



### 15 March 2005

*The Campus, Bryanston – March 11, 2005 – The 2005 SAS Index™ results are official. In its fourth year of existence, two new industries have been measured – Medical Schemes and Municipalities. Medihelp evolved as a leader across the board with the highest satisfaction score and lowest proportion of dissatisfied customers. It is followed by the City of Cape Town, which showed the highest satisfaction levels amongst the municipalities researched. Overall, however, Medical Aids and Municipalities have a lot of improvement potential in that the reported satisfaction is on average much lower than seen in Telecommunications, Banking and Long-Term Insurance last year with cellular providers remaining unchallenged for first position.*

*Sponsored by the Department of Trade and Industry (dti), the study is an annual initiative to encourage competitiveness across industries. It is consumer-driven, objective, neutral, and comparative in achieving this. Furthermore SAS Index™ is comparable to the American (ACSI) and European (EPSI) studies and once again satisfaction levels in South Africa seem to be higher than those overseas.*

Looking at the industries individually, spiralling membership costs and the uncertainty due to changing legislation have exacerbated the negative sentiment felt by many South Africans towards what is essentially a grudge purchase, their medical cover. It is therefore perhaps not surprising that the SAS Index™ results indicate that customers are not entirely satisfied with their suppliers. While this industry has not previously been measured by the SAS Index™, a comparison with a similar industry, the Long Term Assurance industry (79.8%), points to relative dissatisfaction with Medical Aids (73.4%), with Medical Aids reporting a higher proportion of dissatisfied customers. Furthermore the current score achieved by the Medical Aid industry falls well short of the Telecommunication industry measured last year (83%). For all the companies measured, perceived value was the greatest stumbling block, with customers clearly not considering the costs to be reasonable. Recent changes to legislation, which will make medical aid more accessible to lower income groups, may make it increasingly difficult to meet customers' expectations in this regard.

On closer examination, however, it is apparent that some competitors are performing well above this average. Medihelp tops the list in terms of satisfied customers, outperforming their competitors in many aspects and achieving the lowest Dissatisfaction Index of 8.8%,

which is almost as low as was reported for banking in 2004. Discovery Health also proved to be performing satisfactorily in the eyes of their customers, achieving the second highest score amongst the Medical Aids. It is interesting that Discovery seems to have taken the first step towards overcoming the problem of lack of value for money - Discovery customers are more likely to believe that Discovery is doing what it can to keep premiums as low as possible. Medshield and Bonitas Medical Scheme end up in 4<sup>th</sup> and 5<sup>th</sup> place respectively, while the 3<sup>rd</sup> place is allocated to the 'Other' medical aids category, which consists of other, smaller medical schemes.

Ethekwini Municipality (Durban), the City of Johannesburg Metropolitan Municipality and the Nelson Mandela Metropolitan Municipality (Port Elisabeth) , the other three municipalities in this initial study, could not match Cape Town's performance, and also did not meet the standards set by most of the organisations measured by SAS Index™ in other industries. Caught between criticism of high rates and expensive services on the one hand, and inadequate service delivery on the other, it seems inevitable that municipalities have to compromise the satisfaction of one group in order to meet the needs of others. However difficult, Cape Town appears to have balanced these opposing needs relatively well, and is providing an example worth following. While Cape Town Municipality generally outperformed the other three municipalities in terms of their service delivery, their superiority in satisfying residents was not limited to these services. When comparing the performance of their staff to those of private organizations, Cape Town's municipal staff compare favourably in many respects, including friendliness, honesty and helpfulness.

The City of Johannesburg disappointed its ratepayers arriving in the last place amongst the four measured municipalities. Areas of particular concern were health and transportation - actions taken in these areas is clearly not meeting the expectations of the people in this city. While the wealthy generally rely on private suppliers where possible, the failure to deliver on these essential services is indeed critical for most residents.

This study will be further rolled out across more industries in South Africa in the near future. The measurement will then serve to provide both local and international comparisons to fuel the ongoing drive of local businesses to achieve world class customer satisfaction.

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