The Institute of Service Excellence (ISES) was established by the Singapore Management University (SMU) and Singapore’s Workforce Development Agency in July 2007 to promote a culture of service excellence and raise service standards in the country. One of its key focus areas is to undertake objective benchmarking, measurement and comparative analysis of service standards. In April 2008, following a survey conducted across various sectors and subsectors, the Institute launched the nation’s first customer satisfaction index, known as the Customer Satisfaction Index of Singapore (CSISG). Singapore scored 68.7 out of 100 in the CSISG, lower than South Korea and the United States which scored 72 and 75 respectively.

According to Caroline Lim, director of ISES, “the CSISG is a qualitative measure of how key sectors and sub-sectors of the Singapore economy are performing in the area of customer satisfaction as well as the impact of their performance on the economy. Therefore, it will complement the other traditional forms of measure of the quantity of economic output such as GDP to provide a more holistic picture of the Singapore economy.”

Score Card

Singapore’s tourism sector reported the highest score of 71, followed by education (70) and transportation and logistics (69.1). Both the healthcare sector and food and beverage sector got the lowest score of 67.7. Within the sub-sectors, the top performers were hotels (73.5), attractions (71.5) and private hospitals (72.8). The worst performing sub-sectors were polyclinics (62.1), public buses (64.3) and public hospitals (64.6). The study also showed that 6.3% of all respondents said they had complained to a company at least once in the previous six months. This is lower than the 14% reported in the US.

The CSISG was based on the American Customer Satisfaction Index (ACSI) which was developed by the National Quality Research Center (NQRC) at the University of Michigan. “ACSI has been the de facto standardised measure of customer satisfaction in the United States economy since 1994,” said Lim. Apart from Singapore, South Korea and the US, other countries that have also adopted the ACSI methodology and developed a similar customer satisfaction index include Mexico, Columbia and Turkey.

Methodology
Interviews were conducted over a two and a half month period in 2007 with over 10,000 households and over 2,000 tourists surveyed. In total, 22,349 questionnaires were completed. Tourists were only surveyed in 15 of the 31 sub-sectors in areas relevant to them.

For the Singapore survey, the English language version of the questionnaire was adapted to the form of English spoken locally. Interviews were also carried out in the Malay and Chinese languages. The Singapore survey was conducted face-to-face whereas in the US and other countries, respondents were interviewed over the telephone. Singaporeans between the age of 35 and 54 formed 48% of those surveyed. Those between 18 and 34 formed 38%. About 58% of all respondents said their household income was less than $6,000 a month. Chinese respondents formed 73% of the total. About half of all respondents had at least secondary education.

Among the tourists who responded, the majority were from Indonesia, followed by China, Australia, Malaysia and India.

In each questionnaire, respondents were asked about their experiences with a single business entity in one of 31 sub-sectors across the eight economic sectors. The questionnaire sought to capture everything a customer knew about a company’s products and services, the degree to which that product or service met key customer requirements, and the perceived value of the product.

In determining customer satisfaction, the questions asked respondents about overall satisfaction, the level to which the actual performance exceeded or fell short of expectations, and the distance from an ideal product or service within the category.

Surprise Results?

In most categories, tourists gave a much higher score than Singaporeans, usually at least a 10-point spread. The biggest difference was recorded for taxi services. Singaporeans gave a score of 64.6 while tourists gave a much higher score of 79. The narrowest difference was for hotels. Singaporeans gave hotels a satisfaction score of 73.5 while tourists gave a score of 73.6.

When the results were released to the public, there was considerable debate in the media because of the relatively high scores for Singapore. One theory was that this was the overly generous tourists had distorted the numbers. However, Lim pointed out that tourists formed less than 10% of total respondents. "The 10% tourist respondents would not be sufficient to bring up the overall satisfaction score," she said.

When asked how Singapore managed to score so well against all expectations, Lim responded: "The CSISG provides a common yardstick to measure service level and monitor the progress nation-wide as well as across the service industries over time. The consensus is that there are opportunities to raise the service standards in Singapore and bring service excellence to the next level to be more competitive globally.

“The launch of the CSISG is a groundbreaking development for the service industry in Singapore. Finally, we have a more detailed, rigorous and objective measure to assess customer satisfaction. This will be an annual rating exercise and a standardised benchmark for the service industries in Singapore.”
Diagnostic Tool

Apart from just being a benchmark, the CSISG can also serve as a strategic diagnostic tool for companies and businesses to deduce the causes and consequences of high or low customer satisfaction levels, and identify areas to improve their performance. It allows CEOs to get a deeper understanding of the factors affecting customer satisfaction so that they can improve their service, said Lim.

Marcus Lee, Singapore Management University marketing professor and academic director of ISES, said: “For companies, the CSISG will allow them to benchmark themselves against their direct competitors as well as learn how best-in-class companies outside their industries are managing their customers. For consumers, the CSISG will allow them to make more informed decisions when deciding which companies to engage. For researchers and analysts, this new index, which will be a permanent fixture in Singapore, will be a rich source of objective information on the qualitative aspects of the performance of companies in our economy.”

According to Lim, there are no plans to tweak to the survey’s methodology. “One of the reasons why the ACSI was adopted was to enable benchmarking between countries. Hence we will continue to leverage the methodology that has more than 14 years of track record to monitor service level in Singapore over time in the immediate future.

“ISES is committed to synergise industry know-how and the academic rigour of SMU to develop the research agenda and studies for Singapore and Asia. Moving forward, we aim to draw findings from our research studies to enhance the index for Singapore and Asia Pacific.”