

Supersizing customer satisfaction

Supermarket service quality has shot up more steeply to match product quality's rating, reports **TEH SHI NING**

THE traditional appeal of a supermarket over the smaller grocer is that it offers a wide selection of goods – from fresh produce to dairy, canned goods to household supplies – all under one

roof. But that may have contributed to an emphasis on products ahead of service, and may also explain why supermarkets here have consistently been rated more highly for their product quality than service quality since the Customer Satisfaction Index of Singapore (CSISG) was launched in 2007.

This year however, supermarkets' service quality shot up more steeply to match product quality's rating, driving the sector's CSISG score to an all-time high of 70, out of a possible 100.

"This is significant," said Marcus Lee, academic director at the Institute of Service Excellence at Singapore Management University (SMU), which compiles the index for two sectors a quarter, covering eight sectors each year to derive a national score.

"Traditionally, what has happened in the supermarkets industry is that they believe consumers only show up for the products. So, the supermarkets worry about variety, selection, prices. They cram the aisles with goods," says ISES academic director Marcus Lee.

Yet, analysis shows that customer perceptions of quality are driven not only by variety and quality of products, but also by the overall in-store experience.

"Supermarkets have historically overemphasised the products part, and disregarded or downplayed the experience aspect of shopping at a supermarket. But recently a lot of changes have happened – longer opening hours, wider aisles, better service. So I think they have recognised this in recent years," said Dr Lee.

NTUC FairPrice, which improved 2.9 points to score 71.4 and retained its spot as the supermarket with the happiest customers, has certainly been making strides on the service front in recent years.

"Both are equally important," said FairPrice's CEO Seah Kian Peng of product quality and service quality.

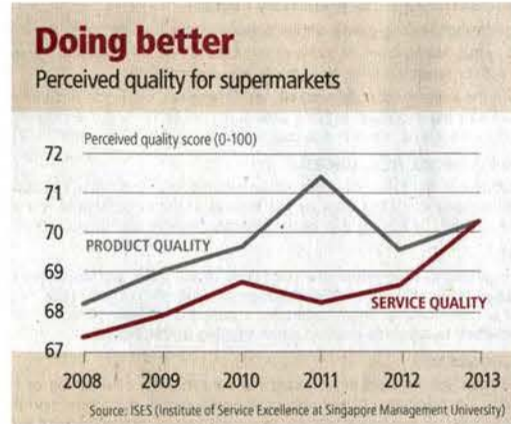
"But yes, the concept of co-creating the customer experience is relatively new to the industry," he said. Realising this a few years ago, FairPrice held its first Partners' Convention in 2010 to share its service vision with suppliers and customers alike.

"We want to make the overall shopping experience pleasant and stimulating, by offering our customers a wide range of products to choose from as well as multi-retail formats to meet their needs," Mr Seah said.

In a format such as FairPrice Xtra, which tends to be popular with families, for instance, the company introduced special trolleys fitted with baby seats, dedicated aisles offering baby products, rest areas for elderly shoppers, and designated checkout counters for handicapped shoppers.



Quality shopping: Recent changes – longer opening hours, wider aisles, better service – reflect supermarkets' recognition of the importance of overall in-store experience. FILE PHOTO



Mr Ho: 'If there is no service quality, product quality may be impacted'

The FairPrice Xtra stores also offer special family sized promotional deals exclusively, and have wider aisles and snack corners.

Similarly, Dairy Farm Singapore has also been introducing new store concepts such as Market Place and Jasons – full service high-end gourmet stores carrying a wide range of international product selections.

Another common initiative among the supermarkets here, is an emphasis on systems. In 2008, FairPrice implemented a Customer Experience Management system to better record and monitor customer feedback. More recently in 2011, it attained the S-class certification from Spring Singapore, which recognises service excellence via an assessment of an organisation's systems and processes.

Dairy Farm Singapore, which also

runs the Giant supermarkets, set up a centralised customer service centre three years ago to manage customer feedback on all its brands – Cold Storage, Giant, Guardian and 7-eleven.

Not only has this streamlined and consolidated its internal processes and standards, its customer service team is now able to produce weekly reports to set benchmarks for the various retail chains under the group, its spokesperson said.

Cold Storage saw a slight improvement in its score, though not a statistically significant one, this year.

Sheng Siong, which saw no significant improvement in its score, considers service quality an important part of its culture too. Assistant general manager Ho Chee Haw, who oversees retail operations, thinks that product quality may in fact be a sub-set of service quality.

"We think service quality is not just about 'serving' the customers, it also means to care for the customers. So if there is no service quality, product quality may be impacted, since the service staff are not concerned about the products they offer to customers," he said.

Mr Ho believes that Sheng Siong's staff distinguish themselves from other supermarkets' by their sincerity in serving.

"If our store personnel sees a customer needing help with his purchases – the customer may have bought a few cartons of canned drinks or a few packets of rice – wherever possible, he will come forward to lend a helping hand," he said.

However, ISES' Dr Lee cautions against swinging to the other extreme of overemphasising service quality at

the expense of product quality. After all, it has been a repeated refrain of ISES since it first launched the CSISG in 2007: customer satisfaction isn't all about customer service.

Typically, the bias in understanding has been towards service in the sense of a warm smile from a service employee.

But it is not always the easier lever to pull when companies desire to raise customer satisfaction. "Service tends to be more intangible than products. A product has tangible components like its packaging, freshness, and so on. For most firms, it is therefore easier to focus on product quality like variety, store inventory and so on, to generate visible improvements," says ISES director Caroline Lim.

Service, on the other hand, relies the performance of any different number of employees and has to be co-created with customers. "Consistency in service quality is therefore harder to achieve than product quality," she said.

This is especially so in the current tight labour market. "Many companies in the retail sector are facing manpower issues, and FairPrice is not an exception. We too, face a manpower crunch, and this is accentuated by our self-imposed pro-local hiring policy," said Mr Seah.

But there are means to ensure that service is not compromised, he added. Technology is a key tool.

Nine of FairPrice's stores now have self-checkout systems, and it aims to increase this to 15 by the end of the year. Electronic shelf-labelling

systems will also be installed in over 100 of its stores by the end of this year. "The investment cost is high, but we are confident that this will pay off in the long-term."

It is also building a new hi-tech distribution centre, which will include the latest technologies such as automated stacker cranes and robotic warehousing technology, to raise FairPrice's supply chain capabilities. This is expected to be up and running by the second half of next year.

And the benefits will ultimately flow to customers, such as by minimising out-of-stock situations, said Mr Seah.

In the latest survey, ISES' analysis showed identified key drivers of high customer satisfaction as customers' familiarity with the supermarket's procedures, the professionalism of the supermarket staff and the variety of products. The top two are service related, notes Dr Lee.

But the building blocks that contribute to service quality do not necessarily have to involve a "softer touch" from staff, an effort to make customers feel special. Rather customers tend to value reliability above personally customised service. And a high standard of reliability is usually the result of investing in hard technology, simplifying procedures for the customer and training staff well.

Competition remains very keen among the supermarkets in Singapore, said Mr Seah. But that is good. "It keeps retailers on their toes and ensures higher standards. The ultimate winners are the customers themselves, and this is how it should be," he said.