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Customer Satisfaction Index of Singapore 2020: Q1 Results

Institute of Service Excellence, SMU

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News Release

Customer Satisfaction for Singapore’s Info-Communications Sector Dips Survey on the retail sector shows “webrooming” retail customers are more loyal and spend more

Singapore, 25 June 2020 (Thursday) – The Institute of Service Excellence (ISE) at the Singapore Management University (SMU) (卓越服务研究院) released the 2020 Customer Satisfaction Index of Singapore (CSISG) survey results for the Info-Communications and Retail sectors today.

Info-Communications sector

The study showed satisfaction with the Info-communications sector dipped by a marginal 1.0% year-on-year to 71.3 points (on a 0 to 100 scale). The study polled some 1,900 subscribers of various info-communications services. Although this decline in customer satisfaction was not statistically significant, it marked the first decline in the CSISG score for the sector since 2014.

The study was conducted between February and April 2020, as Singapore began seeing Covid-19 infections and people began working from home; survey interviews were concluded before Singapore entered its *Circuit Breaker* phase. As the survey period coincided with the Covid-19 situation, it was not possible to rule out the impact of the pandemic as a driver for the change in scores.

The Info-Communications sector comprised of four constituent sub-sectors: Mobile Telecom, Broadband, Pay TV, and Wireless@SG. Of these, the Mobile Telecom sub-sector registered the biggest dip in customer satisfaction scores, falling 1.4% year-on-year to 71.7 points. The Broadband sub-sector also fell, by 0.8%, to 70.1 points. On the other hand, the Pay TV and the Wireless@SG sub-sectors recorded a 0.5% and 1.1% increase to score 70.6 and 73.9 points, respectively. However, these movements were not considered statistically significant.

The sector’s soft overall performance may be attributed to poorer performance in respondents’ perceived service quality. In particular, the Mobile Telco sub-sector saw its Service Quality score fall significantly, from 78.1 points in 2019 to 75.6 points in 2020, a 3.2% decline.

“An in-depth impact analysis revealed that service-related attributes such as *Providing prompt service, Has your best interest at heart, and Makes you feel assured that your needs will be taken care of*, were the most important drivers of perceived quality for mobile telco customers,” said Mr Chen Yongchang (陈勇畅), ISE Head of Research and Consulting.

“With the latter two of those attributes registering poorer performance compared to last year, it does suggest the telcos would need to renew their focus in these areas to turn around 2020’s lacklustre performance in customer satisfaction and service quality,” he commented.

Observations of the other dimensions captured in the study also revealed the Broadband sub-sector recording substantially weaker levels of customer loyalty compared to the previous

year. The sub-sector's Loyalty score fell by 5.4% to 68.9 points, compared to 72.8 points from a year ago.

This weakening in the Broadband sub-sector's Loyalty score was coupled with a marked decrease in the average number of telco services these customers held; the number of services held by a typical Broadband customer fell from an average of 2.4 in 2019 to 1.6 in 2020.

"Analysis has shown that bundling helps customer loyalty," said Mr Chen. "For instance, a typical telco customer with just one service has an average Loyalty score of 70.7 points. This rises to 72.2 points when the customer has three or more services. In effect, customers with more services are more likely to use even more products and services from the business.

"Therefore, the fall in customers' average number of telco services held suggests challenges in the service providers' ability to bundle services and should be an area of concern", he remarked.

Another key finding was from within the Pay TV sub-sector: Compared to the previous year, researchers observed an appreciably larger proportion of customers that have also subscriptions to video streaming services such as Netflix. In 2019, 11.5% of Pay TV customers indicated they had a subscription to a video streaming service. This rose to 40.7% this year.

Mr Chen commented, "Aside from the suggestion of increasing popularity in over-the-top streaming services among Pay TV subscribers, this segment of respondents also saw lower Customer Loyalty scores year-on-year, with a notable 8.8% decline."

Retail sector

In the latest set of Retail sector findings from the annual study, researchers found that customers that did online research for information on the product they intended to purchase before making the actual purchase at a physical brick and mortar store, had higher levels of customer loyalty — 13.4% higher. They also spent significantly more at the retail store, compared to customers that did not do any online search for product information.

The study, which polled local customers of department stores, fashion apparel stores, and supermarkets, showed that survey respondents with this type of pre-purchase behaviour, i.e., webrooming, had a Customer Loyalty score of 74.6 points (on a 0 to 100 scale), compared to 65.7 points for respondents that did not engage in webrooming. These respondents were also more likely to repurchase from the retailer.

In addition, webrooming customers were observed to spend substantially more on average. For instance, customers of department stores that indicated webrooming behaviour spent \$229 on average; whereas department store customers that did not do online research spent just \$81 on average.

"This suggests a powerful potential opportunity for retailers when creating an omnichannel presence. It also dispels the notion that online shopping is a threat to traditional brick and mortar stores," said Ms Neeta Lachmandas (妮塔.拉切曼达斯), ISE Executive Director (执行总监).

"Aside from the benefits to customer experience and the potential revenue upside, given the challenges posed by the ongoing Covid-19 pandemic, companies can leverage such online webrooming behaviour to offer seamless omnichannel shopping, providing customers with a viable alternative to the physical store experience.

“By proactively engaging customers with a curated online showcase, retailers can shape and value-add to the shopping experience. For example, a shopper looking at a shirt on the web catalogue may also be interested in a matching pair of trousers. Such complementary features are clear benefits to both the customer and business, and is something a well-designed website or mobile app can provide in a timely and accurate manner,” she added.

The 2020 CSISG study of the Retail sector interviewed 2,579 customers from the Department stores, e-Commerce, Fashion Apparels, and Supermarkets sub-sectors. Interviews were conducted through online survey panels, a change from previous years, which employed face-to-face interviews; no year-on-year performance comparisons were made due to this switch in methodology.

Surveys were conducted primarily between February and March 2020. Similar to the study of the Info-communications sector, this occurred as Singapore began seeing Covid-19 infections and people began working from home. While researchers did not find specific evidence that the Covid-19 pandemic affected the survey findings, it was not possible to completely rule out the impact the pandemic had on the study’s findings.

Please refer to Annex A for a background on the CSISG and Annex B for the detailed scores.

About the Customer Satisfaction Index of Singapore

The Customer Satisfaction Index of Singapore (CSISG) is a landmark study that computes customer satisfaction scores at the national, sector, sub-sector, and company levels with the intent of producing a rigorous, objective and comprehensive assessment of Singapore's service levels. Given that the CSISG is the only national customer satisfaction measurement tool with cross sector capabilities, ISE is able to provide organisations with exclusive benchmarking insights about customer satisfaction as well as use predictive analytics and regression models to pinpoint drivers that would deliver the most impact.

About the Institute of Service Excellence (ISE) at Singapore Management University

The Institute of Service Excellence was jointly set up by Singapore Management University and Singapore Workforce Development Agency in July 2007 to elevate service levels and promote a culture of service excellence in Singapore. Working in close collaboration with government agencies and business leaders, ISE champions service excellence through an integrated approach that encompasses benchmarking and analysis, research and thought leadership, as well as industry engagement.

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Annex A

About the Customer Satisfaction Index of Singapore (CSISG)

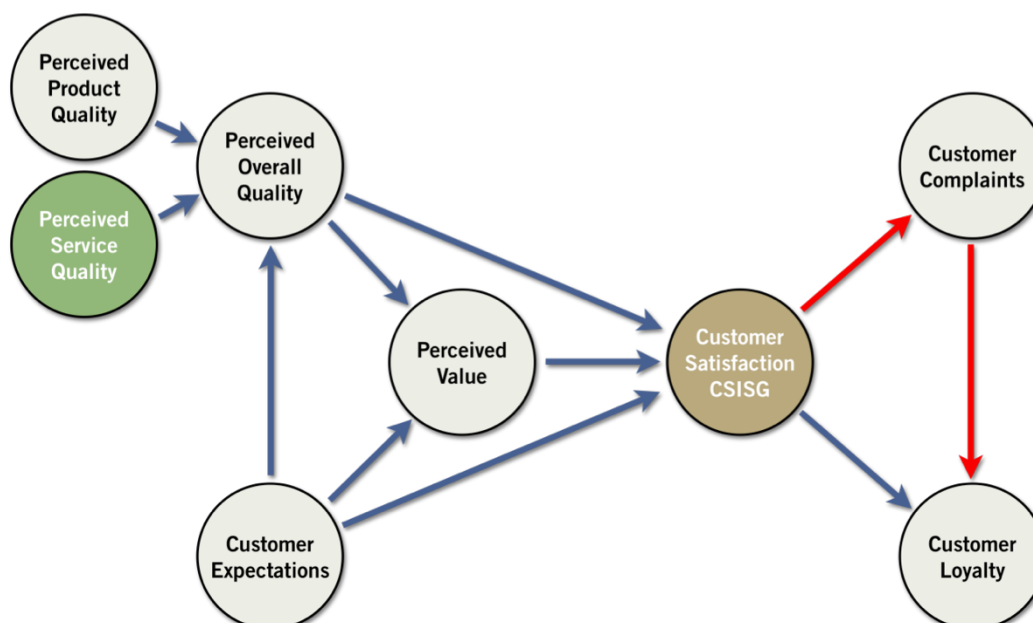
The Customer Satisfaction Index of Singapore (CSISG) is a landmark study that computes customer satisfaction scores at the national, sector, sub-sector, and company levels with the intent of producing a rigorous, objective and comprehensive assessment of Singapore's service levels.

CSISG measures customers' cumulative satisfaction with companies. The scores are generated using a structural equations model (please refer to Figure 1) based on 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.

The methodological foundations of the CSISG are based on the American Customer Satisfaction Index (ACSI) that was developed by the National Quality Research Center (NQRC) at the University of Michigan. ACSI has been standardised measure of customer satisfaction in the United States economy since 1994.

Given that the CSISG is the only national customer satisfaction measurement tool with cross sector capabilities, ISE is able to provide organisations with exclusive benchmarking insights about customer satisfaction as well as use predictive analytics and regression models to pinpoint drivers that would deliver the most impact.

Figure 1: CSISG expanded model

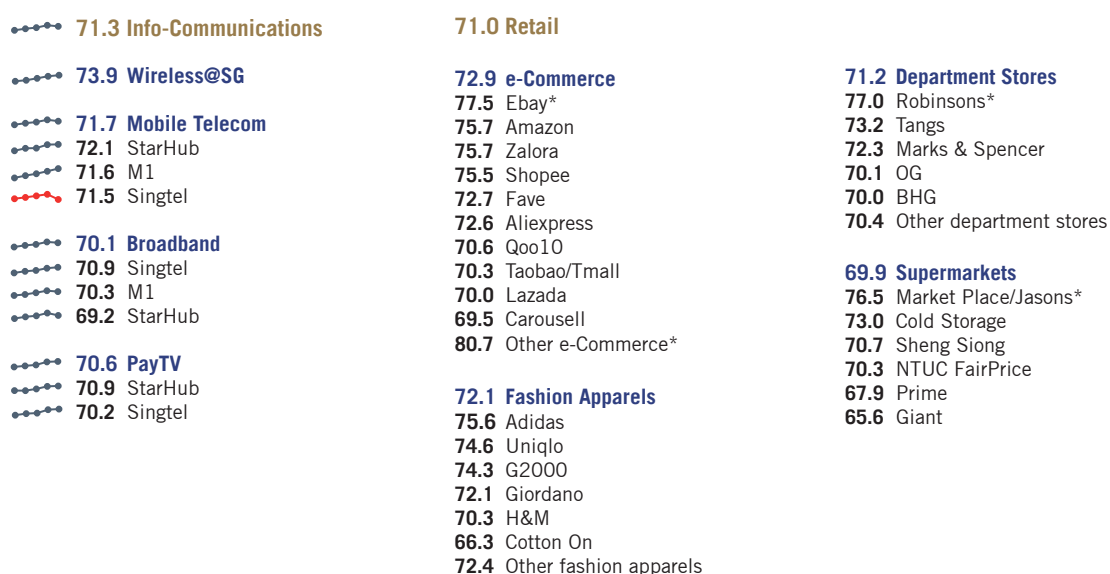


Annex B



2020 Q1 SCORES RETAIL AND INFO-COMMUNICATIONS

HOW WELL DID COMPANIES SATISFY THEIR CUSTOMERS?



This chart summarises the results of the CSISG 2020 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 2019 to 2020
-  statistically significant decrease in customer satisfaction from 2019 to 2020
-  no significant year-on-year change in customer satisfaction score

Entities shown in this scorecard have samples of N≥50. For Fashion Apparels, due to the fragmented nature of the sub-sector, entities shown have N≥30.

CSISG Quarter 1

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2019-2020 Year-on-Year Change / % Change		SECTOR / Sub-sector / Company Measured
NM	NM	NM	NM	NM	NM	NM	NM	NM	71.0	NA	NA	RETAIL (Sector)
NM	NM	NM	NM	NM	NM	NM	NM	NM	71.2	NA	NA	<i>Department Stores (Sub-sector)</i>
NM	NM	NM	NM	NM	NM	NM	NM	NM	77.0	NA	NA	Robinsons
NM	NM	NM	NM	NM	NM	NM	NM	NM	73.2	NA	NA	Tangs
NM	NM	NM	NM	NM	NM	NM	NM	NM	72.3	NA	NA	Marks & Spencer
NM	NM	NM	NM	NM	NM	NM	NM	NM	70.1	NA	NA	OG
NM	NM	NM	NM	NM	NM	NM	NM	NM	70.0	NA	NA	BHG
NM	NM	NM	NM	NM	NM	NM	NM	NM	70.4	NA	NA	Other department stores
NM	NM	NM	NM	NM	NM	NM	NM	NM	69.9	NA	NA	<i>Supermarkets (Sub-sector)</i>
NM	NM	NM	NM	NM	NM	NM	NM	NM	76.5	NA	NA	Market Place/Jasons
NM	NM	NM	NM	NM	NM	NM	NM	NM	73.0	NA	NA	Cold Storage
NM	NM	NM	NM	NM	NM	NM	NM	NM	70.7	NA	NA	Sheng Siong
NM	NM	NM	NM	NM	NM	NM	NM	NM	70.3	NA	NA	NTUC FairPrice
NM	NM	NM	NM	NM	NM	NM	NM	NM	67.9	NA	NA	Prime
NM	NM	NM	NM	NM	NM	NM	NM	NM	65.6	NA	NA	Giant
NM	NM	NM	NM	NM	NM	NM	NM	NM	72.1	NA	NA	<i>Fashion Apparels (Sub-sector)</i>
NM	NM	NM	NM	NM	NM	NM	NM	NM	75.6	NA	NA	Adidas
NM	NM	NM	NM	NM	NM	NM	NM	NM	74.6	NA	NA	Uniqlo
NM	NM	NM	NM	NM	NM	NM	NM	NM	74.3	NA	NA	G2000
NM	NM	NM	NM	NM	NM	NM	NM	NM	72.1	NA	NA	Giordano
NM	NM	NM	NM	NM	NM	NM	NM	NM	70.3	NA	NA	H&M
NM	NM	NM	NM	NM	NM	NM	NM	NM	66.3	NA	NA	Cotton On
NM	NM	NM	NM	NM	NM	NM	NM	NM	72.4	NA	NA	Other fashion apparels stores
NM	NM	NM	NM	NM	NM	NM	NM	NM	72.9	NA	NA	<i>e-Commerce (Sub-sector)</i>
NM	NM	NM	NM	NM	NM	NM	NM	NM	77.5	NA	NA	Ebay
NM	NM	NM	NM	NM	NM	NM	NM	NM	75.7	NA	NA	Amazon
NM	NM	NM	NM	NM	NM	NM	NM	NM	75.7	NA	NA	Zalora
NM	NM	NM	NM	NM	NM	NM	NM	NM	75.5	NA	NA	Shopee
NM	NM	NM	NM	NM	NM	NM	NM	NM	72.7	NA	NA	Fave
NM	NM	NM	NM	NM	NM	NM	NM	NM	72.6	NA	NA	Aliexpress
NM	NM	NM	NM	NM	NM	NM	NM	NM	69.5	NA	NA	Carousell
NM	NM	NM	NM	NM	NM	NM	NM	NM	70.6	NA	NA	Qoo10
NM	NM	NM	NM	NM	NM	NM	NM	NM	70.3	NA	NA	Taobao/Tmall
NM	NM	NM	NM	NM	NM	NM	NM	NM	70.0	NA	NA	Lazada
NM	NM	NM	NM	NM	NM	NM	NM	NM	80.7	NA	NA	Other e-Commerce
64.3	65.9	67.7	66.8	67.4	68.5	69.6	70.4	72.1	71.3	-0.76	(-1.0%)	INFO-COMMUNICATIONS (Sector)
64.5	66.3	67.7	67.2	68.4	69.2	70.2	71.1	72.7	71.7	-0.99	(-1.4%)	<i>Mobile Telecom (Sub-sector)</i>
64.1	66.6	66.8	67.2	69.0	67.5	69.2	69.4	71.9	72.1	+0.20	(+0.3%)	StarHub
65.3	68.0	64.3	64.4	63.9	65.0	66.6	67.9	69.7	71.6	+1.92	(+2.8%)	M1
64.5	65.6	69.3	68.1	69.4	72.0	73.0	74.1	75.2	71.5	-3.70	(-4.9%)	Singtel
62.9	64.2	67.5	65.3	64.9	67.0	68.2	68.9	70.6	70.1	-0.59	(-0.8%)	<i>Broadband (Sub-sector)</i>
62.2	64.0	67.7	65.1	64.1	66.9	68.0	68.7	70.2	70.9	+0.68	(+1.0%)	Singtel
63.7	63.9	64.3	66.2	66.2	67.5	68.2	69.4	70.9	70.3	-0.61	(-0.9%)	M1
63.7	64.4	67.5	65.8	66.9	67.0	68.2	68.9	70.9	69.2	-1.73	(-2.4%)	StarHub
NM	NM	NM	66.5	65.1	66.6	67.4	68.1	70.2	70.6	+0.34	(+0.5%)	<i>PayTV (Sub-sector)</i>
NM	NM	NM	67.0	66.6	67.7	67.6	68.8	70.7	70.9	+0.27	(+0.4%)	StarHub
NM	NM	NM	65.0	64.4	65.8	66.9	67.3	69.7	70.2	+0.44	(+0.6%)	Singtel
NM	NM	NM	61.5	59.6	69.6	70.3	71.7	73.2	73.9	+0.77	(+1.1%)	<i>Wireless@SG (Sub-sector)</i>

NM Not Measured

NA Not Applicable Customer Satisfaction scores are based on a 0 to 100 scale.

Note 1 In 2020, Retail sector switched from a face-to-face survey collection methodology to an online survey collection methodology.