

Chapter 7

Designing Distribution Centres for Omni-Channel Fulfilment: In Indian Context

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ABSTRACT

The E-Commerce market is thriving and poised for robust growth in Asia. The success of E-Commerce players depends on their understanding of the market and offering various types of features. This paper gives an overview of the future of E-Commerce in India and discusses the future growth segments in India's E-Commerce. Also find out various factors that would be essential for future growth of Indian E-commerce. And represent the various opportunities for retailers, wholesalers, producers and for people. In this paper, we found that the Overall E-Commerce will increase exponentially in coming years in the emerging market of India. A review of the literature revealed that, to date, no research has been conducted on the supply chain that is needed to support the growth of E-Commerce business in a developing country such as India. This study aims at studying - why will e-commerce have an impact on supply chain" and "where will e-commerce affect the supply chain in future.

INTRODUCTION

The E-commerce Industry in India has come a long way since its early days. The market has matured and new players have entered the market space. In the present dynamic scenario, E-Commerce market in the B2C space is growing in demand as well as in the array of services. The transition to online purchasing from traditional purchasing is taking a long time in the Indian market. E-commerce includes not only buying and selling goods over Internet, but also various business processes within individual organizations that support the goal. As with E-Commerce, e-business (electronic business) also has a number of different definitions and is used in a number of different contexts.

India's E-Commerce market, if not in infancy, is at an early stage barely adequate logistic and technological infrastructure in place leading to operational inefficiencies makes high-volume e-commerce

DOI: 10.4018/978-1-5225-3056-5.ch007

business very challenging (Subramanian, 2012). Given the complexities and challenges of E-Commerce, it is inevitable to have a framework that account for logistics costs and capabilities while evaluating the opportunity to expand the service to larger population and hence increase profit margin. Traditionally, practice has been to manufacture at economically favoring locations or source from vendors with lowest cost. This trend, however, is often offset by increased logistics costs and delivery times.

The complexities of managing logistics in Indian market locations finally add to the total landed costs of the associated goods. Therefore, the process of redesigning supply chain operations to establish logistics management capabilities in India is a fundamental dimension for a long-term business strategy for online players. Design of such strategy should include a focus on end-to-end integrated operations and sound process discipline that will help e-tailers achieve flexibility, responsiveness and resiliency to enable more effective competition in today's dynamic business environment. As the E-Commerce business landscape continues to evolve, so do its challenges. New competitors are entering the market. Product life cycles are getting shorter. Customers are more demanding, and their expectations now extend beyond cost and service to include ethical, environmental, and sustainability concerns (Hui et. al., 1991). This complex and fast changing environment puts new demands on supply chains, as companies seek ways not just to manage the change, but also to use their supply chains as a source of competitive advantage. Those that succeed are thinking far beyond their organizational boundaries. They are optimizing their supply chains from end to end, and are finding new ways to collaborate with both suppliers and customers. The innovations, lessons in practice and new technological solutions in managing retail supply chains are not just important in retailing but crucial in the ultimate effective management of the complete supply chain (Ronald, 2012).

In this research, we evaluated the current state of Indian E-Commerce and the challenges faced by them. Thereafter, we have proposed a framework that caters needs of SMEs in E-Commerce business to achieve supply chain operational efficiencies. The framework builds upon various strategies that are available in literature while keeping Indian context in backdrop. We then propose our findings and conclusion by mapping the current challenges of the Indian e-tailers, the various strategies those can be adopted by them and we are suggesting a framework, specially, for Small and Medium Enterprises (SMEs) in E-Commerce business and it is not viable for them to have their own managed infrastructure and setup (Grace, 2011). We have also presented key managerial insights for logistics network in India that would enable e-tailers to realize benefits from online business.

Concepts and Definitions

Electronic commerce or e-commerce refers to a wide range of online business activities for products and services. It also pertains to “any form of business transaction in which the parties interact electronically rather than by physical exchanges or direct physical contact.”

A more complete definition is: E-commerce is the use of electronic communications and digital information processing technology in business transactions to create, transform, and redefine relationships for value creation between or among organizations, and between organizations and individuals.

- **Different Types of E-Commerce Players:** The major different types of e-commerce are: business-to-business (B2B); business to- consumer (B2C); business-to-government (B2G); consumer-to-consumer (C2C); and mobile commerce (m-commerce).

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