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Customer Satisfaction Index of Singapore 2010: Q1 Results

Institute of Service Excellence, SMU

Customer Satisfaction Index of Singapore 2010

Q1 Scores
Retail & Info-Communications

Executive Summary

INSTITUTE OF
SERVICE EXCELLENCE
SINGAPORE MANAGEMENT UNIVERSITY

CSISG
Customer Satisfaction Index of Singapore

BACKGROUND

Transiting to a quarterly release, the Customer Satisfaction Index of Singapore (CSISG) has completed its first round of measurement for the Retail and Info-Communications sectors. Annually, CSISG currently measures 8 key economic sectors of Singapore with company, sub-sector, and sector results of two economic sectors released each quarter. The national score for 2010 will be updated in January 2011.

CSISG company scores are generated based on face-to-face interviews with companies' customers after the consumption of their products and services. Company scores in a sub-sector are then aggregated up in proportion to their revenue contributions to derive each sub-sector score. Similarly, sub-sector scores are aggregated up in proportion to their revenue contributions to derive the sector score.

FIELDWORK PROCESS

For the Retail and Info-Communications sectors, survey data was collected between January and February 2010.

In this face-to-face survey, respondents from 3,955 households completed 7,731 questionnaires. Almost all the households surveyed answered two questionnaires each, with each questionnaire asking about a business entity (company) from each sector. Customers from a total of 535 business entities within the 10 sub-sectors that make up the Retail and Info-Communications sectors were surveyed.

The same survey was also conducted with 1,377 departing tourists at Changi Airport with each tourist filling out one questionnaire about a single business entity in one of the 4 sub-sectors from the Retail sector with regular tourist patronage. These sub-sectors are Departmental Stores, Fashion Apparels, Jewellery Stores, and Clocks & Watches.

A total of 9,108 questionnaires were completed. The questionnaires were designed to measure aspects of the respondents' cumulative as well as most recent experiences with the business entity.

RESULT HIGHLIGHTS

Compared to 2009, customer satisfaction within the Retail sector improved significantly in 2010 (Refer to Figure 1). However, customer satisfaction within the Info-Communications sector declined significantly in the same period. Significant improvement is defined as scoring above the previous year at a 90% level of confidence. This quarter, sub-sectors that scored significantly higher compared to 2009 include Departmental Stores, Motor Vehicles, Furniture Stores, and Supermarkets (Refer to Figure 2a and 2b).

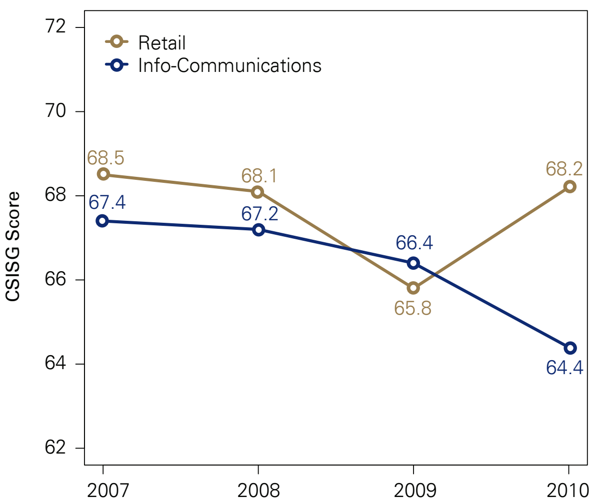

Figure 1: CSISG scores for the Retail and Info-Communications sectors from 2007 to 2010

FINDINGS

The increase in CSISG score for the Retail sector is largely due to an increase in tourists' satisfaction with the sector. Locals' satisfaction with the Retail sector has also improved. In general, sub-sectors within the retail sector, especially the Departmental Stores, Supermarkets, and Motor Vehicles sub-sectors better met their customers' expectations this year.

For the Info-Communications sector, CSISG scores have been declining since its first measurement in 2007 (Refer to Figure 1). The decrease in score this year is largely because customers from the Mobile Telecom and Internet Service Providers sub-sectors felt that companies did not meet their expectations as well as last year.

Commensurate with these findings, CSISG 2010 data from these two sectors reveals that there are more unhappy customers in the Info-Communications sector compared to the Retail sector. This is evident in the higher proportion of direct complaints as well as complaints to friends and families in the Info-Communications sector compared to the Retail sector. In addition, all customers who did not complain were asked to indicate why they did not complain. We found that a larger proportion of customers from the Info-Communications sector indicated that it was either too difficult to complain or that there was no point complaining.

After accounting for all these responses, it can be seen that the

CSISG 2010	CSISG 2009	Change	Sub-sector
70.0	65.5	▲ 4.5	Departmental Stores
69.6	65.7	▲ 3.9	Motor Vehicles
65.9	63.9	▲ 2.1	Furniture
65.4	64.1	▲ 1.3	Supermarkets
68.5	66.6	△ 1.9	Clocks & Watches
66.4	66.1	△ 0.3	Fashion Apparels
69.2	69.0	△ 0.2	Jewellery
66.4	67.8	▼ -1.5	Petrol Service Stations

Figure 2a: CSISG 2010 Retail sub-sectors' scores year-on-year change

CSISG 2010	CSISG 2009	Change	Sub-sector
63.6	65.2	▼ -1.6	Internet Service Providers
64.7	66.6	▼ -1.9	Mobile Telecom

Figure 2b: CSISG 2010 Info-Communications sub-sectors' scores year-on-year change

Note: ▲ symbol indicates significant year-on-year improvement
△ symbol indicates increase (not significant)
▼ symbol indicates significant year-on-year decline

Customer Satisfaction Index of Singapore

2010 Q1 SCORES (RETAIL AND INFO-COMMUNICATIONS)

Retail 68.2

Departmental Stores 70.0

76.7 DFS*
70.2 C K Tang
70.0 Takashimaya
68.1 Metro
67.0 OG
67.0 Robinson & Co
67.0 Isetan
64.6 All Others

Motor Vehicles 69.6

69.2 Tan Chong Motor
69.1 Cycle & Carriage
68.7 Borneo Motors
68.1 Kah Motor
69.8 All Others

Jewellery 69.2

Clocks & Watches 68.5

Fashion Apparels 66.4

Petrol Service Stations 66.4

66.6 Caltex
66.4 Shell
66.4 SPC
66.2 Esso

Furniture 65.9

Supermarkets 65.4

67.1 Cold Storage
65.8 Sheng Siong
65.4 NTUC Fairprice
61.5 Mustafa
64.9 All Others

Info-Communications 64.4

Mobile Telecom 64.7

65.7 StarHub
65.7 M1
63.5 SingTel

Internet Service Providers 63.6

63.8 StarHub Broadband
63.1 SingNet
65.6 All Others

This chart summarises the results of the CSISG 2010 satisfaction scores in the Retail and Info-Communications sectors at the sector, subsector 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.

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

Info-Communications sector has more than twice the proportion of unhappy customers compared to the Retail sector. Consistent with the Info-Communication sector's lower satisfaction scores, a higher rate of complaint behaviour or intention is a direct result of greater dissatisfaction with companies in the sector. These figures reflect a need for companies in the Info-Communications sector to reduce complaints by improving customer satisfaction.

Amongst customers who did not complain this quarter, those who did not complain because they felt it was too difficult or that there was no point complaining had on average much lower loyalty scores compared to those who did not complain because they had no reason to complain (See Figure 3a). Amongst customers who did complain this quarter, data shows that customer loyalty is substantially higher when complaints are handled well compared to when complaints are handled poorly. Therefore, even though customers complain because they are dissatisfied, loyalty tends to remain high when their complaints are well managed (See Figure 3b).

These findings are intuitive, and the implications for companies are clear. Firstly, the costs of inaccessible complaint handling channels (Too difficult to complain) are high as seen by the lower customer loyalty of this group (See Figure 3a). The costs of having customers who have given up on the company (No point complaining) are even higher still. Second, even though complaints arise because something had gone wrong, they do not always result in customer defection. This is because whether a dissatisfied customer chooses to remain loyal or switch to a competitor depends on how well his complaint was handled (See Figure 3b). This underscores a need for companies to strengthen complaint handling procedures in order to ensure that dissatisfied customers are eventually converted into satisfied and loyal customers.

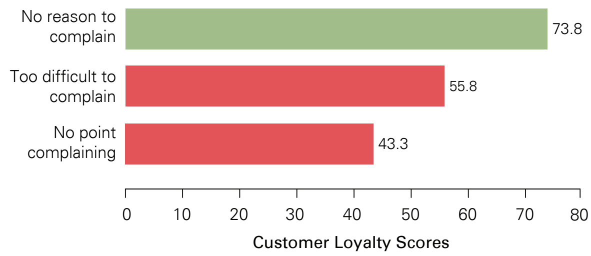

Figure 3a: Customers who did not complain this quarter

Figure 3b: Customers who complained this quarter

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