

Perspectives on the emerging wireless market

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Analyst:

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## Move toward usage-based pricing risky for AT&T

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**Issue:** AT&T has taken a giant strategy step in doing away with its unlimited smartphone data plan, replacing it with a pair of plans that charge customers for buckets of usage.

**Background:** AT&T executives have been saying for some time that unlimited data plans could not be sustained given ramping network traffic, and just days before the announcement of the next data-gobbling iPhone model they decided to unveil their new usage-based strategy. Starting June 7, all new smartphone users have a choice between a \$15 monthly plan offering 200 MB usage and a \$25 monthly plan offering 2 GB usage.

**Implications:** AT&T's move toward usage-based pricing will be closely watched in a U.S. consumer market accustomed to all-you-can-consume wireless data plans. So far other carriers including archrival Verizon Wireless have not followed AT&T's lead, perhaps preferring to wait to see the customer reaction. Indeed, the move is not without risks, and other competitors — including cable wireless data players — that stick with unlimited plans could have some effective counter-marketing ammunition to wield against AT&T.

## ABOUT THE ANALYST



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Karen Brown has been tracking broadband communications technologies since 1999, when she joined *Cable World* magazine as associate technology editor. She has since monitored and reported on emerging technologies in the cable, Internet and wireless communications sectors for leading business publications including *Multichannel News*, *Wireless Week* and *CED Magazine*. She joined One Touch Intelligence in 2006.