Station Location Optimization for Last-mile

**Motivation / Background**

Anticipate e-commerce retailers will arrange mid-mile delivery to Pilot Stations

Project aims to determine the optimal number and location of Pilot stations to minimize the last-mile logistics cost

**Key Question / Hypothesis**

How to remain cost-competitive in last-mile while meeting growing e-commerce demand?

**Methodology**

- Regional Demand Analysis
- Center of Gravity
- Market Research
- Sensitivity Analysis
- Mixed Integer Linear Programming

**Expected Contribution**

1. Optimal locations model for distribution stations
2. Reduce cost by improving transit time
3. Demonstrate impact to financial statements

**Initial Results**

Annual spend of $25.6M in last-mile delivery to 9,000+ clusters within the seven major city areas

Indicates the center of gravity in San Francisco and Los Angeles. Same analysis is conducted on all cities.