

SIGNIFICANCE OF WAREHOUSING IN SUPPLY CHAIN MANAGEMENT*

BY

Mrs. Aparna Lalitkumar Patil*

Research Scholar – JJTU, Rajasthan, (Assistant Professor – Parle Tilak Vidyalyaya Association's Institute of Management, Vile Parle (East), Mumbai), (Affiliated to University of Mumbai)

Dr. Bhupesh V. Rane*

Research Guide – JJTU, Rajasthan, (Director – Rohidas Patil Institute of Management Studies, Bhayander, Mumbai), (Affiliated to University of Mumbai)

Mr. Lalitkumar Premchandra Patil*

Research Scholar – JJTU, Rajasthan, (Assistant Professor – VIVA Institute of Management & Research, Virar, (East), Mumbai), (Affiliated to University of Mumbai)

Abstract: According to the CBRE report, the total share of e-commerce is about 23%. This shows that warehousing plays an important role in the entire ecommerce supply chain management process and its contribution is expected to grow only in that. Coming years For sellers who are just starting out with their ecommerce business, warehousing can seem like an additional investment that gives them no valuable income. However, the warehouse contributes to the SME's or Manufacturing businesses and the entire supply chain in more ways than one.

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* Correspondence Author: Dr. Bhupesh V. Rane

Introduction

Supply Chain Management (SCM) is the management of activities in supply chain that are used to maximize the customer value and gain a competitive advantage. Supply Chain Management is the representation of the efforts made by the organizations to develop and path the supply chains in the most effective & efficient ways possible. Supply chain activities include production and product development, sourcing and logistics, as well as required in the information systems for smooth functioning of all these activities.

Warehousing refers to the process of storing and organizing products in a large space and then delivered when the need arises. A warehouse can be a separate entity for different types of businesses. For a home-based entrepreneur, for example, their warehouse can be a bedroom from the day they pick up products when they get a new model. Similarly for SMEs or manufacturing business, the warehouse consists of a number of components such as rack and storage capacity compartment sets,

systems for climate control products which includes managing temperature, warehouse software and inventory control software.

Theoretically, the distribution center is different from a warehouse because the distribution center includes the components of collecting, packaging and transporting with storage. But now-a-days, all the warehouses are planned to be equipped with the functionality of a distribution center. Therefore, due to this merger purpose, warehouses have played a main role in the supply management process.

Ecommerce supply management planning, information gathering, product sourcing, inventory management, transportation and shipping, and return the goods.

Warehousing helps to solve many of these processes seamlessly and optimize your business to maximize revenue.

Literature Review

1. Subramanya, K N & Rangaswamy, T in their research revealed that warehouse operations include activities beyond simple product storage and shipment. Firms rely on their warehouses to coordinate the flow of material and information among multiple supply chain participants and, when necessary, to modify the material. The pressure on warehouses to be both cost effective and responsive in this coordination/ modification role continues to increase.
2. Barbara H. Wixom and Hugh J. Watson in their research paper analyzed how the various application factors play critical roles in the success of an information system. There is, however, a little research conducted about the application of data warehousing projects. The authors used a cross-sectional survey to investigate a model of data warehousing. The quality of the warehouse is highly influenced by the organizational and project issues.
3. Nils Boysen, René de Koster, Felix Weidinger in their research paper discusses the warehousing system suited for e-commerce retailers. The researcher analyzed the challenges the E-commerce retailers face to accumulate large numbers of time-critical picking orders each consisting of just a few order lines with low order quantities. Traditional warehouses are often not suited for these fundamentals, so that automated warehousing systems are applied and organizational adaptations are made in this branch of industry.

Importance of Warehousing in Supply chain Management

The warehousing supply chain forms an integral part of the process. Even if it's not a customer-driven operation, buyers may never know about this aspect of business but without it their shopping experience will be hampered.

Ecommerce sales are growing at an extraordinary rate. Today, people are moving to online shopping for the most basic requirements too. According to the report, IBEF India's e-commerce revenue is expected to grow from US 1 billion to US 12 billion in 2020, the highest ever in the world, growing at an annual rate of 1 per cent.

This means that the process needs to be optimized to such an extent that the errors can be avoided, speed up the delivery process, keep a regular flow list, and reduce returns at the same time. It is very important to provide excellent service to customers in the increasing competition. A fully efficient and properly organized warehouse with optimal resources can help achieve this.

1. Sustainable inventory management

A well-managed warehouse can provide with a centralized tracking system for the inventory. Finished products can be stored, send and delivered more efficiently and process all incoming orders quickly.

According to a report, almost 34% of businesses sent orders late because they sold products that were not in stock. Errors like this can send the entire process back multiple times. Not only this, delay in delivery can lead to negative customer experience. Proper inventory management clubbed with an advanced storage plan can give business the edge it needs to deliver hassle-free! Therefore, with this system in place businesses can always check the inventory, turn it off again if the supply is low, and always stay up to date on what SKUs they have in the store.

Specialized software can also be used to carry out the process better. But if all the products are stored in one place, they can be easily tracked without any problem

2. Efficient selection

Choosing is an action that requires extreme precision. If not done properly, wrong package will be delivered to the customers which can do a lot of harm to the brand. Also, if the business is dealing with delicate items, improper packing can lead to damage to the products which can lead to large amounts of damage. Therefore, it is must always have products stored in order. So it can easily find them and choose them from their designated location. To avoid such errors, a well-kept warehouse with racks and bins with automated software for product detection can be extremely useful.

3. Tamper-proof packaging

Further, if the organization wants their supply chain to progress without damaging the road, tamper proof packaging is absolutely essential. Usually companies that do not have warehouses have trouble storing enough packaging material for their products. With a dedicated warehouse, the companies specify the region for storing packaging materials.

Packaging forms a key part of branding. This is the first impression of the brand with the buyer. This is why it must always be tampered with so that the product reaches the customer safely without any damage.

Also shipping companies charge on the basis of volumetric weight. This includes the dimensions of the package. With warehouse space and stored packaging materials, companies choose the most suitable packaging material for each SKU and reduce shipping cost and weight. Improper in place with the process, everything can be messed up.

4. On time shipping

A warehouse gives the ability to streamline your shipping from one location to another. Once the products are stocked, selected, and packaged in one place, there will be less room for clutter and it can easily reduce the tat for the first mile operation.

Also, the location of the warehouse plays a major role in delivering orders on time. If the warehouse is located close to buyer's delivery location, the product can be delivered in a much shorter time, reduce your shipping, and even avoid a return order due to late delivery.

Thus, with an effective warehouse, organizations can conveniently optimize the operation of the first mile as well as the last-mile.

5. Price stabilization

The warehouse helps to maintain consistent stock levels and increase profits by storing the products for a longer period of time. A large number of products can be bought and sold them all depending on the season and location. For example, if the business is in garment selling, they can store winter clothes in their warehouse and resell them next season instead of putting them up for sale and incurring losses.

Often government policies change and the business have the opportunity to re-produce. This can help them to make more profit as will not have to repurchase the list frequently.

6. Excellent customer experience

Once an order is delivered to customers on time, with tamper-proof packaging and at no extra cost, it will make the customers very happy. That way, if there is a warehouse, they can get maximum customers

7. Solution by optimizing your operations

Every customer wants to know the expected delivery date for their order. The random fulfillment process cannot fulfill that need. There is a need to have a carefully drained supply chain so that there can be fix delivery date according to the time of each operation. Therefore, if there is a warehouse that

stores everything and makes the process uniform, the buyer can be provided with a specific delivery date.

With timely delivery improvement in productivity, reduce errors, and optimizing fulfillment process can be achieved.

Setting up a Warehouse

The next big question about warehouses is how to get started? For any new vendor, the warehouse may seem extremely intimidating, a term that requires great skill to perfection.

For starters, if the business is very small and want to sell 5 to 10 orders a month, shipping can be started with a self-storage set up. There should be a right storage technique, follow set inventory management patterns like first-in-first-out or just-in-time inventory. This will help in achieving the goals faster. But, this model is not sustainable when the business starts to grow.

Once the shipping of more than 50 orders a month starts it's time to find a little bigger solution. This means that either rent space to store the products or can contract with a third-party inventory and warehouse management provider. Advantages of proceeding with a third-party are as follows:

- a. No extra investment
- b. Trained resources
- c. Large warehouse space
- d. Competitive rates

All operations like storage, inventory management, packing and logistics are taken care of.

Finding a partner near the customer's location can reduce shipping time, reduce weight loss distances, and get back.

Conclusion

Warehousing is the backbone of the supply chain management process. This is where all major fulfillment operations take place. Therefore, it is important to be careful when choosing it and run all the operations carefully till the end. Well-organized and efficient warehousing can provide an important economic benefit to the business as well as the customers. A warehouse helps in achieving better control over the inventory and ensures that customers will receive their products on time, which ultimately leads to higher profits.

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