

iPhone disappoints in China launch: analysts

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Posters promote Apple iPhones at a store in Beijing. The official launch of the high-tech handset in China has been disappointing at best for mobile operator China Unicom, with the grey market still booming and competitors offering worthy alternatives, experts say.

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Unicom unveiled Apple's iconic handset in Beijing on October 30, but the few hundred people who braved the cold wind and rain to snap up the iPhone paled in comparison to hordes seen in New York in 2007 or Tokyo and Hong Kong last year.

Vendors and experts say the high price, disabled WiFi and wide range of

other options has so far dogged sales in the world's biggest cell phone market of nearly 720 million users.

Unicom said last week that it had sold 5,000 units in the first weekend, but has released no figures since.

"The market was obviously expecting more, based on what happened with the debut of iPhone" in other countries, Bertram Lai, a Hong Kong-based analyst with CIMB-GK Securities, told AFP.

"The introduction of a more expensive, less usable iPhone with fewer functions is not going to be very exciting for the market."

Unicom, the country's second-largest [mobile operator](#) by subscribers, is offering a number of contract deals that bring the price of the iPhone down -- but it still costs more than 500 dollars, out of range for most consumers.

Without a subscription, the handset can cost up to 1,000 dollars.

iPhone's WiFi functions have been disabled to comply with Chinese government regulations -- another downside for tech-savvy buyers who know they can easily find fake and smuggled versions that will offer them more complete options.

Liu Dongping, the Shanghai-based business director for vendor Quickway Industrial Corp. Ltd., said he had sold dozens of Unicom iPhones so far, but called the lack of WiFi a "critical problem".

"Unicom's iPhone has got a lukewarm response from the market so far," Liu said, also pointing to the limited gaming software available on the handset.

"Most customers who are interested in buying iPhones are high-end customers. They are smart enough to understand how quality varies with price and model."

Unicom has high hopes for iPhone, and has said it wants to sell five million handsets over three years to boost its revenue per user, but analysts are not so sure it can meet that objective.

[China](#) Mobile -- which boasts 508.4 million subscribers as opposed to 142.8 million for Unicom, according to company data -- offers its own OPhone smartphone, powered by the Google-backed Android operating system.

"In terms of functionality, you have (instant messaging system) QQ on the OPhone and access to the China Mobile app store," which has 100,000 applications customised for Chinese users, Lai said.

"I think that's a very strong competitive force against the iPhone," he said.

China Mobile's 3G standard is not compatible with [iPhone](#), but owners of smuggled handsets can still use them with China Mobile SIM cards on the carrier's 2G network -- another hurdle for Unicom to overcome, he explained.

Wang Guoping, a Beijing-based analyst for Galaxy Securities, sounded a more optimistic note for Apple, saying that since the Unicom launch, the price of smuggled iPhones had surged, showing sustained customer interest in the brand.

"Smuggled iPhones beat Unicom's in terms of cheap price and WiFi, but Unicom may be able to compensate with better after-sale customer service and maintenance," Wang said.

"It's very hard to say how sales will be in the future -- we just have to take a wait-and-see attitude."

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