

Improvements in Public Sector service—but will they last?

January 2011

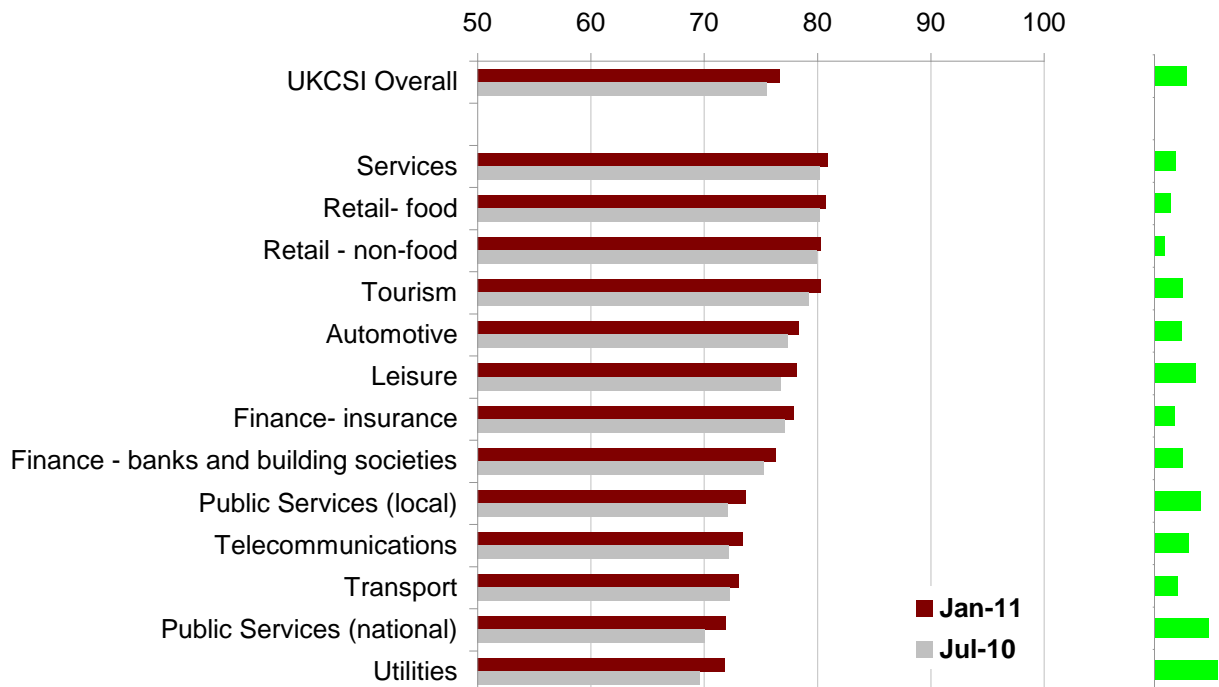
Based on a representative sample of 26,000 adults surveyed over the internet, the Institute of Customer Service presents the latest UK Customer Satisfaction Index (UKCSI) which is the National Measure of Customer Satisfaction for UK organisations.

Customer satisfaction

Customer satisfaction continues its apparently paradoxical growth in all sectors. Again the biggest gains have been in sectors with lower average scores, which means that the gaps between sectors are closing.

Satisfaction scores have increased for public sector providers, something which is bound to provoke comment in the light of looming public sector cuts. We addressed that topic in the survey this time, and we'll report the findings in detail later in this summary.

UKCSI, January 2011 versus July 2010



The top 10

54 named organisations achieved a CSI over 80; eight are over 85. The 10 highest scoring named organisations are:

- John Lewis (89)
- Waitrose (89)
- BUPA (88)
- Marks & Spencer (food) (87)
- Lloyds Pharmacy (86)
- Marriott (86)
- SAGA Holidays (85)
- Enterprise Rent-A-Car (85)
- Boots (84)
- P&O Cruises (84)

Views of the market

The UKCSI gives us the best single figure representation of how customers see the performance of organisations in each sector. But the survey has much more depth than any single figure, in isolation, can provide. In each summary we focus on one example of the potential that this data offers for insights into customers and markets in the UK.

One useful piece of analysis is to chart customer satisfaction with price against their satisfaction with all other requirements. This reflects the (somewhat reductionist, but valuable) idea that purchase decisions are based on a value judgement, i.e. “what you get for what you give”. In principle, higher quality suppliers should be able to charge higher prices, but there should be room in the market for a number of different value propositions. Organisations can choose to compete either by offering better products or service than their competitors (differentiation) or by cutting prices (commoditisation). Organisations offering better value should outperform the market in terms of sales.

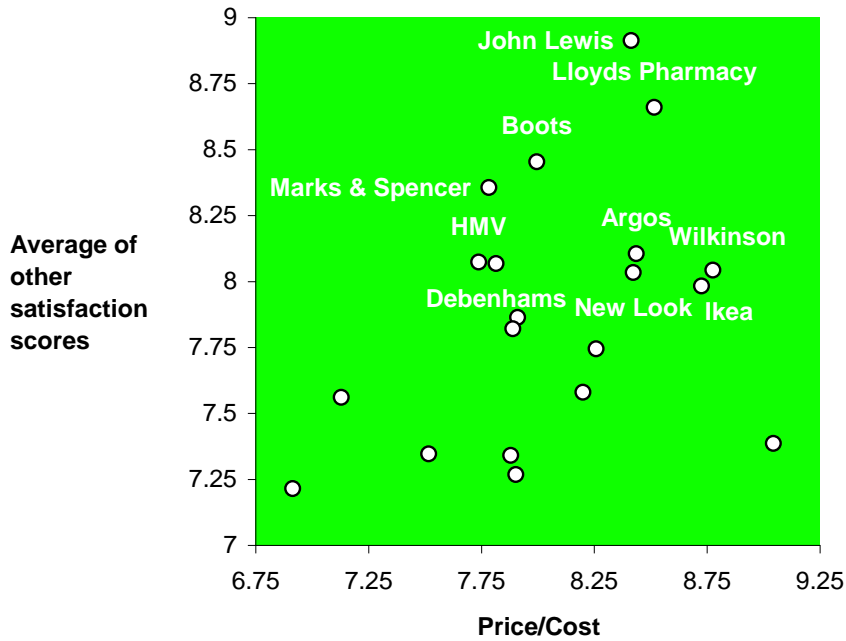
Using data from the UKCSI, we can see how customers rate suppliers in different sectors. In principle, this should enable us to identify potential winners and losers in each market. In the charts below we'll look at the structure of three highly competitive markets. Note that the scales of the axes change for each one, and only the top 10 organisations in each sector are named.

Market profile—Retail, food



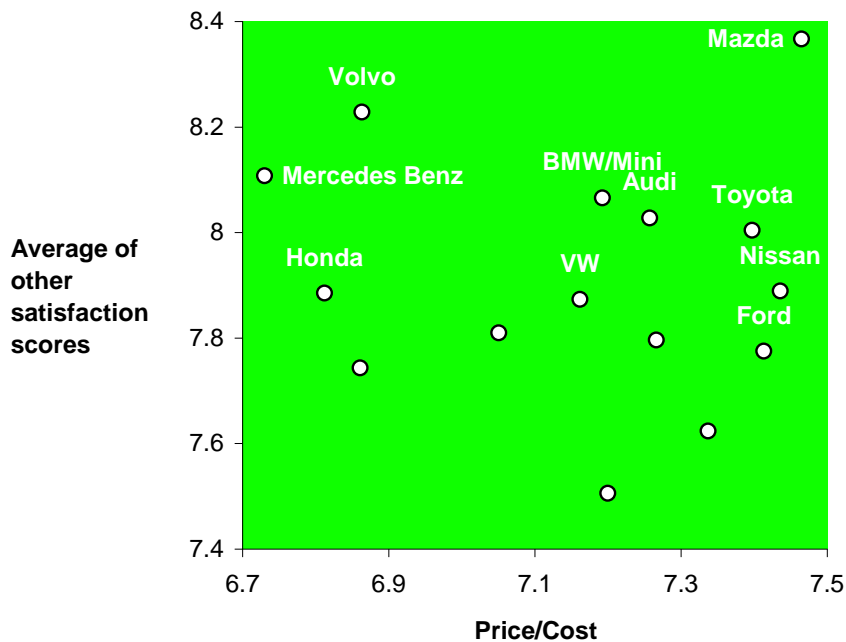
The profile chart shows that customers do see a spectrum in the market of high cost/high quality providers (such as Waitrose) through to relatively “budget” suppliers such as Aldi and Lidl. Both of these are viable value propositions, offering roughly equivalent value but targeting different types of customer. This analysis suggests that most supermarkets are seen as having achieved a good balance of price versus quality, but that Sainsbury's and Tesco are seen as slightly behind, with Co-op lagging significantly.

Market profile—Retail, non-food



In non-food retail the picture is less clear, but the same broad pattern can be seen. Both “luxury” and “budget” providers can be seen as fair value. Not all of these suppliers are direct competitors, but there are some competitive battles in which there is a clear advantage, for instance John Lewis is seen as outperforming Debenhams in terms of both price and quality.

Market profile—Automotive



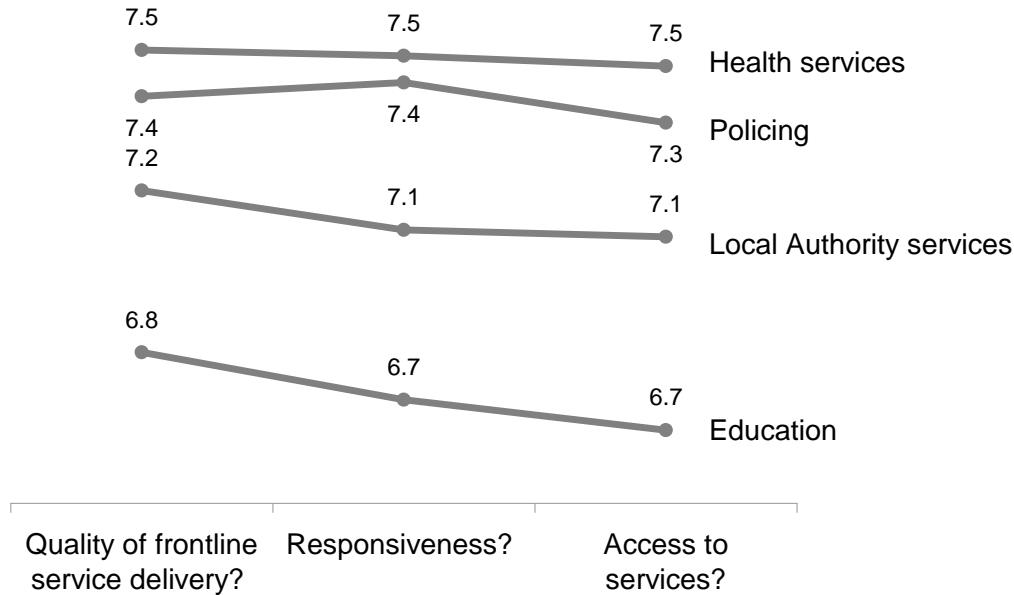
In the automotive sector the same pattern recurs, but this time there is a clear market leader in perceived value—Mazda is seen as well ahead of other suppliers in terms of the benefit/price trade-off. Satisfaction with price helps to differentiate between some otherwise very similar-scoring brands (e.g. Mercedes Benz vs BMW, Honda vs Nissan).

Concern over public sector spending

This time we asked people how concerned they were about the impact of the Government's recent Comprehensive Spending Review on four local services: **health services** (hospitals, GP surgeries, etc.), **policing**, **local authority services** (roads, waste collections, etc.), and **education**.

People answered on a scale of 1 to 10, where 10 means very concerned and 1 means not at all concerned; so higher scores show more concern. We asked people how concerned they were about the impact on the *quality* of services, on *responsiveness*, and on *access*.

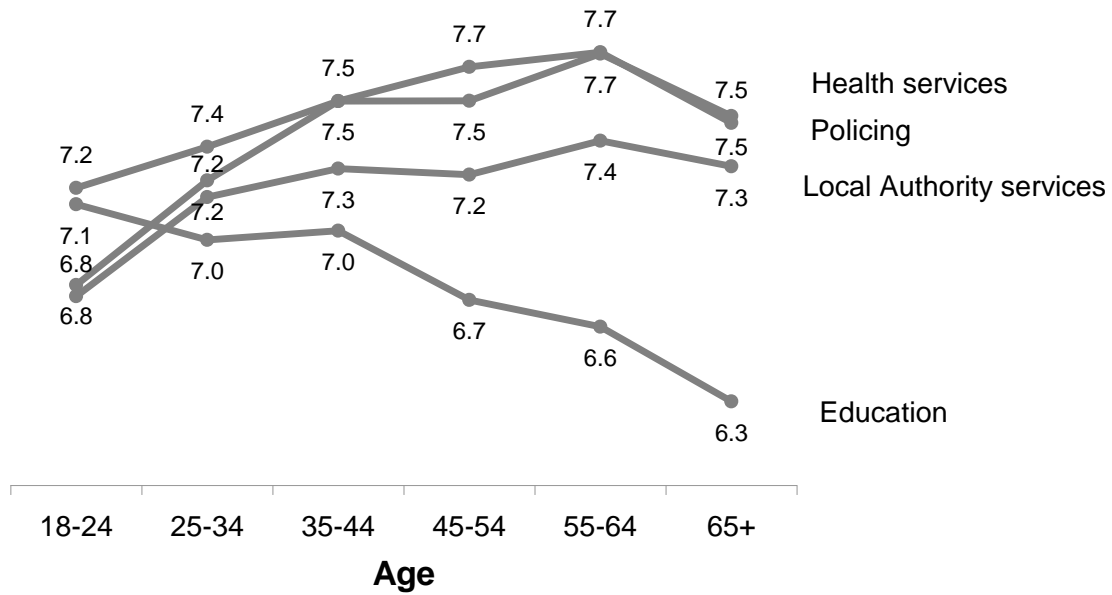
Concerns about impact on public services



As the chart shows, there is comparatively little distinction between levels of concern across the three aspects of service delivery. There are important differences between the four different services, with Education seeming to be of much less concern.

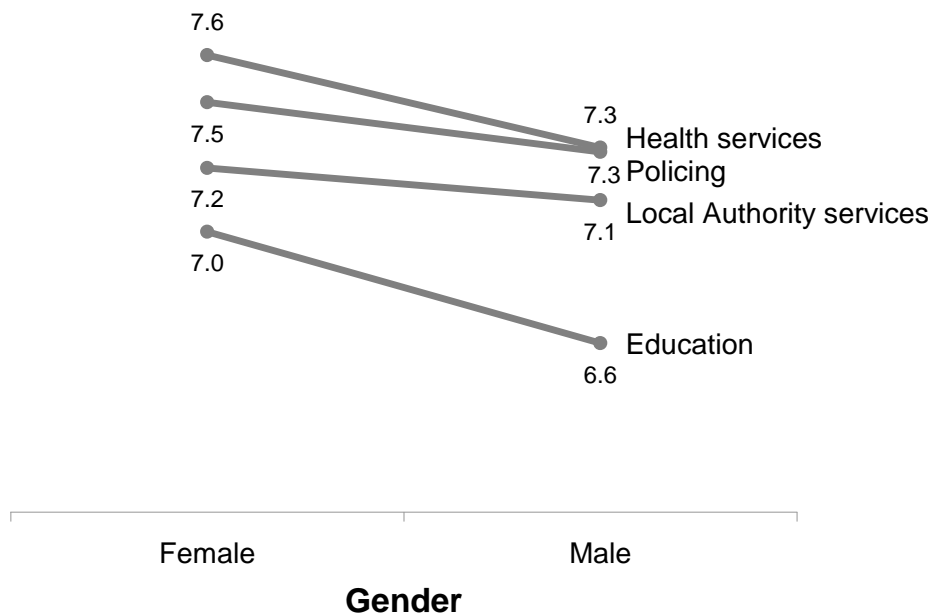
Taking the scores for *quality*, we can dive into the data in more depth to understand if there are any significant variations according to the type of people responding. In other words, do different types of people have different concerns?

Concern about impact on service quality, by age



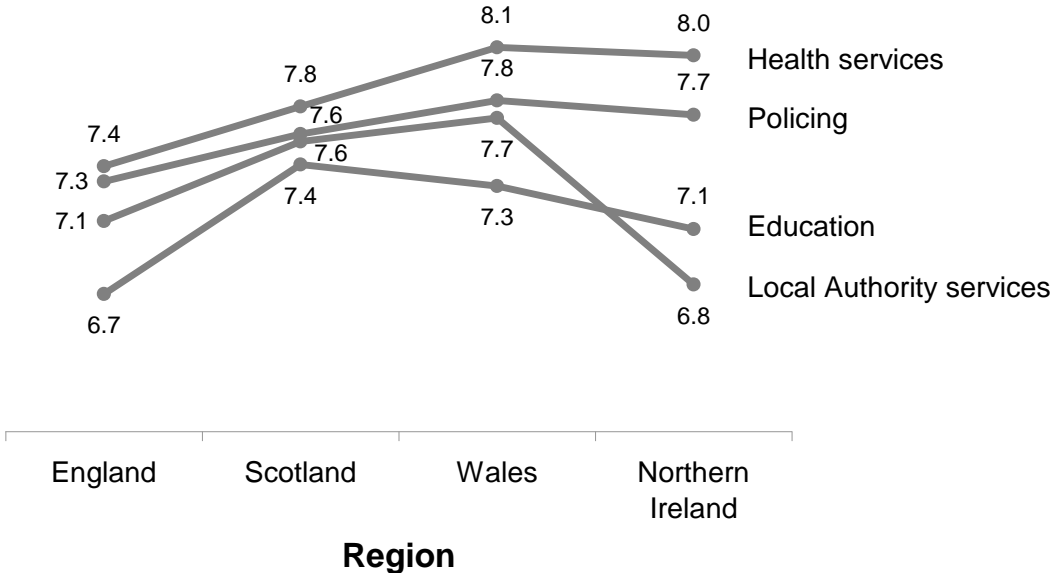
There is a clear interaction between the age of respondents and the level of concern they show about the impact on each service. In particular, Education becomes less of a concern with age, whilst other services tend to become more of a concern.

Concern about impact on service quality, by gender



Women are more concerned than men about all aspects of local service, and this difference is more pronounced for Education and Health services.

Concern about impact on service quality, by region



Region also makes a difference, with people in England the least concerned. The order of concern is consistent except for Northern Ireland, where people are much less concerned about Local Authority services.