake sustainable practices and implement them into a last mile business.

Figure 15 Sustainability leaders by country



Sustainability plans for reducing carbon emissions in the next 6-12 months

Looking at how companies are planning to meet sustainability plans in the short term (over the next 6-12 months), the #1 plan is the addition of other non-combustion delivery methods such as bike, bot or drone (63%).

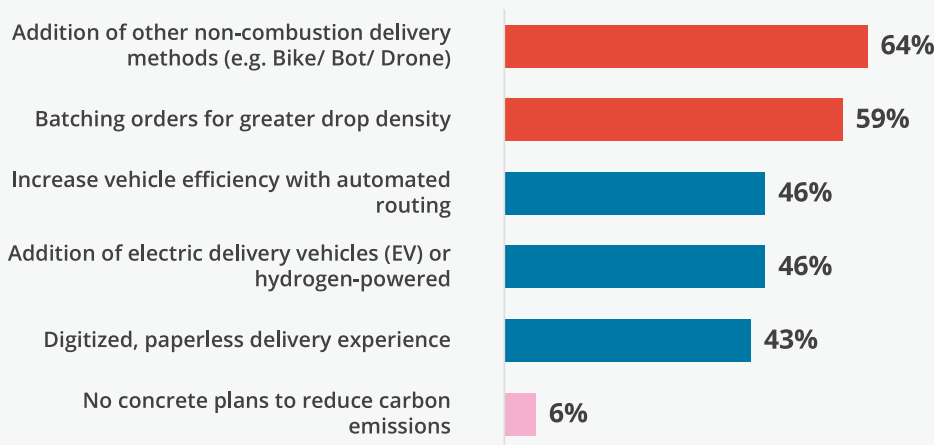
Other plans include batching orders for greater drop density (59%) and increase vehicle efficiency with automated routing (46%).

When it comes to adding EV fleets, the larger the company – the greater their focus is on adding fleets. This is in part because only companies with deeper pockets can afford to purchase EV-fleets.



Logistics companies with smaller budgets can reduce emissions by flexibly using additional 'green' third party carriers in a demand-driven model.

Figure 16 Sustainability plans for reducing carbon emissions in the next 6-12 months



Top sustainability goals for the next 3-5 years

Looking at how companies are planning to meet sustainability goals in the next 3-5 years (Figure 17), the #1 goal (58%) is to reduce carbon emissions via EV fleets or other non-combustion delivery methods, sustainable routing and dispatching.

Small logistics providers (Figure 18) are more likely than large ones to be aiming to incentivize consumers to pick sustainable delivery options. Larger companies are focusing more on operational changes that reduce carbon emissions more directly, such as switching to EV vehicles or partnering with green fleets.

Figure 17 Top sustainability goals for the next 3-5 years

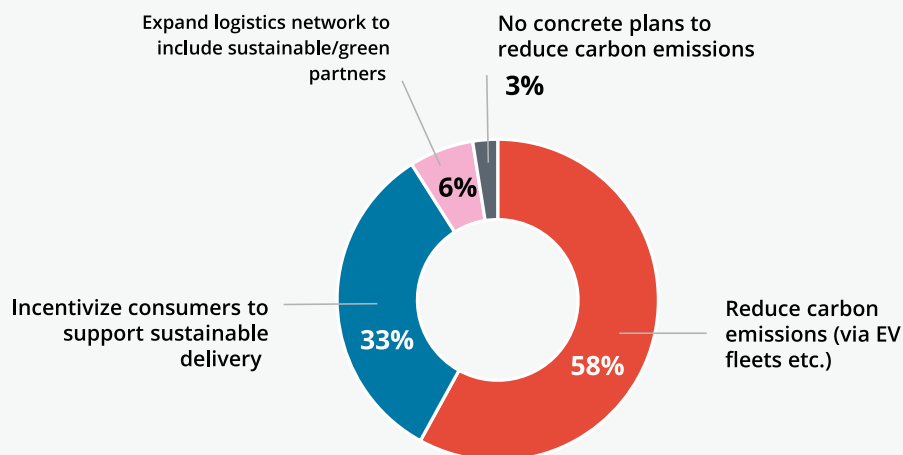
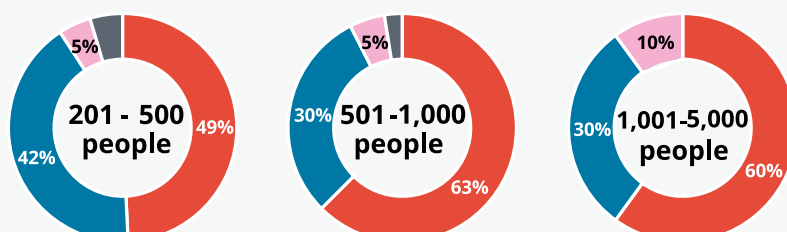
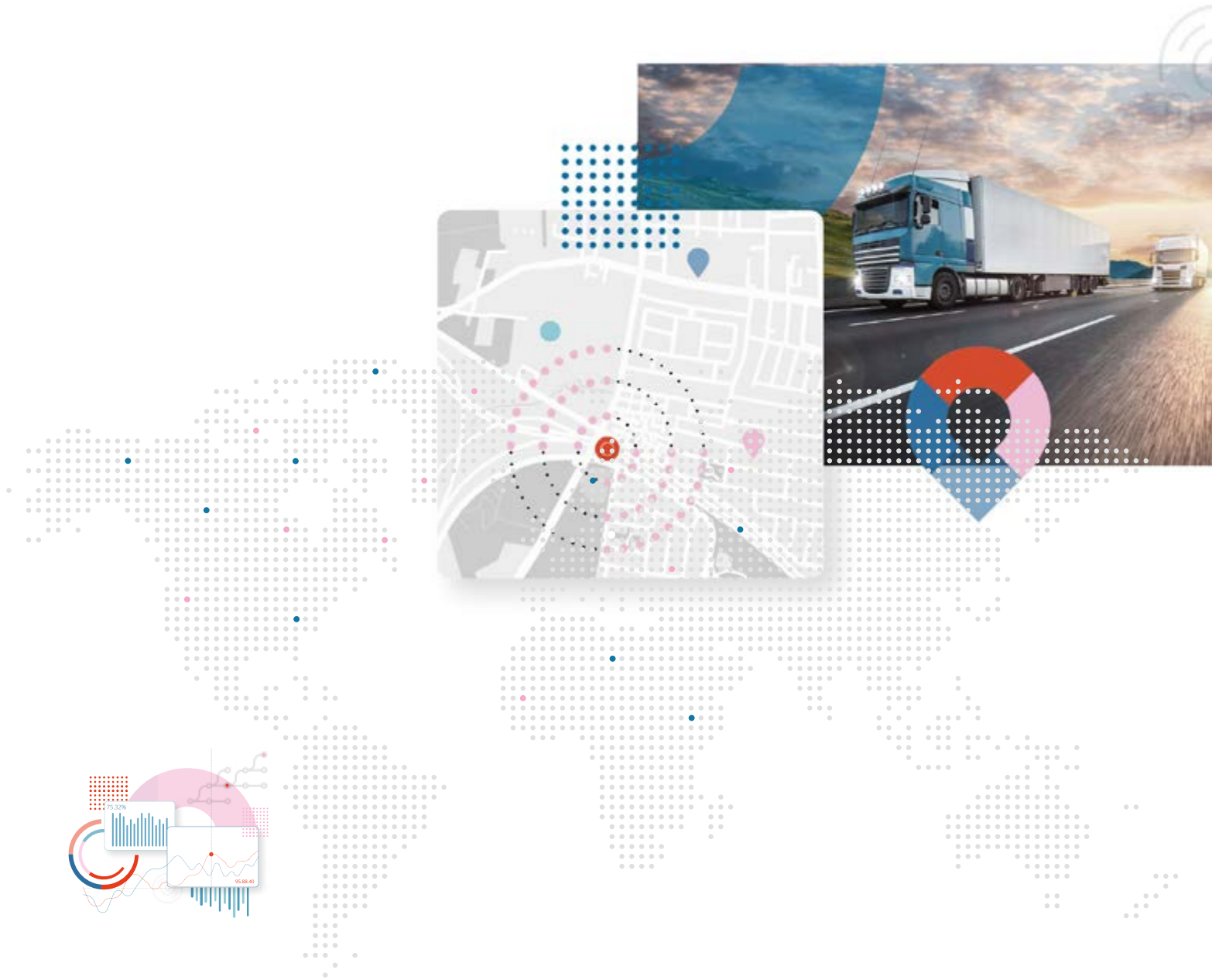


Figure 18 Top sustainability goals for the next 3-5 years by company size

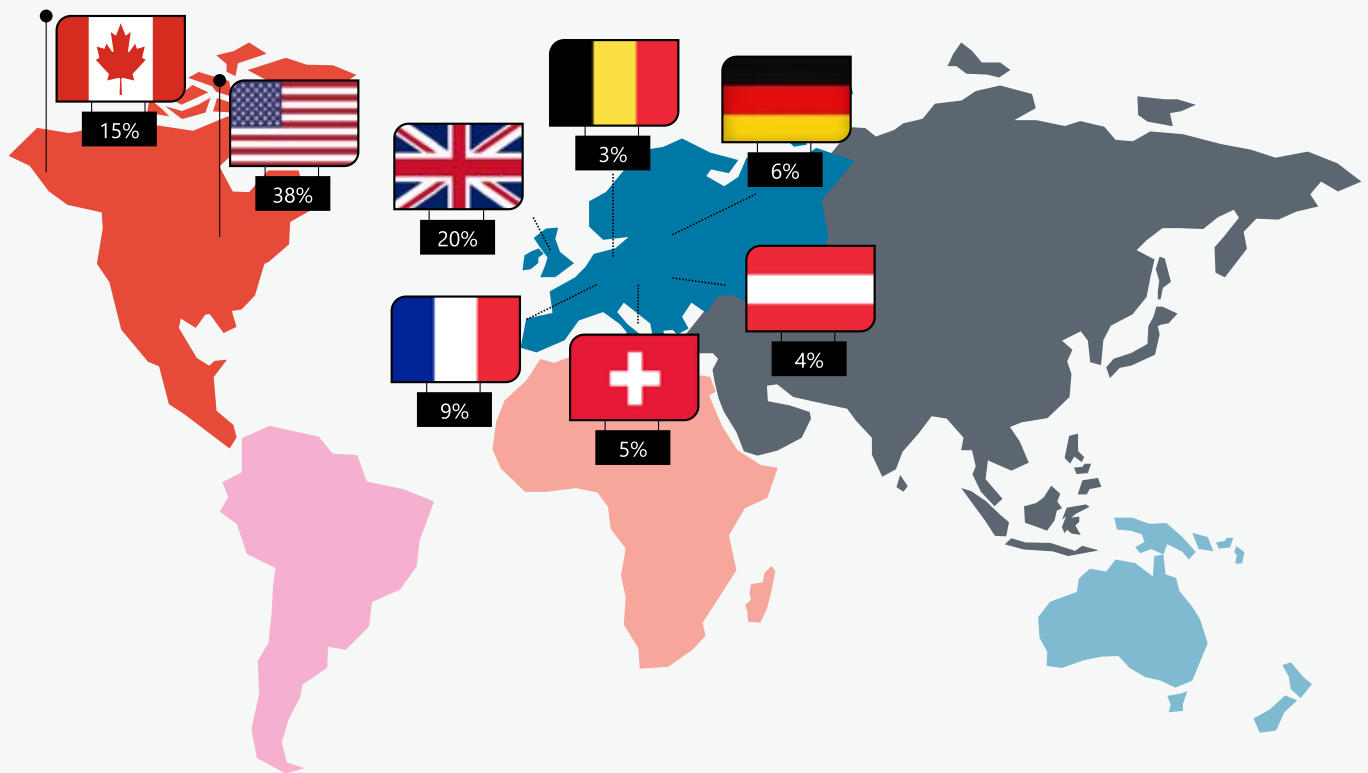


Demographics



Country of Residence

Figure 19 Country of Residence



Job Role, Company Size and Department

Figure 20 Department

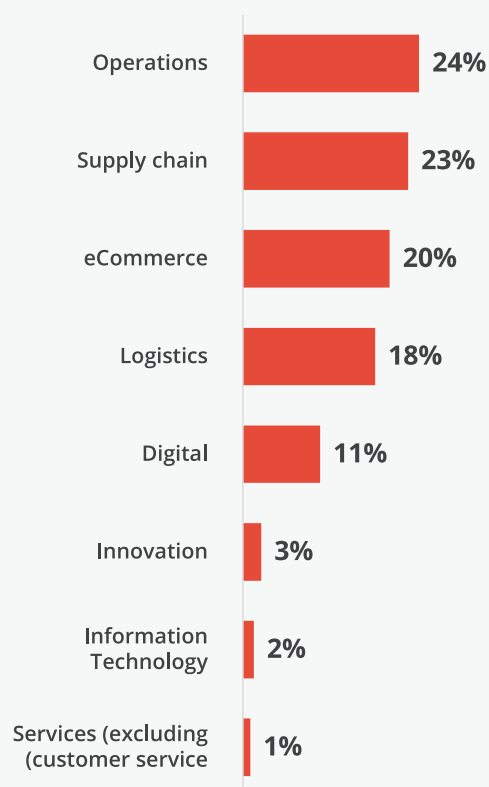


Figure 21 Job Seniority

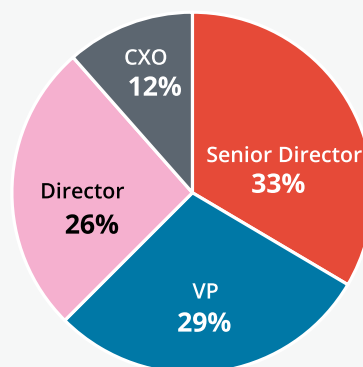
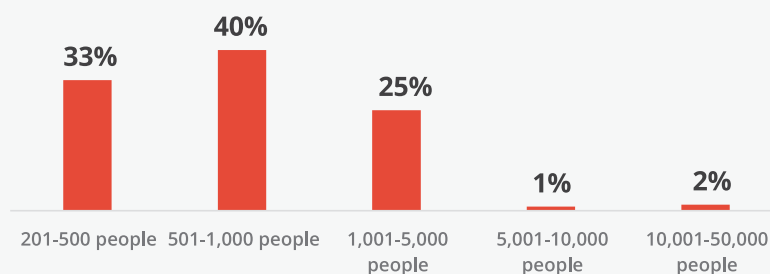


Figure 22 Company Size





Intelligent Delivery and Logistics at Scale

Bringg helps logistics providers like you scale up and optimize your delivery services for greater operational efficiency and improved customer experiences. We've helped customers such as Walmart, SEKO, Day & Ross, LSO, Planzer and Coca Cola experience double digit growth in sales from rapidly introducing new delivery services while reducing operational cost.

Our delivery and fulfillment cloud platform digitizes and connects your supply chain systems, delivery fleets and customers. We apply automation and business logic to orchestrate your delivery and services so you can do more: deliver more capacity, offer more service options, and save through greater efficiencies.

Inspiring Our Customers to Be More



Smarter Logistics, Faster Deliveries, Happier People

Ready to Hear More? **Let's Talk**