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**ACSI IMPROVES, BUT BUSY RETAILERS DROP IN CUSTOMER
SATISFACTION**

MILWAUKEE, February 22, 2000--Increased sales for the nation's retailers during the holiday season meant longer lines and less service for customers. Even though customer satisfaction improved for the economy as a whole in the American Customer Satisfaction Index (ACSI) fourth quarter update, busy retailers bucked the trend. Overall, ACSI went up by 1% to 72.8, but the retail sector of the economy dropped by 1.9%.

"Today's satisfied customer is tomorrow's revenue," says professor Claes Fornell of the University of Michigan Business School. "Those retailers that had record sales over the holiday season, but failed in satisfying customers will have a more difficult time convincing customers to come back. Even though consumer spending is very high right now, the January sales figures bore this out. Retailers with declining ACSI scores typically showed less of a sales increase compared with their competitors."

Included in the ACSI retail sector are department and discount stores (down 1.4%), fast food restaurant chains (unchanged), gas stations (down 3.8%), and supermarkets (up 1.4%). The declining ACSI scores for gas stations are mostly due to price increases of oil. The results indicate that buyers feel that they get less value for their money compared with a year ago. The fast food restaurant chains continue to provide their customers with less satisfaction than the national average. This is particularly true for the larger chains. Smaller chains are often on par with other industries and, in some cases, exceed them.

In the finance/insurance sector, ACSI scores for banks dropped by 2.9% during the past 12 months. Casualty and property insurance went up by 2.6%, whereas life insurance ACSI scores declined by 1.3%. Commercial banks continue their downward trend in ACSI. Customer satisfaction has dropped 8.1% since 1994. The improvements in supermarkets and casualty insurance plus the expanded coverage of the federal government are the major reasons for the increase in the overall ACSI. The results for the government, which included 30 federal agencies/departments, were released in December last year.

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“These results show the techniques for ensuring customer satisfaction in the service industries are not as mature or pervasively applied as they are in the manufactured goods sectors,” according to Jack West of ASQ, the American Society for Quality. “However, the dramatic differences among the measured companies within the service sectors provides ample evidence that customer satisfaction can be delivered by service industries. Companies that distinguish themselves by creating customer satisfaction will reap the rewards of repeat business while those that don’t will have to spend time and money luring new customers.”

The American Customer Satisfaction Index is the only uniform, cross-industry indicator in the United States that links the satisfaction of U.S. household customers with economic performance. The index measures the satisfaction of U.S. household customers with the goods and services available, whether produced in the U.S. or abroad. ACSI is an indicator of the quality of economic output, as experienced by the user of that output. It is produced through a partnership between the University of Michigan Business School, the American Society for Quality, and CFI Group, an international management consulting firm.

ACSI is updated on a rolling basis with one to three sectors of the economy measured each quarter.

All company scores are available on the following websites: <http://acsi.asq.org>, <http://www.bus.umich.edu>, and <http://www.cfigroup.com>.

Changes in ACSI 1994 - 1999¹

Sector/Industry	Baseline ²	1994	1995	1996	1997	1998	1999	% Chg '98-'99
Retail	75.7	73.6	74.6	73.2	70.8	74.7	73.3	-1.9
Department & Discount Stores	77	74	75	74	72	73	72	-1.4
Fast Food Restaurants	69	70	70	66	68	69	69	0.0
Gasoline Service Stations	78	80	77	78	78	79	76	-3.8
Supermarkets	76	74	75	74	73	73	74	+1.4
Finance/Insurance	75.4	74.8	74.1	74.5	74.6	74.4	73.9	-0.7
Commercial Banks	74	74	74	72	71	70	68	-2.9
Casualty/Property Insurance	82	76	75	77	77	77	79	+2.6
Life Insurance	81	75	74	75	76	77	76	-1.3

¹ STATISTICAL NOTE: For the national ACSI, a difference greater than +/- 0.3 points on a scale of 0-100 between any two years is greater than could be caused by sampling error at the 90% confidence level. For the retail sector, a difference of +/- 0.4 points is greater than could be caused by sampling error. For industries within the sector, on average, differences greater than +/- 0.9 are greater than could be caused by sampling error. In the finance/insurance sector the same numbers are +/-0.9 for the sector and +/- 1.5 for the industries within it. On average, differences in company ACSIs, or differences for the same company in different years, of 3 points are statistically significantly greater than could be caused by sampling error at the 90% confidence interval.

² Baseline measurement of all sectors/industries in the ACSI was conducted Summer 1994.

Company Scores By Year

			4th Qtr	% Change	% Change					
		Baseline	1994	1995	1996	1997	1998	1999	from last	from 1st
									year	year
RETAIL		75.7	73.6	74.6	73.2	70.8	74.7	73.3	-1.9%	-3.2%
	Department and Discount Stores	77	74	75	74	72	73	72	-1.4%	-6.5%
	Costco	NM	NM	NM	NM	NM	NM	79	0.0%	0.0%
	Nordstrom	84	81	83	82	80	79	76	-3.8%	-9.5%
	J.C. Penney Co.	79	76	77	78	75	75	75	0.0%	-5.1%
	Dayton-Hudson Corp-Discount	77	75	76	77	73	74	74	0.0%	-3.9%
	May Company	74	76	75	75	72	72	74	2.8%	0.0%
	All Others	76	72	72	74	71	71	73	2.8%	-3.9%
	Dayton-Hudson Corp-Department	NM	NM	76	74	72	74	72	-2.7%	-5.3%
	Wal-Mart Stores	80	80	81	74	76	75	72	-4.0%	-10.0%
	Sears, Roebuck & Co.	73	71	75	74	71	74	71	-4.1%	-2.7%
	AAFES	NM	NM	NM	69	69	68	70	2.9%	1.4%
	Dillard's	75	76	74	74	73	71	68	-4.2%	-9.3%
	Federated Department Stores	71	71	71	73	66	67	68	1.5%	-4.2%
	Kmart Corp.	74	70	72	72	68	71	67	-5.6%	-9.5%
	Supermarkets	76	74	75	74	73	73	74	1.4%	-2.6%
	PUBLIX Supermarkets	82	81	82	80	79	79	82	3.8%	0.0%
	Wal-Mart Stores (Sam's Club)	NM	NM	NM	75	72	75	78	4.0%	4.0%
	SUPERVALU	77	77	77	75	74	77	75	-2.6%	-2.6%
	Kroger Co.	78	76	76	74	74	73	74	1.4%	-5.1%
	Albertson's	75	74	77	77	72	70	73	4.3%	-2.7%
	Safeway	72	72	73	73	70	71	72	1.4%	0.0%
	All Others	76	74	75	72	73	72	71	-1.4%	-6.6%
	Food Lion	78	76	76	73	73	73	71	-2.7%	-9.0%
	Winn-Dixie Stores	76	74	75	75	74	74	71	-4.1%	-6.6%
	Restaurants-fastfood-pizza-carry out	69	70	70	66	68	69	69	0.0%	0.0%
	Papa John's	NM	NM	NM	NM	NM	NM	76	0.0%	0.0%
	All Others	73	75	74	75	73	74	74	0.0%	1.4%
	Wendy's International	72	71	73	71	69	73	71	-2.7%	-1.4%
	Pizza Hut	69	69	66	63	71	71	68	-4.2%	-1.4%
	Domino's Pizza	67	67	70	68	68	70	67	-4.3%	0.0%
	Burger King Corp.	66	66	65	67	68	64	66	3.1%	0.0%
	KFC	67	69	68	69	67	64	64	0.0%	-4.5%
	Taco Bell	66	65	66	66	67	64	64	0.0%	-3.0%
	McDonald's Corp.	63	65	63	60	60	61	61	0.0%	-3.2%
	Gas-service stations	78	80	77	78	78	79	76	-3.8%	-2.6%
	Exxon Mobil Corp.	78	80	79	78	82	80	77	-3.8%	-1.3%
	All Others	76	80	76	77	76	77	76	-1.3%	0.0%
	BP Amoco	81	81	80	79	80	83	76	-8.4%	-6.2%
	Chevron Corp	78	81	78	77	81	81	76	-6.2%	-2.6%
	Shell Oil Corp.	80	80	77	81	79	78	75	-3.8%	-6.3%
	Texaco	78	80	82	77	80	81	75	-7.4%	-3.8%
	FINANCIAL SERVICES	75.4	74.8	74.1	74.5	74.6	74.4	73.9	-0.7%	-2.0%
	Banks	74	74	74	72	71	70	68	-2.9%	-8.1%
	All Others	75	76	77	77	74	73	70	-4.1%	-6.7%
	First Union Corp	76	75	73	71	74	68	68	0.0%	-10.5%
	Banc One Corp	77	75	74	69	70	68	66	-2.9%	-14.3%
	Wells Fargo & Co	71	69	71	65	62	67	65	-3.0%	-8.5%
	BankAmerica Corp	72	68	67	65	61	62	61	-1.6%	-15.3%
	Life Insurance	81	75	74	75	76	77	76	-1.3%	-6.2%
	Northwest Mutual Life Insurance Co.	NM	NM	NM	NM	NM	NM	79	0.0%	0.0%
	All Others	84	76	74	77	77	78	78	0.0%	-7.1%
	New York Life Insurance Co	NM	NM	NM	75	75	74	78	5.4%	4.0%
	Metropolitan Life Insurance Co	78	74	73	74	75	76	73	-3.9%	-6.4%
	Prudential Insurance Co	72	76	74	68	70	71	69	-2.8%	-4.2%
	Personal Property Insurance	82	76	75	77	77	77	79	2.6%	-3.7%
	All Others	84	76	75	78	77	78	80	2.6%	-4.8%
	State Farm Insurance	78	78	79	77	78	78	78	0.0%	0.0%
	Farmers Group	76	73	71	72	71	72	75	4.2%	-1.3%
	Allstate Insurance Group	74	75	73	74	71	73	73	0.0%	-1.4%

ACSI: National Scores 1994 – 1999

