How enhanced Supply Chain visibility boosts customer trust and even profits ?

This blog talks about the state of visibility in a modern-day global supply chain. The current supply chains are highly opaque and offer challenges which can easily be solved [by increasing the visibility](). Increasing Visibility in the supply chain leads to increased customer trust and loyalty, along with reduced costs. The increased visibility leads to better insights from the data and removes hiccups and bottlenecks far too easily than the traditional supply chain system.

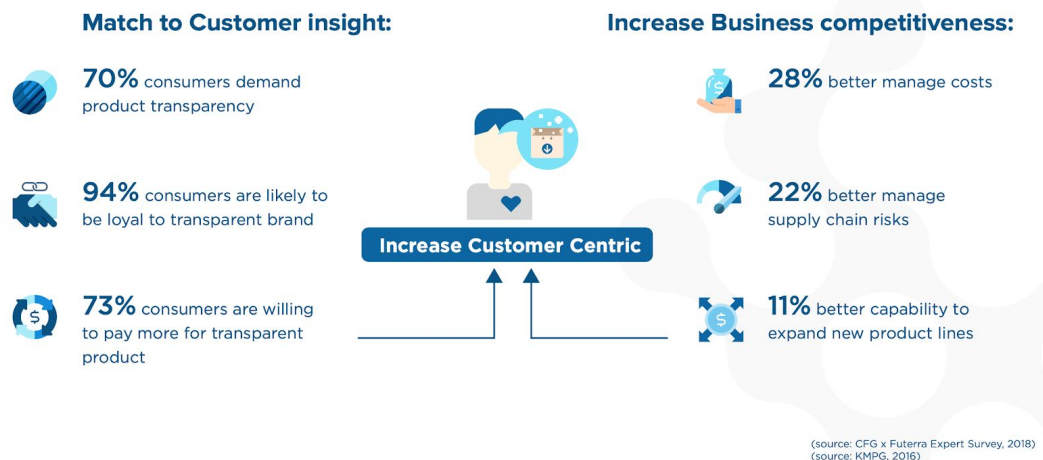**Visibility and transparency helps increase business competitiveness**

Match to Customer insight:

70% consumers demand product transparency

94% consumers are likely to be loyal to transparent brand

73% consumers are willing to pay more for transparent product

Increase Customer Centric

Increase Business competitiveness:

28% better manage costs

22% better manage supply chain risks

11% better capability to expand new product lines

(source: CFG x Futerra Expert Survey, 2018)
(source: KMPG, 2016)

Image courtesy: wowtrace

Introduction

Businesses these days are looking to expand and operate on a global scale, and that means the supply chain will be mapped all across the globe. But with operations spread globally, there arises some distance, time and cultural challenges.

In a survey conducted by Capgemini global consultants, more than half the business managers surveyed, 55%, believed that the role of[supply chain management]() is to

provide a competitive advantage to the company. So it may not be surprising then that managers also listed "supply chain visibility improvement" as their top priority.

Figure. A Global Supply Chain

Supply Chain Visibility

Before starting the discussion about supply chain visibility, we need to understand what it exactly means.

According to GS1, Supply Chain Visibility is defined as the awareness of, and control over, specific information related to product orders and physical shipments, including transport and logistics activities, and the statuses of events and milestones that occur before and in-transit.

Businesses are under constant pressure to cut supply chain costs while meeting customer expectations. The growing size of the supply chain of companies with an increasing number of players exchanging information and physical goods over vast distances:

[Top Four Reasons Why Supply Chain Visibility Is More Important Than Ever Before | Quantzig](#)

Challenges with existing supply chains

Disruptions

- Supply chain interruptions are a big headache for any company as it leads to increase in cost and loss of product. With opacity in the supply chain, it isn't effortless to track the location of the shipment.

  " 1/4th of the supply chain managers surveyed by [APICS Insights and Innovations](#) indicated that their organizations generally take more than a few months to recognize that they are experiencing chronic disruption."

Poor or Non-Existent Insights

- Modern-day supply chains generate many data, and most of it is segregated in each player's database. A global supply chain has many players and to create meaningful insights from the data, and there needs to be a collaboration between the players in the supply chain.

Slow Performance

- Paper plays a vital part in a modern-day supply chain, from invoices to certificates to Bill of Lading and so on. The use of paper limits the automation of the supply chain, which results in slow performance. Because of little collaboration and communication between the players in the supply chain, the paper is widely used.

  "Supply chain inefficiencies are costing UK businesses over £1.5bn in lost productivity, According to an analysis by Zencargo."

No Connection with Customer

- Customers are now becoming more aware of their buying habits and are choosing products from companies which are more transparent about their working. It includes being open about their sustainability practices, their supply chain and governance decisions.

- Companies do not have a direct connection with customers in an opaque supply chain which leads to a decrease in customer trust and engagement.

Benefits of Supply Chain Visibility

Customer Trust

- According to a survey by [Brand Spark International](#), about 95% of the customers say brands that provide consumers with detailed information about their product or service earn their trust.

  Companies or Brands can provide more information about their product to the consumer with the aid of [supply chain visibility](#). With more information regarding the product in the supply chain, companies can present that information to the consumers to gain trust and increase their brand reputation. Supply chain visibility matters most to consumers who are empathetic to others' well being who usually tend to be more sceptical. Information sharing with the consumer overcomes their inherent lack to trust and makes prosocial customers feel like they are patronizing a socially responsible company.

Increased Profits

- With the increased visibility in the supply chain, the available data can be analyzed and also used to build predictive models for Machine Learning. This data can be used for inventory and logistics management systems which decrease the inventory levels and make the logistics more efficient.

- *According to [IBM](#), Less than 10% of supply chain data is effectively used – and most companies are virtually blind to the 80% of data that is dark or unstructured.*

- The interlinking of all these processes streamlines the supply chain and improves the bottom line for any company, big or small.

  https://mitsloan.mit.edu/ideas-made-to-matter/supply-chain-visibility-boosts-consumer-trust-and-even-sales
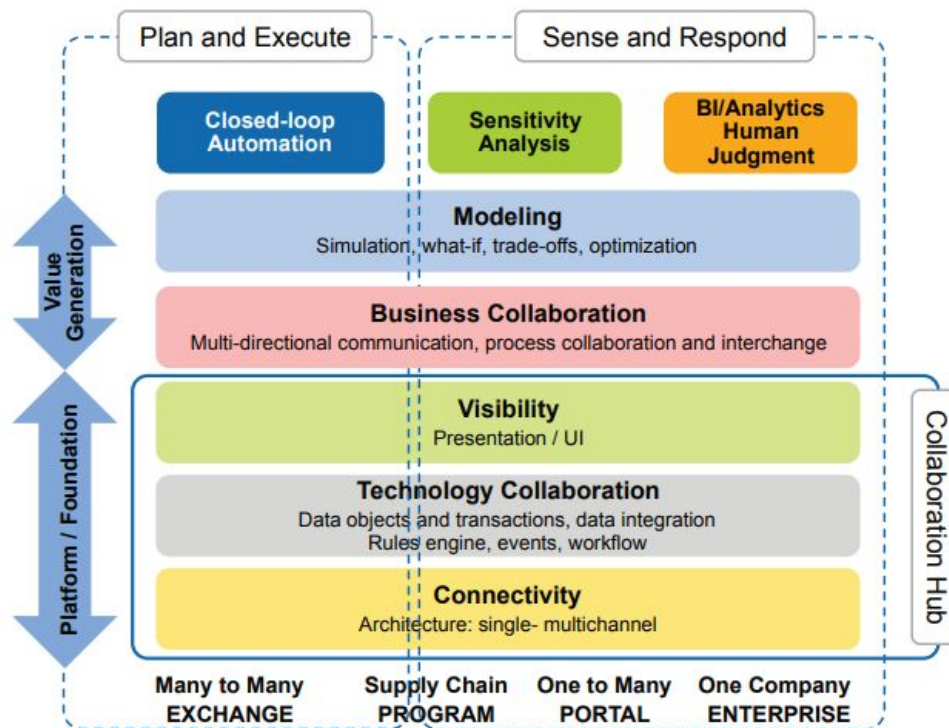
Figure. Supply Chain Visibility Layers

Along with increasing customer trust and reducing costs in the supply chain, there are a few more benefits of increasing the visibility of a supply chain.

"UPS is expected to save $300 million to $400 million a year after the implementation of the new On-Road Integrated Optimization and Navigation system (Orion), according to Mckinsey."

Integrated Process Optimization
- A digital supply chain offers a whole new avenue of automation where financial transactions and processes can be automated, and the time elapsed can be reduced. This aids in the streamlining of the supply chain and reduction in time taken during cumbersome paperwork.

Collaboration

- Increased visibility offers the players in the supply chain to collaborate effectively and freely. For example, - the food processor companies can overlook the farming process, authorities can audit easily, and distributors can be informed beforehand about the shipment automatically.

https://www.mckinsey.com/business-functions/operations/our-insights/supply-chain-40--the-next-generation-digital-supply-chain#

How to achieve supply chain visibility?

We have discussed the challenges and the benefits of supply chain visibility, but we still haven't considered how to implement it.
Supply chain visibility in the modern global supply chain can be implemented with the integration with a couple of technologies which will work side by side. This technology stack would consist of Blockchain technology for the basis of data management, IoT for tracking in the supply chain and for converting physical assets to digital ones and cloud computing for securing the data.

According to Accenture, nearly one in four companies report a financial impact over $30 million for a single recall.

Blockchain technology is beneficial for increasing supply chain visibility because of the immutable nature of the network. Blockchain can prove as the single source of the truth and increase collaboration between the players with information sharing since the Blockchain database is immutable meaning that no data entered can be changed or deleted. This nature of Blockchain brings customers closer to the company and increases their trust and loyalty for the brand.

QuillTrace, a Blockchain-based supply chain solution

QuillTrace is a Blockchain-based procurement platform by Quillhash which makes the supply chain of any business transparent, sustainable and secure by integrating with the existing Supply Chain systems.
Using QuillTrace, companies can report their ESG data more transparently and with data, formats complying to the Industry or International standards. With better data related to sustainability and governance about the company, their score increases which opens more avenues for the investors to look within.