

AT&T and Verizon ads duel on airwaves and in court

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(AP) -- What would the holidays be without bickering between siblings? AT&T and Verizon are swamping TV with ads attacking facets of each other's wireless networks. While the ads stick fairly close to the truth, there's a lot they don't say.

AT&T Inc. has been running ads with actor Luke Wilson checking off points in AT&T's favor over Verizon Wireless. It's the continuation of a spat that started a month ago, when Verizon started airing cheeky commercials that highlighted how its fast, third-generation ("3G") network has wider coverage than AT&T's 3G system.

Verizon's ad used the slogan "There's a map for that," a play off Apple Inc.'s ads for the iPhone, which tout the diversity of third-party applications for the phone with the line "There's an app for that."

AT&T sued Verizon Wireless over the "map" ads, not because the maps were incorrect, but because AT&T felt there was a danger that viewers could get the impression that AT&T had no coverage at all where it doesn't have 3G. Last week, a judge declined to force Verizon to pull the ads.

AT&T and Verizon, two offspring of Ma Bell, are getting more aggressive in their marketing, though it's not clear how much they are spending. Verizon and AT&T are both pulling away from their smaller rivals, so instead of competing with Sprint Nextel Corp. and T-Mobile USA, they're increasingly focused on each other. <u>Verizon Wireless</u> has



more subscribers than AT&T - 89 million versus 81.6 million. But AT&T added more wireless subscribers in the latest quarter - 2 million versus 1.2 million at Verizon, which is a joint venture of Verizon Communications Inc. and Vodafone Group PLC of Britain.

Here is a look at some of the arguments being raised in the ads:

- Coverage: It's incontrovertible that Verizon's 3G network has broader coverage that AT&T's, which is why the federal judge in Atlanta wouldn't stop the "There's a map for that" ads. Verizon's network reaches 280 million Americans, compared to AT&T's 233 million. By area, the difference is even greater Verizon covers cities and vast, thinly populated areas of the Midwest and West, while AT&T's 3G coverage hews closer to cities and highways. However, AT&T's older, slower "EDGE" data network covers 301 million people and is adequate for e-mail access and many other smart phone functions.
- Speed: Luke Wilson's top point is that AT&T has "the nation's fastest 3G network." The ad doesn't cite any sources or figures. AT&T spokesman Mark Siegel said the claim is based on "extensive testing by outside research firms." The company isn't providing the studies. The claim "hasn't been formally challenged by a competitor," Siegel said.

Speed tests are tricky. Wireless speeds vary depending on how many other people in the neighborhood are trying to access the network at the same time. While all U.S. 3G networks have similar theoretical top speeds, AT&T had a relatively poor showing in tests conducted this year by PC World and ARCchart, a British company. AT&T customers also frequently complain about 3G being unavailable. AT&T is likely a victim of its own success here: Millions of iPhone users are getting in each other's way, clogging the network.

- Talk and surf: Wilson fronts an AT&T ad that points out that it's



possible to talk on a smart phone and surf on AT&T's 3G network at the same time, which isn't possible on Verizon. Apple has jumped into the fray with its own ad, echoing that message and demonstrating how convenient it is to be able to look up show times while chatting with your friend about which movie to see.

It's true that Verizon phones can't handle simultaneous voice and 3G data connections. However, the ones that have Wi-Fi capability, such as the new Motorola Droid, can be used to surf and talk at the same time if the phone is connected to a Wi-Fi hot spot. Also, the AT&T ads don't mention that the EDGE network does not support simultaneous voice and data. AT&T's ads focus on the coverage of the EDGE network while touting the capabilities of the 3G network.

- Best phones: Wilson says AT&T has the "most popular smart phones." It's true that AT&T sells more smart phones than Verizon, largely because it is the exclusive U.S. carrier of the iPhone. In the third quarter, the iPhone accounted for three-quarters of the smart phones and messaging phones sold by AT&T.
- Most applications: Wilson checks a box that says "Access to over 100,000 apps" in AT&T's favor. He doesn't mention that the vast majority of those applications are accessible only to iPhone users. It's true that the iPhone has a large lead over other smart phone platforms in the number of third-party programs that are available. There are less than 20,000 available for Verizon's Droid phone, for example.

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