2023 State of the Third-Party Logistics Industry Report

Empowering Your 3PL in Uncertain Economic Times

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Introduction

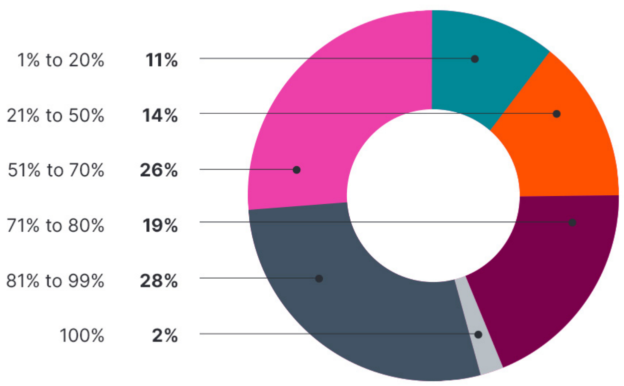
Introduction

As we near the three-year anniversary since the pandemic changed everything, the warehousing and third-party logistics (3PL) community continued to face disruptions related to COVID-19 throughout last year—with experts predicting systems won't normalize until 2023. With 2023 ramping up, new challenges are arising: lack of warehouse space, consolidation within the industry, the ongoing labor crisis, and an uncertain economic climate to boot.

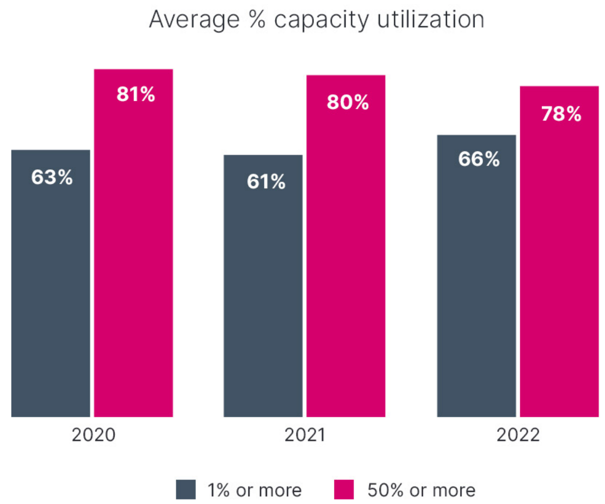
According to the 2022 Warehouse/Distribution Center Equipment Survey from Logistics Management, "when asked about current activity/capacity level for standalone DCs, a combined 31% have a capacity level that exceeds 80%" with average capacity reaching 78% for warehouses reporting over 50% capacity. This capacity crunch signals that warehouses may struggle to add new customers or meet peak demand surges. Finding additional warehouse space is a top priority for many warehouses, especially those serving ecommerce customers.

What is your current activity level for standalone warehouses/distribution centers?

Current Activity / Capacity Level



Annual Trending



Among those reporting at least 1% capacity, the average capacity level was 66% in 2022. Similarly, of those reporting 50% + capacity, the average capacity level is 78%.

Source: https://www.logisticsmgmt.com/article/2022_warehouse_distribution_center_equipment_survey_its_go_time_for_investm

Introduction

While the prior report references both DCs and warehouses, the Extensiv 3PL Warehouse Benchmark Report that focuses entirely on 3PL warehouses showed 20% of 3PLs operating above 100% capacity and an additional 39% between 90% - 100% capacity. This paints an even more space constrained view for 3PLs.

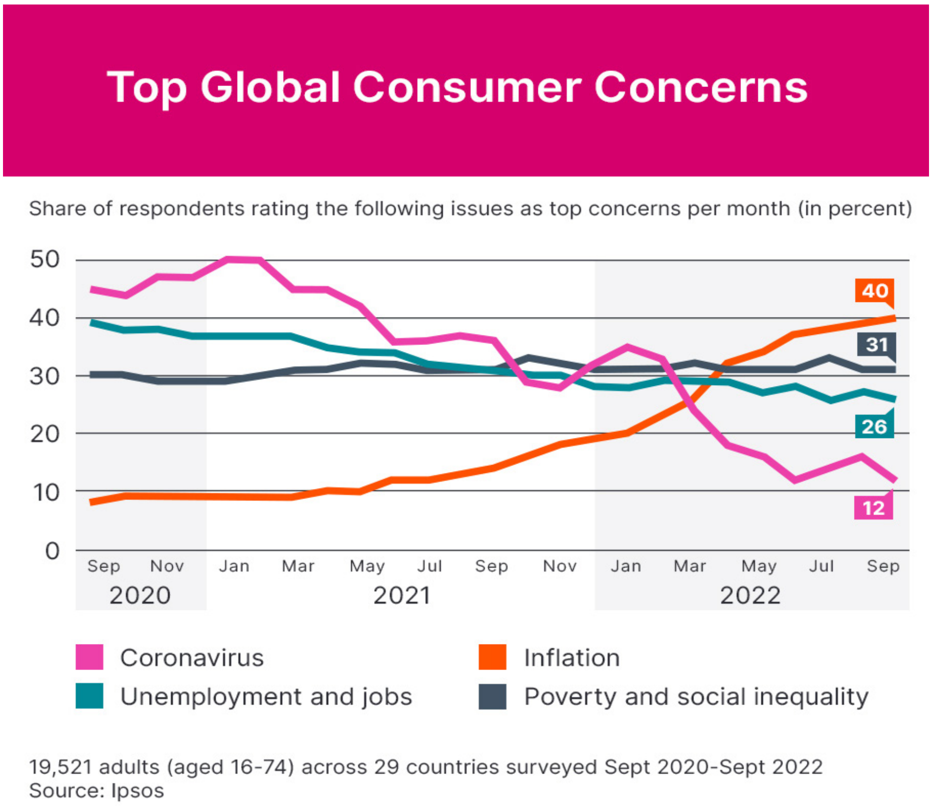
In fact, according to Chris Caton, head of global strategy and analytics for Prologis, the largest owner, operator and developer of logistics real estate in the world, “these customers require 1.2 million square feet of distribution space for each $1 billion in sales, which means ecommerce requires three times the space as traditional through-put distribution.” Given low vacancy rates and high rent costs for what little is available—not to mention the prohibitive costs of building new warehouse space for many smaller and regional 3PLs—warehouses will need to embrace creative solutions to expand their footprints.

On top of this lack of space, there is a lot of consolidation within the industry as more major players strive to control all aspects of their supply chains. Amazon continues to expand its logistics presence with increased multi-channel fulfillment along with other players like Walmart, Shopify, and TikTok adding warehousing to their business platforms. Others like American Eagle and Gap, who now allow contract services at their brand warehouses, pose threats to 3PLs looking to add new clientele. Creating a competitive offering will be paramount for 3PLs to keep and attract customers over these new players expanding into the warehousing space.

Finally, the economy and labor shortage continues to affect many industries, but especially the logistics sector. Both truck drivers and warehouse workers are in short supply, highlighting a labor crisis that affects multiple phases of logistics across transportation and warehousing. According to Penske, “56% of 3PLs and 78% of shippers said labor shortages impacted their supply chain operations” in 2022. With low unemployment rates (below 4% throughout most of 2022) coupled with rising labor costs—Amazon is pushing starting warehouse worker pay up to $19 per hour—3PLs will need to prioritize finding and retaining qualified workers and enhancing their employment opportunities.

This is, of course, assuming the economic downturn does not catalyze mass layoffs across the country (though some industries, like tech, have already had massive layoffs before the holidays). In fact, inflation rose to be the leading global concern for consumers in 2022 at 40%, beating out poverty and social inequality (31%), unemployment and jobs (26%), and the Coronavirus (12%). With such economic uncertainty, flexibility is going to be essential.

Introduction



Source: https://www.weforum.org/agenda/2022/10/global-concern-inflation-energy-economy

These are just a handful of the leading problems we foresee affecting logistics and warehousing in the coming year, but merely outlining the issues is not helpful—it's just a starting point. You need solutions. You need business strategies to combat these challenges and empower your 3PL in uncertain economic times. In this year's Third-Party Logistics State of the Industry Report, you'll learn about our top trends for the year and recommended best practices to help you thrive despite these issues.

A Foundation of (Digital) Automation

A Foundation of (Digital) Automation

It should come as no surprise that implementing warehouse automation technologies leads the trends for 2023. With most warehouses facing capacity and labor constraints, turning to automation to help increase spatial efficiency and reduce labor needs in the warehouse is a no-brainer.

In fact, G2 reports that 89% of organizations surveyed will be using modernized Warehouse Management Systems (WMS) for labor planning and management by 2024. This statistic mirrors the data from Peerless Research Group's annual 2022 Materials Handling Technology Study that found over half of respondents (56%) use a WMS in their warehouse. Of those using a WMS, nearly 70% of warehouses have upgraded their WMS in the past five years as innovation in software capabilities drives further investment in these technologies. Although many WMS platforms offer labor analytics as an essential tool for tackling the ongoing labor crisis, the top reasons for using a WMS include order management (62%), procurement (62%), and inventory visibility (54%).

Source: https://www.mmh.com/article/warehouse_software_and_automation_survey_2022_users_cautiously_embrace_chan

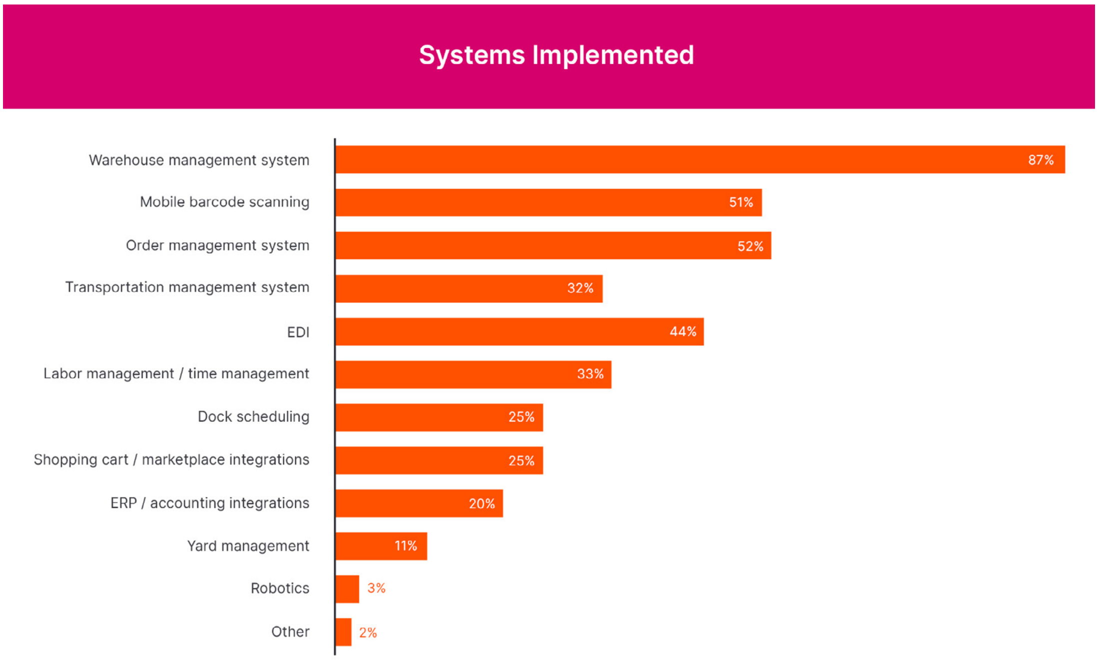
A Foundation of (Digital) Automation

So why is automation our top trend for the year? Because it is the foundation for a plethora of best practices within the warehouse. At a very fundamental level, digital automation—especially WMS software—provides clarity within the supply chain by acting as a sole source of data referenced by other systems through integrations like electronic data interchange (EDI) and application programming interface (API). These connections create visibility across the whole supply chain when systems communicate with each other freely. Gartner estimates that 50% of all transactions will come through API by 2023, so having the right tech infrastructure to handle these transactions will be essential. An astounding 93% of shippers also stated that data-driven decision-making, which comes from leveraging digital automation technologies, is essential to the success of supply chain management.

It isn't about having one good piece of software anymore; building a tech stack that complements the industries you serve and your workflows will allow you to stay ahead of the competition. For example, do you need an order management system (OMS) in addition to your WMS to handle ecommerce orders, returns, and routing to multiple warehouses? Supply chain leaders are increasingly investing in order management automation solutions because of their ability to cut hard and soft costs, increase visibility, and improve the consumer experience. Just having a good WMS as your only piece of software is falling by the wayside.

A Foundation of (Digital) Automation

The Penske 2023 Third-Party Logistics Study notes that "shippers continue to have high expectations of 3PLs' IT solutions," with 14 of the 19 IT capabilities seeing increases in the percentage of shippers indicating them as "must haves." According to the 2022 Third-Party Logistics Warehouse Benchmark Report, 3PLs implemented an average of 3.8 systems with high and medium profitability warehouses usually having more than 4 highlighting the need for a stack versus a single software solution.



Source: Benchmark Report

Automation—and innovation—are building blocks for the modern warehouse. According to Deloitte, "96% of industry leaders identify innovation as 'extremely important' to growth (vs. 65% of followers)," where leaders are defined as organizations with superior supply chain capabilities, while followers are organizations with lower-performing supply chains. Leveraging concrete real-time data and predictive analytics from digital automation software is particularly important when historical data is complicated by COVID trends that skewed supply and demand patterns in recent years.

In many ways, your supply chain is only as reliable as your software, and industry leaders are already adopting more and more digital automation technologies. Deloitte further notes that "75% of leaders utilize optimization software (vs. 34% of followers), visualization software (67% vs. 28%), mobile technologies (75% vs. 30%), and radio frequency identification tags (65% vs. 27%)," signaling the importance of digital automation technologies for supply chain leaders.

A Foundation of (Digital) Automation

Best Practice Recommendations

What can 3PLs do to take advantage of digital automation in 2023?

Implement new tech now – Buying and implementing new software takes time, and you are never going to find the perfect moment to start that journey if you keep waiting...so, start now. Assess what technologies your business could use and reach out for demos and/or free trials as soon as possible.

Get the most out of your software – Does your WMS offer labor analytics dashboards that you never look at? What about mobile barcode scanning as an add on? To get the most out of digital automation, you most likely do not need to abandon the software you already have, just make sure you use all the tools in your toolkit. Also, knowing how to actually use your software is often overlooked. Study help center documentation, reach out to support departments and/or your customer support manager for tutorials, and develop training programs for onboarding warehouse staff. There is no point in having great software if you—or your staff—do not know what to do with it.

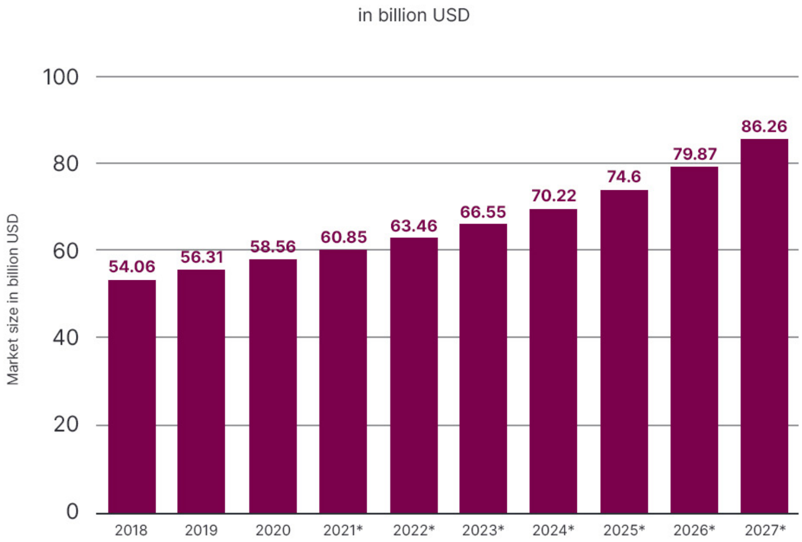
Consider the balance of your workforce between human and machine – Even with implementing automation in your warehouse, you are going to need human operators to oversee operations and perform value-added tasks. You should see your automation investment as a way to create a new class of jobs rather than replacing human employees. According to **Forbes**, "one of the most critical challenges retail and 3PLs face is how to hire and keep employees with the right skills," but making the investment in your human employees in the form of training gets results. **ABI Research** reports that training in advanced picking software, for example, provides massive gains as advanced picking creates a 30% efficiency gain and up to 60% in time savings. Additionally, **54%** of organizations are increasing supply chain and technical training to retain laborers and develop a career path for valued employees.

The Continued Rise of 4PLs

The Continued Rise of 4PLs

Fourth-party logistics (4PL) could end up being one of the biggest buzzwords in logistics in 2023. In the introduction, we mentioned the consolidation within the industry as big retailers look to offer 3PL services at their warehouses, and other mega-3PLs operate their own 4PL networks. This injection of competition in an already cutthroat industry can be daunting to many smaller and regional 3PLs. But, the rise of 4PL networks can benefit 3PLs looking to partner with others across the country, providing a counter to the consolidation within the industry around bigger players.

Fourth-Party Logistics (4PL) Market Size from 2018 to 2027



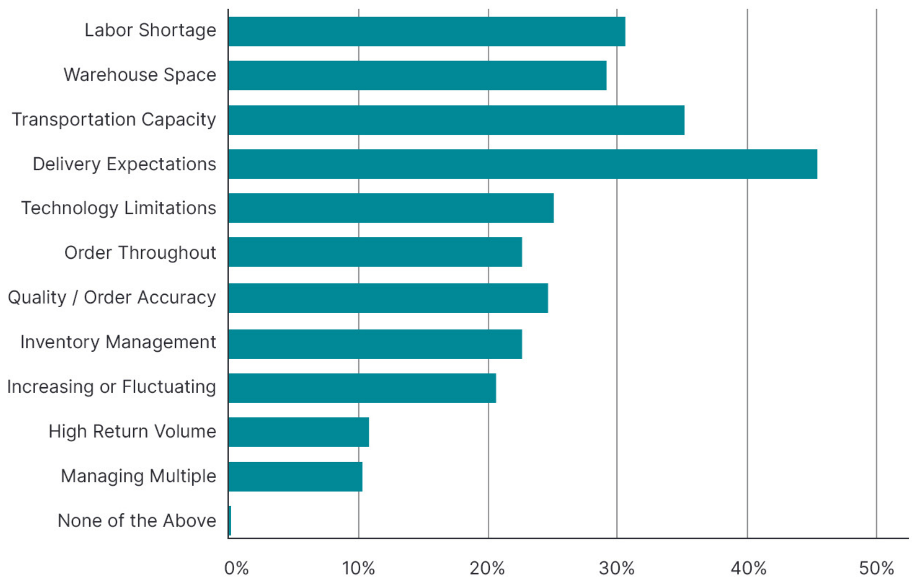
Source: https://www.statista.com/statistics/992952/fourth-party-logistics-market-size-worldwide/

According to Statista, the global 4PL market is expected to grow to around $86.26 billion U.S. dollars by 2027 from $63.46 billion in 2022. This massive projected growth in fourth-party logistics should be seen as an opportunity for 3PLs to create their own 4PL networks. New technologies are emerging that make creating and maintaining a 4PL network easier than ever before. The benefits to 3PL clients can include faster and cheaper delivery, reduced carbon footprint, greater client satisfaction and higher profitability, as well as the ability to increase your service offering into specialties you may not be equipped to handle in your current warehouses.

The Continued Rise of 4PLs

4PLs can be a growth opportunity or an additional business model for diversification versus a threat to current business practices of 3PLs, and there are many benefits to expanding into 4PL networks. Primarily, partnering to become a 4PL gives additional warehouse space to constrained 3PLs by enabling them to spread inventory across multiple warehouses. With Prologis stating that the boom of ecommerce drives the need for "an incremental 125 million square feet (MSF) of logistics space or more per year through 2025 in the U.S. and Europe alone," the benefit of gaining additional warehouse space through a 4PL network is hard to overlook. This additional space enables 3PLs to take on more customers and better manage seasonal fluctuations in inventory.

Top Fulfillment Challenges

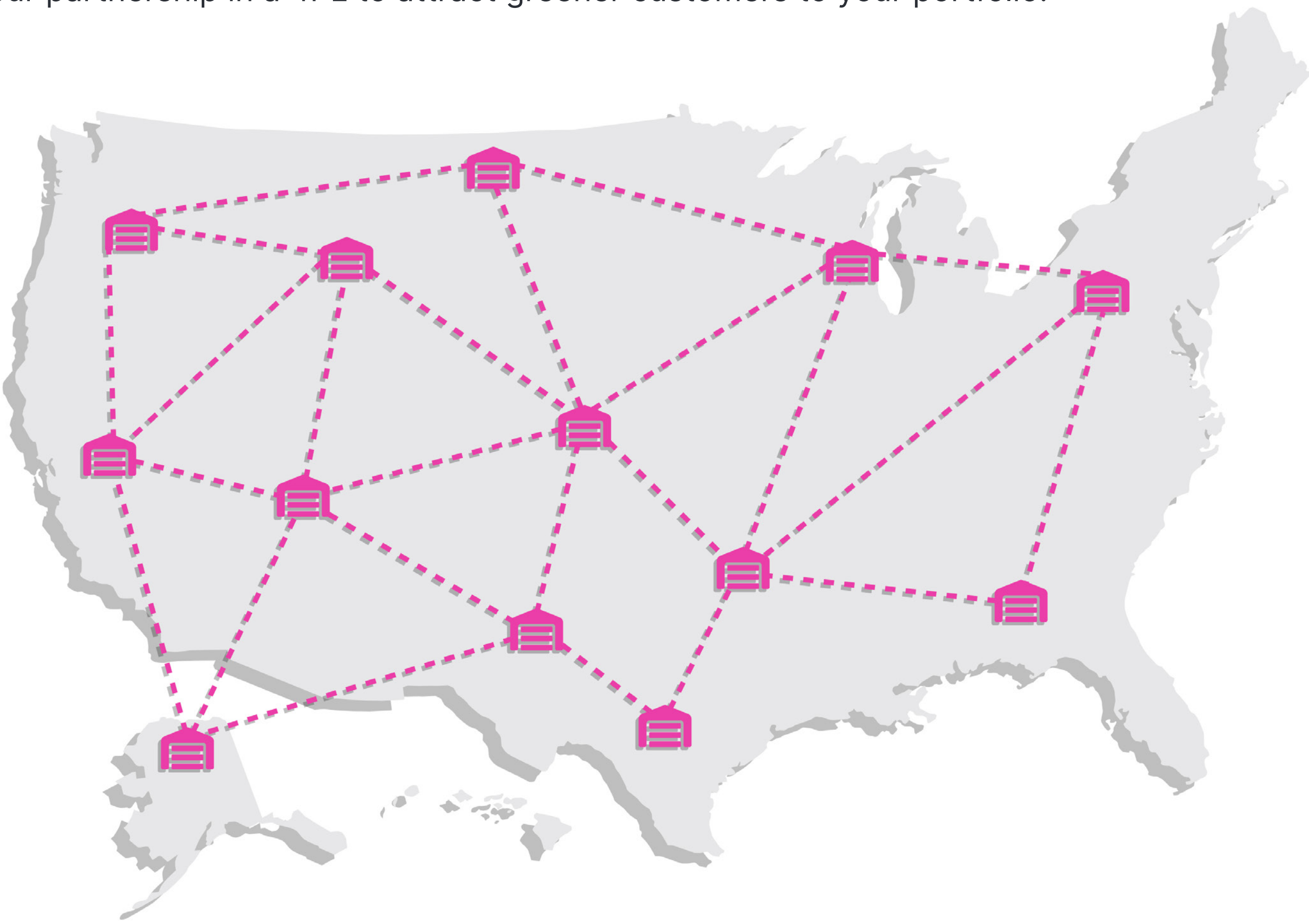


Source: https://www.ingrid.com/blog/ecommerce-statistics

Additionally, in partnering with 3PLs in different geographies, you would expand your geographical footprint, which would enable you to exceed shipping service level agreements (SLAs) and be more competitive in the marketplace. In the era of the Amazon Effect, any advantages in shipping are welcome. In a survey of ecommerce industry professionals, Saddle Creek Logistics found that "delivery expectations" ranked as the top fulfillment challenge at 45% followed by transportation capacity (36%), headaches that geographic diversification through a 4PL network would mitigate.

The Continued Rise of 4PLs

Speaking of consumer expectations, it is worth noting that eco-consciousness is on the rise and spreading inventory across nodes closer to the end consumer is not only beneficial from a speed and cost perspective but from an environmental one also. According to **Simon-Kucher & Partners' Global Sustainability Study**, 60% of global consumers rated sustainability as an important purchasing factor compared to 61% in the United States; with this growing trend affecting how your customers advertise their brands, you can leverage your partnership in a 4PL to attract greener customers to your portfolio.



While we tend to focus on the economic impacts of business practices, it is important to consider the environmental aspects as well of a lesser carbon impact while getting consumers their packages faster and at a better shipping price, especially when consumers continue to put their purchasing power to use in supporting sustainable businesses.

The Continued Rise of 4PLs

Best Practice Recommendations

How can 3PLs ride the wave of 4PL networks?

Be open to partnerships – Even if you do not own the 4PL network, your 3PL can benefit from partnering with another 3PL by distributing inventory across the network, etcetera. In the dog-eat-dog world of logistics, it is easy to reject partnership proposals, but 4PLs offer a way for you and your competitors to prosper together. Additionally, using tools like **Extensiv Fulfillment Marketplace**, you can find 3PLs in other complementary geographies that have similar workflows and that are open to partnerships. If no one has offered you a partnership, take the first step and find someone you would want in your own 4PL network and give yourself the advantage in new customer engagements.

Ensure you benefit too – 4PL networks should work so that all 3PLs within the network benefit. While you should be open to partnerships, you should be wary of one-sided deals where you do not reap the benefits of the network, like contracts with mega-3PLs where you do not retain ownership of your customer relationships. You also need to make sure that you and your 4PL partners have the visibility, control, accountability, and communication in place so that everyone succeeds in delivering a great client and consumer experience.

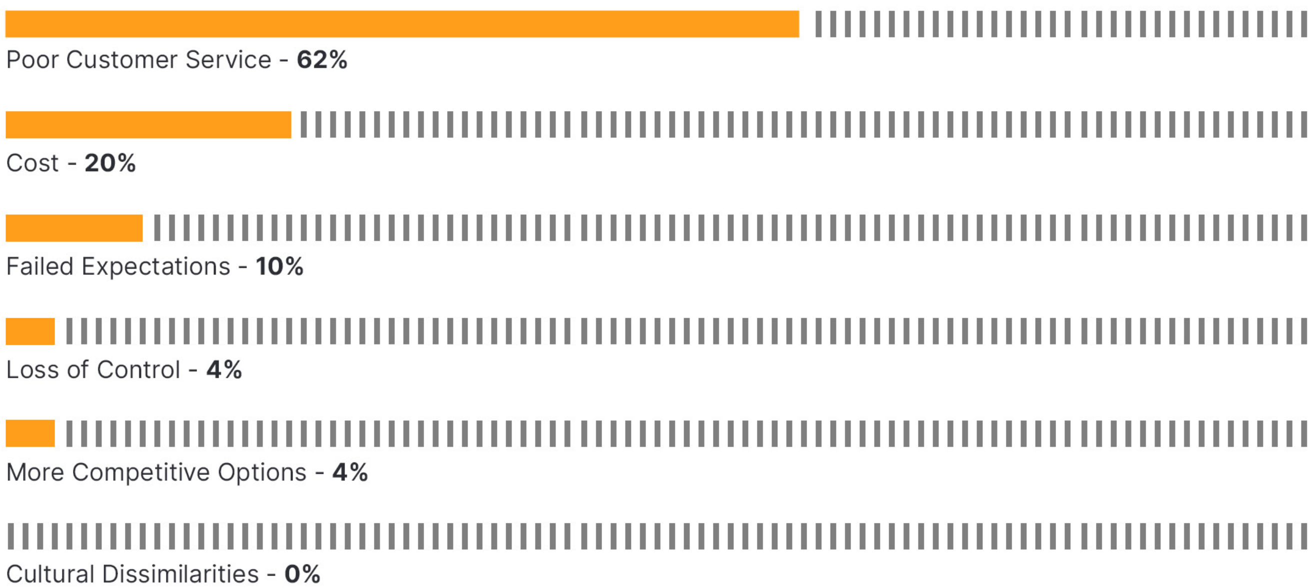
Understand your clients' goals – To get the most out of a 4PL network, you are going to have to communicate with your clients that you are engaging in this type of relationship with other 3PLs and understand how their business goals can drive your decision making. You will want your customers to know that you have this arrangement and what benefits they will reap from it as well. **Studies** show that "92% of 3PL users and 96% of 3PL providers agree that supply chains are evolving into complex networks. Across the next five years, shippers predicted that strategic relationships with their 3PLs would increase to 45% (from the current 28%)," meaning that your customers are already expecting the more strategic networking that could come from 4PL relationships. Understanding your clients' goals may push you into 4PL territory sooner rather than later.

Customer Service Goes Both Ways

Customer Service Goes Both Ways

Your business relies on strong customer relationships, so you need to know how to best serve them, especially as your 3PL grows to take on more and more customers. The 2022 Inbound Logistics 3PL Market Research Report notes that the main reason for a failed 3PL partnership is poor customer service (62%) while another 10% "cite failed expectations, which could include failure to deliver on promises or communicate clearly, both important elements of service." Prioritizing meeting customer expectations and offering comprehensive customer service could be your life preserver as the economy faces a potential recession.

The Main Reason For a Failed 3PL Partnership According To Shippers



Source: https://www.inboundlogistics.com/articles/2022-inbound-logistics-perspectives-3pl-market-research-report/

However, you also need to make sure the customers you sign are worth the investment you make in taking them on. Aside from obvious factors (e.g., customer level profitability) as to whether you keep an existing customer or sign a new one, keeping customers that align with your workflows is essential given the labor shortage and warehouse space constraints. For example, if you specialize in serving ecommerce clothing brands, you may not want to take on a new customer that requires cold storage because of the additional space, climate control, and manpower needed for the new workflows and processes that come with a different vertical.

Customer Service Goes Both Ways

Research supports this need for selectivity and specialization; according to the Extensiv 2022 3PL Warehouse Benchmark Report, 3PL warehouses served on average 2.9 industries in 2022 compared to 3.5 in 2021. 3PLs are focusing on playing to their strengths rather than trying to accommodate everyone—because overwhelmingly they can't. In this specialization process, you may have to fire some existing customers that do not meet your strengths or just do not make sense economically. With warehouse space at a premium, 3PLs must trim the fat by evaluating customers' needs and order volumes to ensure their partnership makes sense economically. In the vein of cost management, you can focus on factors like customer profitability and leading vs. lagging key performance indicators (KPIs) to determine if customers are actually costing you money.

However, this specialization makes the customers you want to keep even more precious and serving them in this economic climate to make sure their brands succeed can be challenging. While 3PLs may serve fewer verticals, they can offer more value-added services to their clientele to make the partnership even more attractive. One essential service you can provide is managing shipping volatility, as a 3PL's shipping acumen is one of the top reasons brands partner with 3PLs. Shopify notes that shipping coordination is a key function of 3PLs who can work with established carriers or manage their own fleets to fulfill shipping promises such as 2-day shipping. 3PLs' shipping expertise is further reinforced by statistics published by Logistics Management, stating that:

88% of shippers and **99%** of 3PLs

concur that 3PL usage has resulted in 'improving service to the ultimate customers,' with

76% 3PL users and **92%** 3PL providers

agreeing that 3PLs do provide new and innovative ways to improve logistics effectiveness.

Customer Service Goes Both Ways

With the ecommerce boom, many carriers are facing capacity crunches, and carriers still hold the power in setting prices—which continue to increase every year. With FedEx and UPS already announcing 6.9% rate hikes for residential shipping in 2023, your customers might look to you to help them find creative solutions to manage costs. Partnering with smaller regional carriers as well as shipping experts like BUKU Ship and Pitney Bowes to find the best shipping rates can help keep your customers happy. Also, supporting rate shopping to identify the best and lowest cost shipping option for your customer can make you shine as a 3PL. Logistics Management reports that:

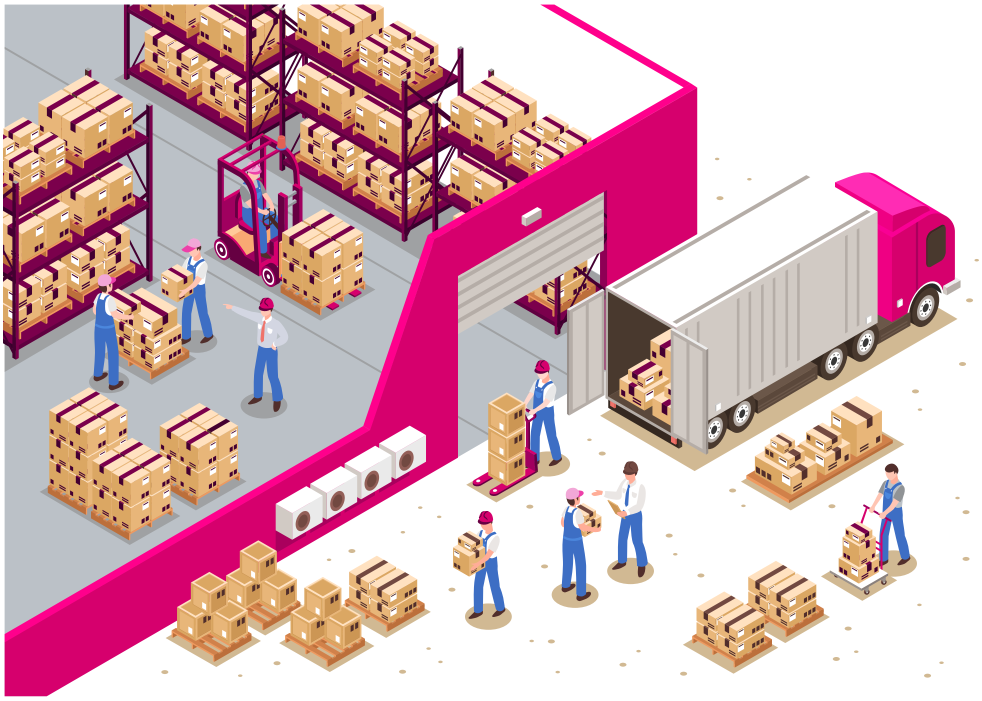
68% 3PL users and **96%** 3PL providers

note that leveraging 3PLs has translated into reducing overall logistics costs, especially when 3PLs utilize tools like rate shopping and negotiating shipping rates with carriers on behalf of their customers.

Other value-added services on the rise with ecommerce include kitting, custom packaging, managing subscription boxes, and the big one, reverse logistics. Accompanying the rise of ecommerce is the rise of returns management—also known as reverse logistics—a significant value-added service that many customers are now looking for in their 3PL partners. Reports state that 68% of 3PLs plan to offer returns management as a service in the next three years.

Customer Service Goes Both Ways

Within the Next Three Years



23%
of 3PLs are planning to provide supply chain management as a service

20%
of 3PLs plan to introduce Last-Mile as a Service (LMaaS)

68%
of 3PLs have plans to introduce returns management as a service

Source: https://locus.sh/resources/third-party-and-shipping-industry-logistics-trends/?utm_source=resources&utm_medium=Vistors&utm_campaign=infographic

In fact, according to Statista, the worldwide reverse logistics market was valued at $704.31 billion in 2022 and is expected to reach $958.3 billion by 2028. This growth in the reverse logistics market is unsurprising given that "the rise of ecommerce over the past decade has driven a 33 percent increase in the return rate of overall retail sales," reports Deloitte. As more and more consumers buy online, the necessity for reverse logistics services from 3PLs will continue to grow, so making sure you have the technology in place to accommodate returns management will be essential in the coming years.

Reducing the number of verticals you serve does not mean reducing your workload, but rather putting forth more effort into specializing and deepening your offerings, like handling returns.

Customer Service Goes Both Ways

Best Practice Recommendations

How can 3PLs master customer relations?

Rely on data – When evaluating your clientele, use cold hard facts to determine if they are worth keeping around. Look at specific, quantitative metrics like profitability, leading KPIs like order volume and revenue generated, and resources (time, manpower, and space) spent on each customer.

Highlight your technology stack – If your customers are resistant to using the technology you implement within the warehouse that would make your relationship with that customer easier, it may be time to evaluate your partnership with them. On the other hand, technology is a huge selling point for many brands looking to partner with 3PLs, so you should advertise your technological prowess as a value-added service.

Know your worth – Despite economic uncertainty, there will still be customers out there that need the services of a 3PL. As long as you present a competitive offering and highlight your expertise in whatever vertical you specialize in, you will find new customers for your 3PL this year without needing to sell yourself short.

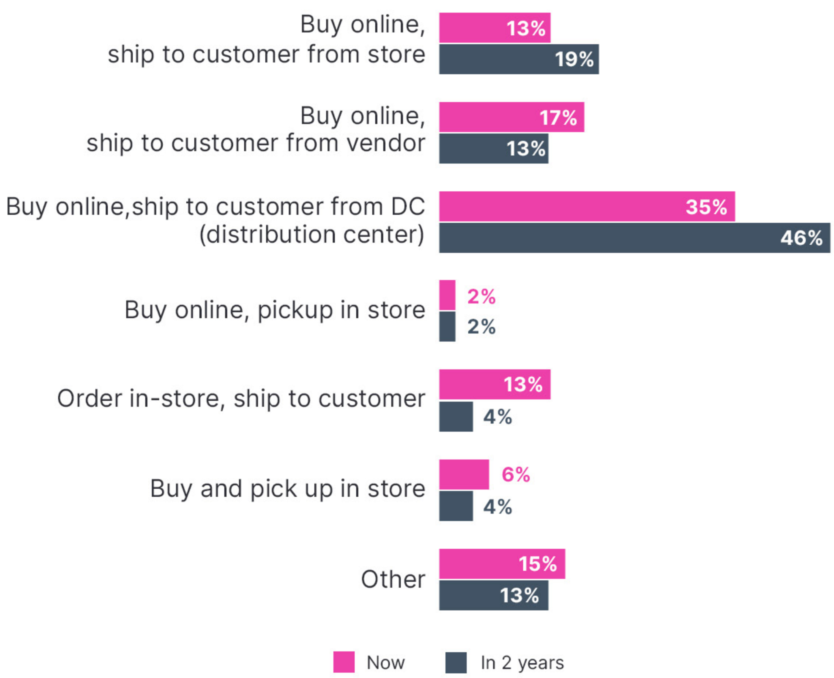
The Evolution of Fulfillment

The Evolution of Fulfillment

At the end of the day, fulfillment is a 3PL's bread and butter. Making sure you follow best practices and consider new fulfillment strategies round out our 2023 3PL warehouse business practice trends.

In last year's State of the Industry Report, we named the rise of omnichannel fulfillment as one of our top trends for 2022, and omnichannel continues to be a major growth driver for 3PLs. Omnichannel fulfillment encapsulates fulfilling orders from a variety of sales channels available to consumers (e.g., traditional brick-and-mortar retail, ecommerce, shopping carts and marketplaces, buy online pickup in store (BOPIS), curbside and locker pickup, etc.) with a unified approach to inventory management routed through a WMS to keep all inventory transactions organized. As omnichannel buying and selling continues to grow—**Logistics Management** reports that buy online ship to customer from distribution center is the most common fulfillment practice at 35% (expected to be 46% in two years)—you need to embrace an omnichannel fulfillment strategy to support your clients' sales channels.

In Your Operation, Which Is Now Most Common?
Which Do You Believe Will Be Most Common In 2 Years?



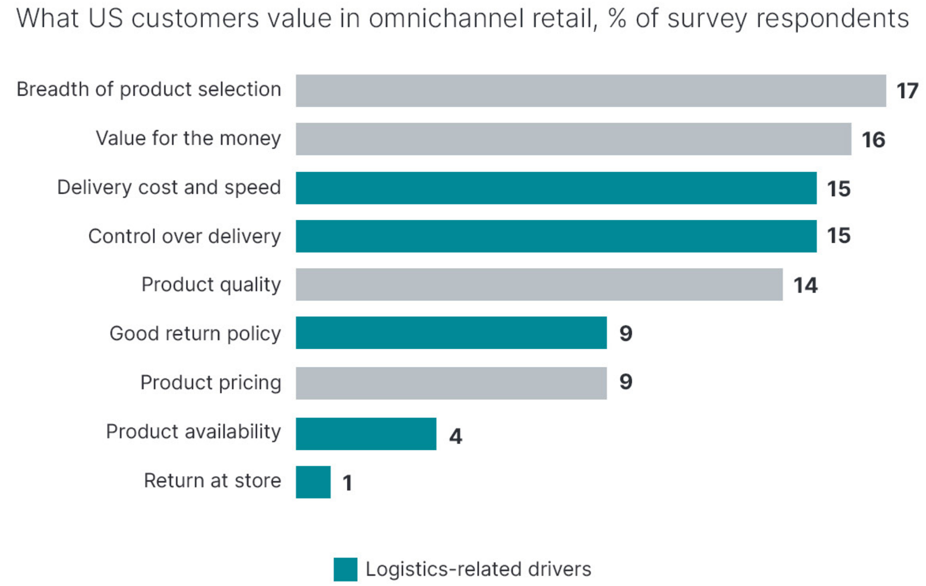
Source: https://www.logisticsmgmt.com/article/2022_warehouse_distribution_center_equipment_survey_its_go_time_for_investm

The Evolution of Fulfillment

This also extends to reverse logistics capabilities, which are more important than ever with the astronomical growth of ecommerce. According to **Deloitte**, "as customers shift their expectations to a more holistic shopping experience, retailers must adapt to building a cross-channel returns strategy that connects the purchase cycle from the earliest stages of assorting and buying goods through the consumer sales cycle." In other words, with an omnichannel fulfillment strategy, the returns management process needs to be part of the overall supply chain strategy. Relying on the latest technology and analytics, prioritizing reverse logistics in your omnichannel strategy is a realistic goal for 2023.

With the Amazon Effect pushing for faster fulfillment across the industry, especially in the increased need for same day delivery, omnichannel fulfillment is only going to continue to grow for both direct to consumer (DTC) and business-to-business (B2B) fulfillment as 3PL warehouses continue to adopt more and more technology infrastructures and strive to meet consumer expectations. According to **McKinsey and Company**, "the North Star of a great omnichannel strategy is removing friction from the parts of the fulfillment process that matter most to" consumers, who are increasingly concerned about logistics-related drivers in omnichannel retail, as shown in the graph below.

Omnichannel Customers Care About Logistics Excellence



Source: https://www.mckinsey.com/industries/retail/our-insights/retails-need-for-speed-unlocking-value-in-omnichannel-delivery

The Evolution of Fulfillment

Aside from omnichannel fulfillment, other trends like micro-warehousing and bookending with fulfillment center placement—where a micro-warehouse space is in a densely populated urban area supported by larger fulfillment centers outside the city—are noteworthy trends as 3PL warehouses look for more warehouse space. Micro-warehousing not only helps 3PLs expand their available square footage by adding smaller warehouses to their real estate portfolio but also gets inventory closer to consumers, dramatically decreasing delivery times and costs.

Experts note that "despite higher rent and labor costs for these locations, these costs are often offset by reduced costs of last-mile delivery, which can be substantial at up to 20 percent." Finding smaller warehousing spaces is also a lot more feasible given the lack of warehousing space on the market for rent or purchase. These same experts show that these urban- or market-fulfillment-center strategies incur capital costs around $5 million to $15 million, which is a fraction of the cost of opening a new full-scale distribution center (often $100 million in capital per distribution center).

Complementing micro-warehousing, which requires 3PLs to be extremely specific with what inventory they store given the reduced capacity they can carry in smaller spaces, we expect a shift from just in case (JIC), where 3PLs store extra inventory in the event of demand spikes/transportation issues from the manufacturer, back to leaner just in time (JIT) inventory strategies as disruptions level out. With product shortages across manufacturing and retail as recently as last year, JIC became the go-to strategy as warehouses saw the need for inventory buildup. However, according to an article by Forbes, "if we aren't careful, we could be facing a wave of what the accountants call 'excess and obsolete,' the write-downs of excess inventory that often follows stocking binges," signaling that a shift back to JIT is both timely and relevant.

How do the aforementioned trends affect your fulfillment operations? Omnichannel, micro-warehousing, and JIT fulfillment strategies aim to increase speed in shipping out orders, but your warehouse will still only be as fast as your workflows allow. Optimizing and refining your pick and pack processes will be essential to getting the most out of your fulfillment strategies as well as dealing with peaks in order volume. You will also need to consider how to deal with capacity constraints/stale inventory and how to balance customers with slow-moving inventory in your fulfillment strategies, as discussed previously in the section on customer relationships. Slow moving inventory is not ideal for micro-warehousing, so if you do choose to expand in that way, note that the bookended larger fulfillment center will need to house this inventory.

The Evolution of Fulfillment

Best Practice Recommendations

How can 3PLs prepare for the evolution of fulfillment?

Price your services appropriately – If you are creating a faster fulfillment network, make sure to price your services appropriately; faster service with expanded capabilities under omnichannel frameworks enable you to charge premium rates for your services. Especially during this time of high inflation when order volumes are down but revenues are still up for brands, you will want to price fulfillment services appropriately to get a piece of that pie.

Maximize order fulfillment prior to shipping cut off times – The most profitable 3PLs fulfill orders in as little as 30 minutes. The 2022 3PL Benchmark Report notes that on average, if it takes longer than three hours to fulfill an order, the likelihood of experiencing medium to high profitability drops at an average rate of 1.58x.

Ensure your tech supports omnichannel fulfillment – Even if you do not support omnichannel fulfillment now, you may want to in the (very near) future as ecommerce continues to grow, albeit at a slower rate than during the height of the pandemic. Omnichannel buying and selling continues to grow in popularity, and you don't want to be limited by your technology in getting in on this trend.

Conclusion

While the effects of the pandemic may be mostly behind us, there is still a lot of uncertainty within logistics as our supply chains recover amid this economic climate. The challenges of an industry-wide lack of warehouse space, consolidation within the industry, and the ongoing labor crisis may seem overwhelming, but they create an opportunity for 3PLs to get creative with how they address these problems. By leveraging digital automation, considering expansion into fourth-party logistics, optimizing the customer relationship, and evolving fulfillment strategies, 3PLs can thrive, increasing profitability and honing their expertise through new business practices.

About Extensiv

In May 2022, 3PL Central, Skubana, Scout Software, and CartRover combined to become **Extensiv**. Extensiv is a visionary technology leader focused on creating the future of omnichannel fulfillment. We partner with warehouse professionals and entrepreneurial brands to transform their fulfillment operations in the radically changing world of commerce and consumer expectations. Through our unrivaled network of more than 1,500 connected 3PLs and a suite of integrated, cloud-native warehouse management (WMS), order management (OMS), and inventory management (IMS) software, we enable modern merchants and brands to fulfill demand anywhere with superior flexibility and scale without painful platform migrations as they grow. More than 25,000 logistics professionals and thousands of brands trust Extensiv every day to drive commerce at the pace that modern consumers expect.

About Extensiv 3PL Warehouse Manager

Extensiv 3PL Warehouse Manager is the leading cloud-based warehouse management system (WMS) solution built to meet the unique needs of the 3PL warehousing community. Serving as the backbone of our customers' operations, our platform quickly transforms paper-based, error-prone businesses into service leaders who can focus on customer satisfaction, operate more efficiently, and grow faster. Offering a comprehensive warehouse management platform, we make it easy for 3PLs to manage inventory, automate routine tasks, and deliver complete visibility to their customers.

Interested in learning how Extensiv can help your business fortify operations, streamline processes, and build best practices across your warehouses in 2023?

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