



## SERVICE STANDARDS FOR CONSUMERS WORKSHOP

# 2008

### **BSI Service Standards for Consumers Workshop 2008**

#### **‘Measuring and monitoring customer satisfaction’**

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The workshop was attended by representatives from a broad range of organisations including consumer, regulatory and enforcement bodies as well as trade associations, academe, commercial companies and BSI volunteers, some of whom had many years commercial experience.

Consumer organisations, regulatory and enforcement bodies were keen to understand more about how to measure customer satisfaction and what elements should be included, as this could inform how they compiled industry codes of practice, monitor performance and lobby for improvements, particularly in services where complaint levels could be high.

The discussion focused on the strategic elements of a system for measuring and monitoring satisfaction rather than discussing detailed information, e.g., what sample size should be used to give representative results. This was covered in a market research standard.

A presentation of a method for measuring customer satisfaction developed by Which? was given by Pula Houghton. [A copy of his presentation is available.] The objectives for Which? in developing this method were both to standardise how they measured customer satisfaction and their reporting format. This method of measuring would enable Which? to make comparisons across sectors and so help consumers make informed choices.

The example shown in the presentation was the retail sector. Which? collected the customer satisfaction data via members’ surveys.

The method enabled an overall score to be given to each retailer so all could be ranked. The elements that contributed to the overall score were:

- overall satisfaction;
- likelihood to recommend to a friend.

These scores were scaled up to give a rating out of 100. Weighting the scores in this way provided better differentiation between retailers and a more accurate portrayal of rank order. Which? hoped by reporting in this way they would encourage retailers to make improvements in their offer so as to progress up the ranking.

Which? also reported on other factors that were important to that sector; in retail these were: convenience, customer service, shopping experience, pricing and product.

This methodology could be applied to other sectors in order to make cross-sector comparisons.

### **How should the elements of customer satisfaction be defined?**

There were differing schools of thought:

- A commercial view was that a business best understood what the customers wanted, so was best placed to define what made them satisfied.
- Successful businesses with large market shares had higher levels of customer satisfaction.
- However, more people thought that customers were the ones who should be consulted in defining criteria and there was a role for consumer organisations in doing this.

The business context meant that customer satisfaction could be quite low in a business's priority, especially since other measures might contribute more to a company's profitability, e.g., in the banking sector, banking customers were not the only way banks made their money. So, a business defining customer satisfaction criteria in order to improve performance might be inaccurate.

Furthermore, high market share was no predictor of customer satisfaction, e.g., in the energy sector, the company with the highest levels of customer satisfaction had a very small market share compared

to British Gas, which had a very high market share but lower levels of customer satisfaction.

There was general agreement that a relatively small number of criteria that determined satisfaction were common across sectors. The measure used should also incorporate customers' 'emotional' attachment to the product by measuring likelihood to recommend to others, as well as asking about satisfaction, as this was thought to be an important component of the way consumers expressed satisfaction.

Another variable was people's expectation of the service they would get from a company, e.g., you would not expect to receive the same service in a McDonald's as you would get from the Ritz. Therefore, comparing scores between companies needed to take customer expectation of what the service consisted of into account.

The Institute of Customer Service (ICS) had produced a UK Customer Satisfaction Index (CSI) (see <http://www.ukcsi.com/Latestresults.aspx>). The suggestion was made that this could be used as a starting point for the customer satisfaction and monitoring standard. However, it was pointed out that customer service was only one component of customer satisfaction.

## **The impact of technology**

The increased use of technology that had enabled businesses to operate more efficiently was thought by some to be a contributory factor in lower customer satisfaction for some companies, as there was now less direct contact with customers. There was a view that technology had the potential to improve satisfaction and should be used for this, not just for increasing profitability.

## **Customer dissatisfaction and complaints**

The incidence of customer complaints was thought by those coming from a commercial background to measure satisfaction only partly, as dissatisfied customers "*walk away*". In terms of improving customer service, much more useful information would be provided by examining reasons for dissatisfaction, and this was therefore a good way of providing information about what companies needed to address in order to improve.

## **The value of comparative information**

There was general discussion about the importance of including competitor comparisons in any system for measuring customer satisfaction. In the commercial sector, customer satisfaction measurement in isolation, without measuring attitudes and experiences of competitor companies, was thought not to be useful.

Comparing sectors was of great value to consumer organisations, as this could help them lobby for improvements. The EU published data that compared different sectors, which had been helpful for consumer organisations working in the energy sector. The ICS also published sector information (see link above).

There was agreement that any customer satisfaction monitoring system should:

- require that organisations compare their own ratings with those of competitors;
- have a requirement that satisfaction should be tracked over time so that a company monitors its performance.

Published comparative customer satisfaction ratings were of great value to consumers and consumer representatives, as this enabled them to put pressure on poorer performing businesses.

There was also some discussion about the need for standard methods of measuring if sectors were to be compared, so that like was being compared with like and to ensure companies were not cheating, i.e. the sample size would need to be large enough and the definitions of what was being measured should be clear enough.

A draft of the customer satisfaction and monitoring standard will be available for comment later this year. Please email [Sue.Metham@bsigroup.com](mailto:Sue.Metham@bsigroup.com) if you would like to see a copy.

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