



Telecom Choices Continue to Diminish

By Joshua E. Barbach

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The aggregation of subscribers in the \$71 billion stock for stock merger of Sprint and Nextel announced in December will only make the new entity the third largest mobile operator in the United States, with 35 million combined subscribers. Although Cingular-AT&T Wireless and Verizon Wireless are first and second, respectively, Sprint Nextel would trail by approximately five million subscribers. That is a relatively small percentage (<3%) of the total wireless subscribers in the United States, according to CTIA's total of 173,798,382.

Sprint Nextel's place among the leaders notwithstanding, there is concern that the top three wireless companies would control more than 70 percent of the market. This leaves little choice for subscribers that do not have home-network access to alternative providers. Competition was supposed to lead to more choice and lower prices, but that has not happened. Remember that in addition to their landline networks, RBOCs also direct both Verizon Wireless and the new Cingular group.

The major communications mergers of the past several years have reshaped what consumers can expect from competition. With the recent unbundling rules adopted by the FCC ([see news](#)), and the Supreme Court's pending review of the Appeal's Court "information service" decision ([see news](#)), a new marketplace is emerging, but it's not apparent that this new marketplace will offer more choice, better service or better pricing for consumers. Real competition in wireless – meaning competition among those that own and operate their networks – is shrinking. Landline competition has shifted to a battle between ILECs and cable MSOs. While IP's disruptive influence is providing a leg up to innovative competitors, with IP it's technology and not regulation that drives choice and lowers prices. IP regulation in Congress remains in the works.