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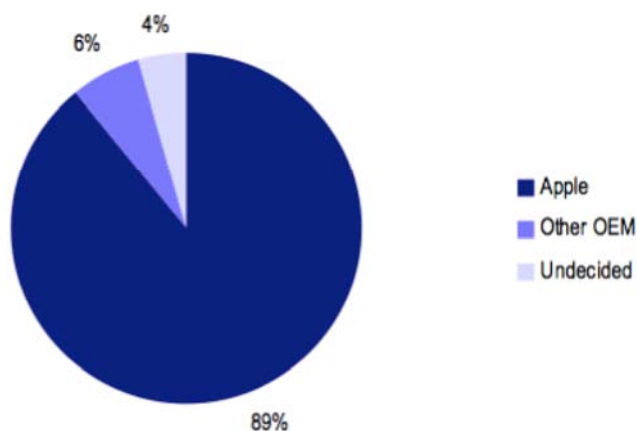
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Apple's iPhone Has an 89 Percent Retention Rate

September 23, 2011 at 3:41 am PT

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Chart 8: Expected destination of current Apple users (N=232)



Source: UBS

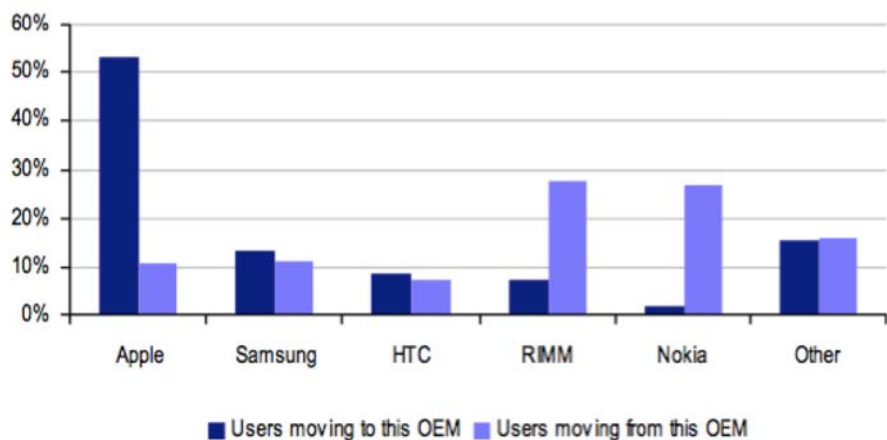
iPhone is the stickiest around.

In terms of smartphone stickiness, Apple's

At a time when consumer retention rates for most smartphone vendors are falling, the iPhone's is at an all-time high, double that of even its closest competitor.

According to a survey conducted by UBS, Apple has an 89 percent retention rate — far, far greater than its nearest rival HTC, whose retention rate is about 39 percent.

Chart 7: Of respondents moving to new handset OEM were from and to?



Source: UBS

And, unlike many of its incumbent rivals, Apple is not only maintaining that rate, but growing it at their expense.

Research In Motion, for example, has suffered a nauseating decline in retention rates over the past 18 months, tumbling from 62 percent to 33 percent. The situation at Nokia is depressingly similar. And, in UBS's estimation, the customers fleeing those two companies are largely headed to Apple and, to a lesser extent, Samsung and HTC. Which means Apple's retention rate might actually be higher than that 89 percent figure mentioned earlier.

"Of our respondents who are current Apple subscribers, only six percent indicated that they intended to move to a different OEM, with four percent saying they were undecided," says UBS. "This suggests that the retention rate for Apple could end up being as high as 93 percent."

A 93 percent retention rate. Little wonder Apple today is [the world's largest smartphone vendor](#).

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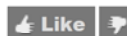
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Ian Fogg

The other takeaway here is the danger for RIM. Their existing customers are threatening to leave them. RIM has to focus on supporting them as well as appealing to newcomers.

7 months ago 1 Like

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Atlant

It's really no wonder. The phones work reasonably well and very easily, and Apple has great customer care (including liberal support and replacement policies). They also have both a good electronic infrastructure (the App Store) and physical infrastructure (the Apple Stores) as well as a "Critical Mass" of users.

7 months ago 3 Likes

Like Reply



Jamesapple

The whole Apple phenomenon is a time tested and honored business practice that is much verbalized and seldom actualized, and that is simple customer satisfaction at its very best all the time.

Apple is becoming a multitrillion dollar company.

7 months ago 6 Likes

Like Reply



Tim Beidel

I want to know what makes one in ten people unhappy about the phone.

7 months ago

Like Reply



raffr

For me it's a lack of a physical key board. I like everything about the iphone, except typing on a virtual key board. I am in the undecided group. My hope is RIM's QNX phone will be good enough for me to switch.

7 months ago in reply to [Tim Beidel](#)

Like Reply



JohnDoey

iPhone has dozens, if not hundreds of mechanical keyboards. Google "iPhone keyboard slider" to turn your iPhone into a Sidekick, for example, by simply putting it into a case that has an integrated mechanical keyboard. You don't have to switch phones to get an accessory keyboard.

iPhone also works with Bluetooth and USB Mac/PC keyboards. There are foldable ones, many choices. So you can carry a touch type keyboard as well as a thumb keyboard if you like.

6 months ago in reply to [raffr](#)

Like Reply



hype22redux

Please do you people notice that when apple sales start to slow or a competitors product starts to take market share ,we see a so called study proclaiming the devices superiority,you people are truly the generation of if they said it it must be true,maybe you should know who did the study here enlighten your sad selves <http://en.wikipedia.org/wiki/U...>

7 months ago

Like Reply



hype22redux

tried to post a comment but needed to be approved by moderator,can anyone say an apple troll

7 months ago

Like Reply



Mark Thomas

Ha really.

7 months ago in reply to [hype22redux](#)

Like Reply

davebarnes



fyi - if you put a link in your post, it will require approval
but, if you make the post and then edit it and add the link, then no approval required

7 months ago [in reply to hype22redux](#)

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hype22redux

<http://en.wikipedia.org/wiki/U...> company that conducted the survey

7 months ago

[Like](#) [Reply](#)



Boswd

Apple's stock is making alot of investors wealthy, slanted articles like this helps to keep it that way.

Since when does an investment bank become interested in doing polls on consumer electronics?

7 months ago [in reply to hype22redux](#)

[Like](#) [Reply](#)



JohnDoey

Since a Consumer Electronics company became the largest publicly traded stock in the world? Since Consumer Electronics became more profitable than oil? (At least at Apple.)

There is no slant. This is the truth. Nobody who is reasonable suspects that it is not, because we see a chain of events over the last 10 years at Apple: best products, best software, best services, best customer service, best customer satisfaction, sales soaring, profits soaring, stock soaring, user loyalty soaring.

So when you ask people what phone they are going to buy next (the #1 most important question to handset makers) and 89% of iPhone users say iPhone, a reasonable person is not surprised. They do not suspect a fix is in. The user loyalty matches all the other success points. It matches the iPhone we see being used around us.

Use another phone if you like, but trying to argue iPhone is not successful is not going to get you anywhere.

6 months ago [in reply to Boswd](#) [3 Likes](#)

[Like](#) [Reply](#)



Boswd

sure it's slanted. Apple's stock is through the roof and to help keep it that way, especially when you are an investmetn firm, you play a little word gymnastics, technically you aren't lying but the outcome with a little word play becomes sketchy.

That's like saying a Boston Newspaper decides to publish a poll stating Boston residents hold 90% fan loyalty to the Red Sox. Highest among three of the major metorpoliatian areas Polled, Chicago, New York and the San Francisco Bay Area.

So what does someone initaly take from that headline of the poll. "Wow Boston residents are more loyal to their team" What is not be explained is the obvious, all these area's have multiple teams to share alliengenc, Mets Yanks, white sox cub, A's and Giants.

Same holds true with Android vs iPhone, You want iOS you have only one choice. If you want Android HTC, Samsung and Moto are your choices for major high end android devices.

So yes it's a slanted blog and a slanted poll.

[6 months ago](#) [in reply to JohnDoey](#)[Like](#)**fredstein**

User Experience. From day one, that has guided Jobs and he has relentlessly pursued this. Why don't other business leaders 'get it'?

[7 months ago](#) [3 Likes](#)[Like](#) [Reply](#)**Atlant**

Many times, when one investigates customer satisfaction, one learns things one would rather not know. ;-)

Also, keeping customers satisfied is very demanding and requires help from virtually everyone in the corporation. Most companies aren't really up to the demands.

[7 months ago](#) [in reply to fredstein](#)[Like](#) [Reply](#)**fredstein**

Yes indeed. Ironically, you really DO want to know these things. Then you can address them and constantly build better products. Sadly so many companies ignore or avoid this wonderful source of requirements. Then they pay consultants and buy market research reports to get ideas.

[7 months ago](#) [in reply to Atlant](#) [1 Like](#)[Like](#) [Reply](#)**JohnDoey**

Those are the only things you want to know. They are the problems you are trying to solve.

Thing is, too many companies ask the customer for the solution, they don't ask for the problem. They literally do focus groups: "do you want a phone with a) ... b) ... c) ... d) ... ?" The customer absolutely does not know what they want, that is the manufacturer's job, the customer only knows what problems they have that need solving, and often they only know that subconsciously. If you focus on those problems and find solutions, people will rush to buy that solution.

iPhone is a solution to your phone not being able to access all the networks you are in these days. Ten years ago, you were in a voice network with texts, a flip phone could access all of that. By 2007, you are in voice, texts, cell data, GPS, Wi-Fi data; and the data networks mean you are also in Google, Facebook, Twitter, AIM, and everything else from the Web and Internet. Now you need a whole PC class computer in your phone, not just a dialer and SMS. But try asking a 2006 heavy mobile phone user what they want in a phone, they were not going to be able to describe an iPhone to you. Even though they bought one the next year. You have to figure out the problems for example by noticing how when you send a Web link in email to a BlackBerry user, they would say, "I'll have to look at this later when I'm back at my PC, I am on my BlackBerry right now." Huge problem. That guy has wireless IP running through his body, and can't render a Web page. He has to apologize for not being on a computer. Fix that problem, sell a lot of phones.

[6 months ago](#) [in reply to fredstein](#) [2 Likes](#)[Like](#)**Boswd**

if you like iOS on the iPhone and there is no other choice but an iPhone to get iOS then of course it's going to retain 89%

If you like android and you have motorola you still have other choices from different manufactures to choose from I have a

Droid X now, but I have no problems getting an android phone from either htc, or Samsung or LG if it meets my needs.

iPhone = 1 choice

Android = multiple choices

so of course you wont find as many "stickyness" to one company as you would the iPhone to Apple.

Is this really that difficult to figure out?

[7 months ago](#)

[Like](#) [Reply](#)



Atlant

It would be interesting to run the "orthogonal" survey to see which of the ecosystems have "stickyness". But it might be hard to classify Android: it has been "skinned" by some of the vendors; how would you handle that?

[7 months ago](#) [in reply to Boswd](#)

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Michael Long

The same survey indicated that the "stickiness" number for the Android platform as a whole was 55%. 45% were planning on leaving, with 31% going iPhone.

[7 months ago](#) [in reply to Atlant](#) [1 Like](#)

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Boswd

agian I think you'll get the same results. IMHO that's one of the ideals that is attractive about Android phones. Let's say you have Samsung phone, their in house entertainment is pretty cool and you like, but hey look Amazon MP3 for android is having a sale, you can pop over there. Same with apps, I love the fact I can shop at the Android Market, the Amazon App store etc.

It like shopping for anything else. It's not confusing but great for the consumer. For example today I got MLB app free from the Amazon app store.

I don't think i would like only shopping at one store, like you have to with the iPhone. To some it's great to others like me, we enjoy choices of the ecosystem to jump in and out of.

[7 months ago](#) [in reply to Atlant](#) [1 Like](#)

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jstaggie

There's nothing that prevents me from buying MP3's at Amazon even if I have an iPhone. The downloaded MP3 from Amazon loads into iTunes automatically and then is transferred to the phone.

Yes, the iPhone is tied to the Apple App Store, but it can play unprotected media files from any store which offers a compatible format.

[7 months ago](#) [in reply to Boswd](#) [1 Like](#)

[Like](#)



JohnDoey

That is exactly the point. Everybody sees it. You are making out like that is an Android advantage, but it is not. That's the part you are not getting that everybody else is getting.

66% of handset profits go to Apple, and 66% of mobile Google searches are done on iOS. It won the profitable handset sales race and the monetize later through search-based advertising race. Not only do all Android handset makers share a pie that is half the size of Apple's pie, the Android makers share their pie with all RIM and Nokia and Windows and all other

phones of all kinds, including feature phones. No amount of Android flag-waving can pay their workers or suppliers or investors.

So what you have is all the Android makers are just sharing just one low-profit phone model. Each phone looks different to a gadget nerd, but to regular users they are all the same clunky phone. But they are hundreds of companies, all competing against Apple, who has one high-profit phone model all to themselves, so the Android makers are all starving, trying to kill each other. Google bought Motorola almost overnight after their CEO said publicly that they were going to sue the other Android handset makers for license fees, and that was after Motorola was spun off in shame. LG does not want their phone sales to increase because they lose \$1 per handset. They can't get many iPhone users who are spoiled by much better devices and much better platform, so they get users like you, from other Android. Samsung has taken to counterfeiting, they are not even pretending not to counterfeit, they are using Apple's artwork in devices and promotions. Their music player app has the iTunes logo on it.

As for choice, iPhone offers more choice than Android. The carriers are the only ones with choices on Android. iPhone has more choice in apps, both in number and categories, and more choice in hardware accessories.

Any 2 iPhones can be radically different. For example, mine has Apogee pro audio hardware and hundreds of music and audio apps and instruments. You can make a music album on my iPhone. My friend's is in a case with a second battery, decorated with sparkles, and she has every social network and IM. She can text for 24 hours straight without AC power. No Android phone can do either of those things.

There is no lack of choice on iPhone. These 89% are not all choosing the same thing, just the same platform upon which they can build their own thing, and then keep that thing from phone to phone. It's a user platform, not a carrier platform. Users have all the choice. Even carriers and software developers — gods of phones and apps — are forced to do things in ways that offer the user more choices at the expense of carrier and developer choices. Users can choose when to update their OS, choose every 3rd party app that gets installed, choose to have a filesystem or not (it is an optional 3rd party app,) or choose to only use W3C open standard apps instead of App Store because iOS has a functional W3C open standard app platform, unlike most Android phones.

Lots of choice. That is how it can be the number one phone for so many years, it appeals to many different users for many different reasons. It offers them MORE choices, enables them to do more than they could do with Android, and in many cases, more than they could do with a PC.

6 months ago in reply to Boswd 1 Like

Like Reply



Boswd

It is an advantage by having multiple manufactures. I love my Droid X but If I don't like Moto's newest offering but I still want to use android, I can shop around.

Now let's say you love iOS and have the iPhone 3GS and have been waiting for the iPhone 5 to come, but all that comes out is a slight bump to the iPhone 4 and you don't like the upgrade? Where do you go from here? You have no choice you'll still buy the latest iPhone because that is the only way you can get iOS.

My upgrade is due in April, and I love the fact that what's the latest and greatest now will be yesterday's news by the time my upgrade is due. And I can look at all the top companies and then make my choice.

iPhone fans have to wait a whole other year and in the iPhone 5 case a year and a half.

6 months ago in reply to JohnDoey

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Values aren't just for idealists — they matter. If a company's practices make you uncomfortable, pay attention to your instincts and be true to them.

— Shay Pierce, an OMGPOP employee who says he was the only one not to join Zynga when that company acquired the Draw Something game maker last week

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