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**CUSTOMER SATISFACTION REBOUNDS SHARPLY, IN SPITE OF
SLOW ECONOMY**

MILWAUKEE, May 21, 2003---Despite America's sluggish economy, customer satisfaction surged last quarter, according to the American Customer Satisfaction Index (ACSI), a leading indicator of consumer spending.

Following a drop at the end of last year, the ACSI climbed 1.2 percent in the first quarter of 2003 and now stands at 73.8 (on a 100-point scale).

"Sharp increases in aggregate customer satisfaction are unusual," said Prof. Claes Fornell, director of the University of Michigan Business School's National Quality Research Center, which compiles and analyzes the ACSI data. "In prior instances, both consumer spending and economic growth surged around the same time.

"To the extent that customer utility, or satisfaction, is the real standard for economic growth, the first-quarter results bode well for the economy. The satisfied customer is more likely to come back for more, buy more frequently and be less sensitive to price---actions and attitudes that, in the aggregate, boost spending."

In fact, Fornell predicts that, barring any unforeseen events, consumer spending should increase by as much as 3.8 percent in the second quarter, coming on the heels of last quarter's improvement in the ACSI.

Except for the U.S. Postal Service, none of the 11 industries measured by the ACSI during the first quarter showed a decline in customer satisfaction with the quality of their products and services, Fornell says. Customer satisfaction rose for airlines, telecommunications, hotels, hospitals, broadcasting, newspapers and motion pictures, and remained unchanged for energy utilities, parcel delivery and cable television.

Moreover, two-thirds of the companies whose ACSI scores were updated this time either improved or remained the same. Even several firms that have faced financial difficulties, accounting issues or serious customer service problems showed dramatic improvement in customer satisfaction.

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For the second straight year, customer satisfaction with the airlines improved and the industry's ACSI score of 67 is now at its highest mark since 1997. Once again, Southwest Airlines posted the best airline company score (75), followed by Continental (68), Delta (67) and American (67), whose score jumped 6 percent.

"In view of the weakening demand and the financial woes facing most airlines, the improvement in passenger satisfaction may come as a surprise to some, but it is quite consistent with what one would expect," Fornell said. "Companies confronted by falling revenues, and low job-security for employees as a result, are compelled to try harder. Moreover, they have fewer remaining customers to serve, and under such circumstances, customer satisfaction often improves. In fact, the whole air-travel system seems to be working better because it has contracted to traffic levels that are more manageable."

Like the airlines, the telecommunications industry improved its ACSI score for a second consecutive year and now stands at 72. AT&T's mark of 76 bested the industry, with BellSouth (74), Verizon (74) and Sprint (72) not far behind. Qwest, whose score increased 11 percent, is still at the bottom, scoring 62.

According to Jack West, past president of the American Society for Quality, a co-sponsor of the ACSI, Qwest should be encouraged by its gain in customer satisfaction after eight straight years of declining ACSI scores.

"After years of accounting scandals, customer service problems and seeing its ACSI score drop from a baseline of 77 in 1994 to a low of 56 last year, it's a positive sign for Qwest that the downward trend is reversed this year," West said. "Whether it signals a change in fortunes remains to be seen, but its efforts to improve customer service are clearly paying off."

Although their overall industry score (73) did not change, many energy utilities improved their company customer satisfaction scores, including a 14-percent gain by Pacific Gas & Electric (to a still-industry low 66), a 7-percent increase by PacifiCorp (to 76) and a 6-percent rise by DTE Energy (to 72). For the fourth year in a row, the Southern Company had the highest utilities score (82), followed closely by PPL Corp. (80) and CMS Energy (78).

"While the overall ACSI was flat for energy utilities, renewed attention to the effective delivery of service to core customers should result in increased customer satisfaction during 2003," said utilities expert Andrew Morrison, president of Market Strategies Inc. "This assumes no major changes in electric or natural gas rates, and a determination by the industry's senior managers to focus on customer satisfaction and operating excellence."

Like the energy utilities sector, the parcel delivery/express mail and cable/satellite television industries registered no change in their overall customer satisfaction scores. Parcel delivery, which consistently ranks among the highest-scoring industries in the ACSI, scored 79, while the cable companies came in at 61.

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“The scores for cable TV remain dismal. No other industry in the ACSI has lower scores,” Fornell said. “Comcast and Charter Communications both score 55, which is lower than the Internal Revenue Service. That doesn’t mean that people enjoy paying taxes more than they do watching cable TV, but in the context of what these organizations do, the IRS offers more satisfactory assistance and, unlike the cable companies, the IRS has no ‘price’ to increase.”

Fornell says that satellite TV companies enjoy higher satisfaction scores (DIRECTV: 72, EchoStar: 71) than cable companies, but that the local monopoly power enjoyed by the latter (along with additional offerings, such as video-on-demand, Internet access and local stations) has prevented mass defections of cable customers.

ACSI scores for other industries measured last quarter include: broadcast television networks (up nearly 5 percent to a mark of 68); hospitals (up 4 percent to 73); hotels (up 3 percent to 73); newspapers (up 2 percent to 64); motion pictures (up 1 percent to 71); and the U.S. Postal Service (down 1 percent to 72).

The ACSI is a national economic indicator of customer evaluations of the quality of products and services available in the United States. It is updated quarterly with new measures for different sectors of the economy replacing data from the prior year. The overall ACSI score for a given quarter factors in scores from more than 200 companies in 38 industries and from government agencies over the previous four quarters.

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

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

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