

A detailed analysis of logistics and supply chain management of Shopclues.com, an E-commerce company

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Abstract: *The online trend of purchasing products has gained a significant pace since last five years. The e-commerce business is the latest trend in connecting with the customer in a hyper competitive world where things change rapidly. Online transactions have brought a new dimension to the buying and selling of goods and services. This is another area where the ever expanding computer and connectivity mechanisms have had a dramatic impact on day- to-day life.*

The biggest drivers for online shopping is shortage of time, availability of a variety of products at a very competitive prices and retailers facing challenge in accommodating variety of stock for the consumers, thus prompting them to resort to e-retailers.

A supply chain is the set of entities involved in the design of new products and services, procuring raw materials, transforming them into semi-finished and finished products, and delivering them to the end customer.

Keywords: *Logistics, Supply chain Management, E-commerce*

I. Introduction

Today we are living in an era of connectivity where we can get almost everything directly delivered to home just by clicking a mouse button. Thanks to e-commerce that is increasing day by day. The e-commerce operation requires a robust supply chain network, 24X7 connectivity with suppliers and services providers, and highly reliable network. This study describes the management of supply chain in Shopclues.com, an E-commerce company. It includes the study of inventory management, challenges of supply chain, growth of online business, the relation between efficient supply chain management and pricing of product leading to increased turnover and profit margin.

Previously, in E-commerce, there were issues like lack of order tracking system for customers, missing online payment systems, timely delivery of products, and issues with suppliers and inventory management etc.

The purpose of this includes the study of inventory management, challenges of supply chain, growth of online business, the relation between efficient supply chain management and pricing of product leading to increased turnover and profit margin.

Supply Chain Management: The term supply chain management means the smooth flow of goods and services from the supplier to manufacturer and from manufacturer to the end customer. It includes various steps and complex processes. The terms logistics and supply chain management are often used synonymously but technically the logistics is the part of supply chain management which includes moving a product or material in most efficient manner to arrive it at the right place at the right time. It manages the activities like packaging, transportation, distribution, warehousing and delivery.

E-Commerce: E-Commerce is generally defined as the buying and selling of goods or services over the Internet; it is a commercial transaction conducted electronically on the Internet. Ecommerce has given space and benefit to the firms to establish their market presence and augment the current market position by providing an inexpensive and well-organized distribution for their products or services.

Supply chain and E-Commerce: Since E-Commerce is buying and selling of goods over the Internet, hence besides payment between the two parties, it is movement of goods that also needs to happen in a correct and timely fashion, hence the need of supply chain. For businesses to boom in time of E-Commerce, supply chain becomes the most critical aspect which needs to be quick, un-interrupted and secure. The competition is fierce as there are not one or two but hundreds of E-Commerce firms fighting for market share, each identifying and developing unique selling and delivery strategies.

Consumers today want quick results, if they can order and have a good delivered at their doorstep today, they would not want to wait for 2 days to have it delivered; they would go with the firm that offers quick and hassle-free delivery.

The 2 way supply chain: E-Commerce works on a 2 way supply chain business from warehouse to consumer and consumer and back. E-Commerce firm offers the flexibility and scope to the consumers to return a product in case it's faulty or not of their choice. This in-turn lead the companies to also plan and support a reverse supply chain of getting it back from the consumer to their warehouse.

Procurement and Supplier Selection: One of the major effects of the Internet on supply chain practices is in the area of procurement. Firms now use the Internet, not only to diversify the supply base and hedge risk, but also to obtain lower costs through auctions. This has raised important issues related to supply chain management. At the strategic level, firms need to decide whether they should have long-term contracts with a few fixed suppliers or use auctions and a dynamic supplier base to reduce their costs. In particular, firms need to understand under what circumstances it is beneficial to have

1. long term relationships;
2. auction-based, short-term relationships;
3. a combination of (1) and (2).

Another important decision is whether a firm should have one supplier or multiple suppliers and how that choice may depend on repetition in purchase.

Distribution and Pricing: Traditional research in the area of distribution has mainly focused on three issues:

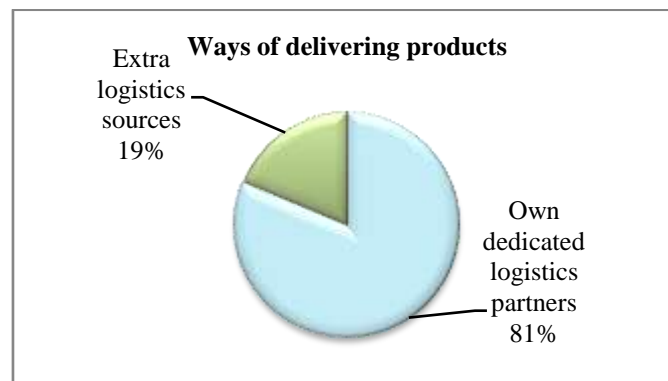
1. The optimal allocation of distribution centers and warehouses,
2. Inventory and allocation in a distribution network,
3. Transportation and routing algorithms.

Such models have been studied by researchers in operations research for several years.

The Internet has provided another channel for distribution of goods. With the prevalence of business-to-consumer and business-to-business e-commerce, several have developed a comprehensive distribution network for their business.

II. Figures And Tables

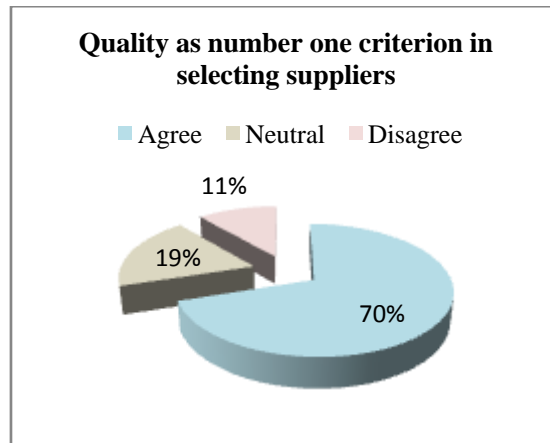
Q.1 How company delivers the products on time to its customers in peak demand seasons.



Interpretation

1. Usually company uses their dedicated logistics partners for delivering products most of the time.
2. However, company also accepted that they sometimes also uses other logistics sources during peak demand season.

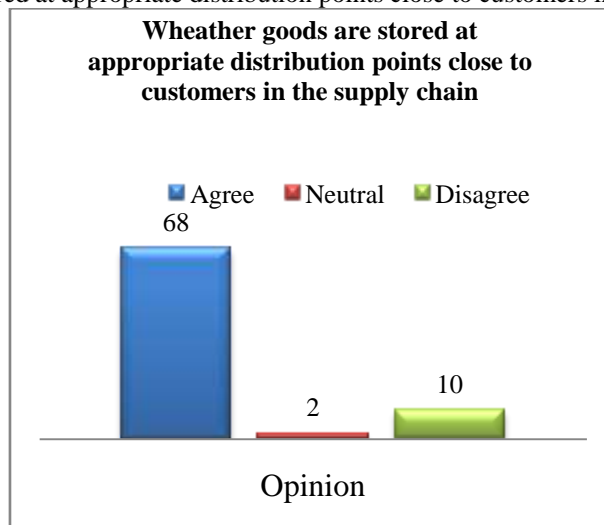
Q2. Does company consider quality as number one criterion in selecting suppliers?



Interpretation:

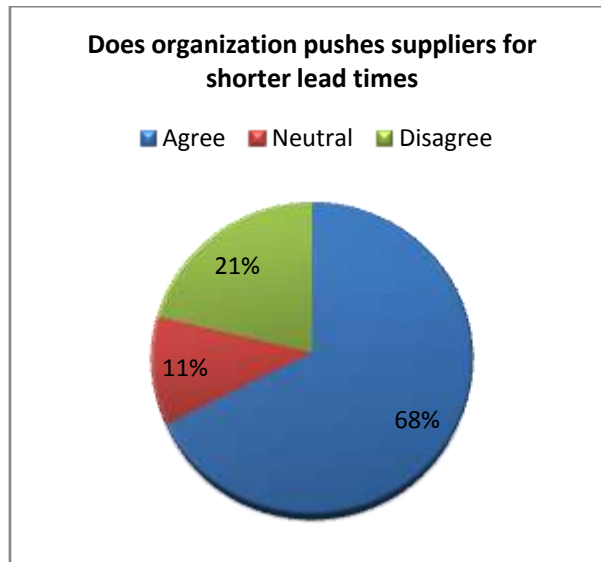
1. Most of the population surveyed agreed that quality is one of the criteria in selecting supplier.
2. Very less number of people surveyed disagreed for the same.
3. Very less number of people surveyed doesn't have a clear opinion about this.

Q3. Whether goods are stored at appropriate distribution points close to customers in the supply chain?



Interpretation:

1. Most of the total people surveyed agree that goods are stored at appropriate distribution points close to customers in the supply chain.
 2. 12.5% of the total people surveyed disagreed with this.
 3. Only a few people surveyed did not have a clear idea about the same.
- Q4. Does organization push suppliers for shorter lead times?



Interpretation:

1. More than half of the population surveyed agrees that organization pushes suppliers for shorter lead times. This implies that company tries to provide their best to deliver the products on or before committed time.
2. Very small number of people disagreed to this.
3. Only 9 persons don't give their opinion.

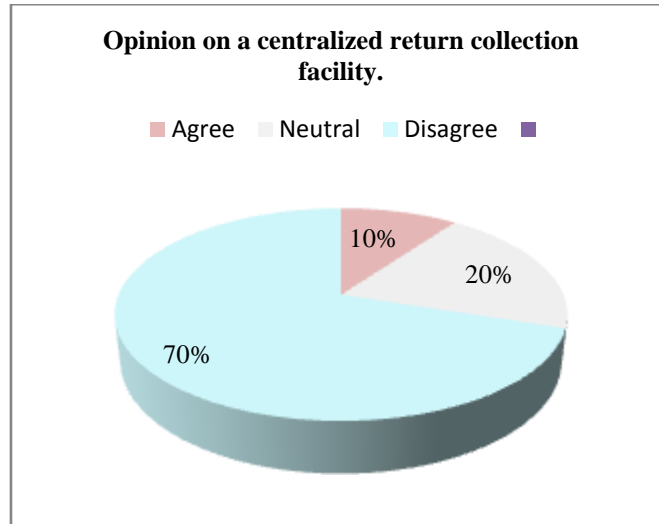
Q5. Does organization certifies its suppliers for quality.



Interpretation:

1. Out of 80 people surveyed, major portion of population agreed that organization certifies its suppliers for quality. This indicates that company continuously checks quality of products offered on website.
2. 2% people disagreed.
3. Some people do not make their opinion.

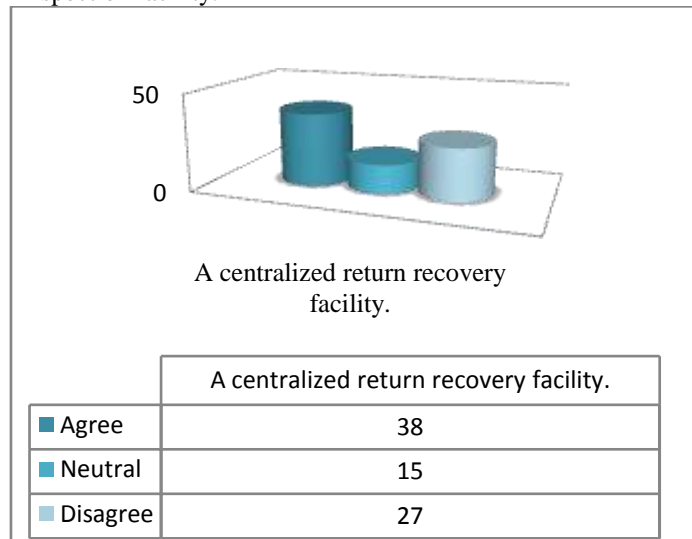
Q6. With regards to reverse supply chain, Shopclues have a centralized return collection facility.



Interpretation:

1. A few people surveyed agree that Shopclues have centralized return collection facility.
2. Some people don't have a clear opinion.
3. Majority of population surveyed disagreed that company have a centralized return collection center. This proves that company collects the product as soon as it is returned by the customers and sent to nearest collection center which does not take much time.

Q7. A centralized return inspection facility.



Interpretation:

1. About half of people surveyed agreed that company have a centralized return inspection facility. It implies that inspection of returned product is done centrally to ensure all the parameters are fulfilled for the returned product.
2. Countable numbers of people surveyed their opinion about this.
3. Some people surveyed did not agree with this.

III. Conclusion

1. Based on our objectives of research, a survey had been conducted among employees of shopclues and find out that efficient supply chain management is crucial for the success of any firm and can be a deciding factor between a success and failure of the firm.

2. It was accomplished by designing the questionnaire on the basis of literatures available in the area of supply chain.
3. From the survey taken, following conclusions are made:
4. Shopclues have efficient supply chain for fast and reliable product delivery.

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