

Route Optimization Software - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Route Optimization Software Market size is estimated at USD 3.52 billion in the current year and is expected to reach USD 5.46 billion by the end of the forecast period, registering a CAGR of 9.16% during the forecast period.

Key Highlights

- Route optimization software plans, schedules, and calculates the most efficient vehicle route, saving time and money. When there are several stops, client meetings, and product delivery, route optimization software comes in handy. This software aids in avoiding traffic congestion by utilizing scenario testing and historical data to determine which route is the slowest or busiest.
- Many regions are seeing an increase in logistics-specific solutions. Additionally, the logistics industry uses cloud platforms and fleet management tools. It enables them to select route optimization at a minimal cost. The software providers attempt to deliver cost-effective route solutions. This system supports monthly, quarterly, and yearly payments. All of these issues contribute to an increase in the popularity of route optimization software. The logistical solutions are the primary drivers of this sector. Another critical driver for this industry is the new vital competitors' introduction. The major players are developing new software solutions. It is software built on Blockchain, data analytics, and other technologies. The technology advancement provides fleet providers with optimized routes.
- For example, on fleet is a comprehensive delivery optimization program that includes a variety of solutions for every business size operating in the final mile. Furthermore, the Onfleet web-based platform allows users to select from various optimization choices, dispatch routes, and send delivery notifications to clients, among other things. Furthermore, Onfleet offers driver-focused route planner apps with navigation and other capabilities required for successful, on-time deliveries. Onfleet's unidimensional last-mile concentration, on the other hand, limits its applicability to other field-oriented industries such as field marketing, field service, field sales, and so on.
- SaaS infrastructure growth represents a significant potential opportunity for this sector. The benefits of SaaS software in fleet

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management are numerous. In addition, the IoT rise will accelerate in the following years. The increased Internet of Things usage will create new growth prospects. The Internet of Things is evolving into web-based services. One such web-based service that will contribute to change during the projection period is route optimization. The low cost of cloud-based solutions will create more growth opportunities. A critical cloud solution is route optimization. Low-cost financing will make route optimization easier in the following years. Furthermore, increased demand for cab and online vehicle services will expand future potential.

-ENYP delivers fresh food to underprivileged individuals and families. Due to the COVID-19 pandemic, ENYP was forced to transition from a food pickup service to a delivery-focused business, and they collaborated with Route4Me to optimize their routing operations. ENYP, in particular, strived to reduce time and travel-related expenses while keeping up with a 357% growth in demand for their delivery services. The route optimization software from Route4Me enabled ENYP to quickly transition to a new delivery-based operational model without investing in different assets, personnel, trucks, and so on.

-Route optimization software is an advanced logistics technology. Furthermore, security issues are essential obstacles in this sector. High-speed internet is required for route optimization software. In addition, the route optimization program contains a lot of sensitive information. In this sector, a security compromise in software is a challenge. Fleet management is sometimes used to deliver pricey products. The consumer will face numerous challenges due to data leaks concerning these products and services. These obstacles will likely stifle overall route optimization market expansion during the forecast period.

Route Optimization Software Market Trends

Increasing Use of Logistics-Specific Solutions

- Route planning for logistics and distribution organizations is a form of advanced software program that aids in transportation and delivery operation optimization. The optimum route is determined by route optimization algorithms using real-time data such as traffic updates, vehicle size, and driver schedules. It also continuously monitors performance, reporting driver information, fuel efficiency, carbon emissions, and other corporate KPIs. Route planning, for example, keeps track of various KPIs influencing the logistics business growth. These include delivery times, delays, fuel expenditures, and average delivery time and cost. With this information, businesses may concentrate on areas for improvement.

- Online sales rise would create an opportunity for local and international players logistics players to deploy route optimization to provide a better experience to the customer. According to China's National Bureau of Statistics, the number of Chinese online buyers rose rapidly from under 34 million in 2006 to over 466 million users a decade later, enabling China's e-commerce business to multiply. According to CNNIC (China Internet Network Information Center), around 845.29 million people in China had purchased goods online as of December 2022.

- According to the government of Canada, Canada's manufacturing sector accounted for approximately USD 174 billion, representing more than 10% of its total GDP. Every year, Canada's manufacturers export over USD 354 billion, making up about 68% of the country's total exports. There is also considerable demand from the warehousing and logistics sector dedicated to e-commerce activity in the country. These factors are expected to boost the need for the studied market.

- In November 2022, Carrier Logistics Inc. (CLI), a freight management software provider, introduced a new routing logic and planning optimization solution. It enables complete terminal optimization, allowing fleets to have every shipment for every customer at every terminal planned for the right trailer in the correct sequence very quickly and automatically. The AI-powered software module, the most recent upgrade to the CLI FACTS freight management system, assists trucking fleet operators in determining which deliveries should be loaded onto each truck and in what order, resulting in exact, fully optimized route plans that account for specialty equipment, appointment time windows, predicted traffic, and commercial vehicle routing.

- The revenue rise of logistics firms would enable them to deploy route optimization software. For instance, according to XPO Logistics, the US-based logistics company recorded a total revenue of over USD 11.57 billion in the fiscal year of 2022. It also allows route optimization players to develop solutions according to the customer's needs and capture the market share.

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North America is Expected to Hold Largest Market Share

- Over the projected period, the North American region is expected to emerge as the dominant regional industry in the worldwide route optimization software market. North America's prominent industry positioning in the global route optimization software market can be attributed to several factors, including a high penetration of software vendors providing route optimization software solutions and an increasing number of collaborations between software providers and delivery service providers in the region.
- Customers in the region can order meals from various restaurants or food chains with a single tap on their mobile phones using on-demand food delivery platforms and applications. Simplified commercial vehicle operations and visibility into the food supply chain aid in acquiring new clients for on-demand food delivery service providers. Food delivery service providers could use route optimization software to verify the driver's progress on long and short routes, handle several stops for meal delivery, and ensure timely food delivery.
- The rise in route optimization software demand is driving firms to provide different solutions to capture the market share in the region. For example, MapQuest is a well-known free web mapping service. While similar in supported features to Google Maps and HERE Technologies, MapQuest lacks the capabilities to sustain a dynamic last-mile company. Although the MapQuest trip planner includes basic route optimization skills and a few more route planning tools, its utility is limited. MapQuest's route planner, in particular, only allows users to plan routes with up to 26 stops. As a result, MapQuest is the finest accessible route planner with many stops for personal use and non-commercial drivers, but it is not appropriate for businesses.
- The increasing realization among enterprises in the North American region about the importance of holding money and aid by moving their data to the cloud instead of building and maintaining new data storage is driving the demand for cloud-based solutions and, hence, the adoption of on-demand security services in the region. Owing to multiple benefits, cloud platforms, and ecosystems are anticipated to serve as a launchpad for an explosion in the pace and scale of digital innovation over the next few years.
- According to the American Trucking Association (ATA), the industry needs at least 50,000 drivers. The average age of US truck drivers is 55 (Bureau of Labor Statistics), so the shortage might worsen as these drivers retire. Attracting new drivers is highly expensive and challenging, so it is more critical than ever that route plans get the most out of the existing driver force. Such a vast truck moment would create an opportunity for the studied market to grow in the region.

Route Optimization Software Industry Overview

Route Optimization Software Market, despite being moderately fragmented, is increasing growth opportunities. The market is witnessing continuous new entrants offering similar route optimization software solutions. Due to these new entrants, companies are focusing on making product innovations to gain a competitive advantage. Also, the companies view fundraising as a lucrative way to expand their market presence.

In November 2022, Carrier Logistics Inc. (CLI) introduced a new routing logic and planning optimization solution that enables full terminal optimization, allowing fleets to very quickly and automatically have every shipment for every customer at every terminal planned for the right trailer in the right sequence. For less-than-truckload, last mile, and parcel delivery services, the module aims at improving efficiency and profitability. This system is integrated fully into CLI cross dock and yard management systems, which provide overall visibility of all trailers at terminals, docking doors, and loading points in addition to providing the means for coordinating Crossdock Activities with Yard Moves.

In May 2022, Solera Holdings, LLC, a global vehicle lifecycle management player, released Omnitracs One Route Modeling. Omnitracs One Route Modeling allows large business customers to run what-if routing scenarios without disrupting operational

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production routes. As a result, drivers and local dispatching may create route plans in less time and at a lower cost. Route Modeling, available to Omnitracs One solution users, allows drivers and fleet managers to simulate modifications to stop sequences, route start times, pre-end post-trip time, breaks, and layovers to assess the impact of a suggested route on cost and service windows.

In March 2022, Qualcomm and Trimble collaborated to provide high-accuracy positioning solutions for connected vehicles, Advanced DriverAssistance Systems (ADAS), and autonomous driving solutions to automotive OEMs and Tier 1 suppliers. By introducing meter-level location accuracy for smartphones with more accurate positioning for a ride-sharing app, both driver and rider can have a better experience with map detail and more precise directions when using real-time navigation applications.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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