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WAGES EXPECTED TO RISE AMID SCRAMBLE FOR HOLIDAY WORKERS

Retailers, delivery firms and logistics companies plan to step up recruiting, hire earlier

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Help wanted – and the sooner the better.

Competition for warehouse workers is already heating up among companies such as Amazon.com Inc., Wal-Mart Stores Inc. and Target Corp., even though Christmas is still almost three months away. The retailers, logistics companies and package-delivery companies, among others, say they expect to step up recruiting, start hiring earlier than usual and pay more for the extra help they need for the peak shopping season.

The scramble for holiday-season logistics workers has been intensifying steadily in recent years, fueled by the growth of online shopping. Executives say they expect the nation's relatively low unemployment rate and rising wages for workers at the bottom of the income ladder to make the temporary jobs even harder to fill.

"There's pressure from both sides," said Ashfaque Chowdhury, head of supply chain for XPO Logistics Inc., which provides warehousing and transportation services to many retailers.

XPO, which employs about 24,000 year-round warehouse workers, said it expects wages to be up by as much as 4% to 8% this year for the seasonal workers it needs for jobs ranging from driving forklifts to packing products for shipment. The company expects to hire 5,000 to 6,000 such workers, up from 4,000 last year.

United Parcel Service Inc., where seasonal wages start at \$10.50 an hour, says it is preparing to pay more, if necessary. The delivery company, which said it needed about 95,000 seasonal workers last year, redesigned its recruiting website last month, in part to make it easier to use on mobile devices.

UPS also is recruiting at college football games and on social media, offering shifts as short as three to five hours.

"When you've got applicants looking for seasonal employ, you have to be flexible and nimble," said Bryan McHugh, the company's human-resources operations director. That is what "ultimately gets us a bigger pool of applicants to choose from."

Some retailers and logistics companies that typically begin preparing for peak season as late as October are already conducting stress tests of their systems, letting orders build up for 24 or 48 hours to see how well they can cope with a surge in volume, industry consultants say.

Ramping up will be a costly and complicated process. With e-commerce sales expected to surge by the usual 20% to 30% during the holidays, employment at some of the largest e-

commerce warehouses and distribution centers will need to quadruple to 2,000 workers from 500 in as little as a month, said Steve Osburn, a supply-chain expert with retail consulting firm Kurt Salmon. And, some will need to allow as much as six weeks for training, he said.

In many markets, wages are expected to increase between about \$1.50 and \$3 an hour from the typical nonseasonal hourly rate of \$10 to \$12 during the fourth quarter to attract seasonal workers, according to ProLogistix, one of the largest logistics-staffing companies in the U.S. Most companies will have to pay the workers they have at least \$1 an hour more just to retain them, said Brian Devine, senior vice president at ProLogistix.

Much of the competition stems from the growing number of fulfillment centers, facilities that process and fill online orders. They tend to be concentrated around places like Louisville, Ky., and Memphis, Tenn., where UPS and FedEx, respectively, have some of their biggest package-sorting hubs.

Amazon, which hired 100,000 workers for the holidays in 2015 up from 80,000 in 2014, has large fulfillment centers near Louisville. Just this year, online home-goods retailer Wayfair Inc. moved into an 899 square-foot facility in Kentucky along Interstate 71, which connects Louisville to Cleveland.

"Customers demand their purchases arrive faster and faster each year," said Brian Lemerise, president of Quiet Logistics, which fulfills orders for retailers including Inditex SA's Zara fashion chain and men's clothier Bonobos Inc. Hourly wages at the company's warehouses have increased an average of 15% in the past two years irrespective of peak season, and Quiet, based in Wilmington, Mass., expects them to increase an additional 5% to 10% this year for the holiday period, for which it expects to hire 750 more workers. Mr. Lemerise said the company is investing in warehouse automation to overcome its labor challenges.

Economic trends have magnified those challenges. The U.S. unemployment rate held steady at 4.9% in July, less than half its peak of 10% in 2009. E-commerce, meanwhile, continues to expand. In the second quarter, it rose 15.8% from a year earlier to \$91.2 billion, or 7.5% of total retail sales, government data show.

Pay is also a major factor. Wages for the nation's lowest-paid workers are growing at the fastest rate since the recession, according to Labor Department data, which means workers can be lured away from warehouses by better-paying jobs in other industries. Truck drivers, construction workers and production-line workers typically make more than nonspecialized warehouse workers, who researchers and labor advocates say generally earn minimum wage or just slightly more.

"In general right now, it seems like the run-of-the-mill logistics job is paying less than the run-of-the-mill job in the rest of the economy," said Rosalyn Wilson, founder and president of FreightMatters, a supply-chain consulting firm.