



American Customer Satisfaction Index

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 300,000 customers annually as inputs to an econometric model for analyzing customer satisfaction with more than 400 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.



May 21, 2019

ACSI Telecommunications Report 2018-2019

Industry Results for:

Subscription Television Service

Internet Service Providers

Fixed-Line Telephone Service

Video-on-Demand Service

Video Streaming Service

Video Streaming Posts Highest Customer Satisfaction in Telecommunications; Subscription TV Stuck in Last Place With ISPs

Subscription Television Service

Customer satisfaction with subscription television service peaked in 2013 at a score of 68 on the American Customer Satisfaction Index's (ACSI®) 100-point scale but has wavered since. The industry is now stagnant at an ACSI score of 62, tied with internet service providers for last place among all industries tracked by the ACSI.

Along with subscription TV, this report covers four other telecommunications industries—internet service providers, fixed-line telephone service, video-on-demand service, and video streaming service. Results are based on surveys conducted over a 12-month period from April 2018 to March 2019.

For the past six years, customer satisfaction with subscription TV has languished in the mid-to-low 60s, not recovering enough to effectively compete with streaming services. In 2018, subscription sales declined 3% to \$103.4 billion. Customer service remains poor and cord cutting is accelerating. As video streaming services gain traction, a growing number of households may never subscribe to pay TV in the first place.

ACSI: SUBSCRIPTION TELEVISION SERVICE

Company	2018	2019	% Change
Subscription Television Service	62	62	0.0%
U-verse TV (AT&T)	70	69	-1%
Fios (Verizon Communications)	68	68	0%
DISH Network	67	67	0%
DIRECTV (AT&T)	64	66	3%
All Others	62	62	0%
Optimum (Altice USA)	62	61	-2%
Cox Communications	60	59	-2%
Spectrum (Charter Communications)	58	59	2%
Frontier Communications	56	57	2%
Xfinity (Comcast)	57	57	0%
Mediacom	55	56	2%
Suddenlink (Altice USA)	58	55	-5%

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ACSI (0-100 Scale)

Many of the same large firms offer service for internet, television, and voice via bundling. Among these, AT&T's U-verse TV holds the lead for subscription TV despite a 1% slip to 69. The company has raised prices following its Time Warner acquisition and DIRECTV deal, and its fiber-based service lost 544,000 subscribers in the first quarter.

AT&T's satellite TV service, DIRECTV, gains 3% to an ACSI score of 66, but this may be the result of shedding dissatisfied subscribers. In just the past two years, 1.4 million DIRECTV customers have defected and only the most loyal customers remain. Viewers prefer AT&T's streaming service DIRECTV Now (69) to its satellite service—but not compared to other streaming services (industry average of 76).

Among subscription TV providers, Verizon's Fios takes second place, unchanged at 68, followed by DISH Network at 67 (also stable). Altice's Optimum retreats 2% to 61, falling behind both the industry average and the combined score of smaller providers (62).

Charter's Spectrum is among the few gainers in the industry (+2% to 59). Moving in the opposite direction, Cox Communications drops 2% to meet Spectrum. Frontier Communications also improves (+2%) to match Comcast's Xfinity at 57 (unchanged). Mediacom follows closely with a 2% increase to 56. Despite these gains, these companies remain among the lowest-scoring firms tracked by the ACSI. And yet, one subscription TV provider is even worse: Altice's Suddenlink tumbles 5% to the bottom of the category at 55.

For the subscription TV service industry overall, all aspects of the viewing experience remain the same or worse compared to a year ago. According to viewers, HD picture quality is the highlight of pay TV, although they are not as impressed by it as they were last year (79).

The industry shows no progress in terms of courtesy and helpfulness of staff (77) or the speed of in-store transactions (76). Call centers, however, remain the worst customer touch point of all—unmoved at 63.

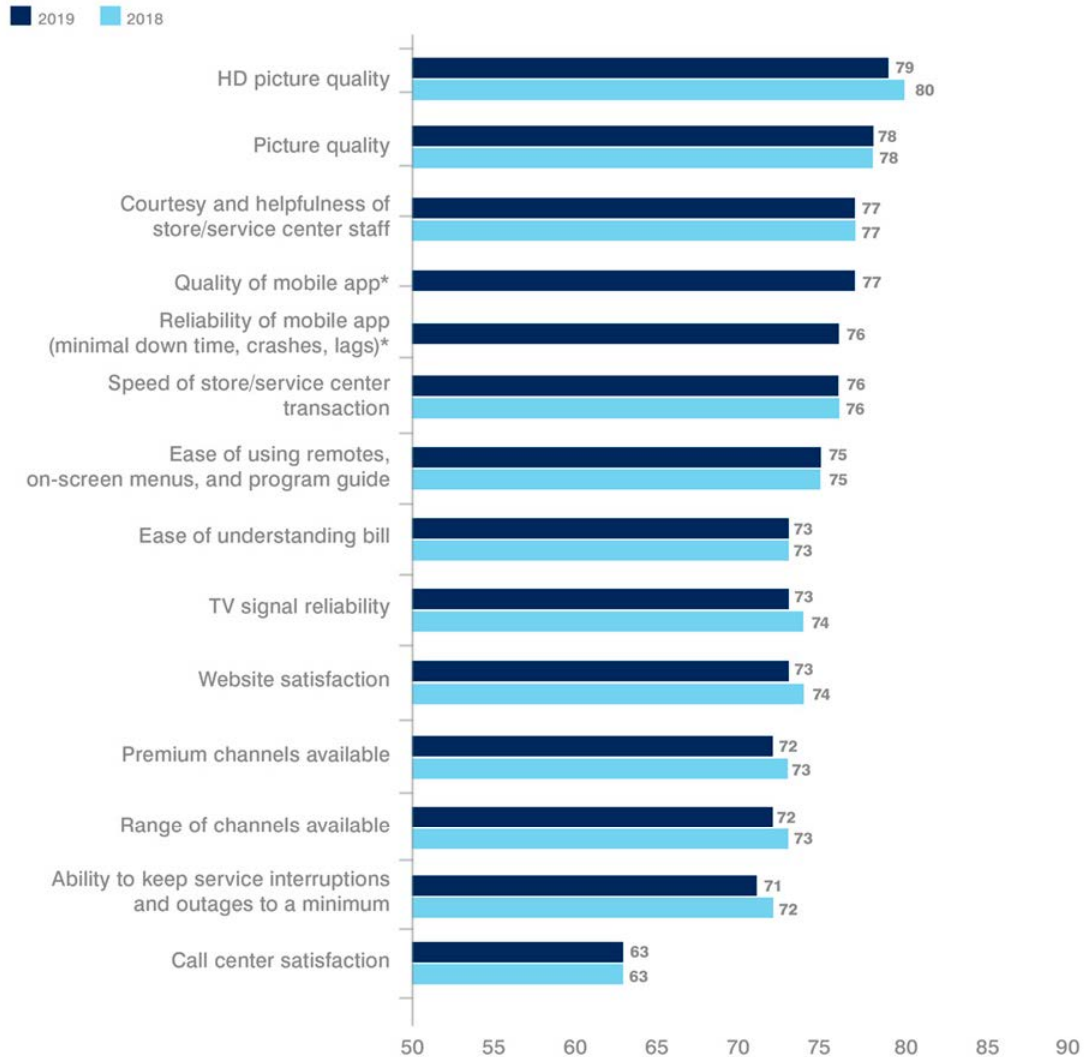
The ACSI now tracks the performance of subscription TV mobile apps, which show considerable room for improvement both in terms of quality (77) and reliability (76). These scores do not compare well with other industries, including video streaming (84 for mobile quality and 82 for reliability). Website satisfaction is also subpar, inching back to 73.

Viewers say that remote controls and menus are no better or worse this year (75), and billing is unchanged (73). However, TV signals are less reliable (73) and service interruptions are more frequent (71). As battles over content continue, viewers also perceive deterioration in the range of premium and standard channels (both 72).

SUBSCRIPTION TELEVISION SERVICE

Customer Experience Benchmarks

Year-Over-Year Industry Trends



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Internet Service Providers

Internet service providers remain at the bottom of the ACSI rankings, unchanged at a score of 62. The cord-cutting phenomenon has not been a total loss for cable providers. The cable industry is also the leading provider of broadband internet connections, and data-rich video now accounts for more than half of all internet traffic. While many firms post gains this year, service is largely considered to be slow and unreliable, and competition is limited in many areas. Most ISPs are still falling short of providing good service at an affordable price.

Fios, the fiber optic service from Verizon Communications, is stable at the top of the category (70), but AT&T Internet is closing in with a 1% uptick to 69. Smaller internet service providers are next, gaining 2% to a combined score of 64.

ACSI: INTERNET SERVICE PROVIDERS

Company	2018	2019	% Change
Internet Service Providers	62	62	0.0%
Fios (Verizon Communications)	70	70	0%
AT&T Internet	68	69	1%
All Others	63	64	2%
Optimum (Altice USA)	64	63	-2%
Xfinity (Comcast)	60	61	2%
Cox Communications	59	60	2%
Suddenlink (Altice USA)	61	60	-2%
CenturyLink	58	59	2%
Spectrum (Charter Communications)	60	59	-2%
Windstream	56	57	2%
Mediacom	53	56	6%
Frontier Communications	54	55	2%

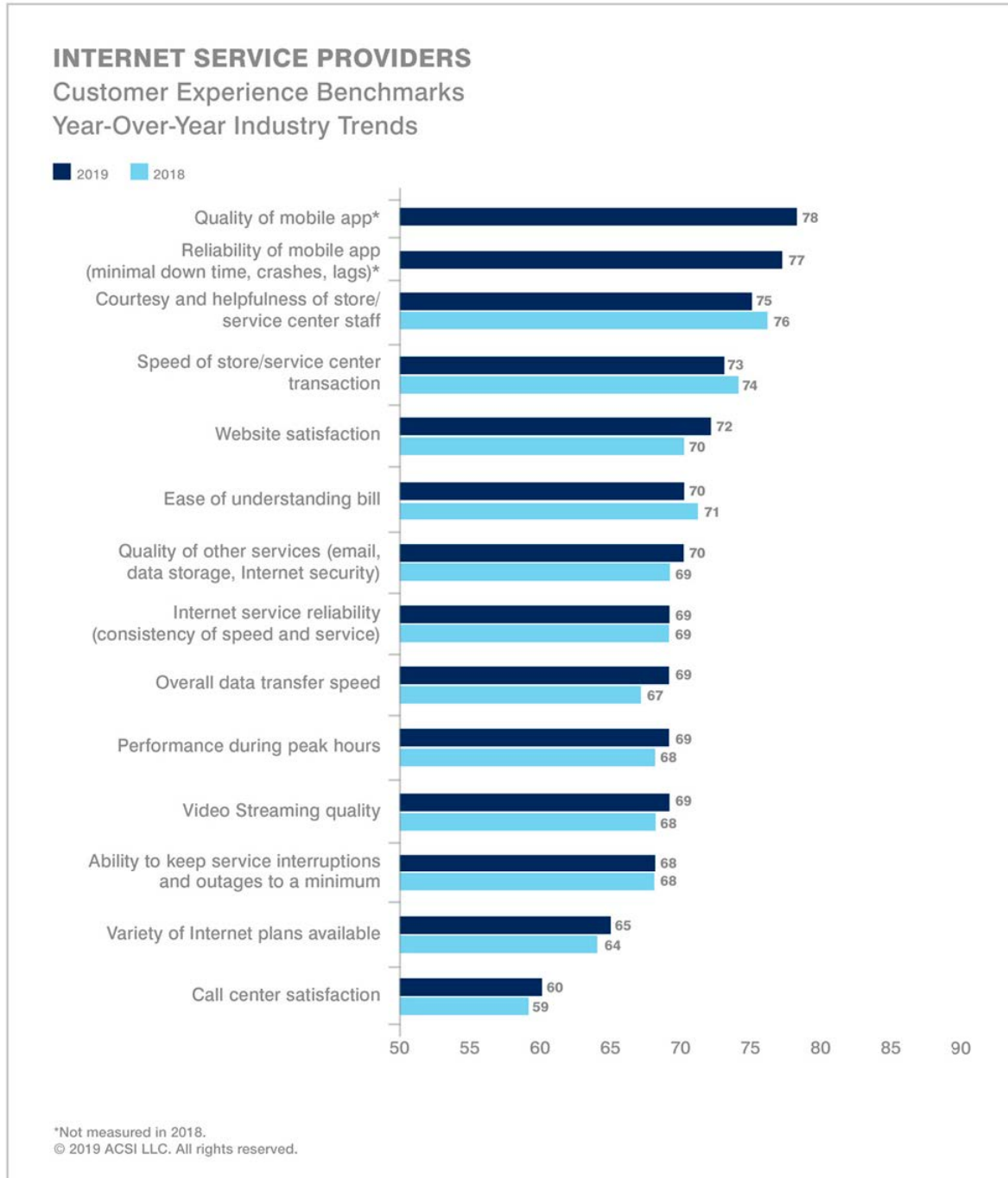
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ACSI (0-100 Scale)

Altice's Optimum retreats 2% to 63 but remains the leader among coaxial providers. Meanwhile, Comcast's Xfinity inches closer to the industry average, up 2% to 61. Cox Communications and Altice's Suddenlink are tied at 60 but move in opposite directions: Cox is up 2%, while Suddenlink is down by the same amount. Charter's Spectrum (-2%) and CenturyLink (+2%) meet at 59 in a similar fashion.

The lowest-scoring ISPs all make gains. Mediacom improves the most, up 6% to 56. According to its users, Mediacom is best in class for its mobile app. Nevertheless, the company remains at the low end of the industry, just behind Windstream (+2% to 57) and ahead of Frontier Communications (+2% to 55). As in the subscription TV industry, firms scoring lowest here are also some of the worst performers among 400+ companies in the ACSI.

For the ISP industry overall, the best aspect of the user experience is also the newest: mobile apps score 78 for quality and 77 for reliability. ISPs are improving online methods of customer service, as website satisfaction rises 3% to 72. While in-store service still rates higher, both staff courtesy (75) and service speed (73) slip compared to a year ago.



Despite increases in overall data transfer speed, performance during peak hours, and video streaming quality, these elements still show room for improvement (all 69). Likewise, service interruptions and outages continue to aggravate customers (68).

The worst aspects of the customer experience, however, remain the lack of internet plans (edging up to 65) and service via call centers. While call center satisfaction is the low point across most telecom industries, ISPs sit at rock bottom (60)—despite slight improvement.

Fixed-Line Telephone Service

Overall customer satisfaction with fixed-line telephone service is up 1.4% to an ACSI score of 71. As more than half of all U.S. households forgo landlines in favor of wireless service, only the most loyal customer base is left behind.

Individual company performance, however, varies. According to users, voice-over-internet protocol (VoIP) calling is the preferred mode of landline-based communication. Vonage, a VoIP provider, steps up 1% to 77. As an OTT service that doesn't need to maintain an infrastructure, Vonage is able to focus resources on providing good customer service. Companies that provide both cable and internet service in addition to landline telephone do not perform as well.

ACSI: FIXED-LINE TELEPHONE SERVICE

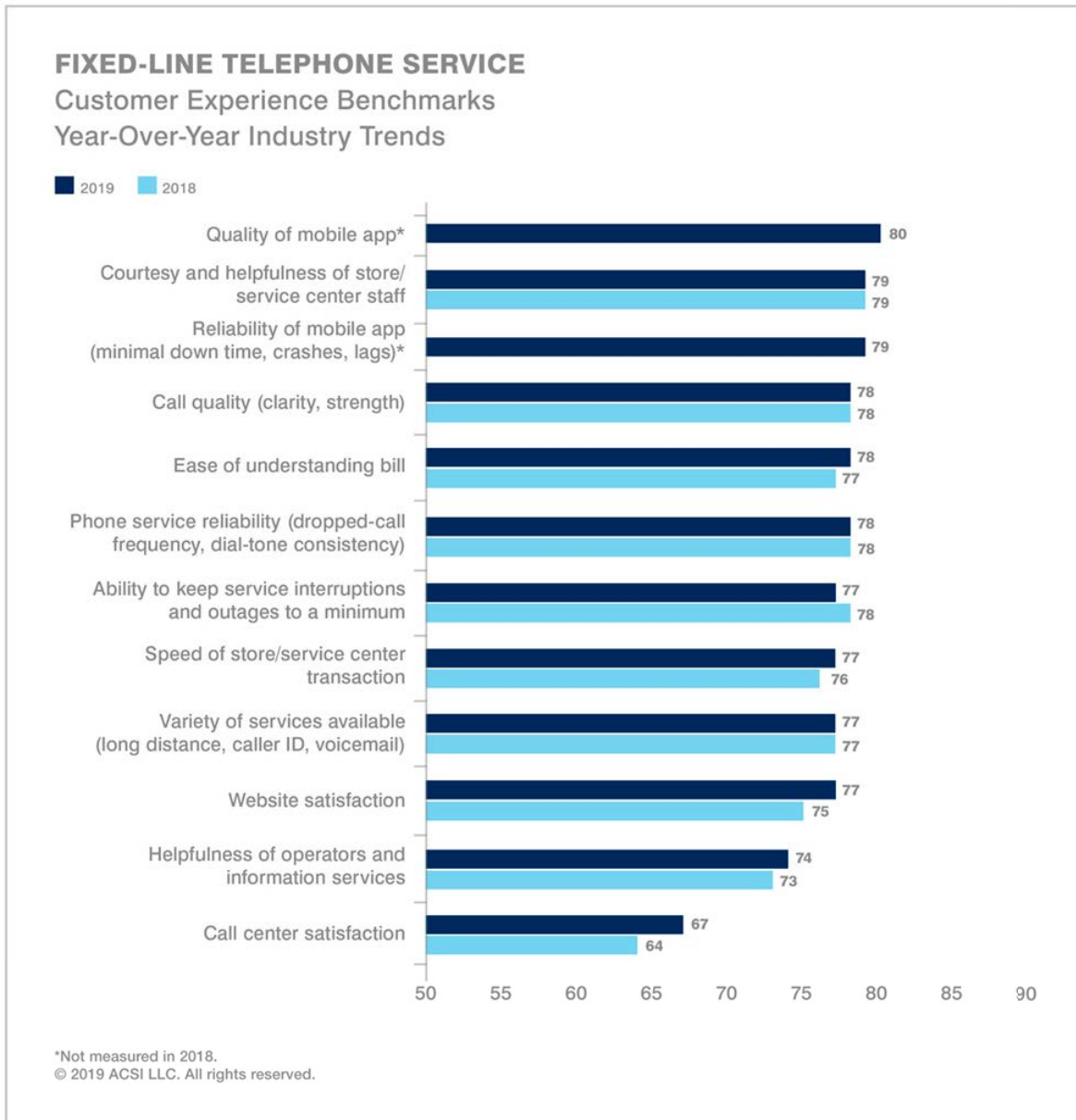
Company	2018	2019	% Change
Fixed-Line Telephone Service	70	71	1.4%
Vonage	76	77	1%
All Others	73	73	0%
Verizon Communications	72	73	1%
AT&T	72	72	0%
Optimum (Altice USA)	69	69	0%
Cox Communications	65	67	3%
Spectrum (Charter Communications)	66	67	2%
Xfinity (Comcast)	66	67	2%
CenturyLink	66	65	-2%
Windstream	64	64	0%
Frontier Communications	57	61	7%
Suddenlink (Altice USA)	71	61	-14%

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ACSI (0-100 Scale)

Verizon Communications gains 1% to tie with the combined score of smaller providers at 73. AT&T is unchanged at 72 and the remaining providers come in below the industry average. Altice's Optimum is static at 69, followed by Cox Communications, Charter's Spectrum, and Comcast's Xfinity—all posting modest gains to 67. Windstream is stable at 64.

CenturyLink (-2% to 65) is one of only two decliners. Altice's Suddenlink experiences the most severe drop, plummeting 14% to 61. According to its customers, Suddenlink's service is the least reliable among fixed-line providers in terms of service interruptions and outages. Frontier Communications also comes in at 61, despite being the most improved (+7%).



Mobile apps are a bright spot for fixed-line telephone service, both in terms of quality (80) and reliability (79). Call quality is also strong (78) and phone service is reliable (78).

While customers say that outages and service interruptions are more frequent (77), several aspects of fixed-line service are better than they were a year ago. Bills are slightly easier to understand (78) and in-store transactions are faster (77). Customers are more satisfied with their online experiences as website satisfaction improves 3% to 77. Employees are most courteous and helpful in-store (79), but operators (74) are improving. While call centers are getting better (+5% to 67), they remain the least satisfying aspect of the landline customer experience.

Video-on-Demand Service

Customer satisfaction with video-on-demand service overall slips 1.5% to an ACSI score of 67 as viewers continue to turn toward more satisfying streaming services like Netflix and Hulu. However, the threat of online competition has done little to spur improvement among the largest cable and satellite companies.

AT&T held the sole lead a year ago with its U-verse TV service, but now falls 3% to share the top spot with Verizon's Fios (both 72). Satellite provider DISH Network drops 3% to 71 but remains just ahead of DIRECTV (unchanged at 70).

Frontier Communications debuts in the category with a score of 67, in line with the industry average. Three decliners meet at 66: Cox Communications (-1%), Altice's Optimum (-3%), and Comcast's Xfinity (-1%). Smaller video-on-demand service providers register no change (65), nor does Charter's Spectrum at the bottom of the category (64). Users find Spectrum's overall performance and reliability to be lacking compared to other large VoD service providers.

ACSI: VIDEO-ON-DEMAND SERVICE			
Company	2018	2019	% Change
Video-on-Demand Service	68	67	-1.5%
Fios (Verizon Communications)	72	72	0%
U-verse TV (AT&T)	74	72	-3%
DISH Network	73	71	-3%
DIRECTV (AT&T)	70	70	0%
Frontier Communications	NM	67	NA
Cox Communications	67	66	-1%
Optimum (Altice USA)	68	66	-3%
Xfinity (Comcast)	67	66	-1%
All Others	65	65	0%
Spectrum (Charter Communications)	64	64	0%

NM=Not Measured
NA=Not Available
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ACSI (0-100 Scale)

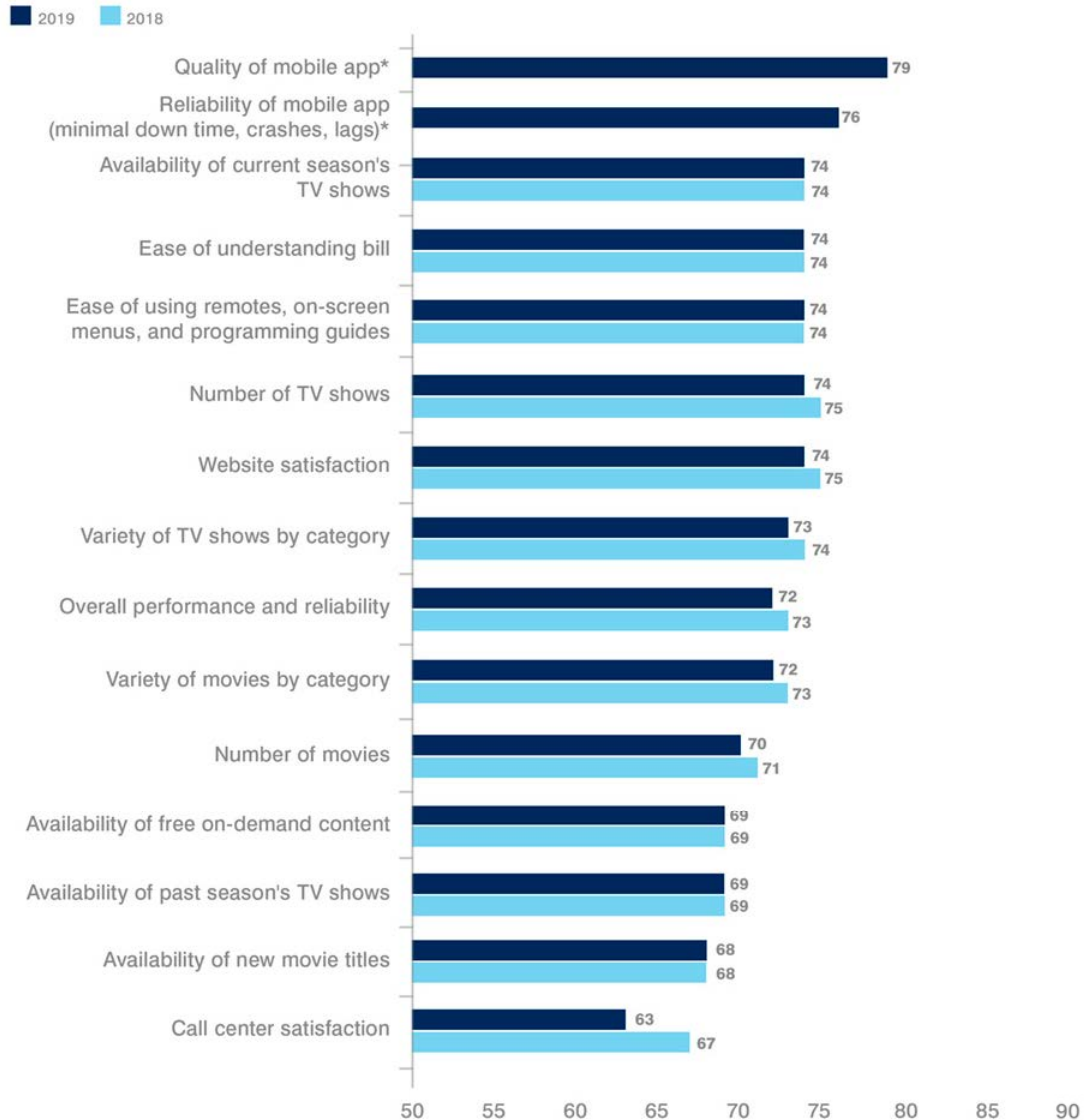
All elements of the video-on-demand customer experience are the same or worse than they were a year ago, and overall performance and reliability is down (72). Included in the ACSI for the first time this year, video-on-demand mobile apps score 79 for quality and 76 for reliability—both of which lag video streaming apps.

According to viewers, there are fewer TV shows and films available, and less variety of both. Free content has not improved (69), nor has the availability of current season's TV shows (74), past season's TV shows (69), or new movies (68). Website satisfaction is down slightly (74), but call centers show the most strain, falling 6% from 67 to 63.

VIDEO-ON-DEMAND SERVICE

Customer Experience Benchmarks

Year-Over-Year Industry Trends



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Video Streaming Service

Video streaming services are the top performers for customer satisfaction among the five telecom industries, improving 1.3% to an ACSI score of 76. Competition is likely to spur further improvement, with both Disney and Apple expected to release inexpensive streaming services later this year.

ACSI: VIDEO STREAMING SERVICE

Company	2018	2019	% Change
Video Streaming Service	75	76	1.3%
Netflix	78	79	1%
Sony PlayStation Vue	78	78	0%
Microsoft Store	77	77	0%
Amazon Prime Video	75	76	1%
Apple iTunes	77	76	-1%
Hulu	75	76	1%
CBS All Access	74	75	1%
Google Play	75	75	0%
Twitch (Amazon)	78	75	-4%
Vudu (Walmart)	75	75	0%
YouTube (Google)	76	75	-1%
HBO	72	74	3%
Sling TV (DISH Network)	71	74	4%
All Others	71	72	1%
Starz	72	72	0%
Showtime	70	71	1%
DIRECTV NOW (AT&T)	70	69	-1%
Sony Crackle	68	68	0%

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ACSI (0-100 Scale)

Netflix shared the lead with Sony PlayStation Vue and Amazon's Twitch a year ago, but a 1% gain puts Netflix alone in first place—and number one across all five telecom categories. The company has been rolling out original content at an unprecedented rate, which remains among its greatest strengths. According to ACSI data, Netflix ranks at the top for original content among all streaming services. In addition, its membership growth continues at a record pace.

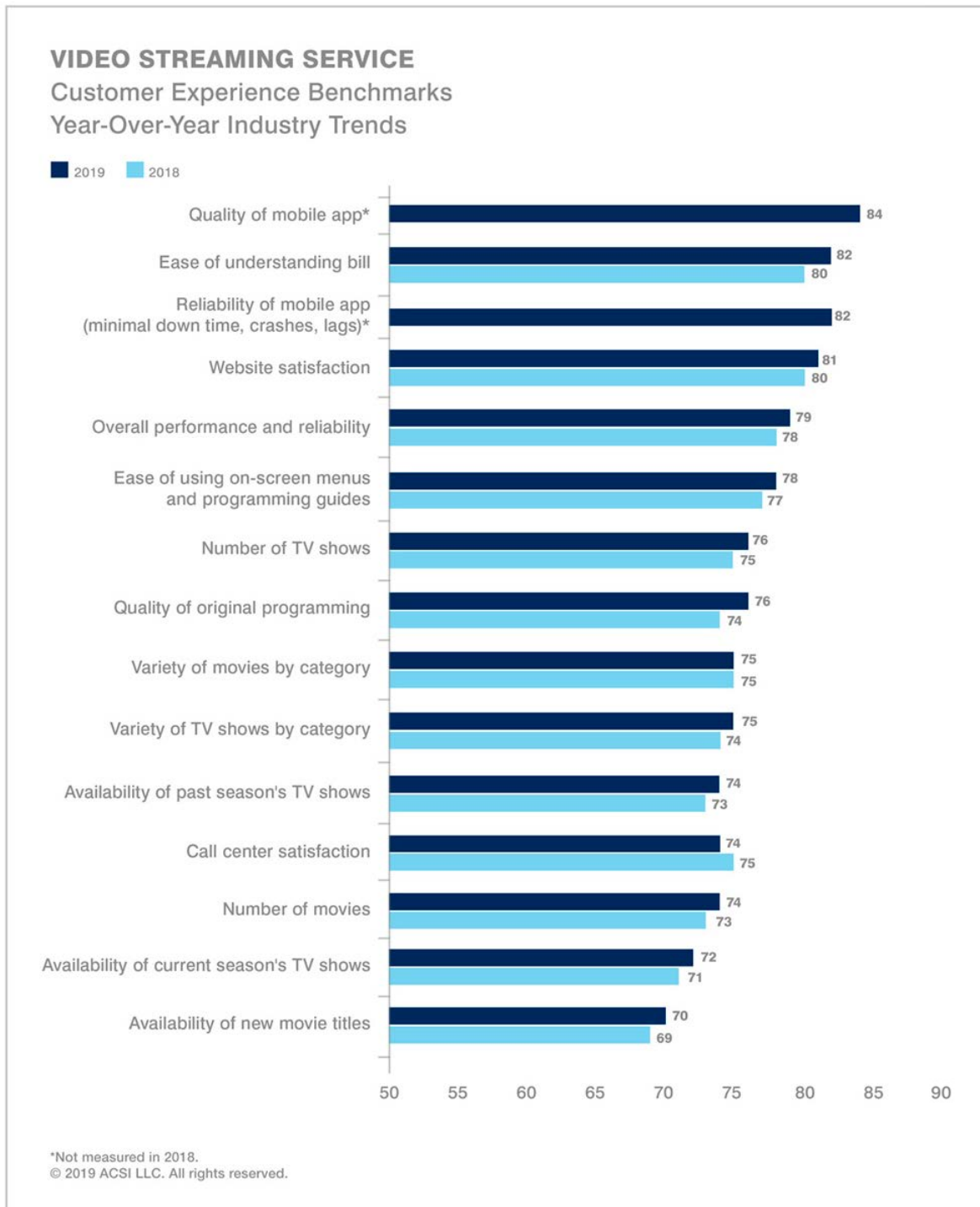
In second place, Sony's PlayStation Vue is steady at 78, followed by Microsoft Store (77). Like Netflix, Hulu is reporting record subscriber growth and steps up 1% to match Amazon Prime Video (+1%) at 76. After slipping 1%, Apple iTunes joins in with a score of 76 as well.

The rest of the category falls below the industry average. Some of these services aren't enough of a departure from original cable and satellite offerings in that commercial interruptions abound, prices are high, and customer service is poor.

Five services cluster at 75: CBS All Access (+1%), Google Play (unchanged), Amazon's gaming platform Twitch (-4%), Walmart's Vudu (unchanged), and Google's YouTube (-1%). DISH Network's Sling TV is the most improved (+4%) and meets HBO (+3%) at 74. Starz matches the combined score of smaller platforms at 72, while Showtime follows close behind (+1% to 71).

AT&T's DIRECTV Now comes in at the low end of the streaming category—falling 1% to 69 and ahead of only Sony Crackle (unchanged at 68). Compared with other streaming services, Sony Crackle falls behind the most when it comes to providing current season's TV shows.

The video streaming service industry overall stands out for the quality (84) and reliability (82) of its mobile apps, although individual company performance varies widely. Viewers find streaming service bills very easy to understand (+3% to 82), especially compared to traditional cable and satellite offerings.



Compared to a year ago, viewers report improvement in overall performance and reliability (79), as well as website satisfaction (81). Call centers score much lower at 74 and are the only element to weaken for streaming services this year.

Streaming services are increasing the quality of original content (+3% to 76) and improving the number (76) and variety (75) of TV shows. While past and current season's TV shows are more available, viewers find the current season's offerings to be somewhat lacking (72) compared with past season shows (74). When it comes to movies, viewers also crave more new titles (70) despite some improvement.

About This Report

The *ACSI Telecommunications Report 2018-2019* on subscription television service, internet service providers, fixed-line telephone service, video-on-demand service, and video streaming service is based on interviews with 38,681 customers, chosen at random and contacted via email between April 5, 2018, and March 27, 2019. Customers are asked to evaluate their recent experiences with the largest telecommunications service providers 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

