

App Economics

Parsons MFADT Spring 2018

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 many subscriptions do you have?

App Store

2016

TOP PAID APPS >

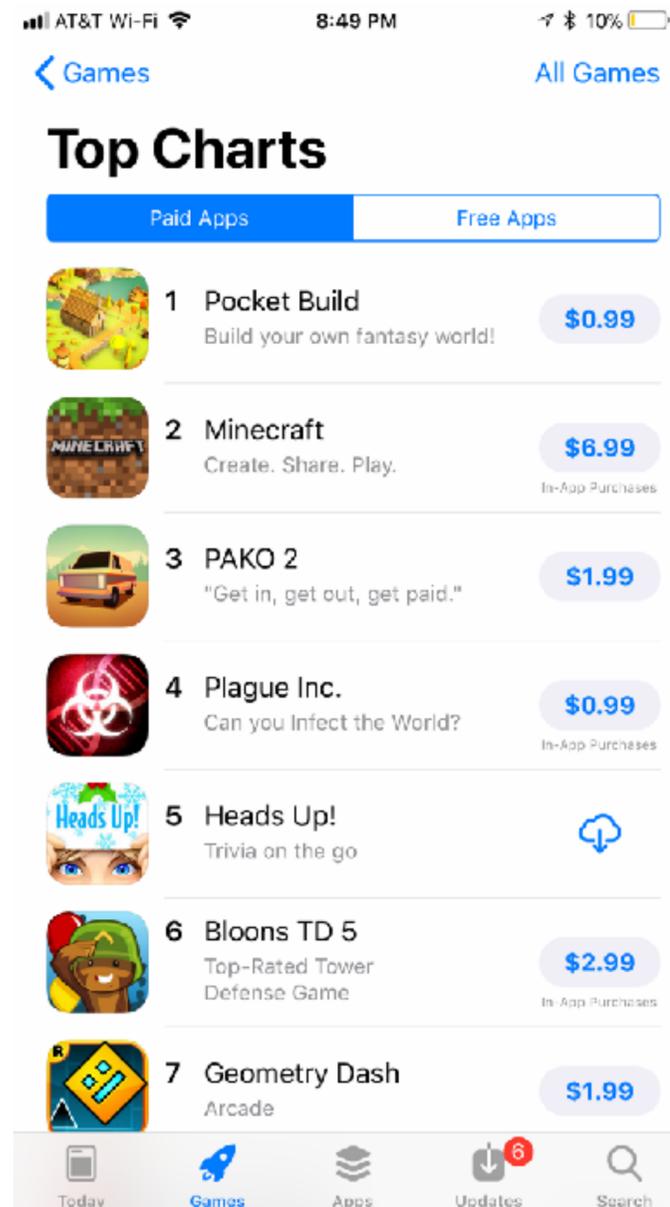
-  **Face Swap Live - Switch faces with...**
Photo & Video
- KIMOJI**
Entertainment
- Minecraft: Pocket Edition**
Games
- Heads Up!**
Games
- Facetune**
Photo & Video
- Geometry Dash**
Games
- Bloons TD 5**
Games
- Akinator the Genie**
Entertainment
- Themeable**
Utilities
- THE GAME OF LIFE Classic Editi...**
Games

2017

TOP PAID APPS >

-  **Minecraft: Pocket Edition**
Games
- NBA 2K17**
Games
- Bloons TD 5**
Games
- Heads Up!**
Games
- Enlight**
Photo & Video
- Geometry Dash**
Games
- Plague Inc.**
Games
- Hidden Folks**
Games
- HotSchedules**
Business
- MONOPOLY Game**
Games

2018



AT&T Wi-Fi 8:49 PM 10%

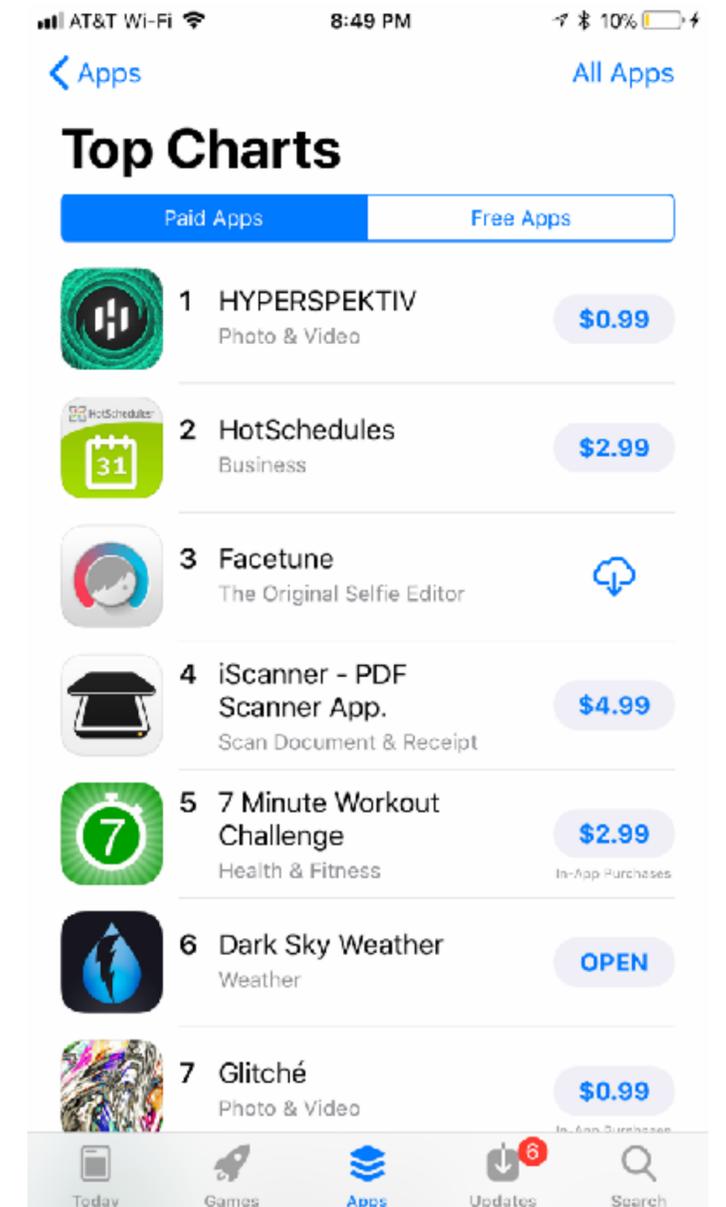
< Games All Games

Top Charts

Paid Apps Free Apps

-  **Pocket Build**
Build your own fantasy world! **\$0.99**
-  **Minecraft**
Create. Share. Play. **\$6.99**
In-App Purchases
-  **PAKO 2**
"Get in, get out, get paid." **\$1.99**
-  **Plague Inc.**
Can you Infect the World? **\$0.99**
In-App Purchases
-  **Heads Up!**
Trivia on the go
-  **Bloons TD 5**
Top-Rated Tower Defense Game **\$2.99**
In-App Purchases
-  **Geometry Dash**
Arcade **\$1.99**

Today Games Apps Updates 6 Search



AT&T Wi-Fi 8:49 PM 10%

< Apps All Apps

Top Charts

Paid Apps Free Apps

-  **HYPER SPEKTIV**
Photo & Video **\$0.99**
-  **HotSchedules**
Business **\$2.99**
-  **Facetune**
The Original Selfie Editor
-  **iScanner - PDF Scanner App.**
Scan Document & Receipt **\$4.99**
-  **7 Minute Workout Challenge**
Health & Fitness **\$2.99**
In-App Purchases
-  **Dark Sky Weather**
Weather **OPEN**
-  **Glitché**
Photo & Video **\$0.99**
In-App Purchases

Today Games Apps Updates 6 Search

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

Google Play

Top Paid in Android Apps [See more](#)

 <p>1. Minecraft Mojang</p> <p>★★★★★ \$6.99</p>	 <p>2. The Game of Life Marmalade Game Stud</p> <p>★★★★★ \$2.99</p>	 <p>3. Geometry Dash RobTop Games</p> <p>★★★★★ \$1.99</p>	 <p>4. Flamingo for Twitter Sam Ruston</p> <p>★★★★★ \$1.99</p>	 <p>5. Ultimate Guitar Te Ultimate Guitar USA LL</p> <p>★★★★★ \$2.99</p>	 <p>6. HotSchedules HotSchedules</p> <p>★★★★★ \$2.99</p>
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Top Grossing Android Apps [See more](#)

 <p>1. Candy Crush Saga King</p> <p>★★★★★ FREE</p>	 <p>2. Candy Crush Soda King</p> <p>★★★★★ FREE</p>	 <p>3. Pandora Music Pandora</p> <p>★★★★★ FREE</p>	 <p>4. Final Fantasy XV Epic Action LLC</p> <p>★★★★★ FREE</p>	 <p>5. Tinder Tinder</p> <p>★★★★★ FREE</p>	 <p>6. Google Drive Google LLC</p> <p>★★★★★ </p>
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How to make money with a free app

In-app purchase

Consumables

Durables

Free to Play

Subscriptions

Advertising

Incentivized video

Banners

Sponsorship (Sponsored Content)

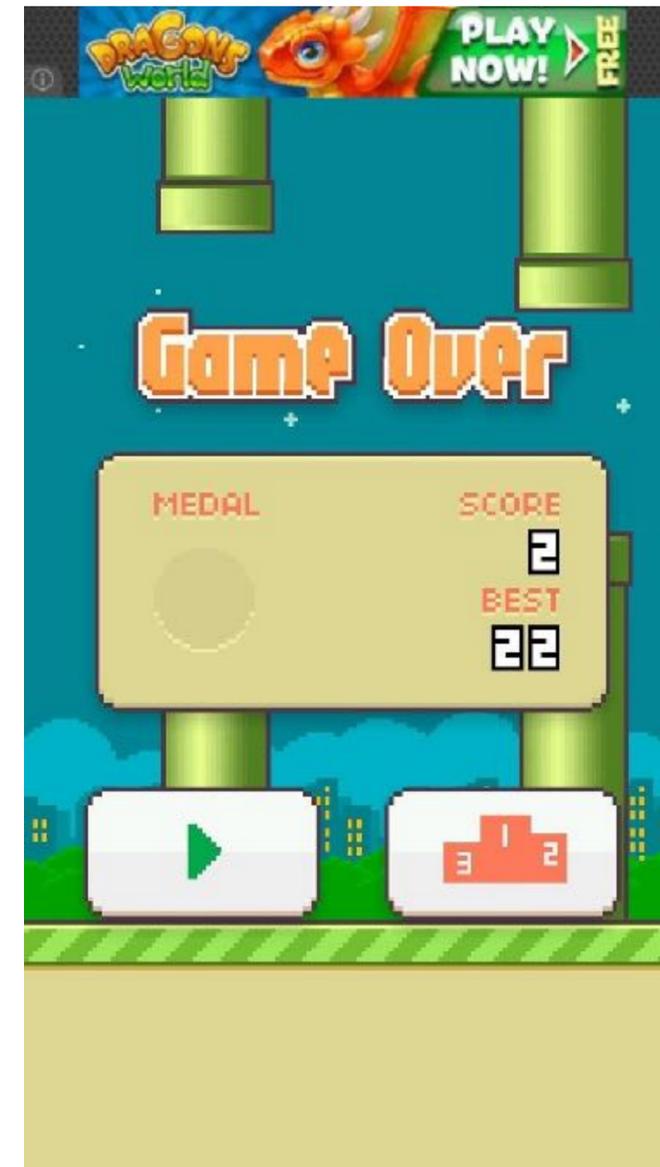
Pay to remove ads

Selling Real World Goods (e/m-commerce)

Selling Real World Goods to Enable Content

Commission off of service

Selling User Data



IAP v Ads

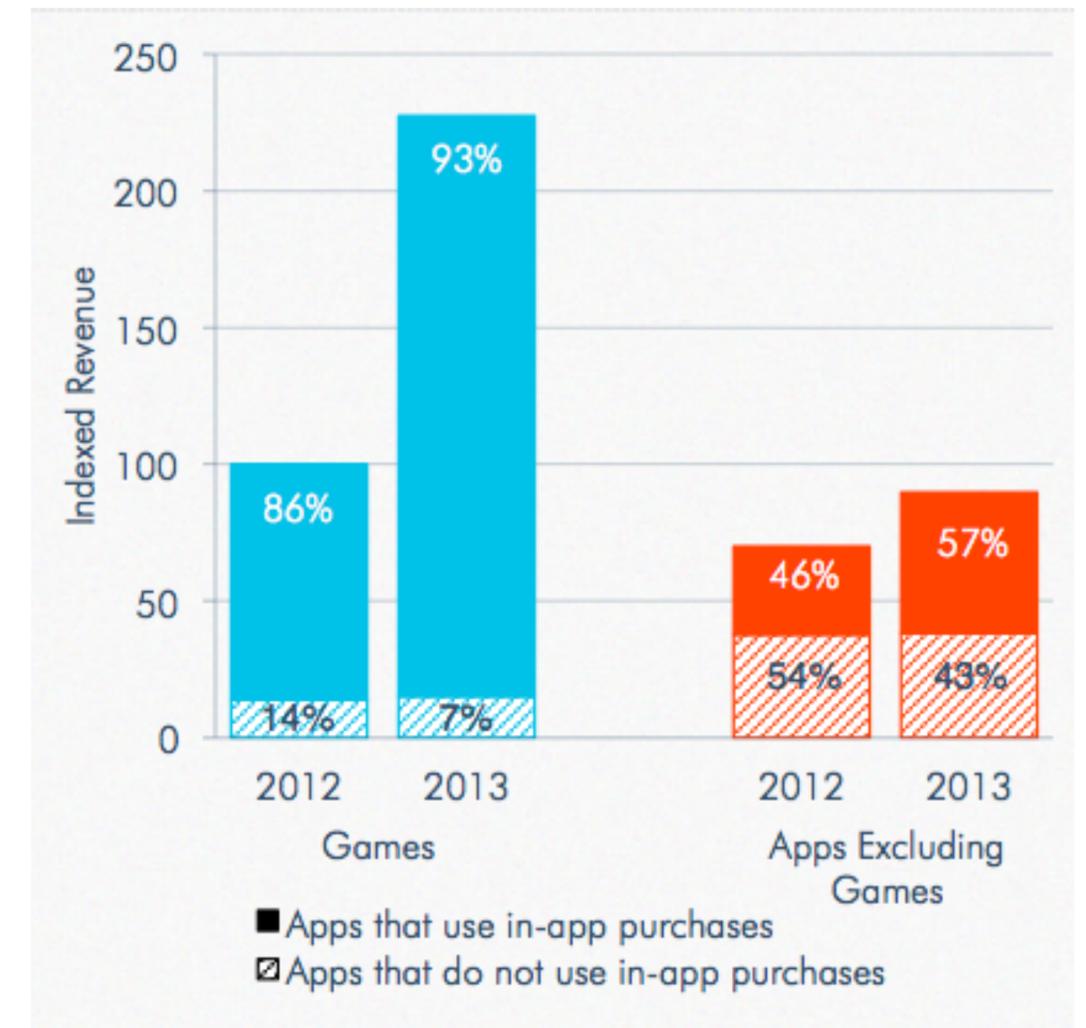
“Based on its daily download volume (as high as 2 million) and simple banner ad format, Flappy Bird has been estimated to make roughly \$50,000 a day. Just recently, a hacker revealed that Supercell is making more than **\$5 million a day** from its two mobile apps, Clash of Clans and Hay Day.”

– <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



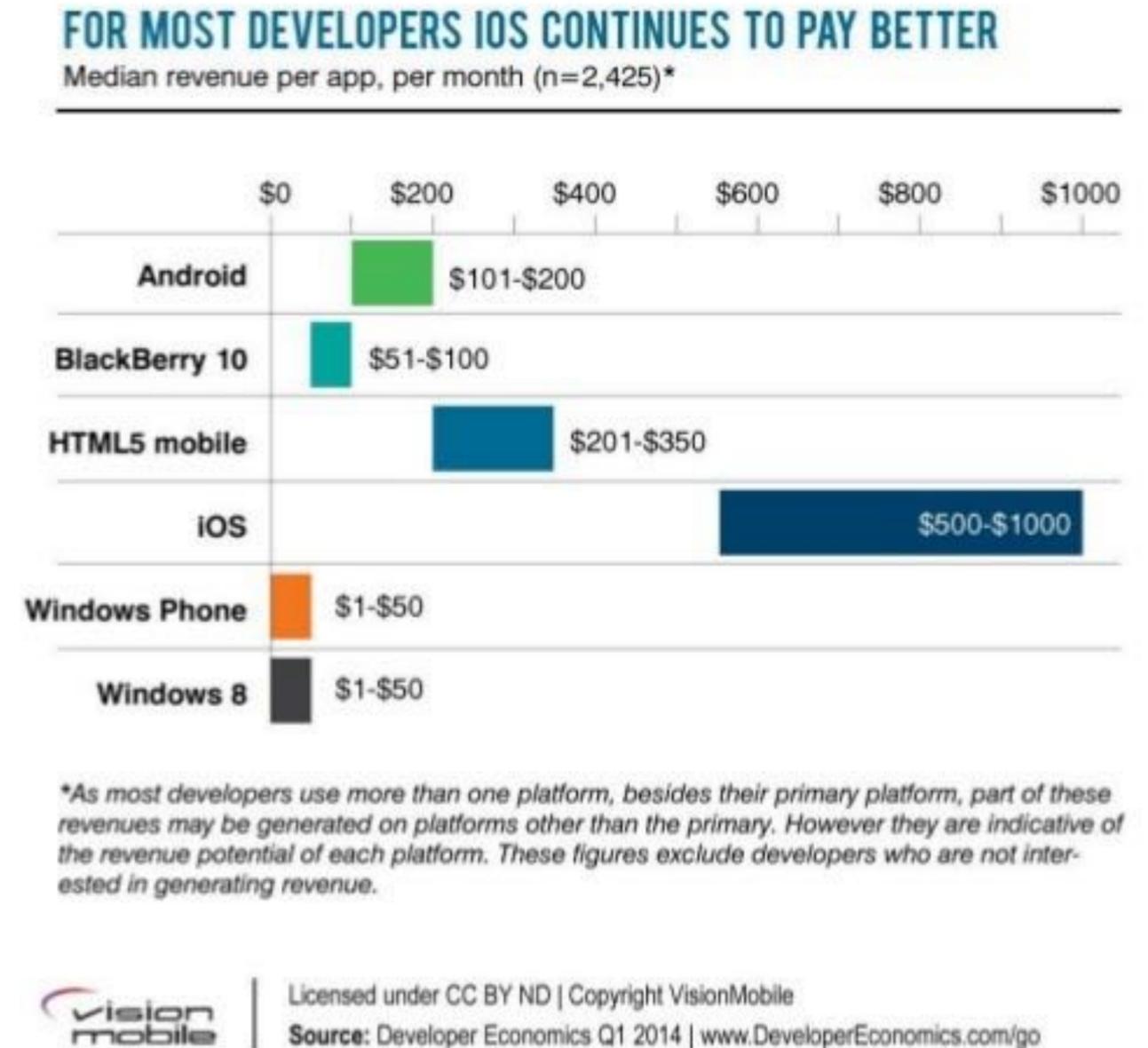
iOS v Android

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.

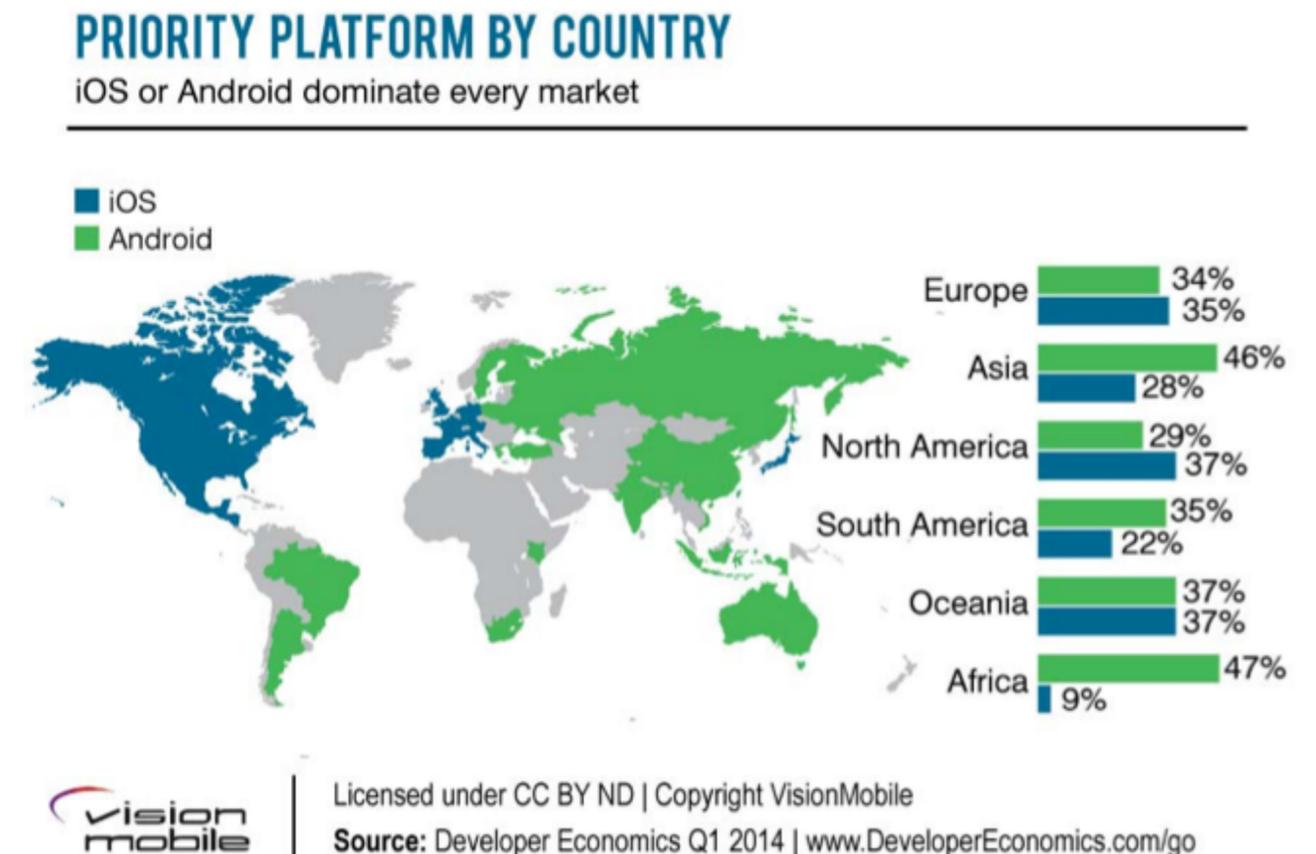
Piracy can happen on both, but incredibly easy on Android



iOS v Android

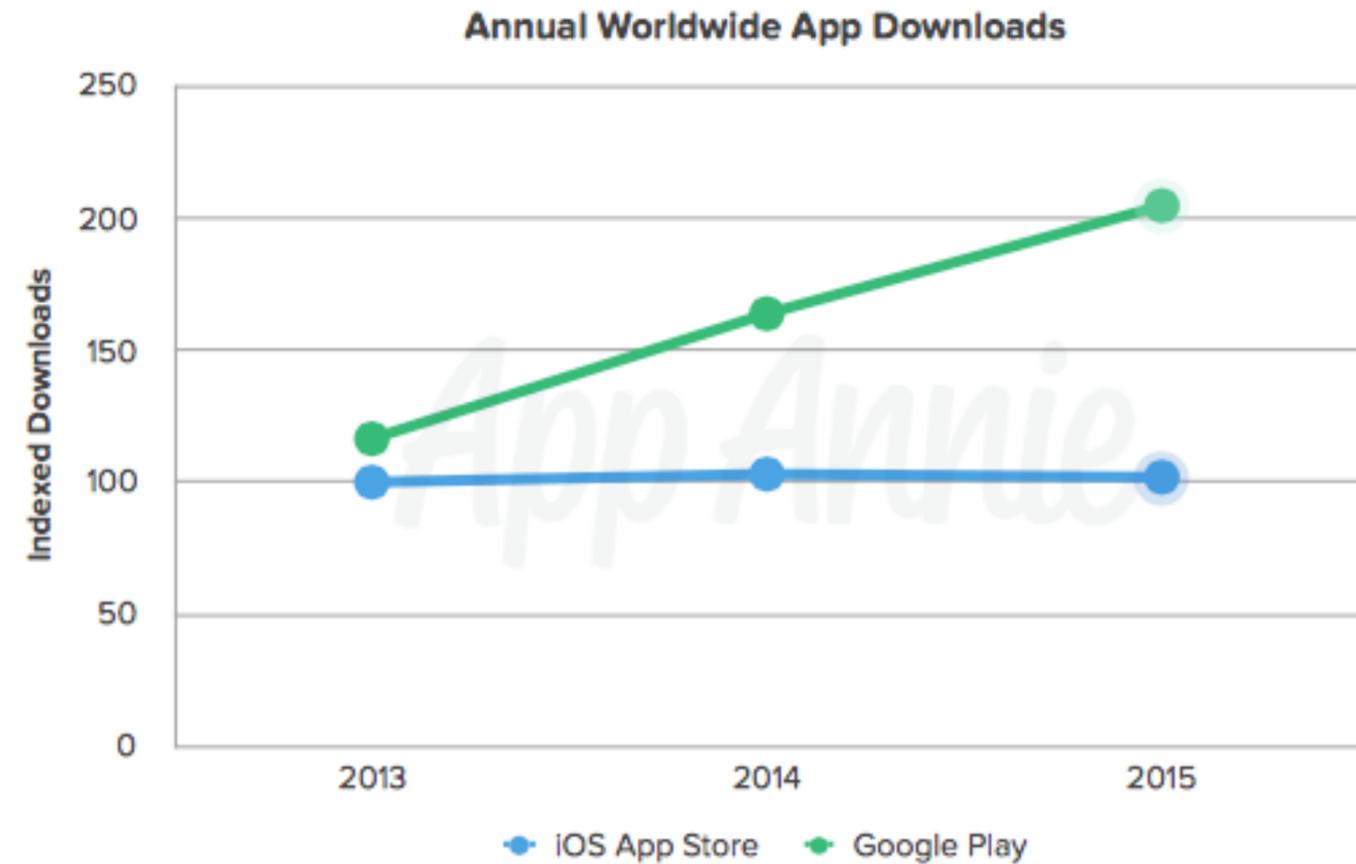
iOS is the preferred platform for developers in North America and Western Europe while Android wins in every other region.

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



iOS v Android

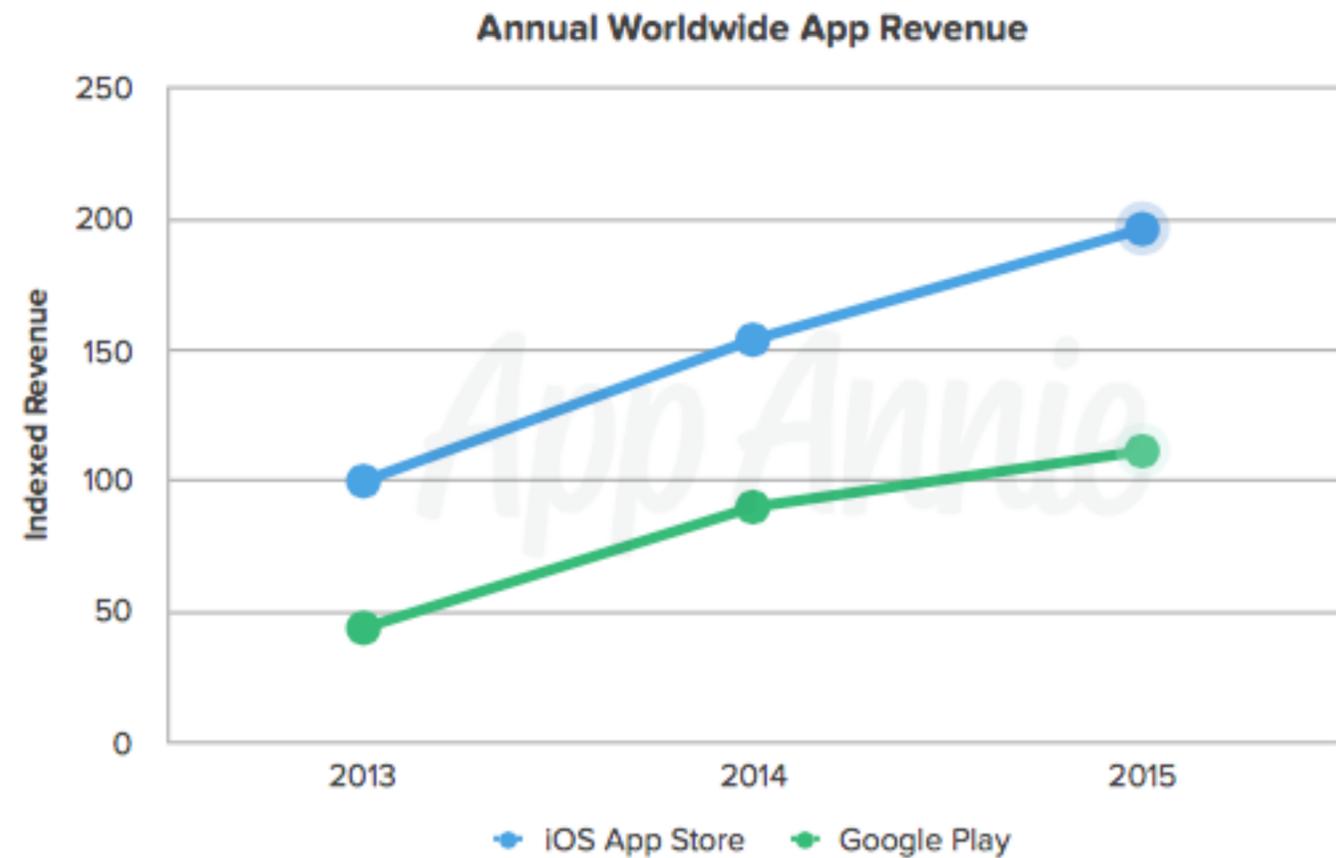
According to App Annie, in 2015, Google Play downloads continue to outpace iOS in growth and total number



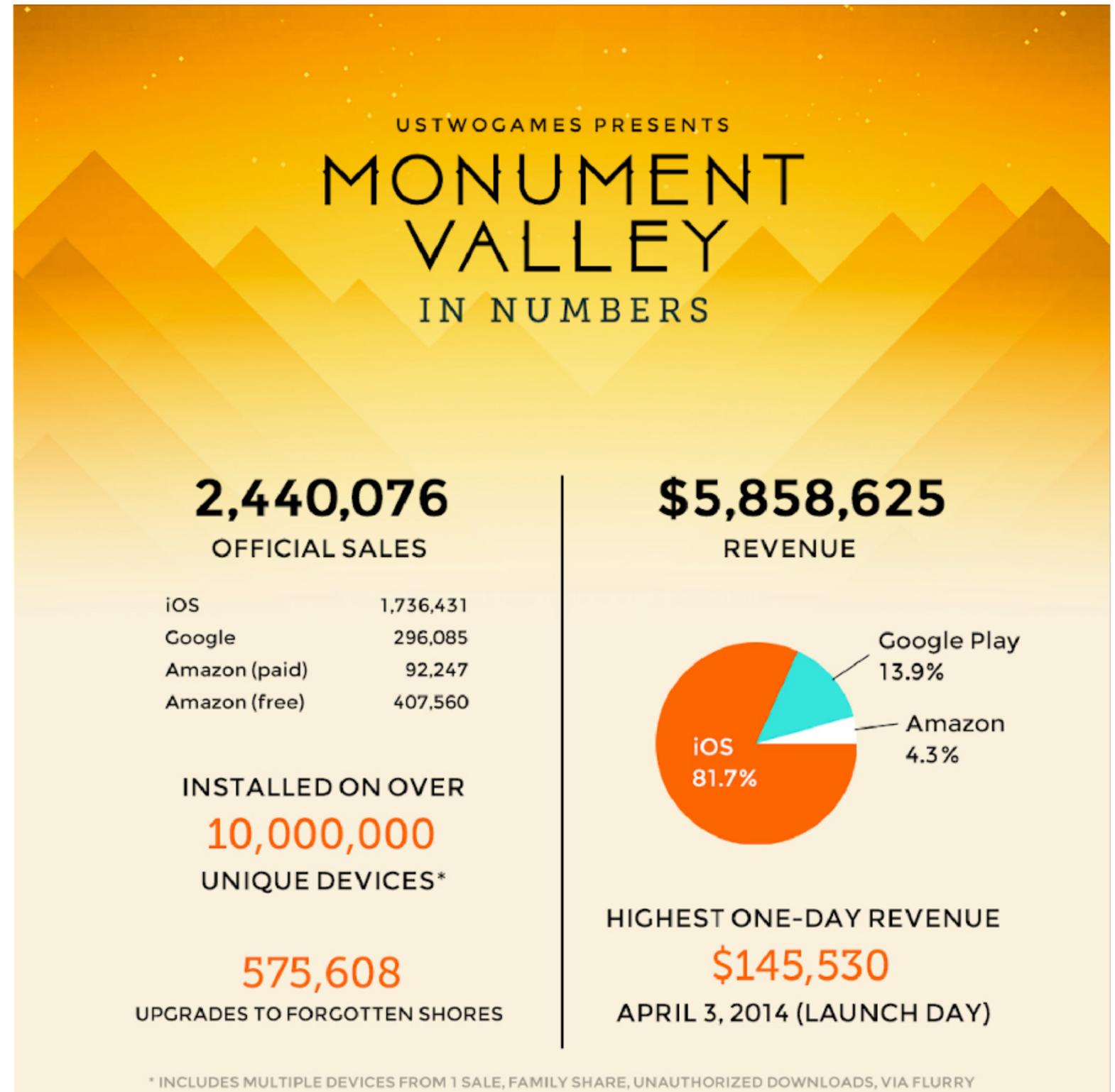
Source: App Annie, "Annual Worldwide App Downloads" (2013-2015)

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

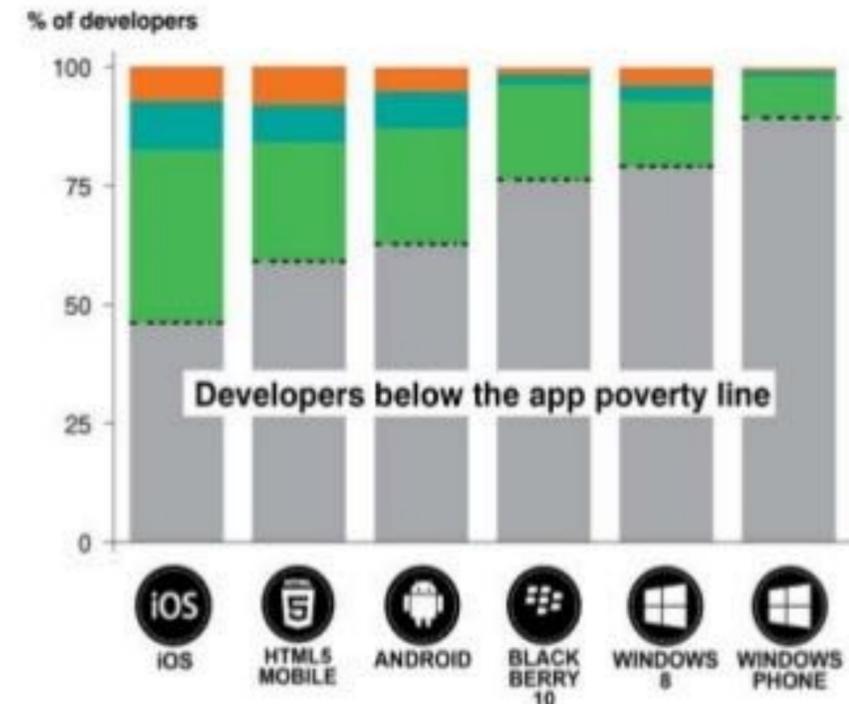
App discoverability

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.

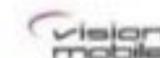
App marketing is a growing business (ASO, apple search ads, facebook/twitter ads for apps)

IOS OFFERS A MORE EQUITABLE REVENUE DISTRIBUTION

% of developers in each revenue



*Excludes developers that are not interested in generating revenue via apps



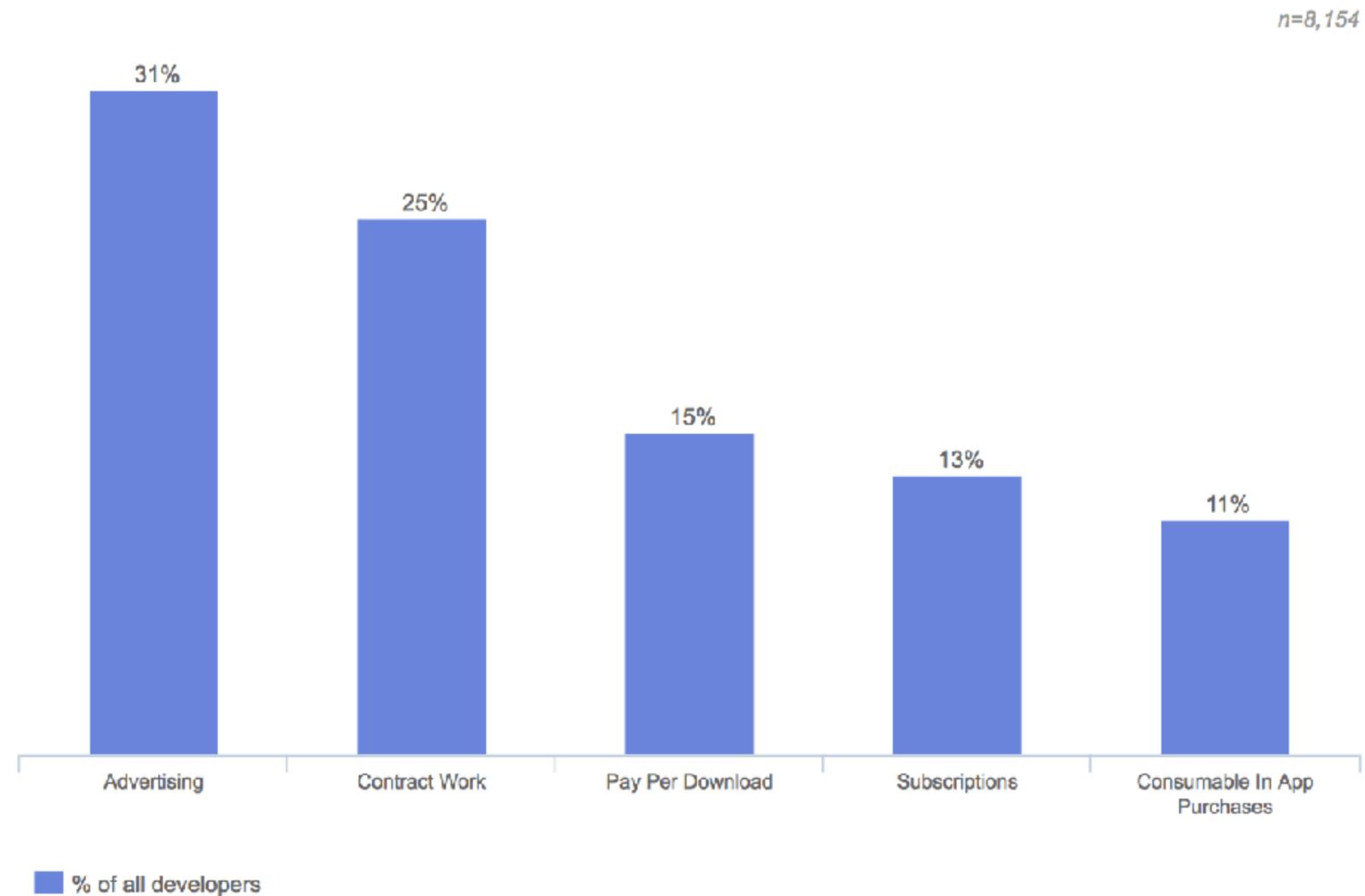
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Source: Developer Economics Q1 2014 | www.DeveloperEconomics.com/go

The cut

App stores will take a 30% of revenue / 15% for subscriptions over a year

How do makers make money



Sources

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