

T-Mobile phasing out data limits—but will you save money?

August 18 2016, by Tali Arbel



In this Wednesday, July 27, 2016, file photo, people pass a T-Mobile store in New York. T-Mobile announced Thursday, Aug. 18, 2016, that the company is getting rid of data limits for new customers, while making unlimited data plans cheaper. (AP Photo/Richard Drew, File)

T-Mobile is phasing out data limits and pushing people toward unlimited data plans—which will mean higher prices for many new customers.

Although T-Mobile is cutting the price of the unlimited plan, those who haven't been using that much data might eventually pay more for unlimited data they don't need.

T-Mobile's announcement Thursday comes a day after AT&T said it would raise prices on some plans while giving customers more data. Verizon made a similar move last month.

The wireless industry has become increasingly competitive over the past few years given that most people already have smartphones. Carriers have had to reduce prices to lure customers from rivals and have tried to make up the revenue by selling larger data plans.

T-Mobile has also tried to make its plans more appealing by letting many customers stream video from dozens of services including Netflix, ESPN and HBO without eating up data. Making all its plans unlimited is an extension of that, given that video is one of the biggest drains on data.

Starting Sept. 6, T-Mobile will cut the price of its unlimited plan and start phasing out plans that have data limits. There's no date for when the older plans won't be available—a new customer could still get them after Sept. 6—but the new unlimited plan will eventually be T-Mobile's "main offer," spokeswoman Bethany Frey said.

Existing customers can keep their plans for now.

Unlimited isn't really unlimited, though. Customers who use more than 26 gigabytes in a given month may have their speeds slowed if there is network congestion.

Those who already have an unlimited T-Mobile plan now could save with the new prices. For one person, the price is dropping to \$70 from \$95 a month for customers who don't mind DVD-level video quality.

Those who want high-definition video pay an extra \$25 a month, or the same as what they pay now.

Families who have plans with six or 10 gigabytes a month per person—T-Mobile's most popular plans now—could see their overall bills go up or down. With four people getting six gigabytes each, the price could rise \$40, to \$160; five people getting 10 gigabytes each would pay \$10 less at \$180. Individuals could pay \$5 more or \$10 less with the new option, depending on their current plan.

T-Mobile also currently has a 2 GB plan that costs \$50 a month. The company suggested that customers who want to pay less than \$70 for unlimited could switch to a prepaid service, in which monthly bills are paid ahead of time.

Following T-Mobile's announcement, Sprint also said that it would cut the price of its unlimited plan—to \$60 a month for individuals, from \$75. The second line is now \$40 extra instead of \$45.

Unlimited plans used to be the norm. But as smartphones took off with the iPhone's debut and later the popularity of Android, carriers eliminated them to address network congestion and increase revenue opportunities with higher data buckets.

There's been a reversal. Sprint and T-Mobile have been pushing unlimited plans recently as ways to distinguish themselves from their larger rivals. AT&T reintroduced an unlimited plan in January for customers who also took DirecTV or its home-TV service U-verse. Verizon no longer offers them to new customers and has been trying to push older customers off such plans with rate hikes and other measures.

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Citation: T-Mobile phasing out data limits—but will you save money? (2016, August 18)
retrieved 23 April 2024 from

<https://phys.org/news/2016-08-t-mobile-axes-limits-low-data-users.html>

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