

A Strategic Analysis of the use of Third Party Logistics Providers (3PLs) in Fast Moving Consumer Goods (FMCG) Industry: A Systematic Review of Literature

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Abstract

This topic is of strategic importance where Sri Lanka is moving into a manufacturing economy. In getting there it is vital to find the applicability of using experts in logistics that is called the Third Party Logistics (3PL). 3PLs can be generally defined as outsourcing a firm's logistics functions to one or more specialist firms which are known as 3PL providers. Over the past few decades, the consumer goods industry has experienced a shift in supply chain strategy from the push approach directed by manufacturers and suppliers to pull approach driven by retailers. Also, there is an increasing emphasis on services, reduced inventory levels and cost of logistics. Because of this increasingly demanding environment in managing consumer goods companies, they are progressively seeking assistance from 3PLs, 4PLs, and LLPs. Outsourcing the logistics functions lets the user focus on their core competencies, while experts take care of the logistics functions, giving the benefits of increased flexibility, reduced costs and improved services. Consequently, identifying potential enhancements in strategic use of 3PLs by the FMCG companies is increasingly being a focus point in current research. Having the objectives of providing a collective picture of current state of knowledge in this context and setting up a path for future research, this study is based on a comprehensive, systematic review of literature published in relation to the strategic use of 3PLs in FMCG industry. The scrutiny identifies several knowledge gaps where strategic use of 3PLs in the industry could be optimized, and develops propositions for future research.

Keywords: *3PLs, Outsourcing, Performance Indicators, Strategic Supply Chain*

JEL Classification: L24, L6

