



How to Tackle the Warehouse Staffing Crisis

 indeed flex

A shortage of workers plagues the UK's warehouses

2021 faced UK employers with the single worst labour shortage in over two decades¹. From hospitality and healthcare to retail and logistics, organisations found themselves struggling to fill shifts and many were forced to stay shut².

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

The number of online job ads for warehouse positions have doubled in the last year³, leading most organisations 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.

Experts say these issues will last 'well into 2022'⁴, and firms are already bracing for a tough few months. 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.

2x online job ads for warehouse positions³

The warehousing crisis in numbers

Warehouse job postings were up

143%

compared to prepandemic time⁵

13%

of businesses report severe warehouse staff shortages⁶

Businesses have increased warehousing salaries by

25-30%⁷

¹<https://www.theguardian.com/business/2021/jul/08/uk-employers-struggle-with-worst-labour-shortage-since-1997>²<https://www.independent.co.uk/news/business/worker-shortage-restaurants-pubs-b1956713.html>³<https://www.export.org.uk/news/582943/Labour-shortages-spread-throughout-the-logistics-sector---warehouse-staff-and-van-drivers-in-demand.htm>⁴<https://www.ft.com/content/cc5cf129-96cf-4a3a-b179-5b2fc7c9df9>⁵<https://www.bloomberg.com/news/newsletters/2021-12-06/supply-chain-latest-u-k-logistics-industry-sees-labor-shortages>⁶<https://www.export.org.uk/news/582943/Labour-shortages-spread-throughout-the-logistics-sector---warehouse-staff-and-van-drivers-in-demand.htm>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 shopping. The Office of National Statistics (ONS) reported that 71% of consumers were using eCommerce more than before⁸, with online sales making up more than 30% of all retail in November 2021⁹.

This growth requires far more warehousing space, and this is reflected by huge investments in warehousing real estate. Around 50.7 million sq ft of large distribution warehouses were snapped up in 2021, representing a 3.6% increase on the previous year¹⁰.

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 centralised 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://www.statista.com/statistics/1230225/changes-in-online-buying-among-uk-consumers-since-covid-19/> ⁹ <https://www.ons.gov.uk/businessindustryandtrade/retailindustry/timeseries/f4mc/drsi>

¹⁰ <https://www.basingstokegazette.co.uk/news/19835283.retailers-race-space-e-commerce-boom-drives-warehouse-shortage/>

The perfect storm of Brexit and COVID-19

COVID-19 caused mayhem for UK employment, with a range of low skill jobs in sectors like warehousing and hospitality rendered untenable overnight as hard lockdown measures were introduced. And while the furlough 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 pay¹¹.

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 for employers, the pandemic fuelled "great resignation" coincided exactly with the UK's exit from the European Union (EU).

In 2019, roughly 20% of warehouse workers were EU nationals. But since the UK's exit from the EU, this talent pool has been slashed - and 88% of recruiters say that the resultant lack of immigration is now their biggest obstacle to filling warehousing roles¹².



20%

of warehouse workers were EU nationals. But since the UK's exit from the EU, this talent pool has been slashed¹²

¹¹<https://www.washingtonpost.com/business/2021/10/11/warehouse-jobs-holidays-seasonal-hiring/> ¹²<https://www.personneltoday.com/hr/labour-shortage-biggest-concern-for-88-of-recruiters/>

Three ways to tackle the shortages

1 Offer better contracts

The most common approach warehouses have taken is to increase wages. In Greater Manchester, average hourly warehouse wages have risen 40% in the last year, while many London-based warehouses now pay as much £22.18 per hour¹³.

This has been relatively successful, with the UK government publicly stating that it was important for warehouses to get staff off “poverty wages”¹⁴. But increasing pay to attract new workers is not without its complications.

When Amazon offered new starters in their warehouses higher wages last year, it produced a great deal of internal tension. Many loyal workers felt they were being undervalued, and in many cases were asked to train new hires who were making far more money than them¹⁵.



The key 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.personneltoday.com/hr/steep-rise-in-shifts-reveals-extent-of-retail-labour-shortage/> ¹⁴ <https://www.shdlogistics.com/government/government-blame-poverty-wages-warehousing-staff-shortages> ¹⁵ <https://www.bbc.com/news/business-58954976>



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 Glassdoor, 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 emphasising 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

Historically, warehousing has boasted an extremely higher concentration of employees aged between 50 to 64¹⁷. 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 <http://hrnews.co.uk/wellbeing-in-a-warehouse-workplace/>



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 underutilised 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.

Interested in learning more ?

Book a meeting with one of our experts to discuss how Indeed Flex can help you with your staffing needs today.



We provide nationwide coverage across the whole of the United Kingdom



Email us

ukpartnerships@indeedflex.com



Call us

0203 880 6955



indeed flex

ukpartnerships@indeedflex.com | 0203 880 6955 | indeedflex.co.uk



Indeed Flex | One Smart's Place, 1st Floor, London, WC2B 5LW