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**THE AMERICAN CUSTOMER SATISFACTION INDEX: RETAIL
DOWN, FINANCE UP**

MILWAUKEE, February 20, 2001--Due to an increase in customer satisfaction in the finance sector and a decline in retail, the American Customer Satisfaction Index (ACSI) remained virtually unchanged for 2000. The year started at a score of 72.6 and ended with 72.5. Since measurement began in 1994, ACSI dropped 5% until 1997. Since then, customer satisfaction has been on an upward trajectory, with an improvement of 3%. It is too early to tell whether the upward trend now has been broken, but household customer satisfaction with the nation's output of goods and services remained flat in 2000.

"Even though ACSI was about the same at the end of the year as it was in the beginning, ACSI dropped the last quarter. Declining customer satisfaction, coupled with the fact that household debt is very high, does not encourage consumer spending. This may be problematic as the economy slows," says Professor Claes Fornell of the University of Michigan Business School.

Currently, the retail sector index is off slightly from 73.3 to 72.9 (-0.5%) compared to one year ago, with the department and discount store industry unchanged, fast food restaurants up slightly, and supermarkets and gasoline service stations also off slightly. The finance/insurance sector is up marginally from 73.9 to 74.4 (+0.7%) with banks gaining, property/casualty insurance unchanged, and life insurance down, but not by much.

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Dillard's accounts for the largest increase in ACSI among the department stores – from 68 to 72, an improvement of 6%. This is the first time Dillard's has seen an increase of this magnitude - an increase that is also evident in its stock price. May Company and Costco get lower scores, although Costco still enjoys the highest customer satisfaction in the industry.

“For department store shoppers, Costco and Nordstrom are tops in satisfying the value equation, but in very different ways. You'd never walk into a Costco store and confuse it with a Nordstrom's, and vice versa,” said Jack West of ASQ. “Their customer and quality strategies are so different. Yet they both claim the top spots for customer satisfaction among retailers. This illustrates that quality is clearly based on customers' perception of value and that there is no single formula for satisfaction--rather, it is the result of completely understanding the customer's expectations and having systems in place that satisfy those expectations.”

PUBLIX has dominated the supermarket industry in satisfaction since the inception of ACSI but a strong gain by Safeway from 72 to 76 (+5.6%), coupled with a drop in PUBLIX's score (-6.1%) leaves PUBLIX a (statistically insignificant) 1 point ahead of Safeway.

Fast food and pizza restaurants and carryouts are among the industries that do not score high in ACSI. However, Papa John's demonstrates that it is possible to have high levels of customer satisfaction in the fast food industry. With a score of 77, it is not only well above the national average for all industries, it is much above the average of its industry. McDonald's is at the other end of the spectrum with a score of 59.

A slight decline in satisfaction with gasoline stations may be attributed to higher prices, although most of the impact of sticker shock came last year. Nevertheless, this industry has the highest score in the retail sector, but no company can claim a leadership position in customer satisfaction. The difference between the highest and lowest scoring oil company is a mere 2 points on the 100-point ACSI scale.

Bank mergers do not seem to cause as many consumer service problems as they did some time ago. The banking industry is up 2.9% and one of the multiple merger banks, Bank One, has increased its score by more than 6%. Bank One includes First Chicago which, before the acquisition by Bank One, had merged with NBD/National Bank of Detroit. In addition, both Wells Fargo and Bank of America show ACSI gains.

ACSI, produced by a partnership of the University of Michigan Business School, ASQ (American Society for Quality), and CFI Group, is updated on a rolling basis with new measures for two sectors of the economy replacing data from the prior year.

Changes in ACSI 1994 - 2000

Sector/Industry	Base-line ¹	1994	1995	1996	1997	1998	1999	2000	% Chg '99-'00
Retail	75.7	73.6	74.6	73.2	70.8	74.7	73.3	72.9	-0.5
Department & Discount Stores	77	74	75	74	72	73	72	72	0.0
Fast Food Restaurants	69	70	70	66	68	69	69	70	+1.4
Gasoline Service Stations	78	NM	80	77	78	79	76	75	-1.3
Supermarkets	76	74	75	74	73	73	74	73	-1.4
Finance/ Insurance	75.4	74.8	74.1	74.5	74.6	74.4	73.9	74.4	+0.7
Commercial Banks	74	74	74	72	71	70	68	70	+2.9
Casualty/ Property Insurance	82	76	75	77	77	77	79	79	0.0
Life Insurance	81	75	74	75	76	77	76	75	-1.3

NM = Not measured

¹ Baseline measurement of all sectors/industries in the ACSI was conducted summer 1994.

Company Scores by Year										
Sector/Industry	Base-line ²	1994	1995	1996	1997	1998	1999	2000	% chg last year	% chg from 1 st yr
Retail	75.7	73.6	74.6	73.2	70.8	74.7	73.3	72.9	-0.5	-3.7
Department & Discount Stores	77	74	75	74	72	73	72	72	0.0	-6.5
Costco	NM	NM	NM	NM	NM	NM	79	77	-2.5	-2.5
Nordstrom	84	81	83	82	80	79	76	76	0.0	-9.5
J.C. Penney	79	76	77	78	75	75	75	74	-1.3	-6.3
Target-Discount	77	75	76	77	73	74	74	73	-1.4	-5.2
Sears Roebuck	73	71	75	74	71	74	71	73	+2.8	0.0
Wal-Mart	80	80	81	74	76	75	72	73	+1.4	-8.8
Target-Department	NM	NM	76	74	72	74	72	72	0.0	-5.3
Dillard's	75	76	74	74	73	71	68	72	+5.9	-4.0
May	74	76	75	75	72	72	74	72	-2.7	-2.7
Army Air Force Exchange	NM	NM	NM	69	69	68	70	70	0.0	+1.4
All others	76	72	72	74	71	71	73	70	-4.1	-7.9
Federated	71	71	71	73	66	67	68	69	+1.5	-2.8
Kmart	74	70	72	72	68	71	67	67	0.0	-9.5
Supermarkets	76	74	75	74	73	73	74	73	-1.4	-3.9
PUBLIX	82	81	82	80	79	79	82	77	-6.1	-6.1
Safeway	72	72	73	73	70	71	72	76	+5.6	+5.6
SUPERVALU	77	77	77	75	74	77	75	75	0.0	-2.6
All others	76	74	75	72	73	72	71	74	+4.2	-2.6
Wal-Mart (Sam's Club)	NM	NM	NM	75	72	75	78	74	-5.1	-1.3
Winn-Dixie	76	74	75	75	74	74	71	74	+4.2	-2.6
Food Lion	78	76	76	73	73	73	71	73	+2.8	-6.4
Kroger	78	76	76	74	74	73	74	71	-4.1	-9.0
Albertson's	75	74	77	77	72	70	73	70	-4.1	-6.7

STATISTICAL NOTE: For the national ACSI, differences of 0.3 points or greater between years are statistically significant at the 90% confidence level. For individual companies, differences of 3.0 points or greater are significant.

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

Company Scores by Year, continued										
Sector/Industry	Base-line	1994	1995	1996	1997	1998	1999	2000	% chg last year	% chg from 1st yr
Fast Food/Pizza Restaurants	69	70	70	66	68	69	69	70	+1.4	+1.4
Papa John's	NM	NM	NM	NM	NM	NM	76	77	+1.3	+1.3
All others	73	75	74	75	73	74	74	72	-2.7	-1.4
Pizza Hut	69	69	66	63	71	71	68	70	+2.9	+1.4
Wendy's	72	71	73	71	69	73	71	70	-1.4	-2.8
Domino's	67	67	70	68	68	70	67	69	+3.0	+3.0
Little Caesar	72	70	69	69	73	71	NM	69	NA	-4.2
Burger King	66	66	65	67	68	64	66	67	+1.5	+1.5
KFC	67	69	68	69	67	64	64	65	+1.6	-3.0
Taco Bell	66	65	66	66	67	64	64	63	-1.6	-4.5
McDonald's	63	65	63	60	60	61	61	59	-3.3	-6.3
Gasoline Service Stations	78	NM	80	77	78	79	76	75	-1.3	-3.8
Shell	80	NM	80	77	81	78	75	77	+2.7	-3.8
BP Amoco	81	NM	81	80	79	83	76	76	0.0	-6.2
Chevron	78	NM	81	78	77	81	76	76	0.0	-2.6
All others	76	NM	80	76	77	77	76	75	-1.3	-1.3
Exxon Mobil	78	NM	80	79	78	80	77	75	-2.6	-3.8
Texaco	78	NM	80	82	77	81	75	75	0.0	-3.8

Company Scores by Year, continued										
Sector/Industry	Base-line	1994	1995	1996	1997	1998	1999	2000	% chg last year	% chg from 1st yr
Finance/ Insurance	75.4	74.8	74.1	74.5	74.6	74.4	73.9	74.4	+0.7	-1.3
Banks	74	74	74	72	71	70	68	70	+2.9	-5.4
All others	75	76	77	77	74	73	70	72	+2.9	-4.0
BANK ONE	77	75	74	69	70	68	66	70	+6.1	-9.1
PNC	NM	NM	NM	69	69	66	NM	67	NA	-2.9
Wells Fargo	71	69	71	65	62	67	65	67	+3.1	-5.6
First Union	76	75	73	71	74	68	68	66	-2.9	-13.2
Bank of America	72	68	67	65	61	62	61	63	+3.3	-12.5
Life Insurance	81	75	74	75	76	77	76	75	-1.3	-7.4
Northwestern Mutual	NM	NM	NM	NM	NM	NM	79	80	+1.3	+1.3
All others	84	76	74	77	77	78	78	76	-2.6	-9.5
New York Life	NM	NM	NM	75	75	74	78	73	-6.4	-2.7
Metropolitan Life	78	74	73	74	75	76	73	72	-1.4	-7.7
Prudential	72	76	74	68	70	71	69	71	+2.9	-1.4
Property & Casualty Insurance	82	76	75	77	77	77	79	79	0.0	-3.7
All others	84	76	75	78	77	78	80	79	-1.3	-6.0
State Farm	78	78	79	77	78	78	78	79	+1.3	+1.3
Allstate	74	75	73	74	71	73	73	75	+2.7	+1.4
Farmers Group	76	73	71	72	71	72	75	73	-2.7	-3.9

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