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Savannah Morning News.

DOLLARS AND SENSE: Falling prices drive smart-phone growth

By Arlinda Smith Broady

Posted Oct 27, 2010 at 12:18 AM

I was near a group of teens at a recent church gathering when a youngster's cell phone rang. They all looked startled until the young lady pronounced it was her mother.

Laughter followed. I asked what the joke was. "Only parents use their phones to call people," one kid said.

And a child shall lead.

Recent data from ABI Research, a provider of analysis and quantitative forecasting of trends in global connectivity and other emerging technologies, found that smart phone markets are growing at a rapid pace.

Smart phones made up 19 percent of all handsets shipped in the second quarter of 2010. That represents a 12 percent increase over the first quarter, and a 50 percent jump compared to the same quarter in 2009.

If you're new to the term, smart phones can do just about everything a computer can do and then some. The most notable of the bunch is perhaps the iPhone, but Blackberry and Android are steadily gaining.

Last month, I set out on a quest for a new phone after I broke my Palm Centro that had served me well for nearly two years. I'm not the type to fall prey to every new gadget. (I don't have a Blu-Ray player or a Roomba.)

However, it's not a bad idea to emerge from the cave every now and then.

I tried the Droid X, but had trouble with the keyboard.

I tried the BlackBerry Torch, but wasn't a fan of the apps.

The folks at Verizon urged me to test drive the Droid 2. They said it had the best of both worlds.

They were right.

For all the reasons I admired the Droid X, the Droid 2 offered similarities. And the keyboard was as easy to use as the BlackBerry.

I was able to access three e-mail accounts, Facebook, LinkedIn, MySpace and Twitter with ease. I could access the Internet and read documents without lugging around my laptop. I found myself spending less time at my desk and more time in the field.

ABI senior analyst Michael Morgan said the remarkable growth rates are being driven by falling (often heavily subsidized) handset prices. Cost is no longer much of an obstacle.

“One of the key remaining barriers to smart phone adoption in subsidized markets is now the cost of the data plan rather than the cost of the handset,” he said.

Just a few months ago, Verizon, Sprint and T-Mobile all offered unlimited data plans. For about $30 a month you could stream movies, download music and send pictures and e-mails with no worries.

Now, providers are looking at ways to put a toll on the well.

Verizon will move to a two-tiered data pricing plan this week, but the changes will probably not affect most subscribers. Currently, Verizon charges $29.99 a month for an unlimited data plan that's required for all its smart phones, and that price won't change.

But Verizon will add a $15 per month smart phone pricing plan, with a data usage limit of 150 megabytes. If users use more than the allotted 150 megabytes, they simply roll to a new 150 megabytes of data and pay another $15.

For a cheapskate like me, that sounds pretty good on the surface. I've never come close to 150 megabytes, so perhaps I'll save money. At least that's the sales pitch I'm giving my husband when I ask Santa for an early Christmas present.

I've been a good cell phone user and I deserve a new smart phone.

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