

BEFORE THE FEDERAL COMMUNICATIONS COMMISSION

Washington, D.C. 20554

In the Matter of

Office of Economics and Analytics Seeks Comment on the State of Competition in the Communications Marketplace

GN Docket No. 26-78

COMMENTS OF THE NATIONAL WIRELESS INDEPENDENT DEALERS ASSOCIATION

The National Wireless Independent Dealers Association (NWIDA), representing small and medium-sized independently owned wireless retail stores across the United States, respectfully submits these comments in response to the Commission's Public Notice seeking input on the state of competition in the communications marketplace.

I. INTRODUCTION AND INTEREST OF NWIDA

NWIDA represents hundreds of independent wireless retailers who serve as a critical link between carriers and millions of American consumers, particularly in underserved rural and urban communities. Our members operate authorized dealer locations for major carriers, providing essential services including device sales, activations, technical support, and customer service. Independent dealers have historically played a vital role in expanding wireless service availability, creating local jobs, and delivering personalized customer experiences that complement carrier-owned retail channels.

NWIDA has substantial interest in the Commission's assessment of mobile wireless marketplace competition, particularly regarding regulatory and marketplace barriers affecting small business entry and competitive expansion, as specifically requested in Section III of the Public Notice.

II. EXECUTIVE SUMMARY

While the mobile wireless marketplace appears competitive at the carrier level, **independent wireless retailers face increasing barriers to competition driven by carrier consolidation, vertical integration, and anticompetitive marketplace practices.** The Commission should examine how:

1. Carrier consolidation has reduced wholesale and MVNO opportunities essential to independent retailers
2. Carrier-imposed limitations on device availability create artificial competitive disadvantages

3. Vertical integration strategies by carriers systematically disadvantage independent dealers
4. Regulatory compliance costs disproportionately burden small businesses
5. Device repairability restrictions limit revenue diversification for independent retailers

III. CARRIER CONSOLIDATION HAS REDUCED COMPETITIVE OPTIONS FOR INDEPENDENT RETAILERS

A. The Sprint/T-Mobile Merger's Downstream Effects

The 2020 Sprint/T-Mobile merger significantly impacted independent wireless retailers by:

- **Eliminating a major wholesale partner:** Sprint's closure eliminated dealer agreements and wholesale arrangements that hundreds of independent retailers depended upon
- **Reducing MVNO diversity:** The merger reduced competitive pressure on wholesale pricing and terms, harming retailers who partner with MVNOs
- **Decreasing device diversity:** Consolidated carrier influence over device manufacturers has reduced availability of unlocked and carrier-agnostic devices

B. Verizon's Acquisition of Tracfone

Verizon's acquisition of Tracfone (approved in 2021) further concentrated the prepaid wireless market, where many independent retailers compete. This vertical integration has:

- Created potential conflicts of interest in wholesale arrangements
- Reduced competitive wholesale pricing options for independent dealers
- Limited independent retailers' ability to offer competitive prepaid alternatives

The Commission should assess whether additional merger conditions or wholesale access requirements are necessary to preserve competitive opportunities for small business retailers.

IV. MARKETPLACE PRACTICES CREATING BARRIERS TO COMPETITION

A. Device Allocation and Availability

Independent retailers face systematic disadvantages in device inventory access:

1. **Preferential allocation to corporate stores:** Carriers often prioritize high-demand devices (new iPhone releases, flagship Android devices) to corporate-owned locations, leaving independent dealers with insufficient inventory during critical sales periods
2. **Delayed access to promotional devices:** Independent dealers frequently receive promotional inventory weeks after corporate stores, undermining their competitive position

3. **Minimum order requirements:** Volume requirements that favor large multi-location operators over small independent retailers

Recommendation: The Commission should examine whether carriers' device allocation practices constitute anticompetitive restraints on independent dealers who are contractually obligated to sell carrier services.

B. Compensation Structure Disparities

Carriers have increasingly shifted compensation models in ways that disadvantage independent retailers:

- **Reduced commission rates** for independent dealers while maintaining higher compensation for corporate employees
- **Claw-back provisions** that disproportionately impact small dealers with higher customer churn rates
- **Promotional exclusions** where certain high-value promotions are available only through corporate channels

C. System Access and Technical Limitations

Independent dealers often face inferior access to carrier systems:

- Limited or delayed access to carrier CRM and sales systems
- Restricted access to customer account information necessary for service
- Second-tier technical support with longer resolution times

V. REGULATORY BARRIERS DISPROPORTIONATELY AFFECTING SMALL BUSINESSES

A. Compliance Costs

Independent wireless retailers face significant regulatory compliance burdens:

1. **CPNI (Customer Proprietary Network Information) requirements:** While essential for consumer protection, compliance costs fall disproportionately on small businesses without dedicated compliance staff
2. **State and local licensing:** Varying state regulations for wireless dealers create complex compliance environments
3. **Accessibility requirements:** ADA and CVAA compliance, while important, require capital investments that strain small business resources

Recommendation: The Commission should consider small business compliance assistance programs or scaled requirements that maintain consumer protections while recognizing resource constraints.

B. Right to Repair and Device Servicing

Device repair represents a potential revenue diversification opportunity for independent retailers, but faces significant barriers:

1. **Manufacturer restrictions:** Device manufacturers and carriers restrict access to parts, diagnostic tools, and repair documentation
2. **Software locks and serialization:** Paired parts and software authentication prevent cost-effective third-party repairs
3. **Warranty implications:** Carrier and manufacturer policies that void warranties for third-party repairs discourage consumers from using independent repair services

Independent retailers could provide convenient local repair services, extending device lifecycles and improving sustainability, if regulatory barriers and manufacturer restrictions were addressed.

The Commission should coordinate with the Federal Trade Commission on Right to Repair enforcement and consider rules requiring reasonable access to repair resources for authorized dealers.

VI. IMPACT ON SERVICE TO UNDERSERVED COMMUNITIES

Independent wireless retailers disproportionately serve rural and economically disadvantaged communities where carriers are less likely to maintain corporate stores. Barriers facing independent dealers directly impact:

- **Rural service availability:** Independent dealers often provide the only local wireless retail presence in small towns
- **Multilingual service:** Independent retailers frequently offer specialized language support for immigrant communities
- **Economic development:** Local ownership keeps profits in communities and creates local employment

Carrier practices that disadvantage independent dealers thus have broader implications for the Commission's universal service and digital equity objectives.

VII. RECOMMENDATIONS

To promote competitive entry and expansion opportunities for small business wireless retailers, NWIDA respectfully recommends the Commission:

1. **Assess merger conditions:** Review whether additional conditions are needed for past and future carrier mergers to preserve independent dealer opportunities
2. **Examine device allocation practices:** Investigate whether carrier device allocation policies constitute anticompetitive restraints on authorized dealers

3. **Promote MVNO competition:** Ensure wholesale access terms support viable MVNO competition, which benefits independent retailers
4. **Support Right to Repair:** Coordinate with FTC on device repairability and consider requirements for authorized dealer access to repair resources
5. **Small business compliance assistance:** Develop scaled compliance requirements or assistance programs that maintain consumer protections while recognizing small business constraints
6. **Track independent dealer metrics:** Include data on independent dealer market share, entry, and exit in future Communications Marketplace Reports

VIII. CONCLUSION

Independent wireless retailers remain essential to competitive service delivery, rural coverage, and localized customer service in the mobile wireless marketplace. However, carrier consolidation and anticompetitive marketplace practices increasingly threaten the viability of small business wireless dealers.

The Commission's assessment of mobile wireless competition should look beyond carrier-level metrics to examine the health of the broader retail ecosystem. NWIDA respectfully urges the Commission to use the 2026 Communications Marketplace Report to highlight barriers facing independent dealers and recommend policy actions to preserve competitive opportunities for small businesses.

Respectfully submitted,

NATIONAL WIRELESS INDEPENDENT DEALERS ASSOCIATION (NWIDA)

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