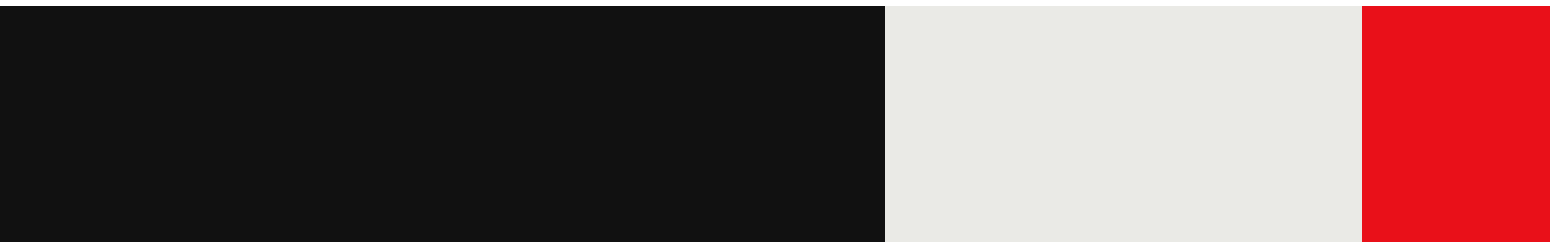



# 2024: The year Apple became an AI company

## Article



**The big pivot:** 2024 saw **Apple** steer its massive ship away from a decade-long ambition to produce EVs and into the uncharted waters of artificial intelligence, which it sought to dominate through its global **iPhone** and **Mac** install base.

- The transition was not smooth. The company halted its ambitious “Project Titan” EV project while shifting more than 2,000 employees to generative AI (genAI) initiatives.
- Apple, which has [acquired more AI companies than its rivals](#) in the past decade, faced intense competition from AI startups like **OpenAI** and **Anthropic**, as well as Big Tech rivals **Microsoft**,

**Google**, and **Meta**, who were all ahead in the AI race.

- With [Apple Intelligence rolling out in stages](#), it remains to be seen if it can push the envelope for on-device AI use and trigger a smartphone upgrade supercycle.

That last part could be challenging given that **45% of US adults say they don't plan to use AI features on smartphones**, per YouGov.

**AI integration takes center stage:** In June, the company announced Apple Intelligence, encompassing AI for text and image generation, personalized Siri functions, and on-device data processing but contained within Apple's secure enclave.

- Apple put the AI cart before the horse, shipping AI-capable Macs and **iPhone 15 Pro** a year before and **iPhone 16** smartphones a month before the AI functionality began rolling out.
- The company rolled out [Visual Intelligence, Image Playground, Genmoji, and ChatGPT integration](#) to Apple Intelligence-compatible devices in December.

Beyond AI devices and services, Apple leaned into AI infrastructure, collaborating with **Google** for AI processing units rather than relying on **Nvidia**. In addition, Apple is developing its own [Project ACDC](#) servers to reduce reliance on third-party data center providers.

**Regulatory challenges take away from AI focus:** Apple is delaying its AI rollout in the EU over the region's regulatory climate. And it has cause for concerns—the company was investigated and fined multiple times over its walled garden.

- Apple faces EU accusations of violating the **Digital Markets Act (DMA)** by restricting alternative app stores, and fines could be up to €35 billion (\$38 billion).
- EU regulators fined the company €1.84 billion (\$1.95 billion) for its App Store practices, and noncompliance could further affect its AI ambitions. Additional scrutiny in Japan and the UK adds pressure to its business model.
- Apple's efforts to appease regulators include [revamping some of its operations](#) in the EU and opening up its devices to third-party marketplaces.

Despite [Apple's reported adjustments for compliance](#), the EU remains dissatisfied, spotlighting the need for Big Tech to rethink app ecosystem dynamics.

**Our take:** In 2025, Apple's shift to AI aims to redefine services and devices. Its challenge will be blending innovation with intensifying regulatory hurdles.

EU fines loom, making compliance essential as Apple pushes to lead in the AI space. This balance could define Apple's future as an AI player.

**Smartphone AI Features US Adults Currently Use/ Plan to Use, by Age, Sep 2024**

% of respondents in each group

	18-34	35-54	55+	Total
Voice assistant (e.g., searching the web, taking actions)	33%	28%	20%	26%
Photo and video tools (e.g., object removal, photo and video editing)	31%	25%	14%	22%
Advanced internet search engine	30%	20%	14%	20%
Visual search (e.g., image-based web search, etc.)	30%	21%	11%	20%
Writing tools (e.g., rewriting emails, summarizing)	30%	21%	11%	20%
Image or emoji generation	19%	15%	9%	14%
Organization tools (e.g., adding events mentioned in an email to your calendar)	17%	16%	9%	13%
Dictation and transcription tools	14%	11%	7%	10%
Other	0%	2%	2%	2%
Not applicable - I don't use or intend to use any smartphone AI-powered features	29%	44%	59%	45%

Source: YouGov as cited in company blog, Sep 30, 2024

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