UKCSI July 2013
the state of customer satisfaction in the UK
What is UKCSI?

Customer service is central to the success of the UK economy. With around 75% of GDP generated from the service sector, the UK’s ability to deliver consistently excellent customer service influences not just domestic consumer behaviour, but also global economic competitiveness. The state of customer satisfaction in the UK is therefore an important indicator of economic health and business performance.

UKCSI (UK Customer Satisfaction Index) is the national measure of customer satisfaction. It is based on an online survey of customers, geographically and demographically representative of the UK population. The July 2013 UKCSI includes over 30,000 responses from at least 9,000 individual customers.

How UKCSI works

UKCSI July 2013 rates customer satisfaction with organisations in 13 sectors of the economy, covering many of the leading organisations in each sector. It also provides satisfaction ratings for each of the 13 sectors and for the UK as a whole. UKCSI was launched by the Institute of Customer Service in January 2008 and is published twice per year. It therefore provides a unique way of measuring current customer satisfaction of UK consumers, as well as trends over time.

UKCSI is based on customers’ actual service experiences. Customers are asked to rate individual organisations they have dealt with on a range of customer service attributes or priorities which have been identified in research undertaken by the Institute. These relate to professionalism, quality and efficiency, ease of doing business, timeliness, problem solving and complaint handling. Responses are scored on a scale of 1 to 10. The overall UKCSI for each organisation is the average of all of its customers' satisfaction scores. Overall scores for each sector are mean averages of all responses.

How to use UKCSI

UKCSI provides evidence about how effectively different organisations across 13 sectors are responding to changing customer needs over time. Organisations use the findings of the UKCSI in a number of ways. It enables organisations to benchmark against others in their sector, and the best in the UK. It also identifies the links between customer service and other measures of business performance such as market share and positive recommendation.

The Institute also publishes a series of 13 sector reports which include scores for each measure of satisfaction for individual organisations in the sector, and insight about the relative strengths and weaknesses of each sector.
UKCSI July 2013

UKCSI

UKCSI (UK Customer Satisfaction Index) is the national measure of customer satisfaction. It is based on an online survey of consumers, geographically and demographically representative of the UK population. The July 2013 UKCSI includes 30,000 consumer responses from at least 9,000 individual customers.

77.9
Overall satisfaction in the UK, (out of 100) as scored by a representative sample of customers, a fall of 0.3 points from the last index in January 2013.

13.4
Gap between the highest scoring sector, Retail non-food (84.4), and the lowest, Utilities (71).

38%
The proportion of organisations listed in the UKCSI whose scores have fallen by more than 1 point. 26% of organisations have risen by more than 1 point.

90.8
Score of the top ranked organisation, John Lewis.

9%
Average sales growth (year on year) of Retail food companies that score more than the sector average UKCSI satisfaction, versus 3% those who score below the average.

0.12%
Average market share growth of Retail food companies whose UKCSI is above the sector average, compared to a 0.18% average drop in share for companies scoring less than the sector average.

15%
The difference in customer recommendations by Telecommunications customers who use companies with a UKCSI higher than the sector average (41%), versus below the sector average (26%). Data on recommendation is also available for the Automotive, Banks and Building Societies and Insurance sectors.

196
Number of individual organisations and organisation types which received a UKCSI rating. This includes 181 organisations (prompted and unprompted) as well as 15 generic providers including “your local NHS / Hospital”, “your local Council”, “your local restaurant” etc.
contents

July 2013 UKCSI: overview 5
customer satisfaction and business performance 10
customer satisfaction and recommendation 12
the emotional side of customer satisfaction 16
about UKCSI 19
about the Institute of Customer Service 20
July 2013 UKCSI: overview

Customer satisfaction in the UK reaches a plateau

Following consistently increasing customer satisfaction between January 2009 and July 2012, the July 2013 UKCSI has registered a slight fall, from 78.2 to 77.9 out of 100. The long term trend shows that after a series of steady increases since UKCSI began in 2008, growth in customer satisfaction has slowed – the UKCSI has been essentially flat since July 2012. It seems that for now at least, the customer satisfaction in the UK – as expressed by customers through the UKCSI - has reached a plateau.

![Customer Satisfaction Index Graph]

Retail non-food maintains its leading position, Utilities falls further, Insurance recovers

There has been little movement at an individual sector level, which means that the sectors remain grouped as follows:

- Retail non-food and Retail food continue to perform comfortably above the UKCSI average, with scores of 84.4 and 81.6 respectively. Retail non-food maintains its position as the highest performing sector despite a drop in its score of 0.8 points, from 85.2 to 84.4.
- Leisure, Automotive, Services and Tourism have all been scored higher than the UKCSI average.
- The two financial sectors, Insurance and Banks and Building Societies perform close to the UKCSI average. The Insurance sector has improved its score, increasing by 0.7 points to 79.5, and has therefore reasserted its lead over the Banks and Building societies sector. Utilities, the Public Sector (national and local), Transport and Telecommunications all score lower than the UKCSI average. Utilities has dropped further at the bottom of the pack, and is now at its lowest level since 2010, with a score of 71.
The top performing organisations include both long-term strong performers and more recent challengers

The top ranked organisations include both those that have consistently performed very strongly as well as organisations who have seen a more recent upsurge in satisfaction. John Lewis, Waitrose and first direct have been near the top of the UKCSI league table since UKCSI was launched in 2008. Others, such as Aldi, Iceland and Honda have seen a more recent growth in satisfaction.

Despite the overall picture of relative stability, there has been considerable movement of individual organisations’ satisfaction between January and July 2013 – both up and down. 26% of organisations have increased by more than 1 point, 38% have fallen by the same amount, and 36% have stayed at around the same level.

This trend manifests itself differently according to sector. Utilities, for example, has the biggest proportion of organisations whose UKCSI has dropped, but also includes a number of companies who have seen the biggest improvements since January 2013, such as Northern Ireland Electricity Service (NIES). The Telecommunications and Insurance sectors both have a relatively high number of organisations that have improved their scores. The Banks and Building Societies and Services sector remains at around the UKCSI average overall, with many organisations moving relatively little.

Top performing organisations

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Sector</th>
<th>Jul-13</th>
<th>Jan-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>John Lewis</td>
<td>Retail (non food)</td>
<td>90.8</td>
<td>92.3</td>
</tr>
<tr>
<td>Amazon</td>
<td>Retail (non food)</td>
<td>89.0</td>
<td>89.6</td>
</tr>
<tr>
<td>Waitrose</td>
<td>Retail (food)</td>
<td>88.5</td>
<td>89.9</td>
</tr>
<tr>
<td>first direct</td>
<td>Finance (Banks and Building Societies)</td>
<td>87.2</td>
<td>89.9</td>
</tr>
<tr>
<td>Marks &amp; Spencer</td>
<td>Retail (non food)</td>
<td>86.7</td>
<td>85.9</td>
</tr>
<tr>
<td>Marks &amp; Spencer (food)</td>
<td>Retail (food)</td>
<td>86.7</td>
<td>85.4</td>
</tr>
<tr>
<td>The Co-operative bank</td>
<td>Finance (Banks and Building Societies)</td>
<td>86.7</td>
<td>86.9</td>
</tr>
<tr>
<td>Aldi</td>
<td>Retail (food)</td>
<td>86.2</td>
<td>84.9</td>
</tr>
<tr>
<td>Iceland</td>
<td>Retail (food)</td>
<td>85.8</td>
<td>87.0</td>
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<tr>
<td>Skoda</td>
<td>Automotive</td>
<td>85.6</td>
<td>87.8</td>
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Proportion of organisations moving more than 1 point

<table>
<thead>
<tr>
<th>Industry</th>
<th>Orgs Increasing &gt;1</th>
<th>Orgs within 1</th>
<th>Orgs Decreasing &gt;1</th>
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<tbody>
<tr>
<td>Automotive</td>
<td></td>
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<tr>
<td>Finance - banks &amp; building societies</td>
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<tr>
<td>Finance - insurance</td>
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<td>Leisure</td>
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<tr>
<td>Public Services (local)</td>
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<tr>
<td>Public Services (national)</td>
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<tr>
<td>Retail - food</td>
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<tr>
<td>Retail - non-food</td>
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<tr>
<td>Services</td>
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<td>Telecommunications</td>
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<td>Tourism</td>
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<td>Transport</td>
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<td>Utilities</td>
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Movement of selected organisations 2008 – 2013
July 2013 UKCSI overview: key take-outs

- Customer satisfaction in the UK has plateaued in the last year. July 2013 UKCSI has registered a slight fall, from 78.2 in January 2013, to 77.9. The July 2012 UKCSI score was 78.
- Retail non-food and Retail food continue to be the top performing sectors, with scores of 84.4 and 81.6 respectively.
- The Utilities sector is the bottom ranked sector, with a score of 71, its lowest since 2010.
- John Lewis is the top rated organisation, with a score of 90.8. A further 12 organisations achieved a score of more than 85.
- 64% of organisations measured in the UKCSI have moved at least 1 point up or down since UKCSI January 2013 (26% up, 38% down).
customer satisfaction and business performance

Customer satisfaction, sales growth and market share in the Retail food sector

A comparison of sales growth and market share data with the UKCSI provides evidence of the extent to which customer satisfaction performance translates to tangible business results. It shows that, on average, companies with higher satisfaction have posted better results. Companies with a UKCSI higher than the average for the sector have seen an average year on year sales growth of 9% compared to 3% for those with a UKCSI below the sector average. Companies with a higher than sector average UKCSI also achieved better market share growth; 0.12%, compared to –0.18% for those with lower than average UKCSI.
Customer satisfaction and market share change: Retail food

Market share change
12 weeks to 26 May 2012 vs 12 weeks to 25 May 2013
Source: Kantar World Panel

Year on year market share change

Above sector average UKCSI
Below sector average UKCSI
customer satisfaction and recommendation

Higher customer satisfaction generates more customers who have positively recommended

As well as measuring overall satisfaction with organisations, UKCSI records whether or not customers have actually recommended an organisation to others in four sectors which typically require a renewal or repurchasing decision – Telecommunications, Insurance, Banks and Building Societies and Automotive. By comparing these scores, UKCSI provides evidence of the links between customer satisfaction and positive customer behaviours which generate improved business results.

In the Telecommunications and Automotive sectors, the difference in the proportion of recommending customers between companies above and below the UKCSI average is 15% points.

On average 41% of Telecommunications’ customers using organisations that have a UKCSI higher than the sector average have recommended their supplier, compared to 26% of those using organisations which score lower than the sector average.

In the Automotive sector 49% of customers using organisations with a higher than average UKCSI have positively recommended, compared to just 34% of those with companies who score below the sector average.

The same trend applies to the Finance sector, though the differentiated levels of recommendation are less marked. In Insurance, the recommendation rate for companies with higher than average is 30%, compared to 21% for those with lower than the sector average – a 9% difference. In Banks and Building Societies the recommendation rates are 29% and 24% respectively.

The relationship between customer satisfaction and recommendation

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Companies below sector average UKCSI</th>
<th>Companies with higher than sector average UKCSI</th>
<th>Difference between average and above average in sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telecommunications</td>
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<tr>
<td>Insurance</td>
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<tr>
<td>Banks &amp; Building Societies</td>
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<tr>
<td>Automotive</td>
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</tbody>
</table>

Companies below sector average UKCSI
Companies with higher than sector average UKCSI
Difference between average and above average in sector
Customer satisfaction and recommendation: Telecommunications

Customer satisfaction and recommendation: Insurance

The organisations shown are those whose UKCSI is above the sector average.
Customer satisfaction and recommendation: Banks and Building Societies

Customer satisfaction and recommendation: Automotive

The organisations shown are those whose UKCSI is above the sector average.
key take-outs: customer satisfaction and business performance

Sales growth in Retail food
Companies with a UKCSI higher than the average for the sector have seen an average year on year sales growth of 9% compared to 3% for those with a UKCSI below the sector average.

Market share in Retail food
Companies with a higher than sector average UKCSI also achieved better market share growth; 0.12%, compared to – 0.18% for those with lower than average UKCSI.

Customer satisfaction and recommendation
An analysis of customer satisfaction and the proportion of customers recommending an organisation in four sectors which typically require a renewal or repurchasing decision showed that:

• In the Telecommunications and Automotive sectors, the difference in the proportion of recommending customers between companies above and below the UKCSI average is 15% points.

• In Telecommunications, on average 41% of customers using organisations that have a UKCSI higher than the sector average have recommended their supplier, compared to 26% of those using organisations which score lower than the sector average.

• In the Automotive sector 49% of customers using organisations with a higher than average UKCSI have positively recommended, compared to just 34% of those with companies who score below the sector average.

• In Insurance, the recommendation rate for companies with higher than average is 30%, compared to 21% for those with lower than the sector average (a 9% gap). For Banks and Building Societies the recommendation rates are 29% and 24% respectively.
the emotional side of customer satisfaction

Customers were asked to give three adjectives that describe their experience with the organisation they are scoring. The most commonly cited terms were “friendly”, “helpful” and “easy” indicating that most customers are satisfied most of the time and that ease of doing business is particularly memorable and important for customers.

There are also some differences by sector. The two Retail sectors top the UKCSI, but the words customers choose to describe them suggest differences in the way they achieve high ratings. “Friendliness” features much more prominently for Retail food than non-food, where the most commonly-cited descriptive word is “easy”.

Utilities, at the other end of the sector league table, still attracts generally positive adjectives, indicating that most customers are at least fairly satisfied most of the time. The most common word is “helpful”, linking with similar words like “efficient”, “quick” and “reliable”, suggesting that customers expect a competent, functional relationship.
about UKCSI

UKCSI

UKCSI (UK Customer Satisfaction Index) is the national measure of customer satisfaction. It is based on an online survey of customers, geographically and demographically representative of the UK population. Customers are asked to rate organisations across various sectors on customer priorities that they have identified as important in research undertaken by the Institute. Priorities are grouped in terms of professionalism; quality and efficiency; ease of doing business; problem solving; timeliness.

Customers score their responses for each measure on a 1-to-10 scale. Overall scores for each sector are mean averages of all responses. Overall UKCSI for each organisation is the average of all of its customers’ satisfaction scores.

6  Number of years UKCSI has run, beginning in January 2008.

13  Number of sectors UKCSI covers, 11 in the private sector as well as local and national public sector. Sector reports with a detailed breakdown of scores by sector and organisation are published for each sector.

30,683  Number of unique responses included in July 2013 UKCSI from 9,890 customers. Customers are geographically and demographically representative of the UK population and participate in the survey through an online panel. Customers are asked to provide a score for organisations based on their most recent transaction.

196  Number of individual organisations and organisation types which received a UKCSI rating. 181 organisations which have exceed a minimum sample size are scored in the 13 sector reports. In addition, scores are given for 15 generic providers including “your local NHS / Hospital”, “your local Council”, “your local restaurant” etc.

2  Number of times per year UKCSI survey is published, normally January and July.
Sector reports

Sector reports are available for all 13 sectors at www.instituteofcustomerservice.com

Use the sector reports to:

• Check how organisations in this sector compare with each other on customer satisfaction, complaints and each of the customer priorities
• Compare this sector to other UK sectors
• Identify which channels customers in this sector use and how satisfaction varies by channel
• Check scores against different measures of customer service (based on customer priorities) and identify how scores in each sector differ from the overall UKCSI

about the
Institute of Customer Service

The Institute of Customer Service is the professional body for customer service delivering tangible benefits to organisations and individuals so that our customers can improve their customers’ experience and their own business performance.

The Institute is a membership body with a community of over 400 organisational members – from the private, public and third sectors – and over 5,000 individual memberships.

For more information about the Institute of Customer Service go to:

www.instituteofcustomerservice.com