

CSISG 2014 Q1 RETAIL SECTOR FINDINGS

Customer satisfaction in retail sector takes a sharp knock

Tourist satisfaction drops sharply from last year to be on par with local satisfaction

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SINGAPORE — Ms Emma Tan, a 32-year-old in the legal profession, has walked out of a store without her intended purchase many times because of the service staff. She said: “Most of them either blatantly ignore you or, on the other extreme, hover over you and immediately rearrange every item you’ve touched in the store.”

According to the 2014 Q1 results from the Customer Satisfaction Index of Singapore (CSISG), a survey by the Institute of Service Excellence at Singapore Management University (ISES), the customer satisfaction score for the retail sector fell year-on-year by 3.5 per cent to 69.6 points.

This finding came from face-to-face interviews with 9,250 resident and tourist respondents carried between January and March this year.

Seven sub-sectors — departmental stores, petrol service stations, motor vehicles, fashion apparel, furniture stores, jewellery stores, clocks and watches and supermarkets — registered declines. Only the supermarkets sub-sector proved the exception, improving by 1.6 per cent and registering its sixth year-on-year increase to 71.7 points — higher than the industry score.

TOURIST AND LOCAL SATISFACTION DOVETAIL

Tourist responses were taken into consideration in the departmental stores, fashion apparel, jewellery stores and clocks and watches sub-sectors. The results indicated that tourists were significantly less satisfied than last year, to the point that satisfaction is on par with local satisfaction for the first time since 2008.

Tourist satisfaction fell by 12.2 per cent to 69.8 while local satisfaction fell by 1.9 per cent to the same score.

ISES Director Caroline Lim said: “Satisfaction levels will fluctuate year to year, but company leadership should maintain a long-term outlook to progressively raise customer satisfaction.”

Local departmental store Tangs saw a dip in satisfaction score from 75.8 to 67.9. Tangs’ Vice-President of Store Operations & Human Resource Sherri Lim said that the decrease could be linked to Tangs Orchard’s three-year store overhaul. She added: “As a result of inconveniences such as noise, changes in store layout and other operational issues, we’ve expectedly experienced

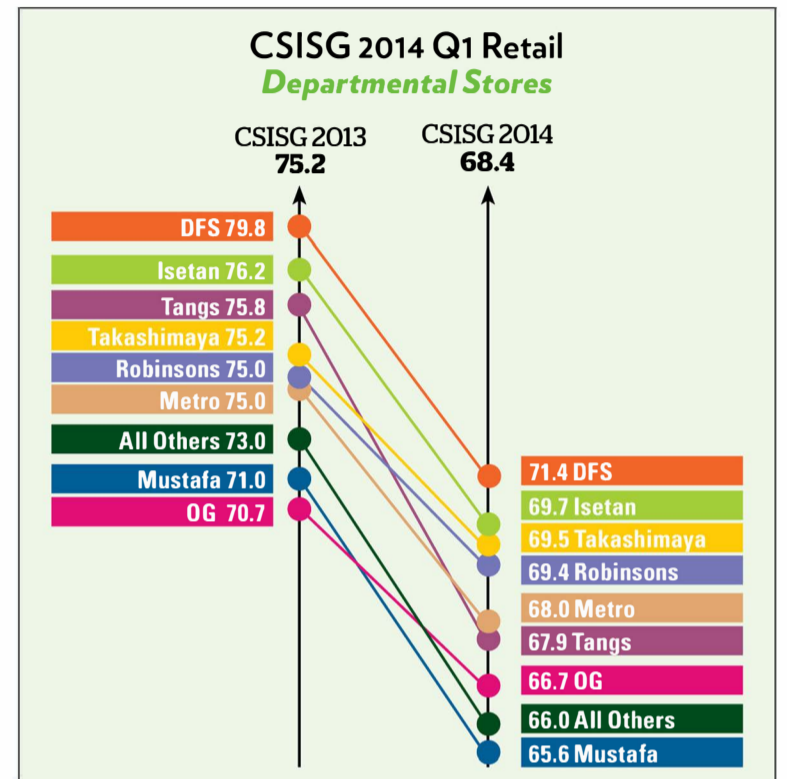
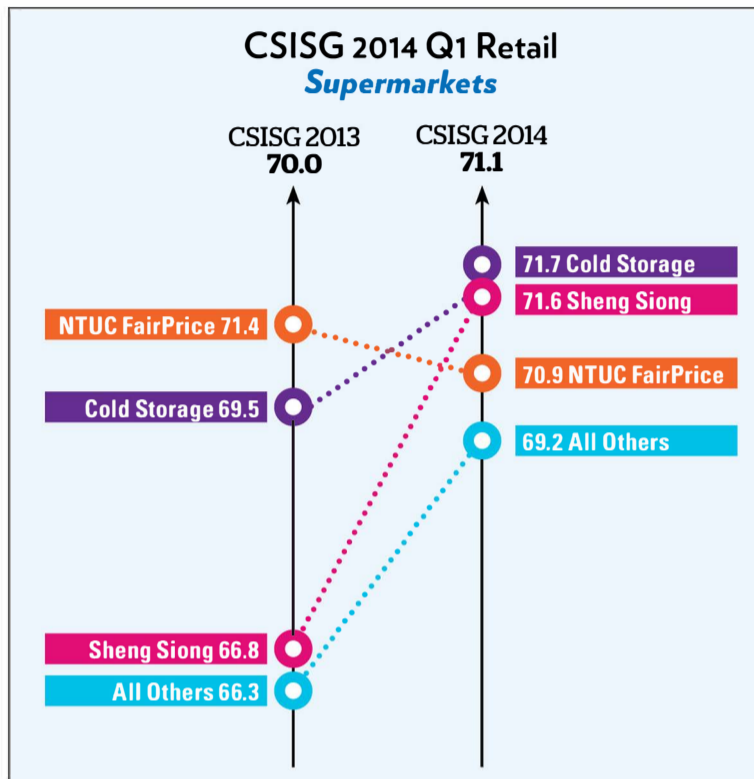


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some reduction in shopper satisfaction. We are confident that this will change when the transformation exercise is fully completed by 2015.”

Customers at Tangs will be able to look forward to improvements like seamless checkouts, beauty and wellness facilities and curated brand and product selections.

BETTER SERVICE AND PRODUCT RANGE FOR IMPROVED SALES

Ms Tan does most of her shopping online or overseas because she finds the range and variety better. She acknowledged that product offerings have improved in departmental stores in Sin-

gapore, although the range tends to be smaller or the shopping experience “not as nice”.

Twenty-eight-year-old entrepreneur Benji Teo is another shopper who has exited a store empty-handed because of the service. He said: “Local departmental stores are slowly catching up with overseas counterparts in terms of product choice. But they need to step up on training of product knowledge and service for their ground staff.”

Some shoppers seek a more unique shopping experience and offerings. Mrs Yanti Clarke, a 36-year-old homemaker, prefers shopping overseas in cities like Melbourne, where she can find interesting local fashion brands

and less ubiquitous items.

According to the CSISG findings, satisfied customers don’t just spend more, they also register higher repurchase intention ratings and better customer loyalty scores.

A highly satisfied customer would have spent 23.3 per cent more at a departmental store over a one-year period than a less satisfied customer, pointed out Ms Lim. “This link between improved satisfaction and increased spending is compelling and worth tracking.”

SUPERMARKETS WINNING OVER CUSTOMERS

The supermarkets sub-sector is one that has done well in terms of better product offerings. Mrs Clarke, who has two children, buys fresh produce and organic products as much as possible. While organic products used to be pricier and harder to find, the situation has improved by leaps and bounds in the last few years, she said. “There’s more variety now and you can find a wider range of organic items in almost any major supermarket. Also, there is better product knowledge on the ground level,” she added.

Ms Boo Wei Ping, a 28-year-old events producer, said: “Shopping at supermarkets is generally convenient and pleasant these days. I also like that you can now find sections dedicated to Japanese products quite easily. It’d be good if supermarkets can continue expanding the variety of their offerings.”

This report is a collaborative project between TODAY and the Institute of Service Excellence at Singapore Management University.