Customer happiness taking on greater significance

By TEH SHI NING

CAN happiness be measured? Certainly, if narrowed down to specify how a customer feels after interacting with a company, says the Institute of Service Excellence at the Singapore Management University (ISES).

ISES, the brains behind the Customer Satisfaction Index of Singapore (CSISG), is confident that its scores quantify customer happiness in a sufficiently rigorous manner, with the added plus of surfacing specific insights for businesses to act upon.

Such an index is not unique to Singapore. The methodological foundations of the CSISG are based on the American Customer Satisfaction Index, which has been the de facto standardised measure of customer satisfaction in the United States economy since 1994.

So while several governments globally debate the merits of measuring national happiness as an alternative to gross domestic product (GDP) growth as a gauge of progress, customer satisfaction indices have, on a different level, been complementing production-based measures like the GDP for years now.

"Both types of measures are necessary as economic growth hinges not only on producing more, but producing better products and services," ISES says. It sees the CSISG as an indicator of the quality of goods and services produced by Singapore’s economy, one that provides an assessment from the buyer’s vantage point.

The CSISG, now in its fifth year, covers more than 100 businesses from eight key economic sectors – electronics, transportation and logistics, tourism, departures, and perceived value. Expectations are shaped by branding, positioning, word-of-mouth praise, and criticism. A company can change its quality via training, infrastructure upgrades, and process improvements, while value is a combination of quality and pricing.

A sense of how the customer views each of these helps clarify the "three strategic levers companies can pull in order to raise customer value and their bottom line", says Mr Lee.

Ms Lim says that with more than 100 boardroom presentations to corporates across the CSISG-tracked sectors under its belt now, ISES has begun to see more companies use the index in their in-house performance score cards and take action on its findings.

The interviewer then zooms in on the interviewee's "accumulated plus of surfacing specific insights" with that business. Each quarter’s survey thus yields about 250 responses for each company scored.

In all, about 17 questions are asked on customer satisfaction. The idea is to measure its three key drivers – expectations, perceived quality, and perceived value. Expectations are shaped by branding, positioning, word-of-mouth praise, and criticism. A company can change its quality via training, infrastructure upgrades, and process improvements, while value is a combination of quality and pricing.

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The interviewer then zooms in on one company from each of the two sectors per survey, probing deeper into the interviewee’s “accumulated plus of surfacing specific insights” with that business. Each quarter’s survey thus yields about 250 responses for each company scored.

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