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ACSI Telecom Report Shows Competitive Industries Have Higher Customer Satisfaction

Big Jumps for Comcast and Time Warner Cable in Pay TV, T-Mobile and Sprint in Wireless; Verizon Fios Leads ISPs; Apple Returns to the Top with Big-Screen Smartphones

ANN ARBOR, Mich., (June 1, 2016) – After two years of declining customer satisfaction, the telecommunications sector halts the slide, according to new data from the [American Customer Satisfaction Index \(ACSI\)](#). The new ACSI results for the telecommunications sector, which includes subscription television service, Internet service providers, fixed-line telephone service, wireless telephone service and cell phone manufacturers, show a 1.9-percent gain to 70.1 on a 100-point scale. All five industries demonstrate improving customer satisfaction in the survey of 12,710 customers conducted in the first quarter 2016.

“Innovation tends to be strongest in markets with multiple companies vying for consumer preference,” says Claes Fornell, founder and Chairman of ACSI. “There are numerous wireless carriers and plenty of different cell phones to choose from. The same is not true for pay TV and ISPs, where consumers are usually beholden to a duopoly.”

Subscription TV: Nowhere to Go but Up

A year after suffering the two largest year-over-year drops in satisfaction, Comcast and Time Warner Cable (TWC) bounce back. Despite the gains, both companies remain among the weakest companies tracked by the ACSI in customer satisfaction. At a score of 62, Comcast is tied with Suddenlink. TWC ties with Cox Communications at 59, while Mediacom, at 54, occupies last place in customer satisfaction among all companies in the ACSI, regardless of industry. At the industry level, subscription TV providers climb 3.2 percent to 65.

The landscape will change when Charter Communications (-5% to 60) completes its acquisition of TWC and Bright House Networks (+2% to 66) to become the second largest cable company in the United States. The TWC brand will go away, and Bright House Networks customers will likely experience a deterioration in customer satisfaction, at least in the short term.

“It’s not too hard for cable companies to improve when their starting point is the cellar,” says ACSI Managing Director David VanAmburg. “But for Charter Communications, its challenge will be to keep satisfaction levels from falling in the wake of a merger because ACSI data show that there tends to be a drop in customer satisfaction as companies combine operations and customer accounts.”

Fiber optic providers Verizon Fios (70) and AT&T U-verse (69) maintain their spots at the top of the industry. Satellite providers DIRECTV (68) and DISH Network (67) score above the industry average.

Internet Service Providers: Same Providers, Same Results

ISPs manage to improve slightly, up 1.6 percent to an ACSI score of 64, but nevertheless remain the lowest-performing industry in the ACSI. Though many consumers are cutting the chord to subscription TV, most of them must still rely on the same companies for the high-speed Internet access required for streaming media platforms like Netflix, Hulu or Amazon Prime Video.

“High-speed Internet access is a must-have in the digital age, making ISPs and wireless companies critical providers for the workplace as well as the home,” says Fornell. “With relatively few options, consumers have limited means for punishing companies for poor service.”

Verizon Fios climbs 7 percent to 73 for the highest customer satisfaction ever for the industry. Cablevision Systems takes second place after a 13-percent gain to 69. Bright House Networks (+6% to 67) and Time Warner Cable (+14% to 66) outperform their future parent company Charter Communications, which scores 63 after an 11-percent bump. AT&T U-verse drops 7 percent to the industry average of 64, while Comcast adds 5 percent to 59. Three other providers are in the 50s.

Cell Phones & Wireless Service: Apple Regains Top Spot; Big Gains for T-Mobile and Sprint

Both wireless carriers and cell phone manufacturers notch higher in 2016. Wireless phone service improves by 1.4 percent to 71, while cell phone manufacturers are up 1.3 percent to 79. The uptick for wireless service is attributable to improvements for T-Mobile and Sprint, and a small rise for AT&T. T-Mobile posts a 6-percent increase to 74 for the highest score among the four national carriers. Sprint is most improved after surging 8 percent to 70. AT&T Mobility and Verizon Wireless tie at 71.

“Now that contracts are becoming a historical relic, wireless companies are doing more to attract and retain customers in an environment where switching from one provider to another has never been easier,” says VanAmburg. “The challenge for wireless carriers is finding a balance between cutting prices to attract new customers and investing in faster, more reliable network infrastructure to keep them.”

The group of smaller wireless companies are the ones with the highest customer satisfaction at a score of 77. Prepaid phone provider TracFone Wireless slips 3 percent to 75, but nevertheless remains at the top.

Among cell phone makers, Apple rides its large-screen iPhones to the top of the industry after a 1 percent increase to 81. Samsung is alone in second place, holding at 80. Nearly 4 in 5 cell phones sold today are smartphones, and together Apple and Samsung own 70 percent of the smartphone market. Motorola slides 3 percent to 77, ahead of HTC (-3% to 75), and LG and Microsoft Mobile, which includes Nokia-branded phones, at 74.

ACSI data on smartphone models shows that bigger is better when it comes to customer satisfaction. Samsung's "phablet" Galaxy Note5 gets the top mark at 86, besting Apple's iPhone 6s Plus at 85. The largest-screen iPhones do better than the smaller models of the same generation. Nearly all of the top-rated smartphones in the study are made by Apple or Samsung, with Motorola's Moto G as the lone exception.

"The cell phone market has been reduced to a two-horse race between Apple and Samsung, with everyone else fighting for scraps," says VanAmburg. "Although some other smartphones get solid reviews from media, none have received the high marks that customers give Apple and Samsung."

Fixed-Line Phone: VoIP Provider Vonage Pulls Ahead

Customer satisfaction with fixed-line telephone service inches up 1.4 percent to 70 as dissatisfied customers defect, leaving a stalwart customer base whose satisfaction does not change much. VoIP-based calls have become the dominant mode of landline-based communication, and fixed-line operators face a loss of long-distance telephone business to cell phones or other IP-based modes of communication like Skype or Apple's FaceTime.

Vonage, a VoIP provider, surges 7 percent for a solid lead at 78. Unlike its competitors, Vonage is an over-the-top landline-based service provider that does not need to maintain network infrastructure and may therefore direct more resources to customer service. Companies that provide both cable and Internet services in addition to landline telephone have less flexibility to do the same and trail far behind.

The full report is available for free download at <http://www.theacsi.org/news-and-resources/customer-satisfaction-reports/reports-2016/acsi-telecommunications-report-2016>.

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ACSI 2016 RESULTS FOR TELECOM INDUSTRIES



Across-the-board gains for telecom

Cell Phones	79 ▲ 1.3%
Wireless Phone Service	71 ▲ 1.4%
Fixed-Line Phone Service	70 ▲ 1.4%
Subscription TV Service	65 ▲ 3.2%
Internet Service Providers	64 ▲ 1.6%

ISPs and subscription TV inch up, but remain lowest-scoring industries in the ACSI

Wireless Service: T-Mobile leads national carriers; Sprint most improved

All Others	77 ▼ -3%
TracFone Wireless	75 ▼ -3%
T-Mobile	74 ▲ 6%
U.S. Cellular	72*
AT&T Mobility	71 ▲ 1%
Verizon Wireless	71 ▲ 0%
Sprint	70 ▲ 8%

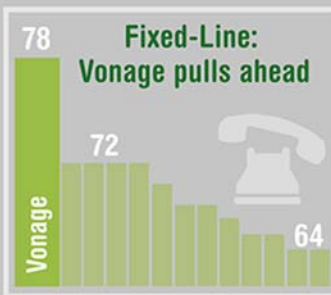
* first measured in 2016



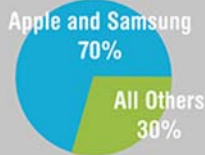
Cell phone manufacturers: Apple regains lead



ACSI Trend: 2012-2016



SMARTPHONE MARKET:

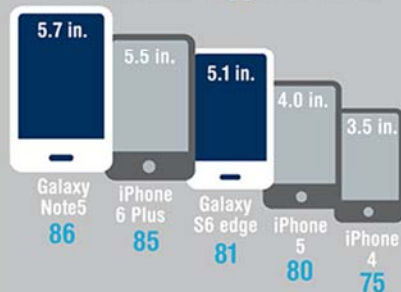


ACSI DATA: APPLE AND SAMSUNG MODELS DOMINATE



■ Samsung/Apple ■ Motorola/LG/HTC

Smartphones: bigger is better



Subscription TV: fiber optic customers more satisfied



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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.

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