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Thanks to Apple, US will buy Chinese phones: ZTE

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by Taboola

U.S. consumers are willing to buy phones from Chinese brands, an executive at Shenzhen-based telecommunications company ZTE told CNBC, claiming that Americans were content to do so because they knew parts of Apple's products were assembled in the world's second-largest economy.

ZTE, a Chinese network equipment and smartphone maker, is looking to expand rapidly in Western markets and is currently the fourth-largest player in the U.S. Still its 7.4 percent market share there is well behind the likes of Apple and Samsung, which dominate the market.

ZTE's head of EMEA and Latin America, told CNBC that consumers were opening up to the idea of buying Chinese brand names.

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"Now the consumers don't care about whether it's a Chinese brand, U.S. brand, Europe brand, because with iPhones, they know it's assembled in China," Kan Yulun told CNBC in an interview.

"They just care about what the vision of the company is, what the product is, whether you're an international company... People buy a phone at a high price, they will care about the service. This is important that we need to let the consumers know who ZTE are and what we are doing."

Premium focus

ZTE recently released a \$449 smartphone called the Axon Pro, aimed specifically at the U.S. market. The company had previously dealt in mid-to-low-end devices, but is now attempting to tackle the high end.

"Before maybe our product was focused on entry levels, now from this year we launched a new high-end premium phone. Operators want to do more operations with ZTE because they know we are an international company... we invest every year in new technology," Yulun said.



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In the U.S., the company has made **big efforts to get its name out there**. ZTE partnered with the New York Knicks and Golden State Warriors for the 2014/2015 season and sponsored the Houston Rockets NBA team in 2013/2014 season.

Its efforts seem to be paying off, with ZTE striking agreements with AT&T and T-Mobile to sell its phones.

But it has not struck partnerships in Western Europe where it currently has just a 1.8 percent market share. That's a 163 percent year-on-year rise though, albeit off a low base.

'Cheap' brand

ZTE is hoping to sell 60 million handsets this year, having shifted 26 million in the first half of 2015, Yulun said.

Nonetheless, some doubts exist about whether Western consumers are ready to embrace a brand still seen as very much Chinese.

"There's no way a consumer will prefer a ZTE premium device compared to a well-known brand," Francisco Jeronimo, head of

European mobile devices at IDC, told CNBC by email.

"They are still perceived as a Chinese cheap brand. They only got rid of the Chinese characters in the logo last year! If their strategy is to compete directly in the high end of the market, meaning the likes of Apple, Samsung, Sony, HTC, et cetera, then I'm afraid to say but that's a dead on arrival strategy," he later added.



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