

# App subscriptions could help in-app purchases continue growing past the pandemic

Article

US iPhone users increased their spending on app purchases by 38% last year, amounting to \$138 on average spent annually per active iPhone user **according to** Sensor Tower data.

Sensor Tower attributes the rise in spending to the global pandemic which had led to **increased** phone usage and more time **spent** on mobile apps. While active iPhone app spending has increased consistently for years, 2020 saw the greatest annual growth since 2016, per the data. This trend is expected to continue, according to Sensor Tower, which recently told TechCrunch it **expects** average annual active iPhone app spending to reach \$180 per user by the end of 2021.

**2020 was a record year for app downloads and spending generally.** Mobile app downloads across both major platforms increased by 7% year over year (YoY) in 2020 for a total of 218 billion downloads, according to App Annie's State of Mobile report **cited** by TechCrunch. Previous Sensor Tower data **found** global consumer spending in mobile apps was also up from 30.3% for the App Store and 30% for Google Play from 2019. Overall, global consumers on both platforms combined spent an estimated \$111 billion on in-app purchases, compared with \$85 billion the previous year.

**While app purchases increased across categories, mobile games dwarfed others in terms of total spending.**

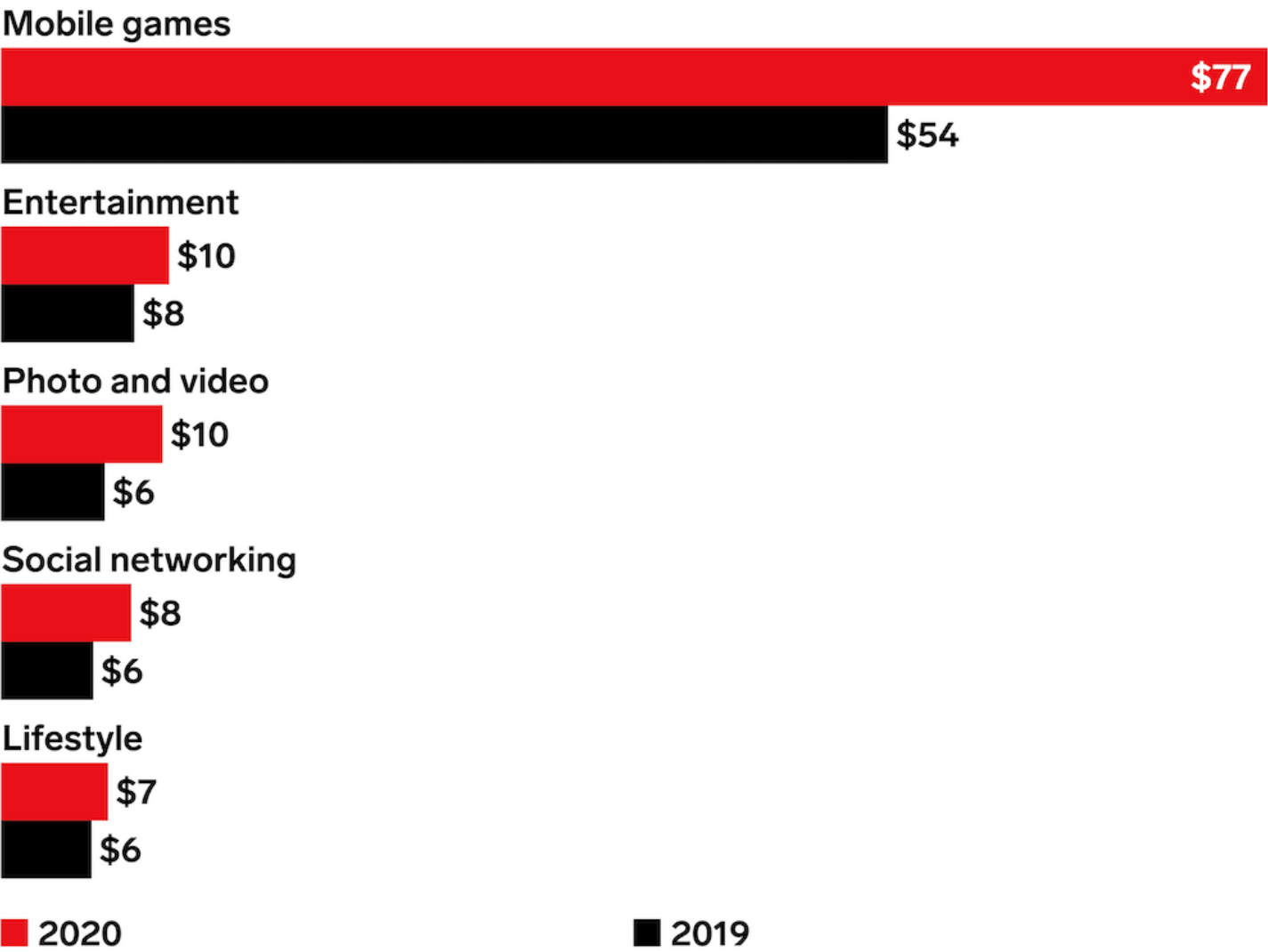
- **Mobile games:** Average in-app spending increased from \$53.80 in 2019 to \$76.80 in 2020 for a total increase of 43% YoY. Sensor Tower attributes a portion of these gains to puzzle games which averaged \$15.50 per active iPhone, and “casino” games which averaged \$13.10 per active iPhone.
- **Entertainment:** Purchases in this category increased by 26% from 2019 with average in-app spending bumping up from \$8.10 in 2019 to \$10.20 last year. The launch of the Disney+ and HBO Max streaming services accounts for a portion of this increase
- **Photo and Video:** This category, which includes apps like TikTok, YouTube, and Twitch, had the greatest (56%) increase in spending, though the dollar amount for in-app spending was comparatively low, increasing from \$6.30 to \$9.80 between 2019 and 2020.

**In-app purchases are likely to continue to increase even as the pandemic fades and life approaches some degree of normality thanks in part to a shift toward recurring subscription-based payments.** Sensor Tower's expectation that in-app purchases will continue to increase through 2021 matches up with findings from eMarketer's upcoming Mobile App Usage forecast. Our forecast found a 30.3% increase in in-app purchases between 2019 and 2020 coming out to an average of \$124.20 per smartphone user. While our forecast doesn't distinguish between operating systems, Apple users **tend** to spend more than

Android on in-app purchases. Aside from the pandemic, shifts towards recurring subscription payment models may also contribute to continued app spending long term. Though recurring in-app purchases made up just 35% of total app purchases in 2017, according to Sensor Tower, that figure climbed to 53% by 2020.

# The Pandemic's Effect on In-App Purchases

Average in-app spending per active US iPhone user



Source: SensorTower, 2021

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