

T-Mobile gains key customers for first time in years

August 8 2013, by Anick Jesdanun

The iPhone and new pricing plans helped T-Mobile gain customers under contract plans for the first time in at least two and a half years, a major boost for a wireless carrier often dismissed as an afterthought in a market dominated by AT&T and Verizon.

Contract customers are the most lucrative for [wireless carriers](#). T-Mobile US Inc., which has its headquarters in Bellevue, Washington, and is under the control of Germany's Deutsche Telekom AG, added a net 688,000 contract customers in the April-June quarter, compared with a loss of 557,000 in the same period a year ago. In fact, it was the first gain since the fourth quarter of 2010, when T-Mobile started reporting comparable figures.

Part of the boost came because the carrier began selling Apple's iPhone for the first time in April. Although T-Mobile's gains through the iPhone might suggest a one-time occurrence rather than a sustainable comeback, T-Mobile said the iPhone accounted for only 26 percent of smartphone sales in the quarter, excluding sales through MetroPCS, which merged with T-Mobile on April 30. Other phones did well, including Samsung's Galaxy S4. The S4, which came out during the quarter, accounted for 18 percent of smartphone sales.

T-Mobile credited new pricing plans, known as Simple Choice, with attracting new customers. In March, T-Mobile dropped its conventional two-year service contracts in favor of selling phones with installment plans. The price for voice, text and data services fell to reflect the new

installment charge for a phone. But once customers pay off the phone after two years, or for customers who already have phones, their monthly bill goes down.

"We are clearly hitting a cord with customers," T-Mobile CEO John Legere said Thursday.

In afternoon trading, T-Mobile's stock gained 71 cents, or 3 percent, to \$24.72.

T-Mobile US Inc. is still the No. 4 U.S. carrier, even with the gain of 8.9 million customers through its April 30 merger with MetroPCS. The combined company had 44 million customers at the end of the second quarter. The T-Mobile side of the company gained 1.1 million customers, including the 688,000 contract customers. The remaining gains were wholesale customers, such as alarm systems and cellular services under third-party brands. Excluding MetroPCS, T-Mobile did lose a net 10,000 contract-free, prepaid customers, but the company attributed that to customers switching to the more lucrative contract plans.

T-Mobile gained 678,000 contract and prepaid customers combined, the strongest in four years. It said it expects to gain 511,000 to 711,000 additional contract customers by the end of the year.

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