

# Disrupting Rural Wireless

How T-Mobile's Takeover of iWireless Harmed Consumers  
and Small Businesses in Iowa

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Presented to the FCC

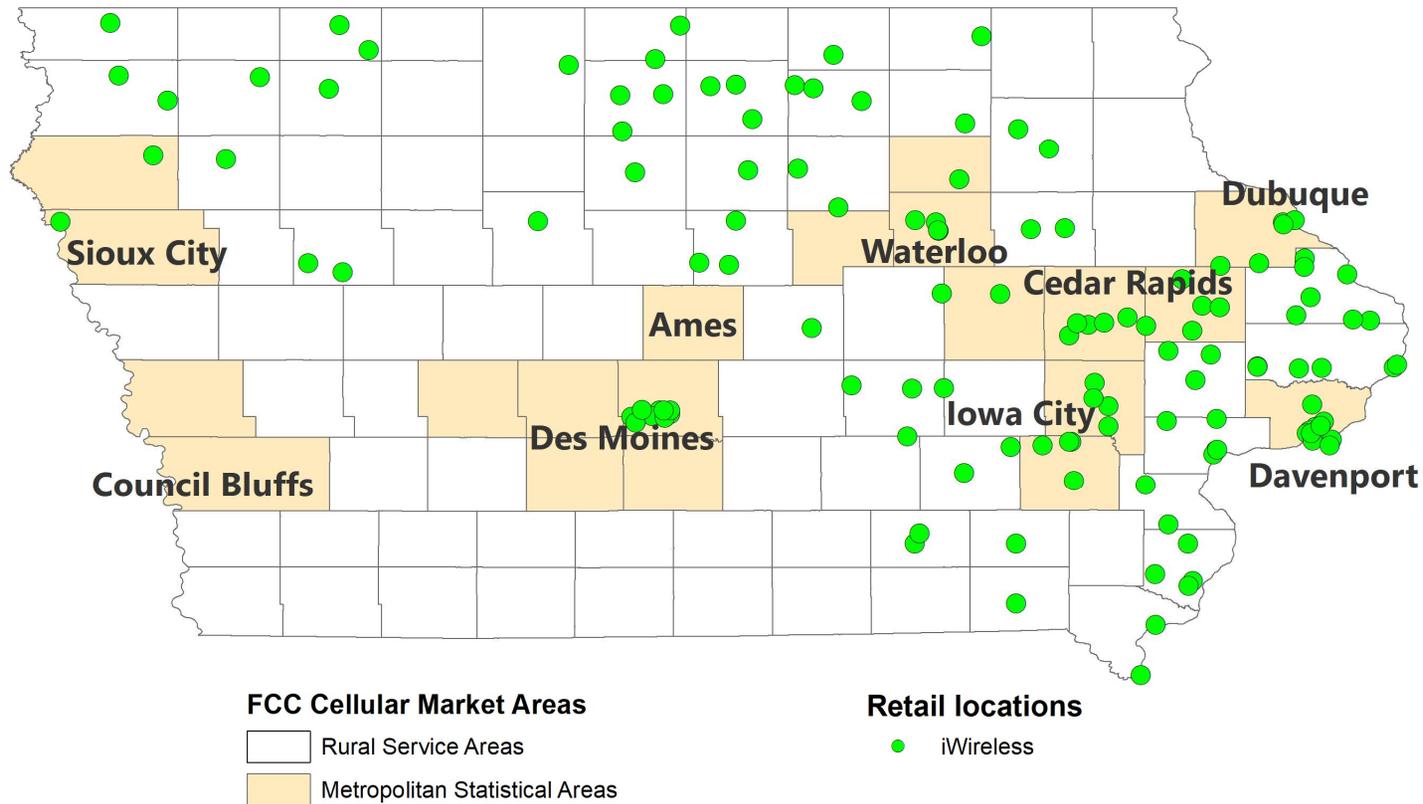
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Communications Workers of America

# iWireless overview

- iWireless was an Iowa-based regional carrier with approximately 75,000 postpaid and prepaid customers.
- Co-founded by a consortium that included dozens of rural telephone companies.
- Prior to its acquisition by T-Mobile in January 2018, iWireless operated more retail locations in Iowa's rural areas than any other carrier.

# iWireless retail locations, October 2017



# Applicants' rural claims

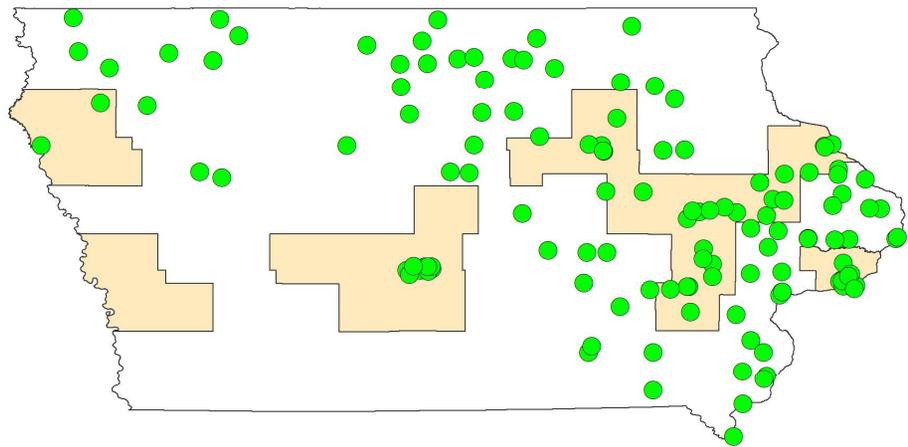
- Applicants claim that New T-Mobile will bring choice and competition to rural communities.
- T-Mobile's acquisition of iWireless was a natural experiment which showed that, in reality, T-Mobile prioritized urban and higher-income customers at every opportunity.

# T-Mobile's record in rural Iowa

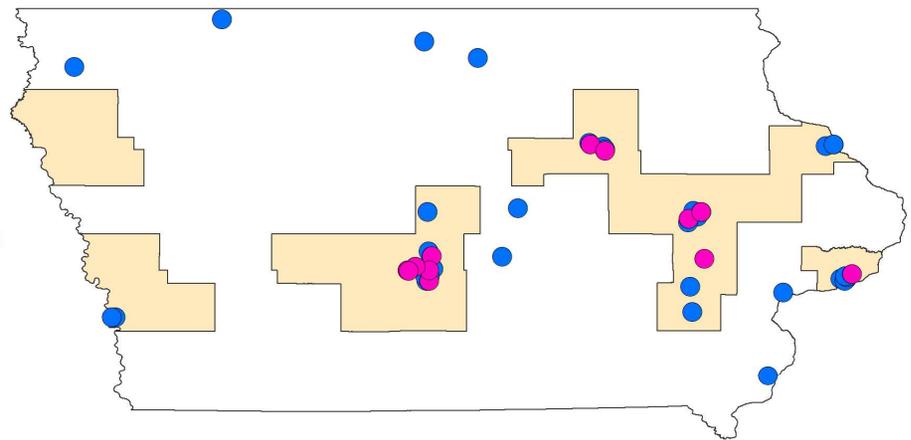
- T-Mobile closed **86%** of iWireless' 129 retail locations, including **75 out of 78** locations in rural areas.
- One year after the acquisition, there were **zero** T-Mobile-branded stores outside of Iowa's urban areas, and only **eight** Metro-branded prepaid stores in rural areas.

# Comparison of Iowa retail footprints before and after acquisition

iWireless locations, October 2017



T-Mobile and Metro locations, January 2019



## FCC Cellular Service Areas

-  Rural Service Areas
-  Metropolitan Statistical Areas

## Retail Locations

-  iWireless
-  Metro
-  T-Mobile

# Impact on customers

“[T-Mobile] left us out in the cold. I don’t like that, I don’t like it for myself, and I don’t like it for my customers, because they matter...They could have just closed one door and immediately opened another one and say, ‘Here is T-Mobile now. You’re covered just like you would be with iWireless.’”

*-Shelia Hall, former iWireless authorized dealer from Iowa Falls.*

# Impact on customers

- Physical retail is an important element of wireless access. As of 2017, almost 90% of wireless devices were purchased at physical retail locations.
- Physical retail is particularly important to seniors and low-income customers.
- iWireless retail locations provided choice and convenience to thousands of rural customers.

# Impact on customers

- On average, it would take customers **68 minutes, one way**, to drive from their former iWireless locations to the closest T-Mobile store.
- T-Mobile only retained **22%** of iWireless' customers following the acquisition, **76%** of whom were postpaid subscribers.

# T-Mobile's iWireless claims

**T-Mobile claim:** T-Mobile dismisses the importance of iWireless, calling it a “failing company stuck in 2G and 3G.”

**Reality:** T-Mobile could have upgraded the iWireless network without gutting its retail footprint. Most former iWireless dealers wanted to continue as T-Mobile dealers.

# T-Mobile's iWireless claims

**T-Mobile claim:** Many iWireless locations closed because they were located inside other businesses, and those locations were "outside brand associations."

**Reality:** Our analysis of data on Metro's website found that there currently hundreds of Metro dealers that operate from gas stations, tobacco shops, and other independent retailers.

# The reality of T-Mobile's rural strategy

- The iWireless acquisition provides a real-world test of T-Mobile's rural strategy.
- In this case, T-Mobile prioritized urban and higher-income customers at every opportunity.
- Rather than demonstrating its commitment to rural customers, T-Mobile reduced choice and access for thousands of customers in rural Iowa.