Consumers Less Satisfied with Food Manufacturers; Athletic Shoes Rebound

*Pepsi Edges Out Coca-Cola in Customer Satisfaction; General Mills & Quaker Join Heinz at the Top*

**ANN ARBOR, Mich.** (October 15, 2013) — Customer satisfaction with food manufacturers slips for the first time in three years, according to a report released today by the American Customer Satisfaction Index (ACSI). For most other household nondurables – including soft drinks, beer, cleaning products, athletic shoes and apparel – customer satisfaction remains high and stable.

Rising prices are partly to blame as customer satisfaction with food manufacturers falls 2.4% to an ACSI score of 81 on a 0-100 scale. Smaller manufacturers and store brands are down 2% to 80, shouldering most of the loss.

Perennial leader Heinz remains on top despite slipping 2% to 87 – but for first time in more than a decade, Heinz shares the lead with General Mills (+5%) and Quaker (+1%). Kraft shows the most improvement, advancing 6% to 86 and surpassing Campbell Soup (84) and ConAgra (83), while Hershey (+1% to 86) inches ahead of both Mars (84) and Nestle (83).

Customer satisfaction with soft drinks is unchanged at 84, despite weakened demand for carbonated beverages. Soda consumption continues to decline as consumers increasingly turn to energy drinks, tea and bottled water, forcing beverage makers to focus on new and different products.

Despite a 1% dip, Dr Pepper Snapple still beats both Coca-Cola and PepsiCo in customer satisfaction with an ACSI score of 86. However, PepsiCo is the only major soft drink producer to improve customer satisfaction this year, breaking its three-year tie with Coca-Cola by edging up 1% to 85. Coca-Cola is stable at 84. The cola rivals have remained within two ACSI points of each other for nearly twenty years.

“While soda consumption isn’t likely to evaporate, soft drink manufacturers are certainly on the right track adding ‘healthier’ beverages like sport drinks and bottled water to their brands,” says ACSI Director, David VanAmburg. “If soft drink makers are going to continue to enjoy high
levels of customer satisfaction, it will be critical that they adapt to changing consumer preferences. In the bottled water segment, Coca-Cola’s Dasani and PepsiCo’s Aquafina brands already dominate the US market.”

Customer satisfaction with beer breweries is flat at an ACSI score of 81, with very little differentiation between the largest brands. MillerCoors improves slightly (+1% to 82), taking the lead over Anheuser-Busch InBev (81).

Athletic shoes are the only nondurables category to improve customer satisfaction this year, gaining 1.3% to 81. Smaller brands, including Sketchers and New Balance, lead the industry, climbing 4% to an aggregate score of 83.

Adidas rebounds 4% to 80 after a drop a year ago, but the improved customer satisfaction may be indicative of simply losing the most dissatisfied customers. Adidas’ Reebok line of toning shoes was not well received, and according to customers quality and durability fell short. By contrast, Nike slips 3% to 78, even as it gains market share—the broader and the more diverse the customer base, the more difficult it becomes to appeal to all.

“While it is not certain that customer satisfaction on the average is up because Adidas has lost dissatisfied customers and that Nike’s ACSI is down because it has an influx of new customers to serve, it is a phenomenon that we have seen in the past,” says Claes Fornell, ACSI founder and Chairman. “In the extreme, if a company got rid of all but one of its customers and served that customer really well, it would have a high customer satisfaction score but no market. That is, one should always check if defecting customers might be a reason for rising averages in customer satisfaction.”

Following two years of price-driven declines, customer satisfaction with apparel stabilizes at an ACSI score of 79, a fifteen-year low for the industry. Levi Strauss leads (82) the category, followed closely by V.F. (-1%) and Hanesbrands (+3%) at 81. Jones Group took the top spot last year, but now reverses course, falling 2% to 80. According to customers, price markdowns are not enough to offset lower quality, and the aggregate of smaller companies, including store brands, trails the rest of the industry at 78.

Personal care and cleaning products maintain a high ACSI score of 83. Manufacturers of shampoo, soap, toothpaste, detergents, and cleaning products consistently rank among the highest scoring companies in ACSI. Clorox, Unilever and Colgate-Palmolive tie for the lead at 85, just ahead of Dial and Procter & Gamble at 84. Like food and beverages, the largest companies outperform the industry average, while the aggregate of store brands and smaller manufacturers score slightly below at 82.

The full report is available for free download at [www.theACSI.org](http://www.theACSI.org). Follow the ACSI on Twitter at @theACSI and Like us on Facebook.
About ACSI

The American Customer Satisfaction Index (ACSI) is a national economic indicator of customer evaluations of the quality of products and services available to household consumers in the United States. The ACSI uses data from interviews with roughly 70,000 customers annually as inputs to an econometric model for analyzing customer satisfaction with more than 230 companies in 43 industries and 10 economic sectors, as well as over 100 services, programs, and websites of federal government agencies.

ACSI results are released on a monthly basis, with all measures reported on scale of 0 to 100. ACSI data have proven to be strongly related to a number of essential indicators of micro and macroeconomic performance. For example, firms with higher levels of customer satisfaction tend to have higher earnings and stock returns relative to competitors. Stock portfolios based on companies that show strong performance in ACSI deliver excess returns in up markets as well as down markets. And, at the macro level, customer satisfaction has been shown to be predictive of both consumer spending and GDP growth.

The Index was founded at the University of Michigan’s Ross School of Business and is produced by ACSI LLC. The ACSI can be found on the Web at www.theacsi.org.

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