



## Foreword

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The Hong Kong Association for Customer Service Excellence (HKACE) was formed in February 2000 to promote customer service excellence in Hong Kong. To this end, we have embarked on a series of research aiming at contributing to the body of knowledge in the field of customer service and provide practical suggestions to like-minded service organisations in Hong Kong on how to deliver quality service to customers.

This research included attempts to develop a composite Customer Satisfaction Index (CSI) for the service sector in Hong Kong, based on interviews with over 1,000 customers of the twelve member organisations; and to develop a separate CSI for life insurance industry, based on interviews with over 500 policy-holders. It also identified key product or service attributes which contribute to customer satisfaction, and changes in behaviour induced by customer satisfaction.

The findings of the research which will conceivably serve general application and reference purposes are summarised in this publication. We hope readers will find them academically stimulating and practically useful.

Allan Chiang

Chairman

Hong Kong Association for Customer Service Excellence

January 2002

# About HKACE

## *Mission and Objectives*

### Mission

To foster customer service excellence in Hong Kong and among members

### Objectives

1. To share best customer service practices among members and with other service sectors in Hong Kong and overseas
2. To pursue continuous customer service improvement among members
3. To promote the benefits of customer-focused culture in Hong Kong
4. To establish and maintain relationship with service excellence providers and advocates
5. To act as catalyst of positive changes and improvements in Hong Kong service culture
6. To interface with the Government of the Hong Kong Special Administrative Region on customer service matters and research findings
7. To advise the Government of the Hong Kong Special Administrative Region on customer service issues



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1. Cathay Pacific Airways Limited



2. Centaline Property Agency Limited



3. CLP Power Hong Kong Limited



4. Dah Chong Hong (Motor Service Centre) Limited



5. Hewlett-Packard Hong Kong Limited



6. Hongkong Post



7. The Kowloon Motor Bus Co. (1933) Limited



8. Motorola Asia Pacific Limited



9. Pacific Century CyberWorks Limited



10. Pacific Century Insurance Company Limited



11. Shell Hong Kong Limited



12. Standard Chartered Bank



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# Introduction

In 2001, Hong Kong Association for Customer Service Excellence (HKACE) commissioned Poon Kam Kai Institute of Management (PKKI), the University of Hong Kong, to conduct a pilot study in developing a Customer Satisfaction Index (CSI), a tool to benchmark levels of service delivery standards.

The study comprises two parts. The first part is an attempt to develop a CSI for the service sector, using customers of the 12 member organisations as sample base. The second part is to develop a CSI model for life insurance industry, a selected industry and use it as an illustrative example for public reference. This study adopts the same rigorous modeling methodology as used in the development of other world-class customer satisfaction indices. At the same time, it improves on the method by identifying key service attributes that contribute to customer satisfaction, and key customer behaviours which are influenced by customer satisfaction.

The basic framework of CSI and part of the research findings will be discussed in this research publication, which is composed of three parts as well as the appendices.

■ **Part 1 — The Basics of Customer Satisfaction**

This part contains a brief description of the Customer Satisfaction Index, its associated benefits, and its major components

■ **Part 2 — The Key Research Findings**

This part briefly introduces the scope of this research and highlights part of the research findings for the 12 HKACE member organisations and life insurance industry

■ **Part 3 — Applications of CSI**

This part covers how individual companies can apply the CSI model and conclusion

■ **Appendices**

The questions used in building the Customer Satisfaction Index Model for life insurance industry and a list of commonly used attributes in the measurement of service quality are presented in the appendices

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# The Basics of Customer Satisfaction

*Why is it necessary to understand your customers and their needs?*

Companies today face the formidable challenges of simultaneously maximising customer satisfaction and minimising costs. In tandem, customers are actively demanding better products and services in the face of more choices. Quality of service, which is highly intangible and hard to measure objectively, is sometimes overlooked. However, this could be a costly mistake.

For instance, companies in the United States, on average, lose half their customer base over five years' time while 68% of these customers will leave because of a bad service experience. Even worse is that it costs five times more to acquire a new customer than to keep an existing one<sup>1</sup>. Excellent customer service does make a difference.

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#### UNDERSTAND YOUR CUSTOMERS SO AS TO ...

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- Bring in more or keep them
  - Know which area to improve and how
- 

Usually, customers will be pleased with better quality products and services, and when their expectations are met or exceeded. If customers are satisfied and happy, they will continue to buy from you, to buy another product or service from you or recommend you to others. All these bring in more revenue and higher profitability. By **deploying marketing research** and **customer service measurement studies**, companies can keep track of the level of customer satisfaction and the extent to which customer expectations are met from time to time, and identify strengths and weaknesses in their customer service programmes.

One way to do it is to construct a **Customer Satisfaction Index**.

**“Driving up customer satisfaction drives down your costs.”**  
- Tom Johnson

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<sup>1</sup> The Loyalty Effect, by Frederick F. Reichheld, Harvard Business School Press, 1996.

## What is Customer Satisfaction Index

**Customer Satisfaction Index (CSI)** provides a standardised measurement of overall customer satisfaction with quality of products and services. It is an economic indicator that provides an assessment of the economy, industry, and company competitiveness by representing the **quality** of output from the customers' perspectives. The level of customer satisfaction is normally represented by an index in a **scale of 0 to 100**.

CSI can be built at three levels: individual company, industry, and on a national basis. A company score represents the overall evaluation of customer satisfaction with the company. An industrial score represents that within an industry and a national score for total consumption experience within a country<sup>2</sup>.

## Benefits of Customer Satisfaction Index

Researches in United States and other countries have found that changes in CSI can be a prominent and leading indicator which reflects future profitability of a company. It is also a tangible and noticeable indicator for managers, by which subjective issues are redefined into objective and quantifiable results. **Key benefits associated with customer satisfaction measurement are highlighted below:-**

- **Benchmarking**  
Provide insights on the overall performance of a company with respect to competitors and the industry as a whole. Results from customer satisfaction surveys can be used to benchmark individual companies' performance in service quality aspects such as manner of customer service representatives, ease of access to information etc.
- **Prioritise processes and procedures**  
Most managers or executives usually have dozens of projects or initiatives which are to be completed over the course of a year or within a similar timeframe. Results of a customer satisfaction survey can direct management attention to areas that are most important to customers and call for maintenance, breakthrough and improvement.
- **Identify a customer profile to capture new customers**  
Although many companies know their customers by names or other personal details, they may not have a good grasp of their needs, expectations and behaviours. All these can be answered through a customer satisfaction survey. Once companies are able to thoroughly understand their customers, such a profile becomes invaluable in prospecting for new customers with similar characteristics.

<sup>2</sup> 'The American Customer Satisfaction Index: Nature, Purpose and Findings', Journal of Marketing Vol.60 (Oct 1996)





- Understand value from a customer’s perspectives

Through customer satisfaction surveys, companies can gain an in-depth understanding of what their customers value most about the products and services they consumed and received. Very often, there is a gap between the product/service quality the company offers and what their customers expect, perceive and receive. Companies should focus on product/service attributes which their customers perceive as most important and concentrate resources in these areas.

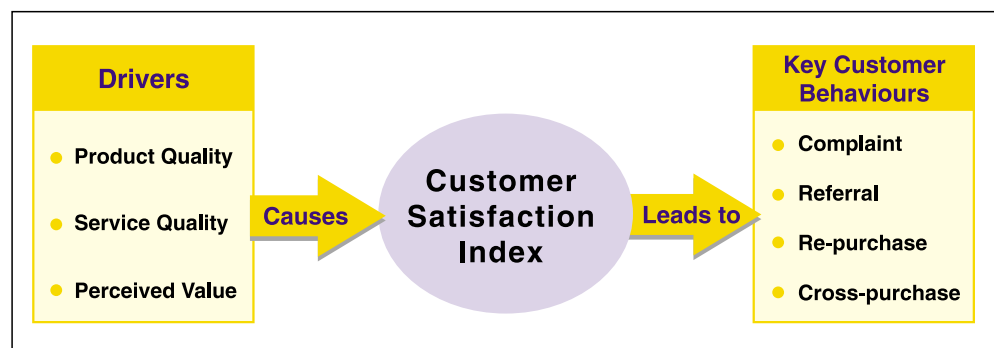
- Optimise effectiveness in planning

Some companies spend more time on planning than gathering information which is critical to developing effective strategies. Obtaining objective feedbacks from external sources supplements individual companies’ internal assessments, allocation of efforts, and will likely generate the greatest returns.

## Major Components of a CSI Model

Our **Customer Satisfaction Index Model** (CSI model) consists of three major components. Besides the **Customer Satisfaction Index** (CSI), the other two components are the **key customer behaviours** as a consequence of customer satisfaction and major factors that drive customer satisfaction (**drivers**). Structural Equation Modeling (SEM)<sup>3</sup> is used in calibrating the CSI. This method embeds the index in a system of causes and effect relationships, and thus, ensures that a reliable and valid measure of customer satisfaction is obtained. Figure 1-1 illustrates the relationship between the three components.

**Figure 1-1**  
**Basic CSI Model**



<sup>3</sup> Structural Equation Modeling is used in United States and Europe for constructing the American Customer Satisfaction Index (ACSI) and the European Customer Satisfaction Index (ECSI) respectively.

## Drivers

Drivers are the key factors that drive customer satisfaction and typically include product quality, service quality and perceived value. **Product quality** refers to attributes such as reliability, level of customisation, etc. while **service quality** includes attributes such as courtesy, sincerity, responsiveness, etc. in service offering. **Perceived value** on the other hand is a measure of the extent to which customers perceive the product or service they consume/receive as good value for money.

CSI model would identify the relationship and strength between customer satisfaction and these drivers, i.e., which product/service attributes have greater impact on customer satisfaction. The result would help managers allocate their resources for enhancement of the right product/service attributes when they want to improve customer satisfaction.

## Customer Satisfaction Index

Customer Satisfaction Index (CSI) is to measure the growth of service performance from year to year and serves as a yardstick for continuous improvement of service standards. CSI is normally represented in a scale of 0 to 100. The score is **not** an absolute indication of good or bad performance. Instead, it is an objective tool to measure the relative performance in customer satisfaction of a company/industry against time, or against another company/industry.

## Key Customer Behaviours

Key customer behaviours including **complaint, referral, re-purchase and cross-purchase** are the possible results of different levels of customer satisfaction. These behaviours help explain customer loyalty, which ultimately determines a company's profitability and business performance. CSI modeling or measurement would identify the relationship, if any, between customer satisfaction and these customer behaviours. Managers would then be able to determine whether it is worthy to invest in further improving customer satisfaction.

### Point to Note:

For instance, for companies with expanding customer base as one of their business objectives they would be delighted to invest in improving customer service if research findings show that there is a strong positive relationship between customer satisfaction and referrals.



## Part

## 2

## The Key Research Findings

*What have our customers told us and how do we interpret the results?*

There are two major parts in this research. The first part aimed to get an overall CSI for the service sector. As a pilot study, the research focused on services offered by the 12 member organisations. The second part was targeted to build a full CSI model for a selected industry. Life insurance industry was chosen for this part of research.

More than 1,500 telephone interviews were successfully conducted for the whole research. Customers were asked about their expectations as well as the quality of the products or services they received. CSI model was successfully built for life insurance industry as well as 8 out of the 12 member organisations.

### Customer Satisfaction Index

The combined CSI score for the 8 member organisations is **64.34** while the CSI score for life insurance industry is **65.46**. As measures of the quality of output produced by the 8 member organisations and life insurance industry in Hong Kong, these CSI scores suggest that customers in Hong Kong are reasonably satisfied. These scores are quite comparable to those obtained for similar industries in the United States. Table 2-1 shows American Customer Satisfaction Index (ACSI) scores for selected sectors obtained in first quarter, 2001. The score indicates that there is still room for improvement.

TABLE 2 - 1: ACSI SCORES<sup>4</sup>

Sector	Qtr / year	CSI
■ Transportation/ Communications/ Utilities	Q1 2001	68.40
■ Service	Q1 2001	68.80

<sup>4</sup> Since the American Customer Satisfaction Index (ACSI) includes more and different service industries than those included in this research, the ACSI scores are provided here as reference only.

## Drivers

In calibrating the CSI model for each member organisation, we found that key drivers for customer satisfaction greatly varied among them. For example, “Service tailored for customers’ needs” is the most important attribute of customer satisfaction for one member organisation while customers of another member organisation considered “Responsible service personnel” to be the most important attribute in making them satisfied. Furthermore, our findings confirm the importance of considering performance and expectations simultaneously in prioritising performance improvement efforts.

A company with high performance in a certain attribute does not necessarily imply that its customers are satisfied because its performance may still fall short of customers’ expectations. On the contrary, a company could be wasting its resources to improve an attribute that already exceeds customers’ expectations.

For instance, findings in a particular member organisation showed that “Helpfulness”, one of the seven attributes that ranked first in performance, was only in the fourth place in terms of meeting customers’ expectations as shown in Table 2-2. On

the other hand, “Sincerity”, which ranked fourth in performance score was in second place in meeting/exceeding customers’ expectations.

For companies that are conducting customer satisfaction surveys purely based on performance scores, management would tend to find ways to improve “Sincerity” as the performance score is lower. However, in terms of meeting customers’ expectations, results indicate that customers are in fact less pleased with “Helpfulness”.

**TABLE 2 - 2 : DRIVERS**

Product/Service Attribute	Ranking in Attribute Performance	Ranking in Meeting Customers’ Expectations
■ Helpfulness	1	4
■ Sincerity	4	2

## Key Customer Behaviours

When customers are satisfied (or dissatisfied), they usually express their feelings in various post-satisfaction behaviours such as making re-purchase, cross-purchase, and giving a referral (or making a complaint). These behaviours are closely related to a company’s turnover and profitability, and thus, their relationships with customer satisfaction offer important implications for the company. Our research

**TABLE 2 - 3 :  
CUSTOMER BEHAVIOURS**

Customer Behaviours	No. of Companies with Proven Relationship	Relationship (positive or negative)
■ Complaint	5	Negative
■ Re-purchase/Cross-purchase	7	Positive
■ Referrals	-	-



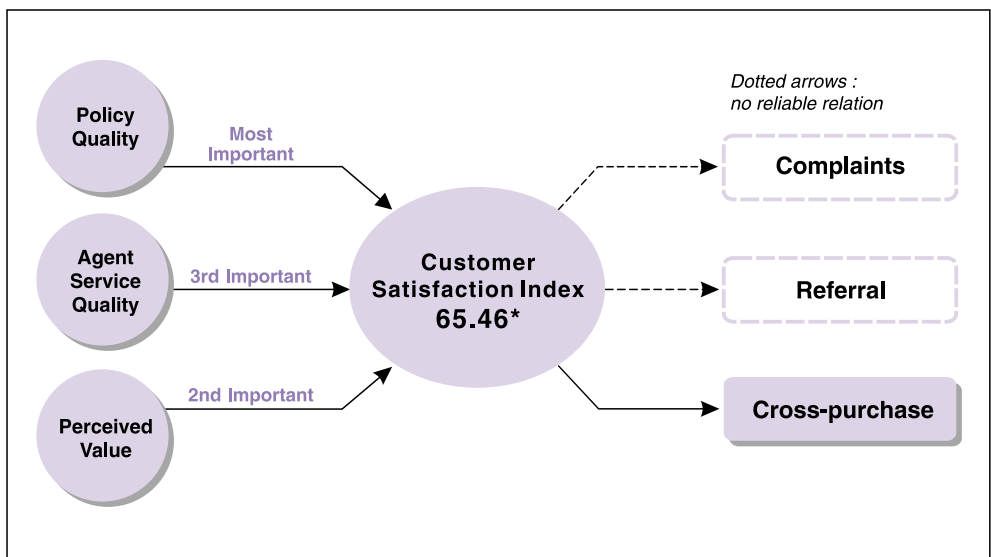
findings indicated a positive relationship between customer satisfaction and re-purchase or cross-purchase for 7 out of 8 member organisations. Proven relationship, on the other hand, was not found between customer satisfaction and referrals as shown in Table 2-3.

**Point to Note:**  
 These findings suggest that customers in Hong Kong are very demanding. They are likely to complain when dissatisfied and to repurchase and/or increase cross-purchase when satisfied. At the same time, they are reluctant to recommend a company to their friends and relatives even they are satisfied with the products/services offered. Companies who wish to gain more referrals might have to earn customers’ trust and build relationships with them.

## CSI Model for Life Insurance Industry

Figure 2-1 shows the CSI model for life insurance industry. Factors with statistically valid relationships are illustrated with solid lines.

**Figure 2-1**  
**CSI Model for Life Insurance Industry**



Product chosen = Life insurance  
 Sample Size N = 522  
 RMSEA = .08  
 AGFI = .83

\*+/- 1.03 with 95% confidence level

The CSI model for life insurance industry is a reasonably fit model and 88% of customer satisfaction can be explained by the three main drivers

Note: RMSEA (Root Mean Square Error of Approximation) and AGFI (Adjusted Goodness-of-Fit Index) indicate the fitness of a model

## Impact of Customer Satisfaction on Key Customer Behaviours

**Cross-purchase** is the only customer behaviour identified by the CSI model for life insurance industry. This means that if a customer were satisfied, he or she will more likely purchase other insurance products from the same life insurance company again.

On the other hand, the model does not reveal any relationship between customer satisfaction and complaints and referrals. Reasons behind this finding could be:

- Unsatisfied life insurance customers may simply choose to walk away without making any complaint because they do not believe complaint is an effective way to solve their problems;
- Choosing a life insurance company might be a personal decision; and
- Providing a referral might require the customer to be more than just satisfied but also trust the life insurance company.

### Point to Note:

Customer complaints could be considered as a golden opportunity for a company to get things right at a second go, to restore or even enhance relationship with customers. In the light of this, life insurance companies in Hong Kong may need to demonstrate their customers that their complaints will be taken seriously and resolved satisfactorily. Similarly, they may have to earn customers' trust before they could expect satisfied customers to provide referrals.

## Drivers for Customer Satisfaction

Drivers for customer satisfaction in life insurance industry are in the following descending order of importance: **1) policy quality, 2) perceived value, and 3) agent service quality**. This means that improving policy quality would have the greatest impact on customer satisfaction, whereas improving agent service quality, would have the least impact among the three.

### Point to Note:

While this result might first seem counter-intuitive, it could mean that high agent service quality is taken for granted by most customers in Hong Kong because of the high level of performance in agent service quality.

To help companies in life insurance industry pinpoint the key product/service attributes for improvement, the model also reveals the relative importance of each attribute contributing to policy and agent service quality. They will be discussed in the following.



## 1. Policy Quality

Policy Quality for life insurance industry consists of seven attributes as shown in table 2-4. **“Meeting customers’ insurance needs”** and **“Coverage of the policy”** are the two most important attributes contributing to policy quality. This suggests insurance companies who wish to improve on their product quality should focus on customising their policies to meet customer needs and on expanding the policy coverage.

**TABLE 2 - 4 :**  
**ATTRIBUTES FOR POLICY QUALITY**

Attributes	Relative Importance (1-most important)
■ Meeting customers’ insurance needs	1
■ Coverage of the policy	2
■ Reliability of the insurance company	3
■ Wide range of life insurance products (options)	4
■ Good balance of saving and insurance	5
■ Yield	6
■ Ease of premium payment	7

On the other hand, improving “Ease of premium payment” could be a fruitless effort. Managers in this industry who intend to improve customer satisfaction might consider prioritising more resources in understanding their customers, such as conducting customer focus groups or training up agents for proper questioning and listening skills.

## 2. Perceived Value

Perceived value means whether customers view their life insurance policies as value for money. This is a good indication of how customers view the quality of the life insurance policies and the service they received with respect to the amount of money they paid. In life insurance industry, perceived value is considered the second most important driver for customer satisfaction. Life insurance companies must not lose sight of the importance in maintaining or even enhancing the value for money of their offerings while improving their policy quality.

### 3. Agent Service Quality

As shown in Table 2-5, there are seven attributes for agent service quality. **“Ability to understand customers’ insurance needs”** and **“Sincerity in satisfying customers’ insurance needs”** are the two most important attributes contributing to agent service quality. “Knowledge in insurance product” is comparably least important.

**TABLE 2 - 5 :**  
**ATTRIBUTES FOR AGENT SERVICE QUALITY**

Attributes	Relative Importance (1-most important)
■ Sincerity in satisfying customers’ insurance needs	1
■ Ability to understand customers’ insurance needs	2
■ Clarify in explaining the policy	3
■ Speed of service delivery	4
■ Being courteous consistently	5
■ Availability (easy to be reached)	6
■ Knowledge in insurance product	7

While an insurance agent must have good “Knowledge of the product” he/she is offering, it is more important that he/she understands customers’ needs and shows sincerity in satisfying customers’ needs. This implies that insurance companies must go beyond offering technical training (e.g., on knowledge of products) to their agents. Training their agents on consulting skills as well as imprinting customer-oriented mindset on them could provide a much greater payoff.

**“Customer satisfaction is the complete harmony between expectations and reality.”**

*- Alan Hoops*





Part

3

## Applications of CSI

*How can your company develop your own CSI and is there any shortcut to do it?*

Individual companies that are interested in tracking their performance in customer service over time or benchmark with the industry, may consider obtaining their own CSI. Basically, there are two approaches to do it.

The **first approach** is for each company to **develop its own CSI model**. The model contains the CSI score, together with the relative importance of the drivers and key customer behaviours which are specific to the company. The **second approach** is for a company to **make use of the existing industry CSI model** available, and extract part of the findings to compute its own CSI score.

The advantage of the first approach is that the findings would be more reliable for the company as the CSI model will be tailored. However, the company has to commit substantial amount of time and resources in the whole process.

The second approach would require much less time and resources. However, individual company has to assume that customer satisfaction is caused by the same drivers and leads to the same customer behaviours of equal importance as proven in the industry CSI model. Individual company also needs to note that relevant industry CSI model may not be readily available. Research institutes or association would conduct this kind of research and publish findings from time to time.

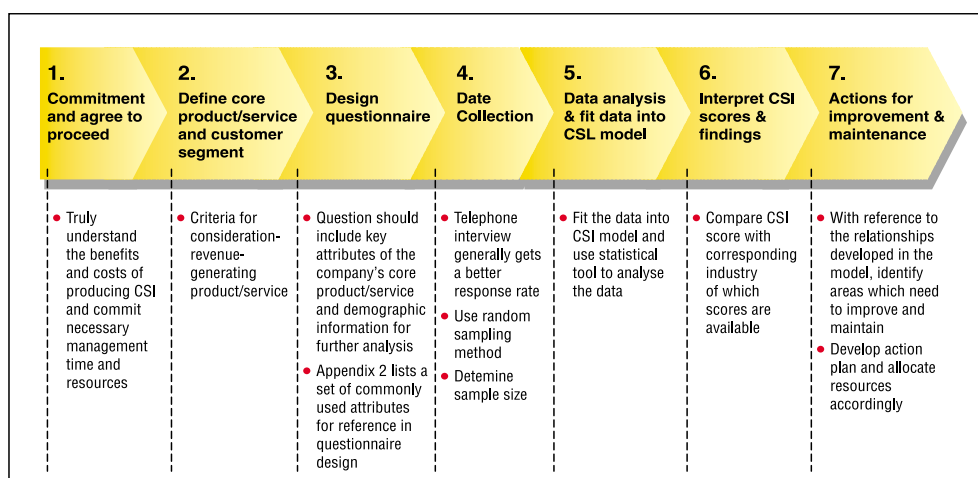
Details of the two approaches will be discussed in the following.

## Approach 1 : Developing Your Own CSI model

The process flow that a company has to follow to construct its own CSI model is shown in figure 3-1. The process consists of seven steps and the flow is very similar to a typical marketing research study. However, more resources and efforts have to be put in.

For instance, in step 4, in order to obtain enough data to build a reliable and comprehensive CSI model, the company needs to take a relatively larger sample size<sup>5</sup> than that required by a typical marketing research study. Moreover, in step 5, construction of the CSI model would require individual company to commit substantial amount of time and resources in order to derive the relative importance (or weights) of drivers and key customer behaviours by Structural Equation Modeling.

**Figure 3-1**  
**Simplified Process Flow of Constructing CSI**



As the process involves analysis using advanced and sophisticated statistical tools, individual company is advised to consult a professional research institute in adopting this approach to construct its own CSI model.

<sup>5</sup> The sample size for a survey also depends on a number of factors, such as characteristics of the customer segment chosen, expected response rate, and design of questions, etc.



## Approach 2 : Calculate CSI Score Using Existing Industry CSI Model

Alternatively companies can make use of the existing CSI model available for their own industries and calculate their own CSI scores for benchmarking. A company can adopt part of the questionnaire in the industry CSI model and conduct telephone survey. The major benefit is that the company can skip a number of steps and obtain its CSI score quicker with much less resources.

The following three steps show how to obtain CSI for an individual company when industry CSI model is available.

### 1. Extract Relevant Industry CSI Findings

Individual companies need to obtain the weights for calculating CSI score in industry model as the base to calculate their own scores. The weights, which are generated by Structural Equation Modeling, embed all the causal relationships among drivers, customer satisfaction, and key customer behaviours in the CSI model. For life insurance industry, the weights apply to three elements to calculate the CSI score as shown in the next steps. In order to use the industry weights, the company has to assume that the drivers and key customer behaviours are the same for those of the industry. Table 3-1 shows the factsheet of key findings from life insurance industry CSI model.

**TABLE 3 - 1 :**  
**FACTSHEET: CSI - LIFE INSURANCE INDUSTRY**

Industry Score		65.46
Components		Results
Drivers	Policy Quality	Most important
	Agent Service Quality	2 <sup>nd</sup> Important
	Perceived Value	3 <sup>rd</sup> Important
Key Customer Behaviours	Cross-purchase	Positive Relationship
	Re-purchase	-
	Referrals	-
	Complaints	-
Elements for Calculating CSI Score		Weights
Overall Satisfaction		0.79
Expectation with Policy Quality		0.63
Expectation with Agent Service Quality		0.31

## 2. Data Collection

First of all, the company needs to conduct a customer satisfaction survey with three core questions used in the industry CSI model. As the company does not need to build its own model, sample size of the survey can be much smaller than that required in the first approach. A note is that individual company needs to follow the wordings in the industry CSI questionnaire (refer to Table 1 in Appendix 1 for the complete life insurance industry CSI questionnaire). **The three core questions, which are the three elements in CSI score calculation, are:**

- Overall satisfaction (Question 1);
- Expectations on seven product quality attributes (Question 2B); and
- Expectations on seven service quality attributes (Question 3B).

The average values of each element above will be required to compute the company's own CSI score as shown in the next step.

## 3. Computation of CSI scores for individual companies

A company can now calculate its CSI score using the weights of the above three elements for life insurance industry (step 1) and average values of each of the three elements from its customer satisfaction survey (step 2). The following example illustrates the calculation of CSI score for two life insurance companies.

**TABLE 3 - 2:  
EXAMPLE OF CSI CALCULATION**

Elements in CSI Score Calculation	Weights	Average Values of Each Element		Max. Score for Each Element <sup>3</sup>
		Company A	Company B	
Overall Satisfaction	0.79	6.5	6.0	10.0
Expectation with Product Quality	0.63	3.5	2.9	5.0
Expectation with Service Quality	0.31	3.9	3.5	5.0
Unadjusted CSI <sup>1</sup> $\Sigma(\text{Weight} \times \text{Score})$		8.5	7.7	12.6
<b>CSI<sup>2</sup> <math>(\text{Unadjusted CSI} / \text{Max. Unadjusted Score}) \times 100</math></b>		<b>67.5</b>	<b>61.1</b>	<b>100.0</b>

<sup>1</sup> The unadjusted CSI score is the summation of the multiple of average values of each element, e.g., Unadjusted CSI Score for Company A =  $6.5 \times 0.79 + 3.5 \times 0.63 + 3.9 \times 0.31 = 8.5$

<sup>2</sup> The CSI for each company is calculated by dividing the unadjusted CSI by the maximum unadjusted CSI score, e.g., CSI for company A =  $8.5 / 12.6 \times 100 = 67.5$ , whereas the maximum unadjusted CSI score =  $10.0 \times 0.79 + 5.0 \times 0.63 + 5.0 \times 0.31 = 12.6$

<sup>3</sup> Each of the elements may have difference maximum scores, which depends on the scale of the corresponding question in the questionnaire

In the above example, Company A's CSI score (67.5) is slightly above the life insurance industry average (65.5) while Company B's CSI score (61.1) is slightly below the industry average.



### Remarks for Individual Companies

- Customer preferences and expectations vary over time; therefore the relative importance of drivers and key customer behaviours will fluctuate too. Individual companies should always refer to the most recent industry CSI model when calculating their own scores.
- The industry CSI model is most applicable to individual companies when customer characteristics are found to be very similar within the whole industry. Companies, which focus in niche customer segments, should not directly adopt the industry CSI model as their customers may have very different needs and behaviours.

### Conclusion

To conclude, CSI model serves not only as a numerical index, it also highlights customer's expectations and requirements and allows companies to identify better ways to anticipate and fulfill them. Through regular customer surveys and statistical analysis, inputs are collected from customers and translated into quantifiable measurement for constant tracking and benchmarking. Furthermore, the model helps companies to take customers' needs into consideration and prioritise the resources accordingly.

Further expansion of the CSI model to include more companies and industries can create more accurate aggregation of industry CSI scores. With such scores developed, individual companies can benchmark themselves not only with their respective industry, but also with other industries.

**“Customer satisfaction is:  
A quick response that  
more than meets the  
customer’s needs.”**

*- Lloyd P. Johnson*

# Appendix 1

## Questions Used In the CSI Model For Life Insurance Industry

The questionnaire used is structured in the following sequence: overall satisfaction at the beginning, followed by **product quality**, **service quality**, **perceived value** and lastly **customer behaviours**. The list of questions is described in Table 1.

**Questions 2 and 3** are on **product quality and service quality**. In the case of life insurance industry, product is life insurance policy and service is agent service. Both questions are further broken down into two aspects: performance (Part A) and the extent to which customers' expectations are met (Part B).

**Questions 5 to 7** are on **customer behaviours**, which include three aspects: complaint, referral, and cross-purchase<sup>6</sup>.

Table 1 Survey questions for life insurance industry	
Overall Satisfaction	1. * Overall satisfaction with the service of xxx insurance company (a scale from 0 to 10, 0-lowest, 10-highest)
Product Quality	2A. Please rate the performance of your life insurance policy in the following aspects. (a scale from 0 to 10, 0-lowest, 10-highest)
	2B. * How well is your life insurance policy meeting your expectation in the following aspects? (1-extremely below, 2-slightly below, 3-meet expectation, 4-slightly above, 5-extremely above) Coverage of the policy Meeting my insurance need Range of life insurance products (options) Balance of saving & insurance Reliable insurance company Yield Ease of premium payment

<sup>6</sup> Question on re-purchase is not applicable in this model as the likelihood for a customer to purchase another life insurance policy is low.



Service Quality	<p>3A. Please rate the performance of your insurance agent in the following aspects. <i>(a scale from 0 to 10, 0-lowest, 10-highest)</i></p> <p>3B.* How well is your insurance agent meeting your expectation in the following aspects? <i>(1-extremely below, 2-slightly below, 3-meet expectation, 4-slightly above, 5-extremely above)</i></p> <p>Being courteous consistently</p> <p>Being sincere in satisfying your insurance needs</p> <p>Ability to understand your insurance needs</p> <p>Clarity in explaining the policy</p> <p>Availability (easy to be reached)</p> <p>Speed of service delivery</p> <p>His/her knowledge in insurance product</p>
Value for Money	<p>4. Overall speaking, do you think your life insurance policy is good value for money? <i>(a scale from 0 to 10, 0-lowest, 10-highest)</i></p>
Customer Behaviours	<p>5. Have you ever complained about this life insurance policy? (Yes/No)</p> <p>6. Will you recommend xxx insurance company to your friends and relatives? (Yes/No)</p> <p>7. If you were to purchase another insurance-related product, how likely would you consider xxx insurance company? <i>(1-very unlikely, 2-unlikely, 3-likely, 4-very likely, 5-for sure)</i></p>
* Core questions	

**“If you’re not serving the customer, you’d better be serving someone who is.”**

*- Karl Albrecht*

## Appendix 2

### Attributes Commonly Used in Measuring Service Quality

#### Service representatives

- ✓ Being courteous consistently
- ✓ Product knowledge
- ✓ Ease of contact
- ✓ Speed of service delivery
- ✓ Sincerity in satisfying customers' needs
- ✓ Understanding of customers' needs

#### Hotline

- ✓ Accuracy of information provided
- ✓ Telephone operator being courteous consistently
- ✓ Telephone operator being able to answer enquiries
- ✓ Ease of following automatic instructions
- ✓ Ease of connection
- ✓ Holding time

#### Shop outlet / Service centre

- ✓ Service representatives being courteous consistently
- ✓ Service representatives being sincere in satisfying customers' needs
- ✓ Product knowledge of service representatives
- ✓ Shop/centre environment
- ✓ Location
- ✓ Operating hours
- ✓ Waiting/queueing time

#### Website

- ✓ Ease of use
- ✓ Speed of downloading the page
- ✓ Design and layout
- ✓ Web content being updated frequently
- ✓ Web content being information





## Research Team

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This research is conducted by Hong Kong Association for Customer Service Excellence (HKACE) through Poon Kam Kai Institute of Management (PKKI), the University of Hong Kong.

Poon Kam Kai Institute of Management is a not-for-profit and independent organisation established in 1990 through a donation from Dr. Dickson Poon under the auspices of the University of Hong Kong. It operates as the executive education arm of the Faculty of Business and Economics as well as an independent management consultancy of the University. Its operating charter is to operate as an agent of management change for organisations through its integrated activities in management consultancy, executive education and action research.

**“Today, satisfying customers’ needs is not enough. We must focus on making our customers successful.”**

*- Jodie K. Gloré*

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*Thank you very much!*