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Coopetition in Fresh Food Supply Chains: The Integration Of Supply Chains and Logistical Functions amongst Competitors

Keywords: Coopetition, Fresh Supply Chains, Supply Chain Integration

Topic(s): SS9-Designing and managing sustainable resilient food supply chains for dynamic markets; 13- Logistics Management and Physical Distribution; 25-Operations Strategy

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Purpose/Background

This study aimed to investigate whether coopetition as a strategy could be successfully implemented within the logistical function of the Irish fresh fruit and vegetable industry as a method to improve transport costs and efficiency, as well as demand forecasting techniques, storage costs and the potential for new local and international business opportunities.

Effective management of fresh food supply chains is particularly challenging due to the highly perishable nature of the product involved in the process. (Dabbene, 2008). This has an underlying effect on the final cost and quality of the product being delivered to the customer, and therefore it is imperative that the supply chain is not only efficient but accurate in terms of forecasting of orders, delivery schedules etc. The problems associated with the inaccuracy in the forecasting of orders is demonstrated by the Forrester effect or bullwhip effect whereby demand variance caused by a minor disturbance at one end of the supply chain is amplified significantly throughout the echelons of a supply chain, resulting in considerable excess produce at the consumer end. Considerable waste is frequently reported throughout these fresh food supply chains due to product deterioration.

Coopetition is a strategy in which competitors cooperate with each other in order to expand their markets and increase the business pie, and compete with each other for a share of the business. Coopetition within the fresh food supply chain could be a possible solution to the problems associated with transport efficiency, and could lead to further

improvements within the fresh food industry. “The term coopetition defines the modern corporate strategy that combines competition and cooperation.” (Bigliardi, 2011). The study also aimed to identify the critical success factors required for implementation of coopetition.

The main research questions to be addressed by the study are as follows:

- How the co-opetition theory can be applied successfully to the logistical function within a fresh food supply chain?
- What factors are involved in ensuring all parties see considerable benefits from this partnership?
- The impact coopetition can have on an organization in terms of forecasting, transport costs, storage, increased business opportunities?
- How coopetition can be used as a strategy to improve efficiency within a short life cycle supply chain?

Methodology

The coopetition strategy is discussed more in depth in the Literature Review section. A conceptual framework of key variables is developed to guide the empirical part of this study. The analysis was conducted in the form of a research based case study, in which information was collected through the use of qualitative questionnaires and interviews with managing directors and logistics managers of various companies in the fresh food sector. The company involved in the case study was a typical Irish SME operating within the fresh fruit and vegetable industry, and attempts were made to identify suitable candidates to partner with the company in terms of transport sharing.

Findings

The results from the study highlighted the general consensus that whilst food producers and growers within Ireland do not currently utilize coopetition as a strategy within their supply chains, 60% of respondents agreed that coopetition within the logistical function of a fresh food supply chain could be applied successfully, and is a strategy they would consider implementing within their own organization. A further 20% of respondents agreed that while coopetition in terms of transport may not necessarily be ideal for their organisation, coopetition within other areas of the organisation would be of huge benefit. Organisations were receptive to the concept of coopetition, and although they rated the

current efficiency of their transport system as effective, recognised that there was room for improvement within the processes governing the transport system. All respondents indicated high levels of competition within the fresh food industry, and this in addition to potential for both local and international business opportunities could be the possible driving forces behind the responsiveness to a competition strategy. This in conjunction with organizations positive response to competition implies that the strategy could be implemented successfully within this supply chain field.

The findings from the study highlighted the general consensus that local produce suppliers within the Irish fresh fruit and vegetable industry were receptive to the idea of implementing competition within their transport departments, to improve the current efficiency of their supply chain and allow for the possibility of new business opportunities. The study showed that managers were committed to new initiatives and most organizations had the critical factors in place for successful competition. However, the findings raised the point that a retailer governed supply chain may have an effect on the successful implementation of competition within this industry.\

Contribution

The results indicate a positive response to the strategy and therefore the commitment and enthusiasm to drive the strategy as clearly evident within the Irish industry. The research collected provides solid background knowledge for future researchers to further collaborate on, and with the cooperation of the Irish Food Board, it is predicted that this strategy could be used successfully within the local fresh fruit and vegetable industry to improve transport efficiency.

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