2025 Wrapped: Costs, Complexity and the Road to 2026

Insights from our Freight, Logistics, Packaging and Energy specialists

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A year of relief and new pressure

After several turbulent years, 2025 brought a fragile sense of normalisation to many cost categories. Prices eased in some areas and stabilised in others. Yet for most business leaders, the feeling is not “back to normal”.

Across freight, logistics, packaging and energy, clients have faced a similar pattern. In this 2025 Wrapped, four ERA Group specialists – Hans-Henrik S. Hansen (Freight), James Dawson and Charles Reid (Logistics & Distribution), Antonio Nardone (Packaging) and Manuel Velazquez (Energy) – share what they have seen this year and what they expect in 2026.

What follows is not a technical report. It is a CEO-level view of where costs are moving, where risks are building, and where we are helping clients turn uncertainty into better decisions.

Expensive Power, Green Grids and New Risks

By Manuel Velazquez

Few cost categories have been as defining, or as destabilising, as energy in recent years. For Manuel, 2025 has been about understanding the post-crisis reality Europe now faces.

2025 in review

We are now firmly after the immediate energy crisis of 2022. Prices that "skyrocketed" in that period have been falling and are converging towards lower levels. However, they remain significantly higher than before the crisis – and crucially, higher than in other regions.

On average, Manuel estimates that:

• Electricity in Europe is around 2.5 times more expensive than in the United States.

• Natural gas is around four times more expensive than in the United States.

For European industry competing globally, this is a profound structural disadvantage. As Manuel puts it, *"after the energy crisis, energy in Europe is more expensive than in other regions... this is a key challenge for our clients because they have to compete in a global world."*

At the same time, Europe's electricity mix is becoming much greener: roughly 50% of generation now comes from renewable sources. That has reduced dependence on fossil fuels (particularly Russian gas) but it has not yet translated into lower prices or improved competitiveness.

Global energy consumption is rising, fuelled in part by energy-hungry technologies such as AI and data centres. In Europe, however, consumption is not really increasing – which Manuel links to weaker economic momentum.

How ERA Group helped in 2025

In this environment, Manuel stresses that clients need to look beyond unit price:

Procurement plus efficiency:
Good procurement still matters, but with Europe's structural price gap, clients must also focus on reducing consumption and increasing efficiency.

Managing volatility, not just price:
As renewables enter the system at scale, they create greater price volatility – big swings between periods of high and low generation. Manuel expects 2026 to bring lower average prices than 2025, but higher volatility. That volatility is a form of risk because it can blow up budgets and make cost forecasting difficult. ERA Group works with clients to build strategies that manage this risk, not just chase the lowest tariff on a given day.

Locking in opportunities:
Towards the end of 2025, natural gas prices in Europe have fallen significantly. Manuel's advice is clear: companies that have not yet fixed their 2026 prices should consider doing so now, locking in a meaningful share of their budget at current levels – potentially for 2027 as well. *"Now it's a very good opportunity because they are going to take advantage of a good price lower than the previous year,"* he notes.

What to watch in 2026

Manuel describes 2026 as likely to be a "quiet year in terms of prices", with levels perhaps around 50% above pre-crisis but well below the extremes of 2022. The real story will be elsewhere.

His bottom line is cautiously optimistic: "2026 looks better than 2025." But it will reward companies that lock in favourable prices, invest in efficiency, and treat energy volatility as a strategic risk – not a short-term inconvenience.

Logistics & Distribution: When Behaviour Matters More Than Rates

By James Dawson & Charles Reid

In logistics and distribution, 2025 has been less about dramatic price swings and more about behaviour – from both carriers and clients.

2025 in review

Charles highlights a series of projects where the biggest challenge was not the market, but the incumbent suppliers themselves.

In one case, working with fellow ERA consultants Kevin Davies and Russell Baker on a palletised freight project, the incumbent repeatedly failed to provide data. ERA Group had to run the parcels project first, then restart pallets later. Once the data finally arrived, an apparent "friendly" incumbent pulled out of the tender at the last minute, claiming they were losing money and that prices would need to rise.

That forced difficult conversations with the client to explain that the change in pricing was driven by market reality, not ERA Group's involvement. Ultimately, both incumbents lost the business, and a new solution was implemented that "not only delivers savings but actually gives them a better service."

In another long-running case, a global carrier (UPS) has been extremely reluctant to share the data required to run a project – despite signed agreements and multiple escalations. After nearly a year, James describes the situation as *"edging closer to a resolution", but the delay has been "problematic."*

At the same time, carriers are increasingly using surcharges to rebuild profitability in a tougher environment. As Charles notes, *"there are more surcharges arriving on invoices now, because they're looking for ways to increase their profitability in what's become a shrinking profitability area."*

How ERA Group helped in 2025

In this landscape, ERA Group's role is as much about relationship and transparency as it is about pure rate cards.

Unlocking value through relationships and pre-agreed structures:

By working closely with carriers at a high level, ERA Group can access surcharge structures and commercial arrangements that clients would rarely secure on their own. *"We have a set of surcharges with different suppliers which is often pre-arranged and that allows us to access savings that wouldn't normally be accessible for the client,"* Charles explains.

Operational escalation and problem-solving:

When major parcel carriers underperform, clients increasingly lean on ERA Group to escalate issues to senior management and "get them sorted". James points to numerous cases where this has secured quick operational fixes, deepening trust in ERA as an extension of the client's team.

Long-term partnerships (OGS / retained support):

Charles' longest-standing client has been with him for 15 years. One client explicitly asked ERA to remain involved in their next tender because "we can't do what you can do" – not just commercially, but operationally.

For those clients, ERA Group is not a one-off project provider; it is a permanent part of the logistics decision-making process.

What to watch in 2026

Looking ahead, Charles and James see a mix of structural and tactical challenges:

Carrier mergers and system changes:

DHL eCommerce is merging with Evri, combining two corporate cultures into one. That kind of integration, Charles notes, "will come with challenges… things might not be quite as good as they should be to start with."

Parcelforce and Royal Mail are merging systems meaning they will both use the Royal Mail billing platform, which should eventually improve cross-selling and service, but will also test IT and operations during the transition.

The "grass is not always greener" effect:

Frustrated with incumbents, some clients are tempted to switch carriers quickly. Charles' warning is blunt: "Be careful what you wish for. The grass is not always greener when you're changing." In some sectors, realistic options are limited and the risk is trading one set of problems for another.

Balancing price and service:

Price matters – but only alongside service. As James puts it, the real challenge is achieving the right "marriage of the service and price," especially when customer expectations on delivery are non-negotiable.

Different Freight Markets, One Risk Agenda

By James Dawson & Charles Reid

When we talk about "freight", we are really talking about several different markets moving at different speeds. As Hans-Henrik puts it, "freight and logistics is a very broad thing and different segments of it are working very differently."

2025 in review

On road freight - pallets moving within Europe, the US and other major regions – 2025 was relatively stable. Contracts are often agreed for a year at a time, and going into 2026, European carriers are announcing 4–10% price increases, mainly driven by wage inflation and higher maintenance costs. Fuel remains a separate surcharge linked to market prices.

By contrast, container sea freight has moved in the opposite direction of many headlines. From Asia to Europe, Hans-Henrik notes that "during 2025 prices have dropped by more than 50%," following earlier extreme spikes and falls after COVID.

Price volatility is still a reality, but from a very different starting point than in 2021–22.

Overlaying all of this is a steady increase in sustainability requirements. New regulations have driven some transport providers to introduce environmental fees simply to fund the reporting their customers now require. As Hans-Henrik says, companies may debate whether the paperwork changes the environment, but "it's something you have to do" – and it adds both complexity and cost.

Meanwhile, nearshoring has accelerated. For European companies, that often means sourcing in lower-cost European countries or North Africa instead of Asia. For US companies, it may mean Mexico instead of China. This is not strictly a freight trend – but it fundamentally reshapes freight flows and risks.

How ERA Group helped in 2025

Much of ERA Group's work in freight still starts with the basics.

Many companies simply accept annual increases, 4–10% here plus a new surcharge there, because they lack the capacity to run full tenders or interrogate the detail. In addition to simply adding the time resources clients can't find internally, ERA also adds additional market insights and competencies to the negotiations.

Beyond that, several themes stood out in 2025:

Foreign exchange margins on ocean freight:

Global container contracts are usually negotiated in US dollars, but many clients are invoiced in local currency. Carriers carry the FX risk but also add margin. Hans-Henrik describes cases where banks add a spread – and carriers then add another 3–5% on top. Simply switching invoicing to USD saved one UK client around £20,000, without touching the core freight rate.

Transport Management Systems (TMS):

Several clients moved from manual booking (emails, phone calls, typing into portals) to integrated TMS solutions, where data flows from the ERP, carriers are assigned in a structured way, and orders are transmitted electronically. That reduced manual workload, errors and disputes – and gave leaders clearer visibility of cost and service.

Supplier diversification as risk management:

In the pursuit of headcount reduction and/or improved terms from volume consolidation some clients had become heavily dependent on a single carrier.

Once that carrier realised their position, prices crept up and leverage eroded. ERA Group helped clients re-map processes, identify and onboard additional carriers – giving them a healthier balance between cost, service and resilience.

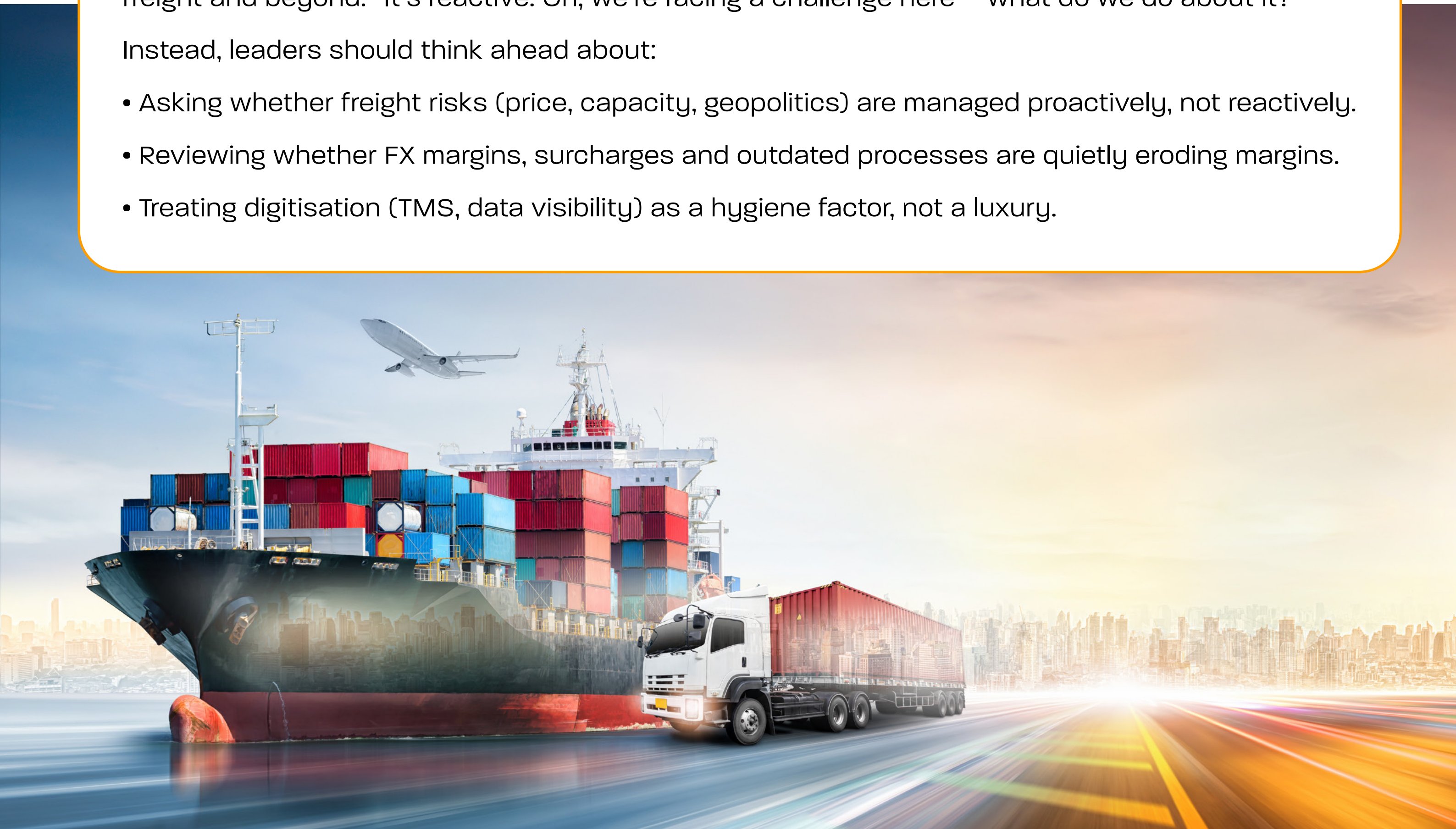
What to watch in 2026

For 2026, Hans-Henrik's advice can be summed up in two words: risk management.

Some companies, he argues, do not have a proactive risk management process when it comes to freight and beyond. "It's reactive. Oh, we're facing a challenge here – what do we do about it?"

Instead, leaders should think ahead about:

- Asking whether freight risks (price, capacity, geopolitics) are managed proactively, not reactively.
- Reviewing whether FX margins, surcharges and outdated processes are quietly eroding margins.
- Treating digitisation (TMS, data visibility) as a hygiene factor, not a luxury.



Regulation, Sustainability and the Factory Floor Reality

By Antonio Nardone

Packaging quietly sits at the intersection of cost, compliance and customer perception. For many businesses – especially in food, pharma and chemicals – it is both a major spend and a critical part of the product itself.

2025 in review

Antonio splits packaging into two broad families:

• Primary packaging – in direct contact with the product.

• Secondary packaging – pallets, cardboard boxes, outer layers and transport packaging.

For his pharma clients, primary packaging is heavily regulated. Changing a supplier or material triggers lengthy validation and regulatory approvals, sometimes including US FDA drug master file updates. That makes cost optimisation complex and slow – and rightly so, given the risk to consumer safety.

Secondary packaging is more flexible. That is often where ERA Group starts, because a trial and error there "doesn't affect the product itself." Optimising pallets, cardboard and other outer materials can deliver quick wins without disrupting production or compliance.

Antonio is clear that packaging is often mis-classified as "indirect" spend, when in reality it is a direct component of the product, especially in food, pharma, cosmetics and chemicals. As he notes, when you look at your kitchen bin after cooking or eating, *"the packaging that you produce...it's incredible."*

Packaging demand is not going away. If anything, after COVID, clients and consumers 'want everything to be protected from contamination.'

How ERA Group helped in 2025

Two themes stand out from Antonio's work this year:

Balancing sustainability and cost:
For clients producing sustainability reports, the ability to reduce packaging weight and volume delivers a double benefit – "you have a lower impact on the environment and you also reduce costs." Even though sustainability momentum in Europe may have paused politically after the Green Deal, Antonio sees it as a long-term trend that will matter to both regulators and customers.

Building trust through technical understanding:
Many operations leaders greet consultants with a predictable question: "What do you know about my specific problems?" Antonio's background in chemicals and pharma allows him to speak their language – from injectable ampoules to impurity risks – and to recognise where change is genuinely risky versus where it is manageable. When clients realise he understands those nuances, they are more willing to consider optimisation even in sensitive primary packaging.

What to watch in 2026

Looking ahead, Antonio expects more packaging projects, not fewer. As ERA Group moves further into direct cost categories, packaging is already in high demand: in Italy alone, he notes that two or three packaging specialists are "fully booked".

For clients, three questions will dominate:

- How can we reduce packaging volume and weight without compromising safety or product integrity?
- Where can we switch to more recyclable or sustainable materials – and what regulatory hurdles will that involve?
- Do we have partners who truly understand the technical and regulatory complexity of our industry?

Turning 2025 lessons into 2026 decisions

Across freight, logistics, packaging and energy, the question for 2026 is not simply "How do we cut costs?" It is:

Do we truly understand where our cost risks sit – and do we have the expertise, data and partners to manage them?

At ERA Group, our specialists see the same pressures that you do: squeezed margins, demanding customers, complex regulations and an uncertain global backdrop. Their work in 2025 has shown that even in a difficult environment, there are meaningful gains to be made – not just in price, but in resilience, visibility and control.

And if you choose to do that with a specialist partner at your side, ERA Group is ready to help – as an extension of your team, focused on turning cost uncertainty into confident decisions.