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Healthy Options Fuel Customer Satisfaction with Food Brands, ACSI Data Show

ANN ARBOR, Mich., (October 23, 2018)—The food companies that take notice of consumers' growing interest in fresh, natural, and organic products continue to reap the rewards. Customer satisfaction with grocery food—packaged food products ranging from chocolate, baked goods, and cereal to meat, cheese, and frozen foods—climbs 1.2 percent year over year to 82 (on a 0 to 100 scale), according to the <u>American Customer Satisfaction Index's (ACSI®) Nondurable</u> Products Report 2018.

Food prices have risen slower than anticipated, and food quality has improved, two big factors contributing to the rise in customer satisfaction.

"A growing demand for healthier foods has reshuffled the playing field for grocery brands," says David VanAmburg, Managing Director at the ACSI. "In 2018, we saw the sales of plant-based foods grow by 20 percent, and one in 10 consumers have tried a gluten-free diet. These aren't fads; customers want to adhere to a healthier lifestyle and they're more satisfied with brands that offer those options."

Hershey sees increasing competition among food manufacturers

Hershey holds the top spot in food manufacturing with an ACSI score of 86, unchanged from last year. However, despite removing artificial ingredients from many of its core products and making nutritional information more accessible to the public, the company just barely held the lead.

On the heels of its redesigned salad packaging and healthy snacks-to-go, Dole leaps 4 percent to 85, the biggest increase among food manufacturers. General Mills rises 2 percent to 84 for third place thanks to heavy investments in organic products, tying it with Quaker (unchanged) and Mars, which climbs 2 percent.

Nestlé (Ferrero) and Kraft Heinz trail at 82, both unchanged from last year, with the latter experiencing the negative effects of falling processed cheese sales for the fourth straight year.

Campbell Soup and Tyson rise 1 percent, Conagra falls 1 percent, and Kellogg holds steady for a four-way tie at 81 at the bottom of the category.

Disinterest in sugar causing spiraling satisfaction in soft drinks

As customers continue to turn their backs on sugary sodas in favor of bottled water and other health-conscious beverages, customer satisfaction with soft drinks falls 2.4 percent to 82. Evidence of this trend can be seen in the positive response to all other beverage producers—including La Croix, bottled water brands, and kombucha—where customer satisfaction is up 1 percent to 83, and the decline in satisfaction with major brands like Coca-Cola, which dips 5 percent to 81, and PepsiCo, which tumbles 6 percent to 80.

However, not all beverage manufacturers are struggling. Following a last place finish in 2017, Dr Pepper Snapple saw the benefits of merging with Keurig Green Mountain and acquiring CORE Nutrition. The new Keurig Dr Pepper rises 2 percent to the top of the category with an ACSI score of 84.

Satisfaction with breweries at an all-time high

Beer consumption is decreasing, but customer satisfaction in breweries is the highest it's ever been, up 1.2 percent to an ACSI score of 85. A big reason for this is the popularity of smaller craft beers and microbrews, which are included in the "other breweries" group.

"Other breweries" lead the category with a 1 percent rise in customer satisfaction for a mark of 86. Anheuser-Busch InBev is close behind, climbing 1 percent to 85.

Molson Coors, on the other hand, doesn't fare so well, dropping 4 percent to 81, placing it at the bottom of the category. A decrease in sales has led the manufacturer to abandon its millennial-focused line, MillerCoors' Two Hats, and turn its attention back to a struggling Coors Light.

"It's clear that the craft beer segment, while still small, has put enough of a scare into the big players that they're being craftier themselves," says VanAmburg. "Right now, the reputation for microbrews is so strong that everybody's stepping up their game."

Loyalty and value having positive effect on personal care and cleaning products

Customer satisfaction with personal care and cleaning products is up 3.8 percent to an ACSI score of 83.

Clorox, which is up 1 percent to 85, remains at the top of the category, continuing to benefit from a loyal customer base that sees excellent value in its products.

Smaller manufacturers show the biggest growth, up 5 percent to 84. Colgate-Palmolive, Johnson & Johnson, and Unilever (all up 1 percent), Dial (down 1 percent), and Procter & Gamble (unchanged) each finish with an ACSI score of 82.

Satisfaction in apparel and athletic shoes on the decline

Overall, customer satisfaction with apparel slips 1.3 percent to 79. However, Hanesbrands continues to see positive returns after expanding its retail presence and successfully collaborating with Champion: Customer satisfaction with the company rises 4 percent. It ties with VF, which climbs 3 percent, to lead the category with an ACSI score of 82.

Meanwhile, Levi Strauss is down 2 percent to 79. Nine West comes in last, dropping 3 percent to 78.

Like apparel, athletic shoes as a whole are experiencing a decline in customer satisfaction, down 1.3 percent to 79.

Adidas drops 4 percent to 78, yet still outranks Nike, which saw customer satisfaction decrease 3 percent to an ACSI score of 77. While Nike's sales declined in the first quarter of 2018, Adidas has increased sales for nine consecutive quarters.

The ACSI Nondurable Products Report 2018 on food, soft drinks, beer, personal care and cleaning items, apparel, and athletic shoes is based on interviews with 5,315 customers, chosen at random and contacted via email between October 2, 2017, and September 28, 2018. It's available for download here.

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The American Customer Satisfaction Index (ACSI®) has been a national economic indicator for almost 25 years. It measures and analyzes customer satisfaction with more than 380 companies in 46 industries and 10 economic sectors, including various services of federal and local government agencies. Reported on a scale of 0 to 100, ACSI scores are based on data from interviews with roughly 250,000 customers annually. For more information, visit www.theacsi.org.

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