

Customer satisfaction in Singapore hits new high

Annual survey by SMU's ISE shows increase in service excellence is across the board with all eight industry sectors studied recording higher scores. REPORTS BY NARENDRA AGGARWAL

WHILE some people may think that service performance in Singapore is not up to the mark, a national survey actually shows that customer satisfaction has hit a new high in the country. Importantly, the increase in service excellence is across the board with all eight industry sectors studied recording higher customer satisfaction scores.

The annual study by the Institute of Service Excellence (ISE) at the Singapore Management University (SMU) shows that the customer satisfaction level in the country rose significantly for the third consecutive year after climbing steadily over the years. The institute's research is on customer perceptions of their experiences and their subjective judgements of their satisfaction level.

Releasing the 2018 full-year results for the Customer Satisfaction Index of Singapore (CSISG), the institute said that the national score rose to 73.5, on a scale of 0 to 100. It is the highest on record in the index's 12-year history. The score in 2017 was 72.9 points.

The CSISG uses a methodology that has also been adopted in several other countries. Comparatively, Singapore has been competitive, although still lagging. As an example, the United States had a score of 76.6 and South Korea had a score of 76.5 in 2018, while Singapore scored 73.5 points, out of a possible 100.

Asked what is driving the continued improvement in the CSISG at the national level, ISE executive director Neeta Lachmandas told *The Business Times* that the "CSISG measures eight

broad service sectors annually. With the exception of the land transport sector, the other seven sectors recorded upticks in their scores year-on-year."

The three consecutive improvements in the annual customer satisfaction levels does suggest the industry has been effective in its efforts to raise service levels. However, in a constantly changing and disruptive competitive environment, local business cannot settle for satisfactory. An adequate level of service today may be unacceptable tomorrow. For example, a new credit card application just a few years ago took a couple of business days. Today, you can apply and start using a new virtual credit card in literally minutes," she added.

Marked improvements

As for the star performers, the air transport, tourism, and food and beverage (F&B) sectors all made substantial gains year-on-year.

For air transport, this was primarily due to budget airlines improving at a much quicker pace than their full-service counterparts," said ISE head of Research and Consulting Chen Yongchang.

The tourism sector's star performer was attractions, with tourist respondents giving higher year-on-year ratings across several attributes such as staff friendliness and clarity of directions.

In the F&B space, restaurants and fast food performed better in 2018. The restaurants sub-sector, in particular, significantly improved key drivers of satisfaction, such as quality and value," he said.

ISE highlighted that the increase in

customer satisfaction in the country last year came on the back of marked improvements across several measured industry sectors, namely the air transport, F&B, and tourism sectors.

The strong performance was also supported by the latest set of results from the finance and insurance, and healthcare sectors, both measured in the last quarter of 2018 and with year-on-year upticks to their CSISG scores.

The finance and insurance sector scored 73.9 points, a 0.6 per cent increase over the previous year. Accordingly, its five constituent sub-sectors of banks, credit cards, health and medical insurance, life insurance, and motor and other personal insurance, also recorded higher scores.

The researchers also looked more closely at the banks sub-sector's customers. As one of the study's criteria, all of these customers had to have at least a current or savings banking account. Further analysis showed that customers with more than just this banking account had a higher level of satisfaction for their bank, as compared with customers with only a banking account.

Within the insurance sub-sector, analysis revealed customers' perceptions of 'reliability' was performing below average. This dimension of 'reliability' was a significant driver of customer satisfaction. In particular, the attribute question, 'Has products and services been available when you want it', performed poorly relative to other attributes, according to Mr Chen.

The relatively modest performance in the insurance industry for this key driver of customer satisfaction suggests an opportunity for keen managers to leverage and gain competitive advantages.

"In fact, several respondents interviewed provided comments that indicated the issue may lie with the companies' ability to effectively provide customers with the right service at the right time," he added.

The study shows that the healthcare sector scored 72.0 points, a slight 0.2 per cent improvement from 2017. Its three constituent sub-sectors – namely polyclinics, private hospitals, and restructured hospitals – also made similar gains.

Delving into the sector's touch points, satisfaction with doctors and

nurses saw year-on-year improvements, particularly in the private and restructured hospitals sub-sectors. This was supported by marked improvements to patients' satisfaction with how these medical staff explained their diagnosis and condition, and how treatments were administered or suggested.

While there was only a small uptick in overall CSISG performance, several measured attributes in each of the healthcare sub-sectors saw improvements over the previous year. These developments, along with the capacity being progressively added to Singapore's healthcare landscape, suggest the patient experience should continue to improve over the medium and long term," said Mr Chen.

Asked what more can be done to improve customer satisfaction in the country, he replied that an increasing number of companies, especially banks and telcos, had embarked on various customer-centric initiatives such as customer journey mapping, and process improvement projects to improve customer experience.

While this has raised satisfaction levels in many quarters, many companies have yet to embrace these strategies, and risk falling behind as customer expectations rise in response to such improvements among their competitors. The proliferation of data and various analytical tools should also be leveraged for greater insights to customer experience, and for developing innovative new products and services. Data from customer transactions, feedback, social listening, and behaviour analytics, can be immensely helpful in identifying which areas to work on," Mr Chen explained.

Changing relationship

An important finding of the institute's research is that a disconnect between satisfaction and loyalty has been observed over the past five years with customer loyalty going down in some sectors.

Explaining the changing relationship between satisfaction and loyalty, Mr Chen said that this is likely attributable to increasing competition.

"We are seeing more companies embark on initiatives that improve both product offerings and customer experience, especially in banking and telecommunications. The proliferation



Ms Lachmandas says the ISE intends to continue to push industry to build a strong organic capability to design and innovate an exceptional customer experience. PHOTOS: INSTITUTE OF SERVICE EXCELLENCE, SMU



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of alternatives that are better able to meet customers' needs, results in a reduction in loyalty, despite a general improvement in satisfaction. Customers just simply have more good choices to pick from. This also raises customer expectations, which suggests that companies that do not start to compete likewise risk falling behind," he added.

Working in close collaboration with government agencies and business leaders, the institute helps to promote service excellence.

Said Ms Lachmandas: "We work closely with both industry and government on research partnerships and develop capability building programmes. For example, the CSISG methodology we use for the national benchmarking study can be customised to provide businesses with their

own bespoke performance impact statistical models, providing managers empirical data for decision-making.

"Our suite of executive training modules were designed specifically for industry practitioners in the customer experience field, developing their capabilities and knowledge in areas such as design thinking, innovation, and data analytics. The modules are also stackable, culminating in an advanced diploma, which we hope will build further expertise and professionalism in the service excellence space."

Looking ahead, she shared that the institute intends to continue to push industry to build a strong organic capability to design and innovate an exceptional customer experience. "To that end, the institute will continue to strengthen its professional programme offerings to build knowledge capabilities. We are also piloting an online platform to help companies gain better insights about their customers. This initiative will put powerful performance impact analytics and competitive benchmarking capabilities in the hands of even the smallest business owners, all in an easy-to-use online dashboard interface."

The CSISG 2018 fourth-quarter study was done between October 2018 and January 2019. A total of 9,583 surveys were completed. Earlier, the info-communications and retail sectors were measured in the first quarter. This was followed by the air transport and land transport sectors in the second quarter. The F&B and tourism sectors were measured in the third quarter.

ISE said that the CSISG 2018 annual study was based on a total of 29,632 completed questionnaires from Singapore citizens, permanent residents and departing tourists at Changi airport. A total of 627 distinct entities were measured and 173 entities received published scores.