Five Challenges Facing Private Fleet Foodservice Distributors

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Foodservice distribution has grown more complex, demanding greater precision, coordination and flexibility. Route planning for private fleet operators needs to be more responsive to changes in traffic, order volume, customer priorities and time constraints. Yet many companies still use an old, inefficient model that causes low route density, inefficient use of fuel, and delays. And they still rely on paper processes for delivery documentation and order verification.

There's also a lack of delivery segmentation. High-value accounts with specific delivery windows should be treated differently than low-volume stops. But without the ability to dynamically adjust routes or identify top-tier obligations in real time, distributors risk service failures and strained relationships.

Distributors need smarter tools: real-time route optimization, automated workflows and electronic documentation, intelligent stop prioritization, and better driver support.

1 OS&D Cuts Into Profitability

Overages, shortages and damages (OS&D) create unplanned stops, re-routes and extra handling. Returned or damaged goods are brought back or sent to a secondary location for inspection or disposal, affecting routing plans and labor. Shortages or overages also affect inventory accuracy, next-day orders and forecasting.

When an OS&D is detected, route planning software can solve problems in real time. For example, if a damaged shipment needs to be returned, the on-the-spot solution will be to provide proactive notifications to the warehouse that returns are coming in or, if a shortage is detected, or to ensure that related accounting is done correctly. All of this helps to avoid OS&D penalties, unhappy customers and expedited costs.

Digitizing shipping documents such as electronic proof of delivery (ePOD) means products are scanned on and off the truck, ensuring accuracy. This becomes important in an OS&D scenario as real-time adjustments to orders and inventory reduces time to cash and eliminates the risk of manually entering changes into back-end systems.

2 Labor Shortages Strain Fleet Operations

According to the International Foodservice Distributors Association (IFDA), the annual turnover rate for delivery drivers was 32% in 2023, and the average time to hire a staff driver was 32.4 days.

Even with an average annual wage over $70,000 and entry-level pay of nearly $50,000, driver recruitment is tough. The job is physically demanding, and drivers make multiple stops per day, navigating traffic on secondary roads with constant stopping and starting.

Route optimization technology addresses this. Building greater route density means reducing the need for additional routes, which in turn lowers the need to recruit and hire new drivers.

It also makes for happier drivers, boosting retention. Giving them a route plan that level-sets expectations for length of day is a huge plus. Also, younger digital natives expect a mobile-based experience that makes their job easier through a guided workflow mapping out every stop.

3 Last-Minute Orders Disrupt Efficiency

Static routes limit flexibility, causing inefficiencies with demand shifts or last-minute orders. Rigid schedules can't adapt to real-time changes, leading to missed delivery windows, wasted fuel and poor service.

Static or master routes, while great for one-to-one service relationships, become inefficient over time as you add and delete customers, or when orders change.

In dynamic routing, optimization software utilizes GPS and telematics to drive least cost routing, even for last-minute changes. The system analyzes order and customer information, including business rules and truck capacity constraints, and outputs the optimal route for each delivery. So, a driver could potentially deliver to any stop.

A hybrid routing model combines the best of static and dynamic

scenarios. Innovative technology utilizes artificial intelligence (AI) so distributors can segment service and customer support levels by revenue. At the platinum level, customers get that one-to-one experience with the driver and customer representative, while bronze-level customers are directed to a self-service order portal.

4 Fleet Utilization Is Capped by Inefficiencies, Not Truck Count

In static routing, the same driver goes to the same places every day. That may work for a while, but it's difficult to add stops onto already maxed out routes. Adding trucks and drivers doesn't solve the underlying problem of inefficient fleet utilization.

Additionally, distributors who cater to top drivers sometimes let trucks go out three-quarters or even half full, which is a huge waste.

Enter hybrid routing, as automated tools allow you to make smart decisions quickly. The dashboard could show that five of your 50 routes are at 125% capacity, while the rest are between 50% and 70%. Routing logic can spread that capacity from the five trucks onto the rest of the fleet, taking them out of service for the day. The fixed cost from idle trucks is far outstripped by variable cost savings of approximately $3 per mile.

5 Lack of Digital Engagement Overloads Operations

Outdated analog operations struggle to keep up with changes in foodservice distribution. Paper-based operations engender delays, transcription errors and unnecessary storage costs. Meanwhile, customers expect business-to-consumer (B2C)-type experiences: real-time order visibility, updates and instant issue resolution.

Digital disconnect strains internal operations and burdens customer service teams. A simple "Where's my order?" (WISMO) call can cost up to $45 due to the multi-step, manual communication chain.

Digital tools like GPS tracking, ePOD, and automated notification enable proactive exception management and can dramatically improve customer experiences. Appointment management and order tracking lead to transparent customer conversations. Whether it's proactive order status alerts, a three-way chat between driver, dispatcher and customer, or the ability to open a map and see where the shipment is, these tools keep parties informed and allow for dynamic changes.

For foodservice distributors, clinging to static routes, paper-based processes, and manual planning is no longer sustainable. The future belongs to operations that are visible, flexible and digitally empowered. Success means the ability to adapt in real time, segment service levels by customer value, and use automation to minimize inefficiencies. Implementing modern tools (dynamic routing, mobile workflows, self-service portals, etc.) positions businesses for long-term growth.

Resource Link:
https://www.descartes.com/home

The Descartes Solution

Descartes routing, mobile and telematics solutions empower foodservice distributors to overcome their biggest operational challenges and drive measurable improvement in efficiency, service quality and driver satisfaction.

Through advanced route planning and optimization tools, Descartes enables distributors to shift from static routing to dynamic and hybrid models that flex with last-minute orders, real-time traffic updates, and customer-specific delivery windows. This improves route density, reduces fuel usage, lowers labor demands and eases driver's workloads.

Descartes mobile applications and electronic proof of delivery systems digitize the entire delivery workflow, eliminating paperwork, reducing errors and accelerating billing. Drivers can scan products on and off trucks, capture customer signatures, and instantly update dispatchers, streamlining OS&D resolution and enhancing transparency.

With real-time visibility and GPS tracking, Descartes allows customer service and fleet operations teams to proactively monitor shipments, reducing costly "WISMO" calls and enhancing customer satisfaction through timely alerts and communication portals. Companies can also segment customers by revenue tiers and set service levels accordingly.