

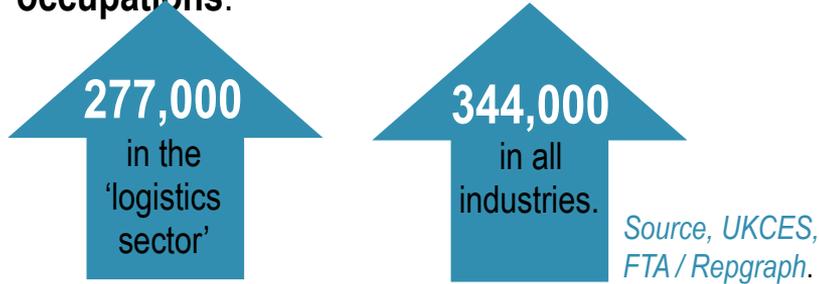


The continuing importance of labour

Jon Sleeman, The Great Industrial Debate, Industrial Agents Society Conference, 1 December 2016

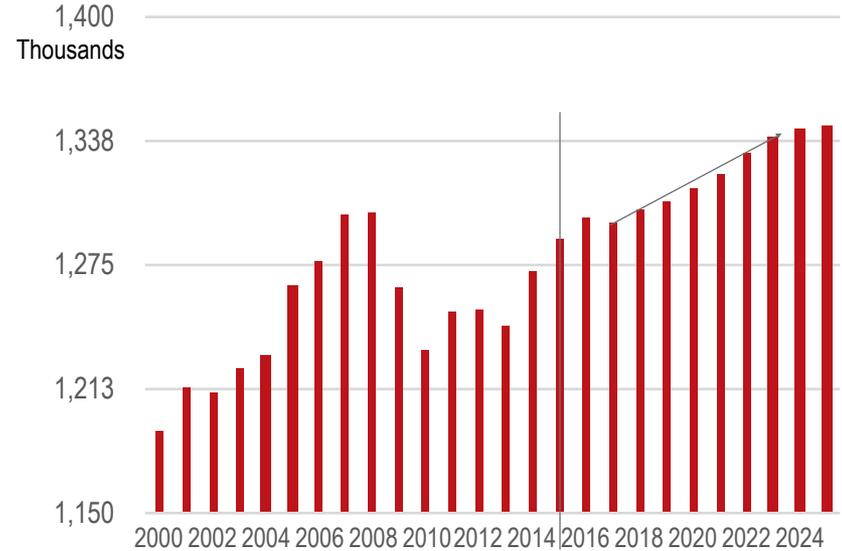
Employment in logistics is growing and labour shortages are a critical challenge

- Between 2012-2016 employment in **logistics occupations:**



- 'Lack of skilled staff remains one of the UK logistics industry's biggest concerns.'
Source, Barclays, UK Logistics Confidence Survey H2 2016.
- The UK has a current shortage of **35,000 LGV drivers** – despite 25,500 more drivers than 4 years ago.
Source, the FTA/Repgraph Ltd.

UK employment in Transport & Storage will continue to rise



Source: Oxford Economics

Warehouses are employing more workers than previously

- Warehouse employment densities have increased over the past 10 years +.

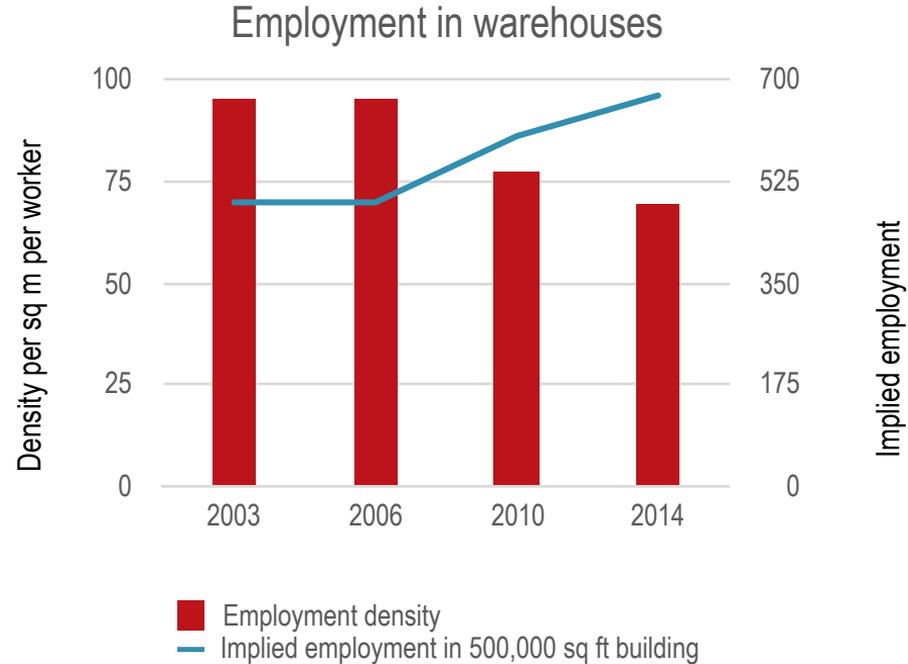
Source: Prologis

- E-commerce requires more labour than traditional warehouses.

Source: Prologis and Deloitte

- UK online retail will grow further - driving demand for more labour intensive facilities.

Source: eMarketer, IMRG, Centre for Retail Research



Source: Cranfield School of Management, Prologis

Will this change in the future?

- Do you work in a 'paperless office'?
- Can anyone name a labour less warehouse?
- Major warehouse occupiers continue to demand more labour.



‘ *12,000 Jobs Across Britain, creating 3,500 new jobs in 2016* ’
– Amazon

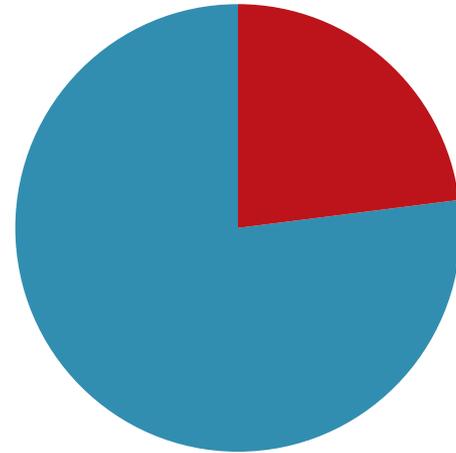
‘ *Sainsbury’s to create 900 jobs at new London groceries online fulfilment centre* ’
– J.Sainsbury plc

‘ *New Southampton Lidl warehouse creates 400 jobs* ’
– BBC

Investment in warehouse automation will remain modest overall

- In 2015 spending on Automated Materials Handling Equipment (AMHE) was just **16%** of the global MHE market.
- By 2021, the global AMHE market will still be less than one quarter (**23%**) of the total.
- Even highly automated warehouses typically employ lots of labour.
- Robots will create demand for new workers - **Robotics** and '**Cobotics**'.

Non-automated MHE still dominates in 2021



● Automated MHE
Source: Markets and Markets

● Other MHE

Autonomous trucks will not solve the driver shortage

- Driverless technology is not new.
- Current vehicles being trialled on UK roads are 'driver assisted' rather than driverless.
- 'Driverless' trucks are 15-20 years away from being deployed on UK roads and will still have a driver!
- Even with driverless trucks the demand for drivers will be higher in 2040 than in 2001 and stable compared with 2020!
(Source: Roland Berger, Automated Trucks, April 2016, based on USA)
- Autonomous trucks will not solve driver shortages anytime soon, if ever!



Labour will remain critical to warehouses and logistics

- Change and disruption are often more subtle and incremental than we like to make out.
- We will likely see more automation in warehouses, but trends in employment densities and employment forecasts imply labour demand will continue to grow.
- Long-term, we will see autonomous trucks but with drivers.
- **Therefore, labour will remain critical in warehouses and logistics.**



Vote RED in the Big Industrial Debate!

Thank you

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