



## ***Mobile Games Go Up, Way Up***

By StartUpAdmin

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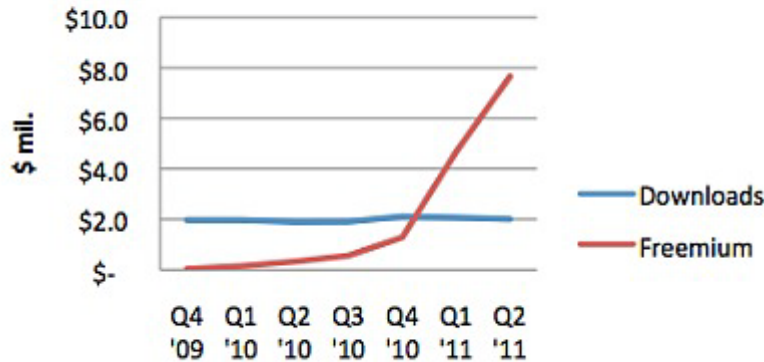


While the global economy crumbles, mobile games have finally hit the hockey stick. US revenue from mobile games is expected to nearly double this year compared to 2010 thanks to a growing base of users on game-friendly Smartphones, easy to access apps, new revenue streams from advertising/in-app purchasing and a boom in the supply of quality mobile games.

And in-app purchasing has had a stellar 12 months. The concept is relatively new to mobile games with Apple launching the ability 10/15/2009 and Android announcing support 3/29/2011. Free to download “Freemium” games offer paid in-game upgrades for additional health or ammo, skipping levels, speeding up game play or other game-enhancing functions. While just a concept a few years back, it has caught on fast. For instance last quarter Glu Mobile generated \$7.7 mil. in Freemium Smartphone sales, up from just \$328K in the same quarter last year.



## Glu Mobile Smartphone Revenue, Global, \$ mil.



(c) 2011 SNL Kagan's Economics of Mobile Games

And the near vertical growth for Glu Mobile's Freemium revenue is not unique. For instance in-app Smurfs' Village Smurfberry purchases helped catapult Capcom to report record mobile revenue and earnings in the first quarter of 2011.

But are Freemium revenues here to stay or is this a temporary fluke? And if repeat use is key for both ads and Freemium, what does it take to make a killer game that brings users back for more?

SNL Kagan's upcoming Economics of Mobile Games report includes ten year projections for US revenue, EBITDA and mobile game users, the top 47 mobile game publishers by quarterly revenue from 2005 through the end of 2011, top 33 mobile media deals of the past several years including 13 mobile game deals and more. The report is available beginning September 2011.

**Guest Blog by John Fletcher.** *John has a decade of experience analyzing media and communication markets. He is currently the mobile entertainment Analyst at SNL Kagan.*

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