



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 300,000 customers annually as inputs to an econometric model for analyzing customer satisfaction with more than 400 companies in 46 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.



August 20, 2019

ACSI Automobile Report 2018-2019

Industry Results for:

Automobiles & Light Vehicles

Customer Satisfaction Declines Sweep Across Automobile Industry

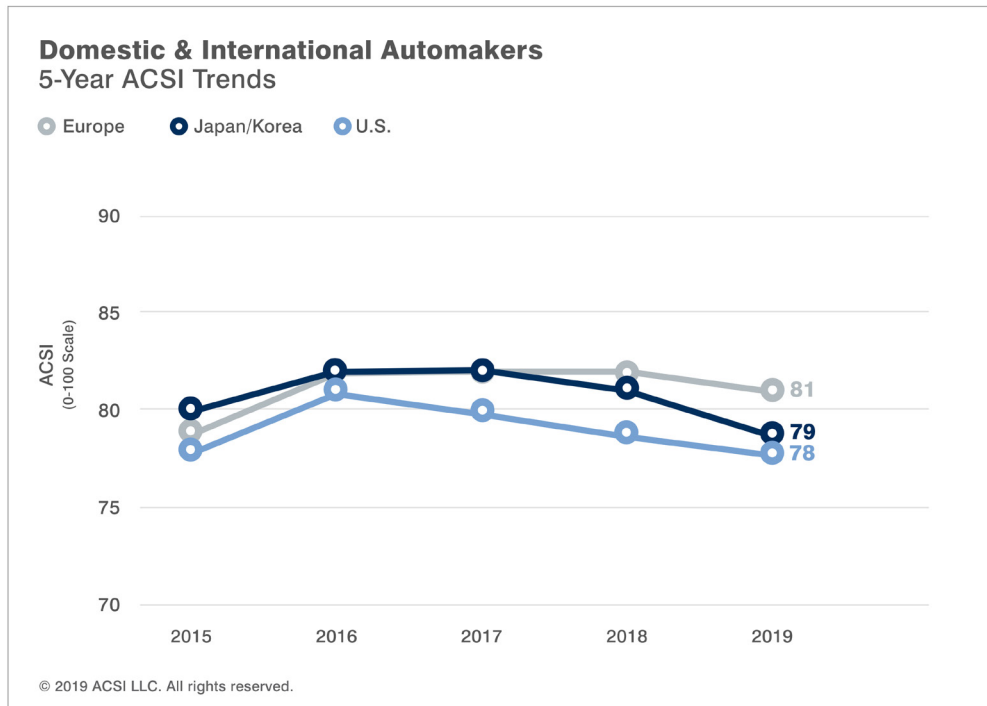
The automobile industry may be in for a rough ride as a wave of customer satisfaction declines sweep across the industry. Overall, customer satisfaction with automobiles and light vehicles plunges 3.7% to a score of 79 on the American Customer Satisfaction Index's (ACSI®) scale of 0 to 100. This is well below last year's score of 82 and a level not seen since 2015. According to car buyers, both quality and value have deteriorated, along with key aspects of the driver experience. Among 27 nameplates in the ACSI study, 21 experience a loss in customer satisfaction compared with a year ago.

The overwhelming retreat in customer satisfaction may be yet another sign of a bumpy road for automakers in 2019. In the first half of the year, U.S. car sales slumped across an industry already under pressure from rising costs and the ongoing threat of tariffs. Millennials strapped with debt, sales shifting to used cars, and the rise of ride-sharing apps may contribute to a movement away from new car purchases. As customer satisfaction declines as well, the challenges facing the industry deepen.

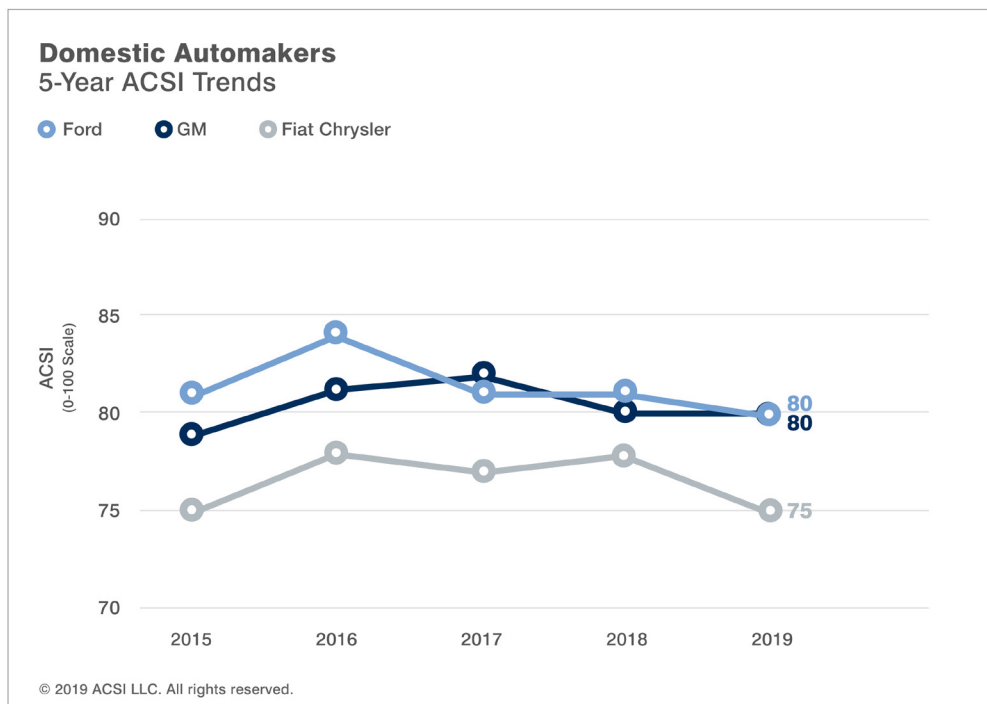
One year ago, the ACSI reported that an improvement in value had boosted satisfaction, but the gain has proven difficult to sustain. In 2019, the average new-vehicle transaction price hit record levels of roughly \$37,000, up nearly 4% from the prior year. While some buyers could be priced out of the market, even those looking for upgraded options may find that new technology is also pushing prices higher. This year started with six monthly declines in U.S. car sales, and it could finish just shy of 17 million units for the first time since 2014. If interest rates drop, this could help consumers with financing; for now, however, less discounting than before and generally higher prices are moving perceptions of value lower overall.

The customer satisfaction decline falls across all automakers—both foreign and domestic. European brands keep their lead over Asian and U.S. cars despite a 1-point downturn to 81. Likewise, U.S. automakers edge back a point to 78—trailing European cars by the same gap as seen in 2018.

The steepest drop, however, occurs for Asian manufacturers, down 2% to 79—their lowest point in five years. This downturn lessens the gap to U.S. manufacturers considerably, bringing Asian and American carmakers closer together for customer satisfaction than they have been in the last two years.



Looking at domestic automakers, customer satisfaction results are mixed, but none of the Detroit Big Three improve from a year ago. The close race between Ford and General Motors continues, with the two deadlocked at 80. For GM, this score is stable whereas Ford sees a 1% decline.



The outlier in 2019, however, is Fiat Chrysler—tumbling 4% to a low ACSI score of 75. Among individual nameplates, all Fiat Chrysler brands slip this year with one exception: Ram. Without the higher customer satisfaction earned by Ram, Fiat Chrysler’s score would be even lower. Additionally, the company has been hit by multiple recalls. In 2019 alone, Fiat Chrysler recalls—aside from air bag issues that impacted many cars—totaled over 8.3 million U.S. vehicles.

ACSI: AUTOMOBILES & LIGHT VEHICLES

Company	2018	2019	% Change
Automobiles & Light Vehicles	82	79	-3.7%
Lexus (Toyota)	85	84	-1%
Mercedes-Benz	82	83	1%
Audi (Volkswagen)	83	82	-1%
BMW	82	82	0%
Honda	83	82	-1%
Infiniti (Nissan)	78	82	5%
Lincoln (Ford)	84	82	-2%
Subaru	84	82	-2%
Volvo	85	82	-4%
Cadillac (GM)	82	81	-1%
Toyota	83	81	-2%
Chevrolet (GM)	79	80	1%
Ram (Fiat Chrysler)	80	80	0%
Buick (GM)	80	79	-1%
Hyundai	80	79	-1%
Acura (Honda)	81	78	-4%
GMC (GM)	80	78	-3%
Fiat (Fiat Chrysler)	78	77	-1%
Ford	77	77	0%
Mazda	80	77	-4%
Volkswagen	82	77	-6%
All Others	78	76	-3%
Jeep (Fiat Chrysler)	80	76	-5%
Kia	79	76	-4%
Mitsubishi	79	76	-4%
Nissan	80	75	-6%
Dodge (Fiat Chrysler)	77	74	-4%
Chrysler (Fiat Chrysler)	74	71	-4%

Across the automobile industry, the state of decline is pervasive. Among 27 nameplates, only three hold customer satisfaction stable, while three eke out increases—only one of which is higher than 1%. Nissan's luxury plate Infiniti alone experiences a rise in driver satisfaction of 5%, but this represents only a partial recovery compared with its larger 7% decline between 2016 and 2018.

ACSI data show that automakers continue to handle the recall process reasonably well. The proportion of drivers in the survey who had vehicles recalled this year hasn't changed, and the negative impact on customer satisfaction is less than in prior years. There are, however, signs that frustration may be edging back. A year ago, customer satisfaction among drivers who had a recalled vehicle was nearly the same as those who had not experienced a recall. In 2019, a gap is starting to open up again, with satisfaction for those with a recall (78) somewhat lower than those without (80).

Individual company performance on recalls—and even nameplates within each company—varies widely. Many luxury carmakers, for example, handle the recall process exceptionally well. Among nine luxury plates, six brands experience no adverse impact on satisfaction. Moreover, the majority of these cars even register higher satisfaction for customers who experienced a recall. In general, more customer-centric brands with higher satisfaction tend to handle consumer issues such as recalls better, as they know it will help make once-dissatisfied customers more likely to remain loyal.

Mass-Market Vehicles

In the mass-market segment, Subaru hangs onto the top position, with Honda sharing first place at an ACSI score of 82. For both Japanese nameplates, customer satisfaction slips—down 1% for Honda and down 2% for Subaru. Nevertheless, the two plates, along with Japanese automaker Toyota (-2% to 81) remain ahead of the field with scores that put them on par with several luxury brands. Like the Detroit Three, Japanese automakers, on average, had sales slip in the first half of the year. Subaru, however, bucked the trend, continuing to stretch its track record of year-over-year gains. According to its customers, Subaru offers superior value compared with other mass-market vehicles, although not quite as good as a year ago. Quality is also a strong point for Subaru.

The three Japanese plates at the top are followed by two U.S. autos: GM's Chevrolet and Fiat Chrysler's Ram. Both cars come in just above the overall industry average with scores of 80 and neither experience a satisfaction loss. Among four GM plates, Chevrolet (+1%) is the only product line to improve customer satisfaction. Compared with the other GM brands, Chevy earns the highest rating for dependability.

For Fiat Chrysler, Ram is by far the customer satisfaction winner. Holding its score stable at 80, Ram leads the charge—well ahead of the Fiat, Jeep, Dodge, and Chrysler plates that all score in the 70s. Just as Ram helps keep Fiat Chrysler's overall satisfaction higher, Ram pickup trucks are helping drive sales increases for the company. In June 2019 alone, Ram sales were up 56% year over year.

ACSI: MASS-MARKET VEHICLES

Company	2018	2019	% Change
Honda	83	82	-1%
Subaru	84	82	-2%
Toyota	83	81	-2%
Chevrolet (GM)	79	80	1%
Ram (Fiat Chrysler)	80	80	0%
Buick (GM)	80	79	-1%
Hyundai	80	79	-1%
GMC (GM)	80	78	-3%
Fiat (Fiat Chrysler)	78	77	-1%
Ford	77	77	0%
Mazda	80	77	-4%
Volkswagen	82	77	-6%
Jeep (Fiat Chrysler)	80	76	-5%
Kia	79	76	-4%
Mitsubishi	79	76	-4%
Nissan	80	75	-6%
Dodge (Fiat Chrysler)	77	74	-4%
Chrysler (Fiat Chrysler)	74	71	-4%

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ACSI (0-100 Scale)

Both GM's Buick and Hyundai inch back 1% to tie with the industry's average of 79. The remaining vehicles come in below average. GMC vehicles, despite the ongoing popularity of U.S. trucks, are not as pleasing to drivers in 2019. GMC loses 3% to 78, matching its low point last seen in 2015. Looking at the GMC driver experience, customer assessments of overall driving performance show the biggest downturn this year.

Four nameplates tie with scores of 77: Fiat, Ford, Mazda, and Volkswagen. For Fiat and Ford's namesake plate, customer satisfaction is stable or within a point of last year's level. For Mazda (-4%) and VW (-6%), however, the changes are substantial. In fact, all eight of the lowest-scoring mass-market cars suffer ACSI drops of 4% or more.

Like many automakers, Mazda has struggled with sales, posting a 13th consecutive monthly decline with a 3.5% slip in July volume. The company also experienced a major recall related to software problems. The carmaker has not seen driver satisfaction drop this low since the late 1990s. For VW, the ACSI drop brings the nameplate to its lowest score since 2003. ACSI data show

that VW is the most vulnerable car in terms of the impact of recalls on satisfaction. VW customers who experience a recall have the lowest satisfaction level among all nameplates. Further, the gap between the satisfaction level of VW customers who didn't have a recall and those who did is far wider than other vehicles.

Large customer satisfaction hits also go to Kia and Mitsubishi—both dropping 4% to all-time lows of 76. For Kia customers, mobile apps stand out—but not in a positive manner. Kia rates worst in class on the ACSI's new measures of mobile reliability and mobile quality. Nissan also loses significant ground, tumbling 6% to its record low of 75. Recently, the company more than doubled its planned job cuts following steep drops in earnings from sliding sales—all amid fallout from the arrest of its former chairman.

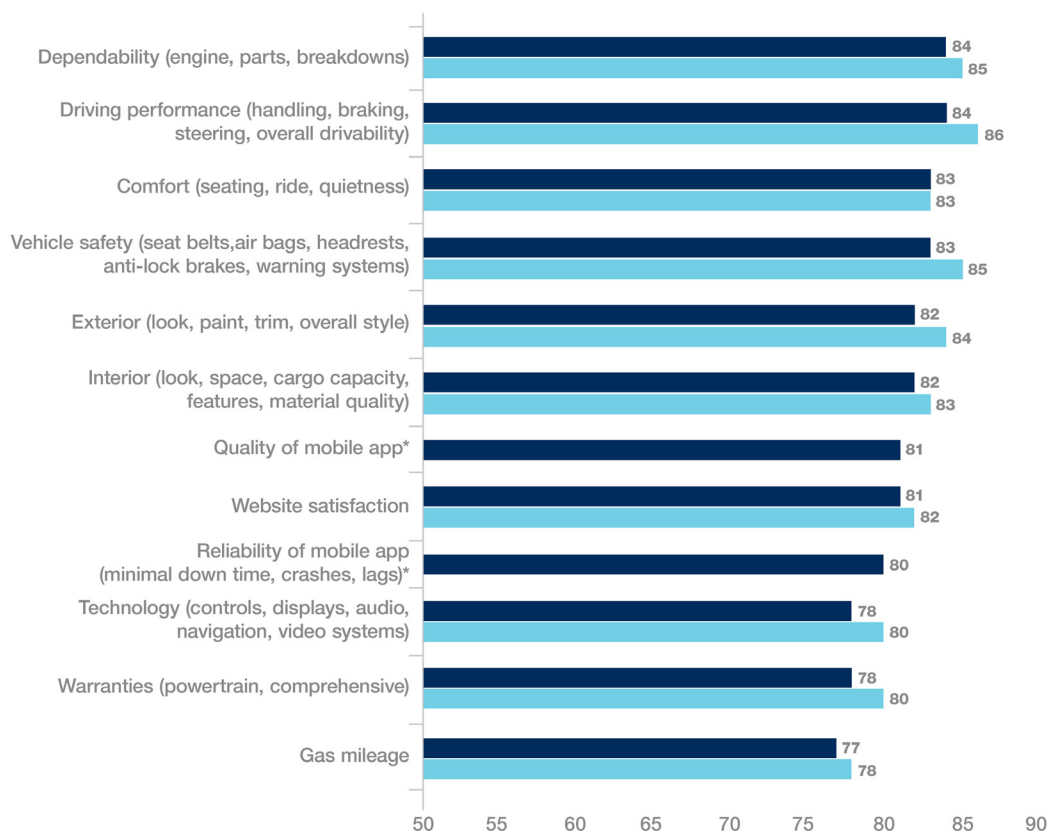
The three remaining Fiat Chrysler plates all suffer big drops as well. Jeep descends 5% to 76 but stays just ahead of its historic low. For both Dodge and Chrysler, however, the year 2019 brings a new low in ACSI. Dodge declines 4% to 74, ahead of only the Chrysler nameplate. For Chrysler, a 4% downturn takes it to 71—a score rarely seen in manufacturing industries. Instead, this score is more akin to what constitutes the best within the worst ACSI industries—subscription television or internet service—which tend to be plagued with service issues. According to its customers, Chrysler has the worst value proposition among vehicles and its driver experience is lacking in several areas including driving performance and dependability.

Drivers are less happy with their mass-market vehicles across most aspects of the customer experience compared to a year ago. In fact, vehicle comfort is the only element to remain stable (83), although it continues to trail the luxury segment (85). New to ACSI measurement this year, mobile app quality (81) and reliability (80) fall short of luxury car apps (84 for quality and 83 for reliability). Likewise, website satisfaction for mass-market brands (81) trails luxury (84).

The mass-market segment receives its highest marks for dependability and driving performance (both 84) but these measures have weakened over the past year. Vehicles seem less safe (-2% to 83), while interior and exterior design is not as highly regarded (both 82). Technology is not up to par according to drivers, and warranties need improvement (both down 3% to 78). Gas mileage remains the poorest element, declining for a second consecutive year to 77.

MASS-MARKET VEHICLES Customer Experience Benchmarks Year-Over-Year Industry Trends

■ 2019 ■ 2018



*Not measured in 2018.
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Luxury Vehicles

Toyota's luxury plate Lexus is back on top alone this year despite slipping 1% to 84. Across the driver experience, Lexus demonstrates considerable strength and its value rates best in class among all vehicles in the study. A year ago, Volvo tied with Lexus for the lead among luxury cars, but the Swedish-Chinese automaker drops 4% to 82—joining the wave of significant decreases that characterizes 2019.

All told, six out of nine luxury plates lose ground in driver satisfaction although the mass-market segment experiences even more pronounced decline. Overall, customer satisfaction with mass-

market cars retreats 4% whereas the luxury segment, on average, is down by just 1% year over year. ACSI data show that the mass-market segment has experienced a much greater weakening in customer perceptions of value compared to the luxury segment. Cost-conscious consumers in the mass market have reacted more adversely to higher sticker prices than customers of luxury brands. Additionally, luxury carmakers overall show less precipitous declines in product and service quality compared to mass-market manufacturers who experience larger dips in quality.

ACSI: LUXURY VEHICLES

Company	2018	2019	% Change
Lexus (Toyota)	85	84	-1%
Mercedes-Benz	82	83	1%
Audi (Volkswagen)	83	82	-1%
BMW	82	82	0%
Infiniti (Nissan)	78	82	5%
Lincoln (Ford)	84	82	-2%
Volvo	85	82	-4%
Cadillac (GM)	82	81	-1%
Acura (Honda)	81	78	-4%

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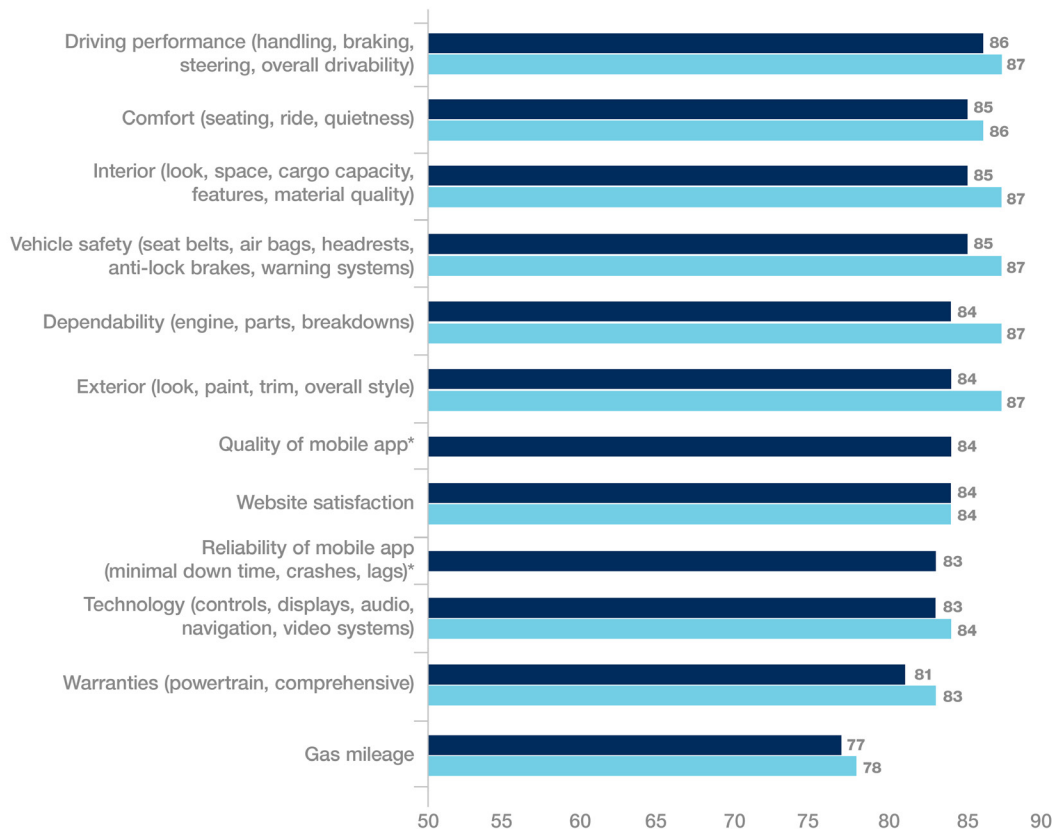
ACSI (0-100 Scale)

Mercedes-Benz is one of the three gainers across the entire auto industry, rising 1% to 83. Following the top two luxury contenders, five plates are deadlocked at 82, including Volvo. The only American brand in this group is Ford's Lincoln nameplate (-2%). VW's Audi is down 1%, while BMW holds stable. Infiniti gains the most, rising 5% to 82, but the plate's driver satisfaction has tended to fluctuate. In 2018, Infiniti trailed all other luxury cars, dropping down to 78 after hitting a high mark of 84 in 2016. The brand has struggled with sales in 2019, so it is unclear if the current ACSI gain will hold.

GM's Cadillac brand drops back 1% to 81, only ahead of Honda's Acura, which tumbles 4% to 78 after two years of near stability. Honda recently came under fire for issues with defective Acura infotainment systems, including backup cameras. According to customers, the brand's safety and dependability have lessened considerably year over year.

LUXURY VEHICLES Customer Experience Benchmarks Year-Over-Year Industry Trends

■ 2019 ■ 2018



*Not measured in 2018.
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As in past years, luxury carmakers provide a superior experience in many aspects compared with mass-market manufacturers. Nevertheless, luxury car customers are less pleased with their vehicles across nearly every individual element this year. Driving performance is top ranked for luxury cars but dips down to a benchmark of 86. Comfort—a hallmark of the luxury segment—slips to 85, matching interior design and safety (both -2%).

A sharper 3% descent in dependability for luxury plates brings the segment in line with mass-market vehicles (both 84). Likewise, exteriors are not as pleasing to drivers (down 3% to 84) compared to the prior year. Technology features dip to 83, but this remains by far a strength for luxury vehicles compared to mass-market cars (78). Luxury cars, however, do not outperform the mass market when it comes to gas mileage, which rates at the bottom (77).

About This Report

The *ACSI Automobile Report 2018-2019* covering both domestic and foreign automobile nameplates is based on interviews with 4,805 customers, chosen at random and contacted via email between August 7, 2018, and July 27, 2019. Customers are asked to evaluate their recent purchase and driving experiences with automobiles manufactured by the largest companies in terms of market share, plus an aggregate category consisting of “all other”—and thus smaller—auto nameplates.

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

