

Virgin Mobile joins prepaid price war

April 9 2009, By PETER SVENSSON , AP Technology Writer

(AP) -- Virgin Mobile USA Inc. is set to announce Thursday that it is slashing the price of its unlimited calling plan to \$50 from \$80 per month, a result of fierce competition and price-cutting among second-tier cellular carriers.

The drastic price cut at Virgin, which has 5.4 million subscribers, is a sign of the continuing disruption caused by MetroPCS Communications Inc. and Leap Wireless International Inc., which both provide unlimited prepaid service for \$35 to \$50 per month in limited areas.

MetroPCS has been expanding recently into big markets in the Northeast, like Boston and New York.

In January, national carrier [Sprint Nextel](#) Corp. introduced a \$50 unlimited plan under its own prepaid brand, Boost Mobile, to counter that threat.

Virgin Mobile spokeswoman Jayne Wallace said its price cut is "definitely a response to the marketplace."

The company uses Sprint's network to provide service and recently renegotiated its rates, enabling it to lower prices while getting a chance to improve its financial performance, she said.

The new plan becomes available on April 15. Current customers with the \$80 plan will have to contact the company to switch over to the \$50 plan, Wallace said. As at Boost, MetroPCS and Leap, Virgin Mobile's monthly

plans have many of the features of plans at major carriers but don't require contracts.

Customers can buy text-messaging add-on packages, but for those who want to forgo voice plans completely, Virgin Mobile is also introducing unusual plans that include text messages but no monthly bucket of minutes. One plan offers 1,000 messages for \$15 per month, another offers unlimited messages for \$20 per month. Voice calls cost an extra 10 cents per minute.

The plans are a reflection of the fact that Virgin Mobile now relays 11 text messages for each 10 minutes of voice calling, Wallace said.

"We know that a lot of people say 'Why am I paying for minutes? I really don't talk that much,'" Wallace said.

In the overall industry, calls still dominate - U.S. callers used 2.2 trillion voice minutes last year, compared with 1 trillion text messages, according to industry body CTIA. But at the rate text messaging has been growing, it should exceed voice minutes this year.

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Citation: Virgin Mobile joins prepaid price war (2009, April 9) retrieved 20 April 2024 from <https://phys.org/news/2009-04-virgin-mobile-prepaid-price-war.html>

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