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**iPhone, Android, and Pre Beat BlackBerry and Legacy Smartphones
in CFI Group Customer Satisfaction Study**

Smartphones Not Just for Business Anymore: New Breed of Users Drawn to Network-Intensive Functionality; Verizon, T-Mobile Lead in Customer Satisfaction Among Smartphone Users, AT&T Lags Despite iPhone

Ann Arbor, Mich. (September 30, 2009) – Smartphones with consumer-oriented functionality score best in a customer satisfaction study released today from CFI Group. A new generation of smartphone, lead by Apple’s iPhone and including Google’s Android and Palm Pre, is bringing in a new customer audience no longer dominated by business users. The CFI Group Smartphone Satisfaction Study, based on surveys of more than 1,000 smartphone users, also finds little relationship between smartphone satisfaction and satisfaction with the provider. Moreover, exclusivity contracts may have drawbacks for carriers if they invite customers drawn to the device and not the provider.

Using the methodology of the American Customer Satisfaction Index to compare smartphone platforms, the iPhone is the undisputed leader in customer satisfaction, scoring 83 on a 100-point scale, 8% higher than its nearest competitors, Android and the Pre (77). Smartphones popular among business users, like Research In Motion’s BlackBerry (73) and Palm’s Treo (70), trail significantly in customer satisfaction, while the “others” category, which includes Symbian and Windows Mobile, scores 66.

The majority of new smartphone owners are using them for mostly personal use, a departure from the early adopters that originally used smartphones primarily for business. This new customer audience has much higher expectations of the smartphone, and the platforms that satisfy these needs rate the highest.

See full results of CFI Group Smartphone Satisfaction Survey at: www.cfigroup.com.

“The iPhone is the best thing to happen to the smartphone industry because it captured the imagination of a whole new set of consumers that might not have made the smartphone jump,” said Doug Helmreich, program director with CFI Group. “The iPhone raised the bar not only for other smartphones, but for the networks as well. The new breed of smartphone consumers expect more from their phones, and the iPhone may represent only the tip of a data-intensive iceberg.”

In addition to being the best in satisfaction, the iPhone has the most loyalty and word-of-mouth recommendations. Ninety-two percent of current iPhone respondents say they have their ideal phone, 90 percent have recommended the phone, and 35 percent said they purchased their phone because of a recommendation. Also, the iPhone is the most popular alternative to any other smartphone.

But competition is catching up, and Android and Pre are the most competitive with the iPhone, according to the study. What these platforms have in common is the ability to deliver consumer-oriented activities, like apps, an easy web-browsing experience, and multi-media playback. Business-oriented smartphones, like Treo and early generation BlackBerrys, are falling behind, whereas “generic” smartphones that run Symbian and Windows Mobile are not even on the radar.

“Consumers clearly want to do more with their smartphone, and if you give it to them they will buy it and use it,” said Helmreich. “The good news is that there’s an opportunity to move customers into smartphones. The bad news is that nobody really knows if the networks will be able to handle the stress that will come with data-intensive usage typical of the new wave of smartphone users.”

The study examined the relationship between satisfaction with the smartphone and satisfaction with the provider and found that little correlation exists. The iPhone, which is by far the leader in smartphone satisfaction, has done little to help AT&T’s customer satisfaction among smartphone owners.

Among smartphone providers, Verizon Wireless and T-Mobile tie in overall provider satisfaction, scoring 79. Sprint scores 74. AT&T’s non-iPhone smartphone customers score 73, while its iPhone users rate AT&T 69.

Verizon is the ideal provider for 86 percent of smartphone users surveyed, yet only 38 percent of Verizon smartphone customers say their current phone is their ideal smartphone, the lowest percentage of any provider. Verizon has none of the most satisfying smartphones but still maintains a leadership position in satisfaction on the perceived strength of its network.

For AT&T, the opposite is true. It has the most satisfying smartphone but lags in provider satisfaction, in part because of its network problems associated with its iPhone customers’ overwhelming data use.

AT&T’s exclusive iPhone arrangement with Apple has been a double-edged sword. While it acquired millions of new customers, half of iPhone respondents said they would like to defect to another provider. Forty percent of iPhone users surveyed switched providers to get the phone, and these customers may be dragging down AT&T’s satisfaction score. In fact, iPhone customers that switched providers to get the device rated AT&T 64, which is well behind iPhone users who did not switch, which rated AT&T 72.

“The iPhone has been a cash cow for AT&T, but that cash comes at a cost in terms of overall satisfaction. In effect, switchers can be satisfaction saboteurs if they were not already inclined to choose AT&T,” said Helmreich. “As for Verizon, the scales may tip if customers continue to demand smartphones that the company fails to supply. Then again, will its network hold up if it adds network-heavy smartphones? For now, its an apples to oranges comparison.”

About CFI Group

CFI Group (www.cfigroup.com) conducts its measurement consulting practice worldwide, through offices on four continents. Launched in 1988 by University of Michigan professor Claes Fornell, CFI Group is headquartered in Ann Arbor, Michigan. It uses rigorous measurement science to diagnose its clients’ customer relationships, resulting in exacting advice on actions that strengthen these relationships and improve clients’ overall financial performance. The CFI Group methodology is used as the basis for calculating the American Customer Satisfaction Index (ACSI). CFI Group clients include Best Buy, British Telecom, U.S. Federal Government, UPS, Yahoo! and other leading companies around the world.

About the ACSI

The American Customer Satisfaction Index is a national economic indicator of customer evaluations of the quality of products and services available to household consumers in the United States. It is updated each quarter with new measures for different sectors of the economy replacing data from the prior year. The overall ACSI score for a given quarter factors in scores from more than 200 companies in 44 industries and from government agencies over the previous four quarters. The Index was founded at the University of Michigan's Ross School of Business and is produced by ACSI, LLC.

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