



## FOR MORE INFORMATION

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### **Aggregate Customer Satisfaction Rises Slightly but Economy Needs More Help to Flourish**

*Customer Satisfaction Dwindles Across Information Sector; Apple Makes Strong Debut*

**ANN ARBOR, Mich.** (May 15, 2012)—Much like employment numbers, the ACSI continues on a path of steady but mediocre growth, according to a report released today by the American Customer Satisfaction Index (ACSI). Aggregate satisfaction is up 0.1% to 75.9 on a 0 to 100 scale, following gains in four of the last five quarters of measurement.

“Stronger customer satisfaction, particularly with domestic goods and services, would help spur economic growth, but only if household discretionary income increases,” says Claes Fornell, ACSI founder and author of *The Satisfied Customer: Winners and Losers in the Battle for Buyer Preference*. “Even though private sector jobs are edging back, public sector job losses continue, wages are stagnating, and workers’ earnings—adjusted for inflation—are actually falling. In such a climate, higher customer satisfaction can only contribute so much to stronger demand.”

The first quarter 2012 uptick in aggregate customer satisfaction stems from gains in the energy utility and health care sectors (reported on in April) that more than offset a 0.6% decline for the information sector.

The ACSI’s May report covers eight industries: cell phones, computer software, fixed-line and wireless telephone service, motion pictures, newspapers, subscription TV service, and TV news. At 71.9, the information sector earns the second-to-worst ACSI score next to government services, and far more companies decline than improve.

#### **Cell Phones & Wireless Service: Apple’s Debut Changes the Game**

Starting this year, the ACSI has expanded its coverage of the cell phone industry, adding another four companies to the roster of cell phone firms. Customer satisfaction with the cell phone industry (part of the manufacturing/durable goods sector) slips 1.3% to 74, while wireless service drops 1.4% to 70.

For many users, the advent of smartphone technology has dramatically changed what they look for in a cell phone device. Two smartphones makers, Apple and Research in Motion (RIM), enter the ACSI with very different results. At 83, Apple (iPhone) leads the field by a long shot, while RIM (Blackberry) lags behind as the least satisfying at 69.

“Companies with weak customer satisfaction often have weak stock performance,” notes Fornell. “RIM’s sales are slumping amid a bevy of problems, from hardware and software issues to server lapses that have caused email and messaging outages. Over the past year, share price for RIM has virtually collapsed.”

At 83, Apple’s iPhone is a game changer when it comes to customer satisfaction. No other cell phone company has ever broken into the 80s. Apple’s nearest competitors this year are three companies tied at 75: Nokia (+3%) and ACSI newcomers LG and HTC.

Motorola declines 5% to 73 and ties the aggregate of smaller manufacturers (-1%). This may be unwelcome news for Google as it hopes to make the most of its Motorola acquisition and widen the user base for its Android operating system. Samsung, another company that relies heavily on Android, backtracks 4% to a below-average score of 71.

On the service side, the aggregation of smaller carriers (such as TracFone and U.S. Cellular) maintains a strong lead at 76, despite a small downturn (-1%). All companies show modest ACSI declines except for AT&T Mobility. Last year, customer satisfaction for AT&T and T-Mobile tumbled amid merger talks. This year, AT&T recoups its loss (+5%), but only to tie T-Mobile (-1%) at 69. On the other hand, AT&T is now close to rival Verizon (-3% to 70), whose score has dwindled over three years. At 71, Sprint Nextel nominally grabs first place among the big carriers and holds nearly steady (-1%) following three years of swift ACSI progress (up from 56 in 2008).

#### **Fixed-Line Phones: Decline Eliminates Advantage Over Wireless**

For the first time in ACSI history, fixed-line phone service no longer beats wireless when it comes to satisfying customers. With a sharp decline of 4.1% to 70, fixed-line service now ties wireless and loses its ACSI advantage. At 76, small providers win the game here, just as they do in the wireless segment.

The fixed-line market is shrinking as more households opt for wireless service only. Customers who choose to stick with their land lines, however, are not happier—every major carrier is down this year. The largest ACSI decline belongs to CenturyLink, plummeting 6% to an industry low of 66 after its acquisition of Qwest. Comcast drops 3% to 67, while the rest of the industry huddles at scores of 70 to 71.

#### **Subscription TV: Verizon FiOS Strengthens Its Lead**

Subscription television service continues to underwhelm consumers, as the industry overall is flat for a third year at the low score of 66. Among 47 ACSI industries, only newspapers (64) and airlines (65) are less satisfying than subscription TV.

“While the range of services offered by the industry is larger than ever, reliability and cost are hurdles along the path to higher customer satisfaction,” says Fornell. “Service providers need to improve reliability without upping prices, which may be a tough balancing act in an economy where the monthly cost of TV service can rival that of energy utilities.”

There are a few gainers, however, among TV service providers. Up 3% to an all-time industry high of 74, Verizon's fiber optic service (FiOS) is a clear leader. DISH Network, up 3% to 69, is a distant second place. AT&T's U-Verse trails rival FiOS at an unchanged score of 68, while DISH's rival DIRECTV slips 1% to 68.

The industry's low end belongs to cable TV, as Cox Communications takes a big ACSI hit and falls 6% to 63. In 2011, Cox beat all of the other cable competitors by 8 points. This year, Time Warner ties Cox with a 7% surge to 63. Comcast gains 3% to 61, leaving Charter Communications alone in last place at 59 (unchanged).

### **Computer Software: Dwindling Customer Satisfaction Across Industry**

Customers continue to be more satisfied with computer software compared to other information industries, but this year even software slips—down 1.3% to 77. Software makers—large or small—are losing ground in customer satisfaction. Smaller software firms (like Adobe and Symantec) remain on top, but at a reduced score of 77 (-3%). Meanwhile, Microsoft sees its ACSI score contract 4% to 75. The lessening of customer satisfaction may prove challenging for Microsoft as sales of its Windows software stall amid a shrinking PC environment and a growing mobile computing market.

### **Information and Entertainment Media: Newspapers Keep Losing**

Reader satisfaction with the waning newspaper industry deteriorates this year with a 1.5% drop to 64—the worst score among the 47 industries covered by the ACSI. Likewise, viewer satisfaction with network and cable TV news programs retreats 3.9% to 74, which reverses last year's gain. Motion pictures, in contrast, show the lone industry-level improvement in the information sector, up 4.1% to 76.

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### **About ACSI**

The American Customer Satisfaction Index (ACSI) is a national economic indicator of customer evaluations of the quality of products and services available to household consumers in the United States. The ACSI uses data from interviews with roughly 70,000 customers annually as inputs to an econometric model for measuring customer satisfaction with more than 225 companies in 47 industries and 10 economic sectors, as well as over 100 services, programs, and websites of federal government agencies.

ACSI results are released on a monthly basis, with all measures reported using a scale of 0 to 100. ACSI data have proven to be strongly related to a number of essential indicators of micro and macroeconomic performance. For example, firms with higher levels of customer satisfaction tend to have higher earnings and stock returns relative to competitors. Stock portfolios based on companies that show strong performance in ACSI deliver excess returns in up markets as well as down markets. And, at the macro level, customer satisfaction has been shown to be predictive of both consumer spending and gross domestic product growth. The Index was founded at the University of Michigan's Ross School of Business and is produced by ACSI LLC. The ACSI can be found on the Web at [www.theacsi.org](http://www.theacsi.org).