

Your Supply Chain's Surprising New Role:

# Building Customer Trust

*Trust is so integral to the implicit contract between buyer and seller that it can be easy to overlook until some negative event throws it into sharp relief. Companies can help build customer trust by injecting a new level of assurance into the supply chain using blockchain technology.*



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Customer trust is up for grabs. Amid a seemingly endless parade of data privacy leaks, social media misinformation, and clever counterfeiting of everything from footwear to pharmaceuticals, consumers are searching for brands and businesses they can believe in.

For many, that trust begins at a foundational level: the ironclad confidence that the product they have received is precisely the product they agreed to purchase. For some consumers, this might mean the comfortable assurance that their coffee was sourced from fair trade suppliers, that their lettuce is safe to eat, or that their new golf clubs are not counterfeit. For manufacturers, it might mean the sure knowledge that a key raw material was acquired in full compliance with global trade regulations—backed by the documentation to prove it.

Today's complex global supply networks have made this a high bar, requiring that companies be able to understand and document exactly where, how and by whom every component, subcomponent

and raw material in their products has been sourced, altered and transported—right through to final delivery. While supply chains have improved over the past few decades, their controls have not yet evolved to provide this level of visibility, or to accommodate today's increasingly customer-centric business models.

Enter blockchain, the distributed ledger technology that can be used to create an immutable record of provenance. Requiring in many cases a surprisingly modest investment, and able in most

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instances to sit atop existing information systems, blockchain has the ability to inject a new level of trust into the implicit contract between buyer and seller. It can help businesses document, end to end, exactly what's in their products and where it came from, no matter how many suppliers, manufacturers, distributors, logistics firms, warehouses and retailers have touched it along the way. This information can be made instantly available to

customers to whatever degree the enterprise deems necessary, to every member of the supply chain who needs it, and, if necessary, to regulators.

What's the ultimate payoff? The obvious benefit to first movers is an opportunity to build customer trust, cement customer loyalty and achieve a sustainable competitive advantage. But the rewards go deeper. Supply chains that leverage blockchain technology have the potential to drive a stake into the heart of counterfeiters, both by helping companies weed them out of the supply chain and by allowing consumers to spot fake goods produced by criminal enterprises. These smarter, more transparent supply chains also can help companies and their suppliers avoid the potentially crippling costs of unnecessarily broad product recalls, an all-too-common occurrence for food and drug manufacturers and retailers of those products. And when legitimate concerns with raw materials or components do surface, a blockchain-enabled supply chain will allow businesses to pinpoint the issue in real time and take steps to limit the negative impact.

Blockchain is moving from the lab to the front lines of business. At KPMG, we help companies look at the supply chain from a holistic point of view and then strategically insert blockchain where it adds value.

***To learn how we can help improve visibility into your supply chain and build trust in your organization, please visit: [read.kpmg.us/blockchain](http://read.kpmg.us/blockchain).***