Consumer Watch

priced newcomer such as the Palm Pre or the T-Mobile G1, which cost hundreds of dollars less than the BlackBerry and iPhone models over a two-year term. Sprint offers the Palm Pre for a monthly cost of ownership of about \$110, and you can own a T-Mobile HTC G1 for about \$133 per month.

Our chart on page 33 provides a detailed comparison of the total cost of ownership for three popular (or soonto-be-popular) smartphones. For an expanded chart that compares eight smartphones, including the T-Mobile G1 and the BlackBerry Storm from Verizon, visit find.pcworld.com/63432.

Price Convergence

Why are the most popular smartphones so closely aligned in price? In the words of Verizon Wireless spokesperson Ken Muche: "It's a very competitive landscape." Wireless providers see an enormous amount of money to be made from selling high-profit-margin services such as wireless broadband and text messaging to smartphone users. Analysts say that sales of services for the immensely popular iPhone have almost single-handedly buoyed AT&T's wireless business for the past two years. And of course, Sprint, T-Mobile, and Verizon are fighting tooth and nail for as big a slice of the pie as they can get.

Because of that profit potential-and with more and more first-time smartphone buyers entering the marketcompetition to sell smartphones and related services is intense.

Let's hope that, with the entrance of more competitively priced challengers like the Pre and the G1, the cost of ownership for smartphones will dip. But for the current \$160 per month average to go downward, a significant number of first-time smartphone buyers must resist the dazzle and social cachet of the iPhone and the BlackBerry, and opt instead for cheaper smartphones that may be a better value.

PC World intern Lauren Barnard provided pricing research for this article.

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The Pros and Cons of Buying E-Books

WHEN AMAZON recently removed copies of George Orwell's 1984 and Animal Farm from customers' de-

vices and digital lockers, I suddenly remembered why I prefer physical media over virtual versions: If I buy a book or a disc, it's mine forever and I can access it whenever I want. Amazon's actions prove that's not necessarily true of e-books.

Amazon removed unauthorized editions of the books at the request of the rights holder. Later, company officials acknowledged that Amazon hadn't handled the issue well and said that it wouldn't automatically remove purchased copies of Kindle books in the future. The company issued full refunds to buyers of the titles.

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