

## **SUSMILE Capsule 2.2.2 Source 1**

### **Word document**

# **THE VERY LAST MILE FLOW: CUSTOMER-ORIENTED SERVICE**

Ing. Michal Turek, Ph.D.

## **Customers**

To achieve the best service setup, we first need to determine the customer's needs. These needs can be identified using the following five steps:

- Competitive environment - the customer compares products and services in the market with other carriers (suppliers), so the competitor is the one who is the best supplier for the customer,
- the range of services offered - determined by market research,
- the factors that influence the choice of supplier, there are three to four factors on the basis of which the customer chooses the supplier,
- market segmentation - there are several groups of customers whose views on services differ between the groups, but within the group they have similar preferences, and the carrier (supplier) can differentiate services accordingly,
- comparison of own supplier performance with the market.

## **Customer service**

Customer service is one of the main indicators in a company. In recent years, it has been given a lot of emphasis, with companies competing in the services they offer, which they try to improve with so-called added value.

Customer service can be defined as a customer orientation that connects and manages all the components of the customer connection within a defined ratio of costs and services provided.

Customer service is an output of the logistics system. It should facilitate the movement of the right product to the right customer at the right place, in the right condition, at the right time and at the lowest possible total cost.



To achieve the best possible results in this area, the associated activities need to be implemented. These activities are divided into three groups: pre-sales, sales, and after-sales.

1. Pre-sales activities are preliminary, they are to inform the customer about the products and services offered, for this the following steps are needed:

- Creating an information system to communicate with customers,

(Reaching out to potential customers, offering them new products and services, giving them the opportunity to consult the existing product, monitoring stock levels, informing them of changes),

- design and implementation of a system for receiving and processing orders,

- designing a control system for early identification of problems, e.g., in deliveries,

- selection of suitable partners for distribution systems,

- ensuring the necessary flexibility of the services provided,

- quality of sales representatives.

2. Sales activities are focused on order fulfilment and are as follows:

- Fast order confirmation,

- order execution from receipt, picking, packing to shipping,

- monitoring of existing orders,

- locating inventory in the distribution system,

- setting the right priorities for order processing,

- informing the customer of status, changes, or any problem.

3. After sales activities occur after delivery of goods, implementation of service:

- Proper setup of complaint processes,

- accuracy of invoices,

- claims, product returns and repairs, etc.

## **Quality and service level indicators**



The goal of any supplier is to have a good long-term relationship with its customers or to provide a stable service offering to retain existing customers. This implies a few obligations to be fulfilled. This issue is addressed by the so-called Customer Relationship Management (CMR), which puts customers at the centre of the company's interests, stating that every customer is considered important. According to it, in addition to the normal activities that ensure the operation of the service, it should also monitor the regularity of contact with them, plan for the long term, but also be able to meet all client expectations.

A **perfect delivery** refers to a timely, complete and error-free delivery, carried out in all circumstances according to the individual requirements of the customer as expressed in the agreement that has been made with them. Timeliness of delivery is determined by the agreed delivery time, completeness of delivery is compared to the number of units ordered, and faultlessness of delivery depends on the correctness of supporting documents such as invoices and the exclusion of other possible defects in the delivery process.

- calculation of on-time delivery:

on-time delivery = number of on-time deliveries / number of deliveries received

- calculation of complete delivery:

completeness of delivery = number of complete deliveries / number of deliveries received

- calculation of defect-free delivery:

defect-free delivery = number of defect-free deliveries / number of deliveries received

- calculation of perfect delivery

perfect delivery = on-time delivery \* completeness of delivery \* error-free delivery

**Indicator of the service speed** - the key factor that influences the selection of a transport company is the delivery time or delivery cycle. It is the time interval between the moment the customer issues an order and sends it to the supplier and the moment the customer receives the ordered goods at the specified location. This factor is very important from a competitive point of view, where each company tries to devise an efficient and fastest delivery method based on the transport structure.

To achieve the results, it is again important to choose the appropriate dates on which the actual status can be well shown and measured. For example, such a term can be "Percentage of orders delivered", where we sort the orders into several categories:



- delivered before the deadline,
- delivered on time,
- delivered a few days after the deadline.

**Service flexibility indicator** - the importance of this factor has recently been on the rise in the world, with much more emphasis being placed on it than was previously the case. This is due to increasing competition in all areas. Especially in transport services it is very important to try to meet the customer, who in today's hectic times changes the time, place and sometimes even the method of delivery. It is precisely by being flexible to changes and offering different delivery alternatives that a company can be more attractive to the customer. From the supplier's point of view, we are talking about a critical indicator because it is not always possible to satisfy the customer's wishes, changes can be costly and need to be reacted to in a timely manner. Often the capacity of the vehicles, the so-called depots, but also of the employees are addressed, which are challenging to implement.

The overall customer service output reflects customer satisfaction, which is further measured in the marketing area. Measured values are e.g., product, price, sales and location support etc.

## **Business relationships**

### Business to Business (B2B)

It is a business relationship between business entities. It places more emphasis on logistics and securing the actual business than on customer orientation. Companies enter into contracts with each other, buying, for example, various materials for production or finished goods, with the aim of maximising profit. These are mainly wholesalers that enter into purchase contracts with each other, transfer data and invoices electronically, so the operating costs of this business relationship are low. Other advantages include long-term business relationships, automation, and speed.

### Business to consumer (B2C)

This form of business is one of the most widespread in today's world. It is a trade between a trader and an end customer, mediated by web applications, virtual shops (e-shops). It is divided into three parts, the first part being the mediation of the sale or rental of e.g., software, publishing of information (e-newsletters, music servers...). The second part is getting feedback from the customer (e.g. by a survey or a form) and the third part is the biggest part, it is selling goods electronically with the possibility of electronic payment (today's e-shops).



## Resources

NOVÁK, Radek, ZELENÝ, Lubomír, PERNICA, Petr a Petr KOLÁŘ: Přepravní zasílatelské a logistické služby. Praha: olter Kluwer ČR, a.s., 2011, ISBN 978-80-7357-735-3

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LAMBERT, Douglas: Logistika. Praha: Computer Press, 2000, ISBN 80-722-6221-1

