

Informa comment: Launch of the iPhone 5

LONDON, UK: David McQueen, principal analyst at Informa Telecoms & Media comments on the launch of the iPhone 5.



It looks like Apple has delivered a new iPhone that offers few surprises but promises a significantly better user experience as a result of its faster LTE connectivity, processor speeds and better Retina display. The iPhone 5 screen has increased to 4" and while it has the same width as its predecessor, it is longer in a near-16:9 aspect ratio. This not only allows old apps to work (using black bars top and bottom) but also fits with the scalability of the new software upgrade iOS 6. The iPhone 5 is powered by an A6 chip, which Apple claims the CPU operates at twice the speeds and graphics than the A5 chip. Further, the screen is lighter owing to in-cell technology and the device overall is both lighter and thinner than the iPhone 4S.

Now with LTE, the new iPhone will also be available on GPRS, EDGE, EV-DO, HSPA, HSPA+, and DC-HSDPA. In the UK, the full LTE capabilities of the device will first be available on EE although the fallback technologies will allow all carriers to range the device. The iPhone 5 is now equipped with a dynamic antenna that can switch between different networks.

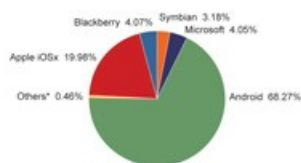
Smaller connector

In line with the rumours, Apple has changed the connector for the iPhone 5 to a smaller version, the 8-pin "Lightning" connector, which is both thinner and double-sided making it easier to use. Apple has already partnered with Bose, B&W, JBL and Bang & Olufsen in bringing to market new accessories and speaker docks. The headphone jack has also been relocated to the bottom of the device next to the connector, possibly to accommodate the new LTE hardware.

Apple laid out a comprehensive set of international markets for the iPhone's first wave of distribution starting 21st September (US, Canada, UK, Germany, France, Australia, Japan, Hong Kong and Singapore), including all three LTE enabled operators in the US. A second group of 20 countries will receive the new iPhones starting September 28th. Pricing for the iPhone 5, on contract, will be the same as that for the 4S: \$199 for 16GB; \$299 for 32GB; and, \$399 for 64GB. In addition, the iPhone 4 and 4S are to be kept in market at significantly reduced prices.

Opportunity for much-needed update

Full Year 2012 market share forecast by OS



*Includes Meego and LIMO + other Linux
Source: Informa Telecoms & Media

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The iPhone 5 release has provided a much needed physical update of the device, despite the screen not being the largest in the smartphone market and it still lacks NFC and wireless charging. From a connectivity angle, the iPhone 5 needed LTE connectivity as it becomes more fundamental for all new flagship devices. With Apple's strong existing relationships with a number of major carriers, the new iPhone model promises great potential sales for the 4Q holiday shopping season, even in the face of new LTE-capable devices from Samsung, HTC, Nokia and Motorola also being launched in 4Q.

While the new hardware may not quite stack up against other products expected in market, it is Apple's ability to create stylish, desirable products attached to a rich set of services that it hopes can still set it apart to create differentiation. The new optics, an upgrade to Siri, photographic capabilities and mapping functionality also add to the importance of those elements for the competitive landscape, especially in light of recent announcements from Nokia, Samsung and Microsoft.

A strong year for Apple

2012 has already been a strong year for Apple, having sold over 60 million iPhones in the first half of the year. Sales dropped by over 9 million units from 1Q12 to 2Q12, largely attributed to consumers waiting for the release of the iPhone 5.

With the launch of the latest device from Cupertino penned in for the 21st September just days before the end of the quarter, it is likely that the full impact of iPhone sales will not register until the next quarter, 4Q12, the most important in the calendar. The iPhone 4S, which will remain in market, but at a significantly reduced price, will help boost sales, and Informa Telecoms & Media expects total iPhone sales to reach close on a company record 50 million in 4Q12. However, Apple won't have it all its own way to the end of the year as it faces continued pressure from Samsung and now Nokia with its new range of Lumia devices running on the Windows Phone 8. In combination, the strength of these devices and platforms will combine to give the most competitive and intriguing smartphone quarter for a number of years.

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