



Press Release

J.D. Power and Associates Reports: Tesco Mobile Ranks Highest in the UK in Satisfying Pre-Pay Mobile Telephone Customers; Virgin Mobile Ranks Highest in Satisfying Contract Customers

LONDON: 7 May 2008 —Tesco Mobile ranks highest in customer satisfaction with pre-pay mobile telephone service for the first time, while Virgin Mobile ranks highest among contract mobile phone customers for a second consecutive year, according to the J.D. Power and Associates 2008 UK Mobile Telephone Customer Satisfaction StudySM released today.

Now in its 11th year, the study measures customer satisfaction with pre-pay and contract plans among the leading UK mobile network providers. Overall satisfaction with pre-pay providers is examined based on performance in six factors: image; offerings and promotions; call quality and coverage; cost; handset; and customer service. Satisfaction with contract providers is examined using these six factors, as well as another factor, billing.

The study finds that overall customer satisfaction in the pre-pay segment has decreased slightly—down six index points on a 1,000-point scale to 671 in 2008. Conversely, customer satisfaction in the contract segment has increased seven index points to 681 in 2008.

Among pre-pay providers, Tesco Mobile improves by 18 points from the 2007 study to rank highest in 2008 with a score of 713. Tesco Mobile performs particularly well in four of six factors: cost; call quality and coverage; customer service; and handset. O2 and Virgin Mobile follow Tesco Mobile in the segment rankings with scores of 705 and 693, respectively.

For a second consecutive year, Virgin Mobile ranks highest in the contract segment, receiving a score of 722. Virgin Mobile performs particularly well in five of seven factors: image; cost; offerings and promotions; customer service; and billing. Following Virgin Mobile in the segment rankings are O2 (692) and 3 (682).

The study also finds that Tesco Mobile performs particularly well in satisfying customers with their “green” initiatives, which include efficiency in recycling handsets and reducing packaging.

“Being ‘green’ is an increasingly important requirement of today’s mobile telephone service providers, and it will be interesting to track how customer expectations for greater environmental friendliness will shape the industry within the coming years,” said Caspar Tearle, director of service industries research at J.D. Power and Associates.

The study also finds several key mobile phone usage patterns:

- Switching intent is considerably higher among contract customers than among pre-pay customers, with 20 percent of contract customers stating that they intend to switch, while only 10 percent of pre-pay customers state the same.

- The average number of positive recommendations made by pre-pay customers has declined slightly in 2008. Conversely, contract customers make slightly more positive recommendations on average in 2008 compared with 2007. This reflects a shift in overall customer satisfaction in both the pre-pay and contract segments, as highly satisfied customers are more likely to make recommendations.
- Customers who receive incentives and rewards are considerably more satisfied than those who do not. In the pre-pay segment, satisfaction scores average 707 when customers receive incentives, compared with an average of 641 when customers don't receive them. In the contract segment, satisfaction scores average 718 when customers receive incentives, compared with a score of 644 on average when customers don't receive them.

The 2008 UK Mobile Telephone Customer Satisfaction Study is based on responses from 3,340 pre-pay and contract mobile phone customers throughout the UK. The study was fielded in February 2008.

About J.D. Power and Associates

The European headquarters of J.D. Power and Associates is located in Guildford, UK. With world headquarters in Westlake Village, California, U.S.A., J.D. Power and Associates is a global marketing information services company operating in key business sectors including market research, forecasting, performance improvement, training and customer satisfaction. The company's quality and satisfaction measurements are based on responses from millions of consumers annually. J.D. Power and Associates is a business unit of The McGraw-Hill Companies.

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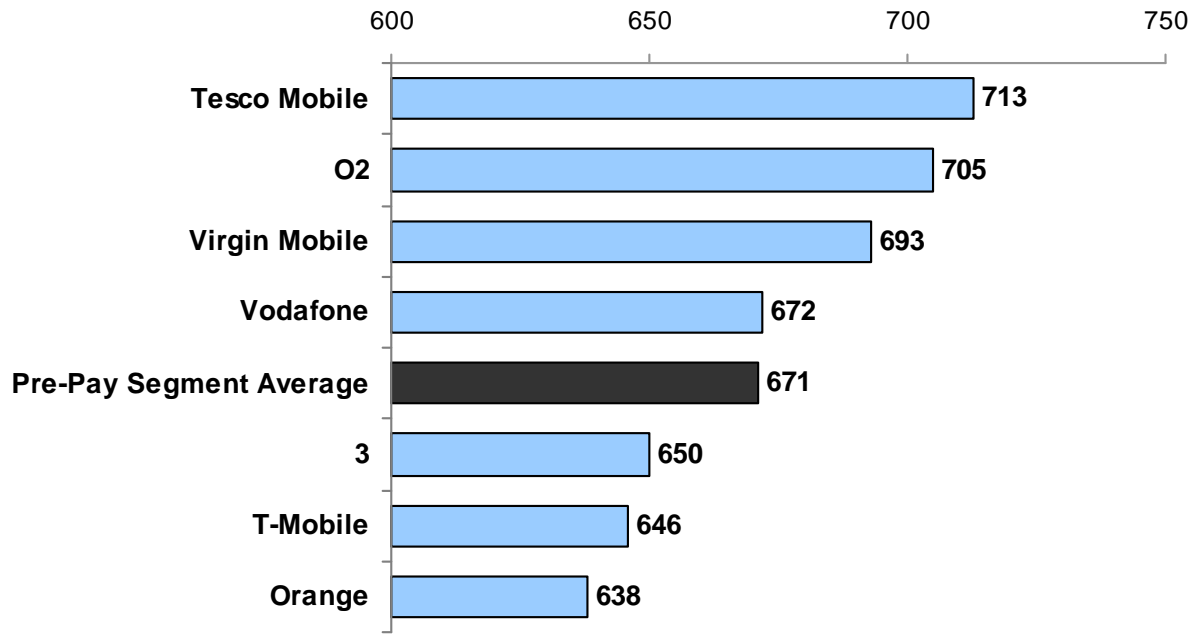
NOTE: Four charts follow.

J.D. Power and Associates 2008 UK Mobile Phone Customer Satisfaction StudySM

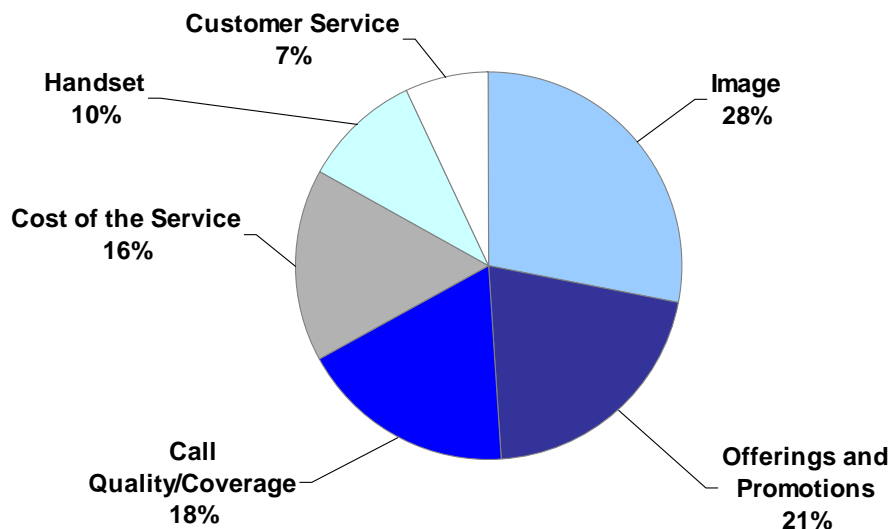
Customer Satisfaction Index Scores

Pre-pay Segment

(Based on a 1,000-point scale)



Customer Satisfaction Component Weights—Pre-pay Segment



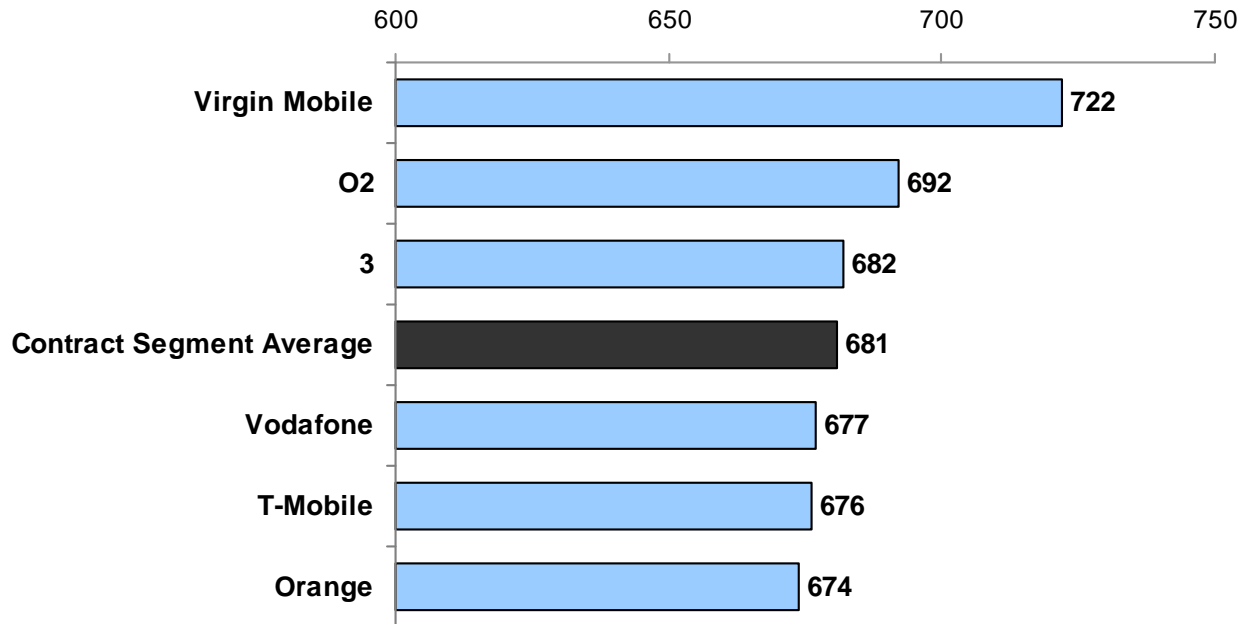
Source: J.D. Power and Associates 2008 UK Mobile Phone Customer Satisfaction StudySM

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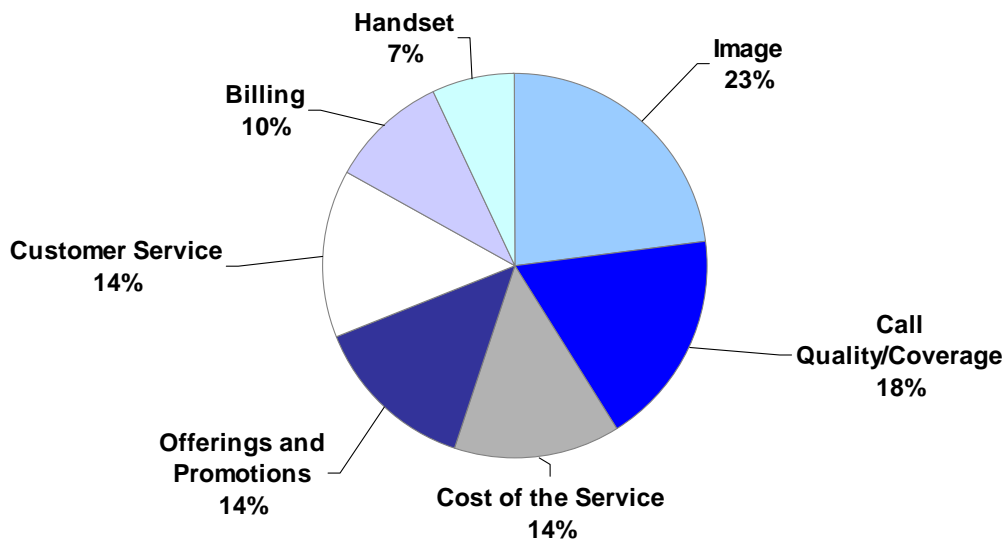
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Customer Satisfaction Index Scores Contract Segment

(Based on a 1,000-point scale)



Customer Satisfaction Component Weights - Contract Segment



Source: J.D. Power and Associates 2008 UK Mobile Phone Customer Satisfaction StudySM

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