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ACSI: Customer Satisfaction with Wireless Phone Service, Subscription TV Improves; ISPs Debut at Bottom of Index

*Verizon Tops in Multiple Industries; Comcast Makes Gains but Stays Low;
Apple Slips While Samsung Surges*

ANN ARBOR, Mich. (May 21, 2013) – The annual Information Sector report from the [American Customer Satisfaction Index](#) (ACSI) shows that customers are happier with telecommunication services and technologies than they were a year ago. The Information sector benchmark—the combined aggregate score for wireless telephone service, Internet service providers (ISPs), subscription television service, cellular telephones, fixed-line telephone service and computer software—climbs 0.6% to 72.3 on a 0 to 100 scale. The improvement, along with gains for energy utilities and health care (reported by ACSI in April), pushes the national customer satisfaction benchmark up 0.4% to 76.6.

“Customer satisfaction with the Information sector is improving, but none of these industries score higher than the national average,” says Claes Fornell, ACSI founder and chairman. “Limited competition combined with high consumer expectations for information services are a formula for relatively weak buyer satisfaction, despite the gains.”

Subscription TV: Customer Satisfaction Improves in a Low-Performing Industry
Subscription television service ends a three-year run of stagnating customer satisfaction with a 3.0% gain to an ACSI benchmark of 68. While the boost is good news for cable, satellite and fiber-optic television providers, the industry remains the third worst of the 43 industries covered in the ACSI.

Among TV service providers, those offering service via fiber optics or satellite earn the best marks for customer satisfaction. On average, fiber-optic/satellite service receives an ACSI score of 72 compared with 63 for cable service. Verizon (FiOS) stays in first place at 73 (-1%), with DIRECTV at 72 and AT&T (U-verse) at 71 close behind after strong gains of 6% and 4%, respectively. DISH Network rounds out the above-average group with a near-steady benchmark of 70 (+1%).

While most cable providers do better in 2013, all remain below the national ACSI average. Cox Communications leads at 65 (+3%), but is chased by a much-improved

Charter Communications at 64 (+8%) and a modestly stronger Comcast at 63 (+3%). Time Warner Cable backslides, dropping 5% to an industry low of 60.

“While nearly 90% of households have some form of TV subscription, the industry is facing small, but growing, competition from Internet video streaming,” says ACSI director David VanAmburg. “The industry’s pattern of yearly price increases, coupled with sporadic reliability, keeps customer satisfaction low relative to other household services and vulnerable to new technologies that enter the market.”

Subscription TV customers give picture quality strong ratings for both HD and basic resolution, but find call center service to be lacking compared with most other industries.

Internet Service Providers Enter ACSI With Weak Customer Satisfaction

The ACSI’s coverage of telecommunications expands with inaugural measures for the Internet service provider (ISP) industry—a change that ensures comprehensive assessment of customer satisfaction with the video, voice and data services available to U.S. household consumers. ISPs debut with a customer satisfaction benchmark of 65—the lowest score among 43 ACSI industries.

“High monthly bills combined with problems across a broad spectrum of customer experience benchmarks—such as service reliability, data transfer speed and video-streaming quality—leaves customers less than satisfied with their ISP service,” says Fornell. “But in a market even less competitive than subscription TV, there is little incentive for companies to improve.”

Only Verizon’s FiOS and the aggregate of all other smaller ISPs break out of the 60s with identical ACSI scores of 71. Cox beats the average at 68, followed by AT&T U-verse and Charter at 65. The low end belongs to CenturyLink at 64, Time Warner Cable at 63 and Comcast at 62.

Customers Happier As Wireless Service Improves and Smart Phones Deliver

The wireless phone industry performs an about-face in 2013, reversing a two-year trend of declining customer satisfaction with a 2.9% gain to an ACSI benchmark of 72. Despite matching its 10-year high, wireless service remains well below the national ACSI average.

“Barriers to switching, including contracts with cancellation fees, make the wireless industry less competitive,” says VanAmburg. “ACSI research shows that customer satisfaction is almost always lower when consumers have less choice and more headaches when it comes to switching to another seller.”

The aggregate of smaller wireless carriers easily tops the industry at 78 (+3%). Verizon Wireless leads the larger carriers due to a 4% jump to 73, leapfrogging a stalled Sprint at

71. Nearly in line with Sprint, AT&T Mobility inches up 1% to 70, while the sole decliner, T-Mobile, drops 1% to 68.

Much like its service counterpart, the cellular telephone category improves customer satisfaction by 2.7% to match its historic ACSI high at 76. With smart phones representing just over half of all phones purchased, the industry is delivering better features and more apps.

Apple dominates at a score of 81 despite a 2% ACSI loss. Still, compared with Apple's PC benchmark of 86, the iPhone is not quite at the same lofty level. Samsung leaps 7% to 76 after launching Galaxy S III, but stays significantly behind Apple. Nokia (+1%) also earns an ACSI score of 76, while Motorola, up 5% to 77, creates a virtual three-way tie for second place. HTC drops 4% to 72 and LG falls 5% to 71. BlackBerry seems lodged in last place—flat at 69.

Consumers respond positively to cell phones for ease of calling and text messaging. Battery life, however, is an irritant. For wireless service, the top customer experience benchmarks go to in-store staff for courtesy and helpfulness. For reliability, the wireless industry lags its older technology counterpart, fixed lines, by receiving lower marks for call clarity, dropped calls and network coverage.

Strong Gain for Fixed-Line Phone Service Amid Shrinking Market

Customer satisfaction gains populate nearly the entire fixed-line phone business, even though customers continue to migrate toward wireless. The paradox of higher satisfaction amid dwindling usage reflects the fact that those who stay are more satisfied than those who leave. The fixed-line industry's ACSI score increases 5.7% to 74, with gains for individual companies ranging from 4% to 8%.

The aggregate of smaller landline companies, such as Frontier and Vonage, holds on to the category lead despite a 1% slip to 75. Among larger providers, Verizon surges 6% and Cox gains 4% to tie for the lead at 74. AT&T follows closely at 73 (+4%), while digital phone provider Charter enters at 72. Large increases of 8% and 6%, respectively, bring CenturyLink and Comcast into a tie at 71. In its first fixed-line appearance, Time Warner Cable falls short at 68.

Among the telecom industries, fixed-line benefits from quality and clarity of calls, along with the ability to keep outages to a minimum. Similar to other telecom services, however, fixed-line does not receive high marks from its customers regarding website or call center satisfaction, although it beats low-scoring ISPs on both benchmarks.

Computer Software: Deteriorating Customer Satisfaction Continues

Customer satisfaction with computer software for desktops and laptops continues to fall. This year the category's ACSI score slips 1.3% to 76. Market-share leader Microsoft and

the aggregate of smaller software makers both backslide 1% to 74 and 76, respectively. With global PC shipments having their largest quarterly drop in 20 years, the market remains thorny. Windows 8, criticized by users for its interface, has not derailed customer satisfaction for Microsoft, but it has not helped either.

The full report is available for free download at www.theACSI.org. Follow the ACSI on Twitter at @theACSI and Like us on Facebook.

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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 measuring satisfaction with more than 230 companies in 43 industries and 10 economic sectors, as well as over 100 services, programs, and websites of federal government agencies.

ACSI results are released on a monthly basis, with all measures reported using 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. And, at the macro level, customer satisfaction has been shown to be predictive of both consumer spending and gross domestic product growth.

The Index was founded at the University of Michigan's Ross School of Business and is produced by ACSI LLC. The ACSI can be found on the Web at www.theacsi.org.

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