

App Economics

Parsons MFADT Spring 2017

Business Reasons To Make An App

Generate Revenue

- As a product (traditional app for 0.99)

- To sell something (e-commerce)

Marketing, brand extension

For employees

- Training

- Tool

How much do you pay for apps?

How many apps have you actually paid for?

How many in-app purchases have you made?

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App Store

Minecraft Pocket is \$6.99

Average looks up


2016

TOP PAID APPS >

1.  Face Swap Live -
Switch faces with...
Photo & Video
2. KIMOJI
Entertainment
3. Minecraft: Pocket Edition
Games
4. Heads Up!
Games
5. Facetune
Photo & Video
6. Geometry Dash
Games
7. Bloons TD 5
Games
8. Akinator the Genie
Entertainment
9. Themeable
Utilities
10. THE GAME OF LIFE Classic Editi...
Games

2017

TOP PAID APPS >


1.  Minecraft: Pocket
Edition
Games
2. NBA 2K17
Games
3. Bloons TD 5
Games
4. Heads Up!
Games
5. Enlight
Photo & Video
6. Geometry Dash
Games
7. Plague Inc.
Games
8. Hidden Folks
Games
9. HotSchedules
Business
10. MONOPOLY Game
Games

Free v Paid

The Top Grossing Apps are FREE


2016

TOP GROSSING >

1.  Clash of Clans
Games
2. Game of War - Fire Age
Games
3. Spotify Music
Music
4. Candy Crush Saga
Games
5. Pandora - Free Music & Radio
Music
6. MADDEN NFL Mobile
Games
7. Mobile Strike
Games
8. TurboTax Tax Preparation - Com...
Finance
9. Candy Crush Soda Saga
Games
10. MARVEL Contest of Champions
Games

2017

TOP GROSSING >

1.  Game of War - Fire Age
Games
2. Mobile Strike
Games
3. Pokémon GO
Games
4. Candy Crush Saga
Games
5. Netflix
Entertainment
6. Clash Royale
Games
7. Clash of Clans
Games
8. Pandora - Free Music & Radio
Music
9. Candy Crush Soda Saga
Games
10. Tinder
Lifestyle

How to make money with a free app

In-app purchase

Consumables

Durables

Free to Play

Advertising

Incentivized video

Banners

Sponsorship (Sponsored Content)

Pay to remove ads

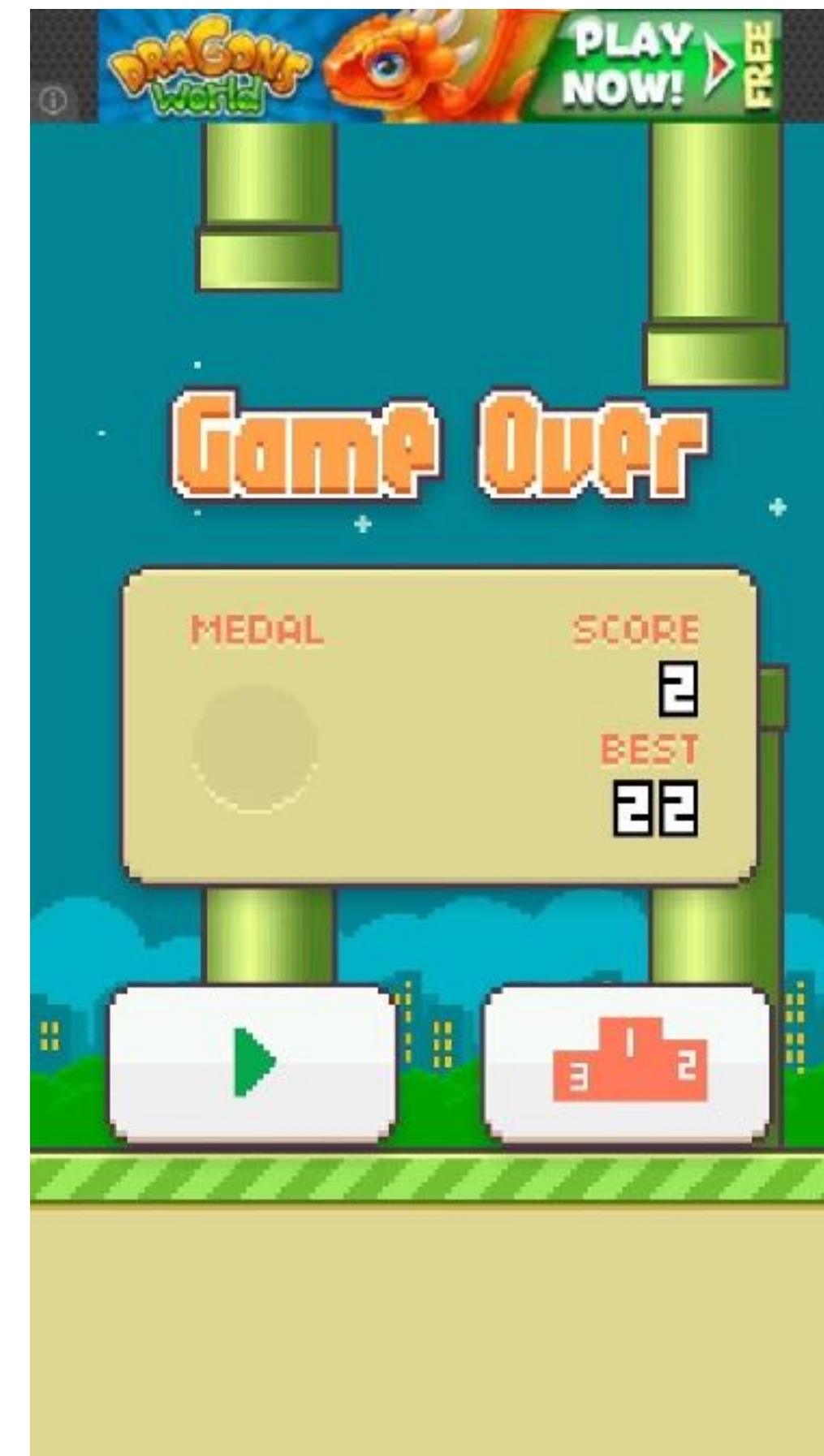
Selling Real World Goods (e/m-commerce)

Selling Real World Goods to Enable Content

Subscriptions

Commission off of service

Selling User Data



IAP v Ads

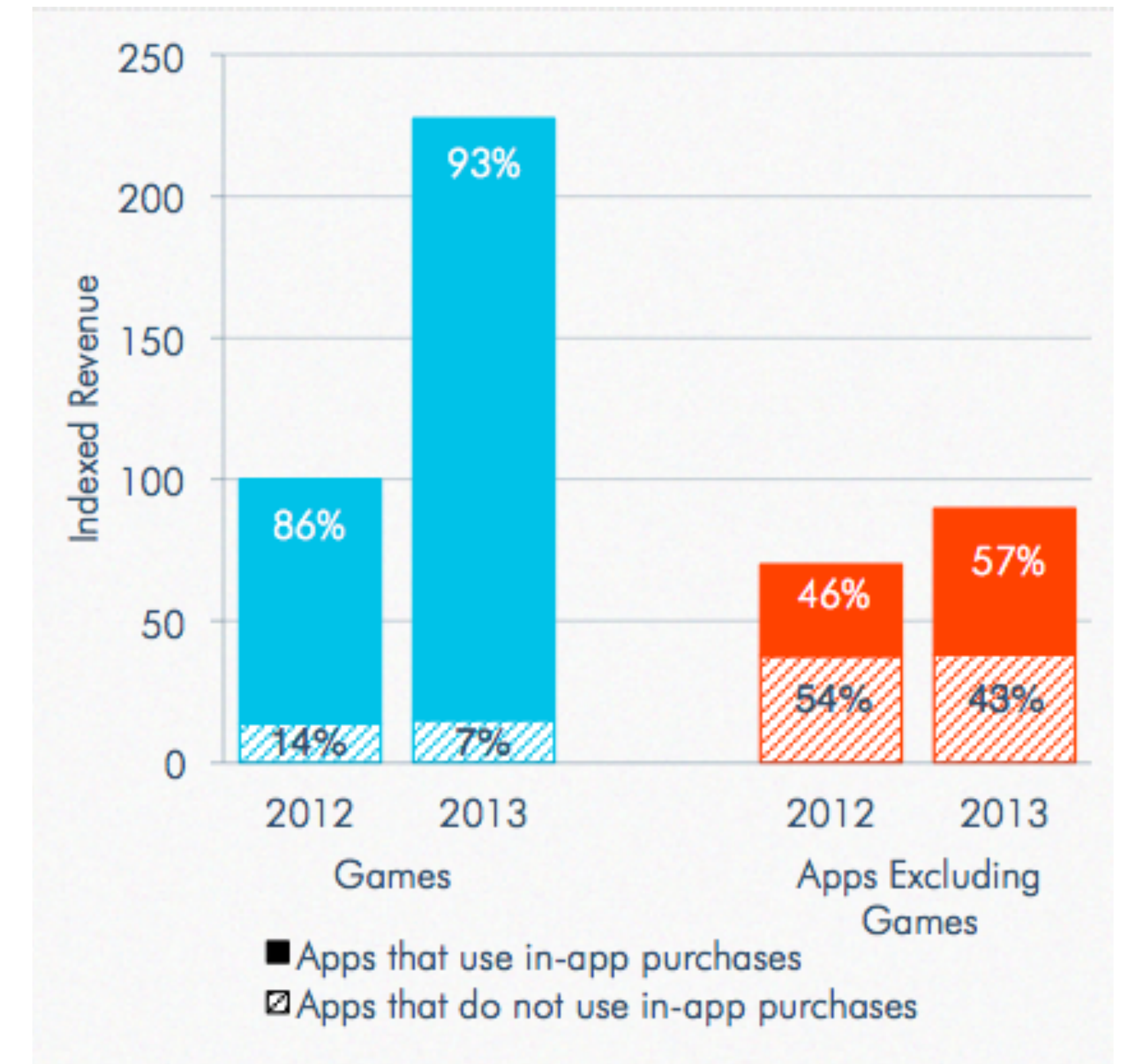
“Based on its daily download volume (as high as 2 million) and simple banner ad format, Flappy Bird has been estimated to make roughly \$50,000 a day. Just recently, a hacker revealed that Supercell is making more than **\$5 million a day** from its two mobile apps, Clash of Clans and Hay Day.”

– <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



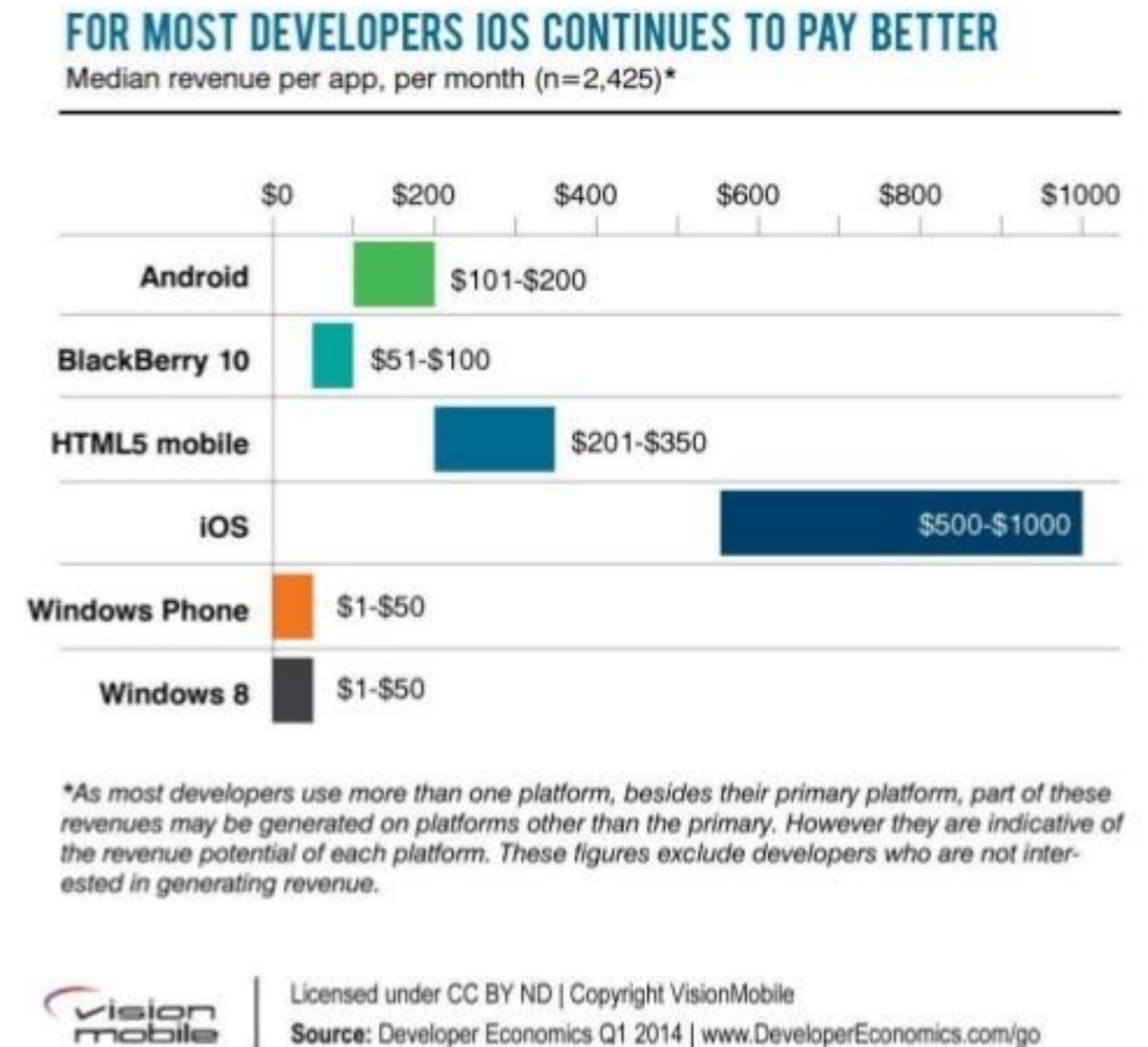
iOS v Android

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.

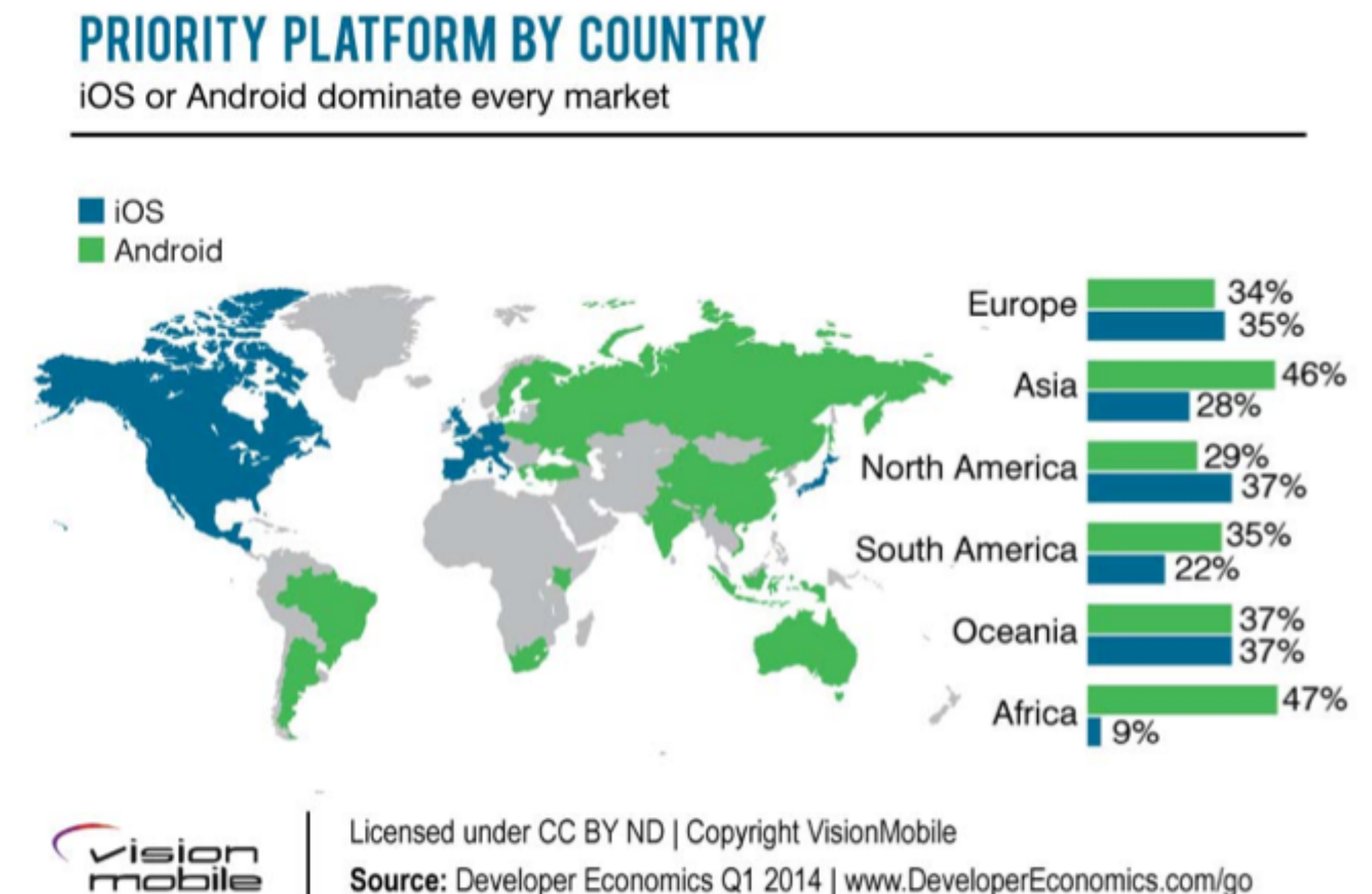
Piracy can happen on both, but incredibly easy on Android



iOS v Android

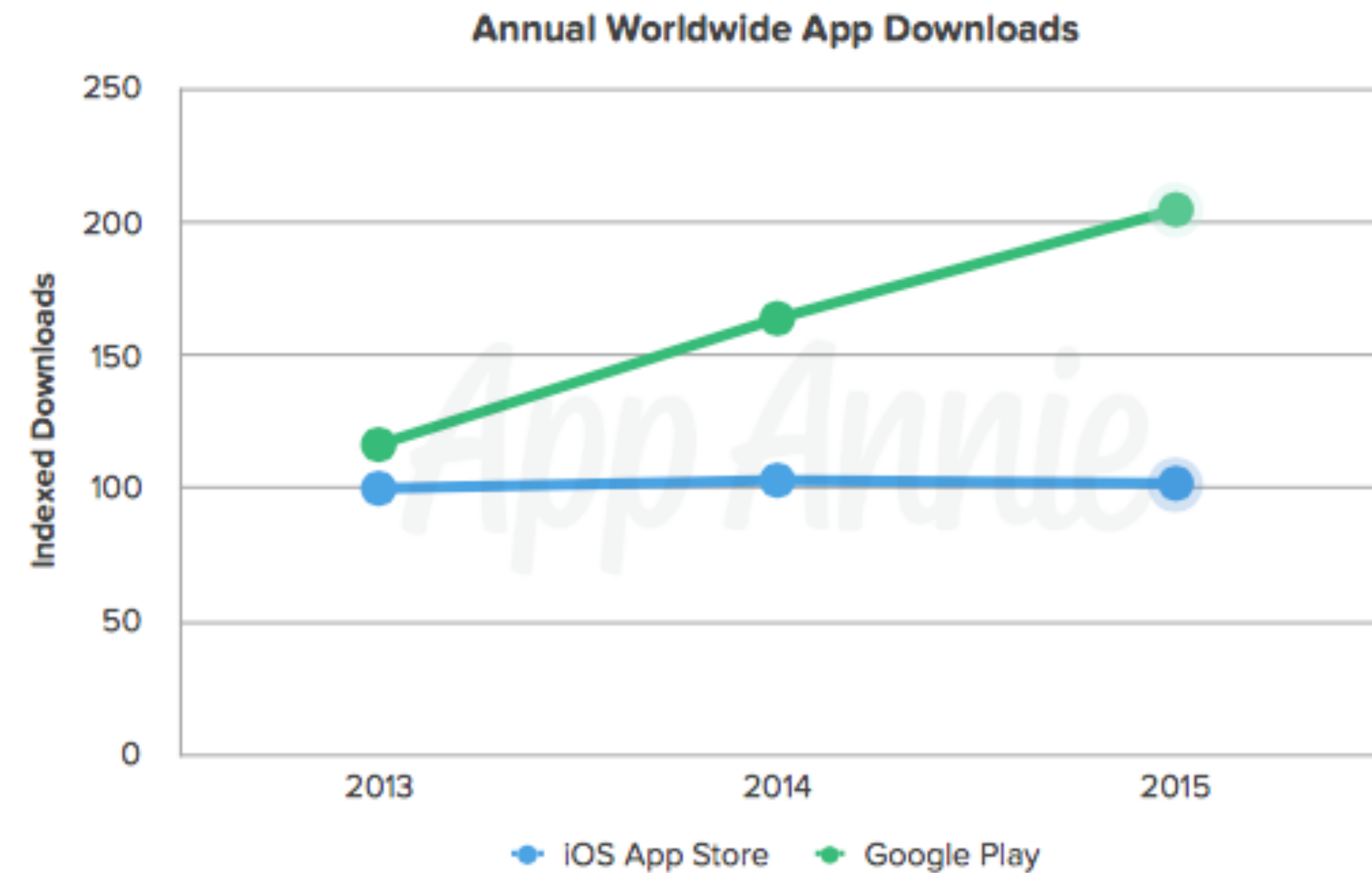
iOS is the preferred platform for developers in North America and Western Europe while Android wins in every other region.

The difference is especially pronounced in Asia, where 46% of mobile developers prioritize Android vs. 28% for iOS.



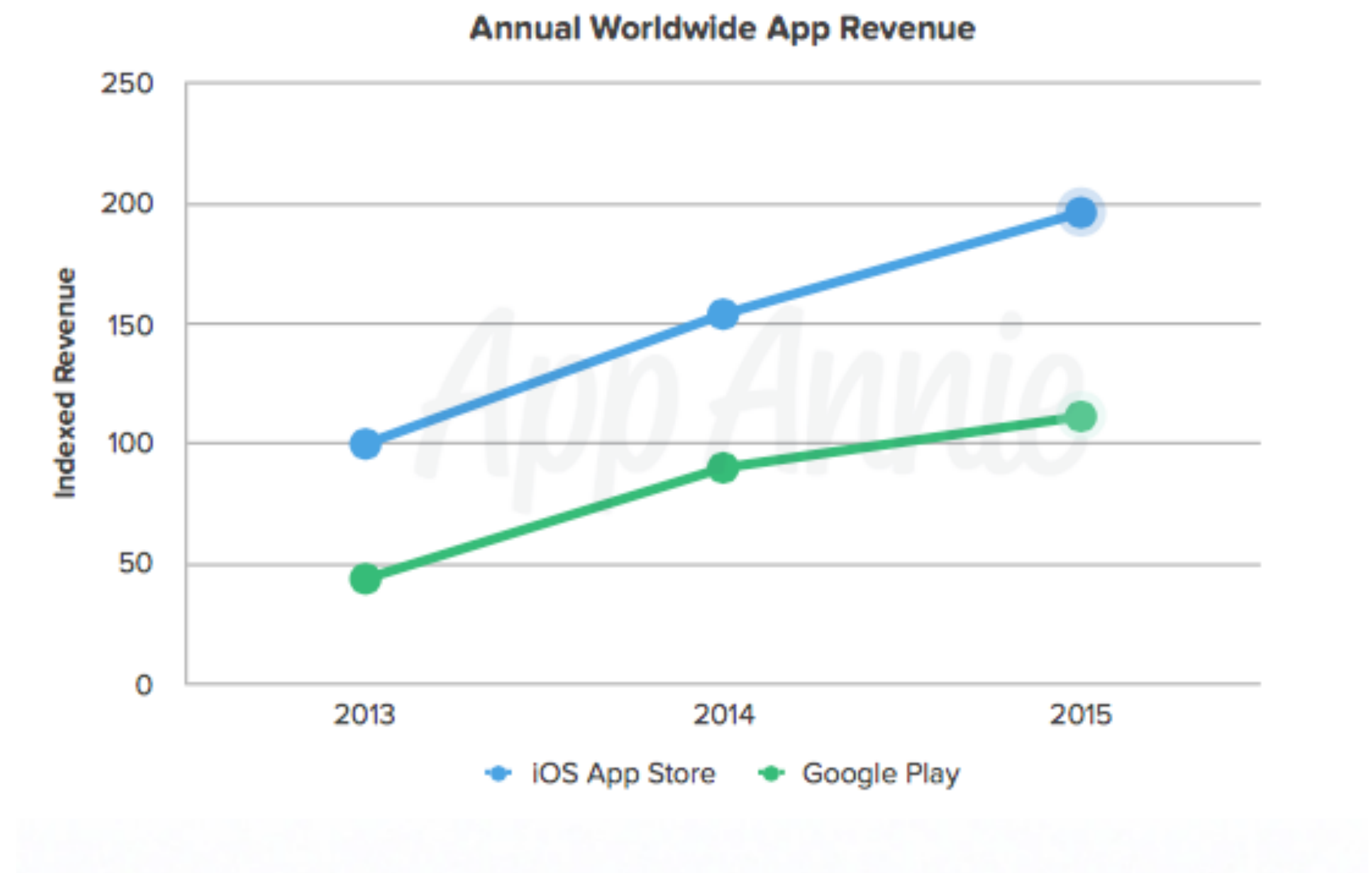
iOS v Android

According to App Annie, in 2015, Google Play downloads continue to outpace iOS in growth and total number

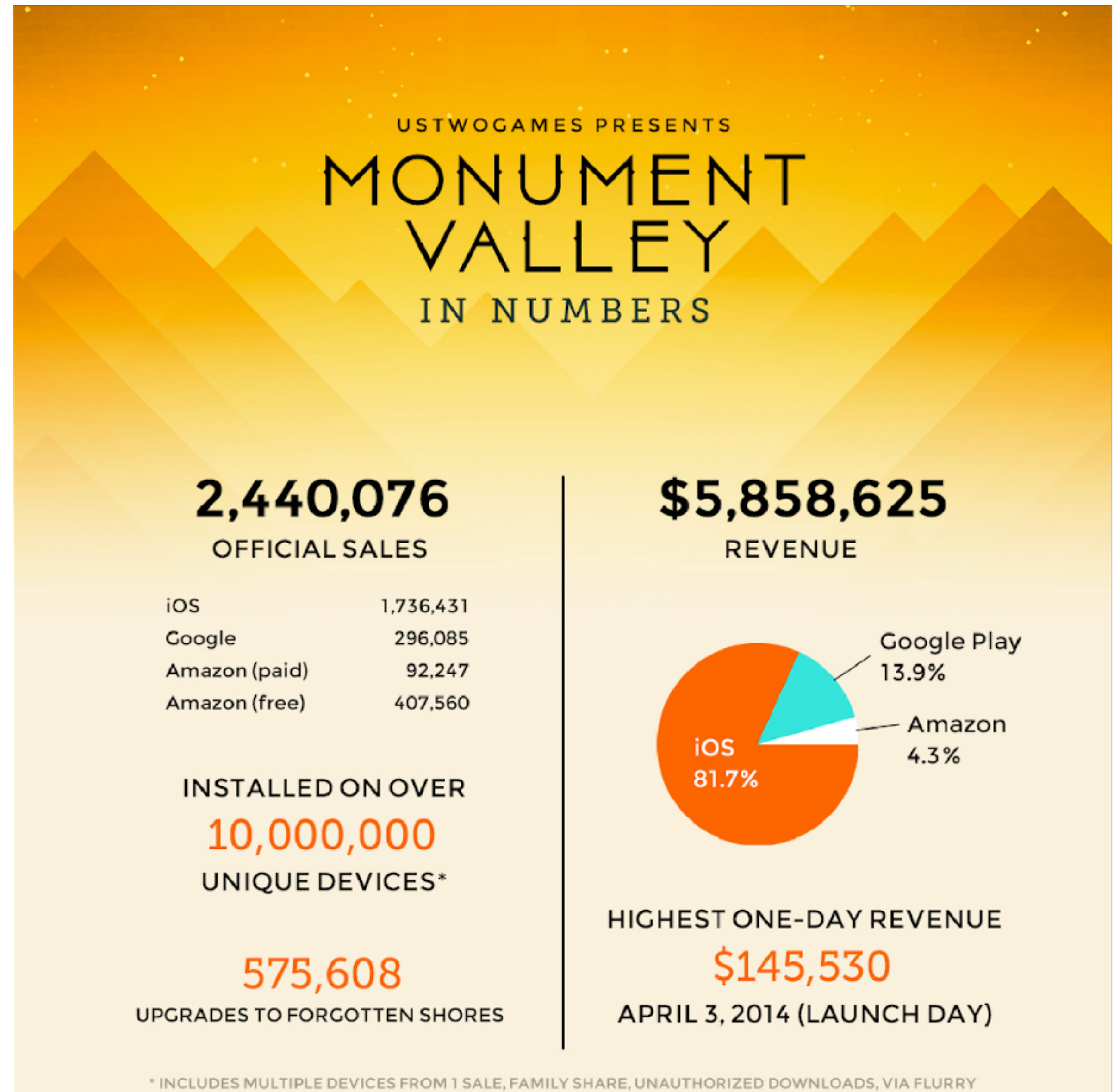


iOS v Android

However, iOS generated about **two times** the yearly app revenue of Google Play, and the margin between the two continues to grow.



iOS v Android



Where the revenue generation is

Less piracy

More proven monetizable market - more money for developers and advertisers

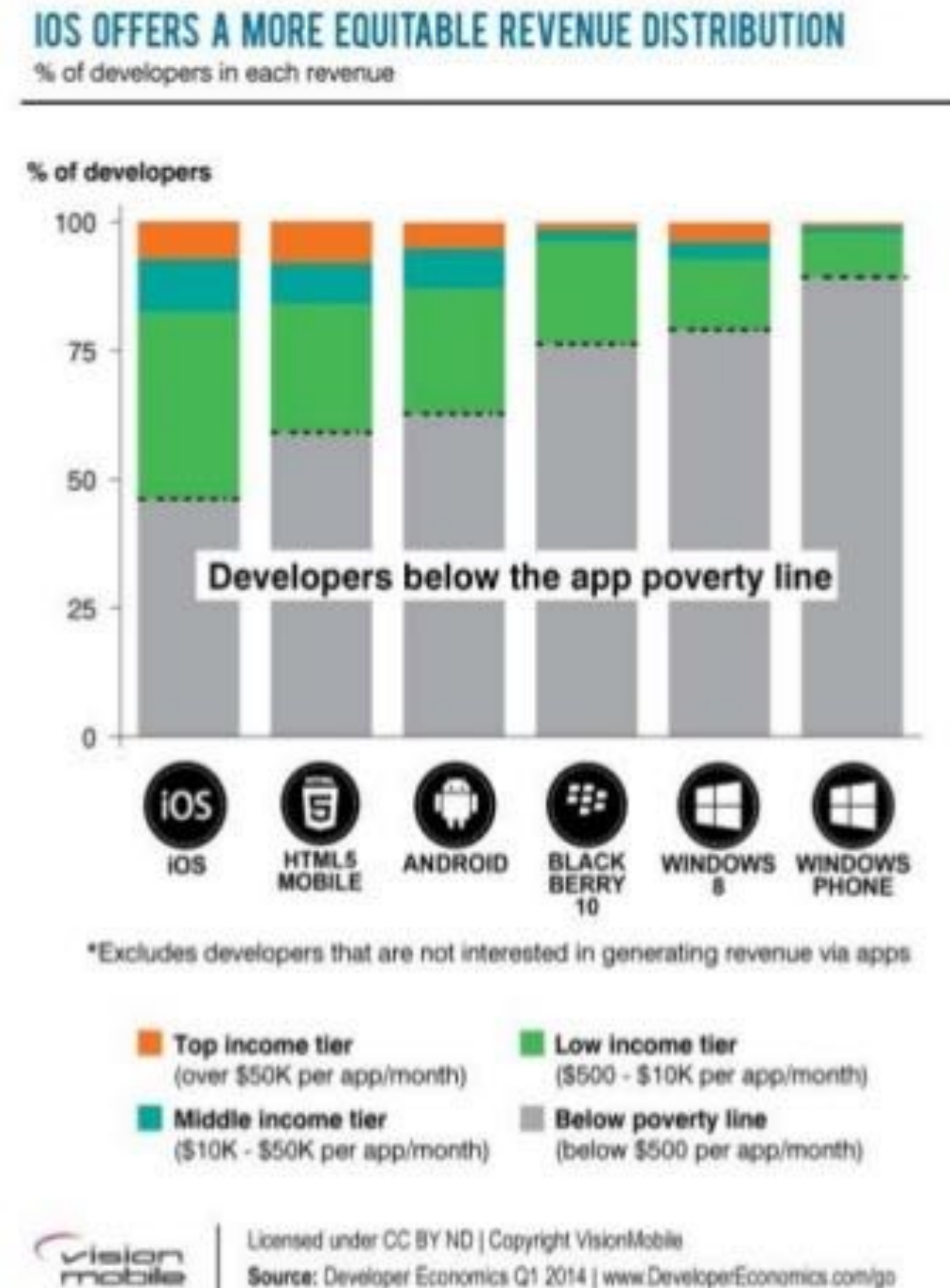
Other android app stores

Amazon Android App Store, Amazon Fire, Regional App Stores

App discoverability

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.

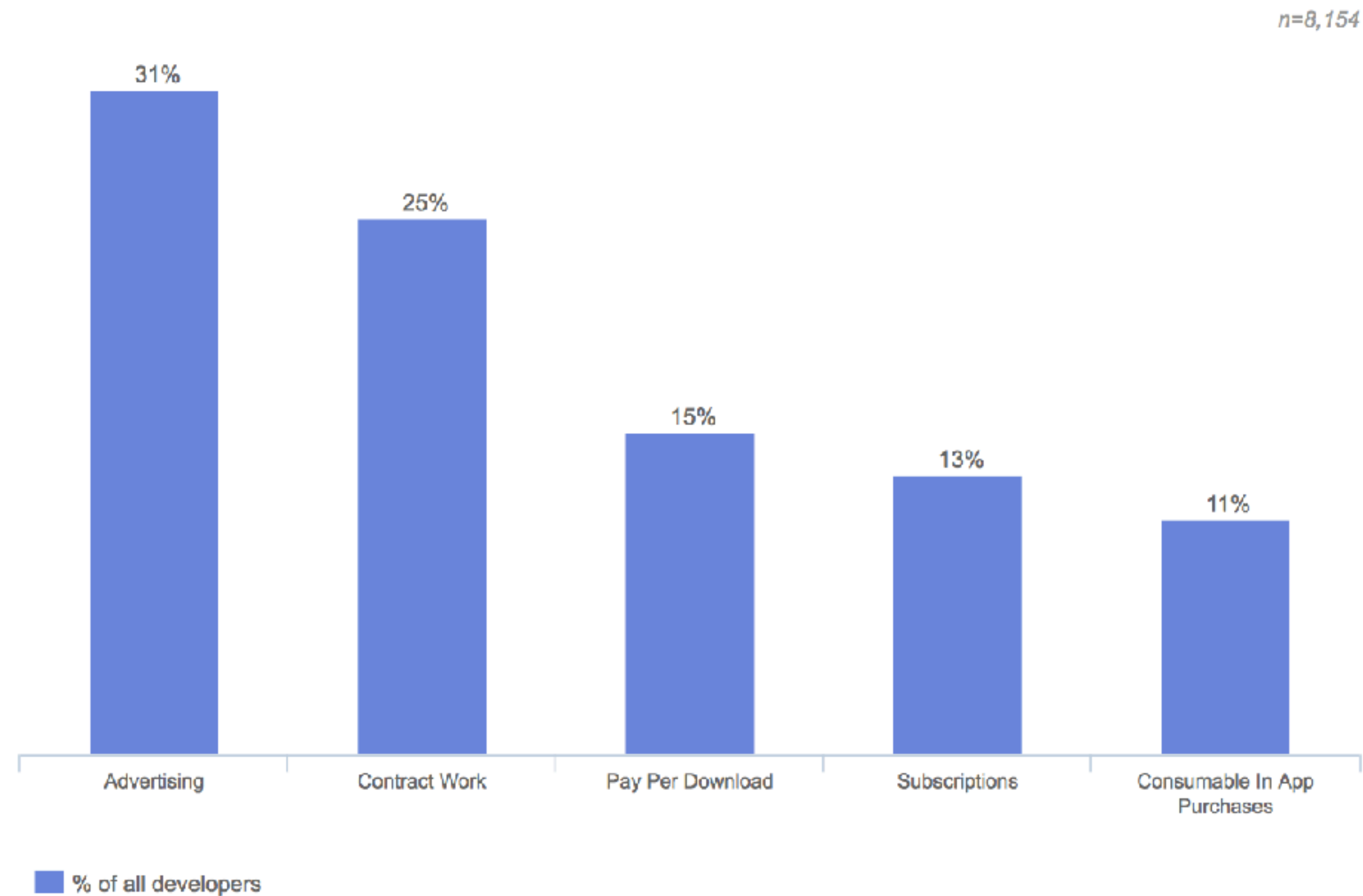
App marketing is a growing business (ASO, apple search ads, facebook/twitter ads for apps)



The cut

App stores will take a 30% of revenue

How do makers make money



SOURCE: VisionMobile

Sources

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