

How Much Apple REALLY Makes On An App

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Apple app sales continue to rise, but last time analyst Piper Jaffray looked in June 2010, sales had reached \$1.43 billion. Apple grosses about 30%, or \$429 million. Subtract cost (credit card costs, storage, delivery etc) and Apple's gross profit is \$189 million.

The App Store represents only 1% of Apple's overall profits since the App Store opened in June 2008, according to Piper Jaffray. That's not much compared to Apple's total turnover, but the App Store is supposed to sell more iPhones, iPod touches, and iPads. And so far, you would have to admit it's working well.

Piper Jaffray estimated 81% of apps downloaded were free as of June 2010, and the average price for a Top 50 paid app is \$1.49.

On that basis, from the \$1.49, Piper Jaffray says Apple takes home \$0.23 or 14% of the sale.

The credit card companies do equally as well as Apple on each sale. Processing costs about \$0.02 and **the Developer (as it should be) is the real winner at \$1.04, about 70%.**

(Note: Apps on the iPad are more expensive, with ASP of the Top 30 averaging \$4.66.)