

JCSI
(Japanese Customer Satisfaction Index)
and
High Service 300 Awards

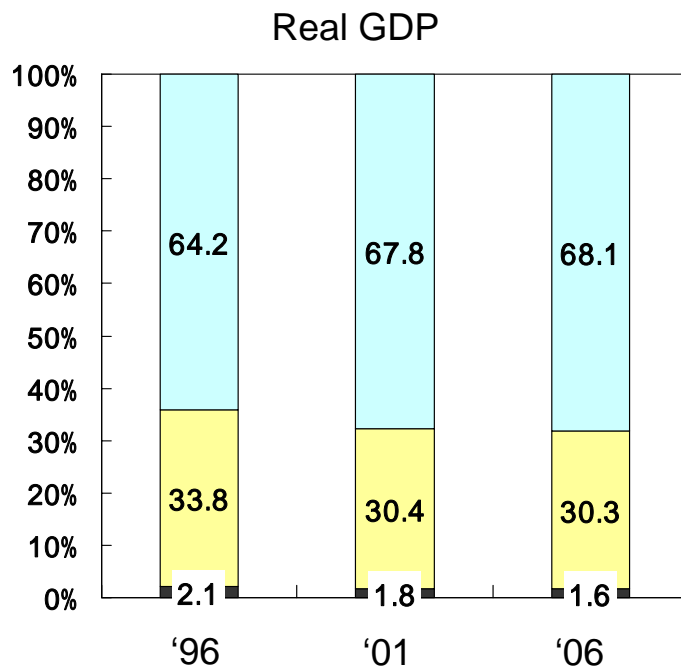
February 2011

Satoru Mukaiyama

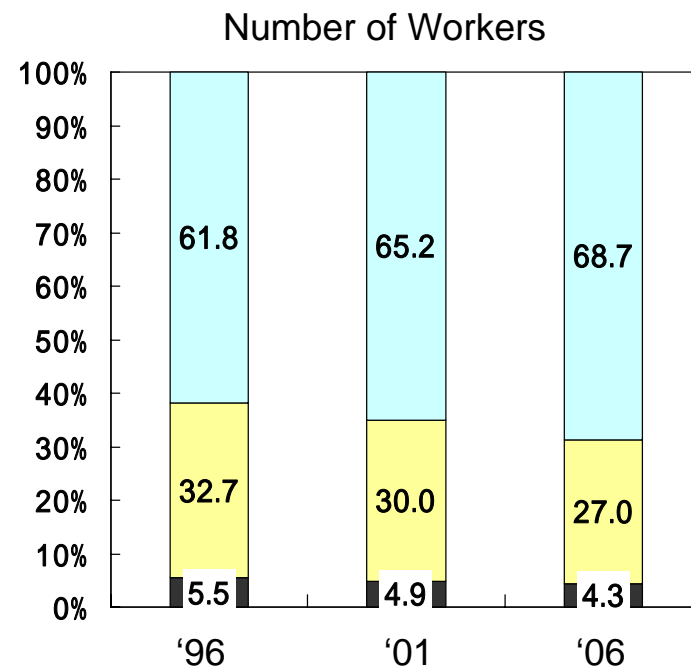
Service Productivity & Innovation for Growth

Background of the Service Industry's Productivity Growth

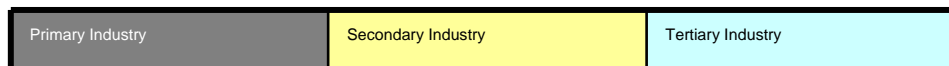
- The service industry accounts for about 70 percent of all Japanese industries in terms of employment and GDP.
- It is a very important industry and expected to play a leading role in the future economic growth.



National Economic Accounting, Cabinet Office

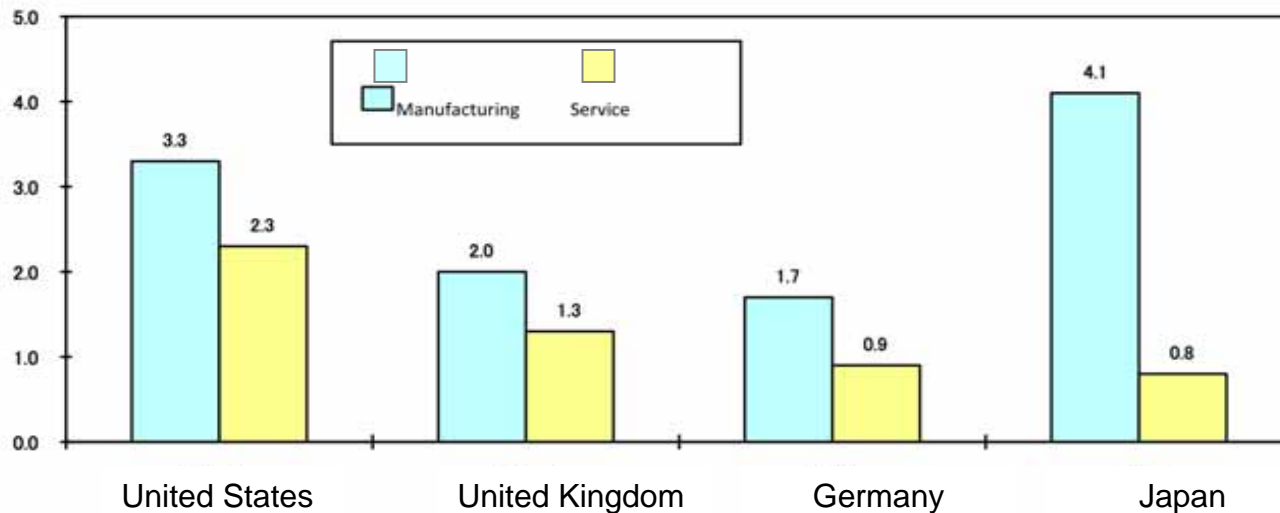


Labor Force Survey, Ministry of Internal Affairs and Communications

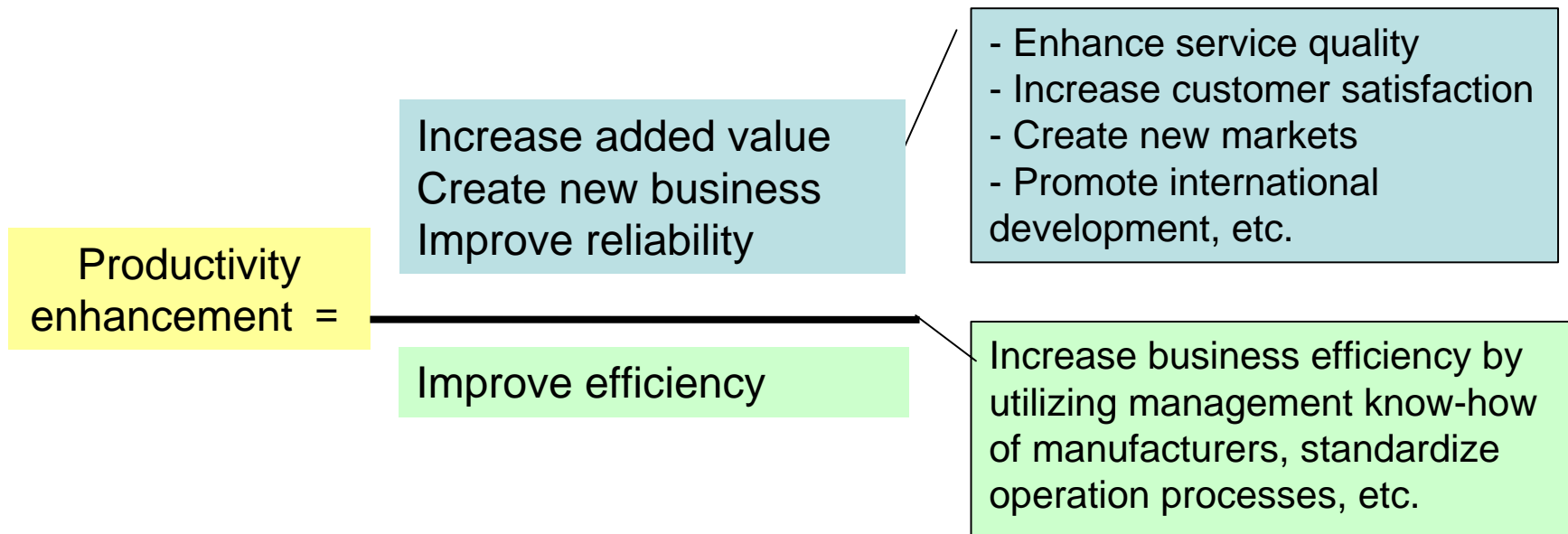


However, the productivity growth of the service industry is relatively lower than those of other advanced nations.

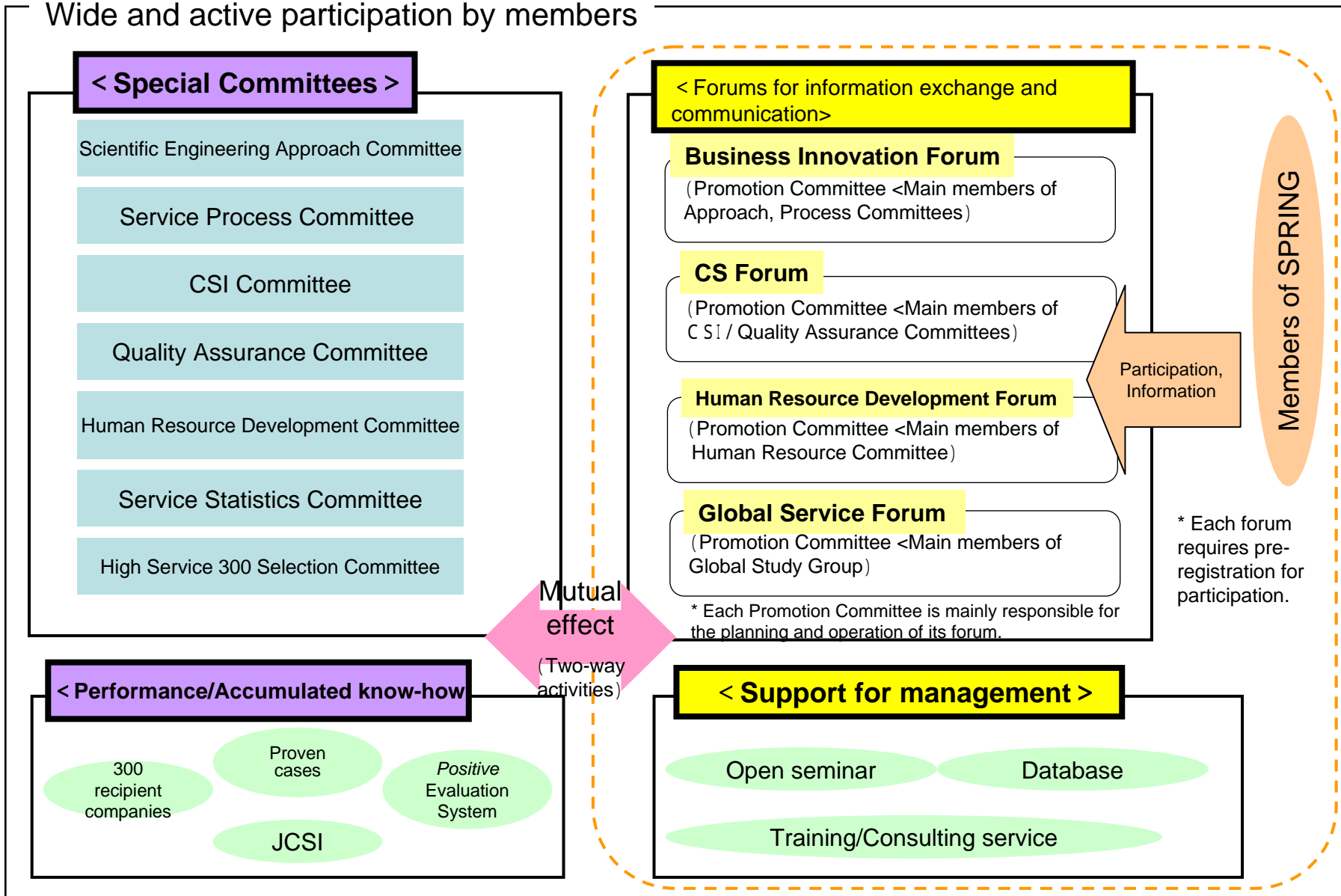
Increase (%) of Labor Productivity (1995-2003)



- Develop methods to offer highly value-added services efficiently.
- The denominator “Improve efficiency” and the numerators “Increase added value / Create new business” are the key elements. To increase productivity, it is important to improve not only the denominator but also the numerators.



Wide and active participation by members



Enhance reliability and levels of added values

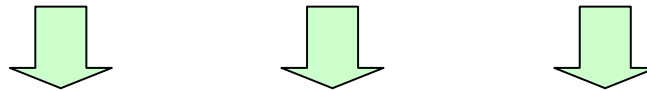
CSI Committee

- Develop JCSI (Japanese Customer Satisfaction Index) prototype, conduct promotional activities, etc.

Quality Assurance Committee · Support the service industry's voluntary quality-assurance system · Develop a *positive* evaluation system

Follow-up of the recipients of the High Service 300 Awards

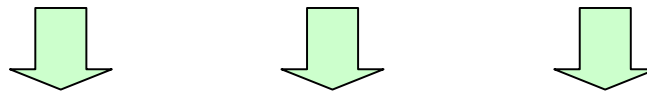
- Select 300 companies offering excellent services in Japan



To enhance reliability (visualization of customer satisfaction)

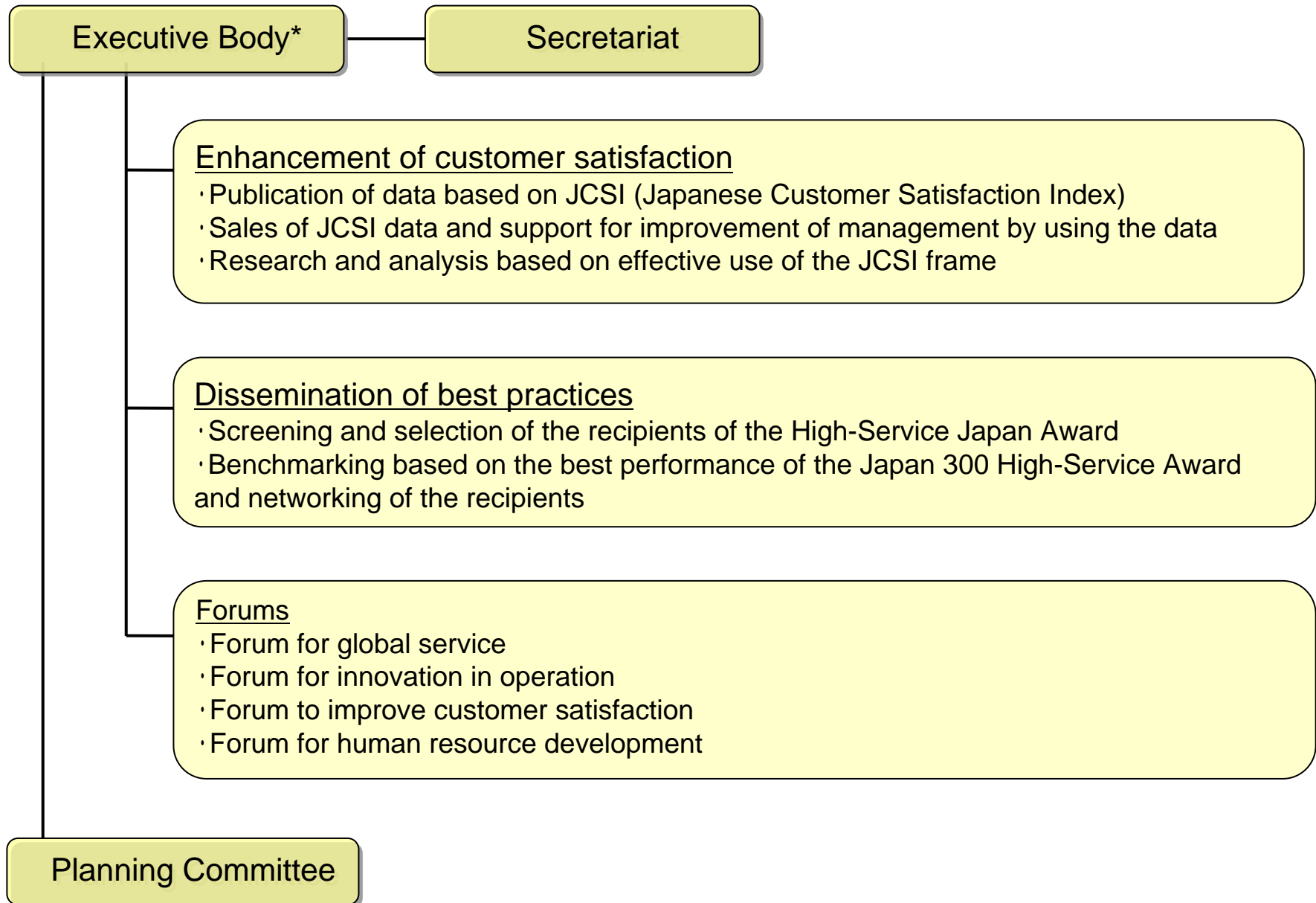
- JCSI (Japanese Customer Satisfaction Index))
- Evaluation of services by users (Positive evaluation system)

Issues of companies based on the analysis of customers' voice obtained from the above



Provision of information on customer satisfaction index (general index and correlation)
Open seminar, corporate training/consulting,
introduction and implementation of the evaluation system

- Mission :
Contribute to the development of the Japanese economy by improving productivity of the service industry.
- Value :
As a neutral organization, encourage the service industry to become a main player.
- Vision :
Offer a platform for the service industry to solve their management problems.
 - Service Productivity & Innovation for Growth has been reviewing and developing categorized measures for productivity improvement in the service industry for about 3 years.
 - Based on the results, we will further improve the productivity of the service industry by focusing on the following programs.



High-Service Japan Award (Until 2009, “Japan 300 High-Service Award”)

Objective: To promote innovation and productivity improvement in the service industry by awarding and publicizing the companies/groups working on progressive approaches (best practices), and by sharing their successful examples and best practices to encourage the efforts of other companies/groups for further improvement.

Selection process

The open application system started in 2010.

Until 2009, the Award Committee of the Japan 300 High-Service Award selected award recipients by screening companies recommended by relevant organizations.

Criteria of selection (2010)

- (1) Scientific and engineering approach
- (2) Improvement in service process
- (3) Higher value-added service
- (4) Offer of new services
- (5) Human resource development and employee satisfaction
- (6) Contribution to the community and society
- (7) More services in manufacturing/integration with services
- (8) Globalization



Hi-Service Japan 300

Customer satisfaction and productivity improved by IT utilization (Scientific and engineering approach)

- The company took the lead in utilizing information technology to improve customer satisfaction. (First user of the car allocation scheme with a custom-made navigation system and GPS for taxi operation, as well as contactless IC card for credit-card payment.)
- The company established a customer database to speed up the response to orders by phone, and also started accepting payment by mobile wallet and electronic money to facilitate the procedure of small payment. As a result, the taxi utilization rate is increasing, while the number of unused cars is decreasing, and overall productivity is improving.
 - Establish a system to collect customer data in order to identify their address by phone number and allocate cars to the appropriate location.
 - Introduce payment by mobile phone and electronic money to eliminate the possibility of troublesome exchanges of coins and improve efficiency.
 - Introduce the use of IC cards (COCODE card) on which three destinations can be registered. This is part of the company's initiative for universal services for the elderly and disabled.



(Photo: From website of SPRING)

High productivity achieved by utilizing GPS (Scientific and engineering approach)

- The company has introduced GPS to each car. In the taxi industry, the location of customers changes depending on the day of the week, time, and weather.
 - The company analyzes the activity of well-performing drivers (Hello-Tokyo calls their drivers “driving employees”) and shares their excellent know-how in training sessions to increase the total sales of the company.
-
- Based on the concept “Sales = Unit price x Number of rides,” track the driving pattern of well-performing drivers using the GPS system installed in taxis, and analyze the data by minutes/seconds or travelled distance of 10 meters.
 - Based on these results, develop a driving pattern depending on the day of the week, time, and weather, so that taxis can be found by customers, in particular, customers who want to travel long distances. Conduct training sessions based on the pattern.



(Photo: From website of SPRING)

Customer satisfaction improved by introduction of Toyota's production system
(Improvement in service process)

- The clinic has introduced Toyota's production system so that all employees can acquire higher abilities to provide patients with the best medical treatment, benefits, and nursing care services.
 - The clinic is implementing initiatives to improve the hospital's operation procedures and efficiency, including all-out efforts to remove wasteful activities, in order to achieve the objective of "within 60 minutes from reception to cashier."
- Analyze the movement of customers, employees, and medical record documents using video cameras and other tools.
Review the room layout and rearrange the shelves of medical record documents in one place.
 - Divide the patients into separate groups of with/without appointment for each doctor.
 - Clarify the assignments of the administrative staff and nurses.
 - Ease patients' waiting time using psychological approaches (massage chair in the waiting lounge, daycare services).



(Photo: From website of SPRING)

Hospitality upgraded by an automatic meal delivery service (Improvement in service process)

- The hotel introduced meal delivery robots in new buildings – *Noto Nagisa Tei* in 1981 and *Segekka* in 1989 – to reduce the burden of staff in charge of attending guests.
- As a result, the time and workload to deliver meals has been reduced and efficiency has improved.
- Reflecting the reduced burden of background work, the hotel focuses more on service hospitality. Time spent with guests has increased and service quality has improved.
- The hotel introduced an on-line management system for appropriate staff assignments for peak and off-peak times more than 30 years ago.



(Photo: From website of SPRING)

Flexible thinking and innovation free from traditional practices (Improvement in service process)

- The hotel aims to become a spring inn offering cheaper, easier, and more convenient stays. “Convenient choice to enjoy a good hotel, good taste, and a good trip. A hotel in Hakone costing less than 10,000 yen for a weekday stay.”
- The hotel began test marketing low price packages from the late 1980s by simply reducing prices without changing the level of service. As a result, the rate of vacancy went down while profitability went up. At the same time, the necessity of eliminating wasteful practices was confirmed.

Management of work hours

- Comply with the weekly working time of 40 hours.
- Do not spare time for unprofitable work.

Review excessive services and identify unnecessary work

- Ask guests to put their shoes in the shoebox when they arrive at the hotel.
- Remove refrigerators from guest rooms.
- Stop the service of hotel staff escorting guests to their rooms when they arrive at the hotel.
- Ask guests to make their own bed.
- Stop serving meals in the guest room.



(Photo. From website of SPRING)

Kura Corporation (Restaurant in Osaka)

Establishment of a new model for the food service industry (Scientific and engineering approach)

- The company operates a *sushi-go-round* restaurant chain offering low prices based on the fundamental principle that the food industry must ensure food safety, for example, by avoiding the use of additives.
 - The company has introduced a data analysis system based on the number of customers and their characteristics in order to lower the rate of waste.
 - Their restaurants serve foods that meet not only their own requirement to lower the rate of waste, but also customers' need for their favorite *sushi* on the conveyer.
- Put a QR code on each dish to monitor the length of time after each sushi is made. The company is the first restaurant to introduce a computer management system for total quality control, which tells the length of time that has elapsed since the sushi was made, so that the shop staff can remove it from the conveyor.
 - Identify the characteristics of customers while they wait to be served, and enter the information into the online form to allow the *sushi* chef to prepare their favorite *sushi*.
 - Established a new system to automatically collect and convey dishes to the kitchen after customers have finished eating the *sushi* on the dish. This system prevents customers from feeling pressure by the number of dishes, and contributes to preventing cheating or miscalculating the number of dishes.



(Photo: From website of SPRING)

Top CS position in the banking industry achieved by customer-oriented services (Higher value-added services)

- The bank has a corporate culture to develop and provide various high-value-added services from the perspective of customers.
 - The bank has established the positive spiral of improving customer satisfaction, increasing consumer awareness throughout Japan, and enhancing the motivation of employees in the course of providing various brand-new services previously unseen in Japan.
- 1999 Started “Sunday banking” (as the first commercial bank in Japan)
 - 1994 Started “Everyday banking” by expanding operation to 24 hours a day, 7 days a week (as the first financial institution in Japan)
 - 1995 Started “Morning banking” by advancing the starting time of ATMs and terminating the extra fee charged for early morning use of ATMs
 - 1998 Opened “Everyday plaza” offering a personal teller service (as the first financial institution in Japan)
 - September 2009 Opened “Convenience Plaza Handa” (Handa Branch) offering outstanding convenience and high quality services learned from convenience stores. Adopted designs used for convenience stores to its building, name board, and uniforms to establish a friendly atmosphere



(Photo: From website of SPRING)

1 Objectives and Characteristics of JCSI Development


Objectives and main characteristics of the Japanese CSI

Create a Customer Satisfaction Index applicable to a wide range of industries

Evaluate the industry/company from a medium or long-term perspective

Identify “reasons for satisfaction” and “results of satisfaction”

- Why is it necessary to create a Customer Satisfaction Index applicable to a wide range of industries?
 - Mature society/sense of stagnation in Japan
- Why is it necessary to evaluate the industry/company from a medium or long-term perspective?
 - Gap between visions/objectives of management and routine work

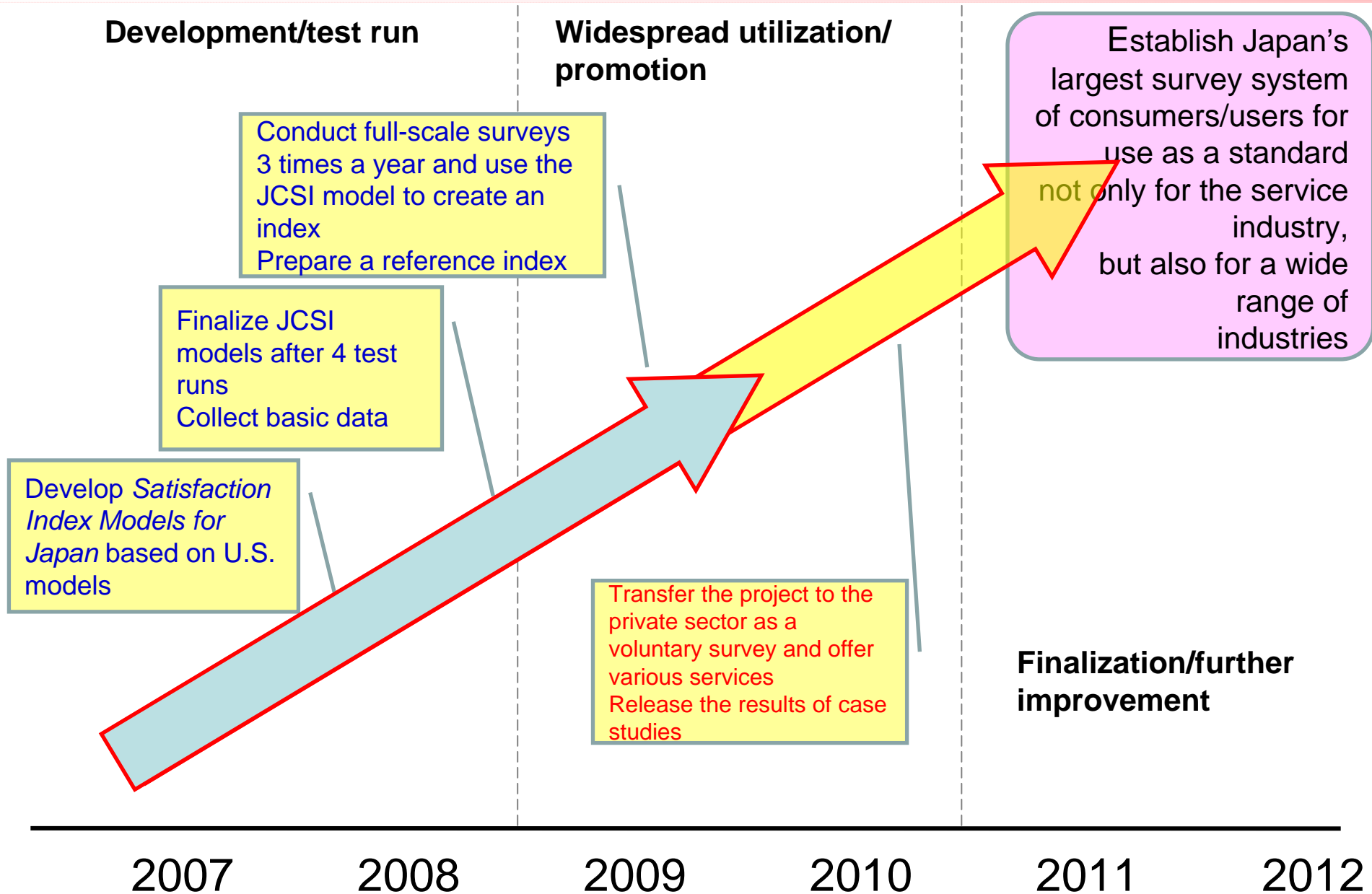


Make a breakthrough,
identify best practices,
and set benchmarks

CSI Around the World



Overall Schedule of CSI Development



	JCSI	ACSI
Elements of the concept	Customer expectation/perceived quality/perceived value/customer satisfaction/interpersonal communication (word of mouth)/loyalty (intention for reuse)	Customer expectation/perceived quality/perceived value/customer satisfaction/complaint/loyalty (expected reuse)
Observed variables for CSI	<ol style="list-style-type: none"> 1. Overall accumulated satisfaction 2. Satisfaction with choice 3. Contribution to enrichment of everyday life 	<ol style="list-style-type: none"> 1. Overall accumulated satisfaction 2. Comparison between estimates and results 3. Comparison between ideal and reality
Survey method	Internet survey	Telephone survey
Estimating method	SEM (Structural Equation Modeling)	PLS (Partial Least Square)
Target industry	Service industry (so-called tertiary industry)	All industries including manufacturing, administrative services, and consumer services
Information other than that of models	About 80 kinds of additional information, including individual quality evaluation, status of utilization, etc.	None
Link to other management indices	Enhancement of added values and productivity by improving service quality and customer values	ROI, corporate values, market share outlook
Development and implementation	Development started in the 2000s One and a half years since implementation of the full-scale survey	Developed in the 1990s 18 years since initial implementation of the full-scale survey

Chairman: Kosuke Ogawa (Professor, Business School, Hosei University)
Project Leader: Jouji Ono (Professor, Department of Economics, Meiji Gakuin University)

< CSI Company Advisory Group >

AEON Co., Ltd.

NTT DOCOMO, INC.

JTB Corp.

Seven-Eleven Japan Co., Ltd.

SENSHUKAI Co., Ltd.

Central Sports Co., Ltd.

All Nippon Airways Co., Ltd.

Japan Airlines International Co., Ltd.

Isetan Mitsukoshi Holdings Ltd.

Ryohin Keikaku Co., Ltd.

Royal Park Hotel Co., Ltd.

< CSI Development Working Group >

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Ms. Maiko SAKAI

Associate Professor, Management Information Dept.
Tama University

Mr. Tokuhi SUZUKI

Member of the Board, Nikkei Research Inc.
Adjunct Professor, Waseda University/Graduate
School of Tsukuba University

Mr. Yoshinori FUJIKAWA

Associate Professor, Graduate School of
International Corporate Strategy

Ms. Chieko MINAMI

Professor, Graduate School of Business
Administration, Kobe University

Mr. Takuro YODA

Professor, Keio Business School

- **Announcement on March 16 (Tues.):**

- Annual total: 291 companies in 29 industries

Based on the data obtained from the above, the situation of the retailing and service industries was reported.

Details of JCSI were announced.

- Explained the characteristics of excellent services using related data

- **Style of presentation:**

- Overall analysis of the three surveys conducted within the same year (Statistical exploration targeting more than 100,000 people of 291 companies in 29 industries)
- Pick companies whose services are highly evaluated by actual users
 - 1) Release the scores of the top 50 companies and industries highly evaluated in terms of “customer satisfaction”
 - 2) Release the results of multiple analyses of the best company in each industry in terms of “customer satisfaction.”

See the press release

Basic concept of the announcement

- Support promotion of scientific management based on data
- Introduce a scheme that can be used as a benchmark for companies planning to conduct corporate innovation/improvement
- Do not make a presentation that may denounce companies ranking low in competition

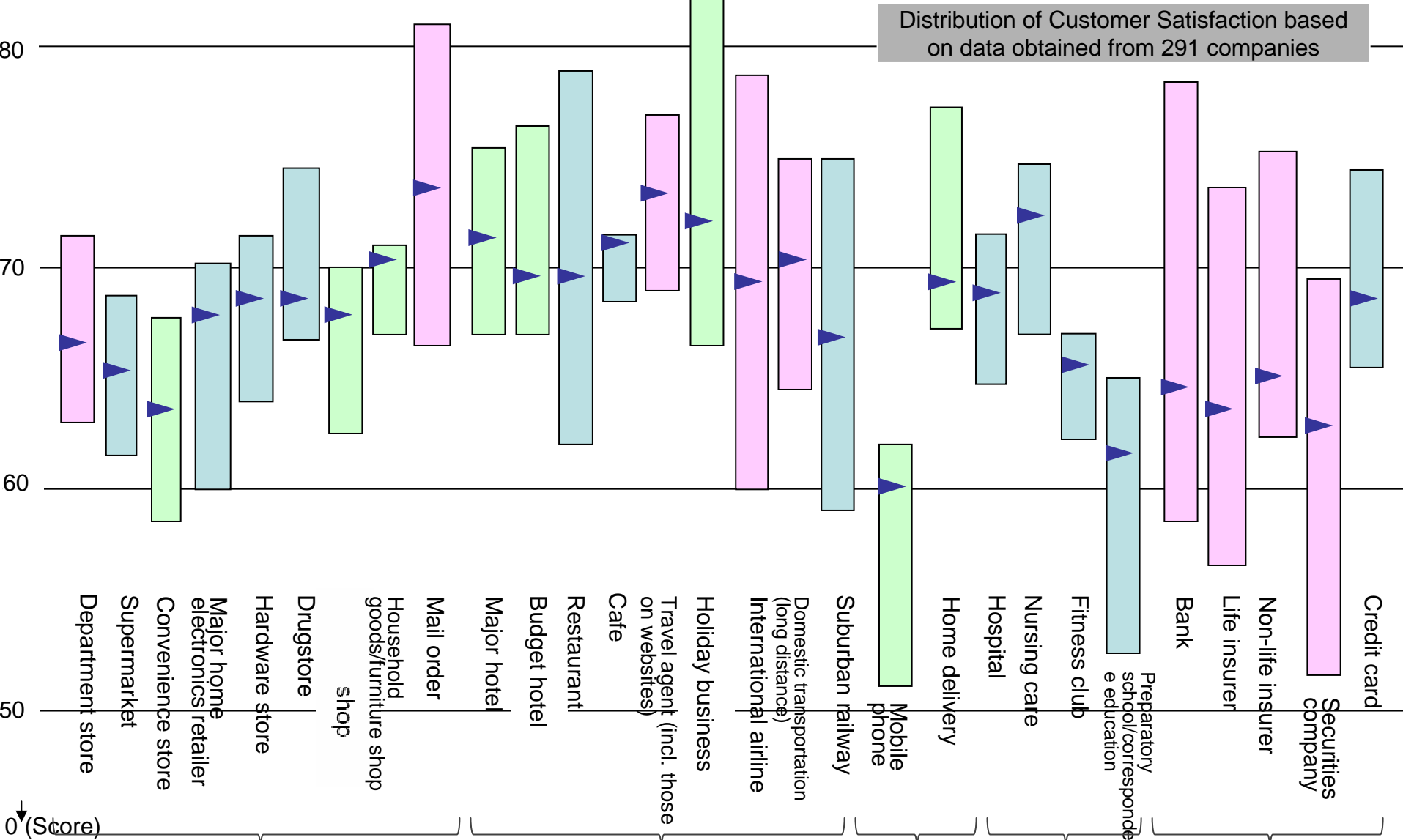
The announcement was reported in nine TV news programs and in major newspapers.

The Nikkei MJ (marketing journal) carried the announcement as top news.

Customer Satisfaction by Industry

■ June 2009
■ October 2009
■ January 2010

100 (Score)
↑



Retailing

Tourism/Food Service/Transportation

Communication/Logistics

Health/Education

Finance

- Retailing:
 - Department store 14
 - Supermarket 14
 - Convenience store 8
 - Clothing shop 9
 - Major home electronics retailer 8
 - Hardware store 7
 - Drugstore 7
 - Variety store 5
 - Mail order 18
 - Others 3
- Tourism/Food Service/Transportation :
 - Major hotel 15
 - Budget hotel 8
 - Restaurant 17
 - Cafe 5
 - Travel agent (incl. websites) 10
 - Holiday business 8
 - International airline 9
 - Domestic long-distance transportation 10
 - Suburban railway 20
- Communication/Logistics:
 - Mobile phone 5
 - Home delivery 6
- Health/Education:
 - Hospital 7
 - Nursing care 5
 - Fitness club 7
 - Preparatory school/correspondence education 9
- Finance:
 - Bank (incl. online service) 12
 - Life insurance 12
 - Non-life insurance (automobile) 12
 - Securities company (incl. online service) 11
 - Credit card 10
- Others (for reference):
 - Automobile 8
 - Digital camera/video 11
 - Mail order for office supply 3
 - PC for office use 9
 - Copier/printer for office use 9

2. Methodology of the Survey

- **Respondents are “actual users of the service”**
 - Recent users are sought after to the extent possible
 - The timing of purchase is critical to avoid answers based on perception of the old days.
 - Secure the diversity of users
 - We tried to collect responses from not just heavy users but from diverse users. The customer list from companies are not used to secure objectivity.
 - The survey is conducted to users who spend their own money
 - To avoid bias based on spending someone else’s money. Only users who spend their own money were selected.
- **Respondents were selected from population that is not “biased”**
 - Check if the population represents the actual demography.
 - Check if the population has tendency towards certain answer. (Check the balance with other surveys.)
- **Use large-scale panel of Internet**
 - Past sampling survey made difficult due to privacy protection law.

Individual company's CS surveys

JCSI

CS, Brand survey of mass-media, etc.

Respondents

Mostly core-users

Wide range of customers with purchase experience

Include general public including those without purchase experience.

* Opinion of core-users can be collected but that does not reflect the entire customers.

* Opinions from all kinds of customers including less-frequent customers can be obtained.

* There is element of error included because non-users are included in the sample.

What can be learnt

* Current level of satisfaction and satisfaction of each services. (Large volatility)

* Multi-dimensional questions of pre-purchase expectation, satisfaction based on experience (Stable result)

* Image of company, etc. at the minimum cost.

CS at the time of use

Company evaluation based on mid-term experience

General public's image of individual companies

How to use survey result

Improvement of shortcomings, etc.

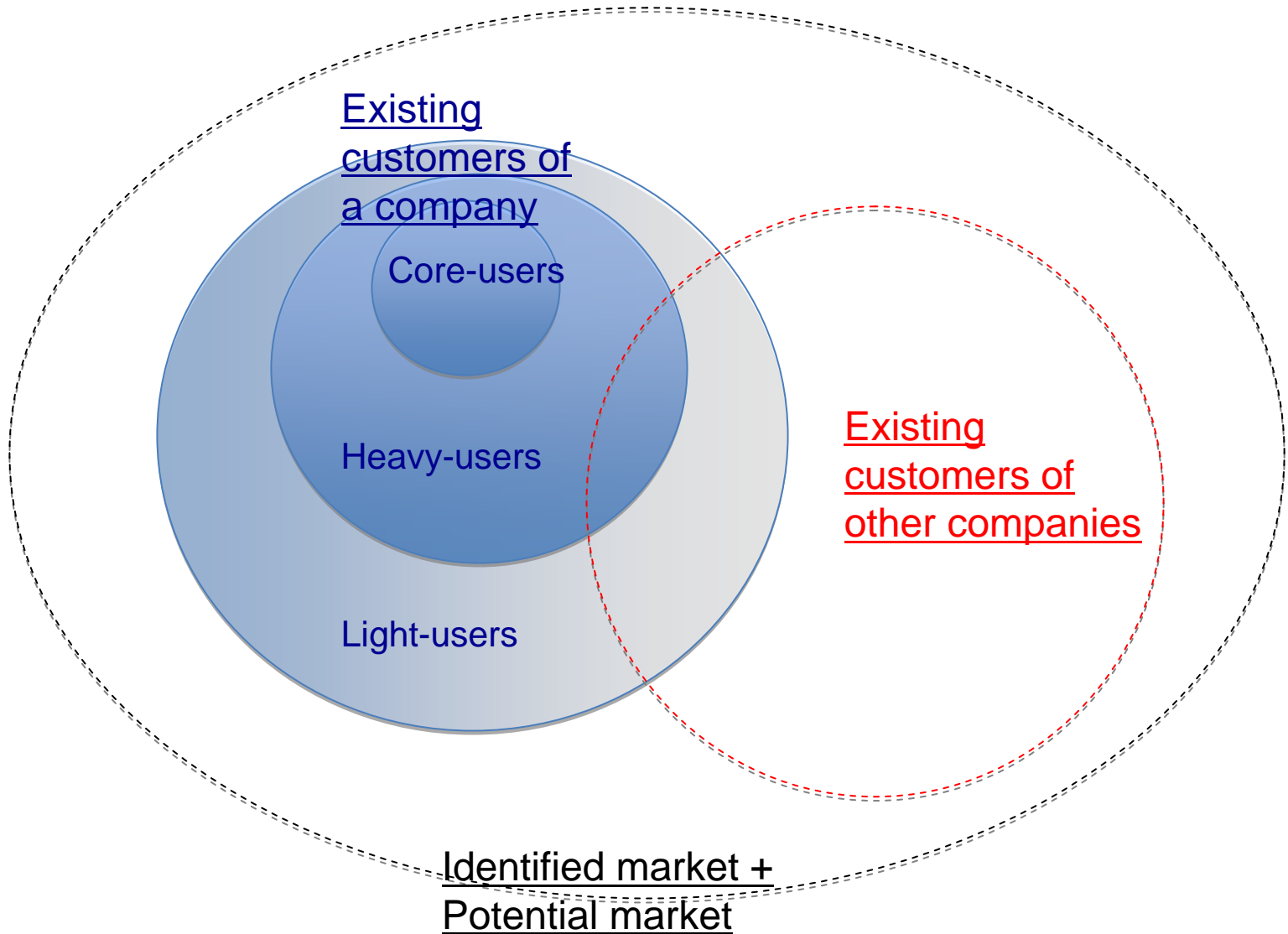
Level of customer orientedness as a goal of operation

Check company image

• Clarify which points to be improved within Operation for quick fixes.

• Compare performance with other industries to review where to invest and what to do.

• This is just to check image and cannot be used for actual improvement.

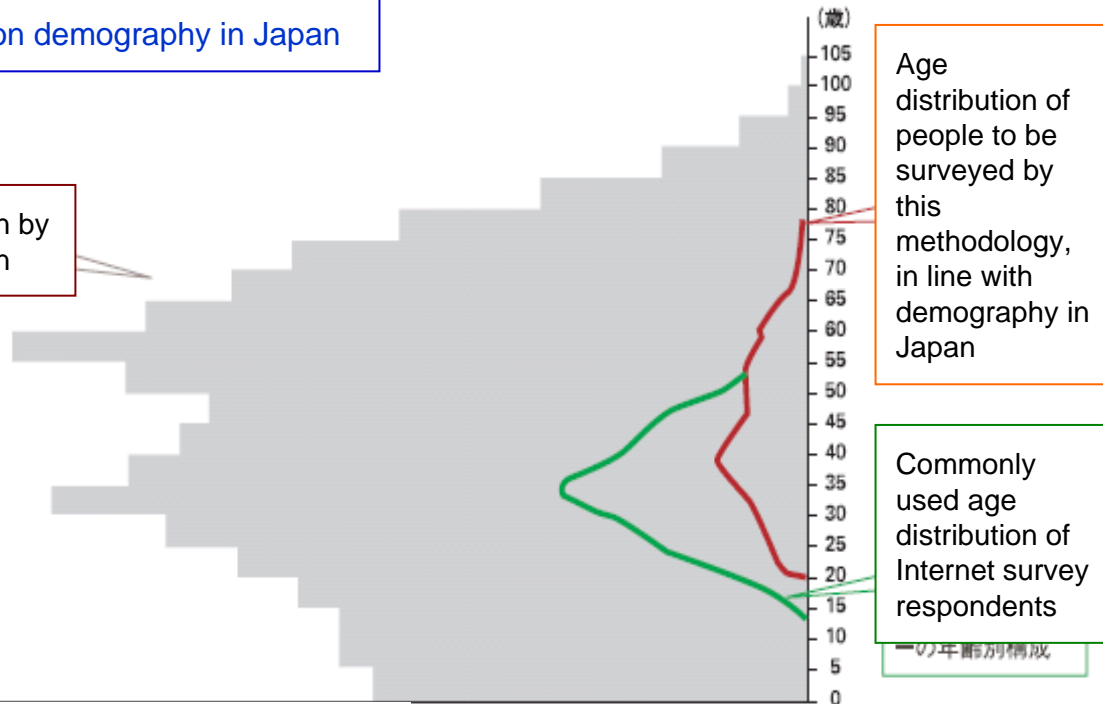


- Use a two-step sampling method to solve the problems of the internet survey
 - To conduct a survey in Japan the Internet survey is obviously more efficient than other methods in terms of cost, speed, and quality of answers.
 - However, most Internet survey respondents are in their 30s or 40s, and the number of respondents living in urban areas is likely to be larger than those living in other areas.

Therefore, it is said that the results tend to be biased if the purpose of the survey is to evaluate services throughout Japan.

Based on demography in Japan

Population by generation



Step 1 :

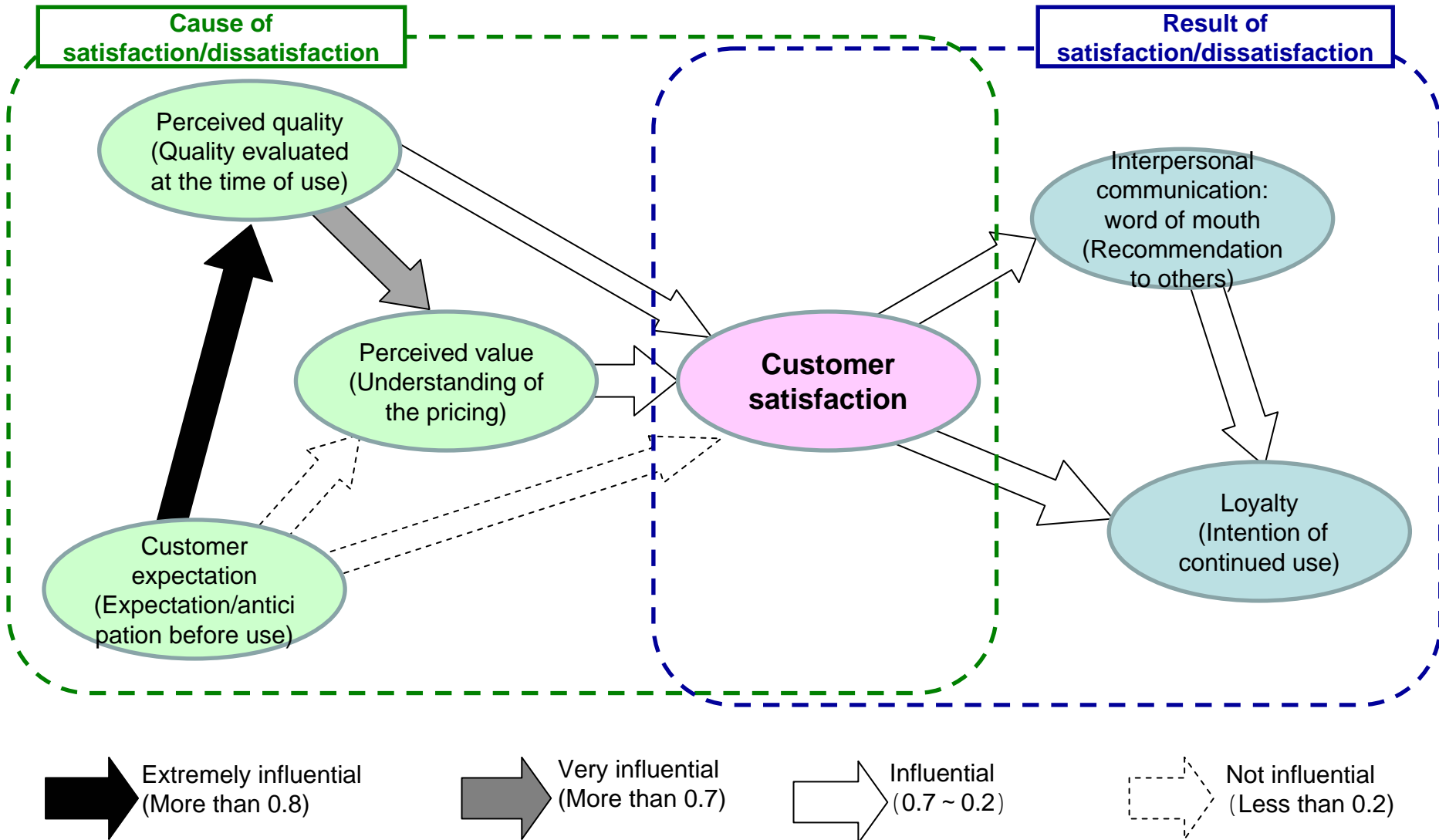
Take samples of Internet survey respondents according to the demographic composition/regional balance, and ask about their experience with the service.

Step 2 :

If respondents answer, "I used the service of the company," randomly ask them to answer the questionnaire.

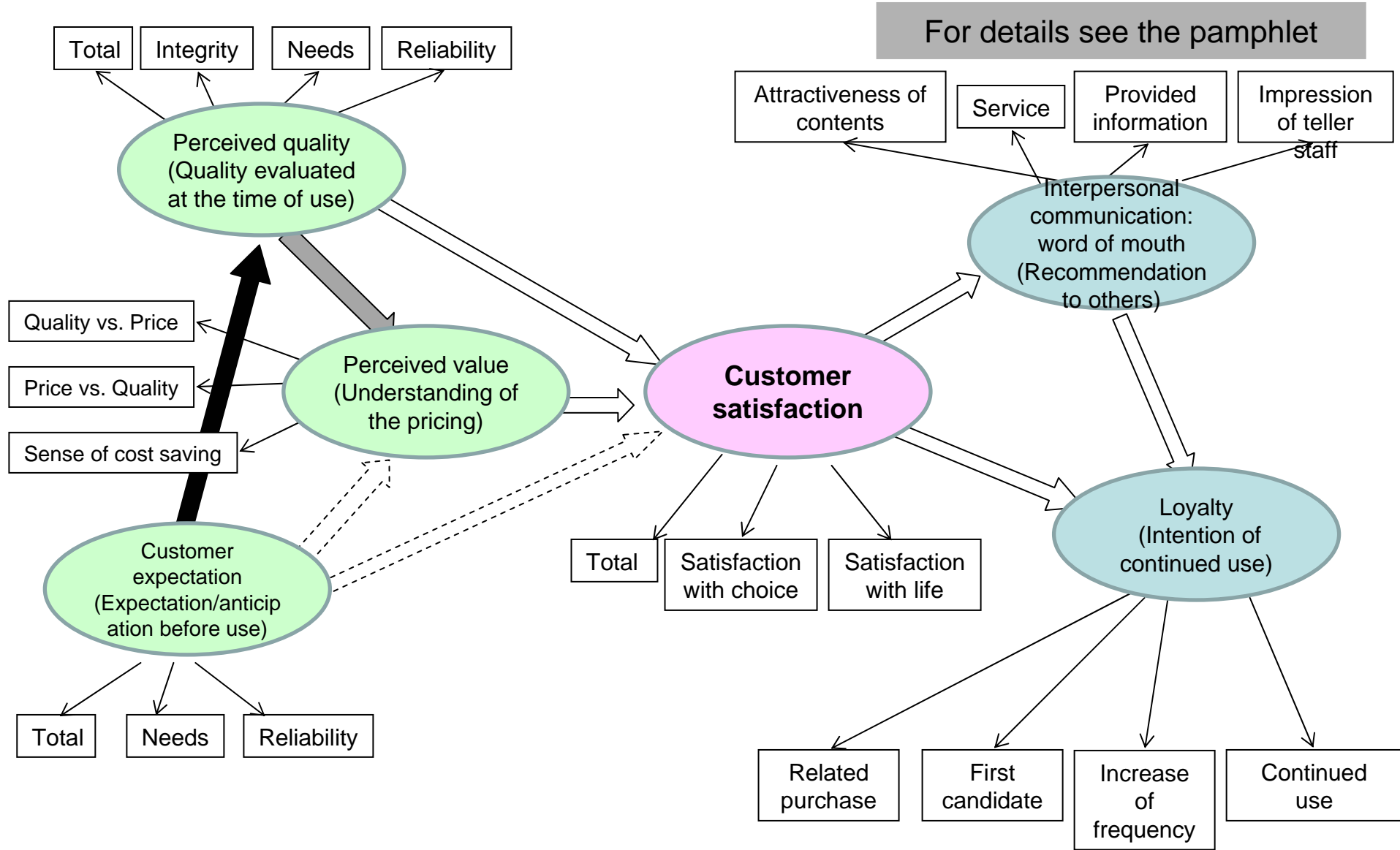
When the number of respondents reaches the required level for the company, stop asking the questionnaire and use the obtained data for overall analysis.

- Widespread use of broadband Internet services :
 - The number of Internet users in Japan is 94.08 million, 78% of the total population.
(According to the “Report on the Survey of Communication User Trends” by the Ministry of Internal Affairs and Communications, April 2010)
 - The percentage of households using broadband to access the Internet service from their personal computer at home is 76.8%.
(According to the same report as above)
- Survey companies covering a wide range of the Internet respondents :
 - There are six reliable survey companies with more than one million respondents. Their survey costs are reasonable, and they have advanced survey technology.
- Serious attitude of the Japanese in responding to questionnaires
 - The percentage of unreliable answers is very low, and the number of unusable answers is very few.
 - The respondents answer as many as 100 questions very seriously, and the response rate to open questions is over 80%.

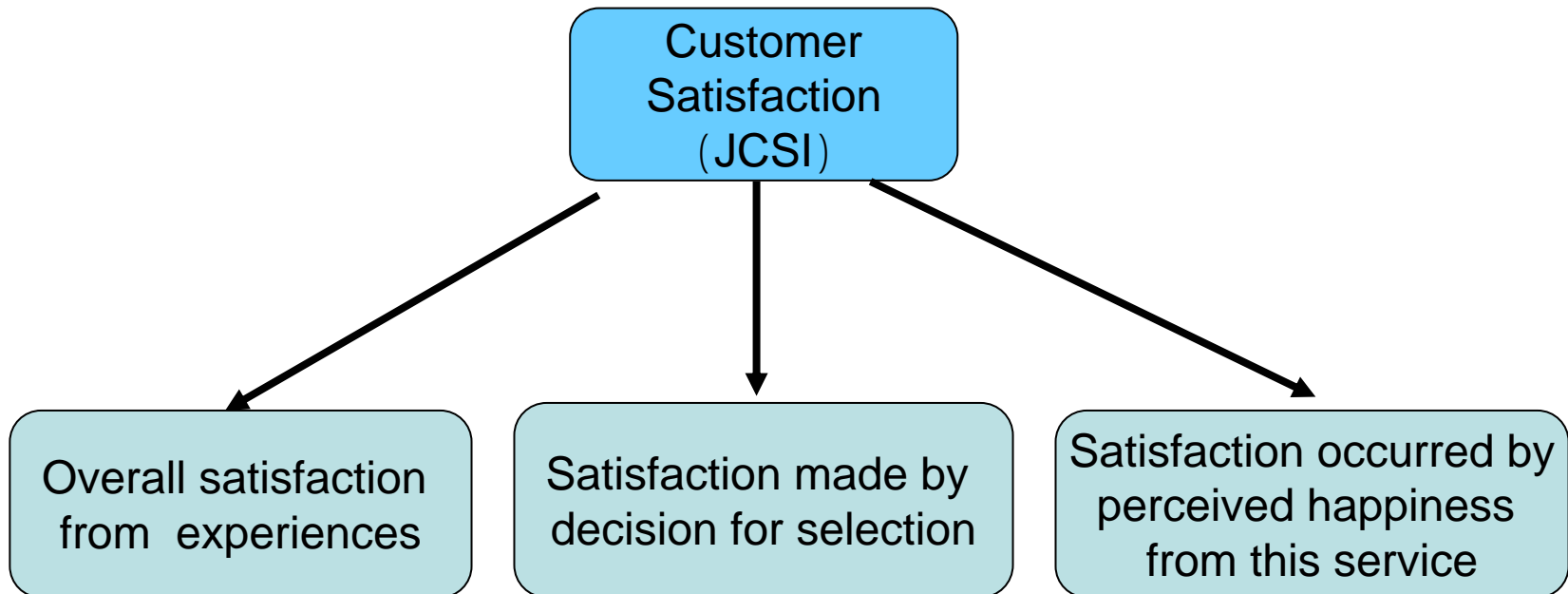


The arrows represent the “psychological flow.” The black arrows indicate strong relations common throughout the industry. The numbers are effect indicators called “pass factors,” showing the size and strength of the cause and effect relation.

For details see the pamphlet



* In the JCSI system, each item consists of 3 or 4 elements. Regarding these elements, questions are made and the results are explained with scores.



* The subject of comparison between industries/companies are factors as “CS,” “evaluation of quality,” etc. but each subjects are latent variable that is combined from multiple measurement variables (questions.)

* Each question is modified to fit the situation of industry while retaining the original meaning.

See page 12 of the press release

[Customer Expectation]

- 1 . Total expectation : From various viewpoints including xxx, how much did you expect from the total quality of _____ ?
- 2 . Expectation about needs : How much did you expect _____ would meet your personal needs?
- 3 . Reliability: From various viewpoints including xxx, how much did you expect the lack of essential things or unsatisfactory results might be caused by _____ ?

[Perceived Quality]

- 1 . Total evaluation : Based on your experience over the past year, how much do you think _____ is excellent?
- 2 . Gap against needs : How much does _____ meet your needs?
- 3 . Reliability : From various viewpoints including xxx, did _____ cause any lack of essential things or unsatisfactory results?
- 4 . Integrity : Based on your experience over the past year, were you always able to use _____ without any trouble?

[Perceived Value]

- 1 . Quality vs. Price: Regarding the price you paid for _____ , how do you evaluate the total quality of _____ in terms of xxx?
- 2 . Price vs. Quality: Did the total quality of _____ meet the level of cost paid by you and time spent by you?
- 3 . Cost saving: Did you feel you have saved cost by using _____ compared with other companies?

[Customer Satisfaction]

- 1 . Total satisfaction : Based on your experience over the past year, how much are you satisfied with _____ ?
- 2 . Satisfaction with choice : Based on your experience over the past year, are you satisfied with your decision to choose _____ ?
- 3 . Satisfaction with life : How much does _____ contribute to enriching your life?

[Interpersonal Communication: Word of Mouth]

When you have a conversation with others regarding _____ , do you talk about the following items as merits or demerits to use it?

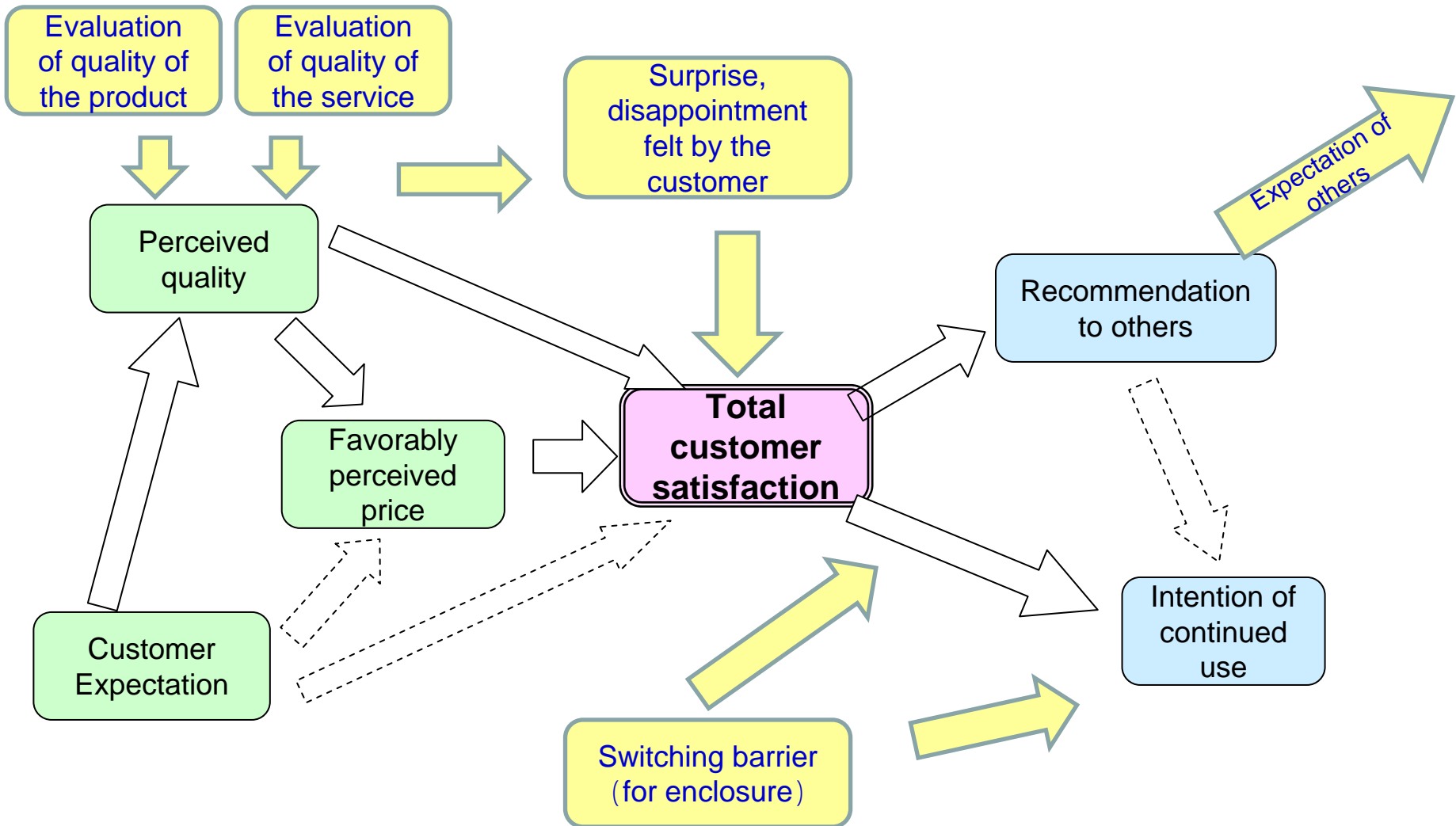
1. Attractiveness of the product/
2. Overall services/
3. Timely provision of information/
4. Attitude of employees or staff

[Loyalty]

- 1 . Increase in frequency: Do you want to use _____ more often than before in the coming xx years?
- 2 . Related purchase: Over the next year, do you want to use _____ for a wider range than before?
- 3 . Duration: Will you continue to use _____ ?
- 4 . First candidate: When you use xx, is _____ your first candidate?

* In the questions above, "xxx" is a thing that represents the quality of the industry; "xx" is a name of the industry; and " _____ " is a name or service of the company that will be used for indexation. The phrases are subject to change according to the target industry of each survey.

See page 11 of the pamphlet



Questions about service quality (retailing)

- Items to be confirmed/evaluated before use
 - The website (including mobile sites) carries useful information.
 - The procedure for related services (such as payment or delivery) is easy.
 - It is easy to park a car or bicycle.
 - The publicity, promotion, and leaflet are attractive.
 - Sales, events, and campaigns are attractive.
 - The goods and services have freshness that I have never experienced.
 - It is enjoyable to choose goods or services.
 - The goods and services have unique characteristics compared to those of other shops.
 - The location is very convenient.
 - Opening hours are convenient.
 - The displays and signs of goods and services are easy to understand.
 - The shop is clean.
 - The layout is easy to use.
 - Prices are easy to read and explanations of goods and services are easy to understand.
 - They have brand-new products and popular goods.
 - It is easy to know what kind of goods and services they have.

– Items to be confirmed/evaluated while the product/service are used

- The staff respond appropriately when I have a question or when I am in trouble.
- The delivery service is very smooth.
- The staff are kind to customers.
- The staff take action quickly without keeping customers waiting.
- The staff do not bother customers while they enjoy shopping.
- The ATM, copier, fax machine, and information terminal are easy to use.
- The shop is safe whenever I visit.
- All shops are always safe to visit.
- The shop has goods and services to buy or use, even when I visit there to buy other things.
- The shop is a comfortable place.
- The goods purchased at the shop often have defects.
- It is easy to finish payment.

– Items to be confirmed/evaluated after use

- If I can get what I want I can wait for some days.
- If the goods have defects I know where to contact.
- The after service of this convenience store is reliable.
- They have a service that I want to use in the near future.
- They have goods that I want to buy in the near future.
- The privacy of customers is well protected.
- They have an excellent system to protect ecology and the environment.

* The order of questions is subject to change depending on the business or service.

- Questions about profile :
 - Location
 - Gender
 - Age
 - Marriage status
 - Family members
 - Occupation
 - Household income
 - Educational status

- Questions about utilization
 - Service/branch used
 - Frequency of use
 - Date of latest use
 - Evaluation as of the date of latest use
 - Service used
 - Percentage of use
 - Important points for evaluation
 - Average expense for use
 - Payment method

- Questions about emotional aspects
 - Evaluations items regarding impression/surprise (4 items in connection with finding *delight*)
 - Items regarding disappointment/dissatisfaction (5 items about disappointment)

- Questions about company position
 - CSR-related questions (6 items)
 - Switching-barrier-related questions (4 items)

- Questions about complaints
 - Interpersonal communication (word of mouth) about complaints (option)
 - Evaluation of the response to complaints (6 items)

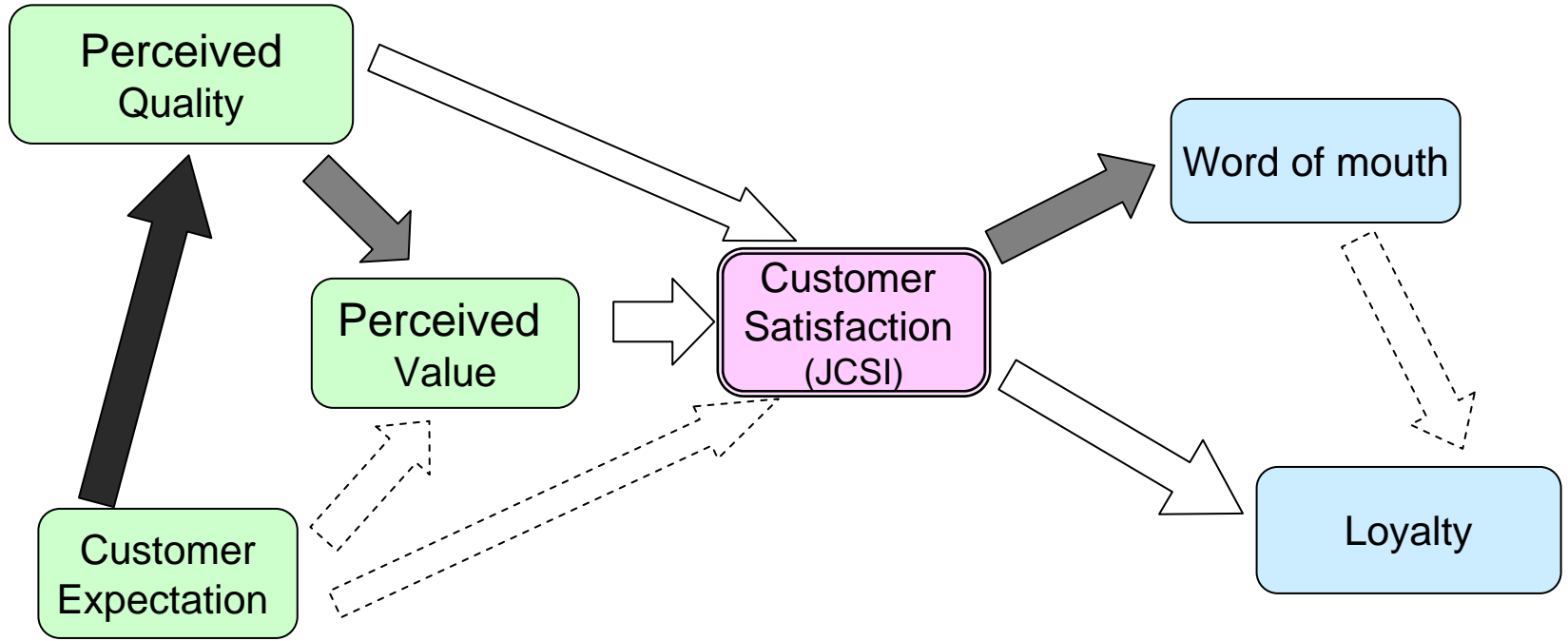
- Questions about favorable attitudes
 - Interpersonal communication (word of mouth) about favorable attitudes (option)

- Open questions (3 questions)
 - Details of complaint/deterioration
 - Details of satisfaction/improvement
 - Reasons for use of the service

* The order of questions is subject to change depending on the business or service.

3. What we learnt from the analysis of the survey

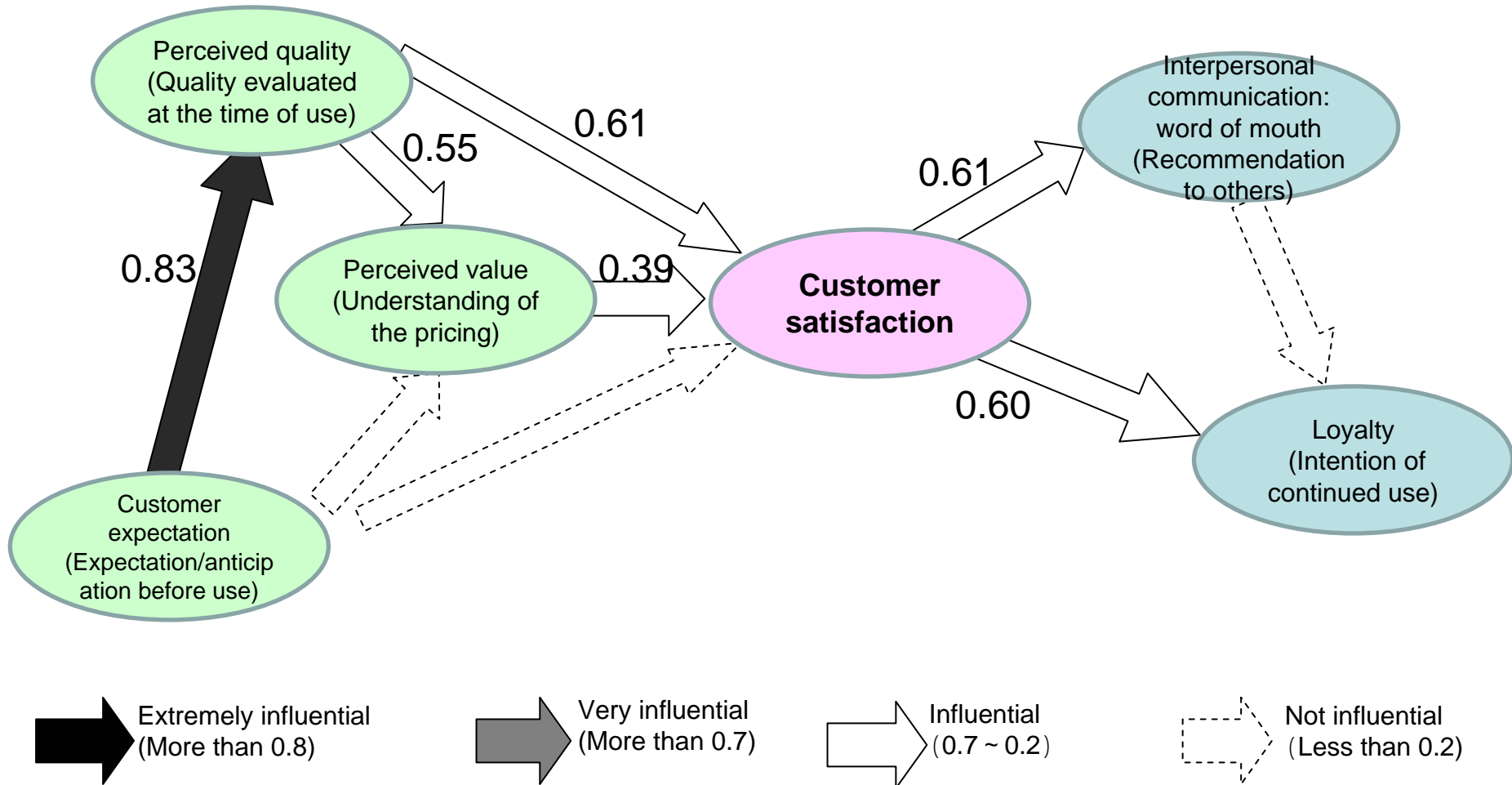
- There is a similarity in the psychology across industry
 - While there is variety in the “levels of expectation” or “evaluation of value,” there is similarity in the “flow and structure of customers’ psychology.”
 - A single model will be used for explanation and expression.
 - The unique characteristics of each industry/company can explained by the “different content and evaluation in the mind of consumers.” They can be used to identify areas for improvement.
- Objectivity of “Customer Satisfaction” could be secured.
 - We are about to establish the core “customer satisfaction index” that uses credible model.
- Common “service quality” that explains “level of satisfaction” will also be established.
 - Measurement variable was developed to explain common issues and industry-specific issues, taking into account the specifics of different industries.



**The arrows represent “psychological flow.”
Black arrows indicate strong relations common throughout the industry.**

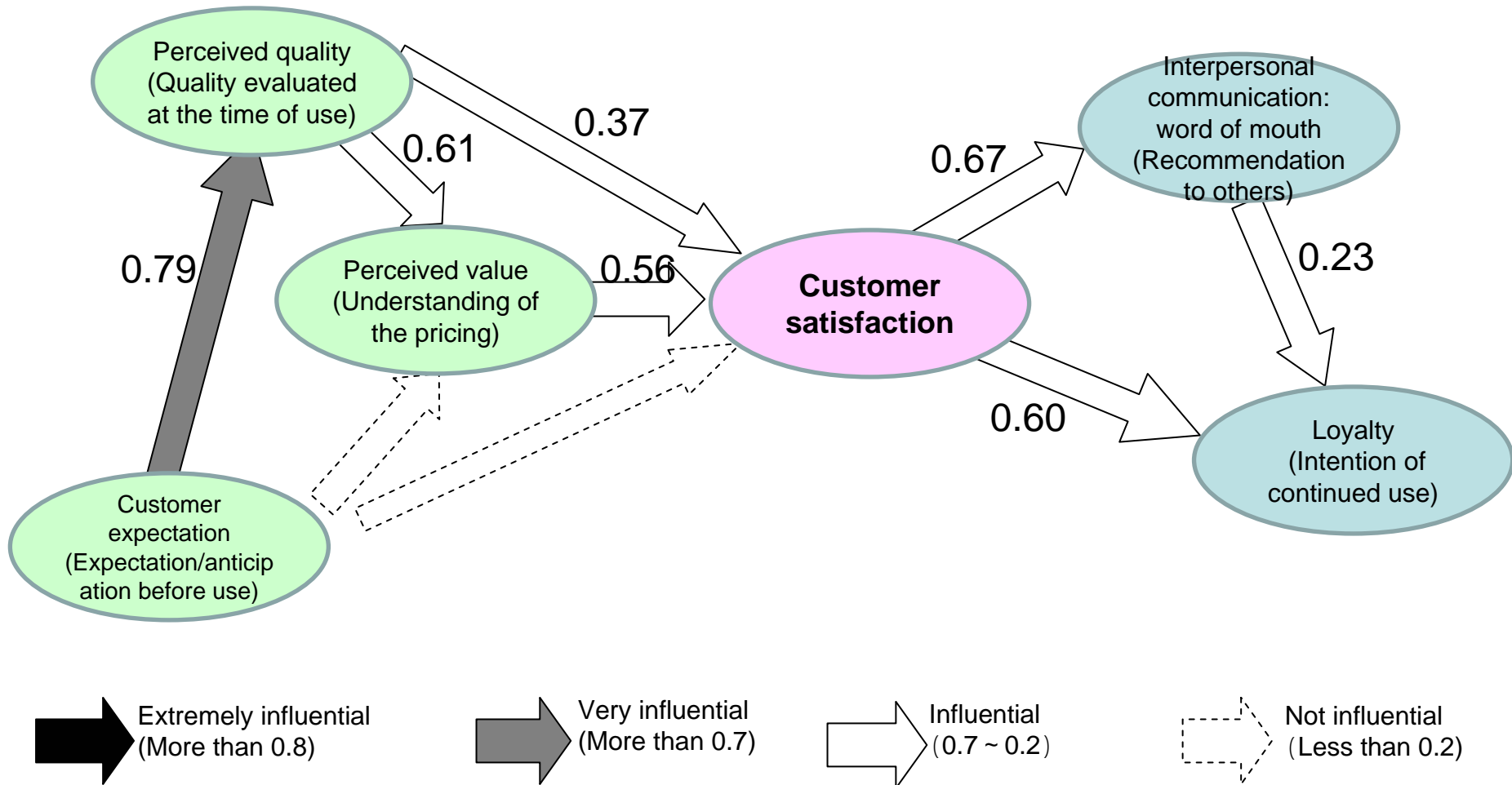
There is a similar pattern on the “movement of mind” in any industry. Entirely different industries can be compared by understanding how this “movement of mind” differs.

See the website



The arrows represent the “psychological flow.” The black arrows indicate strong relations common throughout the industry. The numbers are effect indicators called “pass factors,” showing the size and strength of the cause and effect relation.

See the website

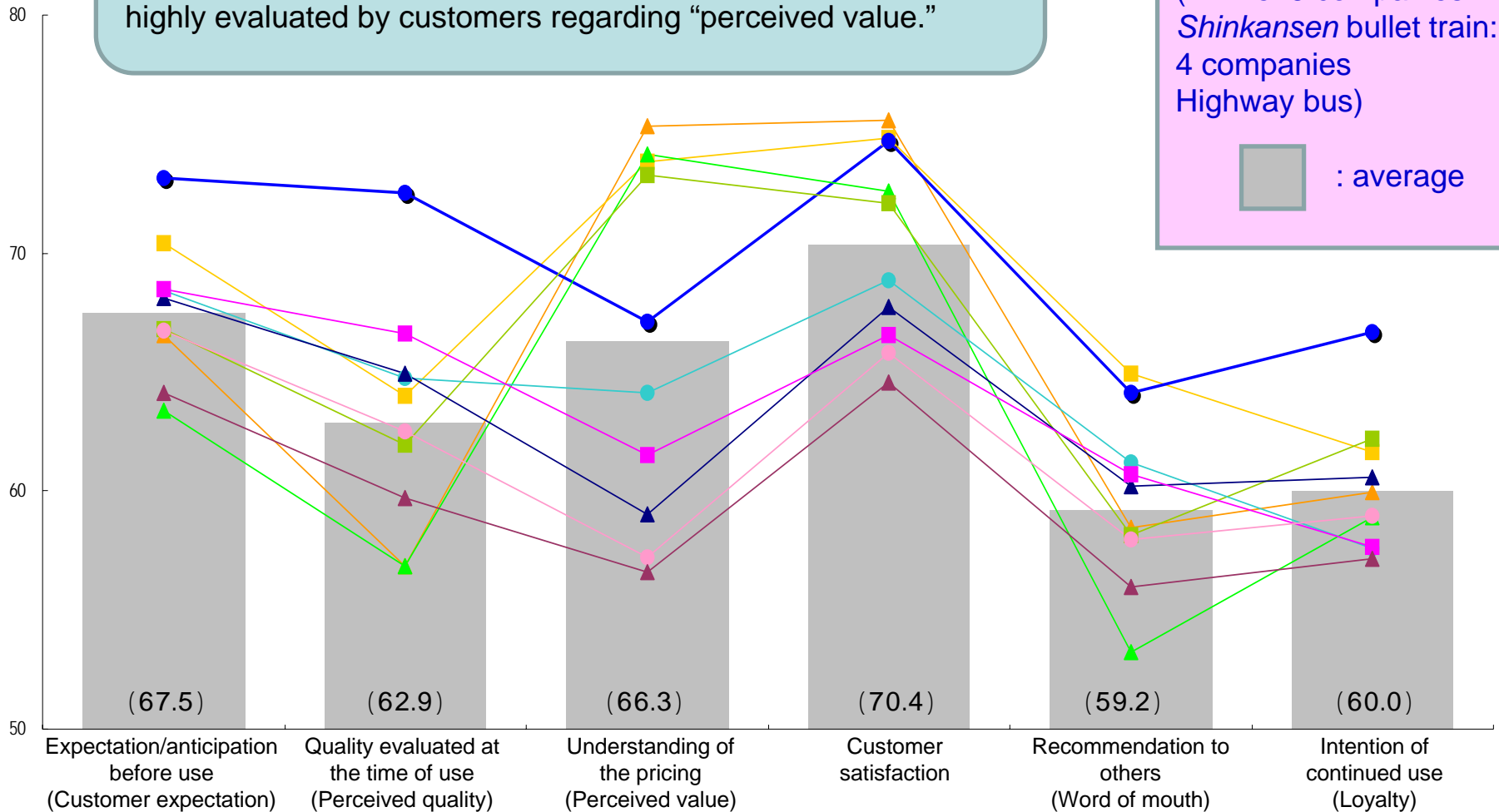


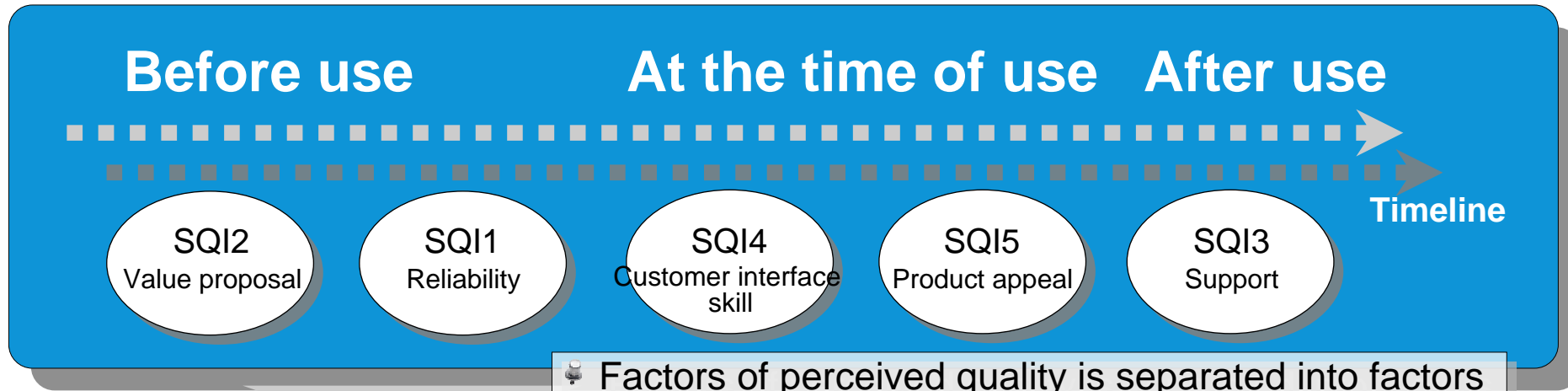
The arrows represent the “psychological flow.” The black arrows indicate strong relations common throughout the industry. The numbers are effect indicators called “path factors,” showing the size and strength of the cause and effect relation.

As for conventional businesses with a long history, the evaluation score of “perceived value” (representing understanding of the pricing) tends to be lower than those of other industries. Many new market entrants improve customer satisfaction and increase the number of customers by being highly evaluated by customers regarding “perceived value.”

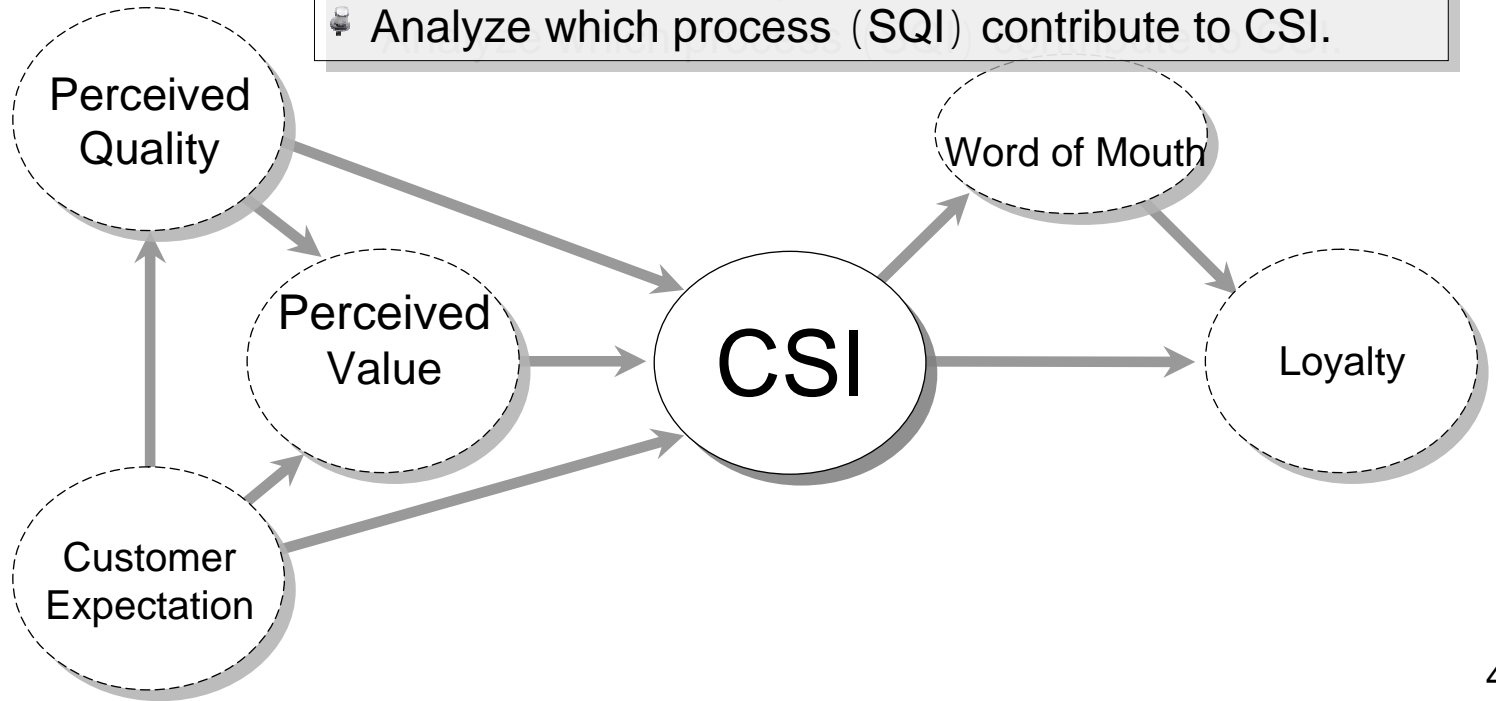
Trend of domestic transporters regarding 6 items
(Airline: 5 companies
Shinkansen bullet train: 4 companies
Highway bus)

□ : average





- Factors of perceived quality is separated into factors and convert into SQI indexes.
- Analyze which process (SQI) contribute to CSI.



Before
use



At the time
of use



After
use

- Something new
- Informative website contents
- Appealing ad design
- Flexibility at the time of purchase
- Fun of shopping

- Kind guidance
- Friendly service
- Relevant proposal
- Can use comfortably always
- Can use comfortably anywhere

- Evaluation of ecological consideration
- Reliable after-service
- Consideration to privacy protection
- Know the contact of customer service after purchase

Value
proposal

Reliability

Customer
interface skill

Product
appeal

Support

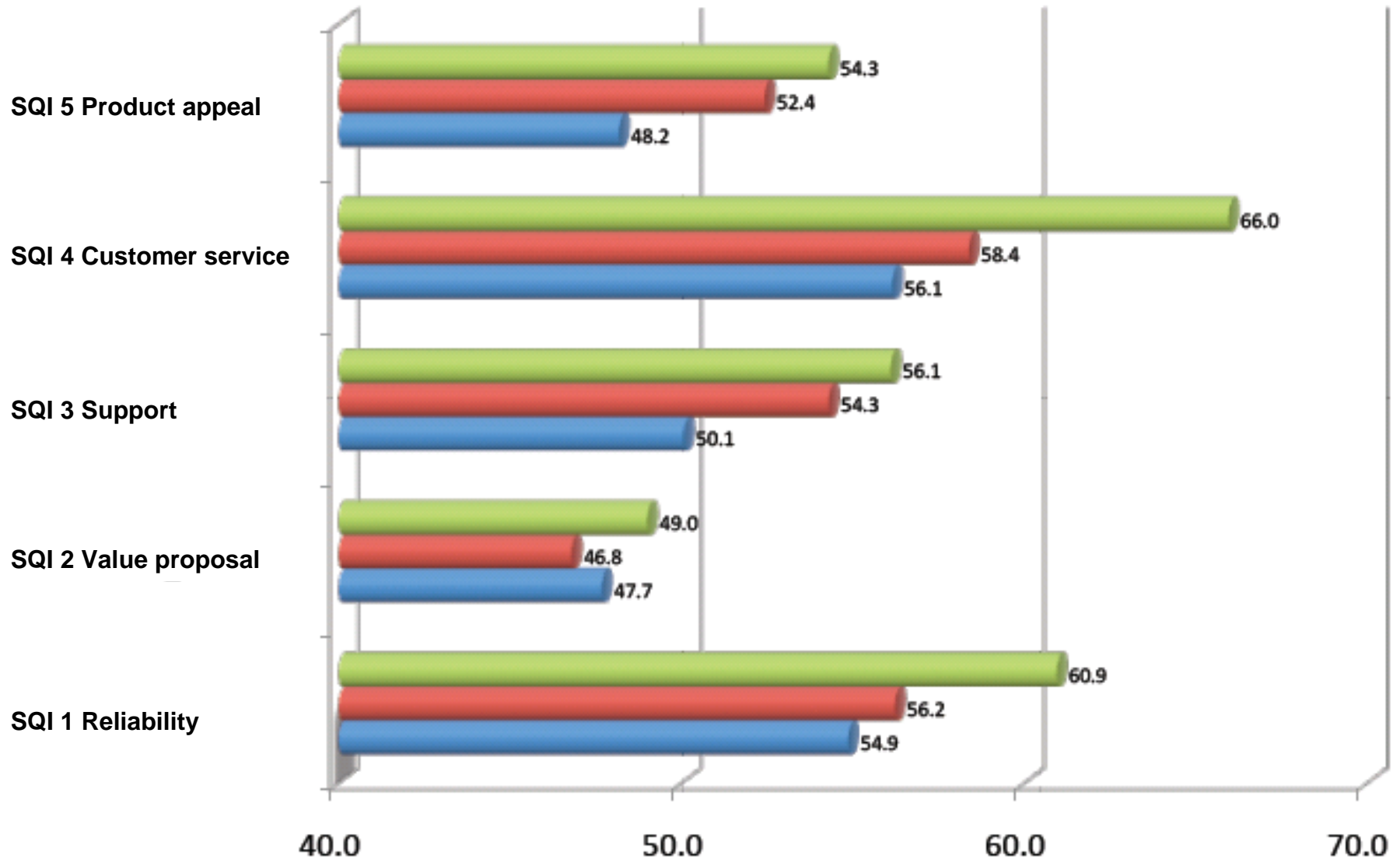
- Easy-to-use features
- Comprehensive fee packages
- Easy to understand services
- Quick purchase
- Cleanness

- Product with strong appeal
- Feature/service with strong appeal
- Affiliated service/product

Mobile phone

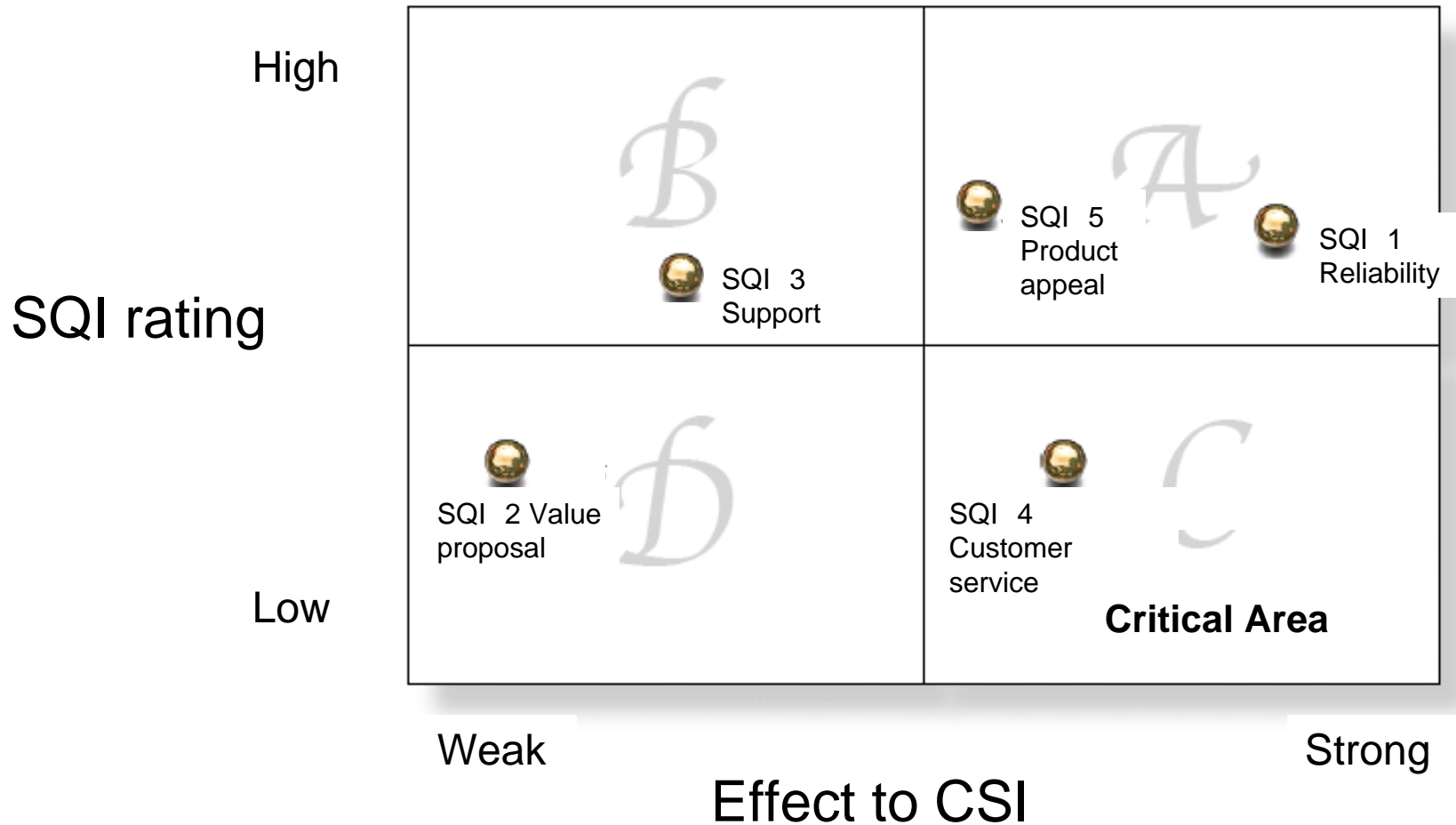
Convenience stores

Hotels



SQI and CSI

Matrix of Performance and Effect (Conceptual Table)



Customized support course
(Charged: Actual cost)

- * Conduct a survey and analysis for an organization that is not included in the existing survey (such as a midsized company or industry that is not included in the target industries).
- * Analyze the results in terms of the items below and give advice on future action.
- * Give advice on the application process to individual companies.

Comparison with other companies
(Charged)

- * In addition to detailed information on the company, provide information on designated companies (about 3 companies).
- * Support strategy development based on the results of comparisons with other companies or other industries. Make a presentation at the company.

Detailed information on the company
(Charged: Low price)

- * Provide data on the company and industry, including data on the constructive concept, path coefficient, as well as SQI data and free opinions.
- * Support business development by reviewing the history of changes occurring in the company in chronological order.

Basic information (Charged: Low price)

- * Provide an index to review the company's constructive concept in the format of a newsletter. This information includes an index for the industry and best practices.
- * In addition, provide a statistical model and information on the industry trends.

Further Development

Introduction of the Service Evaluation System (SES)

- **Japanese Customer Satisfaction Index (JCSI) for Large Firms**
 - From 2007 the Ministry of Economy, Trade and Industry (METI) and Service Productivity & Innovation for Growth (SPRING) endeavored to devise this index and put it into use as a measure to visualize customer satisfaction. More and more companies now use it to set management objectives or to advance business innovation.
- **For Improvement of Customer Satisfaction with Small and Medium-sized Enterprises and Retail Stores**
 - This index is, however, designed to calculate statistical values across the entire nation and thus not much use for small and medium-sized enterprises and individual stores. To overcome this problem, METI, INTAGE Inc., and SPRING worked together to develop a new service evaluation system based on JCSI. This new tool allows a wide range of business firms and stores to quickly assess customer satisfaction at a low cost.



Needs of the Service Industry

- Receive customer feedback regularly and continually (evaluation report)
- Improve the quality of service from the perspective of customers
- Seek customers' opinions about measures taken
- Compare with competitors

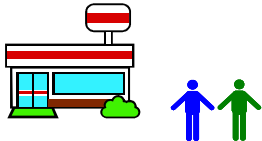
But . . .

- Not sure how to conduct a survey . . .
- Want to carry out a survey quickly without hassle . . .

Process of SES

Use of Service

Customers visit a store or use a service.



Survey

Customers evaluate the store or the service.



Data Collection and Analysis

Survey data is automatically collected, analyzed and reported.



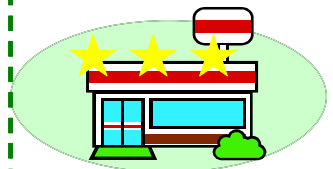
Analysis by Each Business Firm

Business firms can analyze the data on their own.



Improvement of Services or Stores

The survey results are used to improve the store or the service.



System Responsive to the Needs of Users

Quick

- Survey preparation and data processing do not require much time since respondents use mobile phones or the Internet to fill out the questionnaire.

Low-cost

- A fixed set of questions made for each industry enables even companies with little know-how and human resources to conduct a survey quickly and easily.

Reliable

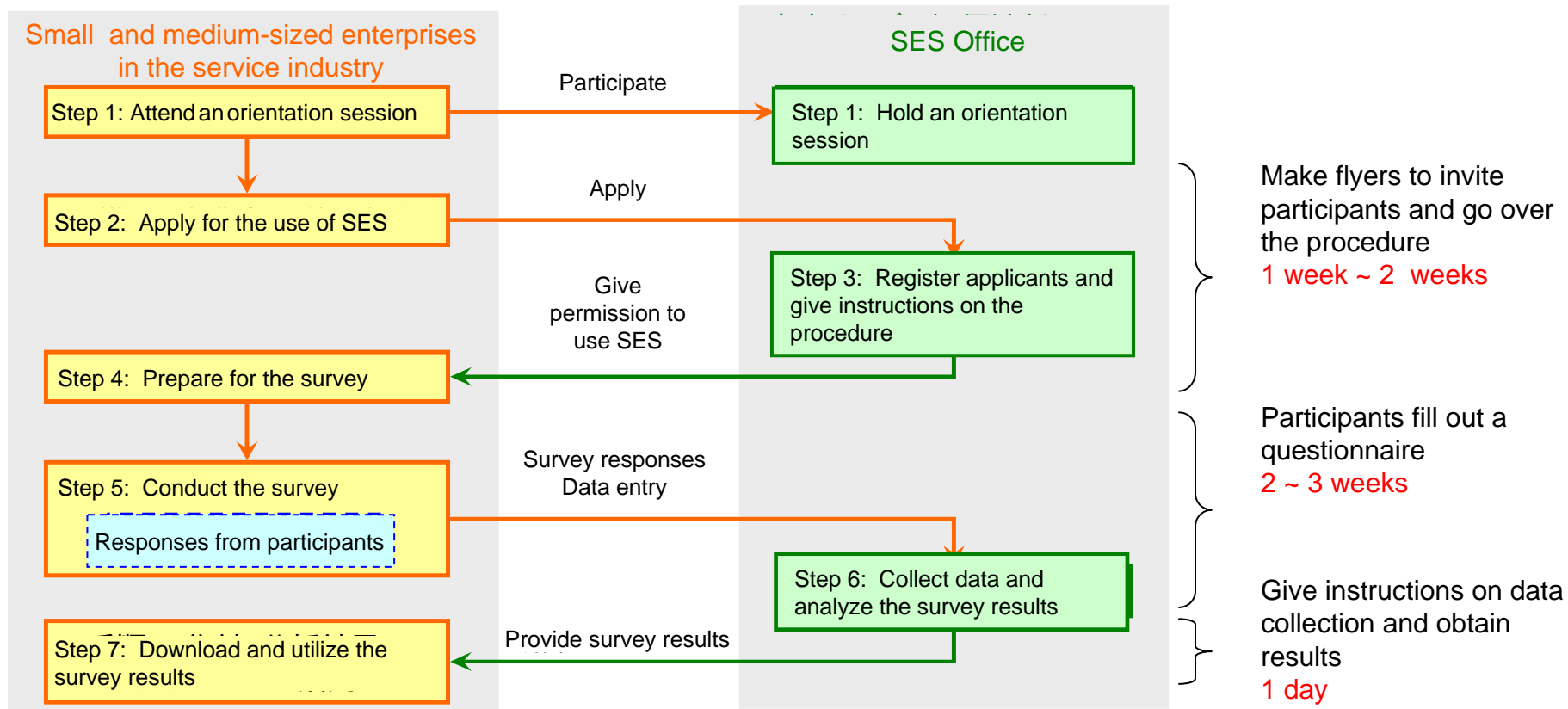
- Experience and knowledge gained by METI and SPRING through developing JCSI were combined with the marketing expertise and state-of-the-art computer system of INTAGE Inc. to develop this new SES.

Comprehensible

- Survey results are compiled into easy-to-see reports to allow business organizations to grasp customer satisfaction and to identify issues to address for the purpose of improving their business.

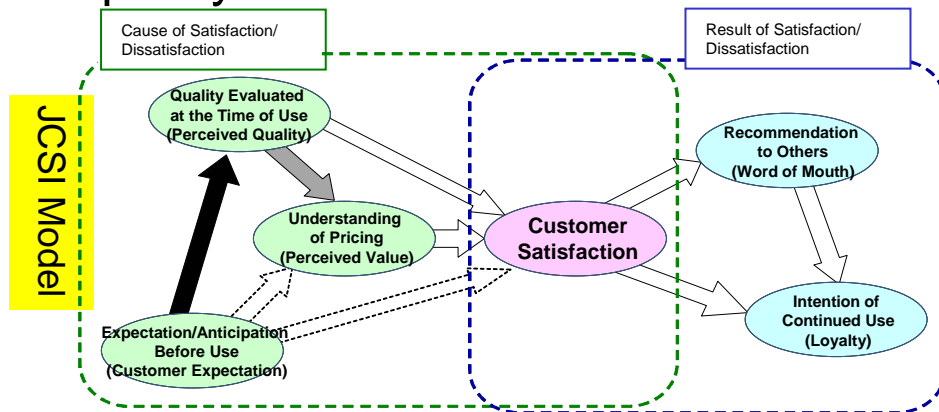
	SES	JCSI
Survey Method	Questionnaire to customers who have visited a store (mobile phone, PC, hard copy)	Panel survey to customers who have signed up for survey participation (PC)
Characteristics of Data	Evaluation by customers who have used a given service during the survey period	Evaluations based on the experience of customers who have used a given service more than once for a certain period of time
# of Questions	25 ~ 30	100 ~ 110
Characteristics of Respondents	Mostly frequent customers (Positive evaluations are likely to be received)	A wide range of customers including those who have not used a given service so often (realistic representation)
Survey Period	One month at the convenience of each business organization	Three months starting on a specified data, once a year
Users	Companies and stores of all sizes	Major firms in the service industry
Data Charges	Low cost (Prices will be determined next year)	50,000 ~ 1 million yen or more, depending on the survey conducted
Use of Survey Results	To improve services of individual stores.	To assess and review the effectiveness of business strategies

SPRING Why is it possible to carry out a survey quickly? ⁵²



Because a set of questions have already been formulated for each industry, the survey can be conducted right away. The entire procedure is well-established, and it takes only one month to apply for the use of SES and obtain survey results.

JCSI, which is the base of SMS, assesses common movements of the consumer mind in the service industry. This framework is used to objectively evaluate the quality of service across the industry, regardless of the nature of business. A variety of questions in each questionnaire enable companies to gather feedback on their business quality from customers.



See the questions on the following page

Questions were drawn from the established JCSI model, including those specific to each industry segment. In addition, questions that will meet the needs of each individual company are available. Thus, business organizations do not need to go to the trouble to develop survey questions.

Breakdown

About Profile
(7)

Gender / Age / Occupation / Family Members / Postal Code / Date of Latest Use / Frequency of Use

About Service Use
(10)

7-point scale

- **[Provision of Information]** Sales, events and campaigns are appealing.
- **[Access]** Business hours are convenient.
- **[Facilities: Functionality]** The layout is easy to use.
- **[Facilities: Impression]** The store is clean and tidy.
- **[Service·Product Lineup]** There are a lot of attractive products.
- **[Quality·Technology]** Products are unique and of high quality compared to other stores.
- **[Service·Product Promotion]** Prices are easy to read and explanations are easy to understand.
- **[Attitude to Customers]** Staff respond appropriately when I have a question or trouble.
- **[Knowledge·Competence]** It is easy to finish payment.
- **[Customer Comfort]** The after service is reliable.

Customized Questions (tentative)
(3)

- Choose the store you go to most frequently from below. (Single answer)
- Which store offers better products or services, us or the one you chose for the previous question? (Single answer)
- Please state the reason. (Open-ended)

General Questions
(8)

7-point scale
10-point scale for customer satisfaction

- **[Expectation]** What were your expectations for our products or services?
- **[Perceived Quality]** How is the quality of the product you purchased or the service you used?
- **[Perceived Value]** Given the price you paid, how do you evaluate the quality of the product or service?
- **[Customer Satisfaction]** How satisfied are you with the product or the service?
- **[Customer Satisfaction]** Was it a good choice to purchase our product or to use our service?
- **[Customer Satisfaction]** How much does our product or service contribute to enriching your life?
- **[Word of Mouth]** When you talk about our products or services with your friends or family, will you be positive or negative?
- **[Loyalty]** Will you continue to shop with us or use our service?

Open Questions
(2)

- What do you think we need to do to improve our products or services?
- Please let us know if there is anything you would like to see improved or changed.

Industries for Which Survey Questions have Already been Developed

Industries			Business Organizations	
Retailing	1	Face-to-Face Selling		Flowers, Liquor, Gifts
	2	Self-Service		Supermarkets, Drugstores, Automotive-related Goods, Hardware Stores
	3	Mail Order		Gifts
Tourism	4	Travel Agents		
Accommodations	5	Hotels, Inns		Hotels, Inns
Food Service	6	Food		Noodle Shops, Prepared Food, Japanese Food
Transportation	7	Passenger Transport		Transportation (Bus)
Communication	8	Information, Communication		
Logistics	9	Transport, Shipping		Transport, Recycling
Health	10	Health Care, Welfare		Hospitals (Internal Medicine)
	11	Fitness Clubs		Fitness Clubs
Education	12	Education, Learning Support		
Finance	13	Banking, Insurance		
Leisure	14	Amusement, Leisure		Golf Ranges
Daily-life-related Services	15	Goods-related Services		Car Inspection and Repair
	16	Human-related Services		Hairdressing
Real Estate and Goods Rental and Leasing	17	Real Estate		Leasing, Management

Questions relevant to these 17 industries have already been developed. Based on these, sets of questions for other industries will be made.