The American Customer Satisfaction Index

ACSI: National Measure of Quality, Predictor of Corporate Performance, Source of Powerful Insights for Corporate Subscribers

The Voice of the Nation’s Consumer

Established in 1994, the American Customer Satisfaction Index (ACSI) is a powerful economic indicator used to track trends in customer satisfaction and deliver valuable guidance to individual companies, industry trade associations, and government agencies. The ACSI was founded through a partnership of the University of Michigan Business School, the American Society for Quality (ASQ), and the international consulting firm, CFI Group which offers the patent protected ACSI methodology to its corporate clients through proprietary research programs that deliver industry benchmarking data and predictive financial impacts to those clients.

The ACSI Structure and Process

The ACSI quantifies company performance using an index model reported on a 0-100 scale. The ACSI methodology is currently used to measure 10 economic sectors, 47 industries (including e-commerce and e-business), and more than 225 companies, and Federal or local government agencies. In addition to the company-level satisfaction scores, the ACSI methodology analyzes the causes and benefits/consequences of customer satisfaction, and their relationships. The ACSI is based on econometric modeling of data obtained from customers as opposed to statistical linear regressions which although commonly relied upon by market research companies have significant limitations in accurately measuring the complexities of customer satisfaction and projecting the financial impacts related to it.

"Traditional accounting leaves the customer relationships off the balance sheet and thus produces financial reports that give a distorted view of how a company makes money. If accounting were to incorporate customer satisfaction as an asset on the balance sheet, there would be a better understanding of the relationship between a company’s current condition and its future capacity to produce wealth."

Dr. Claes Fornell, founder of the ACSI and author of The Satisfied Customer: Winners and Losers in the Battle for Buyer Preference

The ACSI Model

ACSI results serve as a strategic business tool by delivering a custom blueprint for gaining competitive advantage and creating shareholder value through investments in quality and customer satisfaction. The model is renowned for being a precise and reliable predictor of consumer spending and corporate earnings. The ACSI model is a set of causal equations that link (1) customer expectations, (2) perceived quality, and (3) perceived value to customer satisfaction (ACSI). In turn, satisfaction is linked to benefits/consequences as defined by customer advocacy and customer loyalty – measured by price tolerance, customer retention, and strength and quantity of complaints/referrals.

For more information, email marketing@cfigroup.com or call 1.800.930.0933
For most companies, repeat customers are vital to profitability and in turn are critical to the firm’s financial performance. By combining ACSI measurements with certain financial data, the net value of a client’s customer base as an asset over time becomes calculable.

» Customer Expectations
Expectations combine customers’ experiences with a product or service and information about it via prior personal usage/experience, media, advertising, salespersons, and word-of-mouth from other customers. Customer expectations influence the evaluation of quality and forecast (from customers’ pre-purchase perspective) how well the product or service will perform.

» Perceived Quality
Perceived quality is measured through three constructs: (1) overall quality, (2) reliability, and (3) the extent to which a product or service meets the customer’s needs. Across all companies and industries measured in the ACSI, perceived quality proves to have the greatest impact on customer satisfaction.

» Perceived Value
Perceived value is measured in two unique but deliberate ways: (1) overall price given quality and (2) overall quality given price. It is known that perceived value directly influences satisfaction, and is affected by expectations and perceived quality. Although perceived value is of great importance for an initial purchase decision the impact typically diminishes for repeat purchases.

» Customer Advocacy
Unless motivated by an exceptional event or experience consumers rarely become proactive advocates for or against a given company’s products and services. However, when mobilized an existing customer base can reshape a brand’s images, define expectations of the brand for others, and drive or drain future business of a company. Changes in satisfaction directly impact the rate at which customers not only refer business to or dissuade others away from a brand, but also the level to which consumers go silent due to indifference. CFI Group pinpoints the areas of the customer experience that are most influential in determining which of these your customers will opt for.

» Customer Loyalty
Customer loyalty is measured by likelihood to purchase a company’s products or services at various price points. Customer satisfaction has a clear effect on loyalty, but the magnitude can vary greatly across companies and industries.

ACSI: A Predictor of Corporate Earnings
The correlations between ACSI-based measurements and corporate earnings have been substantiated as the ACSI from one period of time is predictive of the change in earnings for the following period. These links have not only been demonstrated by the University of Michigan, but have also been documented by a range of organizations including the Harvard Business Review and the Journal of Marketing. Simply put, the ACSI empowers a firm’s senior management by relating satisfaction to future revenue.

About CFI Group (www.cfigroup.com)
The American Customer Satisfaction Index (ACSI) is the only uniform, cross-industry measure of customer satisfaction proven to predict financial results. Founded at the University of Michigan’s Ross School of Business, the ACSI is a leading economic indicator of consumer spending in the United States. ACSI and its logo are Registered Marks of the University of Michigan, licensed worldwide exclusively to American Customer Satisfaction Index LLC with the right to sublicense.

The ACSI measures more than 230 companies and organizations across 43 industries, representing close to half of the U.S. economy. Nearly 20 years of data from the ACSI show that customer satisfaction is an indicator of financial results on both macro and microeconomic levels, including shareholder value and cash flow volatility. The U.S. Federal Government also uses the ACSI as the gold standard of satisfaction measurement for its agencies.