

# Apple revamps App Store with new revenue plan, ads (Update)

June 9 2016

---



In a significant shift in its revenue model, Apple said it would reduce its share to 15 percent from 30 percent for auto-renewed paid apps after the first year

Apple said Wednesday it was revamping its App Store with a new revenue-sharing model for app developers and, for the first time, search-related advertising.

The move comes with Apple seeking to boost its revenue from services amid what appears to be a plateauing of sales of iPhones and a slowdown

in the table market.

In a significant shift in its revenue model, Apple said it would reduce its share to 15 percent from 30 percent for auto-renewed paid apps after the first year.

While Apple will be cutting its longstanding share of 30 percent, the move appears to encourage developers to introduce paid models with the new auto-renew feature.

"Apps in all App Store categories will soon be eligible to offer auto-renewable subscriptions," said a statement on the App Store website.

"Developers will also receive more revenue for qualifying subscriptions after one year, have greater pricing flexibility, and more."

Apple also said it would allow app makers to place search-related ads on the App Store, another move that could drive more revenue for the California tech giant.

The new feature to be introduced this year on the US App Store is "an easy way for you to promote your app directly," according to the website, "helping customers discover or reengage with your app, while respecting their privacy."

Apple said its targeting features will "enable deeper discovery of apps, including lesser known or niche apps."

A user won't see ads for apps they already have downloaded, and demographic and device location-based targeting will app developers "a new way to target those specific user groups that matter to you," Apple said.

"An ad will only be shown if it is relevant to the search query," Apple added.

"You pay only when a user taps on your ad, and our auction system ensures you will always pay a fair market price."

These changes could shake up the so-called app economy worth billions of dollars that includes developers creating programs for Apple's iOS and the Google Android operating systems.

Apple senior vice president Phil Schiller, who previewed the changes in an interview with The Verge, said the initiative aims to promote the subscription model.

"The developers who do have access to the subscriptions have been very happy with them," he told the website.

Schiller added that at Apple, "we recognize that developers do a lot of work to retain a customer over time in a subscription model, and we wanted to reward them for that by helping them to keep more of the revenue."

Schiller noted that Apple has been seeking a way to allow advertising in a consumer-friendly way on the App Store in response to requests from app developers, while protecting user privacy.

© 2016 AFP

Citation: Apple revamps App Store with new revenue plan, ads (Update) (2016, June 9) retrieved 1 July 2024 from <https://phys.org/news/2016-06-apple-ads-app.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is

provided for information purposes only.