SUPPLY CHAIN
TREND REPORT
2027



WHITE PAPER

# THE SUPPLY CHAIN VALUE EQUATION: WHY COST SAVINGS ALONE ARE NOT ENOUGH

The Supply Chain Trend Report aggregates responses from 169 supply chain professionals across Manufacturing, Industrials, CPG and Retail markets, providing insight into what shippers value from 3PL partners.

LEGACY
SUPPLY CHAIN

# TABLE OF CONTENTS


3 **EXECUTIVE SUMMARY**
Cost Expectations & Partner Value

4 **REPORTED IMPROVEMENTS**
Operational Progress & Value Gaps

5 **COST PRESSURES**
Transportation & Warehousing Challenges

6 **MAXIMIZING 3PL VALUE**
Strategies for Stronger Partnerships

7 **KEY QUESTIONS**
Evaluating 3PL Performance & Results

8 **THE VALUE EQUATION**
Measuring Long-Term Partnership Success

9 **RESPONDENT PROFILES**
Industry, Revenue & Decision-Maker Status

10 **OPERATING MODELS**
Warehousing & Transportation Capacity

11 **SAMPLE RESPONDENTS**
Companies With Revenue Over $250 Million

## EXECUTIVE SUMMARY

Cost pressures are familiar to supply chain leaders, but Legacy Supply Chain's proprietary research raises a sharper question for shippers and manufacturers: **are the logistics partners they pay delivering enough value for that investment?** In a survey of 169 supply chain professionals, lower costs without service trade-offs was the leading factor respondents said would make a supply chain partner more valuable (51.5%). Cost control was also the most frequently selected single area respondents wanted their partner to improve (20.1%). Yet cost is only part of the equation: respondents also prioritized technology, visibility, problem-solving and service reliability. The findings suggest shippers should evaluate 3PLs not only on rates or isolated productivity gains, but on measurable, sustained improvements in total supply chain performance.

## COST IS A VALUE EXPECTATION—NOT JUST A RATE NEGOTIATION

More than half of respondents (51.5%) said lower costs without service trade-offs would make a supply chain partner more valuable. That ranked ahead of better technology capabilities (35.5%), better supply chain visibility (34.3%) and stronger warehouse or transportation problem-solving (27.8%). Cost control was also the leading single improvement respondents wanted from their partner (20.1%).

For shippers, the implication is not to ask a 3PL for a lower price. The research points to a broader value test: can a partner reduce the total cost of moving, storing and fulfilling product while protecting service, quality and flexibility? **A lower warehouse rate or freight charge is not necessarily a lower total cost if it comes with slower throughput, more errors, poor visibility, excess inventory or service disruption.**

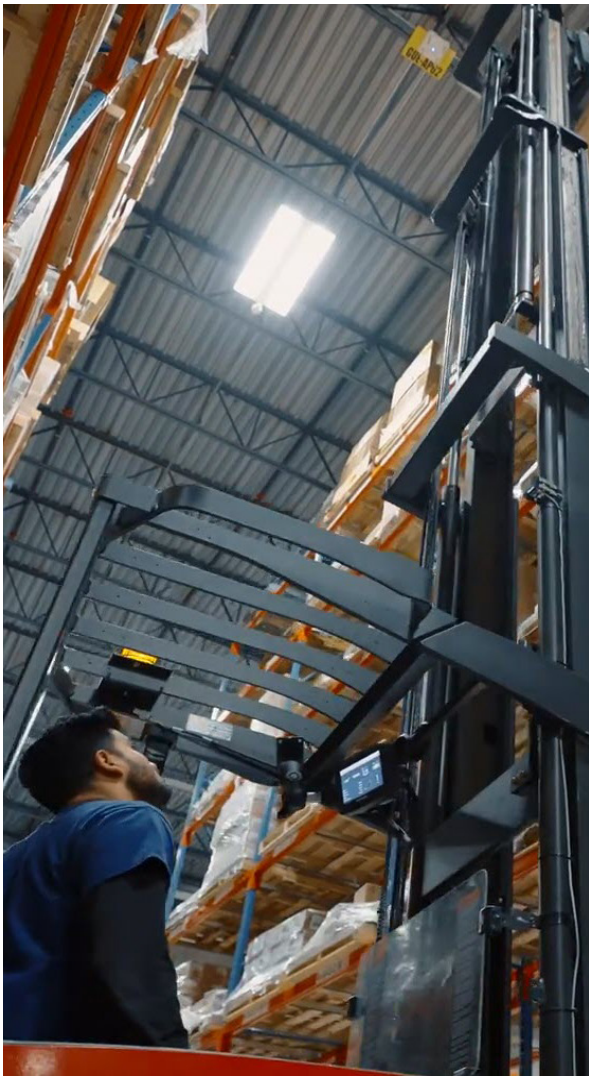


## THE PARTNER-VALUE GAP APPEARS IN OUTSOURCED & HYBRID OPERATIONS, TOO

Among the 31 respondents who cited not having the right supply chain partners or 3PLs to drive value as a barrier, 45.2% operated warehousing in-house, 32.3% used a hybrid model and 19.4% fully outsourced warehousing to a 3PL. The in-house share was close to the survey mix (45.2% versus 46.2%), while fully outsourced operations were more represented in this group than in the survey overall (19.4% versus 11.8%).

This means partner-value concerns are not confined to companies that keep logistics in-house. More than half of this subgroup used a hybrid or fully outsourced model. The survey suggests outsourcing alone does not shift the perceived value of a 3PL partner.

Cost expectations were especially high in this group: 74.2% said lower costs without service trade-offs would make a partner more valuable, compared with 46.4% of respondents who did not identify the partner-value gap as a barrier. Cost control was the single most desired partner improvement for 25.8%, versus 18.8% of others. Shippers should make value expectations explicit—and distinguish a provider's activity from the business outcomes that activity is meant to produce.



## REPORTED IMPROVEMENTS DO NOT NECESSARILY CLOSE THE VALUE GAP

Warehouse operations and productivity was the most frequently cited area of improvement over the prior 12–18 months (40.2% overall). Inventory visibility and accuracy followed (30.8%), while transportation cost management was cited by 21.9%.

Respondents who reported progress still wanted more cost value. Among those reporting warehouse productivity improvements, 58.8% said lower costs without service trade-offs would make a partner more valuable. Among those reporting transportation cost management improvements, that figure was 73.0%; 32.4% of this latter group also selected cost control as the single improvement they most wanted from a partner.

The pattern also appears among people who said they lacked the right partners to drive value: 45.2% reported warehouse productivity improvements and 35.5% reported transportation cost management improvements; 64.5% reported improvement in at least one of these areas. Perceived improvement and a perceived partner-value gap can coexist. A shipper may see better throughput or freight management yet still feel the overall economics, service outcomes or strategic support are not good enough.

These are self-reported survey responses, not audited savings or proof that a 3PL caused the improvements. **Shippers should connect operational KPIs to financial impact:** higher units per labor hour matter most when they translate into lower cost per unit, capacity released, better service or another business result.

**73.0%**
Wanted lower costs without service trade-offs despite transportation cost improvements.

**64.5%**
Reported operational improvements despite lacking the right partners to drive value.

**58.8%**
Wanted lower costs without sacrificing service despite warehouse improvements.

## COST PRESSURE PERSISTS—EVEN AMONG RESPONDENTS REPORTING PROGRESS

Transportation cost or carrier performance was the leading overall pressure area, cited in respondents' top three concerns by 42.0%; it ranked first for 29.6%. In warehousing, limited space or capacity (36.1%), labor shortages, turnover or productivity (33.1%), and rising facility, labor or operating costs (32.5%) were the most common top-three concerns.

Among respondents reporting warehouse productivity improvements, 48.5% still ranked transportation cost or carrier performance among their top three pressures, and 35.3% ranked rising warehouse-related costs among their top three. Among those reporting transportation cost management improvements, 48.6% still ranked transportation cost or carrier performance in their top three. **Progress in a specific function – such as warehousing or transportation productivity improvements - does not necessarily remove broader cost pressure.**

Shippers should assess connected activities, not isolated silos. Freight savings can be offset by warehouse inefficiency, inventory constraints, labor costs or service failures. Warehouse productivity gains may not solve transportation spend or carrier reliability. A 3PL's value should be evaluated against end-to-end objectives and the cost/service trade-offs that matter to customers.

**42.0%**
Cited transportation costs or carrier performance as a top-three concern.

**36.1%**
Cited limited warehouse space or capacity as a top-three concern.

**33.1%**
Cited labor shortages, turnover or productivity as a top-three concern.



## WHAT SHIPPERS & MANUFACTURERS SHOULD DO WITH THEIR 3PLS

**Define value in business terms.** Agree on outcomes such as total logistics cost, cost per order/unit, on-time performance, order accuracy, damage, inventory accuracy, throughput and flexibility. Avoid relying on one rate or productivity metric.

**Establish a transparent baseline.** Document current cost, service and operating performance, including volume, product mix, seasonality and accessorials. Use it to distinguish improvement from changes in demand or conditions.

**Ask for a cost-to-serve view.** Understand warehouse and transportation cost drivers—labor, space, handling, packaging, freight mode, carrier mix, accessorials, inventory profile and exceptions. Identify which levers the provider can influence and which require shipper decisions.

**Tie savings to service guardrails.** Define what must not deteriorate: delivery performance, order accuracy, safety, inventory integrity, responsiveness or customer experience. Track savings and service together.

**Review the full network.** For hybrid operations, compare in-house and outsourced activities using consistent, fully loaded costs. Look for handoff costs, duplicated work, capacity imbalances and workflow redesign opportunities.

**Make continuous improvement jointly accountable.** Maintain an improvement pipeline with owners, milestones, expected benefits and post-implementation validation. Separate one-time savings from sustainable run-rate improvements.

**Use visibility and technology to support decisions.** Ask for timely, actionable data to identify cost drivers, exceptions, underused capacity, avoidable accessorials and service risks. Align data definitions.

**Revisit the partnership when value remains unclear.** If the provider cannot explain performance or show progress, escalate through a structured improvement plan. Consider scope changes, benchmarking or a network review before assuming a provider switch alone will solve the problem.



# QUESTIONS

Shippers should ask themselves—and their 3PLs

01 Can we quantify total logistics cost—not just contract rates—and identify the biggest cost drivers?

02 Which savings has our 3PL delivered, how were they calculated, and have they been sustained?

03 Have savings been achieved without weakening delivery, accuracy, inventory integrity, safety or customer experience?

04 Do warehouse productivity metrics connect to cost per unit/order, capacity released or service outcomes?

05 Do we understand freight mix, accessorials, carrier performance, mode selection and avoidable exceptions?

06 In a hybrid model, are in-house and outsourced operations compared on a consistent, fully loaded basis?

07 Does our 3PL proactively surface cost/service trade-offs, or do we mainly react to invoices and service failures?

08 Do we have the data visibility and quality needed to verify savings and make timely decisions?

09 What are our next two or three joint improvement initiatives, who owns them, and how will impact be verified?

10 If value falls short, have we communicated expected outcomes and agreed on a measurable path to improvement?

## THE SHIPPER'S VALUE EQUATION

Legacy's research suggests the right question is not simply whether a 3PL can lower a rate or report an operational improvement. It is whether the partnership is producing measurable business value across cost, service, visibility and resilience. Shippers and manufacturers can make value a shared, evidence-based responsibility: define outcomes, baseline performance, track cost and service together, and require a clear improvement plan. The goal is not the cheapest logistics solution; it is a partner that helps the business spend smarter, perform reliably and improve continuously.

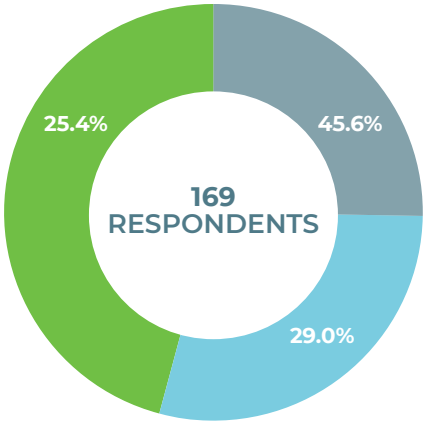



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# APPENDIX: ABOUT THE RESPONDENTS

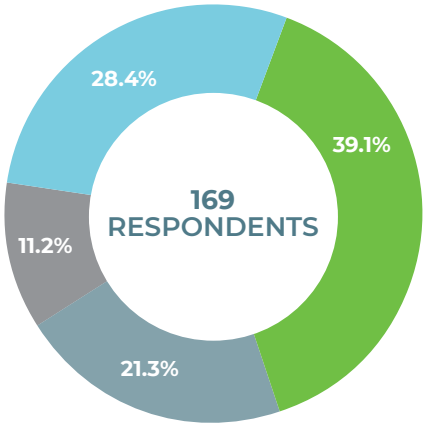
The following profile summarizes the 169 survey respondents by industry, revenue, decision-maker status, and type of warehousing and transportation models deployed.

## INDUSTRY CATEGORY




- Manufacturing & Industrial
- CPG & Retail
- Other

## DECISION MAKER STATUS




- I am a final decision-maker
- I influence decisions
- I provide input for consideration when asked
- I am not involved in partner or vendor decisions

## ANNUAL REVENUE RANGE

| | |
|---|---|
| Over $5B | 12.4% |
| $1B–$5B | 12.4% |
| $500M–$1B | 8.9% |
| $250M–$500M | 7.1% |
| $100M–$250M | 8.3% |
| $50M–$100M | 3.0% |
| $25M–$50M | 5.9% |
| $10M–$25M | 4.7% |
| $5M–$10M | 1.8% |
| $1M–$5M | 3.6% |
| $500K–$1M | 1.2% |
| Under $500K | 0.6% |
| Not available/unclassified | 30.2% |

## WAREHOUSING & DISTRIBUTION OPERATING MODEL

Warehousing is managed entirely in-house (in-sourced) — 46.2%

Hybrid model – some warehouses are in-sourced and some managed by 3PLs — 29.6%

Warehousing is outsourced entirely to third-party logistics provider(s)(3PLs) — 11.8%

Warehousing is handled by an external party, such as a distributor, retailer, or parent company. — 7.1%

No, our organization does not utilize warehousing services — 5.3%

## METHOD(S) FOR SECURING TRANSPORTATION CAPACITY

| | |
|---|---|
| Direct contracts with carriers | 37.3% |
| A mix of owned/dedicated assets and third-party capacity | 25.4% |
| Company-owned, dedicated assets | 17.2% |
| Leverage transportation brokers or other non-asset providers | 15.4% |
| Unsure | 4.7% |



## SAMPLE COMPANY RESPONDENTS
WITH REVENUE OVER $250 MILLION

| | | |
|---|---|---|
| Adidas | American Airlines | Aspire Bakeries |
| Atkore | Dawn Foods | Deciem |
| Doman | ECI Electrical Components International | Elekta |
| Elkem | EquipmentShare | Everstory Partners |
| Fountain Tire Ltd | Freudenberg Medical LLC | Future Electronics Corporation |
| GE Appliances | Generous Brands | Heritage Operations Group |
| Johnson & Johnson | Johnsonville Sausage | L3harris Technologies Inc |
| Lakeshore Learning | Lipton | Lockheed Martin |
| Lutron Electronics | Magellan Aerospace | Medxcel |
| Modern Niagara | Niagara Bottling | Oklahoma State University |
| Oshkosh Defense | Owens Corning | PepsiCo |
| Prada | Pregis Corporation | Quincy Compressor |
| See's Candies | Shurtape Technologies | Siemens Healthineers |
| Stitch Fix | Sun Hydraulics | SunOpta |
| Technimark | Tenova | The Service Companies |
| The Walt Disney | Tory Burch LLC | Unilever |
| Versace | Wahl Clipper Corporation | Wegmans |




1-877-762-7175 | 10 W. Market Street, Suite 2325, Indianapolis, Indiana 46204 | www.legacyscs.com