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Supply Chain Management & E-commerce: A Review

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Abstract:

Efficient supply chain management has a cascading impact on all aspects of retail – from sourcing of raw materials based on demand forecast and then speeding up the production to getting the product to the store and finally to the consumer, everything depends on the supply chain. Experts unanimously agree that besides infrastructure and complications in taxation, it is the efficiency of manpower and adoption of technology that gives a huge boost to supply chain management. However, it still remains to be seen whether the Indian Retail Industry has actively invested in the smooth running of its backend supply and logistics.

Keywords: Logistics, E-Commerce, Online Retail, Forecast, Supply Chain Management.

Introduction:

The role of e-commerce in SCM is two-fold. First, retailers use e-commerce to sell directly to clients, either on their own website or through a service like Amazon or e-Bay. Secondly, retailers can buy products and raw materials using e-commerce systems from manufacturers, wholesalers and distributors. Just like retailers, suppliers can choose to sell directly through their own websites or through a service like Alibaba or AliExpress. While only 25 to 35% of distributors in the U.S. have an e-commerce component, this is expected to be one of the fastest areas in growth for e-commerce business in the next few years.

In many cases, retailers who use e-commerce both to purchase and to sell products can eliminate their own supply chain management entirely through the use of drop-shipping. When a client goes to the retail website and orders an item, the retailer automatically orders that item from the manufacturer or distributor, who ships it directly to the customer. The only

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role the retailer has in this transaction is accepting money from the customer and, in turn, paying the supplier.

SCM in E-Commerce

E-commerce business is completely dependent on SCM. When a customer purchases something using ecommerce site he wants that particular product in minimum time. If the logistic department is not able to provide it fast then the customer will not prefer that site again in future. New e-commerce sites are rapidly coming every day but customers prefer those sites which have proper SCM to deliver the products on time.

ICT and in particular internet plays a key role in the integration of supply chain. While the most visible manifestation of the internet has been in the emergence of electronic commerce as a new retail channel. The Internet has a profound impact on business-to-business interaction, especially in the area of supply chain integration. The Internet can redefine how back-end operations — product design and development, procurement, production, inventory, distribution, after-sales service support, and even marketing — are conducted, and in the process alter the roles and relationships of various parties, fostering new supply networks, services, and business models. The term "e-business"— as distinct from "e-commerce" — can be used to describe this exciting adoption of the internet to accelerate the goal of supply chain integration. In this context, e-business specifically refers to "the planning and execution of the front- end and back-end operations in a supply chain using the internet."

In last five years, Indian E-Commerce business has grown immensely. People are using e-commerce sites to purchase a product because SCM helps enterprises to purchase/manufacture products on time and can able to deliver to the customer on time.

SCM in E-Commerce -problems

E-commerce business in India is completely dependent on effective SCM. It is very important to merge ecommerce business with SCM and for this, we need proper ICT based systems. By which information flow would be proper in between enterprise, customer, and SCM. These days' e-commerce sites are fighting for developing proper SCM so that they can beat each other. Few problems discussed in this paper are:

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- **Globalization**

  One of the biggest challenges that e-commerce companies are facing is how to reduce their supply chain cost. In order to satisfy customers' price expectations, companies have opted to relocate manufacturing to low-cost countries around the world in an effort to reduce direct and indirect costs and to minimize taxes. But, having global suppliers contributes significantly to the complexity that comes from extended delivery lead times. Customers not only want lower prices, but they also want their products on time.

- **Improper Flow of Information**

  SCM in the enterprise needs a proper flow of information in between suppliers, enterprise, and customer etc. If the flow of information is not proper then enterprise won't able to communicate with the supplier as well as with customer also.

- **Problem in Payment Gateways**

  Indian payment gateways have an unusually high failure rate by global standards. E-business companies using Indian payment gateways are losing out on business, as several customers do not attempt making payment again after a transaction fails. Payment gateways need to be improved.

- **Low Internet Penetration**

  Internet penetration in India is still a small fraction of what is there in a number of Western countries. On top of that, the quality of connectivity is poor in several regions. But both these problems are on their last legs. The day is not far when connectivity issues would not feature in a list of challenges to e-business in India.

Advantages of SCM in E-Commerce

Awareness among businesses in India is rising day by day about the opportunities offered by e-business. According to customer's point of view ease of internet access is the critical factor that helps them to access ecommerce site and purchase. Safe and secure payment modes are fundamental along with the need to invent and popularize innovations such as Mobile Commerce. E-commerce provides connecting with consumers and conducting transactions. Virtual stores operate 24 hours a day, 7 days a week.

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- **Improved supply chain network:** Supply chain management software provides complete visibility across the entire supply chain network. It allows users to monitor the status of all activities across all suppliers, production plants, storage facilities and distribution centers. This enables more effective tracking and management of all related processes, from the ordering and acquisition of raw materials to manufacturing and shipping of finished goods.
- **Enhanced CRM:** SCM plays a vital role in establishing a relationship between enterprise and customer. SCM removes intermediate stages of delivery of product and establishes communication between customer and enterprise directly using websites and internet. Websites help enterprise to keep in touch with the customer directly and they can get requirements and feedback about products directly.
- **Trade Globally:** SCM provides facility to trade globally. If a business wants to do business globally then their SCM should be such that they can import raw material from anywhere through SCM or can export their finished product in any country easily. Indian market is also growing day by day. Business organizations have adopted ICT in their businesses. These organizations are purchasing raw material from different countries, bringing them in their factory, then converting it into the finished product and sending their products to other countries by using proper SCM.
- **Virtual Businesses:** With the advent of dynamic websites, organizations are focusing on virtual businesses like they are listing their products on websites rather than providing it to distributor or C&F by which many people can see their products and can purchase it from websites and further delivery of the product is dependent upon SCM logistic department.
- **Minimized delays:** Many supply chains are plagued by delays that can result in poor relationships and lost business. Late shipment from vendors, hold- ups on production lines and logistical errors in distribution channels are all common issues that can negatively affect a company's ability to satisfy customer demand for its products. With SCM software all activities can b coordinated and executed from start to finish.
- **Reduction in Cost:** SCM based on e-commerce removes various stages of distribution, retailers, outlets, outlet staff etc. This decreases the overall cost of the product and customer gets the direct advantage of reduced cost of products as

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compared to the cost of product available at stores.SCM provides ICT based facilities to establish communication in between enterprise and customer so that they can directly communicate with each other and SCM takes care of the delivery of product etc.

- **Customer Satisfaction:** Customers expect timely deliveries. E-commerce wants to satisfy their customers and keep the right amount of inventories. Websites help the enterprise to keep track of customer requirements and are attuned to changes in their demand for various products and brands. By using an e-commerce integrated supply chain, the enterprise could track demand, determine how long the suppliers take to fulfill orders and order goods from their suppliers in time to keep their inventories replenished and their customers happy.

Conclusion:

Today effective supply chain management is becoming the strategy choice for the enterprise to compete in the corporate world. E-commerce provides important means for effective operational supply chain management. It uses the ICT to relate the customers, retailers, manufacturers, suppliers, and employers, improve greatly the level of enterprise management. SCM make balance in between supply and demand can receive market information in a very short time, improve the production rate and economic benefit, reduce the production cost and fasten the products circulate, enhance the core competitive force of enterprise.

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