



JULY 2019

UK Customer Satisfaction Index

The state of customer satisfaction in the UK



Foreword

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The UK Customer Satisfaction Index (UKCSI) shows that over the last two years overall customer satisfaction has fallen continuously. This should be a concern to anyone who cares not just about the quality of customer experiences, but about the sustainability of organisations and the short and long term prospects for the UK economy.

What has changed compared to two years ago, when customer satisfaction was at its highest level recorded in the UKCSI? What we can see is that fewer organisations have improved their customer satisfaction year on year. More customers are experiencing problems with organisations and worryingly, more of these problems relate to organisations not keeping their promises or commitments. In short, the number of experiences that are right first time has plateaued and I would argue that we have got better at 'recovery' but not at tackling the real underlying issues.

The decline in satisfaction is most apparent in the Transport and Utilities sectors; both are at least three points lower than they were two years ago. Customers are generally less satisfied with their experiences, whether interacting with employees in person or over the phone, or when engaging with an organisation's website.

More customers are using an App to interact with organisations, especially in the Banking sector, and this seems to have generated improvements in satisfaction. But if anything, this serves only to emphasise the importance of consistent standards of service across all channels. In general, the only measures of satisfaction that have improved are complaint handling. Dealing with the costs of failure, while essential, is not enough to build genuine trust and engagement.

Customer satisfaction matters because, as we have seen in our own research over the past two years, consistently high levels of satisfaction are strongly linked to better productivity, employee engagement and financial results.

I believe that part of the problem is that while we operate in a complex environment undergoing profound change, many organisations continue to focus excessively on the short term. But the rewards of consistent customer experience cannot be secured by piecemeal or transient initiatives. There are no short cuts: a deliberate, long-term focus is required. The UKCSI shows that the highest performing organisations deliver a consistent quality of experience to their customers but they also project an authentic customer ethos, emotional connection and ethical commitment.

This suggests to me that customer service excellence is the tangible expression of an organisation's culture. At heart, there are three fundamental enablers of a service culture: genuine leadership commitment with a strong focus on purpose; a recognition that employee engagement is not just desirable but is a vital organisational asset; and an unwavering focus on excellence in everyday operational execution.

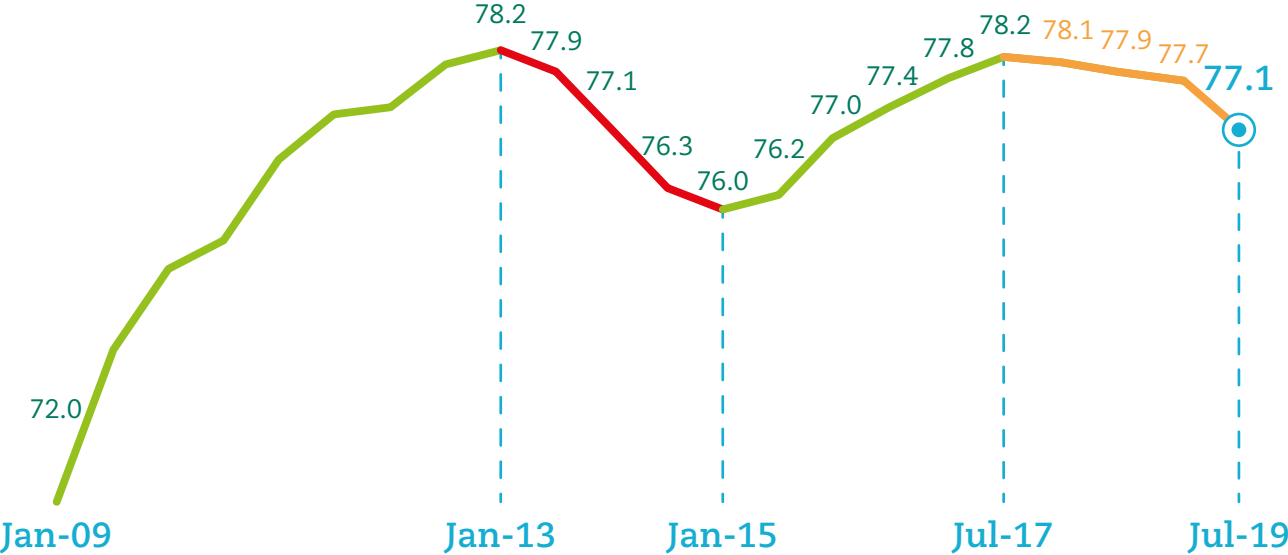
I hope that this UKCSI provides further evidence and insight about what's important to customers and how organisations can achieve sustainable performance that benefits all their stakeholders and the wider UK economy. As always, I encourage you to reflect on what differentiates your organisation from others, and to focus relentlessly on driving your service agenda. This will help you cut through complexity, focus on both short and long-term challenges, and enable a sustainable future for your organisation.

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Executive Summary

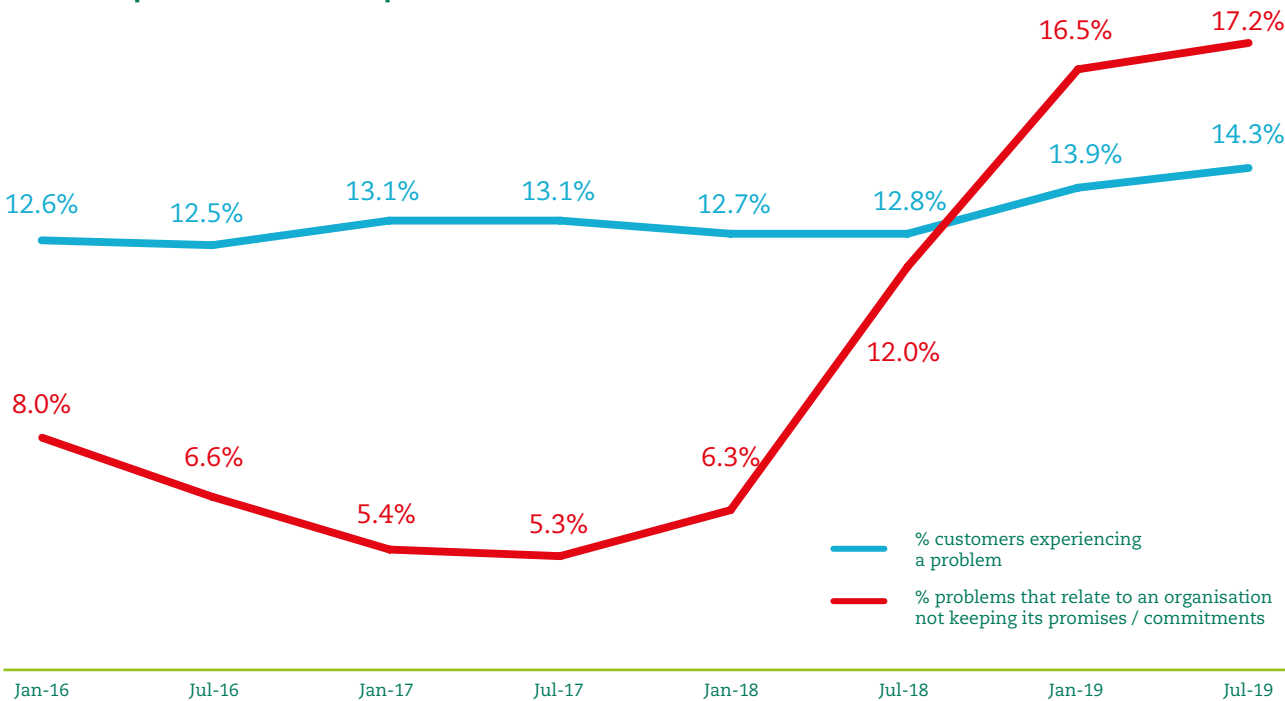
The UKCSI is 77.1 (out of 100), 0.8 points lower than a year ago. This is the fourth consecutive, though small, drop in customer satisfaction since July 2017, when the index score was 78.2



The number of customers who experienced a problem with an organisation has increased year on year by 1.5 percentage points, to 14.3%, its highest ever level

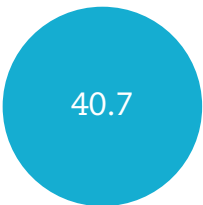
The number of customers who cited an “organisation not keeping its promise or commitment” as a key cause of their complaint is at its highest ever rate, being mentioned in 17.2% of problems or complaints. In general, customer satisfaction is much lower than average when this issue has been identified as the cause of a problem or complaint.

Trends in problems and complaints



Average UKCSI scores of customers who have made a complaint

Complaints where an organisation has not kept promises / commitments

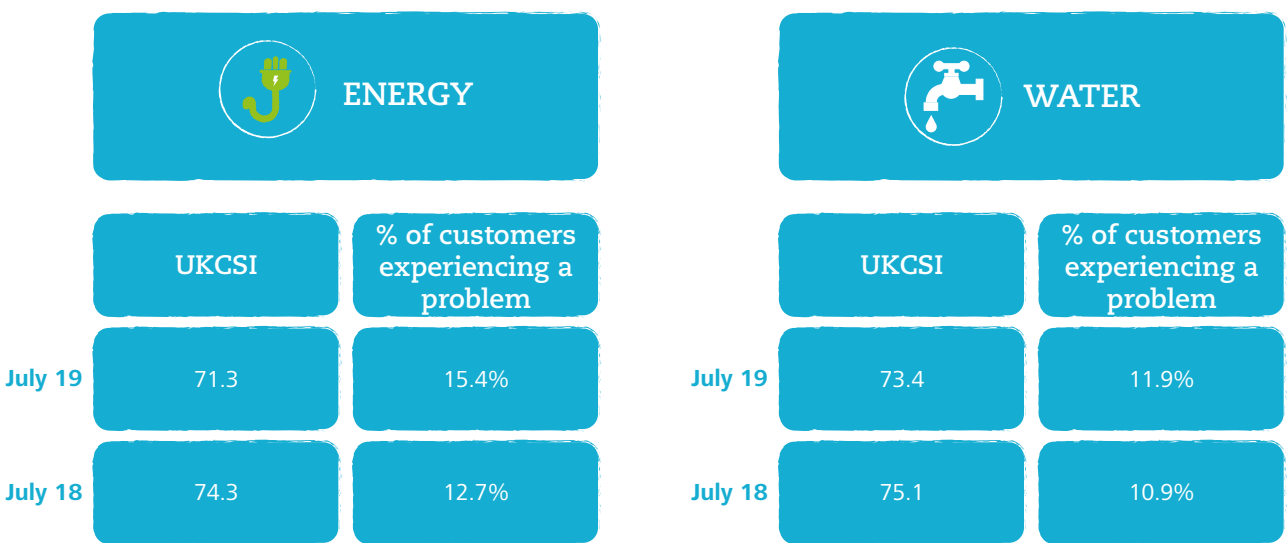


Other complaints

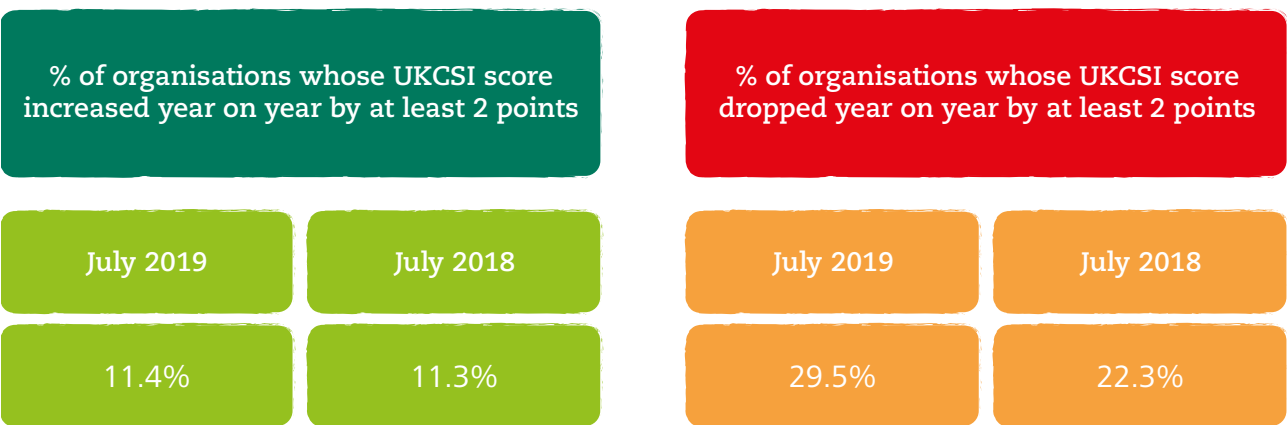


Utilities has seen the biggest decline in customer satisfaction compared to July 2018, by 2.6 points

The average scores for both the Energy and Water sectors have fallen, by 3 and 1.7 points respectively.



There has been a sharp increase in the number of organisations whose customer satisfaction has fallen by at least 2 points



10 highest rated organisations for customer satisfaction

Jul-19 Rank	Organisation	Sector	Jul-19 Score	Jul-18 Score	Jul-18 Rank	Change in score Jul-18 to Jul-19
1	first direct	Banks & Building Societies	86.8	85.6	5	1.2 ▲
2	Debenhams	Retail (Non-food)	86.7	80.5	61	6.2 ▲
3	Suzuki	Automotive	85.9	80.2	67	5.7 ▲
4	John Lewis	Retail (Non-food)	85.3	86.5	2	-1.2 ▼
5	Next	Retail (Non-food)	85.1	86.1	3	-1.0 ▼
6	Amazon.co.uk	Retail (Non-food)	84.4	86.7	1	-2.3 ▼
6	Ocado	Retail (Food)	84.4	NO DATA	NO DATA	NO DATA
8	Nationwide	Banks & Building Societies	84.2	85.6	5	-1.4 ▼
9	Netflix	Leisure	83.9	83.9	11	0.0 =
10	LV=	Insurance	83.6	82.5	25	1.1 ▲

▲ Increase in UKCSI score of less than one point

▼ Fall in UKCSI score

▲ Increase in UKCSI score of one point or more

Ratings for individual organisations across the full range of UKCSI measures and dimensions are available in the series of 13 sector reports¹ published alongside this report.

¹ Sector reports are available as a membership benefit for Institute organisational members; entitlement to sector reports varies by membership level. Sector reports are available for purchase by non-members at www.instituteofcustomerservice.com/research

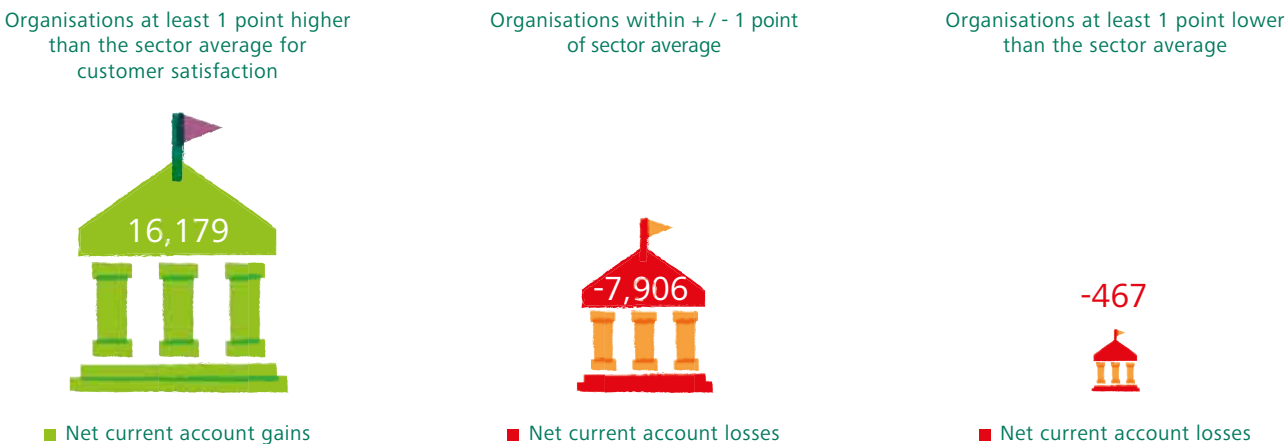
In the Retail (Food) sector, companies whose customer satisfaction is at least one point higher than the sector average recorded stronger sales growth than those whose customer satisfaction is lower than average

Year on year sales growth in the Retail (Food) sector, for the 12 weeks ending 21 April 2019
(Source: Kantar Worldpanel)



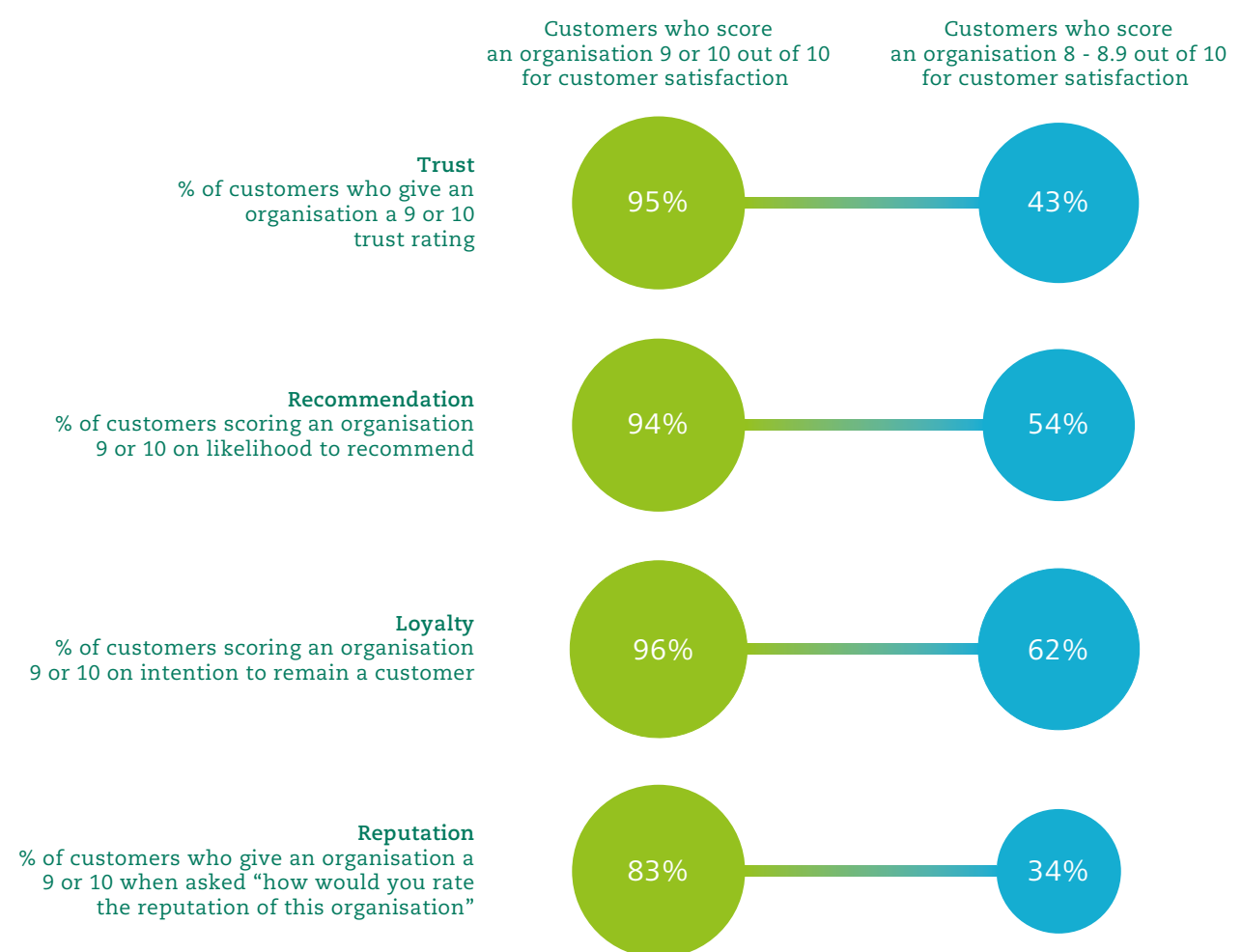
In the Banks and Building Societies sector, organisations whose customer satisfaction is at least one point higher than the sector average have achieved more current account net gains than those whose customer satisfaction is below average

Average current account quarterly net gains and losses: Q1 2019

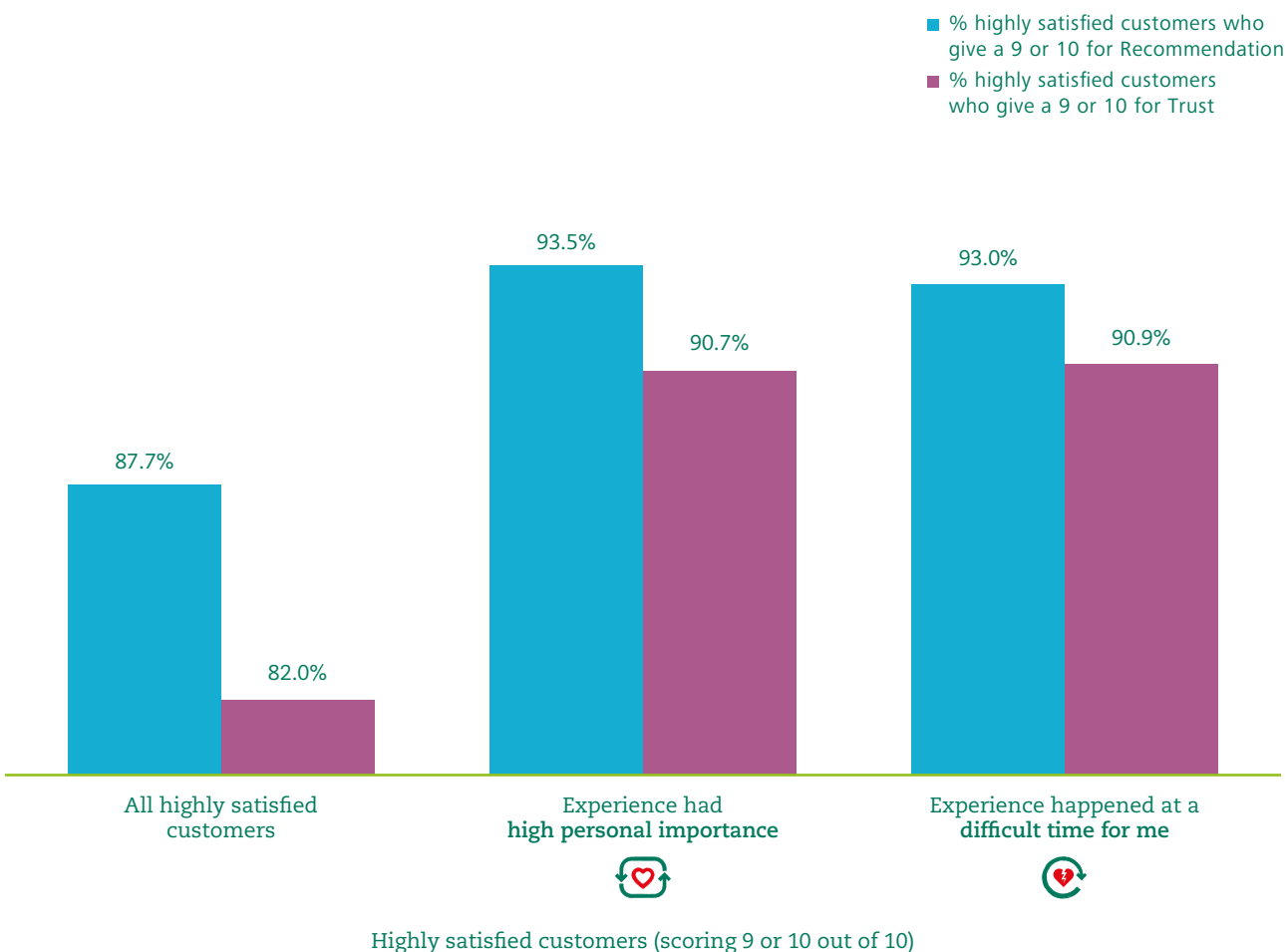


9.9% of recorded customer experiences in the Banking and Building Societies sector took place through an App, the highest of any sector. Customer satisfaction with experiences conducted via an App is 2.3 points higher than average satisfaction in the banking sector.

Achieving a 9 or 10 for customer satisfaction is linked to especially high levels of trust, recommendation, loyalty and reputation

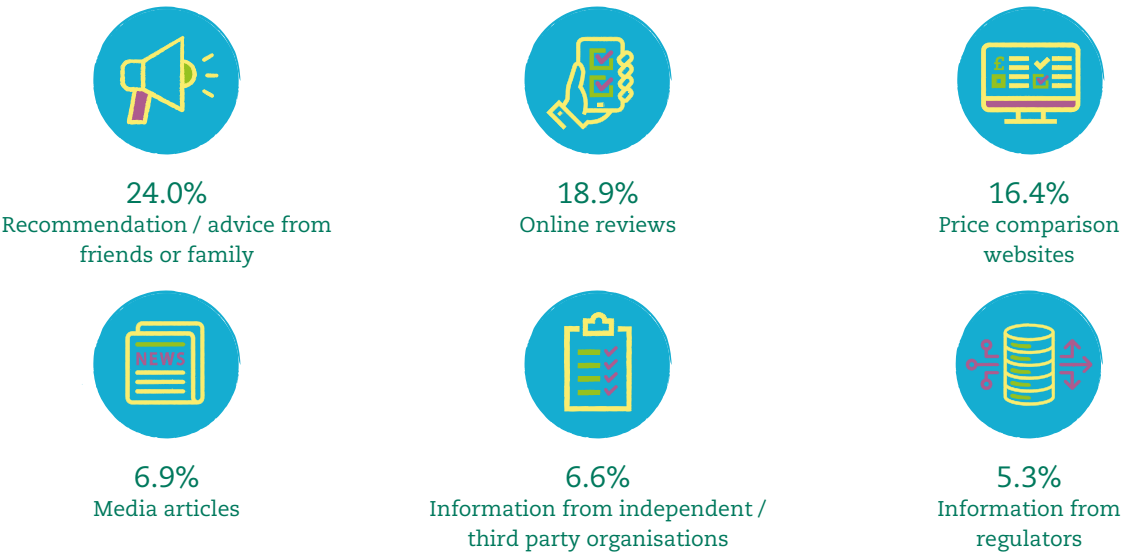


Customers whose experience was personally “very important” or for whom an experience happened “at a difficult time” demonstrate the highest levels of trust and recommendation, if organisations give them excellent service



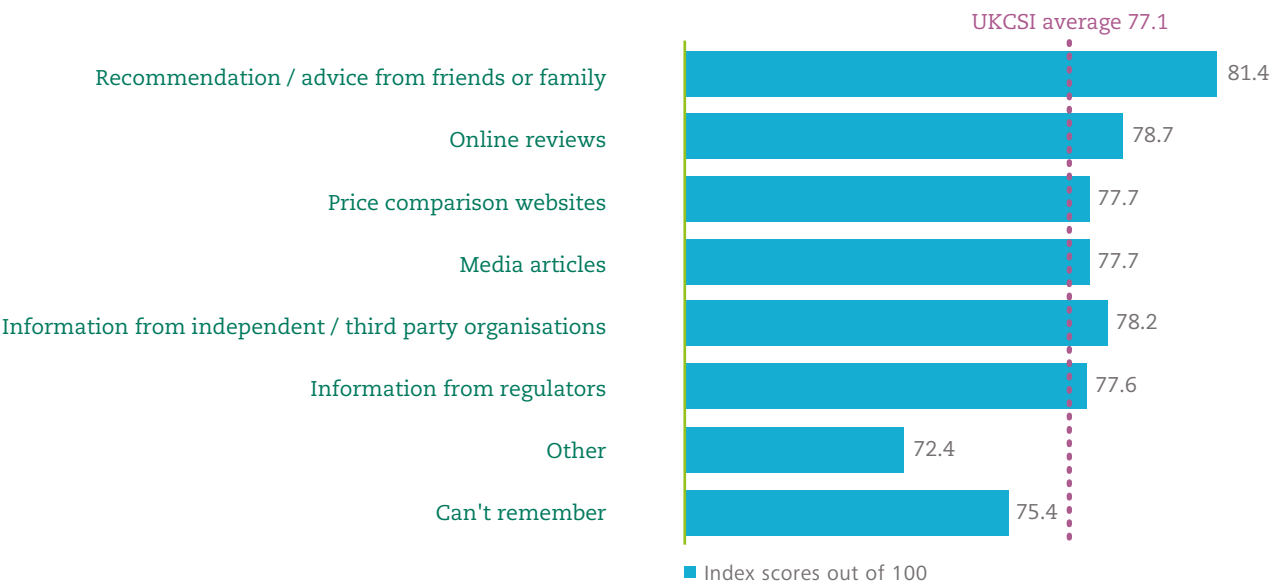
Almost one in four customers (24%) have been directly influenced by a recommendation from a friend or family about the decision to use an organisation

Have any of the following sources of information or advice influenced your decision to use an organisation?



Customers who refer to trusted sources of information or advice have higher satisfaction than those who don't

Recommendations from friends and family appear to be the most positive influence on customer satisfaction.



Based on the findings in this UKCSI, we have highlighted five key areas of focus and recommendation



1 Reduce problems to improve productivity, satisfaction and reputation



2 Harness the potential of digital but deliver consistency across all channels



3 Understand customers' objectives and personal context



4 Develop empathy and emotional intelligence



5 Regulators: promote transparency of service information and development of a service culture

Three key ingredients to grow a service-orientated culture

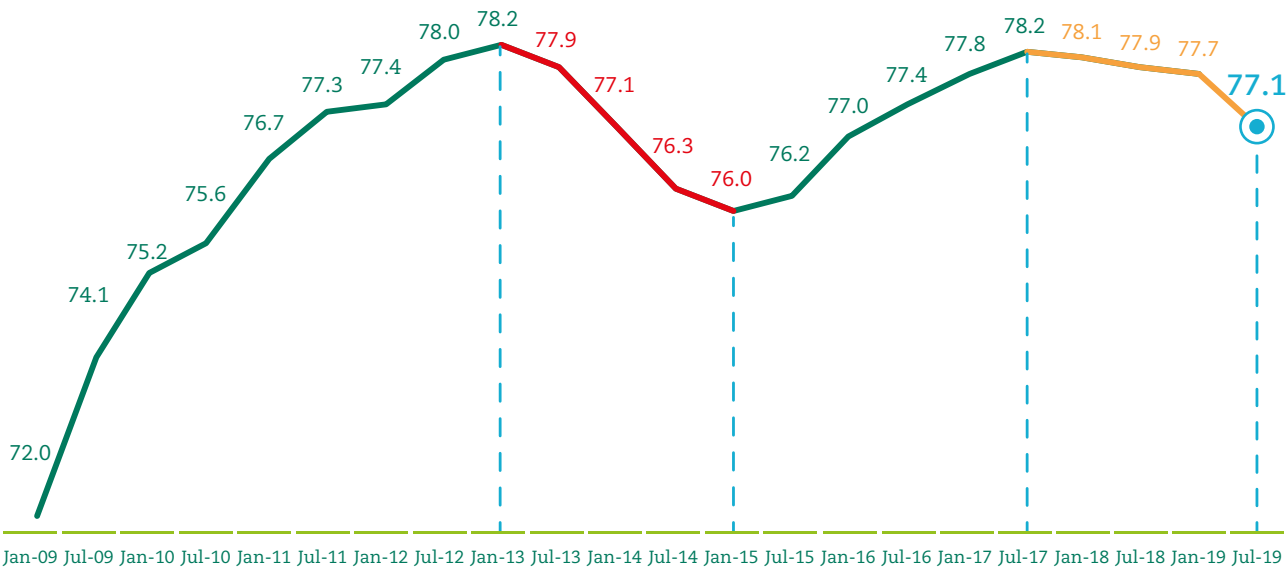
1) Leadership commitment	A visible and sustained commitment that sets the tone for the way the organisation delivers its service and conducts relationships with customers, partners, suppliers, stakeholders, and within the organisation
2) Employee engagement	A genuine recognition that employee engagement and development are core business assets that are determinants of service excellence
3) Customer experience design and processes	A coherent vision of how customers interact with the organisation, that is delivered consistently and to recognised standards across channels, technologies, products and services

1

Customer satisfaction in the UK

The state of the nation

The UKCSI is 77.1 (out of 100), 0.8 points lower than a year ago. This is the fourth consecutive, though small, drop in customer satisfaction since July 2017, when the index score was 78.2



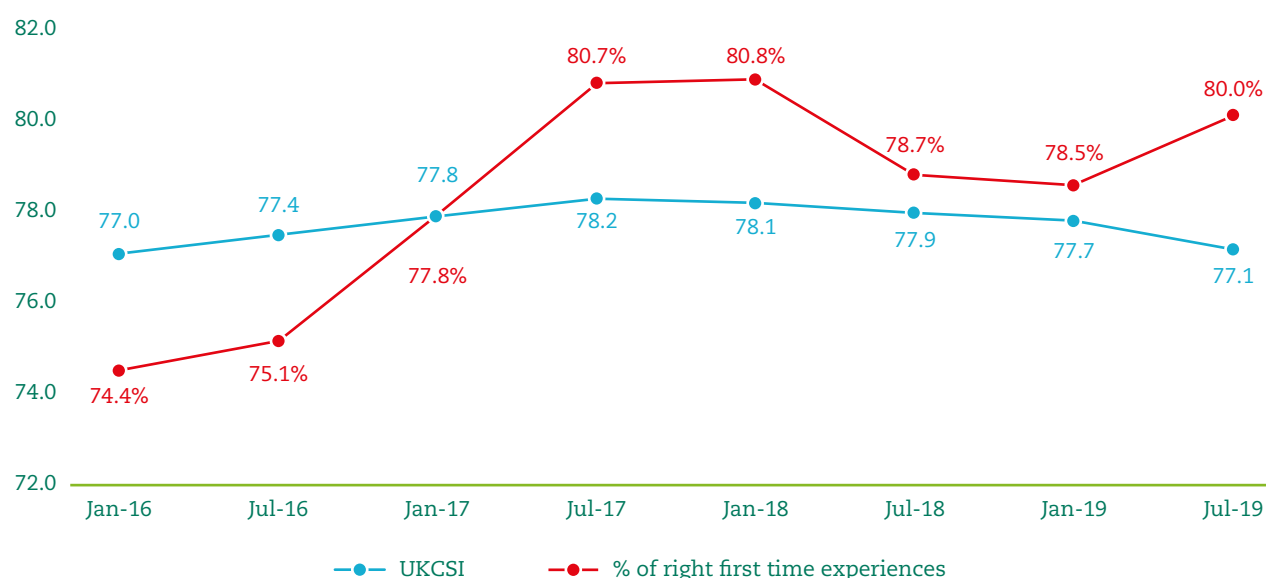
Most customer satisfaction measures are unchanged or have fallen by a small margin compared to a year ago but the number of problems is at its highest ever level

Measure	July 2019	July 2018	Yoy change
Ease of dealing with xx	8.0	7.9	0.1 ▲
Speed of service / response	7.8	7.8	0.0 =
Helpfulness of staff	7.9	8.0	-0.1 ▼
Handling of the complaint	5.9	5.6	0.3 ▲
To what extent do you trust the organisation?	7.6	7.7	-0.1 ▼
Open and transparent	7.6	7.7	-0.1 ▼
% experiences that are right first time	80.0%	78.7%	1.3% ▲
% customers who have experienced a problem	14.3%	12.8%	1.5% ▲

▲ Increase in score ▼ Fall in score

Average satisfaction with complaint handling has improved slightly. The % of experiences rated as right first time has risen, by 1.3 percentage points to 80%. However, the number of customers experiencing a problem has increased by 1.5 percentage points, to 14.3%, its highest ever level.

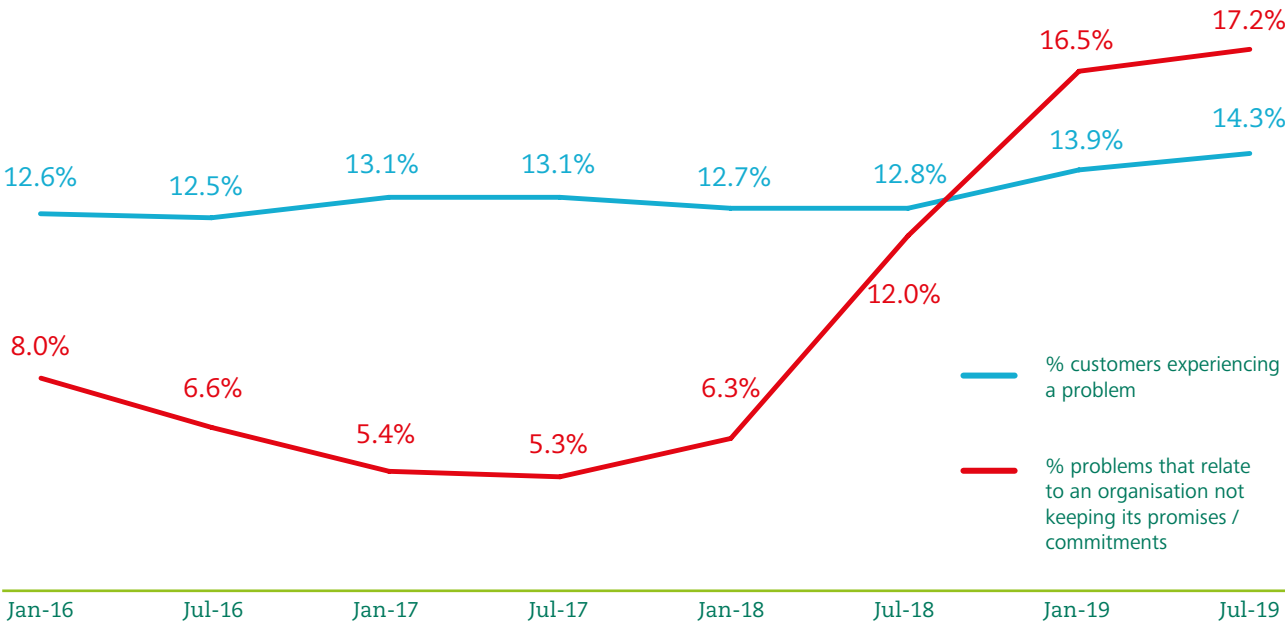
Average customer satisfaction and % right first time experiences



The number of customers who cited an “organisation not keeping its promise or commitment” has increased

This is at its highest ever level, being mentioned in 17.2% of customer problems or complaints. In general, customer satisfaction is much lower than average when this issue has been identified as the cause of a problem or complaint.

Trends in problems and complaints



Average UKCSI scores of customers who have made a complaint

Complaints where an organisation has not kept promises / commitments



Other complaints



11 out of 13 sectors have lower customer satisfaction than a year ago

Retail (Non-food) remains the highest rated sector, despite a fall of 1.2 points. Tourism is the second highest rated sector despite hardly any change (a drop of 0.1 points) in its overall customer satisfaction. The relative position of Tourism has improved because of a drop in customer satisfaction in both the Retail (Food) and Banking sectors.

Utilities has seen the biggest decline in customer satisfaction compared to July 2018, by 2.6 points. The average scores for both the Energy and Water sectors have fallen, by 3 and 1.7 points respectively.

Public Services (Local), Retail (Food), Retail (Non-food), Services, Transport and Utilities have each fallen by more than 1 point compared to a year ago. In Transport, the average score for train operators is down by 2.5 points. The Air and Coach/Bus sub-sectors have each fallen by less than 1 point.

The other sectors are relatively unchanged compared to a year ago. The Telecommunications and Media sector's UKCSI score increased slightly, by 0.4 points. This is the sector's highest score since July 2013.

Sector	UKCSI score July 2019	12 month change compared to July 2018	6 month change compared to January 2019	Highest scoring organisation in the sector	Highest organisation's score
Retail (Non-food)	80.9	-1.2	-0.7	Debenhams	86.7
Tourism	80.2	-0.1	-0.1	Jet2holidays.com	83.3
Retail (Food)	80.1	-1.1	-0.5	Ocado	84.4
Leisure	80.0	0.1	-0.3	Netflix	83.9
Banks & Building Societies	79.7	-0.7	-0.7	first direct	86.8
Insurance	78.8	-0.5	-1.0	LV=	83.6
Automotive	78.5	-0.5	-0.4	Suzuki	85.9
Services	76.6	-1.2	-0.3	Green Flag	81.4
Public Services (National)	75.4	-0.4	-0.7	Post Office Disclosure and Barring Service (formerly Criminal Records Bureau (CRB))	78.9
Telecommunications & Media	74.7	0.4	0.3	giffgaff	82.5
Public Services (Local)	73.9	-1.5	-1.8	Library	83.9
Utilities	72.1	-2.6	-1.7	Dwr Cymru (Welsh Water)	79.2
Transport	70.8	-1.7	-1.0	Jet2	82.0

▲ Increase in UKCSI score

▼ Fall in UKCSI score of less than one point

▼ Fall in UKCSI score of one point or more

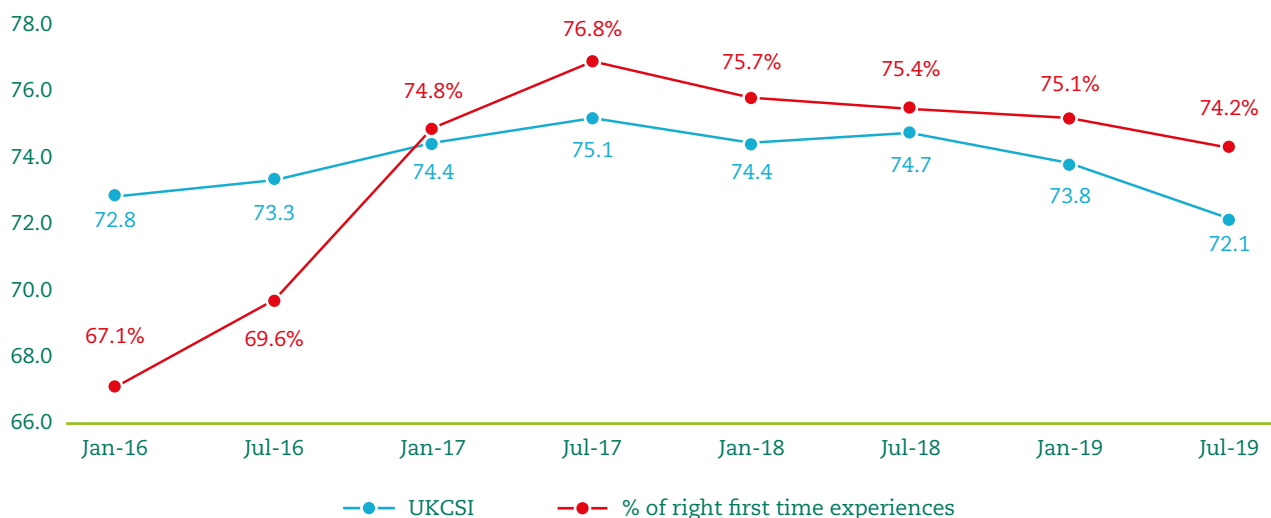
The Utilities sector's fall in customer satisfaction appears to be influenced by an increase in the number of problems and complaints alongside a slight drop for most experience measures

14.3% of Utilities' customers experienced a problem, 2 percentage points more than a year ago and the highest level since July 2015. However, satisfaction with complaint handling is slightly higher than a year ago, especially in the Water sector. This illustrates that focusing on complaints, though essential, is not sufficient to

achieve sustained growth in overall satisfaction and engagement. The number of experiences described by customers as being right first time, 74.2%, is 1.2 percentage points lower than in July 2018. This is the lowest right first time score of any sector except Public Services (Local).

	ENERGY			WATER	
	UKCSI	% of customers experiencing a problem		UKCSI	% of customers experiencing a problem
July 19	71.3	15.4%	July 19	73.4	11.9%
July 18	74.3	12.7%	July 18	75.1	10.9%

Customer satisfaction and % right first time in the Utilities sector



Dimensions of customer satisfaction

The overall customer satisfaction measured in the UKCSI is based on five dimensions: experiences with organisations; complaint handling; and perceptions about an organisation's customer ethos, emotional connection and ethical behaviour.



Experience

Measures the quality of customers' experiences and interactions with organisations



Complaint Handling

How organisations respond and deal with problems and complaints



Customer Ethos

The extent to which customers perceive that organisations genuinely care about customers and build the experience around their customers' needs



Emotional Connection

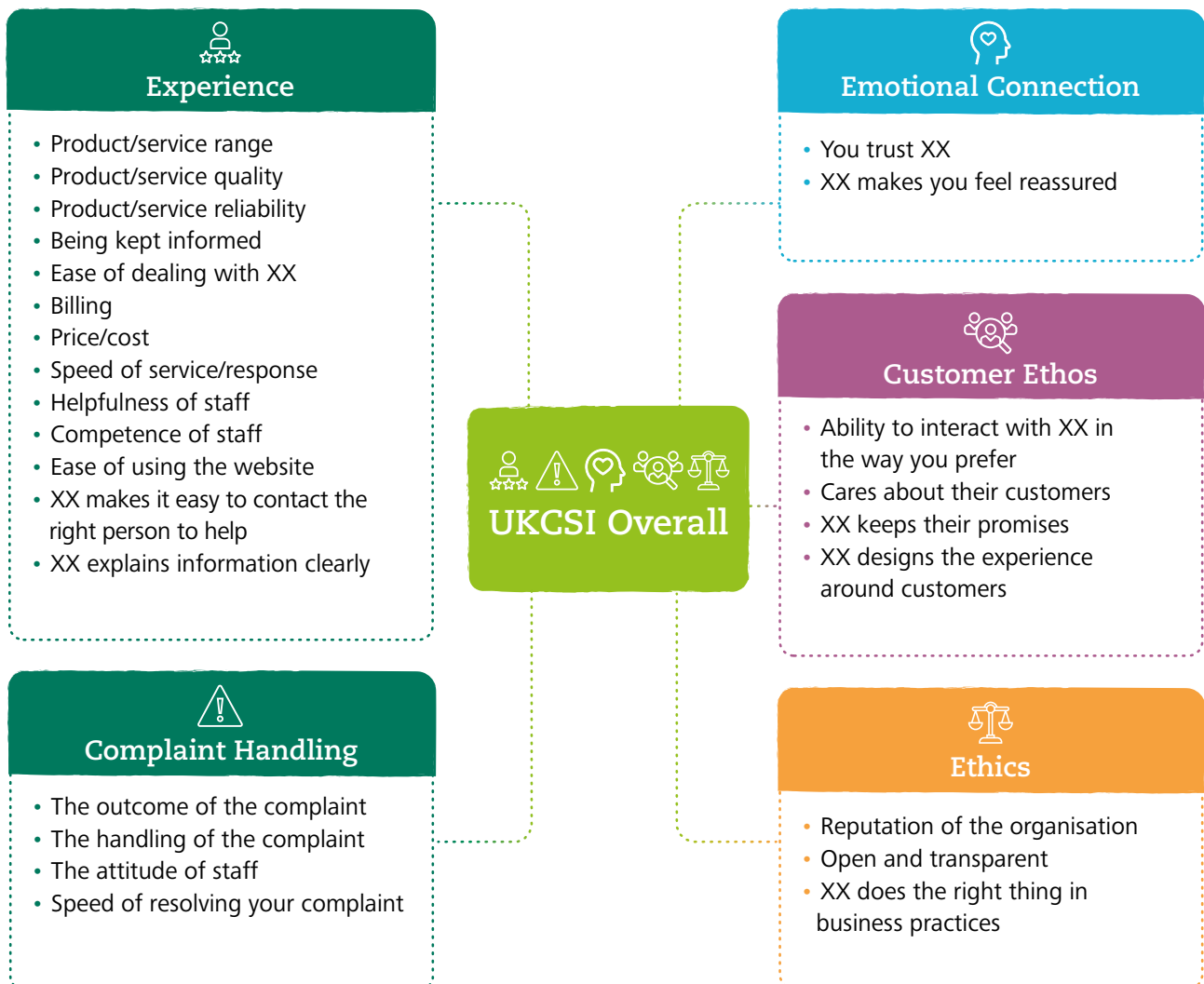
The extent to which an organisation engenders feelings of trust and reassurance









Ethics

Reputation, openness and transparency and the extent to which an organisation is deemed to "do the right thing"

UKCSI Scorecard



Across the five dimensions of customer satisfaction measured in the UKCSI, Experience measures attract higher scores than Customer Ethos, Emotional Connection and Ethics. Complaint Handling, based on the handling, outcome, speed of resolution and employee attitude in the context of a complaint, receives the lowest scores.

	 UKCSI	 Experience	 Complaint Handling	 Customer Ethos	 Emotional Connection	 Ethics
UK all-sector average	77.1	78.3	59.2	76.6	76.1	75.0
Automotive	78.5	79.5	62.3	78.9	78.9	77.4
Banks & Building Societies	79.7	81.2	61.6	78.7	78.4	76.9
Insurance	78.8	79.9	63.3	78.3	78.2	77.1
Leisure	80.0	81.0	65.1	79.8	78.7	77.8
Public Services (Local)	73.9	74.7	49.9	73.4	73.5	73.1
Public Services (National)	75.4	76.6	56.2	74.6	75.0	73.6
Retail (Food)	80.1	81.1	66.7	79.7	79.2	78.4
Retail (Non-food)	80.9	82.3	62.9	80.3	80.0	78.1
Services	76.6	77.6	56.3	76.3	76.0	74.5
Telecommunications & Media	74.7	76.0	58.3	74.0	72.7	72.1
Tourism	80.2	81.1	68.1	80.4	80.1	78.5
Transport	70.8	72.6	53.9	69.6	68.6	67.7
Utilities	72.1	73.7	56.7	71.2	69.7	69.3

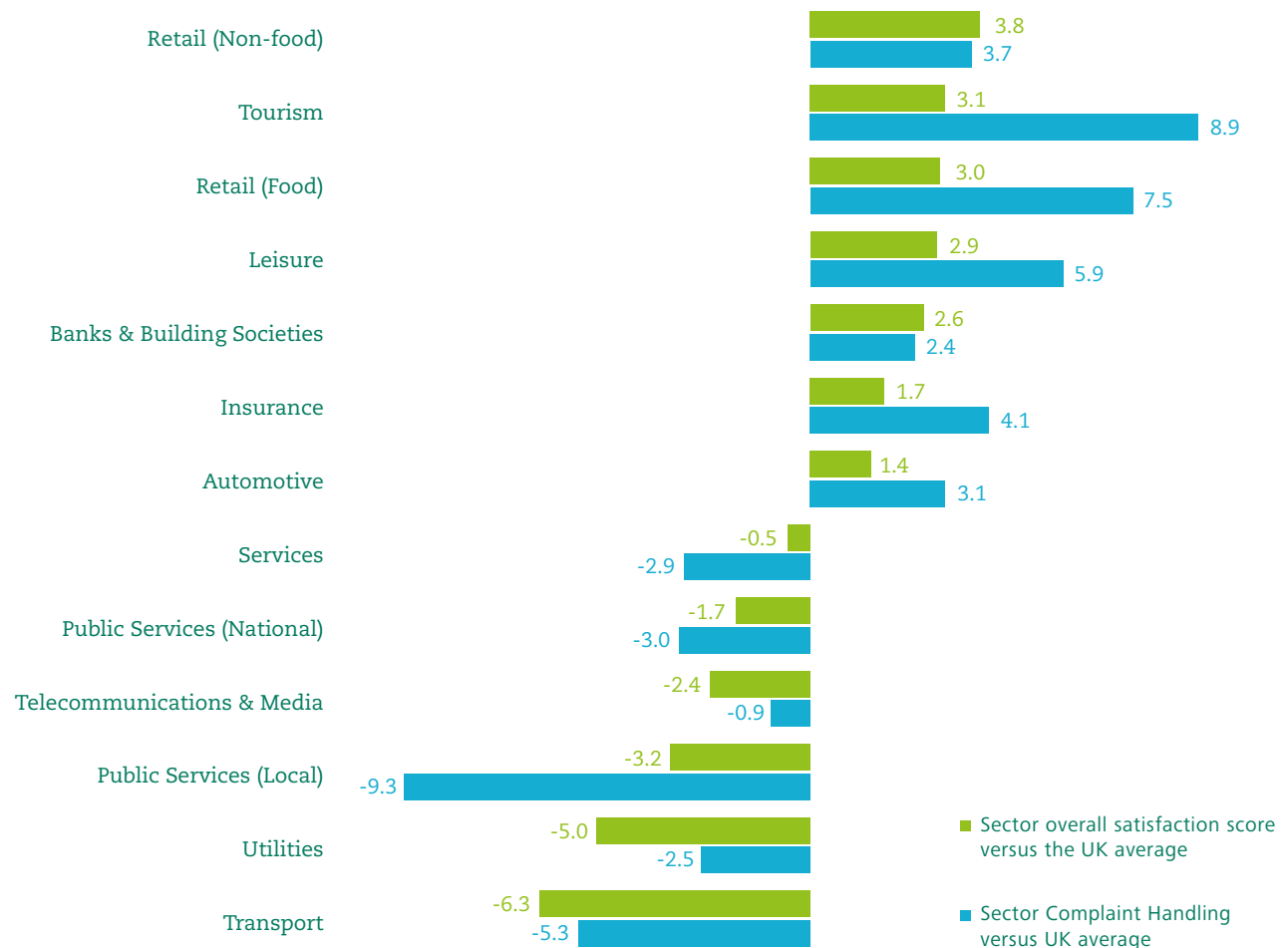
For Complaint Handling, there is a greater level of variation in the performance of some sectors relative to the UK average

In general, the relative scores for each dimension show a consistent pattern across sectors. The difference between each sector's overall UKCSI score and the UK average tends to be reflected across the five dimensions of customer satisfaction. However, for the Complaint Handling dimension there is a greater level of variation in the performance of some sectors relative to the UK average.

The Insurance, Leisure, Retail (Food), Tourism and Utilities sectors on average perform better for complaint handling than their overall UKCSI score might suggest.

Conversely, Public Services (Local) and Services have performed worse for complaint handling, relative to the UK average, than for the other dimensions of customer satisfaction.

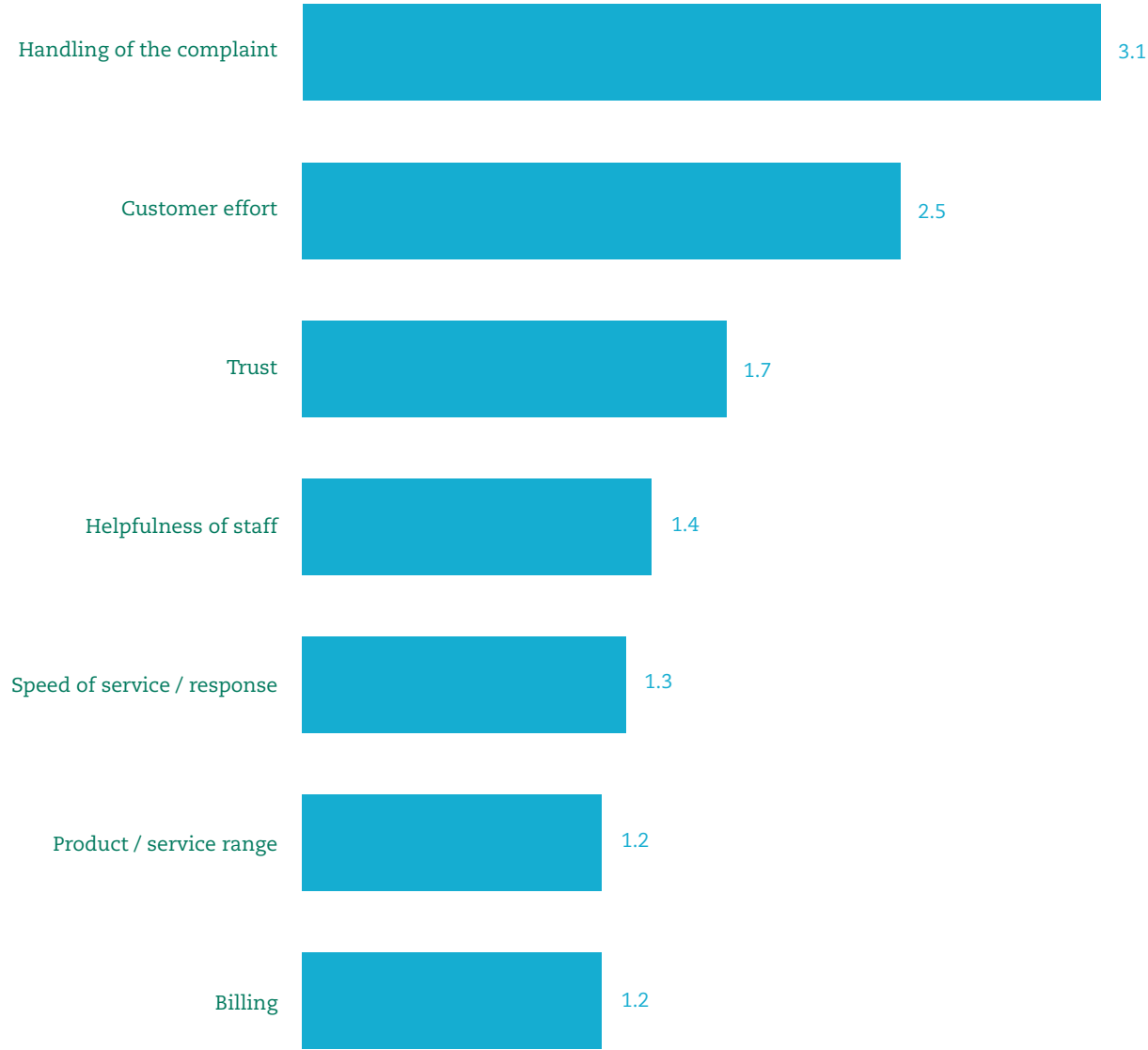
Difference between sector scores and the UKCSI average, for overall satisfaction and complaint handling



There is a wide variation in organisations' complaint handling performance, both within and across sectors. The average difference between the highest and lowest scoring organisation in each sector is most evident for complaint handling:

a gap of 3.1 points (out of 10). This is more than twice the average gap for product / service range or billing, which show the least difference between the highest and lowest scores in each sector (an average gap of 1.2 points).

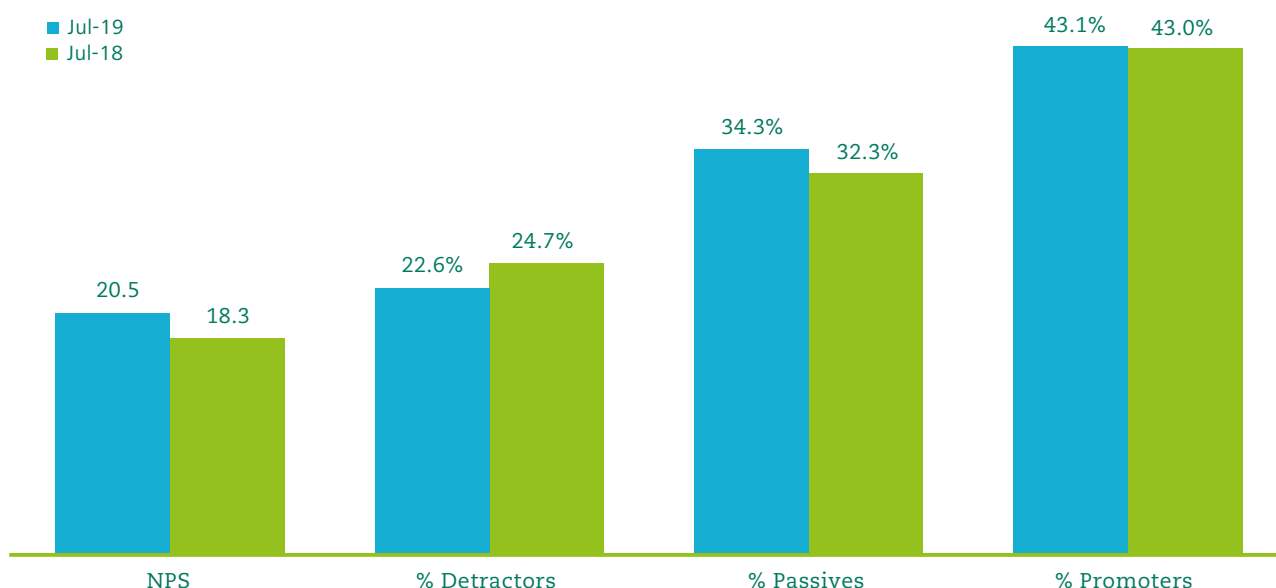
Average gap between the highest and lowest scores in each sector for selected measures (scale of 1 - 10)



The average Net Promoter Score² has increased by 2.2 points, caused by a fall in the number of detractors rather than an increase in the number of promoters

The Net Promoter Score (NPS) is up 2.2 points on July 2018 to 20.5, although it is 1.9 points lower than in January 2019. The year on year increase in the Net Promoter Score has been influenced

largely by a fall in the number of “detractors.” However, there has been virtually no growth in the number of “promoters.”



Automotive and Telecommunications and Media have seen the biggest year on year growth in NPS, by 6.6 points and 5.2 points respectively. The improved NPS in the Automotive sector has been caused both by a fall in the number of detractors (by 2.2%) and an increase in the number of promoters (by 4.4%). However, in the Telecommunications and Media sector, the improved NPS can be attributed to a reduction in the number of detractors (by 4.5%), as the number of promoters has barely increased (up by just 0.7%).

The Utilities sector's drop in customer satisfaction is reflected in a 4.5 point decline in its average NPS score. Utilities is the only sector which has seen an increase in the number of detractors alongside a fall in the number of promoters.

This evidence suggests that if the Net Promoter Score is to be an effective measure of customer loyalty and engagement, it is important to look beyond the headline number, to assess the number of active promoters, and the broader customer experience and relationship factors that influence their level of engagement.

² Net Promoter Score (NPS) is based on customers' responses to "how likely would you be to recommend xx to friends or relatives." NPS is calculated by subtracting the % of detractors - respondents scoring 0 – 6 (out of 10) - from the % of advocates, who scored 9 – 10. Passives give a score of 7 or 8.

Sector Net Promoter Scores, with year on year changes

Sector	NPS	NPS change	Change in detractors	Change in passives	Changes in promoters
UK average	20.5	2.2	-2.1 ▼	2.0	0.1
Retail (Non-food)	42.0	1.4	-3.0 ▼	4.7	-1.6 ▼
Retail (Food)	38.2	3.9	-3.8 ▼	3.6	0.1
Tourism	34.5	4.7	-2.9 ▼	1.2	1.7 ▲
Leisure	33.4	4.3	-3.1 ▼	1.8	1.3 ▲
Automotive	26.3	6.6	-2.2 ▼	-2.2	4.4 ▲
Banks & Building Societies	23.9	3.3	-3.6 ▼	3.8	-0.2
Public Services (National)	21.1	4.1	-3.5 ▼	2.9	0.6
Services	19.6	0.4	-2.5 ▼	4.5	-2.0 ▼
Insurance	15.4	2.1	-1.7 ▼	1.3	0.4
Public Services (Local)	12.7	-1.9	0.1	1.6	-1.8 ▼
Telecommunications & Media	6.9	5.2	-4.5 ▼	3.7	0.7
Transport	0.4	-0.6	0.8	-1.0	0.2
Utilities	-9.4	-4.5	2.6 ▲	-0.6	-1.9 ▼

Changes of more than one point for detractors and promoters have been highlighted

Customer satisfaction by organisation



Ratings for individual organisations across the full range of UKCSI measures and dimensions are available in the series of 13 sector reports published alongside this report³.

³ Sector reports are available as a membership benefit for Institute organisational members; entitlement to sector reports varies by membership level. Sector reports are available for purchase by non-members at www.instituteofcustomerservice.com/research

There has been a sharp increase in the number of organisations whose customer satisfaction has fallen by at least 2 points

11.4% of organisations in this UKCSI have improved year on year by at least two points, broadly similar to the situation in July 2018 (11.3%). However, there has been an increase in the number of organisations whose UKCSI score dropped by at least 2 points, from 22.3% in July

2018 to 29.5% in this latest UKCSI survey. The number of organisations that experienced a year on year drop in customer satisfaction is most pronounced in the Utilities, Transport and Retail (Non-food) sectors.

Number of organisations receiving a UKCSI score in each sector

Sector	Number of organisations	Organisations that have improved yoy by at least 2 points	Organisations that have experienced a yoy drop of at least 2 points
Automotive	24	17%	17%
Banks & Building Societies	15	7%	27%
Insurance	24	0%	25%
Leisure	23	17%	26%
Public Services (Local)	7	14%	29%
Public Services (National)	9	22%	11%
Retail (Food)	11	9%	18%
Retail (Non-food)	25	20%	36%
Services	21	5%	19%
Telecommunications & Media	13	8%	15%
Tourism	19	26%	21%
Transport	33	3%	42%
Utilities	30	10%	57%

■ 20% or more of organisations have improved by at least 2 points

■ 20% or more of organisations have fallen by at least 2 points

The top 50 organisations

July-19 Rank	Organisation	Sector	July-19 Score	July-18 Score	July-18 Rank	Change in score July-18 to July-19
1	first direct	Banks & Building Societies	86.8	85.6	5	1.2 ▲
2	Debenhams	Retail (Non-food)	86.7	80.5	61	6.2 ▲
3	Suzuki	Automotive	85.9	80.2	67	5.7 ▲
4	John Lewis	Retail (Non-food)	85.3	86.5	2	-1.2 ▼
5	Next	Retail (Non-food)	85.1	86.1	3	-1.0 ▼
6 =	Amazon.co.uk	Retail (Non-food)	84.4	86.7	1	-2.3 ▼
6 =	Ocado	Retail (Food)	84.4	NO DATA	NO DATA	NO DATA
8	Nationwide	Banks & Building Societies	84.2	85.6	5	-1.4 ▼
9	Netflix	Leisure	83.9	83.9	11	0.0 =
10	LV=	Insurance	83.6	82.5	25	1.1 ▲
11	M & S	Retail (Non-food)	83.4	81.9	32	1.5 ▲
12	Jet2holidays.com	Tourism	83.3	83.0	20	0.3 ▲
13 =	Argos	Retail (Non-food)	83.0	83.3	16	-0.3 ▼
13 =	Pets at Home	Retail (Non-food)	83.0	83.5	13	-0.5 ▼
13 =	Premier Inn	Tourism	83.0	82.3	28	0.7 ▲
16	P&O Cruises	Tourism	82.9	77.9	134	5.0 ▲
17 =	Home Bargains	Retail (Non-food)	82.8	NO DATA	NO DATA	NO DATA
17 =	Škoda UK	Automotive	82.8	80.9	55	1.9 ▲
19 =	giffgaff	Telecommunications & Media	82.5	81.4	44	1.1 ▲
19 =	Greggs	Leisure	82.5	83.4	14	-0.9 ▼
21	Co-op Food	Retail (Food)	82.1	79.6	93	2.5 ▲
22 =	Aviva	Insurance	82.0	82.7	22	-0.7 ▼
22 =	Jet2	Transport	82.0	82.5	25	-0.5 ▼
24	Aldi	Retail (Food)	81.9	82.6	23	-0.7 ▼
25	Waitrose	Retail (Food)	81.8	83.3	16	-1.5 ▼

▲ Increase in UKCSI score of less than one point ▼ Fall in UKCSI score ▲ Increase in UKCSI score of one point or more

July-19 Rank	Organisation	Sector	July-19 Score	July-18 Score	July-18 Rank	Change in score July-18 to July-19
26 =	Brittany Ferries	Transport	81.6	81.6	37	0.0 =
26 =	Nationwide Insurance	Insurance	81.6	83.1	19	-1.5 ▼
28	Matalan	Retail (Non-food)	81.5	76.3	163	5.2 ▲
29 =	Green Flag	Services	81.4	83.0	20	-1.6 ▼
29 =	Tesco	Banks & Building Societies	81.4	78.6	116	2.8 ▲
31	Subway	Leisure	81.3	81.2	48	0.1 ▲
32 =	Boots UK	Retail (Non-food)	81.2	79.7	87	1.5 ▲
32 =	Expedia	Tourism	81.2	79.0	106	2.2 ▲
32 =	Holiday Inn	Tourism	81.2	78.0	131	3.2 ▲
32 =	Honda	Automotive	81.2	81.8	33	-0.6 ▼
36	Thomson Airways	Transport	81.1	78.7	111	2.4 ▲
37 =	BMW	Automotive	81.0	80.7	57	0.3 ▲
37 =	Hilton	Tourism	81.0	80.2	67	0.8 ▲
39 =	Iceland	Retail (Food)	80.9	84.0	10	-3.1 ▼
39 =	Kia	Automotive	80.9	81.8	33	-0.9 ▼
39 =	Toyota	Automotive	80.9	79.7	87	1.2 ▲
42 =	Center Parcs	Tourism	80.8	77.4	143	3.4 ▲
42 =	JD Wetherspoon	Leisure	80.8	81.0	52	-0.2 ▼
42 =	Nissan	Automotive	80.8	79.9	81	0.9 ▲
42 =	Spotify	Leisure	80.8	80.0	77	0.8 ▲
46	booking.com	Tourism	80.7	81.5	39	-0.8 ▼
47 =	Direct Line	Insurance	80.6	80.5	61	0.1 ▲
47 =	Ikea	Retail (Non-food)	80.6	79.8	84	0.8 ▲
49 =	M & S (food)	Retail (Food)	80.5	82.6	23	-2.1 ▼
49 =	Tesco Mobile	Telecommunications & Media	80.5	84.5	7	-4.0 ▼
49 =	Vue Cinema	Leisure	80.5	76.6	159	3.9 ▲

▲ Increase in UKCSI score of less than one point ▼ Fall in UKCSI score ▲ Increase in UKCSI score of one point or more

Customer satisfaction performance by organisation, at a glance

23 of the top 50 organisations did not feature amongst the top 50 in the July 2018 UKCSI

11 of the top 50 have improved year on year by at least 2 points. Debenhams, Suzuki, P & O Cruises and Matalan each achieved a UKCSI score at least 5 points higher than in July 2018

4 of the top 50 organisations have seen a drop in their UKCSI score of 2 points or more: Amazon.co.uk; Iceland; M & S (food); and Tesco Mobile

However, each of these organisations continues to receive a UKCSI score higher than their sector average

The three highest scoring sectors overall - Retail (Non-food), Tourism and Retail (Food) - supply 25 of the organisations that appear in the top 50, whereas there are no organisations from either the Utilities or Public Sector (National) sectors

The highest scoring Utilities organisation is Dwr Cymru (Welsh Water), with a UKCSI score of 79.2






The highest rated organisations in Public Services (National) are the the Post Office and the Disclosure and Barring Service. Each has a UKCSI score of 78.9.



Top rated organisations by customer satisfaction dimension

first direct, Debenhams, John Lewis, Suzuki and Next are rated in the top organisations for each of the Experience, Customer Ethos, Emotional Connection and Ethics dimensions.

UKCSI dimensions

 Experience	 Complaint Handling	 Customer Ethos	 Emotional Connection	 Ethics
Debenhams	Trivago	first direct	first direct	first direct
first direct	Jet2 holidays.com	Suzuki	Suzuki	John Lewis
Amazon.co.uk	Halifax	Ocado	Debenhams	Suzuki
Suzuki	Waitrose	John Lewis	John Lewis	Next
Next	BMW	Debenhams	Ocado	Debenhams
John Lewis	booking.com	Pets at Home	Next	Ocado
Nationwide (Bank)	P&O Cruises	Next	Nationwide (Bank)	Nationwide (Bank)
LV=	Southern Water	Amazon.co.uk	Jet2 holidays.com	M & S (Non-food)
Netflix	Center Parcs	Netflix	M & S (Non-food)	Netflix
Home Bargains	Brittany Ferries	Jet2 holidays.com	Amazon.co.uk	Co-op Food
Premier Inn				P&O Cruises

The Complaint Handling dimension features a wider variety of organisations amongst the top performers. Scores are only quoted for organisations for whom at least 10 complaints were recorded. This means that fewer organisations receive a score. Many organisations generating particularly low levels of complaints may not receive published satisfaction with complaint handling ratings.

The 20 most improved organisations

	UKCSI score July 2019	UKCSI score July 2018	Change	Compared to sector average	Sector
Debenhams	86.7	80.5	6.2	5.8	Retail (Non-food)
Timpson	80.3	74.5	5.8	3.7	Services
Suzuki	85.9	80.2	5.7	7.4	Automotive
Northumbrian Water	78.9	73.3	5.6	6.8	Utilities
Matalan	81.5	76.3	5.2	0.6	Retail (Non-food)
P&O Cruises	82.9	77.9	5.0	2.7	Tourism
Seat	77.4	72.5	4.9	-1.1	Automotive
Burger King	78.8	74.0	4.8	-1.2	Leisure
Disclosure and Barring Service (formerly Criminal Records Bureau (CRB))	78.9	74.5	4.4	3.5	Public Services (National)
Sports Direct	76.5	72.1	4.4	-4.4	Retail (Non-food)
Vue Cinema	80.5	76.6	3.9	0.5	Leisure
New Look	79.2	75.5	3.7	-1.7	Retail (Non-food)
Center Parcs	80.8	77.4	3.4	0.6	Tourism
TK Maxx	79.5	76.2	3.3	-1.4	Retail (Non-food)
Frankie and Bennys	78.3	75.0	3.3	-1.7	Leisure
Vodafone	76.3	73.0	3.3	1.6	Telecommunications & Media
Holiday Inn	81.2	78.0	3.2	1.0	Tourism
Fiat	76.4	73.3	3.1	-2.1	Automotive
Tesco (Bank)	81.4	78.6	2.8	1.7	Banks & Building Societies
Mercedes-Benz	79.8	77.0	2.8	1.3	Automotive

- Organisation is at least 1 point higher than the sector average
- Organisation is at least 1 point lower than the sector average

Almost half of the most improved organisations are from the Retail (Non-food) or Automotive sectors. There are no Transport organisations amongst the 20 most improved in the UKCSI. Five of the 20 most improved organisations have achieved their highest ever UKCSI score: Suzuki; Debenhams; TK Maxx; Northumbrian Water; and Vue Cinema.

Debenhams' emergence as the most improved, and second highest rated organisation overall in the UKCSI, is eye-catching, given the organisation's well publicised commercial challenges. A key question is whether this improvement is temporary, or signals a sustained uplift in performance. Like many other high street retailers, Debenhams has been challenged by evolving customer demand and managing the growth of online commerce alongside a portfolio of physical stores, often on long-term leases. The "Debenhams Redesigned" strategy launched in 2018 aimed to restore the company's fortunes by refreshing its brand, stores and product ranges and simplifying the online shopping experience. In the UKCSI, Debenhams has improved across a range of measures, but especially for staff helpfulness, ease of using the website and ease of dealing with the organisation.

It is too early to say whether Debenhams' improvement in this UKCSI is temporary, or the foundation for a longer-term recovery; and it is not uncommon that organisations featuring among the UKCSI's 20 most improved fail to sustain their improvement. Our research has demonstrated that customer satisfaction can lead to stronger turnover growth, margin, ebitda and revenue per employee – but only when organisations consistently perform better than their sector for customer satisfaction over a sustained period.

2

Customer satisfaction and business performance

This section reviews the relationship between customer satisfaction and business performance in the Retail (Food) and Banks and Building Societies sectors. It also demonstrates further evidence of the links between the high levels of customer satisfaction and the strongest ratings for trust, recommendation, loyalty and reputation.

Average Retail (Food) sector customer satisfaction has fallen year on year by 1.1 points, to 80.1

This is the largest year on year drop in customer satisfaction since July 2015. Retail (Food) has been overtaken by Tourism as the second highest scoring sector for customer satisfaction. Across the Retail (Food) sector as a whole, most customer experience measures fell slightly or remained stable. The number of customers who experienced a problem rose by 1 percentage point to 12.3%.

Average satisfaction with the speed of complaint resolution declined by 0.6 points to 6.7, though this remains above the UK average of 5.8. 11 companies received a UKCSI score. Only one, Co-op Food, improved its score, whereas six companies have lower customer satisfaction than a year ago.

The link between customer satisfaction and sales growth⁴ in the Retail (Food) sector

Ocado is the top rated organisation in the sector, 84.4, its highest UKCSI score since January 2015. Ocado is the joint sixth highest rated organisation overall in the UKCSI, with the same score as amazon.co.uk. Ocado experienced sales growth of 6.8%, producing a small increase in market share, from 1.2% to 1.3%.

Co-op Food has continued its improvement in both customer satisfaction and sales growth. In January 2019, Co-op Food exceeded the sector average customer satisfaction for the first time. In the July 2019 UKCSI, it is the only organisation in the sector whose customer satisfaction has improved (by 2.5 points) compared to a year ago. Co-op Food also achieved sales growth of 4.5%, outperforming the sector average, 2.0%.

Aldi's customer satisfaction fell slightly compared to July 2018 (0.7) but it remains above the sector average. Aldi continues to be the highest growing supermarket. Its year on year sales grew by 11.6%, boosted by further store openings.

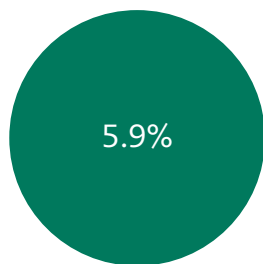
Each of the big four supermarkets – Tesco (down 0.9 points), Asda (down 0.6), Sainsbury's (down 1.3) and Morrisons (down 1.7) - has lower customer satisfaction than a year ago and all are below the sector average, 80.1. Tesco, Asda and Morrisons all grew sales by 1% or less. Sainsbury's sales growth was measured at – 1.2%. Each of these four supermarkets saw a slight fall in market share.

⁴ Source: Kantar World Panel annual sales growth for the week ending 21 April 2019

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



Food retailers with UKCSI at least 1 point above sector average



Food retailers with UKCSI within + / - 1 point of sector average



Food retailers with UKCSI at least 1 point below sector average



*Please note, M & S (Food) features in the UKCSI but is not included in Kantar's sales growth analysis so it does not appear on this chart.

Customer satisfaction in the Banks and Building Societies sector has fallen slightly, by 0.7 points, the first year on year drop since January 2016

Despite this decline, the sector remains 2.6 points higher than the UK average. Average customer satisfaction for experiences relating to current accounts fell by 1.3 points, to 79.8. Across the sector as a whole, most customer satisfaction measures are relatively unchanged, although there has been a small fall (by just 0.2 points) in the scores for reputation, and openness and transparency, and competence of staff. The number of customers experiencing a problem rose by 1.6 percentage points to 10.7%.

15 Banks or Building Societies appear in the July 2019 UKCSI. Only one organisation, Tesco (Bank), has improved by more than 2 points. Four organisations – M & S (Bank), Santander, Sainsbury's Bank and TSB - have fallen by at least 2 points. Compared to July 2018, the gap between the highest and lowest scoring organisations has grown by 6.6 points to 15.8, mainly due to TSB's score falling by 10.5 points.

Banks and Building Societies: customer satisfaction and current account switching

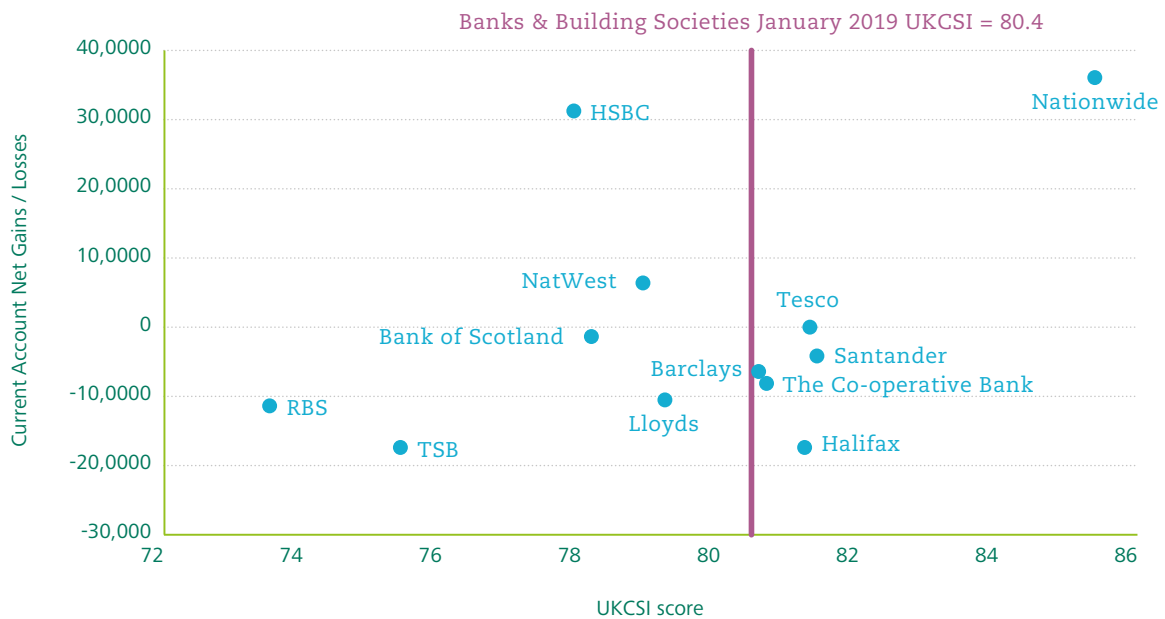
We have combined data from the most recent Current Account Switching Service Dashboard⁵ with the closest corresponding UKCSI period (January 2019) to examine the link between the relative performance of banks for customer satisfaction and net current account gains or losses.

Organisations with a UKCSI score at least 1 point higher than the sector average gained a net average of 16,179 current accounts. Most of these gains can be attributed to Nationwide (36,327 net gains). Organisations within 1 point (above or below) of the sector average for customer satisfaction saw an average net loss of 7,906 accounts.

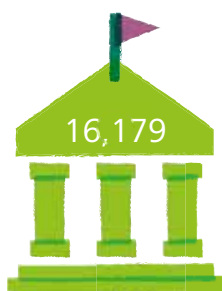
For organisations at least 1 point below the sector average for customer satisfaction, the average current accounts net loss was -467. In this case, the net accounts loss was offset by the performance of HSBC, which gained 31,389 net accounts and enjoyed a larger number of new accounts than any other bank.

⁵ Current Account Switching Service Dashboard Issue 22 covering the period 1 January to 31 March 2019. Please note, first direct is the highest ranked bank in the UKCSI but does not appear as an individual organisation in the CASS dashboard.

Average current account quarterly net gains, Q1 2019



Organisations at least 1 point higher than the sector average for customer satisfaction



■ Net current account gains

Organisations within + / - 1 point of sector average



■ Net current account losses

Organisations at least 1 point lower than the sector average



■ Net current account losses

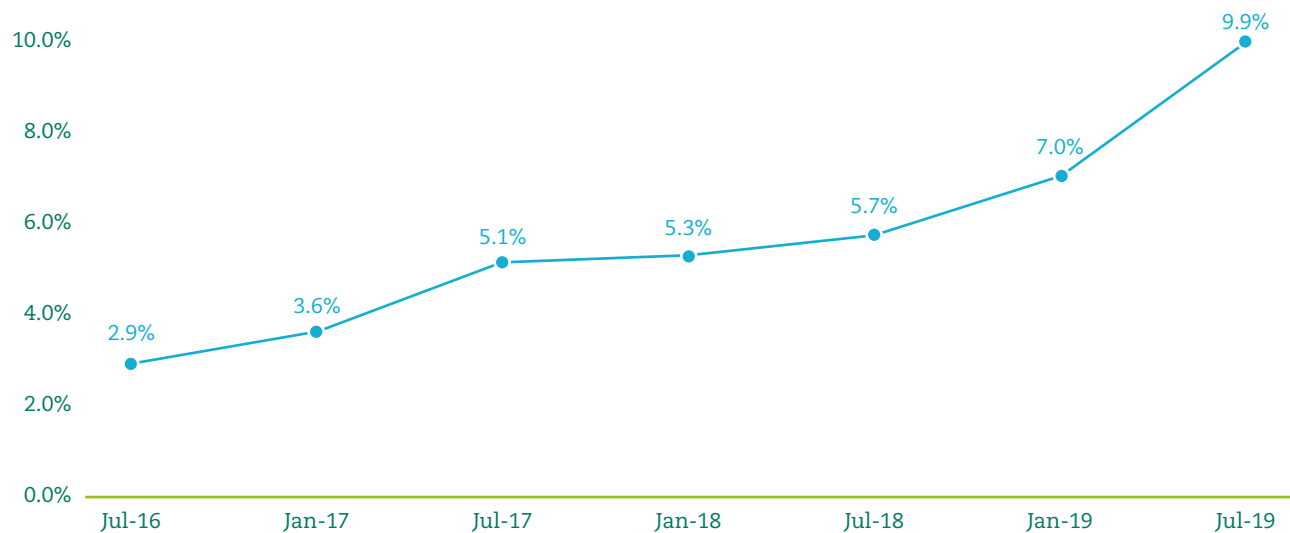
The CASS Dashboard highlighted that customers aged under 35 are three times as likely to think actively about switching than those aged over 55. Key life events such as buying a property or starting a new job also appear to be significant motivators for customers to change their bank. In this context it is especially important for organisations to understand why and how their customers interact with them.

App use has grown and attracts higher than average customer satisfaction

Evidence from the UKCSI suggests that App use in the Banks and Building Societies sector has grown across all age groups, especially amongst people aged 25 – 44, and is beginning to influence overall levels of customer satisfaction.

9.9% of recorded customer experiences in the Banks and Building Societies sector took place through an App, much higher than the UK all-sector average (3%), and the next highest sector, Telecommunications and Media (5.8%). In the Banking sector, customers primarily use an App to check their current account information or receive a regular account statement.

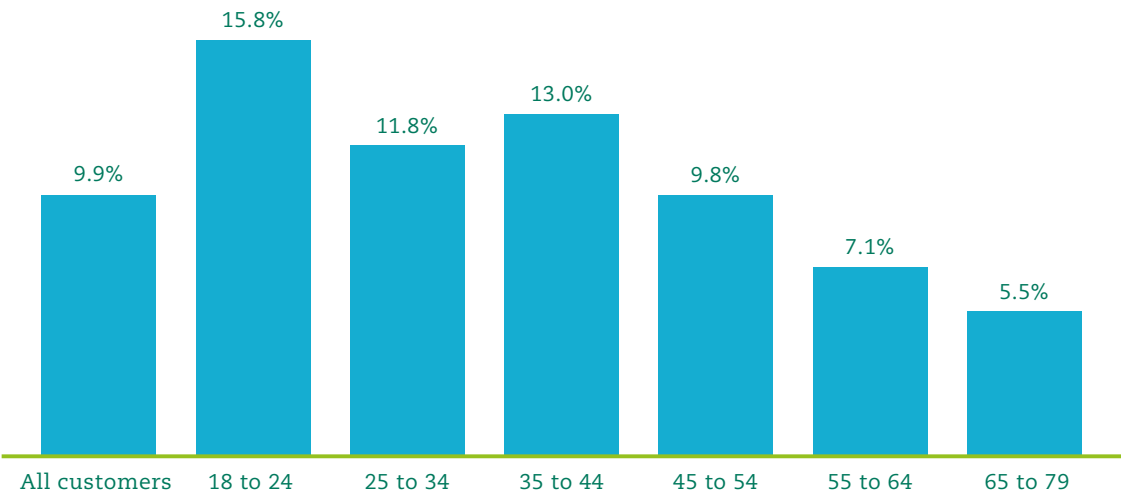
App use as a % of all customer experiences in the Banks & Building Societies sector



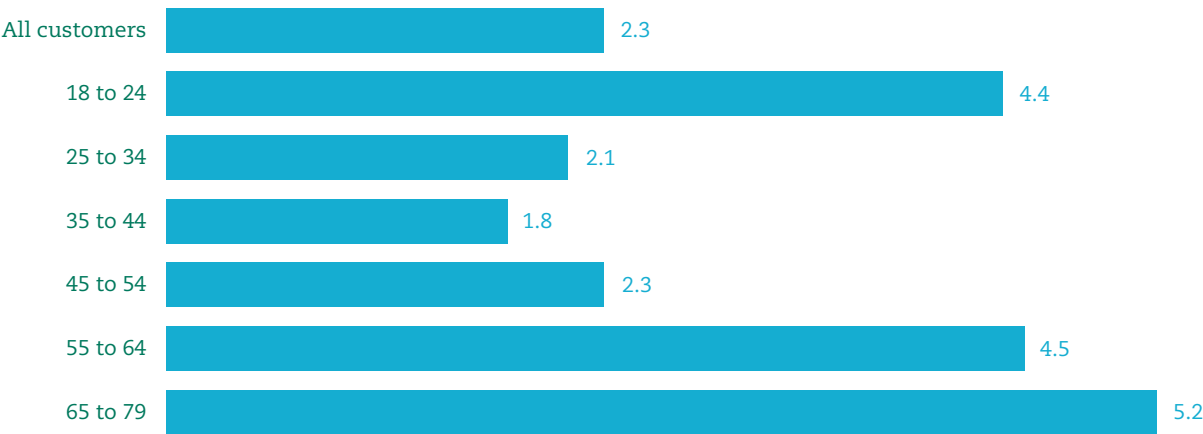
Customer satisfaction with experiences conducted via an App is 2.3 points higher than the sector average. App use is most intensive amongst 18 - 24 year olds. Their average customer satisfaction when using an App is 4.4 points higher than overall satisfaction (across all channels) for this age group.

App use and customer satisfaction in the Banks & Building Societies sector

% all Banking customer experiences conducted via an App



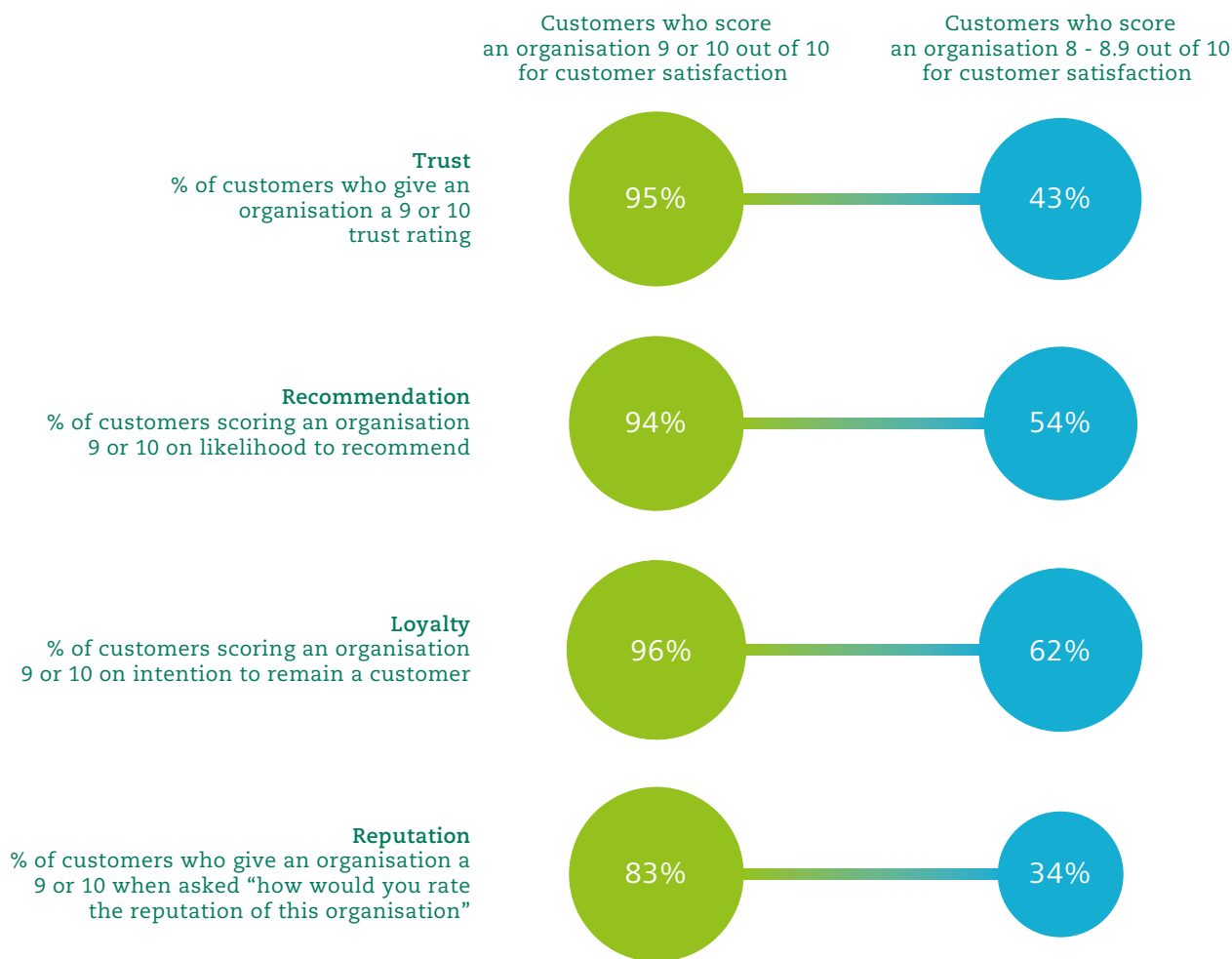
Difference between satisfaction for experiences conducted via an App, and overall satisfaction, by each age group



Whilst App use has grown, over 80% of customer experiences are conducted either in person, through an organisation's website, or by phone. Customer satisfaction in each of these channels has fallen by at least 1 point compared to July 2018. This suggests that further improvement in customer satisfaction in the Banking sector needs to be based on an understanding of what customers seek to achieve in their interactions with organisations and delivering consistent standards of experience across all channels.

Achieving a 9 or 10 for customer satisfaction is linked to especially high levels of trust, recommendation, loyalty and reputation

Across the average of all organisations in the UKCSI, achieving a 9 or 10 (out of 10) for customer satisfaction has a much stronger effect even than an 8 out of 10 in generating the highest levels of trust, recommendation, loyalty and reputation.



3

The impact of
personal context
on customer
experience

Our research into customer priorities⁶ suggests that the emotional connection between a customer and an organisation has a growing influence on customer satisfaction. In this UKCSI, we have further investigated the personal context of customers' experiences with organisations. Our evidence shows that customer experiences which are personally very important, or happen at a difficult time, can generate powerful emotions when handled well or badly, with significant impact on levels of trust and recommendation.

Customers were asked whether the following statements applied to their experience with an organisation:

- I'm very familiar with this type of experience, it's something I do often
- This experience was very important to me
- I enjoy spending time on this experience
- This experience happened at a difficult time for me

Customers rated each statement on a scale of 1 to 10, where 1 is strongly disagree and 10 is completely agree. Customers giving a score of 9 or 10 are regarded as strongly agreeing with the statement.

More than a quarter of customers (27.7%) said that their experience with an organisation was personally very important. A similar number (28.9%) said that their experience was a familiar one that they do often. Customers were relatively less likely to say either that they enjoyed spending time on the experience (17.8%), or that it happened "at a difficult time for me" (11.2%).

Where a customer experience takes place in each of these personal contexts, average customer satisfaction is notably higher than the UK average.

⁶ See Experiences, Emotions and Ethics: refreshing the customer priorities that underpin the UK Customer Satisfaction Index, Institute of Customer Service, 2018. Available at www.instituteofcustomerservice.com/research

How often customers related personal context to their experience with an organisation



The impact of personal context on customer satisfaction



The frequency of each of these personal contexts varies by sector.

Customers in the Public Services and Tourism sectors were the most likely to say that their experience with an organisation had a high personal importance.



Customers were more likely to say they enjoyed spending time dealing with an organisation in the Leisure, Tourism and Retail (Non-food) sectors. They were less likely to enjoy an experience with an organisation in the Utilities, Public Services (National) and Insurance sectors.

Customers were most likely to have familiarity with experiences in the Retail sectors. They were less likely to say that an experience was familiar, or something they do often, when dealing with Automotive, Insurance, Utilities or Telecommunications and Media organisations.

The proportion of customers strongly agreeing that the experience happened "at a difficult time for me" is broadly similar across sectors but is especially high in the Public Services sectors.

How customers described the personal context of their experience, by sector

	I'm very familiar with this type of experience, it's something I do often	This experience was very important to me	I enjoy spending time on this experience	This experience happened at a difficult time for me
UK all-sector average	28.9%	27.7%	17.8%	11.2%
Automotive	20.4%	26.7%	16.4%	11.9%
Banks & Building Societies	34.8%	29.6%	14.5%	10.4%
Insurance	20.5%	27.7%	12.8%	10.8%
Leisure	34.8%	22.3%	29.7%	9.2%
Public Services (Local)	26.8%	34.4%	14.5%	14.6%
Public Services (National)	27.0%	34.3%	12.5%	15.0%
Retail (Food)	50.7%	24.8%	19.5%	9.3%
Retail (Non-food)	38.9%	26.5%	23.5%	9.8%
Services	23.9%	27.5%	13.0%	11.7%
Telecommunications & Media	21.0%	24.9%	14.1%	11.4%
Tourism	28.7%	34.9%	32.1%	11.6%
Transport	27.0%	25.5%	18.4%	10.0%
Utilities	21.1%	20.8%	10.4%	10.1%

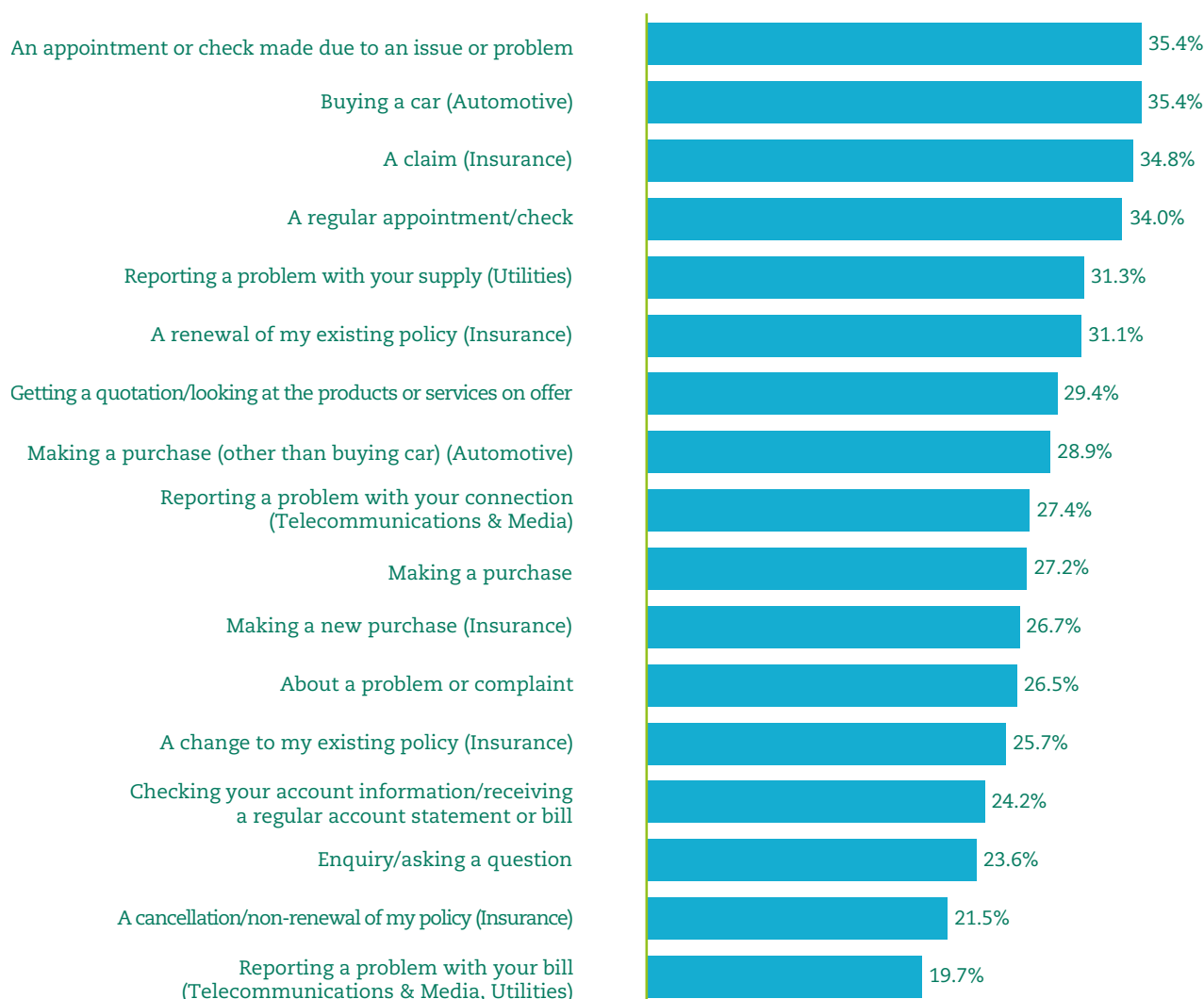
 occurs more often in this sector than the UK average
 occurs less often in this sector than the UK average

A broad range of experiences have high personal importance for customers, but some are more important than others

Customers attach high personal importance to a broad range of experiences with organisations, including both occasional and regular events or interactions. Appointments or checks, buying a car and making an insurance claim appear to have an especially strong personal significance for many customers.

How important was the experience to you?

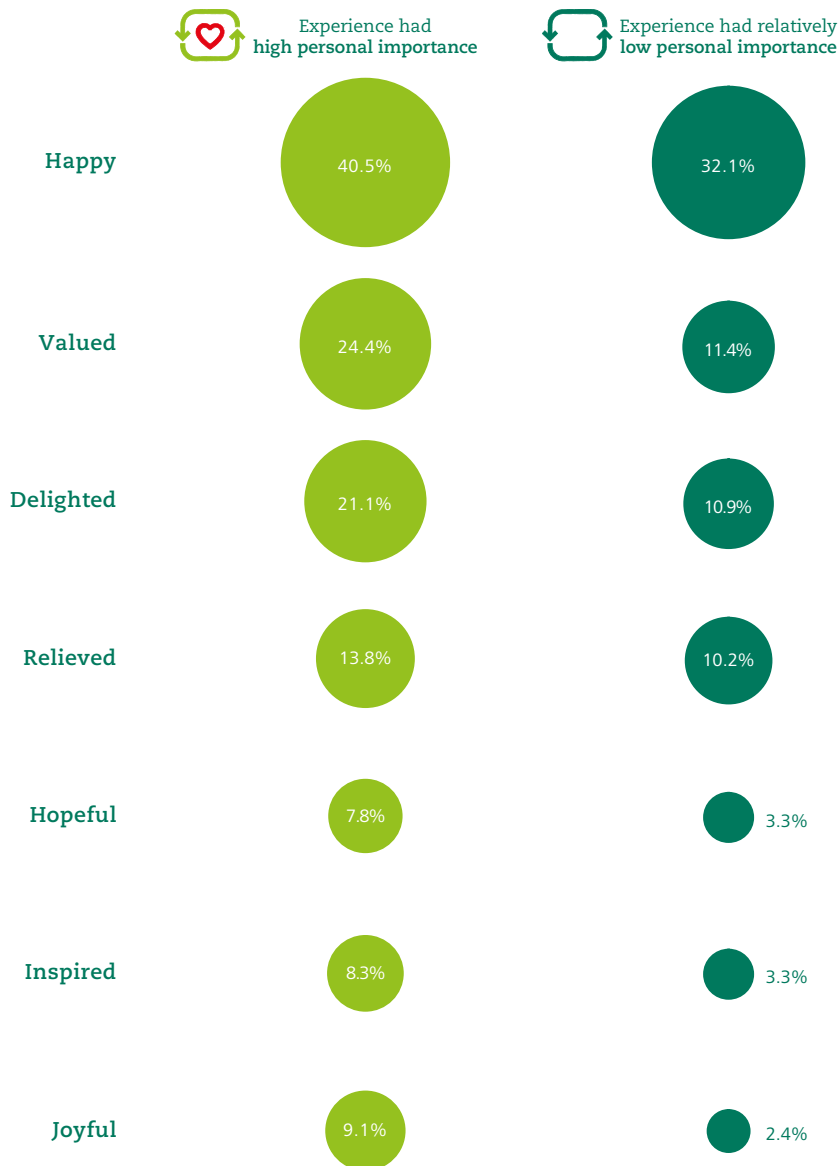
(% of customers rating each type of contact* as highly important)



*Types of contact refer to all sectors except where indicated. The breakdown of types of contact is available in the sector reports available at: www.instituteofcustomerservice.com/research

The most satisfied customers who attach very high personal importance to their experience with an organisation are much more likely than other highly satisfied customers to feel “valued”, “delighted” or “inspired”

Percentage of highly satisfied customers (scoring 9 or 10 out of 10 for overall satisfaction) who felt these emotions



Highly satisfied customers for whom an experience was personally important give the highest levels of trust and recommendation

Delivering an excellent quality of service when an experience is particularly important for a customer is a powerful enabler of engagement, trust and advocacy.

Highly satisfied customers (scoring 9 or 10 out of 10)

% customers giving 9 or 10 for Recommendation

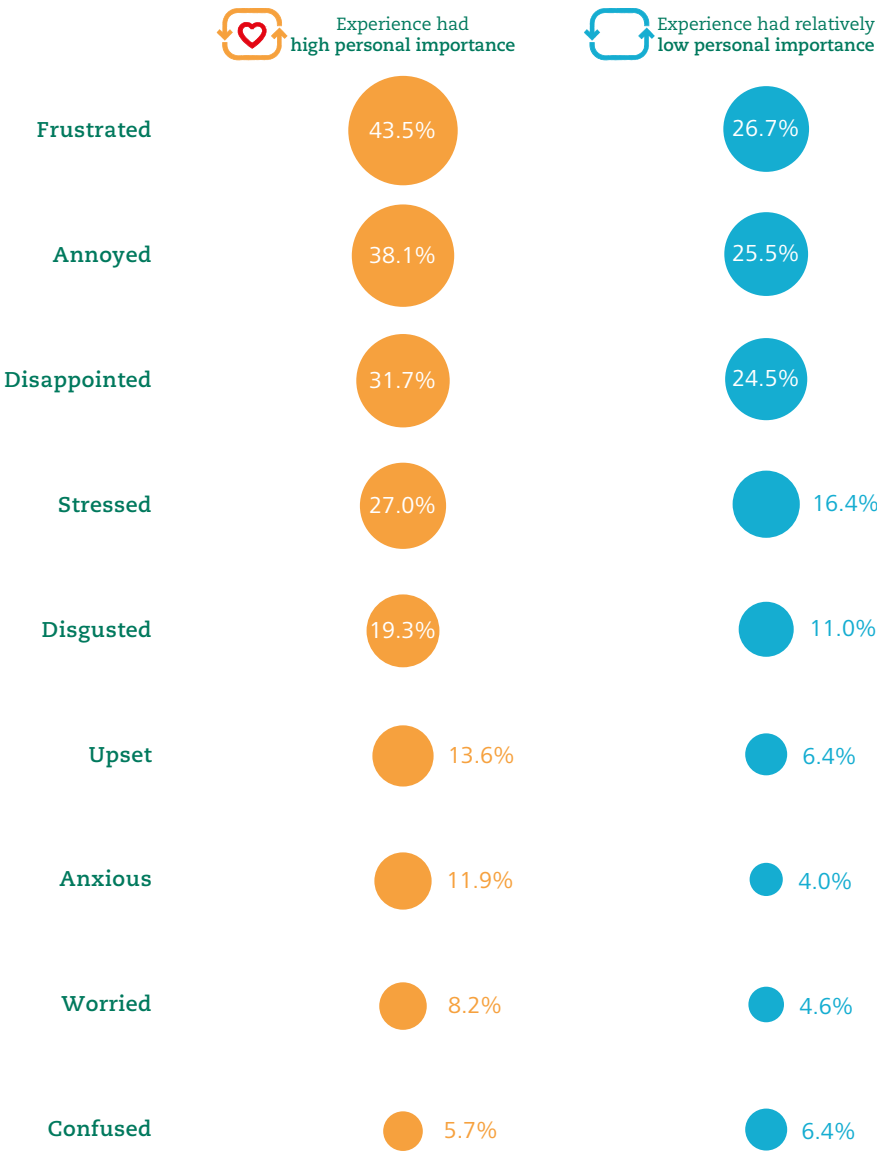


% customers giving 9 or 10 for Trust



Dissatisfied customers who regard their experience as personally important are the most likely to feel a range of negative emotions, especially "frustrated", "annoyed" or "disappointed"

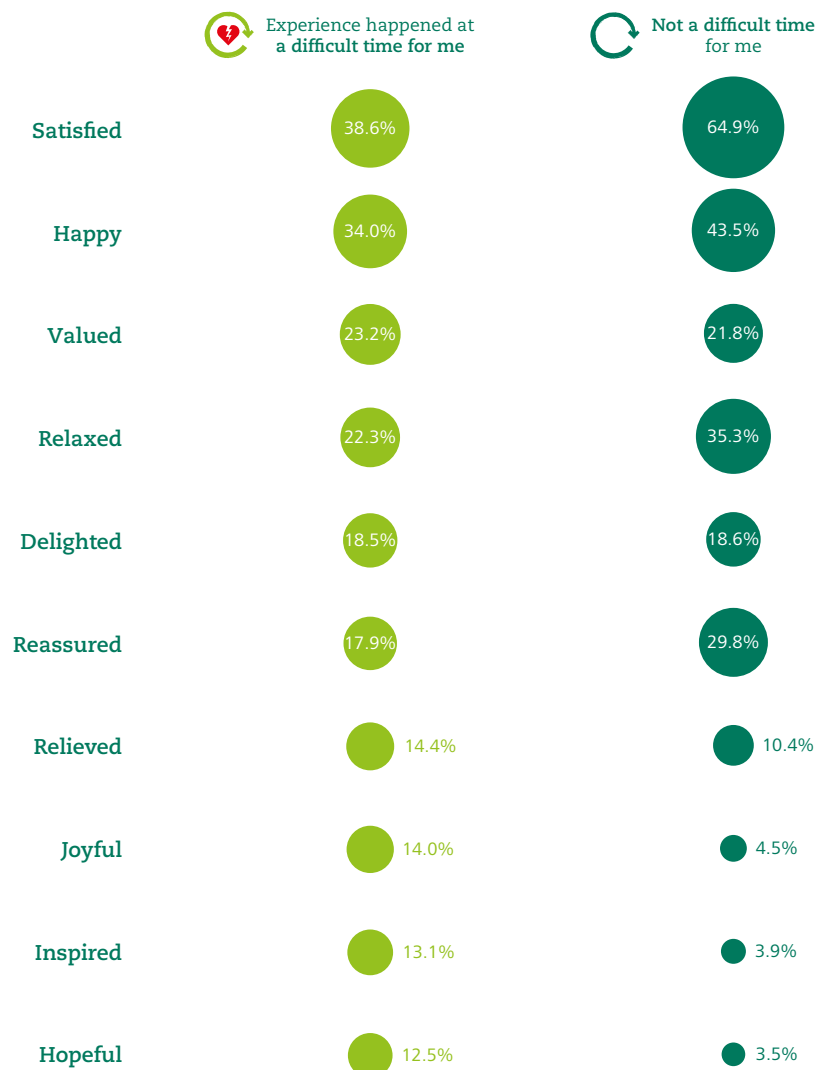
Percentage of the least satisfied customers (scoring 1 to 5 out of 10) who felt these emotions







When customers are experiencing a difficult time, they need reassurance and empathy

Highly satisfied customers who dealt with an organisation at a personally difficult time were much less likely to feel “satisfied”, “happy”, “relaxed” or “reassured” than equally satisfied customers whose experience was not in a context of difficult personal circumstances. However, they were more likely to feel “joyful”, “inspired” or “hopeful”. These findings reinforce the importance of understanding the needs of customers who are vulnerable, or going through a difficult time, and responding with appropriate empathy and reassurance.

The percentage of highly satisfied customers (scoring 9 or 10 out of 10) who felt these emotions



People dealing with an organisation at a personally difficult time are much more likely than other customers to have experienced a problem with an organisation. But their satisfaction with complaint handling is also much higher.

	 Experience happened at a difficult time for me	 Not at a difficult time for me
 % of customers experiencing a problem	25.9%	9.2%
 Satisfaction with complaint handling	7.1	4.7

Highly satisfied customers whose experience happened at a difficult time are more likely to express strong levels of recommendation, and especially of trust, than other highly satisfied customers.

Highly satisfied customers (scoring 9 or 10 out of 10)

% customers giving 9 or 10 for Recommendation

Experience happened at a difficult time for me

93.0%

Not a difficult time for me

89.1%

% customers giving 9 or 10 for Trust

Experience happened at a difficult time for me

90.9%

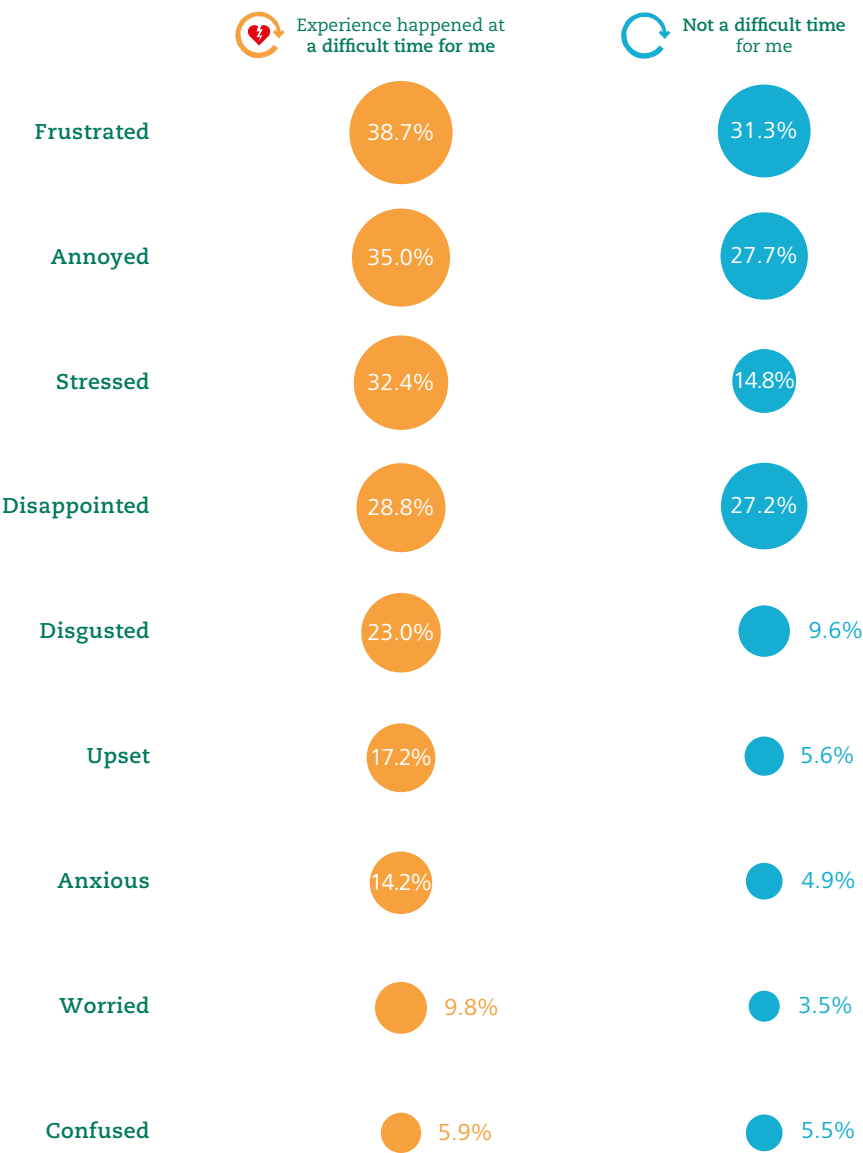
Not a difficult time for me

82.8%

Bad experiences with organisations generate the strongest negative emotions when customers are going through a difficult time

Amongst the least satisfied customers (those scoring 1 – 5 out of 10 for overall customer satisfaction), those who are experiencing a difficult time when they interact with an organisation are much more likely than other dissatisfied customers to feel “stressed”, “disgusted” or “upset” and much less likely to feel “indifferent.”

Percentage of the least satisfied customers (scoring 1 to 5 out of 10) who felt these emotions



The impact of personal context on customer experience: key takeouts for organisations

- Understand which experiences are most important to customers
- Provide information and advice to make it easier for customers to interact with your organisation
- Provide guidance on sensitive issues such as physical, mental or financial well-being that enable customers to self-serve or give them the option to identify themselves as being “vulnerable”
- Understand the contexts in which customers want fast, efficient service, or where they prefer to spend time and require personalised assistance
- Train people to manage their emotional intelligence and respond appropriately to powerful emotions in the context of customer experiences
- Ensure customers have the opportunity to speak to a person to access help when it is needed.

4

Sources of recommendation: what influences customers' decision-making?

Many organisations track measures of recommendation as an indicator of customer engagement and future purchasing intentions. In this UKCSI we asked customers which sources of recommendation and advice influenced their decision to use an organisation. It shows that consulting a trusted source of information and advice – especially a friend or family member – tends to result in higher customer satisfaction, compared to people who have not sought a recommendation or cannot remember doing so. In this section we examine which sources of information and advice are most popular and how they influence customer satisfaction in different sectors or amongst customers in different age groups.

Recommendations from friends and family are the most popular source of information and advice

Have any of the following sources of information or advice influenced your decision to use an organisation?



24% of customers said their decision to use an organisation was influenced by information or advice from a friend or family member. Recommendations are sought most frequently by customers in the Leisure, Automotive and Tourism sectors, but less so for Utilities.

Online reviews have influenced 18.9% of customers and are used most intensively in the Automotive, Retail (Non-food) and Tourism sectors.

Price comparison websites are most frequently used source of information in the Insurance sector. Their use is also prominent in the Tourism and Utilities sectors.

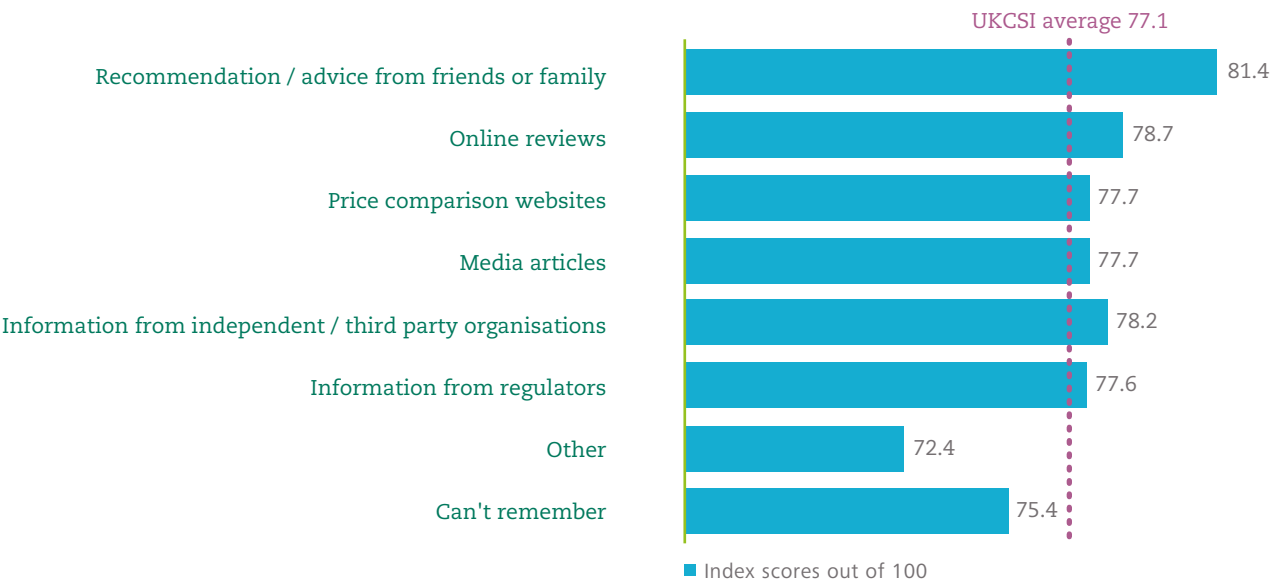
Information from regulators or independent third parties tends to be used less than other sources of information and advice. However, 8.1% of Public Services National customers said they were influenced by information provided by a regulator. Information from independent or third party organisations is more likely than average to be consulted in the Automotive (8.8% of customers) and Services (8.4% of customers) sectors.

Customers who refer to trusted sources of information or advice have higher satisfaction than those who don't

In general, customers whose experience with an organisation has been informed by information or advice from friends or family, online reviews, price comparison websites, media articles,

regulators or independent bodies, are more satisfied than those who have not sought information or cannot remember doing so.

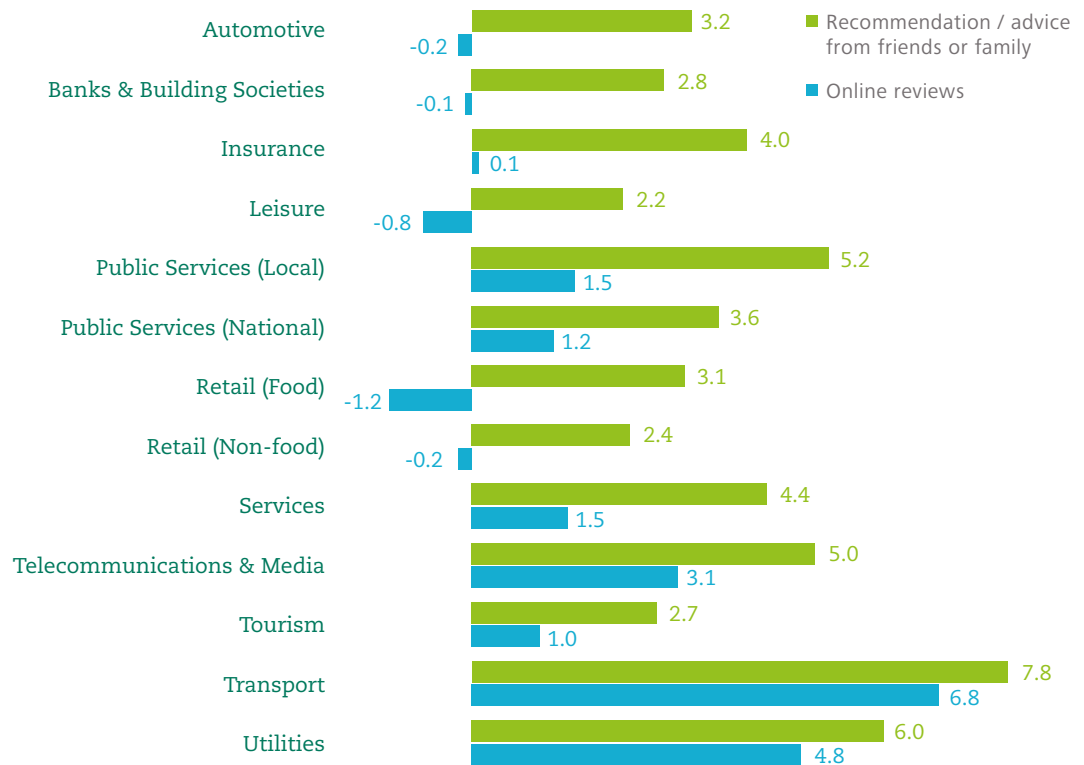
Average customer satisfaction, by source of information or advice used



Recommendations or advice from friends and family appear to be the most positive influence on customer satisfaction. In all 13 sectors, people who have consulted family or friends before dealing with an organisation have higher than average satisfaction.

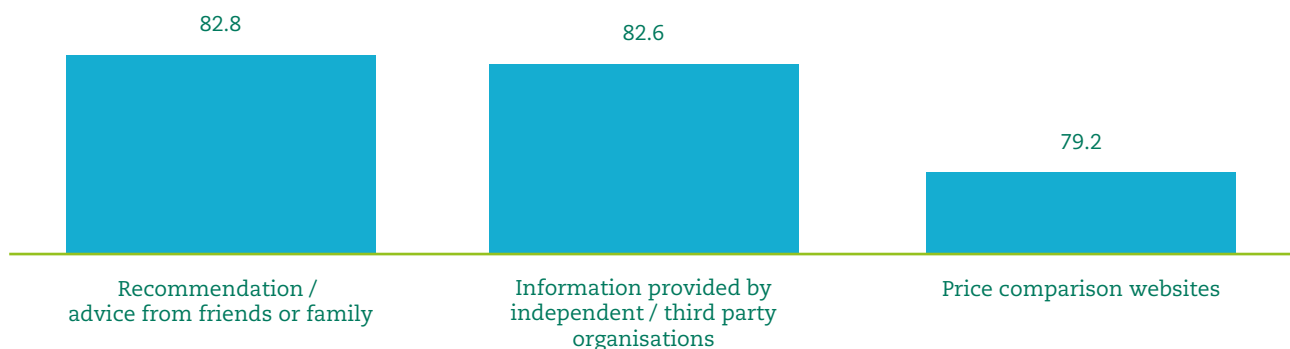
Although online reviews are used most intensively in the Automotive, Retail (Non-food) and Tourism sectors, they tend to lead to the highest gains in customer satisfaction in the Utilities, Transport and Telecommunication and Media sectors.

Average uplift in UKCSI score by source of information or advice used



In the Insurance sector price comparison websites are used much more than any other source of information or advice. However, personal recommendations or information from independent third party organisations appear to lead to higher levels of customer satisfaction.

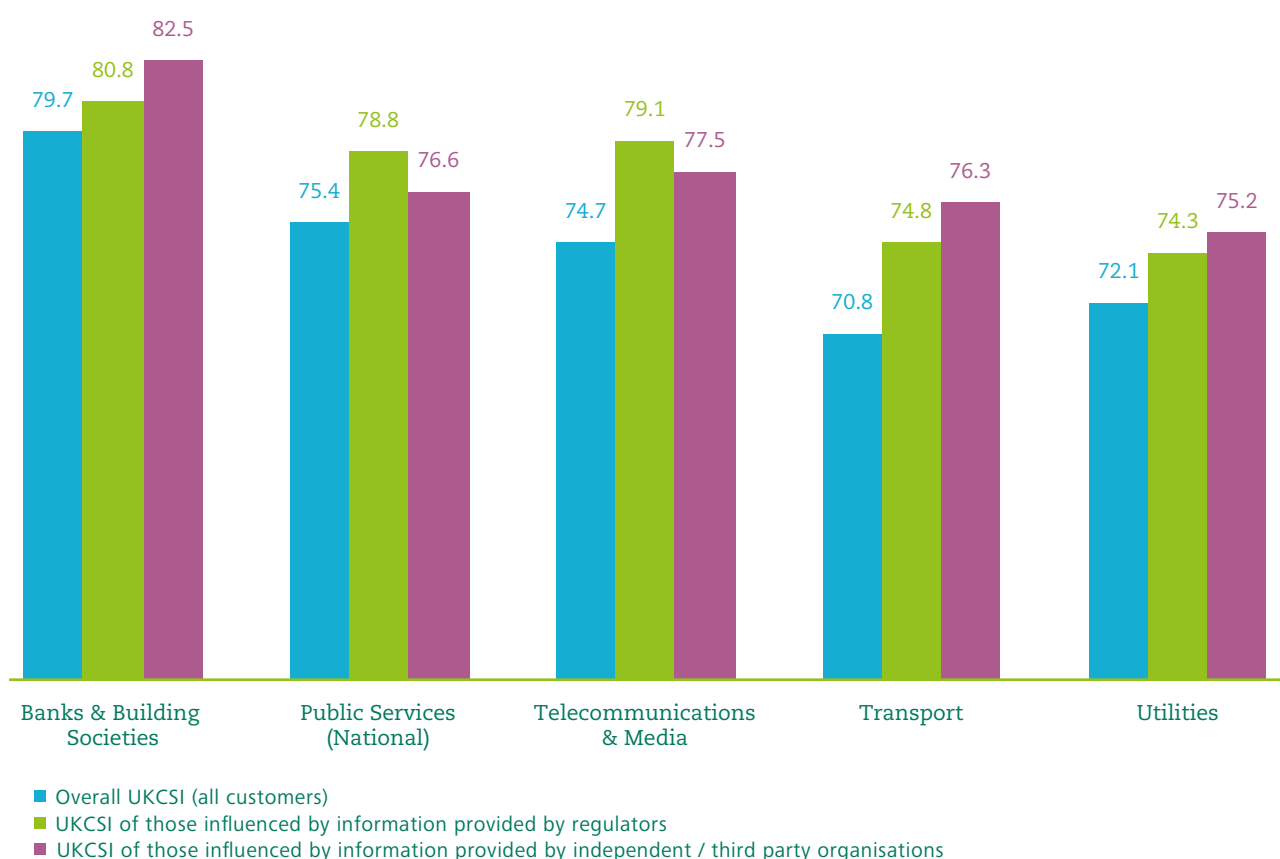
Insurance: customer satisfaction by source of information or advice used



There is potential to grow the influence of information provided by regulators and independent third parties

There is encouragement for regulators seeking to provide customers with greater transparency and information about organisations' service performance. In the Telecommunications and Media, Transport, Public Services (National) and Utilities sectors, customers who have sought information from regulators are more satisfied than the sector average by at least 2 points. However, in the Banking and Insurance sectors, customers are more likely to consult independent third party organisations rather than regulators and their level of satisfaction tends to be higher when they do so. Our research is further evidence that information provided by regulators and independent third parties is valued by customers and can help enhance their experience of dealing with organisations.

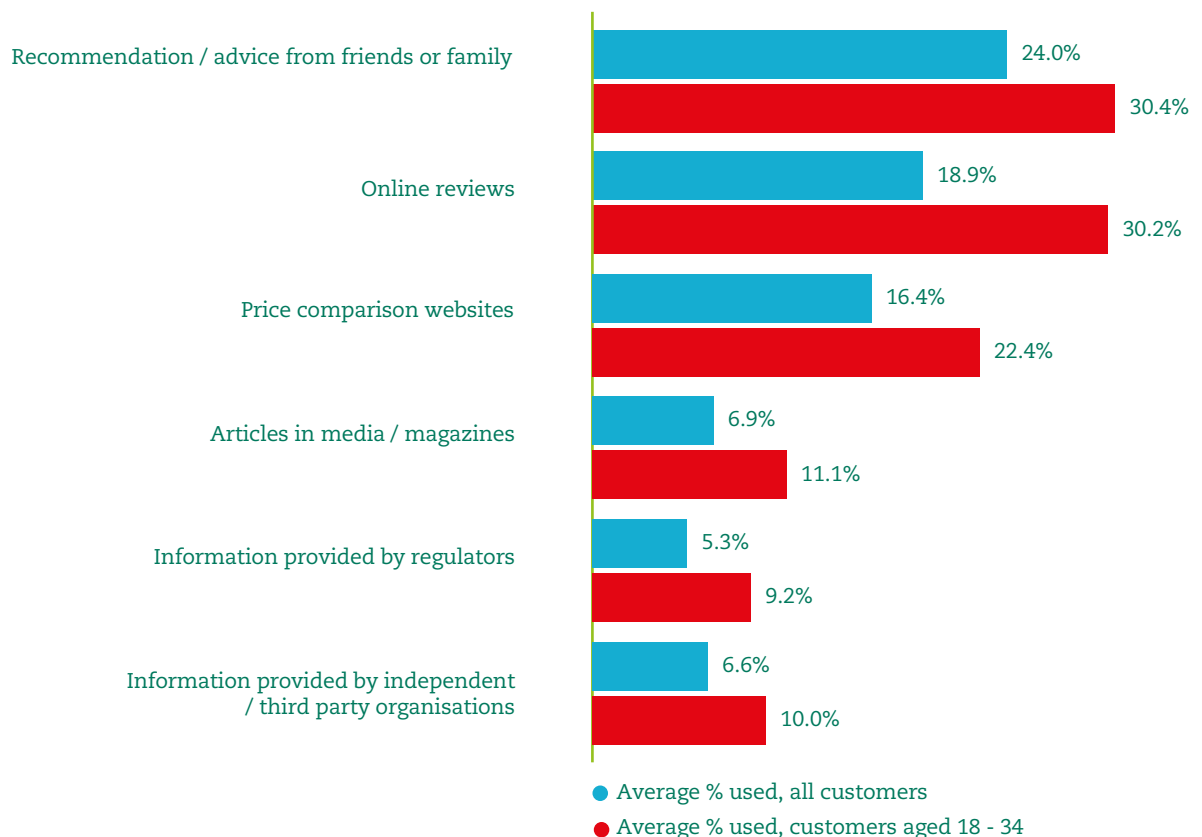
Influence of information from regulators and independent third party organisations on customer satisfaction



Customers aged under 35 are the most likely to be influenced by sources of recommendation and advice, and as a result, to experience higher satisfaction

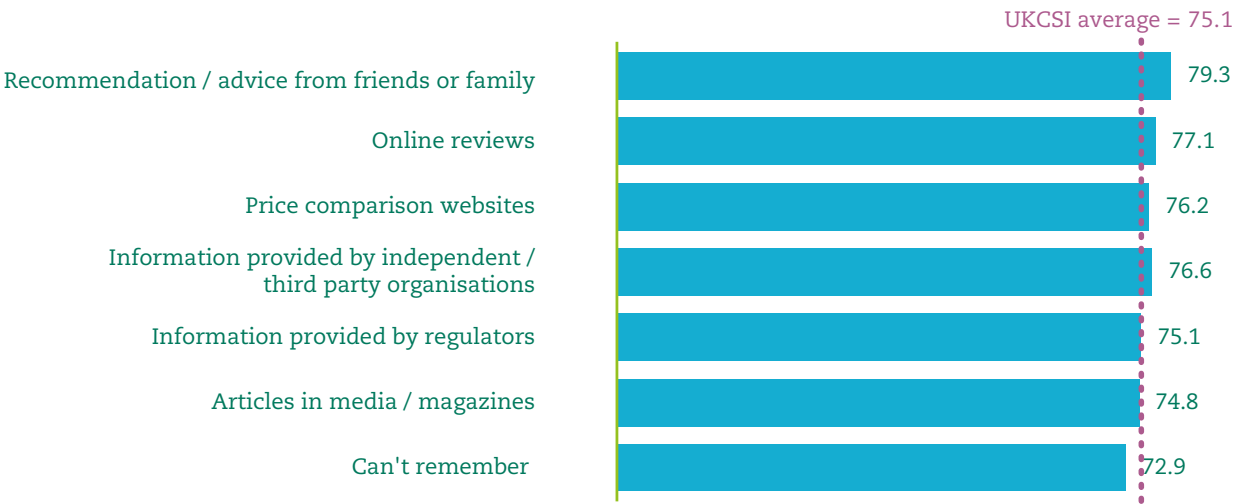
Customers aged under 35 are, in general, much more likely to use and be influenced by a wide range of sources of information and advice. Recommendations from friends and family, and online reviews, have each influenced more than 30% of customers in this age cohort.

18 - 34 year olds: have any of the following influenced your decision to use an organisation?



Customers aged 18 – 34 who have referred to sources of information and advice tend to be more satisfied than those who cannot remember doing so. This is especially the case for people who are influenced by recommendations from family or friends or online reviews.

18 - 34 year olds: have any of the following influenced your decision to use an organisation ?



Sources of recommendation: key takeouts

- Recommendations from friends and family are the most popular source of information and advice, influencing 24% of customers
- In all 13 sectors, people who have consulted family or friends before dealing with an organisation have higher than average satisfaction
- Online reviews are used most intensively in the Automotive, Retail (Non food) and Tourism sectors, but they tend to lead to the highest gains in customer satisfaction in the Utilities, Transport and Telecommunication and Media sectors
- In Insurance, price comparison websites are the most popular source of information of advice. But personal recommendations or information from independent third party organisations appear to lead to higher levels of customer satisfaction
- In the Telecommunications and Media, Transport, Public Services (National) and Utilities sectors, customers who have sought information from regulators are more satisfied than the sector average by at least two points
- Customers aged under 35 are the most likely to be influenced by sources of recommendation and advice, and as a result, to experience higher satisfaction.

Key areas
of focus and
recommendation

Based on the evidence in this UKCSI we have highlighted five key areas of focus and recommendation



1 Reduce problems to improve productivity, satisfaction and reputation



2 Harness the potential of digital but deliver consistency across all channels



3 Understand customers' objectives and personal context



4 Develop empathy and emotional intelligence



5 Regulators: promote transparency of service information and development of a service culture

1) Reduce problems to improve productivity, satisfaction and reputation

A key reason for the decline in overall customer satisfaction in the last two years is the growth in the number of customers experiencing a problem with an organisation and making a complaint. In the past year, the incidence of problems has increased from 12.8% to 14.3% of customers. Perhaps even more concerning is the growth in the number of problems where customers feel an organisation has not kept its promises or commitments.

Yet at the same time, average satisfaction with complaint handling has improved. More organisations appear to be recognising the need to respond with purpose to customers' problems and complaints. However, while effective complaint handling is essential to combat dissatisfaction, it is no guarantee of improved customer satisfaction and engagement.

There are three key reasons why organisations should focus as much on reducing problems as on dealing with their consequences.

Complaints generally lead to lower customer satisfaction

Even complaints that are relatively well handled often result in lower than average overall satisfaction. In general, only complaints achieving a satisfaction rating of 9 or 10 (out of 10) lead to higher than average overall satisfaction. But the UK average for satisfaction with complaint handling is 5.9 out of 10. It is no coincidence that the highest performing organisations for customer satisfaction tend to be better than others both at preventing problems from occurring, and achieving higher complaint handling satisfaction.

Complaints impact adversely on productivity

Research from the UKCSI shows that complaints typically generate 2.8 contacts to an organisation, of which 70% are telephone calls. The Institute's research into service productivity⁷ suggests that employees spend at least two working days per month dealing with consequences both of their organisation getting something wrong for a customer, and problems caused by suppliers. Moreover, almost half of employees have spent up to two hours per month at work dealing with problems experienced with organisations that relate to personal or domestic service issues.

These "hidden costs" therefore have a substantial impact on the productivity of individual organisations and of the economy as a whole. Reducing the volume and scale of complaints creates a significant opportunity to focus more time and effort on developing products and services and customer engagement.

Complaints affect reputation

High volumes of problems and complaints can make it harder to secure new customers, contracts or franchises. In regulated sectors it can also lead to greater scrutiny, reporting and costs. An organisation's reputation about the extent of its commitment to service can also affect its ability to attract and retain skilled and engaged employees.

Key actions

- 1 Undertake root cause analysis of the issues that cause complaints
- 2 Define and measure problems and complaints from the perspective of customers, not a narrow definition determined by the organisation
- 3 Focus improvement activity on addressing the key causes of complaints and measure the impact in terms of the volume and type of problems experienced by customers

⁷ Productivity UK: Generating sustainable value from service, Institute of Customer Service, 2018. See www.instituteofcustomerservice.com/research

2) Harness the potential of digital but deliver consistency across all channels

The UKCSI provides a benchmark view of the evolving mix of channels customers use to interact with organisations. Over half of recorded customer experiences were conducted through traditional in person, telephone and in writing channels. But the remainder – almost half of all customer experiences – took place through digital channels (website, email, App, text, webchat or social media). The mix of channel use varies across sectors. In the Automotive, Leisure, Public Services, Retail (Food) and Services sectors, over half of customer experiences are conducted in person. In Tourism, Utilities and Insurance an organisation's website is the most common method for customers to interact with organisations.

Our recent research into omnichannel and personalised customer experiences⁸ shows that customers have a wide variety of preferred channels for contacting organisations, frequently influenced by the purpose and context of their interaction. For example, email and website are often preferred for simple, quick questions, whereas many customers seek to use the telephone for complex queries, or those that require an immediate response. In many cases, where customers have used more than one channel in the course of a customer experience, it is not out of choice but because something has gone wrong with the experience or there is limited availability of channels.

Across the UKCSI, customers identify “making it easier to contact the right person to help me” as the most important single thing organisations should do to improve their service.

This UKCSI has highlighted that the growth of App usage in the banking sector often appears to lead to higher than average levels of customer satisfaction. However, overall satisfaction in the banking sector is slightly lower than last year. Satisfaction for the in person, telephone and website channels, which together comprise over 80% of the sector's customer experiences, each dropped by at least 1 point. This suggests that, as organisations strive to expand customer engagement through digital channels, they need to maintain a consistent focus and quality of experience across all the channels their customers use.

Key actions

- 1 Understand customers' preferences for interacting with your organisation, depending on the type of experience
- 2 Track and measure hand-offs between channels and ensure they are handled smoothly
- 3 Ensure customers have the opportunity to speak to a person to access help when it is needed

⁸ Upfront and Personal: Leveraging data to deliver a genuinely personalised omnichannel customer experience, available at: www.instituteofcustomerservice.com/research

3) Understand customers' objectives and personal context

This UKCSI shows that personal context can influence customer experience and satisfaction. Most customers do not consider their experience with an organisation to be especially important or enjoyable. They may not particularly wish to engage with the organisation but want the experience to be right first time and to take as little time as possible.

However, over a quarter of customers described their experience with an organisation as personally "very important." 11.2% of customers admitted that their experience with an organisation happened at "a difficult time" for them. As organisations develop their omnichannel capability, there are particular challenges in identifying customers who are in a vulnerable situation and in providing services that are appropriately tailored to their needs.

If organisations are to deliver customer experiences in a way that meets the needs of diverse customers across a range of channels, and is economically viable for the organisation, they need to develop an understanding of customers' objectives and preferences. This means it is important to understand why a customer is contacting an organisation, what they need to achieve and the extent to which they have accomplished their objective. It is also crucial to determine when a customer wants a fast, efficient transaction, or when they seek more personalised assistance.

Key actions

- 1 Understand which experiences are most important to your customers
- 2 Focus on the extent to which customers achieve their objective right first time
- 3 Provide information and advice to make it easier for customers to interact with your organisation
- 4 Provide guidance on sensitive issues such as physical, mental or financial well-being that enables customers to self-serve or gives them the option to identify themselves as being "vulnerable"
- 5 Design customer journeys around customers' objectives, rather than being conditioned by channels, systems or product constraints



4) Develop empathy and emotional intelligence

Our analysis in section 3, *The impact of personal context on customer experience*, shows that experiences with organisations can stimulate and amplify emotions, especially where customers consider their experience to be particularly important, or it happens at a difficult time. In both of these contexts, customers who are highly satisfied feel intensely positive emotions that generate strong levels of trust and recommendation. Conversely, customers who have low satisfaction in the context of an important experience, or one that happens at a difficult time, feel negative emotions more acutely than other dissatisfied customers. There is also a severe impact on their levels of trust and recommendation.

Empathy and emotional intelligence are key factors in complaint handling. When customers make a complaint, evidence from the UKCSI shows that an employee's reaction – be it helpful, defensive or indifferent – often sets the tone for how customers subsequently feel about the experience.

As more organisations seek to deploy artificial intelligence technologies to handle routine, straightforward enquiries, it is likely that employees will spend more time dealing with complex, sensitive or high value issues, requiring a broader range of technical, commercial and relationship skills. As emotional intelligence becomes more prominent in customer experiences it will have greater influence on the quality of relationships within an organisation, and with suppliers and partners. As a result, emotional intelligence will become a more critical competence for service organisations.

Key actions

- 1 Raise awareness in your organisation about the impact of emotional intelligence on the quality of relationships with customers, within your organisation, with partners and suppliers
- 2 Develop the emotional intelligence capabilities of your employees, especially managers in key roles
- 3 Train people to manage their emotional intelligence and respond appropriately to powerful emotions in the context of customer experiences



5) Regulators: promote transparency of service information and development of a service culture

In recent years, regulators have deployed a number of strategies to improve customer service in the sectors for which they have responsibility. These strategies include: introducing increased competition; removing barriers to switching suppliers; publicising organisations' customer satisfaction performance; and in some cases, encouraging a focus on professional standards and culture. Yet in the Banking, Transport, Utilities and Public Services sectors, average customer satisfaction is lower than it was a year ago. The Telecommunications and Media sector has improved slightly but it is barely 0.4 points higher than in July 2018.



Our research into the sources of information that influence customers' decision-making gives some encouragement to regulators.

In the Telecommunications and Media, Transport, Public Services (National) and Utilities sectors, customers who have sought information from regulators are at least 2 points more satisfied than the sector average. However, in the Banking and Insurance sectors, customers are more likely to consult independent third party organisations rather than regulators and their level of satisfaction tends to be higher when they do so. In each of these sectors, the number of customers influenced by information provided by regulators is relatively small, ranging from 4.4% of Banking and Telecommunications' customers to 6.1% of Utilities' customers. There is therefore an opportunity to grow the influence of information provided to customers both from regulators and from independent third parties.

Regulators can also play a crucial role in encouraging organisations to focus on developing a service-orientated culture. In reviewing evidence from the UKCSI, and other research published by The Institute⁹, it is apparent that there are many characteristics that define organisations who consistently achieve higher levels of service than their peers. In our research, we seek to describe the characteristics of service excellence and give practical recommendations about how to develop and sustain a service culture.

⁹ See Breakthrough research from The Institute, p. 74

In essence, a service-orientated culture grows from three ingredients:

1) Leadership commitment	A visible and sustained commitment that sets the tone for the way the organisation delivers its service and conducts relationships with customers, partners, suppliers, stakeholders, and within the organisation
2) Employee engagement	A genuine recognition that employee engagement and development are core business assets that are determinants of service excellence
3) Customer experience design and processes	A coherent vision of how customers interact with the organisation, that is delivered consistently and to recognised standards across channels, technologies, products and services

Key actions for regulators

- 1 Provide transparency about organisations' service performance
- 2 Identify opportunities to collaborate with independent third parties to increase the impact of information about organisations' service performance
- 3 Focus on encouraging organisations to develop a service-orientated culture founded on leadership commitment, employee engagement and consistent standards of customer experience

UKCSI

Key facts

10

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 the July 2019 UKCSI, 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 experience.

3,000

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

254

Number of individual organisations and organisation types which received a UKCSI rating. 242 named organisations which have exceeded a minimum sample size are listed in the 13 sector reports. In addition, scores are given for 12 generic providers including “your local Council”, “your local restaurant/takeaway” etc.

Organisations included in the July 2019 UKCSI

Automotive

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

Banks & Building Societies

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

Insurance

AA Insurance
Admiral
Aviva
AXA
Churchill
Co-op Insurance
Direct Line
Esure
Halifax
Hastings Direct Insurance
Legal and General
Lloyds
LV=
M & S (insurance)

More Than
Nationwide Insurance
Privilege
Prudential
RAC
SAGA Insurance
Sainsbury's
Swinton
Tesco
Zurich

Leisure

Burger King
Caffe Nero
Cineworld
Costa Coffee
Domino's Pizza
Frankie and Bennys
Greggs
Harvester
JD Wetherspoon
KFC
McDonalds
Nando's
Netflix
Odeon
Pizza Express
Pizza Hut
Pret A Manger
Spotify
Starbucks
Subway
Toby Carvery
Vue Cinema
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)

Disclosure and Barring Service
(formerly Criminal Records Bureau (CRB))
DVLA
Highways England
HM Passport Office
HMRC (Inland Revenue)
Jobcentre Plus
NHS / hospital service
Post Office
The university I attend

Retail (Food)

Aldi
ASDA
Co-op Food
Iceland
Lidl
M & S (food)
Morrisons
Ocado
Sainsbury's
Tesco
Waitrose

Retail (Non-food)

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

Services

AA
Autoglass
Avis
British Gas Home Services
DHL
DPD
Enterprise Rent-A-Car
Green Flag
Halfords autocentre
Hermes
Homeserve
Kwik Fit
RAC
Royal Mail / Parcelforce
Timpson
TNT
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
Virgin Media
Virgin Mobile
Vodafone

Tourism

booking.com
Butlins
Center Parcs
Expedia
Haven Holidays
Hilton
Holiday Inn
Hoseasons
Jet2holidays.com
Lastminute.com
Marriott
P&O Cruises
Premier Inn
SAGA Holidays
Thomas Cook
Thomson Holidays
Travelodge
Trivago
Virgin Holidays

Transport

Abellio Scot Rail
Arriva - Bus group
British Airways
Brittany Ferries
CrossCountry
East Midlands Trains
easyJet
Eurotunnel
First Group - bus companies
Flybe
Gatwick Express
Great Northern
Great Western Railway
Greater Anglia

Heathrow Express
Jet2
London North Eastern Railway
London Northwestern Railway
London Underground
National Express
Northern
P&O Ferries
Ryanair
South Western Railway
Southeastern (train operating company)
Southern Railway
Stagecoach (Bus)
Thameslink
The Trainline.com
Thomson Airways
TransPennine Express
Virgin Atlantic
Virgin Trains

Utilities

Affinity Water
Anglian Water
Bristol Water
British Gas
Dwr Cymru (Welsh Water)
E.ON (energy)
EDF Energy
Essex and Suffolk Water
First Utility
M & S Energy
Northern Ireland Water
Northumbrian Water
npower
OVO Energy
Power NI
Scottish and Southern Energy (SSE)
Scottish Gas
Scottish Power
Scottish Water
Severn Trent Water
South East Water
South West Water
Southern Water
Thames Water
The Co-operative Energy
UK Power Networks
United Utilities (water)
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 July 2019 UKCSI includes responses from surveys conducted between 17 September to 15 October 2018 and 20 March to 17 April 2019.

Over 10,000 customers

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 July 2019 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.

254 organisations received a UKCSI rating

These include 242 named organisations and 12 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
- Priorities for improvement, by organisation, identified by customers
- Satisfaction by product type in the Banking, Insurance and Telecommunications & Media sectors

Sub-sector customer experience measures

- Leisure (Quick Service Restaurants)
- 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

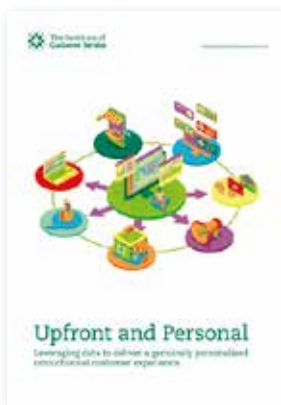
Transport

Utilities

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

Sector reports are available for purchase by non members at www.instituteofcustomerservice.com or contact us at enquiries@icsmail.co.uk

Breakthrough research from The Institute



Upfront and Personal: Leveraging data to deliver a genuinely personalised omnichannel customer experience

- Explores customers' attitudes towards use of personal data and experiences with organisations across different channels
- Assesses how effective organisations are in leveraging data to deliver a genuinely personalised, omnichannel experience
- Highlights seven key enablers, with practical recommendations to develop customer-focused omnichannel and personalisation capabilities.



The Heart of Artificial Intelligence: Enabling the future of customer experience

- Investigates how and why organisations are deploying artificial intelligence in a customer experience context
- Assesses customers' current use of artificial intelligence and attitudes towards its wider implementation
- Examines employees' experience of artificial intelligence and their perceptions about how it affects the customer experience and their job role
- Identifies the key enablers for successful deployment of artificial intelligence in a customer experience context.

To find out more about The Institute's research programme, contact us at:
T: 0207 260 2620
E: enquiries@icsmail.co.uk



Productivity UK: Generating sustainable value from service

- Defines the key characteristics of service productivity
- Assesses the current state of productivity in the UK and its impact on customers and organisations
- Examines how organisations can improve productivity to deliver better customer satisfaction, employee engagement and performance
- Recommends a practical framework to improve and measure productivity.



The Customer Service Dividend: How organisations have achieved ROI and greater productivity

- Examines the relationship between customer satisfaction and financial metrics from both a short and long-term perspective
- Demonstrates that organisations maintaining higher customer satisfaction than their sector average tend to achieve better turnover growth, profit and employee productivity
- Highlights the key investments that have delivered improvements in both customer satisfaction and financial performance, and the key enablers to achieving return on investment.

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
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