

Update: Sprint and T-Mobile Call It Quits

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After months of [merger talks](#) and a \$32 billion deal rumored to be announced late this summer, Sprint has officially disclosed that it is no longer pursuing a purchase of T-Mobile. Now that a merger is off the table, T-Mobile's CEO, John Legere, has swung a few punches at its rival. In a [recent tweet](#), Legere wrote: "Join T-Mobile now and jump off the Sprint bus before it crashes." According to [The New York Times](#), "the tweets reflect not only the reignited competition between the country's third- and fourth-biggest wireless service providers, but also a peculiar reversal of fortune for each company." T-Mobile's new pricing plans have attracted customers, while Sprint—a company that has historically been bigger than T-Mobile—has steadily lost customers.

SoftBank, the majority owner of Sprint has always had its eye on acquiring T-Mobile in an endeavor to more closely compete with telecommunications giants such as Verizon and AT&T. However, regulators were inclined to block Sprint's plans, opposing a merger of two of the four biggest phone service providers as bad for consumers and competition. Tom Wheeler, the chairman of the Federal Communications Commission ("FCC"), [noted](#) that "four national wireless providers are good for American consumers" and "Sprint now has an opportunity to focus their efforts on robust competition."

What is next for T-Mobile?

This does not mean that T-Mobile will not be acquired by someone else. An attractive takeover target, T-Mobile is facing the possibility of multiple suitors. In its second quarter this year, T-Mobile attracted 908,000 new monthly customers, probably due to its new offerings such as free unlimited music streaming and payment of termination fees for customers who leave other carriers. Whether T-Mobile's growth will continue remains to be seen. Analysts have aptly [pointed out](#) that although the company's new offerings are currently attracting customers, "at some point [T-Mobile] has to demonstrate that customers are choosing [it] because of its underlying performance as a carrier and not because of gimmicks and giveaways."

Sprint's Next Steps

Sprint is now looking at a long uphill battle in order to maintain a foothold in the U.S. telecommunications market. Under new leadership (now led by Marcelo Claure), Sprint has said that it is now focusing on "becoming extremely cost efficient and competing aggressively in the marketplace." Some analysts have suggested that Sprint's comeback would require an

innovative marketing plan with a new brand identity and new offerings to entice consumers. And, of course, Sprint always has the option to purchase another company—some have rumored a potential partnership with Dish. However, at least for the present time, Claire has made it clear that “while consolidating makes sense in the long term, for now [Sprint] will focus on growing and repositioning.”

For other recent merger news, see “Consumers v. Big Business Part I: AT&T and DirecTV” available [here](#), “Consumers v. Big Business Part II: Comcast and Time Warner Cable” available [here](#), “Consumers v. Big Business Part III: Sprint and T-Mobile” available [here](#), and “Update: Comcast and Time Warner Merger” available [here](#).