What differentiates logistics providers?

Companies who work in logistics are differentiated by the level of service that they provide, whether this is the type and breadth of services offered or simply the locations in which the company operates. Logistics providers can be classified into 5 different categories:

1PLs – First Party Logistics Providers

- Single service providers who only operate in a specific geographic area.
- Specialise in certain goods or shipping methods.
- The logistics department of a producing firm can also be classed as a first party logistics provider if they have their own transport assets and warehouses.

2PLs – Second Party Logistics Providers

- Provide specialized logistics services similar to 1PLs, but in a larger, national, geographical area.
- There are often frame contracts between the 2PL and a customer, which regulate the conditions for the transport duties that are mostly placed short term, meaning they tend to operate “on call”.
- Provide their own and external logistics resources like trucks, forklifts and warehouses for transport, handling of cargo or warehouse management activities.
- Exist due to companies outsourcing their transport activities to focus on their own core activities. 2PLs provide services such as courier, express and parcel delivery, in addition to acting as ocean carriers, freight forwarders and transshipment providers.

3PLs – Third Party Logistics Providers

- Integrated into the customer’s systems, and are therefore informed about upcoming workload.
- Long term contracts are common place in the third party logistics market, mainly due to the bespoke nature of services often provided and the fact that customizing such services will always cost money. Longer term, stable contracts with stable profits mean that 3PLs are able to find cost effective methods for providing bespoke services.
The future for supply chain outsourcing...

With many companies now operating on a global scale, common technological solutions are required due to the need to increase supply chain visibility and reduce risk, improve velocity and reduce costs. Non-asset based providers perform functions such as consultation on packaging and transportation, freight quoting, financial settlement, auditing, tracking, customer service and issue resolution. However, they do not employ any truck drivers or warehouse personnel, and they do not own any physical freight distribution assets of their own. A non-assets based provider consists of a team of domain experts with accumulated freight industry expertise and IT assets. They fill a role similar to freight agents or brokers, but maintain a significantly greater degree of “hands on” involvement in the transportation of products. These are services which are provided by 4PLs and 5PLs.

4PLs – Fourth Party Logistics Providers

- Have an allocative and integration function within a supply chain with the aim of increasing efficiency.
- Typically do not own transport assets or warehouse capacity.
- Must have an overview about the whole logistics market as they choose the most suitable 3PL for all operative logistic activities for firms who outsource.
- To be able to provide the ideal solution 4PLs need good knowledge of the sector and a good IT infrastructure. The selected 3PL provider manages the operative logistics.

5PLs – Fifth Party Logistics Providers

- Provide integrated, end to end supply chain management with the aim of increasing efficiency.
- System oriented consulting and supply chain management services.
- Advanced IT systems.
- Optimising supply chain visibility and inter-company communications.

Where does TVS Supply Chain Solutions fit in?

TVS SCS provides a comprehensive suite of supply chain solutions including 5PL services. The business is a market leader and offers a comprehensive range of services to underpin client requirements from consulting and management of systems and processes, to procurement, warehousing and customer services.

Today, the company operates from six bespoke centres across the UK together with a number of strategic facilities in Europe, Asia and the USA. TVS SCS is owned by TVS Logistics Investment who is part of the TVS Group. Our specialist services set us apart as a market-leading provider of supply chain solutions, operating in the automotive, beverage, defence, industrial and utilities markets.