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ACSI: Customer Satisfaction with E-Business Rebounds as Social Media, Search Engines and News Sites Improve

Pinterest Takes Social Media Lead; Facebook, Twitter and LinkedIn Improve but Lag Competitors; FOXNews.com Falls as USATODAY.com Gains

ANN ARBOR, Mich., (July 22, 2014) – Customer satisfaction with social media, search engines and online news and opinion websites is up, according to the E-Business Report released today by the American Customer Satisfaction Index (ACSI). The latest results reveal a 2.9 percent rise in user satisfaction with e-business websites to 73.4 on ACSI’s 100-point scale.

“Even with improvements across the board, e-business – and social media in particular – doesn’t do well in terms of user satisfaction,” says Claes Fornell, ACSI Chairman and founder. “It is rare to see strong growth in an industry with such low customer satisfaction. However, several of the major players seem to have realized that their long-term prospects may be in jeopardy unless they do better.”

Pleased Pinners Make Pinterest Number One in Social Media

Social media websites rank among the worst-performing companies tracked by the ACSI, but overall, social media has improved compared to a year ago. After climbing 4.4 percent to 71, social media is now the fourth lowest-scoring category in the ACSI, above only airlines (69), subscription TV (65) and Internet service providers (63).

Both Facebook and LinkedIn register higher satisfaction this year, but according to their own users, these sites are still the worst in the industry. Facebook gains 8 percent to 67, but the rise in satisfaction precedes the news that the social networking giant manipulated the news feeds of half a million users as part of a psychological experiment. LinkedIn also jumps 8 percent to an ACSI score of 67 – the site’s highest to date – but continues to lag all except Facebook. Twitter reaches a new high as well, up 6 percent to 69, as users respond positively to its updated site design and enhanced integration of photos and videos.

“Advertising continues to be a drag on the social media customer experience, but it is hard to tell if consumers are getting used to the advertising or if these companies have been able to offset disruption with tweaks to the rest of the experience,” says ACSI Director David VanAmburg. “I’m surprised at the movement at the bottom of the industry, but it remains to be seen if these scores can hold as social media continues to monetize its users.”

Consumers have a new favorite in social bookmarking site Pinterest, which climbs 6 percent to an ACSI score of 76. The site has made steady gains with pinners over the past three years, but

improved features and search functions now push Pinterest to the top of the social media category for the first time.

Meanwhile, user satisfaction with Wikipedia is down 5 percent to 74. The crowd-sourced encyclopedia aims to balance quality control measures with efforts to grow its supply of editors. Thus far, attempts to make participation easier for newcomers have not been well received by existing users. But even with the drop in user satisfaction, Wikipedia still outperforms most of the industry.

After a series of changes to its commenting system, YouTube rebounds 3 percent to 73, matching the average of all other social media sites such as Instagram, Reddit and Tumblr. Google+ is unchanged at 71 after dropping 9 percent a year ago, leveling out for its third birthday.

Google Asserts Commanding Lead Among Search Engines and Portals

Customer satisfaction with portals and search engines jumps 5.3 percent to 80, largely on the strength of the world's most popular search engine, Google, which surges 8 percent to an ACSI score of 83.

“A sharp increase in search engine advertising contributed to a drop in user satisfaction last year, but Google's latest change to the way ads are labeled, along with its focus on the mobile user experience, may be steps in the right direction,” says VanAmburg.

VanAmburg continues, “Google has some of the most satisfied customers in all of ACSI, and given its enormous lead in search engines, it is unlikely that the competition is going to dislodge Google's very loyal customer base.”

The other search engines and portals fall well below Google for user satisfaction. The combined score for smaller niche-like search engines is up 10 percent to 77, but still lags the leader. Google's larger competitors are even worse off. Bing falls 4 percent to 73 and ties MSN, which dips 1 percent. Meanwhile, Yahoo! drops 7 percent to 71, its lowest score yet. This is the third consecutive decline for Yahoo!, which outsourced much of its search engine to Microsoft's Bing four years ago. In last place, AOL slips a further 1 percent to 70.

Smaller News Websites Sweep Ahead of Mainstream Media

User satisfaction with news and opinion websites is up 1.4 percent to 74, driven by readership of sources outside mainstream media. Most of the largest media organizations register declines in online reader satisfaction. In contrast, the combined score for all other Internet news outlets jumps 7 percent to 77.

For the first time in five years, FOXNews.com no longer has the most satisfied readers. User satisfaction slipped 2 percent last year, but Fox remained far ahead of the field. This year, FOXNews.com dives 7 percent to 76.

Meanwhile, USATODAY.com gains 4 percent to 76 and ties FOXNews.com for the first time. USA TODAY has enhanced its digital platforms – including a revamped mobile website – and is the only major news outlet to improve online reader satisfaction. ABCNews.com slips to 74, followed by NYTimes.com at 73. CNN.com falls 4 percent to tie TheHuffingtonPost.com at the

bottom of the rankings (70), though a 1 percent uptick marks Huffington Post's first-ever improvement in user satisfaction.

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 throughout the year, with all measures reported on 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 GDP growth.

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