



Basis Points – March 9, 2023

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Above the Fold

Poor Customer Service Leads to “Revenge” for Some Consumers

You’ve probably heard or uttered the phrase “things aren’t made like they used to be.” And yes, cheaper, lower-quality goods have flooded the market to meet rising demand for these lower-priced goods. Unfortunately, the trend has led to many corporations adopting a bottom line-driven approach as opposed to one that puts the quality of the product and consumer first. Cost-cutting and cultural changes have also brought about the demise of high-quality customer service. A survey by Customer Care Measurement & Consulting recently showed increased issues with the quality of goods and services. In fact, quality has continued to decline steadily since similar surveys began in 1976. In 2023, 74% of respondents experienced a problem with products and services; this was up from 66% in 2020 and just 32% in 1976. Other consumer satisfaction

surveys continued to decline. Consulting firm Forrester released data last year supporting the fact that customer experience offered by consumer-facing brands and government agencies [declined in the year through April 2022](#).

But consumers are fighting back (literally) as similar studies revealed a tripling in the percentage of consumers who have taken action, such as online or in-person shaming, to nearly 10%. In short, a record number of Americans are unhappy with corporations, which is a problem they must address. Consumers now have social media platforms from which they can shame, and potentially damage, years of corporate public relations. Unhappy shoppers can also bog down call centers, increasing costs and hold times, which leads to more frustration from would-be “normal” customer service interactions. Companies are responding with AI (artificial intelligence) driven solutions, streamlined return or replacement programs, and even expedited customer care for loyal customers. But experts believe it’s going to take more than clever AI to create the real compassion (and apologies) that most discontent consumers need to hear to feel satisfied after something goes wrong.

Three Things

In Turn of Events, Powell Prepared to Get Even More Aggressive With Interest Rates

Fed Chair Jerome Powell testified in front of Congress for the second day yesterday, and the news was not good for interest rate doves. Mr. Powell told lawmakers that the central bank was considering a 50-basis-point hike later this month and further indicated that the terminal rate needed was likely going to be higher than expected in order to quell inflation. Powell said he and the Federal Open Market Committee were looking for more of a “reversal” of the data observed, suggesting that “slowing” wasn’t enough. The February jobs report due out Friday and next week’s inflation data will impact just how aggressive a hike will be delivered at the conclusion of their meeting on March 21 and 22.

Women Fill Need for Service Workers ... and More

In the days of WW2, the famous “Rosie the Riveter” campaign helped drive female workers to nearly 37% of the workforce by 1945. While that number remained relatively stagnant until 1980, women have steadily gained ground in the labor force and now account for nearly half of nonfarm jobs in America. More recently, women have outpaced men coming back into the employment pool over the last four months, filling critical service jobs such as schooling, child care and health care. They now account for 66% of all jobs in leisure and hospitality, private education, health and other services.

Small-Town America Snapped Up in the Pandemic

Even with the pandemic behind us, the housing boom in many rural communities has remained, leaving little or no affordable inventory available for locals, especially those earning low to average wages. Many corporations have already reversed or revised earlier remote-work policies, and Americans who thought they were ready for small-town life, now realize they might want to be closer to major metros and/or family, but there's been little impact on affected areas. Logically, rural real estate prices should be falling, but many of those investors are holding on to those properties. And since pandemic-era residents are no longer living full time in those communities, small-town economies are suffering, leaving locals with less real estate for purchase, while steady income is increasingly harder to come by.

In the Know

Jack Daniels Has a Fungus Problem

On average, roughly 1% to 2% of every batch of whiskey (along with other aged spirits) is lost to evaporation. Called the “angel’s share,” these emissions are part of the process that adds complex flavors, character and value over the months, years and sometimes decades of maturing. Unfortunately, there are also some unsightly byproducts to the aging process. In some parts of the world, the gases that escape attract a strain of fungus called *baudoinia compniacensis*. This fungus feeds off the ethanol and is carried through the air, landing on all sorts of objects close to distilleries like those owned by Jack Daniels in Tennessee. And while this fungus is part of typical microflora found around other food-processing and baking facilities as well, Jack Daniels has come under fire recently and is being sued for fueling “whiskey fungus” growth around its warehouses.

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