CUSTOMER SATISFACTION INDEX OF SINGAPORE 2012

Q3 SCORES
FOOD & BEVERAGE AND TOURISM

RESULTS OVERVIEW

INSTITUTE OF
SERVICE EXCELLENCE
SINGAPORE MANAGEMENT UNIVERSITY

CSISG
Customer Satisfaction Index of Singapore

2012 Q3 SCORES
FOOD & BEVERAGE AND TOURISM

70.0 Tourism

72.6 Attractions*
- **74.9** Universal Studios*
- **73.1** Sentosa
- **71.7** Night Safari
- **70.8** Singapore Zoo
- **70.1** Jurong Bird Park
- **71.5** Other Attractions

70.1 Hotels
- **75.5** MBS*
- **75.4** The Ritz Carlton*
- **73.7** Shangri-La Hotel*
- **73.1** Mandarin Orchard*
- **72.8** Swisstotel the Stamford*
- **72.8** Grand Hyatt*
- **68.5** Other Hotels

68.5 Tour Operators, Travel & Ticketing Agencies

67.7 Food & Beverage

69.4 Bars & Pubs*

68.2 Fast Food Restaurants
- **68.9** McDonalds
- **68.2** KFC
- **67.5** Burger King
- **66.1** Other Fast Food Restaurants

68.2 Restaurants
- **71.6** Tung Lok*
- **68.1** RE&S
- **67.9** Sakae Holdings
- **67.3** Crystal Jade
- **68.0** Other Restaurants

67.2 Cafes and Snack Bars
- **68.8** Starbucks
- **67.3** The Coffee Bean & Tea Leaf
- **67.3** Delifrance
- **67.0** Other Cafes and Snack Bars

64.8 Food Courts
- **63.6** Kopitiam
- **62.2** Koufu
- **60.0** Food Republic
- **65.0** Other Food Courts

This chart summarises the results of the CSISG 2012 satisfaction scores in the Food & Beverage and Tourism 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 2011 to 2012

statistically significant decrease in customer satisfaction from 2011 to 2012

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

THIRD 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. This is the sixth year of measurement.

THIRD QUARTER RESULTS HIGHLIGHTS

Customer satisfaction in the Food and Beverage (F&B) sector did not change significantly between 2011 and 2012, scoring 67.7-points (on a 0 to 100 scale). This score is a 0.3-point (+0.4%) increase from last year but is not considered statistically significant*. As seen in Figure A, Satisfaction in the Tourism sector fared significantly worse compared to 2011. Its CSISG score fell by 3.5-points (-4.8%) to 70.0-points year-on-year.

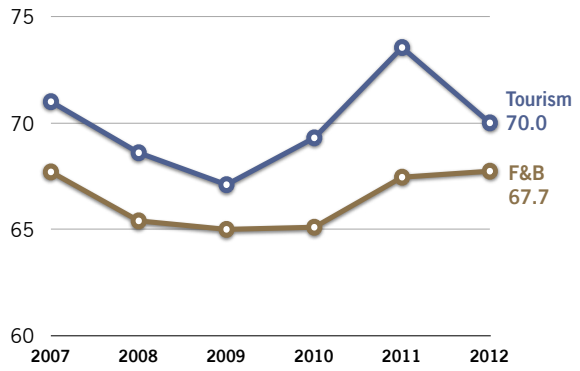

Figure A: CSISG scores for the F&B and Tourism sectors from 2007 to 2012.

Sub-sectors within the F&B sector either improved or remained unchanged. The Restaurants (68.2-points), Fast Food Restaurants (68.2-points), and Cafes (67.2-points) sub-sectors had no significant year-on-year score changes. The Bars and Pubs sub-sector improved by 2.4-points (+3.6%) to 69.4-points; this score is also significantly better than the F&B sector score of 67.7-points. The Food Courts sub-sector also built upon its improvement from 2011, increasing by 2.2-points (+3.5%) to 64.8-points.

Within the Tourism sector, all three measured sub-sectors showed significant year-on-year decrease in satisfaction. Specifically, the decline was led by the Hotels sub-sector, scoring 70.1-points, 4.4-points (-5.9%) less than in 2011. The Tour Operators, Travel and Ticketing Agencies sub-sector fell by 3.0-points (-4.3%) to 68.5-points. The Attractions sub-sector fell by 2.8-points (-3.7%) to 72.6-points. It is noteworthy that this satisfaction score of the Attractions sub-sector is significantly higher than the Tourism sector.

KEY FINDINGS

TOURISTS MORE UNSATISFIED YEAR-ON-YEAR

CSISG 2012 Q3 analysis revealed that it was tourist respondents, as opposed to locals, who were considerably less satisfied year-on-year in both F&B and Tourism sectors. In particular, tourist satisfaction in all three measured Tourism sub-sectors declined significantly this year as compared to last year; this is illustrated in Figure B.

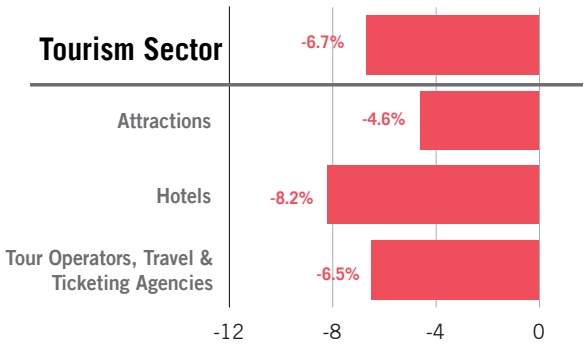

Figure B: Year-on-year percentage changes in tourists' satisfaction of Tourism sector and sub-sectors.

Further examination showed that this was due to a significant year-on-year decline in the tourists' perceived quality in each of the three Tourism sub-sectors. The data also showed that this was accompanied by higher year-on-year levels of expected quality.

Particularly hard-hit was the Hotels sub-sector, with tourist satisfaction declining 6.6-points (-8.2%). Contributory to this was the tourists' reduced year-on-year satisfaction with 4 out of 9 hotel touchpoints that have significant impacts on perceived quality.

Analysis of the data suggests that service providers in the affected sub-sectors may improve satisfaction by reversing the fall in Perceived Quality.

CUSTOMER SATISFACTION MORE IMPORTANT TO LOYALTY IN 2012

Customer Loyalty was measured as a part of the CSISG 2012 Q3 study. This includes respondents' repurchase intentions and price tolerances pertaining to the F&B and Tourism businesses they were surveyed about.

According to Figure C, at the sub-sector level, all Customer Loyalty scores had fallen year-on-year. Additionally, regression analysis also indicated that customer satisfaction has an increased impact on loyalty in 2012 as compared to 2011. This increased importance of the satisfaction-loyalty link was observed in all measured sub-sectors except for Food Courts.

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

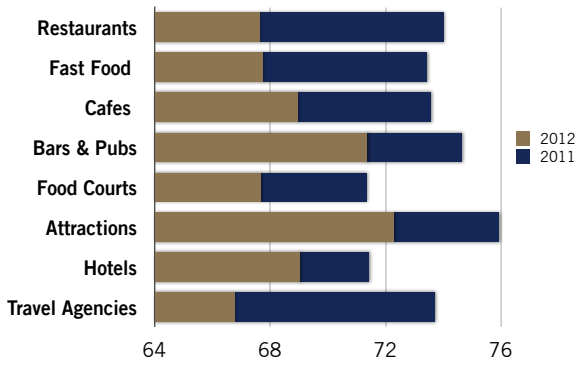

Figure C: Customer Loyalty declined year-on-year in all sub-sectors measured in Q3.

There is widespread literature that suggests customer loyalty, repurchase intentions, and price tolerance levels are linked to long-term business profitability. Therefore, it will be prudent for companies to track and measure these key customer intelligence metrics with renewed intent.

MEETING EXPECTATIONS KEY TO SATISFIED CUSTOMERS

CSISG 2012 Q3 data also showed that the F&B and Tourism sector companies that scored well in the CSISG had almost no gap between their customers' Expected Quality and Perceived Quality scores. That is, the customers of Q3's best performing CSISG companies were receiving the level of quality they were expecting.

Revealingly, companies that deliver short on their customers' expectations were penalised with lower satisfaction scores: When the Q3 measured companies were grouped into three by their performance in the CSISG study as explained in Figure D, the bottom third showed the largest negative gap (-0.9-points) between their customers expected quality and perceived quality. That is, these customers felt they were getting less quality than they were expecting.

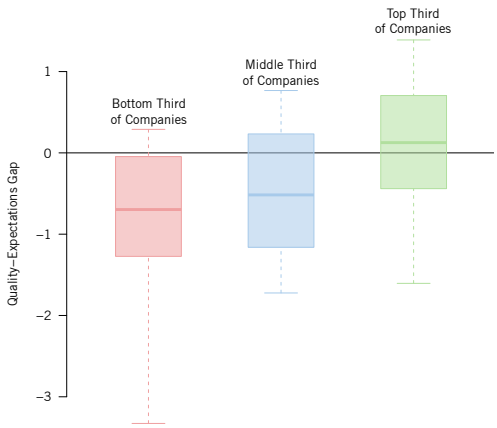

Figure D: F&B and Tourism sector companies grouped according to CSISG performance.

This suggest that for businesses to garner a higher level of customer satisfaction, i.e., score well in the CSISG, service delivery simply needs to meet their customers expectations, rather than provide service levels that are over and above what is expected.

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. In Q1, the CSISG measured the Retail and Info-Communications sectors. Q2 measured the Public Education, Private Education, and Transport & Logistics sectors. The companies in the Finance & Insurance and Healthcare sectors will be measured in Q4. A national score for 2012 will then be computed using the data collected over the past year.

For this third quarter of 2012, data for the companies in the F&B and Tourism sectors was collected and analysed.

The F&B sector is made up of the Bars and Pubs, Cafes and Snack Bars, Fast Food Restaurants, Food Courts, and Restaurants sub-sectors. The Tourism sector comprises of the Attractions, Hotels, and Tour Operators, Travel and Ticketing Agencies sub-sectors.

This quarter's release also added several companies to the list of entities measured in the CSISG. The Food Courts sub-sector gained more resolution with the inclusion of Food Republic, Kopitiam, and Koufu. Marina Bay Sands was added to the Hotels sub-sector.

CSISG 2012 FIELDWORK PROCESS

Survey data for the F&B and Tourism sectors was collected between June and August 2012. It collated 8,968 unique responses with regards to customer experience in these sectors. This included face-to-face interviews with 4,065 Singapore residents at their homes (each resident answered up to two questionnaires), and interviews with 2,492 departing tourists at Changi Airport (each answered one questionnaire). In all, the questionnaires covered about 770 companies in the F&B and Tourism sectors.

CONTACT US

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Institute of Service Excellence
Singapore Management University
81 Victoria Street
Administration Building
Singapore 188065
Tel: +65 6828 0111
Fax: +65 6828 0690
ise@smu.edu.sg

ises.smu.edu.sg

SMU
SINGAPORE MANAGEMENT UNIVERSITY

WDA
singapore
workforce
development
agency