The background is a dark gradient from black to dark grey. It features several thick, stylized lines in orange and teal. These lines are composed of straight segments connected by smooth, rounded curves, creating a sense of movement and flow. Some lines are diagonal, while others are more horizontal or vertical, with some segments having a slight gradient themselves.

Managing through uncertainty

Learnings from the 2022 peak holiday season

PROGLOVE

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Executive summary

The peak holiday season has always been a hectic period for those at the front line and throughout the supply chain. Warehouses have become accustomed to certain demand trends, and while the peak holiday season is never straightforward, businesses have historically been adequately prepared.

In times of uncertainty and change, resilience and agility are key for operational success.

In order to gain a better understanding of what was learned during the 2022 peak season, ProGlove surveyed 650 warehouse professionals. Most crucially, we wanted to learn what the experts on the ground are expecting to see in the incoming year. Peak season preparation often begins only days and weeks after the previous one finishes. This research chooses not to focus directly on external challenges, but instead on how external factors affect internal processes, and more specifically the challenges faced inside the warehouse. The picture painted is one of uncertainty and unpredictability.

In 2022, underlying costs for businesses rose, with organisations most worried about the cost of

goods	77%
energy	68%
and wages	44%

In fact, because of current uncertainty, 80% of warehouse managers are concerned about wage inflation in the next year.

The data highlighted that uncertainty on the shop floor breeds instability and thus errors. There is a clear and present need for flexible solutions to buffer and stabilize external uncertainty. Alongside the ever-present concerns around inventory management, the peak holiday season coincides with flu season. Put simply, the one predictable element of the peak holiday season in 2022 was the presence of unpredictability. When planning for 2023, organizations need to prepare for unpredictability.

Shop floors are facing cost pressures, unpredictable inventory, and labor shortages. The solution required is one that can deal with this trifecta without bringing disruption to the year's busiest season. This report explores the various issues that shop floors faced in the run-up to the peak holiday season, and what can be done to adequately prepare for an unpredictable landscape looking to 2023 and beyond.

In the run-up to the 2022 peak holiday season, warehouse and logistics professionals were unsure what to expect, with similar numbers suggesting that the peak period would come sooner (13%) and later (19%) than previous years. Similarly, there was uncertainty around preparedness, with worker illness and absence being flagged as a concern - a prediction that proved wise as the months went on. Underlying these worries was the creeping tide of inflationary pressure and the profit restrictions that go along with it.

Methodology

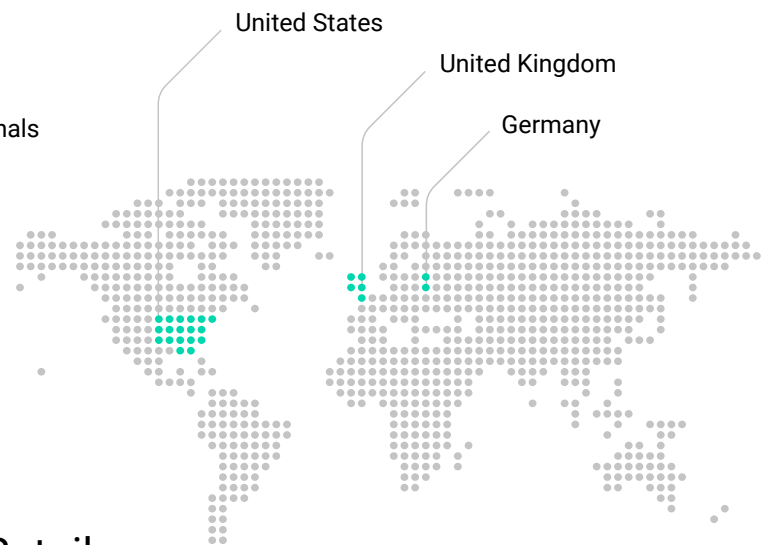
Methodology



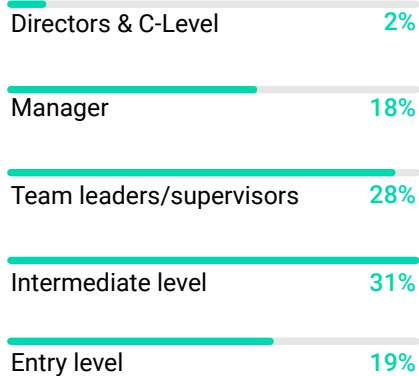
Surveyed more than

650

warehouse professionals



Participants



Retail

A survey of 650 warehouse professionals from across the UK, US and Germany was undertaken between November 17th and December 14th, 2022, with 62% of respondents from the UK, 34% from the US, and 3% from Germany.

Of those surveyed, 19% were entry level, 31% were intermediate, 28% were team leaders/supervisors, 18% were managers, with the remaining 2% directors and C-level executives.

Respondents worked for organizations ranging from 10 employees to 5000+ employees. 30% of respondents were from 5000+ sized organizations, 12% from organizations sized between 1001-5000, 13% from organizations sized 501-1000, 20% from organizations sized 101-500, 11% from organizations sized 51-100, 9% from organizations sized 10-50, and only 5% were from organizations sized 10 and under.

Key findings

Predictability

Only

39%

believed the peak holiday season would be predictable, stating that the demand would be about the same as previous years.

Do you think you are adequately prepared for the changing retail patterns in the peak season?

Only

12%

state they are very prepared.

18%

state they are not prepared.

51% state that forecasting demand is the biggest inventory management concern.

This is followed by **31%** avoiding stockouts.



Key findings

Inventory Management

Do you think there's an issue with inaccurate inventory in your warehouse?

30%

think this is a significant problem.

Of that 30%, **15%** state it is the biggest problem they are dealing with currently.

Only

15%

state they are very prepared.

31% state that dealing with backorders is one of the biggest inventory management concerns and 27% state that stock and warehousing audits are one of the biggest inventory management concerns.



Labor Shortages

Warehouse staff take on average:

- 2.08 days for Covid, flu, colds
- 0.94 for work-related stress or mental health
- 0.59 days for work-related physical injury (e.g. muscle strain)

55%

of respondents state that people take more time off during the peak season due to extra pressure and workload.

Are you concerned about the skillset of your temporary workers being able to deliver during the peak season?

50%

state they are concerned about the skillset of temp workers during peak periods

35%

state they have issues with low staff retention during peak periods

33%

state that low productivity is an issue during peak periods



CHAPTER 1

Predicting the unpredictable

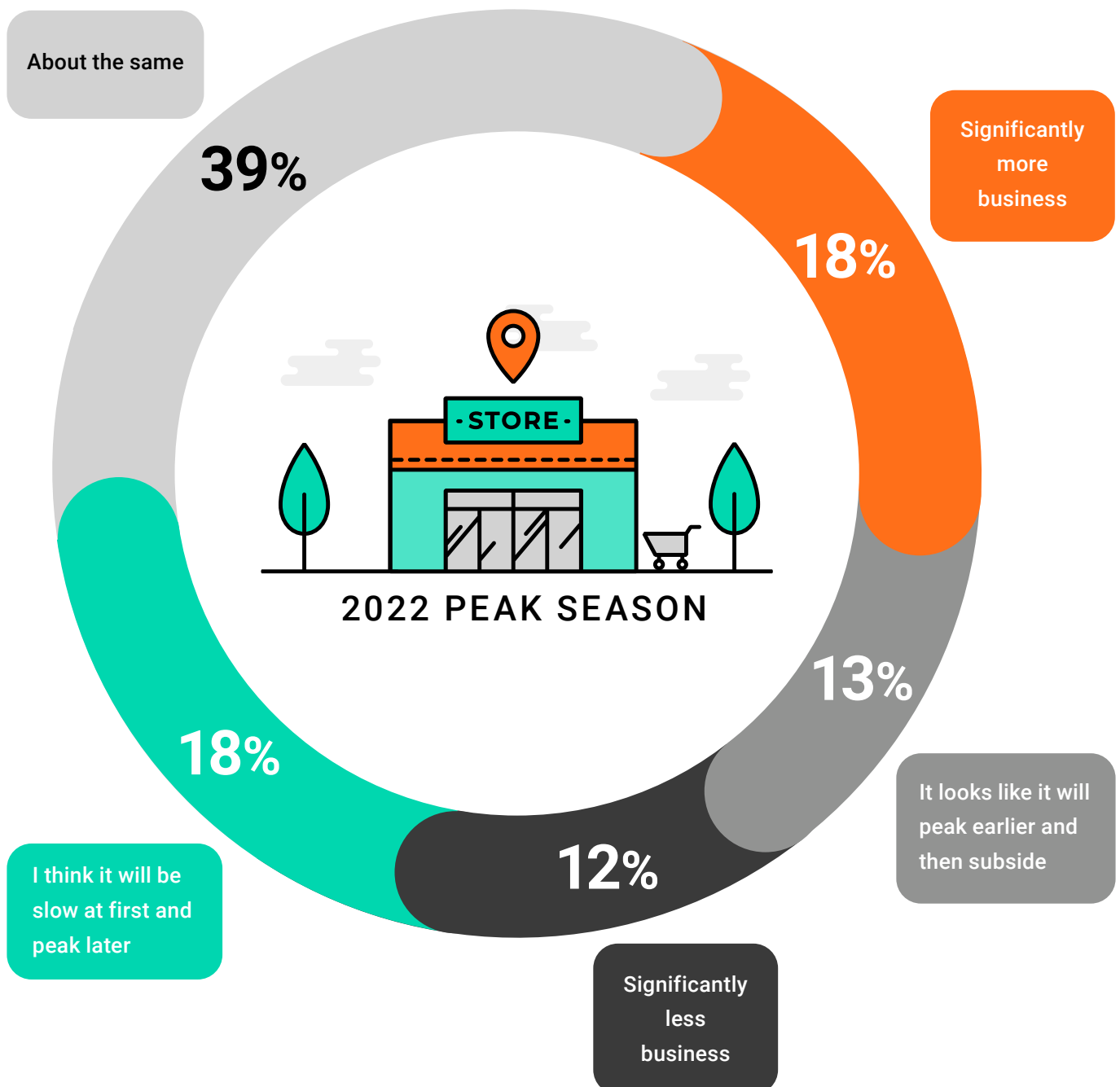
In the lead-up to the peak holiday season, reports predicted that consumers would start their Christmas spending earlier. The thinking was that retailers would begin to offer discounts earlier so that consumers would start their spending sooner before monthly budgets became too restricted.

However, the picture painted by those on the shop floor was not so clear. 13% of those surveyed agreed with media reports that the peak would come sooner and subside closer to Christmas. However, 19% felt that the peak would come later, and that consumers would be looking

to take advantage of the post-Christmas sales. In total, 61% of respondents had differing views on what the 2022 peak season would look like. Despite this uncertainty, US holiday season sales were predicted to rise between 6% and 8%, continuing the upward trend in sales of the last ten years.¹



How would you rate the 2022 peak season compared with other years?



So, where does this disagreement come from? It's not from a lack of knowledge or expertise. It simply comes down to predictability. Forecasting demand has never been more difficult for those on the shop floor, due to the uncertainty and unpredictability of both global supply chains and consumer demand patterns. Furthermore, consumer spending was variable.

With global inflation rising,

37%

of respondents felt that customers not purchasing goods would reduce margins.

Increased spending in nations such as the United Kingdom, where Christmas grocery sales rose above £12 billion for the first time, is being fuelled by significant spikes in inflation.² According to the CPI, UK inflation was at 5.5% in January 2022, and had risen steeply to 10.1% by September.⁴

Between those two figures stands the conflict in Ukraine, a significant spike in the cost of fuel, and supply chain shortages due to lockdowns in China, to name a few. In the United States, meanwhile, inflation was already high at 7.48% in January but rose less steeply to 8.2% by September.³ In October, the International Monetary Fund predicted that world inflation would reach 8.8 per cent in 2022.⁵

2023 is already poised to be equally as volatile across the globe. As a result, predictions will be difficult, meaning businesses must prepare for all outcomes.

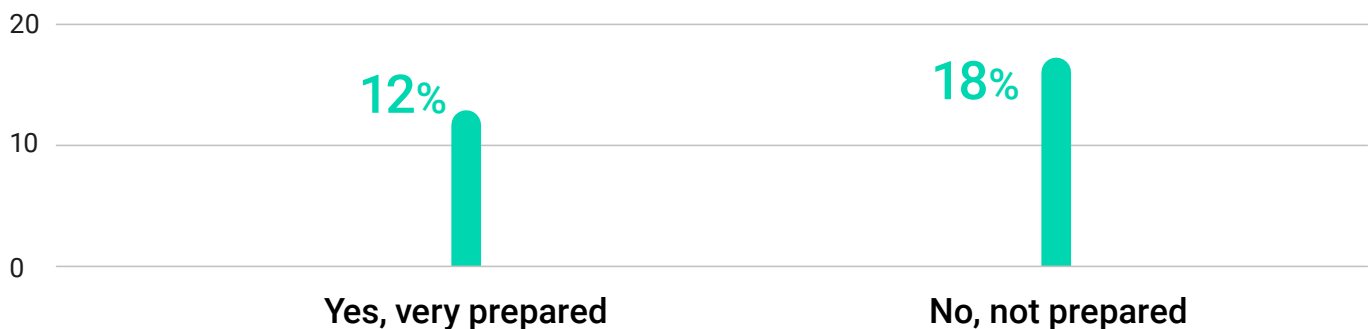


Forecasting demand

51% of those surveyed stated that forecasting demand is the biggest inventory management concern. So, it is little wonder that there is a lack of a clear consensus when it comes to trying to predict demand patterns during the peak holiday season.

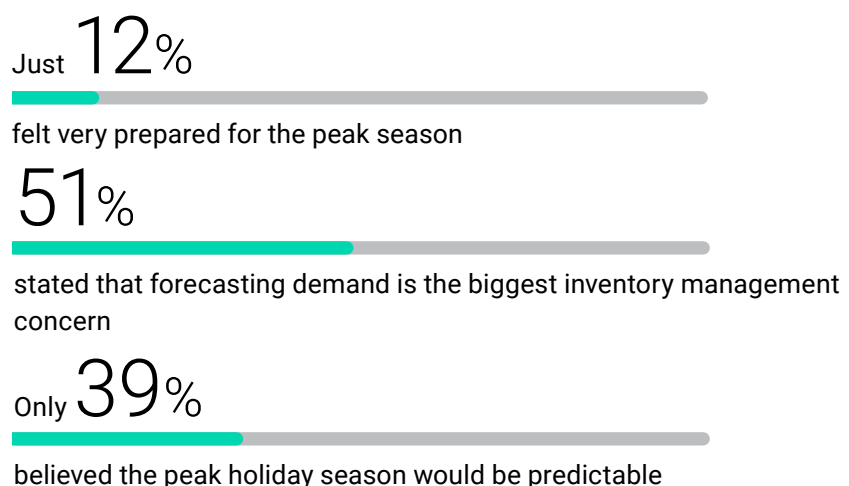
The concerns around forecasting demand impacted how prepared people felt for the peak holiday season, with 18% of respondents stating that they were not prepared and only 12% stating that they were very prepared.

Do you think you are adequately prepared for the changing retail patterns in the peak holiday season?



Tightening margins can lead to increased pressures on worker quotas as businesses look to action more orders to make up for smaller profits. Oftentimes these quotas come with fewer staff available, and this can in turn lead to errors, which rate highly among barriers to efficiency. Excess inventory remained as much of a concern in the present day to 46% of respondents, while 21% said that excess inventory was even more of a concern than in past years.

Key statistics





Preparing for 2023

With excess inventory and forecasting demand concerns for both floor workers and those in management positions, focus needs to shift to resilience.

Given the split in when respondents think the seasonal peak will come, preparing to have the right inventory is going to be incredibly difficult across the board.

Creating streamlined and efficient internal processes with built-in agility and reactivity can cushion external pressures. As supply chain issues continue to bite, more organizations need to look at keeping their house in order, so they're in the best possible position to navigate these challenging periods in years to come.

Organizations know that they face uncertain demand patterns, but the focus should not be on trying to more accurately forecast demand, but on creating agile processes to react to demand. Issues such as stock surpluses may be addressed by baked-in reactivity and smoother operations.

CHAPTER 2

Overcoming inventory management woes

The last chapter briefly touched on inventory management as an evergreen concern for warehouses during the peak holiday season. With this being a central issue, supply chain and warehouse executives must consider necessary improvements for the year ahead.

The global landscape

Supply chains today are fraught with disruption. They are volatile and reactive 24/7, 365 days a year. Last year, supply chain

disruption led to global bottlenecks stemming from the conflict in Eastern Europe and the aftermath of Covid-19.

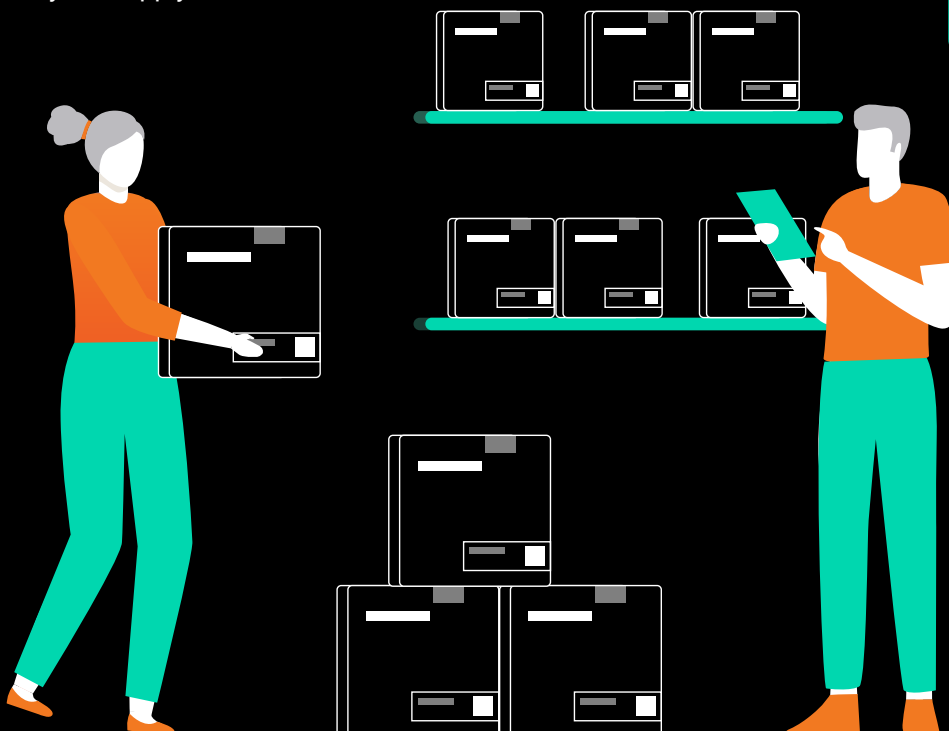
Despite ongoing constraints and volatility, supply chains adapt and transform. After all, consumers by and large still receive their products, albeit with a few delays.

This illustrates an important point: supply chains have the resilience to navigate tricky waters, but more needs to be done to enhance that resilience.

2022 was an unpredictable year, and overhauling inventory management processes was low on a lot of businesses' priorities as they tried to keep their heads above water. However, 2023 represents an opportunity to deal with outdated systems head-on.

Supply Chain Disruption

A recent study by Capgemini revealed that just 15% of firms believe they are equipped to deal with disruption in the global supply chain.⁶



Building solid solutions

Only 15% of firms believe they are equipped to deal with disruption. This shows quite how much work needs to be done to insulate businesses. Dealing with disruption in the global supply chain isn't simply a matter of making up for lost time with efficient processes – although this can help. Dealing with disruption is about building better warehouses from the bottom up, to complement a top-down view.

However, the survey reveals that time-saving processes are not in place. 31% state that dealing with backorders is one of the biggest inventory management concerns, while 27% say the same about stock and warehousing audits.

A crucial problem is inconsistent inventory arrivals which create inconsistency in inventory processing. In fact, 30% of respondents called inaccurate inventory a significant problem.

By using data insights to spot problem areas, warehouses can be made to operate more efficiently and inaccuracies will decrease. It isn't just about spotting areas for change and improvement but being able to enact recommendations quickly and easily too. Businesses need to join the dots between gathering the data to implementing the changes.

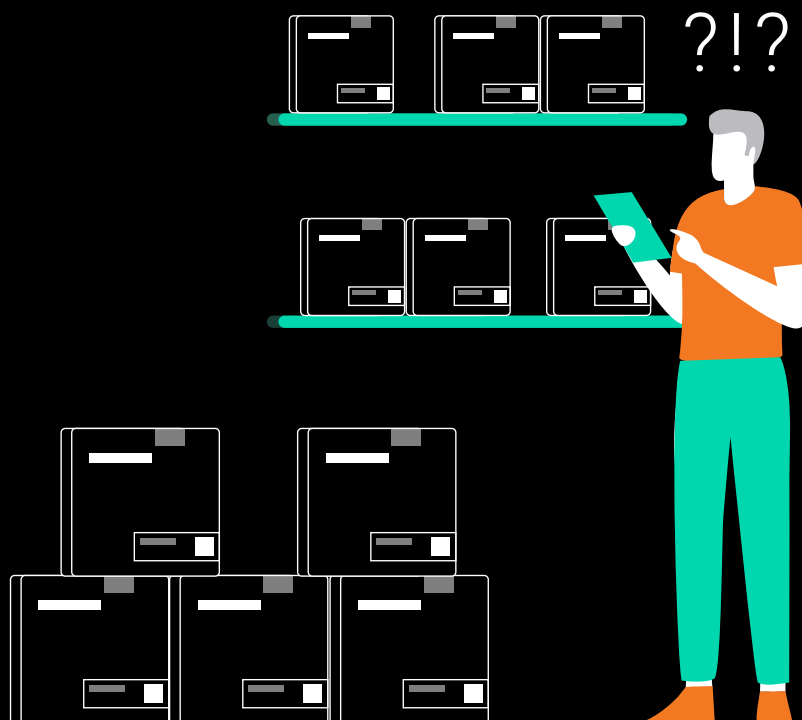
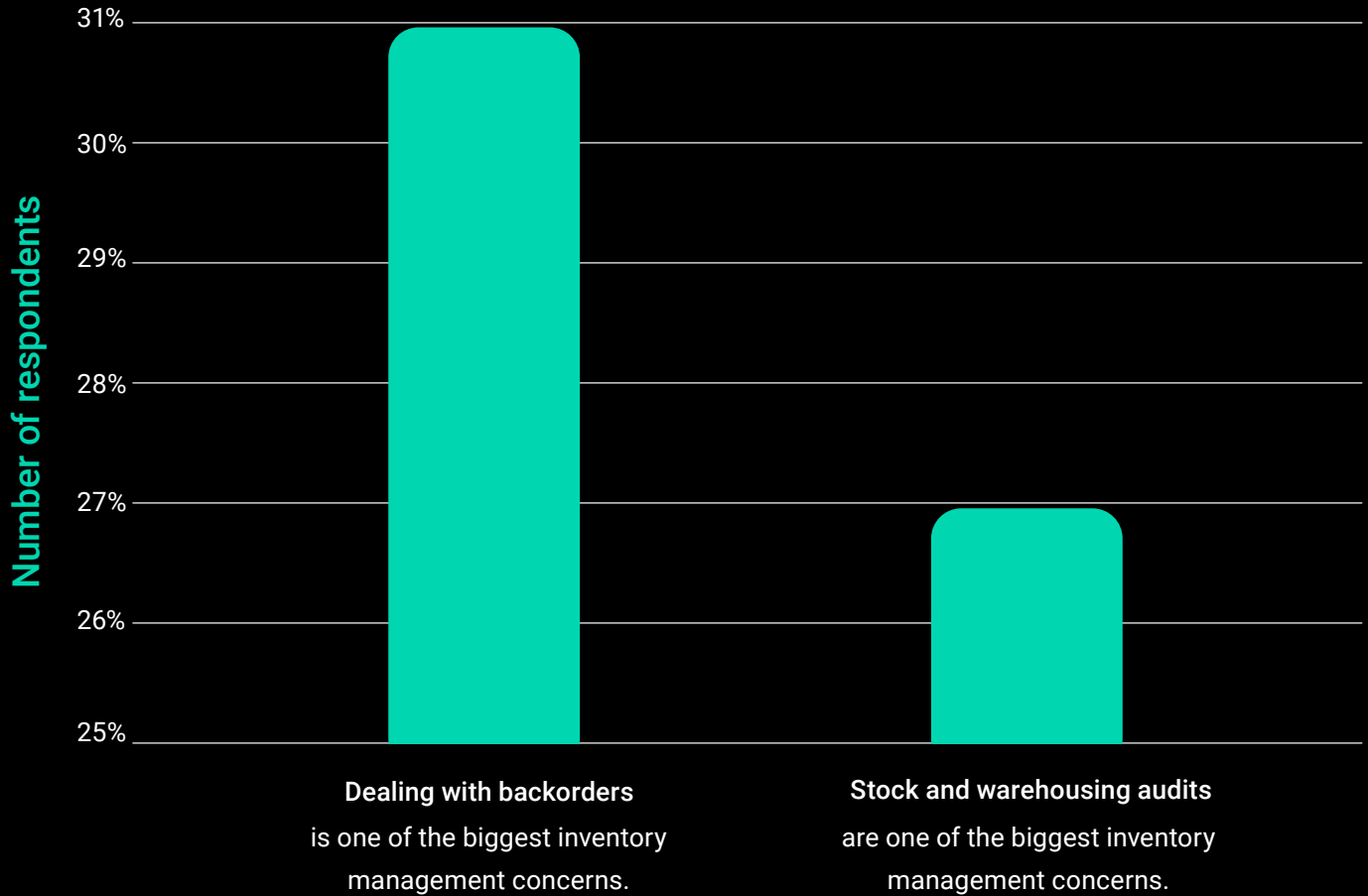
Better auditing

Our previous research revealed that third-party auditors are the most popular way to analyze shop floor operations in the warehouse to seek out efficiency gains. But these types of audits are not fit-for-purpose. Auditors manually collect their data by noting what they see on their visits. They often leave warehouses with unreliable data which fails to be actionable and effective. This ultimately explains the disconnect between 77% of warehouse workers trusting the data they receive, and 9% acting on external consultants' data.

A continuous stream of data captured from workers on the shop floor provides reliable insights into areas eating away at efficiency and where improvements are needed. Doing so will create a digital footprint that can provide more granular information for a targeted approach to creating efficiencies and warehouse optimization.



Which of the following issues are your biggest inventory management concerns?



Empowerment through data

Managers can do more to embed time-saving processes to navigate inventory issues during the next busy spell. Yet, while data should be leveraged across the supply chain to identify what processes are needed, executives must prioritize where their data comes from. Data from external auditors is no longer cutting it as it doesn't create a useful digital footprint. Using tools that collect the right data will reveal where time is being lost, and energy that can be saved across activities - taking away from the problems that come with inventory management.

By connecting the on-the-floor worker to the Internet of Things (IoT), processes keep pace with current technological innovation and provide real-time data insights into processes, as they are undertaken. Building solutions to age-old problems like inventory management needs contemporary and progressive thinking through human-centered technologies.



CHAPTER 3

Protecting yourself from seasonal labor shortages

Flu season isn't going anywhere

The peak holiday season is undoubtedly the busiest time of the year for logistics and warehousing. However, it also overlaps with flu season and a period of increased airborne disease when staff sickness can leave organizations vulnerable.

In order to prevent disruptions from staff illness, organizations can protect their workers and themselves by enacting proven measures to limit the spread of sickness. While the COVID-19 pandemic brought havoc across the globe, important lessons were learned, and those in the supply chain won't forget them. Social distancing, additional hygiene measures and protective

gear can all help to protect staff. When staff fall ill, as is inevitable during the winter period, seasonally-recruited temporary workers have even greater workloads. Organizations need to bring in technology that can help enact and maintain social distancing measures without disrupting workflows.

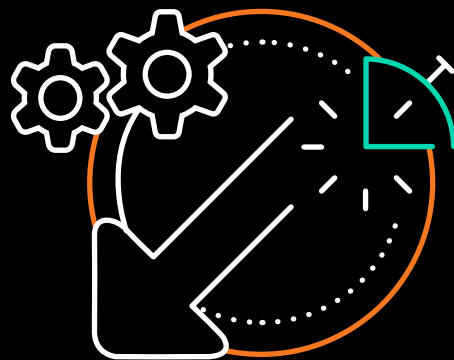
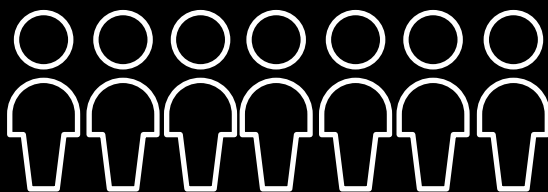


Helping temporary workers succeed

55% of respondents stated that people take more time off during the peak holiday season due to extra pressure and workload.

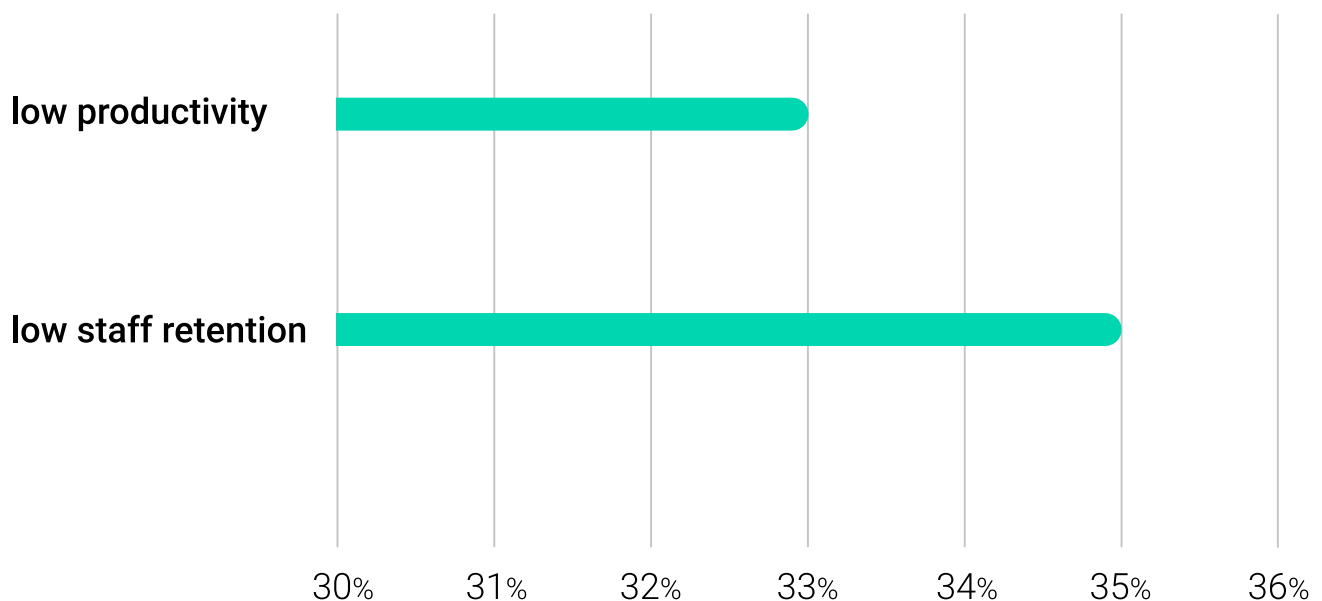
But do temporary workers have the capability to cope with the results of these labor shortages? 50% of respondents stated that they were concerned about the skillset of temporary workers during peak periods. This worry can be attributed to temporary workers' unfamiliarity with the shop floor and having no knowledge of processes. A barrier to productivity during a time of year when demand is so high.

Low productivity is a top concern for 33% of respondents, while 35% state that retaining staff is an issue during peak periods.





What specific challenges do you associate with the Christmas and New Year periods?



How can productivity and well-being be maintained with fewer and less experienced hands on the warehouse floor? Supply chain executives should look to place their investments in the right place. 43% of respondents stated that their organization is investing in staff in the near future.

However, while additional staff will always help with shortages, investing in augmenting their numbered workers' capabilities with human-machine collaboration can be an investment that both tackles shortages and improves worker well-being.

Many organizations around the globe are already struggling with staff shortages. Therefore, protecting current workers and creating safer, more efficient processes should be a top priority.

Providing employees with suitable technology will relieve them and augment their capabilities. For example, workers must often make the laborious back-and-forth journey between items and stationary terminals. Wearable barcode scanners can help eliminate unnecessary trips and reduce worker fatigue, which the

UK⁷ and US⁸ governments identify as a cause of floor incidents. At the same time and even with few workers, faster processes are created and efficiencies gained as less time is wasted on repetitive, unnecessary tasks. Investing in the right technologies can support key priorities: Improving productivity while

creating safer and more efficient processes to retain staff. This is especially important amid retail worker shortages.



55%

of respondents state that people take more time off during the peak holiday season due to extra pressure and workload

50%

state they are concerned about the skillset of temp workers during peak periods

Providing tools for success

Calls for introducing technology across the supply chain are often met with resistance by those on the ground. They view technology as a means to replace the human worker, not a tool working with the human worker. Yet, this is not the case if executives implement the right technology.

At a time when temporary workers are relied upon, supply chain executives should leverage technology that augments workers' capabilities and makes for a safer shop floor.

These benefits create more efficient and productive processes during periods of high demand.

So, when we ask - what is the role of technology in the warehouse?

We should be asking - how best can we use technology to improve the working conditions of those on the floor.

- (1) <https://nrf.com/media-center/press-releases/nrf-predicts-healthy-holiday-sales-consumers-navigate-economic>
- (2) <https://www.reuters.com/world/uk/inflation-drives-britains-record-christmas-grocery-sales-2023-01-04/>
- (3) https://ycharts.com/indicators/us_inflation_rate#:~:text=US%20Inflation%20Rate%20is%20at, long%20term%20average%20of%203.27%25
- (4) <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/september2022>
- (5) [https://www.investmentmonitor.ai/insights/which-countries-have-the-highest-level-of-inflation/#:~:text=According%20to%20the%20International%20Monetary,\(compared%20with%202021%20prices\)](https://www.investmentmonitor.ai/insights/which-countries-have-the-highest-level-of-inflation/#:~:text=According%20to%20the%20International%20Monetary,(compared%20with%202021%20prices))
- (6) <https://www.capgemini.com/news/press-releases/strongly-one-in-five-organizations-feels-equipped-to-handle-disruptions-in-the-global-supply-chainstrong/>
- (7) <https://www.hse.gov.uk/toolbox/organisation/shiftwork.htm>
- (8) <https://www.osha.gov/worker-fatigue>

Endnotes

Get ahead of the unpredictability in 2023

When it comes to predicting supply chain demand, assumptions rarely become a reality, and with margins being squeezed, it isn't worth the risk. There is one prediction that is already a reality and will continue to be in 2023: supply chains will continue to be unpredictable and volatile. So, warehouse workers need to be armed and ready to deal with whatever is thrown at them, whenever peak season comes.

Looking back at the 2022 holiday season, this survey emphasized that excess inventory and forecasting demand are significant concerns for those both on the shop floor and in the offices that manage them. Even though warehouse operators know they face uncertain consumer demands in 2023, there is very little organizations can do to mitigate external factors. Instead, they must create agile processes to react to demand in real-time.

As for excess inventory, organisations can be better prepared by improving their inventory management. Connecting workers to the IoT leverages the data they generate during work processes to provide more insightful solutions. Data-driven insights can create a digital footprint by connecting the on-the-floor worker to the IoT, ultimately ensuring actionable data can be used to resolve with inventory management problems.



Holiday season challenges go beyond inventory and demand issues, with warehouses suffering from labor shortages due to respiratory illnesses and more intense workloads. These remove workers from the workplace placing greater workloads on temporary workers with limited experience.

The crucial lesson that can be learned from the 2022 holiday season is that managers need to equip their staff - permanent or temporary - with adequate means to navigate uncertainty. Experts will continue to make forecasts and predictions in an attempt to build more certainty into an uncertain landscape. Businesses need to be

prepared for the fact that forecasts are just that – forecasts – not iron-clad certainties. Organizations need to be able to react swiftly to whatever the reality may be. Therefore, it has never been more critical for supply chain executives to invest in human-centered technology to create a safer, more efficient, and more flexible supply chain during periods of high demand.

NEED MORE INFORMATION?

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