

Satisfied Customers Protect Companies in Down-Market

FOR IMMEDIATE RELEASE, OCTOBER 30, 2008 – ANN ARBOR, MICH. – Companies with satisfied customers are less vulnerable in rough economic times, according to research from the American Customer Satisfaction Index and CFI Group. Satisfied customers continue to spend and are the last to defect.

“Customer satisfaction is a leading indicator of future stock price,” said University of Michigan professor Claes Fornell, founder of the American Customer Satisfaction Index.

Data reveal a direct connection between customer satisfaction and stock returns. Research includes an investment portfolio that trades stocks in response to changes in customer satisfaction, which Fornell describes in his book, *The Satisfied Customer: Winners and Losers in the Battle for Buyer Preference*.

Markets have gone down by about 50%, but companies with high customer satisfaction – Costco and Southwest Airlines, for example – have fared better than most. As a group, stock prices for firms with strong customer satisfaction have held up better than the stock market overall. The portfolio has been generating positive returns in 2008.

CFI Group, whose technology is used by the American Customer Satisfaction Index (ACSI), finds that the cost of acquiring a new customer is far greater than retaining and growing a current customer relationship. Successful companies treat customers as valuable assets.

“For the individual company, customer satisfaction takes on even more importance in a down economy,” said Sheri Teodoru, CEO of CFI Group. “It protects both net cash flow and stock price.”

About CFI Group (www.cfigroup.com)

CFI Group applies the gold-standard of customer satisfaction science to help clients improve performance by indentifying the causes and effects of buyer behavior. Launched in 1988 by University of Michigan professor Claes Fornell, CFI Group is headquartered in Ann Arbor, Michigan, with 11 offices worldwide. CFI Group clients include AT&T, American Eagle Outfitters, Best Buy, Barclays Bank, DIRECTV, The Home Shopping Network, NASA, UPS, and Yahoo!

For more information email askcfi@cfigroup.com.