



What You Need to Know About the BlackBerry Z3

Description

On Tuesday, **BlackBerry** ([TSX: BB](#))(Nasdaq: BBRY) launched the low-cost Z3 phone for the Indonesian market, where it will retail for the equivalent of about \$208. The company is hoping that this phone will appeal to price-sensitive consumers – this makes Indonesia the perfect launching ground, especially since the country is one of BlackBerry's most promising markets. It's the first phone launched with new CEO John Chen at the helm.

Up against the wall

At one point, BlackBerry had about 40% of the Indonesian market, but then made a very simple mistake: It priced its new phones too high. In a country where 40% of its residents live on \$2 per day, the BlackBerry 10 was simply unaffordable. Nowadays Samsung dominates the market, with a market share of about one third.

The Z3 is meant to fix this problem. But if this phone is not well-received, then BlackBerry may be out of ideas for the Indonesian market (not to mention other markets). As Mr. Chen said, "From conception to delivery, the BlackBerry Z3 Jakarta Edition was designed specifically with our Indonesian customers in mind." He also said more bluntly, "If the market doesn't receive this product well, then we definitely have some negative issues to deal with."

Not over the top

As can be expected, the Z3 does not come with too many over-the-top features that Indonesian consumers do not need. For example, it has mediocre cameras, a simplistic design, and no LTE functionality.

Indonesians are most concerned about their ability to communicate, and BlackBerry has made sure to deliver on that end. And of course the company is still able to sell its main advantages: battery life, security, and the ever-popular BBM.

So what comes next?

After Indonesia, the Z3 will be launched in six other countries, including the Philippines, India, Vietnam, and Malaysia. Ideally the phone will capture a significant share among consumers who are not looking for an overly expensive phone. Further down the road, BlackBerry will also launch an LTE-enabled version of the Z3.

Will this be the start of a turnaround?

It better be. BlackBerry has designed this phone specifically for emerging market consumers like those in Indonesia, so if sales fall short of expectations, then that means there's something seriously wrong with the BlackBerry brand in those countries. And that would be very difficult to overcome; investors should watch how this unfolds closely.

CATEGORY

1. Investing

TICKERS GLOBAL

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2. TSX:BB (BlackBerry)

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