

A decorative graphic in the top right corner of the slide. It features a large blue triangle pointing downwards from the top right. Overlapping this triangle and the white background are several diagonal lines: a grey line, a black line, a cyan line, and a blue arrow pointing upwards and to the right.

App Annie

Russia's Mobile App Economy

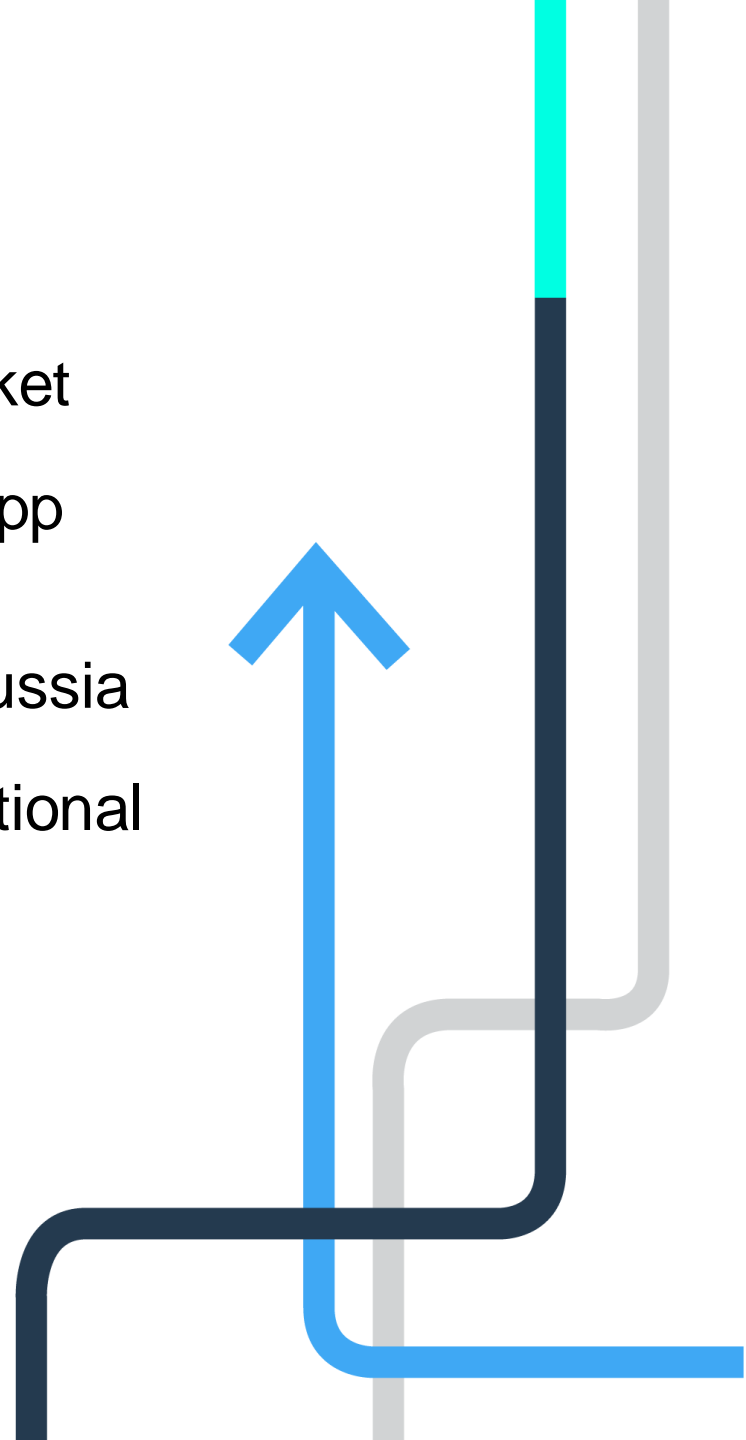
A New App Superpower in the Making?

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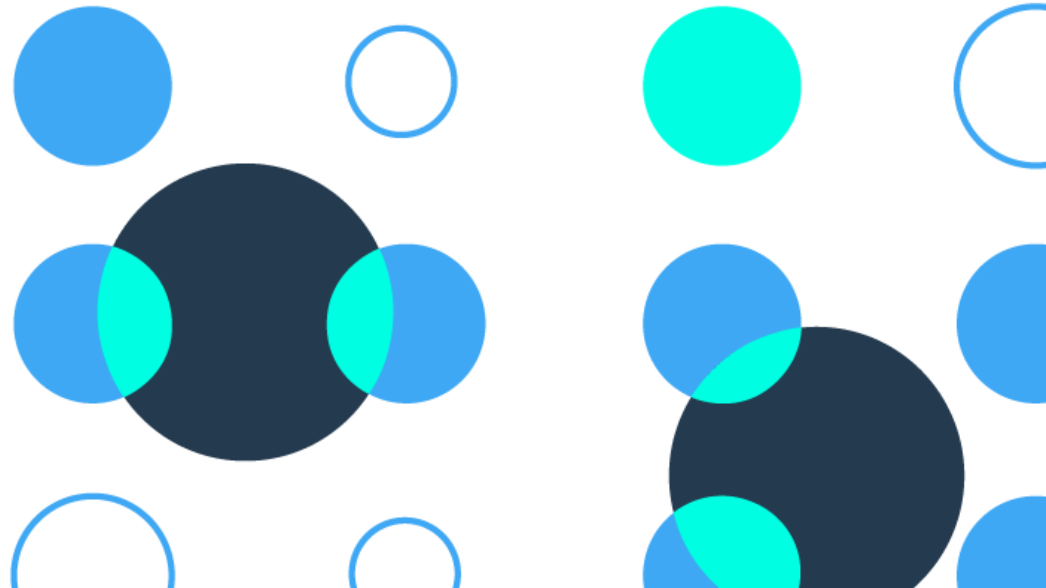


Key considerations in the Russian app market

- As the 5th largest market in the world by combined iOS and Google Play downloads, Russia offers huge opportunities for publishers targeting international expansion, particularly for game publishers. Google Play is driving app downloads in Russia.
- Average daily combined iOS and Google Play revenue in Russia increased by 20% between February and May 2015. Continued growth will offer an opportunity for publishers to effectively monetize the high download volume. The iOS App Store remains dominant for monetization.
- Game publishers looking to grow in Russia should note the strong preference for strategy and role playing games, especially for generating revenue.
- Russian social networks are booming, creating new opportunities for app marketers that are distinct from those that are commonly used in the international market.
- For Russian publisher well-established in their home markets, Brazil, Mexico and Turkey are rapidly rising as key markets for overseas growth, especially for Google Play downloads.
- Games, particularly city-builders, have driven considerable success in revenue for Russian publishers in Germany and the United Kingdom.

1. Opportunities in the Russian App Market

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Russia – a big and growing opportunity



Top Countries by Downloads

iOS & Google Play Combined, 3 Months Ended May 31, 2015

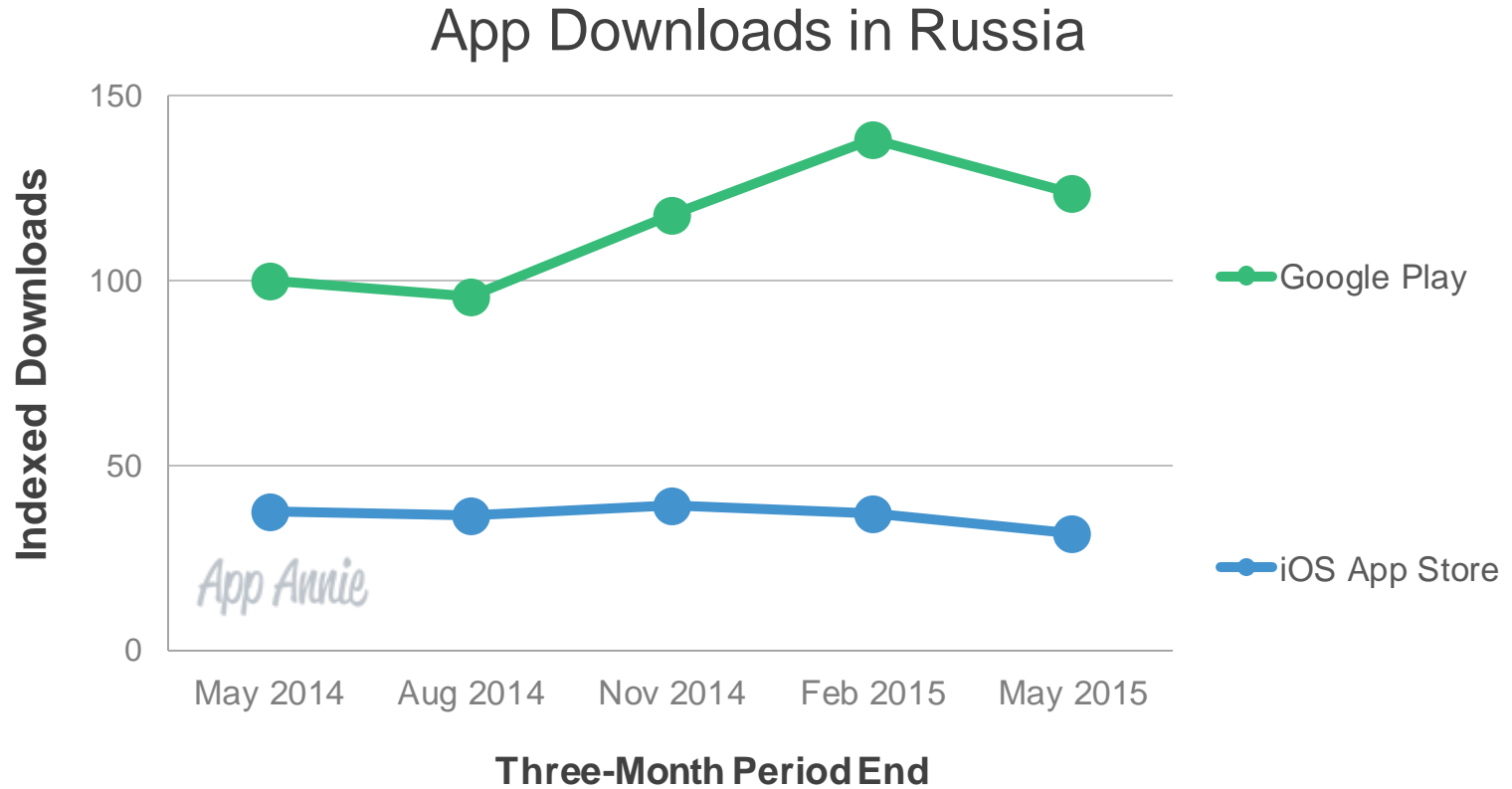
Rank	Country
1	United States
2	China
3	Brazil
4	India
5	Russia

Russia is the fifth largest app market in the world by combined iOS App Store and Google Play downloads.

The Russian market for app downloads continues to show strong growth – it was the 9th fastest growing market by absolute download gains year-on-year for the three-month period ended May 31, 2015.

By combined iOS App Store and Google Play revenue, Russia is the twelfth largest market in the world. As the Russian economy stabilizes, the high number of downloads provides significant potential to grow revenue in the market.

Google Play downloads up around 25% year-on-year

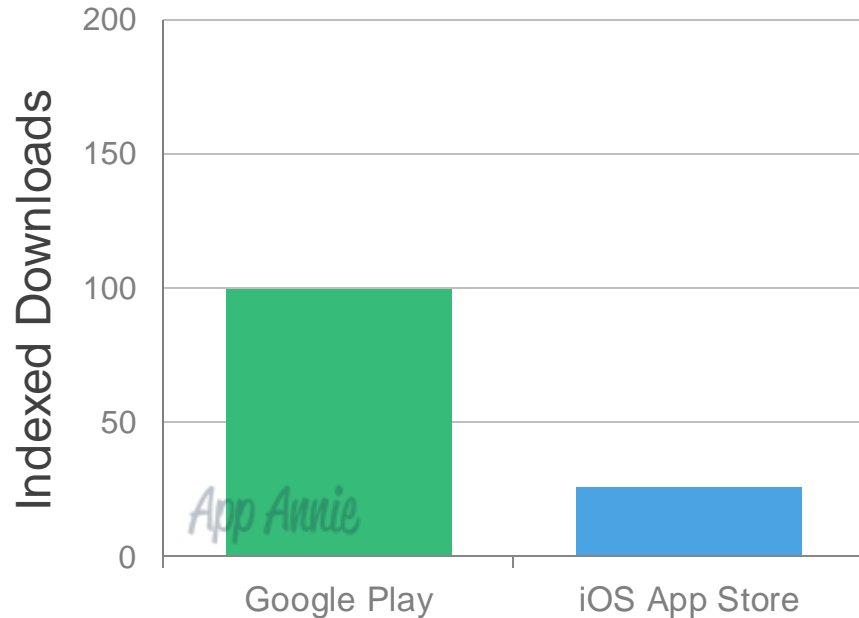


Combined iOS App Store and Google Play downloads increased approximately 15% year-on-year for the period ended May 31, 2015, driven by growth in Google Play.

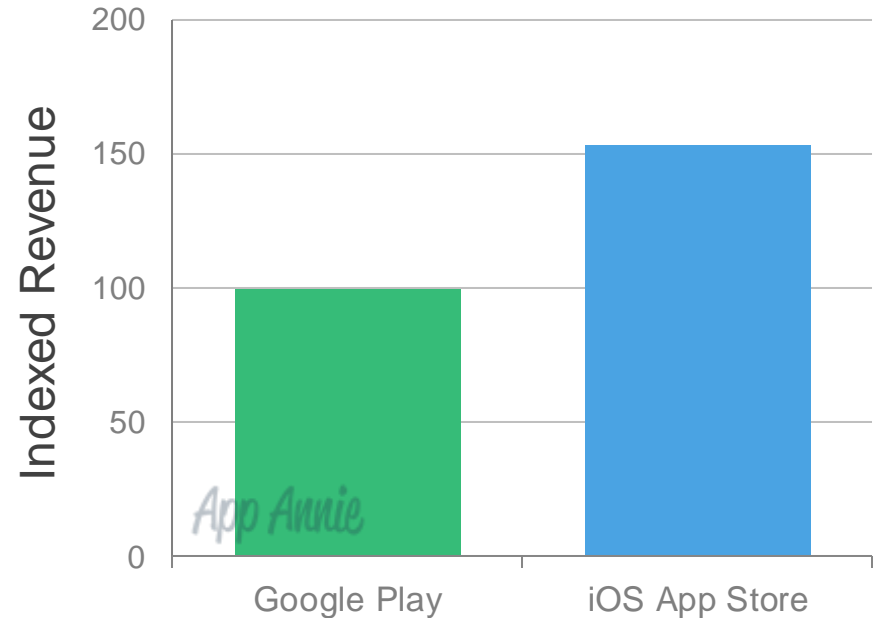
Revenue growth in Russia was impacted by currency adjustments in late 2014 and early 2015. However, between February and May 2015, monthly average spend per day increased by over 20%.

The iOS App Store generates about 60% of revenue

App Downloads, Russia
3 Months Ended May 31, 2015



App Revenue, Russia
3 Months Ended May 31, 2015



Google Play currently provides around 3.8x as many downloads as the iOS App Store in Russia. Outside of these primary stores, Yandex.Store provides additional downloads for Android devices.

Despite trailing by some distance in downloads, the iOS App Store generated around 60% of revenue in the three month period ended May 31, 2015. Its 50% lead over Google Play in revenue has reduced, however, following the currency adjustments of late 2014 and early 2015.

A huge market with huge potential

Russia already offers a huge opportunity for app publishers, and appears to hold the potential for further growth in the future.

According to eMarketer, smartphone penetration in Russia is currently [around 55%](#), and set to grow to over 70% in the next three years, equivalent to almost 20 million additional smartphone users.

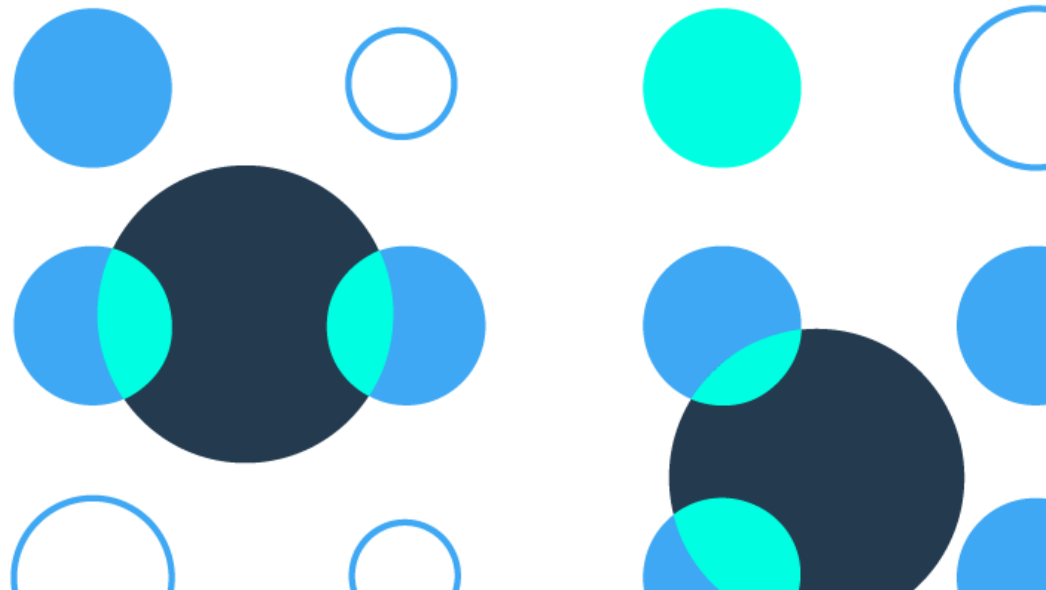
In December 2013, a policy of technological neutrality was introduced in the Russian telecommunications market to aid the development and expansion of 3G and 4G mobile internet. Licenses renewed or granted after the introduction of this policy [require operators to provide mobile internet services](#) to any urban areas with populations over 10,000 people. This is likely to lead to significant growth in mobile internet penetration.

After the economic crisis in late 2014 to early 2015, [currency fluctuations have stabilized](#). Following this, revenue in the Russian market grew considerably over a short period of time. If the economic stability continues, it is likely that growth in the app market will accelerate.

The current market conditions and potential for future development make Russia an excellent opportunity for growth or international expansion.

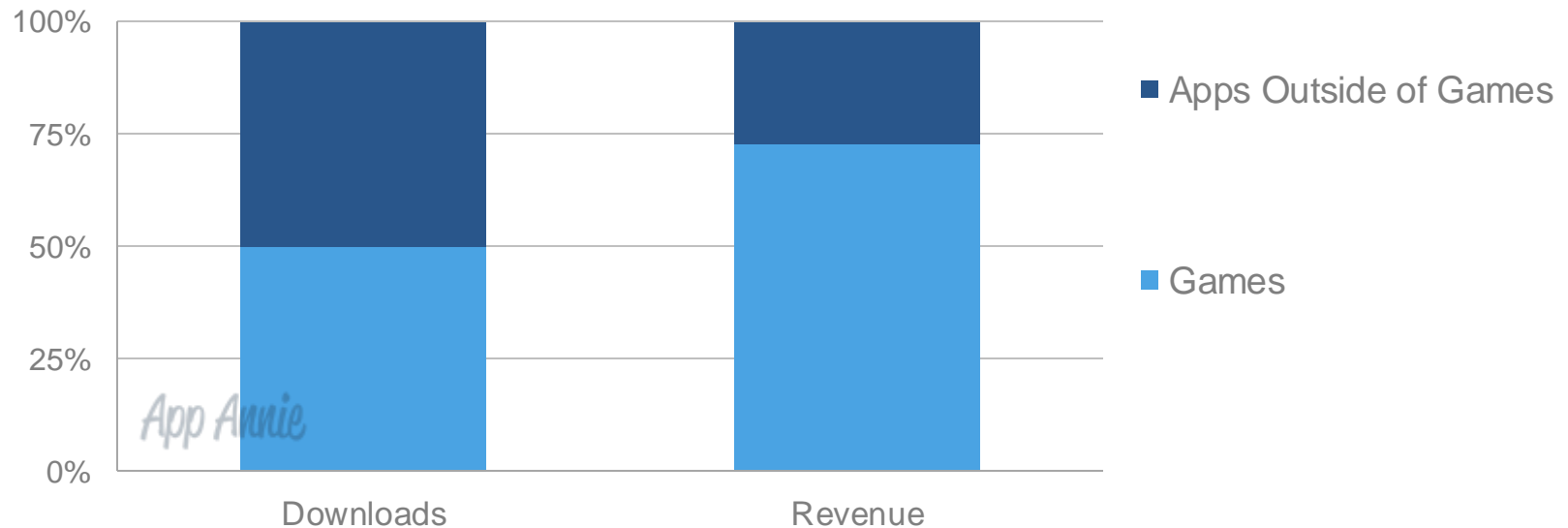
2. Categories Driving the Russian App Economy

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Games provide over half of downloads and revenue

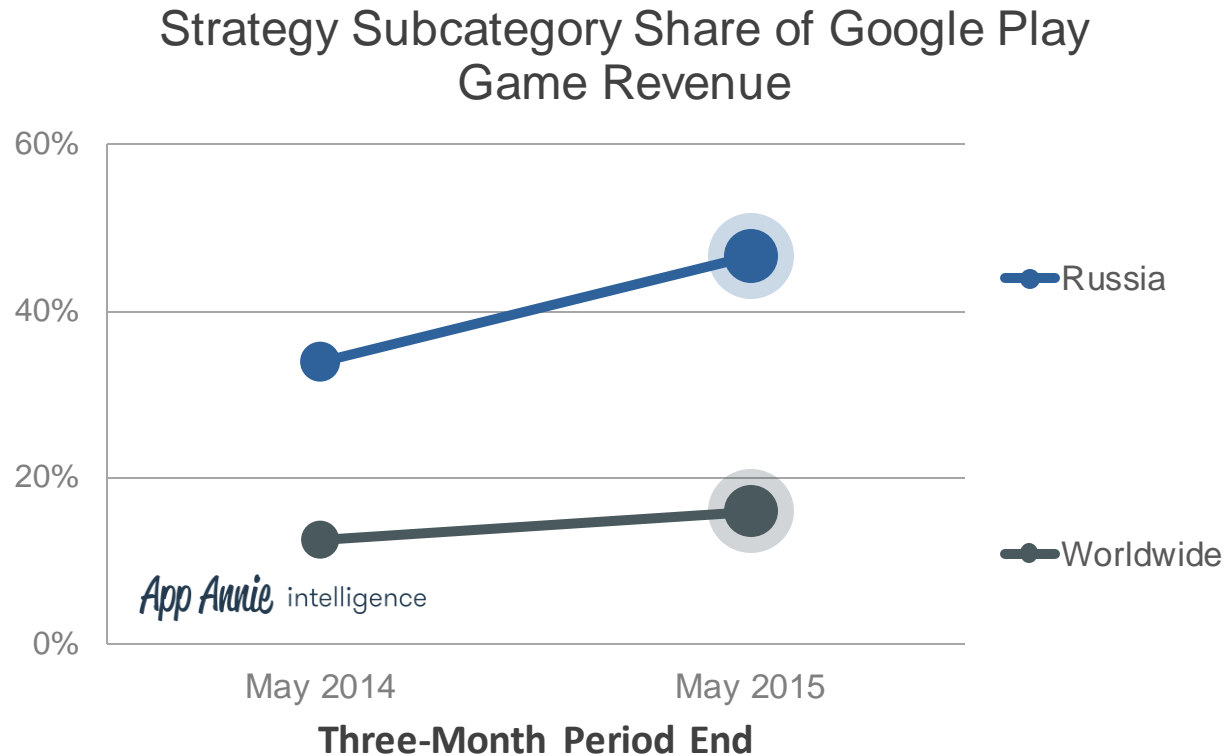
iOS App Store and Google Play Combined Russia, 3 Months Ended May 2015



Around 50% of downloads in Russia came from Games in the three-month period ended May 31, 2015. In the same period, Games accounted for almost 75% of combined iOS and Google Play revenue. For Google Play alone, Games generated around 90% of revenue.

In the worldwide market, Games contributed around 40% of downloads and 80% of revenue in the same period.

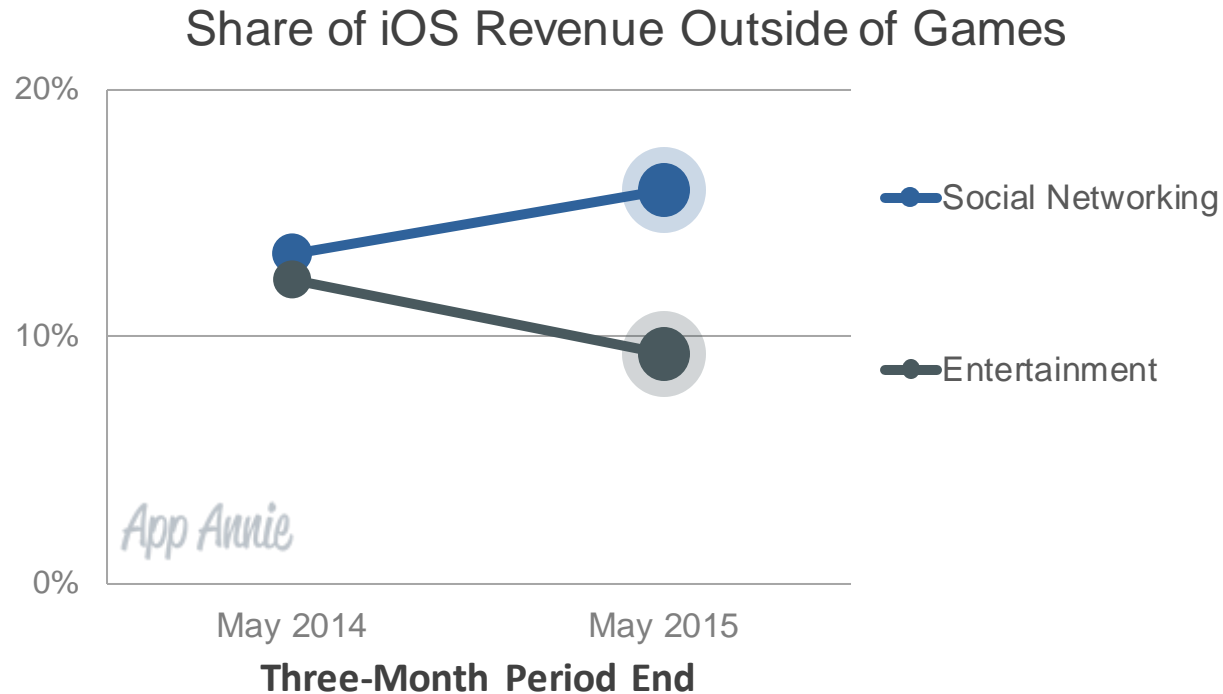
Strategy and Role-Playing dominate in Russia



Games in the Strategy subcategory on Google Play hold a huge lead in revenue in Russia. While such games are also increasing their share of revenue worldwide, this growth is dwarfed by that in Russia. On Google Play, [Game of War – Fire Age](#) and [Clash of Kings](#) led revenue in Russia for this period. The Role Playing subcategory was a distant second in Google Play revenue in Russia.

The Strategy and Role Playing game subcategories also lead iOS game revenue in Russia.

iOS Social Networking revenue grew almost 20% year-on-year



Social Networking became the dominant category for iOS revenue outside of games, driven by [OK.RU \(Odnoklassniki\)](#) and supported by a range of dating apps and messaging app [Viber](#). Social Networking also made gains in download share over the past year.

The Entertainment category was ranked second by iOS revenue in Russia a year ago, but its share of revenue dipped notably year-on-year. Although they remain smaller categories, Sports and Health & Fitness saw significant gains in share of iOS revenue outside of games year-on-year.

Leveraging opportunities in games and social

Games drive the majority of app store revenue in Russia, consistent with app markets around the world. Strategy and Role Playing game subcategories are particularly strong in the Russian market, while Casual and Puzzle see a smaller revenue share than they do worldwide.

Games see a higher proportion of downloads in Russia than they do worldwide, yet direct app store monetization is not as strong. Careful consideration of local preferences for game genres and effective localization is therefore vital to success in the Russian market.

Apps within the wider social networking space are booming in Russia, led by Mail.Ru Group's [VK](#) and *OK.RU*. The social networks provide a mobile content distribution network with extensive reach, just as Facebook has moved into news and video delivery. With the declining share of revenue for the Entertainment category, growth in social networks will be a key area of interest for content providers and competing platforms.

3. Publishers Leading the Way in Russia





Top Companies in Games

iOS App Store & Google Play, Russia, 3 Months Ended May 31, 2015

Rank	By Downloads	Headquarters	By Revenue	Headquarters
1	Gameloft		Supercell	
2	Electronic Arts		Machine Zone	
3	Ketchapp Studio		Elex Technology	
4	Outfit7		Tap4Fun	
5	TabTale		Wargaming.net	
6	Rovio		IGG	
7	Doodle Mobile		Electronic Arts	
8	Disney		Gameloft	
9	PSV Games		Kabam	
10	FEO Media		uCool	

The Russian mobile gaming market is dominated by international players, many of whom also feature prominently on the [worldwide gaming charts](#).

The revenue charts feature a number of companies from China that have tapped into the enthusiasm of Russian gamers for strategy and role-playing games, including [Clash of Kings](#), [Age of Warring Empire](#), [Castle Clash](#) and [Heroes Charge](#).



Top Companies Outside of Games

iOS App Store & Google Play, Russia, 3 Months Ended May 31, 2015

Rank	By Downloads	Headquarters	By Revenue	Headquarters
1	Mail.Ru Group		Mail.Ru Group	
2	Yandex		LitRes	
3	Facebook		Navitel	
4	Cheetah Mobile		Ivi.ru	
5	Google		Rakuten	
6	Alibaba Group		Badoo	
7	Outfit7		MoCo Media	
8	Apus Group		Media Mir	
9	Microsoft		Mamba Dating	
10	Rakuten		Apps Ministry	

Facebook and Google's strong grip on the [worldwide download charts](#) is not evident in Russia, where they face stiff competition from [Mail.Ru Group](#) and [Yandex](#). The Russian leaders provide local alternatives to major social, search, mail and other key services of the American mobile giants.

Russian companies also dominate the revenue charts, with those offering local media content such as [LitRes](#) (books) and [Ivi.ru](#) (video) performing particularly strongly.

International games and local content

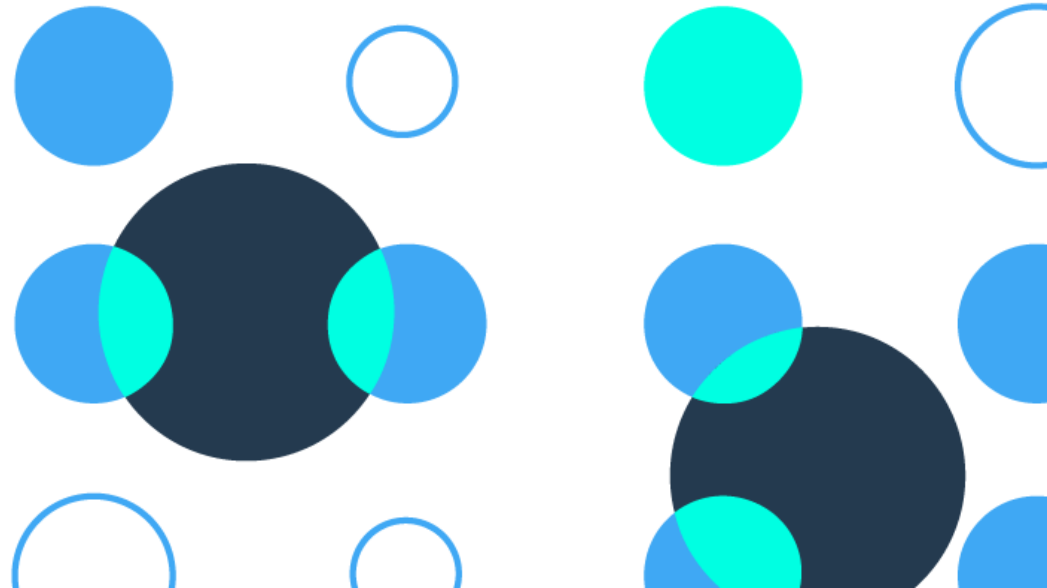
The strong performance of international game publishers indicate Russia is a promising market to target for international expansion. Publishers looking to monetize from the app store directly need to consider local preference for strategy and role-playing games.

For publishers outside of games, local content is key, and for overseas publishers it may be worth considering local partnerships. Of the top 10 companies by revenue outside of games, only two were based outside Russia – [Badoo](#) was founded by a Russian-born entrepreneur, and Rakuten's *Viber* also has a Russian-born co-founder.

Publishers looking to advertise apps in the Russian market need to consider the social network landscape, as Western social networks have a less extensive reach there. The strong local players are starting to offer alternative options for app marketers, such as the app install ads [launched by VK in late 2014](#).

4. Russian Publishers in the International Market

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Top Russian Companies by Overseas Performance

iOS App Store & Google Play, 3 Months Ended May 31, 2015

Rank	By Downloads	By Revenue
1	ZeptoLab	Social Quantum
2	Nekki	Playrix
3	Mail.Ru Group	Rilisoft
4	Konstantin Olegovich	Mail.Ru Group
5	Hypercraft	Ultimate Guitar
6	Rilisoft	ZeptoLab
7	Tigrido	Crazy Bit
8	Sabzira	Nekki
9	Apps Ministry	Alawar
10	Max MP	Pixonix

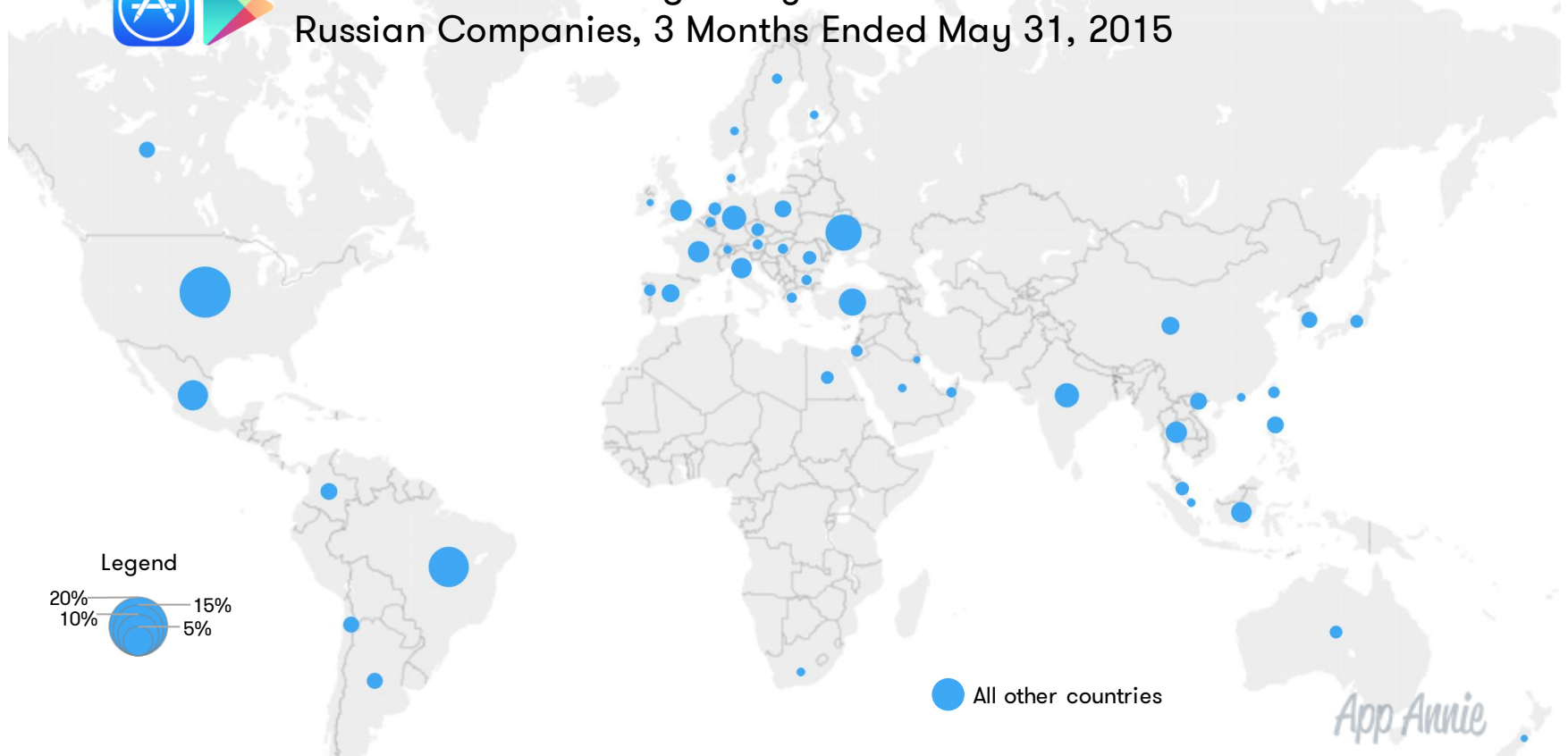
Just as overseas game publishers have found success in Russia more than those outside games, in general games proved to be more exportable for Russian publishers.

[ZeptoLab](#), with its recent release of [King of Thieves](#) and successful [Cut the Rope](#) franchise leads the way in downloads. Social Quantum and its hit game [Megapolis](#) set the pace for overseas revenue.

Emerging markets key to download growth



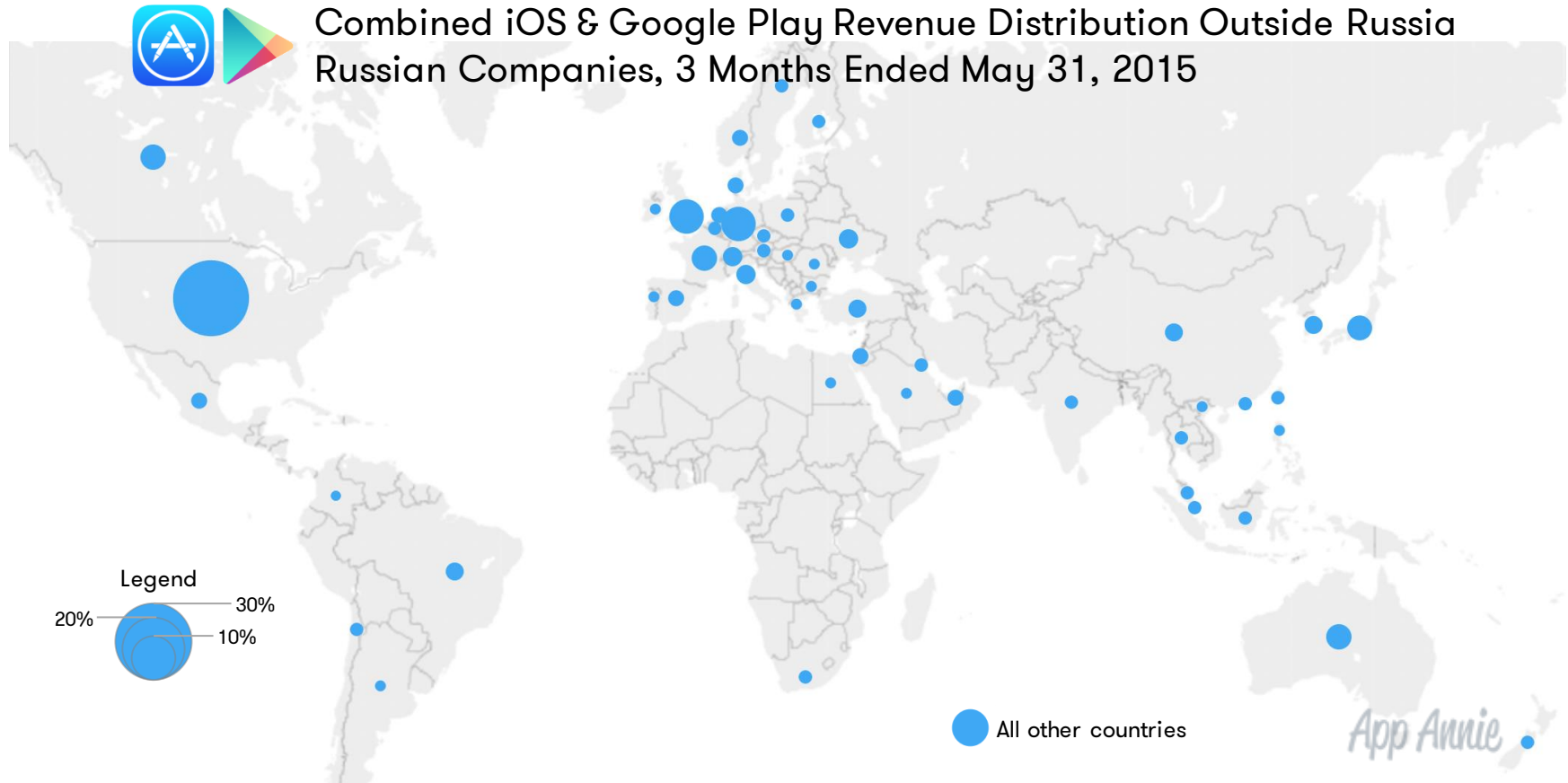
Combined iOS & Google Play Download Distribution Outside Russia
Russian Companies, 3 Months Ended May 31, 2015



The US is the largest single market for downloads of Russian apps, but the Google Play-dominated emerging markets of Brazil, Mexico and Turkey are rising rapidly as key markets for Russian publishers.

Ukraine is also a key market for Russian companies, driven primarily by the strong influence of Yandex and Mail.Ru Group in the app markets of the Commonwealth of Independent States (CIS).

Russian publishers strike gold in Germany



The United States was the largest market generating revenue for Russian publishers. However, Germany was the next highest revenue producer, ahead of larger overall markets including the United Kingdom, China, Japan and South Korea.

Russian publishers and international opportunities

CIS markets provided a significant number of downloads for powerful players in the Russian app economy such as Mail.Ru Group and Yandex. Social networks *VK* and *OK.RU* from Mail.Ru Group saw strong downloads in Ukraine, while Yandex's navigation apps were also heavily downloaded. Outside of the CIS, games provided the majority of downloads for Russian publishers outside their home market.

The key emerging markets of Brazil, Mexico and Turkey contribute a high proportion of overseas downloads for Russian publishers. Downloads in these markets are dominated by Google Play, which has been a strong source of downloads for independent publishers in Russia.

More established players in the international app market such as [ZeptoLab](#) and [Nekki](#) generally saw a higher proportion of overseas downloads from iOS than independent publishers, and a higher proportion coming from more established app markets such as the United States, United Kingdom and China.

Although the US was the highest contributor to revenue outside of Russia for Russian publishers, Germany and the UK were also key to direct app store monetization. City-building games [Megapolis](#) from [Social Quantum](#) and [Playrix's Township](#) were key revenue drivers in both European markets.

About App Annie

App Annie is the #1 decision-making platform for the mobile app economy. App Annie combines the analytics of one's own apps with a granular understanding of the competition and market to provide a unique 360 degree view of one's mobile business. The App Annie platform is relied upon by over 90 percent of the top 100 publishers and more than 675,000 apps. Customers of our Intelligence product include the likes of Electronic Arts, Google, LinkedIn, LINE, Microsoft, Nexon, Nestle, Samsung, Tencent, Bandai Namco and Universal Studios. The company has tracked over 79 billion downloads and more than US \$24 billion in gross revenues to date, the industry leader by far. App Annie is a privately held global company of more than 350 employees headquartered in San Francisco with offices in Amsterdam, Beijing, Hong Kong, London, Moscow, New York, Seoul, Shanghai, Tokyo and Vancouver. The company is backed by leading venture investors including eVentures, Greycroft Partners, IDG Capital Partners, Institutional Venture Partners and Sequoia Capital with \$94 million raised to date. For more information, please visit: www.appannie.com or follow App Annie on Twitter: [@AppAnnie](https://twitter.com/AppAnnie).

Report methodology and updates are available [here](#).

Thank you!

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