

# Customer Satisfaction:

## Customer Satisfaction

### What do your customers want from you and your supply chain?

How well do your competitors meet the customer's needs - do you know?

A total view must be taken in assessing customer satisfaction. Performance measurements need to be focused on what factors add to total satisfaction, performance, total value or total cost.

One of the principle performance indicators in customer satisfaction is customer service. Your supply chain is a major contributor to this perception. To obtain optimum service levels each of the links are necessary from each supplier to each customer throughout the supply chain.

Customers in the past never demanded the service that they do today. So, what is the supply chain doing to your customers and your costs?

### Do you know and understand what your customers need:

Do you understand your existing customers and do you know what it is that you need to know, i.e.

Who are your potential customers and how might these customers be grouped

For which percentage of sales is each group responsible

What is the effect of various outcomes of logistics (i.e., same day deliveries, back orders, min order quantities, make to order, credits) in your relation with your customers?

### So, what are we talking about?

**Effectiveness:** accomplishment of the right things, on time, within the requirements specified.

**Efficiency:** resources expected to be consumed divided by resources actually consumed.

**Excellence:** best in class service at a cost you can afford.

**Productivity:** measures of output divided by measures of input for a given period.

**Profitability:** relationship between revenues and costs.

**Predictability:** obtaining the same result time after time.

### What are the customers looking for even before they buy from you:

accessibility of data (catalogue, price lists, literature)

completeness of data (products, prices, instructions)

availability of samples

accessibility of the organization:

expert advice

assurance of product suitability, quality, reliability (employees should be knowledgeable about products)

customers want to be noticed, appreciated and recognised as important individuals

efficiency of the information flow

# Customer Satisfaction:

## Transaction performance:

reliability: delivery on time, in the right quantities, and error-free  
quality of products, packaging, palletisation  
information about order processing, dispatch, transport  
flexibility: time, product variants, volumes  
assurance of satisfaction after purchase.

## After the sale. Post-transaction:

technical support, training, help desk  
availability of spare parts and repair instructions  
product traceability  
handling of complaints: speed, monitoring, evaluation  
administration: invoices, accounts receivable, and payments  
performance measurements and evaluation.

## Therefore, what is the customers experience:

any episode in which the customer is exposed to the organization:  
personal contact  
telephone  
mail  
advertising  
credits/returns  
Internet (i.e., e-mail, forms)  
any event that forms a perception of the organization in the mind of the customer.

The customer experience is a chain of contacts the customer undergoes in obtaining a product. Each link represents a contact. The total experience depends on the weakest link - this includes your supply chain.

## What do Customers Want?

Accurate understanding of the customer's needs and wants  
the ability to deliver the necessary customer service levels promised  
variations between plans and their actual implementation  
effective communications with the company  
difference between the companies and customer's perception of service level to be minimal.

## Which service level approach should you use?

Cut costs and reduce or eliminate service  
maximum service at any cost  
the cost of stock-out is no greater than the cost of carrying additional inventory (break-even point)  
competitive advantage, where service is sufficiently higher than competitors' service.

# Customer Satisfaction:

## Customer Analysis:

### Pareto Analysis:

In many cases, approximately 80% of the turnover (i.e., sales) can be ascribed to approximately 20 % of the customers.

Rank the customers, products, etc. in order of magnitude  
calculate % that each item contributes to total value and derive a cumulative % list  
evaluate the cumulative list and identify appropriate breakpoints (A, B and C).

### Customer Service Levels

Do we consistently meet and exceed expectations?  
How well do we solve the problems that our customers experience?  
What service levels will give us a relative edge over our competitors?  
How, and how quickly, are we using customer information?

### Customer Response

What did you like most/least about doing business with us.  
What will you tell others about us?  
How can we serve you better?

### Suggestions

Group (segment) customers based on service needs:

Companies traditionally group customers by industry or product, and then provide the same level of service to everyone within the group.

To improve customer satisfaction, customers should be grouped by distinct service needs and services should be tailored to each group.

## Key Performance Indicators:

### Customer Service Level

The desired probability versus the actual percentage that product demand can be met from stock

expressed in a number of ways:

- % of orders completely satisfied from stock
- % of units demanded which are met from stock
- % of units demanded which are delivered on time
- % of time there is stock available

### Performance indicators of availability:

stock-out frequency:

how long are you out of stock

how many times does demand for a specific product exceed its availability?

# Customer Satisfaction:

Fill rate:

how much of a specific product is available to satisfy customer demand

orders shipped complete:

how often customer demand is fully met.

## Operational Performance

speed:

order cycle time

flexibility:

ability to handle extraordinary customer requests

malfunction recovery:

contingency plans for recovering from service failures.

## Reliability performance indicators:

ability to comply to:

planned inventory availability

operational performance

capability and willingness to:

provide accurate and timely customer logistical information

commitment to:

continuous service quality improvement.

## Quality performance indicators:

Ability to deliver orders without errors and ship goods without damage.

## Contact Us Today

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Call 1300-486-329 or email [enquiry@stlwarehousing.com.au](mailto:enquiry@stlwarehousing.com.au) to discuss your customer service needs.

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