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ACSI: PC Customer Satisfaction Hit by High Prices and Lack of Innovation

Apple Leads PCs but Only ASUS Improves; Samsung Appliances Drop to Last Place

ANN ARBOR, Mich., (September 26, 2017) – Customer satisfaction with personal computers resumes its decline, reflecting weak demand for tablets, laptops and desktops. The American Customer Satisfaction Index (ACSI®) Household Appliance and Electronics report released today shows personal computers down by 1.3 percent to 77 on a 100-point scale.

The global shortage of NAND flash storage caused a rise in PC prices, which contributes in part to lower customer satisfaction. Also, consumers are increasingly using smartphones as alternatives to computers and are less impressed by PC innovations – or the lack thereof. Demand for PCs in the United States is subsiding, and in the second quarter of 2017 the industry recorded the lowest quarterly shipment volume since 2007.

"The problem with PC demand is actually quite simple, and it's reflected in weak customer satisfaction," says Claes Fornell, ACSI Chairman and founder. "Computers have become a cash cow, so manufacturers aren't investing enough in innovation. Compared to smartphones, there is very little advancement in technology to speak of. Functionality is basically the same as it was a few years ago. That's not a formula for creating satisfied customers, and provides no reason for people to replace their old model with a new one."

Apple and Samsung continue to dominate although each slip 1 percent as U.S. demand for tablets weakens. ACSI leader Apple remains on top with a score of 83, posting strong notebook sales with the release of its revised 12-inch MacBook. Samsung comes in second place at 82.

ASUS is the only individual manufacturer to improve (+3% to 80), capitalizing on its success with the gaming community. Amazon beats the industry average despite dipping 1 percent to 79. Households appreciate Amazon's budget-friendly Fire tablets, and the company bucked the industry trend by further reducing prices this year. Amazon also increased Q2 shipments, even as the overall tablet market declined.

HP also withstands the ACSI downturn (unchanged at 77), while its shipments outpaced most of the industry. Meanwhile, Dell falls 3 percent to tie Lenovo (unchanged) at 76. Mergers typically have a negative effect on customer satisfaction, and this may be the case here. A year ago, Dell Technologies acquired EMC Corporation, creating the largest tech merger in history.

Acer loses a portion of its big gain from last year, retreating 4 percent to meet Toshiba (-1%) near the industry's bottom at 75. Smaller PC makers continue to rank last with a combined score of 74 (+1%).

Household Appliances

With little new to offer, household appliances fade 2.4 percent to 80. The challenge for these manufacturers continues to be how to best differentiate their products relative to competition, and thus overcome weak selective demand. While some major manufacturers are developing smart technology for appliances, there is little consumer awareness and innovations have yet to take hold.

LG leads (-2% to 83), followed by Bosch (-2% to 82). Swedish brand Electrolux is stable at 81, the sole manufacturer of household appliances not to lose ground this year.

The combined score for smaller manufacturers (-1%) ties with Whirlpool (-1%) at 80. Samsung falls furthest – from second to last place in the space of 12 months. Last November, Samsung recalled nearly 3 million potentially dangerous washing machines, and customer satisfaction is down by 7 percent to 78. GE Appliances, which was sold to China's Haier in 2016, drops 5 percent to tie with Samsung at the bottom of the category.

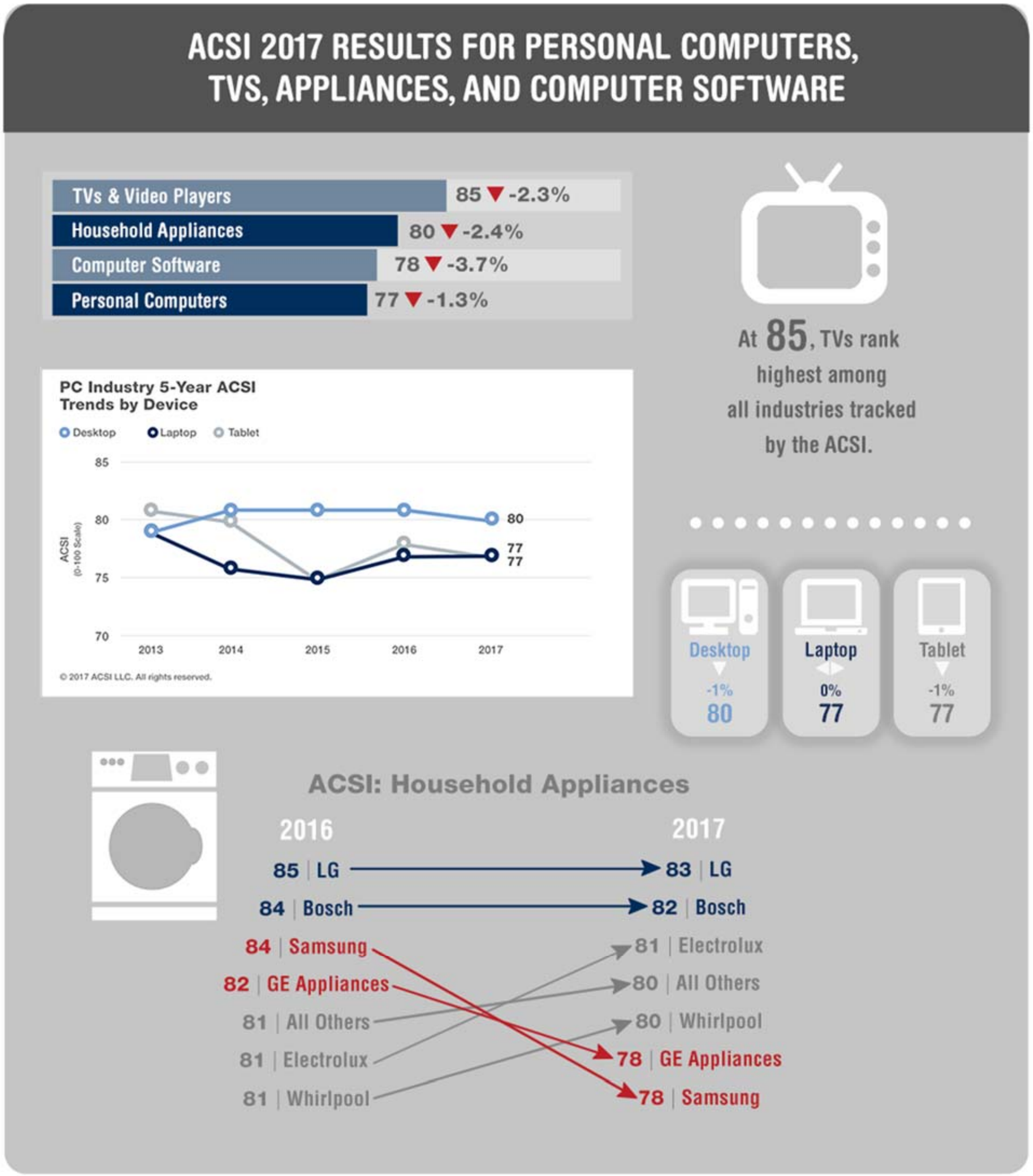
Computer Software

User satisfaction with computer software wanes 3.7 percent to 78. Smaller software makers (including antivirus software and TurboTax) slip 2 percent to a combined score of 79. Microsoft fares much worse even as it transforms into a supplier of cloud-based service. The market share leader drops 5 percent to 76 despite increasing the frequency of feature updates.

Televisions and Video Players

Customer satisfaction with televisions and Blu-ray/DVD players falls 2.3 percent to an ACSI score of 85. A year ago, smart technology and low prices boosted TVs to record-high customer satisfaction, but now the market appears saturated. Nevertheless, consumers are still exceptionally satisfied and TVs rank highest among all industries tracked by the ACSI.

The ACSI report, which is based on 3,766 customer surveys collected between September 12, 2016, and July 24, 2017, is available for free download at: http://www.theacsi.org/news-and-resources/customer-satisfaction-reports/reports-2017/acsi-household-appliance-and-electronics-report-2017.



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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 43 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.

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