

Understanding Consumer Concerns about the Quality of Wireless Telephone Service

Introduction

The number of cellular or wireless¹ telephone subscribers in the United States has grown substantially over the years, increasing from roughly 49 million in 1997 to 97 million in 2000 to about 145 million currently.² The large and growing number of subscribers, many of whom are age 50 and older, clearly suggests the public finds value in having a wireless phone. What is less clear, however, is the value and quality of the actual service subscribers receive. Are subscribers who frequently make and receive calls on their wireless phone satisfied with their service? How often do they experience dropped calls? Do they believe they are paying too much for wireless phone service? The answers to these questions are particularly important since wireless phone service—unlike landline telephone service, which must meet numerous service quality standards—is mostly unregulated.

While some anecdotal evidence suggests that more consumers have begun to express dissatisfaction with various aspects of their wireless phone service,³ more comprehensive, nationwide data about the quality of service provided to wireless phone users are not publicly available.

Study Purpose

AARP conducted a nationwide survey to measure consumers' interest in, awareness and understanding of, and satisfaction with wireless telephone service and service providers.⁴

Methodology

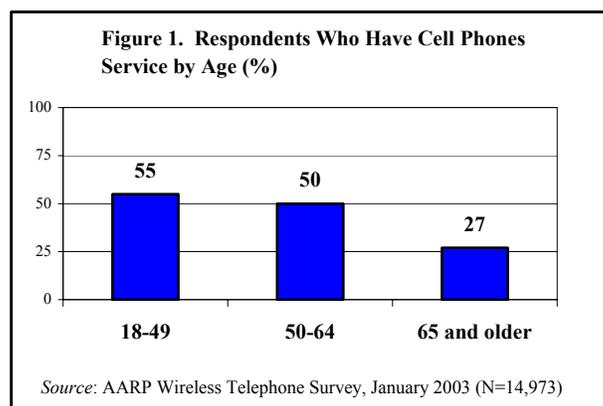
A nationally representative sample of 3,037 adults participated in the survey. The sample was designed to represent the continental United States adult population living in households that had a telephone and, at the same time, to allow for comparisons between wireless telephone users and non-users in three different age groups: 18-49, 50-64, and 65 and older.

The interview questionnaire was developed by AARP and revised by Princeton Survey Research Associated (PSRA) based on monitored pretest interviews with a small number of respondents. Telephone interviews were conducted in English by Princeton Data Source, LLC from November 21 to December 21, 2002.

All statistical results were weighted to correct for the disproportionate sampling design⁵ and for any systematic non-response that might bias results.⁶ The margin of sampling error for the complete set of weighted data was \pm two percent at 95 percent confidence interval.

Consumer Use of Wireless Phone Service and Age

For many older persons in the United States, cellular or wireless telephone service has become an essential tool of modern life. In fact, survey respondents age 50 to 64 (50%) are almost as likely as respondents age 18 to 49 (55%) to report having cell phone service. Respondents age 65 and older (27%) are less likely to say they have cell phone service (see Figure 1).



When asked why they have cell phone service, respondents age 50-64 (57%) and those age 18-49 (59%) are most likely to say it offers the convenience of being able to make calls from

¹ For purposes of this report, the terms “wireless” and “cellular” are interchangeable.

² See the Cellular Telecommunications & Internet Association’s website at <http://www.wow-com.com/>.

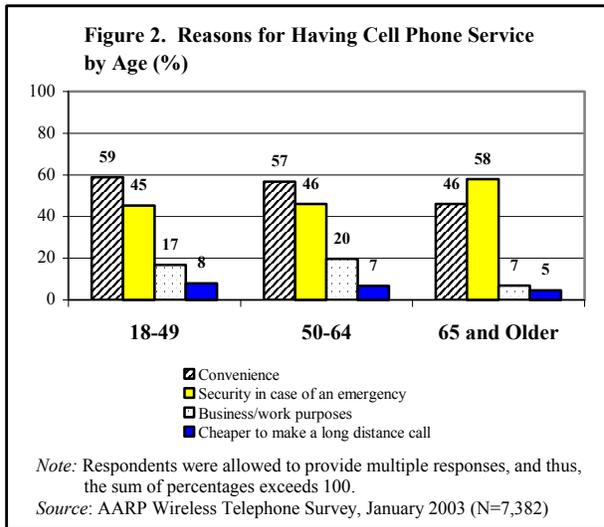
³ Romero, S. (2002, November 18). Success of Cellphone Industry Hurts Services. *New York Times*, p.A1+.

⁴ A detailed topline report of this survey is forthcoming.

⁵ Since the survey intends to compare wireless telephone users and non-users in three different age groups, sampling design screens potential respondents based on their age and cell phone use.

⁶ The sample also was weighted to match national parameters for gender, age, education, race, Hispanic origin, cell phone use, community size and census region based on the March 2001 Current Population Survey (CPS), which included all households in the continental United States that had a telephone. Percentages shown in this report are based on weighted data.

anywhere. For respondents age 65 and older, however, security in case of an emergency is the most common reason for having a cell phone (see Figure 2).



**Consumer Observations and Assessments of Cellular Service:
Impact of Regular vs. Infrequent Use**

The value of using consumer observations and assessments as indicators of wireless service quality depends significantly on how individual consumers use their service. In this regard, consumers who use their cell phones to make numerous calls regularly⁷ are likely to have better insight into the quality of their service than are those consumers who make few or no calls, but carry a cell phone in case of an emergency. Consumers who use their cell phones regularly are more likely to know how often their calls are blocked or dropped or where their service does not work because of coverage gaps. They also are more likely to have contacted their customer service department⁸ and thus are better able to

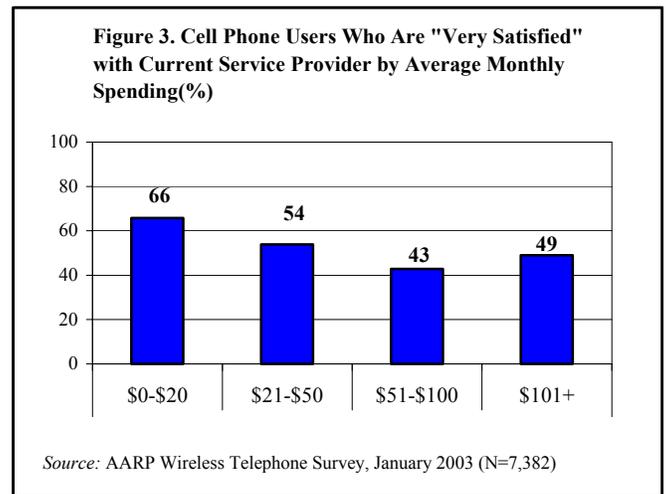
⁷ A series of analyses was conducted to determine an objective indicator of how often consumers use their cell phones. These analyses showed a statistically significant correlation between average monthly spending on cell phones and the amount of “anytime minutes” included in cell phone service plans ($r=.384, p<.01$). They also showed a positive correlation between the amount of “anytime minutes” included in the plan and the degree of consumption of those included minutes ($\phi=.235, p<.001$). Based on these results, this report uses average monthly spending on cell phones as a measure of frequency of cell phone use.

⁸ In fact, almost eight in 10 cell phone users (80%) who spend an average of more than \$50 per month on service reported that they have contacted their customer service department, compared to 41 percent of those who spend \$20 or less on service.

assess the quality of their company’s interaction with customers.⁹

Satisfaction with current service provider

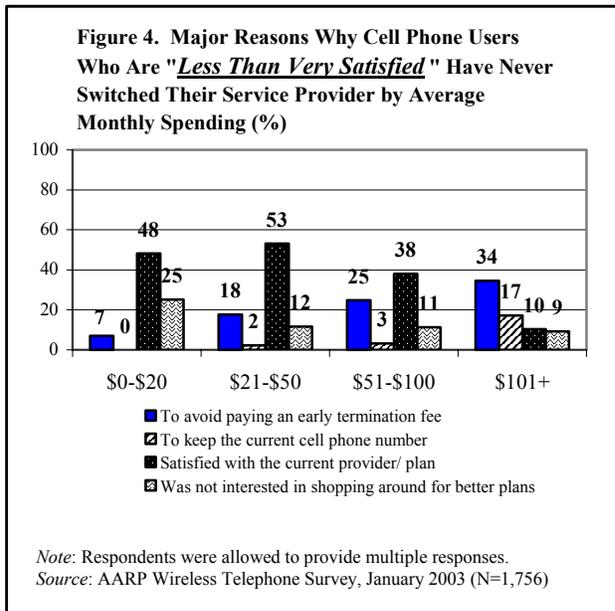
Cell phone users who spend more on their cell phone service were less likely to say they were “very satisfied” with their current service provider. The percentage of cell phone users who reported being very satisfied was 66 percent for those who spend \$20 or less per month on service, compared to 54 percent for those who spend between \$21 and \$50, and 43 percent for those spend \$51 and \$100 (see Figure 3).



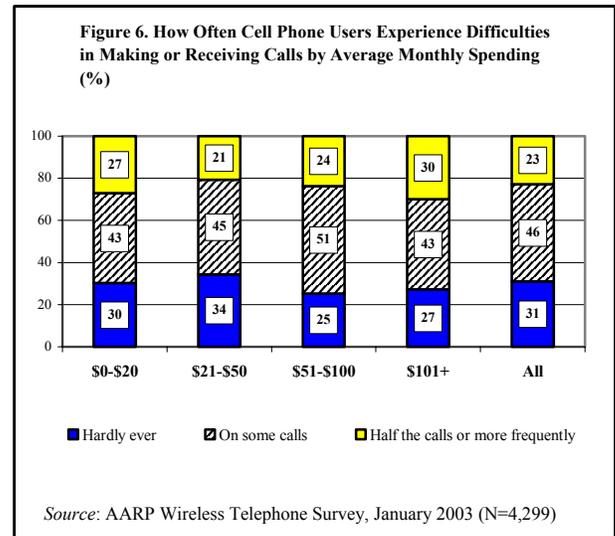
More than half of cell phone users (55%) who were less than “very satisfied” with their current provider said they have never used another service provider. The primary reason for staying with a current provider, despite a lower level of satisfaction, varied by average monthly spending.¹⁰ Among the most frequent users of cell phone service, avoidance of an early termination fee or keeping a current cell phone number were the most common reasons for staying with their current provider. Thirty-four percent of cell phone users who spend more than \$100 a month said they stay to avoid an early termination fee. In addition, 17 percent of these cell phone users said they stay with their current provider to keep their current cell phone numbers. The most common reason among less frequent users of cell phone service was satisfaction with the current provider or plan (see Figure 4).

⁹ Eleven percent of cell phone users reported an average monthly spending of \$0-\$20 on cell phone service; 53 percent \$21-\$50; 21 percent \$51-\$100; seven percent \$101 or more; and eight percent did not know.

¹⁰ See footnote 7.

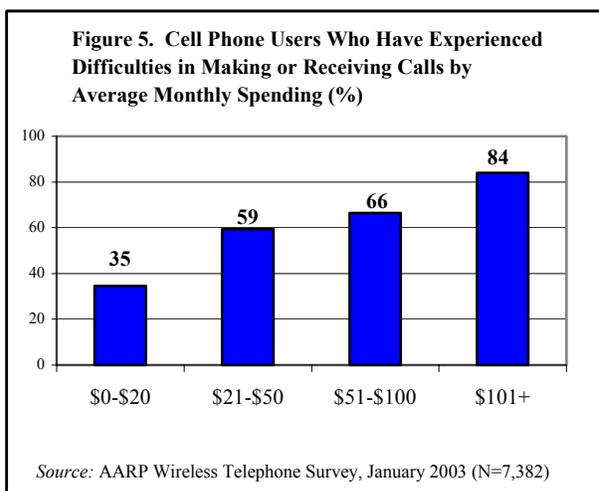


experienced such difficulties on half the calls or more frequently (see Figure 6).



Respondents who have experienced difficulties in making or receiving calls¹¹

Cell phone users who spend more on cell phone service were much more likely to report having experienced difficulties in making or receiving calls. Thirty-five percent of those who spend \$20 or less per month on service, compared to 84 percent of those who spend an average of more than \$100 per month said they have experienced difficulties (see Figure 5).



Among the cell phone users who reported they have experienced difficulties in making or receiving calls, nearly one in four users (23%) said they have

Respondents' perceptions of what they pay for cell phone service

Cell phone users who spend more on their cell phone service were much more likely to report paying too much for service. While 12 percent of those who spend less than \$20 a month on wireless phone service felt they were spending too much, 66 percent of cell phone users who spend over \$100 per month felt they were paying too much.

Other Issues

Respondents who have shopped for, or switched to, another provider

Thirty-three percent of cell phone users said they had ever willingly¹² switched their service provider. In comparison, an AARP report released in 2000 found that nearly two-thirds (62%) of long distance telephone callers said they switched long distance companies *to get a cheaper rate*.

Further, 20 percent of cell phone users reported having shopped for better plans or providers after signing a contract with their current provider.

Cell phone number portability

Consumers currently must change their cell phone number if they switch service providers, a fact that probably discourages switching. Nearly half of all cell phone users (47%) report that keeping their cell phone number when they change cell phone service

¹¹ Respondents were asked whether they had ever experienced any difficulties with their cell phone service such as dropped calls, poor sound quality, or lack of service.

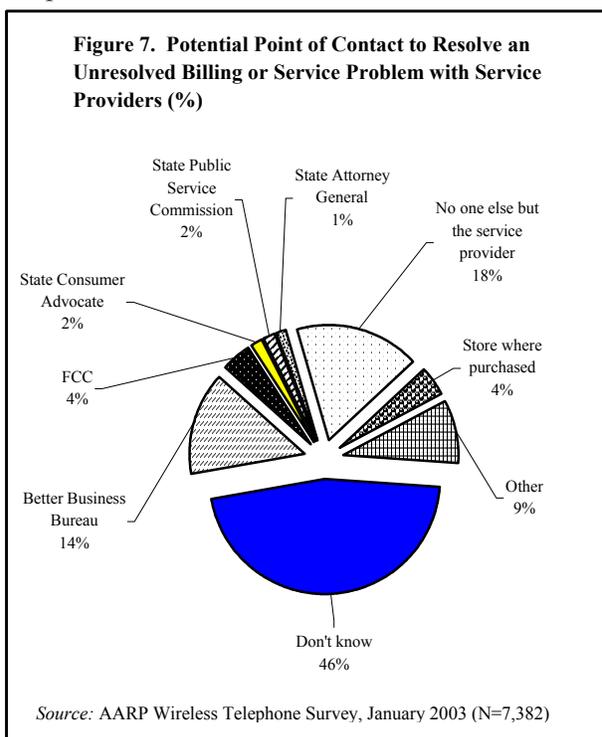
¹² This does not include cell phone users who switched because they moved to a different part of the country, or because their company relocated or made some other decision that prevented them from continuing service.

is “very important.” Another 20 percent said number portability is “somewhat important.”

Cell phone users who spend more on cell phone service were more likely to report that number portability is “very important.” Among users who spend more than \$100 per month on cell phone service, 73 percent said number portability is very important, compared to 51 percent of those who spend between \$51 and \$100 per month and 32 percent of those who spend \$20 or less each month.

Potential point of contact to report an unresolved billing or service problem¹³

The Federal Communications Commission collects and publishes limited data on cell phone service complaints and inquiries.¹⁴ Government agencies in some states also track cell phone service complaints.



Nearly half of all cell phone users (46%) reported not knowing whom to contact in case their cell phone provider could not resolve a billing or service problem to their satisfaction. Only four percent cited the Federal Communication Commission (FCC), and 18 percent responded they would not

¹³ Respondents were asked who else they'd contact to file a complaint in case their service provider cannot resolve a billing or service problem to their satisfaction.

¹⁴ The FCC does not identify complaints/inquiries by service provider unless asked to do so.

contact anyone but their service provider (see Figure 7).

Summary/Conclusions

Consumers who use their wireless service more frequently are generally in a better position to assess service quality.¹⁵ In this regard, findings from this survey suggest that the most frequent users of cell phone service are *less* likely to report being “very satisfied” with their service and *more* likely to say they have experienced difficulties in making or receiving calls.

Unlike users of other telecommunications services, few cell phone users have ever switched their cell phone service provider. Among cell phone users who gave their current provider less than the highest rating, more than half have never used another service provider. The primary reason for staying with a current provider, despite a lower level of satisfaction, varies by frequency of use. When asked why they remain with their current provider, more than half of the most frequent users of cell phone service said either that they wanted to avoid paying an early termination fee or that they did not want to give up their current cell phone number.

Filing a complaint might be an option for less satisfied users except that many users do not know whom to contact if they cannot resolve a problem with their service provider. In fact, very few cell phone users said they would contact the FCC, the federal agency that tracks cell phone service complaints. The usefulness of the FCC's complaint collection efforts is further diminished by the agency's decision to limit its information disclosure: While the FCC publishes overall data on complaints, it does not identify the number of complaints attributed to specific cell phone service providers unless asked to do so.

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¹⁵ For purpose of this report, average monthly spending on cell phone service is used as a measure of frequency of cell phone usage. See footnote 7 for details.