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**ACSI ADDS E-COMMERCE: CUSTOMERS MORE SATISFIED SHOPPING ON-
LINE THAN STANDING IN LINE**

National Index Increases Slightly with Gains in Manufacturing/Nondurables.

MILWAUKEE, November 27, 2000--Customers are more satisfied making retail purchases on-line than they are shopping at traditional bricks and mortar department and discount stores. According to the American Customer Satisfaction Index (ACSI), satisfaction with on-line retail earns a score of 78 on a 0 to 100 scale, significantly higher than the most recent measure for traditional department and discount stores at 72. Amazon.com scores a stunning 84, higher than any service sector company in ACSI, and higher than Costco, which at 79 is the leader among traditional retailers.

Thirteen e-commerce companies providing portals, brokerage services, retail, and auctions have been added to the 170 private sector companies, 29 federal government agencies, two types of local government service, and the U.S. Postal Service already included in ACSI. Customer satisfaction for the entire e-commerce sector is 73.2, which is high for a service industry.

"Even though e-commerce provides higher levels of customer satisfaction overall, this is not true for all e-commerce companies," says Professor Claes Fornell of the University of Michigan Business School. "In view of the intense competition, the high cost of customer acquisition, and the ease by which customers can switch vendors and abandon their current suppliers, it seems safe to predict that companies that fail in satisfying customers will face difficult times."

To represent e-commerce, the University of Michigan Business School, which along with ASQ and the CFI Group form the partnership that produces ACSI, selected the 13 companies with the largest 1999 revenues¹ in their respective categories: portals, retail, auctions, and brokerages. Aggregate measures of "all other companies" in each category provide a comprehensive picture of the current satisfaction of e-commerce customers. Sampling and data collection for the Index are conducted by Market Strategies, Inc., a major corporate sponsor of ACSI.

¹ Revenue from *Business 2.0* (April 2000); Hooversonline; Fortune 50 (December 6, 1999); and Microsoft 1999 annual report.

Retail shows the highest satisfaction (78) with on-line brokerages and auctions both at 72.

Yahoo! leads among portals, e-Bay among auctions/reverse auctions, and Charles Schwab among brokerages.

Compared with traditional retailers, Amazon.com has a very high customer satisfaction score of 84. Not only is it higher than Costco's score of 79, it is also higher than all other major department and discount chains measured in the ACSI.

ACSI is updated on a rolling basis with two economic sectors measured each quarter and data for these replacing data collected the prior year. E-commerce is being treated as a separate sector although its sales fall in other sectors such as retail and finance.

Manufacturing/nondurables, which are also measured in the third quarter, continue to score high in the ACSI. Customers have many brand alternatives among nondurable products such as packaged foods, beverages, apparel, and personal care products. Because the consumption period is short, it is also less likely that dissatisfied customers will continue to purchase products they are not pleased with.

“Here's one company—H.J. Heinz—that clearly has a recipe to create value by producing what customers want at a price they're willing to pay,” said Jack West of ASQ. “While more companies are experiencing difficulty keeping their products and services from being perceived as commodities, Heinz shows that some well established companies in traditional industries continue to distinguish themselves by offering products that satisfy their customers.” Heinz, a consistently high performer in the ACSI, has led the food processing industry for five consecutive years and is now the highest rated company in the ACSI with a score of 90.

The ACSI for the nondurables sector, which accounts for a little more than seven percent of the gross domestic product (GDP) increases one point, from 80.0 to 81.0 compared to one year ago. Nondurables, rather than e-commerce, which are still a small part of the economy, account for the upward move of the national ACSI to 72.9. The national satisfaction index has made a steady climb since a low of 71 in 1997. It is up from 72.1 one year ago and from 72.8 in the 2nd quarter of 2000.

Six of the eight industries measured in the nondurables sector improve their satisfaction score, as did 25 of the 39 companies. ACSI scores drop for only six companies while scores for eight remain unchanged.

Sector, industry, and company ACSI scores can be found on the websites of ASQ and of the University of Michigan Business School at: <http://www.asq.org> and <http://www.bus.umich.edu>. The website for CFI Group is <http://www.cfigroup.com>.

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e-Commerce ACSI 2000 (0 to 100 scale)	
Company/category	
e-Commerce	73.2
Portals	63
Yahoo!	74
MSN	71
All other companies	67
AOL	56
Retail	78
Amazon.com	84
Buy.com	78
Barnes & Noble (e-commerce only)	77
All other companies	77
Egghead	73
1-800-Flowers	69
Auction/Reverse Auction	72
e-Bay	80
All other companies	73
U-bid	67
Priceline	66
Brokerages	72
Charles Schwab	76
All other companies	70
E-Trade	66

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Manufacturing/nondurables ACSI 1994-2000²								
(0-100 scale)								
(companies rank ordered within industry by 2000 ACSI; companies with tie scores in alphabetical order)								
Industry/company	Base-line 1994	1995	1996	1997	1998	1999	2000	% chg '99-'00
Manufacturing/Nondurables	81.6	81.2	79.0	78.5	78.8	80.0	81.0	+1.3%
Beverages/soft drinks	86	86	86	83	83	84	86	+2.4
Coca Cola	85	85	87	84	82	84	86	+2.4
Cadbury Schweppes	NM	85	86	83	88	85	86	+1.2
PepsiCo	86	87	86	83	83	82	85	+3.7
Personal Care & Cleaning Products	84	84	80	82	82	81	84	+3.7
Clorox	88	88	84	83	85	84	85	+1.2
Dial	86	85	85	83	81	79	85	+7.6
Unilever	84	83	83	82	83	81	85	+4.9
Procter & Gamble	85	87	85	81	83	81	84	+3.7
All other companies	83	81	77	82	79	80	82	+2.5
Colgate Palmolive	84	86	82	83	82	80	80	0
Beverages/beer	83	81	79	81	82	79	82	+3.8
All other companies	NM	79	78	83	83	81	83	+2.5
Adolph Coors	81	84	79	80	84	78	82	+5.1
Miller Brewing (Philip Morris)	80	82	78	81	81	81	81	0
Anheuser-Busch	84	80	79	81	81	78	81	+3.8
Pet Foods	NM	NM	NM	83	81	82	83	+1.2
Ralston Purina	NM	NM	NM	82	81	82	85	+3.7
H.J. Heinz	NM	NM	NM	85	80	81	84	+3.7
Colgate Palmolive	NM	NM	NM	85	83	86	82	-4.7
All other companies	NM	NM	NM	NM	81	82	82	0
Nestle	NM	NM	NM	83	83	84	81	-3.6
Mars	NM	NM	NM	81	82	81	81	0

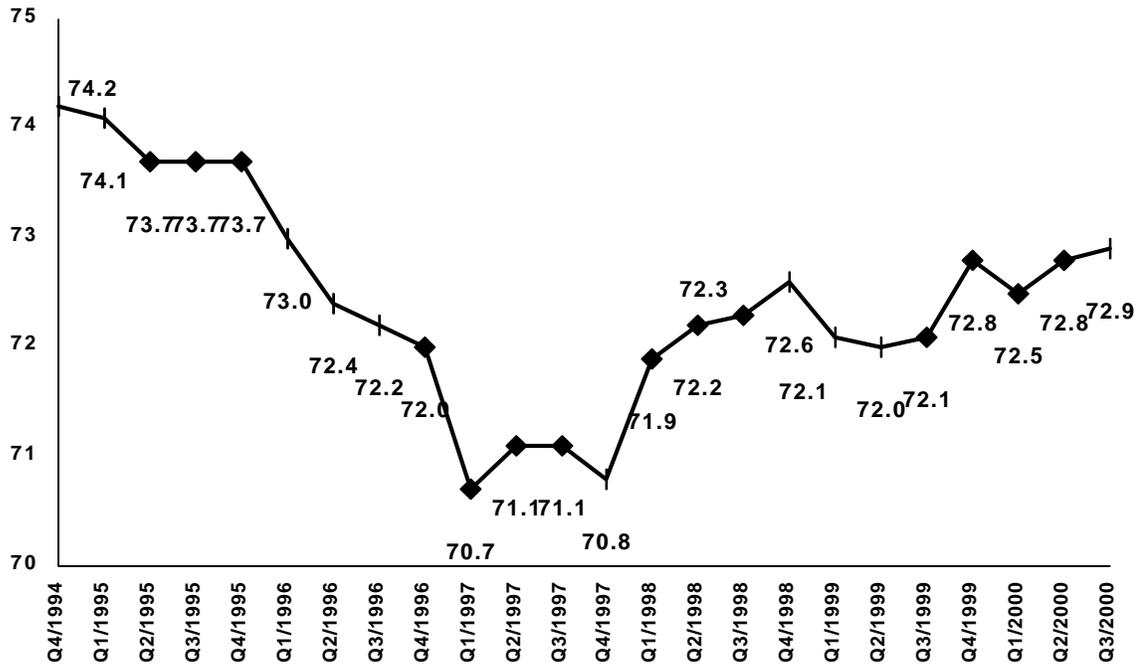
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² STATISTICAL NOTE: A difference greater than +/- 3.0 points on a scale of 0-100 between any two companies, or the same company in different years, is greater than could be caused by sampling error at the 90% confidence level.

Industry/company	Base-line 1994	1995	1996	1997	1998	1999	2000	% chg '99-'00
Food Processing	84	84	83	81	81	81	81	0
H.J. Heinz	89	87	90	86	86	85	90	+5.9
Quaker Oats	82	82	82	85	83	83	86	+3.6
Hershey Foods	86	88	88	84	84	86	85	-1.2
Nestle	88	86	82	83	83	81	84	+3.7
Kellogg	84	84	85	81	83	81	83	+2.5
Pillsbury (Diageo)	88	86	87	82	83	84	84	0
ConAgra	83	83	82	80	80	80	82	+2.5
Dole	90	90	85	79	82	80	82	+2.5
General Mills	83	81	86	81	82	81	82	+1.2
Kraft (Philip Morris)	84	84	85	82	84	83	82	-1.2
Mars	87	89	86	85	81	84	82	-2.4
Nabisco	87	84	85	80	83	81	82	+1.2
Sara Lee	86	82	84	80	80	81	82	+1.2
Campbell Soup	83	81	84	81	80	81	81	0
Tyson	83	80	79	80	79	79	81	+2.5
All other companies	83	83	81	80	80	80	80	0
Apparel/casual clothes	82	81	78	77	79	79	79	0
VF	83	80	80	81	79	78	82	+5.1
All other companies	79	80	78	77	79	79	79	0
Fruit of the Loom	83	80	78	77	80	80	79	-1.3
Liz Claiborne	84	81	81	77	78	76	79	+3.9
Levi Strauss	84	83	80	81	75	76	79	+3.9
Sara Lee	83	81	75	81	77	78	78	0
Apparel/athletic shoes	79	79	77	74	74	76	79	+3.9
All other companies	NM	NM	NM	73	76	79	79	0
Nike	82	78	77	74	73	73	78	+6.8
Reebok	75	80	77	74	74	75	78	+4.0
Tobacco/cigarettes	81	82	77	77	75	76	78	+2.6
All other companies	NM	NM	68	75	74	76	85	+11.8
R.J. Reynolds	81	81	84	79	75	77	77	0
Philip Morris	80	81	79	77	75	75	75	0

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ACSI 1994 - Q3 2000



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