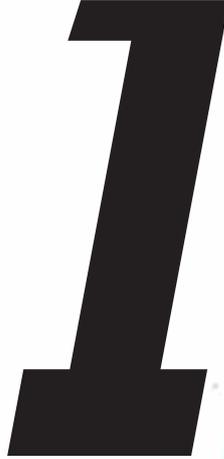


WAVE RESULTS

Based on a representative sample of 2,000 adults surveyed on the YourSayPays internet panel in May and June 2007, the UKCSI from the Institute of Customer Service delivers the first ever National Measure of Customer Satisfaction with UK public and private sector organisations. Here Stakeholder takes a look through some of the highlights from the first wave of results

(available online at www.ukcsi.com)



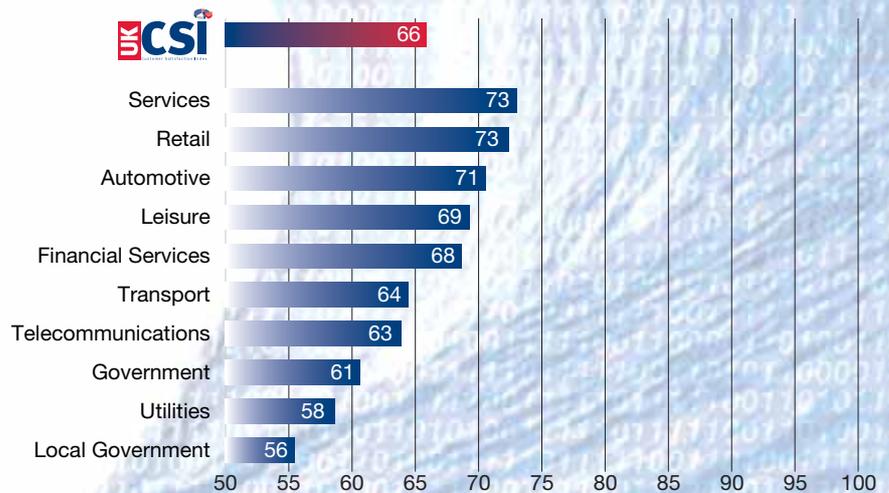


Customer Satisfaction

The somewhat depressing outcome is that customers' needs are not being met very well, with overall customer satisfaction in the UK running at **66**. Despite good levels of customer satisfaction in Services (73), Retail (73) and Automotive (71), the overall figure has been depressed by very

low customer satisfaction with Local Government (57) and Utilities (58). On a much more positive note, the results show that, in both the public and private sectors, it is possible to deliver very high levels of customer satisfaction.

The UK Customer Satisfaction Index— Wave 1 Results



Stephen Hampshire
Development Manager
The Leadership Factor

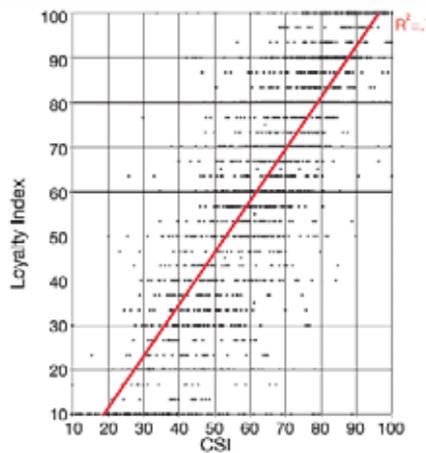
If you have any thoughts about this article you can contact Stephen at stephenhampshire@leadershipfactor.com



"customers whose complaint was handled well are more loyal than those who never experienced a problem in the first place"

The benefits of customer satisfaction

The UKCSI results show that immense loyalty gains result from improving customer satisfaction. At the overall level, the relationship between the two is strong and linear, with a 10-point loyalty gain resulting from every 10-point improvement in customer satisfaction.



Who are the best

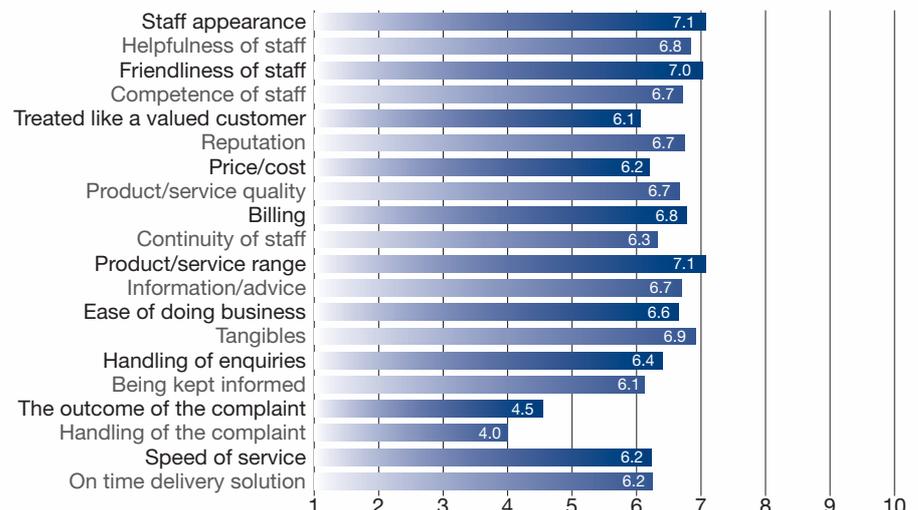
Despite the generally poor showing of the public sector, the highest customer satisfaction index for any organisation was achieved by the Ambulance Service with an excellent 88. Close on its heels was the John Lewis Partnership (including Waitrose) - by far the best retailer with a CSI of 85. Some local businesses also do very well, with hairdressers achieving 81 and both local restaurants and local electricians scoring 78. Also on 78 were VW and Toyota in Automotive and Nationwide/Portman Building Society who were well ahead of the financial services average of 68.

What makes organisations successful?

In terms of satisfying customers, it's clearly not size that leads to success. In only one case, British Airways in Transport, does the largest company in the sector achieve the highest customer satisfaction score. The secret is meeting customers' needs - **doing best what matters most to customers**. In some areas that are very important to customers, there are big differences between customer satisfaction in the highest and lowest performing sectors.

For example, customer satisfaction with 'the overall quality of the product or service' is 7.8 in Retail but only 5.3 in Local Government. 'Helpfulness of staff', a very actionable customer requirement, scores 7.5 in the Services sector and 7.3 in Retail and Automotive compared with 6.1 in Local Government.

A very telling requirement is 'being treated as a valued customer'. This is something that almost all organisations could improve since only the Services sector, with 7.1, managed to achieve a customer satisfaction score above 7.0. It perhaps has special resonance in the financial services sector where the regulator, the Financial Services Authority, places great importance on Treating Customers Fairly. And it is possible to do it - ask customers of the Ambulance Service or John Lewis, who score 8.8 and 8.4 respectively. The overall performance of organisations in the UKCSI is shown in the chart below:





Complaints

In an ideal world, complaint handling would become irrelevant as organisations would give customers a problem-free experience. However, the world is far from ideal, with many people feeling that they experience too many problems when dealing with organisations. This is especially the case with Government departments and agencies where 30% of customers have experienced a problem within the last three months. Best at giving customers a relatively problem-free experience is the Automotive sector, where only 13% of customers have experienced a problem in the last three months.

UK Complaints Index

The UK Complaints Index is based on a combination of all three ways that customers judge organisations on problems and complaints:

- whether they experienced a problem in the first place
- their satisfaction with the outcome of any complaint
- the way their complaint was handled.

Taking all these factors into account, the sectors with the best Complaints Index, at 67, are Leisure and Retail, closely followed by the Services and

The benefits of good complaint handling

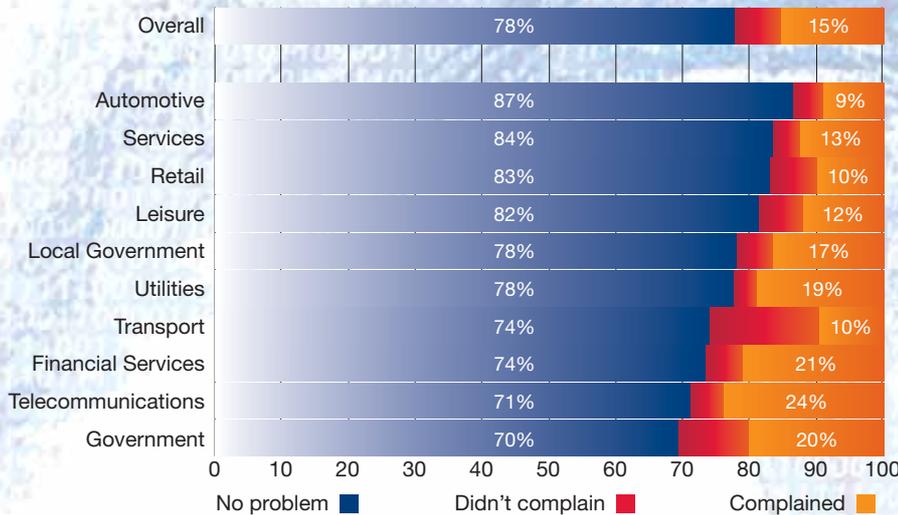
It is worth investing in world-class complaint handling. On every loyalty dimension (Remain, Recommend and Re-purchase) there is a big difference between customers who are satisfied with the way their complaint was handled and those who are not. They are more likely to remain customers, to spend more and much more likely to recommend. In fact, the UKCSI data shows that customers whose complaint was handled well are more loyal than those who never experienced a problem in the first place.

Where next for the UKCSI?

Measuring the satisfaction of consumers in different sectors and comparing the leading companies in each sector has been very interesting, but what now? Much of the value of having a national measure of customer satisfaction will come from our ability to track changes.

Over future waves we will be able to monitor the progress of individual companies, sectors and the UK as a whole. Are companies getting better at dealing with complaints? Are consumers becoming more satisfied? Which aspects of service are improving or deteriorating?

As the data accumulates we will also start being able to draw some definitive conclusions about the links between complaint handling, satisfaction, loyalty and business performance. How strong are these links, and what form do they take in different market sectors? Watch this space. **S**



In most sectors, the majority of customers who experience a problem do make a complaint, although in Transport, only 38% of customers that have a problem think it's worth complaining. Not surprising, since Transport has the lowest customer satisfaction with the outcome of complaints. Customer cynicism of this sector obviously reflects the typical response they experience when they do complain about problems. Best on the 'outcome of a complaint' is the Leisure sector with a customer satisfaction score double that recorded by Transport.

Automotive sectors. Poorest are Government at 54 and Transport at 53, just beaten by Utilities and Local Government.

Although customers are very interested in the outcome of their complaint, organisations can make a lasting impression, positive or negative, by the way they handle it. Best on professional handling of complaints are Retailers and poorest are Utilities.

