

# Patrons happier with F&B sector

However, the tourism sector, which covers hotels, attractions and travel agencies, sees little improvement in customer satisfaction. BY NARENDRA AGGARWAL

**T**HE good news is that customer satisfaction with Singapore's food and beverage (F&B) sector, which includes restaurants and cafes here, has improved significantly over the past year, though experts say that more can be done to better it.

However, when it comes to the nationally important tourism sector, which covers hotels, attractions and travel agencies, the performance was generally unchanged over the past year.

These findings are the highlights of the Customer Satisfaction Index of Singapore (CSISG) for the third quarter of 2015 which looked at the F&B and tourism sectors. The index is produced by the Institute of Service Excellence (ISES) at Singapore Management University and looks at different sectors every quarter.

The CSISG computes customer satisfaction scores at the national, sector, sub-sector and company levels. It 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 CSISG's ninth year of measurement.

Significantly, customer satisfaction with the F&B sector improved in the third quarter compared to a year ago as the index rose by 1.32 points, a gain of 2 per cent, to 67.1 points out of 100. The improvements came primarily from restaurants such as Sushi Tei and cafes such as Starbucks.

On the other hand, the tourism sector's performance was broadly unchanged as it inched up 0.31 points, moving up by 0.4 per cent, over the previous year to 69.4 points. This was not a statistically significant change, the institute said.

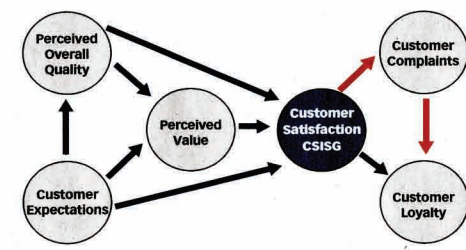
Hotels such as Grand Hyatt and Mandarin Orchard boosted the score. But attractions did worse than in 2014, with Universal Studios declining the most.

"These latest CSISG results of our F&B and tourism sectors are a positive and encouraging sign to redouble our efforts in innovating and reinventing Singapore's service proposition to our consumers amid the challenging business climate," said ISES executive director Neeta Lachmandas.

Within the F&B sector, the cafes and snack bars sub-sector scored 68.1 points (up 1.83 points or 2.8 per cent), while the restaurants sub-sector scored 66.2 points (up 2.06 points or 3.2 per cent), both significant improvements over the previous year.

The other three constituent F&B sub-sectors' performances were generally unchanged, with fast-food restaurants scoring 69.4 points (up 0.40 points or 0.6 per cent), bars and pubs scoring 69 points (down 1.06 points

## CSISG model



Source: Institute of Service Excellence at SMU (ISES)

or 1.5 per cent), and food courts scoring 66.5 points (up 0.40 points or 0.6 per cent).

Interestingly, additional analysis of the F&B sector revealed distinct differences in restaurant patrons who made dining reservations and those who did not.

The study found that diners who made reservations were more concerned with issues such as the quality of the food served, whereas walk-in customers' perceptions of quality were affected more by time-related issues like waiting to be seated and how quickly they got their food.

"Impact analysis such as this will help restaurateurs focus their energies on the most important aspects of a customer's dining experience," said Marcus Lee, assistant professor of marketing (Practice) and academic director of ISES.

"In a hectic service environment, knowing the sweet spot to please differing groups of customers will go a long way towards boosting both customer satisfaction and staff productivity," he remarked.

While the tourism sector's overall year-on-year performance was relatively similar, its constituent sub-sectors had mixed results.

The attractions sub-sector fell a significant 2.31 points (-3.2 per cent) to 70.3 points. Meanwhile, the hotels sub-sector improved significantly by 1.33 points (+1.9 per cent) to 70.8 points. The travel and tour services sub-sector scored 66.4 points, a 0.99 point (-1.4 per cent) dip compared to 2014; the change was not statistically significant.

ISES said that also noteworthy were the observations from the respondent data for the attractions sub-sector. It showed that visitors' satisfaction levels were not swayed much by discounts or free passes. Whether paying full fees or getting some kind of ticket concession, their

satisfaction with the attraction was about the same. Rather, visitors' perception of the quality of the attraction held the largest sway in driving satisfaction.

"This should not be interpreted as a justification to remove discounts and price-related promotions, which are still useful tools to entice and get visitors in the door," said Dr Lee. "Instead, what this finding underscores is the importance of periodically innovating and refreshing the visitor experience so as to spur satisfaction and ultimately promote revisits."

ISES said that this year's survey also looked at the relationship between social media usage and consumers' expectations and perceptions. Respondents who used social media before their experience with an F&B outlet or a tourist attraction had significantly higher expectations compared to those who did not access social media to preview the establishment.

"While the proportion of customers precluding their visit with social media reviews is small, businesses cognizant to its effects and potential can use this medium to shape expectations and customers' eventual perceptions of their experience," said Dr Lee.

## CSISG Q3 2015 scorecard

### Food & Beverage and Tourism



Note: Sector scores are weighted averages of their sub-sectors' scores, and sub-sector scores are weighted averages of individual company scores.

green line - statistically significant improvement from 2014 to 2015

red line - statistically significant decline from 2014 to 2015

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

\* 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.

Source: Institute of Service Excellence at SMU (ISES)

The study also found that customers who complained to family or friends have significantly poorer satisfaction levels. Regardless of whether a customer complained to the company or not, observations of both F&B and tourism sector respondents reveal that if the grievance was communicated to family members or friends, this corresponded with significantly lower customer satisfaction. The poor satisfaction levels resulted in a lower likelihood to repurchase and a lower likelihood to recommend the product or service. Conversely, respondents who did not complain to their friends and families have higher customer satisfaction.

"Thus, companies should develop processes to suss out customers' complaints outside of traditional feedback channels. In actively soliciting

feedback and complaints, management must be mindful to ensure the key performance indicator in such a strategy is the ability to resolve customer complaints well," the study said.

The CSISG 2015 third-quarter survey, which involved face-to-face interviews, polled 10,460 people between July and September this year. Of these 6,109 were Singapore residents interviewed at their homes and 4,351 were departing tourists at Changi Airport.

This year's survey also introduced several new companies to the index. Adventure Cove, River Safari and SEA Aquarium were added as measured companies to the attractions sub-sector, ISES said.

NTUC Foodfare was added to the food courts sub-sector. The Minor Food Group and Sushi Tei joined the

restaurants sub-sector as measured companies.

The CSISG, now in its ninth year of measurement, is an annual customer satisfaction benchmark and covers 11 key economic sectors which together account for two-thirds of Singapore's gross domestic product (GDP). It is released every quarter and covers up to three industry sectors each time.

"The CSISG serves as an objective barometer of service competitiveness across countries, industry sectors, sub-sectors and companies. Companies can tap the detailed CSISG reports and their unique cross-industry comparison capability to make strategic business decisions," said ISES, which is an initiative to raise Singapore's service standards and promote a culture of service excellence.