

Tracfone tests cheap unlimited plan on Verizon

July 15 2009, By PETER SVENSSON , AP Technology Writer

(AP) -- Tracfone Wireless, the country's largest provider of "prepaid" cell phones, is quietly testing a new service that appears to be a response to the fierce price competition in the prepaid market.

Since June, Tracfone has been selling unlimited calling and texting for \$45 per month under the "Straight Talk" brand, and 1,000 minutes and 1,000 text messages per month for \$30. The service uses Verizon Wireless' network.

Tracfone's chief executive, F.J. Pollak, said Straight Talk is a test for the company, whose main customer base uses a phone for fewer than 100 minutes per month, paying an average of \$10 per month.

The new plans are a better value for more-frequent callers, and represent Tracfone's entry into the unlimited plans at the "high end" of the prepaid market. The "high end" is relative because even the most expensive prepaid plans cost less than traditional, contract-based cell phone plans.

[Sprint Nextel](#) Corp. shook up the prepaid market this year with an unlimited calling plan under the Boost brand, taking on regional carriers like MetroPCS and Leap Wireless International Inc. that have long offered such plans.

Phones for Straight Talk are sold by Wal-Mart Stores Inc. at 234 locations and on its Web site, Pollak said. Dallas and Atlanta are some of the largest markets targeted. The phones start at \$30.

Tracfone is a unit of Mexico-based America Movil SA, which doesn't have its own wireless network in the U.S. Instead it buys wholesale access to the networks of U.S. carriers to support its 11.8 million subscribers.

While Tracfone uses Verizon Wireless' network for Straight Talk, Verizon's subscribers on contracts pay \$130 per month for unlimited calling and texting.

Sanford Bernstein analyst Craig Moffett says the introduction of Straight Talk is a further sign of trouble for wireless carriers. The low prices for [prepaid service](#) might start to bring down prices in the more profitable business of providing contract-based plans.

"Put simply, there are just too many competitors," Moffett wrote in a recent research report.

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