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**DECLINE IN SATISFACTION WITH AUTOMOBILES DRIVES SLIGHT DROP  
IN AMERICAN CUSTOMER SATISFACTION INDEX**

MILWAUKEE, August 16, 1999 – Customer satisfaction with manufactured durables has fallen slightly, according to the most recent findings of the American Customer Satisfaction Index (ACSI). The first drop in satisfaction with automobiles, vans and light trucks in over three years helped push down both the manufacturing durables index and the national index, which are reported on 0 to 100 scales. Nationally, ACSI dropped 0.6 of a point during the first six months of 1999 – from 72.6 to 72.0. The decline offset gains in customer satisfaction made in 1998. ACSI for manufactured durables has gone from 77.9 to 77.3 (-0.6).

The ACSI manufacturing durables index includes results from the personal computer, automobile/van/light truck, household appliance and consumer electronics industries. While the automobile industry experienced a slight drop in customer satisfaction, household appliances held steady and both the consumer electronics and personal computer industries enjoyed increases in customer satisfaction.

**VW's new bug scores, but luxury leads the way. Service satisfaction lags product satisfaction.** Automotive sales are good despite the slight downturn in satisfaction. Volkswagen demonstrated what a hot new product that catches on with the public can do. VW made the major gain in satisfaction of any automotive manufacturer (+5.1%). The satisfaction of Saturn customers, with no recent major changes in its product, went the other way (-5.9%).

Although production technology is closing the gap between economy and luxury cars in terms of defects per car, luxury brands such as BMW, Mercedes Benz, Buick and Cadillac lead the way in overall customer satisfaction. "These vehicles offer sophisticated systems that create a greater sense of safety, pleasure and reliability, while simultaneously reinforcing the value proposition that buyers are getting more for their

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money,” said Joe O’Leary, partner, Arthur Andersen Business Consulting's Integrated Customer Solutions. “Because of significantly larger margins in the luxury car market, customer loyalty is more important in this segment. Accordingly, luxury car manufacturers tend to have stronger customer management programs in place.”

ACSI measures customer satisfaction with both the service and product components of manufacturing durables. “With service quality trailing product quality by four points, it’s imperative that manufacturers and dealers, in particular, step up their customer management programs,” according to O’Leary. “Dealers need to build lasting, trusting relationships with their customers, starting with the sale and carrying through to ensuring the reliability of after-sales service and the convenience of recall management programs.”

**Personal computers continue resurgence.** After an eight-point drop in the industry’s customer satisfaction ratings from 1994 to 1997, personal computer manufacturers responded with an increased commitment to long-term relationships with customers and improved perceptions of value. Like Volkswagen in the automotive industry with a popular new product, Apple Computer scored with its iMac, helping to push company satisfaction up 4.3%.

Led by manufacturers such as Dell and Gateway, the industry has since enjoyed a two-year rise in customer satisfaction. “Lower prices across the board have increased perceptions of value, and the ability to order customized computer products and to access convenient technical support have increased customer loyalty and retention,” said Claes Fornell, professor, University of Michigan Business School. “This scenario should only improve as computer manufacturers continue to expand service offerings with Internet access and software bundling.” “**These results provide another indication that the competition in quality is increasingly being waged in the service arena**” said Jack West, American Society for Quality, “**and that companies can capture increased market share and margins by offering enhanced services.**”

**Electronics manufacturers offer more choice, better value to customers.** An increase in the availability of diverse, high-quality products at reasonable prices has led to a four-point increase in the ACSI for the consumer electronics industry, the biggest improvement throughout the manufactured durables sector.

“Technology continues to improve, bringing with it better products and more choices for the consumer,” said Jack West. “Combined with improved customer service at the retail level, these trends have led to a relatively large increase in the American public’s perception of value **offered by consumer electronics.**” The four-point increase restores the consumer electronics industry to its previous ACSI high of 83, recorded in 1994.

**Household appliances maintain a high standard.** With relatively high overall product quality and consistently superior service quality, the household appliance industry continues to enjoy exceptionally high overall customer satisfaction levels. While customer satisfaction is often affected by changing consumer needs and higher expectations that lead to increased product customization, price fluctuations and ACSI, fragmentation of buyers, these trends have yet to take hold in the household appliance industry.

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The American Customer Satisfaction Index is the only uniform, cross-industry indicator in the United States that links customer satisfaction of U.S. household customers with company performance. The index measures the satisfaction of U.S. household customers with the quality of goods and services available to them – both those produced within the U.S. and those imported from foreign firms that have a substantial market share of dollar sales. This key economic indicator, produced through a partnership of the University of Michigan Business School, the American Society for Quality (ASQ) and Arthur Andersen, helps companies determine and understand what drives customer satisfaction and loyalty, and their relationship to bottom-line financial results. Using information derived from ACSI data, companies can focus initiatives that will have an impact on and improve customer satisfaction.

The American Customer Satisfaction Index is updated on a rolling basis with one or two sectors of the economy measured each quarter.

All company scores from 1994 through the second quarter of 1999 are available on the following websites: <http://acsi.asq.org> and <http://www.bus.umich.edu>.

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<b>American Customer Satisfaction Index (ACSI Ratings)</b>						
<b>Sector/Industry</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>2Q99</b>
<b>National ACSI</b>	<b>74.5</b>	<b>73.7</b>	<b>72.2</b>	<b>71.1</b>	<b>72.3</b>	<b>72.0</b>
Manufacturing/Durables	79.2	79.8	78.8	78.4	77.9	77.3
Consumer electronics (TV and VCR)	83	81	81	80	79	83
Major household appliances (washer, dryer, stove, refrigerator, dishwasher)	85	82	82	80	83	82
Automobiles/vans/light trucks	79	80	79	79	79	78
Personal computers	78	75	73	70	71	72

The 90% confidence interval for the national ACSI is plus or minus 0.2 on a scale of 0-100. This means that a difference in the national ACSI score greater than 0.3 between any two points in time is statistically significantly greater than could be caused by sampling error. The confidence interval for the Manufacturing/Durables sector is plus or minus 0.4. A difference in its ACSI score at any two points in time greater than 0.6 is statistically significant.

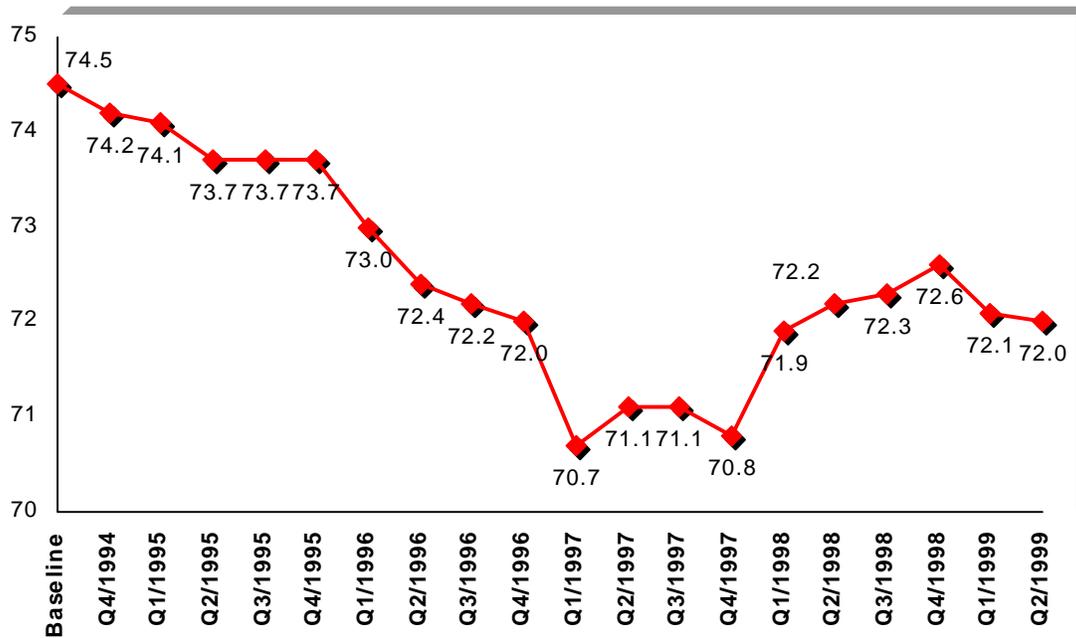
**ACSI by Company** - On average, differences in company ACSIs, or differences for the same company in different years, of three points are statistically significantly greater than could be caused by sampling error at the 90% confidence level. (See next chart).

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ACSI by Company (in descending order of customer satisfaction in 1999 within industry)			
Industry/Company	1998	1999	% Change '98-99
<b>Automobiles/Vans/Light Truck Industry</b>	79	78	-1.3
BMW of North America	86	86	0.0
General Motors-Buick	84	86	+2.4
DaimlerChrysler-Mercedes Benz	86	86	0.0
General Motors-Cadillac	88	85	-3.4
Honda Motor	81	83	+2.5
Toyota Motor	85	83	-2.4
Ford-Lincoln/Mercury	83	82	-1.2
Volkswagen of America	78	82	+5.1
General Motors-GMC	78	81	+3.8
General Motors-Oldsmobile	82	81	-1.2
General Motors-Saturn	85	80	-5.9
Volvo Cars of North America	81	80	-1.2
DaimlerChrysler-Chrysler/Plymouth	80	79	-1.3
Nissan Motor USA	77	79	+2.6
General Motors-Pontiac	76	78	+2.6
DaimlerChrysler-Jeep/Eagle	77	77	0.0
Ford-Ford	77	77	0.0
General Motors-Chevrolet/GEO	79	76	-3.8
Mazda North America	77	76	-1.3
DaimlerChrysler-Dodge	78	75	-3.8
Hyundai Motor America	72	68	-5.6
All others	74	76	+2.7
<b>Personal Computers</b>	71	72	+1.4
Dell Computer	74	76	+2.7
Gateway 2000	76	76	0.0
Hewlett-Packard	72	74	+2.8
IBM	74	73	-1.4
Apple Computer	69	72	+4.3
Compaq Computer	72	71	-1.4
Packard Bell Electronics	67	66	-1.5
All others	69	69	0.0
<b>Household Appliances (Major)</b>	<b>83</b>	<b>82</b>	<b>-1.2</b>
Kenmore (manufactured by several companies)	NM	85	NA
Maytag	84	84	0.0
Whirlpool	85	84	-1.2
General Electric	80	80	0.0
All others	69	69	0.0
<b>Consumer Electronics/TV and VCR (aggregate of 7 largest companies)</b>	79	83	+5.1

On average, differences in company's 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 level. The 90% confidence interval for the national ACSI is plus or minus 0.2 on a scale of 0-100. This means that a difference in the national ACSI score greater than 0.3 between any two points in time is statistically significantly greater than could be caused by sampling error. The confidence interval for the Manufacturing/Durables sector is plus or minus 0.4. A difference in its ACSI score at any two points in time greater than 0.6 is statistically significant.



## ACSI 1994 – 1999

ACSI is the national index of satisfaction with quality, compiled by measuring customer satisfaction with a representative 34 industries in seven sectors of the economy. It is updated on a rolling basis with new data for one or two sectors each quarter replacing data collected in the prior year. The national index dropped 0.6 of a point on a 0-100 scale in the 2<sup>nd</sup> quarter of 1999.