SOTI®

STATE OF MOBILITY IN TRANSPORTATION AND LOGISTICS

THE LAST MILE SPRINT

The State of Mobility in Transportation and Logistics report highlights the key challenges that today's T&L businesses deal with in the face of unparalleled demand

The problem with the elusive last mile

As consumers turn to e-commerce to fulfil their purchasing needs, especially during the recent global lockdown, fast delivery is no longer a luxury – it is an expectation.

But, when deliveries do not show up on time, customers complain. With so many options at their disposal, they vote with their wallets and take their business elsewhere.

This isn't just one country's problem. It's a global, industry-wide challenge, faced by Transportation and Logistics (T&L) companies. The journey of a product from the warehouse to a customer's door is traditionally the slowest part of the delivery process. Paradoxically, it also has a major impact on consumer satisfaction.

The problem is further compounded by the fact that this final stage of delivery has seen staggering growth. In 2018, last-mile delivery demand had increased **67%**[1] for business-to-consumer (B2C) over the previous 18 months.

In addition, according to research by CapGemini[2], last-mile delivery costs account for **53%** of the total cost of shipping, and up to **41%** of the total supply chain costs. In other words, around half of your delivery and supply chain costs are spent on the final mile.

The costs and inefficiencies of the last-mile problem have been aggravated by the continued rise of e-commerce, which has led to a dramatic increase in the number of packages delivered each day, as well as customer expectations to include not only fast delivery, but *free* delivery regardless of geography.

Businesses are under incredible pressure to optimize delivery routes and processes, which can incur additional costs, impacting the bottom line. If you have ever tracked an order placed online and seen the 'out for delivery' status and felt it was longer than expected, you've already experienced the problem with the last mile, first-hand.

Last-mile delivery costs account for 53% of the total cost of shipping, and up to 41% of the total supply chain costs

This final stage of the delivery process usually involves several stops for small packages. In rural areas, delivery points along a particular route could be several miles away, and only one or two packages are left at each destination. In cities, the picture is not much better. What urban areas compensate for in the proximity of stops is quickly offset by almost constant traffic delays.

The reality is last-mile delivery is hardly ever completed in one mile. Even if deliveries arrive on the day they were due, customers are rarely aware of what time the delivery person will be knocking at the door. If the consumer isn't at home when the package arrives, it could lead to *failed* deliveries. This means more time wasted when drivers must return to different points on their route, driving up delivery costs that customers continue to expect for free.

SOTI has carried out research among **450 IT Managers, IT Directors, Senior Management and C-Suite (all disciplines)** working in the T&L industry across six countries (U.S., Canada, UK, Germany, Sweden and Australia), to gauge their opinions, and the trends and solutions driving them. Research was conducted in May and June 2020 by independent research agency, Arlington Research.

The State of Mobility in Transportation and Logistics report highlights the key challenges that today's T&L businesses deal with in the face of unparalleled demand and why many are turning to innovative technology solutions, such as the SOTI ONE Platform, to solve their business-critical mobility issues.

Key findings summarized

1. More than **6 in 10** agree last-mile delivery is the most inefficient process in the entire supply chain

2. Almost half (**49%**) said their technology is outdated and holding them back

3. **76%** of respondents agree a mobile-first strategy for last-mile delivery enables powerful and transparent customer experiences

4. Usage of new technologies is low with only **27%** of T&L organizations using Tizen Smartwatches and **28%** using Google Glass

5. Almost **6 in 10** have replaced many handheld devices with wearables

6. **58%** agree having a mobile-first strategy for last-mile delivery has reduced their operational costs

7. Almost half with a mobile-first strategy, agree that this has improved productivity (**48%**) and visibility (**46%**)

8. **29%** of Senior Executives cite a mobile-first strategy as their priority for driving business forward

9. A mobile-first strategy is invaluable in times of crisis, like lockdown

10. Conclusion: Last-mile delivery problems need a mobile-first solution

The majority are aware of the problem

Businesses are more focused on customer satisfaction than ever before, but simply having a great product isn't enough. An essential layer to enhancing the overall customer experience is getting the product to the customer quickly and efficiently before they start to even think about where it is.

It is also the stage that keeps most T&L professionals awake at night. More than 6 in 10 (**61%**) agree that the last-mile delivery process is the most inefficient process in the entire supply chain for their organization. Unsurprisingly, this figure rose when the size of the business increased, with **69%** of companies with over 1,000 global employees agreeing with this statement. What is noteworthy is that almost three-quarters of respondents (**73%**), who agree their company has outdated technology, also view the last-mile delivery process as the most inefficient process in the entire supply chain for their organization.

When looking at specifics for the cause of these logistical headaches, reducing downtime of mobile devices in the field is cited as a top business concern for many T&L professionals, making the ability to remotely diagnose and fix tech issues in real-time a key priority. An example of this includes when a driver is on the road and their device stops working. Traditionally they would have had to return to the office to get the device fixed, which would take hours. With remote control technology, device issues can be resolved within minutes of a support call.

Seven in ten (**70%**) agree reducing downtime of mobile devices is a top business concern and this increased to **72%** in Sweden, **73%** in the U.S., **77%** in Germany and a massive **86%** in Australia.

And that notion was further reinforced by **76%** of respondents whose organization already had a mobile-first strategy for over a year. But where does the crux of the issue lie?

61% agree that the last-mile delivery process is the most inefficient process in the entire supply chain for their organization
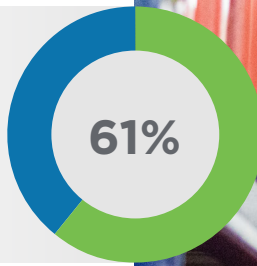
50% of C-Suite respondents said outdated technology has caused or will cause them to lose customers
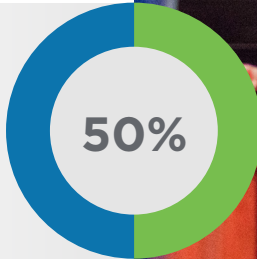
Outdated technology is losing customers

When delving into specifics surrounding the technology already in place, it is interesting to note the consequences that are flagged. Almost half of T&L companies (**49%**) agree their technology is outdated, rising to **56%** large organizations (those with 5,000 to 10,000 employees worldwide). Interestingly, almost 7 in 10 (**68%**) of T&L organizations in Canada and Sweden, felt their organization has outdated technology.

When analyzing the impact of this outdated technology, half of C-Suite respondents (**50%**) whose organizations were using outdated technology, believe they will lose customers or have already lost customers because of it. While almost a third of senior management using legacy technology (**30%**), directly attributed this to falling behind their competitors.

Worryingly, almost a quarter of senior managers using outdated technology (**24%**) also believe they are at risk of a heavy fine for non-compliance.

The solution is undoubtedly seen as a 'mobile-first' strategy

The solution to this multifaceted problem is, thankfully, simple: A robust mobile-first strategy will enable organizations to deliver a smooth and transparent customer experience on time, while reducing costs and driving customer satisfaction.

Over three-quarters of respondents (**76%**) agree an effective mobile-first strategy for last-mile delivery enables powerful and transparent customer experiences, with trackable deliveries that arrive at their destination earlier.

This increased to almost 9 in 10 in Canada (**88%**), **82%** in the U.S. and **80%** in Australia. Over 8 in 10 T&L companies with over 1,000 employees (**83%**) agreed with the statement, as did **80%** of T&L firms who've had a mobile-first strategy in place for over a year.

Over two-thirds of companies (68%) agree wearables save time on routine tasks compared to handheld devices

Usage of new tech is low

Wearables such as smartwatches, wearable clothing or any other combination of devices used, provide the ability to allow the wearer to access data from anywhere. These devices can bring significant advantages in the areas of driver performance, driver safety and security, and driver health.

For example, Tizen (a Linux-based mobile OS backed by the Linux Foundation, but developed and used primarily by Samsung Electronics) smartwatches are being used in field services for real-time communication, and fatigue monitoring technologies alert drivers who may be falling asleep at the wheel while driving, helping to save lives.

Yet, many respondents were unaware of new technologies such as Tizen smartwatches. Only half of T&L companies (**50%**) are aware of Tizen smartwatches and usage is even lower (just **27%**). We found that awareness was highest in Canada (**62%**), but below half in Germany (**49%**) and in the UK (just **41%**).

More people have heard of Google Glass with well over half (**56%**) stating they were aware of the technology, but usage is low with only **28%** of respondents saying they had used it. Usage of Google Glass dropped even further in the UK (**15%**) while Canada's uptake of this tech was the highest at **46%**.

Continuing to look at new technology, over 4 in 10 (**45%**) T&L companies agree 5G technology will play an important role in last-mile delivery in five years' time. This increased to almost half (**49%**) of senior management and **56%** of respondents who has an effective mobile-first strategy for last-mile delivery which have reduced operational costs.

Handhelds are being replaced by wearables

Despite the usage levels of some new technologies, such as Tizen watches and Google Glass being low, **58%** of T&L companies agree their organization has replaced a lot of handheld devices with wearables, increasing to **64%** in Canada, **70%** in Australia and **74%** in Sweden.

Examples of wearables include hands-free barcode scanning technologies that saves valuable seconds in the field. Or wearable headsets that allow users to quickly look up information or find parts completely hands-free. Both examples illustrate how wearable technology enables tasks to be performed faster, freeing up workers' time for more value-added tasks and responsibilities. More time to complete more projects, also means more satisfied customers for field services organizations with a service model.

T&L organizations most likely to have replaced handheld devices with wearables are those with 5,000 to 10,000 global employees, of which they accounted for **72%**.

Over two-thirds of companies (**68%**) agree wearables save time on routine tasks compared to handheld devices, rising to **72%** in Australia, **76%** in the U.S. and **80%** in Canada – reaching **77%** amongst companies with 1,000 or more employees.

Almost two-thirds (**64%**) agree wearables are more cost-effective than handheld devices, rising to **68%** in both the U.S. and Australia, and **70%** in Canada. This rose impressively to **78%** with companies of 5,000 to 10,000 employees.

Those aware of the solution firmly believe in a mobile-first strategy for reducing costs

Consider you must perform a software and security update for an entire fleet of mobile devices. The ability to remotely and automatically update all the devices at once, instead of having to do each device manually, can reduce this process from days to minutes, demonstrating real cost savings for a business. Two-thirds of respondents (**65%**) agreed their organization would benefit or has already benefited from having an effective mobile-first strategy for last-mile delivery. This increased to **74%** in both the U.S. and Australia, and **80%** in Canada.

Almost 6 in 10 (**58%**) surveyed, who already have a mobile-first strategy for last-mile delivery, agree it's effective and has reduced their operational costs. This rose to 7 in 10 (**70%**) in North America, versus just **46%** in Europe. And of the companies who have had a mobile-first strategy in place across their business (not just for last-mile delivery) for over a year, **69%** believed in it.

Even those currently without a mobile-first strategy in place for last-mile delivery recognized the benefits their organization could enjoy, especially in reducing their operational costs (**86%**). This increased to **90%** amongst organizations of more than 1,000 global employees.

Increased productivity and visibility

By adopting a mobile-first strategy, T&L companies can gain visibility into critical aspects of their supply chain and leverage real-time decision-making to improve workforce productivity and create better, more responsive experiences. Visibility of where mobile devices are located, what software and versions are installed and who is using it, are essential for helping productivity. By being able to control and update devices centrally and locally, anywhere at anytime, businesses can be sure that productivity is not impacted by downtime or inefficient devices. This advantage is clear to organizations, with over 8 in 10 (**84%**) stating their organization has a mobile-first strategy in place, increasing to **86%** in the UK and Australia and **87%** in the U.S.

Amongst those T&L companies with a mobile-first strategy in place, almost half (**48%**) agree it has improved their workforce productivity.

Forty-six percent believed it has given them visibility into the critical aspects of their supply chain. Especially true in the U.S. (scoring **54%** on this metric), **44%** went on to say it had leveraged real-time decision-making and **43%** agreed it had created better, more responsive customer experiences.

Almost 6 in 10 (58%) surveyed who already have a mobile-first strategy for last-mile delivery agree it's effective and has reduced their operational costs

58%

## Senior management see the operational benefits

According to senior management, the top way mobile technology can be used to increase profitability for T&L companies in the next five years is to improve operational efficiencies and reduce operational costs.

Just under a third, **32%** of senior management agree this is the main way mobile-first technology will help, while **28%** of all respondents believed such improvements would help reduce operational costs and increase profitability within the next five years. This increased to **32%** in the UK and **29%** in the U.S.

Hence why looking to the near future, **29%** of senior management cited introducing or growing a mobile-first strategy as their current priority to drive their business forward. In Canada, a third of all respondents cited this as a top priority (**36%**) with the U.S. following suit (**34%**) and Australia not far behind (**32%**).

A key driver for why this is such a priority for senior management could be that **46%** state that having a mobile-first strategy has enabled their organization to win new customers. This figure rises to over half of all respondents (**52%**) in North America and a third of respondents in Europe (**33%**).

46% state that having a mobile-first strategy has enabled their organization to win new customers
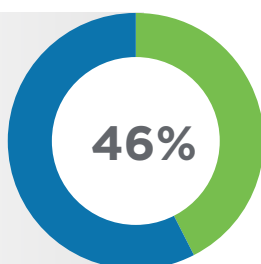
A mobile-first strategy is critical in times of crisis

While COVID-19 is an 'unprecedented time' globally, countries have had to sit up and take note – because what's really hit home is that a crisis of this magnitude is not only possible, there's nothing to say it will never happen again.

With the world having experienced some form of lockdown and increased numbers of people being at home, on their mobile devices, we have all had to reassess how we live, and this has had a huge impact on business. If ever there was a need for a mobile-first strategy – it is now. How many businesses were caught off guard, unable to operate remotely? How many businesses lost revenue or market share to competitors? How many businesses will not recover from the logistical nightmare of the pandemic?

Thirty-six percent of those surveyed agreed their organization would benefit from having improved real-time support for mobile devices during times such as the COVID-19 pandemic. This increased to **38%** in Canada, **41%** in the U.S., **44%** in Sweden and **46%** in Australia. As time goes on and the economic fallout is fully realized, would these numbers increase?

Of those who have a mobile-first strategy for last-mile delivery in place, 4 in 10 of T&L companies agree it's helped them during this crisis.

Conclusion

Not leveraging a mobile-first strategy can jeaporidize an organization's commercial success and an inability to adapt to changing demands, wherever they are based, could threaten their existence.

What is apparent from the findings is that it's agreed that a mobile-first strategy can help reduce operational efficiencies, especially when it comes to that elusive last mile that seemingly evades so many.

Wherever this is achieved, customer satisfaction follows and profitability can be increased. Nearly three-quarters (**74%**) of respondents agreed with this statement in the U.S. and Australia – with **80%** of Canadian T&L firms saying 'yes', a mobile-first strategy has reduced or would reduce their operational costs.

In addition, almost two-thirds (**65%**) of T&L companies (across six key international markets) agreed that having an effective mobile-first strategy has benefitted them already, or would do so in the future. Then, mobile-first technology becomes a no-brainer for companies striving to deliver an improved customer experience.

The greatest challenge we face, is striking the balance between customer satisfaction and profitability. Today, customers have higher expectations than ever, for a delivery that is both fast and free, with no inconvenience. For any organization, this is no small feat. But technology can make life easier and less painful all round and at the click of a button.

Last-mile delivery problems need a mobile-first solution.

The SOTI solution

The SOTI ONE Platform intuitively integrates all your Enterprise Mobility Management (EMM) needs into one powerful, easy-to-use platform. It helps reduce the cost, complexity and downtime related to business-critical mobility.

Comprised of seven unique and revolutionary components, the SOTI ONE Platform removes functional silos to create a single platform that helps to eliminate downtime, build apps faster, manage all mobile and IoT devices in one place, and deliver actionable insights to help make smarter decisions.

Start your free
SOTI ONE Platform
trial today

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450 interviews were conducted using an online methodology amongst IT Managers, IT Directors, Senior Management and C-Suite (all disciplines) working in the T&L vertical across six countries. All respondents are aged 18 and over and work in companies with 50 or more global employees. The 450 interviews are split across six international markets as follows: USA (100 interviews), Canada (50 interviews), UK (100 interviews), Germany (100 interviews), Sweden (50 interviews) and Australia (50 interviews).

Footnotes

1 https://img03.en25.com/Web/FCBusinessIntell
   igenceLtd/%7B9403ad27-2b3d-4901-b56f-
   422945cd913c%7D_ETP_EFT0118_
   TheLastMileLogisticsWhitePaper_V21.pdf

2 https://www.capgemini.com/research/
   the-last-mile-delivery-challenge/

SOTI is a proven innovator and industry leader for simplifying business mobility and IoT solutions by making them smarter, faster and more reliable. SOTI helps businesses around the world take mobility to endless possibilities.

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