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ISE Industry Forum

CSISG 2020 Q3 Results Announcement

F&B AND TOURISM

DOES CUSTOMER SATISFACTION STILL MATTER?

Customer Satisfaction & Financial Indicators

Research Shows Satisfaction Metrics Has A High Impact on Various Financial Performance Indicators

Table 4 Managerial Value of Different Customer Feedback Metrics in Predicting Future Business Performance

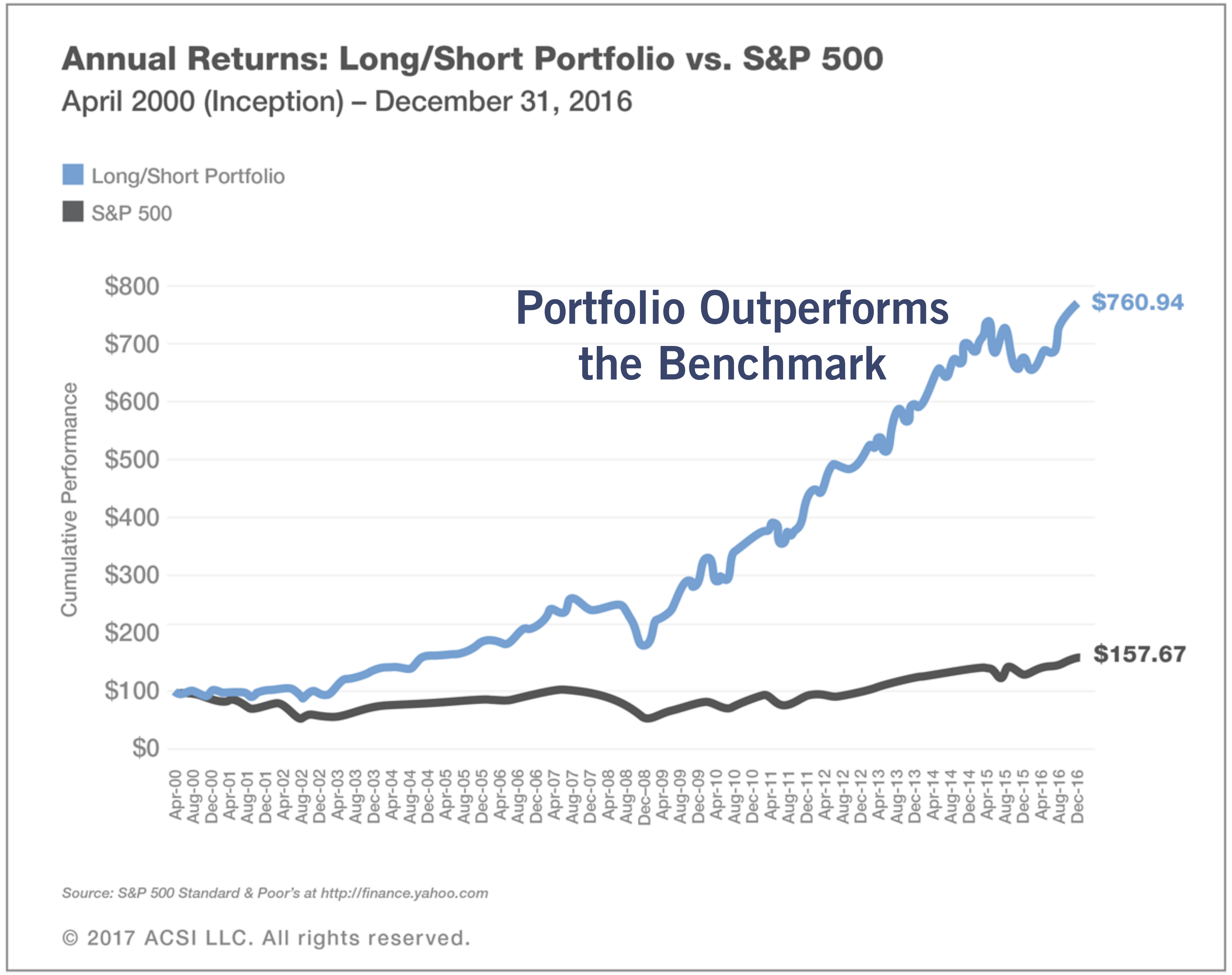
	Future business performance dependent					
Customer feedback metric	Tobin's Q	Net operating cash flows	Total shareholder returns	Annual sales growth	Gross margin	Market share
Average satisfaction score	High	High	High	High	High	High
Top 2 Box satisfaction score	High	High	Weak	High	High	High
Proportion of customers complaining	High	Nil	Nil	High	High	Nil
Net promoters	Nil	Nil	Nil	Nil	Nil	Nil
Average repurchase likelihood score	High	Nil	Nil	High	High	High
Average number of WOM recommendations	Nil	Nil	Nil	Nil	Nil	High

Source: Morgan & Rego (2006), The Value of Different Customer Satisfaction and Loyalty Metrics in Predicting Business Performance, Marketing Science 25(5):426-439

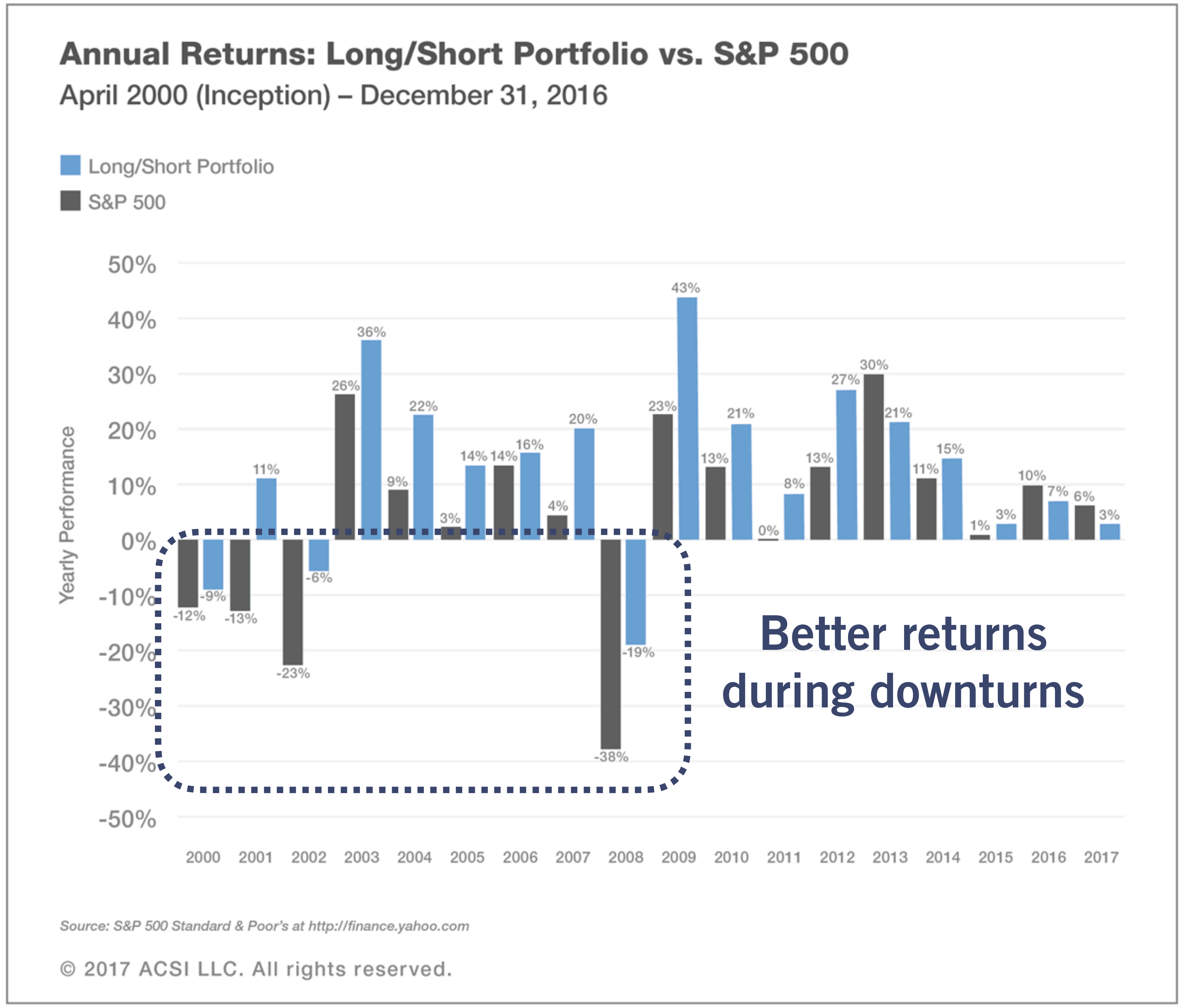
Note: Research done using 80 firms across different industries measured on the American Customer Satisfaction Index from 1994 to 2000. Summary findings are derived from a regression analysis which includes variables to control for the effects of other financial metrics known to impact the target performance metrics.

Research Shows A Positive Relationship Between Customer Satisfaction And Financial Performance

Companies Performing Well on Customer Satisfaction Outperform the Benchmark Index



Companies with more satisfied customers generally more resilient even during downturns



Source: http://www.theacsi.org/
Note: Fund is named The American Customer Satisfaction Core Alpha ETF (ticker: ACSI)

Why Customer Experience & Satisfaction Matters

Customer Experience → **Customer Satisfaction** → **Customer Loyalty** → **Firm Performance**

- Great customer experiences tend to lead to satisfaction or even delight.
- Happy customers tend to be more loyal to the brand.
- Poor experiences tend to lead to customer dissatisfaction and defection and negative word-of-mouth.

- High repurchase behaviour
- Price insensitivity
- Positive word-of-mouth
- Higher customer referrals
- Stays longer with brand in downturns
- Returns to the brand faster in a recovery

CSISG METHODOLOGY

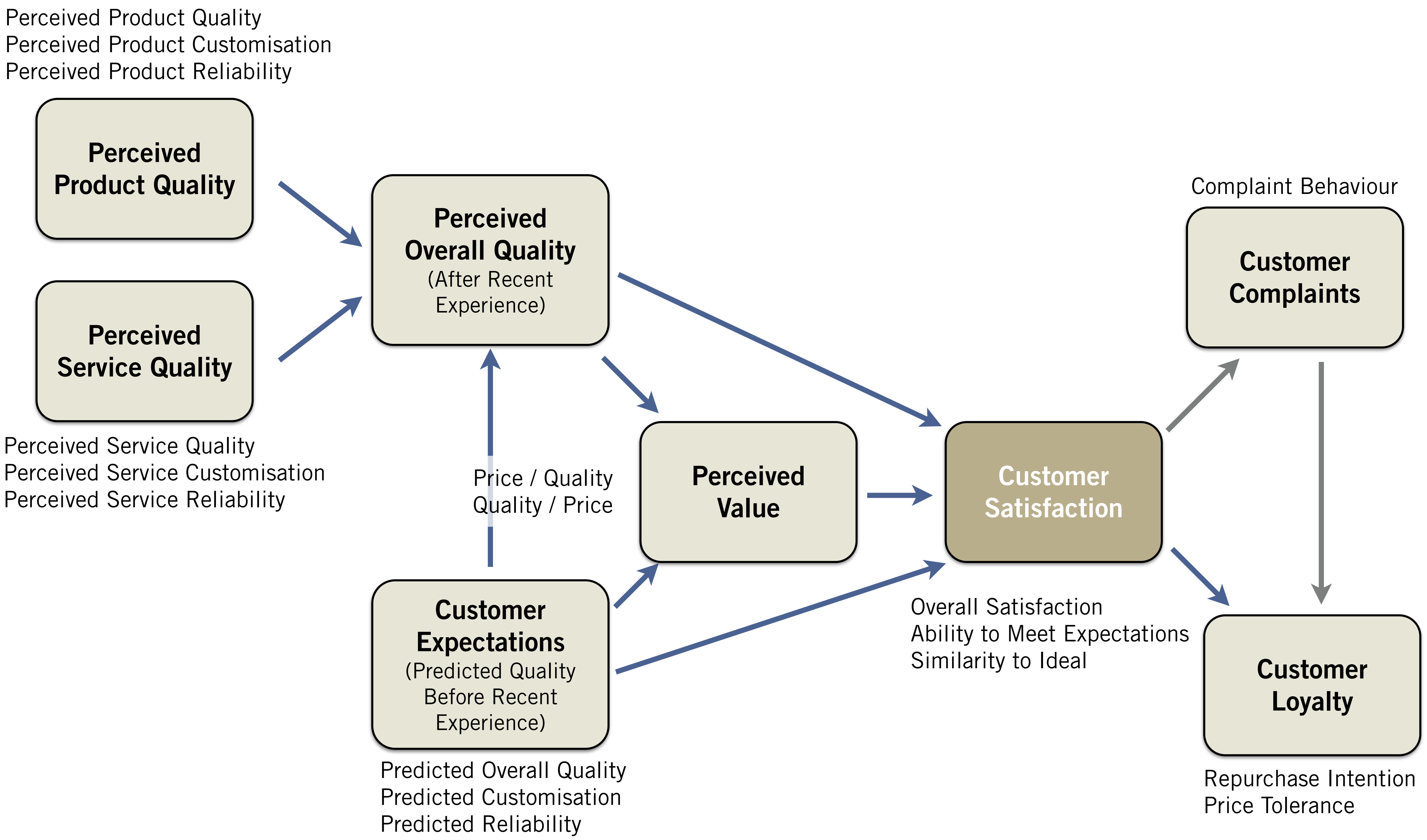
How Well Did Companies Satisfy Their Customers?

The CSISG Score

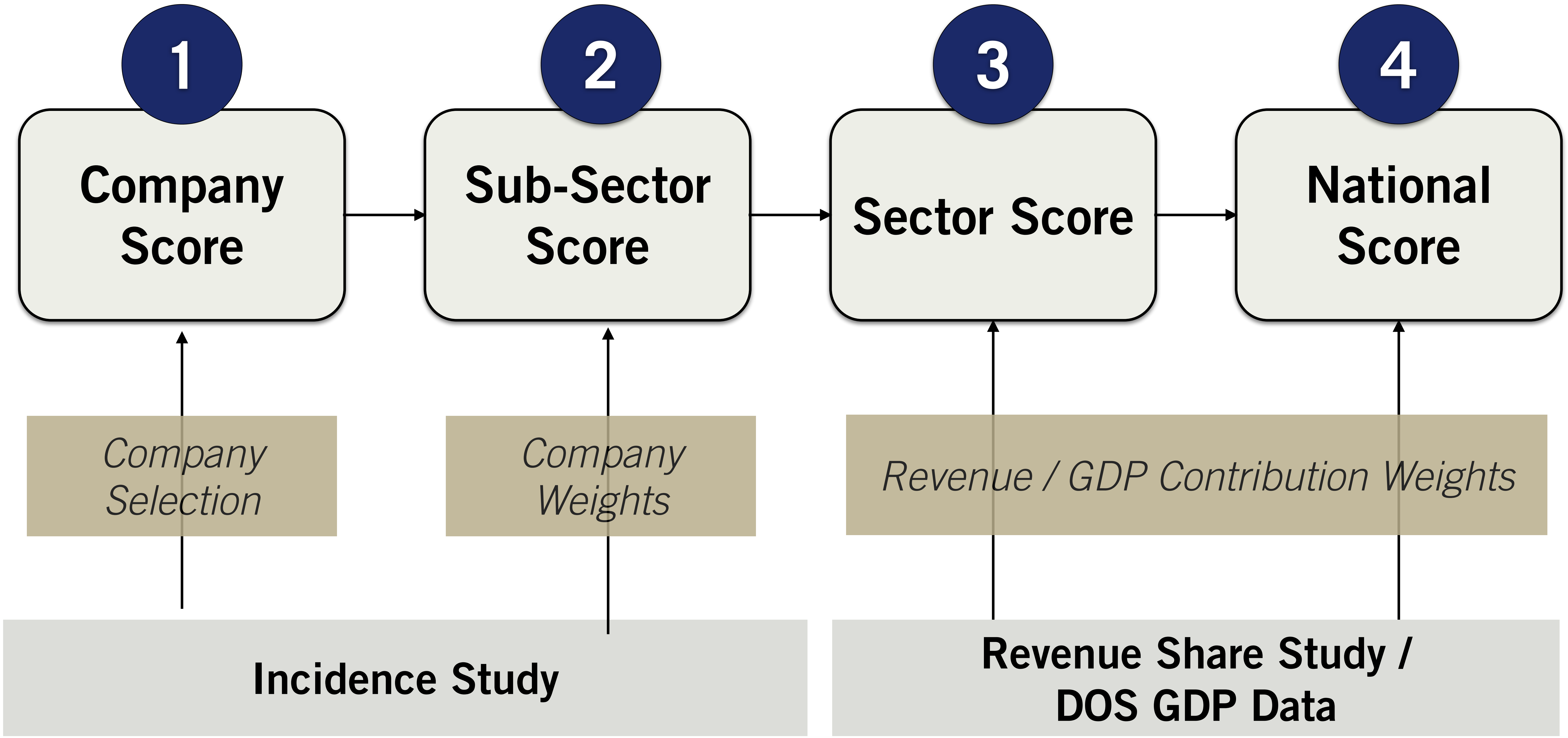
Customer Satisfaction CSISG (Scale of 0-100)

1. Overall Satisfaction
2. Ability to Meet Expectations
3. Similarity to Ideal

CSISG Structural Model for Q3



Overview of Score Calculation



Incidence Study

- Identify companies with highest interactions with locals.
- Locals survey either through randomised door-to-door interviews or online surveys through nationally representative online panels.

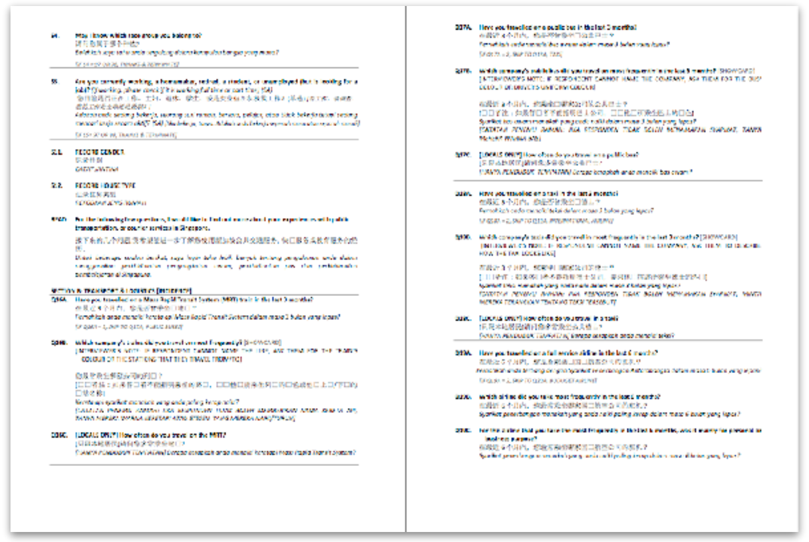
Revenue Share Study / DOS GDP Data

- Identify revenue contribution of each sub-sector to its respective sector.
- Identify GDP contribution of each sector to the total GDP of sectors measured in the CSISG.

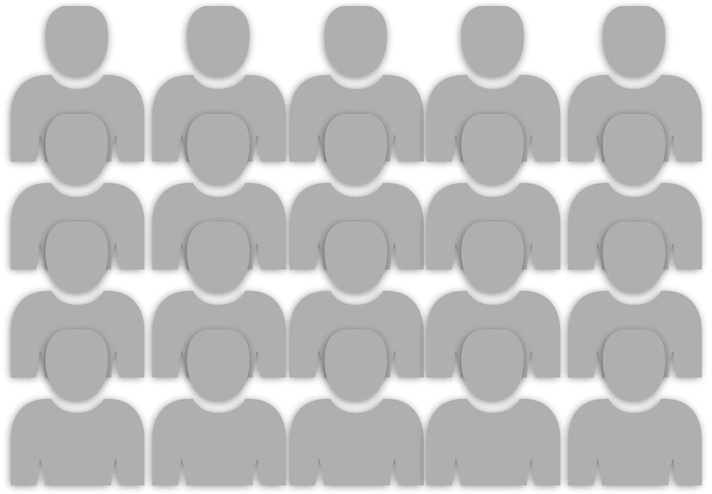
General CSISG Fieldwork Methodology for Q3

Singapore citizens and PRs were asked to complete an online survey.

Respondents were randomly selected from a nationally representative online panel.



Each respondent answers up to 21 CSISG questions and about 25 industry-specific attribute/touchpoint questions about the company/brand they had recent experiences with. Each respondent evaluates only 1 company/brand.



Typically 50-200 respondents per company would have answered the CSISG questionnaire.

CSISG 2020 Q3 Quick Facts

Sectors Covered	**Food & Beverages** **Tourism**
Survey Period	**Jul to Sep 2020**
Total Questionnaires Completed	**2,500**
Online (Locals)	**2,500**
Distinct entities measured	**71**
Entities with published scores	**20**

CSISG 2020 Q3 Sub-sectors

Change In Survey Methodology From **Interviewer Administered Surveys** with Locals and Tourists to **Online Self-Administered Surveys** of Locals Only for 2020 Q3

Food and Beverage Sector

- Restaurants
- Fast Food Restaurants
- Cafes & Coffee Houses

Tourism Sector

- Attractions

Notes: (1) Year-on-year comparison not available for these sub-sectors, due to the change in methodology from face to face to online surveys. Comparison of scores with the remaining sub-sectors remain limited due to the change in methodology. (2) The previously measured Snack Bars & Food Kiosks (F&B) and Hotels (Tourism) were not measured this year.

ISE conducted two pilot studies to understand how a change in survey mode, from an interviewer administered face-to-face survey, to an online data collection methodology, might impact CSISG dimensions scores, and the demographic representativeness of respondents.

How Well Did Companies Satisfy Their Customers?

CSISG 2020 Q3 Results Overview

76.1 Tourism

76.1 Attractions
78.9 Singapore Zoo*
76.2 Gardens By The Bay
72.7 Universal Studios
72.2 Sentosa
77.7 Other attractions

73.6 Food & Beverage

73.8 Restaurants
76.2 Din Tai Fung
73.5 Sakae Sushi
72.4 Crystal Jade Kitchen
71.2 Pizza Hut
71.0 Swensen's
74.2 Other restaurants

73.6 Cafes & Coffee Houses
77.1 Starbucks
72.7 Ya Kun
68.3 Toast Box
73.7 Other cafes & coffee houses

73.1 Fast Food Restaurants
75.1 Burger King
74.7 McDonald's
74.6 Subway
69.9 KFC
72.6 Other fast food restaurants

QUALIFIER FOR RESPONDENT

(1) Recently interacted with company (Past 3 months for F&B, Past 6 months for Attractions)
(2) Each respondent evaluates satisfaction with 1 company within the F&B or Attractions sub-sectors

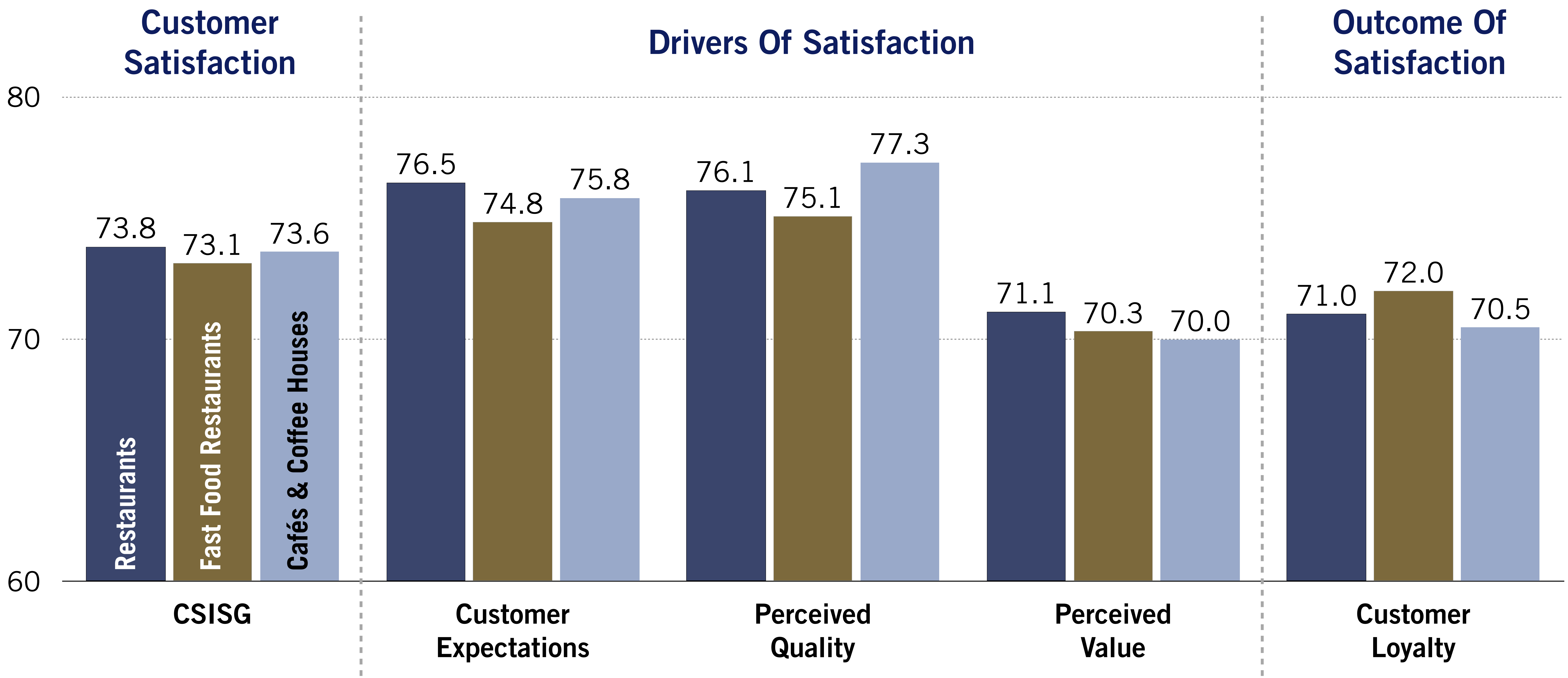
** Refers to companies/sub-sectors that are statistically significantly above their sub-sector/sector scores*

Entities shown in this scorecard have samples of N≥100.

FOOD AND BEVERAGE SECTOR RESULTS

F&B Sector Scores

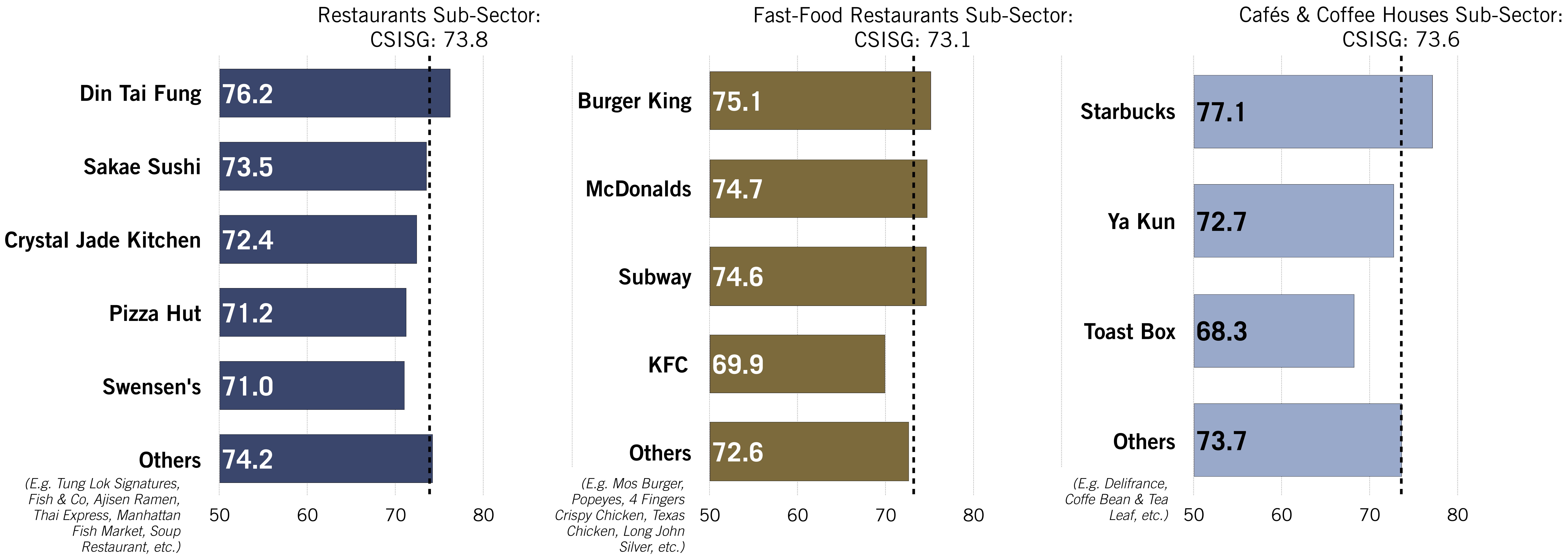
(Locals Who Patronised F&B Companies in The Past 3 Months)



Note: *No year-on-year change shown for the F&B sub-sectors as there was a change in data collection methodology from face-to-face interviews with both locals and tourists in 2019 to online with locals only in 2020.*

F&B Sector Company CSISG Scores

(Locals Who Patronised F&B Companies in The Past 3 Months)



Note: *No year-on-year change shown for the F&B sub-sectors as there was a change in data collection methodology from face-to-face interviews with both locals and tourists in 2019 to online with locals only in 2020.*

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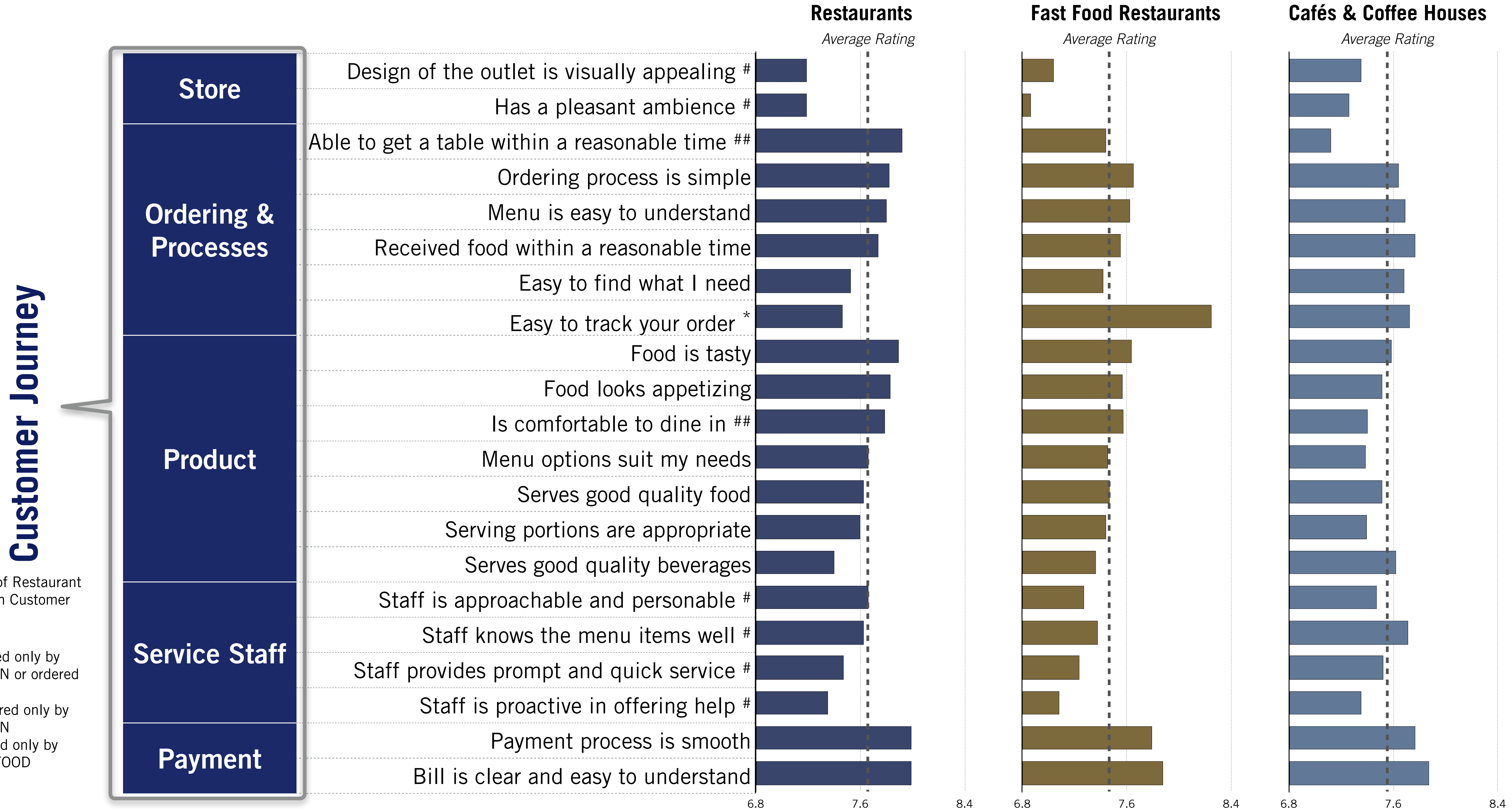
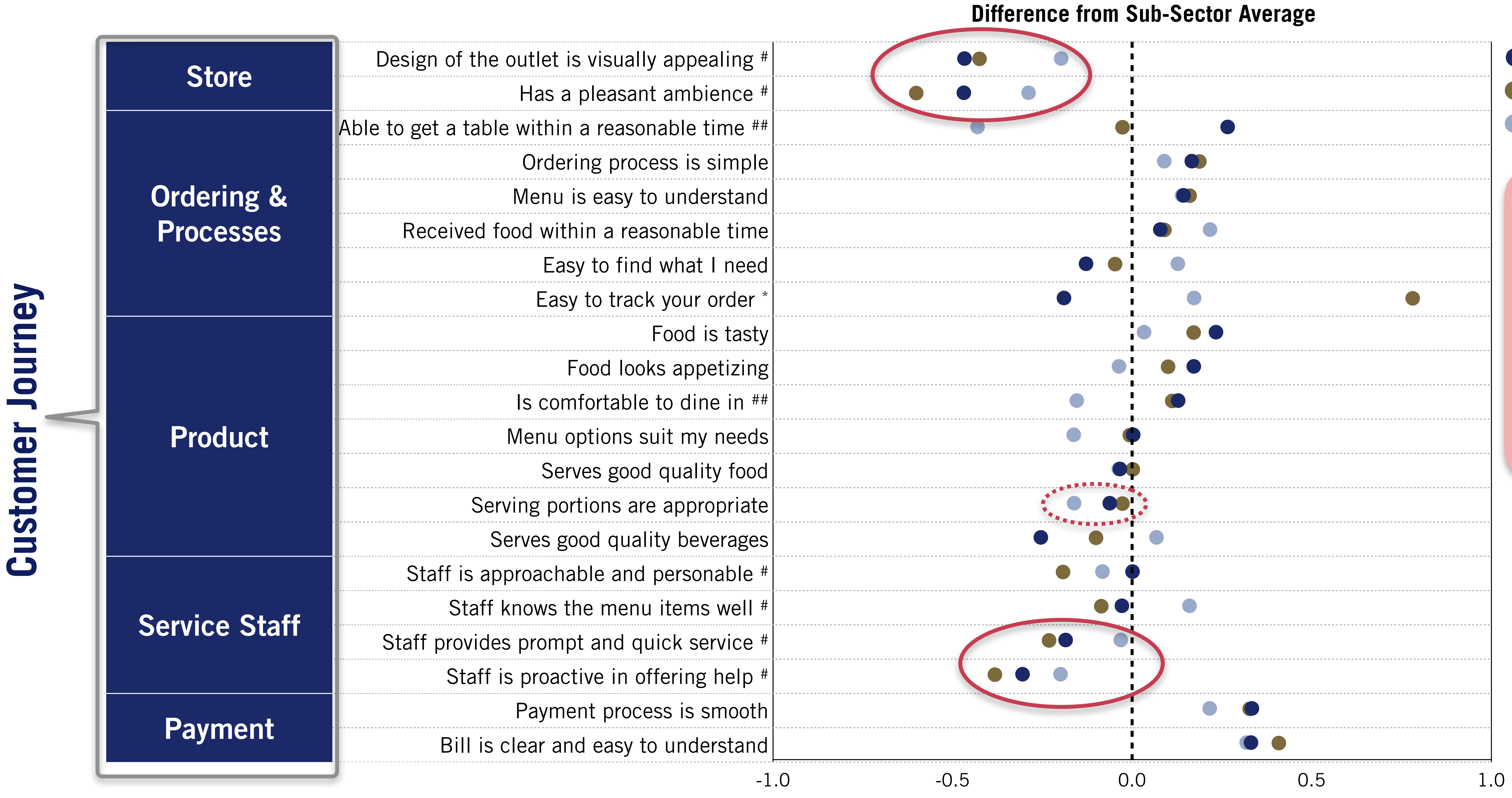
F&B Sector: Customer Journey Attribute Ratings



Note: In descending order of Restaurant attribute ratings within each Customer Journey Dimensions

# denotes questions answered only by respondents that DINED-IN or ordered TAKE-AWAY
denotes questions answered only by respondents that DINED-IN
* denotes questions answered only by respondents who ordered FOOD DELIVERY

F&B Sector: Performance of Attributes vs Sub-Sector Average



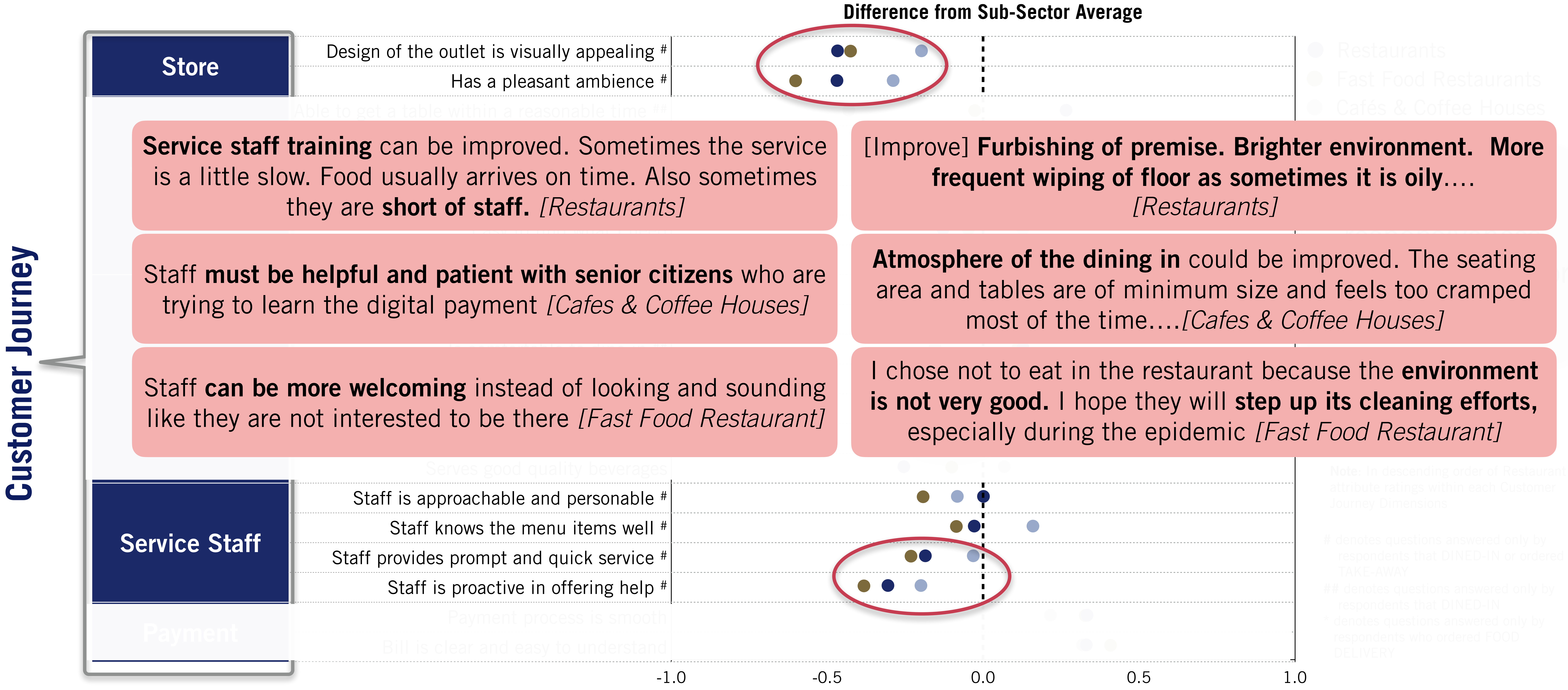
- Restaurants
- Fast Food Restaurants
- Cafés & Coffee Houses

Store, Staff responsiveness underperformed for all 3 sub-sectors

Note: In descending order of Restaurant attribute ratings within each Customer Journey Dimensions

# denotes questions answered only by respondents that DINED-IN or ordered TAKE-AWAY
denotes questions answered only by respondents that DINED-IN
* denotes questions answered only by respondents who ordered FOOD DELIVERY

Selected Verbatim On Area of Improvement



Service staff training can be improved. Sometimes the service is a little slow. Food usually arrives on time. Also sometimes they are **short of staff.** *[Restaurants]*

[Improve] **Furbishing of premise. Brighter environment. More frequent wiping of floor as sometimes it is oily….** *[Restaurants]*

Staff **must be helpful and patient with senior citizens** who are trying to learn the digital payment *[Cafes & Coffee Houses]*

Atmosphere of the dining in could be improved. The seating area and tables are of minimum size and feels too cramped most of the time….*[Cafes & Coffee Houses]*

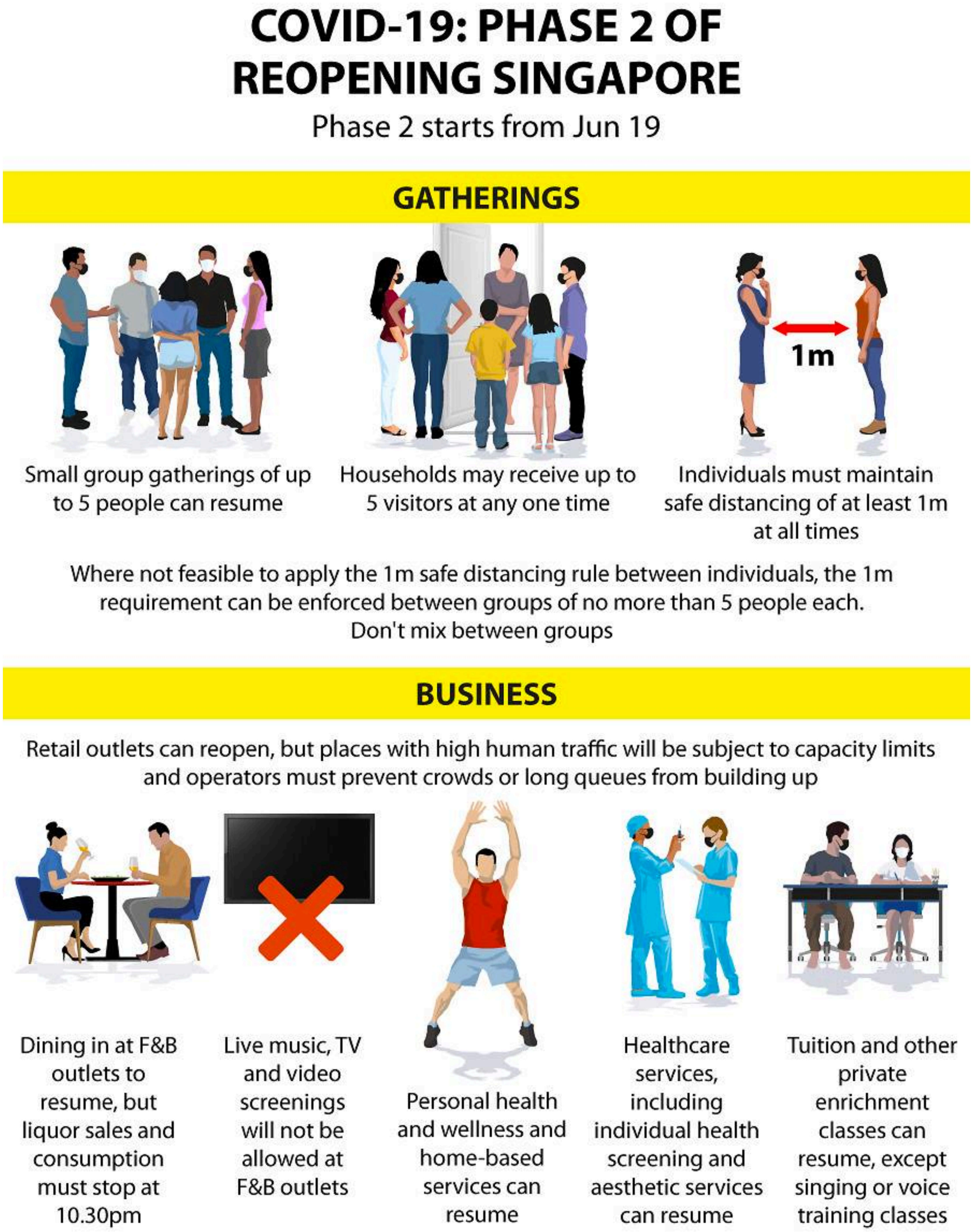
Staff **can be more welcoming** instead of looking and sounding like they are not interested to be there *[Fast Food Restaurant]*

I chose not to eat in the restaurant because the **environment is not very good.** I hope they will **step up its cleaning efforts,** especially during the epidemic *[Fast Food Restaurant]*

Post-Circuit Breaker Restrictions on Dine-in Group sizes and Safe Distancing

Source: https://cnalifestyle.channelnewsasia.com/dining/covid-19-phase-2-reopening-buffets-restaurants-dinner-crowds-12853094

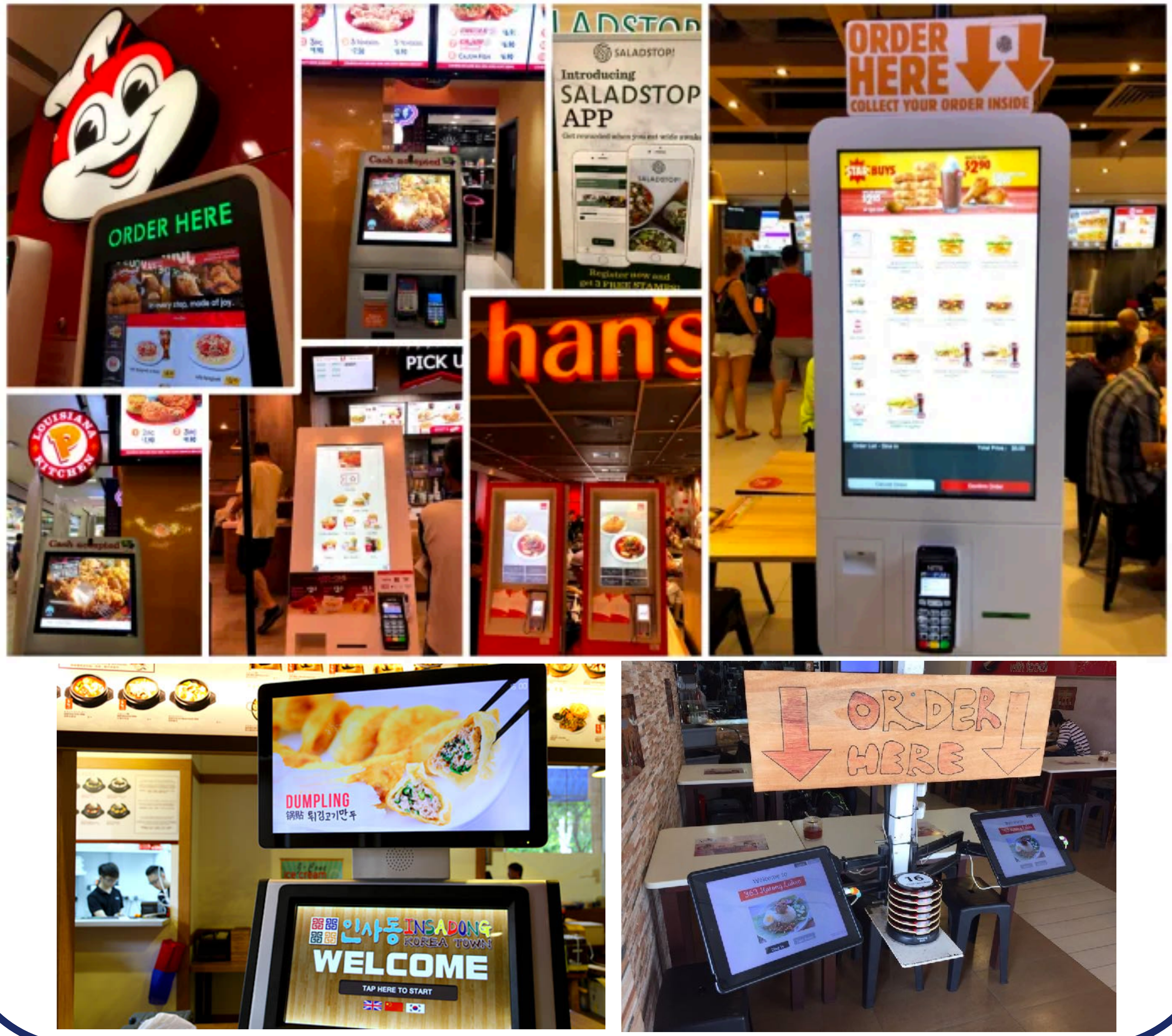
Source: https://www.youtube.com/watch?v=Rh1y_Eix-WI



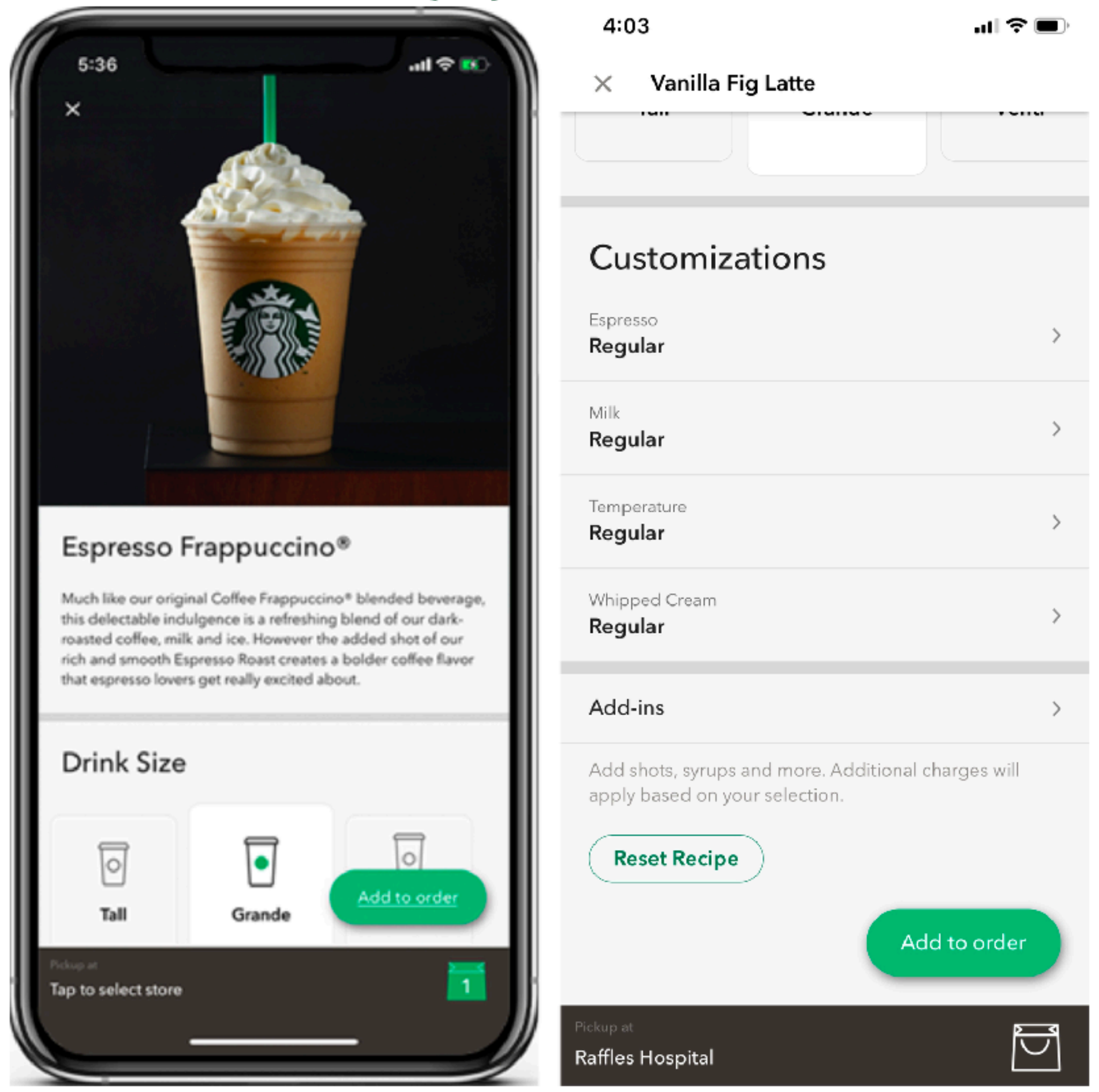
F&B IN TRANSFORMATION

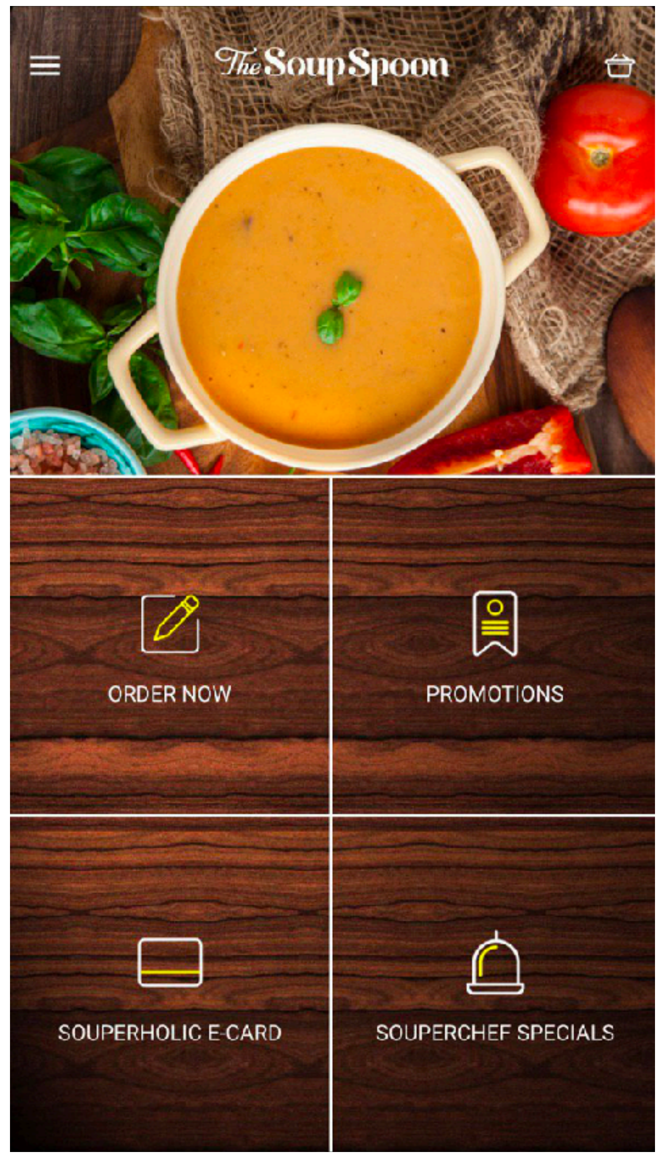
Proliferation of Self-Ordering Systems

Kiosks



Mobile Devices





Sources:
(1) https://thelowdown.momentum.asia/self-service-terminals-way-go-restaurants/
(2) https://www.starbucks.com.sg/card/mobile-apps/starbucks-mobile-applications-2
(3) http://www.thesoupspoon.com/souperholic-main/download-apps/

Rise of New Delivery Platforms / Communities

Pre-COVID Players

foodpanda

GrabFood

deliveroo

OddleEats

New Delivery Platforms & Communities

A snapshot of some of the new food delivery players in town

	WhyQ	Buy4u	Deliver.sg	B28	Chope On	Pickupp Singapore
Who is behind it	Former management consultant Varun Saraf, along with university mate Rishabh Singhvi	Four friends, including a property agent and a printing firm owner, whose incomes were affected by Covid-19	Restaurant consultant Naresh Kumar and restaurateur Krishnamani Kannan	Ron Lee and Jun Teh of tech firm Butleric	Reservation platform Chope	Courier services firm Pickupp, founded in Hong Kong
What it offers	Food from popular hawker centres	Food from hawker centres, halal eateries and restaurants, and durians	Food from 140 restaurants	Food from more than 100 restaurants	Food from more than 200 restaurants	Food from bakeries, cafes, grocers, restaurants and other retail shops, including florists and gift shops
Delivery fees	• $1.50 per item • Small order fee applicable if order is under $12 • No minimum order required in office areas such as the Central Business District	• $4.50 to $15 • Minimum order ranges between $20 and $30 • Free delivery and no minimum order required for some locations	• $10 to $20 depending on the distance and total order value • Free delivery for some restaurants	Determined by restaurants and ranges from $0 to $20, depending on the distance and total order value	• $5 to $12 • Free delivery if minimum order is met for some restaurants	From $3.20 to $7.50
Delivery fleet	• 200 delivery agents • Also engages riders from Lalamove and Zeet	17 drivers and riders	Delivery agents from Lalamove	Delivery agents from Lalamove and freelance drivers	Taxi drivers and private-hire drivers whose incomes are affected by Covid-19	20 regular delivery agents and 11,000 active freelance delivery agents

SUNDAY TIMES GRAPHICS

Source: https://www.straitstimes.com/singapore/manpower/new-players-ride-the-food-delivery-wave

New Players

#HawkersUnited™ 2020

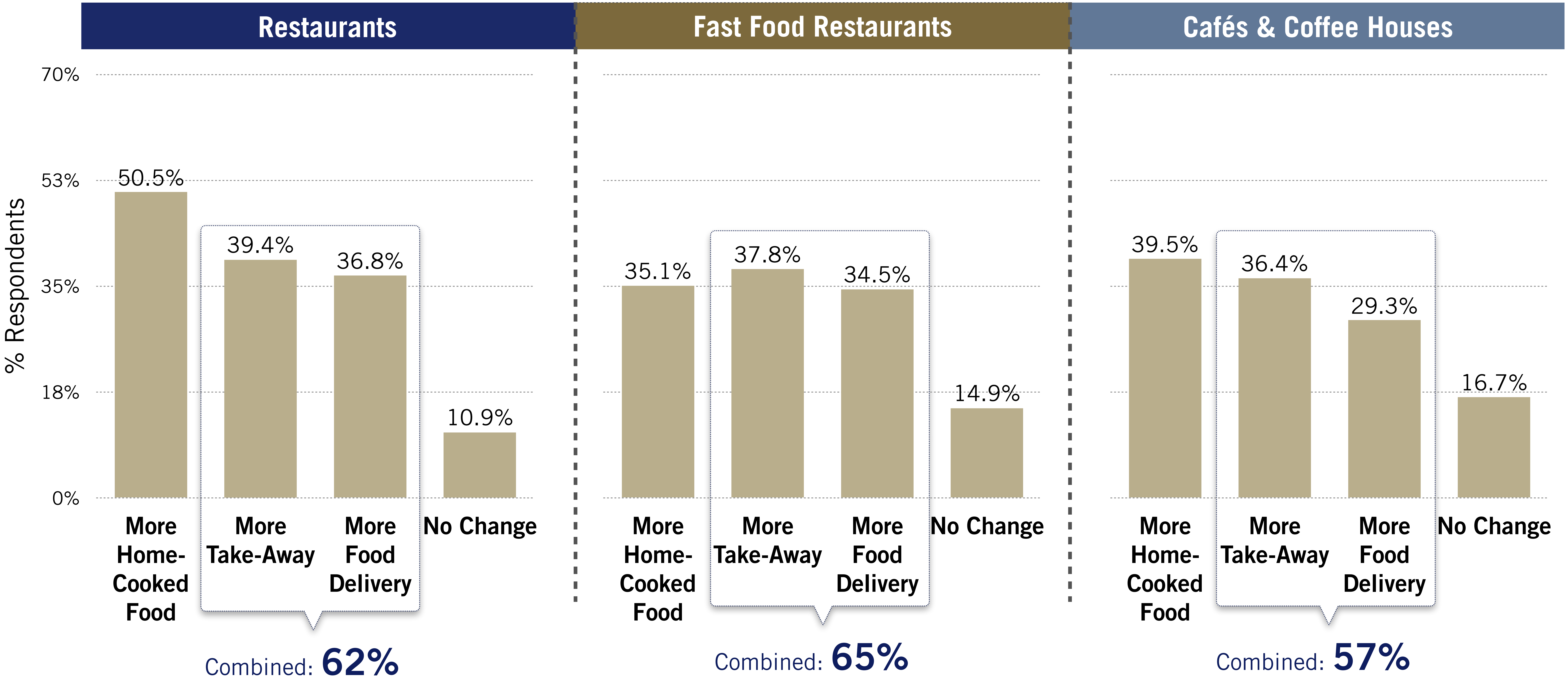
#savefnbsg

New Communities

CHANGES IN DINING BEHAVIOUR

Most Customers Increased Takeout and Food Delivery Due to COVID-19

(F&B Sector: Thinking about the COVID-19 situation, did your patronage pattern change? (MA))

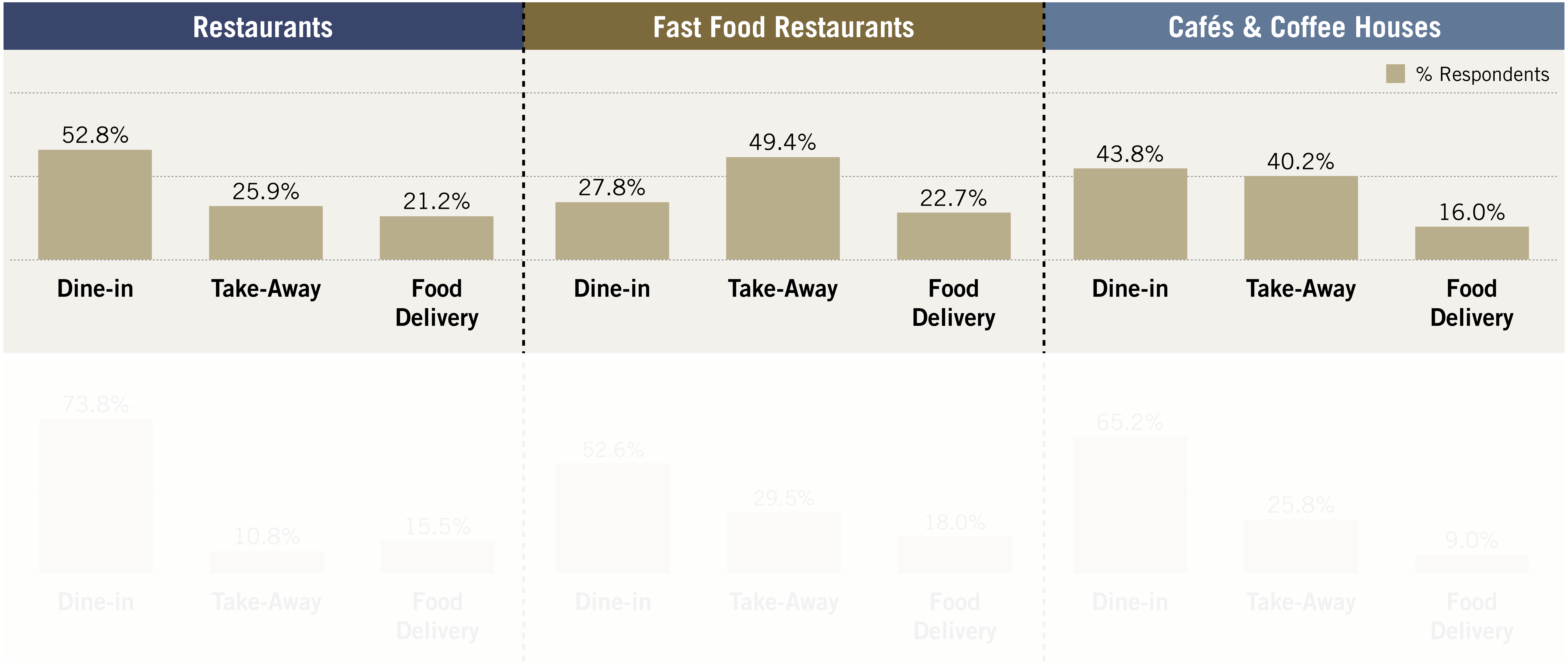


Multiple responses allowed for this question, hence sum of percentages may not add up to 100%.

A High Proportion of Customers Engage In Take-Away & Food Delivery

(F&B Sector: Comparing Dine-In, Take-Away and Food Delivery Respondents)

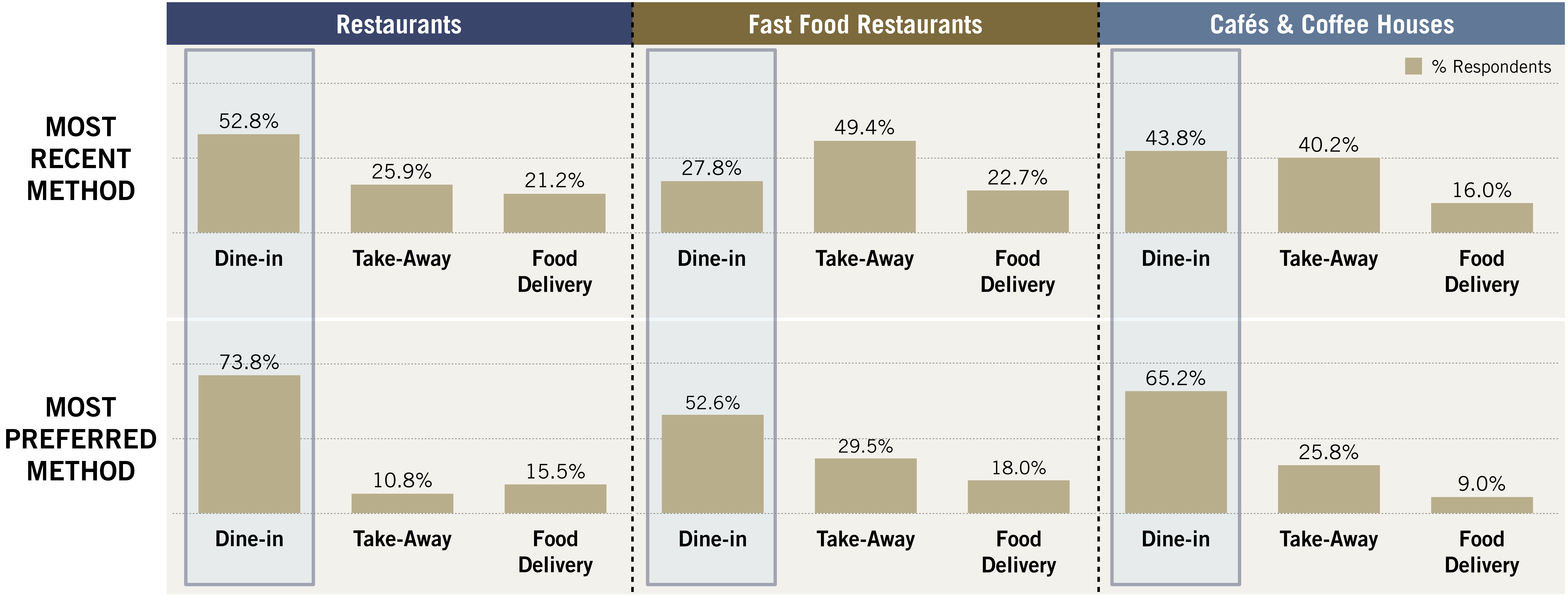
MOST RECENT METHOD



MOST PREFERRED METHOD

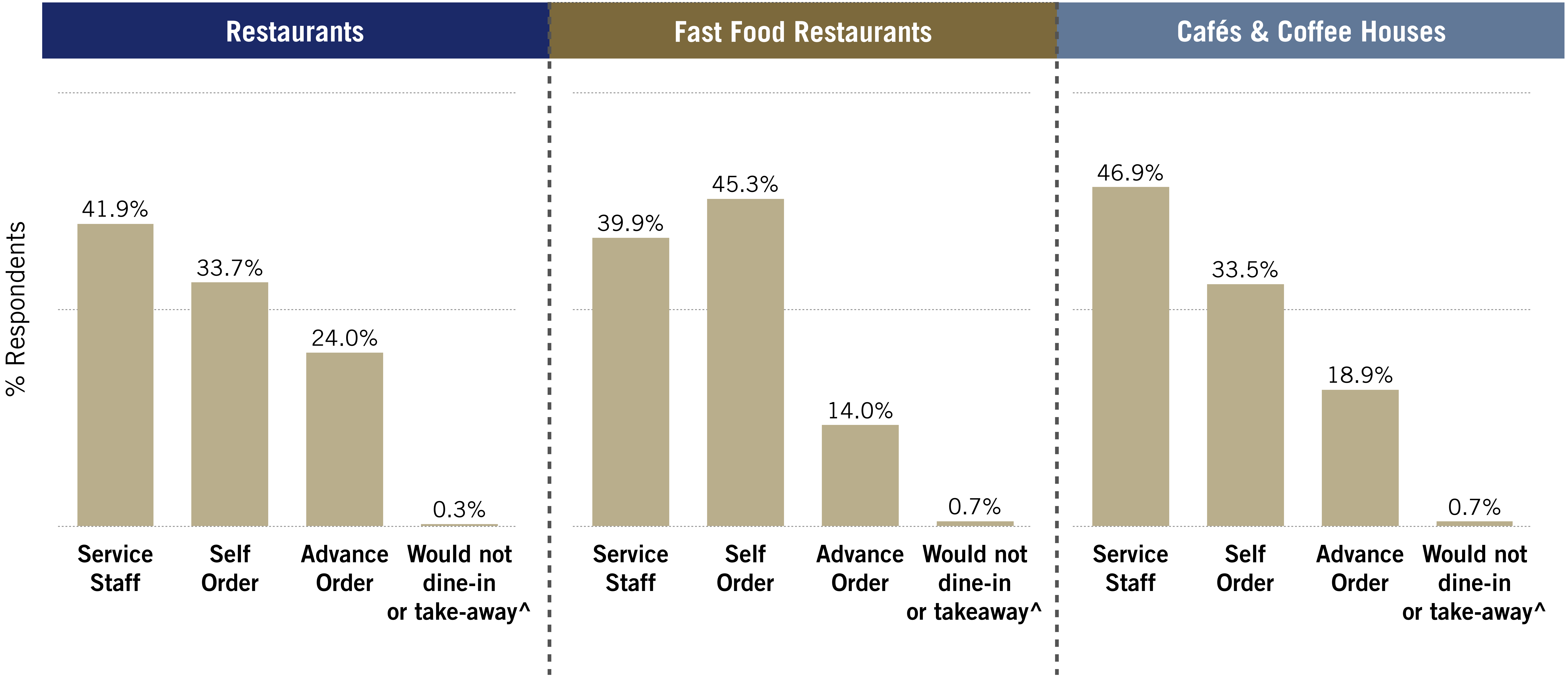
Preference For Dine-In Remains High Despite Lower Dine-In Behaviour

(F&B Sector: Comparing Dine-In, Take-Away and Food Delivery Respondents)



Ordering Through Service Staff Still Generally Preferred But Preference for Self-Ordering Relatively High

(F&B Sector: Preferred Ordering Methods)

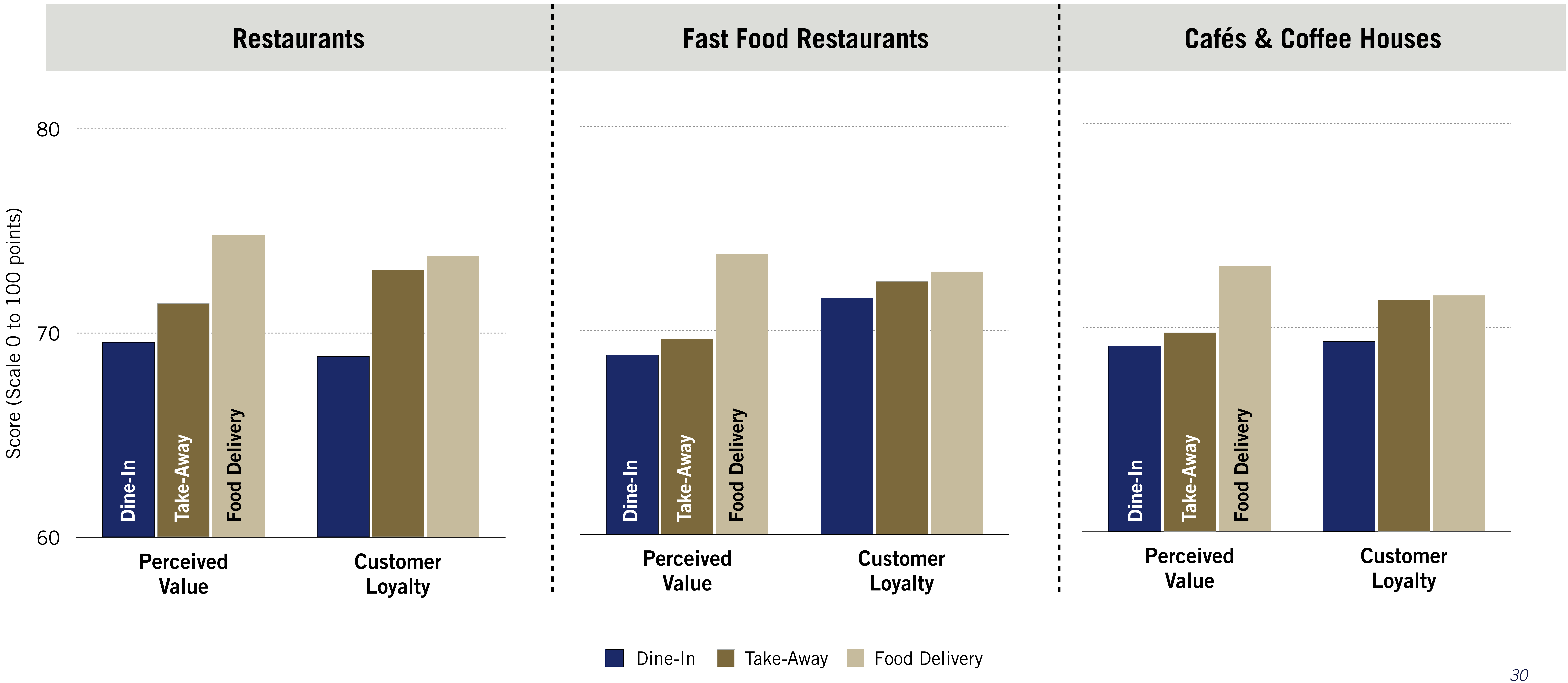


^ Only respondents who ordered delivery for their most recent meal and prefer delivery were given this option.

IMPACT OF DINING MODE ON PERFORMANCE

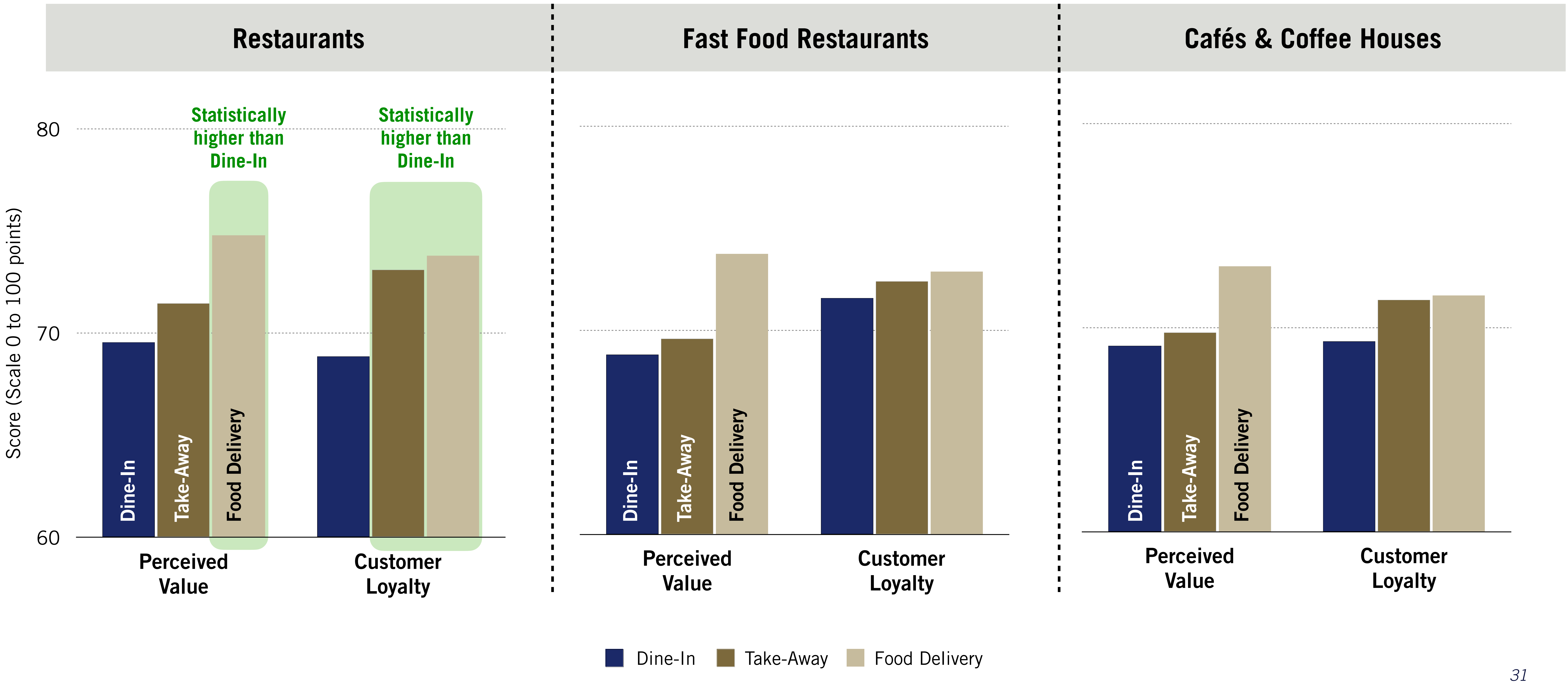
Perceived Value & Customer Loyalty Scores By Dining Method

(F&B Sector)



Perceived Value & Loyalty Lower for Restaurant Dine-In Customers

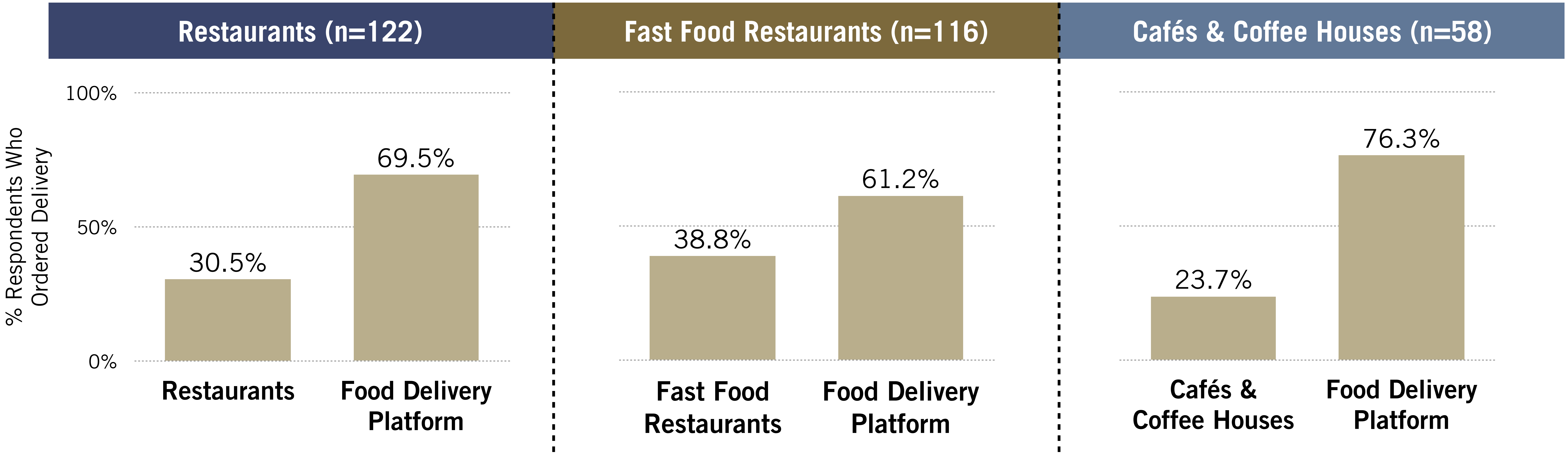
(F&B Sector: Perceived Value & Customer Loyalty Scores By Dining Method)



LEVERAGING ON DELIVERY

Most Delivery Orders Made By Food Delivery Platforms

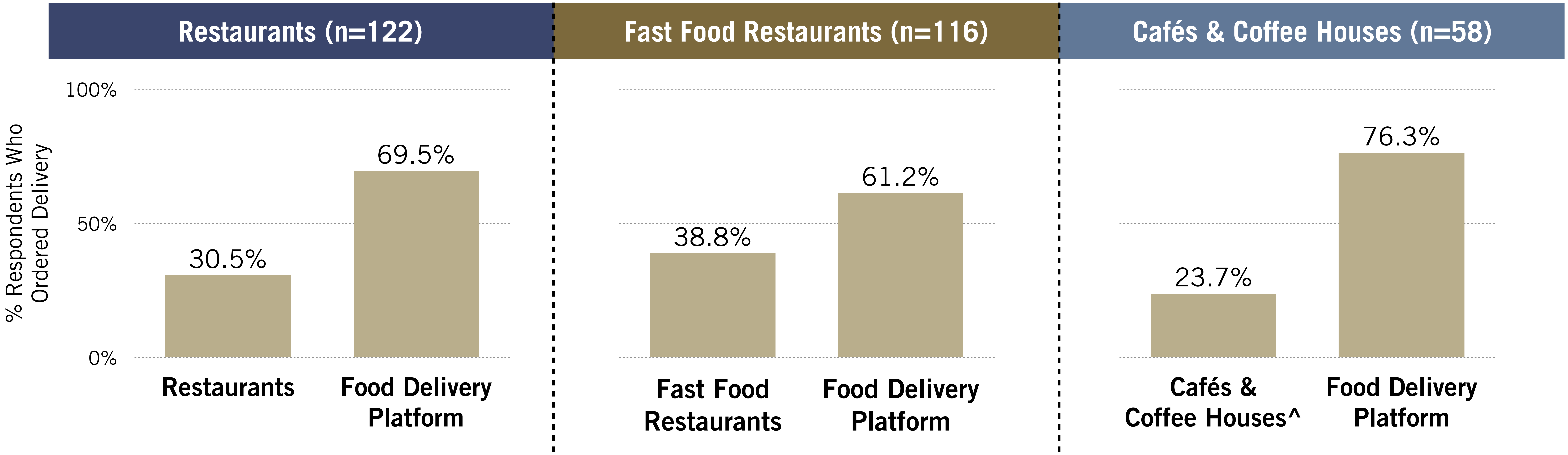
(F&B Sector: Which Delivery Service Did The Respondents Order From)



Note: *Food Delivery Platforms include GrabFood, Food Panda, Deliveroo, etc.*

Customers More Satisfied With Delivery Service If Ordered And Delivered By The Restaurant

(F&B Sector: Which Delivery Service Did The Respondents Order From)



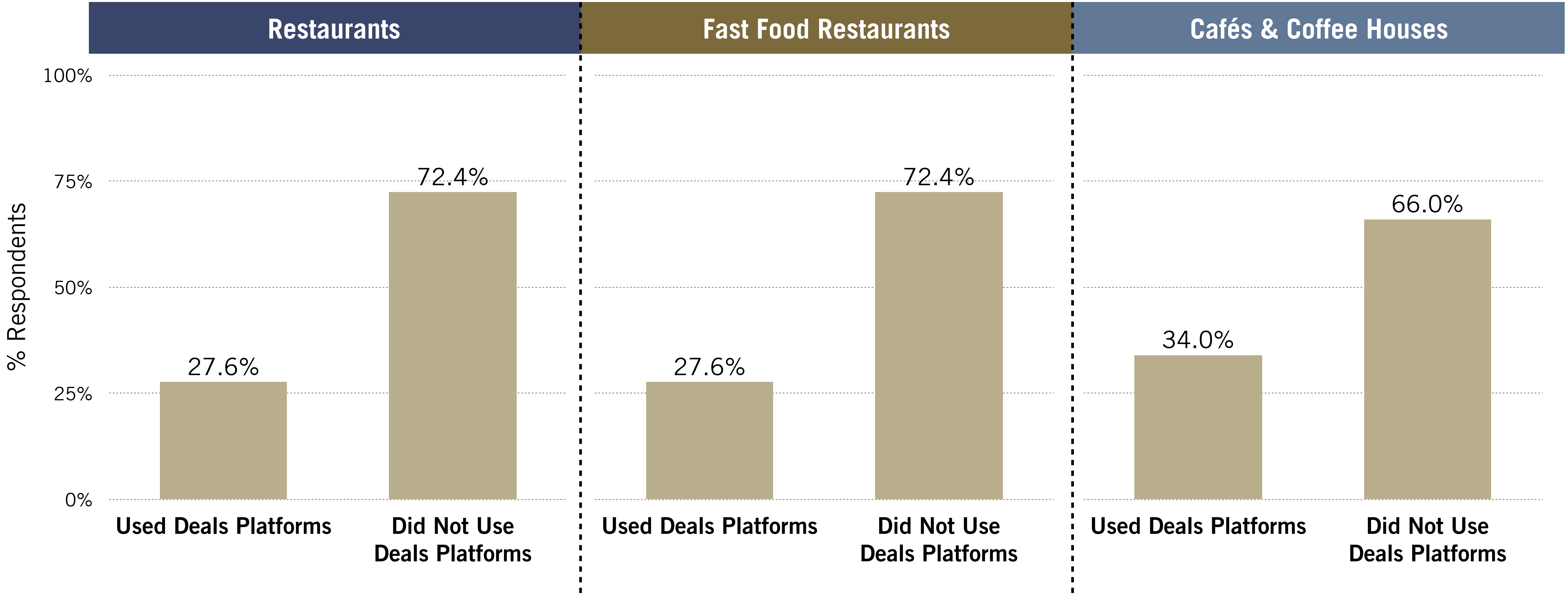
	Restaurants	Food Delivery Platform	Fast Food Restaurants	Food Delivery Platform	Cafés & Coffee Houses^	Food Delivery Platform
Satisfaction with Delivery Service (Rating scale of 1 to 10)	8.61	7.49	8.41	7.79	8.19	8.08

GREEN/RED indicates that the rating is statistically **HIGHER/LOWER** than the other segment at 90% confidence.
^Due to small sample size (<30), findings are only indicative.

Note: *Food Delivery Platforms include GrabFood, Food Panda, Deliveroo, etc.*

LEVERAGING ON DEALS

Use of Deals Platforms For Most Recent Purchase
(F&B Sector)



Note: *Deals Platforms Include "Fave Deals", "HungryDeals","Burrple Beyond", "The Entertainer", etc.*

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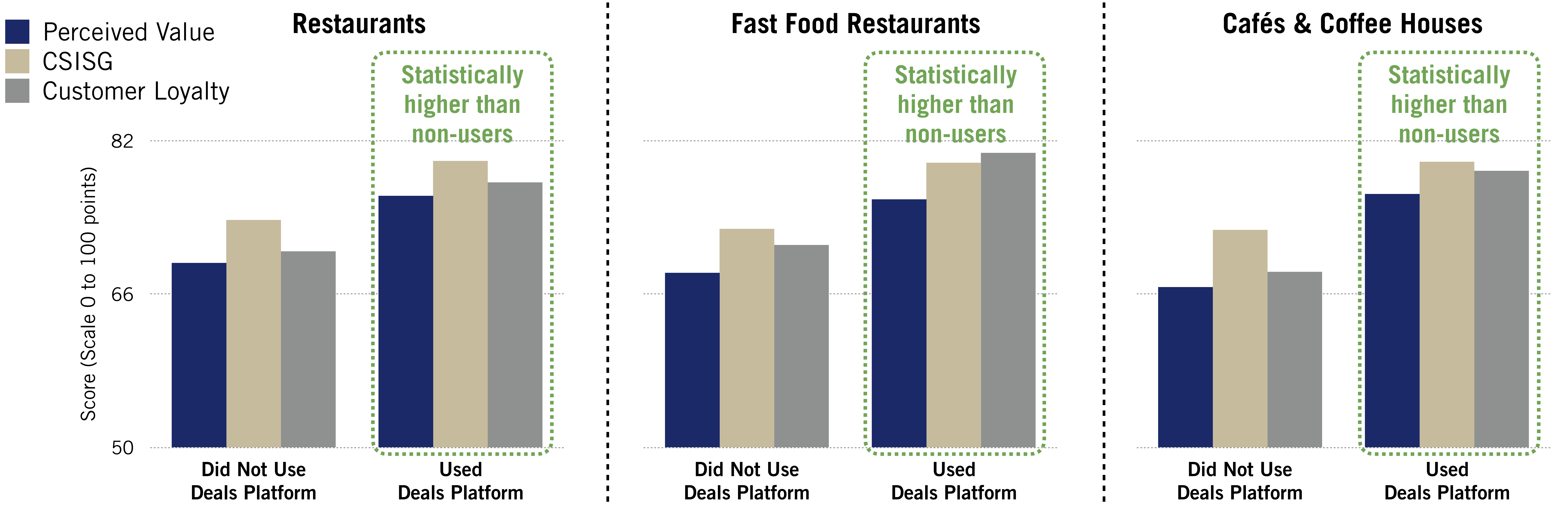
Platforms Users Scored Higher On Perceived Value, Satisfaction, Loyalty

(F&B Sector: Use of Deals Platforms For Most Recent Purchase)



Median Spend Per Pax	Restaurants: Did Not Use Deals Platform	Restaurants: Used Deals Platform	Fast Food Restaurants: Did Not Use Deals Platform	Fast Food Restaurants: Used Deals Platform	Cafés & Coffee Houses: Did Not Use Deals Platform	Cafés & Coffee Houses: Used Deals Platform
	$20	$30	$10	$20	$10	$25

GREEN/RED indicates statistically **HIGHER/LOWER** median spend per pax as compared to those who did not use deals platform at 90% confidence.

Note: *Deals Platforms Include "Fave Deals", "HungryDeals", "Burrple Beyond", "The Entertainer", etc.*

While Product Quality Is Generally Key To Loyalty, It Is More Critical For Take-Away & Delivery Customers

(F&B Sector: Top 3 Drivers of Loyalty By Mode of Dining)

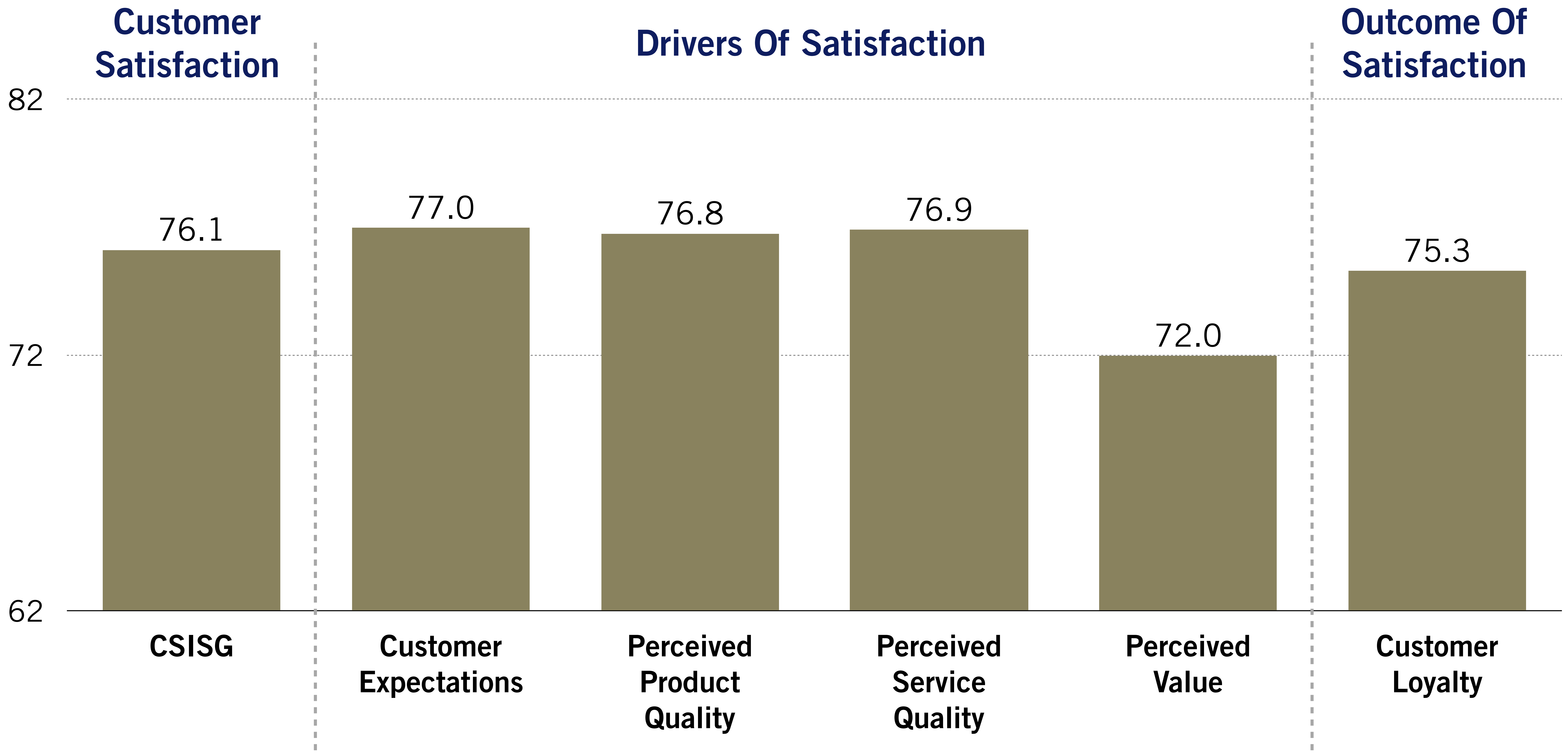
Increasing Positive Impact on Loyalty ↑

Dine-in			Take-away			Food Delivery		
Restaurants	Fast Food	Cafés and Coffee Houses	Restaurants	Fast Food	Cafés and Coffee Houses	Restaurants	Fast Food	Cafés and Coffee Houses
Design of the outlet is visually appealing	Payment process is smooth	Serves good quality beverages	Serves good quality food	Food is tasty	Serves good quality food	Serves good quality beverages	Serves good quality food	Serving portions are appropriate
Food is tasty	Serves good quality food	Serves good quality food	Ordering process is simple	Serving portions are appropriate	Ordering process is simple	Food looks appetizing	Food is tasty	Payment process is smooth
Ordering process is simple	Design of the outlet is visually appealing	Food looks appetising	Staff is proactive in offering help		Staff is proactive in offering help	Payment process is smooth	Easy to track your order	

Legend: Store | Ordering Processes | Product | Staff | Payment

TOURISM SECTOR RESULTS

Attractions Sub-Sector Performance

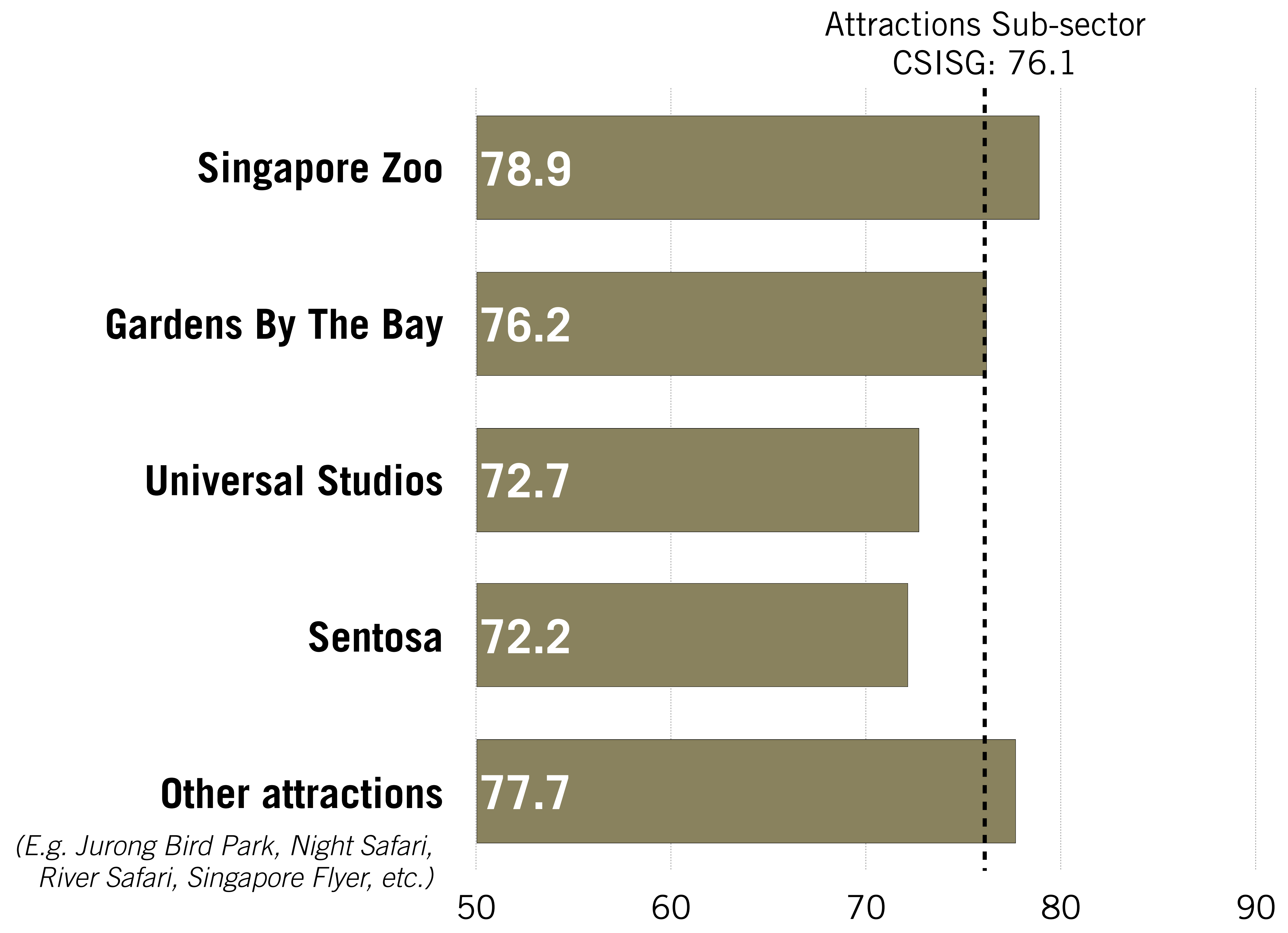


Respondents: Locals Who Visited Attractions in The Past 6 Months

Notes: (1) Year-on-year comparison not available for this sub-sector, due to the change in methodology. Comparison of scores with the remaining sub-sectors remain limited due to the change in methodology from face-to-face to online surveys. (2) The previously measured Hotels (Tourism) sub-sector was not measured this year, due to the COVID-19 travel restrictions on tourist arrivals in 2020.

Attractions Company CSISG Scores

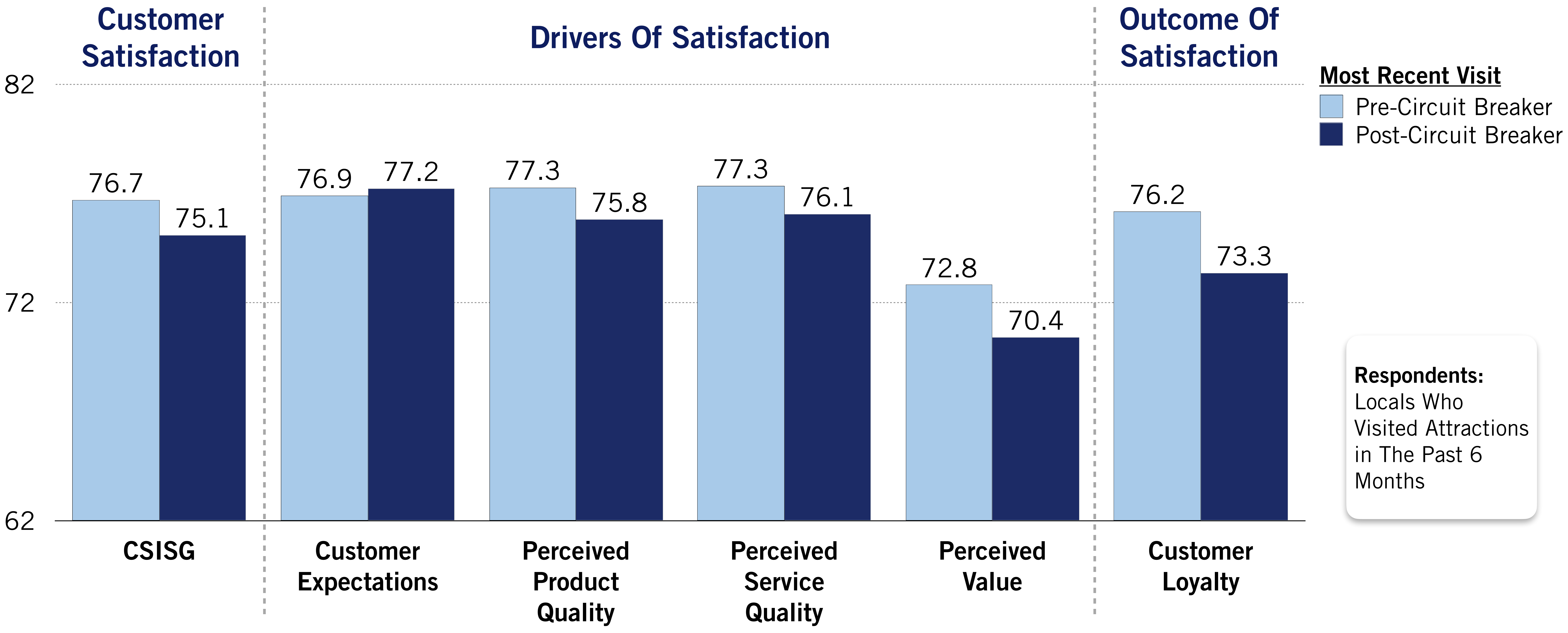
(Locals Who Visited Paid Attractions in The Past 6 Months)



Note: *No year-on-year change shown for the Attractions sub-sector as there was a change in data collection methodology from face-to-face interviews with both locals and tourists in 2019 to online with locals only in 2020.*

Marginal Declines In Scores Post-Circuit Breaker

(Attractions: Pre-Circuit Breaker vs Post-Circuit Breaker)



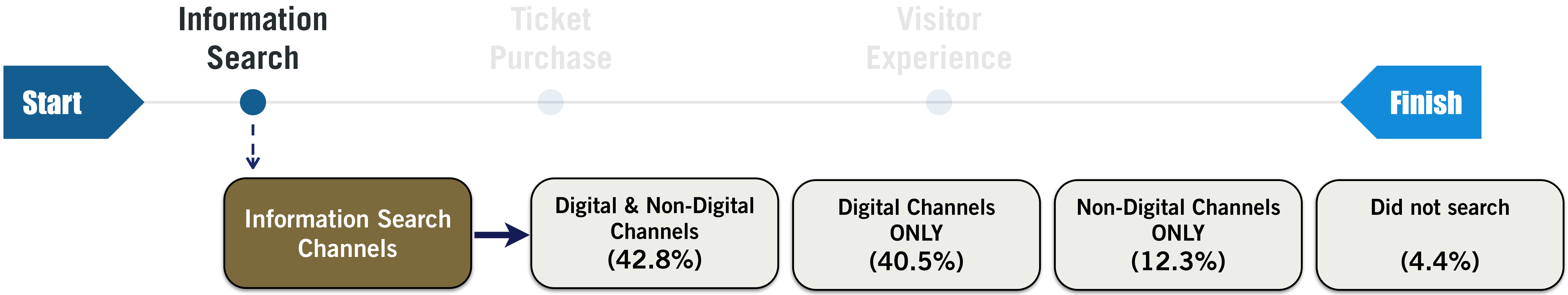
Respondents: Locals Who Visited Attractions in The Past 6 Months

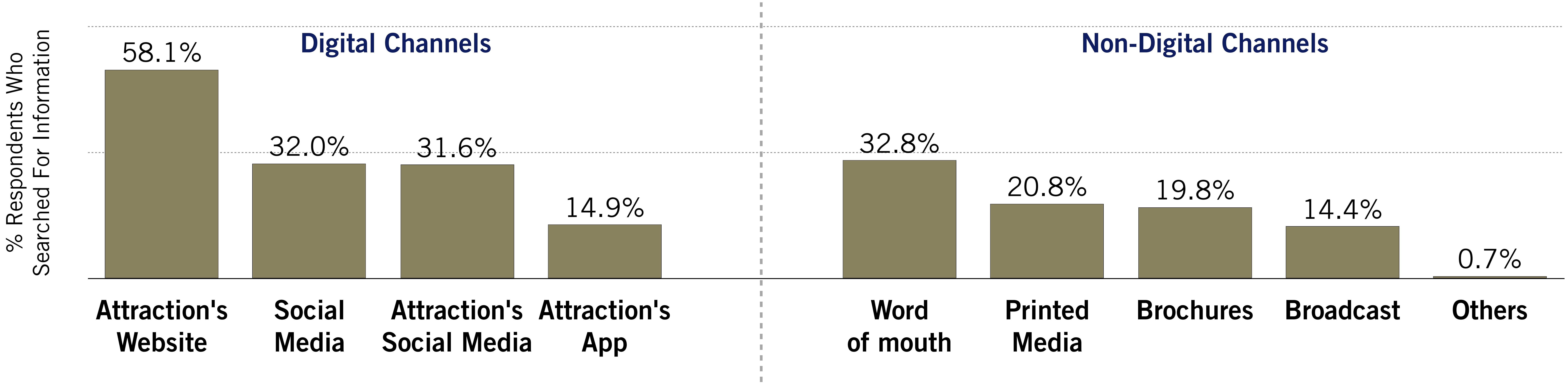
Attractions Visitor Journey (Locals)

Start → Information Search → Ticket Purchase → Visitor Experience → Finish

(Pre-visit, Information & Way-finding, Service Staff, Attractions, Amenities & Facilities

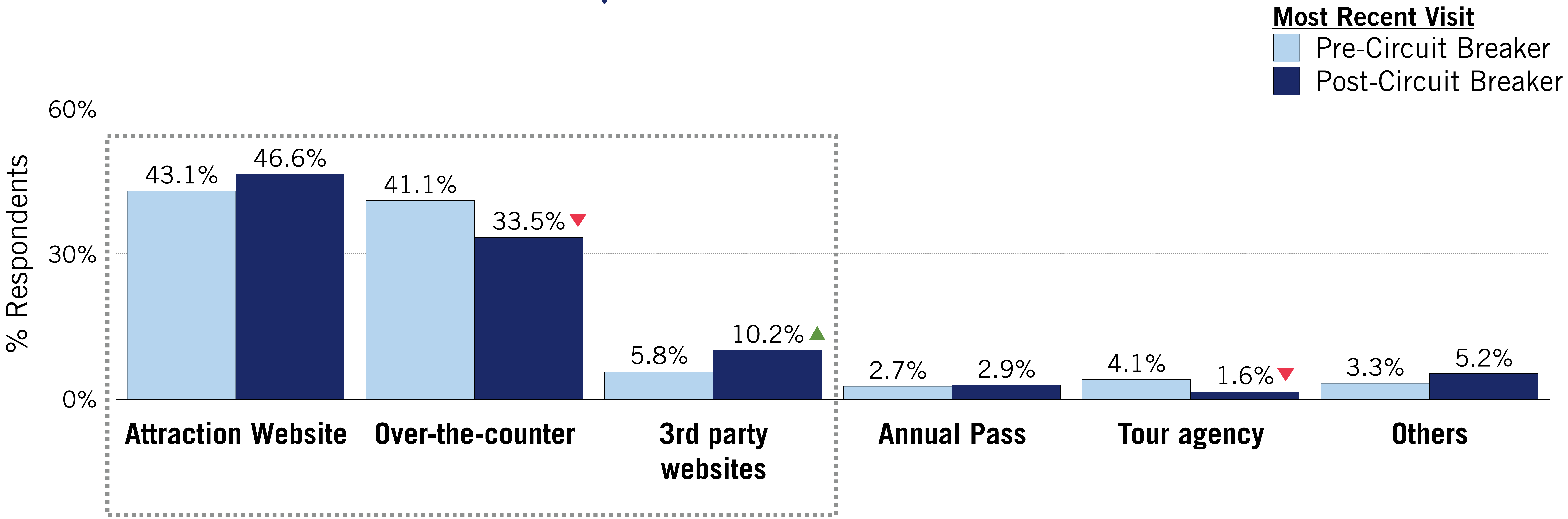
Attractions: Majority Used Digital Channels To Get Information





Multiple responses question, hence sum of percentages may not add up to 100%.

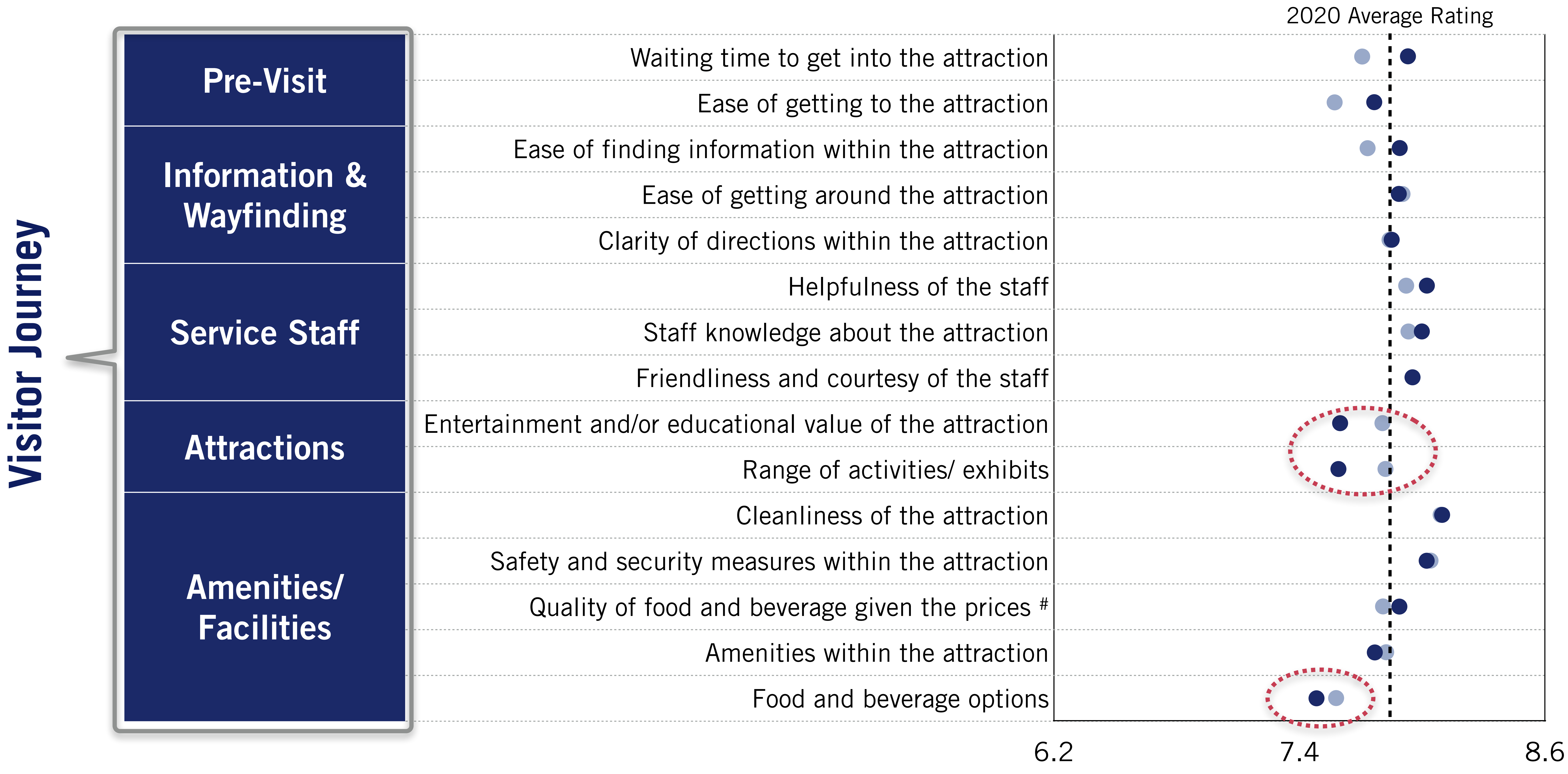
Attractions: Reduction in Over-the-Counter Ticket Purchases



▲▼ Statistically significant **increase**/**drop** from Pre-Circuit Breaker Period at 90% confidence

Marginal Declines In Attribute Ratings Post Circuit-Breaker

Marginal Declines In Attribute Ratings Post Circuit-Breaker
(Attractions: Visitor Experience Journey)



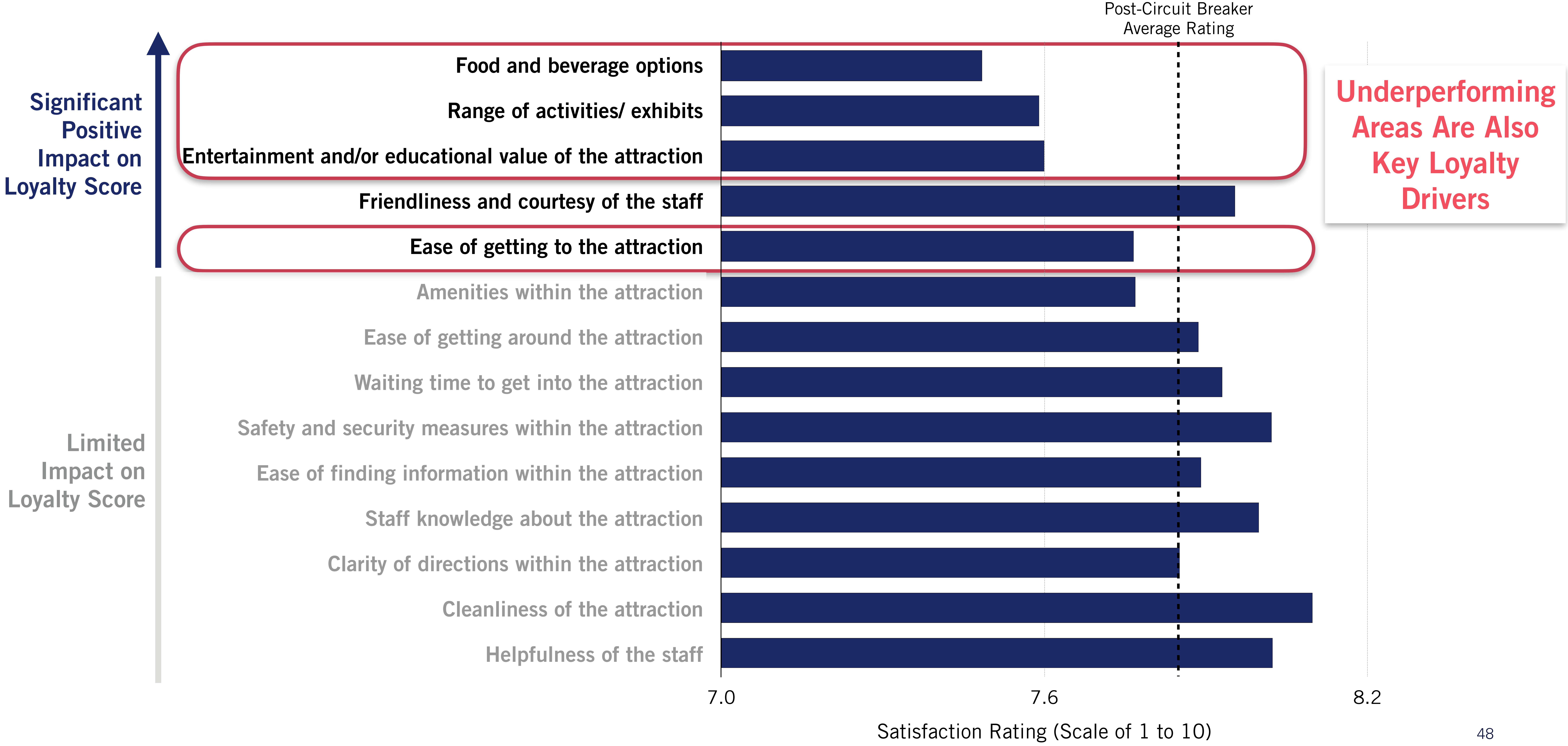
Respondents: Locals Who Visited Attractions in The Past 6 Months

# denotes that this question are answered only by respondents that dined in the attraction

Areas For Improvement: Selected Verbatim Comments

Post-Circuit Breaker (After Attractions Reopened)		
Attraction Experience	**F&B Related**	**Covid-19 Related**
Can have **new exhibits once every 6 months,** and to have **small scale shows and interactions activities**	**Varieties and the price of the food**. The price differences between food inside and outside is very high.	Perhaps **more directions and perhaps some more clarity on the new measures** that have been put in place…..
…Can also consider reducing the price for Singaporeans as **Singaporeans are constantly looking for better pricing attractions** they can go to or worth-the-cost attractions.	Maybe the food choices can have more variety, to **include more local choices**. The food are mainly all western food, which not all people will enjoy.	Understand that it is due to the Covid situation that **the** *[name of show]* **were stopped.** Hope that it will be available again soon.
When it gets crowded, it may be a little **difficult to take pictures** … Maybe **limit the number of people inside.**	Revamp on the **price of the food**. Its so expensive in there and we have no choice but to purchase from there.	Better **managing of safe distancing measures. Better information on promotional pages**.
…**Come up with new attractions.** Revamp the place, new architecture etc Have an area targeted to the locals and constantly change it so there are new things every year.	**Vending machines** may put few extra. **Simple local snacks** example curry puffs, nasi lemak. Breads.	… They can also **improve on their health protocols** as regards covid19
	Revamp on the **price of the food**. It's so expensive in there and we have no choice but to purchase from there.	**Safe distancing measures and handling the crowd better**…..

Attractions Attributes - Impact on Loyalty (Post-Circuit Breaker)



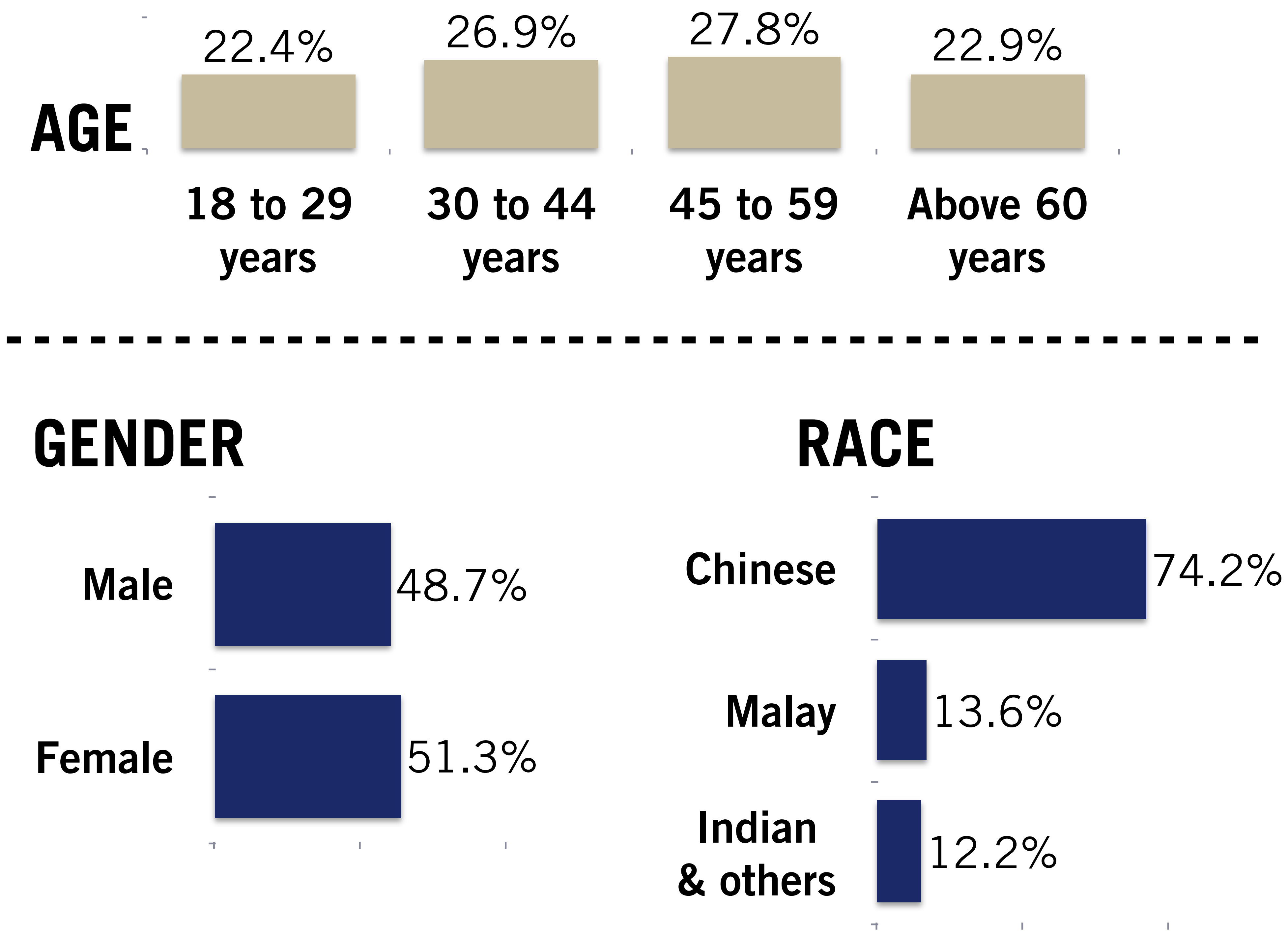
HOW IS DEMAND GOING TO LOOK LIKE?

Local Tourism Survey: Understanding Locals' Demand & Concerns

Research Methodology

	Local Tourism Study 2020
Data Collection Methodology	**Online Survey of Locals** (Singaporeans and PRs were randomly selected from a nationally representative online panel. Quotas were set to ensure the respondent profile was representative of the general population)
Fieldwork Period	18 Sept 2020 to 2 Oct 2020
Sample Size	n=450

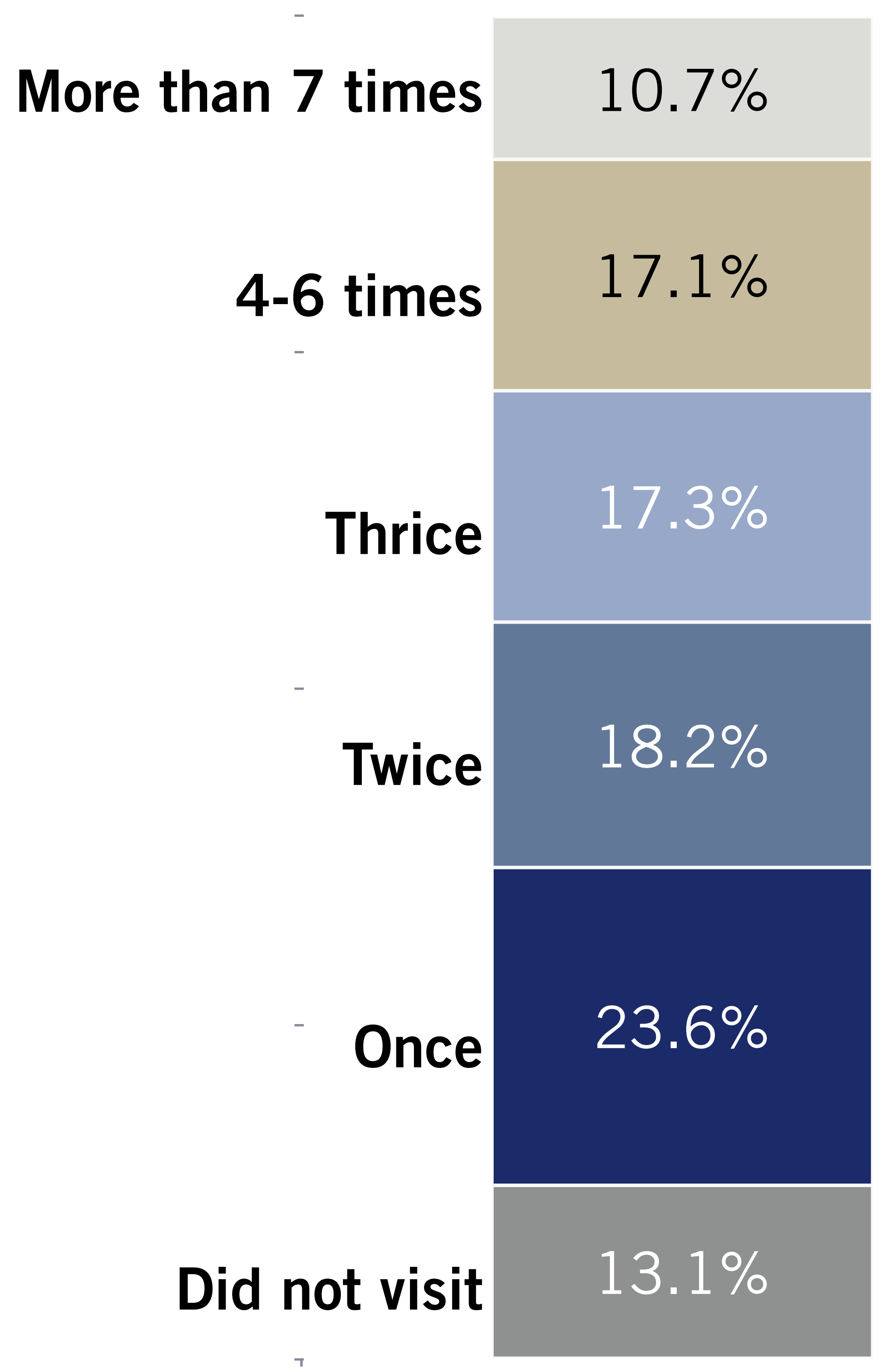
Respondent Demographics



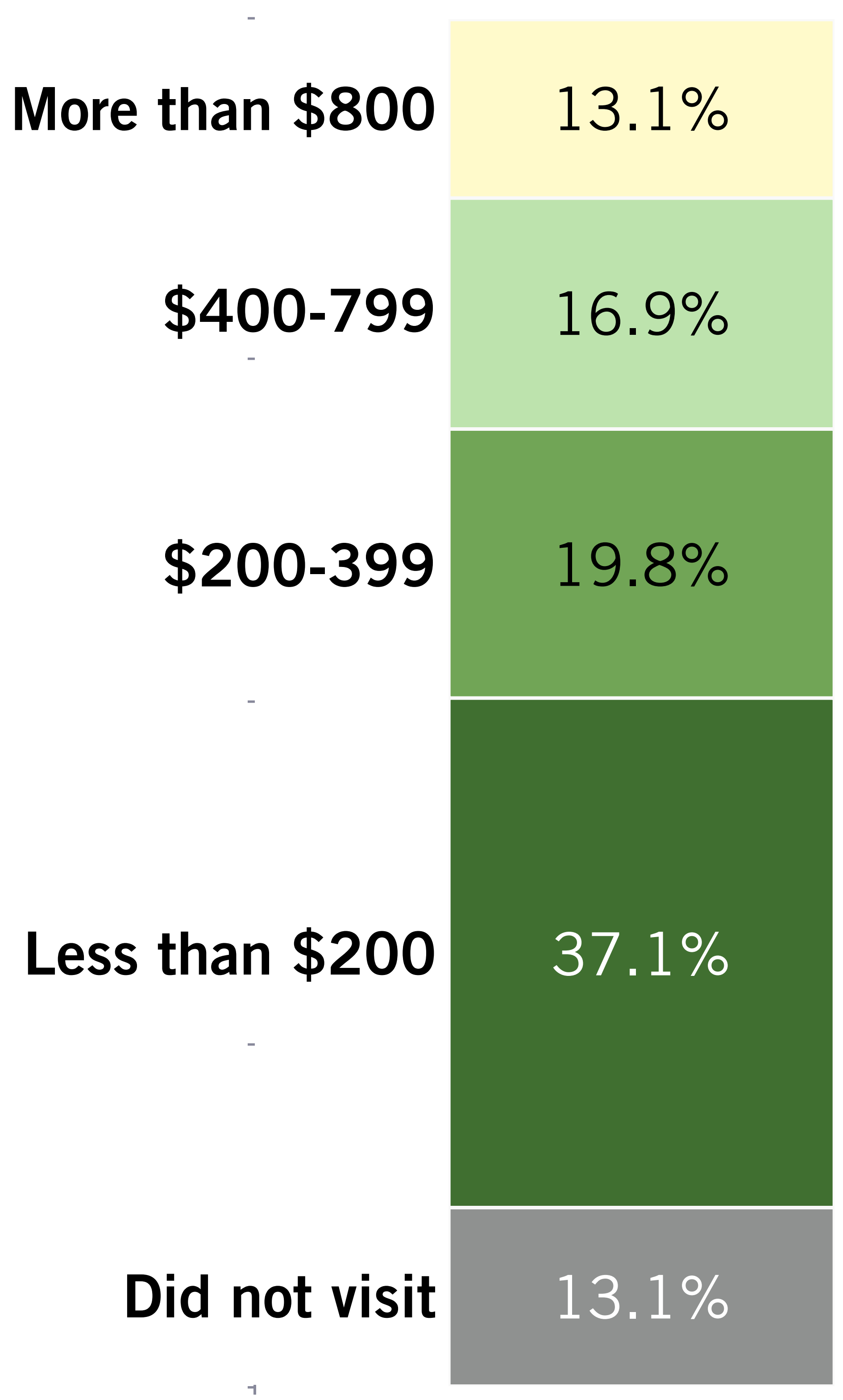
LOCAL DEMAND FOR ATTRACTIONS

Visiting Paid-Attractions Pre-COVID in 2019
(Locals Visit & Spend on Attractions: Pre-COVID-19)

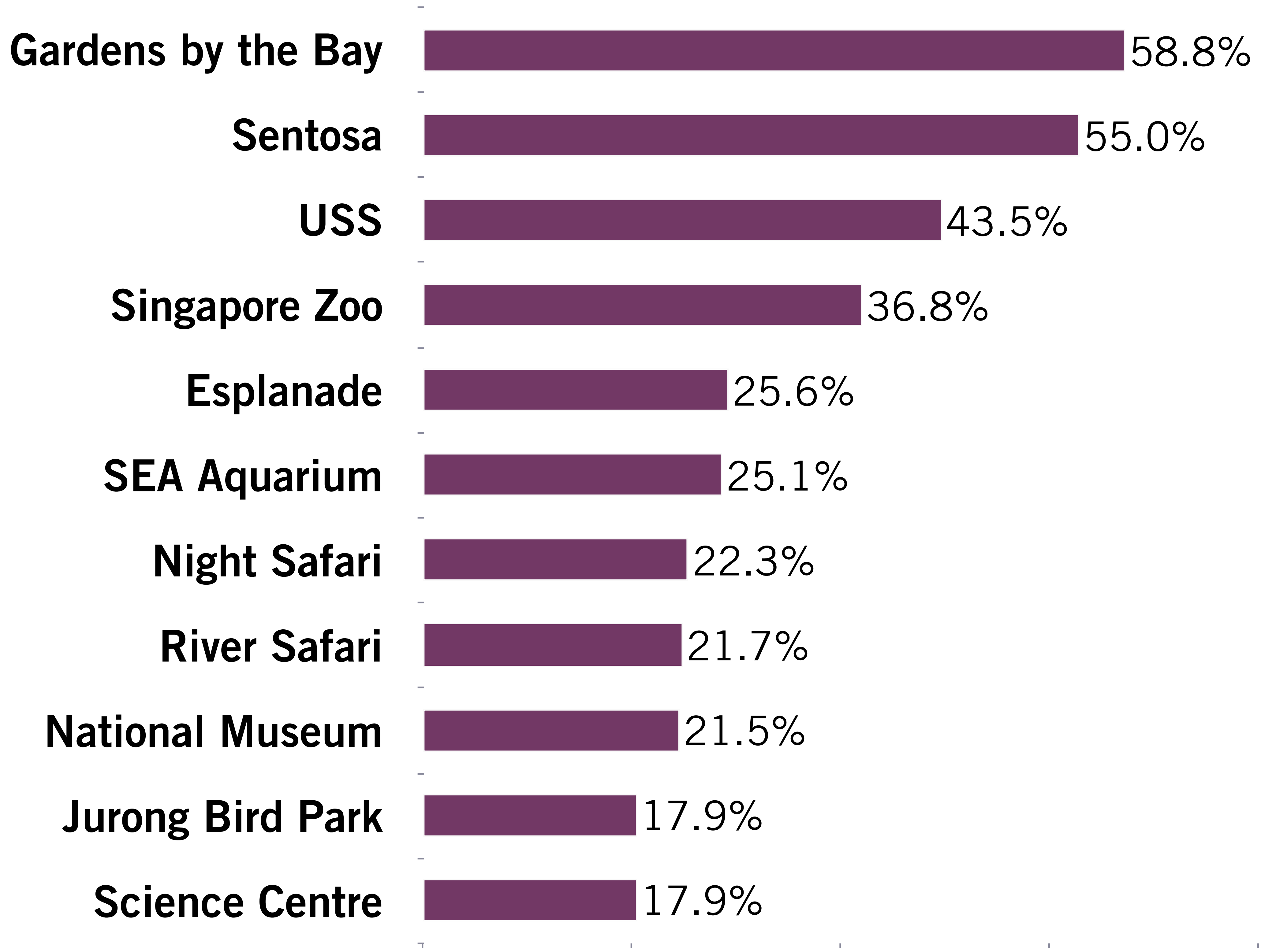
Frequency of visits to paid attractions in 2019



Spend on paid attractions 2019 *(per year)*



Top 10 paid attractions visited in 2019



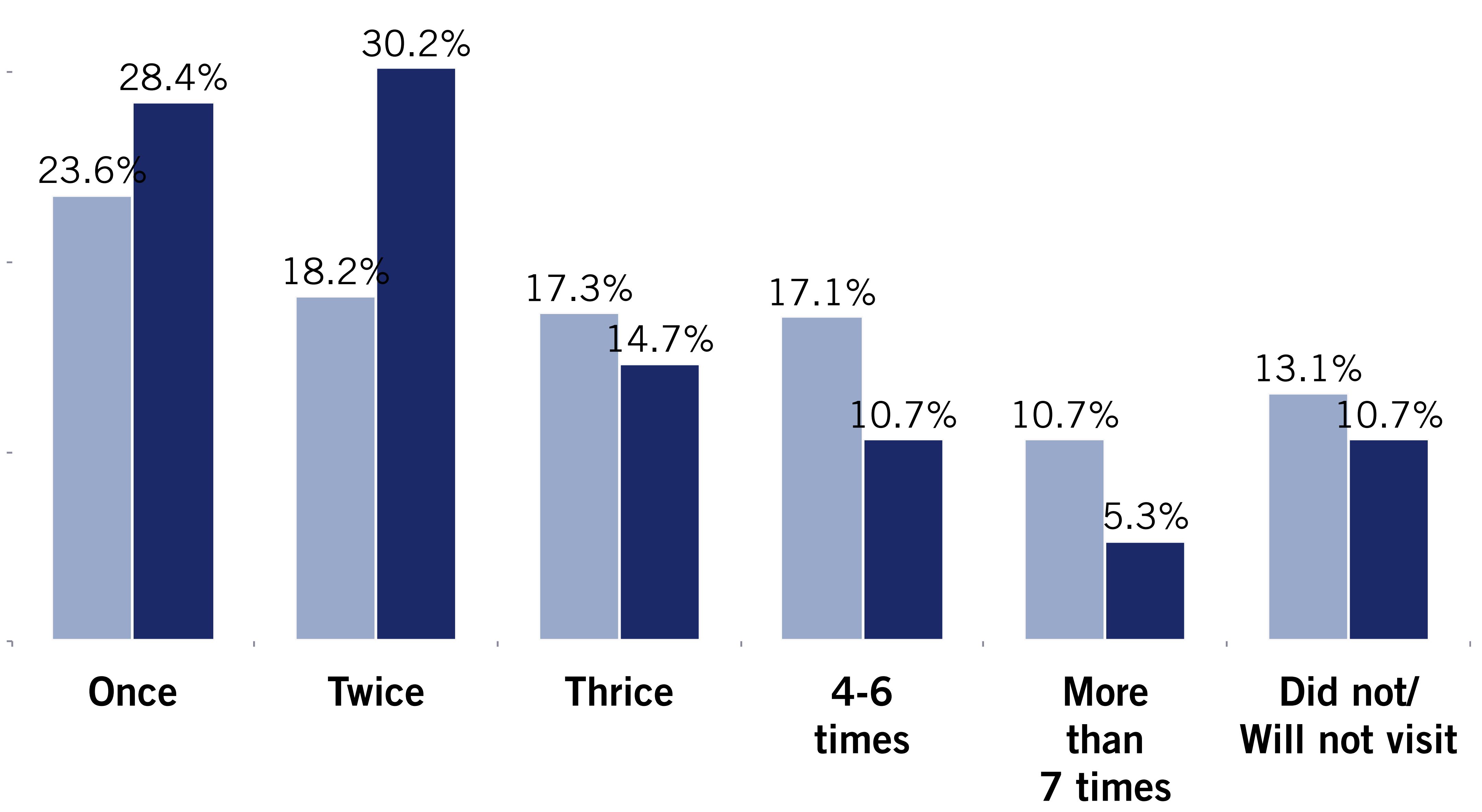
More In-Frequent Visits to Paid Attractions Expected

(Locals Visit & Spend on Attractions: Pre-COVID-19 vs Next 12 months)

2019
Next 12 Months

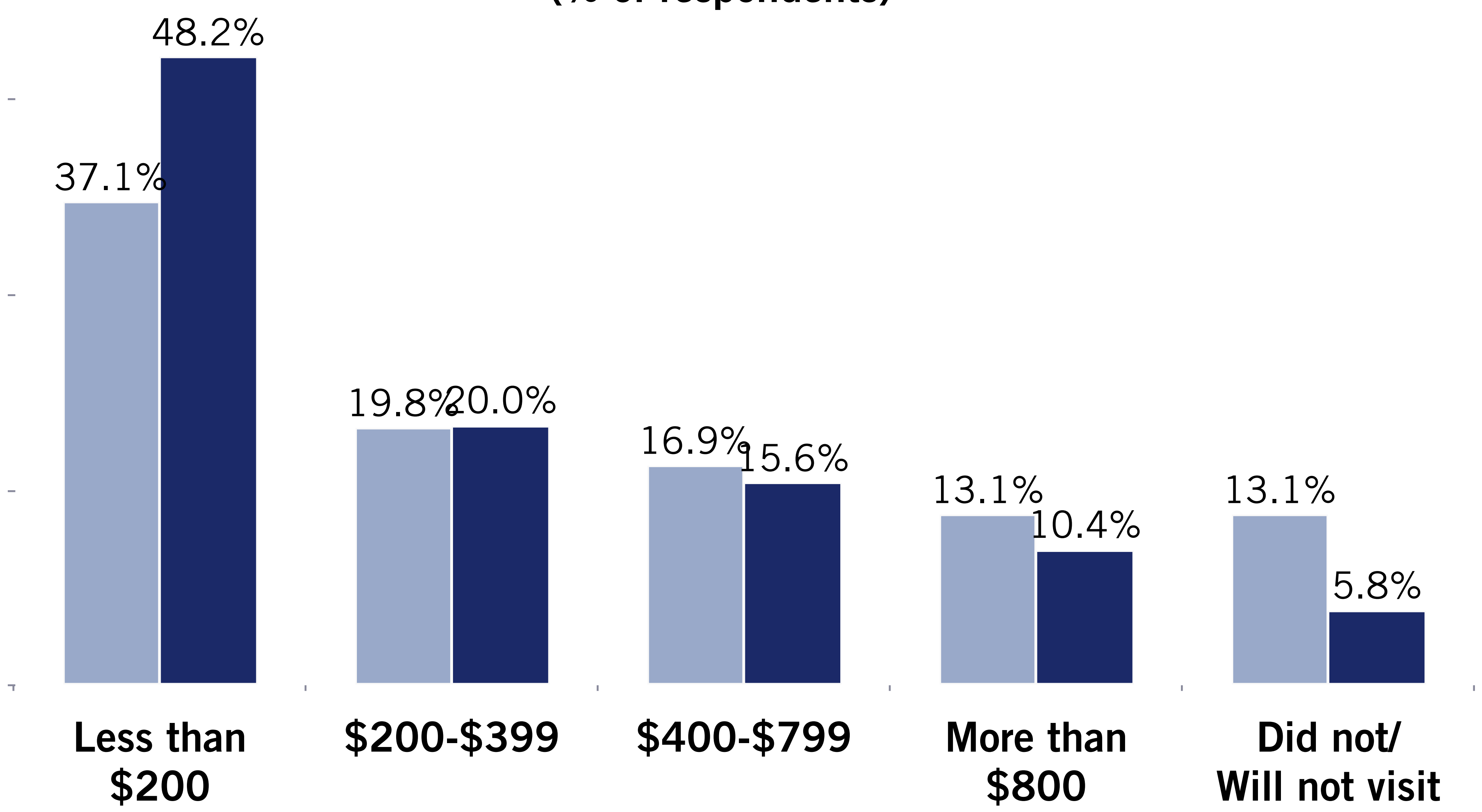
Frequency of paid attraction visits

(% of respondents)



Spend on paid attractions *(per year)*

(% of respondents)



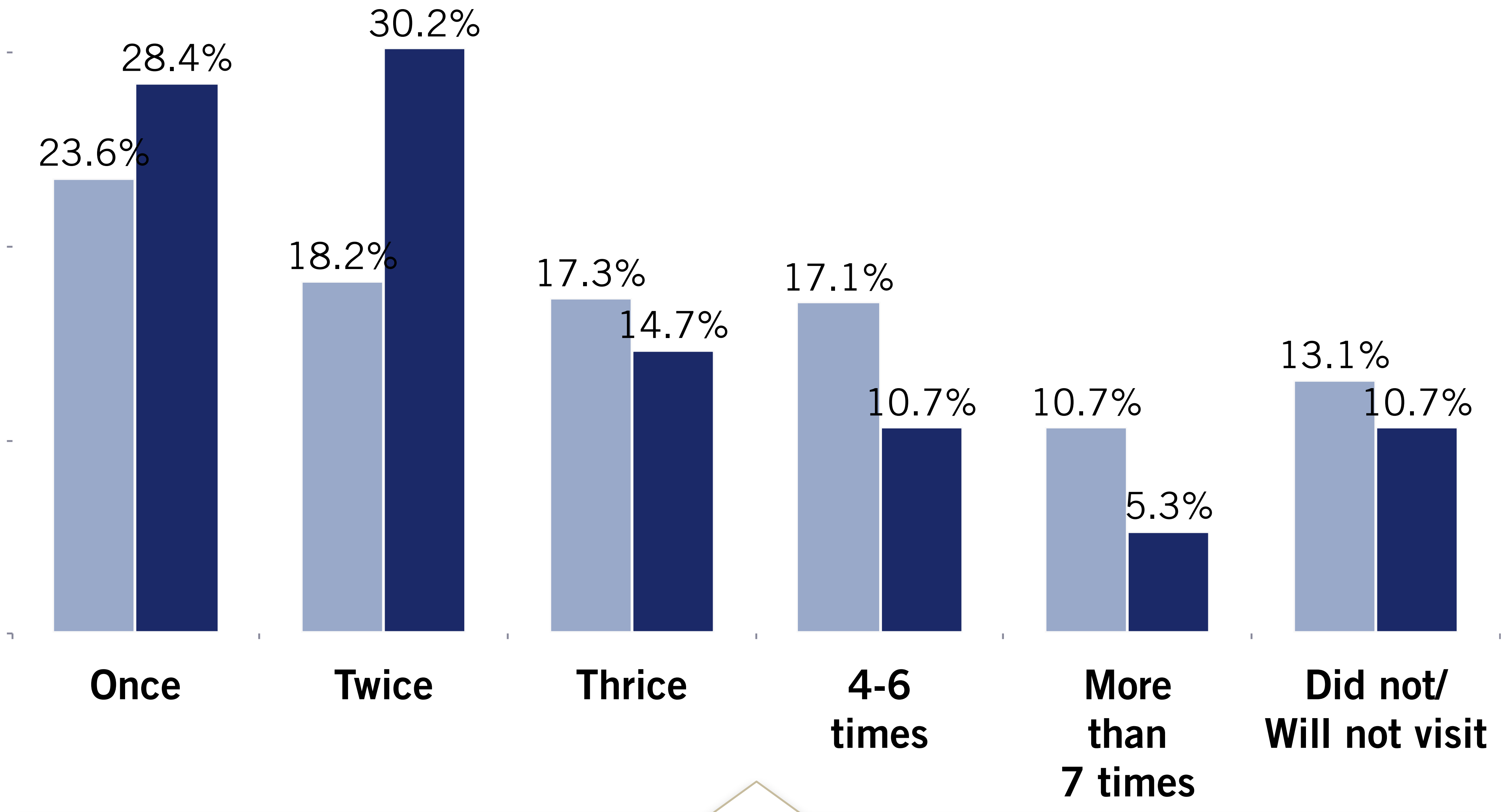
Most Locals Intend to Increase or Maintain Their Visits & Spend

(Locals Visits & Spend on Attractions: Pre-COVID-19 vs Next 12 months)

2019
Next 12 Months

Frequency of paid attraction visits

(% of respondents)



21% Increased

34% Unchanged

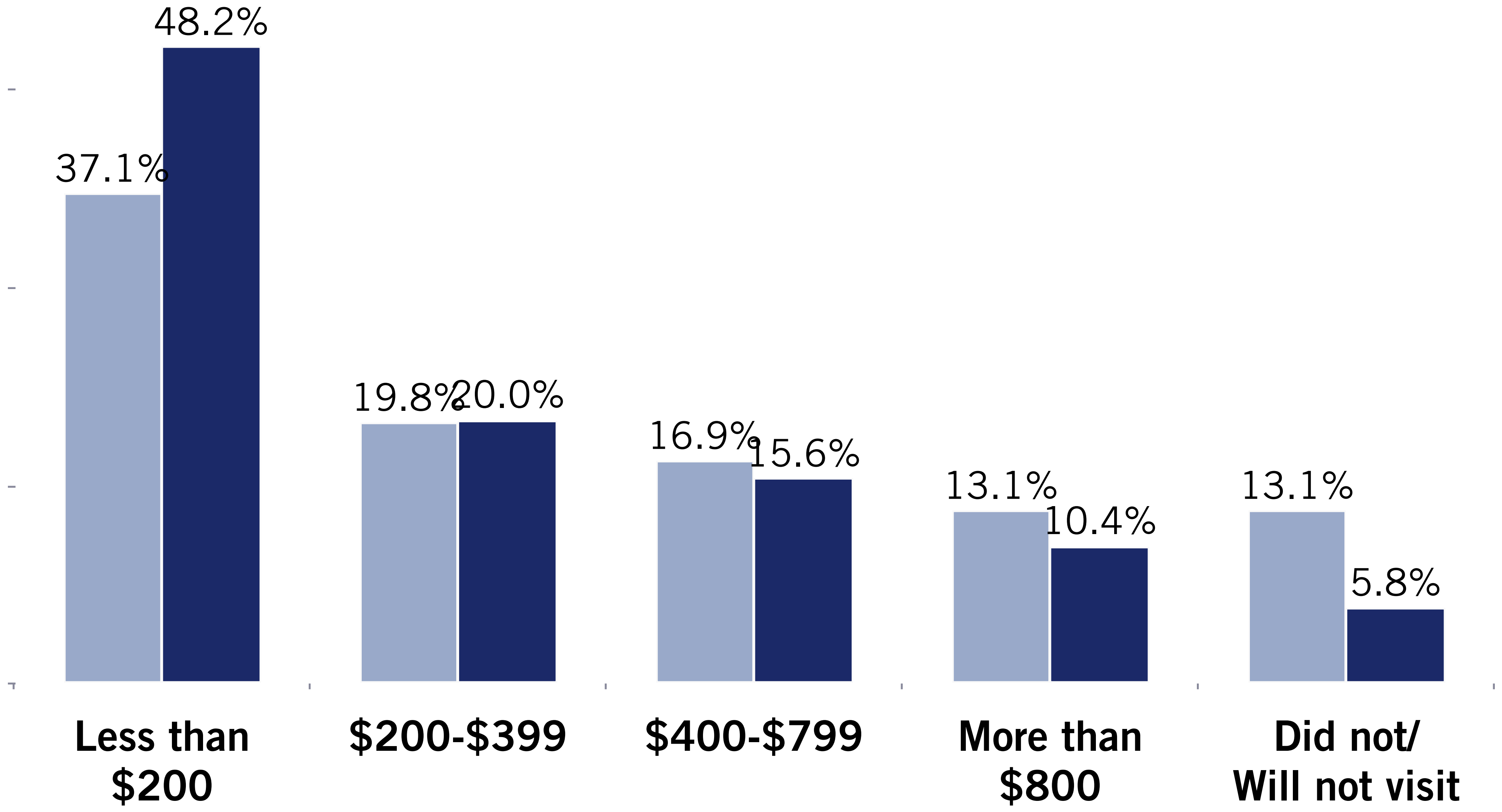
41% Decreased

5% Will Still Not Visit

% of respondents

Spend on paid attractions *(per year)*

(% of respondents)



24% Increased

46% Unchanged

28% Decreased

2% Will Still Not Visit

% of respondents

Attractions: Main Concerns When Visiting

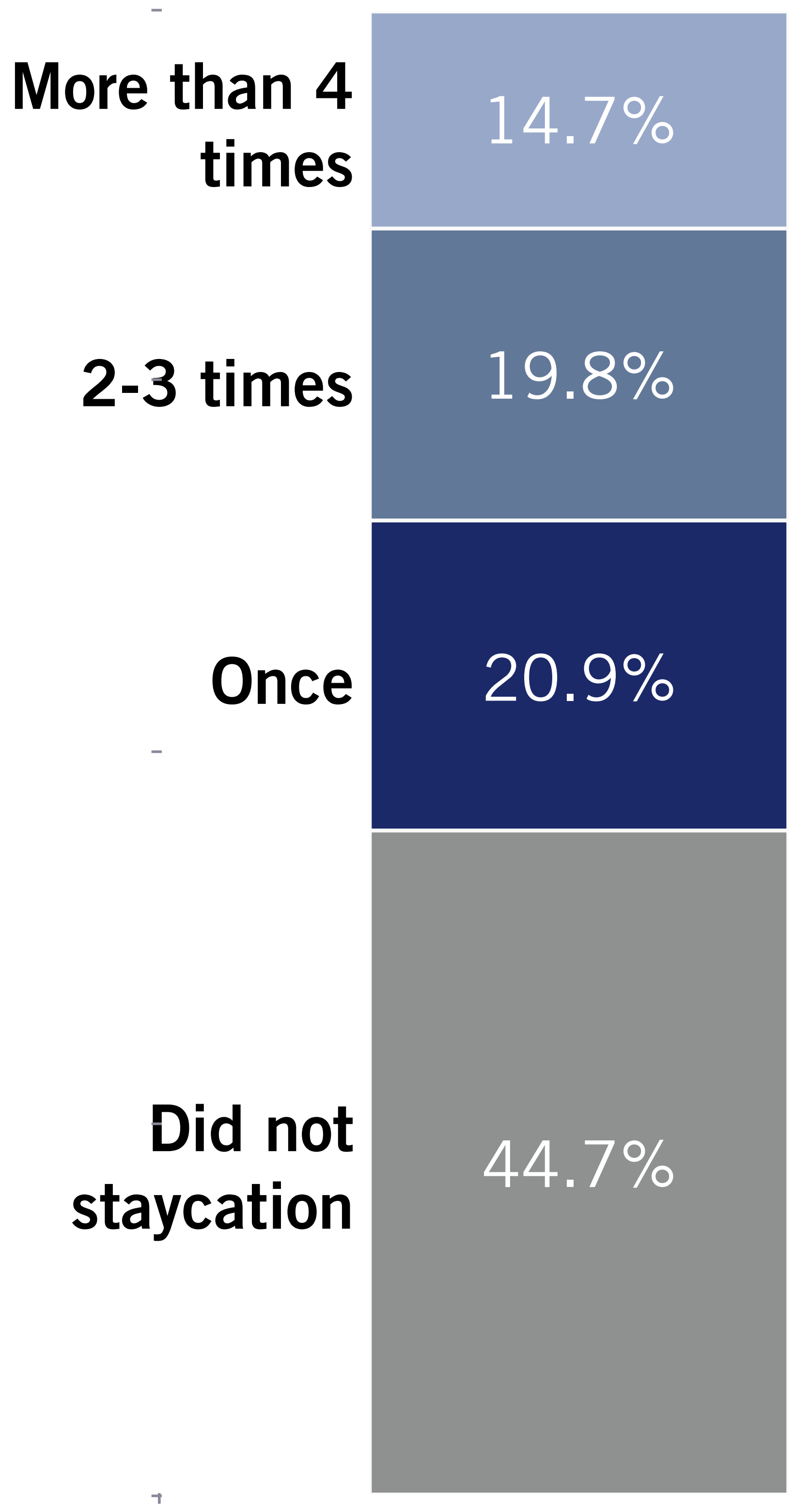
Attractions: Sanitisation/Safe-Distancing & Pricing Issues Are Key Concerns

LOCAL DEMAND FOR STAYCATIONS

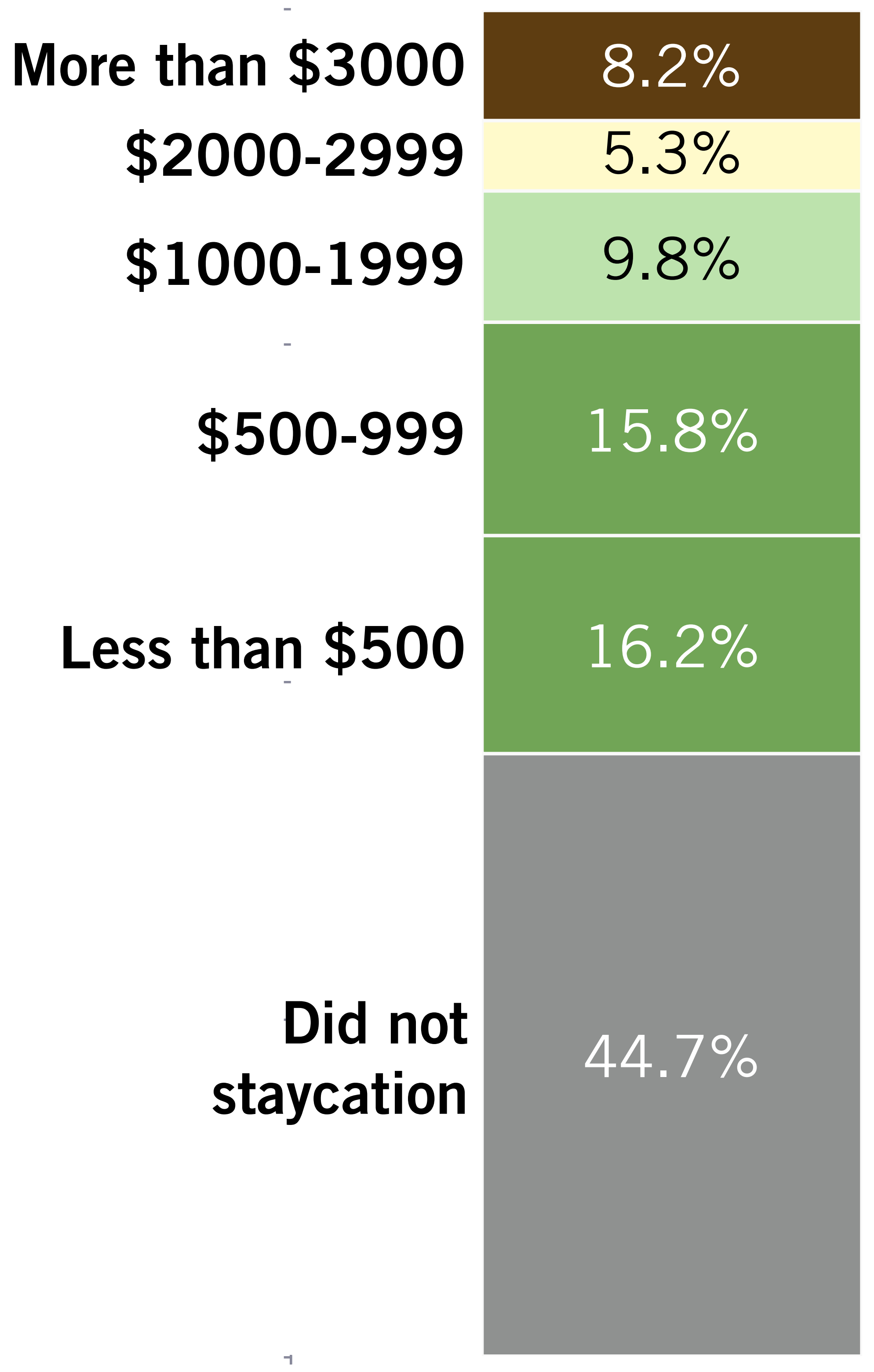
Staycations Pre-COVID in 2019

(Locals Frequency & Spend on Staycations: Pre-COVID-19)

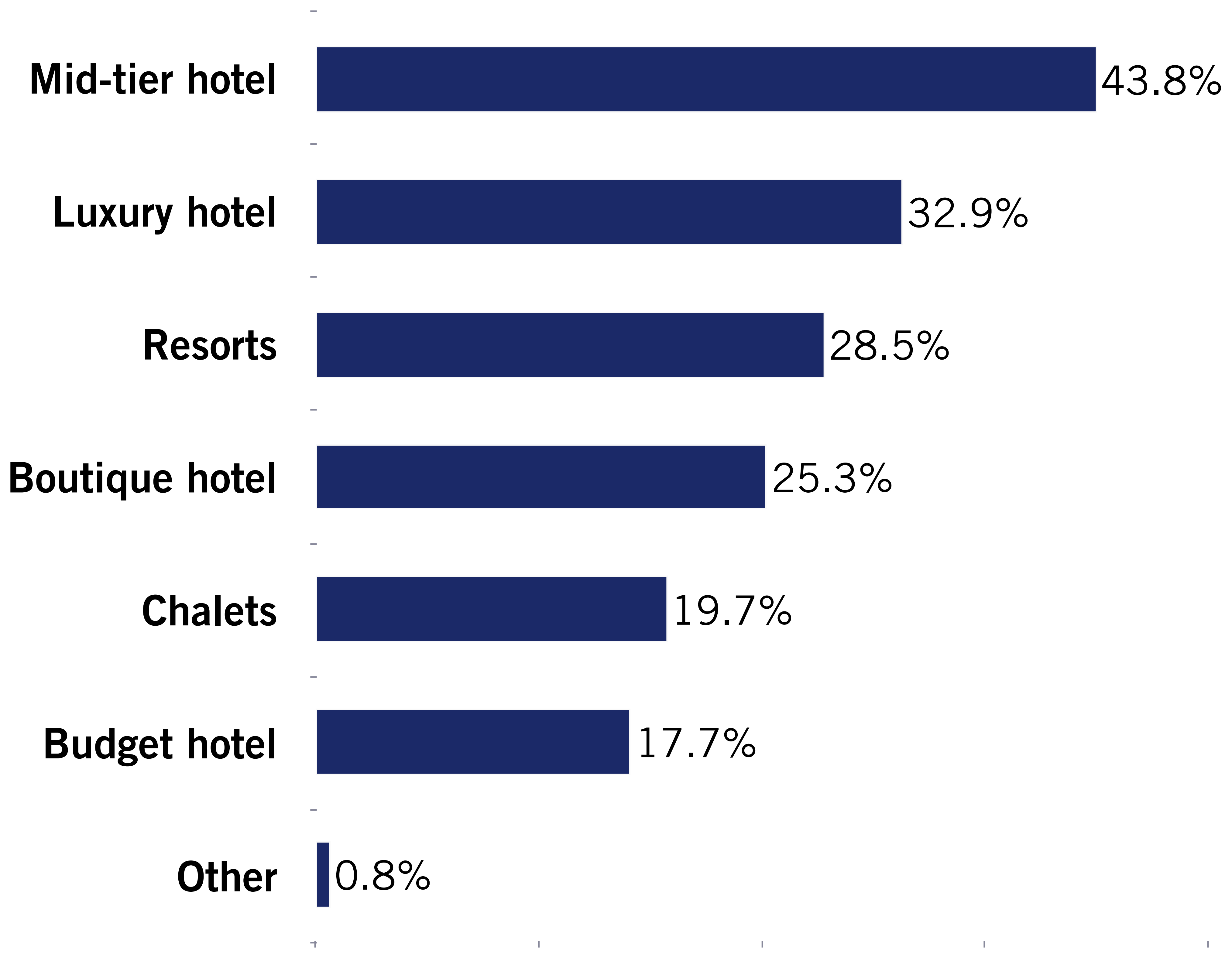
Frequency of staycations in 2019



Spend on staycations in 2019 *(per year)*

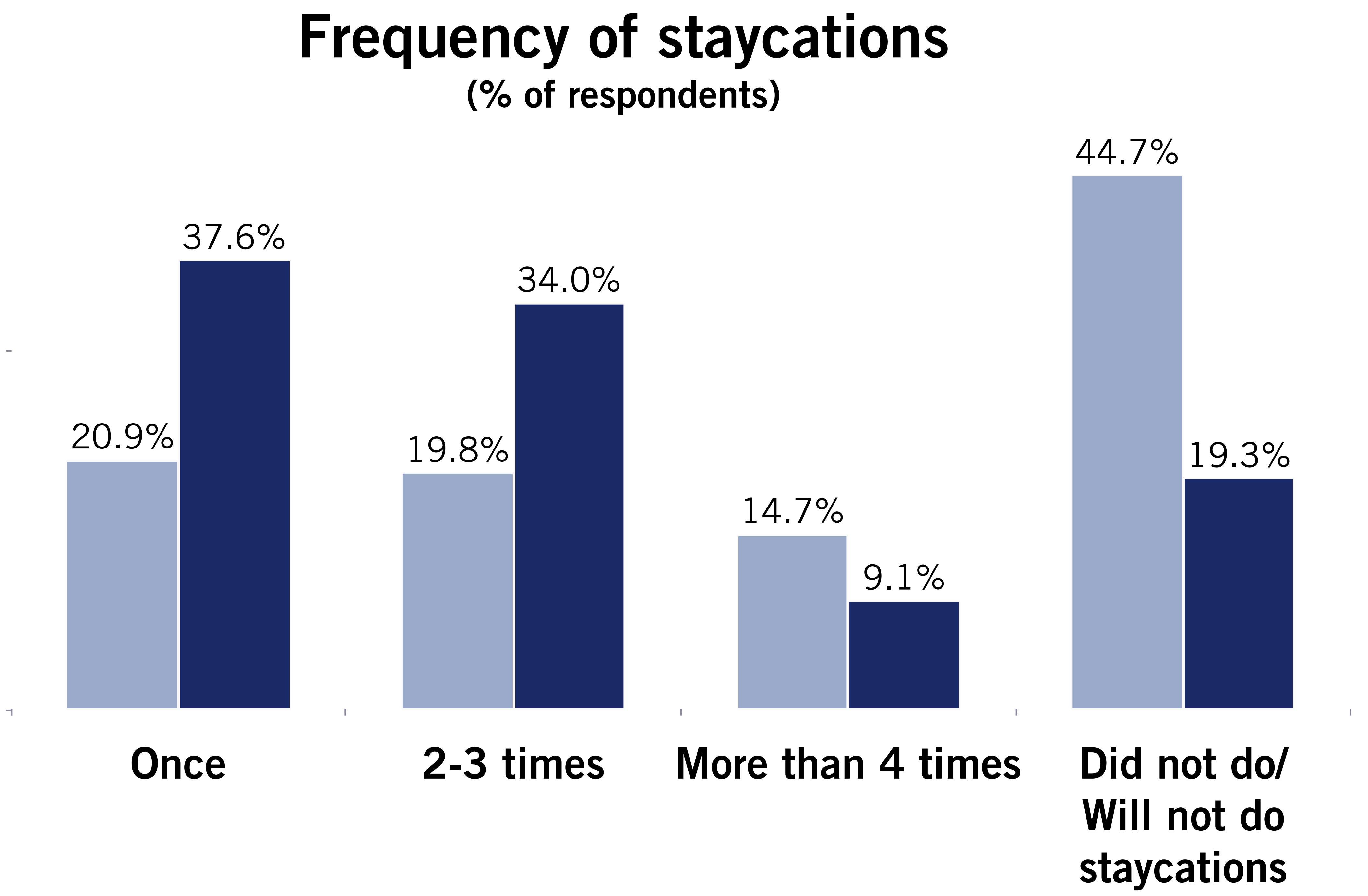


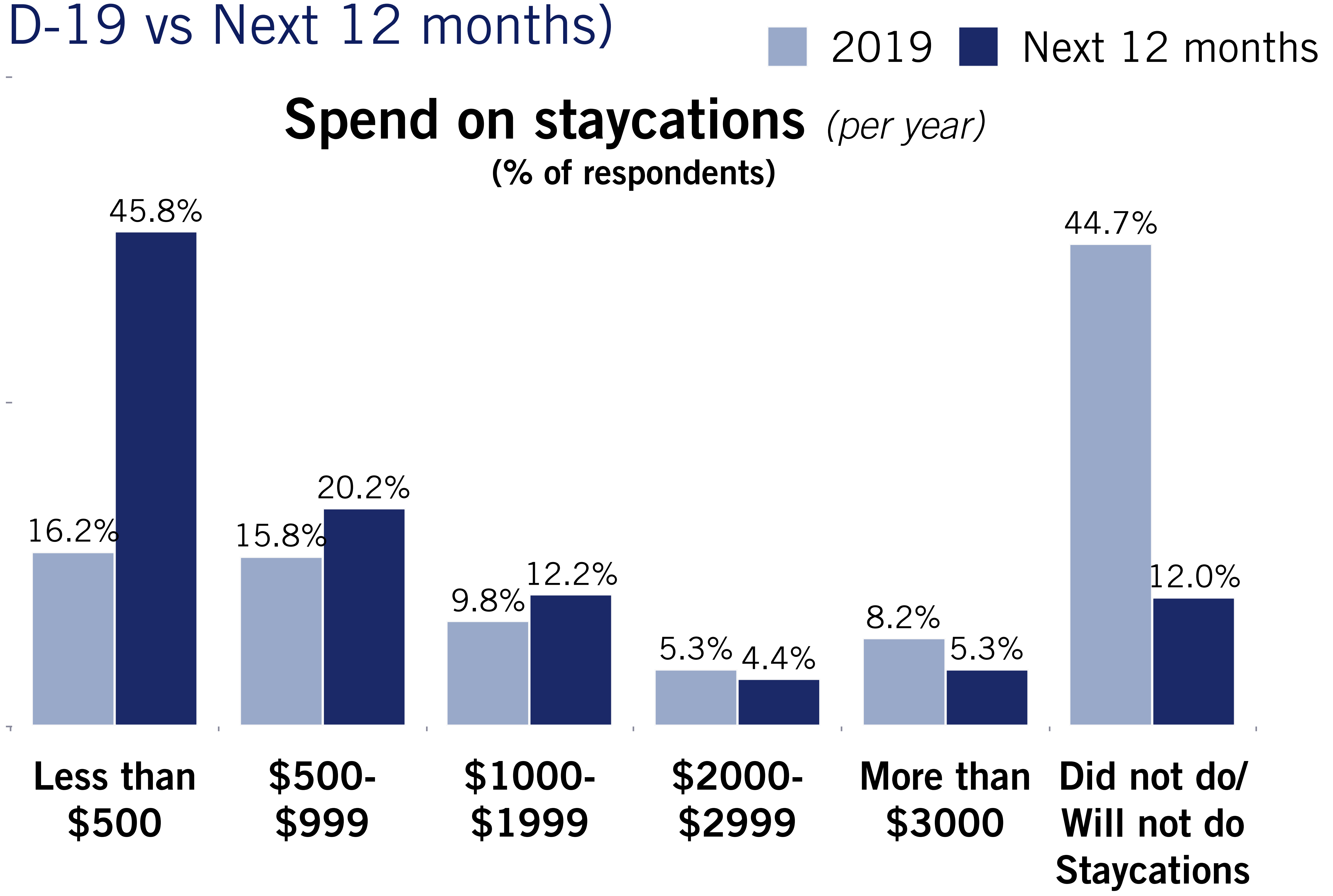
Type of accommodation for staycations in 2019



More Locals Intend to Do Staycations In the Next 12 Months

(Locals Frequency & Spend on Staycations: Pre-COVID-19 vs Next 12 months)



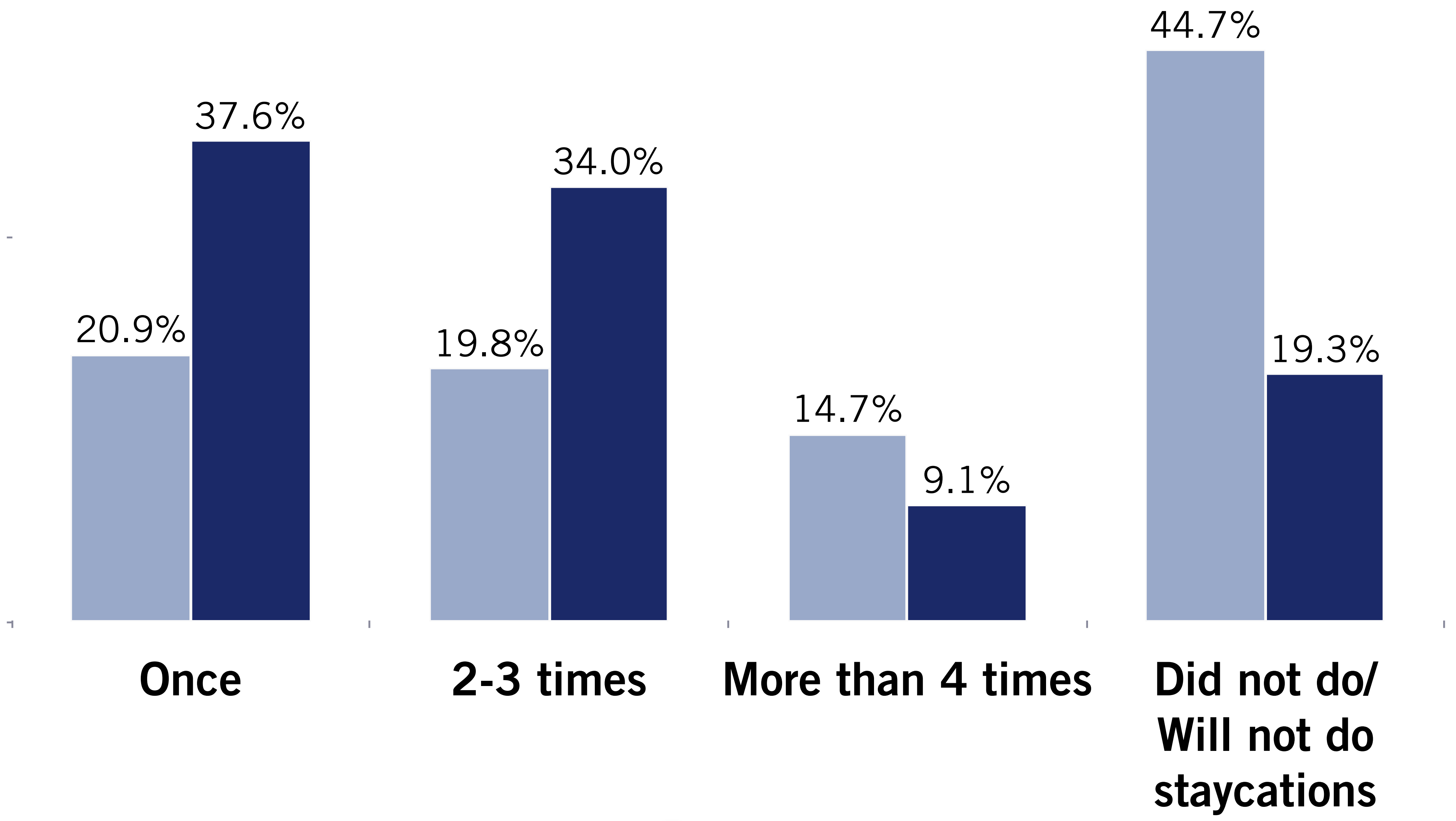


Most Locals Intend to Increase or Maintain Their Frequency & Spend

(Locals Visits & Spend on Staycations: Pre-COVID-19 vs Next 12 months)

2019 Next 12 months

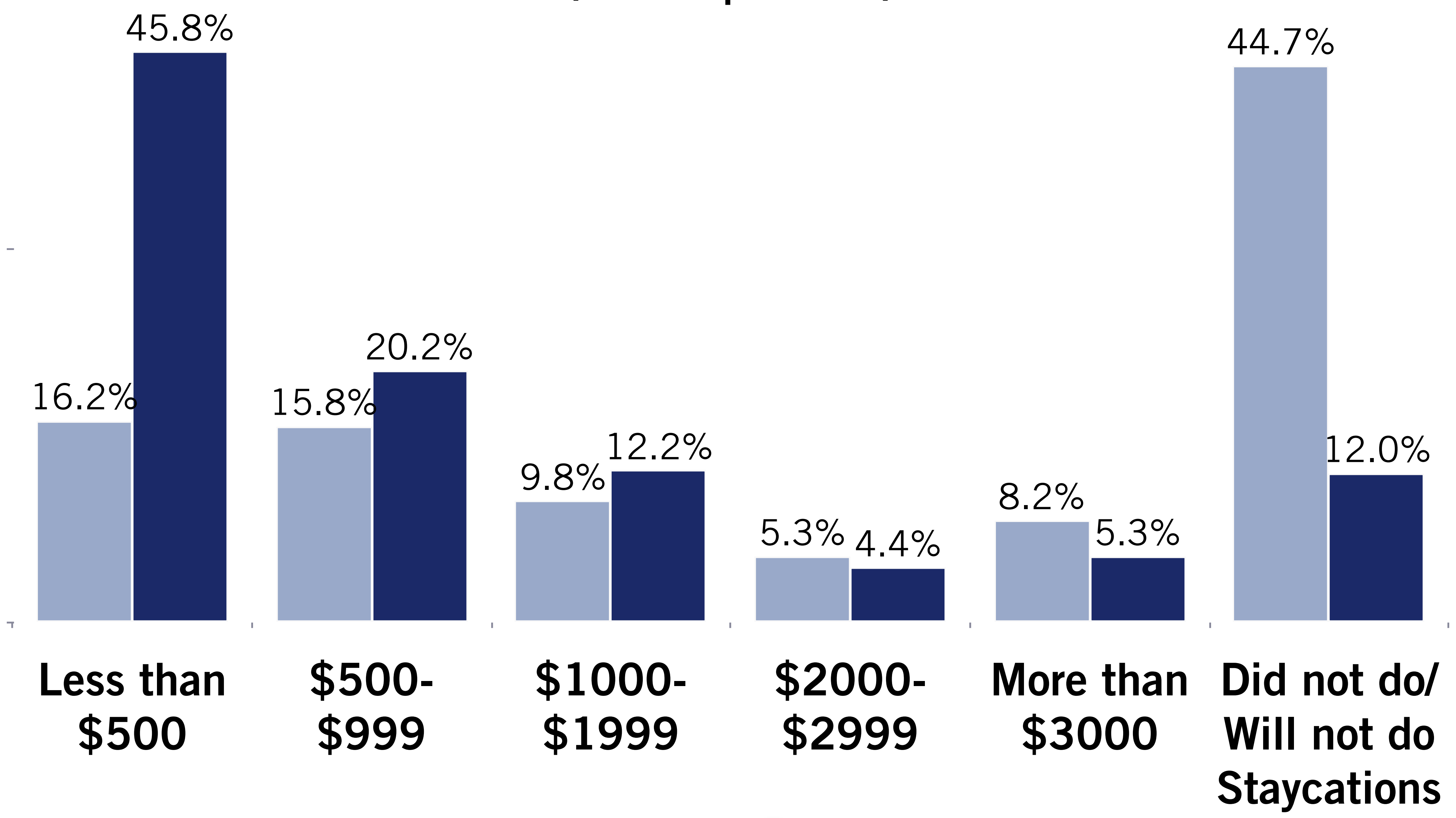
Frequency of staycations
(% of respondents)



38%	24%	21%	16%
Increased	Same	Decreased	Still does not want to engage in staycation

% of respondents

Spend on staycations *(per year)*
(% of respondents)



41%	30%	19%	10%
Increased	Same	Decreased	Still does not want to engage in staycation

% of respondents

Institute of Service Excellence

Staycations: Main Concerns When Booking

Staycations: Sanitisation & Pricing Issues Are Also Key Concerns

Key Takeaways

F&B Sector

- **Pain-Points:** Store and staff attributes underperformed across the 3 sub-sectors.
- **F&B in Transformation:** More ordered take-out and delivery, with Perceived Value and Loyalty scores higher for these segments. While dine-in is still preferred, take-out and delivery here to stay. Consider leveraging on (1) deals platforms, (2) self-ordering systems.

Tourism Sector

- **Attractions:** Post circuit-breaker, scores marginally lower. Expect more in-frequent locals visiting. Focus on underperforming drivers such as (1) range and entertainment value of attractions, and (2) food options.
- **Hotels:** More locals plan to do staycations. Sanitisation and pricing are key concerns.

Questions?

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ISE Industry Forum

CSISG 2020 Q3 Results Announcement

F&B AND TOURISM