

Motorola Downgraded on Verizon iPhone

Scott Moritz

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NEW YORK, ([TheStreet](#)) -- **Motorola** (MOT) was downgraded Monday on concerns that phone sales are weakening and that the hotly-anticipated arrival of the **Apple** (AAPL) iPhone at **Verizon** (VZ) threatens the Droid franchise.

For second time in two weeks, an analyst has predicted [tough times ahead for Motorola](#).



Charter Equity Research analyst Ed Snyder joined the bears Monday, cutting Motorola to hold.

Motorola's Droids are the top-selling smartphones at Verizon, Snyder wrote, adding: "but mandatory data plans and discounts on competing smartphones appear to have undercut appetite for feature phones in the U.S."

Motorola has new phones and wireless devices coming in the months ahead, but Snyder expects "the company's performance this quarter and guidance for next period to fall short of our original forecast."

Looking ahead at the big issue -- the [Verizon iPhone](#) -- looming for Motorola, Snyder predicted doom.

"Motorola is "destined to see steep declines once the iPhone promotion begins," Snyder wrote. "This is particularly problematic for Motorola, given its heavy dependence on Verizon for smartphone sales."

Motorola's turnaround strategy has been built on **Google's** (GOOG) Android operating system and pushed along by a strong Droid marketing campaign by Verizon. But competition has been stiff and it's hard to ignore that Verizon posted slower wireless subscriber growth Friday.

Last week, Rodman Renshaw issued a note subtitled "It Was Good While it Lasted," which said that Motorola's smartphone shipments would be lower than the 3.7 million analysts were expecting.

And going into the end of the year, it may be increasingly hard to sell Google Android devices at Verizon when consumers are expecting the [arrival of Apple's iPhone](#) in January.

Motorola is set to release third quarter earnings before the bell Thursday.

In mid-morning trading, Motorola shares were slightly up 1.09% at \$7.91.

--Written by Scott Moritz in New York.

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