

# Apple will let some subscription-based apps bypass App Store payments, disrupting its commission-based profit

Article

**The news:** Apple will let some apps prompt users to sign up for subscriptions with a link to their own websites, per CNBC. This is a sea change for the iPhone maker, which previously forbade subscription-based apps like **Netflix** and **Spotify** from letting users subscribe to their services through a website.

- Apple said the shift was part of a **settlement** with the Japan Fair Trade Commission but that it would apply the new rule globally.
- The change affects mostly **subscription-based “reader apps”** that require monthly subscriptions for ebooks, music, or videos.
- The rule **doesn’t apply to all App Store transactions**—game-oriented in-app purchases still need to go through Apple’s payment system, which charges between **15% and 30%** of gross sales.

**How we got here:** Apple and Google have been forced to loosen their duopoly’s tight grip on their developer, app, and payments ecosystems, mostly due to the looming threat of antitrust regulation in various countries as well as growing developer pushback.

- South Korea was the first country to **pass** a law **ending Apple and Google’s stranglehold** on their respective app stores. The ruling gives mobile app users the freedom to choose which provider they use to make in-app payments, and developers can choose how they’d like to get paid.
- US senators **introduced** a bill last month designed to curb anticompetitive app store policies. The **Open App Markets Act** would ban companies from forcing developers to use their app store’s payment systems.
- Apple just **settled** an **antitrust case** by letting developers choose from more app price points—though the settlement is considered a minor capitulation because it only benefits US-based developers that earn less than \$1 million a year.

**The bigger picture:** Cracks are growing in app stores’ duopoly model that could slowly open the floodgates to alternative app payment options for developers and their customers—challenging Apple and Google’s profitable 15%–30% commission structure.

## Top 5 Android vs. iOS Mobile App Categories Worldwide, Ranked by App Store Downloads, Q2 2020 & Q2 2021

billions

Android			iOS		
	Q2 2020	Q2 2021		Q2 2020	Q2 2021
1. Games	12.35	11.81	1. Games	2.69	2.09
2. Tools	1.81	2.30	2. Photo & video	0.70	0.58
3. Entertainment	1.44	1.54	3. Utilities	0.55	0.58
4. Social networking	1.18	1.31	4. Entertainment	0.62	0.53
5. Finance	0.84	1.04	5. Social networking	0.55	0.47

Source: Sensor Tower, "Store Intelligence Data Digest: Q2 2021," July 15, 2021

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