

Greater China

The following table presents Greater China net sales information for 2016, 2015 and 2014 (dollars in millions):

	2016	Change	2015	Change	2014
Net sales	\$ 48,492	(17)%	\$ 58,715	84%	\$ 31,853
Percentage of total net sales	22%		25%		17%

Greater China net sales decreased during 2016 compared to 2015 due primarily to lower net sales and unit sales of iPhone and the effect of weakness in foreign currencies relative to the U.S. dollar.

Greater China experienced strong year-over-year increases in net sales during 2015 driven primarily by iPhone sales.

Japan

The following table presents Japan net sales information for 2016, 2015 and 2014 (dollars in millions):

	2016	Change	2015	Change	2014
Net sales	\$ 16,928	8%	\$ 15,706	3%	\$ 15,314
Percentage of total net sales	8%		7%		8%

Japan net sales increased during 2016 compared to 2015 due primarily to higher net sales of Services and the strength in the Japanese yen relative to the U.S. dollar.

The year-over-year increase in Japan net sales during 2015 was driven primarily by growth in Services largely associated with strong App Store sales, partially offset by the effect of weakness in the Japanese yen relative to the U.S. dollar.

Rest of Asia Pacific

The following table presents Rest of Asia Pacific net sales information for 2016, 2015 and 2014 (dollars in millions):

	2016	Change	2015	Change	2014
Net sales	\$ 13,654	(10)%	\$ 15,093	34%	\$ 11,248
Percentage of total net sales	6%		6%		6%

Rest of Asia Pacific net sales decreased during 2016 compared to 2015 due primarily to lower net sales and unit sales of iPhone and the effect of weakness in foreign currencies relative to the U.S. dollar.

The year-over-year increase in Rest of Asia Pacific net sales during 2015 primarily reflects strong growth in net sales and unit sales of iPhone, partially offset by the effect of weakness in foreign currencies relative to the U.S. dollar and a decline in net sales and unit sales of iPad.

Gross Margin

Gross margin for 2016, 2015 and 2014 is as follows (dollars in millions):

	2016	2015	2014
Net sales	\$ 215,639	\$ 233,715	\$ 182,795
Cost of sales	131,376	140,089	112,258
Gross margin	\$ 84,263	\$ 93,626	\$ 70,537
Gross margin percentage	39.1%	40.1%	38.6%

Gross margin decreased in 2016 compared to 2015 due primarily to the effect of weakness in most foreign currencies relative to the U.S. dollar and, to a lesser extent, unfavorable leverage on fixed costs from lower net sales, partially offset by a favorable shift in mix to Services.

The year-over-year increase in the gross margin percentage in 2015 was driven primarily by a favorable shift in mix to products with higher margins and, to a lesser extent, by improved leverage on fixed costs from higher net sales. These positive factors were partially offset primarily by higher product cost structures and, to a lesser extent, by the effect of weakness in most foreign currencies relative to the U.S. dollar.