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iPhone 5 UK pre-orders well down on previous years, networks say

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Advance sales opened on 13 September, and buyers will get their hands on the iPhone when both models arrive in store on Friday. Photograph: Apple/EPA

Network operators in the UK are reporting weaker than expected demand for the colourful <u>iPhone</u> 5C, the lower-priced model <u>Apple</u> investors hoped would be a mass market hit. Pre-orders are just one tenth of those seen in previous iPhone launches, according to one operator, who blamed the tepid advance sales on the unexpectedly high price. The 5C costs from £469 without a contract, just £80 less than the new premium 5S.

"It's been a big disappointment," said a mobile network source. "We are seeing a decline

in the number of pre-orders. They are 60% to 70% less than we were expecting, and we didn't expect them to be massively high given it's not the flagship model."

For those who already own an iPhone, the fingerprint scanner and improved camera may make the 5S a more obvious choice despite its higher price tag.

UK networks have taken between 75,000 and 100,000 advance orders in previous years for new Apple phones, but say this year's level of interest is far lower. "This is one tenth of those numbers," said the source.

The difference may be due to Apple's decision to release only the 5C, and not the 5S, for pre-order. Advance sales opened on 13 September, and buyers will get their hands on the phone when both models arrive in store on Friday.

"Pre-orders have not been what we expect them to be by a long stretch," said a source at a second operator. "It was a big surprise that there were only pre-orders on the 5C. Apple have deliberately done it because investors will be looking at whether they can be successful in the mid-range market. The 5C is the device that will move their business from the premium market to a company that sells something for everyone."

The 5C, which comes in a range of five colours and has a shiny plastic back case rather than the usual metal iPhone finish, is being sold by all four network owners – EE, Vodafone, O2 and Three – and retailers including Carphone Warehouse and Phones 4u.

Last year, Apple secured a record 2m pre-orders for the <u>iPhone 5</u> worldwide within 24 hours of the handset coming to market, more than double the initial 1m requests for the 4S. This year, the company has declined to release early data on sales.

"The 5C is not setting the world on fire in terms of pre-orders," said a source at a third operator. "It is dramatically lower. People are waiting and seeing, because Apple has never released two devices simultaneously."

Nonetheless, Citibank analyst Glen Yeung estimates advance sales reached 2.2m during the initial 24 hours. He predicts Apple will beat its previous record because China, including Hong Kong, will for the first time be among the nine initial countries to receive the new handsets. The distribution deal with Japan's largest wireless carrier, NTT Docomo, should also lift sales.

But Yeung cautioned: "We are not enthusiastic about the prospects for the new iPhones based on disappointing innovation and high price."

The retailer Phones 4u, however, reported "phenomenal" interest from its customers. The firm did not disclose how many phones it had sold in advance, but said the level of pre-registration, where customers put their name on the waiting list without paying upfront, was higher by double-digit percentage points than last year.

"If the price of the 5C was lower, pre-orders would be much higher," said Francisco Jerónimo, an analyst at IDC. But he still expects the cheaper phone to be Apple's best seller this year. "I believe the 5C will be larger than for the 5S. They can address new users who like colourful handsets, and also the current iPhone users. If people upgrade they don't want a device that looks exactly the same as their previous one."

Apple did not respond to Guardian requests for a comment.



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