



Wave 5 Results: July 2009

THE NATIONAL MEASURE OF CUSTOMER SATISFACTION

Service continues to improve

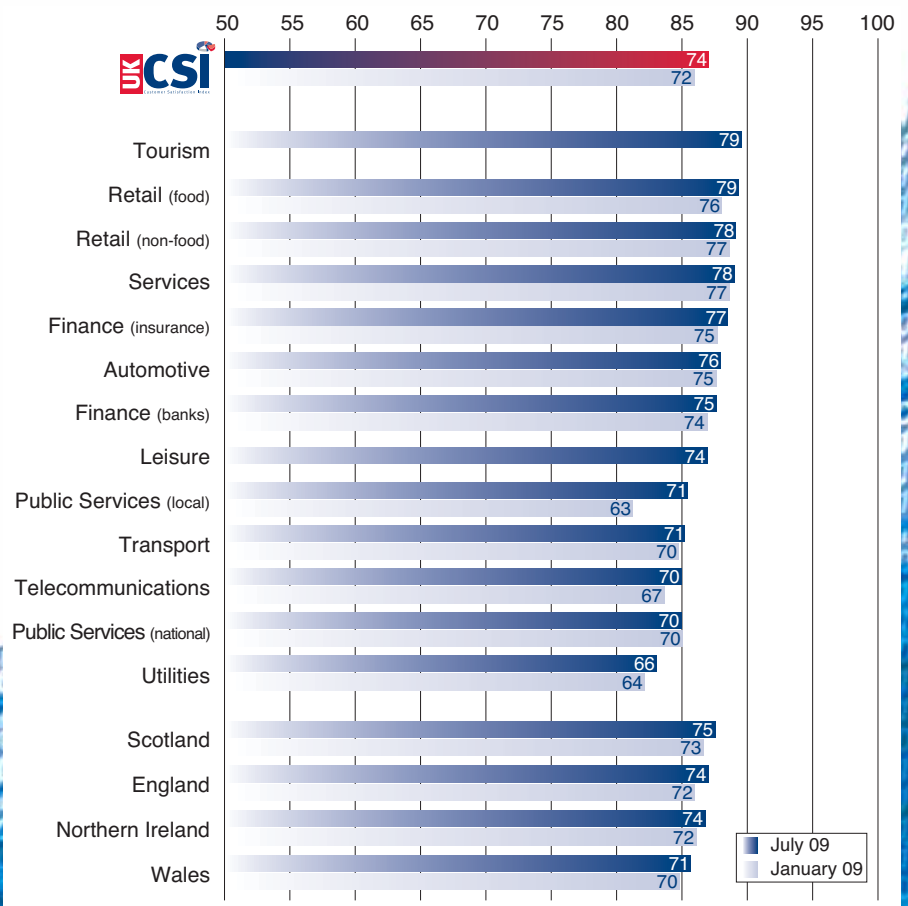
Based on a representative sample of 25,000 adults surveyed over the internet, by The Leadership Factor on behalf of the Institute of Customer Service, the UK Customer Satisfaction Index (UKCSI) has now established itself as the National Measure of Customer Satisfaction for UK organisations.

(results available online at www.ukcsi.com)

Customer satisfaction

The UK Customer Satisfaction Index has continued its upward trend, increasing across most sectors and regions. In this tough economic climate, companies seem to be focusing on their customers as economic downturn and competitive pressures make customer retention even more important than usual.

Satisfaction with the banking sector has continued to improve, showing that customers are still capable of scoring from their own experiences rather than basing their opinions purely on media coverage. However, it is also noteworthy that The Royal Bank of Scotland, whose parent RBS Group arguably attracted the most adverse media comment, has maintained an above-average CSI of 75.9 but its position in the league table has dropped. At the same time, another subsidiary of RBS Group, NatWest which went largely unscathed in the media, improved its position.





A "new entry" for the UKCSI, Co-op Bank has gone straight to the top of its league table, displacing First Direct for the first time. In order to be included in the UKCSI, organisations need to have enough responses for a reliable score.

A new sector at the top

The **Leisure and Tourism** sector has now been split into two separate sectors and the **Tourism** sector has overtaken **Services** and **Retail (non-food)** to go to the top of the table.

The Tourism sector shows much more consistent performance than Retail, with the range from the lowest to highest scoring company of only 9 points, from 75 to 84 (*Center Parcs*). The Retail (food) sector has an 18 point spread, from 69 to 87 (*Waitrose*). Looking at individual company scores (shown as small horizontal ticks in the chart top right) reveals that Waitrose and Marks & Spencer, on the positive side, and a lone very poor performer are responsible for the wide spread. The two top performers in Retail (food) are more than 6 points clear of their nearest rival (*ASDA*).

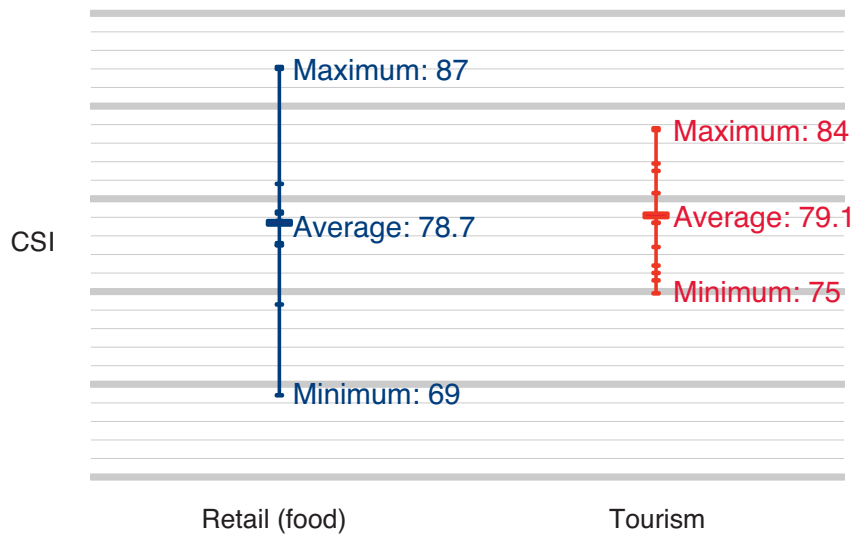
Switching most common in commoditised markets

At a time when many consumers might feel the need to tighten belts and cut spending, we asked customers if they had changed supplier in the last year and, if they had, their main reasons for doing so.

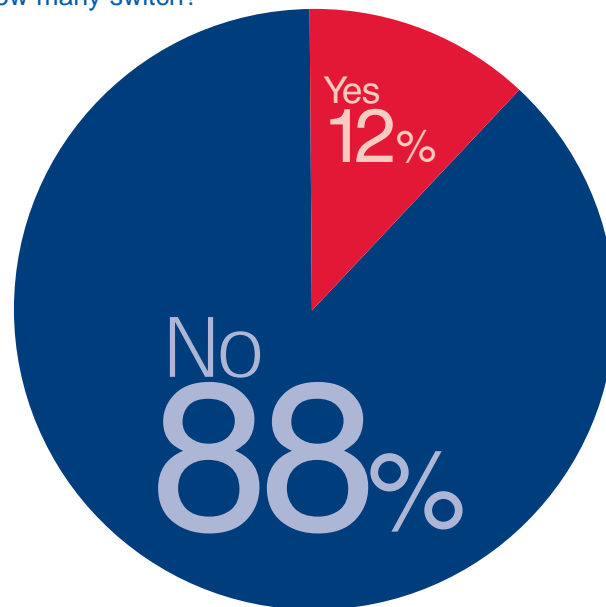
Only 12% of customers stated that they had changed supplier. The sectors with the biggest proportion of customers changing supplier were **Utilities** at 22% and **Finance (insurers)** at 21%, although this comes as no surprise given suppliers' extreme focus on price promotion and attracting switchers in these 2 sectors.

Unsurprisingly, price came out as the main reason why people would change supplier, with over 80% of **Finance (insurers)** and 70% of **Utilities** customers choosing this as their main reason for swapping. But if you watch the

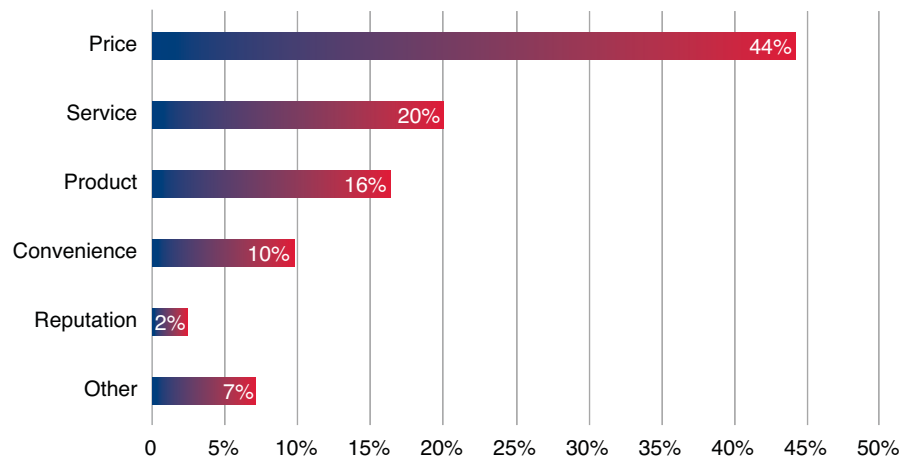
Sector consistency



How many switch?



Reasons for switching





plethora of TV ads, for insurance in particular, how many other reasons would you notice?

The best service in the world?

We asked customers which country they believe offers the best customer service. These results show that the UK comes top. As a nation we seem to be proud of the customer service we can expect, shaking off the stereotype that American 'service with a smile' is best.

While still thinking about different countries we wanted to know if customers planned to spend more or less time in the UK for this year's holidays.

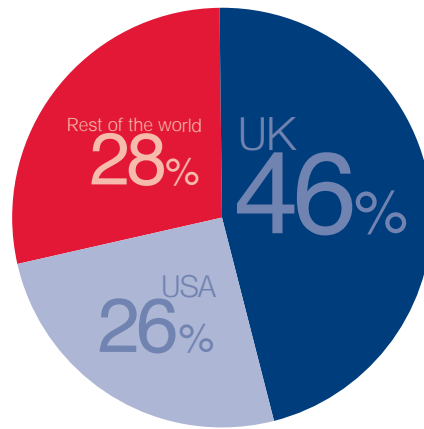
85% of customers stated they would take more or the same amount of time in the UK. Could this be to do with the recession? We subtracted the percentage of people intending to spend less time in the UK from the percentage planning to spend more to produce a **net change** figure. Overall the net movement towards the UK is 20%, but there is significant variation across countries, with Wales showing the greatest effect.

We also asked if customers would be spending more or less money overall on their holiday when compared to last year. 40% of people said they would be spending less money than last year and when we break this down by whether their holiday will be taken in the UK we can see that the majority of customers spending more time in the UK will also be spending less money.

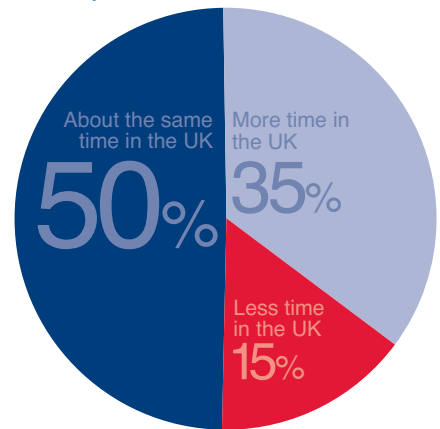
Wales, again, showed the biggest effect, with a net movement of 49% towards spending less. England had the lowest effect with a net change of 21%.

Men showed themselves to be more profligate than women, with 20% planning to spend more on their holiday this year compared to 15% of women (*we wonder whether they're going on holiday together!*). Age proved to make more difference, with young people more likely to spend more and older people more likely to spend less (*particularly the 45-54 age category*).

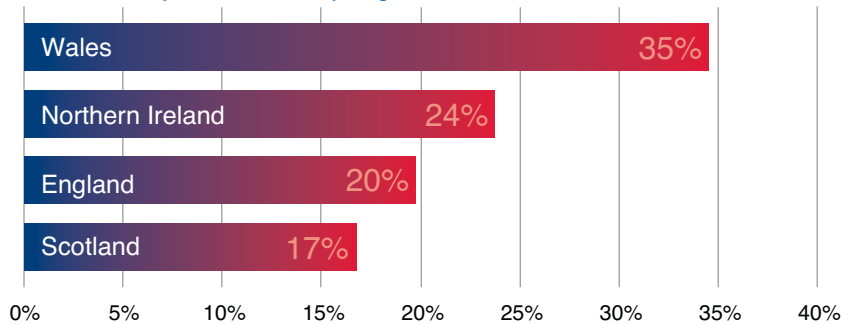
Best customer service



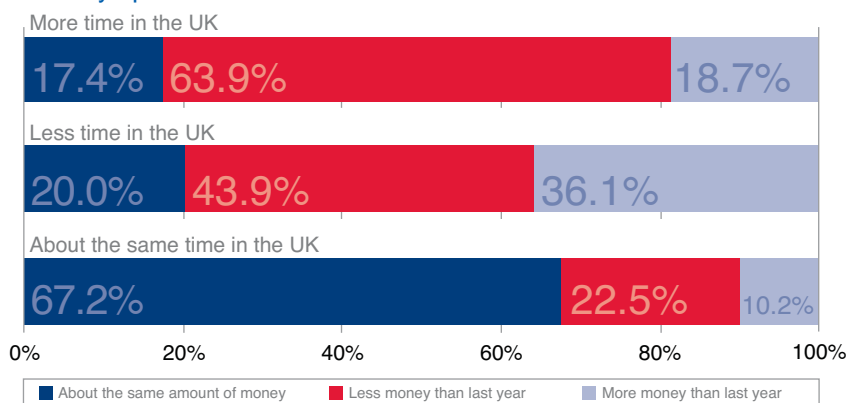
Holiday destination



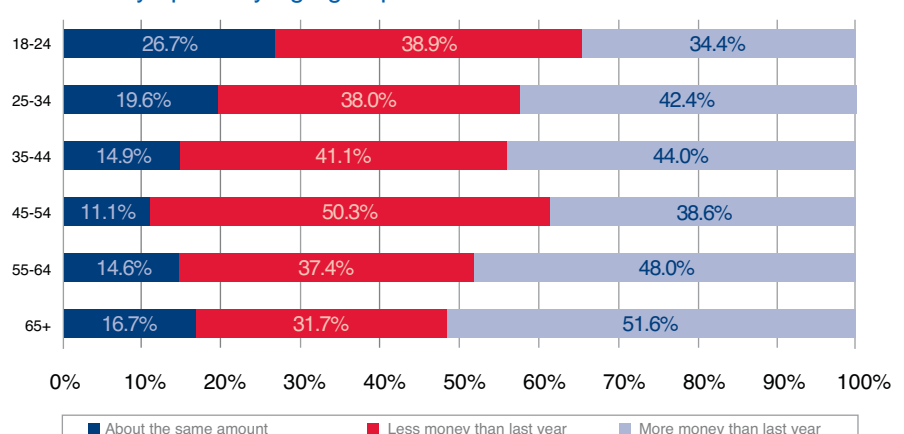
More holiday time in UK by region



Holiday spend



Holiday spend by age group





Even if the increased propensity to holiday in the UK is driven primarily by a desire to save money, it is surely no co-incidence that the Tourism sector is at the top of the customer satisfaction league table. It makes the industry well placed to give customers a great experience, increase customer loyalty and build on its sales gain in the years ahead.

The top ten

The results for top performing companies in all sectors are freely available online at ukcsi.com. Of the 156 individual organisations measured for the UKCSI, the highest scoring named Top Ten were:

- John Lewis
- Waitrose
- Marks & Spencer (food)
- Mazda
- RAC
- Marks & Spencer
- P&O Ferries
- Center Parcs
- Hilton
- Boots

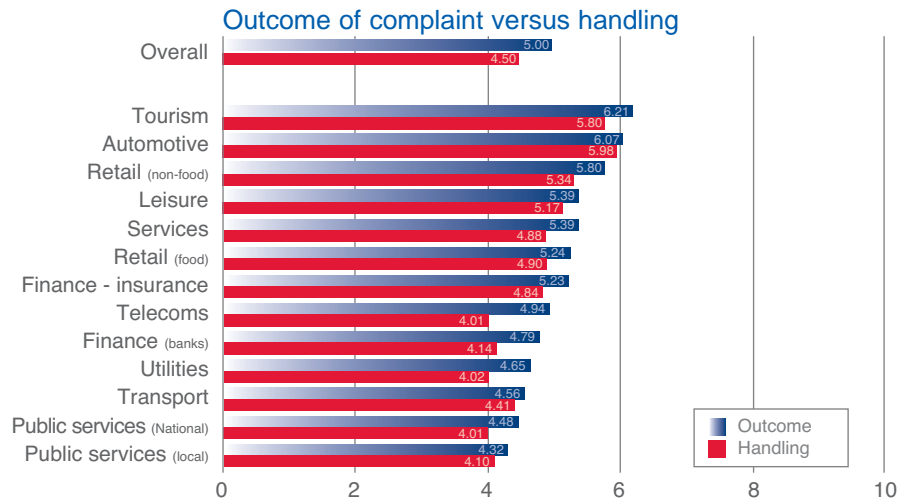
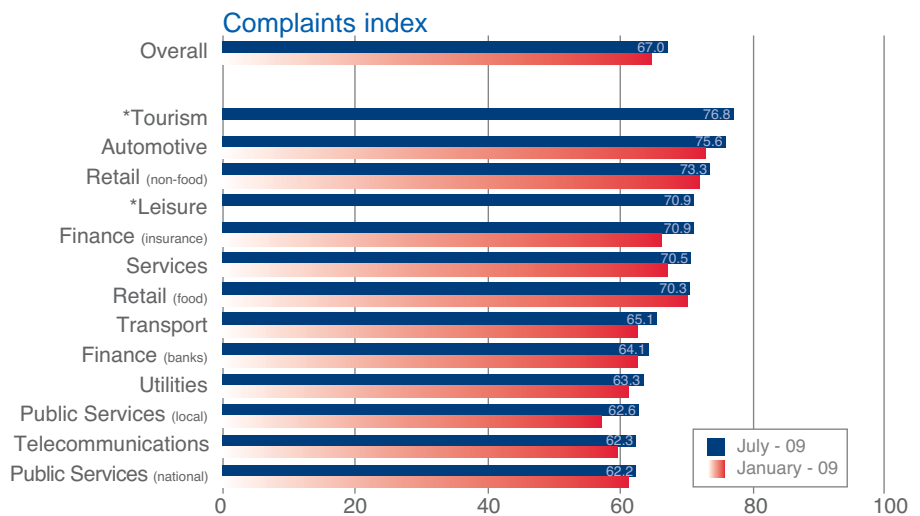
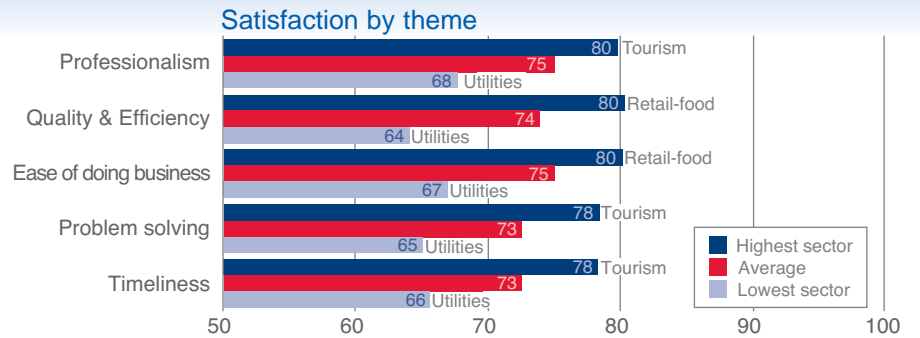
On average, companies are achieving higher scores than last time indicating customers are generally more satisfied. Last time we wondered whether a company could achieve an index of over 90, in July 09 this has been achieved by John Lewis gaining a score of 91, 2% higher than the score in January 09.

The chart top right shows which sectors are at the top and bottom when the individual requirements are grouped into themes. We can see that the best scorers are the tourism and retail food sectors.

Improved complaint handling

A complaints index is calculated for every sector based on how well these companies handle complaints and how many complaints are generated.

The overall complaints index is 67 (up from a score of 64) In general all sectors have seen an improvement with their complaint handling, the biggest increases being for public sector (local) and finance



(insurance). The new tourism sector scores a very respectable 77 for complaint handling, while at the bottom of the league public services (national) come out the worst.

The chart bottom right shows the breakdown of the two complaints questions asked within the survey. Here we can see the new tourism sector coming out on top for the outcome of the problem with a score of 6.2. S



Stephen Hampshire
Client Manager
The Leadership Factor

Stephen manages customer and employee surveys for Visa, Norwich & Peterborough Building Society and King's Fund amongst others. He also presents training courses on employee surveys, customer surveys and data analysis.

Favourite loyalty scheme: Taste Fine Wines because they value my custom and round down the price.

stephenhampshire@leadershipfactor.com