

Four things Apple needs to do to bounce back in 2019

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For 11 years, consumers have made Apple technology's jewel, selling hundreds of millions of iPhones happily every year, even as prices increased steadily.

Retail stores were jammed. People stood on long lines to get the latest products.

That is, until 2018, when [consumers](#) finally said, "enough's enough" and balked at the sky-high prices tags of \$1,100 as a starting price for Apple's iPhone XS Max, the most expensive iPhone ever and \$750 for the XR, the non-premium iPhone edition.

Apple CEO Tim Cook took the rare step of disclosing the lower sales in a warning to investors and the stock has tanked since. In the summer of 2018, Apple was the first company to be worth \$1 trillion. Now its market cap is just over \$700 billion.

In his note to investors, Cook put much of the blame on changing market conditions in China and the trade war of the Trump administration on products not made in the U.S.A.

So now what? Apple has several more months to endure before launching a new set of iPhones in September. After admitting the problem, how does Apple go about fixing it?

We compiled some suggestions.

Lower prices

"They need to go down, on the XR, to \$500," says Daniel Ives, an analyst with Wedbush Securities. "The pricing this year was the biggest miscalculation they've had in the history of the company. Consumers spoke, now Apple has to listen."

Apple did begin offering \$300 discounts on the XR at the end of the year, but with a big caveat. Only with trade-ins of recent iPhone models, which knocks out a lot of potential consumers.

5G

The new year promises to offer way faster internet service in the form of 5G in some areas, and carriers (especially AT&T and Verizon) are touting limited introductory service, and an even more limited choice of phones that are capable of connecting to them.

Apple has hinted that it wouldn't add 5G to the 2019 iPhones but would instead wait for 2020. Analyst Tim Bjarin of Creative Strategies says Apple needs to push it up to 2019.

"That would give consumers a reason to upgrade," he says.

Bring back Touch ID

Apple went all-in on Face ID, using facial recognition to unlock the phones, for the current X-series of phones. It has eliminated Home button that many consumers got used to using for 11 years. Bjarin notes that many consumers prefer the previous edition, Touch ID and opening the phone with their thumb. He notes that Apple has a patent for adding the touch button behind the glass of the X series phones and should look into implementing it, pronto.

Buy a movie studio

For Apple, when discussing declining iPhone sales, will point to the success of its Services division, which is No. 2 at Apple and generates more revenue than iPads, Macintosh computers or the Apple Watch.

Best of all, from Apple's perspective, it doesn't have to worry about adding new features to get consumers to upgrade. Just make movies and apps available for download, music and TV shows for streaming and sell

lots of iCloud backup storage to the billion plus owners of iPhones.

But how to continue feeding the monster? Apple has an entertainment subscription service in the works, with no date announced for launch, that will feature programs from Steven Spielberg, Oprah Winfrey and Reese Witherspoon.

That's not enough, says Ives.

"They need to drive content and monetize the massive install base," he says. Ives would like to see Apple buy a movie studio—whether a huge company like the Walt Disney Co. or a small independent like A24 ("Lady Bird," "Moonlight"), with whom they are reported to already have a multiyear production deal. "They really need to go in and double down on services with content," says Ives. The massive success that is Netflix could have been Apple's, or at least an acquisition, he says. "That was a massive strategic mistake that will haunt Apple for years."

Apple has a home for the studio already. It's renting office space at the Culver Studios in Culver City, where such films as "Gone with the Wind" and "Beetlejuice" were made. In fact, the company is already ramping up its staff in Culver City, not too far away, to handle, among other things, video programming.

For 2019, beyond new iPhones and the entertainment service, Apple is expected to refresh its consumer lineup of MacBook Pro computers and Bluetooth AirPods.

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