

Google to slash fee it takes from subscriptions on App Store

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Alphabet Inc.'s Google is slashing the fees it takes from subscription services on its app store following pressure from developers and lawmakers.

Beginning Jan. 1, the Google Play Store will charge third-party [subscription](#) apps a 15% commission, the company said Thursday. Previously, subscription apps were charged 30% for the first year, then 15% thereafter. Google also charged 15% for the first \$1 million in revenue.

Google said it's making the change because "customer churn makes it

challenging for subscription businesses to benefit" from getting a discount in the second year. "Digital subscriptions have become one of the fastest-growing models for developers, but we know that subscription businesses face specific challenges in customer acquisition and retention," Sameer Samat, a [vice president](#) at Google, said in a blog post.

The company also faces broader criticism that the Google and Apple Inc. app stores have grown too powerful and force developers to play by restrictive rules. Apple also charges 15% for subscriptions after the first year, but hasn't lowered the cut from 30% in Year One.

Google Play apps that aren't subscription-based will still have to share 30% of their revenue, but that drops to 15% for the first \$1 million in revenue as well. The company says that 99% of developers qualify for a [service](#) fee of 15% or less.

Gaming revenue, the largest driver of both Google Play and App Store sales, isn't affected. That's because most games use in-app-purchases, which are separate from subscriptions. Subscriptions typically apply to productivity services, media apps like newspapers and music services, and dating apps.

The company is also changing its fee structure for media apps. Earlier this year, Google launched a Play Media Experience program for select developers that charged a variable rate below 15% depending on the type of media app. The program will now make rates as low as 10% for those partners. Such apps require over 100,000 monthly active users, plus deep integration with several Google services and cross-device support.

Google's apps business is much smaller than the one under Apple, which makes more money from iPhone customers. The search giant has made several attempts to expand the business on Android devices, including

pushing its own premium smartphone Pixel line.

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