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CUSTOMER SATISFACTION HOLDS STEADY

MILWAUKEE, August 20, 2003---Customer satisfaction, which has ticked steadily upward for the past two years, remained constant last quarter, according to the American Customer Satisfaction Index (ACSI).

Following a first-quarter surge of 1.2 percent to a score of 73.8 (on a 100-point scale), the ACSI---a leading indicator of consumer spending---was unchanged for the second quarter.

“Although a climb may be preferred over a stable index, the ACSI improvements over the past 21 months cannot be dismissed by a three-month halt,” said Professor Claes Fornell, director of the University of Michigan Business School’s National Quality Research Center, which compiles and analyzes the ACSI data. “From the perspective of the economy’s capability to generate buyer satisfaction, the outlook must be viewed as moderately encouraging.”

While the ACSI closely predicted the increase in consumer spending for the second quarter (3.8 percent versus the Bureau of Economic Analysis’s preliminary estimate of 3.3 percent), Fornell says that forecasting spending growth for the third quarter is a bit tricky.

“If one believes that we are in a recession, the ACSI equations suggest a growth of 2.6 percent; if not, the prediction comes out to 3.9 percent,” he said. “Since the National Bureau of Economic Research is somewhat vague on exactly where the economy stands at the moment, perhaps a reasonable forecast would simply be the average---3.3 percent.”

During the second quarter, only one of the industries measured by the ACSI showed a decline in customer satisfaction with the quality of their products and services, Fornell says. Satisfaction fell slightly overall for household appliances, but remained the same for automobiles

- more -

ACSI, page 2

while improving for personal computers, consumer electronics and Internet e-business (Web portals, search engines and news sites).

Although the ACSI score for the household appliance industry dropped a point to 81, it is still nearly 10 percent higher than the aggregate ACSI for all industries. Kenmore, the most popular brand, topped the industry with a score of 84, followed closely by Whirlpool (82), General Electric (81) and Maytag (81).

For the fourth consecutive year, the auto industry matched its ACSI record score of 80. Among individual car companies, however, there are several significant changes, Fornell says.

Hyundai, he notes, continues its impressive climb in customer satisfaction from an industry-low score of 68 in 1999 to a mark of 81 this year---a 19 percent increase. Cadillac remains at the top with an ACSI score of 87, followed by BMW (85), Toyota (85) and Buick (84). Pontiac and Volkswagen, which dropped 7 percent from last year, are at the bottom with scores of 76.

“With sales and quality lagging in the past, Cadillac now seems to have hit its stride with gains in sales and a customer base no longer at, or near, retirement age,” Fornell said. “As Cadillac reaches younger and more affluent customers, the importance of satisfaction and buyer loyalty will take on new significance.”

Jack West, past president of the American Society for Quality, a co-sponsor of the ACSI, says the gap in customer satisfaction between a company like Cadillac and a company at the bottom, is shrinking.

“Throughout the 1990s, the difference between the top and bottom automakers in the ACSI was 18 or 19 points, but in the last four years, it’s been no more than a dozen points,” he said. “This shrinking differentiation is even more pronounced when comparing domestic car companies with the Europeans and the Japanese, who are now back on top in customer satisfaction---but not by much.”

Besides automobiles and household appliances, the ACSI measured two other manufacturing durables industries last quarter---consumer electronics, with a score of 84, and personal computers, which improved slightly to 72.

Among PC companies, Dell leads the way for the sixth straight year with an ACSI score of 78. Apple, up 6 percent, is right behind with a mark of 77, while the fall of Gateway continues---its 69 score is down 12 percent from its peak of 78 in 2000.

“In a market dominated by Dell and Hewlett Packard, Gateway faces a difficult challenge,” Fornell said. “Service expertise, which used to be Gateway’s strength, has seen better days, according to customers. The company has reported negative net income and falling revenue the past five quarters.”

ACSI, page 3

In addition to manufacturing durables, this quarter's ACSI measured Internet e-business---Web portals, search engines and news sites. Overall, the e-business score jumped 4 percent, from 68.7 last year to 71.4 this year.

Among portals, Yahoo! scored highest in customer satisfaction with a mark of 78, followed by MSN (74) and AOL (65). The latter bettered its score by 10 percent, thanks to an improved home page and software, as well as major upgrades in virus protection, messaging capabilities and e-mail services, Fornell says.

In the search engines category, Google continues to dominate with an ACSI score of 82, compared with Ask Jeeves' 69 (up 11 percent) and Alta Vista's 63. Among news and information sites, the collective ACSI score was 74.

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.

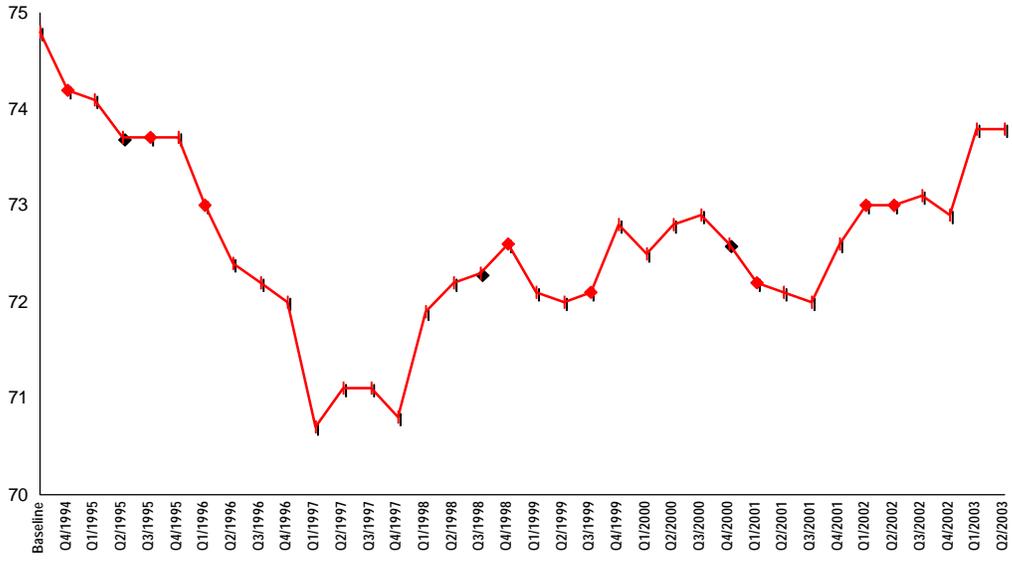
Company scores and other information about the ACSI can be found on the ACSI Web site: www.theacsi.org.

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ACSI Over Time (Q2 2003 companies and industries)												
	National ACSI = 73.8, steady from Q1 2003										% Change	% Change
	Baseline	1995	1996	1997	1998	1999	2000	2001	2002	2003	from last year	from 1st year
MANUFACTURING - DURABLES	79.2	79.8	78.8	78.4	77.9	77.3	79.4	78.7	79.0	79.2	0.3%	0.0%
Personal computers	78	75	73	70	71	72	74	71	71	72	1.4%	-7.7%
Dell Computer Corporation	NA	NA	NA	72	74	76	80	78	76	78	2.6%	8.3%
Apple Computer, Inc.	77	75	76	70	69	72	75	73	77	77	5.5%	0.0%
HP-Hewlett Packard Company	78	80	77	75	72	74	74	73	71	70	-1.4%	-10.3%
All Others	NA	70	73	72	69	69	68	67	70	69	-1.4%	-1.4%
Gateway, Inc.	NA	NA	NA	NA	76	76	78	73	72	69	-4.2%	-9.2%
Compaq-Hewlett Packard Company	78	77	74	67	72	71	71	69	68	68	0.0%	-12.8%
Household appliances	85	82	82	80	83	82	85	82	82	81	-1.2%	-4.7%
Kenmore							85	86	83	84	1.2%	-1.2%
Whirlpool Corporation	87	82	85	82	85	84	86	83	83	82	-1.2%	-5.7%
Maytag Corporation	85	87	83	85	84	84	87	83	83	81	-2.4%	-4.7%
General Electric Company	81	84	81	78	80	80	83	83	82	81	-1.2%	0.0%
All Others	NA	78	81	79	79	80	78	80	77	77	0.0%	-1.3%
Consumer electronics	83	81	81	80	79	83	83	81	81	84	3.7%	1.2%
Automobiles	79	80	79	79	79	78	80	80	80	80	0.0%	1.3%
GM-Cadillac	NA	NA	88	84	85	85	86	88	86	87	1.2%	-1.1%
Bayerische Motoren Werke AG (BMW)	82	81	81	80	86	86	84	86	86	85	-1.2%	3.7%
Toyota Motor Corporation	86	84	84	84	85	83	82	83	83	85	2.4%	-1.2%
GM-Buick	NA	NA	84	83	84	86	86	86	86	84	-2.3%	0.0%
Mercedes Benz	85	86	87	87	86	86	87	86	83	83	0.0%	-2.4%
GM-GMC	NA	NA	NA	80	78	81	81	79	81	83	2.5%	3.8%
Mazda Motor Corporation	78	77	75	74	77	76	78	78	81	82	1.2%	5.1%
Honda Motor Company, Ltd.	85	86	83	82	81	83	82	83	82	82	0.0%	-3.5%
Chrysler-Chrysler/Plymouth	81	82	80	80	80	79	80	78	80	82	2.5%	1.2%
Volvo	82	84	84	84	81	80	82	81	82	81	-1.2%	-1.2%
Hyundai Motor Company (est)	68	68	69	68	72	68	76	81	78	81	3.8%	19.1%
Ford-Lincoln-Mercury	79	84	80	81	83	82	85	82	84	81	-3.6%	2.5%
GM-Saturn	84	83	81	82	85	80	82	80	81	81	0.0%	-3.6%
Ford-Ford	75	79	78	77	77	77	77	78	78	80	2.6%	6.7%
GM-Oldsmobile	NA	NA	82	82	82	81	80	81	82	80	-2.4%	-2.4%
Nissan Motor Company, Ltd.	83	82	80	79	77	79	78	80	80	79	-1.3%	-4.8%
Chrysler-Jeep/Eagle	78	77	76	74	77	77	75	76	79	79	0.0%	1.3%
GM-Chevrolet-GEO	77	79	79	78	79	76	80	78	78	79	1.3%	2.6%
Chrysler-Dodge	80	77	77	77	78	75	81	77	78	78	0.0%	-2.5%
Volkswagen AG	74	76	76	79	78	82	83	81	82	76	-7.3%	2.7%
GM-Pontiac	76	79	78	78	76	78	78	78	78	76	-2.6%	0.0%
All Others	NA	81	79	73	74	76	75	79	77	75	-2.6%	-7.4%
E-Business	NA	NA	NA	NA	NA	NA	NA	NA	68.7	71.4	3.9%	3.9%
Portals	NA	NA	NA	NA	NA	NA	63	65	68	70	2.9%	11.1%
All Others	NA	NA	NA	NA	NA	NA	67	72	72	79	9.7%	17.9%
Yahoo! (Yahoo, Inc.)	NA	NA	NA	NA	NA	NA	74	73	76	78	2.6%	5.4%
MSN (Microsoft Corporation)	NA	NA	NA	NA	NA	NA	71	67	72	74	2.8%	4.2%
AOL (AOL Time Warner)	NA	NA	NA	NA	NA	NA	56	58	59	65	10.2%	16.1%
Search Engines	NA	NA	NA	NA	NA	NA	NA	NA	68	78	14.7%	14.7%
Google, Inc.	NA	NA	NA	NA	NA	NA	NA	NA	80	82	2.5%	2.5%
All Others	NA	NA	NA	NA	NA	NA	NA	NA	NA	74	NA	NA
Ask Jeeves	NA	NA	NA	NA	NA	NA	NA	NA	62	69	11.3%	11.3%
Alta Vista	NA	NA	NA	NA	NA	NA	NA	NA	61	63	3.3%	3.3%
News and Information	NA	NA	NA	NA	NA	NA	NA	NA	73	74	1.4%	1.4%
All Others	NA	NA	NA	NA	NA	NA	NA	NA	73	75	2.7%	2.7%
MSNBC.com (General Electric/NBC)	NA	NA	NA	NA	NA	NA	NA	NA	73	74	1.4%	1.4%
ABCNEWS.com (The Walt Disney Company)	NA	NA	NA	NA	NA	NA	NA	NA	74	74	0.0%	0.0%
CNN.com (AOL Time Warner, Inc.)	NA	NA	NA	NA	NA	NA	NA	NA	72	72	0.0%	0.0%
USAToday.com (Gannett Co., Inc.)	NA	NA	NA	NA	NA	NA	NA	NA	71	72	1.4%	1.4%
NYTimes.com (The New York Times)	NA	NA	NA	NA	NA	NA	NA	NA	71	70	-1.4%	-1.4%

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ACSI 1994 to Q2 2003



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