

Google attempts to preempt regulation with Play Store commission reductions

Article

Google **announced** it's lowering its commission on sales made through its **Play Store** from **30% to 15%** for the first \$1 million of developers' earnings, likely an attempt to preemptively

stave off antitrust regulatory efforts. The news rules will take effect on July 1 and will affect every app that makes sales through the Play Store.

Google's commission change echoes a similar move by Apple, but takes things a step further by including all developers. Late last year Apple **announced** it would reduce by half its 30% commission on purchases made through the **App Store** for developers earning less than \$1 million annually from sales made on the platform. Apple still takes a 30% cut of the total earnings of developers who make more than \$1 million.

While **around** 98% of apps on the App Store earn less than \$1 million in annual revenues, 95% of Apple's total App Store revenue is actually generated by fewer than 20,000 publishers who surpass that threshold. That means the majority of Apple's App Store revenue stream is unaffected by the supposedly generous change. By contrast, Google's decision to reduce its commission on the first \$1 million earned by *all* publishers goes a step beyond Apple, and may face a more significant impact to its revenues.

Both Google and Apple's commission changes come on the heels of growing antitrust complaints alleging marketplace manipulation. For the past two years, Spotify and **Epic** have spearheaded developer criticism of Apple's App Store practices, resulting in investigations by both the **European Commission** and the UK's **competition regulator**.

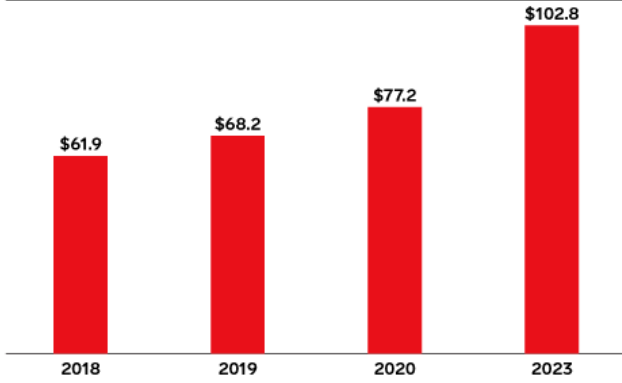
Meanwhile, Google **faces** a class-action lawsuit in the US over its Play Store practices and three state attorneys general are **reportedly** considering bringing an additional suit against Google for its Play Store fees. Not to be outdone, Epic also recently **launched** new complaints against Google in Australia

However, these revised commission structures probably won't diminish the interest of regulators, since they still fundamentally shoehorn developers into using each company's payment service. Though Google's commission change will affect the sales of more developers than Apple's, it will still take its 30% cut of most of the revenues earned by its most profitable publishers—including Epic, whose legal complaints are central to mounting antitrust concerns over the tech giants' **alleged** app store duopoly

In a **statement** to TechCrunch, an Epic spokesperson explained why Google's commission change fails to grasp the root of the problem: "Whether it's 15% or 30% ... developers are [still] forced to use Google's in-app payment services. ... Competition in payment processing and app distribution is the only path to a fair app marketplace."

Mobile Game App Store Revenues Worldwide, 2018-2023

billions



Note: includes Apple App Store, Google Play, and third-party app stores
Source: Newzoo, "Global Mobile Market Report," Sep 24, 2020

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