

ISRG JOURNAL OF ECONOMICS AND FINANCE (ISRGJEF)



ISRG PUBLISHERS

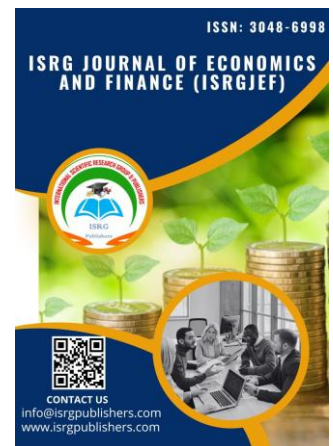
Abbreviated Key Title: ISRG J Econ Fin.

ISSN: 3048-6998 (Online)

Journal homepage: <https://isrgpublishers.com/isrgjef-2/>

Volume – 2 Issue -3 (May-June) 2025

Frequency: Bimonthly



The role of measuring customer satisfaction costs in increasing profits

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| **Received:** 10.06.2025 | **Accepted:** 15.06.2025 | **Published:** 21.06.2025

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Abstract

The primary focus of modern management methods is customer satisfaction, as customers represent the primary objective of an economic unit, particularly those customers who contribute to increasing the profitability of the economic unit. Management continually seeks to monitor the satisfaction of these customers and ensure that their interests and desires are its top priority. Cost accounting can provide services to management in this area by contributing to measuring the costs associated with customer satisfaction. The importance of measuring the cost of customer satisfaction is highlighted, as it is one of the most important assets of an economic unit and can significantly impact management decisions. This entails changes and developments in the information provided by cost accounting. Consequently, it is necessary to overcome the difficulties affecting the measurement and analysis of each customer's costs and how to determine the various cost drivers for each customer through the use of modern tracking and calculation techniques in order to provide valuable information to management decision-makers

Chapter One - Research Methodology:

First: The Research Problem:

In light of the increasing competition in the contemporary business environment, economic units compete to fulfill customer desires and provide services to them with the aim of winning and satisfying them and thus retaining them. However, they face failures in measuring customer satisfaction, the costs associated with the measurement process, and the impact this has on profits. Accordingly, the research problem can be formulated with the following questions:

1. Does the economic unit measure customer satisfaction?
2. Does measuring customer satisfaction lead to increased profits?

Second: Research Objective:

The research aims to measure the cost of customer satisfaction and demonstrate its role in increasing profits.

Third: Research Importance:

Measuring the cost of customer satisfaction helps economic units meet customer needs with the goal of retaining them by providing them with the products they desire, both now and in the future.

Fourth: Research Hypothesis:

The research is based on the following hypothesis:

1. Economic units do not measure the cost of customer satisfaction.
2. Measuring the cost of customer satisfaction plays an important role in increasing profits.

Section Two - A Conceptual Introduction to Customer Satisfaction:

Customers face a wide range of options to satisfy their needs. This is based on their perception of the value of the goods and services provided, which is expressed as perceived value (the difference between the value a customer obtains from owning or using a good or service and the costs of obtaining it). This value may be tangible or intangible characteristics that achieve customer satisfaction. Customer satisfaction is represented by the value extracted from the good or service in relation to their expectations, which represents the scope of work for marketing institutions to ensure customer satisfaction. This requires identifying these values, pursuing them, and developing their positive aspects, as well as working to limit negative actions. Through customer satisfaction, revenues can be increased through repeat purchases and attracting new customers, which provides economic units with a strong justification for survival, advancement, and growth. While customer dissatisfaction reflects the state of chaos within an economic unit, the inadequacy of its marketing management, and the pervasive deficits within its various components, the resulting inability to sustain and compete for long periods of time, especially in light of the current challenges represented by technological development, expansion, and dissemination, and the subsequent changes in customer tastes, needs, and desires.

First: The Concept of Customer Satisfaction:

Economic units strive to meet the desires and needs of customers. Customer service is a set of activities that aim to enhance the level of customer satisfaction, i.e. the feeling that the product or service has satisfied them. In other words: it is the process through which the needs and expectations of customers are met by providing high-quality service at a competitive price that results in their satisfaction. The word satisfaction comes from the Latin word (*satis*), which means good enough (David, Rezi, 2019: 356). The concept of customer satisfaction is one of the concepts that needs a lot of explanation, as it is not limited to meeting the customer's needs only, but rather extends to many ideas that rise to the concept of creating a response to the expected desires of customers.

Satisfaction or dissatisfaction is a response to the evaluation of the discrepancy or uncertainty felt by the customer, i.e. the difference between the customer's expectations of the performance of the product or service and its actual performance (Sri, Suyunto, 2021: 452). Satisfaction can also be expressed as the joy or disappointment felt by customers as a result of comparing the apparent performance of the product or service with the expected performance (Erlina, Muhommad. Aryan, 2022: 25). Customer satisfaction is the comparison of customers' expectations and perceptions with the performance of the product or service. Increased satisfaction leads to loyalty and repurchase. Satisfied

customers have less sensitivity towards price, greater willingness to pay, and less need for persuasion to purchase compared to new customers, which leads to lower costs (Leon, Kapil, 2020: 4).

Finally, customer satisfaction can be defined as: "A measure that holds a place in the organization's culture and extends its influence to include all continuous improvements." (Ahonen, 2000: 1) In other words, from the perspective of an economic unit, customer satisfaction serves as a measure of its performance and helps drive improvements in various areas of its operations. It is viewed as a key business performance indicator and is often part of a balanced scorecard in a competitive market where economic units compete to gain customer satisfaction. Customer satisfaction can be achieved when the customer receives:

1. A product (service) that performs the functions with the features for which they sacrificed the purchase price.
2. Receiving the product or service on time.
3. Receiving the product or service without defects.
4. Products that do not fail after an early period of use.
5. Products that do not fail throughout their usable life.

Therefore, satisfaction here is a function of perceived and expected performance. If performance falls short of expectations, the customer will be dissatisfied, dissatisfied, or disappointed, and will abandon future business with the economic entity. If performance meets expectations, the customer will feel comfortable and satisfied. However, if performance exceeds expectations or exceeds expectations, the customer remains closely tied to the economic entity. Second: Benefits of Customer Satisfaction for the Economic Unit:

Economic units devote their efforts and resources to achieving customer satisfaction by providing a product or service that aligns with customer needs and expectations. Customer satisfaction also provides economic units with the following benefits: (Al-Taie and Al-Abadi, 2009: 223)

1. Gaining a long-term competitive advantage and achieving targeted profits: When an economic unit is able to outpace its competitors in offering a new product or service that meets customer expectations and needs, it will be able to capture a larger share of the market and achieve significant gains and competitive advantage. Furthermore, if a satisfied customer is more likely to talk to others about that unit, generating new customers.
2. Creating economic value for economic units, which can be measured by analyzing customer profitability or discounting the future cash flows generated.
3. Satisfying existing customers reduces the costs required to satisfy a new customer. However, this does not mean reducing interest in potential customers, as studying this is an indicator of the potential sales volume of these customers.
4. Measuring the performance of economic units, as customer satisfaction is the single most important criterion for measuring the efficiency of a unit's performance compared to other benchmarks, such as local competitors or the benchmark of the best global competitor. Customer satisfaction is a measure of the quality of the product or service provided.
5. Customer satisfaction provides feedback to the economic unit, leading it to improve its services.

Customer satisfaction is a primary objective of senior management, as it is linked to its sustainability and market presence, and is an indicator of the economic unit's progress in meeting customer needs and expectations.

Second: Indicators of Customer Satisfaction and Loyalty

There is a set of indicators that can be used to measure customer satisfaction (Florian, 2016: 412).

1. Perceived quality is defined as an attitude or judgment related to the excellence or superiority of a service, or it is the difference between customer expectations and perceptions regarding service performance, or it is the comparison between customer expectations and the service received (Masoodul, et al., 2013: 896). Its dimensions are (Ahmad, 2019: 58) (J.G. Cuning, 2000: 22):
 - a) Reliability: The unit's ability to provide services that meet customer expectations in terms of timeliness, accuracy, and error-free quality.
 - b) Assurance: This refers to the provision of (communications, credibility, security, efficiency, and courtesy).
 - c) Tangible Evidence: The unit's ability to demonstrate its presence to external parties through (physical facilities, infrastructure, and the state of the surrounding environment). This is tangible evidence of the quality of the service provided.
 - d) Empathy: This refers to giving sincere, individual, or personal attention to the customer by attempting to understand their needs.
 - e) Responsiveness: This refers to the willingness to assist and provide prompt and appropriate services to customers, providing them with clear information and not making them wait for no apparent reason. This can lead to a negative perception of service quality.
2. Value: This refers to the perceived level of quality of the product or service relative to its price (perceived quality exceeds price).
3. Brand: This refers to the level of quality the customer expects to receive.
- f) 4- Expectation
- g) 5- Costs
- h) 6- Ease of access to the product or service
- i) 7- Price: Price is a tool that significantly influences customer purchasing behavior (Masoodul, et al., 2013: 896). The price of a product or service may be an indicator of quality and a sales tool, as price plays an important role for some customers in deciding to purchase (Erlina, Muhammad, Aryan, 2022: 25). It is the element that creates a competitive advantage and must adapt to the environmental situation and changes occurring in the market in terms of the level of demand and the intensity of competition (Sri, Suyunto, 2021: 451).

Third: Stages of achieving customer satisfaction:

To achieve customer satisfaction, the following stages are usually required (Al-Samarrai, 2002: 57-61)

1. Understanding customer needs: Marketers must maintain constant contact with customers, both current and potential, to understand the factors that determine their

purchasing behavior. Customers, as understanding the customer and being aware of his needs and desires is one of the most important things for the economic unit.

2. Customer Feedback: This step involves the methods and techniques marketers use to track customer opinions about the unit's products to determine the extent to which they meet their expectations. The unit can do this through response (reaction) or by using a survey form.
3. Continuous Measurement: The final step to achieving satisfaction involves the unit creating a special program to measure customer satisfaction, such as the Customer Satisfaction Matrices (CSM) system. This system provides a process for tracking customer satisfaction over time, rather than simply measuring the unit's performance at a specific time.

Fourth: Methods for Achieving Customer Satisfaction

There are several ways to achieve customer satisfaction, the most important of which are the following: (Al-Obaidi, 2004: 40)

1. Involving customers in discussing quality plans and development methods, and allocating a generous reward for each of their suggestions that achieves positive results.
2. Inviting customers to visit the unit, informing them of its activities, and asking them to submit their suggestions for improvement.
3. Providing symbolic gifts to customers on official occasions and greeting cards with expressions of appreciation. Respect and appreciation.
4. Visit important customers from time to time to listen to their opinions and suggestions.
5. Follow up with customers who have purchased the unit's product once and have not repeated the purchase to determine the reasons for this.
6. Make customers feel important by ensuring that marketing and promotional staff pay attention to each customer, making them feel valued.

Thus, customer satisfaction has become a constant for successful business units, leading to increased revenues and, subsequently, increased profits. Considering that the products produced must be popular and accepted by various customers, and ensuring their satisfaction with these products is essential, customer satisfaction must be incorporated into strategic plans, especially in the area of quality, as the customer is a key partner in the success of the business unit.

Fifth: Measuring the costs of customer satisfaction:

Business units typically deal with two types of customers (new and existing), where acquiring new customers is more costly than retaining existing ones. This means that long-term success depends more on retaining existing customers than attracting new ones. (Erlina, Muhammad, Aryan, 2022: 25). There are two factors that lead to an increase or decrease in satisfaction, which are (quality and price). If quality increases, satisfaction increases, and if price decreases, satisfaction increases. Achieving satisfaction leads to customer loyalty (David, Rezi, 2019: 356). The more satisfied the customer is, the more willing they are to pay for the price increase. This will provide fewer resources to deal with returns, manage complaints, and rework defective goods by focusing on quality, satisfying customers, and gaining their loyalty. This isolates customers from competitors, which leads to reducing the costs of

failure, lowering the costs of attracting new customers, and enhancing the company's reputation (J. Gunning, 2000: 23). The process of measuring customer satisfaction is extremely difficult, as it falls within the humanities. However, many writers have attempted to develop measures for customer satisfaction, as the following methods can be identified to track and measure customer satisfaction: (Kotler, 1997: 43) (Al-Qazzaz and Malik, 2001: 87)

1. **Complaints and Suggestions System:** This is achieved by opening direct communication channels with customers, addressing complaints and suggestions boxes, responding to them, and addressing problems to achieve the highest levels of satisfaction. These boxes require costs for sorting, analyzing, and finding solutions for each problem.
2. **Customer Satisfaction Surveys:** Studies have shown that there is a dissatisfaction rate of 25%. First, only 5% of these customers file complaints, while the rest move on to other business relationships instead of complaining. Therefore, the business unit cannot use complaint levels as a measure of customer dissatisfaction. The responding unit obtains direct measures of customer satisfaction by conducting periodic surveys. They send questionnaires or conduct phone calls to a random sample of their new customers, and then ask them whether they are satisfied, dissatisfied, somewhat dissatisfied, or very dissatisfied with the business unit's performance. This requires preparing customer opinion survey forms, and a team is assigned to do this.
3. **Mystery Shopping:** The company can send Unknown customers to play the role of the buyer to know the strengths and weaknesses of the economic unit compared to competitors. This requires sending a group of workers to complete this process.
4. **Analyzing Lost Customers:** The business unit must contact customers who have stopped purchasing and switched to other units, identify the real reasons for their switch, and constantly monitor the rate of customer loss. This requires a team to identify customers who have stopped purchasing and the reasons for their churn.
5. **Making customers feel their importance** by having marketing, advertising, and promotion personnel focus on the importance of distinct customers to the business unit. This requires enrolling employees in training courses and selecting the most skilled individuals in this field.

Kotler (1997) indicates that the process of measuring customer satisfaction is carried out according to the following steps:

1. Clarifying the objectives of the standard effort.
2. Designing a research study that leads to useful and meaningful questions for the customer and the methodology used.
3. Selecting the sample and designing the questionnaire.
4. Collecting and analyzing the data.

There are several indicators for measuring customer satisfaction, including financial and non-financial indicators:

First - Financial Indicators of Customer Satisfaction: The most important financial indicators of customer satisfaction are external failure costs, such as:

1. Repair costs during the warranty period.

2. Legal claims.
3. Lost contribution margin on lost sales.
4. Decrease in product prices.

In addition to these financial indicators, economic units also require non-financial indicators, such as:

1. The number of defective units delivered to the customer as a percentage of the total units shipped.
2. The number of customer complaints, noting that some customers receive inferior products and do not complain, but they develop a negative impression of the economic unit and its products.
3. Customer response time (the difference between the scheduled delivery date and the customer's order date).
4. On-time delivery (the percentage of products delivered to the customer on or before the specified time).

Sixth: Difficulties Facing Customer Cost Measurement:

When tracking the cost of customer satisfaction, the following problems may be encountered: (Andon & Others, 2001: 3-4)

1. **Lack of customer-specific data collection:** Most accounting systems are designed to track costs at the product or activity level, and rarely provide data on marketing, distribution, and customer service expenses at the individual customer level.
2. **Cost Allocation:** Economic units face the problem of allocating costs to customers. This problem arises as a result of the various customer interactions with the economic unit. These interactions include:
 - Some customers have a single order, and all costs are allocated to individual orders.
 - Some customers may have multiple orders, and all costs are allocated to individual orders.
 - Some customers may have multiple orders, and not all costs are allocated to individual orders.

Costs can be classified into two types:

1. **Costs specific to a specific customer and specific order,** which are direct.
2. **Customer support costs:** These are indirect costs that require allocation based on the value of each customer's sales, the number of orders, or other criteria.

3-3- Customer-related cost analysis:

The management of the business unit can analyze costs related to customer satisfaction by categorizing them into the following costs: (Hilton & Others, 2008: 224-228)

First: Customer selling costs: These include all costs that support sales activities, such as sales personnel, databases, equipment, and facilities.

Second: Marketing costs: These include all costs involved in preparing market research, product marketing strategies, and plans.

Third: Distribution costs: These include packaging and shipping costs, as well as the delivery of products or services to customers.

Fourth: Administrative and general costs: These include all operating costs that must be covered by customer sales, and other costs associated with the customer, including research and development costs, general and administrative costs.

There are two methods for determining customer costs:

The first method: According to this method, all costs are allocated to individual customers.

The second method: Allocating costs according to the customer-cost hierarchy. Here, costs associated with customers are grouped into different cost pools based on different cost driver classifications, or based on different degrees of difficulty in identifying cause-effect relationships or benefits received. This includes dividing the customer-based cost hierarchy into three levels:

- Customer-specific costs: These are the direct and indirect manufacturing costs for each product (service) provided to the customer, in addition to costs associated with that customer, such as the costs of express shipping to a specific customer.
- Costs specific to a group of customers (direct sales customers and retail customers), such as the cost of mailing a directory to business units. Business unit management does not allocate these costs to individual customers due to the lack of a cause-and-effect relationship between these costs and subsequent sales to individual customers. Furthermore, a small percentage of the prospective customers to whom the directory was sent may purchase the business unit's products in the future.
- Costs for the business unit as a whole that are not allocated to customer groups and individual customers, such as advertising costs to promote the brand name sold by the business unit.

The second method of allocating costs helps business unit management make decisions that affect various levels of operation. For example, management uses information about individual customer contributions to help guide and guide the selection of customers to focus on and those to reduce their exposure. Information regarding the current profitability of direct sales to individual customers or sales to retailers is also an important input for forecasting.

With future profitability, which in turn affects the economic unit's decisions regarding allocating its marketing budget.

Providing information about customer costs helps management identify differences in how customers use unit resources.

1. Special requests: A customer may request non-standard parts, requiring special engineering for machines or customer-specific packaging.
2. The time required to fulfill orders is economically feasible. Customer costs may vary for the following reasons:

(Al-Jabouri and Khadir, 2008: 312)

3. Different customer requests: Some customers may purchase in small, frequent batches, while others purchase in large, infrequent batches.

4. Unusual requests: Some customers may request used batches or special transportation and delivery services.
5. Different purchase volumes, which vary in terms of the amount of paperwork, handling, and communications.
6. Characteristics of the production processes required to fulfill orders, the specificity of the item required, or the design methods required. This means differences in production economies relative to the size and scope of production, the need for special equipment, or packaging unique to the customer.

4-3- Total Customer Cost:

This section is divided into the following (required):

- a) Cash Costs: Price is the exchange value of the products and is the basis for determining the value of the product the customer will receive, which includes service costs, sales support costs, and some discounts such as volume discounts.
- b) Time Cost: Some customers consider time costs higher than cash costs. This is clearly evident in customers who wish to have less wasted time.
- c) Energy Cost: This is the effort the customer makes to obtain the product. It is considered a cost paid by the customer.
- d) Psychological costs: Psychological costs include dealing with new people, the need to understand new procedures, and the effort required to adapt to new things. They may also be accompanied by customer frustration if a particular product is not added value.

Section Three - The Applied Aspect:

The practical aspect was conducted on data from the General Company for Leather Industries on three types of footwear products.

1. Production capacities for leather shoes for the period 2021-2023

Table (1) Shoe production capacities

Year	Design capacity	Available capacity	Planned capacity	Actual production
2021	2790000	989000	300000	72996
2022	2790000	989000	450789	13661
2023	2790000	989000	300000	14715

The table above shows that the company's production of leather shoes decreased by approximately 18% in 2022 compared to 2021, while production increased by approximately 9% in 2023 compared to 2022. The company's production breakdown by size for the three years was as follows:

The company produces the same quantity for all sizes and types, while the production volume by type and size is shown in the table below.

Table (2) Production according to the produced measurements

Year/ Measurement	40	41	42	43	44	45	46
2021	10428	10428	10428	10428	10428	10428	10428
2022	1952	1952	1952	1952	1952	1952	1949
2023	2103	2103	2103	2103	2103	2103	2097

The production of each size is shown in the table below.

Table (3) Production by model for the period 2021-2023

Model/Year	2021	2022	2023
Model 1	24332	4553	4905
Model 2	24332	4553	4905
Model 3	24332	4555	4905
Total	72996	13661	14715

Accordingly, it is possible to determine, through the results of Tables (2) and (3), the number of units produced according to each of the measurements and according to each of the three types.

Table (4) Production according to models and measurements

Models/Measurements	40	41	42	43	44	45	46	Total
Year 2021								
Model 1	3476	3476	3476	3476	3476	3476	3476	24332
Model 2	3476	3476	3476	3476	3476	3476	3476	24332
Model3	3476	3476	3476	3476	3476	3476	3476	24332
Total	10428	10428	10428	10428	10428	10428	10428	72996
Year 2022								
Model 1	651	651	651	651	651	651	647	4553
Model 2	651	651	651	651	651	651	647	4553
Model 3	651	651	651	651	651	651	649	4555
Total	1953	1953	1953	1953	1953	1953	1943	13661
Year 2023								
Model 1	701	701	701	701	701	701	699	4905
Model 2	701	701	701	701	701	701	699	4905
Model 3	701	701	701	701	701	701	699	4905
Total	2103	2103	2103	2103	2103	2103	2097	14715

2. Sales quantities and values for the period 2021-2023

Table (5) Sales volume for the period 2021-2023

Year	Sales	Unit Selling Price	Value
2021	52553	23000	1208719000
2022	22347	23000	513981000
2023	10086	23000	231978000

We note from the table above that the number of units sold decreased between 2021 and 2023, due to customer dissatisfaction with the product. By comparing production levels with sales, we find that there is a production reserve, as the table below shows, resulting from the production of products at a level higher than demand.

Table (6) Inventory quantity for the period 2021-2023

Beginning inventory	Production	Sales	Ending inventory
-----	72996	52553	8686
8686	13661	22347	-----
-----	14715	10086	4629

As a result of this decline in demand for the product, the company conducted a survey at the beginning of 2023, which was distributed to customers to gauge their opinion of the product and then measure their satisfaction. The survey consisted of three sections:

The first section concerns specifications and includes three paragraphs.

The first section includes the size the customer desires. This question helps the company determine which sizes the customer desires most. The results were as follows:

Table (7) Customer requirements according to measurements

Size	Size 40, 41, 45,	Size 44,	Size 42, 43
Desire to measure	8% each	20%	28% each

Therefore, the company's production should be in sizes 42 and 43, followed by sizes 44, and finally sizes 40, 41, and 45, to satisfy customer desires.

The second paragraph includes the model preferred by the customer. The company produces three shoe models, as shown below.

Table (8) Customer desires according to models

Model	Model 1	Model 2	Model 3
Ratio	%32	%24	%44

The table above shows that customers prefer the Model 3 shoe due to its ease of wearing, with a percentage of 44%, while the second type, the Model1, accounted for 32%, and finally, the Model2 type accounted for 24%.

The third paragraph includes the customer's opinion of the current product in terms of quality, and the answers were as follows:

Table (9) Customer opinions on product quality

Rating	I don't like it	Acceptable	Good	Very good	Excellent
Ratio	-----	%24	%52	%24	-----

Through the analysis, it became clear that more than half of customers were satisfied with the quality of the product, while the rest were divided between considering the quality of the product acceptable or very good. This indicates that the product's quality specifications meet customer expectations.

The second axis relates to selling prices.

Customer opinions were surveyed regarding selling prices, and the answers were as follows:

Table (10) Customer opinions about the price

Opinion	Low	Moderate	high
Ratio	%8	%72	%20

This shows that 80% of customers are satisfied with the prices, while 20% find them a little high.

The third axis relates to the behavior of salespeople.

The company attempted to address the issue of customer satisfaction from all angles. It surveyed customers' opinions about their opinions of salespeople, as the impact of salespeople's behavior can increase or decrease a customer's desire to purchase. Therefore, the opinions on this matter were in the company's favor, with the percentages being as follows:

Table (11) Customers' opinions about the quality of service provided by salespeople

Opinion	Not bad	good	very good
Ratio	%20	%40	%40

Through the above analysis, we find that 80% of customers are satisfied with the good or above-good treatment of salespeople, and this in turn is reflected in increasing the customer's desire to buy.

By analyzing the questionnaire results, the researchers were able to plan production according to the three types of production for the year 2024, and according to the production quantity for the year 2023, as shown in the table below.

Table (12) Planned production by species for the year 2024

Model	Model 1	Model 2	Model 3
Ratio	%32	%24	%44
Number	4709	3531	6475

Table (13) Planned production according to measurements for the year 2024

The distribution of species according to measurements is shown in the table below:

Models / Measurements	40	41	42	43	44	45	46	total
Ratio	%8	%8	%28	%28	%20	%8		%100
Years 2023								
Model 1	377	377	1319	1319	940	377		4709
Model 2	282	282	989	989	707	282		3531
Model 3	518	518	1813	1813	1295	518		6475
Total	1177	1177	4121	4121	2942	1177		14715

By comparing the production quantities of the types and sizes according to customer desires with the production quantities and sizes without taking the customer's opinion, we notice that some types were stored due to the impossibility of selling them, as there is no desire from the customer for them or a lack of demand for them, as shown in the table below.

Table (14) Table of the difference between actual production for 2023 and planned production for 2024 according to customer requests

Type/Size		40	41	42	43	44	45	46	total
Model 1	Production 2023	701	701	701	701	701	701	699	
	planned production 2024	377	377	1319	1319	940	377		4709
	The difference is an increase in production (or a decrease in it).	324	324	(618)	(618)	(239)	324	699	
Model 2	Production 2023	701	701	701	701	701	701	699	
	planned production 2024	282	282	989	989	707	282		3531
	The difference is an increase in production (or a decrease in it).	419	419	(288)	(288)	6	(288)	699	
Model 3	Prodction2023	701	701	701	701	701	701	699	
	planned production 2024	518	518	1813	1813	1295	518		6475
	The difference is an increase in production (or a decrease in it).	183	183	(1112)	(1112)	594	183	699	

Through the results we have reached from Table (14), we find that the reason for the existence of inventory is the production of quantities greater than required and measurements that the customer does not want, as happened in measurement 46, where the expected demand for it is zero, while the company produced large quantities of it, which caused the company to bear the costs of storage, in addition to the inventory being frozen capital in the form of goods that are likely to be damaged due to the long storage period, in addition to the fact that producing quantities less than required led to the loss of the contribution return for these units on the one hand and an increase in the share of each unit of fixed costs on the other hand.

Section Four - Conclusions and Recommendations:

First - Conclusions:

1. Providing information on customer retention costs helps the economic unit make customer-related decisions and improve them in the future.
2. According to the concept of marketing ethics, the economic unit is now viewed as a network of contractual obligations with multiple parties (customers, suppliers, competitors, government, and society), which requires the unit to create a state of balance in fulfilling its obligations to the customer.
3. The customer bears a monetary cost, the cost of effort, time, and psychological cost as a result of purchasing the

product or service. The value transferred to the customer results from the process of comparing the total value with the total cost to the customer. The value transferred to the customer increases whenever the total value exceeds the total cost to the customer.

Second - Recommendations:

1. To benefit from information related to measuring the cost of customer satisfaction, economic units are required to develop their accounting systems in a manner that assists them in collecting this information.
2. The process of measuring the cost of customer satisfaction requires the economic unit to incur additional costs as a result of collecting relevant information. It is essential that the benefit achieved from the measurement process be greater than the costs incurred by the unit in conducting this measurement.

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