



Vodafone Aims Handsets at Developing Markets

Mobile phone operator Vodafone has launched two ultra low-cost handsets for developing markets.

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As part of its strategy to expand in developing markets, mobile phone operator Vodafone Group PLC has launched two ultra low-cost handsets with the company's own brand.

The handsets, manufactured by China's ZTE Corp., will be initially available in Egypt, Romania and South Africa next month, Vodafone said Monday. They are expected to cost between US\$25 and \$45.

With mobile phone penetration rates nearing or already exceeding 90 percent in many of its European markets, Vodafone has embarked on a strategy to expand in emerging markets, like India, where mobile phone penetration is still low. Part of this strategy includes offering handsets that people in these markets can afford to buy -- and Vodafone can afford to offer.

The Vodafone 125 model, the less expensive of the two phones, has a black and white screen, while the more expensive 225 model offers a color screen.

The phones, each offering up to three hours of talk time, will provide voice and text message service only. Future models will offer additional features, such as an integrated radio, according to a Vodafone spokeswoman.

The 125 and 225 models are the first two ultra low-cost handsets to be manufactured by ZTE under an exclusive agreement reached at the end of last year.

For the past couple of years, Vodafone has been slapping its own name on handsets -- to keep its brand in front of customers.

In the course of this year, the Newbury, England, operator plans to launch ultra low-cost phones in 14 additional markets where the company this month received government approval to acquire a majority stake in Indian mobile services operator Hutchison Essar Ltd.

However, it doesn't plan to offer the low-cost phones in any of its developed markets, according to the spokeswoman. "The focus now is on quickly helping bring communications to people in developing markets," she said.

Numerous other mobile phone operators and vendors also have their sights set firmly on this segment.

On May 3, Nokia Corp. launched seven mobile phones for emerging markets, including two intended for shared use by families or entire villages.

Texas Instruments Inc. is developing a broad range of chips for low-cost handsets aimed at developing countries. The company plays a big role in determining handset costs; it's the world's largest maker of the most expensive part of a mobile phone -- the chips that run them.

