

U.S. Cellular looks to data for growth



The newest format of U.S. Cellular retail stores is exemplified in the Lindale Mall location that opened last year, with a spacious lounge area, "device discovery zone" and stations for meeting with U.S. Cellular staff. The company invested \$2.8 million in its Iowa stores in 2014.



Candy Rowe, retail area sales manager for U.S. Cellular in the Corridor, explains some of the tablets and other products that shoppers and repeat customers can try out in the device discovery zone of the new store U.S. Cellular opened last year inside Lindale Mall.

Wireless company invests \$25 million in Iowa to capitalize on increased data usage, customer tastes

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The wireless carrier with its name on the U.S. Cellular Center in Cedar Rapids and a large customer care center in Marion invested \$25 million last year in Iowa to keep its customers happy and its sales force competitive.

A majority of that investment, \$22.2 million, was dedicated to network enhancements across the state. That included a combination of 4G LTE enhancements (\$4.1 million) and upgrades to U.S. Cellular's existing high-speed network. The company currently has 818 cell sites throughout Iowa.

The improvements come as customers use more data on their smartphones and tablets, whether for downloading media, emailing or surfing the Internet.

"We have seen steady growth in average revenue per account, thanks to customers using more data on devices over the past year," said Candy Rowe, retail area sales manager for U.S. Cellular. "Among our postpaid customers, 60 percent currently have a smartphone."

The number of postpaid customers (as opposed to prepaid customers) with smartphones was up from 50 percent in the fourth quarter of 2013.

Ms. Rowe said tablets, hotspots, routers, home phones and other connected

devices accounted for 33 percent of new postpaid customers in the fourth quarter of 2014.

U.S. Cellular also spent \$2.8 million in Iowa last year to build or renovate 27 stores across Iowa, including locations in Cedar Falls, Cedar Rapids, Marion, Waterloo and Waverly. The goal was to create a more hands-on, experiential atmosphere

layouts are displays for U.S. Cellular's new home automation and security system that customers can install themselves. The OnLook Digital System can be managed using a smartphone, tablet or computer.

Turnaround continues

Ken Meyers took over as president and CEO of Chicago-based U.S. Cellular on

slowed down call center staff. He said the company began 2014 by addressing issues in its customer service, which by the end of the year had returned to historically high levels.

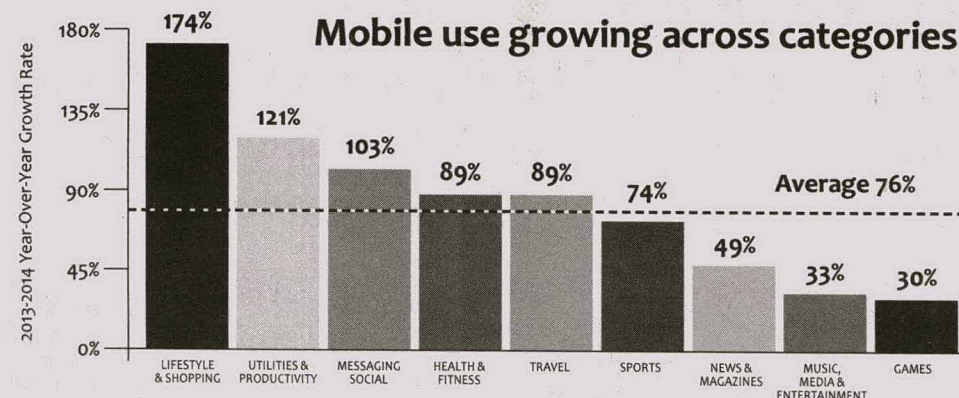
Mr. Meyers said average revenue per account in the fourth quarter was up 12 percent in the key postpaid category. Postpaid customers grew 98,000, compared to a loss of 71,000 postpaid customers in the fourth quarter of 2013.

During the current fiscal year, U.S. Cellular will focus on deploying 4G LTE networks that already carry 78 percent of the data used by customers with 4G LTE devices and increasing revenue driven by smartphone adoption, Mr. Meyers said. He acknowledged an aggressive pricing environment among cellular carriers could be "a headwind."

Tablet adoption is also a promising area for growth as a device that can simplify and enhance customers' lives, Ms. Rowe said. U.S. Cellular launched its first tablet, a Samsung, in 2011 and currently offers tablets from Samsung, Apple and LG. Tablet promotions have had varying levels of success, but one of the last, a Black Friday promotion including a free LG G Pad 7.0, was a hit with customers.

TDS reported a loss of \$16.6 million, or 15 cents per share, for the fourth quarter of fiscal 2014, which was slightly better than Wall Street analysts predicted.

In a press release, TDS president and CEO LeRoy Carlson Jr. said he was very pleased with the progress that both TDS and U.S. Cellular achieved, noting that U.S. Cellular "turned around its customer results and grew its postpaid customer base." CBJ



A report by Flurry Analytics found that mobile app usage grew by an average of 76 percent between 2013-2014, leading to increased demand for mobile data from providers like U.S. Cellular. SOURCE: Flurry Analytics

that encourages customers to browse and experiment.

New stores like the one with an outside entrance at Lindale Mall in Cedar Rapids now feature expanded "device discovery zones," which are areas set up to test popular mobile devices like the Samsung S5 and the iPhone 6. The store also features a "connected devices engagement counter," where customers can learn how devices like tablets and wireless hotspots work together, and a lounge space with comfortable seating.

Prominently featured in the new store

June 22, 2013, succeeding Mary Dillon, who moved on to ULTA Beauty. Mr. Meyers had been executive vice president and chief financial officer of U.S. Cellular's publicly traded parent company, Telephone and Data System (TDS).

In a conference call with analysts last month, Mr. Meyers described 2014 as "a year of two halves," with the latter half representing a turnaround in several key areas.

Customer churn had accelerated following complications with the introduction of a new billing system, which also

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