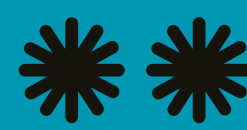


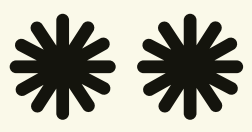
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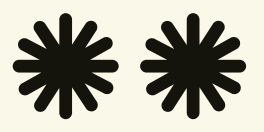
A Quick Guide to Fundamentals of Supply Chain Volume 1



AZMA HUSNAIZA BINTI ABDUL AZIZ
MOHAMAD FAHMY BIN IBRAHIM
NORFAIZAH BINTI ABAS



1ST EDITION



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A Quick Guide to Fundamentals of Supply Chain Volume 1

Authors

Azma Husnaiza binti Abdul Aziz

Mohamad Fahmy bin Ibrahim

Norfaizah binti Abas

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Politeknik Sultan Salahuddin Abdul Aziz Shah,

Persiaran Usahawan,

Seksyen U1

40150 Shah Alam

Selangor

Telephone No: +60351634000

Fax No.: +60355691903

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PREFACE

A Quick Guide to Fundamentals of Supply Chain Volume 1 offers a streamlined overview of the essential principles that form the foundation of supply chain management. This book compiles key points from teaching materials, organized to help readers easily grasp the core ideas without getting lost in overwhelming details.

The goal of this compilation is to provide a clear, concise reference for those beginning their exploration of supply chain processes, from understanding the flow of goods to optimizing logistics and managing relationships within the supply chain. The content has been carefully curated to present the most critical aspects in an accessible and practical format, making it an ideal resource for students and professionals alike.

This is just the first step in a broader series, with future volumes offering deeper dives into specific topics. May this book serve as a foundation for further study and growth in the field of supply chain management.

TABLE OF CONTENTS

01

**Overview of Supply
Chain Management**

34

**Customer
Accommodation in
Supply Chain**

72

Exercise

73

Reference

CHAPTER 1

OVERVIEW OF SUPPLY CHAIN MANAGEMENT



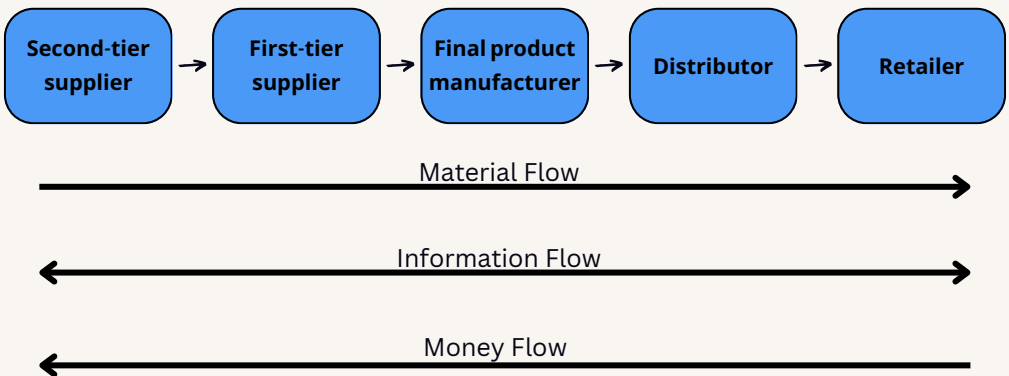


Supply Chain Management

a set of processes to effectively and efficiently integrate suppliers, manufacturers, distribution centers, distributors, and retailers so that products are produced and distributed at the right quantities, to the right locations, and at the right time to minimize system-side costs while achieving the consumer's desired value proposition.



SUPPLY CHAIN DIAGRAM



Parties in supply chain diagram



Second-tier supplier

- Suppliers that provide materials or components to first-tier suppliers.
- Positioned further upstream in the supply chain.
- Typically do not have a direct relationship with the final product manufacturer.
- Often supply raw materials or basic components.
- Example: Cocoa Farmers (Ghana/Côte d'Ivoire), the supplier of cocoa beans, a key ingredient in Milo, are sourced from cocoa farmers in regions like West Africa.

Parties in supply chain diagram



First-tier supplier

- Immediate suppliers to the final product manufacturer.
- Provide essential materials, components, or services for the manufacturing process.
- Directly involved in the creation of the final product.
- Have a direct relationship with the manufacturer.
- Example: Barry Callebaut, a global company that processes cocoa beans into cocoa powder, cocoa butter, and other products, supplying ingredients for chocolate and malt-based beverages..

Parties in supply chain diagram



Final product manufacturer

- The entity that takes raw materials and components from suppliers.
- Transforms them into finished products.
- Responsible for the entire production process.
- Ensures that the products meet quality standards.
- Example: Nestlé Malaysia, the company manufactures Milo, blending ingredients like cocoa, malt, and milk powder, and packages the beverage for distribution.

Parties in supply chain diagram



Distributor

- Intermediaries that receive finished products from manufacturers.
- Redistribute products to retailers or directly to consumers.
- Manage inventory and stock levels.
- Ensure timely delivery of products.
- Example: DKSH Malaysia, a market expansion services provider that distributes a wide range of Nestlé products, including Milo, to retail outlets across Malaysia.

Parties in supply chain diagram



Retailer

- The final point of sale where products are sold directly to consumers.
- Purchase products from distributors or directly from manufacturers.
- Make products available to the end market.
- Handle the direct sale and customer interaction.
- Example:
- Lotus's Malaysia: A major supermarket chain that sells Milo and other Nestlé products.
- 7-Eleven Malaysia: A convenience store chain that stocks Milo in various packaging sizes for quick consumer access.

IMPORTANCE OF SUPPLY CHAIN MANAGEMENT IN BUSINESS



① Helps Achieving Business Success

② Helps Achieving Efficiency and Effectiveness

③ Helps Enhancing Customer Satisfaction

④ Helps Gaining Competitive Advantage

⑤ Helps in Managing Risk

⑥ Helps Promote Sustainability

IMPORTANCE OF SUPPLY CHAIN MANAGEMENT IN BUSINESS

BENEFITS

1

Helps Achieving Business Success

Supply Chain Management (SCM) contributes to business success by adding value in both domestic and global supply chains.

It offers a strategic framework for identifying logistical requirements and managing related operations.

SCM aligns operational efficiency with the overall business strategy, ensuring cohesive and effective business practices.



IMPORTANCE OF SUPPLY CHAIN MANAGEMENT IN BUSINESS

BENEFITS

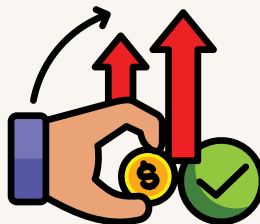
2

Helps Achieving Efficiency and Effectiveness

SCM enhances operating efficiency by optimizing the flow of goods, services, and information.

It reduces waste, improves inventory management, and enhances transportation and warehousing processes.

By streamlining these operations, businesses increase efficiency and lower overall system costs.



IMPORTANCE OF SUPPLY CHAIN MANAGEMENT IN BUSINESS

BENEFITS

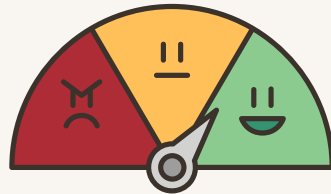
3

Helps Enhancing Customer Satisfaction

Effective SCM ensures products are delivered on time, in the right quantity, and at the right quality.

It enhances customer satisfaction by providing timely delivery, accuracy, and reliability.

It builds trust and strengthens customer relationships.



IMPORTANCE OF SUPPLY CHAIN MANAGEMENT IN BUSINESS

BENEFITS

4

Helps Gaining Competitive Advantage

SCM enables businesses to leverage strategic positioning and quickly respond to market changes.

It optimizes the supply chain for better resource utilization and process improvement.

SCM provides a competitive edge through innovative logistics solutions.



IMPORTANCE OF SUPPLY CHAIN MANAGEMENT IN BUSINESS

BENEFITS

5

Helps in Managing Risk

SCM involves managing risks like supply disruptions, demand fluctuations, and regulatory changes.

It anticipates and mitigates these risks through contingency planning, supplier diversification, and flexible processes to ensure stability and continuity.

This helps businesses maintain operational stability and ensure continuity of supply.



IMPORTANCE OF SUPPLY CHAIN MANAGEMENT IN BUSINESS

BENEFITS

⑥ Helps Promote Sustainability

It focuses on reducing environmental impact and managing risks.

It helps promote cost savings by improving energy efficiency, reducing waste, and optimizing resource management.

It ensures adherence to environmental regulations and standards, helping businesses avoid legal issues and maintain industry certifications.



TYPES OF SUPPLY CHAIN APPLICATIONS IN BUSINESS

Supply Chain Application

Nontraditional supply chain applications use supply chain principles in unique business areas outside of traditional manufacturing. They help optimize processes, improve efficiency, and create value in various industries, showing the flexibility of supply chain management in different contexts.



1. Product Supply Chain

- The product supply chain is the traditional model where suppliers, manufacturers, distributors, and retailers work together to get products to consumers.
- Example: For electronics, this involves suppliers of parts, factories that assemble them, distributors who handle shipping, and stores that sell the final products.

TYPES OF SUPPLY CHAIN APPLICATIONS IN BUSINESS



2. Global Supply Chain

- Global supply chains involve sourcing and delivering products from different parts of the world, dealing with challenges like varying demands and long distances.
- Example: A clothing brand gets fabrics from Asia, makes clothes in South America, and sells them in Europe and North America.



3. Humanitarian Supply Chain

- Humanitarian supply chains provide support during emergencies, delivering things like food, medical supplies, and equipment for disaster recovery.
- Example: After an earthquake, this supply chain might deliver tents, medical aid, and food to the affected areas.

TYPES OF SUPPLY CHAIN APPLICATIONS IN BUSINESS



4. Agricultural Commodity Supply Chain

- This supply chain moves farm products to storage or processing plants, focusing on getting the product to market at a good price for farmers.
- Example: Wheat farmers transport their crops to storage facilities and then to mills where it's processed into flour.



5. Recycling Supply Chain

- A recycling supply chain manages the collection and processing of returned products for recycling, including components and packaging.
- Example: An electronics company collects old devices from customers and sends them to a facility where metals are extracted and reused in new products.



6. Talent Supply Chain

- Talent supply chains apply supply chain principles to managing employees, focusing on training and placing people in the right roles.
- Example: A consulting firm manages employee development by training new hires and assigning them to projects that match their skills and career goals.



Supply Chain Integrative Processes

Supply Chain Integrative Processes essential components of Supply Chain Management (SCM) that ensure the coordination and alignment of various activities across the supply chain. These processes are designed to improve operational efficiency, enhance customer satisfaction improve and achieve strategic goals.



8 KEY SUPPLY CHAIN INTEGRATIVE PROCESSES

1 Demand Planning Responsiveness



- The assessment of demand and strategic design to achieve maximum responsiveness to customer requirements.
- It includes activities such as forecasting, inventory management, and demand-driven planning to ensure that the right products are available at the right time.

8 KEY SUPPLY CHAIN INTEGRATIVE PROCESSES

2 Customer Relationship Collaboration



- The development and administration of relationships with customers to facilitate strategic information sharing, joint planning, and integrated operations.
- It involves joint planning, information sharing, and collaboration to understand and meet customer requirements.

8 KEY SUPPLY CHAIN INTEGRATIVE PROCESSES

Order Fulfillment/Service Delivery

3



- **The ability to execute superior and sustainable order-to-delivery performance and related essential services.**
- **It involves order processing, logistics, warehousing and customer service to ensure timely and accurate delivery.**

8 KEY SUPPLY CHAIN INTEGRATIVE PROCESSES

4

Product or Service Development Launch

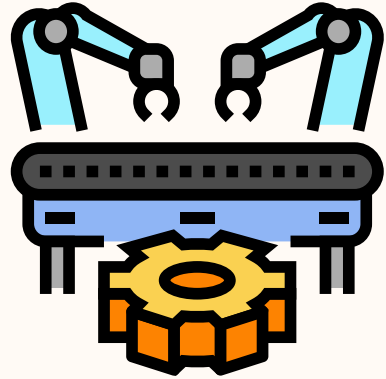


- The participation in product service development and lean launch.
- It includes activities related to new product development, marketing, procurement, and manufacturing.

8 KEY SUPPLY CHAIN INTEGRATIVE PROCESSES

5

Manufacturing Customization



- The support of manufacturing strategy and facilitation of postponement throughout the supply chain.
- It involves activities to customize products according to specific customer requirements such as materials management and product conversion.

8 KEY SUPPLY CHAIN INTEGRATIVE PROCESSES

Supplier Relationship Collaboration

6

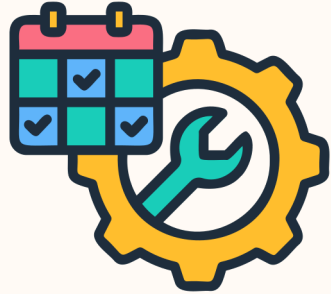


- The development and administration of relationships with suppliers to facilitate strategic information sharing, joint planning, and integrated operations.
- It involves activities to create good relationships with suppliers such as sourcing plan and supplier selection.

8 KEY SUPPLY CHAIN INTEGRATIVE PROCESSES

Life-Cycle Support

7



- The repair and support of products during their life cycle, including warranty, maintenance, and repair.
- This process includes activities related to the repair and support of products during their life cycle, including warranty, maintenance and repair.

8 KEY SUPPLY CHAIN INTEGRATIVE PROCESSES

Reverse logistics



- The return and disposition of inventories in a cost-effective and secure manner.
- It includes activities related to recycling and product recovery.



Supply Chain Value Proposition

Supply chain value proposition is the combination of products and services provided to customers and consumers by the supply chain that focused on providing the desired service objective at a minimum cost.



SUPPLY CHAIN VALUE STRATEGY



①

Effectiveness

③

Relevancy

②

Efficiency

④

Sustainability



SUPPLY CHAIN VALUE STRATEGY



1

Effectiveness

Refer to the supply chain's ability to deliver products in a timely manner to the consumer's desired location

Ensures the right products are delivered to the right place at the right time, with the needed quality and quantity.

Focuses on meeting customer needs and achieving service goals.



SUPPLY CHAIN VALUE STRATEGY



2

Efficiency

Refers to the supply chain's ability to deliver products at the minimum total cost, including raw material acquisition, manufacturing, storage, inventory, and transportation

Focuses on the optimal use of resources and the minimization of waste and costs.

Operates with minimal delays, reduced inventory levels, and streamlined processes.



SUPPLY CHAIN VALUE STRATEGY



3

Relevance

Refers to the supply chain's ability to be able to react to changes in the environment, marketplace, or consumer requirements.

Adapts to changes in the environment, market, or customer preferences.

Emphasizes flexibility and quick responses to stay competitive.



SUPPLY CHAIN VALUE STRATEGY



Relevance

Refers to the firm's ability to reconfigure the supply chain to enhance both the environment and the firm.

Manages the supply chain to reduce environmental impact and promote social responsibility.

Focuses on minimizing waste, conserving energy, and ensuring ethical practices.



CHAPTER 1

TEST YOUR KNOWLEDGE

SCAN ME



CHAPTER 2

CUSTOMER ACCOMMODATION IN SUPPLY CHAIN





Customer-focused marketing

Customer-focused marketing is a strategy that centers on understanding and meeting the specific needs and preferences of customers. This approach relies on four fundamentals, including comprehending customer needs, segmenting the market, ensuring product availability, and prioritizing profitability.



4 FUNDAMENTALS OF CUSTOMER-FOCUSED MARKETING

Understanding Customer Needs

1

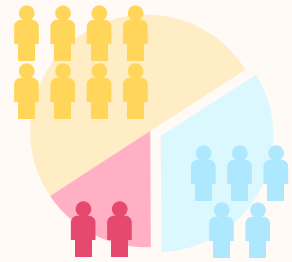


- **Prioritize understanding the essential needs and preferences of your customers.**
- **Focus on key features that matter most to customers.**
- **Highlight and enhance these important features rather than expanding product options that may not be valued.**
- **Ensure that your offerings address the most significant aspects valued by your target market.**
- **For example, if a car manufacturer finds that safety features are a top priority for their customers, they should emphasize advanced safety technologies in their marketing and development, rather than adding luxury features that might not be as important.**

4 FUNDAMENTALS OF CUSTOMER-FOCUSED MARKETING

2

Market Segmentation



- Not all customers are the same; markets have different segments with varying needs.
- Identify and categorize distinct customer groups based on their specific requirements.
- Tailor supply chain strategies to address the unique needs of each segment.
- Adjust inventory management, delivery schedules, and service levels to meet the diverse expectations of different segments.
- For example, a retailer may need frequent, small shipments to maintain stock in multiple locations, while a large distributor might require bulk shipments on a less frequent basis. Recognizing these different needs helps in optimizing supply chain operations to efficiently serve each segment.

4 FUNDAMENTALS OF CUSTOMER-FOCUSED MARKETING

Availability

3

- For marketing to succeed, products must be available when and where customers want them.
- Ensure products are available in the right form, meeting customer expectations for how they are made.
- Facilitate possession by making it easy for customers to purchase the products.
- Manage time utility by ensuring products are available when needed.
- Optimize place utility by delivering products to the right locations.
- For example, a company might use regional warehouses to ensure quick delivery to different areas, ensuring that products are available in the right place and at the right time to meet customer demand.



4 FUNDAMENTALS OF CUSTOMER-FOCUSED MARKETING

Profitability Over Sales Volume

4



- Success is measured by profitability, not just by the number of units sold.
- Focus on profitability rather than solely on increasing sales volume.
- Make adjustments to products or services only if they enhance profitability.
- Evaluate the financial impact of changes to ensure they improve profit margins.
- For example, discontinuing a low-margin product and reallocating resources to a higher-margin product can boost overall profitability, even if it means selling fewer total units.

2 MAIN TYPES MARKETING STRATEGIES



Transactional
Marketing ①

②

Relationship
Marketing

The two marketing approaches—Transactional Marketing and Relationship Marketing—are used to address different goals and strategies within marketing. Having both approaches allows businesses to choose strategies based on their specific objectives, whether they need to drive short-term sales or foster long-term customer loyalty.

1

Transactional Marketing

Transactional marketing focuses on achieving immediate sales and short-term revenue. It emphasizes completing individual transactions quickly, often driven by promotions or discounts. This approach prioritizes generating quick revenue from each transaction without significant efforts to build long-term relationships or consider future interactions. Success in transactional marketing is measured by the volume of sales and revenue generated from these short-term transactions.



For example, a retailer might run a one-day flash sale on electronics to clear out inventory rapidly. Success in transactional marketing is measured by the volume of sales and revenue generated from these short-term transactions.

2

Relationship Marketing

Relationship marketing focuses on developing and maintaining long-term relationships with key supply chain partners. It involves ongoing engagement, personalized service, and continuous communication to build strong, lasting connections. This approach aims to enhance loyalty, improve efficiency, and foster mutual growth over time.



For example, a high-end electronics retailer might offer a loyalty program with personalized recommendations and exclusive events for its regular customers. Success in relationship marketing is measured by improved customer retention, increased repeat purchases, and the strength of the long-term relationship.

Transactional Marketing vs Relationship Marketing

Feature	Transactional Marketing	Relationship Marketing
Focus	Short-term sales and immediate revenue.	Long-term customer relationships and loyalty.
Approach	Emphasizes individual transactions and quick exchanges with customers.	Emphasizes building and maintaining ongoing connections with customers.
Goal	Drive immediate profit by completing sales efficiently.	Enhance customer retention, increase lifetime value, and foster loyalty.
Interaction	Limited to each transaction, with less emphasis on long-term relationships.	Involves continuous engagement and personalized communication to strengthen long-term relationships.

DEFINITION

Supply Chain Service Outputs

Supply chain service outputs are the key elements that contribute to the overall customer experience and satisfaction. These outputs must be structured to meet customer requirements effectively.



SUPPLY CHAIN SERVICE OUTPUTS

1

SPATIAL CONVENIENCE

Spatial convenience measures how accessible products are to customers, affecting their effort and time spent shopping. It involves placing products in a variety of locations to make them easily reachable, thus reducing the distance customers need to travel to purchase them. High spatial convenience means customers can access products from multiple retail outlets or online platforms, enhancing their overall shopping experience.

For instance, a company like Nike might distribute its products through a wide network of department stores, mass merchants, and specialty stores, making it easy for customers to find their products everywhere. In contrast, Lululemon Athletica keeps its products exclusive to its own stores and website, creating a different shopping experience where customers must go directly to specific locations or shop online.



SUPPLY CHAIN SERVICE OUTPUTS

2

LOT SIZE

Lot size refers to the quantity of products purchased in a single transaction. It impacts both the customer's storage needs and their purchasing flexibility. Smaller lot sizes reduce the burden of storage and maintenance for customers, while larger lot sizes might offer cost savings but require more storage space and higher upfront investment. Adjusting lot sizes allows businesses to cater to different customer preferences and needs.

Example: In Malaysia, a customer might purchase rice in bulk from a warehouse store like Lotus's, opting for a 10-kilogram bag to benefit from lower prices per kilogram but requiring more storage space at home. Alternatively, at a local convenience store like 7-Eleven, customers can buy rice in smaller 1-kilogram packs, which is more convenient for those who need less quantity and have limited storage space.



SUPPLY CHAIN SERVICE OUTPUTS

3

WAITING TIME

Waiting time is the period customers must wait between placing an order and receiving their products. It reflects the efficiency of the supply chain in fulfilling orders. Shorter waiting times enhance customer satisfaction by providing quicker access to products, whereas longer waiting times can be a source of frustration and potentially deter customers from future purchases.

For instance, if a customer orders a new smartphone online from Lazada, they might receive it within 2-3 days due to efficient logistics and delivery services. Conversely, if they order the same smartphone from a smaller retailer with slower processing times, the delivery could take 2-3 weeks, leading to potential frustration and dissatisfaction.



SUPPLY CHAIN SERVICE OUTPUTS

4

PRODUCT VARIETY AND ASSORTMENT

Product variety and assortment pertain to the range and types of products available to customers. A broad variety offers numerous options, catering to diverse customer preferences and needs. A well-assorted inventory includes different brands, sizes, and styles, which helps in meeting various customer demands and enhancing the shopping experience.

In Malaysia, a large supermarket like Giant offers a wide variety of products, from numerous brands of instant noodles to various sizes of cooking oil. This broad assortment allows customers to choose products based on their preferences. In contrast, a smaller local grocery store might carry a more limited selection of instant noodles and cooking oil, focusing on fewer brands and sizes.



ABOUT CUSTOMER SERVICE

Customer service in supply chain logistics focuses on exceeding customer expectations by ensuring product availability, efficient operations, and reliable service. The main goal is to deliver the right products at the right time and place, with accurate information, to enhance customer satisfaction and support the success of the supply chain.



DEFINITION

Customer Service

The effectiveness of logistics in meeting customer needs by delivering the right amount of the right product at the right time, in the right place, in the right condition, at the right price, and with the right information in a cost-effective manner. It involves managing all activities required to fulfill these logistical requirements and aims to provide service that meets or surpasses competitors' standards, enhancing customer satisfaction and loyalty.



4 FUNDAMENTAL ATTRIBUTES OF BASIC CUSTOMER SERVICE

Availability

1

IN STOCK

Availability is the ability to ensure that the right inventory is on hand when a customer needs it. Achieving this requires strategic planning and coordination to balance the need for high inventory levels with the goal of minimizing costs related to inventory and storage facilities. it can be measured through stockout frequency, fill rate and perfect orders order shipped.

The effectiveness of availability is measured through several key performance indicators:



Stockout Frequency

This metric measures how often a company runs out of a product when there is customer demand. A high stockout frequency indicates poor inventory availability, leading to missed sales opportunities and customer dissatisfaction.

Fill Rate

This metric assesses the percentage of customer demand that is met directly from available inventory. For instance, if a customer orders 100 units and 97 are available, the fill rate is 97%. A higher fill rate reflects better inventory availability.

Perfect Orders Shipped

This metric evaluates whether every item in a customer's order is available and shipped as requested. If even one item is missing or delayed, the order is considered incomplete. Environmental goals, while big data and predictive analytics improve risk management and resilience.

4 FUNDAMENTAL ATTRIBUTES OF BASIC CUSTOMER SERVICE

Operational Performance

2

Operational performance refers to the efficiency and effectiveness of the logistics operations. This includes aspects such as order processing, transportation, warehousing, and distribution. The focus is on ensuring that these operations are conducted smoothly and meet the required standards. It can be measured through speed, consistency, flexibility and malfunction recovery.



The effectiveness of Operational Performance is measured through several key performance indicators:

Speed

This measures how quickly an order is completed, from placement to delivery. While faster speeds can reduce the need for customer inventory, they often come at a higher cost. The balance between speed and cost is essential, and the value of speed is determined by the customer's perceived benefits.

Consistency



Consistency refers to how often the actual order cycle matches the planned time. It's crucial for customer planning, as variability in order cycles can lead to the need for safety stock. Customers increasingly expect deliveries to be made on a specific date and time, making on-time delivery a key measure of consistency.

The effectiveness of Operational Performance is measured through several key performance indicators:

Flexibility

Flexibility is the ability of a firm to adapt to special or unexpected customer requests. This can include changes in delivery location, support for promotions, or handling disruptions in supply.

Malfunction Recovery

Effective recovery strategies can make malfunctions invisible to the customer, ensuring that service remains reliable even when issues arise. Contingency plans are essential for maintaining customer satisfaction during service breakdowns.

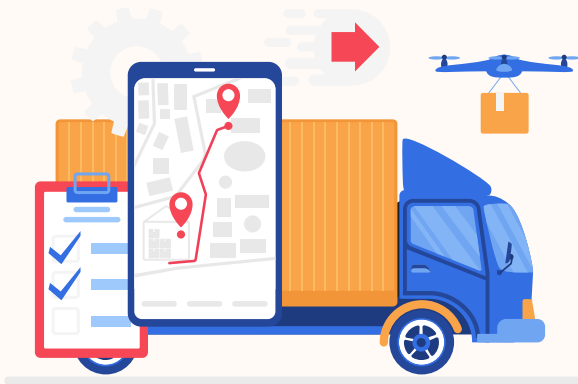


4 FUNDAMENTAL ATTRIBUTES OF BASIC CUSTOMER SERVICE

Service Reliability

3

Service reliability encompasses accurate and damage-free deliveries, correct invoicing, and precise order fulfillment. It also includes providing timely and transparent information about order status, proactively notifying customers of any issues to allow for adjustments, and leveraging technology to keep customers informed in real-time.



4 FUNDAMENTAL ATTRIBUTES OF BASIC CUSTOMER SERVICE

The Perfect Order

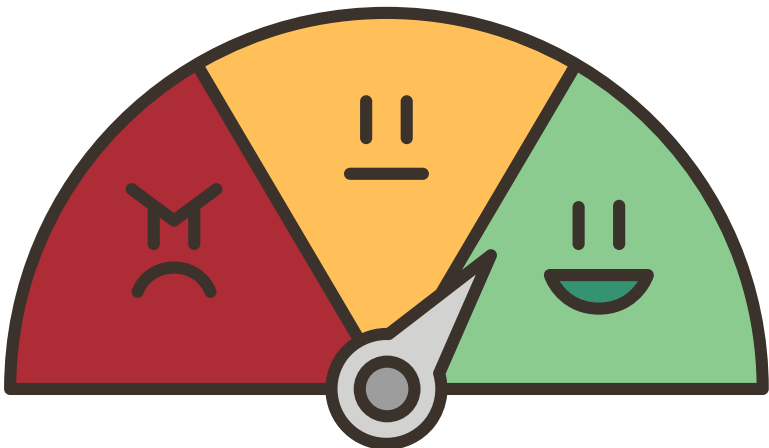
4

The perfect order means delivering a customer's order exactly as requested. This includes providing the correct items in the right quantities, on time, without any damage, and with all the necessary paperwork. To achieve this, businesses need to plan carefully and pay close attention to every detail. The goal is to avoid mistakes and ensure that every order meets customer expectations, helping the company stand out and build trust.



ABOUT CUSTOMER SATISFACTION

Customer satisfaction in logistics is about meeting and exceeding customer expectations across various dimensions of service quality. By focusing on these expectations, firms can enhance customer satisfaction, build long-term relationships, and achieve competitive advantage.



DEFINITION

Customer satisfaction

The extent to which a customer's expectations of a firm's performance are met or exceeded.



KEY OF CUSTOMER EXPECTATIONS RELATED TO LOGISTICAL PERFORMANCE

1

RELIABILITY

Refers to the supplier's ability to consistently deliver on their promises. Customers expect that if a supplier promises next-day delivery, it will be met without delays. Reliability means delivering the correct quantity of products, ensuring shipments arrive undamaged, and providing accurate documentation throughout the logistics process.

2

RESPONSIVENESS

emphasizes the supplier's ability and readiness to deliver prompt service. It includes not only the timely delivery of goods but also the quick handling of customer inquiries and resolving any problems. Customers value suppliers who can quickly address their needs and concerns.

KEY OF CUSTOMER EXPECTATIONS RELATED TO LOGISTICAL PERFORMANCE

3

ACCESS

Accessibility refers to the ease with which customers can contact and interact with the supplier. This includes the ease of placing orders and obtaining information about inventory or order status. Customers expect suppliers to be easily reachable and approachable.

4

COMMUNICATION

Customers expect suppliers to proactively keep them informed about the status of their orders, especially if any issues arise. This helps customers plan and avoid surprises, which can disrupt their operations.

KEY OF CUSTOMER EXPECTATIONS RELATED TO LOGISTICAL PERFORMANCE

5

CREDIBILITY

Refers to the trustworthiness and honesty of the supplier's communication. Customers expect the information they receive to be accurate and complete, which helps build trust and confidence in the supplier-customer relationship.

6

SECURITY

Is about reducing customers' concerns and uncertainties in their dealings with the supplier. It includes protecting confidentiality, ensuring reliable service, and preventing disruptions caused by late or incomplete orders.

KEY OF CUSTOMER EXPECTATIONS RELATED TO LOGISTICAL PERFORMANCE

7

COURTESY

Customers expect politeness, friendliness, and respect from all personnel they interact with, from sales representatives to customer service personnel to truck drivers.

8

COMPETENCY

Customers assess a supplier's competence through every interaction and expect all personnel to demonstrate a high level of expertise and professionalism.

KEY OF CUSTOMER EXPECTATIONS RELATED TO LOGISTICAL PERFORMANCE

9

TANGIBLES

Customers expect the physical appearance of facilities, equipment, and personnel to be professional and in good condition.

10

KNOWING THE CUSTOMER

Customers expect suppliers to understand their unique needs and requirements and to be willing to adapt to their specific demands.

LIMITATIONS OF CUSTOMER SATISFACTION

①

**Misinterpretation
of Satisfaction**

②

**Satisfied Customers
are not Necessarily
Loyal Customers**

③

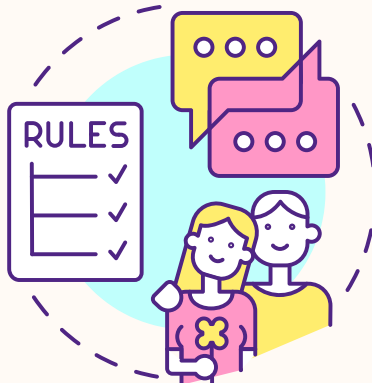
**Satisfaction
Depends on
Expectations and
Perceptions of
Individual
Customers**

3 LIMITATIONS OF CUSTOMER SATISFACTION

Misinterpretation of Satisfaction

1

- A common mistake is thinking that customer satisfaction equals happiness or delight.
- Satisfaction occurs when a customer's expectations are met, but that doesn't always make them happy.
- If customers have low expectations, meeting them might not lead to a positive feeling.
- Satisfaction is about how well actual performance matches expectations, not necessarily what customers truly need or desire.



3 LIMITATIONS OF CUSTOMER SATISFACTION

2

Satisfied Customers are not Necessarily Loyal Customers

- Satisfaction alone does not guarantee loyalty. Even if a customer's expectations are met, they might still switch to competitors.
- This can happen if they expect better performance from other suppliers or are open to trying new options.
- The assumption that satisfied customers will remain loyal has been challenged by research showing that satisfaction alone is insufficient to retain customers in many cases.



3 LIMITATIONS OF CUSTOMER SATISFACTION

Satisfaction Depends on Expectations and Perceptions of Individual Customers

- Customer satisfaction is subjective and varies greatly among individuals. What satisfies one customer may not satisfy another, as expectations are formed based on individual needs, past experiences, and communications from the supplier.
- This variability means that aggregating customer expectations across a customer base can lead to overlooking the unique requirements of different segments or individual customers.



ABOUT CRM TECHNOLOGY IN CUSTOMER ACCOMMODATION STRATEGY

A Customer Accommodation Strategy is about tailoring your services to meet the unique needs of different customer groups, rather than offering the same service to everyone. The goal is to keep customers satisfied by giving them exactly what they need, which helps build loyalty and drive business success.

CRM [Customer Relationship Management] technology is essential for making this strategy work. CRM systems help businesses gather and analyze customer data, allowing them to understand customer preferences and behavior. With this information, companies can segment their customers and customize their services accordingly.



INTRODUCTION OF CRM TECHNOLOGY

Customer Relationship Management (CRM) Technology



CRM Technology, or Customer Relationship Management Technology, is a set of tools used to manage and analyze customer data. It helps businesses understand customer buying behavior by providing real-time information on sales, shipments, order status, and promotions. CRM systems allow different parts of a business—like sales, operations, and customer service—to share information easily, improving the way customer orders are managed and enhancing the overall customer experience.

EXAMPLE



Netflix uses CRM technology to gather and analyze data on what users watch and like. This helps Netflix suggest personalized recommendations for each user and ensures a smooth viewing experience by letting them pick up where they left off. By using CRM, Netflix can keep users engaged, boost customer satisfaction, and increase its revenue. This personalized approach shows how CRM technology enhances the customer experience and strengthens relationships with users

FUNCTION OF CRM TECHNOLOGY



UNDERSTANDING CUSTOMER NEEDS

CRM TECHNOLOGY COLLECTS AND ANALYZES CUSTOMER DATA TO UNDERSTAND THEIR NEEDS AND BUYING HABITS. THIS HELPS BUSINESSES CUSTOMIZE THEIR PRODUCTS AND SERVICES TO BETTER MEET INDIVIDUAL CUSTOMER REQUIREMENTS.

ENHANCING CUSTOMER SERVICE

CRM TECHNOLOGY PROVIDES SALES REPS AND CUSTOMERS WITH UP-TO-DATE INFORMATION ON SALES HISTORY, ORDER STATUS, AND SHIPMENTS. THIS HELPS IMPROVE CUSTOMER SERVICE BY QUICKLY ADDRESSING INQUIRIES AND ISSUES.

SUPPORTING RELATIONSHIP MANAGEMENT

CRM SYSTEMS GO BEYOND BASIC ERP FUNCTIONS TO MANAGE THE ENTIRE CUSTOMER RELATIONSHIP. THEY INCLUDE FEATURES LIKE SALES TRACKING, PRICING MANAGEMENT, AND CATEGORY MANAGEMENT, WHICH ARE KEY FOR BUILDING AND MAINTAINING STRONG CUSTOMER RELATIONSHIPS.

FUNCTION OF CRM TECHNOLOGY



INTEGRATING WITH LOGISTICS

IN LOGISTICS, CRM TECHNOLOGY HELPS MANAGE INVENTORY, WAREHOUSES, AND TRANSPORTATION. THIS INTEGRATION ALIGNS LOGISTICS WITH CUSTOMER NEEDS, LEADING TO BETTER CUSTOMER SATISFACTION.

FACILITATING COLLABORATION

CRM TECHNOLOGY FOSTERS COLLABORATION BETWEEN CUSTOMERS, SALES TEAMS, AND OPERATIONS. THIS TEAMWORK IS CRUCIAL FOR PLANNING AND ENSURING THE SUPPLY CHAIN MEETS CUSTOMER DEMANDS EFFECTIVELY.

DRIVING PERSONALIZATION

MODERN CRM APPLICATIONS, LIKE THOSE USED BY NETFLIX, USE CUSTOMER DATA TO OFFER PERSONALIZED RECOMMENDATIONS, IMPROVING THE CUSTOMER EXPERIENCE. THIS LEVEL OF PERSONALIZATION IS CRUCIAL IN TODAY'S COMPETITIVE MARKET.

STRATEGIC FOCUS ON CUSTOMERS

ULTIMATELY, CRM TECHNOLOGY FOCUSES ON PUTTING CUSTOMERS AT THE CENTER OF THE BUSINESS. IT AIMS TO BUILD DEEP, LASTING RELATIONSHIPS WITH IMPORTANT CUSTOMERS, OFTEN THROUGH DEDICATED STAFF WHO WORK CLOSELY WITH THEM.

CHAPTER 2

TEST YOUR KNOWLEDGE

SCAN ME



WRAP UP

TEST YOUR KNOWLEDGE

SCAN ME



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