

# ACSI

American  
Customer  
Satisfaction  
Index<sup>®</sup>

## ABOUT ACSI

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 70,000 customers annually as inputs to an econometric model for analyzing customer satisfaction with more than 300 companies in 43 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 a number of 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.

## Automobiles & Light Vehicles

82 ▲ +3.8%



August 23, 2016

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# ACSI AUTOMOBILE REPORT 2016

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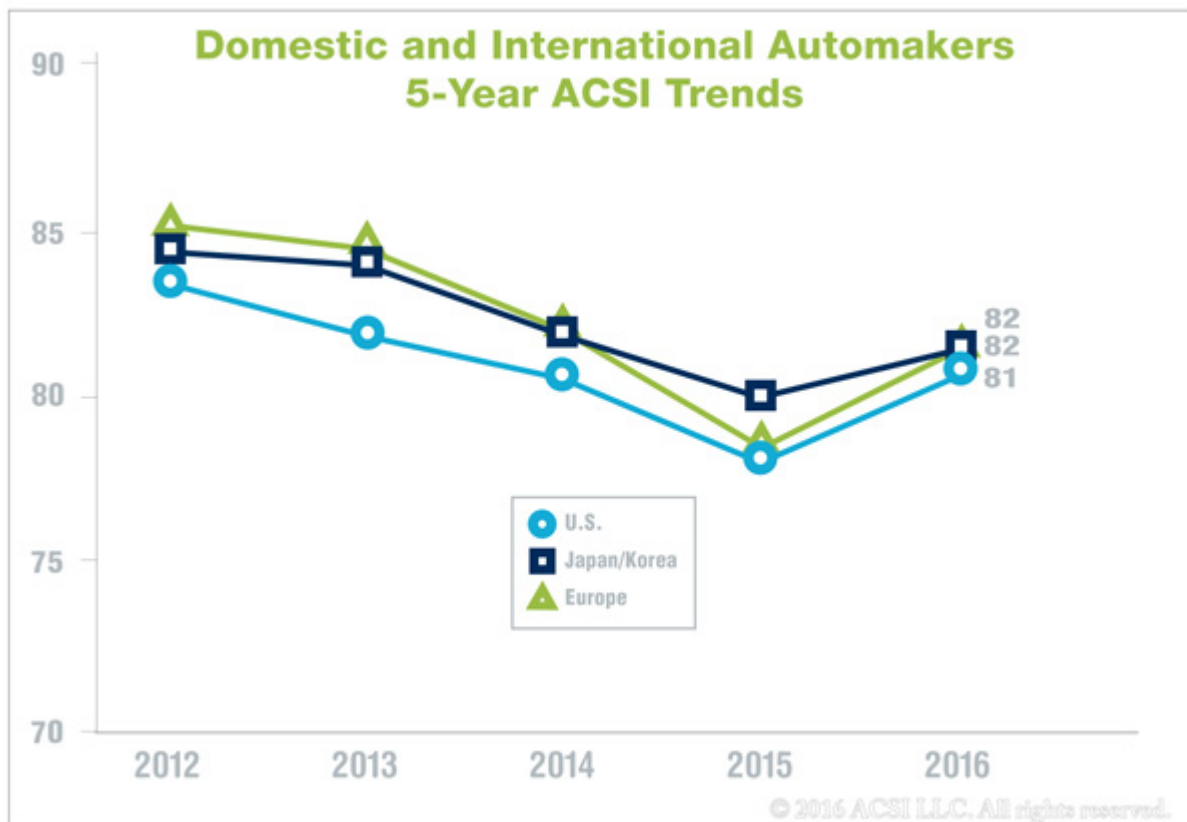
INDUSTRY RESULTS FOR:  
Automobiles & Light Vehicles

## ACSI: Luxury Cars Face New Competition From Mass-Market Automakers

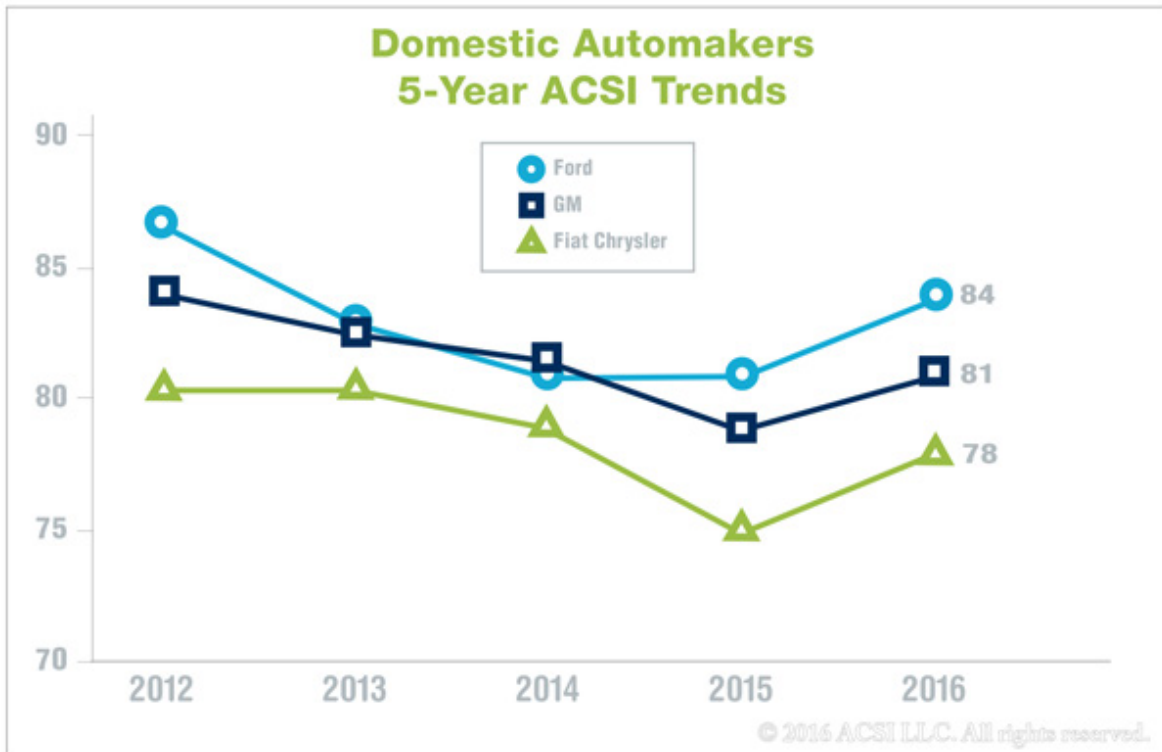
Customer satisfaction with automobiles and light vehicles recovers 3.8% to a score of 82 on the ACSI's scale of 0 to 100. Last year, customer satisfaction with the industry plummeted as vehicle recalls reached record levels, but most automakers post gains for the second quarter of 2016. Now, automobiles are the pacesetters for customer satisfaction among 43 ACSI industries, along with the typically high-performing television and video player industry.

Mass-market cars have made considerable headway this year. Whereas luxury cars have dominated the driver satisfaction rankings for years, the top tier is now evenly split between mass-market and luxury vehicles. Among 24 automakers tracked by the ACSI, 16 improve customer satisfaction from a year ago while only 5 decline—3 of which are premium brands.

Foreign-made autos have long had the highest customer satisfaction, but domestics are catching up, rising to 81. European automakers also do better, matching Japanese and Korean manufacturers at 82.



All domestic automakers trend upward for customer satisfaction this year. Ford steps up to 84, followed by GM (81), and Fiat Chrysler (78).



While drivers report that the quality of mass-market cars has improved, lower prices also contribute to the rise in buyer satisfaction. Incentives increased by 13% during the first two quarters of 2016. These improvements more than offset impacts from recalls. Customer satisfaction among drivers who had a recalled vehicle is significantly lower than those who had no recall. ACSI data show that nearly the same percentage of survey respondents reported recalls this year as in 2015, yet overall customer satisfaction with the auto industry is up.

The highest-scoring car this year is a domestic brand. Ford's Lincoln takes the top spot after jumping 5% to an ACSI score of 87, overtaking Toyota's Lexus. Lexus, which previously held first place, is now evenly matched with Subaru, GMC, and Nissan's Infiniti (all 84). Five of the top 10 nameplates are now mass-market cars, and one of these claims second place: Honda, surging 8% to an ACSI score of 86. Meanwhile, Toyota and BMW each advance 4% to 85, placing one luxury and one mass-market brand in a tie for third place.

## ACSI: Automobiles &amp; Light Vehicles

Company	2015	2016	% Change
<b>Automobiles &amp; Light Vehicles</b>	<b>79</b>	<b>82</b>	<b>3.8%</b>
Lincoln (Ford)	83	87	5%
Honda	80	86	8%
BMW	82	85	4%
Toyota	82	85	4%
GMC (GM)	78	84	8%
Infiniti (Nissan)	77	84	9%
Lexus (Toyota)	84	84	0%
Subaru	82	84	2%
Audi (Volkswagen)	78	83	6%
Chevrolet (GM)	79	83	5%
Ford	79	81	3%
Hyundai	81	81	0%
Mercedes-Benz	83	81	-2%
All Others	75	80	7%
Mazda	80	80	0%
Nissan	77	80	4%
Buick (GM)	80	79	-1%
Cadillac (GM)	80	79	-1%
Chrysler (Fiat Chrysler)	74	79	7%
Kia	78	79	1%
Mitsubishi	77	79	3%
Dodge (Fiat Chrysler)	76	78	3%
Jeep (Fiat Chrysler)	75	78	4%
Volkswagen	80	78	-3%
Acura (Honda)	83	76	-8%

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## MASS-MARKET VEHICLES

Among mass-market nameplates only, Honda leads at 86, followed by Toyota (85). GMC posts a large gain, up 8% to 84. GMC outperforms the industry average at a time when light vehicles and SUVs with less fuel efficiency benefit from low gas prices. Subaru also comes in at 84, an increase of 2% from a year ago. Chevrolet is next with a 5% gain to 83, followed by the Ford nameplate (+3%) and Hyundai (unchanged) at 81. Mazda holds steady at 80, matched by Nissan, which moves up 4%.

### ACSI: Mass-Market Vehicles

Company	2015	2016	% Change
Honda	80	86	8%
Toyota	82	85	4%
GMC (GM)	78	84	8%
Subaru	82	84	2%
Chevrolet (GM)	79	83	5%
Ford	79	81	3%
Hyundai	81	81	0%
Mazda	80	80	0%
Nissan	77	80	4%
Buick (GM)	80	79	-1%
Chrysler (Fiat Chrysler)	74	79	7%
Kia	78	79	1%
Mitsubishi	77	79	3%
Dodge (Fiat Chrysler)	76	78	3%
Jeep (Fiat Chrysler)	75	78	4%
Volkswagen	80	78	-3%

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In a year when the auto industry has largely improved in customer satisfaction, Volkswagen declines 3% as it deals with the fallout of the emissions-cheating scandal that affected more than 500,000 diesel-powered vehicles in the United States and halted sales of new diesel vehicles until a fix is in place. The German automaker recently reached a \$14.7 billion settlement with the U.S. government, the largest in

the history of the auto industry. VW shares have lost nearly 20% of their value since the scandal broke and a recall is expected when a modification is ready. GM's Buick is the other mass-market nameplate to lose ground in 2016, slipping 1% to 79 and falling below the industry average.

After a last-place showing in 2015, the Chrysler nameplate of Fiat Chrysler leaps 7% to 79 and ties with Buick, Kia, and Mitsubishi. A notch below, Dodge (+3%) and Jeep (+4%) each move up to 78, but remain in last place along with Volkswagen in the mass-market segment.

## LUXURY VEHICLES

With Lincoln now leading the luxury-vehicle segment, BMW rises to second place at 85, following a 4% increase in customer satisfaction. Nissan's Infiniti is the leading gainer in either category, jumping 9% to tie Lexus (unchanged) at 84. Audi also shows improvement, advancing 6% to 83.

Driver satisfaction declines for the rest of the luxury nameplates in 2016. Mercedes-Benz slips 2% to 81, followed by GM's Cadillac, down 1% to 79. At the bottom of the category, Honda's Acura plummets 8% to 76.

### ACSI: Luxury Vehicles

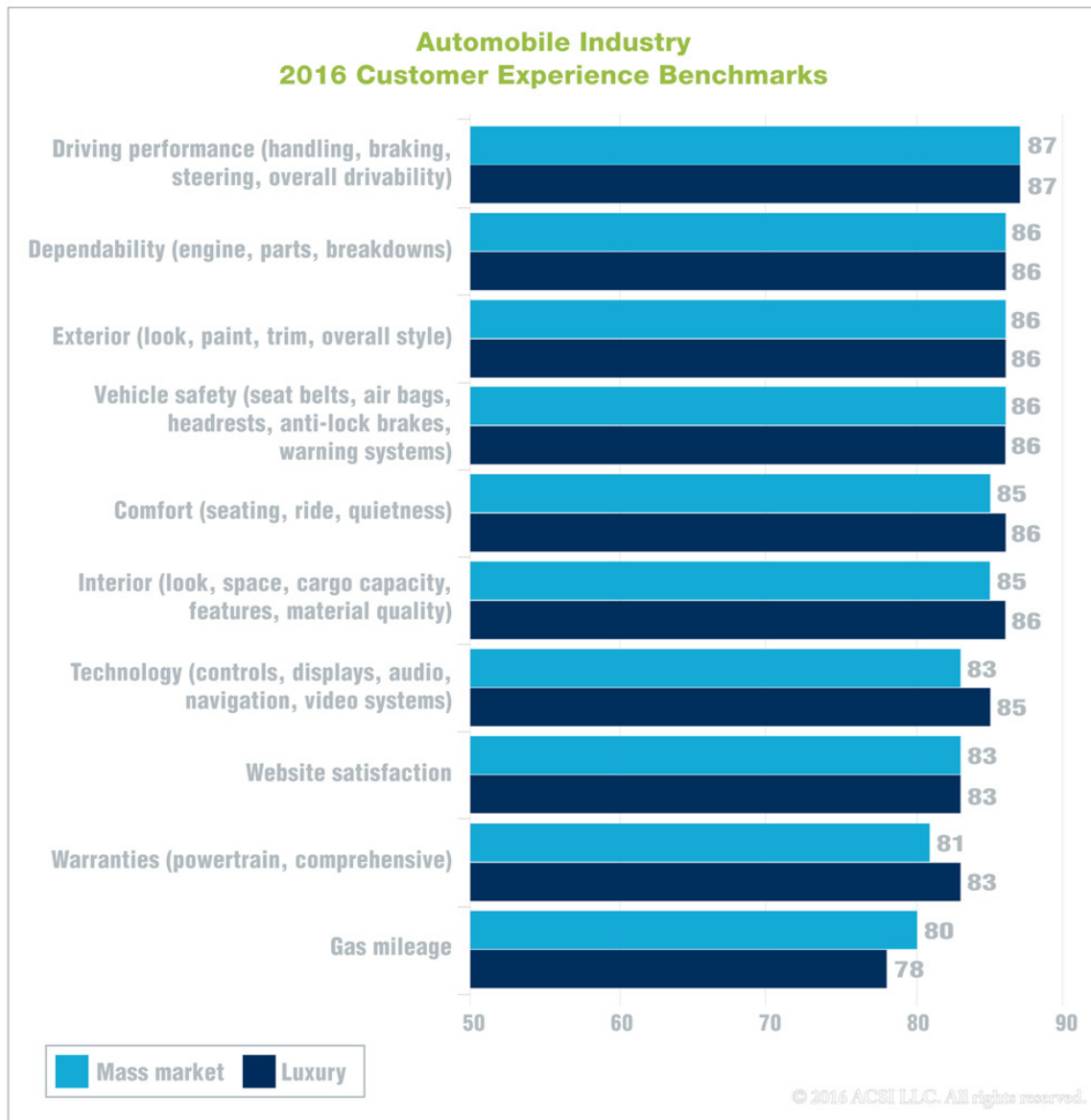
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Mercedes-Benz	83	81	-2%
Cadillac (GM)	80	79	-1%
Acura (Honda)	83	76	-8%

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## AUTOMOBILE CUSTOMER EXPERIENCE

Most aspects of the driver experience are very pleasing to consumers—reflecting an American affinity for automobiles. The top grades for autos relate to performance, dependability, safety, and exterior design—and are identical for both luxury plates and mass-market brands (scores of 86 to 87). Drivers are the least satisfied with the gas mileage of their vehicles, with luxury plates (78) trailing behind mass-market cars (80) on fuel efficiency. Drivers give mass-market cars a slightly lower mark for warranties (81).

Consumers choosing luxury vehicles give better ratings for comfort, interior quality, and technology features such as audio, navigation, or video systems than those driving mass-market cars, but the difference is very slight. With less expensive cars nearly matching the look, feel, handling, and comfort of top-dollar brands, the luxury segment may not be giving consumers as much as they would desire for the higher price.



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## ABOUT THIS REPORT

The *ACSI Automobile Report 2016* covering both domestic and foreign automobile nameplates is based on interviews with 3,776 customers, chosen at random and contacted via email between June 17 and June 30, 2016. Customers are asked to evaluate their recent 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.

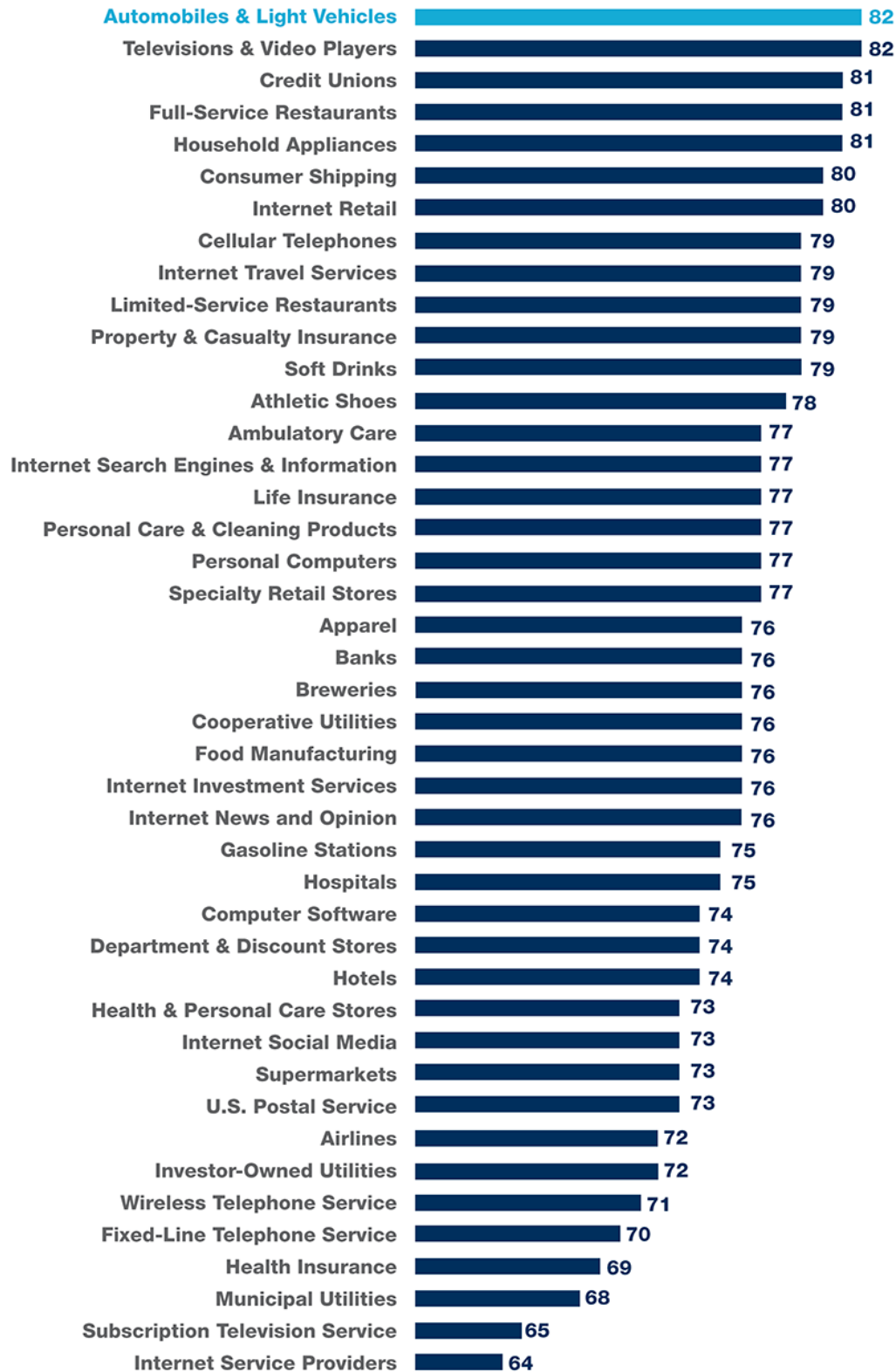
The survey data are used as inputs to ACSI’s cause-and-effect econometric model, which estimates customer satisfaction as the result of the survey-measured inputs of customer expectations, perceptions of quality, and perceptions of value. The ACSI model, in turn, links customer satisfaction with the 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



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