

Informa comment on BB10 launch today

LONDON, UK: Malik Saadi, principal analyst at Informa Telecoms & Media comments ahead of the BB10 launch. The success of the first BlackBerry 10 device is vital for RIM's survival...



The BlackBerry brand continues to lose its lustre and RIM is now relying on its BB10 platform, which it has developed from scratch, to regain consumer confidence in its brand. The success, or otherwise, of the first device powered by the new platform will determine RIM's future.

In developed markets, BlackBerry is no longer perceived as a premium brand and subscribers in these regions have deserted the platform in their masses due to the lack of attractive devices. In 2012, the company sold fewer than 14 million BlackBerry phones in Western Europe and North America combined. However, RIM could well win these users back if it can offer them a premium user experience in line with the quality of its services, notably its BBM messaging platform and its e-mail services. And this is exactly what RIM is trying to achieve with the introduction of the BB10 platform.

In emerging markets, the situation is different. The introduction of affordable BlackBerry devices such as the BlackBerry Curve has enabled RIM to attract a large audience in the region, mainly young professionals and students. The significant drop in BlackBerry's average selling price (ASP) from US\$280 in 2010 to US\$200 in 2012 has helped RIM to maintain a decent rate of growth in device sales in these regions. If RIM is to target the same audience in these emerging markets, the new device should not be priced higher than US\$250, which is highly unlikely.

However, the challenge RIM faces is not so much related to the device's performance or its appeal but is more to do with how consumers will react to its brand new approach to the user experience.

No doubt it will be challenging for RIM to push the new device to consumers in retail stores. Sales representatives often prefer to sell as many phones as quickly as possible, preferably ones that don't require too much effort in educating the consumer. This happens each time a new platform is introduced to the market. For example, the shipments of iPhone, Android and Windows Phone devices did not exceed 1.1 million, 0.8 million and 0.9 million, respectively, in the first three months after they were launched.

So, given the very fast growing smartphone market, RIM should aim to sell at least 1 million units of the new device in the first quarter after its launch. Anything below this would call into question the company's ability to execute its marketing strategy while anything above 3 million units would be a spectacular performance, which will undoubtedly resurrect both the

consumers' and the investors' confidence in the BlackBerry brand.

Performance of BlackBerry smartphones, 2010-2012

	2010	2012
Share of total smartphone sales	14%	4%
BB sales (million units)	37.0	27.5
Share of emerging markets	25%	47%
Share of developed markets	75%	53%
Global ASP (US\$)	327.0	235.0
ASP in emerging markets (US\$)	280.0	200.0
ASP in developed markets (US\$)	343.0	266.0

Source: Informa Telecoms & Media

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