CHAPTER-2

STATEMENT OF PROBLEM
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In this study on the topic “A comparative study of supply chain management in organized vis-a-vis unorganized retail with reference to perishable food products in Pune”, the aim is to find out how the effective supply chain functions take place in both the systems. The aim of the study is to look at the position and strategy of supply chain management in organized retail stores which gives them an edge over unorganized retail stores. The objective is also to deeply analyze the input cost required for the development of infrastructure for an effective supply chain in organized retail, which will also be fruitful and feasible for unorganized retail in the same manner.

2.1 NEED FOR THE RESEARCH

With the emergence of a new situation in economy, where a lot of organized retail stores are on the vent of closing down, the relevance of this research is more valuable for the organized as well as the unorganized retailers. The organized retailers are facing a crunch for their survival whereas unorganized retailers are facing a challenge to improve their supply chain to be competitive in the market.

This research will also be beneficial for retailers to identify the hurdles likely to be occurred in the adaptation process of an effective supply chain system. The study will focus on the process of reduction in wastage occurred due to improper supply chain. The benefit accrued from reduction of waste can be shared by the consumer as well as the farmer equally. Prices of products can be better because of an efficient supply chain system.

This study will also be helpful in value creation for the customer at the bottom of the pyramid (Refer Prhalad.CK on BoP market) and understanding their preferences and expectations in the era of dynamic consumer behaviour.
This work considers the problem of designing and managing an effective supply chain for a specific type of perishable product or fresh produce. The challenge for managing fresh produce is that the product value deteriorates significantly over time in the supply chain at rates that are highly temperature and humidity dependent. It is seen that these changes in product value make conventional supply chain strategies inappropriate. For many products, a decision about supply chain strategy involves a choice between responsiveness and efficiency. The appropriate choice depends on how the product changes in value over the time interval between production and delivery to the customer.

2.2 SCOPE AND UTILITY OF RESEARCH

The outcome of this research may be utilized for performance enhancement in the following areas concerned with supply chain management.

a) Uses of IT & ITES in retail
b) Cost of implementation of advance Inventory control system
c) Threats to unorganized retail from organized retail due to advance SCM system
d) Stock out problem and its impact on business
e) Order frequency and bullwhip effect
f) Advisory service provided to lower tier by its upper tier
g) Logistics and delivery system
h) Effect of offer and schemes on inventory holdings
i) Lead time to fulfill the demand
j) High operating cost of organized retail with respect to unorganized retail
k) Processing and export industry
l) Effect of taxation policy
m) Effect of government regulations
n) Linkage between the retailer and the farmer
o) Fluctuation in prices of perishable commodities
p) Prevention of black marketing and hoarding at the time of crisis
q) Promotion for Investment in infrastructure through public-private partnership

2.3 **OBJECTIVEs OF RESEARCH**

The objectives of this study are:

a) To compare the present practices in supply chain management adopted by organized retailers vis-a-vis unorganized retailers.

b) To find out the effectiveness of investment required for development of advance logistics infrastructure for organized retailers and its cost competitiveness with respect to unorganized retailers.

c) To assess the level of customer satisfaction and value creation through supply chain management in organized Vs unorganized retail for perishable food products in Pune.