

Key trends to expect in the new year

Eric Carter lists the four issues that manufacturers will be thinking more about in 2019.

Over the past year, I have been working alongside manufacturers across the UK, helping them to improve efficiency and accuracy whilst also reducing the cost of running their warehousing and logistics operations. This provides a unique insight into what is really happening on the shop floor and how wider trends are likely to emerge in the coming year.

Skills shortage will incentivise faster automation adoption

Amazon's well-publicised wage increases just before the peak 2018 holiday season are going to shake up a sector that is already struggling to recruit and retain enough people to fill demand for jobs. It is a tough job to work in a warehouse and operatives tend to be highly price sensitive when it comes to employment, so these increases will inevitably force other companies to respond; even if they cannot afford it, they cannot afford not to. This will either drive up labour costs across an already highly competitive sector used to striving for micro efficiency improvements on a huge scale to nudge up profits, or force companies to look quickly for alternatives.

Rather than simply increasing wages across the board, many companies of all sizes will start to reconsider their plans for automation, possibly bringing forward investments in AI and robotics.

Technology is becoming more affordable all the time, and since labour is going to become more expensive, the time to potential value period that is used to measure return on investment will shorten. We are already seeing many customers bringing forward their adoption of automation as a result of the constant shortage of workers and high levels of disruption caused by churn. Even smaller SMEs that employ relatively few people in their warehouses are going to be turning to robots to automate their pick and pack processes.



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Improved perceptions of logistics as a sector

Sadly, logistics and supply chain is not usually the first choice for bright young people thinking about their future careers, yet it is one of the most critical aspects of commercial trade to get right, given that consumers expect instant gratification these days and profit margins are so low due to competition and price sensitivity. However, young people are not seeing it as an interesting profession – and why would they, when most of the skills associated with traditional logistics and warehouse work have been eroded to the point that people do not need to think any more to do many jobs.

It is not an attractive prospect. The whole sector needs to work harder to change perceptions and 2019 is going to be a big year for this. Many industry bodies – for example, CILT and UKWA – have already started, with some excellent initiatives that chart a clear career progression path for newcomers to the sector. These campaigns will gather pace, because the sector desperately needs new talent, and the skills mix required will be very different in the age of AI and warehouse automation.

Historically, a large part of the warehouse manager's role was people-management orientated, but in future the job will become much more analytical and strategic. It will support operatives working alongside machines and omni-channel businesses delivering the highest possible customer satisfaction and operational performance levels, whether that is for B2B or B2C markets. Daily operations will become more analytics driven and skills in big data and statistical analysis will be highly sought after. Overall, the warehouse manager's role will become far more forward looking and focused on compliance and risk mitigation, rather than routine, task based and resource monitoring.

More emphasis on using sustainable materials

Without plastic, we would all struggle to do the things we do every day and take for granted. Most warehouses are well aware of their environmental responsibilities and indeed doing their bit, but more action is needed. Experts estimate that over 8 million tonnes of plastic ends up in the ocean every year – as recent documentaries have highlighted, the world is quite literally drowning in the stuff – and it is having a massive impact on our ecosystems and food chain.

The amount of plastic we produce is having a massive impact on our ecosystems

Warehouses are heavy plastics-users for disposable applications like wrapping and labelling because of their durability, picking totes being a good example. E-commerce is very convenient for consumers, but it generates an awful lot of packaging materials that would not otherwise be needed in such large volumes if manufacturers were still predominantly shipping in bulk quantities to retailers and distributors.

Heightened awareness among consumers about the terrible impact plastics are having across our world means that companies will be forced to adopt biodegradable alternatives to disposable plastics wherever they can. Switching to more environmentally friendly packaging in the warehouse will be a good differentiator among ever more conscientious consumers and worth the investment.

Cost-efficient personalisation services

Whether selling to other businesses or direct to consumers, every manufacturer understands the importance of personalisation and how, by offering value-added services in the warehouse, they enhance their end-customer's brands. As competition from other manufacturers continues to increase, one way to control price sensitivity will be to expand the range of value-added services a warehouse can offer, whether they are a 3PL servicing multiple customers or an in-house logistics operation with one main internal customer.

We should expect to start seeing robots working alongside warehouse operatives to customise shipments efficiently, with personalised or value-add services, such as introducing specially branded packaging, or one-off product combinations for short term promotions. Using AI means the robot can emulate the operatives and learn to replicate a task quickly, switching to whatever comes next on the spot, once the promotion ends.

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