

Happy customers will ring your till

They are also more likely to continue visiting the store

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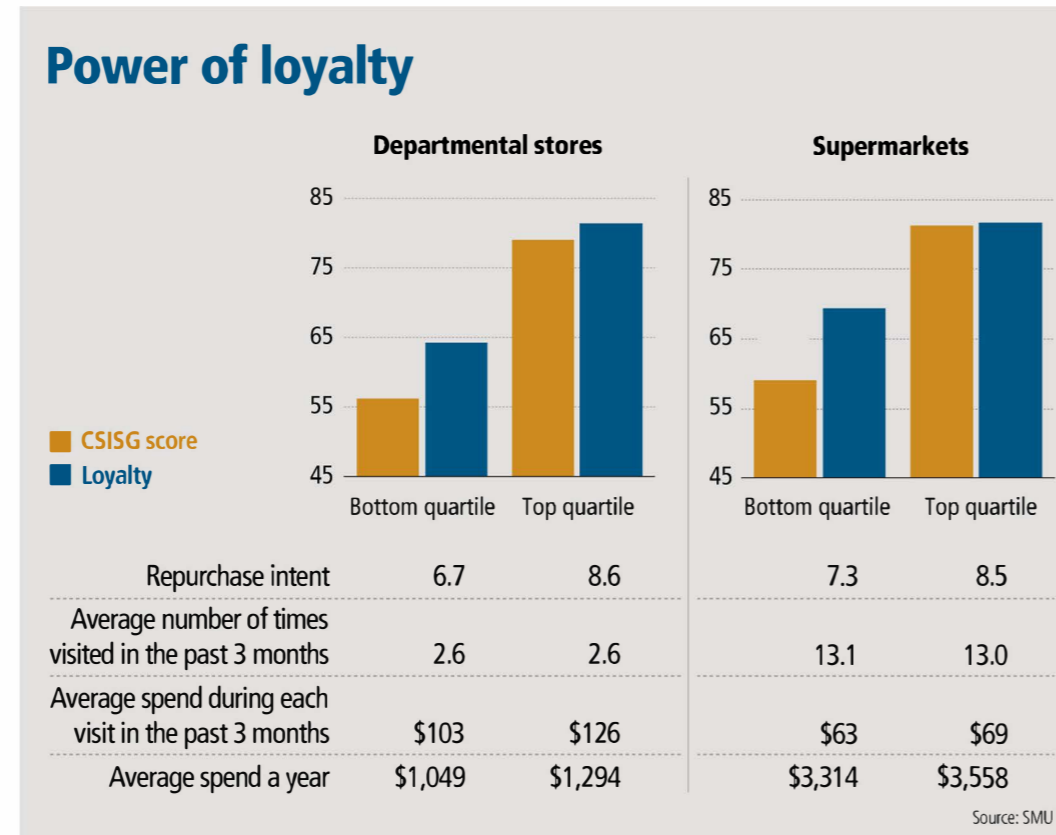
It is common knowledge to retailers that satisfied customers are likely to become repeat customers.

They are also likely to spend more per visit, according to data from the latest Customer Satisfaction Index of Singapore (CSISG) for the retail sector.

In the departmental store sub-sector, for example, stores which had customer loyalty scores in the top quartile saw their customers spend 23 per cent more on average per year than stores which had customer loyalty scores in the bottom quartile.

Customers from both segments averaged the same number of visits to the stores over three months.

Customer loyalty forms one component of a range of areas dealing with customer satisfaction that over 9,000 local and tourist respondents were asked about by the Institute of Ser-



vice Excellence at the Singapore Management University (ISES) in face-to-face interviews from January to March 2014.

“We ask respondents two questions. The first is a repurchase intent question: we ask them on a scale of 1-10 how likely they are to go back to the retailer they

last patronised,” said Marcus Lee, ISES’ academic director.

“For positive responses we then ask them at what point prices must be raised to deter them from going back to that retailer, and vice versa for negative responses. This measures price tolerance.”

Rewarding customer loyalty is not a new concept for retailers here in Singapore, many of whom have in place comprehensive loyalty programmes.

“Our most loyal cardmembers visit our store the most frequently, and are definitely willing to pay more,” said Tangs’



Sherri Lim:
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FILE PHOTO

vice-president of store operations and human resources, Sherri Lim.

Holders of its Tangs Fashion Lifestyle Card enjoy a 6 per cent rebate off purchases, and also receive free delivery for purchases over \$200 at its stores in Orchard and VivoCity.

Catering to loyal customers has also paid off in terms of increased sales for local supermarket chain NTUC FairPrice.

“We noticed that Link cardholders, one of our partnership loyalty programmes with NTUC Link, received an increase of over 10 per cent more Link-Point rebates for 2013 from 2012,” said NTUC FairPrice’s director of corporate communications, Jonas Kor.

An added wrinkle is the increasing importance of tourist customer loyalty for retailers.

Said ISES director Caro-

line Lim: “Unlike locals, tourists are less likely to visit as frequently. However, a more satisfied tourist is more likely to recommend the store, visit the store the next time they return to Singapore and be more tolerant towards price differences between their preferred store and rival stores.”

The pendulum swings both ways: while happy tourists rated 8.70 on a scale from one to 10 for willingness to recommend as compared to dissatisfied tourists (5.89), disgruntled tourists were also 4.5 times more likely to complain to friends and families than happy ones.

“Retailers live and die through repeat customers, and it used to be that tourists were the exception,” said ISES’ Dr Lee. “Nowadays with social media it’s

not so true – the feedback loop has become much tighter.”

Companies can increase tourist customer loyalty by understanding the larger context in which tourists are interacting with them, such as the pre-purchase and post-purchase activities tourists engage in.

“For example, a typical pre-purchase activity would be the mental math that a tourist has to go through to figure out how much something cost in his or her home currency, and a typical post-purchase activity would be to complete the tax refund process,” Ms Caroline Lim said.

“Companies that help make these pre and post purchase activities easier have a higher chance of converting the tourist into a highly loyal customer.”

A quarterly series brought to you by the Institute of Service Excellence at Singapore Management University (ISES). Featuring findings from the Customer Satisfaction Index of Singapore, it also reveals insights on leadership and strategy from industry leaders, particularly in leveraging customer satisfaction as a competitive advantage.

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