Retail Supply Chain Management: Building a Customer-focused Approach with Competitive Priorities

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Introduction

Fierce competition in today's retail space with e-retailing and augmented expectations of customers has required retailers to invest in their supply chains for better performance. It has become important to understand supply chain management (SCM) from a retail perspective as with the evolution of power on the demand side, SCM is considered as the source of competitive advantage for retailers (Davies,2009). SCM is an integration of all activities associated with the flow of goods, starting from raw material to the final product reaching the customer. SCM emphasizes how to maximize the overall value of the firm by better deploying and using the resources across the whole of the firm. Hence, SCM can improve the performance by integrating key business processes from end users through suppliers and customers by providing products, services and information that add value to customers (Afshan, N. 2013, Afshan and Motwani, 2021). In recent years, retail supply chain management, in which the retailer assumes leadership of the entire channel, has become a hot topic in modern SCM (Agrawal and Smith, 2015). Lambert and Cooper (2000) emphasized that today competition is not among products as it has shifted to supply chains from the level of products. The basic premise of SCM is that the performance of a firm depends more and more on its ability to maintain effective and efficient relationships with its suppliers and customers (Chen and Paulraj, 2004). SCM is the key to the success and survival of retailers in the competitive business environment. Today, retailers view SCM as a strategic tool to increase their competitive advantage. A retail supply chain management has been established as a sub-discipline of SCM (Randall *et al.*, 2011).

Understanding the customer is vital to retail success, and customers are thus an integral part of the retail supply chain management. The customer-focused approach in SCM boosts not only financial results but also improves customer satisfaction, operational performance, and overall firm performance (Afshan and Motwani, 2018; Soares *et al.*, 2017). During the Covid-19 pandemic, many retailers experienced stock shortages and unprecedented demand spikes. It has never been more important to manage supply and demand fluctuations in retail supply chains. With the increased demand and supply uncertainty, retail businesses have become extremely complex. Because of the shorter product life cycle (PLC) and the need to reduce the time to market, it is becoming increasingly necessary for the retailers to deliver value to the customers. A customer-focused retail supply chain management succeeds in effectively capturing consumer attributes, market characteristics, systematically evaluating the customer value at each stage, detecting misalignments with consumer value, and adequately transforming products and processes to meet those requirements.

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Research works in this direction and discusses the contribution of the retail supply chain management in enhancing customer value and service delivery as well as profitability of retailers. It also explores the various competitive priorities for developing customer focused retail supply chain management. The following research questions are being investigated:

- What are the various competitive priorities for building a customer-focused approach in retail supply chain management?
- How retail supply chain management enhances customer value with competitive priorities of being responsive, reliable, resilient and realigned.
- How to develop a business value-added framework that defines key drivers of a customer-focused retail supply chain?

The major objectives of this research are firstly, to introduce concept of the customer-focused approach in retail supply chain management as a process which combines the strengths of retail supply chain networks by shifting the focus to the customer; secondly, to demonstrate how such approach meets the challenges of customer value creation in today's fast changing and highly competitive retail marketplace and thirdly; to suggest a research framework to understand how customer-focused retail supply chain management, enhances customer satisfaction, trust, loyalty and ultimately improves business performance of retailers.

This paper is organized in different sections. In addition to this introductory section, the next section reviews the literature on retail supply chain management and focuses on increasingly important role of retailers in transforming the retail supply chain. The subsequent section investigates various competitive priorities (viz. responsive, resilient, reliable and realigned) for customer-focused retail supply chain. The succeeding section describes the research methodology and develops a business value-added framework for retail supply chain management. The last section concludes with emphasis on the diverse role of customer-focused retail supply chain management in the prevalent retail business environment.

Literature Review

Retailers' approaches and methodologies are continually evolving to push for lower costs, higher performance, and, eventually, a better customer experience. Retailers offer a very wide range of goods, staple and changing fashion goods, from clothing to home ware, from accessories to furniture or white goods, often also food including fresh food. There are various retail formats (stores), such as grocery stores; specialty, apparel, and convenience stores; discount, entertainment, and quick-service restaurants. In today's competitive retail world, customers are constantly seeking more choice, better quality, and service, as well as quick and reliable delivery. There are many industry specific challenges impacting performance of retail industry. As a result, retailers need to be customer-focused to generate value across their supply chain strategies. Retailers often take into account factors outside of their organization's limits to strengthen and maximize the competencies of their supply chain partners to generate more value and competitive advantages. Global procurement activities, the multichannel route to market, and relationship-based innovation are three developments that impact retail supply chains (Ganesan *et al.*, 2009). Retailers will benefit from the strengths of each channel by integrating retail processes across multiple channels, giving customers multiple touchpoints and creative services (Noble *et al.*, 2009; Wallace *et al.*, 2004; Oh *et al.*, 2012).

Major retailers closer to the consumer (e.g. Wal-Mart, Target, Best Buy, etc.) are now taking the lead where manufacturers once dominated supply chain issues (e.g. Proctor & Gamble, General Motors) (Brodie *et al.,* 2009). Today, retailers are the controllers of product supply while still meeting real-time customer demand. Prior research emphasized that SCM is critical to retail success (Brown *et al.,* 2005), end-consumer cost (Davies and Brito, 1996; Lee and Rhee, 2008), and shareholder value (Srivastava *et al.*, 1998). Retailers now control, organize, and manage the supply chain from production to consumption and thus contribute to the transformation of the retail supply chain.

The retail supply chain's key aim is to bridge the gap between the point of production and the point of sale. Retailers now have various options to meet the needs of their customers (e.g. from stores, from warehouses, or directly from the suppliers, etc.). With the introduction of store brands or private labels, more retailers are developing deeper integration with manufacturers and even raw material suppliers (Chen, 2018 a, b). Supplier relationships in the upstream and customer relationships in the downstream are also important facets of retail supply chain management. Close relationships with suppliers are critical for responsiveness, and retailers can profit from an informal network of strategic alliances that simultaneously improve productivity and agility (Doyle *et al.*, 2006). Coordination between the manufacturer and the retailer, which is focused on quantity-flexibility contracts in which the retailer commits to order quantities at particular rates, is an essential stage in this process (Li *et al.,* 2006; Bicer and Hagspiel, 2016).

Market competition today takes place between supply chains rather than between individual firms (Farahani *et al.*, 2014).Organizational performance is affected by supply chain practices such as the use of technology, supply chain speed, customer satisfaction, supply chain integration, and inventory management (Singh *et al.,*2010, Afshan et al, 2018).Richey *et al.,* (2012) investigate the significance of organizational collaboration at an operational level between suppliers and retailers in achieving time-based logistics advantages. The authors conclude that the retailer must be able to adjust to the supplier's requirements to achieve fruitful mutual collaboration. Wong and Johansen (2006) examine the relationship between a manufacturer and a JIT retailer, that is, a retailer with only in-store inventory that needs manufacturers to respond quickly. Authors recognize six unique coordination strategies for aligning the two companies and achieve responsiveness to the retailer's customers. Retailers are directly impacted by the distinctive and constantly changing behavior of customers and hence, require rapid responses to meet ever-changing customer needs. This research is unique in that it sheds light on different dimensions of retail supply chain management i.e. the important role of retail supply chain management in enhancing customer value; various competitive priorities for enhancing customer-focus; and develops a business-value added framework for enhancing customer value.

Retail Supply Chain Management: Building a Customer-focus with Competitive Priorities

The emphasis of the traditional supply chain has always been on how to cut operational costs for businesses by improving outsourcing, production planning, and logistics processes. Efficiency in cost policy is skewed toward accounting only the apparent costs, ignoring others that are difficult to quantify, such as flexibility, resilience, responsiveness, or more intangible concepts including a trust or loyalty effect. Efficiency in costs or cost-cutting is unquestionably essential in creating and delivering value, but it cannot be reduced to it. The method that minimizes costs is not always the best approach for maximizing value. While increased efficiency in the end-to-end supply chain will boost a firm's competitiveness, it does not guarantee that the company will be a winner. The reasoning behind this is that increasing efficiency alone would not help the firm to differentiate its products and services from those of its rivals (Roh *et al.*, 2014). Each production and distribution operation in a traditional supply chain with multiple tiers of suppliers and customers is designed based on forecasted demand. Actual demand, on the other hand, is only created when a customer places an order. This means that each member of the supply chain must keep inventory on hand in anticipation of customer orders. To ensure better customer service, each supply chain entity would typically "over-plan" inventory. This is referred to as the "bullwhip effect" as it explains how a small shift in demand downstream leads to exponentially larger demands as it passes upstream. Retailers can influence the performance of the whole supply chain as it represents the beginning node of the "bullwhip" effect. In reality, retail supply chain managers are now forced to pay more attention to the market and, in particular, individual customers, by focusing more on the service levels they offer, reducing response times, and addressing customers' unique needs. Because of this convergence of developments, managers are shifting away from a conventional functional orientation in their business practices to a more holistic approach in addressing the overall supply chain management. As businesses pursue competitive strategies based on supply chain factors other than costs, such as innovation, quality, or service, this competitive scenario is becoming more apparent.

Given how quickly the business paradigm is changing in today's dynamic environment, now is the right time to rethink the vital dimensions of competitive priorities. Competitive priorities are studies to express the priority of operations selected from among the key competitive capabilities of various functions of the organizations and hence represent a strategic emphasis on developing certain intended competitive capabilities for the organizations (Peng *et al.*,2011). Competitive priorities are used to define the order in which activities are prioritized from among the key competitive capabilities of organizational functions, and they can be represented in four ways: cost, quality, speed (or delivery time), and flexibility (Wheelwright, 1984; Fine and Hax, 1985). Organizations can achieve high levels of customer satisfaction by delivering high value to their customers (Stank *et al.*, 2003). Customer satisfaction, according to Kim (2006), is a reflection of operational elements such as efficient cost structures, quality products, speed, and responsiveness. Customer-focused supply chains attempt to build on agility, adaptability, assurance, and alignment to do well along with multiple outcomes - often labelled as "competitive priorities" (Madhani, 2020a). Retail supply chains are much more customer-oriented when they focus on enhancing customer value and offer better service at a lower cost. Table 1, shows major differences between traditional retail supply chains and customer-focused retail supply chains according to competitive priorities. The customer-focused retail supply chain's value-creation aspects is characterized by differentiation among value enhancement, risk reduction, flexibility and value alignment (Table 1).

Table 1: Traditional Retail Supply Chains versus Customer-focused Retail Supply Chains

Sr. No.	Competitive Priorities	Traditional Retail Supply Chains	Customer-focused Retail Supply Chains	
			Characteristics	*Attributes*
1	*Responsive*	Moderate capability to respond to changes.	Strong capability to be both responsive as well as proactive to changes.	Value enhancement (Agile)
2	*Reliable*	Prioritize cost savings.	Concentrate on reliable and cost-effective supply chains.	Risk reduction (Assurance)
3	*Resilient*	Often restricted to a single or a small number of chains.	To ensure distribution, keep a limited set of multiple chains.	Flexibility (Adaptive)
4	*Realigned*	Participants are forced to choose between their interests and those of the supply chain.	Participants' interests are similar (or are designed to work together).	Value alignment (Aligned)

(Source: Tabulated by the author)

A customer-focused retail supply chain approach acknowledges the customer's inclusion in the retail supply chain process because it sees the customer as more than just a destination for supply chain operations, but as an active participant in the value-creation process. Incorporating the customer into the supply chain's structure and processes brings value to the whole network in terms of both customer satisfaction level and performance level, building a competitive advantage (Juttner *et al.,* 2006). The actual demand identified at the point-of-sale can be conveyed up the supply chain in a customer-focused supply chain strategy, significantly decreasing the amount of inventory that each supply chain partner has to manage to support customer service objectives.The focus of a customer-focused retail supply chain is to identify the critical combination of competitive priorities (quick response, higher flexibility, higher reliability, and low cost) in retail supply chains that can help retailers to succeed.

Retail Supply Chain Management: Enhancing Customer Value Proposition

Customer-focused retail supply chain management buildscompetitive capabilities by enhancing customer value through competitive priorities of responsiveness, resiliency, reliability, and realignment (Table 1). These competitive priorities of customer-focused retail supply chain management are explained below:

Responsiveness

The consumer behavior insight, as well as the ability to integrate this knowledge into the logistics planning process, may aid proper market responsiveness activities. Retailing, as the ultimate constituent of the retail supply chain directly facing end consumers, places a special focus on product availability and customer satisfaction. In reality, among the vast product assortments provided by the retailer, consumers only need a small number of certain product types (Wen *et al.,* 2019). Retailers require even more responsiveness to manage customer reactions to new products, early seasonal weather shifts, as well as last-minute promotions to achieve quarterly revenue targets (Thomas *et al.*, 2010).Overall, this development necessitates the superior capabilities of retailers to establish responsiveness in their supply chains. Customers consider delivery time as a crucial factor when making buying decisions, so reducing it gives retailers, the opportunity to improve their competitiveness.

The combination of rigid, centralized management control and lack of resources at the store level creates a retail environment that is ineffective at the point of sale and hinders the entire supply chain's ability to respond to end customers' demands. To avoid such hurdles, responsiveness at a supply chain level may be created by the launch of concepts such as quick response, Just-In-Time (JIT), efficient consumer response, collaborative forecasting, planning, and replenishment, etc. (Bhardwaj and Fairhurst, 2010; Storey *et al.*, 2005). These practices are expected to increase end-customer responsiveness through integration initiatives concentrating on collaboration, information sharing, and trust among supply chain participants. All stakeholders in the supply chain must be aligned and organized towards common objectives to achieve responsiveness to end consumers (Sandberg and Jafari, 2018).

In the retail environment, RFID implementation increases cost efficiency as well as responsiveness-related performance, such as lead time reduction, accuracy improvement, and on-shelf availability (Azevedo and Carvalho, 2012), increased visibility, faster information flow, better information exchange, and simpler and faster product recognition (Azevedo and Ferreira, 2009).As a result, RFID helps in decision-making by providing management with information earlier and faster and with better quality (accuracy, relevancy, completeness, etc.) (Sellitto *et al.*, 2007).To increase supply chain responsiveness, retailers must understand exactly what consumers want, when and where demand happens, and provide the necessary information (e.g., demand forecasting, real-time sales data, consumer return and feedback, inventory status) to other upstream members (Afshari and Benam, 2011).Responsiveness has become a prime attribute of customer-focused retail supply chain management as it enables retailers to address volatility in customer and market requirements swiftly.

Reliability

Reliability is focused on assessing the probability of an unfavorable incident occurring. Risk management entails either lowering the likelihood of occurrence of disruptions or lowering the severity of their effects (Meel and Seider, 2006). Risk management is defined as "the identification, analysis, and control of those risks which can threaten the assets or earning capacity of an enterprise"; this definition can be applied to supply chains as well (Dickson, 1989). Firms with strong supply chain risk management faceless interruption and react quickly when they occur. Risk prioritization is critical for better risk management since there are large numbers of risk variables and their direct and indirect interrelationships affect all supply chain partners (Elmsalmi and Hachicha, 2013). In the current state of market volatility, supply chain risk management is essential, but few companies are sufficiently equipped to cope with disruption (Calvo *et al.*, 2020).

Lewis (2003) develops a theoretical and practical model of operational risks by discussing different triggers, effects, and control mechanisms. Risks in the supply chain can be classified in several ways. Christopher and Peck (2004) classified the risks as both external and internal. External risks include those related to suppliers and those that could impact demand, while internal risks include supply chain processes and control. The most important internal processes are those that add value to the chain, while the risks associated with control are those relating to the systems, standards, and commitment of the members. Chopra and Shodi (2004) examined and identified nine different types of risk that can affect SCM, and concluded that understanding these can help establish a better mitigation strategy.

Kleindorfer and Saad (2005) differentiate between two forms of supply chain risks: the first is caused by supply chain coordination, and the second is caused by supply chain disturbances. Ritchie and Brindley (2007) explore supply chain risk and efficiency in terms of sources, drivers, consequences, and management responses. Gaudenzi and Borghesi (2006) present a way for assessing and managing supply chain risks. Colicchia *et al.*, (2010) provide a more in-depth look at risk management strategies aimed at building a more reliable supply chain. These strategies include buffering (via inventory or capacity), mitigation (i.e. acts that minimize the probability of occurrence), and the use of contingency plans, which are triggered when a risk materializes. Retail supply chain management must maintain a reliable supply chain capable of handling any interruption, and mitigating the effects of disruption. Uncertainties and disruptions can cause a variety of operational risks for retailers. The demand uncertainty attribute describes the unpredictability of a product's demand as a result of the quantity demanded and the variety of products available (Christopher and Towill, 2000; Lee, 2002). The supply uncertainty attributes include quality, buying, and delivery, which relates to characteristics of the procurement process (Wu *et al.*, 2014). Demand and supply uncertainty are low in a customer-focused supply chain management (Madhani, 2019).

Resiliency

Supply chain resilience may be described as the ability of a supply chain to manage a disruption without having a major effect on its ability to fulfill the supply chain mission (Berle *et al.*, 2011). To cushion the detrimental effects of crises, supply chains must be able to cope with unexpected disruptive events, that is, to be resilient (Carvalho *et al.*, 2012).According to Sheffi (2007), by increasing redundancies, companies will become more resilient. Supply chain flexibility is required in retail supply chain management due to the uncertainty in the retail environment. Retail supply chains must deploy customer-focused approach to strengthen their ability to adapt rapidly and cost-effectively to unanticipated market shifts and rising turbulence and to relate these abilities to its overall success and competitiveness.

Realignment

Organizations recognize the importance of looking beyond their own walls to their suppliers and customers to increase market value through complementary competencies and capabilities. This movement shifts the organization’s attention from internal business and manufacturing processes to management across the supply chain management network with realignment. Effective retail supply chain collaboration should benefit both the supplier and its retail customer. The supply chain collaboration is important to superior supply chain performance (Ganesan *et al.*, 2009), the creation of competitive advantage (Handfield and Bechtel, 2002), and the continuity of retailer-supplier relationships (Troy, 2010). Allred *et al.*, (2011) present evidence that greater collaboration capability is linked to greater productivity and customer satisfaction, all of which lead to higher profitability. Zacharia *et al.*, (2009), found that increased levels of collaboration in the supply chain resulted in operational and relational improvements, which affected asset utilization, competitive position, organizational performance, and profitability. Yan and Dooley (2014) provide empirical evidence that supply chain collaboration helps businesses perform better. Supply chain collaboration is a multidimensional concept that includes the dimensions of information sharing, goal congruence, decision synchronization, incentive alignment, collaborative communication, and joint knowledge creation (Cao and Zhang, 2011). Supply chain success necessitates effective teamwork, trust, and rewards alignment (Attaran and Attaran, 2007; Simatupang and Sridharan, 2005). Retail supply chain realignment refers to the process of consistently aligning the interests and priorities of retail supply chain partners by ensuring that their objectives are in line. Retailers deliver optimum supply chain performance when they uphold their priorities and achieve their own goals while realigning the needs of multiple retail supply chain partners in the network.

Research Methodology

In this research analysis, the major focus is on developing a business value-added framework that defines key drivers of a customer-focused retail supply chain and underscores the resulting business value.

Retail Supply Chain Management: Developing a Business Value Added Framework

Organizations must formulate and execute a competitive business strategy that meets the needs of the target market to succeed and thrive in the future. The customer value proposition, which defines the specific combination of product and service characteristics, customer relations, and the overall image that an organization provides, is at the heart of every business model (Johnson, 2010). The first step is to identify a customer value that is both competitive and practical, and the second is to manage it based on observable performance. It also outlines how the organization can set itself apart from competitors and differentiate to attract, maintain, and reinforce relationships with targeted customers. According to Kaplan and Norton (1996): “The customer’s value propositions represent the attributes that supplying companies provide, through their products and services, to create loyalty and satisfaction in targeted customer segments. The customer value proposition is the key concept for understanding the drivers of core measurements of satisfaction, acquisition, retention and market and account share”.

The rules for succeeding in the retail industry have changed. In today's competitive arenas, low prices and innovative products are not enough to give retailers a competitive edge, as they have become points of parity and the norm (Grewal *et al.*,2009). Understanding the drivers of shopper behavior is crucial for retailers in terms of positioning and obtaining a competitive edge (Rintamäki *et al.*, 2007). Understanding what motivates customers to buy and how they use different platforms (offline, online, and mobile) is where retailers can build customer value and gain a competitive edge. Hence, customer value has become increasingly powerful differentiators (Anderson *et al.,* 2006; Rintamäki *et al.,* 2007). To achieve a competitive advantage over its rivals, an organization must provide value to its consumers through either cost advantage (by performing activities more efficiently than competitors) or greater differentiation advantage (by uniquely performing activities in comparison to competitors). Owing to fierce competition in the marketplace, organizations have been forced to concentrate on building value for consumers. The importance of added value in gaining a competitive advantage and the long-term success of organizations has long been recognized (Madhani, 2011, 2012, 2015, 2016, 2017a, 2017b).

Many supply chain management improvement efforts have centered on increasing efficiency and effectiveness, such as lower supply chain costs, improved capacity utilization, lower inventories, and on-time/in-full deliveries to boost customer satisfaction and supply effectiveness. Supply chain strategies that can achieve high levels of effectiveness and efficiency are desirable (Hines, 2004; Sodhi and Tang, 2017).Effectiveness defines the degree to which the actual outputs of the system match its desired outputs, while efficiency evaluates the ratio of the actual value of the outputs to the value of the actual inputs (Fugate *et al.*,2010).Efficiency is a measure of how economically the supply chain's resources are used when providing a pre-specified level of customer satisfaction, while effectiveness is a degree to which a customer's expectations are met in the supply chain (Madhani, 2020b). Efficiency is defined as doing things correctly, while effectiveness is defined as doing the right things.

The effectiveness can be increased by improving the customer value; for example, new functionality could be added to a product to meet an unmet customer need, or a supply chain setup could be changed to deliver the exact, final consumer's requirements. On the other hand, waste reduction, i.e. lowering input levels while increasing output levels increase efficiency. It is argued that supply chain efficiency is based on alignment with the overall effectiveness of the value proposition. Consumer satisfaction is used to assess supply chain effectiveness (Zokaei and Simons, 2006). However, supply chain efficiency is the reciprocal of the resources consumed by the supply chain and is related to the output of individual processes (Hewitt, 1994).

Retailers are an essential part of the supply chain (Fleisch and Tellkamp, 2005) because of their proximity to customers (Wang and Liu, 2007). Retailers, usually face significantly more partners in the supply chain as a major retailer could have hundreds or thousands of vendors to supply its products compared to a much more controllable number for the manufactures. A large-scale retailer uses several brands and suppliers for the same product category while it sources inventories from many suppliers (Agrawal and Smith, 2015). Thus, the retail supply chain management needs to have more ability to scale more effectively and efficiently for better supply chain coordination. As shown in Figure 1, wholesalers (vendors), warehouses (distribution centers), retailers (stores), and customers are the four main components of a typical retail supply chain management network as they have direct linkages. The manufacturers and Suppliers represent indirect linkages for retail supply chain.

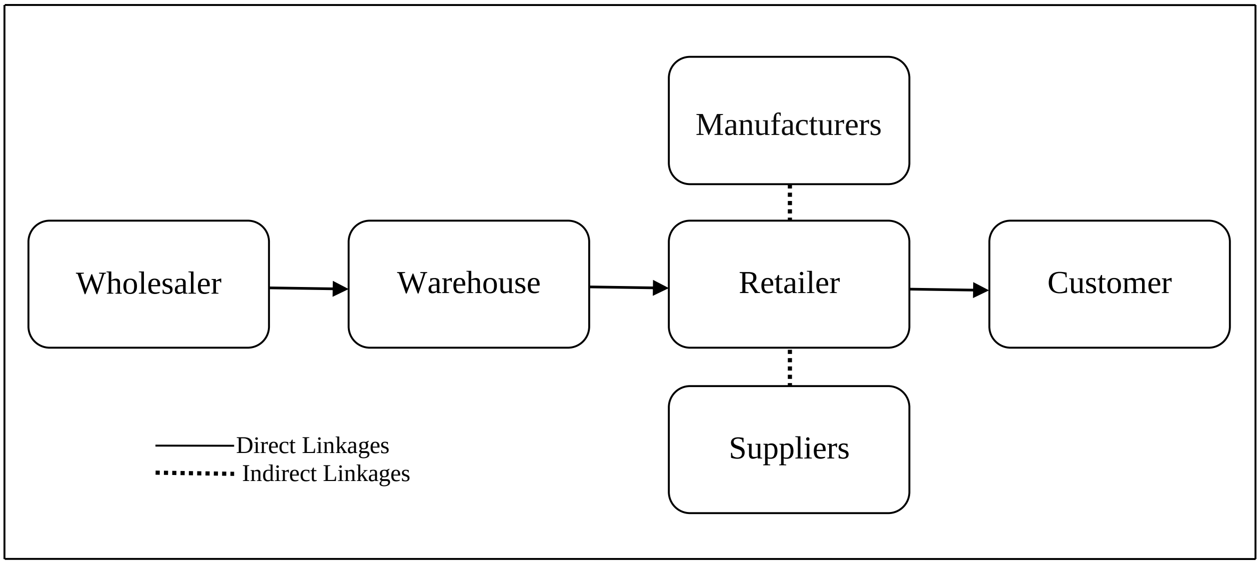

Figure 1: Retail Supply Chain Management Network: Direct and Indirect Linkages

(Source: Framework Developed by Author)

A value chain framework is used as a basis to present a business value-added framework, as shown in Figure 2, to demonstrate how customer-focused retail supply chain management can enhance the customer value proposition and ultimately create overall business values. The value chain, according to Brown (1997), is a method for segmenting a business into strategically important activities. By conducting these activities more cheaply or better than rivals, this classification allows for the recognition of the source of competitive advantage. Understanding consumers' needs and desires, and translating them into a specific business value-added, is becoming increasingly pertinent. The activities inside and around a retailer are defined in a value chain analysis, which links them to the retailer's competitive position. As a consequence, it determines how much value each activity contributes to the retailer's products or services and helps in enhancing customer value.

SCM is an essential component of organizational value chains and is crucial to business success (Flynn *et al.*, 2010; Ketchen and Hult, 2007). The entire supply chain network profits from customer-focused retail supply chain management. Customers benefit from customer-focused retail supply chain management because it increases responsiveness, resiliency, reliability, and realignment. In today's era of intense competition, it's critical to respond rapidly, be resilient, create reliability, and realign the priorities of retail supply chain participants. Furthermore, a high value in these four competitive priorities (*responsiveness*, *reliability*, *resilience*, and *realignment*) is only possible if supply chain participants effectively coordinate strategic sourcing, logistics management, information sharing, and relationship management (Figure 2).

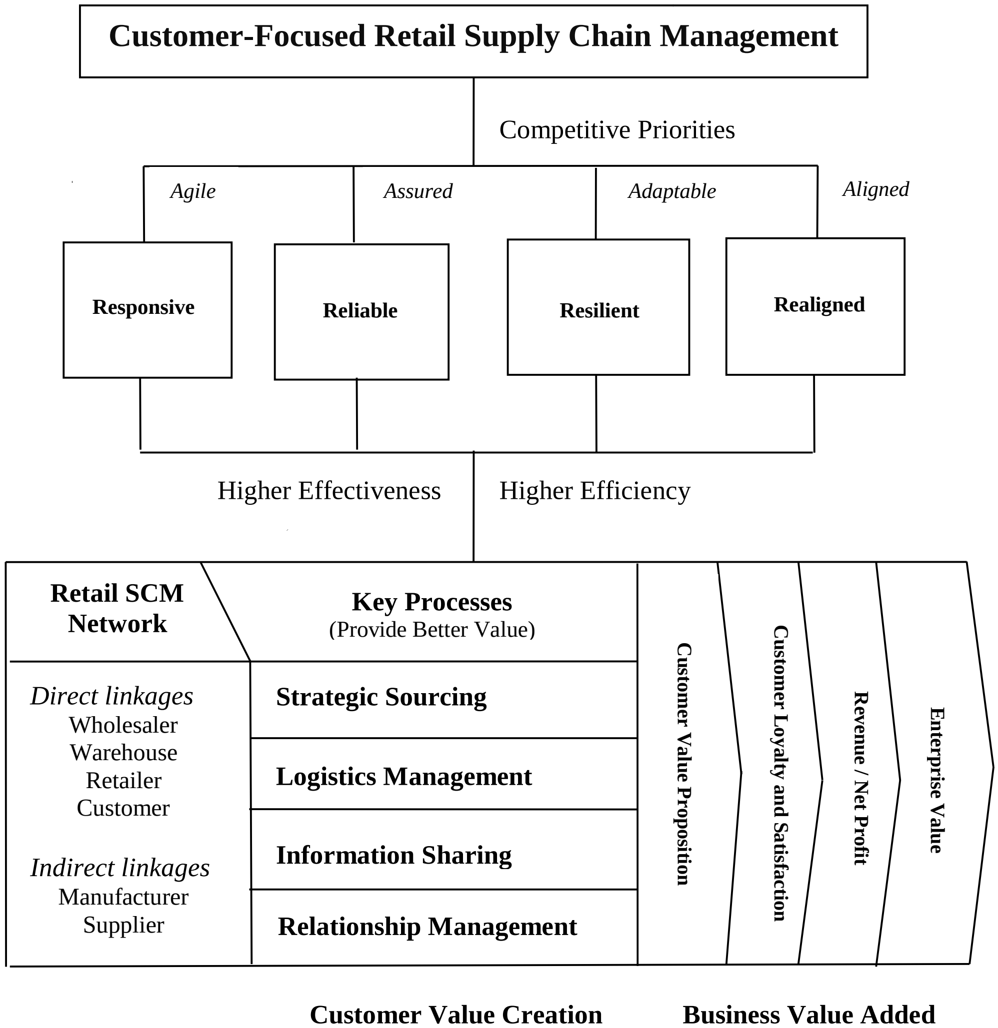

Figure 2: Retail Supply Chain Management: Developing Business Value Added Framework

(Source: Framework developed by the Author)

Organizational performance can be defined as a multifaceted concept that encompasses all performance domains, including financial, operational, and customer satisfaction (Kaplan and Norton, 1996). Organizational performance is also expressed as an organization's overall effectiveness in meeting the identified needs of each of its constituent groups through systematic efforts that continually enhance the organization's ability to meet those needs effectively (Sluyter, 1998). Measuring organizational performance can be achieved in two ways. The first approach emphasized the use of financial measures, while the second approach focused on non-financial measures. Annual sales revenue, profit after tax, operating profit, return on investment, market share, the profit margin on sales, and sales growth rate are all financial indicators of an organization's performance (Holmberg, 2000).While financial performance indicators are more likely to demonstrate an organization's external evaluation by variables beyond the organization's boundaries, operational measures are more directly reflective of the efficiency and effectiveness of the organization's operations (Attia, 2016). The operational and strategic aspects are two dimensions included in non-financial performance indicators (Soosay and Chapman, 2006). Quality, competitive position, and service levels are used to determine operational performance (Lee *et al.*, 2011). Customer service, cost control, asset management, quality, and productivity are among the five operational performance indicator areas suggested by Bowersox *et al.*, (1999).

The development of superior customer value is at the core of the business value-added framework. Retailers minimize costs, improve consumer satisfaction, trust, and loyalty, and eventually generate value for consumers by improving customer value through customer-focused retail supply chain management. Higher sales, profitability, and, eventually, higher enterprise value (EV) result from such cost reductions and improved customer satisfaction. Supply chains become *agile* as a result of customer-focused retail supply chain management because they can respond rapidly and cost-effectively to rapid demand and supply volatility, *adapt* over time to market shifts, provide *assurance* through improved robustness and reliability, and *align* the priorities of all retail supply chain participants to build long-term competitive advantages. As a result, customer-focused retail supply chain management seeks to optimize overall value added to the customer rather than just one retail supply chain in the network.Figure 2, shows how a customer-focused retail supply chain management affects retailers' success in terms of higher competitive priorities (responsiveness, reliability, resiliency, and realignment), better customer value, improved customer loyalty, and satisfaction, long-term relationships, increased customer retention, boost in revenue and profit, and higher EV.

Conclusion

Today’s retail supply chains are dealing with a business environment that is becoming increasingly complex, competitive, and uncertain due to changing and unpredictable customer demand. As a result, there is a requirement to build customer-focus in retail supply chain management. Customer-focused retail supply chain management improves a retailer's top and bottom lines by enhancing the retailer's ability to become more agile, assured, adaptive, and aligned to the dynamically changing environment, with a greater emphasis on the customer. This research develops appropriate competitive priorities to enhance efficiency, effectiveness and competitive advantages of retail supply chains. The study also develops business value added framework, while recognizing various competitive priorities (i.e. responsiveness, reliability, resiliency, and realignment) as important drivers of customer-focused retail supply chain management. Customer-focused retail supply chain management specifically focuses on customers; generates competitive advantages and improves retailers’ performance. Improved retail supply chain output would boost a retailer's overall productivity, produce more sales volume, and ultimately increase profits. All of these factors will contribute to the retail supply chain's competitiveness, and as a result, the business ecology of the entire retail supply chain’s partners will shift and leads to win-win situation.

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