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Apple Retail Stores Key to Macs and iPads

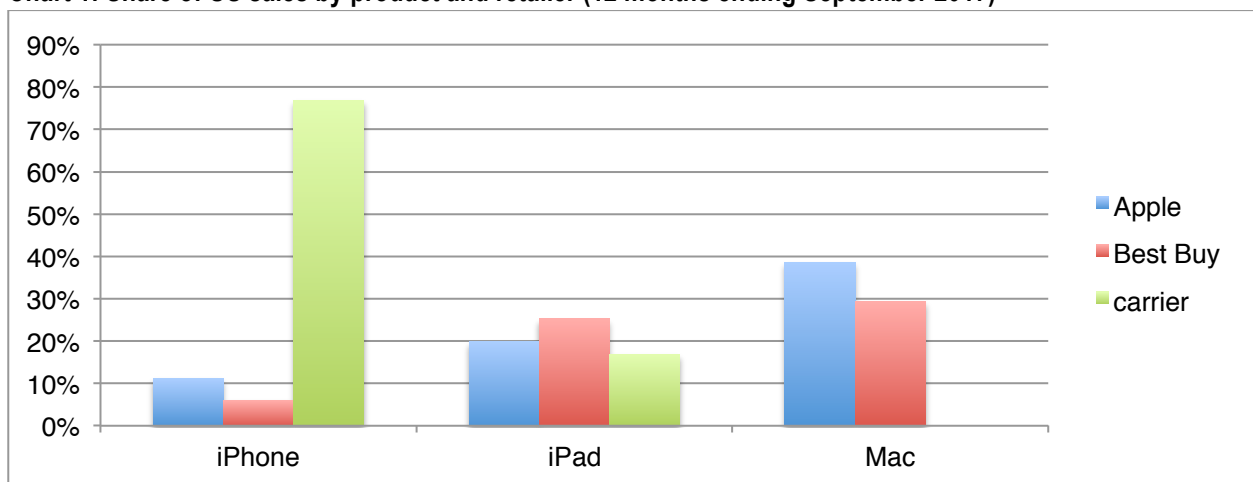
Only 10% of iPhones Sold Through Apple Retail

CHICAGO, IL – Thursday, October 19, 2017: Consumer Intelligence Research Partners, LLC (CIRP), today released analysis of the results from its research on Apple, Inc. (NASDAQ:AAPL), specifically its retail sales business.

CIRP finds that the share of sales at Apple's retail stores and website of its core products – iPhone, iPad, and Mac computers – varies considerably. In addition, it shows seasonal variations that reflect product launch timing, and back-to-school and holiday shopping seasons.

In the overall market, Apple Stores and Apple.com sell the highest proportion of Mac computers, at 38% in the past 12 months (Chart 1). Apple Stores and Apple.com's share of iPad sales is next highest, at 20% in the same time period. Apple has the lowest share of iPhone sales, in the same time period.

Chart 1: Share of US sales by product and retailer (12 months ending September 2017)



“Since the Apple designed its stores originally to promote Mac computers, it is not surprising that that they continue to account for roughly 40% of Mac sales,” said Josh Lowitz, CIRP Partner and Co-Founder. “Yet, Apple’s retail operations accounted for

one-fifth of iPad sales in the quarter and one-tenth of iPhones sales. There is some seasonal variation, as Apple Stores and Apple.com are most important in product launch quarters, where supply may be constrained at other outlets, and during back-to-school, when Apple promotes computer purchasing.”

For iPhone, carriers have the largest share, at 77% in the twelve months ending September 2017. Best Buy has a smaller share at 6%. For iPad, the three have similar shares, ranging from 17-25%. For Mac computers, Best Buy has a somewhat smaller share, while carriers do not sell this product line.

“Sales of iPhone, which is by far Apple’s most significant product, are dominated by the carrier stores,” added Mike Levin, CIRP Partner and Co-Founder. “Of course, per location and per square foot, Apple is the productivity leader. After all, they have only 270 stores, compared to tens of thousand carrier stores and well over 1,000 Best Buy lcoation. Yet, despite their prime locations and state-of-the-art operations, most iPhone buyers’ retail purchase experience is not controlled by Apple.”

“Best Buy actually sells more iPads than Apple,” continued Lowitz. “And, carrier stores have become a significant retailer of tablets. With iPad, Apple confronts a similar problem to selling iPhones in carrier stores. At Best Buy and now at carrier stores, consumers have a choice of tablet brands and operating systems, and Apple does not control the retail purchase experience.”

“Apple Stores still dominate Mac sales”, added Levin. “The entire retail experience and operation was originally designed to educate customers about Mac computers at a time when they needed to compete with Wintel PCs. That experience and operation has of course evolved, and yet Apple stores and Apple.com has persisted as the leading seller of Mac computers.”

CIRP bases its findings on its survey of 2,000 US Apple customers that purchased an iPhone, iPad, or Mac in the US in October 2016-September 2017 period. For additional information, please contact Mike Levin (mike@cirpllc.com) or Josh Lowitz (josh@cirpllc.com) at 312.344.3664. Further information on CIRP, which provides securities research to the investment community using advanced consumer market research strategies, methods, and techniques, is at www.cirpllc.com.

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