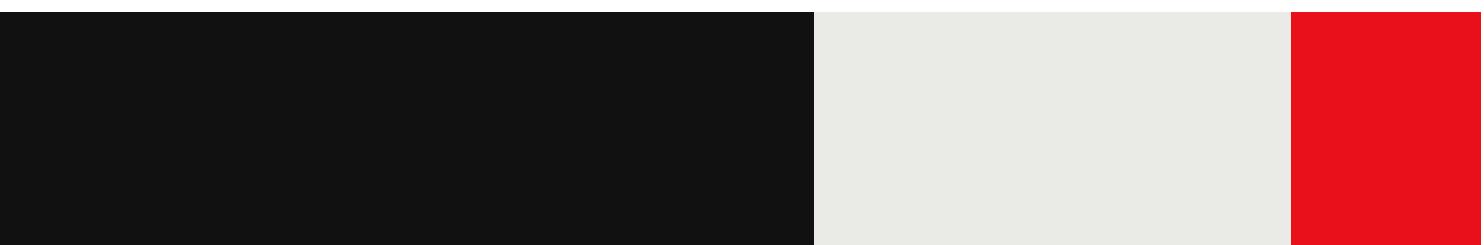


Apple ad revenues skyrocket amid its privacy changes

Article



The news: Apple's services business, which includes advertising and subscription revenues, grew 24% year over year last quarter to a record \$19.5 billion, according to its earnings report released last week.

- Overall, company revenues rose 11% to \$123.9 billion.

Dig deeper: It's likely that a large share of this category's growth comes from advertising—more specifically, App Store search ads.

- Though Apple doesn't break out its advertising revenues, many of the other things included in its services business—like subscriptions to media platforms and cloud services—didn't grow nearly as much as the 24% reported for the entire segment. US **Apple Music** listeners increased 5.2% last year, while **Apple TV** users rose 4.0%, per our estimates.

What this means: The service revenues only reinforce what many marketers already knew: Apple itself is benefiting from its App Tracking Transparency privacy changes last year, even as publishers and advertisers struggle with it.

- Because so many apps lost the ability to target and track users, advertisers running mobile app install campaigns shifted spending to the App Store to achieve the same results as they had before.
- Apple search ads **skyrocketed** from driving 17% of all iPhone app downloads attributed to advertising to 58% in just one year, according to mobile analytics firm Branch.

Meanwhile: Google has **updated** its Play Store to include an “offers” tab, a discovery hub for sales and free trials of paid apps and discounts on digital content like ebooks. It’s a clear fit for adding more sponsored app ads and could be Google’s answer to the runaway success of Apple’s App Store advertising business.

- However, Google is seemingly unworried about potential antitrust implications. It has said it won’t be making changes to Android that are as drastic as those at Apple, which means advertisers won’t need to rely on Google Play ads in the same way.

What's next? Though Apple is reaping the benefits now, the sheer scale of its growth will be hard for antitrust regulators to ignore for too long. Even though its iOS 14.5 changes were made in the name of privacy, regulators are unlikely to take kindly to how much of an advantage they give Apple’s own ad business.