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ACSI: Search Engines and Social Media Sink Satisfaction with E-Business to Lowest in a Decade

Google, Bing and Yahoo! Fall; Social Media Slips as Facebook Remains Lowest Score in E-Business; FOXNews.com Satisfies Its Fans; Advertising Could Be Driving Discontent

ANN ARBOR, Mich. (July 23, 2013) — Customer satisfaction with e-business tumbles to its lowest score since 2003 according to the American Customer Satisfaction Index (ACSI) E-Business Report released today in partnership with customer experience analytics firm ForeSee. E-business—which includes portals and search engines, social media, and online news and information websites—drops 3.9% to 71.3 on ACSI's 100-point scale. Research suggests that the proliferation of advertising is diminishing the customer experience, especially among search engines.

Twenty-two percent of search engine visitors cited advertisements as what they liked least about the site. Three out of five social media site visitors surveyed said they do not pay attention to ads on the site, and one in five said ads interfere with their experience.

“Advertising may be the necessary evil of e-business,” said Larry Freed, president and CEO of ForeSee. “Most e-businesses begin as a free service to gain traction with consumers and increase market share, but eventually they need to find a way to monetize their business. Unfortunately, consumers generally perceive the increase in advertising as detracting from their online experience.”

“From 10,000 feet, the erosion of customer satisfaction with e-business suggests that the sector will have a bumpy road ahead. But the battle for customer preference is playing out at the customer-level,” said Claes Fornell, ACSI founder and chairman. “Companies that can find a way to make money without compromising the customer experience will please both its users and investors.”

Portals & Search Engines

The decline in e-business is largely due to falling customer satisfaction with search engines and portals, the largest category of the sector. A 3.8% drop to 76 makes it the lowest score for the category since 2007 as every measured website drops in satisfaction. Google remains the most satisfying search engine, despite a 6% slide to 77. But its

primary rivals Bing (-6%) and Yahoo! (-3%) also decline and tie for second at 76. MSN and AOL are also-rans with scores of 74 and 71, while the aggregate of smaller portals and search engines like GoodSearch and MetaCrawler dive 13% to 70.

“The satisfaction scores make it appear to be a closer race, but it is still only a battle for second when it comes to search engines,” said Freed. “Nearly half of Google visitors use the site for most of their searches, while no other search engine comes even close to that kind of loyalty. Lower satisfaction across the board is leading more consumers to use multiple search engines or try a vertical search approach to get the information they’re looking for, though this is less true for Google.”

Social Media

Despite its popularity and widespread adoption, social media continues to provide one of the least satisfying experiences in all of the ACSI. The category dips 1.4% to 68, putting social media on par with subscription TV service and rating better than only ISPs.

Wikipedia retains its top position with an unchanged score of 78. Pinterest climbs 4% to 72, six points behind the industry leader but enough to give it second place. Google+ loses its “newness” and settles at 71 from its debut at the top of the industry last year, tying YouTube which is down 3%. Twitter (+2% to 65), Facebook (+2% to 62) and LinkedIn (-2% to 62) are the poorest performers of the category and also some of the largest.

“The noise factor can detract from immersive experiences like Facebook and Twitter. Neither one is curated or edited, so users have to filter through ads, banter and irrelevant posts to find useful or entertaining threads or connections,” said Eric Feinberg, Foresee senior director of mobile, media and entertainment. “Wikipedia, as a managed site without advertising, doesn’t have that problem.”

Social media is the most mobile category in e-business, according to the report, with nearly one-third of users surveyed using social media via mobile phone. Only 9% of search engine users surveyed said they accessed a search site via mobile and 24% of news and information users used an app or mobile site.

News and Information

News and information websites hold steady at 73 for a third year in a row, and FOXNews.com continues its domination of the category with a score of 82 (-2%). ABCNews.com (-1%) and NBCNews.com (+3%) are the best of the rest with a score of 75. NYTimes.com’s pay wall hasn’t affected satisfaction with the site, as it scores 74 for a second year. CNN.com and USAToday.com slip in equal measure, dropping 3% to 73. Smaller news sites, such as the Washington Post, BBC, the Chicago Tribune and others, are under the All Others umbrella, which is unchanged at 72. Also unchanged is HuffingtonPost.com, which has anchored the category with a score of 69 every year since it was added to the Index in 2011.

For complete historical scores and more analysis, please visit www.theacsi.org, and for additional insight www.foresee.com.

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 230 companies in 43 industries and 10 economic sectors, as well as over 100 services, programs, and websites of federal government agencies.

ACSI results are released on a monthly basis, with all measures reported on scale of 0 to 100. 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 GDP growth.

The Index was founded at the University of Michigan's Ross School of Business and is produced by ACSI LLC. The ACSI can be found on the Web at www.theacsi.org.

About ForeSee

As a pioneer in customer experience analytics, ForeSee continuously measures satisfaction across customer touch points and delivers critical insights on where to prioritize improvements for maximum impact. Because ForeSee's superior technology and proven methodology connect the customer experience to the bottom line, executives and managers are able to drive future success by confidently optimizing the efforts that will achieve business and brand objectives. The result is better business for companies and a better experience for consumers. ForeSee is headquartered in Ann Arbor, MI and can be found online at www.foresee.com.

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