

2023 Third-Party Logistics Warehouse Benchmark Report



Table of Contents

03 Foreword

04 Key Findings

05 The 3PL Warehouse Landscape

10 Growth Opportunities

16 2024 Outlook

20 Warehouse Capacity

23 Labor Outlook

28 Reporting & Analytics

32 Billing & Invoicing

36 Technology Implementation

44 Conclusion

45 Methodology

47 About Extensiv

Foreword

In August 2023, Extensiv distributed an online survey to logistics professionals who own or operate third-party logistics (3PL) warehouses. The aggregated responses to this survey comprise the information found in the following report. As the first and only report 100% focused on the third-party logistics warehouse industry, Extensiv's Benchmark Report aggregates data from more than 200 3PL warehouses and provides insight on more than 30 industry-specific topics. This information builds on data collected from 2020 - 2022 and provides year-over-year changes or trends when applicable.

The Benchmark Report examines best practices, trends, current issues, and opportunities facing 3PL warehouses.

Key Findings

01

Growth Slowing

While a majority of 3PLs still show positive order and profitability growth, a larger group of 3PLs are now seeing flat or declining profits as the economy fluctuates.

02

Available Capacity

More warehouses report being under capacity or under-utilized than in the prior three years, opening up the opportunity to bring on more clients, diversify services, or partner with other 3PLs to create geographically dispersed fulfillment networks.

03

Expensive Labor

Although companies report slightly more availability, the workforce comes at a higher cost this year, leaving 3PLs to focus on ways to optimize worker productivity and time to contribution.

04

Cash Flow

With lengthy invoice creation cycles and customer time to payment slowing, 3PLs are seeing more pressure on managing cash flow and less ability to invest for the future.

05

Faster Fulfillment

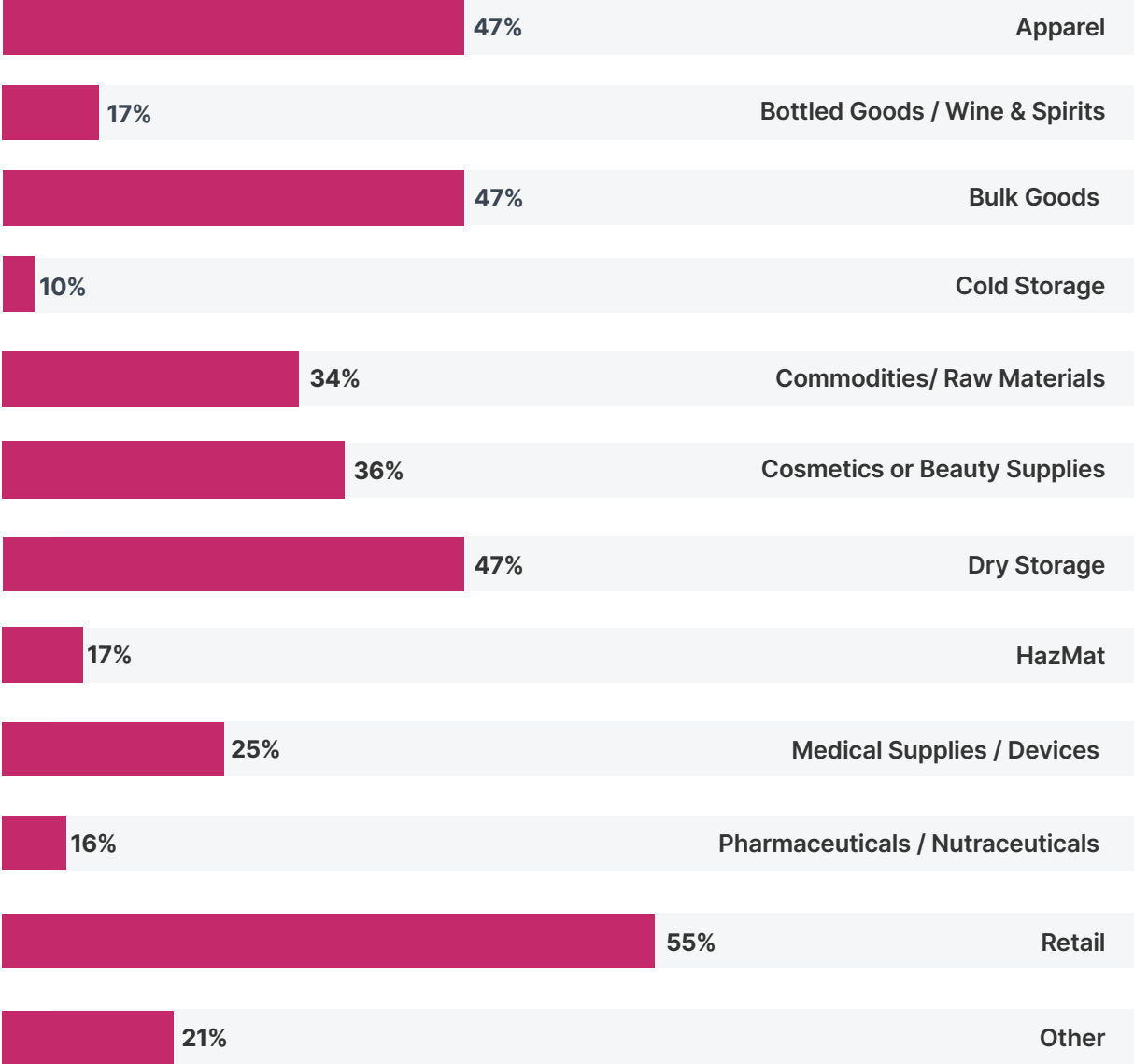
This year showed the fastest time to fulfill than any year prior, highlighting brands' need to expand shipping cut off times for end consumers.

The 3PL Warehouse Landscape

Industries Served

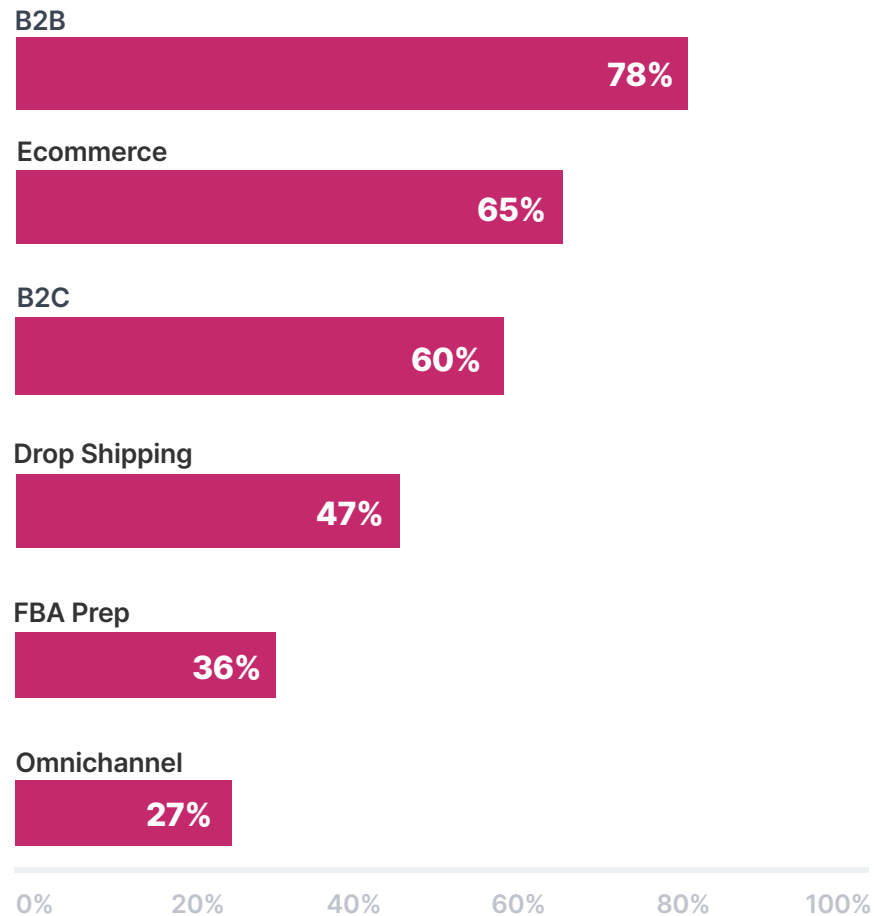
Looking at 2023 3PL warehouse respondent data, on average 3PLs served 3.7 industries with retail, apparel, bulk goods, and dry storage being the most common. Based on year over year data, those serving apparel increased the most going from 33% in 2020 to 47% in 2023.

Based on the research, there were two clear winners for industries that appeared to support profitability growth. Data suggests respondents serving the cold storage industry, on average, are 49% more likely to experience high and medium profitability growth, over other industries. Participants in the pharmaceuticals / nutraceuticals industry, on average, are 27% more likely to experience high and medium profitability growth over other industries.



*Multiple Selections Allowed

*Multiple Selections Allowed



What Types of Fulfillment Does Your Warehouse Perform?

When asked what types of fulfillment they perform, respondents ranked B2B (78%), Ecommerce (65%), and B2C (60%) as the most common fulfillment types. The smallest group at 27%, participants who engage in omnichannel fulfillment, on average, were approximately 1.7 times more likely to have more than 10 warehouses versus those supporting other fulfillment types, suggesting that omnichannel fulfillment may require more geographically dispersed fulfillment.

Data also suggests the 36% of 3PLs who participate in Fulfillment by Amazon (FBA) Prep, on average, were 28% more likely to experience order volume growth of 50% or more. This aligns with year over year data of merchant order volumes through Amazon as shown in the weekly order volume comparisons made in [Extensiv Market Insights](#).

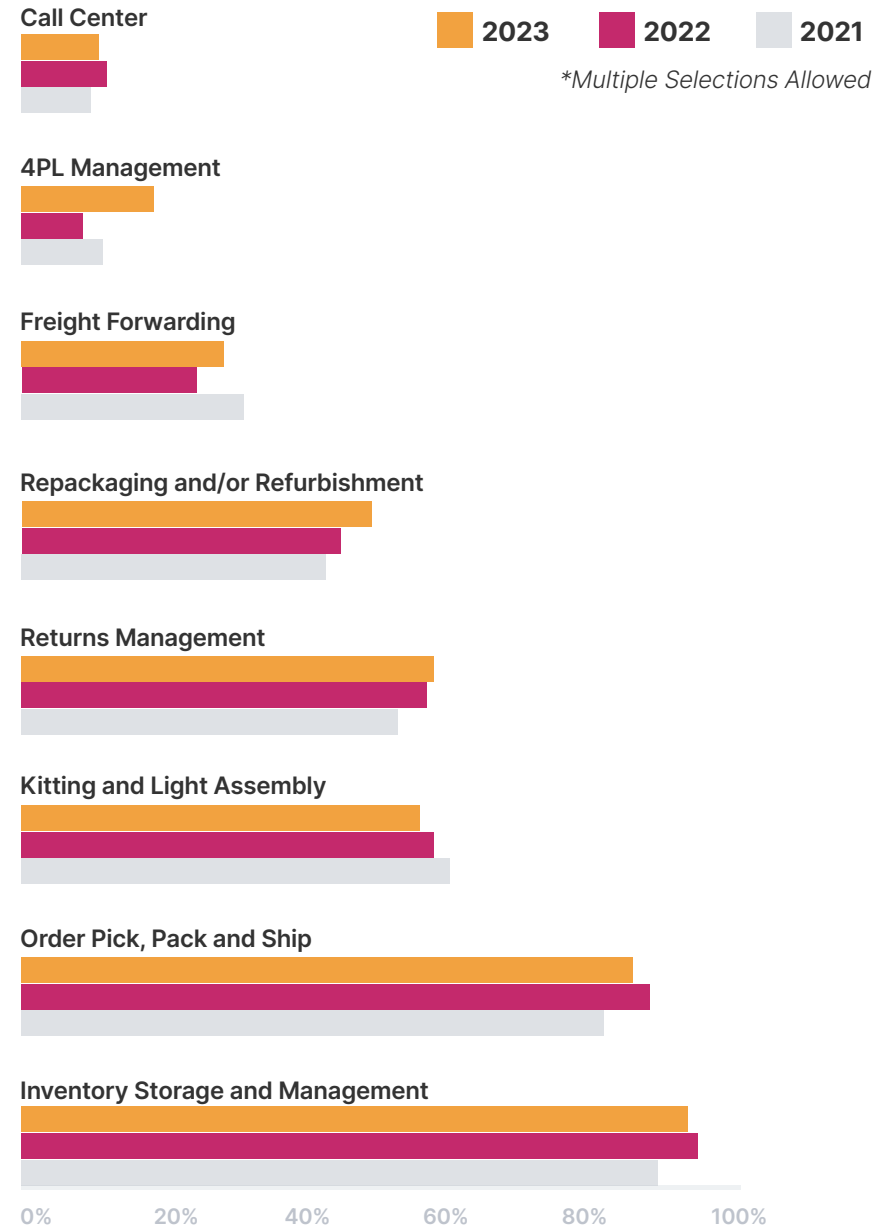
Services

While types of services performed mostly remained level year over year, inventory storage and management (95%); order pick, pack, and ship (91%); and returns management (59%) were the most provided services.

Services with the largest increases in year over year adoption include 4PL management, jumping from 9% in 2022 to 17% in 2023, and returns management, inching up slightly from 54% in 2021 to 59% in 2023.

What is a 4PL?

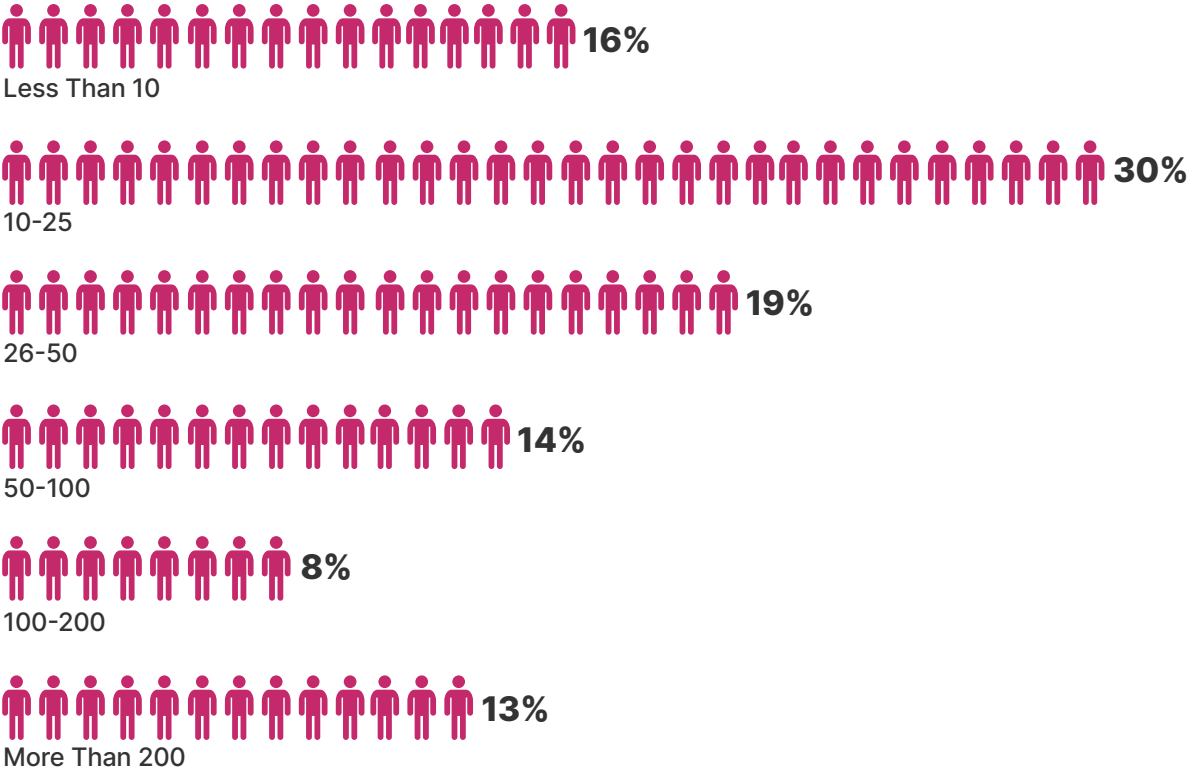
Fourth-party logistics providers (4PLs) are an additional degree of separation away from the end consumer as 3PLs. However, their relationship to 3PLs ultimately defines 4PLs; 4PLs consist of integrated networks of 3PLs used to coordinate largescale logistics for a retailer, brand, or manufacturer. The 4PL owns the retailer-logistics relationship rather than the individual 3PLs.



Number of Customers

When asked about the number of customers, 46% had fewer than 25 customers, 33% had between 26 and 100 customers, and the remaining 21% had more than 100 customers. Participants who experience order volume declines are 1.6 times more likely to have between 10 and 50 customers.

Participants with 100 or more customers, on average, were 55% more likely to experience high profitability growth over those 3PLs with less than 100 customers.

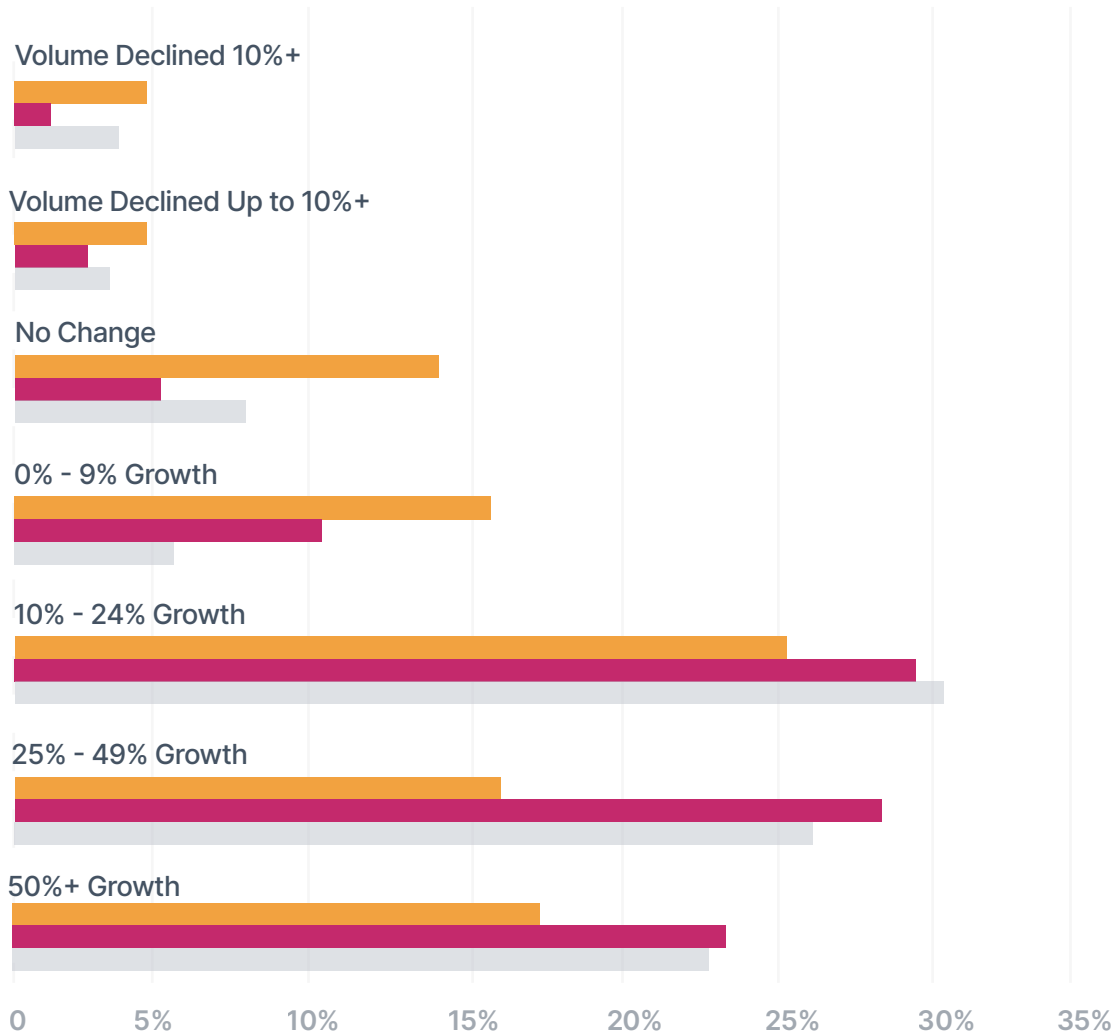


Key Takeaway

Diversifying industries, fulfillment types, and spreading services across various customers can protect both volume and profitability in uncertain economic times. In fact, 89% of respondents stated that diversifying revenue sources will be important in 2024.

Growth Opportunities

2023 2022 2021



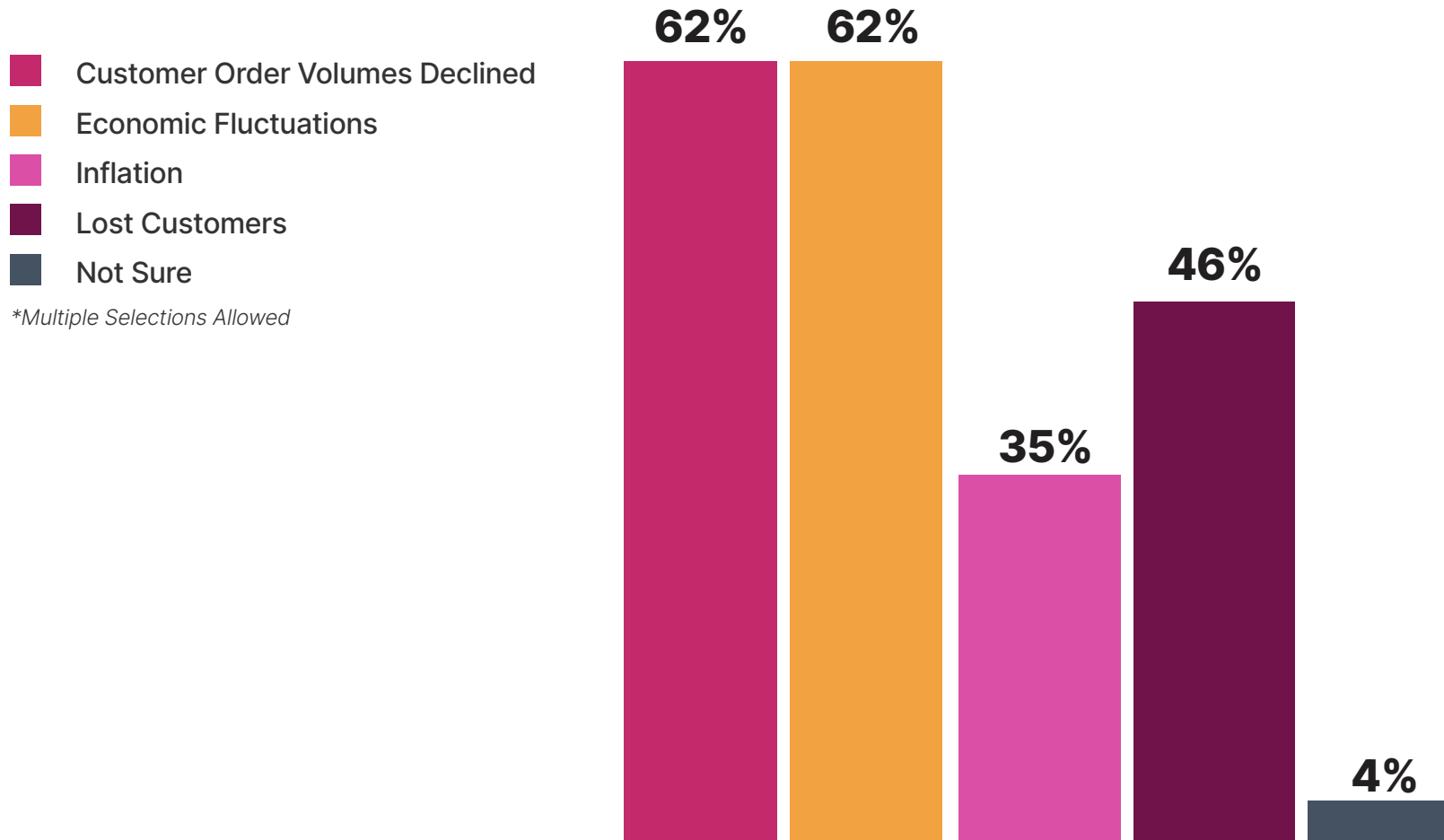
Warehouse Volume Change

From 2020 to 2022, order volume growth trends remained fairly stable year over year, with COVID driving higher online purchase adoption and driving more volume through 3PLs. However, 2023 saw marked decreases in average order volume growth by warehouse. Although 34% of 3PL respondents showed more than 25% increase and 42% of respondents showed up to 24% order volume year over year, the remaining 22% of respondents either remained the same or declined. The number of 3PLs with no change or declining order volumes more than doubled in 2023 as compared to 2022.

Those who participate in FBA Prep were, on average, 14% more likely to experience high order volume growth (25% or more volume growth) over other fulfillment groups. Data suggests that those who saw an increase of 25% or more in order volume were, on average, 14 times more likely to experience high profitability growth, over those that saw less than 25% order volume growth.

Reason for Volume Decline

As for the top reasons for order volume declines, respondents were able to select the three largest reasons. Customer order volume declines and economic fluctuations tied at 62%, while 46% cited losing customers, and another 35% cited inflation.



**Multiple Selections Allowed*

Other



Partnering with Other Warehouses or 3PLs for Product Storage and Regional Fulfillment



Diversifying Fulfillment Types



Increased Ecommerce Ordering



Increase in Existing Customer Volumes



New Customer Acquisition



**Multiple Selections Allowed*

Reason for Growth

Those 3PL respondents that grew order volumes did so primarily through new customer acquisition (81%) and through existing customer order volume growth (53%). With ecommerce sales growth dropping **below 10%** in 2023, not surprisingly, increased ecommerce ordering contributed to only 22% of the order volume growth in 2023 as compared to 42% in 2022.

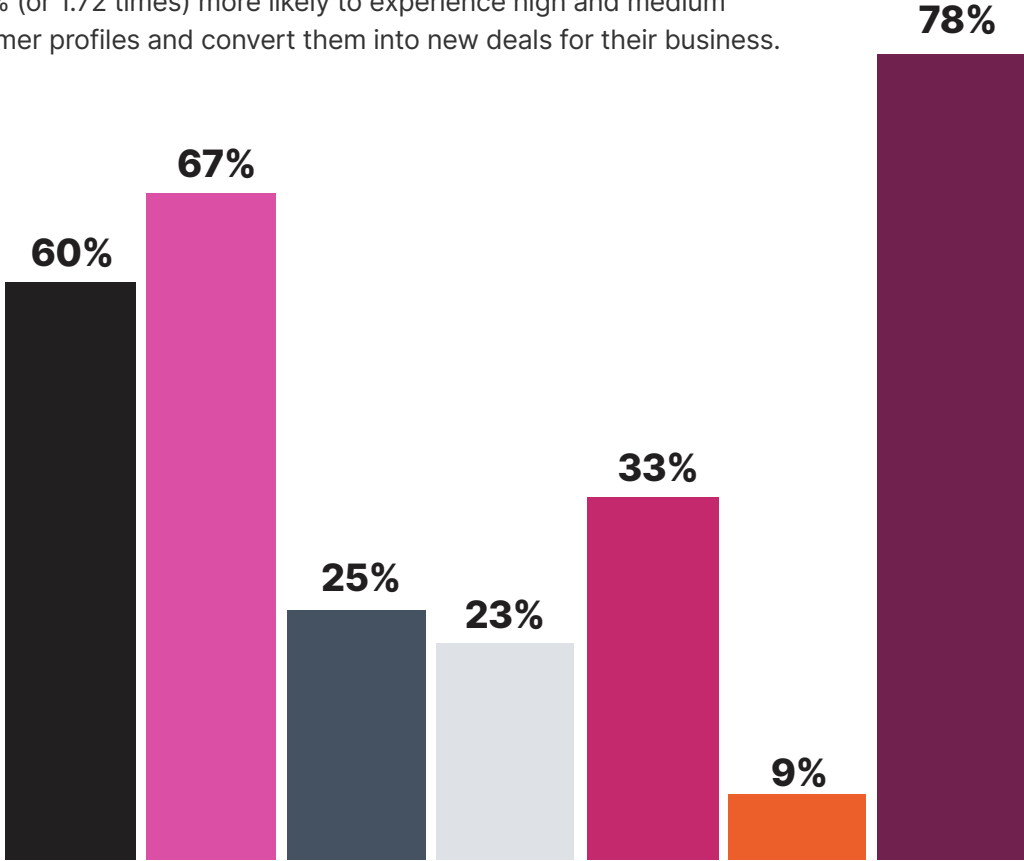
Customer Acquisition Channels

While 81% of companies said they grew because of new customer acquisition, 36% still see adding new customers as a top challenge heading into 2024, so understanding sources of profitable new business will be critical for 2024. Similar to 2022, referrals (78%), company website (67%), and inbound calls or emails (60%) ranked as the top three sources for new customers.

While only 25% of respondents use paid advertisements to drive new business, data suggests that those who use paid advertising as a primary channel for acquiring customers, on average, were 72% (or 1.72 times) more likely to experience high and medium profitability growth. This implies the ability to target key ideal customer profiles and convert them into new deals for their business.

- Inbound Calls or Emails
- Company Website
- Paid Advertisements
- Events
- Outbound Calling
- Through a 4PL Network
- Referrals

**Multiple Selections Allowed*



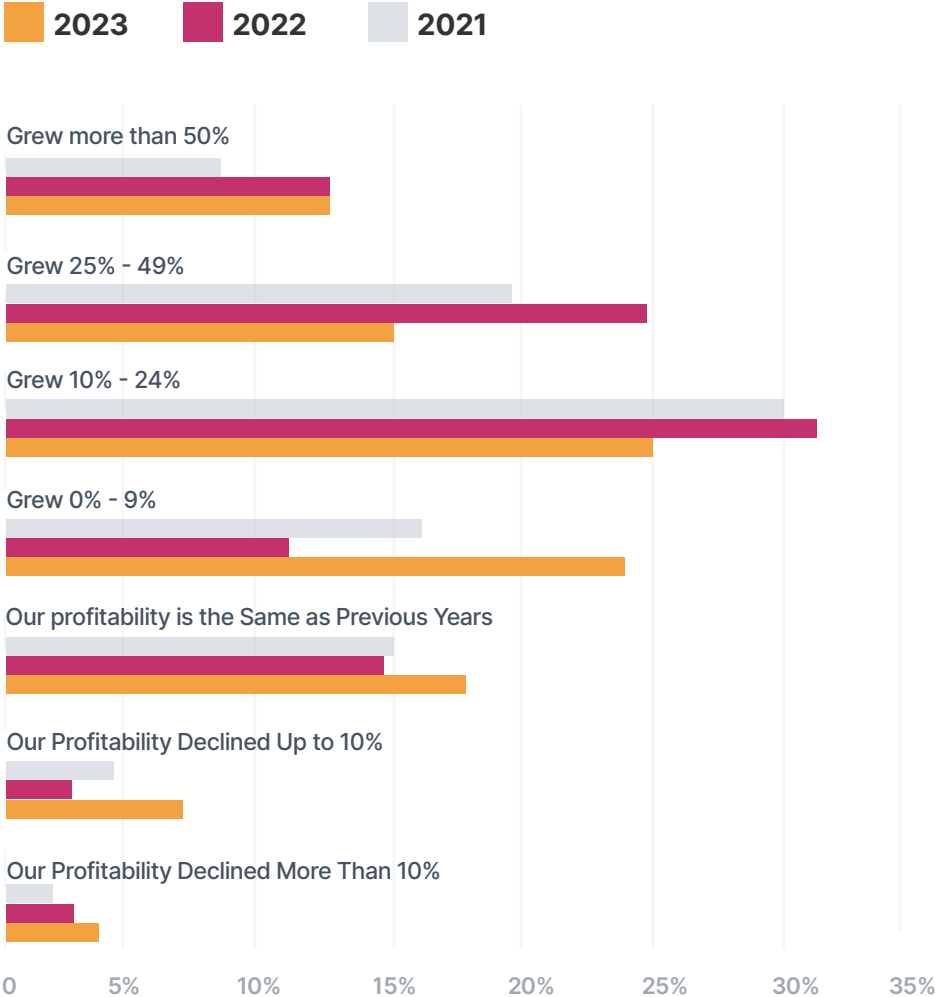
Warehouse Profitability

Data suggests a direct correlation between order volume and profitability growth. Those who experience high profitability growth of 25% or more are 14 times more likely to also have experienced high volume growth, over those who experience medium, low, no, or negative profitability growth.

Similar to order volume, 2023 saw respondents with declining profitability (11%) more than double as compared to the only 5% whose profitability declined in 2022. Additionally, the data shows fewer companies (24%) with 25% or more profitability growth, as compared to the nearly 37% who experienced high profitability growth in 2022. Generally in 2023, 3PLs have seen more tempered profitability increases, aligning with market fluctuations. One standout group of respondents, those who perform FBA Prep, are 30% more likely to have improved profitability by 25% or more, on average, compared to the prior year.

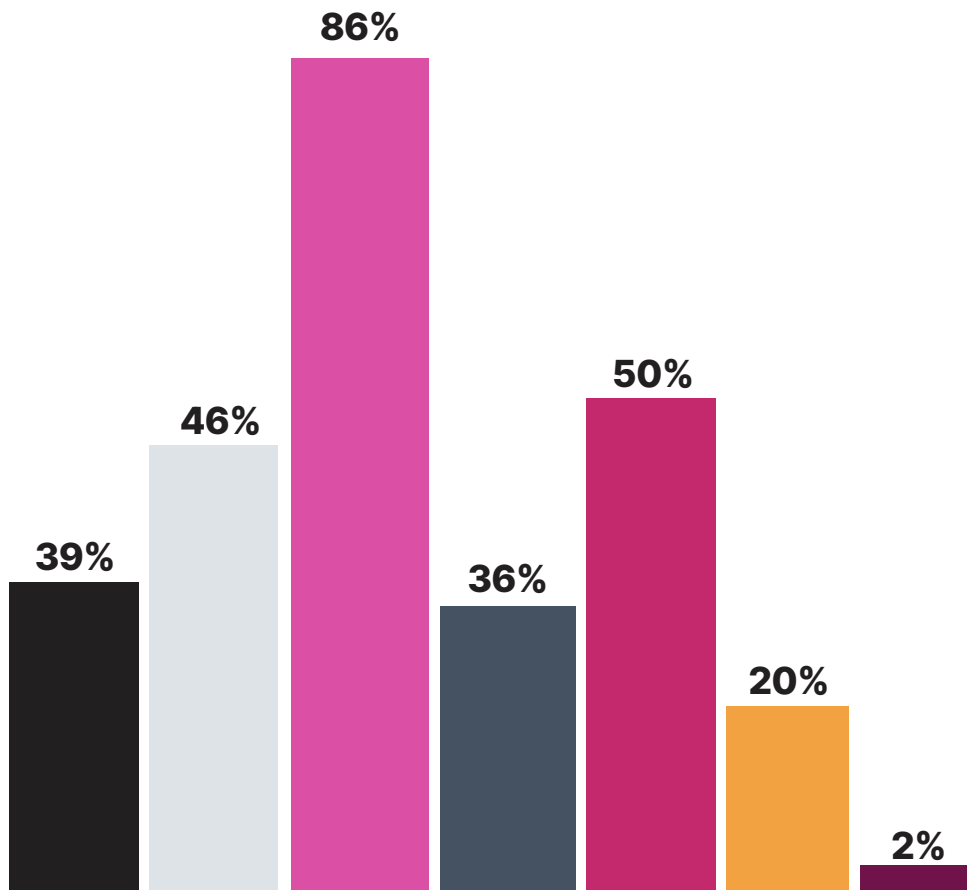
Key Takeaway

FBA Prep services demonstrate consistent and profitable order volume growth, indicating it can provide an excellent option for expansion for companies looking for diversification and new customer acquisition options.



2024 Outlook

- Diversifying Services
- Growth Related to Ecommerce
- Acquiring New Customers
- Adding Warehouses in New Locations
- Automating Processes in the Warehouses
- Creating a 4PL Network
- Other



Top Three Opportunities in 2024

Heading into 2024, respondents are uniquely focused on business growth. After a year of headwinds causing some slowing in the 3PL industry, companies appear optimistic that 2024 will bring a renewed sense of growth and prosperity. As a result, nearly 86% of companies see adding new customers as their top opportunity for 2024.

Unsurprisingly, with labor costs increasing for most respondents this year, 50% of companies see automating processes in the warehouse as their second biggest opportunity for 2024. Technology adoption will emerge as a theme for the coming year with 77% of respondents expecting to implement additional technologies in their warehouse in 2024.

Although ecommerce growth rates have slowed slightly in the past year, 46% of respondents view the continued growth of ecommerce ordering as the third largest opportunity in 2024.

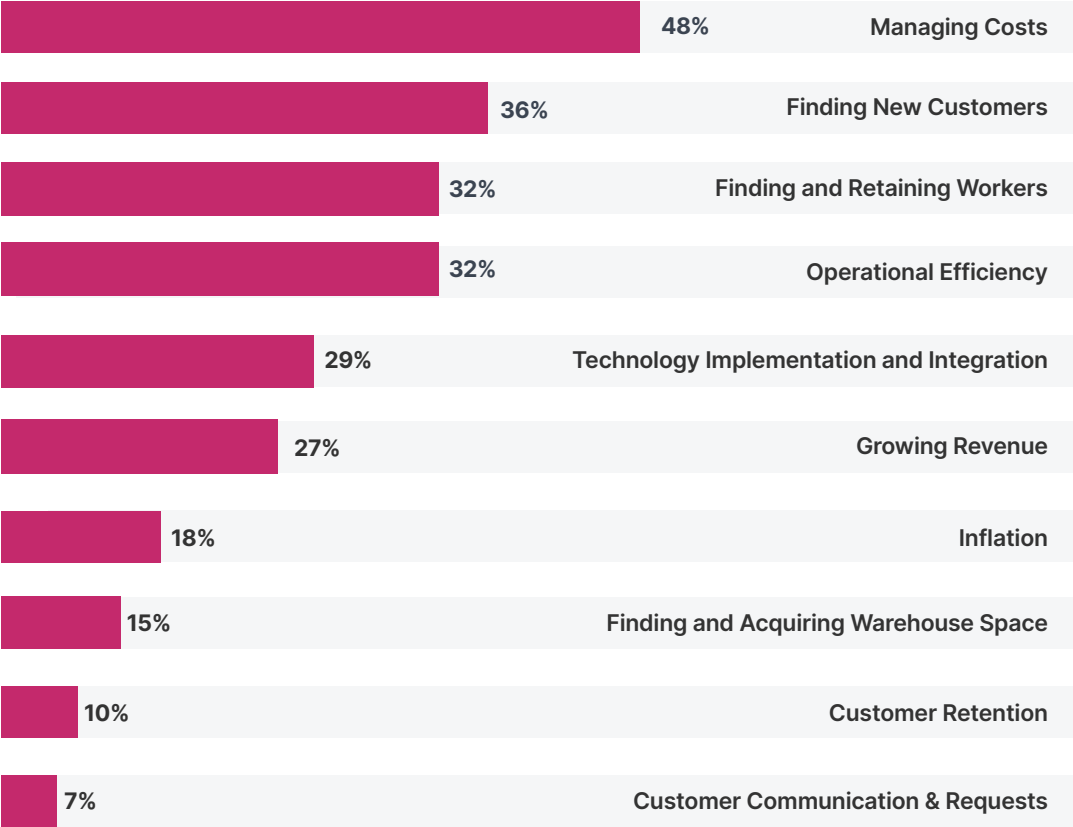
Creating a 4PL network nearly doubled as a top opportunity, jumping from 11% in 2022 to 20% in 2023, demonstrating increased focus on creating geographically dispersed fulfillment networks.

Top Business Challenges

Although respondents continue to view many opportunities for 2024, that optimism is tempered by some of the business challenges respondents will look to overcome. The top challenge across respondents is managing costs (48%), followed by finding new customers (36%), operational efficiency (32%), and finding/retaininvg workers (32%).

Note that companies performing FBA prep denote operational efficiency higher than others and B2C fulfillers denote [technology integration](#) as one of their top three challenges for the coming year. Participants who experienced profitability declines were, on average, 1.52 times more likely to attribute "finding new customers" as a top business challenge over other participants.

Participants who experienced profitability declines were, on average, 1.52 times more likely to attribute "finding new customers" as a top business challenge over other participants.



Respondents Ranked Their Top Expense Areas

With managing costs listed as respondents' top concern heading into 2024, taking a closer look at top expense areas can provide additional insight into ways to control costs.



1 **Facilities Costs**
(including rent, lease, or other building costs)



2 **Labor**



3 **Systems & Technology**



4 **Equipment**



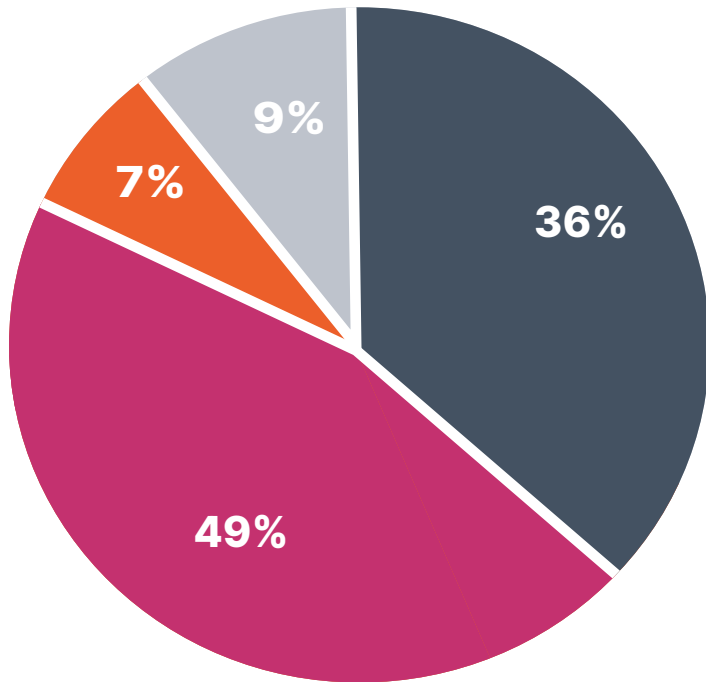
5 **Shipping Costs**

Key Takeaway

To better drive growth and efficiency, invest in automation. Automation can reduce labor costs, improve accuracy, and serve as a differentiator for winning new business.

Warehouse Capacity

Number of Warehouses



■ 1 ■ 2 to 5 ■ 6 to 10 ■ 10+

Warehouse Space and Capacity

After nearly three years of an incredibly hot warehouse real estate market driven by ecommerce fulfillment demands, the end of 2023 has started to show signs of cooling off, even in some of the tightest markets. At the end of Q2 2023, nationwide vacancies were running at 4.8%, with some historically challenging markets like Southern California jumping from **1.2% in 2022 to nearly 3.8% this year**. This could mean more opportunity for companies looking for expansion.

Thirty-six (36%) percent of respondents cited operating from a single warehouse, while 49% operate between two and five warehouses and 16% operate six or more warehouses. Among respondents, warehouse space was split almost evenly between those 3PLs with less than 100,000 square feet of space and those with greater than 100,000 square feet of space.

Respondents who have two to five warehouses experienced medium to high volume growth at a rate of 1.28 or 28% more than all other respondents. Participants with less than six warehouses, on average, were 1.87 times more likely to experience a medium to high increases in profitability over those with more than six warehouses.

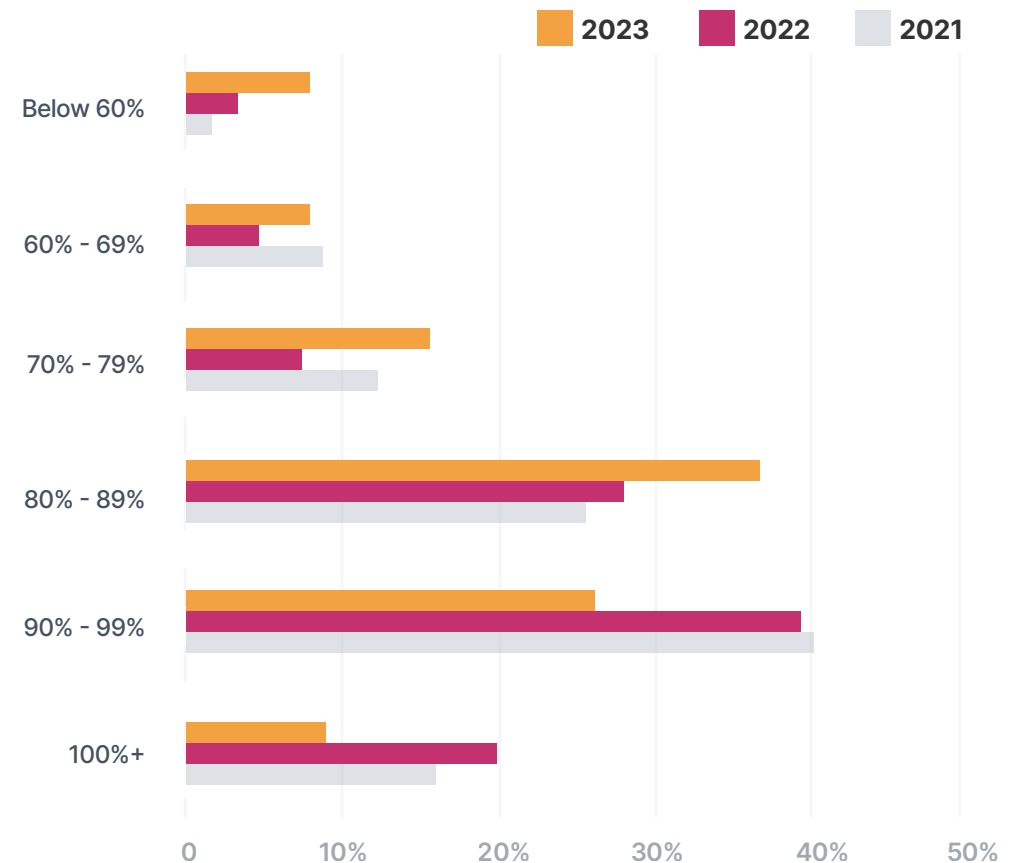
Capacity

Out of all of the topics in the survey, warehouse capacity showed the most dramatic changes year over year. In 2021, when 3PL warehouses were in the thick of COVID fulfillment, 55% of warehouses were operating at 90%+ capacity. In 2022, many brands had over-corrected on ordering massive amounts of inventory to drive 59% of 3PLs to operate at 90%+ capacity. In 2023, we've started to see a correction with that number nearly dropping in half to only 33%.

Many organizations believe that 80-85% is the ideal utilization of a warehouse, with anything above that making it difficult to take on new clients or flex to support seasonal volume fluctuations. Not surprisingly, we still saw 9% of respondents operating above 100% capacity this year, though this is less than half of those in 2022. For those keeping capacity above 100%, it often means using overflow storage and other creative uses of property, even outside the actual warehouse.

Although operating above 100% capacity can make it hard for warehouse team members to move around or pick products, data suggests participants who keep their warehouse at 100% capacity or more, on average, were 2.7 times more likely to experience high growth, over those that keep the warehouse below 100% capacity.

As capacity constraints have started to ease, 2023 found double (29%) the number of companies operating below 79% capacity as compared to only 14% in 2022. As operating below capacity directly impacts profitability, this aligns with the 36% of 3PLs in 2023 who identify acquiring new customers as their biggest challenge.



Key Takeaway

With so many brands looking for geographically dispersed fulfillment, this available inventory could create an opportunity to either [join or develop a 4PL network](#), which can serve as a great way to gain new business and offer more competitive shipping rates for customers.

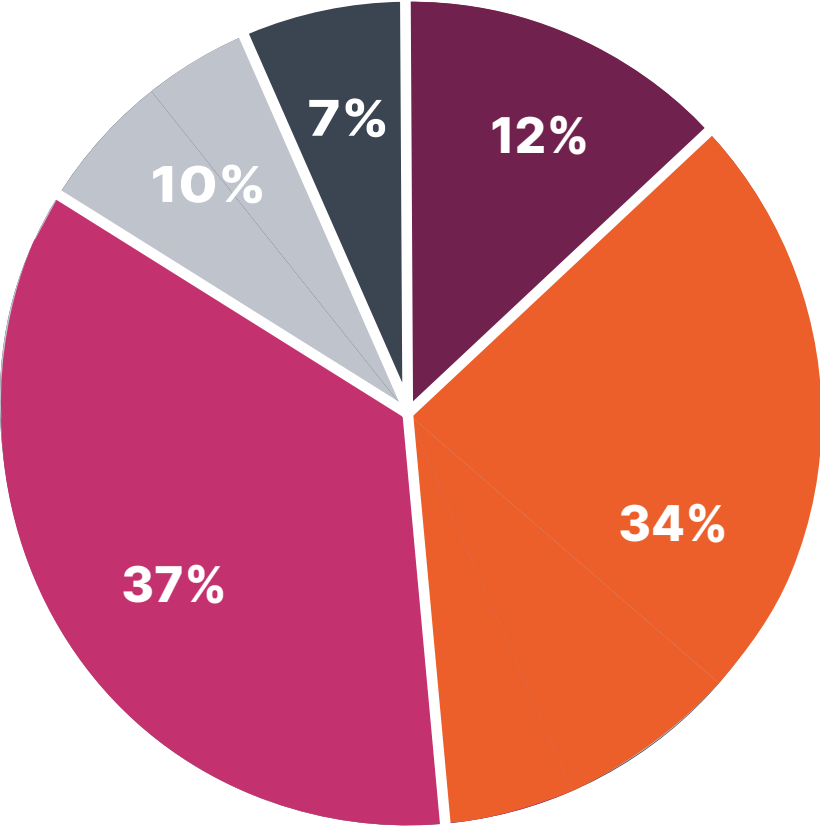
Labor Outlook

Labor as a Percentage of Total Costs

Although the US unemployment rate was 3.8% at the end of August 2023, the **unemployment rate** in warehousing and transportation rose to 4.9% (up from 4.5% in September 2022), indicating more available workers in the market today. While data suggests that the search for talent isn't nearly as acute as in prior years, finding and retaining warehouse workers still ties for the third largest overall business challenge.

With more available workers, this should be a good sign for warehouses, but the cost of labor is increasing. When asked about overall business costs, on average labor ranked second, falling below facilities costs by less than one percent. In fact, 53% of respondents indicated that labor makes up more than 40% of overall business costs.

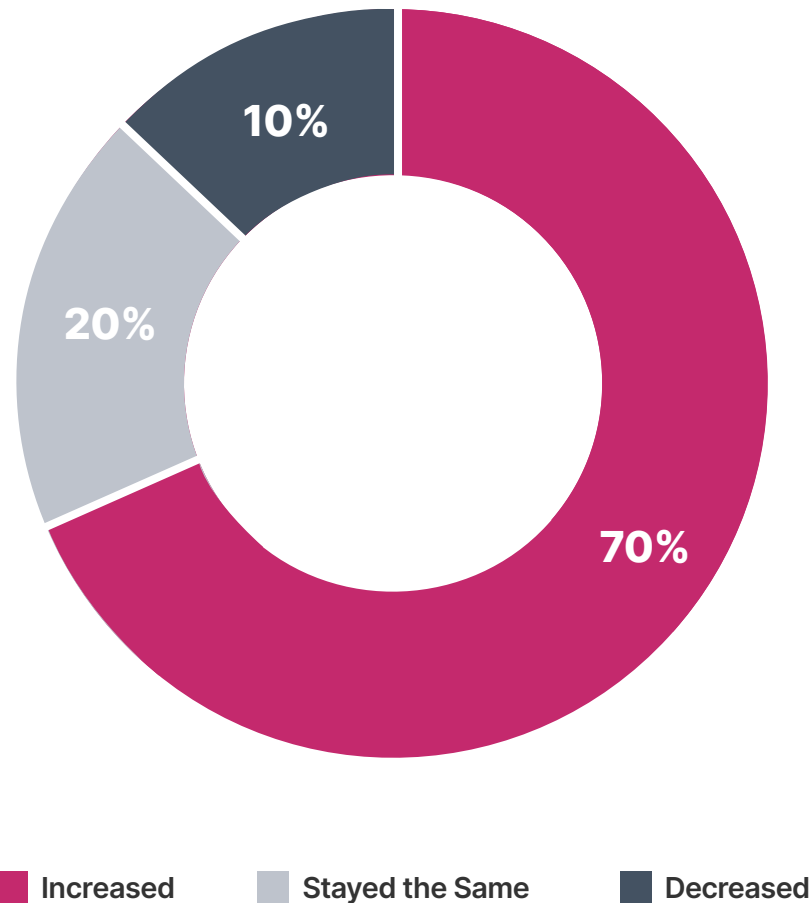
- More than 75%
- 60% - 75%
- 40% - 59%
- 25% - 39%
- Less than 25%



Labor Cost Change YoY

Seventy (70%) percent of respondents cited increased labor costs year over year and 20% said costs remained unchanged. Only 10% of 3PL warehouse respondents showed decreased labor costs.

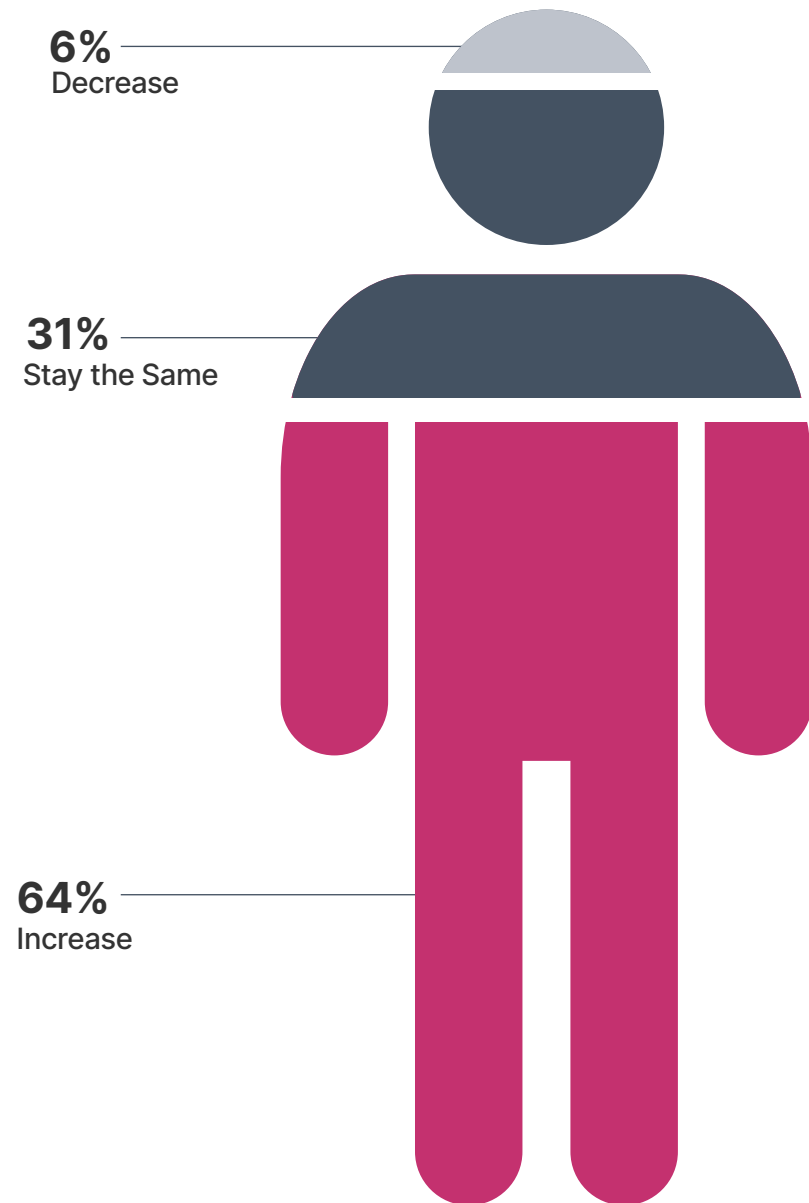
While on the surface some might attribute decreasing costs to driving efficiency or automation, data actually suggests that decreasing costs more closely correlated to overall declines in order volumes and profitability. In fact, respondents who experienced profitability declines were, on average, 3.5 times more likely to see a decrease in labor costs.



Expected Staffing Change in 2024

Despite the increasing costs, 64% of companies still anticipate an increase in staffing in 2024. Of note, 31% plan to stay the same in the coming year, which may align with some of the planned improvements in technology adoption and automation forecasted for the coming year.

While this might seem obvious, this year's profitability directly impacts a company's 2024 hiring outlook. There is a positive correlation between profitability cohorts and how they anticipate the workforce will change. The majority of those who expect their workforce to increase experienced positive profitability, while the majority of those who experienced negative profitability anticipate their workforce will decrease.



What is Your Biggest Challenge Related to Warehouse Staffing?

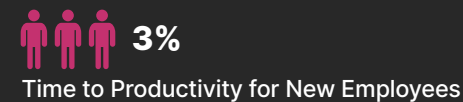
Finding qualified workers, while still the top challenge, decreased from 46% in 2022 to 36% in 2023. Rounding out the top three workforce challenges were worker efficiency and productivity (19%) and cost of qualified workers (17%). Note that cost of qualified workers showed the largest increase year over year. Time to productivity showed the largest decline, going from 11% in 2022 to 2.5% in 2023, indicating improvements in onboarding, training, and automation.

Participants who selected turnover as their biggest challenge were, on average, 1.8 times more likely to experience high and medium profitability. This suggests a focus on retaining key workers as a way to drive performance and consistency.

Participants who experienced profitability declines were, on average, 1.42 times more likely to attribute cost of qualified workers as their biggest challenge related to warehouse staffing over other profitability groups.

Key Takeaway

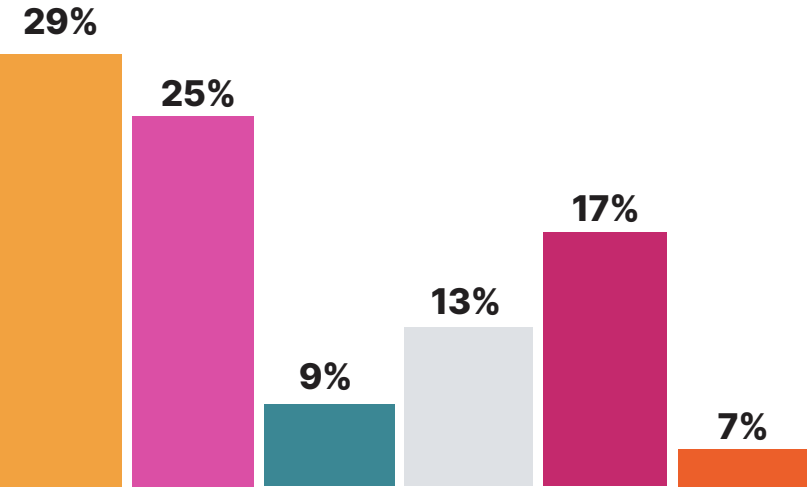
Consider your retention strategies. Competitive pay and performance incentives can make an impact, but don't just focus on compensation. Provide training programs or [certifications](#) that allow for upskilling and advancement.



Reporting and Analytics

Average Time to Fulfill an Order

- < 30 minutes
- 30 - 60 minutes
- 60 - 90 minutes
- 90 minutes - 3 hours
- 3 hours - day
- 1 or more days

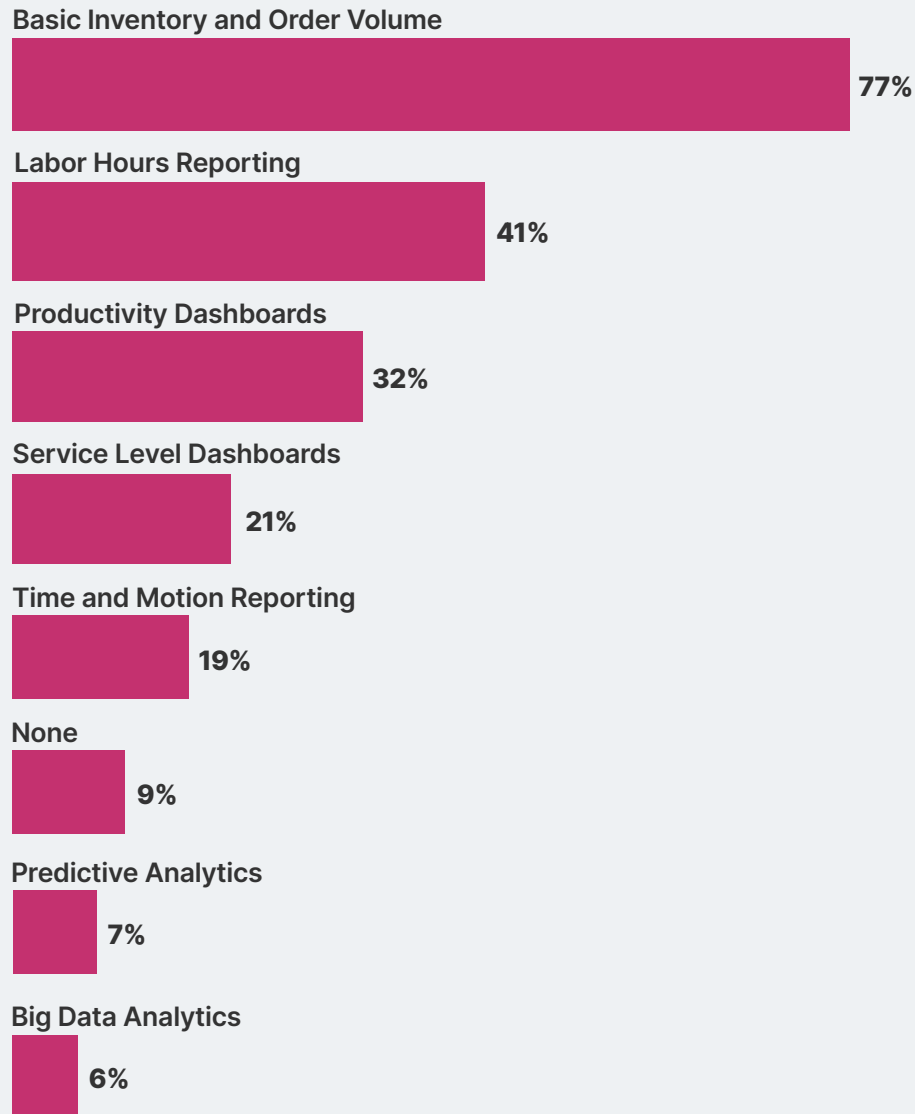


Amazon has trained consumers to expect fast and free delivery or at least full transparency of where orders live in the fulfillment process. In the past several years, rising consumer expectations have driven significant change in the supply chain industry, driving the emergence of more geographically distributed fulfillment networks and even [hyper-local fulfillment](#).

To meet these rising consumer expectations, many 3PLs have expanded their warehouse locations or partnered with other 3PLs to create a 4PL network. Whether 3PLs have expanded or not, respondents consistently reported driving down the time between order receipt and the pick, pack, and hand off to shipping carriers. The focus on reducing time to fulfill has helped brands extend their order cutoff times for consumers to create a better (and speedier) delivery experience.

Time to fulfill is getting shorter year over year, with nearly 54% of respondents stating they pick, pack, and prepare packages for shipment within an hour of that order entering their system. In fact, 76% of all orders get fulfilled in less than three hours. Only 7% of companies take more than a day to fulfill on average. Note that survey respondents include B2B respondents who may perform more pallet-in, pallet-out processes that can take longer than a typical ecommerce order.

Data suggests that participants who take 90 minutes or less to fulfill an order were, on average, approximately 1.5 times more likely to experience high and medium profitability growth. Narrowing down the groupings even more, those who fulfilled orders in less than 30 minutes were 1.67 times more likely to have demonstrated medium to high profitability growth. Those who participated in omnichannel



*Multiple Selections Allowed

Types of Reporting Used

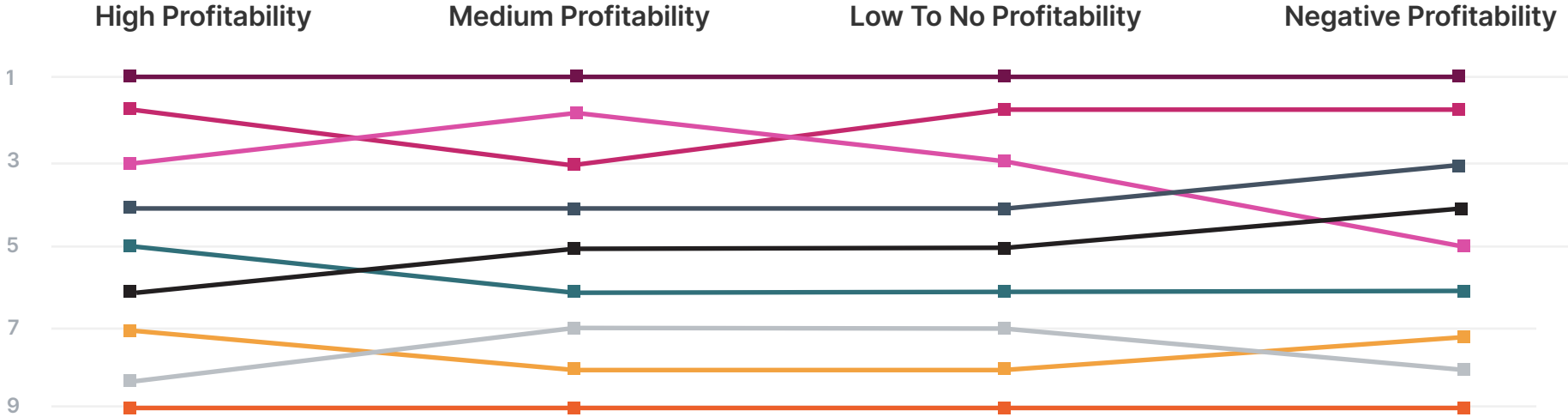
Beyond time to fulfill, respondents use a variety of reporting and analytics tools to measure and drive performance, with 77% of companies using basic inventory and order volume reporting. Another 41% of companies use labor hours reporting and 32% use productivity dashboards. By measuring labor hours and specifically implementing **labor and productivity dashboards**, 3PLs can better allocate cost and resources directly to customers to drive better **customer-level profitability**.

While less used, 21% of respondents reported using service level dashboards and 19% report performing time and motion reporting. Note that participants who experience medium and high profitability are 1.55 times more likely to use "time and motion reporting" over those with low and negative profitability.

Only 9% of companies reported not using any standardized reporting, which exposes an area of potential vulnerability as these companies seek to acquire new customers.

Most Important Success Metric (Profitability)

Note that the ranking of success metrics reaffirms the data listed above in that companies who decreased profitability this year were more likely to look at generalized buckets (e.g., operational costs and labor hours), as opposed to more detailed indicators like worker productivity.



- Revenue Generated
- Average Single Order Pick Time
- Worker Productivity
- Operational Costs
- Day Sales Outstanding (DSO)
- Order Volume
- Carrier Fees
- Labor Hours
- % of Orders Fulfilled

Key Takeaway

The closer companies can get to the point of impact (e.g., time and motion for each activity), the more ability they have to address inefficiencies that may harm profitability. Understand and address labor productivity at the individual customer level to really supercharge profitability.

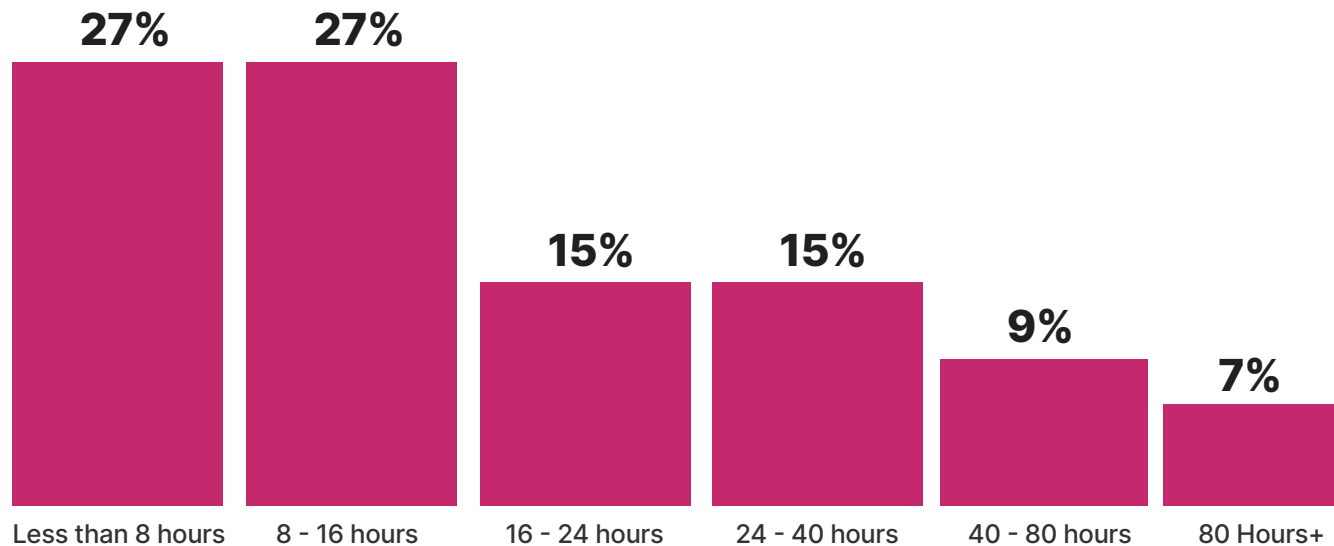
Billing and Invoicing

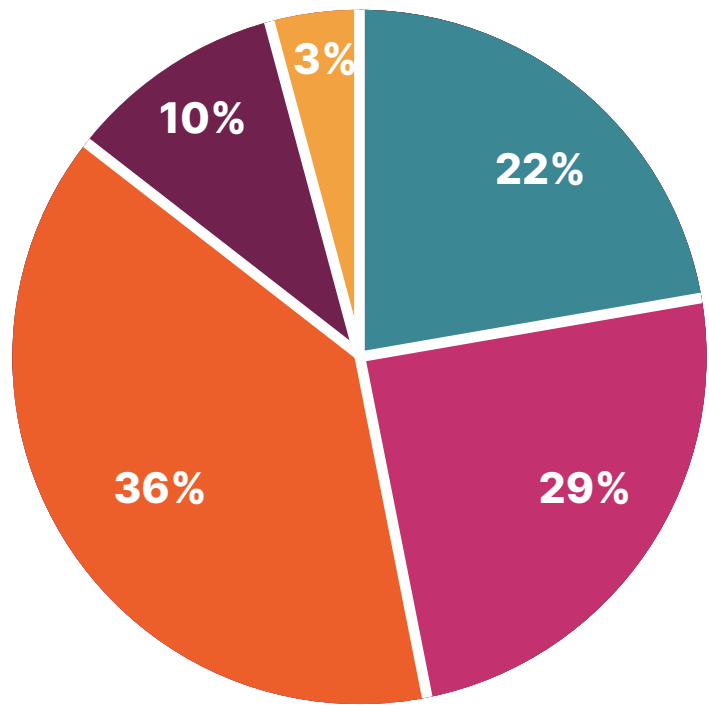
Time Spent on Billing and Invoicing Monthly

Between increasing labor costs, lower warehouse utilization, and the rising cost of capital, many 3PLs are feeling significant pressure on how they manage cash flow. With interest rates up nearly double from a year ago, borrowing cash to manage operations, especially during high volume periods, has become more difficult. The National Federation of Independent Businesses says only [42%](#) of small to midsize businesses have their financing needs met.

With more constrained cash flow, getting paid faster becomes even more important, so 3PLs must get invoices turned around quickly. Nearly 54% of 3PLs report preparing invoices in less than 16 hours, while 30% take between 16 and 40 hours, and the remaining 16% take more than 40 hours. While it sounds relatively quick, often those hours are spread over days or weeks, elongating the invoicing process.

Participants who experienced high profitability growth were, on average, 1.87 times more likely to spend less than 8 hours per month on billing and invoicing customers, indicating a greater efficiency in back office processes to support a faster payment collection effort.



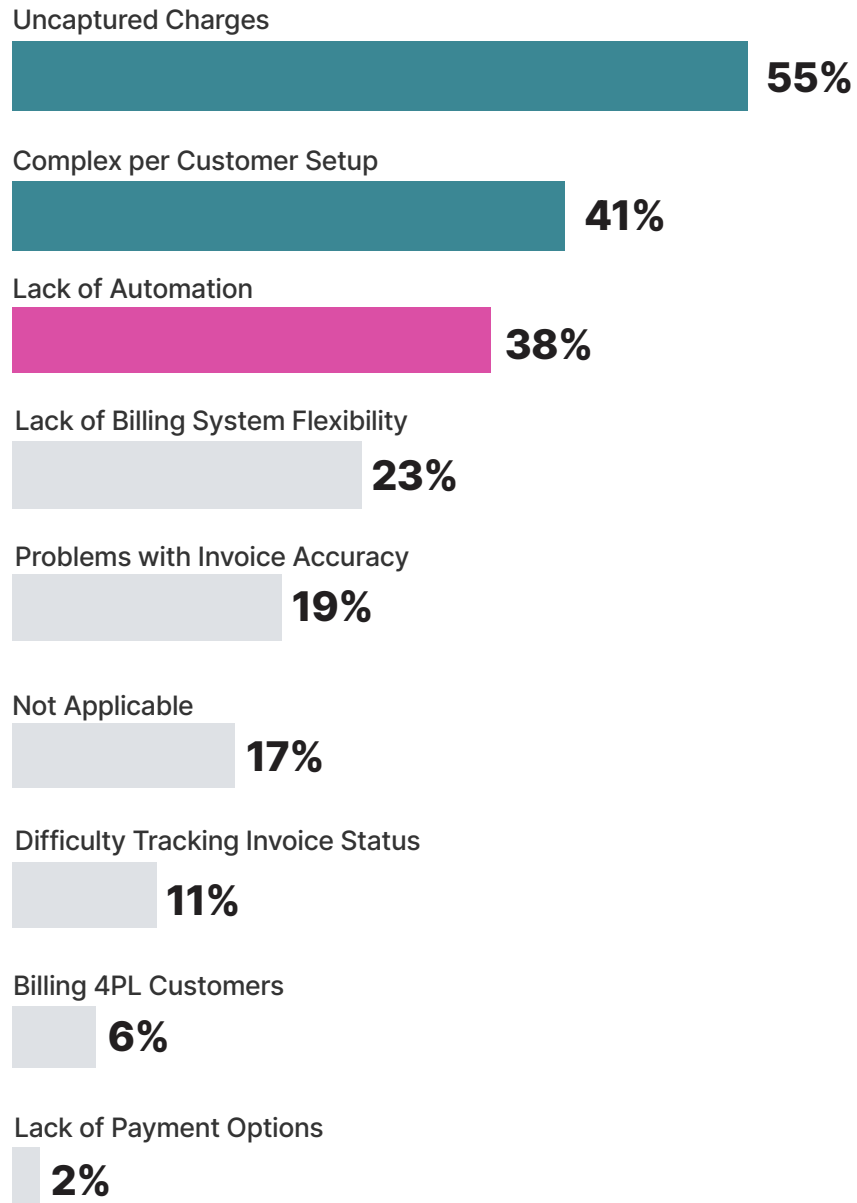


- Less than 15 days
- 16 - 30 days
- 30 - 45 days
- 45 - 60 days
- More than 60 days

Time to Receive Payments

Many 3PLs perform monthly billing and invoicing, meaning that it can take as many as 30 days from the performance of work to when a customer gets invoiced. Add on the time it takes for the 3PL to receive payment, and it can lead to a cash flow crunch.

Payments are taking longer, going from 57% receiving payment in less than 30 days in 2022 to now only 51% receiving payment in less than 30 days. Thirty-six percent (36%) take 31-45 days to receive payment and the remaining 13% take more than 45 days. For those 3PLs with longer invoice and payment cycles, that can lead to covering costs for 90+ days before receiving payment for work performed, compounding the cash flow crunch.



Challenges Related to Customer Billing

Last year, lack of automation ranked as the number one billing issue but has dropped to third this year with uncaptured charges (55%) and complex customer set ups (41%) overtaking it as more acute issues. The focus on uncaptured charges aligns with the heightened focus on customer-level profitability.

Note that the data suggests that participants who experienced declines in profitability were, on average, 1.95 times more likely to experience problems with invoice accuracy, compared to those with medium and high profitability.

- Increased in Rank vs. 2022
- Decreased in Rank vs. 2022

Key Takeaway

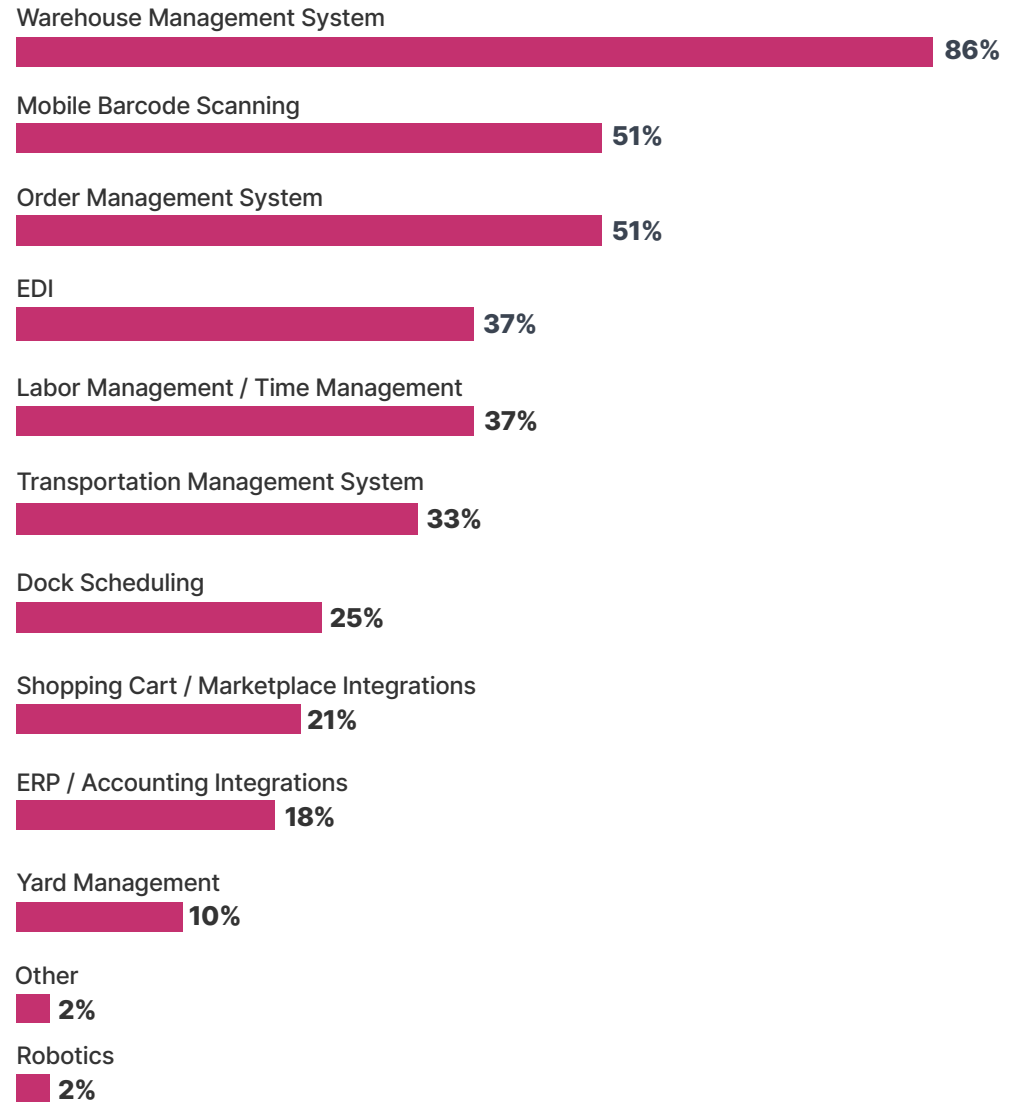
Automating **billable charge capture** and invoice creation can drive significant improvements in decreasing the number of days from work completion to payment, thereby improving overall cash flow.

Technology Implementation

Systems Implemented

As previous sections in the report have shown, implementing technology can drive efficiency, growth, and profits. When asked about technology adoption, respondents have implemented an average of 3.7 systems across their business, with **warehouse management systems** (86%), **order management systems** (51%), and **mobile barcode scanning** (51%) having the greatest adoption. The data suggests participants who experienced high profitability growth selected order management system (OMS) 1.53 times more than those experiencing lower profitability growth.

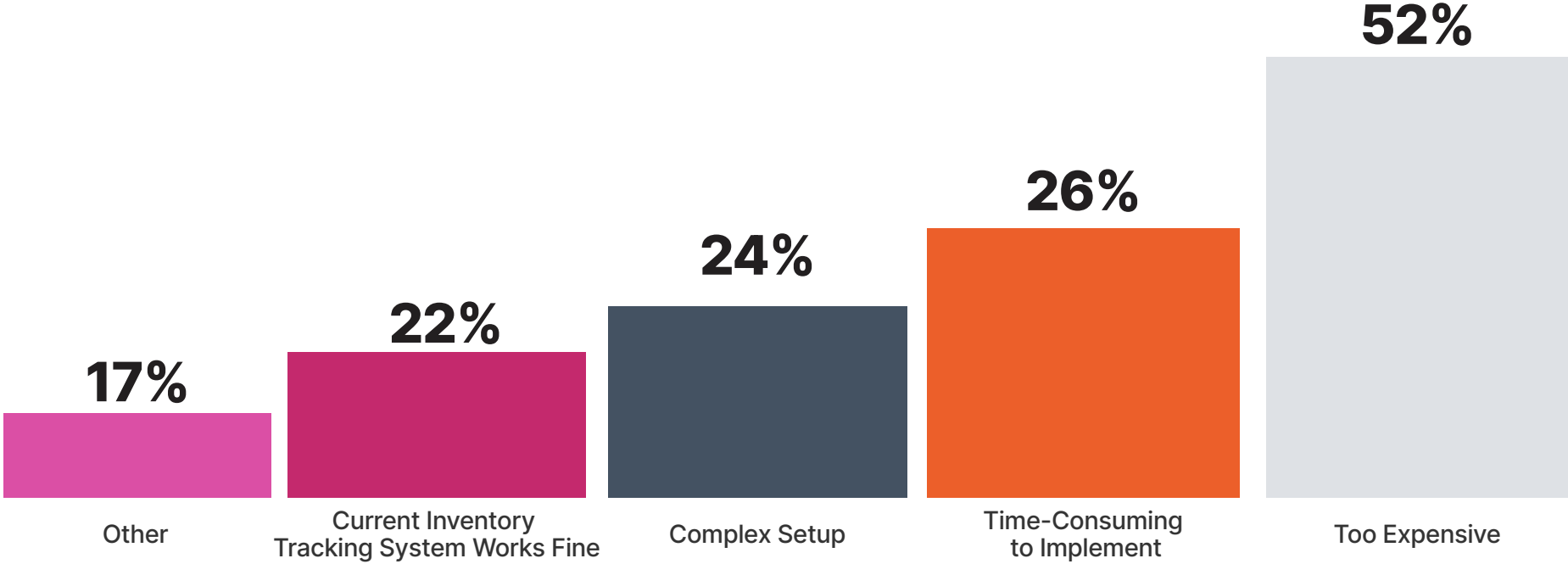
EDI (37%) and labor/time management (37%) round out the top five technologies used. While robotics receives significant media attention, only 2% of respondents have actually implemented robotics in their warehouses. For years, companies have considered the benefits of robots in the warehouse but haven't implemented because of the cost. However, with the **robotics as a service business** model gaining greater acceptance, future surveys may show greater adoption.



If You Have Not Adopted a WMS Yet, Why Haven't You Invested in WMS Technology?

While only 14% of respondents have not yet implemented a WMS, those who haven't list expense (52%), complexity to set up (24%), time to set up (26%), and current process working fine (22%) as the main reasons they haven't implemented.

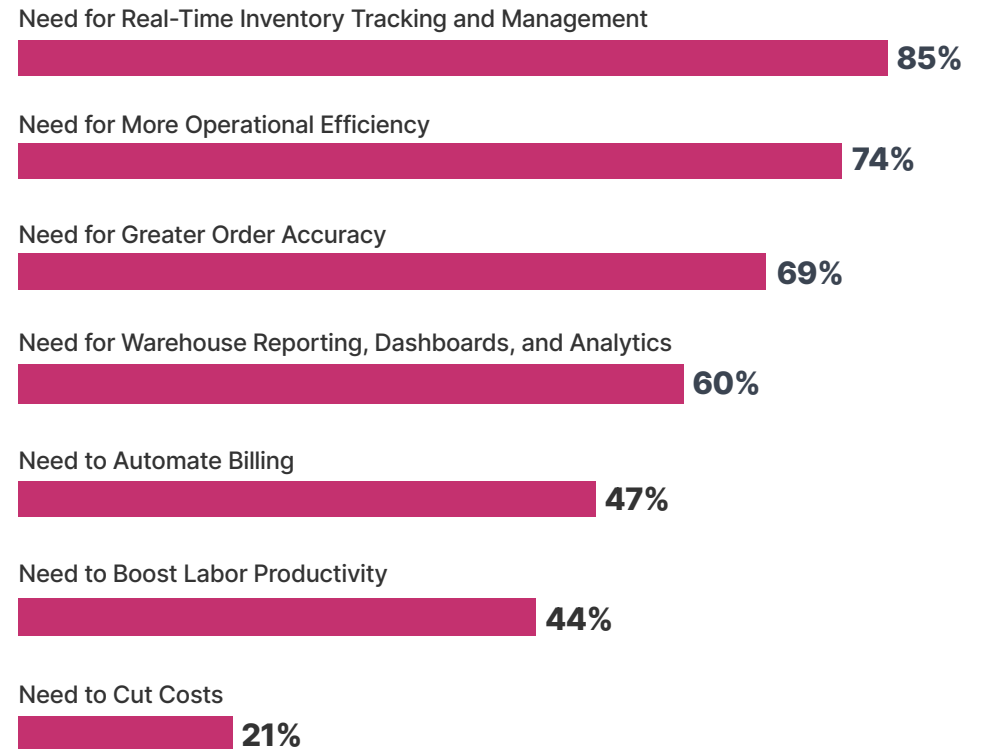
For respondents that expressed cost-related concerns, often the return on investment for a WMS can prove tremendous. For more information on calculating ROI, companies should consider using an [ROI calculator](#) that can simulate cost versus savings.



Why Adopt a WMS?

As the most adopted technology across participants, warehouse management systems (WMS) provide significant benefits. The top reasons companies implement include: real-time inventory tracking (85%), improving operational efficiency (74%), driving greater order accuracy (69%), and access to warehouse reporting and analytics (60%).

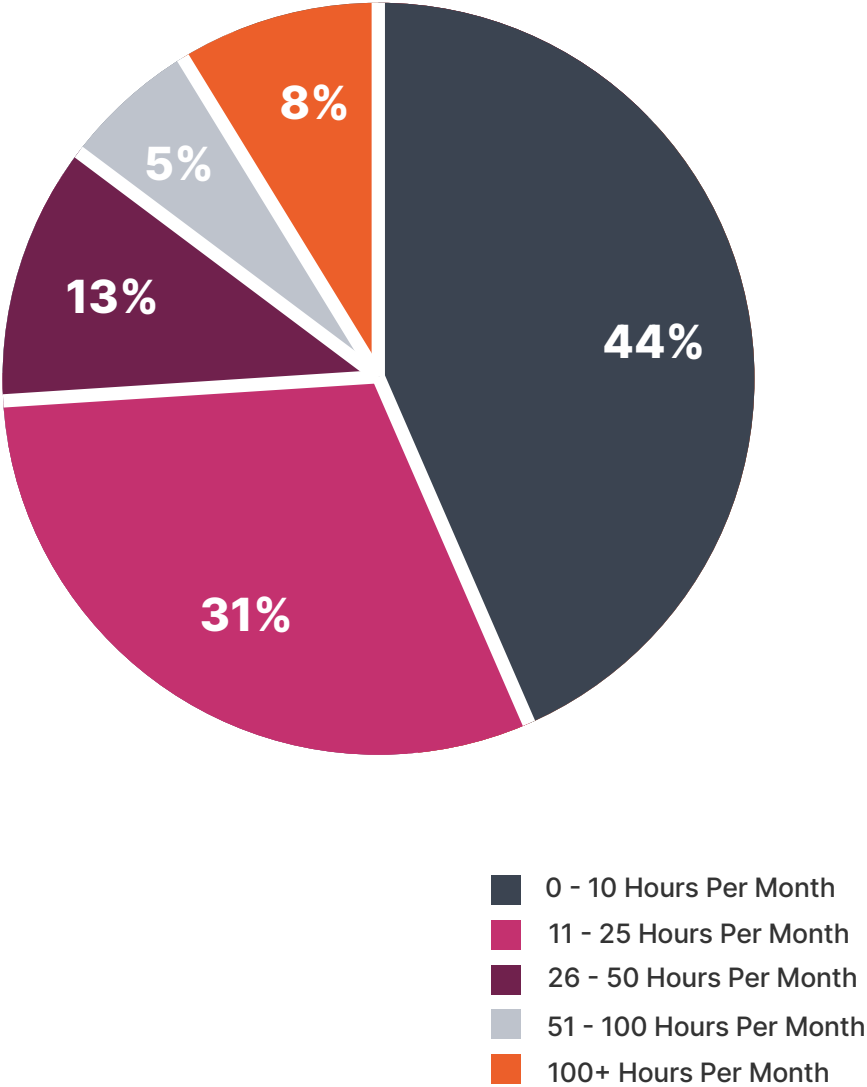
As noted in the billing and invoicing section, uncaptured charges and lack of automation rank as two of the biggest challenges companies face related to billing and payments. As such, 47% of respondents adopted a WMS to help automate billing. Similarly, with 70% of companies experiencing increased labor costs, 44% have turned to a WMS to help boost labor productivity.



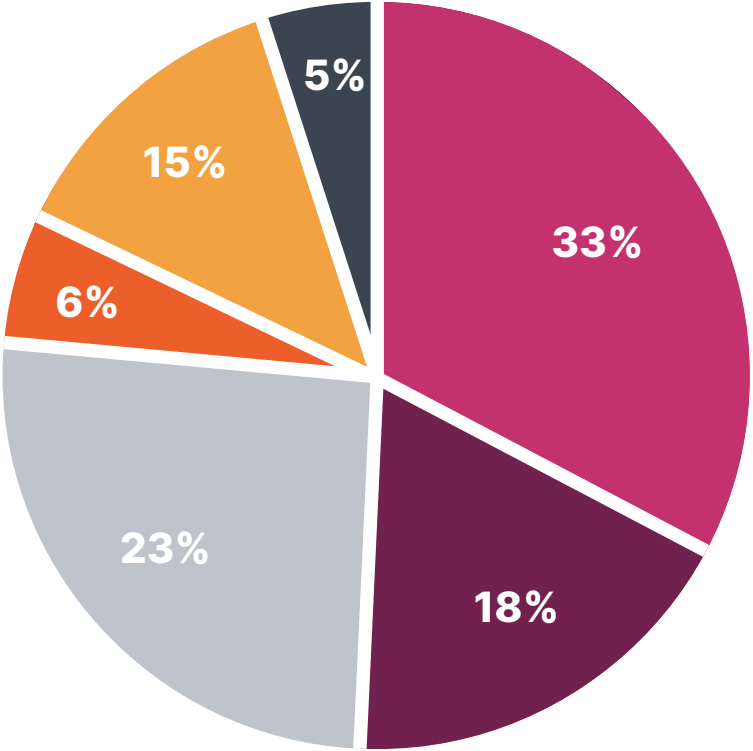
Time Saved with a WMS

Implementing a WMS has resulted in key time savings for many organizations, with some (8%) seeing upwards of 100 hours of savings per month. Another 18% saved more than 26 – 100 hours per month, and 31% saved between 11 – 25 hours per month. In fact, real 3PL stories share cases where they saved 60 hours a day in picking time and reduced overall labor costs by 25% using Extensiv’s WMS and labor tools.

Those respondents who participated in omnichannel fulfillment were, on average, 44% more likely to experience time savings of 51 hours or more per month, over other fulfillment groups.



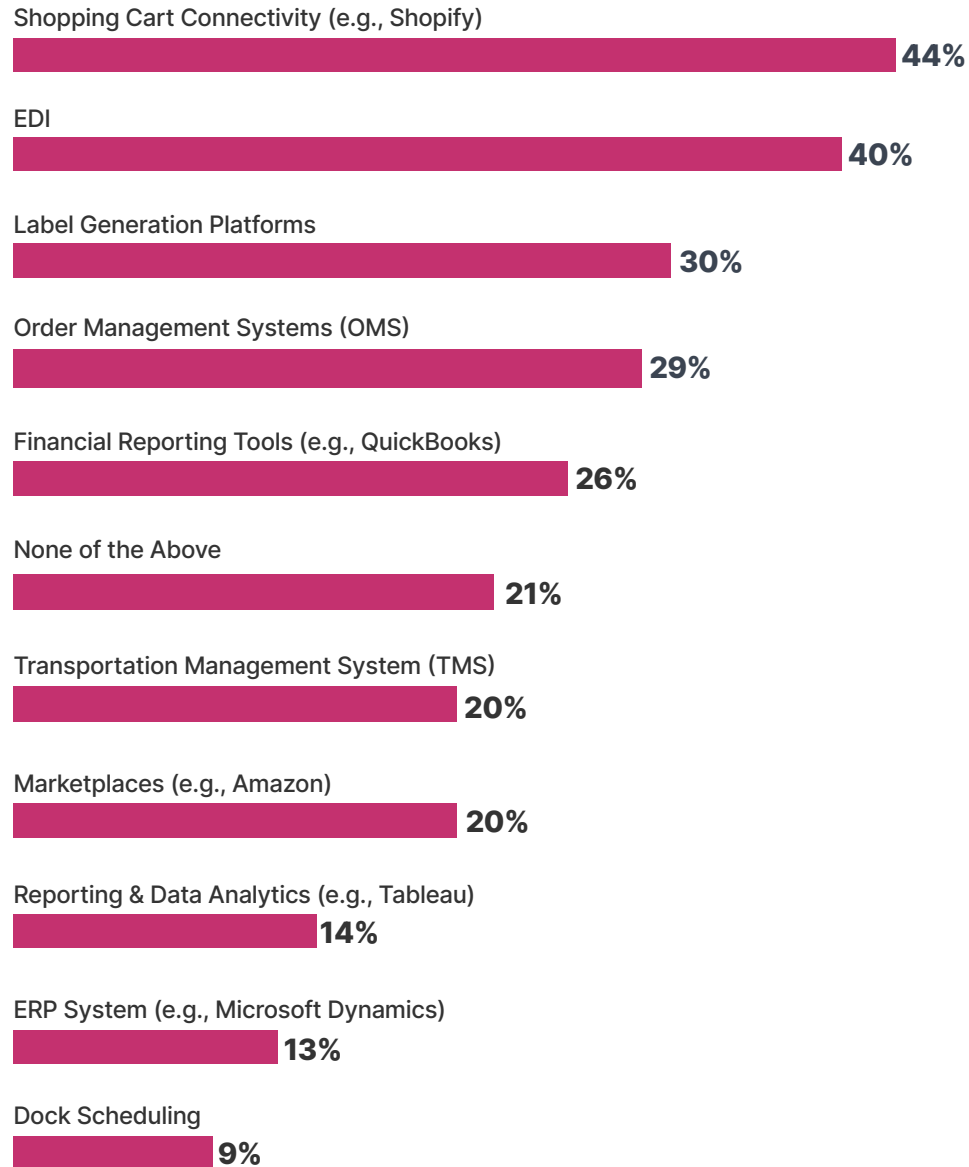
Order Volume Change Since Implementing a WMS



- Stayed the Same
- Grew By 1 - 10%
- Grew By 11 - 25%
- Grew By 26 - 50%
- Grew By More Than 50%
- Declined

In addition to time savings, many 3PLs grow order volumes significantly after implementing a WMS. One company even attributes **growing their revenue \$250,000** in a single quarter after implementing a WMS, as it allowed for scalability, more throughput, and served as a competitive differentiator for winning new business.

Fifteen percent (15%) of respondents said they grew order volumes 50% after implementing a WMS, and another 29% grew volumes 11-50%. Those who participated in omnichannel fulfillment were 30% more likely to experience order volume growth of 50% or more by implementing a WMS.



Systems Integrated with WMS or ERP

On average, respondents integrated 2.6 systems with their WMS or ERP (although shopping carts and marketplaces may include multiple integrations). Similar to last year, respondents listed shopping carts (44%) and EDI (40%) as their top two types of integrations. Label generation platforms (30%) jumped to the number three spot and increased from 24% in 2022, leaving OMS (29%) and financial reporting tools (26%) to round out the top technology integrations.

Of note, integrating systems with a WMS has become easier each year, with some companies even offering [free trials](#) to brands and 3PLs to make integrating platforms less daunting.

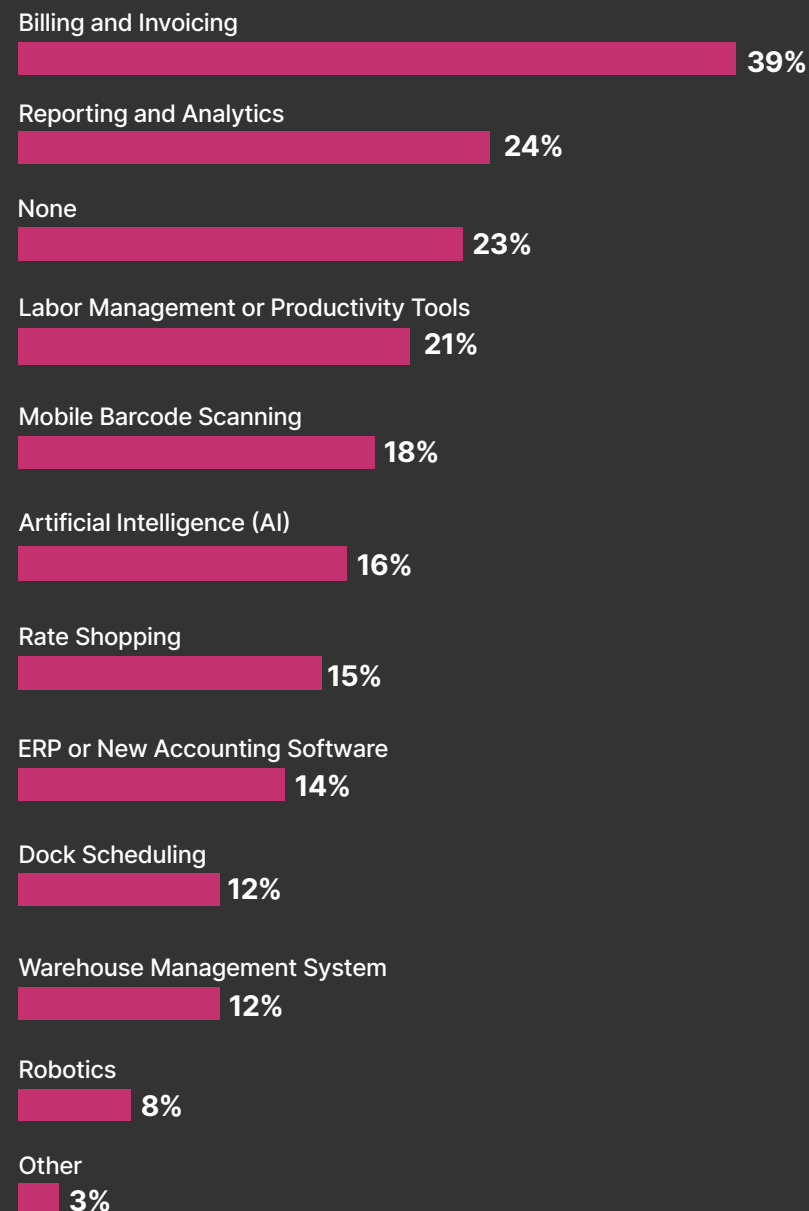
Plan to Implement in 2024

Shifting focus to 2024, respondents are doubling down on technology and automation to drive productivity and profits. Respondents plan to implement an average of 2.4 new pieces of technology. Billing and Invoicing (39%) ranks as the top functionality to implement in the coming year, followed by reporting and analytics (24%).

While 23% of companies don't plan to implement any new technologies next year, others plan to implement a range of technology from labor productivity (21%), artificial intelligence (16%), mobile barcode scanning (18%), robotics (8%), and more.

Key Takeaway

Technology adoption continues to increase, with WMS implementation resulting in significant time and cost savings. Integrating technology with a WMS can further improve efficiency and labor productivity.



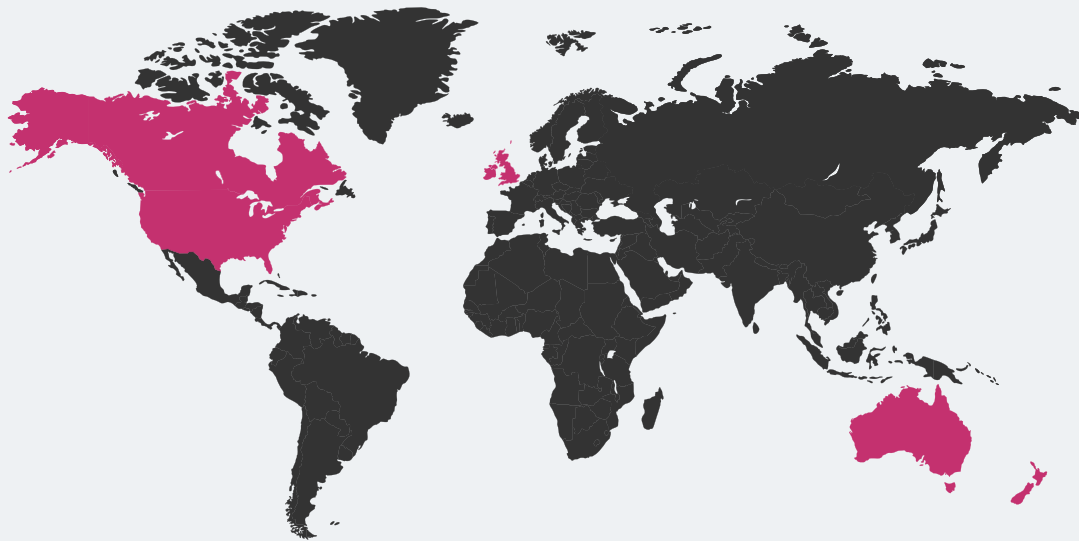
Conclusion

While 2023 still showed significant order volume and profitability growth, this was the first year some 3PLs started to see notable decreases in year over year performance. With a fluctuating economy, a freight recession, and lower than expected ecommerce growth, 3PLs are looking for options to diversify, partner, and better manage overall expenses and cashflow.

The best performing 3PLs demonstrate resiliency, a focus on metrics closest to the point of impact, and defined efforts to drive automation and improvement in their businesses. Leveraging these attributes, these 3PLs will be well positioned to compete for new customers and harness new opportunities in the coming year.

What 2024 will bring remains uncertain. However, what remains certain is that 3PLs will continue to play a vital role in the continued evolution of fulfillment and the supply chain.

Methodology



RESPONDENTS

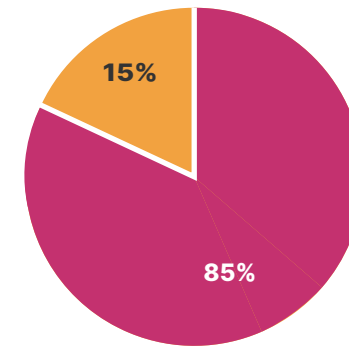
The survey was conducted between August 1, 2023 and August 21, 2023. There were 242 respondents who identified as 3PL warehouses from across the United States, Canada, United Kingdom, Australia, and New Zealand. Of the respondent companies, 85% were traditional 3PL warehouses and 15% were hybrid public and private warehouses (who also sell and ship their own goods). Note that this year saw a 36% increase in hybrid warehouse respondents as compared to 2022.

Of the respondents, 43% identified as Executives or owners, followed by 35% who held roles in Warehouse Management or Operations. The remainder spanned across other parts of the business.

FORMAT

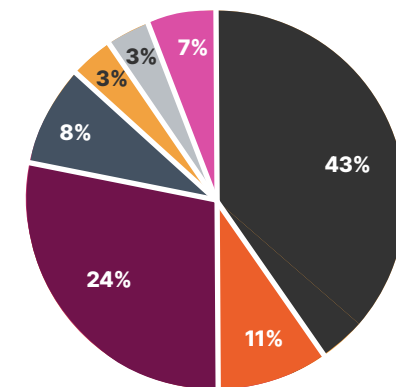
Survey questions included multiple choice, multiple selection, and open text. Figures may not add up to 100 percent due to rounding or multiple selection questions.

3PL or Hybrid



- I Service Multiple Clients from My Warehouse
- I Fulfill and Store Orders for Both My Own Business and Other Clients

Respondent Role



- Executive (e.g., Owner, VP, etc.)
- Warehouse or Logistics Management
- Operations
- Customer Service
- IT
- Accounting
- Other

About 3PL Warehouse Manager

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 customer's 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.

About 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.

Interested in learning how Extensiv can help your business implement a comprehensive WMS platform and build best practices across your warehouse in 2024?

REQUEST A FREE DEMO

Contact Us

For more information, please call us at 833-983-6748 or visit us online at www.extensiv.com.

Follow Us



