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**AMERICAN CUSTOMER SATISFACTION INDEX RELEASES REPORT ON
RETAIL, FINANCE AND E-COMMERCE:**
Satisfaction Rose Sharply Last Quarter.

MILWAUKEE, February 19, 2002 --- Customer satisfaction with the quality of goods and services available to American consumers in the retail, finance and e-commerce sectors rose during the final quarter of 2001, offsetting a drop that began in late 2000.

The American Customer Satisfaction Index (ACSI), which had declined for four straight quarters, climbed to 72.6 (out of a possible 100)---a 0.8 percent increase and the third-highest quarterly improvement ever.

Claes Fornell, professor of business and director of the University of Michigan Business School's National Quality Research Center, which compiles and analyzes the ACSI data, says that this bodes well for the economy.

"As customers become more satisfied with the nation's output of goods and services, they tend to increase their spending," he says. "Corporate revenues from repeat business tend to grow, as well. Since profits for most companies depend much more on repeat customers than on new customers and because consumer spending is so central to economic growth, the latest ACSI numbers are encouraging."

While ACSI scores for about 80 percent of the companies measured in the current report either improved or remained unchanged, individual company behavior cannot entirely explain the combined breadth and depth of ACSI growth, Fornell says.

Falling interest rates, lower prices during the holiday season, increased emphasis on customer service by slumping companies, and improvement in the buyer-seller relationship due to Sept. 11 and its aftermath are underlying forces that probably have contributed to the overall ACSI increase, he says.

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All three sectors---retail, finance and e-commerce---that were updated in the 4th quarter of 2001 have customer satisfaction scores higher than the overall national ACSI.

Retail, which includes department and discount stores, specialty retail stores, supermarkets, fast-food restaurants and gasoline service stations, has a score of 75; financial services, which includes banks, life insurance and personal property insurance companies, came in at 76; and e-commerce, which includes Web portals, retail, auction services and brokerage services, registered a mark of 73.

Department and discount stores accounted for the largest increase (4 percent) in the retail sector, with Target scoring the highest at 77, followed by Nordstrom and Sears, each with a score of 76. Federated Department Stores brought up the rear, with a score of 69.

"Deep discounting by most retailers was a contributing factor to the boost in customer satisfaction, particularly for Sears, Target, Dillard's, May and, most prominently, Kmart," Fornell says. "Customer satisfaction based on low price is often fragile and highly dependent on the company's cost structure and price concessions from suppliers.

"While Kmart, which recently filed for bankruptcy protection, may suffer the ultimate consequence from improving too little, too late and with price as a primary weapon, it did improve quality as well, but this improvement was dwarfed by reductions in price."

Among specialty stores, Sam's Club scored 78 and Costco came in at 76.

"The major wholesale clubs continue to be highly regarded for consistently meeting customer expectations," says Jack West, past president of the American Society for Quality (ASQ).

The highest score (81) of any company in the retail sector belongs to PUBLIX Super Markets, which has finished first in customer satisfaction among supermarkets every year since the ACSI began in 1994.

Once again, the fast-food industry, as a whole, remains at the bottom of the retail sector in customer satisfaction. Papa John's, with a score of 78, is the only fast-food company that consistently beats the retail sector average, while McDonald's finished last among all retail companies---fast-food restaurants and otherwise---for the 8th year in a row.

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"Papa John's has been the highest-scoring firm in its class since its inclusion in the ACSI in 1999," Fornell says. "The company recently developed an online ordering system, making it the first pizza chain to offer nationwide online ordering. Driven by a focus on quality control and high customer satisfaction, Papa John's has supplanted Little Caesar's as the nation's #3 pizza maker."

On the other hand, McDonald's remains at the bottom of the fast-food industry, although its score improved 5 percent (from 59 to 62) over last year.

"The greatest weakness for McDonald's is service quality," West says. "People go to McDonald's for a combination of fast service, consistent products, low price and convenience. Obviously, McDonald's is not consistently meeting those expectations."

Among financial services, most banks and insurance companies improved their ACSI scores, with Wachovia (up 9 percent to 72) and Bank of America (up 8 percent to 68) making the biggest strides, in spite of their involvement in recent mergers. Bank One, on the other hand, saw its score drop to 66, down 6 percent from a year ago and 12 percent since 1994.

In the insurance industry, while the smaller firms still lead in customer satisfaction, Northwestern Mutual (78), New York Life (77) and Prudential (76) all continue to rank high among life insurance companies. State Farm (79) and Allstate (76) remain at the top among large personal property insurance firms when it comes to satisfying customers.

Finally, the ACSI measured customer satisfaction among e-commerce companies, with Amazon.com again posting the highest score (84) and Barnesandnoble.com (82) and eBay (82) not far behind. The biggest improvement was made by 1-800-Flowers.com, which jumped 10 percent from 69 to 76.

"These numbers bode well for a new dawn in e-commerce," says Larry Freed, CEO of ForeSee Results, which measures Web customers' satisfaction and forecasts customer behavior. "The numbers for these e-commerce leaders show that attracting and retaining customers, not fads and gimmicks, are taking over e-commerce thinking. These companies are showing the way for the second era of the Internet."

While the numbers provide cause for optimism for e-commerce and the economy at large, Freed says that the competition is going to get tougher.

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"The companies that can really stay on top of what matters to Web customers and what doesn't will be the winners," he says. "With traditional retail showing increased customer satisfaction and more experienced companies dominating the Web, e-tailers will face stiffer competition on both fronts."

Despite a 4-percent increase, America Online once again posted the lowest mark (58) among e-commerce companies. According to Freed, AOL's score is representative of a common struggle among portal companies---not quite knowing what to give customers who still do not know exactly what they want from portals.

The ACSI is a national economic indicator of customer evaluations of the quality of goods and services available to household consumers in the United States. It is updated each quarter with new measures for different sectors of the economy replacing data from the prior year.

The index is produced by a partnership of the U-M Business School, American Society for Quality and CFI Group, and supported in part by ForeSee Results, e-commerce corporate sponsor, and Market Strategies Inc., a major corporate contributor.

Company scores and other information about the ACSI can be found on the new ACSI Web site: www.theacsi.org.

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ACSI Over Time													
	National ACSI = 72.6, up from 72.0 in Q3 2001											% Change from last year	% Change from 1st year
	Baseline	1994	1995	1996	1997	1998	1999	2000	2001	74.8			
RETAIL	75.7	73.6	74.6	73.2	70.8	74.7	73.3	72.9			2.6%	-1.2%	
Department and Discount Stores	77	74	75	74	72	73	72	72	75		4.2%	-2.6%	
Target Corporation-Discount	77	75	76	77	73	74	74	73	77		5.5%	0.0%	
Nordstrom, Inc.	84	81	83	82	80	79	76	76	76		0.0%	-9.5%	
Sears, Roebuck & Company	73	71	75	74	71	74	71	73	76		4.1%	4.1%	
All Others	76	72	72	74	71	71	73	70	75		7.1%	-1.3%	
Dillard's, Inc.	75	76	74	74	73	71	68	72	75		4.2%	0.0%	
J.C. Penney Company, Inc.	79	76	77	78	75	75	75	74	75		1.4%	-5.1%	
The May Department Stores Company	74	76	75	75	72	72	74	72	75		4.2%	1.4%	
Wal-Mart Stores, Inc.	80	80	81	74	76	75	72	73	75		2.7%	-6.3%	
AAFES	NM	NM	NM	69	69	68	70	70	74		5.7%	7.2%	
Kmart Corporation	74	70	72	72	68	71	67	67	74		10.4%	0.0%	
Target Corporation-Department	NM	NM	76	74	72	74	72	72	74		2.8%	-2.6%	
Federated Department Stores, Inc.	71	71	71	73	66	67	68	69	69		0.0%	-2.8%	
Specialty Retail Stores	NM	NM	NM	NM	NM	NM	NM	NM	73		NA	NA	
Wal-Mart Stores, Inc. (Sam's Club)	NM	NM	NM	75	72	75	78	74	78		5.4%	4.0%	
Costco Wholesale Corporation	NM	NM	NM	NM	NM	NM	79	77	76		-1.3%	-3.8%	
Lowe's Companies, Inc.	NM	NM	NM	NM	NM	NM	NM	NM	75		NA	NA	
The Home Depot, Inc.	NM	NM	NM	NM	NM	NM	NM	NM	75		NA	NA	
All Others	NM	NM	NM	NM	NM	NM	NM	NM	72		NA	NA	
Supermarkets	76	74	75	74	73	73	74	73	75		2.7%	-1.3%	
PUBLIX Super Markets, Inc.	82	81	82	80	79	79	82	77	81		5.2%	-1.2%	
SUPERVALU, Inc.	77	77	77	75	74	77	75	75	76		1.3%	-1.3%	
Safeway, Inc.	72	72	73	73	70	71	72	76	75		-1.3%	4.2%	
The Kroger Company	78	76	76	74	74	73	74	71	75		5.6%	-3.8%	
All Others	76	74	75	72	73	72	71	74	73		-1.4%	-3.9%	
Albertson's, Inc.	75	74	77	77	72	70	73	70	72		2.9%	-4.0%	
Winn-Dixie Stores, Inc.	76	74	75	75	74	74	71	74	72		-2.7%	-5.3%	
Restaurants-fastfood-pizza-carry out	69	70	70	66	68	69	69	70	71		1.4%	2.9%	
Papa John's International, Inc.	NM	NM	NM	NM	NM	NM	76	77	78		1.3%	2.6%	
All Others	73	75	74	75	73	74	74	72	73		1.4%	0.0%	
Domino's Pizza, Inc.	67	67	70	68	68	70	67	69	73		5.8%	9.0%	
Wendy's International, Inc.	72	71	73	71	69	73	71	70	72		2.9%	0.0%	
Pizza Hut, Inc. (TRICON Global Restaurants, Inc.)	69	69	66	63	71	71	68	70	71		1.4%	2.9%	
Little Caesar Enterprises, Inc.	72	70	69	69	73	71	NM	69	70		1.4%	-2.8%	
Taco Bell Corporation (TRICON Global Restaurants, Inc.)	66	65	66	66	67	64	64	63	66		4.8%	0.0%	
Burger King Corporation (Diageo PLC)	66	66	65	67	68	64	66	67	65		-3.0%	-1.5%	
KFC (Kentucky Fried Chicken) (TRICON Global Restaurants, Inc.)	67	69	68	69	67	64	64	65	63		-3.1%	-6.0%	
McDonald's Corporation	63	65	63	60	60	61	61	59	62		5.1%	-1.6%	
Gasoline Service Stations	78	NM	80	77	78	79	76	75	77		2.7%	-1.3%	
FINANCIAL SERVICES	75.4	74.8	74.1	74.5	74.6	74.4	73.9	74.4	75.9		2.0%	0.7%	
Banks	74	74	74	72	71	70	68	70	72		2.9%	-2.7%	
All Others	75	76	77	77	74	73	70	72	74		2.8%	-1.3%	
Wachovia Corporation	76	75	73	71	74	68	68	66	72		9.1%	-5.3%	
Bank of America Corporation	72	68	67	65	61	62	61	63	68		7.9%	-5.6%	
BANK ONE Corporation	77	75	74	69	70	68	66	70	66		-5.7%	-14.3%	
Wells Fargo & Company	71	69	71	65	62	67	65	67	66		-1.5%	-7.0%	
Life Insurance	81	75	74	75	76	77	76	75	78		4.0%	-3.7%	
All Others	84	76	74	77	77	78	78	76	80		5.3%	-4.8%	
Northwestern Mutual	NM	NM	NM	NM	NM	NM	79	80	78		-2.5%	-1.3%	
New York Life Insurance Company	NM	NM	NM	75	75	74	78	73	77		5.5%	2.7%	
Prudential Insurance Company of America	72	76	74	68	70	71	69	71	76		7.0%	5.6%	
Metropolitan Life Insurance Company	78	74	73	74	75	76	73	72	74		2.8%	-5.1%	
Personal Property Insurance	82	76	75	77	77	77	79	79	79		0.0%	-3.7%	
All Others	84	76	75	78	77	78	80	79	79		0.0%	-6.0%	
State Farm Insurance Companies	78	78	79	77	78	78	78	79	79		0.0%	1.3%	
The Allstate Corporation	74	75	73	74	71	73	73	75	76		1.3%	2.7%	
Farmers Group, Inc.	76	73	71	72	71	72	75	73	73		0.0%	-3.9%	
E-COMMERCE	NM	NM	NM	NM	NM	NM	NM	73.2	72.9		-0.4%	-0.4%	
Portals	NM	NM	NM	NM	NM	NM	NM	63	65		3.2%	3.2%	
Yahoo! Inc.	NM	NM	NM	NM	NM	NM	NM	74	73		-1.4%	-1.4%	
All Others	NM	NM	NM	NM	NM	NM	NM	67	72		7.5%	7.5%	
MSN (Microsoft Corporation)	NM	NM	NM	NM	NM	NM	NM	71	67		-5.6%	-5.6%	
America Online, Inc.	NM	NM	NM	NM	NM	NM	NM	56	58		3.6%	3.6%	
Retail	NM	NM	NM	NM	NM	NM	NM	78	77		-1.3%	-1.3%	
Amazon.com, Inc.	NM	NM	NM	NM	NM	NM	NM	84	84		0.0%	0.0%	
Barnes&noble.com	NM	NM	NM	NM	NM	NM	NM	77	82		6.5%	6.5%	
Buy.com, Inc.	NM	NM	NM	NM	NM	NM	NM	78	78		0.0%	0.0%	
1-800-Flowers.com, Inc.	NM	NM	NM	NM	NM	NM	NM	69	76		10.1%	10.1%	
All Others	NM	NM	NM	NM	NM	NM	NM	77	75		-2.6%	-2.6%	
Auction/Reverse Auction	NM	NM	NM	NM	NM	NM	NM	72	74		2.8%	2.8%	
e-Bay, Inc.	NM	NM	NM	NM	NM	NM	NM	80	82		2.5%	2.5%	
All Others	NM	NM	NM	NM	NM	NM	NM	73	75		2.7%	2.7%	
Priceline.com, Inc.	NM	NM	NM	NM	NM	NM	NM	66	69		4.5%	4.5%	
uBid, Inc.	NM	NM	NM	NM	NM	NM	NM	67	69		3.0%	3.0%	
Brokerage	NM	NM	NM	NM	NM	NM	NM	72	69		-4.2%	-4.2%	
Charles Schwab & Co., Inc.	NM	NM	NM	NM	NM	NM	NM	76	72		-5.3%	-5.3%	
E*TRADE Securities, Inc.	NM	NM	NM	NM	NM	NM	NM	66	66		0.0%	0.0%	
All Others	NM	NM	NM	NM	NM	NM	NM	70	65		-7.1%	-7.1%	

ACSI National Scores 1994 – Q4 2001

