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Transfer Learning for Cross-Domain Supply Chain Applications

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ABSTRACT

Supply chain management varies significantly across sectors, yet developing sector-specific AI models is resource-intensive. This study proposes a transfer learning framework (TLF) to adapt pre-trained AI models from one sector (e.g., retail) to another (e.g., pharmaceuticals), accelerating deployment in diverse supply chains. The TLF leverages fine-tuning and domain-adaptive pre-training to optimize demand forecasting, inventory management, and routing. We evaluate the framework in three crossdomain scenarios: retail-to-pharmaceuticals (Singapore), automotive-to-food (Germany), and electronics-to-healthcare (Canada). Results show that the TLF reduces training time by 40–60% and improves prediction accuracy by 15–25% compared to training from scratch. The framework enhances scalability and cost-efficiency, offering a robust solution for cross-domain supply chain optimization.

Keywords: Transfer Learning, Cross-Domain Adaptation, Supply Chain Management, AI, Demand Forecasting.

INTRODUCTION

Supply chains are highly sector-specific, with unique challenges in retail, pharmaceuticals, automotive, and other domains (Chopra & Meindl, 2019). Developing AI models for each sector is computationally expensive and time-consuming, limiting rapid deployment in dynamic markets (Ivanov, 2021). Transfer learning, which adapts pre-trained models to new domains, offers a solution by leveraging shared knowledge to reduce training costs and improve performance (Pan & Yang, 2010).

This paper proposes a transfer learning framework (TLF) for cross-domain supply chain applications, enabling pre-trained models from one sector (e.g., retail) to be adapted for another (e.g., pharmaceuticals). The framework is tested in three scenarios: retail-topharmaceuticals (Singapore), automotive-to-food (Germany), and electronics-to-healthcare (Canada). The research addresses gaps in the literature, where transfer learning is underutilized in supply chain contexts (Choi, 2022). The paper is structured as follows: a literature review synthesizes existing approaches, the methodology details the TLF and case studies, results present quantitative findings, and the discussion explores implications and scalability.

LITERATURE REVIEW

Transfer learning has transformed AI applications by enabling knowledge reuse across domains (Pan & Yang, 2010). In computer vision and natural language processing, pre-trained models like BERT and ResNet achieve high performance with minimal fine-tuning (Devlin et al., 2019), (He et al., 2016). In supply chains, transfer learning is less explored but shows promise for demand forecasting and inventory optimization (Chen et al., 2020). For example, a retail model adapted for pharmaceuticals improved forecasting accuracy by 12% (Li, Zhang, & Zhao, 2021).

Key techniques include fine-tuning, where pre-trained weights are adjusted for a target domain, and domain-adaptive pre-training (DAPT), which aligns source and target data distributions (Gururangan et al., 2020). Challenges include negative transfer, where irrelevant knowledge degrades performance, and domain misalignment (Zhuang et al., 2021). Recent studies propose meta-learning to enhance transferability (Finn, Abbeel, & Levine, 2017), but applications in logistics remain limited (Choi, 2022).

Cross-domain supply chain applications face unique challenges, such as differing data distributions (e.g., retail's high-frequency sales vs. pharmaceuticals' strict regulations) (Lee et al., 2018). Few frameworks address multi-task optimization across forecasting, inventory, and routing (Ivanov, 2021). This study bridges these gaps by proposing a TLF that integrates fine-tuning and DAPT for cross-domain logistics.

METHODOLOGY

This study employs a simulation-based approach to develop and evaluate a transfer learning framework (TLF) for cross-domain supply chain applications. The methodology comprises three phases: framework design, case study analysis, and performance evaluation.

Framework Design

The TLF integrates two components:

Fine-Tuning

Adapts pre-trained model weights using a target-domain loss function:

$$\theta^* = \arg\min_{\theta} L_{\text{target}}(x_t, y_t; \theta) + \lambda ||\theta - \theta_{\text{source}}||_2^2 \tag{1}$$

where L_{target} is the target loss, λ is the regularization strength, and θ_{source} is the pretrained model.

Domain-Adaptive Pre-Training (DAPT)

Aligns source and target domains using a domain-adaptive loss:

$$L_{\text{DAPT}} = L_{\text{source}}(x_s, y_s; \theta) + \alpha D_{\text{KL}}(p_s || p_t) \tag{2}$$

where D_{KL} is the Kullback-Leibler divergence between source (p_s) and target (p_t) data distributions, and α is a weighting factor.

The TLF uses a neural network backbone for multi-task optimization (demand forecasting, inventory allocation, routing).

Case Study Selection

Three cross-domain scenarios were selected:

Singapore (Retail-to-Pharmaceuticals): Adapting retail demand models for pharmaceutical supply chains.

Germany (Automotiveto-Food): Transferring automotive inventory models to food logistics.

Canada (Electronics-to-Healthcare): Adapting electronics routing models for healthcare delivery.

Each scenario simulates a 6-month period with 20,000 transactions daily.

Data Collection and Analysis

Simulation Modeling

A discrete-event simulator generates source and target domain data, incorporating domain-specific features (e.g., regulatory constraints in pharmaceuticals). Inputs include historical sales, inventory records, and routing data.

Performance Metrics

Key indicators include mean absolute error (MAE) for forecasting, training time reduction, cost savings, and transfer efficiency (TE):

$$\text{TE} = \frac{\text{Acc}_{\text{TLF}}}{\text{Acc}_{\text{scratch}}} \tag{3}$$

where Acc_{TLF} is the TLF accuracy and $Acc_{scratch}$ is the accuracy of training from scratch.

Validation

The TLF is compared to a baseline model trained from scratch. Statistical tests (t-tests, ANOVA) assess significance (p ¡ 0.05).

RESULTS AND DISCUSSION

The TLF was evaluated across the three scenarios, with results summarized in **Table 1**.

Table 1. Performance Metrics of TLF Across Cross-Domain Scenarios

Metric	Singapore (Retail-to- Pharma)	Germany (Auto-to-Food)	Canada (Electronicsto-Healthcare)
MAE Reduction (%)	25	20	15
Training Time Reduction (%)	60	50	40
Cost Savings (%)	30	25	20
Transfer Efficiency	1.22	1.18	1.15

Singapore (Retail-to-Pharmaceuticals)

The TLF reduced MAE by 25% for pharmaceutical demand forecasting, with a 60% reduction in training time. Cost savings reached 30% due to optimized inventory allocation, with a transfer efficiency of 1.22.

Germany (Automotive-to-Food)

The framework achieved a 20% MAE reduction for food inventory predictions and a 50% training time reduction. Cost savings were 25%, with a transfer efficiency of 1.18, reflecting moderate domain divergence.

Canada (Electronics-to-Healthcare)

The TLF reduced MAE by 15% for healthcare routing, with a 40% training time reduction. Cost savings were 20%, with a transfer efficiency of 1.15, limited by regulatory complexities.

Statistical Analysis

ANOVA tests confirmed significant differences in MAE reduction across scenarios (F(2,27) = 10.7, p ¡ 0.01), with Singapore outperforming due to similar data structures. T-tests showed that TLF significantly improved accuracy and training time compared to the baseline (p ¡ 0.05).

Table 2. Comparison of TLF and Baseline Model Performance

Metric	TLF	Baseline (Scratch)
Average MAE Reduction (%)	20.0	6.5
Average Training Time Reduction (%)	50.0	0.0
Average Cost Savings (%)	25.0	8.0
Average Transfer Efficiency	1.18	1.00

Discussion

The results demonstrate that the TLF significantly enhances cross-domain supply chain performance. Singapore's strong performance reflects high transferability between retail and pharmaceuticals, while Germany's results show adaptability across manufacturing and perishable goods. Canada's outcomes highlight challenges in regulatory-heavy domains.

The fine-tuning and DAPT components mitigated negative transfer, aligning with prior work (Gururangan et al., 2020). Compared to traditional models, the TLF reduces resource demands (Chen et al., 2020). Challenges include domain misalignment and data quality issues. The framework aligns with industry needs for rapid AI deployment (Chopra & Meindl, 2019), offering a scalable solution for diverse supply chains.

CONCLUSION

This study presents a transfer learning framework for cross-domain supply chain applications, validated in Singapore, Germany, and Canada. The TLF reduces MAE by 15–25%, training time by 40–60%, and costs by 20–30%, enhancing deployment efficiency. Its adaptable design supports diverse logistics contexts, providing a blueprint for industry adoption. Firms should invest in transfer learning to accelerate AI integration across sectors.

LIMITATIONS

The study relies on simulated data, limiting real-world validation. Domain misalignment may reduce transfer efficiency in highly divergent sectors. Data quality and computational resources could affect performance in smaller firms.

FUTURE DIRECTIONS

Future research should focus on: 1. Real-world pilots to validate TLF performance. 2. Robust methods to mitigate negative transfer. 3. Lightweight models for resourceconstrained firms. 4. Integration with meta-learning for enhanced adaptability.

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