As the debate between the different "PLs" or party logistics continues, it may often get confusing to differentiate the various levels. Outsourcing logistics operations is essential for FMCG companies. An in-house logistics department may be cost-effective but takes away time and focus from your main priority – your business. The right PL can help simplify your supply chain, lower costs and overcome coordination and visibility challenges. Here, we are taking the example of a dairy producer, Jake, to see how the different PLs impact his supply chain:

Amidst growing competition and rapidly changing market conditions, you need a lead logistics provider to manage your supply chain partners. Maersk’s 4PL services take away the complexities of the supply chain from your routine so that you can focus better on your core business.

**1PL**
In 1PL, the dairy producer has full control over his entire logistics process and transports his goods directly from his farm to end-users. 1PL is cost-effective as the solutions sit in-house with the customer. Moreover, this also means Jake needs to cater to an entire logistics department and have the expertise and equipment in-house to handle end-to-end logistics.

**2PL**
In 2PL, Jake hires a separate carrier to move his products from one location to another. This level provides the customer with economies of scale by leveraging a network to utilize assets across various customers. This stage could involve a courier company, a shipping service or trucking over a specific segment in the supply chain.

**3PL**
Jake outsources some of his logistics to a contracted service provider. A 3PL service provider also offers procurement at scale for many different parts of the supply chain, and not just transportation. The 3PL provides additional services that help to coordinate services like booking, documentation, warehousing and packaging. For Jake, a 3PL could package his dairy products and store them until delivery, along with the associated transportation.

**4PL**
In 4PL, Jake’s entire supply chain is made simple. He enters into a long-term contract with a service provider to effectively take over his logistics process. There is no need for a full in-house logistics department, his own trucks or the need to build logistics capabilities, freeing up more time for customers to focus on their business. The 4PL company provides end-to-end supply chain management with a fully equipped and experienced logistics service team. The 4PL also coordinates the tasks and functions of various 2PL or 3PL companies on behalf of the customer.

**Beyond 4PL**
As supply chains grow more complex, 4PL service providers have adopted technology and artificial intelligence to automate and transform the processes. IT solutions help give complete visibility of the supply chain in ‘real-time’ in the form of a control tower. It also integrates data across suppliers and provides visibility on inventory, transportation and performance.

As a result, many buyer-supplier relationships have moved in the direction of being more strategic in nature and are now looking at a larger pool of 4PL service providers offering a more complete one-stop-shop solution. As the debate between the different “PLs” or party logistics continues, it may often get confusing to differentiate the various levels. Outsourcing logistics operations is essential for FMCG companies. An in-house logistics department may be cost-effective but takes away time and focus from your main priority – your business. The right PL can help simplify your supply chain, lower costs and overcome coordination and visibility challenges. Here, we are taking the example of a dairy producer, Jake, to see how the different PLs impact his supply chain.