Impact of Supply Chain Management Strategies on Changing Market Condition

1Shri.Jaya Prakash Rath, 2Anil Kumar Das
1Asst. Professor, Dept. of MBA, Raajdhani Engineering College, Bhubaneswar
2Asst. Professor, Dept. of Mechanical Engineering, Raajdhani Engineering College, Bhubaneswar

Abstract: The customers’ expectations nowadays are more demanding than ever. As described here, companies have responded with global networks, product innovation, and market expansions. This means that companies now rely on supply chain managers to optimize their value chains in order to stay competitive. As such, it’s no surprise that these professionals are in high demand. So customers, rest assured experts in supply chain management, tackling these complexities each and every day and are eager to delight the customer experience. Therefore, companies are trying to expand their distribution to emerging markets in order to grow revenues and increase market share. Companies all around the world are expected to expand in their home and foreign markets. The introduction to new markets is difficult due to trading policies, fees, and government policies. So, they are now keen on adopting new strategies in their supply chain to make it more effective.

Keywords: Optimization, market demand, value chain, strategies etc.

I. Introduction

In the current market context the two important factors those are responsible for the growth of various industries directly or indirectly related to the customer are namely supply chain management and customer relationship marketing. As the change in the market forces the change in the market demand there is change in the supply chain management. So, also as there is change in the customer preferences there is change in the supply chain. So, in the growing complexities of market there is innovation required in the supply chain management which will remain as a major challenge in the current market condition. So, the diversity of growing market condition becomes a growing concern for the marketer to how to design their supply chain according to the market and its changing scenario.

Introduction of new products with shorter life cycles, intensified competition in today’s global markets, and the heightened expectations of customers have contributed to the development of new approaches to supply chain management. Traditionally, raw materials are procured and items are produced at one or more factories, shipped to warehouses for immediate storage, and then shipped to retailers or customers. Therefore, in order to reduce costs and improve service levels, effective supply chain strategies must take the interactions at various levels of the supply chain into consideration. In recent years, the pressure to find consumer-responsive and cost efficient solution to supply chain issues in a market place has forced closer collaboration between retailers and manufacturers in order to combat the challenges that result from asymmetric information and the bullwhip effect. Many firms can no longer afford to have their supply chain located in a single country. If they do, they run the risk of becoming less competitive and delivering less value than they are capable of delivering. The main reason is that the location at which a firm chooses to source its raw materials, to hire its labor, to locate its manufacturing/operation facilities, and to serve demand can greatly influence a firm’s cost-benefit measures and its investment decisions. While designing an effective global supply chain is a challenge, it can be a rewarding one because it can create more valuable products/services that a firm delivers. This growing concern has created an incentive for more effective and efficient design of supply chains and of management in utilizing consumer response. In a global market, supply chain management is more complex since suppliers and partners are located in different countries and the classical logistics of facility location, sourcing, and distribution are greatly influenced by political and economic factors. Varying tax and customs rules, production/operation expenses, multiple currencies and numerous transportation problems are among the challenges of linking a transnational supply chain. However, we will see that this flexibility also enhances our supply chain design capability.

Objective of the Study

To find out the effect of changing market condition in supply chain management.
To analyze the various strategies adopted by companies in their supply chain.
To find out the impact of strategies in adoption to market condition.
II. Research Methodology

The data are collected through randomization methods which are being chosen randomly through picking of the names of companies randomly by lottery system then the impact of the adopted strategies by the companies are calculated through the efficiency gap method by calculation of $\beta$ and $P$-value. It consists of a sample of 109 respondents, which are different companies who change their SCM strategies with the changing market conditions.

Research Analysis and Result

Impact of SCM on efficiency Gap (Knowledge on market and quality of service)

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<tr>
<th></th>
<th>$\beta$</th>
<th>$P$-Value</th>
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<th>$P$-Value</th>
<th>$\beta$</th>
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</thead>
<tbody>
<tr>
<td>SCM (=1)</td>
<td>-0.035</td>
<td>0.00</td>
<td>-0.04</td>
<td>0.03</td>
<td>-0.02</td>
<td>0.24</td>
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<td>Knowledge Z-Score</td>
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<td>0.00</td>
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<tr>
<td>SCM*Knowledge in Top 50%</td>
<td>-0.06</td>
<td>0.01</td>
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<tr>
<td>No. of Observations</td>
<td>109</td>
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While analyzing the order of magnitude of the impact of SCM on the change in market conditions we analyze through the efficiency gap method by taking 109 numbers of observations and studying the impact of knowledge of market and quality of service and deducing the gap in it. We find that SCM reduces the efficiency gap by 3.5 percentages. When we control for provider market knowledge the effect of SCM on efficiency increases slightly to 4 percentages. In this process we can arrive at a conclusion that higher knowledge is actually associated with higher efficiency gap. Which also reflect that increase in provider knowledge will increase the quality service, but the improvement in quality service is less than the improvement in knowledge? In the end we found that SCM has a much larger impact on the efficiency for more market knowledge based companies. We also found that those companies which has low level of market knowledge are weak in providing service through SCM in the changing market conditions but on the contrary we found that a 6 percentage increase in service who have good market knowledge.

III. Discussion and Managerial Implications

There are various strategies used by the marketer to cope with the changing market conditions. Those companies who adopt the change in the market demand, change in the market conditions and change in the consumer preferences will survive the market. Therefore it is pertinent for all the companies to have good market research department and have regular and immediate information system to provide relevant required change in the supply chain according to the change in the market condition, change in the consumer preferences and change in the competitor’s strategies. The major strategies followed by companies are:

1. Using a broad mix of operational approaches to provide supply chain initiative to emerging market initiatives
2. Complimenting a low cost structure with a focus on quality and market knowledge to access the new market and provide differentiation
3. Leveraging technology extensively to increasing efficiency, improve flexibility and enhance decision making
4. Investing aggressively in supply chain operations to keep pace with changing market dynamics.
**IV. Conclusion**

The changing market condition does not solely depend upon a single factor which may control the whole situations, so, many organizations adopt a blend of diversified operational approaches which is innovative and will also provide new supply chain initiatives to the emerging market condition. It has also been noticed that and from the data analyzed that quality and market knowledge are two most important factor for implementation of the SCM strategies. Many companies use their efficiency in technology as major equipment in development of supply chain which will results in the increase in the overall efficiency of the company. Focusing primarily on the operations of supply chain and implementing the effective supply chain management practices are also important for the adoption of changing market conditions.

**References**


