

iPhone Opened China Mobile Market

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‘More than 100,000 iPhone units were sold since 30 October, 2009 the official iPhone sales in China, and 71% of them are 3G users. iPhone Chinese version has embedded China Unicom Woo-3G services, such as mobile information, mobile TV, mobile music, mobile newspaper, mobile phone bookstore, mobile phone business hall, etc. iPhone was widely welcomed by Chinese users and iPhone sales are steadily upgraded.

According to Bloomberg NEWS Agency reported, Xiaobing Chang, the president of China Unicom, said ‘Apple’s iPhone will become the best-selling smart phone in China’. He refuted that some analysts believed iPhone price is too high.

During an interview with Hong Kong media, Xiaobing Chang said they are very self confident for the iPhone’s market position. China Unicom has launched an advertising program for iPhone. China Unicom iPhone sales is below analysts forecasts, which sells for 7,999 RMB (about 1,172 US dollars), while the iPhone price in the United States was 299 US dollars only. iPhone has to face the competition from Nokia Oyj, RIM and China Mobile Ophone.

Aloysius Choong analyst, IDC in Singapore, said the sale of iPhone in different countries, iPhone has became the top-selling smart phones. China Unicom has to cut the price down to promote large number of customers to buy iPhone. BDA China consultant said 7,999 RMB for China Unicom 3G version iPhone with 32GB memory is much higher than the AT&T’s \$299 iPhone. Many Chinese customers buy iPhone from gray market for lower prices. Xiaobing Chang said ‘The gray market sales will not be very significant. The official channels sales would definitely exceed the unofficial channels’.

5,000 iPhone handsets were sold during the first week in China, much lower than the one million iPhone 3G version handsets in North America. However, According to BDA estimates that Chinese customer will buy one million iPhone handsets from gray market in 2009 and the gray channel sales will reached 1.5 million handsets totally. Xiaobing Chang said, ‘iPhone sales are acceptable now.’ China Unicom will re-examine the iPhone market strategy when the right time comes.

IDC data shows that last year, Chinese customer bought 11 million smart phones and this number will be 3 times in the year 2013. Currently, Nokia E71 and Nokia 5800 are the most popular smart phones in China.

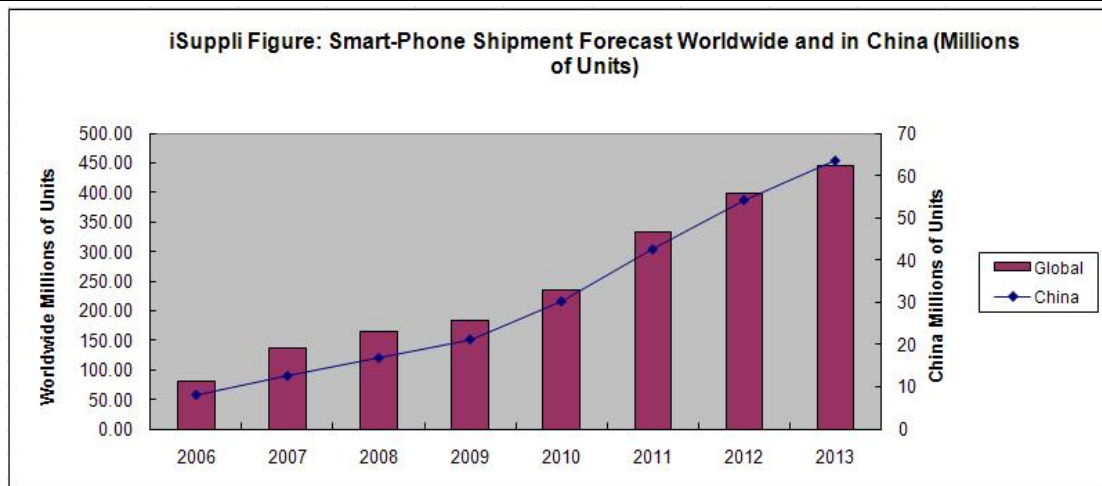
‘We are planning to increase one million 3G users each month, keep the same level in October, 2009’, said Xiaobing Chang. China Unicom will launch a fast wireless Internet advertising campaign. 3G users will improve the revenue of China Unicom’s bottom line. ‘We are concerned about users’ growth; investors should be pleased that we are cutting costs and maintain high growth’. At the end of September, 2009 the biggest competitor, China Mobile has 1.66 million 3G users; China Telecom reached 3 million 2G and 3G users. According to official government report, China has 720 million mobile phone users.

‘It is very helpful to promote the sales of smart phones in global market 2010 and 2011 due to Apple launched iPhone in China’, pointed by iSuppli, Market Research Reports & Industry Analysis.

The global smart phone sales are expected to increase from 184.2 million phones in 2009 to 235.6 million phones in 2010, the growth rate will be reached 27.9%. Even more in 2011, the number of sales will be 334.1 million, a growth of 41.8%. In 2008, the global smart phone growth rate was 20.6% and the rate was slowed to 11.6% in 2009 under the global economic crisis.

Compared to 2008, although the growth of smart mobile phone market was slow, it was still a fairly rare bright spot in the troubled smart phone market. The smart phone sales in 2009 were reduced 12.3%. ‘China Unicom starts the fourth season of selling iPhone in China. And that marks the start of smart phone race’, said by Tina Teng, Senior Analyst in iSuppli. iPhone’s arrival will force China Unicom to launch its own smart phone products and smart phone application store. And this will be the benefit to push China smart phone market.

According to iSuppli estimates, China’s smart phone sales will reach 30.2 million, compare with 21.2 million smart phones in 2009, the increase rate will be 42.5%. China will be the fastest growing country in smart phone market. In the next few years, China will experience the fast growth period than any other region in the global smart phone market. In 2013, the smart phone sales will grow from 16.7 million in 2008 to 63.6 million, the Compound Annual Growth Rate (CAGR) will up to 63.6%.



	2006	2007	2008	2009	2010	2011	2012	2013
Global	81.15	136.85	165.03	184.24	235.58	334.11	398.89	444.53
China	8.03	12.51	16.73	21.19	30.19	42.55	54.25	63.62

Source: iSuppli Corp. September 2009

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