



Foreword

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The January 2023 UK Customer Satisfaction Index shows a slight decline in average customer satisfaction of 0.7 points to 77.7 (out of 100). But I am concerned this overall average score masks deeper issues that could threaten organisations' performance, long term profitability and the quality of customer experience, in 2023 and beyond.

Looking at the latest results, we see that more companies have declined than improved. In 2021 and 2022, customer satisfaction with complaint handling showed a steady improvement but this has now stalled and other areas of customer satisfaction that are predictive of business performance, such as measures of a company's emotional connection with its customers, their customer ethos and ethics, have also declined.

We are seeing a greater polarisation in customer satisfaction performance, with some companies pulling away from the pack and others alas falling considerably behind. Overall, this is not good for the UK's standing and we need to address this decline to ensure we can really transform our trading position as a country as well as lift the spirits of customers and employees alike.

We know customer attitudes and behaviours have changed in the last six months and will continue to evolve: not only are people thinking more carefully about spending due to the cost-of-living crisis, by reducing their level of spending, shopping around more to find the best deals and making fewer impulse or large purchases; there are longer term changes in behaviour that embody trends towards more mindful consumption and environmental sustainability.

Average levels of financial well-being do not appear to have changed significantly compared to 2021: perhaps we are yet to see the full impact of inflation and economic pressures on personal finances. But there is evidence of a distinct polarisation in levels of financial well-being. In our research, around 45% of customers described their financial well-being as "good" or "very good" and 15% felt it was "poor" or very poor." Around a quarter of customers believe their debt will rise in the next six months: many of these customers are concerned about the consequences for their purchasing capacity and financial well-being.

Despite a widespread priority to economise on spending, more than a third of customers would be willing to pay more to guarantee excellent service and this continues to rise.

This UKCSI reports that 16.5% of customers experienced a problem with an organization, around the same level as a year ago but 2.9 percentage points more than in January 2020, the last UKCSI published before the Covid-19 pandemic. We should all be concerned about this level of problems: it damages customer satisfaction, impedes organisations' performance and profitability and has significant implications for the productivity of the UK economy.

The key differences between the highest performing organisations and the rest span all dimensions of customer satisfaction, not just complaint handling and pricing, but crucially from a customer's view the level of emotional connection and the level of trust they might have. Companies with higher levels of satisfaction: make their customers feel reassured, design experiences around customers and keep promises.

All aspects of customer experience – efficiency in transactional experiences, problem-solving, innovation, ethical standards, and impact, and genuinely focusing on customers' personal needs – are interlinked and require focus. The leading organisations know this and will continue to invest as a business imperative.

As we emerge from the Covid-19 pandemic and face into challenges of rising costs and skills shortages, this feels like a critical inflection point. Organisations need to determine what their customer experience will look like, which customers they serve, how customer needs and behaviours are evolving and how to respond.

Collectively, the decisions that organisations make will determine whether we create a stronger service nation - with the economic benefits that come from that - or continue to be fixated on immediate crises and problems. Crucially, organisations need to focus more on developing the capabilities for sustainable, long-term performance, even as they address immediate challenges of operational performance and resourcing.

I'm often asked by organisations what they need to do to improve customer satisfaction - what are the key things the high performing organisations do that others don't? Our research, and engagement with organisations and leaders shows that that customer service and business performance outcomes are impacted by a range of long-term drivers, not just service initiatives - leadership and organisational culture are key, rather than one off activities or short term investments. That's why in this report we've set out some of the essential elements and enablers of a service culture and recommendations about how to develop them.

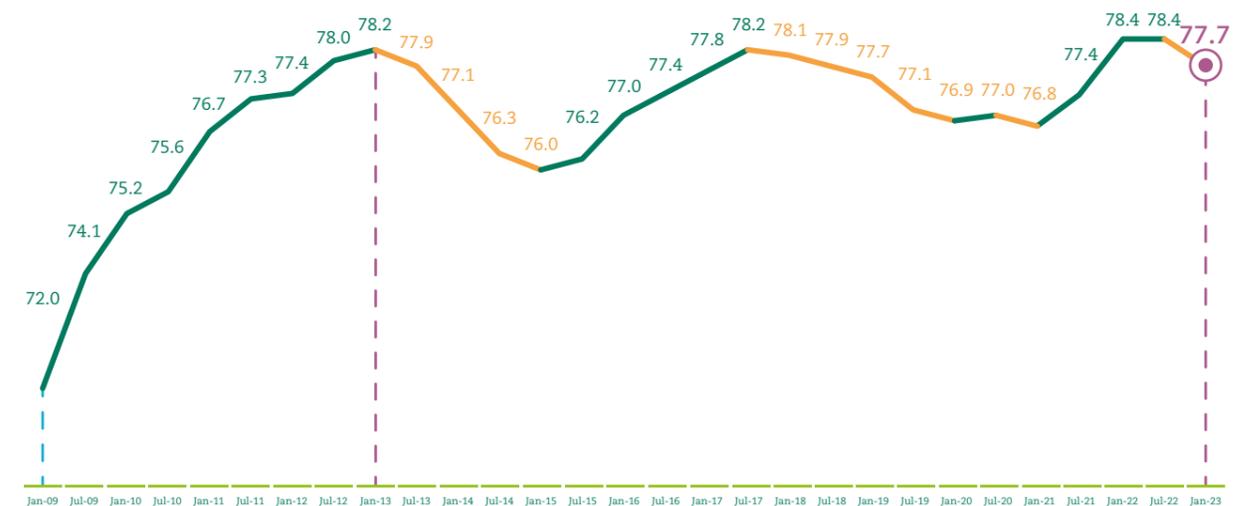
I hope that this UKCSI – and full range of products, services and research The Institute provides - will help you interpret a complex and evolving environment, support you in achieving sustainable customer service and business results as well as galvanise you into action!

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Executive Summary

The January 2023 UK Customer Satisfaction Index (UKCSI) is 77.7 (out of 100), a decline of 0.7 points compared to both the July 2022 and January 2022 surveys



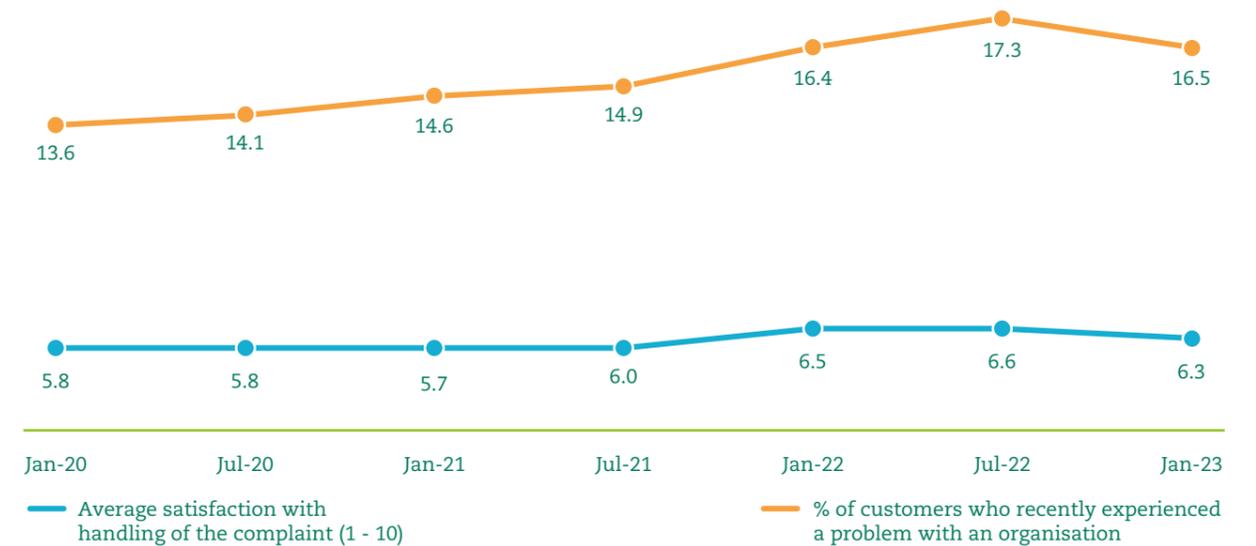
The UKCSI is a national benchmark of customer satisfaction covering 281 organisations or organisation types across 13 sectors. The UKCSI score is based on how customers rate organisations across 26 measures covering satisfaction with transactional experiences as well as broader relationship needs.

Much of the improvement in overall customer satisfaction through 2021 and 2022 was fuelled by stronger satisfaction with complaint handling. However, the improvement in complaint handling appears to have stalled and satisfaction has declined slightly across all dimensions of customer satisfaction. This suggests that further sustained growth in customer satisfaction will require increased focus and action in all dimensions of customer satisfaction.

Dimension (score out of 100)	Jan 2023	Jan 2022	Year-on-year change
 Experience Measures the quality of customers' experiences and interactions with organisations	78.7	79.3	-0.6
 Complaint Handling How organisations respond and deal with problems and complaints	63.3	65.8	-2.5
 Customer Ethos Extent to which customers perceive that organisations genuinely care about customers and build the experience around their customers' needs	77.0	77.8	-0.8
 Emotional Connection The extent to which an organisation engenders feelings of trust and reassurance	76.8	77.8	-1.0
 Ethics Reputation, openness and transparency and the extent to which an organisation is deemed to "do the right thing"	75.8	76.8	-1.0

16.5% of customers experienced a problem with an organisation, around the same level as January 2022 but 2.9 percentage points more than January 2020

% customers experiencing a problem with an organisation and satisfaction with complaint handling



The leading causes of problems experienced by customers are quality or reliability, suitability and availability of goods and services. The extent of problems has significant implications not just for customer satisfaction, but for organisations' productivity, costs and profitability.

5 of the 13 sectors measured in the UKCSI – Public Services (Local and National), Services, Transport and Utilities - have dropped by at least 1 point compared to January 2022

In the other 8 sectors, customer satisfaction has have moved, up or down, by less than 1 point.

	Jan-23	Jul-22	Jan-22	Change from Jan-22 to Jan-23	Change from Jul-22 to Jan-23
Retail (Non-food)	81.7	81.9	81.5	0.2	-0.2
Tourism	80.9	80.7	80.4	0.5	0.2
Leisure	80.8	81.8	81.7	-0.9	-1.0
Retail (Food)	80.5	81.7	81.0	-0.5	-1.2
Banks & Building Societies	80.3	80.3	80.2	0.1	0.0
Automotive	80.1	81.0	80.7	-0.6	-0.9
Insurance	80.0	80.8	80.5	-0.5	-0.8
Services	76.3	76.7	77.4	-1.1	-0.4
Telecommunications & Media	75.8	76.6	76.3	-0.5	-0.8
Public Services (National)	75.1	75.3	76.9	-1.8	-0.2
Transport	74.1	75.8	75.1	-1.0	-1.7
Public Services (Local)	72.2	72.3	73.4	-1.2	-0.1
Utilities	71.7	74.1	74.5	-2.8	-2.4

▼ Fall in UKCSI score by less than one point

▼ Fall in UKCSI score by more than 1 point

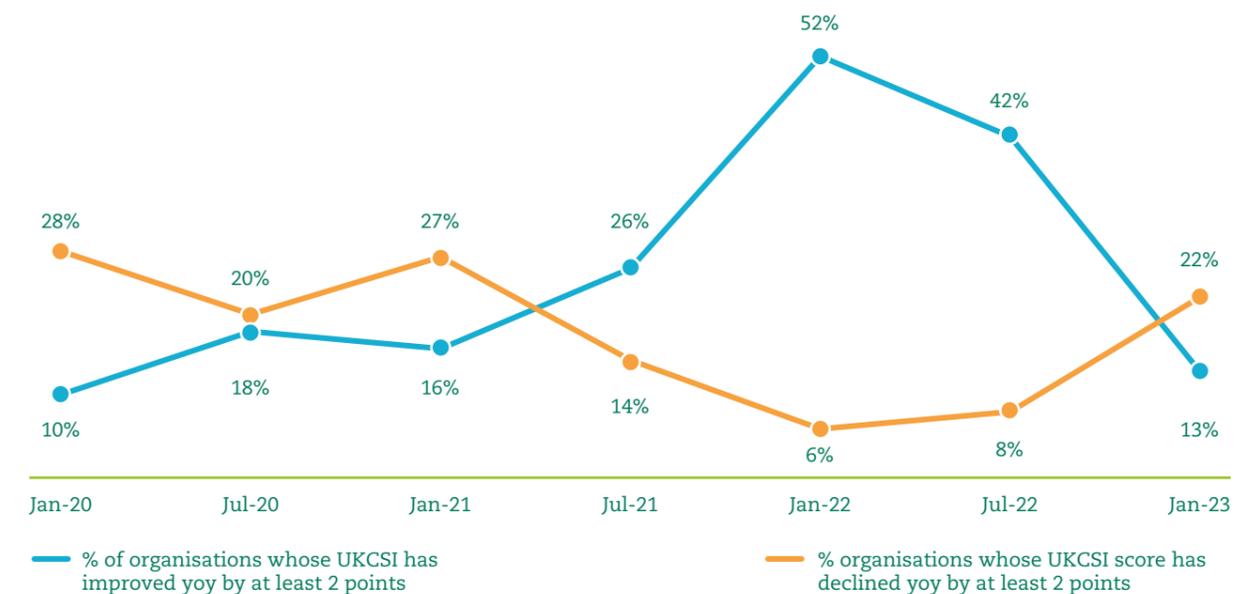
Average customer satisfaction in the Utilities sector is 71.7 (out of 100), a drop of 2.8 points compared to January 2022 and its lowest score since January 2015.

Within the Utilities sector, average satisfaction with Energy companies is 70.3, a decline of 3.8 points compared to a year ago. They biggest fall in customer satisfaction was for pricing, down 0.9 points compared to January 2022, to 6.0 (out of 10). Average levels of trust and an organisation making you feel reassured decreased by 0.5 points (out of 10).

Almost half of the organisations that have declined by at least 2 points compared to a year ago are in the Transport and Utilities sectors

In the January 2023 UKCSI, 37 organisations (13% of the total receiving a UKCSI score) have improved by at least 2 points compared to a year ago, the lowest number since January 2020. 63 organisations (22% of those receiving a UKCSI score) have fallen by 2 points or more.

% of organisations that have improved or fallen by at least 2 points compared to the previous year



Key differences between the top 50 organisations and the rest include measures of complaint handling, price and cost, emotional connection and customer ethos

Key differentiators of the top 50 organisations in the UKCSI (scores out of 10 unless stated)

Measure (on a scale of 1 - 10 except where indicated)	Top 50 organisations	Other organisations	Gap
UKCSI	83.3	77.0	6.3
Speed of resolving your complaint	7.4	6.2	1.2
The handling of the complaint	7.5	6.3	1.2
The attitude of staff (complaints)	7.6	6.6	1.0
Price / cost	8.2	7.4	0.8
XX designs the experience around its customers	8.2	7.5	0.7
XX makes you feel reassured	8.3	7.6	0.7
XX cares about their customers	8.2	7.5	0.7
You trust XX	8.3	7.6	0.7
XX keeps their promises	8.3	7.6	0.7
% customers experiencing a problem	12.0%	16.5%	4.5% points
% experiences right first time	86.5%	79.8%	6.7% points

10 highest rated organisations

Jan-23 Rank	Organisation	Sector	Jan-23 Score	Jan-22 Score	Jan-22 Rank	Change in score Jan-22 to Jan-23
1	first direct	Banks & Building Societies	86.2	85.7	2	0.5
2	John Lewis	Retail (Non-food)	85.6	84.7	7	0.9
3	UK Power Networks	Utilities	85.4	85.4	4	0.0
4=	Tesco Mobile	Telecommunications & Media	85.2	83.7	22	1.5
4=	M & S (food)	Retail (Food)	85.2	84.2	11	1.0
6	Starling Bank	Banks & Building Societies	85.1	NO DATA	NO DATA	NO DATA
7	Next	Retail (Non-food)	85.0	81.4	63	3.6
8=	Suzuki	Automotive	84.6	84.0	17	0.6
8=	M & S	Retail (Non-food)	84.6	84.0	17	0.6
10	Amazon.co.uk	Retail (Non-food)	84.4	83.8	21	0.6

▲ Increase in UKCSI score of at least one point

In the Retail (Food) sector, an environment of rising costs and changing customer behaviours has shaped the relationship between customer satisfaction and business performance

Kantar's research* reported that take-home grocery sales grew by 5.9% year on year in the 12 weeks preceding 27 November 2022, driven by an increase in store visits compared to the previous year as well as the rise in inflation.

Sales of own label products grew by 11.7% year on year but sales of premium products also rose, by 6.1%. These contrasting trends in buying behaviour are reflected in the UKCSI. 16.7% of customers expressed a preference for lowest cost, no frills service, up by 1.3 percentage points compared to a year ago. But 31.9% of Retail (Food) customers indicated that they prefer excellent service, even if it means paying more, up by 2.7 percentage points compared to January 2022**.

Aldi's sales increased by 24% but in September 2022 the company reported a drop in profits because of increased supplier, staff and Covid-related costs. These issues may also have affected Aldi's customer satisfaction. Over the past 3 years, Aldi's UKCSI average score is 82.8, more than 2 points higher than the sector average. However, in the January 2023 UKCSI, Aldi received a score of 81.0, down by 2.7 points compared to a year ago.

Lidl's sales rose by 22%, giving it a market share of 7.4%. Over the past 3 years, the average level of customer satisfaction with Lidl has been slightly lower than the sector average, by 0.9 points. But compared to January 2020, Lidl is one of the sector's most improved organisations for customer satisfaction and in the January 2023 UKCSI Lidl's customer satisfaction rating of 81.0 (out of 100) is for the first time slightly higher than the Retail (Food) average, 80.5.

Morrisons sales fell year on year by 4.7% and its UKCSI score of 76.2 is the lowest of any food retailer in the January 2023. Morrisons may have been particularly exposed to inflationary pressures because it has its own manufacturing operations and around half of its food is produced in-house.

* Source: Kantar World Panel

** Customers were asked to score the balance of price and service they would prefer to accept. A score of 8-10 implies a preference for excellent service, even if it costs more. A score of 1-3 is interpreted as a preference for low-cost, no-frills service.

In the banking sector, there appears to be a long-term relationship between customer satisfaction and net current account gains

The performance of the 12 organisations that have appeared in both the UKCSI and the Current Account Switch Service Dashboard* between 2014 and 2022 shows that organisations averaging a UKCSI score at least 1 point above the sector recorded an average of 240,279 net current account gains, compared to 173,838 net losses for organisations average a UKCSI score that is 1 point or more below the sector average.

Net current account gains and losses 2014 - 2022



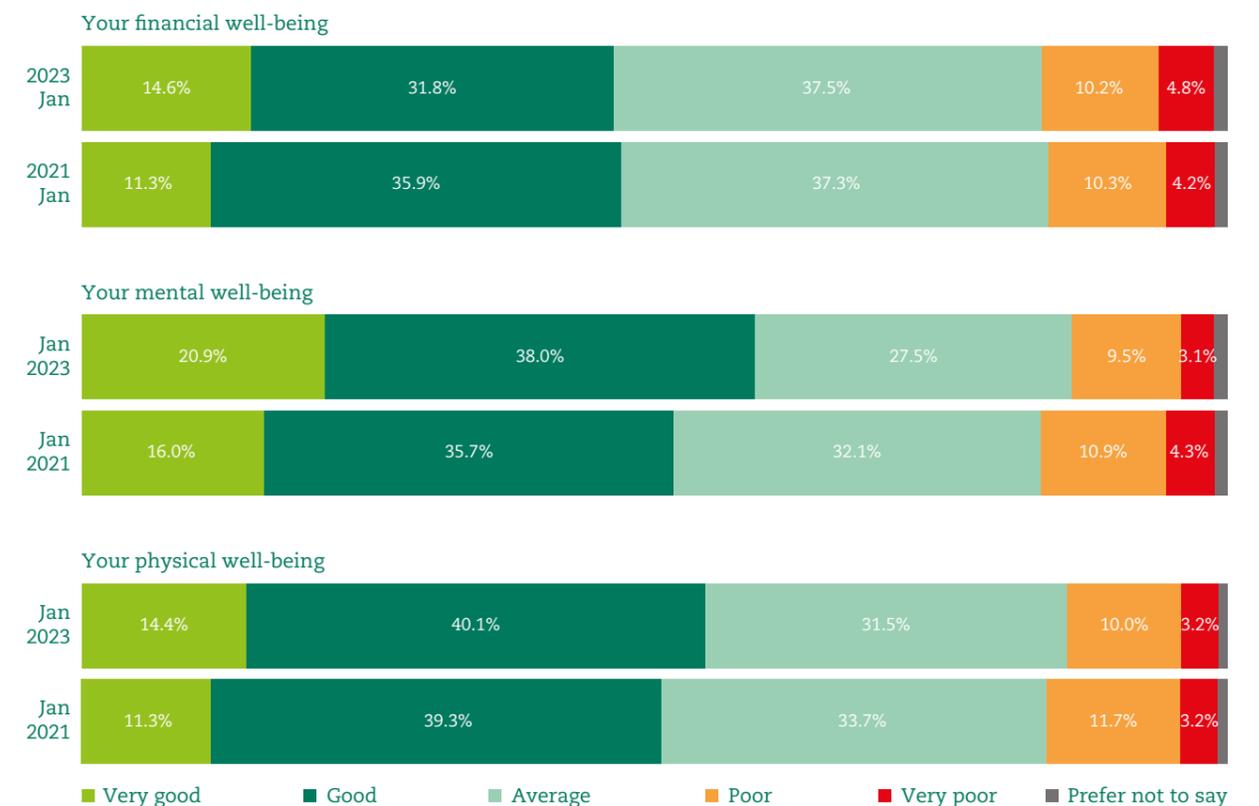
In this UKCSI we examine the impact of the rising cost of living on customer behaviours and needs and the implications for organisations.

* Current Account Switch Service Dashboard 2014 - 2022

15% of customers described their financial well-being as poor or very poor, a similar number to January 2021, when it was 14.5%

But the average state of mental well-being appears to have improved: 59% of people describe their mental well-being as good or very good, compared to 52% in the January 2021 UKCSI.

How would you describe your current level of well-being?



Many customers' spending behaviour has become more mindful and cautious

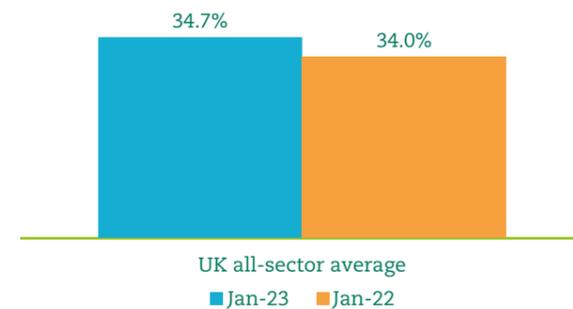
The latest research in the UKCSI suggests that the main ways in which customer behaviours have responded to the rise in the cost of living are to think more carefully about spending, reduce their level of spending, shop around more to find the best deals and make fewer impulse purchases.

How have your spending habits changed in the last 6 months?

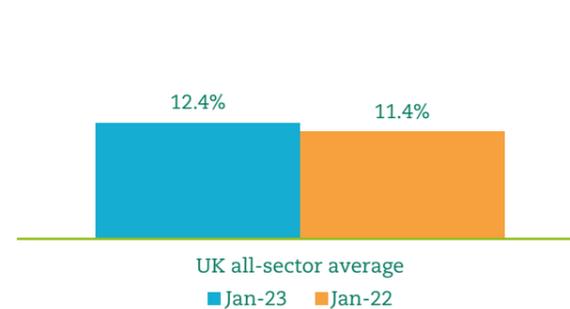


Despite the growing priority to economise, 34.7% of customers would be prepared to pay more to guarantee excellent service*.

% of customers who prefer excellent service, even if it costs more



% customers who prefer lowest cost, no-frills service



* Customers were asked, to score the balance of price and service they would prefer to accept. A score of 8-10 implies a preference for excellent service, even if it costs more. A score of 1-3 is interpreted as a preference for low-cost, no-frills service.

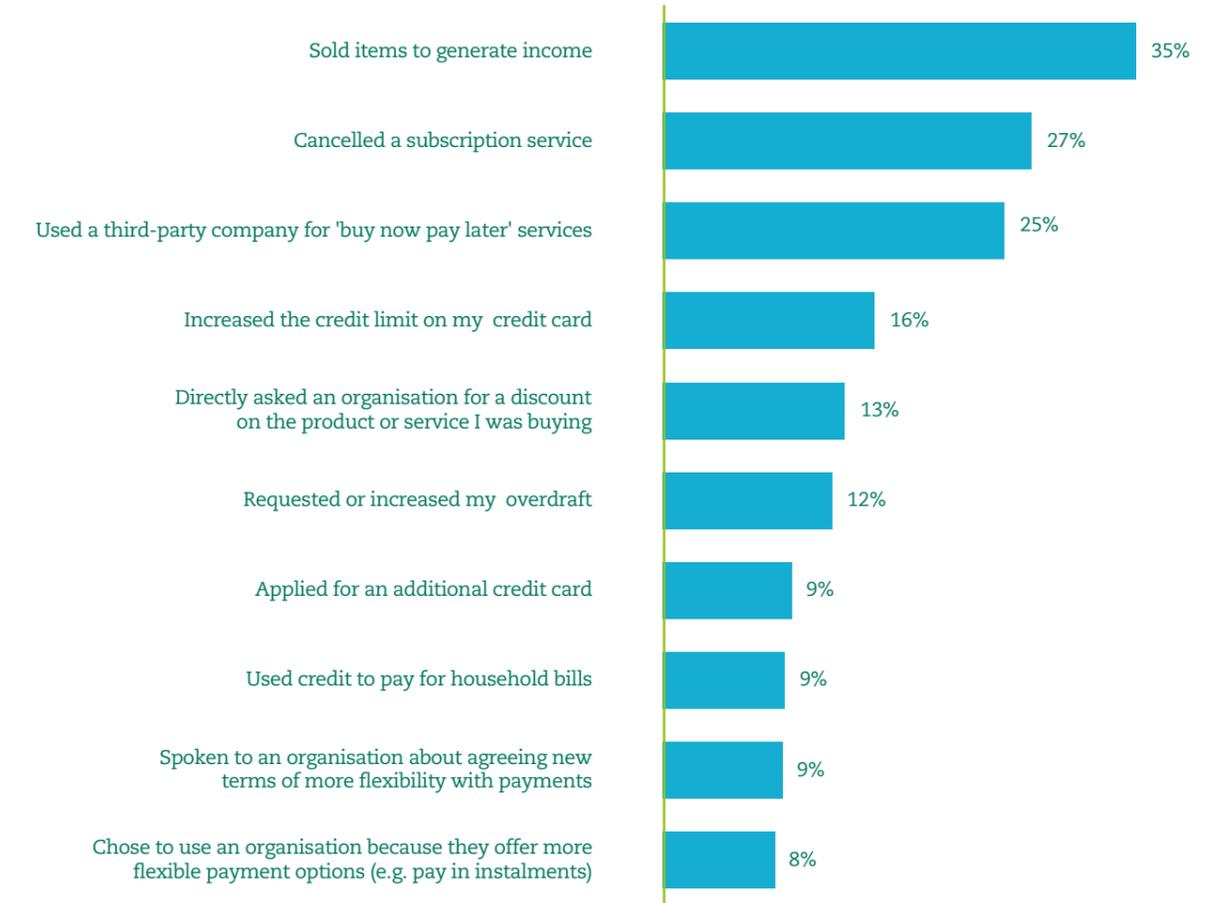
Alongside the January 2023 UKCSI, The Institute conducted an additional survey of 1,001 customers to assess further attitudes and behaviours concerned with spending and personal debt.

35% of people have sold items to generate income. This behaviour perhaps reflects growing concern for recycling and sustainability as well as financial pressures caused by the rising cost of living.

27% have cancelled a subscription service and 25% have used a third party company for "buy now, pay later" services.

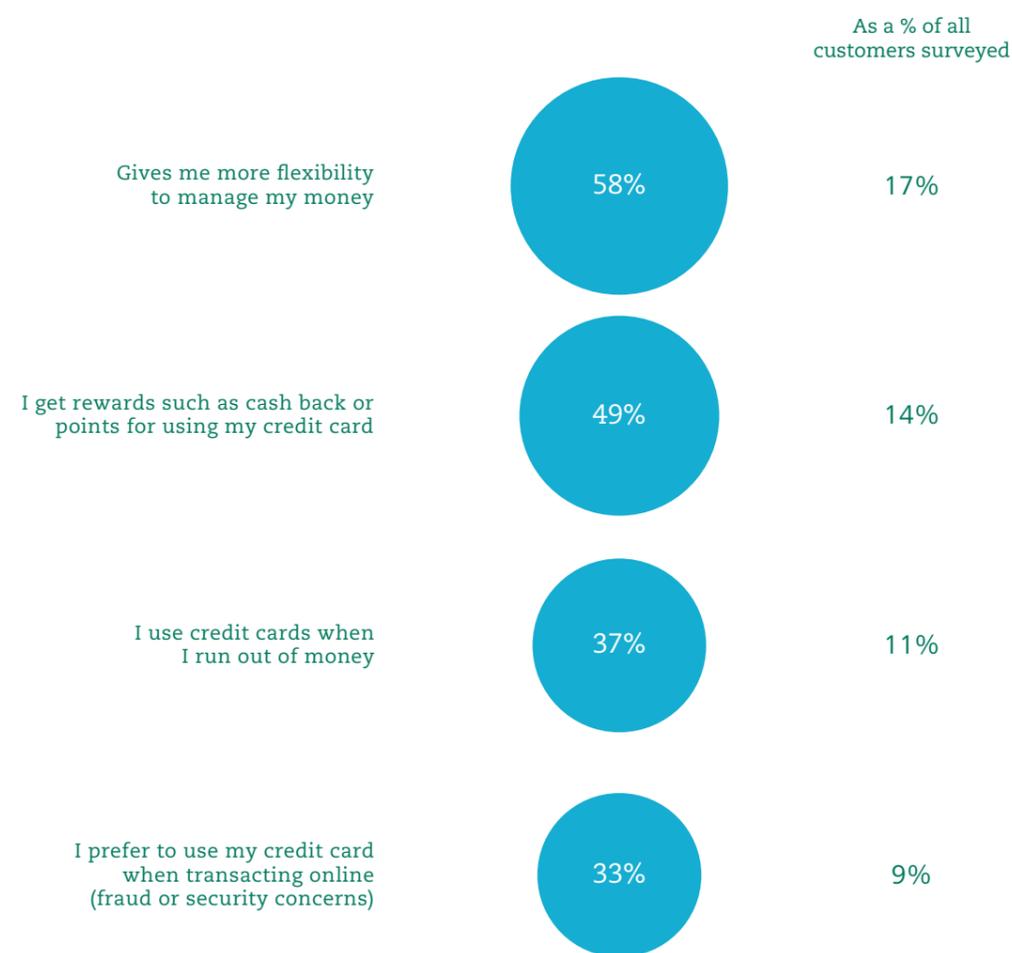
29% of customers have increased their access to credit either by requesting an overdraft, or applying for a credit card, or increasing their credit limit.

Changes in customer behaviour in response to the rising cost of living: have you done any of the following in the last 6 months?



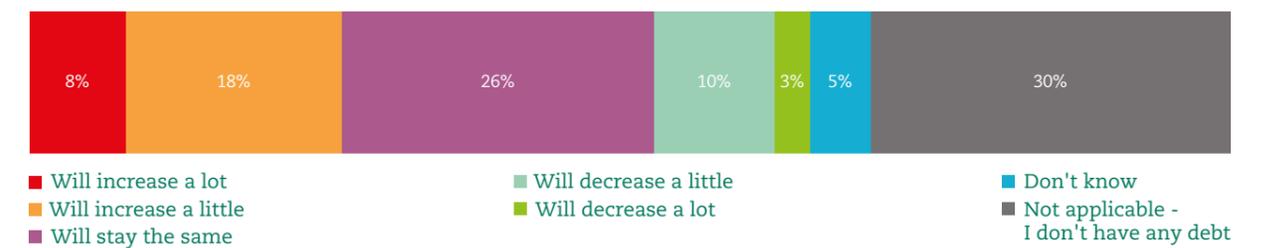
28% of customers expect to use a credit card to pay for household bills such as utilities and food in the next 6 months

The main reasons for using a credit card in this context are greater flexibility in managing personal finances and taking advantage of rewards such as cashback or points. But 37% of customers who expect to use a credit card to pay for utilities and food (11% of all customers surveyed) will do so because they have run out of money.



26% of customers believe their personal debt will increase in the next 6 months

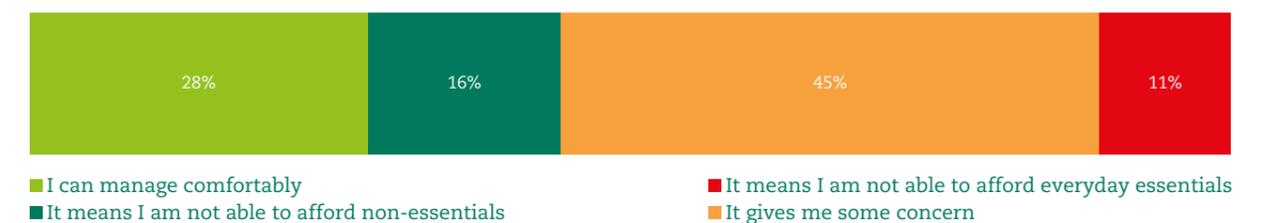
How do you think your level of debt will change in the next 6 months?



Amongst customers who believe their level of debt will increase in the next 6 months, 72% are concerned about the impact on their purchasing capacity and financial well-being

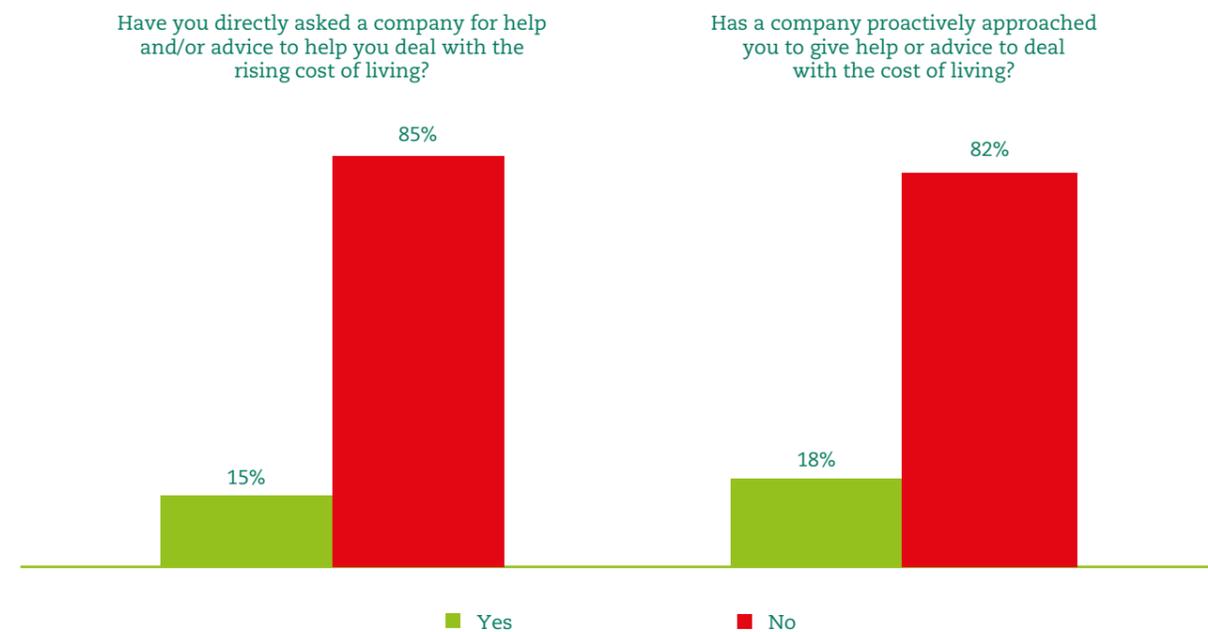
11% of these customers fear they will be unable to afford everyday essentials and a further 16% will need to cut back on non-essential items. In addition, 45% of customers whose level of debt is likely to rise agree that it "gives me some concern".

Perspectives of customers who believe their level of debt will increase in the next 6 months: how do you feel about your level of personal debt (e.g. mortgage, overdraft, credit card)?



15% of all customers surveyed have directly asked a company for help or advice to deal with the rising cost of living. 18% have been approached by a company offering help and advice for the same reason

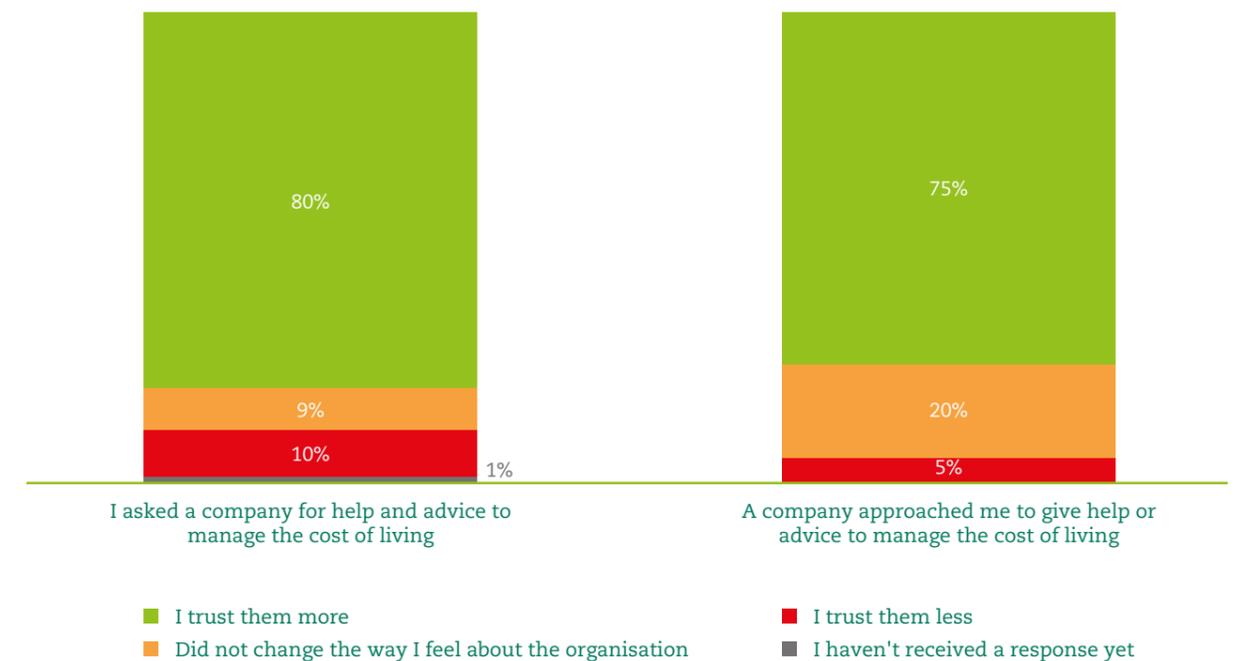
The leading types of assistance given by companies are advice on using products and services more efficiently, discounts and flexible payment options. Companies tend to be more likely to offer advice about using products and service more efficiently than they are to offer other kinds of advice related to cost savings.



80% of customers who asked a company for help to manage the cost of living said that, as a result of their contact, their trust in that company had increased

Similarly, 75% of people who have been contacted by a company offering help or advice affirmed that their level of trust in that organisation has risen.

Impact of companies giving customers help or advice to manage the cost of living

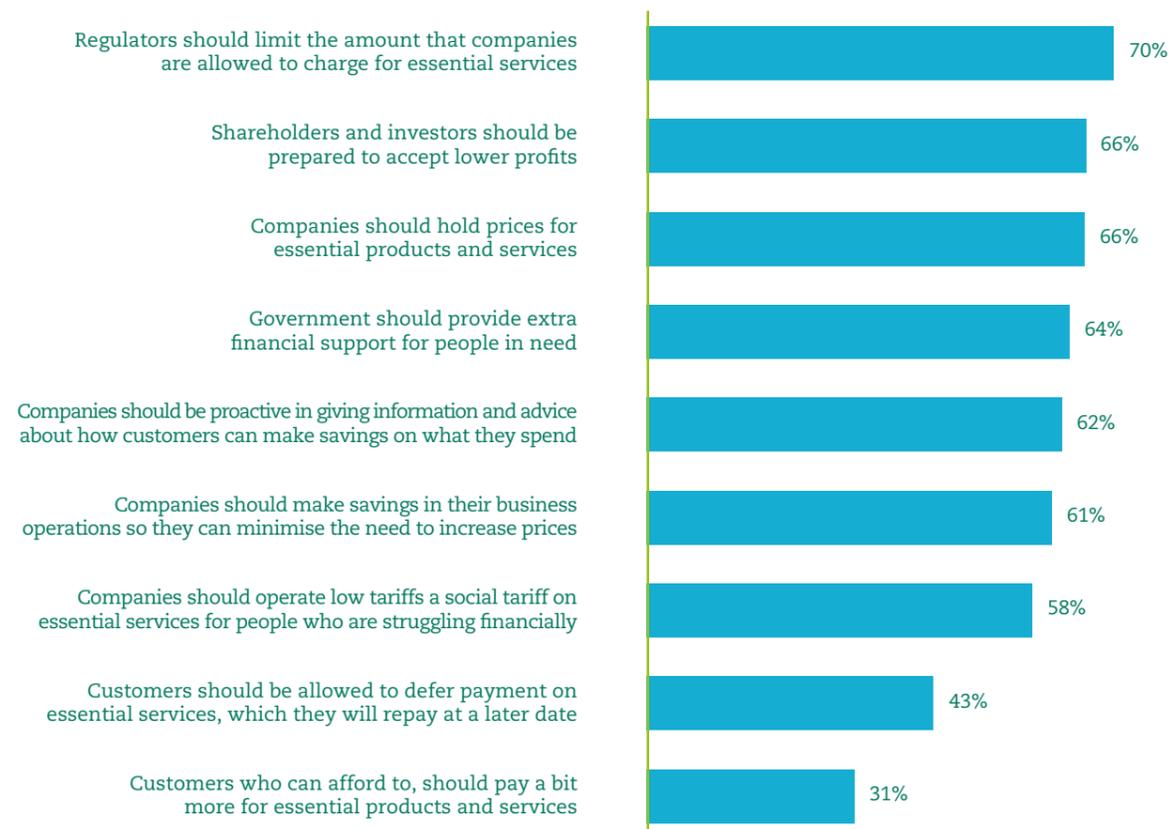


Most customers believe regulators, government and companies need to do more to help alleviate the impact of the rising cost of living

70% of customers strongly agree that regulators should limit the amount companies can charge for essential services and 64% say that government should provide more financial support to customers in need.

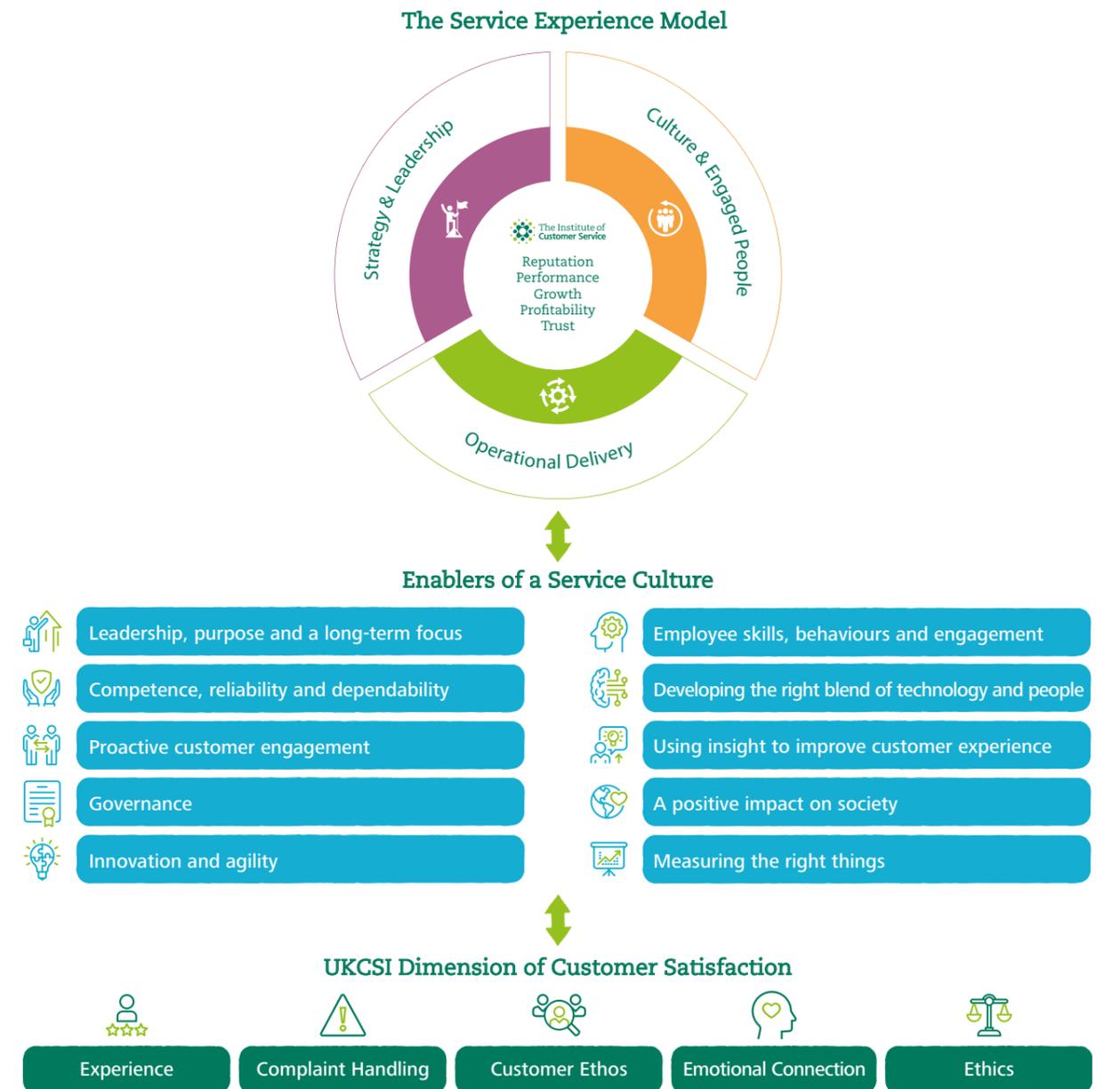
More than 60% of people believe that companies should hold prices for essential products and services, be proactive in giving advice to help customers make savings and reduce costs in their business operations. In addition, 66% of respondents strongly agree that shareholders and investors should be prepared to accept lower profits.

Customers' perspectives on how organisations should support customers during the cost of living crisis



Building a culture of service excellence

Our research, and engagement with organisations and leaders, suggests that customer service and business performance outcomes are more the product of organisational culture than of specific activities or investments. The January 2023 UKCSI concludes by highlighting recommendations to develop the key enablers of a culture of service excellence.

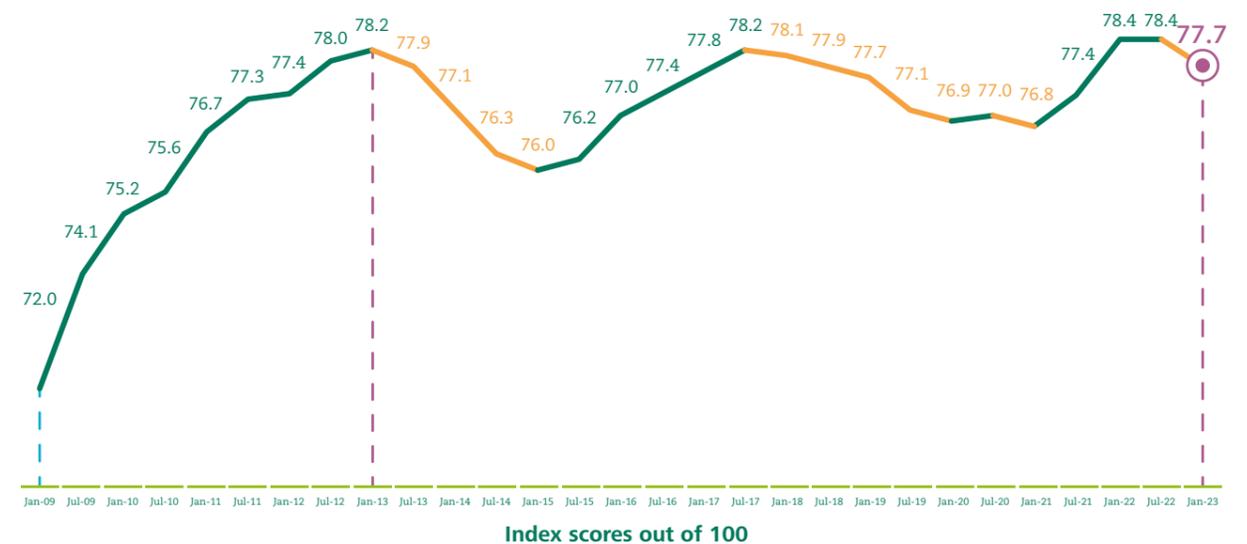


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The state of customer satisfaction in the UK

Compared to January 2022, customer satisfaction has fallen in all 5 dimensions, with the biggest decline evident for complaint handling.

The January 2023 UK Customer Satisfaction Index (UKCSI) is 77.7 (out of 100), a decline of 0.7 points compared to both the July and January 2022 surveys



The UKCSI is a national benchmark of customer satisfaction covering 281 organisations or organisation types across 13 sectors. The UKCSI score is based on how customers rate organisations across 26 measures which are summarised in 5 dimensions of customer satisfaction. Compared to January 2022, customer satisfaction has fallen in all 5 dimensions measured in the UKCSI, with the biggest decline evident for complaint handling.

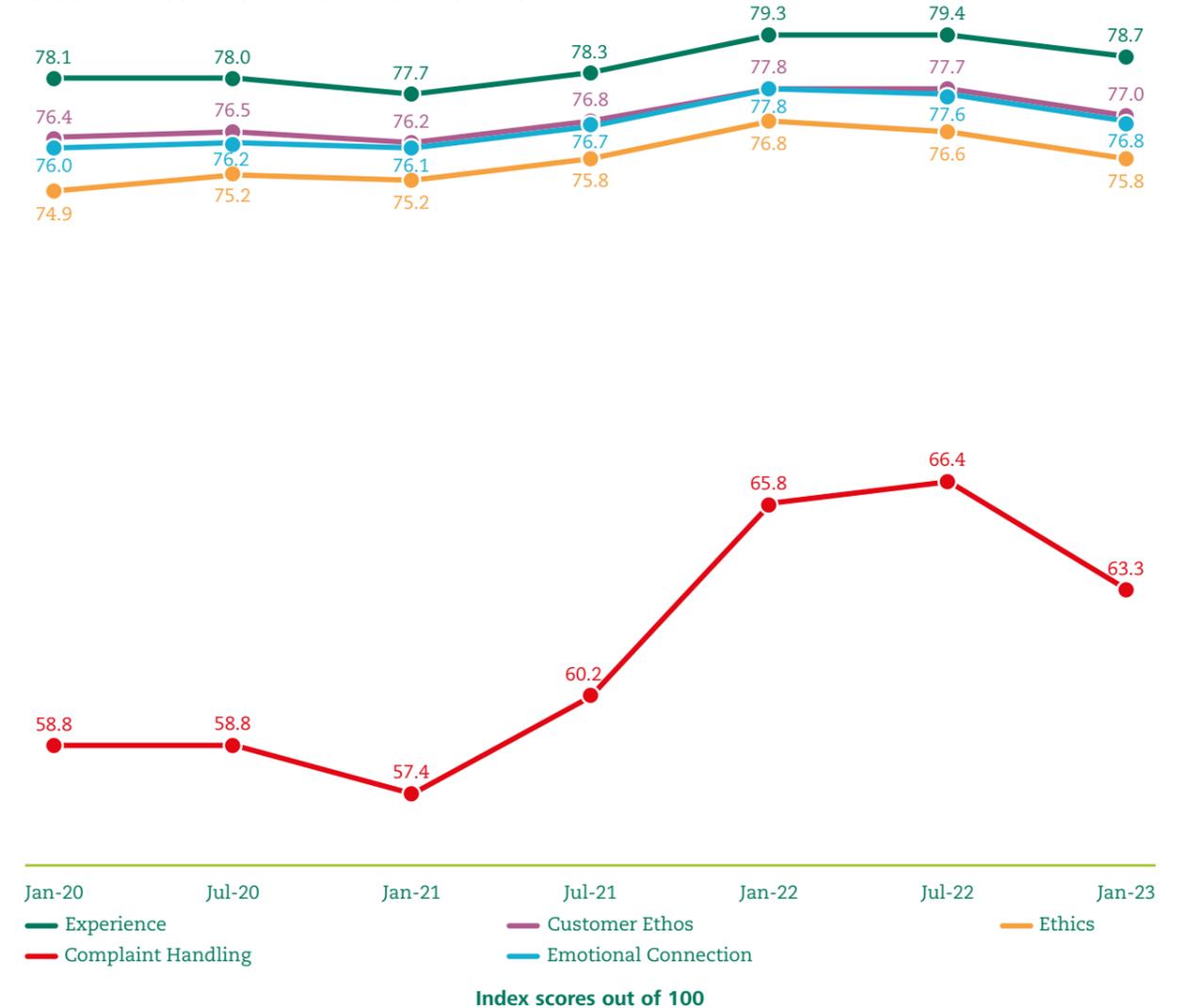
January 2023 UKCSI: dimensions of customer satisfaction

Dimension (score out of 100)	Jan 2023	Jan 2022	Year-on-year change
 Experience Measures the quality of customers' experiences and interactions with organisations	78.7	79.3	-0.6
 Complaint Handling How organisations respond and deal with problems and complaints	63.3	65.8	-2.5
 Customer Ethos Extent to which customers perceive that organisations genuinely care about customers and build the experience around their customers' needs	77.0	77.8	-0.8
 Emotional Connection The extent to which an organisation engenders feelings of trust and reassurance	76.8	77.8	-1.0
 Ethics Reputation, openness and transparency and the extent to which an organisation is deemed to "do the right thing"	75.8	76.8	-1.0

The improvement in satisfaction with complaint handling seen in 2021 and 2022 has stalled

Looking back over the past 3 years, most customer satisfaction index measures have been relatively stable, though there have been more pronounced movements in customer satisfaction with individual organisations. Much of the improvement in overall customer satisfaction through 2021 and 2022 was fuelled by stronger satisfaction with complaint handling. However, the improvement in complaint handling appears to have stalled and other areas of customer satisfaction have also fallen. This suggests that further sustained growth in customer satisfaction will require increased focus and actions in all dimensions of customer satisfaction.

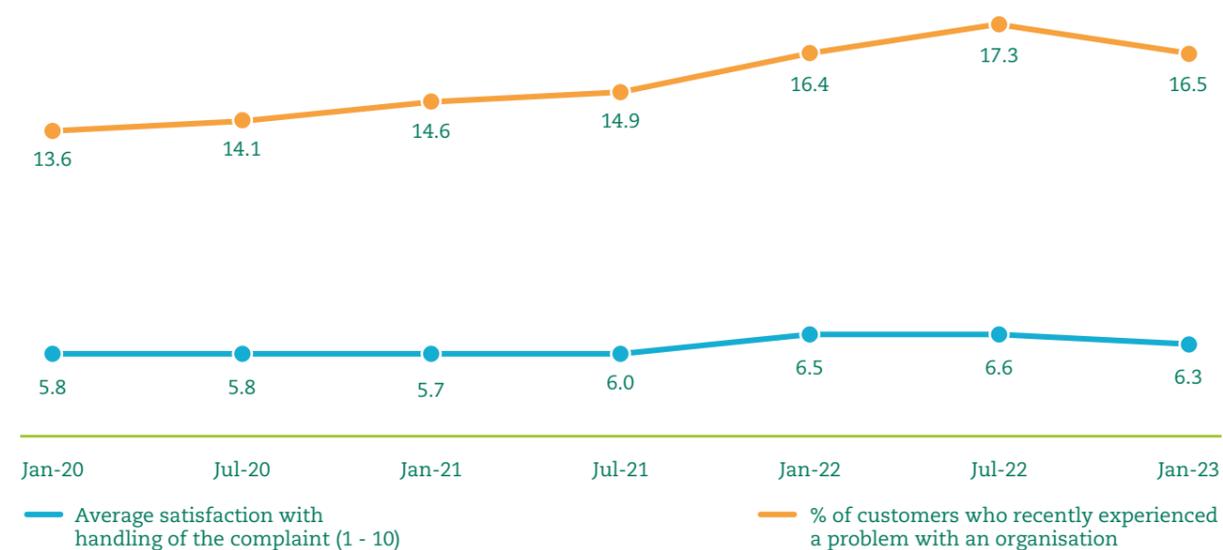
Customer satisfaction dimensions 2020-2023



The number of customers experiencing a problem with an organisation is around the same level as a year ago but higher than it was before the Covid-19 pandemic

16.5% of customers experienced a problem with an organisation, around the same number as a year ago (16.4%) and slightly lower than in July 2022 (17.3%). However, the current level of problems is 2.9 percentage points more than it was in January 2020, the last UKCSI published before the Covid-19 pandemic.

% customers experiencing a problem with an organisation and satisfaction with complaint handling



The distribution of problems by type of issue is similar to that recorded for January 2022. However, compared to January 2021 there has been a 9.9 percentage point increase in the number of problems concerned with quality or reliability of goods and services. The extent of problems has significant implications not just for customer satisfaction, but for organisations' productivity, costs and profitability.

The leading causes of problems experienced by customers are quality or reliability, suitability and availability of goods and service

Types of problems experienced by customers

(% refers to the frequency with which each issue was cited in relation to a problem. For some problems multiple issues are cited)

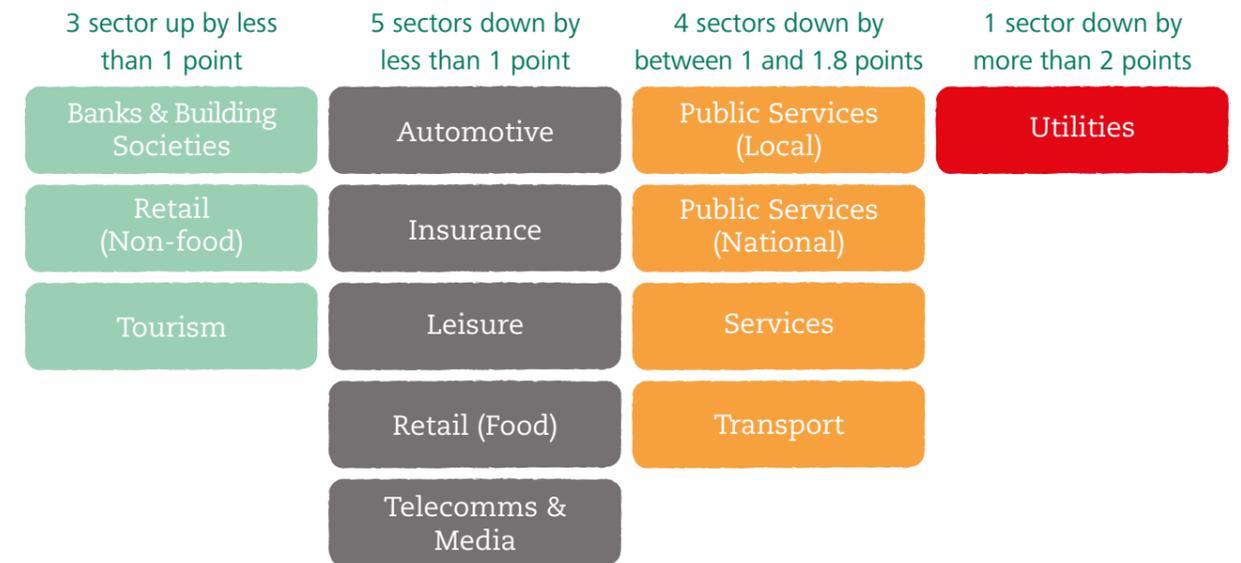
	Jan-20	Jan-21	Jan-22	Jan-23
Quality or reliability of goods/services	33.8%	31.8%	41.2%	41.7%
Suitability of goods/services (e.g. didn't do what you expected)	22.7%	20.4%	25.1%	24.1%
Availability of goods/services (e.g. couldn't find what you wanted)	17.5%	19.5%	23.4%	22.2%
Late delivery or slow service	22.5%	21.9%	19.4%	20.9%
Staff competence	23.5%	20.2%	18.5%	20.0%
Staff attitude	17.5%	17.4%	15.1%	16.4%
Cost	11.9%	11.7%	11.2%	10.8%
XX not keeping its promises and commitments	17.3%	16.9%	13.9%	15.6%

5 sectors - Public Services (Local and National), Services, Transport and Utilities - have dropped by at least 1 points compared to January 2022

Customer satisfaction by sector: Jan 2022 – Jan 2023



Change in customer satisfaction by sector, compared to January 2022



Highest rated sectors in the January 2023 UKCSI

	Jan-23	Jul-22	Jan-22	Change from Jan-22 to Jan-23	Change from Jul-22 to Jan-23
Retail (Non-food)	81.7	81.9	81.5	0.2	-0.2
Tourism	80.9	80.7	80.4	0.5	0.2
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Banks & Building Societies	80.3	80.3	80.2	0.1	0.0
Automotive	80.1	81.0	80.7	-0.6	-0.9
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Services	76.3	76.7	77.4	-1.1	-0.4
Telecommunications & Media	75.8	76.6	76.3	-0.5	-0.8
Public Services (National)	75.1	75.3	76.9	-1.8	-0.2
Transport	74.1	75.8	75.1	-1.0	-1.7
Public Services (Local)	72.2	72.3	73.4	-1.2	-0.1
Utilities	71.7	74.1	74.5	-2.8	-2.4

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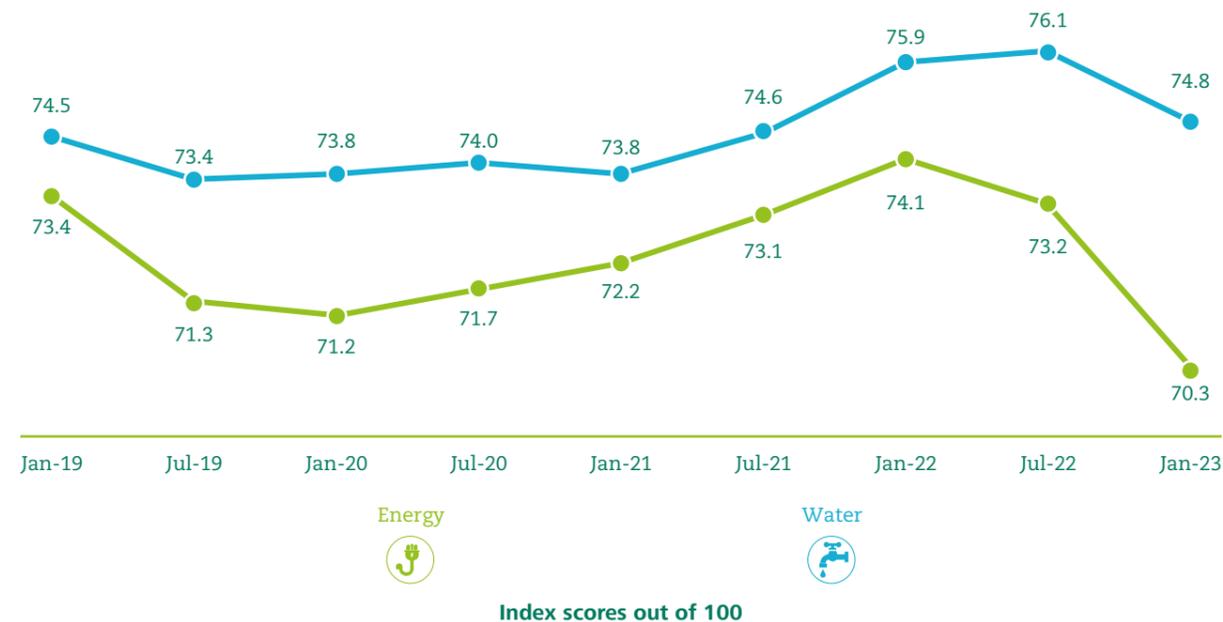
Average customer satisfaction in the Utilities sector is 71.7 (out of 100), a drop of 2.8 points compared to January 2022

This is the sector's lowest score since July 2015, when it was 71.4.

Within the Utilities sector, average satisfaction with Energy companies is 70.3, a decline of 3.8 points compared to a year ago. The biggest fall in customer satisfaction was for pricing, down 0.9 points compared to January 2022, to 6.0 (out of 10). Average levels of trust and an organisation making you feel reassured decreased by 0.5 points (out of 10). The number of experiences rated as being right first time declined by 4.4 percentage points to 68.4%.

Average satisfaction with Water companies fell by 1.1 points to 74.8. Most of the 26 measures that make up the UKCSI fell slightly (by 0.1 – 0.2 points out of 10) compared to a year ago. Average satisfaction with the speed of resolving a complaint declined by 0.4 points to 7.0 (out of 10).

Average customer satisfaction with Energy and Water organisations



Average customer satisfaction with Public Services organisations fell by at least 1 point compared to a year ago

Customer satisfaction with Public Services (National) sector organisations dropped by 1.8 points to 75.1.

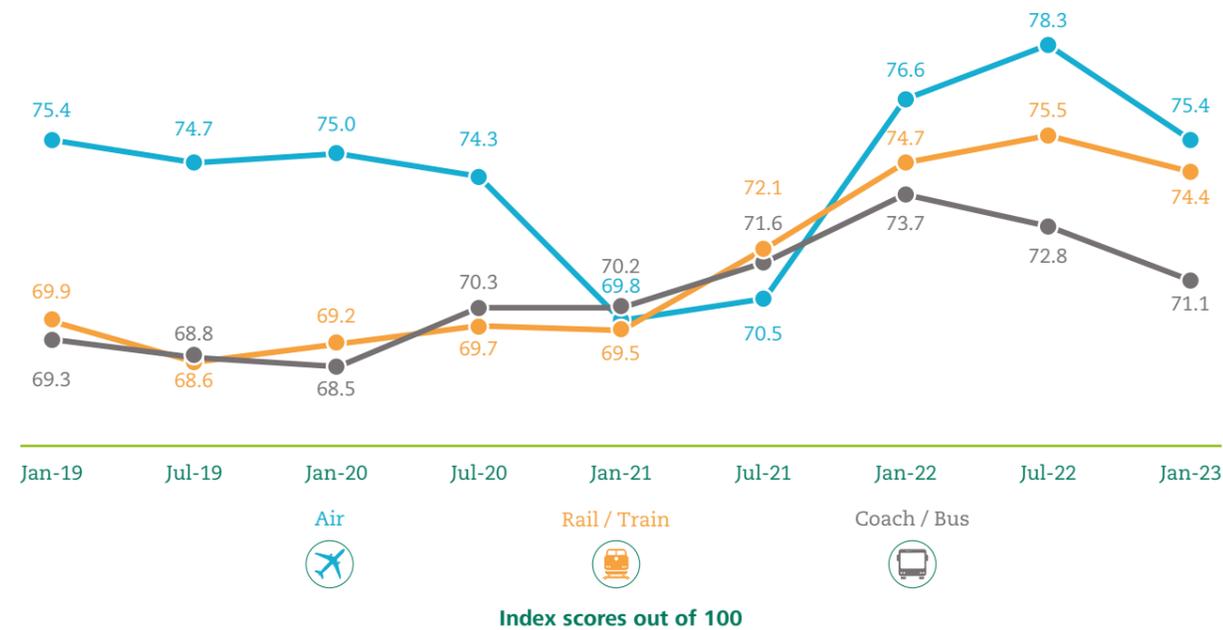
Average satisfaction for Public Services (Local) organisations fell by 1.2 points to 72.2. The decrease in satisfaction was significantly influenced by a 3.6 point drop for GP surgery / health centre to 70.2, the lowest score recorded for this category. Your housing association, your local Fire Service and your local Police Service also received average customer satisfaction ratings at least 1 point below their January 2022 levels.

Average satisfaction for organisations in the Services sector is 76.3, down 1.1 points compared to January 2022. Around three quarters of customer responses in this sector refer to either automotive or postal / courier services. The biggest fall in satisfaction is for postal / courier services, down by 1.4 points to 74.0.

In the Transport sector, the improvements recorded in recent UKCSI reports have stalled

Across the sector as a whole average customer satisfaction is 74.1, down 1 point compared to January 2022.

Customer satisfaction with Transport organisations



The UKCSI results are based on two sets of data: the first set of data was collected in March and April 2022; the second set was collected in September and October 2022. In the most recent data, there are signs that customer satisfaction is under growing pressure.

Customer satisfaction with Rail companies is 74.4, slightly lower, by 0.3 points than in January 2022. However, average satisfaction for experiences recorded in September and October 2022 is 3.2 points lower than for those in the preceding April and March, influenced in particular by lower scores for satisfaction with complaint handling.

Customer satisfaction with Airlines is 75.4, a decline of 1.2 points compared to January 2022. Average satisfaction for experiences recorded in September and October 2022 is 4.7 points lower than for those in April and March, partly caused by a sharp drop in satisfaction for complaint handling.

8 sectors have moved by less than 1 point compared to January 2022. Customer satisfaction in the Banks and Building Societies, Retail (Non-food) and Tourism sectors is broadly unchanged compared to a year ago: each sector has improved slightly, by between 0.1 and 0.5 points.

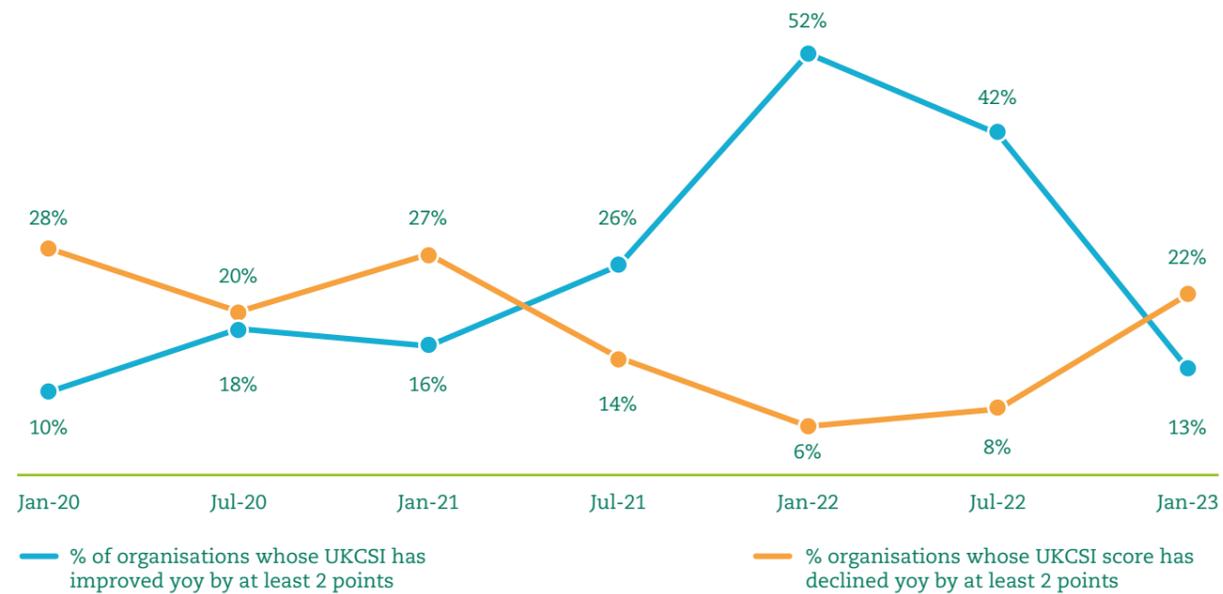
Average customer satisfaction in the Automotive, Insurance, Leisure, Retail (Food) and Telecommunications and Media sectors is similar to the levels recorded in January 2022: each sector has declined slightly, by less than 1 point. However, compared to July 2022, average satisfaction with Retail (Food) and Leisure organisations has fallen by 1.2 points and 1 point respectively.



In the January 2023 UKCSI, 37 organisations (13% of the total receiving a UKCSI score) have improved by at least 2 points compared to the previous year, the lowest number since January 2020. 63 organisations (22% of those receiving a UKCSI score) have fallen by 2 points or more.

Almost half of the organisations that have declined by at least 2 points compared to a year ago are in the Transport and Utilities sectors

% of organisations that have improved or fallen by at least 2 points compared to the previous year



In the Utilities sector the gap between the highest and lowest rated organisation is 21.1 points, more than any other sector. The gap between the highest and lowest scoring organisations is the least pronounced in the Tourism, Automotive, Insurance and Retail (Food) sectors.

Sector	Total number of organisations	Number of organisations that have improved by 2 points or more	Number of organisations that have moved by less than 2 points	Number of organisations that have dropped by 2 points or more	Gap between highest and lowest organisation
Automotive	27	3	18	6	8.5
Banks & Building Societies	19	2	14	1	10.0
Insurance	26	6	12	7	8.6
Leisure	27	3	15	3	14.3
Public Services (Local)	7	0	6	1	18.5
Public Services (National)	13	1	5	5	14.2
Retail (Food)	12	1	9	1	9.0
Retail (Non-food)	24	3	17	2	15.4
Services	19	2	13	3	17.1
Telecommunications & Media	14	0	11	3	16.4
Tourism	21	6	13	1	7.8
Transport	38	7	15	14	15.3
Utilities	34	3	11	16	21.1

The top 50 organisations

Jan-23 Rank	Organisation	Sector	Jan-23 Score	Jan-22 Score	Jan-22 Rank	Change in score Jan-22 to Jan-23
1	first direct	Banks & Building Societies	86.2	85.7	2	0.5
2	John Lewis	Retail (Non-food)	85.6	84.7	7	0.9
3	UK Power Networks	Utilities	85.4	85.4	4	0.0
4=	Tesco Mobile	Telecommunications & Media	85.2	83.7	22	1.5
4=	M & S (food)	Retail (Food)	85.2	84.2	11	1.0
6	Starling Bank	Banks & Building Societies	85.1	NO DATA	NO DATA	NO DATA
7	Next	Retail (Non-food)	85.0	81.4	63	3.6
8=	Suzuki	Automotive	84.6	84.0	17	0.6
8=	M & S	Retail (Non-food)	84.6	84.0	17	0.6
10	Amazon.co.uk	Retail (Non-food)	84.4	83.8	21	0.6
11	Timpson	Services	84.2	85.3	5	-1.1
12=	Hotels.com	Tourism	84.1	80.1	98	4.0
12=	Jet2holidays.com	Tourism	84.1	84.6	8	-0.5
14	Greggs	Leisure	84.0	84.3	9	-0.3
15	Northern Powergrid	Utilities	83.9	NO DATA	NO DATA	NO DATA
16	Marriott	Tourism	83.8	81.7	52	2.1
17	Amazon Prime Video	Leisure	83.7	82.8	37	0.9
18	Green Flag	Services	83.6	84.2	11	-0.6
19	The Co-operative Bank	Banks & Building Societies	83.4	83.7	22	-0.3
20	AA Insurance	Insurance	83.3	81.1	71	2.2
21	booking.com	Tourism	83.1	83.0	35	0.1
22=	Superdrug	Retail (Non-food)	82.9	NO DATA	NO DATA	NO DATA
22=	Metro Bank	Banks & Building Societies	82.9	83.0	35	-0.1
22=	Waitrose	Retail (Food)	82.9	83.5	27	-0.6
22=	Ocado	Retail (Food)	82.9	80.6	85	2.3
26=	Premier Inn	Tourism	82.8	81.7	52	1.1

▲ Increase in UKCSI score of at least one point ▲ Increase in UKCSI score of less than one point ▼ Fall in UKCSI score

Jan-23 Rank	Organisation	Sector	Jan-23 Score	Jan-22 Score	Jan-22 Rank	Change in score Jan-22 to Jan-23
26=	Trivago	Tourism	82.8	83.4	29	-0.6
28=	Home Bargains	Retail (Non-food)	82.6	83.4	29	-0.8
28=	Nationwide	Banks & Building Societies	82.6	83.7	22	-1.1
30=	Costco	Retail (Non-food)	82.5	81.7	52	0.8
30=	Sky Mobile	Telecommunications & Media	82.5	82.7	38	-0.2
30=	Apple	Retail (Non-food)	82.5	83.4	29	-0.9
33	Tesco	Banks & Building Societies	82.4	78.9	140	3.5
34=	Kia	Automotive	82.3	81.7	52	0.6
34=	giffgaff	Telecommunications & Media	82.3	82.3	40	0.0
36=	Subway	Leisure	82.2	79.3	129	2.9
36=	Hyundai	Automotive	82.2	81.8	49	0.4
38=	Now TV	Leisure	82.1	81.5	59	0.6
38=	Jet2	Transport	82.1	84.1	13	-2.0
38=	Ikea	Retail (Non-food)	82.1	80.6	85	1.5
41=	Monzo Bank	Banks & Building Societies	82.0	NO DATA	NO DATA	NO DATA
41=	H&M	Retail (Non-food)	82.0	80.9	79	1.1
43=	Caffe Nero	Leisure	81.9	81.8	49	0.1
43=	SAGA Insurance	Insurance	81.9	85.5	3	-3.6
43=	Expedia	Tourism	81.9	80.3	97	1.6
43=	Merseyrail	Transport	81.9	NO DATA	NO DATA	NO DATA
47	Hoseasons	Tourism	81.8	77.1	183	4.7
48=	Bank of Scotland	Banks & Building Societies	81.7	81.5	59	0.2
48=	Nationwide Insurance	Insurance	81.7	80.4	94	1.3
48=	Toby Carvery	Leisure	81.7	82.2	42	-0.5
48=	Co-op Insurance	Insurance	81.7	75.7	208	6.0
48=	Audi	Automotive	81.7	80.5	89	1.2

▲ Increase in UKCSI score of at least one point ▲ Increase in UKCSI score of less than one point ▼ Fall in UKCSI score

13 of the top 50 organisations are from the Retail (Non-food) or Retail (Food) sectors. John Lewis, M & S (Food and Non-food) Next and Amazon are amongst the 10 highest rated organisations. Next is amongst the top 10 highest rated organisations for the first time since January 2020.

8 Banks or Building Societies appear in the top 50 organisations. first direct is the highest rated organisation in the January 2023 UKCSI, with a score of 86.2. Starling Bank has received a UKCSI score for the first time since July 2021 and is amongst the 10 highest rated organisations. Monzo Bank appears in the UKCSI for the first time.

Despite the overall decline in customer satisfaction in Transport and Utilities, each of these sectors has two representatives in the top 50 organisations. Jet2 is the highest rated organisation in the Transport sector although its UKCSI score is 2 points lower than it was a year ago. Merseyrail is the highest rated train company: its UKCSI score of 81.9 is 7.5 points higher than the average of all train companies in the UKCSI.

UK Power Networks and Northern Powergrid are the highest rated organisations in the Utilities sector: both are electricity distribution network operators.

Key differences between the top 50 organisations and the rest include satisfaction with complaint handling, price and cost and measures of emotional connection and customer ethos

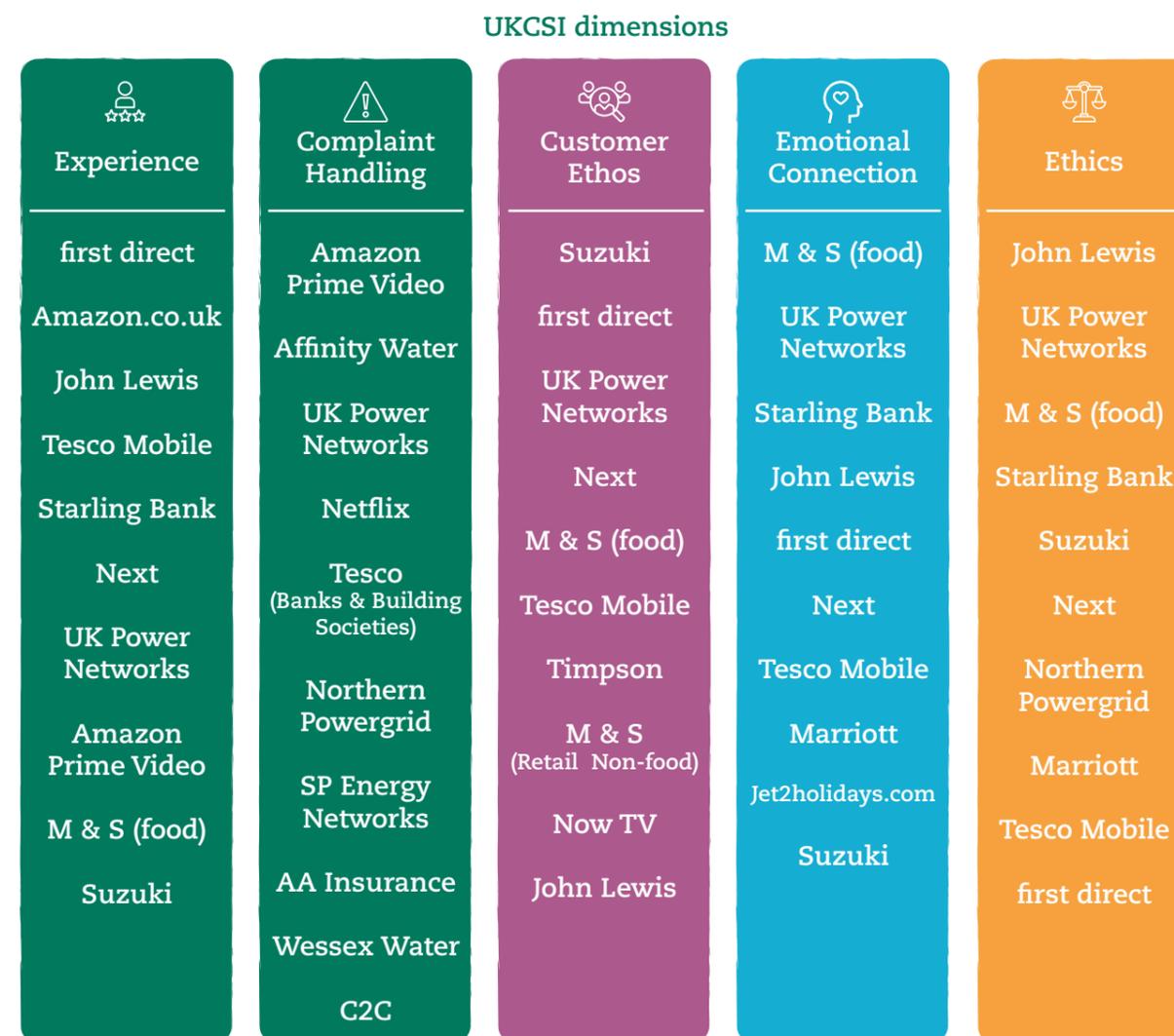
The biggest gaps between the top 50 organisations and others are for satisfaction with complaint handling, price / cost and the number of experiences rated as being right first time. There are also notable differences between the top 50 organisations and other organisations for Emotional Connection measures of trust and making customers feel reassured and Customer Ethos measures such as an organisation designing experiences around its customers, caring about its customers and keeping promises.

Key differentiators of the top 50 organisations in the UKCSI

Measure (on a scale of 1 - 10 except where indicated)	Top 50	Other organisations	Gap
UKCSI	83.3	77.0	6.3
Proportion of customers giving a 9 or 10 out of 10 for overall satisfaction	37.4%	26.2%	11.2% points
Speed of resolving your complaint	7.4	6.2	1.2
The handling of the complaint	7.5	6.3	1.2
The attitude of staff (complaints)	7.6	6.6	1.0
Price / cost	8.2	7.4	0.8
XX designs the experience around its customers	8.2	7.5	0.7
XX makes you feel reassured	8.3	7.6	0.7
XX cares about their customers	8.2	7.5	0.7
You trust XX	8.3	7.6	0.7
XX keeps their promises	8.3	7.6	0.7
% customers experiencing a problem	12.0%	16.5%	4.5% points
% experiences right first time	86.5%	79.8%	6.7% points

Top rated organisations by customer satisfaction dimension

An organisation's UKCSI score is based on how customers rate it across 26 measures which are summarised in 5 dimensions of customer satisfaction.



UK Power Networks is amongst the highest rated organisations on all 5 dimensions of customer satisfaction.

first direct, John Lewis, Tesco Mobile, Next, M & S (food) and Suzuki are amongst the highest rated organisations on 4 dimensions: Experience; Customer Ethos; Emotional Connection and Ethics.

The Complaint Handling dimension features a wider spread of organisations amongst the top performers than the other dimensions. For Complaint Handling, only organisations for whom at least 10 complaints were recorded receive a published score. This means that, whereas for the Experience, Customer Ethos, Emotional Connection and Ethics dimensions every organisation receives a score, organisations generating particularly low levels of complaints may not receive published ratings for satisfaction with complaint handling.

20 most improved organisations

20 most improved organisations over one year	UKCSI score Jan 2022	UKCSI score Jan 2023	YOY Change	Compared to sector average	Sector
Co-op Insurance	75.7	81.7	6.0	1.7	Insurance
Wessex Water	74.4	80.4	6.0	8.7	Utilities
Ryanair	63.3	69.0	5.7	-5.1	Transport
ScotRail / ScotRail Trains	70.5	75.4	4.9	1.3	Transport
Hoseasons	77.1	81.8	4.7	0.9	Tourism
Seat	76.8	81.5	4.7	1.4	Automotive
Legal and General	74.7	79.2	4.5	-0.8	Insurance
Prudential	76.4	80.9	4.5	0.9	Insurance
Thameslink	68.5	72.9	4.4	-1.2	Transport
Grand Central	76.1	80.2	4.1	6.1	Transport
Hotels.com	80.1	84.1	4.0	3.2	Tourism
Fiat	73.5	77.2	3.7	-2.9	Automotive
Next	81.4	85.0	3.6	3.3	Retail (Non-food)
Tesco (Bank)	78.9	82.4	3.5	2.1	Banks & Building Societies
Sainsbury's (Insurance)	77.8	81.1	3.3	1.1	Insurance
Holiday Inn	78.2	81.4	3.2	0.5	Tourism
Subway	79.3	82.2	2.9	1.4	Leisure
Burger King	77.2	80.1	2.9	-0.7	Leisure
Butlins	75.6	78.3	2.7	-2.6	Tourism
Mitsubishi	75.6	78.3	2.7	-1.8	Automotive

■ Organisation is at least 1 point higher than the sector average

■ Organisation is at least 1 point lower than the sector average

A diverse range of sectors is represented amongst the 20 most improved organisations compared to January 2022.

The Transport, Tourism and Insurance sectors each account for 4 of the 20 most improved organisations, compared to January 2022. 3 of the most improved organisations are in the Automotive sector and 2 are Leisure companies.

Across these 20 organisations the biggest improvements are for the number of experiences rated as being right first time, a fall in the number of customers experiencing a problem with an organisation and satisfaction with complaint handling.

10 of the 20 most improved organisations have received a UKCSI score that is at least 1 point higher than their sector average but only one organisation - Grand Central – was also higher than its sector average in January 2022.

Next is the most improved organisation in the Retail (Non-food) sector and has received its highest UKCSI score since January 2020.

2

Customer satisfaction and business performance

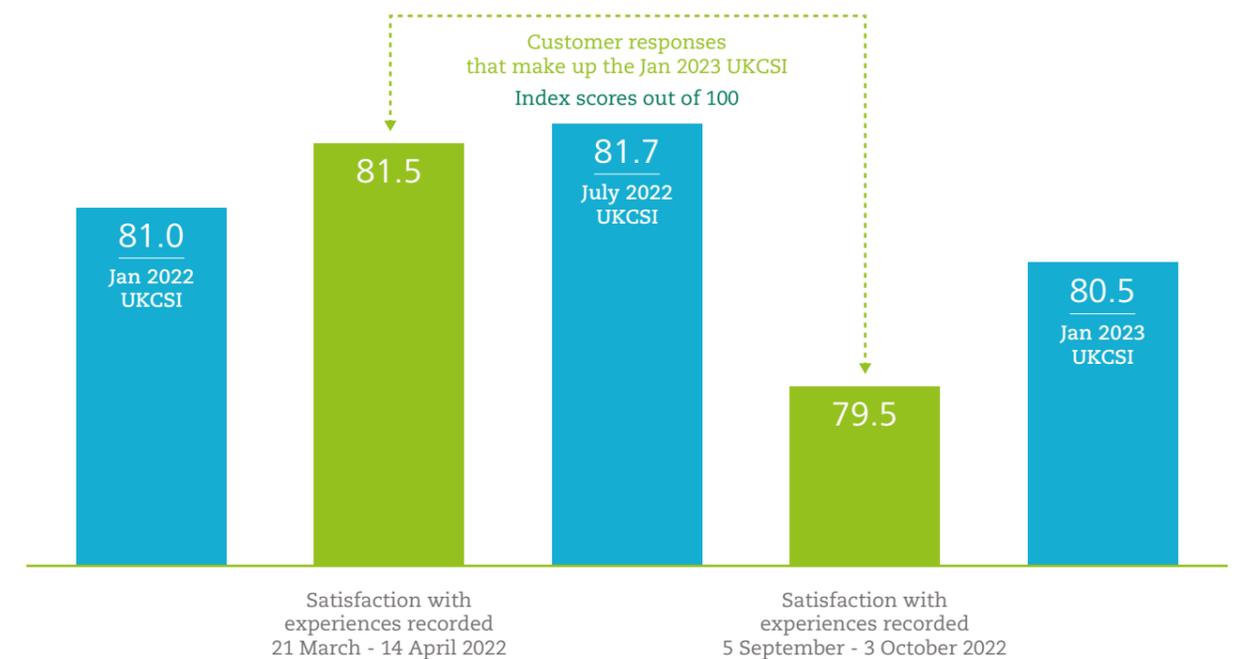
In this section we examine evidence of the relationship between customer satisfaction and business performance in the Retail (Food) and Banks and Building Societies sectors.

In the Retail (Food) sector, customer satisfaction for experiences recorded in September and October 2022 is 2 points lower than for those recorded in March and April 2022

In an environment described by a senior executive as a “gathering storm”, rising supplier, energy, transport and staff costs and changing customer behaviours are affecting organisations’ performance and profitability. We examine evidence of the relationship between customer satisfaction and financial performance in the Retail (Food) sector, drawing on the latest UKCSI results, Kantar’s analysis of the UK grocery market and interim financial statements from some of the sector’s leading players

Average customer satisfaction in the Retail (Food) sector is 80.5 (out of 100), slightly lower, by 0.5 points, than in January 2022. However, there appears to be a more pronounced drop in customer satisfaction in the most recent UKCSI data. The January 2023 UKCSI is based on two sets of fieldwork, collected in March and April 2022 and in September and October 2022. Average satisfaction for customer experiences recorded in September and October 2022 (79.5) is 2 points lower than for those recorded in March and April 2022 (81.5). The decline in satisfaction is most evident for customers’ perceptions about an organisation’s emotional connection, customer ethos, as well as the quality of experiences.

Customer satisfaction in the Retail (Food) sector



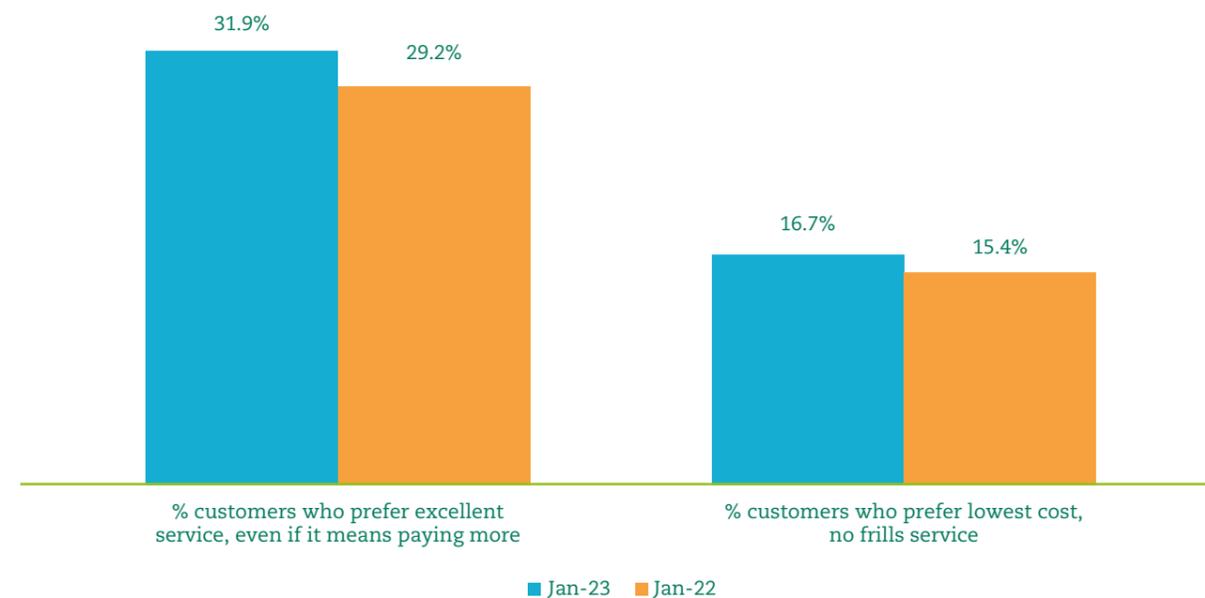
Sales of both own brand and premium products lines have increased year on year

Kantar's research on the UK grocery market¹ reported that take-home grocery sales increased by 5.9% year on year in the 12 weeks preceding 27 November 2022, the fastest level of growth since March 2021. The increase in sales is likely to have been influenced by a revival in the number of in store shopping trips compared to the previous year as well as the rise in inflation.

Sales of own label products grew by 11.7% year on year, with sales of the cheapest product lines increasing by 46.3%. At the same time, sales of premium products also rose, by 6.1%.

These contrasting trends in buying behaviour are reflected in the UKCSI. 16.7% of customers expressed a preference for lowest cost, no frills service, up by 1.3 percentage points compared to a year ago*. But 31.9% of customers indicated that they prefer excellent service, even if it means paying more, up by 2.7 percentage points compared to January 2022.

Contrasting buying and service preferences in the Retail (Food) sector



¹ Source: Kantar. See www.kantar.com/uki/inspiration/fmcg/2022-wp-hint-of-xmas-relief-for-uk-consumers-as-grocery-inflation-dips-for-first-time-in-21-months
* Customers were asked, to score the balance of price and service they would prefer to accept. A score of 8 -10 implies a preference for excellent service, even if it costs more. A score of 1 – 3 is interpreted as a preference for low-cost, no-frills service.

Against a backdrop of rising cost and changing customer behaviours the relationship between customer satisfaction and sales performance is complex

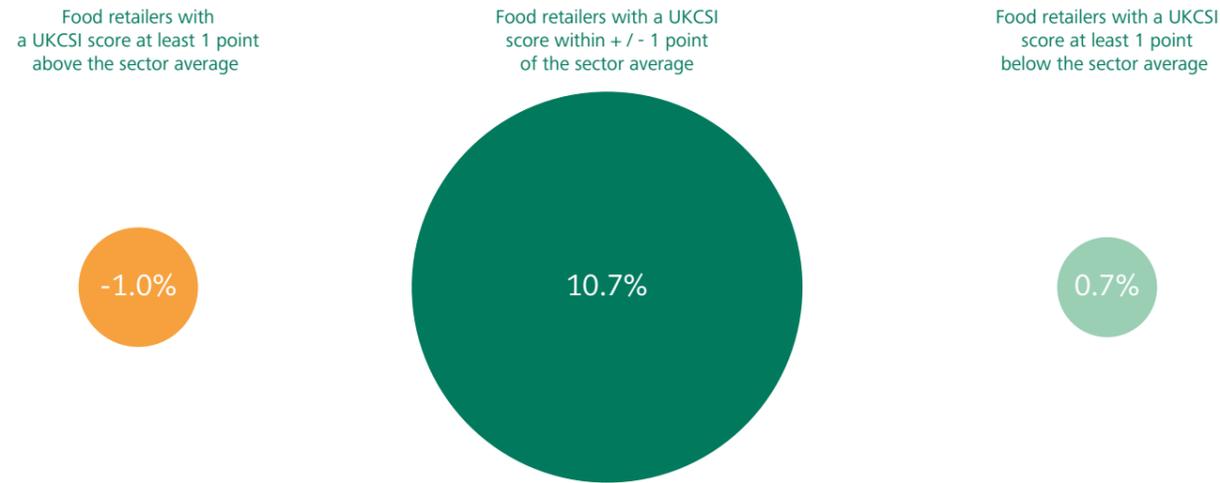
Two of the highest rated food retailers for customer satisfaction in the January 2023 UKCSI - Ocado and Waitrose – each registered a fall in year on year sales in Kantar's analysis covering the 12 weeks preceding 27 November 2022. Organisations within 1 point of the UKCSI sector average tended to show relatively strong sales growth. This was significantly influenced by Aldi and Lidl's performance but also reflects increased sales growth for Sainsbury's, Tesco, Co-op Food and Iceland. The two organisations that received a UKCSI score at least 1 point below the sector average have experienced contrasting fortunes in sales performance: Asda's sales grew by 6.1% but Morrisons' sales fell by 4.7%.

Customer satisfaction and sales growth: the Retail (Food) sector*



* Note: M & S (food) is the highest rated organisation in the Retail (Food) sector with a UKCSI score of 85.2. M & S is not included in Kantar's research so does not appear here.

Annual sales growth for the 12 weeks to 27 November 2022



A closer examination of organisations' results gives indicators about the factors impacting customer satisfaction and sales performance and how organisations are responding to them.

Aldi and Lidl have continued to grow and account for a combined market share of 16.7%

Aldi's sales increased by 24%, with market reaching a record 9.3%. In September 2022 Aldi reported a significant increase in its volume of customers but a drop in profits because of increased costs associated with suppliers, staff and Covid-related expenses². These issues may also have affected customer satisfaction with Aldi. Over the past 3 years, Aldi's UKCSI average score is 82.8, more than 2 points higher than the sector average. However, in the January 2023 UKCSI, Aldi received a score of 81.0, down by 2.7 points compared to a year ago. Along with Lidl, Aldi has the highest customer satisfaction in the Retail (Food) sector for price / cost (8.4 out of 10) but it has fallen slightly below the sector average for satisfaction with product / service range, quality and reliability.

Lidl's sales rose by 22% to give it a market share of 7.4%. Over the past 3 years, the average level of customer satisfaction with Lidl has been slightly lower than the sector average, by 0.9 points. But compared to January 2020, Lidl is one of the most improved organisations for customer satisfaction in the sector. In the January 2023 UKCSI Lidl's customer satisfaction rating of 81.0 (out of 100) is for the first time slightly above the Retail (Food) average, 80.5. Across many of the 26 measures that make up the UKCSI customer satisfaction with Lidl is rated around the same level as the Retail (Food) average but satisfaction with Lidl's price / cost, 8.4 (out of 10), is 0.6 points higher than the sector average.

² Source: Evening Standard 26 September 2022. Accessed at www.standard.co.uk/business/aldi-supermarket-grocer-inflation-b1028072.html

Profitability has been impacted by competitive pricing, innovation to attract customers at different price points and rising staff, energy and supplier costs

M & S is the highest rated Retail (Food) organisation for customer satisfaction, both in the January 2023 and over the period January 2020 – January 2023.

Although M & S is not included in Kantar's grocery sales and market share analysis, M & S' statements in November 2022³ indicate how the company is managing an environment of cost and supply chain pressures and changing customer behaviours. M & S reported that it had outperformed the market, both for value and volume, but operating profit had declined. M & S's food sales were up 3% but profits fell by 42%: the company said it had not passed on the full effect of an 11% increase in supplier costs; and food waste rose as consumer demand changed through the summer. By contrast, as Covid-19 conditions eased, clothing and homewares profits grew by over a third and sales by 14%, illustrating the particular challenges of the Retail (Food) market.

Tesco received a UKCSI score of 80.7, down 1.2 points compared to January 2022 but around the same level as the sector average, 80.5.

Kantar's research suggests that Tesco's sales grew by 3.9% year on year in the 12 weeks preceding 27 November 2022. Tesco's interim 2022 / 2023 statement emphasised its strategy to offer competitive prices through price matching and helping customers to save money by using its finest range as an attractive alternative to eating out⁴. Tesco also announced its biggest single year investment in colleague pay to help employees deal with the rising cost of living, and ongoing plans to work with suppliers to mitigate the effects of inflation.

Customer satisfaction with Asda is 79.1, around the same level as a year ago (79.3) and 1.4 points below the sector average.

Kantar reported that Asda's sales grew ahead of the sector, up by 6.1%, maintaining its market share at 14.0%. Asda reported that it has focused on value initiatives, expanding its Just Essentials range and holding prices on 250 products. It has launched an app which enables additional savings at the point of purchase. Asda also claims to have launched over 100 new products to appeal to customers at different price points⁵. Asda's future plans include entry to the retail convenience market through acquisition of 129 convenience stores and attached petrol stations from Co-op.

Sainsbury's UKCSI score is 80.9, similar to January 2022 (when it was 80.5) and slightly above the sector average, 80.5.

Kantar reported that Sainsbury's sales increased by 4.3% in the 12 weeks up to 27 November 2022. Sainsbury's interim results published in September 2022 highlighted its investment in keeping prices low to defend market share; innovation, new product launches and store enhancements; and increasing colleagues' pay to support them in delivering high standards of service⁶.

Morrisons has a UKCSI score of 76.2, down by 1.1 points compared to January 2022 and 4.3 points below the sector average: this is the lowest customer satisfaction of any food retailer in the January 2023.

In Kantar's analysis, Morrisons sales fell year on year by 4.7% and its market share by 1 percentage point. Morrisons appears to have lost market share to the benefit of Aldi and Lidl. Some analysts also commented that Morrisons has been particularly exposed to inflationary pressures because it has its own manufacturing operations and around half of its food is produced in-house⁷.

³ Source: The Guardian 9 November 2022. Accessed at www.theguardian.com/business/2022/nov/09/m-and-s-faces-gathering-storm-as-joint-venture-with-ocado-makes-loss-marks-and-spencer#:~:text=Profits%20at%20M%26S's%20food%20business,demand%20changed%20over%20the%20summer.

⁴ Source: Tesco Interims announcement 2022 / 23. Published 5 October 2022

⁵ Source: Asda's update on its Q3 trading performance. Accessed at <https://corporate.asda.com/newsroom/2022/11/11/asda-returns-to-positive-like-for-like-sales-in-q3-and-steps-up-support-for-customers-affected-by-the-cost-of-living-crisis>

⁶ Source: Sainsbury's Interim Results for the 28 weeks ended 17 September 2022. Published 3 November 2022

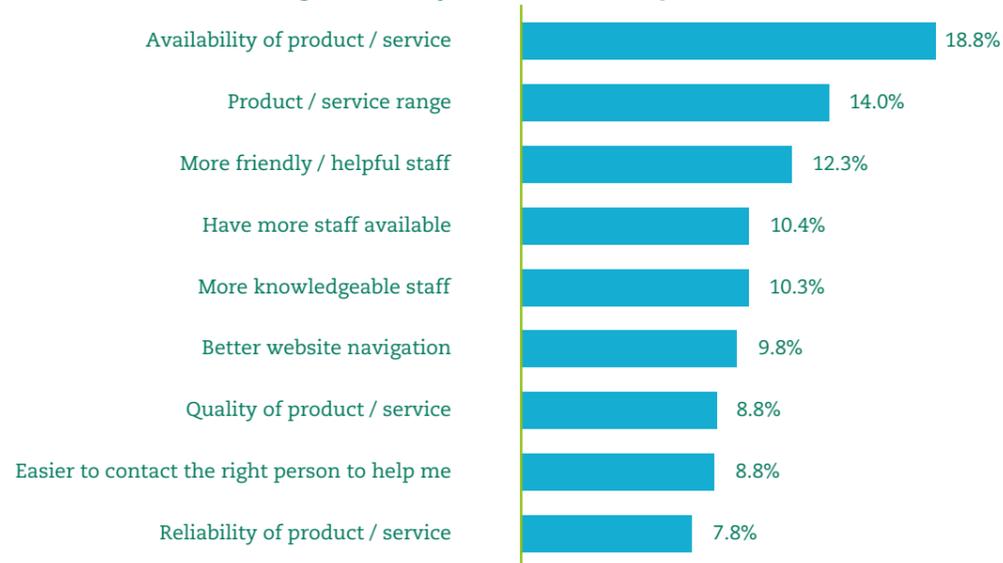
⁷ Source: FT 28 September 2022. Accessed at www.ft.com/content/228627fa-d701-422d-9ec4-b0d79c5209a4

Polarisation and diversity of customer behaviours are likely to become more evident in 2023

Whilst many customers seek to reduce their spending and some suffer genuine hardship, there will also be growth opportunities in both value and premium product range markets. Many customers are looking to organisations to deliver competitive pricing but it is also clear that customers attach high priority to quality, a range of appropriate products and in-store experiences.

For Retail (Food) organisations the outlook is very challenging. Cost pressures – especially energy, transport, packaging, food materials and staff – will continue to be significant. Some analysts believe that inflation will begin to ease in 2023 but this is likely to be contingent on global weather, harvests, the situation in Ukraine and the strength of sterling.

What should the Retail (Food) organisation you dealt with improve*?



Maintaining customer satisfaction, performance and profitability in this environment will require heightened levels of leadership, employee engagement, risk management and operational delivery. Organisations will need to review continually their operational processes and collaborative relationships with suppliers to identify innovation and productivity gains and implement them with agility. Employee engagement will be critical, not just to retain key people but to develop the skills and capabilities that generate customer satisfaction and business improvement. Organisations will need to be clear about the customer segments they are focusing on and carefully track their customers' evolving and diverse needs and behaviours.

* Customers were asked to identify the top three things the organisation they dealt with should do, in order to improve its service. The chart shows the number of times each issue was identified as a priority for improvement. The full list of issues is included in the sector resource pack provided to organisational Institute members alongside the UKCSI sector report.

In the Banks and Building Societies the volume of current account switching has grown in the last year

The latest available data from the Current Account Switching Service⁸ dashboard reported 413,885 current account switches between April and September 2022, an increase of 5% on the same period in 2021 and 76% higher than during the first Covid-19 lockdown in 2020.

Volumes of current account switching 2019 - 2022



When considering the net current account gains for individual banks alongside their customer satisfaction scores for the corresponding UKCSI report (July 2022), there does not appear to be an obvious link between levels of customer satisfaction and net current account gains.

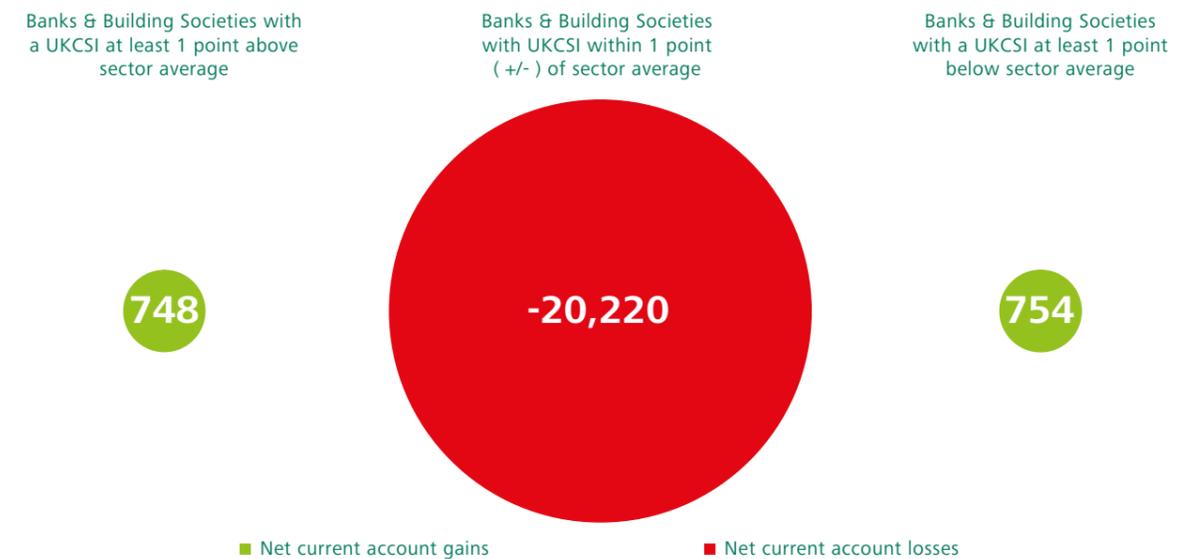
Banks and Building Societies receiving a UKCSI score at least 1 point better than the July 2022 sector average registered an average of 748 net current gains, compared to 754 for organisations whose UKCSI score was 1 point or more below the sector average. Santander's UKCSI score was almost the same as the sector average (0.3 points below) but it suffered the highest rate of net current account losses, - 20,220. It should be noted that Starling Bank and Monzo, two of the leading performers for customer satisfaction in the January 2023 UKCSI, both gained substantial numbers of current accounts but are not included in this analysis because they did not receive sufficient customer responses to appear in the July 2022 UKCSI.

⁸ See Current Account Switch Service Dashboard Issue 36

Customer satisfaction and quarterly current account net gains and losses



Customer satisfaction and average current account quarterly net gains



According to the Current Account Switching Service dashboard, the main reasons cited by customers for preferring their new account are online banking (cited by 48% of respondents), customer service (41%) and ease of using an organisation's mobile banking / banking app (38%). 25% of people preferred their new current account because it gave a better interest rate.

From summer 2022, and perhaps in response to the volume of current account losses, Santander launched a new cashback incentive for switching to certain accounts and an increase on cashback from customers' electricity and gas bills. Halifax, HSBC and first direct were also reported to be offering cash incentives to new customers.

Nationwide and Natwest may have attracted customers with the help of incentive offers, whereas neither Barclays nor TSB were offering cash incentives to new customers⁹.

Source: Current Account Switching Service Dashboard Issue 36. Data for organisations covers switches completing 1 April to 30 June 2022
 *Note: HSBC switching data includes first direct

⁹ www.thisismoney.co.uk/money/saving/article-11058907/Switching-current-account-NatWest-Nationwide-winning-battle.html

Across the period 2014 and 2022 there is a link between customer satisfaction performance and net current account gains and losses

Over the longer term, there is compelling evidence of a relationship between customer satisfaction and net current account gains and losses. The performance of the 12 organisations that have appeared in both the UKCSI and the Current Account Switching Service Dashboard between 2014 and 2022¹⁰ shows that organisations averaging a UKCSI score at least 1 point above the sector recorded an average of 240,279 net current account gains, compared to 173,838 net losses for organisations with a UKCSI score that is 1 point or more below the sector average. The outstanding performer in this respect is Nationwide. Its UKCSI average score between 2014 and 2022 of 84.0 is 4.8 points above the sector average over the same period.

Net current account gains and losses 2014 - 2022

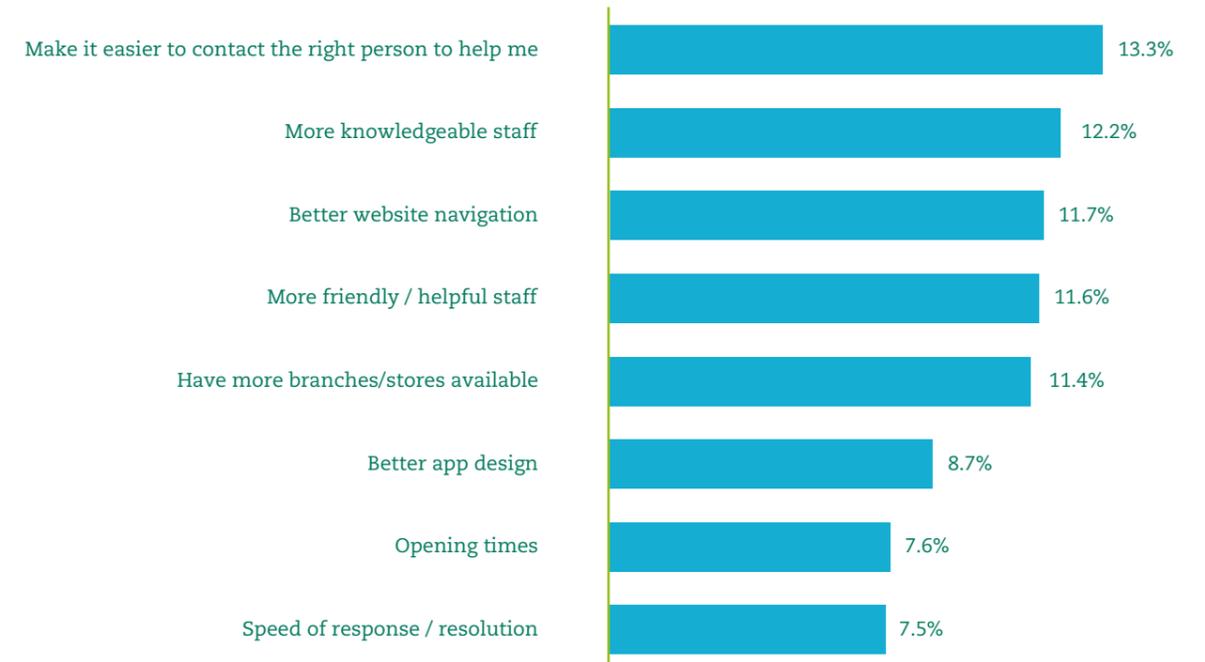


¹⁰ As cited by Andrew Hagger, personal finance expert at MoneyComms in This is Money, 30 July 2022

Customers want banks and building societies to focus on making it easier to contact the right person to help, employee skills, knowledge and behaviours and the quality of digital experiences

Feedback in the January 2023 UKCSI shows that the leading aspects of service that customers believe their bank or building society should improve are making it easier to contact the right person to help, staff knowledge, friendliness and helpfulness, better website navigation and greater availability of branches.

What should your bank or building society improve?*



* Customers were asked to identify the top three things the organisation they dealt with should do, in order to improve its service. The full list of issues is included in the sector resource pack provided to organisational Institute members alongside the UKCSI sector report.

3

How the rising cost of living is impacting customer needs and behaviours

The prospect of continued high levels of inflation, higher taxes, falling real incomes and negative GDP growth mean that 2023 will be challenging and stressful for many individuals, households and organisations.

In this section we examine the impact of the rising cost of living on customer behaviours and needs and the implications for organisations. Our analysis draws on two sources: extra questions included in the UKCSI about personal well-being and changes in spending behaviours; and an additional survey of 1,001 customers, conducted alongside the UKCSI, which probes attitudes, behaviours and concerns about spending and personal debt.

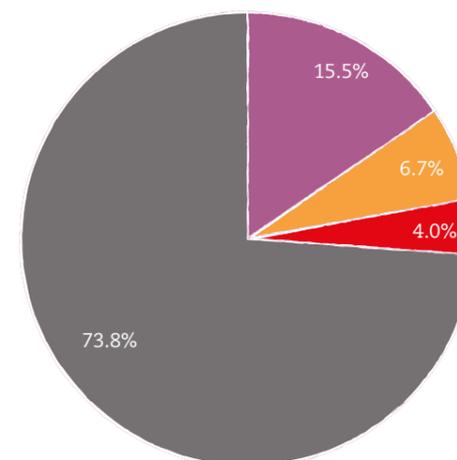
26% of customers described their current well-being as poor or very poor on at least one dimension of either financial, mental or physical health

In recent UKCSI surveys we have asked customers to rate their level of well-being on 3 dimensions – financial, mental and physical. On each of these dimensions, most customers report their well-being as very good, good or average. But 26% of customers feel their well-being is poor or very poor on at least one of the well-being dimensions, similar to the levels reported two years ago, in January 2021.

How would you describe your current financial, physical and mental well-being?

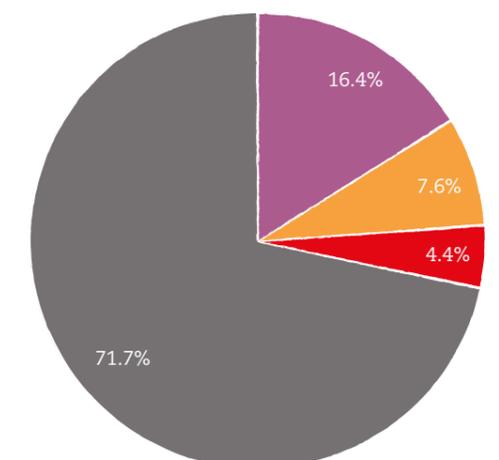
How would you describe your current financial, physical and mental well-being?

January 2023



How would you describe your current financial, physical and mental well-being?

January 2021

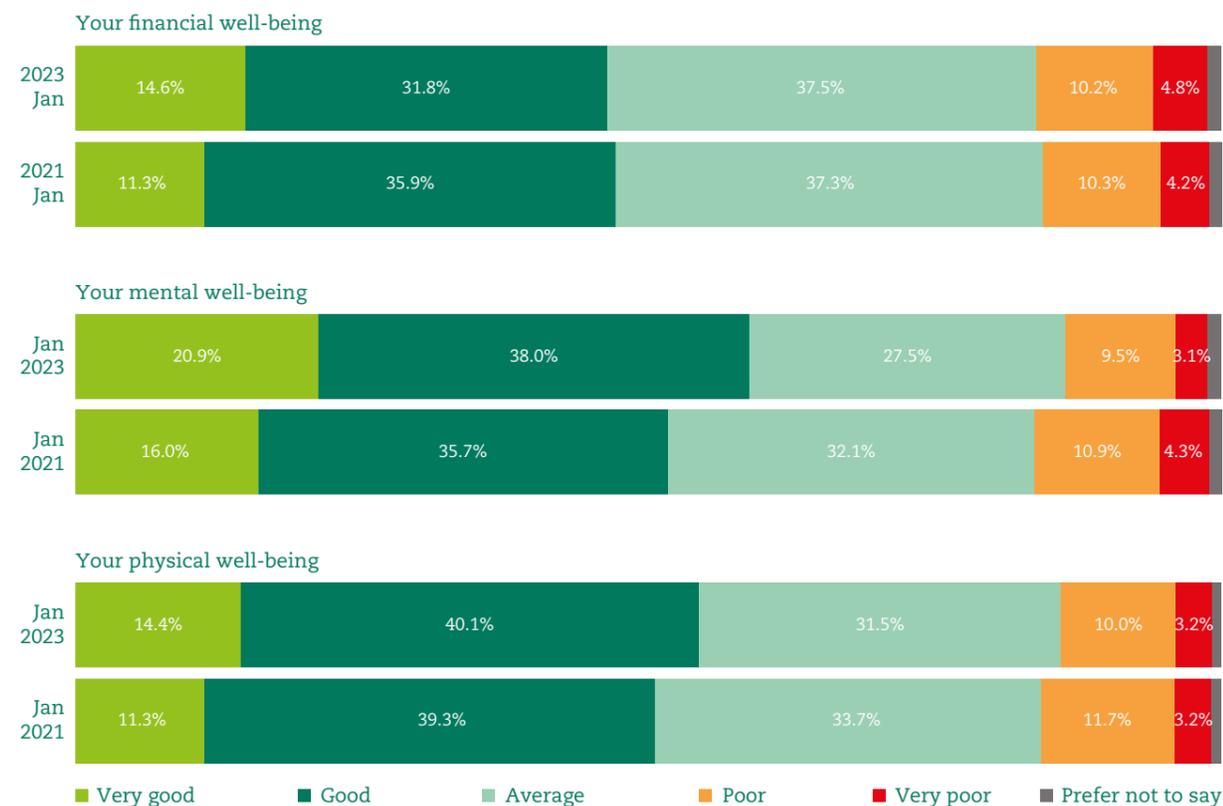


- Very poor or poor well-being on 1 of the 3 dimensions
- Very poor or poor well-being on 2 of the the 3 dimensions
- Very poor or poor well-being on all 3 dimensions
- Other customers

Compared to January 2021, average levels of mental well-being appear to have improved but financial well-being is at risk

Where each of the dimensions of well-being – financial, mental and physical health – are considered separately, at least 12% of customers say they are experiencing very poor or poor well-being. Compared to January 2021, the number of people with low financial well-being has risen slightly, to 15% of respondents. But the average state of mental well-being appears to have improved: 59% of people describe their mental well-being as good or very good, compared to 52% in the January 2021 UKCSI.

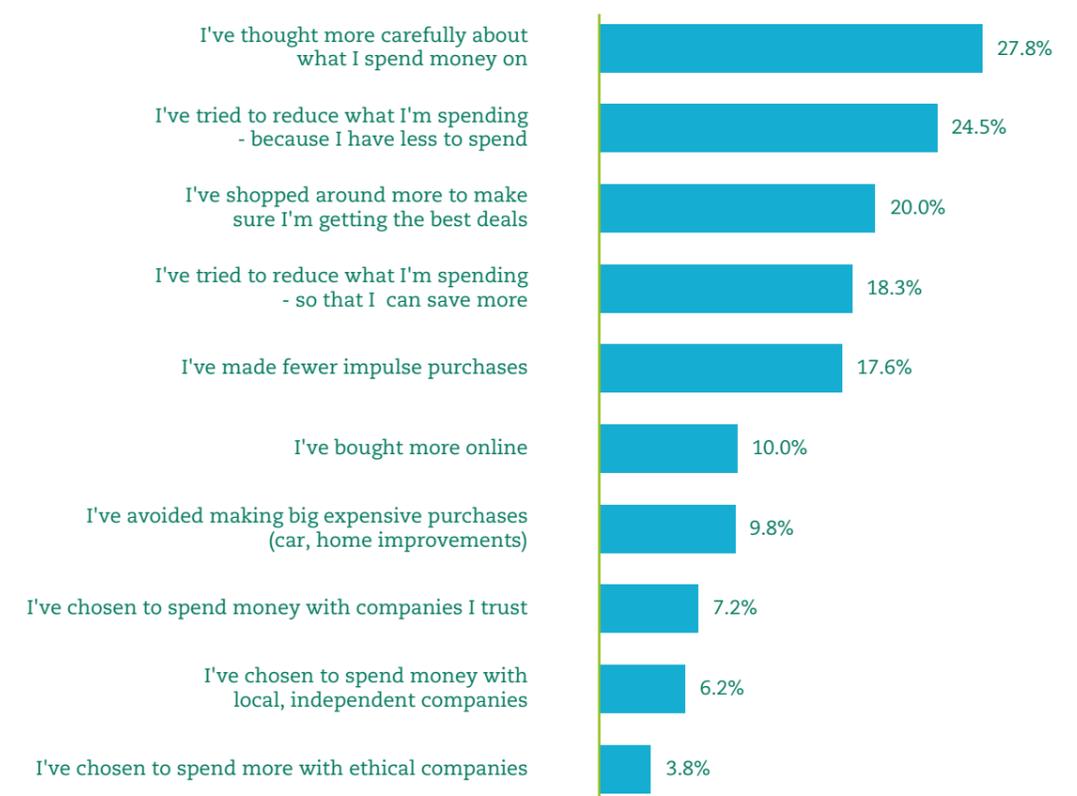
How would you describe your current level of well-being?



Many customers' spending behaviour has become more mindful and cautious

The Institute's research published in 2022* showed that buying and consumption behaviours have become more considered and mindful, with significant numbers of customers deliberately buying things that will last longer, reducing their consumption of physical goods and using local suppliers. The latest research in the UKCSI suggests that the main ways in which customer behaviours have responded to the rise in the cost of living are to think more carefully about spending, reduce their level of spending, shop around more to find the best deals and make fewer impulse purchases.

How have your spending habits changed in the last 6 months?

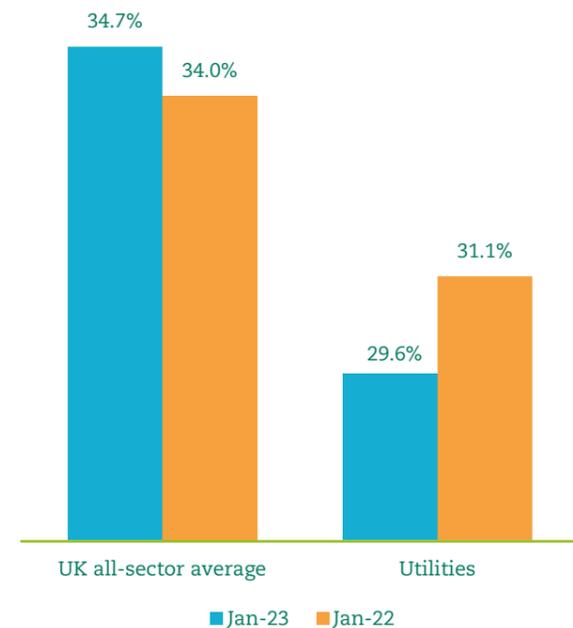


* Customer Behaviours: Evolution or Watershed, Institute of Customer Service, 2022

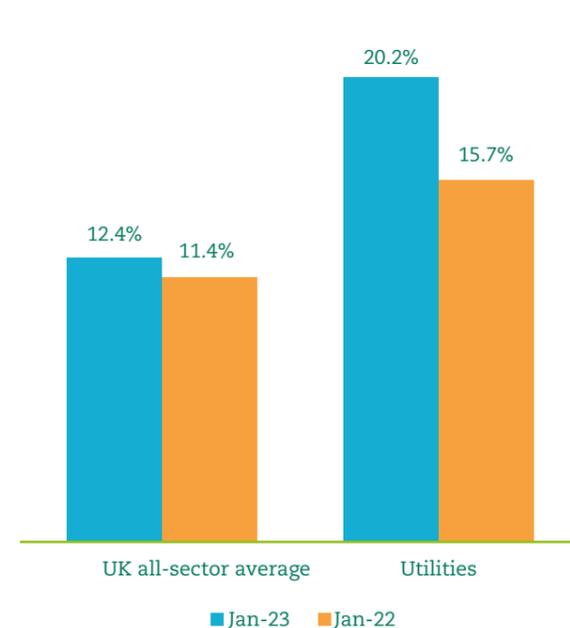
Despite the growing priority to economise, 34.7% of customers would be prepared to pay more to guarantee excellent service*

This level is around the same as a year ago (34%) but is 5 percentage points more than in January 2021. By contrast, 12.4% of customers would be willing to sacrifice quality of customer service to receive the lowest possible price, compared to 11.4% a year ago. This increase is most apparent in the Utilities sector, where 20.2% of customers prefer no-frills, low cost service, up from 15.7% in January 2022.

% of customers who prefer excellent service, even if it costs more



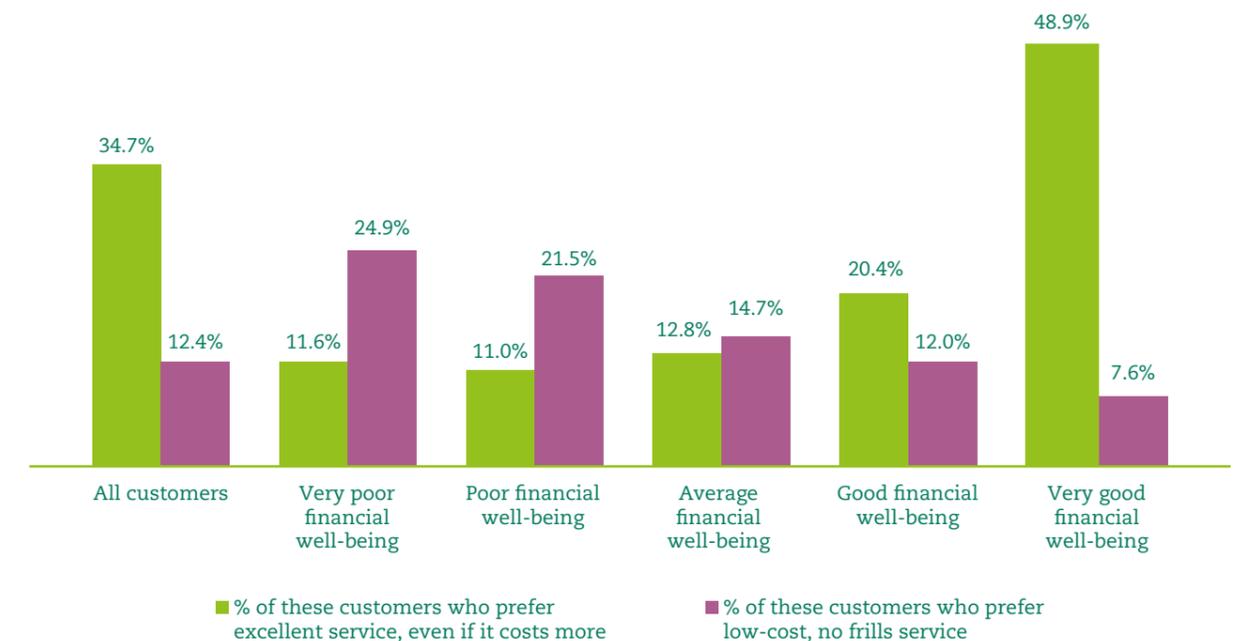
% customers who prefer lowest cost, no-frills service



Service preferences are often linked to financial well-being

The varying service preferences for excellent service, even if costs more, or lowest cost, no-frills service, are present amongst customers in all income groups but the relative strength of service preferences is often linked to financial well-being.

Service preferences and financial well-being



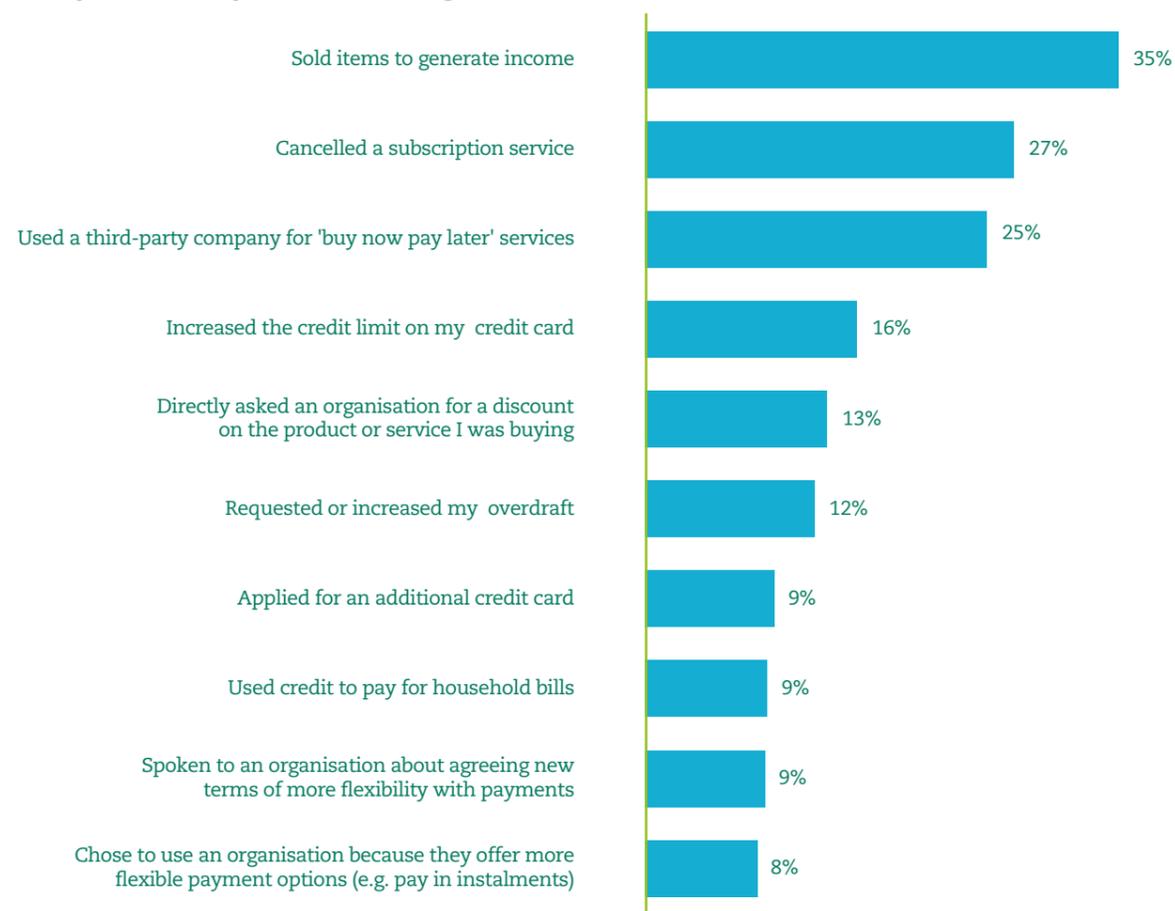
Customers who describe their financial well-being as “very good” are much more likely than other customers to prefer excellent service, even if it means paying more. Customers who feel their financial well-being is “poor” or “very poor” are more likely than other customers to seek lowest cost, no-frill service options. This suggests a risk that disparities in service experiences fuel greater inequality and polarisation across society. As a result, there is likely to be growing pressure from regulators to ensure all customers experience acceptable levels of care from organisations that provide essential services.

* Customers were asked, to score the balance of price and service they would prefer to accept. A score of 8-10 implies a preference for excellent service, even if it costs more. A score of 1-3 is interpreted as a preference for low-cost, no-frills service.

Alongside the January 2023 UKCSI, The Institute conducted an additional survey of 1,001 customers to probe further about attitudes, behaviours and concerns about spending and personal debt.

At least a quarter of customers have sold items, or cancelled a subscription service or used a third party “buy now, pay later” service in the last 6 months

Changes in customer behaviour in response to the rising cost of living: have you done any of the following in the last 6 months?



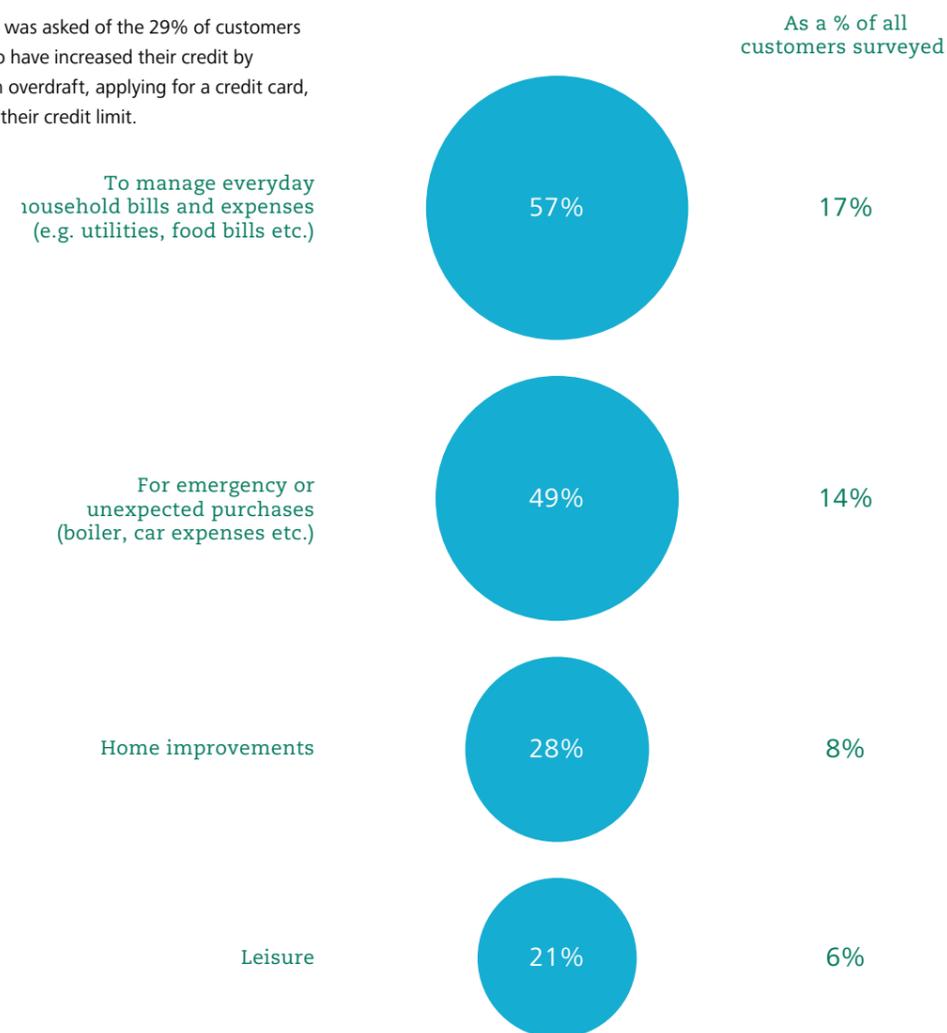
35% of people have sold items to generate income, often through channels such as eBay or Facebook Marketplace. This behaviour perhaps reflects growing concern for recycling and sustainability as well as financial pressures caused by the rising cost of living. 27% have cancelled a subscription service and 25% have used a third party company for “buy now, pay later” services.

29% of customers have increased their access to credit either by requesting an overdraft, applying for a credit card, or increasing their credit limit

57% of customers who have increased their credit facility (17% of all customers surveyed) did so in order to manage everyday household bills and expenses including utilities and food costs. 49% of people who increased their credit (14% of all customers surveyed) used it for unexpected but essential expenses, such as a boiler or car repair.

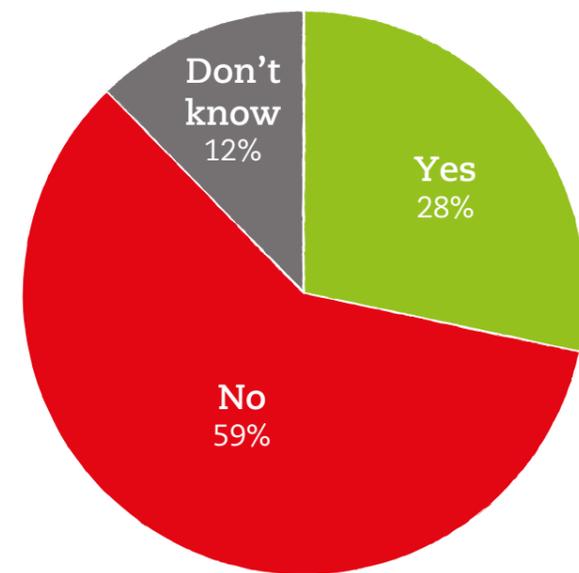
Why have you increased the amount of credit you use?

This question was asked of the 29% of customers surveyed who have increased their credit by requesting an overdraft, applying for a credit card, or increasing their credit limit.



28% of customers expect to use a credit card to pay for household bills such as utilities and food: 37% of them will do so because they have run out of money

Looking ahead over the next 6 months, do you expect to use a credit card to pay for household bills such as utilities and food?



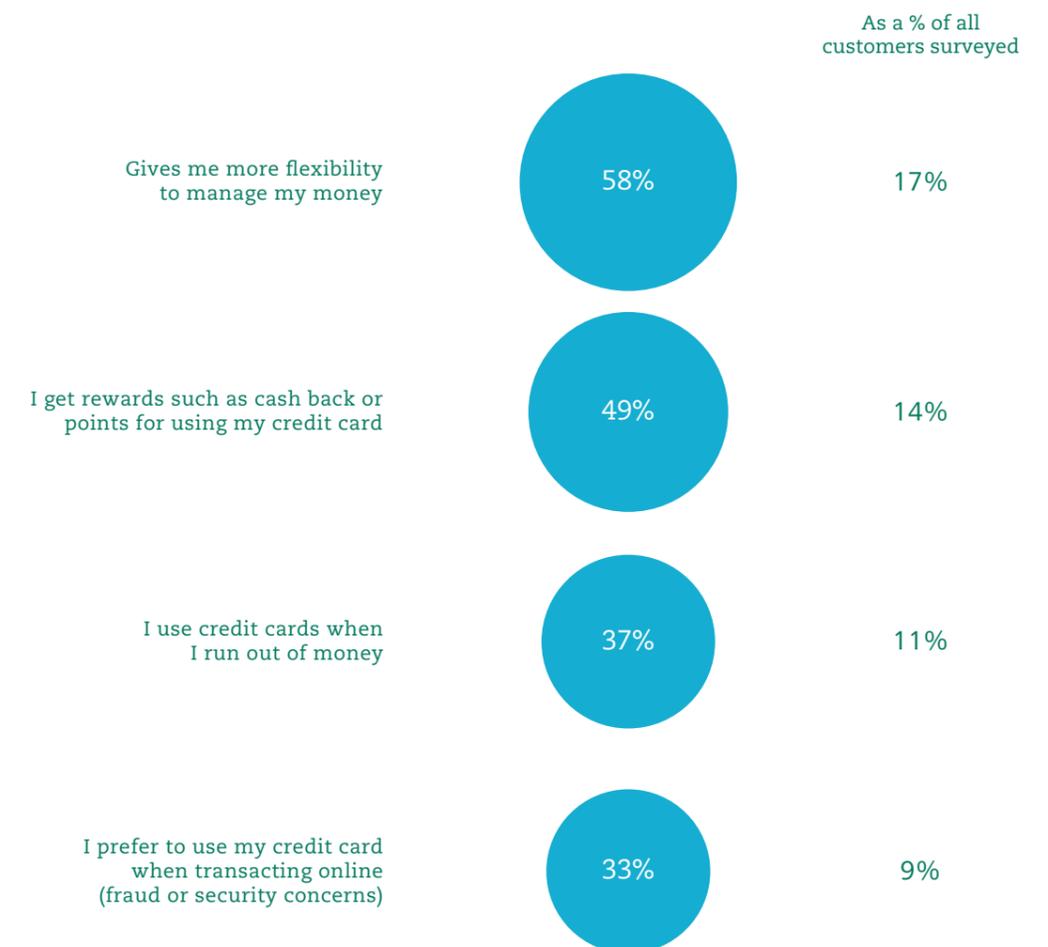
The main reasons for using a credit card to pay for household bills such as utilities and food are greater flexibility in managing personal finances and taking advantage of rewards such as cashback or points.

However, 37% of customers who expect to use a credit card to pay for utilities and food (11% of all customers surveyed) will do so because they have run out of money.



Why do you expect to do use a credit card to pay for household bills such as utilities and food shopping?

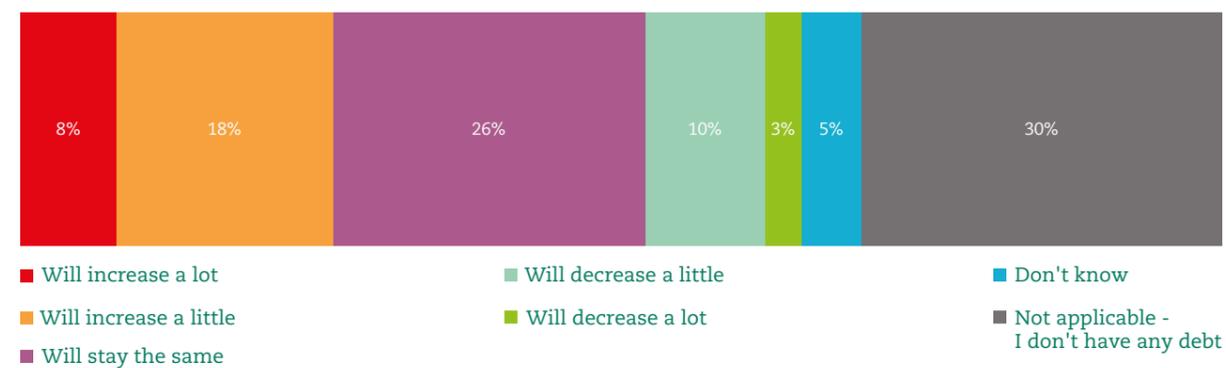
This question was asked of the 28% of customers surveyed who expect to use credit card to pay for household bills such as utilities and food shopping.



26% of customers believe their personal debt will increase in the next 6 months

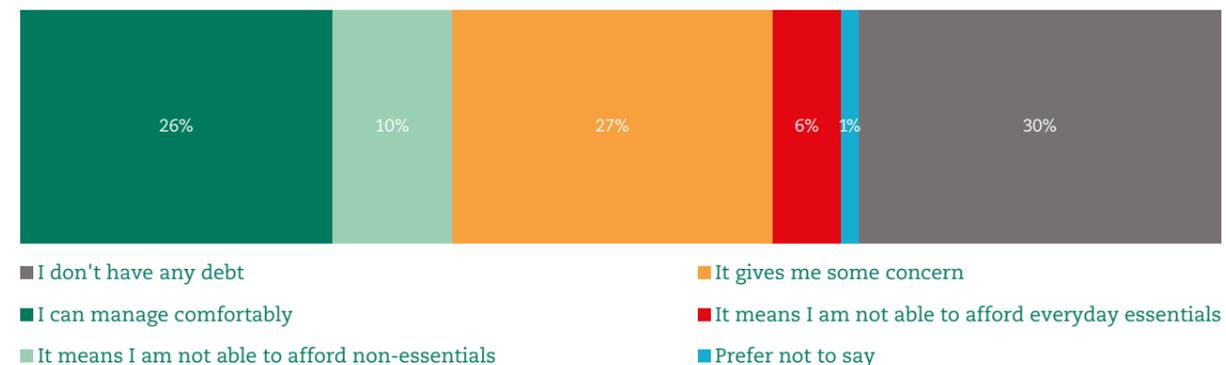
8% predict that their personal debt will increase “a lot” and 18% “a little” in the next 6 months. A similar number, 26%, feel their level of debt will be stable. 13% expect they will have less debt whilst 30% hold no personal debt.

How do you think your level of debt will change in the next 6 months?



6% of customers said that their expected level of debt in the next 6 months will mean they cannot afford essential everyday products and services. 10% feel they will be unable to afford non-essential products and services whilst a further 27% admit that their expected level of debt causes them “some concern”. On the other hand, 26% of customers surveyed feel they can manage their debt comfortably.

How do you feel about your level of personal debt (e.g mortgage, overdraft, credit card)



Amongst customers who believe their level of debt will increase in the next 6 months, 72% are concerned about the impact on their purchasing capacity and financial well-being

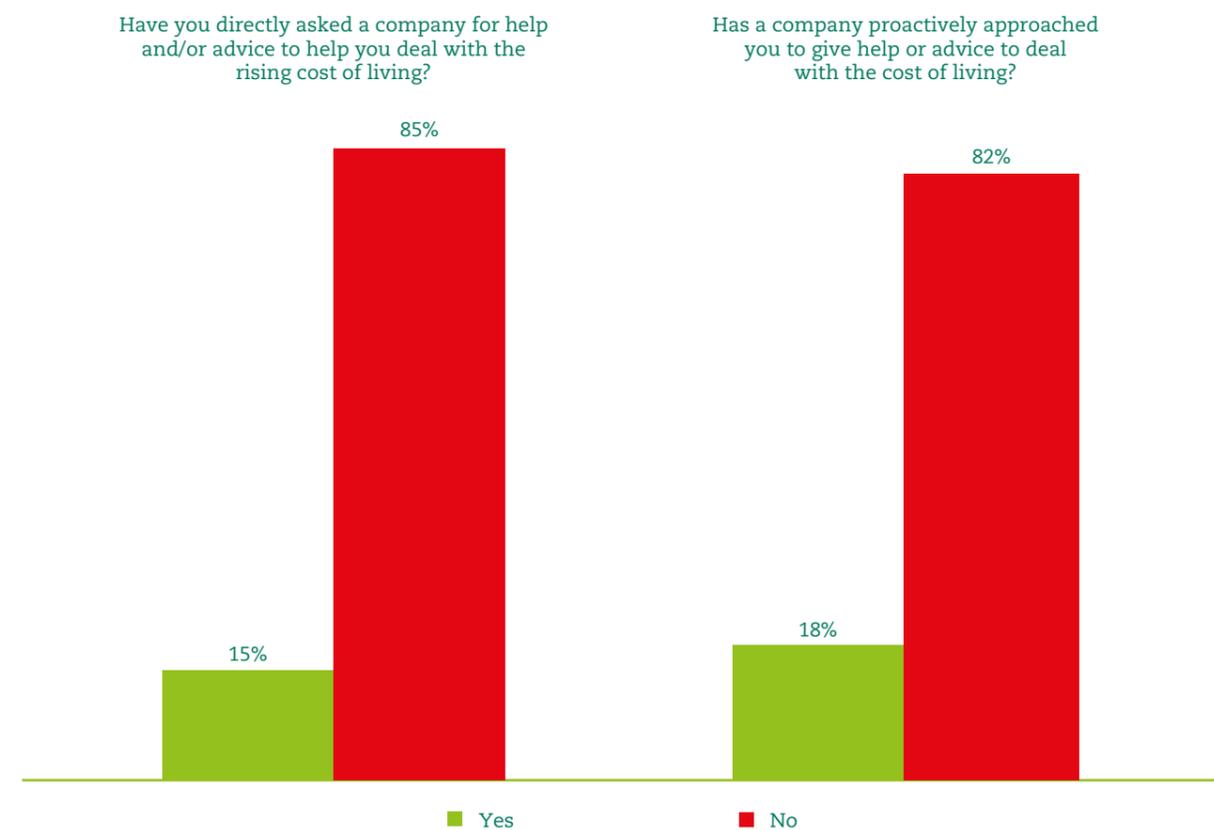
11% of these customers fear they will be unable to afford everyday essentials and a further 16% will need to cut back on non-essential items. In addition, 45% of customers whose level of debt is likely to rise agree that it “gives me some concern”.

Perspectives of customers who believe their level of debt will increase in the next 6 months: how do you feel about your level of personal debt (e.g. mortgage, overdraft, credit card)?



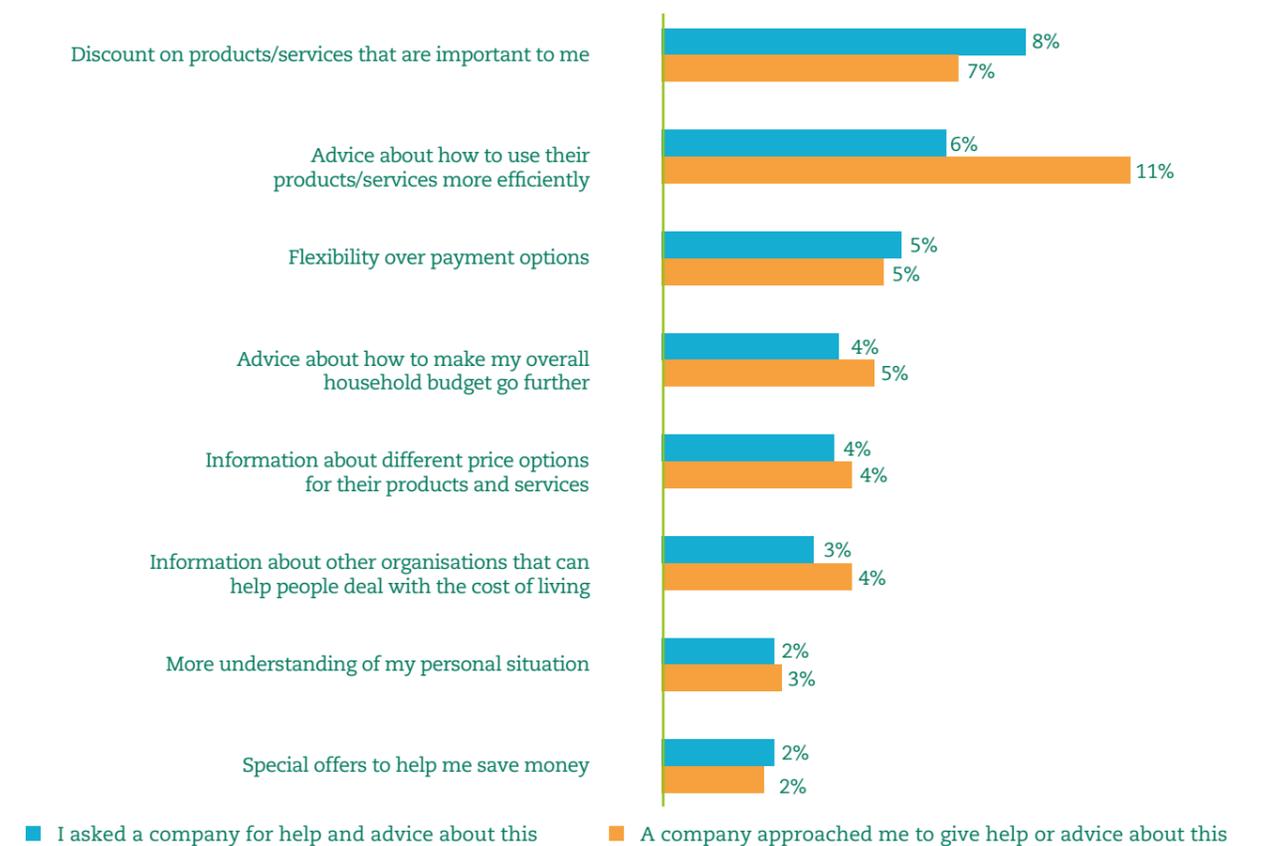
As well as asking about changing personal finances and debt, the survey of 1,001 customers conducted alongside the UKCSI asked customers if they have approached, or been contacted by organisations, about help or advice to manage the rising the cost of living.

15% of all customers surveyed have directly asked a company for help or advice to deal with the rising cost of living. 18% have been approached by a company offering help and advice for the same reason



The leading types of assistance given by companies are advice on using products and services more efficiently, discounts and flexible payment options. Companies tend to be more likely to offer advice about using products and service more efficiently than they are to offer other kinds of advice related to cost savings.

Help and advice given by companies to manage the cost of living

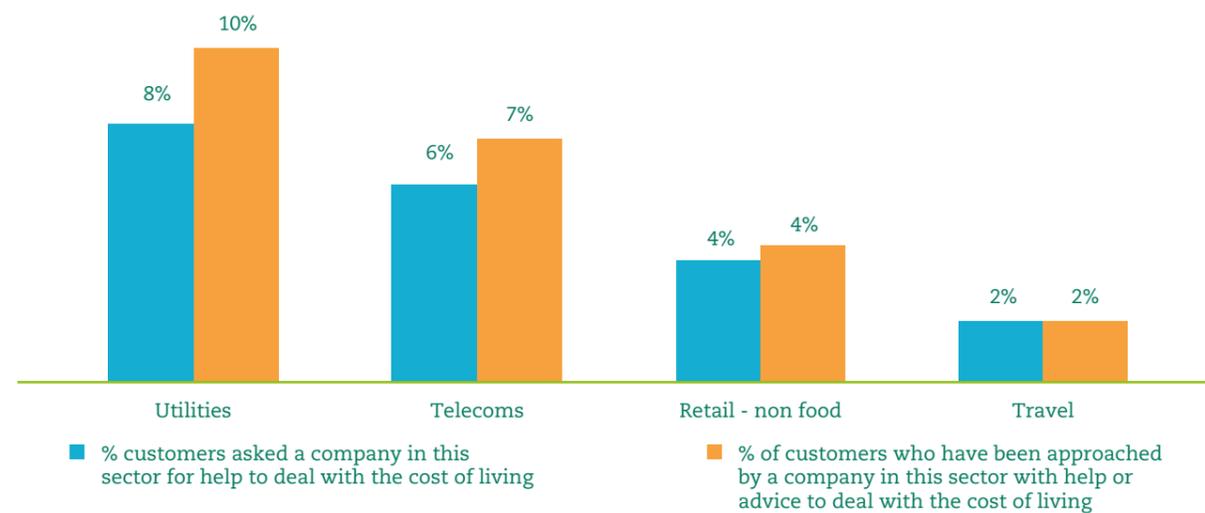


(As a % of all 1,001 customers surveyed in an additional survey conducted alongside the UKCSI)

80% of customers who asked a company for help to manage the cost of living said that, as a result of their contact, their trust in that company had increased

Customers are more likely to have made or received contact about help with rising living costs from a Utilities company than from a company in the Telecommunications and Media, Retail (Non-food) or Travel sectors.

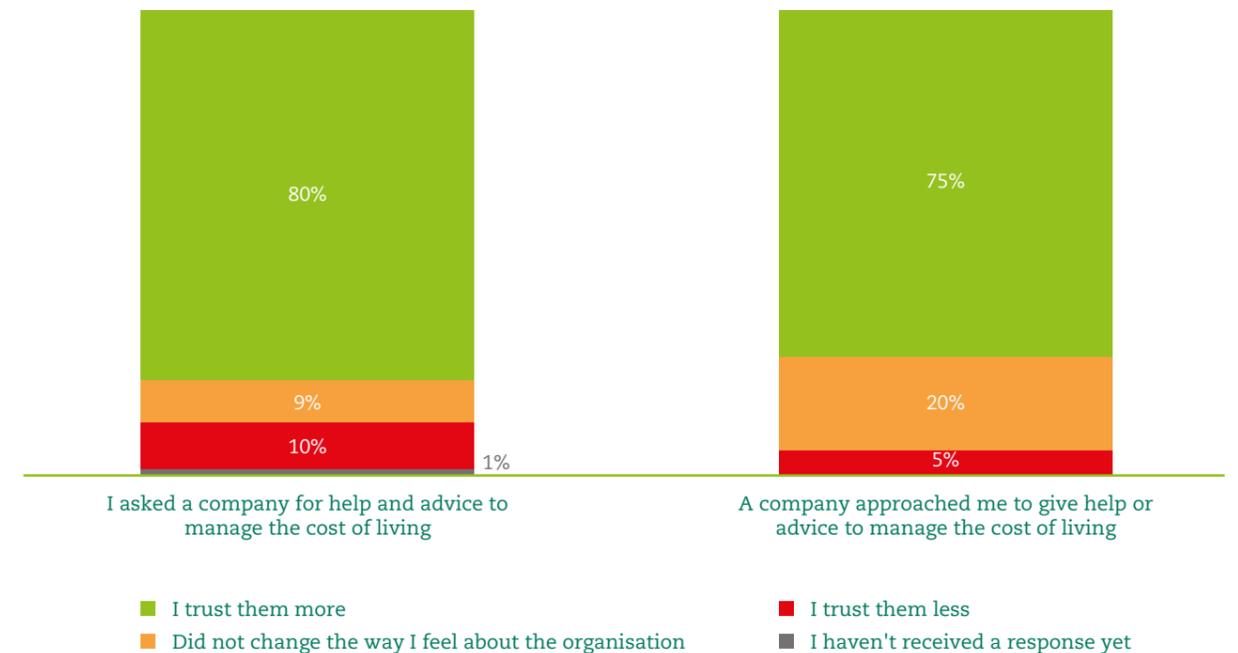
Customers who have asked a company for help, or been proactively approached by a company, to help manage the cost of living



8% of customers said they have asked a Utilities company for help or advice to deal with the rising cost of living and 10% have been approached by one of their Utilities providers offering help and advice. However, this suggests that 90% of customers have not received any contact from a Utilities company offering help or advice about the rising cost of living. It is of course possible that some customers have missed or forgotten communications they have received from an organisation. Nevertheless, this evidence suggests that many organisations will need to make a more focused and sustained engagement effort if they genuinely want to help their customers manage rising living costs.

Similarly, 75% of people who have been contacted by a company offering help or advice affirmed that their level of trust in that organisation has risen.

Impact of companies giving customers help or advice to manage the cost of living



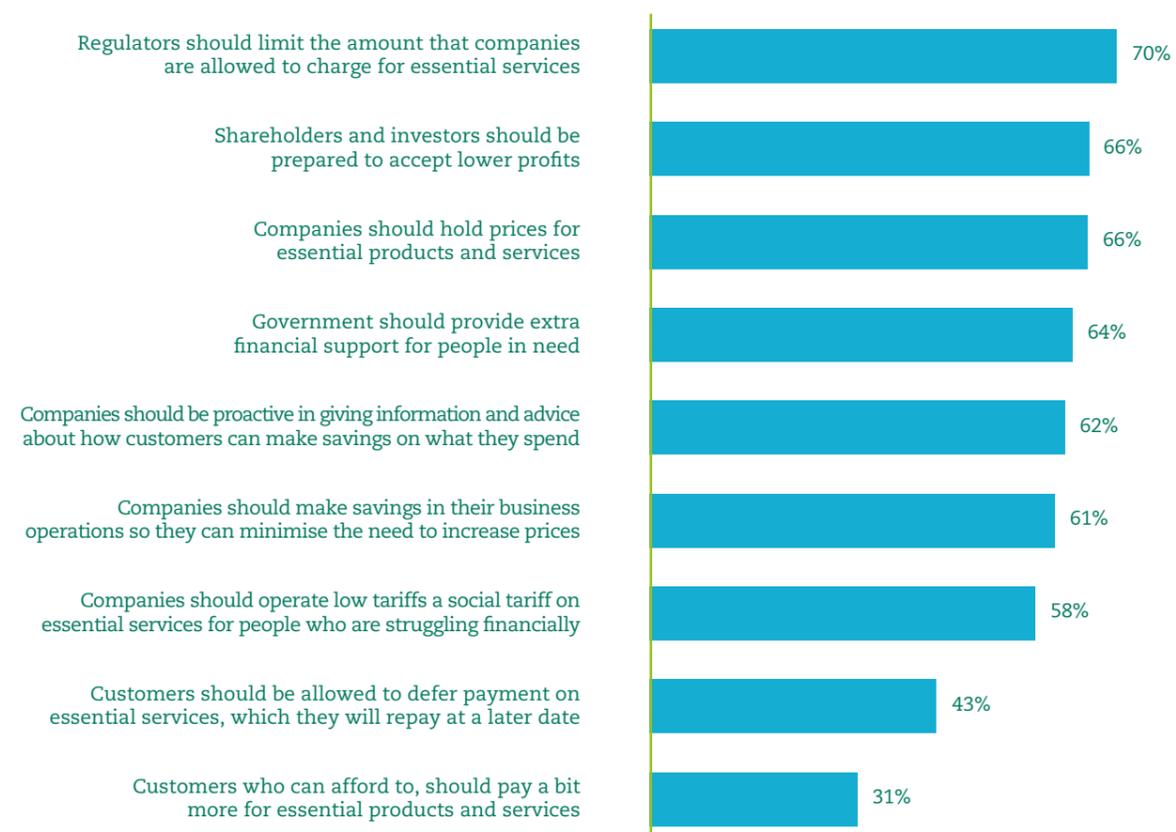
Most customers believe regulators, government and companies need to do more to help alleviate the impact of the rising cost of living

Our survey about customers' attitudes and behaviours in the context of the rising cost of living concludes by asking what actions are necessary to provide appropriate support for customers.

70% of customers strongly agree that regulators should limit the amount companies can charge for essential services and 64% say that government should provide more financial support to customers in need.

More than 60% of people believe that companies should hold prices for essential products and services, be proactive in giving advice to help customers make savings and reduce costs in their business operations. In addition, 66% of respondents strongly agree that shareholders and investors should be prepared to accept lower profits.

Customers' perspectives on how organisations should support customers during the cost of living crisis



Key takeouts: customer attitudes and behaviours in the context of the rising cost of living

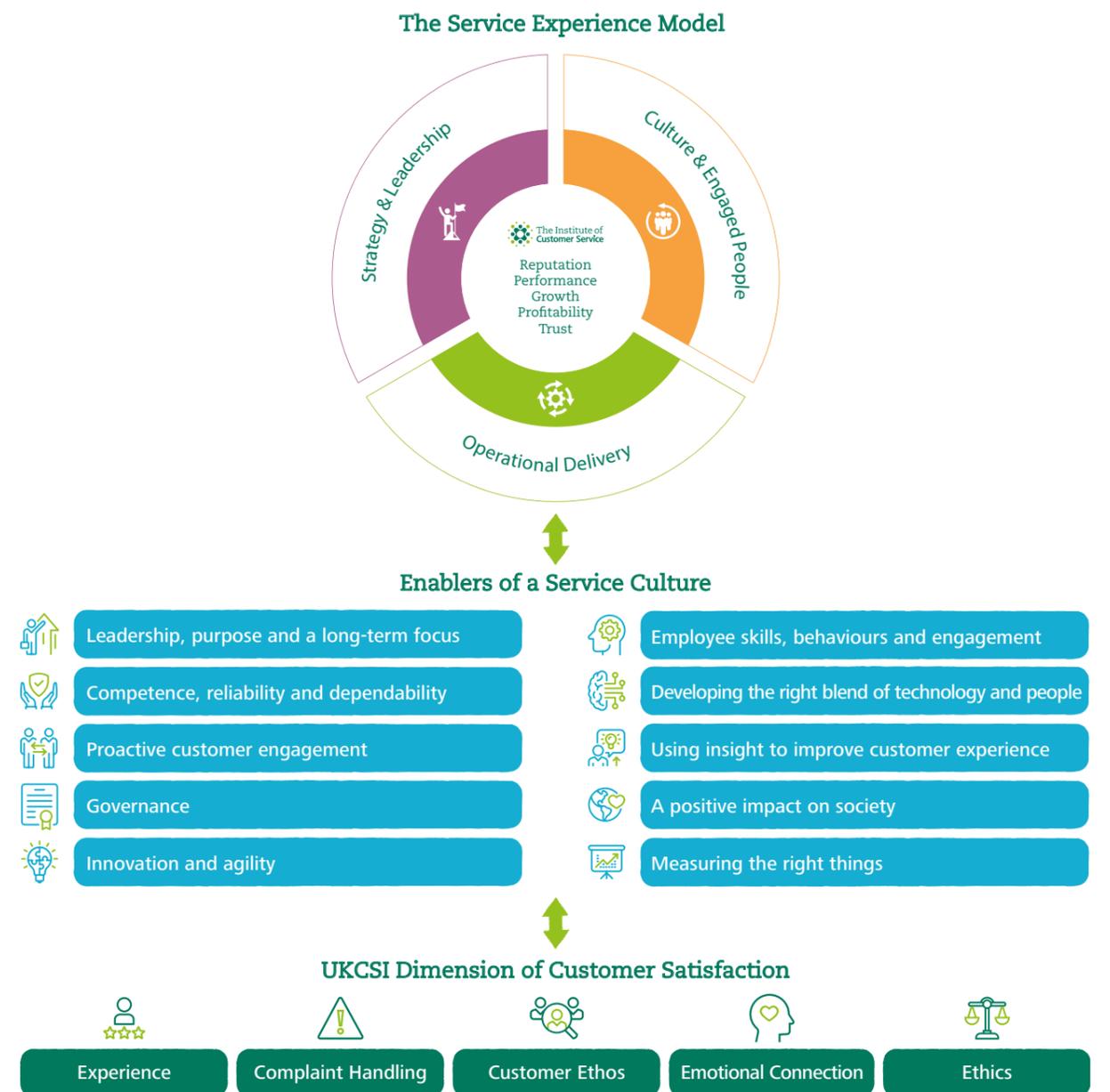
- There is a polarisation in customers' sentiment about their financial well-being: 15% of people describe their financial well-being as poor or very poor; 46.4% say it is very good or good; and 37.5% of people describe their financial well-being as average
- The main ways that customer behaviours have responded to the rise in the cost of living are to think more carefully about spending, reduce their level of spending, shop around more to find the best deals and make fewer impulse purchases
- Reflecting the growing concern for recycling and sustainability, as well as financial pressures, 35% of customers have sold items to generate income in the last 6 months
- At least a quarter of customers have sold items, or cancelled a subscription service or used a third party "buy now, pay later" service to deal with the rising cost of living
- 26% of customers believe their personal debt will increase in the next 6 months. 72% of these customers are concerned about the impact this will have on their purchasing capacity and financial well-being
- 15% of customers surveyed have directly asked a company for help or advice to deal with the rising cost of living. 80% of these customers said that, as a result of their contact, their trust in that company had increased
- 18% have been approached by a company offering help and advice to deal with the rising cost of living. 75% of these customers said that, as a result of their contact, their trust in that company had increased
- The leading types of assistance given by companies are advice on using products and services more efficiently, discounts and flexible payment options
- 70% of customers strongly agree that regulators should limit the amount companies can charge for essential services
- 66% strongly agree that shareholders and investors should be prepared to accept lower profits
- More than 60% of people believe that companies should hold prices for essential products and services, be proactive in giving advice to help customers make savings and reduce costs in their business operations.

4

Recommendations: building a culture of service excellence

Building a culture of service excellence

Our research, and engagement with organisations and leaders, suggests that customer service and business performance outcomes are more the product of organisational culture than of specific activities or investments. The January 2023 UKCSI concludes by highlighting recommendations to develop the key enablers of a culture of service excellence.



1) Leadership, purpose and a long-term focus

Leadership, organisational purpose and maintaining a long-term focus are essential elements of a customer service culture.

In a customer service context, purpose means being clear about why the organisation exists, which customers it serves, the value the organisation creates for its customers and the difference it makes: an organisation's purpose needs to be clear, relevant, engaging and authentic. Organisations that have defined and demonstrate a clear purpose are more likely to generate high levels of employee engagement, productivity, trust and customer satisfaction leading to long-term success. Purpose is especially important in challenging circumstances in which organisations need to make difficult decisions about priorities and where to focus. A clear purpose that is understood across the organisation can help leaders in aligning people, stakeholders and resources to respond effectively to disruptive change.

Realising the financial benefits of superior customer satisfaction requires consistency and a long-term focus. Organisations that consistently earn higher levels of satisfaction than others in their sector also tend to achieve stronger levels of ebitda and revenue per employee. An organisation's customer experience therefore needs to be seen as an asset and a source of value, rather than just as a cost centre.

Leaders set the tone for their organisation, influencing how managers and employees interpret the organisation's purpose and strategy, short and long-term priorities and the level of focus on customer service. Recent research from The Institute* suggests that leaders need a broad and heightened range of skills, knowledge and behaviours to understand the challenges their organisations face and engage effectively with customers, employees, shareholders and other stakeholders.

Key recommendations for leaders and organisations

- Articulate an organisational purpose that is clear, relevant, engaging and authentic - for customers and employees
- Define a clear strategy and customer service objectives and ensure they are communicated across the organisation
- Align different parts of your organisation, and suppliers and partners to deliver the organisation's purpose
- Give appropriate weight to customers' interests in investment decisions
- Set clear accountability for customer service, with specific customer objectives and incentives for leaders across the organisation
- Measure, benchmark and report on customer satisfaction across key elements of the customer experience
- Use customer insight to inform strategy development
- Recruit leaders who demonstrate honesty, trustworthiness and integrity

Key behaviours for leaders

- Demonstrate empathy and emotional connection with a diverse range of employees
- Ability to engage and communicate effectively across a range of channels and settings
- Trust employees to deliver and hold them to account for performance and outcomes
- Build knowledge and awareness of the impact of emerging technologies
- Communicate honestly with employees about the impact of emerging technologies and complex environmental factors on the organisation's strategy, customer experience and jobs

* See Work with a Purpose: building a shared vision of the future (2021)

2) Employee skills, behaviours and engagement

Skilled and engaged employees are central to delivering excellent service. Notwithstanding the growth in digital customer experiences, around half of the customer experiences recorded in the UKCSI are conducted in person or over the phone. In addition, employees are also centrally involved in many email, webchat or messaging customer experiences. The growth in automation and digitisation of simple or routine transactions means that customers' experiences with employees are increasingly concerned with complex or sensitive issues, requiring enhanced levels of communication, problem-solving, technical or commercial skills. Employees with expertise in specialist technical roles require relationship management skills to work effectively with customers and

colleagues. New hybrid roles have emerged that combine customer experience, relationship management, insight, commercial awareness and technical skills. In a customer service context, line managers or team leaders coaching have a particularly significant role in coaching the behaviours and competences that enable consistently high levels of service.

Employees' empathy and communication skills are crucial in responding sensitively to a customer's personal situation and context. It is also important that an organisation's policies and processes are responsive to customers' individual circumstances and that employees are empowered to demonstrate flexibility and discretion where appropriate.

Key skills and capabilities

- Enhanced communication and relationship management skills
- Problem solving, managing complex issues
- Ability to engage with customers across different channels
- Complaint handling and resolution of complex issues
- Managing and coaching teams and individuals
- Ability to use digital tools and applications effectively and coach customers to use them
- Design of digital applications that enable better customer experiences
- Design of customer experience journeys in an omnichannel context
- Specialist technical skills, for example in infrastructure maintenance, cybersecurity, risk management and logistics

Key behaviours

- Empathy, emotional intelligence, the ability to make a personal connection
- A commitment to the organisation's values
- Personal resilience and effectiveness
- Trustworthiness
- Capacity to broaden skills and learn
- Collaboration and commitment to others

3) Competence, reliability and dependability

For most organisations, existing employees will be the key source of required skills and capabilities, especially in a tight employment market. This means that the quality of training and development, employee induction, engagement and well-being are essential enablers of a service culture.

Competence, reliability and dependability – the ability consistently to deliver the organisation’s customer proposition – are the cornerstones of customer satisfaction and trust. Getting things right first time is one of the most obvious but important ways of improving customer satisfaction, reducing problems and rework. Organisations’ ability to deliver consistently has been stretched by skills shortages, supply chain disruption, rising costs and in some cases industrial action. Achieving consistency and quality of performance often relies on relationships with suppliers and partners, anticipation and management of risks, as well as the organisation’s core capabilities and resources.

Key actions to develop employee engagement

- Ensure all employees understand the organisation’s purpose and their role in delivering it
- Support employees in developing their career through access to professional development pathways including training and qualifications
- Focus on developing the skills and capabilities of first line managers
- Enable regular, authentic and relevant communication between senior leaders and employees
- Provide opportunities for employees to have a say on issues that affect them
- Recognise outstanding contribution and performance, especially for employees in frontline service roles

Key actions to promote employee well-being

- Explore greater flexibility and personalisation of employee benefits, whilst maintaining fairness for all
- Ensure that hybrid working arrangements consider the needs of all employees
- Ensure employees are aware of available support for mental health and well-being including information resources and counselling
- Encourage managers to carry out regular well-being check-ins with employees, as well as reviewing performance and development
- Develop a consistent policy and approach to dealing with hostile customer behaviour
- Record and measure examples of anti-social or threatening customer behaviour

Key recommendations for organisations

- Define the core capabilities required to deliver the organisation’s customer proposition
- Measure consistency in quality and performance of products and services
- Define the customer journey for key experiences and measure how well it is delivered
- Deliver consistency of experience across different channels
- Be transparent about product and service capabilities, pricing, terms and conditions
- Select suppliers and partners that share and support the organisation’s customer ethos
- Identify the root causes of problems and issues and develop plans to address them
- Ensure all service channels are appropriately resourced
- Regularly review strategic and operational risks and vulnerabilities

Measure employee engagement, publicise the results and take appropriate actions based on employee feedback

4) Developing the right blend of technology and people

Digital experiences and artificial intelligence have become more important to customer service. Even though many sectors have seen a revival of in person customer service, the number of digital customer experiences is usually more than it was before the onset of Covid-19.

Customers' expectations of the quality of organisations' digital customer experience have increased. But customers often express a need to speak to a customer service employee for issues that are complex, sensitive, urgent or have a high personal importance. Customer feedback in the UKCSI invariably cites "making it easy to contact the right person to help me" as the leading issue organisations should improve. For many customers, their biggest fear when dealing with an organisation is the inability to speak to a person when it is needed.

Technology can enable significant benefits in business performance, cost savings and customer experience, especially in back office processes, analytics and routine transactions. But there is a risk that organisations sometimes overestimate the capacity of digital technologies to deal effectively with the variety of customer experiences and personal situations. Technology deployment in a service context is usually most successful when it is underpinned by a clear customer service purpose and complements, rather than replaces, human intervention.

The Institute's research* has shown that a significant minority of customers are at risk of digital exclusion because they lack skills, confidence, financial resources or have a disability or health condition that makes it difficult to deal with organisations using technology or digital channels. Organisations that deliver essential services have a particular responsibility to consider the needs of vulnerable people and ensure that all their customers can access service in appropriate ways.

Key recommendations for organisations

- Define the customer experience benefits and impact of technology deployment
- Focus on the quality of the customer experience design and journey: map hand-offs or transfers between channels, especially between digital channels and direct employee intervention
- Test and learn: continuously review customer journey design and decision trees to identify issues, or opportunities to simplify and improve experiences
- Involve customers in testing of technologies and applications
- Train and encourage employees to coach customers in adoption of new applications
- Ensure customers can easily speak to a customer service adviser in situations that have a high personal importance or sensitivity
- Integrate systems and data to support customer experience objectives
- Evaluate the ethical and reputational implications of technology deployment

Actions to address the risk of digital exclusion

- Design and test customer experience journeys explicitly taking into account the needs of vulnerable people and customers who have limited access to digital technologies
- Maintain a range of channel options including contact centre operations and where relevant a physical branch / office presence
- Develop specialist knowledge and expertise to support vulnerable customers
- Identify customers who are at risk of vulnerability or exclusion
- Work with specialist third parties to improve customer service for vulnerable people
- Develop processes for authorisation of trusted third parties to act on behalf of a vulnerable customer
- Create or participate in digital outreach programmes to increase the skills and confidence of customers who may be at risk of digital exclusion

* See A Connected World ? Ensuring the right blend of people and technology for customer service, Institute of Customer Service, 2022

5) Proactive customer engagement

In the next year, it is likely that more customers will experience financial challenges and will require help or advice to help deal with changed personal circumstances. Evidence in this UKCSI shows that when organisations have proactively contacted customers with help and advice to deal with the rising cost of living it has resulted in increased levels of customer trust. Proactive communication with customers is most effective when it is relevant, timely, genuinely benefits customers and is not seen as intrusive.

There is a growing realisation in some organisations that genuine personalisation relies more on understanding and responding to a customer's particular situation and context than on predicting future customer behaviour. Our research has shown a diversity of attitudes about organisations' use of data to personalise experiences: some customers are confident about sharing their data in return for personalised offers and recommendations; others are reluctant to share any of their data and are wary about how it will be used.

Key recommendations for organisations

- Be clear and transparent about prices, terms and conditions and changes to these
- Give relevant, practical advice and recommendations to help customers make the right choice and get the most from products and services
- Communicate offers that will benefit customers, especially for essential purchases
- Provide clear information about the best way to contact the organisation and to access service
- Give clear information that helps customers make environmentally sustainable or ethical buying decisions
- Give advance notice of service disruption or delays
- Ensure the tone of communications is direct, straightforward and respectful
- Set realistic expectations when keeping customers informed about the progress of an issue
- Give customers the opportunity to provide feedback and raise concerns about their experiences with your organisation

* See A Connected World ? Ensuring the right blend of people and technology for customer service, Institute of Customer Service (2022)

6) Using insight to improve customer experience

There have been significant shifts in customer attitudes and behaviours in the last 2 years. Expectations about organisations' effective use of technology and data, environmental sustainability and ethical standards have increased. Many customers have become more considered and mindful, deliberately buying things that will last longer, reducing their consumption of physical goods, or spending more on health and well-being.

Evidence in this report shows that more customers are cutting back their spend, thinking carefully about purchases and are concerned about rising prices. There is also a growing polarisation between customers with relative financial security

and those who are worried about their future financial well-being. But for most customers - whatever their financial circumstances - quality of service, competitive prices, trustworthiness, responsiveness and being able to interact with an organisation in a convenient way will be key factors influencing their choices about organisations, products and services.

In this environment, it will be critical for organisations to understand how customer needs, priorities and behaviours are evolving, how service models need to change and where to deploy resources to achieve impact.

7) Governance

Key recommendations for organisations

- Encourage a culture where business improvement activities, new product and service development and changes to customer experience are based on customer evidence and reference the impact on customer satisfaction
- Understand customers' objectives and priorities in their relationship with your organisation
- Assess the relative importance of a range of customers' priorities and the trade-offs they are prepared to make between different priorities
- Get feedback from customers about what the organisation does well and what it should improve
- Assess the impact of external events and environment on consumer needs and behaviour
- Communicate customer insight to leaders and internal stakeholders with relevance and impact
- Highlight examples where customer feedback or insight has been used to generate better customer satisfaction, new opportunities or savings
- Use customer insight to deepen leaders and employees' understanding of customer priorities and behaviours and challenge preconceived stereotypes
- Develop a customer feedback strategy that is aligned the organisation's objectives and addresses the issues that are important to customers

Good corporate governance is fundamental to trust, effective management and supervision of organisations and to the overall health and prosperity of the economy. Corporate governance is more than just meeting legal and regulatory obligations: it affects relationships with shareholders, employees, partners and regulators. Customers' perceptions about business conduct, ethics and transparency increasingly influence their attitudes towards organisations, and buying behaviours.

A growing range of issues - environmental sustainability, employee working conditions, voice and engagement, diversity and inclusion, data security and transparency, the application of artificial intelligence, risk management and resilience - have become more prominent considerations in corporate governance. As a result, evidence about an organisation's culture is likely to become important to investors and shareholders as an indicator of the ability to respond to the challenging environment and maintain short and long-term performance.

Key recommendations for organisations

- Ensure there is specialist expertise on the board covering vital issues of customer service, employee engagement, environmental sustainability, diversity, data security and transparency, the application of artificial intelligence and, risk management
- Ensure sufficient board time is given to reviewing customer satisfaction and employee engagement
- Ensure there is senior-level accountability for an organisation's customer service performance
- Ensure that the organisation has defined standards and governance relating to data management and security, the application of artificial intelligence and other emerging technologies
- Give appropriate weight to customers' interests in making investment decisions

8) A positive impact on society

There is a growing realisation that the range and scale of long-term challenges that society faces – environmental sustainability, improving productivity and skills, infrastructure, access to high quality health, education and social care, issues of economic inequality – cannot be addressed effectively by government or regulators alone. Increasingly, customers look to organisations to play an active role in finding solutions to long-term societal and economic challenges. There are also significant potential benefits for organisations in working collaboratively to improve provision of skills, apprenticeships and raising levels of education, health and well-being.

From the perspective of customers, the way organisations treat their employees, the commitment to environmental sustainability and support for and engagement in local communities are key indicators of an organisation's ethics and impact on society. Indeed, the perception that employees are not treated fairly is a leading ethical reason to stop using an organisation*.

In order to build trust, reputation and customer satisfaction organisations need to view their impact on society not as a discretionary set of activities but integral to their purpose and way of doing business.

In some cases, there may be expectations from customers that organisations take a stand on sensitive and potentially contentious social issues. Engagement on social issues is likely to be seen as authentic and relevant when it is clearly linked to, and supports, the organisation's purpose and customer proposition.

Key actions for organisations

- Help develop education, skills, infrastructure and capacity in communities in which the organisation operates
- Identify opportunities to collaborate with charities, other organisations or stakeholders to increase the impact of social and community engagement
- Treat employees fairly, for example ensuring that all employees receive a living wage
- Demonstrate a commitment to environmental sustainability across your organisation's operations, products and services and supply chain
- Demonstrate a credible commitment to diversity and inclusion by ensuring that the organisation's employees and leadership team reflects the make-up of its customers and the communities it serves
- Develop collaborative supplier relationships that enable suppliers to make a fair return on investment
- In particular for organisations that provide essential services: demonstrate care for vulnerable customers in designing products, services and customer experiences
- Make investment decisions that take into account ethical criteria
- Ensure the organisation pays a fair amount of tax

* See Work with a Purpose: building a shared vision of the future, Institute of Customer Service, 2021

9) Innovation and agility

Developing capabilities and a mindset of innovation and agility is vital so that organisations can respond to evolving customer needs, competitive or environmental challenges and improve performance and productivity. In a context of rising costs, skills shortages, supply chain issues and weak economic growth it is even more important to improve processes, reduce unnecessary cost and effort and make the right decisions about where to invest time and resources. The challenge is to develop a culture that encourages idea generation, combined with ways of working that rapidly evaluate and operationalise the best ideas.

Key recommendations for organisations

- Recruit employees from diverse backgrounds, testing for intellectual curiosity as well as attitude, experience and technical expertise
- Encourage employees to propose ideas to improve service, generate savings or new opportunities
- Develop a “fail fast” approach to assess feasibility and avoid committing time and resources to unviable projects
- Develop a customer experience design framework to assess the impact of new ideas
- Promote use of collaboration tools that enable employees to share knowledge and speed up projects and business improvement activity
- Investigate the benefits of methodologies to improve project management and business improvement, such as Agile, Six Sigma or Kano
- Seek ideas and examples of innovation from organisations outside your sector
- Review emerging technologies and assess their relevance to your sector or business model
- Seek feedback from customers about how the organisation should improve

10) Measuring the right things

Choice of performance measures matters because it influences focus and decision-making across an organisation. A pre-requisite for developing a service culture is understanding what matters to customers and how the organisation performs on these attributes.

The dimensions of customer satisfaction measured by the UKCSI provides a framework based on research into customers’ priorities; and organisations may develop a set of measured based on insight about their own customers’ priorities. It is also relevant to measure customers’ perception about the extent to which the organisation delivers, or lives up to, its purpose and values.

Increasingly, it will be critical to find credible ways of measuring the link between customer satisfaction and financial performance. This can be challenging, as a range of different factors affect financial performance and there may be a lag between changes in customer experience and financial results.

Key recommendations for organisations

- Define clear customer service objectives and ensure they are communicated across the organisation
- Understand the attributes of customer experience that are most important to your customers and measure your performance against them
- Assess customer perception about the extent to which, or how well, the organisation fulfils its purpose and values
- Assess measures covering efficiency or volume output of key transactions and processes alongside customers’ perceptions of quality
- Benchmark customer satisfaction with peers or with organisations outside the sector
- Future customer behaviours such as likelihood to recommend, buy more products and services or remain a customer
- Extent of problems experienced by customers, complaints, and their causes
- Employee engagement and employees’ perception about the organisation’s commitment to customer service

UKCSI Key facts

14

Number of years UKCSI has run.
The UKCSI is published twice a year, normally in January and July.

13

Number of sectors the UKCSI covers, 11 in the private sector as well as the local and national public sectors. The Institute also publishes sector reports with a detailed breakdown of scores by sector and organisation.

45,000

Number of unique responses included in January 2023, from over 10,000 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 interaction.

3,000

Number of responses per sector, except for Transport and Utilities, which have 6,000 responses each.

281

Number of individual organisations and organisation types which received a UKCSI rating. 267 named organisations which have exceeded a minimum sample size are scored in the 13 sector reports. In addition, scores are given for 14 generic providers including “your local Council”, “your local restaurant/takeaway” etc.

Organisations included in the January 2023 UKCSI

Automotive

Audi
BMW
Citroen
Dacia
Fiat
Ford
Honda
Hyundai
Jaguar
Kia
Land Rover
Lexus
Mazda
Mercedes-Benz
Mini
Mitsubishi
Nissan
Peugeot
Renault
Seat
Škoda UK
Suzuki
Tesla
Toyota
Vauxhall
Volkswagen
Volvo

Banks & Building Societies

Bank of Scotland
Barclays
first direct
Halifax
HSBC
Lloyds
M & S
Metro Bank
Monzo Bank
Nationwide
NatWest
RBS
Sainsbury's
Santander
Starling Bank
Tesco
The Co-operative Bank
TSB
Virgin Money

Insurance

AA Insurance
Admiral
Aviva
AXA
BUPA
Churchill
Co-op Insurance
Direct Line
Esure
Halifax
Hastings Direct Insurance
Legal and General

Lloyds
LV=

M & S (insurance)
More Than
Nationwide Insurance
Petplan
Privilege
Prudential
RAC
SAGA Insurance
Sainsbury's
Tesco
Virgin Money
Zurich

Leisure

Amazon Prime Video
Burger King
Caffe Nero
Cineworld
Costa Coffee
Deliveroo
Domino's Pizza
Greggs
Harvester
JD Wetherspoon
Just Eat
KFC
McDonald's
Nando's
Netflix
Now TV
Odeon
Pizza Express
Pizza Hut
Pret A Manger
Spotify
Starbucks
Subway
Toby Carvery
Vue Cinema
your local independent coffee shop
your local restaurant/takeaway

Public Services (Local)

GP surgery / health centre
Library
your Housing Association
your local Ambulance Service
your local Council
your local Fire Service
your local Police Service

Public Services (National)

Companies House
Disclosure and Barring Service
DVLA
HM Land Registry (registers the ownership of land and property in England and Wales)
HM Passport Office
HMRC (Inland Revenue)

Jobcentre Plus
National Highways
Natural Resources Wales
NHS / hospital service
Post Office
The Environment Agency
The university I attend

Retail (Food)

Aldi
ASDA
Co-op Food
Iceland
Lidl
M & S (food)
Morrisons
Ocado
Sainsbury's
Tesco
Waitrose
your local farmers' market/farm shop

Retail (Non-food)

Amazon.co.uk
Apple
Argos
B&Q
Boots UK
Costco
Currys/PC World
Ebay
H&M
Holland & Barrett
Home Bargains
Ikea
John Lewis
M & S
Matalan
Next
Pets at Home
Poundland
Primark
Specsavers
Sports Direct
Superdrug
TK Maxx
Wilko

Services

AA
Autoglass
British Gas Home Services
DHL
DPD
Green Flag
Halfords autocentre
Hermes / Evri
Hertz
Homeserve
Kwik Fit
RAC
Royal Mail / Parcelforce

Timpson
Uber
Western Union
Yodel
your local solicitor
your local tradesman e.g. builder, electrician, painter & decorator, plumber

Telecommunications & Media

BT
EE (including T-Mobile or Orange)
giffgaff
O2
Plusnet
Sky
Sky Mobile
TalkTalk
Tesco Mobile
Three
Utility Warehouse
Virgin Media
Virgin Mobile
Vodafone

Tourism

Airbnb
booking.com
British Airways Holidays
Butlins
Center Parcs
easyJet Holidays
Expedia
Haven Holidays
Hilton
Holiday Inn
Hoseasons
Hotels.com
Jet2holidays.com
Marriott
On the Beach
P&O Cruises
Premier Inn
Travelodge
Trivago
TUI
Virgin Holidays

Transport

Arriva - Bus group
Avanti West Coast
British Airways
Brittany Ferries
C2C
CrossCountry
East Midlands Railway
easyJet
Eurotunnel
First Group - bus companies
Gatwick Express
Grand Central
Great Northern
Great Western Railway

Greater Anglia
Heathrow Express
Jet2
London North Eastern Railway
London Northwestern Railway
London Underground
Manchester Metrolink
Merseyrail
National Express
Northern / Northern Trains
P&O Ferries
Ryanair
ScotRail / ScotRail Trains
South Western Railway
Southeastern (train operating company)
Southern
Stagecoach (Bus)
Thameslink
The Trainline.com
TransPennine Express
Transport for Wales
TUI Airways
Virgin Atlantic
West Midlands Railway

Utilities

Affinity Water
Anglian Water
Bristol Water
British Gas
Bulb
Dwr Cymru (Welsh Water)
E.ON (energy)
EDF Energy
Electricity North West
Northern Powergrid
Northumbria Water
npower
Octopus Energy
OVO Energy
Power NI
Scottish and Southern Electricity Networks
Scottish and Southern Energy (SSE)
Scottish Gas
Scottish Power
Scottish Water
Severn Trent Water
Shell Energy
South East Water
South Staffordshire Water
South West Water
Southern Water
SP Energy Networks
Thames Water
UK Power Networks
United Utilities (water)
Utilita
Utility Warehouse
Wessex Water
Yorkshire Water

About the UKCSI

A barometer of customer satisfaction in the UK since 2008

The UKCSI (UK Customer Satisfaction Index) provides insight into the state of customer satisfaction in the UK for 13 key sectors. The UKCSI is published twice a year, in January and July. Each UKCSI incorporates two sets of data to create a rolling measure of customer satisfaction. The January 2023 UKCSI includes responses from surveys conducted between 21 March to 14 April 2022 and 5 September to 3 October 2022.

45,000 customer responses

The UKCSI is based on an online survey of over 10,000 consumers, who are representative of the UK adult population by region, age and gender. The January 2023 UKCSI comprises 45,000 responses, 3,000 from each sector except for Transport and Utilities which include 6,000 responses each. Customers are asked to rate their experience of dealing with a specific organisation in the previous three months. Customers rate only one organisation per sector. Each customer can complete the survey for up to five different sectors.

Over 25 metrics of the quality of customers' interactions and relationship with organisations

Customers rate the quality of their experiences and relationship with organisations on over 25 metrics including employee professionalism, product / service quality, ease of dealing with an organisation, timeliness, complaint handling and attitudes towards trust, reputation, an organisation's customer ethos and ethical behaviour.

Metrics reflect the priorities identified by customers, as well as attributes that show a strong relationship with overall customer satisfaction. The UKCSI also includes measures of customer effort and a Net Promoter Score (NPS). Customers rate organisations on a scale of 1 – 10 except for the question "how likely would you be to recommend xx to friends and family", which is a scale of 0 – 10.

281 organisations received a UKCSI rating

These include 267 named organisations and 14 generic providers including "your local Council", "your local restaurant/takeaway" etc. Customers select an organisation to rate from a randomised list of leading and emerging players in each sector which is reviewed before each UKCSI. Customers can also select an organisation to rate that is not on the list. Organisations which exceed a minimum sample size are given a score and are named within one of the 13 sector reports.

How the UKCSI is calculated

Index scores are expressed as a number out of 100. The UKCSI score for each organisation is the average of all of its customers' satisfaction scores, multiplied by ten, with a weighting applied reflecting the priority score for each measure. The sector score is the mean average of all responses for that sector, multiplied by ten. The overall UKCSI is based on the mean average of each sector's score.

UKCSI sector reports*

13 reports are available with sector-specific insight and recommendations

- Customer satisfaction performance of leading organisations on over 25 customer experience metrics
- Channel use and satisfaction
- Drivers of complaints and satisfaction with complaint handling
- Links between satisfaction and future buying behaviours
- Recommendations and opportunities to improve



Sector resource packs

- Key sector and organisational measures in spreadsheet format
- Sector satisfaction by age, region, gender
- Key issues organisations should improve
- Satisfaction by product type in the Banking, Insurance and Telecommunications & Media sectors

Sub-sector customer experience measures

- Leisure (Quick Service Restaurants; Entertainment)
- Transport (Air; Rail; Coach / Bus)
- Retail Non-food (Fashion retailers)
- Utilities (Energy; Water)

Automotive

Banks & Building Societies

Insurance

Leisure

Public Services (Local)

Public Services (National)

Retail (Food)

Retail (Non-food)

Services

Telecommunications & Media

Tourism

Transport

Utilities

* Two sector reports are available as a membership benefit to The Institute's Trusted Advisory Network members; one report for Discovery Roadmap members. For Pathway members, discounts apply.

Sector reports are available for purchase by non members at www.instituteofcustomerservice.com

* See Experiences, Emotions and Ethics: refreshing the customer priorities that underpin the UK Customer Satisfaction Index, available at www.instituteofcustomerservice.com/research. It is free to Institute organisational members and available for purchase by non members.

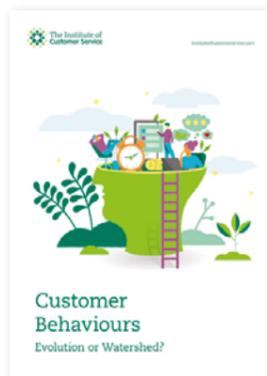
Breakthrough research from The Institute

To find out more about The Institute's research programme, contact us at:
T: 0207 260 2620



A Connected World? Ensuring the right blend of people and technology for customer service

- Investigates customer perspectives on using technology to interact with organisations, potential applications to improve service, the risk of digital exclusion and how organisations should address it
- Examines how organisations are combining human and technology-based experiences in the context of customer service
- Highlights 10 key enablers to deploy technology and achieve business performance and customer service objectives.



Customer Behaviours: Evolution or Watershed?

- Examines how customer expectations and behaviours have evolved in the last 2 years and how they will change in the future
- Assesses if there are customer segments that can be defined around key behaviours
- Identifies key actions and recommendations to help organisations respond effectively to evolving customer expectations and behaviours.



Work with a Purpose: Building a shared vision of the future

- Examines impact and learnings from Covid-19
- Identifies skills and capabilities organisations will need to achieve sustainable customer experience and business performance
- Assesses what employees want from work and how organisations will need to engage with and support their employees
- Highlights key factors that will influence work culture and practice and implications for job design, skills and training, organisational culture, structures and measurement.



Who Do You Trust? Improving trust through customer service

- Highlights the key factors that influence customers' trust, or can reduce trust in organisations
- Introduces a model of customer trust based on 7 dimensions
- Defines actions and enablers for organisations to build trust in their relationships with customers, employees, suppliers and key stakeholders.

About The Institute of Customer Service

The Institute of Customer Service is the UK's independent, professional body for customer service.

Our purpose is to enable organisations to achieve tangible business benefits through excellent customer service aligned to their business goals and to help individuals maximise their career potential and employability by developing their customer service skills.

We provide tools and services to support continuous customer service improvement and a framework for our members to share and learn from each other.

We are independent – setting standards so that our customers can improve their customers' experiences and their business performance.

The Institute is the secretariat for the All Party Parliamentary Group on Customer Service.

Key Activities

- Research and reports on the latest customer service trends and thinking
- Publication of the UK Customer Satisfaction Index (UKCSI) twice a year
- Benchmarking customer experience to identify areas for improvement, drawing on the views of both customers and employees
- Bespoke customer insight and research
- Training and accreditation programmes for customer service professionals
- Professional qualifications for individuals at all stages of their career
- Public policy development.

For further information please visit
www.instituteofcustomerservice.com

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