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JULY 2023

UK Customer Satisfaction Index

The state of customer satisfaction in the UK



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Today's webinar

- The state of customer satisfaction in the UK: latest results
- Customer satisfaction and business performance
- Understanding and responding to customers' personal situation and needs
- How and why customers use social media to learn about and engage with organisations
- Recommendations
- Discussion and Q & A

The context: what we are seeing

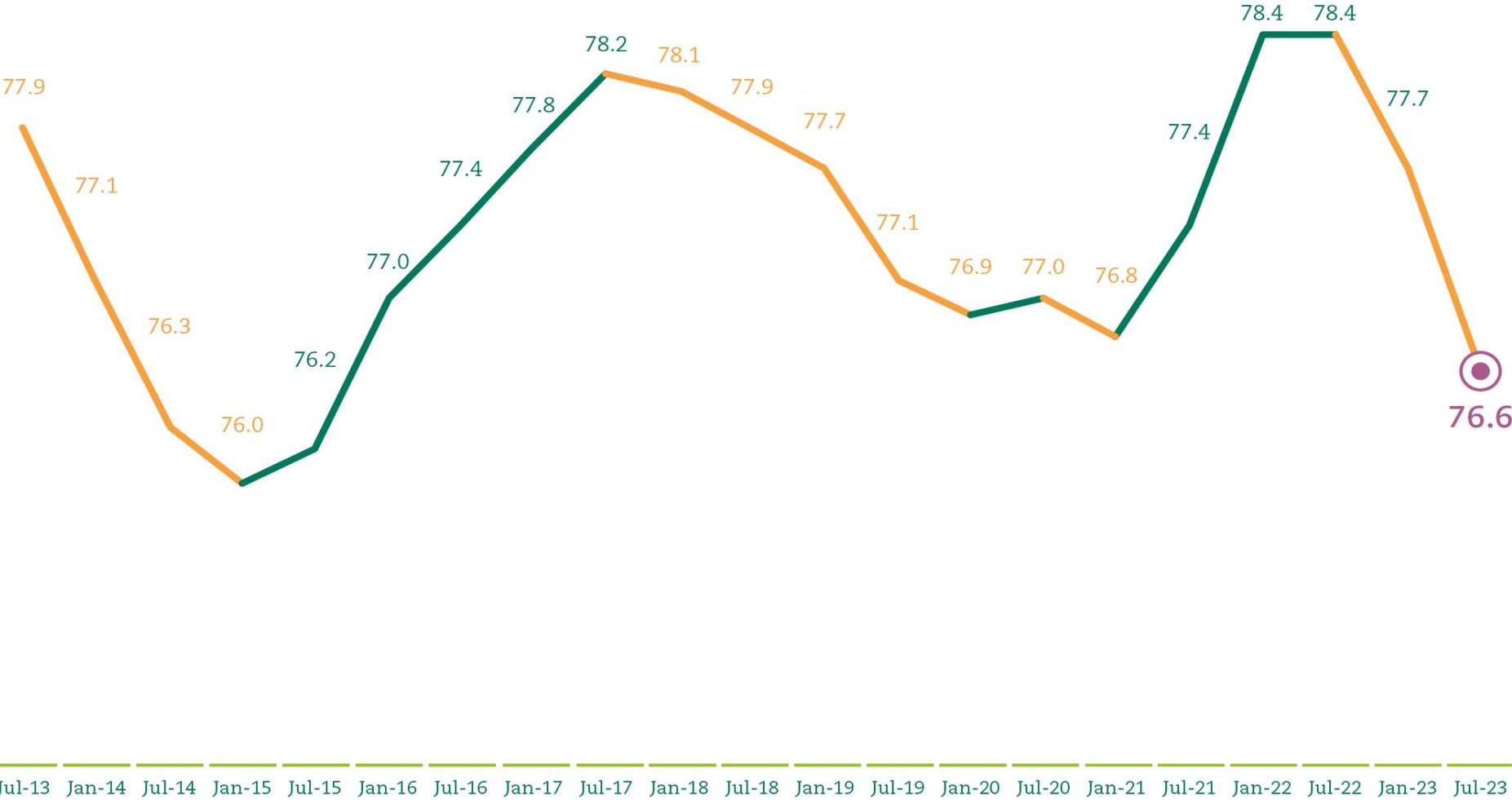
- Persistent inflation, rising supplier and people costs
- Skills shortages and recruitment challenges
- Governance questions: ethics, financial and environmental sustainability
- Challenges in ensuring the right blend of technology and people in customer service
- Customer satisfaction is under pressure
- A need for long-term focus








Key themes in this UKCSI

- The July 2023 UKCSI is 76.6, a drop of 1.8 points compared to July 2022 and its lowest score since 2015
- The adverse impact of problems and bad experiences on customer satisfaction has increased, compared to a year ago
- Organisations have taken longer to resolve complaints and more problems remain unresolved
- Each of the 13 UKCSI sectors has lower customer satisfaction than a year ago. The biggest decline compared to July 2022 is in the Transport and Utilities sectors
- Just 15 organisations (5% of those receiving a UKCSI score) have improved by at least 2 points compared to July 2022: 7 are Tourism organisations
- 18% of customers feel their financial well-being is poor or very poor, up from 12% in July 2022. The impact of failing to understand a customer's personal needs is most acute for customers with low levels of financial well-being
- In the Retail (Food) sector, organisations with a UKCSI score at least 1 point above sector average have grown sales by an average of 17.6%, compared to the market average of 10.8%
- In the Banks and Building Societies sector, a rise in switching activity has been influenced by an increase in competitive switching incentives, consumers' desire to maximise their income, and quality of customer service
- Leading issues organisations should improve are making it easy to contact the right person to help, employee behaviours and competence, and website navigation

The July 2023 UKCSI is 76.6 (out of 100), a drop of 1.8 points compared to July 2022, and the lowest score for 8 years (76.2 in July 2015)



Dimensions of customer satisfaction

Dimension (score out of 100)	July 2023	July 2022	Year-on-year change
 Experience Measures the quality of customers' experiences and interactions with organisations	77.6	79.4	-1.8
 Complaint Handling How organisations respond and deal with problems and complaints	59.2	66.4	-7.2
 Customer Ethos Extent to which customers perceive that organisations genuinely care about customers and build the experience around their customers' needs	75.8	77.7	-1.9
 Emotional Connection The extent to which an organisation engenders feelings of trust and reassurance	75.5	77.6	-2.1
 Ethics Reputation, openness and transparency and the extent to which an organisation is deemed to "do the right thing"	74.6	76.6	-2.0

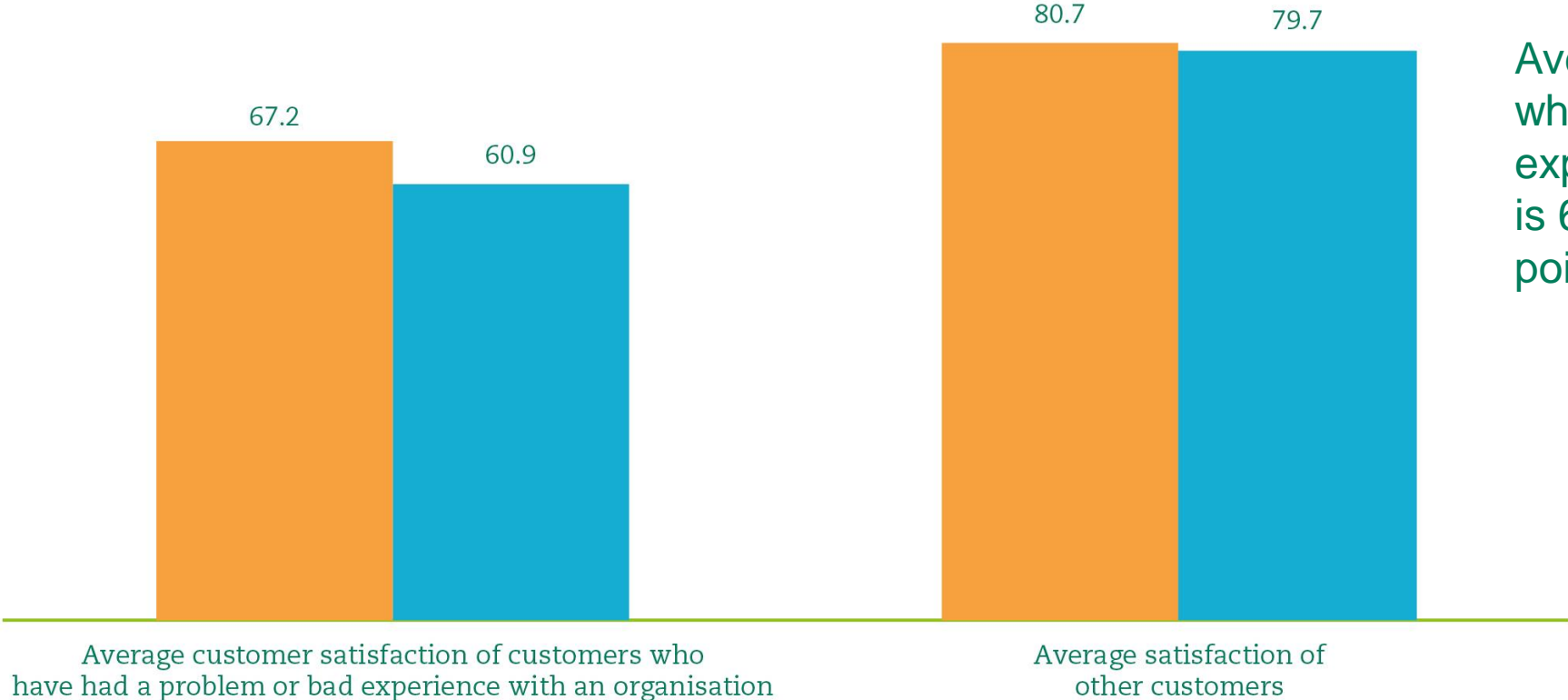
- The Complaint Handling dimension has fallen by 7.2 points compared to a year ago
- Emotional Connection and Ethics dimensions have each declined by at least 2 points.

10 highest rated organisations

Jul-23 Rank	Organisation	Sector	Jul-23 Score	Jul-22 Score	Jul-22 Rank	Change in score Jul-22 to Jul-23
1	first direct	Banks & Building Societies	86.7	85.3	10	1.4
2	Starling Bank	Banks & Building Societies	86.1	NO DATA	NO DATA	NO DATA
3	M & S (food)	Retail (Food)	84.8	85.1	11	-0.3
4=	Hotels.com	Tourism	84.7	82.1	57	2.6
4=	John Lewis	Retail (Non-food)	84.7	86.3	3	-1.6
4=	Ocado	Retail (Food)	84.7	85.8	7	-1.1
7=	Jet2holidays.com	Tourism	84.5	83.7	22	0.8
7=	Tesco Mobile	Telecommunications & Media	84.5	86.1	4	-1.6
9	Amazon.co.uk	Retail (Non-food)	84.4	83.7	22	0.7
10	Nationwide	Banks & Building Societies	84.3	83.0	37	1.3

The adverse impact of bad customer experiences with organisations appears to have increased compared to a year ago

Jul-22
Jul-23

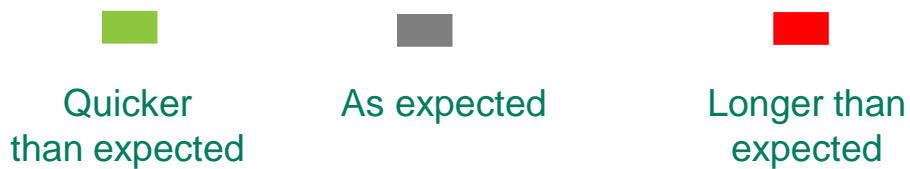
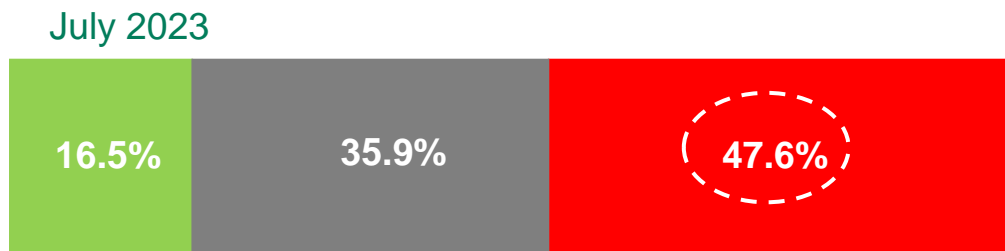
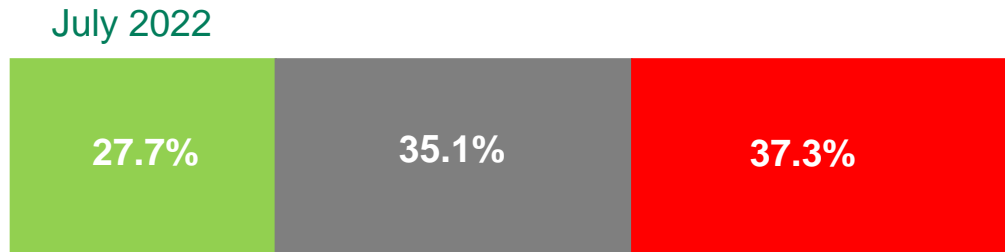


Average satisfaction of customers who had a problem or bad experience with an organisation is 60.9 (out of 100), a drop of 6.3 points compared to July 2022

UKCSI scores out of 100

Organisations have taken longer to resolve complaints and more problems remain unresolved

How long did it take to resolve your problem?



When making a complaint, customers are more likely than a year ago to have experienced negative behaviours

How did the organisation react when you made a complaint?



The cost of problems and complaints in lost productivity

4

Average days per month spent by full-time employees dealing with problems and complaints



£ 9.8 bn

Monthly cost to UK organisations of employees' time spent on problems and complaints

Types of problems and complaints



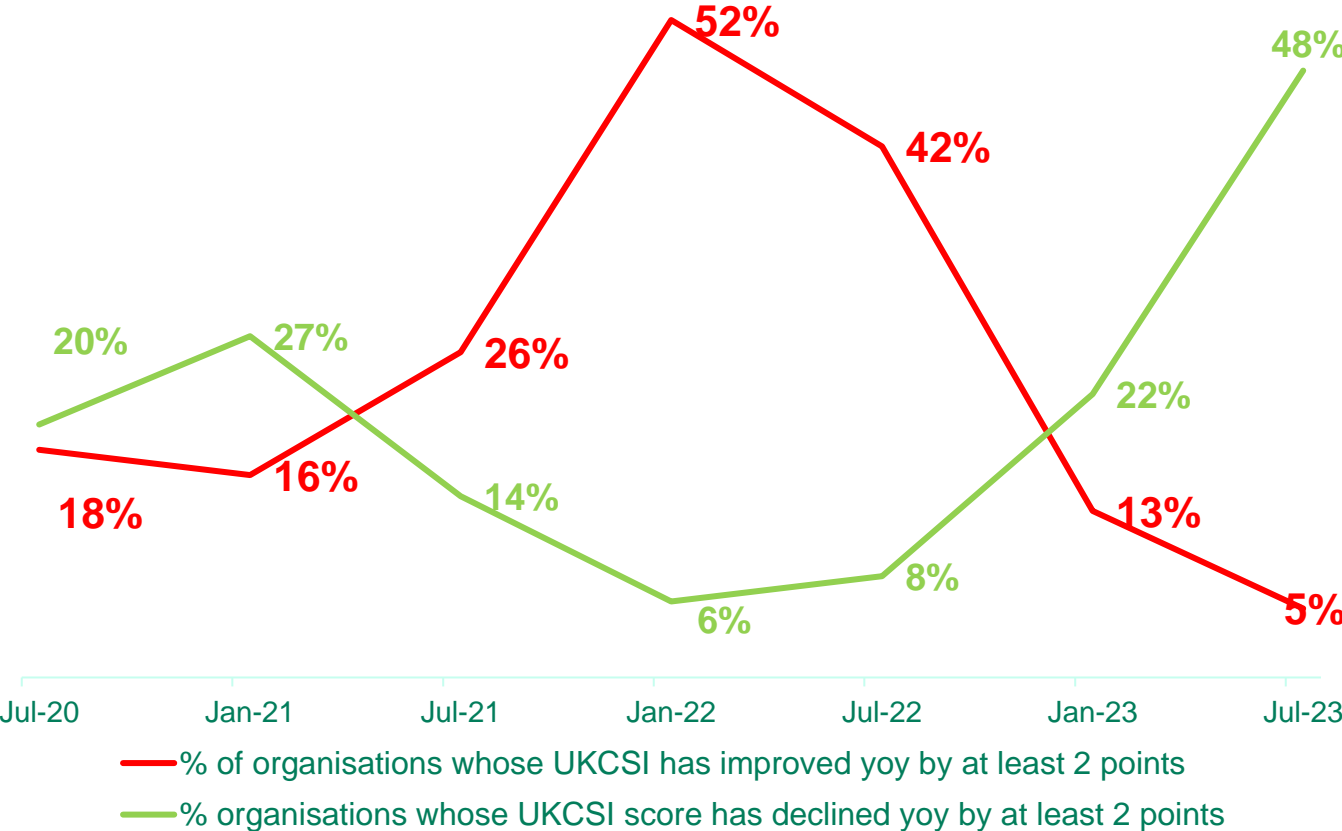
Each of the 13 UKCSI sectors has lower customer satisfaction than a year ago



Index scores out of 100

Sector	Change to July 2022	Change to Jan 2023
Retail (Non-food)	- 1.1	- 0.9
Tourism	- 0.3	- 0.5
Banks & Building Socs	- 0.3	- 0.3
Leisure	- 1.8	- 0.8
Retail (Food)	- 2.2	- 1.0
Automotive	- 1.6	- 0.7
Insurance	- 2.1	- 1.3
Telecomms & Media	- 1.2	- 0.4
Services	- 2.3	- 1.9
Public Services (National)	- 1.0	- 0.9
Transport	- 3.9	- 2.2
Public Services (Local)	- 1.0	- 0.9
Utilities	- 4.6	- 2.2

Just 15 organisations (5% of those receiving a UKCSI score) have improved by at least 2 points compared to July 2022: 7 of these are from the Tourism sector



275
Organisations and organisation types in the UKCSI

15
have improved yoy by at least 2 points, compared to July 2022

132
have experienced a yoy drop of at least 2 points

Recommendation for organisations



1 Preventing problems and improving complaint handling



2 Making it easier for customers to access help and expertise



3 Responding to customers' personal situations and needs



4 Professionalising customer service



5 Doing the right thing in business practice: balancing the needs of shareholder, customer, employee and wider society

4 pillars of the service nation

- Customer service is a business asset
- Customer service needs to be seen as a valued profession
- Customer service can play an important role in enabling a fairer, more cohesive society
- Customer service is key to long-term growth and prosperity

UKCSI: a barometer of UK customer satisfaction

The UK's largest cross-sector benchmarking panel

- 10,000 customers; 52,000 responses
- 13 sectors (275 organisations)
- 3,500 responses per sector (6,750 for Transport and Utilities)
- 26 metrics reflecting transactional and relationship needs, based on customer priorities
- Channel use and satisfaction
- Causes of complaints and satisfaction with complaint handling
- NPS, customer effort
- Key issues organisations should improve
- Links between customer satisfaction and business performance
- Evolving customer expectations, behaviours, attitudes
- Recommendations for focus and action

Customer responses that make up the July 2023 UKCSI

5 Sept – 3 Oct 2022

6 March – 11 April 2023

Member benefits

- State of the nation report
- Sector reports
- Sector resource packs
- Member webinar
- Business Benchmarking survey based on UKCSI questions
- Engagement with your CRD

Each of the 13 UKCSI sectors has lower customer satisfaction than a year ago



Index scores out of 100

Sector	Change to July 2022	Change to Jan 2023
Retail (Non-food)	- 1.1	- 0.9
Tourism	- 0.3	- 0.5
Banks & Building Socs	- 0.3	- 0.3
Leisure	- 1.8	- 0.8
Retail (Food)	- 2.2	- 1.0
Automotive	- 1.6	- 0.7
Insurance	- 2.1	- 1.3
Telecomms & Media	- 1.2	- 0.4
Services	- 2.3	- 1.9
Public Services (National)	- 1.0	- 0.9
Transport	- 3.9	- 2.2
Public Services (Local)	- 1.0	- 0.9
Utilities	- 4.6	- 2.2

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9	Amazon.co.uk	Retail (Non-food)	84.4	83.7	22	0.7
10	Nationwide	Banks & Building Societies	84.3	83.0	37	1.3
11	UK Power Networks	Utilities	84.1	86.5	1	-2.4
12	Hoseasons	Tourism	83.8	76.4	203	7.4
13=	Costco	Retail (Non-food)	83.6	84.7	14	-1.1
13=	Timpson	Services	83.6	86.4	2	-2.8
15	Greggs	Leisure	83.5	84.0	19	-0.5
16	Sky Mobile	Telecommunications & Media	83.4	82.1	57	1.3
17	Green Flag	Services	83.1	84.6	15	-1.5
18	booking.com	Tourism	83.0	82.7	42	0.3
19	Monzo Bank	Banks & Building Societies	82.9	NO DATA	NO DATA	NO DATA
20	Next	Retail (Non-food)	82.7	83.5	30	-0.8
21	Premier Inn	Tourism	82.5	82.4	49	0.1
22=	Jet2	Transport	82.3	83.2	34	-0.9
22=	Suzuki	Automotive	82.3	85.9	5	-3.6
24	Toby Carvery	Leisure	82.2	83.3	32	-1.1
25	Argos	Retail (Non-food)	82.1	79.2	148	2.9
25	Western Union	Services	82.1	80.5	113	1.6
27=	Expedia	Tourism	82.0	79.6	136	2.4

Top 50 organisations

- 16 are Retail organisations
- 6 are Banks or Building societies
- 10 Tourism organisations feature in the UKCSI top 50, compared to just 6 a year ago
- Average UKCSI score of the top 50 organisations is 82.5 (out of 100), a drop of 1.2 points compared to July 2022 but 7.1 points higher than the average of other organisations in the UKCSI

Jul-23 Rank	Organisation	Sector	Jul-23 Score	Jul-22 Score	Jul-22 Rank	Change in score Jul-22 to Jul-23
27=	Hyundai	Automotive	82.0	81.3	82	0.7
27=	M & S	Retail (Non-food)	82.0	85.9	5	-3.9
30=	1st Central	Insurance	81.9	NO DATA	NO DATA	NO DATA
30=	Holiday Inn	Tourism	81.9	78.9	154	3.0
32=	eBay	Retail (Non-food)	81.8	79.3	143	2.5
32=	Home Bargains	Retail (Non-food)	81.8	81.2	90	0.6
34=	Amazon Prime Video	Leisure	81.7	84.0	19	-2.3
34=	Apple	Retail (Non-food)	81.7	85.4	9	-3.7
34=	giffgaff	Telecommunications & Media	81.7	81.9	67	-0.2
34=	Hilton	Tourism	81.7	78.4	170	3.3
38=	Kia	Automotive	81.5	82.8	39	-1.3
38=	Specsavers	Retail (Non-food)	81.5	82.6	47	-1.1
40	P&O Cruises	Tourism	81.4	79.3	143	2.1
41=	Domino's Pizza	Leisure	81.3	80.9	102	0.4
41=	LV=	Insurance	81.3	82.8	39	-1.5
43	Trivago	Tourism	81.2	82.7	42	-1.5
44	Caffe Nero	Leisure	81.1	83.6	25	-2.5
45=	Halifax	Banks & Building Societies	81.0	81.6	76	-0.6
45=	SAGA Insurance	Insurance	81.0	84.6	15	-3.6
47	Starbucks	Leisure	80.9	78.0	177	2.9
48=	NatWest	Banks & Building Societies	80.8	82.0	62	-1.2
48=	Superdrug	Retail (Non-food)	80.8	82.8	39	-2.0
50=	Aldi	Retail (Food)	80.7	83.3	32	-2.6
50=	Audi	Automotive	80.7	82.4	49	-1.7
50=	Lidl	Retail (Food)	80.7	81.3	82	-0.6
50=	Pets at Home	Retail (Non-food)	80.7	85.1	11	-4.4

Top 50 organisations

	Top 50 Organisations	Remaining Organisations	Difference
UKCSI (out of 100)	82.5	75.4	7.1
Proportion of customers giving a 9 or 10 out of 10	35.2%	23.7%	11.5% points
Speed of resolving your complaint	6.9	5.6	1.3
The handling of the complaint	7.0	5.8	1.2
The attitude of staff (complaints)	7.2	6.1	1.1
Price/cost	8.1	7.2	0.9
XX cares about their customers	8.1	7.3	0.8
XX designs the experience around its customers	8.1	7.3	0.8
XX is open and transparent	8.1	7.3	0.8
Reputation of the organisation	8.2	7.4	0.8
XX keeps their promises	8.2	7.4	0.8
XX makes you feel reassured	8.2	7.4	0.8
You trust XX	8.2	7.4	0.8
% experiencing a problem	10.6%	16.9%	-6.3% points
% experiences right first time	87.3%	78.9%	8.4% points

Key differences between the top 50 organisations and the rest

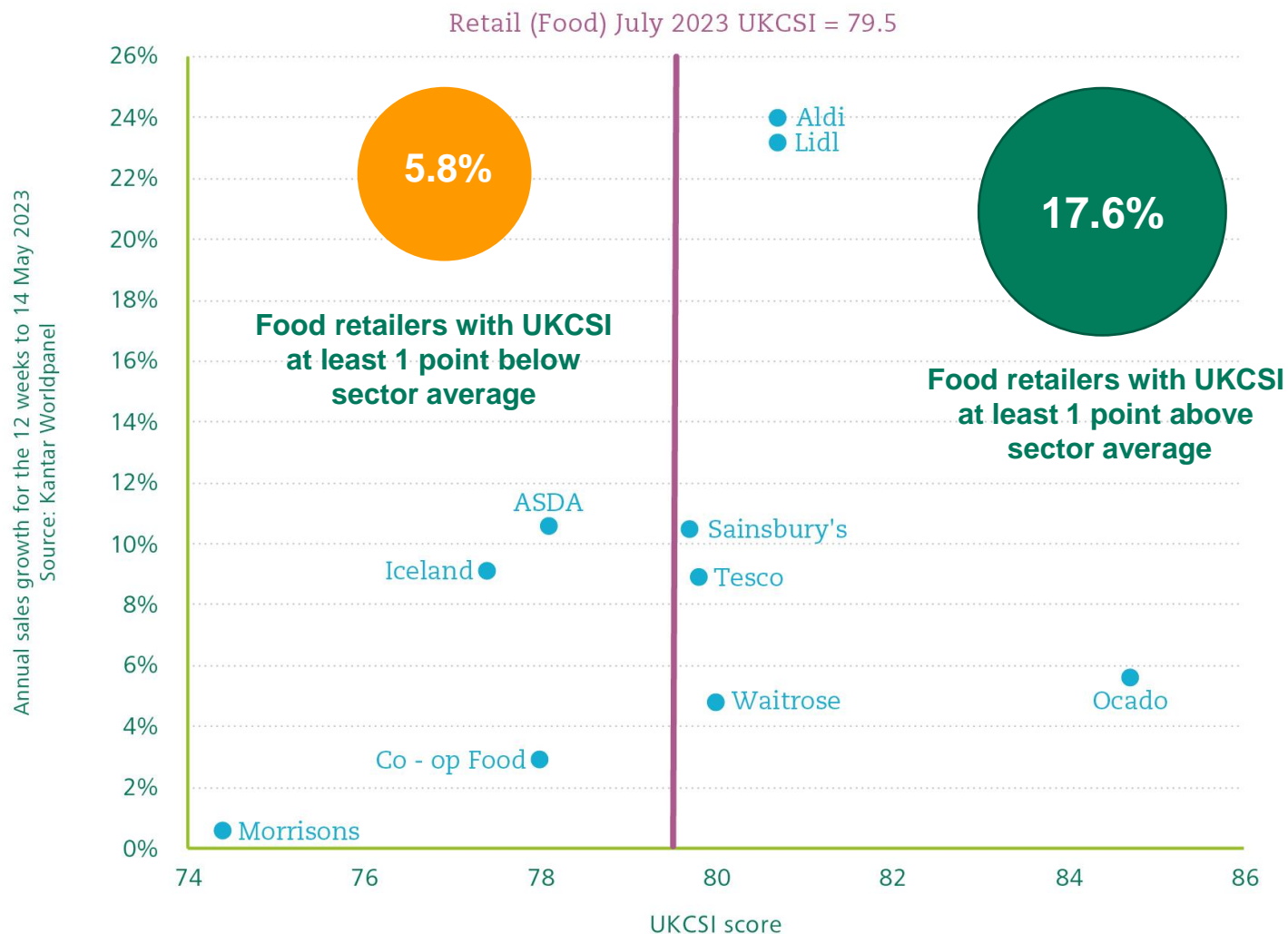
Satisfaction with complaint handling, price and cost, and a range of emotional and perception measures

20 most improved organisations over one year	UKCSI score July 2022	UKCSI score July 2023	YOY Change	Sector	Compared to sector average
Hoseasons	76.4	83.8	7.4	Tourism	3.4
Plusnet	73.4	77.1	3.7	Telecommunications & Media	1.7
Land Rover	74.4	78.0	3.6	Automotive	-1.4
DVLA	70.4	73.8	3.4	Public Services (National)	-0.5
Haven Holidays	76.1	79.4	3.3	Tourism	-1.0
Hilton	78.4	81.7	3.3	Tourism	1.3
M & S (Bank)	73.4	76.6	3.2	Banks & Building Societies	-3.4
Holiday Inn	78.9	81.9	3.0	Tourism	1.5
Starbucks	78.0	80.9	2.9	Leisure	0.9
Argos	79.2	82.1	2.9	Retail (Non-food)	1.3
Hotels.com	82.1	84.7	2.6	Tourism	4.3
eBay	79.3	81.8	2.5	Retail (Non-food)	1.0
Expedia	79.6	82.0	2.4	Tourism	1.6
P&O Cruises	79.3	81.4	2.1	Tourism	1.0
P&O Ferries	71.8	73.6	1.8	Transport	1.7
Manchester Metrolink	75.0	76.7	1.7	Transport	4.8
DHL	76.9	78.6	1.7	Services	4.2
Western Union	80.5	82.1	1.6	Services	7.7
AA	77.3	78.8	1.5	Services	4.4
first direct	85.3	86.7	1.4	Banks & Building Societies	6.7

20 Most improved organisations

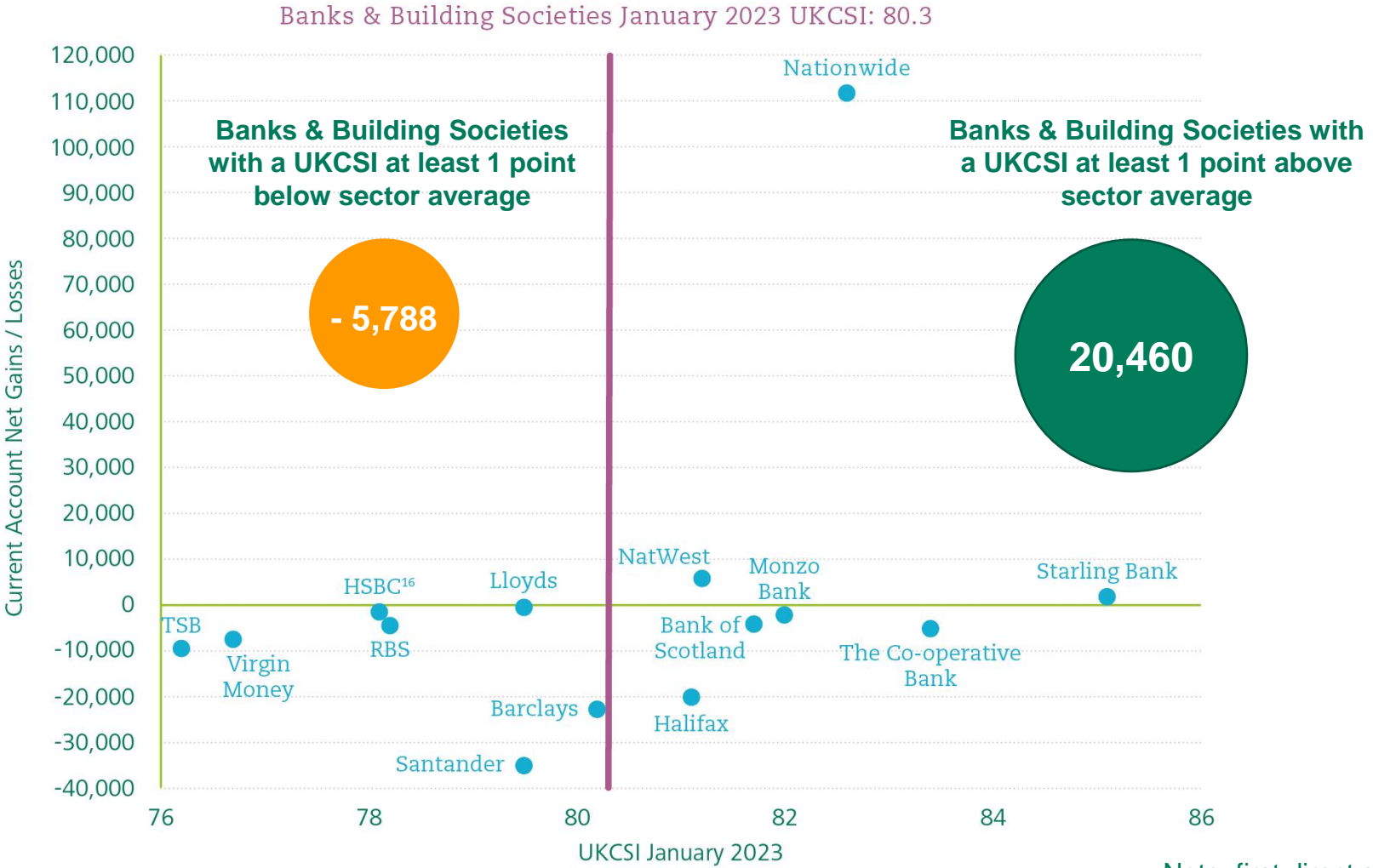
- 7 of the most improved organisations compared to July 2022 are from the Tourism sector
- Only 1 organisation (Hoseasons) has improved by more than 5 points compared to a year ago
- Average year on year UKCSI score increase of the 20 most improved organisations is just 2.8 points, much smaller than in recent UKCSIs

In the Retail (Food) sector, organisations with a UKCSI score at least 1 point above sector average have grown sales by an average of 17.6%, compared to the market average of 10.8%



- Food inflation rose from 5.9% in March 2022 to 19.1% in April 2023
- All 11 organisations have grown sales but have lower customer satisfaction than a year ago

In the Banks and Building Societies sector, a rise in switching activity is likely to have been influenced by an increase in competitive switching incentives, consumers' desire to maximise their income, and quality of customer service

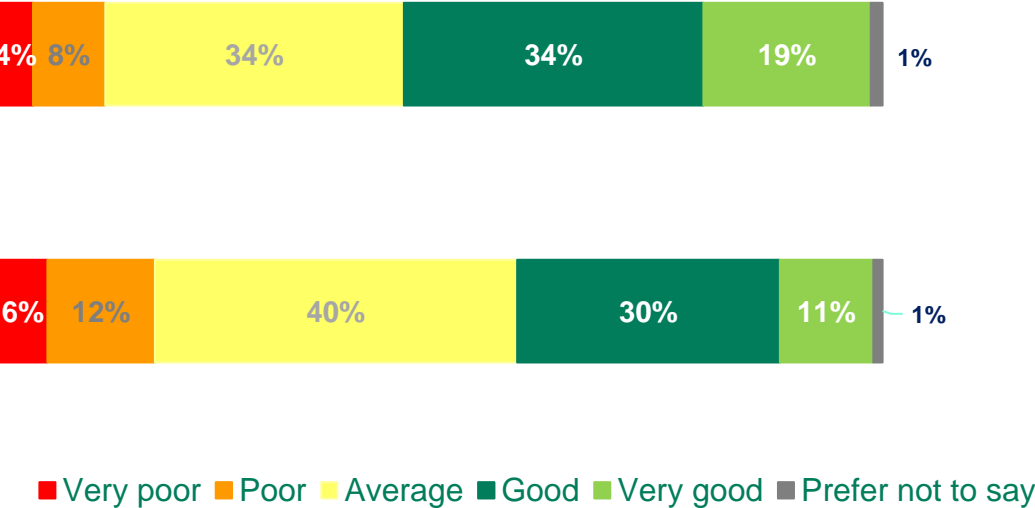


- Nationwide was the biggest beneficiary of current account switching with 111,000 net current account gains Oct – Dec 2022
- Growing scrutiny of the interest rates offered by banks and building societies to savers
- Concerns about availability of bank branches, especially amongst customers with poor financial well-being

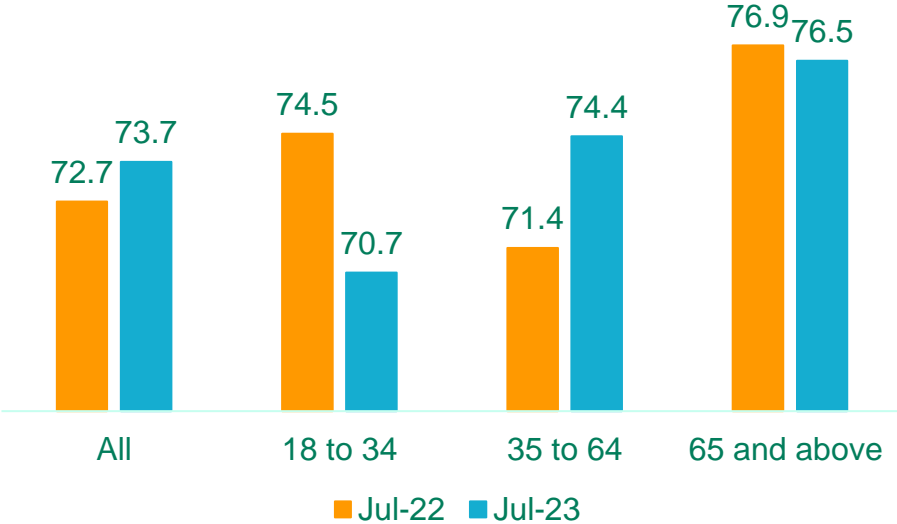
Note: first direct switches are included in HSBC data

The number of customers who feel their financial well-being is poor or very poor has increased from 12% in July 2022, to 18%

How would you describe your financial well-being?



Average customer satisfaction of people with poor or very poor financial well-being (and by age)



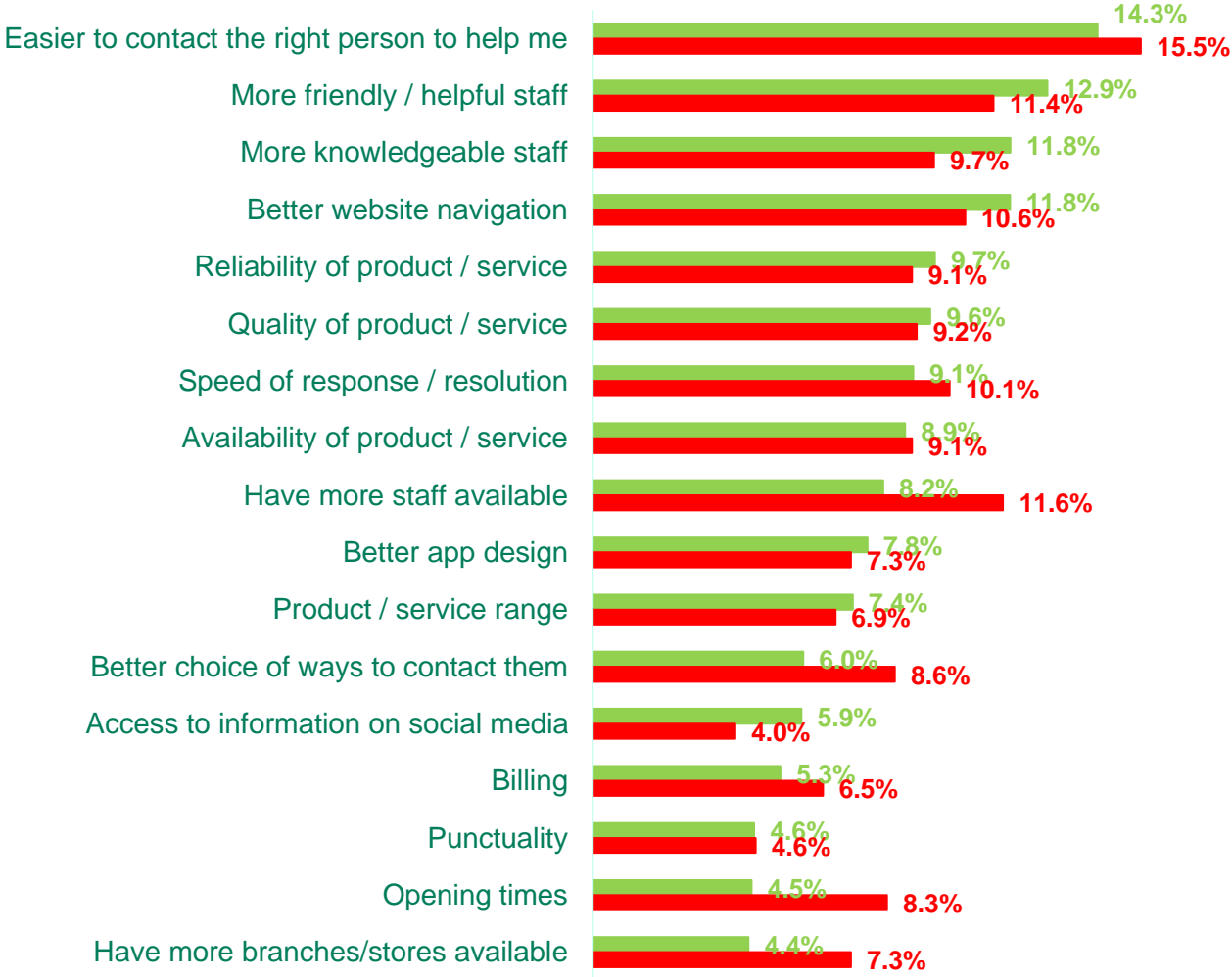
Customer satisfaction of younger customers (aged 18 – 34) with poor or very poor financial well-being is lower than in July 2022, and more than 3 points below that of older customers who also suffer from poor financial well-being

This UKCSI shows that the impact of bad customer experiences is often most acute for customers with low levels of financial well-being



Index scores out of 100

From the perspective of customers, the leading priorities for organisations to improve are making it easy to contact the right person to help, employee behaviours and competence, and website navigation



What should the organisation you dealt with do to improve its customer service?

- UK all-sector average
- Customers with very poor or poor financial well-being

Customers were asked to identify the top three things the organisation they dealt with should do, in order to improve its service.

How and why customers use social media to learn about and engage with organisations

How often to you follow specific companies or brands on social media, to learn about them and their products and services ?



- On average, 25% of customers regularly (either most days, or 2 – 4 times a month) follow specific companies or brands on social media
- Active social media users are present in every age group but customers aged 25 - 34 appear to most likely to be regular followers of an organisation or brand on social media

Why use a social channel for information about an organisation rather than the organisation's website ?

Get another opinion	42%
Website difficult to navigate	40%
Hear from people who've already experienced the product / company	36%
Don't trust the company	33%

How experiences with organisations on social channels have influenced buying behaviour

- 15% often recommend an organisation
- 9% often buy from an organisation for the first time
- 7% switched supplier for a regular purchase
- 9% say it has made their opinion about an organisation more negative

Recommendations for organisations



1 Preventing problems and improving complaint handling



2 Making it easier for customers to access help and expertise



3 Responding to customers' personal situations and needs

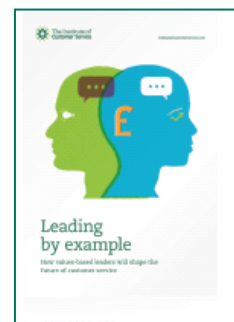
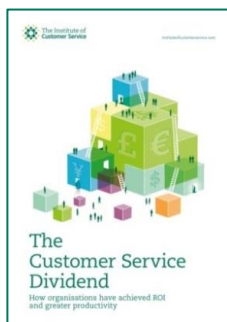
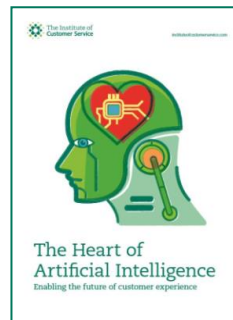
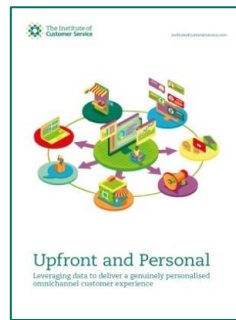
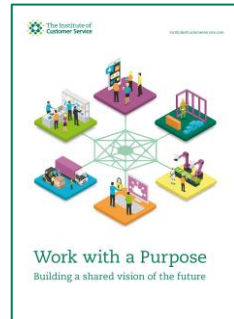
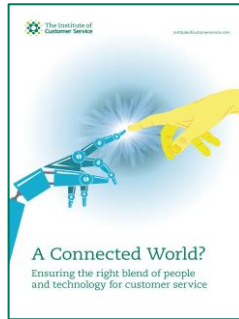


4 Professionalising customer service



5 Doing the right thing in business practice: balancing the needs of shareholder, customer, employee and wider society

Breakthrough Research from The Institute



- Changing Customer Behaviours and Attitudes
- Technology and Artificial Intelligence
- People Development, Recruitment, Workplace Culture
- Employee Engagement
- Leadership
- Trust
- ROI and Financial Impact of Service
- Productivity
- Procurement
- Channels
- Measurement



Thank You

Q & A

JULY 2023

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