Palm to release cheaper sibling of Pre smart phone

Editor's Note: But couldn't it have a better name? "So, what do you carry?" "Oh, I've got the **Pixi***."*

(AP) -- Palm Inc., which revitalized its product line with the Pre smart phone launch in June, is hoping to keep momentum going with the release of a lighter, cheaper handset called the Pixi.

The company said Wednesday that the Pixi will be available during the holiday season through Sprint Nextel Corp., currently the Pre's exclusive wireless carrier.

Sunnyvale, Calif.-based Palm would not divulge the Pixi's price tag, but confirmed it will be less than that of its big brother. Sprint shaved $50 off the Pre's price to $150 on Wednesday, including two rebates and a two-year service contract.

"The combination of announcing a new device and changing the price on the Pre show we're aggressively pursuing new customers to get them accessing the WebOS experience," Katie Mitic, Palm's senior vice president of product marketing, said in an interview Tuesday. WebOS is the operating system powering the Pre and the Pixi.

Contrary to a promotion briefly advertised on its Web site Tuesday, Sprint is not offering customers a $100 credit to switch to the Pre from another carrier. Sprint spokeswoman Michelle Leff blamed the Web site glitch on the carrier's computer system.

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The Pixi's release will mark Palm's second attempt in less than a year to use new software and streamlined designs to lure consumers in the still small but fast-growing smart phone market, which is dominated by Apple Inc.'s iPhone and Research In Motion Ltd.'s BlackBerry devices. According to market research firm NPD Group, smart phones made up 28 percent of consumer cell phone purchases in the second quarter, up 47 percent from the same period last year.

Palm hasn't disclosed the number of Pre smart phones sold. But its stock has more than quadrupled since the company unveiled the device Jan. 8 at the Consumer Electronics Show.

The Pixi also offers Sprint - which has been bleeding subscribers to other carriers - another opportunity to attract new customers and get current ones to "trade up" from regular cell phones. Despite the Pre's availability, Overland Park, Kan.-based Sprint reported a net quarterly loss of 257,000 subscribers in the second quarter.

Like the Pre, the black, shiny Pixi will come with a touch-screen, full QWERTY keyboard and Palm's latest operating system, WebOS. It will also have 8 gigabytes of built-in memory. But while the Pre's keyboard slides out from the bottom of the device, the Pixi's slightly smaller screen and keyboard both fit on the face of the candy bar-style handset.

The new smart phone is longer and slimmer than the Pre, and, at nearly 3.5 ounces, lighter. It trades the Pre's center button for a tiny touch-sensitive bar that sits between the screen and keyboard. As on the Pre, the real estate between the screen and keyboard also will be touch-sensitive for navigating the device.

The Pixi will sport a 2-megapixel camera,

instead of its sibling's 3-megapixel version, and two small speakers rather than the Pre's single large one.

Building on an already available WebOS feature, the Pixi will be able to gather users' contacts from Yahoo and business-networking site LinkedIn. The Pixi will include standard smart phone features like Global Positioning System, video and music players and a Web browser, but it won't have Wi-Fi.

A dedicated Facebook application will be released with the Pixi, Palm said. It is not yet clear if it will come loaded on the phone or will be available through Palm's online application store.

Shares in Palm dropped 61 cents, or 4.1 percent, to $14.37 in morning trading Wednesday.

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