

Opinion: AT & T vs. Verizon vs. Consumer Perception

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Much ado has been made of this week's Consumer Reports survey showing AT&T coming in at the bottom of the list for cell phone carriers. To be sure, Consumer Reports is a respectable outfit, but did we really need a survey to tell us AT&T's got some network issues? What have we been talking about the past 10 months or so?

iPhone users are so unhappy with AT&T's service that some of the developers I know have bought a second device just to make their voice calls. As developers, they need the iPhone, but they can't rely solely on it. (That's not a scientific survey by any means, but it tells you something about some geographic markets.)

The Consumer Reports survey results come during what can only be considered a bad time PR-wise for AT&T. The carrier this week came to "terms," so to speak, with Verizon Wireless over the "There's A Map for That" advertising. In early November, AT&T had filed a suit claiming Verizon was misleading consumers by showing all that white space in its ads, presumably hoodwinking consumers into thinking there was no data coverage in those areas whatsoever. This week, the two sides said the matter was "hereby dismissed without prejudice." End of story.

Well, not really. Verizon is still broadcasting those ads showing a large expanse of white space on AT&T's maps, including a new one featuring Santa and his reindeer. All the more emphasizing AT&T's lack of 3G coverage, a fact the AT&T-inspired lawsuit only further publicized. It did not help that AT&T's answer back to Verizon via advertising was a lame commercial featuring Luke Wilson. (Was Owen too controversial or just not available?)

The bottom line is: What is AT&T doing about its network coverage situation? Right now, the carrier is boosting 3G coverage in markets around the country, and it's on track to deploy HSPA 7.2, which it plans to have in 25 top markets by the end of 2010.

A few months ago, AT&T surprised a lot of people in the industry when it said it would move from 7.2 directly to LTE without stopping for an HSPA+ upgrade in between. At the CTIA I.T. show back in October, AT&T Mobility and Consumer Markets CEO Ralph de la Vega told me the HSPA+ skip-over was not so much a spectrum issue as one that didn't pencil out because the carrier would need to replace a lot of antennae equipped with MIMO. Economically, AT&T had to take a look at the situation and decide its course. I'm not sure the marketing team was in on those discussions, but one would figure so. If not, maybe they'll join in next time.

Good or bad, it's not solely about the network. Throw in the iPhone, and you've got a weird juxtaposition going on. A lot of us are still asking questions like: When will

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Verizon get the iPhone? What will AT&T do if/when it loses exclusivity on the iPhone? Apple iPhones are the top smartphones in Consumer Reports' latest ratings of cell phones – a “staggering” 98 percent of iPhone users were satisfied enough that they would buy the phone again, despite below-par ratings for AT&T, the report said. The iPhone is a powerful, powerful device. How fast can Android and the Google guys catch up? Is the Droid going to have the same pull as the iPhone?

It's great fun to focus on the two biggest carriers, but the Consumer Reports survey also serves as a reminder that it's not necessarily just a two-horse race. T-Mobile USA came out as the next-best competitor to Verizon in overall satisfaction, further reinforcing a lot of J.D. Power & Associates rankings for the fourth-largest carrier. Sprint, the worst carrier last year, shared the title with AT&T this year, getting low marks for customer service even though the carrier reports having made great strides in that area this year. If its customer service improvements are to be believed, it seems perception needs to catch up to reality for Sprint. Will the same problem occur with AT&T? Even when it does finish its latest network upgrades, it may be a real tough – and long – time persuading consumers that its status has changed.

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