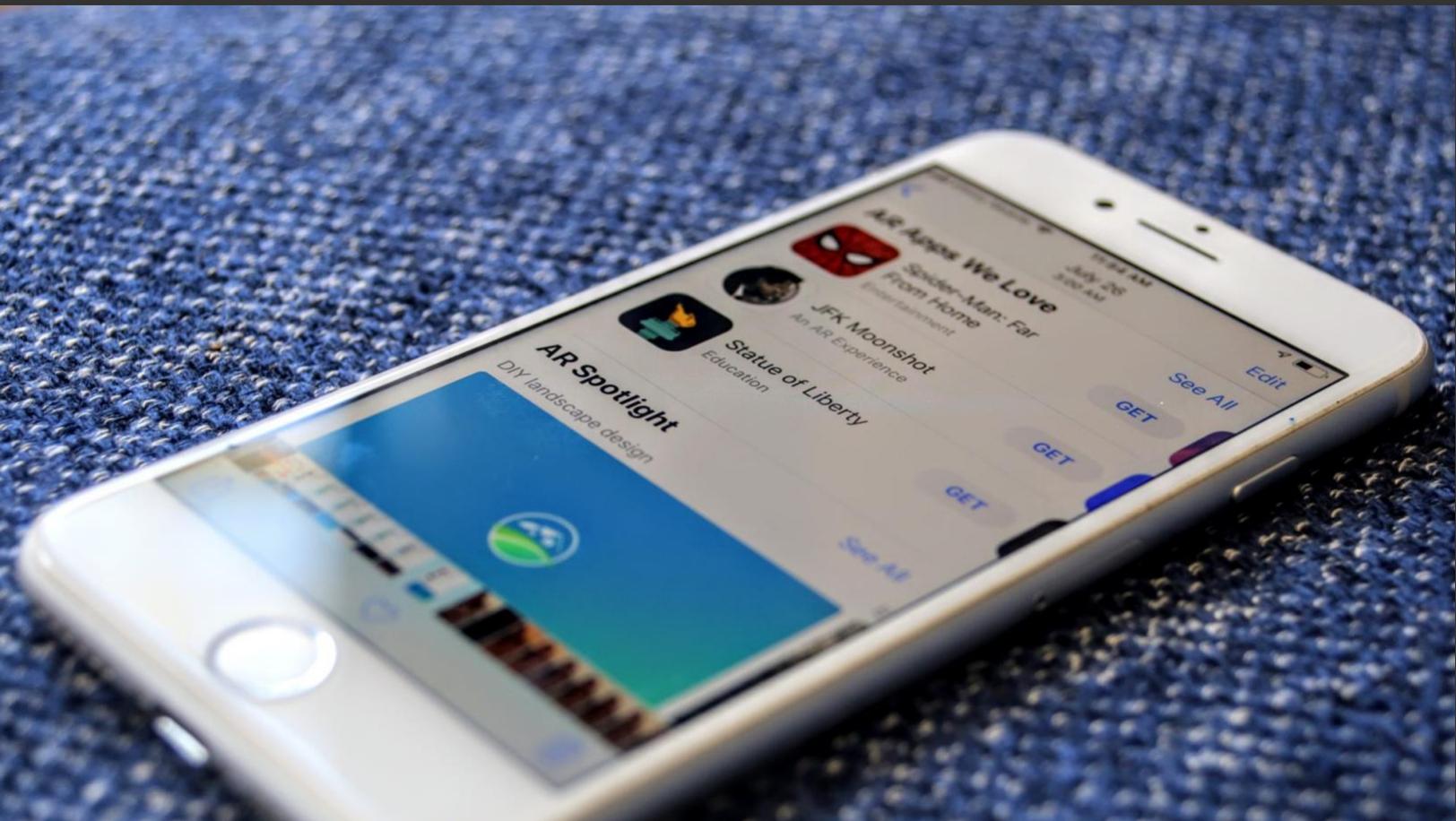


# ARtillery Intelligence



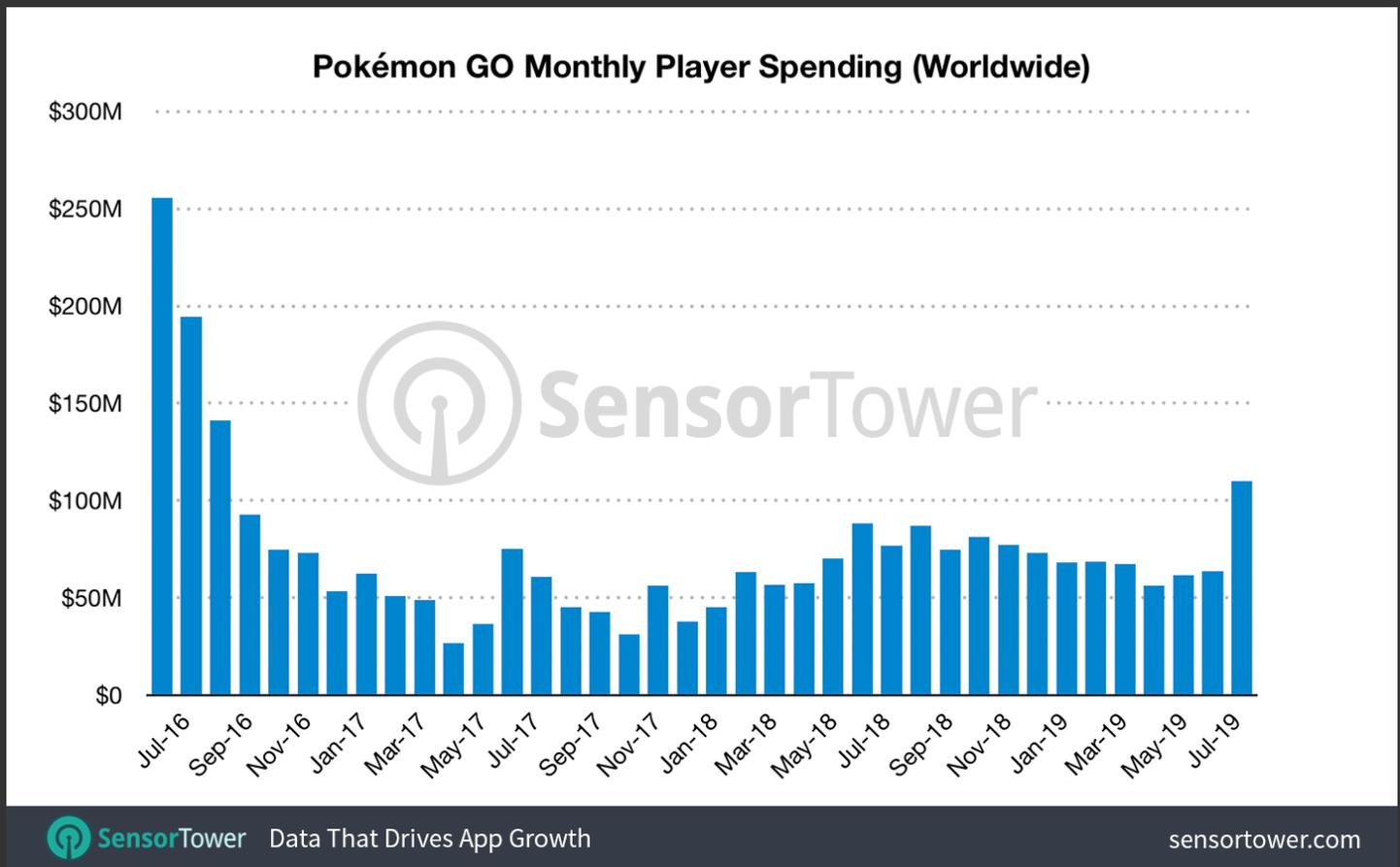
## ARtillery Data Brief

August Was Pokémon Go's Biggest Revenue Month in 3 Years  
09/23/19

Despite falling from its Q3 2016 peak (an expected outcome) Pokemon Go has been on a tear in 2019. And it just had its biggest revenue month in three years and fourth-largest to date. Specifically, it brought in \$110 million according to Sensor Tower estimates (chart below).

This is a 44 percent increase over August 2018's \$76 million (year-over-year); and a 76 percent increase over July 2019's \$63.5 million (month-over-month). It correlates to new user growth of 10 percent year-over-year versus August 2018's user growth of 5.2 percent over the previous year.

Most revenue in August came from the U.S. (40 percent) followed by Japan (31 percent). Japan leads in all-time revenue with revenue per user (ARPU) of \$45 compared with the U.S. ARPU of \$10. This speaks to consumer spending patterns for in-app purchases (more on that in a bit).



Panning back to Pokemon Go's standing on the global stage, its August monthly revenue total was fourth place behind Honor of Kings (\$141 million), Fate/Grand Order (\$159 million), and PUBG Mobile (\$160 million). Niantic's Harry Potter Wizards Unite (HPWU) is also showing strong signs.

As for what caused the August revenue surge, the likely source is the incorporation of franchise antagonists Team Rocket into the gameplay. This breathed new life into the game elements, which is the name of the game (excuse the pun) in maturing titles, as Niantic knows well.

As for the revenue dynamics in Pokemon Go, it continues to be dominated by in-app-purchases (IAP). This is a strong signal for IAP as a revenue model in AR. As supported by consumer survey data from our research arm ARtillery Intelligence, IAP is a prudent model for AR gaming.

The rationale is that AR is too new and unproven to get consumers to pay upfront for premium apps. That plus acclimation/comfort levels consumers have developed for in-app purchases in non-AR games (Candy Crush, Fortnite, Clash of Kings, etc.) make it the go-to model.

# Mobile AR Price Sensitivity

What's the most you'd pay for a mobile AR experience?

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



Base = 3,118 US online adults (18+).

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Interestingly, in other popular areas of consumer AR such as social lenses, the revenue source is brand advertising. That's mostly because it's becoming an effective way for brands to engage consumers with immersive product try-ons. That "subsidy" if you will, makes it free for users.

But one of our predictions is that social lens players like Snapchat and Facebook will introduce consumer-pay options for lenses. The model there is what Snapchat did with Geofilters, where consumers can create and unlock a lens around a geofence and timeframe (think: birthday party).

Meanwhile, the clear delineations in revenue models are IAP for gaming and brand advertising for social AR lenses. These dynamics are top of mind as our research arm, ARtillery Intelligence, works on its October Intelligence Briefing on mobile AR strategies and business models.

We'll have lots of findings and highlights from that report to share in a few weeks. Meanwhile, Pokemon Go's revenue resurgence provides some good fodder for analysis and strategic implications. We'll keep watching Niantic's moves (including HPWU) and how the market reacts.

# Video Companion

(Click Video to Play)



# About ARtillery Intelligence



ARtillery Intelligence chronicles the evolution of spatial computing. Through writings and multimedia, it provides deep and analytical views into the industry's biggest players, opportunities and strategies.

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 spatial computing, cultural, technological and financial implications are the primary focus.

Products include the [AR Insider](#) publication and the [ARtillery PRO](#) research subscription, which together engender a circular flow of knowledge. Research includes monthly narrative reports, market-sizing forecasts consumer survey data and multi-media, all housed in a robust intelligence vault.

Learn more [here](#).



# About Data Briefs

ARtillery [Data Briefs](#) are research deliverables that are assembled weekly by ARtillery Intelligence analysts to document the market trends and events they're tracking.

# 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 AWE, VRLA and XRDC. He has authored more than 120 reports and market-sizing forecasts on the tech & media landscape. He contributes regularly to 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*.

Further background, history and credentials can be read [here](#).



# Methodology

This brief highlights *ARtillery Intelligence* viewpoints, gathered from its daily in-depth coverage of spatial computing. To support narratives, data are cited throughout the report. These include *ARtillery Intelligence* original data, as well as that of third parties. Data sources are attributed in each case.

For market sizing and forecasting, *ARtillery Intelligence* follows disciplined best practices, developed and reinforced through its principles' 15 years in tech-sector research and intelligence. This includes the past 3 years covering AR & VR exclusively, as seen in research reports and daily reporting.

Furthermore, devising these figures involves the “bottom-up” market-sizing methodology, which involves granular revenue dynamics such as unit penetration, pricing and growth patterns. More on *ARtillery Intelligence* market-sizing research and methodologies can be read [here](#).

# Disclosure and Ethics Policy

*ARtillery Intelligence* has no financial stake in the companies mentioned in this report, nor was it commissioned to produce it. With respect to market sizing, *ARtillery Intelligence* remains independent of players and practitioners in the sectors it covers, thus mitigating bias in industry revenue calculations and projections.

*ARtillery Intelligence*'s disclosure and ethics policy can be seen in full [here](#).

# Contact

Questions and requests for deeper analysis can be submitted [here](#).

