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 180,000 customers annually as inputs to an econometric model for analyzing customer satisfaction with more than 300 companies in 44 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.
The American Customer Satisfaction Index (ACSI®) has expanded coverage of financial services to now include financial advisors. The inaugural results based on interviews from the end of 2017 place financial advisors at an ACSI score of 81 (scale of 0 to 100) and in the top 10 of 44 industries in the Index.

First Look at Investor Satisfaction With Financial Advisors

Time will tell if the industry’s strong customer satisfaction results are mostly because the stock market hit all-time highs in 2017, including a remarkable increase of 19% for the S&P 500 and 25% for the Dow. As December ended, the Dow had posted 71 record closings—the most ever posted in a single year. On top of that, the market had a strong run all the way back to 2009. Under these circumstances, most clients are probably very happy with their financial advisor.

The notion that market performance might be behind the high levels of customer satisfaction also is consistent with the narrow range in ACSI scores for financial advisors, with little difference between companies at the top and those at the bottom. The true test will come during times when the stock
market declines, and 2018 already has encountered some turbulence. When the market declines, financial advisors may have difficulty justifying their fees and holding on to their clients.

Small brokerage firms have the highest investor satisfaction with a combined ACSI score of 83. Among individual companies, Charles Schwab and LPL Financial tie for the lead at 82. Morgan Stanley and Raymond James match the industry average at 81, followed by Wells Fargo at 80.

Fidelity, Merrill Lynch (Bank of America), and UBS come in last at 79, alongside independent fee-based, registered investment advisors.

For now, the inaugural results suggest that there is little differentiation in the industry—everybody is doing well by their clients. Among the big players, the gap from top to bottom is 3 points, which is a tighter grouping than in most other industries. This means that rankings can easily be reversed, and incremental improvements can have a very large payoff.
For 2017, the financial advisor industry provides an excellent customer experience starting with initial contact, as clients find it easy to open an account (84). Call centers and websites earn top marks (both at 83) and investors have both trust and confidence in their advisors (83). Communications are clear regarding investment plans (82) and prospectuses (81).

Clients are happy with overall investment performance (81), but are slightly less impressed by the competitiveness of prices and fees and how they are explained (80).

According to investors, routine contact (email and mail) is good (81), while personal contact is rated just below (79). This is an area, however, where ACSI modeling is helpful in order to avoid devoting resources and effort into initiatives that will not deliver measurable results. For most firms, increasing the frequency of personal contact will not have a significant effect on investor satisfaction.

Users also say that mobile options for account management are slightly behind (78), which is partly due to regulatory issues. However, as consumers increasingly use mobile devices for all kinds of transactions, digital services may give firms an opportunity to differentiate themselves better in the near future.

ABOUT THIS REPORT

The ACSI Financial Advisors Report 2017 is based on interviews with 1,473 customers, chosen at random and contacted via email between October 2 and December 12, 2017. Customers are asked to evaluate their recent experiences with financial advisory services provided by the largest firms in terms of market share, plus two aggregate categories: independent registered investment advisors and “all other”—and thus smaller—financial advisory companies.

The survey data are used as inputs to ACSI’s cause-and-effect econometric model, which estimates customer satisfaction as the result of the survey-measured inputs of customer expectations, perceptions of quality, and perceptions of value. The ACSI model, in turn, links customer satisfaction with the survey-measured outcomes of customer complaints and customer loyalty. ACSI clients receive confidential industry-competitive and best-in-class data on all modeled variables and customer experience benchmarks.

ACS and its logo are Registered Marks of the University of Michigan, licensed worldwide exclusively to American Customer Satisfaction Index LLC with the right to sublicense.

No advertising or other promotional use can be made of the data and information in this report without the express prior written consent of ACSI LLC.
Customer Satisfaction Benchmarks by Industry

- Televisions & Video Players: 85
- Breweries: 84
- Soft Drinks: 84
- Internet Retail: 83
- Credit Unions: 82
- Automobiles & Light Vehicles: 81
- Banks: 81
- Consumer Shipping: 81
- Financial Advisors: 81
- Food Manufacturing: 81
- Apparel: 80
- Athletic Shoes: 80
- Household Appliances: 80
- Personal Care & Cleaning Products: 80
- Property & Casualty Insurance: 80
- Specialty Retail Stores: 80
- Cellular Telephones: 79
- Internet Investment Services: 79
- Internet Travel Services: 79
- Limited-Service Restaurants: 79
- Computer Software: 78
- Cooperative Utilities: 78
- Department & Discount Stores: 78
- Full-Service Restaurants: 78
- Health & Personal Care Stores: 78
- Life Insurance: 78
- Supermarkets: 78
- Ambulatory Care: 77
- Personal Computers: 77
- Gasoline Stations: 76
- Hotels: 76
- Internet Search Engines & Information: 76
- Airlines: 75
- Hospitals: 75
- Internet News & Opinion: 75
- Investor-Owned Utilities: 75
- Health Insurance: 73
- Internet Social Media: 73
- U.S. Postal Service: 73
- Wireless Telephone Service: 73
- Municipal Utilities: 73
- Fixed-Line Telephone Service: 64
- Internet Service Providers: 64

© 2018 ACSI LLC. All rights reserved.