

App Annie Index - Market Q2 2014:

Brazil, Thailand, and India Drive
Google Play's Explosive Growth

Welcome to the App Annie Market Index, the barometer of the macro trends that are emerging in the app ecosystem across stores, countries and categories. We bring you the most complete analysis of the global app market available, using worldwide data that represents more than 150 countries on both the iOS App Store and Google Play. This report highlights the trends that are shaping mobile content distribution at the highest level and how it will impact your app business.

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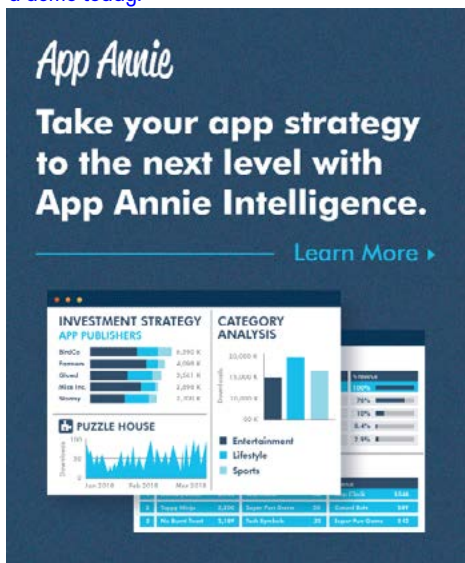
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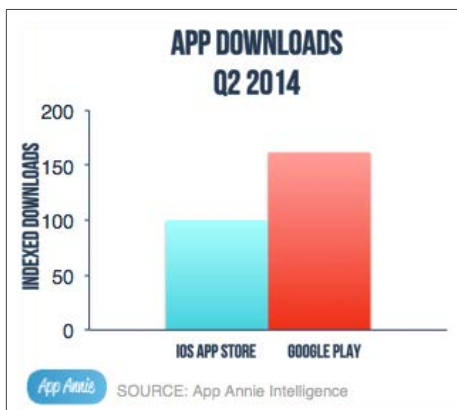
The information contained in this report was compiled from [App Annie Intelligence](#), the leading market data solution for the app store economy. To see how our app store download and revenue estimates can help guide your critical business decisions, [take a tour](#) or [request a demo today](#).



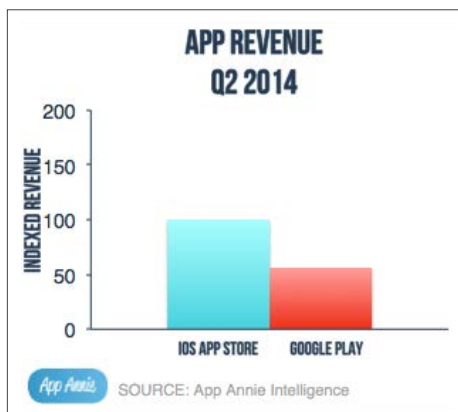
This quarter's macro trends

Google Play widens its lead in app downloads

Google Play worldwide quarterly downloads exceeded iOS App Store downloads by around 60% in Q2 2014, up from about 45% last quarter. The explosive growth was driven by emerging markets, with Brazil continuing its rise, and Thailand and India seeing significant increases in Google Play downloads in Q2 2014. The rapid surge in Google Play downloads has been remarkable. In the [Q2 2013 Market Index](#), Google Play downloads were only 10% higher than iOS App Store downloads.



iOS retained a strong lead in app store revenue over Google Play. In Q2 2014, the iOS App Store provided around 80% more revenue than Google Play. Mobile powerhouses China and Japan were the primary drivers of iOS revenue for Q2 2014. Up-and-coming countries Taiwan, Kuwait, and Turkey also contributed significantly to iOS revenue, each growing more than 30% quarter-over-quarter.



India moves into top 3 for Google Play downloads

India climbed two spots to become the #3 country in Google Play downloads for Q2 2014. India hadn't entered the top three since Q3 2013, but it seems to be making a comeback. According to IDC, [India was the fastest-growing market in Asia-Pacific smartphone shipments](#) from Q1 2013 to Q1 2014. The large number of consumers switching from feature phones to smartphones likely contributed to India's success on Google Play.

Even with this quarter's impressive download rates, smartphone penetration in India — the world's second most populated country — is only 10%. IDC projects India's smartphone penetration to rise noticeably in the future as additional low-cost smartphone options hit the market and vendors increasingly target less populated regions. Strong Google Play downloads combined with future smartphone adoption could help set the stage for [rapid growth in India's mobile app-related revenue](#) by 2017.

China continues iOS revenue growth after explosive Q1

In the [Q1 2014 Market Index](#), China saw massive gains in the iOS App Store following Apple's long-awaited [deal with China Mobile](#). While growth has slowed since the initial launch, iOS revenue in China is still on a strong upward trajectory, increasing 20% from Q1 to Q2 of 2014.

China is proving to be pivotal in Apple's international growth strategy. In its Q2 2014 earnings call, Apple reported a record high revenue in China of almost [\\$10 billion](#), inclusive of retail sales. Greater China was also cited as a [main driver behind the iPhone's 17% growth](#), largely due to interest in the lower-priced iPhone models and purchases from first-time iPhone buyers. As China Mobile continues to [build out 4G infrastructure](#), and Apple [aggressively expands its retail presence](#), it will be interesting to see how China iOS revenue catches up to top-ranked US and Japan. The top three countries — US, Japan, and China — now constitute more than half of total iOS App Store revenue.

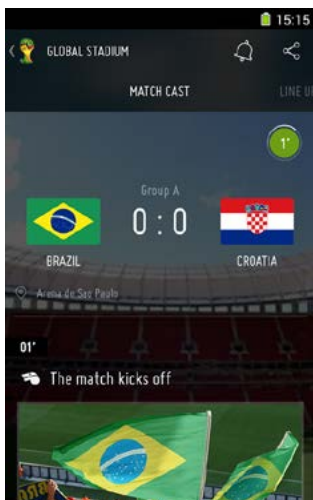
New games keep Japan ahead of the pack

Already the largest country by combined iOS App Store and Google Play revenue, Japan continued to grow faster than the rest of the market. Games have always been very successful in the nation, consistently driving more than 90% of its combined iOS App Store & Google Play revenue, and Q2 was no different. Newer additions such as *Monster Strike* and *Disney Tsum Tsum* helped Japan keep ahead of the rest of the world, while *Puzzle & Dragons* continued its historic performance.

Apple began [offering iPhones via NTT Docomo](#), Japan's largest mobile carrier, in late 2013. This coincides with the recent increase in iPhone sales in Japan, with Apple mentioning a [50% year-over-year increase](#) on its earnings call in April 2014. It will be interesting to see how the Japanese market continues to grow with both iOS and Google Play having strong footholds in the country.



Monster Strike has helped drive revenue growth in Japan since its December 2013 release.



FIFA's official app took off across the world in Q2 2014.

Brazil continues its red hot streak

In Q2 2014, Brazil firmly established itself as a dominant contributor to worldwide Google Play downloads. After reaching the #2 spot in Google Play downloads [last quarter](#), Brazil solidified its foothold by finishing Q2 2014 as the top-ranked country in Google Play downloads by increase in percent market share.

Of course, hosting [the 2014 FIFA World Cup](#) doesn't hurt either. Brazil's market share of the Sports category in Google Play downloads more than doubled from Q1 2014 to Q2 2014. The World Cup's impact on the Sports category wasn't limited only to Brazil, as the entire category experienced 20% quarterly growth, with notable increases in football-crazy nations such as Germany, Argentina and at least briefly, the United States.

With Brazil presenting such an attractive investment opportunity, Apple also doubled down by [opening its first retail store](#) in Rio de Janeiro in Q1 2014.

More movers and shakers

Taiwan makes top 5 in Google Play revenue

Taiwan continued its strong growth as the country re-entered the Top 5 in Google Play revenue for the first time since Q3 2013. Along with South Korea, this now places two Asian Tigers in the Top 5. Hong Kong and Singapore aren't far behind; both ranked in the top 12.

APAC-based Thailand, Indonesia and Vietnam also performed strongly in Google Play and experienced significant download growth quarter-over-quarter.

News travels fast

News handily outpaced other categories in Google Play revenue. It ranked behind only Games as the second fastest-growing category in percent market share of Google Play revenue. For insights into what is driving the rapid growth in News, check out the May 2014 [App Annie Index for General & Business News](#).

On the iOS side, Navigation rose nearly 20% quarter-over-quarter in iOS App Store revenue. This was driven largely by European countries Belgium, Germany and Lithuania.

Top Charts for Countries & Categories



Top Countries by Downloads

iOS App Store Q2 2014

Rank	Country	Rank change vs. Q1 2014
1	United States	—
2	China	—
3	Japan	—
4	United Kingdom	—
5	Australia	—



Top Countries by Revenue

iOS App Store Q2 2014

Rank	Country	Rank change vs. Q1 2014
1	United States	—
2	Japan	—
3	China	—
4	United Kingdom	—
5	Australia	—



Top Countries by Downloads

Google Play Q2 2014

Rank	Country	Rank change vs. Q1 2014
1	United States	—
2	Brazil	—
3	India	+2
4	Russia	-1
5	South Korea	-1



Top Countries by Revenue

Google Play Q2 2014

Rank	Country	Rank change vs. Q1 2014
1	Japan	—
2	United States	—
3	South Korea	—
4	Germany	—
5	Taiwan	+1



Top Categories by Downloads

iOS App Store Q2 2014

Rank	Country	Rank change vs. Q1 2014
1	Games	—
2	Entertainment	—
3	Photo & Video	—
4	Social Networking	—
5	Lifestyle	—



Top Categories by Revenue

iOS App Store Q2 2014

Rank	Country	Rank change vs. Q1 2014
1	Games	—
2	Social Networking	—
3	Music	—
4	Education	—
5	Entertainment	—



Top Categories by Downloads

Google Play Q2 2014

Rank	Country	Rank change vs. Q1 2014
1	Games	—
2	Tools	+1
3	Communication	-1
4	Entertainment	—
5	Social	—



Top Categories by Revenue

Google Play Q2 2014

Rank	Country	Rank change vs. Q1 2014
1	Games	—
2	Communication	—
3	Social	—
4	Tools	—
5	Travel & Local	—

Notes

- App store metrics reported in this article are based on data from App Annie Intelligence. Market-level metrics represent the full worldwide geography for both iOS and Google Play.
- App Annie Intelligence is currently available for the iOS App Store and Google Play. It does not currently provide estimates for other app stores, such as the Amazon Appstore. While in many countries, iOS and Google Play represent a significant portion of the app market, that is not the case for some countries. For example, China has a number of sizable third-party Android app stores.
- App Annie Intelligence revenue estimates reflect app store revenue earned from paid downloads and in-app purchases. They do not include revenue earned from in-app advertising.
- App Annie Intelligence revenue estimates represent the net revenue that the publishers earned from the app store; they exclude the fees taken out by Apple and Google. Currently, iOS App Store and Google Play each take a 30% cut.
- The Indexed Downloads metric provides an easy way of comparing different downloads numbers against each other. For example, if Q4 2013 has Indexed Downloads of 100 and Q1 2014 has Indexed Downloads of 200, then Q1 2014 downloads are $200/100 = 2$ times as high as Q4 2013 downloads. If Q1 2014 has Indexed Downloads of 80, then Q1 2014 downloads are $80/100 = 80\%$ of Q4 2013 downloads. The same applies to the Indexed Revenue metric.
- In the iOS App Store, a publisher categorizes their app under a Primary Category as well as an optional Secondary Category. All category analysis in the App Annie Index has been conducted based on the app's Primary Category only. This approach prevents any overlap or duplication among categories, and therefore allows us to size the categories and analyze category share changes properly.
- On Google Play, an app can be categorized under only one category, so there is no overlap across categories.
- In both the iOS App Store and Google Play, a publisher may decide to shift its own existing app from one Primary Category to another Primary Category. In such cases, downloads and revenue for the app in the month in which it is changed are attributed to app's Primary Category at the end of the month.
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