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## Customers' satisfaction on upswing

### Index, a measure of the quality of goods, services sold in U.S., grows 0.9% after 18-month decline.

**Jaclyn Trop / The Detroit News**

Customer satisfaction is up nationwide, showing that "all is not bleak" for the country's economic future, according to a report released Tuesday by the University of Michigan.

The American Customer Satisfaction Index survey, taken quarterly since 1994, measures the general level of quality of goods and services sold in the country. Last quarter's results show that consumer approval increased by 0.9 percent from the previous quarter. Of the 12 industries the survey covers, five showed gains in customer satisfaction, three showed declines and four did not change.

The slight uptick after 18 months of declines is "a sign we're moving in the right direction," said Claes Fornell, a University of Michigan professor who oversees the survey.

But satisfaction is only one key indicator for future economic recovery, he said; consumers must also have money to spend, and it is not clear whether President Barack Obama's economic stimulus package will alleviate consumer anxiety and get shoppers to part with their dollars.

Historically, customer satisfaction has not been as good an indicator of where the economy is headed as the University of Michigan's monthly consumer confidence survey, the Index of Consumer Sentiment, according to retail consultant Ken Dalto of Farmington Hills. The underpinnings of the economic turnaround will be based on consumer confidence, whereas customer satisfaction is a much narrower measure of how businesses are serving their clientele, he said.

"Consumer confidence is key to 75 percent of the economic turnaround," Dalto said. "It's all psychology. Perception is greater than actuality."

The retail sector, including department, discount and specialty stores, as well as gas stations, posted the largest gains in satisfaction for an overall increase of 1.3 percent. Lower gas prices most likely accounted for the 5.7 percent boost in satisfaction with service stations.

"There are great bargains out there," Fornell said. "Prices are down. Quality is up. There is pent-up demand that's ready to explode."

Until it does, businesses can battle shrinking demand by focusing on value, customer service and availability of merchandise, he said. In a down economy, customer satisfaction becomes more important to individual businesses competing for shopper dollars.

Nordstrom and Kohl's received the highest scores in the retail sector, with Barnes & Noble, Costco, Borders and Sam's Club close behind. Dollar General and Office Depot had the largest drop in satisfaction (3.8 percent), but the scores may have more to do with changing shopper demographics than poor service or quality, according to the report. Along with their dollars, wealthier shoppers discovering discount stores bring with them higher expectations.

Similarly, Amazon.com, which reported record sales during the holiday season, had a 2.3 percent drop in satisfaction due to an increase in customers and orders.

EBay ranked lowest among e-commerce retailers, with a drop of 3.7 percent in consumer approval. "Satisfaction is not nearly what it used to be" with the online auctioneer, Fornell said, noting problems with sellers' integrity and the site's general business model.

Satisfaction with e-commerce, including retail, brokerage and travel categories, fell by 2 percent. Confidence in the finance and insurance sector, which encompasses banks, credit unions and life, health, property and casualty insurance, rose slightly, by 0.7 percent. Within that category, health insurance gained 3 percent and banks, which have had to cut costs, close branches and reduce staff, fell 4 percent.

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