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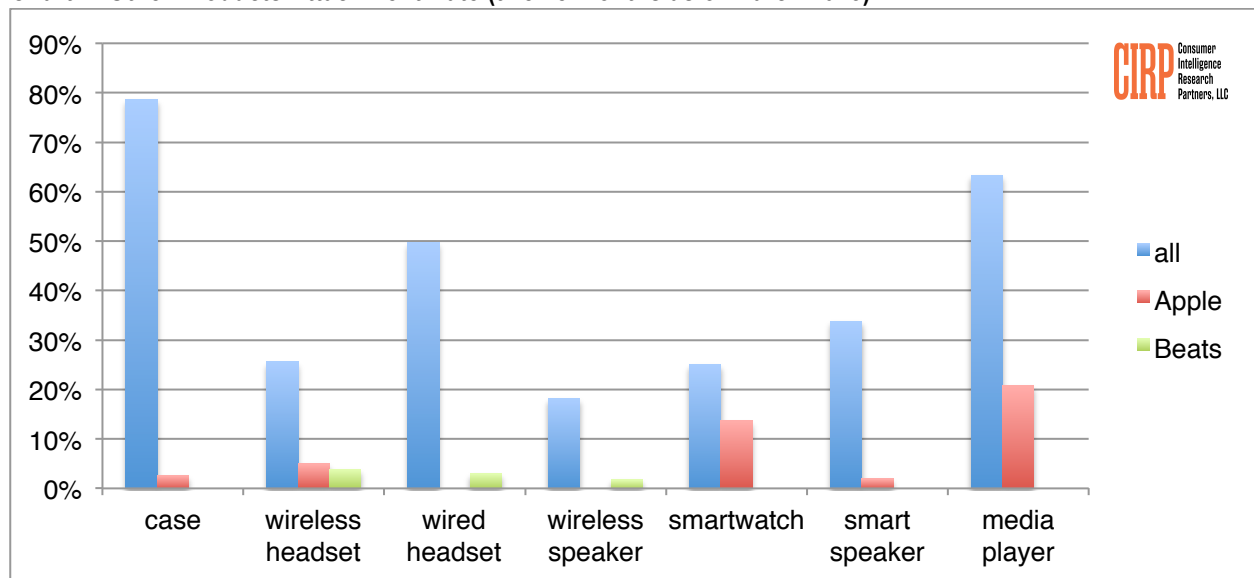
Apple Could Sell More Accessories

Apple TV and Apple Watch Lead Other Products Segment

CHICAGO, IL – Thursday, July 12, 2018: Consumer Intelligence Research Partners, LLC (CIRP), today released analysis of the results from its research on Apple, Inc. (NASDAQ:AAPL) for the fiscal quarter that ended March 31, 2018.

CIRP finds the accessories and products that Apple reports in the Other Products segment have a relatively low attachment or ownership rate for the base of Apple customers. Apple Watch has the greatest penetration of iPhone owners, with 14% of iPhone buyers in the 12 months ending March 2018 reporting owning an Apple Watch. Apple TV has the greatest penetration of Apple product buyers (iPhone, iPad, and Mac computers), with 21% of Apple customers in the twelve months ending March 2018 reporting owning one. Among the other products offered, all have 5% or lower penetration among iPhone buyers or Apple product buyers (Chart 1).

Chart 1: Other Products Attachment Rate (twelve months as of March 2018)



Percent of iPhone buyers: case, wired/wireless headset, speaker, smartwatch
 Percent of Apple customers: smart speaker, media player

“Apple’s financials include a range of products, mostly iPhone accessories, in the Other Products segment,” said Mike Levin, CIRP Partner and Co-Founder. “Among iPhone buyers, almost all have a case, which is the most basic and generally least expensive mobile phone accessory. Half own and use a wired headset, primarily the earbuds that Apple includes with a new iPhone. A quarter or less have more expensive or involved accessories, including wireless Bluetooth headsets or speakers, or a smartwatch. Among Apple customers that bought any product, which includes an iPhone, iPad, or Mac, about two-thirds also have a streaming media player, like an Amazon Fire TV, Google Chromecast, Roku, or Apple TV. An incredible one-third own and use a smart speaker, such as Amazon Echo, Google Home, or Apple HomePod.”

“Apple has produced a wide range of Apple-branded accessories over the years,” said Josh Lowitz, CIRP Partner and Co-Founder. “For now, it features a range of iPhone accessories, which includes AirPods and Apple Watch, and two home-based products, Apple TV and HomePod. It also has its Beats line of wired and wireless headsets and speakers. Apple clearly wants and needs to sell these products into its considerable installed base of iPhone, iPad, and Mac computer users.”

“Yet, Apple’s share of consumers that have Apple and Beats accessory products is small to very small,” added Levin. “Apple has succeeded most with Apple TV, which 21% of Apple customers own, and has been available for the longest time. This still is less than one-third of Apple customers who own a streaming video player. Apple Watch has also gained a foothold, with 14% of iPhone buyers owning one, which represents 60% of iPhone customers who own a smartwatch.”

“Apple’s other products have very small shares, relative to both the installed base of customers and to competitors,” continued Lowitz. “The Beats product line of wired and wireless headsets and wireless speakers has sold to 2-4% of iPhone buyers,. AirPods have sold to about 5% of iPhone buyers. Apple has never seriously promoted cases, which shows in its 2% share of iPhone buyers. HomePod is the newest product in the smart speaker market, and has a similarly small share of Apple consumers, at 2% of the installed base. Relative to Amazon Echo and Google Home, this represents about 6% of the total share of smart speakers for Apple hardware customers.”

CIRP bases its findings on its survey of 2,000 US Apple customers that purchased an iPhone, iPad, or Mac in the US in twelve months ending March 2018. 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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