

Apple Reaps (Nearly) All Smartphone Profits

Written by Marco Attard
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Apple is nearly the only company profiting from the smartphone business, Canaccord Genuity tells the Wall Street Journal, as the iPhone maker records 92% of total Q1 2015 operating income from the top 8 smartphone makers.



The only other company accounting for any profit (15%) is Samsung, while all other companies either just manage to break even or record losses.

Such Apple results are a drastic increase from the 65% recorded on Q1 2014. Thus, the company plans to make a record number of new iPhones while Samsung braces itself for disappointing results, HTC reports quarterly losses and Microsoft writes down 80% of the value of the Nokia mobile device business.

But how can Apple command such profits-- considering it sells less than 20% of smartphones on the market? The answer lies in higher iPhone prices compared to Android-powered devices, most of which are stuck between the iPhone and low-cost, high-volume offerings from the likes of China's Xiaomi.

In fact, Strategy Analytics says the average iPhone sold in 2014 costs \$624, compared to the \$185 Android smartphone ASP.

"The dominance of Apple is something that is very hard to overcome," former Verizon COO Denny Strigl tells the WSJ. "Apple has to stumble somehow or another, and I don't think that's going to happen."

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