

Retail supply chain management practices in India: A business intelligence perspective

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ABSTRACT

The study surveyed executives of a major food retailer in India and explored their perspectives on supply chain management practices, competitive advantage and firm performance; to assess the importance accorded to application of business intelligence (BI) in their operations. Nine dimensions for SCM practices and four dimensions for competitive advantage are identified which are found to strongly relate to each other. The dimensions of SCM also strongly relate to firm performance. Though information sharing with suppliers and their inclusion in strategic decision-making emerge as key dimensions of SCM, their impact on competitive advantage is perceived to be insignificant by retailers.

1. Introduction

The understanding and execution of supply chain management (SCM) practices have a key role for an organization in staying competitive and for enhancing profitability in the increasingly competitive global marketplace (Childhouse and Towill, 2003). Existing literature consistently uses terms such as supplier integration, supply base management, synchronization, partnerships and supply chain management to define elements of this management viewpoint (Tan et al., 1998; La Londe and Masters, 1994). The concept and practice of SCM has received increasing attention amongst business managers, consultants and academicians (Hamister, 2012). The implementation of SCM practices is not confined to manufacturing firms only (Li et al., 2006), it has spread its wings in the retail sector also (Randall et al., 2011). In the modern and competitive retail environment, SCM is the key to success and survival (Arnold, 2002; Ganesan et al., 2009). Previous studies have identified several antecedents and consequences of SCM practices in numerous contexts. Though the Supply-Chain Council has developed a supply-chain operations reference model as a cross-industry standard for supply chain management, it does not describe specific activities and practices and its impact on firm performance.

One important problem of managing SCM practice is handling the huge amount of information regarding its members (e.g. manufacturers, distributors, sales agents, retailers) and therefore coordinating their current business. SCM is influenced by the information associated with each business, where the several interactions between the business processes may be coordinated and the product flows can be continually supervised (Filos and Banahan, 2000). Yet as organizations rely more heavily on information, its usage in an efficient and effective manner becomes tough. Rather than assisting an organization's core objective of taking swift and responsive decisions, more information hampers the process. In this perspective, the business intelligence (BI) paradigm has been introduced. BI is defined as the process of procuring digital information regarding the entire organization so that it may be used for providing competitive advantage (Malhotra, 2000). BI is an important component for effective supply chain management practice (Rabelo et al., 2002). In SCM context, BI entails the extent and nature of information sharing.

As an emerging market India has occupied 20th position in the Global Retail Development Index (Kearney, 2014) and remained a high-potential market with accelerated retail growth of 14% to 15% expected over 2015 as per the previous Global Retail Development Index (Kearney, 2013). The Indian retail market is broadly classified as unorganized/traditional retail which is made up of open 'bazaars/haats' and corner stores called 'kiranans', and organized/modern retail, which resembles the modern Western-style supermarkets and department stores. Modern retail is limited to 8% in 2014 (Kearney, 2014). Among other factors, expensive supply