

Apple's holiday iPhone sales surge despite supply shortages

28 January 2022, by Michael Liedtke



In this Saturday, March 14, 2020, file photo, an Apple logo adorns the facade of the downtown Brooklyn Apple store in New York. Apple shook off supply shortages that have curtailed production of iPhones and other popular devices to deliver its most profitable holiday season yet. The results announced Thursday, Jan. 27, 2022, for the final three months of 2021 help illustrate why Apple is looking even stronger at the tail end of the pandemic than when the crisis began two years ago. Credit: AP Photo/Kathy Willens, File

Apple shook off supply shortages that have curtailed production of iPhones and other popular devices to deliver its most profitable holiday season yet.

The results posted Thursday for the final three months of 2021 help illustrate why Apple is looking even stronger at the tail end of the pandemic than when the crisis began two years ago.

At that point, Apple's iPhone sales had been flagging as consumers began holding on to their older devices for longer periods. But now the Cupertino, California, company can't seem to keep up with the steadily surging demand for a device that has become even more crucial in the

burgeoning era of remote work.

"iPhone has never been more popular," Apple CEO Tim Cook crowed during a conference call with analysts. The company's Mac computers and, to a lesser extent, iPads also continue to proliferate. With the iPhone leading the way, Apple disclosed it now has more than 1.8 billion devices worldwide now in use.

Apple's inability to fully satisfy the voracious appetite for iPhones stems from a pandemic-driven shortage of computer chips that's affecting the production of everything from automobiles to medical devices.

But Apple so far has navigated the shortfalls "in almost Teflon-like fashion," Wedbush Securities analyst Daniel Ives said in a Thursday research note. That deft management enabled Apple to report iPhone sales of \$71.63 billion for the October-December period, a 9% increase from the same time in the previous year.

Those sales gains would have been even more robust if Apple could have secured all the chips and other components needed to make iPhones. That problem plagued Apple's July-September quarter [when management estimated](#) that supply shortages reduced its iPhone sales by about \$6 billion. Without specifically quantifying the amount, Cook said the supply shortages delivered an even larger blow to its sales in the most recent quarter.

Those constraints dealt the biggest blow to the iPad, whose sales fell 14% from the year-earlier period. Management predicted the supply problems won't affect sales as dramatically during the current quarter ending in March.

Despite the drag caused by the shortages, Apple still earned \$34.63 billion, or \$2.10 per share, a 20 increase from the same time in the previous year. Revenue climbed from the previous year by 11% to

\$123.95 billion.

Apple's ongoing success help push the company's market value above \$3 trillion for the first time earlier this month. But its [stock price](#) has tumbled 13% since hitting that peak amid worries about a projected rise in interest rates aimed at dampening the torrid pace of inflation that has been fueled in part by supply shortages.

Its shares gained more than 5% in Thursday's extended trading after the Apple's fiscal first-quarter numbers came out.

The supply issues looming around Apple's devices have magnified the importance of the company's services division, which is fueled by commissions from digital transactions on iPhone apps, subscriptions to music, video streaming and repair plans.

The up to 30% commissions Apple collects from apps distributed through its exclusive app store have become a focal point of a fierce legal battle that unfolded in a high-stakes trial year, as well as proposed reforms recently introduced in the U.S. Senate seeking to down the company's barriers preventing consumers from using alternative payment systems.

For now, though, the services division is still booming. Its revenue in the past quarter hit \$19.52 billion, a 24% increase.

Apple is widely believed to be maneuvering toward another potentially huge money-making opportunity with the introduction of an augmented reality headset that would project digital images and information while its users interact with other physical objects and people. True to its secretive form, the company has never said it is working on that kind of technology.

But Cook has openly shared his enthusiasm for the potential of augmented reality in past public presentations, and reiterated that point during Thursday's conference call.

"We see a lot of potential in that space, and are investing accordingly," he said in response to a

question.

Some analysts believe the long-rumored headset could finally roll out later this year—unless it's delayed by supply shortages.

© 2022 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed without permission.

APA citation: Apple's holiday iPhone sales surge despite supply shortages (2022, January 28) retrieved 28 June 2022 from <https://techxplore.com/news/2022-01-apple-holiday-iphone-sales-surge.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.