MADAB

by **Google**

Mobile App Developers'
Advisory Board 2015

MADAB
by Google

Contents

Welcome

Benjamin Faes
Managing Director, Partner
Business Solutions EMEA, Google

Our annual MADAB event in October explored the current state of the mobile apps and gaming industry in EMEA through open discussions among leaders in this fast-moving space. For those who spent the day with us, this report offers an opportunity to relive some of the exciting insights. For those who couldn't make it, here's a chance to catch up and join in the action.

The market is evolving fast, driven by changes in user behaviours and preferences. We don't "go online" anymore – we *live* online. In this context, Nielsen reports that consumers are spending 37.5 hours a month in mobile apps alone[1] – which adds up to an enormous opportunity.

Of course, this also brings challenges: competition for users' attention is as severe as ever, discovery is hard, some apps are never even downloaded and others are used only once after download. We still haven't fully understood what drives success.

Why does one game work and another doesn't? Even the most successful publishers and developers struggle with the fundamental questions. How do we find the right customers? How do we deliver impact and make sure we stand out? And how do we monetise and grow our business?

Through presentations, panel discussions and round tables, we focused on addressing these challenges to help mobile app and gaming developers win in the moments that matter – to build your brand, drive revenues and grow. With that in mind, we asked a group of experts to share their vision and insights. Noah Falstein, Google's Chief Game Designer, highlighted the impact the industry can have on transforming human lives. Tom Hulme from Google Venture shared top three rules of innovation. Samo Login, Outfit7's Founder and CEO, then described how his company is putting innovation into practice to disrupt the traditional entertainment

industry. Google Product Managers Arun Balaraman and Russell Ketchum explored smart strategies to acquire, retain and monetise gamers.

Jaede Tan from AppAnnie presented the latest monetisation trends in the app economy, while a panel of experts discussed how to drive value for app businesses. Philipp Bieberstein offered his practical tips for finding success in Google Play. A second panel discussed challenges and approaches to acquiring, retaining and re-engaging users, followed by Ina Fuch's five top strategies for making the most of your YouTube presence.

Finally, we wrapped up the day with the round table discussion on the future of app economics.

I hope you enjoy the read and look forward to partnering with you to help your business grow.

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1 Nielsen, "So Many Apps, So Much More Time for Entertainment"

Predicting Trends in Games

Noah Falstein
Chief Game Designer, Google

Richard Davidson report that games and virtual reality can slow down ageing of the human brain, affect our happiness, improve our vision and advance our responses to time-critical choices. With proven benefits like these and the incredible possibilities offered by new technologies, there's never been a better time to work in this space.

Google's Chief Game Designer Noah Falstein charts the evolution of storytelling and virtual reality through the millennia, then goes on to reveal that games are actually good for you!

Virtual reality might seem cutting-edge, but it isn't a new concept. Way back – even before there were humans – our ancestors experienced virtual reality in the real world. There were images that looked like real life, and the forerunners to modern man had to learn to distinguish between the two.

Many millions of years later, our ancestors learned to speak. They sat around the campfire passing on critical survival information and swapping stories. Then as well as now, great storytelling is about creating images in the minds of your listeners. Storytellers have been striving to pass on images for millennia, through drawings, writing, theatre, TV and now games.

In the early days of video games, people realised that putting players directly into virtual worlds produces the ultimate sense of immersion. Modern technology already delivers some breathtaking results in this area. This seamless blending of reality with virtual images is called transmogrified reality, and this is what will ultimately help us communicate concepts, images and words more realistically than ever before. In turn, we'll be able to entertain, inform and teach in new ways.

Games – and entertainment in general – are at their heart learning experiences. Neuroscience researchers from Harry Harlow in the 1940s to Adam Gazzaley to Daphne Bavalier and

> "Games and virtual reality can slow-down ageing of human brain affect our happiness, improve our vision and response to time-critical choices."
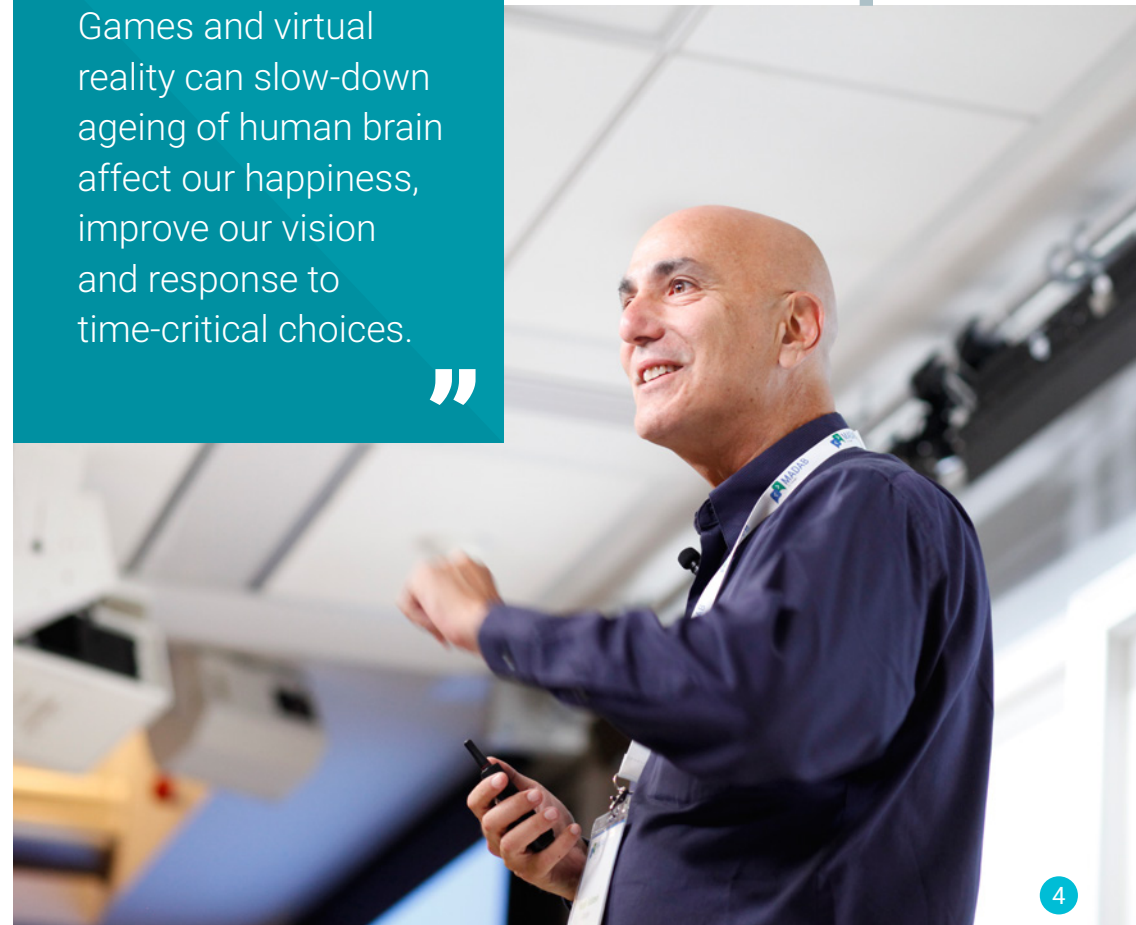
The Brand Journey of OUTFIT7

Samo Login
Founder & CEO of Outfit7

Outfit7 is best known for the iconic Talking Tom and Friends brand. What started as an idea is now a company with 22 apps, 3 billion downloads, 3.4 billion YouTube viewers and 250 million monthly active users. Founder and CEO Samo Login shares some of the secrets to this success.

Historically, the entertainment industry started with a small universe – one story and one author on a single platform with passive consumption. Outfit7 does it the other way around! As a company we come from a different world where the rules haven't been written yet. We're fuelled by new technologies and serve audiences with entirely new expectations in a time of unprecedented disruption. Our starting point is active consumption in a huge universe with infinite stories where everyone is an author across different platforms.

Throughout our journey of the last five years, we discovered the value of brand and the complexities of brand protection across different markets. Talking Tom has evolved in both his look and his behaviour; he's even made friends! And as a company, Outfit7 has evolved from mobile games to storytelling through an animated series on YouTube.

So, what's next for Outfit7? Our focus going forward is how to be relevant beyond our existing fan base in order to become part of the broader shared cultural landscape.

Tips from Outfit7

→ Don't just throw money at the problem

→ Imbue your IP with life

→ Rally your fans

→ Embrace multiple platforms

→ Expand the universe

→ Never stop innovating

Smart Strategies to Acquire, Retain and Monetise Gamers

Arun Balaraman & Russell Ketchum
Product Managers, Google

Globally, the app economy is set to be worth an astonishing $70 billion in 2017 according to DigiCapital [2]. Google Product Managers Arun Balaraman and Russell Ketchum discuss the latest strategies to take advantage of this explosive growth.

As your app usage and revenues increase they produce vast amounts of data. You have a unique opportunity to turn that data into actionable insights to understand how people use your apps, learn what they like (or dislike) and build better apps to grow your revenues.

At Google we're building a smart mobile ads platform to power valuable mobile app installs and supercharge monetisation. A smart platform is 'audience aware', enabling marketers to show an ad to the right individual and allowing developers to build

monetisation experiences that are unique to each user.

Smarter monetisation
Our recent research among successful app developers showed they're using a mix of different models and predominantly rely on three channels: direct and network advertising, in-app purchases and subscriptions. With this in mind, our vision at AdMob is to build the best monetisation platform that can work with different business models and in turn both deliver better user experiences and open up new revenue streams.

Using Google's proprietary algorithms, AdMob can help you target IAP promotions to the right user, generate maximum demand through a robust mediation platform and grow larger through reservations, which enable you to manage direct deals with advertisers.

Mobile ads are maturing to create better, richer and more interactive experiences; they're increasingly specific to the medium, rather than shoehorned in from desktop. We found that developers can earn 20% more on average with AdMob interstitials compared to developers who are not using them. We encourage you to trial different engaging formats too.

Supercharge app installs
According to our research, the overwhelming majority – 77% of users – do some research or comparison before downloading an app by using search, watching videos, visiting websites or other apps and visiting app stores [3]. App discovery and app promotion are increasingly important.

Google has a broad platform of services that help you to reach the right user at the right time, at those moments when they're looking to engage with app content. Because this can be complex, we worked hard on simplifying the workflow. This autumn we launched universal app campaigns, a one-stop shop to reach the right users to install your app while they discover, search, engage with an app, surf the web or watch videos.

Of course, a new user downloading an app is only the beginning of a potential relationship. User retention is the key to long-term success and a good retention strategy depends on three things: understanding user behaviour in your app, identifying roadblocks to retention and developing tactics and tools to re-engage with your users.

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2 Digi-Capital, "Mobile Apps to Hit >$70B Driven by Explosion of Diversity"
3 Google & Parks Associates, Mobile Apps Consumer Study, March 2014

> "A smart platform is 'audience aware', enabling marketers to show an ad to the right individual and allowing developers to build monetisation experiences that are unique to each user.
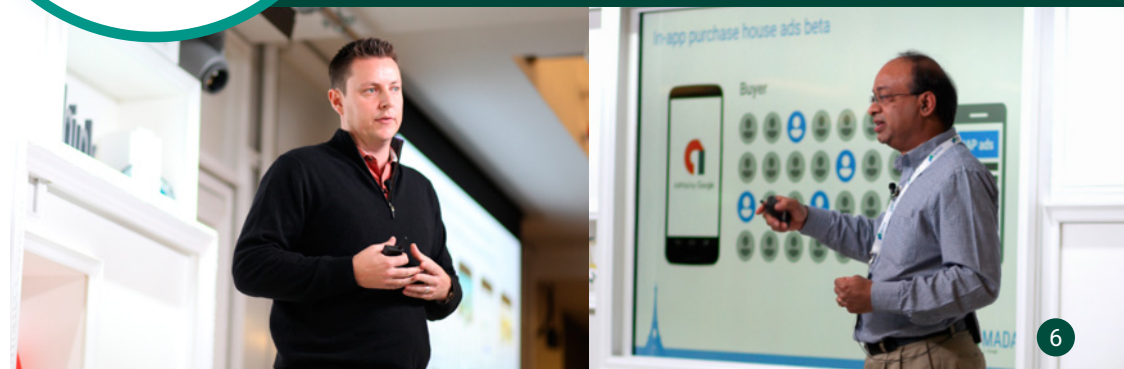
Monetisation in the App Economy

Jaede Tan
Territory Director UK & Northern Europe, App Annie

According to Jaede Tan, Territory Director for the UK and Northern Europe at App Annie, it shouldn't come as a surprise that one monetisation approach doesn't fit all. It's critical to adjust your strategies depending on the market you hope to penetrate.
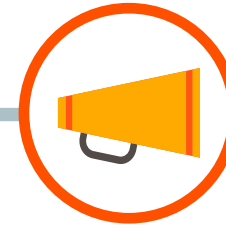
App revenue is the most common goal for app developers. Around 70% of publishers look to earn revenue from within app stores (through paid downloads and in-app purchases), and just under half monetise apps through in-app ads. While app store monetisation offers substantial opportunities in markets such as Japan, that's not the case everywhere. For example, in the US, UK and India most revenues are generated through in-app advertising.

Google Play generally draws more downloads than the iOS App Store, which may be key for publishers monetising through advertising. Games in particular leverage a freemium business model, but even apps outside of games have increasingly opted for this model in the last couple of years. Examples of those that have switched include Spotify (now offering IAPs on iOS) and Rovio.

About 40% of surveyed publishers report that static banner ads are their leading form of ad monetisation. Publishers making over $100,000 per month from in-app advertising more frequently use video ads or offer walls, though.

Looking at top gaming subcategories, casual games lead downloads by far, but the role-playing and strategy subcategories are generating the most revenue. Although games lead in revenue, more total time tends to be spent in non-game apps, particularly communication and social.
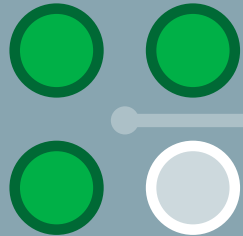
Finding Success
on ▶ Google Play

Philipp Bieberstein
Head of Western Europe,
Google Play Apps and Games

Three out of four Android users are playing games these days. Google Play's Philipp Bieberstein offers two practical tips to help you leverage the opportunity.

1. Drive excitement before launch

You don't have to wait for the launch of your app to start engaging with your audiences. Through beta testing, pre-launch registration and cloud lab testing you can gather player feedback and drive social endorsements and ratings of your new app.
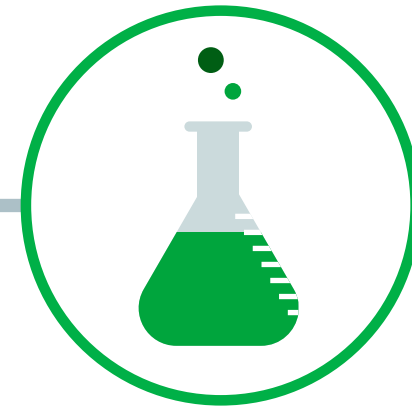
2. Boost user acquisition with experiments

Store Listings affect your app downloads. Use A/B testing and experiment with different icons, short descriptions and screenshots to improve your conversion rate.

Five YouTube Strategies for Gaming

Ina Fuchs
Head of YouTube Gaming Content Partnerships, EMEA

YouTube has over a billion users — almost one-third of all people on the Internet — and everyday people watch hundreds of millions of hours on YouTube and generate billions of views. Looking at these astonishing numbers, there is clearly a huge audience to reach through YouTube – but also lots of competing content to potentially get lost in the crowds. Ina Fuchs, EMEA Head of YouTube Gaming Content Partnerships shared five top strategies to get discovered and drive engagement.

1. Optimise your metadata
The majority of videos are discovered on YouTube via search or suggested videos. The first impression and the decision to watch will therefore mostly be based on not much more than a thumbnail, a title or a short preview description. It is often underestimated how crucial good metadata (=clear thumbnail optimised for mobile, compelling title and relevant description) is for discovery. If you are a Gaming Publisher, also help us present your games in the best possible way by following the process linked here.

2. Upload engaging content consistently
Make sure you keep your fans excited about your content by creating engaging, interactive content that encourages them to participate and share with others. Build the habit – if viewers are used to finding new content on your channel on a regular basis, they'll keep coming back. Sticking to a regular schedule helps your fans want to keep coming for more.

3. Drive Fandom
Your fans are your biggest brand ambassadors, so do your best to empower them. Know who your biggest influencers are and embrace fan-generated content.

Curating videos from your fans on your channel can help engage your audience, even when you aren't uploading new videos yourself – and of course, make these fans feel extra special!

4. Go live
Live streams are a great way to create must-see events and engage your fans in real time. Pay attention to live comments – interacting with your live audience takes engagement to the next level. We have recently launched the ability for anyone to even go live with one click from the Mobile phones through the YouTube Gaming App – broadcasting their mobile game play to the world on their YouTube channel.

5. Measure your success
Lastly, identify which strategies are working and which need a change. Pay special attention to peaks and valleys across viewership, watch time and subscriber growth, and try to piece together on what causes specific changes. Your community can give you lots of insights about what works on YouTube and beyond – many YouTube creators like PewDiePie have developed entire games based on the feedback from their fans on YouTube.

> "YouTube has over a billion users — almost one-third of all people on the Internet."

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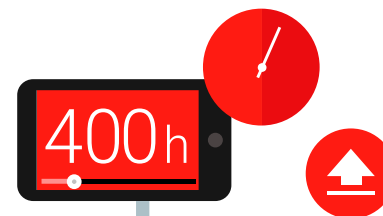
The Future of App Economics: Key Themes from the Round Tables

Vsevolod Leonov

Head of Partner Business Solutions,
Mobile Apps & Gaming EMEA, Google

Vsevolod Leonov – Google's Head of Partner Business Solutions, Mobile Apps & Gaming for EMEA sat down with a host of industry leaders to delve into some of the critical topics mobile players face today. From data to monetisation to ad tech and more, here are the highlights.

1. Business models are evolving

The debate on the dominant business model of the future remains open. The share of third-party advertising is expected to increase compared to IAP once brand demand catches up for this inventory type. Meanwhile, rewarded advertising is an emerging source of revenue. Some app developers are flirting with the idea of subscriptions, and new models, such as usage charges, may yet emerge.

2. The need for intelligent ad tech

With the proliferation of tech providers in the mobile app market, many feel there are too many options. In this environment, a gap exists for a unified comprehensive solution. A platform is needed that can serve as an intelligent decision engine, offering improved yield management, targeting and brand safety guarantees for advertisers. On the technical side, developers continue to strive for a yield management setup that can be optimised without touching the apps – for example through SDK-less mediation – while at the same time sustaining stability and high monetisation levels.

3. Data is still king

Smart targeted advertising leads to successful acquisition of the right audiences, which in turn leads to profitable monetisation. Mobile app developers are increasingly looking for more data to develop better insights and deeper understanding of their users to be able to define the right monetisation strategies for them.

4. There's change afoot

Two trends have the potential to fundamentally alter the industry as we know it: geo-location apps could dramatically affect how users interact with their apps and devices, while smart TV may well lead to the emergence of an entirely new ecosystem.

In summary, the developments on the horizon signal plenty of reasons to be optimistic. New business models, improved ad technology, the incredible potential to use data, and the emergence of the Internet of Things are contributing to a future we can all be excited about.