

Wireless Purchase Experience Satisfaction Increases, Despite Rising Cost of Smartphones and Demise of Device Subsidies, Says J.D. Power Study

[AT&T Ranks Highest in Wireless Purchase Experience Performance among Full-Service Carriers;](#)
[TracFone Ranks Highest among Non-Contract Carriers](#)

COSTA MESA, Calif.: 18 February 2016 — Overall satisfaction with the wireless purchase process has risen to a record high, despite a rise in the cost of smartphones and the cutback in device subsidies by wireless carriers, according to the J.D. Power 2016 U.S. Wireless Purchase Experience Full-Service Performance StudySM—Volume 1 and the J.D. Power 2016 U.S. Wireless Purchase Experience Non-Contract Performance StudySM—Volume 1, both released today.

Now in their 13th year, the semiannual studies evaluate the wireless purchase experience of customers who use any one of three contact channels: phone calls with sales representatives; visits to a retail wireless store; or online/website. Overall purchase experience satisfaction with both full-service and non-contract carriers is measured across six factors (in order of importance): store sales representative; website; offerings and promotions; phone sales representative; store facility; and cost of service. Satisfaction is calculated on a 1,000-point scale.

The study finds that the average price paid for a wireless phone among full-service customers has increased by \$31 (to \$276) from the 2015 Full-Service—Vol. 2 Study, just six months ago. The primary driver of the price hike is the industry's shift away from service contracts that include subsidized devices and toward equipment installment plans (EIPs), where the full price of the device is charged up front for a specific lease period after which the device can be owned outright at the end of the term or upgraded to a newer device. The rise in cost is also driven by the release of newer flagship smartphones such as the iPhone 6s and 6s Plus and the Samsung Galaxy 6 model. Nearly one-fifth (18%) of full-service wireless customers have an EIP, an increase of 3 percentage points from 2015 Vol. 2.

Despite the price increase, overall satisfaction among full-service wireless customers in the 2016 Vol. 1 Study is 803—an increase of 6 points from the 2015 Vol. 2 Study—which is the highest satisfaction level since the study's inception in 2004. All factor indices have improved from the last volume, with the largest gains in cost of service (+16 points); phone sales representative (+15); and store sales representative (+12).

“The cost of a smartphone has risen significantly over a short period of time,” said **Kirk Parsons, senior director and technology, media & telecom practice leader at J.D. Power**. “Even with a notable increase in out-of-pocket costs for the customer, overall satisfaction has hit an all-time high. While this may seem counterintuitive, wireless service providers have been aggressively offering more data plan minutes, with some even tethered to unlimited usage plans, to offset the high cost of ownership. These promotions help increase a customer's perception of added value considerably, while enhancing their satisfaction with the purchase experience.”

Following are some of the key findings of the 2016 studies:

- **Non-Contract Customer Satisfaction Improves:** Overall purchase experience satisfaction among wireless non-contract customers is 791—an improvement of 6 points from 2015 Vol. 2—representing the highest level of satisfaction since the non-contract segment was added to the study in 2009.
- **Satisfaction Is High, Across Purchase Type:** Overall purchase experience satisfaction is similar among the three segments of full-service wireless customers. Satisfaction is 802 among customers who have purchased an unsubsidized device; 802 among those with service contracts or expired service contracts; and 799 among those who lease a device.
- **Unlimited Data Plans Considerably Improve the Perception of Value:** Satisfaction in the cost of service factor is 52 points higher among customers with unlimited data than among those with data allowances (779 vs. 727, respectively). The high-value proposition of an unlimited plan has a halo effect on satisfaction in all other factors.
- **Wireless Customers Prefer to Purchase Device in Retail Store:** While 69% of full-service customers indicate they made a purchase in a wireless retail store, 43% used the phone and 53% did so online. In contrast, 60% of non-contract customers indicate their most recent purchase transaction occurred in a store, and only 34% indicate that it was via telephone.
- **Sales Transaction Takes Longer for Full-Service Than Non-Contract Customers:** The average total time full-service customers spend completing a sales transaction in a store is approximately 48 minutes—a decrease of 3 minutes from the 2015 Vol. 2 Study. In comparison, customers purchasing from a non-contract carrier spend an average of 43 minutes in a retail store, which is an increase of 3 minutes from 2015 Vol 2.

Study Rankings

AT&T ranks highest among wireless full-service carriers, with an overall score of 813. AT&T performs particularly well in five of the six purchase experience factors, excelling in the offerings and promotions and phone sales representative factors.

TracFone ranks highest among wireless non-contract carriers, scoring 802. TracFone performs particularly well in four of the six purchase experience factors, especially in website and cost of service factors.

The 2016 U.S. Wireless Purchase Experience Full-Service Performance Study—Volume 1 is based on responses from 11,260 full-service customers. The 2016 U.S. Wireless Purchase Experience Non-Contract Performance Study—Volume 1 is based on responses from 4,205 non-contract customers. Both semiannual studies are based on the experiences of current wireless service customers who made a sales transaction with their current carrier within the past three months. The study was fielded from July through December 2015.

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For information about the 2016 U.S. Wireless Purchase Experience Full-Service Performance Study—Volume 1 and the 2016 U.S. Wireless Purchase Experience Non-Contract Performance Study—Volume 1, visit <http://www.jdpower.com/resource/us-wireless-purchase-experience-satisfaction-study>

See the online press release at <http://www.jdpower.com/press-releases/2016-us-wireless-purchase-experience-fs-nc-performance-studies-vol-1>

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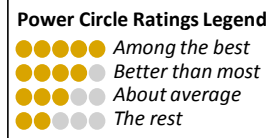
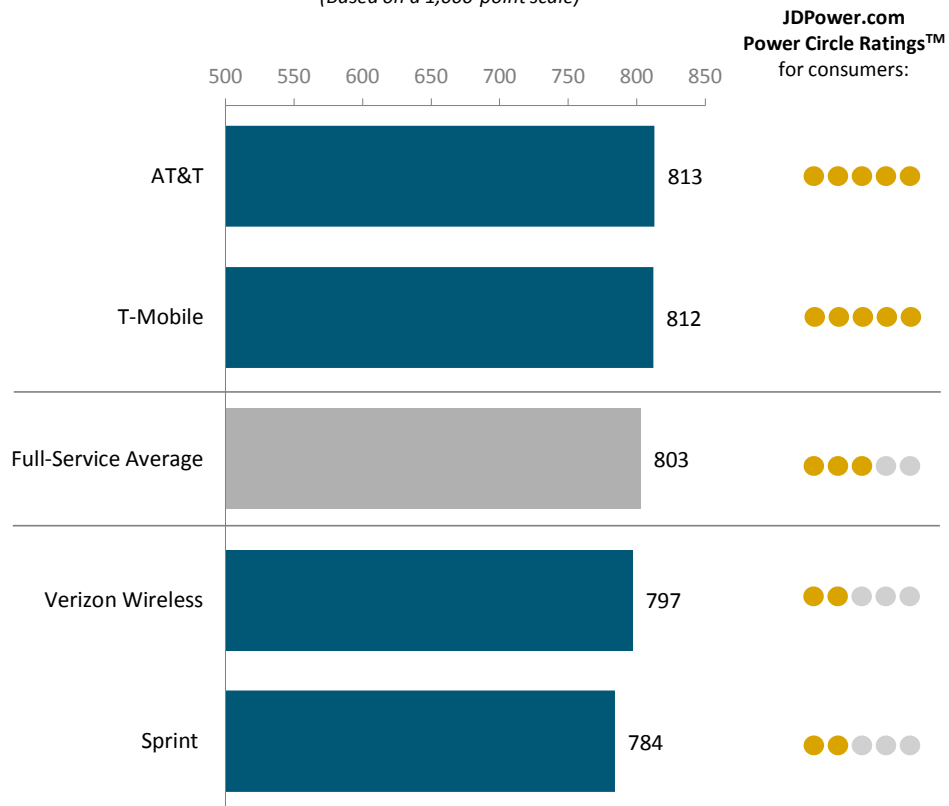
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Note: Three charts follow.

J.D. Power 2016 U.S. Wireless Purchase Experience Full-Service Performance StudySM—Volume 1

Overall Purchase Experience Index Rankings

(Based on a 1,000-point scale)

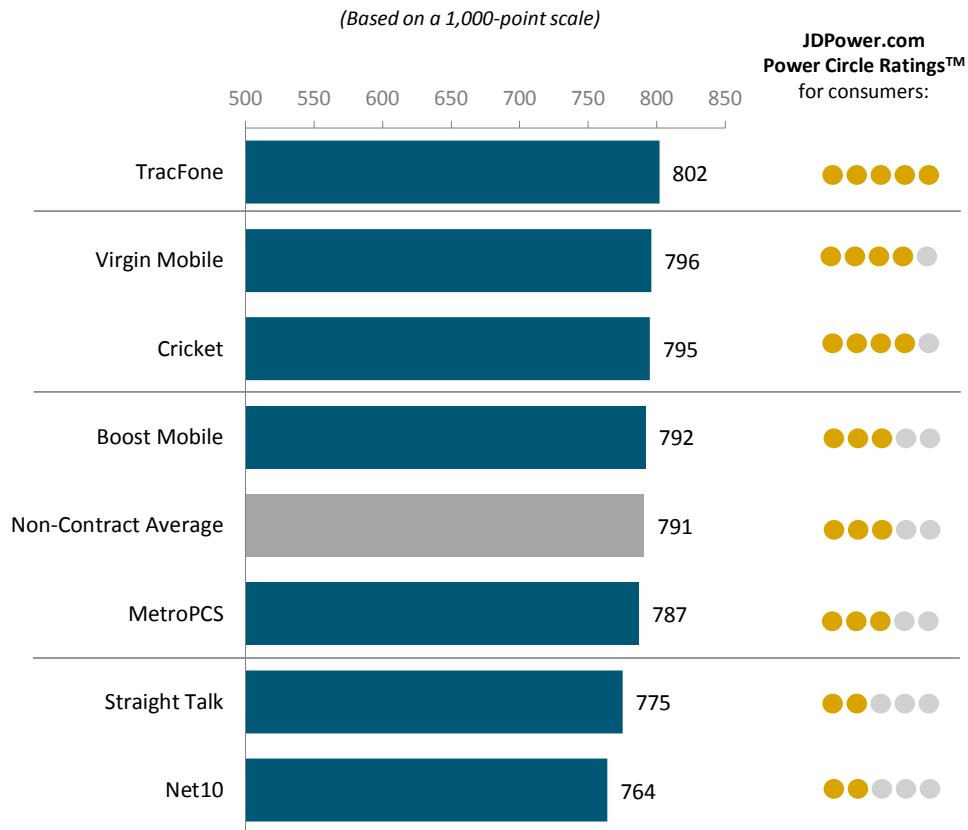


Source: J.D. Power 2016 U.S. Wireless Purchase Experience Full-Service Performance StudySM—Volume 1

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Overall Purchase Experience Index Rankings



Power Circle Ratings Legend

- Among the best
- Better than most
- About average
- The rest

Source: J.D. Power 2016 U.S. Wireless Purchase Experience Non-Contract Performance StudySM—Volume 1

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Performance StudySM—Volume 1

Award-Eligible Full-Service Wireless Carriers Included in the Study

<u>Company Name</u>	<u>CEO Name</u>	<u>US Company Address</u>
AT&T	Randall Stephenson	Dallas, TX
Sprint	Marcelo Claude	Overland Park, Kan.
T-Mobile	John Legere	Bellevue, Wash.
Verizon Wireless	Lowell McAdam	New York, N.Y.

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2016 U.S. Wireless Purchase Experience Non-Contract
Performance StudySM—Volume 1

Award-Eligible Non-Contract Wireless Carriers Included in the Study

<u>Company Name</u>	<u>CEO Name</u>	<u>US Company Address</u>
Boost Mobile	Marcelo Claude	Overland Park, Kan.
Cricket	Randall Stephenson	Dallas, TX
MetroPCS	John Legere	Bellevue, Wash.
Net10	Frederick Pollak	Miami, Fla.
Straight Talk	Frederick Pollak	Miami, Fla.
TracFone	Frederick Pollak	Miami, Fla.
Virgin Mobile	Marcelo Claude	Overland Park, Kan.

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