

Gen Z loves Apple, which should help tech giant expand its advertising business

Article

The news: Apple has a strong hold on Gen Z consumers in the US, with 34% of all iPhone owners belonging to this age group compared with only 10% for Samsung, per new data from

ad tech platform **Attain**. The company ranks among Gen Z's [top 20 favorite brands](#); Samsung does not.

Gen Z Smartphone Ownership, US, 2022

% of respondents



Source: S&P Global Market intelligence, 451 Research's Digital Endpoint Tracker, Q1 2022

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- This loyalty allowed Apple to increase its overall market share of phone usage from 35% to 50% last year, per Counterpoint—even as overall demand for smartphones has slowed. This, despite Counterpoint finding the average iPhone costs roughly **three times** the price of the average Android device.
- Older generations have a more even split between Android and iOS users.
- Younger Americans spend up to six hours a day on their smartphones, and the iPhone's dominance is shaping their social circles.

The green/blue divide: Android phones cannot send texts through Apple's iMessage system, so their messages show up in green rather than blue. That seemingly minor move creates social pressure to get an iPhone.

- iMessage ties together various devices, including MacBooks, Apple Watches, and AirPods—making it unlikely that users will defect to Android.
- This ecosystem creates a moat that is difficult for competitors to penetrate.

In western Europe, 83% of Apple users under 25 plan to keep using iPhones, while fewer than half of Android users of the same age plan to stick with Android. As Gen Z ages, that will inevitably help Apple grow its market position.

Why it matters: Although Android has sought to address the issue of iMessage exclusivity, Apple understands that it keeps users locked into its products.

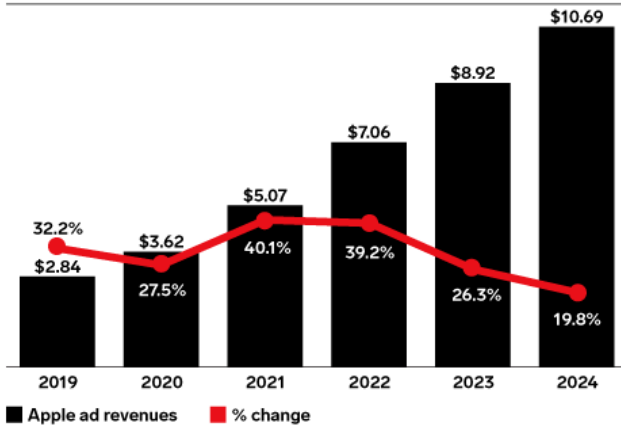
- This exclusivity has boosted Apple's business, with every 100 iPhones shipped resulting in 26 iPads, 17 Apple Watches, and 35 pairs of AirPods sold, per Canalys.
- For Samsung, 100 smartphone shipments lead to fewer than 11 tablets, six smartwatches, and six wireless earbud pairs sold.

Building the ad business: Apple's continued success with Gen Z can only bode well for its advertising ambitions, giving the company a better understanding of an important demographic that many advertisers are keen to reach.

- Next year, we expect Apple's global ad revenues to break \$10 billion for the first time—but given the tech giant's continued strength with this demographic, it's possible that figure could be adjusted upward in our next forecast. That's because CPMs for more coveted demographics cost more.
- Part of that growth comes from [key intentional hires](#), signing [long-term advertising agreements](#), and becoming more [proactive when it comes to ad sales](#).
- We've previously said Apple could be one of the top two [ad players to watch](#) for the remainder of the decade.

Apple Ad Revenues Worldwide, 2019-2024

billions and % change



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites
Source: eMarketer, Oct 2022

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