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A Project Report

On

"STUDY OF SUPPLY CHAIN OF FLIPKART, Haringhata RDC"

AS A PARTIAL FULFILLMENT

MASTER OF BUSINESS ADMINISTRATION (MBA)

UNDER THE GUIDANCE OF

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DECLARATION

This is to certify that Research study entitled "**STUDY OF SUPPLY CHAIN OF FLIPKART, Haringhata RDC"** is prepared by Mr. CHINMAYA PRADHAN under guidance and supervision of Dr. Varun Agarwal during Academic session of 2020-2022 as partial fulfillment of M.B.A from BIJU PATTNAIK UNIVERSITY OF TECHNOLOGY Bhubaneswar, Odisha. This thesis has not formed before the basis for the award of any degree, diploma or any other similar titles.

Chinmaya Pradhan

BPUT REGD. NO : 2006218076

LAUNCHPAD
Internship Program

CERTIFICATE
of Internship Completion

This certificate is awarded to

Chinmaya Pradhan

for successful completion of the 45 days Launchpad Internship Program
at Flipkart's Supply Chain Facility during **Sep - Oct** 2021.

Zoya Saif
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Aasish Kumar Topno
Director-HRBP, FC/MH

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Flipkart

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Executive summary

A study on "**STUDY OF SUPPLY CHAIN OF FLIPKART, Haringhata RDC**" Was carried out at Flipkart warehouse facility, Haringhata, West Bengal. The main objective of the research was to know the working of the warehouse and the various departments of the warehouse and its workings. The study was done as a part of Descriptive Research. The secondary data was collected from the company records and websites. A structured questionnaire was given to various employees assigned and the data were collected based on the same. The data was analyzed using percentage method and analyzed data is presented through graph chart. Valuable suggestions and recommendations are also given to the company for the better prospects.

Table of contents

Chapter – 1

Introduction

What Is a Supply Chain?

A supply chain is a network between a company and its suppliers to produce and distribute a specific product to the final buyer. This network includes different activities, people, entities, information, and resources. The supply chain also represents the steps it takes to get the product or service from its original state to the customer.

Companies develop supply chains so they can reduce their costs and remain competitive in the business landscape.

Supply chain management is a crucial process because an optimized supply chain results in lower costs and a faster production cycle.

Understanding Supply Chains

A supply chain involves a series of steps involved to get a product or service to the customer. The steps include moving and transforming raw materials into finished products, transporting those products, and distributing them to the end-user. The entities involved in the supply chain include producers, vendors, warehouses, transportation companies, distribution centers, and retailers.

The elements of a supply chain include all the functions that start with receiving an order to meeting the customer's request. These functions include product development, marketing, operations, distribution networks, finance, and customer service.

Supply chain management is a very important part of the business process. There are many different links in this chain that require skill and expertise. When supply chain management is effective, it can lower a company's overall costs and boost profitability. If one link breaks down, it can affect the rest of the chain and can be costly.

What Is Supply Chain Management?

Supply chain management takes a broader view of influences that will impact our supply chain, and when we discuss supply chain management, we must start to understand the strategic decisions that influence the supply chain activity.

There are many tools that can support the building of the supply chain strategy, value as perceived by our consumer must have full consideration when building any strategy. Value is usually delivered through differentiation of our product or service offering through innovation or cost. Cost or differentiation will form part of the main corporate strategic objective.

Once the strategy has been set for the organisation, any decisions then made within the supply chain must ensure that they deliver against the corporate strategy, this is supply chain management in operation.

Within supply chain management as a topic, we will go further into strategy, identifying the importance that organisational strategy plays on our operational supply chain activities, along with the role that other functions within the organisations play in supporting the decisions made within the supply chain to ensure alignment to the corporate and operational strategy.

How we remove waste activities in the supply chain in order to drive value will be influenced by micro and macros factors, STEEPLED factors can influence our supply chain decisions.

The goal of supply chain management is to look holistically at the entire supply chain from supplier through to the consumer, and review three core areas of people, process and systems in order to maximize value from all activities.

What Are the Stages Within a Supply Chain?

In its simplest form the stages in a supply chain are as depicted within the Porters Value
Chain and this can be considered a good guide to a supply chain structure

Logistics

Operations

Marketing and Sales

Service

Objectives of the study:

1. To know about the growth of the online businesses.
2. To understand the inventory management system by online retailers.
3. To understand the relation between efficient supply chain management and pricing of the product leading to increased turnover and margin.

Scope of the Study:

The method adopted is the case study method. The company selected is Flipkart which will help the new businessman to understand the importance and development of efficient supply chain management for successful business. The case study also intends to highlight how the low inventory cost leads to low price.

Methodology:

We started with secondary research of the internet retail industry and the major players through news articles, industry reports and databases. This helped us to get an overall idea of the working of the industry and understand its dynamics. Then we went on to do extensive secondary research on Flipkart, its business model and all elements of its supply chain. Then we did primary research in the form of interviews of Mr. Shini Patel, and Mr. Pavan Raghuveer both managers-operations and in-charge of SCM and delivery. With their inputs on procurement, logistics, order processing, supplier management and customer support and secondary research we formulated a draft. However, we identified certain gaps and interviewed the two gentlemen again along with Ex-Flipkart employee Ms. Shuchi Shukla and our batch mates who interned at Flipkart. With the second round of inputs, we were able to understand and analyze Flipkart's supply chain.

Chapter – 2

PROFILE (INDUSTRY/ COMPANY)

The concept of e-commerce is accepted very rapidly by the Indian consumer. The biggest drivers for online shopping is shortage of time, availability of a variety of products at a very competitive prices and retailers facing challenge in accommodating variety of stock for the consumers, thus prompting them to resort to e-retailers.

A quick overview of India's Internet penetration shows a user base of approximately 462 million rounding nearly to 35% of the population. The spread, and subsequent adoption of e-commerce, thus, only seems logical. With several reputed brick-and-mortar retailers also offering online services, it seems natural the trend of shopping remotely will scale up substantially. As there is competitive environment in this sector, online retailers try to provide various services such as flexible payment methods, warranties for electronic goods and free home delivery with very competitive prices.

The internet retail industry in India

E-commerce has changed the way of doing business in India. The Indian e-commerce market is expected to grow from US$ 38.5 billion by 2017 to US$ 200 billion by 2026. Much of the growth for the industry has been triggered by increased access to the Internet and smartphones. By September 2020, driven by the 'Digital India' programmed, the number of internet connections in India increased significantly to 776.45 million. Of the total internet connections, 61% were in urbane areas, of which 97% were wireless. The Indian online grocery market is projected to reach US$ 18.2 billion in 2024 from US$ 1.9 billion in 2019, growing at a CAGR of 57%. India's e-commerce order volume grew 36% in the last quarter of 2020, with the personal care, beauty and wellness (PCB&W) segment being the biggest gainer. Driven by increasing smartphone penetration, 4G network launches and rising consumer wealth, the Indian e-commerce market is expected to grow from US$ 38.5 billion in 2017 to US$ 200 billion by 2026. Online retail sales in India are expected to grow by 31 per cent. Reached USD32.70 billion in 2018 led by Flipkart, Amazon India and Paytm Mall. In India, smartphone shipments reached 150 million units and 5G smartphone shipments crossed 4 million in 2020, driven by higher consumer demand post-lockdown. Most Internet retailers provide services, such as flexible payment methods, warranties for electronic Goods and free home delivery. The prices of many

players are very competitive with all the e-retailing players offering good deals on a variety of products to attract the customers. Players with a wide variety of products have managed to garner the highest value sales. Internet Retailing in India is divided into various formats, including vertical shopping, whereby Manufacturer retailer, also multi-product Internet retailer, such as Future bazaar, Shoppers Stop shopping and compare. International companies were not allowed in India till 2010: The government has banned FDI in multi-brand retailing. However, in 2011 there was a ban Some of the major players including Amazon.com in the liberalized and forecast period are Expected to enter the Indian e-retailing ecosystem.

Limitation of the study:

The conclusion will be based only on the research of single online store, hence the conclusion drawn cannot be generalise to all the online retailers. Moreover, in the global competitive and dynamic market it is always necessary to identify different strategies to lead a successful business of which supply chain management system is only one factor. Researcher can identify different factors on which the sustainability and growth of the business is dependent on.

Company Profile

History of Flipkart

FIGURE 1

Flipkart was founded in 2007 by Sachin Bansal and Binny Bansal, both alumni of the Indian Institute of Technology Delhi. They worked for Amazon.com, and left to create their newcompany incorporated in October 2007 as Flipkart Online Services Pvt. Ltd. The first product they sold was the book *Leaving Microsoft To Change The World* to a customer from Hyderabad. Flipkart now employs more than 33,000 people. Flipkart allows payment methods such as cash on delivery, credit or debit card transactions, net banking, e-gift voucher and card swipe ondelivery. After failure of its 2014 Big Billion Sale, Flipkart recently completed the second edition of Big Billion Sale held between 13 and 17 October where it is reported that they saw a business turnover of $300 million in gross merchandise volume.

One of the major problems that **Flipkart** tackled during its initial years was online payments because at that time, people in India were averse to make online payments to a virtual store, due to fear of frauds and loss of money.

To deal with this issue, Flipkart launched its 'Cash on Delivery' service, which helped to build confidence among online buyers. It also made significant efforts to improve the supply chain system, which helped the company to ensure timely delivery to its customers.

This online platform attracts ten million page hits every day and around eight million shipments are processed every month. Flipkart has also introduced its mobile application, which has become quite popular, with 50 million+ app users. Flipkart is a billion-dollar company and its valuation in 2016 was INR 15,129 crore (US$2.3 billion). It is also fulfilling its social responsibility by providing huge scale employments (employs more than 33,000 people).

Achievements of Flipkart

The company created a record by selling 1 lakh books in a single day in 2013. Flipkart crossed the 100 million mark in registered customers in 2016.

Flipkart achieved the Young Turk of the Year Award at CNBC TV 18's "India Business Leader Awards 2012".

Funding

Flipkart has received funds worth more than $ 4.5 billion, with the biggest funding in July 2014 worth $ 1 billion and in April 2017 worth $ 1.4 billion.

List of top investors in Flipkart includes Naspers, Steadview Capital, Tiger Global Management, DST Global, Accel Partners, Dragoneer Investment Group, Baillie Gifford, GIC, Greenoaks Capital, ICONIQ Capital, Microsoft, Morgan Stanley, Qatar Investment Authority, and Sofina.

Acquisitions made by Flipkart

There is cut-throat competition in the e-commerce market and the biggest Rival of Flipkart is Amazon. In the recent years, many mergers and acquisitions have been witnessed in the e-commerce market and Flipkart has also made many acquisitions to expand its business and boost its sales and earnings.

The major acquisitions made by Flipkart include Myntra, eBay India, PhonePe, Jabong, Letsbuy(dot)com, WeRead, Mime360, chakpak(dot)com, Appiterate, FX Mart. It has recently acquired its former competitor Snapdeal. It has acquired Snapdeal at a cost of $ 950 million.

CORE VALUES

Audacity, Bias for Action, and Customer First – are the core values of Flipkart

EXCLUSIVE PRODUCTS

Motorola Mobility, formerly owned by Google, but then sold to Lenovo. In an exclusive tie-up with Flipkart and it launched its budget smartphone in India on 5 February 2014, over 20,000units were sold on Flipkart within hours of its launch. After this Flipkart must continue its partnership for long term sell its devices in India, even as it's Chinese rival Xiaomi launch its smartphone Xiaomi mi3 in India the first batch was sold on 22 July 2014 in 39 minutes, the second on 29 July 2014 in 5 seconds. The sale had proceeded on pre-registration where

over150,000 buyers were registered for the 5 August sale. On September 2, 2014, Flipkart organized a flash sale of Xiaomi Redmi 1s budget android the smartphone which was launched in India in July 2014. 40,000 units were priced at Rs 5999 sold out within seconds.

Company Structure

The entire organizational structure of Flipkart is organized in three broad teams as depicted below

Product and Technology	Business Development	Operations
- Website Management - ERP System	- Vendor Management - Sales Management - Pricing Strategies	- Procurement - Warehouse - Logistics - Customer Support

Product and Technology

Team The product and technology team is the core strength of the company. The team is responsible for the management of the website as well as the ERP system. It has developed a state of art system in-house using open-source software. Website is a backbone of any online retail shop and Flipkart's website is also managed by this team only. The team manage the entire process right from listing of item to search engine optimization.

Business Development Team

Business development team is responsible for all the activities related to sales including vendor management to pricing and discount strategy.

Operations Team

Operations team deals with all the supply chain aspects of the company right from procurement and warehouse management till customer support. The team support the customers both online via telephone as well as offline via email.

Customer Support team

Flipkart has a strong focus on customer service with customer delight as the top most priority. And to fulfil it the company guarantees a 24/7 full customer support and to cater this facility it has a dedicated customer support team which offers both inbound and outbound support. bn

SWOT ANALYSIS OF THE COMPANY

S
- India's largest e-commerce business
- Flipkart has its own logistic
- Flipkart has subsidiaries like phonePe, 2GUD, and E-kart.
- Tie-ups with best brand like Xiaomi, Realme, Motorola, etc.

W
- Only limited area access, many sub urban and towns are not covered.
- Flipkart invests in a lot of advertisements to improve and maintain its brand awareness, which is expensive
- Website failures.
- Late delivery

T
- Market competition with international players like Amazon & E-Bay
- Technology up gradation by competitor.

O
- Growth in retail industries
- Great opportunity to expand its business
- Indian customers are attracting toward online shopping.
- Mobile application

HR Policies: -

People principles

❖ Their Human resource is the center of all the policies

❖ Equality despite the level at which people are working

❖ They treat their employees as founders and also expect them to work as one.

❖ They understand their employee's need and provide a flexible environment.

Benefits

Career development - Flipkart university, Flipskool, Performance management

Work Environment - Culture, work life balance, meaningful work.

Salary - Base pay, Variable pay, recognition, stock option.

Health and wellness - retirement benefits, leave benefits, flexible benefits.
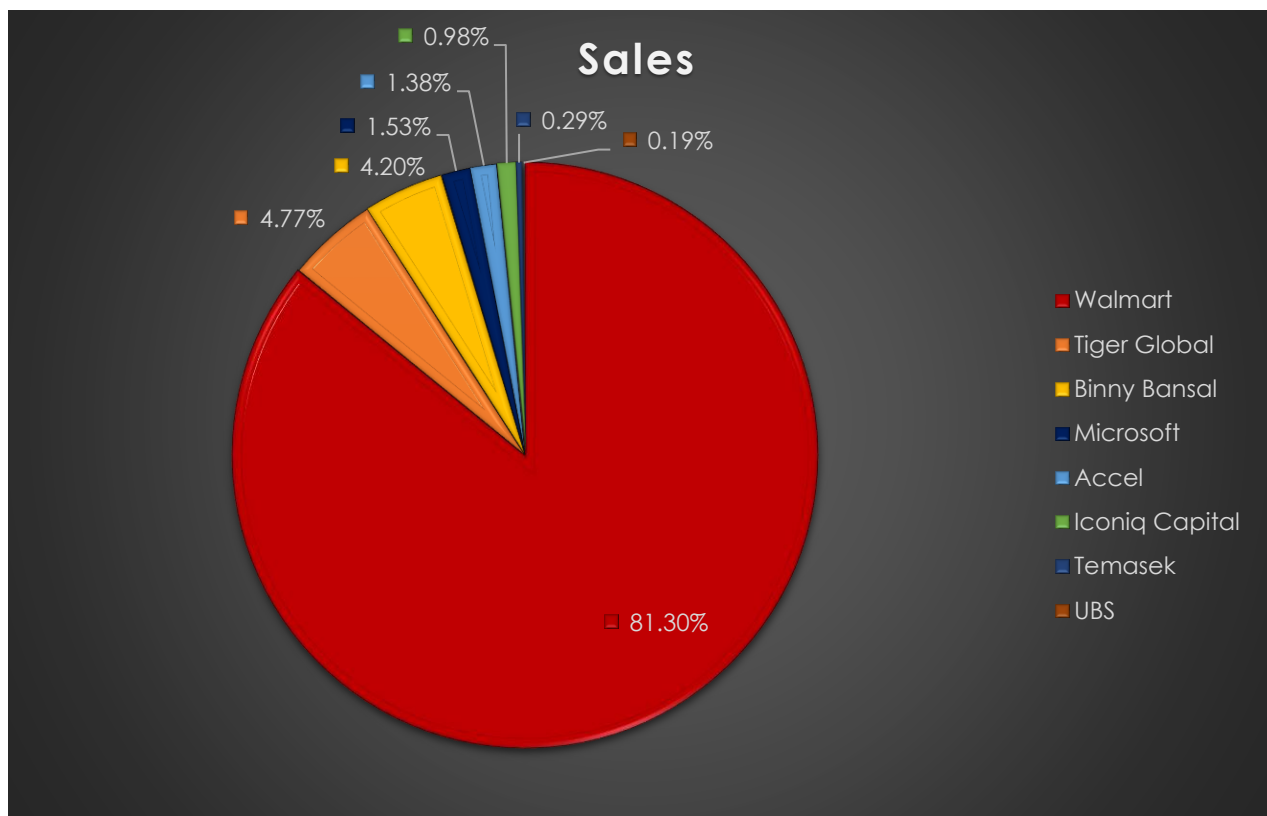
Financial Performance:-

- ## Total Revenue
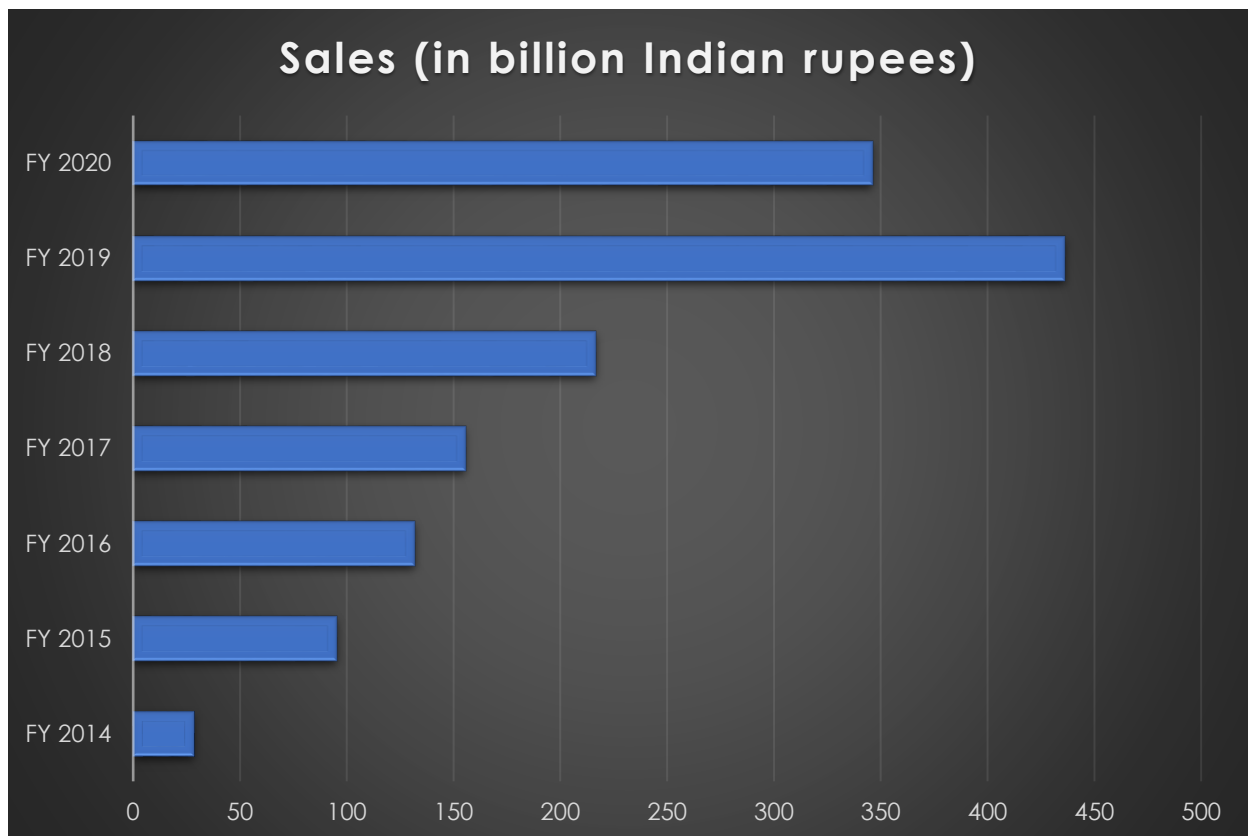
- ## Net Profit
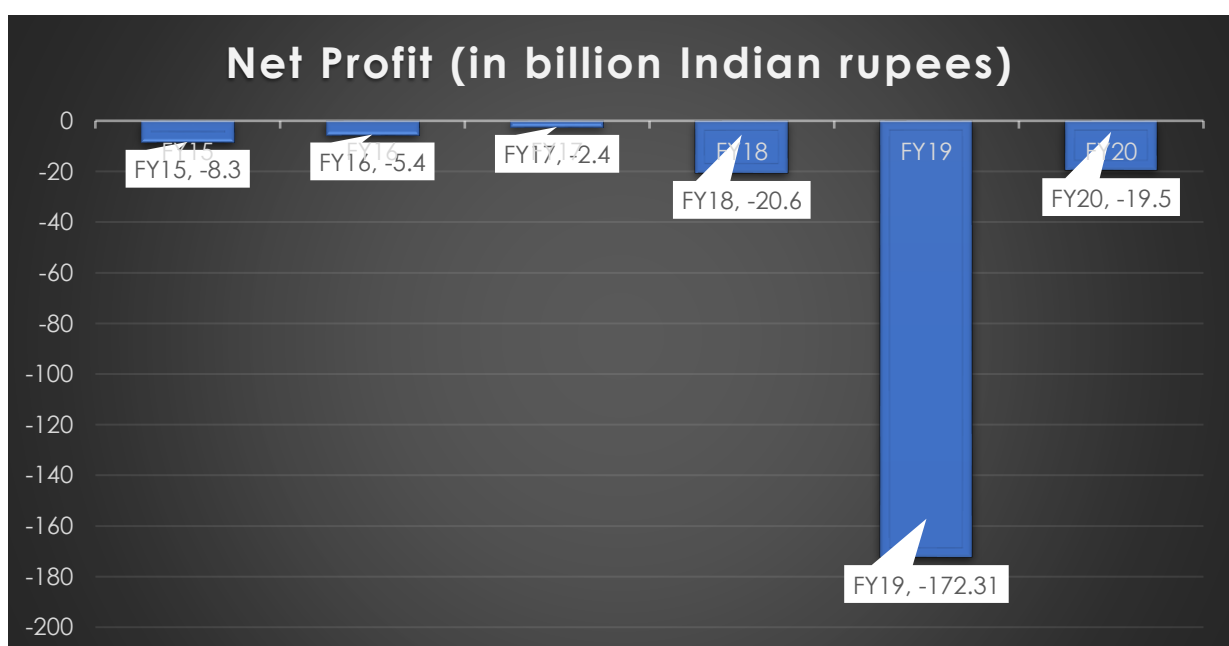
- ## Market Capitalization

Industry Analysis

India is the Fastest growing e-commerce market in the world

The Indian e-commerce industry has been on an upward growth trajectory. After a surge in digital adoption during COVID-19, the Indian e-commerce market is estimated to be worth over $55 Bn in Gross Merchandise Value in 2021. Further, this online retail market is estimated to be 25% of the total organized retail market and is expected to reach 37% by 2030. By 2030, it is expected to have an annual gross merchandise value of $350 bn.

TOP 10 E-COMMERCE COMPANIES IN INDIA

- Amazon Development Centre India Pvt. Ltd.

- Grofers India Pvt. Ltd.

- Flipkart Internet Pvt. Ltd. (Walmart)

- Nykaa E-Retail Pvt. Ltd.

- Think & Learn Pvt. Ltd. (Byjus)

- Zomato Ltd.

- Just Dial Ltd.

- MakeMyTrip Ltd.

- Myntra Designs Pvt. Ltd.

- One97 Communications (Paytm)

Market size of e-commerce industry across India from 2014 to 2018, with forecasts until 2027
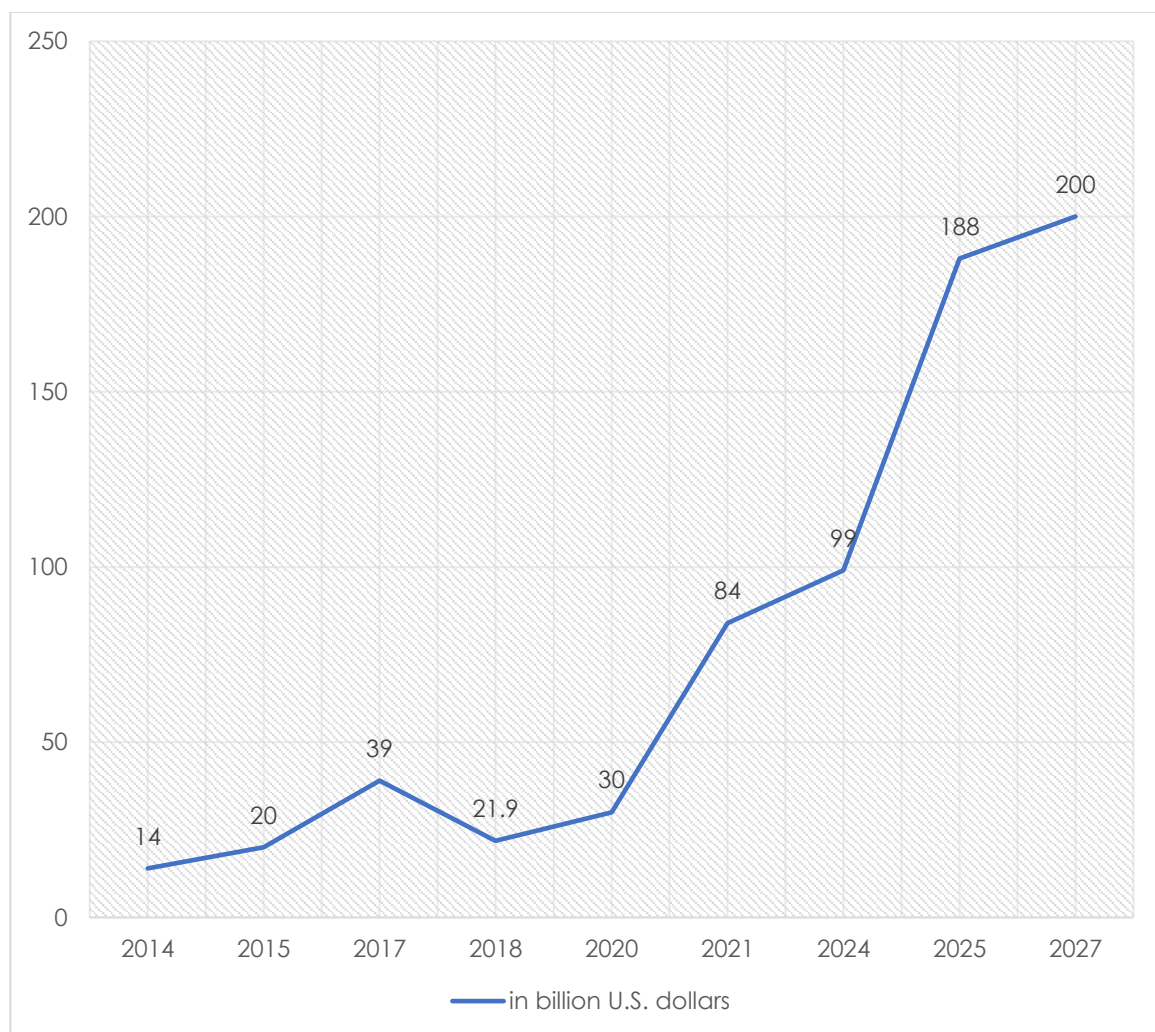
- Owing to the increasing internet user base and favorable market conditions, India has a lot of potential in the e-commerce industry. Growing at an exponential rate, the market value of the e-commerce industry in India was approximately 22 billion U.S dollars in 2018. This number was estimated to reach 200 billion U.S. dollars by 2027.

Indian E-commerce market and its player's share
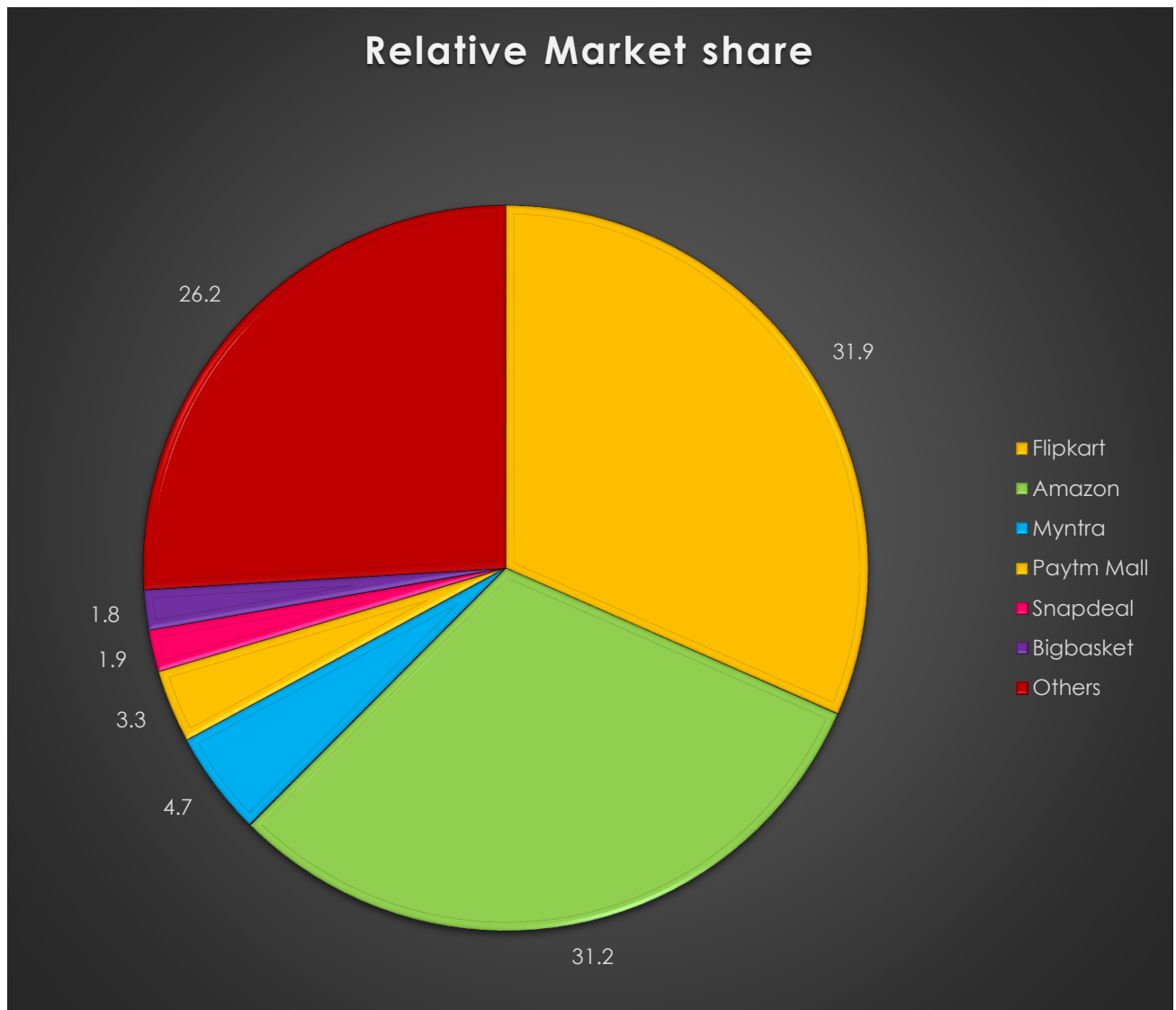
FIGURE 3 DATA COMPILED ON OCT 0 2019 SOURCE: FORRESTER ANALYTICS

Barriers in the industry

1. Cyber and data security
2. Converting Shoppers into paying customers

3. Attracting the perfect customer

4. Customer experience

5. Customer loyalty

6. Online identity verification

7. Competition and competitor analysis

8. Price and shopping

9. Product return and refund policies

10. Finding the right tech partners

Porter's 5 Force Model: -

Supplier Power

In this industry, suppliers are the producers of finished products like Apple, Dell, Nike, etc. Online retail companies sell different products ranging from computer accessories to cosmetic's to apparels to clothes. Since there are many producers for any specific category, they cannot show their energy on online retail companies. For example, if you see the computers category, there are many producers like Apple, Lenovo, Toshiba and Dell, who desires to sell their products using these online retail companies. So, they will not be having the ability to operate the online retail companies. Online customers can choose the products and the changing costs in this scenario are zero. It is hard for manufacturers of finished products to come into industry because of challenges in Logistics. Online retail industry is important to producers because it plays as one of the medium to sell the products. Now, most of the customers are purchasing online through online companies, they can't risk to lose this medium. So, they can't state their terms with online retail companies. So, in this industry the producer's power is low.

Buyer Power

Purchasers in this industry are clients who purchase the items on the web. Since this industry is in flood of numerous players, clients are having part of choices to choose the things. Changing expenses are likewise less for purchasers since they can without much of a stretch change benefit from one online organization to other one. Same items will be shown in a few online retail sites. In this way, item separation is low. In this way, every one of these elements make clients to have more power when contrasted with online retail organizations.

Threat of New Entrants

- Threat of new participants is high in this online retail industry in view of taking after reasons.
- Indian government will permit 51% FDI in multi mark online retail and 100% FDI in single brand online retail at some point or another. Along these lines, this implies outside organizations can come and begin organizations. their own
- There are less boundaries to passage like less measure of cash required to begin a business, less measure of framework required to begin business. All you need is to tie up with providers of items and you have to build up a site to show items so clients can arrange items, and a tie up with online installment portal supplier like bill work area.
- Industry is additionally going to develop at a fast rate. It will touch 76 billion $ by 2021. Industry will encounter an exponential development rate. Along these lines, clearly nobody needs to miss this huge open door.

Threat of Substitutes

Substitute for this industry starting at now is physical stores. Their danger is low for this industry since clients are going for online buys as opposed to going to physical stores as it will spare time, exertion, and cash. With the coming and infiltration of web and advanced mobile phones, future in retail has a place with online retail. When we think about relative quality, relative cost of item that he/she purchases online with physical store, both are practically same and now and again, online rebates will be accessible which makes clients to purchase items on the web.

Rivalry with in Industry

Flipkart is facing a lot of competition from many retailers like Snapdeal, Amazon, Homeshop18, India plaza and many more. Flipkart is working in online retail industry. Online retail industries worth's 1.4-1.6 billion dollars. According to a recent Techno Pak report, e-tailing has the abilities to grow in more than hundred-fold in upcoming 9 years and to reach $76 billion approximate in 2021. This growth will be increased by the country's growing Internet users, which will may be comprising 180 million broadband users approximate 2020, and a rapidly increasing class of Internet users. In few years, Indian online retail industry will grow to approximately 10 billion dollars. Some of the major challenges faced by online retailers are education, trust and customer loyalty. Many customers like Cash on Delivery option in place of credit/debit card payment. Rivalry is high in this industry with such a large number of players like Flipkart, Myntra, Jabong, Snapdeal, Amazon, India plaza, Homeshop18 and so on.

Supply Chain Management of Flipkart (Process)

Logistics

Logistics is one of the most important facets of any successful ecommerce venture. Flipkart shipsmore than 100000 items a day which makes management of the logistics a cumbersome task for the company. Furthermore, the cost of the delivery is born by the company itself making logistics a financially complex issue also. Hence in order to successfully manage logistics. Flipkart uses its in-house logistics known as **eKart**" (EKL).

The e-commerce company created **eKart** as a separate brand to serve WS- Retail, the B2C side ofFlipkart, in April 2013 and currently reaches consumers in about 150 cities. eKart currently offers services such as delivery logistics, reverse logistics and pay on delivery. It also offers customer support and technology integration for order tracking, customer notifications, reporting and analysis, billing etc. In March 2014, Flipkart began to deliver packages for its competitors, as the company's logistics arm; eKart Logistics opens services for other e-tail ventures.

While more than 90% of the **Cash on delivery** (COD) shipments and about 60-70% of the overallshipments are delivered by the EKL the rest of shipments are catered by 3PL service providers. Moreover, if there are more than 100 deliveries for a particular destination the company uses EKL. In case of EKL, the shipment is first transported to Mother hub and then to delivery hub and subsequently from delivery hub the last mile delivery is done using suitable mode of transport such as two-wheelers, bicycles, or on foot. The company has tie-ups with more than 15 courier companies like **Blue Dart, First Flight etc**. to deliver their products and Indian post for areas where couriers do not reach. And to manage the 3PL providers efficiently the company allocates time slots to different logistics partners, and they can pick up deliveries on specified time slots only.

Developing its in-house logistics has helped Flipkart save commissions " worth than 2% that would have been otherwise paid to courier firms. It is also easily able to accept cash on delivery, which make up about 60 percent of its orders. It can also track packages more accurately. And because labour costs are relatively low in India, its delivery cost is a

modest ₹ 65 a package.

For delivering the items the logistics service among the three is decided based on the area where the item needs to be delivered as well as product type and payment method. EKL is presently available in major tier 1 cities including metros only. The company uses India Post only in caseif the shipment location is not serviced by any of the 3PL as well as EKL primarily because of the higher delivery time. Moreover, India Post orders are of prepaid nature only. The delivery time varies between 3 days to 3 weeks depending on the location and availability of the product.

For example, imported products take about 3 weeks" time to get delivered to the customers whereas if product is available in local warehouse, it gets deliver within 3 days. The mode of transportation is also dependent on the location. For example, the inter-city, trans-zone deliveriesare made using air cargo whereas satellite cities and others in close proximity; products are

transported overnight by train or truck. For the local parts of the cities where the warehouses of the company exist products are delivered using two-wheelers, bicycles, or on foot depending upon the proximity of the place.

Reverse logistics / returns processing

The returns for Flipkart are **2.6%.** If follows a 30 day return policy. This policy which is primarily aimed to build trust with the consumers, has led to many customers duping Flipkart. For example, there have been several incidents when a customer buys a book only to read it and then return it within 30 days. Similar incidents have been observed with mobile phones as well. Flipkart, through its data management systems, has tried to identify such frauds.

Return of a product to Flipkart can happen if the 3rd party cannot deliver to the address or the customer does not accept the product. Some orders are cancelled while the delivery is being processes by the courier company. Such orders are not recalled but delivered to the address and then cancelled. Customers can call the customer support and courier back the product to Flipkart.The delivery cost is borne by Flipkart.

When customer requests return of a product, there are 3 paths this request can take:

1. Replacement: Flipkart returns the product to the supplier and obtains a replacement that isdelivered to the customer.

2. Store credit: If the customer is not satisfied with the product, he or she is given store credit ofthe same amount.

3. Actual cash-back: Given out as cash for cash-on-delivery payment or refunded for onlinepayment.

Procurement

When Flipkart started its operations, they had employed the consignment model of procurement. In this model, the retailer (in this case Flipkart) holds the inventory owned by the supplier and buys it from the supplier only when it is sold to the end consumer. Since the channel was newand unproven, this was the most risk-free way to operate. Later this was discontinued and

inventory was purchased to ensure superior delivery times and customer satisfaction. But with foreign direct investment (FDI) favoring the marketplace model in April 2013, Flipkart changedits business model to marketplace model.

With a marketplace model, Flipkart no longer has an inventory of its own, rather buyers can deal with sellers directly and the delivery will be done by Flipkart. The model is similar to eBay Indiaand Amazon.in At present, the entire inventory of Flipkart is being managed by WS Retail whichis flipkart's pet project. While WS Retail will continue to be one of the sellers, Flipkart has added more than 50 sellers to its list.

Procurement of items could be for:

Inventory: These items are pre-ordered based on previous sales data to stock as inventory. This category includes items with relatively low demand elasticity, fast selling items and items with relatively long shelf life.

Just in-time: Items procured just-in-time are used to serve immediate outstanding orders. Items with low or unpredictable demand are typically procured on an order-to-order basis. Just-in-time procurement is also used for expensive items or products that have seen slow sales growth.

As of now, the number of orders served from the inventory is roughly 75%, with 25% orders being served by procuring just-in-time. Procuring just-in-time is comparatively more expensive as the volumes for such orders are low, and the supplier discount offered therefore is considerably lower. However, when ordering for inventory, bulk purchase is made and hence a much better price is realised. Therefore, the company would ideally like to move to a ratio of 9:1 ratio of orders served through inventory to those procured just-in-time.

As a caveat however, there is an inherent trade-off between the company's long-term objective ofreducing just-in-time procurement, and its motto of "Consumer Delight". This is because inorder to maximize consumer delight, the company would have to strive to serve all types of consumer orders and provide them with the maximum possible variety of products, which would require just-in-time procurement since many products have limited demand and cannot be stored as inventory. However, operational efficiency demands rationalisation of product line and choosing one's customers.

Sourcing at Flipkart is conducted at two
levels:

Regional: By Regional Procurement

TeamsCentre: By the Central
Procurement Team

Each regional procurement team has a network of local suppliers for made-to-stock as well as on on-demand (Just in-time) procurement. They also have visibility of the stock for different SKUs with these suppliers, as last updated on the procurement team's system by these suppliers. From Flipkart's perspective:

Stock out: Defined as when the product is unavailable in the inventory (held in warehouses) as well as Flipchart's suppliers (as last updated)

The central procurement team has visibility of all the regional procurement teams" views, and therefore can monitor the stock levels for their suppliers all over the country. The central team's focus is on bigger suppliers with a country-wide reach.
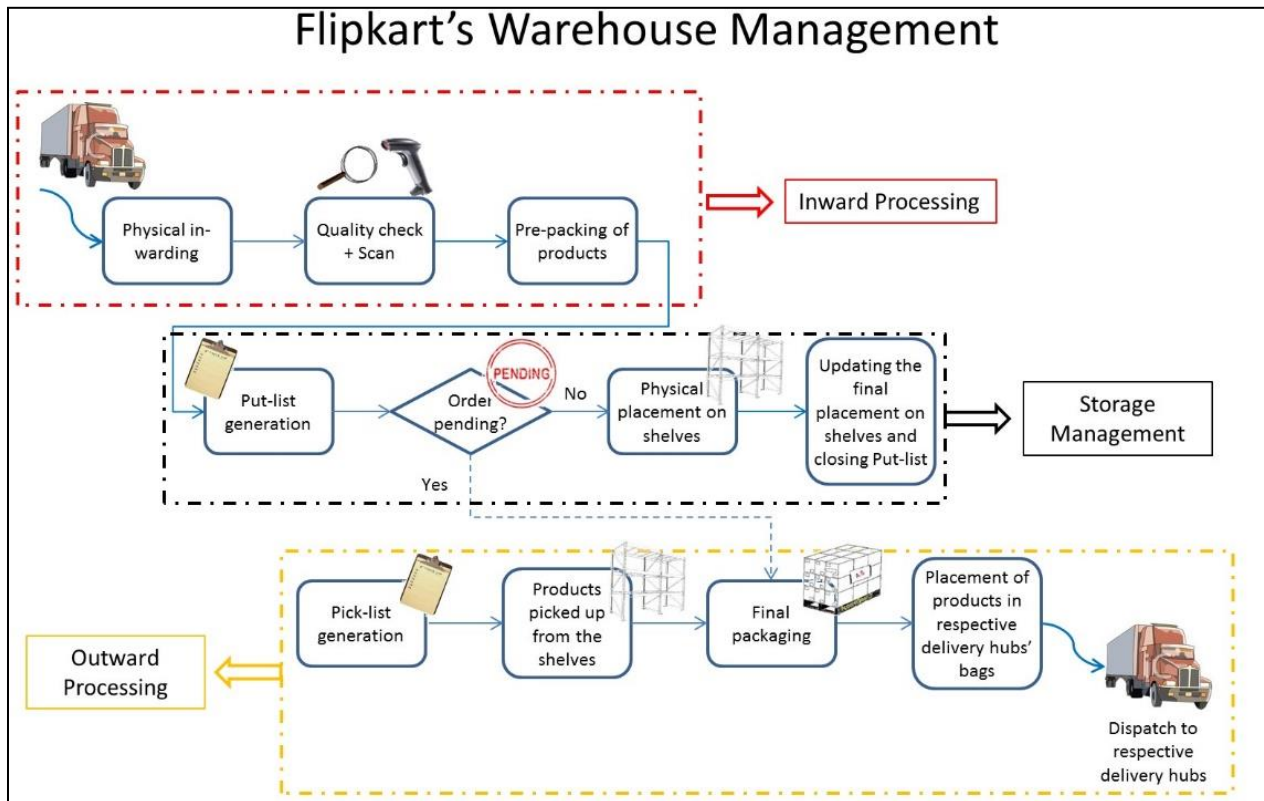
Warehouse Management System

FIGURE 4

Flipkart has 7 major warehouses spread across the country *in Mumbai, Kolkata, Delhi, Noida, Pune, Chennai, and Bangalore*. They have smaller regional distribution centers at over *500 locations spread across Tier I and high-volume Tier II cities.*

In Flipkart's **Warehouse Management System (WMS)**, there are three major segments namely, Inward Processing, Storage Management and Outward Processing. Discussed below are thesome of the details regarding each of the sub-processes involved in the WMS.

Inward Processing

Physical inwarding: This is the area where physical delivery of goods from suppliers to the warehouse is taken.

Quality Check + Scan: As soon as the goods are received, they go through an initial quality check at this stage. After this, they are scanned to make an electronic entry to record the input of goods into the warehouse on the IT systems. This step of quality check is also undertaken at the supplier's premises depending on the contract that Flipkart has with them.

Pre-packing of products: At this stage, an initial packing of each of the products is done. This pre-packing varies according to product. For instance, a book-mark and think transparent film packing will be done for a book. Similarly, if there is a freebie attached to a product, then the two products will be packed together.

Storage Management

Put-list generation: When the input of all products is done on the IT systems, a system generatedlist of shelves corresponding to the products is generated to facilitate placement of products on shelves. This is called Put-list generation, which marks the place where the respective items needto be put.

Order pending check: As soon as the system gets the input of the incoming products, system checks if any of the orders for the incoming products are pending or not. If orders are pending, the respective product is sent directly to the Final Packaging Area for Outward Processing.

Physical placement on shelves: Based on the Put-list, the products are placed on the respective shelves. If the marked shelves are not empty, the product is put on an empty shelf, and the respective shelf number is updated on the Put-list.

Closing Put-list: Once the product placement is done, Put-list is updated with the actual placement information and the list is Closed.

Outward Processing

Pick-list generation: Based on the orders to be delivered for the day, a Pick-list is generated by the IT system.

Pick-up from shelves: The respective products from the Pick-list are picked up from the shelves as per the IT system entries and gathered together to move towards Final Packaging Area.

Final packaging: The picked-up products are packed in Flipkart-branded boxes. At this stage, packaging is done according to the Category of the product, e.g., electronic items are packed differently from stationery.

Placement in respective delivery hubs' bags: After the final packaging, a product is placed in a specific bag which is dedicated for that destination area delivery hub. These bags are dispatched to their respective delivery hubs on a fixed timing during the day.

Issues at the Warehouse Management level:

All the scans while conducting inward processing for each of the products are done manually. There is some scope of automation at this stage.

Due to packaging litter, there emerge chances of difficulty in mobility within the warehouse. Disposal of packing material may be addressed for better streamlining and ease of mobility.

Currently, there are separate sections for separate categories in the storage area, e.g., in the Bangalore warehouse, a whole floor is dedicated to books, while the other floor is dedicated to other categories. With the increase in the number of SKUs that Flipkart is undertaking for sale, the Warehouse management system's complexity will increase and its scalability in the current form might come under question. Hence, pre-emptive efforts may be made to make sure that the systems and processes are scalable based on increasing variety and quantity of SKUs handled.

Order Processing

Flipkart uses its own ERP systems to process orders and track the details of all the transactions that need to be carried out. A typical order at Flipkart starts with the customer searching, selecting the required item and placing the order. This on an average takes around 8-10 clicks to

get the order placed. The email Id is considered to be the unique identification of a customer and all the records are maintained with reference to this Id.

The payment can be made by using debit card, debit card, **Net banking or COD (Cash onDelivery).** Flipkart launched its payments brand called **PayZippy** in July 2013 to provide safe and hassle-free payment option to its customers and online merchants.

Order Fulfillment

Customer orders are fulfilled either via Inventory or JIT procurement depending upon the
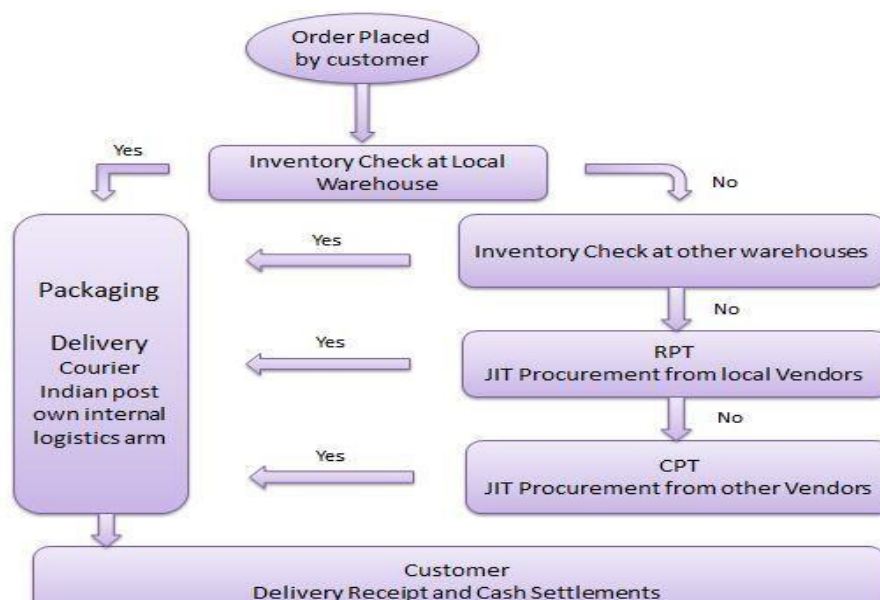
FIGURE 5

availability of the products.

As soon as the order is placed and approved, there is an inventory check done at the local warehouse. If the item is not found at the local warehouse, then the order goes to the nearest and then other warehouses. The product is then packaged and delivered to the

customer. If the item is not found in the inventory it is forwarded to the Regional Procurement Team (RPT) for JIT procurement from local vendors. If yet not possible, the order goes to the **central procurement team (CPT)** for the last option of procurement. After procuring from the vendor, the product is packaged and delivered to the customer via the most convenient warehouse. They have an understanding with their vendors for order tracking, reconciliation, and MIS (Management Information Systems).

As and when the item is found, it is packaged then and there and shipped to the customer via either courier, Indian post or its own internal logistics arm depending upon the area where the item need to be delivered. The customer is kept updated on the status of his shipment via message, email and/or through website. An item is labelled out of stock only if it is not neither present in the warehouses nor with the vendors.

Flipkart, with its focus on customer delight, ensures an excellent after-sales service to its customers with regard to the delivery and/or addressing grievances related to any faulty or unsatisfactory products. The return of such items is done in an effective manner without any disputes. This is possible given the understanding with the vendors. For example, in case of electronics, warranty and after-sales service is largely manufacturer's responsibility. Whenever required, Flipkart facilitates a smooth interaction between the customer and manufacturer/service center. Flipkart varies between one day guaranteed delivery and three weeks depending on location and availability of product.

Inventory Management

The inventory stocks are replenished whenever it goes below Reorder point. The company employs FIFO (First In First Out) method for its inventory management, under which for any shipment request to a particular warehouse the oldest inventory items are shipped first. This makes a lot of sense especially for the electronics items since the technology becomes obsolete very quickly.

With respect to determining what items to store in the warehouse and what items to be procured from vendors, Flipkart uses Long Tail Concept, which is nothing but selling a large number of unique items with relatively small quantities. Flipkart orders such items on adhoc basis and usually don't keep inventory of such items since the demand for such items is very less and thereby minimizing overall distribution and inventory costs.

Supplier Management

Flipkart has always operated on the philosophy of starting out small and then scaling up as demand grows. It has been the same with selection of suppliers. For a new category, they generally start of by sourcing from local suppliers and distributors. Once there is enough demand generated, they approach the larger wholesalers or manufacturers directly. This serves two main purposes:

It helps them to get better deals from the bigger manufacturers if they can order in larger quantities frequently enough.

It avoids the channel conflict dilemma that large suppliers face when they agree to similar terms with a smaller volume online player like Flipkart as compared to an established offline distributor.

An example of this strategy is that given that Flipkart is now India's largest online retailer of books and they are larger than many offline stores as well – most of Flipkart's books are sourceddirectly from publishers.

Across product categories, Flipkart works with over 500 suppliers including several internationalsuppliers as well. Flipkart's steady rate of growth has allowed them to get the best credit lines from their suppliers. They signed their first international supplier deal with Ingram Books in 2008 and they prefer working with them due to high level of predictability.

In fact, considering that customer delight is Flipkart's primary motto, any delay in supply can lead to late deliveries to the end-customer. So, Flipkart follows a grading system of its suppliers based on their fill-rate performance. Suppliers are grouped into A, B and C grades based on their past performance.

There are several other secondary considerations while placing an order with a supplier:

Price considerations – As mentioned before – credit lines and discount terms play an important part in selecting suppliers.

Quality Check contract – Depends on whether QC will be done at supplier's place and then product will be shipped to Flipkart's warehouses or if the QC has to be done at Flipkart's warehouses.

Percentages of Returns Accepted – Higher the percentage of returns accepted by asupplier, the better for Flipkart.

Customer Support

Customer Support function for an e-commerce website is one of the most important touch-points for the business in terms of building trust, customer acquisition and maintaining customerloyalty.

Flipkart's Customer Support team consists of call-center agents who handle in-bound and out- bound calls and also a team that handles e-mail queries. The entire team is based out ofBangalore and forms a core part of Flipkart's 6,000-strong employee base. Given that Flipkart tries to differentiate itself on superior shopping experience and customer service is an integral part of that – Flipkart prefers to train its own support staff rather than outsourcing the function to a BPO agency.

At present, a customer calls due to one of the below

reasons:

- Sales Assistance
- General
- Enquiries
- Product/Shipping related enquiry

One of the major reasons for these calls is Indian consumers poor familiarity with online shopping protocols. It is important to note that Flipkart tries to ensure that any order is placed within 6 clicks on the website.

There is also an outbound call-center that performs the

following tasks:Pro-actively inform customers about any delay

in deliveries.

Pro-actively check the status of refunds or returns. Inform the user in case any delivery has not been successful due to the customer not being present at his address.

Despite all the good intentions of Flipkart in providing high-quality customer service there are several internet blogs that suggest that their service quality has dipped in the last year or so. A major reason for this could be the growth in number of customer service executives" not keeping pace with the increase in business volume. There could also be a problem of increased complexity in query handling due to increase in number of SKUs and product categories that would demand more rigorous training for the support staff.
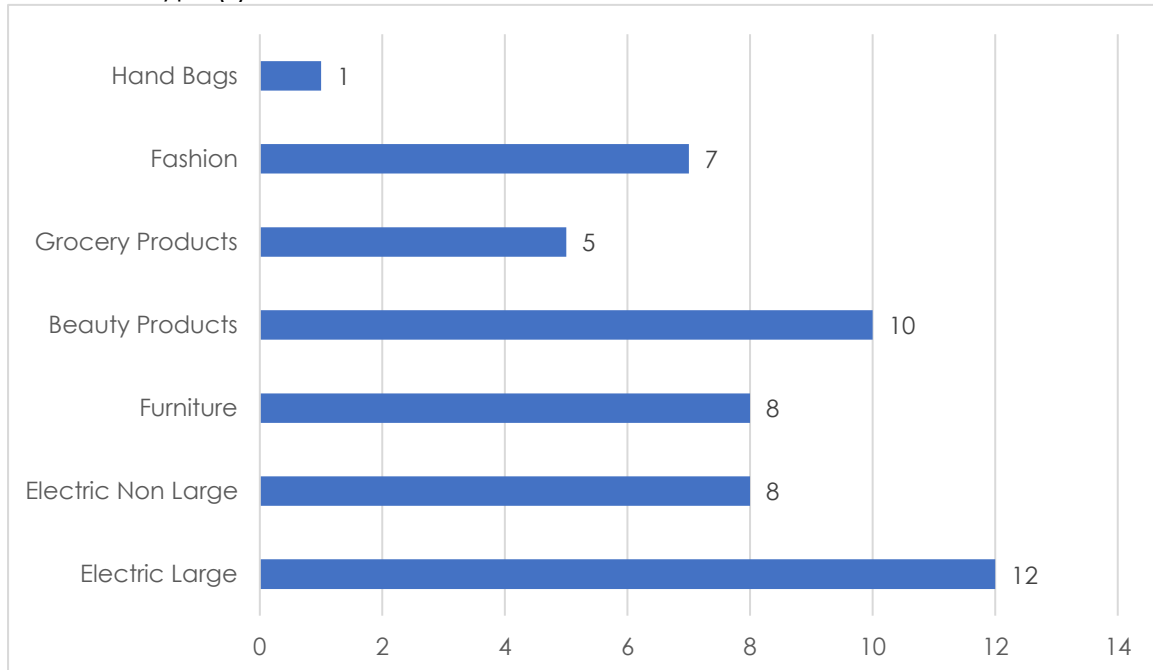
Questionnaire designing

Q1. What is your gender?
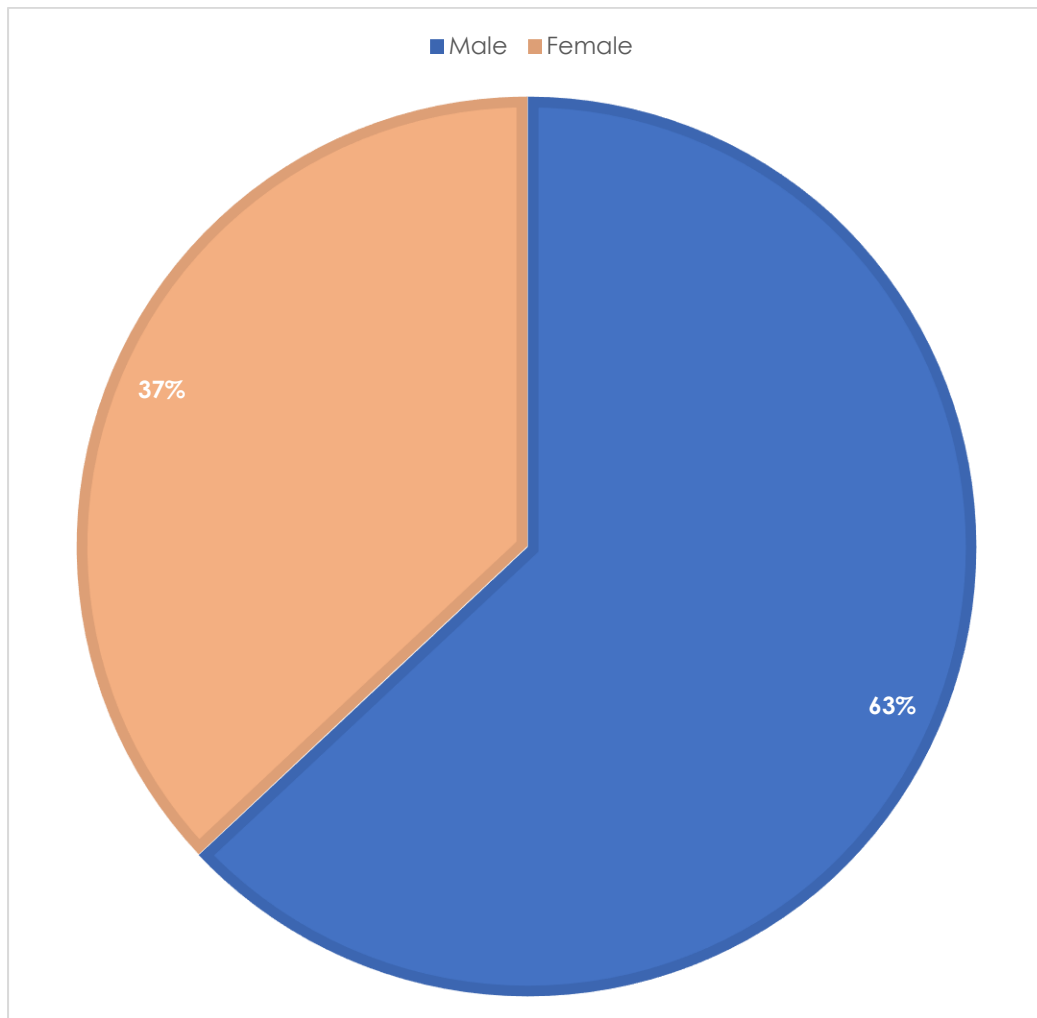
INTERPRETATION:-

According to survey 63% male employee and 37% Female employee are working in supply chain management system.

Q2. What type(s) of commodities are stored in the warehouses

INTERPRETATION:-

According to the survey 40% said that they are working in electronic goods Flipkart warehouse, 21.7% said that they are working in beauty product, 33.3% in furniture & 33.3% inn on-large electronic goods, also the 29.2% in fashion products and 20.8% said that they are working in grocery products warehouse.

Q3.Is an outside auditor or independent counting service involved in the inventory process?
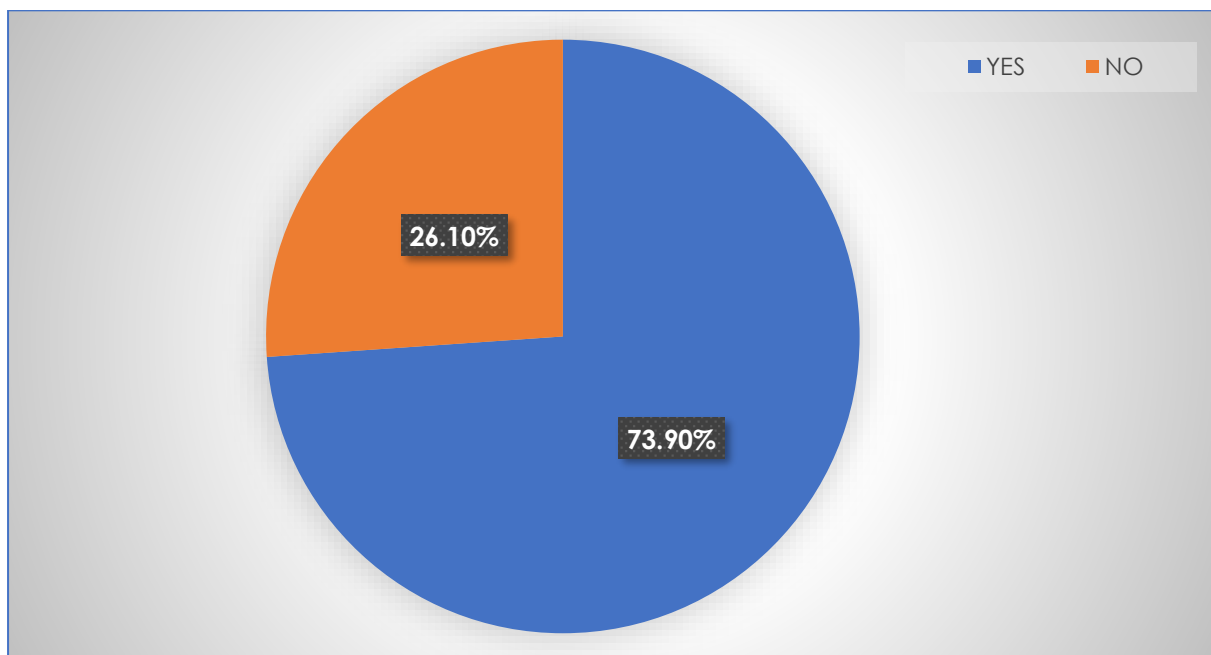
INTERPRETATION:-

According to survey 73.9% respondent said that an outside auditor involve in inventory process and 26.1% respondent said that there was not any outsider auditor involve in inventory process.

Q4 What do you check at the time of unloading the products to verify whether the correct product is received?
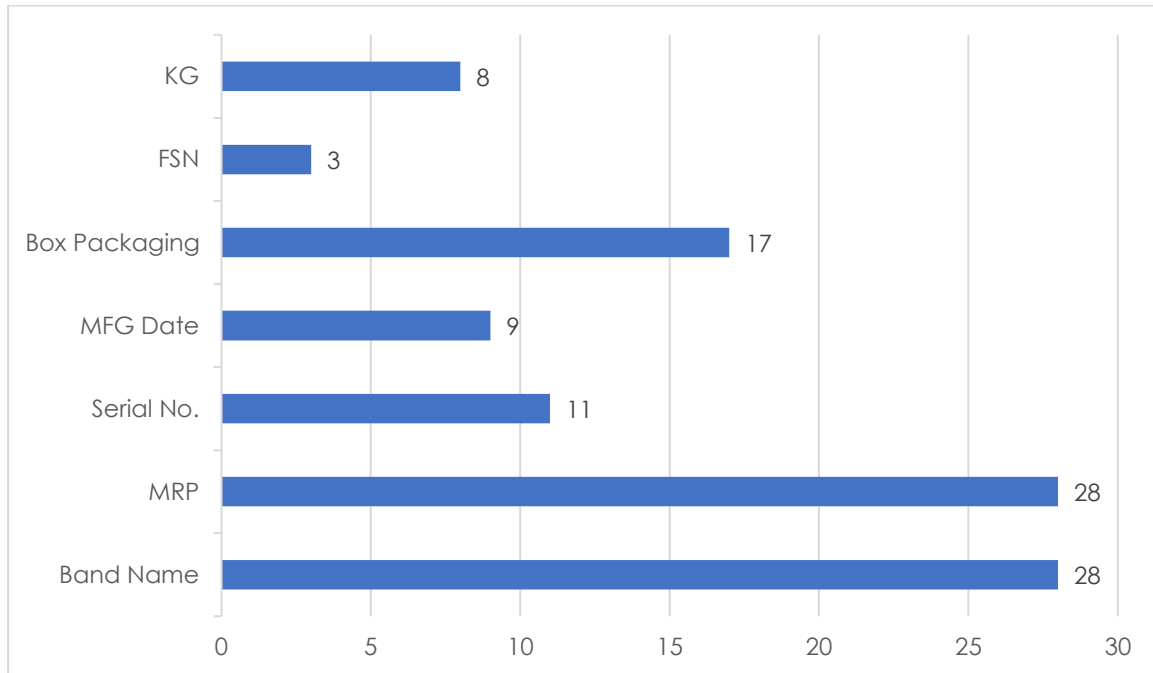
INTERPRETATION: -

According to survey at time of quality check brand name & MRP check compulsory check also box packaging, serial no., and MFG date but there was an only few of checking FSN on product.

Q5. Is an outside auditor or independent counting service involved in the inventory process?
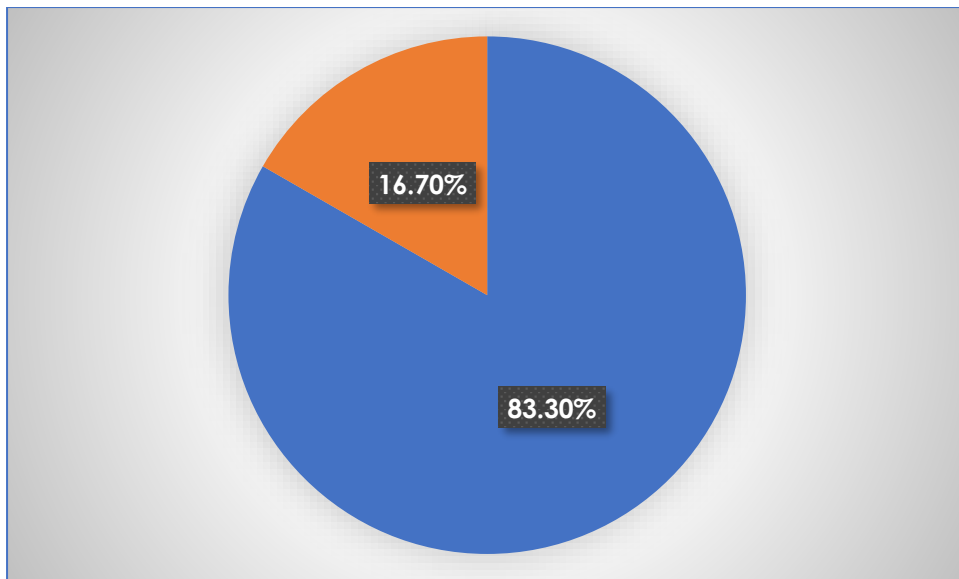
INTERPRETATION: -

According to survey 83.3% employee said that the inventory auditor involve in inventory process and 16.7 said no outsider auditor involve in inventory process.

Q6. Please indicate the physical controls in place to prevent a loss?
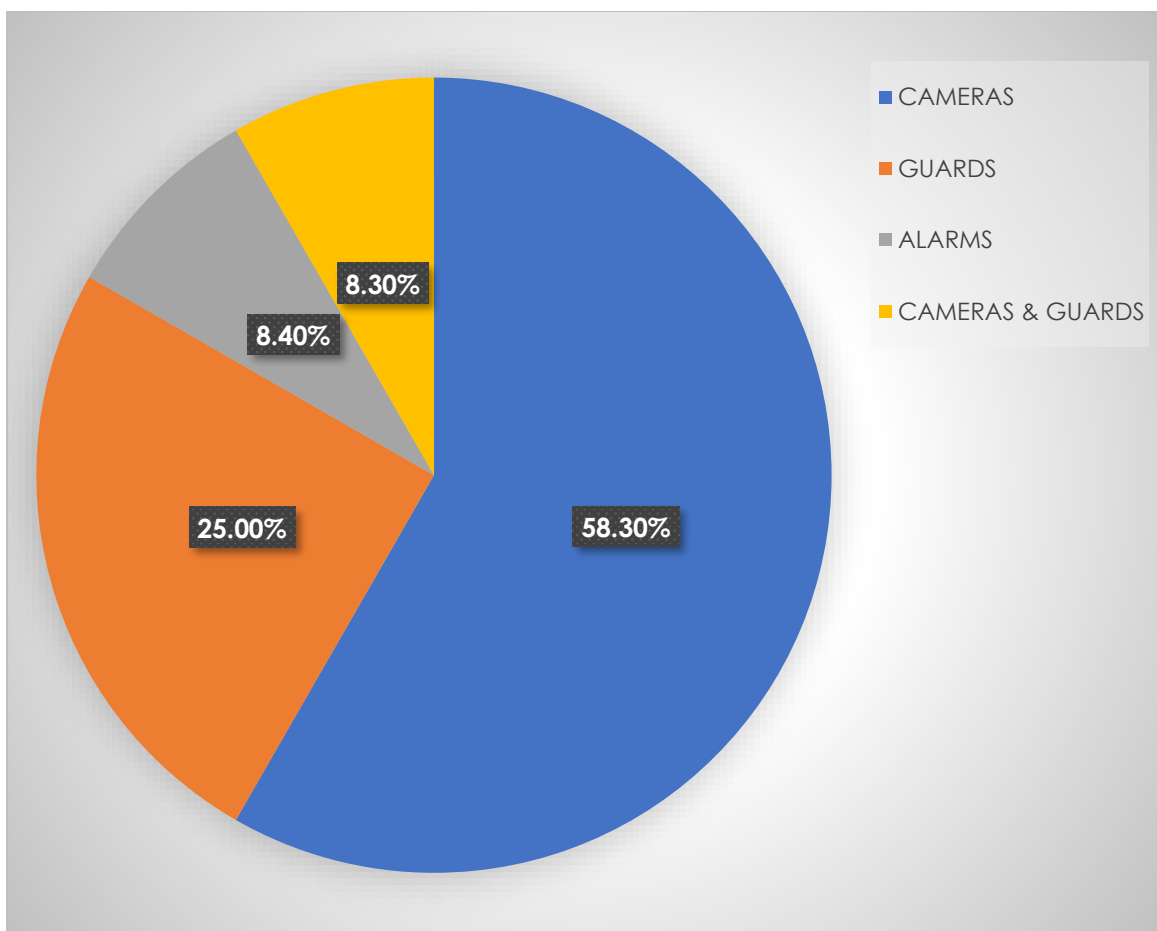
INTERPRETATION: -

According to this chart 58.3% employee said we can control prevent of loss with the help of camera, 25% said the guard and 16.3 said that camera & security guard help to protect from theft and any other kind of loss

Q7. Please indicate the physical controls in place to prevent a loss?
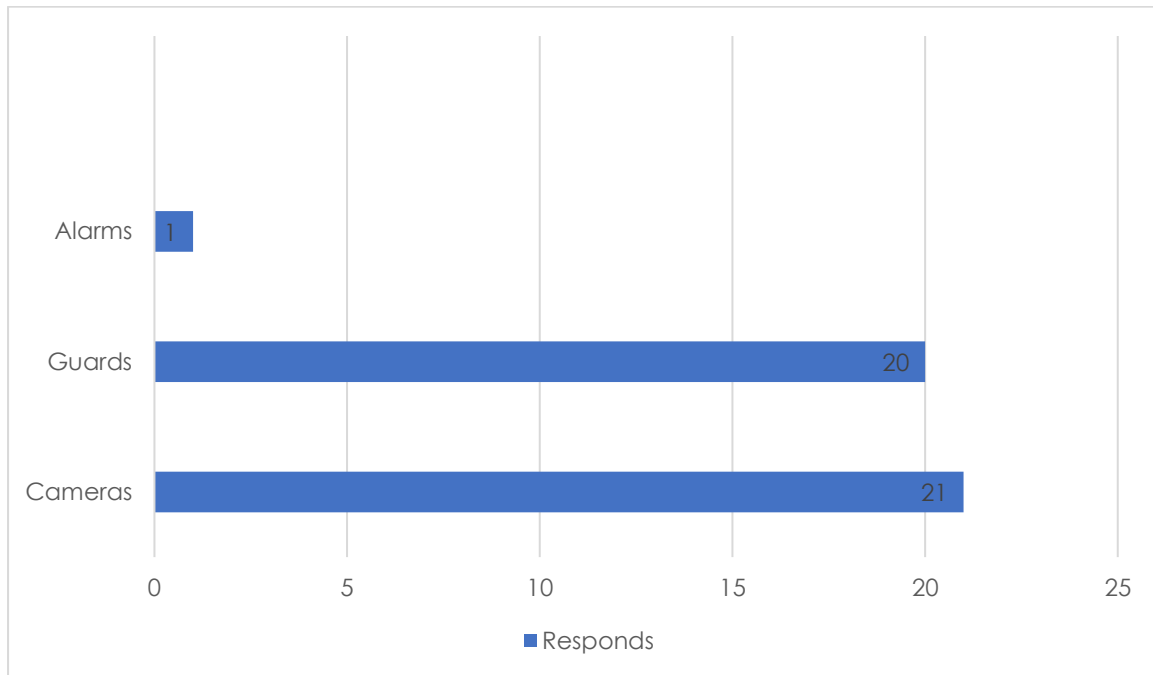
INTERPRETATION:-

According to survey there was an 21 respondent said that the product protected in warehouse from theft with the help of camera and 20 respondent said that the product protected in warehouse from theft with the help of guard and one respondent said that the alarms are used for protection.

Q8. Supply chain members are actively involved in standardizing supply chain practices and operations?
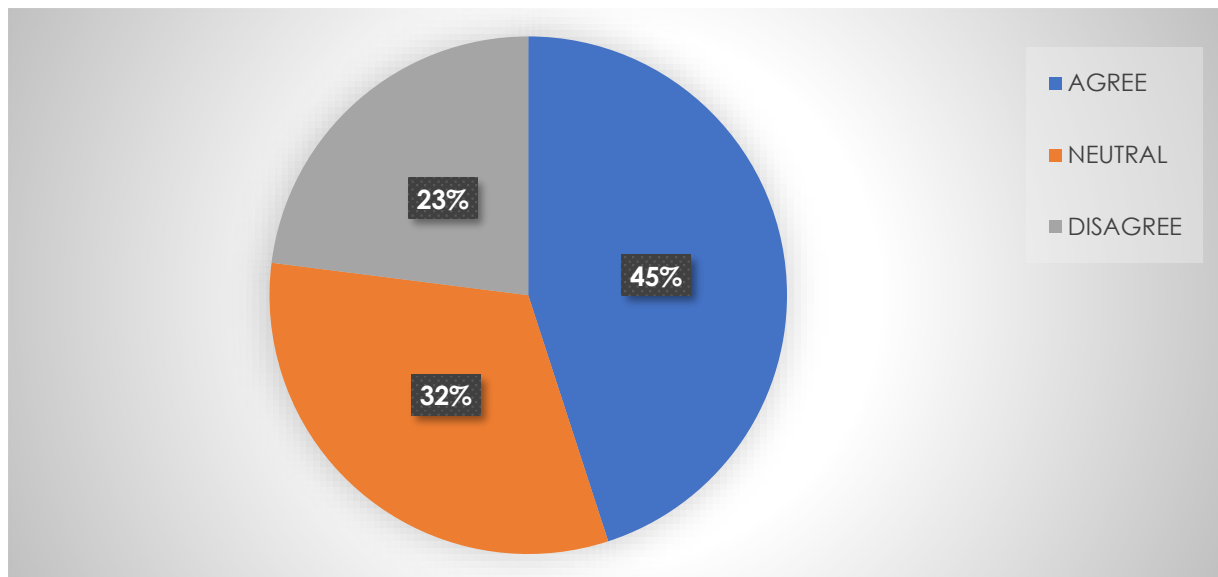
INTERPRETATION: -

According to survey 75% respondent said that everyone actively has involve in supply chain &25% respondent said that not everyone actively has involve in supply chain process.

Q9. What is the percentage damage to the product at the time of unloading?
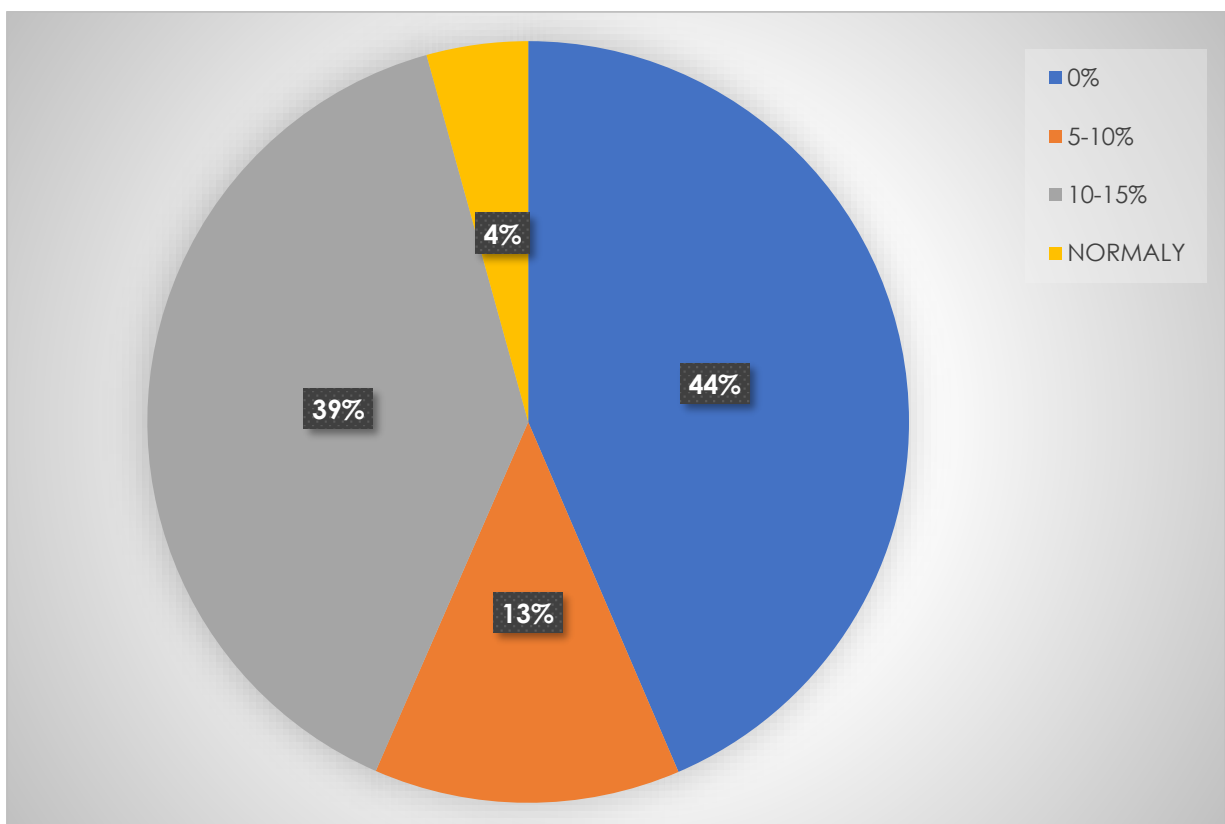
INTERPRETATION:

According to survey there was a 43.5% respondent said that ZERO % damage at time of unloading, 39.1% said that 10-15% product damage at time of unloading and 13% respondent said that there was 5-10% product damage at time of unloading only 4.3% respondent said that there was an normal damage which should be acceptable.

Q10. How much time picking department take to pick the single product and complete dispatch?
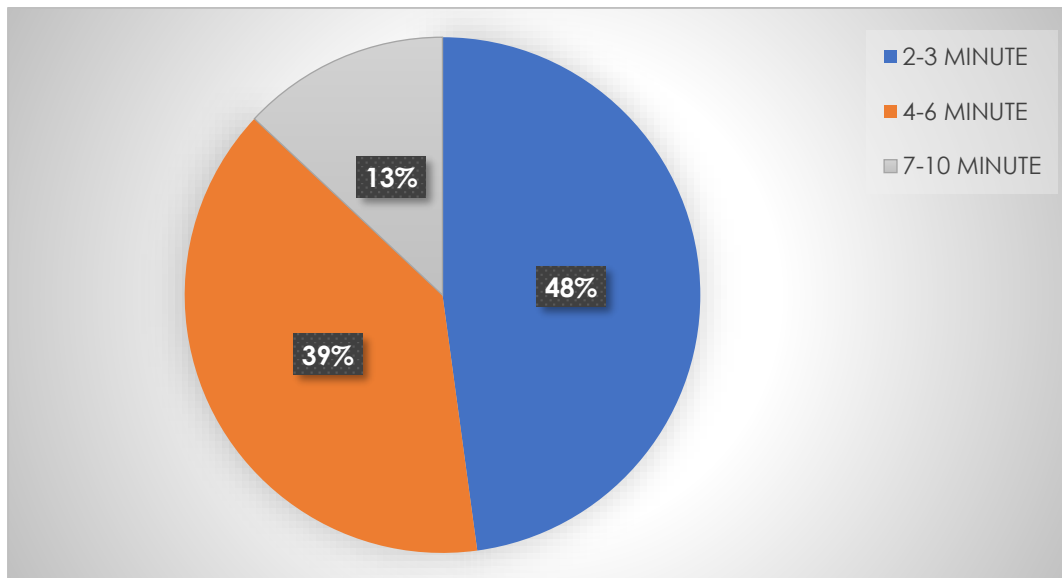
INTERPRETATION: -

According to survey 47.8% respondent said that he will take 2-3 minute to pick and dispatch single product, 39.1% respondent said that he will take 4-6 minute and 13% of respondent said that he will take 7-10 minute to pick and dispatch single product.

Q11. At time of outward what is the total time you get to process the total order shown on the system?
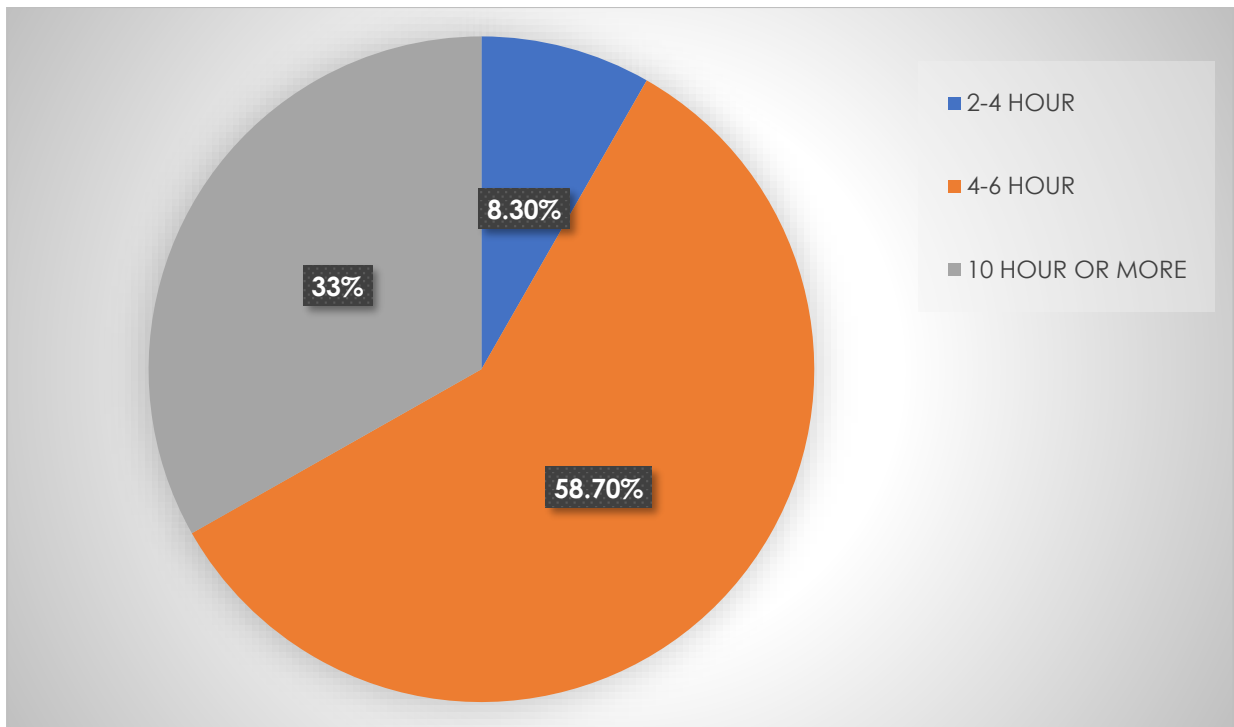
INTERPRETATION: -

According to survey 58.3% respondent said that they got total 4-6 hour to complete all order picking and dispatch process, 33.33% respondent said that they got total 10 hour and more and8.3% said that they take 2-4 hour 6 hour to complete all order picking and dispatch process.
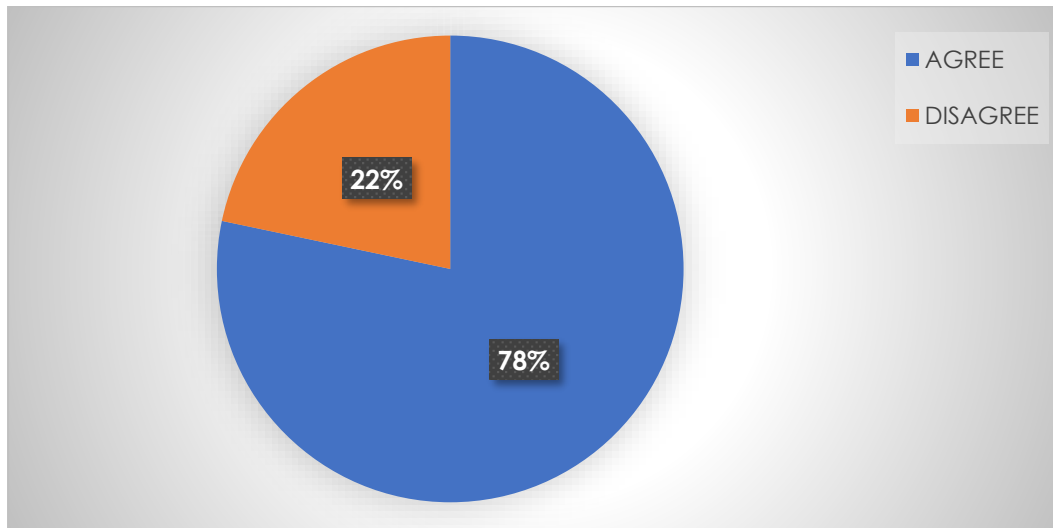
Q12. The company has an IT team that supports IT changes and updates?
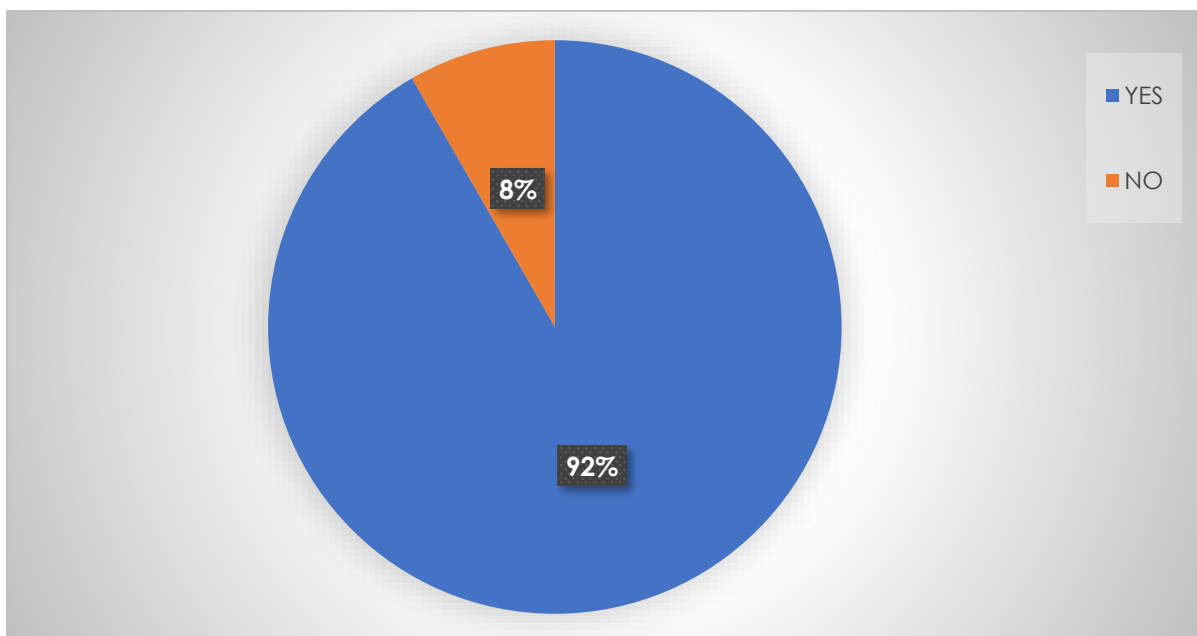
INTERPRETATION: -

According to survey 91.7% respondent said they have IT support team for changes and update in software and 8.3% respondent said they do not have any IT support for changes and update.
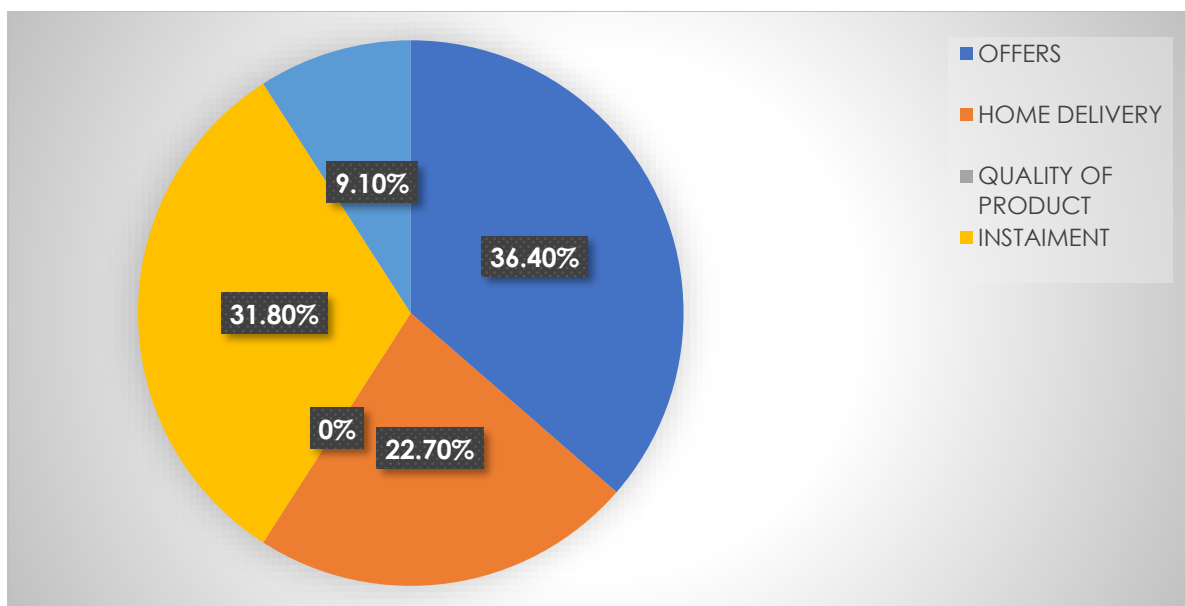
Q13. The manager shows a high commitment and support for the activities of the SC?

INTERPRETATION: -

According to survey 78.3% respondent said that their manager show a high commitment and support and 21.7% said that their manager does not show a high commitment and support inactivity of supply chain management.

Q14. What is the reason for shopping in Flipkart?

INTERPRETATION: -

As per the survey 36.4% of respondents shop on Flipkart because of offers. 31.8% of respondents shop on Flipkart because of instillment, 22.7% of respondents shop on Flipkart because of quality of product. And 9.1% of respondents shop on Flipkart because of wide choice of product.

Q15. Which of the following features you do NOT like about Flipkart?
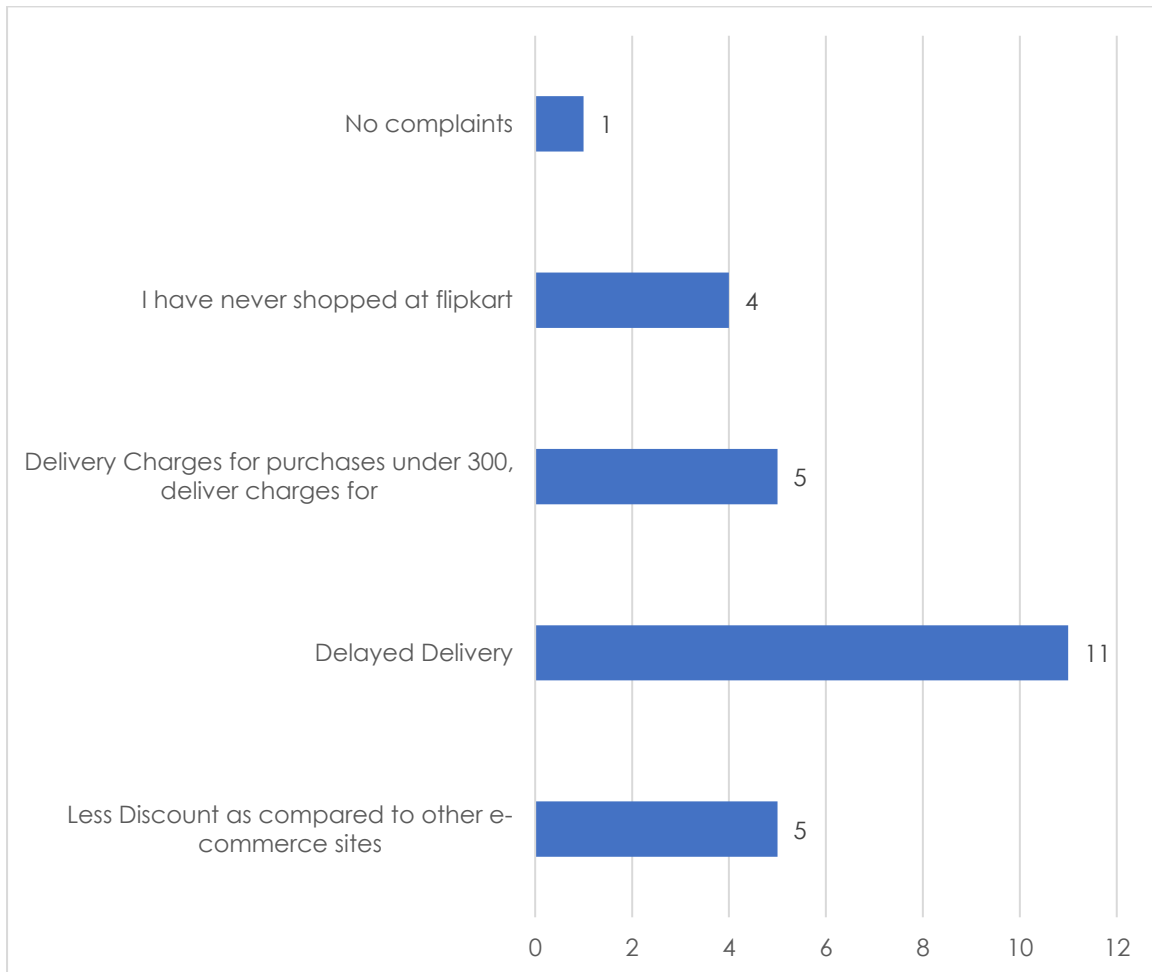
INTERPRETATION: -

As per the survey the features do not like by the customer i.e. delayed in delivery. There was 45.8% of respondent said that they got late delivery order from flipkart. 20.8% said fewer discounts as compare to other e-commerce site & delivery charges under purchase of 300 rs.16.7% never shop on flipkart and 4.2% has no complaint.

Q16. Do you feel safe in shopping through Flipkart?
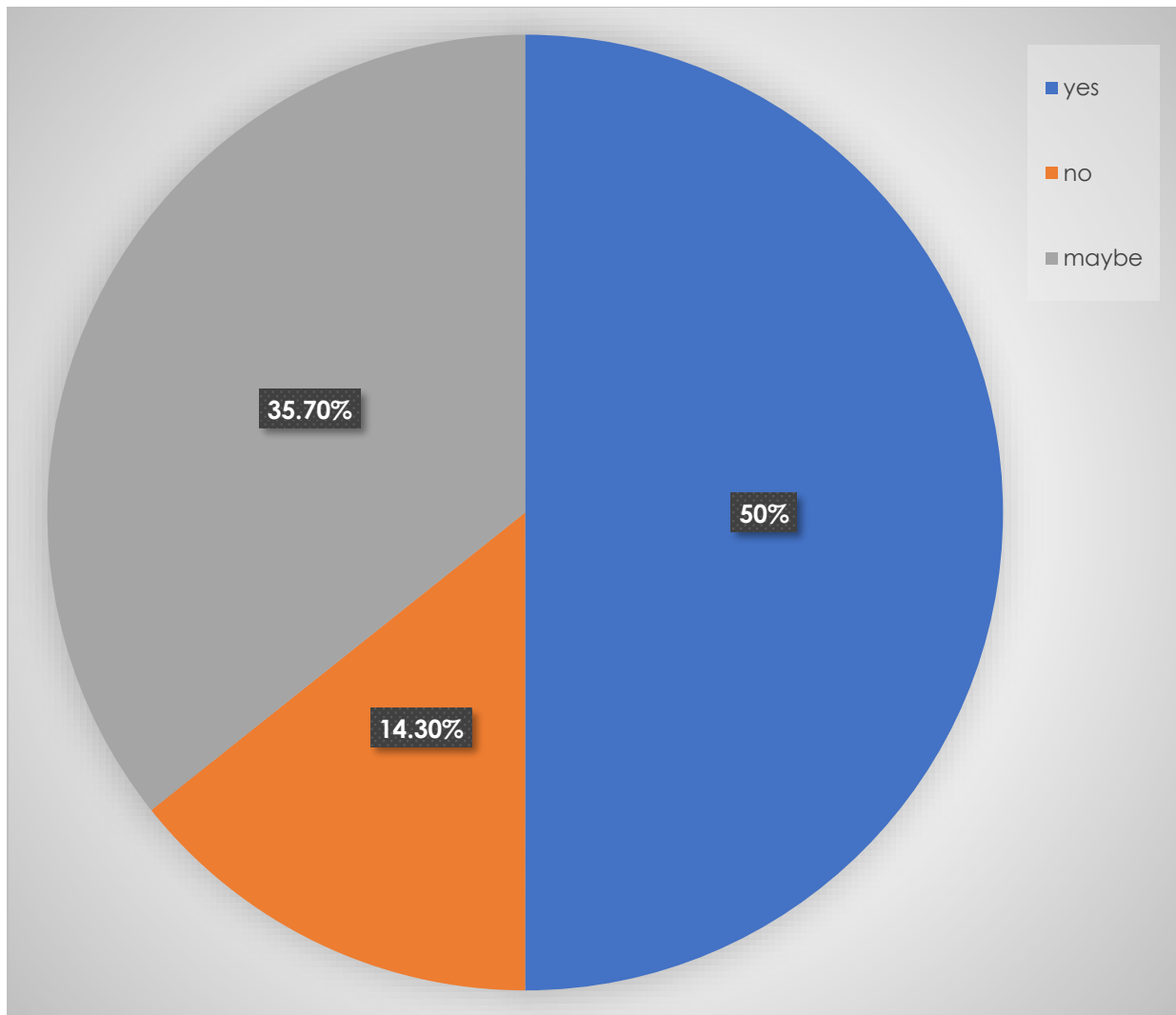
INTERPRETATION: -

As per survey 50% respondent feel safe on flipkart website for purchase, 14.3% respondent does not feel safe on flipkart website for purchase and remaining 35.7% of respondent are not sure either it is safe or not.

Suggestions

For Objective 2

- Use of space for the products can be don't more efficiently.
- Inward process for products can be done more smoothly to reduce the time taking.
- Location of the products in the warehouse can be digitalised.
- Product Handling can be improved withing the warehouse.

For objective 3

- More exclusive products can be included from specific companies.
- To eliminate competition various pricing strategies can be included.
- To add an advantage, inventory for the apparel section can be improved.
- More offers can be added to different occasions to attract more customers.

Conclusion

A credible rival can do wonders to an enterprise and Flipkart is no different. The entry of Amazon in India has enabled Flipkart develop a lot of in-house innovation and organically developed best-practices - that have now become the industry standard.

Flipkart began operations on the consignment model; goods were procured from suppliers on demand, based on the orders received through the website. Later, the books-to-electronics e-shop adopted the warehouse model. The company had its own warehouses, and maintained its own inventory. However in July 2013, Flipkart launched its model of marketplace just one month after Amazon launched its marketplace in India.

It introduced payments brand PayZippy for online merchants and customers seeking fast, hassle- free and safe payment options. Some 70 per cent of its shipments are done by its own logistics company and about half of deliveries are on a cash-on-delivery basis.

Flipkart has recently introduced the next day guarantee delivery service and shopping from its own mobile application. Given the critical mass of transactions Flipkart controls - about 100,000 a day - the company is betting that it has the volumes to lay the foundation of what will be a profitable business.

Last but not the least; Flipkart has very clearly prioritised customer delight as its chief avenue for customer acquisition and retention. This causes them to build a lot of slack into their existing systems causing higher costs at several points in the supply chain. How they address this challenge is what will determine their future success.

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