

BUILDING RESILIENCE

The Role of Warehouse
Automation in Uncertain Times



A TIMELY INVESTMENT

Why to Invest in Automation Now

In June 2023, after 13 tense months of stalled negotiations, the Pacific Maritime Association and the International Longshore and Warehouse Union finally struck a tentative labor contract.¹ This moment is important because the negotiations affected 22,000 dock workers and 29 major ports along the US west coast and could have negatively impacted crucial trade routes with Asia.² The deal averted a potential historic supply chain disruption for major retailers and other companies that relied on trade across the Pacific.

This tenuous scenario reflects recent turmoil in the business world. Fragile supply chains, high inflation, labor woes, and recession worries threaten the stability of getting products from manufacturers to customers.

Strategic investments help you maintain a competitive advantage during uncertain times. For retailers, grocers, and electronic commerce (e-commerce) companies that use warehouses to control their flow of goods, this could mean improving workflow through automation. Warehousing automation solutions can help you adapt to fluctuations in consumer demand without accruing additional expenses, streamline operations, and offset labor costs.

3 Problems Facing Warehouses

- 1 | Supply Chain Disruptions
- 2 | Economic Concerns for Consumers & Companies
- 3 | Labor Woes



SUPPLY CHAIN, ECONOMIC, AND LABOR CHALLENGES

PROBLEM 1

Supply Chain Disruptions

Weak points within the global supply chain have triggered a scarcity of manufacturing components, order backlogs, and delivery delays. Rising transportation costs and recent shortages of truck drivers and railroad workers have also disrupted the flow of goods.³ Companies have adjusted by improving planning, varying their sourcing, and looking to local networks, but challenges remain, such as capturing consumer demand and refining inventory management.⁴

PROBLEM 2

Economic Concerns for Consumers and Companies

According to a survey by Reuters in July 2023, 70.6% of consumers feel a recession is “somewhat” or “very likely” despite recent economic improvement. Spending habits reflect this belief – Nielson IQ reported earlier this year that consumers are cautious about spending in 2023, with 46% focusing on financial health and job security. High inflation, rising interest rates, and an unpredictable job market concern consumers and companies alike.⁷



INFLATION FEARS ARE RISING AMONG CONSUMERS

70.6% of consumers feel a recession is “somewhat” or “very likely”

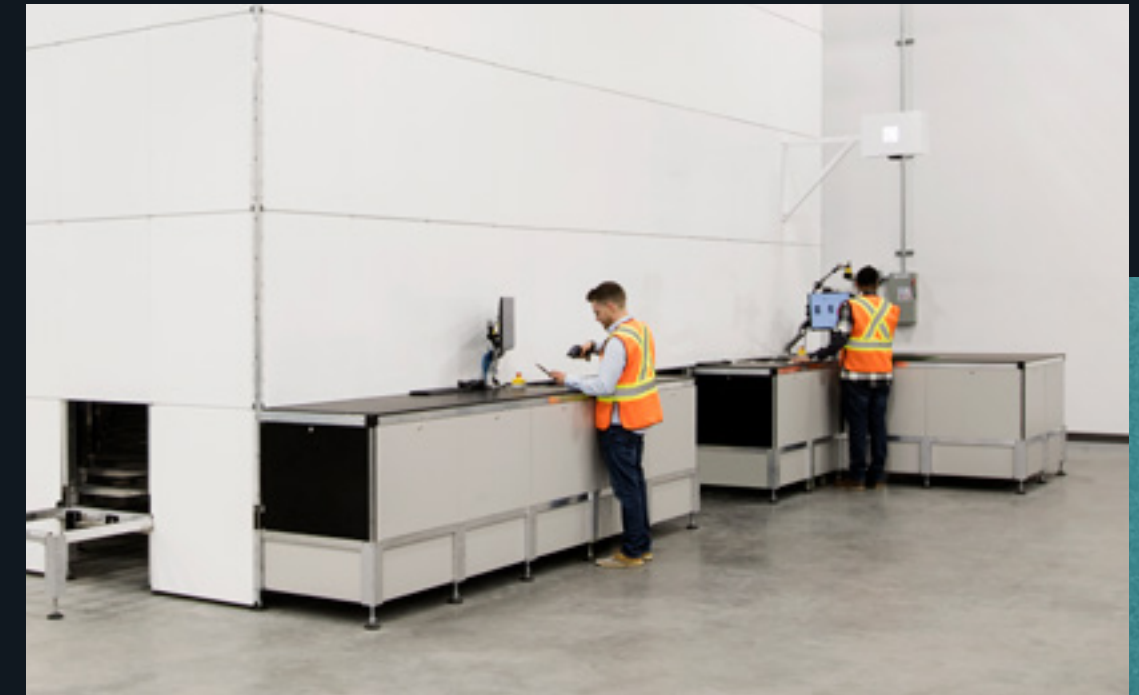
-Reuters

PROBLEM 3

Labor Woes

Although inflation rates dropped in mid-2023, they are still higher than pre-pandemic levels.⁸ Labor costs have also grown, partly due to inflation and partly due to employers wanting to attract employees during the labor shortage.⁹ According to the US Chamber of Commerce, there are only 5.9 million unemployed workers to fill over 9.8 million job openings.¹⁰

Hiring and retaining skilled warehouse workers to support the logistics industry is even harder. Not only are large warehouses often far from the urban and suburban areas where many workers live, but they often have low wages, high injury or burnout rates, and less-than-ideal working conditions.¹¹ Turnover for seasonal warehousing jobs can be as much as 100%.¹² Since many warehouses rely heavily on labor, an unpredictable and dissatisfied workforce is a major issue.¹³



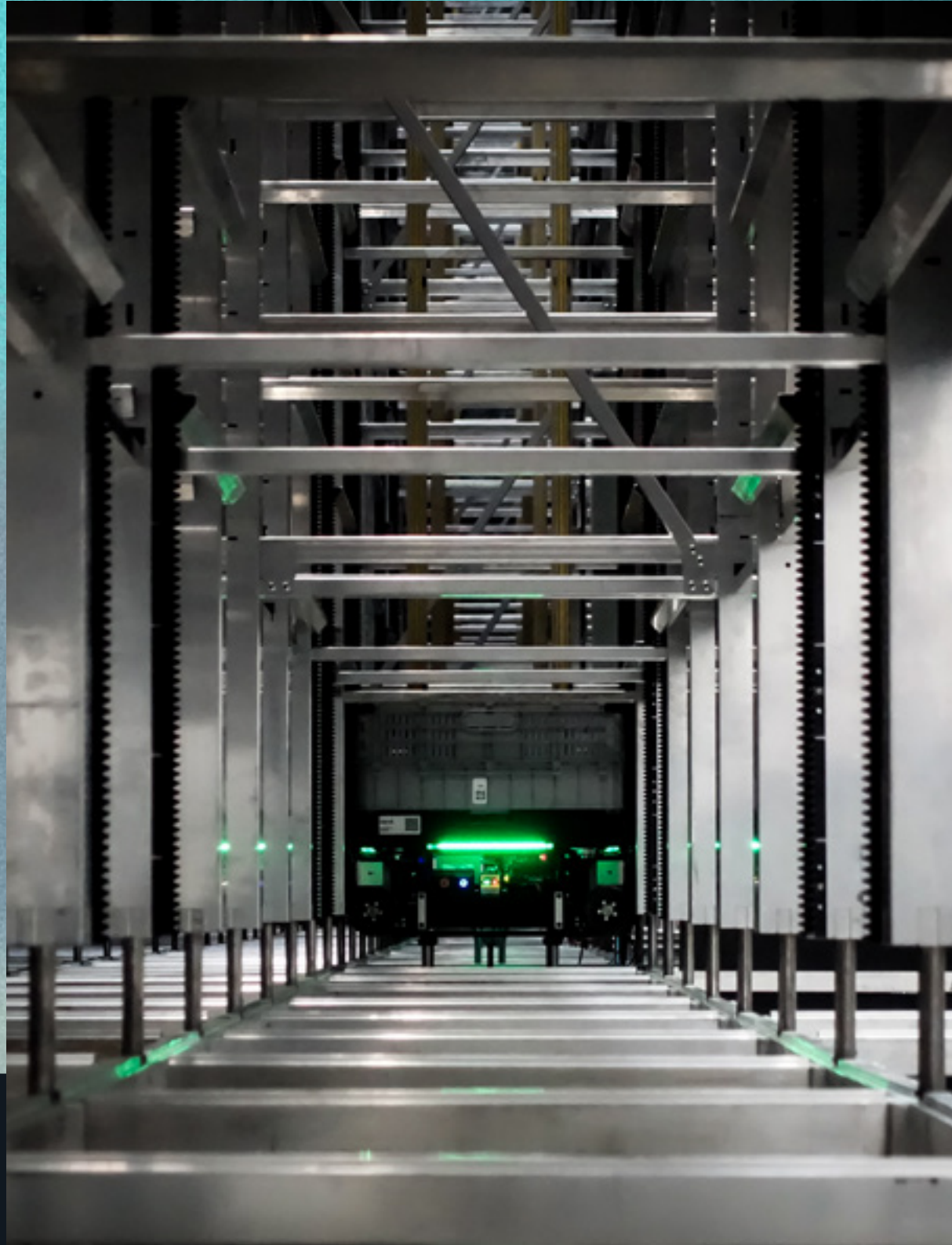
POST-PANDEMIC LABOR CHALLENGES REMAIN

Only 5.9 million unemployed workers are available to fill over 9.8 million job openings.

-US Chamber of Commerce

Seasonal warehouse job turnover can be as high as 100%.

-National Employment Law Project



THE AUTOMATION SOLUTION

Warehouse automation can help companies thrive amid these challenges. Automation allows companies to adapt to changes in consumer behavior and supply chains without losing money, offsets labor costs, increases how quickly customers receive orders, and improves order accuracy, resulting in fewer returns.

THE AUTOMATION SOLUTION: OFFSETTING LABOR COSTS

How automation offsets labor costs

Labor typically costs businesses 50% of their budget, but for traditional warehouses, it can reach over 70%.¹³ This is because traditional warehouses rely on employees to move between shelves, manually picking orders.

Automating fulfillment with next-generation automated storage and retrieval systems like [Attabotics' The Studio platform](#) is a significant cost-savings. Automated picking decreases the average cost per order by 60%, from \$10-15 to \$3-6.¹⁴ In The Studio, robots move within a 3D storage system to pick orders, which are then sent to workstations for employees to pack. Robotic automation can increase

picking rates from 100 units per hour (target rate for a typical employee) to 350-400 units per hour.¹⁵ Software streamlines workflow throughout the system—handling sequencing, sortation, and conveyance in real-time.

Automation can also replace roles with high turnover and provide new opportunities for core warehouse employees that work year-round. This is especially helpful in retail, where seasonal demand dictates the number of employees needed at a particular time. Automated systems can easily scale up or down without the time-consuming, expensive process of hiring and training new employees. Shawn



70%

RUNAWAY WAREHOUSE LABOR COSTS

Labor frequently makes up over 70% of operational budgets in traditional warehouses.

-Honeywell



60%

AUTOMATED PICKING SAVINGS FOR WAREHOUSES

Automated picking reduces cost per order by 60%.

-Chainalytics

Needham, Attabotics' senior vice president of sales, explains:

"Managing labor can be difficult for warehouse managers. People are difficult to find, and training them can take weeks or even months. With a solution like Attabotics, training is only five minutes to learn how to operate the system, not days or months."

Less time spent training new hires frees core warehouse employees to focus on other tasks, making the most of their creativity and problem-solving abilities. Upskilling employees to manage robots and other complex responsibilities will also help increase their job security and pay.

As for fears that robots will take all warehouse workers' jobs, Needham explains it this way: "Attabotics' solution enhances what warehouse workers are already doing. It lets managers repurpose people, not replace them."

THE AUTOMATION SOLUTION: INCREASING CUSTOMER SATISFACTION

How automation increases customer satisfaction

Streamlining workflow through automation helps companies cope with supply chain disruptions and consumer demands without incurring incremental costs. Solutions like Attabotics' The Studio platform and Weave software are scalable, efficient, and accurate, which trickles down into happier customers and a more successful business.

Order accuracy is especially important in the competitive e-commerce landscape, where reputation can directly impact profits, and shipping and replacement costs for returns add up. Meeting customer expectations of accurate orders decreases returns and builds customer loyalty, leading to growth.

THE ATTABOTICS STUDIO

The next generation of Automated Storage and Retrieval Systems (ASRS), The Studio consists of a dense cube with modular 3D storage, multiple fulfillment workstations, intelligent robots, and sophisticated order management control software.

[Learn More](#)



Retail, grocery, and e-commerce companies need scalable solutions to meet consumer demand without breaking the bank. Modular systems like Attabotics' The Studio can easily add storage or throughput as necessary to keep up with orders. No need to hire additional workers or invest in a new system.

Also, smart software like Weave gives companies control over warehouse logistics. The Weave can maximize pickers' performances and prioritize orders—rushing high-priority orders and batching lower-priority orders. Automation improves fulfillment times and helps companies keep promises to customers by meeting last-mile delivery demands. Better customer satisfaction pays off in customer loyalty, a huge driver for business growth.¹⁶

THE WEAVE SOFTWARE

The Attabotics Studio uses proprietary Weave software to efficiently manage the movement of robots and fulfillment of orders.

- Continuous processing flow
- Intelligent inventory management
- Integration API for fast WMS connectivity
- Optional continuous 5G wireless communications to the Attabot Blade robots
- Customizable order processing for any business rule

[Learn More](#)

BUILDING RESILIENCE

Weathering economic, labor, and supply chain challenges is possible by building resiliency into your business. For example, a 2022 survey of supply chain leaders by McKinsey found 83% of respondents had minimized disruptions by resiliency measures they had taken two years earlier.⁴ Resilience will continue to be a major topic in the coming years as business owners plan, adapt, and make strategic investments.

If you are a retail, grocery, or e-commerce company still relying on legacy warehouse systems for your fulfillment needs, now is the time to consider whether automation may be the answer to building a more resilient business.

Ready to transform your warehouse? [Let's talk.](#)

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⁹ Millar, Stephen. "Average US Pay Increase Projected to Hit 4.6% in 2023." *SHRM*, 29 November 2022, <https://www.shrm.org/resourcesandtools/hr-topics/compensation/pages/us-pay-increase-forecast-for-2023.aspx>.

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