



How to Tackle the Warehouse Staffing Crisis

A shortage of workers plagues warehouses in the US

In recent years, US employers have faced a near record labor shortage.¹ From hospitality and healthcare to retail and logistics, organizations found themselves struggling to fill shifts.

Amongst the worst affected has been warehousing. Not only is the industry experiencing a dramatic shortage of candidates; it is also experiencing ballooning demand. These combined pressures have exacerbated the problem, leaving many industry leaders concerned for their short-term survival.

The numbers of postings for warehouse positions has rapidly surged in the last two years³, leading most organizations to rapidly increase the wages they offer. Warehousing firms already run on relatively low margins, and operators have warned that these rising staffing costs will inevitably inflate consumer prices.

This trend is here to stay, and firms are already bracing for a tough few months. But to rise to the challenge, they will need to develop far more sophisticated strategies to attract and retain disillusioned workers.

In this eBook, we explore the complex causes of the warehousing staffing crisis - as well as three key approaches leaders must take to tackle it.

Need for warehouse positions has rapidly surged.

The warehousing crisis in numbers

Warehouse jobs have increased more than **200k** compared to pre-pandemic numbers⁵

60% of businesses report severe warehouse staff shortages⁶

72% of business have increased warehousing salaries.⁷

¹ <https://tradingeconomics.com/united-states/job-offers>

³ <https://www.forbes.com/sites/stevebanker/2021/10/12/warehouse-labor-woes-are-worse-than-ever/?sh=4da504918aaf>

⁴ <https://www.marketplace.org/2021/12/03/warehouse-jobs-increased-by-50000-this-month-are-those-jobs-here-to-stay/>

⁵ <https://www.marketplace.org/2021/12/03/warehouse-jobs-increased-by-50000-this-month-are-those-jobs-here-to-stay/>

⁶ <https://www.prnewswire.com/news-releases/new-data-the-state-of-warehouse-labor-report-301484422.html>

⁷ <https://www.reuters.com/world/uk/british-warehouse-worker-shortage-triggers-up-30-pay-spike-2021-09-27/>



Why are warehouses struggling?

Understanding the shortages

Growing eCommerce demand

The pandemic has brought about a massive trend towards online. The United Nations Conference on Trade and Development reported that online sales in the US increased by \$200 billion in 2020.⁸

This growth requires far more warehousing space, and this is reflected by huge investments in warehousing real estate. A record 57 US warehouse lease for 1 million square feet or more were signed in 2021, up 19% from 2020 levels.⁹

The changes to the industry have been immense. Businesses have introduced far more technology to warehouses, including management software and automation systems. They have also begun transitioning away from the traditional centralized model of warehousing, embracing regional locations that would place goods closer to the end-customer.

The result should be a thriving industry that is able to prop up eCommerce growth and paper over the gaps of struggling international supply chains. But just as this incredible surge in demand was kicking in, the supply of willing and capable staff was collapsing.

⁸ <https://unctad.org/news/global-e-commerce-jumps-267-trillion-covid-19-boosts-online-sales>

⁹ <https://www.freightwaves.com/news/big-box-warehouse-lease-activity-sets-record-in-2021#:~:text=Companies%20signed%20a%20record%2057,services%20firm%20CBRE%20Group%20Inc>

The perfect storm of The Great Resignation and COVID-19

COVID-19 caused mayhem for US employment, with a range of low skill jobs in sectors like warehousing and hospitality rendered untenable overnight as hard lock down measures were introduced. And while the tax credit scheme was able to cushion the blow, this dislocation has triggered a widespread reassessment of work.

Employees are increasingly unwilling to take on undesirable jobs - those that offer low wages, require low skills and impart low status. Many perceive warehousing to be exactly such a job, with many reports suggesting warehouse staffing shortages are the result of workers' disillusionment with long, gruelling shifts and bad pay.¹¹

Normally, this shift in dynamics might result in a simple reshuffle of the workforce, with businesses relying on immigration to provide affordable and willing workers. But in a perfect storm the pandemic coincided directly with The Great Resignation.

In February of 2022, more than

4.4 million

Americans quit their job.¹²



¹¹ <https://www.washingtonpost.com/business/2021/10/11/warehouse-jobs-holidays-seasonal-hiring/>

¹² <https://www.cnn.com/2022/03/29/economy/us-job-openings-quits-february/index.html>



Three ways to tackle the shortages

1

Offer better contracts

The most common approach warehouses have taken is to increase wages. In the US, average warehouse salaries have risen to a national average of \$21.29 as of February 2020.¹³

Even in light of increased wages, employers still find it difficult to attract enough workers to ease the shortage.¹⁴

In the final quarter of 2021, Amazon raised their beginning wages to \$18 p/h and even went as far as offering some \$3,000 sign on bonuses¹⁵

The key therefore is to navigate these changes carefully.

You need to attract new workers, of course, but doing so will be pointless if you end up alienating your existing workforce. If possible, businesses should look to increase the wages they advertise, but also increase existing workers' wages in tandem. This will help both attract new talent and increase loyalty.

Another approach is to focus on bonuses. Simply increasing wages will help attract more willing candidates, but it is not guaranteed to bring in the best workers. By allocating more resources to bonuses than baseline pay, you may incentivise harder workers. And the harder the employees you do have work, the less you will feel the effect of shortages.

¹³ <https://www.indeed.com/career/warehouse-worker/salaries>

¹⁴ <https://www.shdlogistics.com/government/government-blame-poverty-wages-warehousing-staff-shortages>

¹⁵ <https://www.reuters.com/business/exclusive-amazon-hikes-starting-pay-18-an-hour-it-hires-125000-more-logistics-2021-09-14/>

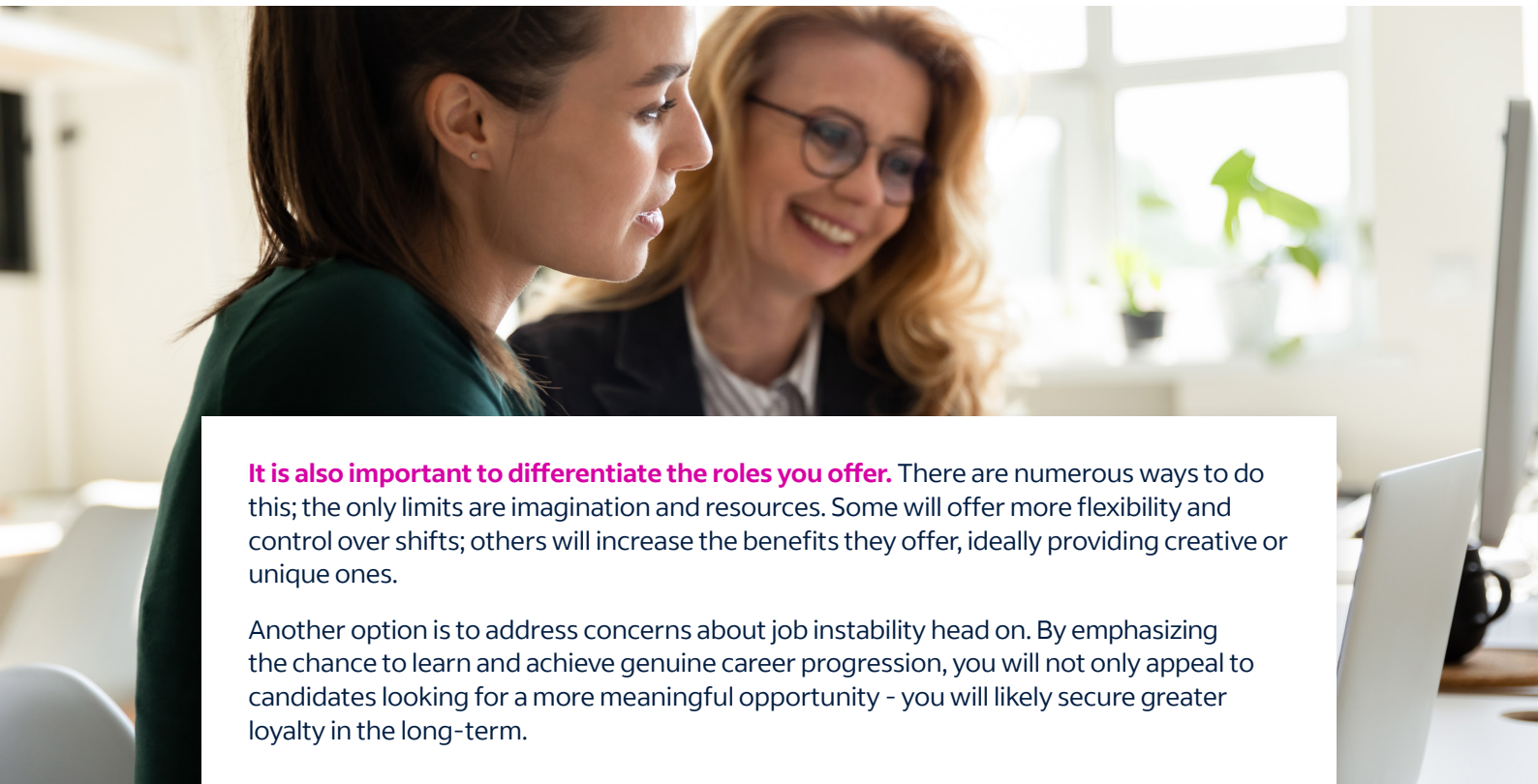
2

Differentiate your employer brand

A trickier but likely more sustainable approach is for employers to work on differentiating themselves from competitors. While higher wages may increase the number of workers willing to take a warehousing job, a strong employer brand will help firms attract a larger proportion of already available talent.

86% of HR professionals say recruitment is becoming more like marketing¹⁶, and warehousing firms need to pay more attention to the way they are perceived.

Central to this will be increased engagement on social media and platforms like Glassdoors, amplifying your workplace culture and showing that you do things differently. Getting existing employees to engage more will help this enormously, as will more personable communication with candidates and more creative job ads.



It is also important to differentiate the roles you offer. There are numerous ways to do this; the only limits are imagination and resources. Some will offer more flexibility and control over shifts; others will increase the benefits they offer, ideally providing creative or unique ones.

Another option is to address concerns about job instability head on. By emphasizing the chance to learn and achieve genuine career progression, you will not only appeal to candidates looking for a more meaningful opportunity - you will likely secure greater loyalty in the long-term.

Addressing the age gap

The average age of the US warehouse employee is 39 years old.¹⁷ But each year, as more workers retire, that talent pool shrinks. This creates a perception that such work is “for older people”, making younger talent resistant to the idea of taking jobs in the industry.

Firms should look to appeal to a younger demographic, through messaging and images which show them that there are ample opportunities for them in warehousing - and that they won't be the youngest person on the team by 30 years.

¹⁶ <https://www.icims.com/hire-expectations-institute/for-employers/ebook-recruitment-marketing-fad-or-future>

¹⁷ <https://www.zippia.com/warehouse-employee-jobs/demographics/>



3

Target talent strategically

Most warehousing businesses target the same talent pools - or don't think about who they target at all. But smart firms will start to be more creative about the candidates they approach, locating underutilized workers that might not normally consider the sector as an option.

This is where the concept of a “blended workforce” comes in.

By embracing a mixture of temporary workers and full-time employees, warehouses will be able to operate at full capacity without having to fill all of their roles - or harming their culture.

It will allow you to tap into strategic talent pools like students, retired workers or people looking for a reliable side-gig. And because most of your competitors are not tapping into these talent pools, you'll be able to be far more selective and have a far wider range of options.

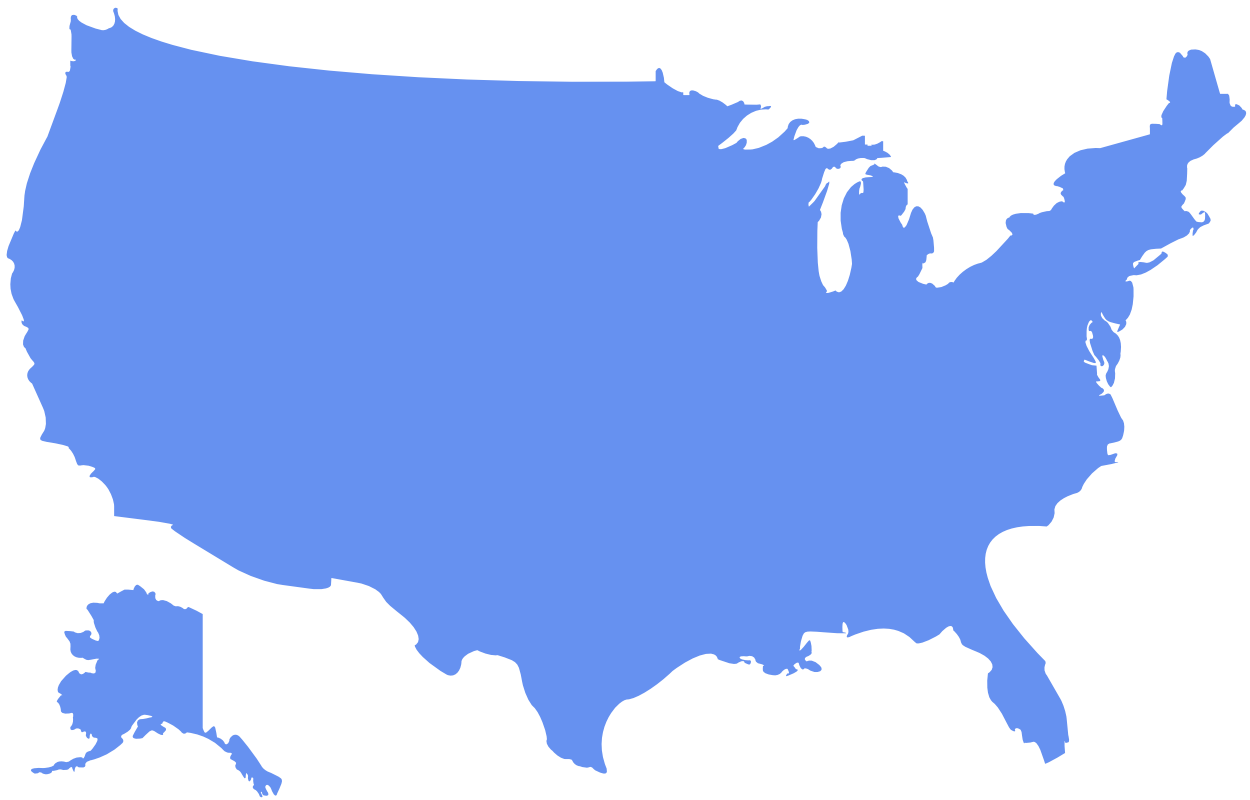
Once this system is in place, you will be able to respond to changes in demand far more effectively. Rather than being caught off guard in the way many were during the pandemic - or in the lead up to Christmas 2021 - a blended workforce will enable you to adapt effectively without wasting time and resources. And it will help you build a more data-driven approach that will help you handle future staffing challenges far more effectively.

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