



Speculation abounds over iPhone in Europe

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556 mots

8 juillet 2007

05:02

Agence France Presse

Anglais

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PARIS, July 8, 2007 (AFP) -

Barely out of the shops in the United States, Apple's eagerly anticipated iPhone is the subject of increasing speculation about how and at what price it will be rolled out in Europe later this year.

Despite a hefty price tag of either 499 or 599 dollars (360 or 450 euros) depending on size of the memory, analysts say Apple has sold between 310,000 and 700,000 of the gadgets since its US launch on June 29.

Now the question is which European countries, and crucially which operators, will be first to benefit from the much-hyped device which combines the wildly popular iPod music player with a mobile telephone, email and Internet access.

The Financial Times reported Thursday that Apple would limit the launch of iPhones in Europe this year to France, Germany and Britain. The rest of the continent would follow suit with Asia in 2008.

It also reported that O2, the British unit of Spanish telecommunications group Telefonica, was set to be the first European mobile phone operator to reach a deal with Apple over the device.

A day earlier, the German daily Rheinische Post reported that T-Mobile, the mobile arm of German telecommunications giant Deutsche Telekom, had beaten rival Vodafone in the battle to win marketing rights for iPhone in Germany.

Neither of these reports has been confirmed. A spokesman for O2 dismissed them as "speculation", saying it had "not signed a deal with Apple". France Telecom, another potential candidate, has also remained silent.

There is also speculation about the price of the new iPhone. Internet rumours suggest it will cost 899 or 999 euros, far more than in the United States, although specialists predict a cost of between 400 and 500 euros.

Another question is whether the iPhone will be equipped to use the 3G network that European operators have spent so much money on -- in the United States, it only uses the slower 2.5G network.

Despite these concerns, the author of the first European study on the impact of iPhone on the continent, Stephane Dubreuil of **Sia Conseil** consultancy, said operators were engaging in a "real battle" over the device.

The product "has such an attraction that it will enable them to win new clients over their competitors," he said, adding: "This is typically a product that firms prefer to see among their own, not among the competition."

Apple has never hidden the fact that it would choose market-leading operators, but only on the condition they accept its demands -- which may demand sacrifices from the firms involved.

Dubreuil said the "real revolution" of iPhone is the appearance for the first time of a telephone which "short-circuits the operator and establishes direct contact with the client".

The prospect "concerns" European operators and may force them to revise their economic models, he said.

Apple has put its iTunes platform at the heart of the iPhone, allowing clients to buy music, video and games content. In doing so, many sources of mobile phone revenue now pass from the operator to the phone maker.

With AT&T, iPhone's exclusive distributor in the United States, the situation is different. There, the mobile phone operator keeps the majority of the revenues from telephone communications.

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