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iPhone 6 And 6 Plus Sales To Top Ten Million In First Week

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The New York Times -- Early sales of Apple's new iPhones have lived up to high expectations.

The company on Monday said it sold more than 10 million of the iPhone 6 and 6 Plus models in the first three days they were available in stores. That is higher than the nine million new iPhones it sold last year in their first weekend on sale.

The phones' larger screens — 4.7 diagonal inches for the 6 and 5.5 for the 6 Plus — are a considerable jump from the 4-inch screens of earlier iPhones.

The iPhone sales were on the upper end of financial analysts' expectations, which ranged from 6.5 million to the "low teens" of millions of sales.

The iPhone 6 Plus is very large and has the same size display as the LG G3, at 5.5 inches, but is significantly taller.

Timothy D. Cook, Apple's chief executive, announced the Apple Watch during an event at the Flint Center on Tuesday in Cupertino, Calif.

The strong sales mirror growing consumer demand for smartphones with bigger screens. IDC, a research firm, estimated that at least 20 percent of all smartphones shipped last year in China, the largest smartphone market in the world, were five inches or larger. It also predicted that manufacturers this year would ship more "phablets," or smartphones with screens measuring at least 5.5 diagonal inches, than laptops.

An Apple customer leaving a store in Manhattan on Friday with a new iPhone 6 Plus in hand. Credit Michael Appleton for The New York Times

Some analysts even estimated that the larger iPhone 6 Plus was more popular with consumers over the weekend.

"The iPhone 6 Plus demand is very strong. They're basically sold out everywhere we checked," said Maynard Um, a senior research analyst for Wells Fargo. "But the iPhone 6 didn't look to be fully sold out. That's hard to tell if it's because Apple has a lot of supply out there, or it's because there's less demand for it compared to the iPhone 6 Plus."

Apple's investors — much like Hollywood producers tracking the first few days of ticket sales for a blockbuster movie — closely watch first-weekend sales for the iPhone because they are a reflection of consumer demand. The iPhone is still Apple's biggest cash cow, accounting for about 70 percent of its profit. So early sales can help predict quarterly or even annual results for the company, based in Cupertino, Calif.

But some analysts, like Gene Munster of Piper Jaffray, wondered whether first-weekend sales were still a reliable measure for consumer demand. The iPhone is already immensely popular in many countries, he noted before the announcement, so early sales may be more of a sign of how many iPhones can initially be produced by Apple and its manufacturing partners.

"The first weekend iPhone sales number continues to be more about how much Apple can supply than what the demand is in the market," said Walter Piecyk, managing director at BTIG Research, an industry firm.

Timothy D. Cook, Apple's chief executive, said as much on Monday.

Apple "could have sold many more iPhones with greater supply, and we are working hard to fill orders as quickly as possible," he said in a statement.

The latest iPhones also missed out on a big market: China. Apple has delayed the release of the iPhone 6 and 6 Plus there, apparently because the devices have not yet received approval from Chinese regulators.

Despite missing out on hundreds of millions of potential Chinese customers, Apple impressed analysts with its weekend performance.

“Even without China, Apple was able to move $6.5 billion of product in three days which would be impressive for any industry,” Mr. Piecyk said.

The introduction of the iPhone 6 and 6 Plus on Friday was the second time Apple released two new iPhones at the same time. Last year, Apple introduced the iPhone 5S along with the iPhone 5C, a colorful plastic model sold at a lower price.

Apple is treating the iPhone 5C differently than past iPhones. Traditionally, Apple has upgraded each iPhone once a year, with improvements like faster chips and better cameras. But this month, instead of announcing an upgrade for the iPhone 5C, Apple said it would continue to sell the exact same iPhone, but for a lower cost: free with a contract.

Analysts say that it appears Apple’s strategy all along for the iPhone 5C was to sell an older, plastic iPhone over a longer time period to allow the costs of production and components to drop. That lets Apple decrease the price of the plastic iPhone and increase market share in less affluent markets.