

Virgin Mobile Goes After T-Mo Subs with \$100 Incentive

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Sprint Nextel's Virgin Mobile prepaid business is now offering T-Mobile users a \$100 credit to switch carriers. A large banner ad on Virgin Mobile's homepage beckons, "Ditch T-Mobile and Get a \$100 Credit."

The move comes after T-Mobile earlier this month officially announced a major shift in its business model. The carrier has done away with device subsidies and postpaid contract plans. Instead, customers essentially make a down payment on their device and then make per-month payments for the remaining value of their device.

T-Mobile's executive vice president for corporate services, David Carey, told CNET (http://news.cnet.com/8301-1035_3-57578557-94/t-mobile-execs-see-early-mo... [1]) that traffic was up in all of the stores he visited after the carrier made the switch. He said he has every reason to believe that the momentum will continue.

T-Mobile has been trumpeting its gains this week, as it continues to reinvent itself. The company released some preliminary numbers for the first quarter of its fiscal 2013 that reveal it gained 579,000 new customers, bringing its total customer base up to 34 million.

Those numbers include 352,000 new branded customers and 202,000 new branded prepaid, along with a net branded postpaid customer loss of 199,000, much lower than the 505,000 postpaid customers that jumped ship in the fourth quarter of 2012.

At an event announcing the move to its new business model, T-Mobile also said it will begin offering the iPhone 5 for \$99 down. Customers can then finance the rest of the value of the device in per-month installments.

T-Mobile is approaching the finish line for its potential merger with MetroPCS. The deal has received all necessary regulatory approvals and now awaits a scheduled vote at an April 12 MetroPCS shareholder meeting.

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