

# Iphone demand outstrips supply in china by owen fletcher

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The paper " iPhone Demand Outstrips Supply in China By Owen Fletcher " is an excellent example of an article macro and microeconomics. Apple is one of the biggest smartphone vendors in China, but it failed to produce an efficient outcome with regard to its latest smartphone handset. The Chinese have long-awaited the release of iPhone 4, but they are disappointed with the outcome, which is the unbalanced supply and demand. Based on the law of demand and supply, when a price of a certain commodity is low the quantity demanded will increase and the quantity supplied will decrease, and vice versa (Moomaw et al. 66). In the case of iPhone 4 shortage, the increasing demand is not directly related to a change in price considering that iPhone 4 is " more expensive" (Fletcher). Thus, the increasing demand for 3G mobile services could be attributed to the population size of Chinese 3G mobile users, which is two-thirds of the overall population. The size of 3G users is a non-price determinant that could shift the demand curve (D) to the right from D1 to D2, resulting to the new market equilibrium of price (P1 to P2) and quantity (Q1 to Q2) (see fig. 1). The price of iPhone 4 is much higher compared to previous models because the former is added with new features and multiple applications. The supply of iPhone 4 is decreased because of some processing problems; thus, the quantity supplied in the Chinese market decreases from Q1 to Q2, and the price increases from P1 to P2 (see fig. 2).

On the other hand, there is a shortage of iPhone 4 because the demand is increasing, but Apple could not produce more. This event has led network operators from China and the U. S. to reject iPhone 4 preorders from consumers until the shortage is rescinded. Figure 3 shows the continuing

demand for the iPhone 4 in China, which resulted in a shortage. In the figure, the demand has exceeded the supply; hence, a shortage between quantity supplied (QS) and quantity demanded (QD) is created. Also, the demand curve (D) has shifted from point A to point B and the supply curve (S) from point A to point C, thus, creating new market equilibrium.