

CHALLENGES IN LOGISTICS OPERATIONS IN ORGANIZED RETAILING: A STUDY ON BIG BAZAR

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ABSTRACT

Purpose: A high-quality logistics and supply chain team is indispensable for the success of a retail store. The working pattern in the logistics department must be put in place to give way for a better outcome and smooth flow of work. The current leaning of the changes in global business is making logistics an important function in the development and growth of business and industries in all sectors. The boom in the e-commerce business and initiatives like MAKE in India will certainly bring sizeable growth for Logistics Service Providers (LSPs).

Methodology: This paper is a case study approach to examine the wide-ranging logistics tasks, functions, and the challenges faced by the company in logistics and the service practices towards its customers at future group outlets. The ABCD analysis on the logistics operations and services to its customers gives the idea regarding the strong functioning of the store in the location which is demanding for quality products. The strategies which can provide ideas for a systematic workflow system helps in delivering and maintaining quality service towards its customers and thereby increase the overall store performance in the sales numbers and customer satisfaction to retain loyal customers.

Findings: The Company has a clear understanding of the logistics important for a retail store and has set a specific sequence designed as a process with a series of strategies supporting the logistics team to overcome the challenges and have an upper hand in the market.

Originality: These findings are based on the available secondary data and the different identified strategies to serve the customer visiting the store. The retail store needs to address the challenges faced in carrying out the logistics operations

Paper Type: Conceptual Research

Keywords: Logistics, Supply Chain, Workflow System, Service Strategies, Retail Outlets.

1. INTRODUCTION:

Supply chain management (SCM) is the route of planning, implementing, and controlling the operations of the supply chain as professionally as possible [2]. Supply Chain Management plans every movement and storage of raw materials, semi-finished stockroom, and finished goods from

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point-of-origin to point-of-consumption. Logistics is that part of the supply chain process. Supply chain management is viewed to be positioned between fully incorporated firms, where the complete material flow is owned by a solitary firm and those where each channel associate operates separately so the synchronization between the various players in the chain is essential in effective management [3].

The ultimate achievement of the store will depend on management's skill to put together the company's complicated group which has multiple vendors supplying the stocks based on the purchase order generated by the category officer and team as per the stock availability on the floor [4]. Distributors have added a warehouse to cover unexpected demand coming from retail stores. The more conventional the demand, the easier it is to coordinate actions throughout the supply chain [13]. The result will be better on-time delivery, smaller amount stock-outs, and superior customer satisfaction with less warehouse cost reduced managerial work, and minor overall costs [9].

Instead of brand name versus brand name or store against the store, it is now supply chain versus supply chain. In this emerging highly aggressive and energetic environment. Experience shows that the gains are made in cost; lead-time and quality through functioning in partnership with clients and suppliers are noteworthy through stronger logistics team and work process [18]. One observes that 50%-60% of total costs are supplier-associated [7].

Overview of Future Group: Future Retail is one of India’s mainly established retail chains that inspires confidence through pioneering offerings, quality goods, and reasonably priced that help customers attain a better value for money and quality of life each day. Future group’s flagship chain big bazaar is frequently ranked as the most trusted retail brand in the nation [1]. Future Retail makes every attempt to give its customers a delighting experience, changing the store formats to fast varying Indian lifestyle and adapting products and services as per the requirements [21].

2. RELATED WORK:

With the growing Retail Industry, India is expected to be driven by income growth, urbanization, and attitudinal shifts, with such a given scenario, customers have become more demanding and expectations have increased. Growth in the organized retail sector is gradual but is witnessing a steady increase in the urban areas. The ultimate challenge lies in the hands of the store owners and that they must cater to the dynamic nature and expectations of the consumers. Many promotion initiatives must be adopted to retain the customer and be supported by the logistics and SCM workforce. Organized retail stores must run several promotion campaigns to attract potential customers. The present study proposes to understand the challenges and opportunities of the Retail sector.

Some of the scholarly research papers on logistics and service in the retail sector are shown in **Table 1**.

Table 1: Related publication on logistics operations and services by different authors

S. No.	Contribution	Reference
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1	Examines the different government policies and framework of other countries counting India and the government support in respect of the unorganized and organized retail division	Subhadip Mukherjee, (2011). [10]
2	Logistics performance is evaluated below four perspectives which are price, superiority, service, and flexibility.	Lai et al., 2010 [11]
3	Logistics information system and Information Technology (IT) applications support logistics actions to obtain competitive benefits and gains	Ngai, E. W. T 2008 [12]
4	Working managers need complete information to direct the organization’s logistics operations and set plans to tackle issues along with problems	Kaplan and Norton, 1996.[13]
5	Investigating the adoption and implementation of supply chain management practice (SCMPs) on supply chain performance (SCP) and firm performance (FP) in the organized retail sector in a rising country like India.	Aradhana Vikas Gandhi, (2017) [14]

3. OBJECTIVES AND METHODOLOGY OF THE STUDY:

This case study paper is primarily concerned with logistics operations in retails and the strategies used in store

- 1) To study and identify the process followed while receiving and storing goods in Big Bazaar.
- 2) To study the supply chain structure adopted by Big Bazaar.
- 3) To study the techniques followed in receiving the goods to maintain quality by Big Bazaar.
- 4) To identify the different service practices followed in the logistics department of the store.
- 5) To identify the challenges faced by a big bazaar in maintaining the service in logistics.

Based on the secondary data available this case study is developed and taken into consideration for data collection. Using the information collected from journal articles, newspapers, business, and company websites are presented.

4. OBSERVATIONS AND ANALYSIS:

4.1 Steps Followed in Receiving and Storing Goods

The department follows a systematic sequence of steps to be followed to avoid human errors in the first step and for smooth flow of work which ensures the goods received can be dispatched to the floor for sales and for the inward process to update the SAP (system application products) machine on stoke available.

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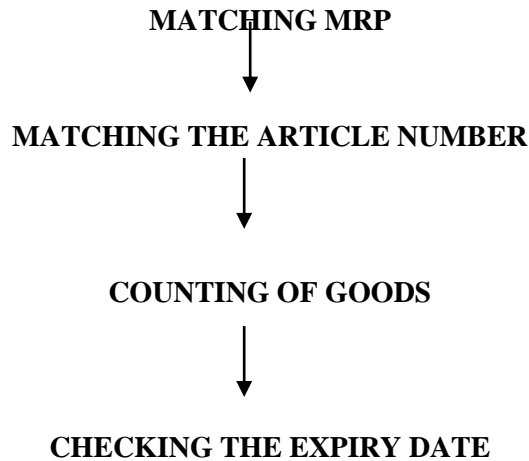


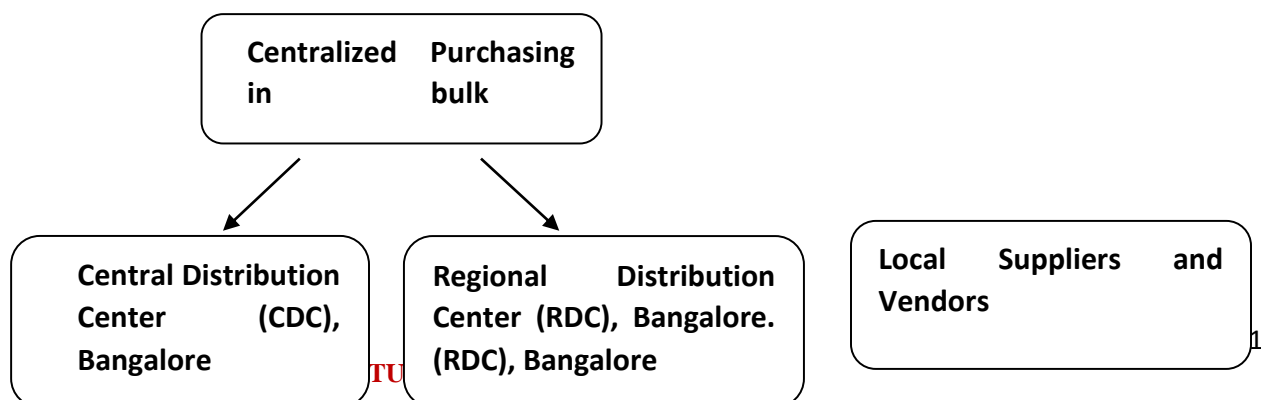
Fig. 1: Future Group Logistics Department Process to Accept Products

Each vendor should enter the department with products as per the purchase order generated by the purchase officer. The vendor must go through the steps to get the products approved and received. The MRP mentioned and the price on the purchase order should be the same [20]. The article number printed on the product should be as per the number printed on the product which makes it easy at the billing section to bill the products faster with no stoppage [24]. In case it does not match a barcode is generated by the logistics department and put on the product for only one and correct barcode to be scanned during billing. The quantity ordered and the stock brought must be counted and should mention the quantity brought to avoid excess cash payment to vendors [6]. The product expiry date is checked to avoid receiving near expiry products. In some cases, it is received based on the policy the vendor holds with the stores regarding the near expiry or expired products.

4.2 Supply Chain Structure in Big Bazaar:

The supply chain of the Big Bazaar is quite simple and is designed to minimize the cost of transport and warehouse. The supply chain of Big Bazaar store can be subdivided based on departments and the chain of supply.

The represented structure of the supply chain of Big Bazaar is implemented in-store by the Logistics Department and the Category people. Both these departments go hand in hand managing the stock intakes, warehouse management, outgoing stock, and looking for efficient suppliers [5]. The structure followed to ensure no problem in making a product available for the customers when they walk in to shop the required products



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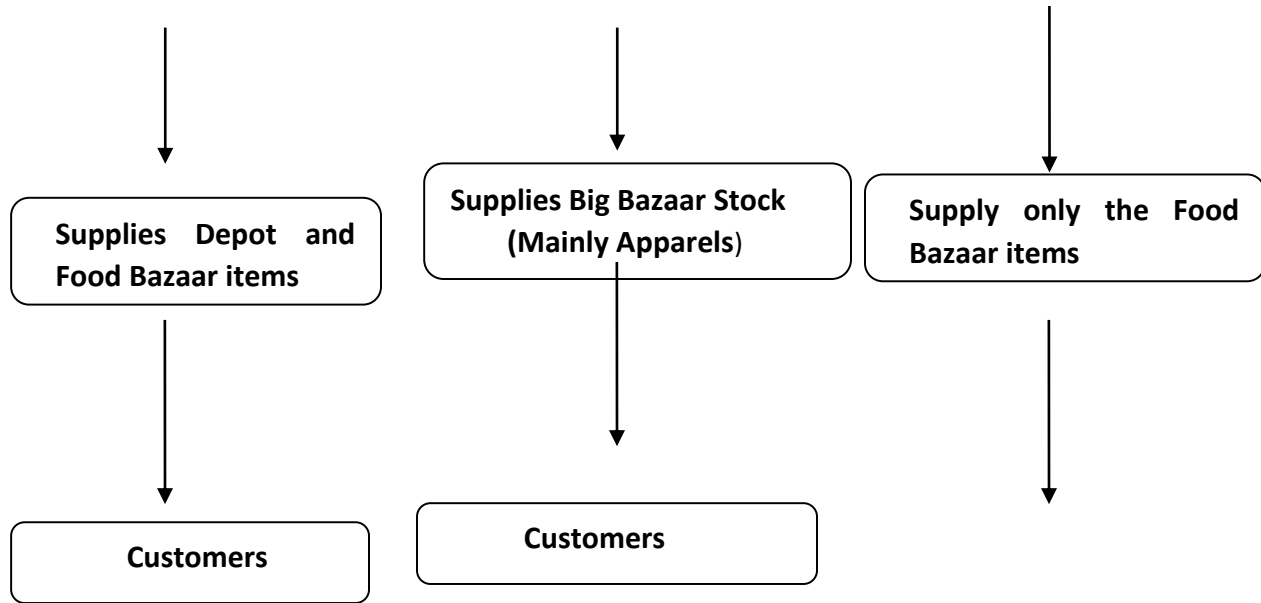


Fig. 2: Future Group Logistics Department SCM Product Flow Structure

4.3 Techniques Followed in Receiving and Processing Goods

- **FIFO** – first in and first out method of vendor reporting and getting the goods is followed as per the arrival. The vendors must get products as per purchase order one at a time to avoid confusion regarding the product description and the article number [15]. The department receiving the products is restricted from 9 am to 3 pm.
- **Systematic entry of purchase order into SAP system**- for the store to track the availability of products the SAP system must be updated with entries made by the logistics department after 03.00 pm. the executive has to carry out the inward of purchase order into the SAP system.
- **Logistic Schedule**- is prepared by department to each vendor as to when the products must be brought to the retail store. This must be coordinated by the category office while generating the purchase order and sending it to the vendor accordingly [8]. The vendor getting the products on a wrong day will not be entertained and will be received at the end after all the possible work is done during the time allotted.
- **Place for everything and everything in place** – the logistics department has a specific place for each product to be kept after receiving which indicates the housekeeping team to take the products to the floor for display and sale of product [14]. The department also has a specific place for products to be kept in case of an MRP mismatch or ANF (Article Not Found) which will be kept separately until the regional head office updates the correct details in the SAP regarding the product.
- **Internal weekly audit** – with the security department totally and ensure the errors are identified and rectified by telling the executive the error and the reason for the error and how not to repeat the errors [11]. The security also maintains the entries of vendors entering the logistics department records all the moments made while the products are brought and received by the department. Any rejected products going back with the vendor also is recorded which makes it easy for both the department

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security and logistics to evaluate and check if the work is error-free [22]. The audit is done by the department manager and the store manager.

4.4 Service Practices for customers in the logistics department of the store

- **Pre-Work Communication Meetings** - Sharing pre-work communication meetings (PCMs) with logistics employees earlier than the shift starts is an excellent way to have definite goals for the day [13].
- **On-Demand Packaging** - on-demand wrapping offers a key solution that saves gives more space and money. By customizing the packaging process, you put in a new level of competence to the logistics chain
- **Logistics slotting and portal** for each customer who has taken the service to communicate the exact time of product arrival for the communication address provided [19]. Customers can monitor the arrival and status through a portal by the shipment number and provide instructions to the organization based on the status. successful slotting practices can lesser supply chain logistics labor expenses
- **Product Door Service Feedback from Customers:** feedback from each customer on the product door service taken on the same day regarding the handling of products and communication from the employee towards the customer at the time of delivery.
- **Choose your mode of transport:** customers can provide instructions to the store regarding the mode of transport to be used for the services booked from the store to the communication address for the product to be delivered.

4.5 Challenges Faced by Big Bazaar in Maintaining the Service:

- Storage Facilities
- Transportation and Safety
- Packaging and Product Handling
- Communication and Language
- Unskilled Labor Problem
- Government Regulations

4.6 ABCD Analysis of Logistics and Services at Future Group:

The ABCD approach can be used to look at the value of the company in society on the grounds of individual characteristics and framework in the organization with the concept and strategies [5][23]. The ABCD analysis can be used for any form of Case Study of an organization. This method is simple and straightforward and can be used to assess several issues or problems of the organization to find an appropriate solution through simplifying the problems [16-17].

Table 2: The table showing ABCD analysis on Logistics and Services of Future Group Retail

Advantage	<ul style="list-style-type: none">➤ Relationship with vendors➤ The pool of employee talent➤ Economic development➤ Brand Equity
Benefits	<ul style="list-style-type: none">➤ Improved organizational culture➤ Better product availability

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	<ul style="list-style-type: none"> ➤ Higher sales revenue ➤ Improved store performance
Constraints	<ul style="list-style-type: none"> ➤ Increased conflicts/grievances ➤ Technological errors ➤ Rigid government policies ➤ Space availability
Disadvantages	<ul style="list-style-type: none"> ➤ Communication issues ➤ Discrimination ➤ Strong vendor policy regulations ➤ Conflicts/grievances

5. FINDINGS AND CONCLUSION:

It is found that the retail store maintains strong and firm techniques in receiving goods to be made available for the customers to maintain the quality of product and service at any given point of time. Customer Service Practices in the logistics department of the store are introduced and available for all customers who visit the store based on the need and requirement mentioned. Retail store also has a lot of benefits from the strong logistics team, service practices, and activities in serving the customer who walks into the store at regular intervals.

The ultimate success of the store will depend on the efficient work carried out by the logistics and the category officer as a team to ensure the right products are offered at the right price with attractive offers. The logistics structure followed by the company helps the company to ensure the products arrive at the store on time and monitor the activities of the logistics department. The department follows the purchase order steps decided earlier. When the goods are received as per the mention or specifications of the stores by matching the MRP and the article number. This reduces the error, and the performance can be maintained and improved.

The performance of the department is recorded and reported to the store manager at the time of the audit carried out by the company. The score assigned by the auditor is a level of performance as a team put up by the department for that period and the aim is to maintain and even better the performance in the audit score. The same supply chain flow for products to reach the store can be implemented in all the other stores to ensure the overall performance of the store is increased and contributes more towards the profit of the store.

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