

Netbooks now being sold like cell phones

July 8 2009, By Brandon Bailey

If you walked into the right RadioShack store last weekend, you could get an Acer Aspire "netbook" computer for free. The catch: You would have to sign a two-year contract for mobile Internet service from AT&T, at \$60 a month plus an activation fee.

But wireless phone companies are betting that plenty of people will be willing to pay \$200 to \$300, and commit to spending \$1,000 or more over the next two years, for a downsized, lightweight netbook that they can use to surf the Web wherever they go.

Whether that's a good deal depends on what kind of computer you want, and how you want to use it.

Both Verizon and AT&T have begun selling netbooks the same way they sell mobile phones -- offering a steeply discounted price for the device when bundled with a one- or two-year wireless agreement. Customers pay a monthly wireless charge based on how many megabytes of data they send or receive on their netbooks, much as they pay for minutes of talking on a phone.

It's a strategy that builds on the primary reason netbook sales have surged since the first models came on the market last year: Consumers see them as a cheap and convenient alternative to full-size laptops, especially when it comes to accessing the Internet or checking e-mail on the go.

"It seems like a pretty good deal," said Ellen Specht, a retired family

therapist, who recently eyed an HP Mini notebook on sale for \$200 with a two-year contract at a Verizon Wireless store in Mountain View. "You can put it in your bag and take it with you anywhere."

Netbooks won't do everything that a full-size laptop will do. Compared with standard laptops, they generally have smaller screens, smaller keyboards and less powerful processors.

That makes them unsuitable for tasks like high-speed gaming, storing and crunching lots of data, or editing video. It's also what makes them lightweight (most are under three pounds) and easy to carry in a purse, backpack or by hand.

When mobility is a motivating factor, said analyst Matthew Wilkins of the research firm iSuppli, it makes sense to buy a netbook in conjunction with a wireless Internet service. He said similar arrangements are common in Europe and the United Kingdom.

But some netbook users say they get along fine by taking advantage of [Wi-Fi](#) nodes at fixed locations, such as coffee shops, retail malls and other public places, without paying for a constant wireless connection.

"I don't need another monthly bill," said Brad Samuels, a 29-year-old sheet metal worker who was checking e-mail on an Acer netbook while seated at a sidewalk cafe near Mission College in Santa Clara. "Wi-Fi is so abundant, especially in shopping areas. I just sat down and found three (Wi-Fi nodes) right here."

While the wireless providers tout the ability to access the Internet anywhere, using their 3G networks, the convenience has a price. Verizon's \$40 monthly contract allows only 250 megabytes of data transmission, while AT&T provides just 200 megabytes. They suggest that's adequate for someone who mostly uses Wi-Fi or only checks e-

mail a few times a week.

Both companies have a \$60-a-month plan that provides up to 5 gigabytes of data, which they describe as sufficient for most Internet users. There are extra fees for going over that limit and they can add up quickly, as they do for cell phone users who exceed their monthly allotment of minutes.

The companies' mobile broadband charges are the same if you buy your own laptop and a wireless card. But the cost of those plans raises another question: For \$200 and the price of a monthly data plan, why not surf the Web _ and make phone calls -- with a new iPhone or any other smart-phone?

Specht said she could see a big reason: A netbook's 9- or 10-inch screen, while smaller than a full-size PC's, is still bigger and better than a phone's for reading and writing text. The same is true for [netbook](#) keyboards.

"An iPhone is tiny," she said. "You can't get enough on your screen, when you're writing, to read it over and decide if you want to keep it or make changes."

Critics say a netbook's downsized keyboard and sometimes flimsy mouse button can feel cramped and uncomfortable, especially for extended typing. But Samuels said the keyboard on his Acer -- which is about 10 percent smaller than a regular laptop keyboard -- doesn't bother his large hands.

Most of the models sold by wireless companies have an Intel Atom 1.6-gigahertz processor and come installed with Windows XP. The lower-priced models tend to be at the lower end of the feature range -- with less memory, shorter battery life and a limited number of preinstalled

programs for functions such as word processing -- even compared with other netbooks.

You can purchase upgrades, though you may have to install them yourself. And most netbooks lack a built-in optical drive, which means you have to buy a separate disk reader and plug it into the netbook's USB port to watch a DVD or install software from a disk. You can also download software or transfer from a USB flash drive.

Even the most basic models, however, come with a built-in Webcam. Models sold by Verizon and AT&T have an internal wireless antenna.

Since May, Verizon stores have been selling the Hewlett-Packard Mini 1151 notebook for \$200 with a two-year contract, or \$520 without a contract. [HP](#) models with roughly similar features are selling for about \$450 elsewhere.

AT&T recently announced it will offer netbooks at all of its U.S. outlets later this summer, after a test run in which the company sold several models including the Acer Aspire One for \$200 and a Dell Mini 9 for \$250, with wireless contracts, at stores in Atlanta and Philadelphia.

Those subsidized prices may eventually come down further, according to Deutsche Bank analyst Chris Whitmore, who noted in a recent report that European wireless companies have given netbooks to subscribers for free.

A RadioShack spokeswoman declined to discuss details of her company's arrangement with AT&T, but the RadioShack Web site said the free offer is good only while supplies last. In recent weeks, RadioShack had been selling the Aspire with a 9-inch screen for \$49 with an AT&T contract, after initially offering it for \$100 with the same contract last winter. Meanwhile, [Acer](#) has come out with a 10-inch-

screen Aspire that does not appear to be covered by the offer.

AT&T representatives also did not respond to inquiries.

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