State of Automation in Global eCommerce Fulfilment.

THG Fulfil Perspectives.

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How Leading eCommerce Brands Are Achieving 200% Productivity Gains

Today's fulfilment centres are where competitive advantage is won or lost, where consumer promises are kept or broken, and where the economics of modern commerce are ultimately decided. For brands and retailers operating in today's ecommerce landscape, the fulfilment operation has become as strategically important as the product itself.

Over the past two decades, we have grown from a small paper-based operation shipping ten orders a day into a leading, global automated fulfilment network.

Dispatching over 150 million units annually to 19 million customers across 195 countries.

That journey - from manual chaos to a 1am next-day delivery cut-off that no other UK provider can match - was not driven by technology for technology's sake. It was driven by survival, by operational necessity, and ultimately by an unrelenting commitment to delivering for our clients.

"The future of fulfilment is automated, intelligent, and sustainable. The question is no longer whether to automate - it is how quickly you can afford not to."

John Gallemore, CEO, THG Ingenuity.

01.

Setting the Scene: The global eCommerce landscape.

The global ecommerce fulfilment services market is valued at over $120 billion.[2]

The global ecommerce fulfilment services market is projected to reach $279.7 billion by 2033 at a compound annual growth rate of 10.4%[2]

In 2025, global retail ecommerce sales reached over $6 trillion.[1]

The fulfilment automation segment reached $7.9 billion in 2024 and is forecast to grow at a 15.7% CAGR, approaching $26.6 billion by 2033.[3]

By 2033, global retail ecommerce revenue is projected to surpass $10 trillion.[1]

3PL providers account for approximately 60% of ecommerce fulfilment revenues globally.[4]

By 2040, online purchases will account for 95% of all retail transactions.[1]

Sources:

1) https://craftberry.co/articles/global-e-commerce-statistics

2) https://www.grandviewresearch.com/industry-analysis/ecommerce-fulfillment-service-market#:~:text=The%2 global%20e%2Dcommerce%20fulfillment,the%20growth%20of%20the%20industry.

3) https://www.snsinsider.com/reports/warehouse-automation-market-4211#:~:text=The%20U.S.%20 Warehouse%20Automation%20Market,person%20systems%20are%20accelerating%20adoption.

4) https://www.mordorintelligence.com/industry-reports/e-commerce-fulfillment-market

Setting the Scene: The operational challenges of brands and retailers

For many brands and retailers, the ecommerce growth story has exposed a painful truth:

The operational models that sustained them in the pre-ecommerce era are no longer fit for purpose. The challenges are structural, and they compound over time.

Fragmented data and manual processes limit warehouse performance just as complexity increases. The opportunity now is to combine real-time data with automation to optimise inventory, labour, and throughput-unlocking efficiency, scalability, and continuous improvement.

THG Ingenuity data: robots vs labour trend across our estate

10200 Headcount

0 Robots

1400 Robots

5300 Headcount

Dec '21
Dec '22
Dec '23
Dec '24
Dec '25

10000
9000
8000
7000
6000
5000

1500
1200
900
600
300
0

1

Labour shortages and rising costs:

Global logistics and supply chain operations are being impacted by labour shortages. At the same time, real wages in warehouse and fulfilment environments rose by 15-20% in many markets during 2024, directly eroding the economics of manual operations.

For THG Fulfil, this challenge was acute. Prior to automation, pick rates averaged 60-80 items per hour per associate, with significant variation based on order complexity and picker experience. The more volume the operation introduced, the less efficient it became.

3

Accuracy:

Manual picking processes introduce human error at a rate that is difficult to eliminate and expensive in its consequences. Pre-automation error rates at THG Fulfil sat at approximately 1-2%, automation allows for a >99.9% accuracy.

2

Space:

Traditional shelving systems and manual pick paths are extraordinarily inefficient users of warehouse space. Pick paths lengthen as inventory grows and SKU counts expand. Before automation, THG Fulfil's space utilisation metrics stood at less than 25% of available capacity. The warehouse was, in essence, using less than a quarter of the asset it was paying to occupy, heat, light, and insure.

4

Scalability:

The economics of seasonal commerce place particular strain on manual operations. A retailer experiencing a tenfold increase in daily order volumes during peak trading periods cannot proportionally scale a manual workforce overnight.

03.

The Automation Revolution.

Want to see automation in action?

Schedule a tour of THG Fulfil's automated facilities.

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Warehouse automation is not a new concept.

Conveyor belts have been present in distribution centres for decades. But the automation that is transforming ecommerce fulfilment today is of an entirely different character: intelligent, modular, adaptable, and increasingly within reach of a broader range of operators.

The core technology categories driving the current wave of automation include:

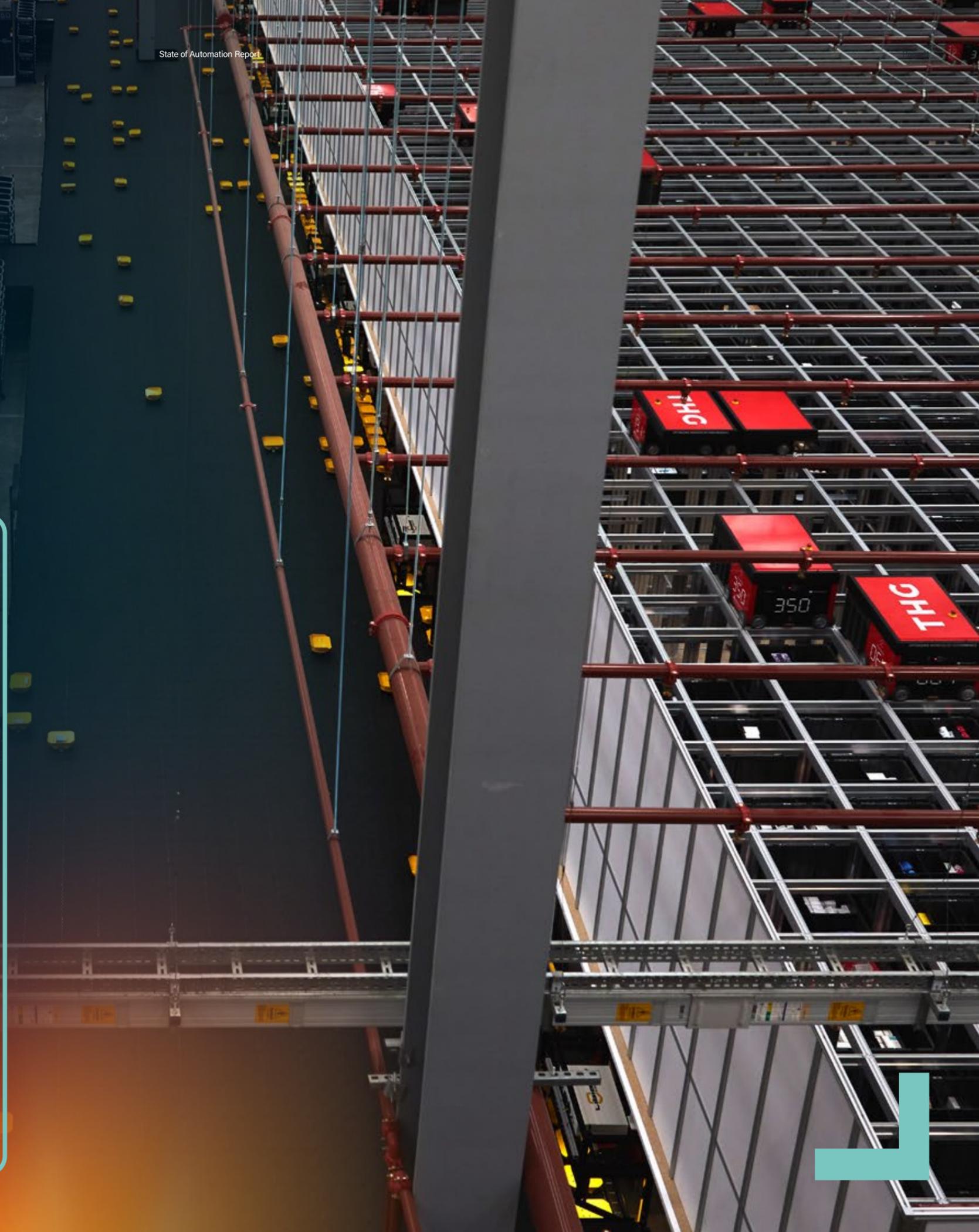| Automated Storage and Retrieval Systems (AS/RS) | Autonomous Mobile Robots (AMRs) | AI-powered Warehouse Management and Control Systems | AMR-based sortation platforms |

The most powerful operations are those that deploy multiple technologies in a complementary architecture, matching each technology to the operational task it is best suited to perform.

The Automation Revolution - Amazon

amazon

The Robot Benchmark.

Amazon has reportedly deployed over 750,000 robots across its global fulfilment network, handling tasks from lifting to sorting. This investment has reportedly reduced fulfilment costs by 25% and is projected to generate $10 billion in annual savings by 2030. For every other operator in the market, Amazon's automation programme sets a service level benchmark.

The Automation Revolution - THG Fulfil

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The 3PL Opportunity.

The automation story is not exclusively for the ecommerce giants. The emergence of sophisticated automated 3PL operations - of which THG Fulfil is one - is democratising access to world-class fulfilment infrastructure for brands and retailers of all sizes.

By outsourcing fulfilment to a 3PL that has already made the capital investment in automation, smaller and mid-sized brands can access the service levels previously available only to the largest retailers, without the capital expenditure and operational risk of building their own automated estate.

Over the next three to five years automation technology will progressively become democratised. RaaS models, cloud-based WMS and WCS platforms, and more affordable modular systems are reducing the capital barriers that have historically restricted advanced automation to only the largest operators.

In the short-medium term, we'll see the gap between AI ambition and AI execution close. AI will transition from being a useful analytical tool in the warehouse to being the operating system through which the entire fulfilment operation is managed. Predictive demand

forecasting will allow fulfilment operators to anticipate order volumes with far greater accuracy, enabling dynamic slotting and put-away strategies that pre-position inventory for optimal pick efficiency. Predictive maintenance using IoT sensor data from robot fleets, conveyor systems and handling equipment, will drive preventive interventions that maintain the very high uptime levels on which service commitments depend. AI-powered pick strategy optimisation will dynamically select the most efficient picking approach based on real-time system load, order urgency, bin accessibility and SKU location.

04.
The Future of Ecommerce Fulfilment Automation.

The dominant theme of the next phase of warehouse automation will not be the individual robot or system - it will be orchestration: The ability to coordinate multiple automation technologies, human workers, and real-time order management systems into a unified, intelligent execution layer. For THG Fulfil, the differentiator

of our automation capabilities is not the hardware; it is the workflow engineering and software orchestration that sits on top of it. Every technology has been assessed for its ability to operate as part of a cohesive, orchestrated system rather than as a standalone solution.

Longer-term, the vision for ecommerce fulfilment will be an end-to-end automated operation in which every major process; receiving, storage, picking, packing, shipping, operates with minimal human intervention. This is the logical extension of investment decisions being made today by the world's most advanced operators.

05.
Guidance for Brands Starting their Automation Journey.

For brands and retailers at the beginning of their automation journey, the scale and complexity of the decisions ahead can feel paralysing. The following guidance, drawn from THG Fulfil's experience and the frameworks developed through our own programme, is intended to provide a clear and practical starting point.

1

Rigorously diagnose your current operation.

Before selecting any technology, understand where your operation is losing money, missing service levels, or failing to scale. Map your current pick rates, error rates, space utilisation metrics, and labour cost trajectory. These data points are the foundation of every subsequent technology and investment decision.

2

Resist the temptation to solve short-term problems with long-term technology commitment.

Before selecting any technology, understand where your operation is losing money, missing service levels, or failing to scale. Map your current pick rates, error rates, space utilisation metrics, and labour cost trajectory. These data points are the foundation of every subsequent technology and investment decision.

3

Design your technology architecture for the operation you want to be in five years.

AS/RS systems are highly scalable but require thoughtful grid sizing. AMR fleets can be expanded incrementally and are well suited to operations with variable SKU profiles or uncertain growth trajectories. A multi-technology approach combining the best elements of each technology type, will almost always outperform a single-vendor solution over time.

4

### Invest in integration from day one.

The quality of your warehouse management system and the integrity of its connections to your automation platforms will determine more of your operational performance than any individual hardware decision.

5

Construct your business case using industry benchmarks.

Here, THG Fulfil's benchmarks provide a useful reference point. Pre-automation pick rates of 60-80 items per hour per associate have been transformed to post-automation performance levels consistent with a 200% productivity improvement. Fulfilment error rates have been reduced by 70%. System uptime across the automated estate runs at 99.8%. Customer contact rates have fallen by 59% year-to-date against the baseline year.

Fulfilment error rates have been reduced by:

70%
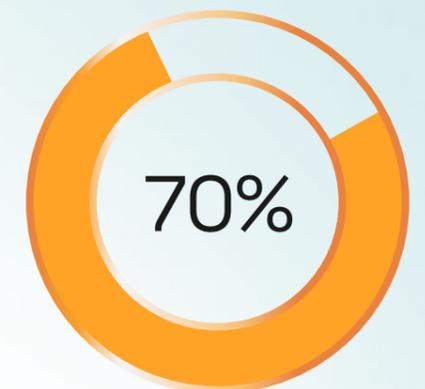
6

Target payback within 18-24 months:

Rising labour costs, which increased 30% in the UK during the period of THG Fulfil's automation programme, should be included in sensitivity analysis rather than assumed stable. The ability to grow volume without proportional headcount growth is often the most significant long-term value driver and the hardest to quantify without historical data.

Labour costs in the UK rose by:

30%

7

Budget for optimisation, not just commissioning:

The technology investment is not complete when the system goes live. The most significant performance improvements come from the sustained, data-driven optimisation that follows commissioning. This requires dedicated internal capability, vendor partnership, and a culture of continuous improvement rooted in operational data.

8

Align your leadership on what automation is for.

The most successful automation programmes are those where the leadership team shares a clear understanding of the strategic objectives, whether that is capacity, cost reduction, service level improvement, or some combination of all three. Technology decisions driven by operational objectives will consistently outperform those driven by technology trends.

If you're looking to quickly integrate automation within your operational workflows, consider the 3PL route as a first step. For brands without the scale to justify their own automation capital investment, partnering with an automated 3PL can provide immediate access to world-class fulfilment infrastructure, the service levels of an automated operation, and the strategic flexibility to grow into a proprietary facility at the point where scale justifies it. THG Fulfil's automation capability is available as a service to third-party brands and retailers, providing the benefits of a fully automated operation without the capital commitment or operational risk of a build.

05.

THG Fulfil Automation Options.

AutoStore   Geek+   Libiao ROBOTICS

Automated fulfilment network:

Our global, automated fulfilment network offers brands the ability to tap into a market-leading operational solution whilst avoiding upfront CapEx, replacing fragmented, labour-intensive in-house operations with a scalable, high-performance fulfilment platform — one that doubles speed of delivery, offers the latest NDD cutoffs in market, and delivers over 80% 5* customer ratings.

RaaS automation solutions:

Whilst traditional automation requires significant CapEx, long approval cycles and multi-year payback periods, our Robots as a Service (RaaS) model shifts automation to an OpEx model, allowing our clients to access robotics without large upfront spend or balance sheet risk. Through RaaS, we help brands turn automation from a high-risk, capital-heavy project into a flexible, scalable growth enabler, adopting robotics faster, safer and with immediate commercial impact.

3^x
Efficiency vs Manual Processes

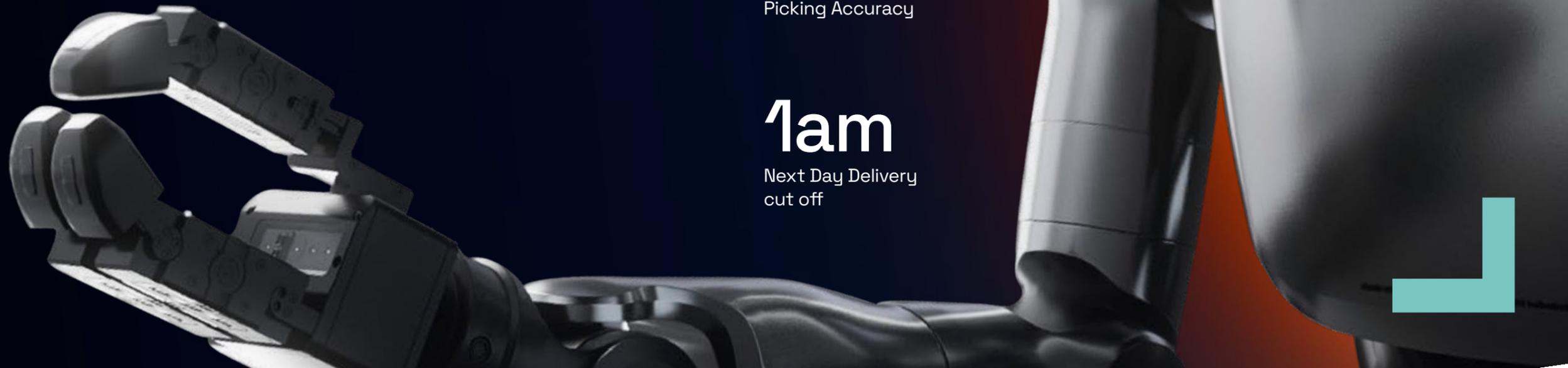$>75\%$
Space Reduction

$2\text{-}3^x$
Productivity Uplift

1.45
days average UK standard delivery from checkout to door

$99\%+$
Picking Accuracy

1am
Next Day Delivery cut off

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Your growth potential unlocked

Drive smarter, faster fulfilment outcomes with immediate access to technology, automation, and integrations options.

Benefit from:

Cost-to-serve per order reduced through lower labour dependency, less overtime, improved space utilisation and fewer manual touchpoints.

Increase in AOV driven by faster delivery options, reliable cutoff times and increased customer confidence at checkout.

Higher long-term value as fulfilment reliability compounds across repeat orders.

Reduced customer service centre contacts, lowering support costs.

Faster pick, pack and dispatch, enabling later cutoff times and improved delivery propositions.

Ability to absorb demand spikes (campaigns, seasonality) without compromising service levels.

Lower cancellations caused by fulfilment delays, stock inaccuracies or missed dispatch windows.

Improved margin through efficiency and automation.

Freed CapEx for brand building, product and customer experience.

07.
Conclusion.

For brands and retailers considering their own automation journey, the question is not whether to automate. The question is how to start, and how to start well. THG Fulfil stands ready to share the expertise, the technology partnerships, and the practical experience of a programme that has already delivered transformational results - and to support other organisations in defining and executing their own path to the automated, intelligent, and sustainable fulfilment operation that the future demands.

Start Your Automation Journey

THG Fulfil operates one of the most advanced automated fulfilment networks in Europe.

Brands partner with us to:
- Access automated fulfilment infrastructure
- Scale globally without operational complexity
- Achieve faster delivery and lower fulfilment costs

For more information about THG Fulfil's automated 3PL capabilities, or our Autostore, Libiao and Geek+ distributor partnership, please contact our team to schedule a facility tour and strategic consultation.

⦿ Contact Us.

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