

Survey Customer satisfaction



Keeping customers happy: Boots, John Lewis, HMV, Lloyds Pharmacy, Marks & Spencer and Argos were among the non-food retailers to grace the Index, with Boots coming in top of the category

AIM TO PLEASE

The latest Customer Satisfaction Index shows that retail is doing something right. But, as the harsh climate demands excellence, which retailers are standing out for service? **Katie Kilgallen** reports

At last, a reason for retailers to be cheerful. The latest Customer Satisfaction Index, compiled twice a year, shows that retail businesses – particularly non-food – are continuing to beat finance, leisure and transport for customer service and brand loyalty.

But, with the credit crunch biting ever deeper, all retailers – even the high scorers – could learn a few lessons from the top performers. Losing focus on the customer experience amid the battle to keep sales strong could prove disastrous.

In fact, a study revealed last week indicated that, while shoppers are watching the pennies more than ever, they're also demanding more from the service they receive. Nearly half of the 1,000 people polled by RightNow Technologies said they are reducing their spending, yet 88 per cent still said they would take their business elsewhere if they received a poor customer experience.

To compile the Customer Satisfaction Index, the Institute of Customer Service questioned 12,000 people using an online questionnaire. Topping the list of non-food retailers is Boots, knocking John Lewis off the top spot (see chart opposite). HMV, which has failed to secure a high rank in previous years, is joint second with John Lewis. Marks & Spencer, Waitrose, Argos and Comet also scored highly.

So why are these brands impressing so many shoppers with their standards of service?

HMV marketing director Graham Sim explains: "Underpinning these brands is a fundamental understanding of how important the customer is to that business. When I think of John Lewis, I automatically think of fantastic customer service."

Despite failing to take first place this time, John Lewis is consistently praised for its customer service and its reputation is largely unrivalled. John Lewis retail operations director Patrick Lewis says: "Our approach starts with a total focus on customers – real determination that we have understood what will make a difference and we've been brilliant at delivering that day after day."

Lewis believes the first step to gaining customer satisfaction requires action long before the customer enters the store. Getting your ranges right, for one thing, is essential. He says: "First for us is being able to source exactly the product they want – quality for price is key. We serve a broad range of customers, so we put a lot of work into getting our ranges right. We've done the hard work, so the choice is relevant as opposed to confusing."

When HMV embarked on its three-year turnaround last March, it set about adapting its product mix to better-reflect the changing desires of its customers. Questioning customers also revealed that, alongside normal product ranges, they would like to see more electronics and band merchandise on offer. The retailer has responded by introducing iPods and other MP3s in stores and developing a whole

programme around "cool stuff" – the term it has coined to cover product such as band merchandise.

Its increased effort and focus on responding to customer demands is paying dividends. HMV wasn't among the top 10 on the last index published in January, but is now joint second among non-food retailers and has crept into the overall top 10. The retailer's research found that the retailer had never been particularly strong on children's ranges, but existing customers did have a desire to buy them. It has since installed dedicated children's zones in stores and achieved significant jumps in like-for-like sales as a result.

ALL-ROUNDER

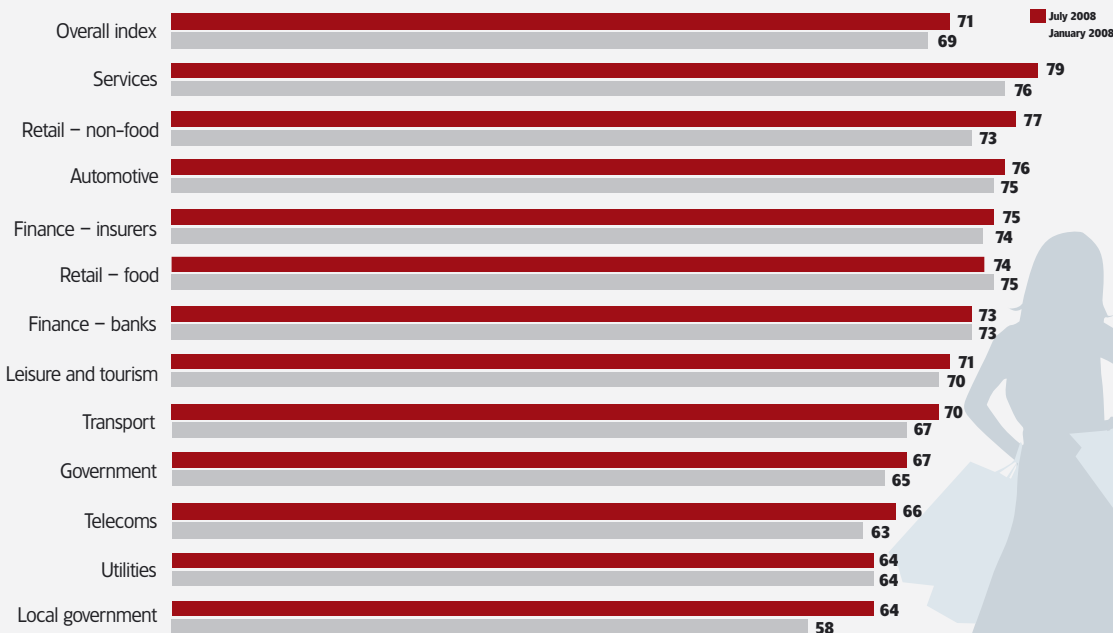
Institute of Customer Service director Robert Crawford says HMV is a particularly interesting case. "It has improved across the board, not just on one particular element. Price, cost and value for money have all improved. The ease of doing business was a very good score and it scored very well on giving good information and advice. It also scored well in the physical environment."

Sim says HMV has paid particular attention to its in-store environment, introducing game pods, social hubs and children's zones. These have all been designed to enable customers to go online and interact better with the product, staff and each other. New signage and colour coding have also been introduced.

Lewis agrees that paying attention to the store environment is critical. He says: "The whole

SECTOR BREAKDOWN

The UK Customer Satisfaction Index has improved for 10 of the 12 sectors covered by the research. The overall level of satisfaction now stands at 71. The biggest gains were made by local government, non-food retail, telecoms, transport and services.



NON-FOOD RETAIL: TOP 10



TOP 10 PERFORMERS

Out of the 136 companies included, five retailers made it into the top 10. All have a Customer Service Index of more than 80 – considered “world-class” by the Institute of Customer Service.

- Fire Service
- Ambulance Service
- First Direct
- Boots
- P&O
- Waitrose
- Marks & Spencer (food)
- Marriott
- John Lewis
- HMV

HMV CASE STUDY: GET CLOSER

When HMV chief executive Simon Fox unveiled his three-year plan to turn around the struggling entertainment retailer last March, he said a renewed focus on its customers would need to be at the heart of it if they were to be successful.

HMV marketing director Graham Sim says the results of the latest Customer Satisfaction Index are proof that this plan is beginning to bear fruit. He adds that it is consistent with the retailer's own brand tracking, which it carries out every four months.

“A number of things have come out of the strategy,” explains Sim. “We realise value and price are key, but what we have really been working on is an emotional connection. As a specialist retailer, we really think it's important. And we think we may be the only brand [in the sector] that can leverage that.”

The retailer is also championing a more “joined up” approach and is working to promote HMV as a multichannel retailer, reflecting that it is just one brand offering three ways to buy.

In the online space, a social discovery site – Getcloser.com – will launch in the autumn, allowing customers to build collections of music and film. A loyalty card will follow next year.

Source: Institute of Customer Service

environment has to be inspiring and easy to shop.”

However, providing every shopper with high-quality customer service is a tricky balancing act. Lewis explains: “Individual service is particularly challenging. It depends on lots of different links in the chain and good service means different things to different customers. Keeping customer service really good requires an enormous amount of concentration and dedication.”

Over the past 12 months, Boots has initiated a customer focus programme, through which it has begun awarding staff with bonuses that relate to service rather than sales. Crawford says this approach is reflected in the retailer's score and commends “an organisation brave enough to pay” to help raise standards.

Boots UK head of productivity Sue Needs says the retailer has delivered a new training programme to all colleagues to support them in delivering great customer care. It also runs its own programme to track customer satisfaction in each of its shops. Needs calls this approach “bespoke customer care”.

She adds: “This has allowed our store managers to recognise colleagues who have given fantastic customer service and helps them focus on areas of

service that they can improve further, which has been incredibly motivating for our colleagues.”

Lewis says investing in staff has been fundamental to John Lewis's success. “For us, customers buy across a lot of departments and for many years. We invest a lot in how to look after customers in the long term. Partners tend to stay too, so we can invest more in training – on product selling and service skills,” he says.

But maintaining this high standard will become increasingly difficult as John Lewis goes through the biggest period of expansion in its history – doubling the size of the chain within 10 years. Undaunted, Lewis says the business is working to take its service training to the next level. He explains: “We are open increasingly long hours and, with a higher proportion of part-timers, we have to be better and quicker at training new partners.”

HMV takes the approach that the best suggestions for customer service improvements come from store staff more often than not. The retailer held regional road shows to talk to staff about how to maximise its Get Closer campaign, encouraging people to come forward with any ideas they had. Under the “Ask Simon” initiative, staff can e-mail suggestions or

queries to chief executive Simon Fox and are promised a response within 48 hours. Lewis says: “It's important to have a culture where you are constantly looking to improve what you're doing.”

Cultivating a culture of continual improvement is even more essential when you consider that the industry is improving across the board. Lewis says: “As an industry, we are getting better at understanding customers. We're certainly quicker to react to their changing wants than we were a few years ago.” Crawford adds: “There are some businesses that we could now say are world-class.” In this environment, you need to be moving forward at quite a pace just to keep up.

And the dismal economic climate adds an even greater urgency to the need to maximise customer satisfaction. As Crawford says: “Businesses will have to try harder to keep customers happy. In any kind of downturn, there will be a flight to quality. People will spend money in places they believe they are getting good quality.”

So while customers are, generally, happier than ever with their retail experience, unfortunately for retailers, they'll have to work harder than ever to keep them that way. **RW**