



Role of Supply Chain in Retail Industries

Meena Dhiman

Assistant Professor

Assistant professor (extension), Govt. PG college, Jind.

ABSTRACT

In the supply chain management, a number of supply chains are included and for each and every supply chain, a number of factors like number of suppliers, items and way of transport are decided and implemented. The final decision is taken after the feasibility report of each and every alternative as the basic objective of this management is to provide higher level of quality with a minimum range of cost.

Here, all the decisions related to the management of the inventory are taken under supply chain configuration. In supply chain, the intermediate node is given the responsibility of delivering the lot to the destination end. This supply chain management has certainly changed the scenario of the retail industry in India as now the customers get the full availability of the products. The current paper highlights the role of supply chain in retail industry.

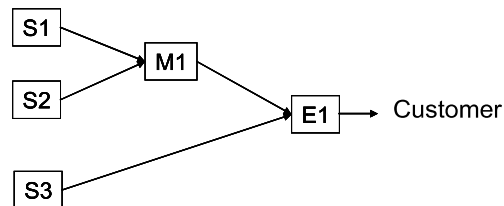
KEYWORDS:

Supply chain, Configuration, Inventory, cost, Supplier

INTRODUCTION

In a supply chain network, there are mainly three participants i.e. Procurement nodes, intermediate and destination node. Here, the destination end points towards the customers. In most of the cases, the Procurement nodes tend to link with the intermediate node as this node fulfills the job of delivering the products to the whole sale retailers.

There are some cases as well, when these procurement nodes directly communicate with the end node and there is no need of any participation of the intermediate node to carry out the whole process of delivery of goods.



S1, S2, S3 = Procurement nodes; M1 = Intermediate node; E1 = End node

Figure 1. Typical supply chain network

The major activities performed under supply chain are those related to the receiving and management of the lots where inbound logistics are



supplied by the suppliers. Here, a number of activities are performed for the transformation of the input to output where generally, the product are treated as the input and services are regarded as the output activities.

On the other hand, the outbound logistics are responsible for the accumulation and distribution of the goods. After that, the task of promoting the products is done and for this purpose, a number of marketing strategies are made.

After the process of sale of the products, the final stage is to provide the services for the maintenance of the products so that the consumers should have no problem in the future. All these factors play an important role in gaining the confidence of the consumers regarding a particular brand.

Hence, in a life cycle of the supply chain, many stages are found. These stages include the process of packaging to the final delivery of the products. Hence, supply chain network is an essential component of the retail industry.

An analysis is performed in order to select the best alternative so that the criteria of the cost-effective can be measured for the supply chain as the alternatives with least cost and higher level of services is chosen for the supply chain activities.



Hence, the supply chain management is very crucial for the retail industry as a number of products are made available to the consumers and any kind of shortage of the products is covered under the process of supply chain activities.

ROLE OF SUPPLY CHAIN IN RETAIL INDUSTRIES

In supply chain, a number of resources like men force, money, material and management etc are used for the processing of the input material to the final output. In some cases, the approach of top down is used where the main system is divided into the sub-system having relatively smaller size so that the processing can be done easily.

If it is observed that the size of any of the sub-system is still large then this sub-system is further decomposed into a number of more sub-systems having smaller size. Hence, this process of partitioning of the main system into the sub-systems continues until the main task becomes easier.

In retail, supply chain management (SCM), is the management of the flow of goods and services. It involves the movement and storage of raw materials, of work-in-process inventory, and of finished goods from point of origin to point of consumption.



SCM involves optimizing your operations to maximize both speed and efficiency. Speed is important because customers value fast service. Increasing speed, however, can cause costs to skyrocket, so maximizing efficiency is equally important.

Complexity in retail is growing, driven by consumer demands and competitive pressure. Although goods may be sold through multiple channels, a consumer always expects a seamless experience from retailers irrespective of the channel or seasonal peaks. We combine our retail domain knowledge with logistics and supply chain expertise and understanding of global best practices to assist clients chalk out a total end-to-end strategy across channels, keeping the consumer expectations in mind.

Since the e-commerce boom, time-definite has become the most critical service. While we all know its criticality in shipping to the consumer, in the 'Distribution Centre to Store' leg too, it has become significant, to avoid stock-out situations. As uncertainty goes down in transportation, it leads to reduction in safety stocks across all the nodes in the network, leading to higher efficiencies. Retailers need to re-look at their network from a cost v/s serviceability trade off, and optimize accordingly.

The differentiating factor of retail supply chain management from other supply chain management is in the volume of product movement and the



fast-moving nature of the products of the retail industry. The retail supply chain has to be monitored very closely and has to be free of glitches as the products are always on the move and the cycle time is very low.

With supply chains becoming more international, the pace of demand changes is enhancing and item life process diminishing. The responsiveness of a company's supply and satisfaction networks becoming a more significant determinant of company success. Companies need to see their supply networks as a competitive weapon to not just deliver low costs but also effect top-line growth. This can be achieved only by exceptional responsiveness and best-in-class customer service. Numerous companies are coming to the realization; however, that supply chain management can be strategic and can provide a company the opportunity to out-perform competitors.

Supply chain management is very important for the retail market as it provides its services directly to the clients. Retail business can enhance service and boost supply chain speed by improving upstream and downstream processes. Therefore an effective supply chain provides competitive advantage for all retailers.

The role of supply chain in Indian organized retail is very significant for on it depends the growth of this sector. The Indian Supply Chain



Council have been formed to explore the challenges that a retailer faces and to find possible solutions for India.

The role of supply chain in the organized retail sector in India should be a shelf- centric partnership between the retailer and the manufacture for this will create supply chains that are loss free. This will also give rise to top and bottom line growth. In the organized retail sector in India the presence of fresh produce (vegetables and fruits) is very small. This is so for the nature of supply chain is very fragmented. This shows the important role of supply chain in the organized retail sector in India.

DISCUSSION

In the organized retail market in India, the role of supply chain is very important for the Indian customer demands at affordable prices a variety of product mix. It is the supply chain that ensures to the customer in all the various offerings that a company decides for its customers, be it cost, service, or the quickness in responding to ever changing tastes of the customer.

The infrastructure in India in terms of road, rail, and air links are not sufficient. And so warehousing plays a major role as an aspect of supply chain operations. To overcome these problems, the Indian retailer is trying to reduce transportation costs and is investing in logistics through



partnership or directly. The Indian organized retail sector is growing so the role of supply chain becomes all the more important. It should become all the more responsive and adaptive to customers demand. There is also need for the supply chain to be more cost efficient and collaborative to win the immense competition in this sector.

The role of supply chain in Indian organized retail has expanded over the years with the boom in this industry. The growth of the Indian retail industry to a large extent depends on supply chain, so efforts must be made by the Indian retailers to maintain it properly.

The success in this competitive and dynamic sector depends on achieving an efficient logistics and supply chain, which can be provided by professionals, as they combine the best systems and expertise to manage a ready flow of goods and services.

The retail boom promises to give an impetus to a host of allied sectors and the logistics industry, as the backbone of the retail sector, stands to gain the maximum.

In India, the logistics market is mainly thought to mean transportation. But the major elements of logistics cost for industries include transportation, warehousing, inventory management, courier and other valued-added services such as packaging.



The logistics costs account for 13 per cent of GDP. The industry is currently on an upswing and is poised for a growth of 20 per cent in the coming years.

With the expansion of retail, supply chain will take on an increasingly important role. With the end consumer becoming more demanding and time conscious, the need for just-in-time services is increasing. In retail, where competition is intense and stakes are high, customer satisfaction is paramount.

Industry experts opine that in India too the large retail chains will follow the global model of outsourcing their logistics so as to better manage complex supply chains and focus on their core business.

For the retail chains in agri-produce, efficiency of logistics is critical and can indeed leverage the brand to a great extent. The main asset retailers realize is that knowing what is selling and what is not can improve the inventory processes. Inventory is the biggest cost factor, and if not managed well, it can also be the biggest drain. That's why retailers and their trading partners today set store by the inventory process and its impact.

CONCLUSION



The booming retail sector has set off growth in the cold chain segment as well. It is a highly specialized service and caters to time sensitive and perishable items. The cold chain industry is growing at 20-25 per cent. However, there is an urgent need to establish the necessary infrastructure for an effective cold chain.

Excellent retail supply chain management revolves around understanding and balancing three key dimensions of availability, inventory and cost. Managing these trade-offs efficiently can result in supply chains that improve business performance and drive competitive advantage.

REFERENCES

1. N. Viswanadham. Analysis of Manufacturing Enterprises. Kluwer Academic Publishers, 2010.
2. Sridhar Tayur, Ram Ganeshan, Michael Magazine (editors). Quantitative Models for Supply Chain Management. Kluwer Academic Publishers, 2010.
3. R.B. Handfield and E.L. Nichols, Jr. Introduction to Supply Chain Management. Prentice Hall, 2014.
4. N. Viswanadham and Y. Narahari. Performance Modeling of Automated manufacturing Systems. Prentice Hall of India, 2015.



5. Sunil Chopra and Peter Meindel. Supply Chain Management: Strategy, Planning, and Operation, Prentice Hall of India, 2012.
6. Jeremy F. Shapiro. Modeling the Supply Chain. Duxbury Thomson Learning, 2011.