

(REVIEW ARTICLE)



Impact of customer-centric marketing on FMCG supply chain efficiency and SME profitability

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Global Journal of Advanced Research and Reviews, 2023, 01(02), 071–081

Publication history: Received on 08 September 2023; revised on 29 November 2023; accepted on 07 December 2023

Article DOI: <https://doi.org/10.58175/gjarr.2023.1.2.0063>

Abstract

In the highly competitive Fast-Moving Consumer Goods (FMCG) sector, small and medium-sized enterprises (SMEs) face significant challenges in balancing supply chain efficiency with profitability. This review examines the role of customer-centric marketing in enhancing both supply chain operations and financial performance for FMCG SMEs. Customer-centric marketing focuses on aligning business strategies with consumer needs, preferences, and feedback, which directly influences supply chain efficiency through improved demand forecasting, product innovation, and streamlined logistics. The integration of customer insights into supply chain management allows SMEs to optimize inventory management, reduce overproduction, and respond more swiftly to changing consumer demands. By tailoring products and services to customer expectations, businesses can reduce supply chain costs, minimize waste, and enhance operational flexibility. This approach not only improves efficiency but also drives profitability through increased customer satisfaction, loyalty, and brand differentiation. Customer-centric strategies enable more precise targeting, resulting in better returns on marketing investments and higher conversion rates. Additionally, SMEs that focus on customer-driven innovation gain a competitive edge by offering products that meet market demands while maintaining cost-effective supply chain operations. However, challenges such as resource limitations, the complexity of aligning marketing and supply chain functions, and the fast-evolving nature of consumer behavior can hinder successful implementation. By leveraging data analytics, fostering cross-functional collaboration, and adopting incremental customer-centric practices, SMEs can overcome these obstacles. Ultimately, customer-centric marketing plays a critical role in boosting supply chain efficiency and ensuring long-term profitability for FMCG SMEs in an increasingly dynamic marketplace.

Keywords: Customer-Centric; FMCG; Supply Chain; Review

1 Introduction

The fast-moving consumer goods (FMCG) sector is a vital component of the global economy, characterized by the rapid turnover of products and a high volume of sales (Stanciu *et al.*, 2019). FMCG includes a wide range of items, such as food, beverages, toiletries, and cleaning products, that are frequently purchased by consumers due to their relatively low cost and essential nature (Oyedokun, 2019; Iwuanyanwu *et al.*, 2022). The significance of this sector lies in its substantial contribution to employment, economic growth, and consumer spending, with the global FMCG market projected to exceed \$10 trillion in the coming years. Within this dynamic landscape, small and medium enterprises (SMEs) play a

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crucial role, accounting for a significant portion of production and employment (Mohamad *et al.*, 2021). These SMEs often foster innovation, contribute to local economies, and provide diverse options for consumers, enhancing competition and driving market growth.

As the FMCG sector evolves, so does the need for effective marketing strategies. Customer-centric marketing has emerged as a pivotal approach, focusing on understanding and addressing the needs and preferences of consumers (Gupta and Ramachandran, 2021). Defined as a strategy that prioritizes customer satisfaction and engagement, customer-centric marketing operates on principles that include personalization, responsiveness, and relationship-building. By placing consumers at the heart of business strategies, companies can create more meaningful connections, leading to increased loyalty and brand advocacy (Quaye *et al.*, 2022). In the FMCG market, where consumer choices are influenced by a myriad of factors, the ability to adapt to changing preferences is paramount. Focusing on customer needs not only drives product development but also informs marketing communications, pricing strategies, and distribution channels (Purchase and Volery, 2020).

The link between customer-centric marketing and supply chain efficiency is increasingly recognized as a critical factor in achieving profitability and competitive advantage in the FMCG sector (Mathu, 2021; Naim, 2022). A customer-centric approach influences supply chain operations by encouraging companies to align their processes with consumer demand patterns. For instance, understanding customer preferences can lead to more accurate demand forecasting, allowing companies to optimize inventory levels and reduce waste. Additionally, fostering strong relationships with customers can drive collaboration with suppliers, resulting in improved responsiveness and agility in the supply chain (Shukor *et al.*, 2021). This alignment ultimately enhances operational efficiency, reduces costs, and improves service levels, thereby contributing to overall profitability.

The FMCG sector's characteristics and significance underscore the importance of SMEs in driving innovation and competition (Binuyo *et al.*, 2019). The adoption of customer-centric marketing principles is essential for companies seeking to thrive in this rapidly changing landscape. By linking marketing strategies to supply chain operations, businesses can achieve greater efficiency and profitability while meeting the evolving demands of consumers. As the FMCG industry continues to grow and adapt, the integration of customer-centric marketing with supply chain efficiency will be crucial for long-term success and sustainability (Fornell *et al.*, 2020).

2 Understanding Customer-Centric Marketing in FMCG

In today's rapidly evolving fast-moving consumer goods (FMCG) sector, customer-centric marketing has emerged as a critical strategy for businesses aiming to thrive in a highly competitive landscape. This approach revolves around prioritizing customer preferences and feedback in all aspects of business decision-making, ensuring that products and services are aligned with consumer needs. The key principles of customer-centric marketing include personalization, responsiveness, and engagement, which collectively form the foundation of an effective marketing strategy (Lee and Day, 2019).

Customer-centric marketing can be defined as a strategy that places the customer at the core of business operations and marketing efforts. By focusing on the wants, needs, and behaviors of consumers, companies can develop tailored solutions that resonate with their target audience (West *et al.*, 2021). The primary principles of this approach include. Successful customer-centric marketing involves actively seeking and valuing consumer input. Companies should implement mechanisms to gather feedback through surveys, social media interactions, and direct customer communications. This feedback loop helps businesses understand consumer expectations and make informed decisions. Personalization involves tailoring products, services, and marketing communications to meet individual customer preferences (Chandra *et al.*, 2022). This can range from personalized recommendations in online shopping to customized packaging options. Personalization not only enhances the customer experience but also fosters loyalty and repeat purchases. In a customer-centric model, responsiveness refers to the ability of a business to adapt quickly to changing consumer needs and market trends. This includes being proactive in addressing customer inquiries, complaints, and preferences, thereby demonstrating a commitment to customer satisfaction. Building meaningful relationships with customers is vital for long-term success. Engaging customers through interactive marketing campaigns, loyalty programs, and community initiatives can create a sense of belonging and increase brand affinity (Ozuem *et al.*, 2021).

Customer-centric marketing strategies in the FMCG sector are designed to directly align product offerings with consumer demand. This alignment is critical for ensuring that companies remain relevant in a fast-paced market. One of the fundamental aspects of customer-centric marketing is leveraging consumer insights to inform product development (Camilleri, 2020). This can involve creating new products that meet specific customer needs or

reformulating existing products to enhance their appeal. For example, a beverage company might introduce a low-sugar variant of a popular drink in response to growing health consciousness among consumers. Effective customer-centric marketing requires businesses to segment their target audience and tailor their marketing efforts accordingly (Terho *et al.*, 2022). By understanding the unique characteristics and preferences of different customer segments, companies can create targeted marketing campaigns that resonate with specific groups.

In the age of big data, the utilization of customer data and insights has become paramount for effective customer-centric marketing. Businesses can collect and analyze vast amounts of data from various sources, including purchase history, online behavior, and social media interactions (Ghani, 2019). This data-driven approach enables companies to make informed marketing decisions and adjust their supply chain operations accordingly. By analyzing customer data, FMCG companies can gain insights into purchasing patterns, preferences, and trends. These insights can inform decisions regarding product assortment, pricing strategies, and promotional campaigns. For example, if data reveals a rising trend in plant-based diets, a snack company might expand its range of vegan options to meet consumer demand. Customer insights also play a crucial role in optimizing supply chain operations. By understanding consumer demand fluctuations, companies can adjust inventory levels, streamline production processes, and enhance distribution strategies (Alvim and Oliveira, 2020). This agility not only reduces costs but also improves service levels, ensuring that products are available when and where consumers want them.

Understanding customer-centric marketing in the FMCG sector is essential for businesses seeking to navigate the complexities of today's market (Purcarea, 2020). By prioritizing customer preferences and feedback, implementing personalized and responsive strategies, and leveraging data-driven insights, companies can enhance their marketing efforts and supply chain efficiency. As consumer expectations continue to evolve, embracing a customer-centric approach will be crucial for FMCG companies aiming for long-term success and sustainability.

2.1 Impact of Customer-Centric Marketing on FMCG Supply Chain Efficiency

In the fast-moving consumer goods (FMCG) sector, the shift towards customer-centric marketing has significantly transformed the dynamics of supply chain management (Brewis and Strønen, 2021). By prioritizing consumer preferences and feedback, FMCG companies can enhance supply chain efficiency in several key areas, including demand forecasting, product development, responsiveness, and cost management. This explores the profound impact of customer-centric marketing on the efficiency of FMCG supply chains.

One of the most significant impacts of customer-centric marketing on supply chain efficiency lies in improved demand forecasting and inventory management. Accurate forecasting is essential for aligning supply with consumer demand, as it helps companies anticipate what products will be needed and when (Seyedan and Mafakheri, 2020). By utilizing customer data, companies can analyze purchasing trends and seasonality, enabling them to make informed predictions about future demand. This enhanced forecasting capability reduces overproduction and waste, a common issue in the FMCG sector. For instance, if a company recognizes an uptick in demand for organic products through customer feedback and sales data, it can adjust its inventory levels accordingly, preventing excess stock and associated costs. Moreover, closely monitoring consumer trends allows businesses to adopt a proactive approach to inventory management, leading to a more sustainable and efficient supply chain (Feng *et al.*, 2022).

Customer-centric marketing not only aids in demand forecasting but also significantly enhances product development and innovation processes. By actively engaging with consumers and gathering insights about their preferences, FMCG companies can expedite the creation of new products that align with market needs (Kataria *et al.*, 2020). This responsiveness to consumer feedback fosters a culture of innovation, encouraging brands to develop offerings that truly resonate with their target audience. Additionally, integrated marketing-supply chain feedback loops streamline product launch cycles. By incorporating input from both marketing and supply chain teams early in the development process, companies can minimize time-to-market and ensure that new products are well-aligned with consumer expectations. This collaboration leads to more effective launches, ultimately driving sales and enhancing brand reputation.

Customer-centric marketing strategies contribute to the creation of leaner and more responsive supply chains (Martinelliv and Tunisini, 2019). The emphasis on understanding customer buying patterns allows FMCG companies to become more agile in their operations. This flexibility is crucial in today's rapidly changing market, where consumer preferences can shift overnight. By leveraging data analytics and consumer insights, companies can quickly adapt their production schedules and distribution strategies in response to fluctuations in demand. This responsiveness reduces lead times, enabling businesses to meet customer needs more effectively. For example, a retailer that monitors real-time sales data can adjust its orders from suppliers to ensure that popular products are always in stock, enhancing customer satisfaction and loyalty.

Another critical impact of customer-centric marketing on supply chain efficiency is the potential for cost savings through demand alignment. By accurately anticipating customer needs, FMCG companies can reduce costs associated with excess inventory and stockouts. Excess inventory ties up valuable resources and incurs holding costs, while stockouts lead to lost sales and dissatisfied customers (Mweshi, 2022). Through demand-driven supply chain optimization, companies can achieve a more efficient use of resources. By aligning production and inventory levels with actual consumer demand, businesses can streamline their operations and improve overall cost efficiency. For example, implementing just-in-time inventory systems allows companies to minimize storage costs while ensuring that products are available when consumers want them.

The integration of customer-centric marketing into FMCG supply chains has a profound impact on efficiency across multiple dimensions. Enhanced demand forecasting and inventory management, improved product development and innovation, leaner and more responsive supply chains, and cost efficiency through demand alignment all contribute to a more effective supply chain framework (Santos *et al.*, 2021; Cohen and Kouvelis, 2021). As consumer expectations continue to evolve, FMCG companies that embrace customer-centric marketing will not only improve their supply chain efficiency but also position themselves for long-term success in an increasingly competitive market. By placing the customer at the center of their strategies, these companies can create sustainable, responsive, and efficient supply chains that drive both profitability and consumer satisfaction.

2.2 Influence of Customer-Centric Marketing on SME Profitability

In the competitive landscape of small and medium-sized enterprises (SMEs), customer-centric marketing has emerged as a pivotal strategy for enhancing profitability. By prioritizing the needs, preferences, and behaviors of consumers, SMEs can drive increased sales, foster customer loyalty, optimize marketing expenditures, and effectively position their products in the marketplace (Carson *et al.*, 2020; Wicaksono *et al.*, 2021). This explores the various ways in which customer-centric marketing influences SME profitability across four key dimensions: sales and revenue growth, customer loyalty and brand equity, return on investment (ROI) on marketing expenditure, and product differentiation.

One of the most immediate impacts of customer-centric marketing is its ability to boost sales and drive revenue growth. Targeted marketing campaigns tailored to specific customer segments often lead to higher conversion rates compared to traditional mass marketing approaches. By analyzing customer data and preferences, SMEs can craft personalized messages that resonate with their audience, effectively increasing engagement and encouraging purchases (Kotturi *et al.*, 2021). Moreover, customer-centric marketing facilitates cross-selling and upselling strategies based on individual consumer preferences. For instance, a small retailer might recommend complementary products to customers at the point of sale, thus enhancing the average transaction value. By understanding customer behaviors and preferences, SMEs can maximize revenue per customer, resulting in a more robust financial performance.

Customer-centric marketing also plays a critical role in building enhanced customer loyalty and brand equity. By focusing on customer relationships, SMEs can create a loyal customer base that consistently chooses their brand over competitors. Strategies such as personalized communication, tailored promotions, and exceptional customer service contribute to stronger relationships with consumers, increasing the likelihood of repeat purchases (Urdea *et al.*, 2021; Capponi *et al.*, 2021). Satisfied customers become brand advocates, generating positive word-of-mouth marketing that can significantly enhance brand equity. In today's digital age, where online reviews and social media influence purchasing decisions, the advocacy of loyal customers can lead to a wider reach and new customer acquisition. This organic marketing can reduce the need for expensive advertising, further supporting profitability.

A customer-centric approach enables SMEs to improve the return on investment (ROI) of their marketing expenditures. By employing personalized and focused strategies, businesses can allocate their marketing budgets more effectively (Lessmann *et al.*, 2021). Instead of spreading resources thinly across a wide audience, SMEs can concentrate their efforts on high-value customer segments that are more likely to convert. Additionally, personalized marketing efforts often yield higher engagement rates, resulting in lower costs associated with ineffective mass marketing campaigns (Behera *et al.*, 2020). For example, targeted email marketing campaigns that consider individual customer preferences can lead to higher open and click-through rates, ensuring that marketing dollars are spent wisely. This strategic approach to marketing not only maximizes impact but also enhances overall profitability.

Customer-centric marketing allows SMEs to create unique value propositions that differentiate their products from competitors. By aligning product features and benefits with customer preferences, SMEs can establish a strong market position. Understanding what customers value enables businesses to develop and market products that meet specific needs, thereby standing out in a crowded marketplace. Furthermore, pricing strategies informed by customer value perception can lead to higher profit margins. When SMEs understand how much customers are willing to pay for a

product based on its perceived value, they can set prices that reflect that value while still remaining competitive (Zietsman *et al.*, 2019). This strategic alignment of product offerings with customer expectations not only enhances market position but also supports sustainable profitability.

The influence of customer-centric marketing on SME profitability is significant and multifaceted. By driving increased sales and revenue growth, enhancing customer loyalty and brand equity, improving ROI on marketing expenditure, and facilitating product differentiation, customer-centric strategies position SMEs for long-term financial success (Waweru and Karihe, 2021). In an era where consumer preferences are constantly evolving, SMEs that prioritize customer needs and adopt a customer-centric approach are better equipped to navigate the challenges of the market. This strategic focus not only enhances profitability but also fosters sustainable growth and resilience in an increasingly competitive landscape. Ultimately, customer-centric marketing is not just a tactical approach; it is a vital component of a successful business strategy that can lead to lasting profitability and brand loyalty.

2.3 Challenges in Implementing Customer-Centric Marketing for FMCG SMEs

In the fast-moving consumer goods (FMCG) sector, small and medium-sized enterprises (SMEs) are increasingly recognizing the importance of customer-centric marketing (Dressler and Paunovic, 2021). This approach prioritizes understanding and addressing consumer needs, leading to enhanced customer loyalty and profitability. However, implementing customer-centric marketing poses several challenges for FMCG SMEs. This explores the primary obstacles, including resource constraints, complexity in integrating marketing and supply chain functions, balancing customization with cost efficiency, and adapting to changing consumer behavior.

One of the most significant challenges FMCG SMEs face in implementing customer-centric marketing is resource constraints. Many SMEs operate on limited budgets, which can restrict their access to advanced customer data and analytics tools (Malesev and Cherry, 2021). Without these tools, SMEs may struggle to gather and analyze essential consumer insights, hampering their ability to develop targeted marketing strategies. Furthermore, the lack of financial resources can prevent SMEs from investing in training and hiring skilled personnel who can effectively interpret customer data (Verma *et al.*, 2021). This shortfall can lead to missed opportunities for personalization and engagement, ultimately undermining the effectiveness of their marketing efforts. As a result, resource constraints can inhibit the overall implementation of customer-centric strategies, limiting SMEs' competitive edge in the market.

Another significant challenge in implementing customer-centric marketing for FMCG SMEs is the complexity of integrating marketing and supply chain functions. A successful customer-centric approach requires seamless alignment between these two areas to ensure that marketing strategies are effectively supported by supply chain operations. However, many SMEs operate with siloed departments, where marketing and supply chain teams work independently (Birkel and Wehrle, 2022). This lack of coordination can result in inconsistencies between customer expectations and the actual product availability or delivery. For example, if a marketing campaign promotes a new product variant that is not readily available due to supply chain constraints, it can lead to customer dissatisfaction and damage brand reputation. Bridging this gap requires effective communication, collaboration, and integrated processes, which can be particularly challenging for resource-limited SMEs.

FMCG SMEs often face the challenge of balancing customization with cost efficiency. While customer-centric marketing emphasizes tailoring products and services to meet specific consumer preferences, this can lead to increased costs associated with production, inventory management, and logistics. For example, offering a diverse range of product variations to satisfy different consumer needs can complicate supply chain operations and lead to higher manufacturing costs. Additionally, smaller production runs for customized products may not achieve economies of scale, further impacting cost efficiency. SMEs must carefully navigate this trade-off, ensuring that their marketing strategies align with both consumer demands and the financial realities of their operations (Du and Kim, 2021). Striking this balance is critical to maintaining profitability while implementing customer-centric initiatives.

Adapting to rapidly shifting consumer behavior poses another significant challenge for FMCG SMEs attempting to implement customer-centric marketing. In an increasingly digital and interconnected marketplace, consumer preferences and expectations can change quickly, influenced by various factors such as social media trends, economic conditions, and emerging health and environmental concerns. FMCG SMEs must remain agile and responsive to these changes, continuously monitoring consumer sentiment and adjusting their marketing strategies accordingly. However, this requires timely access to data and insights, which may be difficult for resource-constrained SMEs. The need for constant adaptation can create additional pressure on marketing and supply chain teams, complicating efforts to deliver consistent and relevant customer experiences. While customer-centric marketing presents significant opportunities for enhancing the competitiveness and profitability of FMCG SMEs, several challenges must be addressed for successful

implementation. Resource constraints limit access to essential customer data and analytics tools, while the complexity of integrating marketing and supply chain functions can hinder effective alignment. Additionally, balancing customization with cost efficiency poses financial challenges, and adapting to rapidly changing consumer behavior requires agility and responsiveness. To navigate these obstacles, FMCG SMEs must adopt strategic approaches, including investing in data-driven tools, fostering cross-departmental collaboration, and staying attuned to consumer trends (Feyen *et al.*, 2021). By overcoming these challenges, SMEs can leverage customer-centric marketing to build stronger relationships with their customers and achieve sustainable growth in a competitive market.

2.4 Strategies for Overcoming Challenges and Maximizing Impact in Customer-Centric Marketing for FMCG SMEs

In the competitive landscape of fast-moving consumer goods (FMCG), small and medium-sized enterprises (SMEs) are increasingly recognizing the importance of customer-centric marketing. However, implementing such strategies is not without its challenges. To successfully navigate these hurdles and maximize the impact of customer-centric marketing, FMCG SMEs can adopt several key strategies, including leveraging technology and data analytics, fostering cross-functional collaboration, incrementally implementing customer-centric practices, and engaging in continuous consumer feedback loops.

One of the most effective ways for FMCG SMEs to overcome challenges in customer-centric marketing is through the strategic use of technology and data analytics (Rakshit *et al.*, 2021). By implementing customer relationship management (CRM) systems, SMEs can collect, store, and analyze customer data more effectively. This data enables businesses to gain valuable insights into consumer preferences, behaviors, and purchasing patterns. Additionally, predictive analytics can enhance demand forecasting, allowing SMEs to anticipate customer needs more accurately. For instance, by analyzing historical sales data and market trends, SMEs can predict which products are likely to be in demand during specific seasons or promotional periods. This capability not only optimizes inventory management but also reduces the risk of overproduction and waste, thereby supporting sustainability goals. By leveraging technology in this manner, FMCG SMEs can make informed decisions that align marketing strategies with consumer demands, ultimately enhancing profitability (Ganapathy, 2022).

Fostering cross-functional collaboration is another critical strategy for overcoming challenges in customer-centric marketing. In many SMEs, marketing and supply chain teams operate in silos, leading to misalignment in goals and strategies. To ensure the successful implementation of customer-centric practices, it is essential to create a culture of collaboration between these departments. Regular joint meetings, workshops, and training sessions can facilitate open communication and understanding of each team's objectives and challenges (Zajac *et al.*, 2021). For example, marketing teams can share insights on consumer trends and preferences, while supply chain teams can provide information on production capabilities and lead times. By aligning their strategies, both teams can work together to ensure that marketing campaigns are supported by a responsive and efficient supply chain. This collaboration can lead to more effective product launches, improved customer satisfaction, and enhanced overall business performance.

Implementing customer-centric practices does not have to be an all-or-nothing approach. For FMCG SMEs, a gradual, incremental implementation strategy can be an effective way to manage costs and minimize disruption (Shin, 2021). By piloting customer-centric initiatives on a smaller scale, SMEs can assess their effectiveness before rolling them out more broadly. For example, an SME could begin by implementing personalized marketing campaigns for a select group of loyal customers. Based on the success of this pilot program, the company can refine its approach and gradually expand the initiative to a larger audience. This incremental strategy allows SMEs to learn from early implementations, adjust their tactics as needed, and minimize potential financial risks. Additionally, this phased approach enables companies to better allocate resources, ensuring that they remain financially sustainable while implementing customer-centric marketing practices.

Another effective strategy for FMCG SMEs is to engage in continuous consumer feedback loops. By establishing channels for real-time consumer feedback, such as surveys, social media interactions, and online reviews, SMEs can gain valuable insights into customer preferences and perceptions. This ongoing engagement allows companies to refine their marketing strategies and product offerings based on current consumer trends. Continuous feedback loops not only help SMEs stay responsive to consumer needs but also foster a sense of community and loyalty among customers who feel their opinions are valued (Re and Magnani, 2022). By creating a feedback-rich environment, SMEs can enhance their understanding of the market and adapt more effectively to changing consumer demands.

While FMCG SMEs face significant challenges in implementing customer-centric marketing, several strategic approaches can help them overcome these obstacles and maximize their impact. By leveraging technology and data analytics,

fostering cross-functional collaboration, incrementally implementing customer-centric practices, and engaging in continuous consumer feedback loops, SMEs can create a robust framework for success. These strategies not only facilitate a deeper understanding of customer needs and preferences but also enhance operational efficiency and profitability. As the FMCG landscape continues to evolve, adopting these strategies will be crucial for SMEs aiming to remain competitive and responsive to their customers in an increasingly dynamic market (Anshari and Almunawar, 2021). Through effective customer-centric marketing, SMEs can not only improve their bottom line but also build lasting relationships with their consumers, ensuring long-term sustainability and growth.

2.5 Case Studies: Successful Implementation of Customer-Centric Marketing in FMCG SMEs

In the fast-moving consumer goods (FMCG) sector, small and medium-sized enterprises (SMEs) face intense competition and rapidly changing consumer preferences (Chakabva *et al.*, 2020). To thrive, these companies increasingly adopt customer-centric marketing strategies that prioritize consumer insights and feedback. This explores two case studies that highlight successful implementations of such strategies: an SME FMCG brand utilizing customer data for demand forecasting and another SME focused on product innovation driven by customer feedback.

One notable example is a regional FMCG brand that specializes in organic snacks. This SME recognized the need to enhance its inventory management processes to minimize supply chain costs while meeting customer demand. By leveraging customer insights derived from sales data, social media interactions, and customer feedback, the company implemented an advanced demand forecasting system (He *et al.*, 2019). Using a customer relationship management (CRM) system, the brand analyzed purchasing patterns and preferences among different customer segments. This analysis revealed fluctuations in demand linked to seasonal trends and specific promotional campaigns. By understanding these insights, the company could predict demand more accurately, thereby optimizing its inventory levels. As a result, the SME experienced a significant reduction in overstock and stockouts, which had been prevalent before the implementation of the data-driven forecasting system. The improved inventory management not only reduced holding costs but also enhanced customer satisfaction by ensuring that popular products were consistently available. Consequently, the company reduced supply chain costs by approximately 20%, contributing to higher profitability (Ketokivi and Mahoney, 2020). This case illustrates how leveraging customer data for demand forecasting can lead to improved inventory management and reduced supply chain costs in an FMCG SME.

Another compelling example is an SME specializing in personal care products that sought to innovate its product line based on direct customer feedback. This brand recognized that to remain competitive, it needed to align its offerings with the evolving preferences of its consumers. To achieve this, the company established a robust feedback mechanism, including surveys, focus groups, and social media engagement (Shawky *et al.*, 2019). Through these channels, the SME collected invaluable insights regarding customer preferences for product features, such as scent, texture, and packaging. Notably, a survey revealed a growing consumer interest in natural ingredients and environmentally friendly packaging options. Responding to this feedback, the company embarked on a product innovation initiative aimed at developing a new line of eco-friendly personal care products. The development process involved close collaboration between the marketing and product development teams, ensuring that customer feedback was integrated at every stage. The result was a line of natural personal care products that meet customer demands for sustainability and efficacy. Upon launch, these new products saw an impressive sales increase of 30% compared to previous launches. The strong market response not only bolstered the company's profitability but also enhanced its brand reputation as a consumer-focused and environmentally conscious brand.

These case studies exemplify the successful implementation of customer-centric marketing strategies in FMCG SMEs. The first case demonstrates how leveraging customer data for demand forecasting can lead to improved inventory management and reduced supply chain costs, ultimately enhancing profitability. The second case illustrates the importance of integrating customer feedback into product development, resulting in innovative offerings that resonate with consumers and drive sales growth. In a competitive FMCG landscape, adopting customer-centric approaches is vital for SMEs seeking to navigate challenges and capitalize on opportunities. By prioritizing consumer insights and feedback, these companies can enhance their operational efficiency, innovate their product lines, and build lasting relationships with their customers, ensuring long-term sustainability and success in the market (Liu *et al.*, 2020).

2.6 Future Trends in Customer-Centric Marketing and Supply Chain Efficiency

As the landscape of fast-moving consumer goods (FMCG) evolves, the intersection of customer-centric marketing and supply chain efficiency is becoming increasingly significant. Several key trends are emerging that highlight the future of this synergy, particularly in the realm of artificial intelligence (AI), personalization, sustainability, and real-time feedback (Pigola *et al.*, 2021). These trends not only reflect changing consumer preferences but also offer strategic avenues for FMCG companies to enhance their operations and responsiveness.

One of the most transformative trends is the integration of AI and machine learning into consumer data analysis. Predictive analytics tools enable FMCG companies to analyze vast amounts of consumer data to uncover insights about purchasing behavior, preferences, and trends. By leveraging AI-driven insights, companies can improve supply chain responsiveness and efficiency. For instance, advanced algorithms can forecast demand fluctuations based on consumer trends, seasonal variations, and promotional activities. This predictive capability allows businesses to optimize inventory levels, reduce waste, and ensure that products are available when and where they are needed (Ramos *et al.*, 2020). As a result, companies can enhance customer satisfaction while minimizing costs associated with overproduction or stockouts.

Another notable trend is the rise of personalization and hyper-targeted marketing strategies. In today's competitive market, consumers increasingly expect tailored experiences that resonate with their individual preferences. This demand for personalization is influencing both product offerings and supply chain design. FMCG companies are utilizing customer insights to create customized products that meet specific needs, such as dietary restrictions or personal aesthetics (Hesse *et al.*, 2022). Consequently, supply chains are evolving to support smaller production runs and greater variability in product lines. This shift necessitates more agile supply chain management practices, enabling companies to respond swiftly to changing consumer preferences while maintaining operational efficiency.

Sustainability is becoming a central focus in customer-centric marketing strategies, driven by growing consumer demand for ethical and environmentally responsible practices. Consumers are increasingly prioritizing products that align with their values, prompting FMCG companies to reevaluate their supply chain operations. This trend towards sustainable and ethical supply chains involves sourcing materials responsibly, minimizing carbon footprints, and ensuring fair labor practices. Brands that successfully communicate their commitment to sustainability often gain a competitive advantage by building stronger relationships with consumers. As sustainability becomes a core value for consumers, FMCG companies that integrate ethical considerations into their supply chains will likely see improved brand loyalty and market differentiation (Yadav *et al.*, 2022).

The ability to integrate real-time consumer feedback into marketing and supply chain strategies is another emerging trend. As consumers increasingly engage with brands through social media and digital platforms, companies can harness this feedback to inform their operations and decision-making processes. Real-time marketing enables businesses to respond quickly to shifts in consumer sentiment, preferences, and purchasing behavior (Arora *et al.*, 2020). This agility can significantly impact supply chain efficiency, allowing companies to adjust their production schedules, inventory levels, and distribution strategies in response to immediate consumer needs. The integration of real-time data not only enhances supply chain agility but also fosters a more responsive marketing approach that aligns closely with customer expectations.

The future of customer-centric marketing and supply chain efficiency in the FMCG sector is being shaped by several key trends, including the adoption of AI and machine learning, the demand for personalization, a focus on sustainability, and the integration of real-time consumer feedback. As companies embrace these trends, they can enhance their responsiveness to consumer preferences, optimize their supply chains, and ultimately improve their competitive positioning in the market. By leveraging technology and consumer insights, FMCG companies can navigate the complexities of the modern marketplace while fostering lasting relationships with their customers, ensuring long-term success in an ever-evolving industry (Rao *et al.*, 2021).

3 Conclusion

In conclusion, customer-centric marketing emerges as a critical driver of supply chain efficiency and profitability for small and medium-sized enterprises (SMEs) in the fast-moving consumer goods (FMCG) sector. By prioritizing consumer preferences and feedback, SMEs can enhance their demand forecasting, inventory management, and product development processes. The integration of customer insights into marketing strategies enables these businesses to create tailored products and responsive supply chains that align closely with consumer expectations. This alignment not only reduces operational costs associated with overproduction and stockouts but also fosters stronger customer loyalty and brand equity.

Furthermore, the future of FMCG SMEs hinges on their ability to adapt to the evolving market landscape. As competition intensifies and consumer demands shift towards sustainability and personalization, it is essential for these businesses to integrate their marketing and supply chain functions. This integration will not only enhance operational efficiency but also enable SMEs to respond swiftly to market changes and capitalize on emerging trends. By embracing customer-centric approaches and fostering collaboration between marketing and supply chain teams, FMCG SMEs can position themselves for long-term success and sustainability in a dynamic environment. Ultimately, the synergy between

customer-centric marketing and efficient supply chain management will be paramount in driving profitability and competitive advantage in the ever-changing FMCG market.

Compliance with ethical standards

Disclosure of conflict of interest

No conflict of interest to be disclosed.

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