



FOR MORE INFORMATION

Chaat Butsunturn, Kearns & West

cbutsunturn@kearnswest.com

415-391-7900 x102

OR

Courtney Jenkins, Kearns & West

cjenkins@kearnswest.com

202-821-2120

ACSI: Apple, Google Surge in Customer Satisfaction, American Automakers Fall Further Behind Foreign Competition

*Customer Satisfaction with E-Business Reaches New High, but Slip in National Index
Suggests Tepid Consumer Spending Growth*

ANN ARBOR, Mich. (August 19, 2008) – Customer satisfaction continues on a bumpy path without momentum or trend in the second quarter, according to the American Customer Satisfaction Index. After a small uptick last quarter, ACSI slips 0.1% to 75.1 on a 100-point scale. The ACSI second quarter report, released today from the University of Michigan’s National Quality Research Center, forecasts consumer spending will remain weak with growth of no more than 2.3% in the third quarter.

“The American consumer has long been the single biggest force propping up the U.S. and the global economy,” said Professor Claes Fornell, head of the ACSI at the University of Michigan. “But declining customer satisfaction combined with weaker demand for U.S. exports may make it difficult for American households to shoulder the burden of being the locomotive for world economic growth.”

Every second quarter, ACSI features the annual measurement of the manufacturing durable goods sector and e-business category of websites, including automobiles, personal computers, major appliances, portals & search engines, and news & information websites.

Automobiles: Detroit Loses Ground

Hit with record losses, American auto manufacturers are also suffering from slumping customer satisfaction. No domestic car maker is represented among the top four nameplates, but the bottom three in the industry are all American brands. Yet customer satisfaction for the industry as a whole remains at an all-time high (unchanged at 82), and one American car maker, GM’s Saturn, shows considerable improvement, climbing 5% to tie its all-time high from 1998.

“The problem for domestic companies is that they now lag further behind their foreign counterparts,” said Prof. Fornell. “This is not going to be helpful as the Big Three will lose more pricing power and be forced to continue dependence on rebates and

discounting in a market where consumer preferences keep shifting away from domestic cars.”

Lexus and BMW lead all auto manufacturers at 87. Toyota and Honda each improve 2% to 86. Mercedes Benz, once no. 1 in customer satisfaction, continues to fall behind the leading car makers. From being the top scorer in ACSI eight years ago, Mercedes has seen a slow but steady erosion in customer satisfaction – it is now no better than the industry average. Chevrolet, GM’s best-selling brand, takes the biggest fall, losing 4% to 79. Chrysler’s Dodge (-3% to 78) and Jeep (+1% to 76) anchor the bottom of the industry

Personal Computers: The Apple of Consumers’ Eye

The personal computer industry suffers a second consecutive drop in satisfaction, falling 1% to 74 and losing all gains made since 2005. Apple defies the industry by moving in the opposite direction and posting its largest gain ever to 85, a new all-time high for the industry. The 8% leap puts 10 points between Apple and its nearest rival, one of the largest gaps between first and second in any industry measured by ACSI. As Apple’s satisfaction improves, so too have its sales, market share, net income, and stock price.

“It’s hard not to be impressed with Apple,” said Prof. Fornell. “This is product extension at its best where the new products, iPod and iPhone, are helping bring new customers to existing computer products. The fact that Apple is not dependent on the Windows Vista operating system hasn’t hurt either.”

The industry aggregate decline is largely for Windows-based machines –Hewlett-Packard (73), Gateway (72), and Compaq (70) each sink 4%. The exception is Dell – up 1% to 75.

Major Appliances: Whirlwind at Whirlpool

Customer satisfaction with major appliances slides 3% to 80 this quarter. All three major companies decline, with Whirlpool dropping the most (-5% to 80). General Electric and Electrolux each drop 1% to 80.

Whirlpool, the world’s biggest appliance manufacturers, faces increased competition at a time when domestic demand is shrinking and the cost of shipping and raw materials is rising. The company’s customer satisfaction rose after its acquisition of rival Maytag in early 2006, but the gains in satisfaction were short-lived.

E-Business: Giddy for Google

Customer satisfaction with the e-business category of websites surges 6% to an all-time high of 79.3, largely on the remarkable improvement of Google. After slipping behind Yahoo! for the first time last year, Google surged an unparalleled 10% to leave all rivals

in its wake. Google's score of 86 sets a new standard for e-businesses and creates a formidable nine-point gap between its nearest competitor, Yahoo!, which fell 3% to 77.

For a complete list of measured companies and scores, please visit <http://www.theacsi.org>.

About the 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. It is updated each quarter with new measures for different sectors of the economy replacing data from the prior year. The overall ACSI score for a given quarter factors in scores from about 200 companies in 44 industries and from government agencies over the previous four quarters.

The index is produced by the University of Michigan's Ross School of Business in partnership with the American Society for Quality (ASQ) and CFI Group.

#