



Foreword

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The January 2016 UKCSI shows that customer satisfaction has improved across most sectors and is now at its highest level for two years. Our new research into customers' priorities reaffirms that the core ingredients of excellent service - employee competence, attitudes and behaviour - have become even more significant differentiators. Getting the basics right and dealing with problems and complaints effectively are pre-requisites for sustainable relationships with customers.

The insight in the UKCSI also signposts the factors shaping customers' needs and preferences. Customers are seeking more personalised, authentic and relevant experiences. Mass marketing or a one size fits all customer experience deliver diminishing returns and dilute customer relationships. Customers want to choose the ways in which they interact and have become less tolerant of organisations that fail to integrate their operational channels into a seamless, coherent set of experiences. Our research shows that a multi-channel environment has the potential to offer faster and more flexible service, but can also exacerbate problems and cause dissatisfaction if the core elements of customer service fail to meet customers' expectations. At the same time, challenger brands, often unencumbered by legacy systems and processes, are gaining trust and market share by offering straightforward, personal, seamless and quick service experiences.

The key to delivering more personalised, relevant and meaningful experiences is greater insight about customers' behaviour, priorities, needs and preferences. Yet to glean these insights organisations need to persuade customers to share personal, sometimes sensitive data. Trust is therefore the essential ingredient that links customer experience and insight to enable sustainable relationships. Organisations will need to build and maintain trust not just through their capability to manage customers' data securely but by demonstrating a genuine and ongoing commitment to customer service integrating all the channels their customers use.

As we move into another period of intense change and opportunity I hope you will find the insight in this report valuable in demonstrating the business benefits of a sustained focus on service, highlighting the core ingredients that are important to customers, the factors shaping changes in customer needs and where organisations should focus strategic and operational effort.

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Key take-outs

Customer satisfaction in the UK is at its highest point since January 2014.

- The UK Customer Satisfaction Index, the national measure of customer satisfaction based on over 39,000 customer responses stands at 77.0 (out of 100) in Jan 2016, up 0.8 points compared to July 2015 (76.2) and up one point compared to January 2015 (76.0).
- The biggest year on year sector increases are for Utilities (1.9 points), Public Services (National and Local) (1.7) and Insurance (1.6), Banks and Building Societies seeing a slight drop (down 0.4 points).
- Amazon.co.uk is the highest scoring organisation with a score of 86.6, though this is 0.1 points lower than January 2015.
- Three organisations in the top 50 have appeared for the first time. The highest scoring is Utility Warehouse (86.4). The other new entrants are Trailfinders and RIAS; and Mini and BMW appear separately for the first time.
- The greatest differences between the top 50 organisations and the rest are focused largely around people measures, complaint handling and speed of service.
- T-Mobile has seen the biggest increase in customer satisfaction – nine points - since January 2015.
- The 25 – 34 year old and over 65 age groups have seen the biggest increase in customer satisfaction compared to a year ago. Both are at least a point higher.
- Wales remains the part of the UK with the highest customer satisfaction. South West England is the only part of the UK whose satisfaction has fallen compared to a year ago (down 0.6 points).
- Women have higher customer satisfaction than men in every sector except Automotive. Evidence from UKCSI also shows that for some individual organisations male and female customers have markedly different levels of customer satisfaction.

There is continuing evidence that customer satisfaction drives buying behaviours and business performance.

- Food retailers with a UKCSI at least one point higher than the sector average achieved average sales growth of 7.6% compared to a drop in sales of 0.4% for those with a UKCSI at least a point below the sector average.

- Aldi and Lidl's sales and market share growth is based on achieving very high satisfaction with target segments of customers, combined with superior satisfaction on pricing and parity with the sector on customer perception of product quality.
- The highest levels of customer satisfaction – expressed as a nine or ten out of ten – produce significantly higher ratings for desirable future customer behaviours such as intention to remain a customer, recommendation and trust. 90% of organisations scoring nine or ten out of ten for customer satisfaction achieved at least a nine out of ten for trust, compared to just 44% of those scoring an eight out of ten for customer satisfaction.
- The top 50 organisations in UKCSI receive an average of 37% nine or ten out of ten ratings from customers compared to 24% for the rest of the organisations in the survey.

Customers' satisfaction when using multiple channels is driven by type of experience or interaction.

- In person (46.9%), website (22.6%) and over the phone (20.2%) are the primary methods customers use to interact with organisations.

- Most customers (58%) use one channel of communication when they interact with organisations. However, a sizeable minority say that they use two (34.1%), three (5.6%) or more than three (2.3%) channels.
- Customers who used three or more channels were much more likely to say that they had experienced a problem with the organisation in the previous three months and give organisations a lower customer satisfaction rating.

Staff attitudes and behaviours are even more important to customers than they were five years ago.

- Employees' friendliness, helpfulness and competence have become relatively more important, as well as speed of service, especially when dealing with employees in person. Ease of doing business has also increased in importance.

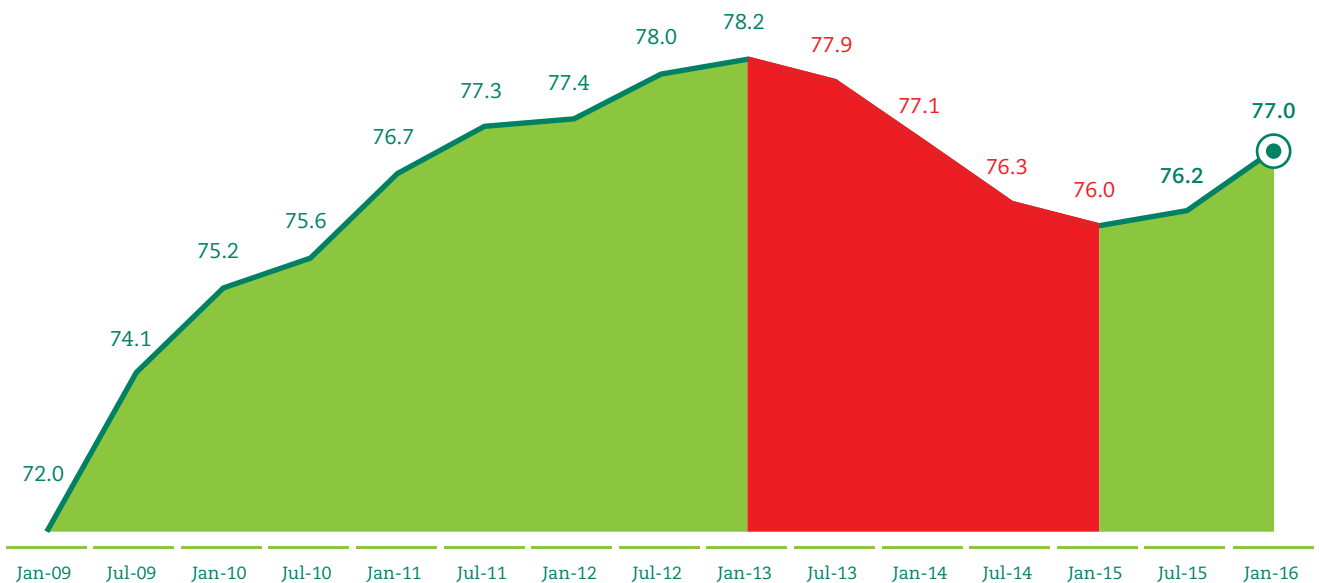
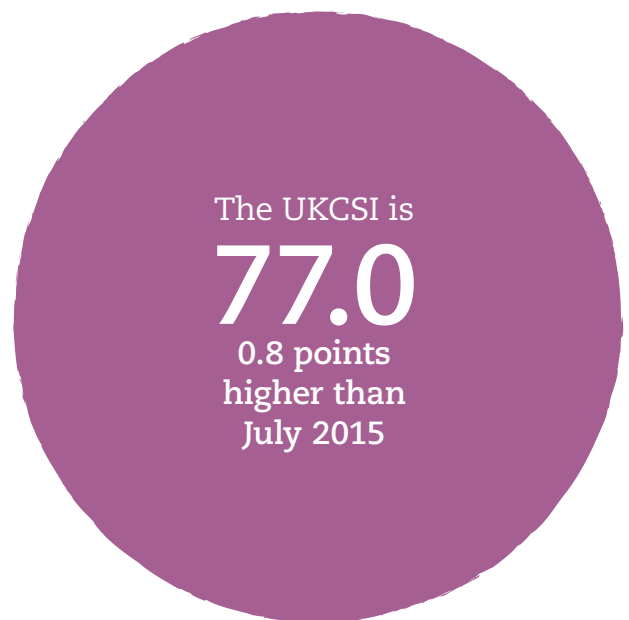
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Customer satisfaction in the UK

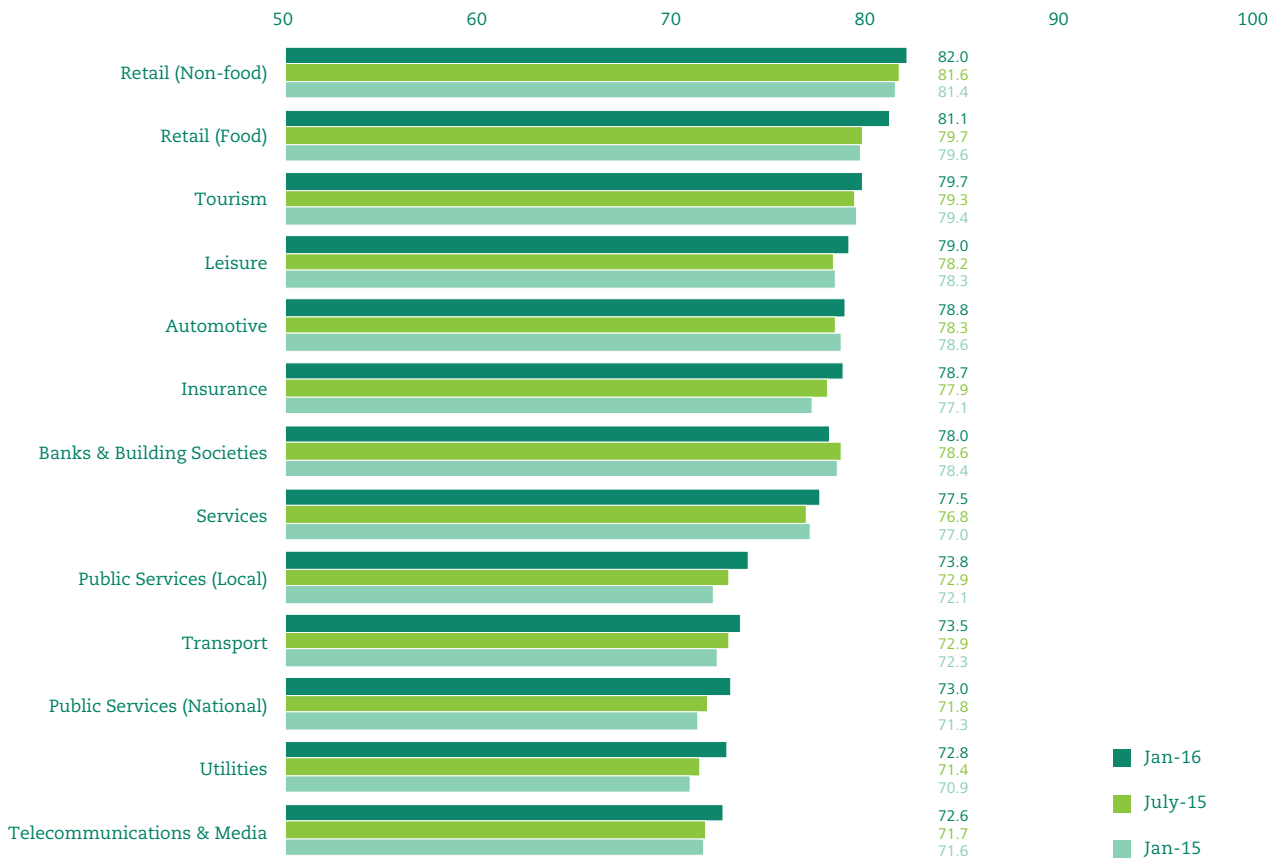
The state of the nation

The UKCSI is at its highest point since January 2014

The UK Customer Satisfaction Index, the national measure of customer satisfaction based on over 39,000 customer responses, stands at 77.0 (out of 100) in January 2016, up 0.8 points compared to July 2015 (76.2) and up one point compared to January 2015 (76.0).



UKCSI scores by sector



Changes over the last 12 months

Sector	UKCSI Jan 2016	UKCSI Jan 2015	UKCSI Change Jan 2015 - 16	Highest scoring organisation in the sector	Highest organisation's score
Retail (Non-food)	82.0	81.4	0.6	Amazon.co.uk	86.6
Retail (Food)	81.1	79.6	1.5	Waitrose	85.0
Tourism	79.7	79.4	0.3	Trailfinders	83.3
Leisure	79.0	78.3	0.7	Greggs/Baker's Oven	82.6
Automotive	78.8	78.6	0.2	Mini	83.3
Insurance	78.7	77.1	1.6	SAGA Insurance	84.1
Banks & Building Societies	78.0	78.4	-0.4	first direct	85.7
Services	77.5	77.0	0.5	RAC	81.8
Public Services (Local)	73.8	72.1	1.7	Library	83.2
Transport	73.5	72.3	1.2	Virgin Atlantic	83.2
Public Services (National)	73.0	71.3	1.7	The university I attend	78.2
Utilities	72.8	70.9	1.9	Utility Warehouse	86.4
Telecommunications & Media	72.6	71.6	1.0	GiffGaff	82.1

The biggest year on year sector increases are for Utilities (1.9 points), Public Services (National and Local) (1.7) and Insurance (1.6). The scores for Retail (Food), Transport & Telecommunications & Media have increased by at least one point. The other sectors have remained relatively flat with only Banks and Building Societies seeing a slight drop (down 0.4 points).

UKCSI sector insight

Further insight on the 13 sectors in UKCSI are available in a series of sector reports

- Benchmark customer satisfaction performance of leading organisations
- Includes overall customer satisfaction, NPS, customer effort, trust, reputation and 35 customer experience metrics
- Insight and the latest evidence about drivers of complaints and satisfaction with complaint handling
- How customer satisfaction links to future buying behaviours including likelihood to repurchase, remain a customer and recommend

- Which channels customers use and satisfaction by channel
- Recommendations and opportunities for improvement



Sector reports are available from www.instituteofcustomerservice.com

The top scoring organisations in UKCSI

228

Total named organisations and organisation types in UKCSI

96↑

organisations improved by one point or more



44↓

organisations registered a fall of one point or more

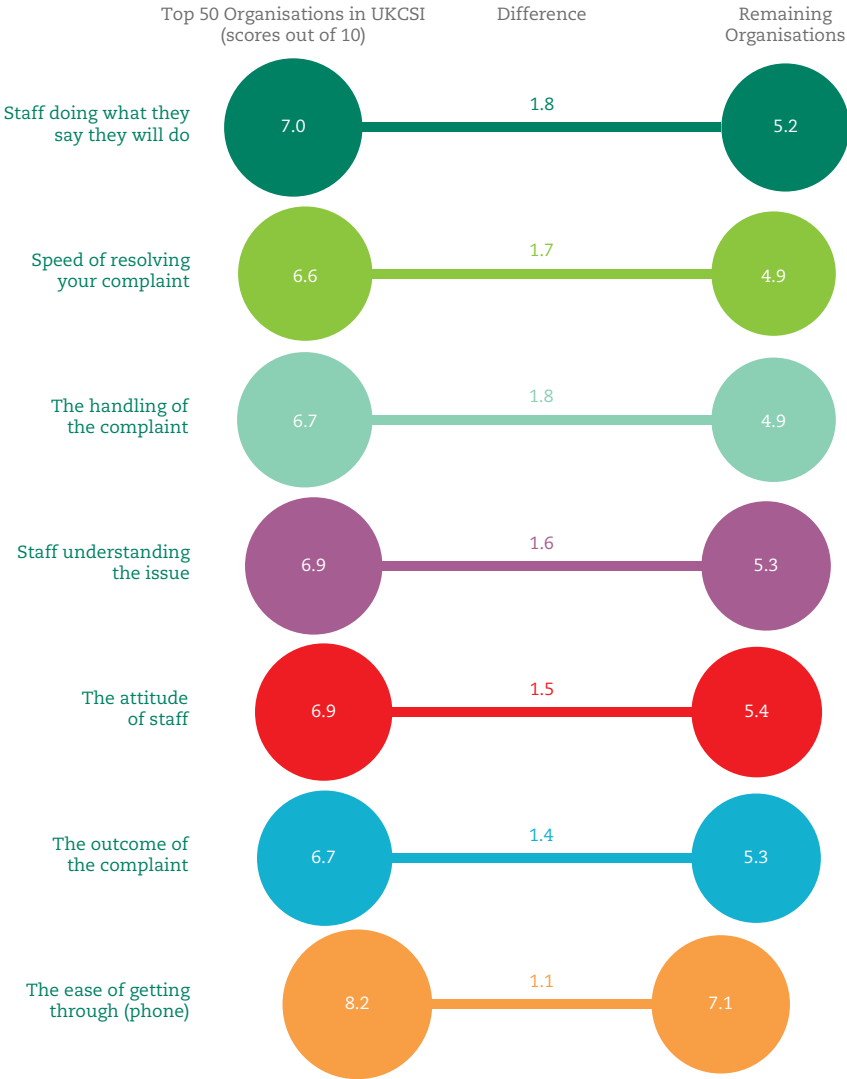
Jan 2016 rank	Organisation	January 2016 score	January 2015 score	January 2015 rank	Change in score Jan 2015 - Jan 2016
1	Amazon.co.uk	86.6	86.7	2	-0.1
2	Utility Warehouse	86.4	NO DATA		
3	first direct	85.7	86.7	2	-1.0
4	Specsavers	85.4	81.9	19	3.5
5	Waitrose	85.0	83.5	7	1.5
6	John Lewis	84.9	87.2	1	-2.3
7	New Look	84.3	79.1	63	5.2
8	SAGA Insurance	84.1	79.9	47	4.2
9	Nationwide	83.7	83.8	6	-0.1
10	M & S (food)	83.5	83.9	5	-0.4
11	Aldi	83.4	83.0	10	0.4
12	Mini	83.3	NO DATA		
12	Trailfinders	83.3	NO DATA		
14	Virgin Atlantic	83.2	80.3	34	2.9
14	Iceland	83.2	82.3	17	0.9
16	Hyundai	83.1	80.8	27	2.3
16	Ocado	83.1	85.4	4	-2.3
18	Wilkinson	82.9	80.0	42	2.9
19	Superdrug	82.8	81.8	21	1.0

Jan 2016 rank	Organisation	January 2016 score	January 2015 score	January 2015 rank	Change in score Jan 2015 - Jan 2016
20	Boots UK	82.7	80.8	27	1.9
21	Greggs/Baker's Oven	82.6	82.5	14	0.1
22	LV=	82.4	83.5	7	-1.1
23	Next	82.3	82.4	16	-0.1
24	RIAS	82.2	NO DATA		
24	SAGA Holidays	82.2	NO DATA		
26	GiffGaff	82.1	76.1	111	6.0
26	M & S (Non-food)	82.1	81.8	21	0.3
28	Aviva	82.0	78.0	79	4.0
29	Ebay	81.9	78.6	68	3.3
30	RAC	81.8	78.0	79	3.8
30	Premier Inn	81.8	81.3	25	0.5
32	Ovo Energy	81.7	NO DATA		
33	Jaguar	81.6	74.4	144	7.2
33	LOVEfilm	81.6	80.3	34	1.3
35	TSB	81.5	78.2	78	3.3
35	Center Parcs	81.5	82.9	11	-1.4
37	AA Insurance	81.4	76.3	106	5.1
37	Sainsbury's	81.4	80.2	38	1.2
37	ASDA	81.4	80.3	34	1.1
40	Pret A Manger	81.3	79.4	54	1.9
40	Expedia	81.3	80.4	31	0.9
40	BMW	81.3	NO DATA		
40	Yorkshire Bank	81.3	NO DATA		
44	Haven Holidays	81.2	75.8	118	5.4
44	Hilton	81.2	79.4	54	1.8
46	Kia	81.1	80.6	29	0.5
46	Tesco Mobile	81.1	82.5	14	-1.4
48	Cineworld	80.9	72.9	165	8.0
48	Toyota	80.9	79.7	49	1.2
50	Pizza Express	80.8	79.8	48	1.0
50	Argos	80.8	83.3	9	-2.5

Top 50 organisations at a glance

<p>New entrants</p>	<p>Utility Warehouse Trailfinders RIAS</p>																		
<p> Increased more than three points since January 2015</p>	<table border="0"> <tr> <td>Specsavers</td> <td>RAC</td> </tr> <tr> <td>New Look</td> <td>Jaguar</td> </tr> <tr> <td>Saga Insurance</td> <td>TSB</td> </tr> <tr> <td>GiffGaff</td> <td>AA Insurance</td> </tr> <tr> <td>Aviva</td> <td>Haven Holidays</td> </tr> <tr> <td>Ebay</td> <td>Cineworld</td> </tr> </table>	Specsavers	RAC	New Look	Jaguar	Saga Insurance	TSB	GiffGaff	AA Insurance	Aviva	Haven Holidays	Ebay	Cineworld						
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<p> Decreased more than one point since January 2015</p>	<table border="0"> <tr> <td>John Lewis</td> <td>Center Parcs</td> </tr> <tr> <td>Ocado</td> <td>Tesco Mobile</td> </tr> <tr> <td>LV =</td> <td>Argos</td> </tr> </table>	John Lewis	Center Parcs	Ocado	Tesco Mobile	LV =	Argos												
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<p>Exceeded 80 in every UKCSI since 2013</p>	<table border="0"> <tr> <td>Amazon.co.uk</td> <td>Greggs/Baker's Oven</td> </tr> <tr> <td>Waitrose</td> <td>LV=</td> </tr> <tr> <td>John Lewis</td> <td>M & S (Non-food)</td> </tr> <tr> <td>Nationwide</td> <td>Premier Inn</td> </tr> <tr> <td>M & S (food)</td> <td>ASDA</td> </tr> <tr> <td>Aldi</td> <td>Kia</td> </tr> <tr> <td>Iceland</td> <td>Argos</td> </tr> <tr> <td>Hyundai</td> <td>Škoda UK</td> </tr> <tr> <td>Boots UK</td> <td></td> </tr> </table>	Amazon.co.uk	Greggs/Baker's Oven	Waitrose	LV=	John Lewis	M & S (Non-food)	Nationwide	Premier Inn	M & S (food)	ASDA	Aldi	Kia	Iceland	Argos	Hyundai	Škoda UK	Boots UK	
Amazon.co.uk	Greggs/Baker's Oven																		
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The areas of greatest difference between the top 50 organisations and the rest are focused largely around people measures, complaint handling and speed of service



Top 20 improved organisations

20 most improved organisations - one year	Sector	UKCSI score January 2016	UKCSI score January 2015	Change Jan 2015 -Jan 2016
T-Mobile	Telecommunications & Media	75.6	66.6	9.0
Odeon	Leisure	80.4	71.6	8.8
Cineworld	Leisure	80.9	72.9	8.0
The Co-operative Food	Retail (Food)	79.9	72.3	7.6
Jaguar	Automotive	81.6	74.4	7.2
Nationwide	Insurance	80.0	73.5	6.5
Ryanair	Transport	70.5	64.1	6.4
Zurich	Insurance	76.4	70.2	6.2
Abellio Greater Anglia Trains	Transport	69.7	63.5	6.2
GiffGaff	Telecommunications & Media	82.1	76.1	6.0
Southeastern Trains	Transport	69.5	63.6	5.9
Haven Holidays	Tourism	81.2	75.8	5.4
Peugeot	Automotive	79.4	74.1	5.3
New Look	Retail (Non-food)	84.3	79.1	5.2
TNT	Services	75.5	70.3	5.2
AA Insurance	Insurance	81.4	76.3	5.1
Volvo	Automotive	80.1	75.6	4.5
Homebase	Retail (Non-food)	78.5	74.1	4.4
More Th>n	Insurance	80.3	75.9	4.4
M&S	Insurance	76.8	72.6	4.2
SAGA Insurance	Insurance	84.1	79.9	4.2

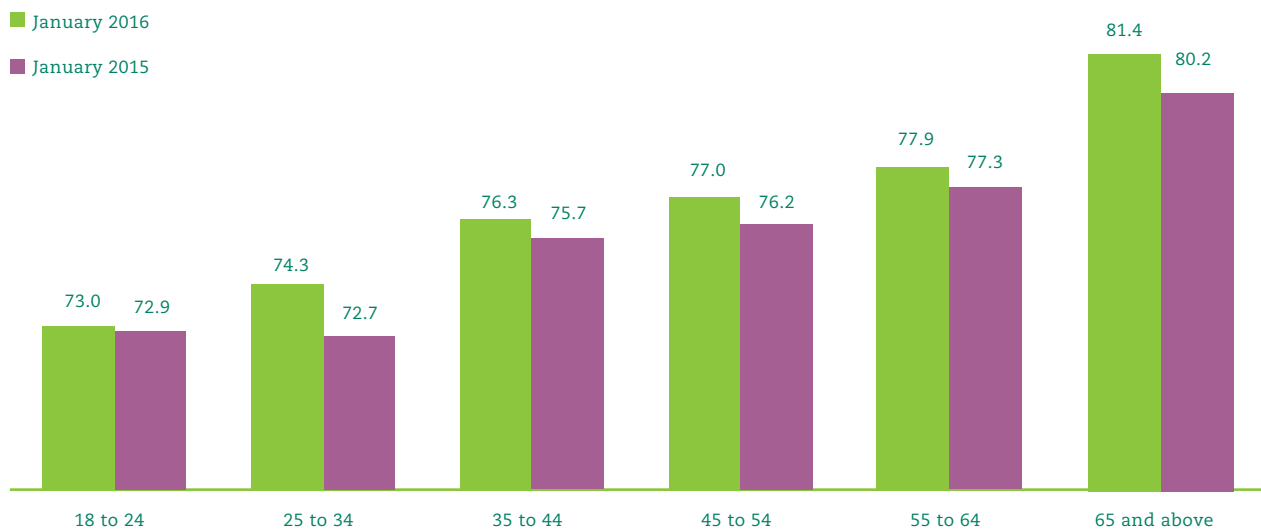
T-Mobile has seen the biggest increase – nine points - since January 2015. With the exception of Nationwide (Insurance) and Zurich, the most improved organisations are not drawn from the sectors that have seen the biggest improvements. Ryanair has continued its improving trend, though it remains below the Transport sector average (73.5).

The most significant improvements in these organisations' scores are in customers' online experience, speed of service generally and especially in writing and measures associated with complaint handling.

Customer satisfaction by age group

The 25 – 34 year old and over 65 age groups have seen the biggest increase in customer satisfaction compared to a year ago – both have grown by more than one point. Customer satisfaction for 18 – 24 year olds is broadly unchanged compared to a year ago, up 0.1 points. This youngest age cohort has the lowest customer satisfaction of any age group.

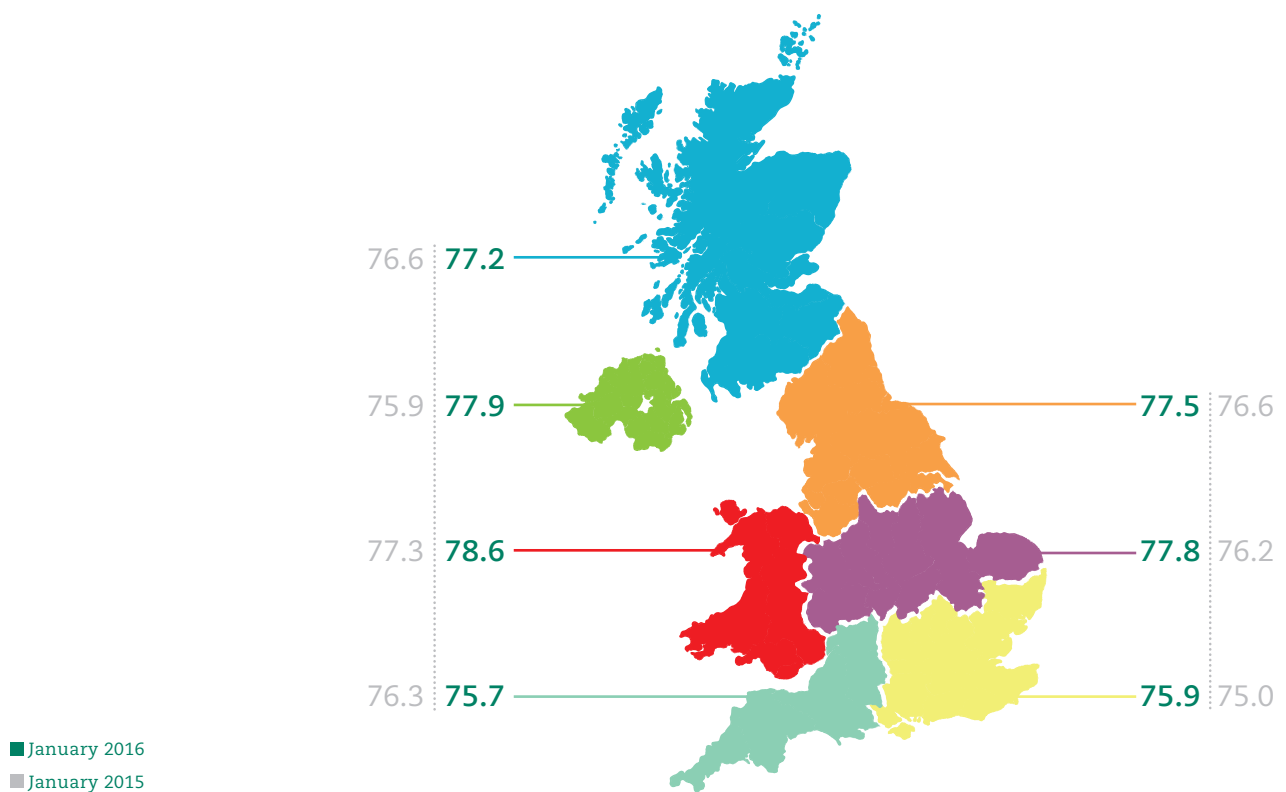
UKCSI by customer segments



Differences by country and region

Wales remains the part of the UK with the highest customer satisfaction. South West England is the only part of the UK whose satisfaction has fallen compared to a year ago (down 0.6 points). Whilst levels of satisfaction are broadly similar across Scotland, Northern Ireland, Northern England and Central England, South East England (including London) and South West England have the lowest levels of satisfaction.

UKCSI score by region/country



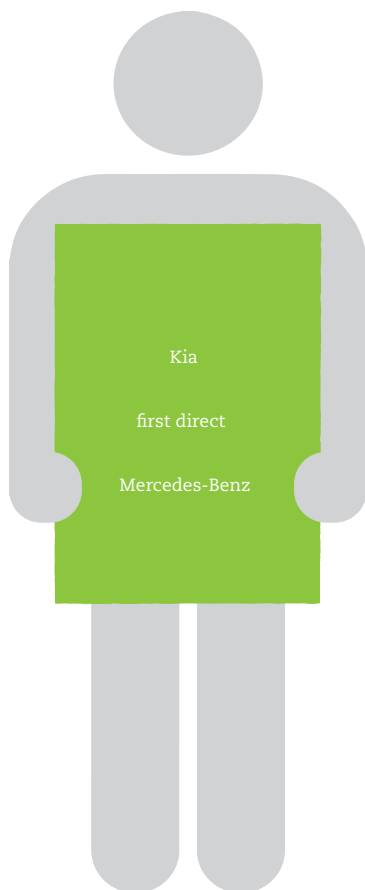
Customer satisfaction and gender

Women have higher customer satisfaction than men in every sector except Automotive. There is even some potential early evidence that the average gap in customer satisfaction across all sectors between women and men may be widening – it has increased from 0.4 points to one point. Female customers are more satisfied than male ones with organisations in the Utilities, Services and Banks and Building Societies sectors in particular. In each of these sectors females' customer satisfaction is at least 1.5 points higher than that of males.

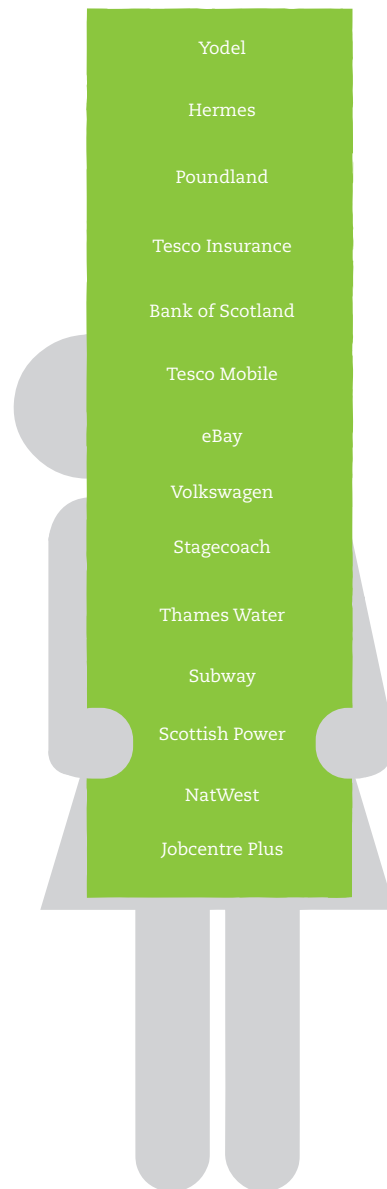
UKCSI score by gender



Evidence from UKCSI also shows that for some individual organisations male and female customers have markedly different levels of customer satisfaction.



Organisations where male customers score at least 5 points higher than female



Organisations where female customers score at least 5 points higher than male

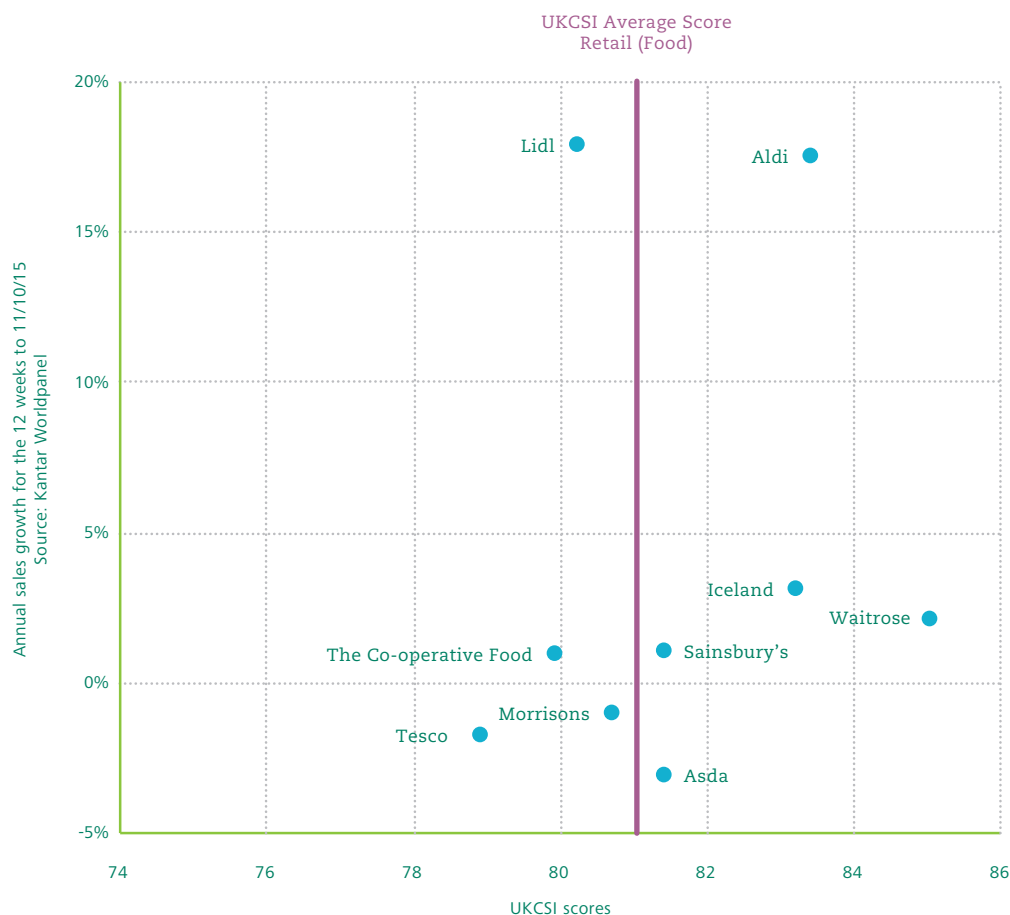
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Customer service and business performance

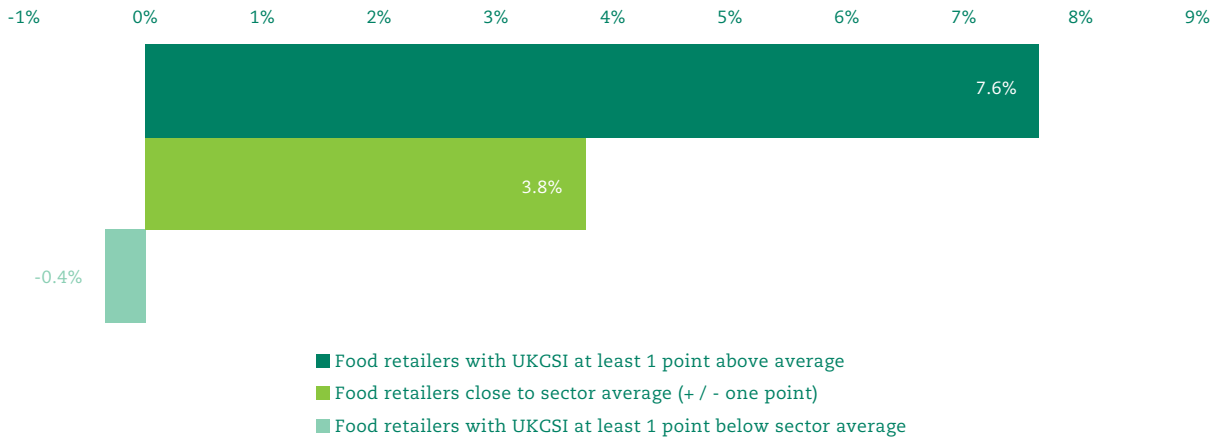
Customer satisfaction and sales growth: the Retail (Food) sector

Organisations with higher customer satisfaction in the Retail (Food) sector on average achieve better sales growth and market share. Organisations with a UKCSI at least one point higher than the sector average achieved average sales growth of 7.6% compared to a drop in sales of 0.4% for those with a UKCSI

less than the sector average. Lidl and Aldi have continued to post the strongest sales results, each exceeding 17% year on year growth for the 12 weeks prior to the 11 October 2015. Iceland, Waitrose, Sainsbury's and The Co-operative Food also achieved positive sales results.



Sales Growth









Aldi and Lidl

However, the outstanding sales performance of Aldi and Lidl demands a closer examination of the aspects of customer experience influencing business results. Though overall customer satisfaction for Lidl is lower than the sector average, it has a higher than average Net Promoter Score (calculated by subtracting the number of organisations that score 1 – 6 from the number who score 9 – 10) as well as a higher than average proportion of customers who rate it nine or ten out of ten. It also has significantly higher than average satisfaction with price whilst maintaining parity with the rest of the sector on satisfaction with quality

of products. Similarly, Aldi has a relatively high proportion of its customers that rate it a nine or ten, a high Net Promoter Score and high satisfaction with pricing, whilst remaining at the level of the sector average for satisfaction with product quality. These results suggest that Aldi and Lidl's growth is based on achieving very high satisfaction with target customer segments, combined with superior satisfaction on pricing and parity with the sector on customer perception of product quality.

Retail (Food) sector; Selected customer experience and sales metrics

	% customers rating 9 or 10 (out of 10) for customer satisfaction 	NPS 	Satisfaction with product / service quality 	Satisfaction with pricing 	Market share change* 	Sales growth* 
Retail (Food) sector	31.2%	36.1	8.2	8.1	N/A	0.8%
Iceland	48.0%	46.5	8.3	8.6	0.1%	3.2%
Waitrose	41.1%	57.1	8.7	7.6	0.0%	2.1%
Aldi	35.4%	65.5	8.2	8.9	0.8%	17.6%
Lidl	33.2%	50.0	8.2	8.7	0.6%	17.9%
Asda	32.1%	38.6	8.2	8.3	-0.7%	-3.0%
Morrisons	31.9%	33.1	8.2	8.1	-0.1%	-1.0%
Sainsbury's	28.2%	24.8	8.3	7.7	0.0%	1.1%
Tesco	25.6%	19.2	8.0	7.7	-0.7%	-1.7%
The Co-operative Food	21.1%	24.5	8.1	7.6	0.0%	1.0%

*Annual sales growth for the 12 weeks to 11/10/2015
Source: Kantar Worldpanel

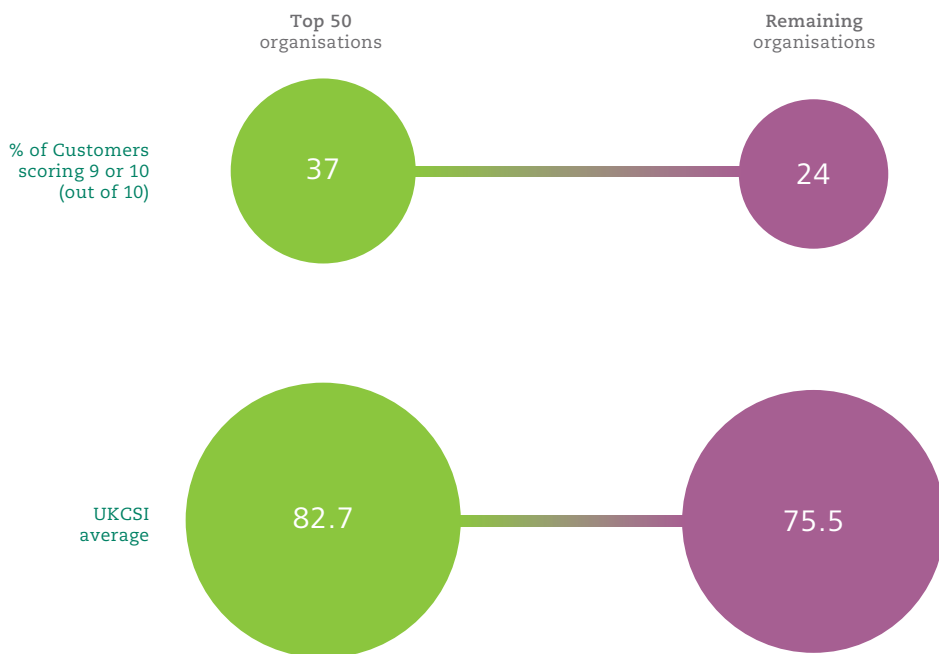
The nine or ten out of ten effect

UKCSI continues to provide evidence that the highest levels of customer satisfaction – expressed as a nine or ten out of ten – produce significantly higher ratings for desirable future customer behaviours such as intention to remain a customer, recommendation and trust.

A 9 or 10 out of 10 for customer satisfaction drives greater loyalty, recommendation and trust



The top 50 organisations have a significantly higher proportion of customers who rate them a nine or ten (out of ten), compared to the rest of the organisations in the UKCSI.



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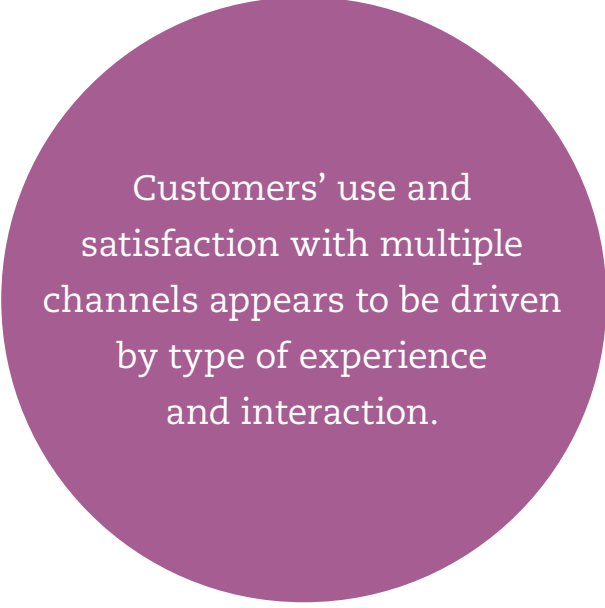
Navigating the multi-channel environment

This section examines how customers use different channels, how this varies by sector and type of experience and the implication for channel strategy and customer satisfaction.

Whilst customers use a diversity of ways to interact with organisations, “in person” (46.9%), “website” (22.6%) and “over the phone” (20.2%) are the most popular channels. Social media, text and webchat usage is most marked by 18 – 24 year olds, comprising 2.1% of primary interactions with organisations for this age group.

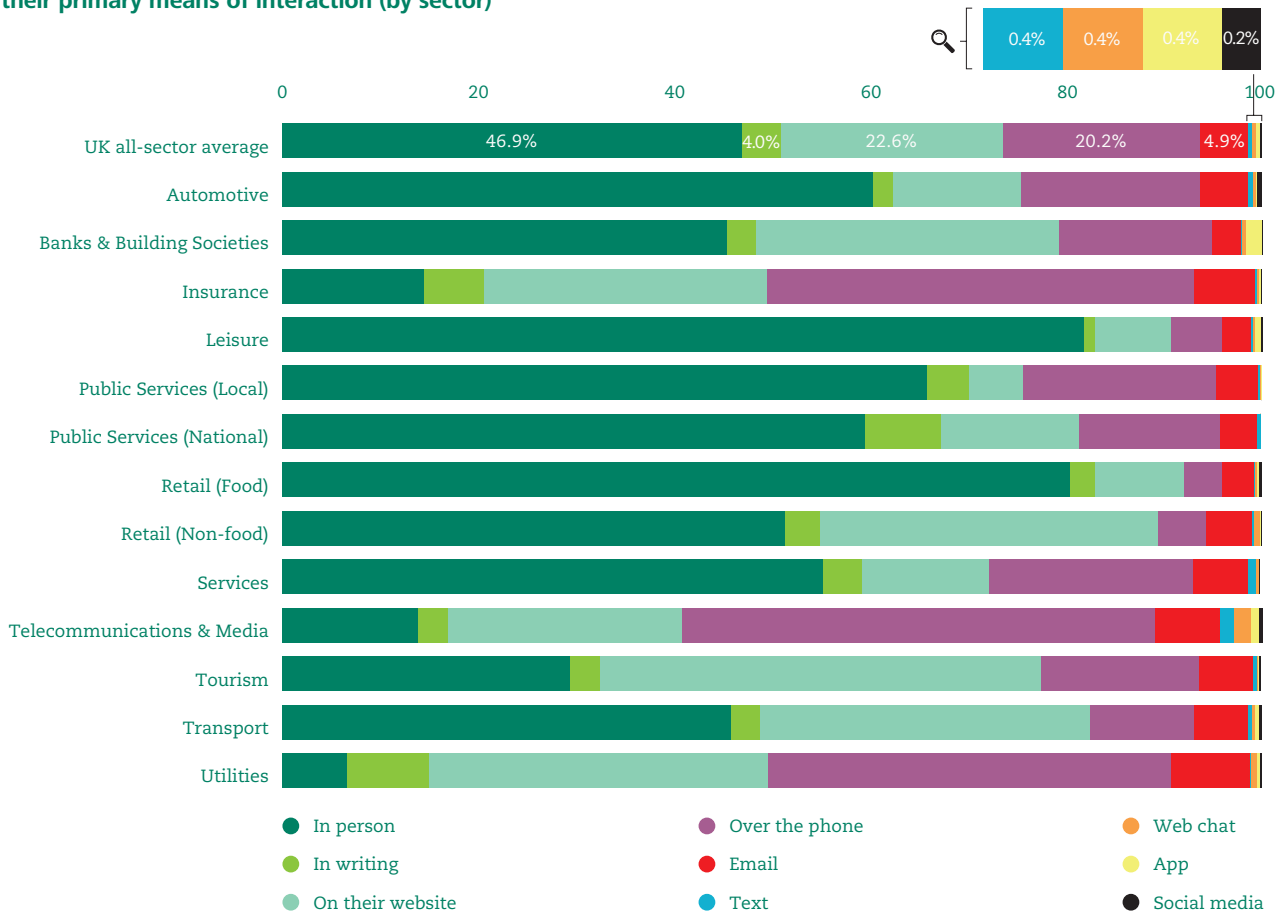
Customers tend to be more satisfied when using websites or dealing “in person” with organisations, but there are a number of striking differences by sector.

Where customers are checking account information, getting a quote, making an enquiry or purchase multi-channel usage tends to attract relatively high levels of satisfaction. However, where customers have experienced a problem or complaint, multi-channel use may signify dissatisfaction and unresolved issues.

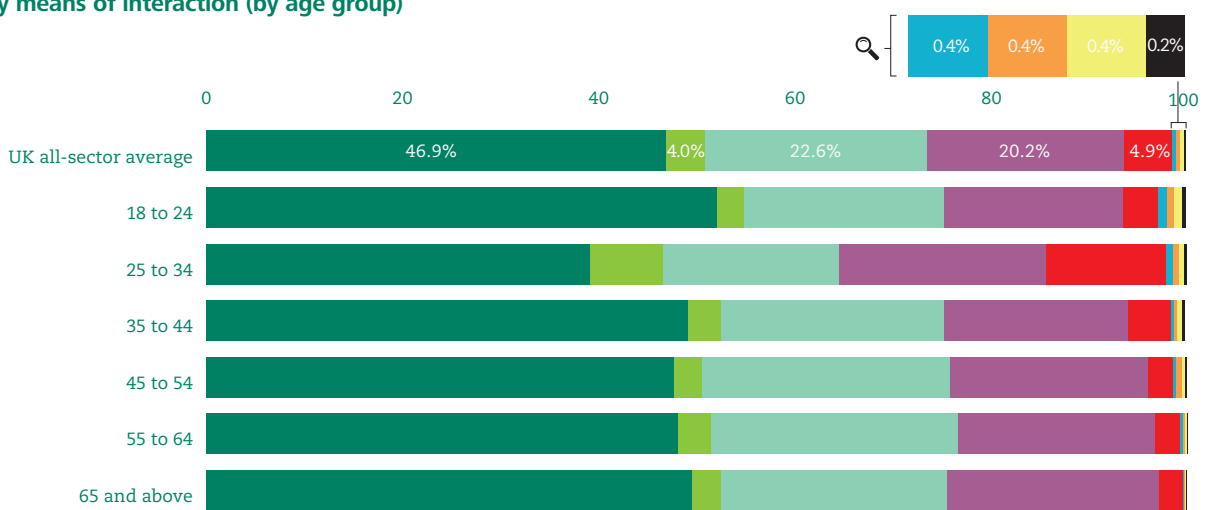


Customers’ use and satisfaction with multiple channels appears to be driven by type of experience and interaction.

Percentage of customers using each channel as their primary means of interaction (by sector)



Percentage of customers using each channel as their primary means of interaction (by age group)



Customer satisfaction by channel and sector

On average, customers are more satisfied when using websites or “in person” as their primary way of interacting with organisations. But there are a number of striking differences by sector:

	Most used channel (% of customers using this as their primary means of interaction)		Channel with highest satisfaction (0 - 100)		Largest gap in channel satisfaction compared to UK average	
UK all-sector average	In person	46.9%	Website	78.8	N/A	N/A
Automotive	In person	60.3%	In person	80.2	Email	+5.0
Banks & Building Societies	In person	45.4%	App	80.6	In writing	+4.6
Insurance	Over the phone	43.7%	Website	79.7	Over the phone	+5.4
Leisure	In person	81.8%	In person	79.5	In writing	+5.8
Public Services (Local)	In person	65.8%	In person	77.2	Website	-11.3
Public Services (National)	In person	59.5%	Website	76.6	Over the phone	-9.8
Retail (Food)	In person	80.4%	Website	84.8	Website	+6.0
Retail (Non-food)	In person	51.3%	Website	85.9	Website	+7.1
Services	In person	55.2%	In person	80.0	Website	-4.5
Telecommunications & Media	Over the phone	48.4%	In person	78.0	Webchat	-5.6
Tourism	Website	45.0%	Website	81.0	Over the phone	+6.0
Transport	In person	45.8%	Website	77.3	In person	-6.9
Utilities	Over the phone	41.1%	Website	75.0	In person	-4.3

Customers' channel usage and satisfaction by sector: key take-outs

Sectors	Customers' channel usage and satisfaction	Key implications
<ul style="list-style-type: none"> •Automotive •Leisure 	<p>"In person" is the most frequently used channel and that which attracts the highest customer satisfaction.</p>	<p>A strong need for direct, personal engagement with customers.</p>
<ul style="list-style-type: none"> •Retail (Food) •Retail (Non-food) 	<p>Whilst "in person" is the most frequently used channel, website interactions achieve, on average, higher customer satisfaction.</p>	<ul style="list-style-type: none"> •Develop employees' customer service and emotional intelligence skills and measure the impact on customer satisfaction •Measure the quality of customer experience across channels.
<ul style="list-style-type: none"> •Transport •Banks & Building Societies 	<ul style="list-style-type: none"> •"In person" is the most widely used channel •There is evidence that use of Apps, particularly in Banking, can boost customer satisfaction, albeit with, at present, relatively small numbers of customers •A major concern for Transport organisations is that "in person" - the most used channel by customers – shows the highest negative gap with the UKCSI average. 	<p>Develop employees' customer service and emotional intelligence skills and measure the impact on customer satisfaction.</p>
<ul style="list-style-type: none"> •Public Services (National) •Public Services (Local) 	<ul style="list-style-type: none"> •"In person" is the most used channel •Public Services (National) scores highest for website interactions, lowest for "over the phone" • Public Services (Local) scores highest for "in person" interactions, lowest for "in writing". 	<p>The requirement to improve customer experiences in the core "in person", "over the phone" and "in writing" channels.</p>

Sectors	Customers' channel usage and satisfaction	Key implications
<p>Telecommunications & Media</p>	<ul style="list-style-type: none"> •“Over the phone” is the most common method for interacting with organisations, but customer satisfaction is 3.3 points lower than the UK average for that channel •Webchat was used in 2% of customer interactions, but average satisfaction was 64.8, the lowest of any channel in the sector and 5.6 points below the UK average for this channel. 	<ul style="list-style-type: none"> •Improving telephone-based customer service is essential in this sector •Webchat needs to complement rather than replace the core channels through which customers interact with organisations.
<p>Utilities</p>	<ul style="list-style-type: none"> •“Over the phone” is both the most used channel and amongst those where the sector’s performance is closest to UK average customer satisfaction (1.4 points below) •Website interactions earn the highest levels of customer satisfaction, though this is 3.8 points below the UK average for this channel •“In person” interactions (74.3) are second only to website for customer satisfaction but are 4.3 points below the UK average for this means of customer interaction. 	<p>A need to develop a consistent and integrated experience across all channels.</p>

Extent of customers' multi channel use

Most customers (58%) use one channel of communication when they interact with organisations. However, a sizeable minority say that they use two (34.1%), three (5.6%) or more than three (2.3%) channels. Customers are more likely than average to use one channel in the Leisure, Retail (Food) and Retail (Non-food) sectors, whereas use of three or more channels is most common in the Automotive and Banking sectors.



Customer satisfaction by number of channels used

In most sectors, customers are more satisfied when they use one or two channels. In the Retail and Leisure sectors, there is evidence that customers who use more than three channels are less satisfied with their experience. By contrast in the Telecommunications and Media and Transport sectors, customers who have used more than three channels report higher levels of satisfaction.

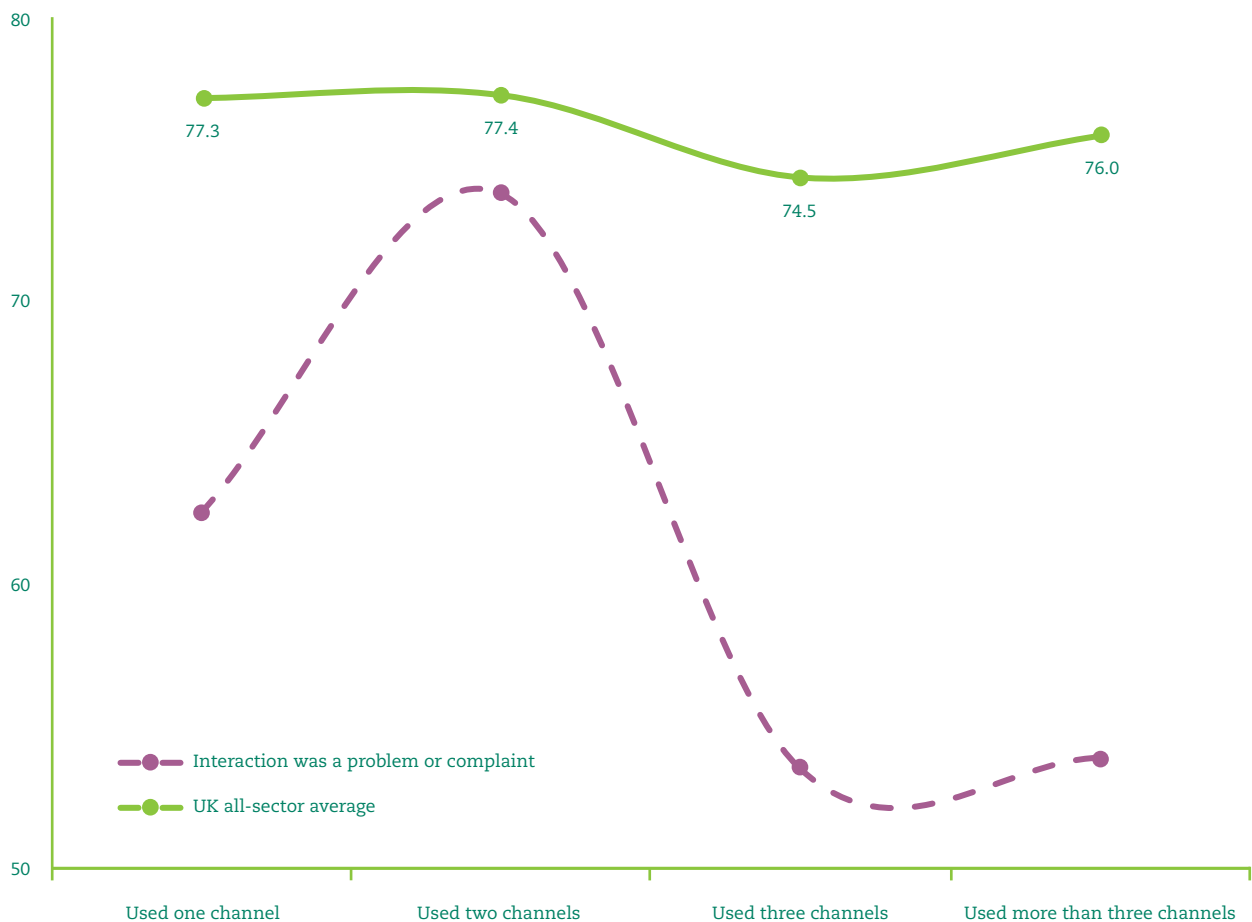
Satisfaction by number of channels used (by sector)



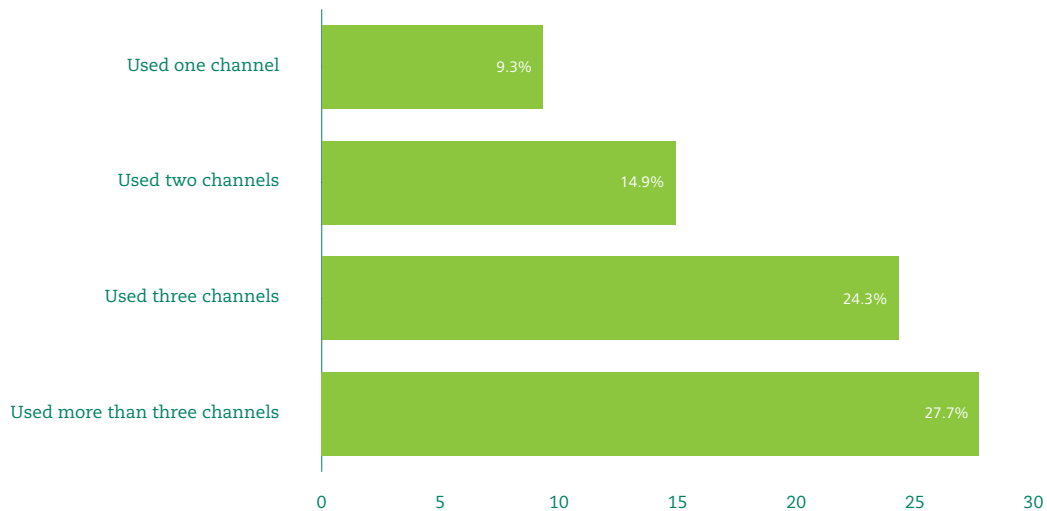
Customers' satisfaction with multiple channels is driven by type of experience and interaction

Customers who use a range of different channels for activities such as checking account information, getting a quote, making an enquiry or purchase give relatively high satisfaction scores. However, customers who used three or more channels were much more likely to say that they had experienced a problem with the organisation in the previous three months and give organisations a lower customer satisfaction rating. In this case, use of multiple channels may be an indicator that a problem or complaint has not been resolved.

Where customers experience a problem or complaint, use of three channels or more may be an indicator of dissatisfaction.



Proportion of customers experiencing a problem in the last three months



There are a number of implications for organisations in planning and delivering their customer service channel strategy:

- The enduring importance of employees' skills, behaviours and attitudes, in both established channels such as "in person" and "over the phone" as well as new forms of interaction including social media and webchat
- Delivering a consistent level of customer experience across all channels including the ability to provide a seamless experience
- Measuring customer experience for each channel and overall
- Understanding the channel preferences of different groups of customers
- Assessing the drivers behind customers' channel use. In particular, whether customer behaviour is motivated by the desire to interact in different ways, or because of dissatisfaction in one or more channels, or the extent to which it is conditioned by organisations' channel architecture.


4

How have customers' priorities changed?

Customers' priorities 2015

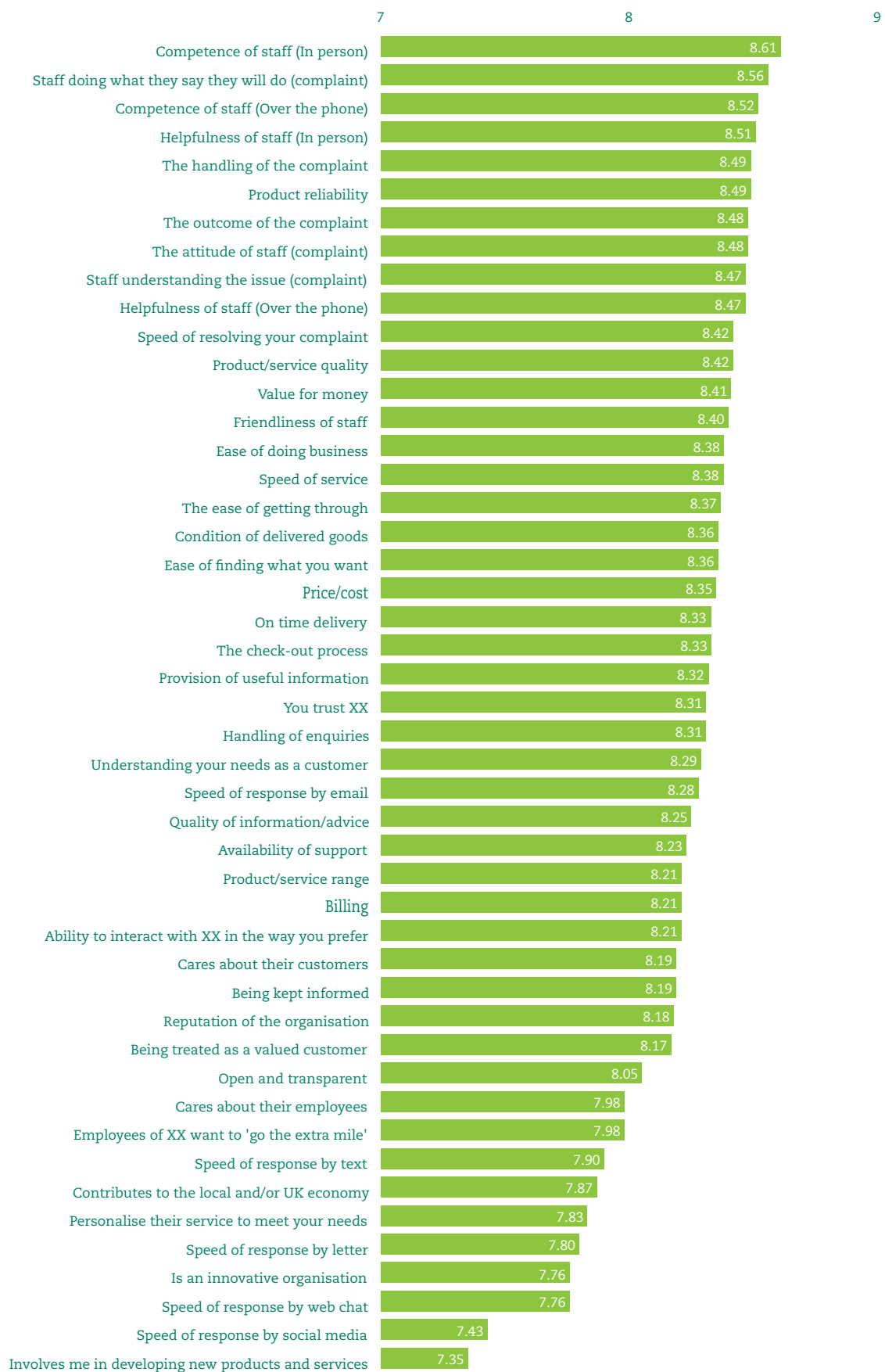
The UKCSI is underpinned by customer priorities – the aspects and attributes of customer experience which customers rate as important. Much of our recent research has suggested that customer needs have become more diverse, are evolving more rapidly than before and are increasingly influenced by the desire for speed of service, a seamless experience across channels and a more emotional, personalised connection with organisations. In October and November 2015 the Institute therefore carried out fresh research into customer priorities, alongside the UKCSI.

This section examines if and how customer priorities have changed, how priorities vary by sector and type of customer and crucially, how insight about customer priorities can be used to improve customer satisfaction. It shows that employee attitudes and behaviours are even more important to customers than they were five years ago. It also identifies the facets of customer experience which both have the most importance for customers and show the most powerful correlation with customer satisfaction.



Employee attitudes and behaviours are even more important to customers than they were five years ago.

Customers' priorities 2015



Customers' priorities 2015

The range of customers' priorities can be broadly categorised in three groupings:

- Customers' highest priorities are focused around employee attitudes and behaviours, product reliability and the ability to deal with problems and complaints
- A high priority is also attached to a wide range of experience-based measures including speed of service, ease of doing business, value for money and the ability to interact with organisations in the way customers prefer
- Lesser, but still significant importance is given to issues relating to brand and reputation including openness and transparency, an organisation being seen to care about its customers and contribution to the national or local economy.

The research reaffirms that, the growth of online channels and disruptive technologies notwithstanding, employee attitudes and behaviours are even more important to customers than they were five years ago. Employees' friendliness, helpfulness and competence have become relatively more important, as well as speed of service. Ease of doing business has also increased in importance. Dealing with organisations in writing has become less important. Price and cost issues remain imperative for many customers, but on average they are less resonant than five years ago.

We also tested a number of new measures. The most highly rated of these - the ability to interact with an organisation in the way customers choose, how open and transparent an organisation is, how well an organisation cares about its customers - have been included in the 13 sector reports published with the UKCSI.

Customers' priorities: 2010 and 2015 compared

Customer priority measure	2010 Ranking*	2015 Ranking*	Difference in ranking 2010-2015
Friendliness of staff (in person)	31	13	18
Helpfulness of staff (in person)	21	4	17
Ease of doing business	26	14	12
Speed of service (in person)	27	15	12
Competence of staff (in person)	11	1	10
Helpfulness of staff (phone)	19	10	9
Product reliability	14	6	8
The attitude of staff	16	8	8
Being treated as a valued customer	22	33	-11
Price/cost	8	21	-13
On time delivery (writing)	9	22	-13
Speed of response (writing)	20	34	-14
Condition of delivered goods (writing)	2	17	-15
Condition of delivered goods (phone)	3	18	-15
Condition of delivered goods (website)	4	19	-15

*Rankings are based only on measures included in both 2010 and 2015

Relative importance of priorities, by sector

Two of the priorities – staff competence and staff doing what they say they will – are amongst customers’ key priorities for each sector.

Whilst customers’ priorities in the Utilities and

Automotive sectors are similar to the UK average, the priorities shown below have particular salience in identified sectors. They feature in the top ten priorities for the sectors shown - but not in the overall top ten (all sectors).

Automotive	<ul style="list-style-type: none"> • Condition of delivered goods • Product/service quality • On time delivery 	<ul style="list-style-type: none"> • Handling of enquiries • Value for money • Quality of information/advice
Banks & Building Societies	<ul style="list-style-type: none"> • Ease of doing business • Speed of resolving your complaint 	
Insurance	<ul style="list-style-type: none"> • Ease of doing business • Speed of resolving your complaint 	
Leisure	<ul style="list-style-type: none"> • Product/service quality • Speed of service (in person) 	<ul style="list-style-type: none"> • Value for money • Condition of delivered goods
Public Services (Local)	<ul style="list-style-type: none"> • Quality of information/advice • You trust XX • Handling of enquiries 	
Public Services (National)	<ul style="list-style-type: none"> • The ease of getting through (over the phone) 	
Retail (Food)	<ul style="list-style-type: none"> • Product/service quality • Condition of delivered goods 	
Retail (Non-food)	<ul style="list-style-type: none"> • Condition of delivered goods • The check-out process (website) 	<ul style="list-style-type: none"> • Value for money • Price/cost
Services	<ul style="list-style-type: none"> • Product/service quality • On time delivery • Friendliness of staff (in person) • Handling of enquiries 	
Telecommunications & Media	<ul style="list-style-type: none"> • Speed of resolving your complaint • Value for money • Price/cost 	
Tourism	<ul style="list-style-type: none"> • Friendliness of staff (in person) • Speed of response by email • Value for money • Provision of useful information (website) 	
Transport	<ul style="list-style-type: none"> • Ease of finding what you want (website) • Value for money • Provision of useful information (website) • Speed of resolving your complaint 	

Differences in priorities by customer segments

The types of issues cited as important by older and younger customers are broadly the same, although older customers tend to give higher

importance ratings to all aspects of customer experience. There are also a number of differences in emphasis:

Customer priority measure

Difference by age group

Speed of service

.....
Handling of enquiries and quality of information/advice

High priority for 18-24s, appearing in their top ten priorities but relatively less important for older age groups

Price / cost

Seen as a relatively lower priority by 18-24s compared to other age groups

Speed of resolving complaints

High priority for older customers (45 and over), appearing in their top ten priorities

How customers' priorities drive customer satisfaction

By linking the level of importance customers have attributed to each attribute of customer experience with the actual scores they have given it is possible to highlight the measures which demonstrate the most powerful impact on customer satisfaction.

This analysis reaffirms the need for organisations to focus on consistency across the whole customer experience whilst prioritising development of employees' skills and competencies as essential competitive differentiators.

Hygiene factors

- Strong performance in these attributes may be taken for granted by customers.
- Whilst excellent performance will not necessarily give increased customer satisfaction, poor performance will be punished with low customer satisfaction.

Drivers

The most powerful drivers of customer satisfaction.

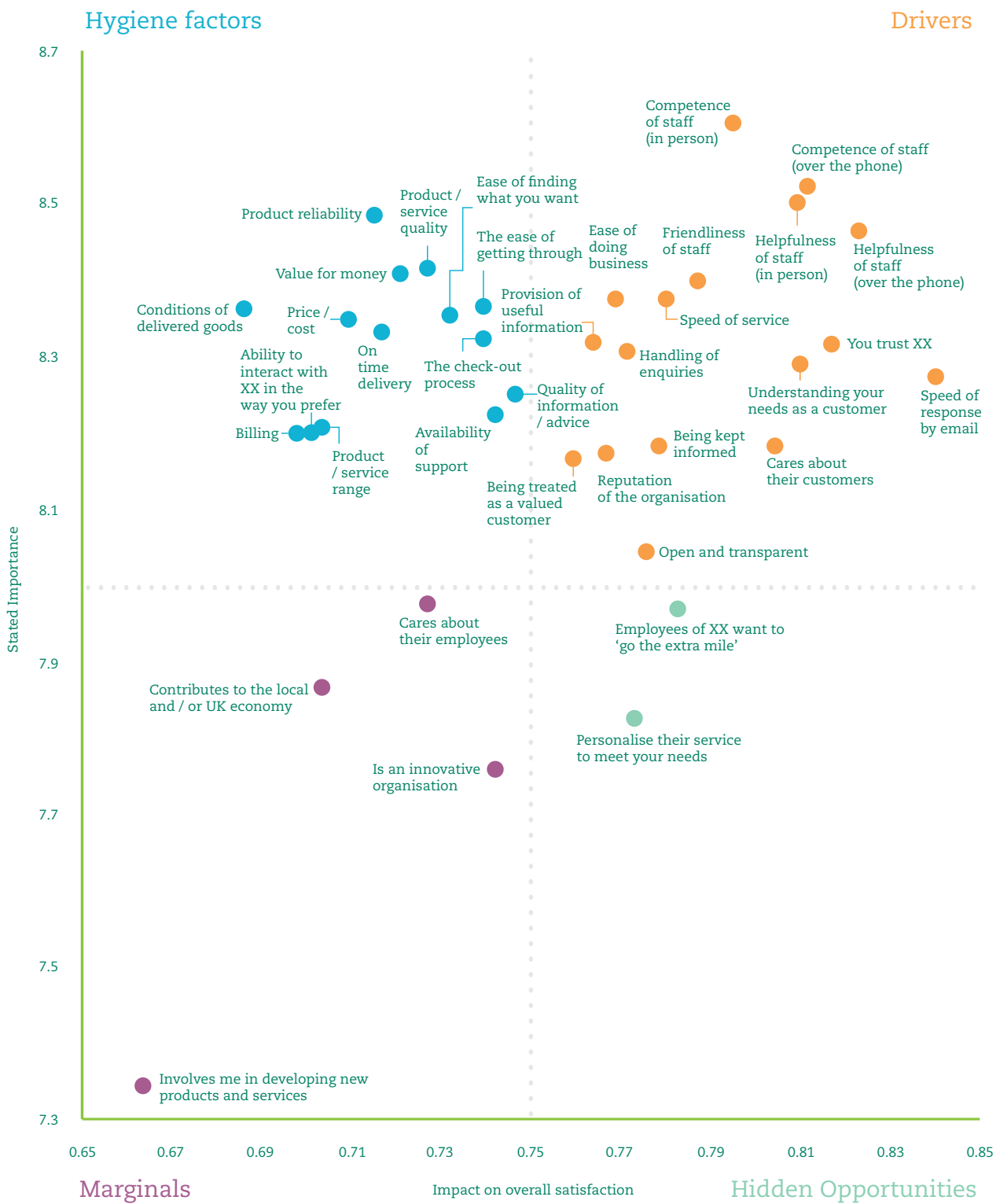
Marginals

- Requirements with relatively low importance and impact.
- Whilst these factors are important to some customers, they generally offer the least opportunity for a return on investment.

Hidden Opportunities

Whilst customers do not rate these factors as especially important, they tend to have a relatively strong impact on overall customer satisfaction.

How customers' priorities drive customer satisfaction



5

Six implications for organisations

1) People skills and employee engagement have grown in importance

Evidence about customers' priorities and the analysis of the key differences between the top 50 organisations and the rest demonstrate that employee skills, attitudes and behaviours have become even more critical to a sustained focus on customer satisfaction. Customers seek authentic, responsive and personalised relationships with the organisations and employees they deal with. It has never been more critical for organisations to deploy best practice customer service training, people development and employee engagement strategies as core elements of a commitment to customer service.

2) A relentless focus on getting the basics right

Our research has again demonstrated the fundamental importance of dealing with complaints quickly and efficiently. Effective complaint handling is one of the key differentiators between the highest performing organisations and the rest and is important to customers across all sectors. Our analysis of customer priorities highlights a number of "hygiene factors" such as product quality, availability of support, ease of finding what you want and billing. Where these are delivered to a consistently high standard they do not necessarily generate incremental benefits in customer satisfaction; but failure to deliver will adversely impact satisfaction.

3) Use a balanced set of measures across the customer experience

Many organisations are tempted to focus their efforts on moving a single headline measure such as Net Promoter or customer effort. Whilst this can help to galvanise action and purpose across the organisation, our research suggests that there is no single measure which predicts the business impact of customer service. Organisations are better advised to select a basket of measures which reflect the attributes of customer experience that are most important to their customers and to track the relationship between these and future buying behaviours such as repurchase or remaining a customer.

4) Measure the return on investment of customer service

Recent research has shown that many organisations do not measure the cost of customer service and few are able to track the return on their investment in customer service.¹ Moreover, some of the most powerful initiatives to improve service are cross-functional so that their impacts can be difficult to isolate and measure individually. However, the highest performing organisations are most likely to see customer service as integral to their business performance and to proactively seek ways of measuring its top and bottom line impact. As evidence of the long-term impact of customer service on business performance grows, it is increasingly important for organisations to develop the way they forecast and measure the impact of customer service on financial performance.

¹ Beyond measurement: customer service and business Performance, Institute of Customer Service, 2014

5) Understand and measure customers' priorities

Customer priorities have evolved. Staff attitudes and behaviours are even more important to customers than they were five years ago. Employees' friendliness, helpfulness and competence have become relatively more important, as well as speed of service. Ease of doing business has also increased in importance. Our research also shows that customers' priorities can vary by sector and by type of customer. Organisations therefore need to understand the make-up of their customer base, assess what is most important to them and use this insight to shape and drive their customer satisfaction strategies.

6) Understand the drivers of customers' channel preferences and usage

This UKCSI shows that while customers use a growing range of channels to interact with organisations, "in person", organisations' websites and the telephone remain the core means of dealing with organisations. The importance of employees' skills, attitudes and behaviours has, if anything, become more critical, even in the context of a multi-channel environment. It is also vital for organisations to understand the factors that drive customers' channel preferences and usage. Some customers use various ways of connecting with organisations to enrich their experience. For others, using multiple channels can be an indicator that a problem or complaint has not been resolved. Organisations need to offer a consistent level of experience across all channels and measure both the effectiveness of individual channels and quality of the overall customer experience.

About UKCSI

UKCSI (UK Customer Satisfaction Index) is The Institute of Customer Service's national measure of customer satisfaction. It provides insights into the state and direction of customer satisfaction at a national level, across 13 key sectors and for individual organisations.

UKCSI was launched by The Institute of Customer Service in 2008. It provides a unique way of measuring the current customer satisfaction of UK customers, as well as trends over time.

Methodology

To create UKCSI, The Institute of Customer Service runs a large online survey of consumers twice a year:

The January 2016 UKCSI results included in this report are based on 39,000 survey responses. Each response is a completed online questionnaire relating to the customer experience with a specific organisation.

These responses are provided by 10,759 individual customers. The respondents are representative of the UK adult population, according to region, age and gender.

The UKCSI survey focuses on customers' actual experiences of organisations. Respondents are asked to rate their experience of individual organisations they have dealt with in the previous three months. To do this they score a series of metrics on a scale from 1 to 10. These metrics relate to professionalism, quality and efficiency, ease of doing business, timeliness, problem solving and complaint handling. The metrics reflect the priorities that consumers rate as the most important elements of the customer experience, according to Institute of Customer Service research.

The UKCSI score for each organisation is the average of all of its customers' satisfaction scores. Overall scores for each sector – and for the UK as a whole – are mean averages of all responses.

Each published set of UKCSI results incorporates the data from the previous two surveys, which creates a rolling measure of the state of satisfaction. In the January 2016 results, therefore, the responses included are those from the UKCSI surveys completed for January 2016 and July 2015.

UKCSI

Key facts

8

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 sector. Sector reports with a detailed breakdown of scores by sector and organisation are published for each sector.

39,000

Number of unique responses included in January 2016.
From 10,759 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.

228

Number of individual organisations and organisation types which received a UKCSI rating. 215 named organisations which have exceeded a minimum sample size are scored in the 13 sector reports. In addition, scores are given for 13 generic providers including "your local Council", "your local restaurant/takeaway" etc.

Organisations included in UKCSI January 2016

Automotive

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

Banks & Building Societies

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

Insurance

AA
Admiral
Aviva
AXA
Churchill
The Co-operative Insurance
Direct Line
Esure
Halifax

Hastings
Legal & General
Lloyds
LV=
M&S
More Than
Nationwide
Privilege
RAC
RIAS
SAGA Insurance
Sainsbury's
Swinton
Tesco
Zurich

Leisure

Burger King
Caffe Nero
Cineworld
Costa Coffee
Domino's Pizza
Greggs/Baker's Oven
Harvester
JD Wetherspoon
KFC
LOVEfilm
McDonalds
Nando's
Netflix
Odeon
Pizza Express
Pizza Hut
Pret A Manger
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)

DVLA

HM Passport Office
HMRC (Inland Revenue)
Jobcentre Plus
NHS / hospital service
Post office
The university I attend

Retail (Food)

Aldi
Asda
The Co-operative Food
Iceland
Lidl
M & S (food)
Morrisons
Ocado
Sainsbury's
Tesco
Waitrose

Retail (Non-food)

Amazon.co.uk
Argos
B&Q
Boots UK
Currys/PC World
Debenhams
eBay
H&M
Holland & Barrett
Homebase
Ikea
John Lewis
Lloyds Pharmacy
M & S
Matalan
New Look
Next
Poundland
Primark
Specsavers
Sports Direct
Superdrug
TK Maxx
Wickes
Wilkinson

Services

AA
Autoglass
City Link
DHL

Green Flag
Hermes
Homeserve
RAC
Royal Mail / Parcelforce
Timpson
TNT
Yodel
Your local estate agent
Your local hairdresser
Your local solicitor
Your local tradesman e.g. builder, electrician, painter & decorator, plumber

Telecommunications & Media

3
BT
EE
Giffgaff
O2
Plusnet
Sky
Talk Talk
Tesco Mobile
T-Mobile
Virgin Media
Vodafone

Tourism

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

Transport

Abellio Greater Anglia Trains
Abellio Scot Rail
Arriva- Bus group
Arriva Trains Wales
British Airways
East Midlands Trains
easyJet
Eurotunnel
First Great Western
First Group - bus companies
First TransPennine Express
Flybe
Jet2
London Midland
London Underground
National Express
Northern Rail
P&O Ferries
Ryanair
South West Trains
Southeastern Trains
Southern Railway
Stagecoach
The Trainline.com
Thomson
Virgin Atlantic
Virgin Trains
Virgin Trains East Coast

Utilities

Anglian Water
British Gas
E.ON (energy)
EDF Energy
first utility
npower
Ovo Energy
Power NI
Scottish and Southern Energy (SSE)
Scottish Power
Severn Trent Water
South West Water
Southern Water
Thames Water
United Utilities (water)
Utility Warehouse
Yorkshire Water

UKCSI sector reports

13 sector reports contain insights about the performance of leading organisations in each sector and recommendations to improve customer satisfaction.

- Benchmark customer satisfaction performance of leading organisations
- Includes overall customer satisfaction, NPS, customer effort, trust, reputation and 35 customer experience metrics
- Insight and the latest evidence about drivers of complaints and satisfaction with complaint handling and extent of compensation being asked for and given to customers
- How customer satisfaction links to future buying behaviours including likelihood to repurchase, remain a customer and recommend
- Which channels customers use and satisfaction by channel
- Recommendations and opportunities to improve customer satisfaction

New for January 2016

Four new metrics reflecting the latest research into customer priorities:

- Ability to interact with an organisation in the way you prefer
- Cares about customers
- Open and transparent
- Right first time

Channel usage

- In person
- Website
- Phone
- In writing
- Email
- Text
- Webchat
- App
- Social media



Sector reports are available from www.instituteofcustomerservice.com

Complaints insight and action workshops

Dealing effectively with complaints and problems is one of the biggest differentiators between high performing organisations and the rest. A new series of complaints-focused workshops from the Institute of Customer Service give you insight, best practices and practical tools to apply in your organisation. The workshops will provide you with:

- Latest research from the Institute into customer priorities, showing that staff attitude, competence and complaint handling have become even more important to customers
- A unique cross-sector view of the drivers of complaints and satisfaction with complaint handling, based on new findings from the January 2016 UK Customer Satisfaction Index
- Interactive sessions examining complaints measurement, the cost of complaints and techniques to improve complaint handling
- Opportunity to share learning and practice with peers from a range of organisations
- Practical recommendations and best practice to create a culture of ownership and empowerment.



London	9th February 2016
Manchester	8th March 2016
London	17th March 2016
Edinburgh	22nd March 2016
Birmingham	31st March 2016
Belfast	6th April 2016

To book your place visit
www.instituteofcustomerservice.com

The Institute of Customer Service

The Institute of Customer Service is the UK's independent, professional body for customer service, with over 500 organisational members and over 5,000 individual members. Our purpose is to enable organisations to achieve tangible business benefits through excellent customer service aligned to their business goals, helping individuals to maximise their career potential and employability by developing their customer service skills.

We provide a framework for our members to share and learn from each others' service delivery experiences and offer wide ranging support for continuous customer service improvement. As the professional body we are independent – setting standards so that our customers can improve their customers' experiences and their business performance.

Key activities undertaken by The Institute include:

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

For further information please visit www.instituteofcustomerservice.com



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ISBN 1-906080-39-9