

Notes to accompany the Club Members' Satisfaction Survey Results

Customer Satisfaction Index (CSI)

Key point: CSI is based on a range of factors and their importance as well satisfaction.

The Customer Satisfaction Index is a useful measure of satisfaction because the calculation takes a range of factors into account. This is what a customer does when forming their opinion; they base it not on one factor but an amalgamation. (For example, a customer visiting a restaurant will take a range of factors into account when deciding how satisfied (or dissatisfied) they are).

The Customer Satisfaction Index also takes into account what is important to members. It is calculated using members' own importance scores. The importance scores are used to weight satisfaction scores meaning that the satisfaction score for the most important factor gets the heaviest weighting. Again, this is similar to the way a customer to a restaurant decides how satisfied they are (for example, being satisfied with cleanliness will be more important than being satisfied with the wallpaper).

Members usually make this calculation subconsciously by weighing up what matters to them and how they feel about it.

The Customer Satisfaction Index is a weighted score, based on an amalgamation of factors. The same methodology is used to measure satisfaction in the UK by the Institute of Customer Service. Their measure is called the UKCSI and is regularly reported in the news as it is measured on a quarterly basis.

Net Promoter Score (NPS)

Key point: NPS is based on recommendation which is a useful indication of loyalty.

Fred Reicheld devised the NPS. NPS is a measure of loyalty. Reicheld said his NPS, which is based on how likely a customer is to recommend, can be a useful predictor of future loyalty.

NPS is calculated by asking members to score their likelihood to recommend using a scale of 0-10. If they give a high score (9 or 10) they are called promoters; they are likely to say positive things. If they give a low score (0-6) they are called detractors; they are likely to say negative things. Every organisation wants lots of promoters and few detractors.

The NPS calculation is based on the % of promoters minus the % of detractors. An organisation should aim to improve its NPS over time by increasing the proportion of members who are likely to recommend.

NPS can be useful when used in conjunction with satisfaction (the Satisfaction Index) as satisfaction is strongly related to loyalty. Satisfaction isn't the only thing that influences loyalty though; the NPS can be affected by other factors such as the availability of alternative providers, special offers and what's in the news (for example, even satisfied members are often reluctant to recommend their bank or building society).