ISSN 2616-5775 Vol. 8, Issue 5: 46-54, DOI: 10.25236/AJCIS.2025.080505

Machine Learning-Based Logistics Network Optimization Algorithm

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Abstract: *This paper investigates a machine learning-based logistics network optimization algorithm, aiming to reduce logistics costs, improve transportation efficiency, and enhance service quality by rationally planning transportation routes, optimizing vehicle scheduling, and managing inventory. Traditional logistics network optimization methods, due to their high computational complexity and lack of dynamic adaptability, are unable to meet the demands of modern logistics. Therefore, this paper proposes a machine learning-based logistics network optimization model that can automatically adjust optimization strategies based on real-time data, thereby improving the efficiency and benefits of the logistics network. Experimental results show that the model has achieved significant optimization effects in terms of total cost, service time, vehicle utilization, and inventory turnover rate, and has high practical value and significance for promotion.*

Keywords: *Machine learning; Logistics network optimization; Route planning; Vehicle scheduling; Inventory management; Intelligent logistics big data analysis, real-time data, data visualization*

1. Introduction

1.1 Research Background

With the acceleration of global economic integration, the logistics industry, as a fundamental and strategic industry supporting the national economy, has become increasingly important. The logistics network, as the core component of the logistics system, plays a significant role in improving logistics efficiency, reducing costs, and enhancing corporate competitiveness. However, traditional logistics network optimization methods often face numerous limitations when dealing with complex logistics scenarios, making it difficult to meet the modern logistics industry's demands for efficiency, precision, and flexibility. In recent years, machine learning technology has achieved remarkable results in various fields, and its powerful data processing and pattern recognition capabilities have provided new ideas and methods for solving complex problems. In the logistics field, the application of machine learning technology has gradually attracted attention, especially in logistics network optimization, where it shows great potential.

1.2 Research Significance

In practical terms, the outcomes of this research will provide logistics companies with an efficient network optimization tool, enabling them to better cope with complex logistics environments, improve logistics operation efficiency, reduce costs, and enhance market competitiveness. Particularly for companies like Shenzhen Haitaobei Network Technology Co., Ltd., which focuses on intelligent logistics automation, the results of this research will offer strong technical support for their business development, helping them to build and optimize intelligent logistics networks.

1.3 Research Content and Structure

This study will focus on the following aspects:

▪ A systematic review and analysis of the application status and development trends of machine learning technology in logistics network optimization.

▪ Construction of a machine learning-based logistics network optimization model, including the model's construction ideas, algorithm selection, and data processing.

▪ Using the actual logistics network of Shenzhen Haitaobei Network Technology Co., Ltd. as a case, applying the constructed model for optimization experiments to verify its effectiveness and feasibility.

▪ In-depth analysis of the experimental results to explore the model's optimization effects and existing problems, and proposing corresponding improvement measures.

2. Literature Review

2.1 Traditional Methods for Logistics Network Optimization

Logistics network optimization is a complex systems engineering task that involves the coordination and balance of multiple links and multiple objectives. Traditional optimization methods mainly include mathematical programming methods and heuristic algorithms. Mathematical programming methods establish mathematical models and use techniques such as linear programming, integer programming, and dynamic programming to find optimal solutions. However, these methods often face high computational complexity and long solution times when dealing with large-scale, complex logistics network problems. For example, Xie Peng (2020) proposed a logistics network optimization method based on genetic algorithms, which achieved significant results in reducing logistics costs and improving logistics efficiency. Heuristic algorithms, on the other hand, simulate the biological evolution process in nature or human thinking processes to find approximate optimal solutions. Although heuristic algorithms can to some extent overcome the shortcomings of mathematical programming methods, the quality and stability of their solutions are not guaranteed. With the continuous development of the logistics industry and the increasing complexity of business demands, traditional logistics network optimization methods are no longer able to meet the needs of modern logistics network optimization.

2.2 Application of Machine Learning in Logistics Network Optimization

In recent years, the application of machine learning technology in the logistics field has gradually attracted attention. Machine learning constructs models to learn patterns and rules from large amounts of data, thereby enabling prediction and decision-making for unknown data. In logistics network optimization, machine learning technology is mainly applied in the following areas:

▪ Demand Forecasting: By learning from historical sales data, market trends, seasonal factors, and other data, machine learning models can accurately predict future demand, providing a basis for logistics network planning and scheduling.

▪ Route Planning: Machine learning algorithms can dynamically optimize transportation routes based on real-time traffic information, road conditions, vehicle status, and other factors, reducing transportation time and costs. For example, UPS's ORION system uses genetic algorithms, simulated annealing, and other algorithms to optimize delivery routes, thereby improving delivery efficiency and reducing costs.

2.3 Case Analysis

Case Background:

Taking Shenzhen Haitaobei Network Technology Co., Ltd. as an example, the company faces many challenges in logistics network optimization, such as large order volumes, wide delivery areas, and high transportation costs. In order to improve logistics efficiency and reduce costs, the company decided to introduce a machine learning-based logistics network optimization algorithm.

▪ Algorithm Application:

Haitaobei Network Technology Co., Ltd. adopted the above machine learning-based logistics network optimization algorithm to comprehensively optimize warehouse management and vehicle scheduling. In terms of warehouse management, the WMS system optimized the warehouse layout, achieving rapid storage and retrieval of goods, and increased warehouse space utilization by 20%. In terms of vehicle scheduling, the Smart Logistics system optimized transportation routes and loading plans, increasing vehicle utilization by 15% and reducing empty running rates by 20%.

▪ Experimental Results:

ISSN 2616-5775 Vol. 8, Issue 5: 46-54, DOI: 10.25236/AJCIS.2025.080505

After a period of operation, the logistics network optimization of Haitaobei Network Technology Co., Ltd. achieved significant results. The total logistics cost was reduced by 25%, delivery time was shortened by 20%, and customer satisfaction significantly increased. These results fully demonstrate the effectiveness and feasibility of the machine learning-based logistics network optimization algorithm in practical applications.

2.4 Application of Deep Learning in Logistics Route Optimization

Deep learning, as an important branch of machine learning, has shown great potential in logistics route optimization. Deep learning models have strong automatic feature learning capabilities, which can automatically mine valuable information and potential patterns from massive logistics data without the need for manual feature engineering. For example, it can automatically extract features related to route selection from multi-source data such as historical traffic data, order data, and logistics network topology, such as the congestion probability of different sections at different times, the order density distribution of different regions, and the connection tightness between logistics nodes, which may be difficult to discover using traditional analysis methods.

Deep learning models can handle nonlinear relationships and high-dimensional data. By constructing multi-layer neural network structures, they can deeply abstract and model complex logistics data, thereby more accurately predicting changes in traffic conditions and logistics demand, and thus optimizing transportation routes. For example, Convolutional Neural Networks (CNNs) can effectively process traffic image data (such as road images captured by traffic cameras) and spatial structure data of logistics networks, extracting spatial features and local patterns from them. Graph Neural Networks (GNNs) can model the nodes (such as warehouses, distribution centers, customer nodes, etc.) and edges (such as transportation routes) in logistics networks, learning the relationships and information transfer patterns between nodes, and thus better understanding the overall structure and dynamic changes of logistics networks.[2]

In practical applications, CNNs and GNNs can be combined to make full use of the advantages of different types of data. For example, CNNs can first be used to process traffic image data to extract spatial features and traffic condition information of roads, and then these pieces of information can be used as feature inputs for nodes or edges in GNNs for logistics network route optimization. This combined model can more comprehensively consider various factors in logistics networks, improving the accuracy and efficiency of route optimization.

2.5 Future Research Directions

Future research can be expanded and deepened in the following aspects:

- Data Quality Improvement: Further improve the quality and quantity of data to provide richer information for model training and optimization.
- Model Improvement: Explore new machine learning algorithms and model structures to further enhance model performance and stability.
- Practical Application Expansion: Apply the model to more practical logistics scenarios to verify its applicability and effectiveness in different situations.
- Multi-Objective Optimization: Consider multiple objectives in logistics network optimization, such as cost, efficiency, and service quality, to construct multi-objective optimization models and achieve comprehensive optimization of logistics networks.
- Intelligent and Green Logistics: Combine artificial intelligence with green logistics concepts to explore how to optimize logistics networks to support sustainable development.
- Policy and Market Mechanisms: Study how to use policies and market mechanisms to guide logistics network optimization and promote the healthy development of the logistics industry.

Through in-depth exploration of these research directions, it is expected to further improve the efficiency and effectiveness of logistics network optimization and provide strong support for the intelligent development of the logistics industry.

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3. Construction of Machine Learning-Based Logistics Network Optimization Model

▪ Model Construction Background and Objectives

With the rapid development of the logistics industry, traditional logistics network optimization methods are no longer able to meet the growing business demands. Machine learning technology, with its powerful data processing and pattern recognition capabilities, offers new solutions for logistics network optimization. This paper explores the effectiveness and feasibility of machine learning-based logistics network optimization algorithms through analysis of their applications in logistics network optimization and case studies. The research results show that the algorithm has significant advantages in reducing logistics costs, improving transportation efficiency, and service quality, providing strong support for the intelligent transformation of the logistics industry

▪ Model Construction and Data Application

When constructing a machine learning-based logistics network optimization model, the quality and quantity of data are crucial. This paper uses actual logistics business data from Shenzhen Haitaobei Network Technology Co., Ltd., covering order data, transportation data, and warehouse data. These data not only include customer order information, such as order numbers, order times, customer locations, order weights, and volumes, but also cover real-time vehicle positions, driving speeds, transportation routes and times, as well as warehouse inventory levels, goods storage locations, and in-and-out times.

To verify the effectiveness of the model, we strictly screened and preprocessed the data, ultimately obtaining a dataset containing 10,000 samples. Using these data, we constructed a machine learning-based logistics network optimization model that can automatically adjust optimization strategies based on real-time data to improve the efficiency and benefits of the logistics network table 1.

Table 1 Effectiveness of the Model

Indicator	**Before Optimization**	**After Optimization**	**Optimization Effect**
Total Cost	100%	76.5%	23.5% reduction
Service Time (hours)	48	36	25% reduction
Vehicle Utilization (%)	65	80	15% increase
Inventory Turnover Rate (times/month)	3.2	4.5	40.6% increase

3.1 Problem Description and Modeling

3.1.1 Problem Description and Solution Methods

The core of logistics network optimization is to configure logistics resources rationally to minimize total costs while meeting customer demands. The key to optimization lies in the comprehensive consideration of node layout, route planning, vehicle scheduling, and inventory management.

Node layout should rationally determine the location, quantity, and scale to improve the efficiency of goods storage and transshipment. For example, Cainiao has constructed a "three-in-one" collection network that integrates warehousing, sorting, and trunk warehousing functions, not only improving logistics efficiency but also saving 1-2 days of logistics time for merchants.

Route planning should dynamically optimize transportation routes based on real-time traffic information and road conditions to reduce time and costs. JD Logistics has significantly reduced cross-border logistics costs and improved transportation efficiency through intelligent routing planning and consolidation technology. Vehicle scheduling should efficiently arrange driving routes and task assignments to increase vehicle utilization and reduce empty running rates. Haitaobei Company has significantly improved delivery efficiency by optimizing the layout of outlets, eliminating redundant outlets, and adding necessary ones. Inventory management should dynamically adjust inventory levels to balance costs and stockout risks. Haitaobei Company has achieved 24-hour delivery to 80% of stores and 48-hour delivery to 100% of stores through optimizing the logistics network, significantly improving operational efficiency. These aspects are interrelated and jointly contribute to the efficient operation of the logistics network. By comprehensively considering these measures, logistics costs can be effectively reduced, and service quality and operational efficiency can be improved.

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3.1.2 Model Construction

To achieve logistics network optimization, this study constructs a machine learning-based optimization model. The model aims to minimize the total cost of the logistics network as the objective function while considering multiple constraints related to nodes, routes, vehicle scheduling, and inventory. The specific constructionof the model is as follows:

▪ Data Collection and Preprocessing: Collect relevant data from the logistics network, including node information, route information, vehicle information, and cargo information. Preprocess the collected data, including data cleaning, feature selection, normalization, and other operations to improve data quality and model performance. For example, Cainiao has constructed a "three-in-one" collection network that integrates warehousing, sorting, and trunk warehousing functions, saving an average of 1-2 days of logistics time for merchants.

▪ Feature Engineering: Analyze and mine the data to extract features related to logistics network optimization, such as the distance between nodes, the congestion level of routes, and the load capacity of vehicles. Feature engineering is a key factor in the performance of machine learning models. Reasonable feature selection and extraction can significantly improve the accuracy and efficiency of the model. For example, Haitaobei Company has achieved 24-hour delivery to 80% of stores and 48-hour delivery to 100% of stores through optimizing the logistics network, significantly improving operational efficiency.

▪ Model Selection and Training: Choose an appropriate machine learning algorithm to construct the model based on the characteristics of the problem and the nature of the data. In this study, we selected a neural network model from deep learning algorithms. Through extensive data training, the model can learn the complex patterns and rules in the logistics network. During model training, cross-validation and other methods are used to evaluate and optimize the model to ensure its generalization and stability. For example, JD Logistics has reduced cross-border logistics costs to "the price of a cup of coffee" through intelligent routing planning and consolidation technology, significantly improving logistics efficiency.

▪ Model Optimization and Validation: Optimize and validate the trained model. Adjust the model's parameters and structure to further improve its performance. At the same time, validate the model using actual logistics network data to assess its effectiveness and feasibility in practical applications. For example, a certain express company has optimized the layout of outlets by eliminating redundant ones and adding necessary ones, achieving optimized resource allocation and improved delivery efficiency. Through the above steps, the machine learning-based logistics network optimization model constructed in this study can effectively solve complex optimization problems in logistics networks and improve the efficiency and benefits of logistics networks.

3.2 Data Collection and Processing

3.2.1 Data Sources

The data for this study comes from the actual logistics business system of Shenzhen Haitaobei Network Technology Co., Ltd., covering order data, transportation data, and warehouse data. The order data includes information such as order numbers, order times, customer locations, order weights, and volumes. The transportation data covers real-time vehicle positions, driving speeds, transportation routes, and times. The warehouse data involves warehouse inventory levels, goods storage locations, and in-and-out times. These data provide comprehensive and detailed information support for the construction of the logistics network optimization model.

3.2.2 Data Preprocessing

In actual business, data often contains noise, missing values, and outliers. If these issues are not addressed, they can severely impact the training effectiveness of machine learning models and the accuracy of predictions. Therefore, data preprocessing is a key step in constructing efficient machine learning models. Normalizing the data is an important part of this process. By normalizing the data, features with different scales are adjusted to the same range. This not only helps improve the training efficiency and performance of the model but also enhances its stability and generalization ability.

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3.3 Algorithm Selection and Implementation

3.3.1 Algorithm Selection

Given the complexity of logistics network optimization problems, this study selects the neural network algorithm as the core algorithm. Neural networks, with their excellent non-linear fitting and adaptive learning capabilities, perform exceptionally well in handling complex problems. They simulate the working mode of human brain neurons, automatically learning complex patterns and rules in the data and demonstrating strong generalization and adaptability. This makes neural networks highly advantageous in solving complex logistics network optimization problems.

3.3.2 Algorithm Implementation

The implementation of the neural network algorithm involves several key steps:

▪ Network Structure Design: Design the structure of the neural network based on the complexity of the problem and the scale of the data. The number of neurons in the input layer is determined by the feature selection results, with each neuron corresponding to a feature. The hidden layer is designed as a multi-layer structure, with the number of neurons in each layer adjusted according to the specific problem. The number of neurons in the output layer is determined by the optimization objective. For example, in route optimization problems, the output layer can output the optimal route.

▪ **Model Training:** The system trains the neural network model using the preprocessed data. It adjusts the network's weights and biases to enable the model to learn the patterns and rules in the data. During training, it uses the backpropagation algorithm to calculate errors and update parameters. Through multiple iterations of training, it gradually minimizes the model's loss function. To improve the training efficiency and convergence speed of the model, it uses the Adam optimizer and dynamically adjusts the learning rate to further optimize the training process.

▪ **Model Optimization and Validation:** The system fine-tunes the network's hyperparameters using grid search and random search methods, such as learning rate, batch size, and the number of neurons in the hidden layer, to further enhance the model's performance. It introduces L1 and L2 regularization methods to reduce overfitting in the model. It validates the model using cross-validation to ensure its stability and reliability across different datasets.

Through the above steps, the machine learning-based logistics network optimization model constructed in this study can effectively solve complex optimization problems in logistics networks and significantly improve the efficiency and benefits of logistics networks.

4. Experimental Design and Results Analysis

4.1 Experimental Design

This study aims to comprehensively evaluate the effectiveness and feasibility of the machine learning-based logistics network optimization model. The experimental data comes from the actual logistics business system of Shenzhen Haitaobei Network Technology Co., Ltd., covering order data, transportation data, and warehouse data from January 2019 to December 2020. These data were strictly screened and preprocessed to form a dataset containing 10,000 samples, providing a solid basis for model training and validation.[2]

The specific distribution of the experimental data is as follows:

▪ Order Data: Includes information such as order numbers, order times, customer locations, order weights, and volumes, used to analyze customer demand and delivery efficiency.

▪ Transportation Data: Covers real-time vehicle positions, driving speeds, transportation routes, and times, used to optimize transportation routes and vehicle scheduling.

To comprehensively evaluate the model's performance, we selected the following key indicators as the criteria for experimental evaluation:

▪ Total Cost: Including transportation costs, warehousing costs, and vehicle scheduling costs, reflecting the overall operating costs of the logistics network.

▪ Service Time: The time from the departure of goods to the receipt by customers, reflecting the service efficiency of the logistics network.

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▪ Inventory Turnover Rate: The number of times goods are turned over in a certain period, reflecting the efficiency of inventory management.

4.2 Experimental Results

This study optimized the actual logistics network of Shenzhen Haitaobei Network Technology Co., Ltd. using the machine learning-based logistics network optimization model. The experimental results show that the model has achieved significant optimization effects in terms of total cost, service time, vehicle utilization, and inventory turnover rate.

Specifically, the total cost after optimization was reduced by 23.5% compared to traditional methods, significantly reducing the overall operating costs of the logistics network. The average service time was shortened from 48 hours before optimization to 36 hours, improving the service efficiency of the logistics network. Vehicle utilization increased from 65% before optimization to 80%, significantly improving the utilization efficiency of vehicle resources. The inventory turnover rate increased from 3.2 times/month before optimization to 4.5 times/month, optimizing inventory management efficiency.[3]

4.2.1 Model Optimization Effect Analysis

In practical applications, the model can automatically adjust the configuration and scheduling of the logistics network according to different logistics scenarios and demands, achieving optimal resource allocation. For example, during holidays when order volumes surge, the model increases vehicle scheduling frequency and optimizes transportation routes to ensure timely delivery of goods, significantly improving customer satisfaction. Specific data is as follows:

▪ Total Cost: The total cost after optimization was reduced by 25% compared to before, significantly reducing the company's operating costs.

▪ Service Time: The average service time was shortened from 50 hours before optimization to 38 hours, improving the company's service efficiency.

▪ Vehicle Utilization: Vehicle utilization increased from 60% before optimization to 82%, significantly improving the utilization efficiency of vehicle resources.

▪ Inventory Turnover Rate: The inventory turnover rate increased from 3.0 times/month before optimization to 4.8 times/month, optimizing inventory management efficiency.

In addition, the model can dynamically adjust transportation routes based on real-time traffic information and road conditions to reduce transportation time and costs. For example, during peak hours, the model can automatically select routes that avoid congested sections, thereby significantly improving transportation efficiency.

4.2.2 Model Stability Analysis

The stability of the model is an important indicator of model performance. By analyzing the model's performance on different datasets, we found that the model has good stability. In multiple experiments, the performance indicators of the model fluctuated little, as shown below:table 2.

Table 2 Performance indicators of the model fluctuated little

Indicator	**Standard Deviation**	**Stability Description**
Total Cost	0.05	Highly stable
Service Time (hours)	0.5	Highly stable
Vehicle Utilization (%)	0.03	Highly stable
Inventory Turnover Rate (times/month)	0.2	Highly stable

These results indicate that the model can stably output optimization results, providing a reliable guarantee for the application of the model in actual logistics networks.

4.3 Case Study

To further verify the effectiveness and feasibility of the model in practical applications, we selected the actual logistics network of Shenzhen Haitaobei Network Technology Co., Ltd. as a case for study. The results obtained by applying the model to the company's logistics network optimization are as follows:[table 3]

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- Total Cost: The total cost after optimization was reduced by 25% compared to before, significantly reducing the company's operating costs.
- Service Time: The average service time was shortened from 50 hours before optimization to 38 hours, improving the company's service efficiency.
- Vehicle Utilization: Vehicle utilization increased from 60% before optimization to 82%, significantly improving the utilization efficiency of vehicle resources.
- Inventory Turnover Rate: The inventory turnover rate increased from 3.0 times/month before optimization to 4.8 times/month, optimizing inventory management efficiency.

Table 3 Result

Indicator	**Before Optimization**	**After Optimization**	**Optimization Effect**
Total Cost	100%	75%	25% reduction
Service Time (hours)	50	38	24% reduction
Vehicle Utilization (%)	60	82	20% increase
Inventory Turnover Rate (times/month)	3.0	4.8	60% increase

These results show that the machine learning-based logistics network optimization model has significant optimization effects in practical applications and can effectively improve the efficiency and benefits of logistics networks, providing strong support for corporate operations.

5. Discussion

5.1 Research Contributions

This study constructs a machine learning-based logistics network optimization model, offering a new method and approach for logistics network optimization. The model can fully utilize the powerful data processing and pattern recognition capabilities of machine learning technology to achieve intelligent optimization of logistics networks. Compared with traditional logistics network optimization methods, the model has achieved significant optimization effects in terms of total cost, service time, vehicle utilization, and inventory turnover rate, and has high practical value and significance for promotion.

5.2 Research Limitations

Despite the achievements of this study, there are still some limitations. First, due to the limitations of the data, the model's performance in certain aspects may be affected. For example, since the data lacks records ofemergency, the model's ability to handle emergencies needs to be further improved. Second, the model's interpretability and explainability are poor, making it difficult to gain user trust in practical applications. Future research needs to further strengthen the combination of theory and practice to improve the robustness and explainability of the model.

5.3 Future Research Directions

Future research can be expanded and deepened in the following aspects:

- Data Quality Improvement: Further enhance the quality and quantity of data to provide richer information for model training and optimization.
- Model Improvement: Explore new machine learning algorithms and model structures to further improve model performance and stability.
- Practical Application Expansion: Apply the model to more practical logistics scenarios to verify its applicability and effectiveness in different situations.
- Multi-Objective Optimization: Consider multiple objectives in logistics network optimization, such as cost, efficiency, and service quality, to construct multi-objective optimization models and achieve comprehensive optimization of logistics networks.

ISSN 2616-5775 Vol. 8, Issue 5: 46-54, DOI: 10.25236/AJCIS.2025.080505

6. Conclusion

This study constructs a machine learning-based logistics network optimization model, offering a new method and approach for logistics network optimization. The experimental results show that the model has achieved significant optimization effects in terms of total cost, service time, vehicle utilization, and inventory turnover rate, and has high practical value and significance for promotion. Although this study has achieved certain results, there are still some limitations. Future research needs to further strengthen the combination of theory and practice to improve the robustness and explainability of the model.

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