

2026 Third-Party Logistics Study

Transforming the Supply Chain: Leveraging Technology and Relationships for Success

Results and findings of the 30th Annual Study



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Current State of the 3PL Market

The *2026 Annual Third-Party Logistics Study*, now in its 30th year, shows the continuation of positive, strategic relationships between shippers and third-party logistics (3PL) providers that benefit both parties. Most shippers (88%) agree that their relationships with logistics service providers are successful. Historically, 3PLs typically respond more favorably. This year, 100% of 3PLs agree that their relationships are successful.

Today's partnerships are built on performance. Shippers increasingly turn to 3PLs not just for logistics services but for their ability to provide adaptability, innovation and resilience in a volatile operating environment. Among respondents, 88% of shippers say their 3PL partners can solve their specific needs and challenges, and 95% of 3PLs say they bring innovation to their customers.

Shippers say their relationships drive results, with 81% reporting that 3PLs help improve customer service. Additionally, 75% say 3PLs help reduce costs and 69% say 3PLs provide new and innovative ways to improve logistics effectiveness.

While use of outsourced services remains widespread, the percentage of shippers reporting increased outsourcing dropped to 81%, down from 87% last year. Similarly, 69% of 3PLs say shippers are increasing their use of outsourced logistics, down from 85%. Both shippers and 3PLs report a continued trend toward partner consolidation, suggesting prior optimization efforts are maturing.

Technology continues to be a critical component of the services and value 3PLs provide. More shippers expect real-time visibility, data-driven insights and agility, and 3PLs are responding with technology that can drive operational performance. Top technology needs that both groups identify include advanced analytics and network optimization.



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Shipper and 3PL Relationships: From Transactional to Strategic

As supply chains become more complex and dynamic, shippers and their logistics partners are seeking strategic partnerships that drive long-term value while fostering innovation and improving resilience.

Several factors are influencing the shift toward these deeper collaborations. For shippers, key motivators include supply chain disruptions and complexity, cost optimization opportunities, and digital transformation and technology integration priorities. On the 3PL side, the drivers include the demand for end-to-end visibility, customization and value-add services, and cost optimization.

Transitioning from transactional relationships to truly strategic partnerships requires time, trust, joint investment and alignment on shared goals. Strategic partnerships often involve formal mechanisms to support long-term collaboration. However, the research shows that shippers and their logistics partners aren't always aligned on what those mechanisms should be. Additionally, they are less engaged in strategic mechanisms aimed at fostering long-term collaboration than might be expected.

Notably, a higher percentage of 3PLs (94%) cite the use of quarterly business reviews compared to shippers (68%). Both groups show

greater alignment on the use of service level agreements (SLAs), which 56% of 3PLs and 63% of shippers cite. 3PLs note gain-sharing agreements more frequently than shippers.

Several attributes serve as hallmarks of strategic shipper-3PL relationships, including co-investment opportunities. Coordination on operational improvements is the most common form of collaboration, which 65% of shippers and 62% of 3PLs cite. In contrast, just 35% of shippers but 62% of 3PLs cite warehouse automation and robotics. Additionally, 46% of 3PLs indicate involvement with human capital engagements, compared to 6% of shippers. The discrepancies in these percentages are likely due to 3PL respondents having greater involvement with operational and labor resources.

More generally, research into this special topic suggests many 3PL-customer relationships that are described in terms such as partnerships and "win-win" are not as strategic as may be intended.



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Strategic Partnerships Assessments Between Shippers and 3PLs

Relationships between shippers and 3PLs are evolving from purely transactional to more strategic. As these partnerships mature, the way both parties assess the effectiveness of their collaboration is also changing. Regular evaluations not only help track performance but also reinforce shared goals, uncover opportunities for improvement and strengthen mutual alignment.

Contracts serve as the foundation for many of these relationships, outlining expectations, aligning objectives and defining how success will be measured. SLAs remain the most widely used contractual tool, with 90% of shippers and 78% of 3PLs saying they use them. 3PLs (72%) list continuous improvement targets as the second most common contract element they leverage, versus 52% of shippers, highlighting the growing role of 3PLs in driving innovation.

Other commonly used contractual mechanisms include guaranteed volume or capacity, flexible termination clauses and options for contract extensions.

More than half of shippers say they do not automatically rebid at the end of a contract. This suggests a growing preference for long-term relationships when service expectations are met. In fact, 85% of shippers and 94% of 3PLs say their longest-standing partnership has lasted more than five years, which is an indicator of stability and strategic alignment.

Key performance indicators (KPIs) continue to be critical in assessing short-term operational results and long-term strategic fit. Among shipper respondents, the top KPIs used in partnership evaluations are on-time delivery and cost — both essential to maintaining efficient supply chains.

When 3PLs choose to end a partnership, the most common reason is a decline in profitability, according to 56% of 3PL respondents. Other reasons include organizational changes, services being brought in-house and misaligned strategies.



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Emerging Technologies in the Supply Chain

The rapid pace of technological innovation is transforming the logistics landscape. It fundamentally changes how 3PLs operate and the capabilities shippers expect from their providers. As shippers' expectations increase, IT systems and technical expertise are an essential differentiator for 3PLs.

Although this year's study results are encouraging, some of the relatively high percentages and usage rates respondents report may reflect aspiration more than reality. While both shippers and 3PLs are clearly engaging with emerging technologies, their current adoption does not yet appear to be at an "advanced" level. More likely, use of the term "advanced" conveys a sense of superiority associated with emerging technologies when compared to legacy approaches.

The overwhelming majority of shippers (90%) consider technological capabilities critical when selecting a 3PL. However, only 57% say they are satisfied with 3PL providers' technology capabilities, indicating that an "IT gap" remains.

Agile and responsive supply chains are increasingly important to shippers looking for their logistics partners to help manage risk and anticipate disruptions proactively. This is leading to a surge in the utilization of advanced analytics. 3PLs rank advanced analytics as their top IT-based priority, while 61% of shippers list it as an IT-based need.

Adoption rates reflect this alignment, with 80% of shippers and 81% of 3PLs reporting that they use advanced analytics.

Artificial intelligence (AI) and machine learning (ML) are also gaining prominence for their ability to enable better use of data across the supply chain. In this year's study, 67% of shippers and 73% of 3PLs say they leverage AI and ML solutions. Network optimization is another area where technology is having an impact, with 90% of shippers and 69% of 3PLs utilizing it to some extent.

Digital supply chains are being used to improve the flow of goods, information and finances. Among shippers, 70% report significant use of digital supply chain technologies, compared to just 13% of 3PLs. This gap is likely to recede as 3PLs make related investments to better meet shipper expectations.

While emerging technologies provide clear benefits, many 3PLs acknowledge substantial barriers to adoption. The most significant challenges are related to securing capital and building compelling business cases for new tech investments. Additional challenges include a lack of skilled talent (29% of 3PLs) and concerns around trust in the technology, risk aversion and scalability, with 24% of 3PL respondents noting each.



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Contemporary Issues: Rising Tariffs and Supply Chain Talent

In addition to tracking core trends in the 3PL industry, the study explores contemporary supply chain issues that impact both shippers and logistics providers. One of the most pressing challenges today is the disruption tariffs and evolving trade policies cause. It is prompting many shippers to reassess their sourcing, production and distribution strategies.

In the near term, shippers will pursue several strategies to mitigate tariff impacts. These will include shifting to alternative approaches to sourcing (45%), identifying new foreign suppliers (40%) and modeling tariff risks (40%). In contrast, 41% of 3PLs report no plans to implement short-term tariff strategies. However, 41% plan to source domestically, while 35% intend to purchase from premium domestic suppliers.

Looking ahead, long-term strategies include reevaluating product portfolios, which 30% of shippers and 47% of 3PLs cite, and reestablishing manufacturing bases, which 25% of shippers and 24% of 3PLs report. Roughly one-third of shippers (30%) and 3PLs (29%) indicate no plans to adopt long-term tariff strategies, which could leave them vulnerable as trade tensions persist.

Despite the disruption tariffs are causing, shippers and 3PLs express confidence in their ability to adapt to the changes that tariffs will bring.

Both groups learned valuable lessons during COVID-19, which exposed vulnerabilities in global supply chains as well as the risks of overreliance on a single sourcing region. Ongoing uncertainty will likely reinforce the importance of agility and adaptability in supply chain strategy and highlight the strategic role 3PLs play.

Concerns over labor are an ongoing issue for those in the supply chain, and the logistics industry faces a widening talent gap. Demand for skilled supply chain professionals far outpaces supply, and the problem is worsening as experienced workers retire, taking critical institutional knowledge with them.

To remain competitive, 3PLs must focus on attracting adaptable talent, investing in continuous learning and adapting to a hybrid environment that blends traditional logistics with rapidly advancing technologies. While technology will drive efficiency, people remain the core problem-solvers and relationship-builders. 3PLs will need to invest in talent to meet rising service demands.

This year's study also includes a look back over the past 30 years, a profile of Dr. John Langley, founder of the Annual Third-Party Logistics Study and clinical professor of supply chain management at Penn State University, and information about the respondents and sponsors.



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The *2026 Annual Third-Party Logistics Study* offers the latest perspectives on shipper and 3PL relationships, shared priorities, in-demand services and solutions, and key drivers behind successful relationships.

Supply chains continue to shift amid changes in consumer expectations, ongoing global challenges, inflationary pressures, and needs and expectations around agility. Since the pandemic, shippers have fundamentally changed how they assess and manage risk. A key shift has been a greater expectation that 3PLs shoulder more of the operational and financial risks within the supply chain. This is especially true given the ongoing volatility in the transportation market, which has made shippers significantly more cost-conscious.

At the same time, expectations for 3PLs have grown. It's no longer sufficient to simply execute, moving freight from Point A to Point B. Shippers demand continuous improvement, value creation, and the targeted use of technology and expertise to drive efficiency and insight. This strategic shift reflects a broader trend toward performance-based partnerships rather than transactional relationships.

There was a time when 3PLs could insert various levers into contracts to adapt to changing market conditions. However, tolerance for those mechanisms has diminished. Shippers now expect 3PLs to manage market fluctuations proactively within their contractual agreements while minimizing the impact to shippers' cost structures. During the height of COVID-19 there may have been more willingness to absorb some of that unpredictability, but the post-pandemic mindset has shifted more of that burden onto 3PLs.

This evolution in risk-sharing and value expectations has had a significant impact on how shipper-3PL relationships are formed, maintained and evaluated. As both sides adapt to the current market dynamics, the nature of their partnerships has become more strategic and collaborative. Rather than focusing solely on transactional efficiency, there is a stronger emphasis on mutual value creation, adaptability and trust. These shifting dynamics set the stage for a deeper look into how shippers and 3PLs currently perceive the strength and success of their relationships.



Expectations in Shipper-3PL Relationships

Throughout the 30 years of the study, shippers and logistics providers have overwhelmingly agreed that their relationships are successful and that both sides experience positive benefits. As shown in **Figure 1.1**, 88% of shippers consider their relationships with logistics service providers successful, down only slightly from the 89% reported last year.

Consistent with previous years, 3PLs again tend to rate partnerships with their clients and customers even more favorably, with 100% of 3PL respondents indicating their relationships with shippers are successful.

Most shippers (88%) say their 3PL partners can solve their specific needs and challenges, a 28% year-over-year increase compared to last year’s 69%. The ability of 3PLs to address specific shippers’ needs indicates a growing trend toward strategic, value-driven relationships between shippers and 3PLs that go beyond transactional models.

“Overall, this year’s study results confirm the progress being made by shippers and their 3PLs in spite of new challenges and disruptions that have arisen,” says Dr. John Langley, founder of *the Annual Third-Party Logistics Study* and clinical professor of supply chain management at Penn State University.

The special topic titled *Shipper-3PL Relationships: From Transactional to Strategic* covers the transition from transactional to strategic partnerships in greater detail.

“Variability in today’s marketplace remains, and the nuances of consumer demands, the modes that are needed and the capacity to fulfill those modes depends on responsiveness and resiliency,” says Mark Baxa, president of the Council of Supply Chain Management Professionals (CSCMP). “Shippers are leaning on 3PLs to create that resilience and the ability to not only recover from sudden shifts but also provide elasticity and problem-solving no matter what happens.”

Among shippers, 81% say 3PLs contribute to improving service, down only marginally from last year’s 82%, as shown in Figure 1.1. In addition, 75% of shippers say 3PLs contribute to reducing overall logistics costs, up from 66% last year.

The percentage of shippers reporting that 3PLs provide new and innovative ways to improve logistics effectiveness shows a marginal increase to 69% from 68% last year. Logistics providers rate themselves higher, with 95% of respondents saying 3PLs provide new and innovative ways to improve logistics effectiveness, up from 88% last year.

The percentage of shippers agreeing that they are increasing their use of outsourced services declined to 81% from the 87% in last year’s study. Interestingly, the current figure is still up significantly from the 62% and 54% reported in the 2025 and 2024 studies respectively. The percentage of 3PLs that say shippers’ use of outsourced services is increasing dropped to 69%, from last year’s 86%.

Additionally, 50% of shippers and 62% of 3PLs indicate that shippers are consolidating the number of 3PL partners they use, a decrease from last year’s 57% and 68%, respectively. The drop may be indicative of the progress shippers have made over previous years in consolidating their 3PL partner base.

Among shippers using outsourced logistics services, the average cost of these services represents 62% of their total logistics spend.

Figure 1.1: Shipper and 3PL Views of Relationship Trends

Shippers Agree %			General Trends Statement	3PLs Agree %		
2025	2026	% Change from 2025		2025	2026	% Change from 2025
89%	88%	- 1%	The relationship between shippers and 3PLs generally has been successful.	94%	100%	+ 6%
69%	88%	+ 19%	My 3PL partners are able to solve my specific needs and challenges.	n/a	n/a	n/a
82%	81%	- 1%	The use of 3PLs has contributed to improving service to customers.	n/a	n/a	n/a
66%	75%	+ 9%	The use of 3PLs has contributed to reducing overall logistics costs.	n/a	n/a	n/a
68%	69%	+ 1%	3PLs provide new and innovative ways to improve logistics effectiveness.	88%	93%	+ 5%
87%	81%	- 6%	Shippers are increasing their use of outsourced logistics services.	86%	69%	- 17%
57%	50%	- 7%	Shippers are consolidating the number of 3PL partners used.	68%	62%	- 6%

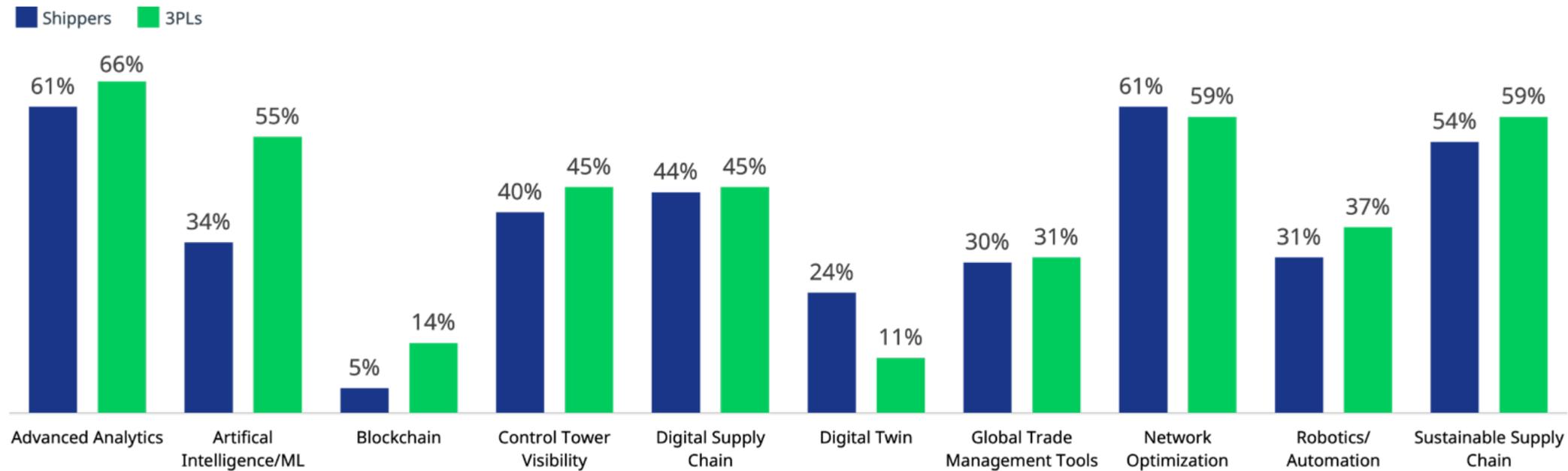
Shippers' IT Preferences and 3PLs' IT Capabilities

Technology remains a critical driver in supply chain planning and operations, with growing demand for advanced capabilities. Shippers increasingly expect high levels of visibility and data-driven insights. In response, 3PLs are investing in multiple technologies, including those that can capture and analyze data to improve asset utilization and service, enable predictive analytics, and strengthen agility and resilience.

Figure 1.2 highlights responses to the question: "Which information technologies, systems or tools must a 3PL have to successfully serve a customer in your industry classification?" Top needs include advanced analytics, which 61% of shippers and 66% of 3PLs cite, and network optimization, which 61% of shippers and 59% of 3PLs report.

The special topic titled Emerging Technologies in Supply Chains delves into technology in depth.

Figure 1.2: Shipper IT-Based Capability Needs vs. 3PL Priorities



Current State of the 3PL Market

Key Takeaways



Shippers using logistics providers have a positive view of their relationships with 3PLs: 88% of shippers report that their 3PL relationships are generally successful, down only slightly from the 89% cited in last year's study.



3PLs respond more favorably than shippers, with 100% reporting that their relationships with shippers are successful, up from 94% in last year's study.



Among shippers using 3PLs, 88% say their 3PL partners can solve their specific needs and challenges, 81% agree that the use of 3PLs contributes to improved customer service, 75% say 3PLs contribute to reducing overall costs, and 69% say 3PLs provide new and innovative ways to improve logistics effectiveness.



The percentage of shippers reporting increased use of outsourced logistics services dropped to 81% from 87% last year. The percentage of 3PLs that say shippers increased their use of outsourced logistics dropped to 69% from 86% last year.



Half of shippers (50%) say they are consolidating the number of 3PL partners they use, down from 57% last year. Among 3PLs, 62% say shippers are consolidating the number of 3PL partners they use, down from 68% last year.



Among shippers using outsourced logistics services, the average cost of these services represents 62% of their total logistics spend.



Shippers (61%) and 3PLs (66%) both list advanced analytics as the top IT-based shipper need and 3PL priority. Additional technology must-haves for shippers include network optimization and sustainable supply chain.

Shipper and 3PL Relationships: From Transactional to Strategic



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The question of how best to structure shipper and 3PL relationships is not new. Yet, many organizations often begin their relationships without fully considering the sourcing business model most appropriate for their specific situation. Although previous versions of the *Annual Third-Party Logistics Study* explored aspects of shipper-3PL relationships, this is the first time the study focused specifically on sourcing business models that can derive more value from shipper-3PL relationships.

Two articles offer insight into the challenges and opportunities shippers and 3PLs face as they evaluate relationship strategies.

The first, “The 3PL Industry: Time to Reset,” by Gerald Perritt, Elijah Ray and Kate Vitasek, published in *Supply Chain Quarterly* (now *Supply Chain Xchange*), asserts that traditional, transactional 3PL contracts keep providers and their clients from investing the time and energy they need to innovate and evolve.¹

Each of these authors is a well-known supply chain professional, and they have a combined 75+ years of experience working on and leading deals intended to

benefit 3PLs and their clients. A major thesis of their combined effort is that much of the friction and tension that occurs between providers and clients stems from the “little white lie” that the two tell when they call each other “strategic partners.” While the use of terms such as partners, trust and win-win usually are well-intended, they often do not accurately represent the true nature of a relationship.

The second article, “Choosing the Right Sourcing Model for Third-Party Logistics Outsourcing Agreements,” by Vitasek and Andrew Downard, published in 2024 in the *Journal of Supply Chain Management, Logistics and Procurement*, challenges the long-standing reliance on make-versus-buy decision criteria for outsourcing.² The article emphasizes the benefit of more sophisticated approaches, including the Vested® Sourcing Model Continuum Vitasek developed, that promote greater collaboration and long-term value creation.



Strategic versus Transactional Approaches

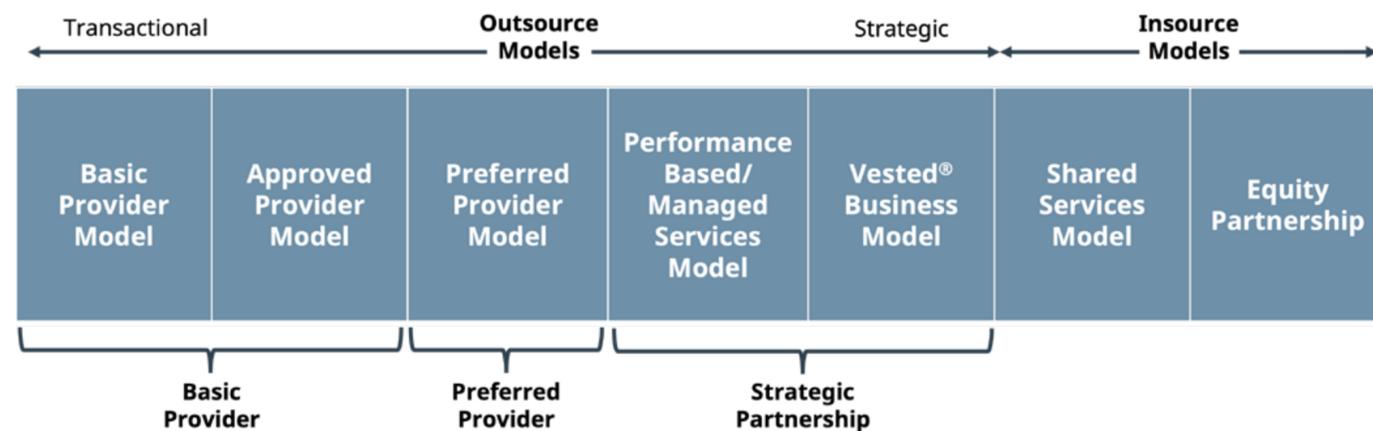
This year’s survey and research team focused on two core areas of strategic versus transactional relationships. The first is identifying key differences between the two types of relationships while exploring which supply chain circumstances are best suited to each approach. The second is understanding how 3PLs and shippers can collaborate more effectively to unlock the value of end-to-end supply chain integration.

The Vested model provides an excellent structure for understanding the benefits and limitations of specific models for outsourced service agreements. It is a useful starting point for shippers contemplating alternative types of relationships. **Figure 2.1** shows the basic structure of the Vested model, including seven common business sourcing models that the University of Tennessee researchers “mapped.”

From left to right, the first five models represent outsource models that range from transactional to strategic. The two models on the right side of the continuum — shared services and equity partnerships — do not involve outsourcing services but reflect the use of company internal capabilities or some version of equity/ownership arrangements with external organizations.

The lower portion of Figure 2.1 further simplifies the sourcing alternatives to include basic provider, preferred provider and strategic partnership. This range of sourcing approaches is directionally the same as transactional to strategic. While this simplification is not part of the Vested approach, it does help focus attention on these three more generally stated approaches to outsourcing.

Figure 2.1: Vested® Sourcing Model Continuum³



Contributor Appreciation

This special topic was designed in collaboration with Kate Vitasek, distinguished fellow at the Global Supply Chain Institute, University of Tennessee, Haslam College of Business. In addition to her supply chain responsibilities for well-known industry organizations, Vitasek is an international authority for her award-winning research and the Vested® business model for highly collaborative relationships. The study team gratefully acknowledges the contributions of Vitasek and her colleagues at the university, which have been important in shaping the findings of the Shipper-3PL Relationships: From Transactional to Strategic special topic.

Strategic versus Transactional Models in Practice

As supply chains become more complex and dynamic, interest is growing in developing more strategic partnerships that foster long-term value, innovation and resilience.

Drivers for Strategic Partnerships

Several factors influence the decision to pursue strategic versus transactional relationships, as shown in **Figure 2.2**. Not surprisingly, the supply chain challenges shippers and providers face can be reduced or eliminated when both parties focus on more structured, meaningful relationships.

The three drivers that shippers most frequently mention are supply chain disruptions and complexity (81%), opportunities for cost optimization through collaboration (76%), and digital transformation and technology integration (57%). The top drivers for 3PLs are demand for end-to-end visibility (61%), customization and value-add services (61%), focus on customer experience (56%) and cost optimization through collaboration (56%).

Figure 2.2 also indicates significant gaps between the responses of shippers and 3PLs, suggesting a disconnect between shippers and 3PLs regarding the importance of these drivers. Although suppliers frequently use the concept of “strategic partnerships” to “sell” 3PL services, this process may be more successful if both parties are better aligned on the drivers that motivate the consideration of such relationships. Opportunities for improvement are evident by looking more closely at some of the differences that Figure 2.2 highlights. These include digital transformation and technology integration (57% of shippers and 28% of 3PLs), customization and value-added services (29% of shippers and 61% of 3PLs), and sustainability and environmental, social and governance (ESG) goals (24% of shippers and 6% of 3PLs).

Figure 2.2: Drivers for Strategic Partnerships

Drivers	Shippers	3PLs
Supply Chain Disruptions and Complexity	81%	50%
Cost Optimization Through Collaboration	76%	56%
Digital Transformation and Technology Integration	57%	28%
Focus on Customer Experience	52%	56%
Demand for End-to-End Visibility	48%	61%
Customization and Value-Add Services	29%	61%
Labor and Capacity Constraints	29%	33%
Sustainability and ESG Goals	24%	6%

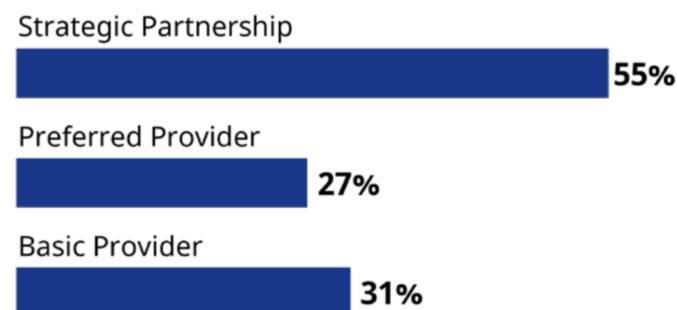
Note: The data represents the percentages of shippers and 3PLs that consider each driver to be primary in pushing these organizations towards strategic partnerships.

For additional information on the Vested® Sourcing Model Continuum, read the article titled “Choosing the Right Sourcing Model for Third-Party Logistics Outsourcing Agreements” by Kate Vitasek and Andrew Downard in the *Journal of Supply Chain Management, Logistics and Procurement*, Vol. 7, No. 1, Autumn/Fall 2024.

Shippers' Spend

Figure 2.3 summarizes shippers' total spend for each of the three types of outsource models in Figure 2.1. The percentage of total spend related to strategic partnerships (55%) is approximately two times the percentages attributed to preferred providers (27%) and basic providers (31%). While many shippers tend to use terms such as "strategic," "partners," "trust" and "win-win" on a frequent basis, the data in Figure 2.3 suggests that many of the 3PL-customer relationships may be less strategic than the descriptions would suggest.

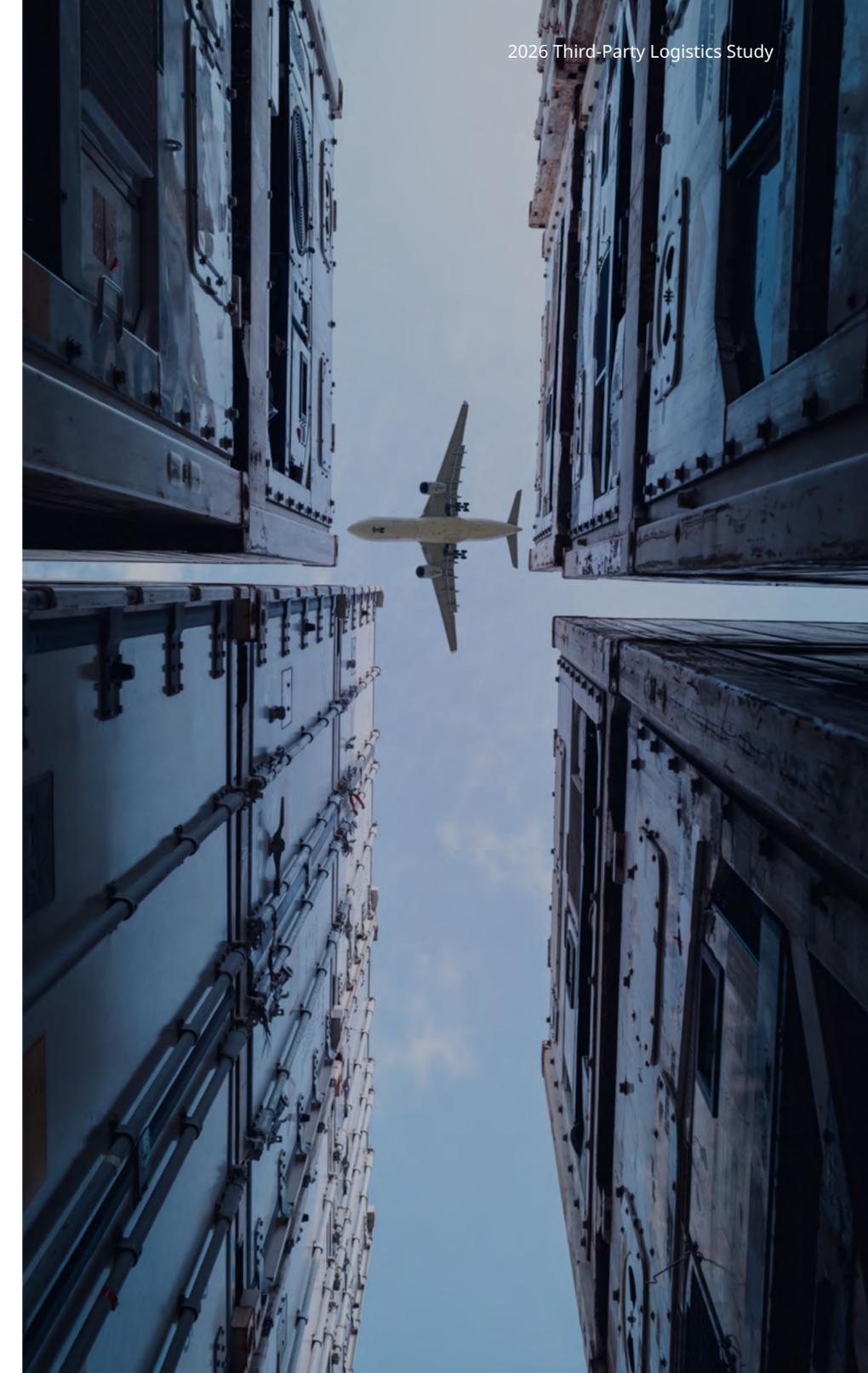
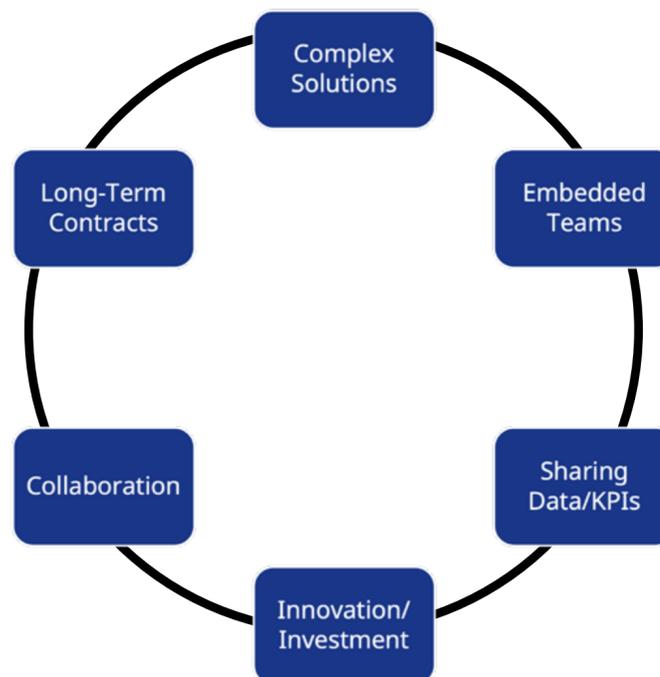
Figure 2.3: Shipper Respondents' Total Spend on Outsourced Logistics Services by Sourcing Models



Attributes that Favor Strategic Partnerships

Several attributes may help determine the most appropriate sourcing business model for 3PL services and capabilities, as shown in **Figure 2.4**. One of the features of the Vested approach is that it incorporates factors such as these into an evaluation of individual sourcing model alternatives. For example, for simple, commodity-type 3PL services, transactional approaches to sourcing may be fine. When other requirements are present, such as a need for customized or value-added services, complex solutions, significant innovation or joint investment, more strategic relationship options are appropriate.

Figure 2.4: Attributes that Favor Strategic Partnerships



Mechanisms to Foster Long-Term Collaboration

Figure 2.5 details widely recognized strategic mechanisms to foster long-term collaboration and the percentages of shippers and 3PLs indicating their importance in fostering long-term collaboration. It is important to note that the context of this data relates to long-term collaboration and not to the overall importance of including these mechanisms in a contract.

More 3PLs (94%) cite the use of quarterly business reviews (QBRs) as a means to foster long-term collaboration than shippers (68%). The gap may indicate that 3PLs believe QBRs foster collaboration to a greater extent than do shippers. This may be due to 3PLs focusing more on the measurement of performance based on previously agreed-upon goals and agreed-upon metrics.

3PLs (56%) and shippers (63%) more closely align on the importance of SLAs. 3PLs (44%) note gain-sharing agreements more frequently than shippers (16%), suggesting this mechanism may be more attractive to 3PLs than to their customers. The data for joint steering committees and innovation hubs indicates that these are less related to fostering long-term collaboration by both 3PLs and customers.

A high-level view shown in Figure 2.5 suggests both shippers and 3PLs engage less in strategic mechanisms that aim to foster long-term collaboration than might be expected. Notably, there are clear disparities between the percentages of shippers and of 3PLs that have specific mechanisms in place. From a prescriptive standpoint, it would be beneficial for shippers and 3PLs to become more involved with the mechanisms Figure 2.5 outlines and to achieve greater alignment in their levels of involvement with each.

Co-investment Engagements

Co-investment opportunities often emerge as a defining feature of more strategic relationships between 3PLs and their customers. Figure 2.6 shows a range of survey respondents' engagement types and participation levels. Coordination on

operational improvements is the most common form of collaboration, which 65% of shippers and 62% of 3PLs cite. In contrast, just 35% of shippers but 62% of 3PLs cite warehouse automation and robotics. Additionally, 46% of 3PLs indicate involvement with human capital engagements versus 6% of shippers.

Together, the data in Figure 2.6 and Figure 2.2 indicate significant opportunities for further involvement and greater alignment between shippers and 3PLs.

Figure 2.5: Mechanisms to Foster Long-Term Collaboration

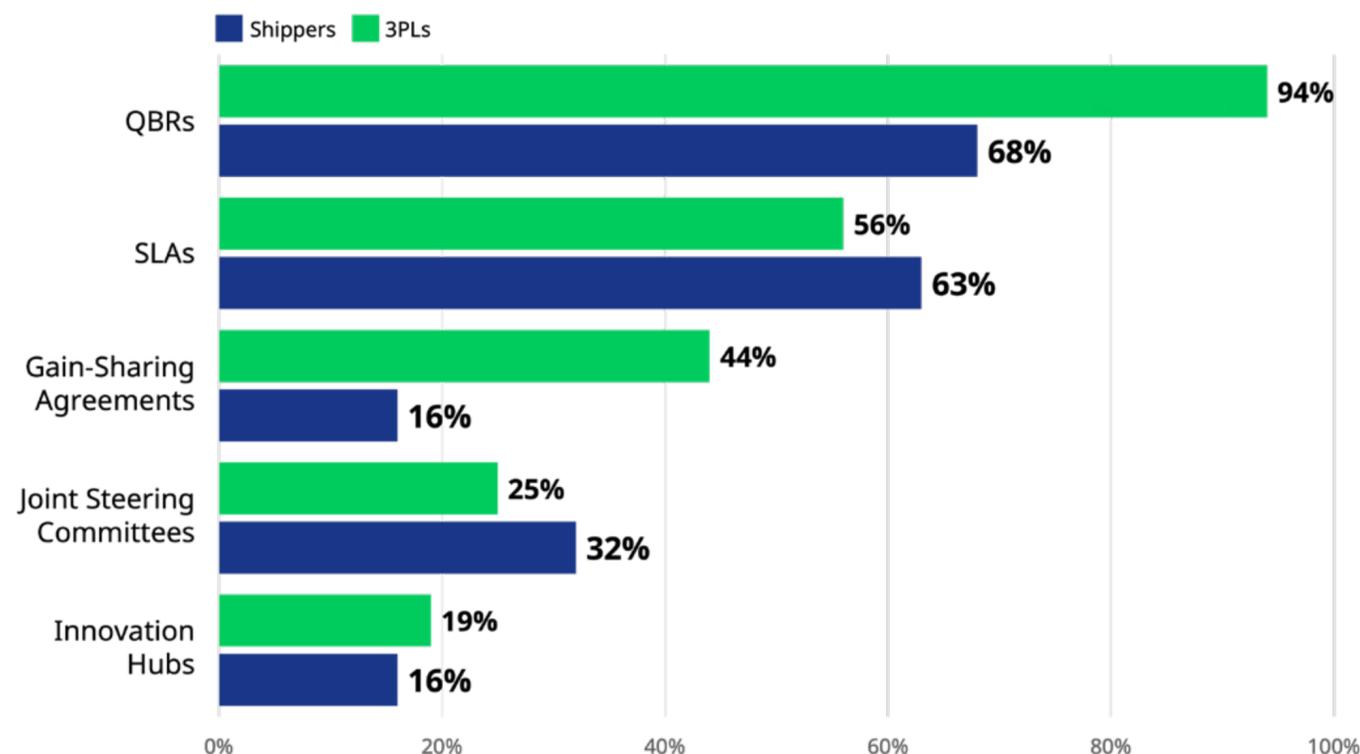


Figure 2.6: Co-Investment Engagements

Engagements	Shippers (%)	3PLs (%)
Operational Improvements	65%	62%
Warehouse Automation and Robotics	35%	62%
Infrastructure / Real Estate	35%	31%
AI / Software	29%	23%
Expansion and Market Entry	12%	23%
Human Capital	6%	46%

Note: The data represents the percentages of shippers and 3PLs that consider each driver to be primary in pushing these organizations towards strategic partnerships.

Foundations for the Future

A critical takeaway from the study team’s research into transactional versus strategic relationships is the need for both shippers and 3PLs to “walk the walk” in a manner consistent with the chosen sourcing model. For instance, if a shipper enters into a strategic partnership but treats the provider and its team as a commodity, the resulting service will likely reflect that mindset, leading to a more transactional relationship rather than a strategic one.

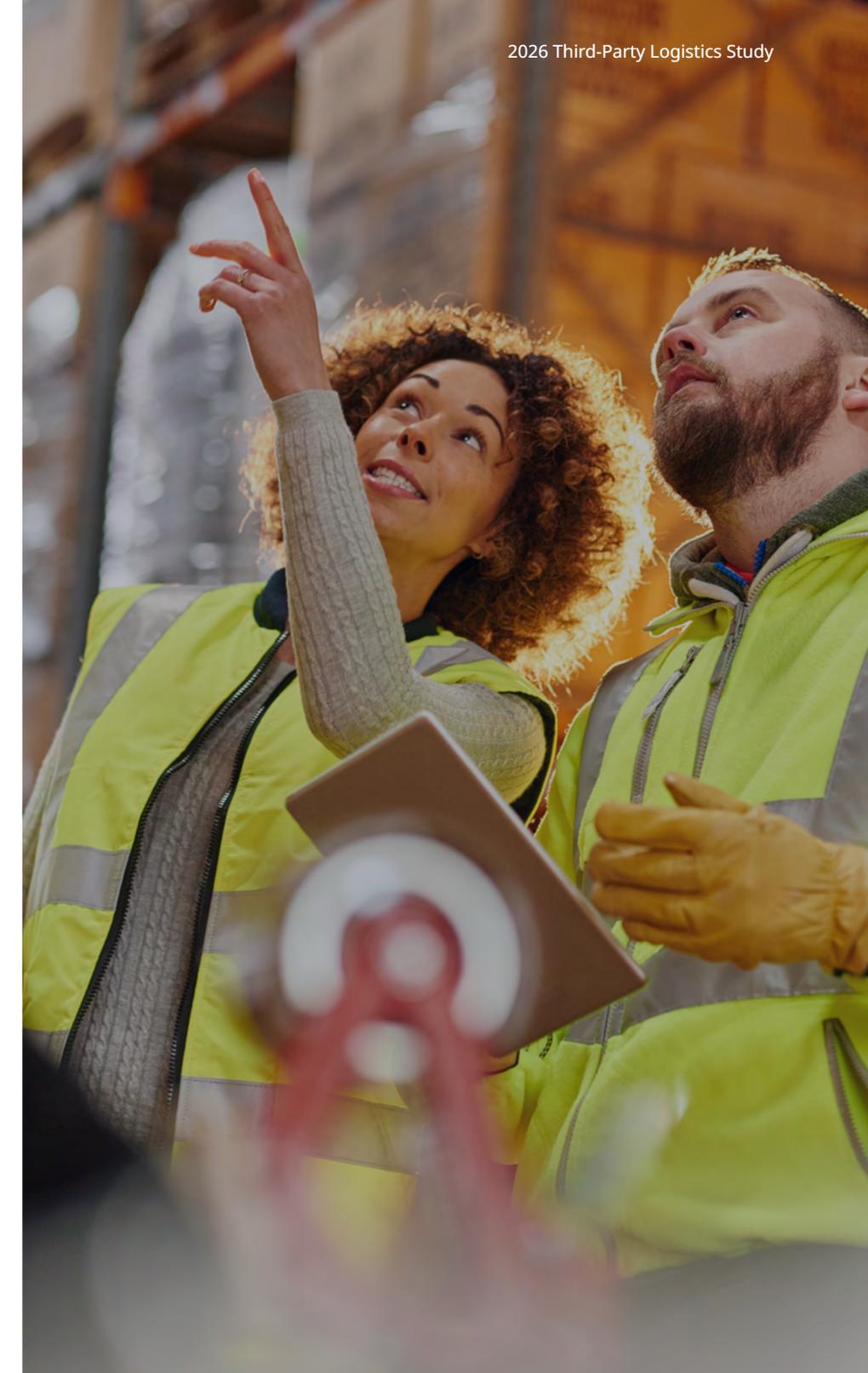
To fully realize the potential of a strategic relationship, both parties must actively listen to each other to ensure that they realize the mutual benefits they anticipate at the outset. While a joint commitment to a true win-win partnership and decision-making process may require more time, effort and investment, the measurable benefits achieved should far outweigh the costs.

Given the dramatic enhancements and potential value of strategic partnerships, shipper-3PL relationships are poised for significant transformation and improvement. Examples of future research priorities in this area include:

- The influence of supply chain disruptions and the complexity of choosing appropriate outsourcing models.
- The adoption of advanced technologies, such as AI, by shippers and 3PLs and their shared benefits across the supply chain.
- The increasing recognition among shipper organizations of the strategic value that well-structured 3PL relationships can deliver.
- The evolving capabilities of shippers and logistics providers to improve the overall effectiveness of end-to-end supply chains.
- The major shifts in supply chain ecosystems, such as automation, mobility, digitalization and advanced analytics, that act as game-changers for effectiveness, efficiency and sustainability.

FOOTNOTES

1. Gerald Perritt, Elijah Ray and Kate Vitasek. “The 3PL Industry: Time to Reset.” CSCMP’s Supply Chain Quarterly. Quarter 4/2020, pp. 24-29.
2. Kate Vitasek and Andrew Downard. “Choosing the right sourcing model for third-party logistics outsourcing agreements.” Journal of Supply Chain Management, Logistics and Procurement. Vol. 7, No. 1, 47-58, Autumn/Fall 2024.
3. Kate Vitasek, “Choosing the Right Sourcing Model for Third-Party Logistics Outsourcing Agreements,” Journal of Supply Chain Management, Logistics and Procurement, Vol. 7, No. 1, 47-58, Autumn/Fall 2024.



Shipper and 3PL Relationships: From Transactional to Strategic

Key Takeaways



Shippers cite supply chain disruptions (81%), cost optimization through collaboration (76%) and digital transformation (57%) as top drivers for strategic partnerships.



For 3PLs, the top drivers of strategic partnerships are demand for end-to-end visibility (61%), customized/value-added services (61%) and cost optimization through collaboration (56%).



Among respondents, 55% of shippers indicate their spending goes to strategic partnerships, while 27% goes to preferred providers and 31% goes to basic providers, indicating relationships may be less strategic than claimed.



More 3PLs (94%) than shippers (68%) use QBRs, suggesting 3PLs see them as more valuable for collaboration. Both groups show similar importance for SLAs (56% of 3PLs and 63% of shippers) while more 3PLs (44%) favor gain-sharing agreements than shippers (16%).



Strategic 3PL-customer relationships often involve co-investment opportunities. Most collaboration centers on operational improvements, which more than 60% of both shippers and 3PLs cite. Interest diverges in other areas, with 3PLs engaging far more in warehouse automation and human capital initiatives than shippers.



In an overall sense, any commitments by shippers and 3PLs to form strategic relationships will require significant time, effort and collaboration. While each of these parties will have their own unique business objectives, the primary focus should be on optimizing the value their combined efforts create for the supply chain.

Strategic Partnership Assessments Between Shippers and 3PLs



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Strategic Partnership Assessments Between Shippers and 3PLs

As supply chains grow more complex and shippers' needs increase, relationships between 3PLs and their customers are evolving from transactional interactions to strategic partnerships. With both parties deepening their interactions, regular partnership assessments not only measure performance but also provide an opportunity to reinforce shared goals and the effectiveness of their collaborations.

Contracts as Strategic Scorecards

Contracts can serve as a blueprint for operational goals, expectations and how success is measured. The elements shippers and 3PLs leverage within their contracts serve as a scorecard that can reflect the alignment, effectiveness and trust within their relationships.

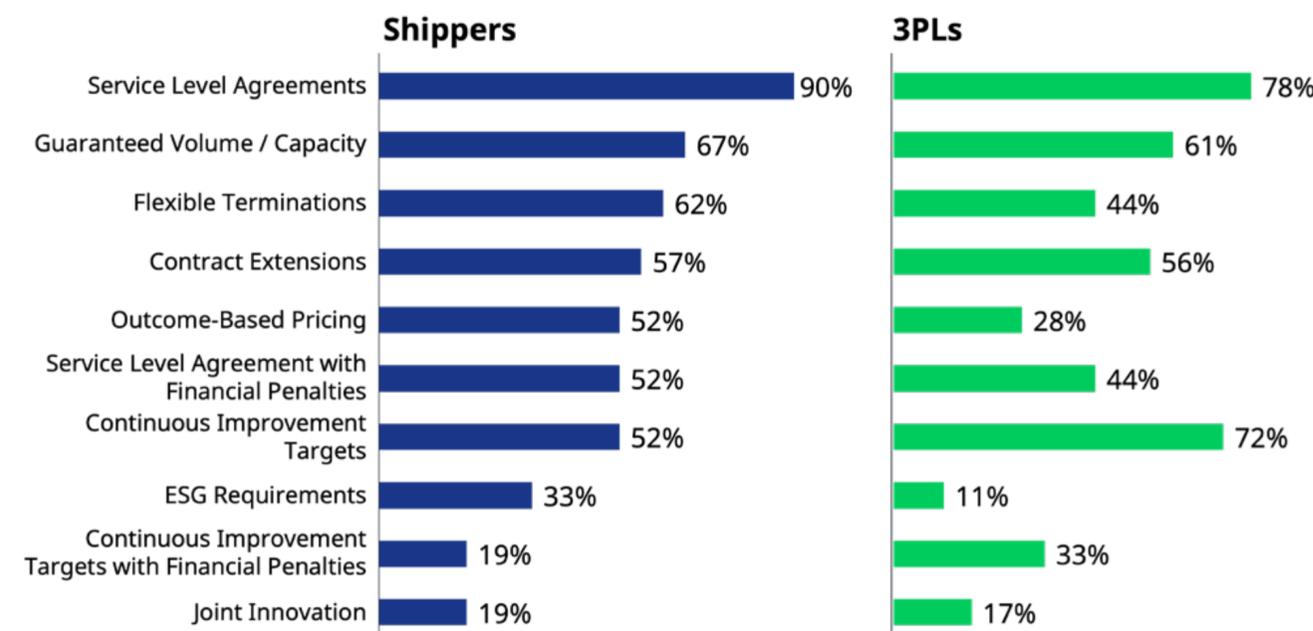
SLAs remain foundational to the success of shipper-3PL relationships, establishing guardrails around performance expectations and serving as measuring sticks for success. As shown in

Figure 3.1, SLAs are the most common contractual tool to gauge performance, which 90% of shippers and 78% of 3PLs cite. In addition, 52% of shippers and 44% of 3PLs say they leverage SLAs with financial penalties. Please note that the data in this figure refers to the overall importance of including the elements listed in contracts between shippers and 3PLs.

Expectations within SLAs can vary between customers, particularly across industry verticals, and the actual value of SLAs lies in how well they align with shippers' overall goals. "They have to define what success looks like at the micro level, not the macro level," says Baxa. "They must be constructed in the front end of the agreement and agreed to by both parties."

Effective metrics within SLAs should be specific, actionable and align with clear operational outcomes. They also need to be developed collaboratively to ensure feasibility and set

Figure 3.1: Common Contract Elements Leveraged



expectations. More importantly, they need to be reviewed and updated regularly to reflect shifting market conditions, customer needs and strategic priorities.

While SLAs are an essential part of the evaluation process, they don't measure everything that matters to the company over time, especially if they aren't adjusted as part of a long-term relationship. "They have an element of black and white, which we need, but as strategies and directions change, SLAs don't always pick up the nuances. Having other elements of evaluation is important to ensure both parties are getting the most out of the agreements," says Stacy Schlachter, senior vice president of sales at Penske Logistics.

Among respondents, 3PLs (72%) rate continuous improvement targets as the second-highest common contract element leveraged, compared to 52% of shippers. This highlights the role 3PLs can play in driving innovation. As first noted in the Current State section, 81% of shippers using 3PLs say it contributes to improved customer service,

75% say it contributes to reducing overall costs and 69% say 3PLs provide new and innovative ways to improve logistics effectiveness.

"It's a natural thing for 3PLs, as the professionals in this space, to constantly look for ways to drive out waste. We have those expectations of ourselves and want to find ways to be innovative and surprise our customers," Schlachter says.

Other commonly used contract mechanisms include:

- **Guaranteed volume/capacity:** Access to transportation and warehousing capacity ensures consistent service, even when demand surges or disruptions occur. Roughly two-thirds of shippers (67%) and 3PLs (61%) say they leverage guaranteed volume/capacity.
- **Flexible terminations:** The ability to terminate a contract offers risk mitigation options, allowing both parties to adjust

quickly if the relationship isn't working. Among respondents, 62% of shippers and 44% of 3PLs list flexible terminations.

- **Contract extensions:** More than half of respondents (57% of shippers and 56% of 3PLs) use contract extensions, which can signify long-term strategic alignment.

Just over half of shippers say they do not automatically rebid at the end of a contract, as shown in **Figure 3.2**. This indicates an interest to stay with the incumbent provider if they're receiving the service and outcomes they expect. Rebidding can be disruptive and resource-intensive. A continuation of a contract typically shows that a shipper views the 3PL more as a strategic partner than just a vendor.

Contract extensions may also be an opportunity for 3PLs to expand their services. Strategic partnerships often begin with narrow scopes, such as lane-level transportation or regional warehousing, and grow over time as 3PLs introduce resiliency, efficiency and responsiveness to the supply chain.

"As a 3PL, extensions demonstrate a shipper's commitment to partner and allow the 3PL to bring more value to the relationship. For the shipper, it means less disruption in their partner base and creates a path for the 3PL to invest in innovations across multiple areas of the supply chain, hence bringing more value," Schlachter says.

Figure 3.2: Shippers Rebidding Business at the End of the Contract

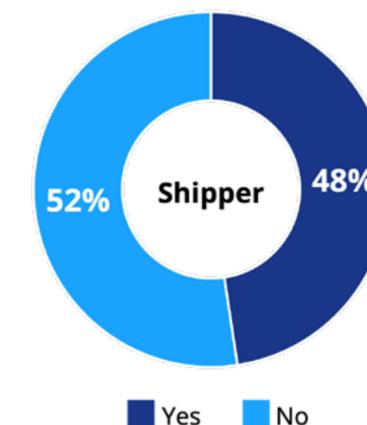
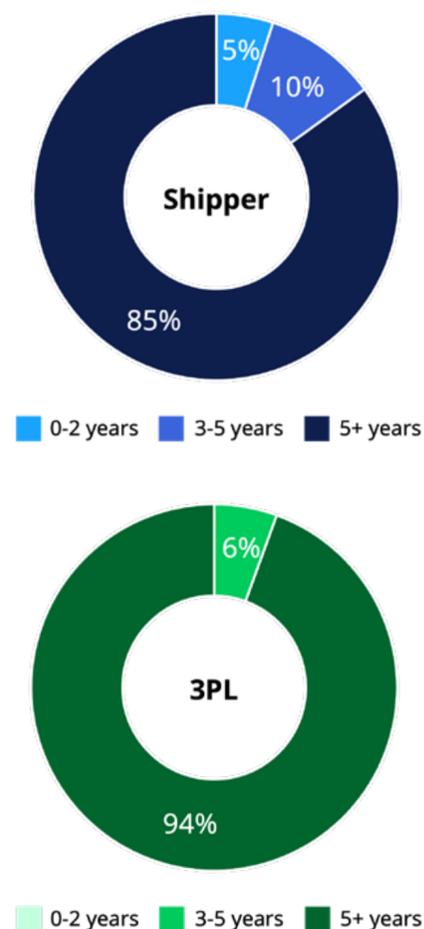


Figure 3.3: Longest Tenured Relationship with a 3PL



Long-term relationships between shippers and 3PLs are often indicative of a successful strategic relationship, and they are becoming more prevalent. As shown in **Figure 3.3**, 85% of shippers and 94% of 3PLs report that their longest tenured relationship with a 3PL has been more than five years.

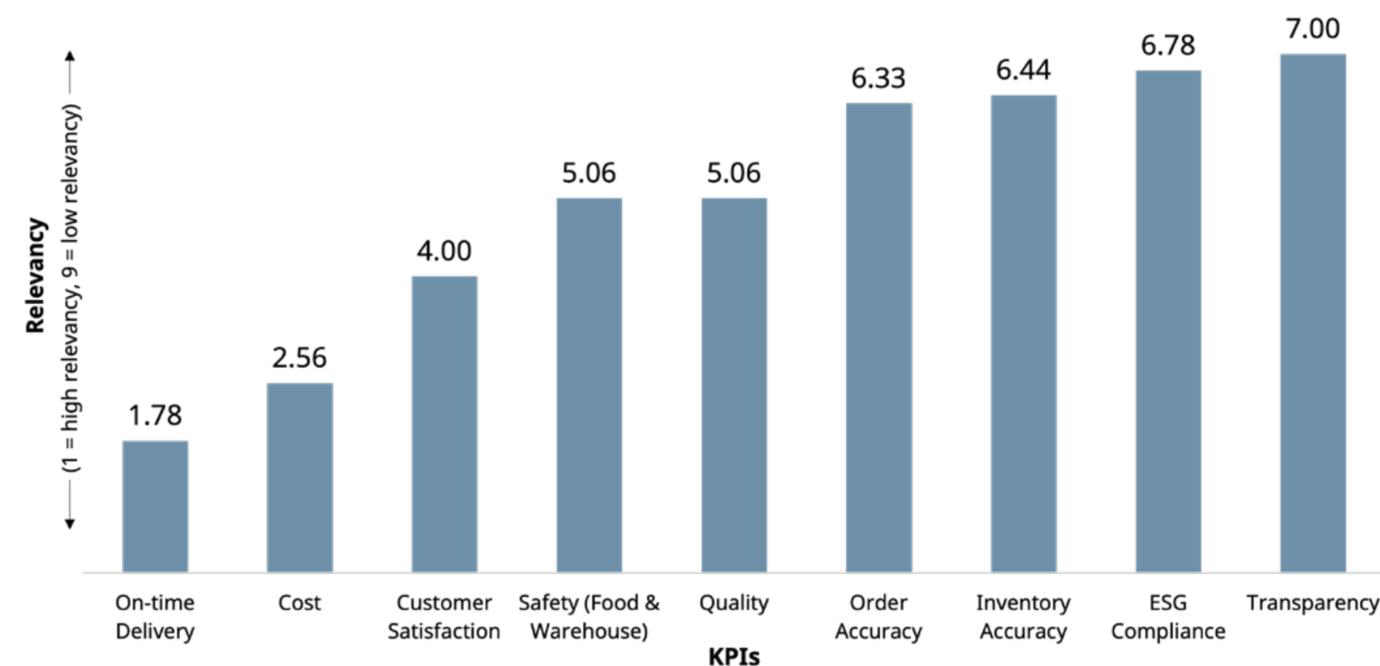
Ongoing collaborations enable a deeper understanding of operational constraints, cultural fit and strategic goals. They also align with the Vested Sourcing Model Continuum, which emphasizes mutual accountability, outcome-based incentives and innovation, discussed in the Shipper-3PL Relationships: From Transactional to Strategic special topic.

Tools to Measure Performance

KPIs serve as critical tools that help assess short-term operational performance, long-term strategic alignment and opportunities to improve.

Shipper respondents say the most relevant KPI used in partnership evaluations is on-time delivery, as shown in **Figure 3.4**. On-time deliveries directly impact every link in the supply chain, from inventory management to customer satisfaction.

Figure 3.4: Most Relevant KPIs in Partnership Evaluations



Closely following on-time delivery is cost. Shippers are under pressure to reduce their total supply chain spend and have become even more cost-conscious in the current economic and transportation environment. Over the past two years, many 3PLs have seen a group of stakeholders evaluate 3PLs, with procurement’s seat at the table becoming stronger.

Procurement’s growing influence in 3PL selection has shifted some decisions from operational to cost-based for the initial bid. However, a narrow focus on bid price can obscure the total landed cost, which includes everything from freight costs to fees and penalties associated with service failures. An initial bid doesn’t always reflect the risk exposure, hidden fees or overall value a

provider offers. Unfortunately, quantifying the total landed cost can sometimes be difficult because additional fees or penalties are allocated to various departments within the shipper’s organization.

Operationally, many shippers value 3PLs that can offer integrated solutions, such as transportation and warehouse management, as part of a comprehensive offering. By covering more areas of the supply chain, 3PLs can reduce fragmentation, streamline operations and communications, improve efficiency and reduce friction, which provides cost and service benefits.

“There is value for shippers to access by leveraging a 3PL’s large network, their ability to combine multiple services and the significant investments 3PLs make in technology,” Schlachter says. “This is our core competency, so we are willing to invest in the best people, the best technology and the most creative solutions leveraging insights from multiple industries.”

Beyond on-time delivery and cost, shippers also report several other KPIs as relevant in evaluating

3PL performance. These include customer satisfaction, safety and quality.

While effective shipper communication can be harder to quantify and is not typically included in evaluations, it is an integral part of a successful strategic relationship. “When shippers communicate their company strategy and are willing to scenario-play how the supply chain can best serve their goals, the 3PL can be more creative and effective,” Schlachter says.

Reasons Partnerships Fail

Despite the shared intent to build long-term, mutually beneficial relationships, not all shipper-3PL relationships last. Misaligned expectations, shifting priorities and economic pressures can reduce the value both parties receive from the partnership.

For 3PLs (56%), the most common reason for termination is profitability, as shown in **Figure 3.5**. A degradation in profitability could be a result of market fluctuations or a change or misalignment in scope that isn’t reflected in an SLA.

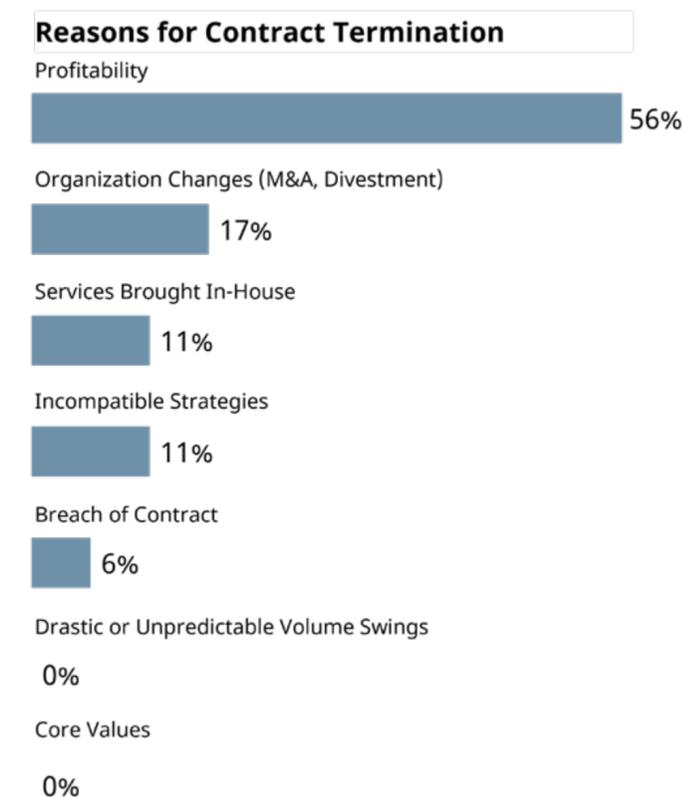
Less common reasons include organizational changes, such as mergers and acquisitions and divestment (17%), services being brought in-house (11%) and incompatible strategies (11%).

Terminations are rarely driven by performance breaches or value differences, indicating that most mature partnerships end due to business shifts rather than operational failures.

Strategic Assessments as a Driver of Long-Term Relationships

Evaluating partnerships should be a continuous, data-driven process that utilizes quarterly business reviews, SLAs and KPIs that can be adjusted as needs and expectations change. As operating conditions and needs change, agreements and contracts may need to change as well, which means effective partnership assessments are not a one-time exercise. Instead, these assessments should be continuous processes that ensure strategic alignment, drive improvement and support long-term growth, guaranteeing both parties remain accountable and agile.

Figure 3.5: Reasons for Contract Termination



Strategic Partnership Assessments Between Shippers and 3PLs

Key Takeaways



SLAs are the most common contract element shippers (90%) and 3PLs (78%) leverage. About half of shippers (52%) and 3PLs (44%) also leverage SLAs with financial penalties.



Beyond SLAs, the top contract elements that shippers leverage include guaranteed volume/capacity (67%), flexible terminations (62%) and contract extensions (57%). For 3PLs, continuous improvement targets (72%), guaranteed volume/capacity (61%) and contract extensions (56%) closely follow SLAs.



Just over half of shippers (52%) say they don't rebid business at the end of every contract, indicating shippers are prioritizing long-term relationships and business continuity over short-term cost reductions.



Shippers ranked on-time delivery, cost and customer satisfaction as the most relevant KPIs used in partnership evaluations. Safety, quality and order accuracy follow.



When 3PLs terminate a contract, the No. 1 reason is due to profitability, which 56% of respondents cite, followed by organizational changes (17%), services being brought in-house (11%) and incompatible strategies (11%). Terminations are rarely due to breach of contract, differences in core values, or drastic or unpredictable volume swings.



Emerging Technologies in the Supply Chain



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Technology is driving new levels of efficiency within supply chains. It will continue to take on greater importance as shippers work to increase efficiency, agility and resiliency. The pace of technological change has increased dramatically. Emerging technologies are reshaping how 3PLs operate, as well as how shippers select and engage with their logistics providers.

Almost all shippers (90%) say technological capabilities are an important factor when determining what 3PL to select, and 57% say they are satisfied with 3PL providers' technology capabilities. This indicates that an "IT gap" remains,

as shown in **Figure 4.1**. While last year's study did not ask about satisfaction levels, this figure is up from the 49% of shippers that indicated they were satisfied with 3PLs' IT capabilities in the *2024 Annual Third-Party Logistics Study* and in line with the 54% and 58% reported in 2023 and 2022, respectively.

As shippers' expectations of providers' data reporting and data analysis capabilities continue to grow, 3PLs that demonstrate technologies and competencies in the IT area will become even more important. "For us, it's not just the technology. It's the use of it, the comprehension of the configuration, the understanding of the pros and

cons, and the ability to manage it effectively," says Stacy Schlachter, senior vice president of sales for Penske Logistics.

From Visibility to Intelligence

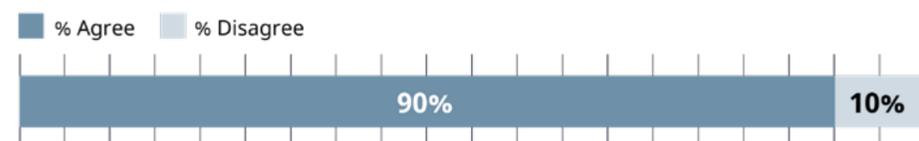
One of the most significant demands from shippers is the ability to manage risk and anticipate disruptions proactively. They expect 3PLs to monitor operations continuously, identify issues before they escalate and take corrective actions quickly. Visibility has evolved from being a reactive tool to a proactive capability, and the bar for 3PLs is now much higher.

Shippers have high expectations not only for visibility across their supply chain but also for accessibility to data and, more importantly, the ability to turn that data into actionable intelligence. It is no longer enough to collect information. Shippers expect 3PLs to use technology to anticipate disruptions, manage risks proactively and optimize performance.

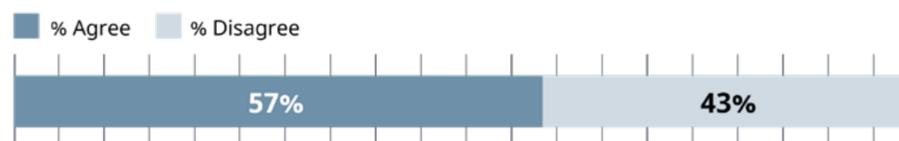
"From a platform perspective, technology enables you to unify siloed data into a single point of view, making it possible to identify the root cause of issues. It not only pinpoints what happened at a specific moment, it also provides the intelligence

Figure 4.1: Shippers' Views on Technology

Technological capabilities are an important factor when determining what 3PL partner to select



We are satisfied with our 3PL providers information technology capabilities



to guide upstream actions that strengthen performance and resilience,” says Ann Marie Jonkman, vice president, global industry strategies at Blue Yonder.

The growing adoption of advanced analytics is a key indicator of this shift. As shown in Figure 1.2 in the Current State section, 3PLs rank advanced analytics as their No. 1 IT-based priority and 61% of shippers list it as an IT-based need. Most shippers (80%) use advanced analytics at some level, as shown in Figure 4.2. 3PLs are similarly aligned, with 81% reporting they use advanced analytics as shown in Figure 4.3.

It should be noted that individual respondents may define the term “advanced” as it applies to analytics differently. Additionally, some of the relatively high percentages and usage rates may reflect aspiration more than reality. While both shippers and 3PLs are clearly engaging with emerging technologies, their current adoption does not yet appear to be at an “advanced” level. It is likely that the term “advanced” conveys a sense of superiority associated with emerging technologies when compared to legacy approaches. Further studies will need to dive deeper into how different organizations may define this term.

Figure 4.2: Shippers’ Prioritized Technology Requirements for 3PL Providers

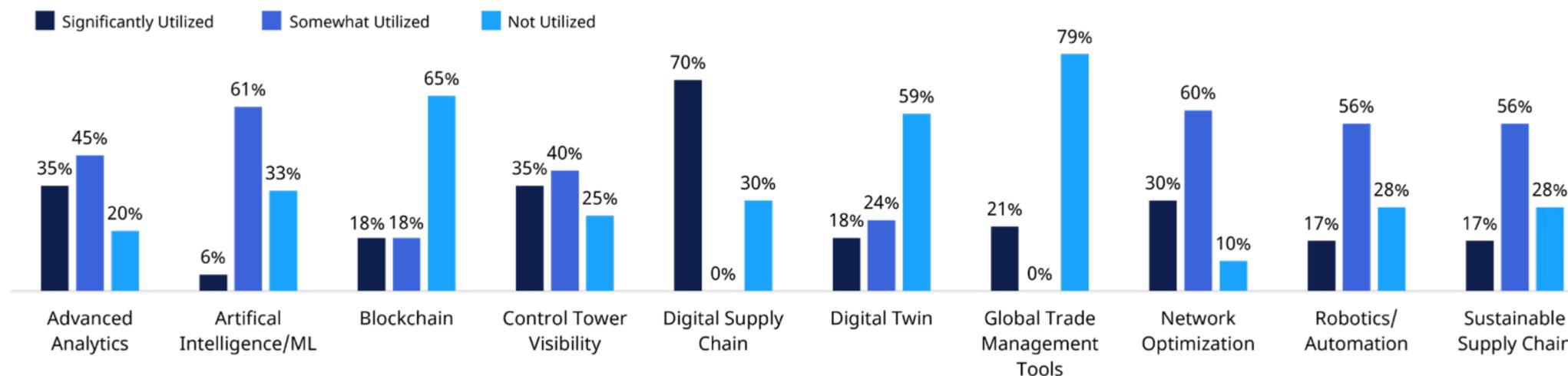
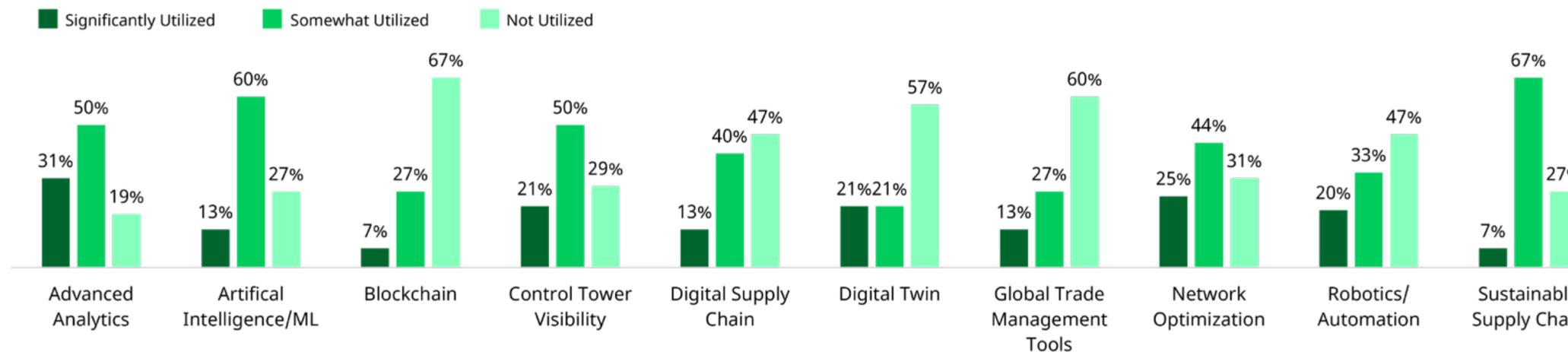


Figure 4.3: 3PLs’ Prioritized Technology Requirements



However, the amount of data and intelligence available can be significant, and shippers don't want to be inundated with every granular detail and update. Instead, they want focused communication that helps them make informed decisions, highlights risk and opportunity, and alerts them when they need to act. Shippers rely on their 3PL providers to monitor the network in real time, identify issues before they escalate and maintain operations.

"It can get overwhelming, and shippers need to know that their 3PL is monitoring their network, making it better, getting ahead of risks and improving their supply chain," Schlachter says.

AI and ML are taking on a greater role in the supply chain and helping all parties make better use of the data: 67% of shippers and 73% of 3PLs use it. 3PLs can leverage AI and ML to improve supply chain efficiency through:

- **Predictive demand forecasting:** Using AI to detect patterns and optimize inventory management, which can allow shippers to react faster to market changes.
- **Real-time disruption response:** Leveraging AI-driven platforms that can quickly identify and resolve supply chain issues across transportation, warehousing and inventory management.

- **Customization and flexibility:** Utilizing ML can aid 3PLs in creating tailored solutions for different industries, such as healthcare, ecommerce, and food and beverage.
- **Cost optimization:** Automating mundane tasks, such as managing the yard and billing for out-of-scope work, can reduce operational costs and improve accuracy.
- **Strategic decision-making:** Identifying trends and patterns that are more difficult and time-consuming for humans to detect. It can also assess which trade-offs make the most strategic and financial sense.
- **Workforce efficiency:** Handling repetitive tasks so employees can focus on more strategic and value-added activities.

"AI isn't just about quickly identifying and fixing issues — it's about anticipating them. By learning patterns over time and enabling rapid, real-time pivots, AI transforms intraday operations, driving greater efficiency and directly reducing labor costs in the P&L," Jonkman says.



Modern control towers and command centers are also embedding AI. This enables better orchestration across several supply chain functions, including inventory, transportation, distribution and warehousing.

Network optimization is another area where technology has a significant impact. Among respondents, 90% of shippers and 69% of 3PLs report they utilize network optimization at some level.

Technology is improving network optimization through several key strategies:

- **AI-driven control towers:** AI can mine data and make predictions about inventory, transportation and distribution management, allowing real-time coordination and decision-making across multiple tiers of the supply chain.
- **Predictive analytics:** Advanced AI can detect patterns and predict potential disruptions, enabling proactive route optimization and inventory positioning before issues occur.

- **Multitier network synchronization:** Technology now allows for unified demand and decision synchronization, breaking down traditional operational silos and providing a holistic view of the supply chain.
- **Route optimization:** Real-time visibility and AI enable dynamic routing adjustments, inventory redistribution, and a rapid response to changing market conditions or unexpected disruptions.
- **Strategic partnership optimization:** Technology helps identify potential cost-sharing and collaboration opportunities by analyzing data across different networks and potential partner organizations.
- **Customization capabilities:** Advanced platforms can configure optimization logic based on specific business priorities, whether that's lowest cost, premium service or fastest delivery.

Digital supply chains leverage a range of advanced technologies that work together to optimize the flow of goods, information and finances across the entire supply chain. It is one of the top technologies that shippers (70%) say they utilize significantly in their operations. Just 13% of 3PLs

say they significantly utilize a digital supply chain. This gap is likely to recede as 3PLs make related investments to better meet shipper expectations.

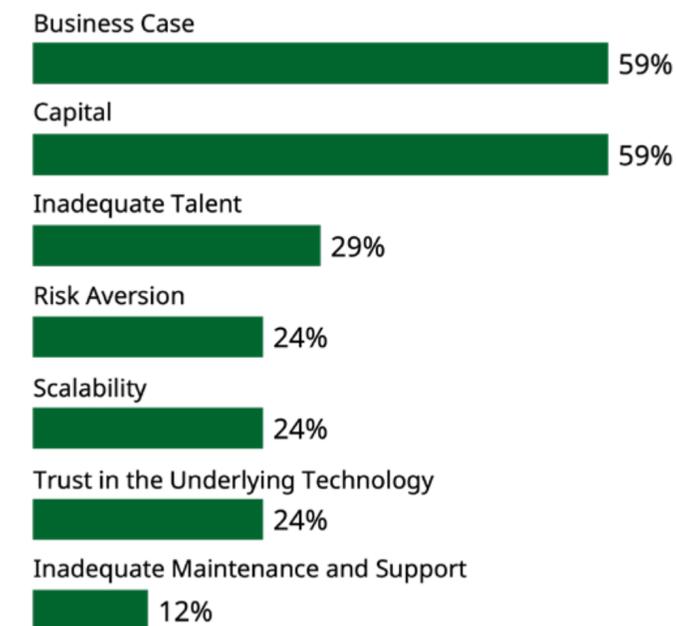
Among shippers and 3PLs, the lesser utilized technologies at present include blockchain, global trade management tools and digital twins.

Barriers to Investment

Despite the value emerging technologies can provide, 3PLs face several barriers to entry. Securing capital and developing supportive business cases are among the top challenges, with 59% of respondents citing each, as shown in **Figure 4.4**. Many 3PLs hesitate to invest without clear, long-term value realization. This can make building a strong business case for new technology investments challenging, especially when the return on investment is uncertain or customer-specific.

“A co-investment is one way both parties can overcome a less-appealing business case,” says Allison Dow, director, NTT DATA North America. Co-investments are becoming more common in shipper-3PL relationships as they transition from transactional to strategic. Learn more

Figure 4.4: 3PLs’ Largest Barriers to New Technology Implementation



about this in the Shipper-3PL Relationships: From Transactional to Strategic special topic.

Among 3PL respondents, 29% report inadequate talent, followed by trust in the underlying technology (24%), risk aversion (24%) and scalability (24%). “3PLs are more willing to invest in technology that is deployable across their total customer base rather than solutions that are tailored to one customer,” Dow says. “Their risk increases when they invest in something that isn’t as usable or scalable for other customers.”

Emerging Technologies in the Supply Chain

Key Takeaways



Almost all shippers (90%) say technological capabilities are an important factor when determining what 3PL to select, and 57% say they are satisfied with logistics providers' technology capabilities.



Most shippers (80%) and 3PLs (81%) use advanced analytics at some level, with 35% of shippers and 31% of 3PLs reporting that it is "significantly utilized."



Among respondents, 67% of shippers and 73% of 3PLs utilize AI and ML at some level, while 61% of shippers and 60% of 3PLs say it is somewhat utilized, indicating there is room to grow.



The least-utilized technologies among shippers and 3PLs include blockchain, global trade management tools and digital twins.



Despite strong incentives, significant challenges remain for 3PLs investing in next-gen technology, with 59% citing funding and unclear business cases as the top barriers to adoption. Additional barriers include inadequate talent (29%), trust in the underlying technology (24%), risk aversion (24%) and scalability (24%).

Contemporary Issues

The Supply Chain's Response to Rising Tariffs



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The Supply Chain's Response to Rising Tariffs

Fluctuating tariffs and shifting trade policies are disrupting global supply chains, forcing retailers, manufacturers and others to reconsider strategies around sourcing, production and distribution.

Understanding the impact of tariffs on supply chain planning and operations requires a multifaceted approach that may affect everything from inventory levels to network design. As a result, shippers are renegotiating contracts, shifting sourcing locations and diversifying suppliers to minimize tariff exposure and increase flexibility amid ongoing global uncertainty.

“Tariffs are having a huge impact on 3PLs, not from a cost perspective but from a supply chain architecture and responsiveness perspective, as they help their beneficial cargo owners solve for the problem,” says Mark Baxa, president of the Council of Supply Chain Management Professionals (CSCMP).

Despite the challenges, shippers and 3PLs appear to be confident in their ability to adapt to tariffs. Shipper respondents report they are either extremely confident (14%), very confident (38%) or somewhat confident (48%), as shown in **Figure 5.1**. 3PLs also report they are extremely confident (33%), very confident (28%) or somewhat confident (33%). Just 6% report a lack of confidence.

The optimism is likely fueled, in part, by hard lessons learned during COVID-19, which exposed vulnerabilities in global supply chains and lean inventories. These experiences, combined with the US-China trade war that began in 2018, have accelerated efforts to build resilience into the supply chain. In the *2022 Annual Third-Party Logistics Study*, 100% of shippers and 96% of 3PLs reported they were improving their readiness and continuity planning, and 43% of 3PLs and 33% of shippers reported they had already completed enhancements.

One of the most essential takeaways from pandemic-related supply chain disruptions and the trade war is the increased risk associated with overreliance on a single region. As a result, many companies are diversifying their supply chain and shifting production to Southeast Asia, Mexico or even domestic facilities to reduce both tariff exposure and vulnerability to future disruptions. This shift is already visible in US trade data. In 2023, Mexico replaced China as the No. 1 trading partner with the US, and this remained true in 2024. It will be interesting to observe any potential changes in trading partners that may occur in the years ahead.

Figure 5.1: Confidence to Adapt to Tariffs

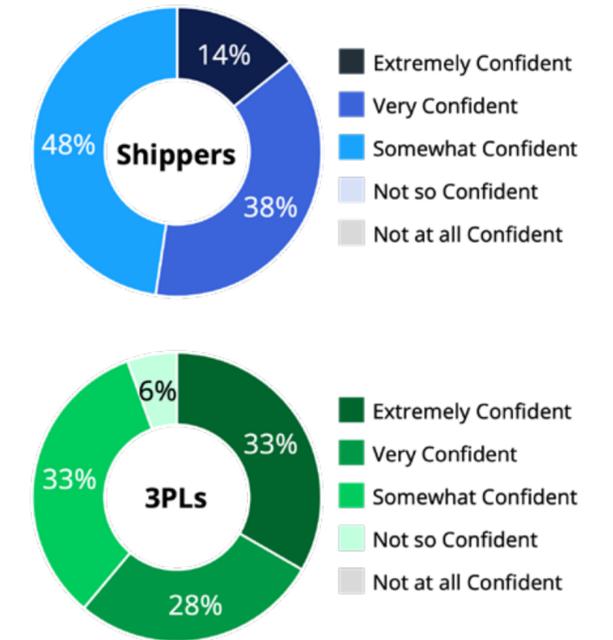
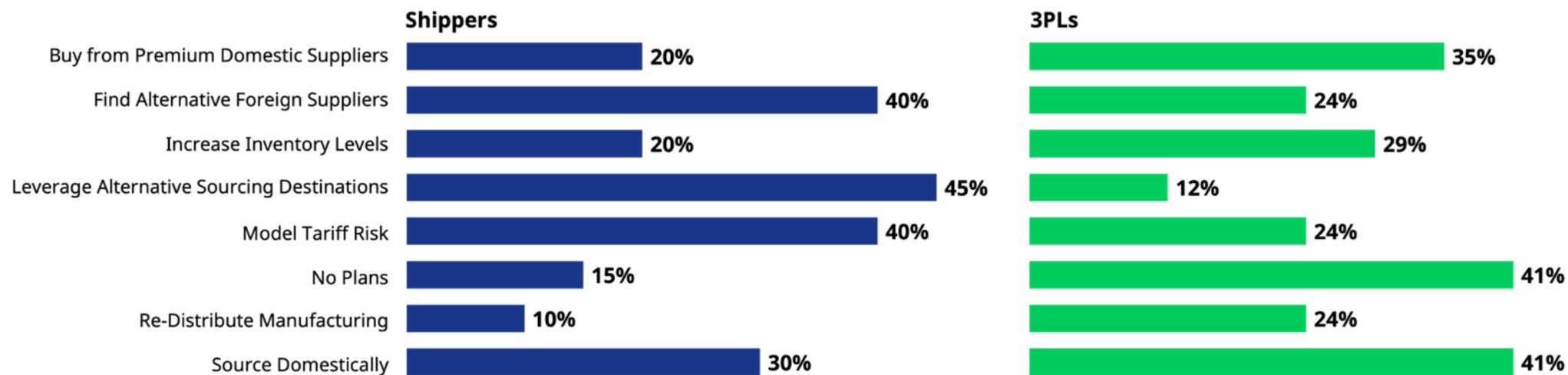


Figure 5.2: Near-Term Tariff Strategies



For shipper respondents, near-term tariff strategies include leveraging alternative sourcing destinations (45%), finding alternative foreign suppliers (40%) and modeling tariff risk (40%), as shown in **Figure 5.2**. Among 3PLs, 41% report having no plans to implement any near-term tariff strategies. The same number (41%) plan to source domestically, while 35% plan to buy from premium domestic suppliers.

These shifts reflect both opportunity and complexity. Moving production is not a quick

fix, and reconfiguring infrastructure can take six months to over a year. Historically, many companies have built their infrastructure around China because China has a highly trained workforce. Countries outside China may lack the same scale, skilled labor or logistical efficiency, making transitions more challenging than anticipated.

Tariffs have also influenced inventory strategies, but many companies are cautious about increasing stock levels. Less than one-third of shippers (20%) and 3PLs (29%) say they plan to increase inventory

levels as part of their short-term strategy to deal with tariffs.

“With higher inventory carrying costs, many shippers are shifting back to a just-in-time model,” Baxa says. He emphasizes the importance of supply chain visibility and network optimization to reduce lead times, support leaner inventories and improve responsiveness.

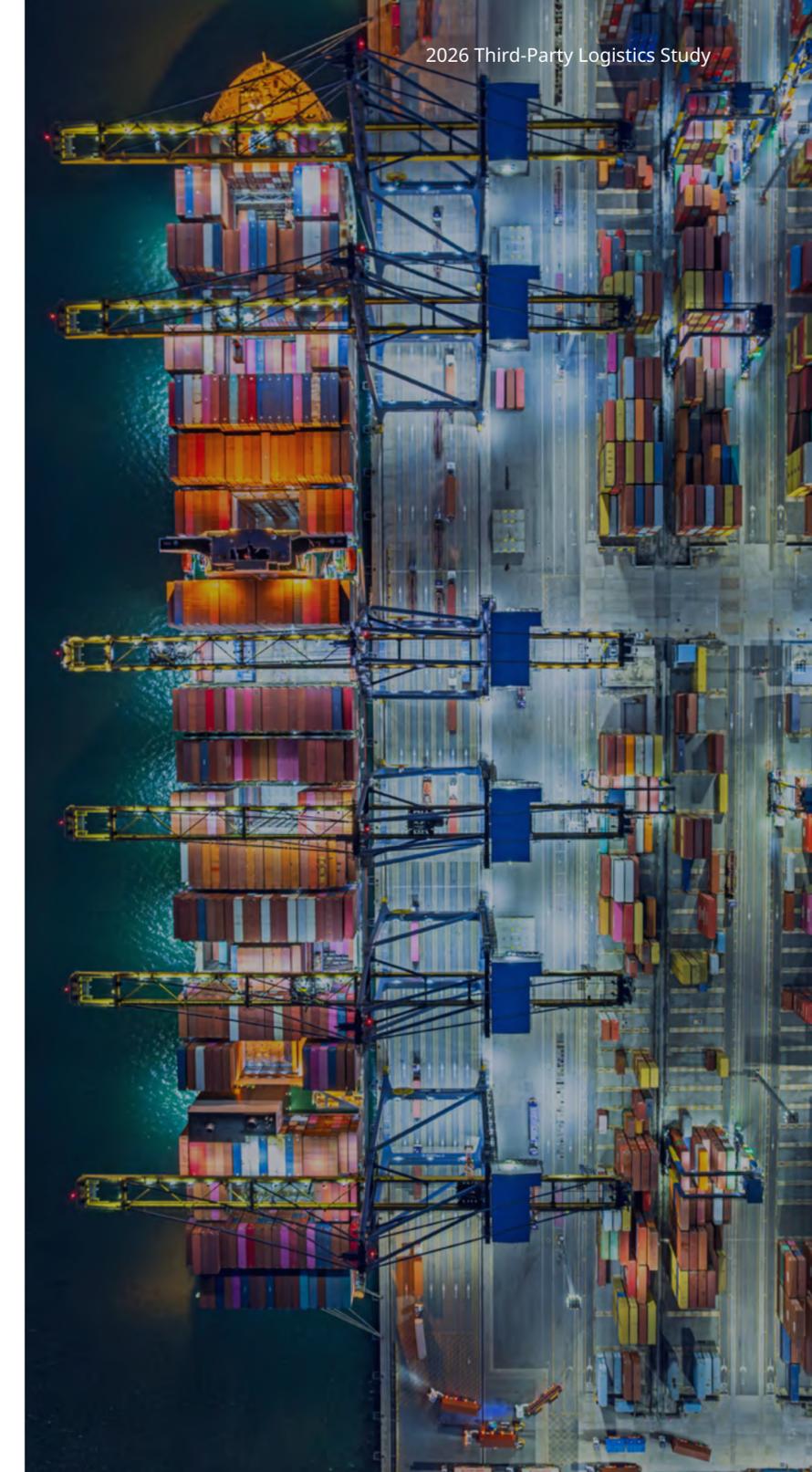
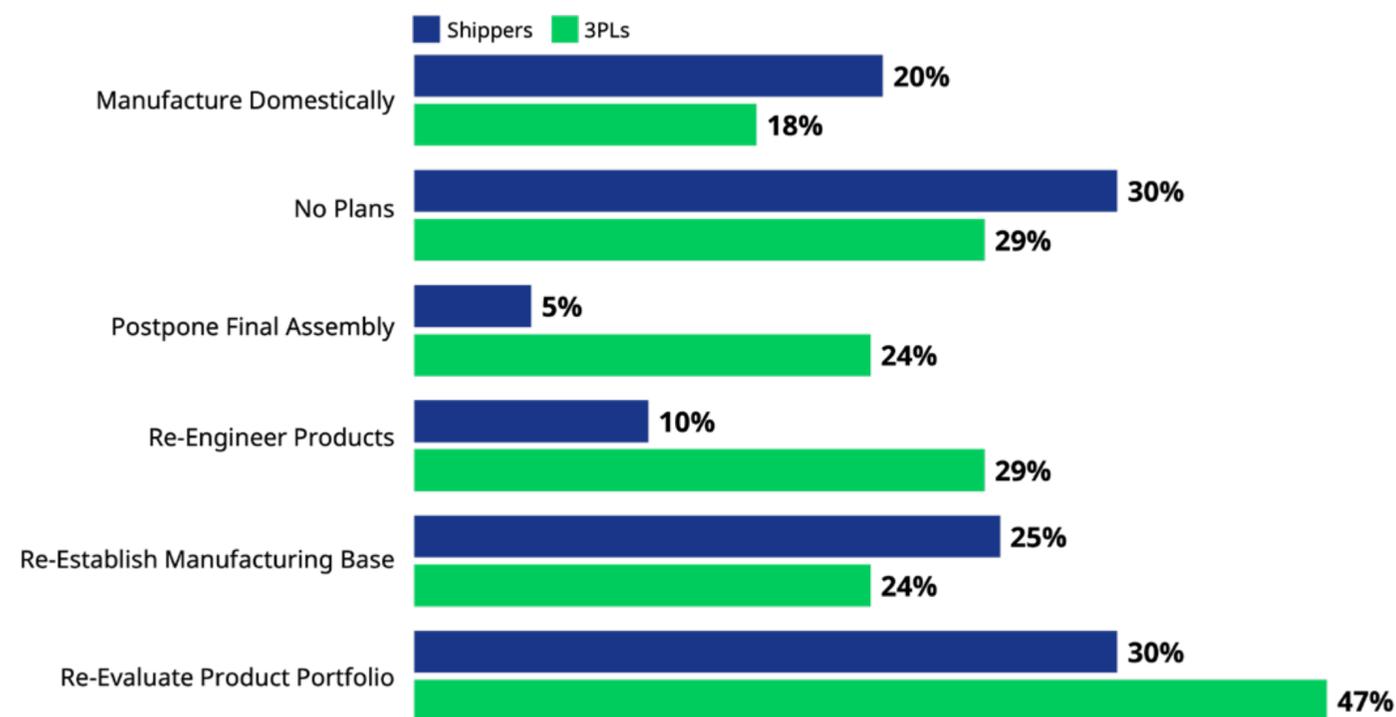


Figure 5.3: Long-Term Tariff Strategies



Long-term, companies are taking a broader view of risk. As shown in **Figure 5.3**, respondents say their long-term tariff strategies include reevaluating product portfolios (30% of shippers and 47% of 3PLs) and reestablishing manufacturing bases (25% of shippers and 24% of 3PLs). However, about one-third of shippers (30%) and 3PLs (29%) say they

have no plans to adopt long-term tariff strategies, signaling a potential oversight as trade tensions continue.

Tariffs are also changing the way companies approach cost management, as shown in **Figure 5.4**. Shippers appear more willing than 3PLs to absorb added costs: 71% of shippers say they

Figure 5.4: Willingness to Absorb Cost

	Shippers (%)	3PLs (%)
Not willing to absorb any additional costs	24%	44%
Pass on costs with tiered implementation of adding additional costs	0%	17%
Willing to absorb a moderate percentage of additional costs	5%	0%
Willing to absorb a significant percentage of additional costs	0%	0%
Willing to absorb a small percentage of costs	71%	33%
Willing to absorb most or all additional costs	0%	6%

are willing to absorb a small percentage of tariff-related costs, while only 33% of 3PLs say the same. Among 3PLs, 44% say they are unwilling to absorb any additional costs, compared to just 24% of shippers. A smaller number of 3PLs (17%) indicate they would pass on costs through tiered pricing strategies, which shippers appear reluctant to do.

As these shifts unfold, 3PLs are playing a more strategic role than ever before. Beyond transportation, many logistics providers offer data-driven modeling tools, trade compliance expertise and network design capabilities to help companies navigate a changing global trade environment. Their ability to assess total landed cost, which accounts for tariffs, fuel, lead times and risk,

positions them as essential partners in building agile, resilient supply chains.

While the long-term impact of tariffs will take time to understand, it will likely reinforce the need for agility and flexibility. By supporting visibility, flexibility and responsiveness, logistics providers are central to building the resilient supply chains needed amid ongoing disruption and uncertainty.

Further research should add to our understanding of the long-term impacts that tariffs may have on supply chains. This may help to identify and better define what 3PLs can do to ease this transition if supply chains need to shift. Also important for 3PLs: helping shippers increase resiliency and agility amid ongoing uncertainty.

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The Critical Role of Supply Chain Talent

Supply chain success depends heavily on the availability of skilled talent. However, one of the biggest challenges the logistics industry currently faces is the widening gap between the demand for skilled professionals and the available workforce.

Concerns over supply chain talent shortages are not new. In the *2016 Annual Third-Party Logistics Study*, 79% of 3PLs reported concerns over labor shortages and said they were rethinking strategies for attracting and retaining employees, training and workforce agility. Then, in the *2024 Annual Third-Party Logistics Study*, 78% of shippers said that labor shortage had impacted their service level agreements. This is not unusual, as it has been apparent for some time that changes and disruptions relating to external factors can result in the modification of supply chain expectations, goals and objectives.

Adding to this challenge is the imminent retirement of the many seasoned professionals who have helped shape modern supply chains over the past 40 years. The deep institutional knowledge these experts carry is leaving with them. Although the number of supply chain programs has grown exponentially, demand for supply chain workers is outpacing supply. Plus, many new entrants to the field have limited understanding of logistics fundamentals. This is leading to a gap that has the potential to affect the scalability and success of the 3PL model.

Mark Baxa, president of the Council of Supply Chain Management Professionals (CSCMP), says most companies fail to invest adequately in talent development. “One of the most important capabilities 3PLs need to have is sharpening their skillsets around human resources and the acquisition of people,” he explains.

While there are many excellent sources of supply chain education and training, the Supply Chain Management Professional (SCMPro) Certification Program is a premier learning opportunity for professionals looking to improve their expertise in supply chain management.

Although many leaders report having annual budgets for employee development, Baxa says data shows that less than 5% of them use even 80% of that budget. The disconnect becomes evident during periods of disruption, when companies realize they lack the internal expertise to adapt quickly.

Winning the talent game starts with being effective at acquiring and developing talent. This involves not only hiring experienced professionals but also recruiting adaptable, trainable individuals who can grow with the business. Then, organizations need to invest actively in continuous learning, creating a culture where talent is nurtured and equipped with up-to-date knowledge and tools.

Baxa says 3PLs must also recognize that they operate in a hybrid labor environment that blends traditional logistics practices with emerging technologies. Technology reframes the demands on the workforce, particularly within the supply chain, where automation, digitization and data collection capabilities are growing rapidly. Success will require specialization, as it becomes increasingly difficult to be equally competent across all verticals. For example, a 3PL that excels in retail may struggle in automotive unless it builds or acquires the necessary domain expertise.

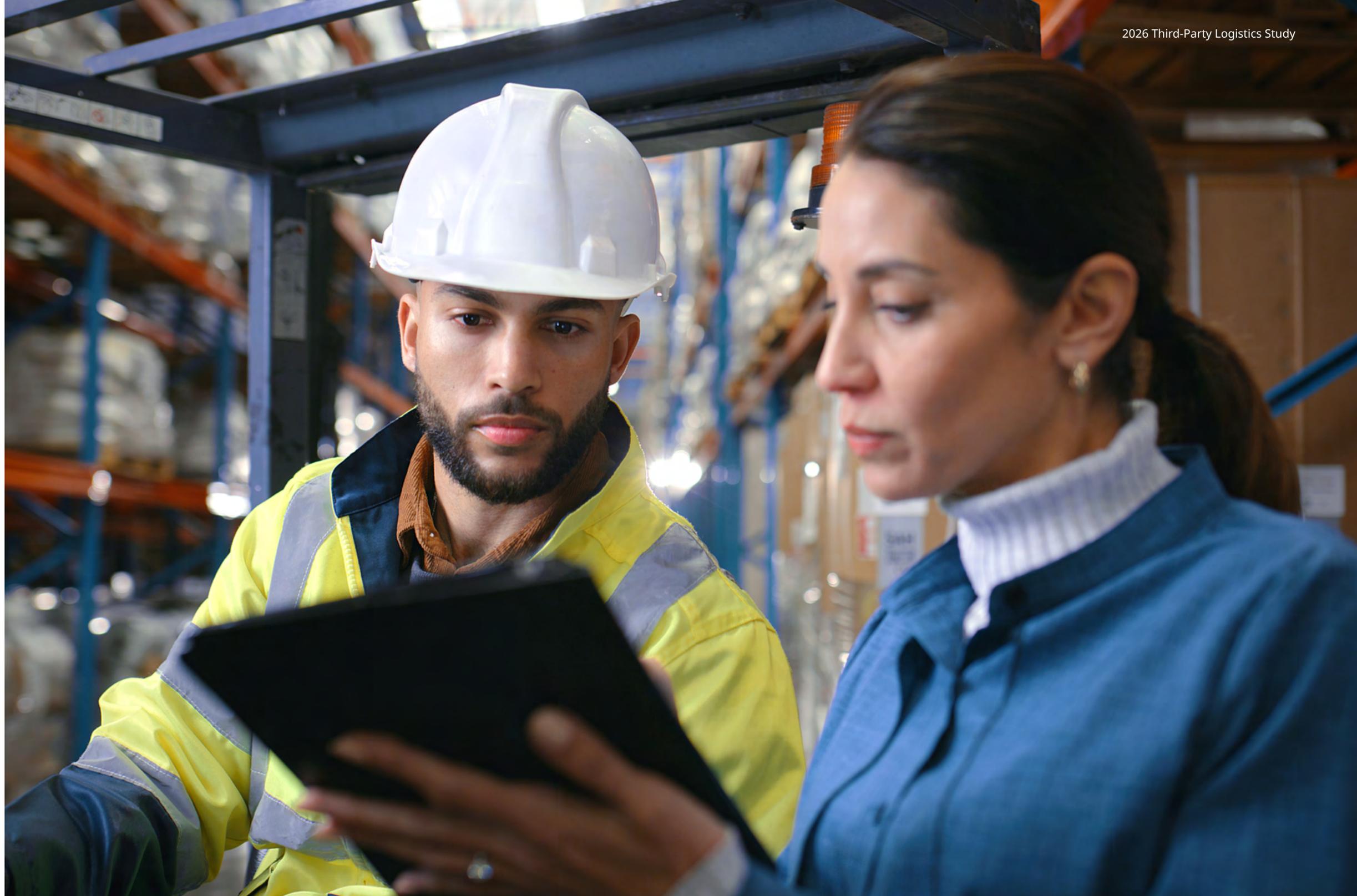
Also, the goals, objectives and strategies of supply chains are currently being affected by the abilities of human-machine relationships. Whether this refers to automation, mobility or digitization, or to artificial intelligence, it is clear that the focus is evolving to managing systems powered by machines, rather than managing processes.

While technology enables speed and scale, it is still the people within the supply chain who solve problems and build the trusted relationships that define lasting partnerships. More shippers are beginning to demand transparency around talent strategy as part of their quarterly business reviews. They’re asking not only about performance metrics but also about how their logistics partners are training, retaining and increasing the knowledge of their people.

Given the ongoing disruptions supply chains face and rising shipper expectations, the most competitive 3PLs will be those that invest in their people, their processes and their ability to solve complex problems.

The supply chain talent shortage represents not just a workforce challenge but a strategic imperative for 3PLs and logistics organizations worldwide. Even as technology continues to transform operations, it is ultimately skilled professionals who enable agility, resilience and innovation. Addressing this issue requires a dual commitment: cultivating the next generation of supply chain leaders through education, certification and continuous learning while also fostering adaptable talent capable of navigating hybrid, technology-driven environments.

Those organizations that recognize talent as their most critical asset and actively invest in its development will not only withstand disruptions but also gain a competitive edge in shaping the future of supply chain management.



30 Years of the *Annual Third-Party Logistics Study*: A Retrospective



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30 Years of the *Annual Third-Party Logistics Study*: A Retrospective

This year marks the 30th anniversary of the *Annual Third-Party Logistics Study* that Dr. C. John Langley, a supply chain professor at Penn State University, launched in 1996 when he was the John H. “Red” Dove Professor of Logistics and Supply Chain Management at the University of Tennessee. The study has charted the remarkable transformation and growth of the 3PL industry, which has evolved from a niche logistics solution to a cornerstone of global supply chains.

When the study was initiated in 1996, the term “3PL” was relatively new. At the outset, offerings such as transportation and warehouse management were viewed as emerging capabilities. They eventually became standard offerings, and 3PLs have expanded their value proposition to become strategic partners in end-to-end supply chain design and execution. 3PLs now offer advanced services such as network optimization, inventory management and data analytics.

The past five years alone have ushered in an acceleration in digital transformation, driven by AI, automation, and growing pressures for resilience and visibility in the wake of COVID-19, geopolitical uncertainty and global supply disruptions. The rise of

digital technologies, such as real-time tracking, data analytics and automation, and digital twinning, have enabled more seamless and efficient logistics operations. Learn more in the Emerging Technologies in the Supply Chain special topic.

Technology has also fueled ecommerce, which has had a significant impact on supply chain demands. Ecommerce was in its infancy in 1996. Amazon had been founded just two years earlier, in 1994, and eBay was launched in 1995. As internet speeds increased and technology improved, ecommerce began to thrive. Consumer demands have also increased year-over-year, driving increases in multichannel solutions and making next-day and even same-day shipping the norm.

Shippers’ expectations have increased significantly, and organizations are now much more aware of the value a strong supply chain creates. The supply chain was once seen as an expense to control. Now, it is seen as a key driver of increased customer satisfaction, revenue growth and competitive advantage. The logistics industry is focusing on increasing efficiency and optimizing operations.

As logistics providers have become more efficient, the cost of logistics as a percentage of gross domestic product has steadily decreased. In 1981, logistics costs were 16% of GDP. Now, this figure is 8.7%, according to the *2025 Council of Supply Chain Management Professionals State of Logistics Report*.

The past 30 years have also brought significant change to the types of relationships shippers and 3PLs pursue. Initially, transactional relationships dominated the logistics landscape. Several factors have fueled the shift toward strategic partnerships, which is covered in the Shipper-3PL Relationships: From Transactional to Strategic special topic. The shift has changed how both parties assess their relationships, discussed in the Strategic Partnership Assessments Between Shippers and 3PLs special topic.

As we look to the next 30 years, 3PLs and their shipper partners will face new challenges, as well as unprecedented opportunities. By embracing agility, investing in technology and fostering collaborative relationships, both parties can work together to create more resilient, intelligent and effective supply chains.

About the Study, Founder, Respondents, Sponsors and Contacts



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About the Study

The *2026 30th Annual Third-Party Logistics Study* employed a variety of research streams to provide an objective look into the 3PL industry, from both a user or purchaser of services (shipper) perspective and a provider perspective. Researchers also sought insights from leading organizations that don't currently use external services from a 3PL provider. These are noted in the study as non-users.

The study's goal is to investigate leading trends and uncover how shippers and 3PLs can better collaborate to improve service and increase value. It examines growth within 3PL as a whole and specific sub-segments of the industry. It also looks at overall growth and development, what shippers outsource and what 3PLs offer, why shippers outsource to 3PLs and the value they gain from those relationships. Researchers investigate trends and issues expected to alter the future state of logistics outsourcing.

When developing the research plan, the study team established topics of interest, developed the survey instrument, conducted the research, analyzed the

results, compiled this report, and presented and shared the findings.

As part of this year's research, the team engaged shippers, 3PLs and 4PLs with a worldwide email survey, as well as focused interviews and virtual discussions with industry leaders.

Contributions from industry representatives, supporting organizations and sponsor firms are vital to the study and have sustained the report for the past 30 years. Shippers and 3PLs generously participated in the surveys and interviews needed to produce this year's study, and the *30th Annual Third-Party Logistics Study* is dedicated to those who made it possible. Included are Penn State's Center for Supply Chain Research®, the University of Tennessee's Global Supply Chain Institute and the Council of Supply Chain Management Professionals.

The *Annual Third-Party Logistics Study* serves as a resource for shippers, 3PLs and others seeking to understand and become familiar with the industry.

The study has become a widely anticipated and referenced index on the state of the 3PL industry.

Since its founding by Dr. C. John Langley, the report has focused on people, processes and technology, relationship management and the end-to-end supply chain. Through the lens of the shipper-3PL relationship, the results of the Annual Third-Party Logistics Study provide valuable perspectives and insight into the broader topic of supply chain management.

The Annual 3PL Study Process

Steps and elements of the development of the *Annual Third-Party Logistics Study* include:

Accessibility: Links to the web-based survey were circulated to members and affiliates through organizations that support the *Annual Third-Party Logistics Study*. This year's survey closed in July 2025 and gathered responses from both users and non-users, as well as providers of 3PL services. The study report and additional materials are also presented via its dedicated website: www.3plstudy.com.

Topics: In addition to measuring core trends in the 3PL industry, the *Annual Third-Party Logistics Study* conducts in-depth examinations of supply chain topics that affect both users and providers of 3PL services. This year's topics focused on the transition from transactional to strategic relationships, partnership assessments and emerging technologies.

Contributing sponsors: Sponsors of the *2026 30th Annual Third-Party Logistics Study* include NTT DATA and Penske Logistics.

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Lead writer: Mindy Long, Mindy Long Freelance LLC.

Citation guidelines: *2026 30th Annual Third-Party Logistics Study: The State of Logistics Outsourcing*, C. John Langley Jr., Ph.D., and NTT DATA, 2026.

Supporting organizations: Each year, several supply chain organizations facilitate the research process by asking members and other contacts to respond to the survey. In addition to completing the survey, participating companies contribute by enabling executives to participate in focused discussions and providing subject-matter expertise. The study team would like to thank the Intermodal Association of North America and the Council of Supply Chain Management Professionals. The team also extends a special note of appreciation to Kate Vitasek, distinguished fellow at the Global Supply Chain Institute, University of Tennessee, Haslam College of Business, and her colleagues.

Multiple research streams: A distinguishing feature of the *Annual Third-Party Logistics Study* is the inclusion of multiple streams of research undertaken by the study team to validate and clarify the findings in this report. The team solicits survey topic ideas throughout the year from key industry participants and through desk research the team and NTT DATA conduct, which also helps vet potential topics of interest. Survey topics and questions are designed to reflect major issues and trends facing both users and providers of logistics services.

Wide coverage: The *Annual Third-Party Logistics Study* is presented and discussed in prominent supply chain industry venues, including:

- Leading industry conferences, such as the Council of Supply Chain Management Professionals EDGE Conference and Exhibition and the International Supply Chain Forum hosted by ILOS.
- Analyst briefings, conducted in the weeks following the release of the annual study in the fall.
- Magazine and journal articles in publications such as *Supply Chain Xchange*, *Supply Chain Management Review*, *Logistics Management* and *Inbound Logistics*.
- Webcasts conducted with media and publications, including *Supply Chain Management Review*, *Logistics Management*, SupplyChainBrain, Stifel Nicolaus and others.

Definitions: Survey recipients were asked to think of a "third-party logistics (3PL) provider" as one that provides or manages one or more logistics services for its customers. A "fourth-party logistics (4PL) provider" is one that may manage multiple logistics providers or orchestrate broader aspects of a customer's supply chain. To ensure confidentiality and objectivity, 3PL users were not asked to name any specific 3PLs they use. Correspondingly, the *Annual Third-Party Logistics Study* does not generate any information that could lead to ratings or rankings of 3PL providers.

Components of the 2026 Annual Third-Party Logistics Study

Research and analysis for the Current State of the Market section set out to:

- Understand what shippers outsource
- Understand what services 3PLs offer
- Identify trends in both shipper usage and 3PL services
- Recognize key shipper and 3PL perspectives on the use and provision of services
- Determine how 3PLs add value to their customers' supply chains
- Understand the benefits shippers report as contributing to 3PL use
- Assess the importance of 3PL capabilities relating to people, process, technology, implementation and execution
- Determine what types of technologies or solutions 3PLs need to offer to serve customers successfully
- Determine the extent to which 3PL technologies or solutions are successful in helping their customers achieve their objectives

- Examine why shippers elect or don't elect to outsource
- Learn how both shippers and 3PLs use their relationships to improve their businesses and supply chains overall
- Update researchers' knowledge of 3PL-shipper relationships

The **special topics** take an introspective view of the future of the 3PL industry and shipper-3PL relationships. Topics were selected based on what was learned during the study process, as well as trends in the industry. This year's special topics include:

- Shipper-3PL Relationships: From Transactional to Strategic
- Strategic Partnership Assessments Between Shippers and 3PLs
- Emerging Technologies in the Supply Chain

The **Contemporary Issues** section takes an introspective view of the future of the 3PL industry and shipper-3PL relationships. This year, researchers explored the effects of tariffs on the supply chain, along with the critical role of supply chain talent.

About the Founder of the *Annual Third-Party Logistics Study*



Dr. C. John Langley Jr.

In addition to being Emeritus Professor of Supply Chain Management at the University of Tennessee, Dr. C. John Langley Jr. currently is Clinical Professor of Supply Chain Management in the Department of Supply Chain and Information Systems (SC&IS) at Pennsylvania State University in University Park, Pennsylvania. With more than 30 faculty members and over 800 students, SC&IS is one of the largest and most respected academic concentrations of supply chain education and research in the world. SC&IS offers supply chain programs for every educational level, including undergraduate, graduate and doctorate degrees, in addition to a popular online, 30-credit professional master's degree program in supply chain management. Penn State's broader involvement with and commitment to the supply chain business community is enhanced through the activities of its Center for Supply Chain Research® and Penn State Executive Programs.

Langley is a Top Academic Contributor to the Supply Chain Industry

In the early 1970s, Langley felt that logistics and supply chain management had significant future potential. "These included areas of responsibility that seemed likely to create value for customers and consumers, and that this realization would become more evident and more important over time," he says. Among these areas were transportation, warehousing, inventory management, customer service and network design.

"Not only did important responsibilities such as these seem critical to meeting the needs of customers and consumers, but their

professional management was essential and necessary for success of the overall organization," Langley says. "Although several traditional 'functional areas of business' had already been receiving significant attention at universities and in business, the areas of logistics and supply chain management seemed destined for even greater prominence in the future." Nearly 50 years later, it now is evident that any expectations for the growth and importance of these areas have been greatly exceeded.

Langley received his Ph.D. in business logistics and transportation from Penn State University in 1974 and has been a leader in the industry ever since.

"Dr. Langley is one of the most important four or five key academic contributors to the supply chain industry in the last 50 or so years," says Dr. Chris Norek, a founding senior partner with Chain Connectors Inc., an Atlanta-based supply chain consulting firm, and a former student of Langley's. "Since the early 1970s, he has been a thought leader across several parts of the logistics profession."

After earning his Ph.D., Langley was a faculty member at the University of Tennessee for 28 years, part of which was spent as the John H. "Red" Dove Professor of Logistics and Supply Chain Management. In addition to teaching thousands of undergraduate and graduate students during his tenure at the University of Tennessee, he founded and served as executive director of the Supply Chain Forum. Along with the late Brian Newton, an executive at Exel Logistics, he founded the *Annual Third-Party Logistics Study*.

Dr. Robert Novack, now Emeritus Professor of Business Logistics in the Department of Supply Chain and Information Systems at Penn State, says the *Annual Third-Party Logistics Study* is highly regarded within the third-party logistics industry, the manufacturing industry, Penn State and the Council of Supply Chain Management Professionals (CSCMP). "There are a lot of manufacturers and retailers that use third parties, and they need to know what the industry is looking like," he says.

Novack studied under Langley at the University of Tennessee and says Langley has always been a father figure to his doctoral students, taking great personal care in their development and giving good advice. "He is a real down-to-earth guy who would do anything for anybody else," Novack says.

In 2001, Langley became a member of the supply chain faculty at the H. Milton Stewart School of Industrial Engineering at the Georgia Institute of Technology, where he served as The Supply Chain & Logistics Institute (SCL) Professor of Supply Chain Management. He also founded and served as Executive Director of the Georgia Tech Supply Chain Executive Forum and was a faculty member in the Executive Masters in International Logistics and Supply Chain academic program.

Ultimately, Langley joined the Penn State Smeal College of Business faculty in 2010 as a clinical professor of supply chain management and director of development for the Center for Supply Chain Research. According to the late Dr. John J. Coyle, Professor Emeritus of Logistics and Supply Chain Management at Penn State University, "he has played a significant role in our Center for Supply Chain Research and our Penn State Executive Programs. His keen insights about challenges, issues and solutions have enabled Penn State to continue to provide a leadership role in this highly competitive arena."

All three universities where Langley has served as a faculty member are widely recognized as excellent schools for supply chain management.

Langley says he enjoys the continuing emergence of industry challenges that are looking for viable solutions. Although the early years of his career predated popularization of the term "supply chain management," his thinking was that the component activities and processes that the term supply chain would encompass would be of even greater significance in the future. He took great pride in being among the growing number of academic and industry professionals who were

committed to accelerating the understanding and importance of supply chain management.

Today, supply chain is widely recognized as a critical priority for organizations and the issues with which they are involved, Langley says. "Historically, the broader academy was slow to appreciate that supply chain management should rightfully have been regarded as one of the 'functional areas of business,' but the growth and current trajectory of supply chain imperatives easily outstrip those that focus in a more limited manner on the long-standing traditional areas of business," he says.

The principles of supply chain management have become so well-accepted that other areas in organizations have claimed to have supply chain capabilities that are viewed as important, Langley says. "That speaks to the broad values of the supply chain. We have succeeded in focusing on a curated set of processes that complement what other parts of the organization are trying to do," he explains. "The result is that today, there is a much higher level of integration and collaboration within our organizations that enhance the likelihood of meeting our overall objectives."

Additionally, Langley's credentials and experience base have been enhanced by his participation and leadership roles in several professional

organizations, including the CSCMP, where he served as President and a member of the executive committee.

Langley is a recipient of the CSCMP Distinguished Service Award and is among the inaugural class of CSCMP Supply Chain Fellows. Prior to joining the supply chain faculty at Penn State University, he received the Outstanding Business Logistics Alumnus Award from his alma mater. He also has served as a member of the board of directors for several logistics and supply chain companies, including Forward Air Corporation, Averitt Express, Inc., UTi Worldwide Inc., Landair Transportation and Metasys, a provider of transportation management software. He served honorably as a member of the US Army Reserves, during which time he had his first practical introduction to military logistics.

Langley is the co-author of three books on logistics and supply chain management. He has written numerous articles and technical reports and has made numerous presentations in these areas. He has addressed numerous industry and business conferences, forums and university groups. Langley is a lifelong hockey fan and player, and he is one of the founders and owners of the Knoxville Ice Bears professional hockey team.

About the Respondents

Figure 6.1 shows the percentage of shipper respondents to the survey, including both users (40%) and non-users (6%) of 3PL services, and the percentage of 3PL or 4PL respondents (40%). The non-user responses are helpful because they provide valuable insights on why some organizations have elected not to use 3PLs, as well as their perspective on several other relevant topics throughout the study. Consultants and other industry leaders made up 14% of respondents.

Respondents are typically vice presidents, directors, senior directors or managers and above from a mixture of different industries, as shown in **Figure 6.2**.

Figure 6.1: About the Respondents

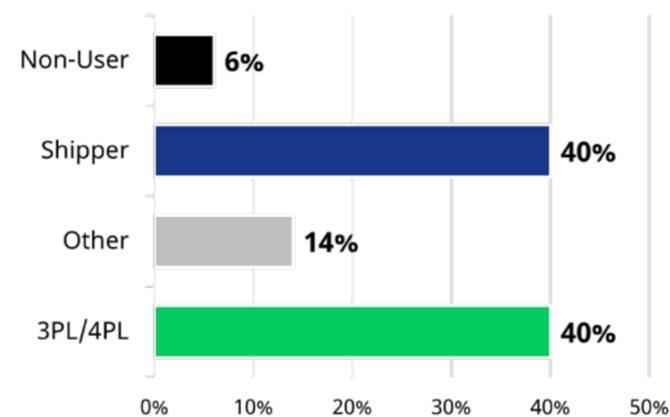
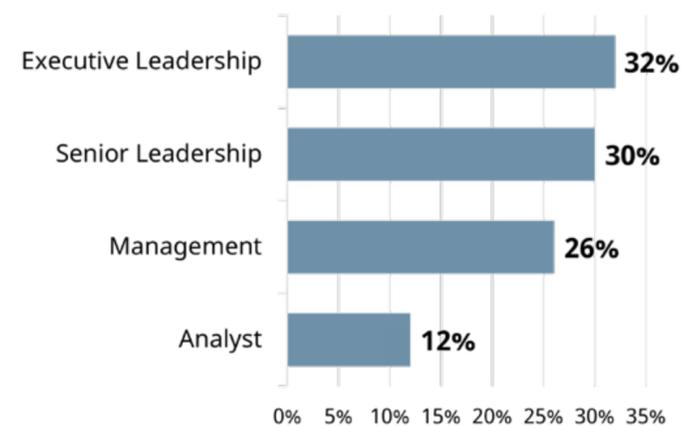


Figure 6.2: Respondent Levels



Shippers

Figure 6.3 shows the 10 most prominent industries reported by users of 3PL services, including the top three: food and beverage manufacturing or distribution (20%), high-tech and consumer electronics (15%), and consumer package goods (10%).

Figure 6.4 groups shippers by geographic location. A high concentration of shippers operate in the US (50%) and Europe (39%).

Shipper respondents are a diverse group based on total annual sales, as shown in **Figure 6.5**. Among shippers, 75% report \$1 billion or more in sales.

Figure 6.3: Shippers by Industry

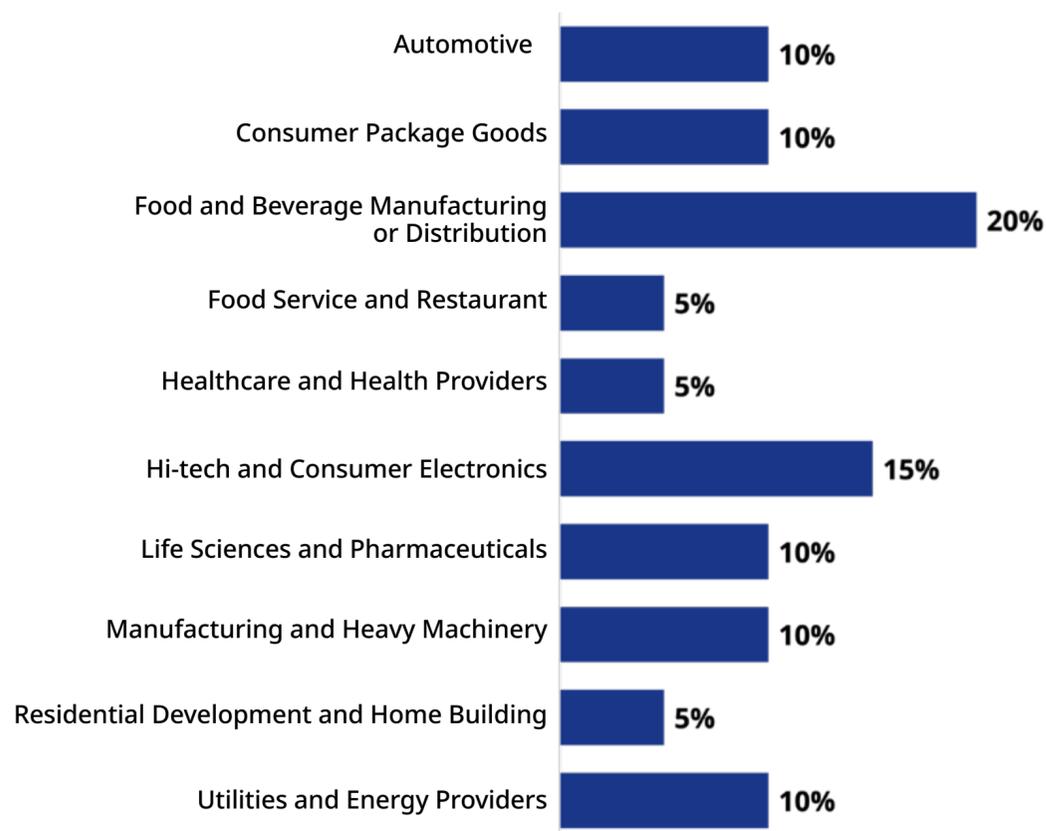


Figure 6.4: Shippers by Geography

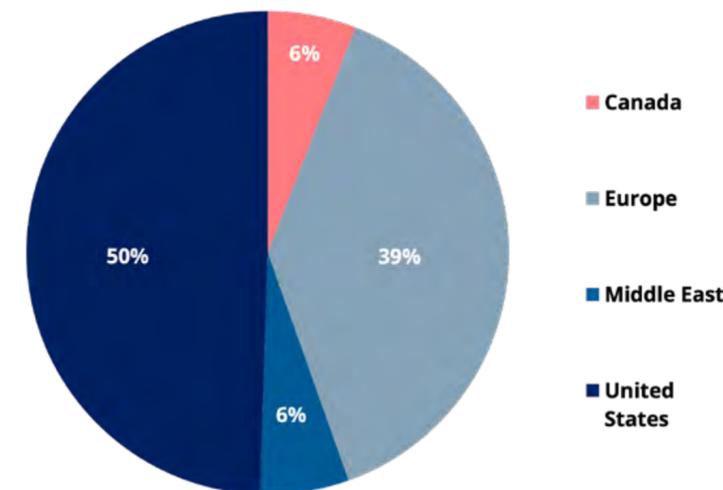
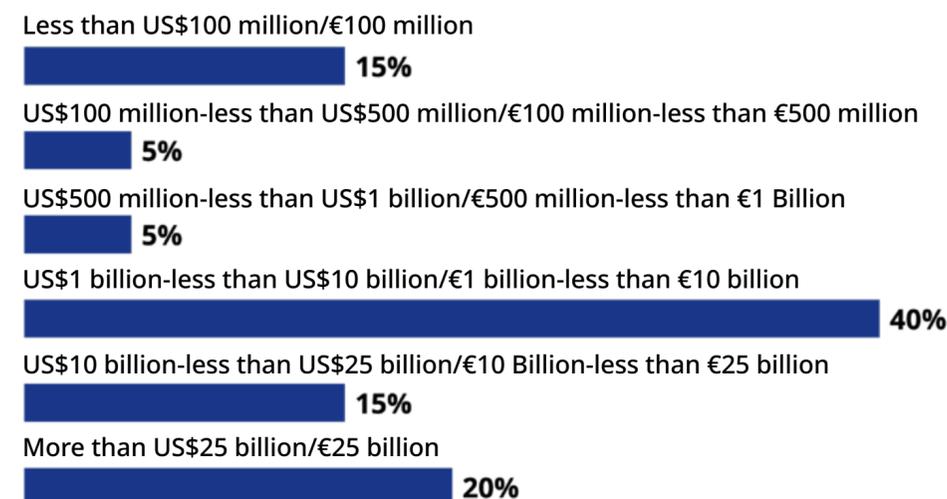


Figure 6.5: Shippers by Total Annual Revenue



3PLs

3PL executives and senior leaders responded to a similar but separate version of the survey. Since most 3PL respondents service multiple geographical areas, the study team asked them to select all major geographies where they provide service, as shown in **Figure 6.6**. Most respondents are US-based (89%).

3PL respondents represent a wide range of industries, from retail and consumer brands (15%) to consumer-packaged goods (10%) and food and beverage manufacturing or distribution (10%), as shown in **Figure 6.7**.

3PLs report a wide range of total sales each year, with 35% of 3PLs reporting \$1 billion or more in total sales, as shown in **Figure 6.8**.

Figure 6.6: 3PLs by Geography Served

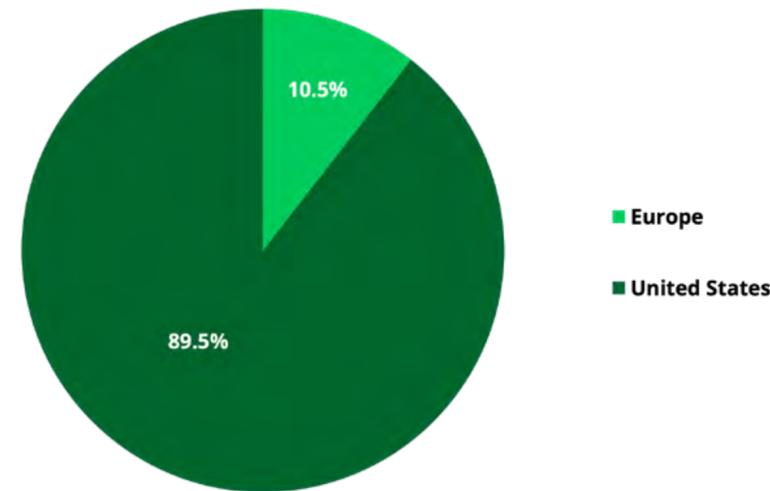


Figure 6.7: 3PLs by Industry Served

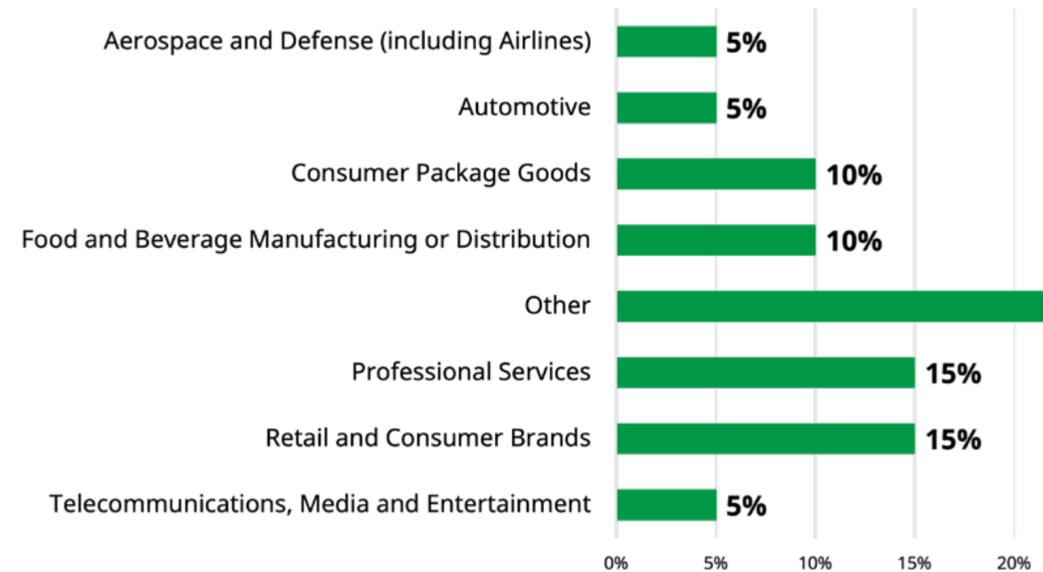
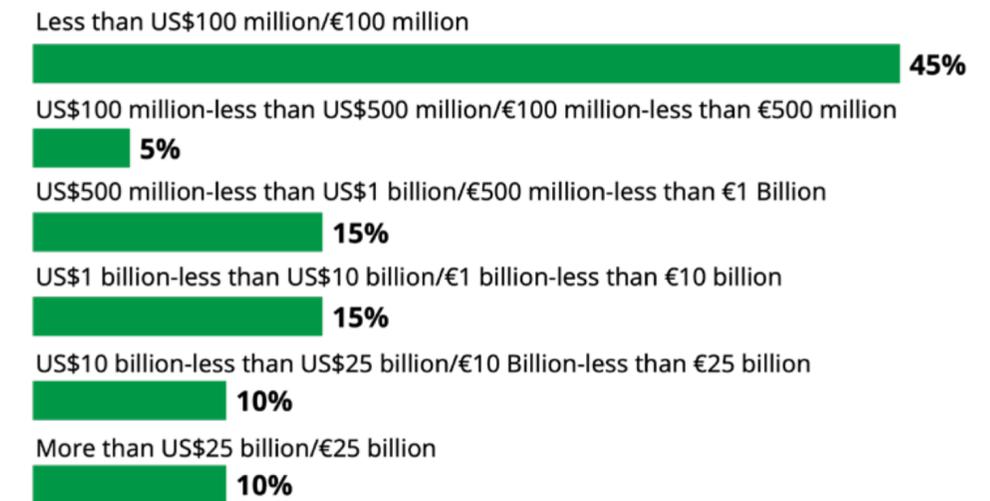


Figure 6.8: 3PLs by Total Annual Revenue



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