

Customer Service

- ➡ Business is anchored on its ability to elicit customer satisfaction (dependent on the extent of service that business able to offer to customer).
- ➡ Power of customer service as a potential means of differentiation is increasingly being recognised, especially in the face of stiff competition + the declining power of brands
- ➡ Achieving the time + place utility brings increased well-being for the customers and selling the organisation is a logistics responsibility.
- ➡ Critical aim of logistics function is bring satisfactory customer service by ensuring the availability of the market offering to customer at right place + time meeting expectations.
- ➡ Physical connection between organisation and customers that enables change of ownership in a product

The Essence of a customer

- Philosophy that guides establishment + operations of business suggests that everything an organisation does must contribute towards meeting customer 'expectations.
- most orgs identified customer service as NB component in marketing + logistics efforts
- 4Ps: product, price, place, promotion
- One that provides platform for connecting buyer and seller is PLAC. It represents physical distribution and logistics.
- It is imperative for organisations to understand who the customer really is
- Common description is that the customer is the party that patronises an organisation by purchasing its products
- Delivery or transport service = client
- Internal + External customers
- From a logistics perspective, a customer is any party that is at receiving end of delivery irrespective of being I/E
- Customers located at DIFFERENT point in the value/supply chain
- Focus of logistics function is to enable marketing goals by fulfilling time + place requirements (CRUCIAL ROLE)
- Under performing logistics function = dire consequences for organisation (not being available at right place or time hampers sale transactions)
- Notion of customer service is to cover wide range of activities from product availability to after-sale service. Customer service defined as provision of requisite support to a customer in a bid to ensure customer's experience is SATISFACTORY
- Customer service start at point of order entry and continue through order processing, support services and complains handling mechanisms
- 2 fundamental perspectives

1. Process view

2. Systematic View

Elements of customer service

Transaction elements are CS variables that directly result in physical distribution of product.

Three stage framework to describe concept of CS

Based upon transaction continuum which spans the stages of pre- trans, trans and post-transaction

Variables demonstrate commitment to meet customer's expectations with respect to the ordering + delivery of desired product/services.

Transaction elements include stock-out levels, back order ability, trans-shipment and order convenience.

Post Transaction elements play role after transactions resulting in delivery of desired products/services have been concluded

Absence of satisfactory pre-trans elements breeds substantial doubts that are likely to result in loss of potential customer

Most sources of info during pre-trans stage are accessed through websites/social media

Pre-transaction elements are mostly policy-related + essentially serve to create enabling climate for satisfactory customer service to be rendered.

Signal commitment of management + shape customers perception of org

Even though these elements only after sale = PROPERLY PLANNED

Provide support for use of P/S. this support aims to reduce cognitive dissonance + increase org performance rating on part of customer

Customer service

Pre-transaction elements

- Statement of policy
- Customer acknowledgement
- Organisational structure
- Capacity flexibility
- Technical services

Policies to create a climate for satisfactory customer service

Transaction elements

- Stock-out level
- Backorder ability
- Order cycle time
- Trans-shipment
- System accuracy
- Order convenience

The physical distribution of the product and exceeding customer expectations.

Post-transaction elements

- Installation, warranties and repairs
- Product tracking
- Customer follow-ups
- Product packaging
- Product returns

Occur after transactions resulting in the change of ownership being concluded

Post-trans elements used to ensure that the customer reaps full benefits of P/S purchased. These elements include installation, warranty, repairs, tracking and returns.

Appropriate list of customer service elements relied upon, irrespective of nature of industry or market
Undertake proper research to develop unique list of appropriate elements and NB ratings attached by customers.

1. Concerns about time relate to length to fulfil order from moment its placed.
SHORTER TIME = ☺ CUSTOMER
2. Logistic activities strive to achieve short time to increase customer service
3. Concerns about dependability relate to extent to which a seller's/supplier's deliveries are consistent with customer expectations
4. Consistency contributes to ☺ perception of org CS
5. QUANTITY QUALITY TIME PLACE !!!
6. Concerns about communication relate to handling order info. Involve correct capturing, transmitting and processing of orders up to point where product collected + delivered
7. Errors breed dissatisfaction because expectations not met
8. Convenience factor recognizes heterogeneity of customers
9. Mix of logistics operation to be fine-tuned to reflect customer peculiarities
10. Convenience considerations as customer service concern seek to promote flexibility in logistics operations with aim of providing reasonably customised service to meet expectations of customer

Basic Customer Service Dimensions

- Issue of inventory availability: available inventory indicates that the organisation has stock of the item + can be delivered as desired by customer. Customers don't consider products unless available.
- Inventory in cycle stock + safety stock
- Cycle stock held to service basic/projected demand
- Safety stock serving as backup

- Operational performance: primarily concerned with manner in which activities along supply chain are undertaken.
- Speed, consistency, flexibility and recovery

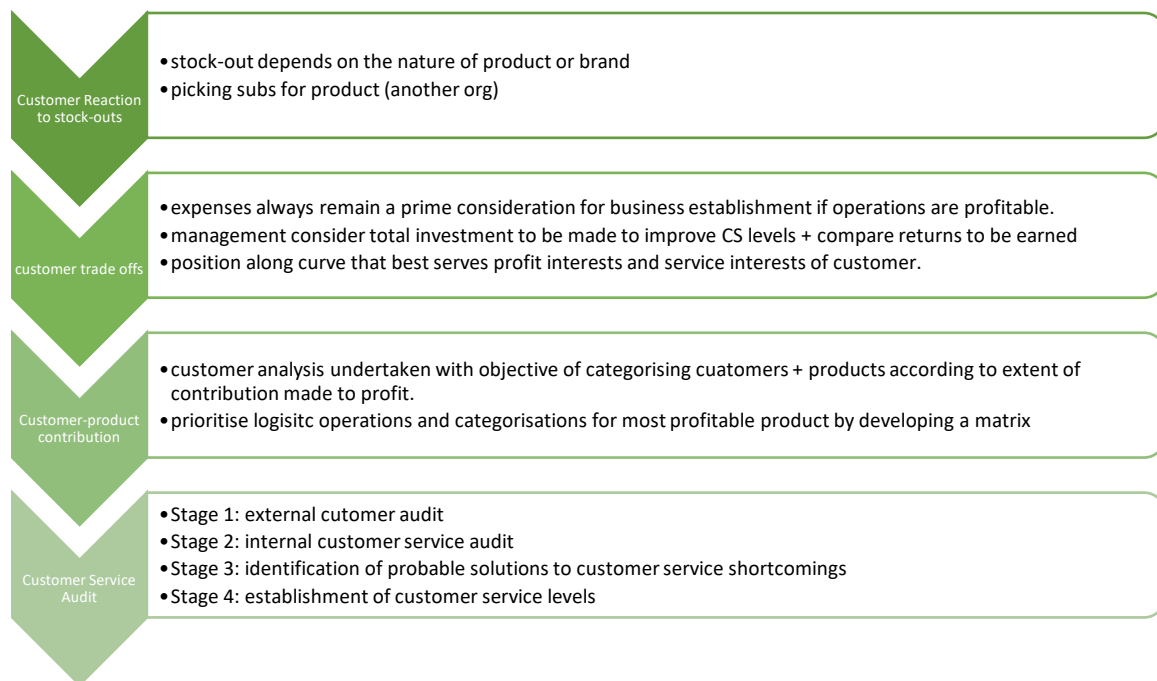
- Service reliability: concerned with organisation's ability + willingness to provide assurance that customers' expectations will be met. This entails providing early and accurate info regarding their orders as well as other related logistics activities.
- Advanced info to customers allow them to adjust plans.

Technology and Customer Service

- Explosion of internet = profound implications for customer service in logistics domain.
- E-businesses thriving to use tech for different aspects of the logistics function

- Info sourced easily by customers because of the internet, and relates to nature of the service.
- Breakout of covid-19 pandemic has accelerated the acceptance of online business activities even by individuals who were ordinarily not inclined to use info technology.
 - Order placement and fulfilment became exclusively online
 - Order placement were accompanied by immediate payment
- Use of omni-channels and degree of technology penetration in the logistics space have completely erased restrictions on location and time.
 - Allows preparation for global competition

Customer Service Strategy



External Customer Service Audit

- # determining all expectations of the customer
- # these expectations need to be unveiled because they dictate the choice that a customer makes deciding the patronise one organisation over another.
- # identify components that are key determinants of their purchasing decision
- # determine the importance of variables (shipment/order cycles) of customers
- #VALUE HIERARCHY KEY ELEMENT OF CUSTOMER SERVICE
- #PERFORMANCE RATING OF ORGANISATION FROM CUSTOMERS

Internal Customer Service Audit

- # determine what org offers in terms of CS
- # standards of performance measured
- # scan whether objectives are being pursued by CS endeavours

post activity comms allows org to deal with customer concerns related to performance of particular activities. (shows whether expectations are met)

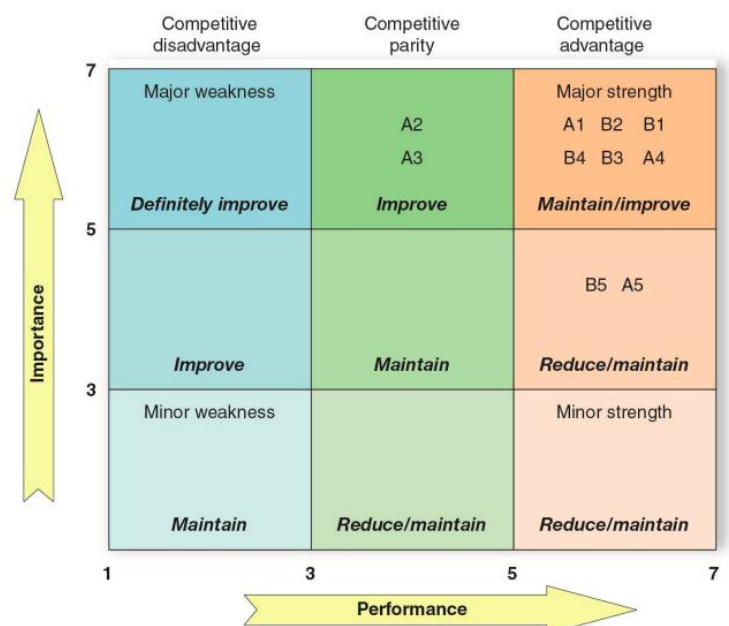
Development of potential solutions

comparative analysis of results of both audits reveals areas where short comings exist or where org exceed expectations/not.

#develop solutions that overcome customer service short comings or to improve on current performance.

utilise information from external customer service audit

#evaluation of matrix shows competitors position and own org related to customer service.



Establishment of customer service

levels

establishing standards of performance for customer service and developing a system that continuously monitors this performance to determine whether objectives are met.

customer satisfaction is a moving target

continuous evaluation facilitates quick remedial action while ensuring that organisation remains responsive/adaptive.

success of CS strategies only become a reality when management:

1. Encourages broad participation in the process of developing CSS
2. Clearly communicates expectations
3. Motivate staff who carry specific customer service responsibilities to align aspirations

Measurement of customer service performance

- NB to monitor logistics operations + measure performance to see whether level of CS meets standards or expectations of organisation.
- Turnaround times/queuing time
- Number of customer complaints/order cycle time
- % product availability

- Ratio of timely shipment orders
- Number of items on back orders