

Retailers claim satisfaction but plan to switch 3PLs



How to raise expectations and get more from your 3PL relationships



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We all need a good partner.

Engaging a 3PL is a significant decision for most retailers. It often means handing over nearly full control of their logistics and fulfillment function to a third party. Retailers entrust that partner to provide their customers with a great brand experience and help fuel their growth.

With such high stakes, it's no wonder retailers value 3PL relationships that are more than transactional; **89%** of the 150 retailers responding to a recent survey from WSI and Supply Chain Dive's studioID say they want strategic partnerships with their 3PLs.

But too often, that's not what they're getting. So much so that while many see their 3PL relationships as good enough for now — 92% claim to be happy with their current 3PL — nearly half (49%) plan to change 3PL providers in the next three years.

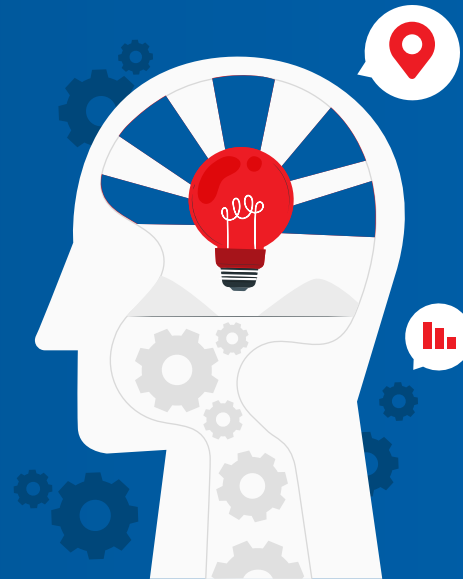
The good news is, it doesn't have to be this way. Retailers can get the lasting, strategic 3PL relationships they want, and they lay out exactly what that looks like in their survey responses.

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The Critical Role of the 3PL

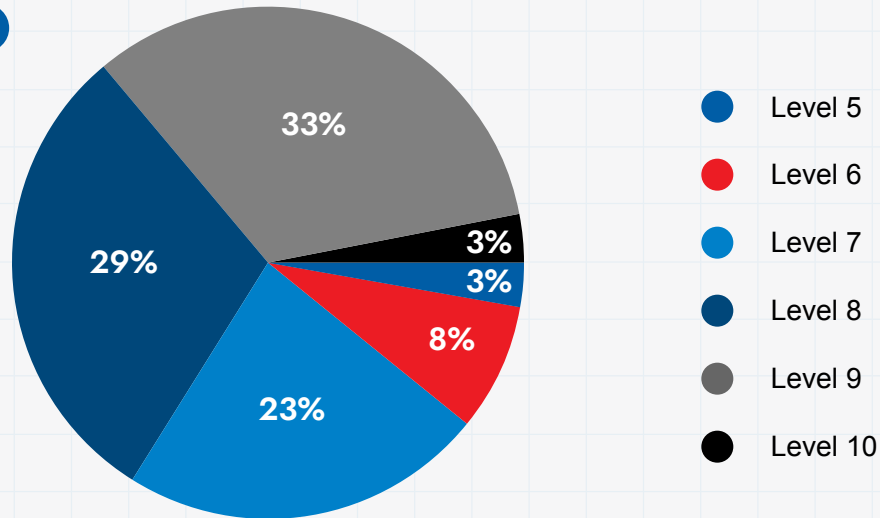
Retailers turn fulfillment functions over to a 3PL to access their deeper expertise, experience, and assets so they can focus on their core business. Most recognize that gaining the greatest benefits means yielding some control; **65% rate** the level of control they turn over to 3PLs an 8 or 9 on a 10-point scale (see Chart 1). However, a few prefer to keep control in-house, seeking more arms-length, transactional relationships.



Brands Entrust 3PLs with Logistics Control

How respondents rated the level of control they give 3PLs on a 10-point scale

Chart 1



Tapping everything a 3PL has to offer is a smart approach for retailers.

“Most brands go to a 3PL because 3PLs do fulfillment better than they do,” says David Basic, head of growth and vice president of sales, marketing & strategic partnerships at WSI. “They’re the experts in fulfillment. The brand is the marketing and product development. And I always find it odd when brands select the 3PL through an exhaustive process and then try to tell them how to fulfill their product because they may be leaving value on the table.”

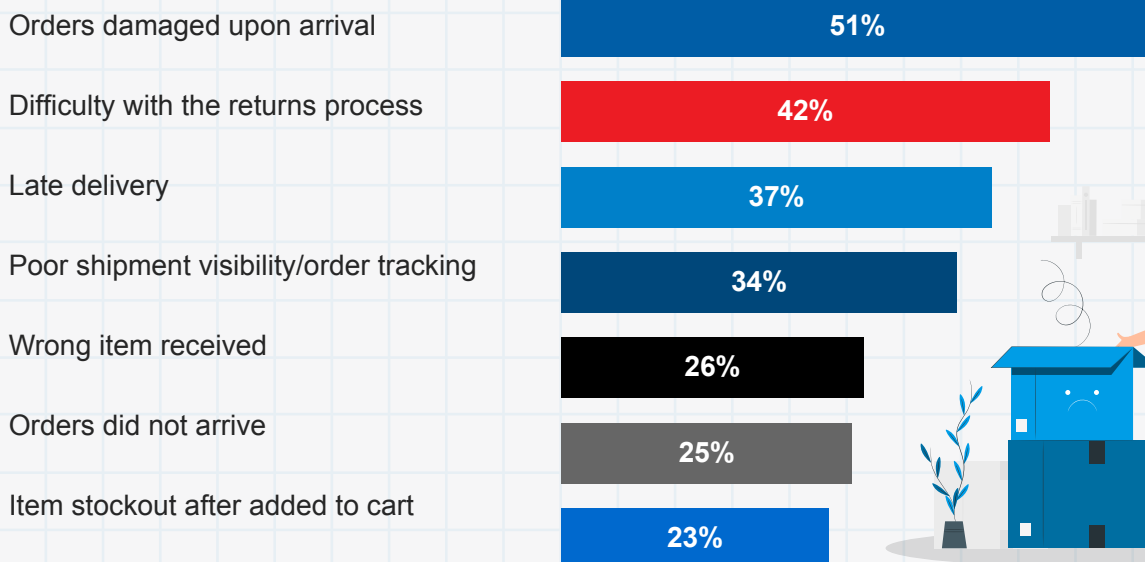
How 3PLs Are Performing

Whether relationships are transactional or strategic, performance is key to a successful 3PL partnership. Unfortunately, a significant number of retailers report problems with how well their 3PLs execute.

Raising the Bar: Expecting More from 3PL Partnerships

Retailers' expectations from their 3PL partners may be too low, focusing primarily on order accuracy (64%) and shipping accuracy (51%). While these are essential, they represent the bare minimum. The real opportunity lies in addressing more complex issues, like damaged orders, which plague 51% of retailers (see Chart 2).

Chart 2



By expecting more from their 3PL partners, retailers can unlock new levels of customer satisfaction and loyalty.

For example, 3PLs can help solve the damaged order problem by implementing inbound quality checks, visual inspections during picking, and proper packing standard operating procedures. These proactive measures can significantly reduce the occurrence of damaged orders and enhance the overall customer experience.

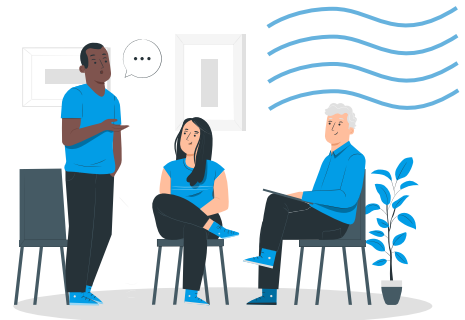
No fulfillment operation is perfect. But the ability to recognize and resolve fulfillment problems and deliver a great brand experience relies on a good 3PL partnership.

“It is imperative that any strong relationship has an undercurrent of trust, so that whatever daily issues you have in fulfillment will get solved,” says Basic. “Part of that is being able to **communicate honestly** at both the operational and executive levels so that the longer-term trajectory is a positive one for both the partnership and the overall fulfillment business.”



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Head of Growth
Vice President of
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The Ghost of 3PLs Past

About half of respondents (49%) have worked with one or two other 3PLs before their current one. Another two in five (39%) have worked with three to five different 3PLs previously. They bring that history to their current relationships, which, unfortunately, can stand in the way of building trust and forging a great working relationship.

The baggage of past experiences impacts retailers' attitudes in their next 3PL partnerships:

69%

of respondents have concerns about giving up control to 3PL

44%

strongly or somewhat agree that past experiences have made them wary

53%

strongly or somewhat agree that they are reluctant to share internal data

So, how can 3PLs ease their current customers' partnership concerns?

“A strategic-minded 3PL works to lower that trepidation by steadily building trust,” says John Servia, VP of operations at WSI. “As we work with our customers, about three-quarters of them come around and see that we have their interests at heart; we're not trying to squeeze them in any way.”

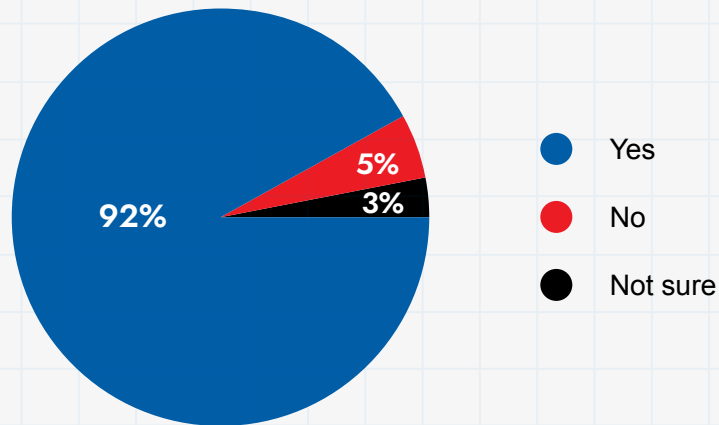
Happy...But Leaving?

Despite difficulty handing over control, customer fulfillment complaints, and varying views of the brand experience their 3PLs deliver, respondents present a bit of a paradox when it comes to their opinion of their current 3PLs. As noted, 92% say they're happy with their current 3PLs. Yet 49% say they plan to change 3PLs in the next three years (see Charts 3 and 4).

Most Brands are Happy with their 3PLs...

Are you happy with your current 3PL?

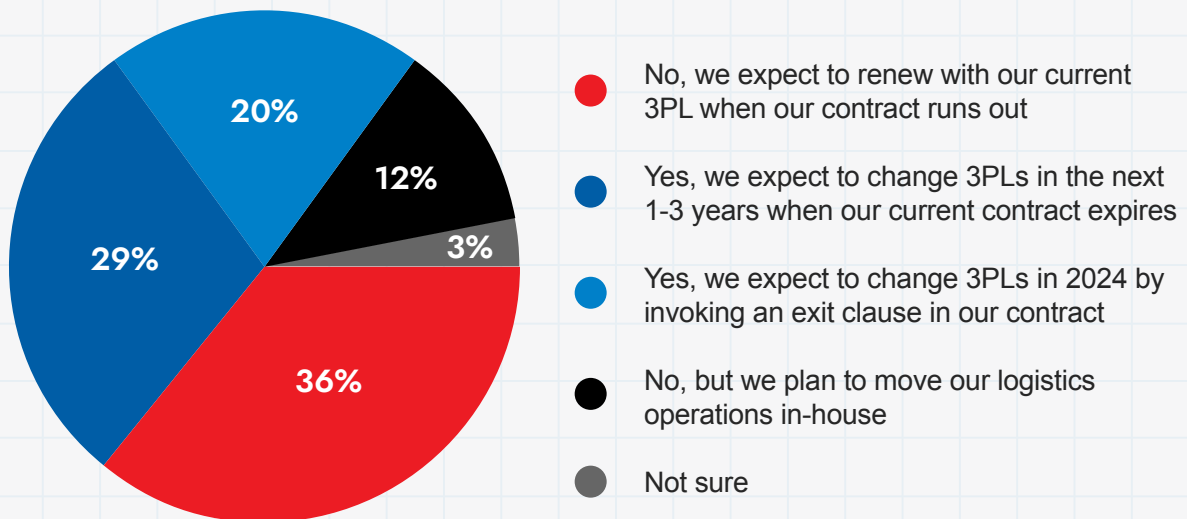
Chart 3



... Yet About Half Plan to Leave their 3PL Within 3 Years

Do you currently have any plans to change 3PLs in the future?

Chart 4





Retailers can and should expect more from their logistics partners.”

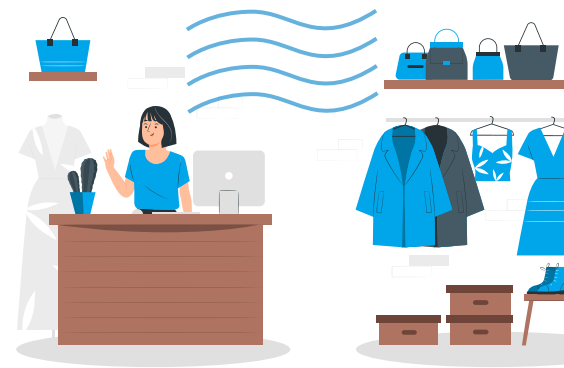
David Basic
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Plans to make a change often come out of frustration with providers. But when the time comes, retailers often don't follow through, says Basic.

“A lot of prospects come to us to rate-shop or service-shop because they have issues with their current 3PL. But then they think about the cost of moving to a new 3PL and training them on processes and SOPs and say, ‘Let's just stick with what we have,’” he says.

But retailers deserve 3PLs that can help them satisfy their customers and grow their businesses, Basic adds.

“Retailers can and should expect more from their logistics partners,” says Basic. “After all, order fulfillment is one of the last, and most important, touchpoints of the customer journey. A 3PL should be adding value at every stage and acting as an extension of their customer's brand.”



What Retailers Want from 3PLs

Defining a Strong 3PL Relationship

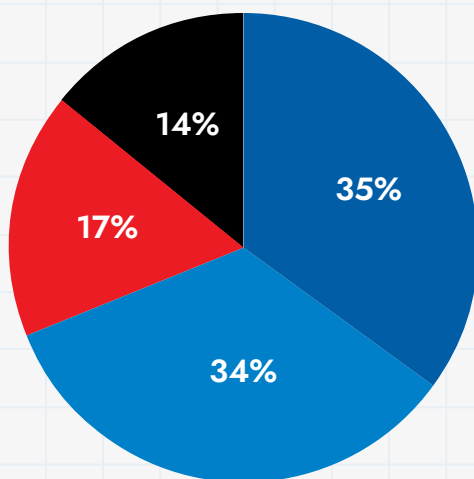
Retailers are clear on what a strategic 3PL relationship should look like. **Transparency** (35%) and **collaboration** (34%) are the most important qualities that distinguish a strategic from a more transactional relationship, according to the survey results (see Chart 5).

Transparency and collaboration are positive behaviors in any relationship. But they work best when both sides are striving for a long-term journey that will inevitably experience bumps in the road.

“For retailers, making your expectations clear up front, what you want, what you expect, and what you need from a 3PL, is critical,” Basic says. Valuing collaboration and transparency also means committing to building the trust that makes them work.

From Transactional to Strategic: What Elevates the 3PL Partnership

Chart 5



- Transparency (data sharing and reporting, open communication, clear processes/ goals, etc.)
- Collaboration (thorough onboarding, accommodating unique requirements, flexibility, consultative approach, pain/gain sharing, longer-term contracts, etc.)
- Responsibility (commitment to ESG goals, demonstrated safety and compliance records, good labor practices, etc.)
- Resources (experienced talent, on-site customer support, willingness to amortize costs, ability to scale, commitment to innovation, etc.)

Trust starts with thorough onboarding that helps the 3PL fully understand the nuances of the retailer's business. "There shouldn't be surprises for the customer. That's an area that we work on diligently," says Basic.

Corporate responsibility is another characteristic of a strategic 3PL relationship, cited by 17% of respondents.

"The best 3PLs won't be those that just focus on picking and packing, but instead those that aim to be true partners for the key stakeholders, including team members and the environment," says Peter Davis, VP/GM of fulfillment at WSI. "A great 3PL makes things better for these other players through things like putting in place great safety training programs; using objective metrics to measure safety performance; using software to minimize carton size and carbon footprint; utilizing sustainable packaging when possible; supporting solar initiatives; using efficient lighting; and more."



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Fulfillment at WSI



Multi-Level Communication Is Key

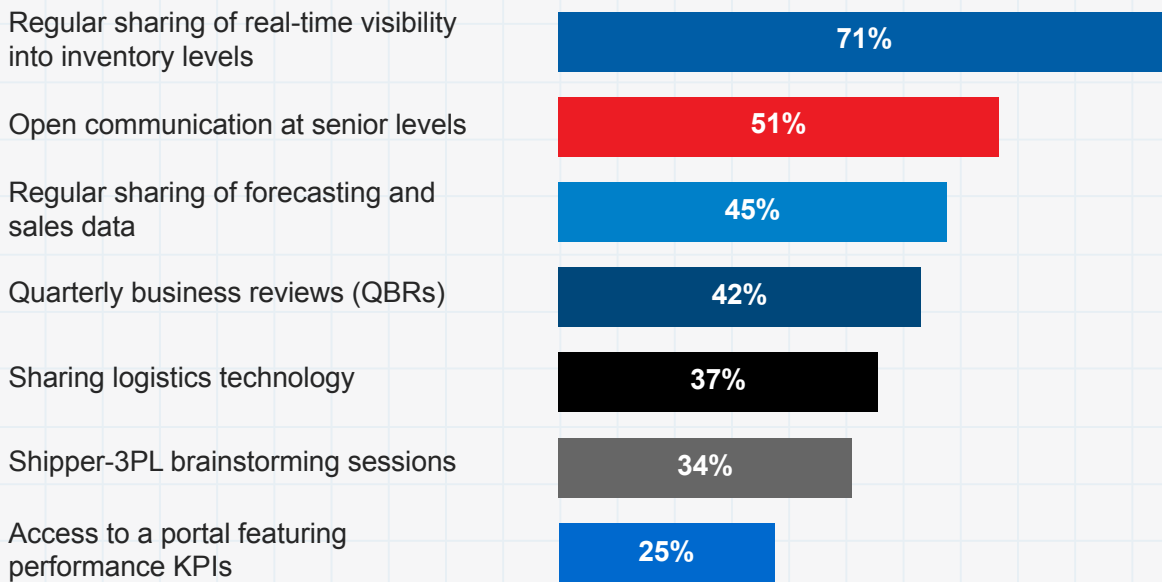
Retailers see communication as another hallmark of a strategic 3PL relationship, including regular sharing of real-time visibility into inventory levels (71%) and forecasting/sales data (45%). They're also fans of open communication at senior levels (51%) and quarterly business reviews (42%) (see Chart 6).

Top-to-bottom communication is key, notes Basic. So is establishing communication channels that work for different needs and styles.

"We deal with five or six different levels in any major organization, including executives and operations folks. Each of them has a different touch point and a different set of communication cadences," says Basic.

What Ensures 3PL-Retailer Alignment

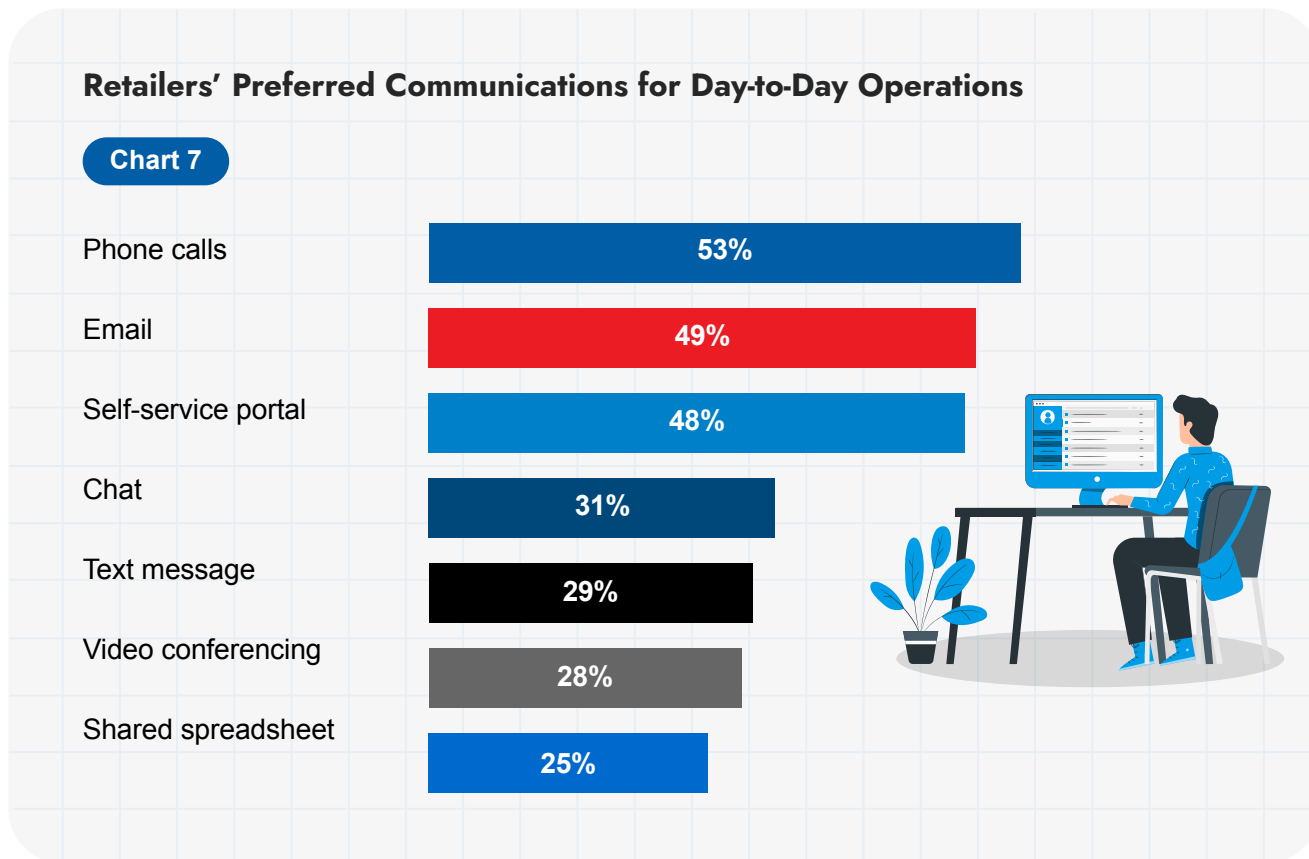
Chart 6



Because there's so much variety in who is communicating, the nature of the communication, how often, and personal preference, retailers agree that it's important for 3PLs to offer multiple communication methods.

When it comes to ensuring strategic alignment, respondents see phone calls as their most preferred method (53%) (see Chart 7). However, they also point to email (49%) and self-service portals (48%) as nearly equally important.

Bottom line: 3PL customers want lots of communication choices to fit the needs of the moment and need 3PLs that provide multiple levels of relationships and communications channels to make that possible.



Retailers also want to be able to reach someone who knows their account when they need customer support. In fact, dissatisfaction with the quality of a 3PL's customer support quality is the second-biggest "absolute deal breaker" for survey respondents.

"It's incredibly important to us to have our customers, even the smallest ones, know that there's someone with a name attached to their account at WSI," says Basic.





Leveraging 3PL Expertise

Support is just one facet of a great retailer-3PL relationship, of course. Smart retailers leverage a 3PL's domain expertise and ability to execute at a high level to drive their growth. Quarterly business reviews, ad hoc calls, and other senior-level communications are retailers' opportunity to share their business goals and access seasoned advice into supply chain strategy.

More than half (54%) of respondents strongly agree that working with their 3PL allows them to scale quickly and focus more on their core competencies (33% somewhat agree). And 76% strongly or somewhat agree that they rely on their 3PL to help design or redesign their supply chains.

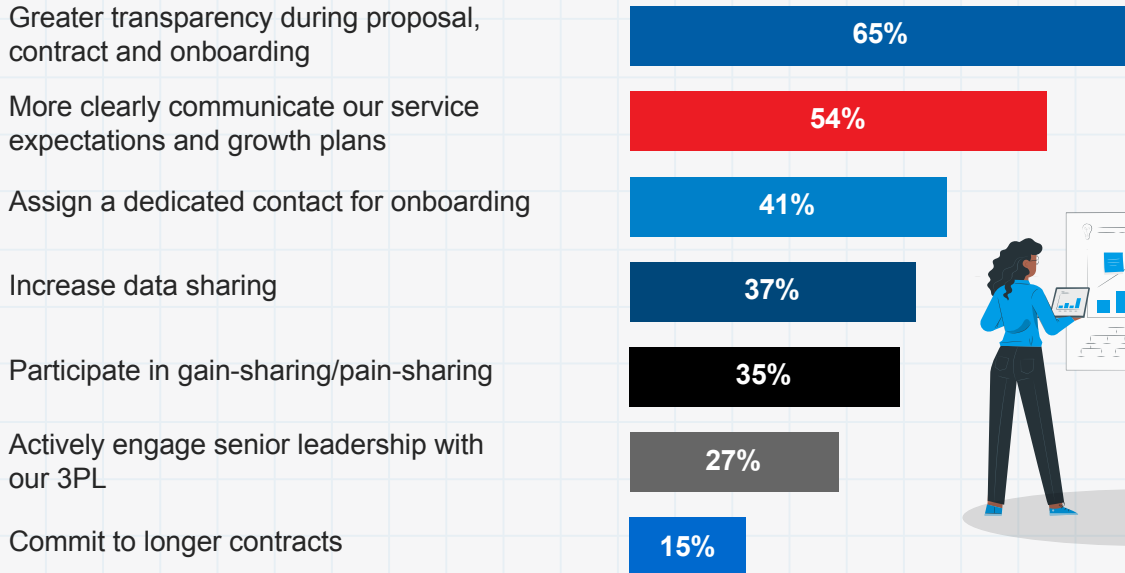
That's a role a strategic-minded 3PL leans into. **“Partnering with WSI is all about providing information when they need it, alleviating risk factors, really being good partners and thinking about their business the way they do, rather than just shipping products out for them,”** says Servia.

Committing to Partnership

Of course, a successful strategic retailer-3PL relationship is about what both sides bring to the table. Nearly two in three (65%) retail respondents say they are willing to offer greater transparency during the proposal, contract and onboarding process in order to enrich their 3PL relationship (see Chart 8).

Commitments Retailers Will Make for a Strategic Relationship

Chart 8



Just over half (54%) are willing to more clearly communicate their service expectations and growth plans and assign a dedicated contact for their portion of the onboarding process (41%).

“Getting the right information upfront allows us to design a really good solution that’s going to stand the test of time and not require adjustment as conditions change,” says Servia.

Maximizing 3PL Relationships

Retailers want strategic 3PL relationships that provide not only excellent performance and customer experience, but enable them to focus on their core business. They see person-to-person relationships based on strong transparency, communication, and collaboration as key to making this possible.

But they've been settling for pretty good on all those fronts. Great 3PL relationships are possible when the 3PL is offering all the ingredients retailers define as important to a solid, strategic relationship that reinforces the power of their brand.

That's a commitment WSI takes seriously, Servia says. **"We want customers to get the feeling that we're in this together. We're going to build this together, and you don't need to worry about us not looking out for you,"** he says. "We're not about collecting checks. That's not the way we want to do business, and it's not the company we want to be."

About the Survey

The findings of this research are based on an online survey conducted by Supply Chain Dive in May 2024. A total of 150 retailers participated in the research. All survey participants hold director-level or higher positions. The vast majority work in supply chain/logistics/transportation departments (55%) or executive leadership (29%). Respondents all work at companies with annual revenue of between \$5 million and \$100 million.



About WSI

Warehouse Specialists, LLC (WSI) is a leading 3PL provider delivering reliable omnichannel fulfillment services nationwide. With the perfect mix of people, process, and technology, WSI empowers brands to make the most of their supply chain operations. We help brands optimize their logistics spend, streamline their operations, and improve customer satisfaction via a collaborative partnership.

We understand that every business is unique. That's why we offer a wide range of customization options and value-added services to meet each partner's specific needs. Whether looking for an exceptional unboxing experience for the end consumer, managing challenging seasonality, or trying a new multi-warehousing distribution strategy, we provide tailored solutions to elevate your fulfillment strategy.

To learn more about WSI, please visit [wsinc.com](https://www.wsinc.com)

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