



THE

UK

CUSTOMER

SATISFACTION

INDEX

INDEX

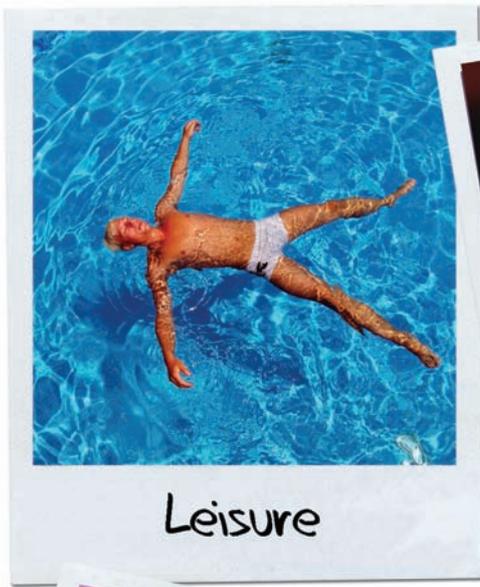
ACT



In April 2007 the Institute of Customer Service launched the UKCSI ([www.ukcsi.com](http://www.ukcsi.com)) and IrishCSI ([www.irishcsi.com](http://www.irishcsi.com)). Similar to the twelve years old American Customer Satisfaction Index, its purpose is to measure and monitor customer satisfaction levels across the UK and Ireland. The questions and methodology are based on the findings of the recent customer priorities research conducted for the ICS by The Leadership Factor. Every six months it will provide an independent picture of customer satisfaction levels based on the views of thousands of customers. ICS Director Robert Crawford explains the significance of the UKCSI both as a valuable tool for organisations and in providing the Government with an insight into economic trends.



# R TION



**WHO CARES WHAT CUSTOMERS REALLY WANT?**

We all do. Every single one of us, because at one time or another we are all customers ourselves. We want to be treated well, and to feel organisations we deal with value us as a customer. It's more than just how their staff treat us. It's actually how we feel about our entire experience with each organisation. Is it easy to do business with? Does its technology facilitate excellent service or get in the way? Are we comfortable in the environment it creates?

All organisations need to know what their customers think so they can meet or exceed expectations and deliver world-class service. So the importance of measurement cannot be over-emphasised.

Instead of being something that just happens, service needs to become manageable and managed. To do that, organisations need to measure customers' satisfaction with their customer experience. It also requires a comprehensive Service Management System that relies on a tailored measurement process but does not stop at measurement alone. Measurement simply sets the scene for implementing actions to continually improve customer satisfaction.

**THE LENS OF THE CUSTOMER**

The first phase of any customer satisfaction measurement initiative is to define customer needs and priorities - what the University of Michigan has called 'the lens of the customer'. ICS, with the help of The Leadership Factor, has completed a major and unique piece of research into the service priorities of customers in the UK and Ireland. "Customer Priorities: what customers really want" is based on the views of over 200,000 customers, making it the most robust and authoritative research on this topic. In general, after the quality of the product or service, customers want staff to be friendly, helpful and competent, and to be treated as a valued customer. Don't we all? They also want to know that, if anything does go wrong, it will be sorted out, swiftly and effectively.

The research concluded that customers' priorities can be grouped into five Service Attributes:



- professionalism
- problem solving
- timeliness
- quality/efficiency
- ease of doing business

The same research also concluded there would be merit, at both organisational and Governmental levels, for the introduction of National Customer Satisfaction Indexes (CSIs) in the UK and Ireland. It outlined evidence, mainly from the US, of customer satisfaction being the biggest single factor determining future growth of the economy as well as individual companies.

**WHY HAVE NATIONAL MEASURES OF CUSTOMER SATISFACTION?**

Over ten years of data amassed by the American Customer Satisfaction Index has conclusively demonstrated the value of customer satisfaction to the US economy. Full details are available in "The American Customer Satisfaction Index at Ten Years: Implications for the Economy, Stock Returns and Management" (published by the Stephen M Ross School of Business, University of Michigan in 2005 and available from www.the.acsi.org). As the report concludes, "At the macro level, customer satisfaction and household spending are at the hub of a free market. In one way or another, everything else - employment, prices, profits, interest rates, production and economic growth itself - revolve around consumption." If consumers reduce their spending the economy moves into recession. If they increase it, albeit by a very small percentage, the positive effects on economic growth will be significant. This is quite simply because customers reward companies that meet or exceed their requirements and punish those that don't. This fact is fundamental to the way free markets



operate – driving them to deliver as much customer satisfaction as they can in the most efficient way possible. There is also growing evidence that today's affluent consumer in developed economies has become more interested in quality of life (doing things) than material wealth (owning things). This further reinforces the importance of the amount of satisfaction delivered by the entire customer experience, not just the core product or service.

GDP is a measure of the amount, or quantity of economic activity. Customer satisfaction is a measure of its quality (as perceived by its consumers). If it is true that people seek to repeat high quality, pleasurable experiences but avoid those of low quality, we would expect to see a relationship between these two indicators. Analysts at the University of Michigan have identified "a significant relationship between ACSI changes and subsequent GDP changes, a relationship that operates via consumer spending". Whilst it is obvious that the level of consumer spending is based on the amount of money that people have to spend, it is crucial to understand that it is also affected by their willingness to spend it. Whilst some spending is down to necessity (e.g. the food and shelter necessary for survival), most spending in developed economies is beyond that level and is driven by the anticipated amount of satisfaction that the spending will produce. To quote the University of Michigan again, "The importance of this can hardly be overstated. Since its inception, the data show that ACSI has accounted for more of the variation in future spending growth than any other factor, be it economic (income, wealth) or psychological (consumer confidence)."

If customer satisfaction is so important, how much do we know about it? The short answer is that we just don't know because in the UK and Ireland there is no published information on this subject. Very few customer satisfaction survey results are ever published, so we just don't know to what extent very large and financially successful companies in the private sector are satisfying their customers as well as their shareholders. And

although many people express views on whether public sector organisations deliver satisfaction to their 'customers', we don't know the score there either. The UKCSI will tell us how much the collective 'output' of the public and private sectors is successfully improving the well being of society.

ICS is in the unique position of being able to develop CSIs that will be:

- useful to Government as lead indicators of economic growth
- beneficial to individual organisations in tracking their own progress together with progress within their own sector and across sectors
- independent
- authoritative

Consequently, work on producing a UKCSI and an Irish CSI is well advanced with the first results due at the ICS annual general meeting on 28 June.

#### HOW WILL IT WORK?

The data will be collected and analysed for ICS by The Leadership Factor. During April and May, a randomly selected and demographically representative sample of adults from the UK and Ireland will be invited to complete a web-based questionnaire. Participants will also be invited to join a panel which will give them the chance of taking part in future waves of the UKCSI. Panel members will be able to receive rewards or make charity donations for completing the questionnaire and will be personally notified when the UKCSI results are released. If you would like to take part, register at: [www.ukcsi.com](http://www.ukcsi.com) or [www.irishcsi.com](http://www.irishcsi.com).

The questionnaire is based on the top 20 Customer Priorities detailed in the ICS Breakthrough Research report - "Customer Priorities: what customers really want". Satisfaction scores will be collected at each wave, with importance scores based on those generated by the customer priorities research (which will be reviewed every two or three years). So we'll know that only elements important to customers are being measured. Like the

American Customer Satisfaction Index, a 10-point numerical rating scale will be used and CSIs will be based on a composite index rather than a single overall satisfaction question. For national, sector and individual company CSIs, the satisfaction scores for the 20 customer priorities will be weighted by their relative importance, as identified by the Customer Priorities research.

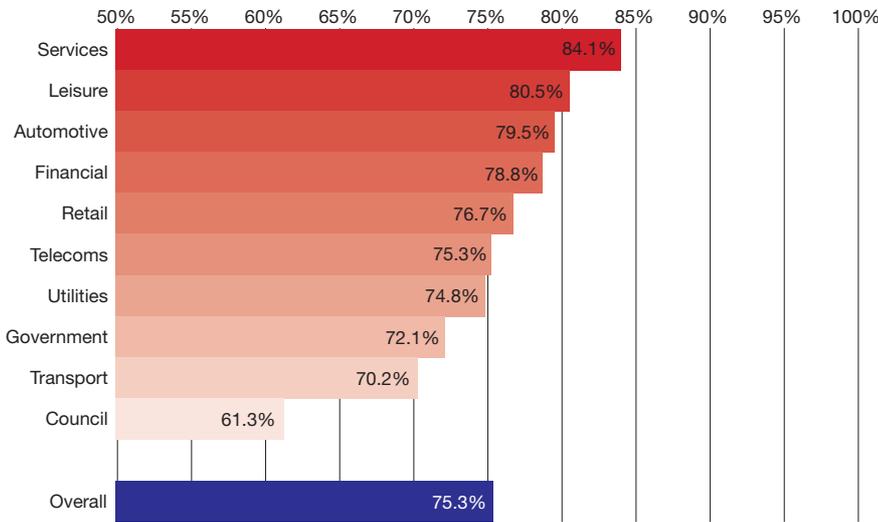
The sectors that will be covered by the UKCSI are:

- Automotive
- Financial services
- Government
- Leisure
- Local Government
- Retail
- Services
- Telecoms
- Transport
- Utilities

The Customer Priorities study showed



Customer Satisfaction by Sector



that customer satisfaction varies very widely across the ten sectors, as shown in the chart above. The survey will collect data for companies with a high share of the market in each segment of the private sector and the main players in the public sector. The aim is to cover over 50% of the market in each sector although, in practice, this will be more straightforward in some sectors than in others. In financial services, for example, it may comprise a small number of companies whereas the service sector could involve a large, impractical number.

Source "Customer Priorities: what customers really want", available from the Institute of Customer Service, [www.theinstituteofcustomerservice.com](http://www.theinstituteofcustomerservice.com)

As well as measuring and monitoring customer satisfaction, the methodology will highlight PFIs (priorities for improvement) based on areas where customers' requirements are not being met and will also identify key drivers where world class performance will delight customers.

REPORTING

The objective is to update the CSIs every six months at the beginning of January and July each year. The data collection will take place in April-May and October-November respectively. There will be two levels of reporting:

Public reporting

The results will be reported on a free-to-access public website:

- UKCSI plus overall scores for each Attribute and each Customer Priority
- sector CSIs plus scores for each Attribute and each Customer Priority
- national/regional CSIs plus scores for each Attribute and each Customer Priority (where available)
- CSIs for the highest two or three organisations in each sector (where possible)
- satisfaction scores for the highest two or three organisations on each Customer Priority (where possible)
- top level trends and conclusions about the state of customer satisfaction in the UK and Ireland and recommendations for improving it.

Subscriber reporting

Alongside the operation of the UK and Irish CSIs, organisations will be offered the opportunity of participating, to benchmark themselves against the CSIs. To maintain the purity of UK and Irish CSI results, data collected for subscribers will not form part of the public reporting suite. There will be three levels of Subscriber Reporting:

- Principal Subscriber
- Sectoral Subscriber
- Subscriber

Principal Subscribers will be able to:

- ensure the number of responses on their organisation for each wave, reaches 500

- receive additional exclusive information based on more detailed questioning of critical Attributes (Problem Solving AND Complaint Handling in the first instance) across all participants
- access and download all data relating to their own organisation
- access and download overall data across sectors, subject to restrictions on use
- gain advance access to data at each wave
- receive a customised report about current customer satisfaction in the organisation, how it compares within their sector and recommendations for improvement.

Sectoral Subscribers will be able to:

- ensure the number of responses on their organisation, for each wave reaches 200
- access and download all data relating to their own organisation
- access and download all data for one sector, subject to restrictions on use.

Subscribers will be able to:

- ensure the number of responses on their organisation reaches 100
- access and download all data relating to their own organisation **S**

If you want to take part in the Panel or your organisation wants to subscribe, register at [www.UKCSI.com](http://www.UKCSI.com) or [www.IrishCSI.ie](http://www.IrishCSI.ie)



**Robert Crawford**  
Director  
Institute of Customer Service