Chinese Consumers Have Mixed Reactions to Apple's iPhone

San Francisco, CA, April 7, 2008 - Consulting firm Pearl Research today released a study detailing Chinese consumer purchase intent for Apple's iPhone. The iPhone has not been officially released in China, but can be found on store shelves through gray imports. China could be a significant market for Apple with its 565 million mobile phone users and trend-conscious consumers.

Key findings include:

- Approximately 68% of our sample had heard of the iPhone. In our interviews, females were more likely to cite "trendiness" and "design" as a key factor in wanting to purchase an iPhone while males cited "utility" as the chief reason.

- The high price tag of $500 or more was the most mentioned reason for disinterest in purchasing an iPhone along with Apple's inexperience in mobile phones. The iPhone's high profile has spawned Chinese copycats that duplicate iPhone's features at a fraction of the price, retailing for $200 to $300. Pearl Research believes the popularity of these copycat phones could cut into market share for the official iPhone.

- A key selling point for the iPhone is the ease through which users can intuitively surf the Internet on a touch-screen. However, this selling point of mobile Internet has less resonance in China. Through interviews with consumers, we found that most users do not use the mobile Internet extensively due to carriers' high costs for these services.

- Approximately 88% of iPod owners expressed interest in the iPhone. The iPod has created a consumer segment in China familiar with Apple products. Appealing to users beyond this core group of users remains a challenge for Apple, if it decides to release the iPhone in China.

The study is based on 450 online survey respondents and 24 in-depth one-on-one interviews across both first- and second-tier cities in China. To acquire a copy of the report or to request a briefing, please contact Pearl Research at 415-738-7660 or email research@pearlresearch.com

About Pearl Research
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