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.
Full-Service Restaurants Keep Customer Satisfaction High; Fast Food Experience Slips

Customer satisfaction with the Accommodation and Food Services sector inches back slightly, down 0.6% to a score of 78.9 on the American Customer Satisfaction Index’s (ACSI®) 100-point scale. The dip occurs amid mixed results for restaurants as the full-service industry maintains high and stable customer satisfaction, while fast food slips compared with a year ago. Nevertheless, stability is the pattern in both segments, with all chains either stable or moving by only 1% year over year.

More than half of consumer food spending continues to flow to the restaurant industry, with U.S. industry sales projected to keep growing at a modest pace to reach $863 billion in 2019. Some fluctuations have occurred, however, with April same-store sales down 0.4% year over year.

The restaurant industry also continues to face challenges, including staffing shortages and competition from other venues such as prepared foods from grocers and convenience stores. Overall, the trend of declining foot traffic continues, and companies are seeking to grow sales by relying on guests spending more per visit. Since the fourth quarter of 2018, guest check growth has accelerated, likely from companies raising their menu prices among other factors.

As foot traffic slows, off-premise dining—projected to account for 37% of restaurant industry sales in 2018—plays an important role. ACSI data show that for the full-service segment, diners who order food for delivery are far more satisfied (83) than those who dine in (79). As such, catering and delivery spaces are likely to become even more competitive. Recently, Amazon announced it will shut down its Amazon Restaurants food delivery service, while other third-party delivery providers are experiencing growth, including Uber Eats, DoorDash, and Grubhub.

Driven by millennials, both taste and technology are evolving. Food is trending toward healthier options, such as plant-based burgers, local sourcing, fresh foods, and ethnic cuisines. Major operators are investing in mobile apps, digital kiosks, tableside ordering systems, and dedicated pick-up areas or drive-thru lanes for mobile orders. Regardless of these shifts, customer satisfaction is paramount to driving future sales. ACSI data demonstrate that the more satisfied guests are, the more willing they are to increase their restaurant spending in the coming year.

Full-Service Restaurants

As the restaurant industry overall continues to transform itself—from healthier menu offerings to digital technologies—full-service restaurants are maintaining high and stable customer satisfaction at an ACSI score of 81. This stability follows a major leap in satisfaction one year ago, when the industry’s score rose 3.8% as it responded to changing consumer preferences.
Stalwart leader Texas Roadhouse maintains its number-one position—steady at a high score of 83. According to its customers, Texas Roadhouse offers superior value compared with other full-service chains. Meanwhile, Cracker Barrel is closing the gap with a 1% uptick to second place at 82. With this gain, the chain earns back a small amount of a 4% slump in customer satisfaction last year. Cracker Barrel, known for its nostalgic ambience, has been trying to appeal to millennials and its efforts may be paying off in one area—the chain’s mobile app rates best in class for quality.

Matching the industry average, the large group of smaller full-service chains exhibits a stable score of 81. LongHorn Steakhouse also maintains customer satisfaction at 81, besting Darden sister brand Olive Garden, which dips 1% to below average at 79. The stability for LongHorn follows a sharp gain last year, indicating its menu retooling continues to be a success. In contrast, Olive Garden slips for a second year. In prior years, the chain scored well into the 80s but now matches its historic low. Over the past year, Olive Garden has been trimming its promotional offers, and ACSI data show that customer perceptions of value have ebbed as well.

Two more chains match Olive Garden at 79: Outback Steakhouse and Red Robin. Just two years ago, Red Robin struggled with a low ACSI score of 73. After making strides last year, diner satisfaction is unmoved as the company continues to revamp its operations and close underperforming stores.
Four companies are deadlocked with scores of 78: Chili’s, Red Lobster, Ruby Tuesday, and TGI Fridays. For two of these chains—Red Lobster and Fridays—this score represents a small downturn. Within this lower-scoring group, mobile apps show room for improvement. Ruby Tuesday is rated the lowest when it comes to mobile quality, while Fridays’ app is deemed least reliable.

The bottom of the industry, however, belongs to Applebee’s (-1%) and Denny’s (unchanged) with scores of 77. For Denny’s, this is a company high although the chain remains in last place. In recent years, Denny’s has revamped menus, remodeled stores, and upgraded technology. Nevertheless, ACSI data show that Denny’s lags the most when it comes to service speed.
A year ago, full-service restaurants improved across nearly every aspect of the customer experience. This year, the industry maintains the ground it won, keeping most key elements stable in the mid-to-upper 80s.

For the full-service segment, food order accuracy rates highest—stable at the excellent level of 89. In contrast, speed of service to the table is relatively lower at 83, which may indicate that there is still room for improvement. Staff, however, remain helpful and courteous (87) and food quality continues to be much higher than it was two years ago (87 compared with 84 in 2017). Food variety, however, drops slightly to 85. With consumer preferences continuing to change rapidly, this may be an area where restaurant operators can differentiate themselves.

Measured for the first time this year, mobile apps rate well on both reliability (86) and quality (84). Unlike other industries, apps are not considered to be among the best parts of the customer experience. Apps do, however, outperform websites, with satisfaction for the latter sliding to 82.

**Limited-Service Restaurants**

Customer satisfaction with limited-service (fast food) restaurants wanes 1.3% to 79, again trailing the full-service segment after holding a brief lead two years ago. Overall, the fast food customer experience shows some deterioration as major operators focus on technology and menu upgrades to meet changing consumer preferences. Fast food customers tend to be more price sensitive as well, and the industry sees a weakening in guest perceptions of value.

Among companies, the ACSI downturn is limited to just two—customer satisfaction leader Chick-fil-A and sandwich specialist Subway. For Chick-fil-A, a 1% drop to 86 lessens its lead by a point, but the company still demonstrates customer satisfaction dominance. With its strong satisfaction edge and plans to continue expanding, the chicken specialist could pose a threat to even the largest players in the industry.

The group of smaller fast food outlets places second—steady with a combined score of 82. Panera Bread is third at 81 (unchanged), continuing its run as a consistent top-tier performer. Panera is redefining its breakfast strategy, which could shake things up for lower-scoring chains that compete in the breakfast space.

Next in line, four chains cluster at 80. Among these, two pizza makers are deadlocked—Papa John’s and Pizza Hut (both unchanged). Coming off a round of negative publicity, Papa John's has been working to restore its reputation and ACSI stability shows that it’s weathering the storm. In the pizza segment, the chain is still head to head with Pizza Hut for best satisfaction. Papa John’s shows an edge in the critical mobile arena, where its app rates best in class on quality.
With 1% upticks, both Arby’s and Chipotle Mexican Grill also come in at 80, shifting from slightly below average to just above in 2019. While Chipotle’s ACSI score has not returned to its higher level prior to the company’s food safety crisis, it does show incremental improvement since the large drop in 2016. Likewise, the firm’s same-store sales continue to grow—up nearly 10% in the first quarter of 2019.

The remaining chains are at or below the industry average. On the pizza front, Domino’s is flat at 79 despite efforts to transform itself into a technology leader. Little Caesars continues to trail its rivals, unmoved at 77. While the company is a value leader, customers feel its menu lacks variety compared with other pizza makers. It will be interesting to see if the chain’s foray into plant-based products, the Impossible pizza, will boost customer perceptions next year.

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<th>ACSI: LIMITED-SERVICE RESTAURANTS</th>
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NM = Not Measured
NA = Not Available

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Coffee specialist Starbucks edges up 1% to 79, breaking last year’s tie with Dunkin’ (stable at 78). Sandwich purveyor Subway (-1%) slides to 79, with store closings ballooning to over 1,100 in the past year.

Two Yum! Brands show small 1% gains: KFC (78) and Taco Bell (75). The gains coincide with Yum! Brands’ ongoing three-year initiative to transform operations and grow its brands. Despite the ACSI improvement, however, both chains stay far behind their direct rivals—with Chick-fil-A (86) winning for chicken and Chipotle (80) well ahead for Mexican cuisine.

Among burger chains, Wendy’s holds tight with an ACSI score of 77, followed closely by Burger King (unchanged at 76). BK has been making news with a test run of its Impossible Whopper. Next year’s ACSI results may show whether or not the plant-based product is a satisfaction game changer in the burger segment.

ACSI newcomer Sonic Drive-In also scores 76. Sonic, recently acquired by Inspire Brands, offers an array of signature drinks and not surprisingly, the company earns the top mark for beverage variety in the fast food segment. Just below, Jack in the Box inches up 1% to 75, trailing all burger rivals save one: McDonald’s. The burger giant is modernizing operations, adding self-order kiosks, digital menu boards, and curbside pick-up for mobile orders. Thus far, guest satisfaction has not budged as McDonald’s stagnates at the low score of 69 for the fourth straight year.

Unlike full-service restaurants, fast food chains are doing worse this year across nearly all aspects of the customer experience. In fact, the only element to improve is beverage variety (80), which, along with food variety (80), still rates on the lower end for fast food.

Food order accuracy is down despite investments in technology, sliding 2% to 86. Likewise, staff are less courteous (84) and both beverage and food quality have declined (83). Fast food outlets also have backtracked when it comes to store layout and cleanliness (83).

Service speed—integral to the fast food experience—retreats 2% to 82, a level now lower than full-service restaurants (83). The fast food segment also lags full-service in the mobile space with scores of 81 for mobile app quality and 80 for reliability. Unlike many other industries, fast food websites (stable at 82) do better than the industry’s apps.
About This Report

The ACSI Restaurant Report 2018-2019 on full-service and limited-service (fast food) dining chains is based on interviews with 23,468 customers, chosen at random and contacted via email between June 5, 2018 and May 27, 2019. Customers are asked to evaluate their recent experiences with the largest sit-down and fast food restaurants in terms of market share, plus an aggregate category consisting of “all other”—and thus smaller—restaurants in those industries.

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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