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ACSI: Flat Customer Satisfaction Suggests Continued Weak Consumer Spending

Toyota, Apple and Google Slip; Detroit Narrowing Gap with Imports

ANN ARBOR, MI (August 14, 2007) – The American Customer Satisfaction Index (ACSI) registers a marginal increase as customer satisfaction slows, according to a report released today from the University of Michigan’s National Quality Research Center. The Index edges up 0.1% to 75.3 on ACSI’s 100-point scale, and is up only 1% since the second quarter of 2006.

“Customer satisfaction is pretty flat and consumer spending is slowing down,” said Professor Claes Fornell, head of the ACSI at the University of Michigan. “Still, with low unemployment, healthy corporate profits, and income and wage growth, consumers continue to spend. But the slumping housing market and increased debt load may contribute to weakening spending growth.”

The ACSI measures a different set of industries each quarter. Industries in the consumer durables and e-business sectors are measured every second quarter, including automobiles, personal computers, appliances, portals & search engines, and news & information websites.

Automobiles: Detroit Still Behind Despite Drop by Asian Automakers

Customer satisfaction with automobiles continues to improve, climbing 1% to a new high of 82. Driving the improvement is greater satisfaction with domestic and European brands. These improvements more than offset declines by nearly all Asian manufacturers.

Toyota’s luxury brand, Lexus, improves to 87 to lead the industry, but Toyota and Honda slip 3% and 2% respectively to 84. The only domestic nameplates to score better are the luxury brands like Cadillac (+2% to 86), Buick (86), and Lincoln-Mercury (+4% to 86). Ford (+4% to 80), Chevrolet (+1% to 82), and Dodge (+3% to 80), still lag Toyota and Honda after registering improving customer satisfaction.

“American automakers are narrowing the gap with Asian manufacturers, but they’re still coming in last,” said Prof. Fornell. “Though foreign nameplates just passed domestic cars for monthly sales, Detroit’s Big Three might have an opportunity to take advantage of Toyota’s difficulties in

maintaining quality as it increases production. When you make more cars, chances are quality is going to slip.”

Personal Computers: New Problems for Apple, More Problems for Dell

Overall customer satisfaction with the PC industry falls 3% to a score of 75. Apple and Dell contribute the most to the decline in customer satisfaction, each dropping 5%. Despite the drop, Apple still is the industry leader in customer satisfaction, with a score of 79.

“Apple has experienced unprecedented growth in recent years,” said Prof. Fornell. “As Toyota can attest, it’s not easy to manage quality and customer satisfaction when a company quickly has to increase production or provide service to a larger number of customers.”

After last year’s improvement, Dell’s continuing customer service problems have the company back near the bottom of the PC rankings with a score of 74. Hewlett-Packard’s HP division improved 1% to 76, though its Compaq division is the worst in the industry at 73.

Portals & Search Engines: Yahoo makes a comeback while Google stumbles

Yahoo! improves 4% to 79 to take the lead over Google for portals and search engines. A number of design changes and enhancements are paying off for Yahoo! in higher customer satisfaction, which will be critical to turning around this year’s lackluster financials.

Google falls by 4% from a year ago to a score of 78, but it is still the most popular search engine. Its home page has not changed much, and some users say it looks stale compared to Ask.com, which has a very different display of search results. Ask.com’s ACSI score increased more than any other search engine. It is up by 6% to a score of 75, still well behind Google. But it may well be a factor behind the falling Google scores, as some users compare the two. AOL suffers the largest plunge in customer satisfaction this quarter, down 10% to the lowest score in the industry (67).

About the ACSI

The American Customer Satisfaction Index is a national economic indicator of customer evaluations of the quality of products and services available to household consumers in the United States. It is updated each quarter with new measures for different sectors of the economy replacing data from the prior year. The overall ACSI score for a given quarter factors in scores from about 200 companies in 43 industries and from government agencies over the previous four quarters.

The index is produced by the University of Michigan's Ross School of Business in partnership with the American Society for Quality (ASQ) and CFI Group, and is supported in part by ForeSee Results, corporate sponsor for the e-commerce and e-business measurements.

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