

2011

## Can You Hear Me Now?: A Look into the Future of Cell Phone Carrier Competition

Eryk Wachnik

Follow this and additional works at: <http://lawcommons.luc.edu/lclr>

 Part of the [Consumer Protection Law Commons](#)

---

### Recommended Citation

Eryk Wachnik *Can You Hear Me Now?: A Look into the Future of Cell Phone Carrier Competition*, 24 Loy. Consumer L. Rev. 93 (2011).  
Available at: <http://lawcommons.luc.edu/lclr/vol24/iss1/5>

This Consumer News is brought to you for free and open access by LAW eCommons. It has been accepted for inclusion in Loyola Consumer Law Review by an authorized administrator of LAW eCommons. For more information, please contact [law-library@luc.edu](mailto:law-library@luc.edu).

# CAN YOU HEAR ME NOW?: A LOOK INTO THE FUTURE OF CELL PHONE CARRIER COMPETITION

*Eryk Wachnik \**

## INTRODUCTION

PrimeCo, Nextel, Cingular and Alltel. These independent mobile phone carriers once occupied a significant portion of the wireless carrier market. Now, subsequent to multiple market sector consolidations, these specific companies are relics of our recent memory. The landscape of today's mobile service provider market has vastly changed in the last decade. Today, the nationwide cell phone carrier market is comprised primarily of Verizon, AT&T, Sprint and T-Mobile, with additional regional companies.<sup>1</sup> As consumer reliance on cell phone use continues to grow, these well-established companies will be at the forefront of this growing and dynamic market.

In 2010, Verizon, AT&T, Sprint and T-Mobile had national market shares of 34.3%, 31.7%, 15.5%, and 11.6%, respectively.<sup>2</sup> The remaining 6.9% belonged to smaller regional carriers.<sup>3</sup> As these statistics demonstrate, there is only a 2.6% differential in national market share between the nation's two largest providers. Such a division provides ample incentive for competitor innovation and across the board benefits for consumers.

However, this situation may soon change. In March of 2011, AT&T announced that it would acquire competitor T-Mobile for \$39

---

\* News Editor; J.D. Candidate, May 2012, Loyola University Chicago School of Law.

<sup>1</sup> David Goldman, *AT&T Flings Half-Truths in its T-Mobile Deal Defense*, CNNMONEY.COM (Sept. 13, 2011), [http://money.cnn.com/2011/09/12/technology/att\\_tmobile\\_antitrust\\_response/index.htm](http://money.cnn.com/2011/09/12/technology/att_tmobile_antitrust_response/index.htm).

<sup>2</sup> *Id.*

<sup>3</sup> *Id.*

billion dollars.<sup>4</sup> Consumer advocates were immediately concerned with the potential antitrust and anti-competitive effects of this merger.<sup>5</sup> AT&T and T-Mobile have both, however, claimed that this deal will create jobs, bring efficiency and innovative technology to consumers, and further enable growth of the U.S. high-tech industry.<sup>6</sup>

In light of the bitter disagreement between consumer advocates and these two companies, this Article will take a closer look at this merger. Part I of this Article will look at the details of the merger and the expectations of AT&T and T-Mobile. Part II will look at the concerns that competitors have with this merger. Finally, Part III will look at the concerns of the United States government and consumer groups in regards to this merger. This article will demonstrate that there are many pivotal consumer issues which must be resolved if this merger is to go forward.

## I. THE DEAL

On March 20, 2011, AT&T announced that it would buy T-Mobile from Deutsche Telekom AG for \$39 billion.<sup>7</sup> This amount is to be paid \$25 billion in cash and the rest in stock.<sup>8</sup> This deal would give AT&T an additional 33.7 million subscribers and make AT&T the nation's leading cell phone service provider.<sup>9</sup> This merger is also one of the largest proposed since the onset of the financial crisis in 2008.<sup>10</sup>

AT&T has hailed this deal as being beneficial to the United States and consumers because it would extend its "4G LTE" network technology to more than 97% percent of the U.S. population, improve the quality of service for both T-Mobile and AT&T users, and

---

<sup>4</sup> Andrew Sorkin et al., *AT&T to Buy T-Mobile USA for \$39 Billion*, N.Y. TIMES, Mar. 20, 2011, available at <http://dealbook.nytimes.com/2011/03/20/att-to-buy-t-mobile-usa-for-39-billion/>.

<sup>5</sup> *Id.*

<sup>6</sup> *AT&T and T-Mobile USA: The Future of Mobile Broadband*, MOBILIZEEVERYTHING, 1-2, available at [http://gsmonline.pl/download/files/at\\_t\\_mobile\\_usa\\_factsheet.pdf](http://gsmonline.pl/download/files/at_t_mobile_usa_factsheet.pdf) (last visited Sept. 27, 2011) [hereinafter *The Future of Mobile Broadband*].

<sup>7</sup> *AT&T Fights Back at U.S. Challenge of T-Mobile Deal*, REUTERS (Sept. 9, 2011), <http://www.reuters.com/article/2011/09/09/us-att-tmobile-republicans-idUSTRE78866V20110909>; Complaint at 2, *United States v. AT&T, Inc.*, 1:11-CV-01560 (filed in D.C. Cir. Aug. 31, 2011), available at <http://www.justice.gov/opa/documents/Justice-ATT-T-Mobile-Complaint.pdf>.

<sup>8</sup> Sorkin et al., *supra* note 4.

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

become the largest cell phone company with a unionized workforce.<sup>11</sup> Additionally, AT&T claims that it will invest an additional \$8 billion in infrastructure, estimates that an additional 55,000 to 96,000 jobs will be created, and plans to bring back 5,000 call center jobs which were previously overseas.<sup>12</sup>

Moreover, the acquisition would provide T-Mobile users the option of purchasing a plethora of products they currently are unable to purchase.<sup>13</sup> Most notably, current T-Mobile customers would have the ability to purchase the iPhone, which is now only available through AT&T and Verizon.<sup>14</sup> This is also seen as a “win” for AT&T because it would counteract the effects of many consumers migrating to Verizon for access to the iPhone.<sup>15</sup>

The deal is also likely to save the post-acquisition carrier around \$3 billion per year due to the reduction and closing of hundreds of overlapping stores, offices and support staff.<sup>16</sup> AT&T and T-Mobile have attempted to portray the merger as beneficial to consumers and have emphatically promulgated the potential benefits of the merger. In doing so, they have even launched a website, [www.mobilizeeverything.com](http://www.mobilizeeverything.com), which outlines to consumers and the public the benefits of this merger.<sup>17</sup>

However, this risky merger must still gain approval from both the FCC and the Department of Justice.<sup>18</sup> Many industry insiders

---

<sup>11</sup> *The Future of Mobile Broadband*, *supra* note 6, at 1.

<sup>12</sup> *Top Ten Benefits of Combining AT&T and T-Mobile*, MOBILIZEEVERYTHING, <http://mobilizeeverything.com/facts/top-ten-benefits-of-combining-att-and-t-mobile#> (last visited on Sept. 27, 2011); *AT&T to Bring 5,000 Call Center Jobs Back to U.S. Following T-Mobile Merger Closing*, REUTERS, Aug. 31, 2011, available at <http://www.reuters.com/article/2011/08/31/idUS40296+31-Aug-2011+PRN20110831>.

<sup>13</sup> Sorkin et al., *supra* note 4.

<sup>14</sup> *Id.* As of October 4, 2011, Sprint has announced that it will start selling iPhones to customers, but at a heavy cost to Sprint. As the Wall Street Journal has indicated, Sprint reached a deal to purchase the iPhones at roughly three-times the price they will sell them to their customers, seriously straining already weak finances. Carrying the iPhone at a premium is a risk Sprint deemed necessary to stay competitive with other national wireless carriers AT&T and Verizon. See e.g., *Sprint Gets iPhone, Evens Odds vs. AT&T, Verizon*, WALL ST. J., Oct. 4, 2011, available at <http://online.wsj.com/article/APd3f57e182dce4ce38fea556909cc7446.html>

<sup>15</sup> Sorkin et al., *supra* note 4.

<sup>16</sup> *Id.*

<sup>17</sup> *Better Together: The Planned Merger Between AT&T and T-Mobile*, MOBILIZEEVERYTHING.COM, <http://www.mobilizeeverything.com> (last visited on Sept. 27, 2011).

<sup>18</sup> Bill Ray, *AT&T Merger with T-Mobile Countdown Restarted*, THE REGISTER

believe that the DOJ may extensively scrutinize and subsequently jeopardize the merger.<sup>19</sup> T-Mobile's parent company Deutsche Telekom was so concerned with the possibility of the deal not gaining approval from the DOJ that it made AT&T agree to a larger 8% breakup fee, which in the context of this deal would amount to \$3 billion.<sup>20</sup> This is far more than the industry standard 5% breakup fee, especially given the size and scope of this merger.<sup>21</sup>

Analysts are particularly worried about this merger because it is a "horizontal merger."<sup>22</sup> Horizontal mergers involve the direct takeover of one competitor by another competitor, and those involving massive corporate acquisitions inherently raise antitrust issues. AT&T, however, claims that competition will in no way be negatively impacted by this deal, since most individual markets have at least five carriers to choose from.<sup>23</sup> Moreover, AT&T has even stated that it does not view T-Mobile as a "unique competitor."<sup>24</sup> Additionally, AT&T has stated that the price for wireless services has declined by 50% from 1999 to 2009, an era which saw five major wireless mergers.<sup>25</sup>

AT&T believes that this merger will not harm competition, and will only work to make the cell phone industry more efficient while bringing innovation to consumers. There are, however, numerous industry insiders and government analysts that do not share this optimistic outlook.

## II. CONCERNS BY COMPETITORS

The thought of one national cell phone carrier acquiring another has jettisoned distressing ideas of anti-competitiveness into the minds of some of AT&T's wireless competitors.

Perhaps one of the most vocal opponents of this deal has been

---

(Aug. 30, 2011), [http://www.theregister.co.uk/2011/08/30/fcc\\_att\\_tmobile/](http://www.theregister.co.uk/2011/08/30/fcc_att_tmobile/).

<sup>19</sup> See Byron Acohido, *U.S. Files Suit to Block AT&T Merger with T-Mobile*, USA TODAY (Aug. 31, 2011), <http://www.usatoday.com/money/industries/telecom/story/2011-08-31/US-will-block-ATampTs-merger-with-T-Mobile/50202512/1>.

<sup>20</sup> Sorkin et al., *supra* note 4.

<sup>21</sup> *See id.*

<sup>22</sup> *Id.*

<sup>23</sup> *AT&T to Acquire T-Mobile USA From Deutsche Telekom*, MOBILIZEEVERYTHING (Mar. 20, 2011), <http://mobilizeeverything.com/news/att-to-acquire-t-mobile-usa-from-deutsche-telekom>.

<sup>24</sup> Answer at 6, *United States v. AT&T, Inc.*, 1:11-CV-01560 (filed in D.C. Cir. Sept. 9, 2011), available at [http://mobilizeeverything.com/uploaded-files/fmwhol2.zh52011\\_09\\_09\\_Answer\\_to\\_Complaint.pdf](http://mobilizeeverything.com/uploaded-files/fmwhol2.zh52011_09_09_Answer_to_Complaint.pdf).

<sup>25</sup> *AT&T to Acquire T-Mobile USA From Deutsche Telekom*, *supra* note 23.

Sprint, one of AT&T's main competitors. Part of the reason behind this may be because Sprint was recently negotiating to acquire T-Mobile and form a more powerful market share within the industry.<sup>26</sup> Such a deal would have given the combined company a market share of 27.1%, and put them within striking distance of competitors AT&T and Verizon.<sup>27</sup> This deal, however, did not materialize, partly because the two carriers use very different digital systems and technologies.<sup>28</sup>

Currently, Sprint is vehemently opposing the merger between these two companies. Sprint is a supporter of the Department of Justice's opposition to the deal and has questioned AT&T's claims that the merger will create tens of thousands of jobs.<sup>29</sup> Sprint is expected to use its lobbying power in Washington in an effort to prevent this deal from finalizing.<sup>30</sup> In addition, Sprint also points out that the new company wants to eliminate capital expenditures by \$10 billion.<sup>31</sup> This cut may lead to the closings of thousands of stores, corporate office layoffs, and cuts in advertising. While AT&T may be promising to create jobs and bring them back from overseas, these plans can be seen as jeopardizing current jobs.

Furthermore, analysts point out that the promises of increased expenditures are merely gross figures and that these figures do not take into account the promises to cut capital expenditures which AT&T has proclaimed to Wall Street throughout the acquisition process.<sup>32</sup> Many speculate that AT&T may be merely adding jobs in one area and eliminating them in another.

Overall, this merger would likely have a negative impact on Sprint. The merger would put AT&T/T-Mobile at the top of the industry with 43.3% of the market share, Verizon with 31.7%, and

---

<sup>26</sup> See Amy Gahran, *What a Sprint -T-Mobile Merger Could Mean for Wireless Users*, CNNTECH.COM (Mar. 18, 2011), [http://articles.cnn.com/2011-03-18/tech/sprint.tmobile.gahran\\_1\\_wireless-broadband-t-mobile-usa-wireless-carriers?\\_s=PM:TECH](http://articles.cnn.com/2011-03-18/tech/sprint.tmobile.gahran_1_wireless-broadband-t-mobile-usa-wireless-carriers?_s=PM:TECH).

<sup>27</sup> Goldman, *supra* note 1.

<sup>28</sup> Sascha Segan, *AT&T Buys T-Mobile, Great for Them, Bad for You*, PCMAG.COM (Mar. 20, 2011), <http://www.pcmag.com/article2/0,2817,2382267,00.asp#fbid=tNCgSGwhCq>.

<sup>29</sup> Mark Huffman, *Sprint Disputes AT&T Jobs Claims*, CONSUMERAFFAIRS.COM (Sept. 1, 2011), <http://www.consumeraffairs.com/news04/2011/09/sprint-disputes-att-jobs-claims.html>.

<sup>30</sup> Sara Jerome, *T-Mobile, AT&T Merger to Draw Torrent of Opposition*, THE HILL, Mar. 2011, at 9.

<sup>31</sup> Huffman, *supra* note 29.

<sup>32</sup> *Id.*

Sprint with only 15.5%.<sup>33</sup>

### III. GOVERNMENTAL AND CONSUMER ADVOCATE CONCERNS

#### A. The Government

Another key player in this deal has been the United States government. For a merger of this size and scope to occur, regulators from the Federal Communications Commission (“FCC”) and the Department of Justice (“DOJ”) must both approve it.<sup>34</sup>

Support for the merger has been mixed across political parties and governmental agencies. T-Mobile and AT&T point to various mayors and state representatives who support the deal.<sup>35</sup> However, many other governmental representatives, such as Senator Al Franken, believe this deal is bad for consumers.<sup>36</sup>

The DOJ took note of this opposition when it officially opposed the deal and filed suit against AT&T on August 31, 2011, in an attempt to prevent the merger.<sup>37</sup> The DOJ’s complaint it filed against AT&T points out that T-Mobile is a “challenger brand,” which has been historically known for its value in service and aggressive pricing.<sup>38</sup> The complaint also points to the ability of T-Mobile to use “disruptive pricing,” which is a discounting scheme where a low priced competitor disrupts larger and more expensive rivals by offering a far superior deal.<sup>39</sup> The complaint goes on to state that the lack of a competitor to take on this role would reduce the pressure and the incentive for companies, such as Verizon or AT&T, to bring forth new innovations or low-priced deals.<sup>40</sup>

The DOJ goes on to quote AT&T as previously stating that it aims to, “develop its rate plans, features and prices in response to competitive conditions and offerings at the national levels – primarily

---

<sup>33</sup> Goldman, *supra* note 1.

<sup>34</sup> See *AT&T and T-Mobile*, WT Docket No. 11-65, FED. COMMUNICATIONS COMM’N, available at <http://transition.fcc.gov/transaction/att-tmobile.html> (last visited on Sept. 27, 2011).

<sup>35</sup> *Better Together*, *supra* note 17.

<sup>36</sup> Diane Bartz, *Senator Urges Rejection of AT&T and T-Mobile Deal*, REUTERS, July 26, 2011, available at <http://www.reuters.com/article/2011/07/26/us-tmobile-att-antitrust-idUSTRE76P7BV20110726>.

<sup>37</sup> Complaint at 2, *United States v. AT&T, Inc.*, 1:11-CV-01560 (filed in D.C. Cir. Aug. 31, 2011) available at <http://www.justice.gov/opa/documents/Justice-ATT-T-Mobile-Complaint.pdf>.

<sup>38</sup> *Id.* at 3.

<sup>39</sup> *Id.*

<sup>40</sup> *Id.*

the plans offered by other national carriers.”<sup>41</sup> The government quotes AT&T’s own language to demonstrate that carriers such as T-Mobile, which offer national coverage at a lower rate, do indeed impact the decision making process when AT&T sets its own national rates and prices.<sup>42</sup> The complaint also points out that many users are only able to use these national carriers, as opposed to smaller regional carriers, due to employment and travel necessities.<sup>43</sup> The complaint further states that regional carriers ultimately do not have a large impact on AT&T’s pricing policies because of the service limitations these companies have and their lack of impact on the national market.<sup>44</sup> The government believes that a merger of these two companies would have a distinct impact on local cellular markets within the United States because of the uniform and national nature of the calling plans that these carriers offer.<sup>45</sup>

Furthermore, the DOJ’s complaint very heavily cites T-Mobile’s recent ambitions and the company’s commitment to providing low cost service. In late 2010, T-Mobile re-dedicated itself to the goal of providing consumers with low cost service. The company’s executive team wrote that, “[T-Mobile’s] approach to market[ing] will not be conventional, and [T-Mobile] will push to the boundaries where possible . . . [T-Mobile] will champion the customer and break down industry barriers with innovation . . .”<sup>46</sup> T-Mobile had planned to use these innovative techniques to help boost its market share to 17% within the next few years.<sup>47</sup> The government believes that this renewed commitment would directly correlate with better prices, plan structures, network coverage, quality, speeds and devices for consumers.<sup>48</sup> All of these aspects may potentially not materialize in the consumer’s favor if the merger is finalized. The DOJ believes that this proposed merger is a way for AT&T to control the impact T-Mobile currently has, and to completely eliminate this low-priced competitor in the future.<sup>49</sup> Accordingly, the complaint states that the new company will not offer T-Mobile’s lower priced plans to either new customers or current customers who upgrade their

---

<sup>41</sup> *Id.* at 10.

<sup>42</sup> *See id.*

<sup>43</sup> *Id.* at 11.

<sup>44</sup> *Id.* at 15, 16.

<sup>45</sup> *See id.* at 9-11.

<sup>46</sup> *Id.* at 14.

<sup>47</sup> *Id.* at 15.

<sup>48</sup> *Id.* at 14, 15.

<sup>49</sup> *See id.* at 16, 17.

service.<sup>50</sup> This move can be seen as an immediate hurdle to consumers who wish to have a low-priced national calling plan.

Also, this new merger could have an immediate impact on the government itself. Enterprise and governmental coverage has been a significant part of many of the national carriers' businesses. National carriers are in a unique position to service these clients because most large corporations and the national government require any company they choose to use to have national coverage.<sup>51</sup> The government is worried that if there are only three competitors bidding on these large and lucrative deals, there will be higher rates and an anti-competitive effect.<sup>52</sup> This can be seen as especially worrisome if the eliminated competitor is the lowest priced one, whose aim is to price as aggressively as possible.

The DOJ is also concerned with the potential barriers for new competitors to enter the national market.<sup>53</sup> Launching a new national carrier service would require enormous amounts of capital, millions of customers, a strong brand and the ability to continue operating without profitable years for the foreseeable future.<sup>54</sup> The government expressed doubt as to whether a new competitor would emerge, even if prices increased due to this merger.<sup>55</sup> It is also cumbersome for a new competitor to enter a market that already contains well-established carriers, with substantial portions of the market share.

Accordingly, the DOJ is seeking to block this merger. The government is requesting that AT&T's proposed acquisition of T-Mobile be adjudged to violate the Clayton Antitrust Act, that AT&T be permanently enjoined and restrained from carrying out the purchase agreement they reached with Deutsche Telekom on March 20, 2011, or any agreement which would result in AT&T and T-Mobile merging into one company.<sup>56</sup>

### B. AT&T's Response

Not surprisingly, AT&T has vehemently denied the allegations in the DOJ's complaint. AT&T's answer starts out by emphasizing that the merger will allow the two companies to jointly provide service much more efficiently than either one could

---

<sup>50</sup> *Id.* at 17-18.

<sup>51</sup> *Id.* at 19.

<sup>52</sup> *Id.*

<sup>53</sup> *Id.* at 20.

<sup>54</sup> *Id.*

<sup>55</sup> *Id.*

<sup>56</sup> *Id.* at 21.

independently.<sup>57</sup> AT&T depicts the current wireless market as one that is fiercely competitive and one that will stay fiercely competitive – or become even more competitive – after this merger.<sup>58</sup> Because of this extreme competition, AT&T claims there is absolutely no incentive for it to raise prices or slow innovation.<sup>59</sup>

Furthermore, AT&T points to T-Mobile's declining sales and market share as something that is problematic to consumers.<sup>60</sup> AT&T contends that T-Mobile is not a serious rival to AT&T.<sup>61</sup> This is partly because T-Mobile is the only major carrier to have lost subscribers in the growing wireless market.<sup>62</sup> AT&T attributes this to T-Mobile's lack of innovation.<sup>63</sup> Moreover, AT&T points to Deutsch Telekom's statement that it does not plan on making any significant investments in T-Mobile or the United States market as proof that consumers will be harmed unless AT&T is allowed to step in.<sup>64</sup>

Additionally, AT&T states that the wireless market has been subject to numerous corporate consolidations over the last decade, and asserts that consumers have primarily benefited through enhanced service, rates and devices.<sup>65</sup> AT&T also responds to the government's allegations by citing an FCC report that claims 90% of United States consumers have at least five wireless carriers to choose from.<sup>66</sup> Further, AT&T denies the government's allegations that regional carriers, such as U.S. Cellular and Cricket, do not play a substantial role in the pricing decisions of major national carriers.<sup>67</sup> Throughout its answer, AT&T denies the allegations that T-Mobile is a "unique or material competitive constraint" upon AT&T and states that consumers would benefit from the merger of these two companies.<sup>68</sup>

AT&T also denies that the government is entitled to any relief, and states that enjoining and restraining the companies from

---

<sup>57</sup> Answer at 1, *United States v. AT&T, Inc.*, 1:11-CV-01560 (filed in D.C. Cir. Sept. 9, 2011) available at [http://mobilizeeverything.com/uploaded-files/fmwhtol2.zh52011\\_09\\_09\\_Answer\\_to\\_Complaint.pdf](http://mobilizeeverything.com/uploaded-files/fmwhtol2.zh52011_09_09_Answer_to_Complaint.pdf).

<sup>58</sup> *Id.* at 2.

<sup>59</sup> *Id.*

<sup>60</sup> *Id.*

<sup>61</sup> *Id.* at 2, 6.

<sup>62</sup> *Id.* at 2.

<sup>63</sup> *Id.* at 3.

<sup>64</sup> *Id.*

<sup>65</sup> *Id.* at 4.

<sup>66</sup> *Id.* at 6.

<sup>67</sup> *See id.* at 11-13.

<sup>68</sup> *Id.* at 17-21.

carrying out this deal would be contrary to public interest.<sup>69</sup>

As of September 21, 2011, U.S. District Court Judge Ellen Huvelle has set a February 13, 2012 trial date.<sup>70</sup> Judge Huvelle has also told both sides to inform her on the prospects for settlement in the coming weeks.<sup>71</sup> A settlement in this case could include restructuring the deal for it to successfully pass under the scrutiny of the DOJ.<sup>72</sup>

### C. Consumer Groups

In addition to the objections the government has to this merger, many consumer advocates and groups have joined in the opposition. Among those who believe the deal should be stopped is Minnesota Senator Al Franken.<sup>73</sup> While many labor unions – some of Senator Franken’s key supporters – are in favor of the merger, Franken himself opposes it.<sup>74</sup> He believes the deal will not only hurt innovation and competition, but will also result in many lost jobs if the two companies merge.<sup>75</sup> Senator Franken has called on AT&T to release specific data on how many jobs it expects to cut in the first, second and third years of the merger.<sup>76</sup> Many proponents of the deal have acknowledged that there may be short-term job losses due to restructuring, but many opponents are still calling for specific figures to be released so that the American public can have an appropriate understanding of the short-term losses in this difficult economy.<sup>77</sup> In addition to Senator Franken, Senator Herb Kohl, chairman of the Senate’s antitrust subcommittee, has called for the deal to be blocked.<sup>78</sup>

Consumer advocates also believe that this deal will result in a step back from T-Mobile’s high quality customer service, and result in poorer customer service on the part of the new company.<sup>79</sup> Advocates believe that this deal may be reminiscent of the customer

---

<sup>69</sup> *Id.* at 24, 25.

<sup>70</sup> Brent Kendall, *AT&T Merger Trial Set for February*, WALL ST. J. (Sept. 21, 2011), <http://online.wsj.com/article/SB10001424053111903703604576585051718946310.html>.

<sup>71</sup> *Id.*

<sup>72</sup> *Id.*

<sup>73</sup> Bartz, *supra* note 36.

<sup>74</sup> *Id.*

<sup>75</sup> *Id.*

<sup>76</sup> *Id.*

<sup>77</sup> *Id.*

<sup>78</sup> *Id.*

<sup>79</sup> Segan, *supra* note 28.

service difficulties when Sprint merged with Nextel and when Cingular merged with AT&T.<sup>80</sup> Some consumer advocates are also calling on many of the regional cell phone carriers, many of whom use the same mobile CDMA technology, to merge so that there may be a low cost option to what could be a high-end dominated national market.<sup>81</sup>

Moreover, consumer groups such as Public Knowledge, Consumers Union, Free Press, and the Media Access Project have opposed the merger.<sup>82</sup> Also, the Computer & Communications Industry Association, which includes companies such as Yahoo, Google and Microsoft, has already opposed the merger, stating that such a deal would severely suppress innovation and harm businesses that build components for mobile phones.<sup>83</sup>

Finally, the Rural Cellular Association, which is an organization comprised of over 100 cellular businesses that serve the nation's rural areas, strongly opposes this deal.<sup>84</sup> While this deal does promise the rural areas of the United States greater coverage, this organization is very concerned that such a deal would make it increasingly difficult for smaller regional carriers to compete.<sup>85</sup> The Association believes that AT&T should help rural consumers by further expanding its considerable broadband capabilities and keeping competition intact.<sup>86</sup> These consumer groups believe that the impacts of this deal are far-reaching and things that the government must scrutinize closely and AT&T must address in a better fashion.

## CONCLUSION

In the last decade, there have been numerous cell phone carrier mergers that have reshaped this growing and dynamic industry. The current industry's landscape has four nationwide giants and many other regional choices. Accordingly, there are great differences in prices between these carriers. In September of 2011, a person in the Chicagoland area could purchase a nationwide

---

<sup>80</sup> *Id.*

<sup>81</sup> *See id.*

<sup>82</sup> Jerome, *supra* note 30.

<sup>83</sup> *Id.*

<sup>84</sup> *Proposed AT&T/T-Mobile Merger Would Disserve the Public Interest and Harm Competition*, THE RURAL CELLULAR ASS'N (May 31, 2011), <http://rca-usa.org/press/rca-press-releases/proposed-attt-mobile-merger-would-disserve-the-public-interest-and-harm-competition/915048>.

<sup>85</sup> *Id.*

<sup>86</sup> *Id.*

unlimited voice, text and 2GB monthly data cellular plan for \$115 per month from AT&T.<sup>87</sup> T-Mobile offers the same plan for \$80 per month.<sup>88</sup> In comparison, Cricket, an expanding regional carrier, offers unlimited voice, text and 1GB of data for \$55 per month.<sup>89</sup> These plans are all supported by a 3G network and all are for customers who are purchasing a “smart-phone.” The price difference between these plans is quite startling.

Consumers who choose regional plans may be getting a better deal, but ultimately they may suffer in the long run with poorer service, roaming charges and older technology. While some regional providers, such as Cricket, plan on expanding nationally, this process could take time to fully materialize.<sup>90</sup> During this time, consumers may be forced to choose between a superior national plan and a more affordable regional plan. The lack of a nationwide bargain provider, such as T-Mobile, would leave consumers with the difficult choice of quality versus cost.

The merger between T-Mobile and AT&T will have far-reaching effects on consumers. The cell phone carrier industry is a vital part of our modern society and is something that must continue developing and innovating. As this Article has discussed, there are many issues which the Department of Justice and AT&T must resolve before this deal is to be finalized. In the next few months, it will be vital for these two groups to solve these issues and to articulate a merger which will both incentivize innovation in the foreseeable future and allow consumers to have access to competitive and affordable plans.

---

<sup>87</sup> *AT&T Wireless Plans*, AT&T, <http://www.att.com/wireless> (last visited Sept. 27, 2011). To access this plan information click on ‘voice and data plans’ and navigate to choose the unlimited voice, text and 2GB data plan.

<sup>88</sup> *T-Mobile Plans*, T-MOBILE, <http://www.t-mobile.com/shop/plans> (Last visited Sept. 27, 2011). To access this plan information click on ‘individual plans’ followed by the ‘more details’ icon next to the ‘Classic Unlimited- Plus’ plan.

<sup>89</sup> *Cell Phone Plans*, CRICKET, <http://www.mycricket.com/cell-phone-plans#smartphone-plans> (last visited on Sept. 27, 2011).

<sup>90</sup> Mike Freeman, *Cricket Goes National With No-Contract Wireless Service*, SAN DIEGO UNION-TRIBUNE (Sept. 23, 2011), <http://www.signonsandiego.com/news/2011/sep/23/cricket-goes-national-its-no-contract-wireless-ser/>.