

Research shows techie trendsetters will blow their budget to get their hands on latest iPhone

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People may be counting the pennies in their household food budgets, but a University of Warwick economist has found UK consumers are willing to pay up to three times the price to get hold of the latest piece of 'geek chic'. Professor Michael Waterson from the University of Warwick's Economics department has just published a study which monitored sales of the iPhone 4 on internet auction site eBay for six weeks after it was launched in the UK.

He found people paid between £600 and £1,500 on eBay for the handsets, which normally retailed at around £499 to £599 in stores. Professor Waterson said prices appeared to be driven up by [consumers](#) who wanted the 'snob value' of being an early adopter of the new iPhone.

Higher prices were paid for phones which were not locked to a particular mobile network and also if the seller was willing to send the phone outside the UK, possibly to a country where it had not yet been introduced.

Professor Waterson said: "We monitored all eBay transactions on the iPhone 4 for six weeks from 24th June last year when it became available in the UK. The extent of eBay activity on this product was extraordinary, with total transactions amounting to around £1.5m for 2,183 sales.

“For the 16GB version of the phone, 98% of sales completed at a value in excess of the listed [retail price](#) of £499. The average price was £640.35 and the maximum achieved was £1,180. For the 32GB version of the phone, 97% of the sales completed above the listed retail price of £599. The average price was £778.73 and the maximum price achieved was £1,551.”

Professor Waterson said although the iPhone 4 was still officially on sale in stores at this time, there was a delay in getting stocks to retailers.

He added: “The product was in short supply at this time and so it's probable that demand was influenced by immediacy or ‘snob value’. There are rumours that the launch of the new iPhone 5 will be announced next month and it will be fascinating to see what happens to the eBay activity around that product.

“It seems we are willing to pay well over the retail price for the kudos of being one of the first people to own the latest piece of technology. This study suggests technology is the one area where we are not prepared to tighten our belts in the current financial climate.”

More information: The working paper, ‘eBay and the demand for the iPhone 4’ by Michael Waterson and Chris Doyle is available at [www2.warwick.ac.uk/fac/soc/eco ... aterson/publications](http://www2.warwick.ac.uk/fac/soc/eco...aterson/publications)

Provided by University of Warwick

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