

TECHNOLOGY

Apple Goes on the Offensive as iPhone Sales Slip in Its Biggest Overseas Market

Rare discounts in China seek to counter high-end products from Samsung, Huawei

By [Yang Jie](#) [Follow](#)

Updated Jan. 16, 2024 4:48 am ET



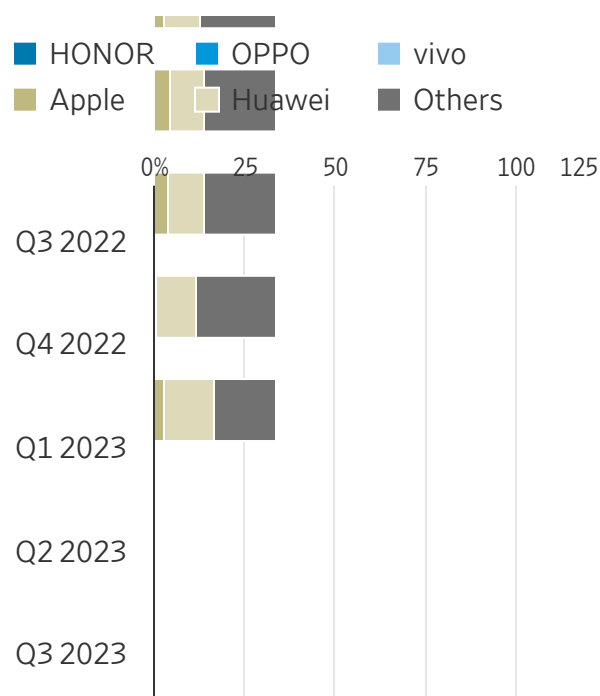
Apple faces an array of challenges in China. PHOTO: CFOTO/NURPHOTO/ZUMA PRESS

Apple [AAPL 0.18% ▲](#) is offering rare discounts in China, including on its latest iPhones, in a bid to beat back growing competition in the high-end market.

The tech giant is running a promotion from Thursday through Sunday in China in which it is cutting the price of iPhones by the equivalent of up to \$70. Other products will be discounted by up to \$110. The promotion comes ahead of the weeklong Lunar New Year holiday beginning Feb. 10, a customary gift-giving season in China.

In the last quarter of 2023, iPhone sales in China fell 11% compared with the same period a year earlier, according to market-research firm Counterpoint. Ethan Qi, a Counterpoint analyst, linked the downturn to waning demand for smartphones in China and intensified competition from local rivals. In particular, Huawei is swiftly gaining ground despite grappling with U.S. sanctions.

China smartphone shipments market share



Source: Counterpoint

“China remains a priority market for Apple, so it’s not common but also not a big surprise” to see the company fight to defend its market share, Qi said.

The discount comes with some conditions, including the use of certain payment methods and limited quantity available at Apple’s 46 retail stores in China, according to the company. It didn’t mention any restrictions for online purchases, which is the main route for Chinese consumers to acquire a phone.

Apple didn’t advertise any discounts in Taiwan or Hong Kong, which celebrate the same holiday. The company typically doesn’t discount its latest iPhones, although a year ago it did offer some discounts on the iPhone 14 through certain sales channels in China.

Apple faces an array of challenges in China, including Huawei’s resurgence and limits on government officials using iPhones. Another is the rise of deflation. Consumer demand has been weak recently and some companies have found success by advertising eye-popping discounts.

Third-party retailers have already been offering discounts on iPhones beyond what Apple plans to offer temporarily.

A third-party seller active on one of China’s most popular e-commerce sites, Pinduoduo, on Tuesday was advertising the base model of the iPhone 15 Pro Max at 8,228 yuan, compared with Apple’s official price of 9,999 yuan. The third-party seller’s discount price is equivalent to about \$1,150, or nearly \$250 off Apple’s price.

In recent years, the premium segment has emerged as the main growth driver in an otherwise-sluggish global smartphone market. The segment accounts for just

under a quarter of smartphone sales globally but 60% of revenue, according to Counterpoint.

Apple has led the high-end market in China, but its position has grown shakier. A new model released by Huawei in August showed the Chinese company was able to turn out a phone with high-speed data transmission despite being banned by the U.S. from obtaining advanced chips.

Analysts say Huawei's sales growth has been driven by demand in its home country. Other Chinese brands such as OnePlus and Honor are introducing competitive devices in the lower price range of the high-end sector, according to analysts.

A further rival is Samsung 005930 -1.76% Electronics, which has long struggled in the Chinese market but recently made some inroads with its flagship Galaxy S23 and its foldable phones. Apple doesn't sell foldable phones.

Samsung is set to release its latest high-end smartphones globally this week, and it plans a new-product event in China in late January.

Apple did well globally last year despite its challenges in China. Research firm International Data Corporation said this week that Apple overtook Samsung at the top of the global smartphone market last year by number of devices shipped. Samsung had held the top position for more than a decade. Apple was also the only one of the top three companies to show year-over-year growth in shipment volume.

"Apple's ongoing success and resilience is in large part due to the increasing trend of premium devices, which now represent over 20% of the market," said Nabila Popal, an analyst at IDC.