

### Smartphone Satisfaction Higher among Full-Service Customers, J.D. Power Finds

#### Apple, Samsung Lead Device Rankings in Full-Service and Non-Contract Segments

**COSTA MESA, Calif.: 20 Oct. 2016** — Customer satisfaction is much higher among smartphone owners currently subscribing to full-service wireless carriers, compared with those purchasing service through a non-contract carrier, according to the J.D. Power 2016 Full-Service Smartphone Satisfaction Study<sup>SM</sup>— Volume 2 and the J.D. Power 2016 Non-Contract Smartphone Satisfaction Study.<sup>SM</sup>

These studies measure customer satisfaction with smartphone brands among subscribers of Tier 1<sup>1</sup> wireless carriers, AT&T, Sprint, T-Mobile and Verizon Wireless. Also measured is satisfaction with smartphones among subscribers to non-contract carriers as a group, such as MetroPCS, Cricket, Virgin Mobile or Boost Mobile.

Overall satisfaction among wireless subscribers in the full-service carrier segment is 8.30 (on a 10-point scale), compared with 7.86 among subscribers who purchase wireless service from such non-contract carriers.

#### **Premium Devices Boost Satisfaction**

One of the reasons for higher smartphone satisfaction in the full-service segment is the higher incidence of customers with the latest smartphones, compared with the non-contract segment. The full-service smartphone study shows that the latest devices typically generate much higher satisfaction ratings than older models because the most current technology and performance features are included in the newer models. For example, full-service customers give their smartphone a rating of 8.54 in camera picture and video quality, while non-contract customers rate their smartphone 7.74 in this attribute. Similarly, full-service customers give their smartphone a rating of 8.35 in processing speed of operating system vs. a rating of 7.64 provided by non-contract customers.

“Typically, full-service carriers will offer the latest smartphones before the non-contract brands mainly due to the higher price points of newer devices,” said **Kirk Parsons, senior director and technology, media & telecom practice leader at J.D. Power**. “The majority of the wireless service expense is tied to the device, and the purchase price can be as high as \$750. Price points can influence both model selection and a customer’s experience with the device. When customers are satisfied with their smartphone selection, the manufacturer and carrier can benefit through customer loyalty and repurchase intent.”

Notably, there is a considerable difference between the two segments in the average price paid for a device. On average, full-service customers pay \$361 for their phone vs. \$137 paid by non-contract customers. More than half (51%) of non-contract customers cite “price/cost” as the main reason for choosing a particular

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<sup>1</sup> A Tier 1 carrier includes the four national wireless providers in the United States: AT&T, Sprint, T-Mobile and Verizon Wireless.

brand of smartphone, while the most common reason cited by full-service customers is “phone features” at 31%.

## Study Rankings

### Full-Service Segment

**Apple** ranks highest in overall satisfaction among **T-Mobile** (843) and **Verizon Wireless** (834) wireless customers, while **Samsung** ranks highest among **AT&T** (842) and **Sprint** (834) customers.

### Non-Contract Segment

**Apple** ranks highest overall among non-contract brands, with a score of 811. Other brands that rank above segment average are **Microsoft** (796), **Samsung** (790) and **LG** (782).

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

- **Carrier-Level Satisfaction Differs:** Among carriers, overall satisfaction with smartphones is highest among AT&T customers (832), followed by Verizon Wireless (825), Sprint (824) and T-Mobile (821) customers.
- **Smartphone Loyalty Stronger for Full-Service Carriers:** More than one-third (35%) of full-service customers say they “definitely will” repurchase a phone made by their current manufacturer vs. 20% of non-contract customers who say the same.
- **Customer Interest in Wireless Charging Is High:** In both the full-service and non-contract segments, the highest percentages of customers cite “wireless charging” when asked to select the top three features they would like on their next smartphone (51% and 49%, respectively).
- **Shifting Away from Subsidized Phones:** The shift away from phone subsidies in the full-service segment contributes to the rise in the average smartphone price to \$361 from \$318 in 2016 Volume 1 and \$239 in 2015 Volume 1.

## About the Studies

Now in its 10th year, the 2016 Full-Service Smartphone Satisfaction Study measures customer satisfaction based on five factors (in order of importance): performance (25%); ease of operation (21%); battery (20%); physical design (19%); and features (16%). Volume 2 of the study is based on experiences evaluated by 12,248 smartphone customers who have owned their current smartphone for less than one year and who are customers of one of the four Tier 1 carriers. The study was fielded between March and August 2016.

The inaugural Non-Contract Smartphone Satisfaction Study measures customer satisfaction based on six factors (in order of importance): performance (24%); physical design (18%); ease of operation (17%); features (16%); battery (13%); and cost (13%). The study is based on experiences evaluated by 2,762 smartphone customers who have owned their current smartphone for less than one year and who are customers of non-contract providers. The study was fielded between September 2015 and August 2016.

For more information about the 2016 Full-Service Smartphone Satisfaction Study—Volume 2, visit <http://www.jdpower.com/resource/us-wireless-smartphone-satisfaction-study>.

See the online press release at <http://jdpower.com/pr-id/2016207>.

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Note: Seven charts follow.

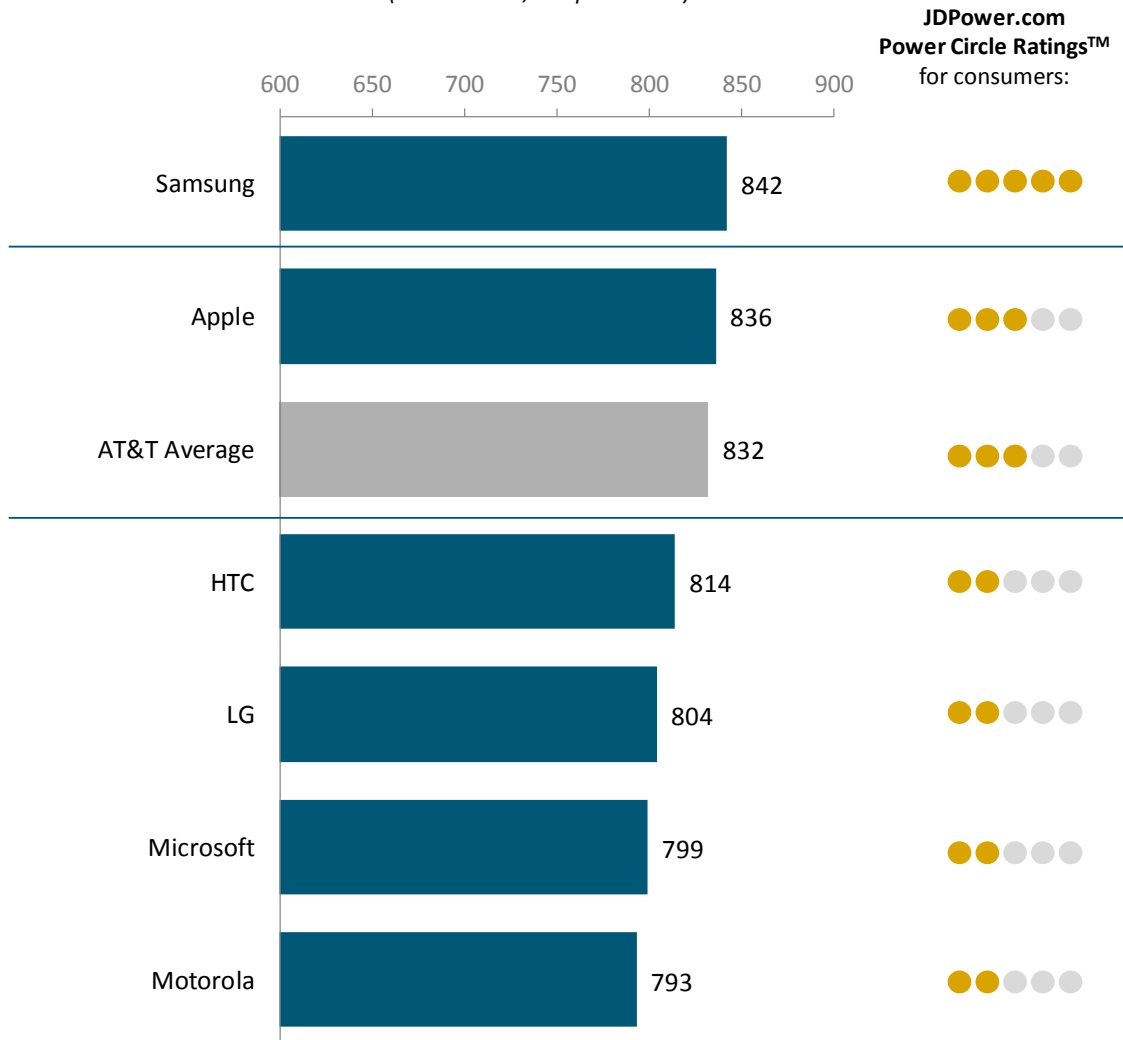
# J.D. Power

## 2016 U.S. Full-Service Smartphone Satisfaction Study<sup>SM</sup>— Volume 2

### Overall Full-Service Smartphone Index Ranking:

#### AT&T

(Based on a 1,000-point scale)



#### Power Circle Ratings Legend

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

Source: J.D. Power 2016 U.S. Full-Service Smartphone Satisfaction Study<sup>SM</sup>—Volume 2

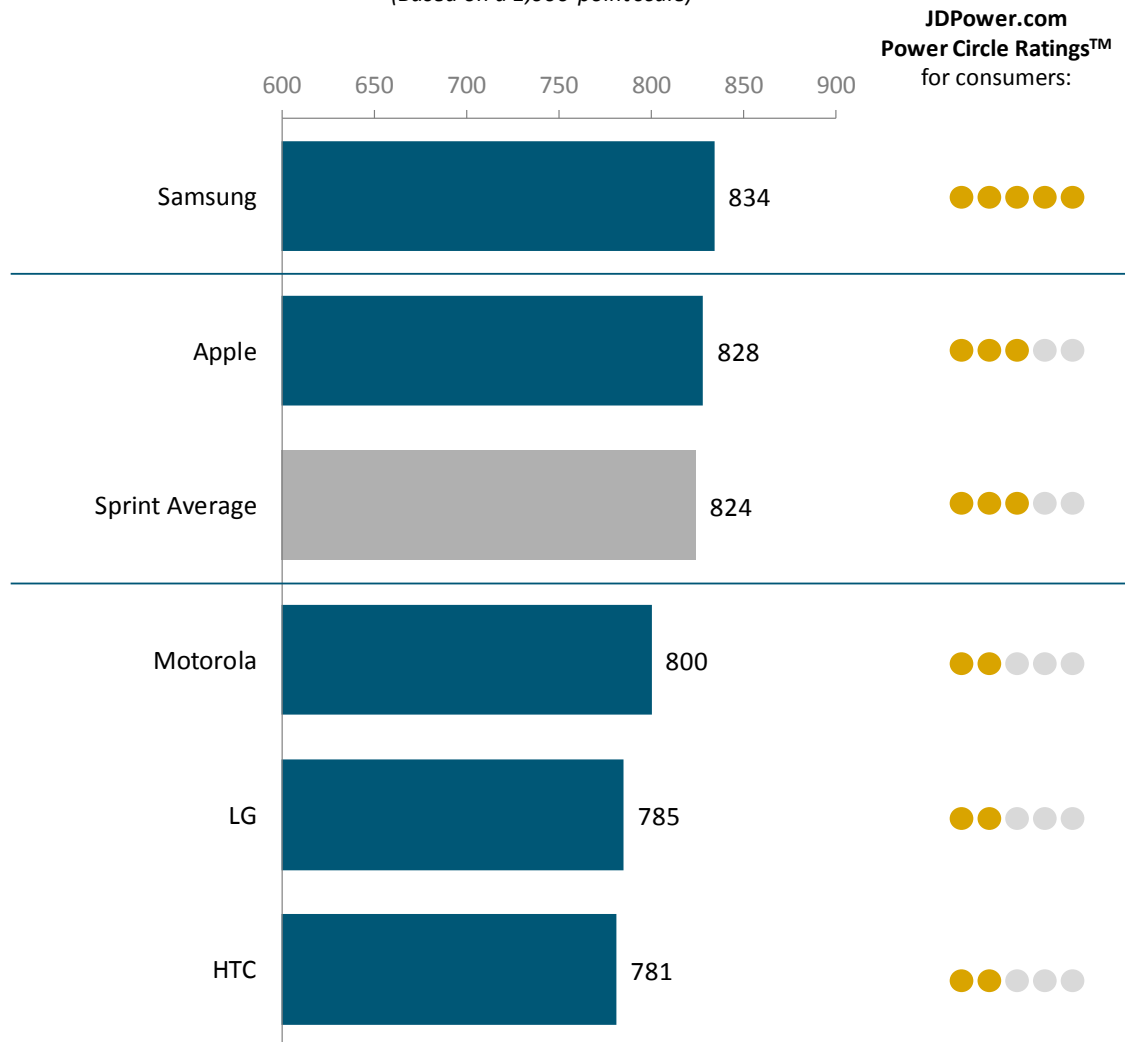
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## 2016 U.S. Full-Service Smartphone Satisfaction Study<sup>SM</sup>— Volume 2

### Overall Full-Service Smartphone Index Ranking: Sprint

(Based on a 1,000-point scale)



#### Power Circle Ratings Legend

- 5 Yellow: Among the best
- 4 Yellow, 1 Gray: Better than most
- 3 Yellow, 2 Gray: About average
- 2 Yellow, 3 Gray: The rest

Source: J.D. Power 2016 U.S. Full-Service Smartphone Satisfaction Study<sup>SM</sup>—Volume 2

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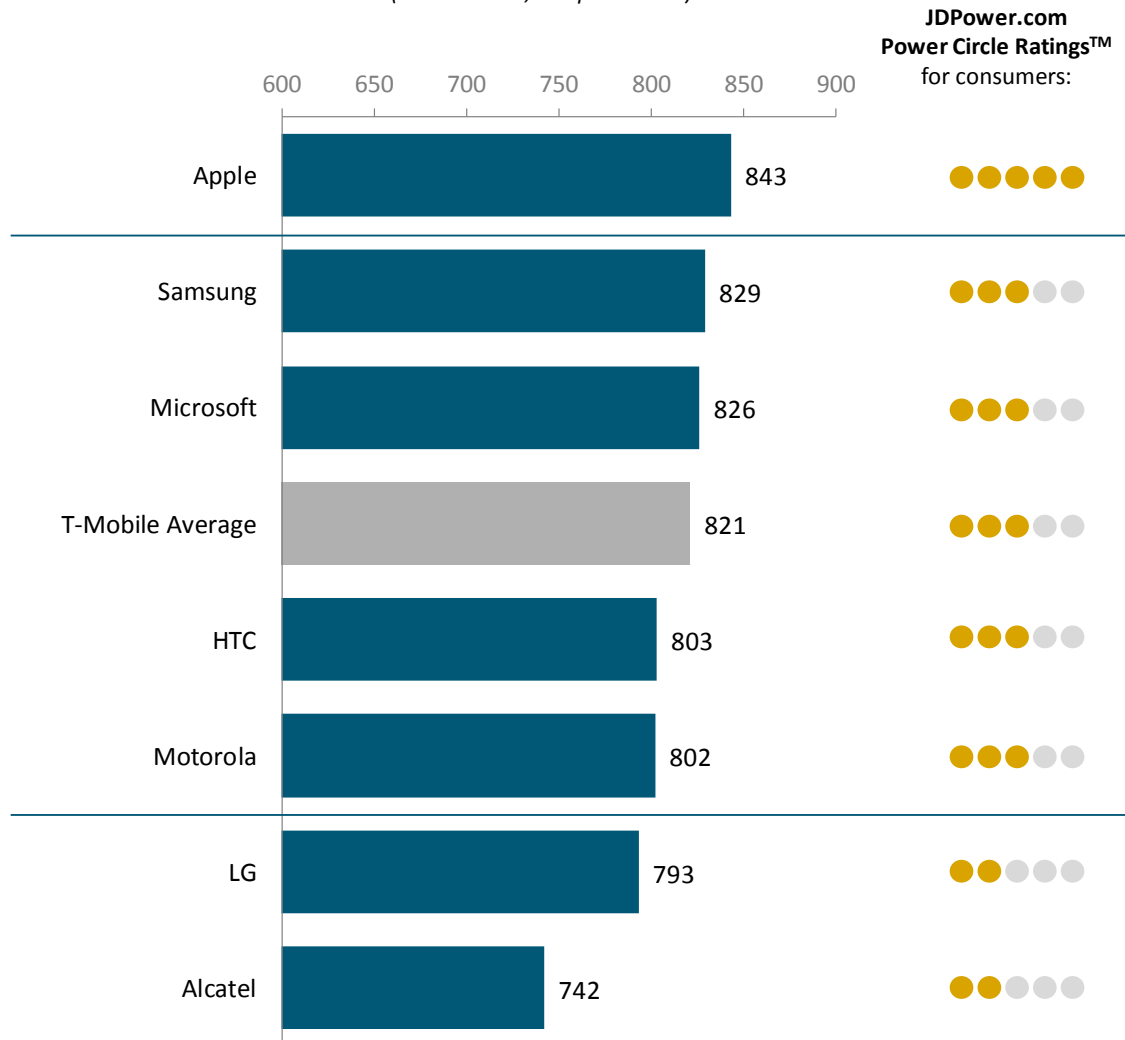
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## 2016 U.S. Full-Service Smartphone Satisfaction Study<sup>SM</sup>— Volume 2

### Overall Full-Service Smartphone Index Ranking:

#### T-Mobile

(Based on a 1,000-point scale)



#### Power Circle Ratings Legend

- 5 Yellow: Among the best
- 4 Yellow, 1 Grey: Better than most
- 3 Yellow, 2 Grey: About average
- 2 Yellow, 3 Grey: The rest

Source: J.D. Power 2016 U.S. Full-Service Smartphone Satisfaction Study<sup>SM</sup>—Volume 2

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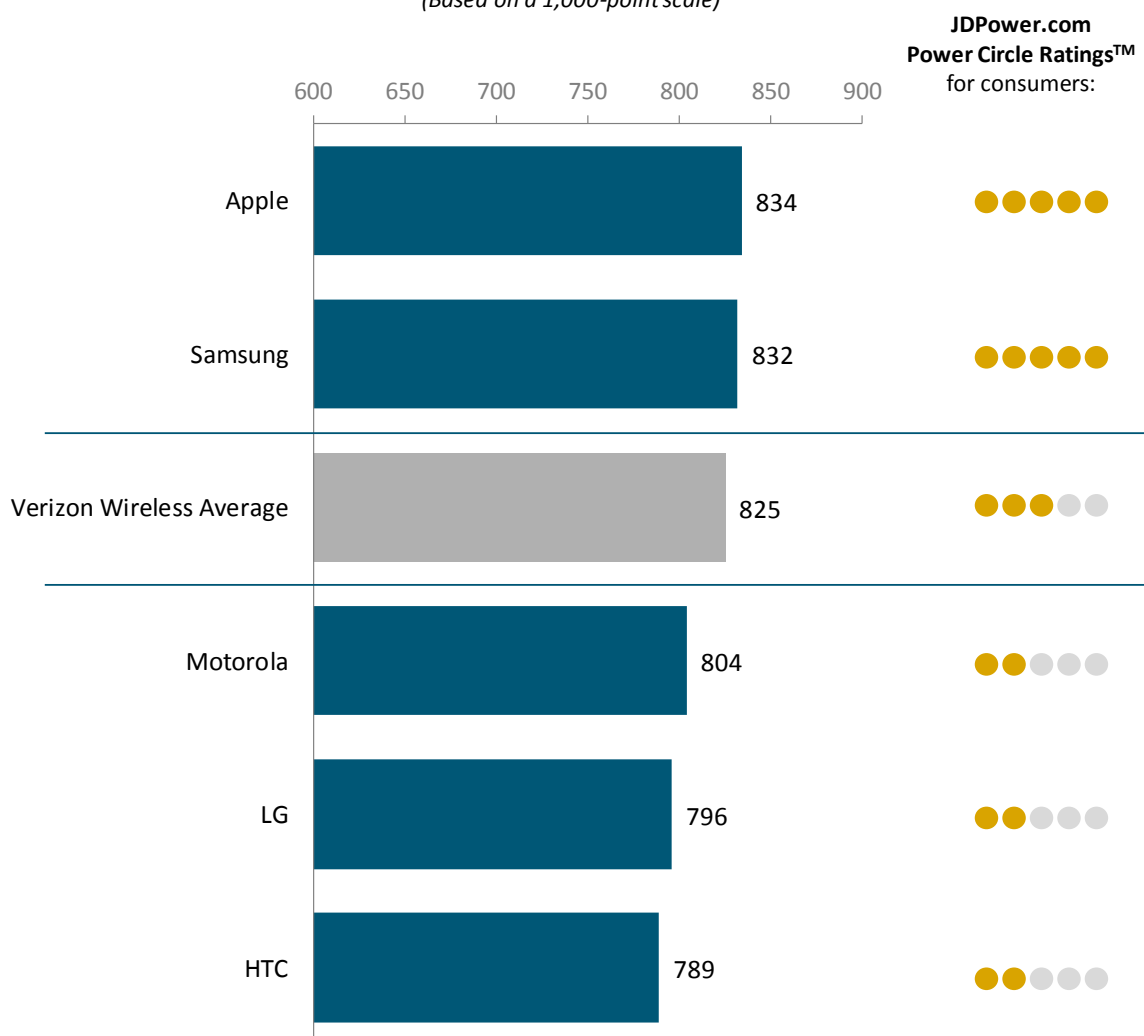
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## 2016 U.S. Full-Service Smartphone Satisfaction Study<sup>SM</sup>— Volume 2

### Overall Full-Service Smartphone Index Ranking:

#### Verizon Wireless

(Based on a 1,000-point scale)



#### Power Circle Ratings Legend

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

Source: J.D. Power 2016 U.S. Full-Service Smartphone Satisfaction Study<sup>SM</sup>—Volume 2

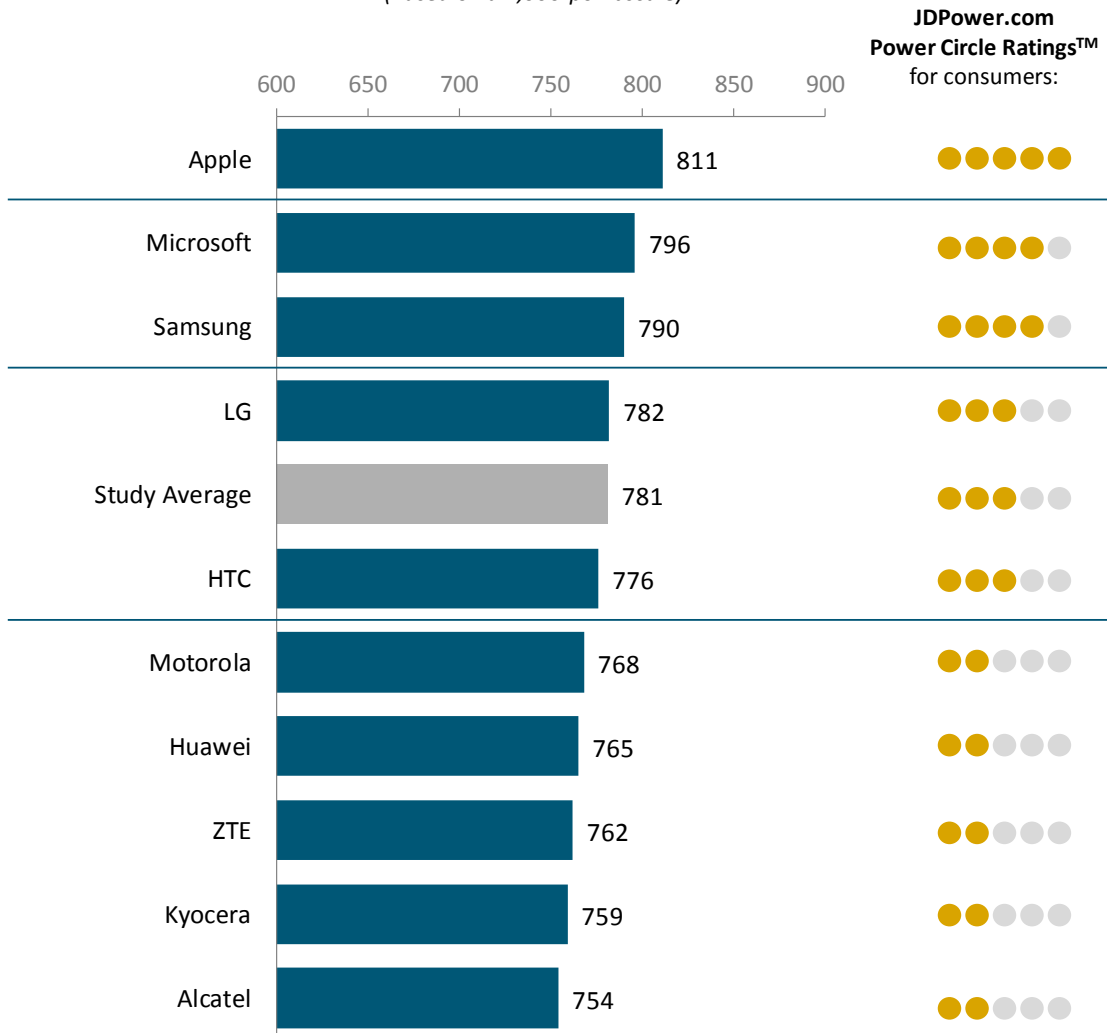
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## 2016 U.S. Non-Contract Smartphone Satisfaction Study<sup>SM</sup>

### Overall Non-Contract Smartphone Index Ranking

(Based on a 1,000-point scale)



#### Power Circle Ratings Legend

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

Source: J.D. Power 2016 U.S. Non-Contract Smartphone Satisfaction Study<sup>SM</sup>

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## 2016 U.S. Full-Service Smartphone Satisfaction Study<sup>SM</sup>— Volume 2

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### Award-Eligible Smartphone Brands Included in the Study

<u>Brand Name</u>	<u>Executive Name</u>	<u>Company Location</u>
Alcatel	Steve Cistulli	Irvine, Calif.
Apple	Timothy Cook	Cupertino, Calif.
HTC	Cher Wang	Bellevue, Wash.
LG	Juno Cho	Englewood Cliffs, N.J.
Microsoft	Satya Nadella	Redmond, Wash.
Motorola	Aymar de Lencquesaing	Chicago, Ill.
Samsung	Gregory Lee	Ridgefield Park, N.J.

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## 2016 U.S. Non-Contract Smartphone Satisfaction Study<sup>SM</sup>

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Alcatel	Steve Cistulli	Irvine, Calif.
Apple	Timothy Cook	Cupertino, Calif.
HTC	Cher Wang	Bellevue, Wash.
Huawei	Ren Zhengfei	Guangdong, China
Kyocera	Robert E. Whisler	San Diego, Calif.
LG	Juno Cho	Englewood Cliffs, N.J.
Microsoft	Satya Nadella	Redmond, Wash.
Motorola	Aymar de Lencquesaing	Chicago, Ill.
Samsung	Gregory Lee	Ridgefield Park, N.J.
ZTE	Lixin Cheng	Richardson, Texas

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