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NAD Recommends Sprint Discontinue 'New' Network, Customer Satisfaction Claims, Following T-Mobile Challenge

New York, NY – March 3, 2015 – The National Advertising Division has recommended that Sprint Corporation discontinue advertising claims that reference a “brand new,” “all-new” or “America’s Newest” network. Further, NAD has recommended that Sprint discontinue claims that the company “is the most improved U.S. company in customer satisfaction, across all 43 industries, over the last six years.”

NAD is an investigative unit of the advertising industry system of self-regulation. It is administered by the Council of Better Business Bureaus.

Sprint’s claims were challenged before NAD by T-Mobile USA, Inc., a competing wireless service provider.

NAD reviewed express claims, including:

- *“America’s Newest Network, built from the ground up.”*
- *“Sprint has built a network from the ground up.”*
- *“One that now delivers faster speeds, better call quality and fewer dropped calls.”*
- *“Now is the time to try America’s Newest Network. Why? Because at Sprint, when we say America’s Newest network, we mean a brand new network. We started from the ground up and built an all-new network that now delivers faster speeds and better call quality.”*
- *“Sprint is the most improved U.S. company in customer satisfaction, across all 43 industries, over the last six years.”*
- *“Stay connected on America’s Newest Network – HD Voice, Faster data speeds, fewer dropped calls.”*
- *“Sprint has an all-new network, providing customers across the country with significantly better call quality and faster data speeds in more places.”*

NAD also considered whether the advertising implied that Sprint’s current network contains no portion of its previously existing network, that Sprint’s network improvements are more recent or consequential than infrastructure investments made by competitors, that

Sprint’s network is more modern and technologically sophisticated and offers faster speeds, fewer dropped calls, and better call quality than competing networks, that the advertiser’s customer satisfaction score increased from 2013 to 2014, that the increase was the largest demonstrated by any company in the last year and, finally, that Sprint currently has superior customer satisfaction scores, compared to those of its competitors.

NAD noted in its decision that Sprint has made fundamental changes to its legacy network as part of the company’s Network Vision Initiative. However, the key issue for NAD was whether Sprint’s claims, as they appeared in the context of the challenged advertising, conveyed to consumers an overly broad message.

Following its review of the evidence in the record, NAD recommended that the advertiser discontinue its unsupported claims that its network is “new,” “all new,” “brand new,” “built from the ground up,” and “America’s Newest Network.”

NAD noted that there is no industry standard by which to evaluate which network is the “newest.” While Sprint contended that its network was the “newest” because, unlike other wireless carriers that build incrementally on top of their existing network infrastructure, Sprint ripped and replaced its existing network, NAD was not persuaded that a network could be termed “newest” simply because its modernization efforts involved dismantling an old network as opposed to upgrading an existing network.

NAD noted, however, that nothing in its decision precludes Sprint from accurately promoting the many substantial technological improvements it has made as part of its Network Vision program.

NAD recommended that the advertiser modify advertising featuring improved performance claims

– “faster data speeds,” “better call quality,” and “fewer dropped calls” – to clearly disclose that the basis of comparison is to Sprint’s own prior network.

Finally, NAD recommended that the advertiser discontinue the claim that it is “the most improved U.S. company in customer satisfaction, across all 43 industries, over the last six years.”

NAD noted that the claim is literally truthful in that Sprint obtained an 8-point increase between its current ASCI score and its ASCI score in 2008 – the biggest improvement that any company evaluated by ASCI has had over its 2008 score.

However, NAD was concerned that the claim implied a continued year-to-year improvement when that was not the case. NAD found that by selectively referencing data from 2008 and ignoring more recent data that showed an annual decline in customer satisfaction since 2011, the claim did not accurately convey Sprint’s track record of customer satisfaction ratings in a way that was consumer meaningful.

Sprint, in its advertiser’s statement, said the company will take the NAD’s recommendations into consideration in its advertising.

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