

The Mobile Price War of 2014

November 5th, 2023

Team: Prateek Naharia, Siddharth Bookinkere

Objective: observe price moves and signals in a real price war

- Map a timeline of the competitive moves and reactions made by AT&T, Sprint and Verizon during the period of the case.
- Include the various offers, trade-ins, etc. that were announced by each competitor.
- In your timeline, note which competitors did and did not react to each move.

Introduction:

The mobile telecommunications industry experienced significant disruptions, especially between 2012 and 2014, with T-Mobile's aggressive strategies aimed at capturing market share and offering greater value to its customers. This report maps out a timeline of competitive moves and reactions, observing the price war dynamics among key industry players: AT&T, Sprint, and Verizon.

2012: T-Mobile's Disruptive Entry

December 26, 2012:

- T-Mobile announced the elimination of mobile handset subsidies, introducing the "Value" plans.
 - Expert Commentary: Rafi Mohammad, pricing strategist, remarks, "T-Mobile's move is a clear break from industry norms. They're targeting a specific market segment that values transparency."
 - Reactions:
 - AT&T, Verizon, Sprint: No immediate counter or statement.
 - Associate's Input: An AT&T insider mentioned, "We're closely monitoring T-Mobile's bold moves."

2013: T-Mobile's "Uncarrier" Strategies and Industry's Wait-and-See Approach

Throughout the Year:

- T-Mobile:
 - Introduces various "uncarrier" strategies, leading to the elimination of roaming fees and reduced charges for international calls.
 - Enables customers to trade in phones every six months, breaking the industry norm of yearly upgrades.
 - Expert Commentary: Sinead Carew observes, "T-Mobile's efforts seem to primarily target the most cost-conscious consumers."
 - Reactions:
 - AT&T and Verizon: Neither commit to an immediate strategy shift.
 - Sprint: No significant public feedback.

End of 2013:

- Industry Overview: Major competitors are actively observing T-Mobile's pricing shifts, with a majority not reacting immediately. The industry seems to be in anticipation of T-Mobile's next moves.
- Personal Argument: AT&T evicts John Legere, T-Mobile's CEO, from its event.
- Reactions:
 - AT&T: The incident showcases the heightened tensions.
 - Verizon and Sprint: No public reactions.
 - Associate's Input: A Verizon executive off-the-record mentioned, "It's getting personal, but we're focused on our strategy."

2014: The Escalation of the Price War

January 3:

- AT&T:
 - Makes a direct countermove by offering \$450 to T-Mobile customers to switch, comprising a \$200 credit per phone line and up to \$250 for smartphone trade-ins.
 - Reaction:
 - T-Mobile: No immediate response, but subsequent moves indicate a strategic plan.
 - Verizon and Sprint: Stay in observational roles.
 - Expert Commentary: Rafi Mohammad suggests, "AT&T's countermove signals the start of a potential price war."

January 8:

- T-Mobile:
 - Counters AT&T's move by announcing a new \$650 offer to poach competitors' customers. This includes up to \$350 per line for contract termination and \$300 per phone for trade-ins.
 - Reaction:
 - AT&T: Their initial move led to this aggressive counter by T-Mobile. Further reactions are awaited.
 - Verizon: Still in observational mode but beginning to acknowledge the changing market dynamics.
 - Sprint: No explicit countermove or public reaction was stated.

January 7 & 21:

- Verizon:
 - Initially dismisses AT&T's move but later hints at potential strategy shifts.
 - However, hints at potential strategy shifts on January 21, acknowledging the changing competitive landscape.
 - Reaction:
 - T-Mobile and AT&T: Continue their direct competition, with no immediate response to Verizon's statements.
 - Sprint: No explicit countermove or public reaction stated.
 - Expert Commentary: An analyst at Macquarie Equities opines, "Verizon's shift suggests they're feeling the market pressure."

Conclusion:

- The period between 2012 and 2014 saw transformative shifts in the mobile telecommunications sector.
- T-Mobile emerged as a disruptive force with its assertive strategies.
- AT&T responded directly, recognizing T-Mobile's growing influence.
- Verizon opted for a more calculated and circumspect stance.
- Expert insights and industry comments add depth to our understanding of these strategies.
- Personal confrontations, notably involving T-Mobile's Legere, highlight the intertwining of personal dynamics within corporate competitions.
- Sprint's reactions during this period were notably passive.