

SCHOOL OF DATA SCIENCE AND FORECASTING  
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SUPPLY CHAIN MANAGEMENT

ASSIGNMENT: SUPPLY CHAIN ANALYSIS OF DECATHLON



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## **ACKNOWLEDGEMENT**

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## **INTRODUCTION**

Founded by Michel Leclercq in 1976, Decathlon started with a store in Lille, France.

The company expanded abroad a decade later: to Germany in 1986, Spain in 1992, Italy in 1993, Belgium in 1997, Portugal, the United Kingdom in 1999, Brazil in 2001, China in 2003, India in 2009, Taiwan in 2012, Hong Kong in 2013, Malaysia and Singapore in 2016, South Africa, Philippines and Indonesia in 2017 and South Korea, Australia in 2018. The company employs more than 87,000 staff from 80 different nationalities.

The retailer stocks a wide range of sporting goods, from tennis rackets to advanced scuba diving equipment, usually in large, big-box superstores averaging 4,000m<sup>2</sup> in size. Decathlon Group markets its products under more than 20 brands. Its research and development facilities are located across France, where the company develops its product designs, registering up to 40 patents per year.

As of January 2020, there are 1,647 Decathlon stores worldwide in nearly 1,000 cities of 57 countries.

In India, Decathlon products may be purchased directly through their stores. In addition to this, Decathlon products are also available online through their online resellers.

Decathlon Sports India Private Limited is an Indian Non-Government Company. It's a private company and is classified as 'company limited by shares'.

Decathlon Sports India Private Limited is majorly in Business Services business.

The company is registered in Bangalore (Karnataka) Registrar Office.

In India, Decathlon products can be bought directly through their stores subsequent to change in India's FDI policy and approval for Decathlon in February 2013. In addition to this, Decathlon products are also available online through their partners like Snapdeal. The company currently caters to the demands of entire India through Bengaluru Warehouse. The transportation activities are being handled by DHL. All such practices of selling through exclusive stores and online selling leads to lower costs. The retailer develops and sells its own brands. Each sport or group of sports has a separate brand name.

## DECATHLON FACILITY IN INDORE

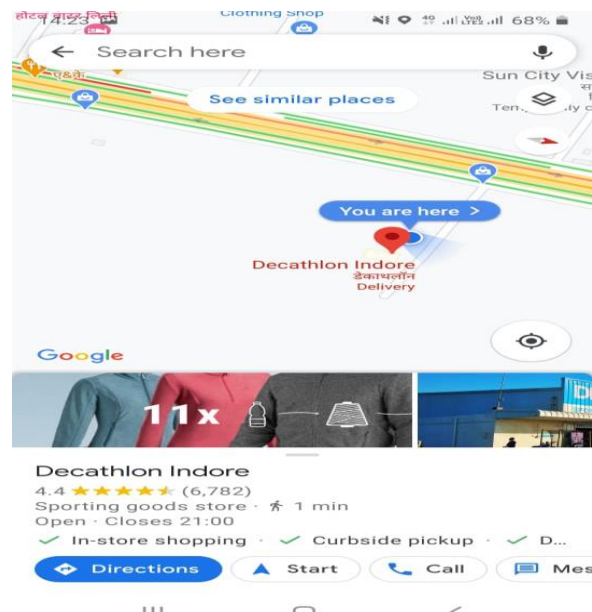


*Decathlon, Indore*

Decathlon, Indore is situated at the bypass road in Indore and spans in an area of about 9,000 square meters.

There are various grounds for playing outdoor games like cricket, handball, volleyball, and basketball.

The store spans over an area of 4500 square meters.



## **OBJECTIVE**

This objective and the scope of the visit to decathlon was -

- To get an exposure to practical environment of the corporate world.
- To understand the process of supply chain management of decathlon and its warehouse layout through interaction and observation of the methods and employee practices followed at the ground level.

## **BRANDING IN DECATHLON**

Decathlon is vertically integrated, designing and developing its own products and marketing under its more than 20 brands, with each sport—and often sub-sports and sports groups having their own brand:

- Aptonia - Nutrition, Healthcare and Triathlon
- Artengo - Tennis
- B'Twin - Cycling
- Caperlan - Fishing
- Domyos - Fitness, Gym, Yoga, Dance
- Forclaz - Trekking
- Fouganza - Horse Riding
- FLX - Cricket
- Geologic - Target Sports such as Archery, Darts
- Geonaute - Sports Electronics
- Inesis - Golf
- Kalenji - Running
- KOROK - Hockey
- Nabaiji - Swimming
- Newfeel - Sport Walking
- Offload - Rugby
- Olaian - Surfing and Board walking
- Opfeel - Squash
- Orao - Kiting and Kitesurfing
- Outshock - Combat Sports
- Oxelo - Rollersports, Skating and Scooters
- Perfly - Badminton
- Quechua - Hiking, Camping
- Rockrider - Mountain Biking
- Sandever - Beach Tennis
- Simond - Mountaineering
- Solognac - Hunting
- Subea - Diving
- Tarmak - Basketball
- Triban - Cycling (Comfort-Oriented)
- Tribord - Sailing
- Van Rysel - Cycling (Performance/Racing-Oriented)
- Wed'Ze - Skiing and Snowboarding

Brands providing technical support for the products for the company's passion brands:

- Equarea - Clothing designed for the active removal of sweat.
- Essensole - Shoe soles and insoles
- Novadry - Waterproof and breathable clothes
- Stratermic - Warm and light clothes
- Strenfit - Light and Robust Synthetic fabrics (non-garment)
- Supportiv - Support and compression

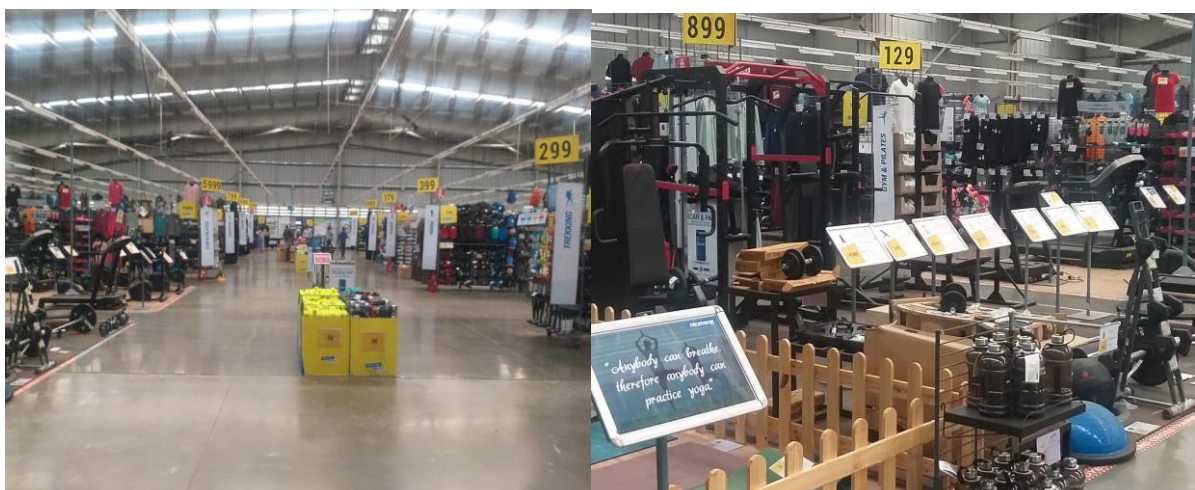


## FACILITY

The Decathlon facility is divided into 11 sections and 1 miscellaneous section, namely - Gym accessories, Hiking, Running, Football, Cricket, Other outdoor sports, Clothing, Swimming, Sports Accessories, Skating, Camping etc... The miscellaneous section is at the middle of these sections as shown in the picture below –



*Various sections of the Decathlon facility, Indore*





## **INVENTORY**

Inventory management is done by the staff. They have proper planned schedule for inventory management. As soon as the stock arrives, it is arranged in the trolleys and then assembled according to the sections.

The trolleys which are used in this process are shown below –



*Trolleys used for inventory management.*

## **LOGISTICS: INBOUND AND OUTBOUND**

### **PACKAGING**

The company follows two type of packaging in its warehouse for storage:

Standard packaging: These packages are of standard sizes and are exclusively designed based on fixed dimensions which is prescribed by default depending on the type of products. Adding to this the company opted for standard rack sizes to fit these standard boxes which enabled the maximum utilization of space.

Non-standard packages: Some products are big and bulky in nature whereas some have very arbitrary dimensions, such products are packed in non-standard boxes which may vary from product to product.

### **PRODUCT LOADING**

The warehouse has a state-of-the-art docking system wherein all the stores of decathlon have a dedicated bay which means only products going to a particular store will come to that bay which removes the possibility of wrong delivery, in fact eradicates any confusion whatsoever.

### **WAREHOUSE SETUP**

All the items in the warehouse are arranged on the basis of sports which allows easy access of all items as each and every rack is labelled with a unique barcode number which gives a precise data of what is where.

The warehouse has three compartments, and each compartment has various workspaces.

- The 1<sup>st</sup> compartment has all the loose pickings and these stored in the standard packages. Since these are the items which are loosely picked, they have been thoughtfully arranged at a human reach level. No forklifts are required in this compartment.
- The 2<sup>nd</sup> compartment has all the blue and professional range of products, these are also stored in the standard packages.
- The 3<sup>rd</sup> compartment has all the non-standard packages, and these are stored on high racks which require the use of forklifts.

The Decathlon plant is divided into three chambers: The first two chambers cater to standard products which make up to 80% of their business products.

The dimension of box size is fixed, i.e., 60x40x40.

There is a limit of 25Kg/box for a standard cell for transportation purposes.

The third chamber caters to Non-Standard products such as Bicycles, Gym utility machines and treadmills.

The Box sizes are of various dimensions depending upon the product.

The handling cost of Non- Standard items is greater than that of Standard items.

The division of Standard and Non-Standard items is done in the ratio of 2:1 so as to optimize utilization of space in the warehouse.

The transportation of both kinds of goods takes place together.

The colour marking scheme is also implemented in the warehouse:

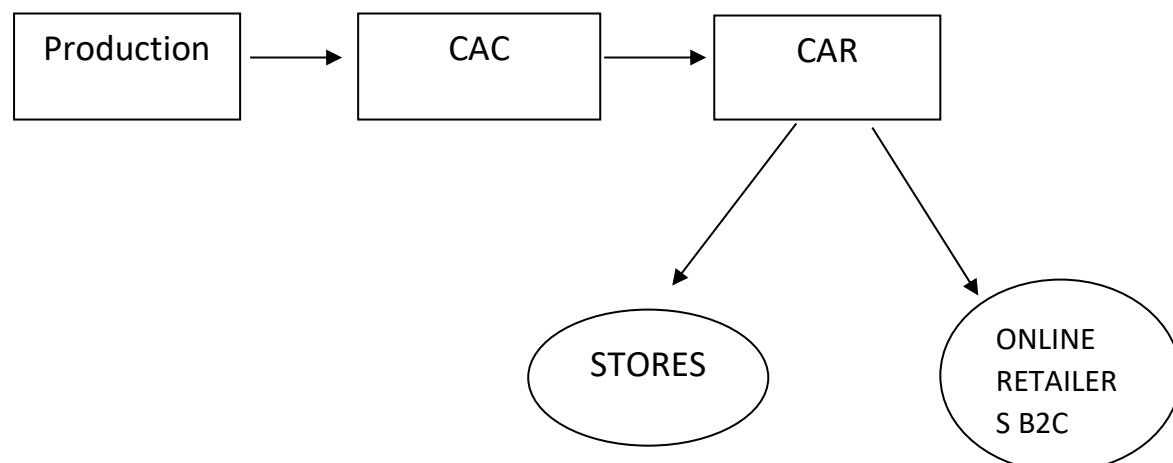
- Red Logistics mean loose stock.
- Blue Logistics indicate picking of boxes (in lots)

There are two types of Decathlon warehouses:

- CAC (Continental Warehouse)
- CAR (Regional Warehouse)

30% of the products present in warehouse are being exported.

The Decathlon plant has daily managers who are responsible for the safety of the warehouse and are being appointed in shifts. The movement of products takes place in the following cycle:



The activity of picking up of orders is dependent upon yesterday sales + safety stock which leads to the decision makers on deciding as to how many to pick for fulfilment of orders.

Every night a report is generated in accordance with the picking and delivering activities.

## **INDORE FACILITY LOGISTICS**

Every fortnight the store manager must send a report concerning about the stocks and inventory at the store.

According to this report, the products are transported by road from the warehouse at Bangalore.

The truck lay by station at this facility is shown below –



*Truck Lay by station at Decathlon, Indore.*

Decathlon follows **Backward Logistics** process.

This process involves moving goods from their typical destination for the purpose of capturing value, or proper disposal. Remanufacturing and refurbishing activities are included in the definition of reverse logistics. The reverse logistics process includes the management and the sale of surplus as well as returned equipment and machines from the hardware leasing business. Normally, logistics deal with events that bring the product towards the customer. In the case of reverse logistics, the resource goes at least one step back in the supply chain. For instance, goods move from the customer to the distributor or to the manufacturer.

When a manufacturer's product normally moves through the supply chain network, it is to reach the distributor or customer. Any process or management after the sale of the product involves reverse logistics. If the product is defective, the customer would return the product. The manufacturing firm would then have to organise shipping of the defective product, testing the product, dismantling, repairing, recycling, or disposing the product. The product would travel in reverse through the supply chain network to retain any use from the defective product. The logistics for such matters is reverse logistics.

*Principally, the products that they have stocked in their warehouses, the called 20/80 (Originally from the Pareto's Principle) products, that is to say, the 20% of their products represents the 80% of the sales, which are mainly the sports shoes and textiles. For other products, they have in stock just the cheaper range. Therefore, if you need an expensive product or minority sports products, they have to order it directly to the factory.*

*In this way, Decathlon focuses more producing cheaper products that will be sold soon and avoid the accumulation of stock.*

## **OUTSOURCING, RISK MANAGEMENT AND FORECASTING**

The decisions related to these aspects are solely taken by the upper management authorities as per the policy of Decathlon S.A., headquartered in France.

## **SUPPLY AND DISTRIBUTION**

### **DISTRIBUTION CHANNEL**

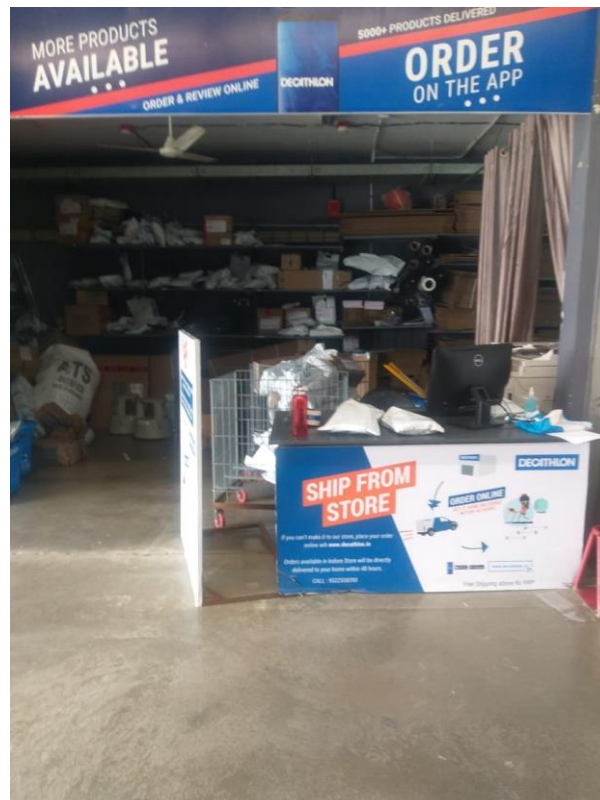
Decathlon reaches to their customers through two channels-company owned stores and company's own website. This helps the company in the following ways:

- Since decathlon follows reverse logistics, keeping this type of controlled distribution channel is essential in delivering the value to the customers.
- It also cuts the cost of any middlemen and other overhead costs that comes with it.

The supply and distribution of goods from this facility is done from the distribution section located in this facility itself.

Online orders are processed, and distribution is managed through this facility.

Currently, Decathlon has tied up with Snapdeal for selling of its goods and increasing sales.



*Supply and distribution section of Decathlon, Indore.*





The ship-from-store distribution strategy opted by Decathlon facilitates in greater customer satisfaction and increases customer engagement.



## **ECONOMICS REVIEW**

Its success has greatly contributed to the decline of independent retailers in France, while the spread of its own brands has caused great difficulties for traditional manufacturers. 2008 was a record year for the company as the brand Decathlon had beaten all its competitors on three key points: margin, market share, and highest turnover per square meter of retail space. It is arguably the third at a global level. A 2008 survey of 774 catchment areas at the request of the Ministry of Economy and Finance shows that “for sporting goods, Decathlon is dominant in 92.8% of zones”. This dominant position has the effect of marginalizing its commercial competitors, including independent retailers.

## **SAFETY**

Safety has been paid duly notice in the warehouse. There are separate walkways all throughout the warehouse for easy movement of pedestrians so that do not hamper the work of other employees as well as it ensures that no employees accidentally come in unwanted contact of other heavy machines being operated in warehouse.

There are 18 exits in the warehouse which makes sure the employees have enough escape routes in case of any emergency as the warehouse hold a tendency to burn down in 10 minutes in case of a fire mishap.

To monitor how many people are present in the warehouse at given point of time they have a dedicated name tag counter where you activate your tag when you are in. This type of monitoring helps in better planning in the warehouse.

## **TECHNOLOGY**

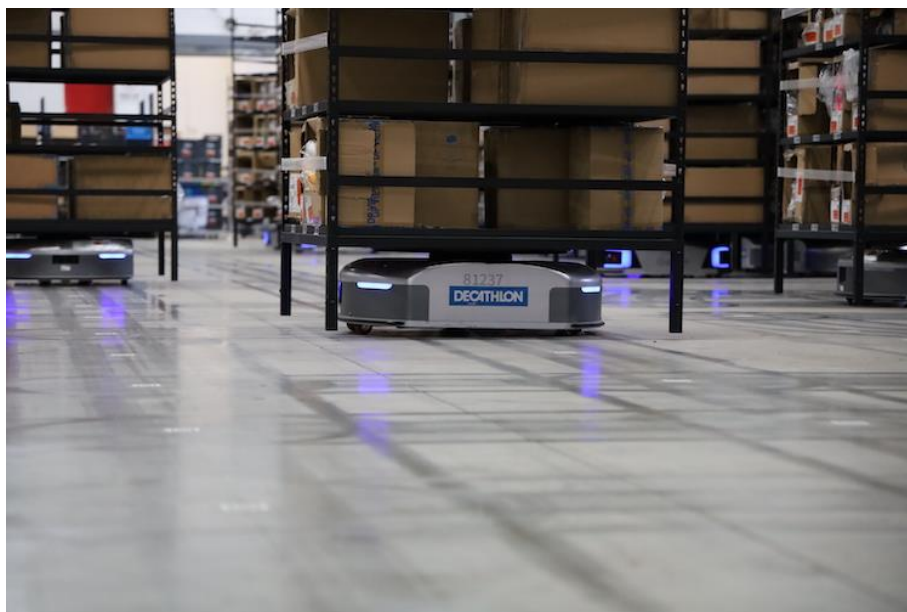
Warehouse robotics and automation provider Geek+ has extended its cooperation with Decathlon, one of the world's largest retailers of sporting goods, present in over 50 countries with more than 1,600 stores globally.

Following the success of a two-year collaboration in its e-commerce and retail fulfilment centres in Shanghai, Decathlon accelerated its automation program, with AMR deployments at two new sites in China.

The installations were successfully deployed remotely in under three months, following strict pandemic restrictions.

After its first deployment of Geek+ goods-to-person autonomous mobile robots to its warehouses in 2018, Decathlon was able to triple the average productivity of labour, increase inventory capacity by 40 percent, secure return on investment in under three years and rapidly scale up its automation at short notice without having to make any large investments.

With the support of the Geek+ system, Decathlon was able to achieve full 24/7 automated operations in one of its warehouses in Shanghai.



*Warehouse Automation at Decathlon, China.*

This automation technology has not been deployed in India. But, as per the recent information available on internet, automation would reach India by 2022.

## **CONCLUSION**

It was a very comprehensive and learning experience in a very compact session. All the various concepts that I observed being applied in the warehouse helped us connect our theoretical knowledge with the practical world's operations and comprehend a better understanding of it. This project facilitated me the opportunity to interact with industry professionals who were responsible for making things happen.

This type of industrial project not only connects the practice with theory but also help think of newer more efficient ideas on how to deliver maximum value to its customer. Apart from this, this exposure shall play crucial while joining any such process in the future as it will act as a base ground to start with where every student have some knowledge about how things take place in actual scenario.

## **RECOMMENDATIONS**

1. Right now, online orders are processed at Bangalore warehouse only. I would recommend region wise distribution of online orders by maintaining an extra inventory at the local hubs. This would enhance customer satisfaction since the order will be delivered on the same day or next day in case of bulk orders.
2. They should open local hubs in the city area of Indore, which in turn would increase customer engagement.

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