

App Annie Index™ Market Q2 2015

Video Streaming: the Trend Continues

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1. The Technology Behind the Index

The information contained in this report was compiled from [App Annie Intelligence](#), the leading market data solution for the app store economy. To see how our app store download, revenue, demographic and usage estimates can help guide your critical business decisions, [take a tour](#) or [request a demo today](#).

App Annie | This report is fueled by App Annie Intelligence. Take your market analysis to the next level.

INVESTMENT STRATEGY
APP PUBLISHERS

BlindCo	6,298 K
Formlabs	4,298 K
Global	3,261 K
Mica Inc.	2,998 K
Storify	2,700 K

CATEGORY ANALYSIS

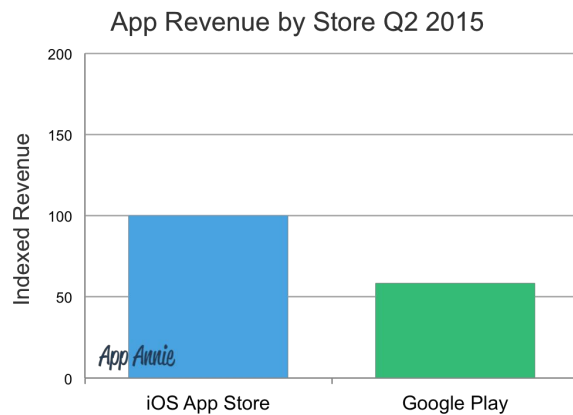
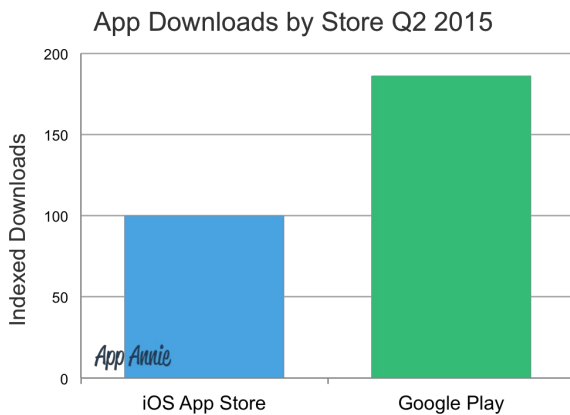
Downloads

Category 1	~10,000 K
Category 2	~15,000 K
Category 3	~20,000 K

PUZZLE HOUSE

2. This Quarter's Macro Trends

Google Play Downloads 85% Ahead of iOS



Following a familiar script, Google Play downloads continued to pull away from iOS in Q2 2015 thanks to smartphone ownership growth in emerging markets. At the same time, the iOS App Store's performance in China helped it maintain its revenue lead over Google Play.

Google Play's worldwide downloads in Q2 2015 were approximately 85% higher than on the iOS App Store, a significant increase from the [70% gap we saw in Q1 2015](#). As we expected, emerging markets -- led by Brazil, India and [Southeast Asian countries](#) like Vietnam and the Philippines -- fueled Google Play's performance. This appears to be the result of increasing smartphone ownership caused by the influx of inexpensive-yet-capable Android devices. However, it is worth noting that smartphone penetration remains [below 30%](#) in many of these countries, leaving significant room for growth. This bodes well for Google Play's long-term growth prospects.

Meanwhile, iOS App Store's worldwide revenue in Q2 2015 was about 70% higher than Google Play's, mirroring what we saw in Q1 2015. As mentioned in our report, [China Surges Ahead of the United States in iOS Downloads](#), we expected China's explosive download performance in Q1 2015 to lay the foundation for future revenue growth, and that prediction seems to be holding true. iOS developers are reaping the benefits already, as China saw the biggest quarterly sequential gain in revenue share in Q2 2015.

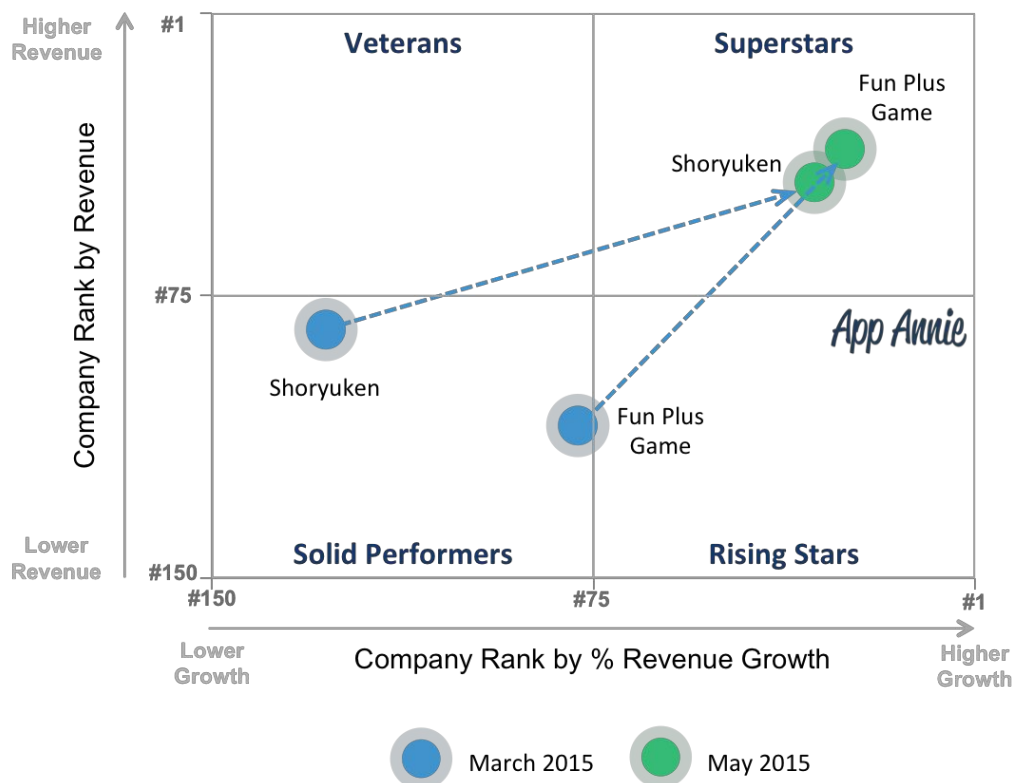
Core Games Help Taiwan Overtake Germany in Google Play Revenue

Germany has been a strong market for Google Play lately, especially by revenue. In fact, Germany recently became one of the few countries where [Google Play revenue exceeds iOS](#). But even as Germany continues to enjoy stellar year-over-year growth, Taiwan's performance in Q2 2015 helped it rocket past Germany in Google Play revenue.

Taiwan's performance in Q2 2015 was almost entirely driven by the Games category. As we mentioned in the [December 2014 Taiwan Index](#), core games are very popular in the country, especially role playing games (RPGs) and massively multiplayer online role-playing games (MMORPGs). As we saw in the [May 2014 Games Index](#), market leaders Kunlun Games and

Elex Technology leveraged this trend and saw strong growth thanks to the success of MMOs [MU Miracle](#) and [Clash of Kings](#), respectively. But the country’s revenue performance also received a major lift from breakout companies that did not rank among the top 50 by Google Play revenue for Games in the previous quarter.

App Annie Matrix for Google Play Game Revenue in Taiwan



Shoryuken and Fun Plus Game saw breakout performances in Taiwan in Q2 2015.

Using the [App Annie Matrix](#) for Google Play Game Revenue in Taiwan, we were able to identify the strongest breakout performances over the past few months. As shown in the chart above, Shoryuken and Fun Plus Game saw two of the largest jumps from March to May 2015 due to explosive growth from 3D RPG titles [Age of Magic](#) and [Top of Tanker](#), respectively. The same Matrix also highlighted companies like Dino Games and Jodo Game as “Rising Stars” thanks to the performance of their first person shooters (FPS) and RPGs. Based on this, it appears that core gaming titles could continue to drive Taiwan’s growth over the next few quarters as well.






Video Streaming Apps Surge as the Cord-Cutting Trend Continues

Video streaming apps had a fantastic quarter as their performance vaulted the Entertainment category to #4 by iOS revenue. [HBO NOW](#) and [Hulu](#) led revenue growth in the United States as both apps made it into the [Worldwide Apps Index for May 2015](#). With [HBO NOW set to hit Android devices](#) in July and the recent launch of Showtime's streaming service on [iOS, Apple TV and Roku](#), cord-cutting on a mass-market scale could soon be a reality. However, the United States isn't the only market where this is the case.



Top Apps by Monthly Active Users

iOS Entertainment Category – China Q2 2015

Rank	App Name	Parent Company
1	 Youku HD	Youku Tudou
2	 iQIYI Video HD	Baidu
3	 Youku Video	Youku Tudou
4	 Tencent Video HD	Tencent
5	 iQIYI Video	Baidu

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Note: Q2 2015 data calculated as a straight average of April, May, and June 2015.

Apps for Youku, iQIYI and Tencent Video held the top 5 spots by monthly active users among iOS Entertainment apps in China.

Video streaming apps in China saw explosive revenue growth this quarter, headlined by [Youku](#), [iQIYI](#) and [Tencent Video](#). In Q2 2015, apps from these three services also dominated monthly active user rankings of iOS Entertainment apps in China. These apps offer a broad range of content, including YouTube-like user-submitted videos, regional and international movies, popular regional TV shows like The Voice of China, hit international series like [Game of Thrones](#)

and even original programming. Last, but certainly not least, they have gone one step further by securing broadcasting rights for live sports from popular international leagues like the [NBA](#).

Due to the scale of their content libraries and strong historical downloads and usage metrics, we had [expected the revenue performance](#) of Chinese video streaming apps to accelerate this year. But even with that background, the growth figures appear staggering. *iQIYI* recently announced that the company's paid streaming service hit [5 million](#) subscribers, an increase of 765% over the previous year. Meanwhile, during its [fiscal 4th quarter results](#) announcement, Youku revealed that its daily video views eclipsed 900 million and consumer revenues from subscription and pay-per-view grew 649% year-over-year. The industry still has tremendous room for further growth and commerce giant Alibaba's upcoming subscription-based streaming service, [Tmall Box Office \(TBO\)](#), could expand the market even further.

China's video streaming apps certainly seem to be in position to catalyze cord-cutting. With smartphones and tablets quickly becoming the primary consumption devices for younger demographics, they could even spawn an entire generation of cord-skippers.

3. Top Charts for Countries & Categories

Top Categories by Usage



Top Categories by Total Time Spent per User

iOS - United States Q2 2015

Rank	Category
1	Social Networking
2	Photo & Video
3	Utilities
4	Games
5	Music

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Top Categories by Session Duration

iOS - United States Q2 2015

Rank	Category
1	Entertainment
2	Music
3	Utilities
4	Games
5	Education

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Note:

1. Q2 2015 data calculated as a straight average of April, May, and June 2015.

2. Session duration measured as the time from the first network connection to the last network connection of that session.

Social Networking dominated time spent per user on iOS devices in the United States, while Entertainment and Music held a significant lead over other categories in session duration. Games ranked among the top 5 categories on both metrics. It's important to note that these rankings are dependent on the nature of app store categories. Categories that rely on deep engagement such as Social Networking and Games, typically rank higher on time spent. Meanwhile, transactional categories like Finance and Weather are more likely to have shorter interaction windows and tend to rank lower on these metrics.



Top Categories by Total Time Spent per User

Android – United States Q2 2015

Rank	Category
1	Social
2	Communication
3	Games
4	Media & Video
5	Entertainment

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Top Categories by Session Duration

Android – United States Q2 2015

Rank	Category
1	Entertainment
2	Books & Reference
3	Media & Video
4	Games
5	Travel & Local

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Note:

1. Q2 2015 data calculated as a straight average of April, May, and June 2015.
2. Session duration measured as the period for which a user has a given app open in the foreground with the screen on (does not measure background data usage).

As we highlighted in [Insights into App Engagement](#), time spent in apps on Android devices in the United States continued to be dominated by Social and Communication apps. Meanwhile, Entertainment narrowly beat out Books & Reference for the lead in session duration.

Top Countries by Downloads and Revenue



Top Countries by Downloads iOS App Store Q2 2015

Rank	Country	Rank Change vs. Q1 2015
1	China	–
2	United States	–
3	Japan	–
4	United Kingdom	–
5	Russia	–

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Top Countries by Revenue iOS App Store Q2 2015

Rank	Country	Rank Change vs. Q1 2015
1	United States	–
2	Japan	–
3	China	–
4	United Kingdom	–
5	Australia	–

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Top Countries by Downloads

Google Play Q2 2015

Rank	Country	Rank Change vs. Q1 2015
1	United States	–
2	Brazil	–
3	India	–
4	Russia	–
5	Mexico	–

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Top Countries by Revenue

Google Play Q2 2015

Rank	Country	Rank Change vs. Q1 2015
1	Japan	–
2	United States	–
3	South Korea	–
4	Taiwan	▲ 1
5	Germany	▼ 1

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Top Categories by Downloads and Revenue



Top Categories by Downloads

iOS App Store Q2 2015

Rank	Category	Rank Change vs. Q1 2015
1	Games	–
2	Photo & Video	–
3	Entertainment	–
4	Social Networking	–
5	Lifestyle	–

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Top Categories by Revenue

iOS App Store Q2 2015

Rank	Category	Rank Change vs. Q1 2015
1	Games	–
2	Social Networking	–
3	Music	–
4	Entertainment	▲ 1
5	Education	▼ 1

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Top Categories by Downloads

Google Play Q2 2015

Rank	Category	Rank Change vs. Q1 2015
1	Games	–
2	Tools	–
3	Communication	–
4	Photography	–
5	Entertainment	–

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Top Categories by Revenue

Google Play Q2 2015

Rank	Category	Rank Change vs. Q1 2015
1	Games	–
2	Communication	–
3	Social	–
4	Tools	–
5	Entertainment	▲ 1

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About App Annie

App Annie is the largest mobile app intelligence platform, providing developers and publishers with a 360-degree view of what they need to know to build, market and invest in their apps. App Annie is used by over 800,000 apps to track their performance, and over 400,000 mobile app professionals - including 94 percent of the top 100 publishers - rely on App Annie to inform their business decisions, including Electronic Arts, Google, LinkedIn, LINE, Microsoft, Nexon, Nestle, Samsung, Tencent, Bandai Namco, Universal Studios and Dow Jones. App Annie is a privately held global company headquartered in San Francisco with 12 global offices in cities including Amsterdam, Beijing, London, New York, Seoul and Tokyo. The company has raised \$94 million in funding from e.Ventures, Greycroft Partners, IDG Capital Partners, Institutional Venture Partners and Sequoia Capital. For more information, please visit: www.appannie.com or follow App Annie on Twitter: [@appannie](https://twitter.com/appannie).

Report methodology and updates are available [here](#).