



## SUPPLY CHAIN MANAGEMENT IN SPECIALITY STORES- A CASE STUDY OF PAI INTERNATIONALS SHIVAMOGGA

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### Abstract

*Retailing is not only an important aspect of the economic structure but very much a part of our lives. Although trading of goods have been in existence since the olden days, it is only in the recent past that the buying and selling of goods have become more of a formal and a brand dominated activity. In fact, today retailing is evolving into a global, high-tech business. Nevertheless, the traditional forms of independently owned small businesses co-exist along with organized retailers like department stores, specialty stores, shopping complexes, malls, large scale multiple chain etc. Organized retailing has emerged in a big way since 2000 onwards and with it, we are witnessing the emergence of new forms of retailing. The retailer's market can be segmented on the basis of various retail formats to concentrate or focus on the needs of particular consumer groups. Ultimately, this has led to the development of a very complex retail environment. With the increase in competition in the retailing market, retailers are seeking new consumer groups and new way to tap this market. Some of the important reasons for the growth in the consumer demand for retail outlet could be that there is a growing middle class of consumers with high disposable income, rise in consumer aspiration level for global lifestyle due to media exposure etc. therefore the present study is focused on the Supply Chain Management for Specialty stores which is leading formats of organized retailing, and also the study focused on the implementation SCM techniques in maintaining customer loyalty.*

**Key Words:** Organized Retailing, SCM, Specialty Stores

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### **Introduction:**

Retailing Industry is a second largest Industry after the agriculture sector in India which is providing nearly 9% Employment opportunities and contributing more than 12% to the country's GDP. The retailing industry in India amounted to Rs 10,000 billion accounting for about to the country's GDP. The organized retail market in India out of this total market accounted for 350 billion which is about 3.5% of the total revenue. The Indian organized retailing growing very fast due to many reasons among different reasons the important reasons are increase income of people, changing life style, and pattern of demography which are favorable. Moreover consumer now wants to shop at a place where they can get food, entertainment, and shopping all under one roof, these are the important reasons that boosting the retail sector. However, retail sector not contributing up to the mark due to many problems like increased competition, property and supply chain development and management, to face these challenges it is very necessary to the organized retailers to undergo many strategies in their day today business operations.

Retailing is not only an important aspect of the economic structure but very much a part of our lives. Although trading of goods has been in existence since the olden days, it is only in the recent past that the buying and selling of goods have become more of a formal and a brand dominated activity. In fact, today retailing is evolving into a global, high-tech business. Nevertheless, the traditional forms of independently owned small businesses co-exist along with organized retailers like department stores, specialty stores, shopping complexes, malls, large scale multiple chain etc.

### **Meaning Of Supply Chain Management**

The supply chain or distribution logistics encompasses all the activates and exchanges involved in extracting, processing, manufacturing and distributing goods and services from raw materials through to the end consumer. It also requires the retailer s to take a holistic view of these activates and adopt innovative approaches to meet customer need with great efficiency.



"the supply chain encompasses all of those activities associated with moving goods from the raw-materials stage through to the end user."

G. Davis has given a retail definition of supply chain management as follows: "The management of resources to supply the product and service needs of the end consumer, encompassing the supply chain of any physical products and the exchange processes involved."

### **Importance of Supply Chain Management**

In the ancient Greek fable about the tortoise and the hare, the speedy and overconfident rabbit fell asleep on the job, while the "slow and steady" turtle won the race. That may have been true in Aesop's time, but in today's demanding business environment, "slow and steady" won't get you out of the starting gate, let alone win any races. Managers these days recognize that getting products to customers faster than the competition will improve a company's competitive position. To remain competitive, companies must seek new solutions to important Supply Chain Management issues such as modal analysis, supply chain management, load planning, route planning and distribution network design. Companies must face corporate challenges that impact Supply Chain Management such as reengineering globalization and outsourcing. Why is it so important for companies to get products to their customers quickly? Faster product availability is key to increasing sales, says R. Michael Donovan of Natick, Mass., a management consultant specializing in manufacturing and information systems. "There's a substantial profit advantage for the extra time that you are in the market and your competitor is not," he says. "If you can be there first, you are likely to get more orders and more market share." The ability to deliver a product faster also can make or break a sale. "If two alternative [products] appear to be equal and one is immediately available and the other will be available in a week, which would you choose? Clearly, "Supply Chain Management has an important role to play in moving goods more quickly to their destination."

### **Supply Chain Management Today**

If we take the view that Supply Chain Management is what Supply Chain Management people do, then in 1997 Supply Chain Management has a firm hand on all aspects of physical



distribution and materials management. Seventy-five percent or more of respondents included the following activities as part of their company's Supply Chain Management department functions:

- Inventory management
- Transportation service procurement
- Materials handling
- Inbound transportation
- Transportation operations management
- Warehousing management

Moreover, the Supply Chain Management department is expected to increase its range of responsibilities, most often in line with the thinking that sees the order fulfillment process as one co-ordinate set of activities. Thus the functions most often cited as planning to formally include in the Supply Chain Management department are:

- Customer service performance monitoring
- Order processing/customer service
- Supply Chain Management budget forecasting

On the other hand, there are certain functions which some of us might feel logically belong to Supply Chain Management which companies feel are the proper domain of other departments. Most difficult to bring under the umbrella of Supply Chain Management are:

- Third party invoice payment/audit
- Sales forecasting
- Master production planning

### **Need For The Study:**

In the present day business scenario entire globe is considered as a village in terms of accessibility. The organizations which are having more than one subsidiary needs to follow



supply chain management in order to maintain customer integration and concentrate on their service quality, which will leads to customer loyalty. Therefore the present study is focusing on various supply chain management tools adopted by the retailer's in order to have customer integration

### **Objectives Of The Study:**

1. To study the supply chain management in retailing.
2. To study various supply chain management tools adopted by specialty stores in India
3. To study examine the contribution of effective supply chain management to marketing and operational efficiency.
4. To study and examine advantages and disadvantages associated with various supply chain management tools adopted by specialty stores

### **Research Methodology:**

#### **Scope of the Study**

The scope of the present study is covered various supply chain management tools adopted by the organized retailers

#### **Methods of Data Collection**

In order to reach above stated objectives the primary data is collected through questionnaire method and interaction with the respondents. Secondary data is collected through published sources like Journals, Books and e-sources.

#### **Sampling Techniques adopted**

For this study simple random sampling was is used and respondent groups had employees, housewives, Farmers, business men of various income groups were selected randomly. Questionnaires were administered to receive the responses from the target group.

**Results and Discussion Following are some of the Information Tools which are used by the Retailers in order to maintain Customer integration:**



- 1. Radio frequency identification (RFID)** is one of such technologies which can dramatically increase the organizations capability to acquire data about entities properties and location. RFID technology can provide much useful information about product: product identification numbers, price and cost, manufacturing data, location, inventory on hand and so on. RFID technology can increase speed, accuracy and visibility of operational information exchange which in turn leads to shorter cycle times, lower labor costs and improved customer service. Radio frequency identification technology is “a technology that uses radio frequency waves to transfer data between a reader and a movable item for the purpose of identifying, categorizing tracking and monitoring the products.
- 2. Point of Sale technology:** This can be defined as a computerized system used to capture time and place of sale. It provides up to date information on sales of different brands, size, colour, styles, prices, etc. Under point of sale technologies, specialized terminals or desktops are combined with bar coding readers, magnetic stripe readers and cash registers for accurately and instantly capturing the sale transaction. Retailers investing in these systems can benefit by reducing their inventory investment by 15 to 30 %.
- 3. Electronic data Interchange:** EDI is the exchange of business information through standard interfaces, by the use of computers. In simpler terms, EDI is defined as the exchange of electronic documents between organizations. It allows retailers to place instantaneous, paperless purchase orders with suppliers. EDI is not only efficient but also reduces the time needed to supply products to customers, by ensuring quick and accurate transactions. By using this technique human intervention can be minimized and employees can focus on key business areas.
- 4. Barcode and Scanners:** Bar code readers are photoelectric scanners that read the bar codes or vertical zebra striped marks, printed on product containers. Barcode scanner reads the bar codes quickly, speed up the checkout and makes the pleasant cashier to transfer the positive energy to customers. Retailers now a days are increasingly using bar code system called the Universal Product code (UPC).



5. **Business to Business (B2B) collaboration:** B2B is pre-agreed technological information sharing mechanism and co-planning process. Business to business collaboration is electronic marketplaces on the internet where supplier and buyers interact to conduct transactions. B2B solutions are usually implemented through packages (SOA, C-ME and customized solution). UccNet is an emerging B2B data communication standard for the retail industry with a significant potential impact.
6. **The Database Management, Data Warehousing and Data Mining:** A single transaction at a retail outlet releases a handful of information. The use of systems to organize, retrieve, search and manage that data is referred as database management. A data warehouse is a collection of computer based information that is crucial to the successful execution of enterprise initiatives. The concept of data warehouse implies that the data stored for business analytics can most effectively be assessed by separating it from the data in the operational systems. A data warehouse is used for upgrading a retailer with important information regarding sales like colour, size, and quantity of product. Data mining helps the retailers in extracting information from database about the existence of which the user was not aware. It discovers a relationship between customer behavior and variables that seems to be non – intuitive.
7. **Cloud computing:** Cloud computing is an IT delivery paradigm where compute capacity is made available to users in an on – demand fashion through a shared physical infrastructure. The expectation is that sharing hardware, software, network resources and management personnel would reduce per unit compute cost for enterprises.
8. **Collaborative, Planning, forecasting and Replenishment:** Collaborative Planning, Forecasting and Replenishment (CPFR) is a concept that aims to enhance supply chain integration by supporting and assisting joint practices. CPFR seeks cooperative management of inventory through joint visibility and replenishment of products throughout the supply chain. Information shared between suppliers and retailers aids in planning and satisfying customer demands through a supportive system of shared information. This allows for continuous updating of inventory and upcoming



requirements, making the end-to-end supply chain process more efficient. Efficiency is created through the decrease expenditures for merchandising, inventory, logistics, and transportation across all trading partners.

- 9. Electronic Cash Register:** The Electronic Cash Register (ECR) keeps track of sales transactions quickly and effectively. An abundance of PLUs (Price Look Ups) and department keys accommodate a variety of merchandise items. This means a faster, more accurate check out process and the ability to manage a wider variety of goods and services more efficiently. And with features like fast, attractive receipt print outs and an easy-to-view LCD operator display, the ECR makes managing the business a pleasure.
- 10. Loyalty Membership cards:** Creative personalized customer loyalty cards enable retailers, casinos and many others to provide customer loyalty reward points, discounts and perks. Customer loyalty card programs also create opportunities to track customer data and use it to build strong, lasting relationships.
- 11. Two Way Radios like the Kenwood TK3201:** Members of staff communicate over a wide area, check stock levels and stay in touch across the entire site. Not only does 2 Way Radio allow members of staff to communicate over a wide area but they can be used as a health and safety tool so workers can report accidents, check stock levels and stay in touch across the entire site from the shop floor to the distribution area. Imagine a customer asking a member of staff if a particular item was in stock. Gone can be the days of the staff member disappearing from what seems like ever to find out. Instead a simple call using the Two Way Radio to someone in charge of the stock levels and the customer is told in seconds if the item is available. Modern Two Way Radios like the Kenwood TK3201 and Motorola XTN446 Radio are a perfect way for modern retailers to differentiate themselves from their competitors whilst making all our shopping experiences better.
- 12. Quick Response codes (QR):** The Quick Response codes are the bar codes on the products which could be downloaded by the customer from the internet or could be



picked up from the previously bought products on the smart phones or tablets. A list of all items to be purchased can then be mailed to the retail outlet. The retail outlet can pack your material and either deliver the same at your residence at a price or keep it at the outlet and the customer could pick it up based on his convenience.

**13. Customer Relationship management, Online Analytical Processing Collaborative planning forecasting and replenishment:** The emphasis of retailers are now in utilizing IT solutions like CRM, OLAP, CPFR tools to carry out the behavioral analysis to stay in the competitive market. Retail ERP packages have been implemented by large retailers but today they are experiencing difficulty in utilizing it fully, one of the key reasons could be the lack of adequate training. But it is expected that the demand and utilization of these packages will grow in the near future. It is estimated that about 400 to 500 mega bytes of data are transmitted daily between point-of sales counters and corporate headquarters of retail chains in developed countries. Relay of transaction data in such volumes helps to maintain a close working relationship between retailers and vendors to predict consumer demand, shorten lead times, reduce inventory holding and thereby save cost. Retailing database also helps in tracking purchase behavior through demographic and psychographic information. This clearly is an indication of technology serving as an effective means to build the retail business and not just restricted to supporting and improving the operational efficiency.

**14. ERP like Retail Pro, higher-end solutions like JDA, SAP IS Retail or Retek:** Facilitate complete integration of all the operations of the retail business and are a must in a scenario where retailers have thousands of products, hundreds of suppliers, multiple locations, etc.

**15. Customer Service Kiosks and Intelligent Vending Machines:** Latest information about products, their availability, price verification can be done at the customer service kiosks. If the product is not currently available a process, whereby the missing goods are ordered and directly shipped to the customer can be initiated. A 'Get help' button, can be used



where by a customer can click on this button and the store manager on the floor can walk down to the customer to resolve his query or could inform the customer how much time he would take to come down to the kiosk.

**16. Voice ready Multi-Modal Wearable Computer** Operatives can work completely hands and eyes free by receiving picking commands from the WMS via a plug-in headset. Popular application software and devices are available today that give a store associate access to store inventory, point of sale, voice communication, instant messaging, and even external data such as inventory at other stores in the region. Voice communication can be “broadcast”, where all employees hear the same thing, or “unicast” where a conversation happens between two employees. Group communication, or “multicast”, is also available which can be used to let groups of managers communicate only amongst each other.

**17. Mobile payment:** Order through M-commerce or telephone and pay through mobile. This is a very convenient way of making payment. The customer can order the material through his smart phones using the Quick response codes. Ask the retailer to deliver the goods at his residence and make payment through mobile saving huge amount of time.

**18. Global Data Synchronization Network (GDSN)** Master Data across all business partners remains the same. If any business partner makes a change in the master data especially product master, a simultaneous change will be initiated in the database of all the other parties interested that is the suppliers, company and the customers. And therefore all the parties in the value chain maintain the same master data avoiding confusion and errors.

**19. Video Conferencing:** Video conferencing solutions within and between retail branch locations can facilitate inventory checks, remote support, remote team meetings, last minute specials, new incentive programs, faster access to sales reports, employee information and remote expertise



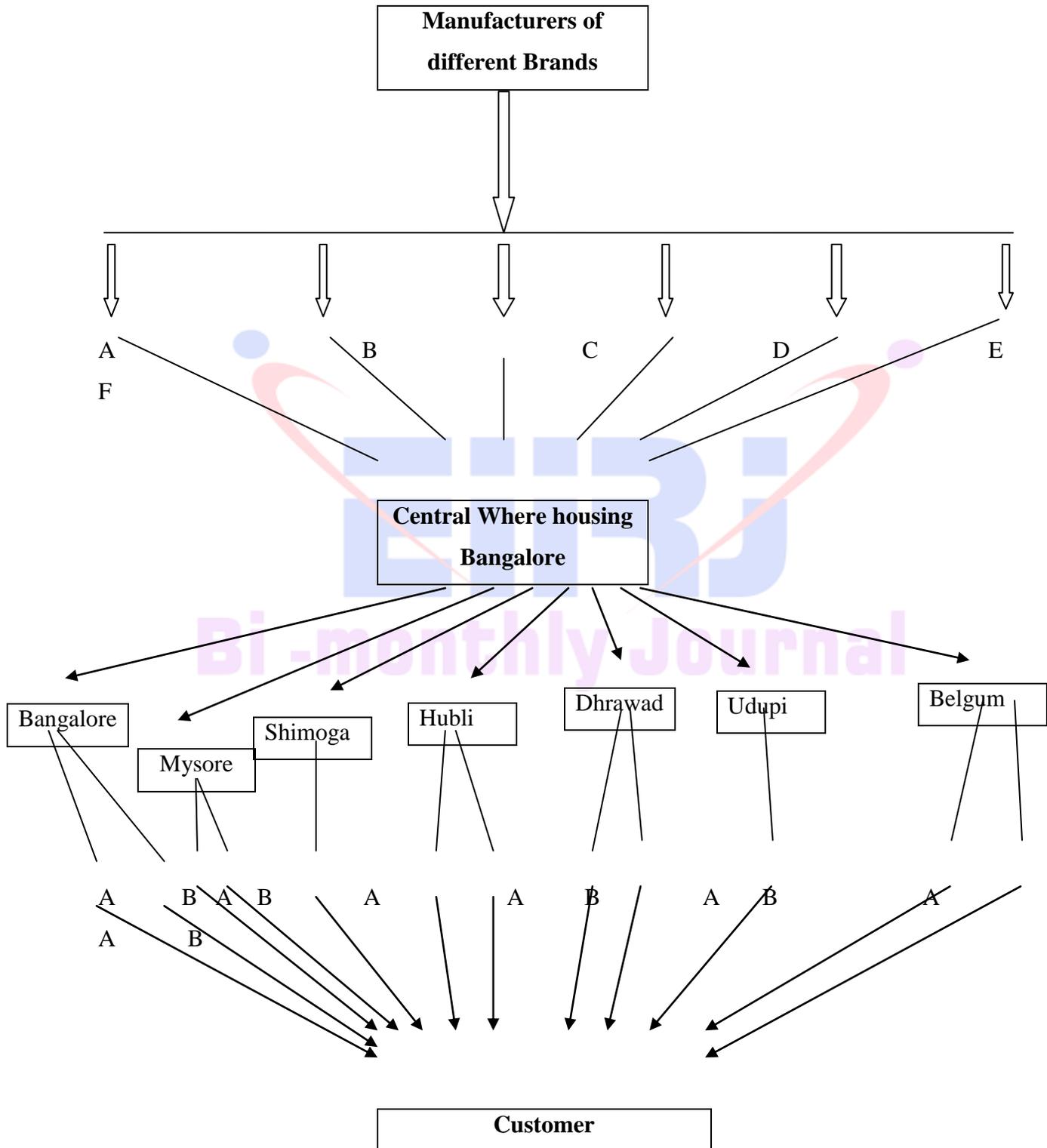
**20. Mobile point of sale:** Fully mobile point-of-sale stations can be set up using handheld computers, scanners, and printers with integrated credit card readers. This would be a great help in reducing the queue at the retail outlets especially during peak hours. The store personnel could use mobile point of sale equipments and complete the customer transaction at a great speed avoiding dissatisfaction.

**21. E-Commerce and F-Commerce:** Use of electronic communication like e-marketing could well be a cost-effective form of attracting and retaining customers. With internet penetration and awareness on the rise in the country, e-marketing does prove to be a good communication tool. Use of technology could further be extended to home shopping, direct mails and telemarketing. It can also facilitate growth in newer applications like kiosks, intelligent vending machines, PC net shops, etc. F-commerce is face book commerce. Retailers are sending posts to the respective face book accounts based on the interest level of the customer thereby individualize the information sent.

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1. Supply Chain Management in Pai Internationals in terms of (*Transportation Service management, Transportation operation management, warehousing management.*)

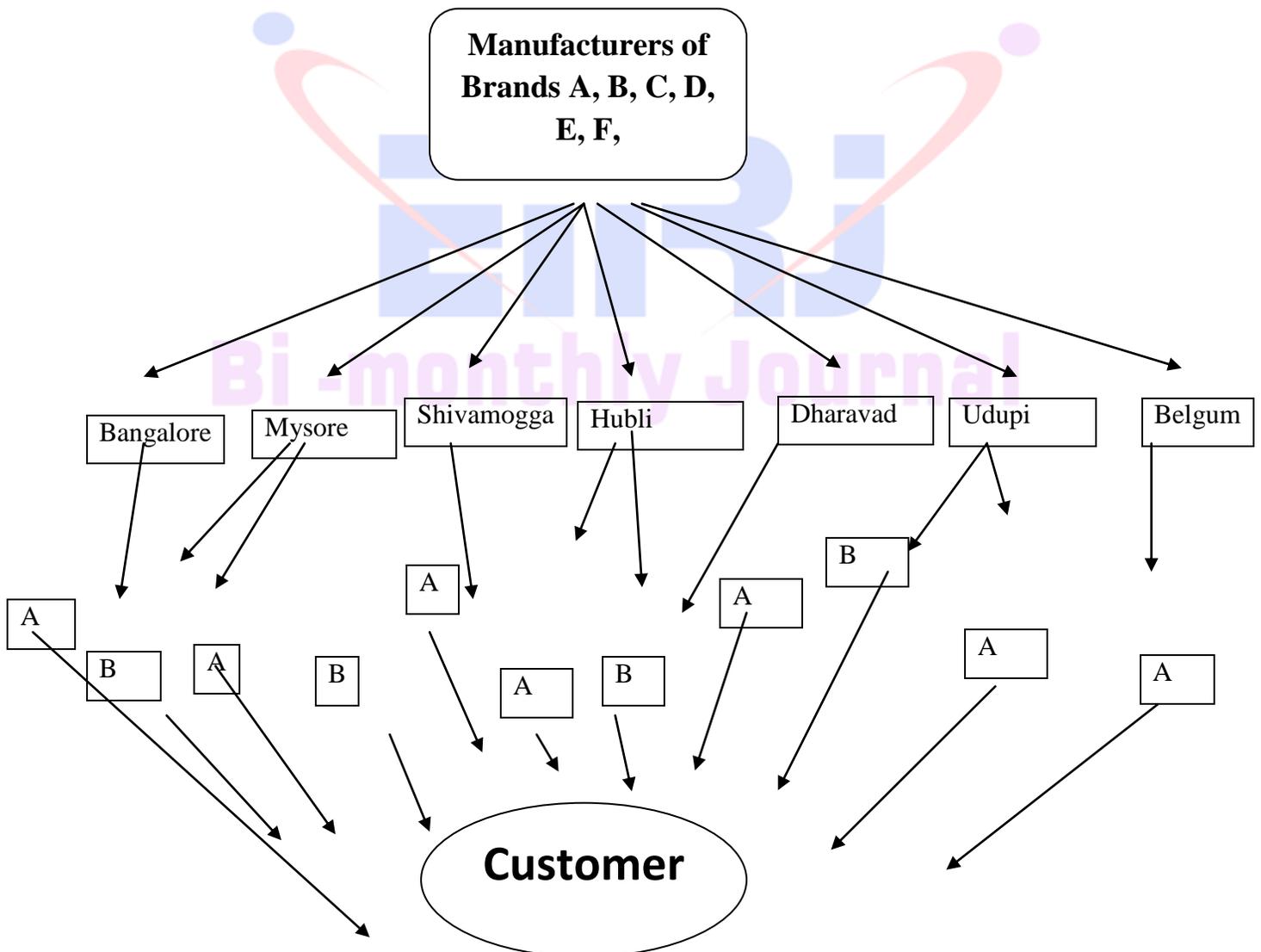




**Reference: Author Developed**

**Inference:** Above figure clearly indicates that the organization is following central warehousing system wherein they can store the products of all brands and then they send it to sustain subsidiary shops according to the requirement. The problem here is they have to incur transportation charges and handling charges. But the advantage from this system is, the organization can able to supply the goods according to the requirements which will lead to provide time utility to the customers.

**2. Supply Chain Management in Pai Internationals in terms of (Transportation Service management, Transportation operation management, warehousing management.)**





**Inference:** From the above pictorial presentation it is clear that the organization is using another method of SCM i.e., they are not maintaining any warehousing directly the subsidiaries will be buying the necessary goods according to the requirement, Which will be helpful to reduce the handling charges, transportation charges and also other maintenance charges. This method will be beneficial to the company in providing timely delivery of the products to the customers. And also it leads to customer loyalty. At the same time this method is having its own defects that is high cost in buying the products and they have to wait till the manufactures deliver the goods. It may effect to provide time utility to the customers.

### **Conclusion**

supply chain management is useful for the specialty store for avoiding the risk while growth of the business because it will be decentralized the power authority and risk supply chain management is getting work done through other has proper. Supply chain management in retailing sector playing a vital role in full fill need of the customer because consumer is kind of modern marketing and pai international company also using supply chain management tools and technique in retailing like new technology, market segmentation, information system, good human resource using provide good service to customer. This activity increase the company profit, sales, consumer satisfaction, economic development of country and it is help to growth of retailing sector and Pai international adopting new strategy for facing competition era for survival of business.

”Furthermore, while many scholars agree that SCM includes certain key concepts, such as integration and collaboration/cooperation among chain members, these concepts are still poorly defined – with multiple meanings to both researchers and practitioners. Since the mentioned concepts obviously are important to the development of SCM, they need to be further explored and defined. Similarly, additional concepts such as sustainability, for example, will probably be even more important in the future. Other dimensions, such as globalization, will have significant impact on many organizations and thus they will have to adapt to these global conditions. All indications are also the information technology and information systems will be increasingly important.



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