Commentary on Electronics (TV/BD/DVD), Major Appliances, and Personal Computers

Customer Satisfaction Stagnates for Personal Computers, Electronics, and Appliance Makers

Personal Computers

One year ago, ACSI trumpeted the news that consumers were more satisfied than ever with their personal computers, as customer satisfaction surged 4% to match the industry’s all-time high score of 78. Fast forward a year, and there is much upheaval in the PC industry—demand for traditional PCs has weakened despite continued low pricing; the tablet computer market is growing, led by the dominance of Apple’s iPad; and market-share leader Hewlett-Packard has announced plans to exit the PC business altogether. All of this amounts to a reaction to accelerating changes in technology and consumer tastes. There is an increasing demand for smaller and more mobile devices. Consumers that were used to being chained to desktop computers now crave better, faster, and smaller means of computing—from anywhere and at any time via laptops, tablets, and mobile phones. Amid this shift in buyer preferences, customer satisfaction with the PC industry keeps to an all-time high level, but progress stalls as the industry score remains 78 for a second year.

Among the largest individual manufacturers, Apple’s customer satisfaction dominance has been unassailable for the past eight years—a period that has seen Apple’s stock price grow 2,300%. Satisfaction with Apple surged 8% in 2008 to what was then a record-high score of 85. In 2010, Apple set a new all-time high (86), only to exceed that level again this year with a 1% gain to 87. With this score, Apple easily outdistances its nearest competitor, HP, at 78.

Apple has been consistently at the forefront of innovation and product diversification, not just revamping individual pieces of technology, but spinning off technologies into whole new directions—from the successful iPod to the sought-after iPhone and, most recently, the iPad. In the first half of the year, the iPad has generated $9 billion in business, which is 30% more revenue than Dell earned from its entire consumer PC business. Even as Apple parlays its newer iPad products into dominance of the tablet computer market, its traditional PC business continues to thrive. In the second quarter of 2011, sales of Apple
desktops and laptops grew 16% year-on-year, compared with only 1% growth for Dell’s consumer products. On the strength of its continued sales growth, Apple’s stock price soared 50% in the past year, more than double the market’s gain. Over the same period, Dell stock was essentially flat, consistent with its sluggish sales growth, while HP stock lost 20% of its value.

Among Windows-based PC makers, there is very little change from a year ago. Only Hewlett-Packard’s HP and Compaq brands show small gains—the HP brand inches up 1% to 78, best among the Windows-based PCs, while the Compaq brand similarly improves 1% to 75, last among all brands. Customer satisfaction with the two HP brands is at its highest level since the merger between HP and Compaq in 2002, but this comes at a time when HP’s market share is increasingly challenged by the tablet computer market. Rounding out the industry, Dell, Acer, and the aggregate of all other brands (such as Toshiba, Lenovo, and Sony) are unchanged at 77, occupying the middle ground between the two HP brands.

Major Appliances
The ACSI measures customer satisfaction with the core group of major household appliances: washers, dryers, dishwashers, refrigerators, freezers, ranges, and ovens. Even as pricing pressure has kept appliances more affordable over the past two years, U.S. sales of these big-ticket items are mostly flat compared to a year ago, following a sharp downturn in 2009 in the midst of the great recession. Customer satisfaction with major appliances has been relatively stable for more than a decade, with industry ACSI scores hovering in the narrow range of 80 to 82. This year, there is a small retreat as customer satisfaction falls 1.2% to a score of 81.

The aggregate of all smaller manufacturers leads the big appliance makers, bucking the industry trend with a 3% improvement to an ACSI score of 83. Among the three largest manufacturers, market-share leader Whirlpool has either shared the industry lead or topped the category outright in each of the past 15 years. This year is no exception, and despite a small 1% drop to 82, Whirlpool easily outdistances its big-manufacturer rivals. The company shows modest year-on-year sales growth (+3% for the first quarter of 2011) and stock performance over the past year was relatively flat until July, when it took a downturn that was nearly triple the losses of the market as a whole. General Electric trails significantly behind Whirlpool following a 3% decline to 79. Sales growth for GE-branded appliances has been sluggish of late and stock is down 20% from the beginning of the year. Swedish appliance maker AB Electrolux rounds out the category, dropping 1% to 78 and reaching its lowest level since its 2006 inclusion in ACSI.

Electronics (TV/BD/DVD)
Customer satisfaction with televisions and Blu-ray Disc (BD) and DVD players remains the highest of all industries covered by the ACSI, unchanged at a score of 85. Technology improvement is behind consumers’ perceptions of high levels of quality for these popular
household electronics. As newer product types have matured, particularly flat-panel TVs and BD players, prices have dropped. Flat-panel TVs now account for more than 80% of all new television shipments, as households look to upgrade traditional TV sets for the improved picture quality, enhanced features, and space-saving benefits of these products. BD players have only been around for five years, but are gaining ground fast—15% of all households used a BD player in the first quarter of 2011, compared with only 9% in the same quarter one year ago. The newer players are more powerful and priced cheaper, while studios are releasing an increasing number of media in both the DVD and BD formats. Taken together, this suggests that customer satisfaction in this industry will remain high.

**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](http://www.theacsi.org).