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I write about how companies make money (or should be making money).

LEADERSHIP | 12/22/2013 @ 10:28PM | 2,748 views

Too Little, Too Late For China Mobile And Apple

After six years Apple and China Mobile have finally struck a deal under which Apple will offer the iPhone to China [Mobile's](#) formidable 760 million subscribers. Starting on Jan. 17, the iPhone 5S and 5C will be available from China Mobile's retail network and in Apple's Chinese stores.



China Mobile (Photo credit: Wikipedia)

China Mobile pushed for the deal, the New York Times is [reporting](#), in part because it was seeing subscribers move to its second and third tier competitors that do offer the device.

That demand—and, of course other drivers—have led a wide range of estimates for what this deal could mean for Apple, from an additional 15 million iPhones sold in the country to as much as 30 million more.

Chances are Apple's additional sales in China will clock in at the lower end of the estimate. In short, both China Mobile and Apple waited too long to culminate their courtship for it to have a significant impact, says China expert Usha Haley, a [business](#) professor at [West Virginia University](#) and author of the "Chinese Tao of Business."

Here's why:

Apple is already in China. Similar to the collective yawn that met T-Mobile's excited announcement that it would start carrying the iPhone, China Mobile is not exactly forging new and exciting territory here.

Those who want it, already have it. Many of China Mobile's customers that would have been interested in the iPhone have apparently migrated to other carriers and made their purchases, as the Times reported. It is questionable that there are huge numbers of China Mobile consumers waiting eagerly for the phone, Haley says. Only 176 million China Mobile customers—another stat reported by the New York Times—subscribe to the company's high-speed wireless data service. The rest are not interested in paying for it,

Haley says. That makes it unlikely they are willing to pay for the higher priced iPhone when it is made available.

Unsubsidized, the iPhone 5C will start at more than \$700. That is a lot for consumers of any nationality and the shoppers in China in particular have a disconcerting tendency to zero in on price while displaying little loyalty for brand, Haley says.

“We have found U.S., European and Australian companies that would enter China and sell at below market prices to establish a foothold. Then they would try to increase their prices just a tiny bit but at that point their customers would abandon them,” she says.

It’s not that Apple and China Mobile don’t have any moves to make. China Mobile is getting ready to introduce 4G services in 16 cities and by the end of 2014, it plans to cover more than 340 cities with 4G service.

Also, the pricing details are not public yet and it may be that Apple and China Mobile come up with a price point that entices enough users to try out the iPhone.

“I do think Apple sales will grow in China, but they won’t reach the stratospheric levels that Apple and China Mobile are hoping they will,” is Haley’s conclusion. The irony is they could have, say, six years ago when the two started talking.

This article is available online at:

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