



The Biggest iPhone News on Tuesday Wasn't the iPhone 11 Pro

Description

The **Apple** ([NASDAQ: AAPL](#)) product launch on Tuesday was packed with news. On the hardware front, the tech giant released the iPhone 11, iPhone 11 Pro, and iPhone 11 Pro Max; the Apple Watch Series 5, and a new version of the entry-level iPad. But the [tech company](#) also shared more details on two of its upcoming services: [Apple Arcade and Apple TV+](#).

With the iPhone segment accounting for over half of Apple's revenue, it was no surprise that the company's latest versions were the main event for the keynote. But what was interesting is that it wasn't necessarily the flagship iPhone that stole the show on Tuesday. Instead, it was the aggressive pricing of the new iPhone 11 and the subsequent price cut to the current iPhone XR that grabbed the spotlight.

Here's a look at the newest iPhones, and why the competitive pricing was a narrative that caught investors' attention.

Meet the newest iPhones

As was the case last year, the lineup is made up of three new iPhones: one lower-cost iPhone and [two high-end models](#). To differentiate the two higher-end smartphones from the cheapest new one, Apple gave the more expensive models a "Pro" designation this year.

Here's how the new lineup breaks down.

iPhone 11 (starting at \$699): In many ways, this is the successor to the iPhone XR that Apple launched last year. Priced lower than the iPhone 11 Pro and iPhone 11 Pro Max, it is available in more colors, has a liquid crystal display (LCD) instead of the organic light-emitting diode (OLED) version on the higher-end models, and has a display that measures 6.1 inches. Setting it apart from the iPhone XR, the new phone has a better camera, improved battery life, and Apple's new A13 Bionic processor.

iPhone 11 Pro (starting at \$999): Compared with the iPhone 11, the iPhone 11 Pro has a smaller display size of 5.8 inches. But it has an OLED display, and an even better camera system than the

iPhone 11. It also includes the latest A13 Bionic chip.

iPhone 11 Pro Max (starting at \$1,099): The new flagship iPhone replaces the iPhone XS Max. It is mostly the same as the iPhone 11 Pro but has a 6.5-inch display and five more hours of battery life compared with the iPhone XS Max, giving it the longest battery life of any iPhone.

More affordable pricing

While the iPhone 11 certainly isn't cheap, it's notably priced \$50 lower than the iPhone XR's \$749 starting price last year. Perhaps even more surprising, Apple dropped the price of its one-year-old iPhone XR by \$150, to \$599.

The aggressive pricing could give the iPhone segment a much-needed boost. Its revenue has been declining, and iPhone unit sales, which the company stopped reporting as they started to trend downward, are likely still falling as well.

As Apple transitions to a business model that is focused on monetizing its base of active users with an increasingly robust slate of services, it makes sense to make its iPhones more affordable. This could reinvigorate unit sales growth, which could ultimately bolster the company's installed base of active users, who it can monetize with apps and services in the coming years.

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