

Oral presentation: 249

FMCG cluster based collaborative transportation sharing from the perspective of Third Party Logistics (3PL)

I. S. S. Fernando* and P. L. S. Peter

Department of Industrial Management, Faculty of Science, University of Kelaniya, Sri Lanka

*fdosupun1@gmail.com

The functional integration and performance of modern supply chains are vital for competitiveness in the global marketplace. Logistics plays an increasingly important function in delivering value to the consumer. Therefore, modern firms frequently outsource logistics function to Third Party Logistics (3PL) providers. This strategic decision enables firms to capitalize their resources and expertise on core competencies to maximize business outcomes. Furthermore, 3PL service offering entities derive benefits from industrial clustering. Fast Moving Consumer Goods (FMCG) industry is one of the primary industries served by 3PL due to their increasing emphasis on services, cost of logistics and reduced inventory levels. 3PLs frequently experience problems such as capacity utilization, empty haulage and declining profit margins when dealing with multiple customer firms under diverse industry verticals. Hence, to vindicate aforementioned inefficiencies, 3PLs focus on strategies of collaboration. In freight distribution, the most popular collaborative strategy is that of logistics sharing, which can take place at the transport level, but also applicable in warehousing, inventory and other operations. Strategic use of cluster based collaborative transportation sharing by 3PLs could obtain the benefits of improved services, reduced costs and increased flexibility. Collaborative transportation sharing eliminates congestion and pollution that impacts community's standard of living, optimize transportation asset utilization and provision of flat rate stability to customers encouraging long term sustainable partnerships. This paper critically evaluated the supply chain collaborative models published in the literature and used expert opinions in both 3PL and FMCG industries in order to systematically relate those findings into 3PL powered collaboration in transportation sharing. Out of the models assessed, horizontal logistics collaboration model is selected on the basis of consideration factors, synergies and enablers, defined with respect to the UK retail industry. It is used to synchronize the transportation sharing aspect of FMCG cluster to emphasize the potential factors that affect collaboration in transport level asset sharing.

Keywords: 3PL, collaboration, freight distribution, haulage, horizontal logistics