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Author	Petri William Alen	Student number	
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Supervisors	Ph.D. Juuso Töyli, Ph.D. Lauri Ojala		

Abstract

This study is a descriptive analysis of actions taken by multinational enterprises in the Baltic States. The main purpose of this study is to provide deeper understanding to the logistics operative models used by foreign multinational enterprises in the Baltic States, by focusing on the key issues of logistics planning: materials flow, logistics organization, distribution channel and changing logistics environment. Furthermore the study finds out the current changes that the Baltic States markets are going through, the key improvement that these enterprises are focusing on and the valuable information on the general state of the Baltic States markets. The key measurement in the study is the level of centralization which is widely recognized tool for making logistics more cost efficient. This study was inspired by the earlier studies of Naula & Ojala (2004) where they analyzed the same issues before the current era of EU in the Baltic States. The material for analysis is retrieved from multiple sources including published articles, governmental and commercial databases and from logistics literature in general.

Data was collected by using semi-guided mail survey forms and the case companies include 52 multinational enterprises that operate in Estonia, Latvia and Lithuania. All the case companies represent the biggest (measured in turnover) operators in the markets, which enables them to develop and execute state-of-the-art solutions and structures for effective operating. After almost six years of EU-era the Baltic States countries have become more European like that ever before. The much anticipated EU membership of the Baltic States countries was seen very positively by the case companies but the costs of operating business had risen due to the membership.

The physical distribution in the Baltic is generally arranged by using multiple channels for domestic distribution. International distribution is still carried out by using country-specific warehouses which creates huge potential cost savings opportunities in the future. The percentage of logistics service providers' usage was much higher in Estonia than in Latvia and Lithuania. The Estonians also rated these providers better. Development of the personnel was seen as a priority improvement for the next years in all countries. Baltic subsidiaries seem to become sales branches for these world-wide companies. One major problem found in the study is concentration of the cargo volumes to capital areas which in the end, leads to higher prices. Customs practices are no longer a hindering factor for cross-border distribution. Baltic States market, in general, are still developing, but the changed of market conditions are the major reason why these companies might experience somewhat rough times in the near future, if they do not get their operational side to function more effectively.

Keywords	Supply Chain Management, logistics organization, time-based distribution, third-party logistics, and cross-border distribution.

