The attached educational project, by Kishauna Naomi Williams entitled CUSTOMER INTIMACY: A NEW MISSION FOR SUPPLY CHAIN MANAGERS, when completed, is to be submitted to the Graduate Faculty of the University of Wisconsin-Platteville in partial fulfillment of the requirements for the (MASTER OF SCIENCE IN INTEGRATED SUPPLY CHAIN MANAGEMENT) degree.

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Suggested content descriptor keywords:

Customer Intimacy; Supply Chain Managers
Customer Relationship Management (tools)
Customer-Centric Supply Chain Strategy
A Seminar Paper

Submitted to the Graduate Faculty of

the

University of Wisconsin, Platteville By

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in Partial Fulfillment for the Degree of

MASTER OF SCIENCE IN INTEGRATED SUPPLY CHAIN MANAGEMENT

Year of Graduation: Spring 2020
Acknowledgments

I would like to thank Arline Perrier, Kimberly Whitehead, and Lawayne DaCosta for useful discussion and support while working on this project.
ABSTRACT

Too often operational efficiency is the main metric used to evaluate supply chain performance; however, the idea of customer intimacy is not considered. Customer intimacy strategies and the effects of a customer-centric supply chain have a clear positive impact on the overall performance of a supply chain. The primary purpose of this research is to encourage supply chain managers to explore customer intimacy strategies and CRM tools that would be beneficial in strengthening customer relationships thus creating a robust supply chain. This was done by reviewing existing scholarly journals, magazine publications, case studies, and research papers to draw conclusions and present real-world examples. The research proved that without proper use of appropriate CRM tools and a supply chain strategy in place that is customer-focused, organizations will find it very difficult to connect with their customers and gain market share.
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Introduction

Statement of the Problem

Most Supply chains today are the product of Sales and Operation Planning (S&OP). The issue with S&OP is that there is no mention of customer intimacy, or how to build and/or strengthen the customer’s relationship which in turn gains customer loyalty to the organization. According to Jiang (2001) meeting, customer’s demand by providing various service activities will not only enhance the company’s competitiveness but also achieve a high level of customer satisfaction, customer loyalty, and business performance. The research question then arises: What can supply chain managers do to create a more customer intimate environment for the benefit of a robust supply chain?

Purpose of the Study

The primary purpose of this research is to encourage supply chain managers to explore customer intimacy strategies and CRM tools that would be beneficial in strengthening customer relationships thus creating a robust supply chain. Understanding the customer base and how to grow and retain it, is one of the main pillars in supply chain management. Another goal of this research project is to provide organizations tools and strategies to build customer intimacy and relationships with their customers. It’s the intention that the readers can use this paper to implement practices that will strengthen their supply chain and customer touchpoints.

Significance of the Study
Over the years, the idea of establishing a closer relationship between business and their customers is becoming more prevalent, however, it seems that building these intimate relationships is not a top priority for most organizations. In the past, door to door selling was more prevalent and generally accepted. The evolution of technology and time has forced companies to invest in taking a deeper dive into their customer’s behavior. This exploration is done to foster a deeper intimate connection to grow their business and encourage customers to remain loyal. As time passes and consumers become more sophisticated, organizations and their supply chain managers must find ways to understand consumer needs, their preferred way of doing business, and foster a closer relationship. Effective use of customer relationship management (CRM) tools and strategies can allow companies to target ever smaller segments and to tailor their offerings and build customer intimacy. The consideration of customer intimacy strategies has become an important part of strengthening a supply chain. Supply chain managers in all aspects of the supply chain must come together to evaluate and seek out new ways of doing business to bring growth and efficiency to their businesses.

Customer intimacy can be defined as a marketing strategy where a supplier wants to build closer relationships with their customers for growth and retention. Customer intimacy means the customer gets exactly what they need and is serviced in the best possible way. This way of thinking typically is beneficial for both the customer and the supplier. “To foster this kind of intimacy, companies must find ways to present themselves not as manufactures or marketers, but as partners in the customer’s experiential journey” Gobble (2015).

The benefits of greater customer intimacy for a business might include improved problem-solving capabilities and greater adaptation of products to meet customer needs, as well as higher customer loyalty levels. Customer intimacy allows for a high level of customer
satisfaction and collaboration. It is positivity related to customer word-of-mouth, communication, and repurchase intentions. This way of doing business also leads to the development of new products and processes with the customer’s interest at heart.

Below illustrates the correlation between customer advocacy and an intimate relationship. When a customer is happy with the service and/or product they receive from a supplier they are more likely to be engaged, buy more, and promote their supplier. This type of relationship results in growing partnerships.

![Customer Intimacy Model](https://imgbin.com/png/NkxxGww8/customer-experience-customer-service-customer-satisfaction-intimate-relationship.png)

**Figure 1.** Customer Intimacy model

The most important question is, how can supply chain professionals use customer intimacy strategies to manage different aspects of the supply chain? Most Supply Chain managers think that customers make decisions mostly on price, however not considering customer loyalty is a huge mistake commonly made. According to Russo, Ivan & Confente, Ilenia. (2017). “Companies outsource various activities, which enable them to improve efficiency, reduce costs, focus more on core competencies and improve their innovation capabilities. Supply Chain Management synchronizes the efforts of all parties-particularly suppliers, manufacturers, retailers, dealers, customers-involved in achieving customer's needs”.

Despite much research, the relationship between customer intimacy and the supply chain strategy remains insufficiently explored and understood by practitioners and academics. It is my goal that this research will fill the gap that currently exists and provide CRM tools that are beneficial.

**Methodology**

The primary research method for this project will consist of reviewing existing scholarly journals, magazine publications, case studies, and research papers to draw historical information and real-world examples of how using customer intimacy can impact the supply chain.

**Literature Review**

Customer integration into supply chains is a concept that seems to be garnering more interest from both academics and practitioners. The focus of traditional supply chains has mostly been on how to reduce operating costs and increase efficiency in areas such as production planning, outsourcing, and logistics processes. Our current environment has prompted practitioners to re-evaluate what other areas should be considered to propel their supply chain to
greater levels of execution. Nowadays, supply chains are operating in a world of continuous change, globalization, competition, and demanding customers. Customer requirements and satisfaction drive most of the changes that supply chains implement. Overall, the end goal is to perform exceptionally well, provide great products, and be the most attractive organization that can increase the competitive advantage to attract new customers and maintain current customer happiness. To achieve the above mention ideas, customer intimacy which includes the drive to achieve customer loyalty and a more customer-centric supply chain should be a top priority for all firms.

The role of the customer in the supply chain has gained much attention in the literature, however, I found that studies regarding tools and best practices on how to be a more customer-centric supply chain were limited. It is widely accepted that in the world of supply chain that efficiency can lead to customer satisfaction, however, some literature suggests something different. Martinelli & Tunisini (2019) reported that although improved efficiency throughout the end-to-end supply chain can enhance a firm's competitiveness, it will not necessarily make the firm a winner. The rationale is that improving efficiency alone will not help the firm to differentiate its products and services from those of its competitors. Other factors such as understanding the customer, their technical requirements, and how to make them happy are equally important.

Items such as market volatility, globalization, and demanding customers can challenge a company’s position forcing them to re-evaluate their current practices and reconfigure themselves which allows for a change in strategies and goals. For these reasons, some authors have suggested that practitioners focus more on supply chain orientation (SCO) and a customer-centric supply chain.
Regarding supply chain orientation, it can be described as integrating an SCM philosophy into a firm’s strategic plan and reflects the extent to which top managers incorporate that philosophy. Patel, Azadegan & Ellram (2013) examined the effects of strategic SCO and structural SCO on a firm's operational and customer-focused performance. To conduct this research the authors used primary and secondary data (surveys and archived) from 183 Midwestern US manufacturers, along with multiple tests of robustness on a series of alternative models. Their research concluded that strategic SCO is positively associated with operational performance and customer-focused performance, but structural SCO is only positively related to operational performance. The study also goes on to say that without strategic SCO, supply chain-related opportunities that can enhance a firm’s operational productivity or customer service may be overlooked. Understanding a firm’s strategy is required because this directly influences top managers’ decisions and resource allocation. With proper resource allocation, firms can better leverage their internal resources to meet the expectation of the customer. Through compatibility, strategic SCO ensures that there is consistent objective among supply chain members and a “unified focus on providing value to the ultimate customer, thereby improving each firm's customer-focused performance” (Patel, et al., 2013).

At the end of the day, customers and their needs are the glue that holds a supply chain together. All decisions that firms make typically has some implication on how the customer is serviced. This has spawned the customer-centric supply chain. Madhani (2019) explored the significance of the customer-centric supply chain strategy. The study also provided a supporting matrix to underscore the various attributes of a customer-focused supply chain strategy. The study developed the 4Rs (responsiveness, resilience, reliability, and realignment) framework which he argued is required to build a customer-centric supply chain strategy. Madhani (2019)
also formulated a value creation framework to emphasize the overall benefits in terms of improved firm performance.

Customer satisfaction was also a reoccurring theme in Madhani 2019 study. It is documented in many works of literature that customer satisfaction is the foundation of customer retention and loyalty. Additionally, most firms that are customer focused will develop strategies for increasing customer satisfaction and be sure their supply chain strategy guides them in that direction. According to Madhani (2019) Responsiveness, Resiliency Reliability and Realignment (4Rs) are major contributors in enhancing customer value position and the creations of a customer-centric supply chain, however, there was some limitation to his study. This was a theoretical study and the framework presented did not validate any scales for the variables, hence we cannot know with certainty that these 4Rs assist in the creation of a customer-centric supply chain. Empirical tests are needed to evaluate Madhani claims.

Customer-centric supply chains (CCSC) that consider customer intimacy, satisfaction, and loyalty are the best way to do business. For CCSC to be fruitful, supply chain managers should utilize the voice of the customer techniques and other CRM tools for the development of their business supply chain model. Zhang & Awasti (2014) proposed a technique called sustainability function and deployment (SFD) which was developed on the concept of quality function deployment (QFD) to model customer and technical requirements, establish the relationship between them and prioritize them for developing sustainable supply chains. Empirical research was conducted, and a practical application was provided. The results showed that SFD helps model customer and technical requirements by using surveys that generate priority of customer requirements by using a priority matrix. While this proposed technique
seems to yield positive results, research on this topic is very limited. It's my opinion that additional studies should be conducted to test its viability for practitioner utilization.

While strategies are important and required because it helps top managers decide on the direction of the organization, the operational component of how to build customer loyalty remains. Zhang & Awasti (2014) was clear that the voice of the customer is important, and surveys are the preferred method to collect this data but there must be additional tools that can be explored to get to know the customer. Mandina's (2014) study was a combination of descriptive and exploratory research methods that were used to achieve more realistic findings. Both qualitative and quantitative studies were conducted. He concluded that customer relationship management (CRM) strategies must be fully implemented to increase benefits to the company and the customer. Tools such as sales force automation (SFA), personalization, and e-mail marketing are recommended. His study sheds light on the importance of CRM tools. These tools allow the organization to build a relationship with the customer that fosters trustworthiness and loyalty hence, allowing for customer retention and growth.

Customer intimacy in the supply chain can only be achieved by a combination of strategy and tools that work together to achieve customer satisfaction, loyalty, retention, and growth. The idea of strategy was a re-occurring theme in three of the studies reviewed. On the other hand, a strategy can't be executed without processes and tools, hence the introduction of CRM. Other research found in this literature review stressed the importance of CRM, provided examples and data to support the use of CRM tools to identify customer needs and requirement as shown in Zhang & Awasti (2014) study and how to gain customer loyalty as shown in Mandina (2014) study. Future research should explore how a customer-centric supply chain strategy and CRM should work together to achieve customer intimacy.
Customer Intimacy Strategies

Customer intimacy can infuse value in any business relationship. To provide value, supply chain managers must understand what value does the customers desire and how they can meet those desires. Some companies lack a customer experience strategy. It thought that as long as products are being delivered on time and in full (OTIF) customers will be happy unfortunately, OTIF is not the only metric that needs to be considered in this era. According to Band & Hagen (2011), a successful strategy consists of these components: 1. Describes the intended experience. 2. Directs the activities and processes. 3. Guides the allocation of resources. Below are some strategies that can be implemented, so a company can be better in sync with their customer’s needs and win loyalty.

1. Employ practices that prioritize customers.

More and more companies are moving to a segmentation platform. While all customers are important and valued, identifying how your customers rank is also important this is also called segmentation. First, companies must identify what is most important when evaluating their customers. Classifications should be formed around customer characteristics or factors that allow for the organization to separate customers into distinct needs-based or value-based segments.

Segmentation is an activity that provides various amounts of information that is useful in prioritizing customers. Factors such as growth rates and the cost of doing business in a segment should all be evaluated. Any attempt to segment the market is better than none. Rather than trying to "be all things to all customers" (shotgun marketing), companies should divide broad technology markets into segments and place a priority on only key ones” (Dunn & Probststein 2003). Some companies use revenue generators as their main segmentation criteria, however, items such as potential scalability should not be overlooked.
2. **Become more customer-centric by reviewing and adjusting current policies**

Doing business in a way that places the customer needs both pre-and post-sale at the forefront is a Customer-centric approach. Companies need to put customer service policies at the forefront. Good customer service allows customers to get more value out of product or service. According to Power and Stanton (2015) “We have shifted from a competitive landscape in which companies are more exclusively focused on external forces affecting their industries and sectors, to one that has become significantly more customer-centric”. In a nutshell, supply chain managers should evaluate their current process to make customer involvement more prominent; doing so will provide the peace of mind that the ultimate customer wants and needs are being considered and addressed.

An example of an organization that redesigned its process for developing and introducing new products in response to a customer request is Rich Products. In the past Rich Products functioned in a Silo based process, it was very segmented. “A marketing person with a new customer opportunity would contact his or her favorite R&D associate, the regulatory and quality assurance department, packaging, and the plant at a different point in the process “(Power and Stanton 2015). To alleviate breakdown of information and lengthy customer response time Rich Products transitioned to a more collaborative approach. The new process was developed to bring a more collaborative internal cross-functional approach with the customer as the primary focus. This allowed all teams to be in one room to discuss the customer, their needs, and create a strategy to assist the customer with a quicker turn around in response time.

3. **Reward customers for their loyalty**

This strategy may not apply to all businesses but may be more suited for an individual consumer base. Once a consumer base has been established, a system should be created to
reward the customer for their loyalty and advocacy of the brand. Actions such as repeated purchases, positive social media engagement, positive reviews, survey participation, and securing contracted volume should be rewarded.

4. *Hold events for product demos and workshops.*

Onsite demonstrations, webinars, and training can build trust between the customer and their supplier.

5. *Publish free content to help customers gain more value from services or products.*

Companies should consider creating and publishing free content that customers can use to gain more value from their products. Webinars and social media content are examples of things any company can do.

**Customer relationship management: Knowing and understanding your customer**

No matter how good a product or service is, the fact remains customers will not buy in if they believe a need does not exist; because of this, it is the business's responsibility to have a clear understanding of market trends. Once a company can identify current and future trends in the marketplace, they can employ it to motivate potential and existing customers that the product and/or service is in their best interests. According to Treacy and Wiersems (1992), some companies have designed operating models that allow them to address each customer or small subsegment of their market individually, as much for the sake of the company’s profitability as for the customer’s satisfaction. Their infrastructures facilitate multiple modes of producing and delivering products or services.
Every business should be able to quickly distinguish themselves from the competition. Dunn, D., & Probst, S. (2003) introduced the USP Approach. The Unique Selling Proposition (USP) concept for consumer marketing is where a unique benefit is emphatically communicated. An organization’s USP can be identified by completing the phrase “Customers will buy from me because my business is the only...” There should be more than one reason why a customer will buy from a company, that is because not all customer has the same wants or needs. It is the responsibility of the organization to fulfill as many needs without jeopardizing their brand.

For example:

i. A company could offer free shipping for a certain segment of customers who spend over a certain amount per year. This is an effective USP for customers that are contracted for a certain volume per year. This benefit would most likely be referenced in their contract.

ii. The same company could offer a discount to businesses that submit their orders via EDI versus manually (email) this would be a USP for efficient conscious customers.

All of these USPs can be effective because they are driven by what the customer looks for when making a buying decision.

**Touchpoint**

After the organization has identified its customer, placed them in segments, next is to identify how do they like to do business. Barnes and Kelleher (2019) suggest that touchpoints are all how your customer interacts with your business/organization. Each of these interactions takes place at a point in time, within a certain context, and to meet a specific customer need or want.
Some examples of touchpoints include emails, point of service displays, websites, text messages marketing, and direct mail marketing. Newer touchpoints are constantly being introduced and to gain or maintain competitive advantage companies need to adapt them to stay relevant. Social media channels are constantly growing. These channels enable consumers not only to establish social relationships with companies to learn sales, new products and services, and events but to voice their dissatisfaction and complaints about the company, its products, and brand as well. Touchpoints will continue to be an invaluable source of insight, particularly in the fast-changing digital arena for any company.

![Customer Touchpoints](image)

**Figure 2.** “Customer Touchpoints” Created by Kishauna Williams

Due to the availability of resource both financial and labor, identifying the most beneficial touchpoints for the organizations in crucial. The most relevant touchpoints are indicative of the nature of the business and the customer base. For example, a small local
grocery store will have many different touchpoints in comparison to a large online retailer such as Amazon.

Touchpoints are a critical tool in evaluating customer satisfaction and increasing loyalty. Companies should attempt to obtain as much information as possible at each touchpoint, while not overburdening the customer or prospect. The information collected should be analyzed and used to improve customer happiness and correct or improve any deficiencies found.

**Behaviors that attribute to Customer Loyalty**

Employees of any organization are the driving force behind satisfied customers. This includes top-level executive to bottom level front line employees. All employees must have the underline understanding that regardless of their role or title within the organization, they're ultimately responsible for customer satisfaction. “In practice, this means that employees must behave in such a way towards customers that these customers are not only fully satisfied with the service provided at a particular moment but in a longer-term perspective, to become loyal to the organization” (de Waal & Van, 2016).

Managers should be able to define what customer loyalty means the organization clearly and concisely so that it can be measured against the organization’s strategic goals. After customer loyalty is defined, the organization should put practices in place to track customer’s loyalty. “Various performance indicators include customer satisfaction, customer complaints, and performance indicators to influence the attitude of customers positively” (Aksoy 2013).

Some people make purchasing decisions out of convenience, I can attest to this. I like the shopping experience at Publix supermarket more than I do Kroger grocery store, however, I shop more at Kroger because it is more convenient for me. The locations are nearer and the pricing I
find to be better. The foremost mentioned example can be defined as behavioral loyalty. Behavioral loyalty refers to customers who are loyal out of habit. Typically, these people stay with a brand based on convenience despite how unsatisfied they may be with the customer experience.

Attitudinal loyalty is another element of the overall concept of loyalty; it focuses on how strong emotional commitment or attachment is to the brand. When a customer trust and depends on the brand in their mind there are no substitutes. Attitudinal loyalty without behavioral loyalty has no financial impact for organizations, while behavioral loyalty without attitudinal loyalty is competitively unsustainable. Companies should strive for a positive customer attitude that drives positive customer behavior.

Loyalty/reward program

According to Ieva & Ziliani (2017) Loyalty programs (LPs) have been in use since the early 1980s, when airlines first introduced them. They have since proliferated across numerous industries including retail, travel, and financial. The retail sector accounts for most LP memberships. Over 50 percent of the top 100 US retail chains have an LP in place. Loyalty programs have evolved from being considered a type of promotion with a longer-term focus to an important customer relationship management tool (Ieva & Ziliani 2017). LP participation may boost the emotional benefits of consumers, giving them a sense of gratitude, belonging and recognition to the company. Rewards may be monetary (discounts, rebates) or non-monetary (preferential treatment).

Companies that wish to implement a customer loyalty program may find it beneficial to keep customers returning and loyal. However, the challenge may be how to implement.
**Step 1. Set clear goals**

Clear cut goals must be set for the customers to look forward it, additional the rewards should align with the customer desires. If the customer doesn’t find the rewards beneficial, they will not participate and/or lose interest. Companies should use their product as a reward or a discount for future purchases.

**Step 2. Decide how customers will make progress**

Ultimately, customer referrals, the purchase of more products, or additional service visits are the main conduit of how customers will progress through a loyalty program.

It should be noted that failure of loyalty programs is imminent due to poor management of them, frequent reviews are needed to make sure customers are happy and the company is receiving the benefits they intended to achieve.

**Customer Retention**

Retention of customer has shown to be a crucial objective in organizations that practices relationship marketing; (Coviello et al., 2002). Even though an accurate definition and capacity of customer retention can vary between sectors and firms (Aspinall et al., 2001) it is a general perception that focusing on customer retention can result in several economic benefits (Dawkins and Reichheld, 1990; Reichheld, 1996; Buttle, 2004). As customer tenure grows with a business, the volumes purchased will naturally grow and customer referrals increase. At the same time, the cost associated with maintaining a relationship will fall over time as both customers and suppliers learn more about each other. As a final point, retained customers possibly will pay
higher prices than freshly minted customers and are least likely to be given discounted offers as these are often made to new customers. Case in point, Lindgreen et al. (2000) postulate that “it can be [up to] ten times more expensive to win a customer than to retain a customer – and the cost of bringing a new customer to the same level of profitability as the lost one is up to 16 times more.”

The Effects Self-Service Channels on Customer Retention

Over the last decades, information communication technology has constantly changed the way customers experience a customer service representative and their rapport with a service provider. According to Scherer et al (2015) “In the present day, 58% of United States bank customers have a preference to conduct their financial transactions online, through an ATM, or via mobile phone through mobile banking (American Bankers Association 2013), 59% of United States customers have a preference to purchase their retail items or groceries on the Internet (Nielsen 2012), and 68% of airline customers across the worldwide check-in for their flight online, on their mobile phone, or self-check-in kiosk at the airport (SITA 2012). As a result of the introduction of such technology centered around self-service channels, customers have become “active participants” to a certain extent than a “passive audience” in service delivery (Prahalad and Ramaswamy 2000)”.

Companies should consider the advantages of both service channels but the push for more self-service channels is being introduced. This can be a disturbing trend as recent research indicates that the value customers can derive from self-service channels differs from personal service channels in a way that does not allow a mere substitution of these channels (Kumar and Telang 2012).
According to Scherer et al. (2015), Organizations should be careful when utilizing self-service channels. Indications are that self-service customers are not necessarily satisfied with a provider’s self-service channel, but simply stuck with it (Buell et al. 2010), and self-service channels can harm customer loyalty when used as a full substitute for personal service channels (Selnes and Hansen 2001).

**Evaluating Customer Engagement**

What is customer engagement? Slater, Olson & Reddy (1997) defined it as “The willingness of customers to spend their time on the company for mutual benefit, often through brand advocacy or other involvement”. Companies reviewing their engagement metrics should consider looking at customer referrals, advocacy on social media, reviews, and/or participation on their websites. What should be considered is how well is the data received from these measures being analyzed and used. Data are just numbers, but it is not useful if the organization does not know how to evaluate it and make changes to their processes based on information gathered. Another key aspect to consider is employee engagement. Employee engagement can be directly tied to customer engagement. Unhappy employees cannot be expected to provide good customer service, in- fact, unhappy employees can be harmful to customer satisfaction and loyalty.

Bowden (2009) argued that the process of customer engagement, outlined below proposes that individuals move through a sequential psychological process to become loyal to a service brand. It is argued that there are separate temporal pathways for first-time users of a service brand, compared to repeat users of a service brand.
**Figure 3** A Conceptual Framework for the Process of Engagement. Adopted from The impact of different touchpoints on brand consideration. By J.Bowden, 2009, *Journal of Marketing Theory and Practice.*, 17(1), 63-74.

Overall, the key take away is monitoring and improving each of the service metrics the organization has in place will result in better customer engagement, improved long-term loyalty, and higher revenue for the company’s brand.
SUMMARY AND CONCLUSION

Discussion

My findings suggest that the use of customer relationship management tools and the execution of a customer-centric supply chain strategy is essential is creating intimacy, satisfaction, loyalty, and growth between an organization and its customers. The research demonstrated that certain CRM tools allow both supplier and buyer to enter into a collaborative effort where both parties can share information and create a stronger relationship hence positively impacting the supply chain of both parties.

Essentially, the study proved that without proper use of appropriate CRM tools and a supply chain strategy in place that is customer-focused, organizations will find it very difficult to connect with their customers and gain market share.

Limitations do exist within this research; it was not empirical research but derives information and conclusion from theory and other scholarly journal articles. Future research should explore the steps and framework required for the creation of customer-centric research within different industries.

Conclusion

In this research, we find that it’s not enough to just have a Customer-Centric Supply Chain strategy, but identifying and utilizing the best CRM tools that will provide customer intimacy is also key. Customer engagement is not possible without CRM tools, They allow for ease of communication between both parties that facilities sharing and collecting of vital information. The shared and/or collected information allows for a more organic relationship that
is more intimate and engaging. This type of relationship allows supply chain managers to make better decisions regarding all aspects of the supply chain. By establishing a customer-centric supply chain and integrating the appropriate customer relationship management tools, Supply chain and Commercial Managers can then use their resources appropriately to engage with the customer base make changes to their current supply chain model (network), business processes and information platform to gain a competitive advantage in their market.
References


