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June 2, 2010

Heaviest Users of Phone Data Will Pay More

By **MATT RICHTEL**

They spend hours watching video on their phones, downloading songs, browsing the Web, sending photos to friends and generally using mobile devices as full-fledged computers. They are the data hogs.

On Wednesday, **AT&T** pulled away the trough. And other wireless carriers could do the same.

AT&T said it would no longer offer an unlimited data plan to new users of iPhones and other smartphones. The decision, industry analysts said, could signal a shift away from an era in which American wireless carriers sought to attract customers with simple, all-you-can-eat pricing plans for data.

The trouble for AT&T was that a fraction of users — fewer than 2 percent — made such heavy use of the network that they slowed it down for everyone else.

Starting on Monday, AT&T will offer tiered pricing. People will pay based on what they use, which the company says is fairer to everyone.

Instead of paying \$30 a month for unlimited data, new customers will be given the option of paying \$15 a month for 200 megabytes, or \$25 for 2 gigabytes, with added charges for greater use. AT&T estimates that the more expensive plan will cover 1,000 minutes of video, 400 song downloads or a million one-page e-mail messages. Those who want to keep their existing unlimited plans can do so.

Analysts said AT&T's move could have ripple effects on other wireless carriers and, eventually, a growing segment of the population that has begun gorging on data using their phones.

"The free lunch for the ultra-heavy data user has been taken off the menu," said Roger Entner, a telecommunications industry analyst with the Nielsen Company. "The new generation of heavy users is going to pay according to what they use."

With a new generation of advanced phones, mobile data use has exploded. In April this year, 57.1 million mobile subscribers in the United States had unlimited data plans, a 57 percent increase

from a year earlier, according to [comScore](#), a research group.

The wireless carriers have generally benefited from the growth. Last year, they took in \$41.5 billion in revenue from data use, compared with \$8.5 billion in 2005, according to CTIA, the industry's trade association.

Home Internet users are sucking up more data too, of course. But analysts say providers of home access are unlikely to drop unlimited plans anytime soon. One big difference is that those companies can more easily add capacity than mobile carriers, which must license scarce and expensive spectrum from the government.

When wireless customers take "unlimited" literally, analysts say, those plans rapidly become money losers for the companies.

The problem is not unique to AT&T, but it has suffered more than its competitors because of the data demands of [iPhone](#) users. They use on average a third more data than the typical smartphone owner, Mr. Entner noted.

"The biggest data pigs in the world are the iPhone guys," said Edward Snyder, an analyst with Charter Equity Research.

Mr. Snyder and other analysts said the iPhone, which is now available exclusively from AT&T in the United States and has helped it attract millions of consumers, is likely to be offered by other carriers as soon as next year. When that happens, Mr. Snyder said, AT&T could face an exodus of customers who have been unhappy with the performance of its network, and it might be hoping that the new data plans would attract lighter users.

AT&T said the changes would mean lower prices even for people who might think they could easily burn through 2 gigabytes. "It's a stupefying amount of data," said Mark Siegel, a spokesman for AT&T. He said 65 percent of the company's smartphone customers tend to use less than 200 megabytes a month, and 98 percent averaged less than 2 gigabytes.

Customers will be able to monitor their data use on AT&T's Web site and with cellphone applications, and the company will send alerts when they near their quota. Going over that quota will mean an additional charge — \$10 for an extra gigabyte for those on the more expensive plan.

In another approach, T-Mobile in April said customers on its 5-gigabyte data plan would have their access speed slowed when they went over their allotment, instead of paying more.

[Verizon](#) Wireless, which declined to comment on its future pricing plans, offers an unlimited plan for \$30 a month. Ken Dulaney, an analyst with Gartner, said he expected Verizon to try to capitalize on AT&T's move, at least at first.

“I suspect we’ll see Verizon putting out [Southwest Airlines](#)-style ads saying, ‘Our bags still fly free,’ ” he said. But he agreed with other analysts that Verizon would eventually join not just AT&T but most other carriers around the world that, for years, have charged on the basis of use.

Mike Lapchick, an AT&T customer in Chicago, said that he tended to use his iPhone mostly for e-mail, and that he would probably see his data bill drop in half to \$15.

But Mr. Lapchick, who is the chief executive of a company that makes software used by Internet retailers to allow consumers to zoom in on product images, has another concern. As unlimited data plans go away, it could prompt cellphone users to watch their intake.

“If people are watching their data plans more closely, it’s going to cut into the investments we made in the company in the last 18 months,” he said.

In other words, he had planned for a world filled with data hogs.