



STATE OF THE APPS

2015 INDUSTRY SNAPSHOT

EXECUTIVE SUMMARY

In Q4 of 2014, we chose to undertake a global survey of application developers and publishers in order to get a pulse on the app economy.

Comparing the results to the survey we ran in 2013, we are able to track year-over-year trends in order to better understand the current mindset and future plans of app developers and publishers. A summary of the results from the survey are analyzed in the following report, including characteristics, practices, goals, priorities, and intended plans of developers and publishers for 2015.

One of the major themes that emerged from our findings was that developers and publishers are looking to take their apps further in 2015. By designing for multiple operating systems and devices, to making their inventory available on programmatic channels, developers and publishers are looking to use all resources available to them to grow their user bases.

OS

Taking apps to more than one platform

Programmatic

Making inventory available programmatically

Goals

Improving discovery and marketing of apps

Tablet

Developing tablet-build apps

Other key findings:

- + 85% of developers and publishers monetize their apps and sites in some way, up 12 percentage points from the previous year. Of this, 82% use advertising, compared to 73% last year.
- + 69% of developers and publishers make their inventory available programmatically, with the majority seeing an increase in revenue as a result.
- + 33% of developers and publishers allow video ads to run in their apps, an increase of five percentage points from the previous year. 16% allow native ads.

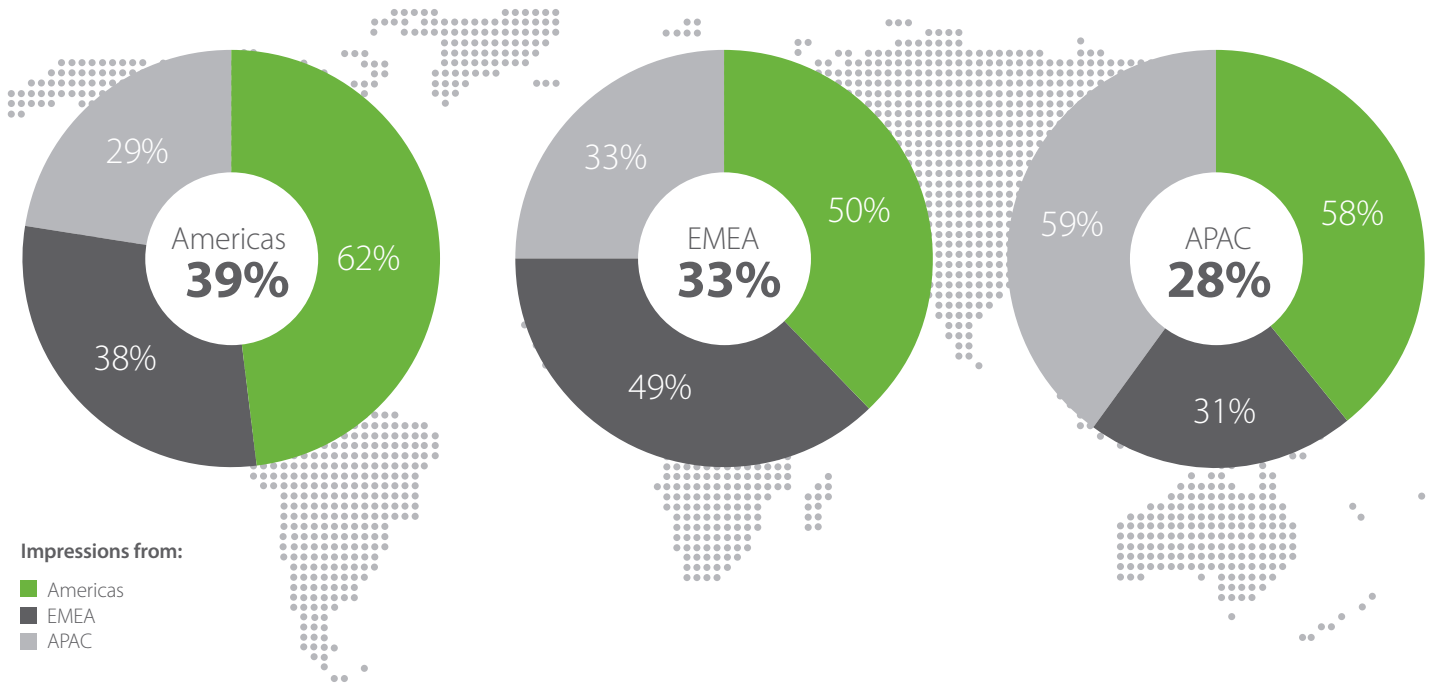
What these findings mean for:

- + Brand advertisers – more quality inventory available, means more opportunity for brand campaigns.
- + Direct Response advertisers – opportunity to advertise across channels and obtain more valuable users at a lower cost.
- + Consumers – relevant mobile ads are increasingly unique and seamless to the user experience.

MOBILE DEVELOPER SNAPSHOT

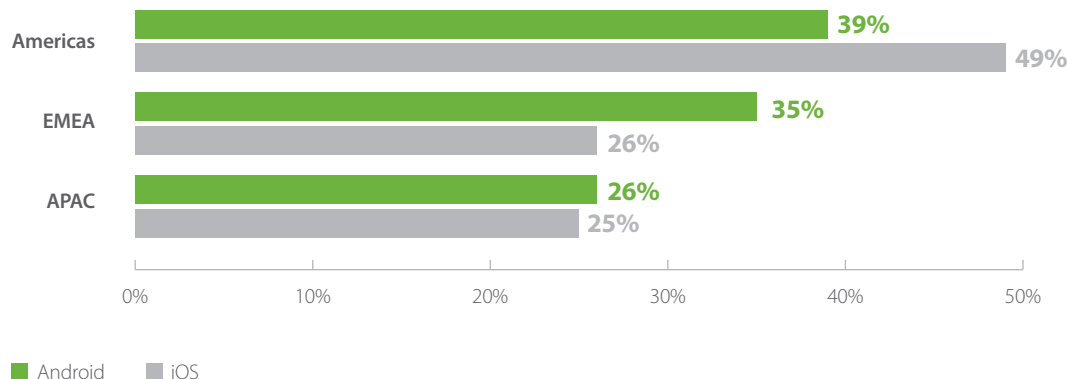
Global Developer Locations

A geographically diverse set of developers and publishers responded to our survey, most of whom see a mix of impressions from all over the world. The breakout of impression locations seen by developers and publishers in each region is shown in the map below. While developers and publishers in each region see the largest amount of impressions from their home location, the balanced mix of impressions shows how truly global the app economy is.



Location by OS

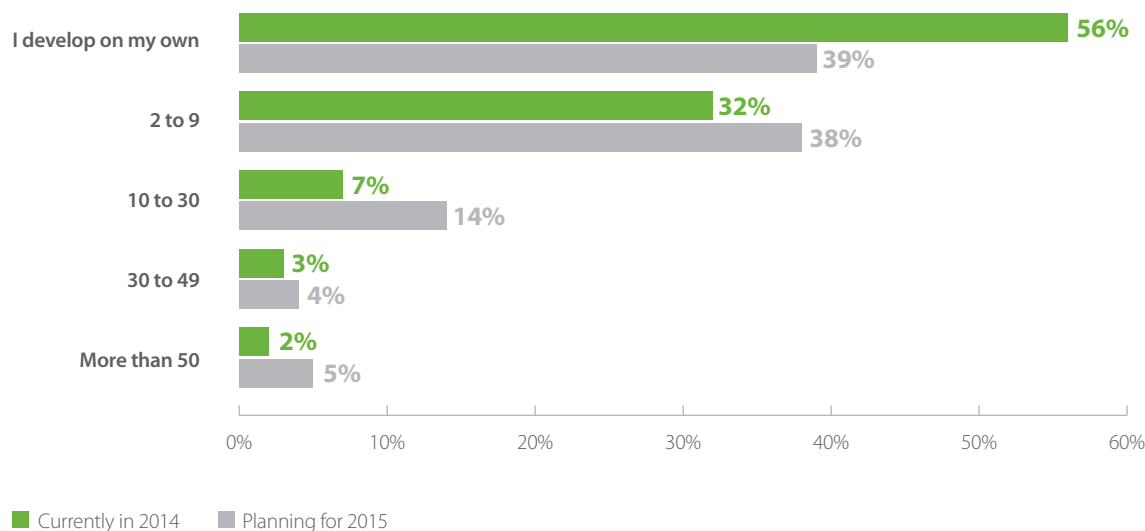
Developers and publishers all over the world design for each operating system. 39% of Android developers are located in the Americas, with this region skewing more heavily towards iOS developers. A quarter of developers and publishers for each operating system are located in Asia.



MOBILE DEVELOPER SNAPSHOT

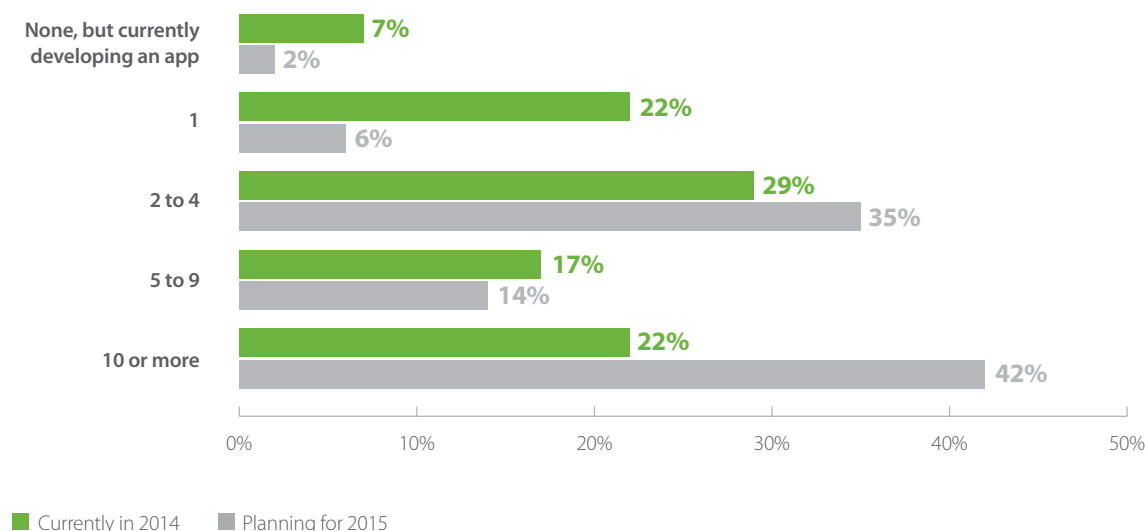
Company Sizes

88% of developers and publishers currently develop on their own or for a smaller organization (nine employees or smaller). Developers and publishers of all sizes expect to hire onto their teams and grow their companies in 2015.



Number of Applications

Similar to last year's trend, developers and publishers expect to grow the number of apps they have in 2015. Currently, 39% of developers have 5 or more apps, and this is expected to grow to 56% in 2015. In fact, 91% expect to have two or more apps in an app store next year. The number of developers and publishers with 10 or more apps is expected to nearly double in 2015.

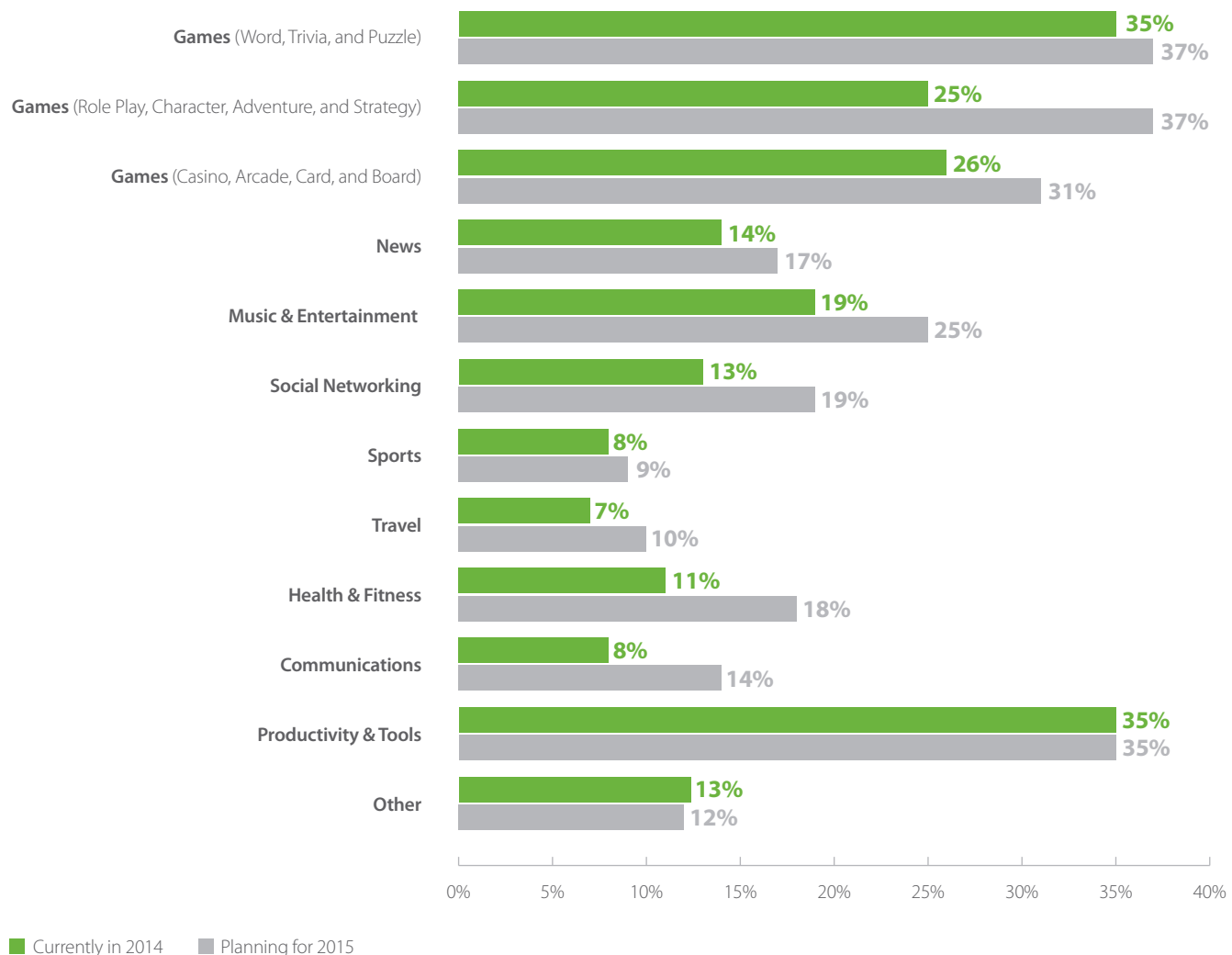


MOBILE DEVELOPER SNAPSHOT

Application Category Mix

The most popular application category is Games (86%), followed by Productivity & Tools (35%) and Music & Entertainment (19%). The largest growth is expected to come from the Role Play / Character / Adventure / Strategy Games (up 12 percentage points) and Health & Fitness (up 7 percentage points) app categories.

Looking deeper, 57% of Games developers develop on their own, while Travel and Social Media app developers tend to be part of larger organizations (33% have more than 10 employees).



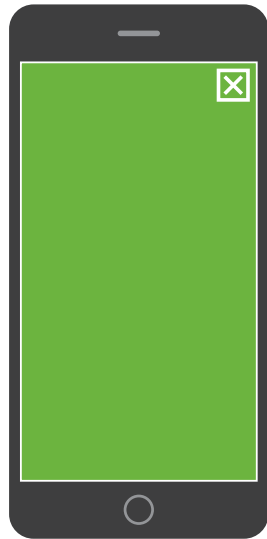
MOBILE DEVELOPER TRENDS

Type of Ads Currently Supported

While nearly all apps continue to support banner ads, the number of apps supporting rich media and video ads increased 6 percentage points from last year. These ad types can provide higher user engagement and deliver higher eCPMs for developers and publishers. Native ads are gaining in popularity, already supported by 16% of developers and publishers.



Banner Ads
91%



Interstitials
67%



Video
33%



Native
16%

22%

of iOS developers and publishers allow native ad types in their apps.

35%

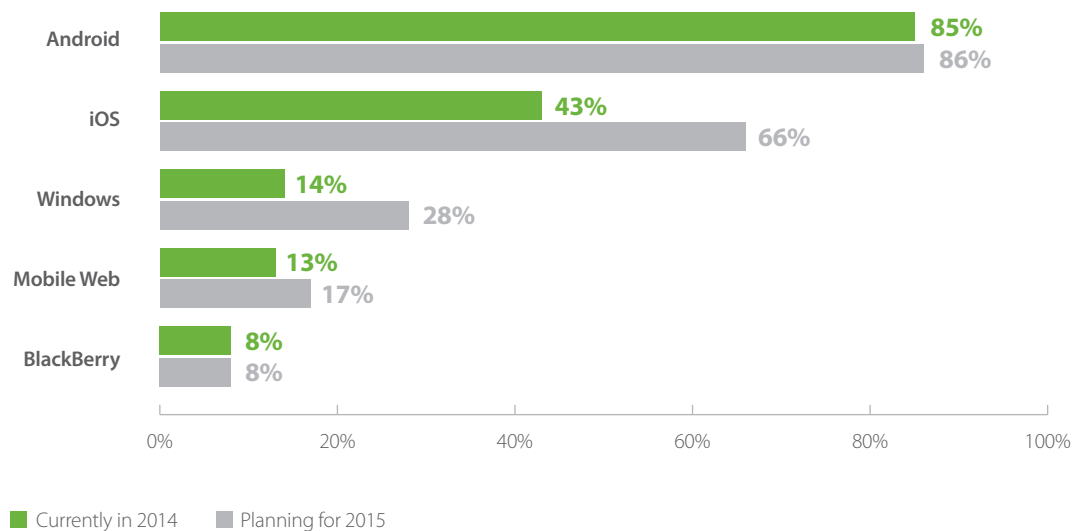
of Games developers and publishers allow video in their apps.

MOBILE DEVELOPER TRENDS

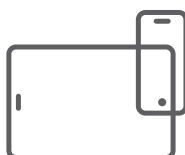
Developers and publishers are really looking to take their apps further in 2015, a trend that emerged when synthesizing the survey results. When considered together, the below charts show the many ways developers and publishers are looking to do more with their apps next year.

OS Mix

Android and iOS remain the most popular operating systems developers and publishers design for, while iOS and Windows are the platforms expected to see the most growth in 2015. Developers and publishers designing apps for iOS will grow 23 percentage points, while developers and publishers for Windows are expected to double.



77% of developers and publishers currently build for tablets, increasing to 90% in 2015.

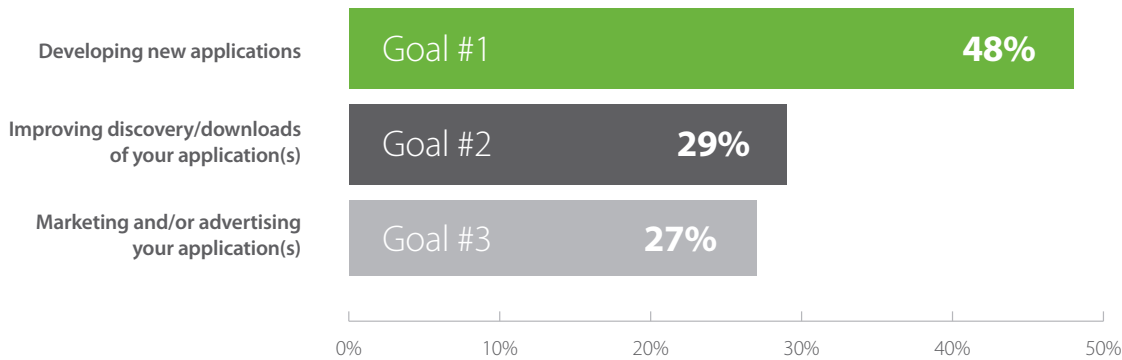


Of those who develop for tablets, 73% develop universal build apps.

MOBILE DEVELOPER TRENDS

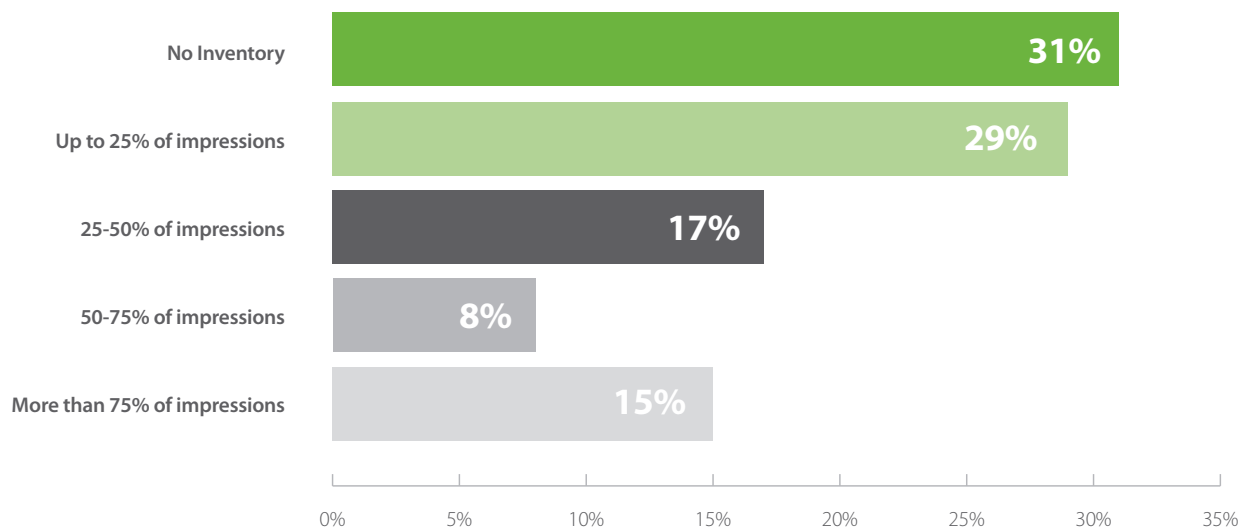
2015 Goals

Nearly half of those surveyed said developing new applications is their most important goal in 2015. Getting these apps out and downloaded by users is the theme of the second and third most important goals. Looking deeper, the priority of these goals carries across companies of all sizes.

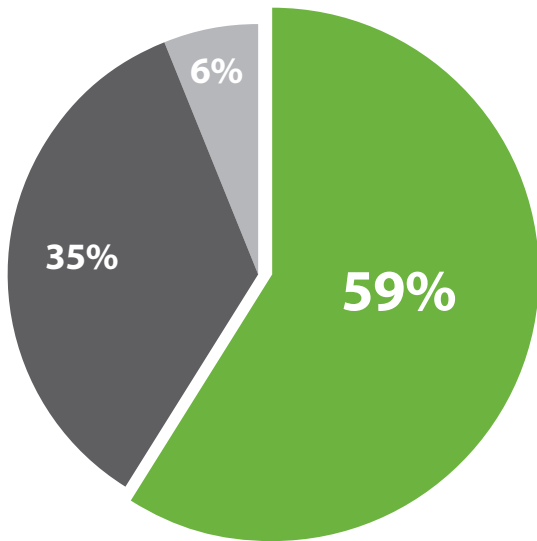


Programmatic Availability

With the increasing adoption of programmatic buying by advertisers, 69% of developers make their inventory available programmatically, with the majority seeing an increase in revenue as a result.



MOBILE DEVELOPER MONETIZATION TRENDS



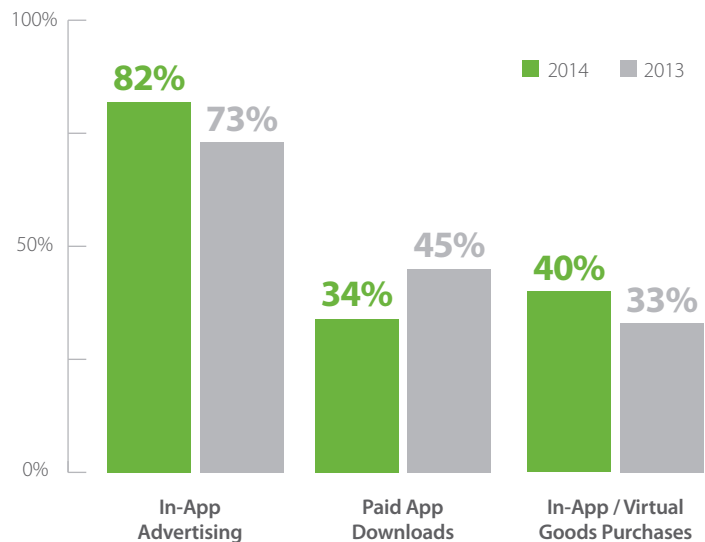
App Store Pricing Model

59% of developers and publishers market their apps only for free, and monetize in one of many other ways.

■ Free ■ Both ■ Paid

Monetization Mix

85% of developers and publishers monetize their apps in some way, up 12 percentage points from the previous year. This skews up to 89% for Games developers. Of all developers and publishers that monetize, 82% use advertising, which is up nine percentage points from last year. 84% of those that don't currently monetize their apps plan to do so next year, which is nearly double the number from last year (43%).



83%

of developers say more than half of their apps are supported by ads.

52%

expect their revenue from in-app advertising to go up in 2015.

SUMMARY & REPORTING METHODOLOGY

Report Methodology

The insights here are based on a survey run by Millennial Media of application developers and publishers. The 2014 survey ran from September 1, 2014, through November 30, 2014. N=444. The 2013 survey ran from November 1, 2013, through November 30, 2013. N=351.

About Millennial Media

Millennial Media is the leading independent mobile marketplace, supporting the world's top brands and mobile content providers. The company's unique data and technology assets enable its clients to connect with their target audiences as they move across screens, media, and moments. Millennial Media drives meaningful results at scale through a diverse suite of products fueled by innovation and the industry's smartest minds.

For more information, visit www.millennialmedia.com.

For questions about the data in this report, or for recommendations for future reports, please contact us at research@millennialmedia.com.

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