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Furniture stores see customer satisfaction declining the most with an 11% fall, while departmental stores see a 9.1 per cent dip.

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TODAY file photo

SINGAPORE — Customer satisfaction with the retail industry fell in almost all sectors, with departmental stores and furniture stores registering the biggest declines, according to the Customer Satisfaction Index for the first quarter of 2014.

According to the findings, customer satisfaction for the retail sector fell 3.5 per cent on-year in the first quarter to 69.6 points out of 100. Among the eight retail sub-sectors, furniture stores saw customer satisfaction declining the most with a 11 per cent fall, while departmental stores saw a 9.1 per cent dip.

The bright spot for the retail sector came from supermarkets, which saw customer satisfaction improving by 1.6 per cent to reach a record 71.1 points, its sixth year-on-year increase.

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The index - based on a survey conducted by the Singapore Management University's Institute of Service Excellence (ISES) - was released on Thursday (June 26). The survey was conducted in face-to-face interviews with 9,250 resident and tourist respondents between January and March.

THE TOURIST FACTOR

According to ISES, the decline in retail customers' satisfaction level was due in part to a fall in tourist satisfaction in all four of the sub-sectors – departmental stores; fashion apparels; jewellery stores; and clocks and watches – that took into account tourist responses.

Said ISES Director Caroline Lim: "While both local and tourist respondents were less satisfied with these four sub-sectors compared to 2013, the difference in magnitude of the changes for each group was quite stark, with tourist satisfaction falling 12.2 per cent while local satisfaction dipped 1.9 per cent."

The link between improved satisfaction and increased spending is compelling, Ms Lim said. "Using this quarter's departmental stores data for example, a highly-satisfied customer would have spent 23.3 per cent more at the store over a one-year period than a less satisfied customer."

TELCOS: LOOKING BEYOND FRONTLINE SERVICE

Within the info-communications sector, the mobile telecoms sub-sector saw customer satisfaction dipping 1.3 per cent, while the broadband sector saw a decline of 3.3 per cent. Two new sub-sectors were added this year: Pay TV, which had a customer satisfaction score of 66.5 points, and Wireless@SG which scored 61.5 points.

A key observation in the mobile telecoms, broadband, and pay TV sub-sectors was the difference in satisfaction and loyalty levels between new customers – those who have been with their telco for less than two years – and re-contracting customers – those who have been with their telco for two or more years.

In all three sub-sectors, re-contracting customers had greater levels of customer satisfaction and loyalty as compared with the new customers. Re-contracting customers also had much smaller gaps between their levels of expectations and the perceived quality of their telco.

"This finding is a useful reminder for our businesses to look beyond customer service and frontline employees as the sole measure of customer satisfaction," Ms Lim said. "Rather, organisations could approach customer satisfaction more holistically by re-examining their offerings, policies, and business processes that will affect the customer experience. These may include service redesign, service innovations, new product mixes, or an improved value proposition." CHANNEL

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