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Research on the Path of Reducing Cost and Increasing Efficiency of Retail Enterprises From the Perspective of Intelligent Supply Chain

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ABSTRACT
The development of digital economy has promoted the fourth retail revolution. Retail enterprises have begun to shift from the scale-oriented stage to the profit-oriented efficiency improvement and value remodeling. Only by continuously reducing cost and increasing efficiency can we bring about stable growth of profits. Supply chain innovation with consumer demand as the core is the only way for them. This paper analyzes the driving force of reducing cost and increasing efficiency of retail enterprises from the current situation of business choice, and from the "real logistics, information flow, capital flow" three-in-one intelligent supply chain to reduce costs and increase efficiency, so as to shape the core competitiveness of enterprises and enhance the value of enterprises.
Keywords: *Digital economy, intelligent supply chain, reduce costs and increase efficiency, core competitiveness, the enterprise value*

1. INTRODUCTION

Nowadays, with the rapid development of digital economy, retail enterprises also tend to digital transformation, ushered in a new revolutionary wave. The core target of enterprise transformation is the pursuit of profit growth and the persistence of competitive advantage. From the exploration and practice of major enterprises, promoting the optimization and reconstruction of supply chain is an effective way to realize win-win and incremental development. However, the massive investment of capital and technology makes retail enterprises generally face the key problems of high cost and unsatisfactory operating efficiency.

In this paper, the relevant literature is compared and analyzed by literature research method. Under the current situation of increasingly fierce supply chain competition, this paper is aimed for an effective way to reduce costs and increase efficiency from the perspective of intelligent supply chain, hoping to bring theoretical and practical significance for the stable growth of enterprises.

2. LITERATURE REVIEW

Digital transformation is the core driving force of digital economy. Digital transformation of supply chain is the general trend. Building a supply chain ecosystem is an important strategic measure for future enterprise transformation and innovation. [1]. Enterprises need to go through planning, purchasing, warehousing, production and sales. It is more beneficial to cost control to analyze the cost data in every link of the supply chain. [2]. Enterprises can maximize the benefits of cost management by playing the role of supply chain.4 Digital transformation is the core driving force of digital economy1. Digital transformation of supply chain is the general trend. Information technology is the enabler of digital transformation,the supply chain segmentation and collaboration provide differentiated solutions, and building a supply chain ecosystem is an important strategic measure for future enterprise transformation and innovation.2 Enterprises need to go through planning, purchasing, warehousing, production and sales. It is more beneficial to cost control to analyze the cost data in every link of the supply chain. Enterprises can maximize the benefits of cost management by playing the role of supply chain. [3].

The so-called lean management is to reduce costs and increase efficiency, and the essence of reducing costs is to increase efficiency. [4]. Lean cost management concept combines with supply chain cost management, takes customer satisfaction as the premise, comprehensively controls procurement, design, production, logistics, service and other links, continuously improves its competitiveness. [5]. Dolcemascolo also pointed out that the systematic application of lean concept to the supply chain can comprehensively reduce the overall supply chain expenditure. [6]. Intelligent supply chain is an important tool to shape the core competitiveness of enterprises, and it is also essential to promote enterprises to improve quality, reduce costs and increase efficiency, improve the leading position of core enterprises and enhance the competitiveness of the whole industry chain. [7].

It can be found that there are many related literatures. However, with the emergence of new technologies, the supply chain of enterprises has become intelligent. Therefore, it is still of great significance to summarize the

path of reducing costs and increasing efficiency from the perspective of intelligent supply chain.

3. DRIVING FORCE--BUSINESS CHOICE

The digital economy drives the development of smart commercial times. At present, the business choice of enterprises is inseparable from four aspects: value growth, synergetic symbiosis, stock and increment, and interactive trust. [8]. These four business choices drive enterprises to create value for customers, maintain long-term competitive advantage around the innovation and optimization of supply chain. High costs and expenses have been spent on scene subdivision, technology research and development (R&D), and promotion of customer stickiness. In order to obtain long-term profits, it is necessary to find an effective way to reduce costs and increase efficiency.

3.1. Value Growth

With the increasingly fierce competition environment, customer resources have become the primary resource for enterprises to compete for. Creating customer value has become the engine for enterprises to seek profits and drive the growth of enterprise value. The promotion of customer value requires enterprises to create an unbounded format with unlimited scenes, endless goods and seamless business, which will be immeasurable for capital consumption. While providing welfare to consumers, the high cost of customer maintenance and operation also bring heavy burdens to enterprises, so it is extremely urgent for enterprises to reduce costs and increase efficiency.

3.2. Synergetic Symbiosis

Under the trend of all-information environment and integration development, digital technology catalyzes the value chain into a value network. The collaboration of data enables the co-existence of partners in the original value chain. Collaborative value partners can maximize the integration and allocation of resources, and create value by symbiosis. This will far exceed the internal value of the original value chain. In the long run, if an enterprise wants to maintain its core competitiveness, it needs to give consideration to the upstream and downstream enterprises of the supply chain, realize the optimization and reconstruction of the whole supply chain, and reduce costs and increase efficiency, so as to obtain greater value space.

3.3. Stock and Increment

In the era of rapid changes in social environment, if an enterprise wants to gain sustainable competitiveness in its operations, first, it needs to increase the original core business value, and second, it needs to expand the new business space. If an enterprise wants to keep the profit and development space of its original core business, it is bound to be inseparable from effective cost control. With the upgrading of consumer demand, enterprises have to expand new business and innovate business model, so as to realize multi-format development. This requires enterprises not only to ensure huge capital investment, but also to ensure high operating efficiency.

3.4. Interactive Trust

The human society with all things connected has formed a complete "social neural network". High transparency and symmetry of information are needed between enterprises and customers. Mutual trust between upstream and downstream enterprises is precisely the cornerstone to enhance the competitive advantage of supply chain. It is the only way for enterprises to strengthen the construction of information technology and create a safe and orderly information system. However, with the continuous increase of Research and Development (R&D) expenditure in technology, the cost of enterprises is too high, resulting in shrinking profit margin. For this reason, enterprises should actively seek effective ways to reduce costs from other channels when ensuring technological upgrading.

4. PATH ANALYSIS

4.1. Logistics Link

4.1.1. Smart procurement

Procurement cost is the most important cost expenditure of retail enterprises, which is the key for enterprises to increase revenue and reduce expenditure. The intelligent supply chain of retail enterprises takes procurement as the entry point and uses cutting-edge technology to realize smart procurement. On the one hand, it optimizes the procurement process and improves the efficiency of procurement; On the other hand, it helps enterprises to make reasonable purchasing plans, reduce resource waste, and reduce inventory costs and purchasing costs.

The current automatic sourcing system built by enterprises can greatly improve the efficiency of procurement. First of all, it predicts the purchase intention of customers by analyzing their interests and behavior patterns, and pushes the desired products to customers, to ensure the success rate and reduce the time cost of transactions. Secondly, in order to meet the unique needs of enterprises, the automatic sourcing system will automatically match high-quality supplier categories according to the purchasing needs of enterprises, thus reducing the purchasing cost. [9]. Smart procurement not only adapts to customers' consumption habits, but also gradually changes customers'

thinking habits, and promotes the improvement of transaction efficiency and benefits.

4.1.2. Intelligent logistics

The innovation and application of new technology make the logistics system of enterprises develop towards intelligence, and the ways of warehousing and distribution have been improved, which accelerates the efficiency of distribution operation. [10]. For example, JD.com develops and designs unmanned warehouses in the whole process. In the long run, it can improve the response efficiency to customer needs and save a lot of labor costs and warehouse management costs. The use of unmanned aerial vehicles and distribution robots can also improve the distribution quality and efficiency better and faster. The intelligent line-throwing robot realizes the full automation of the outbound process, which makes a qualitative leap in work efficiency.

Intelligent supply helps enterprises to identify the places where there is intensive demand for a certain commodity and predict the quantity of demand. Enterprises can deliver the corresponding goods to the adjacent warehouses in advance, so as to improve the efficiency of supply and storage turnover, which can greatly reduce the rate of commodity shortage, and play a role that cannot be ignored for the improvement of the overall operating efficiency.

4.2. Information Flow Link

Enterprises must strengthen information construction in order to improve the mutual trust of management. In the short term, the research and development of information technology costs a lot. However, mature information systems can ensure that the efficiency of enterprises and supply chains is greatly improved. High trust among enterprises can also make Other People's Money (OPM) and supply chain finance play a better role. This can greatly save the capital cost of the supply chain and form a virtuous circle of supply chain development. Therefore, in the long run, enterprises' investment in information technology will have more advantages than disadvantages in reducing costs and increasing efficiency in the long run.

4.2.1. Information technology platform

The construction of information technology platform can greatly simplify the overall operation procedures of enterprises, and the establishment of digital "tentacles" breaks the original boundaries and limitations, and realizes the maximum coordination of various work scenarios. Enterprises follow the concept of cross-organizational cost management and build an information technology platform to provide a more convenient and efficient way for internal procurement, warehousing, logistics and information transmission among enterprises. This also avoids information asymmetry between upstream and downstream enterprises, reduces transaction costs and improves overall operating efficiency.

4.2.2. Customer consumption information database

By establishing a strong database, enterprises can fully collect customer consumption data. On this basis, they analyze customer consumption behaviors, preferences and other consumption habits, and push personalized and targeted products and services to them according to their different needs, which not only creates customer value, but also reduces customer acquisition and transaction costs. The improvement of customer satisfaction has reduced the return rate of products and reduced the return cost. [11].

4.2.3. Information sharing system across organizations

Under the increasingly fierce competition in supply chain, strengthening information transmission between upstream and downstream enterprises in supply chain is the key to realize collaborative value. The establishment of shared information system can effectively control the "bullwhip effect". [12]. Using big data and other technologies to analyze data and output it in the form of readable information makes the information obtained by supply chain members more intuitive. This enables all parties in the enterprise to give full play to their respective advantages and realize deep collaboration, which will contribute to the improvement of operational efficiency among enterprises and create collaborative symbiotic value of supply chain.

4.3. Capital Flow Link

4.3.1. Other people's money (OPM)

The development of modern high-tech means can effectively identify the financial risks in the supply chain and effectively control the financial risks brought by OPM strategy. Therefore, enterprises can balance the relationship between inventory and accounts receivable by implementing OPM strategy to ensure the rational use of funds in the supply chain. [13]. OPM strategy will use the occupied funds for investment and business activities, transfer the cost of funds, and ensure a high cash turnover rate. Intelligent supply chain can grasp the financial situation and risks of the whole chain, so as to select suitable suppliers for enterprises and avoid the financial risks of OPM strategy in the supply chain. Therefore, under the condition of intelligent supply chain, implementing OPM strategy can not only improve the

efficiency of capital use, but also reduce the cost of capital management and financing.

4.3.2. Supply chain finance

Supply chain finance can revitalize every key link in the supply chain, and improve the financing difficulties and high financing costs faced by small and medium-sized enterprises in the chain. Procurement is the key link of supply chain finance, and the combination of procurement and supply chain finance further improves the convenience of transaction. Supply chain finance plays a role at the node where its funds are deposited. This includes the deposit paid by the bidder when the purchaser bids, and the large amount of funds advanced by the supplier for purchasing materials when the enterprise signs a long-term quantitative purchase contract with the supplier. Enterprises can use the deposited funds for other investment activities to increase their profits, shorten their cash flow cycle, and reduce procurement costs, thereby reducing the operating costs of enterprises. [14]. Through the market leverage of finance, enterprises can realize the efficient and accurate allocation of resources in the supply chain and realize the overall improvement of benefits.

5. CONCLUSION

From the perspective of intelligent supply chain, this paper seeks the way to reduce costs and increase efficiency for retail enterprises. It is found that intelligent procurement and intelligent logistics can save procurement costs, transaction costs and warehousing logistics costs. The innovation and use of information technology helps to realize the external information sharing and internal deep collaboration of enterprises and improve the operational efficiency. Enterprises use OPM strategy to reduce their own capital costs, and play the key role of supply chain finance in reducing costs and increasing efficiency of the whole supply chain. Enterprises should follow the concept of cross-organizational cost management, and take the cost reduction and efficiency increase of the whole supply chain as the core to obtain stable and sustainable profits.

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