



Last Mile
LEADERS

Eye On The Last Mile 5.0

America Edition 2025

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About Eye On The Last Mile Report

At FarEye, we set out to decode the ever-evolving last-mile landscape—and that’s how Eye on the Last Mile was born. In a world where customer expectations shift by the second and disruptions define the norm, staying ahead is no longer optional; it’s mission-critical. This report isn’t just about tracking trends or crunching numbers – it’s a blueprint for transformation.

Eye on the Last Mile 5.0 equips America’s businesses with the insights they need to outpace change, anticipate challenges, and uncover untapped opportunities. It’s a catalyst for those passionate enough to innovate and thrive in an era where the last mile is the ultimate battleground for differentiation. For those ready to lead, this is your playbook to win big.



Kushal Nahata,
CEO & Co-Founder



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Premise

In the fast-evolving landscape of the last mile in America, we are at a strategic inflection point where what we do today will have a compounding impact on our future. As customer expectations soar and markets become ever more dynamic, leaders must harmonize efficiency, resilience, and innovation to keep pace. To help gauge the pulse of the last mile in America, we have compiled this first-ever primary report on the state of the last mile called 'Eye on the Last Mile - USA 2025'. In this edition, we explore the challenges and opportunities that define success for enterprises navigating the complexities of modern logistics, technology integration, and omnichannel delivery.

This report draws on insights from an extensive survey of senior industry professionals across 500+ organizations nationwide. Respondents include C-suite executives, directors, general managers, and departmental heads responsible for key areas such as transportation, operations, technology, procurement, and compliance. They revealed the hurdles, priorities, and transformative strategies driving the future of American logistics and supply chain operations. Below is an overview of the participant job title distribution.



Respondents by Persona

2025 Last-Mile Delivery Priorities

Executive Summary

In 2025, the last-mile delivery landscape in the United States focuses on balancing operational excellence, cost discipline, and heightened customer expectations. Industry leaders place timeliness and reliability at the forefront, with 70% targeting over 99% on-time, damage-free delivery performance. Cost control remains a significant priority for 50% of respondents, reflecting ongoing pressures from fuel, labor, and operational expenses.

Customer experience stands as a key focus for 30% of companies, while 25% emphasize the adoption of technology, including real-time tracking, AI-driven routing, and orchestration tools, to enhance both efficiency and service quality. Workforce challenges persist for 15% of respondents, especially in underserved or rural areas, while sustainability, at just 5%, remains a lower priority relative to other operational goals.

Cost remains the largest challenge, identified by 18.7% of respondents, followed by visibility issues at 13.5% and carrier performance concerns at 11.9%, underscoring the critical importance of operational transparency and reliability. Delivery costs have risen on average by about 12% year-over-year, with some routes experiencing sharp spikes, largely due to route inefficiencies, volatile fuel prices, and driver wage inflation.

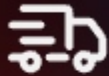
From a consumer perspective, convenience is crucial: 61% of consumers are willing to pay more for faster delivery options. However, operational gaps exist; for example, 58% of businesses do not offer delivery slot selection, and many contend with high volumes of “Where Is My Order” inquiries due to tracking shortcomings.

Looking ahead, same-day delivery is projected to grow from 27% of deliveries today to 35% by 2027, signifying acceleration toward ultra-fast fulfillment. Fleet strategies continue blending owned and outsourced models, with nearly 90% of companies planning to maintain or increase reliance on third-party logistics providers by 2030 to leverage flexibility, scalability, and capacity advantages.

Overall, the U.S. last-mile delivery landscape is navigating rising consumer demands, cost pressures, and rapid technological innovation, emphasizing speed, control, and cost efficiency as critical factors for competitive success in 2025 and beyond.

This report explores these priorities, challenges, and opportunities—arming last-mile leaders with the insight needed to navigate the next wave of transformation.

Top 3 Insights:



Speed is Non-Negotiable

70% of U.S. last-mile leaders are targeting 99%+ on-time, damage-free delivery, with the same-day share expected to jump from 27% today to 35% by 2027.



Cost Pressure is Relentless

18.7% cite cost as the #1 challenge, with average delivery expenses rising ~12% YoY and some routes spiking over 70% due to inefficiencies, fuel volatility, and labor inflation.



Outsourcing Dominance is Inevitable

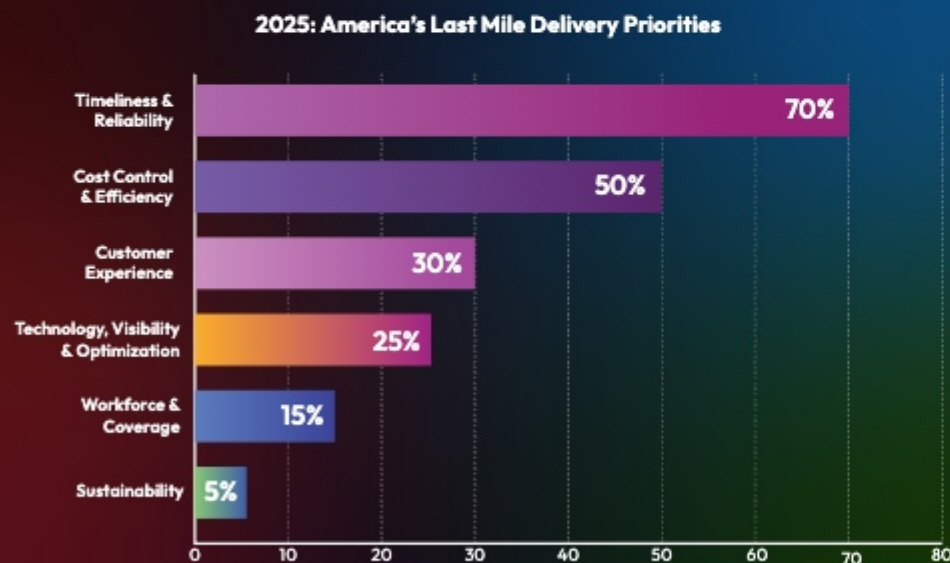
Nearly 90% of companies plan to maintain or increase outsourcing by 2030, driven by the need for flexibility, scalability, and capacity gains in a competitive market.



2025 Last-Mile Delivery Priorities - Findings Summary

Overview

In 2025, last-mile leaders are balancing operational excellence, cost discipline, and customer satisfaction in an increasingly competitive and volatile market. Feedback from industry stakeholders reveals clear, quantifiable priorities shaping investment and execution strategies.



Key Priority Themes

- **Timeliness & Reliability (70%)** - Achieve consistent on-time, damage-free deliveries with 99%+ OTIF targets. On-time delivery remains the most cited priority, appearing in 7 out of 10 responses.
- **Cost Control & Efficiency (50%)** - Reduce costs through optimized routing, fuel savings, and process automation. Cost efficiency is the second-highest focus, with half of respondents naming it as a 2025 imperative.
- **Customer Experience (30%)** - Deliver premium, consistent, and flexible services that drive loyalty.
- **Technology, Visibility & Optimization (25%)** - Use real-time tracking, AI, and orchestration tools to improve operations. Technology adoption is now mainstream, with 1 in 4 organizations mentioning real-time visibility or AI-driven optimization.
- **Workforce & Coverage (15%)** - Retain skilled drivers and close service gaps in underserved areas. Workforce challenges persist, affecting 15% of respondents, especially in rural markets.
- **Sustainability (5%)** - Lower carbon footprint with eco-friendly fleets and efficient routing. Only 5% explicitly cite sustainability, suggesting a lag in green initiatives relative to other goals.

America's Top Last Mile Challenges

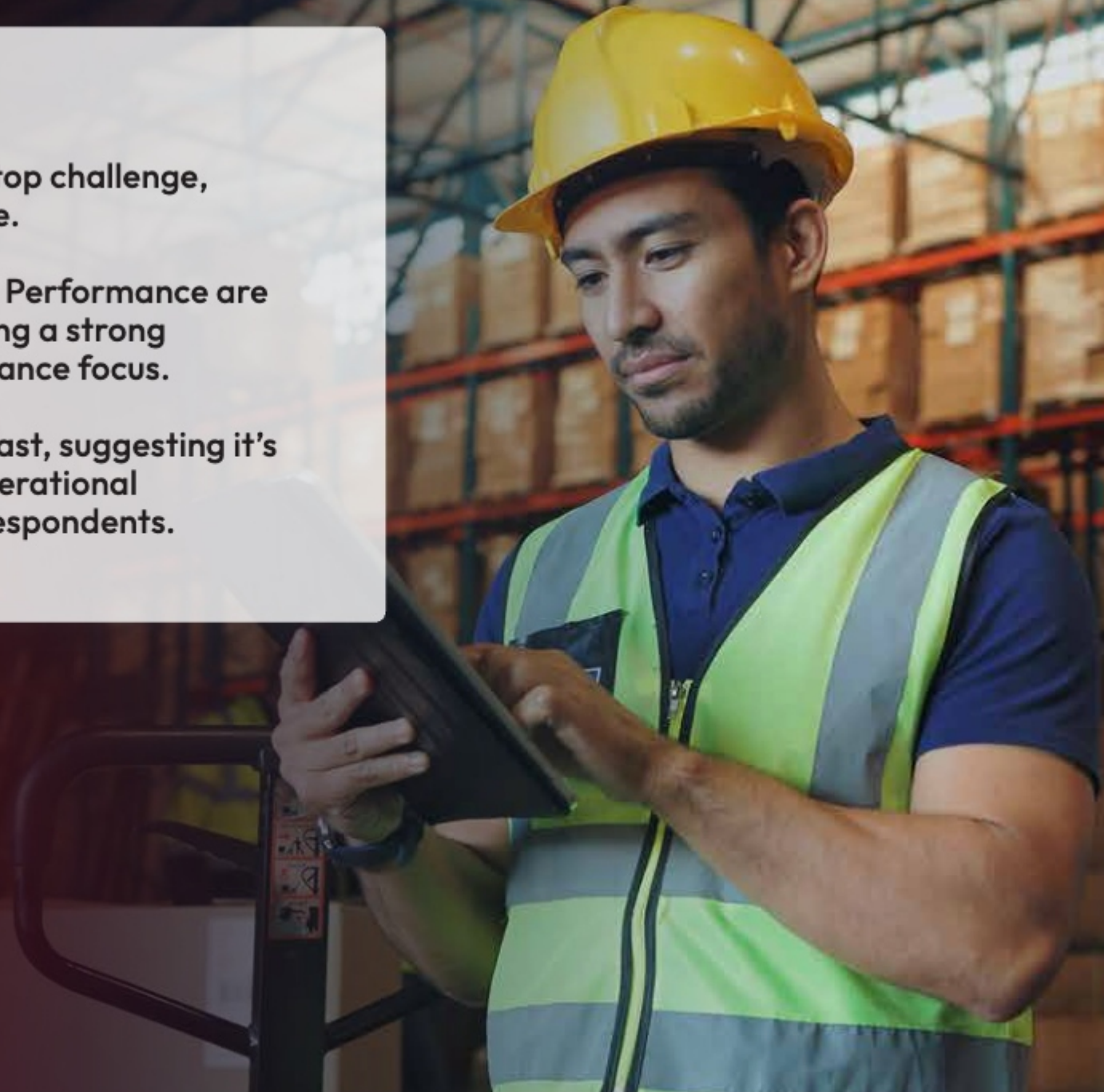
- **Cost (18.7%):** The most significant challenge, cited as a top concern by the largest share of respondents, reflecting pressure from fuel, labor, and operational expenses.
- **Visibility (13.5%):** A major priority, highlighting the demand for real-time tracking, status updates, and transparency across the delivery process.
- **Carrier Performance (11.9%):** Respondents stress the need for consistent SLA adherence, reliability, and timely deliveries across multiple carrier networks.
- **Flexibility (10.9%):** Businesses require adaptable delivery models that can handle changing order volumes, customer preferences, and last-minute changes.
- **Driver Management (9.8%):** A critical operational concern, encompassing recruitment, retention, productivity, and compliance of delivery personnel.
- **Demand Forecasting (9.7%):** Companies want better forecasting models to align delivery resources with fluctuating order volumes and seasonal peaks.
- **Customer Experience (9.4%):** Emphasis on providing a positive delivery journey, from accurate ETAs to proactive communication.
- **Scalability (8.3%):** Ability to expand delivery capacity quickly to meet market growth without compromising service quality.
- **Sustainability (7.8%):** Growing but lower-ranked priority, focusing on greener fleets, reduced emissions, and eco-friendly packaging in last-mile operations.

Last Mile Delivery Challenges



Short Summary:

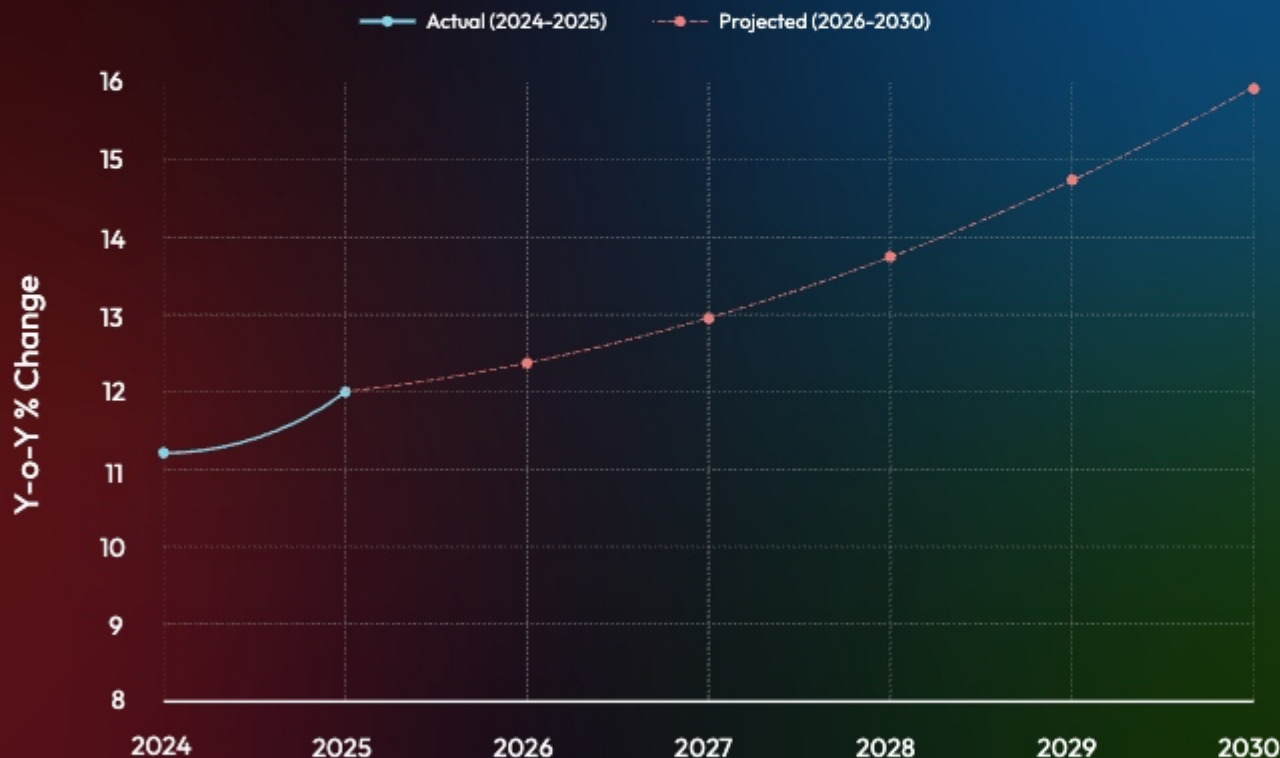
- 💰 Cost is the standout top challenge, ranked #1 on average.
- 📍 Visibility and Carrier Performance are close seconds, showing a strong operational performance focus.
- 📈 Sustainability ranks last, suggesting it's not yet a pressing operational challenge for most respondents.



America's Delivery Costs – Annual Trends

In the US, delivery cost increases from 2024 to 2025 show significant variation, with an overall average rise of about 12%. While more than half of deliveries saw moderate price growth in the 0–15% range – reflecting typical annual rate adjustments. While some routes or service types experienced sharp spikes of 20–30% or higher, a few of them touched as high as 74%. This may be linked to special surcharges, rural delivery costs, or revised service agreements. The data also shows clear clusters at 0%, 10%, and 25%, suggesting that many price changes follow standardized tiered adjustments rather than being set individually.

Costs are trending upwards



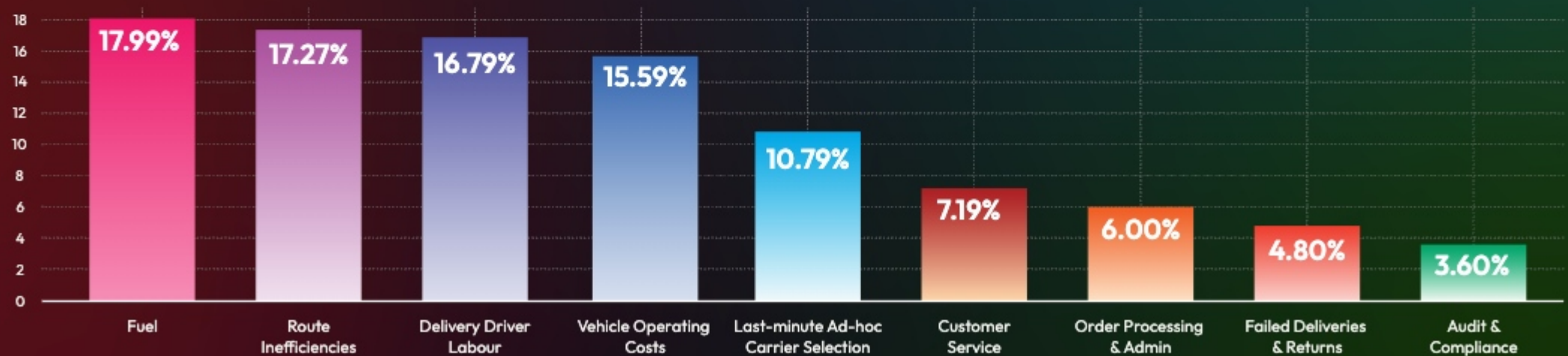
Turn the Delivery Cost Curve Down:

- Invest in advanced routing technology to minimize fuel use, driver hours, and vehicle wear.
- Manage labor costs through retention programs and automation to control wage inflation.
- Optimize carrier management and consolidate shipments to leverage volume discounts and reduce overall delivery costs.

Key Drivers of Cost

- Route inefficiencies rank consistently high, underscoring how inefficient route planning can inflate multiple cost components like fuel consumption, vehicle wear, and labor hours. Industry reports suggest that poorly optimized routes can add as much as 20-25% to last-mile delivery expenses.
- Fuel Costs are prominently ranked, reflecting the continuing volatility of fuel markets globally. Even with some stabilization after prior years' sharp price swings, fuel remains a major cost factor impacted by geopolitical tensions and energy policy shifts.
- Delivery Driver Labor costs are key contributors, driven by wage inflation, labor shortages, and regulatory changes increasing overtime and benefits. The labor-intensive nature of last-mile delivery means even modest driver pay increases substantially affect total costs.
- Vehicle Operating Costs (maintenance, insurance, depreciation) add noticeably to cost growth, especially as fleets age and the need for more frequent servicing rises. Trade tensions and supply chain issues also lead to higher parts and service costs.
- Other factors such as Last-minute Ad-hoc Carrier Selection, Customer Service, Audit & Compliance, Order Processing, and Failed Deliveries & Returns generally rank lower but remain important. These represent operational complexities, administrative overhead, and inefficiencies in handling exceptions that raise overall costs.

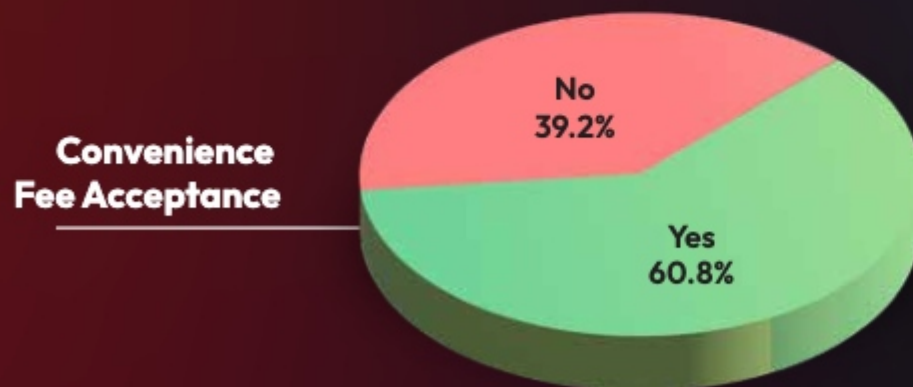
Drivers of Last Mile Cost



Convenience Commands a Premium in America

Consumer willingness to pay for convenience, particularly expedited delivery times, is a significant factor shaping modern e-commerce and logistics strategies. Based on the survey data, approximately 61% of consumers expressed a willingness to pay extra for faster delivery options, revealing a strong preference for convenience in the delivery experience. This majority indicates that a substantial portion of customers value timely delivery enough to justify additional costs, highlighting convenience as a critical driver of satisfaction and purchase decisions.

However, close to 39% of consumers are not willing to pay extra, reflecting a varied price sensitivity within the market. This diversity underscores the importance for businesses to offer tiered delivery options that cater to different customer segments - those prioritizing speed and convenience, and those more sensitive to cost. Consumers' perception of expedited delivery as an added value reinforces that faster, reliable service positively impacts their willingness to pay.



Key Takeaway for Businesses:

It also provides companies a strategic opportunity to design flexible pricing models that capitalize on the premium services sought by many consumers without alienating more price-conscious buyers. In essence, understanding and leveraging consumer willingness to pay for convenience is essential for balancing cost, service quality, and customer satisfaction in today's delivery ecosystems.

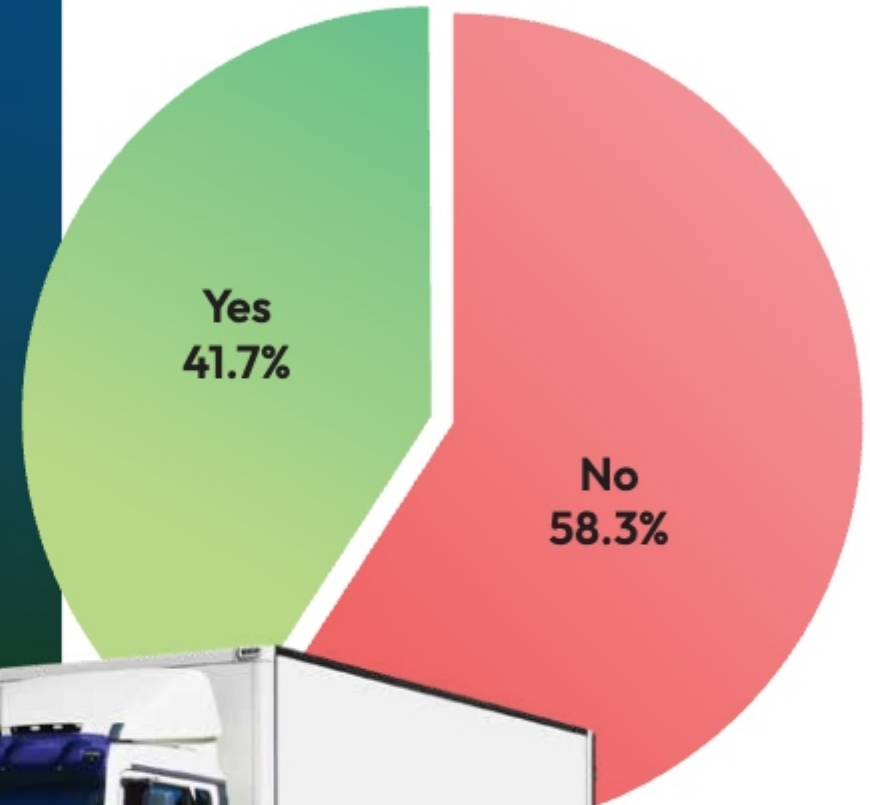
Summary:

- A majority (60.76%) of consumers highly value faster delivery, making convenience a strong driver of purchase decisions and satisfaction.
- While most are willing to pay extra, about 39% are price-sensitive, highlighting the need for tiered delivery options to address diverse preferences.
- Consumers perceive expedited delivery as a valuable upgrade, with speed and reliability enhancing service quality and justifying premium prices.
- Businesses can capitalize on this willingness by offering premium services alongside basic options for more price-conscious buyers.
- This willingness to pay reflects broader market trends where perceived value, urgency, and brand trust influence consumer payment behavior.

The Twin Benefits of Convenience

- **Majority Lose Out on Slot Selection:**
Nearly 6 out of 10 businesses (58%) do not allow buyers to pick a delivery slot at checkout, suggesting untapped potential in providing more flexible delivery options.
- **A significant minority is winning the convenience game:**
About 42% of businesses do provide this feature, which can improve customer satisfaction through convenience and predictability.
- **Competitive Differentiator:**
Offering delivery slot selection can set a business apart, especially in sectors like groceries, furniture, and high-value deliveries, where timing matters greatly for customers.
- **Missed Opportunity for Operational Efficiency:**
While slot selection adds convenience for customers, it can also help optimize delivery routes and reduce failed deliveries — but only for businesses that take advantage of the feature.

Businesses Offering Delivery Slots



Tracking Trouble: WISMO Worries

High WISMO Volume Businesses (>30%)

These companies face significant customer service strain and elevated operational costs due to the large share of inquiries about order status. Prioritizing enhancements here can offer the greatest ROI.

Recommendations:

- Implement or upgrade real-time order tracking systems
- Automate shipping notifications via multiple channels (email, SMS, app updates)
- Enable robust self-service portals
- Review fulfillment processes to reduce shipping delays or errors

Medium WISMO Volume Businesses (10-30%)

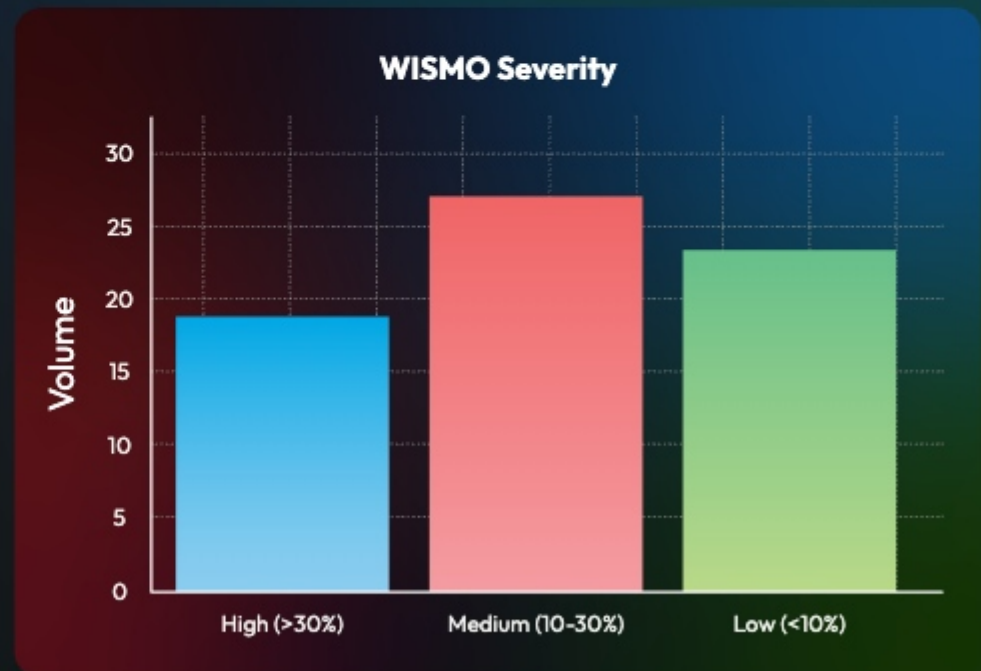
These companies exhibit typical industry-level challenges with order visibility. Key recommendations are:

- Optimize existing tracking and communication workflows
- Add proactive updates at key milestones (e.g., shipment, transit, out for delivery)
- Improve precision around estimated delivery windows at checkout
- Leverage analytics to identify common pain points

Low WISMO Volume Businesses (<10%)

Although these businesses have relatively good order visibility, continuous monitoring and incremental improvements are key to maintaining strong customer trust. They should focus on:

- Refining predictive delivery alerts
- Accelerating issue resolution
- Gathering customer feedback
- Leverage AI to spot new sources of delivery uncertainty



Summary:



Wide Variability:

Some businesses receive very few WISMO inquiries (under 5%), while others get bombarded (50%+).



25–50% Range is Common:

Many businesses cluster here, meaning 1 in 4 to 1 in 2 customer contacts are about “Where is my order?”



Problem Hotspots:

Outliers of 75–95% suggest severe communication or delivery tracking issues, possibly poor visibility or long delays.



Industry Benchmark Warning:

An average ~23% WISMO share is higher than ideal; best-in-class retailers aim for under 10% by improving proactive communication and tracking.



The 2027 Shift:

From Days to Hours

Two-Thirds of Deliveries in America to Arrive Within 24 Hours

Key Observations

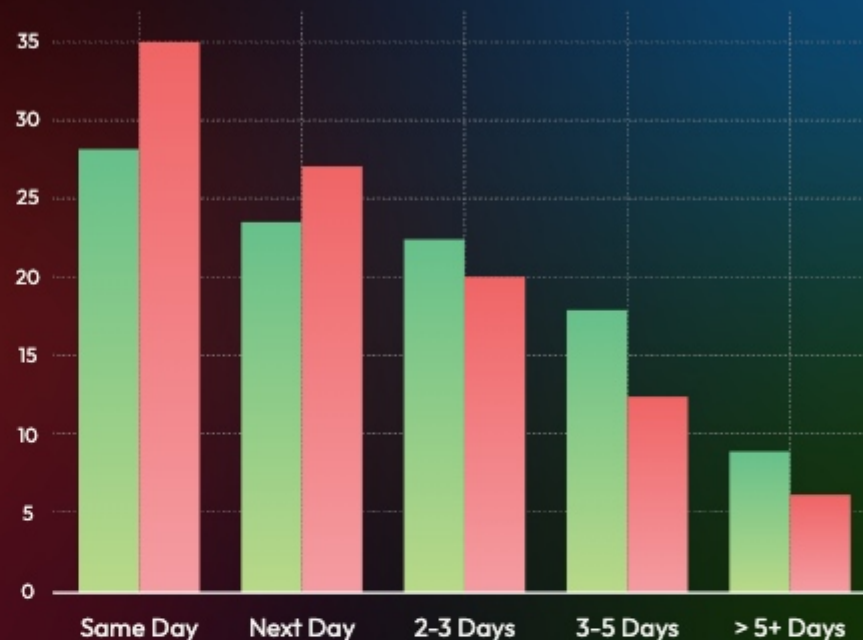
- **Faster delivery dominates:** Same Day and Next Day together make up about 51% of deliveries today, projected to grow to 62% by 2027.
- **Same Day delivery adoption surges:** Jumping from ~27% to ~35%, showing continued investment in rapid fulfillment and local logistics.
- **Longer delivery times shrink:** 3–5 Day and >5 Day categories fall from a combined ~27% today to ~18% in 2027.
- **2–3 Days stable but slightly declining:** From ~22% to ~20%, possibly replaced by faster services.

Key Observations

- Faster fulfillment will become the norm — retailers and logistics providers must accelerate their same-day & next-day capabilities.
- Long-tail deliveries (>3 days) will likely be reserved for niche or low-cost segments.
- Investment priority should be in urban micro-fulfillment, inventory localization, and carrier partnerships to meet shorter delivery windows.
- By 2027, customers will expect 1–2 day delivery as standard, with same-day increasingly seen as a competitive differentiator.

Average Delivery Time

Today 2027 (Expected)



	Current (Today)	Expected by 2027
Same Day	~27% average share	Rises to ~35%
Next Day	~24% average share	Increases slightly to ~27%
2–3 Days	~22% average share	Drops to ~20%
3–5 Days	~18% average share	Decreases further to ~12%
> 5 Days	~9% average share	Drops sharply to ~6%

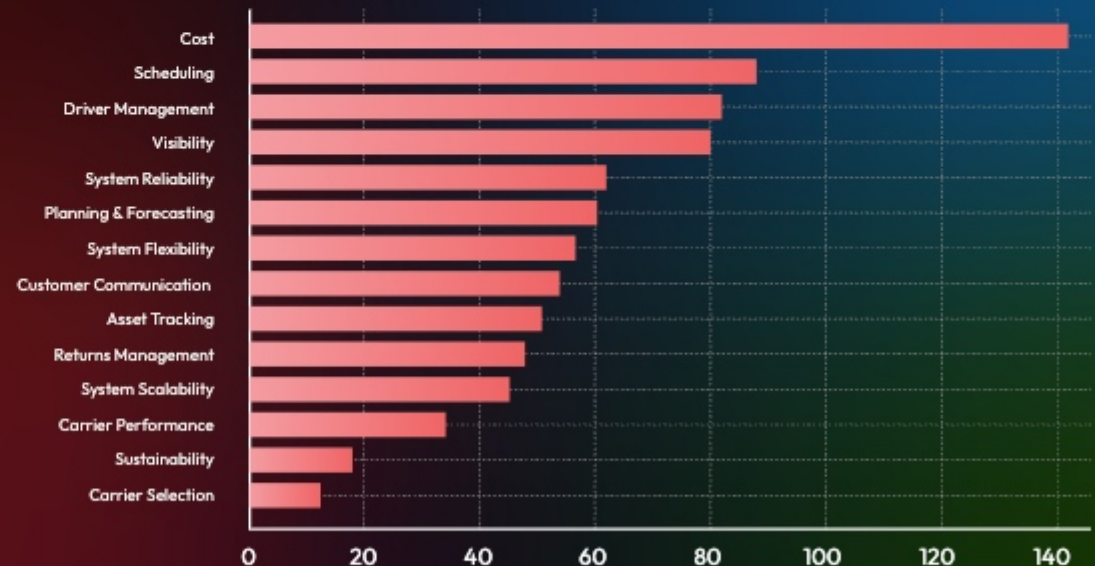
Technology Gaps in Today's Last-Mile

Key Insights






- Cost is the single biggest challenge — mentioned in almost 15% of all selections. This reinforces that last-mile remains the most expensive part of delivery and a key efficiency target.
- Scheduling, Driver Management, and Visibility form the next major cluster of pain points (8–9% each), showing operational complexity is still a huge hurdle.
- System-related challenges (Reliability, Flexibility, Scalability) are collectively large — together, they account for ~17% of all mentions, signalling that many existing tech stacks aren't meeting evolving business needs.
- Lower ranked but important niches: Returns Management (~5%), Asset Tracking (~5%), and Communication (~5%) show ongoing trouble aligning back-end processes and customer experience.
- Sustainability Tracking, Carrier Performance, and Carrier Selection are less cited but may grow in importance as regulatory and ESG pressures rise.



Technology Gaps



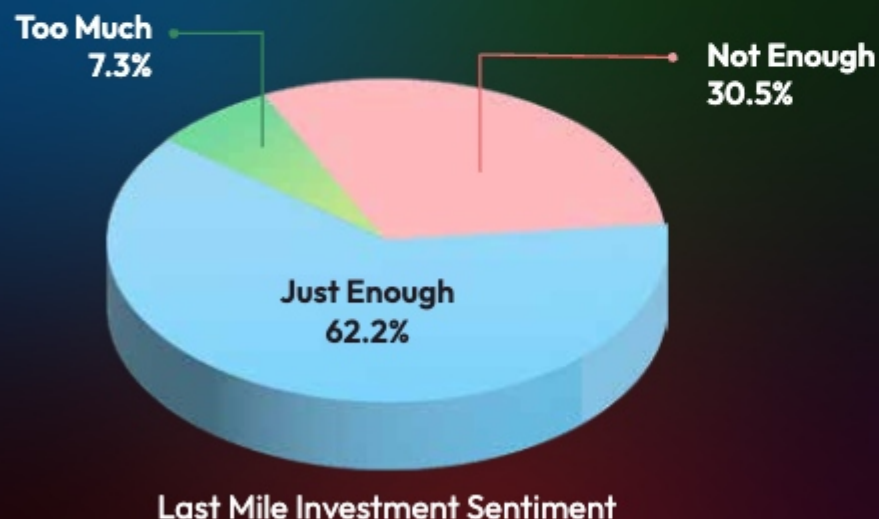
Strategic Implications

-  Cost control through route optimization, consolidation, and automation needs to be top priority.
-  Core system upgrades (reliability, flexibility, scalability) are critical to handle growth and changing delivery promises.
-  Operational levers (scheduling, driver management) require better tech integration with predictive analytics.
-  There's untapped potential in refining visibility tools — proactive updates can also reduce WISMO inquiries we discussed earlier.
-  Returns and sustainability tech could move up the priority list as competition shifts from pure speed to efficiency and responsibility.



Is America Investing Enough in the Last Mile?

- A 'Just enough' Majority: Nearly two-thirds (62%) of respondents feel their investment in last-mile delivery technology is "Just Enough," suggesting most believe they are matching business needs with spending.
- Significant underinvestment concern: About 30% feel investment is "Not Enough", highlighting a notable minority who think more resources should be allocated — possibly to address gaps in capability, scalability, or efficiency.
- Few feel over-invested: Only 7% believe they are spending "Too Much," indicating that budget overspending on technology is rare.



The Opportunity:

Companies viewing their last-mile delivery technology investment as "Just Enough" should focus on continuously optimizing their current technology stack to maximize efficiency and scalability, while also proactively preparing for future demands. Key actions include:

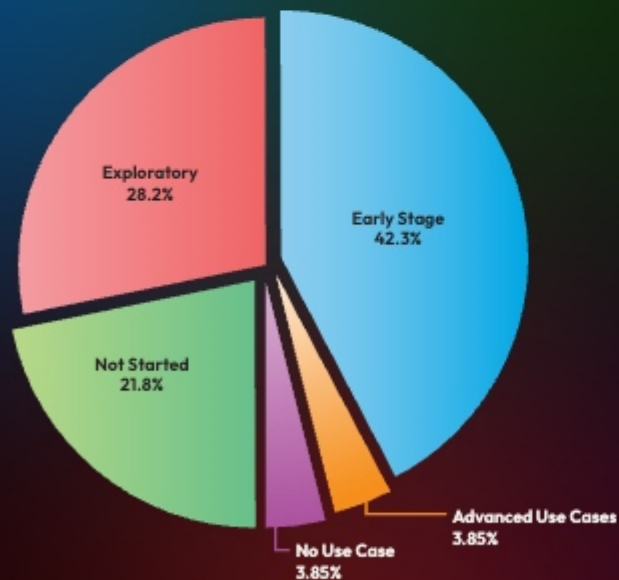
- Regularly assessing technology performance against delivery KPIs to identify improvement areas.
- Incrementally upgrading systems to enhance reliability, flexibility, and scalability, avoiding costly disruptions as volumes grow.
- Leveraging advanced analytics and automation to improve scheduling, driver management, and real-time visibility.
- Enhancing customer communication and proactive tracking to reduce "Where Is My Order" (WISMO) inquiries and boost satisfaction.
- Staying informed on emerging innovations like autonomous delivery, AI routing, and sustainable logistics to stay competitive.
- Allocating budget for pilot projects and tech trials that can unlock new efficiencies without major upfront investment.
- Collaborating closely with carriers and internal teams to align technology capabilities with operational realities and customer expectations.

For the 30% who believe investment is "Not Enough," it's vital to prioritize strategic technology spend focused on the highest-impact challenges such as cost control, system reliability, and operational scalability.

The Smart Last Mile: America's AI Push

The integration of Artificial Intelligence (AI) into last-mile delivery is rapidly transforming how companies manage logistics and customer experience. While many organizations are in the early stages of implementing AI, a significant portion are still exploring its potential, unsure of where to begin. This blend of optimism and uncertainty highlights a pivotal moment in the industry. Companies that successfully harness AI stand to gain efficiencies in route optimization, real-time tracking, and predictive analytics, ultimately reducing costs and improving delivery speed and accuracy. However, a notable percentage have yet to start or see practical applications, indicating room for education and strategic guidance. As AI adoption accelerates, businesses must navigate challenges and opportunities to stay competitive. This section explores current adoption trends, stages of implementation, and the growing importance of AI in shaping the future of last-mile delivery, emphasizing the need for ongoing investment, innovation, and informed decision-making to unlock AI's full potential.

AI In the Last Mile

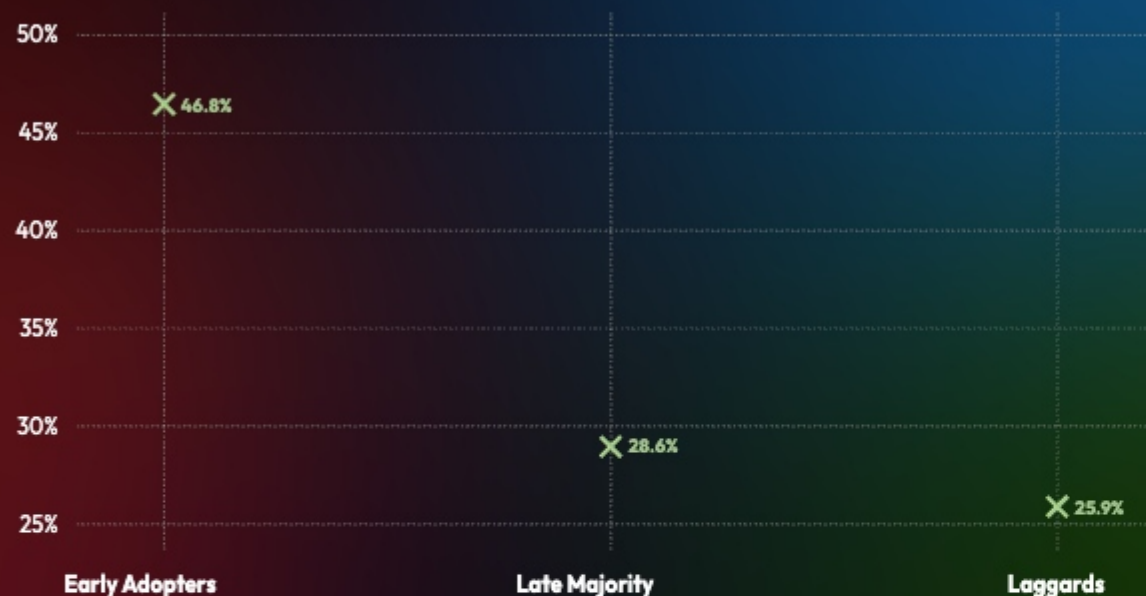


Key Findings:

- Early adoption is the norm — Nearly 43% of companies are already in the early stages of AI implementation, showing strong momentum for adoption.
- Large segment still unsure — About 29% are exploring AI but lack a clear starting point, suggesting a big need for education, roadmap planning, and proof-of-concept pilots.
- One in five unstarted — 22% have not begun their AI journey at all, possibly due to budget limits, skill gaps, or unclear ROI.
Small but advanced group — Only 3.9% say they've fully embedded AI across operations.
- Practicality gap — Another 3.9% don't currently see AI as relevant, which may change as industry use cases mature.

The Breakdown:

AI Adoption In Deliveries



Innovators / Early Majority (Extensive + Early Stages):

46.8%

Late Majority (Exploring but unsure):

28.6%

Laggards (Not started / Don't see value):

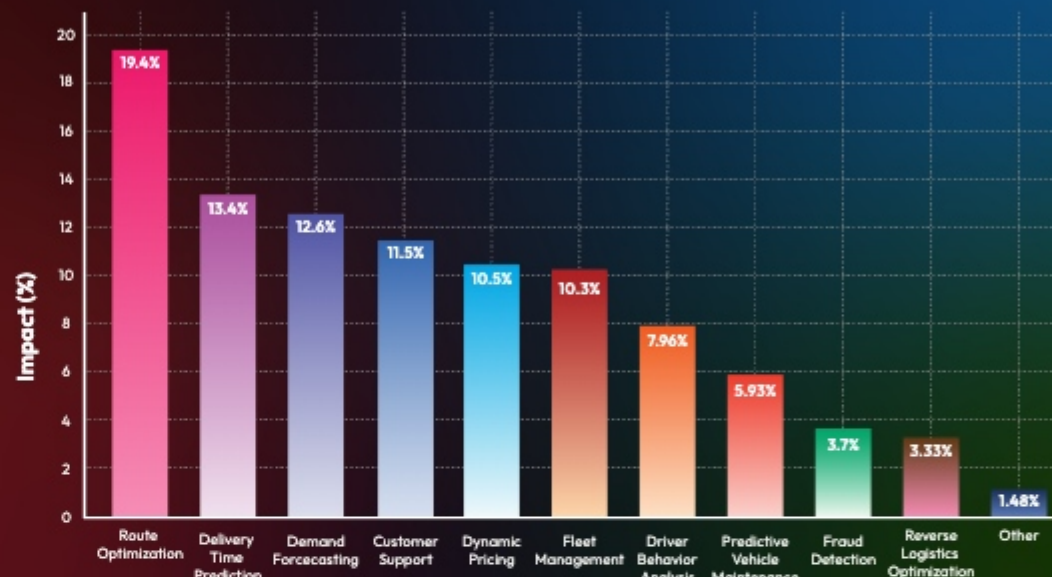
25.9%

This shows momentum toward the middle of the curve, but still a large education and enablement opportunity.

Key Areas of AI Adoption

- Route Optimization dominates - with about 1 in 5 mentions, it's the top AI use case, reflecting its strong ROI in fuel savings, delivery speed, and operational efficiency.
- Delivery Time Prediction, Demand Forecasting, and Customer Support form the next cluster (12–15%), showing a balance between operational efficiency and customer experience.
- Dynamic Pricing and Fleet Management are close together (~11%), used for maximizing revenue and optimizing asset deployment.
- Driver Behavior Analysis (8.6%) is being increasingly adopted for safety, efficiency, and maintenance cost reduction.
- Predictive Maintenance is in a growing but still smaller segment (6.4%), likely to expand as fleets age and uptime becomes critical.
- Fraud Detection and Reverse Logistics Optimization are niche but important in high-risk or returns-heavy operations.

Top AI Use Cases in Delivery Operations



Key Predictions for AI adoption share by 2030

Route
Optimization

23.5%

Demand
Forecasting

19.2%

Delivery Time
Prediction

19.0%

Customer
Support

18.7%

Dynamic
Pricing

13.8%

Fleet
Management

13.5%

Driver Behavior
Analysis

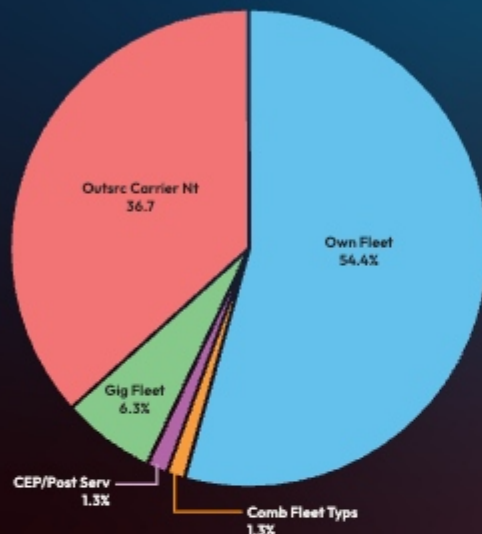
12.1%

Predictive Maintenance
for Vehicles

10.2%

Own vs. Outsourced: Last-Mile Fleet Strategies

Fleet Types



On-Demand and Hybrid Fleets Emerge as Niche Players

Gig Fleet usage is emerging at around 6.3%, indicating growing interest in flexible, on-demand delivery labor, while small shares use CEP/Postal Services (1.3%) or a combination of fleet types (1.3%) to optimize delivery strategies.

Own Fleet Dominates Last-Mile Delivery Models

The Own Fleet model is the most common, used by about 54.4% of companies, showing a preference for directly managing delivery operations with their own vehicles and drivers.

Carrier Networks Handle 36% of Last-Mile Operations

The Outsourced Carrier Network is also widely adopted, making up approximately 36.7% of responses, reflecting reliance on third-party logistics providers for last-mile deliveries.

Blockers for Carrier-driven Deliveries

Lack of Clear Control (40%) – Four in ten respondents are neutral, indicating only moderate control over outsourced networks, which can lead to inconsistent oversight and unpredictable performance.

Limited Strong Oversight (34.3%) – While a third feel strongly in control, this still leaves the majority without robust governance over outsourced delivery partners.

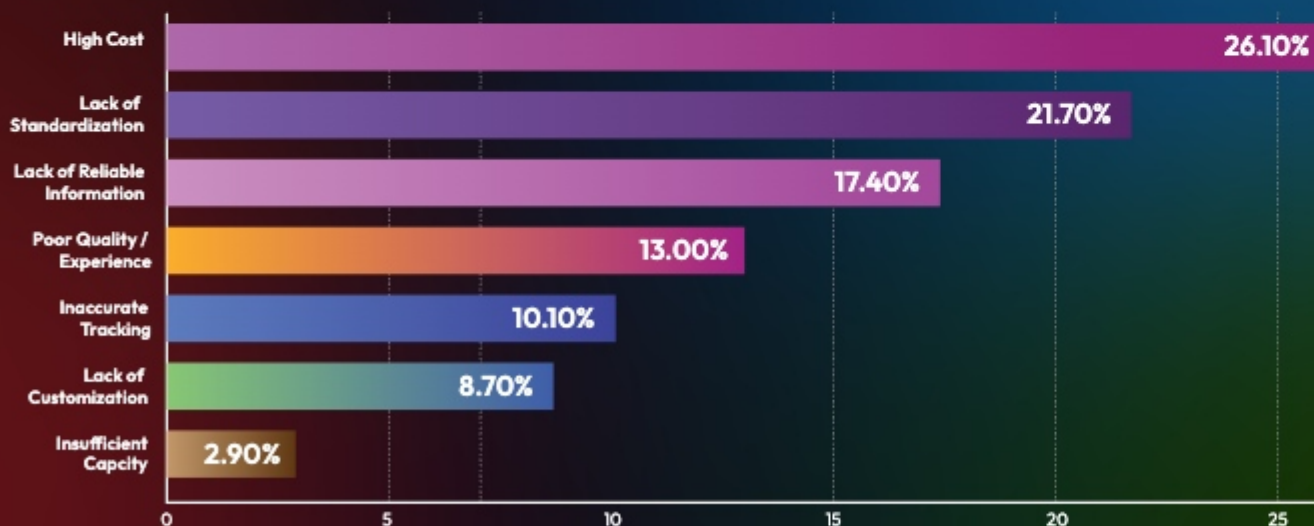
Few High-Assurance Partnerships (8.6%) – Very few companies feel very strongly in control, signaling that deep trust and top-tier assurance with carriers remain uncommon.

Weak Network Governance (17.1%) – Nearly one in five admit they are not strongly in control, exposing risks in carrier visibility, communication, and accountability.

Top Challenges:

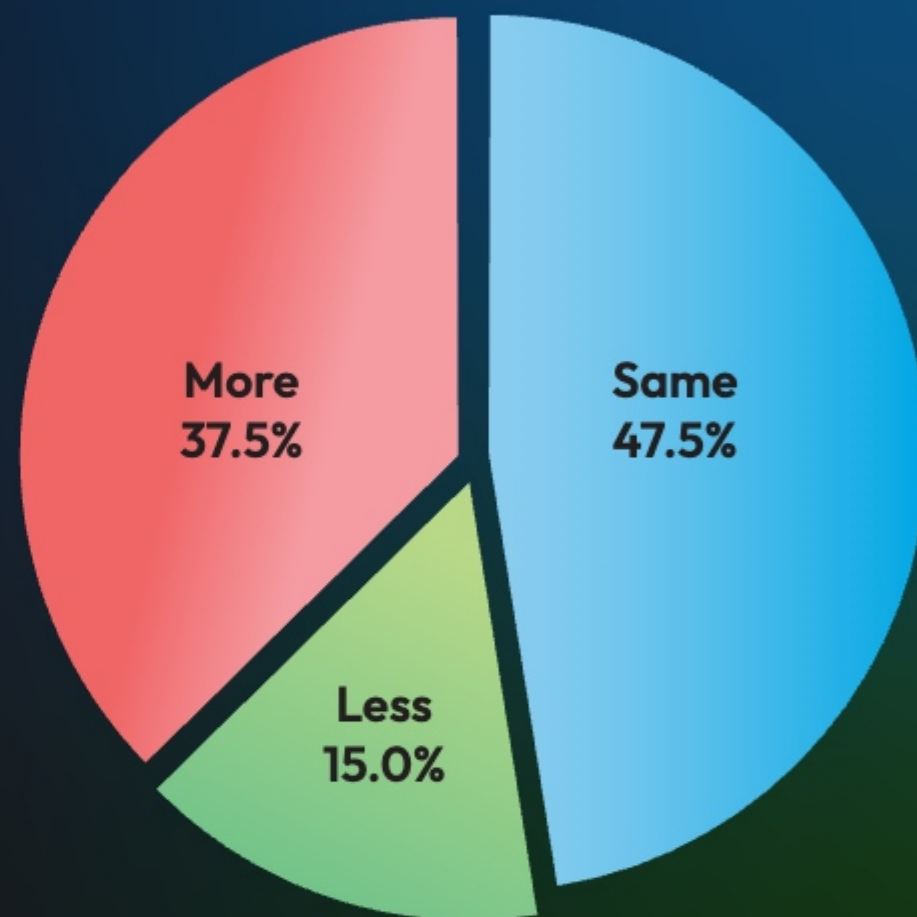
- Flexibility is the top perceived benefit — Almost one-third of mentions highlight the ability to adapt quickly to demand fluctuations, route changes, and customer needs.
- Scalability and Capacity Increase are close behind — Together, they account for nearly half of all responses, underlining that outsourced fleets are valued for quick expansion without major capital investment.
- Speed improvements matter — Faster Delivery is cited by ~13%, reflecting competitive pressure for shorter delivery windows.
- Cost savings are not a leading driver — Interestingly, only 8% cite Reduced Cost, suggesting that outsourcing is more valued for operational agility than price reduction.

Top Challenges in Outsourced Delivery Fleets



A Tale of Two Five-Year Spans: Growth, Challenges, and Future Horizons

- 47.5% of companies report no change, maintaining the same level of outsourcing in their delivery operations.
- 37.5% have increased outsourcing, reflecting a notable shift toward relying more on third-party delivery networks.
- 15.0% have decreased outsourcing, opting to bring more delivery operations in-house for greater control.



Outsourcing Trends - 2024 vs 2025

Outsourcing trends 2025-2030:

Outsourcing Set to Dominate Last-Mile Delivery

- Nearly 90% of companies plan to maintain or increase their outsourcing levels over the next five years.
- This reflects its growing importance for agility, scalability, and competitive advantage in logistics strategies.

Stability Signals Confidence in Outsourcing Partnerships

- About 45.6% of companies expect to keep their outsourcing levels steady in the next five years.
- This reflects satisfaction with existing third-party delivery relationships and trust in their current operating model.

AI-Led Revolution Will Fuel 1,000+ U.S. Logistics Firms by 2030, with their EBITDA margins crossing 15%.

Perspective:

- Companies planning to increase outsourcing should focus on selecting partners with robust technological capabilities and transparent processes.
- Those maintaining current levels may need to periodically reevaluate providers to ensure service standards meet evolving consumer and regulatory demands.
- Firms reducing outsourcing will need to invest in internal delivery infrastructure and talent to retain competitive speed and quality.





First Choice For Last Mile

www.fareye.com