

'22 Last-Mile Logistics Predictions: Carriers Continually Challenged is the New Norm

Expedited, urban last-mile delivery provider, AxleHire today released their list of the top 11 trends in the last-mile delivery logistics space in 2022.

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/EINPresswire.com/ -- Expedited, urban last-mile delivery provider, [AxleHire](#) today released their list of the top 11 trends in the last-mile delivery logistics space in 2022. Some of these trends are new, while others are continuations of trends that surfaced in the past couple of years, often resulting from the pandemic. These trends will continue to evolve as the growth of e-commerce and consumer demands shape the world of last-mile logistics.

Capacity Crunches

FedEx, UPS, OnTrac, and even

LaserShip put lids on capacity during the 2021 holiday season. As the season winds down into the new year, expect capacity crunches to become the norm. With expected double-digit growth in e-commerce in 2022 and beyond, asset-heavy legacy carriers will struggle to keep up, creating capacity bottlenecks in the delivery logistics chain. Retailers will increasingly turn to last-mile carriers to meet growing demand. We're entering a period where last-mile carriers' market share will increase, and the most agile and scalable last-mile carriers will see revenues grow faster than the market average.

Unpredictable Forecasts

Shippers have always struggled to forecast their volumes around peak season. With the added uncertainty of the upstream supply chain, a driver shortage, and a straggling middle-mile, planning for volume in the last mile will remain a year-round challenge. With this level of unpredictability, carriers with the agility to scale processes on short notice will have a distinct competitive advantage. Reaction time and flexibility will be crucial to success over the next year.



AxleHire, the top expedited, urban last-mile delivery provider



According to a recent study from Technavio, the last-mile delivery market in North America will grow 16% annually between 2021 and 2025."

AxleHire

More Labor Shortages

The labor shortage will become more acute in 2022. In September of 2021, the U.S. Bureau of Labor and Statistics announced that 4.4 million Americans quit their jobs for something better. As a result, finding and retaining reliable driver talent in 2022 will persist as one of the industry's most significant challenges.

Regional Carrier M&As and Consolidations

Amazon has set high customer expectations for the same or next-day delivery. To compete and reduce delivery times, shippers are moving their inventory closer to their end customers, decreasing the value of integrated national carrier networks. This trend will accelerate in 2022 and lead regional carriers to look at consolidations which can extend their coverage to more metro areas, giving larger shippers more options.

Focus on Sustainability

Consumers are increasingly favoring sustainable delivery practices. According to Deloitte's 2021 Holiday Survey, 63% of consumers prefer shopping at retailers that adopt sustainable practices, and 76% are willing to pay more for certified sustainable goods. In addition, the EPA recently reported that the transportation sector is the single most significant contributor to greenhouse gas emissions in the U.S. In light of growing consumer sentiment, shippers and carriers will accelerate their attempts to minimize their environmental impact and build a greener supply chain.

Predictive Data and Artificial Intelligence

Data science and other predictive technology will become more prevalent in a world where unpredictability is the new norm. Machine learning may help shippers and last-mile providers determine what might or might not be coming in terms of shipments, volume, on-time delivery, driver supply, and more. Data science and AI will become critical differentiators in allowing carriers to prepare for and respond to uncertainty amidst accelerated growth.

Emphasis on Customer Experience

Today's consumers expect to track their package through every step of the journey from the moment they click purchase to the moment it arrives on their doorstep. A survey by Digital Commerce 360 found that 98% of consumers believe delivery is a crucial part of their brand loyalty. The survey also found that 93% of consumers want to stay informed throughout the delivery process, and 47% will not order again from a brand with poor delivery visibility. As a result, in 2022 and beyond, shippers will continue to push carriers to extend their customer real-time conversation capabilities and allow customers more flexibility to provide last-minute changes in delivery requirements.

The Need for Speed

According to a [McKinsey](#) report, consumers, especially millennials, are prepared to pay a 30% premium for same-day delivery and even more for guaranteed delivery. Same- and next-day delivery have been on the rise for years, and Amazon has conditioned consumers to expect this level of service from all their e-commerce purchases. As a result, carriers will increasingly turn to technology to drive efficiency in last-mile services to improve capabilities in providing same-day / next-day service in order to keep up with consumer demand.

Robots in Last-Mile Delivery

A recently published report by Facts and Factors estimates that market size and share for the delivery robots' market is expected to reach 55 Billion USD by 2026, up from 17.13 Billion USD in 2020, a 20.4% growth. Autonomous vehicles will drive growth in delivery options for local retailers, allowing them to better compete with larger national chains. We'll likely see some exciting experiments in autonomous delivery in 2022, but the broader use of robots / autonomous vehicles in last-mile delivery will probably come to fruition sometime beyond 2022. The potential for autonomous technology is enormous.

Urban Warehouses/Sortation Centers

The U.S. Census Bureau estimates that 83% of the U.S. population lives in urban areas and projects that by 2050, 89% of the U.S. population will live in urban areas. The trend of locating sortation centers nearer to the end customer will accelerate in 2022, resulting in faster delivery times, better fuel efficiency, and reduced traffic congestion. Because customer demand is constantly changing based on seasonality and other factors, flexibility and scale are vital to creating sustainable last-mile delivery solutions.

Traffic and Parking Challenges

As warehouses and sortation centers move closer to the end customer, traffic and parking challenges will increase. It's not uncommon for urban carriers to incur and pass parking fees as a part of delivery costs. Often drivers spend extra time circling the block looking for open spots and then must walk parcels from a greater distance to their ultimate destination due to parking challenges, negatively affecting on-time delivery. In 2022 we'll see the industry look for new and creative ways to bypass urban parking and traffic challenges.

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