The Management of the Service Supply Chain

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Acknowledgements

Abstract

The main topic of this thesis is to study the connection between Service Supply Chain Management (SSCM) and Customer Satisfaction (CS). The study is based on the factors of SSCM for receiving CS and its implementation.

One of the major contributions to the connection between SSCM and CS has been the awareness to flexibly and efficiently manage logistics and deliver to the end user in time and at the same to achieve an increased brand image/reputation for the company. SSCM is an essential part of a company's inventory management and it's supply chain. On the other hand, CS is an integral part of a business as making consumers content and meeting their requirements is crucial for a business' survival. SSCM and CS are inextricably linked.

In this thesis, Walmart has been used as the case for the authors to carry out the research. Because of the unique feature of the Chinese retail market, the Chinese retail market has been also discussed as the business background of Walmart. The first-hand data has been offered from interview by E-mail and social website to the staff of Walmart and 90 feedbacks of questionnaire. The literature review and qualitative analysis have been used to analyze the case for research. The importance of SSCM in dealing with CS and its implementation has been explored in this thesis.

Key words: supply chain (SC), service supply chain management (SSCM), customers' satisfaction (CS)

Content

1. Introduction

Originally, a supply chain is a network of retailers, distributors, transporters, storage facilities, and suppliers that are involved in the production, delivery, and sale of a product to the consumer (Wise gee, 2013). Many giant retailers may be involved in whole supply and distribution chain of given products from manufacturers they coordinate with to guarantee quality and delivery. The foregoing is the original concept of the supply chain which is related to the physical product supply chain. However, with the industrialization and globalization of the service supply industry, service supply chain management (SSCM) is become increasingly significant and complex. This is crucial because it influences a business' revenue and potential competence of these modern service providers.

Compared with physical supply chain, the service supply chain (SSC) is more abstract to making the nature of SSC more difficult to grasp. Specifically, the key of the physical supply chain lies in the supply which focuses on raw materials supplied to manufacturers, and manufacturing focuses on producing raw materials into products, and then distribution is whether finished products could be delivered to consumers through different branches, distributors, or warehouses, and retailers. The management of SSC is a huge conundrum than that of the ordinary supply chain. Modern service offers more immaterial services than physical products to the consumers, and the concept of modern service is embedded into manufacturing, and other physical industries As end users at the top of the supply chain, customers 'expectations of a given product and service of a business are crucial.

The retail business is one of the typical SSCs. The retail business is one that offers the products and service to final consumers (the Classification Legislation of Retail Business, GB/T19106-2000). Hence, customers' as the final link in SSC may strongly influence the operation of SSC.

Based on such basis, this thesis attempts to discuss relevant issues in the area of effective management of SSC and customer satisfaction (CS) in the Chinese retail market (Johnston, 1999). China as the typical emerging country has its unique shopping habits and huge market scale (Goldman et al., 1999). Chinese customers are accustomed to shopping in wet market

with bargaining of goods or service as a prevalent behavior. Therefore, compared to developed nations, the CS standard of the Chinese retail market is not very mature. Chinese consumers' CS is generally low but has a huge potential growth.

Moreover, based on different market development levels and customer shopping habits, an appropriate SSCM measure is required for the foreign multinational retailers to adapt and survive in the Chinese retail market.

2. Purpose

The purpose of the thesis is to discuss the connection between CS and SSCM in the Chinese retail market.

2.1. Researched Questions

The target questions will be discussed as follows:

1. What is the factor of the service supply chain management for achieving customer satisfaction?

2. How to apply the factors in the daily SSCM work?

3. Methodology

In this research, the literature review has been used for collecting the basic theories to build the theoretical framework. The case study has been used to support the basic theories. Walmart has been used as a case study for carrying out the whole research. Primary data was collected from interviews and questionnaires conducted via e-mail and social networking sites. Secondary data was collected from news and the business report of Walmart. The data has been analyzed by qualitative analysis for proof the basic theories and lead to the conclusion.

3.1.   Research Process Model

Research is understood as systematic, controlled, empiric and critical investigation of hypothetical statements on supposed relationships among phenomenon (Gillham, 2010). Thinking is dominant in the process of scientific research. The scientific research process is the ongoing planning, searching (do the research), information collection including discovery, reflection, revision, and learning, and evaluation for the researcher (See Figure 1). In this thesis, the general research is done according to the above process. This is a phase of scientific research from planning the research, doing the research, collecting the information, and evaluating the finding and the research. In this phase, the author's research about logistic management was completed.
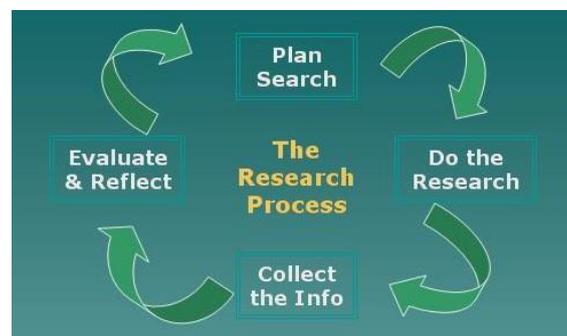
Figure 1: The phase of scientific research (Gillham, 2010)

In the research, the planning in initial process decides the continuing process of general research, so it is necessary to make the "best" planning. The step is carrying out the research,

which is a difficult and relatively complex process that includes collecting and analyzing information, and making specific research. In this step, the process control is important because some researchers lack experience and are always misled by other information and stray off the path of research. The further step is to gather research findings, and some researchers are always satisfied with the findings but neglect the changing world, so important that researchers bear in mind that the temporary findings not are conclusive.

3.2.   Research Strategy

The research strategy is that the authors divide the research strategy into three parts. The initial part is the choosing the topic, specifically, identification and developing the topic. The second approach is the research activity that includes finding primary and secondary information and carrying out the research. Additionally, primary information can be collected through interviews, and questionnaires. Secondary information is from books, magazines, Internet, papers, and so on. Thirdly, cite information found using standard format (Biggam, 2008). In this research, case study is the authors' first strategy, and the researched company is Walmart. All the information and research is for the researched company Walmart. In order to achieve effective and reliable information, the authors interviewed or distributed questionnaires to some managers or workers of Walmart through telephone, MSN messenger, even e-mails, which is the important part of quality research. For quantity research, some information and data are obtained from Internet and retailers.

3.2.1. Case Study

In the process of studying SSCM, various methods are applied.

Firstly, the application of the research methods is a case study. Case study is one which investigates to answer specific research questions and sticks to a range of various evidences (Yin, 2009). In practice, the case of the thesis is Walmart's dominant standard of SCM over the world. The research of Walmart is from development history, management tools, and workers' training for finding the key of SCM.

The goal of the case study is Walmart which is a globally renowned retailer was founded by Sam Walton in the 1960s in the USA. Currently, it is the world's third largest public corporation and the biggest employer over the world. Undoubtedly, Walmart has had a large contribution to the development of SCM and SSCM. Walmart stores were. It is beneficial for the authors to research SSCM of Walmart since a large numbers of second-hand materials exist. Besides, Walmart plays an important role in people's daily life, and it is easy to experience the service, and then experience the effect and efficiency of SSCM. As the largest retailer in the world, it has more than 8,500 branch stores in 15 countries. In China, Walmart won high reputation over the majority customers for its modified service and qualified goods (Walmart, 2013). The reason why the author selected Walmart as the case study is for the following reasons. The initial reason is the Walmart connect service and goodwill. The second reason is that SCM is the key to Walmart's success. The goal of Walmart is to provide customers with the qualified goods they want. The key is to make the way that the company replenishes inventory as the centerpiece of its strategy, which relies on a logistics technique known as cross-docking (University of San Francisco, 2013).

3.2.2. Data Collecting

To derive conclusion from the data, we need to know the method of data collection. In detail, the methods include census, sample survey, experiment, and observation study (Biggam, 2008). The different methods are selected specifically suitable for the different research. For example, the census is a study that collects data from every member of the population, which is high-cost for the study, but could get the large number of data. Sample survey is to identify the sample from the population, and the identified population is studied, which is applied widely. The experiment is not very useful in SCM because the purchasing environment is difficult to be created. Observation studies try to understand cause-effect relationships, and easy to implement in practice. However, it is not easy to control (Biggam, 2008).

3.2.3. Primary Data

Primary data collecting is data that has been collected from first-hand-experience, and not been published and more reliable and objective. Compared with the secondary data, the primary data

are more valid (Hub Pages, 2013). From the above description about data collection, the primary data can be collected by sample survey, observation and study. In the research of Walmart SCM, sample survey is useful because the authors could select the samples for making interviews.

3.2.4. Secondary Data

Secondary data are the data that have been already collected by other organization or researcher and published in book, magazine or Internet (Management Study Guide, 2013). The advantage of secondary data is economic and quickly obtainable than primary data. However, the disadvantage of secondary data is that because the original researcher collected the data for another topic research, the key point may be different with the nowadays authors' research, which is possible to lead to the differences between practical situation and result.

3.2.5. Data Analysis

The data analysis is critical in the research of SSCM. It is a process of inspection, identification, cleaning, transforming and modeling data in the authors' model. Of course, there are different analysis models in different topics. On the market, there are different software for analyzing data including SPSS and even EXCEL that could finish some simple data analysis.

In the research of SSCM, the exploratory data analysis and predictive analysis are effective. Since the exploratory data analysis focuses on finding the features of data and predictive analysis focuses on predicting future situation of SSC through existing data.

3.2.6. Qualitative Analysis

Normally, the empirical research is divided into research method for qualitative analysis and quantitative analysis. The qualitative study is the study which consists of the data collection and data analysis in a depth research process without exact analytic measurement. The data of qualitative research are always collected by interview, focus group, and participant observation, the previous knowledge, experience, and thoughts of the authors.

The qualitative study consists of the data collection and data analysis in a deep research process without precise analytical measurement (Biggam, 2008). It always collects the data by interviews, focus groups, and participant observation. This research approach should be used with the previous knowledge and experience, thoughts and words of the authors in doing the research. The quantitative study is a typical analytical measurement to collect and analyze the useful data. It often uses the methods like statistical modelling techniques, experimental design and statistical computing (Biggam, 2008). Impersonally, in the research of SSCM, it is a topic featuring wide scale and, then the samples are not very objective, because the branches of Walmart are distributed all over the world, making a daunting task to connect the sample interviewees in the short term. Furthermore, the situation of SSC of Walmart was described by the interviewees and they could not provide sufficient and specific data because of the business secrets. Therefore, quality analysis is the main method of data analysis.

3.3.   *Limitation of the Research*

It is important to recognize the limitation and the potential problems of the research process (Biggam, 2008). The research of this thesis is a typical single case research. The research is based on the theoretical framework and findings to proceed with the further discussion. As there are no comparisons with the related case company, the conclusion of the thesis is subjective to some extent.

Moreover, this study of this thesis is that the number of samples is limited, and some information is the commercial secret of Walmart that the interviewees refuse to provide. The conclusion veracity of the research might be impacted by limited material. In general, through the collected information and the understanding of SCM of Walmart, the nature and value of supply chain and its promoting strategy and methods were prompted.

3.4.   *Critical Review of the Methodology and Restrictions of Research Methodology*

In practice, there are many methodologies that can be applied which possess different advantages and disadvantages respectively. In the research, some methodologies were applied

to a great extent. For example, case study for Walmart, quantitative research and quality research and telephone interviews and desk research provided authors with help in the researching process. Actually, the applied methodologies are low-cost and fast, which saved the time and cost for the authors and helped to get the data and information.

However, because the existing data and information are from other researchers, the data and information may be not very suitable for the authors' research. This is possibly the restriction of applied methodologies.

4. Theoretical Framework

4.1. Supply Chain

The supply chain is the network of retailers, distributors, transporters, storage facilities, and suppliers that participate in the production, delivery and sale of a product to the consumer. The supply chain is typically made up of multiple companies who coordinate activities to set themselves apart from the competition. The efficient supply chain is working on to predict consumer demands and supply correct products efficiently at the lowest cost (Fisher, 1997).

4.2. Supply Chain Management

Since early 1980's, the term of SCM was primarily adopted by consultants and afterwards has been used extensively (Fisher, 1997). Moreover, every feature in enterprises is reflected in all activities of supply chain directly or indirectly. SCM is for operational management and business process management, hence, the managers increasingly intend to implement business processes and integrate them with supply chain (Lambert, 2008). Therefore, SCM includes different management from the different dimensions, which includes customer relationship management, supplier relationship management, customer service management, demand management, order fulfillment, manufacturing flow management, product development and commercialization, and returns management. In addition, the general SCM process has both strategic and operational sub-process. The strategic sub-process provides the structure for how the process will be implemented and the operational sub-processes provide the detailed steps for implementation (Lambert, 2008). Moreover, the information as the hardest part to grasp has huge impact on the whole supply chain. The bullwhip effect as the common problem of the supply chain, always happens for the information dissemination. In particular, the information of the "orders" tends to be twisted, and misguides other participators in the decisions on inventory and production. Its sales would also be magnified by these variances of the "orders", therefore impacting the rest of members in the whole supply chain (Lee et al., 1997).

4.3. Supply Chain Strategy

The Efficiency Supply Chain is the typical supply chain which highlights its physical function. It always translates materials to piece part, semi-product, and product and distribute in the supply chain.

The Responsive Supply Chain is district supplies chain which highlights its function of the market intermediary. It always distributes the products for the market to satisfy customer demand or rapid response without prediction. The detailed principles are as follow (See Figure 2):

	Efficient supply chain	Responsive supply chain
Primary purpose	Supply predictable demand efficiently at the lowest possible cost	Respond quickly to unpredictable demand in order to minimize stock-outs, forced markdown an obsolete inventory
Manufacturing focus/inventory strategy	Maintain high average utilization rate	Deploy excess buffer capacity
Lead time focus	Generate high turns and minimize inventory	Deploy significant buffer stocks of parts or finished goods
Product-design strategy	Maximize performance and minimize cost	Using modular design in order to postpone product differentiation ofr as long as possible
Supplier selection criteria	Select primarily for cost and quality	Select primarily for speed, flexibility, and quality

Source: Fisher(1997)

Figure 1: Efficient versus Responsive supply chains (Fisher, 1997)

This figure revealed the goal of supply chain. It is the direction of the authors' research. An efficient process for functional products and responsive process for innovative product with an efficient supply chain (upper right-hand cell) or a functional product with a responsive supply chain (lower left-hand) or a functional product with a responsive supply chain (lower left-hand cell) tend to be the ones with the problem (Fisher, 1997).

Figure 3 helps the authors judge if the supply chain of Walmart matches the product and service (See Figure 3).

Figure 3: matching supply chains with products (Fisher, 1997)

4.4. *Service Supply Chain and Service Supply Chain Management*

In practical, there are some differences between manufacturing and service, so that the product supply chain and the SSC differ. Supplying a service versus a product was difficult because a service was difficult to visualize and measure. For manufacturers, they could predict the future situation of operation accurately through production, warehouse, maintain safety stock, and ship physical goods or products (Goldman & Hino, 2005). In contrast, the service industry organization is not able to forecast because they have no visual product. The service system of the SSC includes the supplier of service, the designer of service, the manager of service and the responder of service (Cohen, 2005).

The differences of SSC and product supply chain mainly lie in the service products and the manufacturing products. Service product has many features compared with manufacturing products, such as customer effect, intangibility, non-storability, simultaneity, volatility, differentiation, labor intensive and non-readability (Cohen, 2005).

SSC is a complete factional net chain structure model. The SSCM is based on core enterprise to have the effective control on service flow, information flow and capital flow. It has tightly integrated the customer value management, the service flow management and the service

capacity management. Make the customer-centric service product achieve the value maximization in economic efficiency, social efficiency, environmental efficiency, customer psychological efficiency (Cohen, 2005).

4.5. *Customer Satisfaction and Service Supply Chain*

CS is the measure of the supply chain's effectiveness (Tompkins & Harmelink, 2004). Specifically, products, customers' loyalty, and improved profits are the goals of the SSCM. In other words, CS is beneficial for ultimately adding value. Meeting requirements and exceeding expectations decide the situation of CS. For the question that improves CS through modifying the SSC, the formula of CS is proposed as follows:

Customer satisfaction = customer perception of the service - customer expectation of service (Tompkins & Harmelink, 2004)

Actually, the indicator of customer perception of the service is related with SSC and management closely. So any company in a supply chain must know and could identify the basic needs and special needs of the customer.

According to Pan and Zinkhan (2006) identified two categories of 10 key store attributes that impact store choices are (1) **product-relevant attributes** and (2) **market-relevant attributes**.

Product-relevant attributes concerning product features, product attributes, include product quality, price and selection.

Market-relevant attributes concerning retailer details, include convenience of location, parking facilities, store atmosphere and friendliness of salespeople.

The previous researches have showed the relationship between consumers and retailers would interact on each other (Goldman et al., 1999). The retailers would change the customer choice by retail innovation, such as the format innovation. On the contrary, those attributes are important factors influencing customer choice of the retail store.

4.6. *Retail Market Difference between Developed Country and Emerging Country*

The increasing purchasing power is overcompensated the growing demand, which is the main reason of higher growing CS (Maruyama & Wu, 2014). Chinese retail market, which is the typical emerging market compared with the normal developed retail market (Japan and Germany). According to the previous researches, the cultural effect of the retail market is smaller than economy market maturity effect for the retail market (Hofstede et al., 2010). The general lower CS of Chinese retail market compared with the developed retail markets, made Chinese retail market to have a bigger potential than the mature retail market of developed country. As the biggest emerging retail market in the world, the Chinese retail market has a stronger influence on the perceived value and the weaker influence of perceived quality on CS than normal developed retail markets. Meanwhile, the influence of the quality expectation and the public brand image on CS of Chinese retail market are both stronger than those normal developed retail markets (Maruyama &Wu, 2014).

4.7. *Chinese Customer Factors of the Retail Market*

Before the modern retail model started in China, Chinese consumers used to get fresh groceries in the wet market. The 'Wet market' means markets that always have wet floors. The consumers usually refer to places that sell fresh products in open space or in some cases in a building (Ho, 2005). They could easily get fresh vegetables and fruits, poultry, fresh meat and fish, somewhere also dried or preserved cooked food. Because of the limited storage condition and environment condition, the sellers of wet markets have to keep fast in and fast out of the products, so that the freshness of products and the low prices could be ensured in wet markets (Goldman et al., 1999). Moreover, because of the decided supply mode of wet markets, the prices of wet markets are unstable. Therefore, Chinese consumers used to get lower prices and psychic gratification.

5. Findings

This study is for the main problems of SCM promotion of the service industry. Initially, the investigation of Walmart is to research SCM of the service, so the following texts are described to answer the questions about the SSCM.

5.1.   Introduction of Walmart and Walmart Supply Chain

Walmart is the largest retail company in the world and specializes in the operation of mass merchandising and supermarket stores. Actually, the company operates three segments including Walmart stores, Sam's club, and international segment over the world, and the different stores provide different level of the service and goods to the different customers (Data from: http://www.Walmartchina.com/, accessed: 20130906).

Aside from the excellent management and qualified goods, Walmart created and sustained the unique company culture based on core values and beliefs that have been woven into the very fabric of the company. In detail, Walmart encourages a passion for excellence in every area of Walmart business, and the staffs always strive to get better to the extent that they can. Hence, the staffs are not afraid to change proactively. Walmart thrives on execution, on making things happen and with a can-do attitude (Soderquist, 2005).

The important principles of Walmart are low price and positive culture (Soderquist, 2005). Low price is from the perfect supply chain and management. For the positive culture, culture is the personality of an organization and culture governs how people think, act, interact with others and do work. To the greatest extent, organizational culture could literally determine the future of the company. Culture is showed from the attitude of the workers of Walmart. In detail, the Walmart organizational culture begins from 'can-do' attitude, which means that the workers are willing to provide any service to the customers as possible as they can. On a deeper level, all the associates believe truly they could weather the challenges and storms of the corporate world. What's more, the main Walmart symbol in the advertisement is the happy face and optimistic attitude (Soderquist, 2005).

Walmart has been the benchmark in creating a responsive supply chain network capable of rapidly changes in customer demand, in the field of retail and service industry.
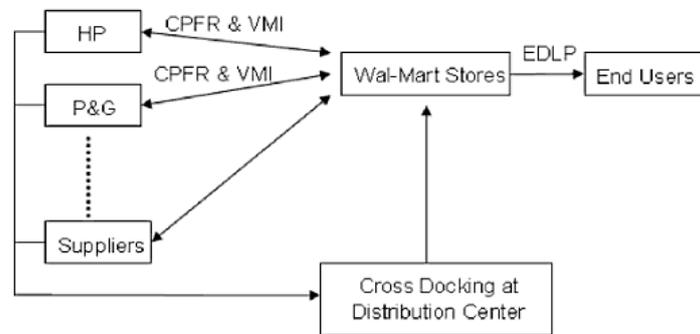
Figure 4: Supply Chain of Walmart (Li, 2007)

From figure 4, two flows of SCM have been founded, including information flow and good flow of Walmart, which helped authors found the advantage of Walmart.

From the supply chain of Walmart as shown in the above figure, it can be seen that VMI is the abbreviation of the vendor management inventory. And it is easy to be found from the figure that the core point of this supply chain is Walmart stores, which receives feedback information from end users, and then file the information and send it to the inventory or suppliers. After that, the distribution center plays an important role in the supply chain and cross docking contributes greatly to the distribution center of Walmart (Li, 2007). Cross docking is an important and popular logistic practice over the world, which unloads and loads the materials directly into outbound trucks and trailers seeing no shortage in between. On one hand, cross docking reduces the inventory level in the warehouse and supply chain, thereby cutting the cost of Walmart to great extent, since the costs of space and equipment for storage can be saved. On the other hand, cross docking changed the traditional views about value chain from supply chain to demand chain, which could guarantee the goods in reaching the customer in the shortest possible time, and make the supply plan from the demand of customer that contributed greatly in promoting CS. What's more, cross docking is beneficial for promoting operation management for Walmart because there is the center between stores and suppliers, which provides the communication stage and promotes the better management ultimately in the large stage of Walmart (Ray, 2010). In practical, cross docking is the basis of low price of Walmart.

Initially, there are less than desired costs on the warehouse and storage equipment. Secondly, cross docking enhances the transportation time and at the same time reduces Walmart's costs. In the long term, Walmart reduced the operational costs through cross docking help the business save money and the company uses this as a strategy to compensate for its "low price" policy to win consumer confidence. This service of providing goods at low prices increased Walmart's clientele. Hence, Walmart is a largely important customer of all the suppliers. In this situation, Walmart has more advantages in bargaining strategy making.

The relationship between Walmart and its suppliers is strategic and lasting, among which Walmart is the captain of the supply chain and requires every supplier to submit its supplier proposal describing the targeted customer of a given kind of product, and the future market demand and the potential market (Li, 2007). What's more, Walmart always focuses on the potential suppliers who could not provide needed products but possess a potential to provide the best products in the future. For the potential suppliers, Walmart requires them to demonstrate financial stability, insurance policy, lead-time and timely shipping capabilities, and quality controlling and testing, and basic technology such as UPC labeling, and so on. Furthermore, as a supplier of Walmart, that given company must have its own strategy and long-term developing planning, since Walmart tries to provide the qualified and stable goods to the customers and they must be responsive to the good in the stores. In the long run, it is a good strategy for reducing operating costs.

5.2. *Walmart China Factsheet*

Walmart is global retailer founded by American retail legend by Mr. Sam Walton in Arkansas in 1962. At present, Walmart is becoming the biggest employer and the biggest chain retailer after nearly 50 years of development. Walmart is also a Fortune 500 company (Data from: http://www.Walmartchina.com/, accessed: 20130906).

Walmart goal is to help the people increase their standard of living and save the costs in any shopping platform- whether retail store, Internet or by mobile. There are over 200 million consumers go shopping in over 10, 700 sub-branches of 27 countries with 69 own brands and E-commerce website in 10 countries. In 2012, Walmart had a total sales volume of 466 billion

dollars, a workforce of over 2 million worldwide. Walmart is not only working in the retail business, it is also making efforts to take the Corporate Social Responsibility for sustainable development, charity and providing job opportunities (Data from: http://www.Walmartchina.com/, accessed: 20130906).

Walmart entered the Chinese retail market and opened the first Supercenter and Sam's club in Shenzhen in 1996. Walmart has three main retail business types in the Chinese retail market, including Supercenter, Sam's club and Neighborhood Market. By 2013, Walmart had established 341 Supercenters, 6 Sam's club and some Neighborhood Markets, and offered around 1000, 000 job opportunities in China. 99.9% of the Walmart workforce is from the Chinese local area, the CEO of the Walmart markets are all from the Chinese local area. Over 95% of the products in Walmart markets are local products, and Walmart has built the corporate relationships with nearly 20, 000 suppliers (Data from: http://www.Walmartchina.com/, accessed: 20130906). Nevertheless, the product quality of Walmart is still not so stable:

In February 2011, Xi'an, 208kg over-date slated ducks have been sold to the consumers (Data from: http://bj.sydc.sina.com.cn/synews/2/2011/1102/13307.shtml, accessed: 20130912).

In October 2011, Chongqing, 63547kg normal poke was sold as "green poke" in around 20 months (Data from: http://news.xinhuanet.com/fortune/2011-10/09/c_122134196.html, accessed: 20130912).

In November 2011, Zhongshan and Foshan, 33.3% of cooked food was found not qualified (Data from: http://bj.sydc.sina.com.cn/synews/2/2011/1113/13704.shtml, accessed: 20130912)

In June 2012, Sichuan, the disease poke steak has been checked, the supplier was cheated by bad quality products, and Walmart failed to check on time (Data from: http://photo.gmw.cn/2012-06/12/content_4332454_3.htm, accessed: 20130912)

In June 2012, Beijing, two products in Walmart have been checked with unqualified (Data from: http://www.cnr.cn/gundong/201206/t20120614_509904954.shtml, accessed: 20130912)

In December 2012, Shantou, Walmart cheated the consumers by the promotion price (Data from: http://www.ugubl.net/bgt/news_4707.html, accessed: 20130912)

Walmart is working on to provide the "one-stop shopping" service to satisfy consumers' demands (Data from: http://www.Walmartchina.com/Walmart/index.htm, accessed: 20130908). Walmart is trying to make the consumers get all they need in Walmart for one time. Getting new product sales information on time, home delivery service, free parking, long business hours and so on, are all indicators to judge a market. The Walmart Supercenters are larger than normal supermarket, featuring around 45 000 square feet in size, various products but clear signs, and satisfying the demands of the whole families. Walmart markets are always built in the countryside for the big floor space. Walmart is working on providing the promotion price to consumers as cheap as possible to help the consumers save the costs.

Walmart has a complete logistics system with high electronic level. The headquarters is connected with the Walmart stores all over the world. Every product sold would be recorded to the computer automatically by the laser scanners when the products get payment. When some of the products are out of stock, the computer will order the goods and remind the store to restock from the headquarters. The headquarters has always sends the stock to the nearest distribution center; the computer of the distribution center arranges the transfer time and route. Then, the store normally gets restocked in 24 hours and indicates on the shelves of the warehouse. Thus the company gets the sales situation and market demand trend at the earliest possible time, and restocks the needed goods, at the same time mitigating the inventory risk, reducing the amount of accumulation of funds, and accelerating the operating speed of the cash flow (Data from: http://www.Walmartchina.com/, accessed: 20130906).

Walmart has also used the warehouse management to reflect the structure economies in the cost of selling goods. With the increasing levels of productivity in China, the enhanced purchasing power of consumers, technologies like the bar-code and RFID have been applied in most of the retail stores (Data from: http://www.Walmartchina.com/, accessed: 20130906). The retailers are starting to realize the advantage of the warehouse-style sales model, the similar warehouse style stores with the promotion price have opened in more and more regions. The products could be sold in big bulks or packages to reduce the cost of individual packages.

5.3. *Retail Industry Situation of China*

In recent years, the Chinese retail market has greatly transformed due to a huge influx of foreign capital. The foreign retail enterprises have been making their effort to expand the business in China. Even though the overseas enterprises have advanced supply chains, management skill and abundant capital for business, the Chinese retail enterprises still play the main role in the Chinese retail market.

The domestic consumption in China is increasingly developing, and has been creating a huge market for the retail industry. In 2010, the main business income of the Chinese retail enterprises was around RMB 5000 billion yuan, the daily sales were around RMB 14 billion yuan. The consumer spending account of the retail business was about 13% of total consumer spending account (Data from: http://www.china-consulting.cn/news/20121102/s81189.html, accessed: 20130908). It is a big gap compared with the developed countries, but it still has much room for growth.

According to the data from *Links shop*, from 2012, the 50 main national large-scale retail enterprises have been growing slower than last year; the sales up to 10.3% growth rate than 2011, but lower than 2011 for 10.5%. Among the total sales, the food retail sales have grown to 14.2%, the clothing retail sales have grown to 10%, the household appliances retail sales have grown to 4.5%, the jewelry retail sales have grown to 10.9%, the makeup product sales have grown to 12.6% (Data from: www.linkshop.com.cn, accessed: 20130907). The major commodities retail sales growth rates of 2012 were getting slower than last year.

According to incomplete statistics by *Link shop*, in the first season of 2012, the top 10 retail enterprises in China were Vanguard, Sunart Retail, Carrefour, Lianhua Supermarket, Yonghui Supermarket, MetroAG, Renrenle, Charoen Pokphand, Jingkelong, Chaoshifa, Hongqi Retail. The famous retail enterprise--Walmart ranked No. 11 among retail enterprises in China, which is not on the list.

5.4. The Current Situation of the Chinese Retail Enterprises

From the time overseas enterprises started entering the Chinese retail market, the competition with the local retail enterprises has been intensifying. In 2010, China achieved the sales of nearly 6000 billion. Among the sales amount of 6000 billion, the local enterprises accounted for around 87%, the invested-enterprises of Hong Kong, Macao and Taiwan around 5%, and the foreign enterprises around 8% (Data from: www.china-consulting.cn, accessed: 20130908). However, there is still a big gap in the operation level between the local retail enterprises and the foreign retail enterprises in terms of the average sales of retail enterprises, the employing unit sales and commodity value-add tax.

The advanced management skill and excellent supply chain bring more effective daily operation to the foreign retail enterprises. Although the total number of the local retail business is 78.18 times than that of foreign retail enterprises in China, the average sales of local retail enterprises is only 18% to that of foreign retail enterprises; The total sales of the local retail enterprises are only 11 times that of the foreign retail enterprises in China, and the per capita sales of the foreign retail enterprises is higher than the local retail enterprises for 8.96% (Data from: www.china-consulting.cn, accessed: 20130908). The Chinese local retail enterprises only have the advantage of quantity for great market share. The Chinese local retail enterprises had to face the challenge of the low efficiency in daily operation compared with the foreign retail enterprises.

5.5. *Investigation about Walmart Supply Chain*

On the basis of general knowledge of the supply chain of Walmart, the authors made investigations with Walmart, with main methods including phone interview, and e-mail interview, which provided authors with the practical situation of the supply chain of Walmart nowadays and role that supply chain played in Walmart, which was useful and important for the study of SCM in the service industry.

Since the supply chain system was built more than twenty years ago, it is relatively perfect compared with other service providers. Hence, the investigation about the supply chain of Walmart focused on the risk management of the supply chain. Furthermore, because Walmart belongs to service industry, the question was about how to promote the CS through the

effective SCM. Then the investigation was divided into two parts including risk management of supply chain and CS. The detailed questionnaire is as shown in the appendix.

Through the Internet and the induction of the authors' friends, it was lucky that the authors contacted some staffs of Walmart in China, and America, and selected some staff who was working in the department of the supply chain to make the investigation. The initial method was to send a questionnaire to them, which was recovered in one week. The authors called the interviewee if there were some questions about questionnaire answers. The analysis about the investigation was as follows.

Initially, in Part 1, 10 interviewees accepted the questionnaire, among which 5 were from Chinese Walmart stores, and 5 were from American Walmart stores. All the interviewees were staff with the purchasing department, among which three were managers, and seven were assistants to the manager. All the Chinese interviewees were bachelor and three American interviewees were high school graduates, and only 2 were bachelor.

Secondly, in Part 2, the authors focused on the potential and possible risk of the supply chain of Walmart including strategic factors, cultural factors, demand factors, supply factors, internal control factors, and process and software factors. From 10 interviewees, they agreed that all the factors were related to SCM closely. However, in the short term, demanding factors, supply factors, internal control factors are the most important factors. In the long term, strategic factors, cultural factors, and process factors play crucial role in SCM of Walmart. All the factors are contrasted with each other but are not isolated. A Chinese manager said that if you could not control strategic factors in supply chain, then the supply and demand strategies were possibly wrong in the future.

Specifically, in the strategic risk factor of supply chain, there were three factors including inaccurate strategic planning, the contradiction of strategic planning among different partners in the supply chain, and unsuitable strategic investment. From Figure 5, it was easy to find that most interviewees thought that inaccurate strategic planning could affect SCM to great extent because 6 interviewees selected H, indicating that inaccurate strategic planning affects supply chain highly, and 3 of them selected middle, only 1 selected low. As to the factor of unsuitable

strategic investment, 5 interviewees selected middle level. Hence, inaccurate strategic planning was the most likely one leading the supply chain risk (See Figure 5).
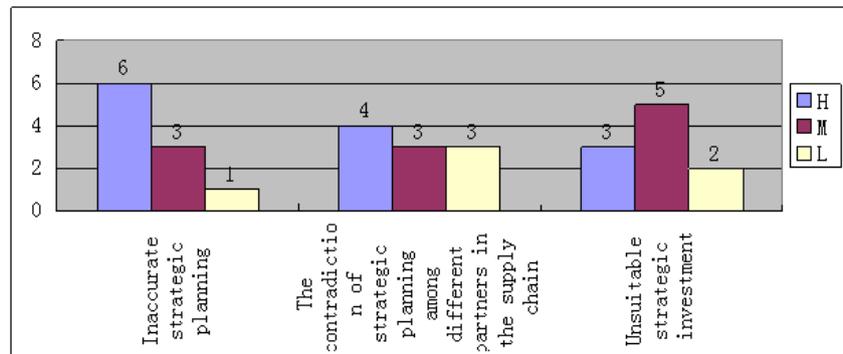

Figure 5: Influence of Different Element for the Risk of Supply Chain

Figure 5 is one of the questions in the research, which is for finding the influence of key element in the supply chain management.

In the cultural level, the authors selected some factors possibly leading to supply chain risks including worker's cultural quality and skill, the attitude of the leader for cultural contradiction, and awareness of cultural risk in organization. From Figure 6, the leaders' attitude of cultural contradiction and awareness of cultural risk of the organization are apparently more important than other factors (See Figure 6). Above all, the point is leaders' attitude for cultural contradiction among suppliers, because if the suppliers have different culture background with Walmart, then there may be some difficulties in SCM in the future. For example, some supplier thought that the timing of supplying goods was the first and most important things in SCM, while Walmart thought that not only timeliness but also quality of goods are important. So in the future, this contradiction might cause more serious results. Secondly, the awareness of cultural risk of organization could predict the crisis of organization to some extent, so there were eight interviewees selected high and middle. In practical, both low cost and perfect SCM were related with culture awareness and attitude for cultural contradiction.
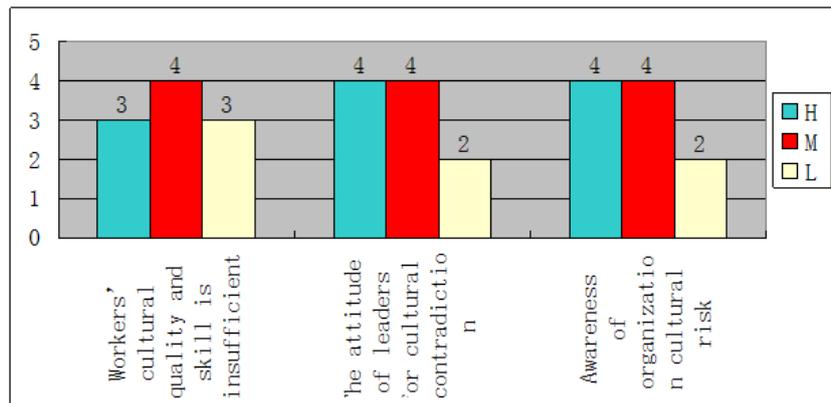
Figure 6: Element of Culture Influence Supply Chain Management

The authors selected some factors which might lead to supply chain risks including worker's cultural quality and skill, the attitude of leader for cultural contradiction, and awareness of cultural risk in organization.

The next factor is demand, which was considered as the most dangerous factor in SCM since the change of demand could cause a huge cost in the supply chain. The first was a dramatic change in customer or customer fluctuation. Almost all the interviewees selected low because they thought that it was not related to SCM. Walmart offered daily service and goods in a district and maintained the stable customer quantity. It was impossible to lose a great number of customer or selling volume if no serious incident eventuated. The second was insufficient customer relationship with management which seemed as the most crucial in SCM and 7 interviewees selected high and middle level. Specifically, the supermarket was increasingly similar for providing similar even same goods, so the advantage point was better service, and one of the service points was the capability in management of the customer relationship. Therefore, promoting service quality was crucial and the customer always focused on whether they could buy what they wanted to buy in time, and whether the environment was suitable, whether the staff could provide the comfortable service including language, smile, and so on. The third was the demand planning. Actually, inaccurate demand planning might lead to two situations: one is that there is more inventory than the amount for more financial resource and equipment resource, the other is the lack of goods in demand and customer cannot be satisfied. For these factors, ten interviewees believed that it was highly related to SCM.

Supply factors are important too. The key factors were lack of capacity in production and substandard goods. Suppliers provided Walmart with qualified goods at the right time and right price in the right quantity. So the suppliers lacking the production capacity were not qualified suppliers. Besides that, although some suppliers could provide goods in time, they could not provide qualified goods. In this situation, substandard goods hurt Walmart and customers deeply. Undoubtedly, 9 interviewees selected high in these two factors.

The above description and discussion about the supplier is connected with the strategic factors and cultural factors closely. In detail, the performance of suppliers was decided by their own organizational culture, and their own long term strategy. On one hand, organizational culture affects the staff's psychology situation and personal performance so the positive culture takes the staff's positive and advantaged situation and produces qualified goods in time. On the other hand, strategy factors decide the development direction of suppliers, so there must be some contradiction if there are many obvious differences between the strategy of Walmart and its suppliers. For example, some suppliers might redirect the investment, which in turn causes the future shortage of supply of goods.

What's more, the internal control is necessary and crucial for reducing costs and modifying SCM. Furthermore, controlling inventory and information sharing are key points of the internal control process. In the investigation, more than half of the interviewees selected high when facing the relaxed inventory controlling and relaxed information sharing. For inventory controlling, if it was relaxed and inaccurate, the operation cost of Walmart must increase dramatically, since there were large quantity of equipment demand and warehousing demand, and the risk of goods overdue. Furthermore, information sharing decides whether the supplier could receive demand information and prepare the goods in time, then contact the transporter and deliver the goods to Walmart in real time

Lastly, it is necessary to think about the process and the soft factors. Six interviewees hold the view that the highly complicated supply chain process would influence the SCM negatively. The interviewees thought that difficult supply chain software was not a big problem, because supply chain software would experience trial period, and the tough software will be passed by the clients such as Walmart.

In Part 3, CS was investigated by the opening question. The first question asks the interviewee that to the knowledge of the interviewee, whether the customer is satisfied with Walmart. For this question, 6 interviewees gave up, and only two interviewees said yes and two said no. Obviously, the majority of the interviewees had no confidence in the satisfaction of customer for Walmart. For the second open-ended question which is how to promote CS for Walmart. Initially, most people answered timely. In their opinion, the first basic principle is to guarantee that the goods can reach customers timely, which is related to the general SCM and net. The second was that customer was guided and communicated with the basic staff of Walmart, so the training for them was necessary. Sam Walton prompted smiling principle in the stores which is beneficial for creating a comfortable shopping environment. For the customers of supermarket stores, the price is their first focus point and the time is their second focus point, from the interviewee's experience.

5.6. *Investigation on the Daily Purchasing Habit of the Chinese People*

According to the secondary data basis, the investigation on the Walmart was carried out in the form of questionnaire survey (See Addition 1). The questionnaire survey was completed by the Chinese social website. The retail enterprises situation in one of the biggest cities in the middle part of China was investigated. The real situation of Walmart in a correct area is valuable information for authors to do further discussion. The city under study is the transportation junction and one of the biggest second-tier cities of China. The city under study has a mature retail market, which consists of different retail enterprises.

The questionnaire consists of two parts. The first part was the choice questions for the basic information of each response. The second part was the subjective question for the particular idea of the response. A total of 112 questionnaires were recovered, and the effective responses from 90 people were received in one week, as a result, the effective response rate was around 80%. Most of the responses of the survey were from 3~5-person families. Over half of the responses used cars for daily purchasing. But still 46.7% of the responses went shopping by bike or bus. Most of the responders would like to go shopping two or three times per week.

According to the survey's findings, even over half of the responders go shopping by car, the transportation problem and parking facilities are still important elements for people to choose the retail store. In the survey, 65.6% of responders had an annual household income of 12 0,000 Yuan. It could be seen as the standard for the moderate prosperity. Nevertheless, most of the responders thought a moderate price and quality of the products were still the attractive element for them to choose the products they wanted (See Figure 7).
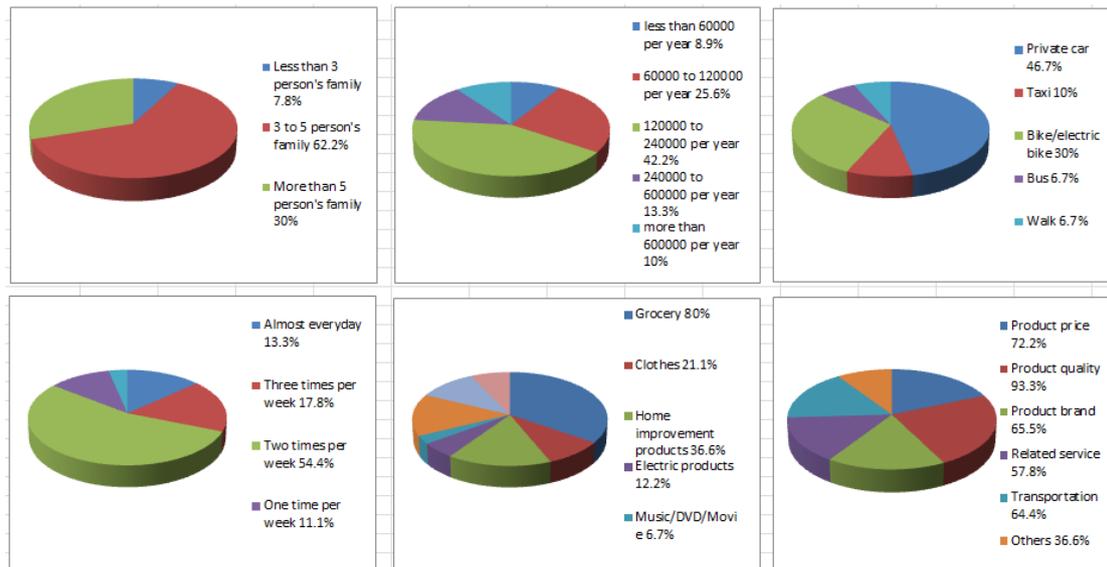
Figure 7: The questionnaire result for objective questions about family structure, family annual income, transportation, purchasing frequency, purchasing choice, purchasing impact element (The detailed questionnaire is in the addition part).

The subjective questions relate to the particular idea of the people. The responses showed the supermarket that they go shopping (See Figure 8). Dashang and Central-Mart are big retail enterprises compared with other retail enterprises in the city under study. For many reasons, Walmart accounted for only 11.1% market share of the retail market in the city under study. Moreover, the free parking space and the clear and various product classifications have been mentioned for times in the subjective question part.

Figure 8: The information of retail market share of the city under study (The detailed questionnaire is in the addition part).

6. Analysis

6.1. Overview of Traditional Supply Chain Management

According to the theoretical framework part, the traditional supply chain refers to the process of the product flow with the relative stakeholders, which has been founded for the core business. The supply chain is a functional net chain structure, connected with supplier, manufacturers, 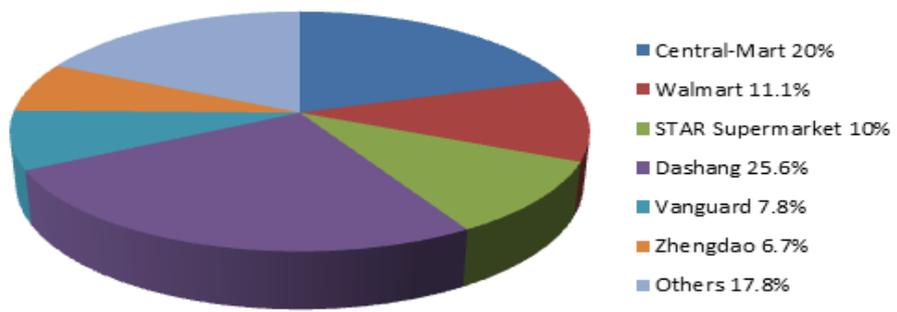distributors, retailers and final users. Normally through the management of information flow, logistics actions, and capital flow, it started from the raw material purchase, make into intermediate products and final products, and eventually send to the consumers (Fisher, 1997). Therefore, the supply chain is an interface between stakeholders and customers made possible by the activities like Plan, Obtain, Store, Distribute and Serve. Hence, the customers can be satisfied.

SCM was coined initially in the industrial paradigm. The concept of supply chain in management was described with the creation of the assembly line, which is the early age of SCM. In the early age of the development of supply chain, there are some characteristics including the demand of large-scale changes re-engineering and cost reduction programs (Monczka et al., 2011). The successful SCM could coordinate and integrate all activities of the supply chain, and eventually become the seamless integration process.

With the development of industry in the USA and European countries, international trade was taking place because of the relative competitiveness of different countries. In this situation, logistics management and SCM became more and more important. Until the 1990s, the introduction of Enterprise Resource Planning systems, which help enterprises, managed the supply chain to a great extent. The Enterprise Resource Planning era has lasted until the 21th century, and more and more enterprises in developing countries e.g. China and India have come to realize the importance of Enterprise Resource Planning and SCM. However, fewer enterprises could learn and operate the Enterprise Resource Planning system effectively and efficiently. (Trans tutors, 2013)

6.2. Why Supply Chain Management

The supply chain was likened to be the cybernetic with business meaning that supply chain can be planned and controlled for adding the values of the goods or service (Fisher, 1997). Furthermore, the reason why the manager should treat supply chain as cybernetic is that supply chain is one of the most crucial sections in the operation of the company. Service response logistics is the management and coordination of the organization's activities that happen while the service was being rendered. There were four primary activities of concern in service response logistics: management of service capacity, waiting times, distribution channels, and service quality (Tomas et al., 2007).

For example, the customers have the demand of the international products with famous brand or high quality. To provide imported international products from famous brands or high quality, the supplier company must coordinate with the international manufacturer, and place orders according to the sales volume regularly. Then, the supermarket must follow up the lead-time, quantity, and quality. Lastly, the supermarket must distribute the ordered product into every branch over the whole country, and then sell it to the customers. The above is just a simple description of the supply chain, it is necessary to emphasize that supply chain could add values into the goods and service. Through having a complete supply chain system and great capacity in SCM, supermarkets could provide some special and better goods to customers. As these kinds of goods are special and relatively scarce, their prices are relatively higher than ordinary goods. Undoubtedly, these supermarkets could attract more high-end customers and reap higher profits.

According to the findings section, Walmart had been using VMI (Vendor Management Inventory), based on the feedback information of the final users, and the information would be sent to the inventory or suppliers. The cross docking had been also used in SCM of Walmart. On the one hand, the cross docking reduced the inventory level in the warehouse and supply chain, which cut the cost of Walmart to great extent. The costs of space and equipment for the storage could be reduced. On the other hand, cross docking changed the traditional views about value chain from supply chain to demand chain, which could guarantee the goods reaching the customer in the short time, and make the supply plan from the demand of customer that contributed largely in promoting CS. Moreover, the cross docking is beneficial for

promoting operation management for Walmart, because it is the conduit between stores and suppliers, which provided the communication stage and promotes the better management lastly in the large stage of Walmart (Ray, 2010). Practically, cross docking cuts cost for Walmart since warehouse and storage equipment are not required. Additionally, cross docking speeds up the transportation process of readied goods at the same time saving Walmart colossal amounts of money. In the long term, Walmart reduced operating costs through cross docking, translate into satisfying the customer in time at low prices, and increased customer loyalty. Therefore, Walmart attracted the majority of the customers in the district, and had high demands of products and service. To this end, Walmart became the important customer of all the suppliers. Relatively, Walmart also has greater advantages in bargaining strategy making.

The key characteristic of service demand is the timeliness. Service demand is perishable and lasts in short time. Therefore, it is important and initial to manage the timing. If the demand of customer exceeds capacity at any time, this commercial opportunity is possible lost (Roland & Tuck, 2006).

For the service industries, providing demanded goods to customers, mean not only goods, but also the good service. Because the nature of service is that satisfy with the customer's demand at right price and right time. To sum up, the SCM has high importance on SSC.

6.3. *Customer Satisfaction and Service Supply Chain Management*

The CS is the measure of the supply chain's effectiveness (Tompkins & Harmelink, 2004). The supermarket industry as the responsive supply chain has no actual industrial product. The service as the "product" of the SSCM, the quality is always decided by the CS. The socioeconomic factors, store factors and consumer's shopping habits are the main factors, and have impacted the CS. The socioeconomic factors and consumer's shopping habits are the immutable social factors, which has impacted customer perception of the service. The store factors as the modifiable factors, which is connected with customer expectation of service.

Customer satisfaction = customer perception of the service - customer expectation of service

(Tompkins & Harmelink, 2004)

6.3.1. Socioeconomic factor

Nowadays, customers increasingly approve of the new retail methods that impact their socioeconomic status, which are supermarkets. With the improvement in the socioeconomic status, the consumers are more apt to switch the one-stop shopping at supermarkets, because small stores somehow costing higher opportunity cost of customers (Maruyama & Wu, 2014). Following the development of supermarket in recent years, the income difference and households' condition are not the factors impacting consumer purchase behavior as ever (Maruyama & Wu, 2014). From the survey results, there are different income levels of interviewees, but 100% of interviewees have constant purchasing behavior at supermarkets. 43.4% of interviewees used to go to supermarket without car. The transportation development and the optimization of road system are also promoting the development of retail industry (Goldman & Hino, 2005).

6.3.2. Store factors

Nowadays, it is very common for consumers to choose one-shop store to purchase goods in China. However, the traditional retail industry is still an important choice for consumers especially for fresh groceries. The consumers could always get better price, better freshness and friendly service from the traditional retailer. According to Pan and Zinkhan (2006), two categories of 10 key store attributes were identified that impact store choices: (1) product-relevant attributes and (2) market-relevant attributes (Maruyama & Wu, 2014). The store factors are only factors, which could be adjusted by retailer, could decide the customer expectation of service.

Product-relevant attributes

The product-relevant attributes are about product features, product attributes, product quality, price and selection. Due to limited storage condition and environment condition, the traditional retailers supplied limited products with low price, unstable product quality with

limited selections. Compared with traditional retailer, one-stop retailer provided products with more product features, more product attributes, more stable product quality, higher price and more selections. However, the price part is the decisive factor of general significance, which is not inaccurate. It can be expressed by Chinese proverb "you get what you pay off" and "different quality, different price". The price has also represented the product quality and prestige in a way. The retailers blindly pursue for price advantage and therefore could result in significant economic sacrifice (Martinez-Ruiz, et al., 2010). Based on the findings part, Walmart which relies on its advanced responsive SCM, has obvious advantages compared with other retail competitors. However, the prestige and brand image of Walmart has been impacted by the unstable product quality, more or less (Findings 5.2).

Market-relevant attributes

Market-relevant attributes are about retailer details, such as convenience of location, parking facilities, store atmosphere and friendliness of salespeople. The market-relevant attributes regard as store service features, which are very important factors for consumers to choose store (Martinez-Ruiz et al., 2010). The convenience of location and the parking facilities as the important store factors are decisive factors for Chinese consumers to a choose store. The survey results indicated that 65.5% of interviewees considered about transportation when they choose store. Moreover, 46.7% of the interviewees choose to driving private car to go shopping in supermarket. The parking convenience factor has also been mentioned by the interviewees in the subjective response part of the questionnaire survey. Confronting with the general huge footfall of Chinese supermarket and parking rate, it is the big challenge about the supermarket parking facilities for the supermarkets.

The store atmosphere as the relative and subjective factor of the consumers could be summarized as facilities and cleanliness (Pan & Zinkhan, 2006). Compared with typical dirty and smelly shopping environment of traditional market, the supermarket has surely advantage. And friendliness of salespeople is also a subjective factor for consumer to choose store, but there has no actual standard for salespeople (Maruyama & Wu, 2014). But polite and friendly attitude are always the demands for the salespeople in the supermarket. For some consumers

who are used to having much communication in purchase process, the supermarkets are obviously not attractive.

6.3.3. *Shopping habit factor*

In the past, the consumers used to choose multi-shops in various small stores or markets to purchase the things they wanted. But nowadays, the emergence of supermarket has changed the old shopping habits of consumers to one-stop shopping mode. With the development of retail industry and the change of the pace of life, the economy cost difference of traditional shopping mode and one-stop shopping mode is becoming smaller, people are more likely to choose one–stop shopping mode to save the opportunity cost. However, the traditional shopping mode, with the limited storage condition and environment condition, the sellers of wet market have to keep fast in and fast out of the products, so it makes the freshness of products and the low prices could be ensured in wet markets (Goldman et al., 1999). Moreover, bargain is also very common in Chinese traditional retail market (Lee, 2000). The consumers could probably get economic benefit, or psychic gratification which is more important. On the contrary, it is impossible for the one-shop retailer to change the steady product price for consumer bargain. Compared with one-stop retail industry, the traditional retail industry still has advantages in some way.

7. Conclusion

7.1.   Service Supply Chain Management Factor

As the typical enterprise of responsive supply chain, Walmart has developed on its advanced SCM, and has become the renowned international retail enterprise. From the findings part, the culture difference conflict as the typical operational risk on multinational corporations has also existed in Walmart compared with other risk factors. From the previous studies, the inaccurate strategic planning is the most likely factor leading to the supply chain risk. Because of different culture, tradition and economy situation, the Chinese consumers and American consumers have different shopping habits. It is necessary for Walmart to modify its SSCM strategy and choose opposite collaborator on different strategic market.

7.2.   Store factors

Walmart as a famous multinational retail enterprise has occupied certain market shares in Chinese retail market. However, Walmart as a normal retailer has the same problems with other retailers, which is higher price. However, based on its multiple product features, abundant product attributes and a well-deserved reputation, Walmart still has the obvious advantage in the retail market. According to the findings, Walmart has been affected by the unstable cooked food quality. The stable product quality is the most important factors for consumers to choose the retailer. It is very important for Walmart to improve its SSCM efficiency, increase product quality or abandon the cooked food part business. These choices could enable Walmart to keep a favorable development.

Meanwhile, the market-relevant attributes also affected the retailer. Market-relevant attributes are about retailer details, such as convenience of location, parking facilities, store atmosphere and friendliness of salespeople. According to different retail market situation between China and the USA, most of the Walmart stores are located in downtown area for high consumer volume in China (information from: http://www.Walmartchina.com/Walmart/wminchina.htm,

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accessed: 20140611). But on the other hand, within the increasingly rate of ownership of automobile in China, the inadequacy of parking facilities is becoming a new problem for a number of retailers. It is very necessary for Walmart to plan more on the parking facilities to offer more facility for the consumers. Quality of facilities factor is directly related to CS.

7.3. *Shopping Habit Factor*

According to the methodology part, the shopping habits factor is one of the factors influencing the customer perception of the service, which in turn has indirectly affected the CS. Compared with the shopping habit factors of traditional retailers, the one-stop retailers have many advantages on product factors and market factors. In China, the bargain is the common behavior in the traditional retail market. The traditional retailers also have advantages on the economic satisfaction and psychic gratification of the consumers by the bargain. However, the one–stop retailers have the price tag system for SCM. It is impossible for consumers to bargain in the one-stop retail enterprise. Therefore, it is very important for one-stop retailers to have different idea in satisfying the consumers. Walmart should have more sales promotion and preferential strategy to satisfy consumer on both economy and mentality.

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Appendix

The Investigation about Supply Chain of Walmart

Hello, dear respondents! Thanks you for accepting my e-mail interview for supply chain management in service industry. We are students named XXXX studying in Sweden and working on the important final dissertation about SSCM.

From the different Medias I know that your company Walmart is the largest super market over the world that enjoys high reputation in customer through qualified goods, and high quality of service. Walmart show the excellent technology in supply chain management. However, there are more and more competitor of Walmart in every district who provide the same or similar goods to the customer in the market, so it is crucial that how Walmart keep the advanced position and advantages in the field.

Actually, it must be the great help for me if you would like to answer the following questions. Thanks for your help so much!

Part1. Basic information

Your gender:

   Male □ Female □

Your education background:

   Middle school □ Bachelor □ Master or high □

Your department in Walmart:

   _____

Your position in Walmart:

Administration □   Assistant or secretary □   Manager □

Technical expert □   Intern student □

Other, please specify: _____

How long do you work in Walmart?

Less than 1 year □   1-5 year □   More than 5 year □

Part2. Risk Management of Supply Chain Management

Note: the scale is from high to low, H=high, M=middle, L=low.

Strategic factors:

Inaccurate strategic planning

H □   M □   L □

The contradiction of strategic planning among different partners in the supply chain

H □   M □   L □

Unsuitable strategic investment

H □   M □   L □

Culture factors:

Workers' cultural quality and skill is insufficient

H □   M □   L □

The attitude of leaders for cultural contradiction

H □   M □   L □

Awareness of organization cultural risk

H □   M □   L □

Demanding factors:

Dramatic change in customers or customer fluctuation

H □   M □   L □

Insufficient customer relationship management

H □   M □   L □

Inaccurate demand planning

H □   M □   L □

Supplying factors;

Lack of capacity in production

H □   M □   L □

Substandard goods

H □   M □   L □

Internal control factors:

Relaxed inventory controlling

H □   M □   L □

Relaxed information sharing

H □   M □   L □

Process and software factors:

So complicated supply chain process

H □   M □   L □

So difficult supply chain software

H □   M □   L □

Part3. Customer Satisfaction

Do you think customer is satisfied with Walmart?

Yes □   No □   I do not know □

Would you please prompt some suggestions about how to promote the customer satisfaction?

Questionnaire for Family Purchase in Retail Market

Q1. What is the family scale?

Less than 3 people   3-5 people   over 5 people

Q2. What is your annual household income level?

Less than 60000 RMB   60000-120000RMB   120000-240000RMB

240000-600000RMB   More than 600000

Q3. What kind of transportation way would you take when you go shopping for your family?

Private car   Taxi   Bike/Electronic bike   Bus   Walking

Q4. What is the frequency of the purchasing behaviors of your family?

Almost everyday   Three times per week   Two times per week

One time per week   Less than one time per week

Q5. What would you buy when daily purchase for your family?

Grocery   Clothes   Home improvement products   Furniture   Electronic

products   Music/DVD/Movie   Medicine /Make up products

Books and Magazine   Others

Q6. Which element would you care when family purchasing?

Product price   Product quality   Product brand   Related service   Transportation

Others

Q7. Which retail market you used to go shopping?

Q8. Do you have any demand for purchase in the retail store?

Q9. Do you have any suggestion for the retail store?