

E-commerce is E-ssential

A steel mill's website is no longer just online window dressing. It could mean the difference between a service center surfing past or stopping to place an order.



CHART 1

The Leaders

Top Rated Mills in Customer Satisfaction by Category

Sheet – North Star BlueScope

Plate – SSAB North American

Bar/Structurals – CMC Steel Texas

Beams – Nucor Berkeley Beams

Stainless Sheet – Allegheny Ludlum

SBQ – Nucor Nebraska

Rod – Nucor Connecticut

Source: Jacobson & Associates, based on survey data for the 12 months ending Sept. 30, 2011.

CHART 2

E-commerce

Top Rated Mills in Customer Satisfaction of Websites

Best Sheet Mill: USS-POSCO Industries – 8.59

Sheet Mill Average – 7.47

Worst Sheet Mill – 5.31

Best Plate Mill: Evraz Oregon – 7.45

Plate Mill Average – 6.53

Worst Plate Mill – 5.97

Best Stainless Sheet Mill: Allegheny Ludlum – 7.97

Stainless Sheet Average – 7.22

Worst Stainless Sheet Mill – 6.03

Best Beam Mill: Nucor Yamato – 8.42

Beam Mill Average – 8.11

Worst Beam Mill – 7.52

Note: Satisfaction rates are based on a 10-point scale, where 10 is “very satisfied” and 1 is “very dissatisfied.” Data is for the 12 months ending Sept. 30, 2011.

▲ Websites and online access to information have become increasingly important to steel buyers. Ease of doing business electronically is now a key component of what successful steel mills offer their customers. The latest Jacobson Survey suggests that beam mills have higher e-commerce customer satisfaction than sheet, plate and stainless steel mills.

Jacobson & Associates conducts a continuous census survey of steel mill customers, asking them to rate each mill on key attributes including quality, service, price, on-time delivery and overall satisfaction. Steel buyers report a wide variation in their satisfaction with steel mills’ websites. Indeed, the functionality and ease of use of a mill’s site can influence a service center’s buying decisions.

In its latest survey, Jacobson & Associates gathered comments from numerous steel buyers with strong opinions about online customer service. Following are a few examples:

- “Mill websites need to be intuitive, clear and easily accessible.”
- “I would like online access to real time inventory, pricing and order status with faster processing speed.”
- “Mill websites are very important for access to order status and the ability to download documents, such as invoices, packing lists and mill test reports.”
- “I need online access to material ready for shipment, rolling capabilities and lead times.”
- “I appreciate being able to find price sheets without having to wait for a salesman to get back to me.”
- “One supplier’s new site is very slow. It takes six to eight clicks to get one line of info through a drop-down menu. Before, I was able to quickly get a PDF file with all types of product info and have it in front of me all day.”
- “Mills need to improve on providing accurate information and accessible documents.”
- “Websites are where mills need the most improvement.”

Leadership characteristics

As seen in Chart 1, mills rated highest in overall customer satisfaction in their respective product categories were: North Star BlueScope, SSAB North American, CMC Steel Texas, Nucor Berkeley Beams, Allegheny Ludlum, Nucor Nebraska and Nucor Connecticut.

While each segment of the steel industry has its own set of competitive dynamics, customer satisfaction leaders display some common characteristics. When describing the leaders, mill customers often pointed to their dependability, quality, reliability, helpfulness, service orientation and product availability. Universally, customers want to buy from “good people who are easy to do business with.” Following are some specific customer comments about each of the industry segment leaders:

Steel Sheet Leader—North Star BlueScope:

- “North Star BlueScope is our major supplier due to quality, delivery, price—everything. NSB is the best of the best.”

- “On-time delivery performance and reliability are strengths for North Star BlueScope, while product development is a key weakness.”
- “North Star BlueScope’s on-time delivery is great, with good gauge control on coils, and they have good tech support.”
- “North Star BlueScope is aggressive, especially with their technology.”

Plate Leader—SSAB North American:

- “SSAB is very solid and customer-oriented.”
- “SSAB is consistent; very few surprises there.”
- “SSAB has high quality, but their ordering parameters are more difficult than other mills.”

- “SSAB’s strength is their great product and the willingness of their people to be helpful. Weakness is all the rules and restrictions.”
- “SSAB is open to new ways of processing steel for us.”

Bar/Structurals Leader—CMC Steel Texas:

- “CMC Texas is aggressive. Their strengths are customer service and availability. We have a good rapport with their inside and outside salespeople, and their prices are competitive.”
- “CMC is our major supplier based on their overall performance: deliveries, availability, sales reps and flexibility of rollings.”
- “CMC has good, honest people. They go out of their way to help us.”

Beams Leader—Nucor Berkeley Beams:

- “Nucor Berkeley Beams has great service and people. They are easy to deal with, have on-time shipments and competitive pricing.”
- “Nucor Berkeley is dependable. Their strength is material availability, while information on their website is their weakness.”
- “Nucor Berkeley is quick to ship; they have good floor stock.”
- “Nucor Berkeley is helpful, with good follow-up.”

Stainless Sheet Leader—Allegheny Ludlum:

- “Allegheny is our major supplier. They are the most competitive and willing to enter into partnerships.”
- “Allegheny Ludlum is easy to do business with. They have made great improvement through lean manufacturing, but could be a little more organized on the shipping side.”
- “Allegheny has a good website; I am able to see the status of my order, and the information is accurate.”
- “Allegheny is our major supplier due to their ingenuity on new and unique grades. Allegheny is a quality, high-class mill.”
- “Allegheny has high-integrity people.”

CHART 3

Most Improved Mills

Overall Customer Satisfaction by Product Category

Sheet Producers

- USS Gary
- ArcelorMittal Riverdale
- USS Granite City
- ArcelorMittal Indiana Harbor
- The Techs
- ArcelorMittal Burns Harbor
- USS Fairfield
- Nucor Crawfordsville
- Gallatin
- Nucor Arkansas
- Steel Dynamics
- Severstal Dearborn
- Imports
- North Star BlueScope
- ArcelorMittal Cleveland
- USS Midwest
- Worthington Steel
- Essar Algoma
- RG Warren
- USS Great Lakes

SBQ Producers

- Nucor Memphis
- ArcelorMittal SBQ
- Nucor Nebraska SBQ
- Gerdau Midlothian SBQ

Bar/Structurals Producers

- Nucor Connecticut Rebar
- Nucor Seattle
- CMC Steel Alabama
- CMC Steel South Carolina
- Nucor Birmingham
- Gerdau Wilton
- Gerdau Whitby
- CMC Steel Texas
- ArcelorMittal Laplace
- Cascade Steel
- Nucor Jackson
- Gerdau Cambridge
- Nucor Kankakee
- Gerdau Calvert City

Plate Producers

- Essar Algoma Plate
- Evraz Oregon
- SSAB North American

Rod Producers

- Nucor Connecticut
- Ivaco
- Charter Steel

Source: Jacobson & Associates, based on survey data for the 12 months ending Sept. 30, 2011.

CHART 4

Overall Customer Satisfaction

Top Sheet Mills

As Rated by End-User Customers

The Techs
Nucor Decatur
USS-POSCO Industries
Nucor Crawfordsville
Gallatin
North Star BlueScope
AK Steel
Nucor Berkeley
Steel Dynamics
I/N Tek & Kote

As Rated by Service Center Customers

North Star BlueScope
Gallatin
USS-POSCO Industries
Nucor Decatur
Nucor Crawfordsville
Severstal Columbus
Imports
Steel Dynamics
The Techs
Nucor Arkansas

Top Plate Mills

As Rated by End-User Customers

Evraz Oregon
Nucor Plate
SSAB North American

As Rated By Service Center Customers

SSAB North American
Evraz Oregon
Nucor Plate
Evraz Canada

Top Specialty Steels Mills

As Rated by End-User Customers

AK Specialty Steels

As Rated By Service Center Customers

Allegheny Ludlum
North American Stainless

Top Beam Mills

As Rated by End-User Customers

Nucor Berkeley Beams
Gerdau Midlothian Beams

As Rated By Service Center Customers

Nucor Berkeley Beams
Nucor Yamato
Gerdau Cartersville

Top Bar/Structural Mills

As Rated by End-User Customers

CMC Steel Texas
Gerdau Jackson
Nucor Birmingham
Nucor Jackson
Nucor Seattle
Nucor Texas
Nucor South Carolina
CMC Steel Alabama

As Rated By Service Center Customers

SDI Roanoke Bar
Nucor Utah
Nucor Seattle
CMC Steel Texas
Gerdau Wilton
Nucor Auburn
Nucor Kankakee
CMC Steel Alabama

Source: Jacobson & Associates. Data is for the 12 months ending Sept. 30, 2011. 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."

▲ All the mills in Chart 4 were ranked highest in overall customer satisfaction in their respective product category.

SBQ Leader—Nucor Nebraska:

- "Nucor Norfolk is reliable; they are the market leader."
- "Nucor Norfolk's strength is offering most sizes."
- "Nucor is aggressive, with good people, and yet they price sensibly."
- "Nucor Nebraska is a major supplier due to quality and consistent deliveries."

Rod Leader—Nucor Connecticut:

- "Nucor Connecticut has excellent quality and good customer service."
- "I like the people at Nucor Connecticut."
- "Nucor is dependable. It is very rare that they miss something."

The traits that make for a good leader seem simple, yet making them part of the corporate culture is a challenge that separates one competitor from another. ■

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 suppliers. 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, 2011. ■

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The Value of Customer Loyalty

Top Rated Mills in Customer Loyalty by Product Category

Customer loyalty is one of the most important gauges of future success. It's extremely valuable for companies to know whether 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

California Steel
I/N Tek & Kote
Steel Dynamics
ArcelorMittal Cleveland
USS Granite City
ArcelorMittal Riverdale
ArcelorMittal Burns Harbor
Nucor Crawfordsville
USS Gary
Severstal Columbus
ArcelorMittal Indiana Harbor
USS Midwest
ArcelorMittal Dofasco
North Star BlueScope
Gallatin

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Top Rated Plate Producers

Evrax Canada
 SSAB North American
 Evraz Oregon
 Nucor Plate
 ArcelorMittal Burns Harbor Plate

Top Rated Bar/Structurals Producers

Gerdau Whitby
 Gerdau Cambridge
 Nucor Auburn
 Gerdau Jackson
 Gerdau Wilton
 Gerdau Calvert City
 Nucor Seattle
 CMC Steel South Carolina
 Nucor Jackson
 Gerdau St. Paul

CMC Steel Texas
 Nucor Birmingham
 Nucor Utah
 CMC Steel Alabama

Top Rated Beam Producers

Nucor Yamato
 Gerdau Midlothian Beams
 Gerdau Cartersville

Top Rated Specialty Steel Producers

Outokumpu
 Allegheny Ludlum
 Imports

Top Rated SBQ Producers

Alton Steel
 Gerdau St. Paul SBQ

SDI Engineered Bar
 Gerdau Midlothian SBQ
 Timken
 Gerdau Wilton SBQ

Top Rated Rod Producers

ArcelorMittal Rod
 Nucor Nebraska Rod
 Ivaco
 Evraz Rocky Mountain Rod

Source: Jacobson & Associates Survey, October 2010 to September 2011.

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