

Gartner®

Gartner for Supply Chain

Four Steps to Becoming a Customer-Centric Supply Chain



Introduction

Gartner defines customer experience (CX) as the customer's perceptions and related feelings caused by the one-off and cumulative effect of interactions with a supplier's employees, systems, channels or products. **Supply chain can play a key role in CX**, including:

- **Design.** Know and align strategy, operating model, measures, product and service options to address customer needs and preferences.
- **Operations.** Reliably and seamlessly deliver products, services and experiences to meet customer expectations.

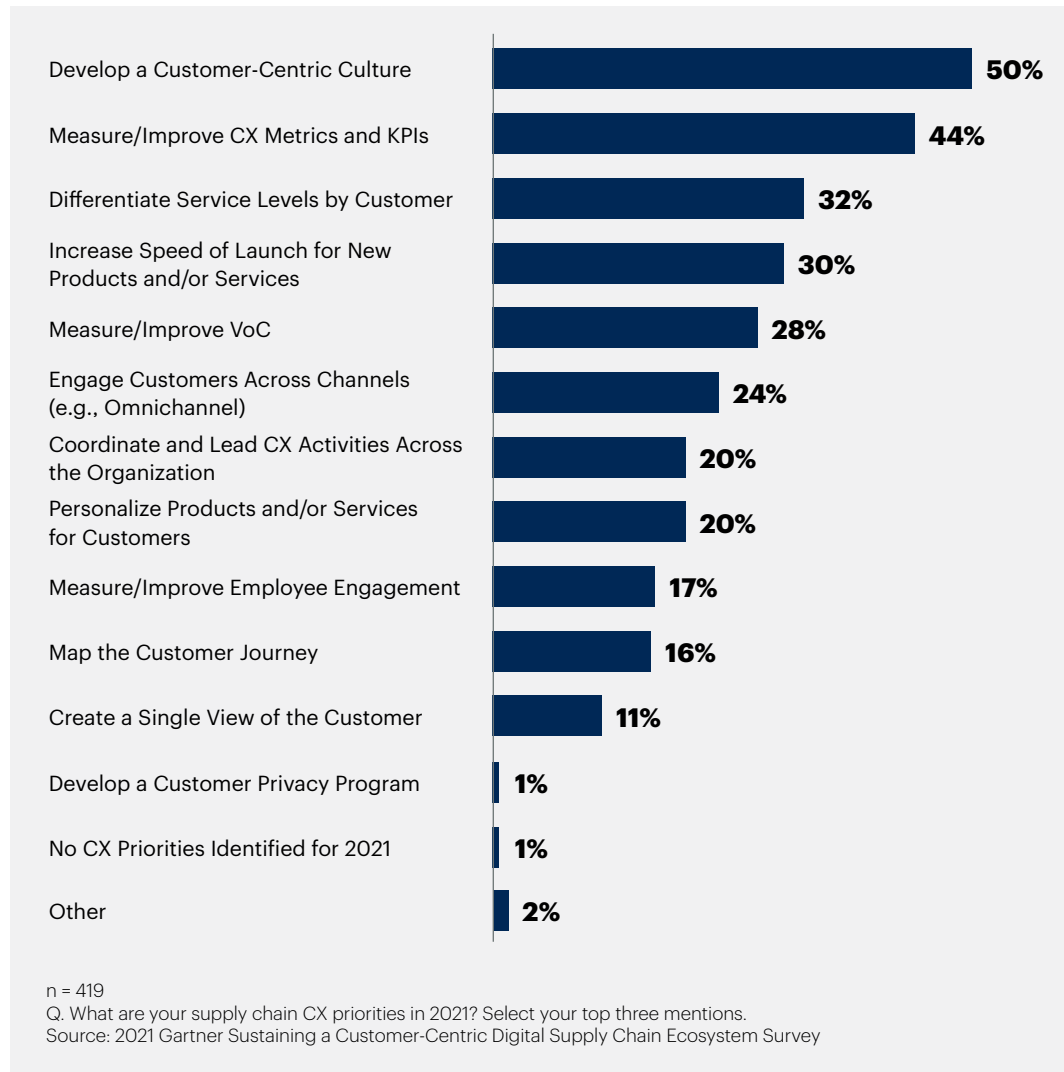
Increasingly, supply chain leaders are recognizing the impact supply chains can have on CX: **83% of supply chain practitioners we surveyed say they are being asked to improve CX** as part of their organization's digital business strategy.¹

What is the most common area supply chain organizations are prioritizing when it comes to CX? **Shifting the supply chain culture** toward a more customer-centric footing (see Figure 1).²

This research is designed to help chief supply chain officers (CSCOs) and their supply chain organizations **become more customer-centric in four steps**: by leveraging CX mindset, outcomes, insights and actions.



Figure 1. Supply Chain's Top CX Priorities
 Percentage of Respondents (Sum of Top Three Mentions)



Step 1

Establish a CX Mindset

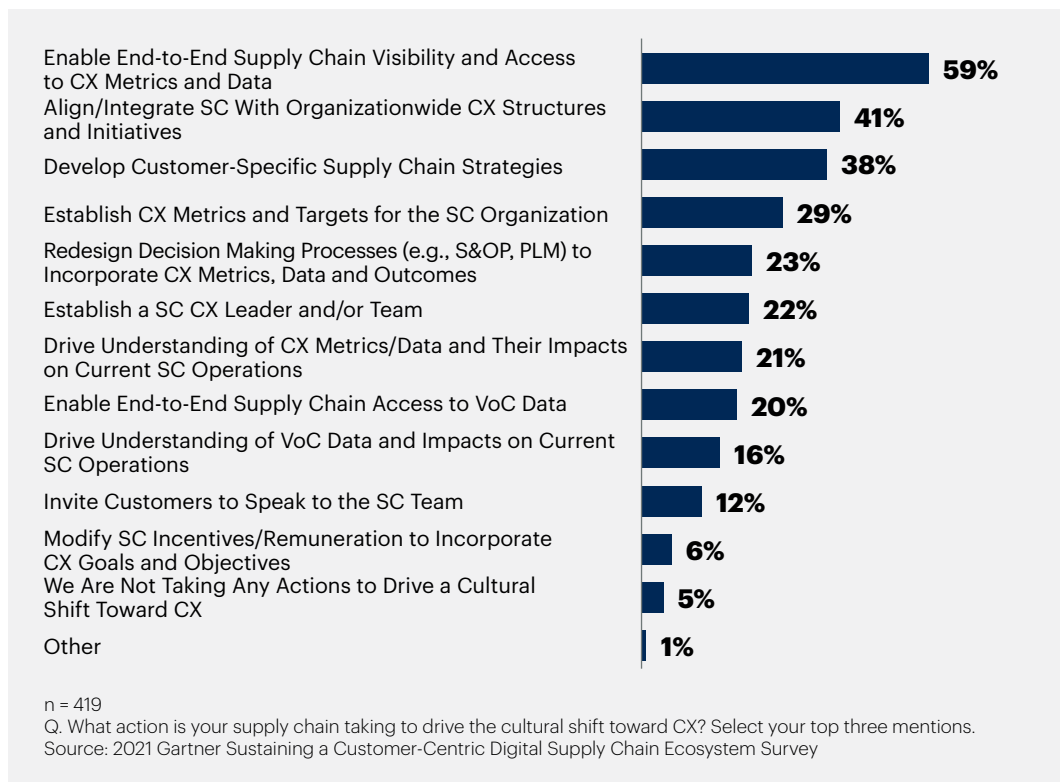
Leading organizations create cross-functional steering or leadership teams for CX on which supply chain serves as a core member. Typically marketing or sales takes the team lead role.

Although the framework for governance varies across companies, effectiveness relies on **consistent and efficient CX principles** that business partners adopt into their decision making. Gartner recommends the following four CX principles:

- Create operational standards.
- Check customer impact.
- Enable cross-functional coordination.
- Create enterprise visibility.

Specific actions in supply chain help to shift the culture toward CX. Figure 2 highlights enabling end-to-end supply chain visibility and metrics/data access as the top action cited (59%) by survey participants. The second most frequently cited action was aligning/integrating supply chain with organizationwide CX structures and initiatives (41%).

Figure 2. Top Actions to Drive Supply Chain’s Cultural Shift Toward CX
Percentage of Respondents (Sum of Top Three Mentions)



Step 2

Measure Performance Against CX Outcomes

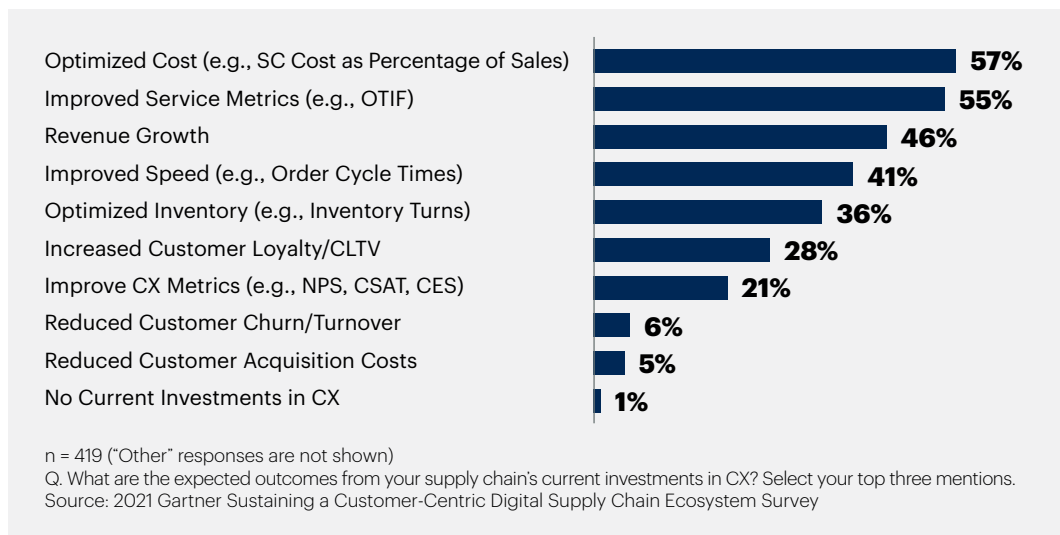
Supply chain's impact on CX starts with the price charged and the services delivered. These are foundational and align with the top two expected outcomes from supply chain investments in CX: optimized costs (57%) and improved service metrics (55%). (See Figure 3.)

Customers are also looking for suppliers that understand their business or individual needs and are willing to create personalized solutions to meet those needs. This is driving some supply chains to explore complementing traditional CX outcomes that are focused on cost and service with new measures, such as CX metrics (21%; see Figure 3). However, these are not the only ways that companies capture their voice of the customer (VoC) insights. Other, direct approaches include customer surveys, such as the likelihood to repurchase; customer complaints; first-time resolution rates; and inputs from customer meetings. Indirect and inferred VoC methods may also be used.

To identify customer-focused solutions and ensure the success of product and/or service transformation initiatives, supply chain leaders should:

- **Create a seamless CX** by coordinating customer-facing functions and touchpoints across the organization. Leaders recognize that every function in the organization plays a key role in understanding and responding to customer needs. This takes strong governance and cross-functional collaboration, both within the supply chain and across the enterprise.
- **Create a single repository of customer data** by partnering with the data and analytics center of excellence or equivalent team.
- **Prioritize initiatives with highest impact** on CX and satisfaction drivers to maximize limited team resources.

Figure 3. Expected Outcomes From CX Investments
Percentage of Respondents (Sum of Top Three Mentions)



Step 3

Analyze CX Insights

Supply chains and businesses more broadly are sensing a wide array of data and insights about their customers. However, many supply chains recognize the need to invest further in sensing capabilities, focusing on directly provided customer data such as **CX metrics and KPIs**, as well as **customer collaboration initiatives** (see Figure 4).

Collaboration provides an opportunity for businesses to establish deep relationships with customers and build on those relationships to form partnerships that provide key customer insights, enhance CX and drive joint value creation.

Creating joint value with customers typically starts via integrating transactional processes such as your order-to-cash process with your customer's procure-to-pay. Deeper levels of collaboration are usually reserved for strategic and/or relationship-based partnerships (see Figure 5). Examples include risk sharing, integrated innovation planning, optimizing routes to market and joint forecasting.

Figure 4. Investments to Improve the Supply Chain's Customer-Sensing Capabilities

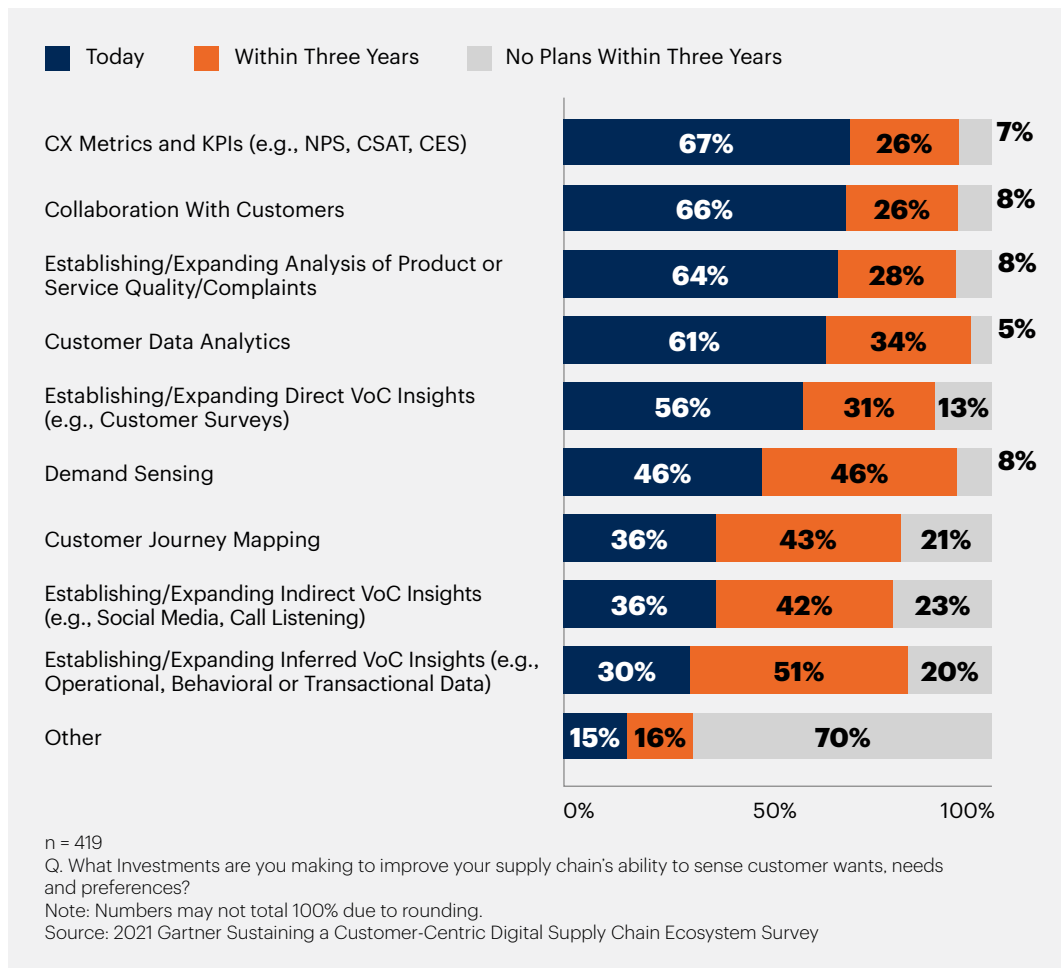
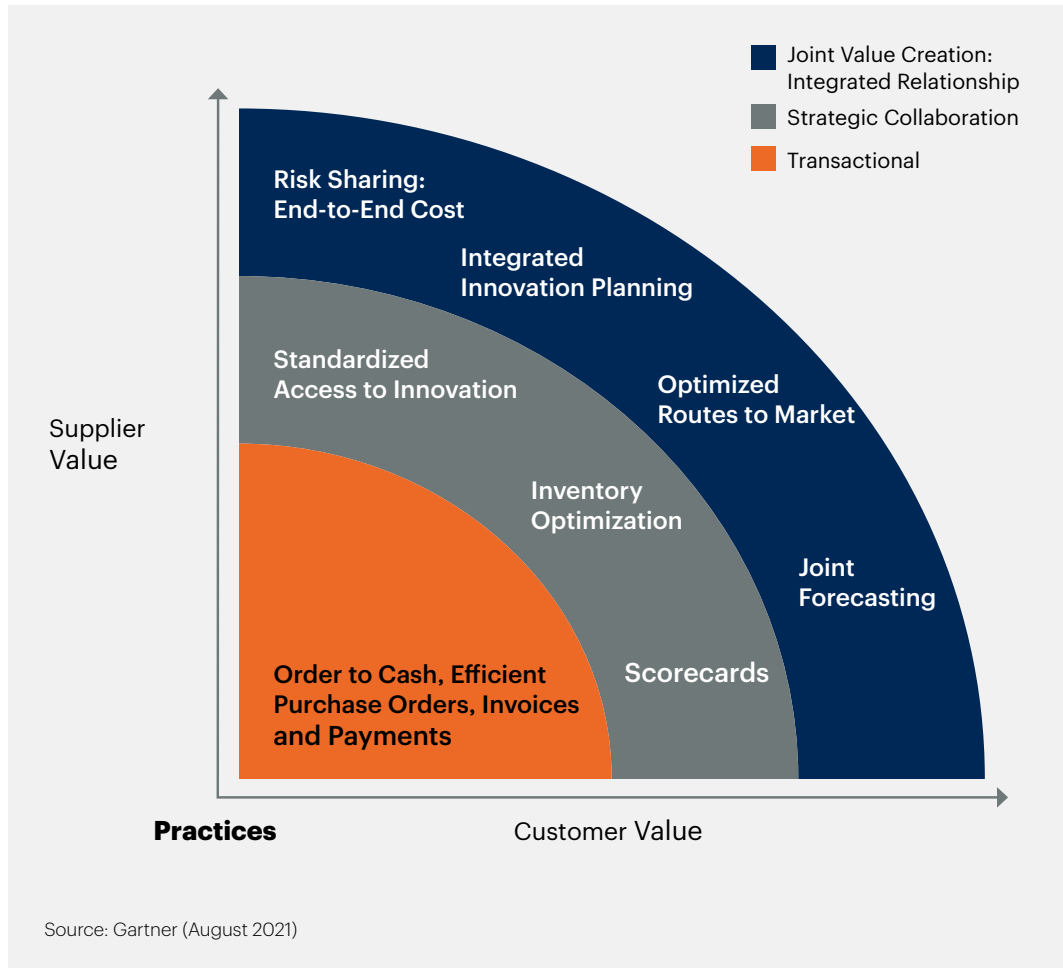


Figure 5. Supplier-Customer Collaboration Value Curve



Step 4

Take Action to Improve CX

Supply chains must be able to convert what they sense about their customers into an effective response that enhances CX and, in turn, leads to improved business outcomes. So where are supply chains investing to improve their response?

According to survey participants, the most common area is visibility into order and shipment status, with the second-most common area visibility into product availability data (see Figure 6).

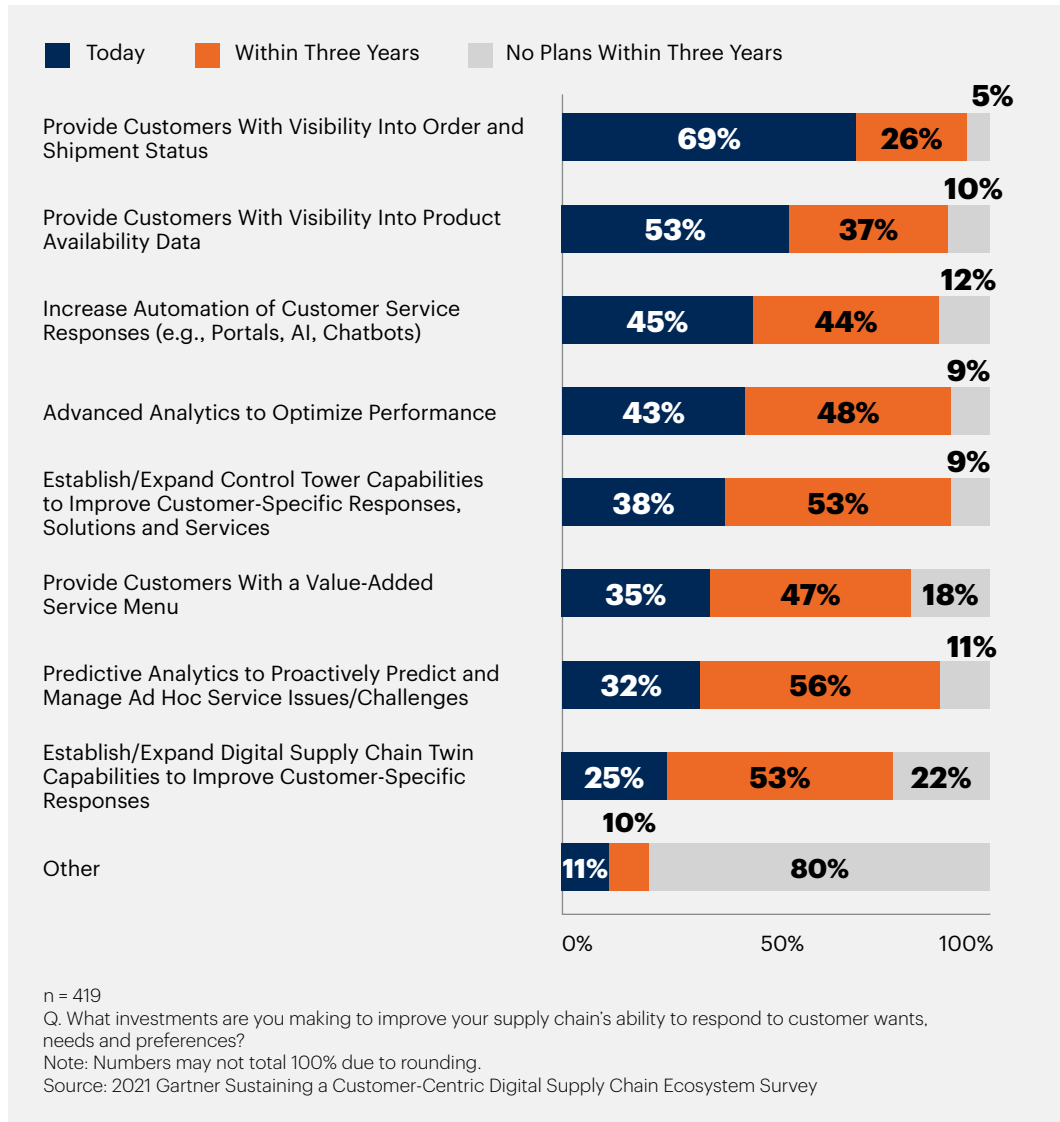
These findings highlight a growing trend — the expectation to receive a supply chain experience that, at the very least, matches the experience provided in the consumer world.

Another key trend is how supply chains are investing in digital capabilities that improve their ability to respond to customer wants, needs and preferences. The following are three examples from leading supply chains:

- **Increased automation of the customer service response at Dell Technologies.** The Digital Repair Initiative combines big data, AI and cloud computing to form an AI-enabled autonomous triage solution that reduces human intervention in the repair process.
- **Advanced analytics at Johnson & Johnson.** This technology automatically monitors hundreds of thousands of orders placed by big customers, such as medical centers and governments. If the algorithm detects an unusual pattern, it alerts supply chain personnel to investigate and optimize customer outcomes.
- **Supply chain execution control tower at Siemens.** The customer service organization shifted from a regional approach to a single, one-tier structure that reduces rework and touchpoints within the business while improving CX.

A third trend tied to enabling the customer response is the need to participate in a digital supply chain ecosystem. For example, **JD.com uses big data analytics to provide a more holistic view of the shopper to its partners**, encompassing four key dimensions: product styles and attributes; price points; buyer segments; and sales forecasts.

Figure 6. Investments to Improve the Supply Chain's Customer Response




Evidence

¹2020 Gartner Future of Supply Chain Survey.

²2021 Gartner Sustaining a Customer-Centric Digital Supply Chain Ecosystem Survey.

Actionable, objective insight


Position your supply chain organization for success. Explore these additional complimentary resources and tools on customer fulfillment:



Research
Discover unmet needs and improve customer experience

Learn how supply chains can better sense and respond in real time to generate value.


[Download Research](#)



Webinar
Align supply chain performance to customer outcomes

Engage commercial leaders to understand how to improve supply chain design for high-value customer outcomes.


[Watch Now](#)



Tool
21 Key Customer Fulfillment Activities

Don't waste time on activities that won't move the needle. Focus on 21 key customer fulfillment activities.

[Access Tool](#)



Research
A Blueprint for Building the Purpose-Driven Supply Chain

Deliver value to stakeholders via employee engagement, external partners and the product portfolio.

[Download Research](#)

Already a client?

Get access to even more resources in your client portal. [Log In](#)

Get More.

Get actionable, objective insight to deliver on your most critical priorities. Our expert guidance and tools enable faster, smarter decisions and stronger performance. Contact us to become a client:

U.S.: 855 811 7593

International: +44 (0) 3330 607 044

[Become a Client](#)

Learn more about Gartner for Supply Chain Leaders

gartner.com/en/supply-chain

Stay connected to the latest insights

