



CUSTOMER SATISFACTION INDEX OF SINGAPORE 2014

Q1 SCORES
RETAIL AND INFO-COMMUNICATIONS

RESULTS OVERVIEW



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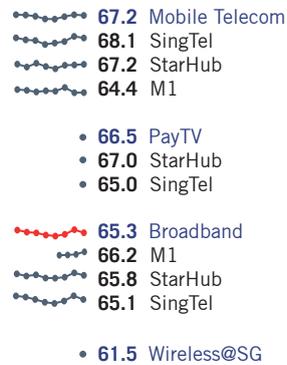


2014 Q1 SCORES RETAIL AND INFO-COMMUNICATIONS

69.6 Retail



66.8 Info-Communications



This chart summarises the results of the CSISG 2014 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 2013 to 2014

statistically significant decrease in customer satisfaction from 2013 to 2014

no significant year-on-year change in customer satisfaction score

CSISG 2014 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 and across countries. These Q1 results for the Retail and Info-communications sectors begin the CSISG's eighth year of measurement.

FIRST QUARTER RESULTS HIGHLIGHTS

Between 2013 and 2014, customer satisfaction for the Info-communications sector fell 0.85-points to 66.8-points (on a 0 to 100 scale), although this decline was not significant*. The Retail sector on the other hand, registered a significant year-on-year decline. Its satisfaction score fell 2.51-points (-3.5%) to 69.6-points.

Within the Retail sector, six of the eight measured sub-sectors recorded significant year-on-year declines: Fashion apparels fell 2.31-points (-3.2%) to 69.2-points, Petrol service stations fell 1.35-points (-1.9%) to 69.2-points, Jewellery stores fell 1.99-points (-2.8%) to 68.7-points, Departmental stores fell 6.86-points (-9.1%) to 68.4-points, Clocks & Watches fell 4.35-points (-6.0%) to 67.7-points, and Furniture stores fell 8.22-points (-11.0%) to 66.7-points.

The bright spot for the Retail sector came from the Supermarkets sub-sector, improving 1.12-points (+1.6%) and registering its sixth year-on-year increase to reach a record 71.1-points in 2014. The Motor vehicles sub-sector recorded a decline of 2.50-points (-3.4%) year-on-year to 70.6-points, but this change was not significant.

Within the Info-communications sector, the Mobile Telecoms sub-sector dipped 0.85-points (-1.3%) to 67.2-points while the Broadband sub-sector fell a significant 2.21-points (-3.3%) to 65.3-points. The CSISG introduced two new sub-sectors to the Info-communications sector this year: Pay TV, scoring 66.5-points, and Wireless@SG, scoring 61.5-points.

These year-on-year movements are illustrated in Figures 1A and 1B.

FIRST QUARTER KEY FINDINGS

Retail sector year-on-year fall was led by significantly less satisfied Tourists

In examining the possible reasons for the fall in Retail customer satisfaction, it was noteworthy that all four of the sub-sectors that took into account tourist responses, namely Departmental Stores, Fashion Apparels, Jewellery Stores, and Clocks & Watches, indicated these tourist respondents were significantly less satisfied this year, compared to last year.

While both local and tourist respondents were less satisfied with these four sub-sectors compared to 2013, tourist satisfaction fell by a much more significant 9.74-points (-12.2%). Locals' satisfaction dipped 1.37-points (-1.9%). Figure 2 illustrates the differences.

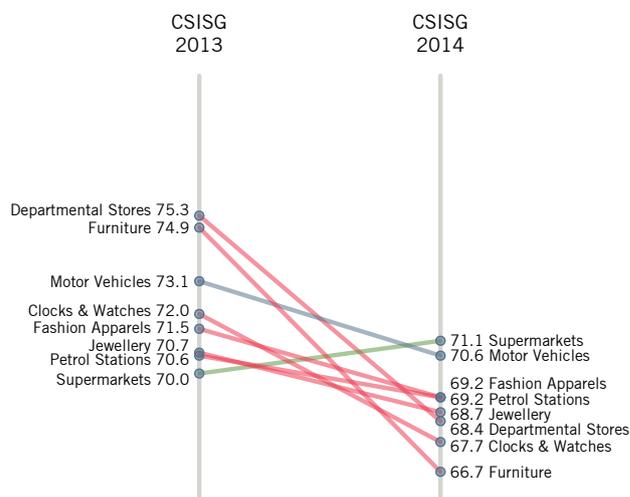


Figure 1A: CSISG scores for the Retail sub-sectors from 2013 to 2014.

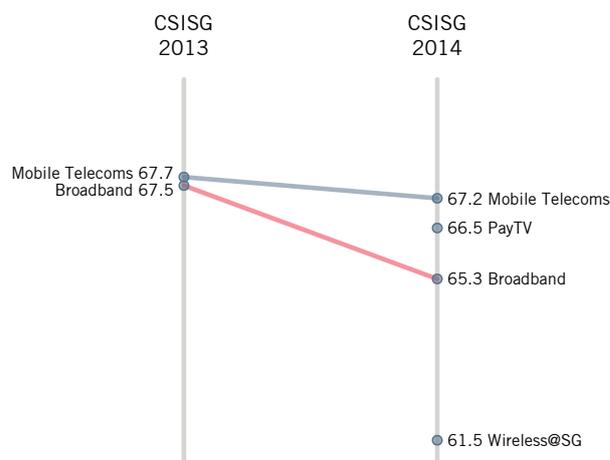


Figure 1B: CSISG scores for the Info-communications sub-sectors from 2013 to 2014.

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



Figure 2: Tourist satisfaction fell to a greater degree than locals across the Retail sector. Grey bars indicate the drop was not significant.

Further analysis showed that all three drivers of satisfaction, namely customer expectations, perceived quality, and perceived value, fell significantly for tourist respondents. In contrast, local customers' saw no significant changes to their expectations and perceptions of quality, while their perceived value actually improved significantly year-on-year.

This is also the first time tourist satisfaction at the Retail sector is on par with local satisfaction since tracking began in 2008.

Highly satisfied customers spend significantly more

Analysis at both the departmental stores and supermarkets sub-sectors reveal the average amount spent per visit for customers with high CSISG scores (i.e., top quartile of customers rank-ordered by their average satisfaction) is higher than that of customers with low CSISG scores (i.e., bottom quartile).

Customers with high CSISG scores have significantly

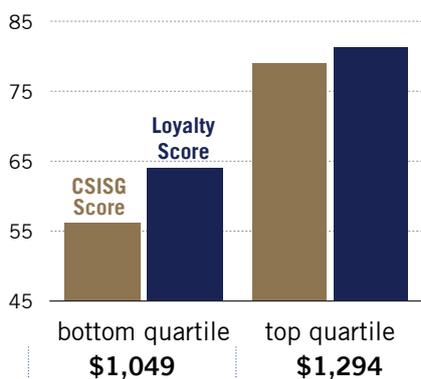


Figure 3: Average annual spend per customer at Departmental Stores in 2014, segmented into quartiles by their average CSISG scores.

higher repurchase intention ratings, customer loyalty, and spend more per visit as compared to customers with low CSISG scores.

This observation suggests company leadership should maintain a long-term outlook to progressively raise customer satisfaction. Using this quarter's Departmental stores data as illustrated in Figure 3 for example, a highly satisfied customer would have spent 23.3% more at the store over a one year period than a less satisfied customer.

Re-contracted customers' expectations were better met than new customers in Info-communications sector

A key observation in the Mobile Telecoms, Broadband, and PayTV sub-sectors was the difference in satisfaction levels between new customers (i.e., less than two years with the telco) and re-contract customers (i.e., two or more years with the telco).

In all three Info-communications sub-sectors, re-contract customers had greater levels of customer satisfaction as compared to the new customers. Re-contract customers also had much smaller gaps between their levels of expectations and the perceived quality of their telco, compared to new customers. As an example, Figure 4 illustrates the gap between expectations and perceived quality in new Broadband customers. It also illustrates re-contract customers' significantly higher levels of expectations and quality. This finding supports research that suggests an adverse impact on satisfaction when perceived quality of the product or service does not live up to the expectations of the customer.

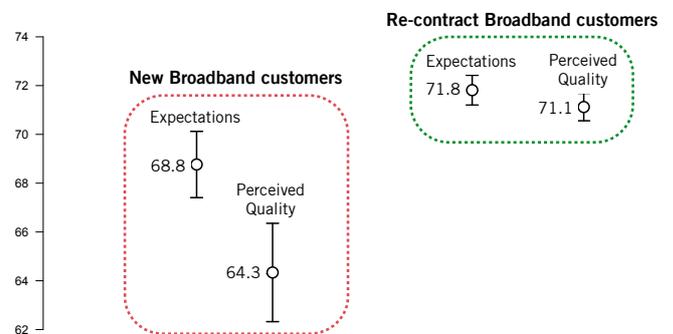


Figure 4: Expectations and Perceived Quality differences in the Broadband sub-sector's new and re-contract customers.

Looking beyond customer service

Analysis of the Retail and Info-communications sectors' quality-expectations gap revealed a peculiar finding: there was a positive gap between service quality and expectations, i.e., the service provider was able to meet or exceed expectations. On the other hand, service providers failed to meet expectations of product quality.

This suggests that non-service aspects of the customer experience may be contributing to the depressed CSISG performances in Q1.

Thus, it may be prudent for organisations to look beyond customer service and frontline employees as the sole measure of customer satisfaction. Boosting customer satisfaction may involve a more holistic endeavour, such as re-examining service offerings, policies, and business processes that may affect the customer experience. Potential initiatives may include service re-design, service innovations, new product mixes, or an improved value proposition.

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. 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. 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, up to three sectors are measured each quarter with their results released the following quarter. Companies in the Retail and Info-communications sectors were measured in this first quarter, Transportation & Logistics, Public, and Private Education in the second quarter, 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 2014 will then be computed using the data collected over these four quarters.

For the first quarter of 2014, results for the Retail and Info-communications sectors were collected and analysed. The former includes the Clocks & Watches, Departmental Stores, Fashion Apparels, Furniture Stores, Jewellery, Motor Vehicles, Petrol Service Stations, and Supermarkets sub-sectors. The latter consists of the Broadband, Mobile Telecoms, Pay TV, and Wireless@SG sub-sectors.

CSISG in 2014 introduced new additions to the Info-communications sector. Pay TV, which includes SingTel's mio TV and StarHub's CableTV, and the national Wi-Fi network, Wireless@SG, were added as sub-sectors to the Info-communications sector this year.

CSISG 2013 FIELDWORK PROCESS

Survey data for the Retail and Info-communications sectors was collected between January and March 2014. Responses were primarily collected via face-to-face interviews with Singapore residents at their homes and departing tourists at Changi Airport. 8,040 unique

responses were collected from locals and 1,210 unique responses were collected from tourists.

In total, 9,250 responses for 508 companies and entities were recorded for the Retail and Info-communications sectors; 25 entities have published scores.



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