

# Do it or Buy it?

*a literature update on Drivers for Logistics Outsourcing Strategies in Food Supply Chains*

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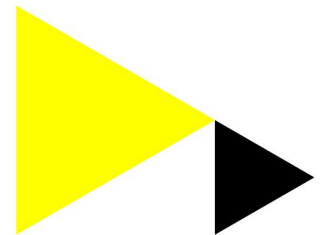
**Publication date**

2024

[Link to publication](#)

**Citation for published version (APA):**

Nguyen, PhD, V. (2024). *Do it or Buy it? a literature update on Drivers for Logistics Outsourcing Strategies in Food Supply Chains*. Abstract from CSCMP European Research Seminar (ERS 2024) on Logistics & SCM, Warsaw, Poland.

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# Do it or Buy it? A literature update on Drivers for Logistics Outsourcing Strategies in Food Supply Chains

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*Keywords:* outsourcing strategy, cold chain logistics, food supply chain, warehouse, transport

## Research motivation

The past few years have seen great dynamics in logistics outsourcing strategies in food supply chains. In the downstream, examples include Lidl launching their own shipping line<sup>1</sup>, Walmart expanding their private transport fleet, or Marks & Spencer acquiring Gist, their logistics provider<sup>2</sup>. In the upstream, many food processing companies, especially in frozen food categories, have been increasingly either opened their own new cold storage warehouses (insourcing) or having ones built and operated by logistics companies. Potential drivers for these changes in logistics outsourcing strategies could be linked to, among others, the previous global supply chain disruptions triggered by the Covid-19 pandemic, or the ongoing challenging supply chain environment as a result of changes in economic and political situations.

Outsourcing or insourcing is not a new topic in the logistics management literature (Akbari, 2018; Buldeo Rai et al., 2019; Hsiao et al., 2010). Supply chain companies have different drivers (i.e. reasons) for choosing between outsourcing and insourcing their logistics operations. Cost reduction is perhaps the most considered one, in line with the well-known transaction cost theory. Other drivers studied in the existing literature include, for examples, focusing on core business (that links to resourced-based theory), building relationship with supply chain firms (that connects to the network or supply chain management theories) (Fadile et al., 2018).

In collaboration with a research institute in global food industry, we have conducted a series of semi-structured interviews throughout 2023 with many international food companies on the logistics outsourcing topic. The interview results<sup>3</sup> show interesting drivers that have been investigated in the literature, but also other (potentially) new<sup>4</sup> drivers that require further research. *This calls for a re-examination of the literature to first update the literature and then investigate if existing theories could fully explain for what happens in practices.*

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<sup>1</sup> <https://tailwind-shipping.com/en>

<sup>2</sup> <https://corporate.marksandspencer.com/media/press-releases/marks-and-spencer-acquire-gist-part-accelerating-its-food-supply-chain>

<sup>3</sup> To be presented at this ERS 2024 conference

<sup>4</sup> “New” based on a limited literature review by our team.

## Research plan

1. First is to carry out a thorough literature review on logistics outsourcing on (i) drivers for logistics outsourcing or insourcing, and (ii) theories that can help explain the drivers. The focus on food logistics is a convenient choice given the preliminary interview results. However, the scope can be extended to non-food supply chains through collaboration with ERS 2024's audiences who are interested in this topic. Possibly a new round of interviews can be conducted, and hopefully interesting (new) drivers can be observed.
2. The next step is to update the literature using results from the interviews.
3. Finally, to synthesize the existing literature to discuss theories that can explain the new drivers.

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