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Customer Satisfaction Index of Singapore 2011: Q1 Results

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Citation

Institute of Service Excellence, SMU. Customer Satisfaction Index of Singapore 2011: Q1 Results. (2011). 1-5.

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CUSTOMER SATISFACTION INDEX OF SINGAPORE 2011

Q1 SCORES
INFO-COMMUNICATIONS AND RETAIL

EXECUTIVE SUMMARY



INSTITUTE OF
SERVICE EXCELLENCE
SINGAPORE MANAGEMENT UNIVERSITY





2011 Q1 SCORES RETAIL AND INFO-COMMUNICATIONS



This chart summarises the results of the CSISG 2011 satisfaction scores in the Retail and Info-Communications sectors at the sector, sub-sector and company levels.

The sector scores (in gold) represents a weighted average 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.

All scores displayed are accurate to one-decimal place. Entities are presented in decreasing levels of satisfaction.

* Companies indicated with an asterisk(*) are companies that have performed significantly above their sub-sector average.

The sparklines indicate the satisfaction score of their respective sectors, sub-sectors and companies over the past few years.

- statistically significant increase in customer satisfaction from 2010 to 2011
- statistically significant decrease in customer satisfaction from 2010 to 2011
- insignificant year-on-year change in customer satisfaction score

BACKGROUND

The Customer Satisfaction Index of Singapore (CSISG), currently in its fifth year of measurement, is an indicator of the quality of goods and services produced in the Singapore economy. CSISG complements production-based measures such as Gross Domestic Product (GDP) by providing an assessment from the buyers' point of view. Both types of measures are necessary as economic growth hinges not only on producing more, but producing better products and services.

CSISG scores are generated based on the econometric modelling of survey data collected from end-users after consumption of products and services. Sub-sector scores are derived as a weighted average of company scores, in proportion to the revenue contributions of companies. Sector scores are derived in a similar fashion, aggregating the sub-sector scores proportionately to each sub-sector's revenue contributions. CSISG scores customer satisfaction on a scale of 0 to 100 with higher scores representing better performance.

Under a quarterly measure-and-release system, two out of eight sectors are measured each quarter with their results released in the same quarter. For the first quarter of 2011, results for the Info-Communications and Retail sectors were collected and analysed. The national score for 2011 will be updated in January 2012.

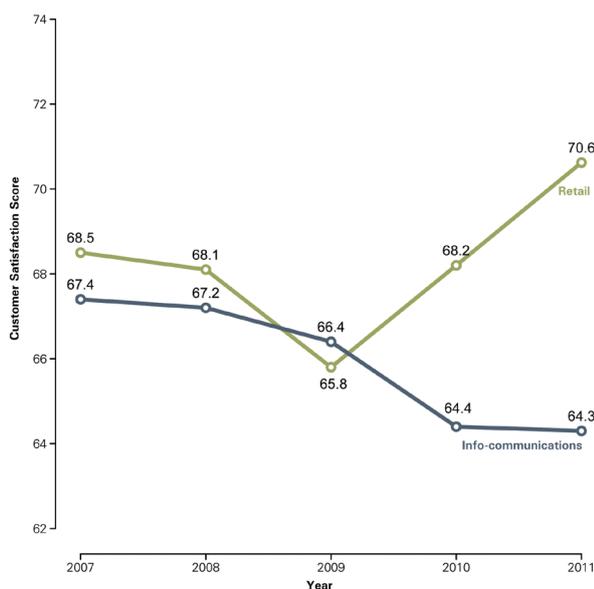


Figure 1: CSISG scores for the Info-Communications and Retail sectors from 2007 to 2011

FIELDWORK PROCESS

Survey data for the Info-Communications and Retail sectors were collected between January to early March 2011. 5,874 face-to-face interviews were conducted with Singapore residents at their homes with each answering up to two questionnaires about their experiences with different sectors.

The same survey was also conducted with 1,402 departing tourists at Changi Airport. Each tourist was interviewed about their recent experience with a company from the Departmental Stores, Fashion Apparels, Jewellery, or Clocks & Watches sub-sectors.

A total of 8,621 questionnaires were completed for the Info-Communications and Retail sectors.

FIRST QUARTER RESULTS HIGHLIGHTS

Satisfaction with the Retail sector stands at 70.6 points on a 0 to 100 scale, a significant increase of 2.4 points from 2010 (see Figure 1). This increase in satisfaction score is the second consecutive year-on-year increase for the Retail sector, signalling strong consumer confidence in the sector. Within the sector, the Fashion Apparels, Furniture Stores, Jewellery, Motor Vehicles, and Supermarkets sub-sectors showed substantial improvements. The Departmental Stores, Petrol Stations, and Clocks & Watches sub-sectors also showed small increments in satisfaction, however the increases did not reach statistical significance.

Locals' satisfaction with the Retail sector in general have risen. This is true for the Departmental Stores and Fashion Apparels. Conversely, tourist satisfaction with both sub-sectors have decreased significantly. However both locals and tourists were more satisfied with the Jewellery Stores sub-sector this year. Departmental Stores which made significant improvements include Isetan, Metro, and Robinson & Co. However, DFS, with its large tourists segment, saw a drop in satisfaction score. Mustafa showed the most notable improvement in satisfaction score, increasing by 8 points to 69.5 points. Other companies in the Retail sector which made significant improvements include Supermarket chain Sheng Siong, motor vehicle distributors Borneo Motors and Kah Motor, and petrol service station Shell.

Satisfaction score for the Info-Communications sector remains statistically unchanged from 2010 at 64.3. No statistically significant changes were observed at the sub-sector level and for individual companies within the sector. Mobile One Internet services was newly added to the index this year.

KEY FINDINGS

FOCUS ON QUALITY IMPROVEMENTS INSTEAD OF PRICE-CUTTING TO RAISE CUSTOMER SATISFACTION

Changes in customer expectations, perceived quality, and perceived value all work in concert to drive customer satisfaction. However, the contribution from each of these drivers can vary from one year to the next. Year-on-year analyses using CSISG data reveal that perceived value, a function of perceived quality for prices paid, is becoming less efficient as a driver of customer satisfaction. Conversely, perceived overall quality is becoming more important to customers. In other words, large increases in perceived value tend to result in relatively small increases in customer satisfaction whereas small increases in perceived overall quality tend to result in relatively large increases in customer satisfaction.

The managerial implication of this finding is for companies to focus efforts on quality improvements to products and services to raise customer satisfaction, and to rely less on price-cutting measures. Price-cutting measures work well in the short term but are usually unsustainable in the long term. As perceived value is influenced by both quality and price, it can be improved either by increasing quality or reducing prices. Therefore focusing on quality improvements not only improves customer satisfaction directly but also indirectly through improvements in perceived value.

DO NOT NEGLECT THE SOFTER ASPECTS OF BRANDING AND CUSTOMER RELATIONSHIPS

For the Departmental Stores and Supermarkets sub-sectors, a series of questions on company brand attributes and customer relationship attributes were asked to estimate each company's performance on these dimensions. The validity of relating these measures to customer outcomes is supported by past research (Rust, Lemon & Zeithaml, 2004). The CSISG aims to capture customer satisfaction at the relationship level (as opposed to the transactional level), therefore relating these attributes to customer satisfaction will help businesses better understand the key drivers behind customer satisfaction and loyalty.

Across both sub-sectors, customers perceive companies to be strong in their media advertising efforts but weaker when it comes to corporate social responsibility initiatives. That is, customers rated companies lower on attributes such as being good corporate citizens and being active sponsors of community events. When it comes to customer relationships, companies in both sub-sectors tend to perform well when it comes to gaining customers' trust in the company. However, they fare poorer in the area of promoting a sense of community amongst their customers. Fostering community bonds amongst customers can help a company foster greater loyalty in their customers for their brand. The importance of these softer aspects of branding and customer relationships is supported by our data, which show strong positive relationships with customer loyalty scores. Therefore it makes sense for companies to work on these areas for long term customer profitability.

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