

China's Call to Reduce Subsidies Could Hurt Apple

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Apple's iPhone may be taking yet another hit in China as the government there asks carriers to stop spending so much on subsidies and marketing.

According to a [report](#) [1] from Bloomberg, the State-owned Assets Supervision and Administration Commission in China has told carriers to cut advertising and promotional spending by just under \$6.5 billion over the next three years.

Specifically, the report says the government is upset over the amount that carriers like China Mobile spent on promoting devices like Apple's iPhone and Samsung's Galaxy S5.

The official statement from the governmental Commission has not yet been released yet, but if true it could mean yet another setback for Apple in what Cupertino had originally seen as a huge opportunity.

If Chinese carriers were forced to reduce subsidies, devices like the iPhone could become even less attractive to consumers there.

Already, Apple has had a hard time cracking the market, as competition from companies like Huawei, Samsung, and ZTE continue to dominate that market.

According to research firm IDC, Apple's took home 7 percent of the market in mainland China in the first quarter. Samsung meanwhile maintains a 15-20 percent share of the Chinese market.

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<http://www.wirelessweek.com/news/2014/07/chinas-call-reduce-subsidies-could-hurt-apple>

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[1] <http://www.businessweek.com/news/2014-07-08/china-said-to-tell-carriers-to-cut-spending-on-marketing>