

# Apple's iPhone set to make splash in South Korea

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A model of Apple iPhone 3G is displayed at an Apple store in Seoul, South Korea, Friday, Nov. 27, 2009. The iPhone's arrival in South Korea is generating considerable buzz among consumers and industry watchers amid expectations it will shake up a market dominated by world-beating domestic manufacturers.(AP Photo/Ahn Young-joon)

(AP) -- The iPhone's arrival in South Korea is generating considerable buzz among consumers and industry watchers amid expectations it will shake up a market dominated by world-beating domestic manufacturers.

"I can't wait to get my [iPhone](#)," said Na Hae-bin, a 30-year-old market researcher at an Internet company, who reserved one as soon as he could.

"My heart was beating fast."

Judging from pre-orders that started Nov. 22, Apple Inc.'s hit communications device appears set to make serious inroads in [South Korea](#) - home to some of the world's most sophisticated mobile phone users.

So far, KT Corp., the local mobile carrier which has contracted with Apple to sell service plans for the phone, says it has received 53,000 advance orders ahead of Saturday's official launch.

Such numbers have impressed analysts.

"This is phenomenal," said Hwang Sung-jin, who monitors the industry at Prudential Investment & Securities Co. in Seoul.

"The iPhone's release will definitely stiffen competition for local companies such as Samsung and LG," Hwang said.

But he added it is difficult to assess how much of an inroad the iPhone will make in the growing domestic smartphone market, which he said totaled about 400,000 users at the end of the third quarter.

Smartphones are advanced mobile phones that have computer-like capabilities and features such as surfing the Internet and can play music, show movies and determine locations and find directions.

Samsung Electronics Co. and LG Electronics Inc. are estimated together to account for over 80 percent of the total domestic mobile phone market of about 47 million handsets.

Samsung, which is the world's second-largest seller of mobile phones behind Finland's Nokia Corp., said it expects the iPhone will "invigorate

the South Korean smartphone market."

Lauren Kim, a spokeswoman for SK Telecom Co., South Korea's largest mobile carrier, cited the iPhone's arrival as "one of the factors" behind price cuts announced this week for service plans for Samsung's Omnia II smartphone.

LG, which ranks No. 3 worldwide, said it has not changed its prices in response to the iPhone.

The iPhone's introduction has been keenly awaited. It was delayed by regulatory hurdles, the last of which was overcome this month when the Korea Communications Commission approved the granting of a business license to Apple to offer so-called location based services.

Location-based services include functions such as maps and direction finders that are included on the iPhone. South Korean law requires companies that provide such applications to obtain government permission.

The commission also earlier this year abolished a rule that required all mobile devices to carry special software adapted to South Korea's wireless internet platform, which was an added cost for foreign manufacturers and viewed as a trade barrier.

"The fact that it has taken so long for the iPhone to reach Korea demonstrates just how closed and outdated its communications market is," the Chosun Ilbo, South Korea's largest newspaper, said in an editorial this week.

The device has been available in Japan - another advanced mobile market - since last year. Both Apple and Softbank Corp., which offers the phone, declined to give sales figures. Yusuke Tsunoda, a telecom

analyst at Tokai Tokyo Securities Co., said the iPhone has achieved a market share of 20 percent.

The iPhone made its formal debut in China on Oct. 30, though black market models brought in from abroad have long been available and as many as 2 million are in use.

Sales through Apple's local partner, China Unicom Ltd., have been lackluster. Unicom said 5,000 iPhones were sold in the first week. It has yet to release updated figures.

According to [Apple](#), about 20.7 million iPhones have been sold worldwide in the year through September.

Hwang, the analyst, said the total size of South Korea's [mobile phone](#) market is about 47 million handsets with substantial turnover - almost half of cell phone users get a new phone every two years.

Not everybody, however, is jumping on the iPhone bandwagon.

"My friends don't talk about it," said college student Cho Hye-joo, who enjoys making video calls on her South Korean phone and was not aware the iPhone was debuting Saturday.

Kim Jong-kwan, who sells mobile phones at a shop in Seoul's Yongsan electronics market, said he thinks the iPhone is benefiting from publicity surrounding the launch and will initially have a "big impact," though expects excitement to eventually fade.

One potential problem for the iPhone is the fondness of South Koreans for watching live local television broadcasts on their mobile phones - a capability the iPhone will not have.

"That's going to be a really weak point for iPhone in the Korean market," said J.D. Ha, a handset analyst at Shinhan Investment Corp., who still expects it to win market share at Samsung and LG's expense.

Jeon Jin-ho, a software engineer, echoed Ha's concern about the television capability, calling it a "very critical issue." Still, he said he would be willing to switch from his Samsung Omnia if he had not just bought it.

Jeon, who says he is attracted to the iPhone's style and array of applications, is locked into a two-year contract for the phone and service plan and would be penalized if he switched.

Ultimately, Apple's reputation for delivering hit products has helped lay the groundwork for possible success in South Korea and is swaying the sentiment of some potential customers.

Lee Sin-hye, a college student stopping for ice cream with friends, said she is willing to eventually get an iPhone because of Apple's iPod, which she said is seen as a "fashion icon" in South Korea.

"Usually, Korean people want to get new things," she said.

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