

Apple unveils two new iPhones, starting at \$99 (Update 2)

September 10 2013, by Glenn Chapman



Apple Senior Vice President of Worldwide Marketing at Phil Schiller speaks about the new iPhone 5C during an Apple product announcement at the Apple campus on September 10, 2013 in Cupertino, California.

Apple on Tuesday unveiled two new iPhones, fielding a slick new top-end model along with one aimed at budget-conscious smartphone shoppers around the world.

"The business has become so large that this year we are going to replace

the iPhone 5 and we are going to replace it with two new designs," Apple chief Tim Cook announced at the company's Silicon Valley headquarters.

Apple will begin taking orders on Friday, and on September 20 the two devices will go on sale in the United States, Australia, Britain, China, France, Germany, Japan and Singapore.

The iPhone 5C is part of Apple's bid to counter the flood of low-cost smartphones from rivals, most of which use the Google Android operating system.

Apple designer Jony Ive said that despite the lower cost, the polycarbonate iPhone 5C with a steel frame "is beautiful."

The iPhone 5C with 16 gigabytes of memory will start at \$99 with a two-year US carrier contract and \$549 without a contract—\$100 less than previous iPhone base models.

"The 5C is a no-compromise device," Gartner analyst Van Baker told AFP after trying out Apple's new phones. "It is just in a plastic case instead of a metal case, and they basically reduce the price by the cost of materials."

But Baker said it was an "open question" whether the price cut for the iPhone 5C would be enough to attract customers in emerging markets.

"Anyone expecting Apple to come truly down-market with the iPhone 5C was fooling themselves," said Ovum analyst Tony Cripps.

"The day that happens is the day the company signals that it has run out of headroom for expansion."



Craig Federighi, senior vice president of Software Engineering at Apple, speaks during the new product release in Cupertino, Calif., Tuesday, Sept. 10, 2013. (AP Photo/Marcio Jose Sanchez)

Apple would not name its China telecom launch partners, who might step in with subsidies to help push down iPhone prices there. Apple planned a separate press event in China on Wednesday.

The top-line iPhone 5S, which starts at \$199 with a contract for US buyers and \$649 without one, "is the most forward thinking phone we have ever created," said Apple vice president Phil Schiller.



Phil Schiller, Apple's senior vice president of worldwide product marketing, speaks on stage during the introduction of the new iPhone 5c in Cupertino, Calif., Tuesday, Sept. 10, 2013. (AP Photo/Marcio Jose Sanchez)

"It is the gold standard in smartphones."

Schiller said the 5S model includes a speedier chip which puts computing performance on par with desktop machines.



Craig Federighi, senior vice president of Software Engineering at Apple, speaks about the new iOS 7 release in Cupertino, Calif., Tuesday, Sept. 10, 2013. (AP Photo/Marcio Jose Sanchez)

"It has over a billion transistors in it," he said, adding that the device will be a mobile game lover's delight with blazing smooth, rich graphics.

The 5S will also have some 10 hours of talk time, or 40 hours of music listening, Schiller added.



Phil Schiller, Apple's senior vice president of worldwide product marketing, speaks on stage during the introduction of the new iPhone 5c in Cupertino, Calif., Tuesday, Sept. 10, 2013. (AP Photo/Marcio Jose Sanchez)

Apple introduced a fingerprint sensor for the iPhone 5S as a new security measure in place of passwords.

"You can just press the home button to unlock your phone," Schiller said. "You can use it to authenticate iTunes purchases."

Schiller added: "We have so much of our personal data on these devices, and they are with us almost everyplace we go, so we have to protect them."

Reticle Research principle analyst Ross Rubin described Touch ID as a

"show stealer" that addresses "a necessary annoyance that many consumers have to deal with many times a day."



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Apple also broadened its color palette, announcing the low-cost phone in blue, white, pink, yellow and green, and the top-line model in silver, gold and a new "space gray."

Apple said its iOS 7 software will debut September 18. It includes a free iTunes Radio Service featuring more than 200 stations "and an incredible catalog of music from the iTunes Store."



Craig Federighi, senior vice president of Software Engineering at Apple, speaks about the new iOS 7 release in Cupertino, Calif., Tuesday, Sept. 10, 2013. (AP Photo/Marcio Jose Sanchez)

The two new handsets keep the four-inch screen of current iPhones, despite some speculation Apple would boost the size to compete with larger phones from rivals like Samsung.

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.



Donald Mustard, CEO of Epic Games, speaks on stage during the introduction of the new iPhone 5s in Cupertino, Calif., Tuesday, Sept. 10, 2013. (AP Photo/Marcio Jose Sanchez)

IDC analyst Ramon Llamas said that with the 5C, "Apple is staking out its space in the lower-cost smartphone category."

Llamas said Apple is seeking to fend off lower-priced rivals while "it enjoys bigger profit margins and still maintains the aura of being an aspirational brand."

The event was a disappointment to some who were looking for a fresh device from Apple, such as a smartwatch or TV service.



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"I think there was an expectation for that 'one more thing,'" said Roger Kay at Endpoint Technologies. "People were looking for some pizzazz and they didn't get it."

Apple announced separately a deal with Japan's biggest mobile phone carrier NTT DoCoMo to bring the two new iPhones to that country.



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Apple shares sank more than \$11 to \$494.64 by the close of trading on the Nasdaq exchange.

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