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?

How much do you pay for apps?

How many apps have you actually paid for?

How many in-app purchases have you made?

App Store

Minecraft Pocket is \$6.99

Average looks up

2016

TOP PAID APPS >



Face Swap Live -Switch faces with... Photo & Video

2. KIMOJI

Entertainment

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

THE GAME OF LIFE Classic Editi...
 Games

2017

TOP PAID APPS >



Minecraft: Pocket Edition Games

2. NBA 2K17

Games

3. Bloons TD 5

Games

4. Heads Up!

Games

5. Enlight

Photo & Video

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 >



Clash of Clans Games

- Game of War Fire Age Games
- Spotify Music Music
- Candy Crush Saga Games
- Pandora Free Music & Radio Music
- MADDEN NFL Mobile
 Games

7. Mobile Strike

Games

- 8. TurboTax Tax Preparation Com...
 Finance
- Candy Crush Soda Saga
 Games
- MARVEL Contest of Champions
 Games

2017

TOP GROSSING >

Game of War - Fire

Age

Games



Mobile Strike

Games

Pokémon GO Games

Game

- Candy Crush Saga Games
- Netflix Entertainment
- 6. Clash Royale Games
- 7. Clash of Clans Games
- 8. Pandora Free Music & Radio Music
- Candy Crush Soda Saga Games
- Tinder Lifestyle

Google Play

Top Paid in Android Apps



1. Minecraft: Pocket Mojang



2. SpongeBob Mov Nickelodeon

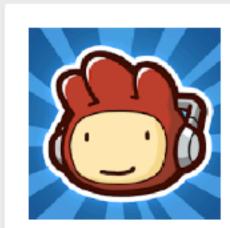


3. Geometry Dash RobTop Games

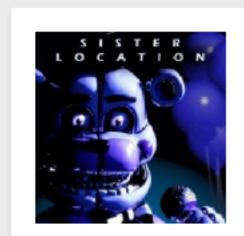




4. Bloons TD 5 ninja kiwi



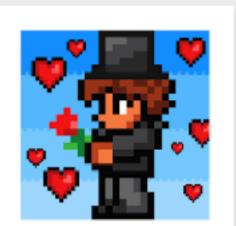
5. Scribblenauts Rer Warner Bros. Internatio



6. Five Nights at Fre Scott Cawthon



7. Ultimate Guitar Ultimate Guitar USA LLC



8. Terraria. 505 Games Srl

9. RollerCoaster Tyc Atari, Inc.

10. Blaze and the M Nickelodeon

\$3.99

Top Grossing Android Apps

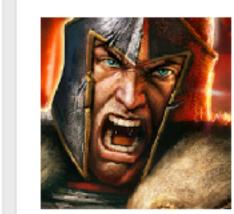


1. Pokémon GO Niantic, Inc.

FREE ****



2. Mobile Strike Epic War



3. Game of War - Fir Machine Zone, Inc.



4. Clash of Clans Supercell

FREE ****

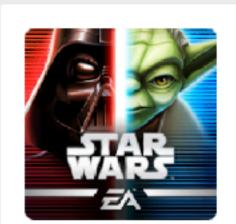


5. Candy Crush Sag King



6. Candy Crush Sod King

FREE ****



7. Star Wars™: Gala ELECTRONIC ARTS

**** FREE



8. Fire Emblem Her Nintendo Co., Ltd.

**** FREE



9. DRAGON BALL Z BANDAI NAMCO Entert



10. Clash Royale

FREE ****

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

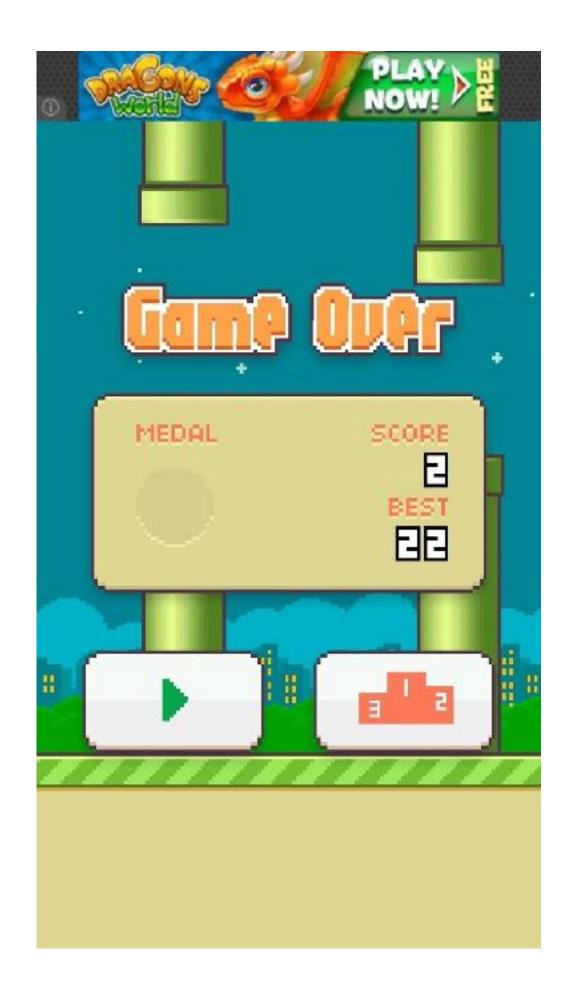
Selling Real World Goods (e/m-commerce)

Selling Real World Goods to Enable Content

Subscriptions

Commission off of service

Selling User Data





IAP v Ads

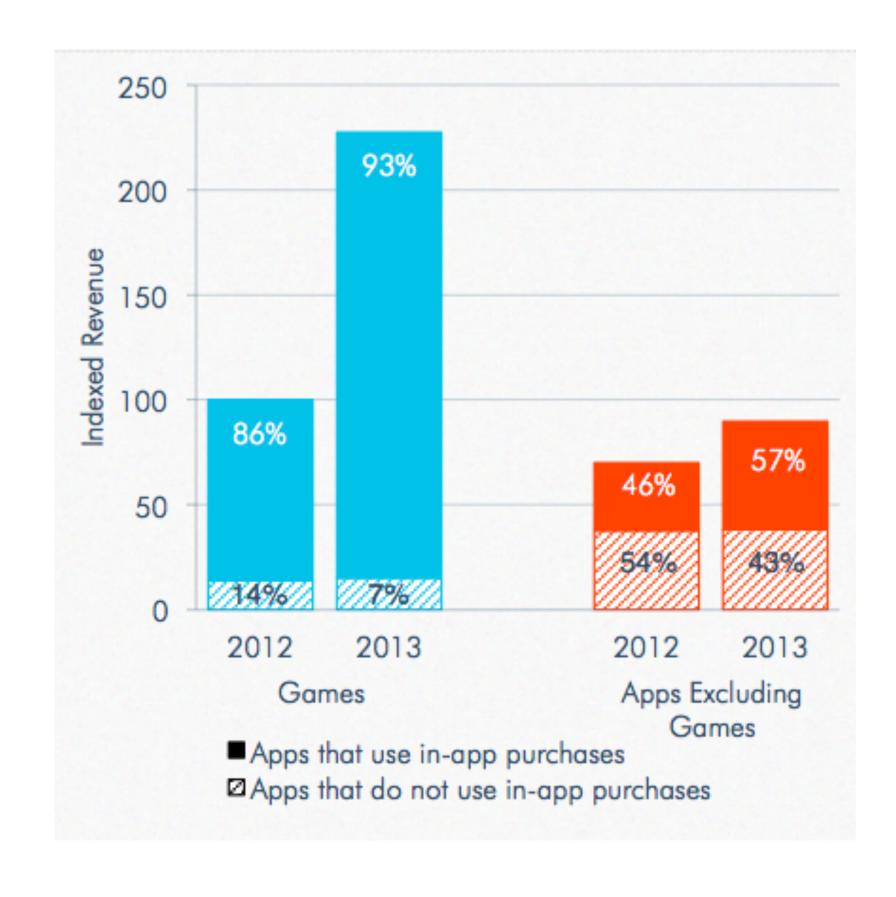
"Based on its daily download volume (as high as 2 million) and simple banner ad format, Flappy Bird has been estimated to make roughly \$50,000 a day. Just recently, a hacker revealed that Supercell is making more than **\$5 million a day** from its two mobile apps, Clash of Clans and Hay Day."

- 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



For every \$1 spent on Google Play, \$2.45 are spent on iOS*

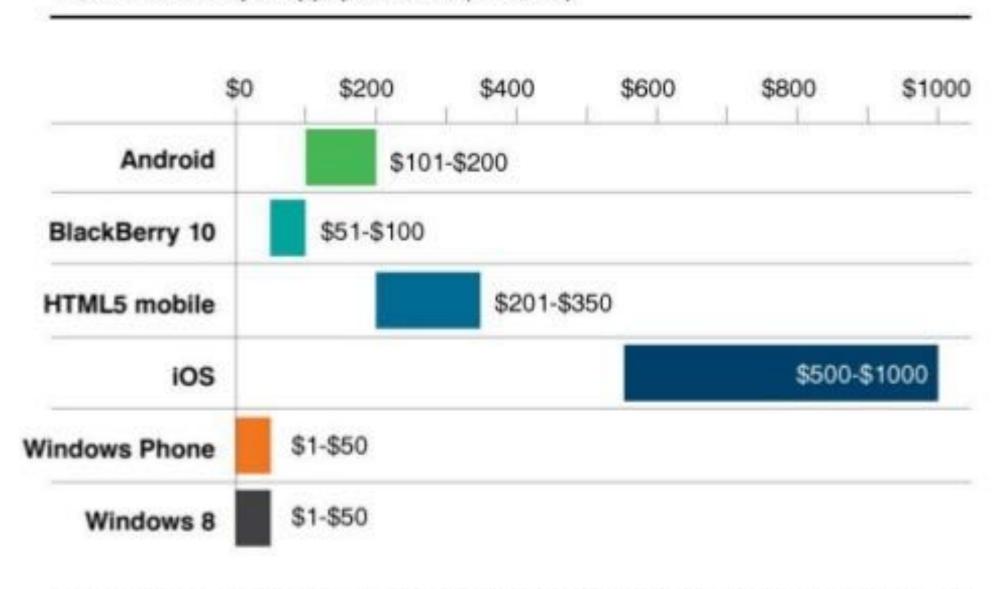
Google has a larger installed base than Apple, but isn't as lucrative

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

FOR MOST DEVELOPERS IOS CONTINUES TO PAY BETTER

Median revenue per app, per month (n=2,425)*



^{*}As most developers use more than one platform, besides their primary platform, part of these revenues may be generated on platforms other than the primary. However they are indicative of the revenue potential of each platform. These figures exclude developers who are not interested in generating revenue.

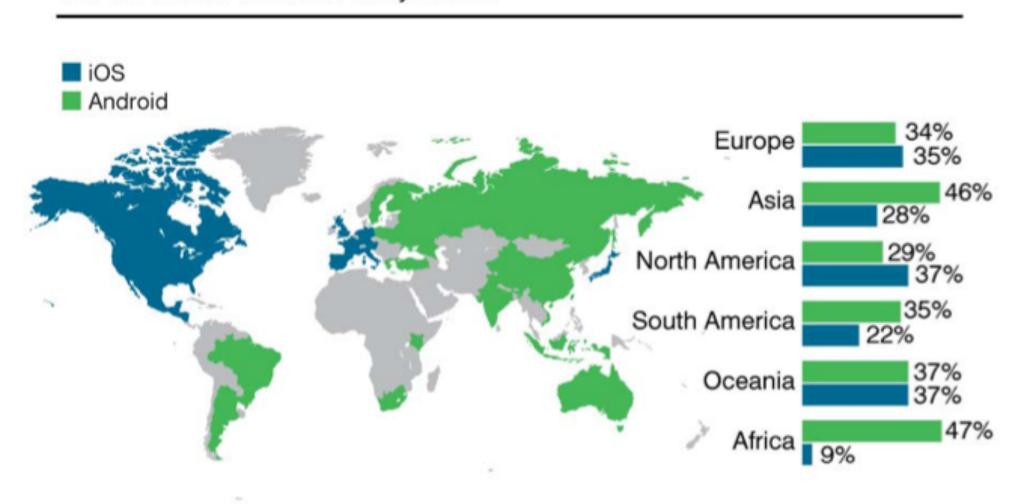


iOS is the preferred platform for developers in North America and Western Europe while Android wins in every other region.

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

PRIORITY PLATFORM BY COUNTRY

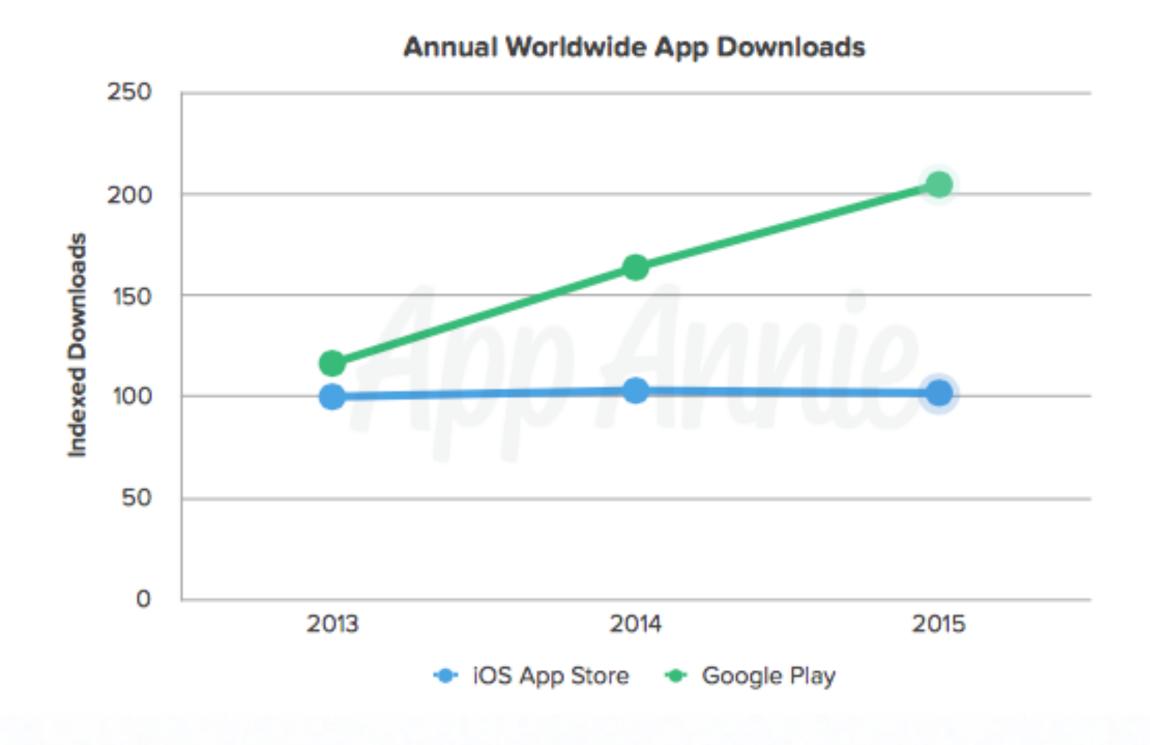
iOS or Android dominate every market



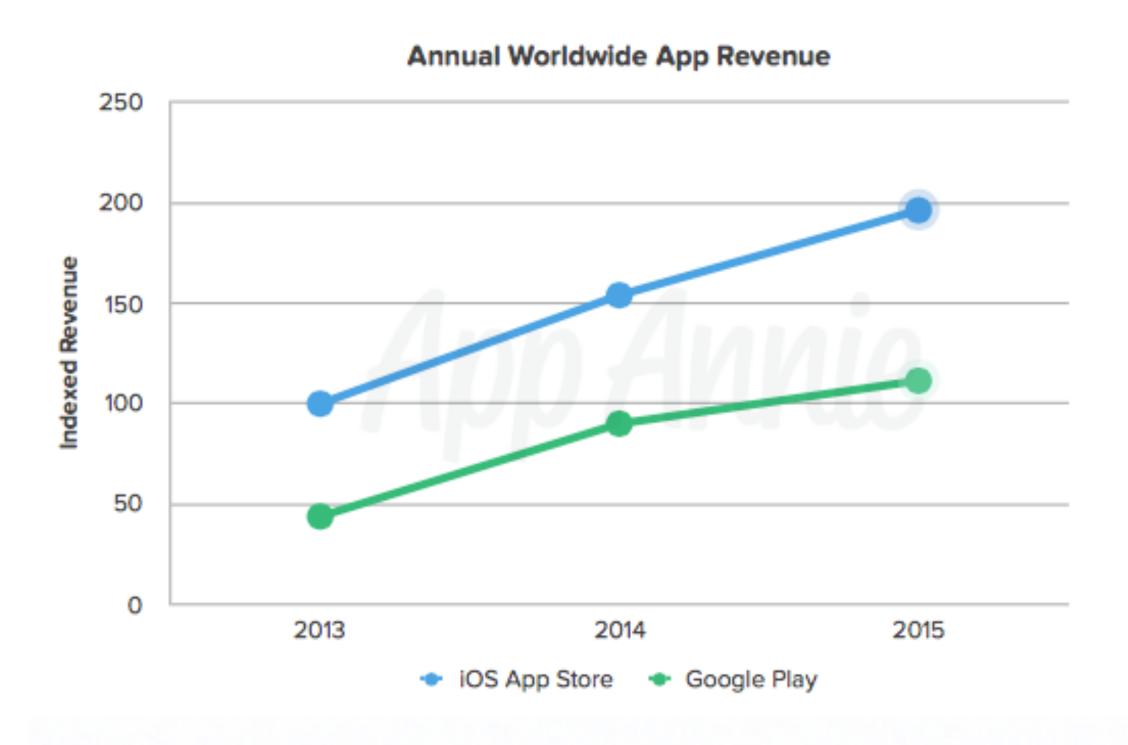
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Source: Developer Economics Q1 2014 | www.DeveloperEconomics.com/go

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



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



USTWOGAMES PRESENTS

MONUMENT

IN NUMBERS

2,440,076

OFFICIAL SALES

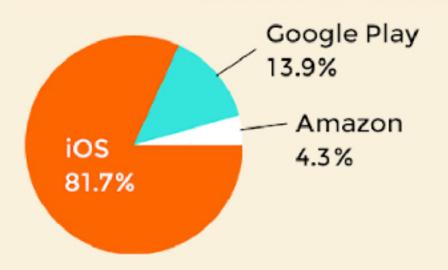
ios	1,736,431
Google	296,085
Amazon (paid)	92,247
Amazon (free)	407,560

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

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

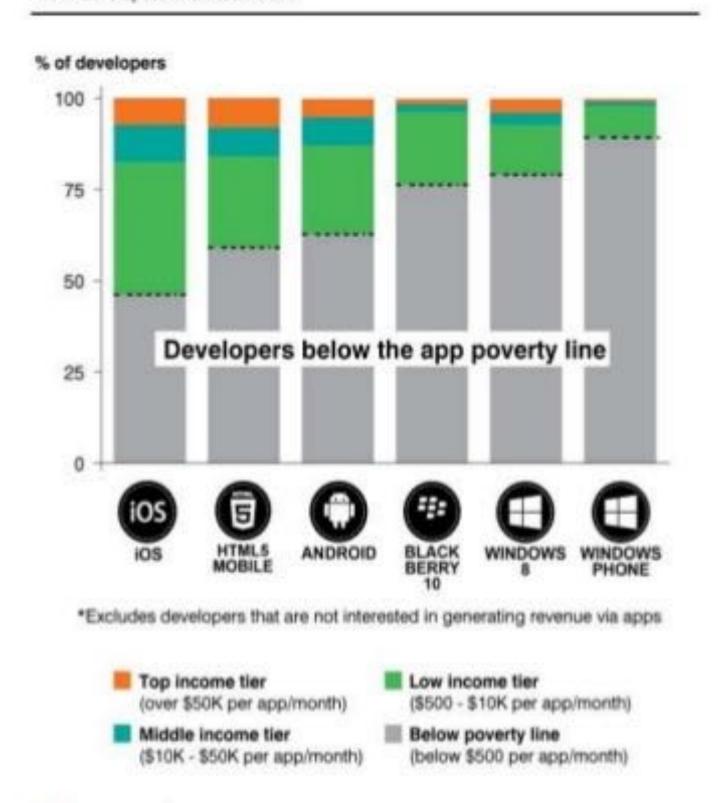
App discoverability

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)

IOS OFFERS A MORE EQUITABLE REVENUE DISTRIBUTION

% of developers in each revenue





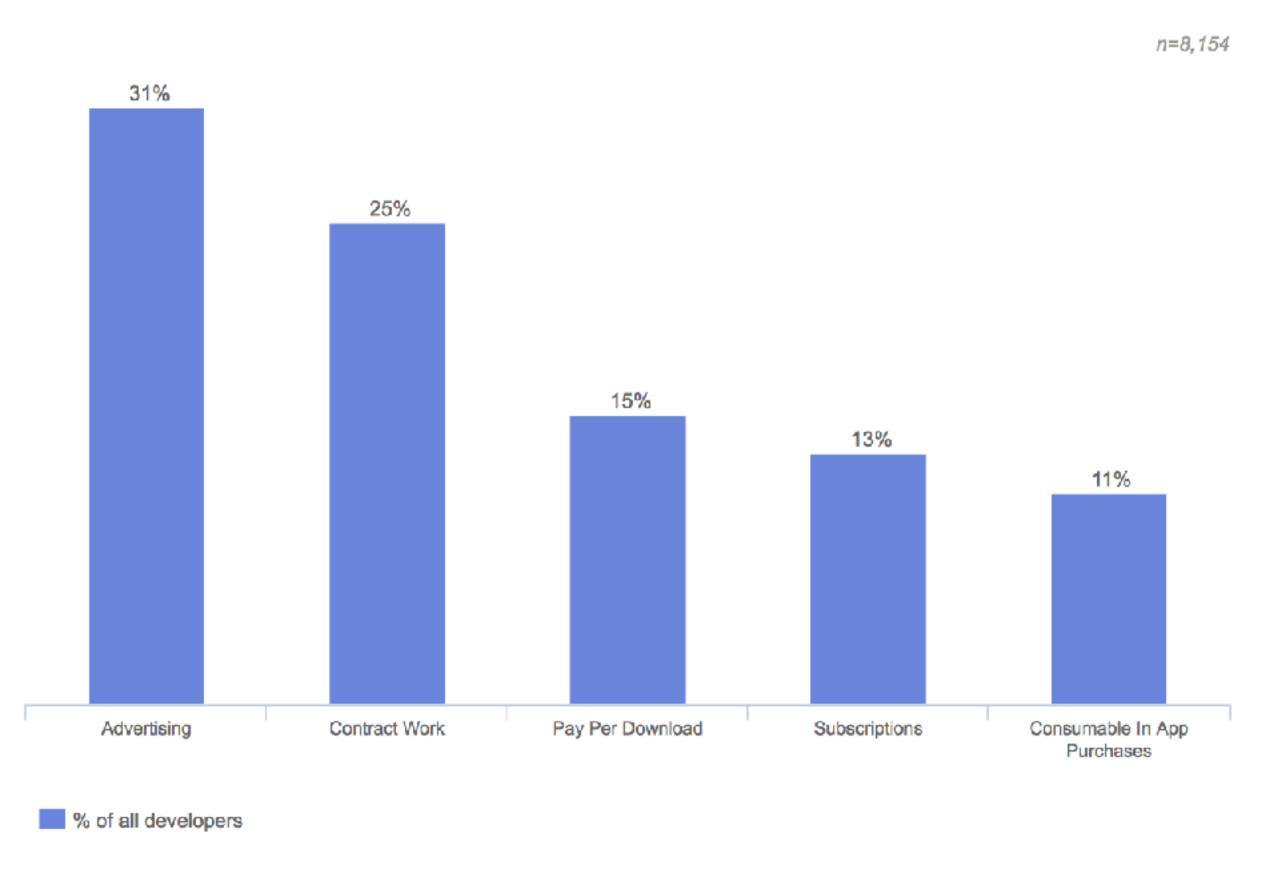
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Source: Developer Economics Q1 2014 | www.DeveloperEconomics.com/go

The cut

App stores will take a 30% of revenue

How do makers make money



Sources

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