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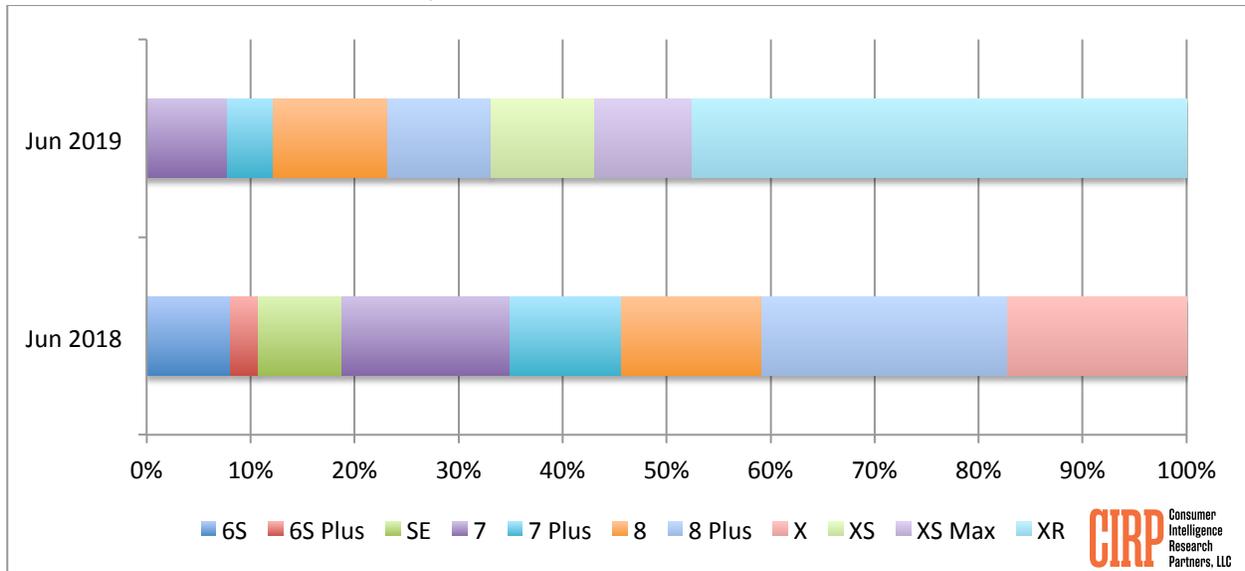
iPhone XR Becomes the Principal iPhone Model

Services Success Depends on Lead-Time, Competition

CHICAGO, IL – Monday, July 22, 2019: 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 June 29, 2019.

CIRP finds that the new iPhone XS, XS Max, and XR models accounted for 67% of US iPhone sales in Apple’s third fiscal quarter. iPhone XR accounted for 48% of US iPhone sales during the quarter (Chart 1).

Chart 1: iPhone Models US Sales Mix, Fiscal Quarters

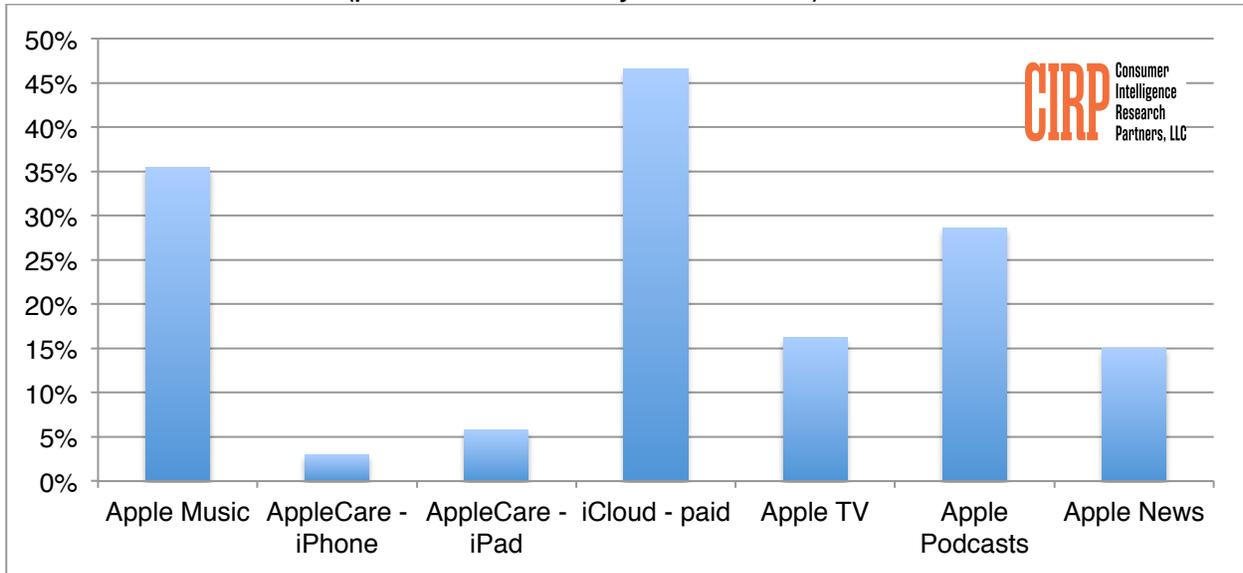


“iPhone XR has become the dominant iPhone model,” said Josh Lowitz, CIRP Partner and Co-Founder. “Its 48% share of sales in the quarter is the highest we’ve seen for an individual model since the iPhone 6 in 2015, which shared top billing with the 6 Plus, but only had two outdated legacy models offered as alternatives. Apple set out to create a competitive model, with current features like a large screen on a midsize handset, at a

price that falls near the leading Android phones. It is an easy to choose the mid-point between the expensive XS and XS Max models, and the older 7 and 8 models.”

Apple services penetration in the US market still varies considerably. Among US iPhone buyers in the quarter, 47% use paid iCloud storage, while 3-6% purchase an AppleCare warranty. 35% of iPhone buyers use the Apple Music streaming service, and 15-29% use the app-based Apple TV, Apple Podcasts, and Apple News (Chart 2).

Chart 2: Services Penetration (percent of hardware buyers with service)



“Success in services has varied, depending on the competition and how much of a head-start Apple has,” said Mike Levin, CIRP Partner and Co-Founder. “For example, for a long time Apple had one of the only apps for podcasts, so its podcast app has the highest penetration for iPhone buyers. In contrast, Apple TV competes against Netflix and other streaming video services, and has lower penetration. Even though Apple has offered extended warranties for many years, mobile carriers and retailers like Best Buy offer their own and third-party warranties, so AppleCare has a much lower penetration. After Apple discontinued iTunes, Apple Music is its unified music service, yet its 35% share still puts it behind Spotify and Pandora.”

CIRP bases its findings on its survey of 500 US Apple customers that purchased an iPhone, iPad, Mac computer, or Apple Watch in the April-June 2019 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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