

The landing of the iPhone in Spain is certain but it's success is not guaranteed

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A host of operators around the World have announced that they will market the iPhone in their respective countries. Spain is not yet one of them, but it is generally expected that there will be an announcement on June 9th regarding its arrival in Spain. It is also supposed that this will happen through Telefónica, although it is worth noting that the mobile market in Spain is fairly fragmented, so the prudent thing to do is to wait and see what the official decision confirms. The key factor is that it should be able to work on third generation networks, thus eradicating the band width limitations that come with GPRS technology.

With the advent of the iPhone in the US in 2007, Apple proved its innovative prowess once again, rendering a Project with cutting edge hardware and software, especially as concerns the touch sensitive screen, all of which revolutionized the mobile phone concept. The less impressive attributes include its initially high price (now reduced to 299 Euros), its battery life (which could last for 8 hours of autonomy; 24 hours of voice communication) and its relatively modest 8 GB memory, with a 16 GB version available for a slightly higher price.

The first version of the iPhone's software, based on Mac OS X, included micro versions of Apple's video and music players, e-mail, photo applications, messaging, calendar and other typical MAC tools, as well as Google maps. However, its production applications could have been better in their compatibility with the Microsoft standards, such as Word and Excel, and the navigator Safari did not work with resources using Flash or Java. Some of these limitations will likely disappear after June 9th, when Steve Jobs will announce the 2.0 version of the iPhone software, up to now available in beta version.

With these results and the innovative design of the iPhone, Apple recreated what they were able to do with the iPod: revolutionize the market.

But now, will this success be replicated in Spain, where it is said that the new iPhone 3G will be launched? It is not obvious that this will be the case, even taking into account that the new Apple product will be more competitive than the original one. In Europe there are an existing 20 million users for 3G mobiles, Nokia and other manufacturers that use the traditional telecommunications model based on selling terminals to operators, which is subsidized.

But the contract that Apple signed with AT&T introduces a unique model for a mobile manufacturer: in addition to selling the Terminal, Apple receives a cut of the revenue made from each Terminal, while AT&T holds the exclusivity rights on the product. This formula has been maintained in the countries where the iPhone is already available: with O2 in the UK, which is a subsidiary of Telefónica (whence the expectation that Telefónica will be the one to distribute in Spain), and with T-Mobile in Germany and France. But after that, the plan has not been extended to Italy, where Vodafone and

Telecom Italia will distribute the iPhone. Do the innovation and glamour of the iPhone carry enough advantages for European operators to accept a model such as AT&T's? If the attractiveness of the iPhone translates into a reduction of a normally high turnover, then it is probable that this will be the case. Apple faces a current stagnated market in developed countries, where sales have gone down this month for the first time in Europe, as well as the price on the 3G market, with a strong reaction on the part of rival manufacturers. Many of the latter have recovered from the initial shock by adding alternative models to their catalogues, especially Nokia, which aside from being the undisputed leader is playing on its own turf.