

Overview

Communications Workers of America estimates that a merger between T-Mobile and Sprint could cause more than 30,000 workers to lose their jobs. The majority of these losses (approximately 26,000) would occur as a result of retail store closures spread throughout the country with the balance (approximately 4-5,000) coming from the elimination of overlapping headquarters-based staff in Overland Park, KS and Seattle, WA.

Postpaid Wireless Retail: T-Mobile and Sprint

Sprint and T-Mobile currently operate a total of approximately 9,100 corporate and authorized retail locations selling postpaid wireless services.ⁱ This combined retail network is substantially larger than either Verizon's (7,237 stores) or AT&T's (5,372 stores) retail operations, and involves a high degree of geographic overlap. We expect that a merger between these two companies would involve a significant number store closures.

In New Street Research's updated April 2018 analysis of potential synergies from a T-Mobile/Sprint merger, they assume that the resulting company would generate savings from the elimination of excess store locations, yielding an estimated \$2 billion in annual savings split approximately 60 percent in (\$1.2 billion) rent and 40 percent in staff costs (\$767 million).ⁱⁱ New Street assumes that New T-Mobile will operate 6,800 corporate and dealer locations, closing the remaining 2,300 stores. New Street estimates that the average retail store has eight employees,ⁱⁱⁱ which translates to an implied job loss of more than 18,000.

Prepaid Wireless Retail – MetroPCS and Boost

In addition to robust retail networks targeting postpaid customers, both Sprint and T-Mobile own prepaid brands with their own retail operations. MetroPCS, T-Mobile's prepaid brand, has 9,879 retail locations, and Boost, Sprint's prepaid brand, has 5,576 locations.^{iv} Virtually all of these locations are operated by independent authorized retailers. A combination of these brands would have 15,455 locations, nearly three times as many as its closest competitor, AT&T's Cricket, which has only 5,719 locations.^v Based on the comparative size of these prepaid retail operations and the close proximity of many MetroPCS and Boost locations, the National Wireless Independent Dealers Association (NWIDA) has joined a coalition opposing the merger, arguing in part that the "new T-Mobile entity will unify their prepaid offerings under a single brand, effectively shuttering thousands of retail outlets."^{vi} Although MetroPCS and Boost each have large prepaid subscriber bases, their retail stores are highly concentrated in similar areas of the country, and are often located very close to each other.^{vii} Assuming, conservatively, that half (2,750) of the Boost stores will close as part of the merger, with an estimated three employees per store, this consolidation in the prepaid wireless market could eliminate more than 8,000 jobs.^{viii}

Headquarters

During the previous round of deal talks, analysts at Moffett-Nathanson estimated the merger would involve 4,000 to 5,000 lost jobs at Sprint and T-Mobile headquarters in Overland Park, KS and Seattle, WA.^{ix}

Call centers

From 2007 to 2010, Sprint reportedly closed more than 30 call centers,^x and additional closures followed SoftBank's acquisition of Sprint in 2013.^{xi} Given the extensive outsourcing of customer call centers and network technicians by Sprint in recent years, we do not anticipate that the companies will find significant cost-cutting opportunities in these areas. In December 2016, Sprint CEO Marcelo Claure pledged Sprint would create 5,000 jobs in the U.S., primarily by reshoring call center positions.^{xii} We have not been able to locate a reliable assessment about whether these jobs materialized.

Summary of Estimated Job Losses from Proposed T-Mobile/Sprint Merger

Type of Work	Estimated Jobs Lost	Source
Retail – Postpaid (T-Mobile, Sprint)	18,000	Estimate based on New Street Research analysis of merger synergies, April 2018. ^{xiii}
Retail – Prepaid (Boost, MetroPCS)	8,000	Estimate based on NWIDA/All4Price coalition statements about merger impacts on prepaid retail. ^{xiv}
Headquarters	4,000 to 5,000	Moffet-Nathanson estimate as quoted in October 2017 Kansas City Star article. ^{xv}
Total	30,000 to 31,000	

ⁱ Calculated by retrieving location data from the Sprint and T-Mobile websites on Apr 23 and Apr 27, 2018 respectively.

ⁱⁱ New Street Research, "Sprint / T-Mobile Redux: Refreshing Synergies and Scenarios," April 15, 2018, p 28.

ⁱⁱⁱ New Street Research, "Sprint / T-Mobile Redux: Refreshing Synergies and Scenarios," April 15, 2018, p 29.

^{iv} Location counts retrieved May 2018. <https://www.metropcs.com/>, <https://www.boostmobile.com/>

^v Retrieved May 2018 using Google Places API.

^{vi} <http://nwida.org/nwida-joins-founder-former-ceo-boost-mobile-usa-joint-statement-sprint-t-mobile-merger-will-devastating-prepaid-customers-30000-wireless-dealers-u-s>

^{vii} Comparison of MetroPCS and Boost retail store distribution at <https://www.all4price.com/>

^{viii} Employment estimates from press coverage of store openings such as:

<https://patch.com/florida/newportrichy/talk-time-store-opens-new-tampa-bay-location>,

http://www.mlive.com/business/west-michigan/index.ssf/2012/07/boost_mobile_to_open_location.html

^{ix} Davis, M. "Could a Sprint merger with T-Mobile kill more jobs than Sprint has?" Kansas City Star, October 6 2017:

<http://www.kansascity.com/news/business/technology/article177413566.html>

^x <https://speedmatters.org/blog/archive/sprint-slashes-customer-service-jobs-since-softbank-deal>

^{xi} <https://www.denverpost.com/2016/01/22/struggling-wireless-carrier-sprint-is-shuttering-call-centers-and-cutting-jobs-nationwide/>

^{xii} <https://www.bizjournals.com/kansascity/news/2017/03/24/sprint-tmobile-merger-effect-on-jobs.html>

^{xiii} New Street Research, "Sprint / T-Mobile Redux: Refreshing Synergies and Scenarios," April 15, 2018, pp 28-20

^{xiv} <http://nwida.org/nwida-joins-founder-former-ceo-boost-mobile-usa-joint-statement-sprint-t-mobile-merger-will-devastating-prepaid-customers-30000-wireless-dealers-u-s>

^{xv} Davis, M. "Could a Sprint merger with T-Mobile kill more jobs than Sprint has?" Kansas City Star, October 6 2017: <http://www.kansascity.com/news/business/technology/article177413566.html>