Five logistics shifts for 2026

How cost pressures and technology are reshaping the logistics landscape – and how leaders can stay ahead

TEG | SMARTER TECH BETTER LOGISTICS

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As the founder of TEG and Trustd, Lyall Cresswell has played an instrumental role in the digital transformation of the transport industry for more than 25 years. The TEG platform now supports more than 9,000 member businesses and manages 2.5 million loads annually.

Lyall's most recent logistics innovations include the digital identity and compliance innovation Trustd and the transport settlement innovation SmartPay. Both solutions make it easier for transport and logistics businesses to work together seamlessly.

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With expertise in enterprise-specific challenges, James specialises in leveraging data insights and strategic solutions to drive operational efficiency and growth amongst enterprise-level logistics businesses. He has a record of aligning technology with business needs to help enterprises navigate complex logistics landscapes and optimise performance at scale.

James is passionate about innovation and data-driven strategy, and is dedicated to transforming the logistics industry through cutting-edge technology.

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Kirsten has over thirty years' experience of logistics management and projects. Prior to establishing Aricia in 2001, Kirsten held full-time roles in companies including Marks & Spencer, TNT and what is now DHL.

Aricia specialises in helping companies to make informed decisions in logistics - reducing risk by putting facts and figures around the options and trade-offs, carrying out assignments in all parts of the supply chain.

Kirsten specialises in data analysis / visualisation including map-based, modelling supply chains and industry research. She is a Chartered Fellow of the Chartered Institute of Logistics & Transport and a Director of Women in Logistics UK CIC. She is also a member of the Institute of Directors and an Imperial College Mathematics graduate.

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Malcolm's extensive logistics experience has seen him take on senior logistics and supply chain roles with organisations including HJ Heinz, RHM/Premier Foods and Ideal Standard International.
His work combines operational grounding with strategic leadership in logistics transformation, supplier relationship management and category management.

In 2017 Malcolm founded LOGURU to provide a new model of supply chain counsel. LOGURU now works with organisations to design and optimise supply chains that deliver long-term value for businesses, their people and the wider world.

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A Chartered insurance professional with more than 20 years' experience, Tristan boasts an extensive record of shaping insurance strategies for transport and logistics organisations. He is recognised for his understanding of the sector's operational, compliance and risk landscape, and for aligning insurance provision with the realities of modern logistics networks.

Tristan has played a leading role in designing bespoke, long-term insurance solutions for the industry, working in partnership with major platforms to create future-proofed products that support logistics growth.

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Introduction

Logistics and the howling twenties

Logistics, many will tell you, has had a tough time of late. Their arguments are not without evidence.

When the 2020s first began, there was optimism in the air. Then, within months, Covid-19 had upended both our industry and the world. And while, over time, Covid's reverberations have receded, in their place new logistics shocks have emerged.

This decade, our industry has grappled with oil price spikes and escalating geopolitical tensions. It's had to contend with a once-unthinkable war in Europe. Double-digit inflation has rocked pricing, unwieldy tariffs have redistributed transport demand, and an ongoing driver shortage has, on multiple occasions, reached levels of crisis.

And yet...

Outpacing economic growth tenfold

In 2019, the transport and logistics sector added £139 billion to the UK economy. At last count, that figure had jumped to £170 billion; a 22% increase. Meanwhile, over the same period, the wider UK economy grew by just 2.2%. Despite ongoing headwinds over the past five years, our sector has outpaced average economic growth tenfold.

How?

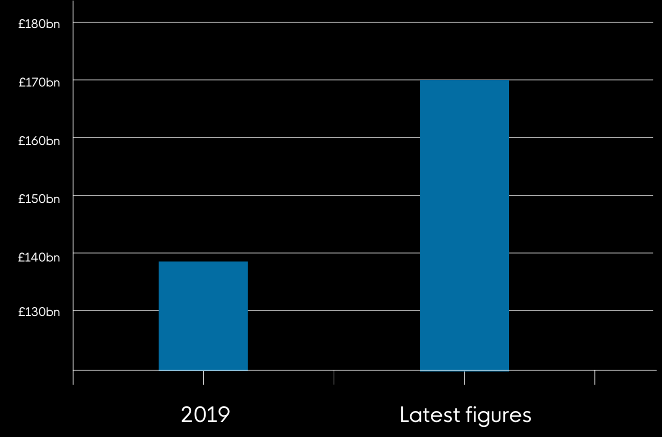
There are many ways to answer that question. One way, though, is by highlighting our industry's approach to change. Attending just one hour of a single logistics conference this year would be enough to prove to even the most sceptical of outsiders how acutely our industry follows burgeoning logistics developments. In a perpetually uncertain world, our industry leaders listen. They reflect. They make wise forward moves.

Accordingly, this whitepaper is focused on logistics change. More specifically, it's focused on five changes taking place right now that are reshaping the ways in which our sector (and specifically, the transport arm of our sector) works.

To some, the 'shifts' discussed herein will not be novel. That's good news. To others, they will be. That's even better news. In logistics, as in life, the one true constant is change.

It is to those best prepared that the greatest spoils go.

Driving gains: UK logistics sector growth from 2019



Source: Logistics UK, The Logistics Report, various years

Shift 1

Logistics businesses will leverage the benefits of digital identity


Lyall Cresswell
Founder, TEG

The biggest disruptive force our industry should keep an eye on at present is the roll out and the adoption of digital identities, writes Lyall Cresswell.

Digital identities – like physical IDs, but in digital form – hit the headlines in 2025, when the UK government suggested they would soon use a digital identity programme to verify the right to work in the UK, and thus disincentivise illegal immigration. The announcement prompted a great deal of backlash. Mostly because, in tying the issue to a political maelstrom, it failed to highlight the positive, apolitical, real-world outcomes from which we can all expect to benefit as we begin to use digital identities in business.

I've been talking about this for a long time now, but in logistics, the identity problem is pervasive. Our sector is extremely fragmented. That's great, because it makes

> **"In logistics, the identity problem is pervasive."**
>
> Lyall Cresswell, TEG

our sector resilient. But logistics fragmentation also has downsides. In particular, in the modern day, fragmentation makes it extremely difficult to know and trust the businesses and people with whom we might wish to collaborate. At present, trying to verify the credentials of, say, a potential new carrier is manual and it's cumbersome. The necessarily meticulous identity and credential checks often mean onboarding a new supplier can take days, or even weeks. There are licences to check; there are insurances to check; we need to be careful with the financial health of our partners; on it goes.

68%

The average percentage of carriers 3PLs are unable to audit at least once per year

Source: TEG, 2024

So what happens? We don't collaborate. Not very effectively, anyway. We have a favoured list of onboarded suppliers and when we need to subcontract, we receive tenders from two or three suppliers. That is a tiny fraction of the market. And of course, ignoring almost every player in the market leads to sub-optimal outcomes – because the business best positioned to service a contract never tenders in the first place. There's a round hole to fill, but you can only plug it with a hexagonal peg. It just about fits. But it's far from perfect.

Now, think about what happens when our businesses – and the individuals within our businesses – are using digital identity technology. All of a sudden, there is literally no need to 'onboard' a new supplier at all. All the checks have already been done. Not only have they been done, but through things like live APIs, they're currently being done, live, on a continuous basis. Should you wish to check a business or individual's credentials, you simply check their digital identity profile. It's all there. All on file. What about when one of the insurances of an existing supplier changes or lapses? You're alerted instantly.

If this all sounds fantastical, consider the market for licensed cabs. Each time you jump into a taxi, you don't ask the driver to perform an emergency stop and a hill start to verify their driving capabilities. You know that their licence proves the checks have already taken place, and thus you can 'collaborate' with any 'carrier' without friction.

The sector ramifications go beyond onboarding, of course. In certain jurisdictions, cargo theft dogs the logistics industry. How can one ever allocate the delivery of seriously valuable freight to an unknown driver who could quickly make off with the lot? The answer is with a verified, verifiable digital identity.

$35 billion

The estimated annual cost of freight cargo theft

Source: NICB.org, 2025

The collaboration gains, efficiency gains and resilience gains on offer here are vast. They are why I believe everyone in our sector should be keeping a close eye on the emergence of digital identity technology this year, and indeed in years to come.

Shift 2

3PLs will favour very large, digital carrier networks

James Mead
Head of Enterprise, TEG

Historically, transport teams have typically relied on small carrier networks to deliver goods. James Mead believes that's about to change.

When you look at where we are with AI today, it's easy to draw parallels with the rise of digital tech at the turn of the century. Then, as now, we were all discussing new eras, new possibilities, and the impending inversion of our daily lives.

Today, much 'digital transformation' has already played out. In logistics, digital tech now underpins everything from sourcing and storing goods to inventory management. There is one logistics area that's yet to fully digitise, though: our carrier networks.

In 2026, when it comes to transporting goods, transport teams typically rely on a handful of carriers to deliver the lion's share of their goods, managing their associates by phone or email. It's the 'little black book' approach to freight transportation. Using bespoke digital tech to source carriers is the exception, not the rule.

There are reasons why the status quo pervades. Clearly, in distribution, reliability is paramount, as a single failed delivery has severe consequences. Speed is also important: when trying to get things moved quickly, there's rarely time for drawn-out tendering. Throw in a serious aversion to risk and it's easy to see why, rather than work with hundreds or even thousands of carriers using bespoke software, teams typically favour a few close contacts and a spreadsheet.

Still, working with just a few carriers isn't without its flaws, and topping the list is inefficiency (as my colleague Lyall Cresswell points out above). In the public sector, receiving tenders from a limited supplier base is outlawed. There's a reason.

In reverse: Rather than reducing, the percentage of unloaded HGV miles is creeping up.

Source: Department for Transport

Note: In 2021, data collection shifted from paper-based to online, and revisions to sampling, validation and weighting procedures were enacted. As a result, pre-2021 statistics are not directly comparable to this published post-2021.

> **"We cannot continue to pay for so many dead miles. We're going to need to become much more efficient."**
>
> James Mead, TEG

Businesses can tolerate inefficiencies up to a point. But, as Aricia's Kirsten Tisdale explains below, transport costs are currently rising far quicker than prices. In 2026, 3PLs are going to need to cut transport costs. We cannot continue to pay for so many dead miles. We're going to need to become much more efficient.

Efficiency gains are the carrot, but they're not the only reason I believe 3PLs are going to enlist large, digitally managed carrier networks in 2026. A second is technological progress. As I mentioned above, historically, transport teams have favoured working with a small network of carriers that they know personally, often using personal relationships to safeguard carrier reliability and performance. With digital technologies, that's no longer necessary.

Digital tech can now monitor carrier performance over time. Tracking tech can grant managers 360° carrier control towers, no matter how much freight they have in motion. Advanced options highlight delivery risks. Increasingly, digital tech records and stores the information transport managers have typically had to file mentally. That releases the cap on the number of carriers a manager can work with.

> **58%**
>
> **The increase in the average size of a TEG member's carrier network between 2020 and 2025**
>
> Source: TEG, 2026

When you place the two carrier-sourcing models side-by-side, it seems as though it will be just a matter of time before transport teams default to using large carrier networks that they manage digitally.

Teams need capacity. But rather than phone around, they check live, digital maps to see carrier whereabouts, capabilities and availability. They alert all appropriate carriers with a single communication. They get quick feedback – both from those in their 'preferred' carrier base and the wider market.

What's more, carriers benefit too. They run empty infrequently, become evermore specialised, face a level playing field during tenders, and the best are rewarded for their performance.

It's efficient. It's slick.

It's carrier sourcing in 2026.

Shift 3

Cost pressures will accelerate digital transformation

Kirsten Tisdale FCILT
Founder and Director, Aricia Limited

Third party logistics providers and hauliers need to cut overhead costs significantly – which has ramifications whether you are a haulier, 3PL or a shipper, writes Kirsten Tisdale.

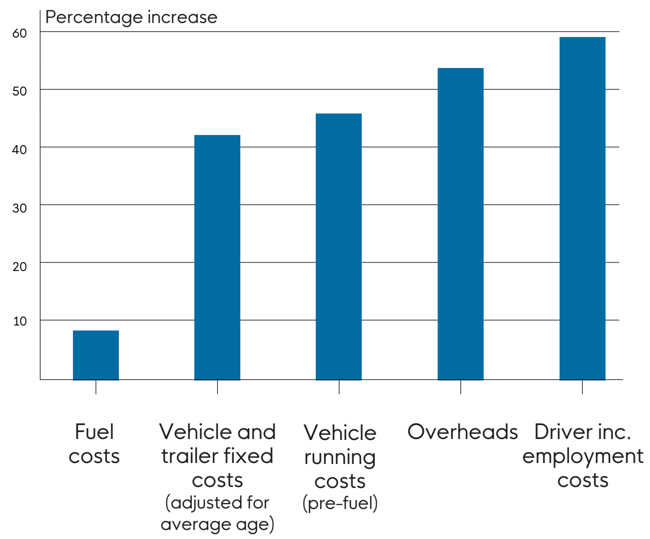
2025 will probably be remembered for Trump & tariffs; the various cyber-attacks - think M&S, Co-op, Harrods and particularly JLR; and that late budget having a dampening effect on the economy. But it will also be remembered by the industry as the year that UK logistics confidence was at its lowest in a decade.

The latest RHA cost tables were published recently and show that the costs of running an artic in 2025 are nearly 40% higher than in 2019, whereas haulage rates as measured by both the TEG Price Index and the ONS SPPI Freight by Road measure have only gone up by just over 20% over the same period. For comparison, the CPI went up by 28.4%. Due to rising costs, whatever profit a haulier was making in 2019 will have been eroded.

The largest element of the RHA-detailed costs is the driver, including employment costs. It was the largest element in 2019 and has increased by the largest percentage over the past six years.

The second largest percentage increase over that period has been for overheads. These overheads include management and admin salaries that are attributable to the haulage operation, and also operational overheads.

Biggest cost increases for asset-owners 2019 - 2025



Source: RHA Annual Cost Movement and Pay Surveys, 2019-2025

Diesel has actually been one of the restraining forces more recently, after the huge rise in 2022 and following deflation, rising about 8% since 2019. But with increased fuel tax to 'look forward to' going forward, future diesel prices will almost certainly rise in the medium term.

Of course, all these figures are averages. Their effects on any given operator will therefore depend on the type of operation in question, as well as its requirements. 'One-man-band' operations have relatively low overheads. Their costs will have increased in percentage terms, but in absolute terms, the hike may be manageable. Meanwhile, those with very large fleets can spread overhead hikes across more vehicles. Profit per vehicle may decrease, but not fatally. It's the mid-size fleets that will be hardest hit... although all will want to do something about it.

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>
> Kirsten Tisdale, Aricia Limited

Operational costs can be controlled by increasing efficiency as well as attention to purchasing. This increased efficiency can be achieved in at least two ways – less waiting time at collection and delivery points, and better utilisation on the road – getting rid of any empty legs. But no-one aims to run an inefficient operation.

Transport operators also need to concentrate on getting their overheads down – best achieved by changing the way in which their business is run through continued and integrated digitalisation of planning, financial and administration tasks. And, as well as

getting costs down, hauliers need to increase revenue. If cost is a function of time, distance and what is allocated to different activities, price needs to vary depending on factors such as outbound versus backhaul, contract or spot, reliable customers versus those that are known to make the haulier wait around, and more.

> **39.7%**
>
> **The average cost increase of running an artic**
>
> Sources: RHA Annual Cost Movement and Pay Surveys, 2019-2025; DESNZ Weekly Road Fuel Prices

I guess the message to logistics providers is to negotiate hard and the message to freight buyers is: are you such a good client your carriers are happy to continue to invest in assets, take on risk and responsibility for little profit, and hang around? You need to be.

> **15.3%**
>
> **The average price increase of artic transport, 2019-2025**
>
> Source: TEG Price Index, 2026

Shift 4

Firms will begin to use AI strategically

Malcolm Pope
Founder, LOGURU Limited

3PLs are already using AI tactically, writes Malcolm Pope. But is the logistics industry taking the strategic capabilities of AI seriously?

The logistics industry is clearly adopting AI. We see it in route optimisation, demand forecasting, network modelling, warehouse planning and predictive maintenance. These applications deliver real operational benefits. But they also expose a deeper question. Are we using AI to genuinely rethink how logistics businesses operate, or are we simply using it to make existing processes run a little faster?

In most organisations today, AI is being applied tactically. It helps people do what they already do, but with better data and quicker insight. That is valuable, but it is not transformational.

> **"In most organisations today, AI is being applied tactically. That is valuable, but it is not transformational."**
>
> Malcolm Pope, LOGURU Limited

The strategic use of AI starts with a different question. Not "what AI tool should we buy?", but "which decisions should we automate, which should we augment, and which should we redesign completely?"

Very few logistics businesses are asking that question. Even fewer are changing decision rights, operating models or leadership behaviours around AI-driven intelligence. Instead, AI is bolted onto existing processes and treated as a tech upgrade.

This is where the real opportunity sits. In logistics, AI should not be viewed as a software enhancement. It should be viewed as a means to improve organisational thinking. At LOGURU, we use AI to strengthen human intelligence, not replace it. The most powerful role for AI in logistics is helping people make better decisions more consistently and at scale. It does this by revealing patterns, highlighting emerging risks, challenging assumptions and directing attention to where leadership focus is genuinely needed.

Some examples of how LOGURU uses AI perhaps demonstrate my point.

- At LOGURU, we use the AI capabilities of Dragonfly to interpret customer relationship signals across large client bases. Rather than relying on single headline metrics, Dragonfly helps organisations understand why relationships strengthen or weaken and where action will make the biggest difference. It turns feedback into insight, not just measurement.
- Elsewhere, through Pulse, LOGURU uses AI to assess organisational maturity and systemic capability. Pulse moves the conversation away from isolated KPIs and towards how well the whole business is designed to perform, adapt and improve.
- Finally, through LOGURU Ignite, we use AI to enhance learning. Not by automating content, but by making training more adaptive, contextual and relevant to how people actually operate. AI becomes a way of amplifying understanding, judgement and practical capability.

This is the shift the industry needs to make. AI should not just be about faster planning. It should be about better thinking. It should help organisations redesign how decisions are made, clarify where automation is appropriate and where human judgement remains essential, and create businesses that learn and adapt continuously.

For 3PLs, the challenge is straightforward but uncomfortable: stop treating AI as a tool, and start treating it as a redesign of how your organisation makes decisions.

> **25%**
>
> **The number of logistics firms actively using AI**
>
> Source: YouGov, 2024

Those who use AI only for efficiency will improve performance. They ask "human questions" that seek to preserve and mildly optimise today.

Those who use AI for strategic intelligence will build resilience, differentiation and long-term advantage. They ask "superhuman questions" that seek to utilise the enormous capability of the technology around them.

That is the real divide now emerging in logistics.

Shift 5

Insurance costs will incentivise advanced risk management

Tristan Scaife
Commercial Director, BCD

Insurance premiums are due to increase, writes Tristan Scaife, and 3PLs will not accept the hikes lying down.

It may surprise many who read this, but insurance prices for the logistics sector largely fell throughout 2025. According to the Pearson Ham Group, LCV premiums fell by as much as 19% in 2025.

After working in the sector for more than 20 years, it's easy to see why. 3PLs have never had it so good in terms of the sheer number of insurers looking to offer insurance products to LCV specialists. Increased competition hasn't exactly triggered a price war... but it has triggered softer prices and/or broader cover.

Digging a bit deeper, things become even more interesting. Over the past 18 months, commercial insurance markets have been unusually profitable. That's led to more market entrants looking to capture a slice of the action.

But – and this might come as a shock too – insurers don't usually make much money through the gap between the premiums they charge and the claims they pay out. Insurers mostly make money by investing premiums.

So insurance profits will probably cool this year. Market signals already look uneasy, with some information houses suggesting insurers will soon be paying out £1.10 in claims for every £1 of premium received. That seems unsustainable. So I believe, soon, insurance prices are likely to rise.

It'd be easy for me to 'predict' 3PLs will be paying greater insurance premiums in the near future and leave it at that. But will they? Every action has an equal and opposite reaction and, again, after working in the sector for so many years, I know that when insurance costs rise, 3PLs react. The insurance market, boiled down, is a market for risk. Those saddled with

97%

percentage of HGV fleets reporting a reduction in safety incidents after implementing video-based safety solutions

Source: Webfleet UK Fleet Safety Report, 2025

risk (3PLs) don't want it. So they pay insurers to take the risk off their hands. The more risk that gets transferred, the more money insurers charge.

That means there are two ways for 3PLs to cut rising premiums. They can reduce their levels of cover. Or they can keep their levels of cover but reduce the amount of risk they hold. With 3PLs unable to accept lower levels of cover, in the near future, we can expect them to reduce the size of their operational risk – through technology.

3PLs, hauliers and LCV operators are increasingly using video telematics, for example, as credible indicators of how drivers are actually driving, rather than relying on assumptions. Speed, braking, distraction and near-miss data, paired with video evidence, is already reducing risk, claim frequency and claim costs. That's set to continue – and even increase. AI video telematics now promises to prevent accidents before they happen. As 2026 unfolds, 3PLs will increasingly rope in the tech.

Video telematics can also improve driver training. Tailoring training in line with telematics records has been shown to reduce incident rates and improve overall standards. That's what everyone – LSPs, drivers, insurers and society – wants. Less risk. So expect more implementation.

Elsewhere, daily mechanical vehicle checks already reduce the likelihood of defects on the road, culling operational risk. Digital technologies are accelerating and standardising daily checks while reducing human error. Better still, digital paper trails prove to insurers that vehicles are being maintained properly, reducing a fleet's risk profile in the eyes of underwriters. In 2026, daily digital vehicle checks will increase.

"If there were ever a tool designed to reduce risk, it is digital ID."

Tristan Scaife, BCD

Then there's probably the most significant risk management advance in years in the form of digital identities like Trustd. If there were ever a tool designed to reduce risk, it's digital ID. Live APIs with the DVSA. Ongoing credential checks. Assurance that, when 3PLs bring on a new carrier, they are who they say they are and meet certain standards. It's exciting stuff.

And despite the likelihood of insurance price increases, we should be excited. Logistics risk isn't good for anyone. This year, I believe the sector will eliminate a lot of transport risk. And, once it's gone, it won't be coming back.

Parting thoughts

The importance of constants

In 2007, the Harvard Business Review published an interview with Amazon's Jeff Bezos. The piece attempted to pinpoint precisely what it was that made Bezos' company so successful.

The usual explanations, of course, emerged. Amazon was 'obsessed' with its customers, Bezos said. It also nurtured a culture in which good ideas were born. And it continuously experimented, trying new things.

It was on this final point that Bezos' advice became interesting – because new ideas, of course, are risky. And they usually take a long time to pay off.

So the interviewers pressed Bezos on the point. If Amazon's new ideas were risky, and if they were set to take a long time to pay off, how did Bezos convince stakeholders to be patient? How did he convince them to accept experimentation and stay the course?

Primarily, Bezos replied, because Amazon focused on constants.

Bezos advocated developing new services and launching new initiatives not in response to societal changes, but in response to constants. Customers would always want lower prices, Bezos said. They'd always want faster deliveries. So any investments Amazon made and any initiatives Amazon launched with these constants in mind would very likely pay off – and keep paying off once they did.

It was a point Bezos would reiterate often as his company grew into the $2.5 trillion behemoth it remains today. When strategising, it's interesting to consider what in the world is shifting. Very often, though, focusing on what's not changing is just as important.

Long-term, stable logistics aims

In this whitepaper, we've focused on change. We've seen:

- **How the use of digital identity is creating new collaboration opportunities**
- **How 3PLs are increasing the size of their carrier networks**
- **How the industry might respond to cost pressures**
- **Where AI might be best deployed**
- **How insurance market shifts might impact 3PL behaviours.**

As a parting thought, it is worth considering that what makes each of these changes so interesting is that each change, in turn, will help 3PLs achieve long-term, stable industry goals.

Innovations in digital identity matter, but they matter because they unlock large efficiency opportunities. 3PL customers have sought greater efficiencies since time immemorial.

Likewise, adopting digital technologies is important because it will reduce overheads – and reducing overheads is another industry goal that will never go away.

The changes outlined in this paper are, clearly, far from the only changes currently afoot in transport and logistics, and with limited capital and resource, logistics leaders might wonder which of the industry's numerous current changes are most worthy of attention.

That depends on individual organisational context. As a guiding light, though, it's worth considering the potential constants underpinning a change.

Does a change unlock more efficiency or reduce customer prices?

Could it improve 3PL service or performance?

Does a change increase supply chain resilience? Does it reduce emissions, or mean customers get more choice?

These logistics goals will not go away. It is therefore hard to see how pursuing them will not pay off.

Logistics leaders must decide which of the goals are of premier strategic importance to their organisation, and therefore which industry shifts – now and in the future – are worthy of note.

It is our hope that this whitepaper offers clues.

For resolutions, it's over to you.

About TEG

TEG is the leading logistics collaboration platform serving transport and logistics.

Founded by entrepreneur Lyall Cresswell, over the course of 25 years, TEG has grown into a comprehensive suite of solutions addressing pertinent logistics challenges. These solutions include TEG Carrier Compliance, TEG Carrier Sourcing, TEG Transport Execution and TEG Freight Audit. Combined, TEG solutions make it easy for enterprise-level logistics organisations to source, onboard and work with large carrier networks at market-driven rates while reducing operational risk.

Today, TEG delivers flexible, enterprise-grade solutions to major brands like Dachser, Kinaxia, Howard Tenens and TVS, helping them unlock a hybrid network of existing and on-demand transport carriers, gain real-time transport visibility, enhance sustainability, and simplify payments.

Those interested in such outcomes are encouraged to get in touch.

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