American Customer Satisfaction Index

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 500,000 customers annually as inputs to an econometric model for analyzing customer satisfaction with more than 400 companies in 47 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.

January 26, 2021

ACSI NONDURABLE PRODUCTS REPORT 2019-2020

Industry Results for:

Food Manufacturing

Soft Drinks

Breweries

Personal Care & Cleaning Products

Apparel

Athletic Shoes

American Consumers Less Satisfied With Grocery Cart Items

In 2020, the global pandemic proved to be a disruptor for nearly every industry providing goods and services to U.S. households. Consumer shopping patterns morphed almost overnight as the early stages of the U.S. COVID-19 outbreak prompted panic buying and caused shortages of household items like cleaning supplies. Eating at home usurped dining out, loungewear overtook office attire, and workouts moved from the gym to the home.

In grocery carts, nonperishable staples such as canned goods, long on the decline, moved up front and center as consumers stocked pantries. Supply chain issues plagued both the food and beverage industries, including can shortages. As a result, food processors and beverage makers alike trimmed their product offerings to focus on core products to meet unprecedented demand.

Across the Manufacturing/Nondurables sector, customer satisfaction hit the skids in 2020 after experiencing high and mostly stable levels during the same period one year ago. The sector overall declines 1.5% to an ACSI score of 79.2 on the American Customer Satisfaction Index's (ACSI®) 100-point scale. Among six measured industries, only apparel sees some improvement. The remaining categories—food manufacturing, breweries, soft drinks, personal care and cleaning products, and athletic shoes—experience significant declines in customer satisfaction. Nearly 90% of major manufacturers suffer year-over-year downturns in their ACSI scores. The ACSI results are based on surveys conducted over a 12-month period from October 2019 through September 2020.

Food Manufacturing

Customer satisfaction with food manufacturing (packaged food products ranging from chocolate, baked goods, and cereals to meat, cheese, and frozen foods) tumbles 3.7% to an ACSI score of 79 after holding stable at the higher level of 82 in the prior year. The satisfaction decline for the industry overall is driven by large drops in consumer perceptions of both quality and value.

Leading up to the pandemic, food manufacturers were already facing headwinds as consumer preferences shifted away from processed food. Kraft Heinz, for example, reported "disappointing" 2019 results, with fourth quarter sales down 5%. But when COVID-19 hit the United States, sales of nonperishable center-store items went through the roof. Demand for canned soup and frozen food skyrocketed in March 2020, boosting sales across some of the industry's biggest manufacturers. Campbell Soup saw a 60% increase in its soup consumption data over a four-week period in March. Likewise, U.S. retail sales for General Mills soared 45% in March and 32% in April 2020 compared to the prior year. Kraft Heinz's iconic macaroni and cheese was among its big winners as the company's U.S. sales bounced up 6% year over year in the first quarter of 2020.

But this return to comfort foods, pantry stocking, and convenience—driven by both necessity and nostalgia—may not be a permanent trend for an industry that is losing favor overall with consumers. As Americans shop center-store items more, they are still disappointed. Among 11 major food processors, not one escapes the downward ACSI trend for 2020. Moreover, all companies display customer satisfaction levels that are below their historic averages.

Quaker (PepsiCo) has sole possession of the top of the food manufacturing industry in 2020, dropping down 2% to an ASCI score of 82. Quaker remains a quality leader while surpassing the other major companies for value. Just a point lower, Dole also slips 2%, but retains its second-place position at 81.

AMERICAN CUSTOMER SATISFACTION INDEX: FOOD MANUFACTURING

COMPANY	2019	2020	% CHANGE
Food Manufacturing	**82**	**79**	**-3.7%**
Quaker (PepsiCo)	84	82	-2%
Dole	83	81	-2%
Hershey	84	81	-4%
Mars	82	81	-1%
All Others	84	79	-6%
Conagra	81	79	-2%
General Mills	82	78	-5%
Kellogg	80	78	-3%
Ferrero	81	78	-4%
Tyson	80	78	-3%
Campbell Soup	81	77	-5%
Kraft Heinz	81	77	-5%

0-100 Scale

Two chocolate makers vie with Dole for second place. For Hershey, satisfaction tumbles 4% to 81, dropping the company out of first place and into a tie with Mars (-1%). Both confectioners continue to outperform fellow chocolate maker Ferrero, which sinks 4% to 78. According to ACSI data, Ferrero falls behind its rivals the most when it comes to customer perceptions of quality. After acquiring Nestlé's U.S. candy business in 2018, Ferrero has reformulated iconic candy brands such as Butterfinger and Crunch, which may not be making its longtime customers happy.

Conagra slips 2% to 79, matching the industry average along with the large group of smaller food manufacturers that includes numerous store brands. After tying for first place in 2019, smaller food makers now plummet 6%, suffering the largest satisfaction decline in the industry. During the pandemic, shortages of name brands may have pushed some consumers to purchase less familiar off-brand food items. Turning to small brands that they viewed as having lower quality to begin with, these shoppers are even more disappointed with their purchases. Among all food processors, the group of smaller manufacturers shows the greatest year-over-year deterioration in customer perceptions of quality.

The remaining companies all score below the industry average. General Mills slumps 5% to 78, as does Kellogg (-3%). Many Kellogg products proved to be popular pandemic choices and the company's cereal sales rose 43% year over year in March 2020. Nevertheless, customer satisfaction for Kellogg now sits at an all-time low. For General Mills, both customer expectations and quality have dropped significantly compared to the same period one year ago.

Along with Ferrero, Tyson Foods (-3%) posts a score of 78. For more than two decades, Tyson has exceeded the industry average only once. The bottom of the industry is the territory of Campbell Soup and Kraft Heinz, both plunging 5% to record-low scores of 77. For Kraft Heinz, customer satisfaction is much lower now than it has been over time (historic average of 83), and far below the top-tier scores earned by Heinz alone prior to its merger with Kraft in 2015 (historic average of 88).

Beverages

Customer satisfaction with soft drinks retreats 2.4% to an ACSI score of 80 that is just shy of the industry's all-time low. While this score is well below the industry's historic average of 84, soft drinks remain among the top five highest-scoring categories in the Index.

Nevertheless, satisfaction with soft drinks has stepped down gradually since 2016—showing a net loss of 5% as consumer preferences shift away from sugary beverages. According to ACSI data, customer assessments of quality for the industry have moved in tandem with customer satisfaction—falling a net 5% over the past five years.

AMERICAN CUSTOMER SATISFACTION INDEX: SOFT DRINKS

COMPANY	2019	2020	% CHANGE
Soft Drinks	**82**	**80**	**-2.4%**
Keurig Dr Pepper	82	81	-1%
PepsiCo	82	81	-1%
All Others	82	80	-2%
Coca-Cola	81	79	-2%

0-100 Scale

In 2019, soft drink makers were nearly deadlocked at the industry average of 82, with only Coca-Cola scoring a point lower. While slight movement has opened the performance gap to 2 points from top to bottom, this is not enough to signify substantial differentiation in customer satisfaction.

Both Keurig Dr Pepper and PepsiCo stay afloat at the top with scores of 81 (-1%). Slipping 2% to 80, the large group of smaller soft drink makers—which includes Zevia and numerous store brands such as Big K—holds tight to the industry average.

Coca-Cola continues to lag slightly behind, down 2% to 79, matching its previous low ACSI score. Coca-Cola, which began restructuring in 2017, has been hit with revenue losses stemming from closed stadiums, movie theaters, and restaurants during the pandemic. Coca-Cola now plans to cut over half of its portfolio down to 200 of its better-performing brands. Since 2017, customer satisfaction with Coca-Cola has diminished by 7%, which is steeper than the industry decline of 5% over that same period. It will be interesting to see if Coca-Cola can turn this negative ACSI trend around in the future by focusing on a trimmed-down portfolio.

On the brewery side, customer satisfaction takes a bigger hit than soft drinks. Overall, beer makers sink 3.6% to an ACSI score of 81. Nevertheless, breweries currently sit at the top of the Index as they did in 2019, now tied with internet retail (81). The group of smaller breweries—including brands like Modelo, Guinness, Yuengling, Samuel Adams, Heineken, and numerous craft labels—slips 1% to 84, widening its lead in 2020.

Craft breweries have continued to gain popularity. Although overall U.S. beer volume sales fell 2% in 2019, craft beer sales by volume rose 4%. Likewise, craft beer retail sales grew 6% to account for over 25% of the U.S. beer market. While small brewers undoubtedly face new challenges stemming from the pandemic, including can shortages that have plagued the industry at large, customer satisfaction has remained high and steady compared to the big brewers. Craft brewers continue to far outstrip the larger brewers on quality, according to customers.

AMERICAN CUSTOMER SATISFACTION INDEX:
BREWERIES

COMPANY	2019	2020	% CHANGE
Breweries	**84**	**81**	**-3.6%**
All Others	85	84	-1%
Anheuser-Busch InBev	84	80	-5%
Molson Coors	81	78	-4%

0-100 Scale

Among the big brewers, Anheuser-Busch InBev stays ahead of Molson Coors, but both companies suffer significant downturns in customer satisfaction. For AB InBev, satisfaction weakens by 5% to 80 as customers find the value of its offerings to be significantly lower compared to the same period one year ago.

Molson Coors remains on the lower end of the industry, declining 4% to match its former low of 78. For Molson Coors, quality has diminished more than value over the prior year. Faced with can shortages during the pandemic, the company cut back production of its smaller brands, which may be resulting in a less pleasing portfolio for its customers.

Personal Care and Cleaning Products

After two years of high and stable customer satisfaction, the personal care and cleaning products industry falters with a 4.8% reduction in its ACSI score. Coming in at 79 for 2020, the industry's score is now well below its historic average of 83. The industry encompasses everyday products like healthcare items, soap, shampoo, toothpaste, detergent, and bleach. Satisfaction with detergent and bleach products is mostly stable compared to the same period one year ago. Customers are more pleased with healthcare items, but they are far less happy with the array of personal care products.

As with other Nondurable categories, the group of smaller manufacturers represents the biggest portion of the industry. Mirroring results for food manufacturing, the group of smaller companies registers the biggest ACSI decline—falling 7% to 79. This combined measure includes numerous store labels along with brands like Arm & Hammer, Sensodyne, and Bath & Body Works. According to ACSI data, customers now expect far less from these smaller brands. Facing shortages of major name-brand products, shoppers may be even more disappointed when their low expectations are confirmed. Both quality and value diminish dramatically for this group, helping drag down their aggregate satisfaction score in 2020.

AMERICAN CUSTOMER SATISFACTION INDEX: PERSONAL CARE & CLEANING PRODUCTS

COMPANY	2019	2020	% CHANGE
Personal Care & Cleaning Products	**83**	**79**	**-4.8%**
Clorox	82	81	-1%
Colgate-Palmolive	82	80	-2%
Procter & Gamble	84	80	-5%
All Others	85	79	-7%
Henkel	77	79	3%
Johnson & Johnson	77	79	3%
Unilever	80	78	-3%

0-100 Scale

A mixture of ACSI gains and losses cuts the range in company scores by more than half for 2020. Despite a slight slip of 1%, Clorox regains the industry lead with an ACSI score of 81. During the pandemic, consumer demand for disinfectants and bleach has exploded, with Clorox seeing fivefold spikes for some of its products in March 2020. For its fiscal quarter ending September 2020, the company reported its best quarterly sales growth in over two decades.

Just a point lower, Colgate-Palmolive slides 2% to 80 after two years of stability. Procter & Gamble takes a bigger hit—down 5% to the same score. Both Henkel and Johnson & Johnson gain 3% to match the industry average at 79, recovering a portion of the ground they lost in 2019. In the third quarter of 2020, Henkel posted strong sales for its Dial brand, as well as detergent brands Persil and All. Likewise, Johnson & Johnson benefited from U.S. sales growth for its over-the-counter brands like Tylenol, Listerine, and Band-Aid. Nevertheless, the company lags its competitors for value.

At the bottom of the category, Unilever fades 3% to 78, marking its second straight year of customer satisfaction decline. Now lagging well behind its historic average of 83, Unilever drops below 80 for the first time in more than two decades.

Apparel and Athletic Shoes

The apparel industry overall bucks the trend of declining customer satisfaction in the Manufacturing/Nondurables sector thanks primarily to smaller clothing makers that represent the bulk of the category. Producing casual clothes, sportswear, jeans, and basic items such as underwear and socks under a myriad of labels like Fruit of the Loom, Victoria's Secret, and Wrangler, the group of smaller clothing companies gains 3% to an ACSI score of 79. In turn, the industry overall receives a boost of 2.6% to 79, reversing the downturn from the prior year. Over time, the apparel industry has remained relatively stable for satisfaction, hovering within a few points of its historic ACSI average of 80. The satisfaction gain for apparel in 2020 is driven solely by improvement in customer perceptions of value.

AMERICAN CUSTOMER SATISFACTION INDEX: APPAREL

COMPANY	2019	2020	% CHANGE
Apparel	**77**	**79**	**2.6%**
All Others	77	79	3%
Levi Strauss	77	79	3%
VF	79	77	-3%
Hanesbrands	80	76	-5%

0-100 Scale

Demin maker Levi Strauss goes with the industry trend in 2020, up 3% to 79—reversing its loss from 2019. The COVID-19 pandemic impacted apparel sales as stores shuttered their doors. For its fiscal quarter ending May 2020, Levi Strauss reported a sales decline of 59% in its Americas region. The company may continue to face challenges while Americans working from home favor loungewear over jeans, but the fact that satisfaction has bounced back up is positive news.

The other larger clothing companies, however, do not enjoy good news for 2020. In fact, customer satisfaction with both VF and Hanesbrands ebbs for a second straight year. VF, maker of labels such as The North Face, Timberland, and Vans, drops 3% to 77 after spinning off its Wrangler and Lee jeans business as the independent company Kontoor Brands in May 2019. Customer perceptions of value have dropped significantly for VF in 2020.

For Hanesbrands, both quality and value lessen, and customer satisfaction dives 5% to 76. Over the past five years, this is the lowest ACSI score posted by an apparel maker. While sales of Hanesbrands underwear and basics slumped amid COVID-19, a quick pivot to producing masks and medical gowns for mostly government contracts helped buoy the company's second quarter 2020 profits. In the long run, however, the company could benefit from improving customer satisfaction as the closure of Victoria's Secret stores may provide an opportunity for Hanesbrands to gain market share.

For athletic shoes, customer satisfaction declines across the industry in 2020. Overall, the category recedes 2.5% to an ACSI score of 77. This is the first time in a decade that athletic shoes have dropped below apparel for satisfaction. The downturn in satisfaction comes at a time when the industry stands to benefit from people turning to casual athletic footwear for working from home or exercising outdoors.

For now, no athletic shoe producer is showing a significant advantage in customer satisfaction. Marginally in first place, Nike drops out of the 80s with a 4% decrease to 78. Adidas, however, suffers the biggest decline among major companies in the Nondurables sector. After leading the category in 2019, Adidas topples 7% to land at 77. The company is exploring "strategic alternatives" for Reebok, including a potential sale of the brand. The large group of smaller athletic shoemakers (such as Skechers, New Balance, Fila, and Asics) slide 3% to 77, no longer trailing the two major competitors.

AMERICAN CUSTOMER SATISFACTION INDEX: ATHLETIC SHOES

COMPANY	2019	2020	% CHANGE
Athletic Shoes	**79**	**77**	**-2.5%**
Nike	81	78	-4%
Adidas	83	77	-7%
All Others	79	77	-3%

0-100 Scale

About This Report

The *ACSI Nondurable Products Report 2019-2020* on food, soft drinks, beer, personal care and cleaning items, apparel, and athletic shoes is based on interviews with 13,168 customers, chosen at random and contacted via email between October 9, 2019, and September 25, 2020. Customers are asked to evaluate their experiences with recently purchased products of the largest manufacturers in terms of market share, plus an aggregate category consisting of "all other"—and thus smaller—companies in these industries.

The survey data are used as inputs to ACSI's cause-and-effect econometric model, which estimates customer satisfaction as the result of the survey-measured inputs of customer expectations, perceptions of quality, and perceptions of value. The ACSI model, in turn, links customer satisfaction with the survey-measured outcomes of customer complaints and customer loyalty. ACSI clients receive confidential industry-competitive and best-in-class data on all modeled variables and customer experience benchmarks.

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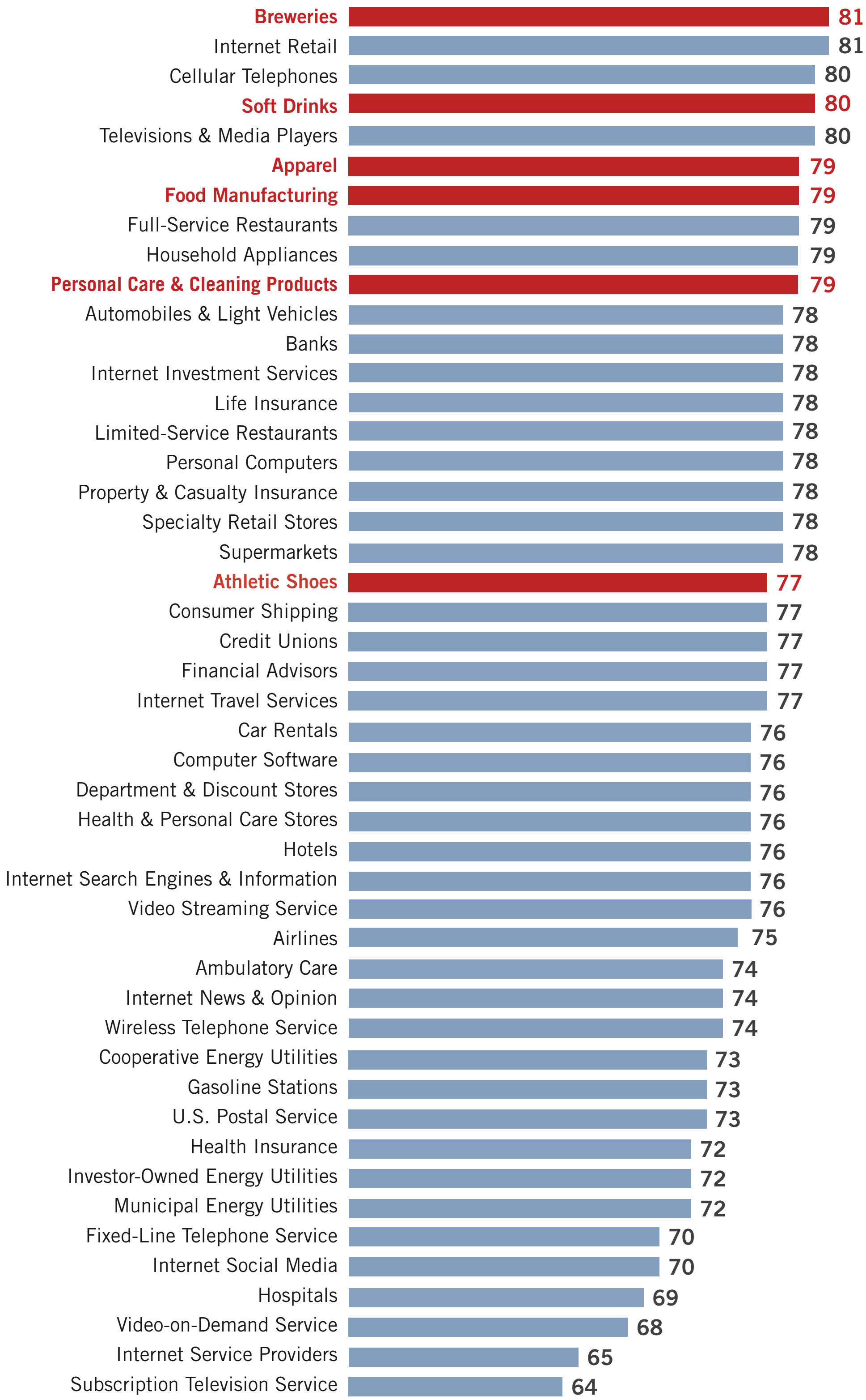
CUSTOMER SATISFACTION BENCHMARKS BY INDUSTRY



 0-100 Scale

