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HOLD FOR RELEASE UNTIL NOVEMBER 18

**CUSTOMER SATISFACTION IS UP, DESPITE LOW CONSUMER
CONFIDENCE**

MILWAUKEE, November 18, 2002---While consumer confidence has been low for the past several months despite a recent upturn, customer satisfaction and consumer spending continue to rise, according to the latest results of the American Customer Satisfaction Index (ACSI).

The ACSI, updated with new customer satisfaction data on non-durable products, rose slightly from a second-quarter score of 73 (out of a possible 100) to a mark of 73.1 in the third quarter. Compared with a year ago, the ACSI is up 1.5 percent (from a score of 72).

“While troublesome in its own right, declining confidence has not translated into materially less spending or lower satisfaction with the products and services bought,” said 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. “Clearly, customer satisfaction is different from consumer confidence. A person can feel less confident about the state of the economy and yet be more satisfied with his or her automobile, sneakers or tax accountant.

“Is it consumer utility, as measured by the ACSI, or confidence about the state of the economy that drives consumer purchase decisions? Even though low confidence may eventually kick in and make consumers more cautious, we haven’t seen it yet. So far, the empirical evidence suggests that utility is a more powerful predictor.”

Fornell notes that strong consumer spending accounted for much of Gross Domestic Product (GDP) growth in the third quarter. He adds that because customer satisfaction has a strong effect on spending, the ACSI and GDP usually move in the same direction.

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In the current ACSI, the individual sector score for manufacturing non-durables reflects a similar percentage increase found in the overall ACSI score. But the current score of 81.4 for this sector---comprised of eight industries (food processing, soft drinks, beer, tobacco, apparel, athletic shoes, personal care products and pet foods)---is 11 percent higher than the overall ACSI score for all industries measured year-round.

Fornell says that most of the ACSI gain for the sector is driven by price reductions or the absence of price increases.

“Usually, higher customer satisfaction provides more room for suppliers to raise price, but not if the improvement in customer satisfaction is, in itself, a result of lower prices,” Fornell said. “The lack of pricing power continues to be an issue for the economy.”

According to Jack West, past president of the American Society for Quality, a co-sponsor of the ACSI, “the intense competition and the ease with which customers can switch brands in the non-durables sector drives companies to simultaneously improve quality and cost, thus the customer gains on both sides of the value equation.”

Among food processing companies, which scored a collective 81 in the ACSI, Sara Lee Corp. showed the biggest improvement as its ACSI score increased from 81 last year to 84 this year. Once again, H.J. Heinz Co. took the top spot in the industry with a score of 88.

Hershey Foods Corp. edged up a point to 87, which tied it with the Quaker Oats Co. for second place in the industry. Mars Inc., Nestle, General Mills Inc. and ConAgra Foods Inc. all posted scores of 83.

ACSI marks are up for every company in the soft drinks and beer categories, which scored 85 and 81, respectively. While Cadbury-Schweppes and PepsiCo Inc. scored highest at 86, the Coca-Cola Co. showed the greatest improvement with a score of 85, up from last year’s company-low 81. Anheuser-Busch Companies Inc. led beer manufacturers with a mark of 82, ahead of the 79s posted by Adolph Coors Co. and Miller Brewing Co.

“Soft drinks and beer exhibit very little difference in customer satisfaction either across companies or over time,” Fornell said. “As far as customer satisfaction is concerned, the name of the game in this industry is making sure that there is enough variety in offerings to match the variety in tastes, brand image and price/value in the eyes of the consumer.”

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The tobacco industry posted the lowest ACSI score among the non-durables industries, holding steady at 76. R.J. Reynolds Tobacco Holdings Inc. moved up two points to 79, while Philip Morris Companies Inc. slipped a point to 74.

“For the most part, customer satisfaction has fallen for the major cigarette brands and improved for the smaller brands,” West said. “With declining satisfaction and large price hikes for premium brands in recent years, consumption has dropped.”

Among the other non-durables industries in the ACSI, the score for apparel-makers improved to 80 (up from last year’s 79), while that of the athletic shoe companies jumped to 79 (from 76). Although Nike and Reebok rebounded somewhat from last year’s numbers (both improving to 76), the smaller brands, such as Adidas and New Balance, continue to produce the highest satisfaction levels.

The pet foods industry held steady at 82, with the Colgate-Palmolive Co. holding the top spot with an ACSI score of 84. However, the company has the lowest score (a 6 percent drop to 80) among personal care products firms, which, on the whole, fell two points to 81. The Clorox Co. (85), Dial Corp. (84) and Unilever (83) led this category.

The ACSI is a national economic indicator of customer evaluations of the quality of products 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 overall ACSI score for a given quarter factors in scores from 185 companies in 38 industries and from government agencies over the previous four quarters.

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 Market Strategies Inc., a major corporate sponsor. Company scores and other information about the ACSI can be found on the ACSI Web site: www.theasci.org.

ACSI Scores for Manufacturing - Non-Durables

ACSI Over Time		Nat'l ACSI for Q3/2002 = 73.1, up from 73.0 in Q2/2002										From	From First
												Previous	Year
Source:	University of Michigan Business School	1994	1995	1996	1997	1998	1999	2000	2001	2002	% Change	% Change	
National Quality Research Center		1994	1995	1996	1997	1998	1999	2000	2001	2002	% Change	% Change	
MANUFACTURING - NON-DURABLES		81.6	81.2	79.0	78.5	78.8	80.0	81.0	80.3	81.4	1.3%	-0.3%	
Food Processing		84	84	83	81	81	81	81	82	81	-1.2%	-3.6%	
	H.J. Heinz Company	89	87	90	86	86	85	90	89	88	-1.1%	-1.1%	
	Hershey Foods Corporation	86	88	88	84	84	86	85	86	87	1.2%	1.2%	
	The Quaker Oats Company	82	82	82	85	83	83	86	86	87	1.2%	6.1%	
	Sara Lee Corporation	86	82	84	80	80	81	82	81	84	3.7%	-2.3%	
	ConAgra Foods, Inc	83	83	82	80	80	80	82	81	83	2.5%	0.0%	
	General Mills, Inc.	83	81	86	81	82	81	82	83	83	0.0%	0.0%	
	Mars, Inc.	87	89	86	85	81	84	82	86	83	-3.5%	-4.6%	
	Nestle S.A.	88	86	82	83	83	81	84	83	83	0.0%	-5.7%	
	Dole Food Company, Inc.	90	90	85	79	82	80	82	81	82	1.2%	-8.9%	
	Kellogg Company	84	84	85	81	83	81	83	83	81	-2.4%	-3.6%	
	Kraft Foods, Inc.	84	84	85	82	84	83	82	82	81	-1.2%	-3.6%	
	All Others	83	83	81	80	80	80	80	81	80	-1.2%	-3.6%	
	Campbell Soup Company	83	81	84	81	80	81	81	81	80	-1.2%	-3.6%	
	Tyson Foods, Inc	83	80	79	80	79	79	81	80	80	0.0%	-3.6%	
Beverages-Beer		83	81	79	81	82	79	82	80	81	1.3%	-2.4%	
	All Others	NM	79	78	83	83	81	83	81	82	1.2%	3.8%	
	Anheuser-Busch Companies, Inc.	84	80	79	81	81	78	81	80	82	2.5%	-2.4%	
	Adolph Coors Company	81	84	79	80	84	78	82	78	79	1.3%	-2.5%	
	Miller Brewing Company	80	82	78	81	81	81	81	78	79	1.3%	-1.3%	
Beverages-Soft drinks		86	86	86	83	83	84	86	82	85	3.7%	-1.2%	
	Cadbury Schweppes plc	NM	85	86	83	88	85	86	85	86	1.2%	1.2%	
	PepsiCo, Inc.	86	87	86	83	83	82	85	84	86	2.4%	0.0%	
	The Coca Cola Company	85	85	87	84	82	84	86	81	85	4.9%	0.0%	
Tobacco-Cigarettes		81	82	77	77	75	76	78	76	76	0.0%	-6.2%	
	R.J. Reynolds Tobacco Holdings, Inc.	81	81	84	79	75	77	77	77	79	2.6%	-2.5%	
	All Others	NM	NM	68	75	74	76	85	76	78	2.6%	14.7%	
	Philip Morris Companies, Inc.	80	81	79	77	75	75	75	75	74	-1.3%	-7.5%	
Apparel		82	81	78	77	79	79	79	79	80	1.3%	-2.4%	
	VF Corporation	83	80	80	81	79	78	82	84	82	-2.4%	-1.2%	
	All Others	79	80	78	77	79	79	79	79	80	1.3%	1.3%	
	Liz Claiborne, Inc.	84	81	81	77	78	76	79	79	80	1.3%	-4.8%	
	Jones Apparel Group, Inc.	NM	NM	NM	NM	NM	NM	NM	79	78	-1.3%	-1.3%	
	Levi Strauss & Company	84	83	80	81	75	76	79	80	78	-2.5%	-7.1%	
	Sara Lee Corporation	83	81	75	81	77	78	78	76	78	2.6%	-6.0%	
Athletic Shoes		79	79	77	74	74	76	79	76	79	3.9%	0.0%	
	All Others	NM	NM	NM	73	76	79	79	78	81	3.8%	11.0%	
	NIKE, Inc.	82	78	77	74	73	73	78	74	76	2.7%	-7.3%	
	Reebok International, Ltd.	75	80	77	74	74	75	78	73	76	4.1%	1.3%	
Personal care products		84	84	80	82	82	81	84	83	81	-2.4%	-3.6%	
	The Clorox Company	88	88	84	83	85	84	85	85	85	0.0%	-3.4%	
	The Dial Corporation	86	85	85	83	81	79	85	84	84	0.0%	-2.3%	
	Unilever plc	84	83	83	82	83	81	85	83	83	0.0%	-1.2%	
	The Procter & Gamble Company	85	87	85	81	83	81	84	82	81	-1.2%	-4.7%	
	All Others	83	81	77	82	79	80	82	82	80	-2.4%	-3.6%	
	Colgate-Palmolive Company	84	86	82	83	82	80	80	85	80	-5.9%	-4.8%	
Pet Foods		NM	NM	NM	83	81	82	83	82	82	0.0%	-1.2%	
	Colgate-Palmolive Company	NM	NM	NM	85	83	86	82	84	84	0.0%	-1.2%	
	Mars, Inc.	NM	NM	NM	81	82	81	81	83	83	0.0%	2.5%	
	Nestlé Purina PetCare Company	NM	NM	NM	83	83	84	81	81	83	2.5%	0.0%	
	All Others	NM	NM	NM	NM	81	82	82	80	82	2.5%	1.2%	
	The Procter & Gamble Company	NM	NM	NM	NM	NM	NM	NM	80	82	2.5%	2.5%	
	H.J. Heinz Company	NM	NM	NM	85	80	81	84	81	81	0.0%	-4.7%	

ACSI 1994 to Q3 2002

