Embargoed till 11.30am, 27 June 2018

News Release

Customer Satisfaction Maintains for the Retail and Info-Communications Sectors in Singapore

Singapore, 27 June 2018 (Wednesday) – The Institute of Service Excellence (ISE) at the Singapore Management University (SMU) released the 2018 Q1 Customer Satisfaction Index of Singapore (CSISG) results for the Retail and Info-Communications sectors today.

Compared to the same period last year, overall, customer satisfaction levels remained statistically unchanged for both the Retail and Info-Communications sectors in the latest CSISG 2018 Q1 study which surveyed 6,900 customers (comprising 6,090 locals and 810 tourists) on their experiences with 133 entities. The study was conducted between January and April 2018.

Retail

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. Within the Retail sector, perceived value scores rose for Supermarkets and Fashion Apparels, while Department Stores saw improvements in both perceived value and perceived quality. At the segment level, perceived quality and perceived value scores saw a statistically significant increase for both locals and tourists.

Among various satisfaction attributes measured in the Retail sector, 'return and exchange policies' was rated most poorly by local customers of Department Stores, Supermarkets and e-Commerce. Further analysis showed that among those who rated 1 to 5 (where '1' means very dissatisfied and '10' means very satisfied) for 'return and exchange policies', customer satisfaction score was 32.8 points compared to 73.2 points for those who rated 6 to 10. In addition, customer loyalty score was 27.9 points compared to 72.6 points respectively.

"Customers who rated return and exchange policies poorly in the retail sector are associated with lower customer satisfaction and loyalty scores. This seems to be an issue consistently faced by retailers. Addressing it well may be a source of competitive advantage for companies, given that these policies tend to reduce perceived consumer risk," noted Mr Chen Yongchang, Head of Research and Consulting, ISE.

Comparing brick-and-mortar retailers with e-Commerce retailers, it was noted that respondents who shopped only at physical stores had similar loyalty to e-Commerce respondents. However, it was observed that omni-channel respondents (i.e. customers who shopped at the both the physical stores and the online channels) of these brick-and-mortar retailers were more loyal than e-Commerce customers for the Department Stores and Supermarket sub-sectors.

"Consistent with our findings last year, omni-channel customers of traditional retailers tend to be more loyal compared to 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 on digital channels to better serve and retain customers," commented Mr Chen.

Within the e-Commerce sub-sector, respondents who said that the company's website was the most frequently used platform tend to be more satisfied with navigation-related attributes such as 'ease of comparing products' and 'ease of finding the products you need', as compared to those who used the mobile app most frequently. In addition, these website respondents tend to spend more with the company, as compared to frequent mobile app users.

"Customer satisfaction and purchasing behaviour appear to differ across the platforms used by e-Commerce customers. Both e-Commerce players as well as traditional retailers who are considering using digital platforms may wish to consider this difference when designing their digital channels," added Mr Chen.

Info-Communications

The Info-Communications sector scored 70.4 points, a 1.1% increase over the same period last year. The upward movement is not deemed to be statistically significant. The Info-Communications sector comprises four sub-sectors including Mobile Telecom, Broadband, PayTV, and Wireless@SG. While no significant upward movement in satisfaction was detected across the sub-sectors, notable improvements were seen in perceived quality and perceived value scores.

Mobile Telecom inched up in perceived product quality by 3.3%. Broadband improved in perceived service quality by 2.7% and perceived value by 2.7%. PayTV saw upswings in both perceived overall quality and perceived value by 4.3% and 5.2% respectively. These increases in scores were considered statistically significant.

While product-related attributes such as 'network coverage' and 'network reliability' remained as key differentiators of perceived quality and customer loyalty, service-related attributes such as 'makes the effort to understand your needs' and 'has your best interest at heart', were stronger differentiators this year compared to 2017.

"With the launch of new subscription plans, and the entry of new players, competition among telcos remains stiff. While having competitive product offerings continues to be important, we see service attributes as a stronger differentiator this year. Telcos may wish to consider efforts to improve customer service as a source of competitive advantage," said Ms Neeta Lachmandas, Executive Director, ISE.

Info-Communications respondents were asked about their intention to switch providers once their current contracts are up. Of these respondents, 7.6% said they would consider switching, while 92.4% would not. Respondents who said that they will consider switching were associated with much lower customer satisfaction (50.3 points vs. 71.0 points) and customer loyalty score (46.2 points vs. 71.6 points). In addition, they also exhibited markedly higher complaint rate (27.9% vs. 3.2%) compared to respondents who were not considering to switch.

“Our analysis found that pricing, loyalty and rewards programmes, and subscription plans were the key reasons these customers were considering to switch providers. The majority of these customers tend to be those who had been with the telco for 2 to 4 years. Given the competitive landscape, telcos should pay close attention to this group of customers given their likelihood to switch to another provider,” added Ms Lachmandas.

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

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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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