

How App Store Monopolies Hurt Consumers

Big Tech gatekeepers like Apple and Google use monopolistic practices in their respective app stores to stifle competition, deter innovation, and force businesses to agree to terms that harm consumers through higher prices, less choice and freedom, and exposure to scams and data breaches.

How the App Tax = Higher Prices for Consumers

- Apple and Google assess a 30 percent App Tax for most purchases made on apps downloaded from the App Store or Google Play Store (e.g. subscriptions, in-game purchases, etc.). This fee is effectively for payment processing, which other payment processors charge approximately 3 percent for, yet gatekeepers force consumers to pay 27 percent more for the “monopoly markup.” Developers have no choice but to use Apple and Google’s respective payment systems and as a result consumers pay the price.
- This excessive App Tax inflates prices and pads the profits of Apple and Google – costing consumers more money and taking money away from developers that they could use to create jobs or invest in their product.

Fewer Consumer Choices, Less Consumer Freedom

- Normally, customers could take their business elsewhere, but Apple and Google **ban** developers from telling customers where they can purchase their service for less, or implementing their own safe and secure payment platforms.
- They force developers to agree to terms that dictate that app developers cannot tell their own customers that their service is available at a better price outside the app store.

Consumer Data and Privacy at Risk

- Security experts have debunked gatekeepers’ claims that total app store control is needed to protect user data and keep devices free from malware, viruses, and scams. Yet, scam artists – which are perpetually allowed onto app stores – have swindled as much as \$48 million from U.S. consumers alone.
- Gatekeepers routinely use “security” claims to justify monopolistic practices, ignoring the fact that encryption, firewalls, software, and hardware – not App Stores – provide security (which is why Apple’s desktops and laptops allow downloads outside of the App Store).

What Consumers Think

According to the [Coalition's polling](#), voters in both parties support legislation to address the anticompetitive practices of app store gatekeepers. Specifically, our polling found:

👉 68 percent of voters say Big Tech has too much power.

👉 69 percent of voters disapprove of the job Congress has done to regulate Big Tech companies.

👍 79 percent of voters support efforts by Congress to pass the Open App Markets Act and open up the mobile app ecosystem to competition.

Solution - The Open App Market Act

What it Would Do

- Potentially significantly decrease costs to consumers by expanding in app payment options – creating incentives for reduced prices and increased choice.
- Free developers to communicate with their customers about where they can find the best prices for their services – all things currently not possible under gatekeepers' monopolistic regime.
- Enable sideloading to give users more platform choices, while continuing to bolster innovation, small business, privacy, security, and consumer safety.

What it Would NOT Do

- Does not change how the App store works.
- Does not make changes that will negatively affect security. In fact, we believe it could increase security.

Examples of Harms

✗ **Increasing prices for consumers** – app stores explicitly state that apps cannot direct people to a website to purchase, effectively forcing them to pay the 30 percent tax. For example, Proton's end-to-end encrypted and privacy-focused email service is available both on and off the app store. The service is identical, but if it is purchased through the App Store, it costs approximately 30 percent more.

✗ Shutting entire apps down, limiting consumer choices – Apple decided to introduce “Screen Time” as part of its iOS12. Apple then removed or restricted at least 11 of the 17 most downloaded screen-time and parental control apps, having suddenly decided that they violated its Guidelines, despite having allowed many screen-time apps (such as Freedom) and parental control apps (such as Qustodio, Kidslox and OurPact), on the App Store for many years.¹ Parents were left with significantly fewer options to protect their children.

✗ Limiting accessibility for the blind and visually impaired – FlickType, an accessible iPhone keyboard for the blind and visually impaired, was first submitted to the App Store in April 2018, and a future update added support for the Apple Watch. Apple approved FlickType’s initial update with watch capability,² only to reject a later version, stating that Apple Watch keyboards were not allowed. It was nearly a year before the full version of the FlickType keyboard was approved, and Apple provided no reason for why its position changed. Apple’s abuse and lack of transparency left [FlickType no choice but to discontinue their application](#). This anticompetitive behavior prevented the blind and visually impaired community from accessing FlickType’s innovative tool.

✗ Endangering LGBTQ+ users – Apple prioritized their ironclad control of the App Store over the safety and wellbeing of users on Tinder who traveled outside the United States. [According to Match](#), Apple blocked a safety update to the Tinder app, which was meant to warn LGBTQ+ users if they were traveling to a country where it might be dangerous or illegal to present as their authentic selves – all because Apple claimed the update was in violation of the “spirit” of a new rule in their guidelines.

✗ Apple has used personal data to do everything from [track users](#) and design competing products, which are exempt from the 30 percent App Tax, and Google uses data to target ads. Independent researchers found that, *“Apple collects extremely detailed information on you with its own apps even when you turn off tracking, an apparent direct contradiction of Apple’s own description of how the privacy protection works.”*

¹ See Jack Nicas, “Apple Cracks Down on Apps That Fight iPhone Addiction”, The New York Times, 27 April 2019, available at <https://www.nytimes.com/2019/04/27/technology/apple-screen-time-trackers.html>.

² Reed Albergotti, “Maker of keyboard apps for the blind sues Apple, claiming anticompetitive behavior”, The Washington Post, 18 March 2021, available at <https://www.washingtonpost.com/technology/2021/03/18/apple-flicktypelawsuit-fraud/>.