

May 2018: Tech Media Telecom Pulse Survey

The Merger Between T-Mobile and Sprint, 5G Technology, and TMT Industry Perceptions.



About the May 2018 TMT Pulse



Survey Methodology:

HarrisX conducted an online survey of **2,000 U.S. Adults 18+ from May 4-5, 2018** asking their opinions about the announced merger between T-Mobile and Sprint as well as new technologies like 5G.

Additionally, HarrisX conducted oversamples of Sprint customers (to reach a total of n=539) and T-Mobile customers (to reach a total of n=532) for more in-depth analysis of both groups' reactions to the merger.

This survey was fielded during the same week the T-Mobile & Sprint merger was announced. The results reflect a nationally representative sample.

Results were weighted for age within gender, region, race/ethnicity, income, and wireless carrier where necessary to align them with their actual proportions in the population.

About the Mobile Insights Survey & Passion Groups Studies



Slides 6-8 contain information from two our syndicated HarrisX Mobile Insights Survey and the bi-annual HarrisX Passion Groups Study.

Mobile Insights Survey is conducted monthly among **30,000 smartphone owners**, and is the largest U.S. tracker of consumer attitudes behavior for wireless services and mobile devices. Data is weighted monthly to be nationally representative of the 13+ US population. The sample is weighted by various demographic factors (age, gender, household size, annual income, marital status, race/ethnicity) as well as wireless carrier. Weights are produced on a national and market level for 103 markets.

Passion Groups Study was conducted online between February 9-12, 2018, among 2,517 adult (18+) U.S. consumers.

Results were weighted for age within gender, region, race/ethnicity, income, and wireless carrier where necessary to align them with their actual proportions in the population. Survey included an oversample of recent and likely carrier switchers.



A. Regulatory Concerns

Highlights: Regulatory Concerns



1

T-Mobile & Sprint primarily compete with the rest of the industry rather than one another

Only 17% of incoming new subscribers to T-Mobile and to Sprint came from the other company.

2

Movements bet. T-Mobile & Sprint are a very small proportion of the industry's switching dynamic

Only 4% of past year's switchers have moved between T-Mobile and Sprint.

3

Consumers say they have a lot of choice in selecting wireless services and devices

But a majority of consumers do not feel the same way about ISPs and Cable.

4

Consumers are uncertain whether to be concerned about consolidation in the TMT space

Small pluralities not concerned about consolidation in telecom, media, and technology industries, separately considered.

5

Majority of consumers are open to purchasing wireless services from a cable provider

Includes the consumers of over half of the four major wireless carriers and strong majorities of cable providers, DISH consumers being the only exception.

6

Lower pricing makes consumers most likely to consider purchasing wireless from a cable provider

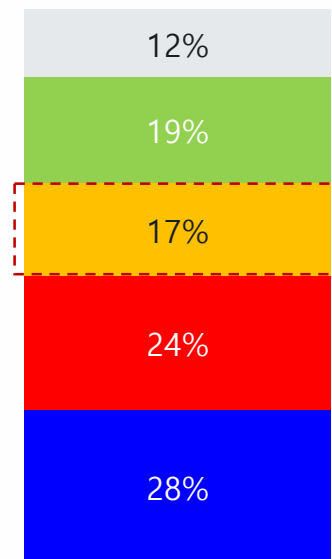
Bundled services, lower cost on devices, and better network follow, supported by half of consumers

T-Mobile and Sprint each contribute only 17% of incoming new subscribers to one another



Traffic Source of Current T-Mobile subscribers

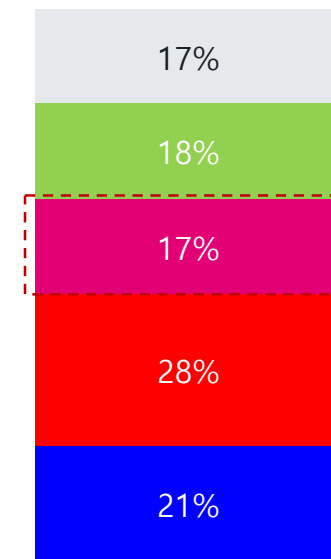
Subscribers who switched to T-Mobile from another Carrier in the Past year
Q1 2017 – Q1 2018 Average



■ Carrier 1 ■ Carrier 2 ■ Sprint
■ Big 4 Prepaid ■ Other

Traffic Source of Current Sprint subscribers

Subscribers who switched to Sprint from another Carrier in the Past year
Q1 2017 – Q1 2018 Average



■ Carrier 1 ■ Carrier 2 ■ T-Mobile
■ Big 4 Prepaid ■ Other

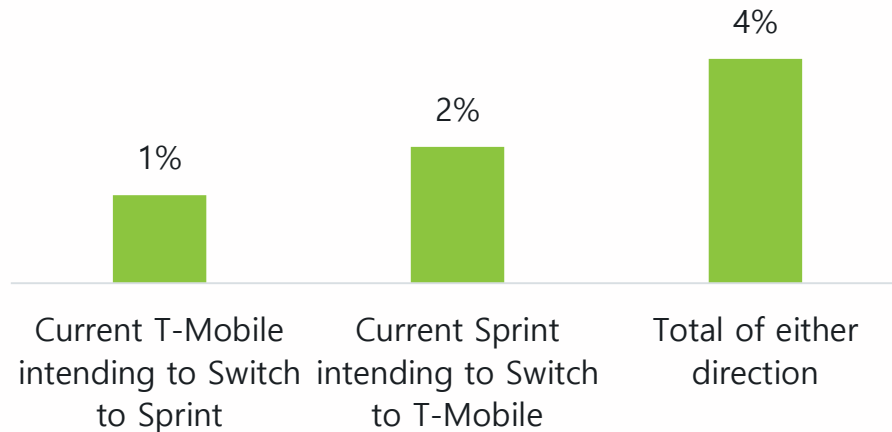
Source: HarrisX Mobile Insights, Q1 2017 – Q1 2018

Movements between T-Mobile and Sprint account for a very small proportion of the industry's switching dynamic



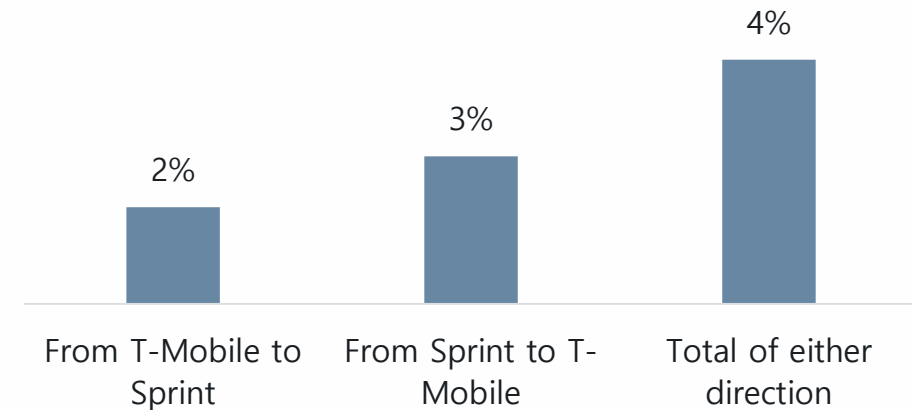
Proportion of T-Mobile-Sprint Movements among All Prospective Switchers

All Subscribers Likely to Switch Carriers in the Next Year
Q1 2017 – Q1 2018 Average



Proportion of T-Mobile-Sprint Movements among All Past Year Switchers

All Subscribers Switched Carriers in the Past Year
Q1 2017 – Q1 2018 Average



Source: HarrisX Mobile Insights Survey, Q1 2017 – Q1 2018

Majority of Sprint subscribers are a flight risk and likely to consider other carriers, primarily Verizon



Only **44% of Sprint's subscribers** are favorable towards the brand and are unlikely to switch...

While **56% are at risk of leaving** Sprint or are unfavorable towards the brand



Likelihood to consider wireless brands:



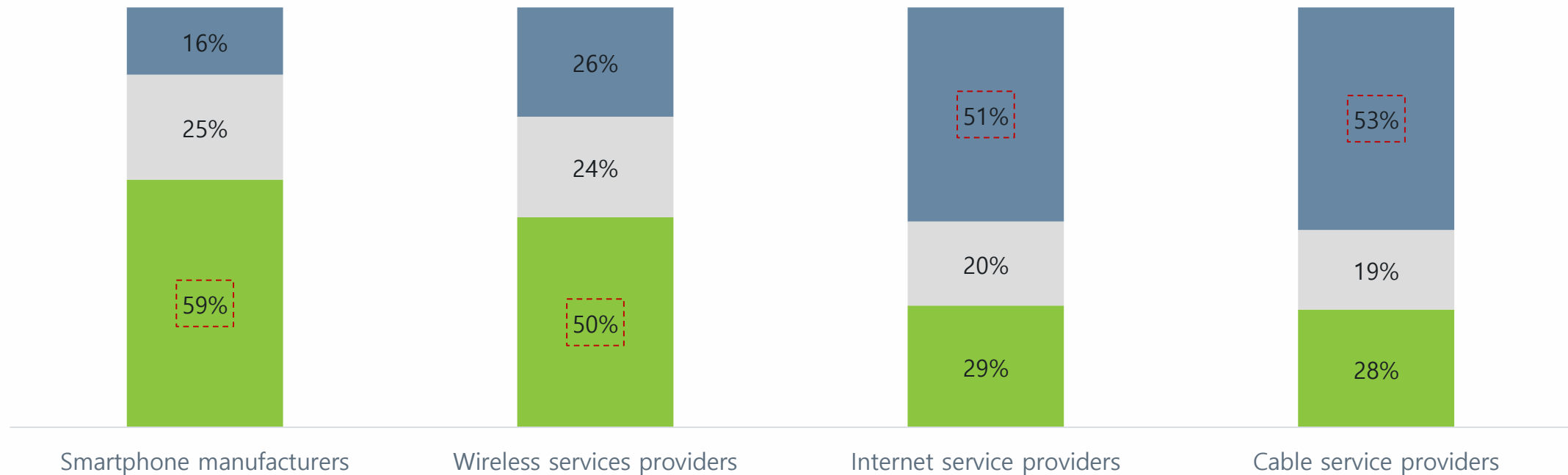
Source: HarrisX Passion Groups Study. This survey was conducted among 2,500 respondents in the United States in early February 2018. The survey audience targeted "switchers" (recent plan or carrier switchers or likely carrier switchers in the next year).

Majority say that they have a lot of choice in selecting wireless services and smartphone manufacturers; majority do not feel the same way about ISPs and Cable



Perceived amount of choice when shopping for...

■ A lot of choice ■ Right amount of choice ■ Not enough choice



BASE: All respondents (n=2,000)

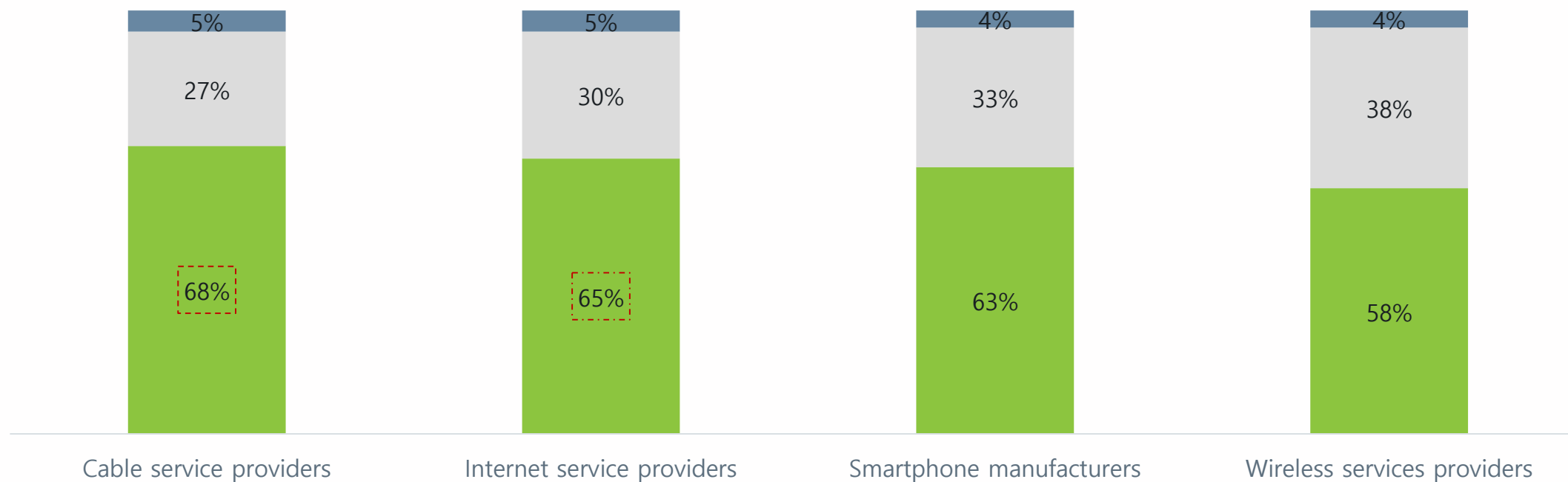
GP3. How much choice do you feel you have when it comes to shopping for your ...?

Consumers are most likely to say that cable service providers and internet service providers' prices are too high



View on prices for...

■ Too high ■ About right ■ Too low



BASE: All respondents (n=2,000)

GP4. Do you feel that prices are too high, too low, or about right when it comes to your...?

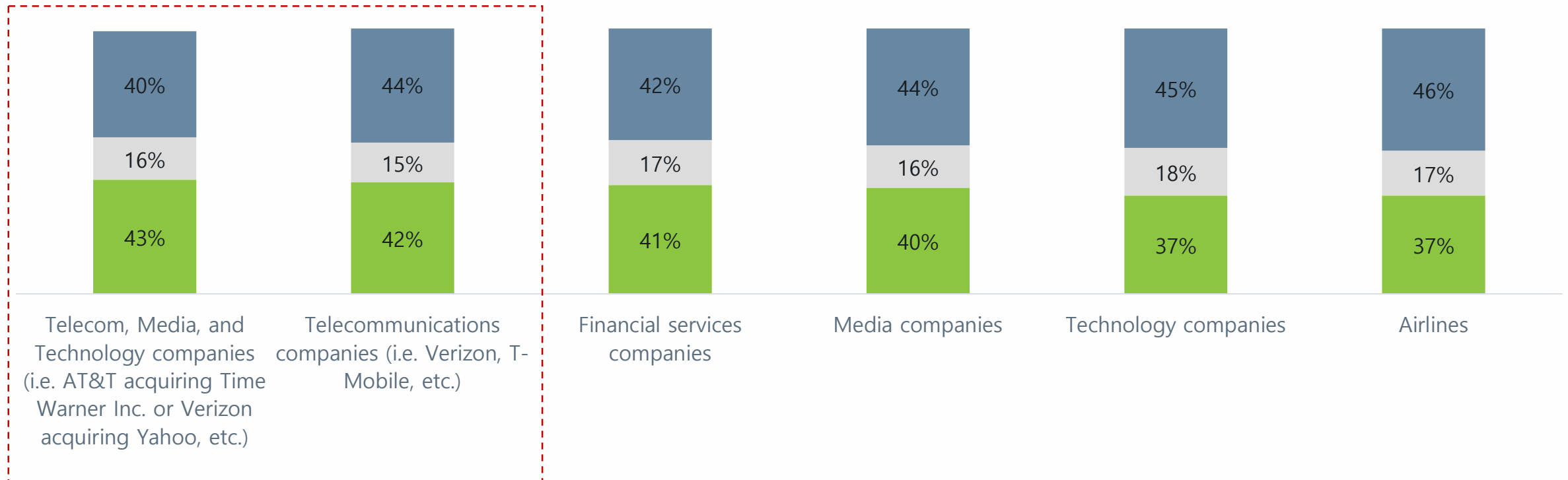
Ranked by Too high

Consumers are split on whether to be concerned or not about consolidation in the TMT and telecom space



Concern about consolidation of...

■ Concerned ■ Don't know/Unsure ■ Not concerned



BASE: All respondents (n=2,000)

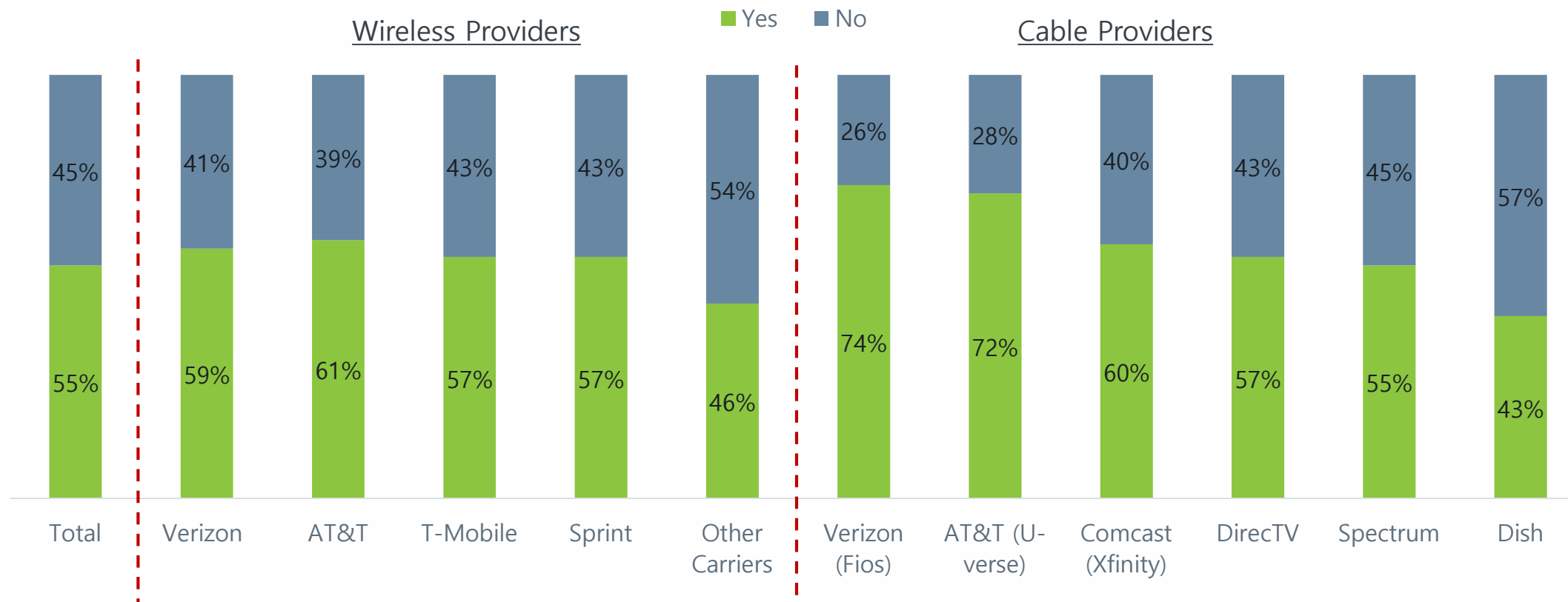
GP6B. Are you concerned or not concerned about consolidation amongst the following types of companies?

Ranked by Concerned

Majority of consumers are open to purchasing wireless services from a cable provider



Would you consider purchasing wireless service from your cable provider?



BASE: All respondents (n=2,000)

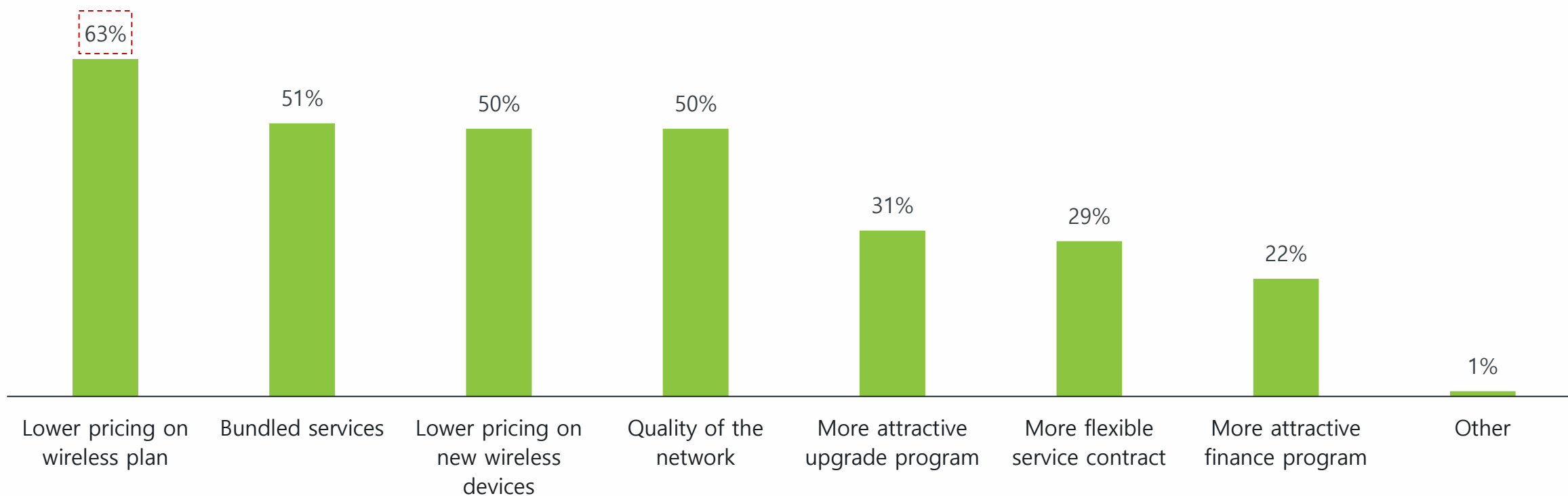
SB9. Would you consider purchasing wireless service from your cable provider?

Ranked by Yes

Lower pricing on a wireless plan would make consumers most likely to consider purchasing wireless service from a cable provider



Factors that would make you consider purchasing wireless service from cable provider



BASE: Respondents who would consider purchasing wireless service from their cable provider (n=1,055)

SB10 What are the factors that would make you consider purchasing wireless service from a cable provider? Please select all that apply.

Ranked by Total



B. T-Mobile and Sprint Merger

Highlights: Merger Attitudes



1

Over half of consumers have heard about the merger, but a majority wants more information

66% of those who have heard about the merger say they only have “a little” information.

2

Majority say they support T-Mobile & Sprint merger after hearing a list of public arguments made in favor and against it

Audience shifts from being split in initial unaided question (22% support / 59% unsure / 20% oppose) to 56% support vs. 44% oppose after list of arguments.

3

Majority of consumers support the government evaluating the proposed merger

But a majority of Millennial (57%), T-Mobile (52%), and almost half of Sprint (48%) subscribers would support it without any government review.

4

Respondent groups are split over the effects of the merger

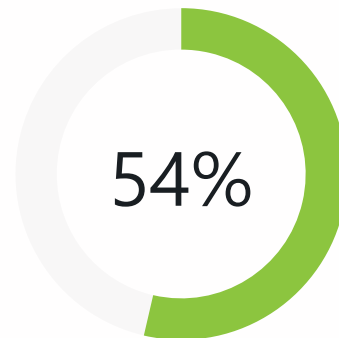
- Directly impacted T-MO and Sprint consumers believe it will result in faster network, better value, and lower costs.
- A majority of other respondents believes it will lead to higher prices and reduced competition.

Just over half of consumers, and a majority of big carrier subscribers, have heard about the proposed merger between T-Mobile and Sprint

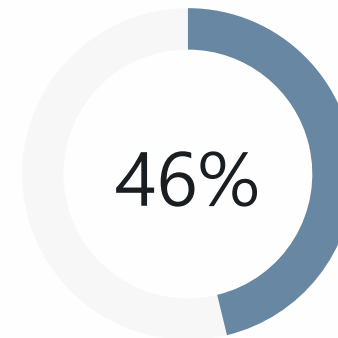


Heard anything about proposed merger between T-Mobile and Sprint

T-Mobile	67%
Sprint	67%
AT&T	56%
Verizon	54%
Other	45%
<\$50K	47%
\$100K+	64%



Yes



No

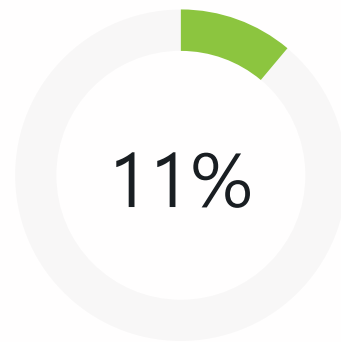
BASE: All respondents (n=2,000)

M1. Have you heard anything about a proposed merger between T-Mobile and Sprint?

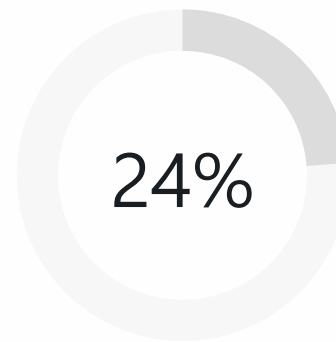
Nearly two-thirds of consumers that have heard of the merger say they have only “a little” information about it



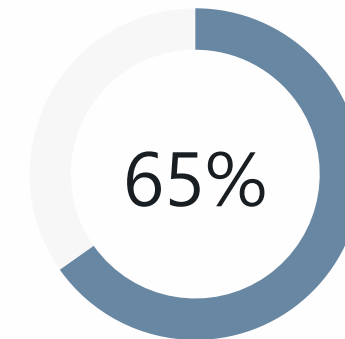
Amount of information you have
about the proposed merger



A lot



Enough



A little

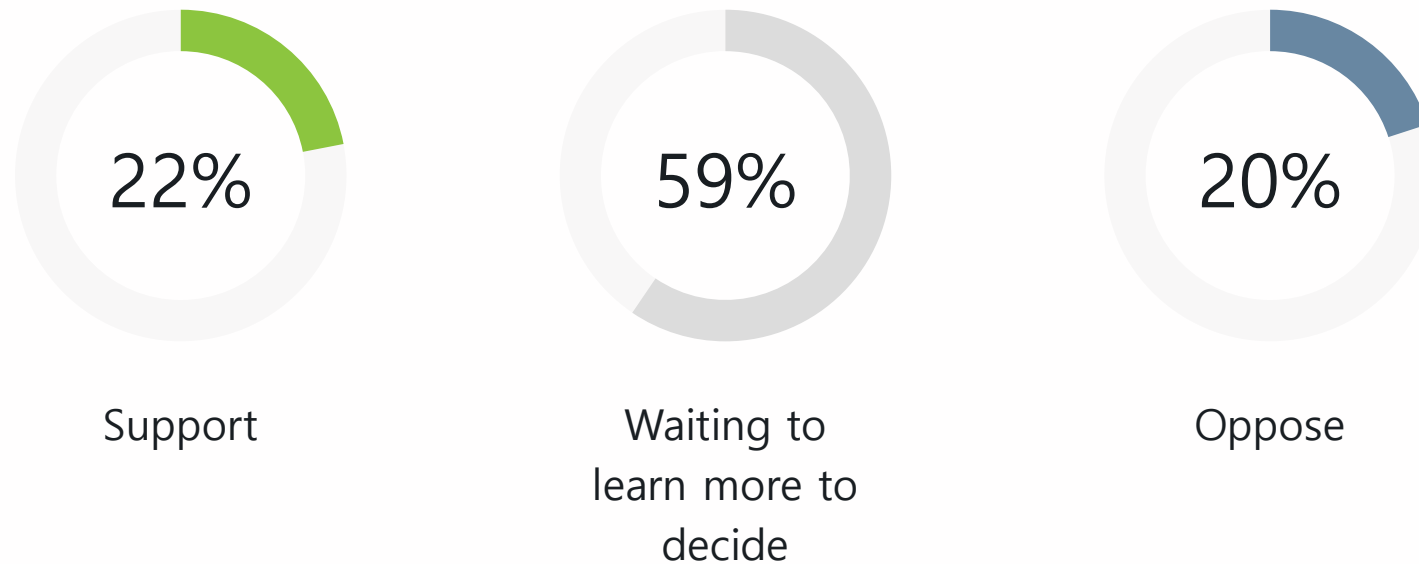
BASE: Respondents who have heard of the proposed merger (n=1,080)

M2. How much information do you feel you have about the proposed merger between T-Mobile and Sprint?

A majority of respondents are waiting to learn more about the merger before taking a stand on the merger



Opinion about the proposed merger



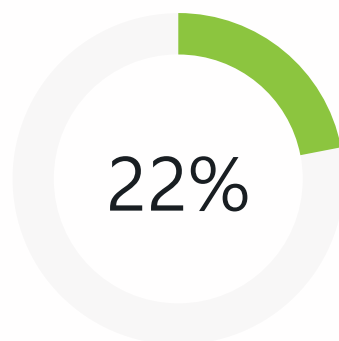
BASE: All respondents (n=2,000)

M3 Have you formed an opinion on whether you support or oppose the proposed merger?

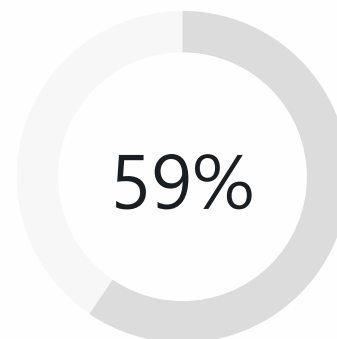
After hearing a list of public arguments for and against the merger a majority of consumers say they support the merger



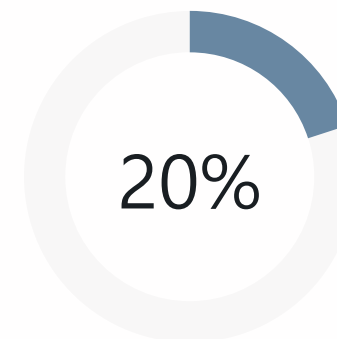
Initial / unaided support for merger



Support

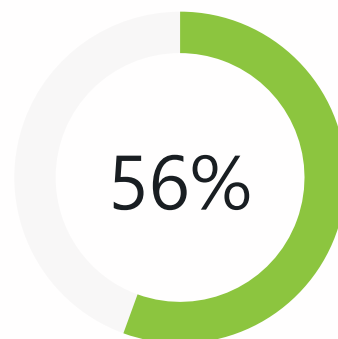


Waiting to learn more to decide

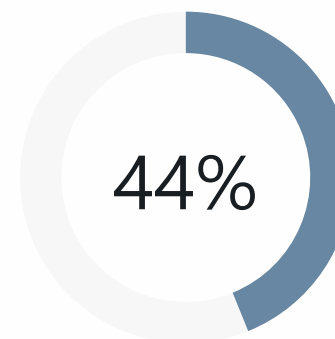


Oppose

T-Mobile	68%
Sprint	60%
Verizon	60%
AT&T	57%
Other	48%
<\$50K	50%
\$100K+	66%



Support



Oppose

Support for merger after hearing all possible effects

BASE: All respondents (n=2,000)

M5 If all of the above effects were true, would you support or oppose the proposed merger between T-Mobile and Sprint?

Messaging around better services, jobs, growth, and investments make respondents much more likely to support the merger



Consumers were run through a randomized series of positive and negative arguments towards the merger that have been made in public.

Possible effects from T-Mobile/Sprint Merger (Positive)	Much more likely to support	Somewhat more likely to support	Neutral/No effect	Somewhat less likely to support	Much less likely to support
Delivers better services and lower prices to consumers across all parts of the US	27	30	33	5	4
Generates economic growth in the United States	24	32	37	4	3
Creates new reach for wireless and online services into rural communities	22	33	38	5	3
Creates more new jobs than T-Mobile and Sprint currently have	21	33	38	5	3
Provides enhanced customer service	21	32	39	5	4
Invests over \$40 billion dollars in the next 3 years in the US	19	30	41	5	5
Ensures America leads the way in a rapidly changing digital era by accelerating America's leadership in 5G technology	18	29	45	4	4
Quickly and broadly deploys a nationwide 5G network	18	28	46	5	3
Triggers new investment into the United States wireless and digital infrastructure	17	31	44	5	3
Creates robust competition among wireless carriers by evening the playing field	16	29	43	7	5
Spurs competition in adjacent industries including wireless, broadband, media and technology	14	29	44	7	5

BASE: All respondents (n=2,000)

M4 Please indicate if the following possible effects from the T-Mobile and Sprint merger would make you more or less likely to support it?; Ranked by Much more likely to support

Messages around increases in pricing and harm to lower income families make respondents much less likely to support the merger



Consumers were run through a randomized series of positive and negative arguments towards the merger that have been made in public.

Possible effects from T-Mobile/Sprint Merger (Negative)	Much more likely to support	Somewhat more likely to support	Neutral/No effect	Somewhat less likely to support	Much less likely to support
Increase consumer prices	9	10	28	19	34
Costs consumers millions of dollars a year through less choice and higher prices	8	11	31	17	34
Harms in particular lower income families dependent on cheaper plans	7	12	36	18	27
Creates a powerful force in the wireless industry that will be owned primarily by foreign entities	8	14	39	17	22
Decreases the availability of offers and promotions in the market	8	10	36	24	21
Makes it harder for new competitors to enter the market	8	13	39	22	19
Stifles competition amongst low cost carriers	8	14	40	19	19
Harms competition by taking away one of the wireless carriers	8	12	42	20	18
Stifles innovation amongst low cost carriers	9	14	39	20	18
Leads to short term job cuts triggered by the consolidation of the two companies	8	13	41	22	15

BASE: All respondents (n=2,000)

M4 Please indicate if the following possible effects from the T-Mobile and Sprint merger would make you more or less likely to support it?; Ranked by Much less likely to support

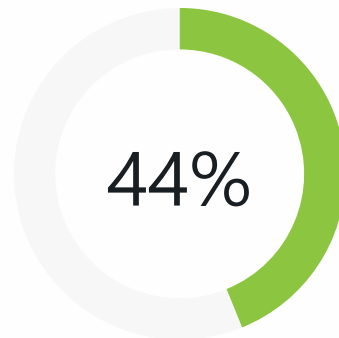
A majority of consumers support the government evaluating the proposed merger



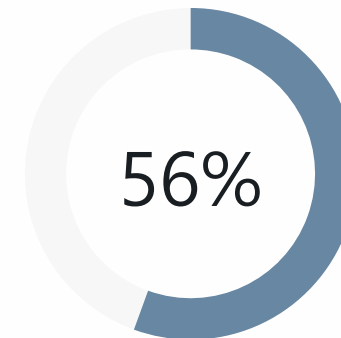
But a majority of Millennials (57%), T-Mobile (52%) almost half of Sprint subscribers (48%) would support it without intervention.

Views on government involvement on the merger

T-Mobile	52%
Sprint	48%
Verizon	45%
AT&T	44%
Other	35%
18-34	57%
65+	30%



If the shareholders of T-Mobile and Sprint want to merge and believe a combined entity creates value they should be allowed to do so without interference by the United States government



The United States government needs to evaluate the merits of the merger by looking at other issues besides shareholder value such as competition and impacts on consumers and pricing

BASE: All respondents (n=2,000)
M6. Which is closer to your view?

Respondent groups are split over the effects of the merger

Directly impacted T-MO and Sprint consumers believe it will result in a faster network, better value and lower costs. A majority of other respondents believes it will lead to higher prices and reduced competition.

Will the merger result in...

T-Mobile 57%

Sprint 55%

Verizon 46%

AT&T 44%

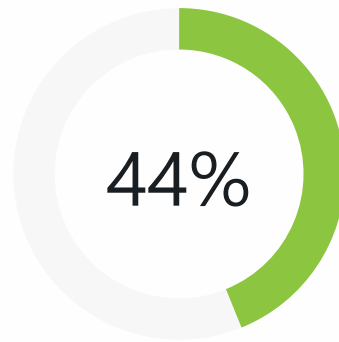
Other 35%

18-34 56%

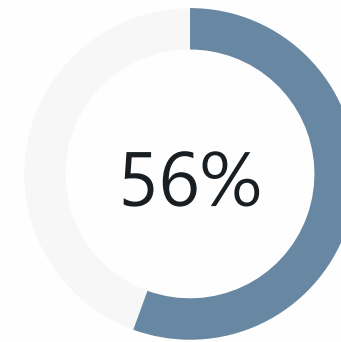
65+ 32%

<\$50K 40%

\$100K+ 53%



A faster more reliable network
that offers lower prices and
better values to its customers



Higher prices for customers
because of reduced
competition in the market

Other 65%

AT&T 56%

Verizon 54%

Sprint 45%

T-Mobile 43%

BASE: All respondents (n=2,000)

M8. In your view will the new merger primarily result in ...



C. 5G

Highlights: Perceptions of 5G



1

More than three-quarters of consumers see technology as a net job creator

And technology is viewed widely as having a positive impact on all facets of consumer lives.

3

Almost half of consumers that have heard of 5G say that it will enable ultra-fast wireless services

But only a few recognize any impact on jobs and economic growth.

5

Majority of consumers think that 5G will increase prices on wireless services and personal technology

But they also believe that it will increase competition between wireless, cable, media, and technology companies.

2

Only about half of consumers have heard about 5G

Informed group of consumers skews younger, more college educated, more urban, and higher income.

4

When it comes to 5G, consumers are most likely to be concerned about replacing their existing devices

Privacy is the second most cited concern.

6

More than 1/3 consumers think that the U.S. is the global leader in 5G, but the 5G field is thought to be largely unsettled

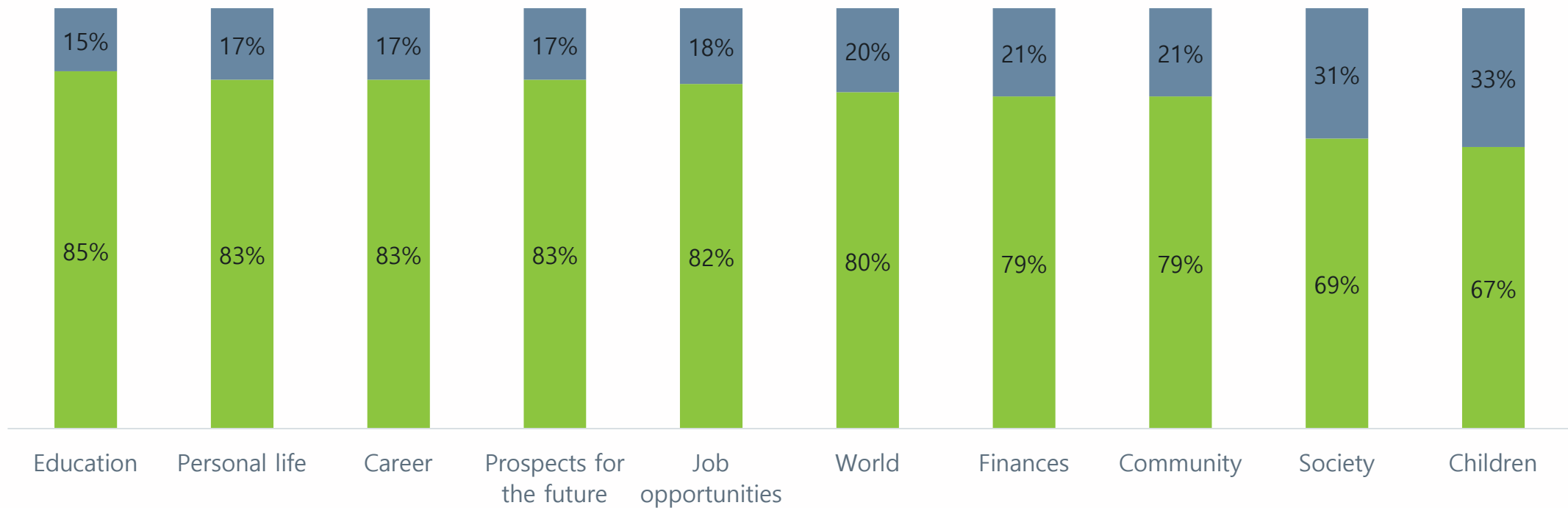
Nearly two-thirds of consumers are concerned about the U.S. losing technological supremacy to another country in the near future

Technology is viewed widely as having a positive impact on all facets of consumer lives



Effect of technology on...

■ Positive ■ Negative



BASE: All respondents (n=2,000)

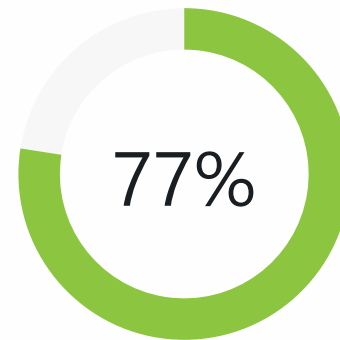
GP5. Has technology had a positive or negative impact on your...?

Ranked by Positive

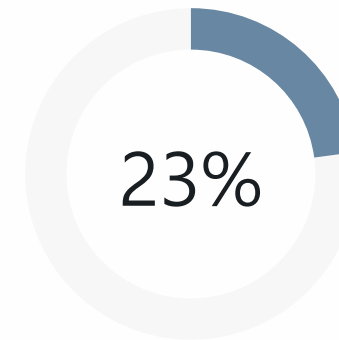
More than three-quarters of consumers see technology as a net job creator



View of technology's effect on jobs



Job creator



Job destroyer

BASE: All respondents (n=2,000)

GP6A. Do you view technology as a net job creator or net job destroyer?

Only about half of consumers have heard about 5G – which skews younger, more college educated, more urban, and higher income



Awareness of 5G

18-34 57%

65+ 42%

<College 42%

College+ 55%

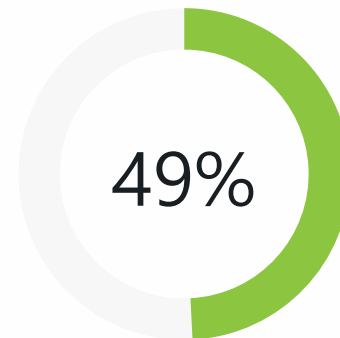
Urban 56%

Suburb 48%

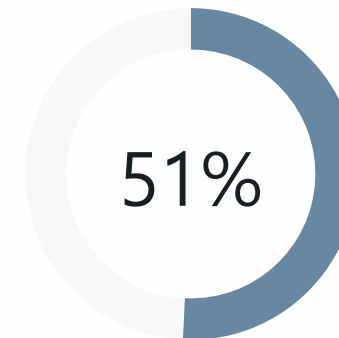
Rural 38%

<\$50K 41%

\$100K+ 57%



Heard



Not heard

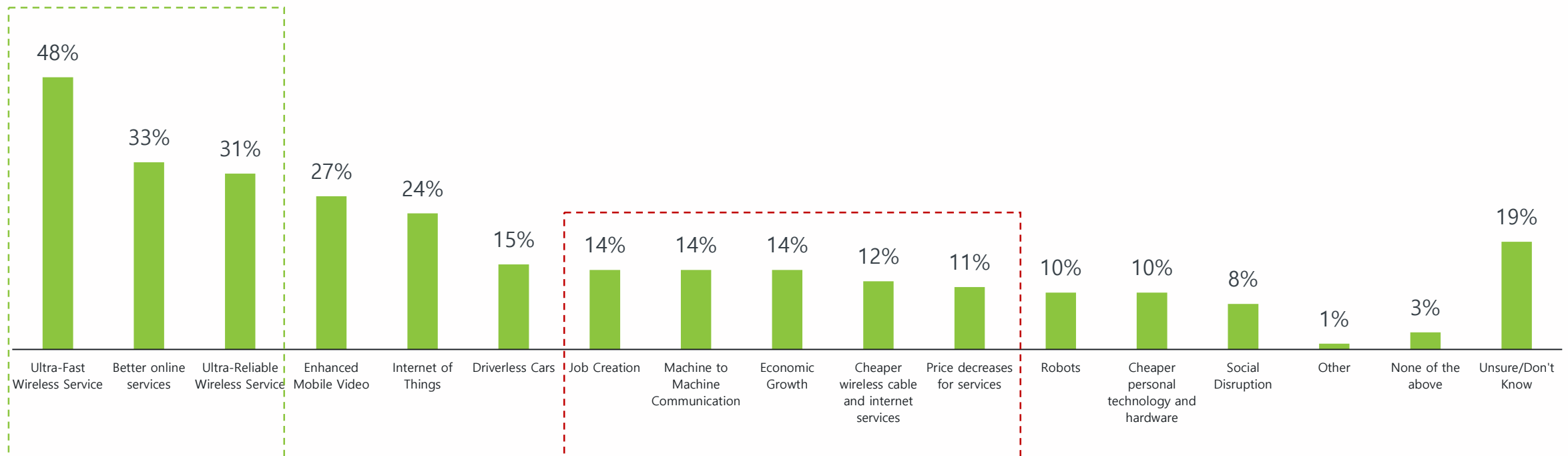
BASE: All respondents (n=2,000)

GP7. Have you heard or not heard about a new technology named "5G"?

Almost half of consumers that have heard of 5G say that it will enable ultra-fast wireless services, but few realize jobs and economic growth impact



Which of the following changes will 5G enable?



BASE: Respondents who have heard of 5G (n=956)

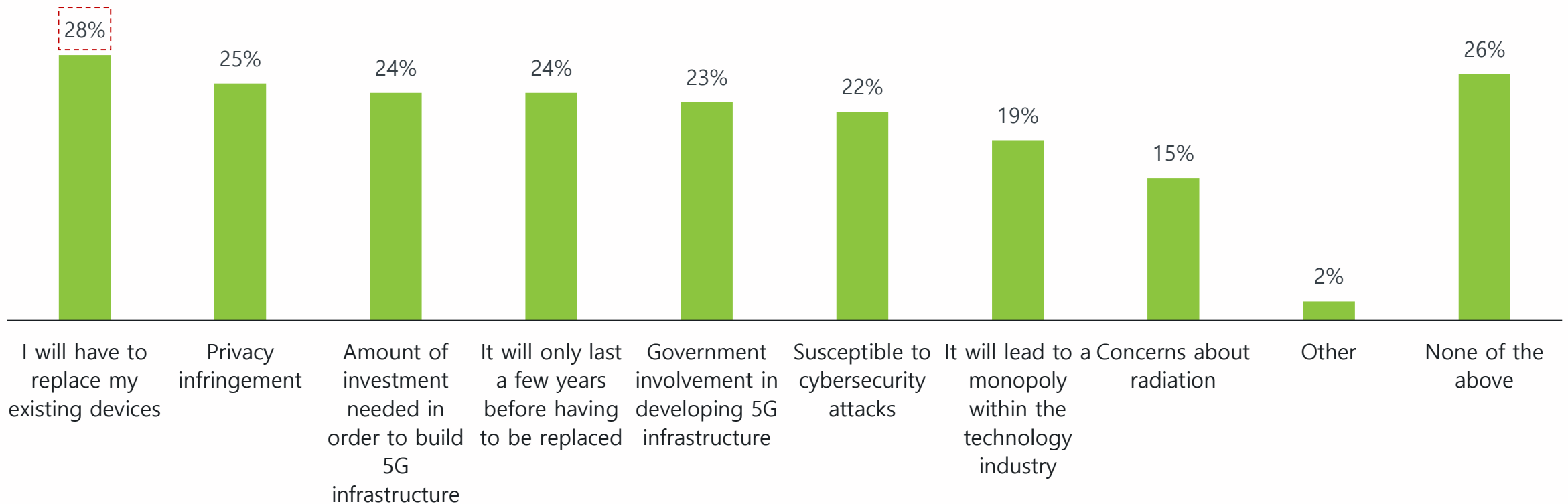
GP8. In your opinion which of the following changes will "5G" enable? Please select all that apply.

Ranked by Total

When it comes to 5G, consumers are most likely to be concerned about replacing their existing devices



Concerns relating to 5G



BASE: Respondents who have heard of 5G (n=956)

GP8A. Which of the following, if any, are you concerned about related to 5G? Please select all that apply.

Ranked by Total

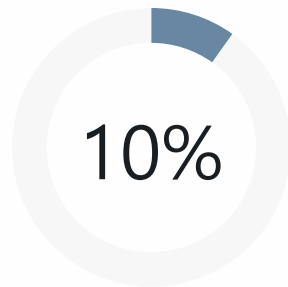
A wide majority of consumers think that 5G will increase prices on wireless services and personal technology, but will also increase competition



5G: Effect on prices for wireless cable and internet services

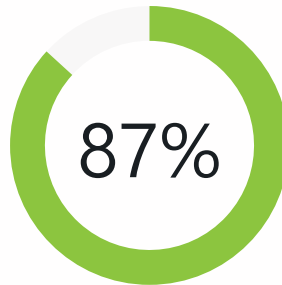


Increase

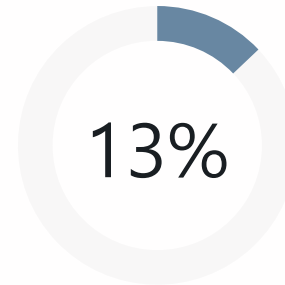


Decrease

5G: Effect on prices for personal technology and hardware

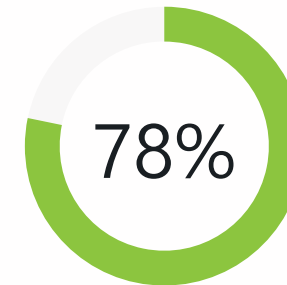


Increase

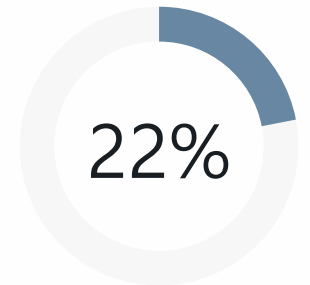


Decrease

5G: Effect on competition between wireless, cable, media, and technology companies



Increase



Decrease

BASE: Respondents who have heard of 5G (n=956)

GP9. Do you think "5G" will increase or decrease prices for wireless, cable, and internet services?

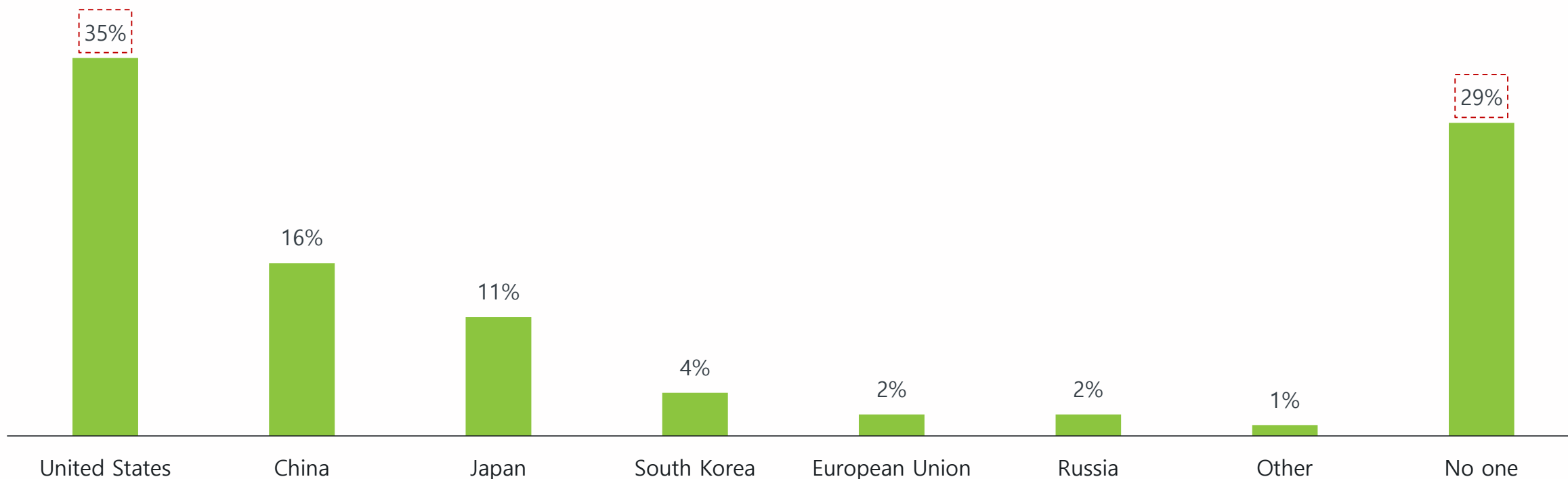
GP10. Do you think "5G" will increase or decrease competition between wireless, cable, media, and technology companies?

GP11. Do you think "5G" will increase or decrease prices for personal technology and hardware?

More than one-in-three consumers think that the U.S. is the global leader in 5G, but the 5G field is still thought to be largely unsettled



Global leader in 5G



BASE: All respondents (n=2,000)

GP12. Who do you think is the global leader in "5G"?

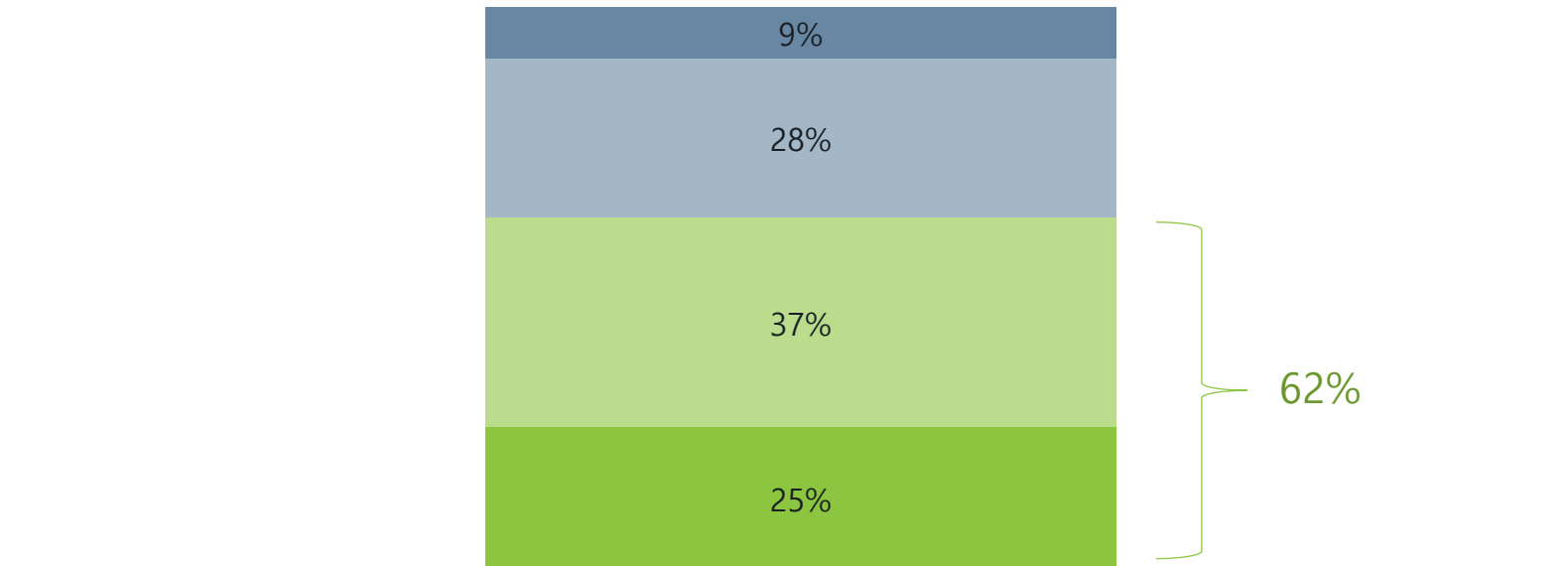
Ranked by Total

Nearly two-thirds of consumers are concerned about the U.S. losing technological supremacy to another country in the near future



Concern about U.S. losing technological supremacy

■ Very concerned ■ Concerned ■ Not concerned ■ Not concerned at all



BASE: All respondents (n=2,000)

GP13. How concerned are you about the United States losing technological supremacy to another country in the near future?



D. Industry Perceptions

Highlights: Industry Perceptions



1

Verizon and T-Mobile are tied in customer satisfaction and lead the pack

T-Mobile and Sprint customers say that price is the most satisfying element of their wireless service provider, while Verizon and AT&T cite reliability.

2

Verizon leads other ISPs in customer satisfaction

Among ISP providers, AT&T customers are the most likely to cite price as the most satisfying element, while Time Warner customers cite network coverage.

3

Dish and Verizon Fios have the strongest customer satisfaction among cable providers

Spectrum and Comcast Xfinity TV customers cite reliability as particularly satisfying, while AT&T U-verse and Dish customers cite price.

4

Samsung has the highest satisfaction rates among smartphone users

Privacy is the second most cited concern.

5

Price, network quality and service quality are the most unsatisfying elements of wireless services

T-Mobile and Sprint customers are most likely to cite network coverage as the most unsatisfying element of their service

6

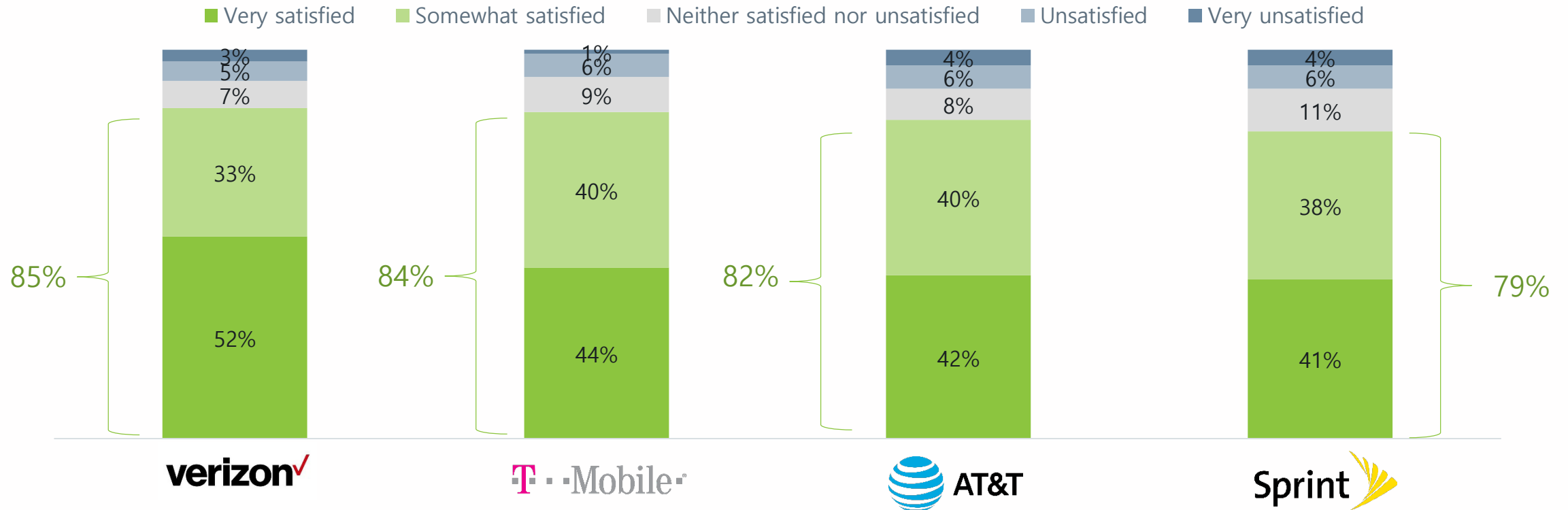
Price and customer service are cited as the most unsatisfying elements for Cable and ISPs

- ISPs: Comcast Xfinity and Verizon Fios customers are most likely to cite price as the most unsatisfying element of their service
- Cable: Comcast and Charter ISP customers are most likely to cite price as the most unsatisfying element of their service

Of the four major carriers, Verizon and T-Mobile customers are tied in customer satisfaction and lead the pack



Satisfaction with wireless services provider



BASE: Respondents with a wireless services provider (n=2,553)

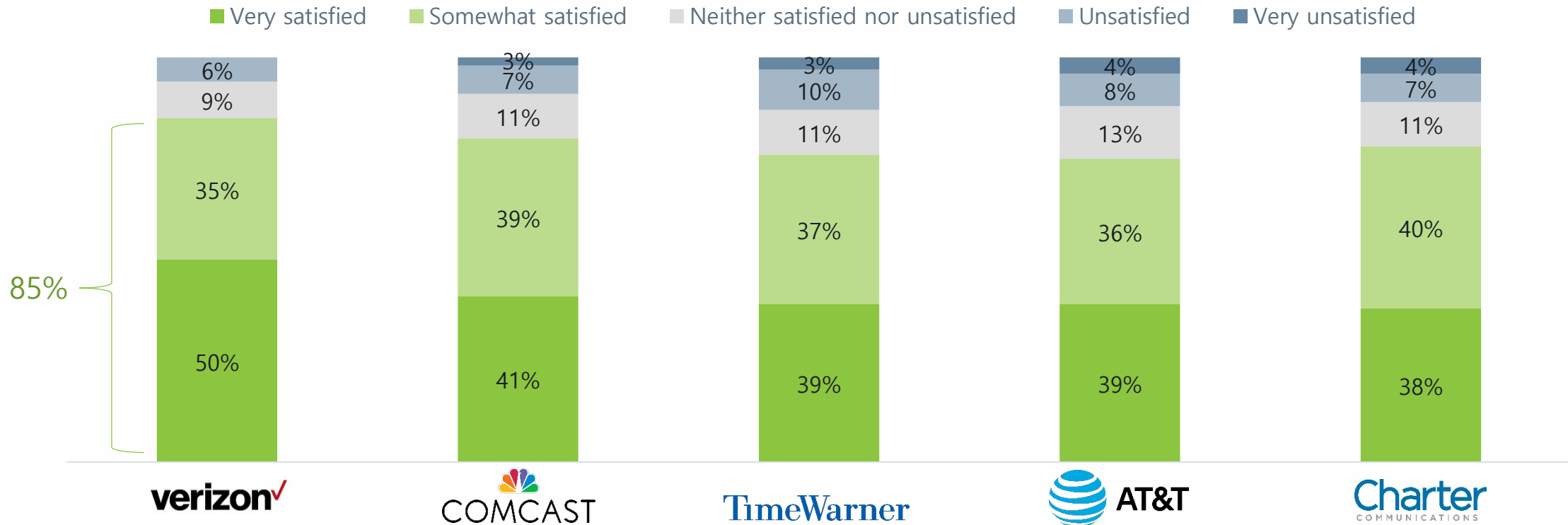
GP1_1. Are you generally satisfied or unsatisfied with your current wireless service provider?

Ranked by Very Satisfied

Verizon leads other ISPs in customer satisfaction



Satisfaction with internet services provider



BASE: Respondents with an internet services provider (n=1,906)

GP1_2. Are you generally satisfied or unsatisfied with your current internet services provider?

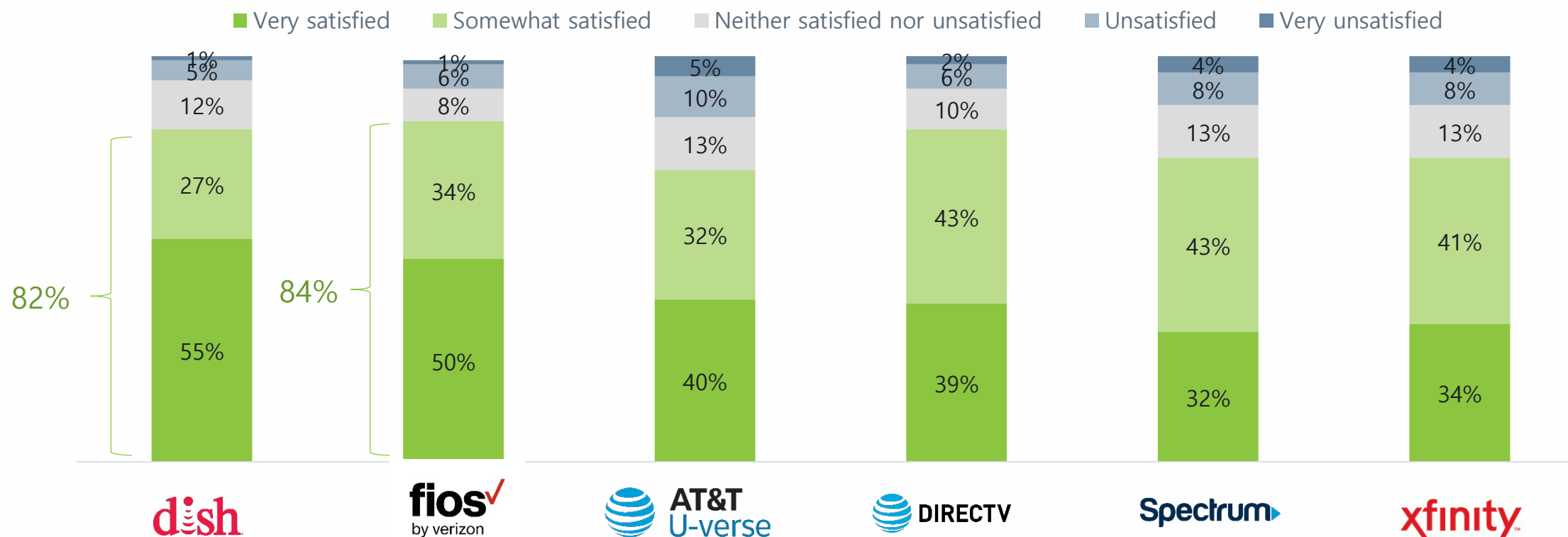
Ranked by Very Satisfied

Note: Only showing internet service providers with n=100 or higher

Dish and Verizon Fios have the strongest customer satisfaction among cable providers



Satisfaction with cable provider



BASE: Respondents with a cable provider (n=1,614)

GP1_3. Are you generally satisfied or unsatisfied with your current cable provider?

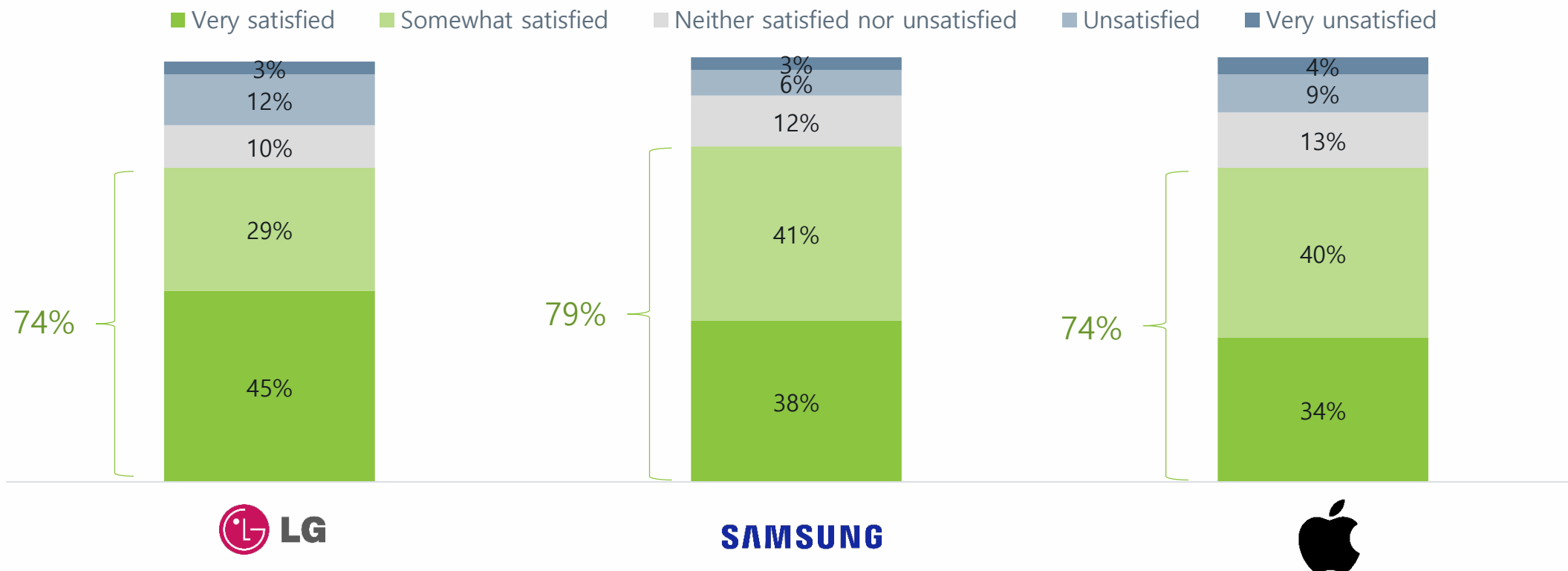
Ranked by Very Satisfied

Note: Only showing cable providers with n=100 or higher

Samsung has the highest satisfaction rates among smartphone users



Satisfaction with smartphone manufacturer



BASE: Respondents that own a smartphone (n=1,781)

GP1_4. Are you generally satisfied or unsatisfied with your current cable provider?

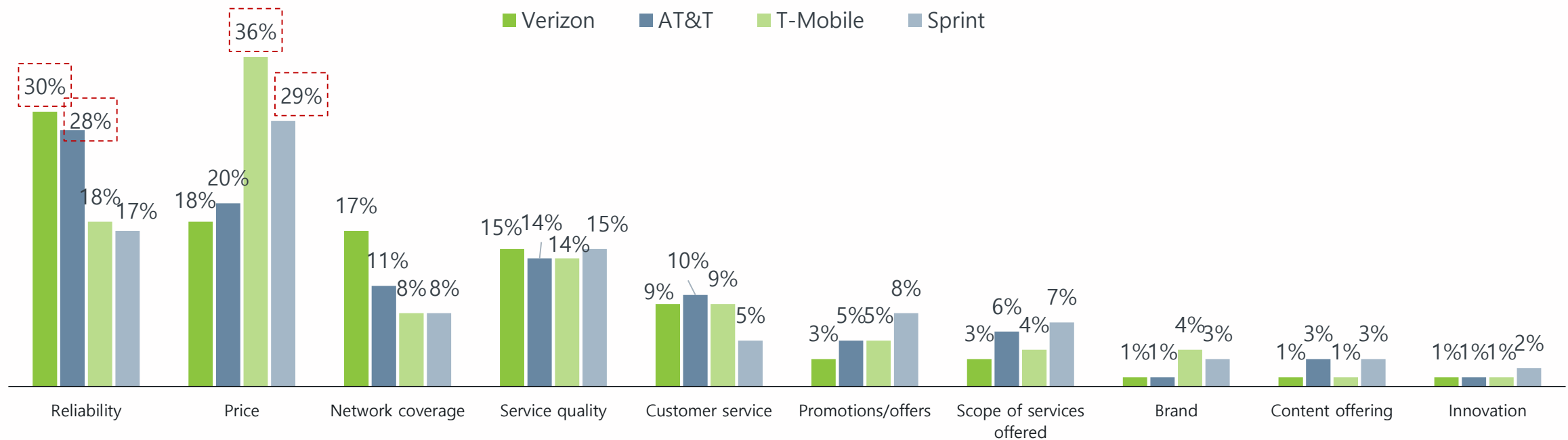
Ranked by Very Satisfied

Note: Only showing smartphone manufacturers with n=100 or higher

T-Mobile and Sprint customers say that price is the most satisfying element of their wireless service provider, while Verizon and AT&T cite reliability



Most satisfying element of wireless service package

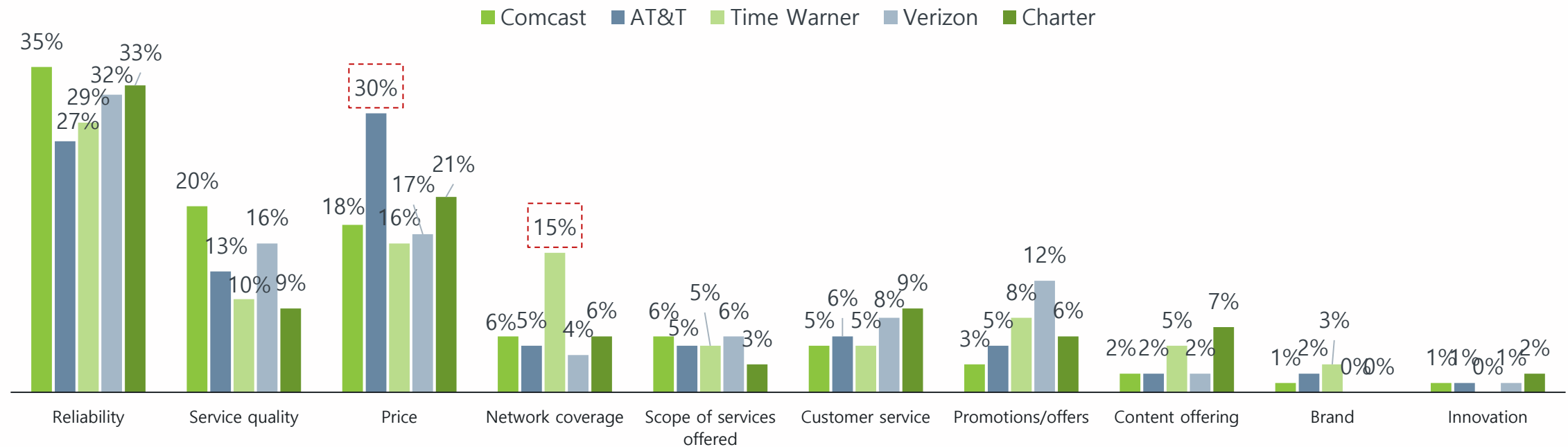


BASE: Respondents with a wireless services provider (n=2,553)
GP2A_A. What is the most satisfying element of your current wireless services package?
Ranked by Verizon

Among ISP providers, AT&T customers are the most likely to cite price as the most satisfying element, while Time Warner customers cite network coverage



Most satisfying element of internet service package



BASE: Respondents with an internet services provider (n=1,906)

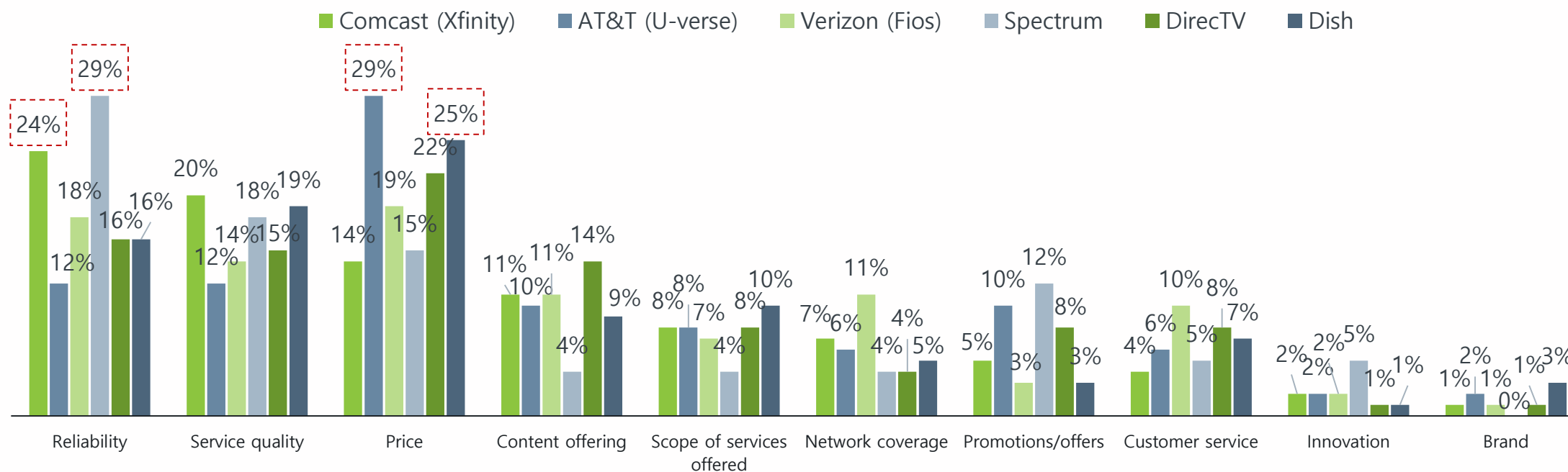
GP2A_B. What is the most satisfying element of your current internet service package?

Ranked by Comcast

Spectrum and Comcast Xfinity TV customers cite reliability as particularly satisfying, while AT&T U-verse and Dish customers cite price



Most satisfying element of paid TV service package



BASE: Respondents with a paid TV service package (n=1,614)

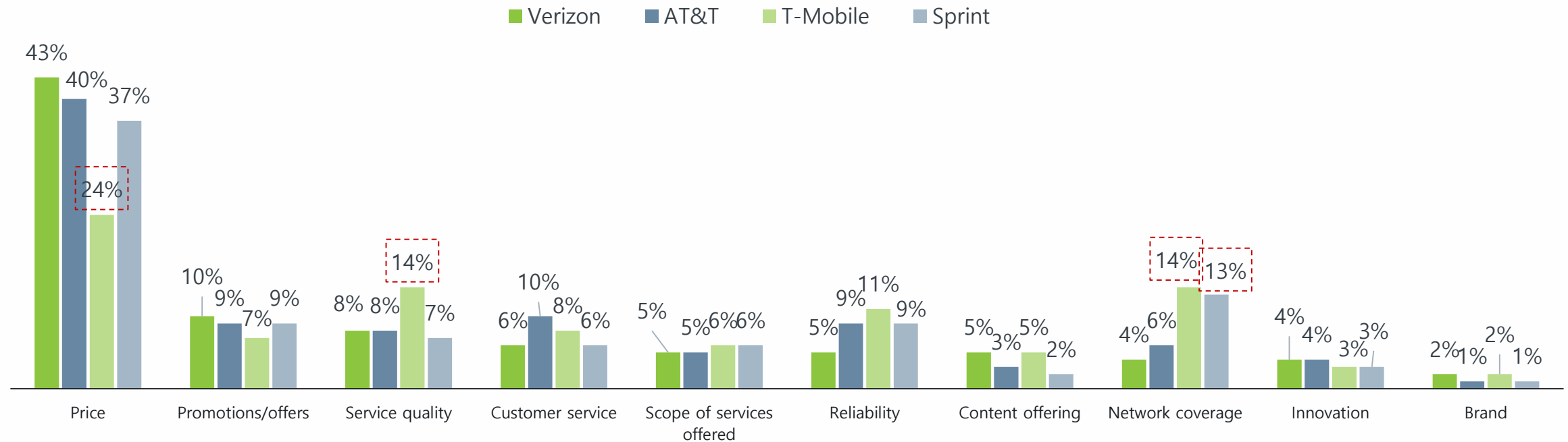
GP2A_C. What is the most satisfying element of your current paid TV service package?

Ranked by Comcast Xfinity

T-Mobile and Sprint customers are most likely to cite network coverage as the most unsatisfying element of their service



Most unsatisfying element of wireless service package



BASE: Respondents with a wireless services provider (n=2,553)

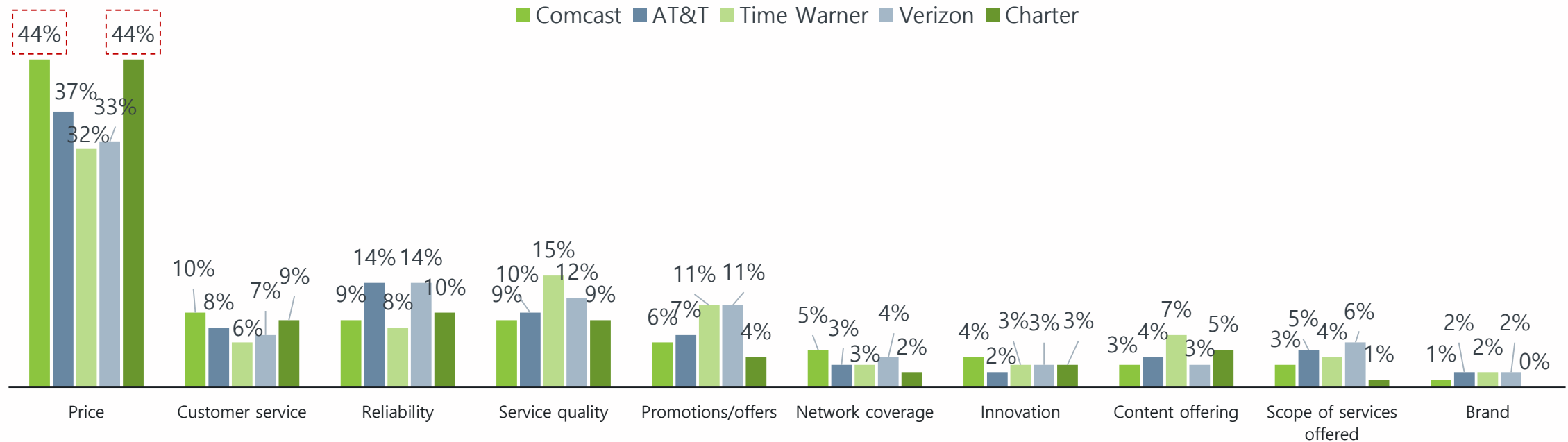
GP2B_A. What is the most unsatisfying element of your current wireless services package?

Ranked by Verizon

Comcast and Charter ISP customers are most likely to cite price as the most unsatisfying element of their service



Most unsatisfying element of internet service package



BASE: Respondents with an internet services provider (n=1,906)

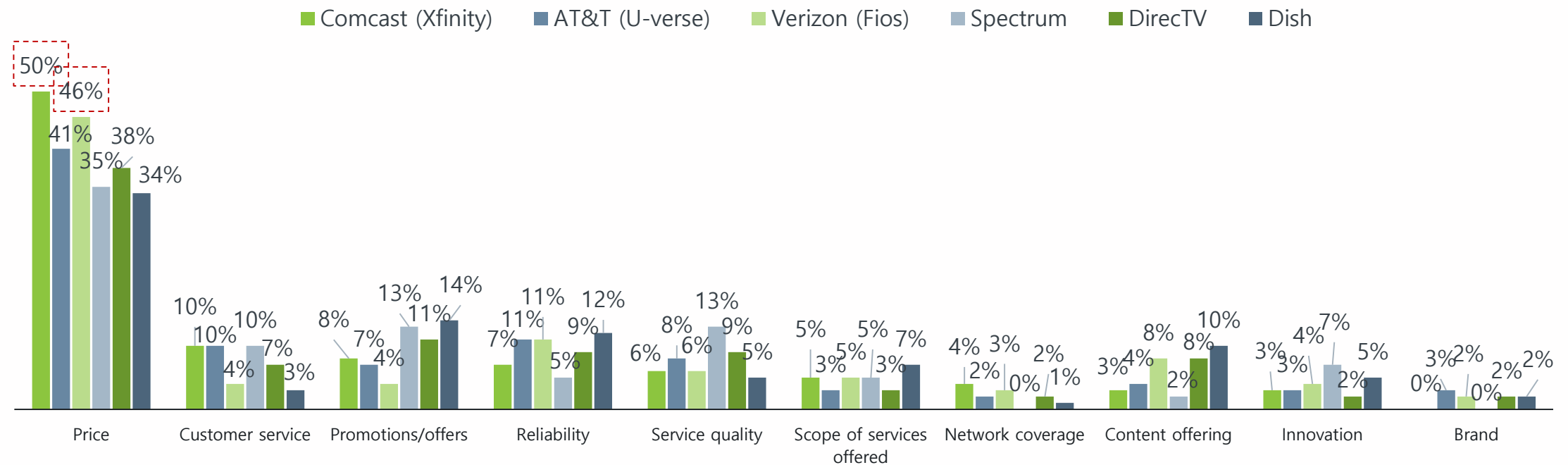
GP2B_B. What is the most unsatisfying element of your current internet service package?

Ranked by Comcast

Comcast Xfinity and Verizon Fios customers are most likely to cite price as the most unsatisfying element of their service



Most unsatisfying element of paid TV service package



BASE: Respondents with a paid TV service package (n=1,614)

GP2B_C. What is the most unsatisfying element of your current paid TV service package?

Ranked by Comcast Xfinity

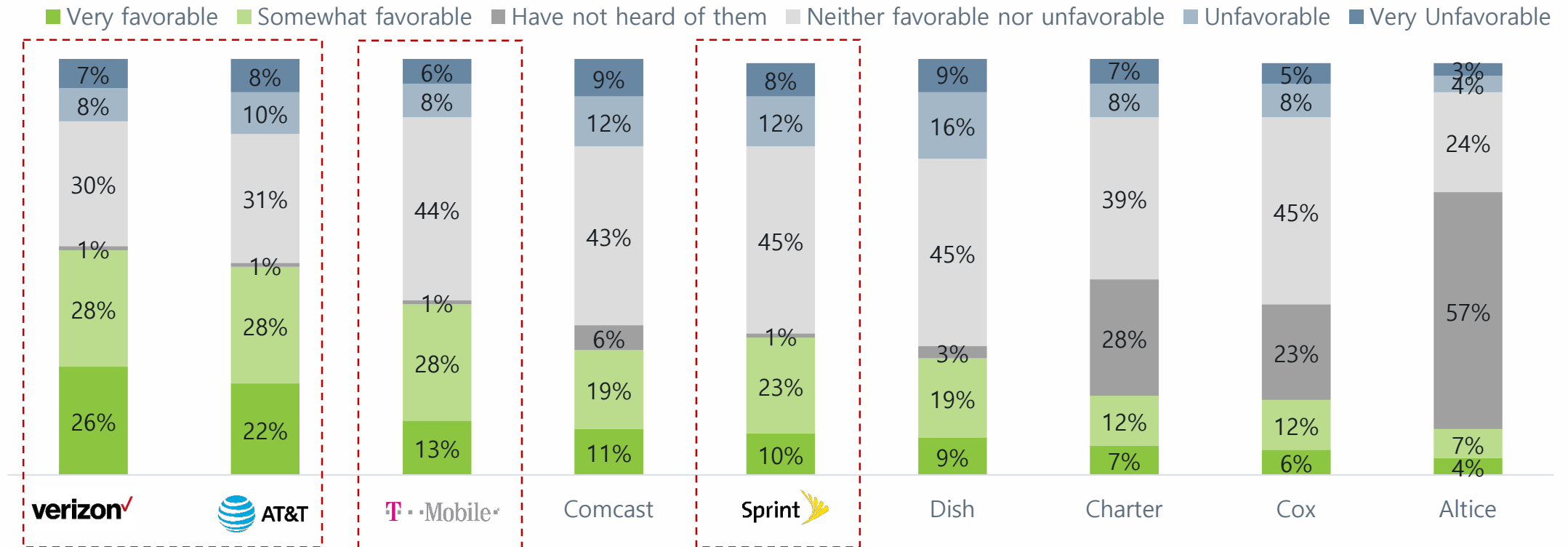


E. Favorability

Of the four major carriers, Verizon and AT&T are viewed most favorably, while nearly half of adults have no opinion of T-Mobile or Sprint



Favorability of technology companies



BASE: All respondents (n=2,000)

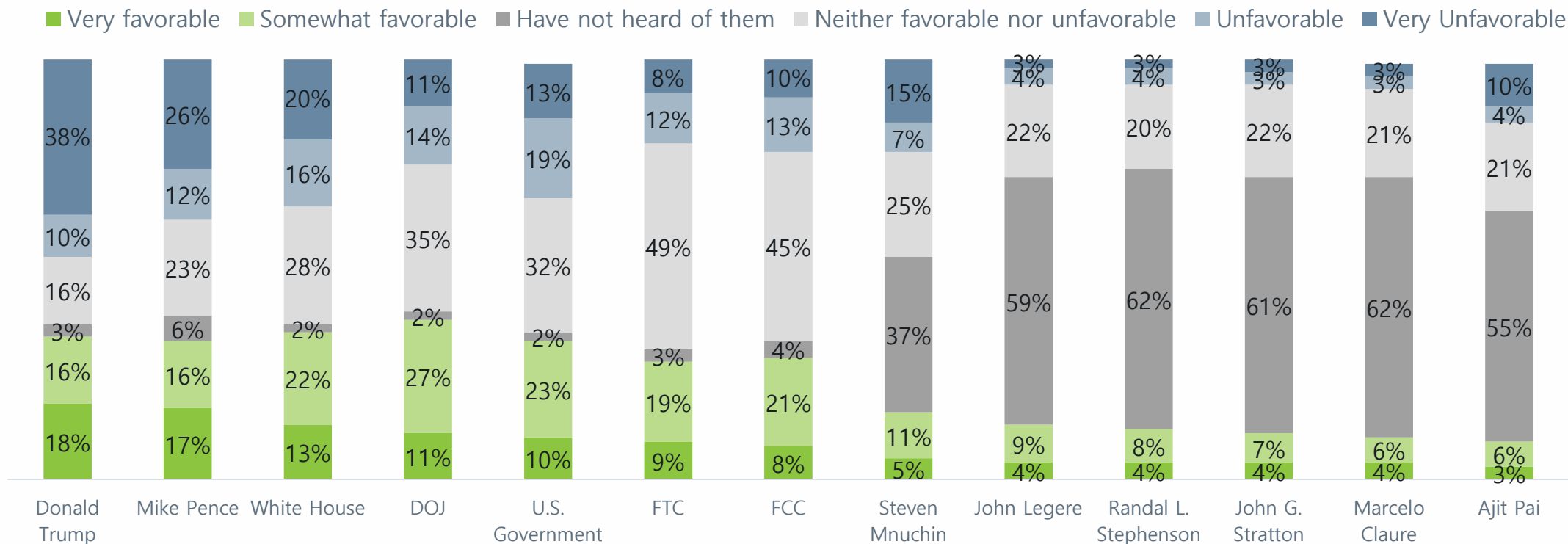
F1. Do you have a favorable or unfavorable view of ...

Ranked by Very Favorable

Carrier favorability ratings are higher than government stakeholders in the deal



Favorability of public figures and government institutions



BASE: All respondents (n=2,000)

F1. Do you have a favorable or unfavorable view of ...

Ranked by Very Favorable

Thank You



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Disclosure: This survey was conducted independently by HarrisX as part of its monthly Telecom, Media, and Technology Pulse survey, which tracks public attitudes and actions around major events. Several companies in the wireless, cable, and broadband industries, including T-Mobile, subscribe to HarrisX syndicated research services.

