

Keeping customers satisfied as the labour crunch bites

Latest Customer Satisfaction Index of Singapore shows 6.5% fall in F&B sector's score and 7.3% drop in tourism sector's score. **BY TEH SHI NING**

FIVE years since the government first rolled out measures to slow the inflow of foreign workers, tales of restaurant and hotel operators struggling to find sufficient manpower in Singapore are growing old, but no less common. However, the effects of the labour crunch on their customers' satisfaction – and hence loyalty and profits – are not as clear.

Higher levies to discourage employers' demand for foreign workers were first implemented in 2010, and were swiftly followed by tweaks to the quotas capping the ratio of foreigners to Singaporeans a firm can hire, and further hikes in levies.

Businesses reliant on their workforce – such as restaurants and hotels – have found it difficult to hire sufficient numbers of locals, and some have said that it has affected the quality they can offer customers.

Still customers' happiness – at least as measured by the Customer Satisfaction Index of Singapore (CSISG) – has been fluctuating between 2010 and 2013, and fell significantly in 2014.

The latest numbers – based on a survey conducted in the third quarter of 2014 – showed a 6.5 per cent fall in the food & beverage sector's score to 65.8 points, and a 7.3 per cent drop in the tourism sector's score, to 69.1 points out of a possible 100.

The decline was even more marked for sub-sectors whose operations are more people-reliant. Restaurants' performance tumbled 10.5 per cent to 64.1 points, while diners also scored the cafes & snack bars segment 6.8 per cent more poorly at 66.2 points.

Similarly, the hotels segment of the tourism sector saw its customer

satisfaction score fall 10.4 per cent to 69.4 – its poorest performance since 2009.

Speaking at a recent panel discussion hosted by the Institute of Service Excellence at the Singapore Management University (ISES), Daniel Sia, founder of restaurant and bar The Disgruntled Chef, said: "I think it's going to get worse before it gets better."

A member of the audience had raised the question of whether the falling levels of customer satisfaction are due to the tight labour market, and a situation of overcapacity.

"Companies that are willing to take the time to invest in training will survive. . . Everybody will just have to bear with it for the time being," Mr Sia said. In the meantime, his motto has been to just keep training staff and working to retain as many of them as possible.

Training and retention are issues at the hotels too, said Yasemin Tecmen Stubbe, founder of YTS Hospitality Marketing, which serves global hotel companies.

"The demand is still there, people (tourists) are still coming in. But the supply and workforce also needs to be there. What's happening is that you get new employees and you may not necessarily have time to train them," she said.

"I know that the recent quotas have not helped," she said, from her conversations with hotel general managers who are juggling resources to ensure that they have the manpower to deliver the level of service they wish to deliver.

Using technology is not always the solution too, the panellists said.

Ms Stubbe gave the example of a restaurant which she appreciated for its offer to send her a text message

when there was an available table so that she could shop instead of stand in line and its iPad menu, from which she could place her order.

When she brought her mother there however, the reaction was a very different "What kind of menu is this?", she said. "It really goes back to knowing your customers, what they like and what they don't like."

Business owners thus need to exercise discretion when trying to keep up with the times and changing technology, Ms Stubbe added. What W Hotel has done with allowing guests to use their smartphones as room keys may not work for the Ritz Carlton, for instance, she said.

ISES academic director Marcus Lee suggests that apart from technology, hotels and restaurants think about how to streamline their operations amid the labour crunch – and raise productivity. If 80 per cent of customers at a restaurant don't drink wine, for instance, it might make more sense for waiters not to put wine glasses out as part of the table settings, only to clear them as soon as the diners order, he said.

"Also, there are certain parts of a customer's journey that the customer might be happy doing by himself or herself, such as reservations at a hotel," said Dr Lee.

For example, setting up a good reservations system online for customers who may prefer to make their reservations themselves instead of risk possible misinterpretations of accent or language over the phone might allow a hotel to allocate some people from the phone reservations team to other tasks. Making it easier for employees to do their jobs well could also help improve retention rates, Dr Lee said.

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