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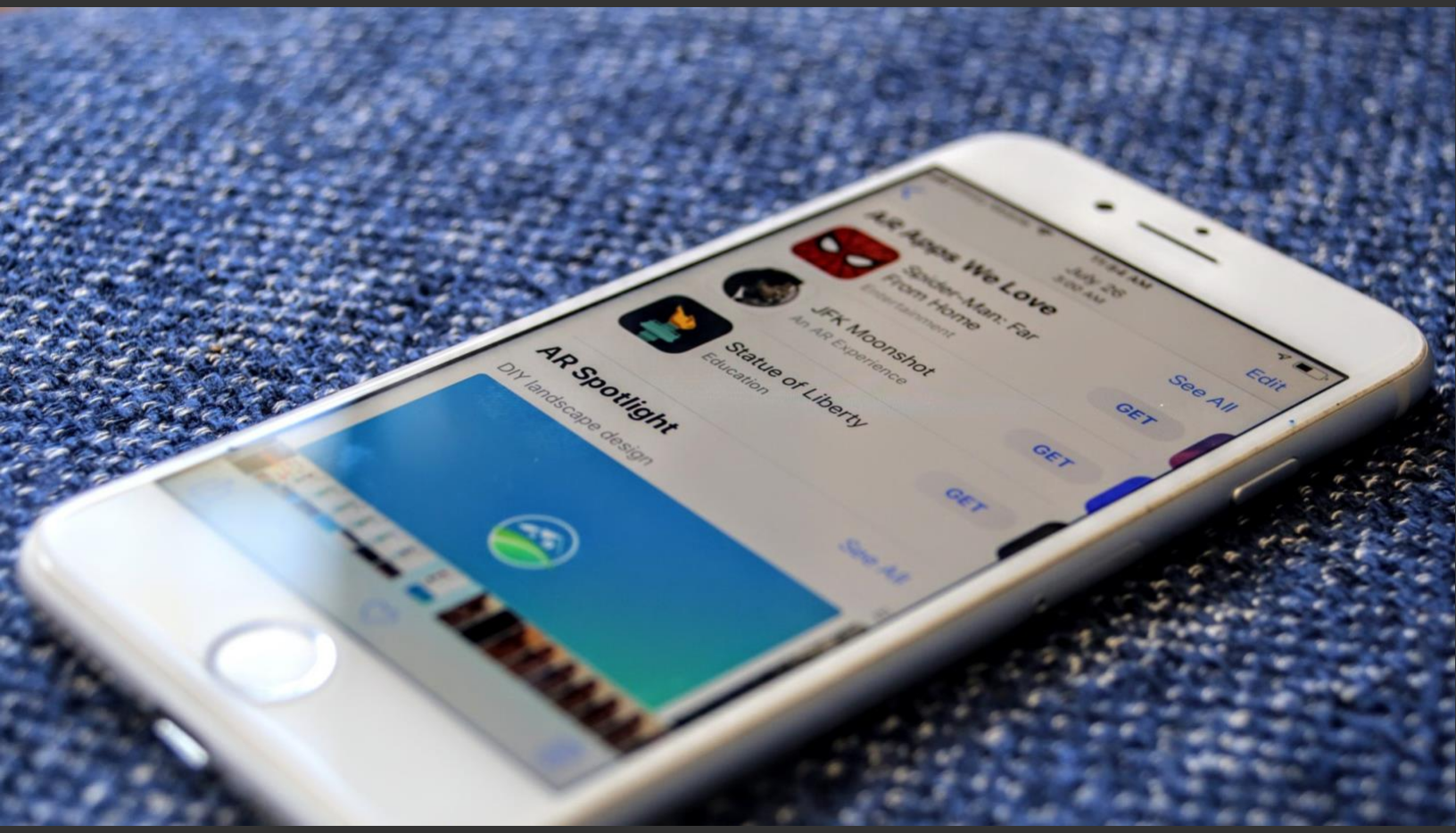


ARtillery Data Brief

Pokemon Go Passes the $3 Billion Mark

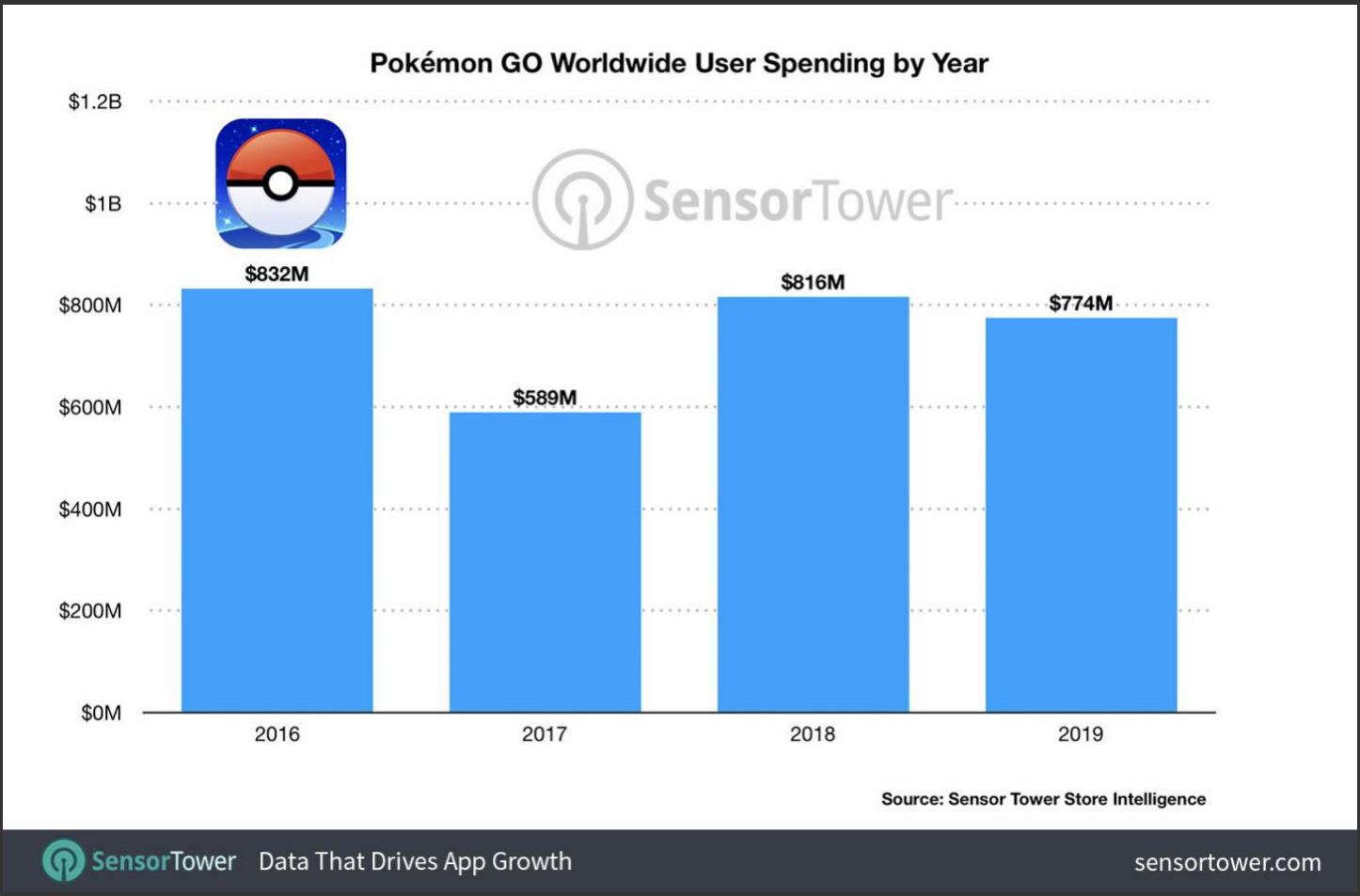
11/18/19

ARtillery Intelligence

Pokémon Go's business case continues to be validated. Though the tech & media press corps has shifted the spotlight to other shiny things, the app continues to see strong user engagement and revenue. August was its biggest revenue month in three years, as we recently examined.

Equally notable, the app just crossed $3 billion in lifetime gross revenue in October according to Sensor Tower estimates. This follows the July estimate that the app had made $2.65 billion to date. If these figures are accurate, it puts Pokémon Go on an $840 million annual run rate.

To be clear, this isn't first-party data from Niantic, but Sensor Tower's extrapolated figures (and our run-rate calculation). Sensor Tower is arguably reliable in its network reach (sample size), and a consistent methodology over time also enables longitudinal analysis for revenue growth.



On that note, Sensor Tower estimates $832.4 million in 2016 revenues, dipping to $589.3 million in 2017 before rebounding to $816.3 million in 2018 and $774.3 million so far this year. That puts it on pace for its largest revenue year to date in 2019, and congruent with the above run rate.

It should be noted that though 2016 revenues are lower than 2019's likely total, the game was launched in July of that year. That means 2016 revenue was achieved over a smaller period of July-December, so its revenue run rate during that time remains the highest in its history.

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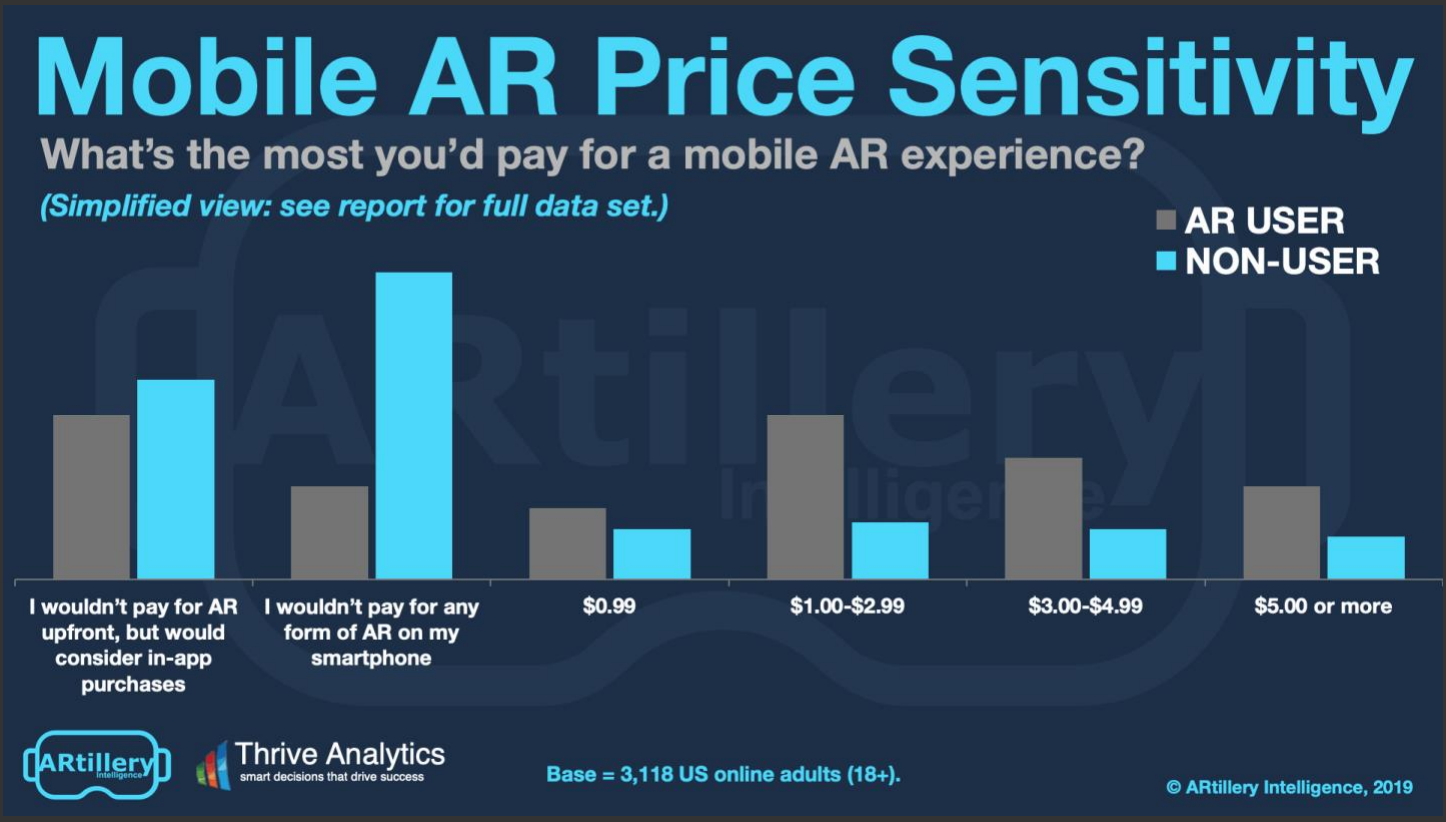
Cumulative app downloads meanwhile total 541 million, making the average revenue per user about $5.60. This ARPU notably increased over time as usage declined while Niantic found ways to better monetize the experience, including this year's incorporation of Team Rocket.

Altogether, this further validates Pokémon Go's in-app purchases (IAP) revenue model. It's inherited from the broader mobile gaming world, where it approaches $70 billion in annual revenue on the behavioral economics of microtransactions (all that money you spend on Candy Crush).

Not only is IAP validated in mobile gaming but it's fitting to AR's early stage when users hesitate to pay upfront for premium apps. Beyond revenues, IAP is supported by consumer survey data f ARtillery Intelligence, and recent report on top AR business models.



But as always, growth rates are harder to maintain as revenue escalates and period-over-period growth is calculated from a larger denominator. This compels revenue diversification and adjacent products that boost variable revenue against fixed cost (one way to grow operating margin).

This is precisely what Niantic recently did by expanding the capacity of its secondary revenue stream for in-game brand sponsorship. Previously available to multi-location brands like McDonald's and Starbucks, it will now tap into the long-tail SMB marketplace.

The question is if this will indeed allow Niantic to maintain growth rates as the core IAP revenue stream matures. It can also maintain IAP growth through other means like geographic expansion (U.S. currently leads revenue) and more ARPU-boosting features like those mentioned above.

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This will be worth watching, as early industry leaders like Niantic do the industry a favor through the large-scale deployment. That can uncover key market dynamics and demand signals which is valuable intelligence in early stages of any consumer technology.

Video Companion

(Click Video to Play)

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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**.

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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.**

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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.**

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