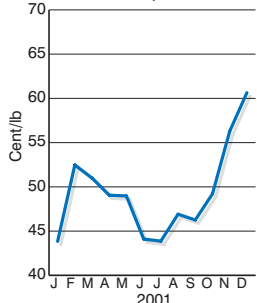
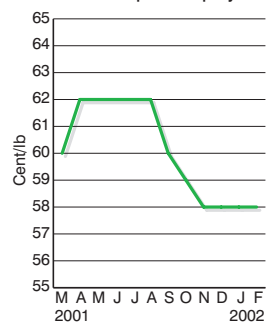


## Latest Data

International Cocoa Organisation  
cocoa prices

Source: ICCO

Mill delivered price of polyester



Source: National Cotton Council of America

## Petroleum, \$/bbl

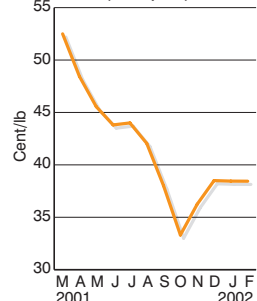
Product	Price	Rate of change, %
Nymex crude	25.35	-0.26
Dated Brent \$	24.57	-0.42
Nymex gasoline	80.08	-2.85

## Natural gas, \$/m MBtu

Product	Price	Rate of change, %
Nymex Henry Hub	3.33	-0.10
Henry Hub \$	3.53	0.32
Chicago City Gate \$	3.67	-

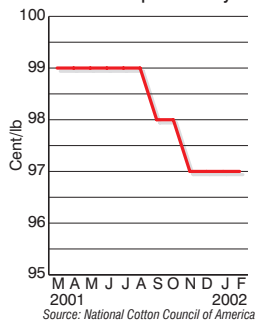
Source: Bloomberg

\$ = cash

Mill delivered price of cotton  
(Memphis)

Source: National Cotton Council of America

Mill delivered price of rayon



Source: National Cotton Council of America

## Analysis

# Customer-value management — catch the missed revenue

The chemicals and plastics materials industries are constantly criticised by analysts for destroying shareholder value. One possible reason for this is the way the chemicals industry treats its customers and the information it holds on them. Accenture, the consultancy, reported recently (*C&I* 2001, 536) that the chemicals and plastics materials industries give away hundreds of millions of margin dollars every year by under-performing in the market-place.

A study of customer-relationship management practice in the industry by MarketAbility, a marketing counselling and coaching company, based in Zurich, Switzerland, confirms and partially explains this picture. MarketAbility examined 150 leading companies in the industry and surveyed how satisfied their customers were with their service levels in 2001.

The chemicals and plastics materials industry must treat its customers better. One of the key findings is that this industry focuses on shareholder, rather than customer value. Although 65% of the companies surveyed claimed to be customer focused, our study concluded that less than 20% of the industry really demonstrates customer focus in practice as it claims.

MarketAbility divided the companies involved in the survey into four company performance levels:

- non-starters — 20%
- laggards — 40%
- followers — 30%
- leaders — 10%

There is some very good and advanced customer-relationship management practice in the industry, but many companies customer focus is fragmented and inconsistent. It is non-existent in some companies. The survey also found

a misguided perception that customer-relationship management is inextricably linked to information technology and computer systems. I prefer to think of customer-value management (CVM). This is a simple idea: CVM is the marketing process that enables suppliers and customers to create both customer and business value, through a planned and systematic exploitation of mutually beneficial market opportunities.

Our research shows that speciality chemicals companies do not tend to be more customer-focused than the commodity-oriented producers. In fact, the only market sector showing anything close to an acceptable performance on customer-need fulfilment is where petrochemical producers supply chemicals to industry customers. Even here there are shortcomings, especially on committing to the customer, creating customer value and measuring and improving performance.

For non-chemicals industry customers, both petrochemical and speciality chemicals producers perform badly in all five key areas, which we have developed into a simple five-step model to help chemicals and plastics materials companies to improve their CVM performance and practice. The first step is to understand the customers.

This means looking at the

world through their eyes; seeing what they see and how they see it. Second, you have to commit to the customer, by creating a com-

**Twenty percent of the industry really demonstrates customer focus in practice as it claims**

elling offer or value proposition to the customer. This must deliver value to them and fulfil their needs. Third, creating customer value: this needs to be implemented consistently and effectively to create real value for them. Fourth, you must also get the customer to tell you what they think of your products and how you are servicing their needs. Ideally, this is done through internal contacts and external, independent third parties. Finally, you have to remember the critical importance of continuous improvement in your offer to the customer.

These five steps will be explored in more detail in a series of five articles to follow this leader. They will appear in *C&I* during the rest of 2002.

**Phil Allen runs the marketing excellence practice, MarketAbility in Zurich, Switzerland. This serves a broad base of clients in the chemicals and energy sectors in all aspects of improving business profitability through applied practical marketing and customer-value management. He counts more than 30 years of practical experience in chemicals and plastics materials marketing and sales.**

**MarketAbility operates both at glob-**

**al and local levels around the world. Phil is the founder of the customer-value management circle of excellence ([www.customer-value.com](http://www.customer-value.com)), a learning and sharing organisation for all involved and/or interested in managing customer value and building customer loyalty. He is co-author of the book 'Creating customer value' to be published by McGraw-Hill in October 2002. Contact Phil on +41 783 87 77 or e-mail at [phil.allen@marketability.org](mailto:phil.allen@marketability.org).**