

# Chinese users welcome Apple, China Mobile deal (Update)

December 23 2013, by Fran Wang

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Chinese users welcomed a long-awaited [tie-up between Apple and China Mobile](#), the world's biggest wireless operator, but analysts warned Monday that the deal's impact depends on the quality of the carrier's 4G network.

The US technology giant and China Mobile on Sunday unveiled the agreement to bring the iPhone to customers on a network with an estimated 760 million subscribers and until now dominated by low-cost Android smartphones.

The US company's iPhone 5s and iPhone 5c phones will be available at China Mobile and Apple retail stores across mainland China starting January 17, they said in a joint statement.

Chinese mobile phone users gave the deal a rousing ovation, hailing it as "a marathon love affair that finally came to a happy ending", in the words of one fan.

"It finally comes—I've been waiting for so long that I'm exhausted," a user with the online handle Gluttonous Miser posted on Sina Weibo, a Chinese equivalent of Twitter.

Apple iPhones can currently be used on China Mobile's 2G network but not on its higher-speed 3G network due to a home-grown standard the carrier has adopted.

While users were generally upbeat, some raised concerns about the cost of the devices to be offered by China Mobile.

"Come on, the price must not let us down, it has to be encouraging, better not to go over 4,000 yuan (\$660)," wrote another user.

The unsubsidised price of the iPhone 5c, a model with a slightly reduced cost to appeal to budget-conscious consumers and available in a range of colours, is \$550 in the United States but higher in other countries, often due to tax and regulatory issues.

In China the 5c currently sells at more than \$700, and the 5s goes for \$870 on Apple's official China site. Apple and China Mobile said that pricing details under the new deal would be announced "at a later date".

However, analyst Ben Bajarin at Creative Strategies said he expects "some kind of subsidy" for the iPhone in China.

"Carriers know the iPhone is the best smartphone on the market at helping them sell premium services. This is why it will always be relevant," he said in a tweet.

Negotiations between Apple and China Mobile took years, with one key hurdle reportedly being the US company's demand for sales volume guarantees.

The deal gives Apple a bigger entry into the huge Chinese market, as the company is facing declining market share and seeking to counter the flood of low-cost smartphones from rivals.

Even though global iPhone sales grew 25.6 percent in the third quarter from a year earlier, growth was slower than the overall market and Apple's worldwide market share fell to 12.9 percent from 14.4 percent

in the same period last year, according to a survey by market intelligence firm IDC.

But analysts said that the immediate benefit from the partnership will be limited, given that many of China Mobile's customers are already using iPhones, lessening the prospect of a sharp boost to sales.

China Mobile's stock price closed at HK\$80.55 (\$13.3), up just 0.8 percent, indicating investors remained sceptical about returns on the deal that are still subject to uncertainties.

The main rationale for the deal was likely both companies' strategy in the 4G era, which will allow users to—among other things—watch movies and play games on mobile networks at a much faster speed and in better quality, analysts said.

In the statement, Apple and China Mobile said the iPhone 5s and iPhone 5c "both offer more 4G LTE bands than any other smartphone in the world".

"The collaboration between Apple and China Mobile will give a big boost to the development of China's homegrown 4G/TD-LTE technology," it said.

China granted licences to three state-owned operators early this month to offer services on the new network, and China Mobile is rolling out the world's biggest 4G network.

"If (China Mobile's) 4G network comes online (with good quality), the impact will be rather big," Xu Zhipeng, a Beijing-based analyst with research firm Zero2ipo Group, told AFP.

However, given the operator's problem-prone 3G network, it will take

time for Chinese users to build up confidence and accept the new network, he said.

"Customers may take a wait-and-see attitude towards its 4G network and will not rush to (grab an iPhone) as its price is rather high," Xu said.

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