

iPhone 5 big success, but no leap forward: analysts

September 21 2012, by Rob Lever

The new iPhone 5 is on its way to unprecedented commercial success, but the world's most iconic smartphone is facing tougher competition from rivals out-innovating Apple, analysts say.

Apple's newest iPhone launched Friday has a host of design and technology improvements: it is lighter, slimmer, faster and more powerful, and has improved [battery life](#) and a bigger display likely to please its loyal customer base.

Yet some analysts say Apple is becoming a victim of its success—and is limiting any major changes that could alienate its devoted fans.

"Apple is caught in a typical problem when you create a popular [technology platform](#)," said [technology analyst](#) and consultant Rob Enderle.

"You don't want to change it very much because some of your user base moves off to something else."

Some of the problems from changes arose with the release of Apple's [glitch](#)-prone maps program in its new operating system, prompting many complaints, as did Apple's new connector plug, which may require users to buy an adaptor.

Enderle said Apple has been "leapfrogged" in terms of [mobile software](#) by Microsoft's new [Windows Phone](#) system, and in hardware by [rivals](#)

such as Samsung that offer bigger, bolder displays.

"The folks pushing the envelope on technology are Samsung, Nokia and even HTC," he said, naming the companies that have introduced [new smartphones](#) in recent months.

Apple, said Enderle, is limited by a single-product strategy that curtails its ability to make any major innovation.

"There is no way to get one product to address everyone's needs," he said. "Apple will eventually have to come up with a multi-product strategy. Their resistance for this on the iPhone is showing its weakness."

Enderle said the new iPhone is "the most elegant smartphone" on the market, but that its design targets only segments of the market. That contrasts with Samsung, which offers a range of devices from entry-level to high-end.

For Apple to have just a single [iPhone](#), Enderle, said "is as if General Motors said every car needs to be a Cadillac."

The [iPhone 5](#), with a bigger screen and slimmer body, was quickly branded by analysts as a sure hit. Some say Apple could sell 10 million units in the opening days and 50 million before the end of 2012.

But Tony Costa of Forrester Research says Apple is facing a much more competitive smartphone market that in past years.

"For the second year in a row, Apple has put forth significantly improved but underwhelming iPhones," said Costa.

"Apple's failure to continually bring new device innovations to the market allows competitors to catch up and threaten its iOS platform.

"Today, Apple's iOS platform and ecosystem seem invincible. But all empires eventually crumble, and unless Apple ups its device innovation game, we may be seeing Apple's iOS empire approaching its zenith."

Apple has fierce customer loyalty and has been gaining users, but has failed to keep pace with smartphones powered by Google's Android operating system.

Research firm IDC says Apple has 16.9 percent of the global smartphone market, with 68 percent of the market held by makers of Android phones, led by Samsung.

Ramon Llamas, mobile analyst at IDC, agreed that Apple is "just catching up to the trend" in many areas, but is not ready to bet against the Cupertino, California firm.

"Apple is still the reigning champion," Llamas said, noting that Apple has kept its customer base with a broad "ecosystem" that includes its huge app store and iTunes platform.

"[Apple](#) does a really good job of taking a feature and marketing it and wrapping it up in so much hype, that it makes it seem that they are the ones that invented it," he said.

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