

Apple mulls more premium iPhones, discounts in China

Article

The news: Reeling from its first revenue decline since 2019 as iPhone and Mac sales slump, **Apple** is reportedly thinking of [more premium handsets](#), while allowing carriers to discount in China, per The Register.

- **Apple reported earnings of \$117.1 billion, versus the \$121.1 billion expected.** This is its **biggest decline in revenues since 2016**, per Yahoo.
- Apple's reaction to **slowing iPhone sales** could be to raise the ceiling on price and performance.
- "The iPhone has become so integral to people's lives. It contains their contacts and their health information and their banking information and their smart home. I think people are willing to really stretch to get the best they can afford in that category," CEO **Tim Cook** said on the company's earnings call.

How this would work: Apple could accelerate iPhone releases or bring out features planned for future models in a more expensive premium device.

- The rumored **iPhone Ultra line** will feature better cameras and more premium features, a strategy rival **Samsung** **has also used**.
- Apple did this in 2017, when it released the iPhone X. The phone was more advanced and cost \$500 more than the iPhone 8 released in the similar year.
- Apple has also used the Ultra branding for its most expensive Apple Watches and Apple M1 processors.

Why it's worth watching: Of all the Big Tech companies, Apple faces the most pressure from shareholders to keep posting record profits.

- It **lost \$1 trillion in market cap a year** after becoming the first public company to be valued at \$3 trillion, per **CNN**.
- In response to iPhone shortfalls, Apple has **accelerated its exodus from China** and is looking at India and Vietnam as alternatives. **But effectively replicating its Chinese production facilities in other countries could take years.**

Meanwhile, in China: Retailers like **JD.com Inc.** and state carrier **China Mobile** **took** 800 yuan (\$118) off the iPhone 14 Pro, ostensibly to push sales. Apple's own local website, meanwhile, did not lower its price.

Our take: An even more premium iPhone that offers professional photo and video features has limited appeal, especially now that most 5G-capable devices are similar in terms of performance and features.

Smartphone Shipments Worldwide, by Brand, 2021 & 2022

millions, % of total, and % change

	2021	% of total	2022	% of total	% change
Samsung	272.1	20.0%	260.9	21.6%	-4.1%
Apple	235.8	17.3%	226.4	18.8%	-4.0%
Xiaomi	191.0	14.0%	153.1	12.7%	-19.8%
Oppo	133.6	9.8%	103.3	8.6%	-22.7%
Vivo	128.3	9.4%	99.0	8.2%	-22.8%
Other	399.1	29.3%	362.7	30.1%	-9.1%
Total	1,359.8	100.0%	1,205.5	100.0%	-11.3%

Note: data is preliminary and subject to change; excludes OEM sales and refurbished units; companies represent current parent or holding company for all subsidiary brands
Source: International Data Corporation (IDC), "Worldwide Quarterly Mobile Phone Tracker" as cited in press release, Jan 25, 2023

280031

eMarketer | InsiderIntelligence.com

This article originally appeared in Insider Intelligence's Connectivity & Tech Briefing—a daily recap of top stories reshaping the technology industry. Subscribe to have more hard-hitting takeaways delivered to your inbox daily.

- *Are you a client? [Click here to subscribe.](#)*
- *Want to learn more about how you can benefit from our expert analysis? [Click here.](#)*