

The Study Over Supply Chain Management In Malls of Indore City

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ABSTRACT

Supplying the right product at right time to customer is the basic aim of Indian retailers at this time. Growing competition gives the new retailer a platform of better arrangements. Supply chain management is the basic part of retail sector in India. Supply chain activities cover everything from product development, sourcing, production, and logistics, as well as the information systems needed to coordinate this activity. SCM has got the great role in supplying the products to the customers at the right time.

The paper discusses some challenges and opportunities which are being faced by retail sector of India. Different formats of Indian Retail are also discussed in the paper. Some aspects of development of SCM in malls of Indore had been discussed. Consumption pattern of Indian consumers is also highlighted. International Retailing also throws some light on FDI in retail.

Key Words: SCM, Retailers, FDI, Consumers, International Retailing

Introduction

Practically every product that reaches an end user represents the cumulative effort of multiple organizations. These organizations are referred to collectively as the supply chain. In today's highly competitive world, a company's success depends on how well it can control its supply chain by surmounting the resultant bottlenecks. Modern retail has entered India as seen in sprawling shopping centers, multi-storied malls and huge complexes offer shopping, entertainment and food all under one roof. Growth in Indian retail has been driven by the country's economic fundamentals over the past few years. Increasing number of nuclear families, easy financing options, increase in the population of working women and emerging opportunities in the service sector during the past few years have been the key growth drivers of the organized retail sector in India. Consumers are now showing a growing preference for organized retail, resulting in increased penetration.

International Retailing

Global sourcing has become a reality now, and many companies are under tremendous pressure to reduce their inventory levels and simultaneously expedite faster order-fulfillment cycles.

As many companies still continue to outsource manufacturing to low-cost countries, the frequency and intensity of supply chain disruptions increases substantially. Research studies have demonstrated that several organizations are not fully equipped to manage supply chain risks, and that only between 5 and 25 per cent of Fortune 500 companies are prepared to handle disruptions in supply chain. The costs of supply chain disruption can be very high—ranging from USD 50 million to USD 100 million for a single day. Supply chain disruptions can also lower the shareholder value by up to 10 per cent. To reduce the frequency and costs of supply disruptions, suppliers and manufacturers need to adopt a set of processes and enabling technologies. A combination of process changes and use of advanced technology can enable in enhancing the supply chain efficiency of companies and delivering value to the customer.

Indian Retail

“Any business that diverts the marketing efforts towards satisfying the final consumer based upon the organization of selling goods and services as a means of distribution.”

Retail is the final stage in the distribution process from manufacturer to consumer. Retailer as an intermediary collects and the assortment of goods and services from various sources and offers them to customers. The retailing has occupied a great position in the market. There are multiple chains run by powerful organizations like *Easy Day, More Mega Store, Big Bazaar, Vishal Mega Mart, Reliance Fresh, Spencer etc.*

Though the arrival of super markets was a bit late but then too it has fast become the rage of enthusiasts.

Malls: It refers to the term where a collection of shops all adjoins pedestrians, or a pedestrian street where the shoppers walk without interference from vehicle traffic.

Store Image: This is the relationship between the psychological factors and the store related variables and attributes of textile or apparels. Global distribution channels and marketing strategies to build competitive advantage.

FDI in retail

FDI has been permitted in wholesale trade on cash and carry basis.

In 1997, FDI in cash and carry (wholesale) with 100% ownership was allowed after getting permission from the Govt.

In 2006, 51% investment in single brand retail outlet was permitted.

This time as per current regulatory regime or FDI policy up to 51% is allowed with prior Govt. approval, in retail trade of “single brand” products.

Consequences

1. Indian Laws: Indian laws can't be compared with USA and China where the corrupt person can be given death punishment also.

2. Agriculture: The first and foremost fear is that farmers will be exploited by the predatory pricing policy of the large retailers, a job that is probably and already being done by a host of middlemen. So, instead of many such middlemen, there will one source where the farmer will face a single-window ‘clearance’, and that of the FDI retailer!

Taking an example of Indian major city, like Bangalore, for instance. There are several big business houses in retail, such as Reliance, Tatas, Goenkas, and supermarkets like Spar, Big Bazaar, etc to name a few. In this category, we could include government sponsored HOPCOMs too. There is intense competition amongst all these organizations. The pricing is sharp and the range of products covered is going up by the day.

The Prime Minister has repeatedly projected FDI in retail as a boon for agriculture. Unfortunately, this is not true. Even in the U.S., big retail has not helped farmers — it is federal support that makes agriculture profitable. In its last Farm Bill in 2008, the U.S. made a provision of \$307 billion for agriculture for the next five years. .

Where is the justification for such massive support if big retail was providing farmers better prices? And let us not forget, despite these subsidies studies have shown that one farmer in Europe quits agriculture every minute.

The second argument is that big retail will squeeze out middleman and therefore provide a better price to farmers. This is again not borne by facts. In the U.S., some studies have shown that the net income of farmers has come down from 70 per cent in the early 20th century to less than four per cent in 2005.

This is because big retail actually brings in a new battery of middlemen — quality controller, standardize, certification agency, processor, packaging consultants etc. It is these middlemen who walk away with the profits and the farmer is left to survive on the subsidy dole.

Monopolistic power enables these companies to go in for predatory pricing. Empirical studies have shown that consumer prices in supermarkets in Latin America, Africa and Asia have remained higher than the open market by 20 to 30 per cent.

And finally, the argument that multi-brand retail will provide adequate scientific storage and thereby save millions of tonnes of food grains from rotting. I don't know where in the world big retail has provided backend grain storage facilities?

FDI is already allowed in storage, and no investment has come in. Let it also be known that even the 30-per-cent local sourcing clause for single-brand retail has already been challenged and quietly put in cold storage by the Ministry of Commerce.

2. Employment: The Indian retail market is estimated to be around \$400 billion with more than 12 million retailers employing 40 million people. Ironically, Wal-Mart's turnover is also around \$420 billion, but it employs only 2.1 million people. If Wal-Mart can achieve the same turnover with hardly a fraction of the workforce employed by the Indian retail sector, how do we expect big retail to create jobs? It is the Indian retail sector which is a much bigger employer, and big retail will only destroy millions of livelihoods.

3. State government's prerogative: Very cleverly, the Central government has allowed the State governments the final say in allowing FDI in retail. This may to some extent pacify those State governments opposed to big retail. However, the industry is upbeat and knows well that as per international trade norms, member countries have to provide national treatment. Being a signatory to Bilateral Investment promotion and Protection Agreements (BIPAs), India has to p

provide national treatment to the investors. Agreements with more than 70 countries have already been signed. State governments will, therefore, have to open up for big retail. Industries will use the legal option to force the States to comply.

And more importantly, let us look at how the virus of big retail spreads, even if the promise is to keep it confined to major cities. Recently, a *New York Times* expose showed how Wal-Mart had captured nearly 50 per cent of Mexico's retail market in 10 years. What is important here is that as per the *NYT* disclosure “the Mexican subsidiary of Wal-Mart, which opened 431 stores in 2011, had paid bribes and an internal enquiry into the matter has been suppressed at corporate headquarters in Arkansas”.

In India, we are aware that Wal-Mart alone had spent Rs.52 crore in two years to lobby, as per a disclosure statement made in the U.S. It has certainly paid off.

Challenges and Opportunities Faced by Shopping Malls

Shopping malls in the country have been experiencing difficulty in recent years. People are spending less time in malls due to changing preferences and new shopping alternatives. A 1994 Ropar Starch Worldwide survey found

that only 10% of Americans consumers say they shop at malls very often, down from 16% in 1987. According to the national benchmarks of shopping patterns study in 1982 shoppers spent an average of 90 minutes on each visit to malls. By 1994, the average visit was 68 min., down 25%.

Time Starved Customers: Customers find it more difficult to shop at regional shopping mall, instead, shoppers want to run out at lunch and make a quick walk towards the shop on their way on work.

Disappointed with Mall Experience: Consumers feel that malls are too big and crowded and all look same. After sometime they get bored of seeing the same types of infrastructure.

Competition: Big players like Wal-Mart, Home Depot or Comp USA usually anchors them. Consumers are more interested in new malls.

Objectives of the study

The present research work is devoted to retail marketing and customer satisfaction towards malls of Indore in Madhya Pradesh. Specifically the objectives of the study are:

- To Learn about the loopholes of Supply Chain Management in retail stores of Indore
- To examine the growth of retail sector and factors affecting it.
- To study the impact of income and education on the customer perception towards mall.
- To study marketing strategies adopted by mall management.
- To study means of refined shopping.

Research Plan

The universe of the study is the customers of the malls in Indore only. A sample of 200 customers of malls was selected through convenience random sampling. A structured questionnaire was used for collecting the data from customers. The questionnaire was based on Likert scale which was pre-tested also. Simple statistical techniques, diagrams, graphical presentation, percentage, Likert scale etc. are used for interpretation of data collected.

Malls at Indore

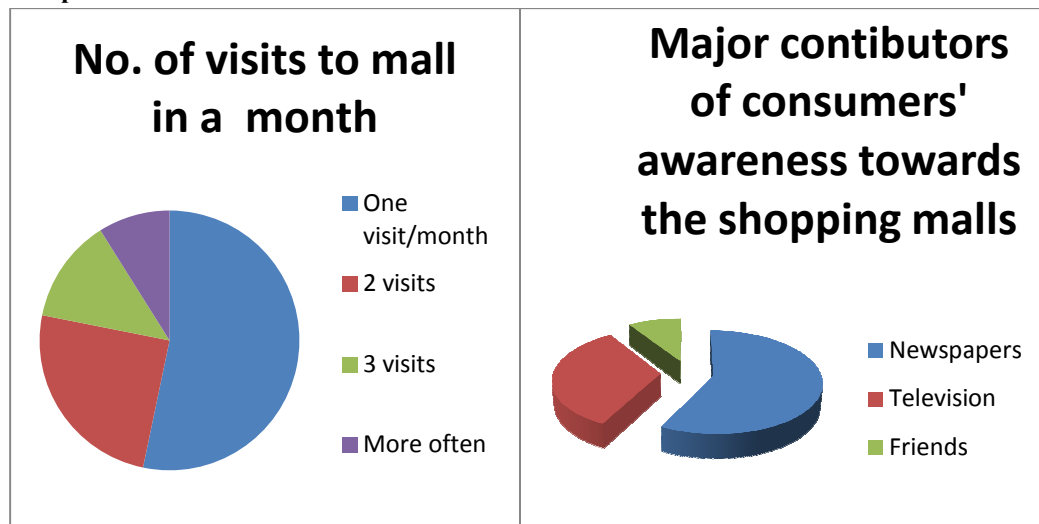
Indore is a known commercial, educational hub of Madhya Pradesh. Rich and prosperous people are there in Indore. Educational level of the people is again high here. Indore is rich in Educational institutions, Hotels, Textile etc. At Indore, there are many places to roam around in the city during the day-time. Rajwada, Sarafa Bazaar, Ada Bazaar, Kothari market etc.

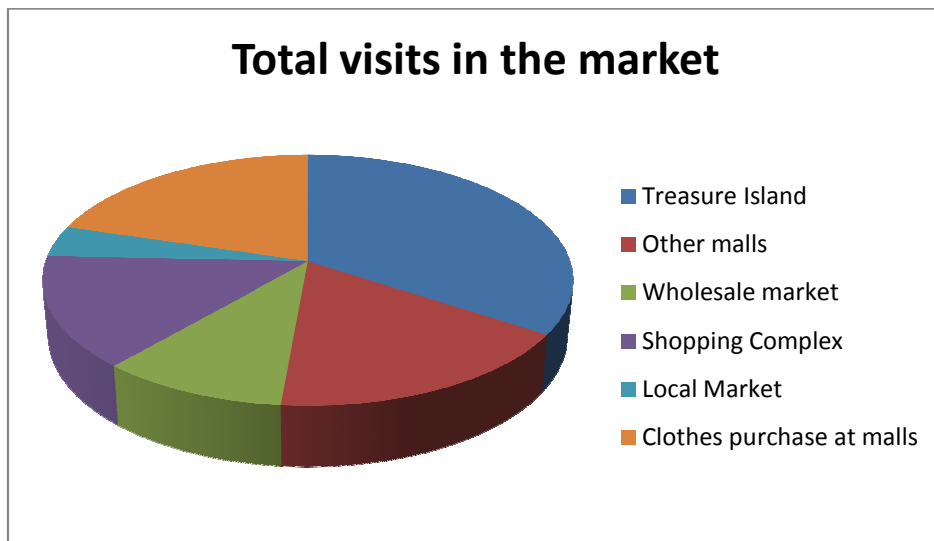
Many malls have arrived in Indore like Treasure Island, Mangal City, C21, Malhar Mega Mall and Vishal Mega Mart.

Results

Consumer behavior refers to “the behavior that consumer display in searching for purchasing, using, evaluating and disposing off the products and services they expect will satisfy their needs”

The pie chart shows no. of consumers’ visit to mall in a month



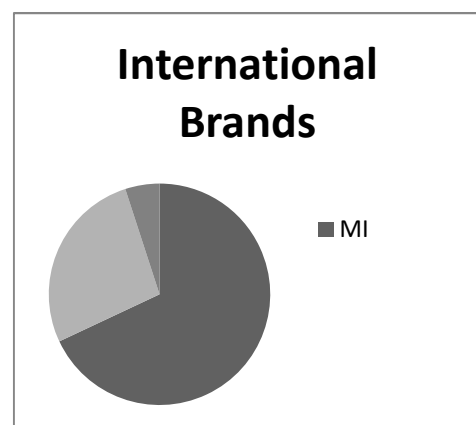


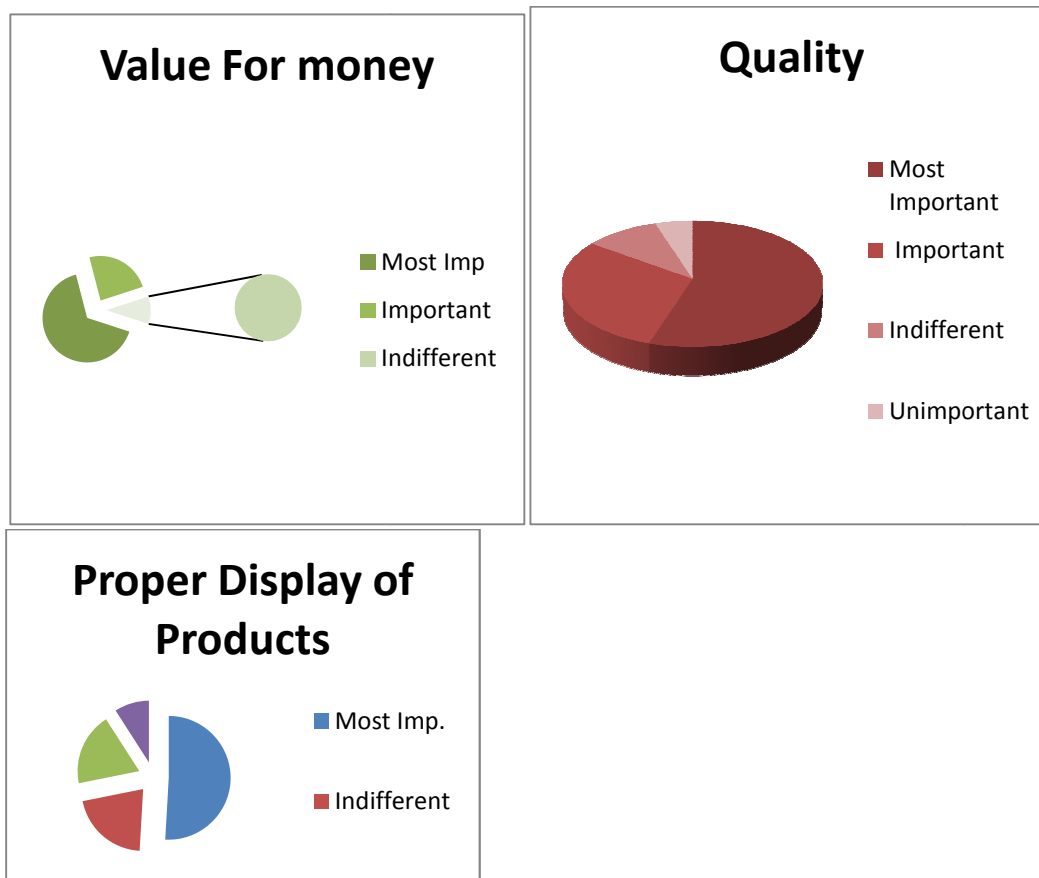
Total visits in the market	
Treasure Island	43%
Other malls	21.50%
Wholesale market	12.50%
Shopping Complex	18%
Local Market	5%
Clothes purchase at malls	25.50%
Purchase of men's wear at shopping malls	25%
Purchase of grocery items at malls	19%
Ladies wears	15%
Kids wear/Toys	5%
Daily use items	16%
Cosmetics	2.50%

Factor Rating

Consumers were asked to assign rating to importance of different factors while taking the purchase decision at various malls. Factors considered were:

Quality, Range of products, Fixed Prices, International Brands, Discounts, Packaging and Advertisement, Proper display of products, Ambience and Value for money. Likert scale was used to assign different weights which are: 5-most important, 4-important, 3-neither important nor unimportant, 2-unimportant and 1-most important





Conclusion

In the end, I would like to conclude that the fast emerging professionalized mall management concept provides the best and innovative products under one roof at competitive price, the consumers are rapid and more consistent towards accepting the modern form of shopping at malls. The customers have also shown their resentment towards their luggage and property being taken off at the main entrance of the mall. The company should keep the prices of goods at malls reasonable and competitive so that low level income group can also become a regular customer of malls. Companies should maximize their advertising especially in the interiors of the city. The retailers should provide proper feedback to the companies.

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