

Reaction mixed to Sprint offering new iPhone 4S

October 6 2011, By Scott Canon

Shane Adams can relax. A loyal Sprint Nextel customer and techie obsessive, the Internet marketing manager from Olathe, Kan., had verily drooled at the rumors of an iPhone coming to his hometown carrier.

So when Apple officially confirmed Tuesday that this very week he could sign up for an [iPhone](#) while remaining a Sprint customer, well, he said, "I'm stoked."

Adams, 34, can't wait to toss his 15-month-old HTC Hero down the stairs - don't get him started on phones using Google's Android [operating system](#) - and start packing the iPhone. You can barely imagine the embarrassment this year at the South by Southwest hipster music festival.

"I felt lame," he said, "because I didn't have an iPhone."

When Apple revealed its latest handset, the iPhone 4S, at a much-hyped event Tuesday, it confirmed one of the tech company's most poorly kept secrets: Sprint will be among the carriers to sell it, starting Oct. 14.

The country's third-ranked wireless carrier, based in Overland Park, Kan., had cited the existence of the iPhone on AT&T and Verizon Wireless as one of its chief difficulties in recruiting and keeping customers.

Those iPhone customers are especially coveted because they sign up for

two-year contracts of what is typically the most expensive cellphone service.

Now that Sprint has the iPhone, the carrier has a significant new drawing card. It's not clear how much the company will pay for the phones, but Apple said all three major carriers would sell them at prices beginning at \$200. Pre-orders begin Friday. Delivery will come Oct. 14.

On Monday, The Wall Street Journal reported that Sprint agreed to buy 30.5 million phones for \$20 billion over the next four years. The newspaper also said that the company expected to lose money on the deal until 2014.

There had been at least one report that Apple was also on the verge of selling an iPhone 5 that would operate on WiMax technology - the high-speed 4G system run by Clearwire Corp. that gives some Sprint customers wireless broadband. But there was no word from Apple on Tuesday about an iPhone 5 or a 4G iPhone.

"Given recent speculation that the new iPhone might support WiMax," wrote telecommunications analyst Jennifer Fritzsche of Wells Fargo Securities, "it is not surprising that this news is being viewed as somewhat negative for Clearwire and positive for Sprint."

Sprint shares rose 13 cents to \$2.86 on the iPhone announcement Tuesday. But the price had dropped 10 percent Monday when investors saw the Journal story suggesting Sprint promised to sell so many iPhones. Many analysts were concerned about whether Sprint could sell that many phones or that it would have to subsidize consumers' costs so much to move the handsets.

A company that lost \$3.47 billion last year and has run in the red every quarter since 2007, Sprint is hoping its entry into the Apple club can lead

it back to profitability. Yet the carrier was largely mum Tuesday.

"We will have more details to come shortly," the company said in a brief statement, "but for (now) we would like to keep the focus on these exciting new devices."

It was unclear whether Sprint would be selling older, cheaper versions of the iPhone and what rate it would attach to the accompanying plans. Customers typically pay \$80 a month for unlimited text and data on a Sprint smartphone, generally cheaper than the competition.

That may be one reason consumers noticed Tuesday that there would be a new place to get the gadget that changed the industry when Apple introduced its first version in 2007, and that was added to Verizon's offerings early this year.

"What reasons will they give me to switch?" said longtime AT&T customer Douglas Coe, the chief investment officer of Moody Reid Financial Advisors in Kansas City. "Lower rates? Better coverage? A buyback clause? That's a driver right there."

Buyback features pay customers a market rate for their existing phones when they upgrade to a new model. Coe notes, for example, that the iPhone 5 likely comes out next year and that customers won't want to be stuck with this middle iteration of the iPhone.

Coe acknowledged that he had suffered dropped calls on AT&T, so he could be tempted.

"If you can give me a deal," he said, "I would leave AT&T in a minute."

In fact, Sprint does offer smartphone plans cheaper than its iPhone competitors. What's more, it's the last remaining carrier with unlimited

data plans.

And then there are the phone users who practically yawn at the idea of a Sprint iPhone.

Kristen Keener, 25, a part-time school employee in Manhattan, Kan., is amazed how her 3-year-old son can play games on her [Android](#) phone. Her Samsung Nexus S works just fine on the Sprint network.

"It's funny how trendy the whole Apple thing is," she said. "I would really only be willing to try (an iPhone) if someone gave it to me."

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