As Consumer Demand Booms, 3PLs Must Adapt to Keep Pace
Third-party logistics companies (3PLs) offer a clear value proposition: provide an end-to-end solution that guarantees goods are stored, transported, packed and delivered to customers accurately and in a timely manner. This capability was put to the test in 2020 as pandemic-driven shopping behaviors resulted in a torrent of eCommerce activity, which exposed vulnerabilities in the global supply chain and the technologies that underpin it.

Retailers have gone lean and are looking to consolidate wherever possible. Doing so means that they are increasingly turning to 3PLs to leverage assistance in managing scarce resources and improving asset utilization. But can 3PLs hold up their end of the bargain and meet expectations under current conditions?
Increasing Pressures Loom

While 2020 acted as a catalyst for growth opportunities, many 3PLs struggled to keep pace with demand, all while labor and facility costs continued to increase.

Industry analysts are predicting a continuation of last year’s trend in 2021, with online purchases expected to continue gaining momentum. This volume is not limited to eCommerce order fulfillment: traditional brick and mortar locations are being equally challenged in keeping their shelves stocked and are relying heavily on 3PLs to deliver.

Concurrently, the public’s expectations are growing more demanding. Recent research from Voxware found that 41 percent of respondents in 2020 returned an item due to retailer error, up from 30 percent in 2018. 51 percent of respondents said they returned an incorrect item only to have a wrong item sent the second time around. Meanwhile, 30 percent of consumers are much less likely to purchase from an online retailer who has failed to deliver an item on-time in the past, up from 23 percent in 2018.

Those attitudes escalated even further in the final week of 2020, when 53 percent of respondents said they will never place another order with certain retailers that mishandled their order fulfillment during the holiday season.

41 percent of respondents in 2020 returned an item due to retailer error, up from 30 percent in 2018.

3PLs Turn to Technology

In response to consumer demand coupled with instability and uncertainty in large parts of the supply chain, 3PLs are increasingly turning to technology to drive scalable efficiency. According to the 2020 Third-Party Logistics Warehouse Benchmark Report – an annual study by 3PL Central of logistics professionals who own or operate 3PL warehouse and fulfillment centers – technology implementation/integration is of paramount concern, with 45 percent of respondents listing it as a top business challenge and priority for 2021.

The following will highlight three such technology improvements – voice automation, Natural Language Voice Recognition and Cloud-based supply chain analytics – and the benefits that they offer to 3PLs.
Optimized Warehouse, Micro-Fulfillment and Fulfillment Center Management

3PLs often make ambitious promises to customers that can be difficult to meet even during the best of times. Under the crush of 2020’s eCommerce demands, many found themselves struggling to reach their performance goals.

Much of the success to meet customer expectations falls on warehouse services and their ability to move product promptly and accurately through the warehouse and fulfillment center. Findings from the 2020 Warehouse Operations and Trends – an annual survey conducted by Peerless Research Group – reveal that investments in warehouse automation technology are lagging the recent surge in eCommerce activity.

Beyond traditional warehouse and fulfillment centers, micro-fulfillment centers are becoming more prevalent as another option for 3PLs to better help their customers meet demand. The COVID-19 pandemic proved to be extremely challenging for grocers to meet online demand.

Typically, grocery stores fill eCommerce orders with in-store picking – store employees traverse the aisles to fill multiple orders for customers. However, as many have witnessed, this method presents many drawbacks. Shopping aisles became clogged with multiple carts, and in-store inventory was ravaged, as conventional shoppers found themselves competing with those purchasing online. It also presented a challenge to follow social distancing guidelines.

Micro-fulfillment centers allow retailers to increase the efficiency and speed of delivery and reduce downtime. Often located in urban areas (though some leverage the existing store), these strategically placed facilities house products to fulfill online orders. Fresh goods and dry items are picked, packed, and then delivered by the 3PL to the grocery store. Once notified, the consumers head to the grocery store to pick up their completed orders.

Warehouse and fulfillment center technology that had been planned for a future investment to improve accuracy and speed has suddenly become urgently essential to business success and...
Voice automation and augmented reality consistently help warehouses operate 30 percent more efficiently and provide picking accuracy exceeding 99.99 percent.

Voxware **Voice Management Suite®** (VMS) is proven to optimize workflows and employee performance for all warehouse and fulfillment center functions. From receiving and put away to packing and loading shipments for delivery (and all processes in between), voice-enabled workflows remove time and errors from warehouse activities.

Using Voxware VMS, 3PLs can realize immediate improvements in accuracy, productivity and reduced operating expenses. For micro-fulfillment centers that are automated, retailers can achieve availability of the order to be picked up within an hour.

As more consumers rely on eCommerce as their means for shopping, automation will be critical and 3PLs that have not taken the initiative to optimize their warehouse and fulfillment centers will struggle to deliver the flawless experience customers expect. Consumers are able to switch retailers with the swipe of a finger, so speed and accuracy of delivery will be a critical differentiator moving forward.

### Ability to Onboard Quickly

With [demand for new hourly workers exceeding 475 percent](#) in eCommerce fulfillment centers over the holiday season, the need for adding personnel was evident. With new hires comes the importance of having the ability to onboard quickly, particularly during high-volume periods.

The need to streamline the process of integrating new and temporary employees has always been a priority for 3PL management, but once again 2020 simply magnified the task. For respondents asked about biggest staffing challenges in the 3PL Central Benchmark Report, the third highest concern was time to productivity for new hires.

This procedure has grown easier in recent years, and as traditional paper picking made way for speaker-dependent voice automation there were exponential improvements in the time needed to get a new employee productive on the warehouse floor.

Now, 3PLs using Natural Language Voice Recognition technology are able to achieve even greater efficiency. Voxware’s **VoxTempo®** eliminates the need for voice training, and any individual can equip themselves with a headset and immediately begin issuing commands that the system will recognize, register and provide a response. This practically eliminates the time and effort needed to introduce new workers to the warehouse floor.

Additionally, **VoxTempo** supports 30+ languages, removing a major barrier to entry for the large population of warehouse workers whose native tongue is not English and considerably expanding hiring options.

With 71 percent of 3PLs forecasting continued hiring in 2021, as reported by 3PL Central, VoxTempo can dramatically shorten time to production for these new workers.
Analytics for the Bigger Picture

Supply chain analytics can help warehouse and fulfillment center operations react to changing conditions quickly and adjust staffing as necessary. In the demand-heavy year of 2020, they evolved from a luxury to a necessity.

However, many warehousing operations have still not implemented this technology. According to the 3PL Central survey, reporting and analytics ranked as the leading planned investment for 3PLs in 2021, with 36 percent of respondents making it the top priority to implement or improve upon.

Voxware’s enterprise supply chain analytics solution, VoxPilot®, aggregates and analyzes internal and external data sources and presents real-time and historical information, predicts future events and helps users navigate the right course of action to immediately resolve problems that may surface.

Through implementation of a robust analytics system like VoxPilot, 3PLs can expect 10-15 percent greater productivity. Descriptive, diagnostic, predictive and prescriptive analytics built for the supply chain create transparency around data, with implications to distribution operations including order entry, sales forecasts, employee performance metrics, transportation records, weather information and traffic reports.

3PLs require high levels of visibility around operations, and VoxPilot’s dashboards collect all warehouse and supply chain information in an intuitive format with graphs and charts to pinpoint trouble spots for immediate action. This level of insight greatly expands possibilities for warehouse and fulfillment center improvements and the ability to cultivate higher lifetime customer value for 3PL clients.

Additionally, an analytics program provides an ideal solution for 3PLs needing to provide rapid updates and regular reports to their customers. The ability to authenticate operations quickly and transparently will add significant value to existing customers and serve as an attractive incentive in new business outreach.
Implementing the Tech

For 3PLs seeking to further integrate technology into their operations and boost productivity, there is no better time than now to make the investment.

Voxware solutions can be implemented quickly and affordably, without disrupting existing workflows. For 3PLs, an important factor when considering Solution as a Service (SaaS) investments is a flexible commitment, since the use of such technology is reliant on their own customer contracts.

Voxware's SaaS model is ideal for 3PLs, as it offers contract flexibility to match up with their customer's length of contract.

Additionally, licenses can also be transferred within 3PL locations to adjust to customer churn.

Voxware's voice picking and augmented reality solutions are offered on a price-per-user-per-month basis, allowing customers to avoid a large upfront capital outlay to achieve results.

Companies that choose to upgrade to Voxware's SaaS solution are able to deploy voice automation more easily and affordably throughout their distribution operations, reducing the upfront capital investment for new customers by as much as 40 percent and allowing them to set operating costs and stabilize the year-on-year budgeting process. Whether centrally managed and/or distributed, the software is fully scalable to meet current and future needs without costly consulting fees.

From the automated workflows provided by Voxware VMS to the supply chain analytics of VoxPilot, Voxware's solutions were designed to adapt to the users' operational requirements. This avoids being encumbered with a highly customized solution unable to adjust to specific needs.

Voxware runs interchangeably on leading hardware devices and technology systems – even in multiple sites using different hardware and applications. Deploy Voxware in the Cloud or on your internal IT framework. And with Voxware's open standards design and device-agnostic philosophy, users are free to make changes to their VMS solution and WMS/ERP systems independently, with no expensive modifications required.

For 3PLs, the eCommerce explosion is happening in real time. It represents an incredible growth opportunity for the organizations who can negotiate its pitfalls. Those who do so successfully will be categorically using technology optimized for the supply chain. Find out how you can streamline and improve your distribution operations to better service your customers through a consultation with a Voxware specialist today.