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The Transformation of Retail



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Chapter 1

Introduction



1.1 Motivation

One of the effects of globalisation on the management of modern businesses is that they no longer operate as single, vertically integrated individual units providing end-to-end solutions, but rather as supply chains (Lambert et al., 1998). It is observed that entrusting different parts of the production, marketing, and distribution processes to specialised entities can improve the efficiency of operations. Consequently, in the last couple of decades, adopting appropriate supply chain strategies has become the key tool in augmenting the operational performance of businesses in advanced countries. An efficient supply chain optimises various business activities, especially logistics, and thereby reduces cost, improves quality, and in doing so enhances customer satisfaction by responding to growing customer demands. In the developing world, while traditional supply chains are largely prevalent, evolving technology, increasing income, and changing consumer tastes have led to the development of modern supply chain management techniques which focus on the needs of the consumer rather than on mere production and distribution.

The increasing importance given to the development and functioning of supply chains has led to a resultant increase in the number of definitions by different authors (Janvier-James, 2012). However, essentially, a supply chain represents the entire process of getting a product from the producer to the consumer. Cooper et al. (1997) defined supply chain as ‘... *an integrative philosophy to manage the total flow of a distribution channel from supplier to the ultimate user*’. Thus, supply chains consist of large networks of people that produce, process, package, store, transport, and finally carry out wholesale and retailing activities.

Among the different categories of supply chains, those for fresh food such as fruits and vegetables, meat, fish, and dairy are complex to manage due to the perishable nature of these products (Buck & Minvielle, 2014). Such complexities are more pronounced in the case of products like fish that need to be preserved in a highly regulated environment from the time of its capture. With the development of inland fisheries, most countries across the globe are engaged in the production of fish,

and thus, the supply chains for fisheries products have assumed importance in all nations. For developing nations like India, due to the presence of both marine and inland fisheries sectors, along with large-scale export of these products, achieving efficiency in supply chain management has become all the more critical.

Despite the fisheries sector playing a role in the Indian economy by contributing to the agricultural exports, nutritional security as well as the livelihood of a large section of the underprivileged population (Ayyappan & Krishnan, 2004) for an extensive period, it has only assumed greater importance post-globalisation. The steadily growing demand for fish due to increasing per capita income and because fish is considered a healthy, protein-rich food item has contributed to its steady growth. The question that arises is, whether the supply chain of fish is becoming equally efficient to provide fish and fishery products to the final consumer in a hygienic manner that retains its health benefits? Needless to state, a lack of an efficient supply chain may lead to a large proportion of the produce, which is perishable, deteriorating in transit, or a long supply chain may increase the cost of the product, rendering it inaccessible to the lower-income population who require a nutritious diet. India is also a country that exports fishery items to different parts of the world. Given the health-related standards of the importing nations, it is all the more necessary that the supply chain for fish is well organised.

To assess whether supply chains are indeed efficient or not, it is first necessary to map the supply chains of this sector. In this context, it is to be noted that supply chains may differ across regions within the country, depending on the distance from production to consumption centres, and they may also transform and evolve. For example, with the advent of new technologies such as e-retailing, the supply chain of traditional sectors like fisheries is likely to change.

In fact, despite retailing channels of fish having undergone significant changes since the liberalisation of the economy, there are not many studies that comprehensively capture the changing nature of the retail chains in this sector. From traditional headloaders and pavement shops, fish today is sold in supermarkets and organised stand-alone outlets. Even multinationals like Metro Cash and Carry have entered the business. This book attempts to comprehensively capture such new developments in the sector through field-based research.

In this context, it is observed that though marine and inland fisheries have similar supply chains, there are also certain differences. These differences are captured in this study by sharing our findings from marine and inland fish locations such as Kerala and Assam, respectively.

While there has been some work done on the fisheries supply chain in certain coastal states of India like Orissa and Andhra Pradesh (See Kotni, 2016; Rajasenan & Rajeev, 2012), most of these papers are highly localised and touch upon only certain aspects of the supply chain. In other words, there are not many comprehensive studies on the sector starting from fishermen to the fork. Most studies are also often silent about how traditional supply chains, especially, the retailing channels are undergoing changes and adapting to the emerging trends in the sector. The contributions of the current study are to fill these research gaps by taking a more comprehensive look at the supply chain management of the fisheries sector in India. We observe that while