**BUS703 Managing Research**

Fast Moving Consumer Goods – Supply Chain

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# 1. Introduction

In a business environment, which is strictly dominated by rapid advancement of technologies, as well as rising competition, businesses across industries are left with particular choices of expanding customer base and enhancing profitability for facilitating sustainable survival. Particular objectives significantly indicates the requirement of agility in supply chain management (SCM) in an organisation, irrespective of its size and nature. With the marketing and operations are becoming increasingly customer-oriented, SCM is received wider attention throughout different industries mainly because of its ability to optimise operations for maximising speed and efficiency, which are highly valued by customers across target markets (Christopher 2016). The particular needs for agility and efficiency have become a pivotal concern for the operators of fast moving consumer goods (FMCG) in order to enhance their performance in different areas. Based on the need of agility in its SCM for launching new products in a fast and reliable manner throughout the target markets by a German chemical and consumer goods company, this research is intended to investigate feasible ways for improving speed and efficiency the organisational supply chain by addressing relevant challenges and concerns. The study highlights the relevant literature and methods for generating knowledge while outlining the expected time required for performing the overall effort.

# 2. Background to the Problem

With its three business units, a German chemical and consumer goods company is highly concerned about the importance of SCM in improving business performance. The departmental head of the company’s Laundry and Home Care division believes that SCM has a great influence on business agility for responding to changing demands in the market, as well as efficiency for increasing capacity to launch new products frequently to the market and drive customer engagement. However, the business equally understands that intense competition in the FMCG market, volatility of business environment and consumer demands, and constant pressure costs of different products and services pose a critical threat for improving supply chain efficiently. As identified by Fahimnia *et al.* (2015), businesses, with their constant priority for optimising operations related to supply chain to ensure maximisation of speed and efficiency, are faced with the pressure of managing skyrocketing costs while enhancing efficiency at the same time. With the significance of coming up with efficient outcomes and offering high-quality products at reasonable price points, managing supply chain performance, overcoming competitive pressure in the market and improving organisational condition have become significant problems for the current German FMCG provider. Therefore, investigating the ways for designing operations of SCM for achieving and maintaining the proposed criteria will be beneficial for developing specific knowledge in the particular context while supporting the business gain competitive advantage throughout the target market. However, the study will have boundaries regarding cost and time restrictions since the involvement of large-scale players in FMCG market globally.

# 3. Problem Definition

## 3.1 Management Problem

How the specific criteria of business can be achieved by optimising SCM of the German chemical and consumer goods operator in a highly volatile, competitive marketplace?

## 3.2 Research Problem

What are the factors that driver supply chain performance of the business?

## 3.3 Study Objectives

* To investigate how agility across supply chain networks can be enhanced
* To determine the ways efficiency of SCM can be improved to ensure cost-effectiveness
* To understand the link between SCM speed and efficiency and business performance in the FMCG market

# 4. Literature Review

## 4.1 Supply Chain in Fast Moving Consumer Goods

The supply chain networks across the fast-moving consumer goods markets are extremely complex due to involvement of multiple parties and intermediaries, such as suppliers, distribution centres, production plants and markets, with their separate geographical locations. According to Colicchia, Creazza and Dallari(2017), manufacturers and providers as part of the FMCG industry often face with the troubles in maintaining required stocks and supplying goods to the target market in line with consumer demands due to multiple problems, including industrial restrictions, strikes and factory closures. As a result, consumers of certain goods immediately switch to competitors, which can adequately serve according to their needs and expectations. The work of Theißen, Spinler and Huchzermeier(2014), on the other hand, indicates that improvements in the supply chain networks guarantee a considerable level of long-term savings for FMCG customers, as the sector offers very tight profit margins to players. Improving SCM, therefore, will not only allow the company to offer cost-saving benefits to consumers but also provide them with one point of contact instead of a number of logistics providers, thereby enhancing competitive advantage.

## 4.2 Customer-focused Supply Chain

As marketing and operations of modern businesses are providing predominant focus on customer convenience and satisfaction to enrich their loyalty with the respective brands, streamlining the supply chain of the existing operators has become a significant priority in a fast-changing, highly competitive marketplace. Shibin*et al*. (2016) argued that the organisations, with their intentions of facilitating business survival and expanding operational coverage and brand presence across multiple geographies, need to focus extensively on building efficient, cost-effective and flexible supply chains with the capability to promote continuous innovation. Supply chain networks in the modern business era have become highly streamlined with the emergence of online technologies offering end-to-end visibility to customers, allowing them to connect with hundreds of regional logistics providers (Shibin *et al*. 2016). In the context of FMCG businesses across the globe, another work, conducted by Brondoni(2015), signified the necessity of implementing improvements in customer’s supply chain mainly by defining strategic priorities, using operational indicators, benchmarking financial and mapping existing processes. The simulation of an improvement proposal, along with development of implementation plans will be possible by conducting effective comparison between current and expected performance.

## 4.3 Factors influencing Supply Chain Performance

As supply chain continues to play a principal role in achieving success across the business industry, it has become important to understand key factors driving supply chain performance by optimising industrial operations. The study of Ray *et al.* (2016) found out that speed and efficiency have become two of the emerging factors in modern business environment determining quality of products at standard costs and delivery of the same at optimal timeframes. The identified factors not only contribute to the strength of business in handling partners throughout the supply chain networks in a structured manner but also enable proper SCM practices in the FMCG industry to strengthen customer loyalty. Another study, conducted by Scholten and Schilder(2015) in this particular context observed the importance of incorporating collaborative approach that relies on accurate real-time management information to support making beneficial decisions and achieving greater competitive position in the modern FMCG industry, dominated by fast-changing customer demands. In order to provide better choice, greater services and suitable availability of products, an FMCG provider must integrate some efficient approaches, such as demand forecasting, stock control, store replenishments and end-to-end supply chain visibility among others (Soosay and Hyland 2015).

## 4.4 Strategic Approach to a Better Supply Chain Management

Based on the scenario of the German chemical and consumer goods operator, it is evident that supply chain operators since 2007 are continuously feeling the pressure of developing more efficient, customer-oriented supply chains while continuing to find innovative ways for minimising costs and enabling growth of respective organisations. The study of Chopra and Sodhi(2014) emphasises on 2007-09, the period of global economic recession causing economic volatility and instability in customer demand due to rapid volatility of fuel, commodity and material prices, to point out the need of adopting a demand-driven planning and operating model for the business. The model must support real-time demand insights and demand shaping to provide accurate prediction to business and enable developing appropriate contingency plans for removing risks related to political upheaval, conflicts with suppliers and natural calamities among others (Chopra and Sodhi 2014). Additionally, Hirt and Willmott (2014) indicated the need of rapid planning and integrated execution for strategically building highly adaptive and agile supply chains supporting executives to adapt to changing marketing events and opportunities.

## 4.5 Innovation and Supply Chain Management

It is common fact nowadays that product and service innovation largely ties up with an increased level of competitive advantage, which is accelerated by efficient selection and handling of suppliers and technologies. As a result, Silvestre (2015) dictates that a company with the capacity to manage information, decisions, people and process related to product throughout its lifecycle can achieve significant outcomes while gaining strong leadership in the FMCG market. Sambrani and Pol (2016), on the other hand, observed that strategic and innovative focus regarding SCM in the FMCG industry must contemplate adopting forward-thinking strategies, with the capability to understand and leverage uncertainties in the market and seize opportunities over any other rivals. Business, nowadays, are left the choice of developing innovative supply chain networks by involving highly motivated peers from multiple industries and geographies to cope up with the pressure of changing demands and other issues.

# 5. Research Design and Method

## 5.1 Research Design and Justification

While many argue research design as the choice between qualitative and quantitative methods, other section of the scholars signify it as the selection of specific methods related to data collection and analysis. Importantly, research design articulates a general plan for conducting the research and developing answer to the predefined question. For this research, following an exploratory research design deems suitable, as the particular design will allow the study to generate typical insights about the particular situation (Lewis 2015). As the global business environment is experiencing rapid disruptions, it is highly unlikely to generate conclusive evidence to the research questions, indicating continuous shift in findings over different periods.

## 5.2 Subjects for Study and Selection Process

In line with the particular research design, it is expected that the study will be conducted by following a quantitative research method, which necessitates the use of both primary and secondary datasets. In order to achieve each objective of this research, relevant peer-reviewed journal articles published in the last five years, as part of the secondary data collection, will be used for gaining a suitable understanding about emerging trends and developments in SCM in the context of global FMCG marketplace. Under the primary data collection, on the other hand, close-ended questionnaire will be used for conducting survey by involving existing customers of the German FMCG operator. Fifty customers of the organisation will be selected using simple random process under the probability sampling due to equal chance of participation of every member from the population (Wesoly, Stefanski and Weiler 2016). The process will help to determine emerging trends in the particular market apart from revealing supply chain performance of the Laundry and Home Care division of the company.

## 5.3 Conceptualisation and Measurement

Given the particular research question, some of the important variables of this study are speed, accuracy, efficiency, operational optimisation, cost-effectiveness, increased customer convenience and customer loyalty among others. All of these variables are closely tied with supply chain performance of the existing organisation, in addition to gaining competitive edge in a strictly competitive market. Reliability and validity, on the other hand, are two of the important aspects of conducting the research. Where a test-retest method will be used to maintain reliability, validity will be measured by reviewing the underlying timeframe, suitability of data collection method and appropriateness of participation of respondents (Noble and Smith 2015).

## 5.4 Data Collection Method

As discussed earlier, a quantitative research method, comprising primary and secondary data collection, will be used in this research. Primary data using close-ended questionnaire survey will contribute to collection of reliable data, thereby developing effective finding related to the chosen context. Secondary data, on the other hand, will greatly support increasing validity of the outcome through developing insights from peer-reviewed scholarly journals in the context of constant innovation and developments of SCM in the FMCG industry.

## 5.5 Data Analysis

In line with the research design and research method, data analysis will be performed using quantitative basis. Considering the need of analysing primary data in a cost and time-efficient manner, analytical software like excel spreadsheet will be used for conducting statistical analysis, involving graphs, tables and charts. Additionally, a thematic analysis would be considered for determining and presenting themes obtained from relevant scholarly sources used for this study.

# 6. Ethical Issues and Limitations

Concerning the importance of ethical considerations, issues will be eliminated by obtaining full consent from participants while maintaining anonymity and dignity. Honesty, transparency and relevancy should be maintained while selecting scholarly sources of secondary evidence to avoid generating misleading information. The entire research, on the other hand, is strictly limited to a particular type of organisation in a specific environment, restricting applicability of findings to the broader context. Secondly, due to the limitation of budget and timeframe, the sample size of this research will be significantly small to reach into greater insights for developing suitable understanding.

# 7. Proposed Timeframe and Approximate Budget

## 7.1 Budget

|  |  |
| --- | --- |
| **Particulars** | **Amount****($)** |
| Panel ServicesRespondents (50 x $5) | 250 |
| Research ServicesDrafting questionnaireData analysisinterpretation | 700500100 |
| Staff MembersProject Manager (24 Days @ 8 Hours)Research Analyst (28 Days @ 5 Hours) | 22002500 |
| Other CostsTravellingOthers | 650400 |
| **Total (excl. Tax)** | **7000** |

## 7.2 Timeframe

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Research Activities** | **1-4 Days** | **4-8 Days** | **8-12 Days** | **12-16 Days** | **16-20 Days** | **20-24 Days** | **24-28** |
| **Topic of the Research** |  |  |  |  |  |  |  |
| **Analysis of the secondary source** |  |  |  |  |  |  |  |
| **Layout of the investigation** |  |  |  |  |  |  |  |
| **Literature review and theories** |  |  |  |  |  |  |  |
| **Operations and research plans** |  |  |  |  |  |  |  |
| **Research Plans and Techniques** |  |  |  |  |  |  |  |
| **Secondary Data Analysis** |  |  |  |  |  |  |  |
| **Interpretation of Data Analysis** |  |  |  |  |  |  |  |
| **Findings and Analysis** |  |  |  |  |  |  |  |
| **Conclusion and Summary** |  |  |  |  |  |  |  |
| **Formation of Draft** |  |  |  |  |  |  |  |
| **Final Submission of the Research Paper** |  |  |  |  |  |  |  |