

ARTILLRY DATA BRIEFS

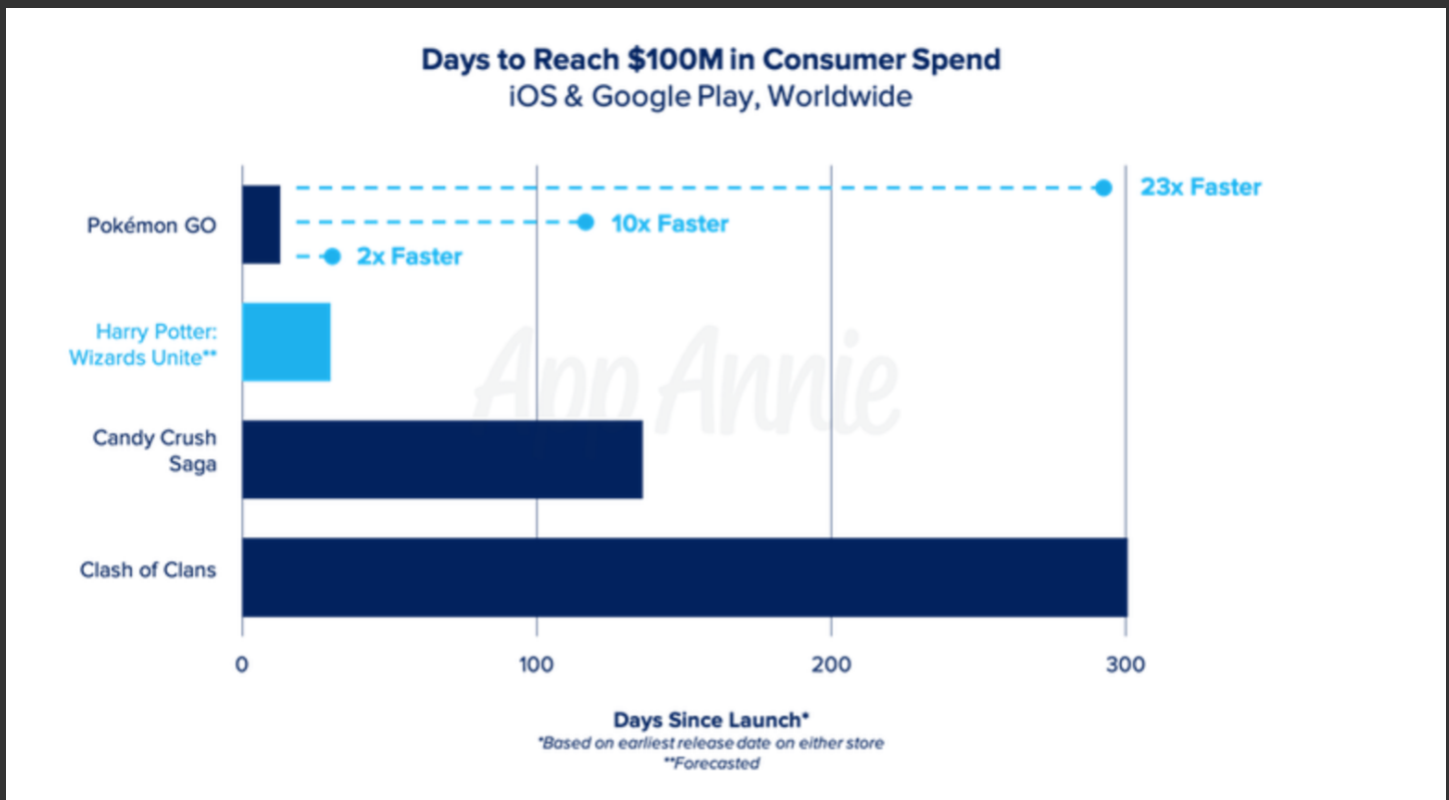
WILL HARRY POTTER AR MAKE \$100M IN FIRST 30 DAYS?

12/10/18



Expectations are high for Harry Potter Wizards Unite. As Niantic's follow up game to Pokémon Go (PGO), it has all the makings for a hit: PGO game mechanics and IP/brand that's almost as strong as Pokémon Itself. And the former has gotten stronger with Niantic's Real World platform.

Likely applying that logic and other app signals it tracks, App Annie predicts that the game will make \$100 million in its first 30 days. This seems like a lot but actually indexes low relative to the top mobile gaming titles of the recent past, such as Candy Crush and Clash of Clans.



But a more apt comparison: how does that stack up to PGO? If it hits the projected milestone it will be twice as fast as PGO's early pace. Though the game will carry PGO's halo effect and evolved architecture, it's a question of how the brand equity stacks up to Pokémon (likely lower but close).

The other important projection from App Annie's latest release is the growth in number of apps that employ In-app purchases (IAP) as a revenue model. We've been vocal about projecting IAPs prevailing role as a revenue model for mobile AR, partly due to its dominance in the app economy.

IAP's current footing is important because it has conditioned user behavior and comfort levels. That will flow into mobile AR for lots of reasons. For one, a new/unproven technology will have further adoption friction if it also tries to change user behavior around paying for experiences.

Growth in Mobile Advertising Spurs Growth in Apps Monetizing Through In-App Ads



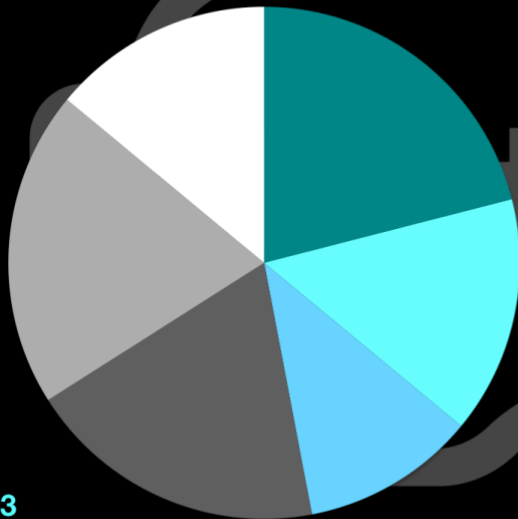
ARtillery Intelligence survey data with Thrive Analytics indicates that consumers aren't yet willing to fork over upfront dollars for AR premium apps. In-App purchases will be the way to ease them in. Aside from reducing friction, IAP has favorable unit economics such as lifetime customer value.

Back to Pokémon Go, it provides yet another point of validation for IAPs role in the mobile AR app economy. It has generated \$2 billion to date – by far the largest single revenue driver in mobile AR – most of which was from IAP. We expect a similar model from Harry Potter, Wizards Unite.

For additional detail on our survey data referenced above, see the next page.

MOBILE AR APP PRICING (CURRENT USERS)

WHAT IS THE MOST YOU WOULD PAY FOR A MOBILE AR APP?



- I wouldn't pay upfront, but would consider in-app purchases
- I wouldn't pay for any form of AR on my smartphone
- \$0.99
- \$1.00-\$2.99
- \$3.00-\$4.99
- \$5.00 or more

N= 703

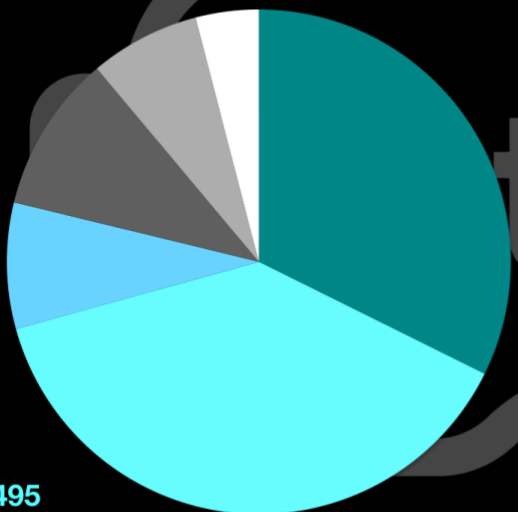


(Simplified view: see report for full data set.)

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MOBILE AR APP PRICING (NON- USERS)

WHAT IS THE MOST YOU WOULD PAY FOR A MOBILE AR APP?



- I wouldn't pay upfront, but would consider in-app purchases
- I wouldn't pay for any form of AR on my smartphone
- \$0.99
- \$1.00-\$2.99
- \$3.00-\$4.99
- \$5.00 or more

N= 1,495



(Simplified view: see report for full data set.)

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About ARtillery Intelligence

ARtillery Intelligence chronicles the evolution of augmented reality (AR) and virtual reality (VR). Through writings and multimedia, it provides deep and analytical views into the industry's biggest players, opportunities and strategies. It's about insights, not cheerleading.

Run by analysts and former journalists, coverage is grounded in a disciplined and journalistic approach. It also maintains a business angle: Though there are lots of fun and games in AR & VR, long-term cultural, technological and financial implications are primary.

Products include the *AR Insider* publication and the ARtillery PRO research subscription., which together engender a circular flow of knowledge. Research includes monthly Intelligence Briefings, market-sizing forecasts and consumer survey data, all housed in a robust intelligence vault.

Learn more at <https://artillery.co/about>



About the Author

Mike Boland was one of Silicon Valley's first tech reporters of the Internet age, as a staff reporter for *Forbes* (print) starting in 2000. He has been an industry analyst covering mobile and social media since 2005, and is now Chief Analyst of *ARtillery Intelligence* and Editor-in-Chief of *AR Insider*.

Mike is a frequent speaker at industry conferences such as VRLA, ad:tech and LeadsCon. He has authored in-depth reports and market-sizing forecasts on the changing tech & media landscape. He contributes regularly to highly read online news sources such as *TechCrunch*, *Business Insider* and the *Huffington Post*.

A trusted source for tech journalists, his comments have appeared in A-list publications, including *The New Yorker*, *The Wall Street Journal* and *The New York Times*.

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Questions and requests for deeper analysis can be submitted at:

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