



Supply Chain Defies and Prospects With Esteem Focusing on Retail in India.

KEYWORDS

DR. CHANDUJI THAKOR

Head Of The Department Mba Program
Vjkm Institute Of Management And Computear
Studies, 10/ Parshawnath Society, Behind Shefali
Cinema, Kadi North Gujarat Pin 382715

PROF. JIGNESH PATEL

ASSISTANT PROFESSOR
VJKM INSTITUTE OF MANAGEMENT AND
COMPUTER STUDIES

RETAIL INDUSTRY

- India has emerged as the 5th most favorable destination for international retailers
- India ranks 5th among the top 30 emerging markets for retail
- The size of India's retail sector is currently estimated at around US \$450 billion in rupees in 2013
- The retail sector is categorized into two segments such as organized retail sector and unorganized retail sector
- Current Organized retail accounts for around 5% of the total market share
- Retail contributing 12% of country GDP and second largest after agriculture
- Reaching a size of US\$ 850 billion by 2020(report by A T Kearney)

MAJOR RETAILERS IN INDIA

- Aditya Birla Retail Limited
- Easyday - BhartiWalmart Retail Ltd.
- Reliance Retail Limited
- Future Group
- Pantaloons Retail
- Vishal Retail Ltd
- Tata Group
- Spencer's Retail Limited
- K Raheja Group
- Sahara Group

SUPPLY CHAIN

- supply chain is a network of facilities and distribution
- Performs the functions of procurement of materials, transformation of materials into intermediate and finished products and the distribution of finished products to customers
- Supply chains exist in both service and manufacturing organizations
- Supply chain flows can be divided into three main flows:
 - The product flow
 - The information flow
 - The finances flow

SUPPLY CHAIN & RETAIL IN INDIA

- A retail revolution is happening in the country
- The sector is witnessing inflow of large domestic conglomerates, like Reliance, Bharti, AV Birla Group; and international conglomerates such as Wal-Mart, Marks & Spencer etc.
- In addition, large investment announcements have been made both in the front as well as back-end operations of the industry

- 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
 - Other valued-added services such as packaging

SUPPLY CHAIN CHALLENGES IN RETAIL

▪ Purchasing or merchandising

- a. Lack of visibility from placement of a purchase order to receiving.
- b. Inability to cost effectively manage less-than-truckload (LTL) sized Inbound purchase order shipments

• Store replenishment

- c. Imbalance of inventory when multiple distribution centers are stocking the same
- d. High inventory levels due to the inability to predict customer demand by product
- e. Store replenishment arriving from different distribution centers due to the stock imbalances.

▪ Transportation damages

- f. Beverage transportation - Leakages
- g. Disruption in the Supply Chain
- h. Recurring product damage when shipping less-than-truckload

▪ Infrastructure

- i. Number of check posts
- j. Road condition and Km per day
- k. Old vehicles
- l. Rugged Landscape

SUPPLY CHAIN OPPORTUNITIES IN RETAIL

- Supply chain in Indian organized retail has expanded over the years with the boom in Retail industry and is expected to grow at the rate of 20%
- Supply chain in Indian organized retail is very significant for it depends the growth of this sector
- Indian customer demands at affordable prices a variety of product mix
- Retailers outsource their logistics because the retailers are turning to Supply Chain Management for cost control
 - Reaching the rural customer
 - Government planning for 51% FDI in multi-brand retail

- sector & 100% FDI in single brand has already come
- More business will grow for supply chain if international giant enter into India
- Players taking the “first-mover advantage”
- More than 72 per cent of India’s population resides in small towns and rural areas
- Big Players have aggressive plans to tap these emerging cities.
- Players which have established their presence in the top metros are planning their establishments in these emerging cities to gain the first-mover advantage over other entrants.
- Emergence of India as Retail Sourcing Hub
- A strong manufacturing industry, India is fast emerging as an important global sourcing hub for top international brands
- Wal-Mart, Tesco’s and Marks & Spencer sourcing around US\$ 5 billion
- Adidas, Next and Calvin Klein are expected to increase sourcing from India, with Adidas opening its first office in Bengaluru.

Increasing Technology Adoption

- With modern retail store formats growing in size, players are increasingly deploying advanced information technology tools for managing their supply chain, warehousing and logistics requirements
- Big league IT firms like IBM India, Oracle, SAP are developing solutions smaller retailers, such as merchandising solutions, solutions for store-level point of sale (POS) needs and hardware requirements, collaboration tools

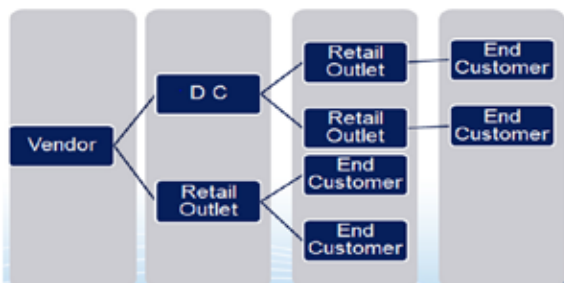
Online Retailing

- Increase in the number of broadband and dial-up internet connections, limited personal time, increased use of plastic money, and large young population that spends a considerable time online are facilitating growth of online shopping.
- Players like Rediff.com, eBay.in, Indiatimes.com were the first entrants in the Indian online retail space, clocking impressive revenues through online transactions. Recent players to enter this niche market include the Pantaloons Retail India Ltd., through its Futurebazaar.com venture.

About – Big Bazaar

- Founded by Mr. Kishore Biyani
- Headquartered in Mumbai (Bombay)
- 2 million customers every week
- Over 1 million loyalty card members
- First set of Big Bazaar stores opened in 2001 in Kolkata, Hyderabad and Bangalore.

Distribution Network



Challenges

- a. Truck Unloading

- b. Bar Code Missing
- c. Price Fluctuation
- d. Inventory Shrinkage

Opportunities

- e. Behavioral pattern, preferences and expenditure capacity of Indian consumers
- f. Growing consumer power in tier 2 and tier 3 cities in India
- g. IT trends in Indian retail industry and technological expansion

Future Supply Chains

- Future Supply Chains, a specialized subsidiary, offers a strategic, focused and consolidated approach to meet the group’s large supply chain requirements as well as those of select suppliers and business partners.
- Future Supply Chains provides integrated end-to-end supply chain management, warehousing and distribution, multi-modal transportation and container freight stations.
- Operates 5 major verticals: Warehousing, Transportation, International Logistics, Brand Distribution and Reverse Logistics
- Current warehouse footprint of over 3.5 million square feet with 67 warehouses across 32 locations.
- Dedicated fleet of over 400 vehicles and an out-sourced fleet of 400 trucks that move goods across India in the most efficient and cost-effective manner. Li & Fung, the Hong Kong-based largest retail supply chain company, is an investor and partner of Future Supply Chains.

Supply Chain Expertise

Food Supply Chain

- a. Managing Food Supply Chain is a challenge
 - i. Food safety requirements
 - ii. Regulatory requirements
 - iii. Short shelf life of products leading to expiry and wastage
 - iv. Effective handling of customer complaints

Fashion Supply Chain

- b. Fashion supply chain expertise is in getting the merchandise to the retail stores in short time-to-market and at low cost-to-market

General Merchandise Supply Chain

- c. General Merchandise (GM) solutions comprise 11 distinct supply chains, as GM is the most peculiar of all the product domains due to vast variations in size and value of the products

Solutions from FSC

- Retail store replenishments
- Movement (nationwide and intra-city)
- Cold chain management
- Reverse logistics
- Distribution services
- Vendor management
- Bar coding services
- Quality Assurance
- Packaging solutions

REFERENCE

- Torres, B., Nones, S., Morques, S., & Evgenio, R. (2004). A Theoretical Approach for Green Supply Chain Management. Federal University DO RIOGRANDE, Industrial Engineering Program, NATAL-BRAZIL, January-2004. | ▪ <http://www.futuregroup.in/businesses/logistics-supply-chain.html> | ▪ Tsai, W., & Ghoshal, S. (1998). Social capital and value creation: the role of intra firm networks. *Academy of Management Journal*, 41(4), 464-476. Electronic copy available at: <http://www.jstor.org/stable/257085>. | ▪ Srivastva, S. (2007). Green supply State of the art Literature Review. *International Journal of Management Review*, 9(1), 53-80. | ▪ Rogers, D. S., & R. S. (1998). Tibben-lembe, Going Backwards: Reverse Logistics Trends and Practices. Reverse Logistics Executive Council, Pittsburgh, PA. | ▪ Sage, A. (1977). *Interpretive Structural Modeling: Methodology for Large scale Systems* (pp. 91-164). New York: McGraw-Hill. | ▪ Sarkar, A., & Mohapatra, P. K. (2006). Evaluation of supplier capability and performance: A method for supply base reduction. *Journal of Purchase supply Management*, 12, 148-163.