Customer Satisfaction Index of Singapore 2018: Q1 Results

Institute of Service Excellence, SMU

Citation

CUSTOMER SATISFACTION INDEX OF SINGAPORE 2018

Q1 RESULTS OVERVIEW
RETAIL AND INFO-COMMUNICATIONS

INSTITUTE OF
SERVICE EXCELLENCE
SINGAPORE MANAGEMENT UNIVERSITY

CSISG
Customer Satisfaction Index of Singapore

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How Well Did Companies Satisfy Their Customers?

72.6 Retail

72.9 Supermarkets
- 73.6 NTUC Fairprice
- 73.1 Sheng Siong
- 72.7 Cold Storage
- 71.9 Giant
- 70.7 Other supermarkets

72.8 Fashion Apparels
- 76.0 Zara*
- 75.4 Adidas
- 74.9 Uniqlo
- 74.2 H&M
- 73.6 Esprit
- 73.6 G2000
- 71.7 Bossini
- 71.4 Giordano
- 71.2 Hang Ten
- 70.1 Cotton On
- 72.0 Other fashion apparels

72.0 e-Commerce
- 74.2 Zalora*
- 73.7 Fave
- 73.4 Ebay
- 72.1 Taobao/Tmall
- 72.1 Qoo10
- 71.4 Carousell
- 71.2 Amazon
- 69.8 Other e-Commerce

71.8 Department Stores
- 74.2 DFS*
- 73.0 Takashimaya
- 72.6 Metro
- 72.3 Robinsons
- 72.0 Isetan
- 71.5 BHG
- 71.3 Tangs
- 69.6 OG
- 70.4 Other department stores

70.4 Info-Communications

71.7 Wireless@SG

71.1 Mobile Telecom
- 74.1 Singtel*
- 69.4 StarHub
- 67.9 M1

68.9 Broadband
- 69.4 M1
- 68.9 StarHub
- 68.7 Singtel

68.1 PayTV
- 68.8 StarHub
- 67.3 Singtel

This chart summarises the results of the CSISG 2018 satisfaction scores in the Retail and Info-Communications sectors at the sector, sub-sector and company levels.

Each sector score (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.

* Sub-sectors indicated with an asterisk(*) are sub-sectors that have performed significantly above their 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 2017 to 2018
- statistically significant decrease in customer satisfaction from 2017 to 2018
- no significant year-on-year change in customer satisfaction score

CSISG 2018 FIRST QUARTER RESULTS OVERVIEW

The Customer Satisfaction Index of Singapore (CSISG) computes customer satisfaction scores at the national, sector, sub-sector, and company levels. The CSISG serves as a quantitative benchmark of the quality of goods and services produced by the Singapore economy over time. 2018 marks the 12th year of measurement for the CSISG national study.

FIRST QUARTER RESULTS HIGHLIGHTS

Compared to the same period last year, customer satisfaction levels remained statistically unchanged for both the Retail and Info-Communications sectors. The Retail sector scored 72.6 points (0-100 scale), an increase of 0.6% from the year before; the minor uptick was not considered statistically significant*. The Info-Communications sector scored 70.4 points, a 1.1% increase over the same period last year. Similar to the Retail sector, this upward movement was not significant. Nevertheless, it is notable that both sectors registered their fourth consecutive year of improvement in customer satisfaction.

All four sub-sectors measured within the Retail sector, i.e., Department Stores, e-Commerce, Fashion Apparels, and Supermarkets, registered upticks in their year-on-year scores. However, none of these movements were considered significant.

Like the Retail sector, four sub-sectors were measured within the Info-communications sector: Broadband, Mobile Telecom, PayTV, and Wireless@SG. Likewise, although each sub-sector registered year-on-year improvements in their score, none of these movements were significant.

Figure 1 illustrates the CSISG year-on-year performance of each sub-sector measured in Q1.
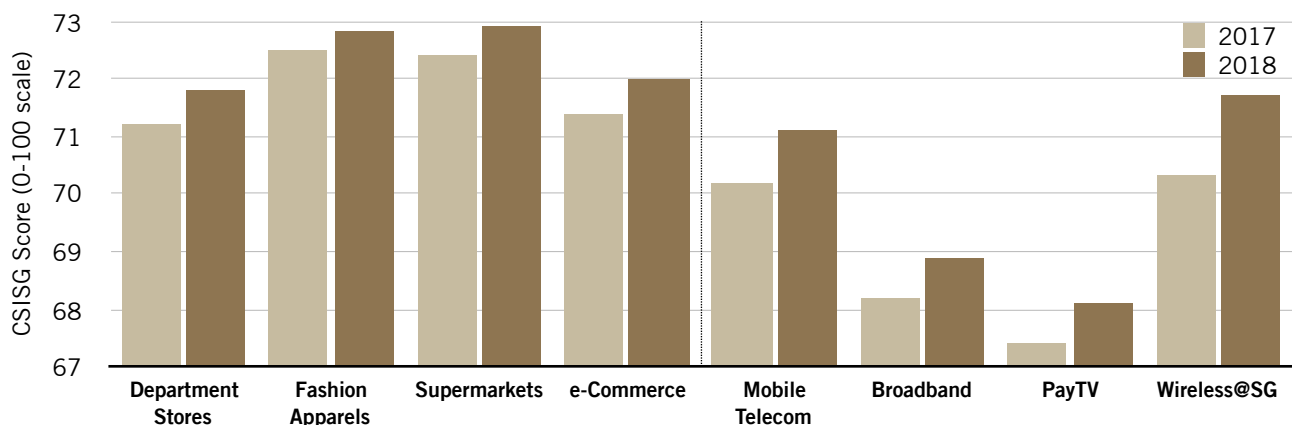

Figure 1: CSISG 2017 and 2018 scores for each measured Retail and Info-communications sub-sector.

*Statistical significance for the CSISG study is measured at a confidence interval of 90%.

Retailers' Return and Exchange Policies Important but Poorly Rated

Among various satisfaction attributes measured in the Retail sector, 'Return and exchange policies' was rated most poorly by local respondents of the Department Stores, Supermarkets, and e-Commerce sub-sectors; the 'Return and exchange policies' attribute has a statistically significant impact on Perceived Quality across these three sub-sectors.

Segmenting these customers, analysis revealed that respondents who were not satisfied (i.e., Rated 1 to 5) with the retailer's 'Return and exchange policies' gave an average CSISG score of 32.8 points. In comparison, respondents who were satisfied (i.e., Rated 6 to 10) with the retailer's 'Return and exchange policies' gave an average CSISG score of 73.2 points. In addition, their Customer Loyalty score was 27.9 points compared to 72.6 points, respectively. These differences were statistically significant. This is illustrated Figure 2.
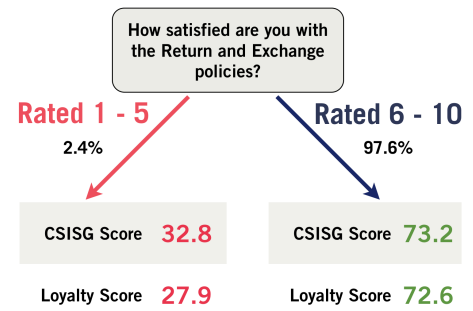

Figure 2: Customers' respective CSISG and Loyalty scores, when segmented by their satisfaction with the Retailer's Return & Exchange Policies.

Retailers that have robust Return and Exchange Policies that meet their customers' expectations can reduce the perceived risk of purchase and use this attribute as a source of competitive advantage.

Omni-channel Shoppers have More Customer Loyalty than E-commerce Shoppers

Comparing brick-and-mortar retailers with e-commerce retailers, it was noted that respondents who shopped only at physical stores had similar levels of loyalty to e-commerce respondents.

However, for the Department Stores and Supermarket sub-sectors, it was observed that omni-channel respondents (i.e., customers who shopped at both the physical store and the online channel) of these brick-and-mortar retailers were significantly more loyal than e-Commerce customers. Their respective loyalty levels are illustrated in Figure 3.

Consistent with the findings from the previous year, omni-channel customers of traditional retailers tend to be more loyal than e-Commerce customers. This suggests that providing an omni-channel platform continues to be a source of competitive advantage against competition from e-Commerce players. Traditional retailers may wish to consider how best to leverage digital channels to better serve and retain customers.
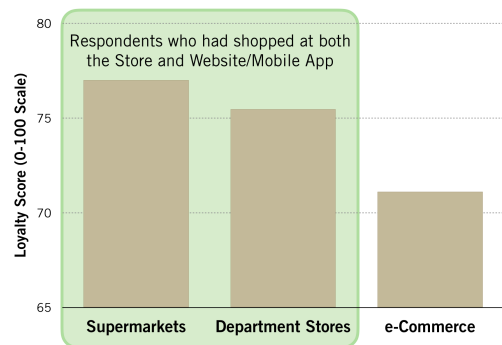

Figure 3: Supermarket and department store omni-channel customers had significantly higher loyalty scores when compared to e-commerce customers.

Price and Loyalty Programme Top 2 Reasons to Consider for Customers Switching Telcos

Info-Communications respondents were asked about their intention to switch providers once their current contracts were up. Of these respondents, 7.6% said they would consider switching, while 92.4% did not. Respondents who said that they would consider switching were associated with significantly lower levels of Customer Satisfaction (50.3-points vs. 71.0-points) and Customer Loyalty (46.2-points vs. 71.6-points). In addition, they also exhibited markedly higher complaint rates (27.9% vs. 3.2%) compared to respondents who were not considering a switch.

Further analysis revealed that pricing, loyalty & rewards programmes, and subscription plans, in that order, were some of the key reasons these customers were considering when switching providers; this is illustrated in Figure 4. The majority (i.e., 54.1%) of these customers tend to be those who had been with the telco for ≤4 years.

Main Reason To Consider Switching

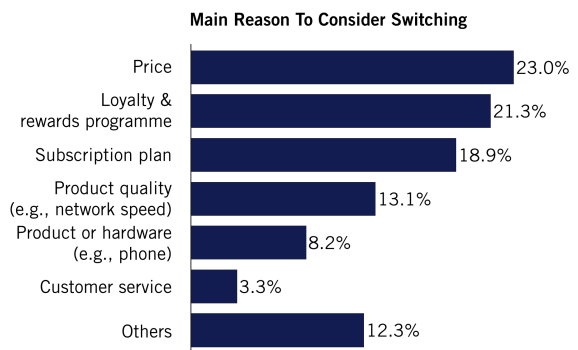| Reason	%
Price	23.0%
Loyalty & rewards programme	21.3%
Subscription plan	18.9%
Product quality (e.g., network speed)	13.1%
Product or hardware (e.g., phone)	8.2%
Customer service	3.3%
Others	12.3%

Figure 4: Main reason to consider when switching telcos, given by Info-comm respondents with an intent to switch telcos when their contract is up. Arranged in descending order of proportion.

Given the competitive landscape, telcos should pay close attention to this group of customers given their greater likelihood to switch to another provider.

Info-Comm Customers that Use Online Touchpoints Generally More Satisfied and Loyal

Within the Info-Communications sector, Mobile Telecom, Broadband, and PayTV customers that had recently interacted with their telco through online touchpoints, i.e., the website or mobile app, had higher CSISG and Loyalty scores, compared to customers that did not use these online channels.

As illustrated in Figure 5, better satisfaction and loyalty levels were observed in customer segments that had some online interactions, as opposed to the segments that interacted via other means only (E.g., at the store or via phone).

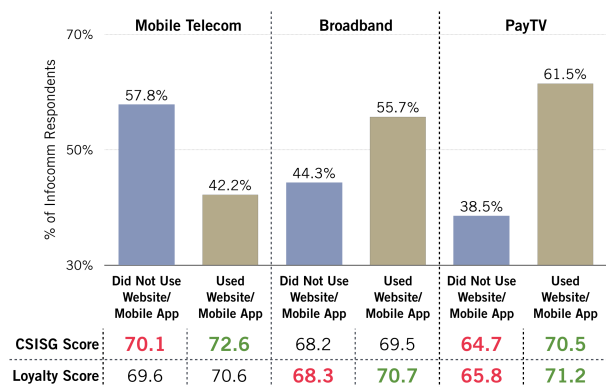|	Mobile Telecom		Broadband		PayTV	
	Did Not Use Website/ Mobile App	Used Website/ Mobile App	Did Not Use Website/ Mobile App	Used Website/ Mobile App	Did Not Use Website/ Mobile App	Used Website/ Mobile App
% of Infocomm Respondents	57.8%	42.2%	44.3%	55.7%	38.5%	61.5%
CSISG Score	70.1	72.6	68.2	69.5	64.7	70.5
Loyalty Score	69.6	70.6	68.3	70.7	65.8	71.2

Figure 5: Proportion of Info-comm sub-sector respondents that did/did not interacted with online touchpoints, and their respective CSISG/Loyalty scores. A RED/GREEN pair of scores denotes a statistically significant difference.

CSISG BACKGROUND

CSISG scores are generated based on the econometric modelling of survey data collected from end-users after the consumption of products and services.

Company scores are weighted based on a separately-conducted incidence study. This incidence study determines each company's sample profile and the local-tourist weights. Sub-sector scores are derived as a weighted average of company scores, in proportion to the local and tourist incidence interactions with the constituent companies. Sector scores are derived by aggregating the sub-sector scores proportionately to each sub-sector's revenue contributions. Finally, the national score is weighted according to each sector's contribution to GDP. CSISG scores customer satisfaction on a scale of 0 to 100 with higher scores representing better performance.

Under a quarterly measure-and-release system, distinct sectors are measured each quarter with their results released the following quarter. Companies in the Retail and Info-Communications sectors were measured in the first quarter, the Air Transport and Land Transport sectors in the second quarter, the Food & Beverage and Tourism sectors in the third quarter, and finally the companies of Finance & Insurance and Healthcare sectors in the fourth quarter. The national score for 2018 would then be computed using the data collected over these four quarters.

For the first quarter of 2018, results for the Retail and Info-Communications sectors were collected and analysed. The former comprises of the Department Stores, e-Commerce, Fashion Apparels, and Supermarkets sub-sectors. The latter consists of the Broadband, Mobile Telecoms, Pay TV, and Wireless@SG sub-sectors.

CSISG 2018 FIELDWORK PROCESS

Survey data for the Retail and Info-Communications sectors was collected between January and April 2018. This was primarily conducted through face-to-face interviews with Singapore residents at their homes. The survey was also conducted with departing tourists at Changi Airport.

In all, the Q1 fieldwork garnered 6,090 interviews with locals and 810 with departing tourists at the airport. Together, there were 6,900 unique responses covering 133 distinct entities in the Retail and Info-Communications sectors; 42 entities have published scores.