

Apple's sales struggles could translate into new iPhone deals from wireless carriers

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Apple has an iPhone upgrade problem. That much is very clear after Wednesday afternoon's investor note from CEO Tim Cook in which the company lowered its expected revenue to \$84 billion from its initial projections of between \$89 billion and \$93 billion for its most recent quarter ending Dec. 29.

"In some developed markets, iPhone upgrades also were not as strong as we thought they would be," Cook writes in his note, noting a number of factors at play from fewer carrier subsidies to consumers upgrading batteries for \$29 instead of spending hundreds on a new phone.

Apple stock fell over 9 percent in early trading Thursday.

Over Black Friday weekend, I was one of those people waiting for the right deal to upgrade an older phone. My 17-year-old brother has an aging iPhone 6S Plus. And while he enjoyed the big screen and [headphone jack](#) and didn't want to upgrade to the latest batch of iPhones, he's changed his tune on the XR once Walmart offered a \$300 [gift card](#) for those who went to a store to buy during that shopping weekend.

We spent hours in the store waiting to buy a new iPhone, but the Walmart printer was broken, sending us and others home without a new XR.

Other deals in the coming weeks, including Apple's more aggressive

trade-in pitch that offered \$250 for the 6S Plus to bring the XR down to \$499, were tempting. But spending over \$500 in one shot for a new phone (when including taxes) wasn't enticing.

Nor was the idea of getting that \$250 in the form of an Apple gift card (or the amount remaining after paying off the tax on the phone), which is the other option that Apple gives you if you decide to pay off your phone in installment plans.

So we waited and, like apparently many others, didn't upgrade this [holiday season](#).

As Apple struggles to sell new iPhones become more public, the question now for those who haven't upgraded over the holidays is should you wait to see if Apple and the carriers have new deals.

"Apple should be able to keep prices up for its highest-end models like the XS Max. Pricing is a bigger issue with its more mainstream products like the XR," says Avi Greengart, research director for consumer platforms and devices at GlobalData. "The iPhone XR is a strong value... but it starts at \$50 more than the iPhone 8 cost in 2017, which, in turn, was \$50 above the iPhone 7 debut in 2016."

But don't look for a straight price drop, he says. "Apple is unlikely to simply lower the price, but it can offer incentives" to its carriers and retail partners "that effectively do the same thing."

It is those carriers and retailers that could be where we see future deals and discounts on iPhones.

Carriers are more agnostic on which phones get sold as long as they are running on their networks. "Therefore, Apple would need to fund discounts and promotions through the carriers to drive new phone sales,"

said Patrick Moorhead, the principal analyst at Moor Insights and Strategy, adding that this could be more complicated for Apple as the carriers begin to push new 5G phones in the coming months.

"This could be a challenge for Apple as it won't have 5G until 2020 and Samsung will have 5G in 2019."

As always with technology, there is something newer, faster and better always around the corner. So it's always best to wait as long as possible before upgrading as that gives you the best chance to get the right deal.

But with the combination of 5G phones set to hit the market from Samsung, LG and others this spring combined with Apple's woes those looking for a discount on an iPhone may find one sooner than later.

"I would wait for discounts and promotions for the next six months to upgrade an iPhone," adds Moorhead. "I believe Apple will be aggressive."

So my brother will probably be getting that iPhone upgrade very soon.

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