Social Media Websites Struggle with Customer Satisfaction

Social Media Websites
One year ago, the ACSI began measuring social media websites, and the industry’s debut was not impressive. Inaugural results revealed rather weak user satisfaction. In 2010, the category earned a score of 70 on ACSI’s 0 to 100 scale. This year, not much has changed. Overall customer satisfaction stays flat at 70 and the largest sites show only slight improvement. Social media websites remain one of the lowest-scoring categories when it comes to customer satisfaction. Only airlines, subscription TV, and newspapers do worse in ACSI. User concern about privacy, including being targeted for advertising, continues to be problematic for social media websites.

Wikipedia tops the social media category for a second year, up 1% to an ACSI score of 78, and is the only social media site to beat the e-business (75.4) and national (75.6) averages for customer satisfaction. Wikipedia benefits from its nonprofit position in the sense that users are able to surf, create, and edit content without any intrusion from commercial messages.

Google-owned YouTube comes in second place at 74 (+1%), well behind leader Wikipedia. YouTube is the dominant player in the online video space, with a market share approaching nearly 50%. A reason for YouTube’s continued high level of viewer preference seems to be the site’s effective response to new competition by teaming with other media to include films, TV episodes, and free broadcasts of sporting events.

In 2010, Facebook debuted with an ACSI score of 64—the lowest of any measured website. This year, Facebook makes a modest gain, up 3% to 66, even though—or perhaps because—its user numbers have exploded, reaching almost 1 billion. But considering Facebook’s low user satisfaction, its current size dominance cannot be taken for granted in the future. For companies that provide low levels of customer satisfaction, repeat business is always a challenge unless customers lack adequate choices, as in the case of near monopolies. It is possible that Facebook’s gigantic user base in and of itself might provide a certain monopoly protection. The first test of this notion will probably
come from Google’s recent launch of Google+, a social networking service aimed at an audience similar to that of Facebook. If there is a battle for social networking preeminence between Facebook and Google, it will likely center on user satisfaction, which could prompt higher ACSI scores in the future.

**Portals & Search Engines**
The portal and search engine category gains 3.9% to an ACSI score of 80. By a wide margin, this is the highest score in e-business. All major competitors improve, with Google in the lead, jumping 4% to 83. While Google remains below its all-time high of 86 from 2008 and 2009, its present score is the highest among all e-business websites. One year ago, Google plunged 7% in ACSI, but the company now appears to have a better handle on its expanding range of Internet services.

Microsoft’s search engine Bing, however, is close behind Google with a score of 82 following its 7% surge. While Google still controls nearly 70% of the search market, Bing has grown to surpass Yahoo! for second place in U.S. search volume. Bing has yet to make much of a dent in Google’s dominance, but it has absorbed market share from smaller search platforms. Microsoft includes a Bing toolbar in its Windows 7 software and offers various incentive programs for people who search via Bing. The target is no doubt Google. With its much improved user satisfaction, Bing should find the job of challenging Google a bit less difficult.

Surpassing even Bing’s sharp upswing, the 10% gain posted by Ask.com is the largest in e-business. With an ACSI score of 80, Ask.com is chased closely by Yahoo! and MSN—both showing sizeable ACSI advances of 4% to 79 and 78, respectively. Unlike other search engines and portals, Ask.com offers a question-and-answer format that garners a smaller, but increasingly loyal, following. As Ask.com, Yahoo!, and MSN rise, AOL is left behind, gaining a mere 1% to an ACSI score of 75.

**News & Information Websites**
Sites that provide news, information, and opinion decline 1.4% to an ACSI score of 73, the lowest for the category since 2006. Satisfaction with most of the largest sites is statistically unchanged. The small ACSI drop for the category comes from a decline among smaller websites that account for a large proportion of the industry, including those offered by local newspapers and TV news stations.

FOXNews.com tops all news and information sites for a second straight year with an unchanged ACSI score of 82. While there may be several reasons for this strong performance, the relative homogeneity of its audience is a contributing factor. Not so for The Huffington Post, which has gone from serving a fairly tight, liberal-leaning audience to reaching a much broader user base. As a result, at least in part, the site debuts in ACSI with the lowest score in the category (69). As Huffington Post continues to grow
following its acquisition by AOL, the challenge of ensuring user satisfaction becomes
greater as well.

Among the other measured news and information sites, ABCNEWS.com improves 3% to an ACSI score of 77. USATODAY.com is next at 76 (-1%). At 74, MSNBC.com is unchanged and ties CNN.com (+1%). NYTimes.com, with its new policy of charging for full access by non-print subscribers to online content, experiences falling reader satisfaction as its ACSI score drops 4% to 73.

About ACSI
The American Customer Satisfaction Index (ACSI) is the only uniform, cross-industry measure of customer satisfaction proven to predict financial results. Founded at the University of Michigan’s Ross School of Business, the ACSI is a leading economic indicator of consumer spending in the United States.

The ACSI measures more than 225 companies and organizations across 47 industries, representing close to half of the U.S. economy. Nearly 20 years of data from the ACSI show that customer satisfaction is an indicator of financial results on both macro and microeconomic levels, including shareholder value and cash flow volatility. The U.S. Federal Government also uses the ACSI as the gold standard of satisfaction measurement for its agencies. The ACSI can be found on the Web at www.theacsi.org.