



KPMG 2023 Telecom Consumer Survey

Consumers weigh price, perks, and carrier options

The cost of wireless service is top of mind, but not the only factor testing customer loyalty

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Introduction



Current economic conditions, shifting customer preferences, and the emergence of alternative wireless options continue to shake up the wireless market. In July 2023, KPMG

LLP surveyed 1,000 consumers to determine how economic uncertainty may be affecting their wireless spend and to better understand satisfaction with their current carrier, as well as priorities related to service options.

Inflation has forced many consumers to cut back on spending and to reassess their monthly budgets, and our survey found that many have already taken steps to reduce their wireless expenses—or plan to. The most popular cost-cutting strategy was simply to delay a phone upgrade, thereby saving the added monthly installment payment on the new device. Other steps included dropping peripheral services, like gaming, music, or video streaming services, which the customer might have acquired through a promotion.



Baby boomers



Gen X



Millennials



Gen Z

We found that most customers use one of the Big Three US providers and are relatively happy with their service. In fact, a majority have been with their current carrier for 4 years or more and nearly a quarter for 10 years or more.

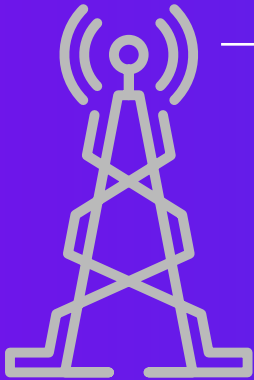
But a consistent theme throughout the survey was that many respondents said they were willing to shop around for a better-priced plan if they could find it, even if that meant going through the disruptive process of changing carriers. Also notable, Gen Z and Millennials were generally more likely to look for ways to reduce their wireless bills than Gen X and Boomers.

Moreover, smaller providers, mobile virtual network operators (MVNOs), and other startups are shifting the competitive landscape and adding pressure on the Big Three to keep market share. It's noteworthy that even though consumers were looking for more economical wireless services, they were equally concerned about network reliability and security.

With consumers shopping for better prices, carriers will be looking for ways to prevent customer churn. Here too, our survey found that when it came to incentives and perks, respondents were more likely to prefer discounts on essential services or a giveaway of a tangible product, like a tablet or other device.

The following report delves deeper into these survey results and more.

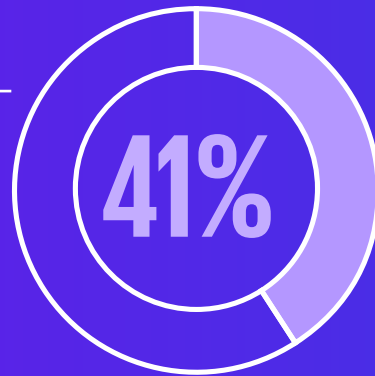
Highlights



More than half would consider a new wireless carrier.

Although most respondents used one of the Big Three US carriers, 57 percent said they would be willing to explore new wireless plans from cable companies, satellite providers, or other providers entering the market.

41 percent of respondents said the one thing they would change about their carrier was price, that is, a lower cost for the same service.



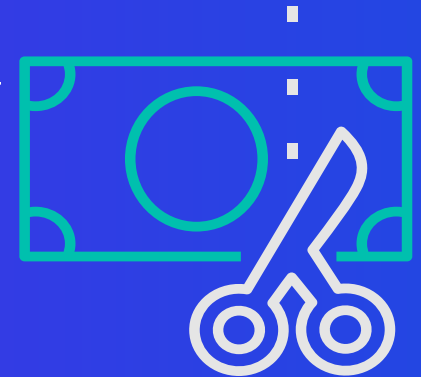
Would like a lower cost

A cheaper plan—which puts dollars directly back into the wallet—



was the top choice (43%) among respondents weighing incentives that might entice them to change carriers.

In the face of inflation and rising costs in other areas, a strong majority said they have already reduced their monthly wireless bill or else plan to do so in the next six months.



The most popular cost-cutting option overall—and probably the easiest one—is delaying a phone upgrade.

Information security and privacy are essential. Customers trust their wireless carriers but remain concerned about how some of their data is used.



Facing inflation, consumers weigh options

Although consumers and their cell phones have become nearly inseparable, wireless phone plans can consume a significant amount of the monthly budget, particularly when there are multiple lines and added services.

In our survey, 41 percent of respondents said the one thing they would change about their carrier would be a lower price for the same service. With inflation and lingering economic uncertainty ahead, some consumers have already started to take a second look at their wireless bills to find ways to cut costs.

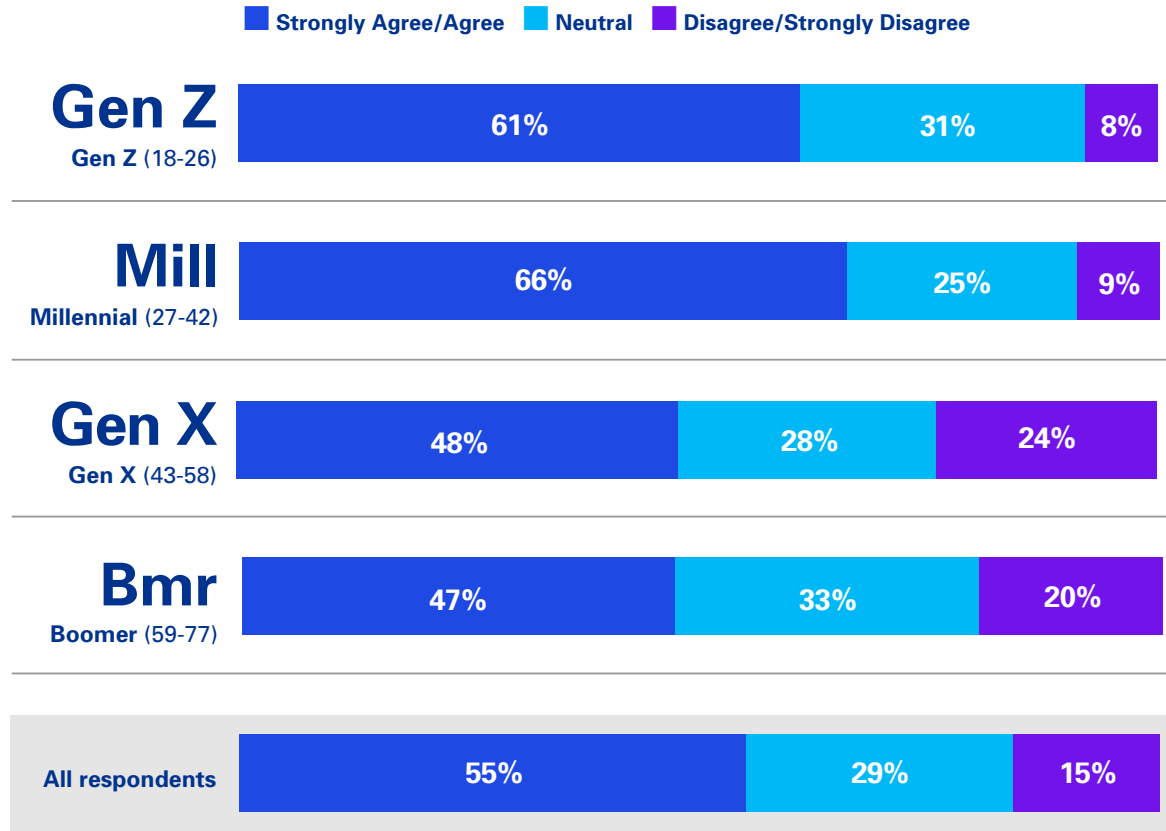
A majority across age groups said they agreed or strongly agreed (55 percent) with the statement that they have already reduced or else plan to reduce their monthly wireless bill in the next six months in the face of inflation and rising costs in other areas. However, Millennials (66 percent) and Gen Z (61 percent) were more likely to agree than Gen X (48 percent) and Boomers (47 percent).

The next section describes consumers' priorities when making those cuts.

How much do you agree/disagree with the following statement? (select one)

Due to inflation and rising costs in other areas, I have already reduced or plan to reduce my monthly wireless bill in the next 6 months.

(Includes all services with your carrier: cell service, broadband, streaming discounts, etc.)



Percentages do not sum to 100% due to rounding.

Cost cutting priorities

When it comes to paring back those wireless bills, the most popular option overall—and probably the easiest one—is simply delaying that phone upgrade.

The perk of a free upgrade has largely disappeared, so putting off acquiring that latest phone model keeps the added installment fee off the monthly bill. Roughly a quarter of those surveyed had already taken that step, while another quarter said they planned to. Regarding age, Millennials were most likely to delay their phone upgrade (34 percent), and Boomers were least likely to choose delaying an upgrade (21 percent).

The other top cost-cutting options were “changing to a less expensive plan with my carrier” and “changing to a different carrier to reduce my monthly cell bill.” Nevertheless, 20 percent of respondents said they were staying with their current bill arrangement, at least for the short term. A larger percentage—31 percent—said they don’t plan to make changes in the next six months.

Interestingly, the top three cost-cutting options among respondents were the same for those who had already taken steps and those who were planning to in the future.

Overall, the younger the respondent, the more likely they were to take a step to reduce costs. Gen X and Boomers were the cohort mostly likely not to have made any changes, but they would consider doing so if inflation continued.

Based on budget constraints, I have done/plan to do the following in the past/next 6 months: (select up to 3)

Actions	In the past 6 months	In the next 6 months
Delay my phone upgrade	27%	26%
I have not made / I don't foresee making any changes to my wireless plan based on inflation pressures	24%	31%
Change to a less expensive plan with my current carrier	20%	17%
I have not made changes to my wireless plan, but if inflation continues, I will need to consider it	20%	11%
Change to a different carrier to reduce my monthly cell bill	15%	17%
Switch from a monthly post-paid plan to a pre-paid plan	11%	11%
Delete optional features from my wireless service	10%	9%
Reduce the number of phones on my plan	na	10%

Multiple responses allowed. Percentages do not sum to 100%.

How consumers are tightening their belts

As consumers look to curtail their overall spending, how are they prioritizing their wireless services compared to other monthly expenses or entertainment, like dining out, movies, concerts, and sporting events?

Our survey shows that when budgets are tight, consumers put their wireless service ahead of entertainment and other forms of life's little luxuries.

Interestingly, respondents were more likely to curtail less-expensive entertainment, with nearly a third saying they were going to cut back on movies, dining out, bars, and clubs, while less than a quarter said they would be reducing spending on more expensive diversions, like large-scale concerts or sporting events, theater tickets, and travel. Overall, about a quarter of respondents said they weren't concerned about reducing their spending in the next six months.

"Connectivity is a 'basic necessity' like water, air, and a roof over your head. So, it can be expected to prevail over most other forms of discretionary spending."

— Sean Sullivan, National Telecom Industry Leader, KPMG in the US

Which of the following actions do you plan to take to reduce your spending in the next 6 months? (select up to 3)

Actions	Total	Gen Z 18-26	Mil 27-42	Gen X 43-58	Bmr 59-77
Cut back on less expensive entertainment (movies, dining out, bars/clubs, experiences such as escape room, etc.)	32%	25%	30%	35%	35%
Cancel at least one video streaming service	25%	32%	30%	19%	19%
Delay a phone upgrade	24%	22%	22%	27%	25%
I am not concerned with reducing my spending in the next 6 months	23%	16%	16%	28%	30%
Cut back on more expensive entertainment (large scale concerts or sporting events, theater tickets, travel, etc.)	20%	17%	16%	26%	21%
Reduce the cost of my wireless plan (includes any of these: broadband, streaming discounts, etc.)	18%	22%	24%	13%	13%
Reduce my spend on gaming services	17%	25%	25%	14%	6%
Change my wireless post-paid plan to a pre-paid plan	10%	18%	13%	6%	2%

Multiple responses allowed. Percentages do not sum to 100%

How consumers are tightening their belts *(continued)*

Overall, respondents said that over the next six months they plan to cut back on less-expensive entertainment, like movies, dining out, bars, and clubs. Spending priorities varied by age. Gen Z and Millennials also prioritized canceling a video streaming service or reducing spending on gaming services. However, about a quarter also said they would reduce the cost of their wireless plan (including broadband and streaming discounts). As for Gen X and Boomers, around a third said they would cut back on entertainment spending, while roughly the same percentage said they weren't concerned about reducing spending in the next six months.

"As budgets tighten and consumers become more attached to their mobile devices, streaming companies are increasingly not just competing with other streaming providers, they're also contending with gaming services, social media apps, and other ad-supported content that phones have put at consumers' fingertips."

— Scott Purdy, National Media Industry Leader,
KPMG in the US

When asked what non-essential services they would cut before their wireless plan, respondents offered a similar picture. Gen X and Millennials would target their video streaming and gaming services first, while all age groups said they would cut down on restaurants and takeout. And again, delaying a phone upgrade was an option favored by about a quarter of respondents across all generations.

I would cut spending in these areas before considering downgrading my wireless plan or changing to a lower priced carrier: (select up to 3)

	Total	Gen Z 18-26	Mil 27-42	Gen X 43-58	Bmr 59-77
Go out to eat and/or get food to go less often	47%	47%	49%	48%	46%
Spend less on entertainment (movies, live music, comedy shows, other experiences)	33%	32%	32%	34%	33%
Cancel at least one video streaming service	30%	36%	36%	28%	23%
Reduce my spend on gaming services	25%	39%	29%	25%	13%
None of the above	20%	9%	15%	24%	33%
Travel	19%	17%	16%	23%	19%

Multiple responses allowed. Percentages do not sum to 100%

How consumers are tightening their belts *(continued)*

Unbundling: More trouble than it's worth?

Wireless often comes bundled with other services, such as internet, cable, or discounted video streaming.

That can make it difficult to figure out what to cut and how much money would be saved. Then there's the challenge of finding other sources for your video and other services and adapting to the new carrier's hardware and user interface.

When asked about the complexity of switching carriers, responses were fairly evenly distributed, with 38 percent saying they agree or strongly agree; 34 percent saying they disagree or strongly disagree, and 28 percent saying they neither agree nor disagree.

How much do you agree/disagree with the following statement? (select one)

I would like to change carriers, but I bundle cell service (e.g., with internet, cable, or reduced-price streaming service) or have a family plan and switching seems too complicated.



Customer loyalty

Wireless customers are historically loyal to their carriers

Among all respondents, 55 percent have been with their carrier for 4 years or longer, with 21 percent saying 10 years or more. Only 13 percent said they've been with their carrier less than a year. As might be expected, the younger respondents were more like to say their carrier relationship was only 1-3 years long, while boomers' relationships with their carriers were more likely to be 10 years or more.

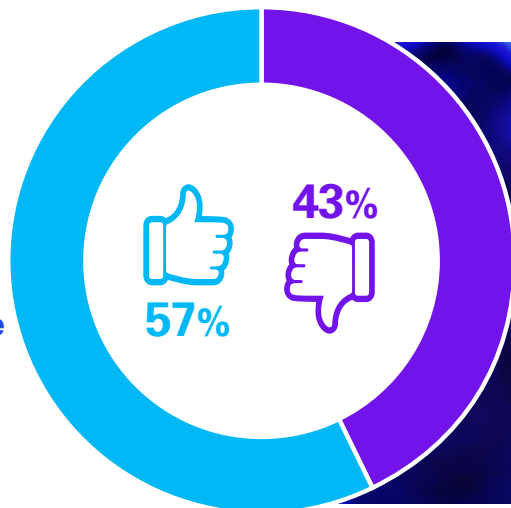
Our survey found that a majority of respondents purchase their wireless services from one of the Big Three wireless providers, yet more than half of all respondents said they would consider alternatives. The result suggests that wireless service has become commoditized, and providers are offering other perks and services to lure new customers and keep the ones they have.

For example, respondents said they also receive services such as mobile hotspots (36 percent), device protection plans (23 percent), cloud-storage plans (17 percent), discounted music or video streaming services (15 percent), and home broadband and wireless bundles (13 percent).

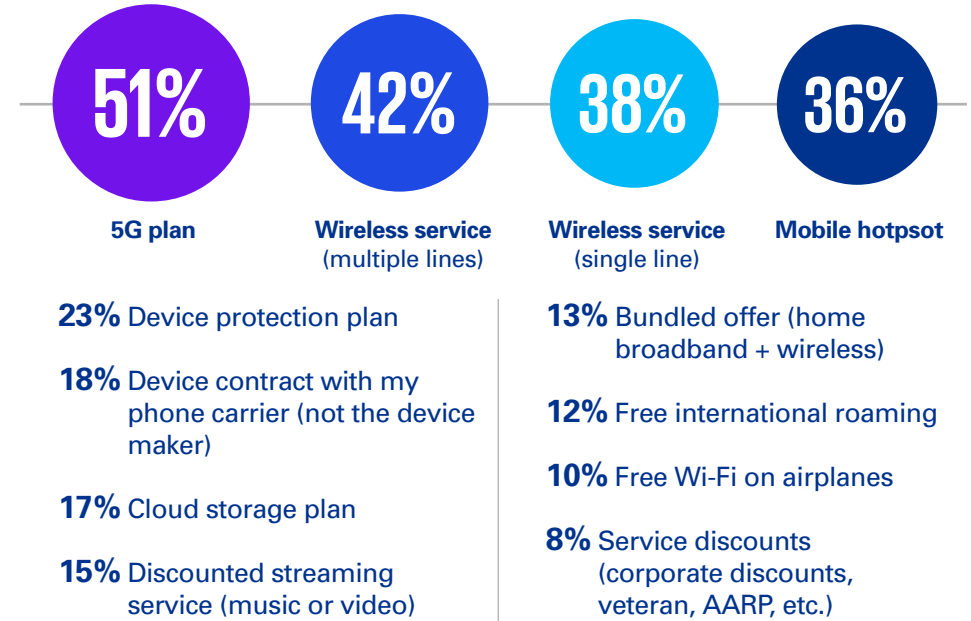
Moreover, smaller providers, MVNOs and other startups are shifting the competitive landscape and adding to the pressure for the Big Three to keep market share.

And despite the effort involved in changing a provider, our survey found that such a move isn't out of the question for many customers. Among respondents, 57 percent said they would consider exploring some of the new wireless plans from cable companies, satellite providers, or other providers entering the market.

Are you interested in exploring some of the new wireless plans from cable companies, satellite providers, or other providers that are entering the market?



What services/features do you get from your wireless carrier? (select all that apply)



Multiple responses allowed. Percentages do not sum to 100%

What consumers really want

Wireless customers may be loyal, but they're also increasingly on the lookout for a better deal or more appealing plan options.

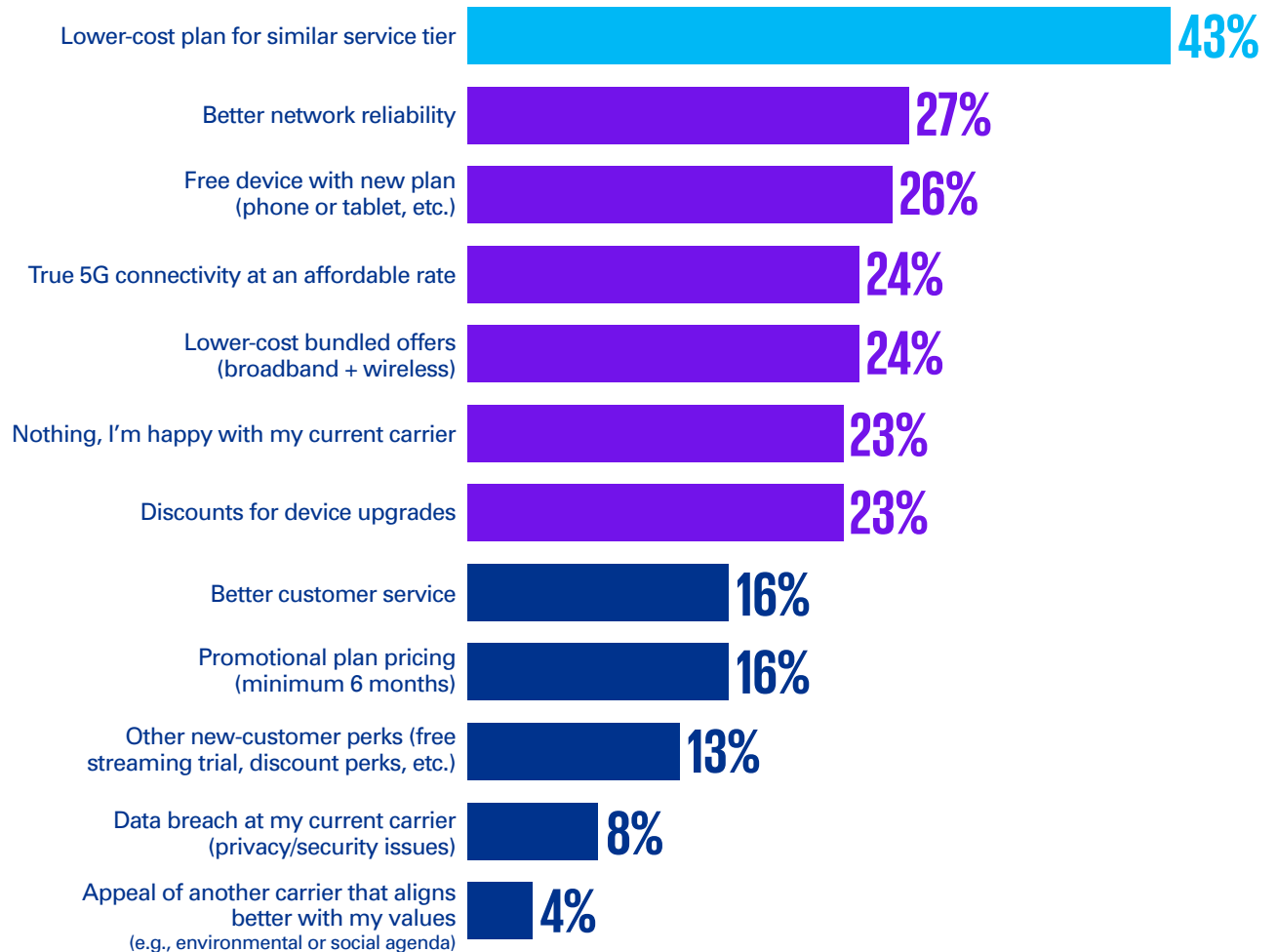
With cable companies, satellite providers, and upstart smaller providers vying for market share, traditional wireless companies have begun to offer all types of plan options and perks to help incentivize and retain customers. The question is, what works the best? The answer: cash, freebies, and service dependability.

Our survey found that a cheaper plan—which puts dollars directly back into the wallet—was the top choice among respondents, at 43 percent. Still, respondents also put network service reliability and free devices—like a phone or tablet—at the top of the list. Network reliability was important in particular for Gen Z and Millennials, presumably because they use their phones for streaming and gaming more than the older age groups.

On the other hand, less-preferred choices were those more removed from the core wireless offering, such as better customer service, discounted streaming services, or the appeal of another carrier that “aligns better with my values.”

About a quarter of respondents said they were happy with their carrier and that nothing would make them change; this was cited more frequently by Gen X and Boomers, who may tend to use their devices primarily for voice and texting.

What would make you consider changing wireless carriers within the next 6 months? (select all that apply)



Multiple responses allowed. Percentages do not sum to 100%

Making wireless services better

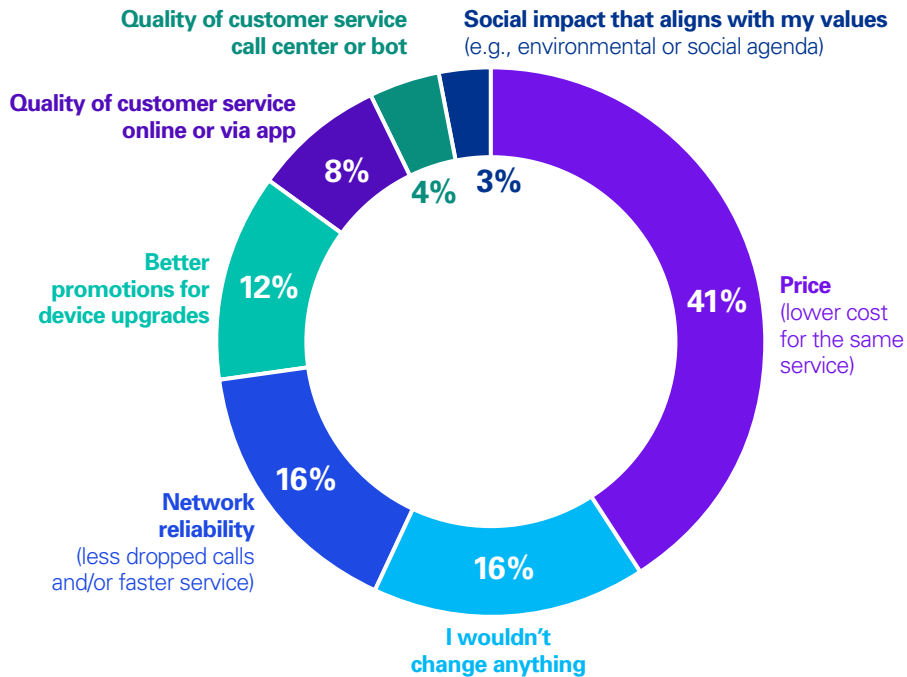
Consumers generally are satisfied with their wireless carriers, our survey found.

In fact, 16 percent of respondents said that they would not change anything at all about their wireless carrier.

But as we've seen, consumers are concerned about the cost of their wireless service, and 41 percent of respondents said if they could change one thing, it would be the price of their wireless service package.

These results confirm that economizing is top of mind for many consumers, far outpacing other concerns like network reliability (for example, fewer dropped calls and faster service) and better promotions for device upgrades.

If you could change one thing about your wireless carrier, what would it be? (select one)



Making wireless services better *(continued)*

How valuable are each of the following perks to you when considering a wireless phone carrier?

■ Very Valuable ■ Valuable ■ Neutral ■ Less Valuable ■ Not Valuable At All

Free or discounted subscriptions to video streaming services



Free or discounted subscriptions to music streaming services



Gaming subscription discounts



Local deals and discounts (e.g. on food, merchandise, or entertainment)



Travel discounts



Other discount buying programs



Reduced rates for bundling services



Discounts on phone upgrades



New-customer incentives



Perks and incentives

To gain and maintain customers, wireless carriers offer a variety of perks and incentives, ranging from discounts on streaming and gaming services to retail and travel discounts.

Our survey found that the most popular incentives are the ones that cut the price on essential services, rather than discounts on other kinds of services they may not necessarily want.

The most popular perks were new customer incentives, discounts on phone upgrades, and reduced rates for bundled services. Least popular were gaming discounts, free or discounted music streaming services, and other discount buying programs.

Security and privacy

In an increasingly digital and connected world, information security and privacy are essential. According to our survey, customers trust their wireless carriers but remain concerned about how some of their data is used.

Among respondents, 63 percent said they agreed or strongly agreed that they trust their carrier with their personal information. On the other hand, 45 percent agreed or strongly agreed they were concerned about what their carrier does with the data they collect from their phone. That suggests that they worry about carriers providing third parties with information about their web browsing and purchasing habits. Similarly, 47 percent agreed or strongly agreed that they would change carriers based on security concerns.

Thinking about the privacy of your personal information, to what degree do you agree with the following statements? (select one per row)

■ Strongly Agree/Agree ■ Neutral ■ Disagree/Strongly Disagree



I trust my carrier to protect my personal information.



I am concerned about what my carrier does with data they collect from my phone.



I would consider changing carriers based on privacy/security concerns.



Percentages do not sum to 100% due to rounding.

Final thoughts

Even in difficult economic times, wireless service is one expense that may seem immune from consumer cost-cutting.

People have become so reliant on their cellphones that they'll seek out other areas to save first before looking to cut their monthly cellphone bill.

Nevertheless, continuing economic uncertainty may force consumers to scale back their wireless spending in one way or another. In fact, many have already done so. Moreover, although wireless customers are loyal to their providers, they aren't opposed to switching to another company if they can find a better price for the same services.

That means if macroeconomic headwinds intensify, companies could see more postpaid churn as value seekers favor lower-cost, prepaid options, or carriers force churn themselves for customers unable to pay their bills. They may also see customers pare back the number of lines, reducing the number of features on a plan, or simply downgrade to lower broadband tiers. Finally, in a down market, consumers will likely choose to hang on to older devices longer, which puts further pressure on device OEMs and carrier financing.

How KPMG can help

Disruption continues across all parts of the telecom industry, with telecom companies facing a shifting landscape of new and evolving competitive challenges and opportunities. Facing increasing digitization and emerging technologies, telecoms have a pressing need to innovate their business models while mitigating risk.

At KPMG, we have the experience and people to help your business transition to meet current market demands while anticipating those down the road. With fully integrated, cross-functional teams, we are committed to providing meaningful insights to clients to help them meet today's challenges while pursuing new opportunities across the telecommunications industry.

Methodology

- Online survey conducted in July 2023
- 1,000 people in the US provided responses on topics related to their preferences and insights about their cell phone services and wireless provider
- Respondents were ages 18–77 with about 250 respondents each from the following generation groups: Gen Z, Millennial, Gen X, and Boomer.

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