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Customer Satisfaction with Airlines, Restaurants and Shipping Improves; Fast Food and Hotels Stable

JetBlue, Marriott and Subway Top Their Industries

ANN ARBOR, Mich. (June 18, 2013) – Major airlines do a better job of satisfying their passengers for a second straight year, according to a report released today by the American Customer Satisfaction Index (ACSI). Although customer satisfaction for airlines exceeds its best level in nearly two decades, air travel remains an uncomfortable and costly experience for most passengers. Despite gaining 3.0% to an ACSI benchmark of 69, airlines top only subscription TV service (68) and Internet service providers (65) in customer satisfaction.

“Crowded seating, rising ticket prices, extra fees and poor service all contribute to a rather dreary travel experience,” says Claes Fornell, ACSI founder and Chairman. “Airlines continue to improve service for business travelers, which is important since they are the most profitable customer group. Still, their satisfaction remains at a level slightly below that of other passengers.”

The ACSI’s June report covers customer satisfaction with airlines, hotels, full-service restaurants, fast food chains, consumer shipping, and the mail services of the U.S. Postal Service (USPS).

Low-Cost Carriers Offer Customers the Most Appealing Experience

Low-cost carrier JetBlue leads the airline industry for a second year, up 2% to an ACSI benchmark of 83, while Southwest rediscovers its luster with a 5% gain in passenger satisfaction after a patch of rough air during the early stages of a merger with AirTran.

“As operations are combined and consolidated, airline mergers are not without significant problems and passenger dissatisfaction is usually one of them,” says Fornell. “Sometimes these are short-term problems that eventually get solved, which seems to be the case here. Not only are passengers pleased, investors are as well. Southwest’s stock is up 50% over the past year.”

The other major airlines score well below JetBlue and Southwest, with the aggregate of smaller airlines—such as Alaska Air, Frontier and Spirit—coming in third place at 72 (-3%). Delta improves 5% to 68, its highest level in more than a decade, continuing to

rebound from its satisfaction-dampening acquisition of Northwest in 2009. American Airlines and US Airways remain in the mid-60s, while United Airlines is flat at 62.

Airline passengers give good marks to certain aspects of travel. They are quite pleased with check-in and reservations, timeliness of flights and courtesy of flight crew. On the other hand, seat comfort and virtually all in-flight services receive failing grades.

Customer Satisfaction for Hotels in a Holding Pattern

Guest satisfaction for hotels stays on hold as the industry posts an ACSI benchmark of 77 for the third straight year. While customer satisfaction has stabilized, it does so at a reasonably high level—well above the industry’s ACSI low of 71 from 2007.

“Hotels continue to rely on perks like free Wi-Fi, breakfast buffets and loyalty discounts to encourage repeat business, but higher levels of customer satisfaction over the past few years also boost loyalty,” says David VanAmburg, ACSI Director. “Similar to the airline industry, hotels are seeing a rise in customer satisfaction for a crucial business segment, as business traveler satisfaction now matches that of leisure guests.”

Upscale brands occupy the top of the category, with Marriott in the lead due to a 5% gain to a score of 82. Former number-one Hilton is unchanged at 80. Best Western, Hyatt and Starwood all move up 4% to slightly above-average scores of 78 to 79. For Best Western, the past five years have seen a substantial customer satisfaction advance, up 13% since 2008. At 72, budget-brand Wyndham trails the field in spite of a 3% improvement.

Guests give very high marks to hotels for ease of both check-in and making reservations, with staff courtesy and professionalism almost at the same level. Hotel food service, on the other hand, needs attention, with restaurants, room service and mini-bars deemed low in quality and high on price.

Full-Service Inches Ahead of Fast Food

For sit-down restaurants, there is little differentiation in customer satisfaction among the major chains with the industry’s ACSI benchmark inching up 1.3% to 81, just ahead of the fast food at 80. This is not bad for fast food, but probably too close for comfort for full-service restaurants. All chains display scores within the range of 81 to 83 with the exception of Chili’s at 78. Despite a 3% increase in customer satisfaction, Chili’s hasn’t narrowed the gap to its competitors.

Two Darden-owned brands top the full-service category with ACSI scores of 83: Olive Garden and Red Lobster. Olive Garden has improved 4% compared to a year ago. The prize for the greatest improvement goes to Applebee’s, up 6% to 82.

In fast food, Subway stays strong at 83 (+1%). Pizza makers Papa John’s and Little Caesar hold all but steady at 82, with Pizza Hut somewhat lower at 80 (+3%). Domino’s

years-long effort to reinvent its pizza appears to be paying off amid strong sales and a 5% ACSI increase.

Starbucks jumps 5% to match lower-price coffee rival Dunkin' Donuts at 80 (+1%), while the subordinate place in diner satisfaction belongs to burgers and tacos. Taco Bell drops 4% to 74. McDonald's stays in last place with a stable score of 73, but for MCD, the name of the game is not high levels of customer satisfaction—just good enough not to lose customers. KFC vaults from the bottom with an 8% increase to 81. For KFC, this may well be an artifact of statistical averages. The most dissatisfied customers appear to have deserted KFC, leaving a smaller number of reasonably satisfied customers behind.

Both sit-down and fast food restaurants do well on most aspects of the dining experience. Sit-down chains receive a top rating for order accuracy, but speed of table service has room for improvement. Fast food also gets its highest mark for accuracy—but at a step below the sit-down category. The same pattern holds for other benchmarks, including cleanliness, staff courtesy and food quality.

Consumer Shipping Does It Right

Customer satisfaction with package shipping (including both sending and receiving) recovers from a dip last year with a 2.4% improvement to an ACSI benchmark of 84. While most consumers rely on ground delivery for their shipping needs, those that use air are more satisfied (ACSI score of 86 compared to 80). Faster service more than makes up for the higher cost of air delivery for these users.

Both FedEx and UPS enjoy high levels of customer satisfaction. FedEx climbs 4% to an ACSI score of 85, just a point above UPS, up 4% to 84. Both carriers beat U.S. Postal Service Express/Priority Mail, which slides 5% to 77. The regular mail services of the U.S. Postal Service edge up by 2.7% to a new ACSI high of 77.

Customers rate all major elements of shipping service as top-notch, from speed of delivery to courtesy of staff. The industry gets superb ratings for delivery—including physical condition of packages and package tracking. While website satisfaction is a bit lower, it surpasses the ACSI average for all websites by a wide margin.

The full report is available for free download at www.theACSI.org. Follow the ACSI on Twitter at @theACSI and Like us on Facebook.

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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 analyzing customer satisfaction with more than 230 companies in 43 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 on 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 GDP 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.

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