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**NAAC ACCREDITED 'A' GRADE**



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## A Guide to eCommerce Supply Chain Management

[Source: <https://www.shiprocket.in/blog/>]

The internet has enabled buyers and sellers to be much closer and connected. A large number of buyers and sellers have come together on dedicated market platforms like Amazon, Flipkart etc. Today, anyone within a few clicks can buy almost everything from a manufacturer in India and have it delivered anywhere in the world.

Business efficiency has become critical at all operational levels. Furthermore, the demands and expectations of the customers have evolved. Customers today want quick results. According to a survey by Investp, 56% online consumers between the age of 18-34 years expect to have same day delivery. And, 80% of the online shoppers expect same day shipping.

It is the movement of goods that needs to happen in a correct and timely manner. But, speed and efficiency cost money. And, at the same time it's important that you strike a balance between being highly efficient and reducing costs, thereby the need for supply chain management arises.

What explains this phenomenal efficiency, speed and cost reduction? Not surprisingly, Supply Chain Management.

### What is Supply Chain Management?

Supply Chain Management (SCM) is a range of activities needed to plan, coordinate, schedule and control the procurement, production, and deliveries of products to customers. SCM is the backbone of eCommerce and is a very crucial component in its growth. Supply Chain Efficiency ensures the right product reaches the right place at the right time. It ensures cost reduction and enhancement of cash utilization.

It is an expansive and complex undertaking which ensures that each partner i.e. from suppliers to manufacturers and beyond perform well. An effective supply chain management is a combination of change management, collaboration, and risk management which helps to create alignment and communication between all the entities.

### Advantages of Supply Chain Management

The competitiveness among eCommerce businesses is rising day by day. An effective and efficient eCommerce SCM provides connecting with customers and converting leads.

- **Transparency**

SCM provides clear visibility across the entire network. It assists the users to invigilate the status of all the undergoing activities across supply, production, warehousing, and distribution. This ensures a more comprehensive tracking and management of all process from ordering to shipping of finished products.

- **Enhanced CRM**

The merits of good CRM can't be overlooked! SCM ensures timely deliveries, which in turn keeps the customers happy. Also, it assists the business to keep an eye on the requirements of the customers. It makes sure that the business is attuned to changes in various demands of the products and services. With the help of an eCommerce integrated supply chain, businesses can get requirements and feedbacks about their products directly.

- **Minimized delays**

Delays in delivery can cause strained relationships and lost business. Late shipment from vendors, holdups during production and logistic errors in distribution channels negatively affect a company's image amongst its customers. With an effective SCM, all activities can be coordinated and executed from top to bottom.

- Cost reduction

One of the principal reasons due to which the customers invest their time and money in eCommerce is reduced costs. Probably, there are a lot of areas where business invests more than required. Some of such areas could definitely be streamlined. It's worth taking a look at your supply chain to recognize areas where the costs could be cut down.

An eCommerce based SCM removes various stages of distribution, retailers and more. This also means higher profits!

- Adoption of omnichannel practices

A well structured SCM facilitates omnichannel engagement which in turn, leads to further technological advancements leading to increasingly sophisticated [customer engagement](#).

### **Features of an effective SCM (supply chain management)**

A best in class will focus on the following:

- Clarifying the strategy – Whether you want to achieve on-time accuracy or self-service customer tracking, traceability is something that every SCM strives for. An effective supply chain helps in clarifying the strategy which in turn goes hand in hand with [reducing risks](#) too. A clarified strategy is essential to minimize the impacts of product recalls.
- Big data - Proactive use of [big data](#) can help in identifying inefficiencies, creating solutions, and their implementation. Furthermore, the use of such data can be effectively applied to the creation of verifiable forecasts for needs in inventory.
- Customization - Customization refers to how supply chain processes can be implemented to provide customers with what they want. For instance, an order of newly launched laptops may need to be fulfilled within a day.
- Flexibility - As the global economy has become more interconnected, with the newer markets coming up, the number of corporate players have increased. So, how to capture more leads? This is where flexibility comes into action. Flexibility ensures that SCM adapts to the changes within the market, political spheres, and other important circumstances, which would otherwise affect the business.

### **Supply Chain Management Systems**

[Source: <http://en.ecommercewiki.info/logistics/>]

A Supply Chain Management (SCM) system is an application system for planning, optimizing and controlling of volumes, due dates and capacities along the whole [Supply Chain](#).

SCM systems illustrate the processes within a company as well as processes between different companies along the supply chain. Thereby processes of the company and processes of suppliers, distributors, logistic service providers and customers could be monitored. Moreover, with planning scenarios bottlenecks within the supply chain could be

identified early.<sup>3)</sup>

An important pre-condition for a successful application of SCM tools are interfaces to the existing [Enterprise Resource Planning \(ERP\)](#) and [Production Planning and Control \(PPC\)](#) systems. SCM tools source master and transaction data from external ERP systems, process them and return the results to the external systems.<sup>4)</sup>

### ***Benefits of SCM Systems***

- Improvement of delivery dependability and customer orientation
- Reduction of stocks
- Cost reduction within the procurement, production and distribution network
- Decrease of processing time<sup>5)</sup>
- Avoidance of the [bullwhip-effect](#)

