



# JANUARY 2020

# UK Customer Satisfaction Index

# The state of customer satisfaction in the UK





# Foreword

Joanna Causon Chief Executive

As we commemorate a decade of the UKCSI, it's time to take stock of the state of customer satisfaction in the UK and what's needed to improve it, and to recognise the rewards and risks generated by your organisation's customer service performance.

We've lived through one of the most disruptive decades in our recent history, characterised by low growth and productivity, austerity in the public sector and an erosion of trust in many organisations and institutions. As customers, we've become more diverse, demanding and polarised in our attitudes. Online and mobile technologies have transformed the ways in which we consume services and interact with organisations. Many well-known brands have disappeared. New players have intensified competition and, in some cases, fundamentally challenged existing business models. Whilst the political direction of the UK has become clearer, the economic outlook is filled with uncertainty and risk.

The challenges of this new decade will require organisations to demonstrate agility, innovation and consistency of purpose. But too often, the customer experience offered by organisations still feels mundane, mediocre or just doesn't deliver what customers need. This UKCSI shows that customer satisfaction overall is falling. The number of organisations whose customer satisfaction is lower than a year ago is more than the number that have improved. In Transport and Utilities, the customer satisfaction gains of recent years seem to have been lost. So for me, now's the time for a reset and a reminder about what excellent service looks like and why it matters to our employees, organisations and the overall UK economy.

In this UKCSI, we've distilled key learnings from our research over the past decade. Excellent service is not just a collection of transactional experiences that can be turned on and off at will. It requires constancy of purpose underpinned by leadership commitment, engaged employees and relentless focus on operational excellence.

At the most basic level, getting things right first time and preventing problems are fundamental to improving customer satisfaction. The most effective organisations do this consistently, but they do much more.

They design experiences around their customers' needs; they demonstrate high ethical standards in their relationships with customers, employees, partners and suppliers; they combine technology and people to create experiences that work and feel personal. They are authentic and use customer service to build understanding and better relationships. They are clear about their purpose, relevance and the impact they create.

Excellent customer service matters because it delivers better financial results, helps improve productivity and creates trust. Our seminal research, *The Customer Service Dividend*, showed that organisations who consistently outperform their sector's average customer satisfaction have achieved higher revenue growth, ebtida and revenue per employee than others. Our *Productivity UK* research highlighted the financial costs of poor service and the opportunities to simplify experiences and free up employees to generate value through customer relationships. Over the last 10 years the UKCSI has consistently demonstrated that excellent service is rewarded with the highest levels of trust and reputation. We've also seen that over a quarter of customers surveyed are willing to pay more for better service.

So as we review the past decade, I'm disappointed that overall customer satisfaction in the UK is stagnant or falling. But I'm heartened by the consistent excellence of some organisations and the robust evidence that better customer service improves relationships, productivity and performance. I believe now is the time to refocus, innovate and drive up service standards in order to reach and retain customers who demand greater openness, transparency and sustainable products and services. We have all to play for, and so much to gain, both as individuals and organisations, in creating the future performance of a nation that is underpinned by brilliant service.

As ever, I welcome your thoughts and feedback; we are not complacent and will always strive to support our members. This month we're launching our campaign 'Inspiring the Service Nation.' I wish you every success in your customer service mission and look forward to working with you in recharging the customer service agenda in 2020.





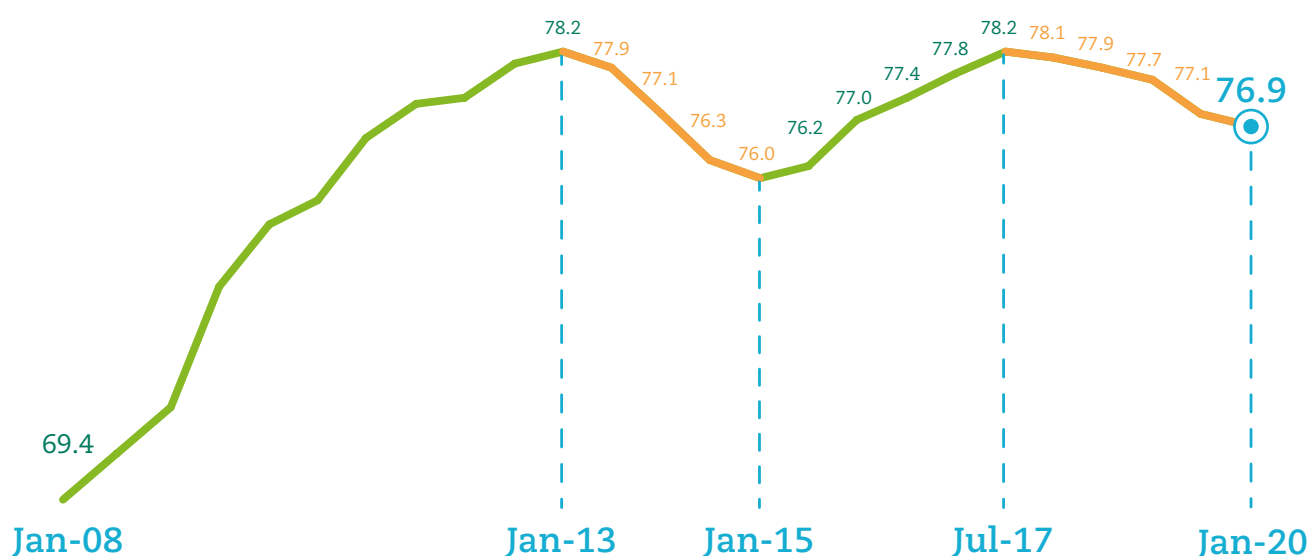
# Contents

Executive summary	4
Part 1 Customer satisfaction in the UK	14
Part 2 Customer satisfaction and business performance	28
Part 3 Service preferences: will customers pay more for excellent service?	34
Part 4 Channel preferences	42
Part 5 UKCSI: a decade retrospective	48
Part 6 What we've learnt from a decade of the UKCSI	72
How to use the UKCSI	88
Organisations in the UKCSI	91
About the UKCSI	92
UKCSI sector reports	93
Breakthrough research from The Institute	94
About The Institute	98

# Executive Summary

## The UK Customer Satisfaction Index is 76.9, 0.8 points lower than in January 2019 and its lowest level since July 2015

This is the fifth successive survey in which customer satisfaction has fallen, the longest sequence of declining scores since the UKCSI was launched in 2008.



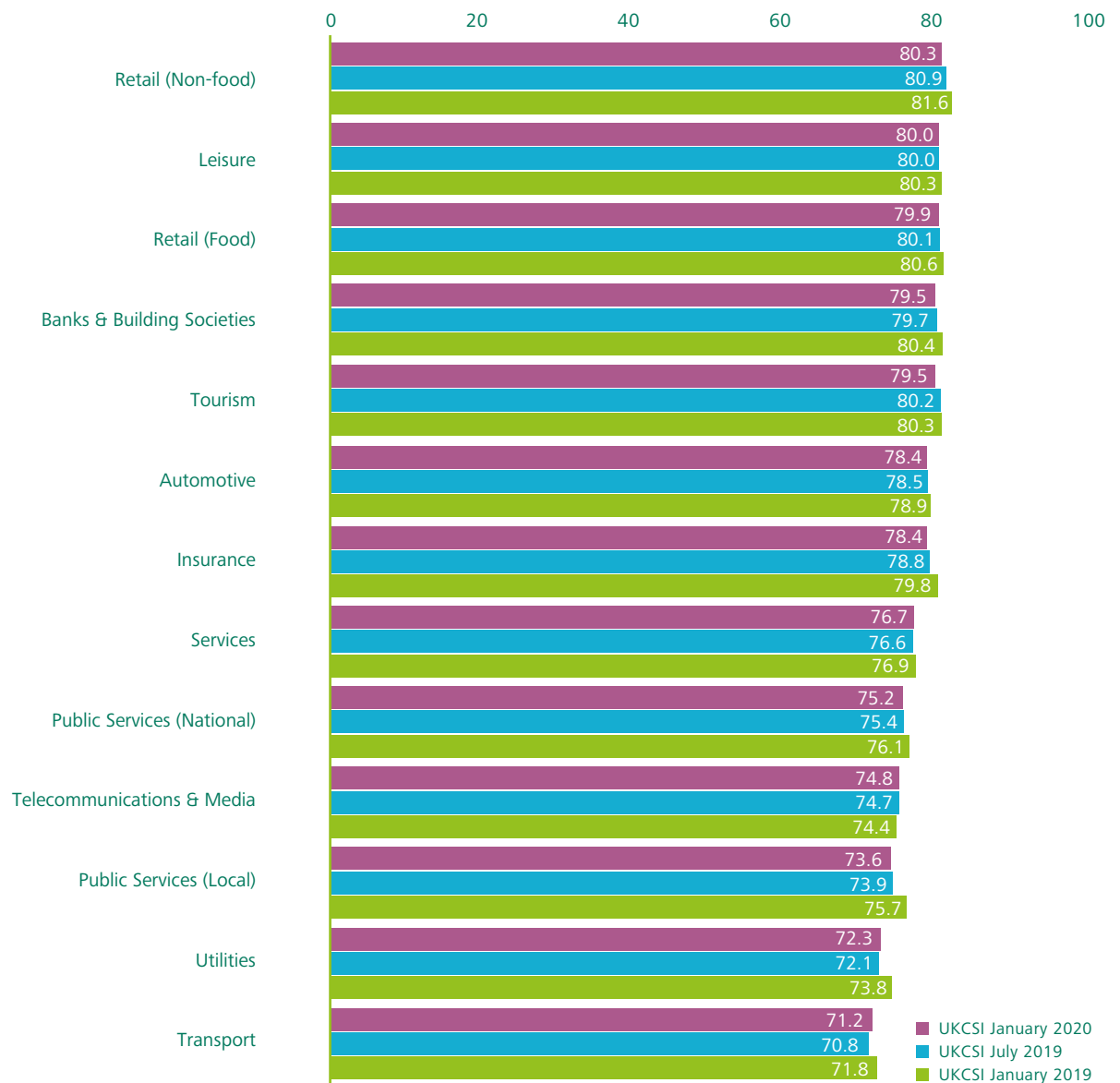
4 sectors – Retail (Non-food), Insurance, Public Services (Local) and Utilities - are at least 1 point below their January 2019 level for customer satisfaction.

8 sectors – Automotive, Banks and Building Societies, Leisure, Public Services (National), Retail (Food), Services, Tourism and Transport – have each fallen by less than 1 point compared to January 2019

Utilities and Transport have lost much of the gains in customer satisfaction they achieved prior to July 2017. The Transport sector is 3.3 points lower than in July 2017. Utilities is 2.8 points lower than in July 2017 (Energy is 3.6 points lower and Water 2 points lower).

The Telecommunications and Media sector has continued its improving trend. Its score of 74.8 is a small increase (0.4 points) on January 2019 and is the sector's highest score since July 2013.

Telecommunications & Media  
is the only sector in which  
customer satisfaction is higher  
than a year ago



## Top 10 organisations

John Lewis is the most highly rated organisation with a UKCSI of 85.6. Dwr Cymru (Welsh Water) is the first water company to appear in the UKCSI top 50 organisations.

Jan-20 Rank	Organisation	Sector	Jan-20 Score	Jan-19 Score	Jan-19 Rank	Change in score Jan-19 to Jan-20
1	John Lewis	Retail (Non-food)	85.6	86.5	2	-0.9 ▼
2	first direct	Banks & Building Societies	85.4	86.7	1	-1.3 ▼
3	Next	Retail (Non-food)	85.1	85.8	4	-0.7 ▼
4	Nationwide	Banks & Building Societies	85.0	85.4	5	-0.4 ▼
5 =	Amazon.co.uk	Retail (Non-food)	84.1	85.4	5	-1.3 ▼
5 =	Suzuki	Automotive	84.1	83.0	15	1.1 ▲
7 =	Debenhams	Retail (Non-food)	83.8	82.3	26	1.5 ▲
7 =	Ikea	Retail (Non-food)	83.8	78.7	114	5.1 ▲
7 =	Superdrug	Retail (Non-food)	83.8	79.0	101	4.8 ▲
10	LV=	Insurance	83.3	83.9	10	-0.6 ▼

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

## 28% of the 259 organisations listed in the UKCSI fell by at least 2 points, compared to 20% of organisations in January 2019

Over half of organisations included in the Public Services (Local) sector were rated at least 2 points lower than last year. In the Banks and Building Societies and Insurance sectors, 40% of organisations received a UKCSI score 2 points or more below their January 2019 level.

## The two highest performers for customer satisfaction in Retail (Food) – Aldi and Ocado – experienced year on year sales growth of 6.3% and 12.7% respectively\*

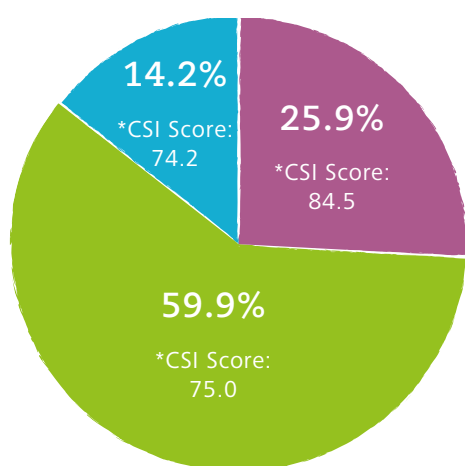
Lidl's sales rose by 9.2% despite being the lowest scoring food retailer for customer satisfaction. Lidl's sales have been boosted by store openings, refurbishments and newspaper voucher promotions. Lidl is rated at the same level as the sector average for customer effort, reputation, openness and transparency. Its Net Promoter Score is in line with the sector average and it has higher satisfaction with price than any other food retailer except Aldi. This suggests that Lidl's success is based on highly competitive pricing alongside an overall proposition and experience that meets the needs of its customers.

Nationwide is the only bank or building society (featured in the Current Account Switching Service Dashboard) that has registered a UKCSI score at least 1 point higher than the sector average across the period January 2019 to January 2020. In the first three quarters of 2019 it achieved over 100,000 net current account gains, more than any other organisation that appears in the Current Account Switching Service Dashboard\*\*.

\* Kantar Worldpanel:  
Annual sales growth for the 12 weeks ending 8 September 2019

\*\* Current Account Switching Service Dashboard Issues 22 – 24

## 25.9% of customers prefer excellent service, even if it means paying more. 59.9% of customers want a balance of price and service. Only 14.2% of customers prefer no frills, low cost service



- Customers who prefer excellent service, even if it means paying more
- Customers who prefer a balance of price and service
- Customers who prefer no frills, low cost service

\* CSI = Customer Satisfaction Index (out of 100)

A preference for premium service is most marked in the Tourism, Automotive and Services sectors

Customers who prefer a premium service tend to have higher than average satisfaction


The most significant reasons for customers to prefer excellent service, even if it costs more, are because they trust an organisation or feel reassured that they are able to access support and advice

Compared to July 2017, there has been an increase in the number of customers who rely on excellent service because they are concerned about getting the right product or service to meet their personal needs. These customers tend to be less satisfied than other customers who prefer excellent service even if it costs more.

Customers who used their preferred channel for their experience with an organisation are more satisfied than those who did not

	% of customers	CSI (out of 100)
Customers who used their preferred channel	80%	78.5
Customers who did not use their preferred channel	5.2%	61.5

Customers are least likely to have used their preferred channel in the context of a problem or complaint or cancelling an insurance policy

	% of customers who did not use their preferred channel	Leading channel preference for those who did not use their preferred channel
About a problem or complaint	15.1%	 Over the phone (27%)

# UKCSI: a decade retrospective

Since 2008, the UKCSI has provided a benchmark of the state of customer satisfaction in the UK. A review of the last decade shows that alongside transactional experiences, emotional connection, customer ethos and ethics have become more prominent as drivers of superior customer satisfaction.

## The progress of the UKCSI over the last decade can be assessed in four phases:

January 2008 – January 2013: Continuous improvement in transactional service, especially for complaint handling, speed of service and employee competence	<ul style="list-style-type: none"> <li>Services, Retail and Tourism were the highest performing sectors</li> <li>The rise in customer satisfaction was particularly strong in the Leisure, Telecommunications and Media and Public Services (Local) sectors</li> <li>Customers experiencing a problem with an organisation dropped from 16.8% in January 2008 to 10.8% in January 2013.</li> </ul>
July 2013 – January 2015: A downturn in customer satisfaction influenced by the level of investment in service, issues of trust and reputation, and growing customer expectations of speed, convenience and ease of doing business	<ul style="list-style-type: none"> <li>Every sector except Banks and Building Societies was lower than its January 2013 level</li> <li>Fall in customer satisfaction was most marked for complaint handling and reputation</li> <li>Customers experiencing a problem with an organisation rose to 13.4%, the highest level since 2009.</li> </ul>
July 2015 - July 2017: Customer satisfaction improved, through better service recovery and complaint handling	<ul style="list-style-type: none"> <li>By July 2017 the UKCSI had returned to its highpoint of 78.2, a level last seen in January 2013</li> <li>A growth in customer satisfaction especially in lower rated sectors including Utilities, Public Services, Telecommunications and Media and Transport.</li> </ul>
January 2018 – January 2020: customer satisfaction flatlines or falls	<ul style="list-style-type: none"> <li>From July 2018 to January 2020 the UKCSI has fallen continuously and is at its lowest level since July 2015</li> <li>In January 2020 every sector has lower customer satisfaction than in July 2017 except for Telecommunications and Media which has received its highest ever score, 74.8</li> <li>Utilities and Transport have lost much of the gains in customer satisfaction they achieved prior to July 2017.</li> </ul>



Amazon.co.uk, John Lewis  
and first direct are the highest  
performing organisations over  
the past decade

## 2010 - 2020 Consistently high performing organisations

Organisation	Sector	UKCSI average Jan 2010 - Jan 2020 (out of 100)	Gap with sector average
Amazon.co.uk	Retail (Non-food)	87.4	5.5
John Lewis	Retail (Non-food)	87.0	5.2
first direct	Banks & Building Societies	86.0	7.7
Waitrose	Retail (Food)	85.2	4.4
M & S (food)	Retail (Food)	84.5	3.6
Next	Retail (Non-food)	83.7	1.9
M & S	Retail (Non-food)	83.3	1.5
Nationwide	Banks & Building Societies	83.2	5.0
Greggs	Leisure	82.9	3.5
Aldi	Retail (Food)	82.9	2.0

2008 - 2020:  
Key factors that have shaped the customer experience environment

A decade of low growth in GDP, wages and productivity

High street retailers under pressure

Consumer spending has recovered but debt is at record levels

In regulated sectors, competition and regulatory scrutiny have intensified

An era of financial austerity  
in the public sector

A changing and diverse population



## What we've learnt from a decade of the UKCSI



1

Achieving consistently high levels of customer satisfaction delivers better financial results



2

Focusing on customer service creates opportunities to improve productivity



3

Achieving a 9 or 10 out of 10 for customer satisfaction boosts trust and reputation



4

Organisational culture is the foundation of excellent service



5

Excellent service is built on experiences, emotions and ethics



6

Preventing problems for customers is as important as complaint handling



7

Employee engagement has become more central to customer experience and more challenging to achieve



8

Customer insight has become more critical to customer experience



9

Delivering a consistent experience across channels with the ability to access help when needed

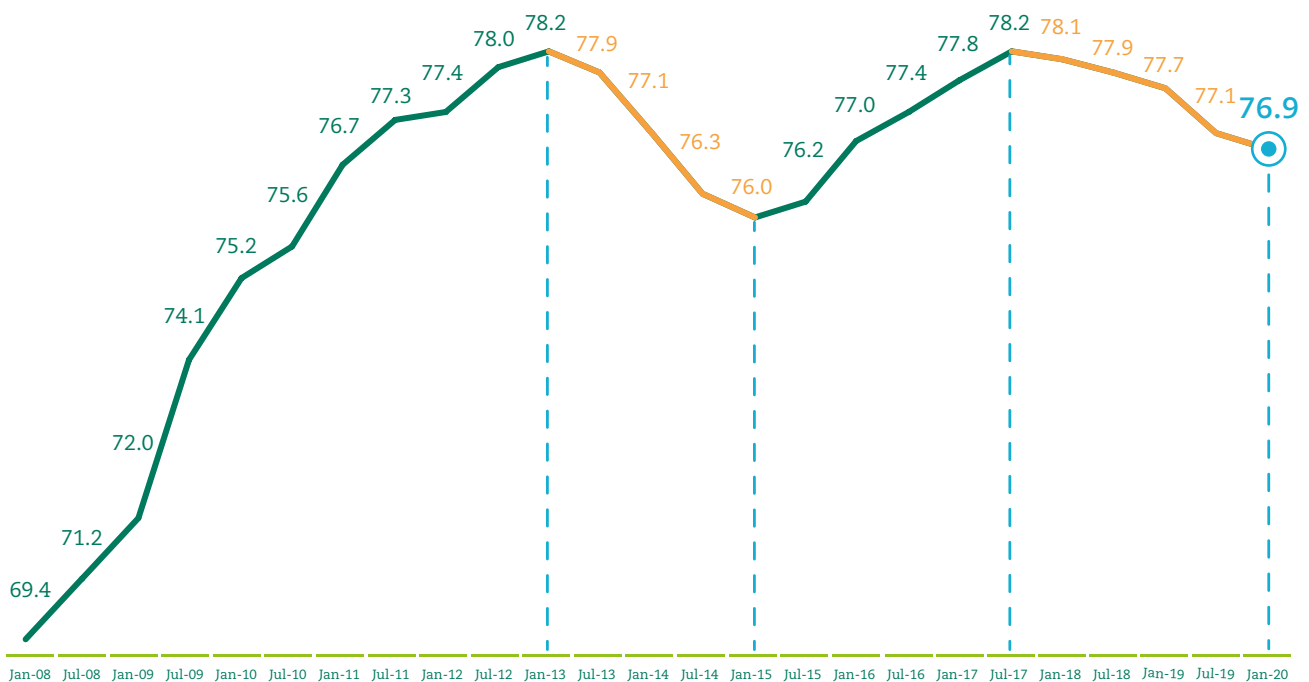
For further information please visit  
[www.instituteofcustomerservice.com](http://www.instituteofcustomerservice.com)

# 1

Customer  
satisfaction  
in the UK

## The UK Customer Satisfaction Index is 76.9, 0.8 points lower than in January 2019 and its lowest level since July 2015

This is the fifth successive survey in which customer satisfaction has fallen, the longest sequence of declining scores since the UKCSI was launched in 2008. Though each of these drops in customer satisfaction is relatively small, the January 2020 UKCSI score is 1.3 points below its peak of 78.2 in July 2017 and is at its lowest level since July 2015.








Most individual measures of customer satisfaction are broadly unchanged compared to January 2019. However, despite the small overall decline in customer satisfaction there was a 2.1 percentage point increase in the number of experiences rated as right first time (from 78.5% to 80.6%) and a modest fall in the level of customer effort (down 0.3 points to 4.7).

## The 5 dimensions of customer satisfaction are lower than last year

The measures that underpin the UKCSI are based on the attributes of customer experience that are most important to customers and which have a strong influence on customer satisfaction. Since January 2019, the UKCSI has reported on five dimensions of customer satisfaction, reflecting both customers' transactional and broader relationship needs when interacting with organisations.

All dimensions of customer satisfaction are lower than a year ago but most of the individual measures within each dimension are stable or have fallen slightly (by 0.1 points out of 10).

	Dimension (score out of 100)	Jan 2020	Jan 2019	Year-on-year change
	<b>Experience</b> Measures the quality of customers' experiences and interactions with organisations	78.1	78.7	-0.6
	<b>Complaint Handling</b> How organisations respond and deal with problems and complaints	58.8	59.4	-0.6
	<b>Customer Ethos</b> Extent to which customers perceive that organisations genuinely care about customers and build the experience around their customers' needs	76.4	77.5	-1.1
	<b>Emotional Connection</b> The extent to which an organisation engenders feelings of trust and reassurance	76.0	77.0	-1.0
	<b>Ethics</b> Reputation, openness and transparency and the extent to which an organisation is deemed to "do the right thing"	74.9	75.8	-0.9

4 sectors have fallen by more than 1 point compared to January 2019. 9 sectors have moved, up or down, by less than a point

Sector	January 2020 UKCSI score (out of 100)	12 month change (compared to Jan 2019)	6 month change (compared to July 2019)	Highest scoring organisation in the sector	Highest organisation's score
Retail (Non-food)	80.3	-1.3	-0.6	John Lewis	85.6
Leisure	80.0	-0.3	0.0	Greggs	83.0
Retail (Food)	79.9	-0.7	-0.2	Aldi	82.3
Banks & Building Societies	79.5	-0.9	-0.2	first direct	85.4
Tourism	79.5	-0.8	-0.7	Premier Inn	83.2
Automotive	78.4	-0.5	-0.1	Suzuki	84.1
Insurance	78.4	-1.4	-0.4	LV=	83.3
Services	76.7	-0.2	0.1	Timpson	83.0
Public Services (National)	75.2	-0.9	-0.2	Post Office	79.1
Telecommunications & Media	74.8	0.4	0.1	giffgaff	82.8
Public Services (Local)	73.6	-2.1	-0.3	Library	82.8
Utilities	72.3	-1.5	0.2	Dwr Cymru (Welsh Water)	80.4
Transport	71.2	-0.6	0.4	Jet2	82.6

▲ Increase in UKCSI score of less than one point

▼ Fall in UKCSI score of one point or more

▲ Increase in UKCSI score of one point or more

## Utilities and Transport have lost much of the gains in customer satisfaction they achieved prior to July 2017

The Transport sector is 3.3 points lower than in July 2017, with the fall in satisfaction generally most evident for train operating companies. Utilities is 2.8 points lower than in July 2017 (Energy is 3.6 points lower and Water is 2 points lower).

## Retail (Non-food), Insurance, Public Services (Local) and Utilities are at least 1 point below their January 2019 level for customer satisfaction

The Retail (Non-food) sector's index score of 80.3 is 1.3 points lower than a year ago and is its lowest rating since January 2011.

The Insurance sector (78.4) is 1.4 points below its January 2019 level, registering its lowest score since July 2015.

Customer satisfaction with Public Services (Local) organisations is more than 2 points lower than a year ago, the biggest year on year drop of any sector. Within the Public Services (Local) sector, customer satisfaction with your GP surgery / health centre, your local Council, your local Fire Service and your local Police Service has fallen by at least 2 points.

Average satisfaction with Utilities is 1.5 points lower than in January 2019 (though it is almost unchanged, up 0.2 points, compared to July 2019). Utilities is the only sector for which the number of experiences rated by customers as being right first time has fallen, from 75.1% to 73.9%. The current overall level of customer satisfaction in this sector is 2.8 points below its highpoint of 75.1 recorded in July 2017.

Within Utilities, the Energy sector has dropped by 2.2 points to 71.2. The Water sector's index score is 73.8, 0.7 points lower than in January 2019.

### Year on year customer satisfaction in the Utilities sector



## Telecommunications & Media has registered its highest UKCSI score since July 2013

The Telecommunications and Media sector has continued its improving trend. Its score of 74.8 is a small increase (0.4 points) on January 2019 and is the sector's highest score since July 2013.

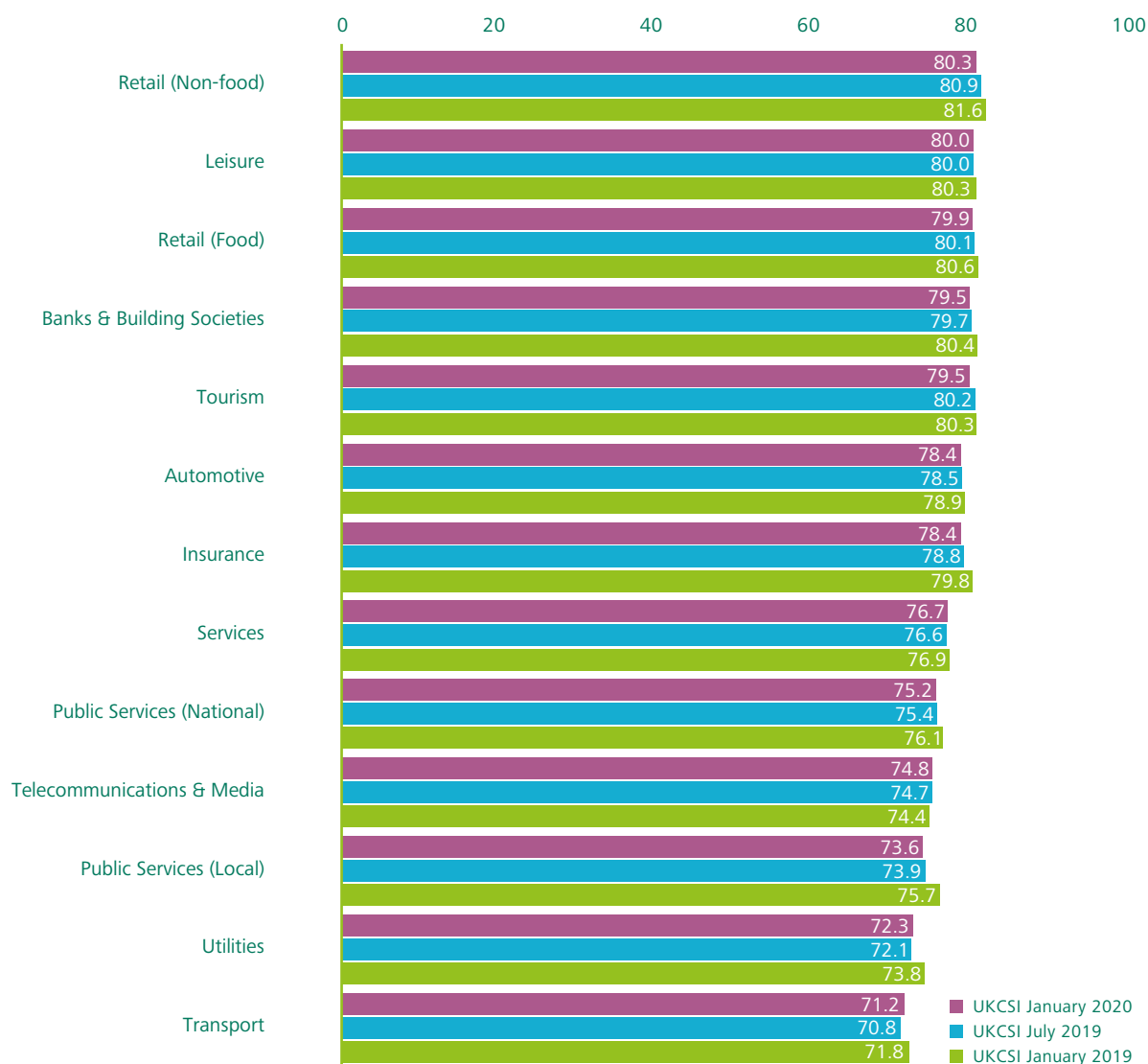


## 8 sectors – Automotive, Banks and Building Societies, Leisure, Public Services (National), Retail (Food), Services, Tourism and Transport – have each fallen by less than 1 point compared to January 2019

The Banks and Building Societies sector score of 79.5 is 0.9 points lower than a year ago and is its lowest score since January 2017.

Transport is the lowest ranked of the 13 UKCSI sectors. Its score of 71.2 is 0.6 points lower than a year ago although it is 0.4 points higher than in July 2019. Nevertheless, this is one of the lowest scores ever recorded for the sector.

### Customer satisfaction by sector



## The top 50 organisations

Jan-20 Rank	Organisation	Sector	Jan-20 Score	Jan-19 Score	Jan-19 Rank	Change in score Jan -19 to Jan -20
1	John Lewis	Retail (Non-food)	85.6	86.5	2	-0.9
2	first direct	Banks & Building Societies	85.4	86.7	1	-1.3
3	Next	Retail (Non-food)	85.1	85.8	4	-0.7
4	Nationwide	Banks & Building Societies	85.0	85.4	5	-0.4
5 =	Amazon.co.uk	Retail (Non-food)	84.1	85.4	5	-1.3
5 =	Suzuki	Automotive	84.1	83.0	15	1.1
7 =	Debenhams	Retail (Non-food)	83.8	82.3	26	1.5
7 =	Ikea	Retail (Non-food)	83.8	78.7	114	5.1
7 =	Superdrug	Retail (Non-food)	83.8	79.0	101	4.8
10	LV=	Insurance	83.3	83.9	10	-0.6
11	Premier Inn	Tourism	83.2	82.4	23	0.8
12 =	Greggs	Leisure	83.0	82.2	28	0.8
12 =	Timpson	Services	83.0	78.4	126	4.6
14	giffgaff	Telecommunications & Media	82.8	80.7	53	2.1
15	Netflix	Leisure	82.7	85.1	7	-2.4
16 =	Hyundai	Automotive	82.6	79.2	94	3.4
16 =	Jet2	Transport	82.6	81.2	45	1.4
18	M & S	Retail (Non-food)	82.4	81.9	32	0.5
19	Aldi	Retail (Food)	82.3	82.3	26	0.0
20 =	Direct Line	Insurance	82.2	79.6	83	2.6
20 =	Toyota	Automotive	82.2	80.6	55	1.6
22	Ocado	Retail (Food)	82.1	82.0	29	0.1
23	Jet2holidays.com	Tourism	82.0	82.5	20	-0.5
24 =	Pets at Home	Retail (Non-food)	81.9	81.5	38	0.4
24 =	Sports Direct	Retail (Non-food)	81.9	73.7	204	8.2
26	Kia	Automotive	81.8	82.8	16	-1.0
27	Tesco Mobile	Telecommunications & Media	81.7	82.4	23	-0.7
28	M & S (food)	Retail (Food)	81.6	80.8	52	0.8

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

Jan-20 Rank	Organisation	Sector	Jan-20 Score	Jan-19 Score	Jan-19 Rank	Change in score Jan -19 to Jan -20
29 =	Argos	Retail (Non-food)	81.5	84.1	8	-2.6
29 =	Matalan	Retail (Non-food)	81.5	74.7	196	6.8
31	Odeon	Leisure	81.2	79.4	88	1.8
32 =	ASOS.com	Retail (Non-food)	81.1	NO DATA	NO DATA	NO DATA
32 =	NatWest	Banks & Building Societies	81.1	78.9	107	2.2
34 =	Center Parcs	Tourism	81.0	79.8	80	1.2
34 =	Home Bargains	Retail (Non-food)	81.0	83.5	11	-2.5
34 =	Honda	Automotive	81.0	82.8	16	-1.8
37 =	Nationwide Insurance	Insurance	80.9	84.0	9	-3.1
37 =	P&O Cruises	Tourism	80.9	79.9	77	1.0
39	Subway	Leisure	80.7	81.8	34	-1.1
40 =	Co-op Food	Retail (Food)	80.6	81.7	35	-1.1
40 =	Expedia	Tourism	80.6	79.3	90	1.3
40 =	Pizza Hut	Leisure	80.6	78.8	112	1.8
43 =	booking.com	Tourism	80.5	81.4	40	-0.9
43 =	Santander	Banks & Building Societies	80.5	81.4	40	-0.9
45 =	Aviva	Insurance	80.4	82.8	16	-2.4
45 =	Dwr Cymru (Welsh Water)	Utilities	80.4	79.0	101	1.4
45 =	Green Flag	Services	80.4	82.5	20	-2.1
45 =	McDonalds	Leisure	80.4	79.2	94	1.2
45 =	Spotify	Leisure	80.4	81.2	45	-0.8
45 =	Travelodge	Tourism	80.4	79.0	101	1.4

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

21 of the top 50 organisations have improved by at least 1 point, with Sports Direct, Matalan, Ikea, Superdrug and Timpson rising by more than 4 points.

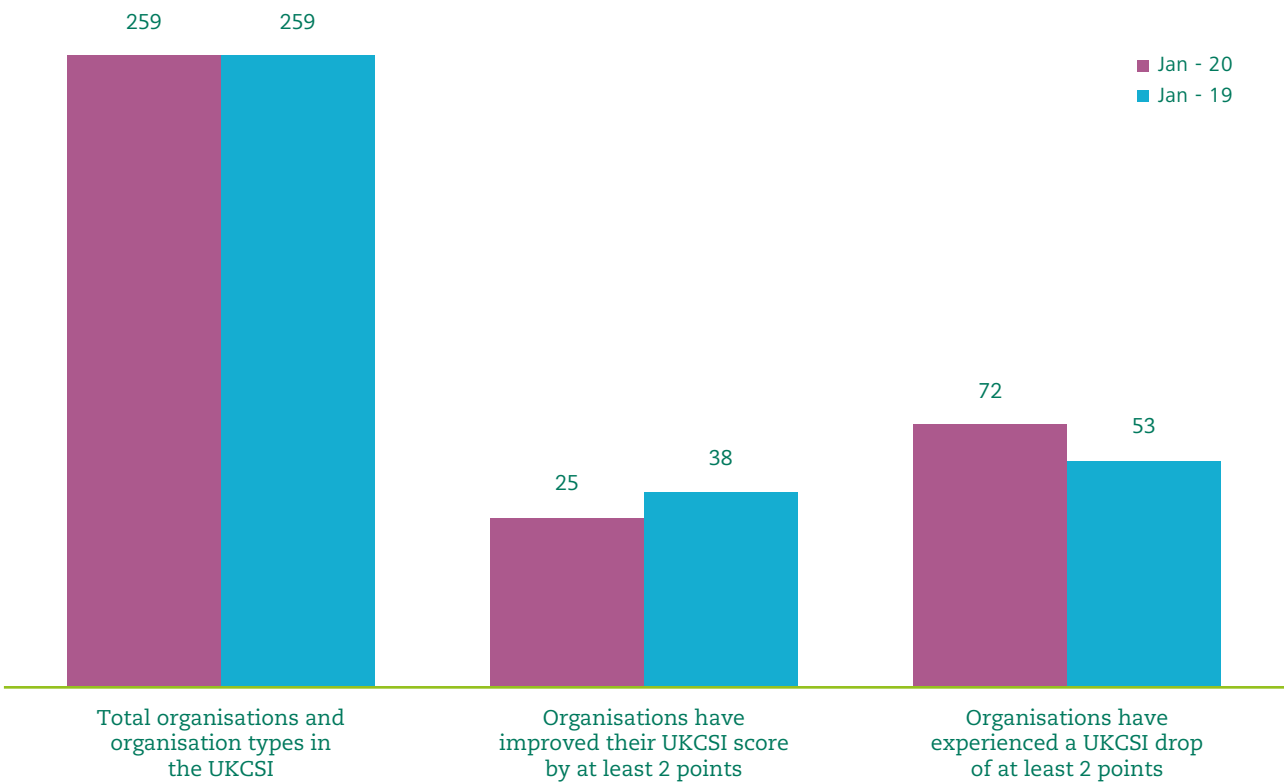
12 of the top 50 organisations have fallen by 1 point or more.

Dwr Cymru (Welsh Water) is the first water company to appear in the UKCSI top 50 organisations. This is also the first time since OVO Energy in January 2018 that a Utilities organisation has featured amongst the 50 highest rated organisations.

ASOS.com features in the UKCSI for the first time since January 2017.

# Across the UKCSI, more organisations have fallen year on year by at least 2 points compared to the number that had dropped year on year in January 2019

Number of organisations seeing a change in UKCSI score (compared to January 2019)



10% of organisations improved by 2 points or more, including 5 of the 14 organisations that appear in the Telecommunications and Media sector.

However, 28% of organisations listed in the UKCSI fell by at least 2 points, compared to 20% of organisations in January 2019.

Over half of organisations included in the Public Services (Local) sector were rated at least 2 points lower than last year. In the Banks and Building Societies and Insurance sectors, 40% of organisations received a UKCSI score 2 points or more below their January 2019 level.

**Proportion of organisations in each sector whose customer satisfaction has increased or fallen compared to January 2019**




	Total number of organisations	Proportion of organisations that have increased by 2 points or more	Proportion of organisations that have dropped by 2 points or more
Automotive	24	4%	17%
Banks & Building Societies	15	13%	40% ▼
Insurance	25	4%	40% ▼
Leisure	25	8%	16%
Public Services (Local)	7	14%	57% ▼
Public Services (National)	10	0%	10%
Retail (Food)	11	0%	18%
Retail (Non-food)	25	20% ▲	28%
Services	18	6%	28%
Telecommunications & Media	14	36% ▲	14%
Tourism	21	0%	29%
Transport	34	15%	35%
Utilities	30	7%	30%

▼ At least 40% of organisations have dropped by 2 points or more

▲ At least 20% of organisations have increased by 2 points or more

## Leading organisations by customer satisfaction dimension

### UKCSI dimensions

 Experience	 Complaint Handling	 Customer Ethos	 Emotional Connection	 Ethics
Amazon.co.uk	M & S (food)	John Lewis	John Lewis	John Lewis
John Lewis	Trivago	first direct	Superdrug	first direct
first direct	Apple	Suzuki	Suzuki	Nationwide
Next	UK Power Networks	Superdrug	first direct	Next
Nationwide	Disclosure and Barring Service (formerly CRB)	Next	Next	Ikea
Superdrug	Premier Inn	Nationwide	Nationwide	Suzuki
LV=	Virgin Atlantic	Debenhams	Ikea	M & S (food)
Premier Inn	Starbucks	Timpson	ASOS.com	Superdrug
Suzuki	Hilton	Amazon.co.uk	Debenhams	Debenhams
Debenhams	Hyundai	Ikea	M & S (food)	Timpson
	P&O Cruises	Ocado		

In general, the highest rated organisations for customer satisfaction tend to be rated highly across each dimension. However, there are some exceptions. Amazon.co.uk has a lower score on the Ethics dimension than its overall UKCSI score would suggest. M & S (food) is among the top 50 organisations overall but has strong ratings in particular for Complaint Handling, Emotional Connection and Ethics.

It should be noted that the Complaint Handling dimension features a wider spread of organisations amongst the top performers than the other dimensions. For Complaint Handling, 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.

## 8 organisations have appeared in the UKCSI for the first time

- |  |   |
|--|---|
| • Mitsubishi (Automotive)                    | • Transport for Wales (Transport)       |
| • Petplan (Insurance)                        | • West Midlands Railway (Transport)     |
| • Now TV (Leisure)                           | • South Staffordshire Water (Utilities) |
| • Companies House (Public Services National) | • Utilita (Utilities)                   |

## 20 most improved organisations

20 most improved organisations over one year	UKCSI score January 2019	UKCSI score January 2020	Change	Compared to sector average	Sector
Sports Direct	73.7	81.9	8.2	1.6	Retail (Non-food)
Matalan	74.7	81.5	6.8	1.2	Retail (Non-food)
Ikea	78.7	83.8	5.1	3.5	Retail (Non-food)
Sky Mobile	73.7	78.7	5.0	3.9	Telecommunications & Media
Southeastern (train operating company)	60.9	65.7	4.8	-5.5	Transport
Superdrug	79.0	83.8	4.8	3.5	Retail (Non-food)
Timpson	78.4	83.0	4.6	6.3	Services
South West Water	69.7	73.4	3.7	1.1	Utilities
EE (including T-Mobile or Orange)	73.3	76.8	3.5	2.0	Telecommunications & Media
Hyundai	79.2	82.6	3.4	4.2	Automotive
H&M	76.9	80.0	3.1	-0.3	Retail (Non-food)
Utility Warehouse	74.0	77.1	3.1	2.3	Telecommunications & Media
Gatwick Express	76.2	79.2	3.0	8.0	Transport
BT	67.9	70.9	3.0	-3.9	Telecommunications & Media
East Midlands Trains/Railway	70.9	73.8	2.9	2.6	Transport
Direct Line	79.6	82.2	2.6	3.8	Insurance
Northumbrian Water	75.3	77.9	2.6	5.6	Utilities
Eurotunnel	74.3	76.5	2.2	5.3	Transport
RBS	73.5	75.7	2.2	-3.8	Banks & Building Societies
NatWest	78.9	81.1	2.2	1.6	Banks & Building Societies

Organisation is at least 1 point higher than the sector average

Organisation is at least 1 point lower than the sector average




Almost two thirds of the most improved organisations are from the Retail (Non-food), Telecommunications & Media and Transport sectors. There are no organisations from Leisure, Tourism or Retail (Food) amongst the 20 most improved in the UKCSI.

In general, the most improved organisations have performed better than last year for satisfaction with complaint handling, getting experiences right first time and they have generated fewer problems for their customers. Whilst these measures are obvious priorities to reduce customer dissatisfaction, achieving levels of satisfaction that match or exceed the average for each organisation's sector also requires a broader focus on measures of Experience, Customer Ethos, Emotional Connection and Ethics.

Sports Direct has exceeded the Retail (Non-food) sector average for the first time, by 1.6 points. Although Sports Direct's UKCSI score is based on a relatively small sample size, its improvement appears to be consistent with other independent measures.

For example, Sports Direct was named as one most improved brands in YouGov's 2019 brand index<sup>1</sup> as its rating moved from - 6.2 to - 4.4. Sports Direct has highlighted its "elevation strategy", designed to connect effectively with customers across all channels by improving the online experience, offering a range of products across price points and developing a new generation of flagship stores. As Sports Direct continues to diversify its operations in the context of the Sports Direct, House of Fraser and Flannels brand, many observers will look forward to its future UKCSI performance with interest.



In general the most improved organisations have performed better than last year for complaint handling, getting experiences right first time and they have generated fewer problems for their customers

<sup>1</sup> YouGov Brand Index: <https://www.brandindex.com/ranking/uk/2019-index/category/high-street-retail>

# 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 Retail (Food), we assess the links between customer satisfaction and sales growth measured in Kantar's research into customers buying behaviour. In Banks and Building Societies, we review the latest evidence of the extent of current account switching in the context of organisations' customer satisfaction performance.

## Customer satisfaction and sales growth in the Retail (food) sector

The retail food market returned to growth in the 12 weeks to 8 September 2019, with sales increasing by 0.5%, although the number of items bought by households dipped by 0.9%<sup>2</sup>.



<sup>2</sup> Kantar Worldpanel: Annual sales growth for the 12 weeks ending 8 September 2019

## The two highest performers for customer satisfaction – Aldi and Ocado – each experienced year on year sales growth, of 6.3% and 12.7% respectively. Both also improved their market share

The five organisations with a UKCSI score within 1 point of the sector average – Co-op Food, Iceland, Sainsbury's, Tesco and Waitrose – registered a negative average annual sales growth of -0.6%. Three organisations – Asda, Morrisons and Lidl – have a UKCSI score at least 1 point below the sector average. Asda's annual sales growth fell by 1% and Morrisons by 2%.

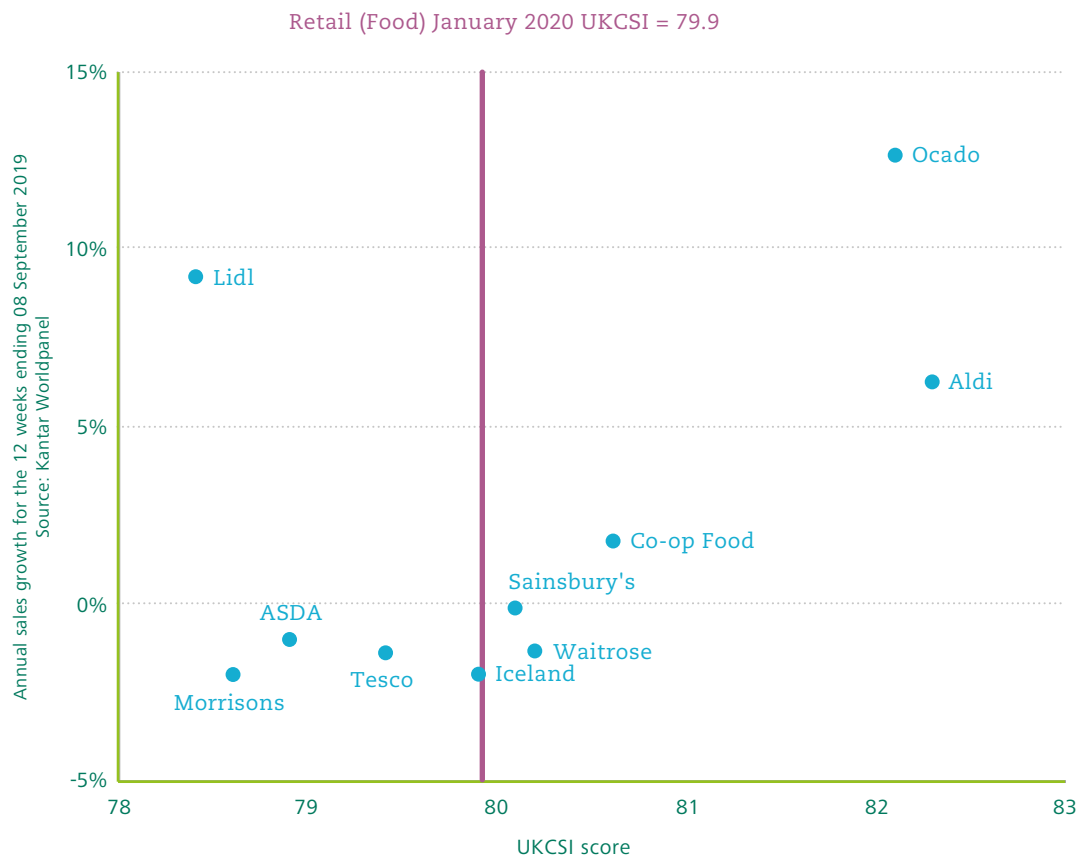
Lidl's sales rose by 9.2% despite being the lowest scoring food retailer for customer satisfaction, with a 2.5 point drop in its UKCSI score compared to January 2019. If Lidl is the lowest ranked food retailer for customer satisfaction, how has it achieved such impressive sales growth?

Kantar's analysis commented that Lidl's market share exceeded 6% for the first time, boosted by store openings, refurbishments and newspaper voucher promotions. Lidl is rated lower than the Retail (food) sector average across most customer satisfaction measures.

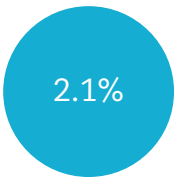
However, it is rated at the same level as the sector average for customer effort, reputation, openness and transparency. Lidl's Net Promoter Score is in line with the sector average and it has higher satisfaction with price than any other food retailer except Aldi. Lidl and Aldi both have a relatively high proportion of customers who express a preference for no frills, lowest cost service.

This suggests that Lidl's success is based on highly competitive pricing alongside an overall proposition and experience that meets the needs of its customers. Lidl appears to be well placed to continue to grow through new stores, attractive pricing and promotions. However, its future growth may also depend on broadening its service proposition to appeal to customers who value the highest levels of service alongside keen pricing.

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



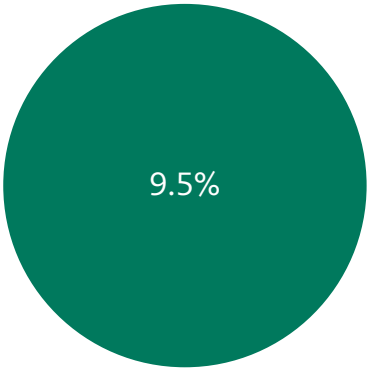
Food retailers with UKCSI at least 1 point below sector average



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



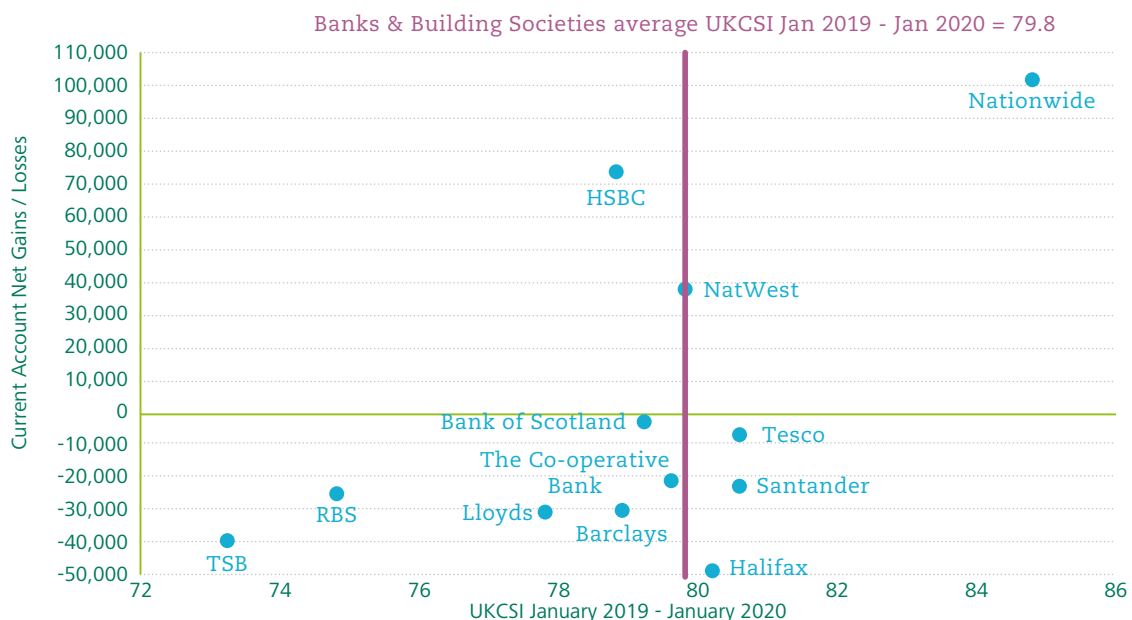
Food retailers with UKCSI at least 1 point above sector average



# Banks & Building Societies: higher customer satisfaction and current account gains

In this UKCSI, we have reviewed organisations' average customer satisfaction in the last 2 years (3 UKCSI reports from January 2019 to January 2020) alongside their current account net gains for the first three quarters of 2019, as documented in the Current Account Switching Service Dashboard<sup>3</sup>.

This analysis shows that higher customer satisfaction links to greater volumes of current account net gains. However, the picture is complicated by the significant volumes of net current account gains achieved by Nationwide and HSBC and the growing success of challenger banks such as Monzo and Starling who have not yet received sufficient responses to feature in the UKCSI.



## Average current account quarterly net gains: 1 Jan 2019 - 30 September 2019

Banks & Building Societies with a UKCSI at least 1 point above sector average



■ Net current account gains

Banks & Building Societies with UKCSI within 1 points (+/-) of sector average

-13,720



■ Net current account losses

Banks & Building Societies with UKCSI at least 1 point below sector average

-5,633



■ Net current account losses

<sup>3</sup> Current Account Switching Service Dashboard Issues 22 - 24

Nationwide is the only bank or building society (featured in the Current Account Switching Service Dashboard) that has registered a UKCSI score at least 1 point higher than the sector average across the period January 2019 to January 2020. In the first three quarters of 2019, it achieved over 100,000 net current account gains, more than any other organisation that appears in the CASS Dashboard.

Organisations whose UKCSI was within 1 point (+ or -) of the sector average saw average net current account losses of – 13,720.

Organisations whose average UKCSI score between January 2019 and January 2020 was at least 1 point below the Banks and Building Societies sector average had an average net current account loss of – 5,633. HSBC's average UKCSI score across January 2019 to January 2020 was 1 point below the sector average. But HSBC is second only to Nationwide for the number of net current account gains in the first three quarters of 2019. It should be noted though, that HSBC's current account gains include the HSBC, first direct and M & S Bank brands. first direct is the sector's consistently strongest performer for customer satisfaction, which may have helped boost HSBC's overall current account net gains.

Between January and October 2019, Monzo and Starling were the 4th and 5th highest achieving organisations respectively in terms of net current account gains. Neither organisation has yet received a sufficient sample response to be included in the UKCSI report. However, their combined UKCSI score since January 2019 would be 82.6, amongst the highest in the sector. This suggests that they are well placed to continue to grow their number of current account customers.

The factors influencing customers to switch their current accounts appear to be a combination of incentives or offers, customer service and an attractive online experience. CASS reported that 74% of customers who completed a switch felt their new current account is better than their old one, with online banking (45%) and customer service (42%) cited as the main reasons for the improvement<sup>4</sup>.

<sup>4</sup> Current Account Switching Service Dashboard Issue 24

# 3

---

Service preferences:  
will customers pay  
more for excellent  
service?



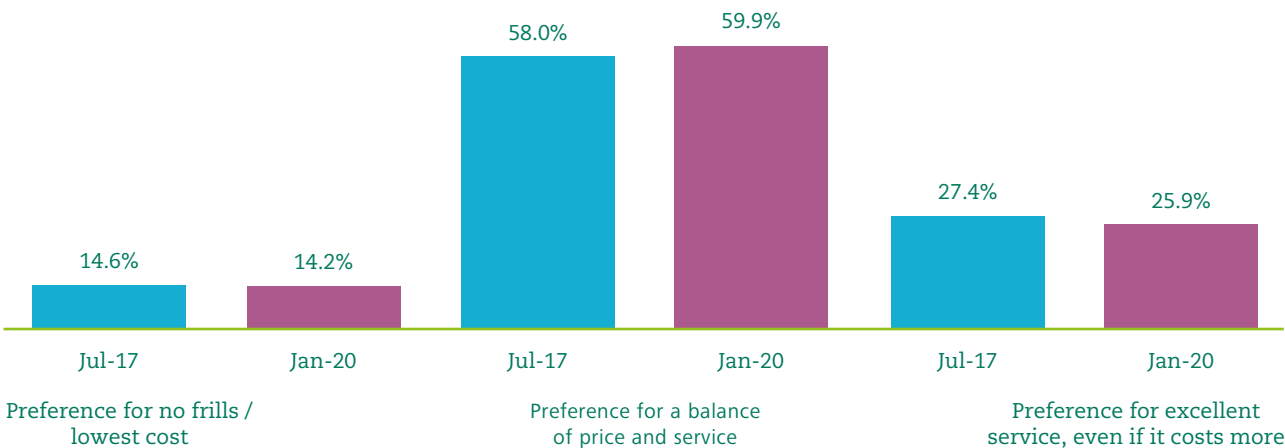
# 25.9% of customers express a preference for excellent service, even if it means paying more

At a time of acute uncertainty for many consumers, households and businesses we have refreshed our analysis about the extent to which customers are willing to pay for excellent service, or whether they prefer no frills, lowest cost options, even if it means sacrificing levels of service.

We asked customers to prioritise the relative importance of service and price on a scale of one to ten, where one indicates a preference for lowest price, no frills service and ten expresses a preference for excellent or “premium” service, even if it means paying more.

In the past two years, the distribution of customers’ preferences in relation to the balance between excellent or lowest cost service has been consistent. 25.9% of customers express a preference for excellent service, even if it means paying more. The majority of customers (59.9%) do not have a strong preference either for premium or no frills service but favour a balanced price and service proposition. Only 14.2% of customers prefer the cheapest options, even if it means they receive lower standards of service.

## Service preferences: premium or no frills?

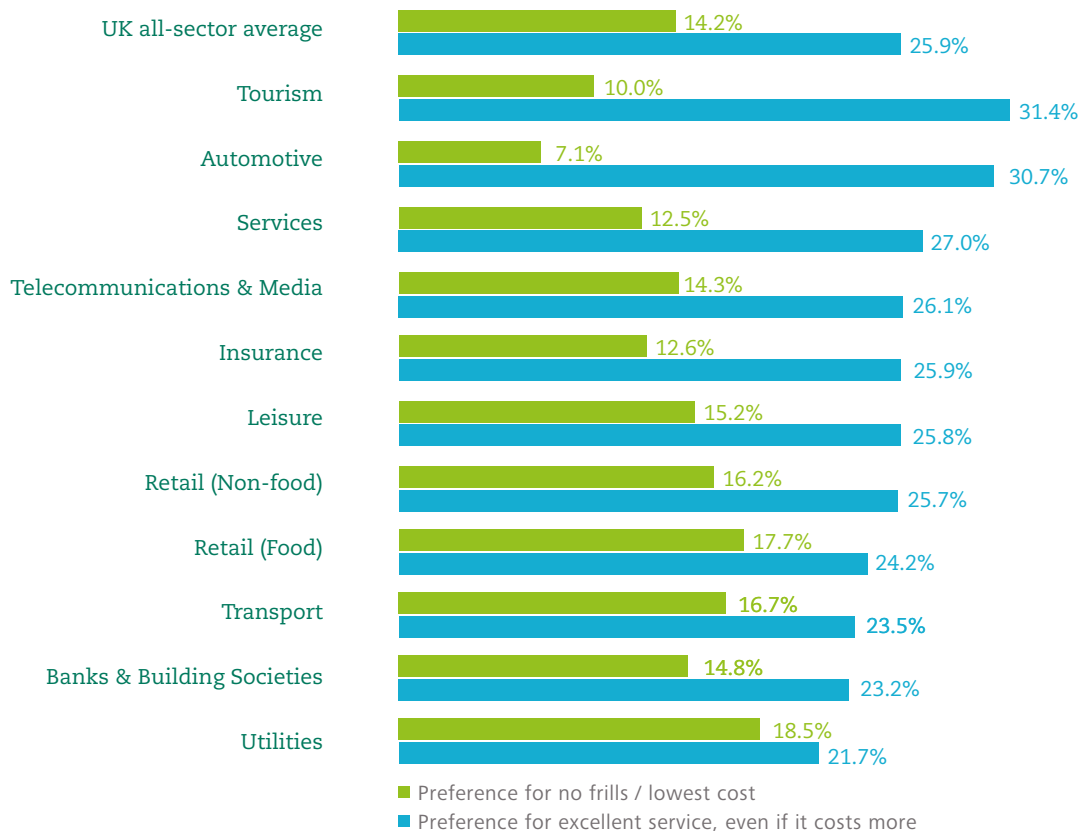


A preference for premium service is most marked in the Tourism, Automotive and Services sectors but is lower than average in Retail (Food), Transport, Banks and Building Societies and Utilities.

Compared to July 2017, there has been a drop of more than two percentage points in the number of customers who prefer premium service in the Retail, Leisure and Utilities sectors, though this does not necessarily indicate a corresponding increase in the number of customers who want no frills, lowest cost service.

A preference for premium service is most marked in the Tourism, Automotive and Services sectors

### Service preferences by sector: premium or no frills / lowest cost?



## The most significant reasons for customers to prefer excellent service, even if it costs more, are because they trust an organisation or feel reassured that they are able to access support and advice

However, compared to July 2017, there has been an increase in the number of customers who rely on excellent service because they are concerned about getting the right product or service to meet their personal needs. This is especially the case in the Telecommunications and Media, Tourism, Retail (Non-food) and Services sectors.

### Why do you prefer excellent service, even if it costs more?



Customers who prefer excellent service, even if costs more, tend to have higher than average levels of satisfaction, especially when their reasons for preferring excellent service are because the organisation is easy to deal with, trustworthy, or offers appropriate support and advice. However, customers who want excellent service because they worry about getting the product or service that meets their needs tend to be less satisfied compared to other customers who prefer excellent service, even if it costs more.

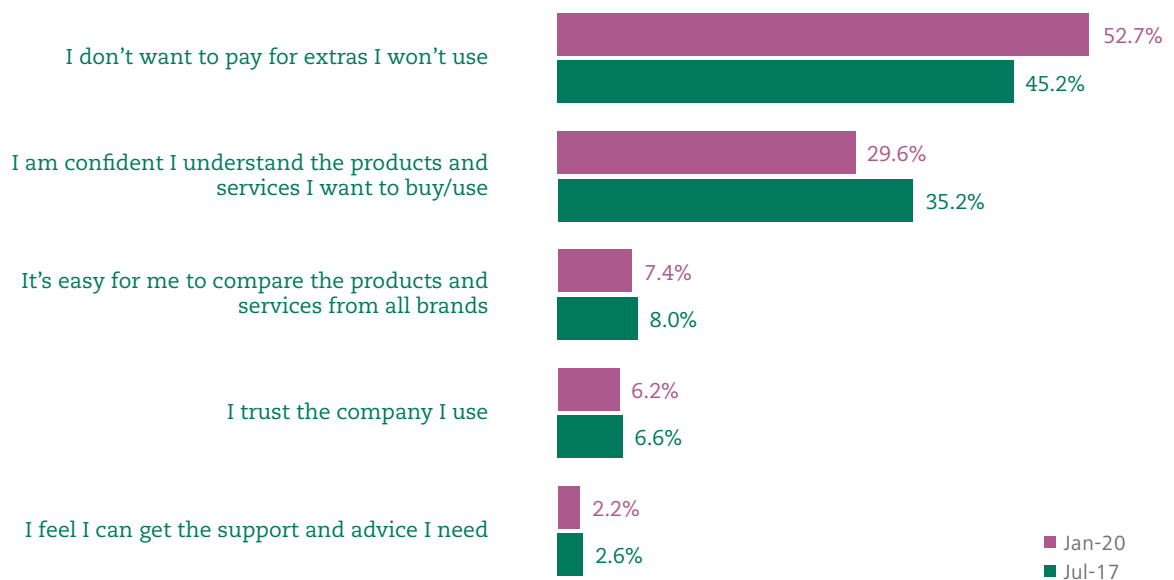
### Reason for preferring excellent service, even it costs more



## Customers who prefer no frills, lowest cost service do so because they don't want to pay for extra options they won't use, or feel they don't need to access help or support

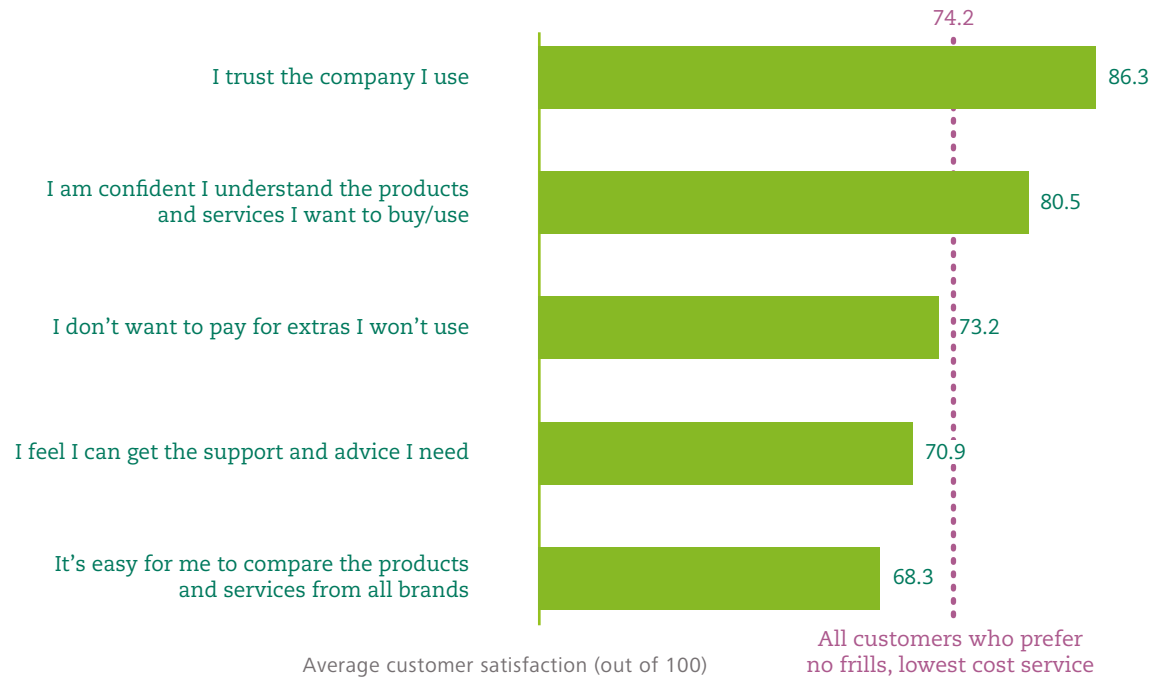
The motivation to avoid paying for extra services that aren't needed is especially strong in the Tourism, Banks and Building Societies and Telecommunications and Media sectors.

### Why do you prefer no frills, lowest cost service?



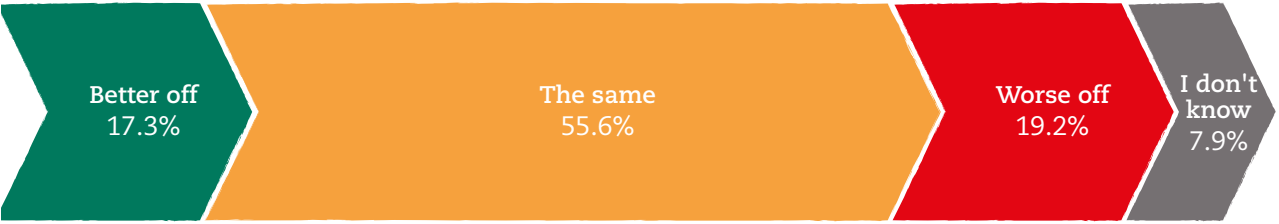
Customers with a preference for no frills, lowest cost service in general have lower than average satisfaction with organisations. This is particularly the case amongst customers who prefer lower cost service because they don't want to pay for extras, feel they have sufficient support and advice, or find it easy to compare products or services across different organisations. However, satisfaction is higher amongst customers who trust an organisation or who feel confident about the products and services they want to use.

**Average satisfaction, depending on the reason for customers preferring no-frills, lowest cost service**



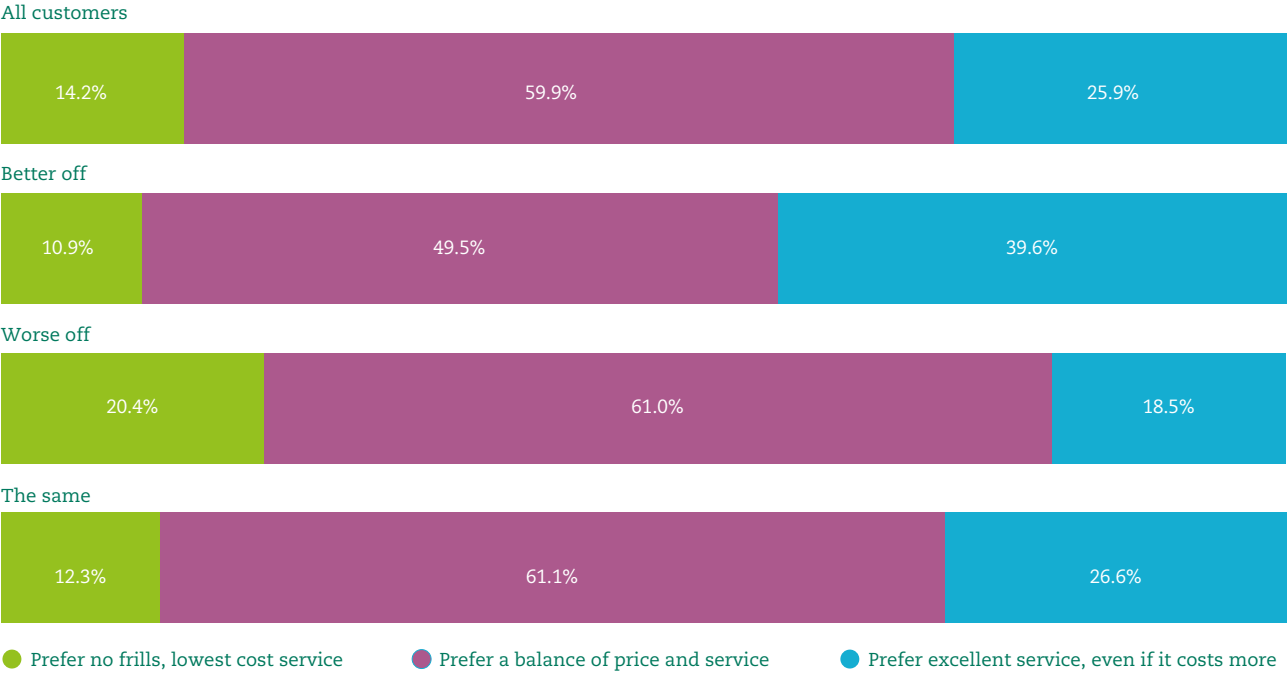
In this UKCSI, we asked customers whether they felt that they would be financially better or worse off in the coming year. Most customers (55.6%) felt that their financial position was likely to be broadly unchanged but more customers (19.2%) thought they were likely to be worse off, rather than better off.

**A year from now will you be better or worse off financially, or about the same as now?**



Unsurprisingly, customers who are optimistic about their financial situation in the coming year are much more likely to have a preference for excellent service, even if it costs more. People who think they might be worse off are twice as likely as those who think they will be better off to favour no frills, lowest cost service. Nevertheless, there is a spread of service preferences; even amongst customers who believe they will be financially worse off, 18.5% would prefer excellent service, even if it costs more.

**Service preferences of customers who believe they will either be financially better or worse off in the next year**



## Service preferences: key takeouts

### 25.9% of customers prefer excellent service, even if it means paying more

There is a strong market across sectors for customers who are willing to pay for excellent service. In order to meet the needs of these customers, organisations should invest in developing employees to give expert, personalised advice; design customer experiences that are easy and hassle-free; and make sure that customers have transparent routes to access help when it is needed.

### Trust is a critical factor in service preferences

Whether customers prefer a premium or no frills service, trust is integral to their motivation for dealing with an organisation. Organisations therefore need to build trust by giving a consistent service experience, honouring promises and commitments, making it easy to access help when it is needed and demonstrating ethical behaviour in corporate governance and relationships with customers, employees and other stakeholders.

### 14.2% of customers prefer no frills, low cost service

Similarly, there is a tangible opportunity to deliver a service proposition and experience that focuses on the needs of customers who prefer a no frills, lowest cost offering, even if it means sacrificing standards of service. This proposition is likely to be most effective amongst customers who are confident in their knowledge of products and services and have limited interest in additional services and options. In this case, it is important to give transparent information about the functionality and pricing of services customers require.

### Understanding customers' service preferences

Across the organisations in the UKCSI there is a diverse mix of customer preferences, whether for premium service, no frills options, or a balance of price and service. Some organisations can be successful by focusing intensely on the needs of customers with distinct preferences. However, organisations that serve a broad range of customers will need to seek insight about preferences for different service attributes and deliver a mix of product and service experiences that respond to a range of needs.

# 4

---

## Channel preferences

The UKCSI asks customers to identify the nature of their contact or experience with an organisation and the channel they used. This evidence gives us the ability to track channel use and satisfaction for each sector, and for different types of experience. The breakdown of channel use, channel satisfaction and types of contact for each sector is available in the 13 sector reports which are published alongside this UKCSI “state of the nation” report.

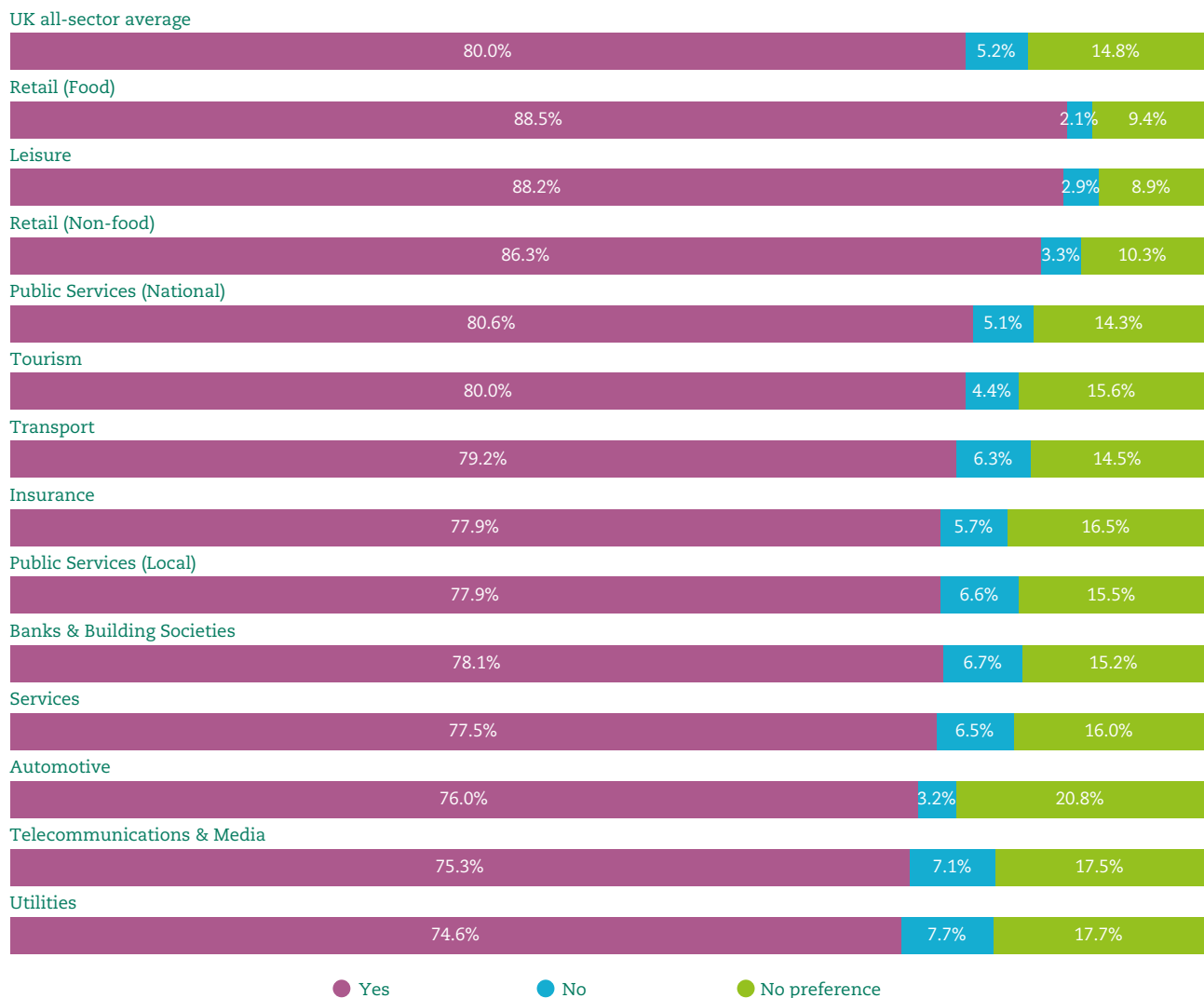
In this UKCSI, we have in addition investigated the extent to which customers used their preferred channel and how this affects satisfaction with their experience.



80% of the customers surveyed in the UKCSI said that the experience they rated took place through their preferred channel. 5.2% did not use their preferred channel

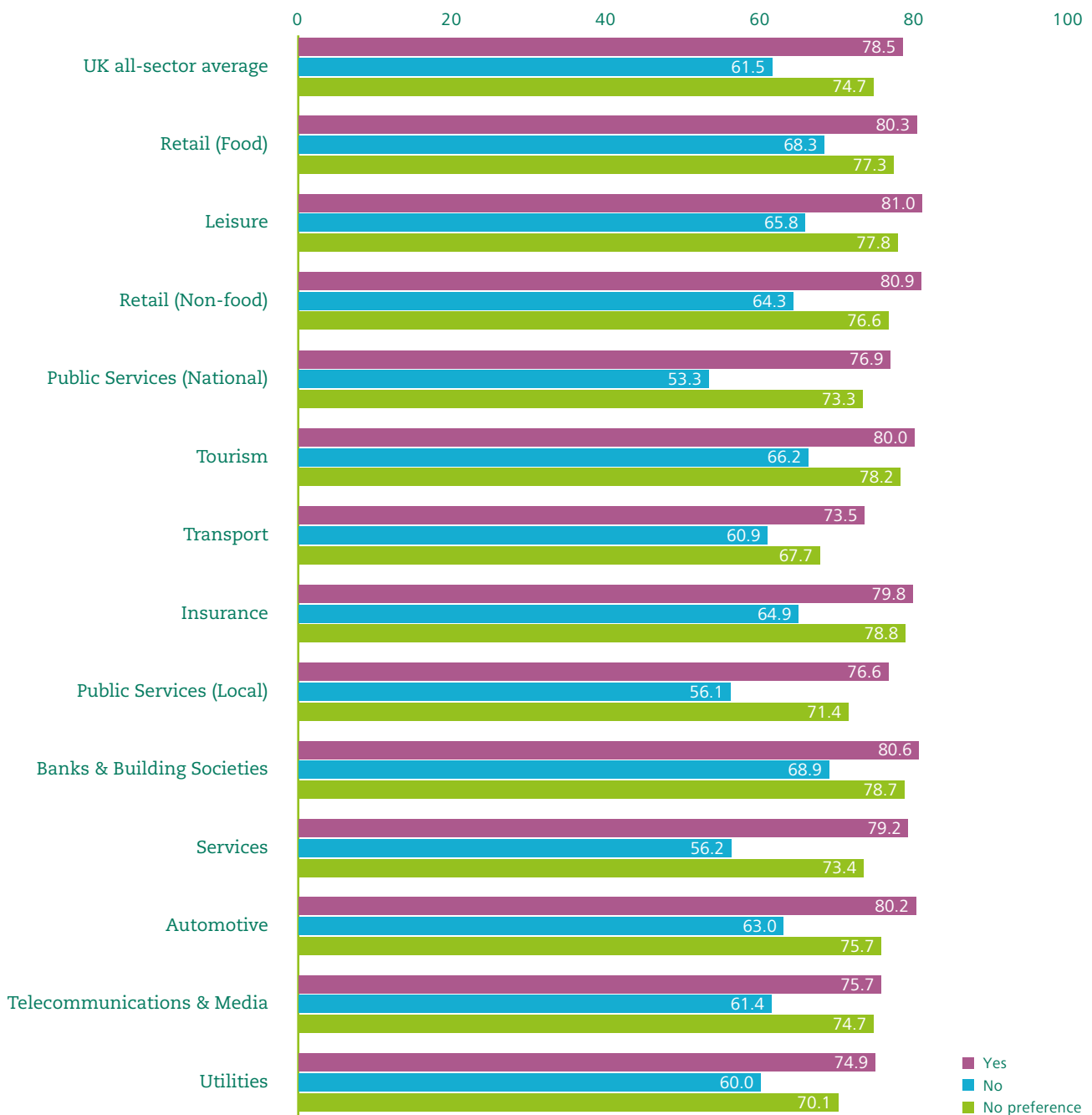
Customers' use of preferred channels is especially evident in the Leisure and Retail sectors. However, customers in the Utilities, Telecommunications and Media and Automotive sectors are least likely to have used their preferred channel for the experience they reported on in the UKCSI.

### Was the channel used your preferred way of dealing with the organisation for this type of contact?



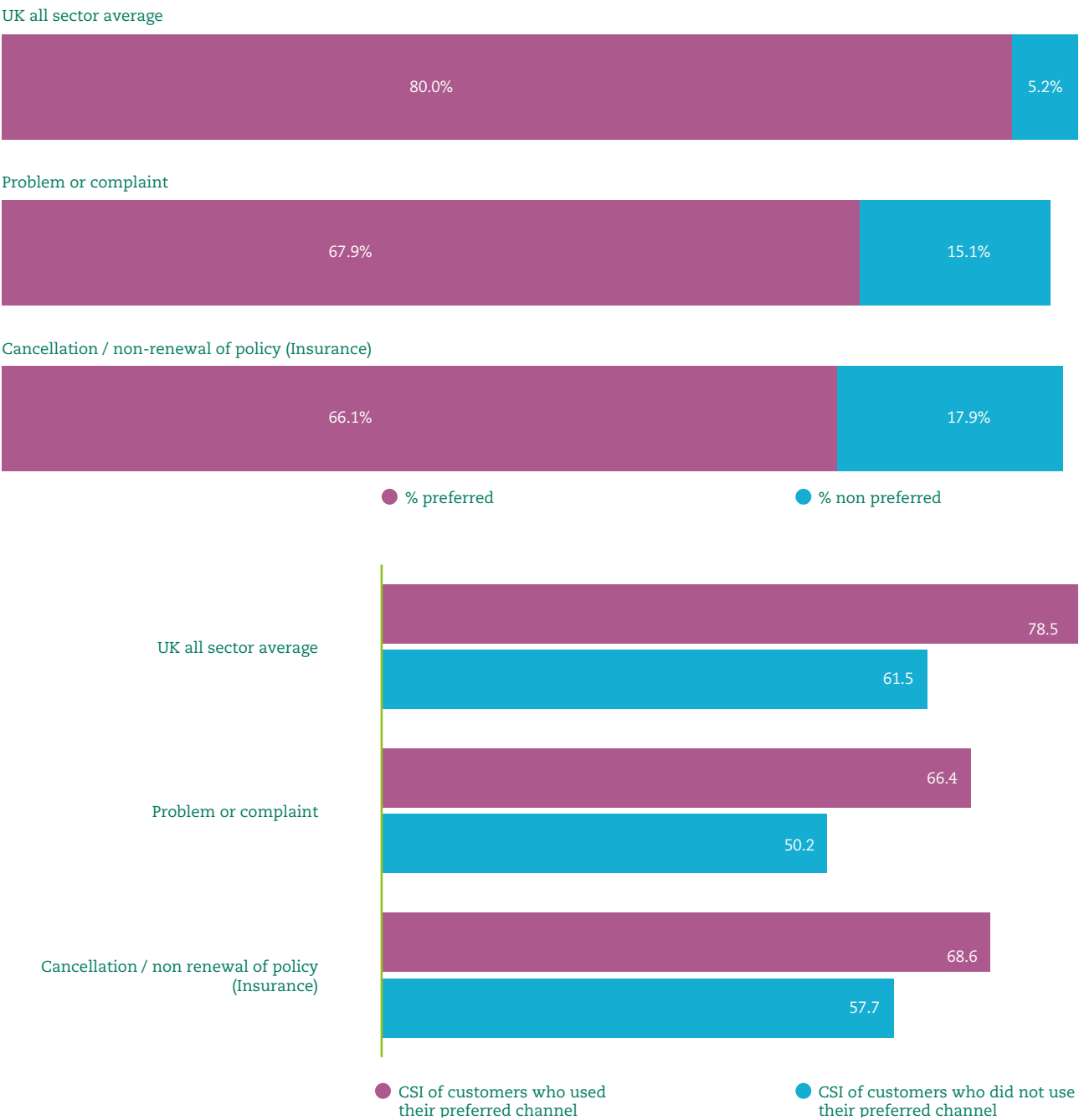
In every sector, customers who used their preferred channel for their experience with an organisation are more satisfied than those who did not

**Overall customer satisfaction depending on whether or not customers used their preferred channel for an experience with an organisation**



# Customers are least likely to have used their preferred channel in the context of a problem or complaint or cancelling an insurance policy

The customer experiences with the lowest proportion of customers using their preferred channel are in the context of a problem or complaint and cancellation or non-renewal of a policy (specifically in the Insurance sector).



## There is a wide range of preferred channels for making a complaint

Just over 15% of customers who communicated about a problem or complaint did not use their preferred channel; this was especially the case amongst customers who made their complaint via text, an app, by letter or social media.

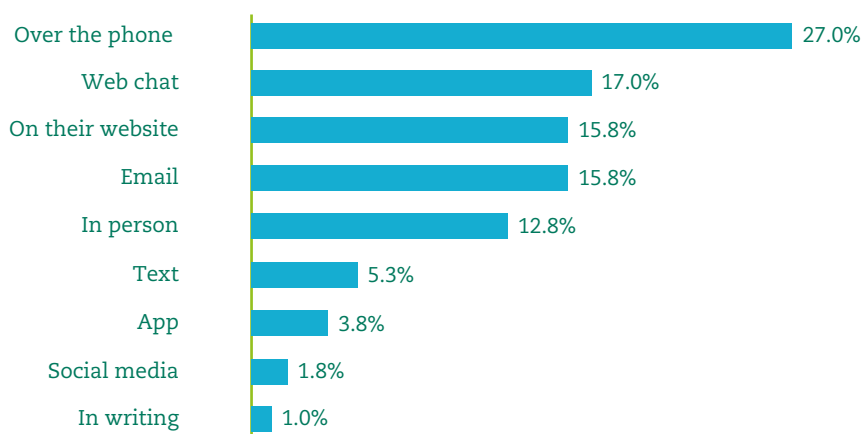
Channel used	% customers using this channel in the context of a problem or complaint	% of these customers for whom this was not their preferred channel
Phone	30.5%	15%
In person	25.7%	6.9%
Website	17.3%	17.8%
Email	15%	18.7%
Webchat	4%	12.4%
App	2.5%	26.3%
Text	2.1%	45.8%
In writing (letter)	1.6%	31.4%
Social Media	1.3%	21.7%

More than 10% of customers said this was not their preferred channel

More than 20% of customers said this was not their preferred channel

Amongst customers who did not use their preferred channel to make a complaint, the leading preference is to make the complaint by phone, followed by webchat, an organisation's website or email. Where a customer reported a complaint by phone but they would rather have used another channel, the most common preferences were for email (39.5%) or through an organisation's website (22.7%).

### If you did not use your preferred channel when making a complaint, which channel would you have rather used?



## Channel preferences: key takeouts

- 80% of customers used their preferred channel to contact an organisation; 5.2% did not; 14.8% have no preference
- Customers are the least likely to have used their preferred channel in the Utilities, Telecommunications and Media and Automotive sectors
- Customers are least likely to have used their preferred channel in the context of a problem or complaint or when cancelling an Insurance policy
- Customers have a wide spread of channel preferences, often favouring different channels for different types of experience
- Organisations should offer a range of channels based on an understanding of their customers' channel preferences, especially for making a complaint.

# 5

---

## The UKCSI: a decade retrospective

Since 2008, the UKCSI has provided a benchmark of the state of customer satisfaction in the UK. In this section, we highlight key factors that have shaped the customer experience environment, how customer satisfaction has moved in the last decade and key learnings for organisations and service leaders.

# Key factors that have shaped the customer experience environment in the last decade

## A decade of low growth in GDP, wages and productivity

The 2008 financial crisis and its aftermath have dominated the business and political climate in the past 12 years. The UK economy shrunk by more than 6% between the first quarter of 2008 and the second quarter of 2009 and took five years to return to its pre-recession size<sup>5</sup>. In recent years, GDP growth has remained relatively low by historic standards. The economy grew 1% year on year in the third quarter of 2019, the lowest growth rate since the first quarter of 2010.

UK productivity grew by an average of just 0.4% per year between 2009 and 2016, impeded by relatively low levels of business investment, tighter lending conditions and general uncertainty, especially since the 2016 Brexit referendum. In addition, it has been estimated that a growth in lower paying jobs and relatively low-productivity sectors have affected overall productivity performance<sup>6</sup>.

Our research<sup>7</sup> has shown that service productivity can be improved by getting things right first time, automating routine processes and enabling employees to spend more time on value-generating activity.

In the last year, average weekly earnings grew by 2.9%, helped partly by a rise in the “national living wage.” However, ONS reported that when adjusted for inflation, median pay was still 2.9% lower than in 2008<sup>8</sup>.

We have seen evidence that pay is a critical factor in attracting and retaining employees, especially in the context of roles that attract average or relatively low rates of pay<sup>9</sup>.

<sup>5</sup> ONS, The 2008 Recession Ten Years On, 30 April 2018, accessed at: <https://www.ons.gov.uk/economy/grossdomesticproductgdp/articles/the2008recession10yearson/2018-04-30>

<sup>6</sup> Tenreyro, Silvana, The Fall in Productivity Growth: Causes and Implications, speech 2018

<sup>7</sup> Productivity UK, Institute of Customer Service, 2018

<sup>8</sup> The Guardian, 29 Oct 2019 <https://www.theguardian.com/uk-news/2019/oct/29/proportion-low-paid-workers-uk-lowest-level-on-record>

<sup>9</sup> Are You Connected? Institute of Customer Service, 2019

## Consumer spending has recovered but debt is at record levels

Consumer spending slumped in the aftermath of the financial crisis but has shown an increasing trend following a low point in 2012. Spending in the financial year ending 2018 was the highest since 2005, supported by high levels of employment and low interest rates. However, levels of borrowing on credit cards, personal loans and car finance is at record levels.

Across the period of the UKCSI, transport, housing and recreation have been the biggest categories of household spend. Compared to 2008, people are spending more on recreation and culture and less on alcohol and tobacco<sup>10</sup>. The growth in spend on experiences has heightened the importance of transactional efficiency and of empathetic advice and service.

## An era of financial austerity in the public sector

Since 2010, the coalition and Conservative governments have sought to reduce the public finance deficit by cutting public sector expenditure. Precise estimates about the scale of cuts vary but there have been significant cuts in local government, the departments of transport, defence and culture, DWP and Defra. By comparison, spending in health and pensions has been relatively protected. By 2018, 16.5% of the UK workforce was employed in the public sector, the lowest proportion since comparable records began in 1999<sup>11</sup>.

Public sector organisations are also challenged by rising demand and expectations from a diverse and ageing population. These challenges have spurred the development of 10 functioning devolution deals (in addition to London) in English cities and sub-regions, creating the potential for improving accountability, flexibility and effective deployment of resources.

The government's "digital by default" strategy has created the potential to improve access to information and services and save money. But in the public sector, as with commercial organisations, channel strategy needs to be based on an understanding of customers' needs and preferences for interacting with organisations, especially in the context of essential services.

<sup>10</sup> ONS, Consumer Trends, Statistical Bulletins

<sup>11</sup> ONS, public sector employment, UK:

March 2018 <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/publicsectorpersonnel/bulletins/publicsectoremployment/march2018>



## Growing importance of ethics, sustainability and transparency

Customers' trust in many organisations and institutions has been undermined by a range of factors including revelations about some organisations' governance, environmental, employment, supply chain and tax avoidance practices; the horsemeat scandal in the retail sector; the fallout from cases of mis-selling in the finance sector; pricing policies in the Utilities and Insurance sector. These factors have contributed to a general weakening of trust in business and scepticism that organisations are committed to doing the right thing for their customers, employees and broader society, in addition to pursuing their commercial interests. As a result, ethical and environmental concerns are increasingly important for many customers, shareholders and stakeholders and are now a central focus of corporate governance and business practice.

## Online and mobile technologies have transformed communication, collaboration and consumption

In 2008, Internet penetration in the UK was 65%, 79% of households owned a mobile phone and the iPhone and Android had just been launched. By 2019, Internet penetration and mobile phone ownership was 95% and 78% of people owned a smartphone. The average amount of time spent online on a smartphone is 2 hours 28 minutes a day, rising to over 3 hours amongst 18-24 year olds<sup>12</sup>. By 2019, social media penetration had reached 67% of the UK population, with each user spending an average of one hour and 50 minutes per day on social media platforms<sup>13</sup>.

Online and mobile technologies have enabled new opportunities of connectivity and collaboration at home, on the move and at work and have fuelled a shift in the way people buy and consume products and services, especially in the travel, fashion and beauty, electronics and physical media categories. In organisations, social media applications such as Yammer or Workplace are increasingly used to share information and stimulate collaboration. LinkedIn has become an essential recruitment tool for candidates and hiring organisations.

Social media has enabled greater transparency about organisations' behaviour and performance. Many organisations have integrated social media into their customer service operations in order to monitor online word of mouth and assess when to react quickly to public feedback and comment. Customers often routinely use online reviews, forums or information from independent third parties to inform decisions about which organisations they use.

But there are growing concerns about negative effects of social media, including infringement of privacy, feelings of isolation or low self-esteem if an individual's online presence does not receive positive validation, and even cyberbullying. Many people use social media as a primary source of news and information but the veracity or provenance of information is not always clear, creating concerns that public and political debate are being damaged by "fake news."

<sup>12</sup> Ofcom, <https://www.ofcom.org.uk/about-ofcom/latest/features-and-news/decade-of-digital-dependency>

<sup>13</sup> We are social, Digital in the UK: Data and Learnings for 2019 <https://wearesocial.com/uk/blog/2019/03/digital-in-the-uk-data-and-learnings-for-2019>

## Customers are using more channels to interact with organisations

In the past decade, the way in which customers and organisations interact has been transformed. In 2012, the UKCSI began to measure customer experiences through in person, phone, website and in writing (letter) channels. In the January 2020 UKCSI, whilst in person, phone and organisations' websites remain the dominant channels, almost 13% of recorded customer experiences took place through email, an App, webchat, text or social media.

Artificial intelligence and automation is increasingly being used for simple customer contacts. As a result, it is likely that employees will spend more time on complex issues requiring a greater breadth of skills<sup>14</sup>.


Many organisations enable customers to interact with them through a range of channels. However, as our recent research showed<sup>15</sup>, where customers use multiple channels in the course of a transaction or experience it is often not though choice, but because of a problem encountered by a customer in using their preferred channels. Perhaps as result, in the UKCSI customers frequently cite "making it easier to contact the right person to help me" as one of the key areas organisations should improve. Customers' channel preferences are often influenced by the type of interaction with an organisation. Increasingly, organisations need to offer both transactional efficiency and proactive, personalised help and advice.

Few organisations can claim to offer a genuinely omnichannel experience, where a customer's experiences are seamlessly connected across channels. But for many organisations, enabling a genuinely omnichannel customer experience is a key strategic focus.

<sup>14</sup> See The Heart of Artificial Intelligence, Institute of Customer Service, 2018

<sup>15</sup> Productivity UK, Institute of Customer Service, 2018

## Managing customer data has become more critical




20% of customers believe they have dealt with an organisation that knows more information than feels comfortable, has sold their data, or used it inappropriately

Capturing, maintaining and acting on customer data has become one of the key customer experience disciplines. The proliferation of datasets and growth in analytics capabilities has created opportunities to gain deeper customer insights to offer more personalised and timely customer experiences.

However, a number of high-profile data breaches, the advent of GDPR, concerns over the activities of technology companies have heightened awareness and sensitivities about how personal data is used. Our research found that 25% of customers would prefer not to share any of their personal data with organisations and 20% of customers believe they have dealt with an organisation that knows more information than feels comfortable, has sold their data, or used it inappropriately<sup>16</sup>.

<sup>16</sup> Upfront and Personal, Institute of Customer Service, 2019

## High street retailers under pressure



Retailers have been hit by a combination of rising costs, the growth in online sales, lower footfall, planning policy, changing tastes and fragile consumer confidence

Whilst some retail businesses are thriving, many well-known names have disappeared from the high street or have been forced to undergo restructuring. Value brands in food, fashion and comparison goods have become a familiar presence in high streets, as well as in out of town retail developments.

Retailers have been hit by a combination of rising costs, the growth in online sales, lower footfall, planning policy, changing tastes and fragile consumer confidence. As a result, in 2019 the proportion of empty shops reached 10.3%, its highest level since 2015<sup>17</sup> and between 2016 and 2019 over 100,000 retail jobs were lost.

Despite these challenges, the levels of new store openings in 2019 indicate that customers' tastes continue to evolve. Fashion retailers, pubs, bars and restaurants are the largest categories for new store openings whilst there has been a growth in new takeaways, gyms and vaping shops.

Some evidence has suggested that customers, especially from the millennial and younger generations, increasingly prioritise spending on experiences and events rather physical goods. Therefore alongside the shift to online commerce, there is a growing demand for leisure, recreation and cultural experiences, creating opportunities for retail and high street communities.

In 2011, The Portas review<sup>18</sup> identified practical actions and recommendations in a range of areas including town centre management, planning, business rates, parking, "business use" policy and community engagement in local planning decisions. Yet since then, concerns and debate about the future of the high street have intensified.

<sup>17</sup> British Retail Consortium and Springboard survey, 2019 <https://www.bbc.co.uk/news/business-49311298>

<sup>18</sup> The Portas Review: An independent review into the future of our high streets, 2011

## In regulated sectors, competition and regulatory scrutiny have intensified

Regulators have employed a number of different strategies to promote better customer service. These include enabling greater competition; removing barriers to switching suppliers; publicising organisations' customer satisfaction performance; encouraging a focus on professional standards and culture.

In the banking sector, there have been over six million current account switches since the launch of the Current Account Switch service in 2013<sup>19</sup>. Open banking is challenging the status of the UK's leading banks by enabling customers to share more easily their financial information held by banks with third parties. By 2019, 132 regulated providers had at least one live customer open banking proposition<sup>20</sup>.

In 2018, 5.8 million households switched their energy supplier, up from just over 3 million in 2014<sup>21</sup>. However, in response to concerns about rising energy prices, in January 2019 Ofgem was directed by government to introduce a price cap for customers on a standard variable contract and a new lower cap was introduced in October 2019.

Perspectives on the impact of the price cap are contested. Some organisations believe that it has squeezed small energy providers; others point out that the cap does not guarantee that vulnerable customers will receive the lowest available market prices.

In 2010, Ofwat introduced a Service Incentive Mechanism (SIM) through which water companies are financially rewarded or penalised depending on their performance against customer experience metrics.

Strong growth in the number of rail passenger journeys has continued in the past decade, fuelled by commuting, growth in the number of professional and technical jobs, especially in London and south east England and an increase in business trips undertaken by rail<sup>22</sup>. The volume of rail traffic and price increases have increased demand for development of rail infrastructure and scrutiny of Network Rail and train operating companies.

<sup>19</sup> Current Account Switching Service Dashboard, Issue 24

<sup>20</sup> Open Banking May 2019 Highlights <https://www.openbanking.org.uk/about-us/news-release-archive/open-banking-may-highlights/>

<sup>21</sup> Energy UK, quoted at <https://www.uswitch.com/gas-electricity/news/2019/11/25/5-million-switches-in-2019/>

<sup>22</sup> Independent Transport Commission: Wider factors affecting the long-term growth in Rail Travel, November 2018

## A changing and diverse population

The UK population grew from 61.8 million in 2008 to an estimated 66.8 million in 2019. The number of households and families has increased, as has the number of people living alone, influenced significantly by larger numbers of men aged over 65 living alone<sup>23</sup>.

Migration to the UK has been the main driver of population growth. Net migration fell between 2010 and 2012 but increased from 2013 as the economy recovered, peaking at 343,000 in 2015. Since 2016, the amount of net migration from EU countries has fallen whilst net migration from non-EU countries has risen. By 2018, the non-UK born population living in the UK was 9.3 million, up from 6.8 million in 2008<sup>24</sup>.



The UK population grew from 61.8 million in 2008 to an estimated 66.8 million in 2019.

Migration to the UK has been the main driver of population growth.

<sup>23</sup> ONS, Overview of the UK population: August 2019

<sup>24</sup> ONS, Population of the UK by birth and nationality: 2018

## How have organisations performed for customer satisfaction in the last decade?

The progress of the UKCSI over the last decade can be assessed in four phases:

### January 2008 – January 2013

Continuous improvement in transactional service, especially for complaint handling, speed of service and employee competence

### July 2013 – January 2015

A downturn in customer satisfaction influenced by the level of investment in service, issues of trust and reputation, and growing customer expectations of speed, convenience and ease of doing business

### July 2015 – July 2017

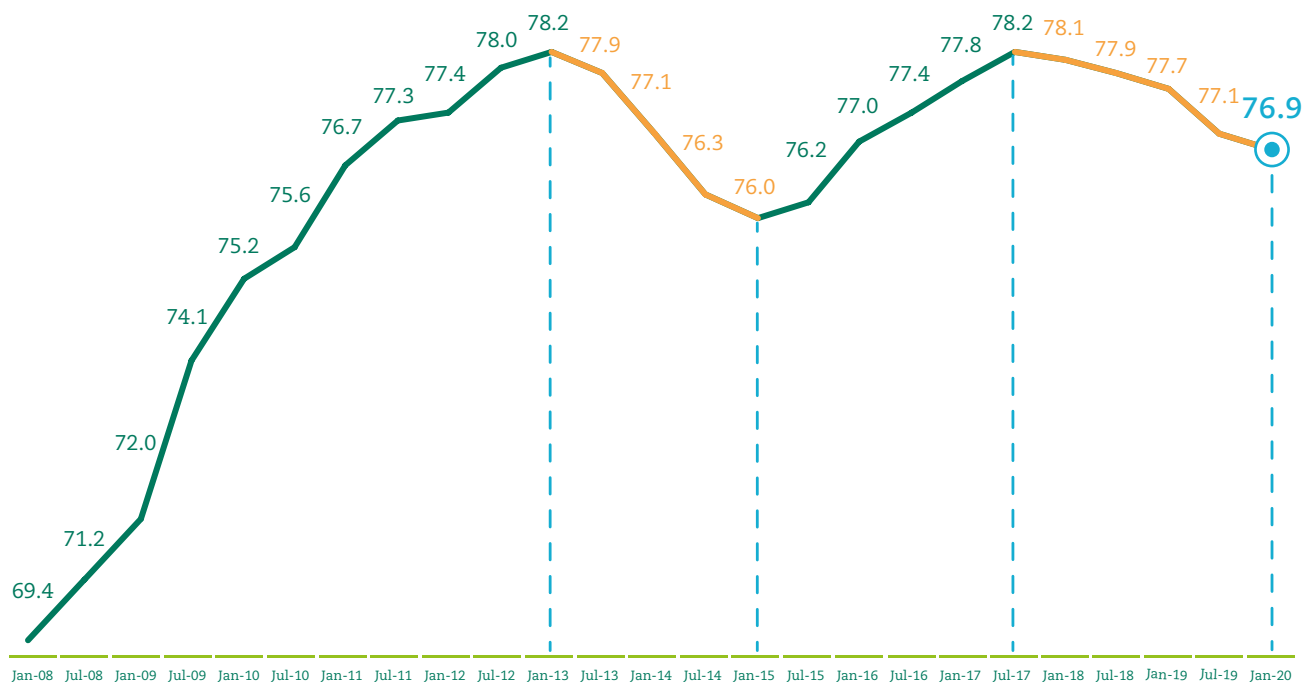
Customer satisfaction improved, through better service recovery and complaint handling

### January 2018 – January 2020

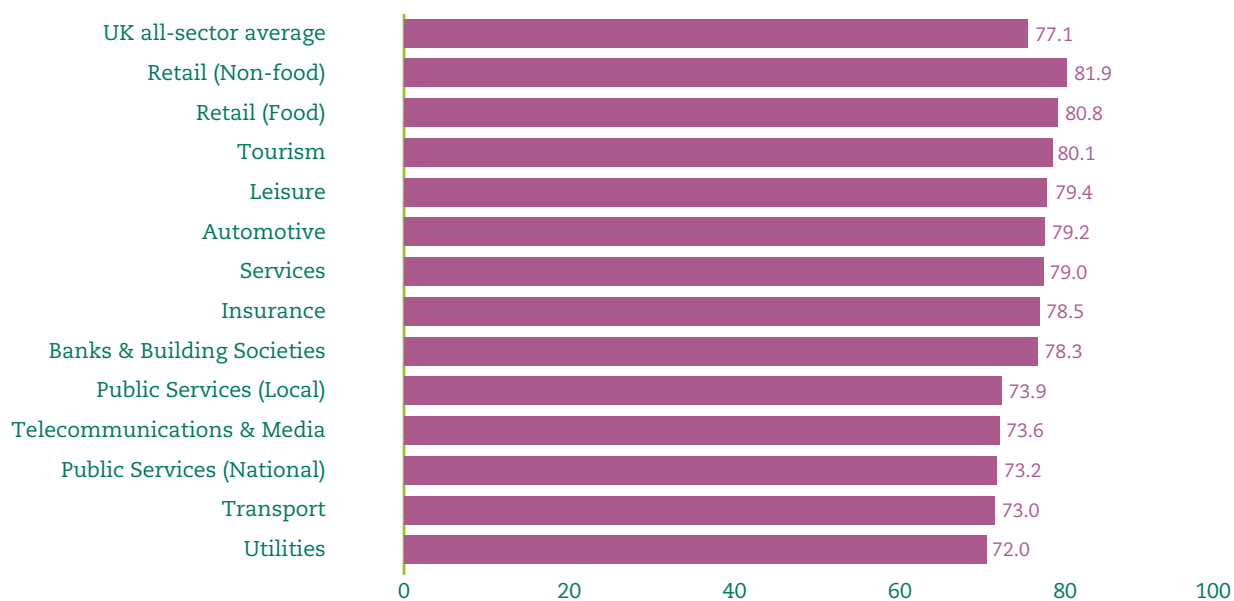
Customer satisfaction has stagnated and has fallen in the Transport and Utilities sectors. As well as transactional experiences, emotional connection, customer ethos and ethics have become drivers of superior customer satisfaction



## Customer satisfaction, as measured in the UKCSI, 2008 - 2020

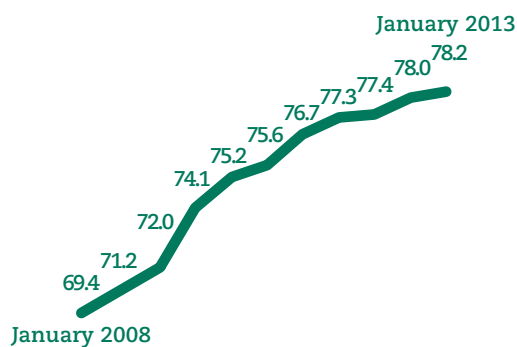


## Average customer satisfaction by sector 2010 - 2020



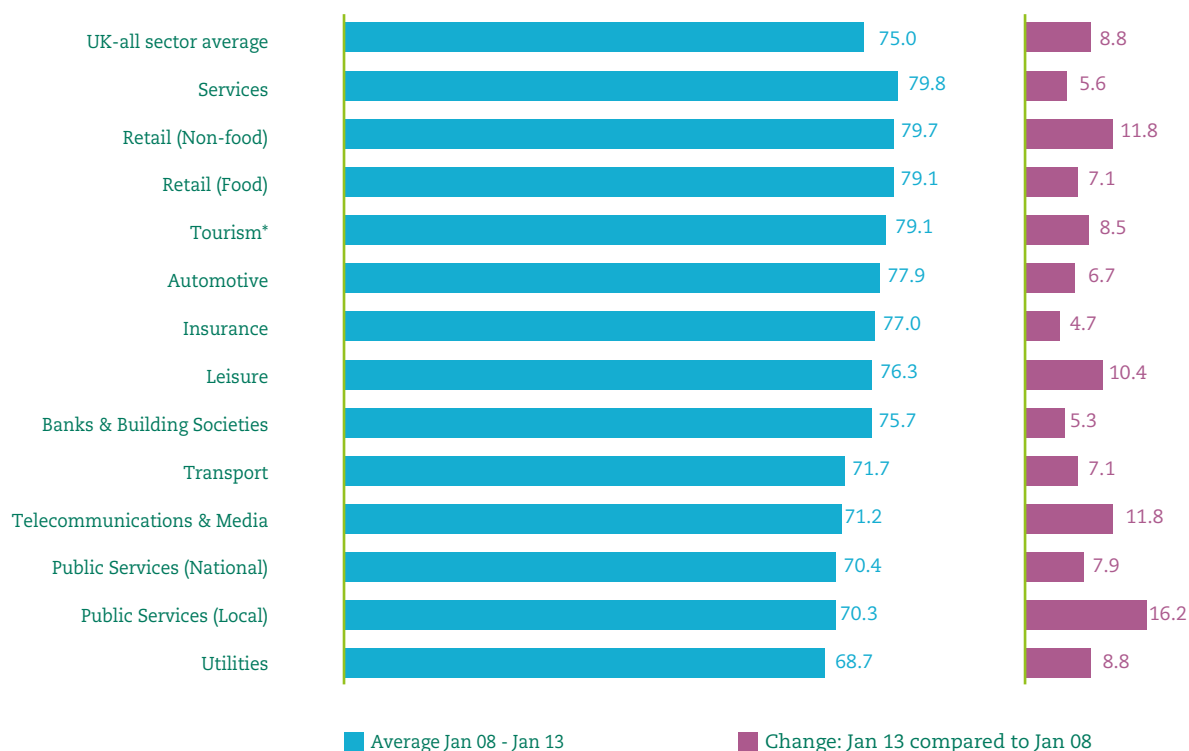
## January 2008 – January 2013

Continuous improvement in transactional service, especially for complaint handling, speed of service and employee competence



The UKCSI rose continually across all sectors, increasing from 72.0 in January 2009 to a peak of 78.2 in January 2013. Along with July 2017, this is the highest level the UKCSI has ever reached.

## Customer satisfaction January 2008 - January 2013



\* Tourism was introduced to the UKCSI in January 2009

Services, Retail (Non-food) and Retail (Food) were the highest performing sectors. The rise in customer satisfaction was particularly strong in the Leisure, Telecommunications and Media and Public Services (Local) sectors. Utilities was the lowest performing sector, averaging 68.7. Across this period, the gap between the highest and lowest performing sectors was an average of 11.0 points.

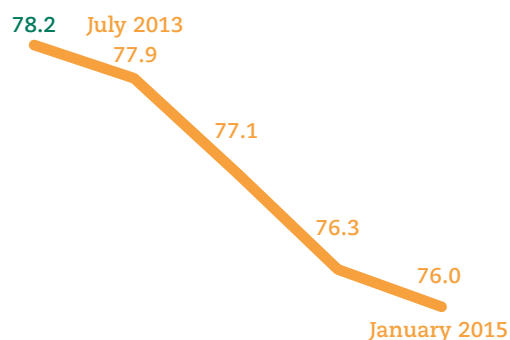
Most measures of customer satisfaction improved between 2008 and 2013, especially satisfaction with complaint handling, speed of service, helpfulness and competence of staff and product quality. The number of customers experiencing a problem with an organisation dropped from 16.8% in January 2008 to 10.8% in January 2013.

### Key measures: Jan 2008 and Jan 2013

Measure	January 2008	January 2013	Change
Handling of the complaint	3.5	5.4	1.9
Speed of service	6.6	7.9	1.3
Competence of staff	7.0	8.0	1.0
% customers with a problem	16.8%	10.8%	-6.0% points

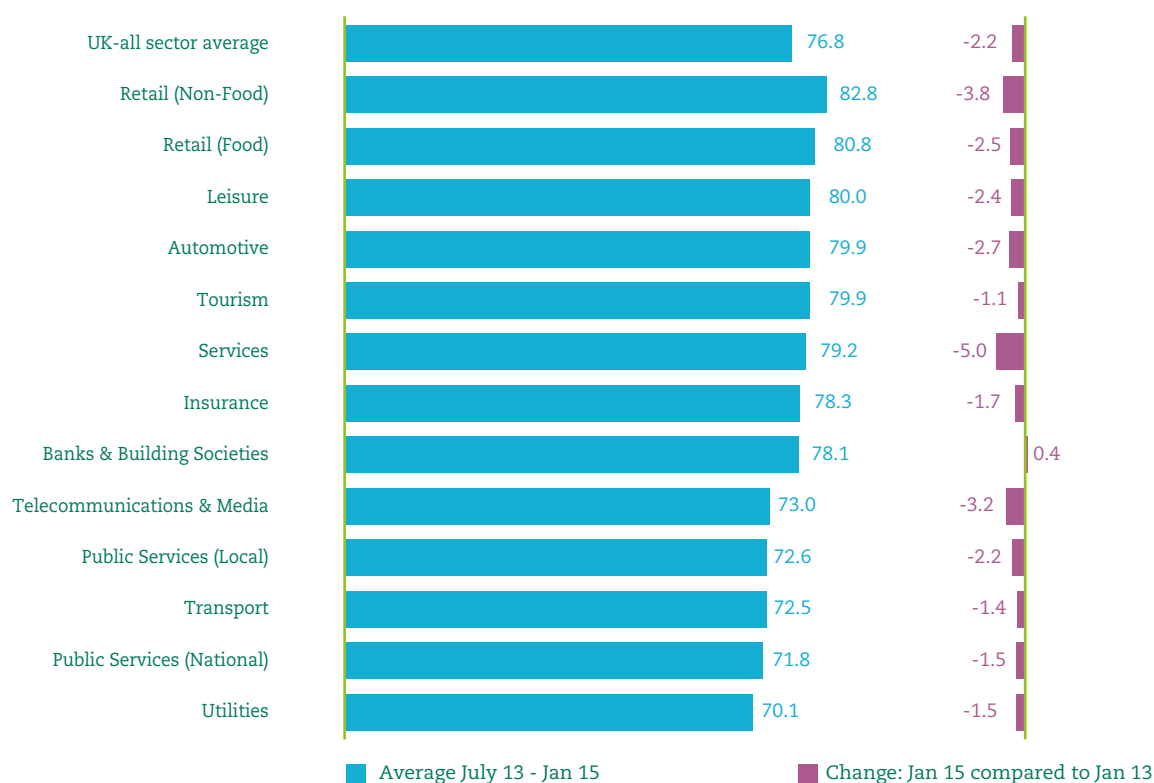
## July 2013 – January 2015

A downturn in customer satisfaction influenced by the level of investment in service, issues of trust and reputation, and growing customer expectations of speed, convenience and ease of doing business



In July 2013, the UKCSI fell for the first time. By January 2015, it had declined to 76.0, the lowest score for five years. Every sector except Banks and Building Societies was lower than its January 2013 level. The drop in customer satisfaction was particularly evident in the Retail (Non-food), Services and Telecommunications and Media sectors.

### Customer satisfaction July 2013 - Jan 2015



The fall in customer satisfaction was most marked for complaint handling and reputation. The extent to which customers trust an organisation, a question introduced in January 2014, was at its lowest point ever recorded in the UKCSI. The proportion of customers who experienced a problem with an organisation rose to 13.4%, the highest level since 2009.

### Key measures: January 2013 and January 2015

Measure	January 2013	January 2015	Change
Handling of the complaint	5.4	5.0	- 0.4
Speed of resolving your complaint	5.5	5.0	- 0.5
Reputation of the organisation	7.9	7.5	- 0.4
% of customers experiencing a problem with the organisation in the previous three months	10.8%	13.4%	+ 2.6% points

Through our research and dialogue with member organisations, we identified a number of factors that may have contributed to the general fall in customer satisfaction

### Lower levels of investment in service?

Cuts in business and public sector investment prompted by the prolonged economic downturn may have had a negative impact on the customer experience at many organisations

### Evolving needs and expectations

Evolution of customer needs and preferences, with convenience, ease of doing business and speed becoming especially important

### Prioritising revenue growth over service

As growth returned to the economy, there may have been a temptation for organisations' focus to shift from retaining customers to aggressive and rapid growth in customer numbers and market share

### A decline in trust

The issue of trust has remained firmly in the spotlight, organisations in a range of sectors have come under intense scrutiny over their business practices, their responsiveness to customer and public concerns and their ability to manage crisis situations.

### Channel complexity

As organisations interacted with customers through multiple channels, it became more complex and challenging to give a fully joined-up customer experience. Dissatisfied customers were increasingly likely to publicise or escalate their frustration through social media

## The lag effects of customer satisfaction

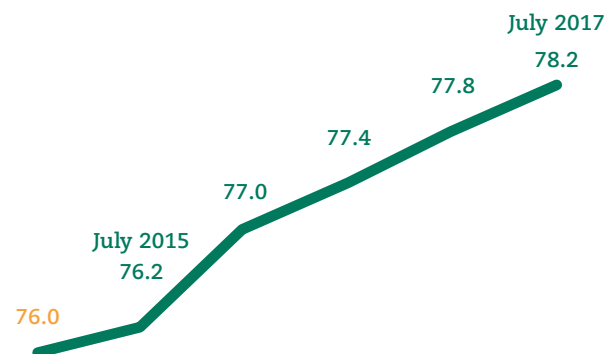
Cuts in customer service resources or capabilities are not always visible immediately. But over time they lead to an erosion of customer satisfaction which is difficult to reverse and likely to have a negative impact on business performance.

Improvements in customer satisfaction alone are not always sufficient to generate immediate financial return. Our research has shown that organisations with consistently higher levels of customer satisfaction than their sector average, have achieved stronger revenue growth, margin and ebitda than those who are below the sector average.



## July 2015 – July 2017

Customer satisfaction improved, through better service recovery and complaint handling



The UKCSI recovered and by July 2017 had returned to its highpoint of 78.2, a level last seen in January 2013. The growth in customer satisfaction was common to all sectors but especially the case in some of the lower rated sectors including Utilities, Public Services, Telecommunications and Media and Transport. As a result, the difference between the highest rated sector (Retail Non-food) and the lowest (Telecommunications and Media) reduced to 8.2 points, the narrowest gap between highest and lowest performing sectors ever seen in the UKCSI.

### Customer satisfaction July 2015 - July 2017





The key areas of improvement were for complaint handling, helpfulness and competence of staff and trust. However, the level of effort customers expended in dealing with organisations rose slightly and the amount of problems experienced by customers was relatively stable.

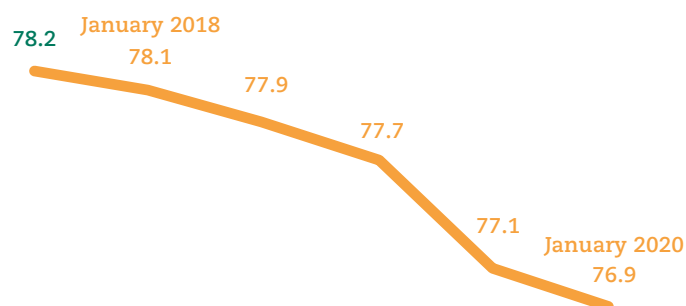
Organisations got better at reacting to problems but they did not necessarily get better at preventing problems from occurring.

#### Key measures: Jan 2015 and July 2017

	January 2015	July 2017	Change
Helpfulness of staff	7.8	8.2	0.4
Handling of the complaint	5.0	5.7	0.7
Speed of resolving your complaint	5.0	5.6	0.6
To what extent do you trust the organisation?	7.3	7.7	0.4
% of customers experiencing a problem with the organisation in the previous three months	13.4%	13.1%	- 0.3% points

## January 2018 – January 2020

Customer satisfaction has stagnated and has fallen in the Transport and Utilities sectors. As well as transactional experiences, emotional connection, customer ethos and ethics have become drivers of superior customer satisfaction



From January 2018 to January 2020, the UKCSI has fallen continuously, albeit by relatively small intervals. The January 2020 UKCSI of 76.9 is its lowest level since July 2015 and 1.3 points below the highpoint of July 2017.

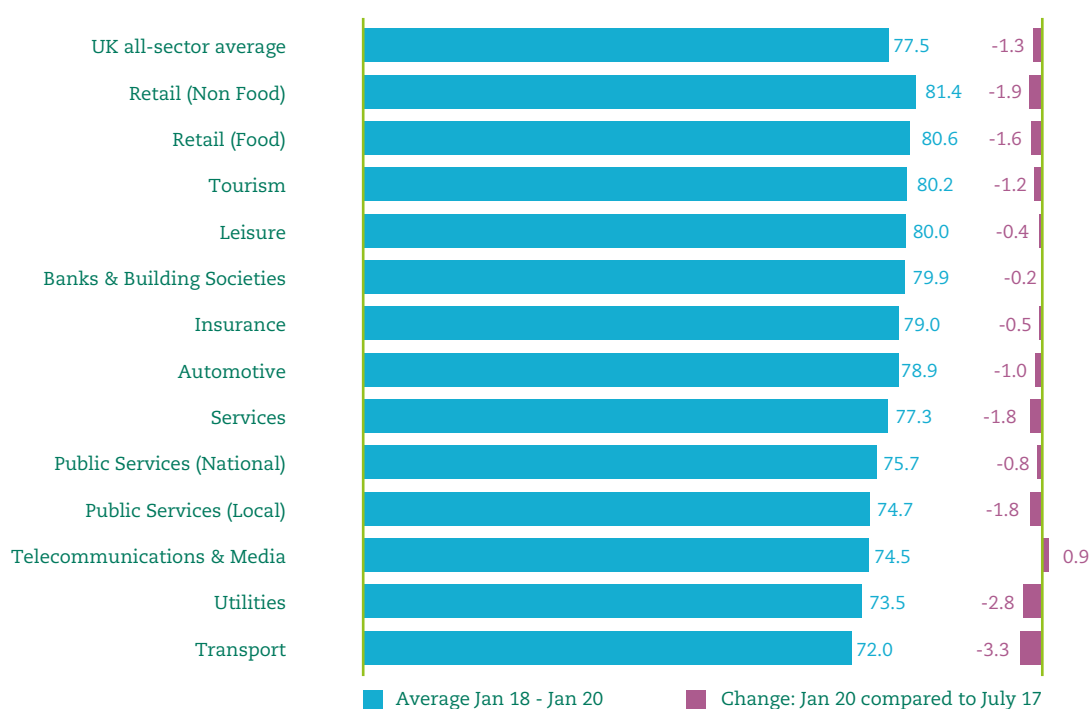
In January 2020, every sector registered lower customer satisfaction than in July 2017, except for Telecommunications & Media, which has generally improved since 2015 and received its highest ever UKCSI score, 74.8.

Utilities and Transport have lost much of the gains in customer satisfaction they achieved prior to July 2017.

Transport is 3.3 points lower than in July 2017, with the fall in satisfaction generally most evident for train operating companies. Measures for trust, openness and transparency and an organisation caring about its customers are 0.4 points lower than in July 2017. The proportion of customers experiencing a problem is 3.2 percentage points higher, at 19.4%.

Utilities is 2.8 points lower than in July 2017 (Energy is 3.6 points lower and Water 2 points lower). The number of right first time experiences has fallen; the number of customers experiencing a problem has grown; and satisfaction with helpfulness and competence of employees over the phone is lower than in July 2017.

### Customer satisfaction Jan 2018 - Jan 2020



Across the UKCSI as a whole, most measures have been relatively stable over the past 2 years, although satisfaction with helpfulness and competence of employees is generally lower than in July 2017.

#### Key measures: July 2017 and Jan 2020

	July 2017	January 2020	Change
Helpfulness of staff	8.2	7.9	- 0.3
Handling of the complaint	5.7	5.8	0.1
Speed of resolving your complaint	5.6	5.8	0.2
To what extent do you trust the organisation?	7.7	7.6	- 0.1
% of customers experiencing a problem with the organisation in the previous three months	13.1%	13.6%	0.5% points

# Customer satisfaction performance of organisations 2010 - 2020

## Consistently high performing organisations 2010 - 2020\*

Organisation	Sector	UKCSI average Jan 2010 - Jan 2020 (out of 100)	Gap with sector average
Amazon.co.uk	Retail (Non-food)	87.4	5.5
John Lewis	Retail (Non-food)	87.0	5.2
first direct	Banks & Building Societies	86.0	7.7
Waitrose	Retail (Food)	85.2	4.4
M & S (food)	Retail (Food)	84.5	3.6
Next	Retail (Non-food)	83.7	1.9
M & S	Retail (Non-food)	83.3	1.5
Nationwide	Banks & Building Societies	83.2	5.0
Greggs	Leisure	82.9	3.5
Aldi	Retail (Food)	82.9	2.0

\* Based on organisations that have appeared in at least 50% of UKCSI reports

## Most improved organisations 2010 - 2020\*\*

Organisation	Sector	Jan 2010 - July 2014	Jan 2015 - Jan 2020	Change
Santander	Banks & Building Societies	72.5	80.2	7.7
Homeserve	Services	70.7	76.8	6.1
Three	Telecommunications & Media	71.4	76.9	5.5
Severn Trent Water	Utilities	70.1	75.5	5.4
Jobcentre Plus	Public Services (National)	53.7	59.0	5.3
Royal Mail / Parcelforce	Services	71.3	76.0	4.7
Aviva	Insurance	77.2	81.4	4.2
Direct Line	Insurance	76.5	80.3	3.8
United Utilities (water)	Utilities	71.3	75.0	3.7
More Than	Insurance	75.6	79.1	3.5

\*\* Based on organisations with at least 5 data points in each period

## Organisations and organisation types that have averaged at least 3 points above their sector 2010 - 2020

Automotive	<ul style="list-style-type: none"> <li>• Skoda UK</li> </ul>
Banks & Building Societies	<ul style="list-style-type: none"> <li>• first direct</li> <li>• Nationwide</li> </ul>
Insurance	<ul style="list-style-type: none"> <li>• LV=</li> <li>• Saga Insurance</li> </ul>
Leisure	<ul style="list-style-type: none"> <li>• Greggs</li> </ul>
Public Services (Local)	<ul style="list-style-type: none"> <li>• Library</li> <li>• Your local Fire Service</li> <li>• Your local Ambulance Service</li> </ul>
Public Services (National)	<ul style="list-style-type: none"> <li>• DVLA</li> <li>• HM Passport Office</li> <li>• Post Office</li> </ul>
Retail (Food)	<ul style="list-style-type: none"> <li>• M &amp; S (Food)</li> <li>• Waitrose</li> </ul>
Retail (Non-food)	<ul style="list-style-type: none"> <li>• Amazon.co.uk</li> <li>• John Lewis</li> </ul>
Telecommunications & Media	<ul style="list-style-type: none"> <li>• Tesco Mobile</li> <li>• giffgaff</li> <li>• O2</li> </ul>
Transport	<ul style="list-style-type: none"> <li>• British Airways</li> <li>• easyjet</li> <li>• Eurotunnel</li> <li>• Flybe</li> <li>• Jet2</li> <li>• National Express</li> <li>• P &amp; O Ferries</li> <li>• Thomson Airways</li> <li>• The Trainline.com</li> <li>• Virgin Atlantic</li> <li>• Virgin Trains</li> </ul>
Utilities	<ul style="list-style-type: none"> <li>• Dwr Cymru (Welsh Water)</li> <li>• Shell Energy (formerly First Utility)</li> <li>• Yorkshire Water</li> </ul>

# 6

---

## What we've learnt from a decade of the UKCSI

The UKCSI provides an independent benchmark of customer satisfaction in the UK, identifies the key trends shaping the customer experience environment and highlights the characteristics of excellent service. In this section, we focus on key learnings for organisations from a decade of the UKCSI.



**1** Achieving consistently high levels of customer satisfaction delivers better financial results



**2** Focusing on customer service creates opportunities to improve productivity



**3** Achieving a 9 or 10 out of 10 for customer satisfaction boosts trust and reputation



**4** Organisational culture is the foundation of excellent service



**5** Excellent service is built on experience, emotions and ethics



**6** Preventing problems for customers is as important as complaint handling



**7** Employee engagement has become more central to customer experience and more challenging to achieve



**8** Customer insight has become more critical to customer experience



**9** Delivering a consistent experience across channels with the ability to access help when needed

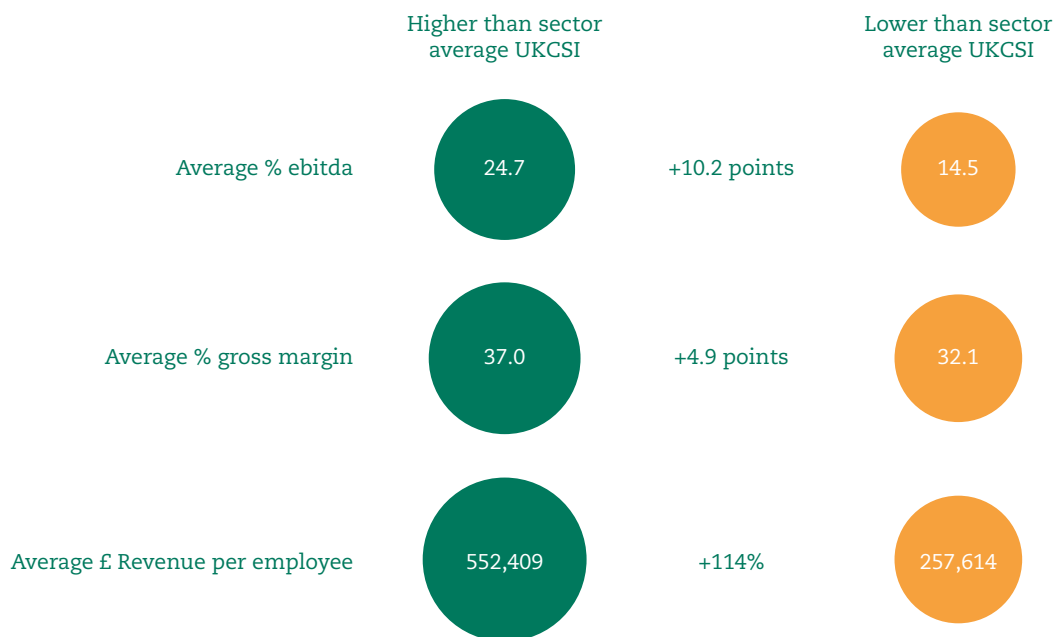
# 1) Achieving consistently high levels of customer satisfaction delivers better financial results

A core purpose of The Institute is to demonstrate the link between high levels of customer service and business results. For example, in the UKCSI, we review the relationship between customer satisfaction and sales growth in the Retail (Food) sector and customer satisfaction and current account switches in the Banks and Building Societies sector.

In 2017, we published The Customer Service Dividend<sup>25</sup>, tracking the relationship between organisations' customer satisfaction scores in the UKCSI and key financial metrics. It showed that organisations who perform consistently better than their sector average for customer satisfaction have achieved stronger ebitda, gross margin and revenue per employee. This suggests that customer experience is a key asset that is crucial in enabling organisations to navigate significant business transformation and change.

## Key actions for organisations:

- 1) Benchmark customer service performance with organisations both inside and outside your sector
- 2) Ensure that there is appropriate customer experience expertise and accountability at board level
- 3) Ensure there is visibility of customer satisfaction results at board level
- 4) Signal a strategic commitment to customer service by including customer experience strategy and results in annual reports and accounts.



<sup>25</sup> The Customer Service Dividend, Institute of Customer Service, 2017



## 2) Focusing on customer service creates opportunities to improve productivity

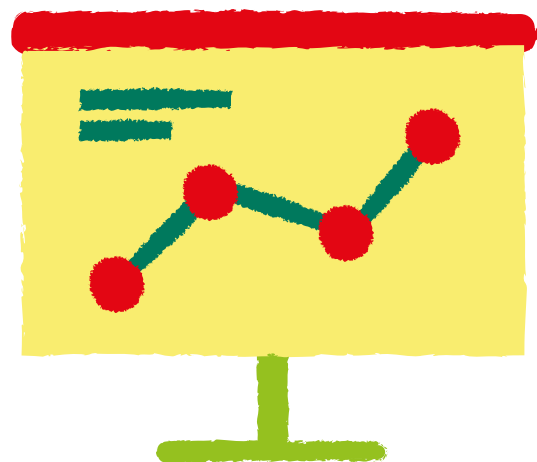
With almost 80% of UK GDP generated by the service sector, there is an urgent need to define, develop and measure productivity in a service context. Customer service has sometimes been seen by organisations as a cost centre, but focusing on customer service creates opportunities to improve productivity. Our research<sup>26</sup> has shown that there are significant “hidden costs” caused by failure in customer service:

- Employees spend at least two working days per month dealing with consequences of their organisation getting something wrong for a customer, or problems caused by suppliers.
- 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.
- A customer complaint typically generates 2.8 contacts to an organisation, of which 70% are telephone calls.

The key opportunity for organisations is to improve productivity by simplifying routine interactions, reducing customer effort and problems and refocusing employees on activities that generate revenue and profit.

### Key actions for organisations:

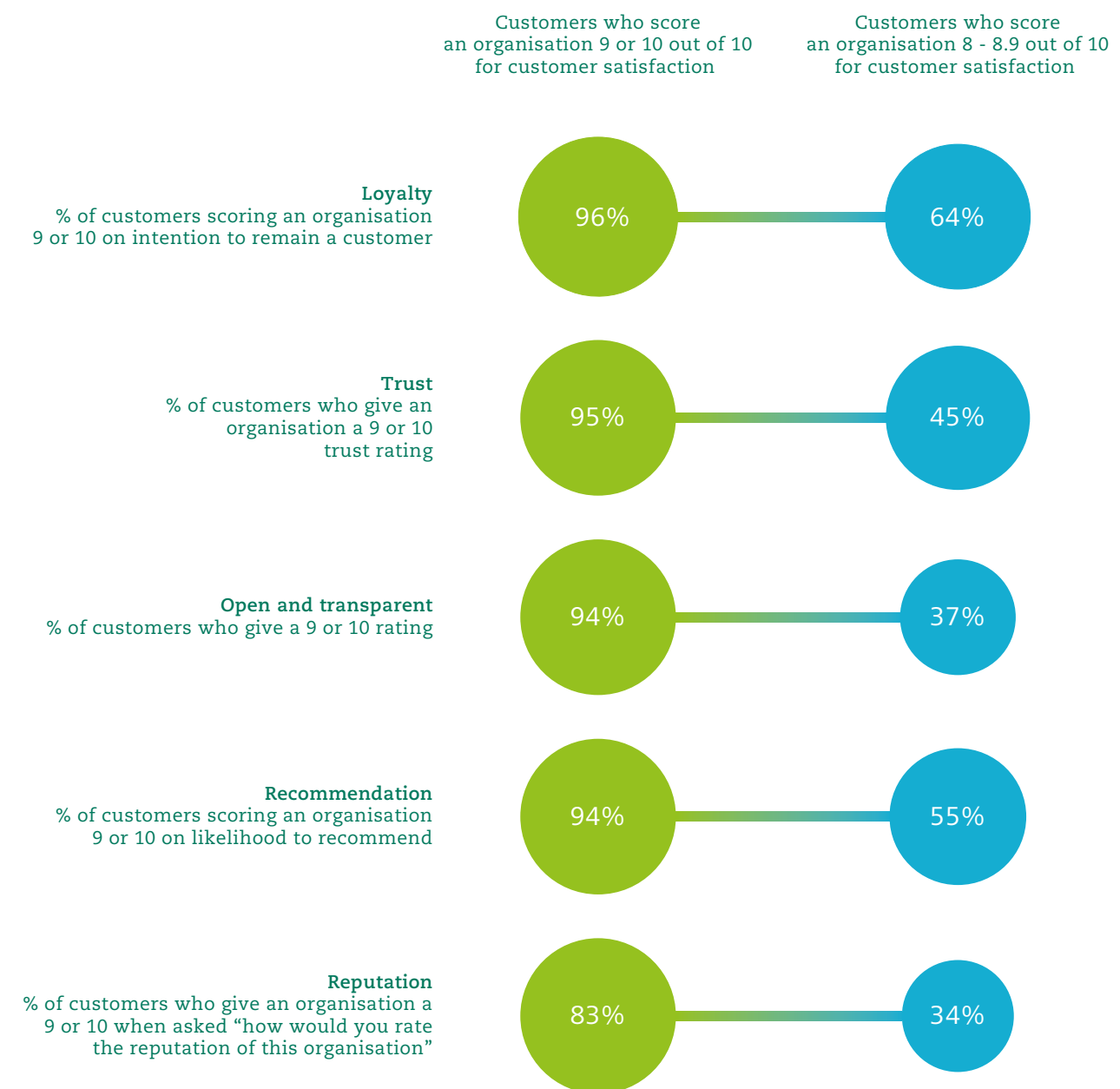
- 1) Understand how and why customers' interact with your organisation and the extent to which their objectives are met
- 2) Identify opportunities to reduce customer effort
- 3) Harness artificial intelligence, automation and process review to improve efficiency of back office processes and routine customer interactions
- 4) Enable employees to spend more time on customer relationships that improve satisfaction and generate value-add opportunities
- 5) Measure service productivity not just in narrow transactional terms but in the context of overall cost and value of customer engagement and the organisation's purpose



<sup>26</sup> Productivity UK, Institute of Customer Service, 2018

### 3) Achieving a 9 or 10 out of 10 for customer satisfaction boosts trust and reputation

The UKCSI has consistently shown that achieving the highest levels of customer satisfaction - a 9 or 10 out of 10 - appears to give a notable extra boost to levels of reputation, trust, recommendation and willingness to remain an organisation's customer. Over the last decade, customers' perceptions about an organisation's trustworthiness, reputation, openness and transparency have become more closely linked to the highest levels of satisfaction.



### Key actions for organisations:

- 1) Maintain a long-term focus on the quality of customer service
- 2) Keep promises and commitments made to customers
- 3) Fair pay for all employees, for example ensuring that all employees receive a living wage
- 4) Ensure fair pay and working conditions for employees throughout the organisation's supply chains
- 5) Fair and transparent pricing and contracts for all customers
- 6) Be seen to pay reasonable levels of tax
- 7) Actively recruit and create employment opportunities, especially in communities the organisation serves, or where it has significant operations
- 8) Support community or education projects that are aligned to the organisation's purpose and values, especially in communities the organisation serves, or where it has significant operations

## 4) Organisational culture is the foundation of excellent service

Consistently high performing organisations don't see customer service as a set of transactions or discrete department but as a way of doing business that is fundamental to an organisation's values and purpose.

We believe that a service culture is developed by consistently focusing on leadership commitment, employee engagement and operational excellence.



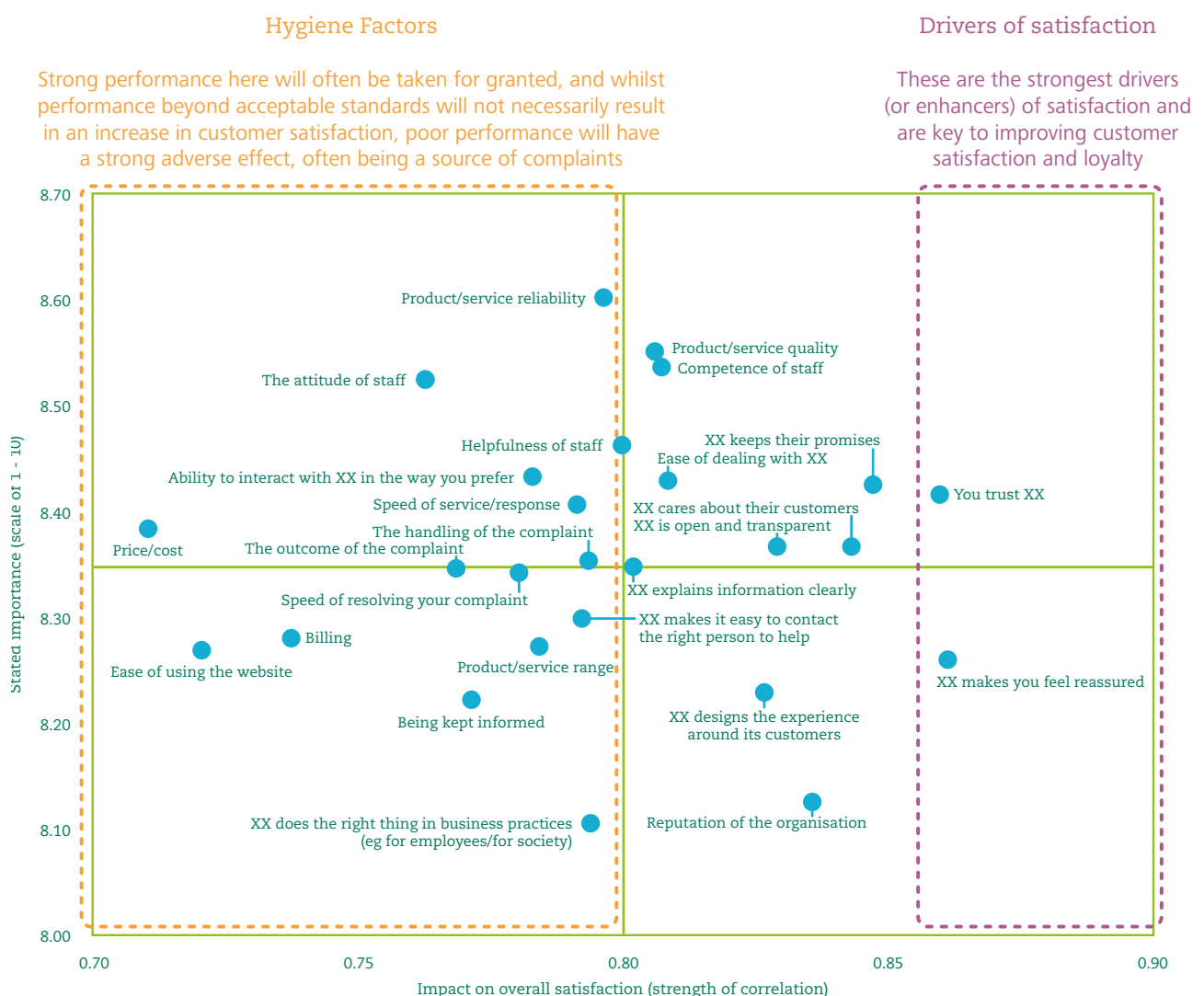
## Key enablers of a service culture: leadership commitment; engaged employees; and operational excellence

	Characteristics of high performing service organisations
1) Leadership commitment	<ul style="list-style-type: none"> <li>• Publish the organisation's customer service strategy, objectives and results</li> <li>• Maintain a consistent, long-term focus on customer service</li> <li>• Ensure there is expertise and accountability for customer service on the board</li> <li>• A commitment to employee engagement as a key strategic focus and business asset</li> <li>• Demonstrate high ethical standards in their engagement with customers, employees, suppliers and partners, stakeholders and wider society</li> <li>• Select suppliers and partners that share and demonstrate a commitment to the organisation's customer ethos</li> <li>• Benchmark performance within and outside the sector</li> </ul>
2) Engaged employees	<ul style="list-style-type: none"> <li>• All employees understand organisation's customer service strategy and their role in delivering it</li> <li>• Managers are equipped to engage and coach employees</li> <li>• Employees are engaged in giving feedback about and improving the customer experience</li> <li>• All employees have personal objectives linked to their impact on customer service performance</li> <li>• All employees have a personal development plan appropriate to their needs and aspirations</li> <li>• There is regular, authentic communication between employees and senior managers</li> <li>• Employees and teams are recognised for contribution to excellent service</li> </ul>
3) Operational excellence	<ul style="list-style-type: none"> <li>• Continually seek insight about customer needs to design and improve the customer experience</li> <li>• Focus on providing an integrated, coherent customer experience across all the channels offered to customers</li> <li>• Provide both fast efficient service and personalised help and advice</li> <li>• Harness technology to make experiences easier and more efficient for customers</li> <li>• Measure their performance across the whole customer experience and benchmark both within and outside their sector</li> <li>• Relentlessly focus on the preventing problems for customers but deal effectively with complaints when they occur</li> </ul>

## 5) Excellent service is built on experiences, emotions and ethics

The UKCSI is based on customers' priorities – the attributes of customer experience that are most important to customers and / or which correlate strongly with high levels of customer satisfaction. Through the lifetime of the UKCSI, we have refreshed our research into customer priorities<sup>27</sup> to reflect evolving customer needs, whilst maintaining a consistent benchmark of customer satisfaction.

### Hygiene factors and drivers of customer satisfaction



<sup>27</sup> Experiences, Emotions and Ethics, Institute of Customer Service, 2018

Some of customers' priorities, such as price, billing, being kept informed, ease of using an organisation's website or the ability to contact an organisation, can be considered as "hygiene factors." These attributes are essential to customers. Whilst performance that exceeds acceptable standards will not necessarily result in an increase in customer satisfaction, poor performance will have a strong adverse effect, causing dissatisfaction.

Across the lifetime of the UKCSI, helpfulness and competence of employees have been, and remain, amongst the strongest drivers of loyalty and satisfaction. Customers want fast, efficient transactional service, but they also often seek personalised, empathetic help and advice.

In our most recent research, a broader range of attributes concerned with an organisation's ethos, emotional connection with customers, reputation and impact on society have emerged as powerful influences on high levels of customer satisfaction. Perceptions about an organisation's trustworthiness, openness and transparency, feeling reassured and the sense that an organisation genuinely designs experiences around its customers are amongst the strongest drivers of superior satisfaction and loyalty.

Over the lifetime of the UKCSI, an organisation's reputation and complaint handling have become more prominent drivers of high levels of customer satisfaction



The highest performing organisations for customer satisfaction tend to be highly rated across all dimensions of customer satisfaction that are measured in the UKCSI.



### Experience

Measures the quality of customers' experiences and interactions with organisations



### Complaints Handling

How organisations respond and deal with problems and complaints



### Customer Ethos

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"

#### Key actions for organisations:

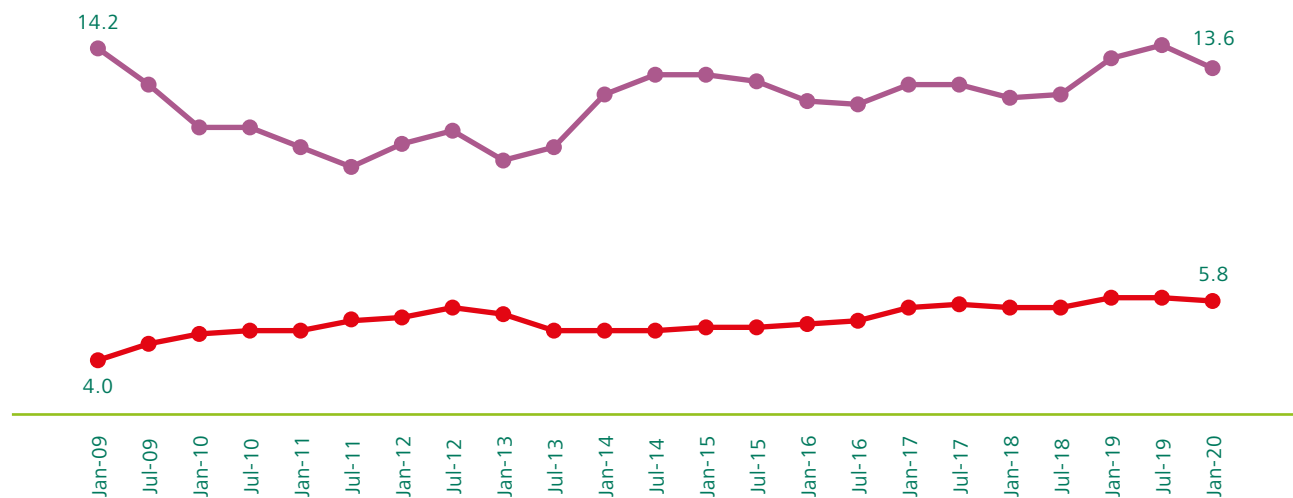
- 1) Understand customers' priorities and the experiences that are most important to customers
- 2) Act on customer feedback and design customer experiences and journeys around customer needs
- 3) Benchmark and measure performance across all 5 dimensions of customer satisfaction



## 6) Preventing problems for customers is as important as complaint handling

Satisfaction with complaint handling has been one of the most volatile measures in the UKCSI. In the past 2 years in particular, satisfaction with complaint handling has improved but the number of customers experiencing a problem with an organisation has tended to increase. Organisations have got better at complaint handling but have continued to generate problems for their customers.

— % of customers experiencing a problem with an organisation  
— Satisfaction with complaint handling



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.

Effective complaint handling is essential to combat dissatisfaction; it is no guarantee of improved customer satisfaction and engagement. In general, only complaints achieving a satisfaction rating of 9 or 10 (out of 10) lead to a higher than average overall satisfaction. Currently average satisfaction with complaint handling is 5.8 out of 10. This means that over 70% of complaints are likely to result in lower than average customer satisfaction. It is no coincidence that the highest performing organisations for customer satisfaction tend to generate fewer problems for customers as well as dealing effectively with complaints.

#### Key actions for organisations:

- 1) Undertake root cause analysis of the issues that cause complaints
- 2) 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
- 4) Measure the impact in terms of the volume and type of problems experienced by customers



## 7) Employee engagement has become more central to customer experience and more challenging to achieve

Rising customer expectations, intensity of change and competition mean that employees' discretionary effort, personal connection with customers, ideas and innovation are crucial to business performance. At the same time, employees have become less deferential. Many of the traditional ties between organisations and employees have weakened. There is a greater diversity of employee, by age, cultural background, level of skills and experience.

Our research<sup>28</sup> has found compelling evidence that high levels of employee engagement lead to stronger customer satisfaction, loyalty and business performance. A comparison of organisations' customer satisfaction (UKCSI) and employee engagement scores suggests that a one point increase in employee engagement is likely to give a 0.41 point increase in customer satisfaction. Yet typically, only around a quarter of employees are highly engaged at work.



Digitisation and the advent of artificial intelligence in customer experience have, if anything, heightened the importance of employee engagement. As more routine transactions are handled through technology, employees will spend a higher proportion of their time on complex interactions and issues. The requirement for engaged employees with a broad range of customer management skills has grown.

### Key actions for organisations:

- 1) Bring the organisation's vision and values to life so that they are understood by all employees
- 2) Equip line managers to engage effectively with their employees
- 3) Ensure there is regular, authentic, relevant communication between senior managers and employees
- 4) Give employees a genuine voice on issues that affect them
- 5) Ensure every employee has a personal development plan appropriate to their career needs and aspirations
- 6) Recognise individual and team contributions to excellent service

<sup>28</sup> The Customer Knows, Institute of Customer Service, 2016

## 8) Customer insight has become more critical to customer experience

The demand for customer insight has increased, driven by evolving customer needs and behaviours, diversity of customer segments, greater competition, the pace of change and impact of disruptive technologies. There are new opportunities to generate insight through social intelligence and analytics combining multiple datasets. But the need to interpret insight and respond quickly to changing market conditions has intensified. As a result, some organisations have reverted to short, transaction-based surveys. These have the advantage of quickly pinpointing customer experience issues but risk missing deeper changes in customer needs and behaviour.

The UKCSI has provided evidence of distinctive differences in customer attitudes and behaviour. We have consistently seen that some customers seek excellent service, even if it costs more, whilst others prefer cheaper, no-frills services. Certain experiences are personally very important to customers, or may happen at a difficult time. In this context, the quality of the experience heightens feelings and attitudes, either positively or negatively. Some customers are highly motivated by organisations' behaviour on ethical or environmental issues; others are less concerned or have a different range of interests.

### Key actions for organisations:

- 1) Gather customer insight from a range of sources
- 2) Understand customers' priorities and the experiences that are most important to customers
- 3) Assess distinctive needs of different customer segments
- 4) Ensure that insight is interpreted and presented with impact, to aid strategic clarity and decision-making
- 5) Prioritise customer experience improvements based on customer feedback



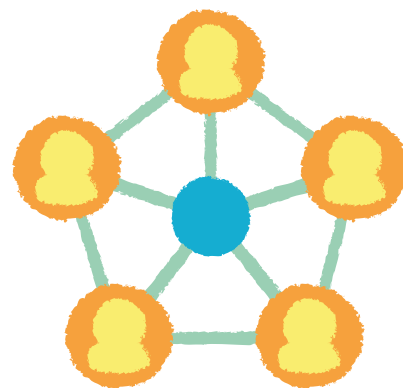
## 9) Delivering a consistent experience across channels with the ability to access help when needed

Over the past decade, the range of channels through which customers and organisation interact has expanded. In some cases, the shift to new channels is driven by customer preference; sometimes by organisations prioritising the channels that are most cost-effective for them. However, the extent of integration across channels is often limited. Few organisations can claim to offer a genuinely seamless omnichannel experience though it is a key strategic focus for many.

Customers have a range of preferences for dealing with organisations, which can vary by the type of experience. 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. In recent UKCSI surveys, “make it easier to contact the right person to help me” has been one of the key areas customers believe organisations should improve.

### Key actions for organisations:

- 1) Understand customers' preferences for interacting with your organisation, depending on the type of experience
- 2) Design customer journeys around customers' objectives, rather than being conditioned by channel, systems or data constraints
- 3) Track and measure hand-offs between channels and ensure they are handled smoothly
- 4) Create a data and systems strategy that enables an integrated customer experience across channels
- 5) Take into account the needs of vulnerable customers in designing customer journeys and channel strategy
- 6) Ensure customers have the opportunity to speak to a person to access help when it is needed



## The UKCSI can be used in a number of ways to gain insight about customers' priorities and organisations' customer experience performance

### How to use the UKCSI

- Benchmark your performance against a consistent, objective, independent set of benchmark measures. The UKCSI makes it possible to benchmark performance with the UK average, 13 sectors and over 240 organisations or organisation types
- Evaluate customers' perceptions of both the transactional and relationship aspects of their experience with organisations
- Identify relative customer experience strengths, weaknesses, risks and key opportunities to influence customer satisfaction, loyalty and advocacy
- Use insights in the UKCSI to prioritise and develop customer experience improvement plans
- Track customer experience performance over time and evaluate the impact of improvement activity
- Use the UKCSI to complement and inform your organisation's own customer satisfaction surveys or voice of the customer analysis.

## Business Benchmarking: a survey of your customers based on the questions in the UKCSI

Business Benchmarking is a key benefit for organisations that are members of The Institute. Business Benchmarking is a survey of a sample of your customers, using the questions in the UKCSI, that is conducted on your behalf by The Institute. It enables your organisation to benchmark customer experience performance with the UK average; with one of 13 sectors; and with some of the leading service organisations in the UK. It is also possible to add bespoke questions to your survey, enabling you to combine a robust, independent customer experience benchmark with questions specific to your organisation or sector.

Business Benchmarking forms part of ServiceMark, an independent accreditation developed by The Institute which recognises an organisation's commitment to, and achievement in, customer service.

# 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 January 2020, 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.

259

---

Number of individual organisations and organisation types which received a UKCSI rating. 247 named organisations which have exceeded a minimum sample size are scored 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 January 2020 UKCSI

## Automotive

Audi  
BMW  
Citroen  
Fiat  
Ford  
Honda  
Hyundai  
Jaguar  
Kia  
Land Rover  
Mazda  
Mercedes-Benz  
Mini  
Mitsubishi  
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  
Santander  
Tesco  
The Co-operative Bank  
TSB  
Virgin Money

## Insurance

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

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

## Leisure

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

Companies House  
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  
ASOS.com  
B&Q  
Boots UK  
Currys/PC World  
Debenhams  
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  
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

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

## Transport

Abellio Scot Rail  
Arriva - Bus group  
British Airways  
Brittany Ferries  
CrossCountry  
East Midlands Trains / East Midlands Railway  
easyJet  
Eurotunnel  
First Group - bus companies

Flybe  
Gatwick Express  
Great Northern  
Great Western Railway  
Greater Anglia  
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  
Transport for Wales  
Virgin Atlantic  
Virgin Trains  
West Midlands Railway

## Utilities

Affinity Water  
Anglian Water  
Bristol Water  
British Gas  
Dwr Cymru (Welsh Water)  
E.ON (energy)  
EDF Energy  
Essex and Suffolk Water  
Northumbrian Water  
npower  
OVO Energy  
Power NI  
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  
Thames Water  
The Co-operative Energy  
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 2020 UKCSI includes responses from surveys conducted between 20 March to 17 April and 10 September to 7 October 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 January 2020 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.

## **259 organisations received a UKCSI rating**

These include 247 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.

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

# UKCSI sector reports\*

13 reports are available with sector-specific insight and recommendations

- Customer satisfaction performance of leading organisations on over 30 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
- Word cloud summarising how customers feel about their experiences with organisations
- 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

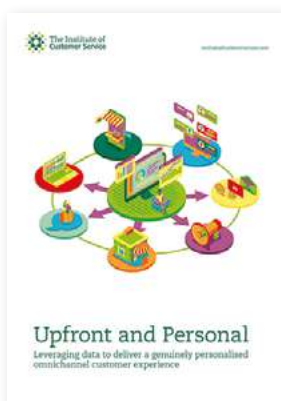
[www.instituteofcustomerservice.com](http://www.instituteofcustomerservice.com) or contact us at [enquiries@icsmail.co.uk](mailto:enquiries@icsmail.co.uk)

# Breakthrough research from The Institute



## **Are you connected? Recruiting, developing and retaining the skills for customer service excellence**

- Highlights the factors that are shaping requirements for customer service skills
- Defines the key skills needed for customer service, from the perspectives of senior managers, employees and customers
- Examines effectiveness of current practice in recruitment, training and development
- Reviews best practice in engaging and retaining employees
- Identifies 9 key enablers, with practical recommendations, for recruiting, developing and retaining the skills for customer service excellence.



## **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.

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



### **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.



### **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.

# Notes

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

# Notes

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

## 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](http://www.instituteofcustomerservice.com)**

T: 020 7260 2620  
E: [enquiries@icsmail.co.uk](mailto:enquiries@icsmail.co.uk)

January 2020  
[instituteofcustomerservice.com](http://instituteofcustomerservice.com)

ISBN 978-1-913314-07-1