

China market missing from iPhone launch

September 11 2014, by Bill Savadove



Apple CEO Tim Cook speaks during an Apple special event at the Flint Center for the Performing Arts, in Cupertino, California, on September 9, 2014

When the last version of Apple's biggest-selling gadget went on sale, China was among the first territories to offer it. That will not be the case with the iPhone 6, despite the country's importance to the US firm.

In a widely anticipated event, Apple this week unveiled the iPhone 6 with a larger screen than previous models, making the smartphones available in 10 countries and regions from September 19.

They do not include China, despite Apple launching the iPhone 5s and 5c in the country at the same time as other major markets last year.

The US tech giant's revenue in Greater China—which includes Hong Kong and Taiwan—is second only to its home country, and chief executive Tim Cook has said he expects it to become its biggest market in time.

No date or price has yet been given for the new model's release on the mainland, where Apple's website was still advertising the 5s on Thursday.

An Apple spokeswoman told AFP in a statement the firm was looking forward to making them available "when they arrive in China. We will provide more information when available".

But the company has not explained why China has been omitted from the first wave, prompting speculation among analysts and consumers who have pointed to Chinese regulators.

Beijing's Ministry of Industry and Information Technology does not list the iPhone 6 as having received government approval. The ministry could not be reached for comment on Thursday.

In recent months state-run Chinese media have raised the alarm over potential security risks from Apple products.

Chinese state broadcaster CCTV in July accused Apple of threatening national security through the iPhone's ability to track a user's location.



The new Apple Watch is displayed during an Apple special event at the Flint Center for the Performing Arts on September 9, 2014 in Cupertino, California

Apple denied it posed any such threat.

In August, reports said some Apple products—including MacBook laptops and the iPad—had been removed from an official procurement list over security concerns, but the government denied those allegations.

Grey market

One analyst attributed the delay for the iPhone 6 to bureaucratic hurdles rather than a deliberate move by the government.

"I don't think it's reliable news that the government is holding back the licence, as Apple's entry into China has no effect on the government, but

in fact it will drive the economy," Xu Hao of Analysys International told AFP.

The iPhone is assembled in China, while the country's three biggest telecommunications companies, all state-owned, offer the phone to attract customers in a country where Apple products are popular.

"So it's likely the company is still stuck in the approval process, due to uncontrollable factors," Xu said.

Apple's sales in China alone surged 28 percent year-on-year for the three-month period ended June 28, according to the company, helping boost its net profit to \$7.7 billion.

Apple held a 6.9 percent share of China's smartphone market in the second quarter of this year, according to Analysys, putting it in sixth place. Rival Samsung commanded the top position with a 15.4 percent share, in a fractured market with many cheaper offerings using the rival Android operating system.

Another analyst suggested the hold-up in bringing the iPhone 6 to one of its most important markets could be lack of supply.

"If China is among the first batch of countries where it is first unveiled, production capacity might not be able to support the demand from the Chinese market in the short term," Wang Ying, an analyst with iResearch, told AFP.

"Such a deliberate move to avoid (a shortage) might also be a marketing strategy," she said.

Regardless, iPhones are widely available through unofficial channels, smuggled into China or brought back from overseas where they are

cheaper.

With the iPhone 6 going on sale in Hong Kong, which borders southern China, those unwilling to wait can still get their hands on one, albeit at a mark-up.

"Damn the government! Although I wouldn't be purchasing it in the mainland anyway," said frustrated customer Shuoshuode in a posting on Weibo, China's version of Twitter.

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