AT&T: ETF Payoffs Had Very Little Impact

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AT&T’s Next program is having a big effect on its wireless business, but those ETF payoffs? Not so much.

“I’ll leave it up to you guys to decide, but it doesn’t appear there was much of an impact,” remarked AT&T CFO John Stephens Thursday during comments at a Jefferies investor conference.

Stephens said that given the slight incremental churn rise in the first quarter and roughly 625,000 net postpaid additions the carrier recorded, everything appeared to be pretty much business as usual.

That said, the company’s device financing program may be fundamentally changing the way AT&T customers view device costs.

“We think this is a transformational strategy,” Stephens said, explaining that in the past customers came into a store and thought they were paying $200 for a phone.

“Now we’ve got them basing their decisions on the true cost of the phone,” Stephens said, stressing that the aim of the financing program is to add transparency to billing and eventually wean customers off the subsidy model.

In total, AT&T had 2.9 million AT&T Next sales in the first quarter, with more than a quarter of postpaid smartphone base on Mobile Share Value non-subsidy pricing.

Stephens comments echo those he made during a first-quarter earnings call in late April, when he said AT&T's promotions had successfully resulted in moving more customers over to larger Mobile Share data plans and in turn onto the Next device financing program.

During the quarter, AT&T launched a number of promotions to get customers over to its Mobile Share plans and in turn AT&T added over 1.1 million smartphones. The number of Mobile Share plans tripled due to those deals, with nearly half of the company's postpaid accounts now on 10GB or more.

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