U.S. Mobile Consumers and Churn: Who is churning and why?

Market Study
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Abstract

Churn rates, which indicate the percentage of subscribers that end their service, are an important metric used to rate the performance of U.S. mobile operators and are regularly reported in mobile operators' quarterly results. Because the overall number of mobile subscribers is no longer growing in the saturated U.S. mobile market, service providers must lure subscribers away from another provider if they want to grow their subscriber base, and when a subscriber moves from Operator A to Operator B, the churn rate of Operator A obviously suffers.

As churn rates are very important, many in the industry want to know *why* mobile subscribers churn. How do advertising and promotions, price, customer service, network quality, retail locations, and other non-mobile services offered by a provider affect subscribers' likelihood to stay with or leave their mobile service provider?

In addition to looking at the possible causes of churn, in this market study *iG*R also analyzes the churn rates for the major U.S. mobile operators, the current churning behaviors of U.S. mobile consumers, such as how long they have been with their current and previous providers, and U.S. consumers' perceptions of the network quality, pricing and customer service of the major operators. The data in the study is based on a web-based survey of more than 1,000 U.S. mobile consumers that *iG*R fielded in March, 2017. When appropriate, the market study also compares results to those that *iG*R found in its November 2015 survey, which were published in a market study in the first quarter of 2016.

Key questions addressed:

- What are the churn rates of the major U.S. mobile operators?
- What percentage of U.S. mobile consumers have been with their current service provider for less than one year? More than one year? More than two years?
- What percentage of U.S. mobile consumers have been with only one service provider?
- How do advertising and promotions affect U.S. mobile consumers' likelihood to switch providers?
- How do bundled services, such as AT&T U-Verse and DirecTV, affect U.S. mobile consumers' likelihood to switch providers?
- How do U.S. mobile consumers perceive the network quality, pricing and customer service of the major U.S. mobile operators? How could this perception affect their likelihood to churn from their current provider?
- Why did U.S. mobile consumers who switched operators in the last year do so?

- Why do U.S. mobile consumers who have stayed with their operator for more than one year do so, and is there anything that might make them change in the future?

Who should read this report?

- Mobile network operators
- Mobile service retailers and distributors
- Financial and investment analysts.