

Delivering ROI: Key Benefits of Investing in a Last-Mile Routing and Dispatch Software



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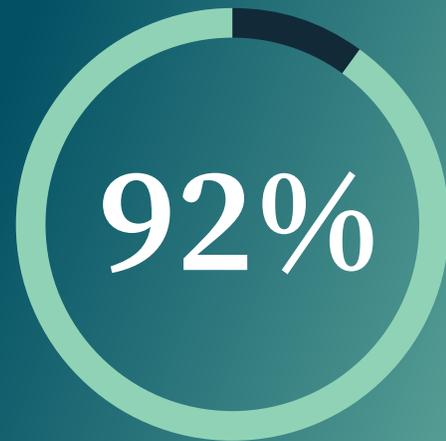
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Introduction

The last mile is often the breaking point for customers. According to [recent survey data](#), **customers now expect home delivery within 3.5 days**, and **25% will take their business elsewhere** if companies can't meet this demand.

And it doesn't end there: **92% of shoppers say delayed orders impact their decision to purchase again**, while **80% of executives acknowledge that delivery costs are rising**.

The result? A problem with an obvious solution—make sure last-mile deliveries are quick and accurate—but no clear path to implementation. In this paper, we'll break down some of the biggest challenges businesses face in last-mile delivery and explore how using last-mile routing and dispatch software can help.



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Current Challenges in Last-Mile Delivery

The last-mile delivery market is growing. In 2023, companies **spent more than \$175 billion on last-mile delivery services and technologies**, and the market is **expected to grow 6% annually through 2032**. According to the [U.S. Bureau of Labor Statistics](#), **more than 1.6 million people were employed as delivery truck drivers in 2023**, and the sector is on track for “much faster than average” growth over the next 10 years. However, a [2024 Alix Partners survey](#) highlights a key challenge: **76% of executives say delivery costs are rising**.

The result? While the growing industry offers opportunities, making the most of last-mile markets isn't easy. Current challenges in last-mile delivery include:

Increasing Costs

The last mile is the most costly and time-intensive part of the shipping process, and these costs are on the rise. In late 2023, both FedEx and UPS announced a **5.9% average increase in their shipping rates**. While smaller delivery providers may offer slightly lower costs to capture market share, they often don't provide the same level of service and support as trusted national carriers. This results in a tough choice for companies: Pay more for the same service, or pay less and roll the dice that last-mile deliveries will remain on time.



In 2023, both FedEx and UPS announced a 5.9% average increase in their shipping rates.

Expensive Failures

Companies also face the challenge of failed deliveries. According to recent data, **73% of customers have experienced an e-commerce delivery failure.**

While consumers are sometimes responsible for these failures—for example, by incorrectly entering their address online—the outcome remains the same for businesses: lost time and money.

Last-mile packages delivered to the wrong address or not delivered at all still cost the same to package, ship, and send out. The only difference? With no customer to receive the package, companies miss out on the benefits of repeat business.

Unhappy Customers

Customers expect deliveries to arrive directly at their door—and on time. In fact, **61% of American consumers prefer retailers that offer delivery and 30% expect deliveries to happen the same day they order.** If deliveries don't meet expected timelines, or if customers can't keep track of packages when they reach the last mile, buyers may choose to take their business elsewhere. According to one study, **73% of customers said they were likely to abandon a brand after a single negative experience.**

Limited Visibility

For many companies, current routing and dispatch tools don't provide sufficient last-mile visibility for customers. According to a recent [APQC survey](#), **less than half of respondents have real-time visibility into last-mile deliveries.** And for almost 25% of those asked, this visibility was only available to a “small extent.”

Without the ability to track where packages are and predict when they'll arrive, companies face a critical information gap. When deliveries arrive late or are sent to the wrong address, sellers can't help customers directly. Instead, they have to refer buyers to [third-party delivery services](#), which may not offer the same level of customer service or response.

Last-mile [routing and dispatch software](#) can help companies address and overcome these challenges.



73% of customers have experienced an e-commerce delivery fail.



30% of American consumers expect deliveries to happen the same day they order.

What Is Last-Mile Routing and Dispatch Software?

Last-mile routing and dispatch software helps streamline logistics operations. **These tools integrate with your existing technology stack to provide improved control, visibility, and efficiency throughout the routing and delivery process.**

Depending on your provider, routing and dispatch software may include additional features to help address logistics challenges. Best-in-class providers typically offer customization options, which let your business build and deploy solutions specifically designed to meet your needs.



Last-mile routing and dispatch software helps streamline logistics operations.



Why Invest in Last-Mile Routing and Dispatch Software

Last-mile routing and dispatch software can help companies address and overcome key delivery challenges. Effectively implemented, these solutions offer seven key benefits:

1. Improved Operational Efficiency and Productivity

Current conditions:

One common source of reduced productivity is partially empty trucks. Consider that on average, **delivery trucks are 84% full when they leave last-mile depots**. For companies in the top quartile of productivity, trucks are **90% full**. For those in the bottom quartile, trucks are just **77% full**.

This 13% difference is significant. **Less space used means fewer packages on board**. Fewer packages on board means fewer deliveries can be made before drivers need to return. The result is more time to make the same number of deliveries, along with higher costs for fuel and vehicle maintenance.

How last-mile software can help:

Last-mile software solutions can help optimize delivery routes to maximize truck space and minimize fulfillment time. These tools can factor in multiple conditions like overall efficiency, time windows, customer priority, or custom metrics for optimal performance.

2. Reduced Costs

Current conditions:

Companies are spending more to get packages where they're supposed to be—and get them there on time. As noted above, last-mile delivery can make up a significant portion of total shipping spend, and this number continues to rise as fuel and labor costs increase.

How last-mile software can help:

Software solutions offer a way to minimize delivery costs without compromising quality.

For example, while shipping costs remain high, companies can reduce spending by optimizing delivery routes and dispatch operations. Better routes reduce fuel consumption and save on vehicle maintenance, while on-demand dispatch tools equip drivers with the information they need to complete deliveries quickly and accurately.

Consider recent last-mile software upgrades made by UPS, which saw a **reduction of 2-4 miles per driver per route**. Fewer miles traveled means more efficient deliveries, reduced wear and tear on vehicles, and reduced fuel spending. The result? Higher ROI. As total last-mile costs go down, profit increases even in the face of rising shipping costs.



Software solutions offer a way to minimize delivery costs without compromising quality.

3. Satisfied Customers

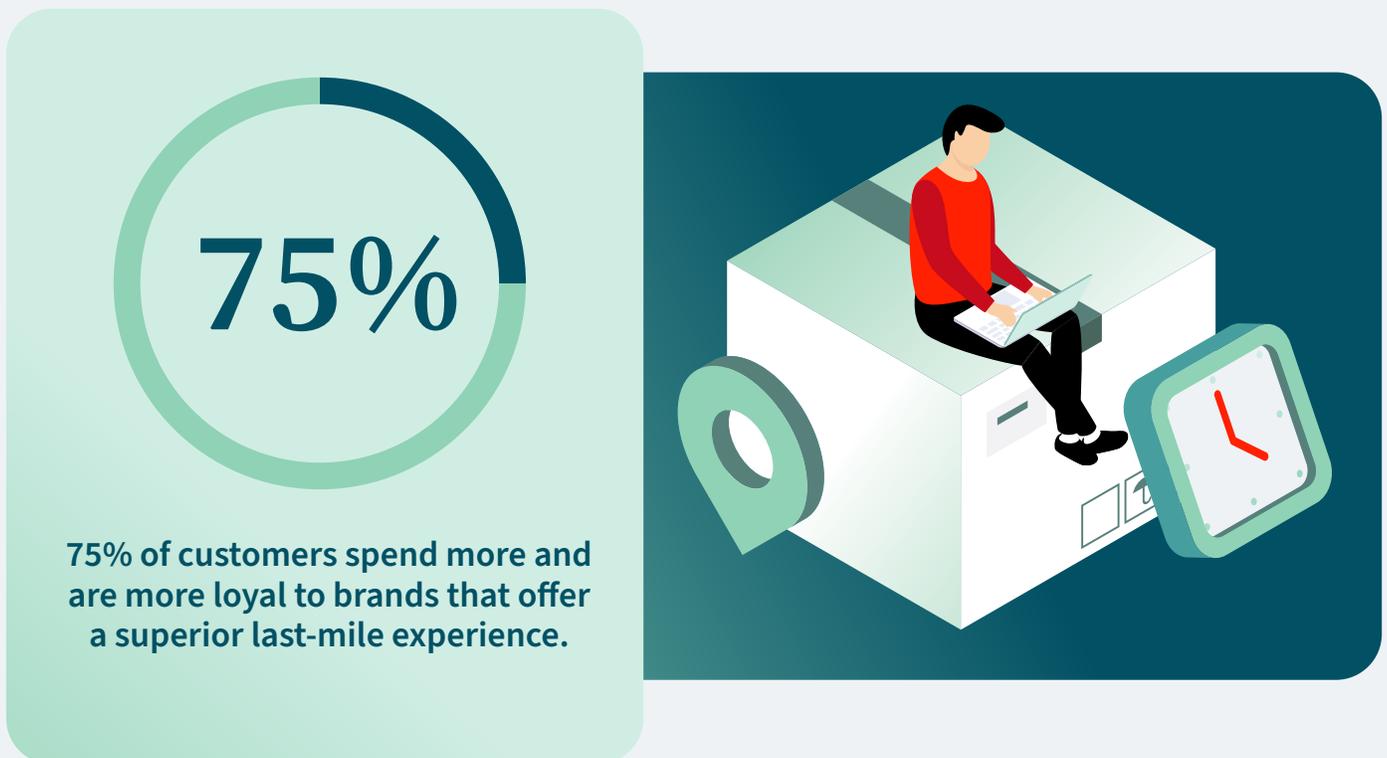
Current conditions:

Customers who don't get their deliveries on time or don't receive what they order are unlikely to place another order. With so many options now available, there's no shortage of other providers that can give customers what they want, when they want it.

This is especially problematic if companies use third-party providers that offer limited support options or take days to answer customer requests. While the delivery provider is a separate entity, from the perspective of customers, your business and your delivery partner are one and the same. Poor last-mile service reflects directly on your commitment to customer satisfaction.

How last-mile software can help:

With last-mile software, companies can keep customers informed via email, text messages, and online tracking. Staff can access ETAs and order updates to quickly address customer inquiries. It's worth noting that **75% of customers spend more and are more loyal to brands that offer a superior last-mile experience**. This means better last-mile service doesn't just prevent customer churn but can help drive increased revenue.



4. Increased Visibility and Accountability

Current conditions:

Many businesses struggle to see what happens in the last mile. This can leave them with more questions than answers. For example, what happens if a package is listed as delivered but hasn't been received by the customer?

In this case, there could be an issue with last-mile logistics partners or packages may have been stolen. **According to recent survey data, so-called “porch pirates” steal more than \$8 billion worth of online deliveries each year.**

Without visibility into the last mile, accountability becomes a challenge.

How last-mile software can help:

With last-mile software, it's possible to capture and view proof of delivery. For example, last-mile companies might require delivery providers to obtain a digital signature from package recipients and take a picture of the package at the correct address. Once this data is entered into last-mile software, businesses can access and view it on-demand.

Consider a package reported as undelivered by a customer. **Using last-mile software, businesses can verify when and where the package was delivered and who signed for it.** If this data hasn't been entered, companies can hold drivers and delivery partners accountable for failing to follow procedure.



So-called “porch pirates” steal more than \$8 billion worth of online deliveries each year.

5. Enhanced Scalability

Current conditions:

Legacy tools and generic solutions often struggle to integrate with newer systems like ERP, POS, or e-commerce platforms. This creates a problem for scalability. As businesses expand into new markets or add products, outdated tools may fail to meet evolving demand. This can lead to lost time and money.

For example, if last-mile deliveries include payments made via POS devices but legacy tools won't integrate with these systems, deliveries take more time and effort, in turn lowering total delivery volumes. If legacy services can't keep pace with growing delivery demand, meanwhile, companies may need to rely on time-intensive manual processes to ensure consistent performance.

A recent [CIO Dive](#) report confirms what business leaders already know—keeping legacy tools up-to-date is expensive.

In 2023, **businesses spent an average of \$2.9 million on legacy technology upgrades and maintenance.**

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How last-mile software can help:

Customized routing and dispatch software is built to scale with your business. As you expand into new regions and delivery volumes increase, you don't need to worry about systems getting overwhelmed or performance suffering as new drivers, trucks, and routes are added.



6. Data-Driven Decision Making

Current conditions:

The last-mile delivery process generates significant amounts of usable data—if companies can capture and analyze it. For example, information about average delivery times, fuel consumption, and the number of undelivered packages can help inform both current operations and future investments.

In many cases, however, **companies struggle to capture this data as it's created.** Instead, they're limited to post-delivery information that may not tell the whole story.

How last-mile software can help:

Last-mile software can help companies discover and analyze key metrics in real time.

Consider a business that notices an uptick in undelivered packages. Data analysis reveals that the rise in non-delivery is tied to a specific neighborhood at a specific time. With this insight, businesses can adjust routes and schedules to reduce incomplete deliveries.



Last-mile software can help companies discover and analyze key metrics in real time.

For example, **last mile software can help track key vehicle metrics such as fuel consumption, idle times, hard turns, and hard braking, all of which impact the vehicle lifecycle.** According to a recent Fleet Equipment Magazine piece, typical items to keep an eye on would be brakes, tires, fluid levels, and general engine wear and tear, all of which can be tracked and monitored with the right software. More data means more opportunities to address maintenance needs before components fail, in turn reducing the risk of delivery service interruptions.



7. Increased Sustainability

Current conditions:

Optimized routes can cut carbon emissions by up to 62% per month. For many companies, however, optimizing routes can be a real challenge. Balancing package volumes with delivery priorities and potential delays due to construction or traffic is no easy feat. As a result, drivers often choose their own routes, which are rarely the most efficient.

How last-mile software can help:

Optimized route planning can lower carbon emissions and improve sustainability. This offers the dual benefit of cost savings and a stronger brand image. According to recent data, **78% of U.S. consumers say that a sustainable lifestyle is important to them.** If companies can demonstrate a commitment to the environment without compromising the speed of last-mile service, the result is a win-win.

Last-mile software can analyze delivery volumes and local conditions to create optimized routes, which can be updated in real time to account for changes in traffic or package delivery priorities.



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Going the Extra Mile with Elite EXTRA

Quick, accurate, and cost-effective last-mile delivery is now the expectation. The result? Companies need to go the extra mile to keep customers satisfied and keep clients coming back; simply completing the delivery is no longer enough.

Since 2008, Elite EXTRA has been helping companies unlock last-mile ROI. With solutions ranging from optimized route planning to on-demand third-party delivery and returns automation, we support your business from the first step to the final mile, and everywhere in between.

Ready to unlock your last-mile ROI? [Learn more about Elite EXTRA.](#)