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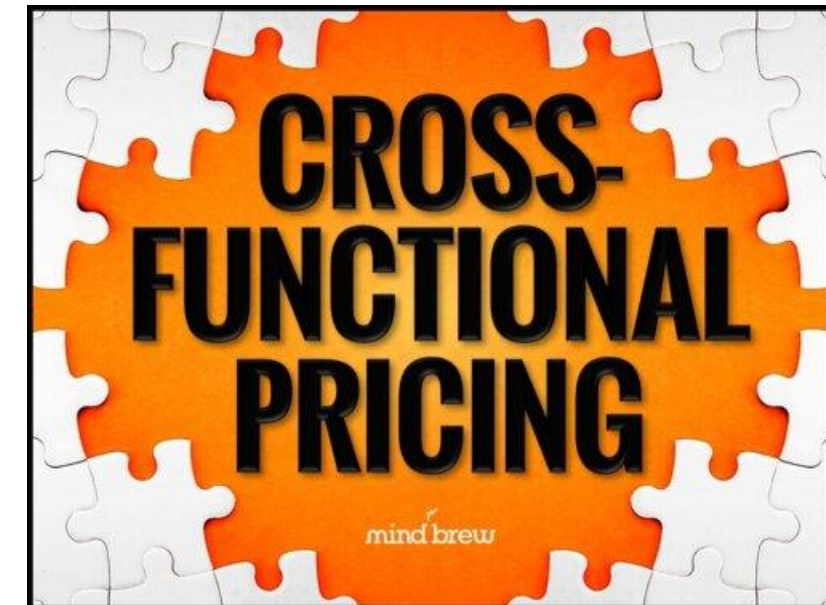


23BAE743 LOGISTICS AND SUPPLY CHAIN MANAGEMENT

UNIT 5 SCM Performance Drivers and Forecasting



Guess the Topic



Cross Functional Drivers (Pricing, Information and Sourcing)



Recap



Logistics Drivers (Location, Inventory, and Transportation)

Cross-Functional Drivers: Pricing and Sourcing

In today's competitive market, successful businesses need a strategic approach to pricing and sourcing. This presentation will explore key cross-functional drivers that impact both pricing and sourcing decisions. By understanding these drivers and fostering collaboration across departments, organizations can achieve optimal outcomes and drive sustainable growth.



Understanding the Pricing Landscape

Market Research

Conducting thorough market research is essential to understand competitor pricing, customer demand, and industry trends. Analyzing market data helps identify potential opportunities and price points.

Cost Analysis

A comprehensive cost analysis helps determine the true cost of producing and delivering goods or services. This information forms the basis for setting a profitable price.

Leveraging Competitive Intelligence



Competitor Pricing Analysis

Understanding competitor pricing strategies helps businesses determine their own competitive pricing. This involves analyzing competitor pricing models, discounts, and promotions to find opportunities for differentiation and market share gains.

Sourcing Trends

Monitoring industry trends in sourcing and supply chain management can reveal new suppliers, alternative materials, and emerging technologies. This allows businesses to optimize their sourcing strategies and secure better deals.

Customer Insights

Analyzing customer behavior, preferences, and pricing sensitivities provides valuable insights for pricing decisions. This helps businesses tailor their pricing strategies to meet specific customer needs and optimize revenue.



Optimizing Pricing Strategies

1

Value-Based Pricing

Pricing based on the perceived value of the product or service.

2

Competitive Pricing

Analyzing competitor pricing to set a competitive price.

3

Cost-Plus Pricing

Calculating cost of goods sold and adding a markup.

4

Dynamic Pricing

Adjusting prices in real-time based on demand and other factors.

Aligning Pricing with Marketing Objectives



Market Share Growth

Competitive pricing can attract new customers and increase market share.



Brand Awareness

Pricing can influence brand perception and positioning in the market.



Customer Loyalty

Value-based pricing and discounts can encourage customer retention.





Effective Sourcing: Supplier Relationships

Clear Communication

Establish open and transparent communication channels with suppliers.
Share expectations and requirements clearly.

Performance Evaluation

Regularly evaluate supplier performance against agreed-upon metrics.
Provide constructive feedback and support for improvement.

1

2

3

Collaborative Partnerships

Foster a collaborative relationship where both parties work together to address challenges and achieve goals.

Diversifying the Supply Chain

1

Geographic Diversification

Reducing reliance on a single region can mitigate risks from natural disasters or political instability.

2

Supplier Diversification

Working with multiple suppliers for different components or services ensures a more robust supply chain.

3

Product Diversification

Expanding product offerings or services can create opportunities for growth and resilience.



Reducing Procurement Costs

1

Negotiate Pricing

Leverage purchasing power to secure discounts and favorable payment terms.

2

Explore Alternatives

Investigate potential new suppliers or alternative materials to find cost-effective options.

3

Optimize Processes

Streamline procurement procedures to reduce inefficiencies and unnecessary expenses.

Sustainability Considerations in Sourcing

1 Environmental Impact

Evaluate suppliers' environmental practices, including waste reduction and energy efficiency.

2 Ethical Sourcing

Ensure that suppliers adhere to fair labor standards and ethical business practices.

3 Sustainable Materials

Prioritize suppliers using recycled or renewable materials.





Collaboration Across Departments

Sales & Marketing

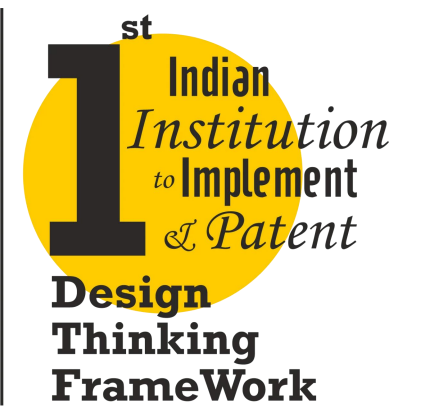
Sales and marketing teams can collaborate to create targeted campaigns, aligning pricing strategies with marketing objectives.

Sourcing & Finance

Sourcing and finance teams can work together to negotiate favorable supplier contracts and manage procurement costs.

Operations & Product Development

Operations and product development teams can collaborate to optimize production processes and reduce costs.



Thank You

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