



## Is recession good for customer service?

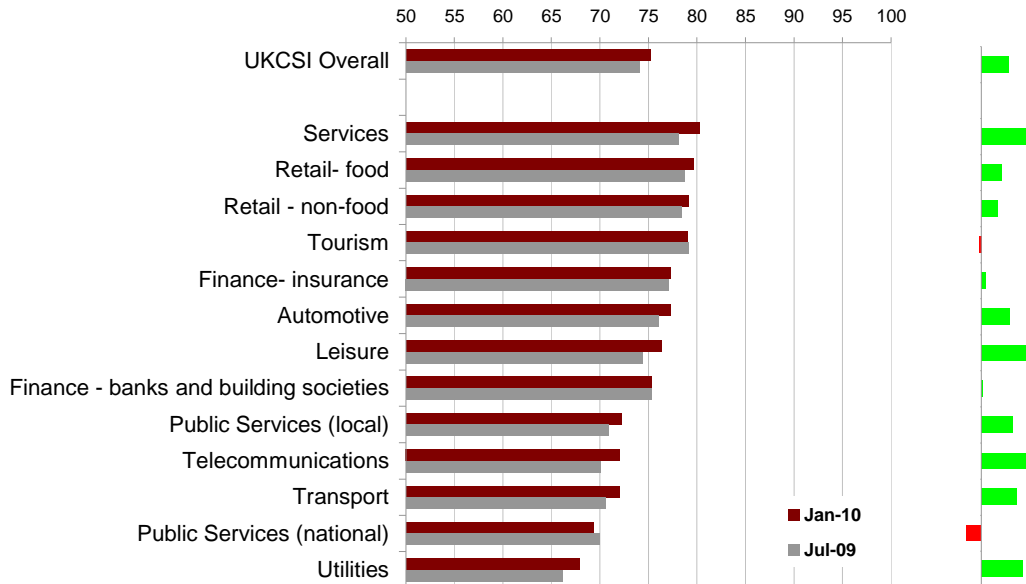
January 2010

Based on a representative sample of 26,000 adults surveyed over the internet, the Institute of Customer Service presents the latest UK Customer Satisfaction Index (UKCSI) which is the National Measure of Customer Satisfaction for UK organisations.

### Customer satisfaction

The UKCSI has again risen, increasing or staying constant across all but one sector since July 2009. It has often been assumed that recession should be good for customer service because it causes organisations to focus on keeping and valuing their existing customers, and the UKCSI supports that view.

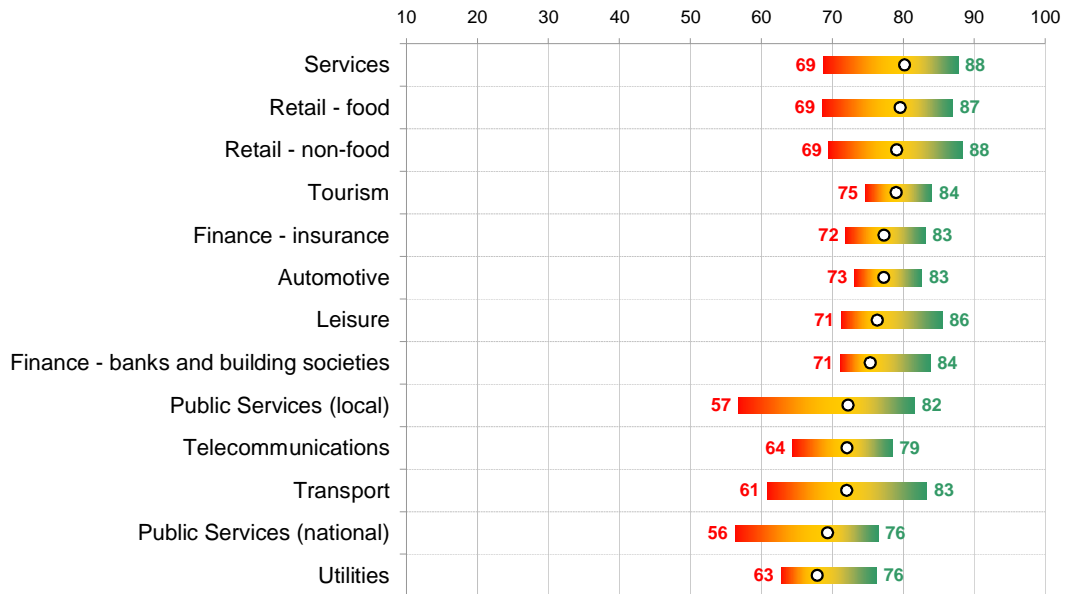
### UKCSI, January 2010 versus July 2009



This continues an upward trend from January to July 2009, and means that all sectors apart from *Public services – national* have improved over the last twelve months.

## Variation within sectors

One of the insights that the UKCSI has allowed us is that some sectors are much more consistent than others. The chart below, sorted in order of the average CSI score for January 2010, also shows the **best** and **worst** organisation in each sector.



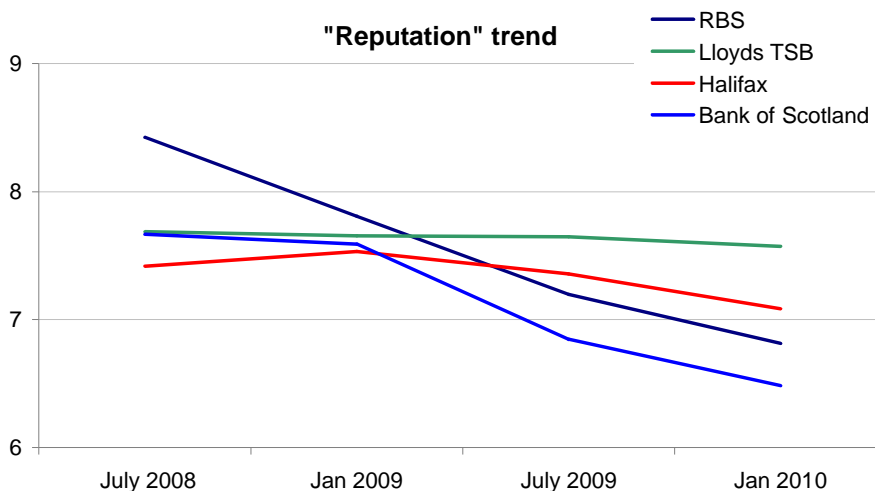
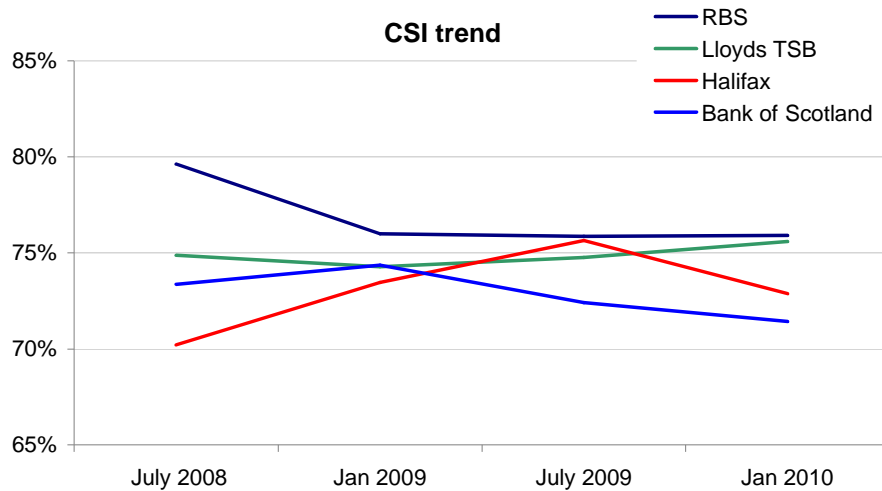
This shows that the average scores for the top three sectors mask wide variation from world class levels to relatively low scores for a few suppliers. By contrast the tourism, automotive and insurance sectors are very consistent. The implication is that in these markets there is less tolerance for poor performance (i.e. customers will simply take their custom elsewhere if service moves below a “tipping point”) and also less opportunity for “stars” to outshine their competitors. This may be because innovations are easy to copy, or because the market is relatively commoditised, making service differentiation a luxury suppliers do not believe they can afford.

## The banking sector—reputation and satisfaction

One of the surprises for some people in the July 09 results was the strong performance by the banking sector, which has been maintained in the year end result. Does this mean that the banks have emerged unscathed from the storm of negative press they have experienced?

Not entirely. As we said last time customers are able to distinguish between media coverage, the bank's image, and their own experiences of service. The majority of the components of UKCSI, which are very specific, are based on those personal experiences and so are cushioned from the effects of media coverage. There is one element of the UKCSI which reflects a wider context—we ask customers to score their supplier's "Reputation".

When we look at the trends of CSI and the score for "Reputation" for some of the major banks since July 2008 we can see both how the media coverage has affected some banks' reputation, and the extent to which the other components of CSI can be scored independently of it. RBS and Bank of Scotland, in particular, have seen significant damage to their score for "Reputation" without such serious falls in their overall CSI performance.



## The top 10

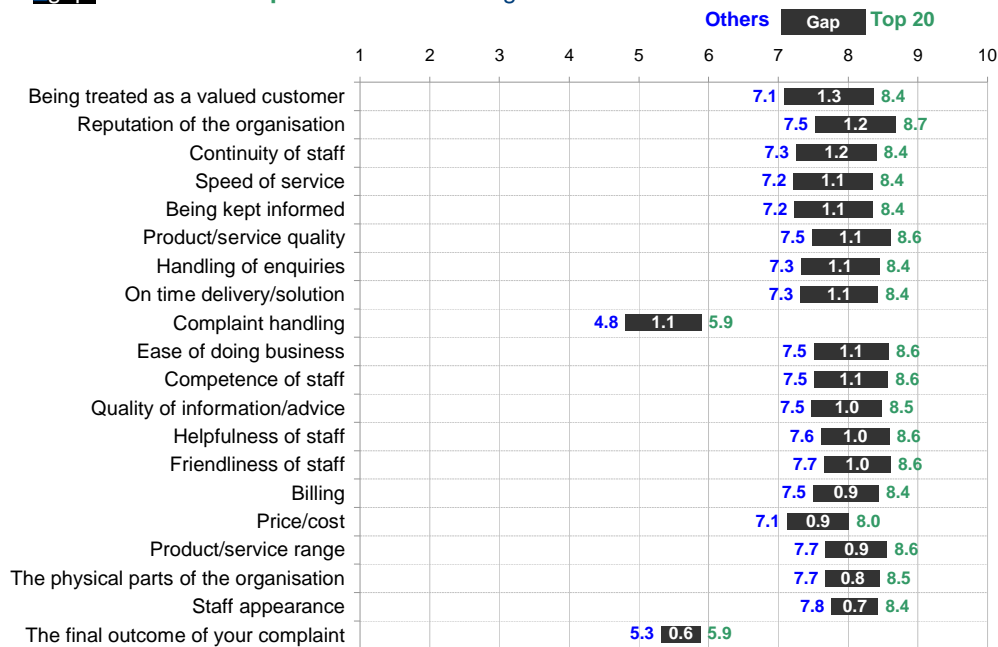
This time **33** named organisations have achieved a CSI over 80, five are over 85. In July 37 organisations scored over 80, and if we go back to January 2009 only 26 organisations managed it.

This time, the 10 highest scoring named organisations are:

- John Lewis (88)
- Waitrose (87)
- Marks & Spencer (food) (86)
- Toby Carvery (86)
- Marks & Spencer (85)
- Virgin Holidays (84)
- RAC (84)
- First Direct (84)
- Marriott (83)
- Virgin Atlantic (83)

## What makes the difference?

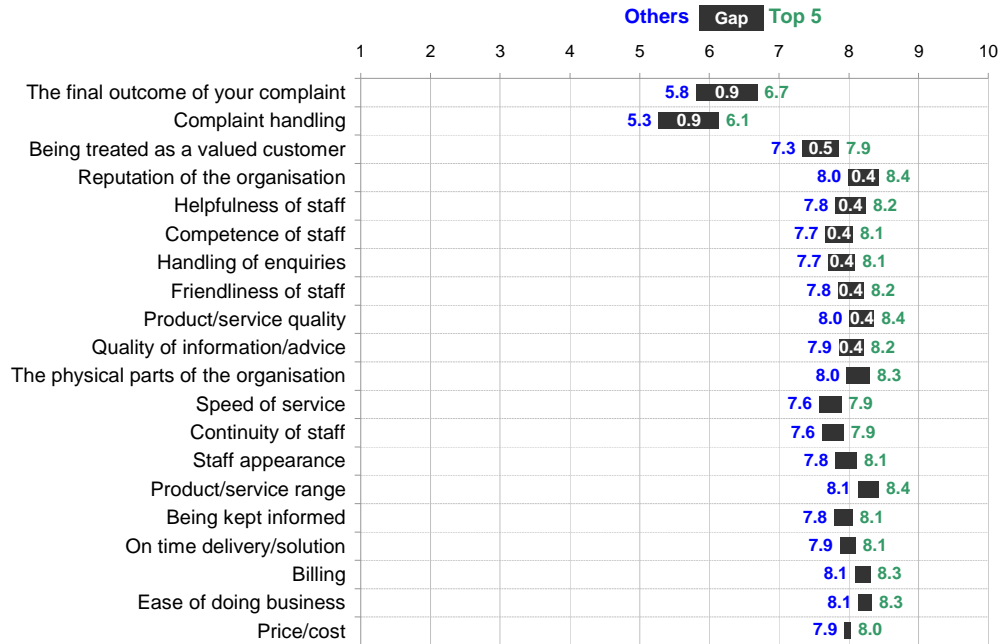
If these organisations are better than most, and it does tend to be the same names that appear in this list, what is it that sets them apart from others? By comparing specific satisfaction scores between organisations at the top of the UKCSI (here we have used the top 20) with the rest we can see what makes the difference. The chart below shows the size of the **gap** between the **top 20** and **all other** organisations.



Overall there is a surprisingly even gap—in other words the best organisations are better at almost everything, though this difference is less marked for tangible areas such as *product range* and *staff appearance*. It is important that customers see comparatively little difference between the best organisations in terms of the *outcome* of any complaint, but do see a difference in the *way complaints are handled* by the best organisations.

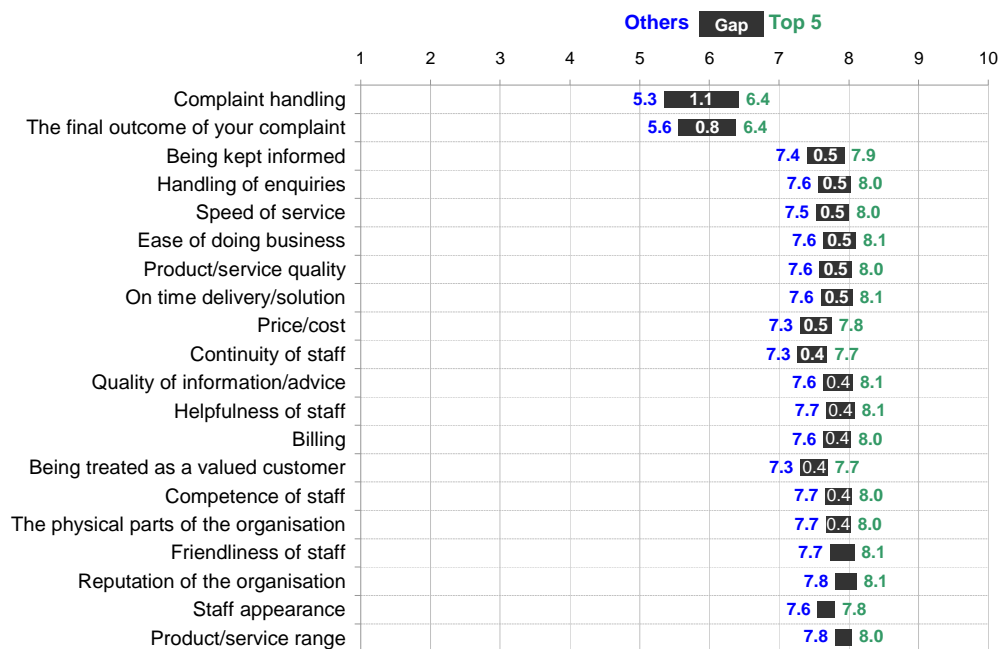
## Food retail—complaint handling makes the difference

In the **Retail – food** sector, the biggest differentiator between the top 5 organisations and others scored in the survey is in the way they handle complaints. Customers do not see cost as a differentiator at all—service, not price, is what makes the difference.



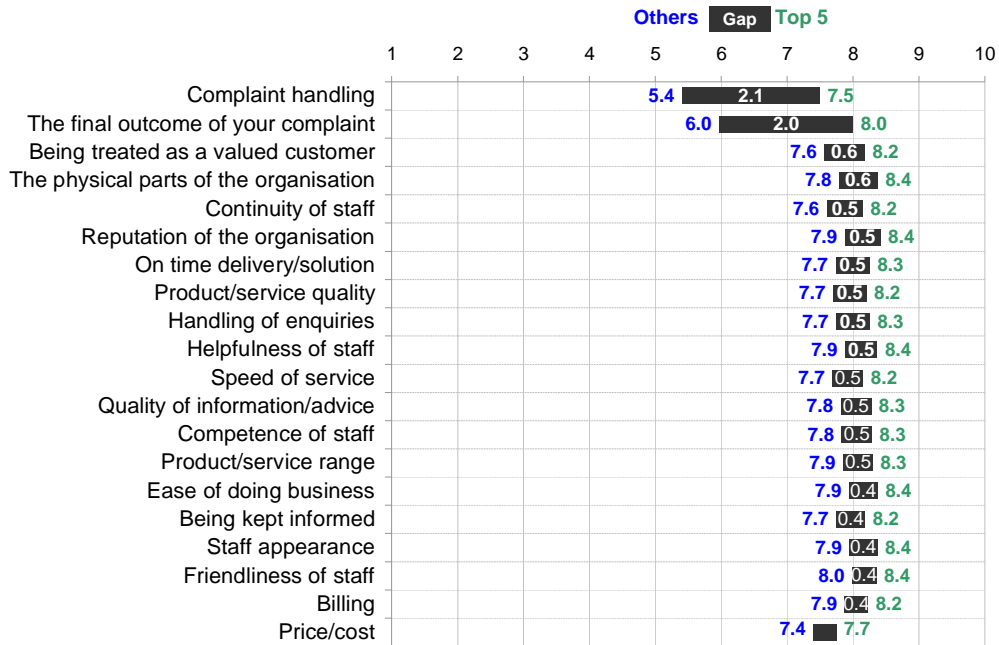
## Insurers—complaint handling makes the difference

On the face of it insurance is a very different type of market, yet a similar pattern holds true here. *Price* is seen as a more important differentiator, whilst *product range* doesn't seem to be differentiated at all. *Complaint handling* is still the main thing that sets the best apart.



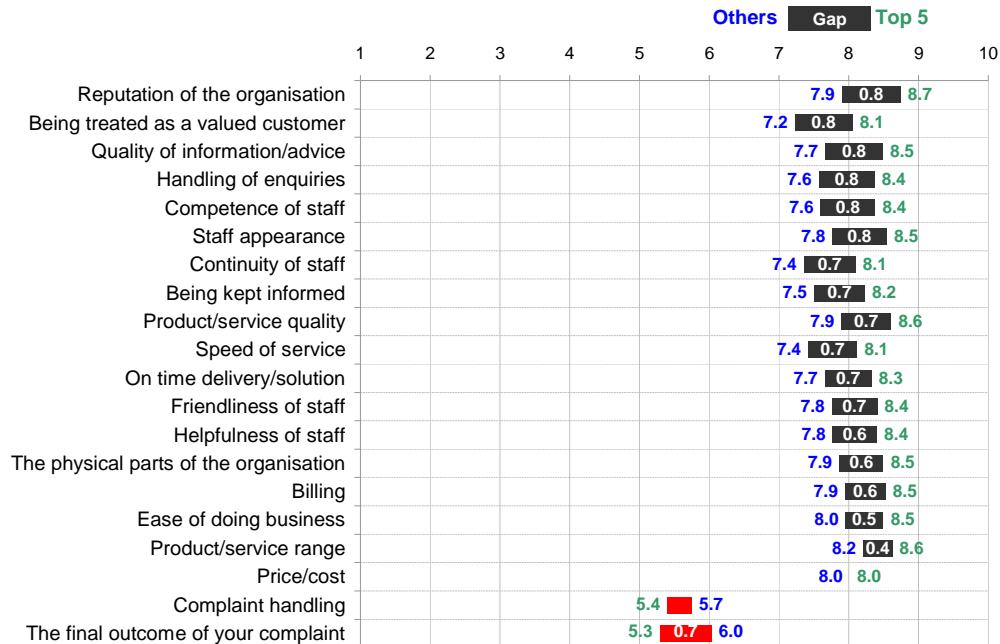
## Tourism—complaint handling makes the difference

Another sector, and the same pattern again. This time the difference between the top 5 organisations and the rest is even greater.



## Non-food retail—day to day service is what counts

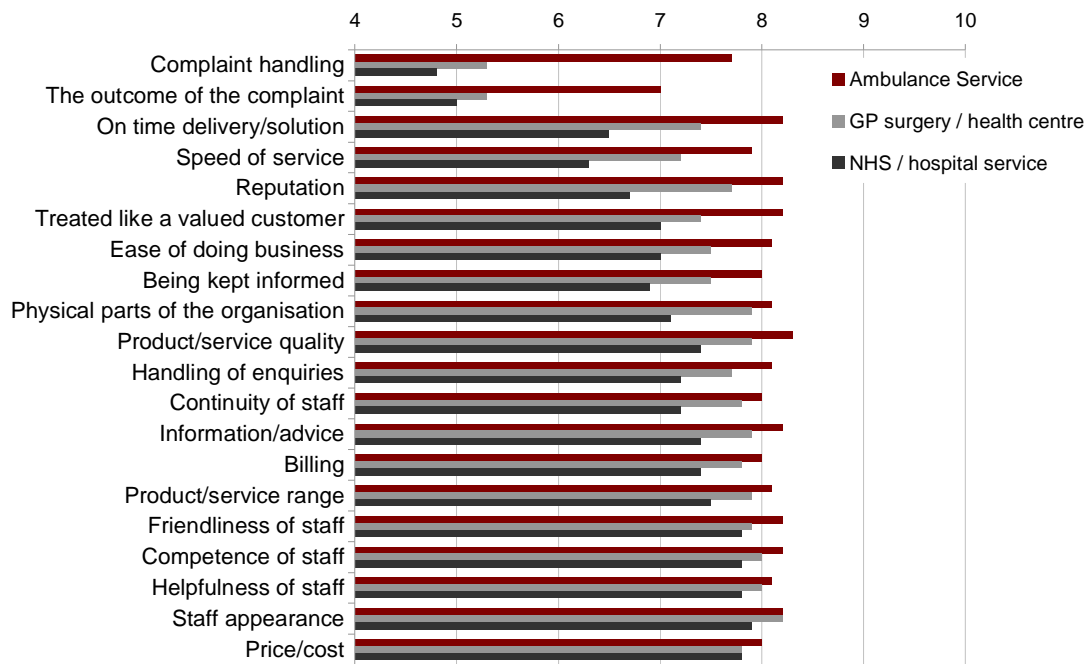
Perhaps the same is true for all sectors? No—the exact opposite is the case in our other retail sector. The top 5 companies are actually worse at handling complaints than the rest (perhaps because they get less practice!). Their strong reputations, excellent staff, and quality of day to day service are what sets them apart.



## Healthcare providers—a comparison

As part of the UKCSI, customers score their satisfaction with a number of central and local government agencies related to healthcare. The overall CSI scores vary, but it is more interesting to look at the differences between individual satisfaction scores. Some are unsurprising (*speed of service* for example). Other areas, notably the appearance, competence, helpfulness and friendliness of staff, show great consistency.

The real interest, however, is in some of the other differences, such as *reputation, being kept informed* and *physical parts of the organisation*—why the difference between GP surgeries and NHS hospitals?



## Sector leaders

Some sectors are better than others, which means that the stronger sectors tend to dominate the overall top 10. The top named organisations within each sector are showing their sector how to move forward in delivering great customer service. A special mention goes to the Virgin brand, which tops two sectors, and to John Lewis/Waitrose for their success in the retail sectors.

Automotive:	Mercedes Benz (83)
Finance, banks:	First Direct (84)
Finance, insurers:	SAGA (83)
Public services (national):	The Identity and Passport Service (77)
Public services (local):	The Ambulance Service (82)
Leisure:	Toby Carvery (86)
Retail, food:	Waitrose (87)
Retail, non-food:	John Lewis (88)
Services:	RAC (84)
Telecommunications:	O2 (79)
Tourism:	Virgin Holidays (84)
Transport:	Virgin Atlantic (83)
Utilities:	SSE (76)

## 2009 “most improved”

As well as looking at the outright winners, it’s interesting to see which organisations are making the best progress. Since January 2009, 13 companies named in both surveys have improved their overall CSI by more than 5 points. The telecom sector has done particularly well in that time, with Vodafone, Orange and Talk Talk all among the big gainers.

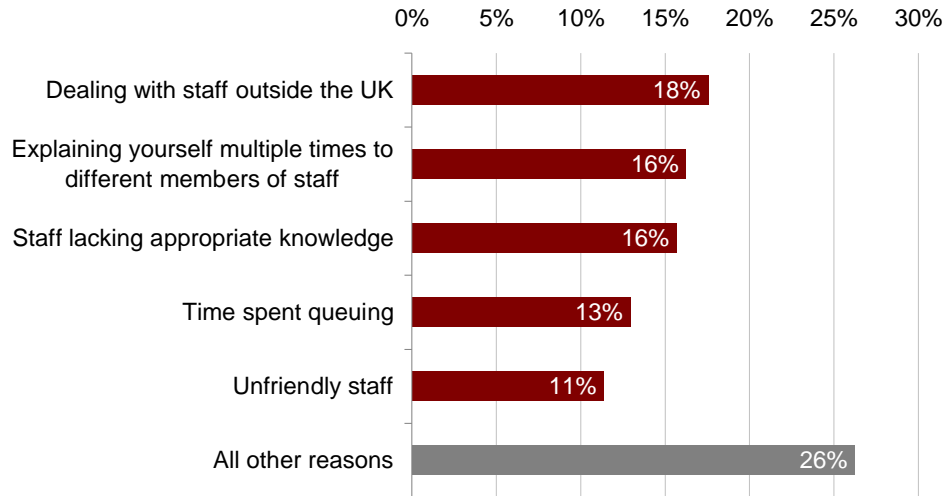
The top 10 most improved named organisations since January 2009 are:

- Toby Carvery (up 8 to 86)
- Vodafone (up 8 to 77)
- Harvester (up 7 to 81)
- Admiral (up 7 to 79)
- McDonalds (up 7 to 73)
- Homeserve (up 7 to 69)
- Iceland (up 6 to 80)
- Stagecoach (up 6 to 69)
- British Gas (up 6 to 68)
- Talk Talk / Carphone Warehouse (up 6 to 69)

As well as Virgin’s success, we should also point out that there are two Mitchells & Butlers brands (Toby Carvery and Harvester) near the top of the most improved list, and both with very good CSIs.

## Call centres

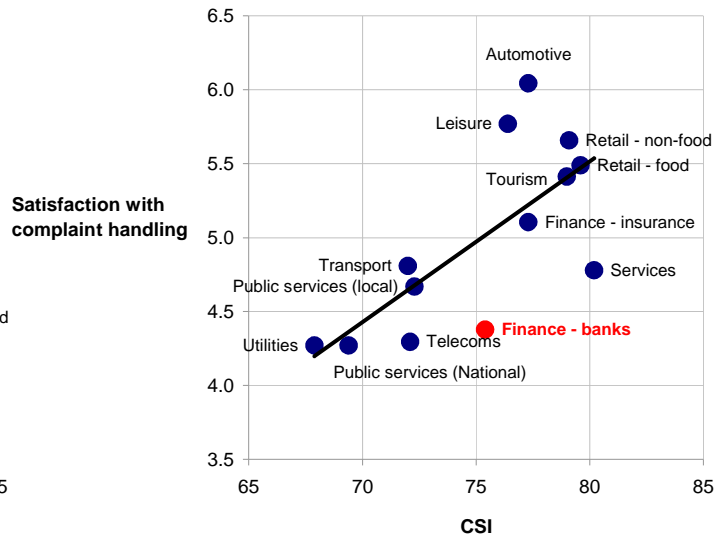
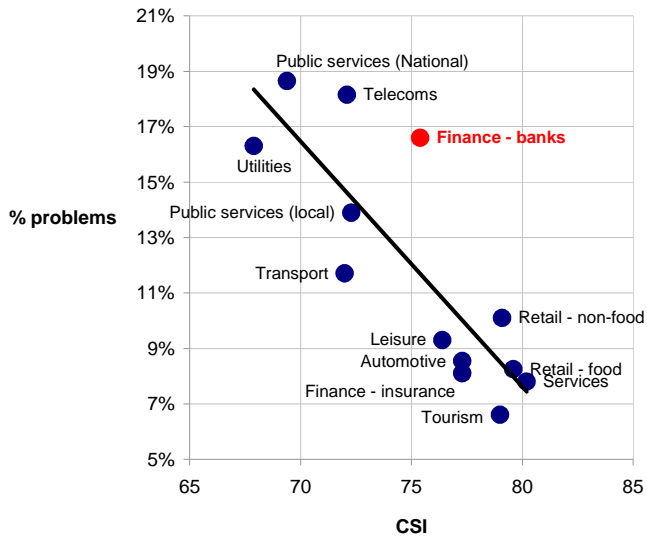
This time we asked customers some extra questions about their experience of call centres, always a hot topic. We asked them what were their main reasons for disliking the worst call centre they had experienced, and found that the main problems were:



We also asked customers who, from a list of celebrities and fictional characters, they would most like to handle their call in a call centre. Joanna Lumley (15%) and Jeremy Clarkson (14%) were the most popular overall, with Holly Willoughby being a more popular choice amongst men (13%) and Dermot O'Leary scoring well with women (13%). The least popular choice was Hyacinth Bucket, with only 3% of the vote.

## Customer satisfaction and dealing with problems

One of the key tests of an organisation, from a customer's point of view, is how they react when there is a problem or if a complaint is made. As you might expect, sectors which are better in terms of customer satisfaction also have a lower incidence of problems (i.e. fewer customers say they have had a problem) and are better at dealing with complaints. The two charts below show how strong these links are.



Interestingly, though, there are some significant deviations from the overall trend. In particular the banking sector is generating more problems, and handling them less well, than you would expect for a sector with a mid-table CSI. This means that day to day performance is relatively strong, but that critical incidents are having a disproportionate effect on the 17% of customers that experience them.