

APP ECONOMICS

A Cautionary Tale


HOW MUCH DO YOU PAY FOR APPS?

- How many apps have you actually paid for?
- How many in-app purchases have you made?

POPULAR ON THE APP STORE ON 2/26

- Card Wars is \$3.99
- Threes! is \$2.99
- Minecraft Pocket is \$6.99
- Most other apps are \$0.99


TOP PAID APPS >

1.  **Card Wars - Adventure Time Games**
2. **Threes!**
Games
3. **Minecraft – Pocket Edition**
Games
4. **Plague Inc.**
Games
5. **Bridge Constructor**
Games
6. **Afterlight**
Photo & Video
7. **Sleep Cycle alarm clock**
Health & Fitness
8. **Heads Up!**
Games
9. **Emoji Emoticons Pro – Best E...**
Productivity
10. **Free Music Download Pro - Mp3...**
Music

FREE VS. PAID

- The Top Grossing Apps are FREE
- Free apps get downloaded A LOT more than paid apps






TOP GROSSING >

1.  **Clash of Clans**
Games
2. **Candy Crush Saga**
Games
3. **Pandora Radio**
Music
4. **Game of War - Fire Age**
Games
5. **MLB.com At Bat**
Sports
6. **Big Fish Casino - Free Slots, Bla...**
Games
7. **Farm Heroes Saga**
Games
8. **Hay Day**
Games
9. **Pet Rescue Saga**
Games
10. **Slotomania - FREE Slots**
Games

POPULAR ON GOOGLE PLAY






Top Paid in Android Apps

[See more](#)

 <p>Minecraft - Pocket Edition Mojang</p> <p>★★★★★ \$6.99</p>	 <p>SwiftKey Keyboard SwiftKey</p> <p>★★★★★ \$3.99</p>	 <p>Titanium Backup Pro Titanium Track</p> <p>★★★★★ \$6.58</p>	 <p>Nova Launcher Prime TeslaCoil Software</p> <p>★★★★★ \$4.00</p>	 <p>Poweramp Full Version Max MP</p> <p>★★★★★ \$3.99</p>
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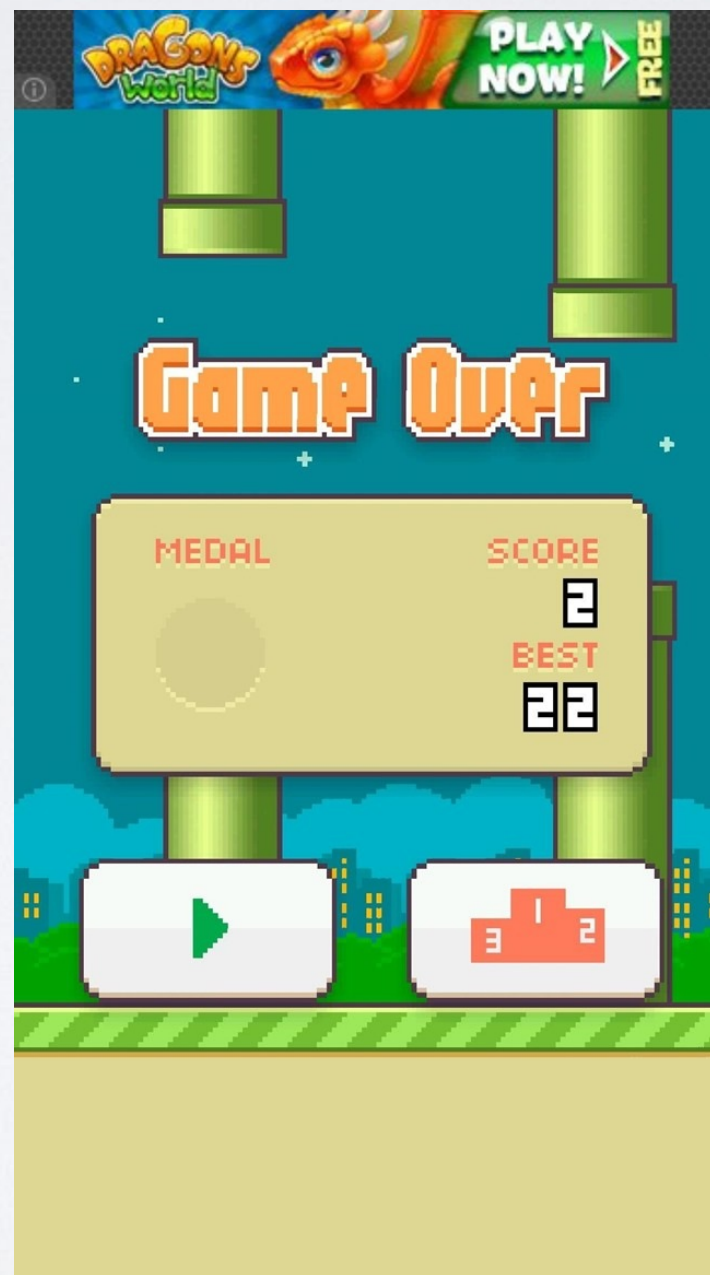
Top Grossing Android Apps

[See more](#)

 <p>Clash of Clans Supercell</p> <p>★★★★★ FREE</p>	 <p>Candy Crush Saga King.com</p> <p>★★★★★ FREE</p>	 <p>Farm Heroes Saga King.com</p> <p>★★★★★ FREE</p>	 <p>Hay Day Supercell</p> <p>★★★★★ FREE</p>	 <p>Pet Rescue Saga King.com</p> <p>★★★★★ FREE</p>
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HOW TO MAKE MONEY ON A FREE APP

- In-app purchase
- Advertising

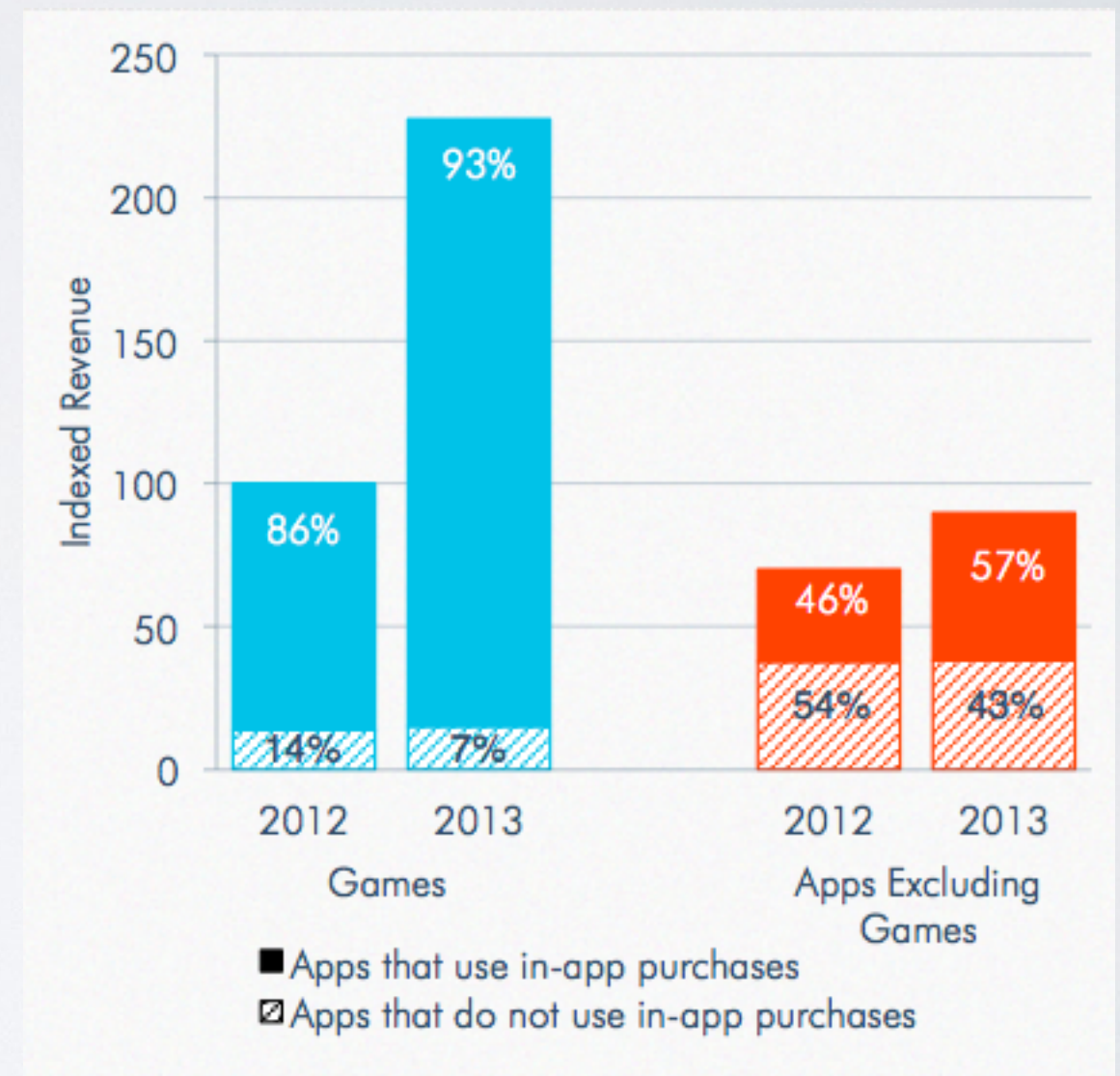


“Based on its daily download volume (as high as 2 million) and simple banner ad format, Flappy Bird has been estimated to make roughly \$50,000 a day. Just recently, a hacker revealed that Supercell is making more than **\$5 million a day** from its two mobile apps, Clash of Clans and Hay Day.”

– <http://bgr.com/2014/02/11/flappy-bird-revenue-clash-of-clans/>

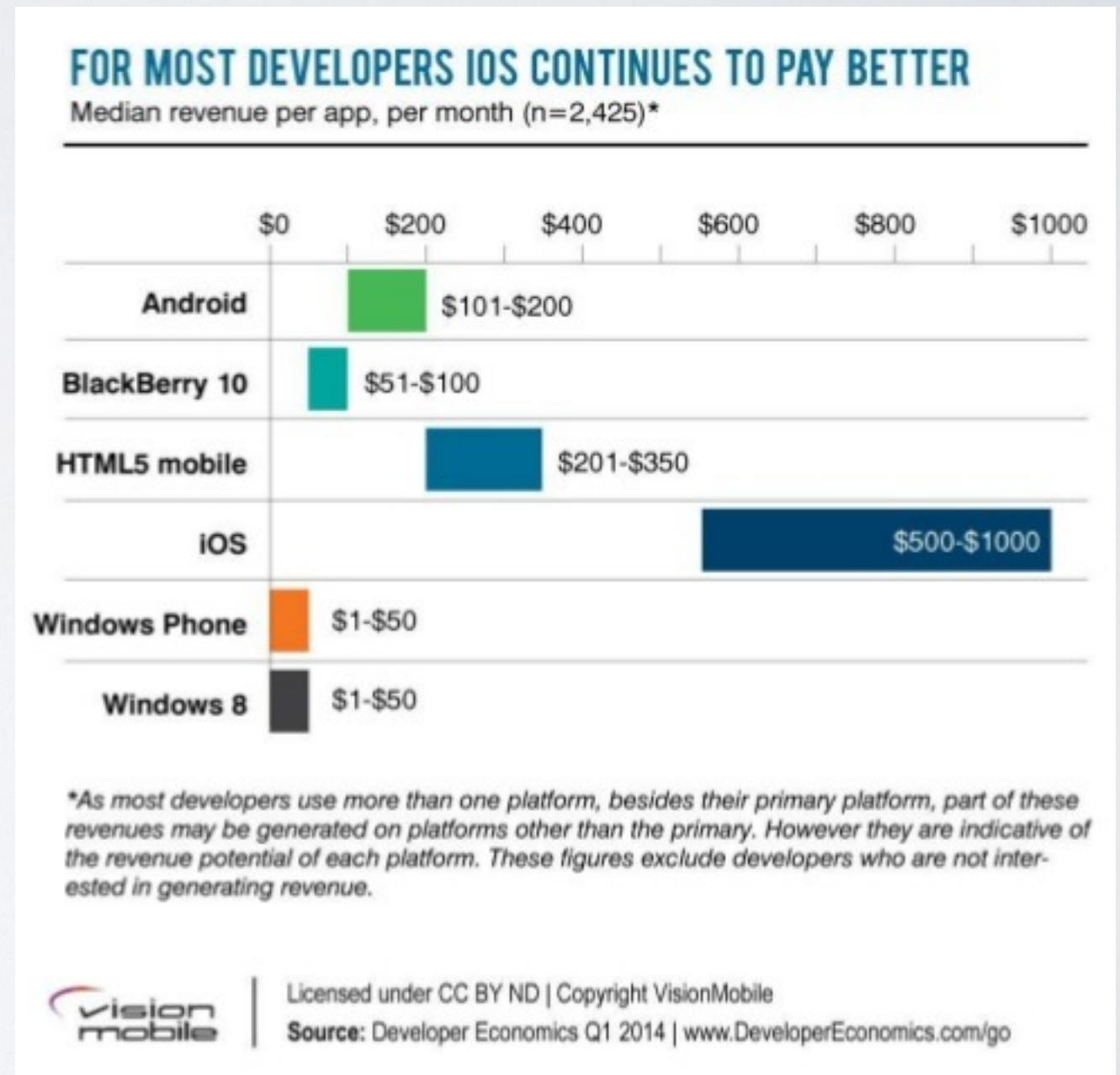
OVERALL MARKET

- The global app economy was worth **\$68 billion** in 2013 and is projected to grow to **\$143 billion in 2016**
- **Games** account for around 75-80% of all app store revenues



IOS VS. ANDROID

- For every \$1 spent on Google Play, \$2.45 are spent on iOS*
- Google has a larger installed base than Apple, but isn't as lucrative
- Among developers that generate \$500 - \$10K per app per month, 37% prioritize iOS vs. 25% Android.
- Piracy can happen on both, but incredibly easy on Android



*(stat from 2012)

IOS VS. ANDROID CONT.

- iOS is the preferred platform for developers in North America and Western Europe while Android wins in every other region.
- The difference is especially pronounced in Asia, where 46% of mobile developers prioritize Android vs. 28% for iOS.

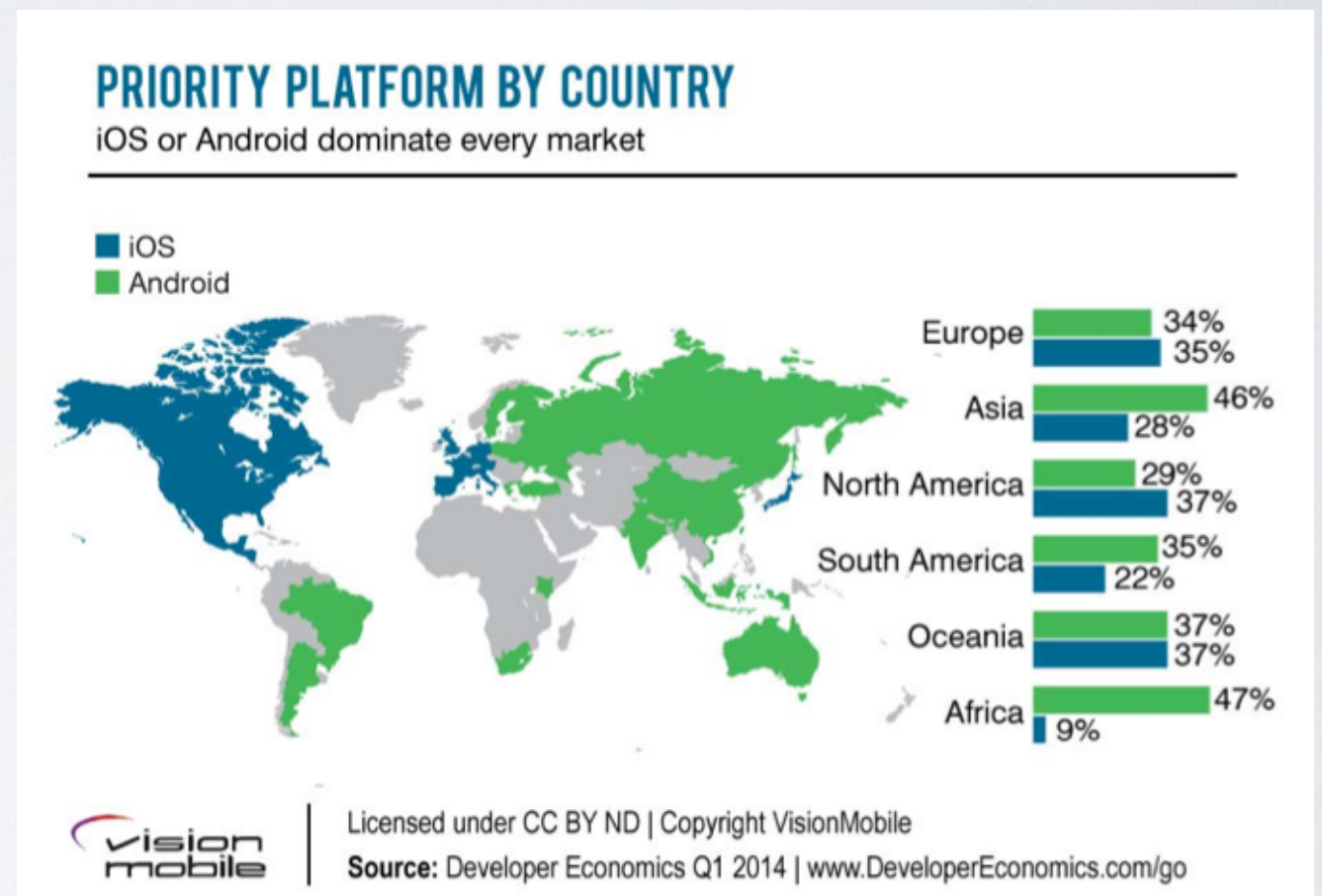
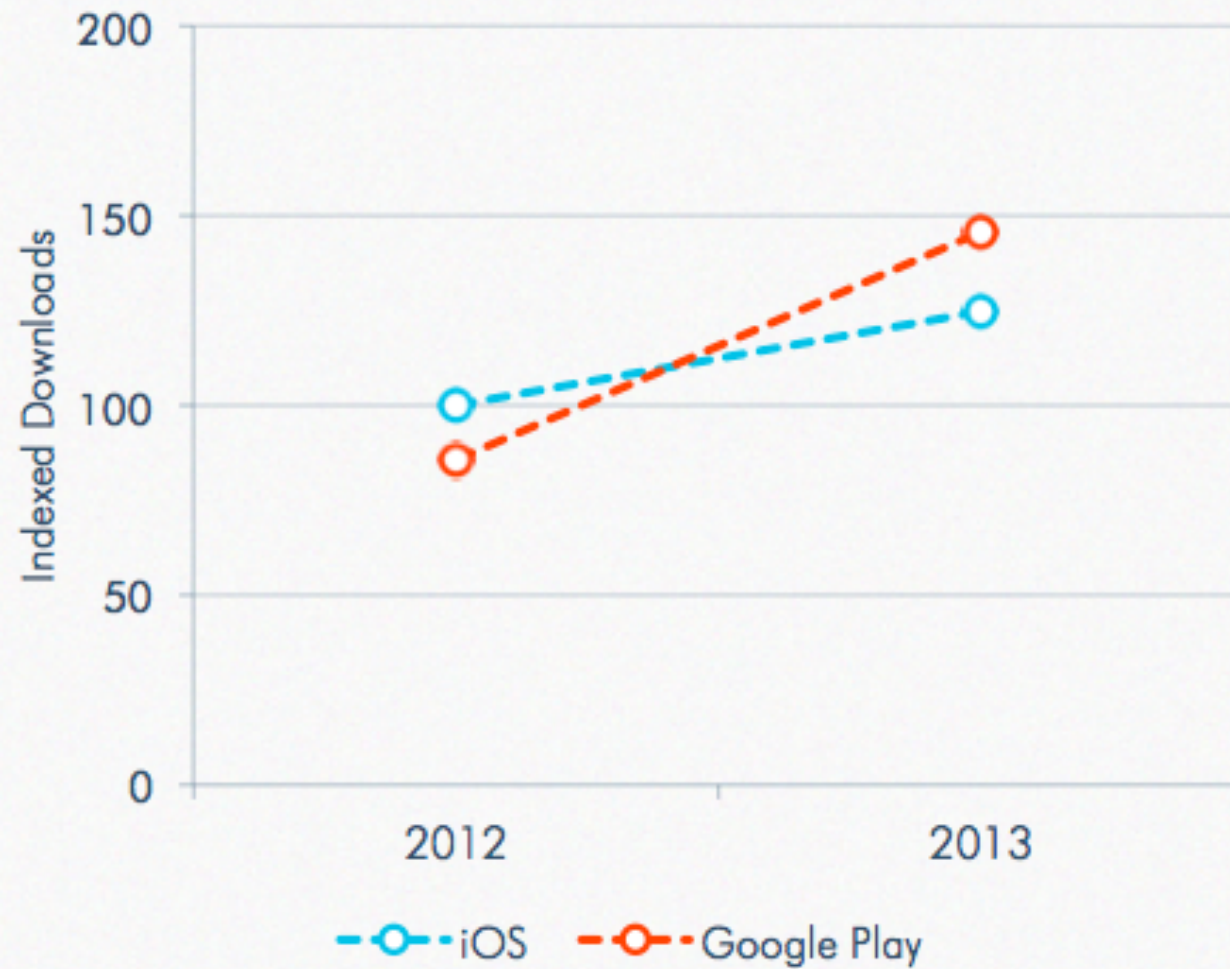
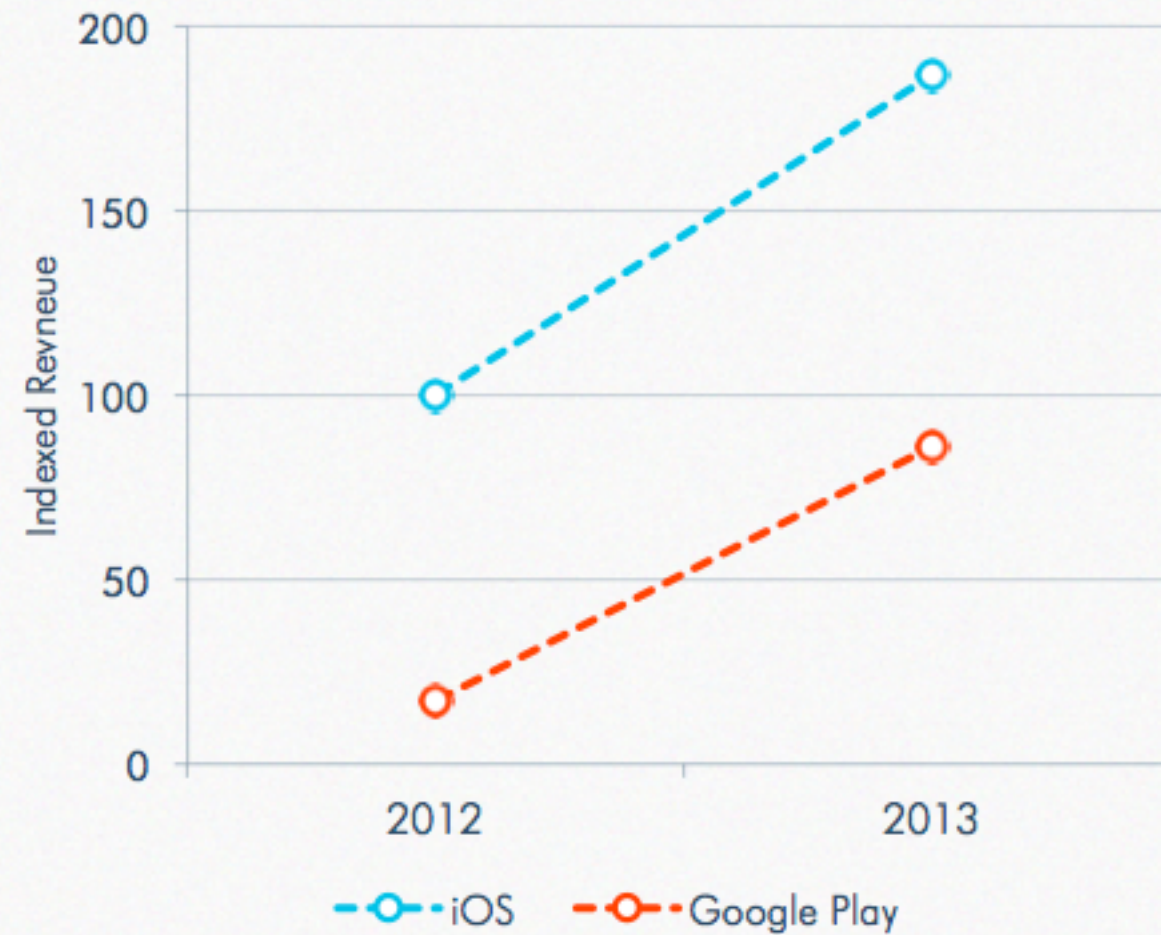


Figure 1: App Downloads



According to App Annie, in 2013, Google Play led the iOS App Store in annual app downloads by over 15%.

Figure 2: App Revenue

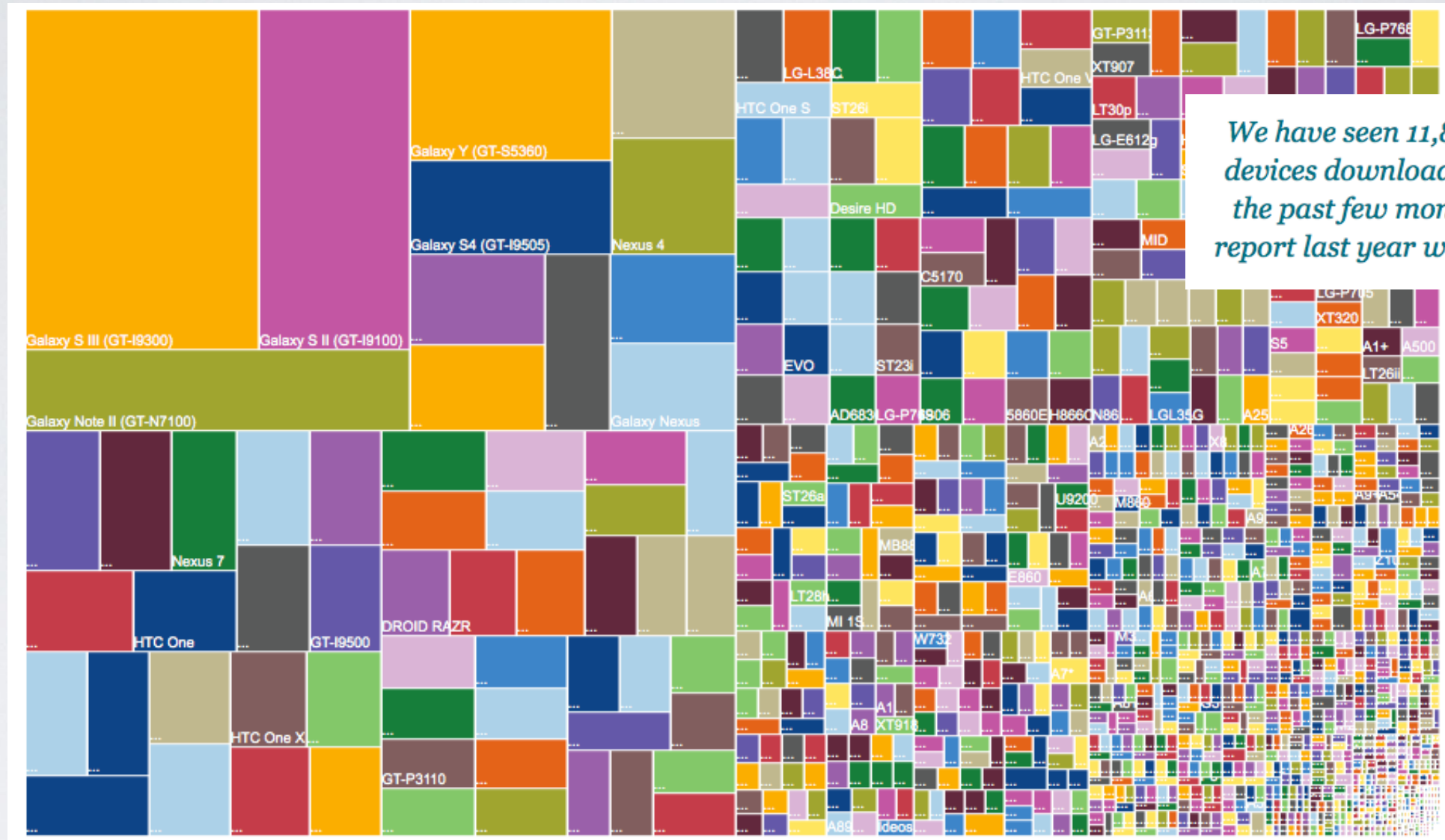


During this same period, iOS generated over **two times** the yearly app revenue of Google Play.

WHY THE APP STORE IS WHERE THE \$\$\$\$ IS

- Less piracy
- You can charge more for apps on the App Store. (\$999 price cap for the App Store vs. Google's \$200 cap)
- iOS is less fragmented—78% of iOS users are running the latest version, compared to the little more than half of Android users on all versions of Android Jelly Bean
- More money for developers and advertisers

A NOTE ON ANDROID FRAGMENTATION



We have seen 11,868 distinct devices download our app in the past few months. In our report last year we saw 3,997.

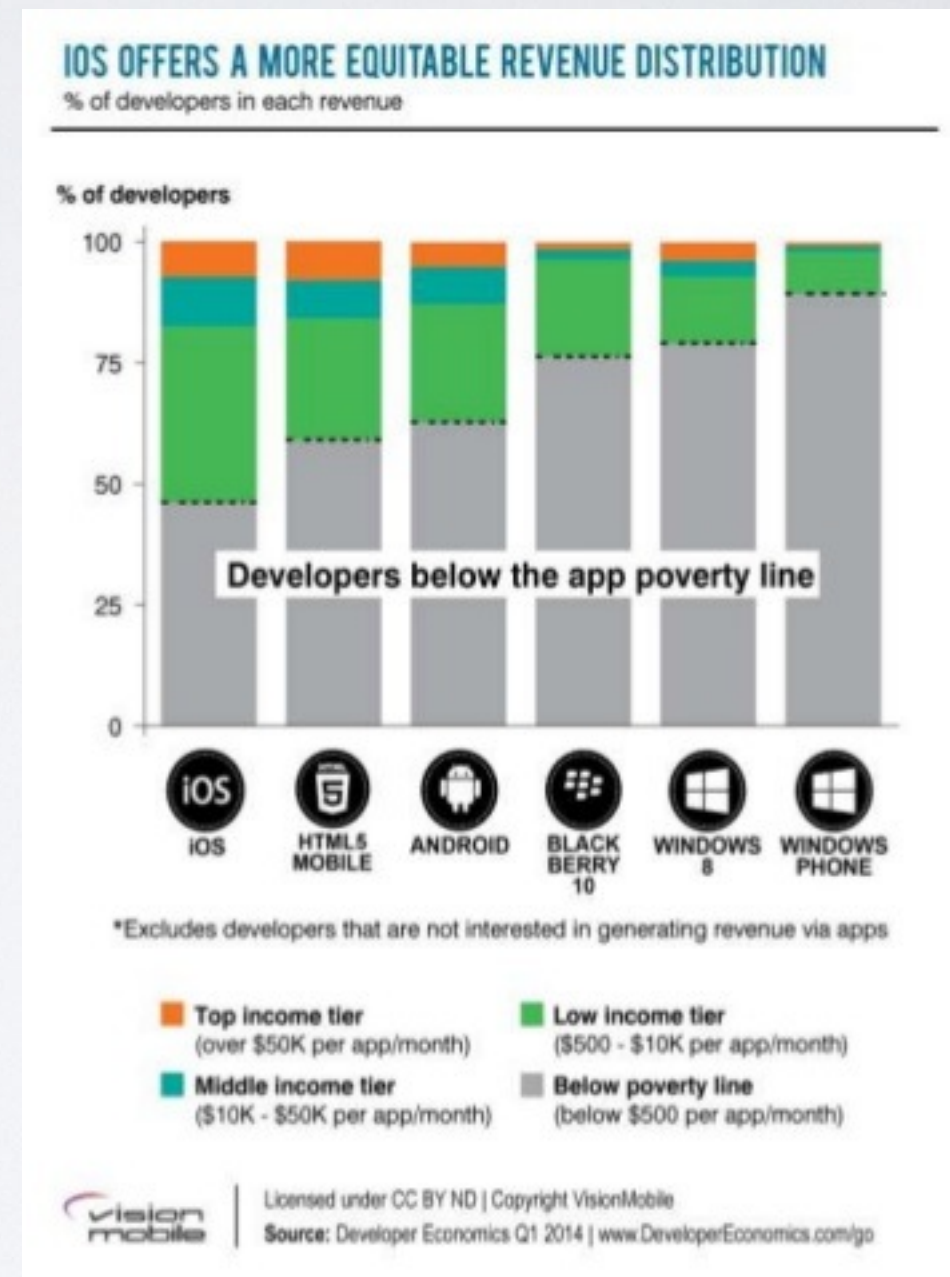
"Device fragmentation is not the only challenge that developers face when building for Android; the operating system itself is extremely fragmented and has only become more so over time." -opensignal.com

OTHER ANDROID APP STORES

- Amazon
- Chinese Android App Stores
 - App downloads for Chinese Android device owners are growing exponentially: the average user downloaded 10.5 apps per month in Q3 2013; the previous year, it was 8.2 apps monthly

BTW: IT ONLY MATTERS IF YOU GET THE DOWNLOADS

- 60% of developers are below the “app poverty line”, i.e. earn **less than \$500 per app per month**, according to the latest Developer Economics survey.



DON'T FORGET:

- App stores will take a 30% cut of your profits

A NOTE ABOUT SOURCES

- "Analytics" platforms have all the stats!
- Check out:
 - App Annie
 - Flurry
 - Distimo

ALL SOURCES

- <http://www.developereconomics.com/app-monetisation-games-vs-enterprise-and-business-apps/>
- <http://blog.appannie.com/game-of-phones/#sthash.T553vI3P.dpuf>
- <http://readwrite.com/2014/01/08/app-store-sales-google-play-android#awesm=~ox248okK35sbEr>
- <http://www.theguardian.com/technology/2013/nov/07/android-market-share-smartphone-users-google-apple>
- <http://software.intel.com/en-us/android/blogs/2013/12/02/android-in-china-an-undiscovered-app-market>
- <http://www.slideshare.net/andreasc/developer-economics-q1-2014-the-state-of-the-developer-nation>
- <http://opensignal.com/reports/fragmentation-2013/>