

Jacobson Customer Satisfaction Survey

Sheet Mill Satisfaction Suffers

Survey data shows that producers of plate have improved customer satisfaction performance, while satisfaction with sheet producers has declined in the past year. Customer satisfaction with bar/structural mills remains substantially higher than for both plate and sheet mills.

Not all steel mills are viewed the same by customers. In fact, customer satisfaction varies significantly by mill type. The latest data from Jacobson & Associates shows that plate producers made significant gains in customer satisfaction ratings from October 2009 through September 2010, while makers of bar and structurals held their own, despite the difficult market conditions. Sheet mills, on the other hand, experienced a 5 percent dip in overall satisfaction among service-center and end-use customers.

Jacobson & Associates conducts a continuous census survey of steel mill customers. Satisfaction rates are based on the percentage of customer evaluations that register 8 or higher on a 10-point scale. As seen in Chart 1, the mills rated highest in the past year by customers in their respective product categories were: North Star Bluescope, Nucor Tuscaloosa, SDI Roanoke, Nucor Yamato, AK Specialty Steels, Nucor Nebraska and Evraz Rocky Mountain Steel.

Sheet mill satisfaction declines

Looking at satisfaction rates by supplier type in Chart 2, the overall satisfaction rate for sheet mills declined by 5 percentage points in the past year, to 63 percent from 68 percent in 2009. Sheet mill customers were less satisfied across the board in quality, price, service and delivery.

The largest decline in satisfaction was with on-time delivery, down from 62 percent in 2009 to 52 percent in 2010. In fact, only five of 29 major sheet mills had higher delivery satisfaction in 2010 vs. 2009. This may reflect industry-wide efforts by flat-roll mills to dial back production in the face of weak demand, which has extended lead times as demand has improved.

Many of the customers who were dissatisfied with delivery mentioned having issues with communication, including electronic communications and websites. Customers are looking for clear and dependable information on when they will receive material. Customer dissatisfaction with delivery often boils down to feeling misinformed about when to expect shipments, not necessarily that the shipments were late:

- “Mills need the most improvement with delivery. Mill websites are very important for order status and history.



(Photo courtesy Nucor)

CHART 1

The Leaders

Top Rated Mills in Customer Satisfaction by Product Category

Sheet – North Star Bluescope

Plate – Nucor Tuscaloosa

Bar/Structurals – SDI Roanoke Bar

Beams – Nucor Yamato

Stainless Sheet – AK Specialty Steels

SBQ – Nucor Nebraska

Rod – Evraz Rocky Mountain Steel

Source: Jacobson & Associates data, October 2009 to September 2010

CHART 2

Satisfaction Rates by Mill Supplier Type

2010 vs. 2009 by Satisfaction Attribute

Mill Type	2010	2009	Difference
Sheet Producers			
Overall Satisfaction	63%	68%	-5%
Quality Satisfaction	77%	80%	-3%
Service Satisfaction	67%	69%	-2%
Price Satisfaction	53%	55%	-2%
On-Time Delivery	52%	62%	-10%
Bar/Structurals			
Overall Satisfaction	80%	80%	0%
Quality Satisfaction	92%	92%	0%
Service Satisfaction	84%	82%	+2%
Price Satisfaction	71%	71%	0%
On-Time Delivery	81%	81%	0%
Plate Producers			
Overall Satisfaction	60%	57%	+3%
Quality Satisfaction	80%	78%	+2%
Service Satisfaction	68%	60%	+8%
Price Satisfaction	59%	58%	+1%
On-Time Delivery	51%	47%	+4%

Note: Satisfaction rates are based on the percentage of customer evaluations of 8 or higher on a 10-point scale. Data is for the 12 months ended Sept. 30 each year.

▲ Plate producers saw customer satisfaction rates improve this year, while bar/structurals producers held their own. Satisfaction rates were down significantly for sheet producers, however.

I would like online access to bills of lading, width profile, chemistry and order status.”

- “I use mill websites for status updates. I would like online access to heat chemistries. On-time performance is where mills need the most improvement.”

- “I use mill websites for acknowledgements and shipping paperwork. I would like better online access to shipping times for certain items and MSDS sheets.”

- “Mill websites are important. E-commerce certainly helps me save time and get needed information more quickly. I would like online access to inventory/order updates, mill certifications and heat-lot information.”

- “I use mill websites for order status. I would like online access to more live info. Accurate lead time is where mills need the most improvement.”

- “I rejected the material, but they didn’t rectify the situation. They were seven to eight months late with their delivery, which forced me to scramble to find another source. It led us to suffer a significant financial loss due to buying from the spot market.”

Plate mill satisfaction improves

In contrast to the sheet mills, plate mills made positive gains in customer satisfaction in all areas: overall, quality, price, delivery and especially in service. Plate mill customers who were the most highly satisfied with their service frequently mentioned the responsiveness and helpfulness of the people they work with at the mill:

- “Mittal Burns Harbor, Nucor and SSAB are major suppliers due to quality, on-time delivery and competitive pricing, in that order. Nucor Hertford is flexible; they have the ability to respond to our needs quickly. Their small management structure speeds our ability to react on spot tonnage. ArcelorMittal Burns Harbor has great people; they are very in tune with the needs of their customers in an ever-changing marketplace. SSAB Iowa has quality people.”

- “SSAB is our major supplier due to their quality, price and availability. SSAB, Nucor Hertford and Oregon are well run. Essar Algoma has very knowledgeable people with very nice material. We have never had a problem with it. I would like mill websites to be easier to use.”

- “Nucor is our major supplier due to their product range, quality, location and overall willingness to work with us. Nucor is flexible, customer friendly and has special programs. Claymont and ArcelorMittal are well run. Price consistency is where mills need the most improvement.”

What distinguishes one mill from another in terms of customer satisfaction? Customers are looking for increasingly ac-

CHART 3

Most Improved Mills

Overall Customer Satisfaction by Product Category

Bar/Structural Producers

Nucor Utah
 Gerdau Calvert City
 Nucor Birmingham
 Nucor Kankakee
 Nucor South Carolina
 Gerdau Jackson
 Gerdau Knoxville
 CMC Steel Texas
 Gerdau St. Paul
 Gerdau Cambridge

Sheet Producers

USS-POSCO Industries
 Imports
 California Steel
 Essar Algoma
 ArcelorMittal Dofasco
 Nucor Decatur
 Severstal Columbus
 Steel Dynamics

SBQ Producers

Gerdau St. Paul
 Nucor Nebraska
 SDI Engineered Bar
 Gerdau Chaparral SBQ

Rod Producers

Evrz Rocky Mountain
 Keystone Steel & Wire
 Nucor Connecticut
 Gerdau Beaumont

Source: Jacobson & Associates data, October 2009 to September 2010

◆ All the mills in Chart 4, ranked by product category and customer type, averaged the highest scores for the five measures of customer satisfaction: quality, delivery, price, service and overall performance.

CHART 4

Overall Customer Satisfaction

Top Sheet Mills

As Rated by End-User Customers

North Star Bluescope
 Gallatin
 The Techs
 USS-POSCO Industries
 Steel Dynamics
 ArcelorMittal Riverdale
 AK Steel
 Nucor Crawfordsville
 Nucor Decatur
 Severstal Columbus

As Rated by Service-Center Customers

North Star Bluescope
 USS-POSCO Industries
 Nucor Decatur
 Nucor Berkeley
 Gallatin
 Severstal Columbus
 Nucor Crawfordsville
 Imports
 NLMK Indiana
 ArcelorMittal Dofasco

Top Bar/Structural Mills

As Rated by End-User Customers

CMC Steel Texas
 SDI Roanoke
 Nucor Texas
 Kentucky Electric
 Gerdau Jackson
 Nucor Jackson
 Nucor Birmingham
 Nucor South Carolina
 Nucor Auburn

As Rated By Service-Center Customers

SDI Roanoke
 Nucor Seattle
 Nucor Auburn
 Nucor Kankakee
 Nucor Utah
 Gerdau Jackson
 CMC Steel Texas
 Gerdau Wilton
 Gerdau Charlotte
 Nucor Nebraska

Top Plate Mills

As Rated by End-User Customers

Evrz Claymont
 Evraz Oregon
 Nucor Tuscaloosa

As Rated By Service-Center Customers

SSAB North American
 Nucor Tuscaloosa
 Nucor Hertford
 Evraz Oregon

Top Beam Mills

As Rated by End-User Customers

Nucor Berkeley
 Nucor Yamato

As Rated By Service-Center Customers

Gerdau Chaparral
 Nucor Yamato
 Nucor Berkeley

Top Specialty Steels Mills

As Rated by End-User Customers

AK Specialty Steels
 Allegheny Ludlum

As Rated By Service-Center Customers

AK Specialty Steels
 Allegheny Ludlum

Top SBQ Mills

As Rated by End-User Customers

Nucor Nebraska
 Gerdau Chaparral
 Gerdau St. Paul
 Alton Steel

As Rated By Service-Center Customers

Gerdau MACSTEEL
 Nucor Nebraska

Source: Jacobson & Associates. Data covers the 12 months ended Sept. 30, 2010. Customers use a 10-point scale to measure their level of satisfaction with supplier quality, price, service and overall performance, where 10 is "very satisfied" and 1 is "very dissatisfied."

curate and reliable information, especially regarding delivery. Thus internal systems, including websites with e-commerce capabilities, are very important in meeting customer expectations today. Although systems are crucial, it is still the people at the mills who make the difference in customer satisfaction.

Methodology

Jacobson & Associates conducts a continuous census survey of more than 2,000 major steel customers in the United States and Canada, including service centers and end-users. The Jacobson Survey stands as an objective, third-party measure of steel customers' satisfaction with their mill sup-

pliers. Customers use a 10-point scale to indicate their level of satisfaction with supplier quality, delivery, price, service, inside sales, outside sales and overall performance. Jacobson produces separate reports on sheet producers, plate producers, minimill producers, stainless sheet producers, bar producers and beam producers. This article is based on survey data for the 12 months ending Sept. 30, 2010. ■

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The Value of Customer Loyalty

Customer loyalty is one of the most important gauges of future success. It's extremely valuable for companies to know whether or not customers expect to do business with them down the road.

In each Jacobson Survey, mill customers are asked to rate the likelihood they will be using each supplier in 12 months. Customers indicate whether they are "very likely," "likely," "unsure," or "unlikely" to be doing business with a given producer in a year's time. Calculating an index based on a weighted average of the responses, Jacobson & Associates can assign a loyalty rating to each supplier.

The value of the loyalty measure is its focus on behavioral intent. The closer the rating is to the "very likely" end of the scale, the stronger the probability the company will retain customers in the future.

Metal buyers can choose from many sources. Measuring loyalty is especially useful when customers have numerous options on where to buy. Loyalty becomes especially important when markets go soft. When demand weakens, companies that have developed the most trust and loyalty with their customers stand to fare best.

Top-Rated Sheet Producers

The Techs
Severstal Warren
Nucor Crawfordsville
NLMK Indiana
USS Granite City
Severstal Columbus
Steel Dynamics
California Steel
AK Steel
Gallatin
USS-POSCO Industries
North Star Bluescope
Nucor Decatur
Nucor Berkeley

Top-Rated Bar/Structural Producers

Gerdau Cambridge
Gerdau Charlotte

Gerdau Joliet
Gerdau Calvert City
ArcelorMittal NA
Nucor Nebraska
Gerdau Wilton
Nucor Utah
Gerdau Jackson
Nucor Jackson
Gerdau Whitby
Nucor Birmingham
Nucor Seattle
Nucor Kankakee

Top-Rated Plate Producers

Evrax Canada
SSAB North American
ArcelorMittal Coatesville
Evrax Oregon
Nucor Tuscaloosa

Top-Rated Beam Producers

Nucor Yamato
Gerdau Chaparral
Nucor Berkeley

Top-Rated Specialty Steel Producers

North American Stainless
AK Specialty Steels

Top-Rated SBQ Producers

Gerdau St. Paul
Gerdau MACSTEEL
Gerdau Chaparral
ArcelorMittal
SDI Engineered Bar

Source: Jacobson & Associates data, October 2009 to September 2010, ranked by Loyalty Index.