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Low Customer Satisfaction for Facebook Opens Door for Google+

Myspace drops out; Bing nearly catches Google; FOXNews.com has strong lead over HuffingtonPost.com

ANN ARBOR, Mich. (July 19, 2011)—The social media market is primed for a new player that allows users to connect with friends, according to the 2011 American Customer Satisfaction Index (ACSI) E-Business Report, produced in partnership with customer experience analytics firm [ForeSee Results](#). Despite a small improvement this year, Facebook (+3% to 66) is the lowest-scoring site, not only in the social media category, but of all measured companies in this report. The survey was conducted last month, before the widespread introduction of Facebook’s biggest competitor, Google+, but Facebook’s low score indicates that Google+ could easily pounce and gain market share if they can provide a superior customer experience.

“We don’t know yet how Google+ will fare, but what we do know is that Google is one of the highest-scoring companies in the ACSI and Facebook is one of the lowest,” said Larry Freed, president and CEO of ForeSee Results. “An existing dominance of market share like Facebook has is no longer a safety net for a company that is not providing a superior customer experience.”

Facebook is just one story emerging from today’s report. The ACSI E-Business Report covers three categories of e-business: social media, portals and search engines, and online news. This is the twelfth annual report of its kind, allowing companies and analysts to track the performance of these organizations over time by a critical metric: customer satisfaction.

Social Media

Wikipedia (+1% to 78) takes the top spot, while YouTube (+1% to 74) comes in a distant second. Myspace drops from this year’s Index because there were not enough users to create a statistically significant sample. Overall, social media is one of the lowest-scoring industries measured by the ACSI—only airlines, newspapers, and subscription television services score lower.

Search Engines and Portals

Google leads the search engine and portals category (up 4% to 83), but Bing follows closely, jumping an impressive 7% in one year to 82. Anything over 80 is generally considered an excellent score. Bing has grown in market share over the last year and makes up roughly 17% of the search engine market, up from 9% last year.

“While Google+ is the challenger to Facebook’s established dominance in the social media sphere, in the search engine wars, Google is king and Bing is hoping to be a contender,” added Freed. “Last year, Google’s customer satisfaction score was three points higher than Bing’s. This year, that gap narrows to one point. Bing is showing it can challenge Google in terms of revenue, market share, and the customer experience.”

News Websites

FOXNews.com (82) has a strong lead on the news and information category and is five points ahead of the next highest-scoring site, ABCNews.com (+3% to 77). HuffingtonPost.com (69) debuts at the bottom of the industry. Satisfaction with NYTimes.com drops 4% this year to 73. The study was conducted during the same time the site began to implement their metered paywall, but it remains to be seen whether satisfaction will rebound as customers adjust to the new business model.

“E-business is still relatively immature in many ways, often more interested in technology than in satisfying customers,” said Claes Fornell, founder of the ACSI and author of *The Satisfied Customer*. “As competition gets tougher, this is likely to change, and the successful companies are going to have powerful cause-and-effect customer satisfaction measurement systems. The losers will be the companies that underestimate the power of a dissatisfied customer and fail to upgrade their current measurement systems.”

For more analysis and complete historical scores, please visit www.ForeSeeResults.com or www.theacsi.org.

About ACSI

The American Customer Satisfaction Index is a national economic indicator of customer evaluations of the quality of products and services available to household consumers in the United States. Data from interviews with approximately 70,000 customers annually are used as inputs into an econometric model to measure satisfaction with more than 225 companies in 47 industries and 10 economic sectors, as well as more than 130 federal government departments, agencies, and websites. Results are released on a monthly basis with all measures reported using a 0-100 scale. 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 gross domestic product growth.

Founded at the University of Michigan’s Ross School of Business, the Index is produced by ACSI LLC and supported in part by ForeSee Results, corporate sponsor for the e-commerce and e-business measurements.

About ForeSee Results

As the leader in customer satisfaction measurement, ForeSee Results captures and analyzes voice-of-customer data to help organizations increase loyalty, recommendations and marketing value. Using the methodology of the American Customer Satisfaction Index (ACSI), ForeSee Results identifies improvements across all channels and touch points that drive customer satisfaction. With over 60 million survey responses collected to date and benchmarks across dozens of industries, ForeSee Results offers unparalleled expertise in customer satisfaction measurement and management for clients around the world.

ForeSee Results, a privately held company, is located in Ann Arbor, Michigan and on the web at www.ForeSeeResults.com. Connect with ForeSee Results at www.ForeSeeResults.com/connect.html.

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