

Despite continued strength in mobile advertising, app publishers look for alternatives

Article

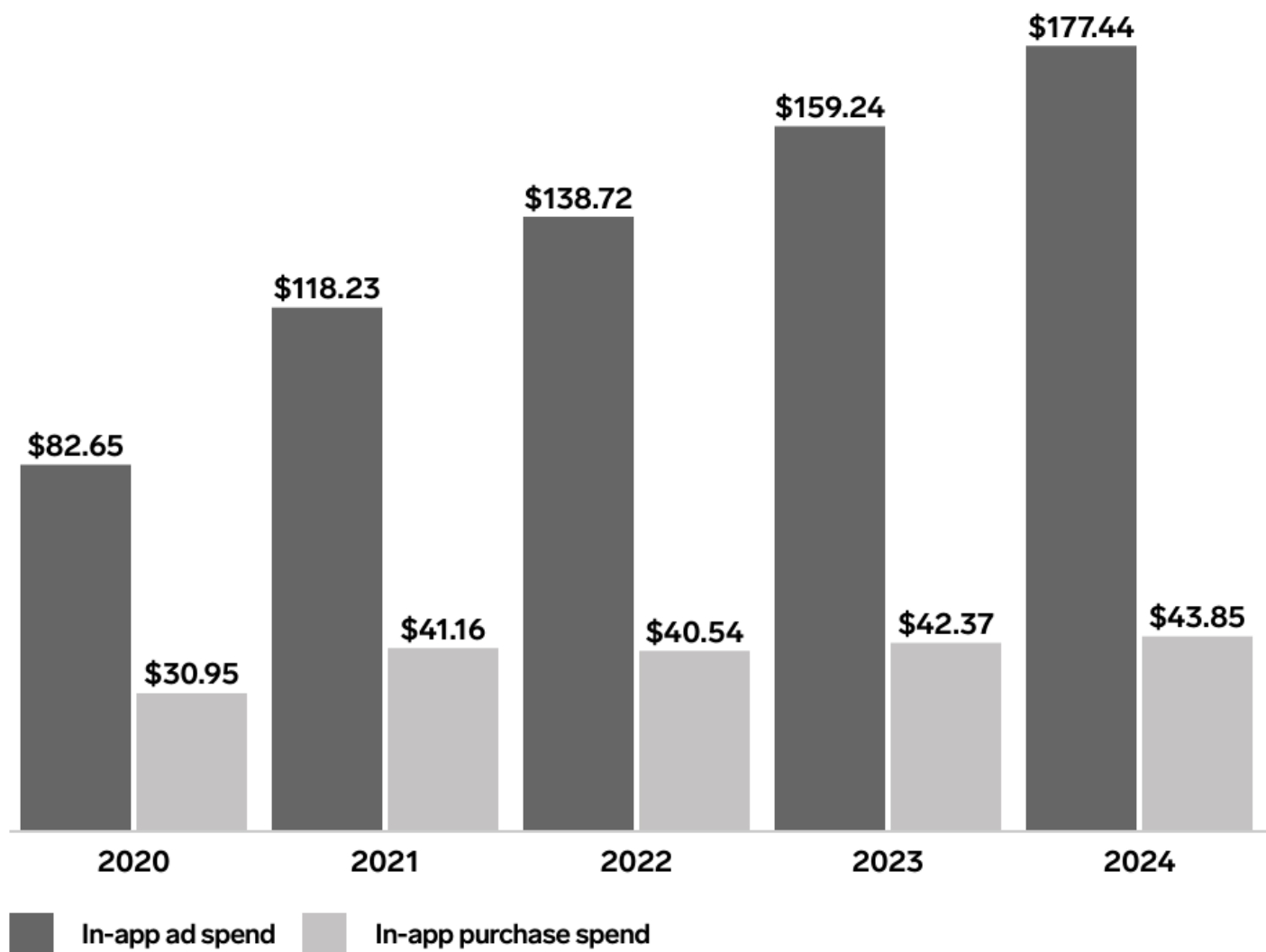
Developers are still in search of additional revenue streams. Subscriptions for nongaming in particular are a growing portion of in-app purchases (IAPs), while some apps with large user bases are looking to create their own payments and commerce ecosystems.

Privacy restrictions on iOS and Android continue to tighten. So far, advertisers have adapted. Bigger issues may lie in privacy and antitrust **regulations**, which may make third-party app stores viable and—by extension—app store commissions lower. And lurking over everything is generative AI's (genAI's) impact on search, which may reduce traffic to content sites.

Mobile advertising will keep growing at a rapid clip despite headwinds from privacy laws and genAI. Even so, app publishers will explore additional ways of making money for premium content. This may have an impact on the type and price of ad inventory in the future, although the volume of in-app advertising (IAA) should remain strong.

US In-App Purchases Pale in Comparison to In-App Advertising Spend

billions, 2020-2024



Note: total annual spending on in-app purchases by mobile device users; total annual spending on advertising that appears in apps on mobile phones and tablets, and includes all the various formats of advertising on those platforms

Source: Insider Intelligence | eMarketer, July 2023

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Insider Intelligence | eMarketer

A yawning gap opens between IAA and IAP spending.

IAPs—a combination of subscription fees and virtual goods in games and media—will resume growth in 2023 following a drop in 2022. But the modest rebound in IAP spending compares poorly with the continued rapid growth in IAA.

IAA will grow even more dominant. The 14.8% growth in IAA translates into an additional \$20.52 billion in ad sales. In contrast, the 4.5% increase in IAPs in 2023 means just \$1.83 billion in additional revenues for app makers. In fact, the 2023 increase in IAAs alone is almost half the total IAP revenues of \$42.37 billion.

Report by Yoram Wurmser Aug 28, 2023

Mobile App Monetization 2023

