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### **ACSI: Passenger Discontent Pervasive for Airlines; Satisfaction Goes Up for Hotels, Fast Food, and Restaurants**

*Delta and Continental Plummet; McDonald's, Pizza Hut, Wyndham, and UPS Improve*

**ANN ARBOR, Mich.**, [June 21, 2011]—Customer satisfaction results for five industries show improvement for dining and lodging, but a downturn for air travel, according to a report released today by the American Customer Satisfaction Index (ACSI). The report covers satisfaction with the quality of products and services provided by airlines, hotels, full-service restaurants, fast food, and express delivery and mail services.

#### **Airlines: Poor Service Leaves Passengers Wanting More**

Passenger satisfaction with airlines drops by 1.5% to an ACSI score of 65—a very low score that keeps getting worse. Poor service, higher fuel prices, and fees for baggage and other services are contributing to discontent among travelers. Passengers who pay for checked bags are much less satisfied than those who don't (an ACSI score of 58 compared to 68). They also are more dissatisfied now than a year ago (-3%). Since nearly half of all fliers pay bag fees, the negative impact on their satisfaction is significant. Airlines have another concern as well. Their most profitable market segment, business passengers, is the least satisfied (ACSI score of 61).

Southwest Airlines rises 2% to 81, leading the category as it has for the past eighteen years. Continental is next in line, but far behind after plunging 10% to 64 as it becomes absorbed by United, which itself improves 2% to 61 to tie US Airways. Between these companies is American Airlines, unchanged at 63. Delta Air Lines hits the industry's bottom with a 10% dive to 56—one year after completing its acquisition of Northwest.

“Airline mergers typically have a destructive effect on passenger satisfaction,” said Claes Fornell, founder of the ACSI and author of *The Satisfied Customer: Winners and Losers in the Battle for Buyer Preference*. “In 2005, US Airways fell 8% to an industry low following its merger with America West, and now Delta falters in the same way. Past experience points to more customer satisfaction challenges ahead for United and raises

the question of whether Southwest can escape customer satisfaction problems from its acquisition of Air Tran in May.”

### **Hotels: Are Promotions Spurring Price Shopping?**

Guest satisfaction with hotels rises 2.7% to a score of 77. Lower rates and more perks have enhanced customers’ views of value for money. The aggregate of smaller brands—including small hotel and motel chains, individual luxury hotels, and bed and breakfasts—make the most progress, up 4% to an ACSI score of 77. The industry is having more success with leisure travelers, as their satisfaction improves 1% to 77 compared to a 1% drop to 75 for business travelers.

“Although guest satisfaction has benefited from lower rates and various perks, there has been no effect on customer loyalty and repeat business,” said Fornell. “Price-induced satisfaction tends to make people shop around for the best deal rather than promote loyalty.”

Hilton leads, unchanged at 80, with both Marriott (-1%) and Starwood (+3%) close behind at 79. Hyatt comes next at 77 (-3%). Budget brands occupy the next tier below the industry average, with Intercontinental (Holiday Inns) down 3% to tie Best Western at 76. Choice Hotels follows, unchanged at 74, while Wyndham Worldwide (Ramada, Super 8, Days Inn) makes the biggest gain, up 4% to 73, but this is still not enough to pull Wyndham out of the industry basement.

### **Fast Food and Restaurants: Customer Satisfaction on the Rise**

Customer satisfaction with full-service restaurants inches up 1.2% to an ACSI score of 82, while fast food climbs 5.3% to 79. Pizza dominates burgers in fast food—all four of the large pizza makers are at, or near, the top of the industry. Pizza Hut climbs into the lead with a 4% improvement to an ACSI score of 81. Little Caesar and Starbucks, both up 3% to 80, are not far behind. Papa John’s is next, down 1% to 79, followed by Domino’s Pizza with an unchanged score of 77 for a third straight year, despite a major overhaul of its recipes.

Wendy’s tops burger satisfaction and holds its ground at 77, followed by Taco Bell (+3%) at 76. KFC (unchanged) and Burger King (+1%) are tied at 75. McDonald’s makes the largest improvement of all companies, jumping 8% to a score of 72, but remains in last place among fast food chains.

“Since the gap to its competitors has narrowed, this may well be the sweet spot for McDonald’s,” said Fornell. “It’s not that the Golden Arches operation is so big that its revenue is immune to low customer satisfaction, but rather it is less impacted by low satisfaction compared with the competition. Convenience, kid appeal, location, low prices, and meeting customer expectations are the ingredients of success for McDonald’s. Mix

in a healthier dose of customer satisfaction, and the company's near future looks better than it did a year ago."

Darden-owned chains Olive Garden (-2%) and Red Lobster (-1%) lead the restaurant category at 82, with Outback Steakhouse right on their heels, up 1% to 81. Only Chili's Grill & Bar remains a bit behind, up 1% to 79.

### **Express Delivery and Mail Services: UPS Grabs Industry Lead**

Customer satisfaction with express mail services used by consumers who pay to ship and receive packages inches up for a second straight year, gaining 1.2% to an ACSI score of 84. Double-digit growth in online sales during the first quarter has increased demand for consumer-paid shipping of Internet purchases.

FedEx led the industry for more than a decade, but this year UPS moves into the number-one position with a 4% gain to 85. FedEx dips slightly, falling 2% to 83. The U.S. Postal Service gains 3% for its express delivery services, but its score of 79 keeps the USPS well behind both UPS and FedEx. Customer satisfaction with the Postal Service's regular mail delivery also improves over last year, up 4% to match its former high point of 74. But this gain comes at a time when the volume of mail is shrinking and the Postal Service faces financial difficulties, indicating that the most dissatisfied customers may already have left.

### **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. ACSI releases results for various sectors of the economy on a monthly basis to provide up-to-the-moment coverage over the entire calendar year. The national index is updated each quarter and factors in scores from more than 225 companies in 47 industries and from government agencies over the previous four quarters. The Index was founded at the University of Michigan's Ross School of Business and is produced by ACSI LLC. ACSI can be found on the Web at [www.theacsi.org](http://www.theacsi.org).

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