

Assessing the feasibility of hyperlocal delivery model as an effective distribution channel

The feasibility
of hyperlocal
delivery model

Sunita Guru

*Department of Operations, Institute of Management, Nirma University,
Ahmedabad, India*

Subir Verma

*Department of Organizational Behavior, Institute of Management, Nirma University,
Ahmedabad, India*

Pratibha Baheti

*Department of Supply Chain, DHL Express India Private Limited,
New Delhi, India, and*

Vishal Dagar

*Department of Economics, Great Lakes Institute of Management Gurgaon,
Gurgaon, India*

Received 29 March 2022

Revised 13 June 2022

24 August 2022

24 September 2022

Accepted 31 October 2022

Abstract

Purpose – The successive waves of the Covid-19 SARS-II pandemic and the attendant lockdown imposed by the governments worldwide drove the economic activities to a halt. Offices and factories closed, production of goods and services declined and supply chains got severely disrupted. Many companies were embattled with the grim reality of shrinkage of aggregate demand, first due to supply shock and later due to loss of jobs and wages. Amidst all this, the handling and shipping of commodities became extremely complex. As the pandemic shifted consumer preference in favour of digital platforms, more and more fast-moving consumer goods (FMCG) companies were confronted with multiple strategies and choices of an appropriate distribution channel to ensure smooth delivery of raw materials and products. The present study aims to study this shift and its implications in the Indian context.

Design/methodology/approach – A mix-method approach, integrating quantitative and qualitative analysis, is employed to investigate the factors influencing the selection of distribution channels amongst general trade, modern trade, e-commerce and hyperlocal for FMCG companies in India. The first phase of the study uses exploratory factor analysis (EFA), followed by the application of analytical hierarchy process (AHP) approach in a fuzzy environment to realise the priority weights and ranking of the identified factors. Finally, sensitivity analysis is performed to confirm the robustness of the fuzzy analytical hierarchy process (FAHP) outcomes.

Findings – The study revealed that modern trade has emerged as the most favoured channel in the post-pandemic Indian economy. It has the potential to disrupt general trade. The study also revealed that the hyperlocal delivery model is not economically viable, and the partnership of FMCG companies with these applications is at best a short-term solution. However, it must be submitted that due to its sheer capability to ensure quick deliveries within a confined geographic area, hyperlocal delivery will gain momentum with the advancement of technology.

Originality/value – This study can be seen as the first attempt to investigate the issues related to the selection of the distribution channels in the FMCG sector of India using multi-criteria decision-making technique (MCDM).

Keywords Supply chain management, Distribution channel, Efficiency, FAHP, COVID-19 impact on FMCG

Paper type Research paper



The authors are extremely thankful to the Editor-in-Chief, the Associate Editor and three anonymous reviewers for their suggestions and feedback during the review process. The authors would further like to extend their gratitude to Prof Pradeep Kautish, Institute of Management, Nirma University, Ahmedabad for academic encouragement and motivation for this research endeavour.