**UNIVERSITY AMERICAN COLLEGE SKOPJE**

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**SCHOOL OF COMPUTER SCIENCE AND INFORMATION TECHNOLOGY**

Course:

**Information Systems**

Project:

**[Achieving Customer and Supplier Intimacy through CRM and SCM Systems]**

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# Abstract

Customer Relationship Management (CRM) is a set of practices, technologies, and strategies essential for organizations to monitor consumer interactions. In Supply Chain Management (SCM), CRM plays a crucial role by providing a means to assess, improve, and positively impact global customer relations. The benefits of incorporating CRM in SCM include increased visibility, transparency, improved customer service, satisfaction, and enhanced collaboration and communication. Amazon, as the leading online shopping platform, has strategically utilized CRM and SCM to build a reputation for excellent customer service, with 89% of customers expressing trust in the company for their e-commerce needs. This essay focuses on how Amazon achieved customer and supplier intimacy through SCM and CRM, emphasizing the main research issue of integrating these systems for success.

# Introduction and Context

Over time, evolving consumer buying habits necessitate adjustments in the supply chain to provide optimal products and services. SCM and CRM serve as common systems to facilitate this adaptation. The goal of supply chain management is to meet consumer demand and enhance company profits. However, the absence of direct customer contact poses challenges in understanding and fulfilling their needs promptly. CRM addresses this challenge by allowing organizations to track customer needs, positively impacting SCM effectiveness and success, ultimately leading to increased profits. This essay focuses on the effective integration of SCM and CRM systems, exploring their relationship strengths and limitations.

Amazon, a global e-commerce giant, utilizes SCM and CRM to become the leading shopping site and the fifth beauty destination among teens in 2021 (Piper Sandler Gen Z survey).[4] To comprehend Amazon's SCM and CRM integration, understanding their operations is crucial. The supply chain, comprising raw material suppliers, manufacturers, distributors, retailers, and customers, converts materials into finished products. SCM coordinates these networks to achieve maximum efficiency, lowest cost, and increased net worth. CRM, as an information system, captures, collects, and analyzes customer knowledge, providing a comprehensive view of customer preferences and needs. Different types of CRM, such as operating, analytical, and collaboration systems, focus on automation, data analysis, and transactional communication to improve customer satisfaction and loyalty. In order to fully understand the way Amazon utilizies and integrates SCM and CRM systems we need first understand what they do.

Supply Chain is a network of manufacturers and suppliers who create products or services required by end customers. These manufacturers are connected through

physical logistics, information flow, and currency flow. [1]

Supply chain management (SCM) coordinates the collaboration between these disparate networks, including the sourcing, management, and storage of raw materials as well as manufacturing, transportation, delivery, and storage finished products as well as after-sales service.

The overarching goal of SCM is to achieve maximum efficiency, reduce costs and increase net value throughout the entire supply chain.

On the other hand, customer relationship management (CRM) is an information system designed by companies to capture, collect, analyze and share knowledge about customers acquired through customer interactions.

This system plays an important role in understanding and classifying customer needs and preferences. It gives a company complete view of its customers, allowing for strategic decision making and personalized service delivery.

In the short term, CRM systems are used to discover new customer segments, understand new and existing customers, anticipate different needs, and provide different services to improve satisfaction.

and customer loyalty, while ultimately increasing revenue and overall company profits.

Different types of CRM systems address specific aspects of customer interaction and information management:

-**Operating systems** primarily focus on automating CRM processes to improve efficiency results and customer satisfaction. The automation construction and development of the operating system include sales force automation, marketing automation and service automation. [2]

-**Analytics systems** are responsible for collecting, storing, and analyzing customer data to produce in-depth reports. The analysis system includes “internal business scope data, such as sales data, financial data and marketing data. After being analyzed, customers can be classified according to different cusomter preferences, buying habits, location and other characteristics. [2]

-**Collaboration systems** facilitate interaction with consumers through various channels, such as email and calls, ensuring transactional communication between businesses and customers is both convenient and seamless. [2]

# Information systems management issue

The challenge of market turbulence is that frequent consumer preferences and competitor changes force the supply chain to innovate. In this situation the company’s SCM must respond quickly to customer changes. However different customer groups have different needs. It’s difficult for SCM to make timely changes in the face of rapid changes in consumer tastes and continue to provide customers with the highest quality products or services at the lowest cost.[3]

The biggest disadvantage of CRM is the high cost required. Costs include “software subscription or purchase fees, premium upgrades (add-on marketing or reporting features, IT resources needed (software and hardware) and staff training and skill improvement. In CRM the data exchange between customers and sales and service personnel is also a problem. For instance, after consumers place an order online, they want telephone service personell to obtain delivery information of the product. If the company wants to improve or maintain the customer satisfaction rate, the service staff must accuratelyt query the customer’s order and give feedback to the customer. It sets high requirements on the automatic sharing capabilities of the CRM system, which also increases costs.[3]

Some of the benefits of CRM in SCM which lead to customer and supplier intimacy include:

**-Customer Insights:** CRM enables organizations to collect and analyze customer data including purchasing patterns, preferences and feedback like we mentioned above. By leveraging these insights, organizations can better understand customer demands. This leads to improved demand ofrecasting accuracy, reduced stockouts and increased customer satisfaction.

**-Collaboration and Intergration:** CRM facilitates collaboration and integration between supply chain partners, including suppliers, manufacturers, distributors and retailers. By sharing customer information and insights across the supply chain, partners can align their strategies and actions to meet customer requirements seamlessly. This collaboration results in enhanced coordination, improved order fulfillment, and reduced lead times, ultimately benefiting the end customer.

**-Efficient Order Management:** CRM enables organizations to manage customer orders more efficiently. By centralizing customer order information, organizations can streamline order processing, reduce errors, and improve order fulfillment accuracy. Real-time visibility into order status and tracking enable proactive communication with customers, enhancing transparency and trust in the supply chain.

**-Customer Service Excellence:** CRM helps organizations deliver superior customer service. By capturing customer interactions and preferences, organizations can personalize their service offerings, address customer inquiries promptly, and resolve issues efficiently. This leads to improved customer satisfaction, loyalty, and repeat business, contributing to long-term customer relationships.

**-Demand-Driven Supply Chain:** With CRM, organizations can transition from a forecast-driven supply chain to a demand-driven supply chain. By continuously monitoring customer demand signals and insights, organizations can dynamically adjust production schedules, inventory levels, and distribution plans to match actual demand. This minimizes excess inventory, reduces stockouts, and improves supply chain responsiveness.

**-Competitive Advantage:** Adopting CRM in SCM provides a competitive edge in today's customer-centric business landscape. By offering personalized experiences, exceptional customer service, and efficient order management, organizations can differentiate themselves from competitors. CRM-driven supply chain practices build customer loyalty, enhance brand reputation, and attract new customers, driving business growth.

All of these benefist are nice but how do we make use of them? How do we integrate the CRM. Establishing a successful CRM program requires careful planning.

First step is clearly defining the objectives of the CRM program. Identfiying specific outcomes which you want to achieve for example improving customer satisfaction or having more profit etc. Developing this kind of CRM strategy that aligns with our company’s goals and supports our overall business strategy is crucial.

Assesing customer needs and data is the next step. We need to know what our customers want i.e what their needs, preferences and behaviors are. Conducting market research, surveys and customer interview to gather information is a good strategy.

Then we need to select a CRM System which will suit our goals. Some factors to consider are scalability, customization, integration capabilities with other sytesm, user-friendliness and data security.

To ensure seamless data flow from departments we can integrate our CRM system with already existing systems, such as sales, marketing and customer service platforms.

Developing a data migration plan to transfer already existing customer data into the CRM system accurately. Cleanse and validate the data to ensure its accuracy and completeness.

Customizing the CRM system to align with the specific business process and requirements and configuring the system to capture the desired customer data, track customer itneractions and automate workflows will provide with relevant data and help us efficiently use the SCM to maximize profits.

Train employees to provide comprehensive training to all employess who will use the CRM, offer both initial training and ongoing training to stay up to date with the CRM systems evolving.

Implement processes and workflows. Develop standardized processes and workflows that leverage t he capapbilites of the CRM system. Define best practices for customer dat amangament, lead qualification, sales pipeline management, customer service intercations and marketing campagins. Autoamte routine tasks and establish guidelines for consistent and efficient use of the CRM system.

Establishing key performance indicators KPIs to measure the ffectvieness of your CRM program. Monitor metrics such as customer satisfaction, sales growth, customer retention rates and lead conversion rates. Regulary evaluate the CRM program’s performance against these metrics and identify areas for improvement.

And at the end just keep improving. Refine and enhance your CRM program based on insights gained from data analysis, customer feedback and evolving business needs. Keep exploring new features and updates offered by CRM system providers to leverage emerging technologies and best practices.   
By following these step syou can successfully integrate CRM into your business.

# Discussion and argument

# Conclusion

# Critical reflections

# References

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