Supply chain of retail businesses: the various stages of the movement of supplies from their source to the end user

Sourcing

A retail business needs to identify suitable suppliers who will provide the goods and services needed for the business to carry out its activities.

A retail business needs to consider the cost, quality, quantity, delivery time and the reliability of the supplier. They should also consider the reputation of the supplier, the ethical and environmental actions of the supplier, and payment terms and contractual issues (late or non-delivery of stock penalties).

The growth of globalisation has resulted in many UK retail businesses sourcing their other supplies from all around the world.

Logistics

The management of the flow of products, services, equipment, people, money, and information from the source to the end user.

Logistics includes transportation of supplies, storage (warehousing) of stock, packaging of products, transportation, and distribution of products to customers and the security of products.

The growth of e-commerce and online shopping has changed the way many retail businesses organise their logistics.

Stock control

Effective stock management is an important part of the supply chain. A retail business cannot function effectively if it does not control its stock. Retail businesses must ensure that the right stock is available for sale when the customer wants it.

Many retail businesses will operate a stock control system to make sure they have the required stock when they need it. The storage and use of stock by retail businesses when largely depend on the types of stock they sell.

Businesses can monitor what has been used and the frequency of use. Many computerized stock control systems will order the stock automatically.

Electronic point of sale systems (EPOS), a computer system that scans bar codes at the tills produces reports on what stock has been sold. This takes sales payments from customers, records the sales and monitors stock levels. Many EPOS systems will have automated stock ordering.