

T-Mobile USA loses 93,000 customers in 2nd quarter

August 5 2010, By PETER SVENSSON , AP Technology Writer

(AP) -- T-Mobile USA, the fourth-largest U.S. wireless carrier, said Thursday that it added crucial contract-signing customers even though it lost subscribers in the second quarter as prepaying subscribers fled to other carriers.

It's a reversal of what the carrier had seen over the past year - a reduction in contract subscribers since last year's second quarter, while adding prepaying ones.

Now, tough competition in the prepaid market, where customers don't sign contracts and usually pay much less per month, means T-Mobile subscribers are being siphoned off. It lost a net 199,000 prepaying customers, compared with a gain of 268,000 in the same quarter last year.

The rate of prepaying [subscribers](#) who cancel service every month rose from the already high 7 percent a year ago to 7.6 percent.

T-Mobile, the Bellevue, Wash.-based unit of German phone company Deutsche Telekom AG, added a net 106,000 contract customers, helped by a variety of promotional offers. That was up from 56,000 gains in the same quarter last year, and from a loss of 118,000 customers in the first quarter of 2010.

T-Mobile's improvement in contracts contrasts with the two larger carriers, [Verizon](#) Wireless and AT&T Inc., which have both posted large

declines in contract additions this year. However, they're still growing much faster than T-Mobile. Sprint Nextel Corp. is still posting net subscriber losses.

In total, T-Mobile lost 93,000 customers, ending the quarter with 33.6 million.

T-Mobile posted net income of \$404 million, down from \$425 million a year ago. Revenue was \$5.36 billion, almost flat with \$5.34 billion a year ago. Revenues were helped by higher sales of smart phones, balanced by lower monthly calling fees. [T-Mobile](#) is aggressively boosting its data network speeds to compete with the bigger players.

Parent company Deutsche Telekom delisted its shares from the New York Stock Exchange in June, a move it said was aimed at lowering administrative costs. The shares continue to trade on the Frankfurt exchange, where they fell 0.7 percent.

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