

THE STATE OF THE ECOMMERCE FACILITIES SERVICES INDUSTRY

Survey + Insights

The approach to facilities services management ranges throughout the ecommerce space. A recent survey from based on a cross-section of leading ecommerce companies, retailers, wholesale distributors, and third-party logistics providers uncovers results within four key areas of how ecommerce facilities are managed, their plans for innovation, current operational and labor issues, and the opportunities to overcome challenges within the industry. Discover insights for your facilities services with this survey analysis.

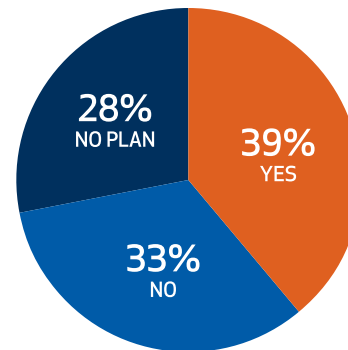
I. ECOMMERCE FACILITY MANAGEMENT STRATEGY AND MEASUREMENT

This section of the report analyzes how ecommerce facilities are managed, how performance is measured, and how facility service outcomes are being improved.

QUESTION # 1

Does your current innovation plan include your facility management strategy?

Thirty-nine percent of the respondents say their company's innovation plan includes a facility management strategy. The response to the questions suggests there are three schools of thought in the ecommerce space in regards to how they view facility management and related services. Over one-third (39%) include their facility management strategy in their company's innovation plan. Exactly one-third, according to the findings, do not include a facility management strategy as part of their innovation plan. And the final group, nearly one-third (28%), simply do not have a company-wide innovation plan.

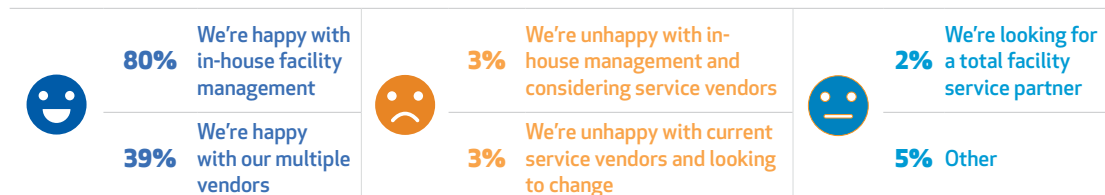


Percentage of retailers with an innovation plan as part of their facility management strategy

QUESTION # 2

How would you describe your current facility management direction? SELECT ALL THAT APPLY.

A high percentage of ecommerce companies say they are pleased with their current facility management process.



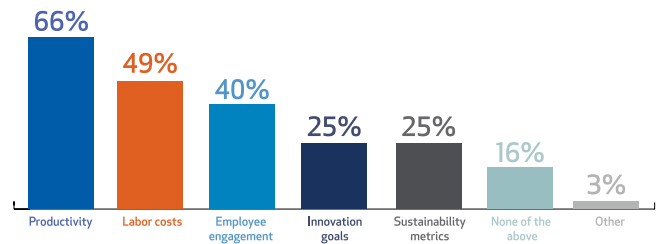
QUESTION #3 Which of the following facility services or needs do you manage in-house, and which do you outsource to a service provider?

A high percentage of ecommerce companies say they are pleased with their current facility management process.

FACILITY SERVICE	In-house management	Outsourced to facility services provider	Don't use/not applicable
Grounds Maintenance	29%	59%	12%
HVAC	34%	54%	12%
Electrical Power and Safety	46%	45%	9%
Janitorial	48%	44%	8%
Specialty Services	40%	32%	28%
Facilities Engineering	53%	31%	16%
Flex Staffing	47%	28%	25%
Parking	54%	26%	20%
Lighting	67%	21%	12%
Integrated Facility Management	58%	15%	27%

QUESTION #4 Do you measure the impact of your facility services on any of the following?

Two-thirds of the respondents measure their facility services performance impact on overall company productivity. Forty-nine percent measure facility services performance impact on labor costs. Facility services management impact on employee engagement is measured by 40% of the respondents.



KEY INSIGHT:
Impact on company productivity is the key facility service management metric

Ecommerce companies, retailers, and their facility service providers and partners mainly measure the impact of their facility services on company productivity. That is by far the most important measure. Other important measurement factors are the impacts on labor costs and employee engagement.

QUESTION #5 If you measure the impact of your facility services, please explain the measurement process.

Key themes from the write-in comments include:

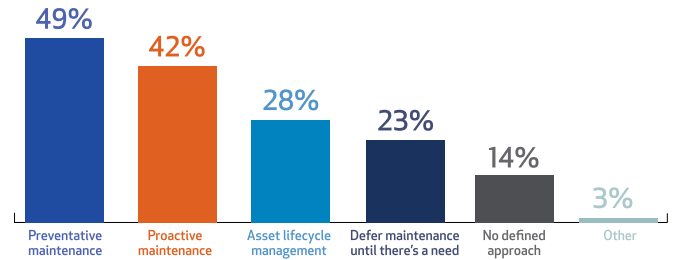
- Revenue and sales analysis
- Cost analysis
- Labor time management
- Productivity
- Customer satisfaction and related metrics
- Employee feedback
- Safety metrics
- Combination of various metrics and measurement

QUESTION
#6

Which of the following best describes your approach to future facility capital costs?

SELECT ALL THAT APPLY.

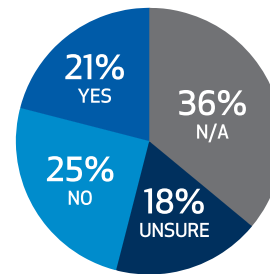
Forty-nine percent of ecommerce companies take a preventative maintenance approach to better managing future facility capital costs. Forty-two percent practice proactive maintenance. Only 28% take an asset lifecycle management approach.



QUESTION
#7

If you don't do preventative maintenance, have you measured your repair and replacement spend?

Most companies that do not take a consistent preventative maintenance approach also have not measured their repair and replacement spend.



Percentage of retailers that have measured their repair and replacement spend —if preventative maintenance is not a priority

QUESTION
#8

What have you done over the past 12-18 months to improve your facility service outcomes?

SELECT ALL THAT APPLY.

Over the past 12 to 18 months, the respondents employed a variety of methods to improve their facility service outcomes. Forty-three percent improved the internal management and staff communications process, followed by 27% that added software or technology to improve their facilities and staff performance. One out of four respondents say their companies have also improved communications with facility service provider teams and with customers.

FACILITY SERVICE IMPROVEMENTS	%
Improved communications process internally with management and staff	43%
Added software or technology to improve the process	27%
Improved communication with facility service providers	26%
Improved communications process with customers	25%
Worked with consultants	17%
Changed or added facility service providers	16%
Currently analyzing this area	14%
Integrated more operations with one service provider	8%



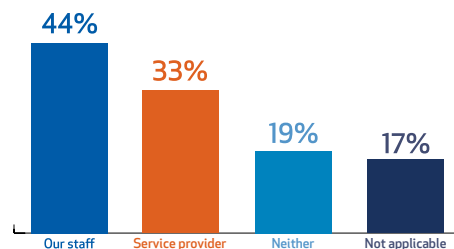
KEY INSIGHT:
Facility service performance improvements have resulted from improved communications with stakeholders as well as from new software and technology

The research results suggest more facility service improvements have resulted from better communications from management with their staff, service providers, and customers, along with the addition of new facilities management or automation software and technology.

QUESTION
#9

If you perform preventative maintenance, does your own staff or a service provider map your asset lifecycle costs? SELECT ALL THAT APPLY.

Forty-four percent of ecommerce companies use their own staff to map their asset lifecycle costs. One-third use facility services providers for this analysis.



*Note: Respondents were able to select multiple options.

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II. TECHNOLOGY AND INNOVATION

This section covers the facility management technologies currently in use and that ecommerce companies are planning to invest in over the next two to three years. An open-ended question is also included, asking for the other services, innovations, and/or added value they would like to see from leading companies in the outsourced facilities services industry.

QUESTION #1 Which of the following technologies are you currently using or planning to invest in over the next two to three years?

Less than 40% of the respondents are currently using sensors, predictive analysis, building automation, IoT, or robotics. Over 30% of the industry plans to invest in predictive analysis, building automation, and robotics over the next few years. These findings suggest that the next few years may continue to see significant technology investment related to ecommerce facilities.

	Currently utilize	Plan to invest in over next 2-3 years	Have no plans to use
Sensors	39%	28%	33%
Predictive Analytics/Data	34%	38%	28%
Building Automation	27%	37%	36%
IoT	22%	26%	52%
Robotics	11%	35%	54%

QUESTION #2 What other services, innovations, and/or added value would you like to see from leading companies in the outsourced facilities services industry?

Key themes from the write-in comments include:

- New technologies
- Automation and robotics
- Cost and efficiency improvement



SELECT RESPONSES:

"It would be helpful if we could work with facility management experts on AI capabilities, automation, robotics, and the like. I need more guidance for better use of my facilities with regards to effective cost savings. We're also looking at more in-house systems controls."

"D2C enhancement and smarter technology would be a plus!"

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III. OPERATIONS, LABOR, AND SERVICE PROVIDERS/PARTNERS

Along with the critical issue of how facility operations have been changed due to the pandemic, this section also covers other operational and labor issues in-depth.

QUESTION # 1 What have your facilities operations done in terms of specific operational tasks or changes due to the impact of the COVID-19 pandemic?

Key themes:

- Increased sanitation practices and cleaning schedules
- Practicing social distancing
- PPE for staff
- Increased signage on safety and sanitation
- Facility staff pay or bonus changes
- Added or changed work shifts
- Remote working



SELECT RESPONSES:

"There was a brief shutdown and a major cleaning. Afterwards we created social distance training and put up protective barriers in machine processing areas. We wear masks and gloves at all facilities in addition to our new cleaning and sanitation program."

"PPE is mandatory and we implemented increased cleaning. There's also less overlap between shifts and more distance between employees."

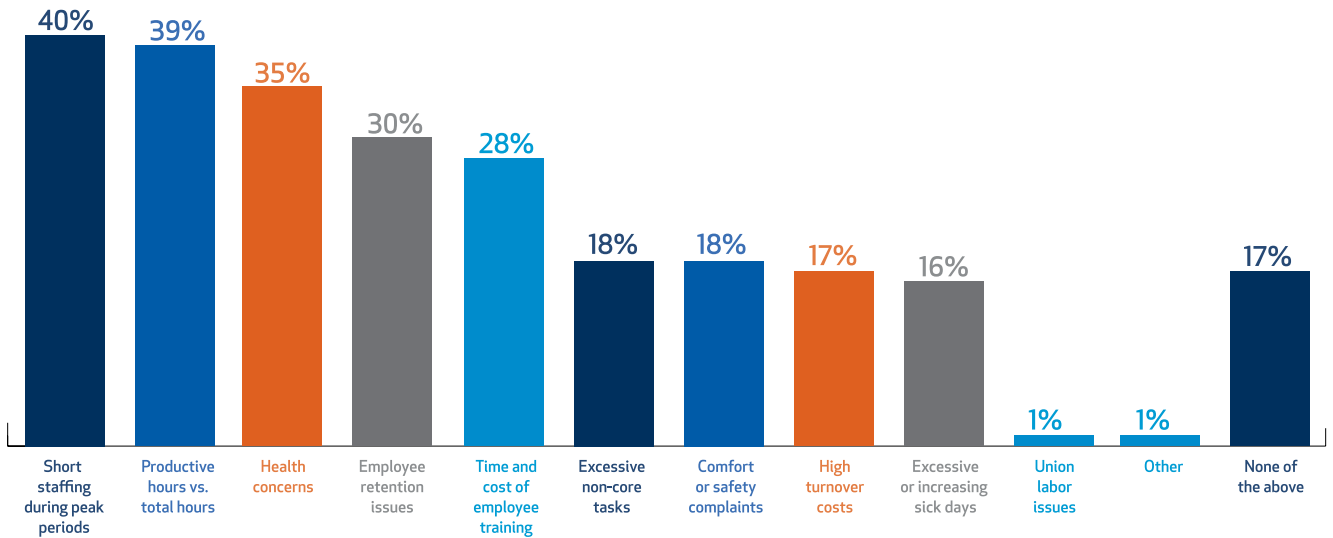
QUESTION # 2 What safety challenges are you facing? SELECT ALL THAT APPLY.

Half of the respondents indicate they are not facing meaningful safety challenges. Still, 18% of the respondents indicated "other worker injuries" are a safety challenge.



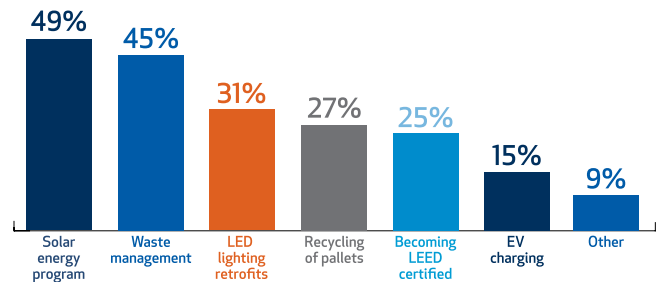
QUESTION #3 Which of the following labor challenges are you currently facing? **SELECT ALL THAT APPLY.**

The top three most-often cited labor challenges are short staffing during peak times of the year, increasing productive hours compared to total hours, and staff health concerns. Thirty percent of the respondents indicate their company has employee retention issues.



QUESTION #4 Which of the following sustainability strategies most interest you? **SELECT ALL THAT APPLY.**

Just under half of the respondents (49%) say solar energy programs are the sustainability strategy of most interest to their companies. This is followed by waste management.



QUESTION #5 Do you have a preventative maintenance program for any of the following or do you repair and replace as you go?

HVAC is the area with, by far, the most preventative maintenance programs in place, according to the survey respondents. This is followed by power distribution, although a much smaller percentage of respondents have a preventative maintenance program in place for this area.

	Have program	Repair/replace as needed	N/A
HVAC	59%	30%	11%
Lighting	21%	69%	10%
Power Distribution	27%	47%	26%
Building Envelope	23%	42%	35%



KEY INSIGHT: Most companies lack a preventative maintenance program for lighting, power distribution, and the building envelope

While 59% of ecommerce companies with warehouse facilities have a preventative maintenance program in place for HVAC, only between 21% and 27% have a similar program for power distribution, the building envelope, or lighting.

QUESTION
#6

What are any new developments, trends, or issues that you need your in-house or outsourced facility services provider(s) to be aware of or focus on?

Key themes from the respondent comments:

- New technologies and trends
- Sanitation best practices
- Facility services operations best practices and trends
- Understanding client strategy and goals
- Flexibility



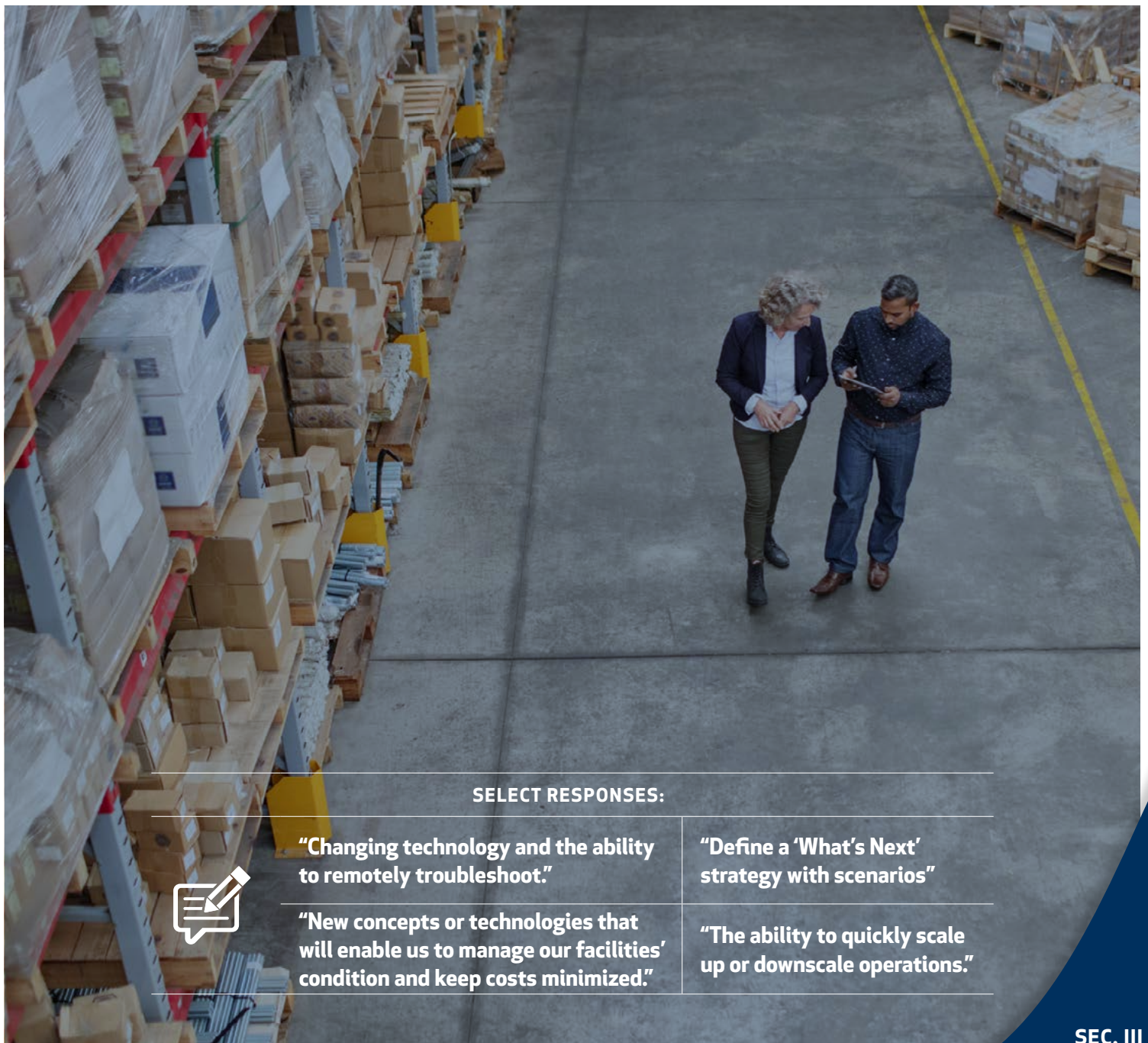
OTHER HOT TOPICS AND COMMON CONCERNS:

Health and safety improvements

HVAC innovations

COVID-19 ongoing support

Artificial intelligence



SELECT RESPONSES:



“Changing technology and the ability to remotely troubleshoot.”

“New concepts or technologies that will enable us to manage our facilities’ condition and keep costs minimized.”

“Define a ‘What’s Next’ strategy with scenarios”

“The ability to quickly scale up or downscale operations.”

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IV. CHALLENGES AND OPPORTUNITIES

The responses to open-ended questions on the key challenges and opportunities impacting ecommerce companies, retailers, wholesale distributors, and third-party logistics providers are in this section. Very often, and not surprisingly, the top challenges are also closely related to the key opportunities.

QUESTION # 1 **What are the biggest challenges related to your facilities services management process or model?**

Common themes in the write-in responses include:

- Managing pandemic impact and new health concerns and procedures/protocols
- Cost control
- Staff management, training, and retention
- Management priorities and budgets
- Increasing speed and efficiency
- Managing complex and multi-building/site locations

OTHER HOT TOPICS AND COMMON CONCERNS:

- Health and safety improvements
- Efficiency vs. fast-track
- Internal communication
- Funding priorities and management
- Staffing in peak periods
- Safety precaution measures



QUESTION # 2 **What are the biggest opportunities for your facilities services management process or model?**

The top three most often cited labor challenges are short staffing during peak times of the year, increasing productive hours compared to total hours, and staff health concerns. Thirty percent of the respondents indicate their company has employee retention issues.

The most often mentioned opportunities include:

- Automation, technology, and efficiency strategies
- Innovation
- Flexibility
- Staff management and training
- Preparing for economic rebound and changes

OTHER HOT TOPICS AND COMMON CONCERNS:

- Expansion of services
- Centralized control
- Store/warehouse size and growth
- Recycling improvement
- High return on investment
- Safety precaution measures
- Going green
- Cycle inventory counts



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CONCLUSION

This is a time of challenge and change for nearly all industries and companies around the world. The ecommerce facilities services industry is in a unique position. The industry is facing a combination of long-term growth trends, primarily driven by the consumer shift to online commerce, and the new operational changes that are required due to the COVID-19 pandemic.

These dual challenges are forcing ecommerce companies to be creative and innovate, but the diverse industry is responding at varying speeds and with different levels of investment. Facilities services need more strategic attention to respond to accelerated demand trends, and also to deal with the increased management complexity as a result of dramatically increased health and safety requirements.

Many ecommerce companies as well as key wholesale distributors and third-party logistics providers plan to continue to invest in technology. Based on the survey findings, within two to three years the majority of the industry will be using predictive analysis and adding more sensors and building automation technology. And by that time, i.e., the 2022 to 2023 period, close to half of the survey respondents expect to also be investing more in IoT and robotics. If these forecasts hold the next few years should see a strong period of ecommerce facilities technology investment.

Facility Management Technology Investment and Utilization Outlook for the Next Two to Three Years

As we continue to navigate the pandemic and move into a post-pandemic recovery period, this time can be seen as an opportunity for a pivotal moment when facilities services are seen in a new, more important light by ecommerce and retail leaders.

	Currently utilize	Plan to invest in over next 2-3 years	Estimated total % of industry using in 2-3 years
Predictive analytics/data	34%	38%	72%
Sensors	39%	28%	67%
Building automation	27%	37%	64%
IoT	22%	26%	48%

METHODOLOGY AND ABOUT THE RESPONDENTS

The analysis is based on surveys of a cross-section of 155 leading ecommerce companies, retailers, wholesale distributors, and third-party logistics providers. The survey was conducted between April and May 2020.

Size of Fulfillment Centers	%
50,000 to 100,000 sF	52%
100,000 to 500,000 sF	33%
500,000 to 1,000,000 sF	10%
Over 1 million sf	5%

Type of Company	%
Retail Chain	8%
Independent Retailer	14%
Web Shopping Portal	8%
Web Only Merchant	13%
Catalog Fulfillment	10%
Wholesale Distributor	25%
Branded Manufacturer	23%
Third-Party Logistics Partner	22%
Other	9%

Number of Fulfillment Centers	%
1 to 5	74%
6 to 10	17%
11 to 50	4%
Over 50	5%

Number of Employees	%
Under 50	31%
51 to 100	18%
101 to 1,000	27%
1,001 to 5,000	12%
Over 5,000	12%

Average Age of Fulfillment Centers	%
0 to 5 years	23%
6 to 10 years	22%
11 to 20 years	24%
Over 20 years	31%

Company Revenue	%
Under \$50 Million	55%
\$51 million to \$100 Million	8%
\$101 Million to \$500 Million	18%
\$501 million to \$1 Billion	5%
Over \$1 Billion	14%

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