

Providers of 3PL services in the modern logistics market

Provajderi 3PL usluga na savremenom logističkom tržištu

Goran Milovanović^a, Aleksandra Anđelković^a, Sandra Milanović^{a*}

^a University of Niš, Faculty of Economics, Niš, Serbia

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Abstract

The aim of this paper is to, based on the analysis of materials collected via the Internet, review the contemporary changes relevant to logistics in the global 3PL industry. The analysis presents the position and role of 3PL providers in supply chains and the global logistics market. The work consists of three conceptually and logically tightly connected parts. In the first part, the various characteristics of 3PL are discussed as one of the most common outsourcing models of logistics activities and supply chain operations. The second part presents changes in the global market (growth of foreign purchases, demand for omnichannel services, operating costs and price competition) that affect the ability of 3PL providers to quickly adapt their logistics services to market needs. The last, and also the largest part of the work, is dedicated to the key generators of the growth of the global 3PL market.

Keywords: 3PL provider, globalization, shippers, last-mile delivery, e-commerce

Sažetak

Cilj rada je da se, na bazi analize prikupljenih materijala putem interneta, sagledaju za logistiku relevantne savremene promene u globalnoj 3PL industriji. Predmet analize predstavljaju pozicija i uloga 3PL provajdera u lancima snabdevanja i na globalnom logističkom tržištu. Rad se sastoji iz tri konceptijski i logički čvrsto povezana dela. U prvom delu se razmatraju različite karakteristike 3PL-a kao jednog od najzastupljenih modela autorsovanja aktivnosti logistike i operacija lanaca snabdevanja. U drugom delu se prezentuju promene na globalnom tržištu (rast kupovine u inostranstvu, tražnje za svekanalnim uslugama, operativnih troškova i konkurencije cenama) koje utiču na sposobnost 3PL provajdera da brzo prilagode svoje logističke usluge potrebama tržišta. Poslednji, ujedno i najveći deo rada, posvećen je ključnim generatorima rasta globalnog 3PL tržišta.

Ključne reči: 3PL provajder, globalizacija, pošiljaoci, isporuka "posledne milje", e-trgovina

1. Introduction


The company's goal is to keep the existing ones and win as many new customers as possible. Achieving this goal may require the expansion of logistics capacities. However, such a solution can be expensive and complicated for most companies. In order to avoid the consequences of their own logistics limitations, companies use the services of 3PL (third-party logistics) providers. They have the resources necessary to increase the logistics capacity of the company.

In today's highly volatile environment, order fulfilment is often not a shipper's core competency. Knowing this, 3PL providers offer a wide portfolio of services to their clients. Online shopping is one of the most popular internet

activities in the world. The value of e-commerce in the world is growing as is its share of global retail sales. The rapid global growth of e-commerce has prompted more companies to consider 3PL options. 3PL providers play a key role in optimizing their client's supply chain operations. By using the services of a 3PL provider, clients can more effectively enter new markets. 3PL providers provide clients with specialized services (i.e., transportation, packaging, inventory management, cross-docking, door-to-door delivery, etc.) and create conditions for maximum dedication to key business activities. By applying modern technologies and software packages, 3PL providers could improve their productivity and reduce their clients' logistics costs (Kmiciek, 2022). The global 3PL market contributes to the growth of global trade. The development of this market is increasingly a

*Corresponding author

E-mail address: sandra.milanovic@eknfak.ni.ac.rs

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consequence of the expansion of: the process of globalization, e-commerce, delivery in the "last mile" phase, government initiatives, the 3PL sector, and the outsourcing of logistics operations. Therefore, the primary objective of this article is to critically analyze and evaluate the contemporary changes that bear significance to logistics within the global 3PL industry. This examination will be conducted through a comprehensive review and analysis of materials collected from various online sources, ensuring a comprehensive understanding of the subject matter.

The structure of the paper is as follows: in the first part of the paper, the main characteristics of 3PL are presented. The second part of the paper is dedicated to the disruptions in a global market that was influential for the 3PL development. The third part of the paper presents what factors the growth of the global 3PL market can be attributed to. At the end of the paper are given concluding remarks drawn from the literature analysis.

2. 3PL as a form of outsourcing

In the last five decades, 3PL processes have attracted the attention of scientists and practitioners around the world. They have become aware of the fact that 3PL processes increasingly determine the economic performance of companies and supply chains. 3PL has a long and varied history, dating back to the origins of trade and transportation. Throughout history, there have always been intermediaries who facilitated trade by organizing and carrying out the transportation of products. In ancient times, these middlemen had the status of merchants or caravan leaders. They later became known as freight forwarders and brokers.

The modern 3PL concept was developed in the 1970s when the US military outsourced certain logistics operations to private companies, which managed the complex supply chain necessary to support US troops in Vietnam. When the war in Vietnam ended, many of those companies reoriented themselves to commercial business and began offering 3PL services to their customers.

In the USA, until the 1980s, certain functions (for example, national transport, storage and international transport) were very separate. The companies that supplied the products managed each of these functions independently. In 1980, the transportation landscape in the USA changed. The 3PL industry was essentially born out of the Road Transport Act of 1980. This law deregulated the road transport industry by reducing: price controls, entry controls and the ability to negotiate fixed prices. The result was a huge growth in the number of truck carriers (from less than 20,000 in 1980 to around 1.2 million in 2020), i.e., creating an extremely fragmented market. The law allowed 3PL providers to offer a wide range of logistics services in a more complex logistics environment (Rathjen, 2023).

Since the 1980s, 3PL has become a form of outsourcing on a global scale - the process of transferring certain logistics operations of a company, related to its supply

chain, to 3PL providers. Companies that use 3PL services are also known as shippers. 3PL providers are specialists who provide services to clients in one or more areas of logistics, such as transportation, storage, inventory management, cross-docking, packaging, customs brokerage, freight forwarding, order-picking and order fulfilment (ExpressIt Delivery, 2022). By partnering with a 3PL provider, clients can save time and resources as well as focus on their core competencies.

In modern logistics, contract logistics companies are identified with 3PL companies. However, these companies may provide completely different or even complementary services. In practice, the term contract logistics is generally associated with a company that focuses on one supply chain operation (eg, determining routes and organizing transport). In contrast, a 3PL company takes care of a wide range of supply chain operations (3PL, 2023). Such a company provides a suite of logistics services, from product warehousing and order fulfilment to inventory management and shipping automation (Lopienski, 2021). A company's decision to hire a 3PL specialist mainly depends on its ambitions and the scale of its business operations.

The global 3PL industry plays a key role in supply chains. 3PL providers are part of supply chains. They can quickly adapt their logistics services (storage, packaging, transport, etc.) to the needs of the market. Large 3PL providers can leverage global partnerships and infrastructure to flexibly serve clients. The core competency of a 3PL provider is to provide solutions to supply chain problems. The services of a 3PL provider can add value to a company and allow it to focus on its core competencies, leading to significant cost savings.

Companies hire 3PL providers worldwide because they bring advanced software packages and technologies, specialized equipment and expertise. According to research by Armstrong & Associates, about 90% of US Fortune 500 companies use 3PL providers for logistics and supply chain operations (Berman, 2017).

3. Changes in the global 3PL market

The contemporary 3PL market is fragmented and highly competitive, with several large providers forming strategic alliances with medium-sized or small firms to successfully use their regional logistics capacities. New providers are entering the 3PL market, with customized and industry-specific services. Some of the major 3PL providers (e.g., CEVA Logistics, DB Schenker and DHL) have helped their clients to implement modern technologies, improve competitive advantage and reduce operating costs.

In the last few years, the logistics industry has undergone significant changes. Thus, from 2020 to 2023, the demand for the delivery of shipments to the addresses of end customers increased. Customer expectations have also risen, more than ever before. The year 2022 saw a global rise in inflation, economic instability and supply chain disruptions, primarily caused by the war in Ukraine. The

negative consequences of these events are still being felt by companies and consumers around the world. Despite major disruptions in supply chains, some companies, such as Amazon, are investing in their logistics capabilities, increasing their dominance in the global market.

In 2022, the global logistics industry continued to recover from the COVID-19 pandemic and reached a value of USD 10.41 trillion. However, due to the war conflict between Russia and Ukraine, the revenues of the global 3PL industry were reduced by about 25% in 2022 compared to the previous year (Statista, 2023). The global logistics market will reach a value of 10.71 trillion dollars by the end of 2023. Aided by the rapid growth of e-commerce and advances in supply chain management, this market could reach a value of USD 15.98 trillion by 2032 (Expert Market Research, 2023). This indicates, among other things, the potential for the growth of the 3PL market.

Global 3PL industry revenues are growing. At the end of 2023, it will amount to 1.22 and by 2028 even 1.59 trillion USD (Mordor intelligence, 2023). The largest 3PL market in the world in 2023 will be the Chinese market, which will generate revenues of USD 324 billion. Globalization has contributed to the establishment of a worldwide network of 3PL activities. Successful functioning of companies in such conditions will be possible with managerial and informational expertise provided by 3PL providers.

The demand for an ever-expanding range of 3PL services is driving increased productivity and reliability of supply chain operations. The increase in total logistics costs is a possible consequence of the growth in demand for 3PL services. However, the loss of direct control over logistics services and the potential loss of reputation significantly limits the growth of the 3PL market. Globalization has caused a broadening of the spectrum of trade-related activities. 3PL service providers help manufacturers and retailers monitor and control these activities, which leads to the growth of the 3PL service market. These services are becoming extremely important for price-sensitive customers, who demand a wider selection of high-quality products and their timely delivery.

Manufacturers and retailers are increasingly focusing on their core competencies. Their goal is to promote specialization in production and distribution. 3PL providers can better utilize transportation assets and achieve economies of scale than manufacturers and retailers.

Outsourcing and offshoring result in longer and more complex supply chains, which manufacturers can hardly manage independently. That is why we can expect further growth in the demand for the services of 3PL providers, and thus the growth of the global 3PL market.

3PL service providers are becoming responsible for an ever-widening range of business functions. Their mistakes, for example, can negatively affect the manufacturer's reputation and relationship with

customers. If they do not deliver the shipment on time, the producer's credibility will decrease, and thus the consumer's trust in that producer will decrease. A further consequence of this will be to limit the growth of the global 3PL market.

Manufacturers who outsource logistics services to a particular 3PL provider must rely on its reliability, competence and honesty. In this case, manufacturers lose the power of direct control of outsourced logistics services, so the growth of the global 3PL market is hindered. In addition, they cannot monitor warehouse processes, which is a serious threat to product quality.

The ability of 3PL providers to process and analyze data is important for the development of the 3PL market. In modern practice, senders want more and more data to make decisions. This is why they expect 3PL providers to train in expert data analysis. The results of a recent study showed that 94% of shippers believe that the ability to analyze data is necessary for the complete and timely execution of orders as well as for gaining insight into the entire shipment flow (Research and Markets, 2023a).

Companies cannot achieve their operational goals by simply improving processes such as greater picking efficiency, inventory management and shipment tracking. They hire 3PL providers, who have modern warehouse management systems and other applications such as enterprise resource planning (ERP) and customer relationship management (CRM), to optimize all supply chain processes and activities.

The COVID-19 pandemic has made managers realize that their companies must be more flexible and agile. It accelerated the growth of online retailing. In 2020, consumers worldwide spent about \$4.29 trillion on online purchases, which is about 24% more than the previous year (Young, 2021). A large increase in retail sales via the Internet, especially direct sales of services to consumers, occurred in 2021. The main focus is on the provision of omnichannel services - in sales facilities, via the Internet, via mobile devices or social networks. Customers now expect a better experience, lower prices, faster delivery and more attention to sustainability. One of the challenges was the high demand for food products and clothing, where same-day or shorter delivery has become the norm. In 2021, a global lack of transport capacity and a limited supply of drivers for delivering shipments manifested.

Increasing overseas purchasing is a key trend in the 3PL market. Online shopping offers access to a wide range of products and services and allows consumers to effortlessly search for products that interest them. The ability to compare prices, products and delivery conditions is an important advantage of online shopping. The main drivers of the growth of shopping abroad are free shipping, secure payment methods and unavailability of products on the local market. The growing trend of overseas shopping is manifesting itself in developing countries such as India and China, thanks to increasing internet penetration and consumers having uninterrupted access to numerous communication devices and payment methods. To

respond to consumers in these markets, 3PL providers must efficiently execute their supply chain processes and activities. The growth of online shopping abroad will fuel the growth of the global 3PL market.

Two factors hinder the growth of the global 3PL market: (1) high operating costs and (2) price competition. The logistics industry is becoming highly competitive in terms of service prices due to the increase in demand for 3PL services and specialized solutions to supply chain problems in the logistics market. Rising fuel prices also contribute to rising business costs. 3PL providers are under constant pressure from customers to keep the prices of their services low.

Companies often require additional 3PL services at the same price, which increases costs for 3PL providers. The 3PL industry is characterized by its capital-intensive nature. It requires a capital-intensive infrastructure (a large number of means of transport, port facilities, qualified workers, automated warehouses, etc.). 3PL service providers must control operating costs to compete in the market and maintain their profit margins.

4. Factors driving the growth of the global 3PL market

The global 3PL market is very dynamic. Great opportunities for the growth of this market are opened by the following factors: (a) globalization, (b) e-commerce and reverse logistics, (c) managers' focus on last-mile delivery, (d) government initiatives, (e) increasing the number of private companies in the 3PL sector, and (f) outsourcing part of the obligations and tasks to subcontractors, based on contracts, such as logistics operations.

4.1. Expansion of the process of globalization

Globalization is a pervasive process that does not affect all companies equally and at the same time. Nevertheless, this process significantly affects the achievement of goals and the competitive position of companies. It also encourages the implementation of web technologies, the integration of 3PL providers with their customers, and competition between 3PL providers. Changes in the global environment generate opportunities and threats for companies. Successful adaptation of companies to that environment is a key condition for their survival. However, often companies cannot independently fulfil this requirement and are forced to reorganize existing and develop new business arrangements with 3PL providers. Companies and their supply chains increasingly base their success in a global environment on interactions with 3PL service providers.

The globalization of the processes and activities of 3PL providers often depends on the globalization of the processes and activities of their clients. This makes it increasingly difficult to manage the relationships between 3PL providers and their clients.

The expansion of the globalization process in the 1990s contributed to the development of the concept of global logistics management. Companies large and small distributed their products to rapidly developing markets around the world. This was followed by the rapid economic development of Asian countries, especially China and India. Companies from developed countries have started moving their production capacities to Asian countries (so-called offshoring). The need to manage complex, global supply chains has grown. 3PL providers have begun to offer integrated logistics services, both in domestic and international markets.

3PL providers are increasingly a function of the process of globalization. Under the influence of this process, managers of 3PL providers use existing and drive new trends in global logistics. Business interactions between 3PL providers and users of their services are also strengthening, which contributes to their more successful response to the challenges of the global market. It is in the interest of 3PL providers to reduce the costs of their clients, and to become more profitable by fulfilling the customer's requirements.

Globalization requires both flexibility and global competitiveness from 3PL providers. The COVID-19 pandemic has limited the flexibility and increased the prices of 3PL providers. More flexible 3PL providers can take advantage of the opportunities of the global business environment at lower costs. However, no author has offered a clear answer to the question of how 3PL provider managers should combine flexibility and cost-based competitiveness. Moreover, the global environment enables 3PL providers to increase market share and profitability by improving the quality of products and services, implementing web technologies, and strengthening relationships with their clients. Therefore, the business performance of supply chains (networks of organizations that perform activities aimed at creating value for customers) increasingly depends on the creativity, technological equipment, innovation and competitiveness of 3PL service providers.

4.2. Growth in global trade and reverse logistics costs

E-commerce shippers are increasingly turning to 3PL providers to help them meet changing customer expectations as well as deal with supply chain disruptions, labour shortages, transportation issues, inflation and more. challenges that have become the "new normal" in the modern business environment. As a result, 3PL providers offer their customers strategic locations, more storage space and a wider range of delivery options.

Due to the growth of e-commerce, there is an increase in the volume of products that customers return. Online sales require many processes for the customer to be hassle-free and freight-free. In the first year of the pandemic (2020), over two billion people bought products or services online. Global e-retail sales topped \$4.2 trillion and were up 25% year-over-year. However, about 30% of products bought online are returned by customers, which is about four times more than for products sold through traditional

stores. Online shopping generates product returns three times more often than shopping in traditional (physical) retail outlets. E-commerce companies hire 3PL providers to help customers with product returns.

Reverse logistics costs account for 2 to 5% of total logistics costs. The growth of e-commerce and product returns leads to an increase in reverse logistics costs. In 2020, they amounted to 642 billion USD, but their growth continued. Since then, the responsibility of 3PL providers for reverse logistics operations has been growing.

The growth of e-commerce leads to an increase in demand for omnichannel logistics services. The essence of an omnichannel strategy is the seamless integration of online and offline channels, with a clear focus on the end customer. Such a strategy requires sophisticated supply chain management to deliver the promised experience to customers. Omni-channel systems allow the customer to search all channels and choose anyone to purchase, receive and return products. In recent years, more and more companies are recognizing the potential of omnichannel strategies. Traditional retailers are investing in e-commerce programs (for example, Walmart invested \$1.2 billion in Indian e-commerce company Flipkart in 2020) (Team Tech Outlook, 2020) while e-commerce companies are investing in traditional retailer concepts (for example, Amazon invests in the Amazon Go convenience store chain and the Whole Foods Market supermarket chain). However, it will be a long time before most companies can design and implement a comprehensive omnichannel strategy for day-to-day operations, transportation networks and IT systems.

4.3. Delivery of shipments to customers in the "last mile" phase

The continued efforts of 3PL providers to ensure efficient delivery of shipments to customers in the "last mile" phase further generate the growth of the 3PL market. For example, in September 2021, United Parcel Service, Inc. (UPS) announced the signing of an agreement on the acquisition of Roadie Inc. - an American delivery service provider that calls its crowdsourcing model "on-the-way delivery". In October 2022, this acquisition, worth 586 million dollars, was completed (Mandel, 2022). Roadie Inc.'s app connects carriers with shippers (companies or individuals) whose products they need to deliver. The term "gigs" is used for deliveries in this application.

The American company Roadie Inc. was founded in 2014. She launched her website and mobile applications in January 2015 (Knapp, 2015). It functions as a platform for the delivery of shipments to the USA, i.e., according to the crowdsourcing model - hires contractors to transport shipments from warehouses, stores or delivery centers to the customer with their vehicles. It offers three types of shipment delivery: urgent delivery, same-day delivery (24/7 door-to-door pick-up and delivery service) or delivery on request. At the end of 2021, Roadie Inc. cooperated with more than 200,000 carriers.

Roadie Inc. provides service across the US and shortens same-day shipment transit times and last-mile shipment delivery times. Major clients of Roadie Inc. include The Home Depot, Walmart, Tractor Supply Company, Best Buy and Delta Air Lines. The COVID-19 pandemic has contributed to the rapid expansion of Roadie Inc.'s clientele. The management of this company stated in a report that its revenue increased by more than 400% in 2020 (Gorlin, 2021).

Historically, the delivery of shipments in the "last mile" phase has proven to be the slowest and least efficient phase of the supply chain. According to some studies, more than 80% of customers do not want to buy products from companies that have been slow to deliver shipments to customers in the future (Interlake Mecalux, 2020). Managers of 3PL providers understand that operations in the "last mile" phase, along with price and product, determine customers' purchasing decisions, and they are struggling to accelerate the delivery of shipments in this phase. They also help companies locate fulfilment hubs in more accessible locations, such as urban centres. Such behaviour of 3PL provider managers represents one of the most important trends in logistics.

Due to the global increase in the volume of deliveries and e-commerce, 3PL providers are looking for innovative, low-cost and efficient ways to speed up the delivery of shipments in the "last mile" phase. The result is an increase in investment in cutting-edge means of transportation, such as driverless cars, robots and drones. For example, Amazon owns about 5% of the technology company Aurora Innovation, Inc. based in Pittsburgh (Halverson, 2022). Aurora has developed Aurora Driver, a computer system for autonomously driven vehicles. It is developing a "driver-as-a-service" model, which means offering the technology of autonomously driven vehicles to an external owner or fleet operator. Aurora was founded in 2017 by Chris Urmson, former Chief Technology Officer of the Google/Alphabet Inc. team. for autonomous vehicles, which later became Waymo; Sterling Anderson, former Tesla Autopilot team lead; and Drew Bagnell, former head of Uber's autonomy and perception team.

4.4. Government initiatives

Government initiatives such as trade agreements and contracts and public-private partnerships are significantly fueling the growth of the global 3PL market. For example, until the outbreak of the war in Ukraine, the effects of certain measures of the Government of the Russian Federation (favourable position in international trade, successful expansionary monetary policy and rapid GDP growth) contributed to the growth of the 3PL market in this country. The situation worsened significantly from the first days of the war.

The 3PL market is growing thanks to government incentives and investments in mega infrastructure projects. For example, in November 2022, the Dedicated Freight Corridor Corporation of India Limited (DFCCIL), a state-owned corporation in India, announced the construction of a multimodal logistics park (hub) about 20

kilometres from the city of Kanpur, in the state of Uttar Pradesh (the state of India with the largest by the number of inhabitants) (Khare, 2022). This park will reduce rail transport costs and increase the competitive advantage of India's 3PL sector.

Some large logistics companies, to strengthen their competitive advantage, join the 3PL market through investments, partnerships and offering attractive services. For example, in February 2022, the global logistics company GEODIS, owned by the French National Railways (SNCF - Société Nationale des chemins de fer français) since 2008, announced the construction of a multi-user logistics centre in Koswig, Germany, to offer clients a wide range of logistics services. In July 2023, GEODIS opened a new multi-user warehouse and distribution centre in Mexico City. This 13,470 m² facility supports omnichannel operations, including e-commerce, retail and wholesale, for two GEODIS customers (CSCMP's Supply Chain Quarterly, 2023). The total area of logistics facilities of this company in Mexico is about 148,000 m².

The GEODIS company is a leading global provider of logistics services (it ranks 6th in the world in its sector). It specializes in (1) supply chain optimization, (2) global freight forwarding, (3) global contract logistics, (4) distribution and express deliveries and (5) European road network. In 2022, it employed 49,400 workers and generated 13.7 billion euros in revenue. Its global network extends to almost 170 countries.

4.5. Increasing number of private companies in the 3PL sector

In the last decade, there has been an increase in the number of private companies providing an ever-widening range of services in the 3PL sector. For example, in January 2022, Urb-it, a fast-growing Swedish logistics company based in Stockholm, announced the start of sustainable delivery services in Spain. After France and the United Kingdom, Spain is the next country in the ambitious expansion plan of this company in Europe.

Urb-it was founded in 2014. It strives to have a positive impact on society and the environment. It cooperates with companies from the logistics sector, to implement "last mile" deliveries in urban areas throughout Europe sustainably and efficiently (Urb-it, 2023). Deliveries are made by Urb-it couriers on foot, by bicycle and by its vehicles for the so-called. e-cargo. Such delivery methods contribute to reducing congestion, noise and air pollution in urban areas.

The company Urb-it is more reliable and efficient in realizing deliveries in the "last mile" than traditional companies. It delivers shipments through urban areas faster than its competitors, thereby positively impacting the environment and consumer delivery experiences.

Companies in the field of food and pharmaceutical industries as well as those in the field of e-commerce are replacing traditional business models and distribution

channels with digital platforms, in order to improve their delivery services using modern technologies. The markets where these companies operate are usually characterized by short delivery times. Orders are usually small in size, weight and value and easily transported by motorbikes, drones or small vehicles. In the supply chains of such companies, 3PL providers play a key role.

4.6. Benefits that 3PL providers provide to clients

A major factor in the growth of the global 3PL market is the benefits that 3PL providers provide to their customers. 3PL providers can provide companies with 1) time and money savings, 2) access to logistics expertise and technology, 3) optimization of logistics operations, 4) flexibility and scalability, and 5) higher levels of customer satisfaction. However, the benefits that the same 3PL providers provide to clients from different industries may be different. Firstly, 3PL is the most common business model in the logistics industry, which allows companies to focus on their core business while outsourcing logistics and distribution activities to 3PL providers. A company that outsources certain business processes and activities to a 3PL provider can devote more time to its core competencies. A 3PL provider can also save a company money by allowing it to handle only core business functions. Even very small companies that sell online recognize the value of outsourcing some or all of their order fulfilment operations to an external company (3PL provider). The results of a recent survey showed that 68% of users of 3PL services admitted that they directly contributed to the reduction of their logistics costs (Logistics Management, 2020). The cost of hiring a 3PL provider is significantly lower than the costs a company would have to face due to building its facilities, training and earning logistics personnel, using various documents and purchasing technology. In addition, by entrusting operations to a 3PL provider, a company can reduce the likelihood of making a costly mistake if it does something outside of its core competencies.

Secondly, the benefits of a 3PL provider are not limited to time and money savings. They have experience and knowledge related to transportation, storage, import, export and regulations. Many of the 3PL providers possess specialized technologies, which help them to successfully achieve their logistics goals. A company can enjoy the benefits of a 3PL provider's logistics expertise without using internal (proprietary) resources. The logistics knowledge and technologies of 3PL providers enable companies to reduce delivery delays, shorten cycle times and facilitate entry into new markets. The expansion of the Internet in the 2000s has enabled 3PL providers to offer solutions to connect different functions in the supply chain. To meet the supply chain needs of global companies, 3PL providers have begun to integrate certain functions (for example, inventory management, transportation and order management) with technology platforms. Complete insight into the processes, activities and flows of the supply chain has become a reality. To adapt to the demands of a volatile global market, 3PL providers have continued to offer lower-cost logistics services. Investing in advanced technology can also result

in lower end-to-end (E2E) logistics costs globally. E2E logistics covers the entire logistics cycle. Some sources state that E2E logistics covers the entire business cycle and is therefore intertwined with the planning of the entire E2E supply chain.

Thirdly, sophisticated management software that 3PL providers have can help a company optimize its supply chain. 3PL providers can use such software, along with other resources, both to eliminate problems in the supply chain and to improve some of its processes and activities. For example, Schneider Logistics has been using the web-based SUMIT software package for efficient supply chain management since 1995. This package, among other things, enables Schneider customers to access a network of trading partners and carriers (Research and Markets, 2023b). By partnering with a 3PL provider, a company can effectively eliminate weaknesses in the supply chain and optimize logistics operations. 3PL providers know how to minimize losses and other problems that keep a company's supply chain from functioning successfully. 3PL providers offer companies new ways to improve logistics efficiency. They can also provide flexible inventory management, which allows the company to meet increased demand, minimize overhead costs when demand is low, and enter new markets when demand increases.

Fourthly, 3PL providers offer companies flexibility and scalability in the use of supply and distribution resources. They can increase the number of employees, and storage and transport capacities of the company following the market demands for its outputs. When sales fall, companies avoid excess investment and unused resources, and when demand rises, they can increase investment.

Lastly, 3PL providers can help companies and supply chains to improve logistics services and thus the level of customer satisfaction. Companies and supply chains with limited resources are not reliable providers of logistics services to customers. 3PL providers can help companies build a positive reputation based on fast and accurate delivery. Slow and imprecise deliveries do not give companies a chance to become competitive in the modern market. According to the results of the 2021 study, representatives of 88% of surveyed companies confirmed that 3PL providers were responsible for the increase in the level of service to end customers (Langley & Infosys, 2020).

5. Conclusion

The process of globalization affects the development of the global 3PL market. 3PL providers that successfully engage in this process have more chances to improve their competitiveness. The competitiveness of 3PL providers increasingly depends on the ability to analyze their business operations. Based on the analysis of the collected data, the 3PL provider can fully track clients' shipments and ensure the visibility of their supply chains. The success of companies largely depends on cooperation with 3PL providers. For many companies, hiring a 3PL provider is a far more cost-effective choice. 3PL providers

enable companies to eliminate certain costs (for example, costs of building and maintaining warehouses, costs of transporting goods and costs of acquiring new technologies), and to focus on their most profitable processes and activities (for example, strategic planning and production). 3PL is, among other things, a business model for outsourcing logistics activities. Companies are increasingly outsourcing logistics operations to reduce costs and improve their market position.

The growth of the global 3PL market is mostly dependent on the process of globalization, the growth of e-commerce, the delivery of shipments in the "last mile" phase, government initiatives, the expansion of the 3PL sector and the outsourcing of business operations. In this market, 3PL services are becoming the basis for improving the competitiveness of an increasing number of companies and supply chains. With the growth of e-commerce, the costs of product returns and reverse logistics are increasing significantly, and manufacturers and 3PL providers must find ways to reverse this trend. Due to the growth of e-commerce, the importance of omnichannel services for order fulfilment is also increasing.

Managers do not want the company to be deprived of growth because of its logistical constraints. That is why they often use the logistics capacities of 3PL providers. 3PL providers optimize users' logistics functions and pave the way for their flexibility to grow. With growing demand for software to optimize logistics operations, as well as for smaller warehouses in urban areas, companies will increasingly rely on 3PL providers.

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