

Apple expected to expand iPhone reach with new models

September 9 2013, by Glenn Chapman

Apple's highly anticipated event Tuesday looks to extend the reach of the iPhone to new markets as the tech giant moves to regain momentum in the smartphone segment.

Analysts believe an invitation-only special event at Apple's headquarters in Silicon Valley will spotlight a more economical iPhone priced to compete in places where money is tight, along with a beefed-up top-end model.

Forrester analyst Charles Golvin told AFP the consensus is for Apple to unveil a new high-end phone, "most likely called the 5S, with the same look and feel physically but with a speed boost; new processor, and new [graphics capabilities](#)."

A lower-cost iPhone, has been dubbed the 5C "because it would come in multiple colors analogous to today's iPod touch," Golvin said.

Speculation about the iPhone 5S included the debut of a gold color and fingerprint recognition for enhanced security.

Analysts were keenly focused on the promise of an iPhone 5C to win over buyers in China and other developing markets where there is fierce competition from low-priced smartphones powered by Google's Android operating system.

Apple has also invited press to a Wednesday event in Beijing that

analysts believe signals a deal to add iPhones to China Mobile's massive [telecom network](#) in that country.

China Mobile has more than 700 million subscribers, according to Barclays Equity Research.

"The only real potential to surprise investors seems to be in the scope and velocity of a new China strategy and any new features within iOS 7 and [fingerprint scanner](#) technology," Barclay's said in a note focused on what is expected from Apple..

Apple's iPhone franchise has historically focused on premium products at premium prices, essentially leaving the company "unable to address" approximately 60 percent of the opportunity in the smartphone market, the investment bank Cantor Fitzgerald said in an analyst note.

"We expect this to change with the introduction of the plastic-encased iPhone 5C," Cantor Fitzgerald said.

Analysts did not foresee any talk of Apple watches or TV at the Tuesday event.

"I don't think these are things that Apple wants to get into at this point," Gartner analyst Ken Dulaney said of persistent rumors of an "iWatch" or revolutionary advancement in Apple TV set-top boxes.

Many analysts dismissed worries that Apple lost its innovative edge after the death of the company's legendary co-founder Steve Jobs in late 2011.

"There is always pressure on Apple to show they can innovate, but it is also present for their competitors," Golvin said.

"There is an almost constant stream of criticism, but it is more

pronounced for Apple because they have introduced products that really change the way people live."

The smartphone market is now dominated by Android devices, with roughly three-fourths of all handsets, but a forecast by research firm IDC suggested Apple will increase its share this year to 17.9 percent from 16.9 percent.

Cantor Fitzgerald expressed optimism that Apple would enter new product categories in the coming 18 months.

Cantor noted that it was six years after the iPod launched in 2001 that the iPhone made its debut, and another three years before the iPad arrived.

"As such, if Apple were to introduce 'iTV' or 'iWatch' over the next year, this would be slightly ahead of historical cycles," Cantor reasoned.

"Clearly, we believe Apple's innovation engine remains in full force."

Apple has been innovating under the hood, with speedier chips and transformed software, according to analysts.

At the heart of any iPhone announcements on Tuesday would be a dramatic overhaul to the iOS software powering Apple handsets.

New iOS 7 software will debut with a free iTunes Radio Service featuring more than 200 stations "and an incredible catalog of music from the iTunes Store," Apple announced earlier this year.

The service will be integrated with Apple's personal voice-assistant software program Siri, so users will be able to find out "who plays that song?"

The streaming radio service is part of what Apple chief Tim Cook branded the biggest change to iOS—Apple's mobile operating system—since the introduction of the iPhone in 2007.

"Apple does deliver a tremendous amount of innovation; a lot of it is software these days," Golvin said.

"The expectations that people have are unrealistic," the Gartner analyst continued. "Apple is a victim of its own success, to some extent."

Analysts also note that Apple would likely spotlight major new products at their own events instead of giving them second-billing at an iPhone unveiling.

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