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Customer Satisfaction Index of Singapore: First Three Quarters Executive Summary 2009

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CUSTOMER SATISFACTION INDEX OF SINGAPORE 2009

FIRST THREE QUARTERS
EXECUTIVE SUMMARY



INSTITUTE OF
SERVICE EXCELLENCE
SINGAPORE MANAGEMENT UNIVERSITY



BACKGROUND

The Customer Satisfaction Index of Singapore (CSISG) was first launched in April 2008 based on data collected from a nationwide survey conducted in 2007. Now in its third year, the results of the first three quarters of CSISG 2009 were obtained from survey data gathered between April and August 2009. The 6 sectors measured were:

1. Retail
2. Food and Beverage
3. Info-Communications
4. Education
5. Transportation and Logistics
6. Tourism, Hotels, and Accommodation Services

Previous releases of CSISG results were on an annual basis.

This year CSISG 2009 company results spanning six economic sectors will be released first, followed by a second release of the remaining two sectors: 1) Healthcare and 2) Finance and Insurance, with updates to the national score in January 2010. However, for subsequent releases, CSISG company scores will be updated quarterly, on a rolling basis, with new data for two or more of the measured sectors of the economy replacing data collected the prior year. National scores for each year will be released in January the following year.

The CSISG structural model was used to estimate satisfaction scores at the sector, sub-sector, and company levels. Customer satisfaction scores span a scale of 0 to 100 with higher scores representing better performance.

FIELDWORK PROCESS

Survey data was collected in 2 phases. The first phase of data collection took place between 20 April and 27 May 2009 for customers of the Retail, Food and Beverage, and Info-Communications sectors, while the second phase took place between 4 July and 10 August 2009 for the Education, Transportation and Logistics, and Tourism, Hotels, and Accommodation Services sectors.

In this door-to-door survey, respondents from 10,499 households in Singapore filled out 20,511 questionnaires. Almost all respondents answered two questionnaires, with each questionnaire asking about a business entity in one of 27 different sub-sectors

across six economic sectors. Customers from a total of 68 business entities (companies) were surveyed. The questionnaires were designed to measure aspects of the respondents' cumulative as well as most recent experiences with the business entity.

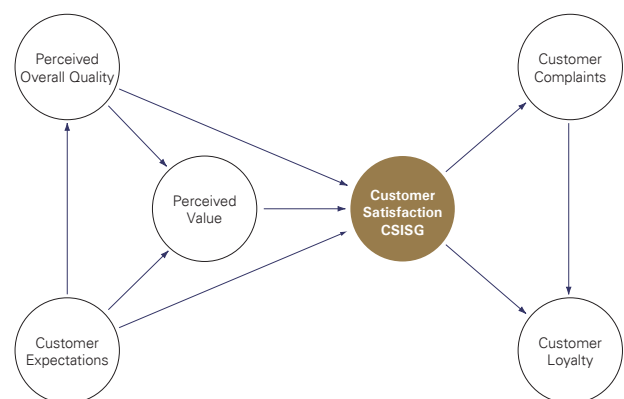
The same survey was also conducted with 3,562 departing tourists with each tourist filling out one questionnaire about a single business entity in one of 17 sub-sectors. Using the same questionnaire, a separate face-to-face survey was conducted at Changi Airport, consisting 391 locals and 619 tourists, to measure the customer satisfaction levels of the airport, encompassing three terminals and the budget terminal.

THE LINK BETWEEN SERVICE EXCELLENCE AND CUSTOMER SATISFACTION

Service excellence has traditionally been understood as exceeding customer expectations. This popular maxim, however, has been shown to be unsustainable and therefore inappropriate in the long run. In today's business world, a more up-to-date and evidence-based definition of service excellence is needed. We define service excellence in a 4-step sequence:

1. Understanding your target customers
2. Setting clear expectations of the needs you are addressing (your promise) as well as the value you are offering for your target customers
3. Consistently delivering the level of quality you promised
4. Effectively addressing customers' feedback or complaints

In essence, service excellence is about *"making it easy for your customers to do business with you"*, and thereby *"making your customers smile"*. Consequently, excellent service begets satisfied customers. As illustrated in the CSISG structural model, customer satisfaction is driven by customer expectations, perceived overall quality, and perceived value. Customer satisfaction in turn drives



customer loyalty and retention. Understanding the drivers behind customer satisfaction for your customers is crucial for a durable competitive advantage.



2009 FIRST THREE QUARTERS

Transportation and Logistics (68.7)

Airlines (72.6)

- Singapore Airlines (75.7)
- Cathay Pacific (71.4)
- Emirates (71.3)
- SilkAir (70.4)
- Qantas (70.1)
- All Others (67.0)

Changi Airport (71.6)

Mass Rapid Transit System (67.0)

- SMRT (67.3)
- SBS Transit (66.3)

Taxi Services (64.4)

- ComfortDelGro (64.1)
- SMRT (63.9)
- All Others (64.7)

Courier and Postal Services (64.1)

- SingPost (65.6)
- DHL (64.5)
- FedEx (63.9)
- UPS (63.2)
- All Others (63.0)

Public Buses (62.9)

- SMRT (64.4)
- SBS Transit (62.2)

Water Transportation (61.5)

Budget Airlines (59.0)

Education (68.4)

Universities (70.7)

- SMU (74.7)
- NTU (69.5)
- NUS (69.0)
- UniSIM (65.7)

Polytechnics (68.7)

- Singapore (70.6)
- Ngee Ann (69.2)
- Temasek (68.9)
- Nanyang (66.4)
- Republic (65.7)

Commercial Schools (66.0)

Tourism, Hotels and Accommodation Services (67.1)

Hotels (68.9)

- The Ritz-Carlton (78.0)
- Swissotel The Stamford (77.0)
- Shangri-La (74.4)
- Grand Hyatt (74.4)
- Meritus Mandarin (73.5)
- All Others (65.8)

Attractions (67.9)

- Wildlife Reserves (68.2)
- Underwater World (68.1)
- Sentosa (67.5)
- All Others (67.9)

Travel Agencies, Tour Operators, and Ticketing Agencies (64.8)

Info-Communications (66.4)

Mobile Telecom (66.6)

- StarHub (68.0)
- SingTel (66.3)
- M1 (64.8)

Internet Service Providers (65.2)

- StarHub (66.1)
- SingNet (65.1)
- PacNet Internet (60.3)

Retail (65.8)

Jewellery (69.0)

Petrol Service Stations (67.8)

- SPC (68.7)
- Shell (68.4)
- Caltex (68.3)
- ExxonMobil (67.0)

Clocks and Watches (66.6)

Fashion Apparels (66.1)

Motor Vehicles (65.7)

- Kah Motor (66.5)
- Borneo Motors (66.5)
- Tan Chong Motor (66.1)
- Cycle & Carriage (65.9)
- All Others (65.5)

Departmental Stores (65.5)

- Takashimaya (66.4)
- DFS (66.2)
- C K Tang (65.5)
- Robinson & Co (65.3)
- Isetan (65.0)
- Metro (64.5)
- OG (62.9)
- All Others (64.4)

Supermarkets (64.1)

- NTUC Fairprice (64.7)
- Cold Storage (64.4)
- Sheng Siong (63.8)
- Mustafa (63.6)
- All Others (63.7)

Furniture (63.9)

Food and Beverage (65.0)

Restaurants (65.8)

- Crystal Jade (66.7)
- RE & S (66.6)
- Apex-Pal (66.4)
- Tung Lok (66.1)
- All Others (65.7)

Bars and Pubs (65.0)

Cafes, Coffee Houses, and Snack Bars (64.4)

- Starbucks (67.0)
- Coffee Bean & Tea Leaf (65.1)
- Delifrance (63.6)
- All Others (64.3)

Fast Food Restaurants (64.2)

- McDonald's (65.8)
- Burger King (63.6)
- Pizza Hut, KFC (62.9)
- All Others (62.3)

This chart summarises the results of the first three quarters measured in CSISG 2009 at the sector, sub-sector and company levels. The sector scores (in gold) are weighted averages of their respective sub-sector scores (in blue). Satisfaction scores for sub-sectors with individual company scores are weighted averages of these individual company scores.

THREE TYPES OF CUSTOMERS

Our analysis of CSISG data from the first 3 quarters of 2009 revealed three types of customers in Singapore:

Type 1 Customers: Satisfaction highly impacted by all drivers, with expectations dominating.

They largely come from the Education, and Transportation and Logistics sectors, such as National University of Singapore and Singapore Airlines.

Type 2 Customers: Satisfaction moderately impacted by all drivers, with quality slightly dominating.

They mostly come from the Info-Communications sector which encompasses the Mobile Telecom and Internet Service Providers sub-sectors, for example SingTel and PacNet Internet.

Type 3 Customers: Satisfaction highly impacted by quality and minimally impacted by value.

They predominantly come from the Food and Beverage, and

Retail sectors, for example Crystal Jade and Takashimaya.

Figure 1 shows the various companies grouped by customer satisfaction profile (Types 1 to 3).

Recognising that customers from each cluster have similar satisfaction profiles, companies in the same cluster would face similar challenges and possibly, opportunities. In addition, segmenting customers by satisfaction drivers helps in understanding and formulating strategies to optimise customer satisfaction. This presents a chance for companies within the same cluster to engage in relevant cross-industry learning. In doing so, companies may be able to expand their understanding of their customers and consequently, ways to improve customer satisfaction.

Additional key findings are available through the CSISG Corporate Subscription.

<p style="text-align: center;">TYPE 1 CUSTOMERS</p> <p style="text-align: center;">Satisfaction highly impacted by all drivers with expectations dominating</p>	<p style="text-align: center;">TYPE 2 CUSTOMERS</p> <p style="text-align: center;">Satisfaction moderately impacted by all drivers with quality slightly dominating</p>	<p style="text-align: center;">TYPE 3 CUSTOMERS</p> <p style="text-align: center;">Satisfaction highly impacted by quality and minimally impacted by value</p>
<ul style="list-style-type: none"> • Budget Airlines • DHL • Emirates • FedEx • M1 • Meritus Mandarin • NTU • NUS • Ngee Ann Poly • Qantas • Republic Poly • SBS Transit Buses • SBS Transit Trains • Sentosa • SIA • SilkAir • SingPost • SMRT Buses • SMRT Taxis • SMRT Trains • SMU • Temasek Poly • Travel Agencies • UPS • UniSIM • Water Transportation 	<ul style="list-style-type: none"> • Caltex • Cathay Pacific • ComfortDelGro Taxis • Commercial Schools • ExxonMobil • Grand Hyatt • Nanyang Poly • PacNet Internet • Pizza Hut, KFC • Shangri-La • Shell • Singapore Poly • SingNet • SingTel • Starhub ISP • Starhub Mobile • Swissotel The Stamford • The Ritz Carlton • Underwater World 	<ul style="list-style-type: none"> • Apex-Pal • Bars & Pubs • Borneo Motors • Burger King • Changi Airport • C K Tang • Clocks and Watches • Coffee Bean & Tea Leaf • Cold Storage • Crystal Jade • Cycle & Carriage • Delifrance • DFS • Fashion Apparels • Furniture • Isetan • Jewellery • Kah Motors • McDonald's • Metro • Mustafa • NTUC Fairprice • OG • RE & S • Robinsons • Sheng Siong • SPC • Starbucks • Takashimaya • Tan Chong Motors • Tung Lok • Wildlife Reserves

Figure 1: The Three Types of Customers

GUIDE TO CUSTOMER SATISFACTION

WHY DOES SATISFACTION MATTER?

Customer satisfaction has been observed to be a leading indicator of firm performance. Studies using the American Customer Satisfaction Index (ACSI) and the Swedish Customer Satisfaction Barometer (SCSB) as well as other satisfaction metrics have shown that a strong relationship exists between satisfaction and company performance. As a leading indicator, it reliably predicts a firm's financial performance.

WHAT CAN THE CSISG DO FOR COMPANIES?

Like the thermometer, the CSISG offers companies an objective appraisal of customer satisfaction levels across sectors and companies. As the national customer satisfaction barometer, it provides competitive insights into best-in-class organisations industry-wide.

The CSISG is a holistic measure, as satisfaction is best viewed cumulatively, aggregated across the entire relationship experience. Measures of cumulative satisfaction are better predictors of subsequent customer behaviours and companies' overall performance.

CSISG also gives more than a temperature reading since it identifies the part of the body that is ailing. The CSISG is a tool to help companies diagnose the most appropriate drivers of customer satisfaction in their respective industry - whether it is quality of product or service, customer expectation or price. These insights are shared in a report with companies who are CSISG corporate subscribers. Based on the report, companies can further analyse to discover what exact feature(s) drives expectations and quality for different customer segments.

WHAT CAN THE CSISG NOT DO?

Besides the national score, the CSISG produces satisfaction indices for the services sectors, sub-sectors and companies. These results are published quarterly by sector clusters. Company specific results are derived from at least 250 completed questionnaires.

Therefore, unlike customised research sponsored and led by companies, results from the national CSISG study do not provide findings by different customer segments. CSISG results for companies that are drawn from the national study also do not provide transaction specific insights for targeted operational change.

Extending the medical analogy used above, while the CSISG can tell which parts of the body are ailing, the CSISG is not able to tell why they are ailing.

CSISG CORPORATE SERVICES

Customer satisfaction is driven by a consistent business strategy. Companies can capitalise on the CSISG as a strategic business tool to gain valuable insights about customer satisfaction through the CSISG Corporate Subscription and Custom Research.

CSISG CORPORATE SUBSCRIPTION

By using a consistent methodology across all sectors, sub-sectors and companies measured, the CSISG provides companies with a regular measure and constant monitoring of qualitative performance. The CSISG Corporate Subscription caters to companies that are measured in the CSISG survey. It provides companies with in-depth information about the data obtained from the CSISG, and allows companies to benchmark against competitors and companies outside of their industries.

The CSISG methodology is embedded in a system of cause-and-effect relationships. This allows a CSISG Corporate Subscriber to determine how a change in the performance of one dimension will impact customer satisfaction, price tolerance, and customer loyalty. Such information will aid in the development of business strategies for efficient allocation of resources into areas which matter most for customers.

The CSISG Corporate Subscription includes the following:

- Overall performance of the subscriber's sector and sub-sector
- Benchmarking of measured companies in the subscriber's sub-sector/industry
- Cross industry benchmarking of any three CSISG-measured companies
- Strategic framework to guide decision-making

CSISG CUSTOM RESEARCH

The Customer Satisfaction Index of Singapore methodology can be engaged for use by companies not measured in the Customer Satisfaction Index of Singapore for benchmarking, to diagnose drivers of customer satisfaction, and to develop performance improvement initiatives. Companies measured in the CSISG can also subscribe to CSISG custom research to gain more specific insights into different business units or customer segments for targeted business decision making.

Please contact us for more details of our corporate services.

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