

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 250,000 customers annually as inputs to an econometric model for analyzing customer satisfaction with more than 380 companies in 46 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 several 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.

Subscription TV Service
62 ▼ -3.1%

Internet Service Providers
62 ▼ -3.1%

Video-on-Demand Service
68

Cell Phones
79 ◀▶ 0.0%

Fixed-Line Phone Service
70 ◀▶ 0.0%

Wireless Phone Service
74 ▲ +1.4%

Video Streaming Service
75



May 22, 2018

ACSI TELECOMMUNICATIONS REPORT 2018

INDUSTRY RESULTS FOR:

Subscription Television Service

Video Streaming Service

Video-on-Demand Service

Internet Service Providers

Fixed-Line Telephone Service

Wireless Telephone Service

Cellular Telephones

Customer Satisfaction With Video Streaming Points to Problems With ISPs and Subscription TV

Customer satisfaction with the telecommunications segment is up 1.2% to a score of 70.1 on the American Customer Satisfaction Index's (ACSI®) 100-point scale. The gain is partly due to the addition of two new ACSI industry categories in 2018: video-on-demand service and video streaming service. This report also includes services provided for subscription television, internet providers, fixed-line telephone, wireless telephone, and cell phone manufacturers. For cell phones, the ACSI reports scores at both the company and brand levels, with data on two dozen smartphone models.

SUBSCRIPTION TELEVISION SERVICE

Customer satisfaction with subscription television service falls 3.1% to an ACSI score of 62, an 11-year low as the industry faces a seismic shift of subscribers defecting to lower-cost online video streaming services. In response, many cable and telecom companies are offering new internet TV streaming in addition to legacy pay TV, but cord cutting continues.

The rise of over-the-top (OTT) streaming services provided by companies such as Netflix and Amazon have had far-reaching effects by spurring technological advancements, giving consumers greater choice, and challenging traditional business models. They have also fundamentally changed buyer expectations.

OTT operators have raised the bar by providing greater personalization, lower prices, more mobility—and much better customer service. As a result, cable and satellite television customers think they are paying higher prices for lesser value and receiving poor service to boot.

The effect is widespread. The entire sector faces repercussions as many of the same large companies offer service for internet, television, and voice via bundling. Subscription television and internet service providers rank last among all industries tracked by the ACSI. The implication is clear: moving in on the video streaming market won't be enough to keep TV subscribers unless customer satisfaction improves as well.

Across the pay TV category, all but two of the largest providers register lower customer satisfaction in 2018 and none improve over the past year. Fios (Verizon Communications) falls out of first place with a 4% drop to 68, leaving AT&T's U-verse TV alone with the lead for the first time.

ACSI: Subscription Television Service

Company	2017	2018	% Change
Subscription Television Service	64	62	-3.1%
U-verse TV (AT&T)	70	70	0%
Fios (Verizon Communications)	71	68	-4%
DISH Network	67	67	0%
DIRECTV (AT&T)	68	64	-6%
All Others	63	62	-2%
Optimum (Altice USA)	66	62	-6%
Cox Communications	61	60	-2%
Spectrum (Charter Communications)	63	58	-8%
Suddenlink (Altice USA)	63	58	-8%
Xfinity (Comcast)	58	57	-2%
Frontier Communications	60	56	-7%
Mediacom	56	55	-2%

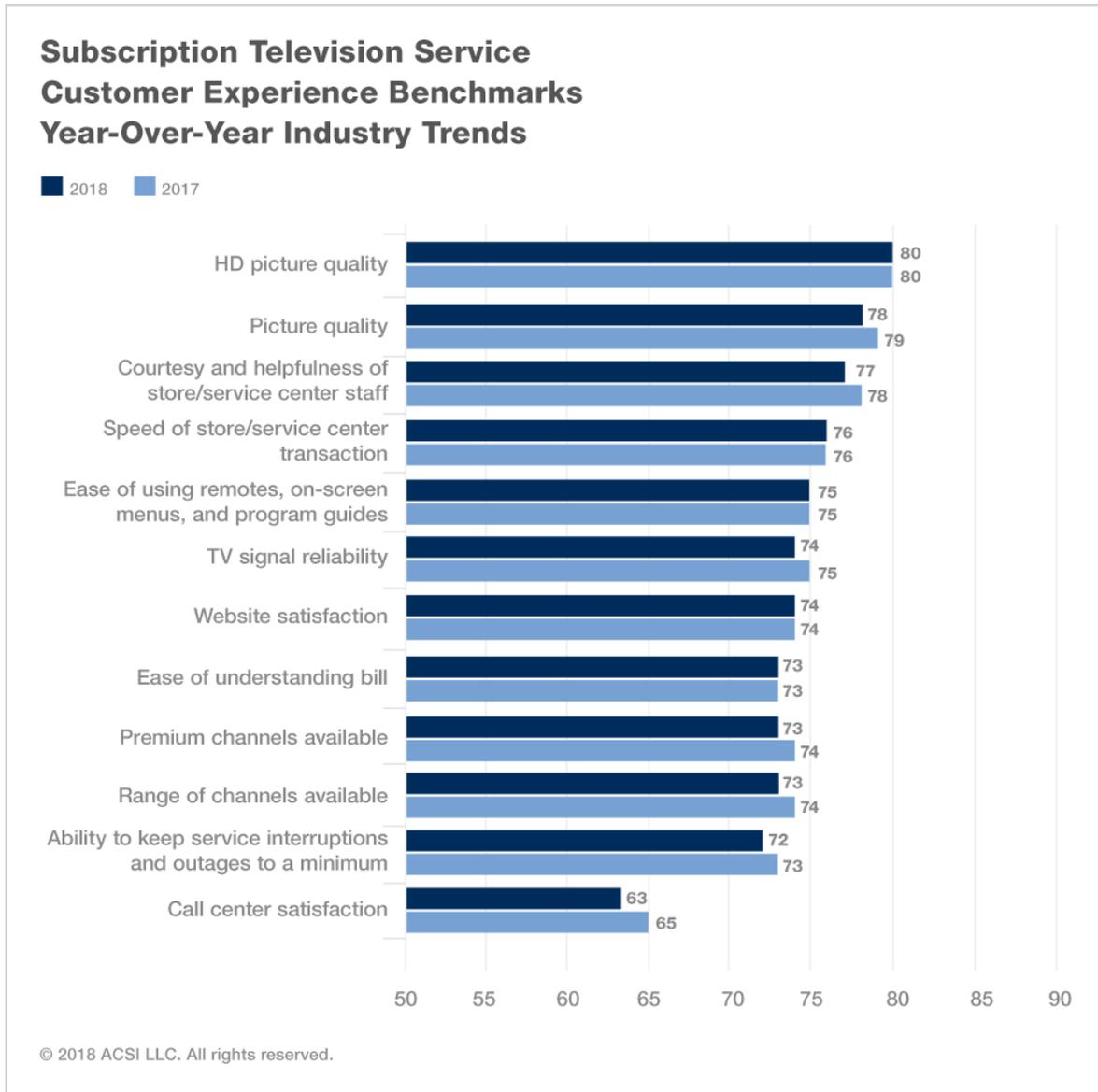
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ACSI (0-100 Scale)

AT&T's U-verse TV is one of the few services to withstand the pressure, steady at an ACSI score of 70, and the company appears to be holding onto its customer base. AT&T's satellite offering, DIRECTV, does not fare as well. AT&T became the nation's largest subscription TV provider after acquiring DIRECTV three years ago. However, DIRECTV's legacy of lower customer satisfaction relative to fiber optic service since that time has proven difficult to overcome. After falling 6% to 64, DIRECTV is now the lowest-scoring satellite provider behind DISH Network (unchanged at 67). Meanwhile, subscribers continue to defect to lower cost streaming services—including DIRECTV NOW.

Optimum (Altice) is the highest-scoring cable provider despite falling 6% to 62, followed by Cox Communications, which slips below the industry average (-2% to 60). Spectrum (Charter Communications) and Suddenlink (Altice) register the biggest drops, each down 8% to tie at 58.

A 7% fall for Frontier Communications places it at 56, just behind Comcast's Xfinity (-2% to 57). Comcast's subscriber losses from cord cutting are expected to double this year, but the company's new partnership with Netflix may help mitigate the defections. Mediacom remains at the bottom of the category, slipping 2% to 55.



For the industry overall, HD picture quality (80) remains the best part of the pay TV experience but regular picture quality slips (78). Many aspects of the customer experience have deteriorated. Customer service representatives are perceived as less helpful and courteous (77), but the speed of transactions at service centers is unchanged (76).

Viewers say that TV signals are slightly less reliable (74) and service disruptions are more frequent (72). As the battle for content continues, viewers are increasingly disappointed with the range of channels and premium channels available (both 73).

Call centers remain a low point for the industry and continue to decline (down 3% to 63).

VIDEO STREAMING SERVICE

Video streaming debuts in the ACSI as the highest-performing telecom category with a score of 75. Over-the-top video streaming services have grown exponentially in recent years and show no signs of slowing. Two-thirds of households now have an internet-enabled connected device capable of streaming video content, and most media viewing time is still spent on televisions.

Video streaming services are doing well by avoiding some of the most hated aspects of other telecom experiences. For most of the top-rated providers, there are no hidden fees and canceling is easy and painless.

Netflix, Sony PlayStation Vue, and Amazon's Twitch tie for first place with ACSI scores of 78. Among à la carte streaming services, Apple's iTunes and Microsoft Store are head-to-head at 77.

ACSI: Video Streaming Service

Company	2017	2018	% Change
Video Streaming Service	NM	75	NA
Netflix	NM	78	NA
Sony PlayStation Vue	NM	78	NA
Twitch (Amazon)	NM	78	NA
Apple iTunes	NM	77	NA
Microsoft Store	NM	77	NA
YouTube Red (Google)	NM	76	NA
Amazon Prime Video	NM	75	NA
Google Play	NM	75	NA
Hulu	NM	75	NA
Vudu (Walmart)	NM	75	NA
CBS All Access	NM	74	NA
HBO Now	NM	72	NA
Starz	NM	72	NA
All Others	NM	71	NA
Sling TV (DISH Network)	NM	71	NA
DIRECTV NOW (AT&T)	NM	70	NA
Showtime Anytime	NM	70	NA
Sony Crackle	NM	68	NA

NM=Not Measured
NA=Not Available

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ACSI (0-100 Scale)

Netflix (78), the industry leader responsible for much of the new video distribution model, continues to dominate among subscription-based services, adding a record-high 7.41 million customers in the first quarter of 2018. Another customer favorite, PlayStation Vue (78), allows a level of customization and flexibility that helps rank it among the best in the category. Its users don't mind paying more for what they perceive to be a strong value, which places it in good position with cord cutters disgruntled with cable TV service.

Amazon's Twitch (78) comes out on top thanks, in part, to the growing popularity of streaming video games. In addition to content that can be viewed live or downloaded, Twitch is on the forefront of a new category of entertainment: e-sports.

Other subscription-based services score closer to the industry average. Google's YouTube Red comes in at 76, while Amazon Prime Video, Google Play, Walmart's Vudu, and Hulu all tie at 75. There is little to differentiate Hulu from its competitors in terms of subscriber satisfaction, but with Disney set to assume majority ownership, the service may offer more content and original programming in the future.

Limited by content, network channel subscriptions rank below average. At 74, CBS All Access comes in ahead of HBO Now and Starz (both 72) and Showtime Anytime (70). DISH Network's Sling TV (71) has a narrow lead over AT&T's DIRECTV NOW (70). The group of all other smaller streaming services earns a combined score of 71.

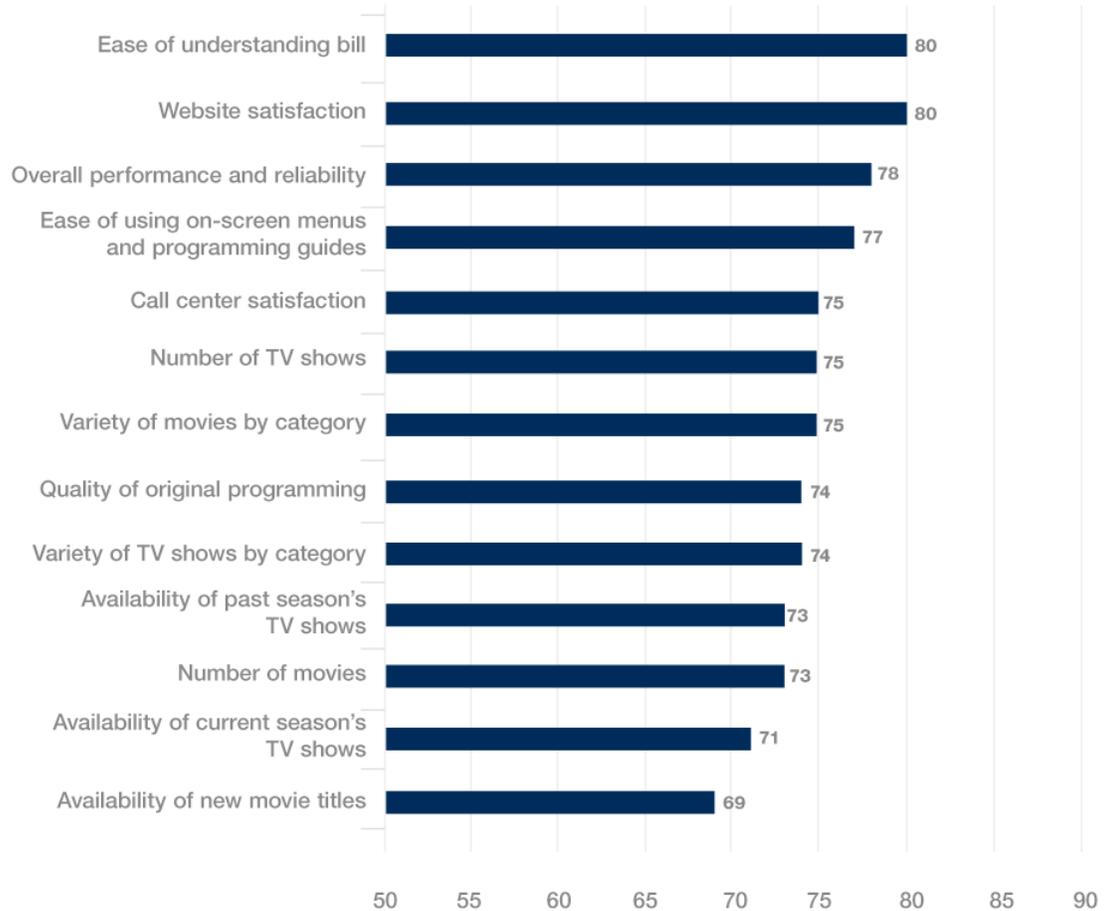
At the bottom, Sony's Crackle takes last place with 68. Even with the lowest score in the video streaming category, Crackle rates higher than nearly all pay TV providers and ranks on par with the industry average of video on demand.

For the video streaming industry overall, billing is much more straightforward than cable and satellite, and customers find it very easy to understand (80 vs. 73 for subscription TV). Website satisfaction is high (80) and call center service is good (75).

Streaming video services face an ongoing battle for content, which is often outside of their control. Nevertheless, viewers say the most room for improvement is in the availability of current season's TV shows (71) and new movie titles (69).

Video Streaming Service Customer Experience Benchmarks

■ 2018



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VIDEO-ON-DEMAND SERVICE

Video-on-demand (VOD) service debuts in the ACSI with a score of 68—which is much lower than video streaming services. AT&T’s U-verse TV takes first place with an ACSI score of 74, followed closely by DISH Network at 73 and Verizon’s Fios at 72. Posting a score of 70, AT&T’s DIRECTV comes in far below its U-verse TV offering, but ahead of the industry average.

Optimum scores at the industry average of 68 and leads among cable TV companies. Cox and Xfinity tie at 67, ahead of all other smaller providers at 65. Spectrum is in last place at 64.

ACSI: Video-on-Demand Service

Company	2017	2018	% Change
Video-on-Demand Service	NM	68	NA
U-verse TV (AT&T)	NM	74	NA
DISH Network	NM	73	NA
Fios (Verizon Communications)	NM	72	NA
DIRECTV (AT&T)	NM	70	NA
Optimum (Altice USA)	NM	68	NA
Cox Communications	NM	67	NA
Xfinity (Comcast)	NM	67	NA
All Others	NM	65	NA
Spectrum (Charter Communications)	NM	64	NA

NM=Not Measured
NA=Not Available

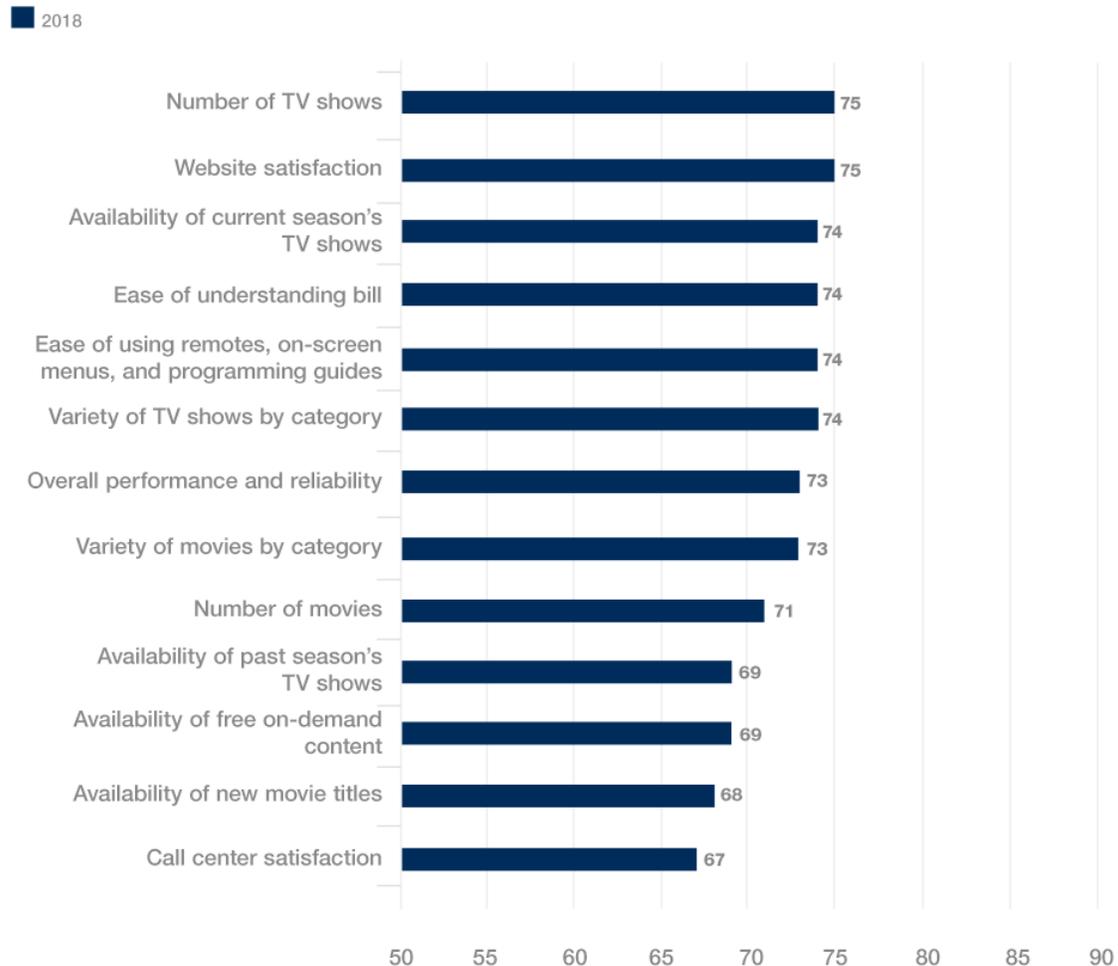
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ACSI (0-100 Scale)

Overall, the websites of video-on-demand service providers do well with a satisfaction benchmark of 75. VOD viewers are also pleased with the number of TV shows (75), current seasons (74), and variety by category (74) available.

According to viewers, the availability of past season’s TV shows is lacking (69), as are free on-demand content (69) and new movie titles (68). Call centers receive the lowest mark (67) but perform much better than the call centers for internet service providers (59) and subscription television (63).

Video-on-Demand Service Customer Experience Benchmarks



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INTERNET SERVICE PROVIDERS

Internet service providers (ISPs) are down 3.1% to 62—an all-time low for the industry that along with subscription TV already had the poorest customer satisfaction among all industries tracked by the ACSI.

Customers are unhappy with the high price of poor service, but many households have limited alternatives as more than half of all Americans have only one choice for high speed broadband. Every major ISP deteriorates this year except for Comcast's Xfinity, which is unchanged.

Fios, the fiber optic service from Verizon, remains at the top of the category despite a 1% dip to 70. According to Fios customers, the company does relatively well providing high speeds and good customer service. AT&T Internet takes second place (-1% to 68), followed by Optimum, which plummets 6% to 64.

ACSI: Internet Service Providers

Company	2017	2018	% Change
Internet Service Providers	64	62	-3.1%
Fios (Verizon Communications)	71	70	-1%
AT&T Internet	69	68	-1%
Optimum (Altice USA)	68	64	-6%
All Others	63	63	0%
Suddenlink (Altice USA)	66	61	-8%
Spectrum (Charter Communications)	65	60	-8%
Xfinity (Comcast)	60	60	0%
Cox Communications	62	59	-5%
CenturyLink	59	58	-2%
Windstream	57	56	-2%
Frontier Communications	56	54	-4%
Mediacom	58	53	-9%

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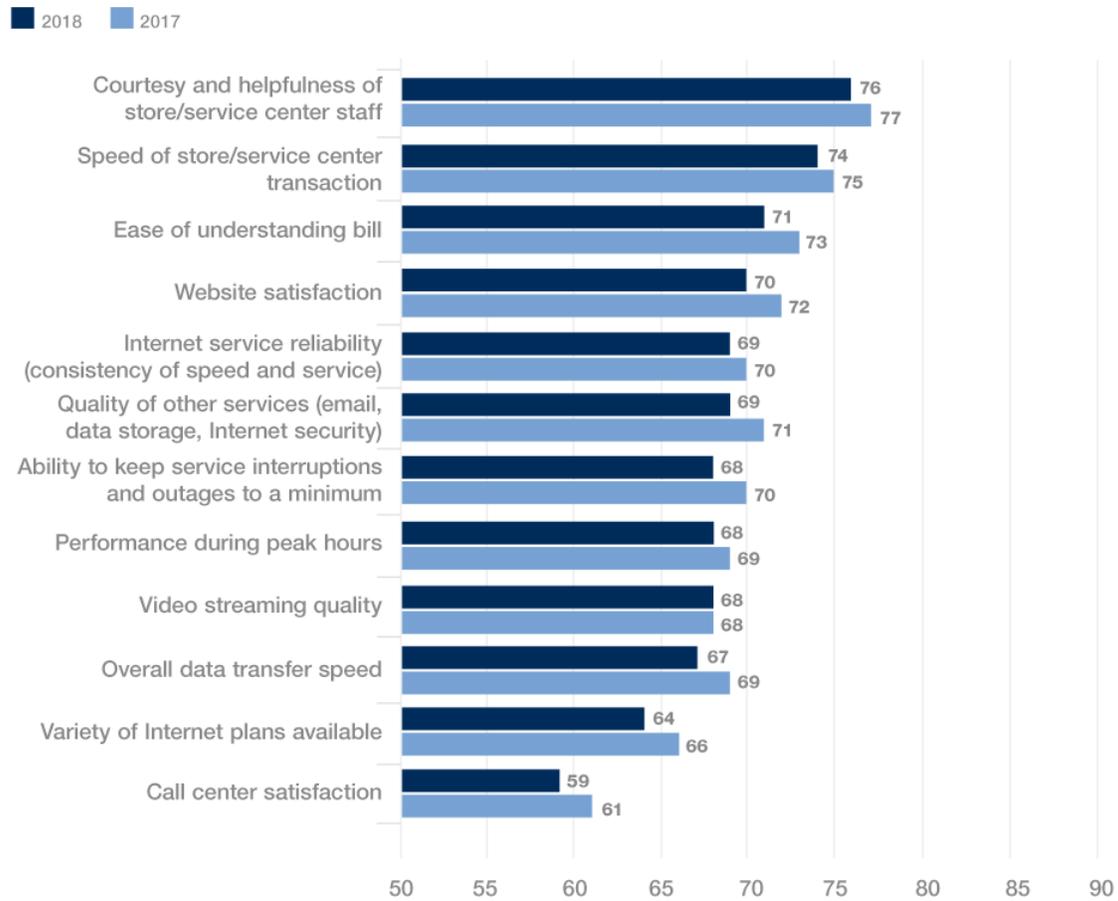
ACSI (0-100 Scale)

Smaller ISPs are among the few to keep customer satisfaction stable, outperforming the industry average with a combined score of 63. The remaining large providers lag behind. Suddenlink and Spectrum register steep declines in internet service, mirroring their pay TV losses. Both providers plunge by 8% to 61 and 60, respectively. Xfinity is the only large internet service provider to stabilize (60), keeping its gain from a year ago.

Cox falls behind (-5% to 59), followed by CenturyLink (-2% to 58) and Windstream (-2% to 56). Frontier Communications declines 4% to 54, but Mediacom posts the biggest drop, down 9% to the bottom of the category at 53.

According to users, most aspects of ISPs are getting worse. Courtesy and helpfulness of staff has waned to 76, and in-store service is slower (74). Bills are more difficult to understand (-3% to 71) and customers aren't happy with the variety of plans available (-3% to 64).

**Internet Service Providers
Customer Experience Benchmarks
Year-Over-Year Industry Trends**



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Internet service is less reliable (69), more prone to outages (68), and performance during peak hours is worse (68). Video streaming quality is unchanged (68), but overall data transfer speed is lagging compared with a year ago (-3% to 67), as is the quality of email, storage, and security (-3% to 69).

Call centers continue to be a sore spot for the industry, sinking 3% to a very low score of 59.

FIXED-LINE TELEPHONE SERVICE

Overall customer satisfaction with fixed-line telephone service is flat at an ACSI score of 70 for the third year in a row. Nearly half of all U.S. households have given up landlines in favor of wireless service, and most individual companies show weaker customer satisfaction from a year ago. The largest firms, however, show enough improvement to offset deterioration in the rest of the industry.

Vonage, a Voice-over-Internet Protocol (VoIP) provider, drops 5% to 76, but remains far ahead of competitors because VoIP providers can devote resources to customer service rather than infrastructure. All other smaller providers come in second place (-3% to 73).

Cable and ISPs that bundle landline telephone service don't do as well. Verizon Communications recedes 1% to meet AT&T at 72, but AT&T is one of the few to improve with an uptick of 1%.

Suddenlink enters the landline category with a score of 71, just ahead of sister company Optimum (-3% to 69).

Xfinity registers the most improvement, gaining 2% to 66. It ties with CenturyLink (unchanged) and Spectrum, which tumbles 7%. Cox falls 4% to 65, followed by Windstream (-2% to 64). Frontier Communications continues to lag the category, falling a further 7% to 57.

ACSI: Fixed-Line Telephone Service

Company	2017	2018	% Change
Fixed-Line Telephone Service	70	70	0.0%
Vonage	80	76	-5%
All Others	75	73	-3%
AT&T	71	72	1%
Verizon Communications	73	72	-1%
Suddenlink (Altice USA)	NM	71	NA
Optimum (Altice USA)	71	69	-3%
CenturyLink	66	66	0%
Spectrum (Charter Communications)	71	66	-7%
Xfinity (Comcast)	65	66	2%
Cox Communications	68	65	-4%
Windstream	65	64	-2%
Frontier Communications	61	57	-7%

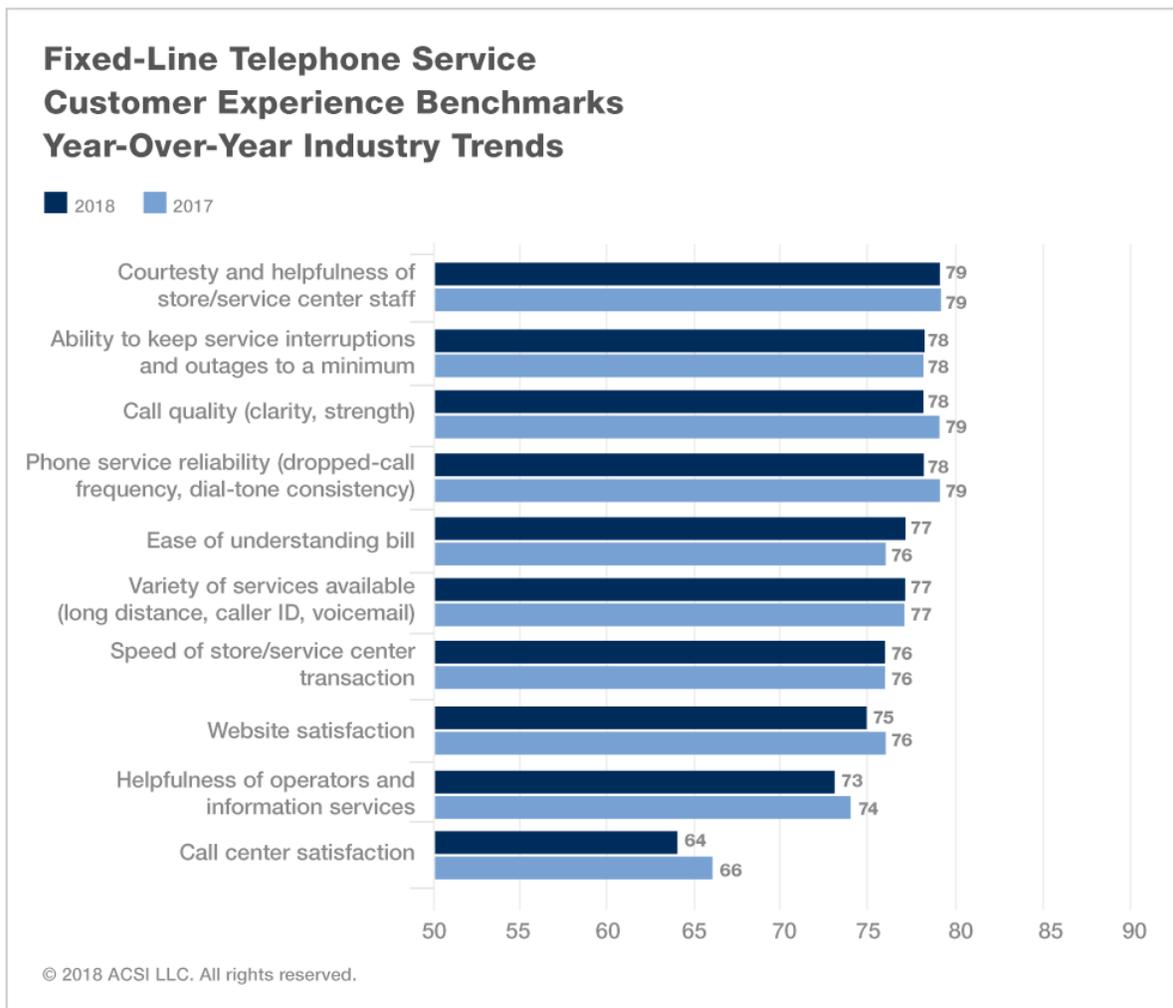
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ACSI (0-100 Scale)

NM=Not Measured
NA=Not Available

Many aspects of landline service are worse than they were a year ago. Call quality is down and service is less reliable (both 78). One element has improved: ease of understanding bills edges up 1% to 77.

All other changes are in the wrong direction. Website satisfaction is lower (75) and operators are less helpful (73). Like all telecom industries, call centers are the worst part of the customer experience and satisfaction with them declines 3% to 64.



WIRELESS TELEPHONE SERVICE

Customer satisfaction with wireless telephone service climbs 1.4% to an ACSI score of 74. Compared to most industries, the market is quite consolidated, but relative to other telecom industries, wireless customers still have some choice. This may change, however, with mergers on the horizon. For now, wireless firms have been competing for customers on price and service, which has boosted customer satisfaction to an all-time high.

Most of the largest wireless carriers post gains. Customers prefer the service of smaller providers, which are up 1% to a combined score of 80. TracFone Wireless is the best among individual companies, stepping up 1% to 78.

T-Mobile shows the most improvement, climbing 4% to 76. The carrier has agreed to merge with Sprint, the lowest-rated wireless service provider. In general, mergers tend to have dampening effect on customer satisfaction. It remains to be seen if this merger will have a negative impact, but ACSI data show that mergers tend to result in reduced competition, higher prices, declining service, and lower customer satisfaction.

ACSI: Wireless Telephone Service

Company	2017	2018	% Change
Wireless Telephone Service	73	74	1.4%
All Others	79	80	1%
TracFone Wireless	77	78	1%
T-Mobile	73	76	4%
AT&T Mobility	72	74	3%
U.S. Cellular	74	74	0%
Verizon Wireless	74	74	0%
Sprint	73	70	-4%

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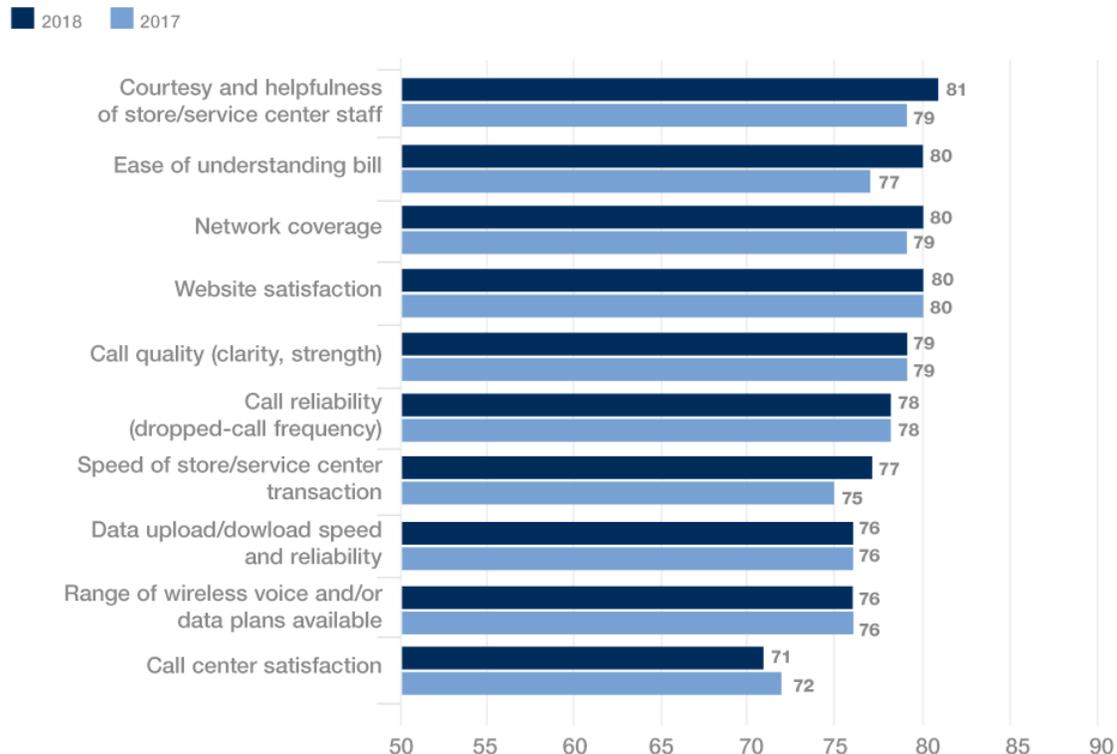
ACSI (0-100 Scale)

AT&T Mobility steps up 3% to meet U.S. Cellular and Verizon Wireless at 74 (both unchanged). In last place, Sprint registers the only decline, down 4% to 70.

Several aspects of the customer experience have improved for the wireless industry overall. In-store staff are more courteous and helpful than those in other telecom industries and their rating is up 3% to 81. Customers say that in-store transactions are getting faster (+3% to 77). Billing is much easier to understand (+4% to 80) and network coverage is improved (80).

Other benchmarks are stable from a year ago except for call centers. Across the telecommunications sector, contacting customer service by phone is the principal pain point for customers. Wireless carriers show similar signs of struggle as call center satisfaction slips to 71.

Wireless Phone Service Customer Experience Benchmarks Year-Over-Year Industry Trends



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CELLULAR TELEPHONES

Customer satisfaction with cell phones is steady at an ACSI score of 79 for the third year in a row. To some extent, a stagnant ACSI for the industry is a result of high consumer expectations for mobile devices.

Among the largest manufacturers, the leaders are unchanged. Apple maintains the lead with a stable score of 81, followed by Samsung, unchanged at 80. Motorola climbs 4% to 79 on the strength of its inexpensive Moto devices, which users perceive to be an excellent value.

LG also improves, climbing 4% to 77 largely on the strength of its LG G4 model, which ranks just below the iPhone 8. HTC is unchanged at 76, followed by the aggregate of all other mobile manufacturers, stable at 75.

ACSI: Cellular Telephones

Company	2017	2018	% Change
Cellular Telephones	79	79	0.0%
Apple	81	81	0%
Samsung	80	80	0%
Motorola (Lenovo)	76	79	4%
LG	74	77	4%
HTC	76	76	0%
All Others	75	75	0%

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ACSI (0-100 Scale)

Apple's iPhone 7 Plus is America's favorite smartphone model, topping the brand list with an ACSI score of 85. The large-screen phone outperforms Apple's more recent models, the iPhone 8 and 8 Plus (both 83). The iPhone X comes in far behind at 80. For iPhone users, the features of the X model are not enough to offset the cost.

Samsung's Galaxy S8+ is in second place with an ACSI score of 84, followed by Samsung's S8 at 83, which ties Apple's iPhone 8 and 8 Plus. While Samsung and Apple dominate the rankings, the LG G4 makes an appearance in fourth place, tied with the iPhone 6 Plus at 82. The lowest-rated model now belongs to Apple with its iPhone 5 (75), just behind Samsung's Galaxy S5 (76).

ACSI: Smartphone Brands

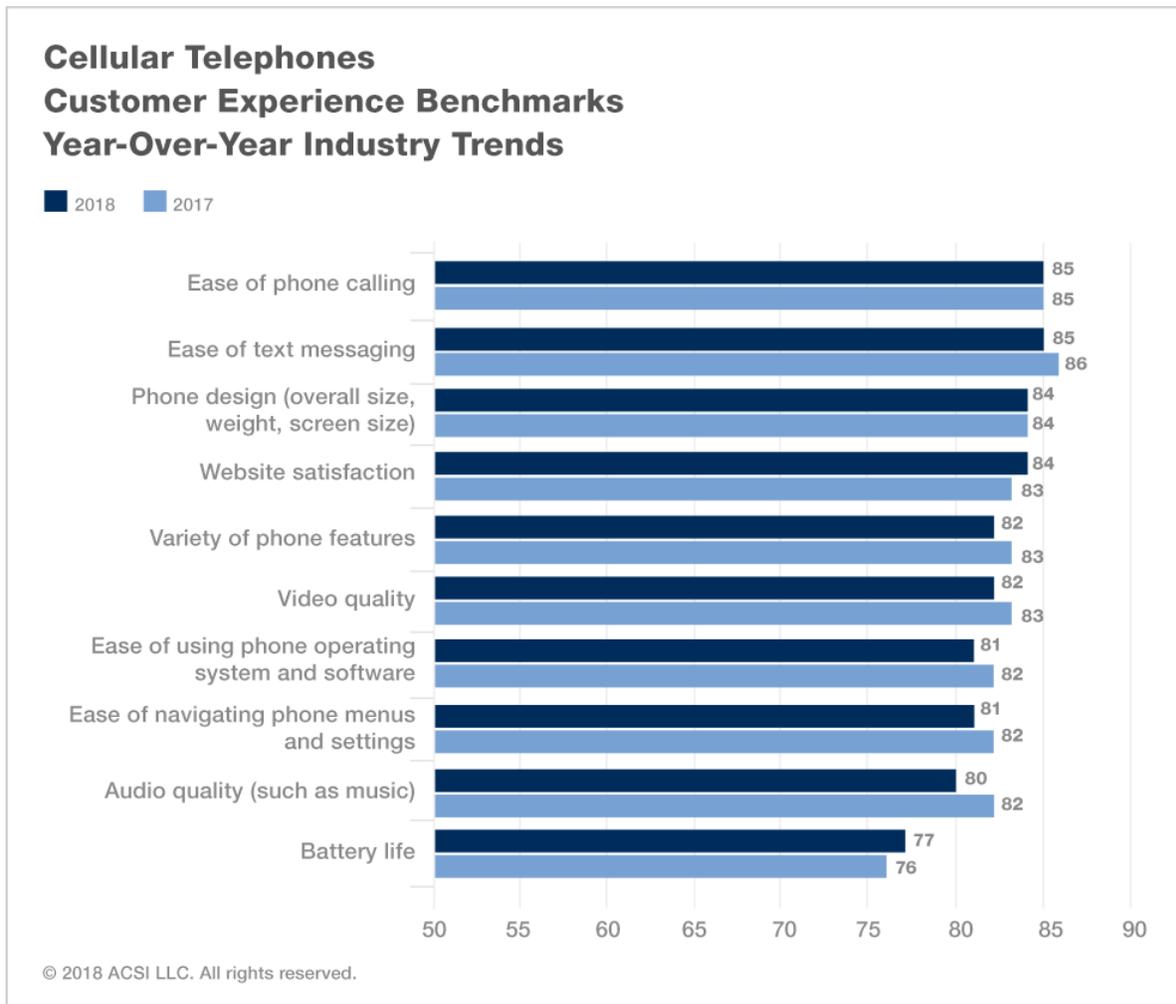
Model	Manufacturer	2018
iPhone 7 Plus	Apple	85
Galaxy S8+	Samsung	84
Galaxy S8	Samsung	83
iPhone 8	Apple	83
iPhone 8 Plus	Apple	83
LG G4	LG	82
iPhone 6 Plus	Apple	82
Galaxy Note 5	Samsung	81
Galaxy S6	Samsung	81
Galaxy S7	Samsung	81
Galaxy S7 Edge	Samsung	81
iPhone 5s	Apple	80
iPhone 6s	Apple	80
iPhone 6s Plus	Apple	80
iPhone 7	Apple	80
iPhone SE	Apple	80
iPhone X	Apple	80
Moto G	Motorola	80
Galaxy J3	Samsung	79
Moto E	Motorola	79
LG G Stylo	LG	78
iPhone 6	Apple	78
Galaxy S5	Samsung	76
iPhone 5	Apple	75

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ACSI (0-100 Scale)

According to users, little has improved for mobile devices over the past year except for website satisfaction (84) and battery life (77). While battery life remains the lowest-rated part of the cell phone experience, it has improved steadily over the past five years (up 7% from 72 in 2013).

Users find placing calls and texting to be easy, although texting has slipped to 85. Other aspects of cell phones that are somewhat less appealing include phone features (82), video quality (82), ease of use (81), and menus (81). Audio quality drops the most (-2%) but still rates well at 80. Battery life



ABOUT THIS REPORT

The *ACSI Telecommunications Report 2018* on cellular telephones, fixed-line telephone service, internet service providers, subscription television service, video-on-demand service, video streaming service, and wireless telephone service is based on interviews with 45,292 customers, chosen at random and contacted via email between April 19, 2017, and March 17, 2018. Customers are asked to evaluate their recent experiences with the largest telecommunications service providers and phone manufacturers in terms of market share, plus an aggregate category consisting of “all other”—and thus smaller—companies in those industries.

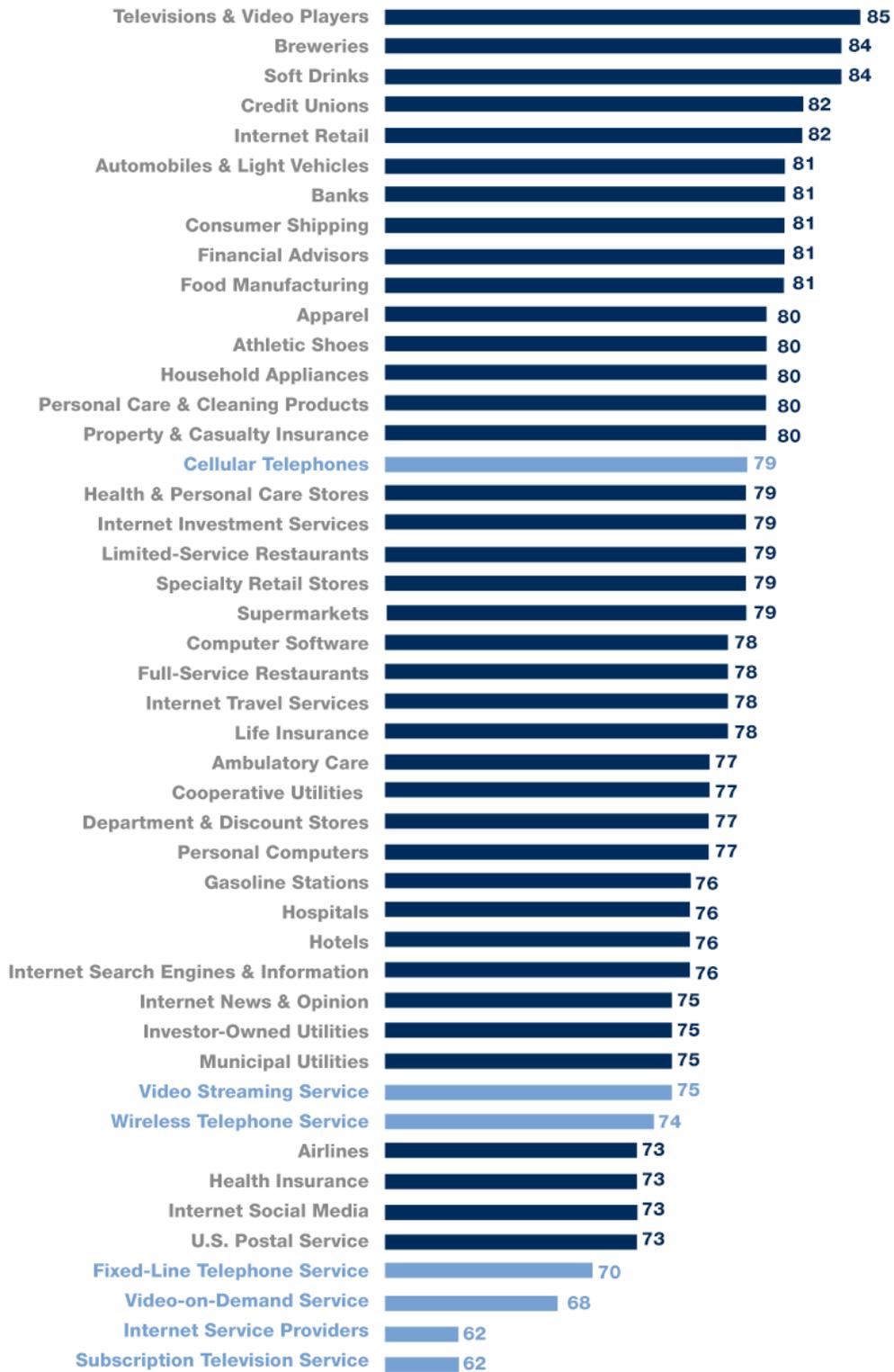
The survey data are used as inputs to ACSI’s cause-and-effect econometric model, which estimates customer satisfaction as the result of the survey-measured inputs of customer expectations, perceptions of quality, and perceptions of value. The ACSI model, in turn, links customer satisfaction with the survey-measured outcomes of customer complaints and customer loyalty. ACSI clients receive confidential industry-competitive and best-in-class data on all modeled variables and customer experience benchmarks.

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Customer Satisfaction Benchmarks by Industry



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