

## **News Release**

# **National Customer Satisfaction Rises for Fourth Consecutive Year**

*Singapore's 2014 customer satisfaction levels reach new high on the back of strong ratings from the Finance & Insurance sector*

**Singapore, 2 April 2015 (Thursday)** – The Institute of Service Excellence at the Singapore Management University (ISES) (卓越服务研究院) released the 2014 full-year results for the Customer Satisfaction Index of Singapore (CSISG), alongside the announcement of results for the Finance & Insurance and Healthcare sectors for the 4th quarter (Q4) of 2014.

The annually computed national satisfaction index rose for the fourth consecutive year to 71.1-points (on a 0 to 100 scale), a 0.43-point (+0.6%) increase from 2013. This is the fourth year running that the index has shown an improvement and represents a record high since the CSISG started tracking Singapore's customer satisfaction levels in 2007.

The improvement was contributed primarily by the two measured sectors in Q4, namely Finance & Insurance and Healthcare, with both sectors registering marked year-on-year improvements. The Finance & Insurance sector scored 72.4-points, a 3.24-point (+4.7%) improvement over its 2013 performance. The Healthcare sector scored 71.0-points, a 1.09-point (+1.6%) year-on-year increase.

Together, these two sectors helped nudge the national CSISG into positive territory in year-on-year change despite five out of nine measured sectors registering significantly lower year-on-year scores. This is because the CSISG is GDP-weighted, with relatively larger weights coming from the Finance & Insurance sector.

The five industry sectors that recorded substantial year-on-year declines are the Food & Beverage, Private Education, Retail, Tourism, and Transport & Logistics sectors. Another two, the Info-communications and Public Education sectors, registered similar performances from the previous year.

Ms Caroline Lim (林晓玲), Director (总监) of ISES said, "The continued improvement is a positive indicator for Singapore's service competitiveness on a world stage.

"Similar studies of customer satisfaction in other countries show that we are not far behind economies with traditionally strong service cultures, such as the United States and South Korea. We can ride on this momentum and push for a breakthrough across our service sectors to give us the competitive edge," she commented.

Within the Finance & Insurance sector, the Life Insurance sub-sector led with the largest improvement. Year-on-year, the sub-sector increased by 7.52-points (+11.4%) to 73.6-points. Improvements were similarly observed in the Health & Medical Insurance sub-sector, which scored 72.4-points (+3.28-points/+4.7%), the Banks sub-sector, which scored 72.2-points (+2.81-points/+4.1%), and the Motor and Personal Accident Insurance sub-sector, which scored 71.5-points (+1.29-points/+1.8%). For the Finance & Insurance sector and its four constituent sub-sectors, these scores represent a record high.

A key finding across all four Finance & Insurance sub-sectors was increasing complaint rates, year-on-year. This increase in complaint rates was tempered by better complaint handling ability, as rated by survey respondents; banks' and insurers' ratings for complaint handling were on the upward trend since 2012.

Another CSISG metric, the True Non-Complaint Rate (TNCR), or the proportion of customers who did not complain because they had no reason to, also improved significantly from the previous year. Aside from complaints lodged with the company, the TNCR takes into consideration complaints that were not made because the customer either felt it was too difficult to complain, there was no point to do so, or for some other reasons that otherwise deterred the feedback.

Assistant Professor of Marketing (Practice) Marcus Lee (李德发), Academic Director (学术总监), ISES said, "The high levels of customer engagement, coupled with improved complaint handling, bode well for the banks and insurers. Our analysis shows that well-handled complaints consistently results in significantly higher satisfaction scores. A robust feedback framework will cultivate participative and committed customers. This too has a direct and positive impact on satisfaction."

The Healthcare sector's improvements were more subdued. The Polyclinics sub-sector and Specialised Healthcare sub-sector made substantive improvements, scoring 68.9-points (+3.00-points/+4.6%) and 72.2-points (+1.98-points/+2.8%), respectively. On the other hand, the General Practitioners sub-sector's 1.64-point (+2.4%) year-on-year increase to 71.5-points and the Restructured Hospitals sub-sector's 0.38-points (+0.5%) year-on-year increase to 69.3-points were not statistically significant. For the Private Hospitals sub-sector, its score fell 0.60-points (-0.8%) from the previous year to 71.6-points, although this too was not a significant movement.

A key observation for the Healthcare sector was the strong improvement in the Polyclinics sub-sector. The record performance in this sub-sector was driven in part by considerably improved perceptions of quality at the Polyclinics.

Additional analysis of the Polyclinics' touchpoints, which directly impact perceptions of quality, reveal notable improvements in six of the eleven measures, with the largest improvement coming from the patients' satisfaction with their wait times.

However, it is also noteworthy that patients' satisfaction with the efficiency of the medication collection process and payment process has declined considerably.

Dr Lee said, "The study's Polyclinic touchpoint satisfaction measures aim to capture a patient's experience as he or she journeys through a typical visit. To see the strong improvement in waiting time at the start of this journey, then to see the equally strong decrease in satisfaction for medicine dispensation and payment, suggest there was a bottleneck in the patient flow process, and the bottleneck was moved, rather than removed.

"In redesigning an optimal service experience, it is often useful to introduce improvements at the tail end of your customer's journey, and then work towards the start. Doing this would allow the later parts of your process flow to better handle any increases in throughput due to improvements in the earlier parts of the customer journey," observed Dr Lee.

On a national level, a key observation was the fall in tourist satisfaction in all four quarters of 2014. In each sub-sector where tourist responses were captured in the CSISG study, tourist ratings were a contributor, if not the primary driver, of poorer CSISG performance. 2014 marked the lowest tourist score at the national level since 2009.

Said Ms Caroline Lim, "The reasons for the decline in tourist satisfaction would vary sector to sector. In general, external environmental factors such as increasing appeal of neighbouring destinations and changing tourist profiles may have contributed to the change.

"Nonetheless, these observations give pause to businesses to constantly keep up with evolving customer expectations, needs and preferences. For example, businesses can better design and deliver an authentic and meaningful Singapore experience for tourists," she remarked.

The CSISG 2014 Q4 survey was conducted between October and December 2014. Prior to this, the Info-Communications and Retail sectors were measured in Q1. This was followed by the Public Education, Private Education and Transportation & Logistics sectors in Q2. The Food & Beverage and Tourism sectors were measured in Q3. These Q4 results conclude the measurement for CSISG 2014. In total, the CSISG 2014 study recorded 41,270 unique responses covering 2,501 companies in the nine measured industry sectors.

Please refer to Annex A for the background on the CSISG and the 2014 Study, and Annex B for the detailed scores of all sub-sectors and companies measured in the national study.

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### **About the Customer Satisfaction Index of Singapore (CSISG)**

The CSISG is an annual benchmark of customer satisfaction, covering nine key economic sectors in Singapore. The index has a quarterly measure-and-release cycle, covering 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 on the detailed CSISG reports and its unique cross-industry comparison capability to make strategic business decisions.

### **About the Institute of Service Excellence at SMU (ISES)**

The Institute of Service Excellence at the Singapore Management University (ISES) is the cornerstone of an initiative to raise Singapore's service standards and promote a culture of service excellence. Working in close collaboration with government agencies and business leaders, ISES champions service excellence through an integrated approach that encompasses benchmarking and analysis, research and thought leadership, and industry engagement.

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