

# Motorola unveils three smart phones for return to China

January 26 2015, by Joe McDonald

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Motorola unveiled three smartphone models on Monday for its return to China following a two-year absence from the most populous mobile phone market.

Motorola was a mobile phone pioneer in China but pulled out in 2013 after its acquisition by Google Inc. Computer maker Lenovo Group bought Motorola last year as part of its effort to become a global competitor in wireless devices.

"This is a day of rebirth," said Liu Jun, Lenovo's executive vice president, onstage at a Beijing conference center to unveil models for China.

In a crowded market, Motorola is trying to set itself apart by allowing buyers of its flagship Moto X to customize their phones.

Buyers can pick colors, features and exterior materials that include leather and wood, said Rick Osterloh, president of Motorola. The 16 gigabyte version will start at 3,299 yuan (\$540).

The Moto X Pro will have a more powerful processor, bigger screen and other features. The third model, the Moto G, will start at 1,299 yuan (\$212) for an 8GB model, competing with low-priced Chinese brands including rising star Xiaomi. All three models will run Google's Android operating system.

The company also unveiled an earpiece, the Moto Hint, to go on sale later.

Mobile phone sales in China rose 24.4 percent to 112 million handsets, including 103 million smartphones, in the second quarter of last year, according to Analysys International, a research firm in Beijing.

The \$2.9 billion purchase of Motorola Mobility was one of a flurry of acquisitions by Lenovo, which wants to grow faster outside its traditional personal computer business. The company also bought IBM Corp.'s low-end server business for \$2.1 billion.

Motorola and Lenovo say their combined sales would make them the world's No. 3 smartphone producer behind Apple Inc. and Samsung Electronics Co.

As it tries to re-establish itself in China, Motorola faces intense competition from Apple and Samsung as well as ambitious local brands that include Xiaomi, Huawei and Vivo. Xiaomi, known for ultra-low-price handsets that cost as little as 699 yuan (\$114), passed Samsung last year as the country's most popular smartphone brand by number of units sold.

Motorola needs to stake out a clear position in a market that ranges from premium models to ultra-low-price handsets, said industry analyst Zhu Dalin of Analysys International.

"Motorola has just released three mobile phones that cover the whole price range of the market," said Zhu. "But it has not made clear what its market position will be."

Motorola said a Chinese version of its Moto Maker website that allows buyers to pick features for phones will be operating by the end of May.

The company will face challenges in expanding Internet-based sales, an increasingly popular strategy in China that allows brands to hold down costs, said Zhu.

"It is difficult to open a channel by relying on Lenovo, which doesn't have the upper hand in e-commerce," said Zhu.

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