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A study on the supply chain management practices with special reference to Coimbatore & Tiruppur districts

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Abstract

The cosmetics industry is a great example of the move to a demand market that most supply chains are experiencing. Product development is completely driven by consumer demand and quickly changing trends. The changes that occur are very dynamic as, one can see a new trend arising every minute in this industry. Thus, the cosmetic industry's supply chain management is challenging as well as rewarding. The main aim of this study is to determine the supply chain practices followed by the cosmetic product sellers scattered across the districts of Coimbatore and Tiruppur and also about the supply chain challenges that are emerging while encountering the process of delivering quality cosmetic products to consumers. This paper also explores about the current trend of using herbal cosmetic products. The findings revealed that 96.7% of the cosmetic product sellers sell herbal cosmetic products and increasing expectation of customers to want to buy high quality products at a lesser rate pose as a challenge to the sellers. Also, the study has shown that the cosmetic product sellers in Coimbatore and Tiruppur districts are into selling herbal cosmetic products due to the pressure of competitors.

Keywords: Changing trends, supply chain challenges, herbal cosmetic products

Introduction

The cosmetics industry is a great example of the move to a demand market that most supply chains are experiencing. Product development is completely driven by consumer demand and quickly changing trends. This study is framed to understand the supply chain management practices and challenges faced by the cosmetic products sellers in Coimbatore and Tiruppur districts. It is an attempt to draw out results regarding the usage of herbal cosmetic products in Coimbatore and Tiruppur districts. This study aims to find out whether the outlets are ready to adapt themselves to the current scenario of this green revolution.

Statement of the problem

The statement of the problem can be summarized by the following question,

- ❖ To which extent herbal cosmetics products are sold by the cosmetic products sellers in Coimbatore and Tiruppur districts?
- ❖ What are the best supply chain practices that the sellers adopt to effectively serve the customers?

Objectives of the study

- To determine the supply chain practices adopted by cosmetic products sellers in Coimbatore & Tiruppur districts.
- To establish the challenges faced in adopting the supply chain practices by cosmetic products sellers in Coimbatore & Tiruppur districts.
- To study about the usage of herbal cosmetic products purchased by customers in cosmetic product outlets in Coimbatore & Tiruppur districts.

Research Methodology

The research design used for this study is descriptive research, as the view of the cosmetic sellers are collected and analyse thereafter to arrive at solutions. The survey research was done in the form of personal interviews with the help of questionnaire. Convenience sampling method is chosen to collect data form the cosmetic product sellers.

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A total of 150 respondents has been taken for the study.

- **Statistical tools used:** Percentage Analysis, Annova test, Chi-Square Test and Weighted Average Method.

Research Gap

The major gap is the regional aspect as no research has been carried out pertaining to Coimbatore and Tiruppur districts. Secondly, the previous researchers have provided a detailed analysis of how sustainable supply chain works and how it

is important to the cosmetic industry. The previous researches have somewhat less significance because the consumer buying behavior has changed in the recent years due to a lot of factors, like consumer buying capacity and lifestyle, etc and thus impacting on the supply chain of the cosmetics industry.

**Data analysis
Annova Test**

Factors		Sum of Squares	DF	Mean Square	F	Significant value
Supply chain practice of jointly solving problems regularly with suppliers	Between Groups	8.925	3	2.975	2.531	.059
	Within Groups	171.615	146	1.175		
	Total	180.540	149			
Supply chain challenge of increasing changes in customer demand	Between Groups	1.228	3	.409	2.439	.067
	Within Groups	24.512	146	.168		
	Total	25.740	149			
Supply chain challenge of increasing customer expectation about cosmetics product quality	Between Groups	5.627	3	1.876	2.019	.114
	Within Groups	135.633	146	.929		
	Total	141.260	149			
Supply chain challenge of increasing customers shift towards online shopping	Between Groups	4.633	3	1.544	1.412	.242
	Within Groups	159.660	146	1.094		
	Total	164.293	149			
Supply chain challenge of lack of co-operation among the concern and its suppliers	Between Groups	5.515	2	2.757	1.716	.183
	Within Groups	236.245	147	1.607		
	Total	241.760	149			
Supply chain challenge of raw material scarcity	Between Groups	7.769	2	3.885	2.540	.082
	Within Groups	224.824	147	1.529		
	Total	232.593	149			
Supply chain challenge of poor transportation and warehouse facilities	Between Groups	10.018	2	5.009	3.019	.052
	Within Groups	243.875	147	1.659		
	Total	253.893	149			

Chi-Square Test

Supply Chain Practices	Demographic factors	Table value	Significant value
i) Frequent contact with supply chain members is established	Age of the concern	0.05	0.058
	Capital invested	0.05	0.122
ii) Greater level of trust with key suppliers is created by the concern	Nature of the concern	0.05	0.39
Supply Chain Challenges	Demographic factors	Table value	Significant value
Increasing changes in customer demand	Age of the concern	0.05	0.067
	Nature of the concern	0.05	0.144

Weighted Average Method

Factors	Weight (Rank)					Weighted Average
	1	2	3	4	5	
Better quality	70	15	5	45	15	2.1
Concerned towards customers well-being	42	36	48	14	10	2.42
Due to competitions from many outlets selling herbal products	38	35	27	35	15	2.69
Higher prices for herbal products than the non-herbal products	8	30	14	20	78	3.86
To keep up with the current trend of herbal based cosmetic products	16	32	20	35	47	1.56

Findings

Annova Test

- There exists a significant relationship between age of the concern and practice of jointly solving problems regularly with suppliers.
- There exists a significant relationship between age of the concern and the challenge of increasing changes in customer demand.
- There exists a significant relationship between age of the concern and the challenge of increasing customer expectation about cosmetics products quality.
- There exists a significant relationship between age of

the concern and the challenge of increasing customers shift towards online shopping.

- There exists a significant relationship between nature of the concern and the challenge of increasing changes in customer demand.
- There exists a significant relationship between nature of the concern and the challenge of lack of co-operation among the concern and its suppliers.
- There exists a significant relationship between age of the concern and the challenge of shorter product life cycle.
- There exists a significant relationship between nature

of the concern and the challenge of raw material scarcity.

- There exists a significant relationship between nature of the concern and the challenge of poor transportation and warehouse facilities.

Chi-Square Test

- There exists a significant relationship between frequent contact with supply chain members and the demographic factors, age and capital invested respectively.
- There exists a significant relationship between greater level of trust with key suppliers is created by the concern and the demographic factor, nature of the concern.
- There exists a significant relationship between increasing changes in customer demand and the demographic factors, age of the concern and nature of the concern.

Weighted Average Method

- Packaging of the cosmetic products is the outlet's main concerns when it comes to transporting, storing, labeling and packaging of cosmetic products.
- To keep up with the current trend of herbal based products is the main reason why outlets chose or going to choose to sell herbal cosmetic products.

Suggestions

- ❖ From the analysis it can be observed that increasing sales of cosmetics attributed to rising awareness about benefits of using such products with medicinal properties and shifting preferences towards these products over conventional chemical based cosmetics. Consumer preferences are also changing, with evolving lifestyles and increasing spending. Cosmetics manufacturing companies are recommended to focus on rolling out of newer and more advanced products to increase sales and strengthen their market position.
- ❖ From the result stating that more number of customers prefer skin care products. Thus, by concentrating more on products to prevent pollution, UV rays, etc will attract a larger market especially among women.
- ❖ More than half of the cosmetics sellers do not understand the importance of legal issues arising from not labeling properly. The sellers or producers should be completely aware of the issues arising from those. But, the regulatory regime for cosmetic products in India are difficult to grasp. Simplifying the cosmetic regulations will bring a clear understanding of the regulations.
- ❖ There should be one single regulation to cover cosmetics and separate it from that for drugs. The procedural requirements should be made simple to encourage innovation and product development.
- ❖ Cosmetic sellers has to know the age group of men or women, who are more inclined towards using herbal cosmetic products, so that products for that age group can be worked upon. A wide range of products especially for that particular age group can be produced. The cosmetic market becomes more complicated and competitive. So the display of cosmetic must be attractive. Then only the sale of cosmetics will be increasing.

- ❖ There is a strong brand loyalty among the consumers. Though it is a right of consumers to buy particular brand of cosmetics, they must go for alternative brand if particular brand is not available. Then only the demand for cosmetics will be boosted.

Conclusion

The Indian cosmetic industry is booming and holds a distinct position compared to other industries. This industry craves for innovation. The cosmetic industry has come a long way and the market is set to achieve tremendous growth in near future. Among the customers, the grade of cosmetic products will continue to rise as long as improving physical appearance remains a top social priority. It is evident from the study that supply chain challenges faced by the cosmetic products sellers of Coimbatore & Tiruppur districts have a long way to go in order to have a smooth and issues free products to the consumers.

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