

Apple posts big quarter on fast sales start for iPhone 12

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The logo of Apple is illuminated at a store in the city center in Munich, Germany, Wednesday, Dec. 16, 2020. Apple's delayed launch of its latest iPhones unleashed a holiday buying frenzy that propelled sales of the trendsetting company's most popular product to its fastest start in years. The apparently pent-up demand for four different iPhone 12 models highlighted Apple's latest quarterly report Wednesday, Jan. 27, 2021. (AP Photo/Matthias Schrader)

Apple's delayed launch of its latest iPhones unleashed a holiday buying frenzy that propelled sales of the trendsetting company's most popular product to its fastest start in years.

The apparently pent-up demand for four different iPhone 12 models highlighted Apple's latest quarterly report Wednesday.

Apple's iPhone sales during the October-December period totaled \$65.6 billion, a 17% increase from the same time in the previous year.

Part of the gain reflected pandemic-driven production problems that pushed back the release of the new iPhone until October and November. In past years, including 2019, Apple rolled out its new iPhones in late September, resulting in a spike in sales in an earlier quarter than how things unfolded last year.

But analysts also believe the past quarter's sales surge was driven by consumers' strong desire to own one of the new models. If that is true, Apple could be on its way to its biggest year of iPhone sales since its 2014 release of the iPhone 6, which tantalized consumers with larger screens. Apple CEO Tim Cook described the consumer response to the iPhone 12 as "enthusiastic" during a conference call.

Although it may seem counterintuitive to see a big sales upswing against the backdrop of a pandemic that has battered the economy and squeezed household budgets, Apple has several factors working in its favor.

The iPhone 12 features a new design and also works on the new ultrafast 5G wireless networks gradually rolling out around the world, two factors that could spur many Apple fans to upgrade from their older models. Apple also traditionally caters to an upscale demographic that may have remained employed during the past year. Those consumers have had even more disposable income to spend after restrictions aimed at

fighting the spread of COVID-19 curtailed their ability to dine out or travel.

"We saw the largest number of upgraders have ever seen in any quarter," Cook said about the iPhone sales, signaling many of the buyers have been snapping up the most expensive top-of-the-line models.

Apple also is selling a lower-priced version of the iPhone 12 that starts at \$700, while also continuing to sell a discount \$400 model that came out last April during the early stages of the pandemic.

Now the big question appears to be whether Apple will be able to keep up with the iPhone demand. Some processors and other components may still be in short supply as factories continue to try to catch up with the backlog caused last year's pandemic-driven shutdowns.

Wedbush Securities analyst Daniel Ives said he believes that if the momentum continues to build, Apple could become the first U.S. company to be valued at \$3 trillion. It already boasts a market value of \$2.4 trillion, more than doubling from just a year ago.

In another measure of Apple's financial heft, the company earned nearly \$29 billion, or \$1.68 per share, in its latest quarter, a 29% increase from the same time in the previous year. Revenue surged 21% to \$111.4 billion. It marked the first time Apple has surpassed \$100 billion in quarterly revenue, a feat previously achieved by Walmart and General Motors.

All of Apple's numbers easily exceeded analyst estimates, but investors evidently weren't that impressed. The company's stock slipped 3% in extended trading after the quarterly results came out.

More iPhone sales also help Apple sell more subscriptions to a variety of

digital services that it has been introducing during the past six years to bring in even more revenue. Those subscriptions include standalone and bundled packages for music, video, gaming and fitness. Apple's services division reeled in \$15.8 billion in revenue during the quarter, a 24% increase from the same time last year.

Apple Inc., which is based in Cupertino, California, is even riding a tailwind created by increased demand for laptop computers, a phenomenon also being driving by the remote working and schooling forced by the pandemic.

Sales of Apple's Mac computers rose 21% from the previous year to \$8.7 billion. Some of the new Macs are running on Apple's own chips instead of processors that have been made by Intel for more than a decade. That change promises longer battery life on a single charge as well as the potential for the computers to work more cohesively with iPhones and iPads already powered by similar chips.

All told, about 1.65 billion Apple devices, including 1 billion iPhones, are currently being used around the world, according to Cook.

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