CHAPTER – 5
DISCUSSIONS, IMPLICATIONS AND CONCLUSIONS

Supply Chain Management, which brings the best product to the market with a various combination of activities, functions and systems in a holistic way. The Supply Chain Management is considered as a strategic issue in the enterprises which wants themselves to shine in the global market. The activities, functions and systems adopted for the development of Supply Chain Management which requires integration in between, since SCM is a strategic issue for the most of the companies. When an integrated Supply Chain is running in a business, the functions or the processes are considered in a group rather as a single, so that it creates a sort of value among the members of the supply chain. In the integrated supply chain the created value is reaching the limits above the expectation of the firm.

The theory explained in the literature chapter of the thesis gives a reality of Supply Chain Management, as it is connected to the core concepts of the firm. A very limited research has been made on SCM as an integrated concept. This thesis honestly attempts with the usage of available literature by investigating the connectivity of supply chain with the other major functions of Café Coffee Day Company. The factors such as Supply Chain Systems, Supply Chain Integration, Competition Capabilities and Firm Performance are used for the development of Model for the company. The impact of these factors on Café Coffee Day is examined by designing a proper number of hypothesis with a survey instrument. In the previous chapter the analysis of the collected data has carried out, different statistical techniques are applied to reach the designed objectives of the thesis. In this chapter, a detailed discussion of the findings and also the implications of the results to different area have been made.

5.1 Discussions of the Research

The present research is based on the 122 responses given by the top executives made on Café Coffee Day company. The study has gathered relevant
information related to Supply Chain Management. The research has revealed the reality of supply chain systems in the company and also investigated the relationship between supply chain of the company with other major functions. The study has shown how the supply chain integration leads to the better firm performance and increasing competition capabilities of Café Coffee Day. By the investigation, the Café Coffee Day is using different information systems and web based technologies at high level. About level of more than 91.4% shows that the company is using the integrated information technologies and the usage of web based technology very close to 100%. So the Café Coffee Day transacts its functions related to supply chain through computer based technologies. The application of Electronic Data Interchange (EDI) is high in the company, even though the EDI system is old but it is much secured. Access to EDI systems is only by the members of the system. The majority of the respondents surveyed indicated the high level usage of Enterprise Resource Planning (ERP) systems in the company. The usage of another system is Supplier Relationship Management (SRM), which is integrated in the ERP systems are fairly used by the company. These applications show that Café Coffee Day is offering a high degree of response and service to their supplier needs. The information related to the relevant supplier is stored in the SRM systems, so that it can be accessible to the permitted employees of the company. Café Coffee Day is strategically managing the complexity of their supplier needs by using ERP and SRM systems. These systems support the free flow of Supply Chain Management. The systematic usage of these systems promises to evaluate the process of operating network, riskless connectivity with the suppliers which makes the product to reach its destiny. It also removes the inefficiencies and redundancies in the system. In the Café Coffee Day, the top executives use these systems to see the clarity and transparency of supply chain systems. By using these systems the lower level executives identifies the changes applicable in the supply chain. The usual changes that can be seen frequently in the supply chain includes the inventory management, the location facility, relationship level, transportation styles and distribution systems. The strategic allocation of resources is another important advantage of using supply chain systems.
The overall level of Supply Chain Integration of the company is seems to be very strong. The major suppliers connected to the company are Growers, Intermediaries, Cooperatives, Processors and Roasters as explained in the early stages of the research. The company has carefully selected the growers, as they should know the every concepts of supply chain management. As per the responses of the executives of the company, the information passage is poor to the growers through web based technologies. But the growers are strategically very important supplier partner of the company. Most of the agricultural commodities are transacted through intermediaries in India. The intermediaries of coffee are the supply partners for café coffee day. The company thinks and considers the intermediaries are very important strategically. The cooperatives of coffee in India are not developed as in other coffee growing countries. There are very small number of cooperatives who are actively participate in the business of coffee in India. Café Coffee Day is having good relationship with some good number of cooperatives, who are also taken as the supply chain partners and getting the coffee supply from them. The overall activity of the cooperatives with the company regarding supply chain management is not up to the satisfaction level of the company. Processors are considered as very important member of the supply chain for the company as growers. Since the quality coffee which is produced only by the proper coffee processors. The company has selected a good number of quality coffee processors as the supply chain partner. The level of integration of the processors with the company is very strong. Since the major activities of the supply chain which are systematically managed by the both sides. As processors the final supply chain partner is also very important for the company i. e. Roasters. The quality coffee which is supplied to the every outlet of Café Coffee Day is from the Roasters. The relationship with the roasters of the company is very strong. So the level of integration of the Roasters with the company is also very strong. So the results of the research reveal that the present level of supply chain integration of Café Coffee Day is strong.

The competition capabilities of Café Coffee Day studied in this research is an important part. The factors taken for the study of competition capabilities are cost leadership, customer service, innovative marketing, differentiation and focus strategy, these factors are very much interlinked with the concept of supply chain
management. There are separate items studied under each factors as explained above. The objects of cost leadership like innovative manufacturing process, the capability to offer quality product, quality control, the capability to reduce the production cost, the procurement of raw materials, the ability to forecast the market growth and demand and reducing network cost are performing above the company expectation level. The results shows in the customer service of the company are also good. The company provides high quality services, delivering products quickly, competing on price, after sales service is also excellent. The company capability to distribute the products is outstanding; the promotional and advertising activities are brilliant, the company has created a distinctive brand. The company is flexible with the customer demand, customizing the standard service and delivering broad product line to its customers. Focus strategy is another important competition capability of the company. The company is having the capability to narrow-down the limit of services, focus on particular buyer group, offering proper prices in different segmented market, and the provision of proper servicing in specific geographic markets.

The firm performance of the company is studied in this research through three different factors; they are market performance, financial performance and customer performance. The different items of market performance are sales volume, sales growth, new product sales and market share; these matters are performing in good health as company expected. The items in the financial performance are total cost reduction, return on investment, return sales, return on assets and net profit has given excellent results. The results on customer performance, the items like customer retention, customer satisfaction are good. The power company with the new customer generation and the customer referral is strong. So the overall performance of the company is outstanding. The objectives of the research are properly met with the above discussions.

5.2 Discussions of the Research Model

The Model for the company is created very carefully by examining the major success factors of the business. The factors utilized for the creation of the model is thoroughly studied in terms of supply chain management. The initial
The second major construct of the model is Supply Chain Systems. This construct is studied with the in-depth knowledge of supply chain management. The supply chain systems which connects with the another important construct of the model is supply chain integration. These two constructs collectively called as integrated supply chain strategy. The construct supply chain integration is studied with the total knowledge of the supply chain players of the café coffee day. Since the study is limited to India, some of the unrelated supply chain players are omitted. For café coffee day the players like government agencies and exporters are not considered in the study. Majorly the growers, intermediaries, cooperatives, processors, and roasters are the players they are integrated in the business of supply chain management of the company.

The other two major factors of the café coffee day company are competition capabilities and firm performance. They are derived very strongly in
terms of supply chain management. So the model looks very confident with the usage of the constructs and connectivity, as show in the above picture. The implementation of the model is not much difficult, since the used constructs are strongly related to each other.

5.3 Discussion of Hypothesis Testing

The designed proposed model of the research is developed with the construction of seven hypothesis. Out of seven hypothesis five are accepted as described in the previous chapter, two are rejected. The findings of each hypothesis are discussed in the following section.

An Increase in Expected Access to New Markets Leads to an Increase in the Adoption of Supply Chain Systems

The first hypothesis was formulated with the support of rational efficiency theory. This theory explains that access to new markets is driven by the systems implemented by the company related to web based technology and supply chain integration. The desire of expanding new markets will not necessarily depend on the adoption of computer based systems (Tsikriktsis et al., 2004), such adoption will lead to the increase of electronic transactions. In this research H1 is developed to understand the creation of new markets by Café Coffee Day which depends on the increase of computer based systems in the company. The responses from the survey participants are not using the Supply Chain Systems for the creation of new markets. The statistical analysis in the previous chapter explains that there is positive relationship between Supply Chain Systems ad New Markets with a high value of Cronbach alpha and positive t-value.

An Increase In Expected Anticipated Benefits Leads to the Adoption of Supply Chain Systems

The second Hypothesis was designed with the support of rational efficiency theory. The previously explained literature says that the anticipated performance is directly related to the increase of supply chain systems, it is one of the driving force of Supply Chain Integration within the company examined (Frohlich and Westbrook, 2002). In a different study, the anticipated performance
drives the adoption of e-CRM and e-Transactions within an investigated company (Tsikriktsis et al., 2004). From the results of data analysis regarding the second Hypothesis exhibits a high positive t-value, so that the anticipated performance is increased due to the increased adoption of enterprise systems is confirmed. The Cronbach alpha value is very high, reveals that the anticipated performance is increased in Café Coffee Day due to the increase in the adoption of Supply Chain Systems.

An Increase in Expected External Pressure Leads to the Adoption of Supply Chain Systems

The third Hypothesis was designed with the support of bandwagon effect theory. From the data analysis there is no connection between the external pressure and the adoption of supply chain systems, since the t-value is very negligible. The external pressure is very high for Café Coffee Day but it cannot be reduced with the adoption of supply chain systems. The construct is highly reliable since the Cronbach alpha value was very high. The third hypothesis was unsupported, from the earlier studies in this area shown an insignificant results when the external pressure was tried to reduce by the increase of adoption of integrated systems (Frohlich and Westbrook, 2002).

There is a Positive Relationship between Adopting Supply Chain Systems and Supply Chain Integration

The fourth Hypothesis was designed with the support of the theory of transaction cost economics. The construct supply chain integration has five sub-constructs: Integration with Growers, Integration with Intermediaries, Integration with Cooperatives, Integration with Processors, and Integration with Roasters. The Café Coffee Day is very much linked with these sub constructs. The items in the Supply Chain Systems forces to generate more number of efficient information, to maintain a proper relationship with the supply chain players. The t-value between the constructs shows a very significant result and the Cronbach alpha value for the construct Supply Chain Integration is very high, so the proposed hypothesis was accepted. The Café Coffee Day is very much integrated to Growers, Intermediaries, Processors and Roasters except Cooperatives. It is evidenced from the literature that the power of Cooperatives in Indian coffee market is very low.
Even though the Café Coffee Day company tried its best to connect with the available cooperatives in its working area.

**There is a Positive Relationship between Supply Chain Integration and Competition Capabilities**

The fifth Hypothesis was tried to investigate the relationship between the supply chain integration and competition capabilities. This hypothesis was based on the increased integration of supply chain leads to an increase in the competition capabilities. It was designed with the help of Michael Porter’s competitive advantage. The construct competition capabilities is having five sub-sections: Cost Leadership, Innovative Marketing Technology, Differentiation, Customer Service and Focus Strategy. The items in these sub-sections are applicable to Café Coffee Day company. From the data analysis, the results show a very significant result of t-value between the supply chain integration and competition capabilities. The impact of supply chain integration is very high on Café Coffee Day’s competition capabilities. The construct competition capabilities is very much reliable and valid, since the Cronbach alpha value is very significant. The other studies in this area are showing very significant results. The supply chain integration allows the company to take advantage of internal competencies (Carter and Narasimhan, 1996; Narasimhan, 1997; Kim, 2006a; Kim, 2006b) and also the theory of relationship marketing elements like trust and commitment forces the company to integrate with the business partners like suppliers which leads to benefits (Pressey and Tzokas, 2006). So the competition capabilities of Café Coffee Day become strong with the Supply Chain Integration.

**There is a Positive Relationship between Competition Capabilities and Firm Performance**

The sixth Hypothesis was developed based on the previous studies, the Firm Performance is based on the Competition Capabilities. From the data analysis results the t-value between Competition Capabilities and the Firm Performance is very significant. The construct Firm Performance is based on three sub-sections: Market Performance, Financial Performance and Customer Performance. A strong competitive company must have strong competition capabilities, a differentiated product, a short order cycle, accurate information
flow, precise product delivery, to achieve a high customer satisfaction and better firm performance (Westall, 1994; Post et al., 1995; Remsik, 1996; Tracey et al., 1999; Hunt and Davis, 2008), based on these theories the proposed Hypothesis was designed. With the high value of Cronbach alpha of Firm Performance and significant t-value between Competition Capabilities and Firm Performance makes the Hypothesis to great acceptance. The same kind of results is evidenced from the previous studies on Firm Performance (Porter and Wayland, 1992; Stabell and Fjeldstad, 1998; Fujun et al., 2006; Esteve-Parez and Maaez-Castillejo, 2008; Hunt and Davis, 2008; Sung 2008).

**There is a Positive Relationship between Supply Chain Integration and Firm Performance**

The seventh and the final Hypothesis was designed with the support of the relationship marketing theories and the evolution of cooperation, especially from prisoner’s dilemma theory. The previous studies has shown that the increase in the level of integration directly impacts the increase in the performance of the firm, and the supply chain integration impacts the customer responsiveness and firm’s performance (Narasimhan and Carter, 1998; Tracey et al., 1999; Vickery et al., 2003). From the data analysis results the t-value between the Supply Chain Integration and the Firm Performance is significant. The Supply Chain Integration of Café Coffee Day is directly impacted by the Firm performance, so the proposed Hypothesis was strongly accepted.

**5.4 Implications**

Every research thesis must create some kind of theoretical contribution. A contribution to the body of knowledge should include one or more of the following: Extending our ability to understand phenomena, New ways of applying science or theories, Rejecting invalid theories, and providing unifying explanation for events and circumstances (Remenyi, 1998).

- Firstly, this thesis increased the strength of Supply Chain Management as it is connected to the core business strategies of the firm.
Secondly, the thesis has shown a clear connection of Supply Chain Management with the level of integration, the competition capabilities and firm performance.

Thirdly, the usage of computerized systems for the proper connectivity with the suppliers, also acts as the creator of market drivers.

Fourth, the direct relationship between the Supply Chain Systems, the level of Supply Chain Integration and the Competition Capabilities makes the strengths and opportunities for Supply Chain Executives very high.

Fifth, the high utilization of modern technology such as the Internet takes the firms to a great extent, by creating new markets, increasing the customer base. The Internet has made the companies to produce a best quality product, increase customer value, building large loyal customer base so that they are willing to pay the premium.

For a researcher, the thesis should contribute more towards practice. The findings of the research are useful to the practitioners, managers or policy makers (Armstrong, 2003).

Firstly, the analysis showed that the total integrated supply chain strategy is the most beneficial concerning the firm’s competition capability and performance.

Secondly, the Company should understand that in order to achieve the full potential of their competition capabilities in their market they must plan for total integration of their supply chain network.

Thirdly, the total integration of the suppliers will be having greater rates of cumulative competition capabilities and performance improvements allow the company to progressively pull away from their more isolated competitors.

Fourth, Enterprise Resource planning systems that coordinate the flow of resources into the company and supplier relationship Management systems that coordinate the firms supply and support the employees are the two of
the most common system applications that result from a business supply chain analysis.

- Fifth, Porter’s value chain analysis will cause the company to consider benchmarking the firms business processes against their competitors and identifying best strategies.

- Sixth, the successful implementation of supply chain systems provide opportunities for the facility to move towards a higher of supply chain integration.

- Seventh, The ERP software allows any member of the supply chain to connect securely to any other member, the highest level of integration has rapidly changed from a theoretical concept into an operational reality.

- Eighth, the Internet allows the company to link their suppliers using a compatible ERP system on the buy-side of the network.

- Ninth, the more real time information the company has through integration with regard to the suppliers requests, so that the supply and demand decisions could become easier, which in turn would decrease the probability of stockouts and obsolescence.

- Tenth, the cost and delivery information of the company has been shared between major suppliers using Electronic data interchange (EDI) system.

- Eleventh, one of the advantages of supply chain integration with ERP is that it allows the wide suppliers to access through the Internet.

- Twelfth, the information exchanged through ERP systems in a supply chain includes not only the delivery schedules and billing data of an EDI systems, but also new product development, online product support material, training supports and demand forecasting.

- Thirteenth, a supply chain network that uses synchronized ERP systems can be extremely efficient and flexible to respond the changes in the market place and thus save members network time and money.
• Fourteenth, the usage of web technology will optimize the supply chain and cost cutting. The supply chain members are able to share information, cut costs, reduce cycle time and become more competitive.

• Fifteenth, by implementing the designed model resulted from the research, the business of Cafe Coffee Day company can be enhanced.

5.5 Conclusions

Over a century of development in the field of marketing logistics and management, researchers can now focus on how important supply chain management has become to the competitive nature of business today. We have experienced the evolution of individual business competition to the collaboration of business in supply chain network to form a business entity that competes with other supply chain networks. In this manner, business cannot successfully compete today and into the forcible future using the same business individualism of the last century.

Today’s business is not only concurred with productivity but also with the speed of delivery of products in an enterprise environment that involves all parties that contribute to the production process from the supplier to the customer. Competitive strategies have forced organizations continually look beyond their boundaries to fulfill customer needs efficiently and effectively. For instance, control of the business quality requires the companies to work and be much more involved with suppliers, to resolve quality issues. These days, superior competitiveness encompasses collaboration of business parties on a variety of issues, such as product design, materials selection, demand forecasting, production time, price determination and logistics. These are a few reasons why studies about supply chain management related to supply chain integration, firm performance and competition capabilities are essential today.

Café Coffee Day is the only company with Indian origin which is leading in the country. The operations of supply chain management implemented by the company are doing well. With the inception of the Model created by the researcher, there will be an enhance in the business practices of Café Coffee Day.
5.6 Future Research Avenues

i) The present research is limited to one specific company i.e. Café Coffee Day. Further research can be made on other upcoming cafes of the country related to supply chain management.

ii) The present research is made on one particular commodity i.e. coffee. There are other products the café coffee day uses in their business. The research can be made in other products which the company uses.

iii) The research has made on inbound supply of the company, the outbound supply is also a broad area the research can be conducted on this part.

iv) The research can be made on wide range of companies without regard to their industry.

v) Industry specific studies of supply chain systems, supply chain integration and their relationship to competition capability and performance will potentially yield valuable insights in this area.

vi) This study primarily focused on Café coffee day and collected data primarily from top executives of the company. Future research can be made by collecting primary data from secondary and tertiary executives to better gauge the degree of supply chain management.

vii) The future studies could focus on large scale enterprises and examine similarities and differences between large corporations and small and medium enterprises with respect to supply chain management.

viii) By making thorough review of the literature and interview with experts of different cafes, can provide necessary information for the reformation of the items used in the constructs of this study which will lead to future research.