

Retail experience takes a knock

Customer satisfaction falls to 69.6 points from 72.2 points a year ago, reports **LESTER WONG**

TOURISTS are significantly happier customers than locals – at least, they are supposed to be. This is no longer the case in the retail sector, where tourists are no happier than their surly local counterparts for the first time since 2008, according to the latest Customer Satisfaction Index of Singapore (CSISG).

In a report released on June 26 by the Institute of Service Excellence at the Singapore Management University (ISES), average retail sector customer satisfaction for both locals and tourists was scored at 69.8 points. Local customer satisfaction fell marginally from last year, but tourist customer satisfaction plunged by almost 10 points. The significant drop in tourist satisfaction has led to an overall year-on-year decline in customer satisfaction for the retail sector to 69.6 points from 72.2 points.

“Our data hints that the drop in perceived value was primarily responsible for the drop in tourist satisfaction in the retail sector,” said ISES academic director Marcus Lee. “Although all three drivers of satisfaction dropped year-on-year for tourists, perceptions of product and service quality still exceeded their expectations.”

The drop in perceived value for tourists was also noticed by departmental stores which cater to substantial numbers of tourist customers.

“There are some macro variables which may have impacted the overall rating for Singapore, including the weakening of the Indonesia rupiah, the introduction of new Chinese tourism regulations, and recent instability in Thailand,” said Francois Rosset, managing director of DFS Singapore. Chinese and Indonesian tourists made up 32 per cent of international visitor arrivals for Q1 2014, according to statistics from the Singapore Tourism Board.

Tangs attributed the drop in customer satisfaction to ongoing renovations at its Orchard Road store which are expected to be fully completed by next year. “As a result of the inconveniences to shoppers such as noise, changes in store layout and other operational issues, we’ve expectedly experienced some reduction in shopper satisfaction,” said Sherri Lim, Tangs vice-president for store operations and human resource.

Tourist satisfaction for fashion apparel, jewellery stores and clocks and watches also fell significantly more than local satisfaction. Only one sub-sector bucked the downward trend in customer satisfaction for the retail sector: supermarkets.

Customer satisfaction scores for the three major supermarket chains were almost identical for 2014, with Cold Storage (71.7) and Sheng Siong (71.6) enjoying increases from last year and NTUC FairPrice (70.9) registering a negligible drop of half a point. The industrywide confluence of customer satisfaction scores did not go unnoticed by FairPrice, which acknowledged “overall industry efforts to remain relevant”.

“It is encouraging to see other organisations within the industry also working to ensure customer satisfaction among Singaporeans and boost industry standards,” said Jonas Kor, director of corporate communications at FairPrice.

Added ISES’ Dr Lee: “Supermarkets have been innovating in terms of shopping experience, embracing the co-creation of this experience with customers through self-checkout counters, for example.”

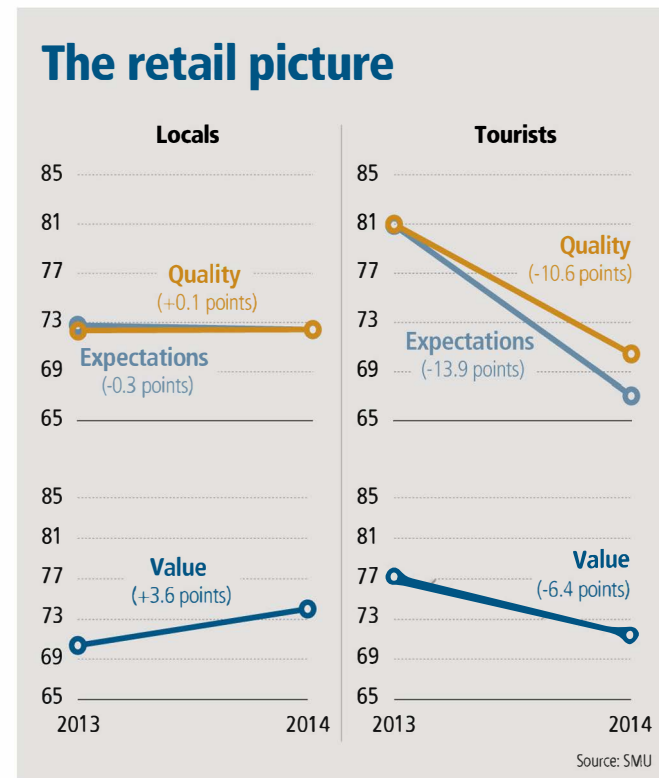
Only locals’ responses were used in calculating supermarkets’ CSISG scores, but supermarkets still outperformed other sub-sectors which similarly only took into account local satisfaction. One reason might be the nature of products sold in supermarkets which mostly comprise daily necessities. “Supermarkets are better able to meet expectations for product quality because people generally buy the same things over and over again,” said Dr Lee. “Customers’ expectations do not move as much for supermarkets over time.”

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Necessities shopping: Supermarkets were the sole sector in the retail industry that bucked the downward trend in consumer satisfaction.

FILE PHOTO



Q1 2014: Trending lower



* 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.

The sparklines indicate the satisfaction score of their respective sectors, sub-sectors and companies over the past few years.

— statistically significant y-o-y rise
— statistically significant y-o-y fall
— y-o-y change not statistically significant