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HOLD FOR RELEASE UNTIL 10:00 a.m. May 17

**GROWING DISCONTENT AMONG TRAVELERS, MOVIEGOERS,
CONTRIBUTES TO SLIGHT DROP IN AMERICAN CUSTOMER
SATISFACTION INDEX**

MILWAUKEE, May 17, 1999 – Customers' plummeting satisfaction with service in some industries within the transportation, communications, and service sectors, contributed to a slight drop in national customer satisfaction, according to the most recent findings of the American Customer Satisfaction Index (ACSI). The national index, which is reported on a 0 to 100 scale, dropped 0.5 of a point the first three months of 1999 – from 72.6 to 72.1 – ending its climb throughout 1998 but still above its all-time low score of 70.7 in 1997.

Airlines, network television news, and telecommunications companies received disappointing scores from customers for their ability to deliver quality service. However, the newspaper industry, parcel delivery providers, and electric utilities gained growing approval, which helped offset the overall satisfaction score for the transportation, communications, and utilities economic sector.

Turbulent times for airlines. Since the first ACSI report in 1994, the airline industry has dropped nine points, from 72 to its current all-time low score of 63. "Because most of the gates in our airports are dominated by a single airline, travelers have little choice - so they're forced to endure rising ticket prices, lost luggage, and poor in-flight service," said Claes Fornell, professor, University of Michigan's School of Business. "As long as passenger choice is restricted, there is not much incentive for the airlines to improve. Things may change as a result of the Justice Department's investigation of the major airlines or by the recent congressional scrutiny. We may see the government's antitrust complaint against American Airlines followed by charges against more airlines."

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Telecom provider options cause disconnection for customers. The satisfaction score for the telecommunications industry dropped another point this year, from 74 to 73 – continuing a four-year decline.

“It’s quite possible that the barrage of telecommunications industry mergers and intense marketing by local and long-distance service providers is wearing thin for customers,” said Joe O’Leary, partner, Arthur Andersen Business Consulting’s Integrated Customer Solutions practice. “Customers have options, and price clearly isn’t the only deciding factor, yet that is what’s most often marketed to them. Service providers need to do an even better job of providing options that are relevant and convenient.”

Television network news doesn’t rate well with the public. The most recent ACSI score for the television network news industry dipped to its lowest recorded score of 62, a 15-point decline over the past five years. As network television continues to lose viewers to cable television programming, this precipitous decline is another indication that customer dissatisfaction presents a very real business threat to market incumbents and an important opportunity for new entrants. “This most recent decline provides additional supporting evidence that customer satisfaction is a leading indicator of business success,” said Jack West, American Society for Quality.

Readers are more content with their favorite newspaper – the satisfaction score for the nation’s seven largest newspaper publishers rose three points to 69.

A one-point increase for the hotel industry could not offset the overall drop in customer satisfaction for the service sector, caused by declining scores for the motion picture and hospital industries.

Not a “Titanic” year for the film industry. Even box-office favorites such as “Shakespeare in Love” and “Saving Private Ryan” could not counteract moviegoers’ negative reaction to rising ticket prices. Customer satisfaction for the movie industry has dropped five points since last year, from 76 to 71.

Patients don’t care for hospital service. Aging facilities and increasing competition may force hospitals to become more patient-friendly. Following a five-point jump in satisfaction from 1997 to 1998, patients’ scoring of hospital service decreased by two points, from 72 to 70.

The American Customer Satisfaction Index (ACSI) is the only uniform, national, cross-industry indicator in the United States that links customer satisfaction of U.S. household customers with performance. The index measures the satisfaction of U.S. household customers with the quality of the goods and services available to them—both

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those produced within the United States and imported from foreign firms that have a substantial market share of dollar sales. This key economic indicator, produced through a partnership of the University of Michigan Business School, the American Society for Quality (ASQ), and Arthur Andersen, helps companies determine and understand what drives customer satisfaction and loyalty, and their relationship to bottom-line financial results. Using the information derived from ACSI data, companies can focus initiatives that will impact and improve customer satisfaction.

The American Customer Satisfaction Index is updated on a rolling basis with one or two sectors of the economy measured each quarter.

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Note: For a complete listing of ACSI ratings contact Chris Lochemes at 800-248-1946 or Mary Hall at 214-939-6934. A summary of ACSI ratings for the transportation, communications, utilities, and services industries follows.

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CHANGES IN SECTOR/INDUSTRY ACSI RATINGS

(0-100 scale)

Sector/Industry	1994 ACSI	1995 ACSI	1996 ACSI	1997 ACSI	1998 ACSI	1999 ACSI	% Chg 98-99
National ACSI (measured in first quarter each year)	74.5	74.1	73.0	70.7	71.9	72.1	+0.3 -0.7 since last qtr.
Transportation/ Communications/ Utilities	75.5	75.1	75.5	71.6	71.2	70.3	-0.9
Airlines/scheduled	72	69	69	67	65	63	-2.0
Broadcasting/TV network news	77	76	70	62	65	62	-3.0
Electric service	75	74	75	73	73	74	+1.0
Newspapers	72	68	69	69	66	69	+3.0
Parcel delivery/ express mail*	81	81	85	80	78	79	+1.0
Telecommunications/ telephone service	80	80	79	75	74	73	-1.0
U.S. Postal Service	61	69	74	69	71	71	0
Services	74.4	74.2	71.2	67.7	72.2	70.4	-2.5
Hotels	75	73	72	71	71	72	+1.4
Hospitals	74	74	71	67	72	70	-2.8
Motion pictures	77	77	74	71	76	71	-7.0

*Parcel delivery and express mail services of the U.S. Postal Service are measured in this industry along with private sector firms. Monopoly services of the USPS are measured in the U.S. Postal Service industry.

STATISTICAL NOTE:

The 90 percent confidence level for the national ACSI is plus or minus 0.2 points; for the transportation/communications/utilities sector plus or minus 0.3 points; and for the services sector 0.6 points. For individual industries, depending upon sample size and number of companies measured, the confidence level varies from plus or minus 0.4 to 2.4 points.