

# Supply chain survey underlines importance of customer service



By [Kate Stubbs](#)

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The theme of this year's Barloworld Logistics' supplychainforesight survey was 'The Rise and Fall of Customers and Companies'. One of the key elements that gave rise to this theme was that the need to improve customer service had been ranked as a top business and supply chain objective by respondents for the past three years.



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The survey reveals that South African companies are going through a transition phase, as they strive to become more customer-centric. Looking back to eight years ago, the focus of survey respondents was more on cost and efficiency.

However, over the past few years we have seen the rise of an increasing need to understand customers and service them better and more intricately and the need to be more agile to respond proactively to changing market demands, which all speaks to customer centricity. It is clear from responses to this year's survey that companies are also trying to find ways to set up their businesses differently so they can address different market segments with customised solutions instead of the traditional one size fits all approach.

This is being driven by the rising power and increasing demands of the customer.

It is interesting and positive to note that survey respondents recognise the need to understand their customers better, and 90% of them agree that customer centricity is integral to business success. They show a deep understanding of customer centricity and acknowledge the huge benefits that can be derived from it.

## Human relations more important than processes

The majority of respondents (71%) agree that human relationships with the customer is far more important than processes and systems, but only 11% felt that most South African companies are very customer centric. These statistics show a disconnect between the desire to achieve customer centricity and the ability to do so.

Key factors driving customer centricity cited by respondents include greater customer expectations (63%), increased competition (59%), improved communication technologies and use of social media (52%), increase in technology and internet usage (52%), speed of change and innovation (52%) and belief that customer centricity drives growth (48%).

Survey responses also reflect an awareness of the need to focus on issues on the ground, which have a potential impact on customer centricity, which include an internally focused culture.

## **Skills shortage**

Difficulties with finding the right skills was cited by respondents as the top constraint that is inhibiting their progress towards achieving customer centricity. This was followed by lack of alignment within business functions (48%) and no structure or plan to innovate or embrace continuous change (44%).

Sixty six percent of respondents agree that customer centricity requires lengthy time and investment. The latter is linked to a generally strong focus on cost among respondents, which had dipped in our previous surveys over the past few years.

A key message that comes out of the survey is that doing business the way it has always been done is no longer viable due to the rapid pace of change.

## **New ways to work**

There is a need to find new ways of working with partners and with different market segments and to come up with more innovative, customised products and services. This will require companies to align their internal and external functions across their businesses, and change their business processes. They will also need to harness technology to enable them to understand their markets and customers better through the ability to collect, collate and analyse data more effectively.

A major challenge highlighted in the survey is that only 23% of respondents are geared to capture customer information to improve service levels and be proactive in delivering what customers want. Survey responses indicate that the supply chain is seen as being integral to servicing customers better and enabling companies to be agile enough to respond to the fast changing dynamics of the market, which links back to improving efficiency. Ninety two percent of respondents said customer centricity cannot be achieved without a supply chain strategy focused on delivering customer value. Seventy eight percent of survey respondents ranked improving customer service as the top strategic supply chain objective and 77% said supply chains are enhancing customer centricity.

This highlights the need to ensure that all elements of the supply chain both internally and externally are integrated to deliver what customers want. This needs to be supported by the use of technology to gather information and convert it into business intelligence and to anticipate and be proactive and agile in responding to customers needs.

While this might cost money in the short term, it will create greater value for the customer, which will in turn lead to business growth and longevity.

## **ABOUT KATE STUBBS**

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