

What the AT&T Wireless-Cingular Merger Means for Consumers

Q: Will prices for wireless phone service increase because there are fewer companies competing for my business?

A: Consumers Union expects the era of declining wireless prices will end, and some prices could increase, as a result of the merger. The exit of AT&T Wireless means one less national wireless phone service provider in the market. Fewer cell phone competitors mean fewer choices for consumers. Consumers already have seen mergers between local telephone companies result in bigger phone bills, including new fees and surcharges. Industry analysts expect other major wireless phone company mergers, further shrinking choices in the cell phone market.

Q: Could this merger impact competition in other phone services?

A: Yes. Consumers Union believes this merger will negatively impact competition in the local phone market. The new Cingular entity is owned by SBC and Bell South, telephone company giants who together control local phone lines reaching half the nation. Not only will Cingular have the most subscribers of any wireless provider in the nation after the merger, it also will be the dominant wireless firm in SBC and Bell South's markets. This concentration of control leaves SBC and BellSouth well-positioned to profit from customers moving from their traditional home phone to wireless service, as well as those seeking bundled wireline and wireless service offerings. As such, Cingular has no incentive to be competitive in pricing and service as it would take business from its own affiliates.

Q: What will change for AT&T Wireless customers?

A: AT&T Wireless service will be re-branded as Cingular. Cingular's website states that AT&T Wireless customers will not have to get new contracts. AT&T Wireless customers should pay attention to notices they receive regarding what will happen when their existing contract expires. Cingular could extend the existing contracts on a month to month basis or move former AT&T Wireless customers onto new Cingular plans.

Q: How else might service to existing customers be affected by the merger?

A: As the two large companies begin to merge operations, it is reasonable to expect bumps along the way. We are especially concerned about potential problems with billing and customer service. Both AT&T Wireless and Cingular have poor to mixed records of customer service, based on formal complaints filed by consumers and surveys conducted by *Consumer Reports*. Should the merger result in layoffs of employees, the likelihood of problems will increase.

Q: Will I have to change phones?

A: Probably not, but in order to take full advantage of the combined companies' network, handsets may have to be re-programmed. That's because both AT&T and Cingular employ software 'locks' that prevent the phone from taking full advantage of all the features of another network. If you have a GSM phone from AT&T Wireless that's a year old or more, it is most likely a single band PCS model. You'll get better coverage on the combined network with a dual band model—the only type of GSM phone that Cingular sells. Current AT&T Wireless customers may get better coverage by upgrading their phones. Be aware that with any cell phone company, upgrading or changing your handset usually means your contract will also be extended for another term.

Q: Will the AT&T Wireless brand continue?

A: Cingular has the right to continue using the AT&T brand for six months following the merger. But, after that time, the AT&T brand will resurface. AT&T Communications (a separate company from AT&T Wireless) has announced it will start selling wireless phone service under the AT&T brand name using Sprint's wireless phone network. This new network will not be compatible with AT&T Wireless' former network.

Q: What advice do you have for customers of AT&T Wireless and Cingular?

- Pay close attention to notices in your cell-phone bill. These notices may be the only information you receive about changes in your contract, service or pricing. It is a good idea to also periodically check the Cingular website for news about implementation of the merger.
- Review each bill carefully. As two large companies try to merge operations and customer data bases, mistakes are bound to happen. Make sure you are being billed based on the plan you signed up for. Pay attention to charges for roaming, long distance, and night and weekend minutes to be sure they are in line with the provisions of your calling plan.
- Ask your current company whether you need to make any changes to your phone in order to take full advantage of the newly combined network.
- If you find a discrepancy in your bill or have a problem with service, contact the customer service phone number listed on your bill immediately. Document your complaint. If you do not get a quick resolution from the company, file a complaint with the Federal Communications Commission at <http://www.fcc.gov/cgb/complaints.html>