

Epic v. Apple ruling forces Apple to loosen App Store payment restrictions

Article

The news: A ruling in the **Epic Games v. Apple** trial dealt blows to both companies, revealing the importance of mobile games to the App Store and opening up Apple for potential future

antitrust complaints, per The Verge.

- U.S. District Judge Yvonne Gonzalez Rogers dismissed nine of Epic's 10 claims against Apple and, in a separate judgement, **ordered Epic to pay Apple \$3.5 million** for knowingly violating App Store rules.
- Epic Games has appealed the ruling, and its CEO Tim Sweeney tweeted that **Fortnite will not be reinstated to the App Store** until "Epic can offer in-app payment in fair competition with Apple in-app payment."
- **Apple will be forced to remove anti-steering policies** after Judge Rogers upheld Epic's claim that App Store rules that prevent users from learning about alternative payment methods are anti-competitive.

More on this: Rogers made the distinction that the case is about "digital mobile gaming transactions," rather than the iOS marketplace as a whole, and stopped short of calling Apple a monopoly.

- The ruling found **mobile games make up approximately 70% of all App Store revenue**, and many rely heavily on a "freemium" business model that differentiates the mobile game market from other video games.
- Even with that distinction, mobile games and console and PC games now make up **nearly equal shares of the market**. Mobile games made up 40% of the total games revenue in Europe in 2020, and console games accounted for 44%.
- Games are also accounting for a larger share of time spent on mobile devices. Though time spent with mobile games is expected to decline in 2021 after the pandemic bump, it will rebound to 25 minutes by 2023.

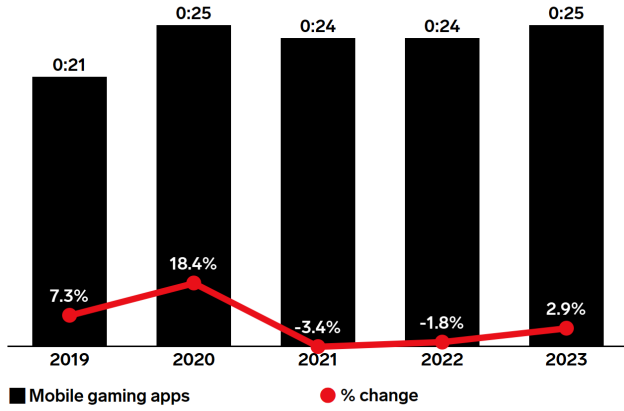
Why it's worth watching: As the mobile game market has grown, so too has its function as a platform for advertisers.

- Fortnite in particular has emerged as a major platform for marketers across industries, thanks to its "metaverse" spin that has allowed for artists like **Ariana Grande** and **Travis Scott** to host virtual concerts. Its continued absence from the App Store will reduce potential advertising reach.
- But the battle still isn't over, according to eMarketer principal analyst at Insider Intelligence **Yoram Wurmser**. "iOS developers are winners since they now have more options for

collecting revenue from users without paying commissions to Apple,” he said. “Appeals and further regulatory rulings may still force Apple to make bigger changes down the line.”

Mobile Gaming Apps: Average Time Spent in the US, 2019-2023

hrs:mins per day among population and % change



Note: ages 18+; includes all time spent using game apps via mobile devices, regardless of multitasking

Source: eMarketer, April 2021

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