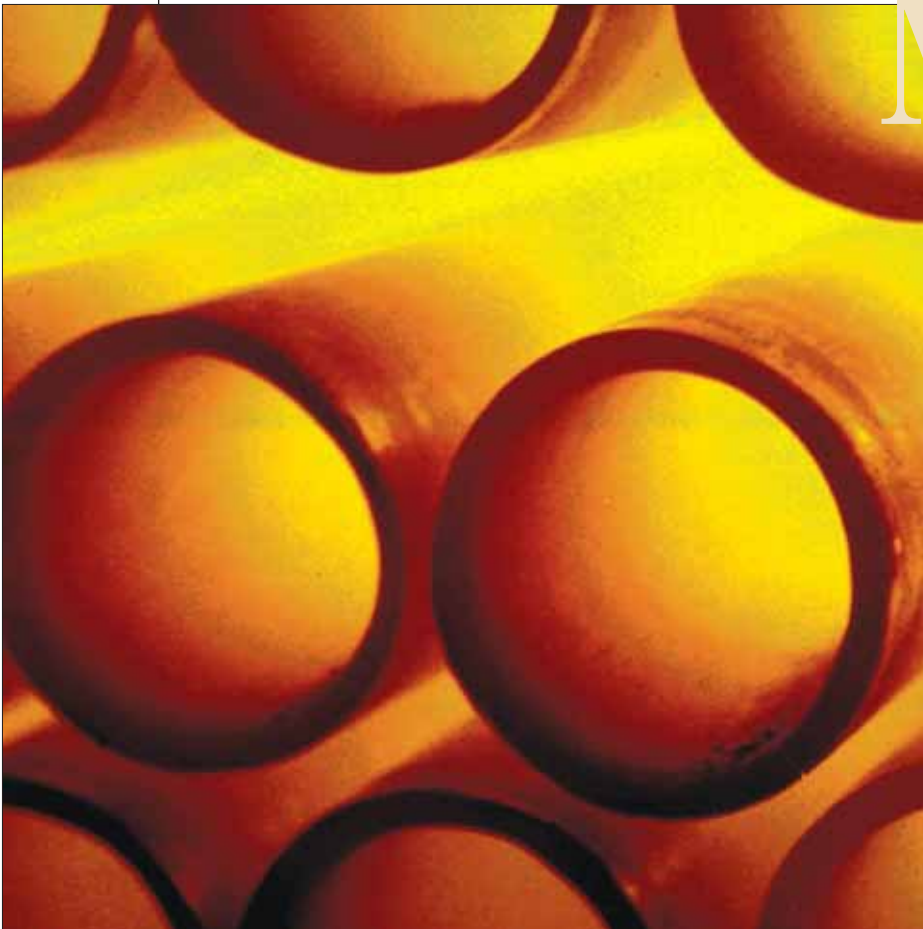


JACOBSON/METAL CENTER NEWS  
CUSTOMER SATISFACTION SURVEY

# Price, Delivery Issues Temper Satisfaction

Steel mills offer quality products, but have room for improvement in delivery and price.

Photo courtesy The Timken Co.



**M**ILL CUSTOMERS, including service centers and end-users, remain generally satisfied with the quality of the steel they receive. They are significantly less satisfied with the quality of the steel's delivery and price, however.

According to the latest data from Jacobson and Associates, which conducts a continuous census survey of steel mill customers, quality satisfaction and service satisfaction have remained relatively constant over the past five years,

## Bio

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## The Leaders

### TOP-RATED MILLS BY PRODUCT CATEGORY

**SHEET**—Beta Steel  
**PLATE**—IPSCO Iowa  
**MINIMILL**—SDI Roanoke Bar  
**TUBE**—Hanna Steel  
**BEAMS**—Nucor Berkeley  
**STAINLESS SHEET**—AK Steel

while price satisfaction and delivery satisfaction have shown more shifts from year to year.

Looking at the market by product segment, sheet mill customer satisfaction remained steady over the past year with higher quality and price satisfaction offset by lower service satisfaction and delivery satisfaction. Over time, however, sheet customers have been considerably more satisfied with quality and less satisfied with price and delivery. (See Chart A.)

Minimill customers have higher satisfaction levels than customers of both sheet and plate mills. Like plate and sheet customers, minimill customers are the most satisfied with product quality and the least satisfied with price. Indeed, price satisfaction tends to rank the lowest of all major attributes. Although quality satisfaction has been on an upward trend since 2002, all other major attributes have been on a downward trend since 2002. (See Chart B.)

Plate customer satisfaction rates more closely resemble the satisfaction rates of sheet customers. In 2002, satisfaction rates for plate and sheet customers were very similar. However, overall satisfaction for plate customers is moving upward while overall sheet customer satisfaction has been stagnant. Quality satisfaction and service satisfaction have driv-

CHART A

## Sheet Producer Satisfaction Five-Year Comparison

PERCENTAGE OF CUSTOMERS GIVING A SCORE  
OF 8 OR HIGHER ON 10-POINT SCALE

Year	Overall	Quality	Service	Price	Delivery
2006	56%	73%	59%	48%	48%
2005	56%	70%	61%	44%	53%
2004	50%	70%	59%	42%	46%
2003	55%	68%	62%	50%	52%
2002	57%	70%	61%	54%	55%

Note: Data covers the 12-month period from Sept. 1 to Aug. 31 for each year.

Sheet customers have been considerably more satisfied with quality than with price and delivery over the past five years.

CHART B

## Minimill Producer Satisfaction Five-Year Comparison

PERCENTAGE OF CUSTOMERS GIVING A SCORE  
OF 8 OR HIGHER ON 10-POINT SCALE

YEAR	OVERALL	QUALITY	SERVICE	PRICE	DELIVERY
2006	76%	89%	75%	66%	72%
2005	72%	86%	74%	64%	69%
2004	71%	90%	75%	62%	68%
2003	76%	86%	78%	70%	75%
2002	77%	86%	80%	72%	76%

Note: Data covers the 12-month period from Sept. 1 to Aug. 31 for each year.

Minimill customers have grown more satisfied with product quality, but less satisfied with prices over the past five years.

CHART C

## Plate Producer Satisfaction Five-Year Comparison

PERCENTAGE OF CUSTOMERS GIVING A SCORE  
OF 8 OR HIGHER ON 10-POINT SCALE

YEAR	OVERALL	QUALITY	SERVICE	PRICE	DELIVERY
2006	62%	82%	64%	58%	44%
2005	55%	78%	62%	45%	46%
2004	50%	78%	58%	49%	42%
2003	59%	75%	65%	59%	52%
2002	56%	74%	59%	60%	50%

Note: Data covers the 12-month period from Sept. 1 to Aug. 31 for each year.

Satisfaction levels among plate mill customers have increased in the past few years, driven by perceived improvements in mill quality and service.

CHART D

## Where Do Mills Need Most Improvement?

PERFORMANCE ATTRIBUTE	2006	2005	2004	2003	2002	5-YEAR AVG.
Price	30%	37%	39%	30%	23%	32%
Delivery	29%	27%	24%	30%	28%	28%
Inventory Availability	19%	7%	20%	8%	16%	14%
Service & Attitude	17%	23%	15%	18%	17%	18%
Quality	10%	16%	6%	17%	11%	12%
Rolling Schedule	8%	5%	4%	4%	6%	5%
Communication	5%	5%	6%	5%	2%	5%
Web site	4%	3%	1%	1%	0%	2%
Lead Times	2%	1%	1%	3%	2%	2%

*Note:* Data represent the percentage of customers who provide feedback on where suppliers need improvement. Totals exceed 100 percent due to multiple responses. Data covers the three-month period of June 1 through Aug. 31 for each year.

Not surprisingly, mill customers perennially see room for improvement in prices, while concerns over product availability and delivery tend to ebb and flow with market conditions.

CHART E

## Most Improved Mills

### OVERALL CUSTOMER SATISFACTION BY PRODUCT CATEGORY

SHEET PRODUCERS	MINIMILLS	PLATE PRODUCERS
Mittal Hennepin	Gerdau Iowa	Mittal Burns Harbor
USS Midwest	Nucor Texas	Mittal Plate
Mittal Cleveland	Gerdau Jacksonville	Claymont Steel
Beta Steel	Gerdau Minnesota	IPSCO Mobile
Mittal Inland	Nucor Utah	
CSI	Nucor Seattle	TUBE PRODUCERS
Mittal Sparrows Point	CMC Texas	Hanna Steel
USS Mon Valley	Gerdau Jackson	Leavitt Tube
Mittal Weirton	Nucor Auburn	Atlas Tube
Nucor Crawfordsville	SDI Roanoke Bar	
USS-Posco		

*Note:* Data cover period from Sept. 1, 2005, to Aug. 31, 2006, vs. Sept. 1, 2004, to Aug. 31, 2005.

en the upward trend in plate customer satisfaction. (See Chart C.)

Top suppliers for the 12 months ending Aug. 31, 2006, among all customers were: Beta Steel in the sheet category, IPSCO Iowa in the plate category, SDI Roanoke Bar in the minimill category, Hanna Steel in the tube category, Nucor Berkeley in the beam category and AK Steel in the stainless category.

Where is improvement most needed?

Where do steel suppliers need the most improvement? Year in and year out, respondents to the Jacobson Survey consistently report significant dissatisfaction with steel mill prices and delivery performance. In the three months ending Aug. 31, 2006, about 30 percent of mill customers cite price and delivery as areas where mills could improve. (See Chart D.)

Dissatisfaction with price tends to correlate with strong markets, though some customers look for suppliers to improve price regardless of market conditions.

Concerns about inventory availability have seesawed up and down over the past five years as the steel market has ebbed and flowed. In contrast, concerns with quality have demonstrated an inverse relationship to availability. As product has become more scarce, concerns over quality have lessened. In times when availability is less of an issue, quality expectations have increased.

Web sites and electronic access to information have become significant customer concerns—issues not present four years ago.

Keeping customers contented, especially in a market where prices are so high, is a challenge for steel suppliers.

## Methodology

Jacobson & Associates conducts a continuous census survey of more than 2,200 major steel customers in the United States and Canada—including service centers and end-users—which stands as an objective, third-party measure of steel customers' satisfaction with their mill suppliers. Customers use a 10-point scale to measure their level of satisfaction with supplier quality, delivery, price, service and overall performance. Jacobson compiles separate reports on sheet producers, plate producers, minimill producers, stainless sheet producers, tube producers and beam producers. This article is based on survey data for the 12 months ending Aug. 31, 2006.

## Outstanding Satisfaction Performance—Sheet Producers

### SUPPLIERS WITH SCORES 5 PERCENT OR MORE ABOVE AVERAGE

	OVERALL	QUALITY	SERVICE	PRICE	DELIVERY
	Beta Steel	NS Bluescope	Beta Steel	Beta Steel	NS Bluescope
	NS Bluescope	The Techs	NS Bluescope	Mittal Riverdale	The Techs
	The Techs	AK Steel	The Techs	USS Geat Lakes	Beta Steel
	WCI Steel		WCI Steel	USS Mon Valley	Gallatin
	USS-POSCO		USS POSCO	NS Bluescope	WCI Steel
	Gallatin		Mittal Sparrows Pt. Worthington Steel	Mittal Cleveland	USS-POSCO Nucor Indiana
<b>High Score</b>	8.63	9.09	8.78	8.65	8.76
<b>Average</b>	7.57	8.06	7.72	7.28	7.13
<b>Low Score</b>	6.97	7.32	7.05	6.64	6.01
<b>Diff. Hi/Low</b>	24%	14%	25%	32%	46%

Note: Data covers period from Sept. 1, 2005, to Aug. 31, 2006. Scores based on 1-10 scale, 10=Very Satisfied, 1=Very Dissatisfied.

Customers rated Beta Steel as the best overall performer in the sheet category for the past year, with an average score of 8.63 out of a possible 10. This compares to the average mill rating of 7.57, and 6.97 for the lowest ranked mills. The 46 percent differential between the low and high scores shows that delivery is the area with the greatest variability between performers in the sheet market.

## Outstanding Satisfaction Performance—Minimill Producers

### SUPPLIERS WITH SCORES 5 PERCENT OR MORE ABOVE AVERAGE

	OVERALL	QUALITY	SERVICE	PRICE	DELIVERY
	SDI Roanoke	Nucor Utah	SDI Roanoke	Gerdau Iowa	SDI Roanoke
	Nucor Auburn	Nucor Birming.	Nucor Marion	Nucor Auburn	Nucor Auburn
	Cascade Steel		Nucor Auburn	Gerdau Minnesota	Nucor Birming.
	Nucor Seattle		Cascade Steel	Bayou Steel	CMC Steel Texas
				Nucor Birming.	Nucor Kankakee
				Gerdau Charlotte	Cascade Steel
				SDI Roanoke	
<b>High Score</b>	8.88	9.27	9.03	8.46	8.72
<b>Average</b>	8.19	8.81	8.24	7.86	8.06
<b>Low Score</b>	7.35	7.62	7.53	5.77	7.07
<b>Diff. Hi/Low</b>	21%	22%	20%	47%	23%

Note: Data covers period from Sept. 1, 2005, to Aug. 31, 2006. Scores based on 1-10 scale, 10=Very Satisfied, 1=Very Dissatisfied.

Customers rated SDI Roanoke as the best overall performer among minimills for the past year, with an average score of 8.88 out of a possible 10. This compares to the average minimill rating of 8.19, and 7.35 for the lowest ranked minimills. Price, with a 47 percent range between the high and low scores, appears to be the biggest factor differentiating minimills.

Yet, some have managed to distinguish themselves. Mills showing the most improvement in customer satisfaction include Mittal Hennepin in the sheet category, Gerdau Ameristeel Iowa among the minimills, plate mill Mittal Burns Harbor, and tube producer Hanna Steel.

Numerous others have recorded gains in customer satisfaction in the past year, as well. (See Chart E.)

Suppliers who distinguish themselves from their competitors stand to benefit from greater customer loyalty. Each supplier tends to exhibit a unique pattern of

offerings and performance in terms of quality, delivery, service and price, though the data suggest some commonalities. Quality satisfaction, for example, is generally a “calling card” attribute. Acceptable product quality is a must for a mill to even “get a foot in the door” and

## Outstanding Satisfaction Performance—Plate Producers

### SUPPLIERS WITH SCORES 5 PERCENT OR MORE ABOVE AVERAGE

	OVERALL	QUALITY	SERVICE	PRICE	DELIVERY
	IPSCO Iowa	IPSCO Iowa	IPSCO Iowa	IPSCO Canada	IPSCO Iowa
	Claymont Steel		Claymont Steel	Nucor Hertford	IPSCO Canada
				Nucor Tuscaloosa	Claymont Steel
<b>High Score</b>	8.22	8.91	8.33	8.15	7.91
Average	7.71	8.49	7.88	7.52	7.05
Low Score	7.20	7.74	7.36	6.14	6.16
Diff. Hi/Low	14%	15%	13%	33%	28%

Note: Data covers period from Sept. 1, 2005, to Aug. 31, 2006. Scores based on 1-10 scale, 10=Very Satisfied, 1=Very Dissatisfied.

Customers rated IPSCO Iowa as the best overall performer among plate producers for the past year, with an average score of 8.22. This compares to the average plate mill rating of 7.71, and 7.20 for the lowest ranked plate mills. Like minimills, the price differential (33 percent) appears to be the biggest differentiator between plate producers.

be considered as a potential supplier. Quality satisfaction does not guarantee overall satisfaction, however. In fact, neither of the top-rated minimills in quality satisfaction were outstanding performers in overall satisfaction. Similarly, most outstanding performers in price are not outstanding performers in overall satisfaction. On the other hand, all of the suppliers rated as outstanding performers in both service and delivery ranked as outstanding performers in overall satisfaction. Thus, it appears that most mill customers consider price and quality to be “givens.” Where mills can differentiate themselves most is by providing outstanding customer service and timely product delivery.

For the past 12 months, suppliers with top overall customer satisfaction ratings in their market segments are Beta Steel, SDI Roanoke Bar and IPSCO Iowa. As shown in the Outstanding Satisfaction Performance Tables, each of these suppliers was an outstanding performer in three out of four satisfaction attributes. Beta Steel and SDI Roanoke Bar were outstanding performers in service, price and delivery. IPSCO Iowa was an outstanding performer in quality, service and delivery. Customer comments from the Jacobson Survey offer some insight into the factors that make these suppliers stand out from the competition.

## Overall Customer Satisfaction

### TOP SHEET MILLS

SERVICE CENTERS	END USERS
Beta Steel	The Techs
NS Bluescope	Gallatin
USS-POSCO	Mittal Cleveland
WCI Steel	Nucor C’ville
The Techs	Mittal Inland
Gallatin	WCI Steel
USS Midwest Works	AK Steel
Mittal Sparrows Pt.	USS-POSCO
USS Mon Valley Wks.	Nucor Berkeley
Wheeling-Pittsburgh	Worthington Steel
Mittal Riverdale	Algoma Steel
Nucor Berkeley	Mittal Sparrows Pt.
	USS Mon Valley Wks.

### TOP MINIMILLS

SERVICE CENTERS	END USERS
Cascade Steel	Nucor Utah
SDI Roanoke Bar	CMC Steel Texas
Nucor Auburn	Nucor Jackson
Nucor Seattle	Nucor Seattle
Gerdau Iowa	Nucor Texas
Nucor Texas	Cascade Steel
Nucor Utah	Gerdau Sheffield
CMC Steel Texas	Gerdau Canada
Nucor S.C.	Nucor Marion
Nucor Nebraska	Nucor Kankakee

### TOP PLATE MILLS

SERVICE CENTERS	END USERS
IPSCO Iowa	IPSCO Iowa
IPSCO Canada	Claymont Steel
Claymont Steel	Mittal Burns Harbor
Nucor Hertford	Nucor Tuscaloosa
Nucor Tuscaloosa	
IPSCO Mobile	

Note: Data cover period from Sept. 1, 2005, to Aug. 31, 2006.

All of the suppliers rated as outstanding performers in both service and delivery ranked as outstanding performers in overall satisfaction. Thus, it appears that most mill customers consider price and quality to be “givens.” Where mills can differentiate themselves most is by providing outstanding customer service and timely product delivery.

Beta Steel's strengths are price and customer commitment:

- "Beta Steel has good product and very competitive pricing."
- "Beta is our major supplier based on price and availability."
- "Beta is great and improving—they are a customer-driven mill."

IPSCO Iowa's strengths are product quality and customer service:

- "IPSCO is a great supplier; they are fair and very customer-service oriented."
- "IPSCO works well with service centers."
- "IPSCO Montpelier is our major supplier; they have nice product, good delivery, and they are easy to work with."

SDI Roanoke Bar's strengths are strong communication and delivery:

- "SDI Roanoke is a dependable supplier. We have a VMI program with them that works really well, especially during these times."
- "Steel Dynamics Roanoke communicates very well and works hard to please the customer—me."
- "Roanoke Electric is flexible. Roanoke's rolling schedules are rarely changed and their rollings are on time."

In what areas would service centers most like to see their steel sheet, minimill and plate suppliers improve? Respondents offered the following suggestions:

- "Value relationships more—they give us a lot of double talk."
- "Attitude toward service centers; they should treat us the same way they treat automotive."

- "Better product availability."
- "Better communication in terms of market conditions."
- "More consistent deliveries and reliable forecasts."
- "More joint sales efforts; I want them to be there with me when I speak to my customers."
- "Delivery within two weeks of promised date."
- "[Improve] order acceptance, bookings and order entry. In times where demand increases dramatically and orders are rapidly submitted to the mills, many of them lose control. Lead times lag in relation to mill capacity and orders end up being late, anywhere from two to eight weeks."
- "Easier access to our orders in their system."
- "[Better] responsiveness to customer requests."
- "More consistent pricing; most tend to be very opportunistic."
- "[Quicker] to react to the imports. The mills on the East Coast and Midwest are not very interested in the West Coast, and we can't rely on them."
- "Deliver on time, use e-mail more, and improve Web sites."
- "More accurate and tighter rollings."
- "Electronic communication."
- "Better understanding of relationships and partnership."
- "More accurate order entry."
- "Reliability of production and delivery."
- "Delivery times and more frequent rollings than six to 12 months out."

- "Access to my account on line."
- "Give me an accurate delivery schedule and communicate with me if that schedule cannot be met."
- "Up-to-date order status."
- "Remove surcharges. Keep an eye on imports."
- "Standardization in bundling and price changes."
- "User-friendly, updated Web sites with more accessibility."
- "Increase size ranges within each plant."
- "Communication when product ships, or doesn't ship; this is especially important since trucks are becoming more difficult to get."
- "Someone available to talk to when necessary."
- "Better intelligence sharing on world markets."
- "Trained and understanding inside salespeople."
- "Bar coding."

Success in satisfying customers has less to do with the size and impressiveness of the mill's production equipment and more to do with how well the mill understands its customers' needs. Customers appreciate mills that listen, communicate and respond effectively. Because market conditions and customer requirements are ever changing, mills most adept at listening, communicating and responding on a continuous basis stand the best chance for success. ■

## JACOBSON & ASSOCIATES STEEL CUSTOMER SATISFACTION SURVEY

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