

Apple, developers feasting on people's appetite for apps (Update)

January 8 2015, by Michael Liedtke



In this Sept. 19, 2014 file photo, a customer shows off the new Apple iPhone 6 and 6 Plus at a store in Tokyo. Apple Inc. on Thursday, Jan. 8, 2015 said that its App Store customers set a record for billings by spending nearly half a billion dollars on apps and in-app purchases during January's first week. It said New Year's Day was also the single biggest day ever in App Store sales history. (AP Photo/Shizuo Kambayashi, File)

Apple and thousands of mobile software developers are feasting on

people's ravenous app-etite for apps.

Users of iPhones, iPads and iPod Touches spent nearly \$500 million on applications and in-app services during the first week of the year, according to figures released Thursday. That's the highest weekly volume recorded by Apple Inc. since the Cupertino, California, company opened its App Store seven years ago and revolutionized the way people connect with online services and play games.

If sales continue at the same opening-week pace, Apple and the makers of the apps would split up about \$25 billion in revenue. Apple's revenue-sharing formula calls for 70 percent of app sales to be paid to the developers with the rest kept by the company.

This year's fast start came after Apple's app billings surged by 50 percent in 2014, according to Thursday's breakdown. The increase produced more than \$10 billion for app developers. That implies Apple reaped somewhere from \$4 billion to \$5 billion in revenue from its App Store last year, based on the company's 30 percent commission. Apple didn't disclose how much it made from the App Store last year.

Most analysts expect the App Store will contribute a bigger piece of Apple's future profits as people become more dependent on their mobile devices, encouraging developers to create even more services tailored for the gadgets. The latest version of Apple's mobile software, iOS 8, already is fueling demand with new categories for home and health management, as well as the opportunity to install alternatives to Apple's built-in keyboard for the first time.

What's more, Apple plans to release a line of smartwatches this spring that's likely to unleash another wave of app purchases.

As popular as it is, Apple's App Store lags behind Google's Play Store

for Android devices in terms of total downloads, according to the analytical firm AppAnnie. That's largely because about 2 billion devices running on Google's free Android software have been shipped so far. Apple has sold more than 828 million mobile devices since the 2007 release of the iPhone.

But the smaller number of people using Apple's devices spends far more money on apps than Android's largest audience, according to AppAnnie and other analysts. That's because Apple's products are higher priced and tend to attract more affluent buyers than the Android product line does. With less income to spend, Android users are more apt to focus on the wide range of free apps available for smartphones and tablets.

Google Inc. hasn't released last year's billing statistics for its Play Store. In late June, the company said the Play store had distributed about \$5 billion to developers since opening its own app market in June. A Google spokeswoman said the company had no further updates to disclose Thursday.

Apple says its app developers have made \$25 billion since 2008.

The company's store offers more than 1.4 million mobile apps in 155 countries.

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