



CANTON OF ZURICH, SWITZERLAND

Customer Satisfaction Survey within ZVV for quality improvement and as basics for bonus payments

Background/context

ZVV Zürcher Verkehrsverbund, an enterprise of the canton (region) of Zurich, is the public transportation association in the greater Zurich area. It includes 49 transport operators which move more than 1 million passengers per day. A unified, zonal tariff holds for the ZVV coverage area.

ZVV is responsible for strategic management of public transport while the eight transport operators are mainly responsible for operational management. ZVV, in collaboration with the major transport companies (the so-called market-responsible companies), is responsible for product planning and marketing.

ZVV collects all revenues as well as public funds and compensates the transport operators for their services according to public service contracts (PSC). This organisational model gives ZVV a strong position in relation to the operators, making it easier to establish common quality standards.

Description of the case

One reason for the success of public transport in the greater Zurich area is the high level of service quality in the network. Good quality will satisfy customers. This is the reason why quality is measured – via customer satisfaction surveys. The surveys aim to create incentives for quality improvements, and transport companies are responsible for implementing them. By openly comparing the individual results of all transport operators (benchmarking) a quality contest has been created. Companies with good results get financial bonuses.

The ZVV customer satisfaction survey is conducted every

two years, with 9,000 questionnaires distributed to a representative sample of passengers. The questionnaire includes approximately 70 questions covering 16 aspects of service quality (or “quality dimensions”) along with overall customer satisfaction. Commuters are the main target group of respondents. The response rate is about 80%.

Analysis of results starts with the satisfaction of the passengers regarding the 16 quality dimensions. For each quality dimension a weighted average is calculated according to the load factor. In this way it is determined how satisfied the passengers are with the quality dimension.

In the second step, the significance of the 16 quality dimensions for overall customer satisfaction is determined. In order to increase overall satisfaction, it is most efficient to start with those dimensions which influence the overall satisfaction the most. A small contribution of one dimension to the overall satisfaction does not necessarily imply that this dimension is unimportant to customers. It rather means that in this dimension the delivered quality already meets the customers’ expectations. An even better level of quality would not make the customers more satisfied. In such a case quality level needs only to be maintained.

Customer satisfaction is assessed in a way that it can be attributed to the fields of strategic, market and operational responsibility. By merging the results of the respective quality dimensions into so called indices, it is possible to assess the performance of the transportation association, the market-responsible companies and the ordinary transport operators separately and to assign improvement measures to the appropriate party.

The survey results are prepared and communicated to each company individually. In addition, for each company an index is calculated for the tasks in its sphere of responsibility (operation performance and possibly market tasks). These indices are included in the benchmarking of all companies. The average results for the entire transportation association are communicated to the media. The results of the benchmarking exercise are exchanged among the transport companies. The publication of details is left to the companies. However, in practice it is difficult to deny this information to the media. The somewhat public nature of the benchmarking creates a competitive atmosphere and spurs companies to improve.

Financial bonuses, also linked to the survey, give an additional incentive. A portion of 0.8% of ZVV fare revenues (equaling approximately EUR 750 per employee per year) is available for bonuses. The maximum bonus for each company depends on the travel time according to timetable, number of boarding passengers and passenger-kilometres (ratio of 50:25:25). The amount of the payout depends on the score achieved in the customer survey: A bonus is granted for customer satisfaction levels in a range between 70 to 78 points (with a maximum possible of 100 points). There is no extra reward for scores above 78 because the marginal costs outweigh marginal gains in satisfaction. Overall customer satisfaction and operating companies' production costs are also taken into account. Overall customer satisfaction takes into account differences in production conditions (traffic density, customer mix) and emphasises the collaboration and interdependence among the transport companies (transport chains, connections, etc.), the production costs take into account the efficiency of resource usage (companies producing with costs below average receive an extra bonus).

Bonuses are paid according to responsibilities. An operating company without market responsibility does not receive a bonus for good results in the quality dimensions related to market responsibility, but only for the dimensions of the operational performance index. The operating companies are obliged to pay 30% of a possible operational performance bonus to the drivers.

Cost and financing

The customer satisfaction survey is conducted and evaluated by external consultancies for about EUR 200,000 every two years. In addition there are in-house efforts of ZVV related to the survey.

Results

From 2000 to 2008, customer satisfaction increased from 73 to 76 points and has stayed at that level despite great challenges due to increasing capacity utilisation. This is attributed to a comprehensive quality control system of which the customer satisfaction survey is an important part. Thanks to the survey, resources can be invested where they create the largest benefit for the customers. Thus, efficiency of service provision is increased. All stakeholders, but especially the operating companies, have become more aware of the importance of quality issues thanks to these regular surveys.

Problems

Customer satisfaction surveys are subjective. Changes in the assessment of a dimension can either mean that the quality objectively changed (e.g. deteriorated), and / or that the customers' expectations have changed (e.g. increased).

When the survey was introduced, operators questioned its results, particularly the importance of the quality dimensions. Today, all parties accept the system, not least because of the stability of the method and the continuity of the results. They like it also because it is connected only to bonuses and not malus.

Transferability and success factors

The monitoring of quality through customer satisfaction surveys transfer well to other cities and regions. But a strong authority organisation is needed to enforce the quality standards and goals among the transport operators. In addition, the results of surveys have to be accepted by the transport operators.

Lessons learnt

Insights gained from surveys more than compensate for the costs, which are reasonable compared to the overall budget of ZVV.

The two-year survey interval has proved appropriate.

Changes in survey methodology should be made with caution, because you can lose comparability with previous results. Therefore it is important to carefully plan and develop the first survey.

Conclusions

By successfully using customer satisfaction surveys to control service quality and give a basis for incentives (bonus), ZVV contributes significantly to the overall success of public transport in the Greater Zurich area.

References and contacts

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