

# 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 6/20

- Minecraft Pocket is \$6.99
- Most other apps are \$0.99

## TOP PAID APPS >


1.  **Afterlight**  
Photo & Video
2. **Heads Up!**  
Games
3. **Minecraft - Pocket Edition**  
Games
4. **My Talking Pet**  
Entertainment
5. **Sleep Talk Recorder**  
Utilities
6. **Sleep Cycle alarm clock**  
Health & Fitness
7. **Geometry Dash**  
Games
8. **Stickman Soccer 2014**  
Games
9. **A Dark Room**  
Games
10. **DockStar - Design Home Scree...**  
Entertainment



# 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. **Game of War - Fire Age**  
Games
4. **Pandora Radio**  
Music
5. **Big Fish Casino – Free Slots, Veg...**  
Games
6. **Farm Heroes Saga**  
Games
7. **Hay Day**  
Games
8. **Boom Beach**  
Games
9. **Pet Rescue Saga**  
Games
10. **Slotomania - Free Video Slots G...**  
Games

# POPULAR ON GOOGLE PLAY

## Top Paid in Android Apps

[See more](#)



Minecraft - Pocket Edition  
Mojang \$6.99



Toca Kitchen  
Toca Boca AB FREE



FoxFi Key (supported)  
FoxFi Service \$7.95



Poweramp Full Version  
Max MP \$3.99



Bloons TD 5  
ninja kiwi \$2.99



Nova Launcher Prime  
TeslaCoil Software \$4.00



Plants vs. Zombies  
Electronic Arts \$0.99



Titanium Backup  
Titanium Trac \$5.99

## Top Grossing Android Apps

[See more](#)



Clash of Clans  
Supercell FREE



Candy Crush Saga  
King.com FREE



Farm Heroes Saga  
King.com FREE



Hay Day  
Supercell FREE



Pet Rescue Saga  
King.com FREE



Game of War - Fire Age  
Machine Zone FREE



Brave Frontier  
gumi Inc. FREE

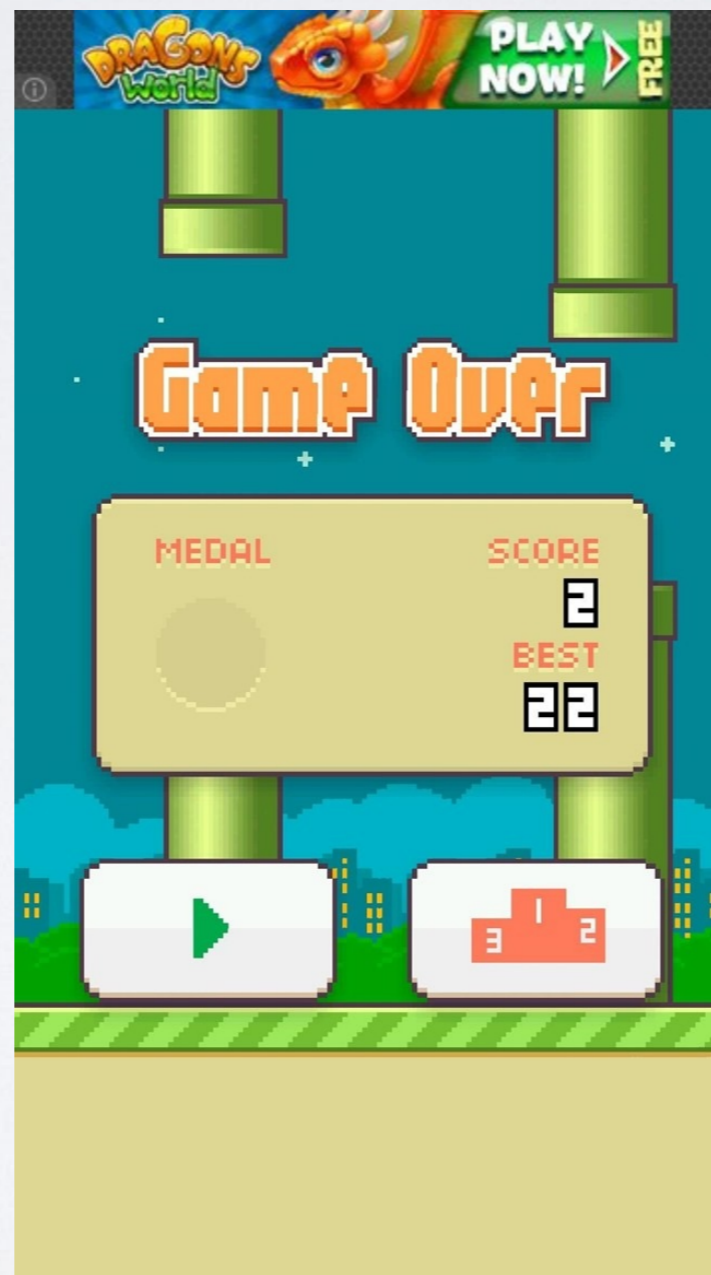


Slotomania - FREE  
Playtika FREE



# HOW TO MAKE MONEY ON A FREE APP

- In-app purchase
- Advertising



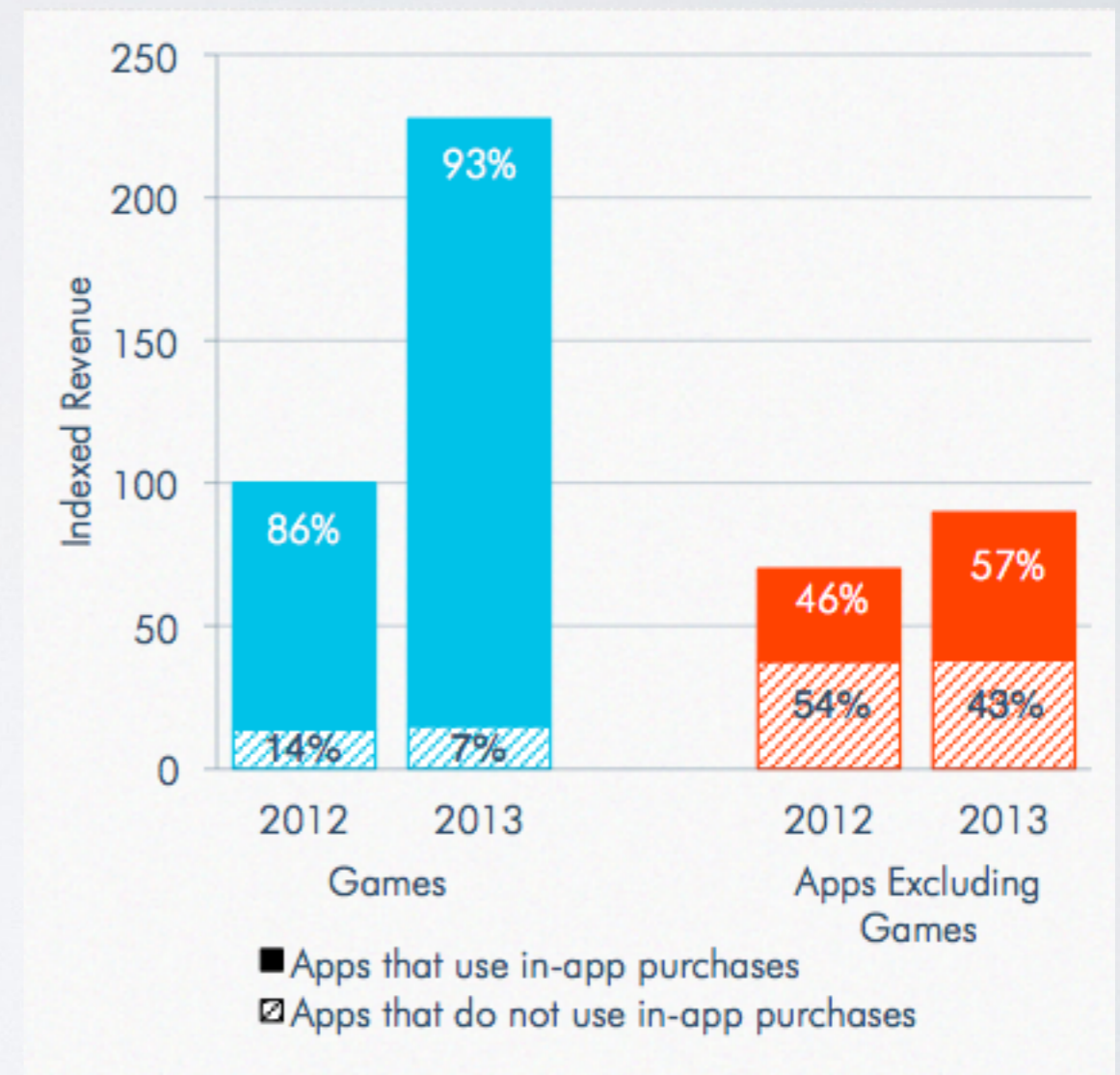
“Based on its daily download volume (as high as 2 million) and simple banner ad format, Flappy Bird has been estimated to make roughly \$50,000 a day. Just recently, a hacker revealed that Supercell is making more than **\$5 million a day** from its two mobile apps, Clash of Clans and Hay Day.”

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



# OVERALL MARKET

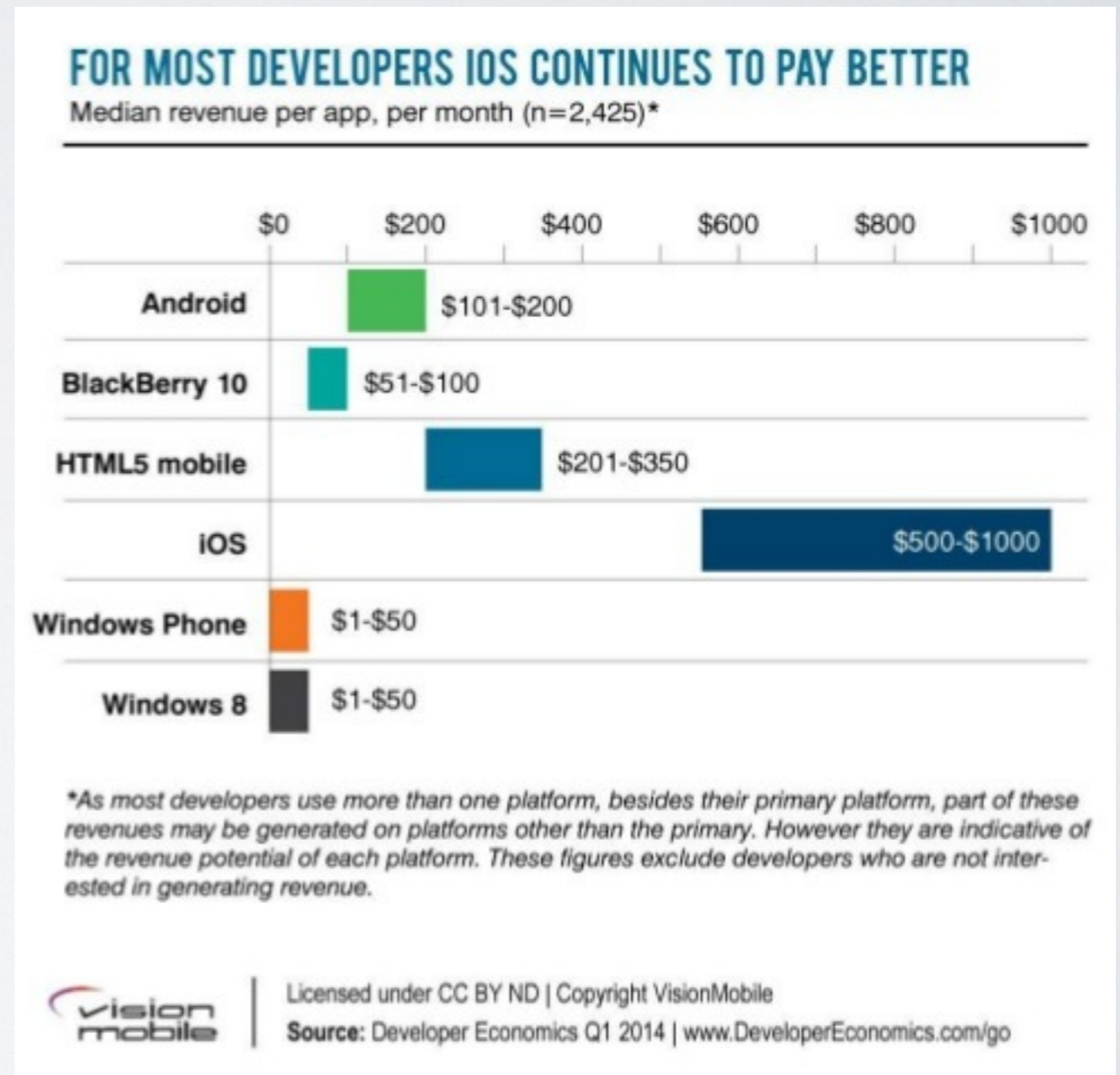
- The global app economy was worth **\$68 billion** in 2013 and is projected to grow to **\$143 billion in 2016**
- **Games** account for around 75-80% of all app store revenues





# 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.

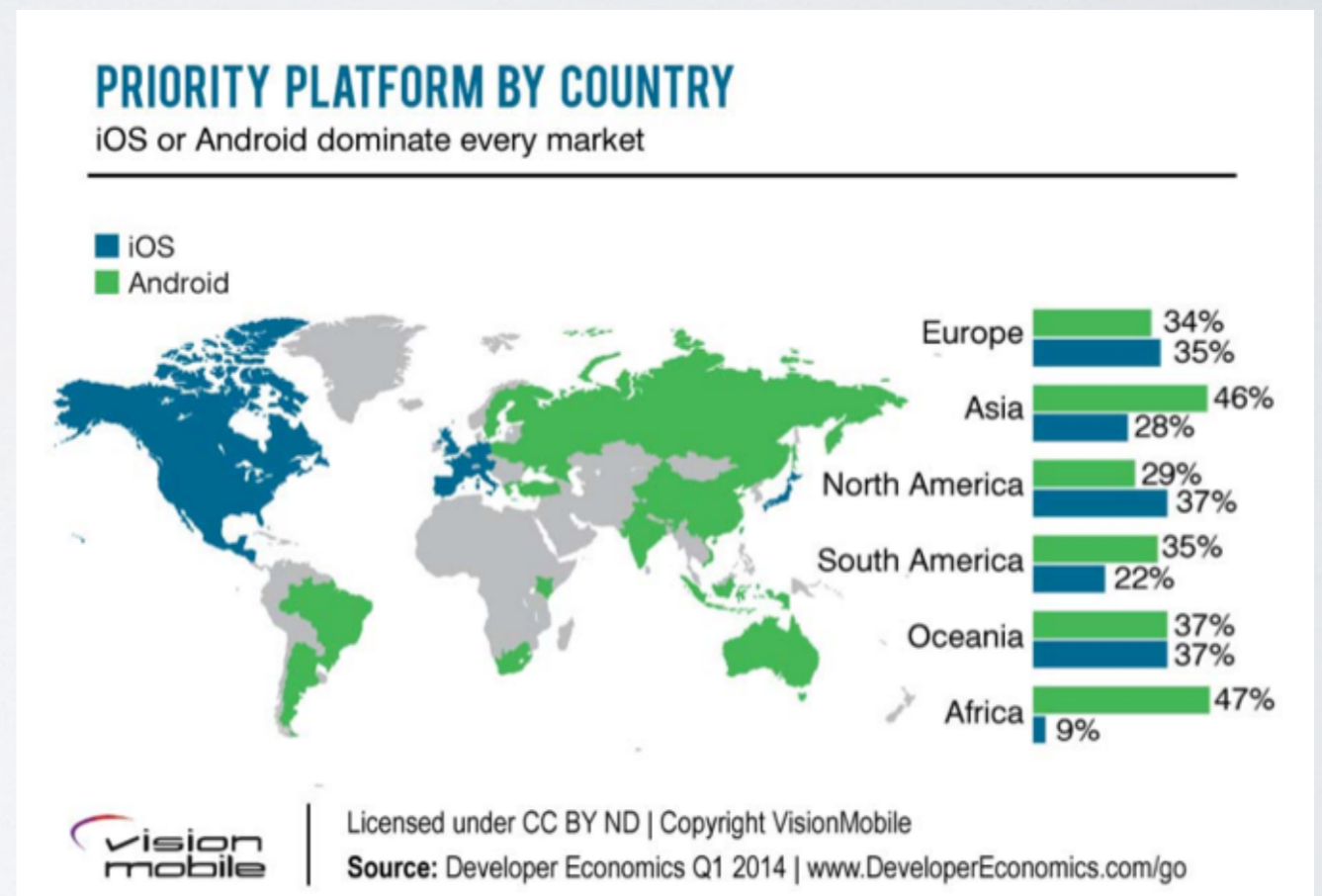
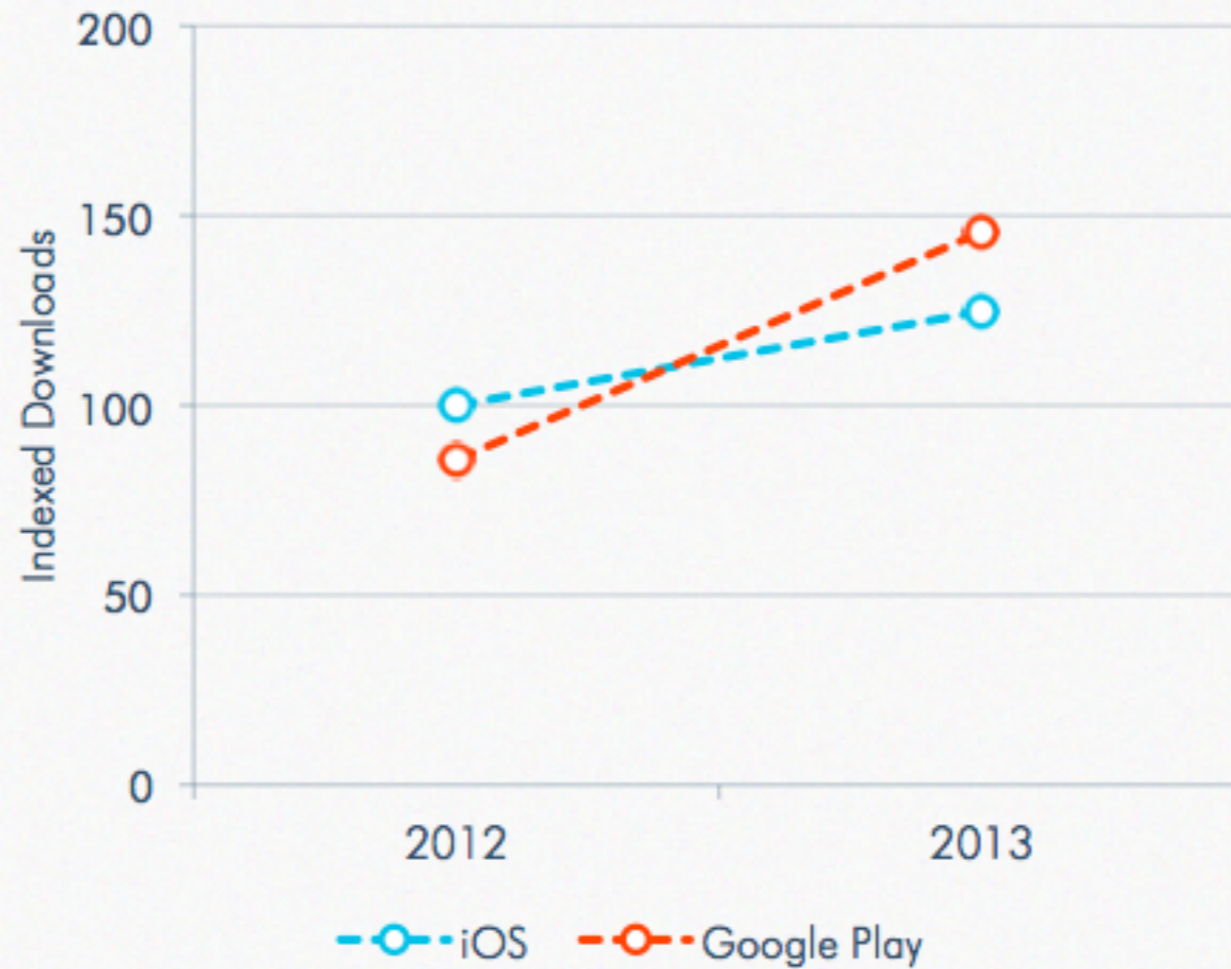


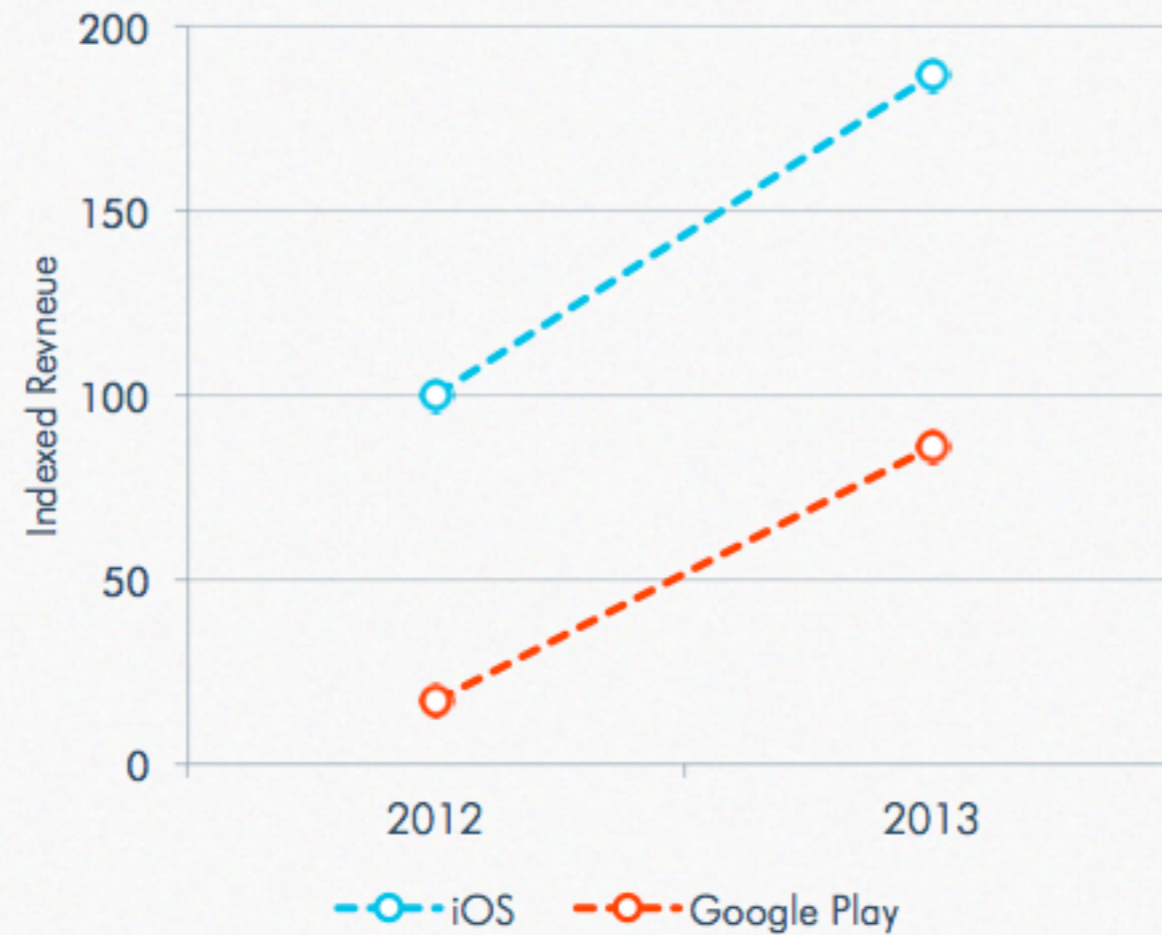


Figure 1: App Downloads



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.



USTWOGAMES PRESENTS  
**MONUMENT  
VALLEY**  
IN NUMBERS

**2,440,076**

OFFICIAL SALES

iOS	1,736,431
Google	296,085
Amazon (paid)	92,247
Amazon (free)	407,560

INSTALLED ON OVER

**10,000,000**

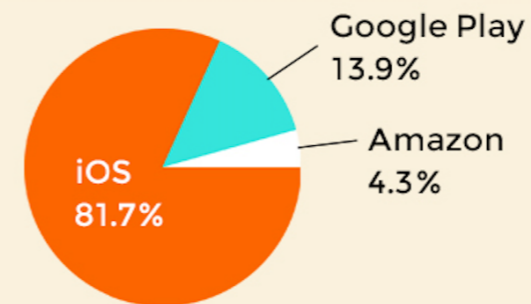
UNIQUE DEVICES\*

**575,608**

UPGRADES TO FORGOTTEN SHORES

**\$5,858,625**

REVENUE



HIGHEST ONE-DAY REVENUE

**\$145,530**

APRIL 3, 2014 (LAUNCH DAY)

\* INCLUDES MULTIPLE DEVICES FROM 1 SALE, FAMILY SHARE, UNAUTHORIZED DOWNLOADS, VIA FLURRY

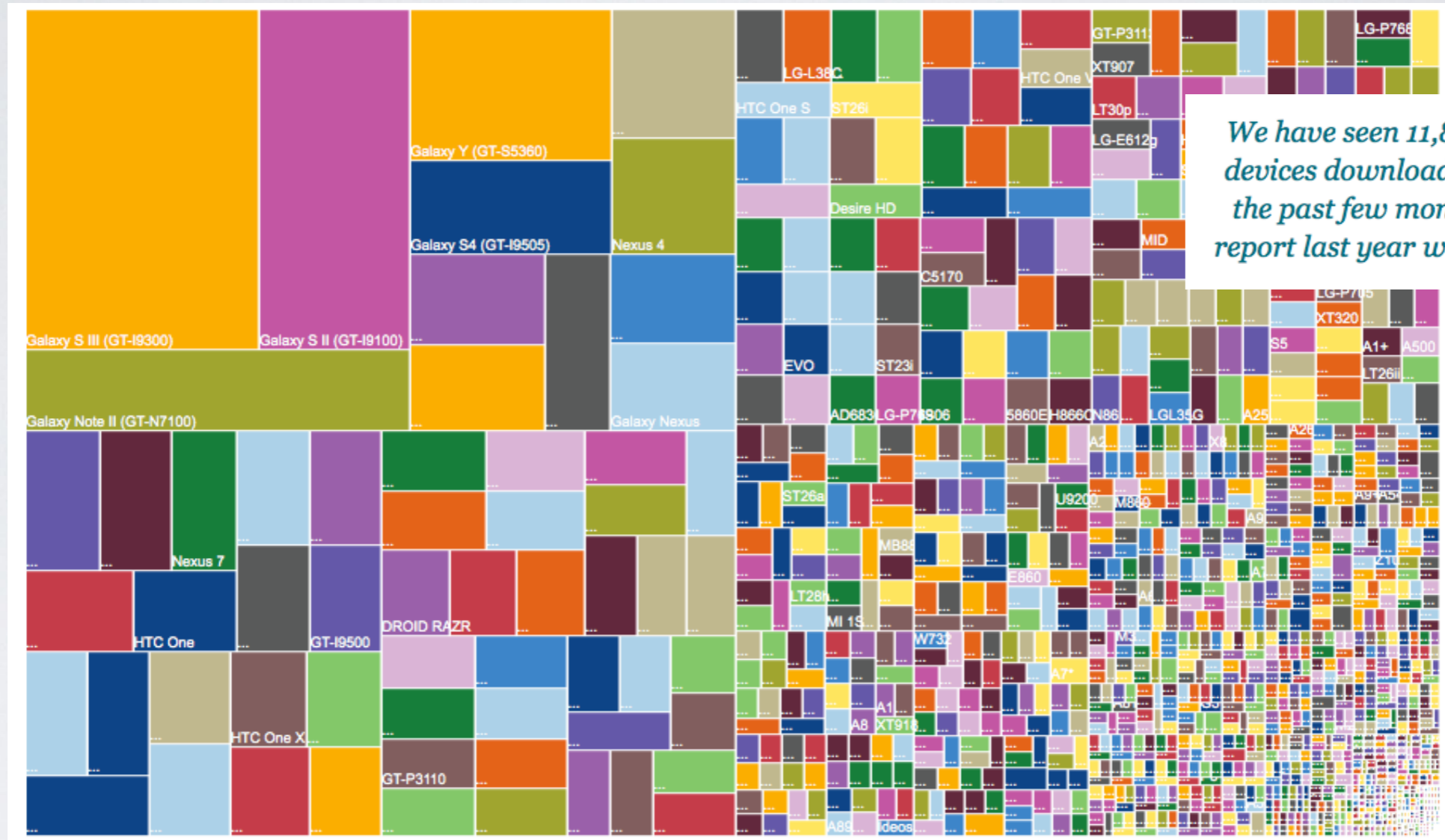
<http://blog.monumentvalleygame.com/blog/2015/1/15/monument-valley-in-numbers>

# 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



"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

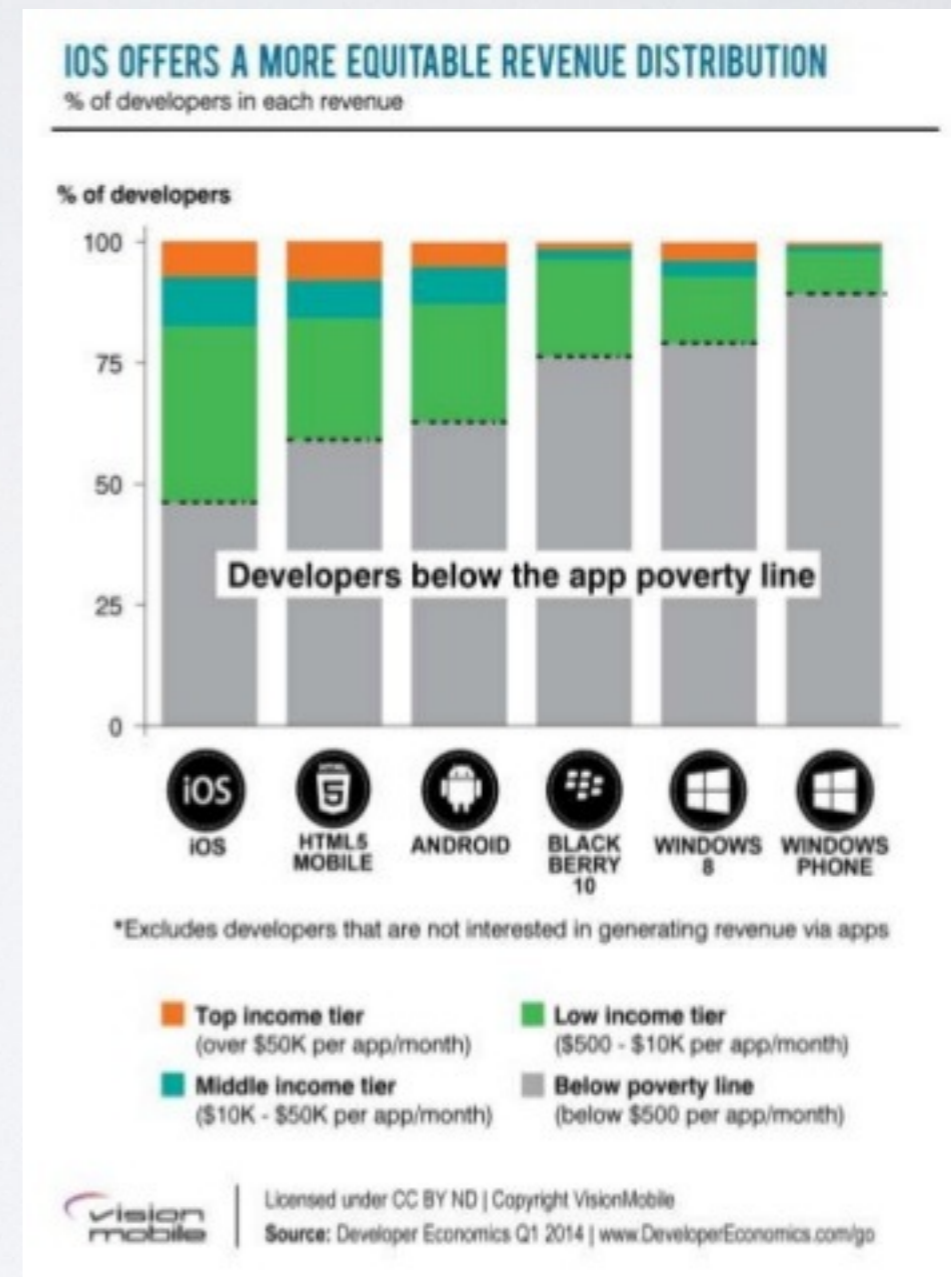
# OTHER ANDROID APP STORES

- Amazon
- Chinese Android App Stores (e.g. Tencent, Baidu)
  - 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/>
- <http://blog.monumentvalleygame.com/blog/2015/1/15/monument-valley-in-numbers>