ACSI: Retailers Improve Customer Satisfaction Amid Store Closings

Trader Joe’s Tops Supermarkets, Home Depot Overtakes Lowe’s

ANN ARBOR, Mich., (February 28, 2017) – Retailers reverse course after two years of declining customer satisfaction, according to the American Customer Satisfaction Index (ACSI). Retail Trade is up 4.7 percent to a score of 78.3 on a 100-point scale, an all-time high for the sector.

The ACSI covers six retail industries: department and discount stores, gas stations, drug stores, specialty retail stores, supermarkets, and online retail. All retail categories improve year over year in the 2016 holiday shopping season, while online retail continues to dominate. With mall traffic dwindling, less crowded stores are not hurting customer satisfaction either.

“As traditional outlets such as Sears, Macy’s and JCPenney shed properties, shoppers may experience better service in the stores that remain,” says David VanAmburg, ACSI Managing Director. “Although this is obviously not ideal or sustainable in the long run, fewer customers mean shorter lines, faster checkout and more attention from sales staff.”

Department and discount stores gain 5.4 percent to 78. Dillard’s takes first place, up 4 percent to an ACSI score of 83. In second place, JCPenney is the biggest gainer, up 11 percent to 82.

“The retail landscape has shifted toward e-commerce, but there are opportunities for department stores to capitalize on this,” says Claes Fornell, ACSI founder and Chairman. “Stores will remain relevant to the extent that they can integrate online shopping with brick-and-mortar operations, combining the convenience of online shopping with the benefit of personal service.”

Nordstrom is the only department store to deteriorate in customer satisfaction, slipping 2 percent into a three-way tie with Dollar Tree and Belk at 80. Kohl’s, Macy’s and Target all advance to 79, and Dollar General rises to 78. Meijer matches Sears at 77, followed by Ross at 76.

Customer satisfaction with Walmart surges 9 percent as the company’s renewed attention to customer service via “holiday helpers” to expedite checkout lines and aid shoppers pays off. Despite the ACSI gain, however, Walmart continues to anchor the low end of the industry with an ACSI score of 72.

Specialty retailers lift shopper satisfaction 3.9 percent to 80. Costco (+2%) leads with an ACSI score of 83, followed by a trio at 81: Sam’s Club (+7%), L Brands (unchanged), and Barnes & Noble (+3%).
With a big jump, Home Depot (+10% to 80) edges ahead of rival Lowe’s (+7% to 79) for the first time, as well as Menards (+1% to 79). AutoZone and Staples (each up 7%) cluster at 80, alongside TJX and GameStop (+3% each). Several other retailers are just below the industry average at 79: Advance Auto Parts (+10%), Bed Bath and Beyond (+5%), BJ’s Wholesale Club (+4%), Burlington (+4%), ACSI newcomer DICK’S Sporting Goods, Gap (+5%) and Office Depot.

Ascena, which recently acquired Ann Taylor, makes its debut at 78 and ties with two pet supply stores: Petco and PetSmart. Best Buy, Big Lots and Toys “R” Us follow at 77. Abercrombie & Fitch improves the most, up 17 percent, but remains last at 76.

Customer satisfaction with drug stores rises 6.8 percent to 78. Kmart pharmacy leads at 84, in part because many customers that were less than satisfied have left. Albertsons Companies, which includes Safeway, comes in second place at 83. The merged company hits its stride in 2016 with a 20-percent gain. Kroger is stable at 81 while Target is the only pharmacy to fall, down 1 percent to just above the average at 79. Rite Aid improves 13 percent to 78, while CVS, Walgreens and Walmart round out the low end at 76.

Supermarkets improve customer satisfaction by 6.8 percent to 78, aided by falling food prices, higher quality and better service. Trader Joe’s rises to the top (+4% to 86). Publix is up 2 percent to 84, followed by ALDI, H-E-B and Wegmans at 83.

Whole Foods climbs 11 percent to 81, ahead of Hy-Vee, Kroger and ShopRite (all 79). Meijer (+5%) matches Target (+10%) at 78, followed by Southeastern Grocers (+4% to 77). The newly merged Ahold Delhaize posts an ACSI score of 76 to tie with SUPERVALU. Albertsons follows at 75, well below its score in the drug store category. Walmart and Giant Eagle are each up 10 percent, but remain in a tie for last place at 74.

Internet retail leads the sector with an ACSI score of 83, up 3.8 percent from a year ago. Amazon continues to hold first place, advancing 4 percent to 86 amid a strong holiday season. Tech-focused Newegg gains 5 percent to 83 and eBay is up 8 percent to 81. Netflix climbs 4 percent to 79, alongside Overstock (+8%).

The ACSI report, which is based on 12,515 customer surveys collected in the fourth quarter of 2016, is available for free download at: http://www.theacsi.org/news-and-resources/customer-satisfaction-reports/reports-2016/acsi-retail-report-2016.
ACSI 2016 INDUSTRY RESULTS FOR RETAIL

RETAIL TRADE REVERSES COURSE

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Supermarkets: Trader Joe's Sweeps Into Top Spot

Trades Joe's 86
Publix 84
ALDI 83
H-E-B 83
Wegmans 83

Projected store closures 2017:
Sears/Kmart 150
Macy's 68, JCPenney 140

INTERNET RETAIL
Amazon continues to dominate

ACSI: Sears, Macy's, JCPenney

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*www.statista.com*
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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 300 companies in 43 industries and 10 economic sectors, including various services of federal and local government agencies.

ACSI results are released throughout the year, with all measures reported on a scale of 0 to 100. ACSI data have proven to be strongly related to several 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. At the macro level, customer satisfaction has been shown to be predictive of both consumer spending and GDP growth.

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