SUPPLY CHAIN MANAGEMENT AS A CONTEMPORARY DOMAIN FOR ORGANISED RETAILING - INVESTIGATION IN SELECTED RETAILING ORGANISATION IN CHENNAI.

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ABSTRACT

"Supply chain management" can be viewed as both an emergent field of practice and an emerging academic domain. Neither perspective is fully mature but each has considerable promise. The future progress of each will be enhanced and indeed is ultimately dependent upon the other. Hence, the purpose of this paper is to take stock of developments in theory and practice to date and to identify barriers and possibilities. Moreover, given the off-remarked acknowledgement of the crucial importance of the behavioral and people dimension but the relative neglect of this in any substantive form, we give special attention to this aspect. Supply chain management is ultimately about influencing behavior in particular directions and in particular ways. The underlying logics, drivers, enablers and barriers merit and require close attention.

Keywords: *Logics, Drivers, Enablers, Barriers, Logistician.*

Introduction –overview

Supply chain management (**SCM**) is "the systemic, strategic coordination of the traditional business functions and the tactics across these business functions within a particular company and across businesses within the supply chain, for the purposes of improving the long-term performance of the individual companies and the supply chain as a whole." It has also been defined as the "design, planning, execution, control, and monitoring of supply chain activities with the objective of creating net value, building a competitive infrastructure, leveraging worldwide supply chain, synchronizing supply with demand and measuring performance globally."

Logistics management

Logistics management is that part of the supply chain which plans, implements and controls the efficient, effective forward and reverse flow and storage of goods, services and related information between the point of origin and the point of consumption in order to meet customer & legal requirements. A professional working in the field of Supply chain management is called a logistician.

Retail Management

Retail comes from the Old French word *tailler*, which means "to cut off, clip, pare, divide" in terms of tailoring (1365). It was first recorded as a noun with the meaning of a "sale in small quantities" in 1433 (from the Middle French *retail*, "piece cut off, shred, scrap, paring"). Like in French, the word *retail* in both Dutch and German also refers to the sale of small quantities of items.

Indian retail industry is going through a transition phase. Most of the retailing in our country is still in the unorganized sector. The spread patterns of the retails in US and India shows a wide gap between the two countries. Though retailing in India is undergoing an exponential growth, the road ahead is full of challenges.

Retailer is a person or agent or agency or company or organization who is instrumental in reaching the Goods or Merchandise or Services to the End User or Ultimate Consumer. Retailing is one of the pillars of the economy in India and accounts for 35% of GDP. The retail industry is divided into organised and unorganised sectors. Over 12 million outlets operate in the country and only 4% of them being larger than 500 sq ft (46 m2) in size. Organised retailing refers to trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, income tax, etc. These include the corporate-backed hypermarkets and retail chains, and also the privately owned large retail businesses. Unorganised retailing, on the other hand, refers to the traditional formats of low-cost retailing, for example, the local kirana shops, owner manned general stores, paan/beedi shops, convenience stores, hand cart and pavement vendors, etc.

Most Indian shopping takes place in open markets and in millions of independent grocery shops called kirana. Organized retail such supermarkets accounts for just 4% of the market as of 2008. Regulations restrict most foreign investment in retailing in India.

Objectives of the study

Primary objective:

To Study the supply chain Management for retail marketing in selected branded retail stores.

Secondary objectives:

- ✓ To know the level of performance of the store keepers in logistical services.

- ✓ To find out the deficiencies prevailing in the supply chain operations.

- ✓ To find out the growth factors available for the Supply chain.

✓ To know the level of concern shown by the management towards the supply chain.

Review of literature

1. Wout Dullaert, Hein Fleuren, Frans Cruijssen[1]

Summary: This article presents a broad review of horizontal cooperation in transport and supply chain. This topic is fast gaining momentum in the supply chain sector and is thus highly relevant from a practical point of view. Moreover, horizontal cooperation is also interesting from a theoretical perspective because it can be approached by various disciplines, offering a forum for economists, operations researchers, and psychologists, among others.

2. According to Marasco, Alessandra

Summary: Third-party supply chain (TPL) has attracted considerable research attention in the recent past. Despite the growing body of literature on this topic, precious little effort has been devoted to synthesizing the overall state of art of research on TPL. In this paper, an attempt is made to review the status of literature on TPL. A literature review scheme is presented. A total of 152 articles published between 1989 and 2006 in 33 reputable international journals are reviewed and classified into content- and methodology-related issues. Based on the review, suggestions for future research are likewise provided.

Emerging Trends in Retail marketing strategy

The essence of retail marketing is developing merchandise and services that satisfy specific needs of customers, and supplying them at prices that will yield profits. Thereby the concept is a philosophy, not a system of retailing or retail structure. In today's CRM landscape the old analogy comparing the rifle and shotgun approaches to message and / or offer delivery is perhaps more appropriate than ever, as more retail organizations struggle to achieve one-to-one marketing-communications with customers and prospects. Targeting allows a retail enterprise to channel its marketing budget4ere there is the greatest (and fastest) possibility of Return On Investment (ROI) (Green K W Jr. and Inman R A (2005)[2]

Indian organized retail industry

The Indian Retail Industry Scenario: On the basis of a report published by the India Retail Forum; it is seen that the Organized retail accounted for Rs 55,000 crore (about $12.4 billion) in the year 2006 and still its just about only 4.6% of the total Indian Retail Value that was about Rs 12,00,000 crore ($270 billion). It means that the major portion of the Indian Retail market is in unorganized retail unlike USA where everything is mainly organized retail.

However organized retail in India is expected to grow at a rapid rate of about 47% and 52% in 2015 and 2016 respectively.   Of the last years $270 billion of Retail Value, the major portion was dominated by Food and Grocery.

Retail was about 60% of the value (about $160 billion). However in the food and Grocery retail more than 99% of the market is dominated by the neighborhood Kirana Stores. It is expected that the organized retail will add over Rs 4,00,000 crore by the year 2016.

Indian organized retail industry
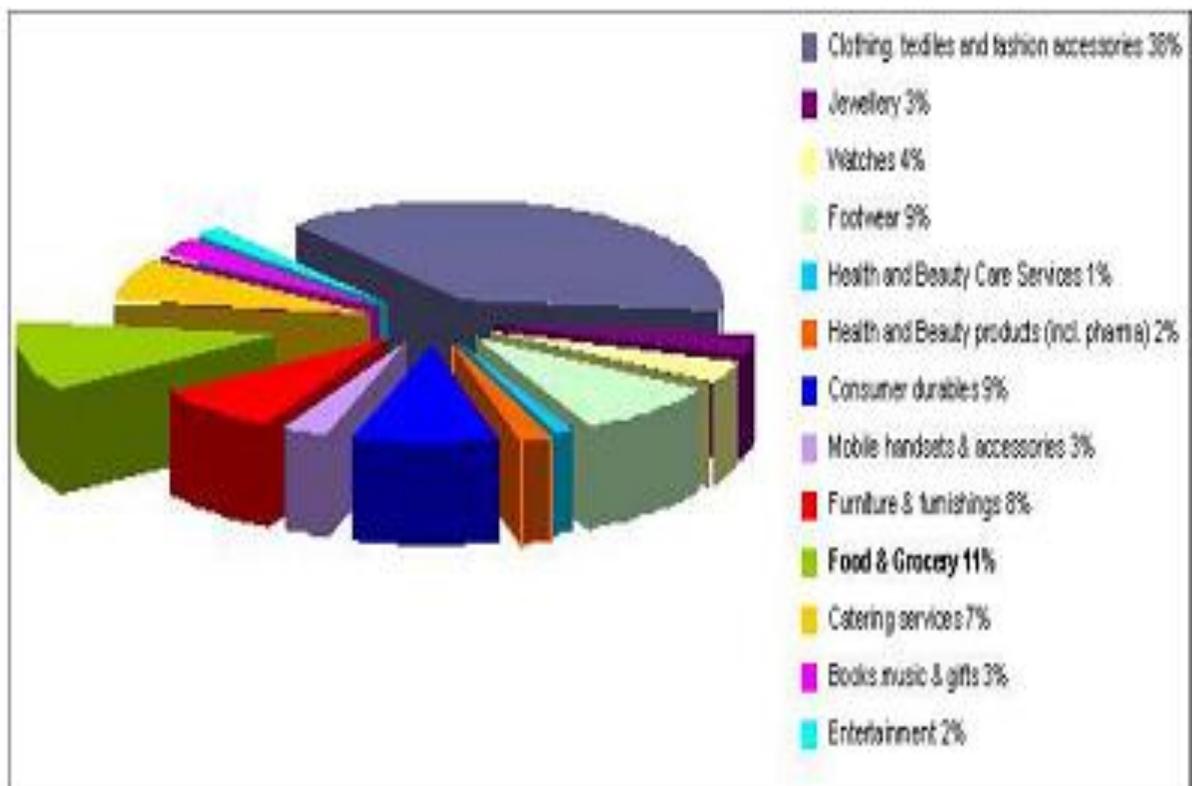
Research Methodology

The study followed Descriptive Research methodology. Primary data & Secondary data were collected, Sample Size: 100 respondents-Types of sampling: Stratified random sample, Research instrument: Structured questionnaire. Data analysis & techniques: 1. Percentage method, 2. Chi- Square Test, 3. Correlation

Table 1: Particulars about tenure of the store

Particulars about tenure of the store	No. of Respondents	Percentage
Less than 1 year	55	55
1 – 2 years	35	35
2.1 – 3 years	8	8
3 years and above	2	2
TOTAL	100	100

Table 2: Particulars about mode of receiving

Particulars about Mode of receiving	No. of Respondents	Percentage
Centralised	85	85
Decentralised	15	15
Total	100	100

Table 3: Particulars about having a separate person for supply chain

Particulars about having a separate person for supply chain.	No. of Respondents	Percentage
Yes	89	89
No	11	11
Total	100	100

Table 4: Particulars about performance of the supply chain determining the sales.

Particulars about performance of the supply chain determining the sales.	No. of Respondents	Percentage
Yes	92	8
No	8	8
Total	100	100

Table 5: Particulars about Level of belief in the supply chain determine the sales

Particulars about Level of belief in the supply chain that determining the sales	No. of Respondents	Percentage
To some extent	19	20
To a greater extent	73	80
Total	92	100

Table 6: Particulars about mode of receiving the perishable commodities

Particulars about mode of receiving the perishable commodities	No. of Respondents	Percentage
From place of production	20	20
Through Agents	70	70
Others	10	10
Total	100	100

Table 7: Particulars about Frequency of the order placed

Particulars about Frequency of the order placed	No. of Respondents	Percentage
Weekly	36	36
Depending upon the demand	64	64
Total	100	100

Table 8: Particulars about having a supply chain service of your own

Particulars about having a supply chain service of your own	No. of Respondents	Percentage
Yes	85	85
No	15	15
Total	100	100

Table 9: Particulars about satisfaction with the performance of supply chain

Particulars about satisfaction with the performance of supply chain	No. of Respondents	Percentage
Yes	85	85
No		
Total	85	100

Table 10: Particulars about supply chain management determining the quality of the perishable commodity.

Particulars about supply chain management determining the quality of the perishable commodity.	No. of Respondents	Percentage
Yes	100	100
No	-	-
Total	100	100

Table 11: Particulars about-logistician cooperation

Particulars about-logistician cooperation	No. of Respondents	Percentage
Yes	95	95
No	05	05
Total	100	100

Table 10: Particulars about Supply chain personnel available for taking back, damaged/old/ stagnant commodities

Particulars about Supply chain personnel available for taking back, damaged/old/stagnant commodities	No. of Respondents	Percentage
Yes	55	55
No	45	45
Total	100	100

Data Interpretation

Chi –Square Test 1

H0: There is no relationship between receiving the perishable commodity and frequency of orders.

Particulars	Weekly	Depending on demand	Total
Directly from the place of production	12	8	20
Through Agents	50	20	70
Others	07	03	10
Total	69	31	

Here the calculated value is .955, Here Degrees of freedom is (r-1)*(c-1) = 1* 2 = 2

The level of significance at 5% for the Degree of Freedom 2 is: 5.99

Now, the calculated value is lesser than the tabulated value, so the null hypothesis is accepted.

Hence we can conclude that there is no relationship between receiving the perishable commodity and frequency of orders.

Chi –Square Test 2

Ho: There is no relationship between frequency of orders and distance travelled for purchasing the **perishable goods.**

Particulars	Weekly	Depending on demand	Total
With in 10km	4	6	10
With in 25km	18	38	56
With in 50km	10	12	22
Total	36	64	

Here the calculated value is 1.598, Here Degrees of freedom is (r-1)*(c-1) = 1*3 = 3

The level of significance at 5% for the Degree of Freedom 3 is: 7.81

Now, the calculated value is less than the tabulated value, so the null hypothesis is accepted.

Hence we can conclude that there is no relationship between frequency of orders and distance travelled for purchasing the perishable goods.

Chi –Square Test 3

Ho: There is no relationship between frequency of orders and distance travelled for purchasing the non-perishable goods.

Particulars	Weekly	Depending on demand	Total
With in 10km	2	4	6
With in 25km	8	2	10
With in 50km	15	7	22
Above 50km	40	22	62
Total	65	35	

Here the calculated value is 4.35, Here Degrees of freedom is (r-1)*(c-1) = 1*3 = 3

The level of significance at 5% for the Degree of Freedom 3 is: 7.81

Now, the calculated value is less than the tabulated value, so the null hypothesis is accepted.

Hence we can conclude that there is no relationship between frequency of orders and distance travelled for purchasing the non- perishable goods.

Correlation

To find out whether there is any correlation between the frequently changing the Supply chain persons and availability of enough Supply chain suppliers in the market.

Frequently changing the Supply chain persons—X, Availability of enough Supply chain suppliers in the market—Y

X	Y	X2	Y2	XY
79	83	6241	6889	6557
21	17	441	289	357
TOTAL		6682	7178	6914

$$\longrightarrow R = \Sigma XY / \sqrt{\Sigma x2 * \Sigma y2} \text{-------} R = 6914/6925.04 = .99$$

Conclusion: There exists a high degree of positive correlation between frequently changing the Supply chain persons and availability of enough Supply chain suppliers in the market.

Findings

1. 55% of the stores were started before one year only

2. 85% of the stores were receiving centrlized Supply chain

3. 89% of the stores have a separate person for Supply chain

4. 92% of the stores believe that Supply chain will determine the sales

5. 80% of the stores believe that to a greater extent Supply chain will determine the sales

6. 70% of the stores receive perishable commodities from the agents

7. 91% of the stores orders will be decided by the managers

8. 64% of the stores will place the orders based upon the demand

9. 85% of the stores have their own Supply chain service

10. 100% of the stores are satisfied with their own Supply chain service

11. 100% of the stores told that the Supply chain management determines the quality of the perishable commodity

12. In 65% of the stores quality of the product will be determined by the supervisors

13. 56% of the stores are bringing the perishable goods within 25km

14. 100% of the stores told that for Non-Perishable goods the supply is made according to the demand only

15. 62% of the stores are bringing the Non- perishable goods from places located beyond 50km

16. 100% of the stores told that the importance of Supply chain management is felt during the festival season and boom period.

17. 95% of the stores told that the Supply chain personnel co-operate during the peak business period

18. 55% of the stores told that the Supply chain personnel are available for taking back, damaged/old/stagnant commodities

19. 60% of stores told that the Supply chain personnel will demand better payment when the fuel prices are raised

20. 75% of the stores told that they will not frequently change the Supply chain personnel

21. 79% of the stores told that there are enough Supply chain suppliers in the market
22. 83% of the stores told that the co-ordination between the Supply chain persons and the stores should be improved

Suggestions

- Supply chain services can be decentralized in order to promote the efficiency of the industry.
- Receiving the perishable commodities form the Agents can be changed and stores can purchase the goods directly from producers.
- Customers and employees of the stores should be motivated to decide the quality of the goods.
- The distance travelled in purchasing the non-perishable goods can be minimized. It is a social responsibility of the stores not to pollute the environment by moving their vehicles to a longer distance. They can go for alternative source of energy to move the vehicle.
- Stores should concentrate on improving the relationship with the Supply chain persons

Conclusion

Today more and more companies recognize the importance of satisfying & retaining current customers. One of the ways to improve the customer satisfaction is maintaining the availability of the product. So, the logistical part of the company cannot underperform under any circumstance.

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