

MOBILE

Apple on track to generate over \$200 billion in revenue

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By CHANTAL TODE

While Apple is dealing with some production issues as it tries to keep up with demand for its products, last week's results suggest that the company could still generate over \$200 billion in revenue in 2013.

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Apple has unleashed a host of new products in the past couple of months — its biggest new product lineup ever, according to the company. With intent to buy higher for Apple than Android, according to an ABI Research analyst, this suggest Apple's sales will climb even higher during the holiday season and beyond.

"2012 is a set-up for 2013," said Carl Howe, vice president of research and data sciences at **Yankee Group**, Boston. "We could see Apple become a \$200 billion company this year and next year, those numbers could go up.

"A company that is making a quarter of a trillion dollars in revenue each year — that is a monster," he said.

"That's when regulators start to get concerned that they have too much power. The smart thing about Apple is that it is only going after 25 to 30 percent of the market and it's the market with all the money. When you do that, nobody can accuse you of having a

monopoly.”

26.9M iPhones sold

During its fiscal fourth quarter ended Sept. 29, Apple said it sold 26.9 million iPhones, up 58 percent in terms of units compared with the same period a year ago.

The revenue generated by the iPhone was \$17.1 billion during the quarter, an increase of 56 percent.

That said, Apple is facing growing competition in the smartphone space.

“Apple iPhone still remains a very popular product, sub-brand for Apple generating billion dollars of revenues and profits,” said Neil Shah, senior analyst for the global wireless practice at [Strategy Analytics](#), Newton, MA.

“However, Samsung with its Galaxy sub-brand of Android smartphones have become more popular registering almost double the iPhone volumes globally due to its broader portfolio spread across multiple price-points targeting a wider TAM - Total Addressable Market,” he said.

“The upcoming holiday season quarter should be a relatively strong quarter for Apple and we estimate iPhone shipments to reach its highest ever record level.”

Still, one of Apple’s strengths is that it has a portfolio of products and as consumers purchase one product, their chances for buying another increases.

Apple also sold 14 million iPads during the quarter, a 26 percent unit increase over the year-ago quarter. iPods moved 5.3 million units, a 19 percent decline from the year-ago quarter.

The company sees significant opportunity for further growth in the tablet market, specifically by targeting the 80 to 90 million PCs that are sold every quarter.

Production issues

One of the issues highlighted by the company during the conference call was production.

Apple executives said the company is in a significant state of backlog but that its output has improved significantly since earlier this month and feels confident about being able to keep up with the demand for the iPhone.

Complicating matters could be the number of new products that have been introduced. Executives said this is the most prolific periods in the company’s history in terms of new product introductions, including the new iPhone 5, the iPad mini and a new iPad.

There’s also a new iMac, a 13-inch MacBook Pro, iPod touch and iPod nano.

“It is not an easy thing to be putting out 50 million units in a quarter – that’s a lot,” Yankee Group's Mr. Howe said. “Tim Cook is a supply chain guy – he knows all about doing operations. He feels like he can do more than one thing at a time.

“This is probably the biggest set of products that they have had for sale ever,” he said. “I think it is because they are trying to approach and satisfy more of the world than ever before.”

Maps flap

Apple is also still dealing with customer backlash following the introduction of iOS 6, which swaps out Google Maps for Apple Maps, an app that has not met customer expectations.

During the call with analysts, Apple executives gave assurances that it has made a number of improvements to Maps over the past month and that it will continue to work on improving it.

For the fiscal quarter, Apple’s revenue totaled \$36 billion, up from \$28.3 billion. The company’s net profit totaled \$8.2 billion, or \$8.67 per diluted share, up from \$6.6 billion, or \$7.05 per diluted share, in the year-ago quarter.

“They are still the game to beat,” Mr. Howe said. “There is opportunity to come in underneath them but you also have to challenge their supply chain and their distribution – that is going to be really hard.

“Samsung is the only other company making money and that is going to become more challenging,” he said.

Final Take

Chantal Tode is associate editor on Mobile Marketer, New York