

# It's Complicated: Mobile Frustrations & Churn

**THE CONSEQUENCES OF FAULTY MOBILE DEVICES &  
INEFFECTIVE CARE ON CUSTOMER LOYALTY**

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# INTRODUCTION

To say consumers are deeply attached to their mobile devices is an understatement. Just how far does this mobile obsession stretch? According to the Pew Research Center, 90 percent of consumers own a cell phone and 44 percent admit to sleeping with mobile devices next to their beds so they won't miss any calls, texts or emails during the night.

But that's just the tipping point. In 2014, the total number of mobile unique subscribers reached 3.6 billion worldwide. And GSMA predicts that, by 2020, 60 percent of the global population will subscribe to mobile services.

There's no doubt that the 'Internet of Things' has opened the door to constant connectivity, rich data, efficient processes and improved quality of life. For businesses and consumers alike, this means more advantages – from facilitating fast and convenient online shopping to enabling seamless mobile payments and improving the healthcare system. But the more productive, efficient and entertaining mobile devices make our lives, the more demanding, impatient and intolerant we become of faulty devices that disturb the user experience – be it short battery life, frozen or crashed apps, insufficient storage space, slow customer service or ineffective repair experiences.

Because of this low tolerance, it's that much more necessary for mobile carriers and OEMs to be able to identify the source of the problems quickly and thoroughly and ultimately, provide an exceptional level of customer service and care experience. Failure to do so can be aggravating enough to compel loyal subscribers to switch to different mobile carriers or device manufacturers.



## METHODOLOGY & OBJECTIVES

Blanco Technology Group surveyed over 1,400 consumers in the United States, Canada, UK and Australia to understand the complexity and frequency of mobile device issues, customer satisfaction with care experiences as well as the role flawed performance and ineffective care play in customer satisfaction and loyalty with mobile carriers and device manufacturers. The survey was fielded from June 5, 2015 through June 11, 2015 and the responses were comprised of consumers, aged 25-65 years old, who own at least one mobile device (smartphone or tablet).



# MAJOR FINDINGS



Consumers have a deep attachment to mobile devices.

**20%** are most likely to use their mobile device exclusively to browse and shop on retailers' mobile sites and apps.

**21%** access financial information and make mobile payments exclusively from their mobile devices.



The replacement cycle for mobile devices is shortening.

**35%** recycle, trade in, sell or donate their mobile devices every two to three years.

**17%** do so either every year or whenever a new model debuts in the marketplace.



Faulty mobile functionality is the norm, not the exception.

**31%** typically experience problems/issues with their mobile devices at least once a month and as often as several times in a year.



Short-lived batteries and frozen/crashed apps are the root of mobile woes.

**38%** cite battery life as the most common type of device issue they experience.

**13%** say frozen/crashed apps occur most frequently.



Camera/video quality and storage space rank low among consumer priorities.

**2%** are bothered by poor camera/video quality despite our 'selfie' obsessed culture.

**8%** are frustrated by lack of storage space.



Patience isn't always a virtue.

**49%** said they would seek help within the first 3 days if their device shows signs of trouble/issues.

**9%** are so addicted to their devices that they'd seek help in less than 3 hours.

# MAJOR FINDINGS



**Wary of difficult and expensive repairs, consumers opt for DIY.**

**49%** said the very first action they take to troubleshoot device issues is to attempt to self-diagnose and self-fix.

**5%** would visit their mobile carrier's retail location for diagnosis/repair.

**2%** would visit their device manufacturer's retail location for diagnosis/repair.



**Consumers overestimate the qualifications of customer service representatives.**

**61%** believe customer service representatives are technically qualified and trained to properly diagnose issues with their mobile device.



**Quick and efficient diagnosis trumps helpful, friendly service.**

**38%** cited quick and efficient diagnosis as their number one priority for the customer service/care experience.

**23%** value helpful, friendly service.



**Seeing is believing – consumers want tangible proof of device errors.**

**26%** believe receiving a report that displays all diagnostics tests run on their device would 100% affect their satisfaction and loyalty with mobile carriers and device manufacturers.

**31%** believe a physical report displaying all diagnostics tests would factor into their overall satisfaction.



**To combat post-sales churn, customer satisfaction is critical.**

**38%** gave mobile carriers/device manufacturers low marks for overall customer experience and care.



**Faulty devices and ineffective care take a negative toll on customer loyalty and sales.**

**31%** would jump ship to a different carrier as a result of device issues and poor customer service.

**33%** would switch to a different device manufacturer due to functionality issues and ineffective care.

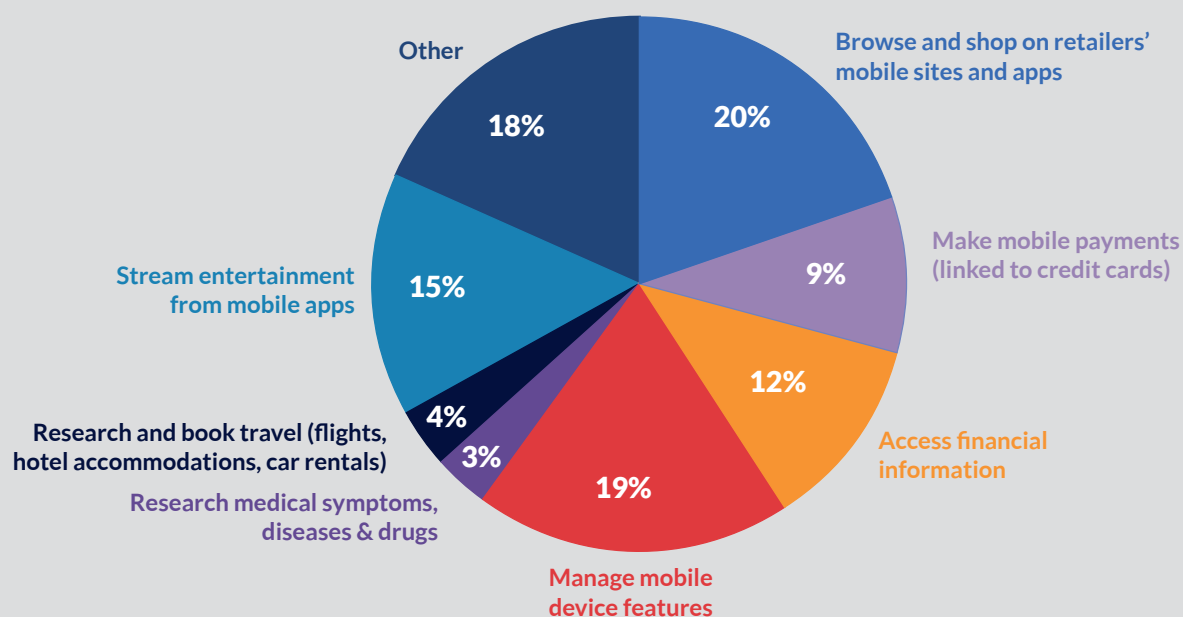


## CONSUMERS HAVE A DEEP ATTACHMENT TO MOBILE DEVICES

We live in a mobile-first world. Because of the instant gratification and convenience mobile devices provide, these portable, easy-to-use devices are increasingly being used *first* to conduct online activities. According to Gartner, more than 50 percent of mobile users will use a smartphone or tablet first for all online activities by 2018.

When we asked consumers across the U.S., Canada, UK and Australia to confirm which activities they are most likely to perform exclusively from their mobile devices, 20 percent said they browse and shop on retailers' mobile sites and apps. Meanwhile, 15 percent stream entertainment from mobile apps, 12 percent access financial information and 9 percent make mobile payments (linked to credit cards).

**Which one of the following personal activities are you most likely to do exclusively from your mobile device?**



# THE REPLACEMENT CYCLE FOR MOBILE DEVICES IS SHORTENING

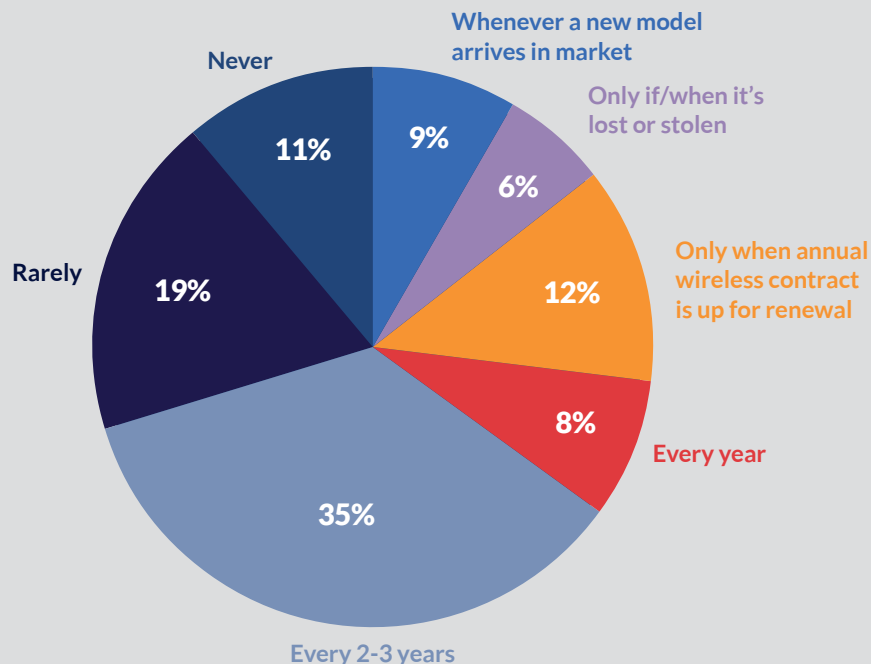
Consumers don't just love their mobile devices; they're fully dependent on them to make their lives run smoothly. Many would argue they're addicted to these easy-to-carry devices because they make life more convenient, productive and entertaining. Think this is an over exaggeration? Think again. According to the International Data Corporation (IDC), vendors shipped a total of 334.4 million smartphones worldwide in the first quarter of 2015. That's a 16 percent year-over-year increase from the first quarter of 2014.

Now consider the excitement, rush and 'fear of missing out' mentality that have become so prevalent in society today. It's what motivates people to replace their existing mobile devices

with newer, flashier, 'cooler' and higher priced devices. By all accounts, it's what drove Apple to generate more than 4 million pre-orders for the iPhone 6 and iPhone 6 Plus within 24 hours of the process opening on September 12, 2014, just seven days before the official launch date.

As the Blancco Technology Group study reveals, the replacement cycle for mobile devices is getting shorter and shorter. In fact, 35 percent of respondents reported that they recycle, trade in, sell or donate their mobile devices every two to three years. Meanwhile, another 17 percent do so either every year or whenever a new model debuts in the marketplace.

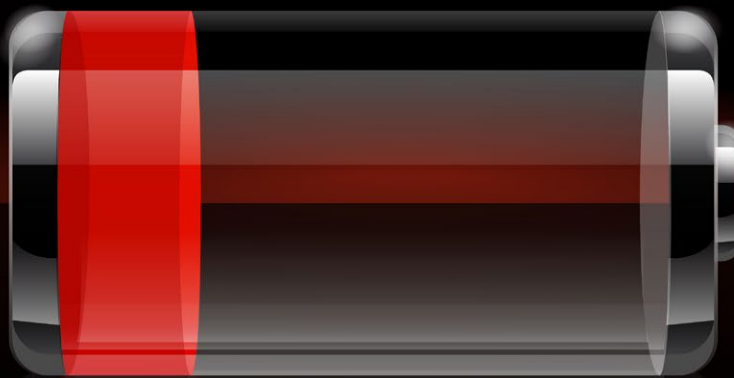
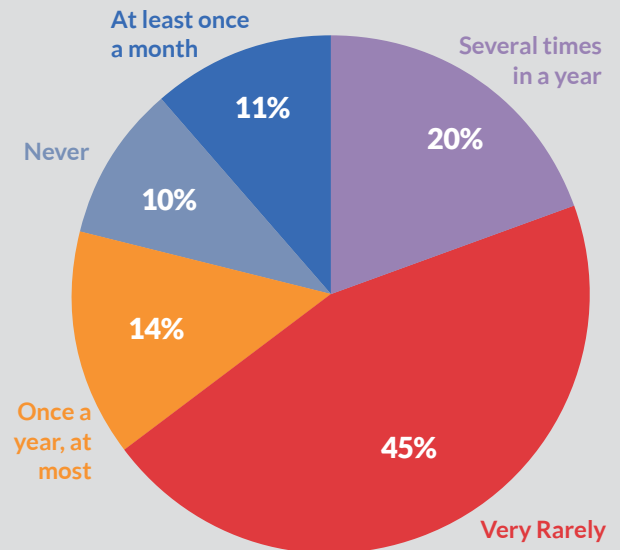
How often do you trade in, recycle, sell or donate your mobile device?



# FAULTY MOBILE FUNCTIONALITY IS THE NORM, NOT THE EXCEPTION

No one will deny that mobile devices are exceptionally designed, sleek in style and intuitive. But at the same time, they're also fault prone. Just how fault prone are these small devices? 31 percent of respondents confirmed they typically experience problems with their mobile devices at least once a month and as often as several times in a year. Another 14 percent say their devices show signs of trouble once a year, at most. When you add these figures up, that's 45 percent of respondents whose devices require some form of customer service and repair on a regular basis.

How often do you typically experience problems/issues with your mobile device?



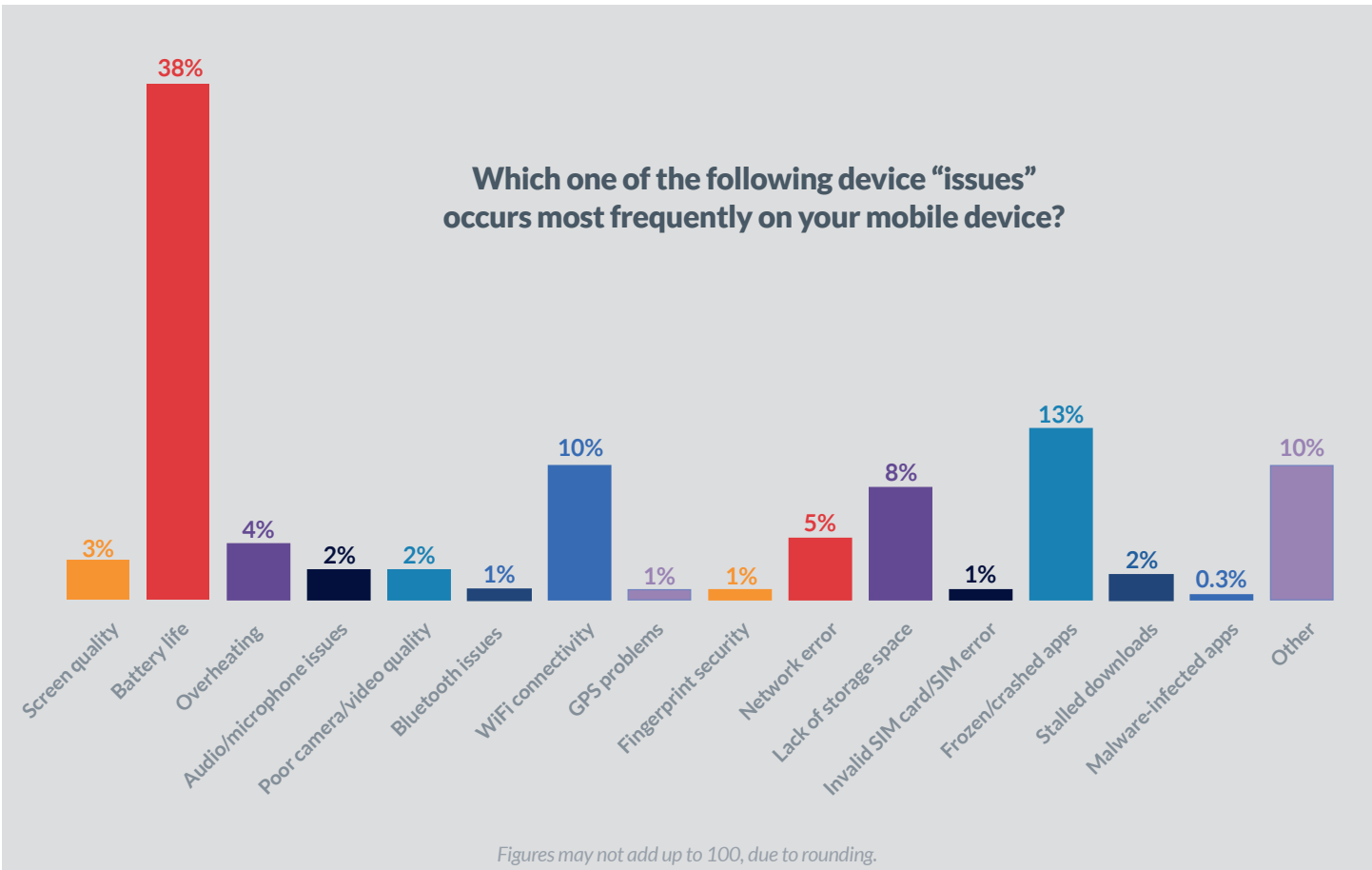


# SHORT-LIVED BATTERIES & FROZEN/CRASHED APPS ARE ROOT OF MOBILE WOES

No matter how fast processors are, how high-resolution images and videos appear and how intuitive in-app experiences may feel, mobile devices will always have problems. That is simply the nature of mobile devices.

But as our study found, there is nothing more frustrating than getting less than halfway through the day and seeing your battery power almost completely drained. To be specific, 38 percent

of respondents cited battery life as the most common type of device issue they experience and another 13 percent are frequently plagued by frozen/crashed apps. When you consider just how many consumers are connecting to the Internet, using apps, live streaming video and music, checking emails, sending texts and taking photos from their smartphones and tablets every day, it's no wonder devices go haywire so often.

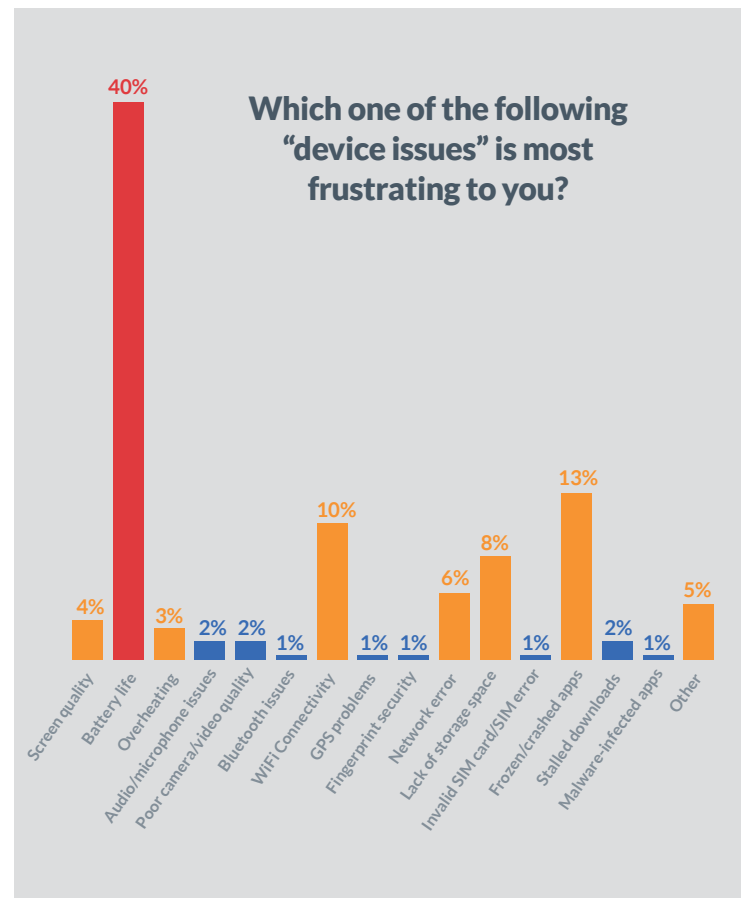


# CAMERA/VIDEO QUALITY & STORAGE SPACE RANK LOW AMONG CONSUMER PRIORITIES

According to Google, 93 million 'selfies' are taken daily and mobile phones are checked 100 billion times a day. With Android devices accounting for 62 percent of the global market share, these figures are impressive, to say the least.

It doesn't matter who you are, where you live or what you do; selfies have become a fact of life. For starters, reality TV star Kim Kardashian released an entire book filled with over-the-top 'selfies' set against some of the most opulent settings around the world. Even U.S. President Barack Obama was seen taking goofy photos using a 'selfie' stick earlier this year.

Despite all signs that consumers are mobile-obsessed and 'selfie' prone, it turns out they aren't all that bothered by poor camera/video quality and lack of storage space on their mobile devices. In fact, only 2 percent of respondents cited poor camera/video quality as the most frustrating fault with their devices, while just 8 percent care about storage space.



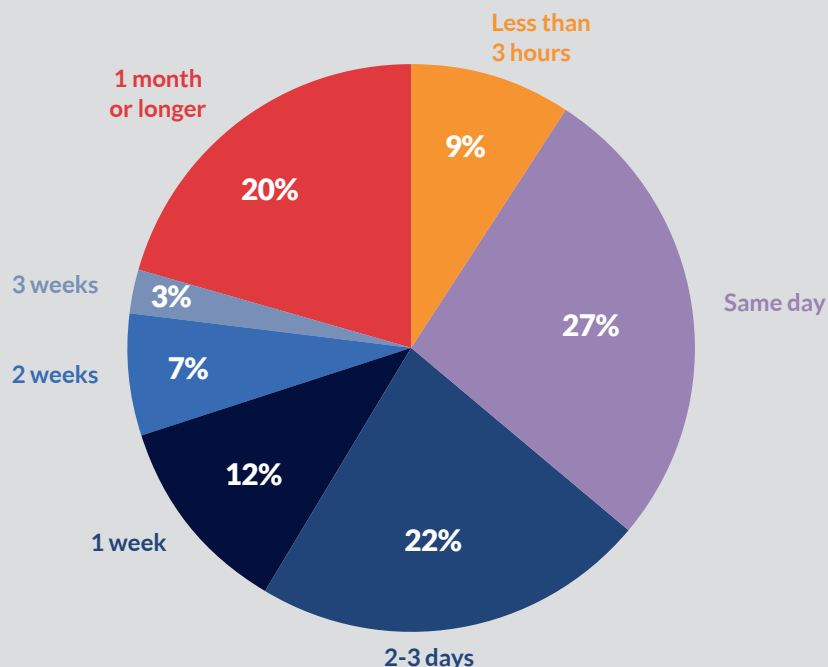
# PATIENCE ISN'T ALWAYS A VIRTUE

Accenture reports that mobile operators handle approximately one million repairs each month. So it's not a question of *if* mobile devices will experience issues and require repairs. Instead, it's a question of *how* quick, comprehensive and effective the customer service and repair experience will be and *how* the overall care experience affects customer satisfaction and loyalty.

So when mobile devices show signs of trouble – be it a cracked screen, insufficient battery power, a faulty SIM card, or something else – consumers

want *and* expect to have the problem resolved quickly and properly. And most of all, you can bet they don't want to be saddled with paying the hefty price for a replacement phone if their device could, in fact, be repaired. This falls in line with the findings of our own research, which revealed that 49 percent of respondents would seek help within the first three days. Plus, another 9 percent of respondents are so addicted to their devices that they would seek help in less than 3 hours.

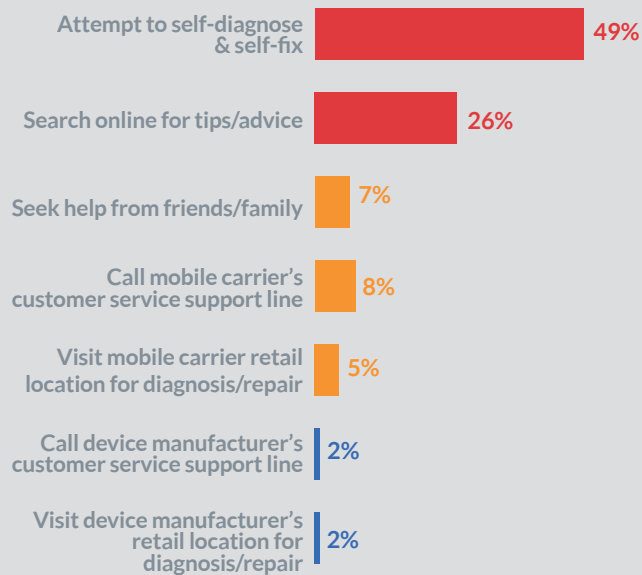
**How soon after your device shows signs of trouble/issues are you most likely to seek help?**



## WARY OF DIFFICULT AND EXPENSIVE REPAIRS, CONSUMERS OPT FOR DIY

Nearly half (49 percent) of respondents said the very first action they take to troubleshoot device issues is to attempt to self-diagnose and self-fix. However, only 5 percent of respondents would first visit their mobile carrier's retail location for diagnosis/repair and only 2 percent would first visit their device manufacturer's retail location for diagnosis/repair.

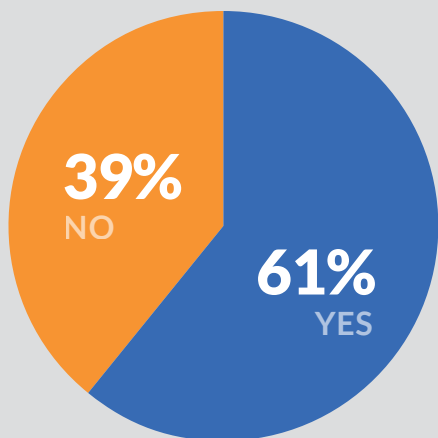
### What is the very first action you take to troubleshoot device "issues"?



*Figures may not add up to 100, due to rounding.*

## CONSUMERS OVERESTIMATE QUALIFICATIONS OF CUSTOMER SERVICE REPRESENTATIVES

Do you believe customer service representatives are technically qualified and trained to properly diagnose issues with your mobile device?



When we asked respondents if they believe customer service representatives are technically qualified and trained to properly diagnose issues with their mobile devices, the results were quite surprising. 61 percent of respondents responded 'yes' to the question, which reflects their desire and willingness to put their faith in support staff. However, if you look at the recent churn rates for mobile carriers over the last four years, it would appear that consumers' perceptions and reality aren't necessarily aligned with one another.

# QUICK AND EFFICIENT DIAGNOSIS TRUMPS HELPFUL, FRIENDLY SERVICE

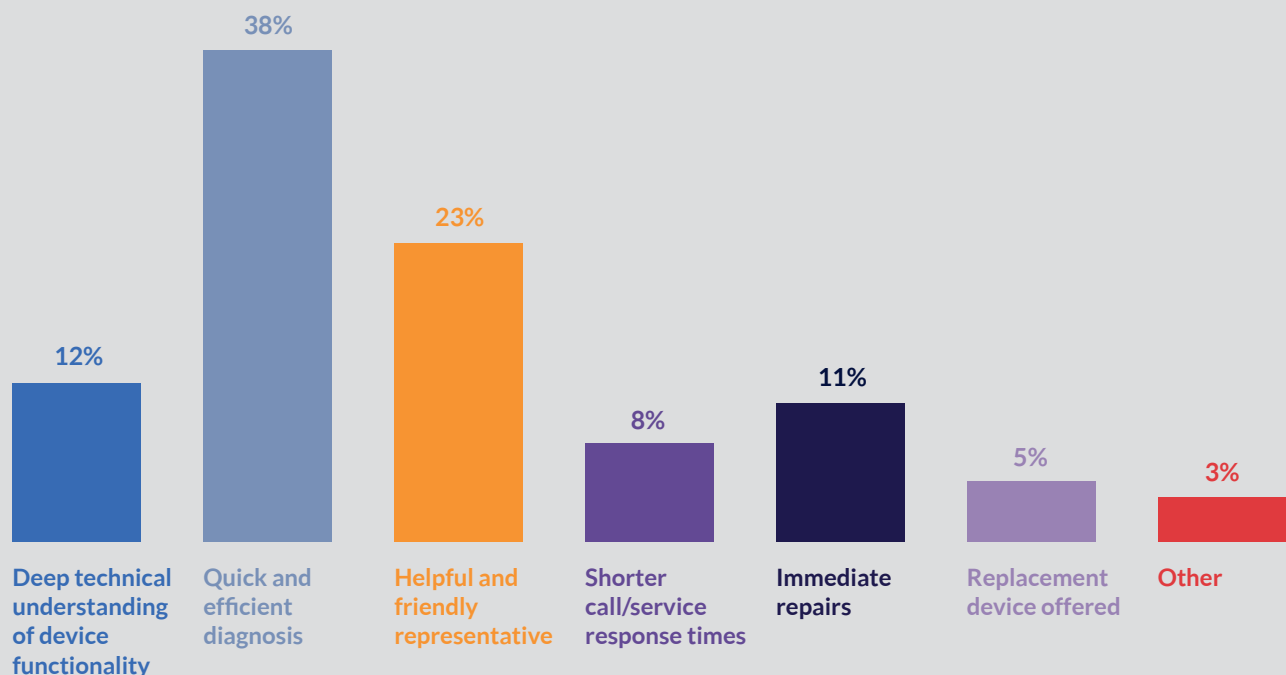
As we've already seen, mobile users are more than willing to shell out money for high-priced gadgets. And they're replacing their smartphones and tablets more often than not. As a result, mobile-obsessed consumers don't typically judge their experiences with mobile carriers and device manufacturers on price alone.

Whether you're a mom-and-pop flower shop, a luxury retail brand or a multinational financial institution, customer service is the bedrock of business success. And it's now become the top-most point of differentiation for mobile carriers and device manufacturers. Just how

influential, you might ask? It plays a significant role in influencing iPhone and Samsung loyalists to keep upgrading – and buying – the next generation of iPhones and Samsung Galaxy tablets. And it's certainly what drives mobile users to stay true to their wireless carriers for five to 10 years at a time.

As our study found, 38 percent of respondents cited quick and efficient diagnosis as their number one priority for the customer service/care experience. This is compared to just 23 percent of respondents, who value helpful, friendly service.

**What is the number one priority for you when interacting with customer service and repair specialists at call centers, repair centers or in-store?**



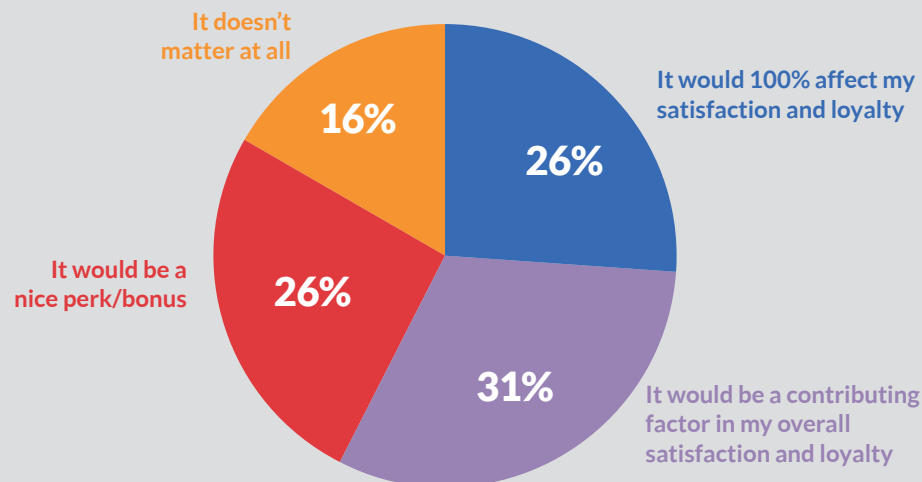


# SEEING IS BELIEVING – CONSUMERS WANT TANGIBLE PROOF OF DEVICE ERRORS

As the saying goes, “Seeing is believing.” The reality is that consumers increasingly want to see physical proof of errors found on their devices. In fact, 26 percent of respondents reported that receiving a report displaying all diagnostics tests run on their device would “100% affect their satisfaction and loyalty” with mobile carriers and device manufacturers. Plus, it would factor into the overall satisfaction of 31 percent of respondents.



**How important is it to receive a report (emailed PDF or online portal) showing the results of diagnostics tests that were run on your device?**



*Figures may not add up to 100, due to rounding.*

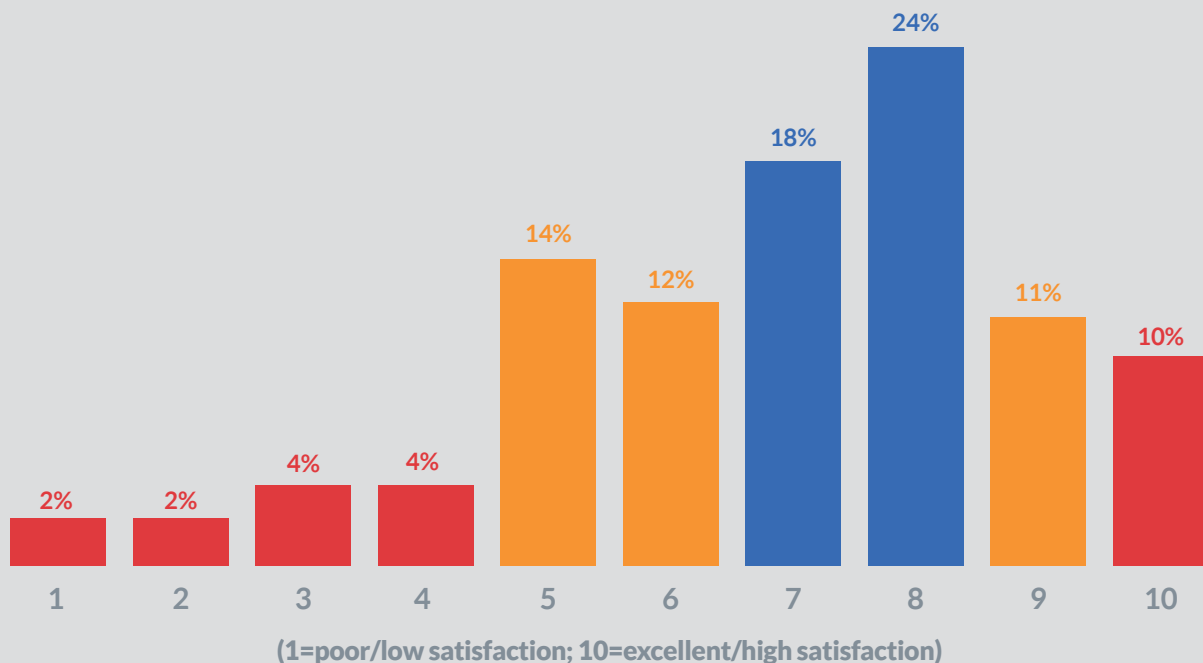
# TO COMBAT POST-SALES CHURN, CUSTOMER SATISFACTION IS CRITICAL

Unlike many other businesses, mobile carriers and device manufacturers face a difficult challenge. They can't simply attract customers once and then walk away. They must fulfill consumers' needs post-sales repeatedly and exceptionally well if they want to keep them as long-time customers. But this is no easy feat.

To understand just how difficult this can be, look at what we discovered when we asked mobile users to rate the overall customer care experience with their mobile carriers and device manufacturers. 38 percent of respondents gave their mobile carriers/device manufacturers low marks for overall customer care experience – assigning them a score ranging from one to six.



**On a scale of 1 to 10, how would you rate your mobile carrier/device manufacturer's customer care experience overall?**



*Figures may not add up to 100, due to rounding.*

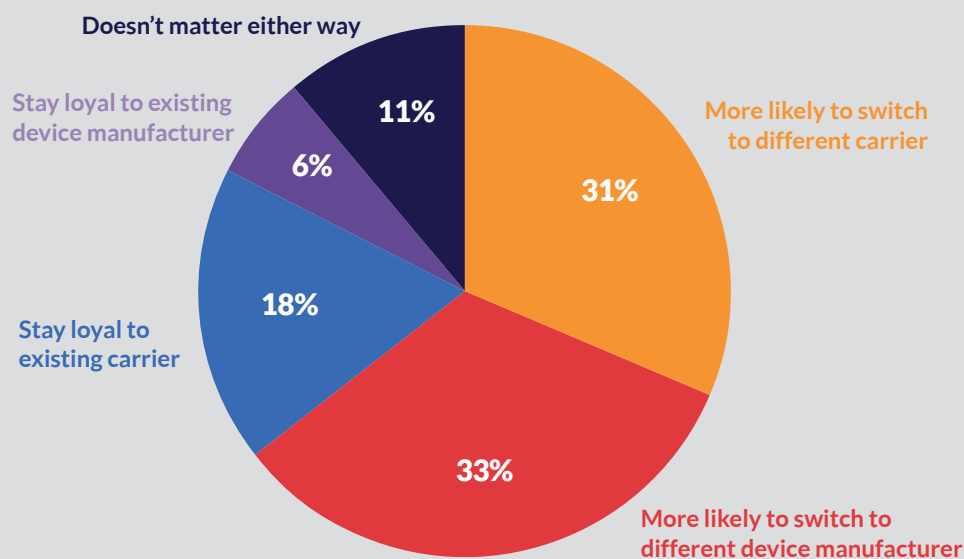
# FAULTY DEVICES AND INEFFECTIVE CARE TAKE NEGATIVE TOLL ON CUSTOMER LOYALTY & SALES

Just because devices don't always function at their optimal level, consumers shouldn't let their frustrations influence their trust and loyalty. And being slow to administer customer service and then incorrectly diagnosing functionality issues shouldn't affect their perceptions either. Right? Wrong.

As our research found, the combination of faulty devices and subpar service/repair experiences can have deadly consequences on long-term customer loyalty and sales. To be exact, these issues would drive 31 percent of respondents into the arms of a different mobile carrier. And for 33 percent, it would be aggravating enough to cause them to switch to a different device manufacturer. With the stakes so high, mobile carriers and device manufacturers must do all that they can to avoid this from happening.

Now consider this: 63 percent of devices being returned are not actually faulty. And these 'no fault found' device returns cost the mobile industry \$4.5 billion a year. Because the stakes are so high, it's more important than ever to use the most advanced technology to troubleshoot and restore functionality to all types and models of mobile devices running on iOS and Android platforms – be it inside a retail store, online, repair center or call center. When they do this, they'll not only be able to boost overall customer satisfaction and loyalty, they'll also be better equipped to reduce the likelihood of 'no fault found' device returns, and best of all, recoup millions of dollars spent on handling customer service complaints and repairs.

**How do device "issues" and poor customer service/care affect your level of trust and loyalty?**



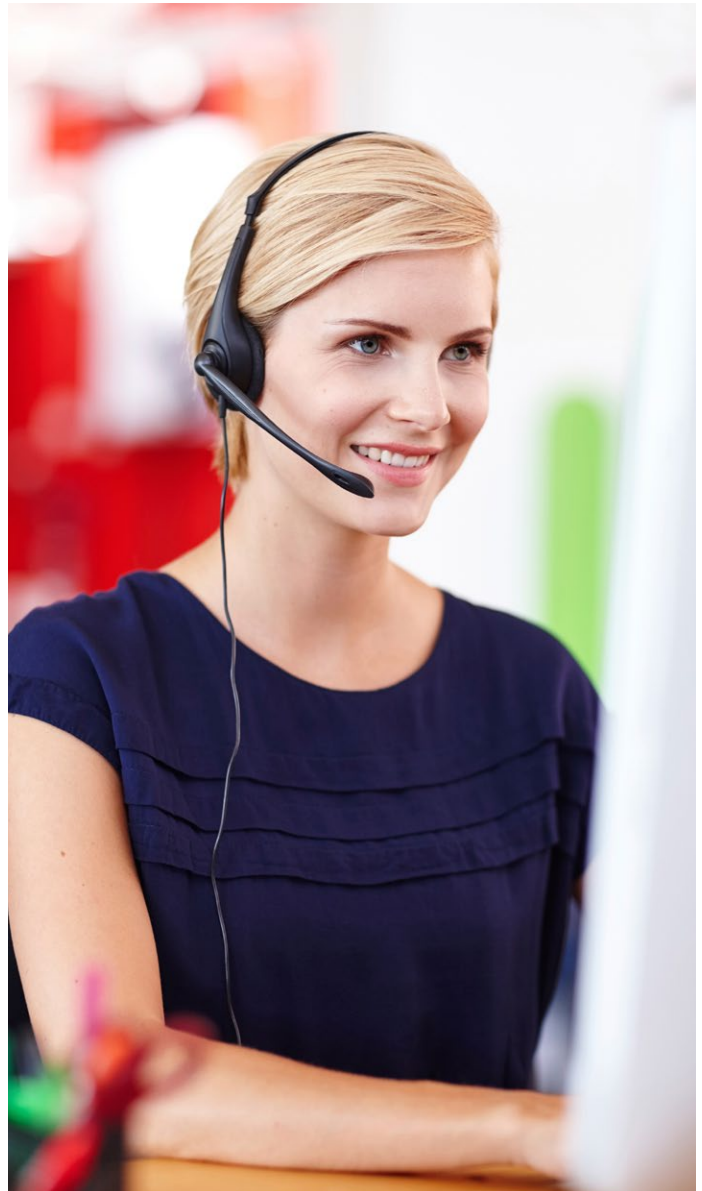
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# CONCLUSION

Earlier this year, Gartner predicted that one third of all customer service interactions will still require the support of a human intermediary. This prediction was coupled with a very profound statement made by Michael Maoz, Vice President and Analyst at Gartner.

To be specific, Maoz stated, “Businesses need to focus on what key customer experiences would benefit from customer engagement with a human. It is important to poll customers and internal stakeholders such as those in marketing, sales, customer support and inventory/shipping/billing, where the availability of a human customer support representative can mean the difference between a sale or no sale, the acceptance of an offer or its rejection, and/or a quality customer experience.”

What does this mean for companies like Apple, Samsung, Nokia, Amazon, AT&T, Verizon, Sprint, T-Mobile, Vodaphone, Orange, Alcatel and others? It means the battle for mobile customer loyalty cannot be easily won. It requires patience, endurance and most importantly, a best-in-class technology solution combined with highly skilled, qualified customer service and repair specialists who improve the customer experience not only at the time of selling mobile devices, but also in the post-sales stage. To ignore Gartner’s warning will inevitably be a fatal mistake.



# ABOUT BLANCCO TECHNOLOGY GROUP

Blanco Technology Group is a leading, global provider of mobile device diagnostics and secure data erasure solutions. We help our clients' customers test, diagnose, repair and repurpose IT devices with the most proven and certified software. Our clientele consists of equipment manufacturers, mobile network operators, retailers, financial institutions, healthcare providers and government organizations worldwide. The company is headquartered in Alpharetta, GA, United States, with a distributed workforce and customer base across the globe.

Blanco, a division of Blanco Technology Group, is the global de facto standard in certified data erasure. We provide thousands of organizations with an absolute line of defense against costly security breaches, as well as verification of regulatory compliance through a 100% tamper-proof audit trail.

SmartChk by Xcaliber Technologies, a division of Blanco Technology Group, is a global innovator in mobile asset diagnostics and business intelligence. We partner with our customers to improve their customers' experience by providing seamless solutions to test, diagnose and repair mobile assets. SmartChk (or Xcaliber Technologies) provides world-class support, pre and post implementation, allowing our customers to derive measurable business results.



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