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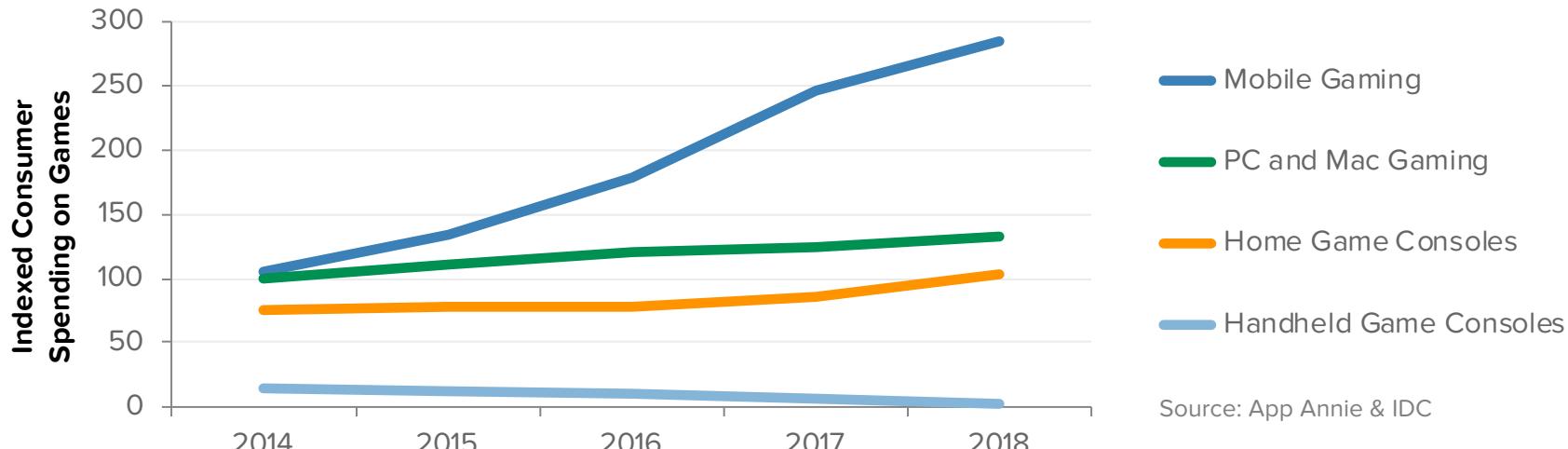
Gaming Spotlight 2018 Review

MARCH 2019

Agenda

- 1. 2018 Gaming Trends**
2. Console / PC Developers in Mobile Games
3. Key Themes and Takeaways

Worldwide Consumer Spending on Games, by Device, 2014–2018

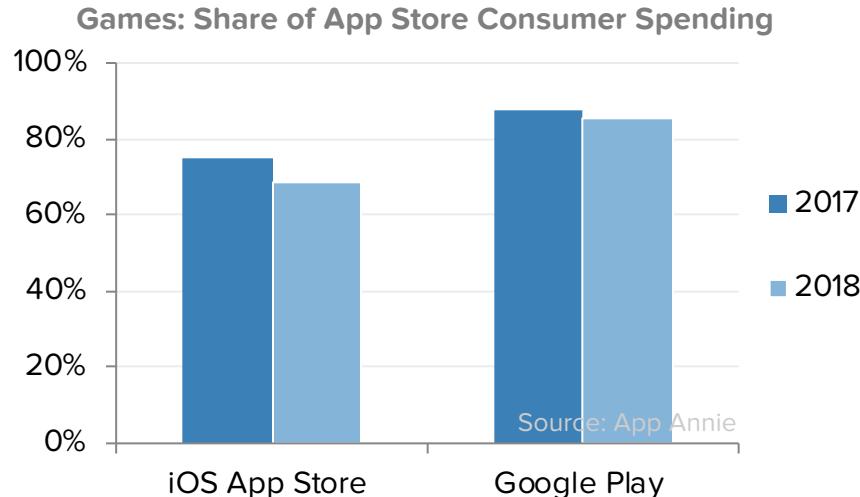


Source: App Annie & IDC

- All totals include applicable digital and physical game spending, but exclude ad revenue.
- Mobile gaming includes all app stores (iOS App Store, Google Play, Windows Phone Store, Amazon, Samsung Galaxy and third-party Android stores).
- Home game console total includes discs, digital games and gaming-related subscription services (Xbox Live and PlayStation Plus).

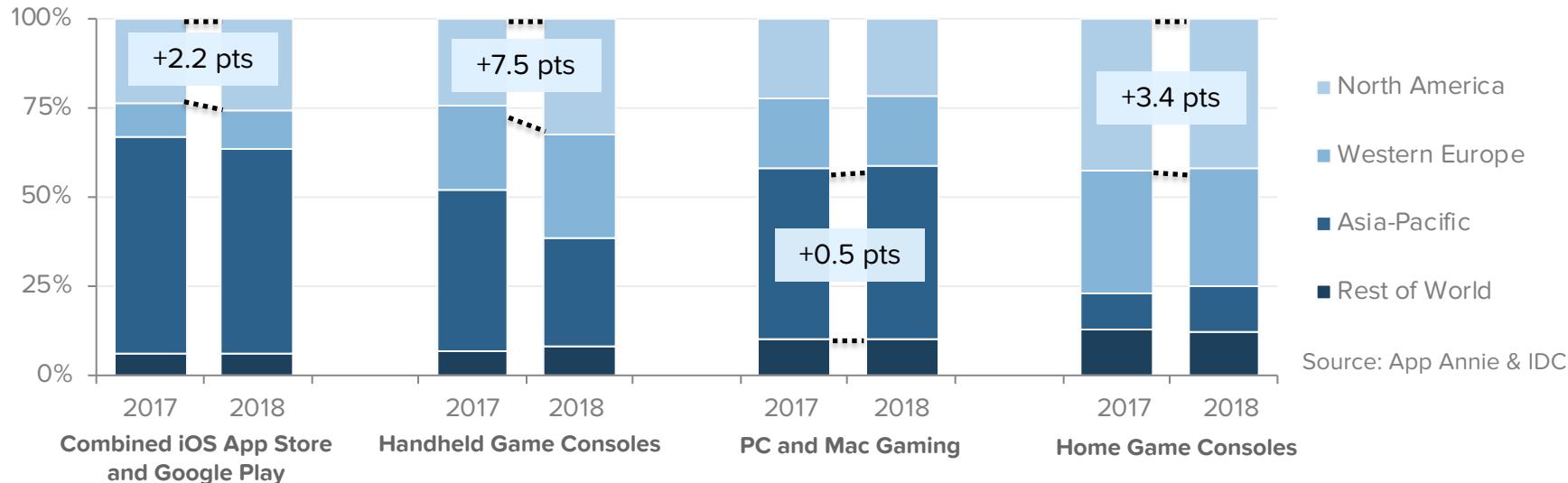
- Mobile gaming first overtook both home game consoles and PC and Mac gaming for highest consumer spend in 2014
- Mobile gaming extended its global lead to 2.1x PC/Mac gaming and 2.8x home game consoles in 2018, driven by both an increase in users and spend per user

Among Mobile Apps Worldwide, Games Continued to Generate a Significantly Higher Share of Revenue Than Downloads



- Games represented nearly 75% of total worldwide consumer spend for combined iOS App Store and Google Play in 2018, but only accounted for just over 35% of downloads
- In-app subscriptions have helped drive the consumer spend share point growth for non-gaming categories
- Games made up a larger share of Google Play's consumer spending share than on iOS; in terms of amount spent on games, however, consumers spent nearly 50% more on iOS than Google Play worldwide in 2018

Worldwide Consumer Spending Shares on Games by Region 2018



- North America gained in share of game spending for iOS App Store and Google Play combined last year, mostly due to growth on iOS in the United States and Google Play in Canada; Asia-Pacific's share ticked down in 2018, partially due to a tighter new game approval process in China
- Despite the freeze on new game releases in China for much of 2018, Asia-Pacific still modestly outperformed in PC/Mac spending growth
- North America showed strong 2018 results from a home game console perspective, largely due to Nintendo Switch's solid performance
- In handheld game consoles, the loss of the Pokémon franchise on Nintendo 3DS/2DS contributed to a share of spending contraction in Asia-Pacific in 2018, especially in Japan, which ultimately boosted the shares in the other three regions

Top 5 Worldwide Grossing Portable Games by Platform 2018

Rank	iOS App Store	Google Play	Handheld Game Consoles
1	Honour of Kings Tencent, China	 Lineage M NCSOFT, South Korea 	Pokémon Ultra Sun / Pokédex Ultra Moon N3DS; The Pokémon Co. / Nintendo, Japan 
2	Fantasy Westward Journey NetEase, China	 Fate/Grand Order Sony, Japan	Mario Kart 7 N3DS; Nintendo, Japan 
3	Fate/Grand Order Sony, Japan	Monster Strike Mixi, Japan 	Yo-Kai Watch Blasters: Red Cat Corps / White Dog Squad 3DS; Level 5 / Nintendo, Japan 
4	Candy Crush Saga Activision Blizzard, United States	Pokémon GO Niantic, United States 	Animal Crossing: New Leaf N3DS; Nintendo, Japan 
5	Monster Strike Mixi, Japan 	Candy Crush Saga Activision Blizzard, United States	Luigi's Mansion N3DS; Nintendo, Japan 

 = Incorporates Real-Time Multiplayer or Co-op Game Modes

Source: App Annie & IDC

Competitive Real-Time Multiplayer Games Advanced in 2018



In mobile gaming, real-time multiplayer games expanded their presence in the top 5 grossing games on both iOS and Google Play

- Three out of top five games by consumer spend on both app stores featured real-time multiplayer game elements – from PvP battle, co-op play, to MMORPGs – and many come from a PC gaming heritage
- In 2018, mobile further matured into a sophisticated gaming platform, offering large scale multiplayer experiences – such as battle royale games Fortnite, PUBG MOBILE and Free Fire – that are similar to console games; we expect this to drive further engagement and monetization opportunities in 2019



On handheld consoles, for the first time since tracking began in 2015, all five top-grossing titles supported live PvP or co-op gameplay last year

- *Pok閙on Ultra Sun/Moon* features live PvP battles; *Mario Kart 7* has supported live races with up to 8 players since its debut in 2011; *Yo-Kai Watch Blasters* offers live co-op battles with up to 4 players; *Animal Crossing: New Leaf* has up to 3-player live co-op; *Luigi's Mansion* has a local 2-player co-op mode
- It's also worth noting that, unlike 2017's comparable list, all five top-grossing handheld console games were at least co-published by Nintendo

Key Gaming Themes and Takeaways, 2018

- Games generated nearly 75% of combined iOS and Google Play app spending in 2018 even though games garnered well below 40% of total app downloads worldwide; mobile gaming was both larger and grew faster than PC/Mac gaming or home console gaming
- Three of the top five grossing games on both iOS and Google Play in 2018 featured real-time multiplayer gameplay, demonstrating that hardcore-leaning multiplayer experiences aren't just possible on mobile devices, they've proven to be popular and quite lucrative when done right
- Relative to other regions, Asia-Pacific's share of mobile game spending ticked down in 2018, partly due to the approximately nine month freeze on new game license approvals in China; as China represents over 50% of regional revenue, future growth will depend significantly on the resumption of steady game approvals in 2019
- Among the top five grossing titles across iOS, Google Play and handheld games consoles in 2018, *all but two* came from companies headquartered in Asia-Pacific, further demonstrating the region's large and growing influence in aggregate spending, game origination and gameplay innovation
- Handheld console gaming faced significant challenges in 2018, with Sony announcing that Vita would wind down hardware and game card production in early 2019, and Nintendo's 3DS family losing the Pokémon franchise to other platforms as Nintendo's internal development efforts shifted more towards Switch and mobile projects

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1. 2018 Gaming Trends
2. **Console / PC Developers in Mobile Games**
3. Key Themes and Takeaways

Most Top Mobile Game Publishers, As Measured by Download Volume, Didn't Have PC or Console Game Development Coverage in 2018

Top Games by Combined iOS & Google Play Downloads, 2018

Worldwide

Rank	App	Company
1	Helix Jump	Voodoo
2	Subway Surfers	Kiloo
3	PUBG MOBILE	Tencent
4	Free Fire	SEA
5	Rise Up	Serkan Ozyilmaz
6	Love Balls	SuperTapx
7	Candy Crush Saga	Activision Blizzard
8	Happy Glass	AppLovin
9	Sniper 3D Assassin	TFG Co
10	Kick the Buddy	Playgendaray

United States

Rank	App	Company
1	Helix Jump	Voodoo
2	PUBG MOBILE	Tencent
3	Fortnite	Epic Games
4	Happy Glass	AppLovin
5	Rise Up	Serkan Ozyilmaz
6	Love Balls	SuperTapx
7	ROBLOX	Roblox
8	Hole.io	Voodoo
9	Hello Stars	Fastone
10	Kick the Buddy	Playgendaray

United Kingdom

Rank	App	Company
1	Helix Jump	Voodoo
2	Happy Glass	AppLovin
3	Hole.io	Voodoo
4	Love Balls	SuperTapx
5	Fortnite	Epic Games
6	Rise Up	Serkan Ozyilmaz
7	Word Link	Worzzle
8	PUBG MOBILE	Tencent
9	Granny	DVloper
10	Baseball Boy	Voodoo

Japan

Rank	App	Company
1	Knives Out	NetEase
2	Happy Glass	AppLovin
3	Identity V	NetEase
4	Disney Tsum Tsum	LINE
5	Fill	MagicAnt
6	Balls VS Blocks	Voodoo
7	PUBG MOBILE	Tencent
8	Hole.io	Voodoo
9	Human Tower	Shion Honda
10	Monster Strike	mixi

★ = Developers/Publishers with a PC or home console gaming coverage

Most Top Mobile Game Publishers, As Measured by Consumer Spend, Have PC or Console Game Development Coverage in 2018

Top Games by Combined iOS & Google Play Consumer Spend, 2018

Worldwide

Rank	App	Company
1	Fate/Grand Order	Sony
2	Honour of Kings	Tencent
3	Monster Strike	mixi
4	Candy Crush Saga	Activision Blizzard
5	Lineage M	NCSOFT
6	Fantasy Westward Journey	NetEase
7	Pokémon GO	Niantic
8	Dragon Ball Z Dokkan Battle	BANDAI NAMCO
9	Clash of Clans	Supercell
10	Clash Royale	Supercell

United States

Rank	App	Company
1	Candy Crush Saga	Activision Blizzard
2	Fortnite	Epic Games
3	Pokémon GO	Niantic
4	Clash of Clans	Supercell
5	Slotomania	Giant Network
6	Candy Crush Soda Saga	Activision Blizzard
7	Toon Blast	Peak Games
8	ROBLOX	Roblox
9	Final Fantasy XV: A New Empire	MZ
10	Clash Royale	Supercell

United Kingdom

Rank	App	Company
1	Candy Crush Saga	Activision Blizzard
2	Pokémon GO	Niantic
3	ROBLOX	Roblox
4	Gardenscapes - New Acres	Playrix
5	Clash of Clans	Supercell
6	Candy Crush Soda Saga	Activision Blizzard
7	Homescapes	Playrix
8	Fortnite	Epic Games
9	Toon Blast	Peak Games
10	Lords Mobile	IGG

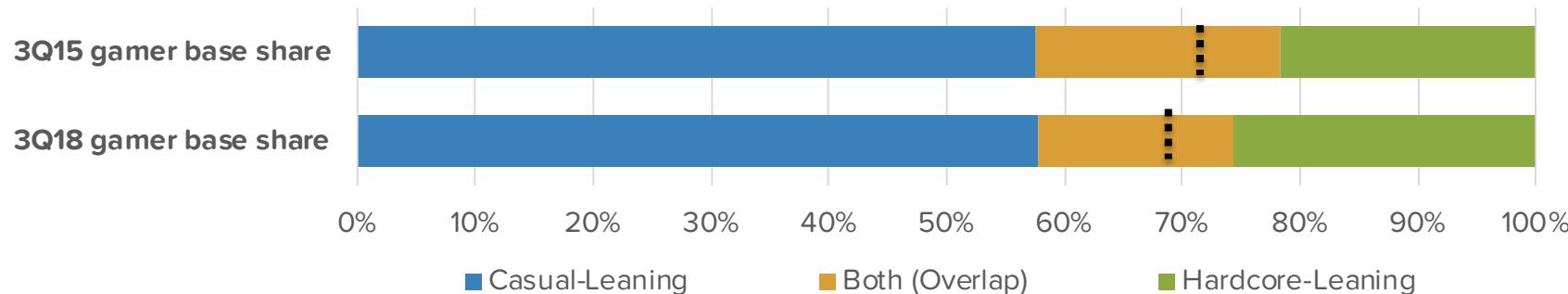
Japan

Rank	App	Company
1	Monster Strike	mixi
2	Fate/Grand Order	Sony
3	Puzzle & Dragons	GungHo Online Entertainment
4	Dragon Ball Z Dokkan Battle	BANDAI NAMCO
5	Knives Out	NetEase
6	Disney Tsum Tsum	LINE
7	GranBlue Fantasy	CyberAgent
8	Pokémon GO	Niantic
9	THE IDOLM@STER Starlight Stage	BANDAI NAMCO
10	Jikkyou Pawafuru Puroyakyu	KONAMI

★ = Developers/Publishers with a PC or home console gaming coverage

U.S. Casual- and Hardcore-Leaning Mobile and Handheld Gamer Type Survey, 3Q15 Versus 3Q18: Gamers Trend Hardcore

Q: What genre / type of games have you played on [your favorite mobile/handheld gaming device] in the past three months? [The hardcore-leaning and casual-leaning samples, as defined below, are shown]



- Casual-leaning mobile/handheld gamers were defined as those played 1+ game in the following six genres (on their primary smartphone, tablet or handheld console): Playing card, casino and billiards; Puzzle – hidden object or escape; Puzzle – match 3 and tile-matching; Puzzle – Physics or similar; Life, job, farm, city or social simulation; and Word and trivia
- The hardcore-leaning mobile/handheld gamer type was defined as those who played 1+ title in these six genres: Battle Royale (3Q18 only); Fighting; Flight and air combat simulator (3Q15 only); MOBA; Racing and driving; Shooter; and Sports
- The Both (Overlap) segment shows the share of respondents that qualified for *both* the above gamer segments, and the black dotted line denotes the dividing line between the casual- and hardcore-leaning types (irrespective of the overlap share)
- The key differences from 3Q15 to 3Q18 are that the hardcore sample gained share (+3.5%) and the Both segment fell (-4%); the ratio of the casual- to hardcore-leaning gamer type sample sizes thus also declined from 2.6:1 in 3Q15 to 2.2:1 in 3Q18

Key Themes and Takeaways: PC and Console Developers Made Inroads In Mobile Gaming

- The mobile gaming marketplace grew to cover more of the total addressable gaming market worldwide in 2018 — further amplified by the fact that 4.1 billion consumers, including most hardcore gamers, now use a smartphone or tablet
- Mobile gaming historically leaned towards the casual side of the experience spectrum, but it shifted appreciably last year towards the hardcore end of the spectrum — including a stronger orientation towards hardcore mechanics such as real-time action (live, fast-twitch titles) and strategy- and shooter-type genres that, in some respects, now rival home console gaming experiences (typified by the rise of Epic Games' cross-platform smash hit *Fortnite*)
- At the same time, a new wave of hyper-casual games opened up the potential to build a massive audience at scale that primarily monetizes associated gamers via in-game ads
- A case can be made that the mobile games market bifurcated along this casual-hardcore fault line last year, and if this divide widens in 2019, it may have important ramifications for developers and publishers worldwide; in 2018, just *three* of the top 10 iOS and Google Play mobile game publishers, by downloads, have PC or console gaming coverage (and many of 2018's hyper-casual hits from these providers had a strong in-game ad orientation) while the comparable top 10 list, as measured by direct gamer spending, featured *seven* publishers with a PC or home console gaming coverage

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Key Themes & Takeaways

- In 2018, direct spending on mobile games exceeded the combined spending total on home console, PC/Mac and handheld console games by nearly 20%; this is up from a 14% deficit (by the same measure) as recently as 2016, an outcome that underscores how quickly mobile games have moved front and center globally
- Rapid growth in a few key markets, most notably United States, Germany and United Kingdom, helped fuel mobile gaming's ascent in 2018; despite slower growth, over 55% of mobile game spending in 2018 occurred in Asia-Pacific, a region that continued to dominate in share despite the game licensing freeze in China for much of 2018
- Mobile games with real-time multiplayer features made particular inroads in 2018, taking three out of the top five consumer spending slots on both iOS and Google Play; given that four of the five most lucrative handheld game console titles also offered live multiplayer features (and the fifth offered a local co-op mode), it appears that live multiplayer games will be a vital subtheme in the broader mobile game spending story moving forward – and that the rise of hyper-causal hits that heavily rely on in-game ad business models also warrant close scrutiny in 2019
- With a clear majority of revenue from the top multiplayer mobile games coming from Asia-Pacific, it will be interesting to see if multiplayer titles can significantly increase their popularity in North America and Western Europe in 2019, following the success of titles like Fortnite, Clash Royale, and ROBLOX
- With battle royale games like PUBG: MOBILE and Free Fire becoming increasingly popular on mobile devices, this specific mode of live multiplayer gameplay is expected to have a growing impact on mobile, particularly in Asia-Pacific

For More Information



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