

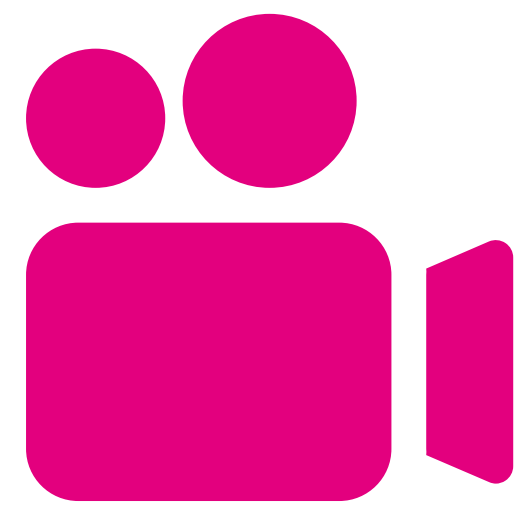
2023-2027 Mobile Market Forecast

An Analysis of Mobile App and Digital Advertising Trends.

SensorTower
ENTERPRISE

Pathmatics
BY SENSOR TOWER

Executive Summary: Highlights



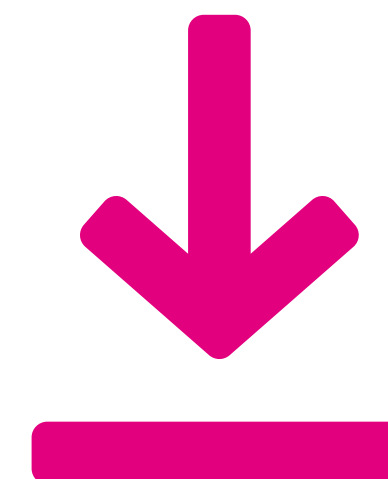
The Entertainment and Photo & Video categories show strong growth prospects over the next five years. The popularity of new entertainment formats, like short-form content on social media and video apps, is driving this growth, with TikTok leading the way with impressive growth of 17% in the past year alone.



The mobile app industry is experiencing a dynamic landscape with varying growth trajectories across different markets. India remains a dominant player and is projected to widen its lead further. Brazil is emerging as a promising market with significant growth potential. On the other hand, the United States is facing challenges in the mobile game and entertainment categories, resulting in a projected slowdown.



The mobile app market in Europe is projected to experience significant growth. The top 10 countries are expected to see a minimum of 40% growth in consumer spending by 2027, well in excess of global revenue growth. This indicates a thriving market opportunity for businesses and developers in the region.



India is expected to represent approximately 44% of all app installations in Asia by 2027. With its impressive expansion in smartphone usage, the country has established a solid groundwork for continuous growth in mobile app downloads. Projections suggest that India's app installations will exceed 38 billion by 2027, showcasing an annual growth rate of 7.3% over the next five years. This optimistic outlook highlights the substantial opportunities that lie ahead in the Indian mobile app market.



MARKET OVERVIEW

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About This Data: Methodology

Sensor Tower's Qualitative Insights team created the revenue and download forecasts featured in this report using the Sensor Tower Store Intelligence platform.

- Figures cited in this report reflect App Store and Google Play consumer spending and download estimates for January 1, 2018 through May 31, 2023.
- The market forecast for 2023 to 2027 is based on past spending and download trends, macroeconomic projections, and additional factors.
- All revenue figures in this report capture consumer spending (gross revenue). This includes the revenue earned by the app developer as well as the portion earned by Apple or Google.
- Android estimates represent revenue and downloads from the Google Play Store only. Sensor Tower does not provide spending or download estimates for third-party Android stores.
- Since Google Play paused its billing for users in Russia on March 10th, 2022, Google Play consumer spending in Russia for the remainder of 2022 and beyond has been excluded from the forecast.



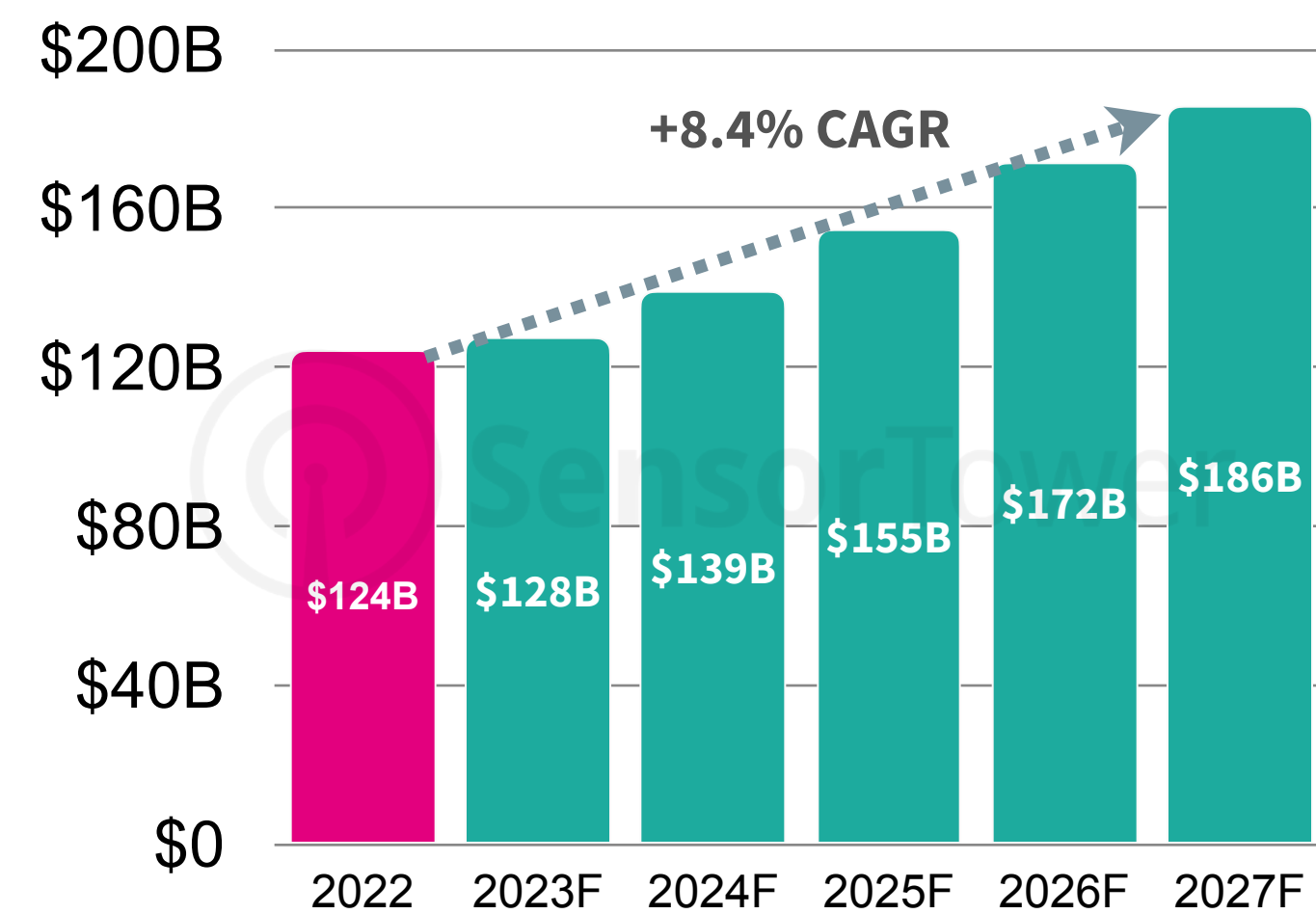
Market Overview



Market Overview: Global Mobile App Spending Forecast

*CAGR stands for Compound Annual Growth Rate.

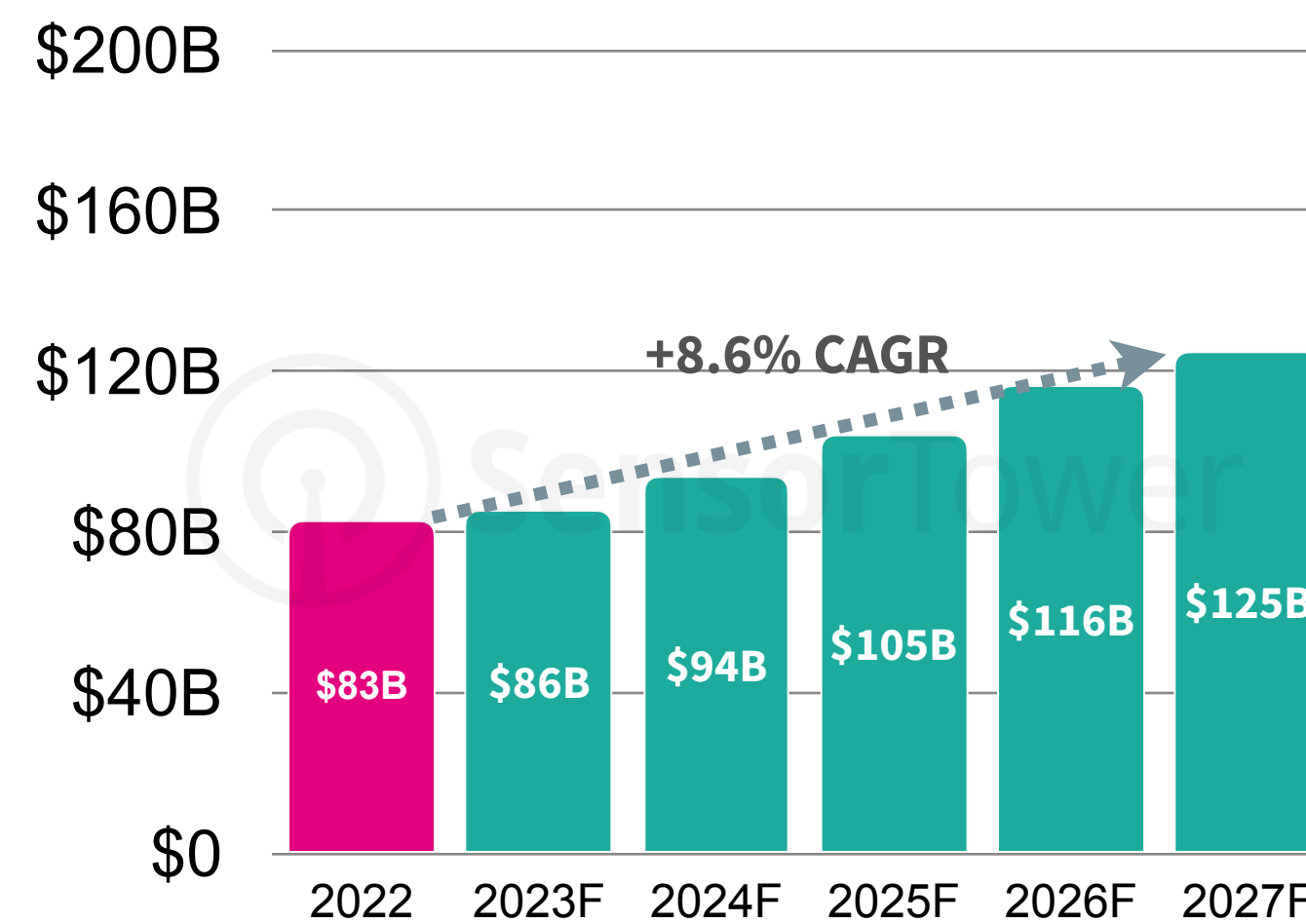
Worldwide App Store and Google Play User Spending



\$186 Billion

App Store + Google Play Revenue by 2027

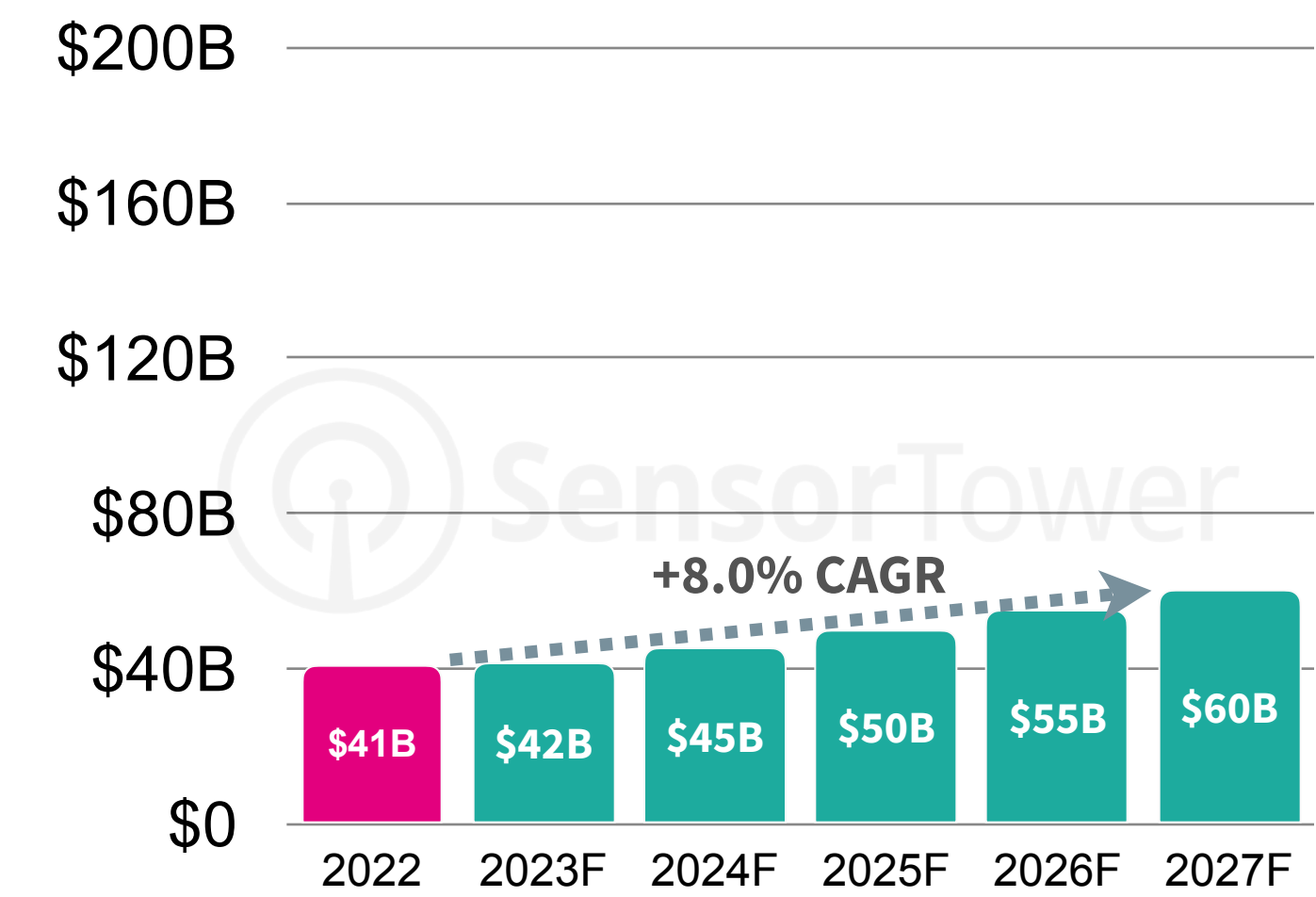
Worldwide App Store User Spending



\$125 Billion

App Store Revenue by 2027

Worldwide Google Play User Spending



\$60 Billion

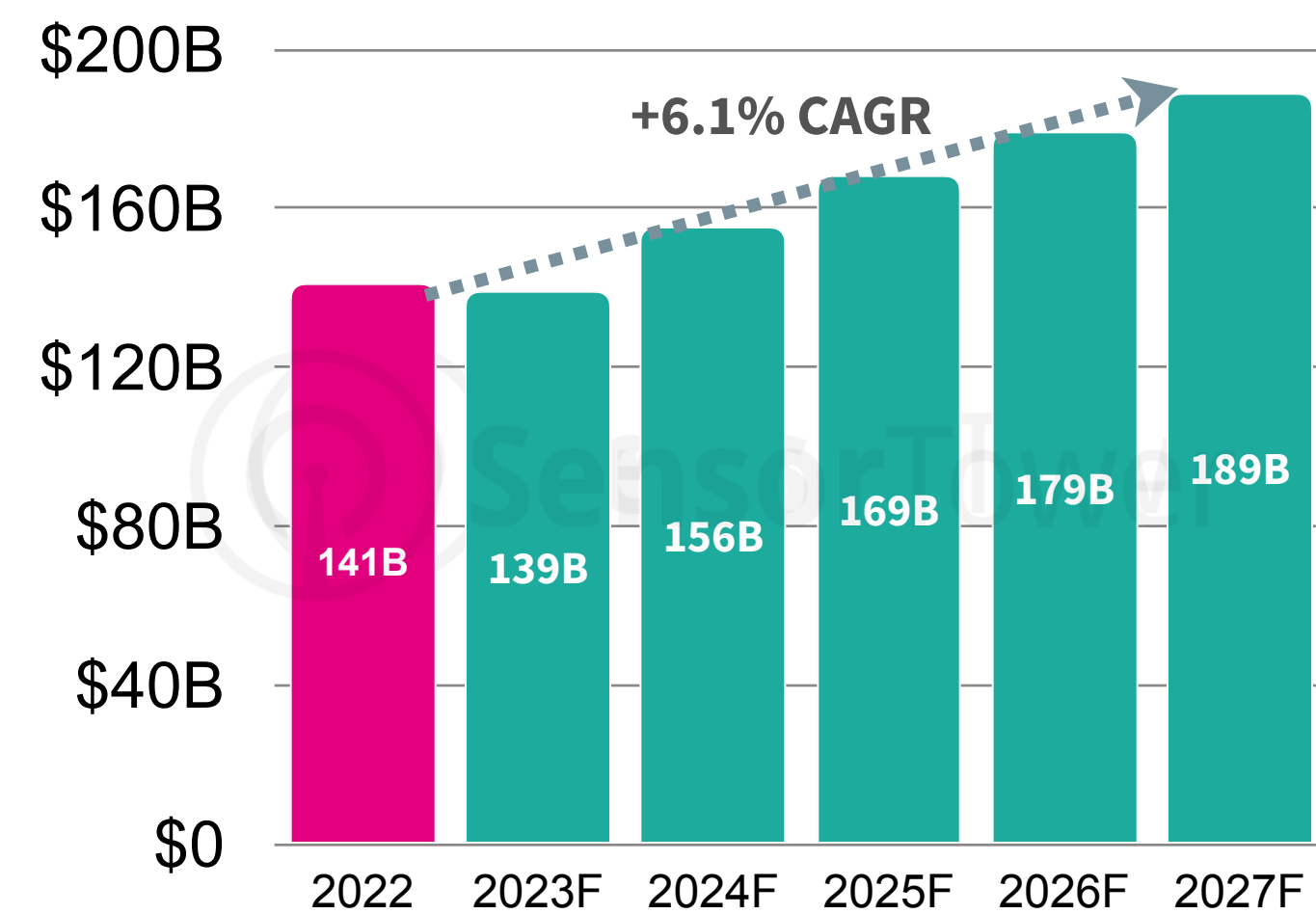
Google Play Revenue by 2027



Market Overview: Global Mobile App Download Forecast

*CAGR stands for Compound Annual Growth Rate.

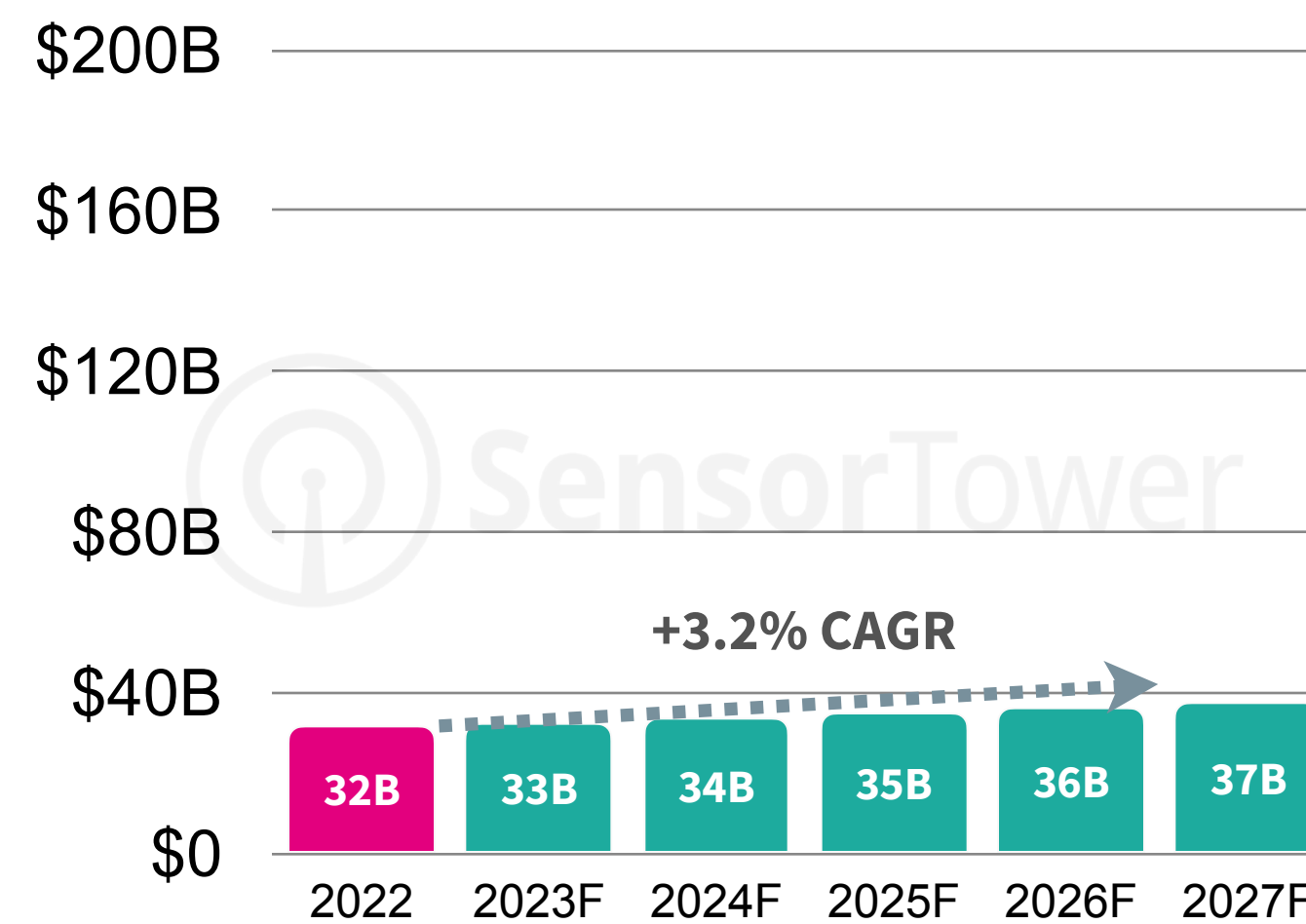
Worldwide App Store and Google Play Downloads



189 Billion

App Store + Google Play Downloads by 2027

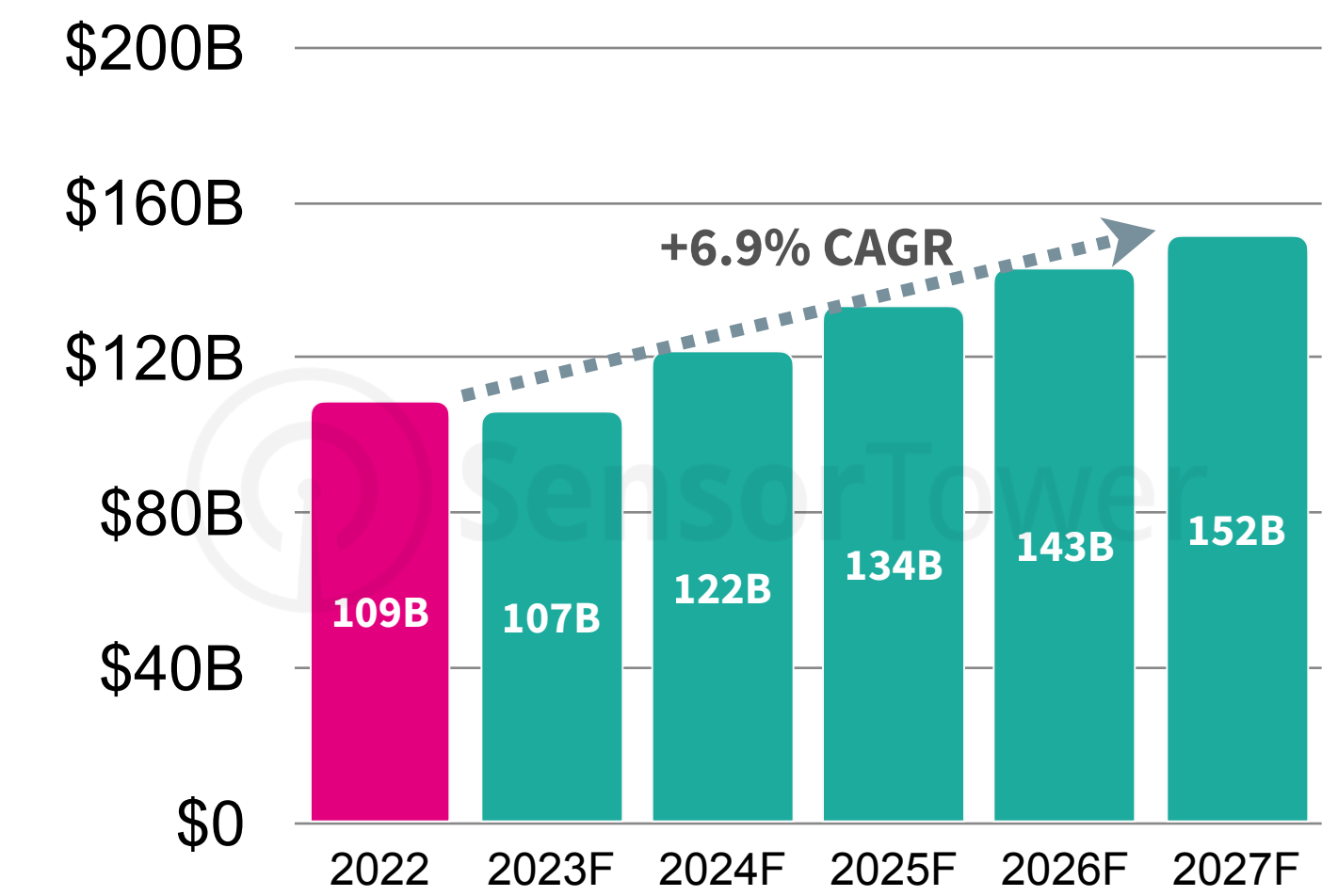
Worldwide App Store Downloads



37 Billion

App Store Downloads by 2027

Worldwide Google Play Downloads



152 Billion

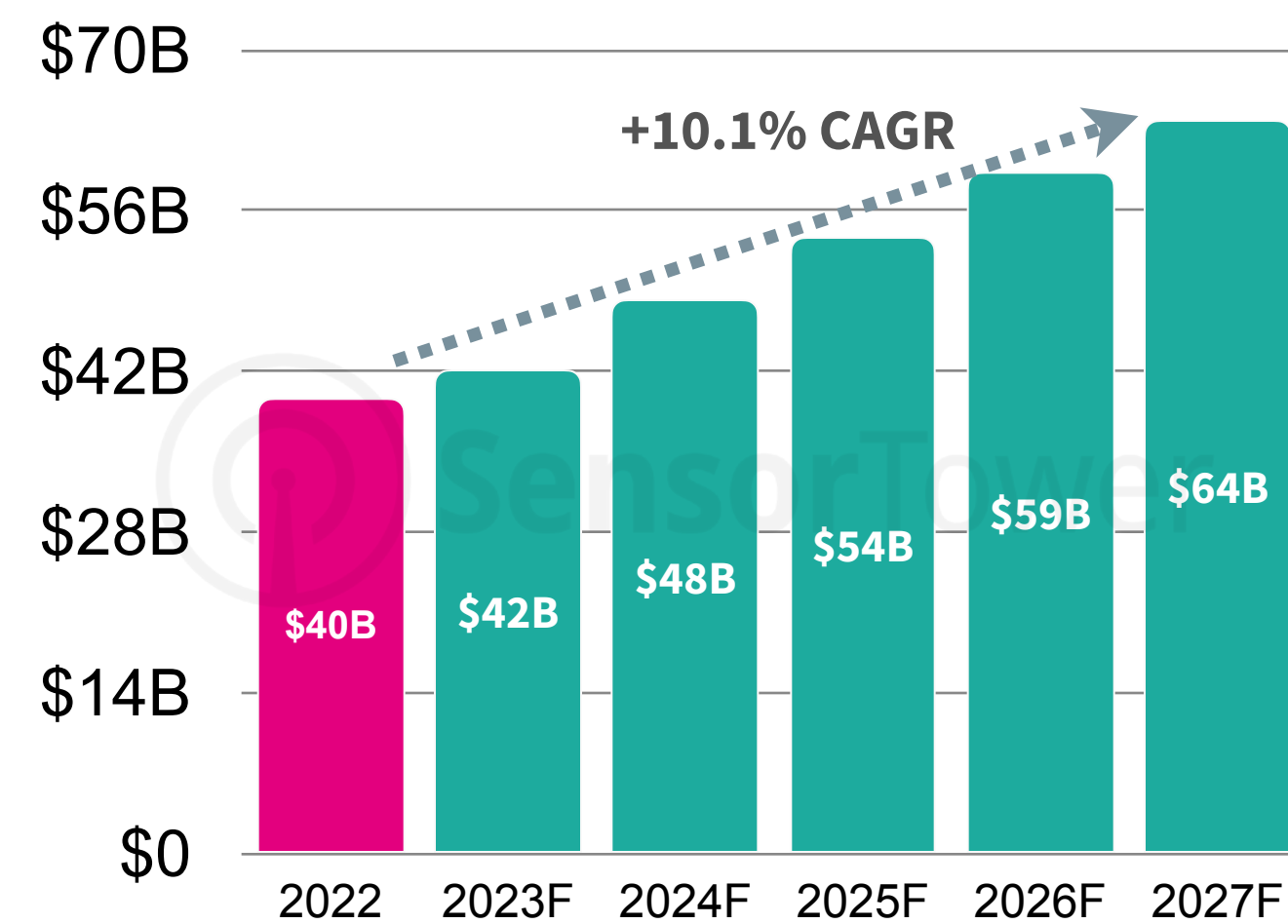
Google Play Downloads by 2027



Market Overview: U.S. Mobile App Spending Forecast

*CAGR stands for Compound Annual Growth Rate.

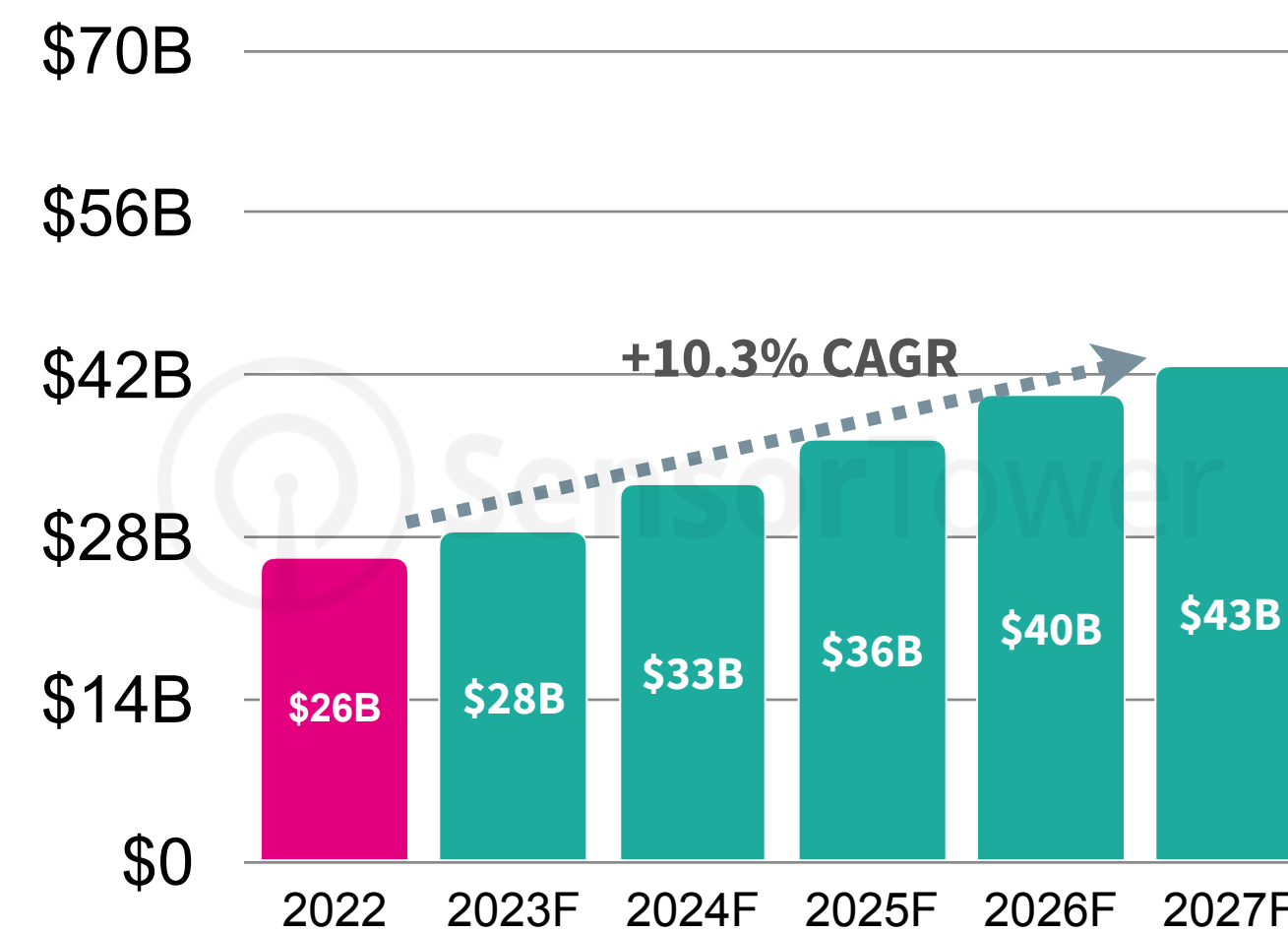
U.S. App Store and Google Play User Spending



\$64 Billion

App Store + Google Play Revenue by 2027

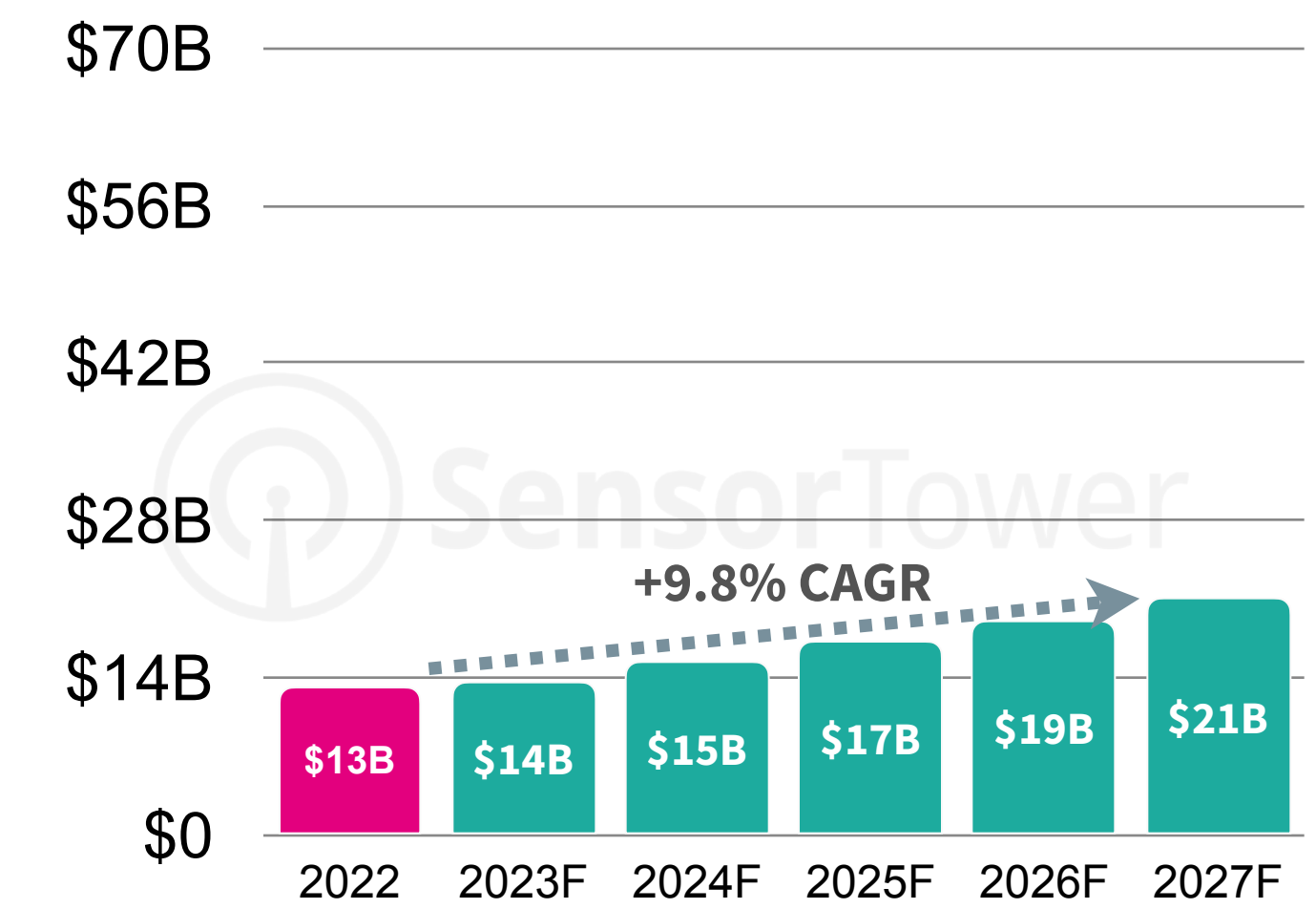
U.S. App Store User Spending



\$42.9 Billion

App Store Revenue by 2027

U.S. Google Play User Spending



\$21.1 Billion

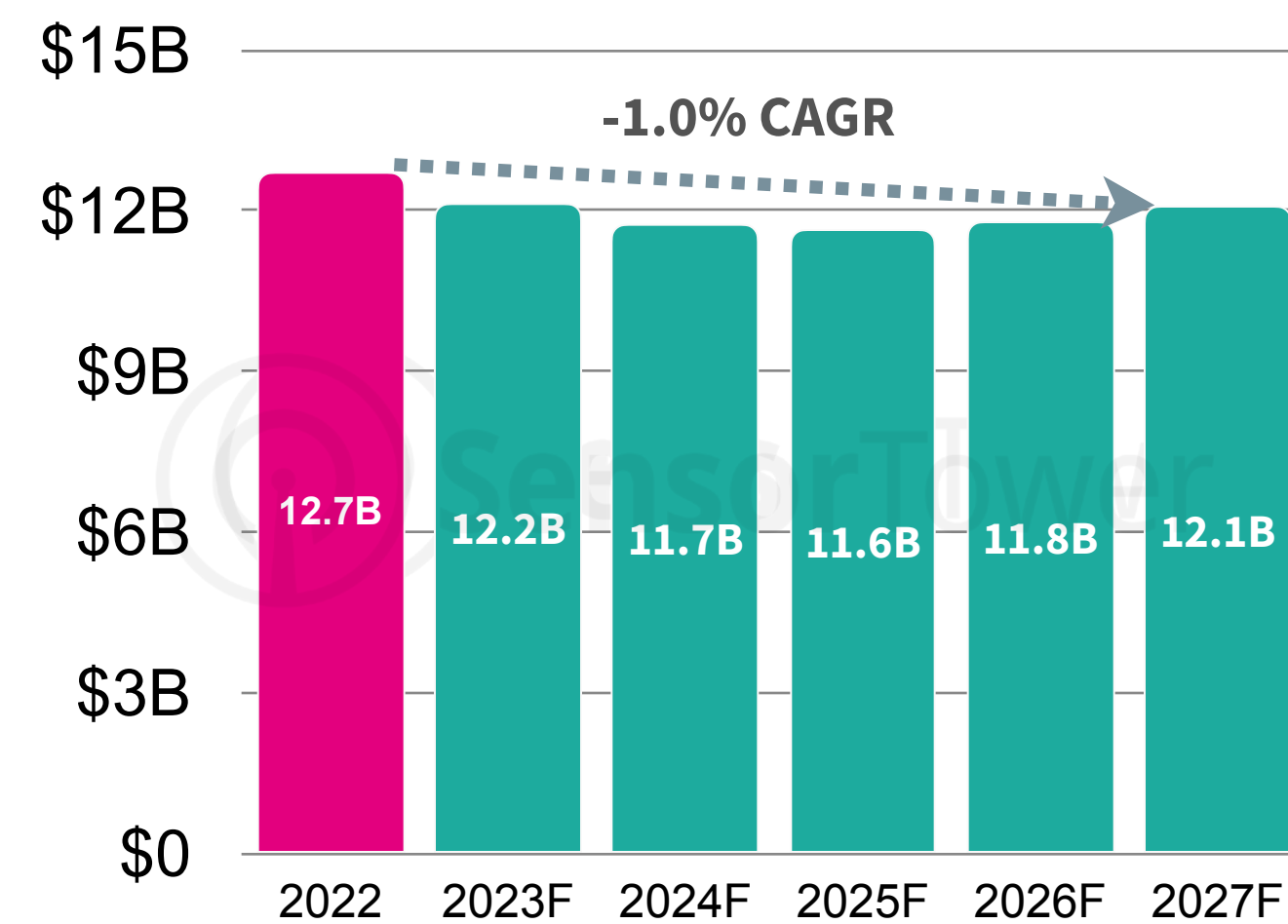
Google Play Revenue by 2027



Market Overview: U.S. Mobile App Download Forecast

*CAGR stands for Compound Annual Growth Rate.

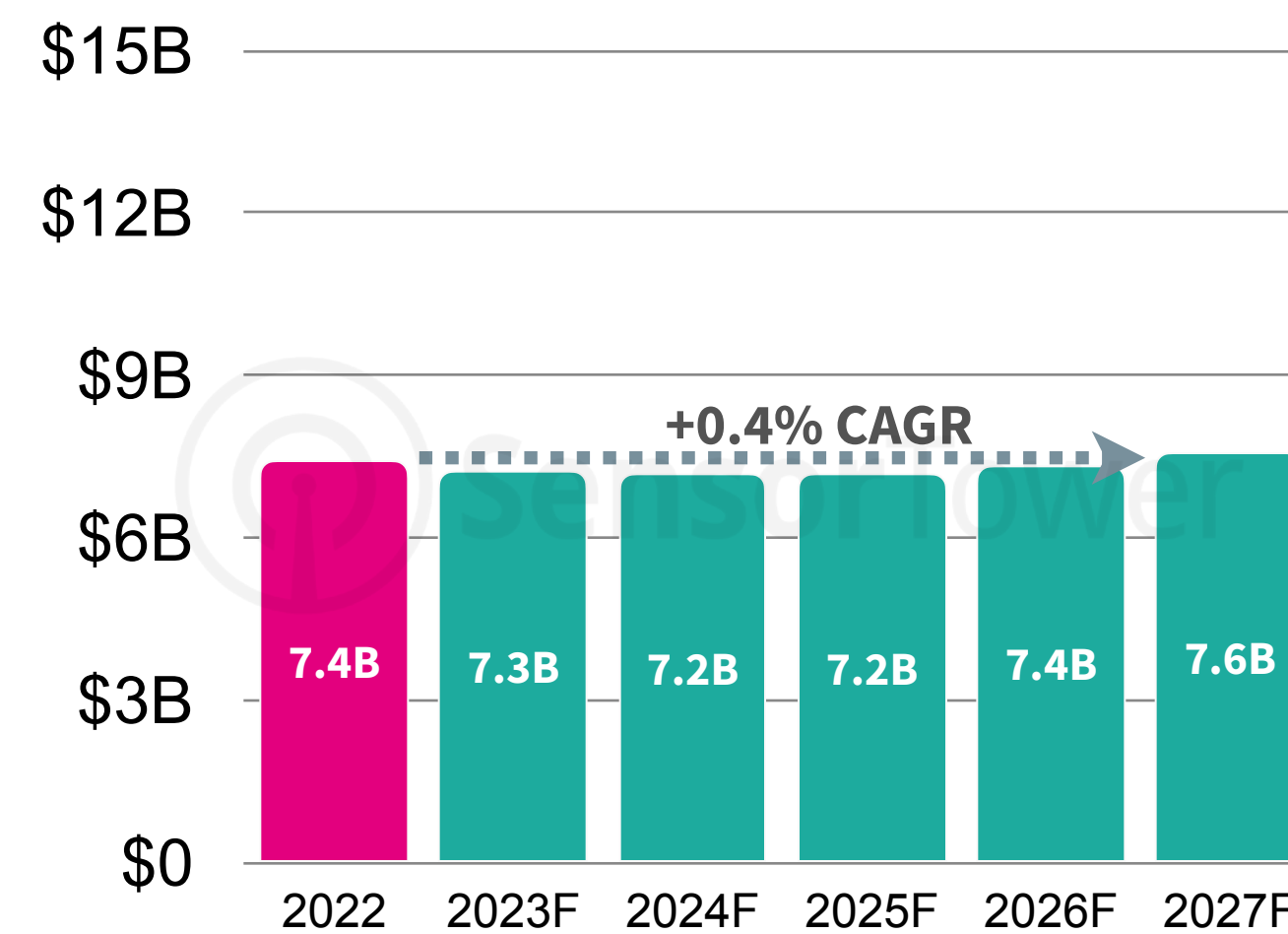
U.S. App Store and Google Play Downloads



12.1 Billion

App Store + Google Play
Downloads by 2027

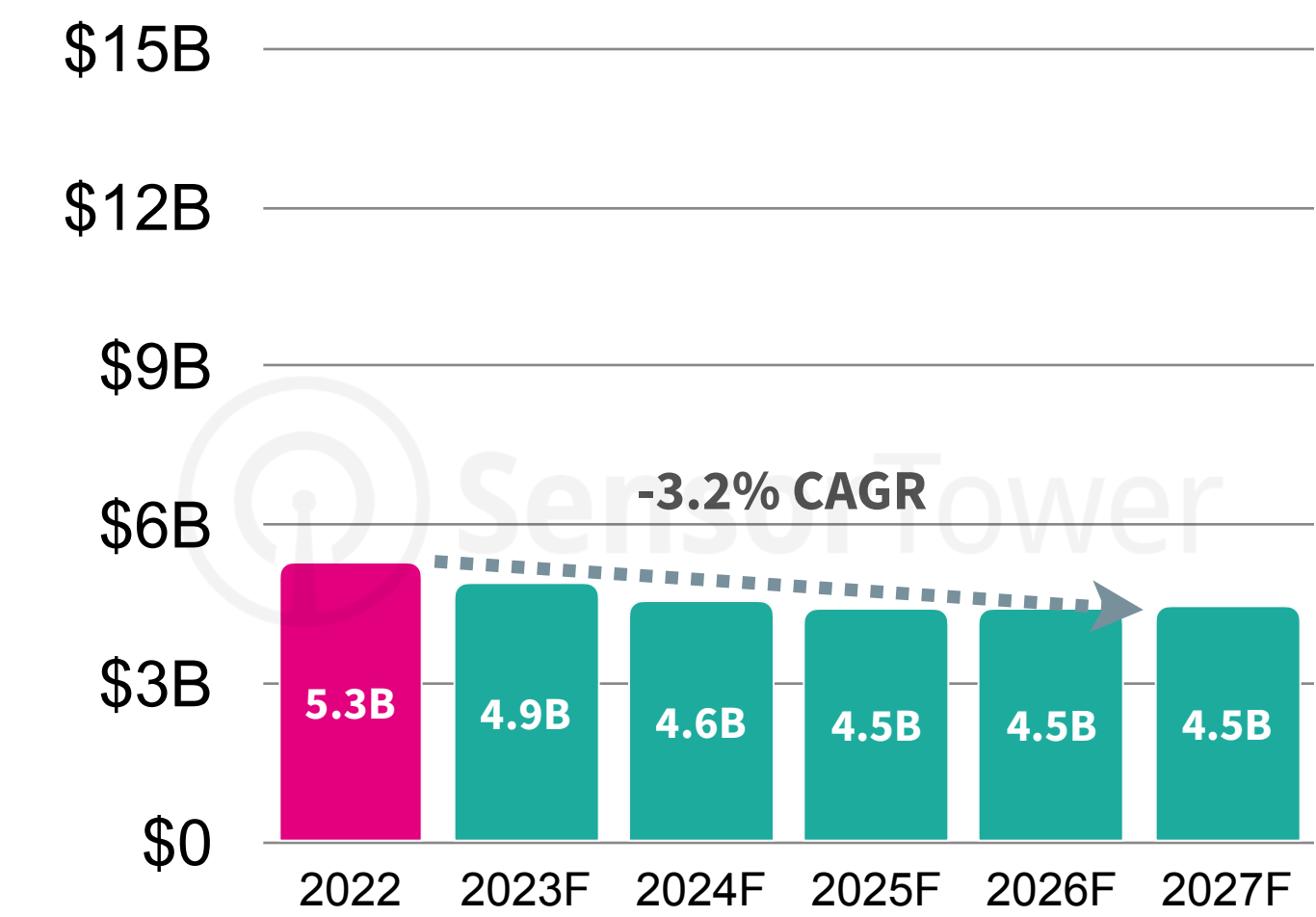
U.S. App Store Downloads



7.6 Billion

App Store
Downloads by 2027

U.S. Google Play Downloads



4.5 Billion

Google Play
Downloads by 2027

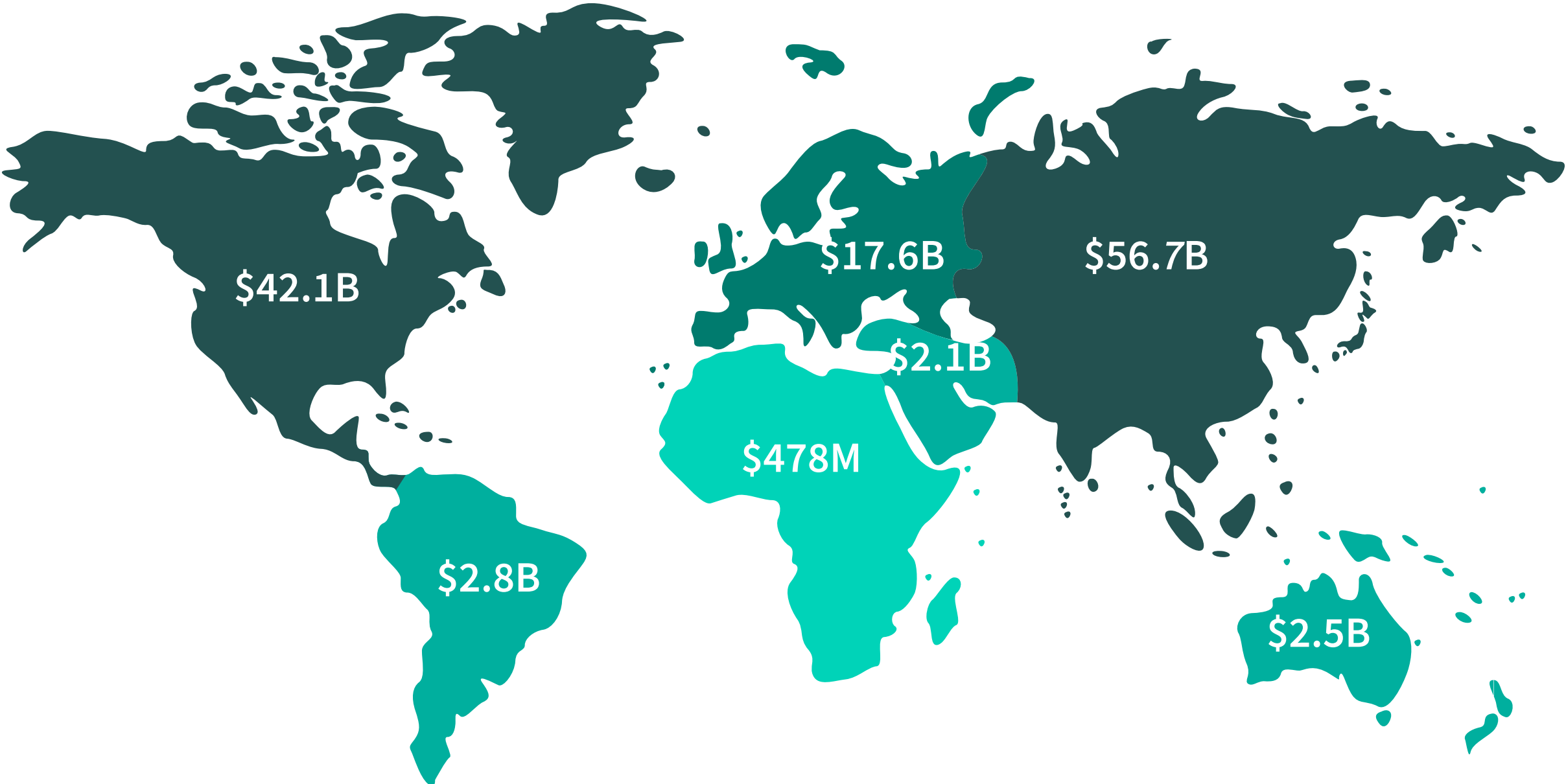


Top Regions

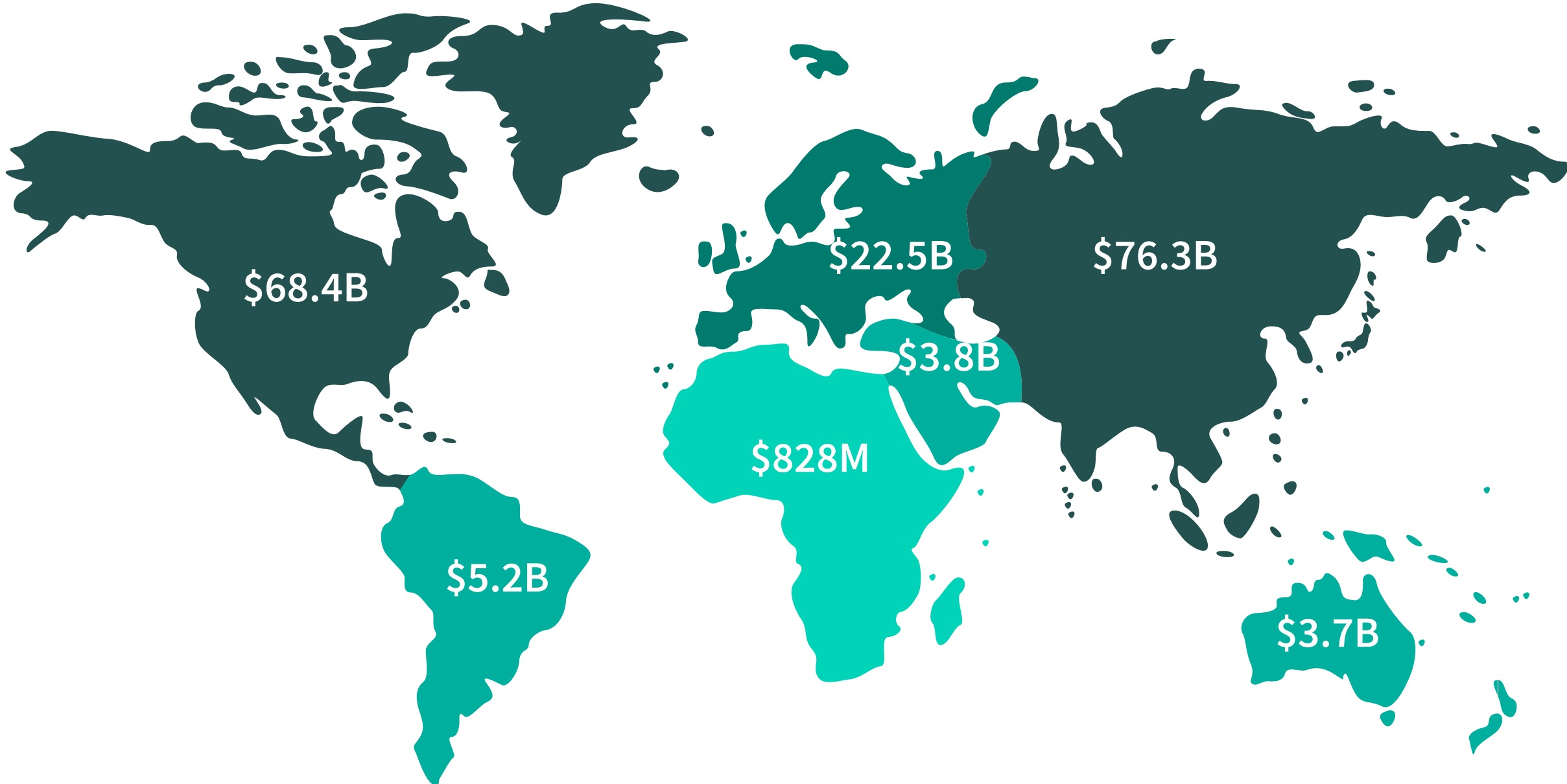


Top Regions: Google Play and App Store Consumer Spending by Region

Gross Revenue by Region 2022

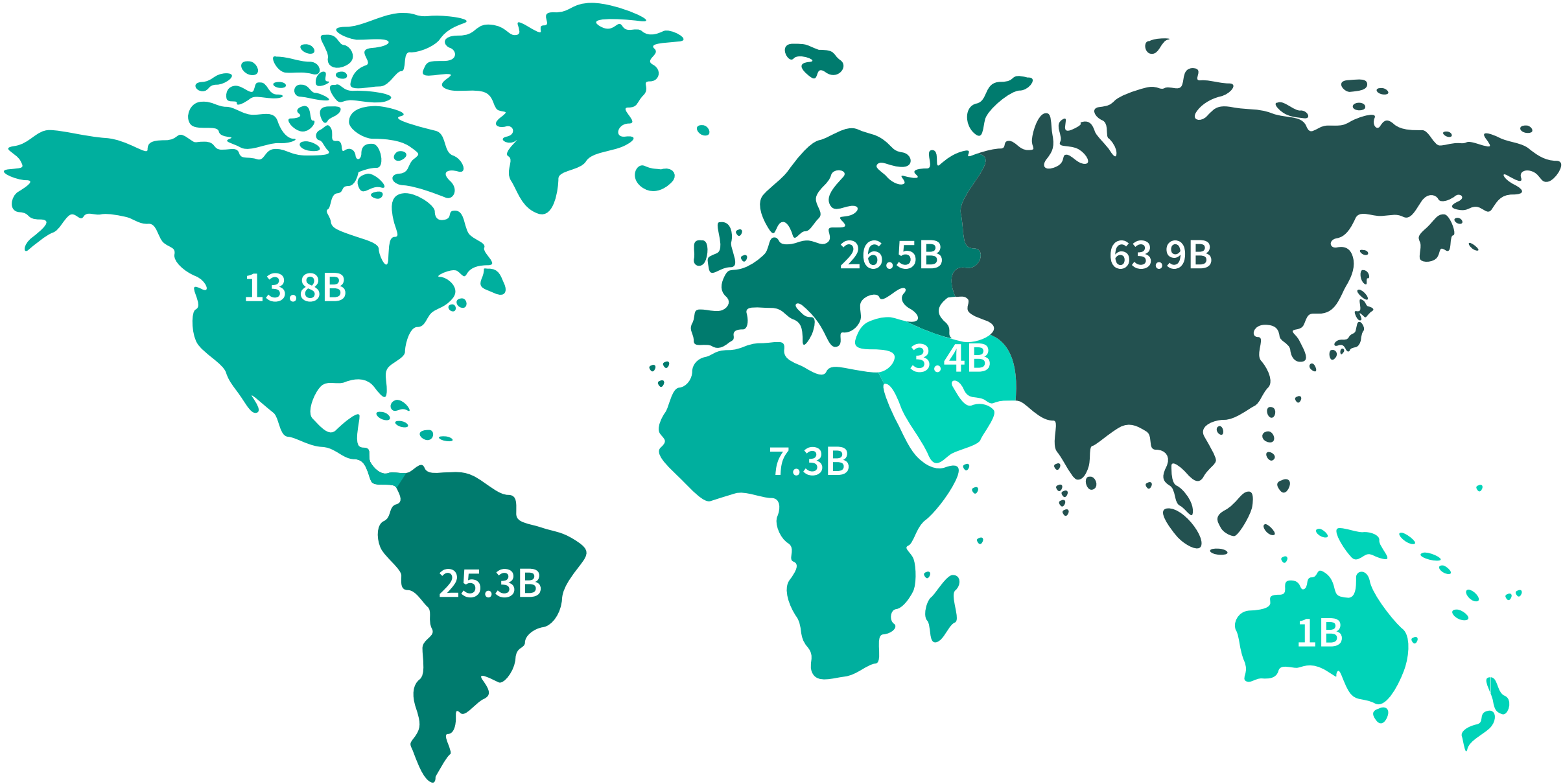


Gross Revenue by Region Projected 2027

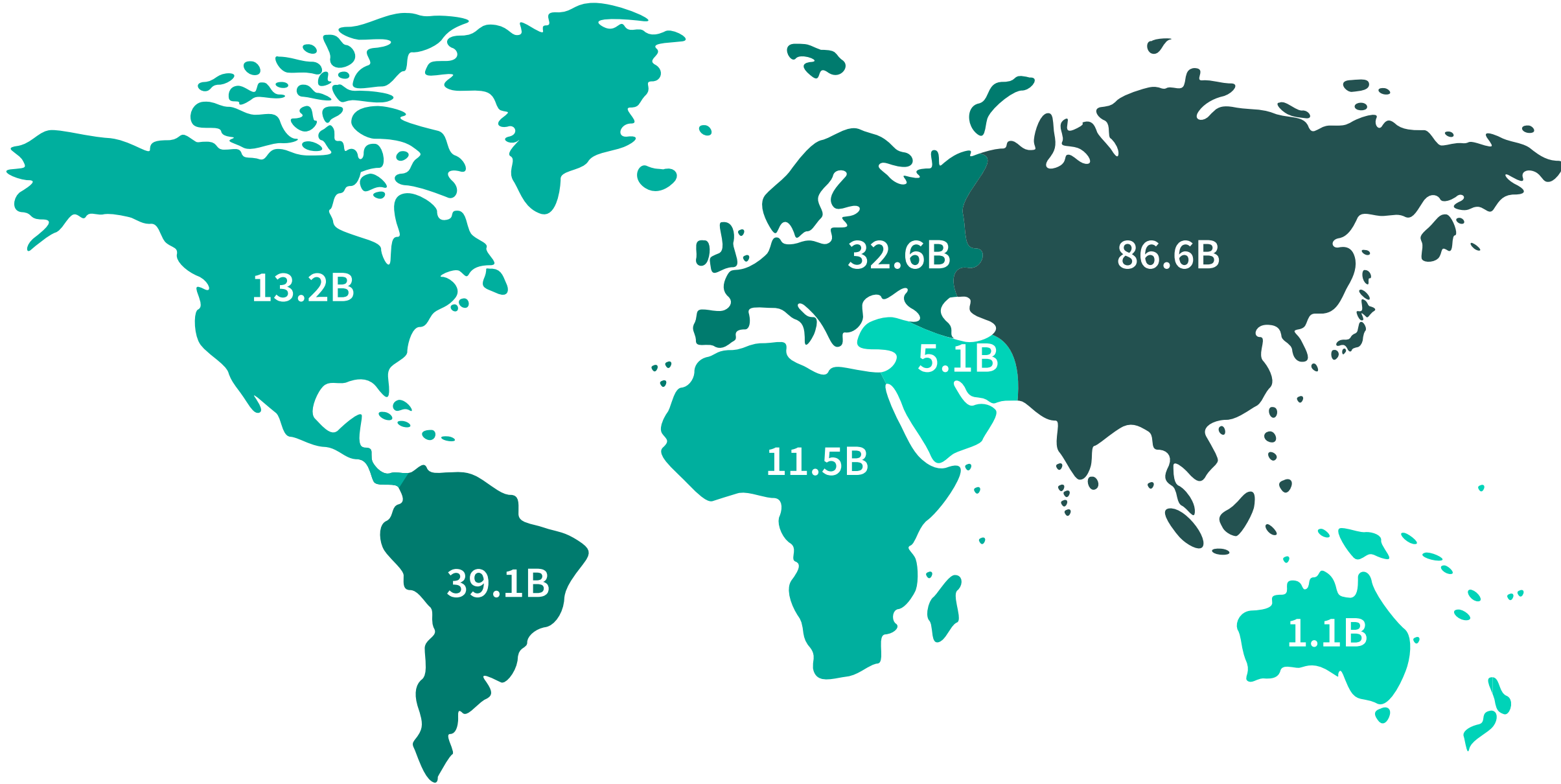


Top Regions: Google Play and App Store Downloads by Region

Downloads by Region 2022



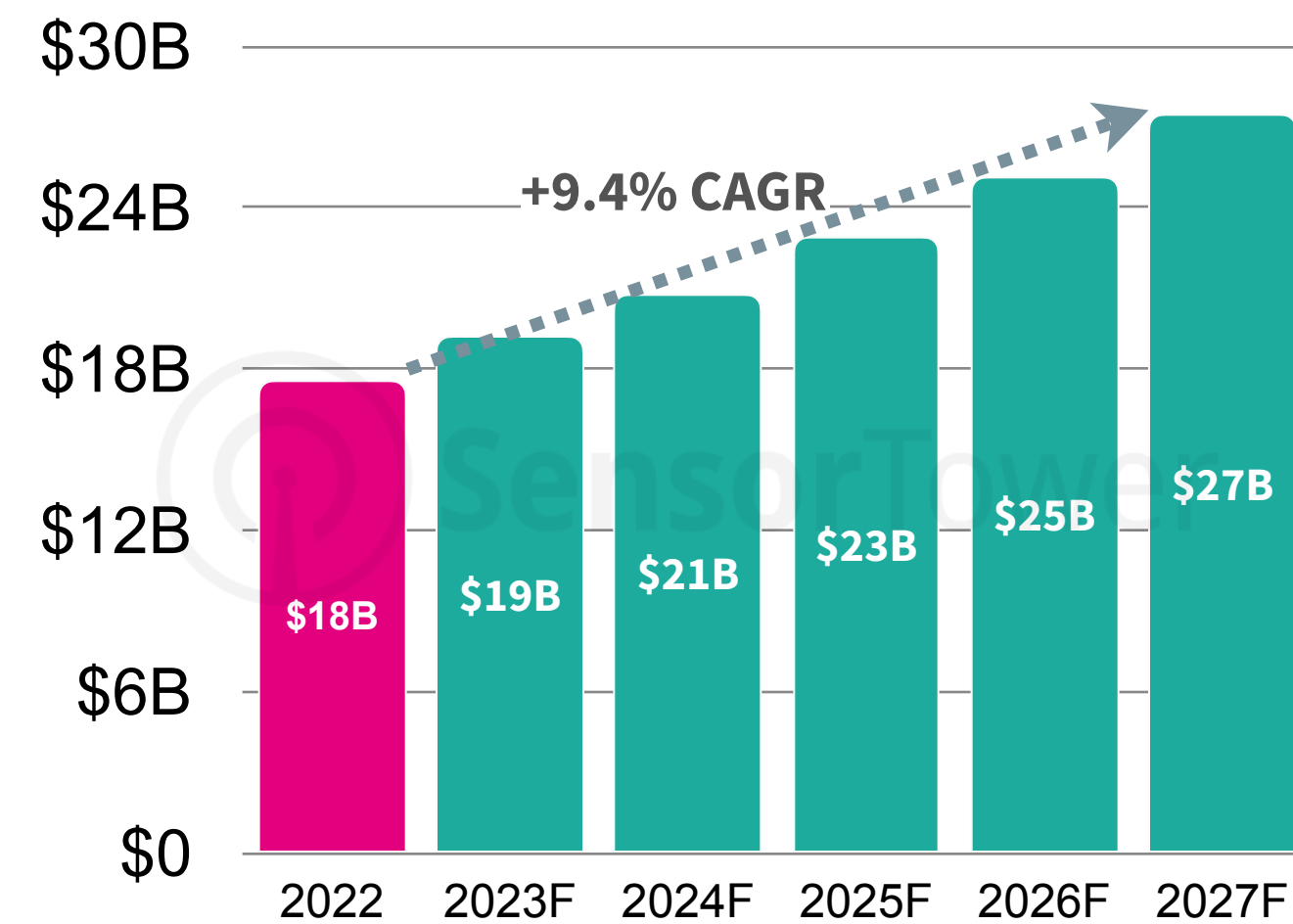
Downloads by Region Projected 2027



Top Regions: Europe Mobile App Spending Forecast

*CAGR stands for Compound Annual Growth Rate.

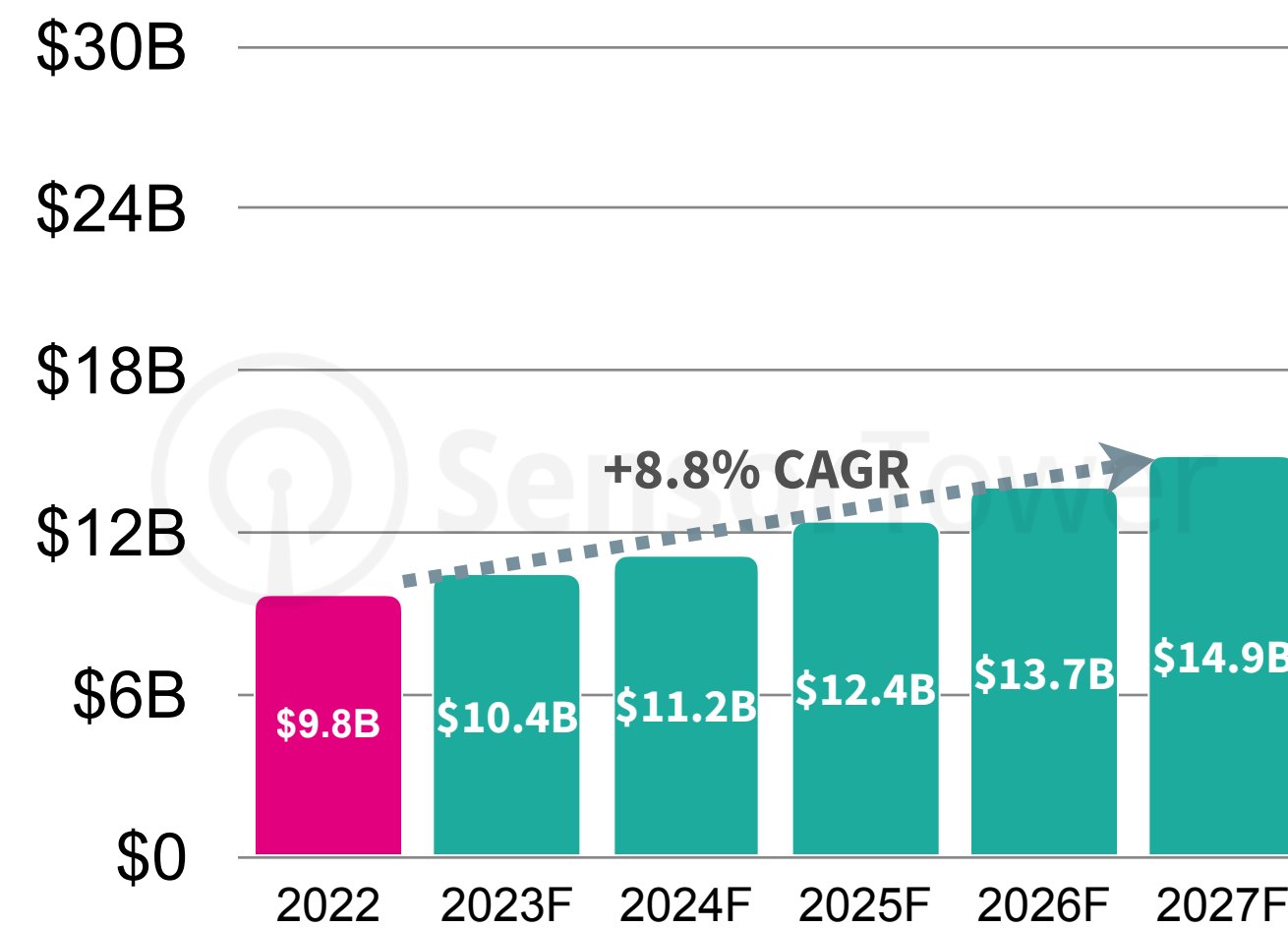
European App Store and Google Play User Spending



\$27 Billion

App Store + Google Play Revenue by 2027

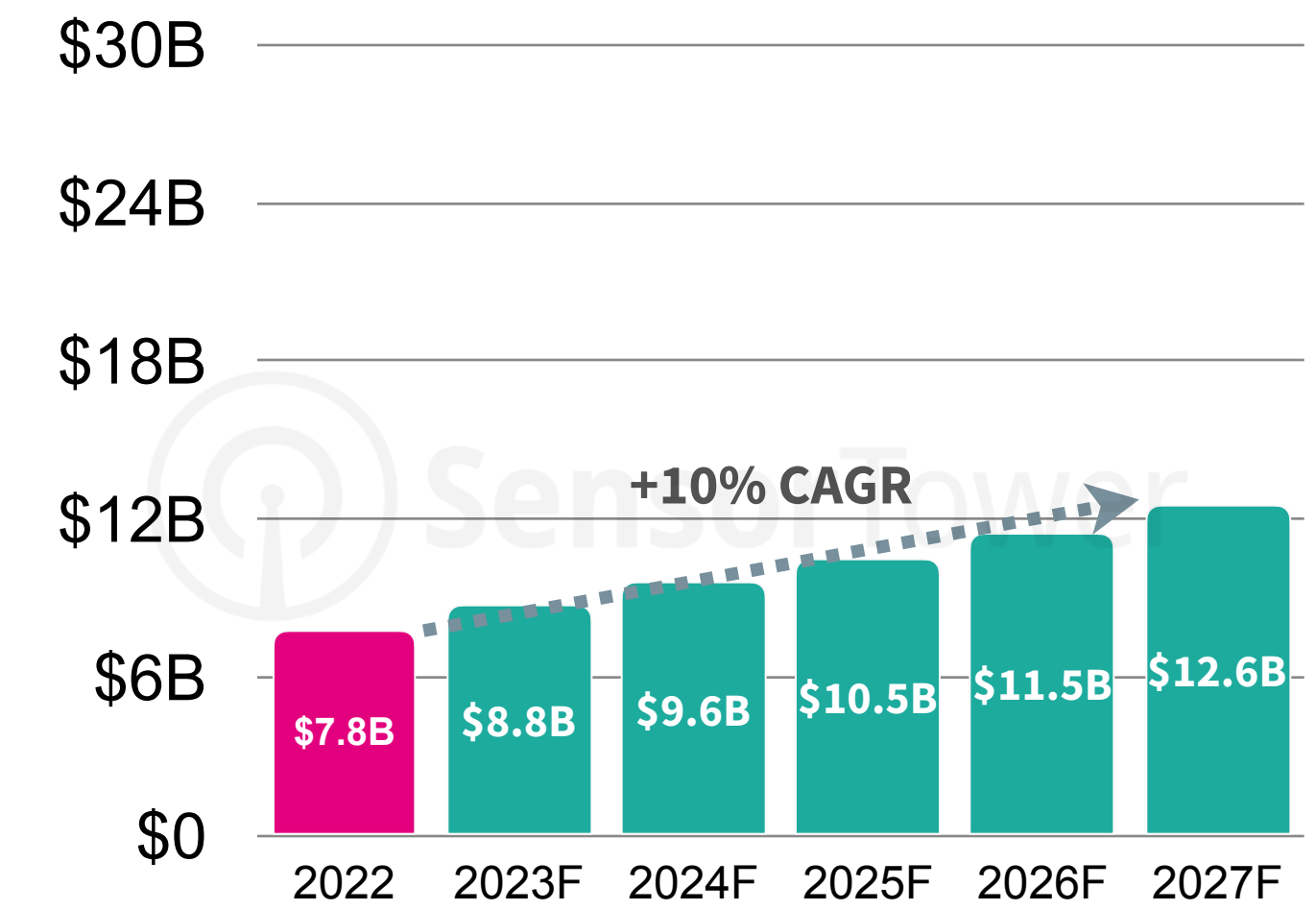
European App Store User Spending



\$14.9 Billion

App Store Revenue by 2027

European Google Play User Spending



\$12.6 Billion

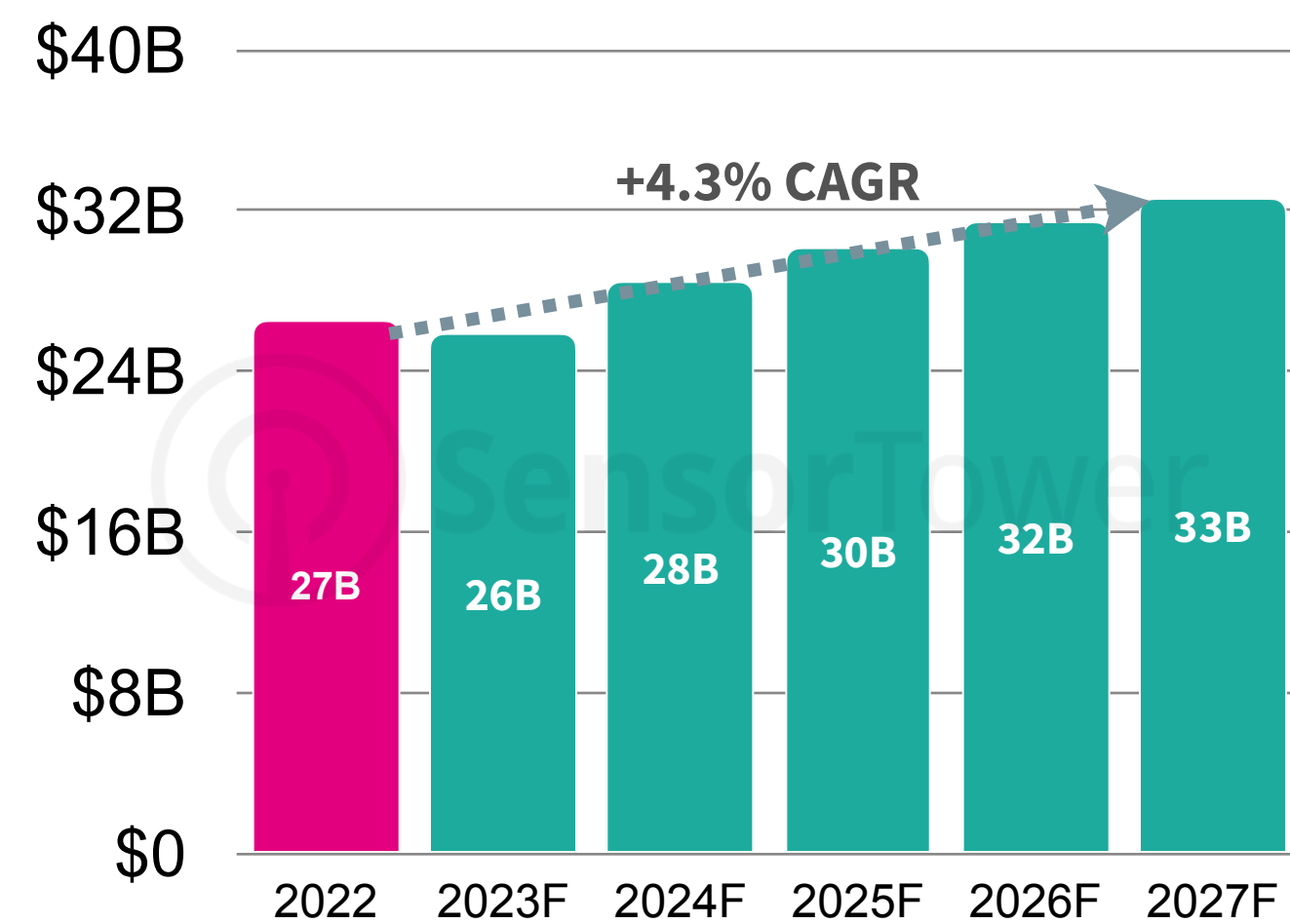
Google Play Revenue by 2027



Top Regions: Europe Mobile App Download Forecast

*CAGR stands for Compound Annual Growth Rate.

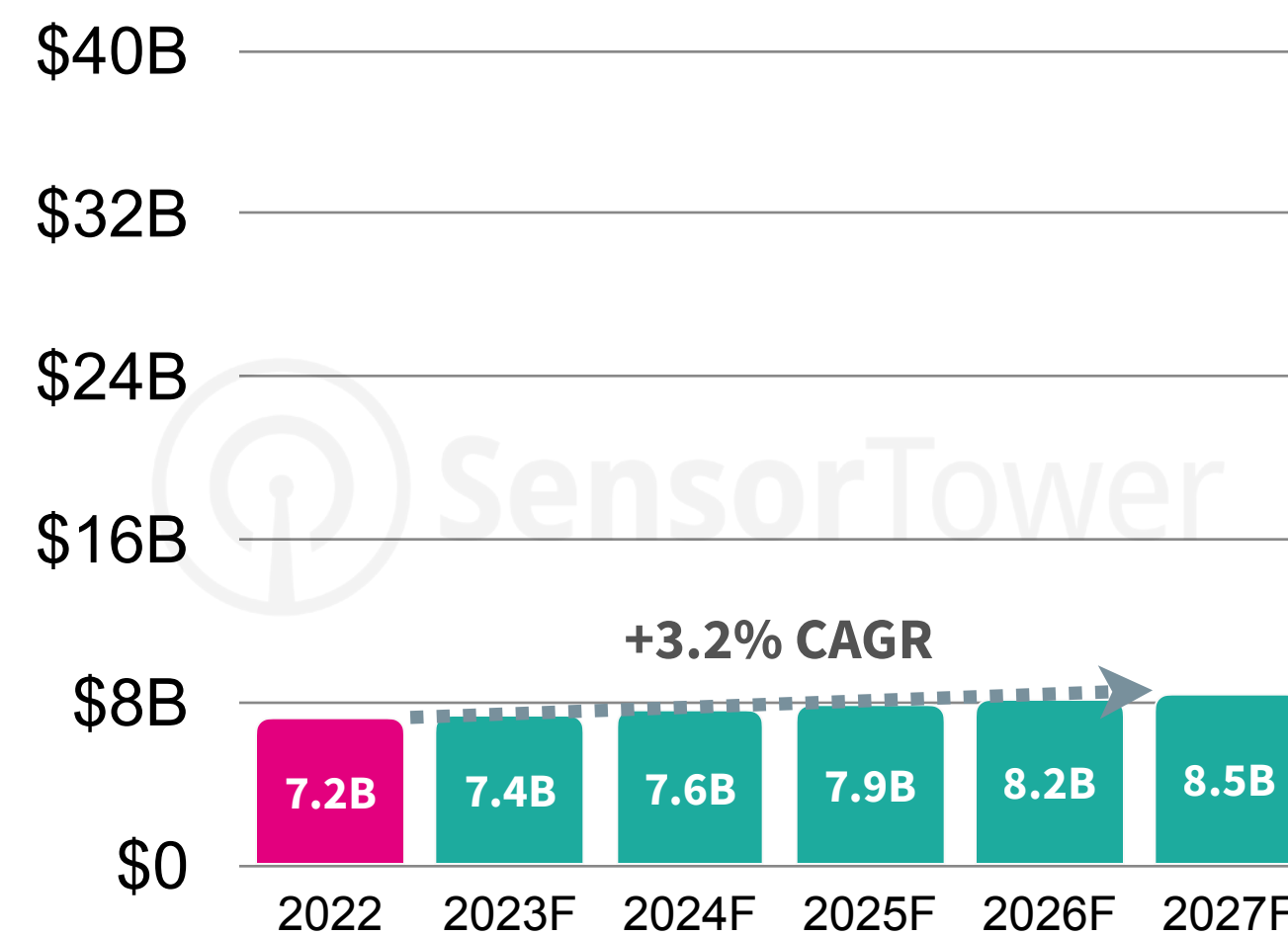
European App Store and Google Play Downloads



33 Billion

App Store + Google Play Downloads by 2027

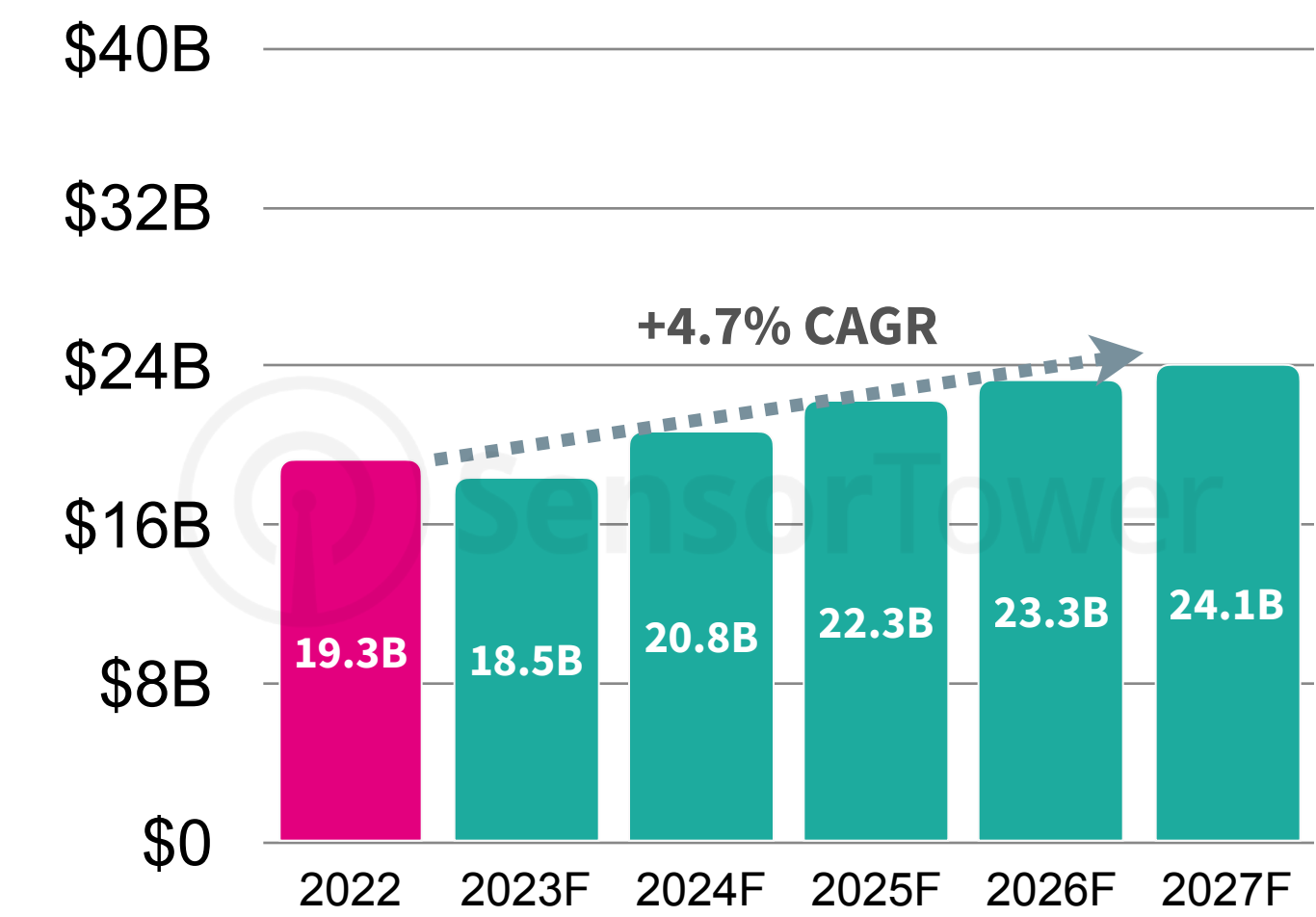
European App Store Downloads



8.5 Billion

App Store Downloads by 2027

European Google Play Downloads



24.1 Billion

Google Play Downloads by 2027



Top Markets in Europe by Consumer Spending

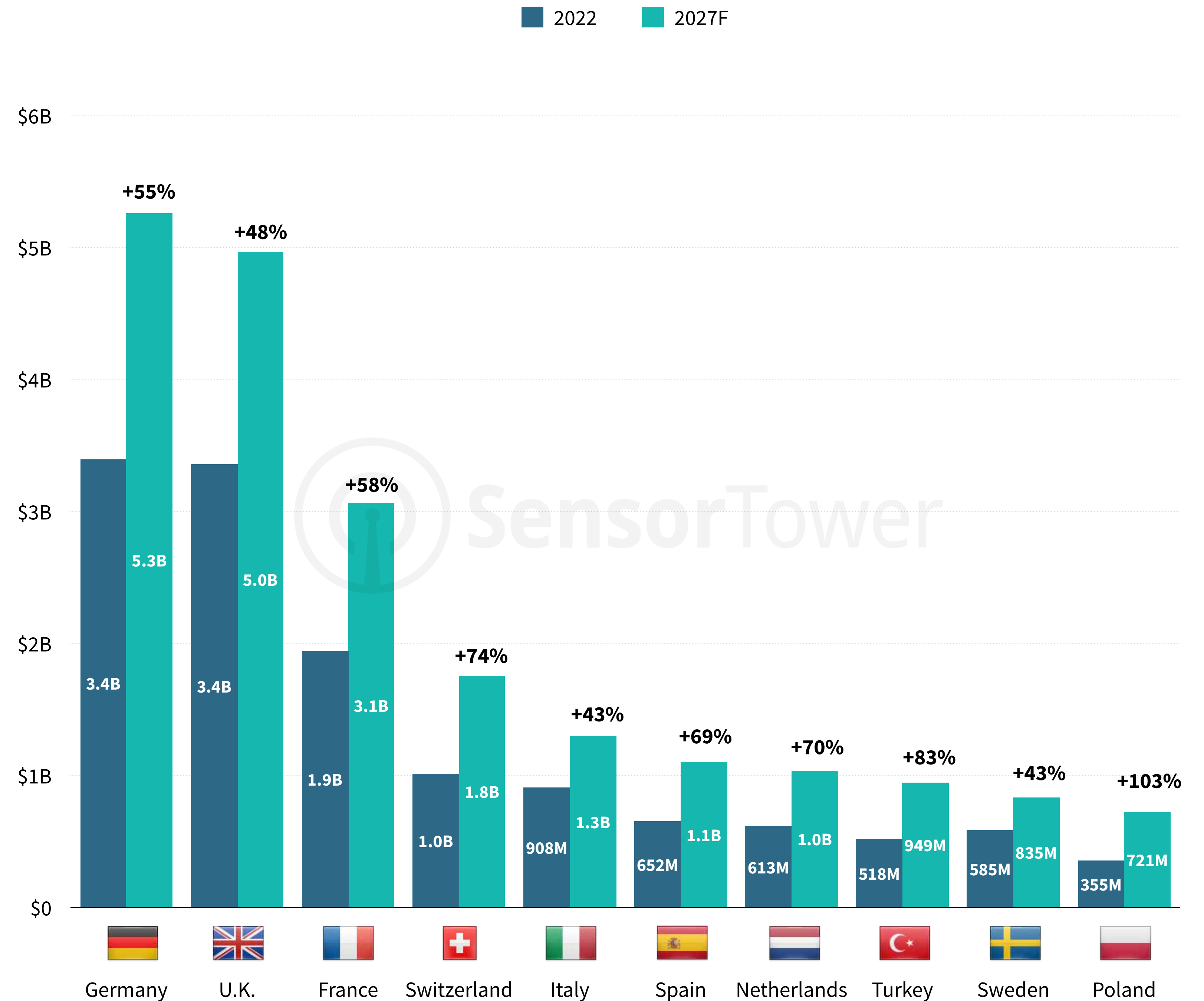
Projected consumer spending for top European markets, App Store and Google Play

Businesses and developers can anticipate strong revenue growth in the top European markets — all of the top 10 countries in Europe are projected to experience a minimum of 40% growth in consumer spending by 2027. This optimistic forecast underscores the flourishing mobile app market in these regions. Germany, the U.K., and France continue to maintain their leadership positions in terms of consumer spending in Europe. These countries exhibit a robust market presence and are on an upward trajectory in terms of app-related expenditures.

Poland is emerging as a tech hub in Europe, with its strong tech ecosystem, supportive government initiatives, and competitive advantages. Impressively, Poland has already achieved a remarkable revenue surge of 91% over the past three years. Projections indicate a compound annual growth rate (CAGR) of 15% over the next five years, propelling Poland up three positions to become the 10th largest mobile app market in Europe.

With robust growth projections and emerging tech hubs, the European mobile app market is brimming with possibilities for revenue growth and market expansion.

Note Regarding Revenue Estimates Our estimates include worldwide revenue for iPhone, iPad, and Google Play. We report gross revenue (including the cut for Apple or Google). Android estimates do not include third party stores.



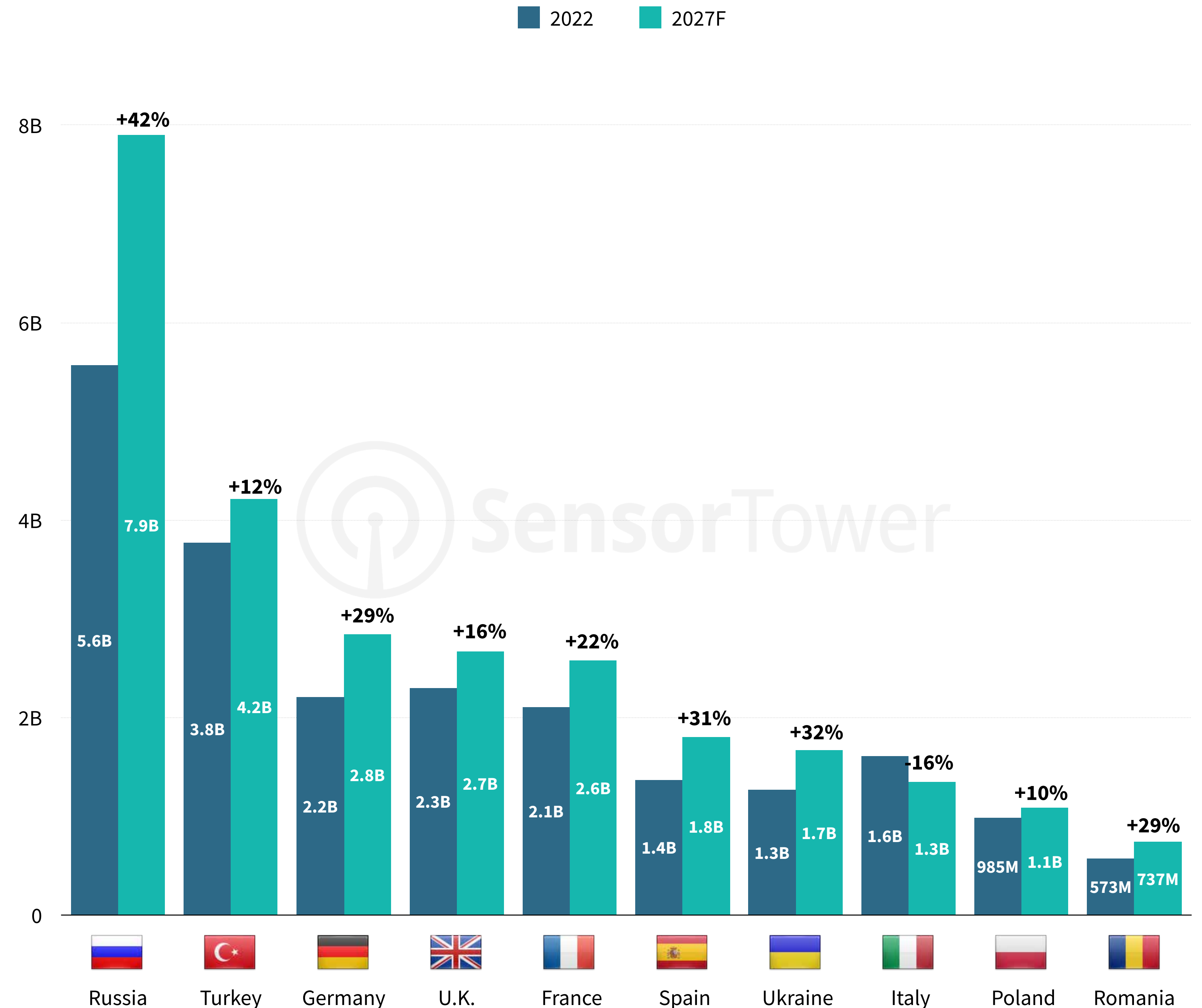
Top Markets in Europe by Downloads

Projected downloads for top European markets, App Store and Google Play

Although Russia experienced a slight decline in app downloads during Q2 through Q4 2022 due to the halt of in-app purchases (IAPs) and subscriptions, downloads have rebounded in 2023, returning to pre-halt levels. This indicates that the impact on downloads was temporary and the app market in Russia remains strong. The top two countries, Russia and Turkey, are set to maintain their lead in the European app market. Together, they're projected to account for 12B downloads, representing 37% of all installs in Europe by 2027.

The countries ranked third to fifth remain highly competitive. Each of these countries is projected to have strong app download figures ranging between 2.6B and 2.8B. Germany is expected to surpass the U.K. and claim the coveted no. 3 spot in app downloads. With nearly 30% growth forecasted over the next five years, Germany presents a thriving market opportunity for app developers and publishers, mobile marketers, and App Store Optimization (ASO) specialists.

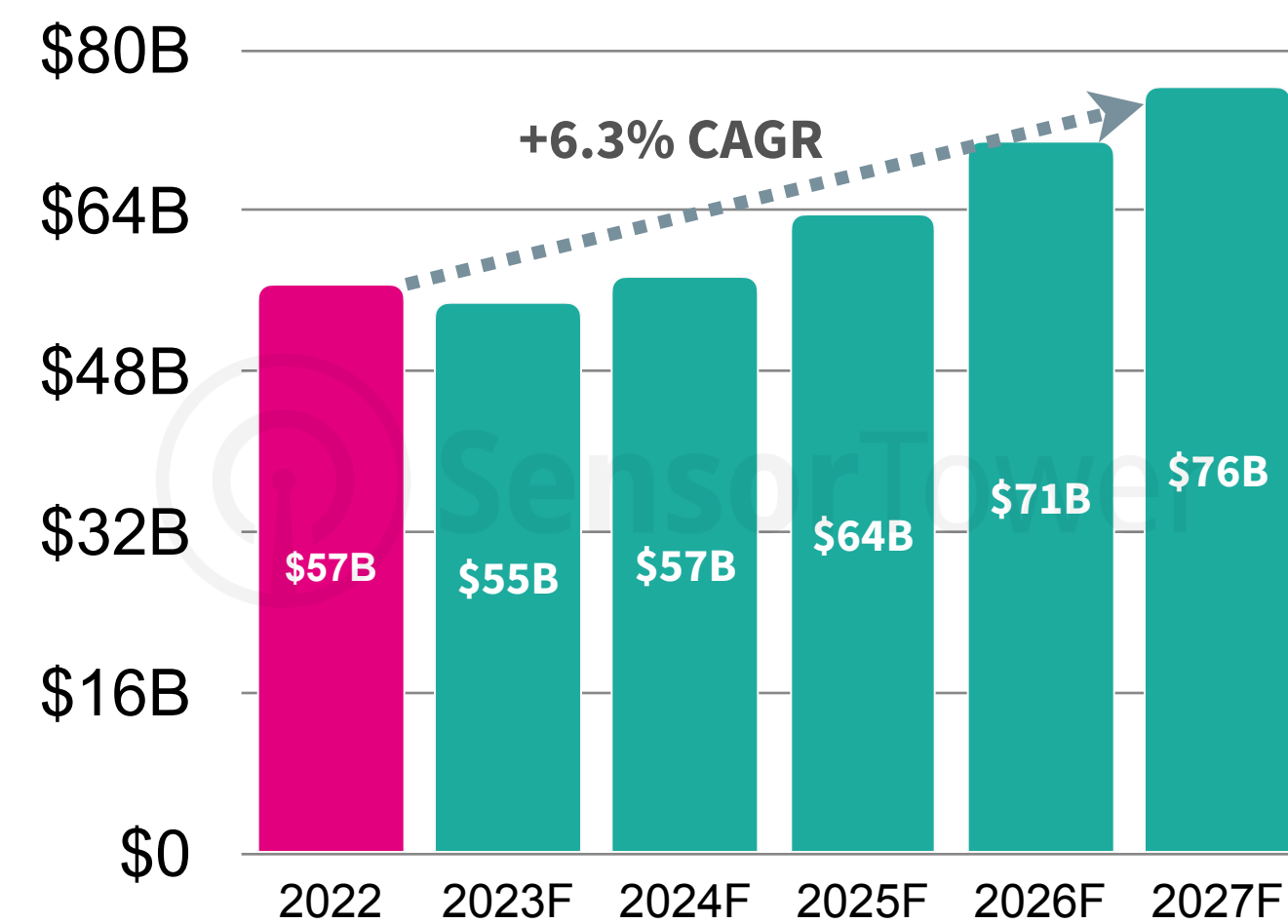
Among the top markets in Europe, Italy stands out with projected negative growth in app downloads over the next five years. Despite an initial surge in growth during the early stages of the pandemic in 2020, Italy's mobile game market has witnessed a year over year (YoY) decline for the past two years. Downloads in the App Store in Italy have already fallen below the pre-pandemic level as of 2022. This downward trend is expected to persist, impacting both the App Store and Google Play.



Top Regions: Asia Mobile App Spending Forecast

*CAGR stands for Compound Annual Growth Rate.

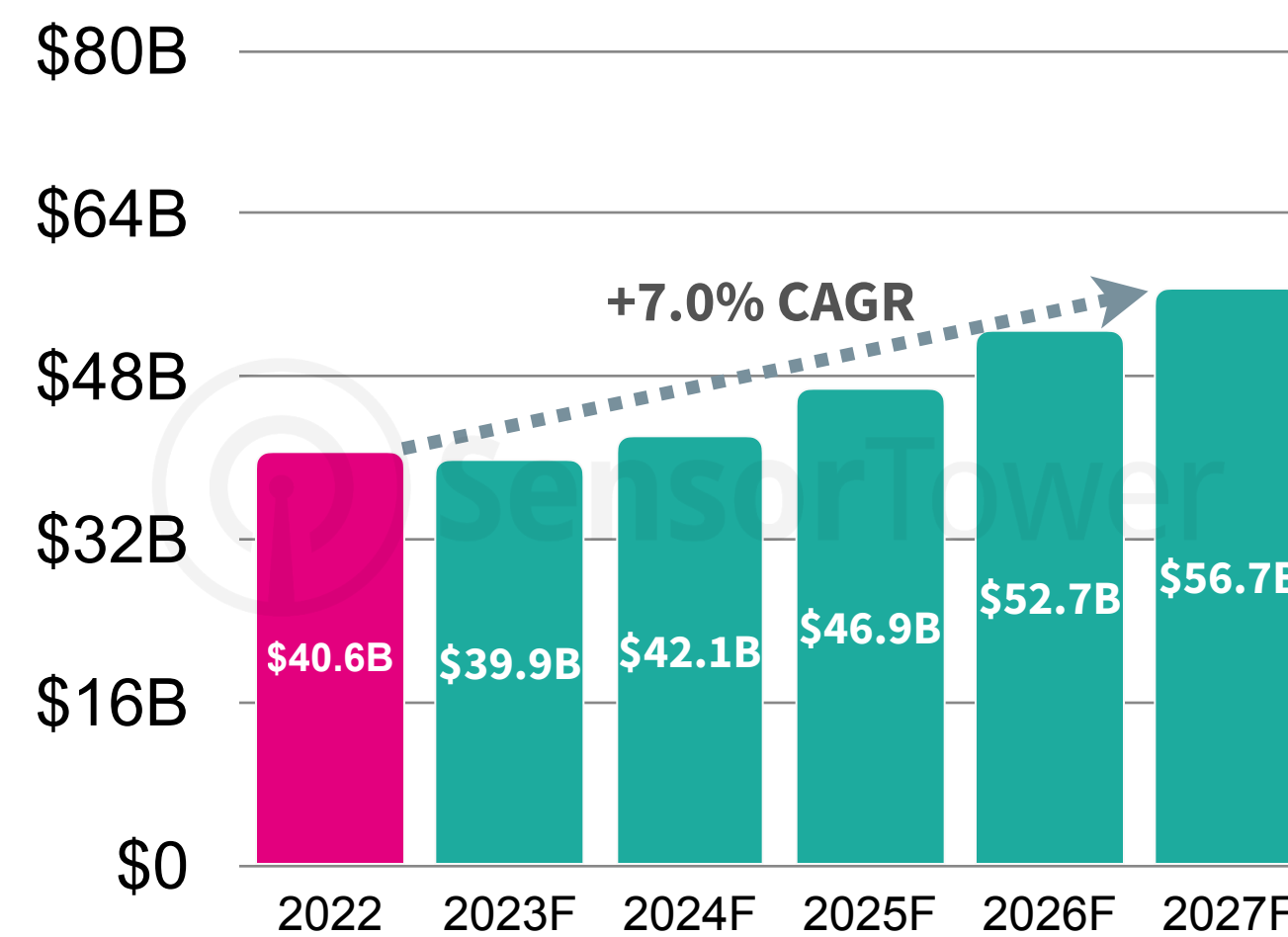
Asia App Store and Google Play User Spending



\$76 Billion

App Store + Google Play Revenue by 2027

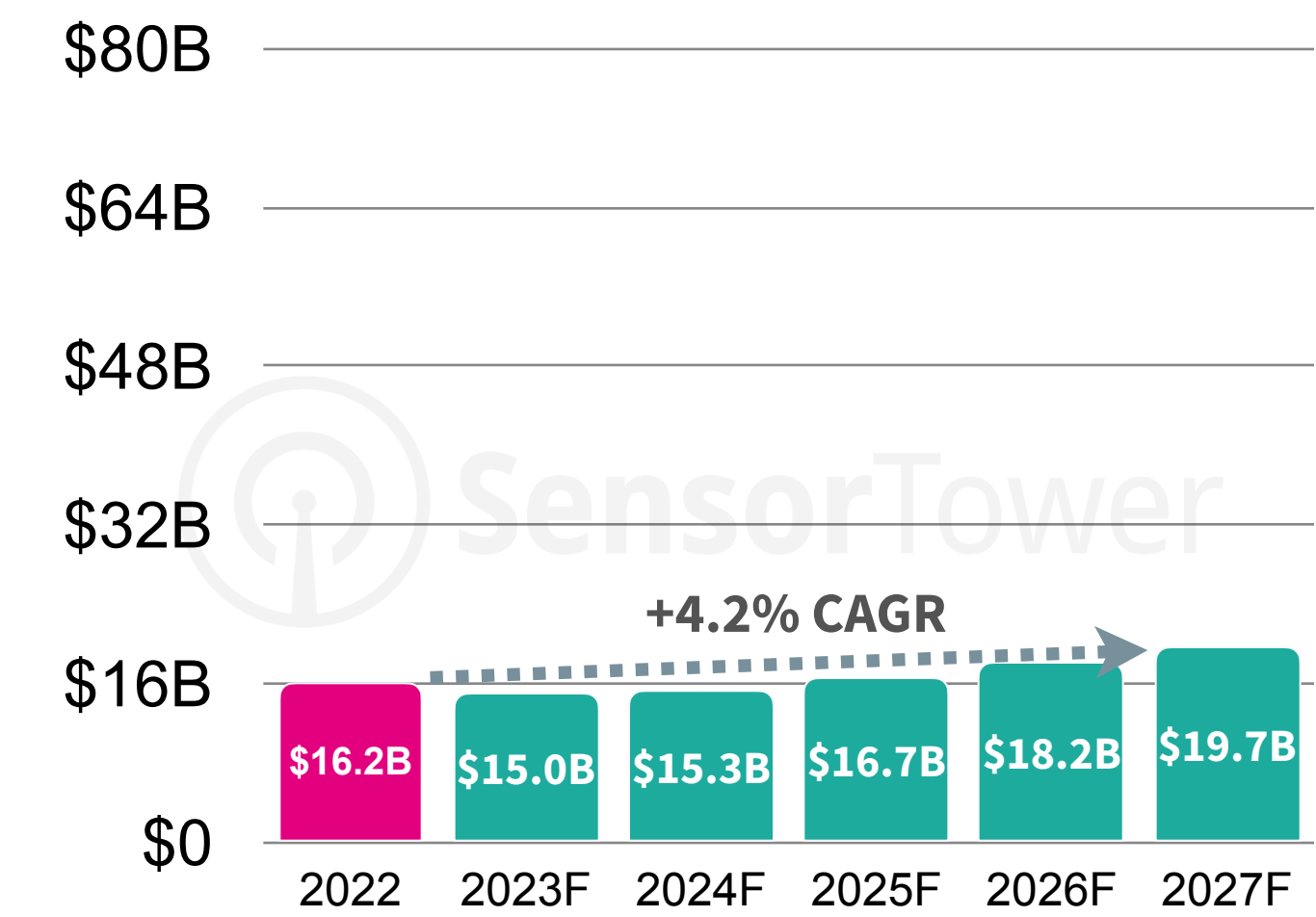
Asia App Store User Spending



\$56.7 Billion

App Store Revenue by 2027

Asia Google Play User Spending



\$19.7 Billion

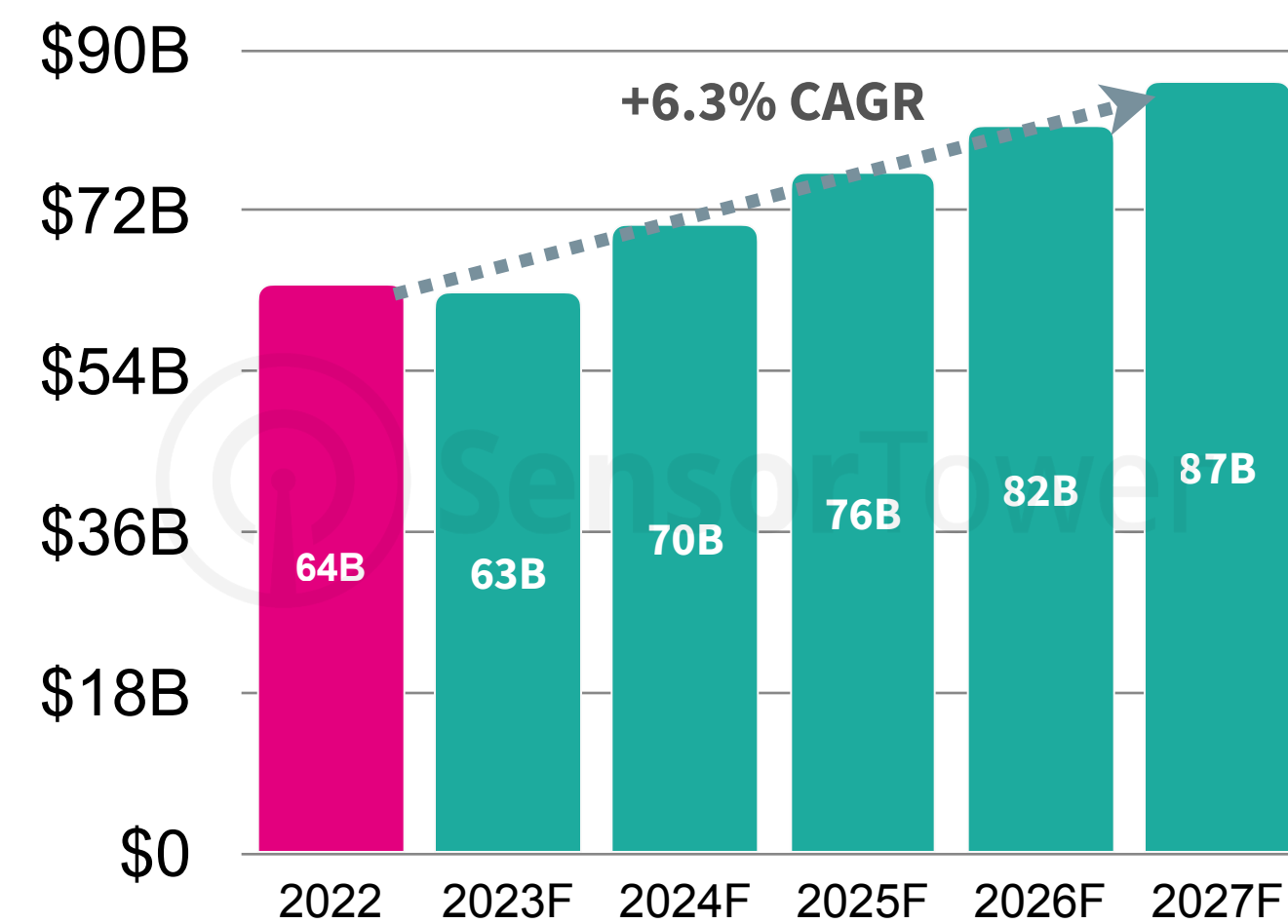
Google Play Revenue by 2027



Top Regions: Asia Mobile App Download Forecast

*CAGR stands for Compound Annual Growth Rate.

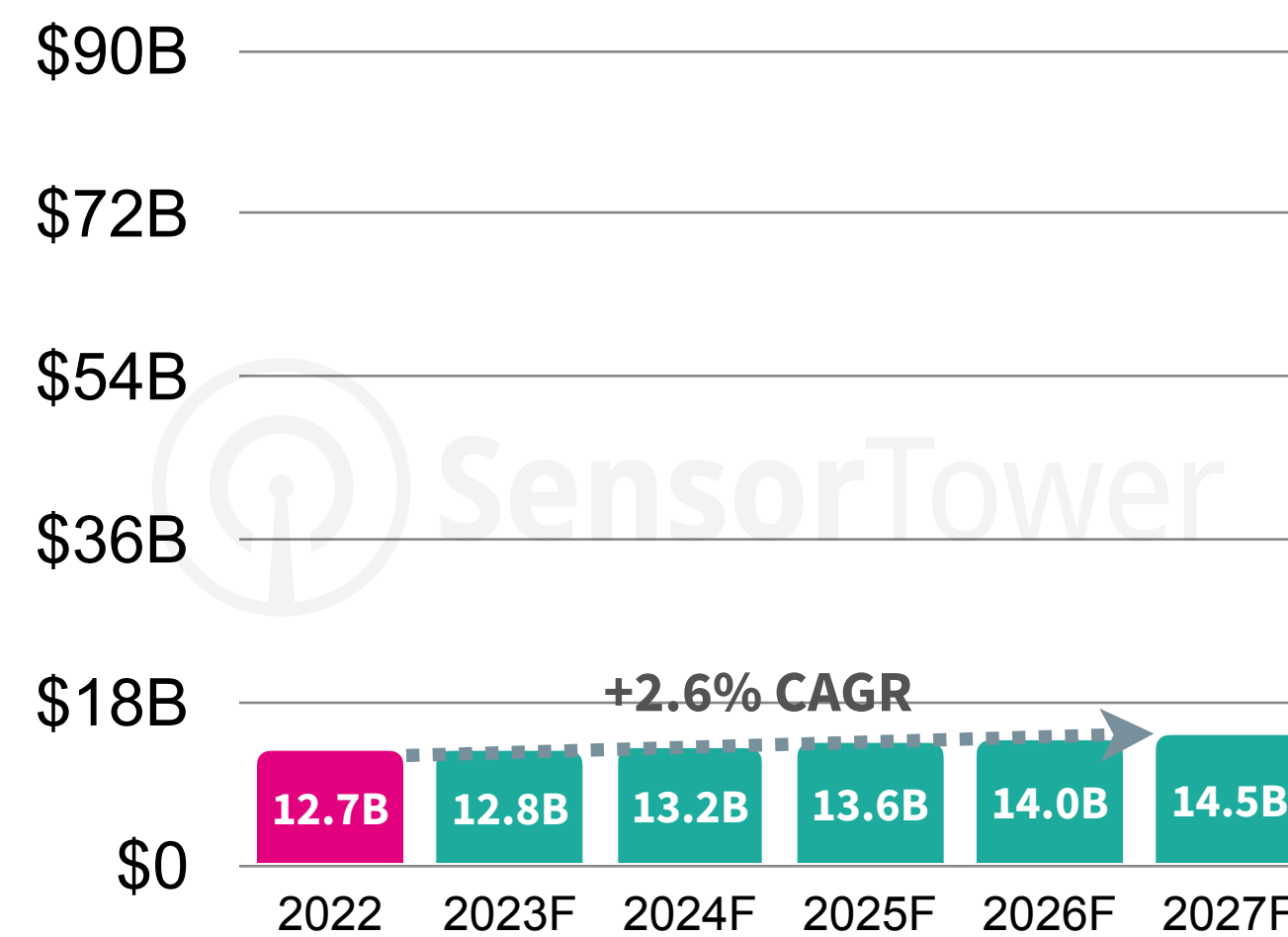
Asia App Store and Google Play Downloads



85 Billion

App Store + Google Play Downloads by 2027

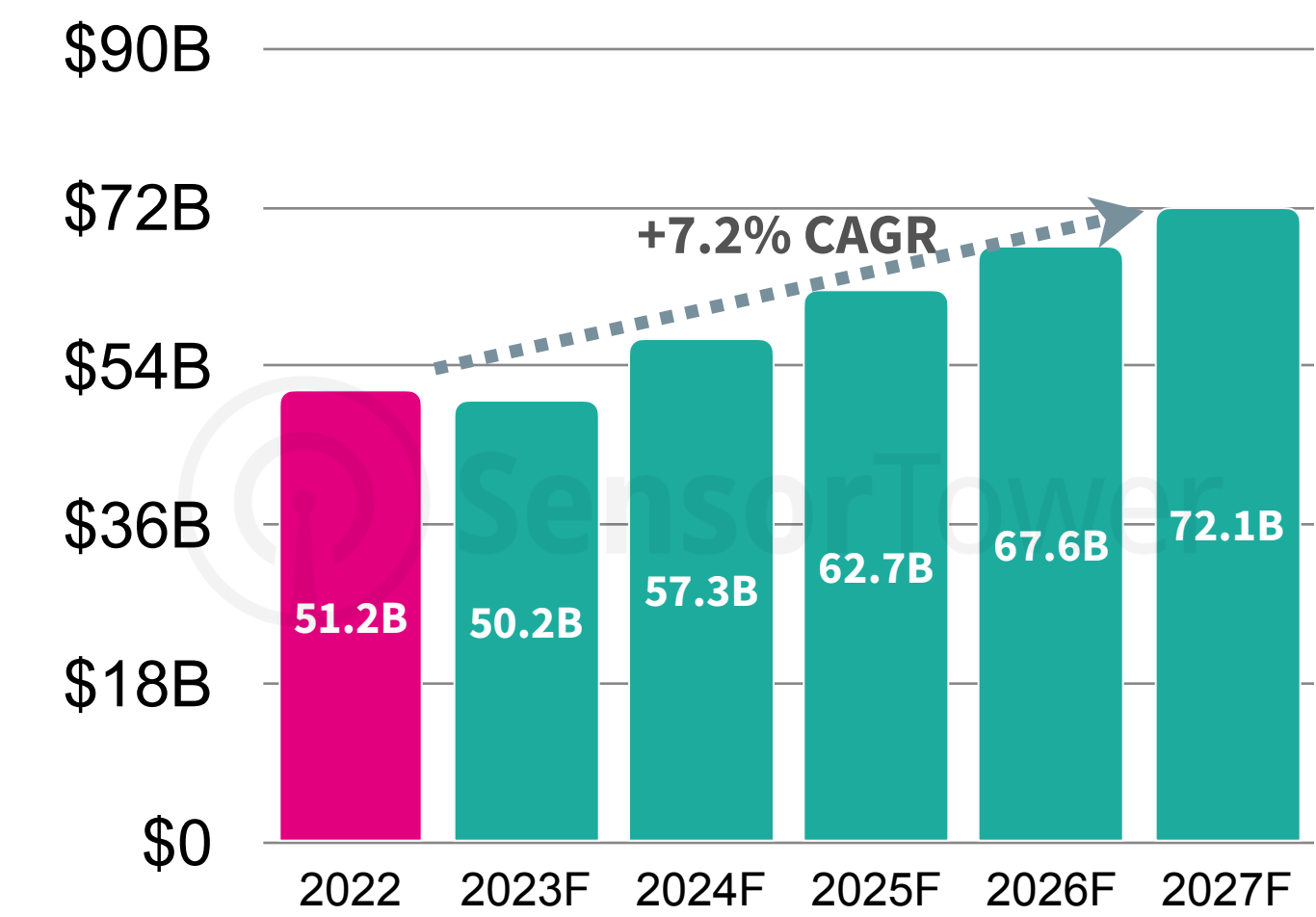
Asia App Store Downloads



14.5 Billion

App Store Downloads by 2027

Asia Google Play Downloads



72.1 Billion

Google Play Downloads by 2027



Top Markets in Asia by Consumer Spending

Projected consumer spending for top Asian Markets, App Store + Google Play

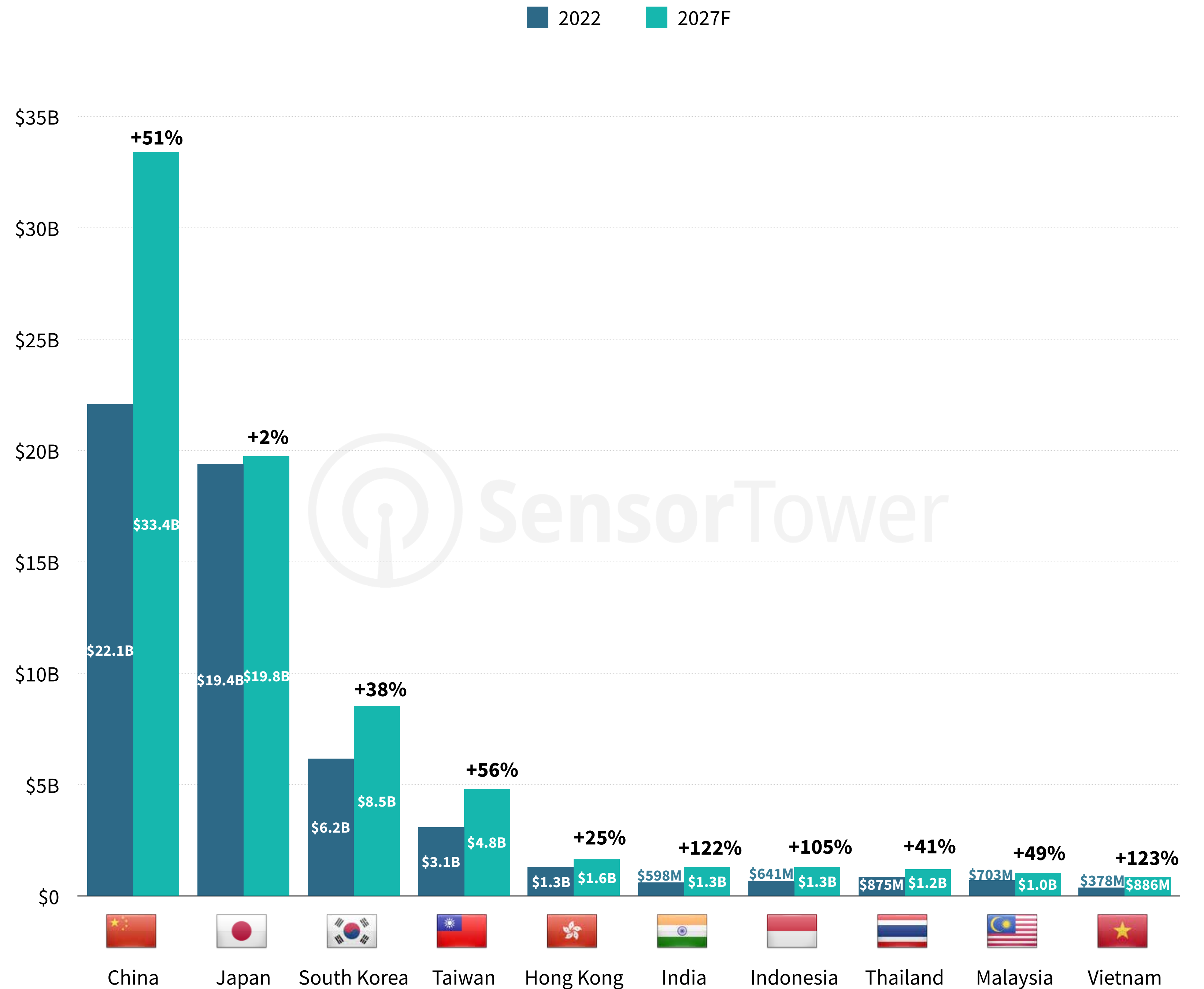
Asia's mobile app consumer spending landscape is heavily influenced by the top three countries: China, Japan, and South Korea. These countries accounted for 84% of the region's revenue in 2022, although this is projected to decrease to 81% by 2027. China maintains its dominant position, driven by a particular focus on Photo & Video apps.

The rise of short-form video content in China has sparked a significant demand for apps like CapCut and Meitu, as users actively create and share visually appealing content. Consumer spending on Photo & Video apps in China has tripled over the past three years, and this growth is expected to continue with a projected CAGR of 50% over the next five years.

China has surpassed Japan in mobile app revenue since 2022 and is expected to sustain its growth, reaching \$33B in 2027. Conversely, Japan's mobile app market is relatively saturated, resulting in modest projected growth by 2% over the next five years, while other top Asian markets are expected to experience a minimum of 25% growth.

These insights highlight China's significance as a powerhouse in the Asian mobile app industry, driven by the popularity of Photo & Video apps. It emphasizes the need for developers and publishers to consider the unique dynamics of each Asian market.

Note Regarding Revenue Estimates Our estimates include worldwide revenue for iPhone, iPad, and Google Play. We report gross revenue (including the cut for Apple or Google). Android estimates do not include third party stores.

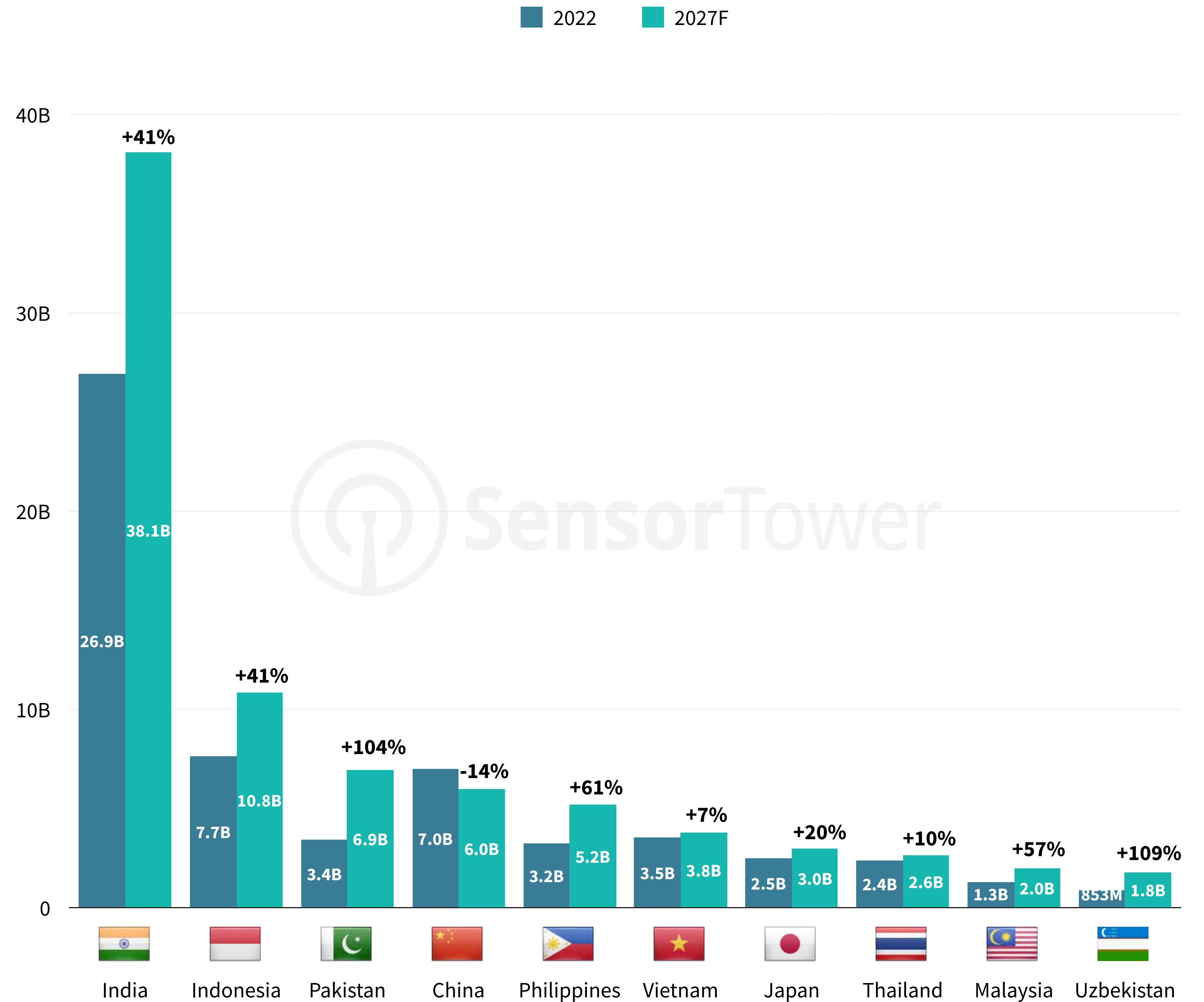


Top Markets in Asia by Downloads

Projected downloads for top Asian markets, App Store and Google Play

India, a key player in the mobile app industry, is set to maintain its global leadership in app adoption. By 2027, India is projected to account for nearly 44% of all app installs in Asia. The country's remarkable growth in smartphone penetration has laid the foundation for a consistent increase in mobile app downloads. Projections indicate that India's app downloads will surpass 38B by 2027, exhibiting an annual growth rate of 7.3% over the next five years. This presents significant opportunities and a promising future for the Indian mobile app market.

In addition to India, Pakistan and Uzbekistan are also experiencing notable growth in app downloads. Between 2022 and 2027, both countries are expected to witness a doubling of their app downloads. Pakistan, in particular, stands out as the biggest gainer in market share in Asia, with an impressive projected growth rate of 104%. This remarkable growth trajectory positions Pakistan to climb to the third position in terms of app downloads by 2027.



Top Markets



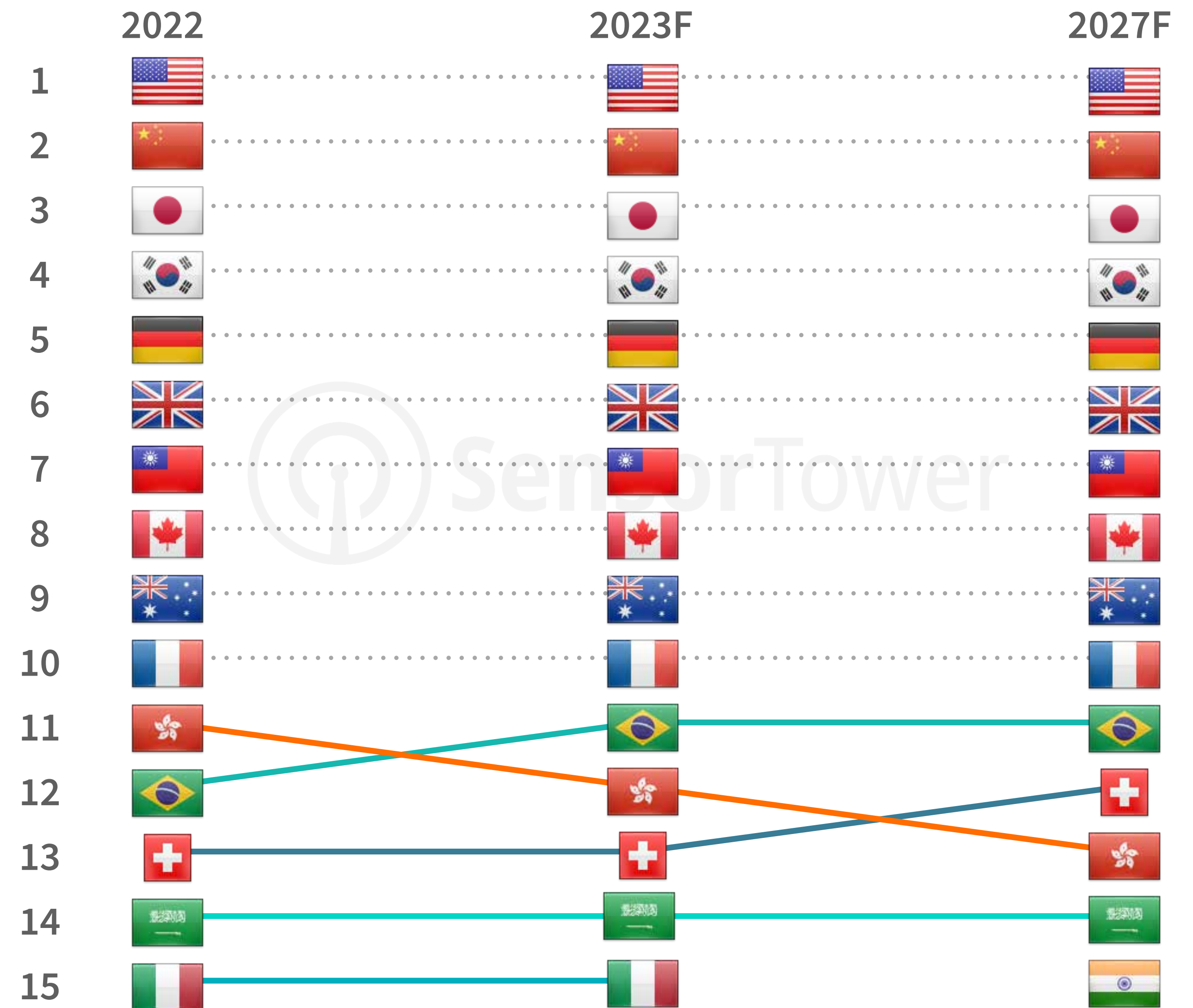
Top 10 Markets Poised to Secure Their Positions

App Store and Google Play Revenue

The top ten mobile app markets are projected to maintain dominance, collectively accounting for \$151B and 82% of global consumer spending in 2027. Meanwhile, markets ranked 11th to 15th remain competitive and continue to vie for market share. One market that has stood out in revenue growth is Brazil. In 2022, Brazil experienced a remarkable surge in revenue, with a growth rate of 33%, an increase from \$945M in 2021 to \$1.3B in 2022.

The exceptional growth trajectory in Brazil can be attributed to increased smartphone penetration and improved internet connectivity. These factors have contributed to the growing adoption of mobile apps and increased consumer spending. As a result, Brazil has surpassed Hong Kong and secured the 11th position in the rankings since 2023.

This trend is expected to continue, with Brazil's lead over Hong Kong widening further in the coming years. This highlights Brazil's emerging market potential and the promising prospects for app developers and publishers looking to tap into the Brazilian market.



Markets by Consumer Spending

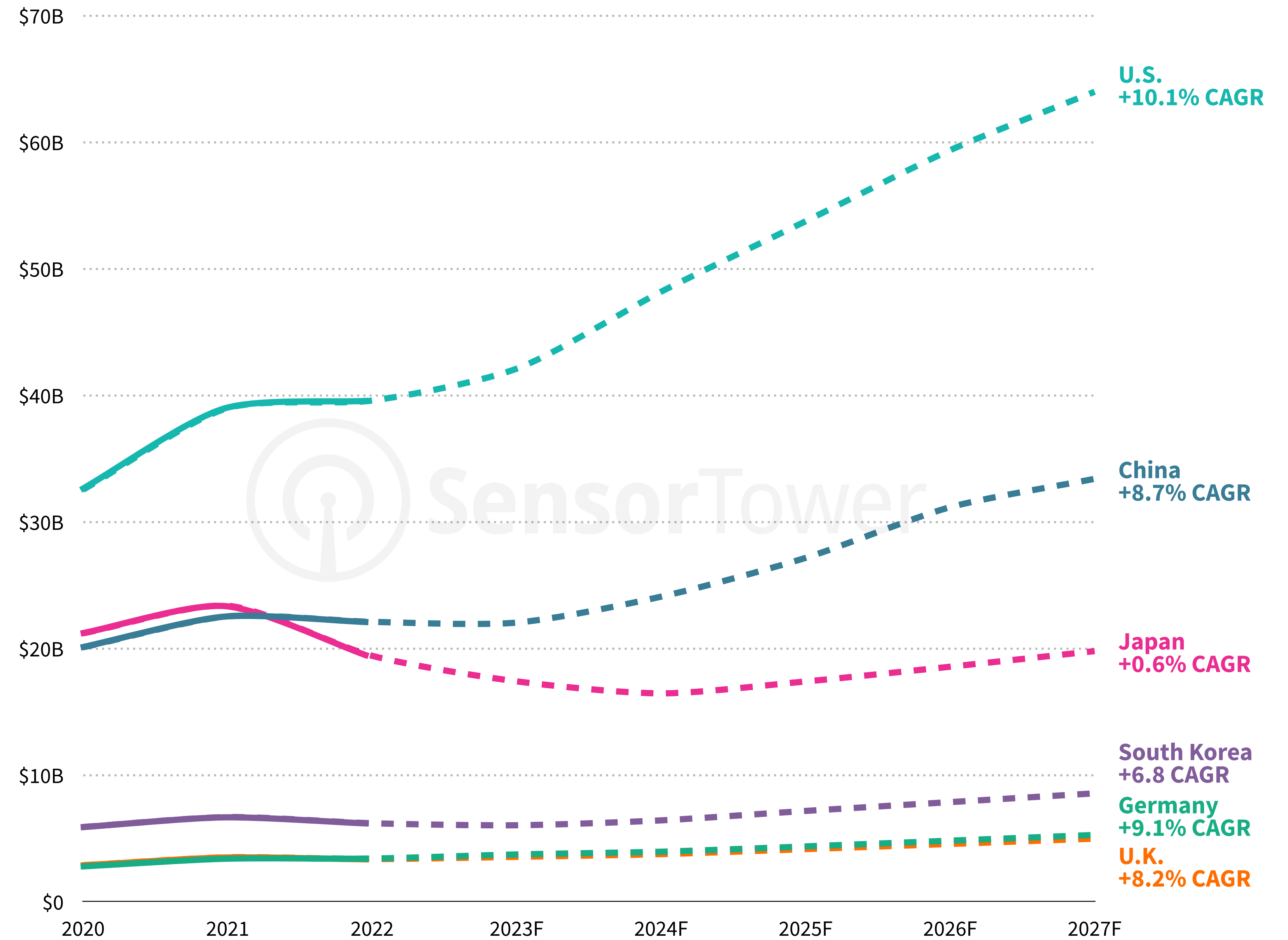
Top Markets by consumer spending

The U.S. is poised to experience significant revenue growth on the App Store and Google Play, projected to reach nearly \$64B by 2027. This represents a 10.1% CAGR over the next five years. As a result, the gap between the U.S. and China, will widen further.

While other top App Store markets are expected to demonstrate robust growth rates of at least 8% CAGR over the next five years, Japan's growth rate is more modest at 0.6%. This is primarily due to the declining revenue in the mobile game category, which has experienced YoY decline in recent years and is expected to continue negatively.

However, there is a notable shift in consumer attention within the Japanese market. The Comic and Entertainment apps segment is expected to gain market share in revenue. This indicates a change in consumer preferences, with a shift from gaming apps to comic and entertainment apps such as TikTok, YouTube, and Piccoma.

This trend reflects a shift in consumer engagement with mobile apps in Japan, highlighting the rising popularity of entertainment-oriented platforms. While the mobile game category faces challenges, the comic and entertainment segments present opportunities for app developers and publishers to cater to evolving Japanese consumer preferences.



Brazil is Projected to Overtake the U.S. as the No. 2 Market

Top 10 markets by App Store and Google Play downloads

Region

- APAC
- North America
- EMEA
- Latin America

2022	
1	India
2	US
3	Brazil
4	Indonesia
5	China
6	Russia
7	Mexico
8	Turkey
9	Vietnam
10	Pakistan

2023F	
1	India
2	US
3	Brazil
4	Indonesia
5	China
6	Russia
7	Mexico
8	Pakistan
9	Turkey
10	Philippines

2027F	
1	India
2	Brazil
3	US
4	Indonesia
5	Mexico
6	Russia
7	Pakistan
8	China
9	Philippines
10	Turkey



Markets by Downloads

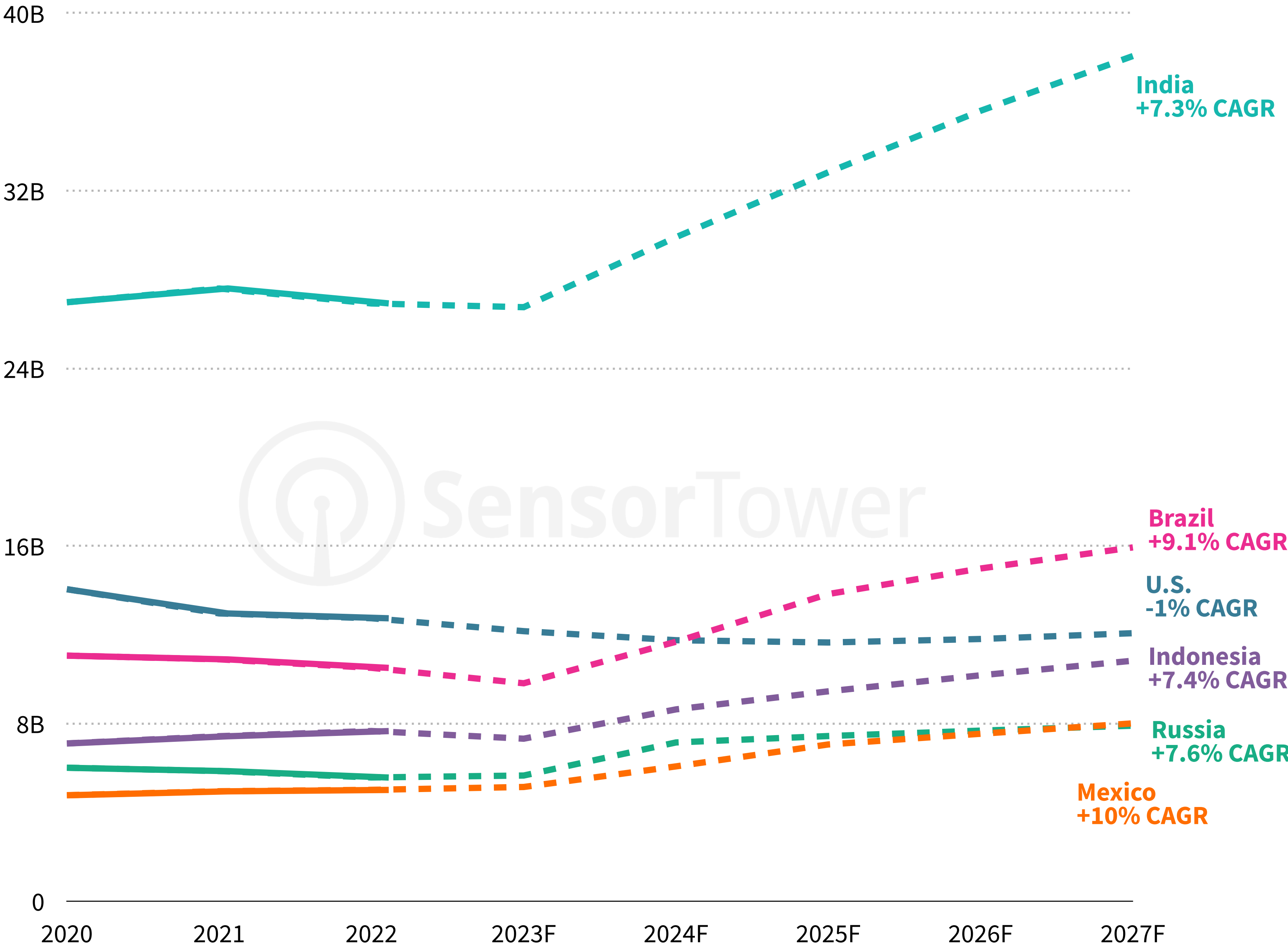
Top Markets by consumer spending

India remains the dominant force in the global app market, boasting the largest number of app downloads that are projected to reach nearly 40B by 2027. This growth can be attributed to India's rising GDP, improved internet connectivity, and a growing number of smartphone users. As a result, there is a substantial projected jump in downloads starting in 2024, further widening the gap between India and the rest of the world.

Brazil is another market to watch, with significant growth expected in both downloads and revenue. App downloads in Brazil are projected to surpass 15 billion by 2027, with an impressive annual growth rate of 9.1% over the next five years. With improved internet access and higher smartphone ownership rates, Brazil is anticipated to overtake the United States as the second-largest market by 2024.

The other top markets also show steady increases in app downloads, all with at least 7% CAGR over the next five years, with the sole exception of the U.S.. The U.S. market is facing challenges, particularly in the mobile game and entertainment categories. The mobile game and entertainment categories in the U.S. have seen revenue declines for the past three years in both stores. This trend is expected to persist due to factors such as inflation, leading to a projected slowdown in the U.S. market with a -1% CAGR over the next five years.

The contrasting trajectories of India's rapid growth, Brazil's ascent, and the U.S.'s anticipated slowdown highlight the dynamic nature of the global app market.



Top Categories



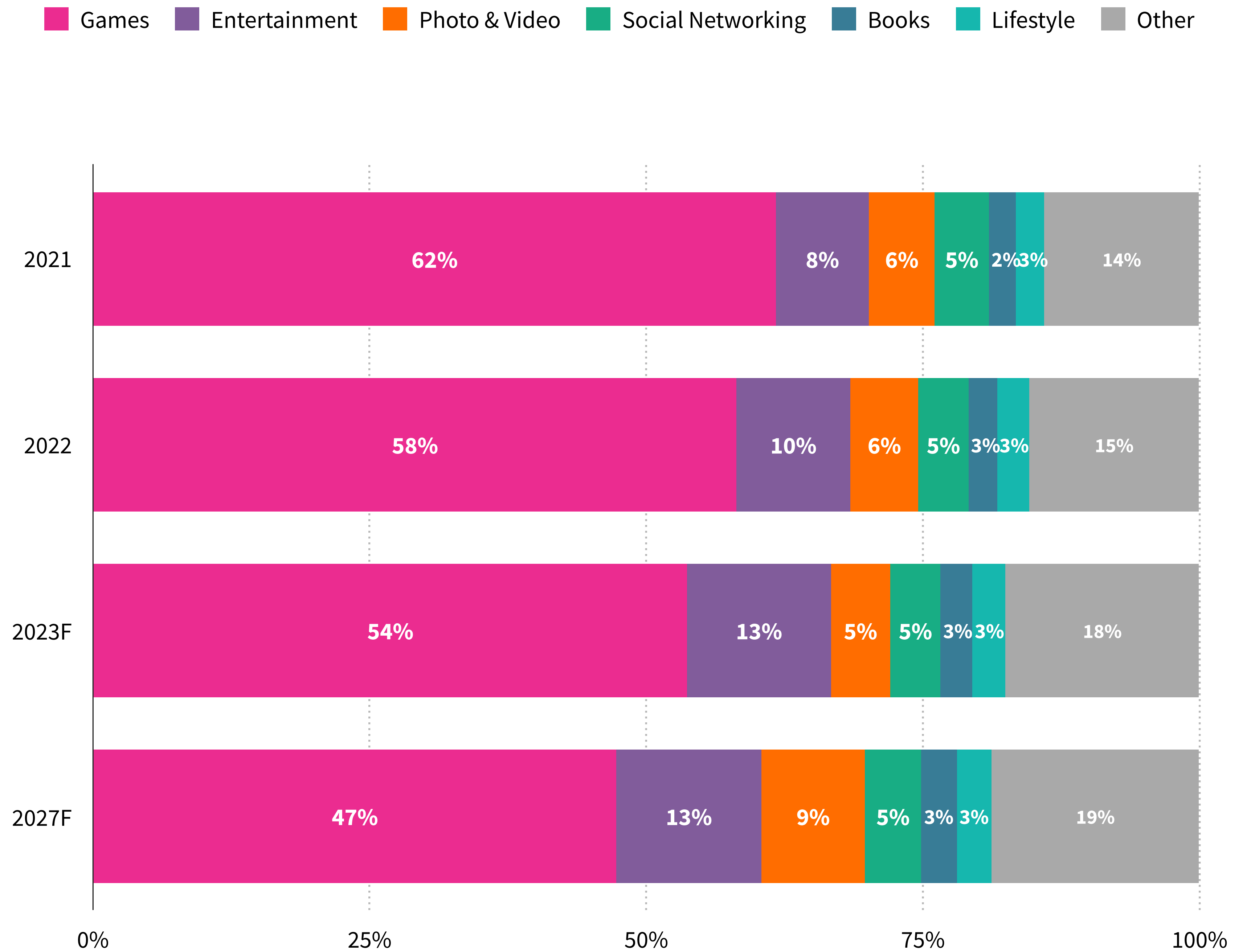
App Store Revenue Share by Category

Projected consumer spending for top categories

The mobile app industry landscape is undergoing significant shifts in revenue distribution, particularly in the gaming category. Since 2016, the proportion of revenue generated by gaming apps has steadily decreased, falling from 82% to 58% in 2022. This decline can be attributed to the overall deceleration of the mobile economy following the pandemic boom.

However, there is positive news as the Entertainment and Photo & Video categories continue to exhibit robust growth. Over the next five years, these categories are projected to experience increases of 2.8% and 3.2%, respectively, reducing the share of mobile gaming revenue.

This growth is driven by the rising popularity of new forms of entertainment, such as short-form content offered by social media and video apps. Anticipated compound annual growth rates (CAGRs) of 14.3% and 19.5% in these categories highlight the significant opportunities they present. Notably, TikTok and YouTube have emerged as leaders in the Entertainment and Photo & Video categories, showcasing growth rates of 130% and 17%, respectively, in the past year.

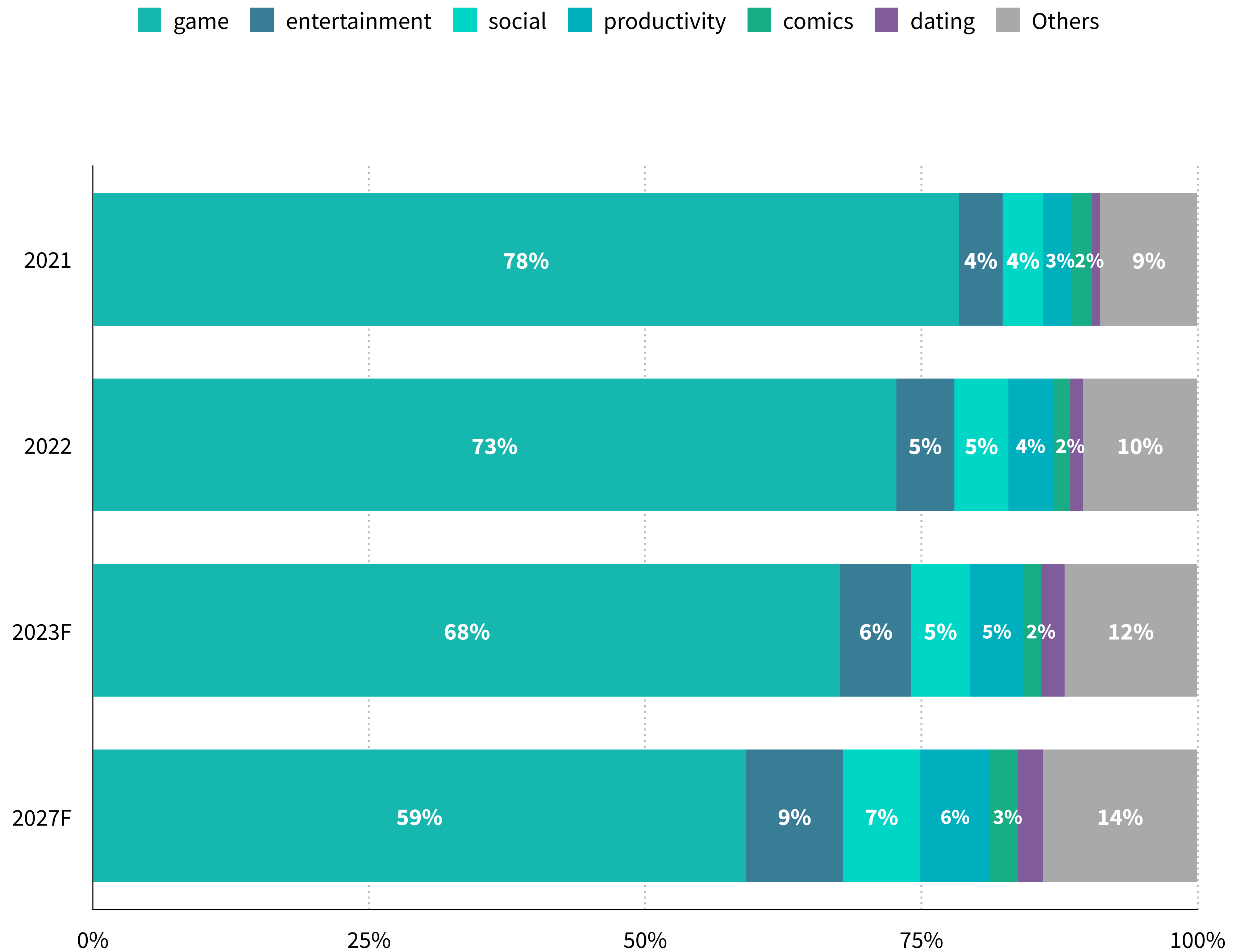


Google Play Revenue Share by Category

Projected consumer spending for top categories

Despite the current challenges faced by the mobile game industry, there is positive news on the horizon. Overall game revenue is projected to rebound with a CAGR of 3% between 2022 and 2027. This indicates a promising future for game developers and publishers. However, it's important to note that non-game revenue on Google Play is expected to outpace game revenue in terms of growth, resulting in a projected loss of 14% points in revenue share for the games category by 2027.

While the adoption of mobile games on Google Play is anticipated to experience significant growth with a CAGR of 7.6% over the next five years, it is crucial to acknowledge that revenue growth has slowed down. Factors such as inflation can influence consumer behavior, leading to changes in spending patterns and priorities. These shifts in consumer behavior pose challenges for monetization in the mobile game industry. Therefore, it is vital for game developers to stay informed about market dynamics and adjust their monetization strategies accordingly.

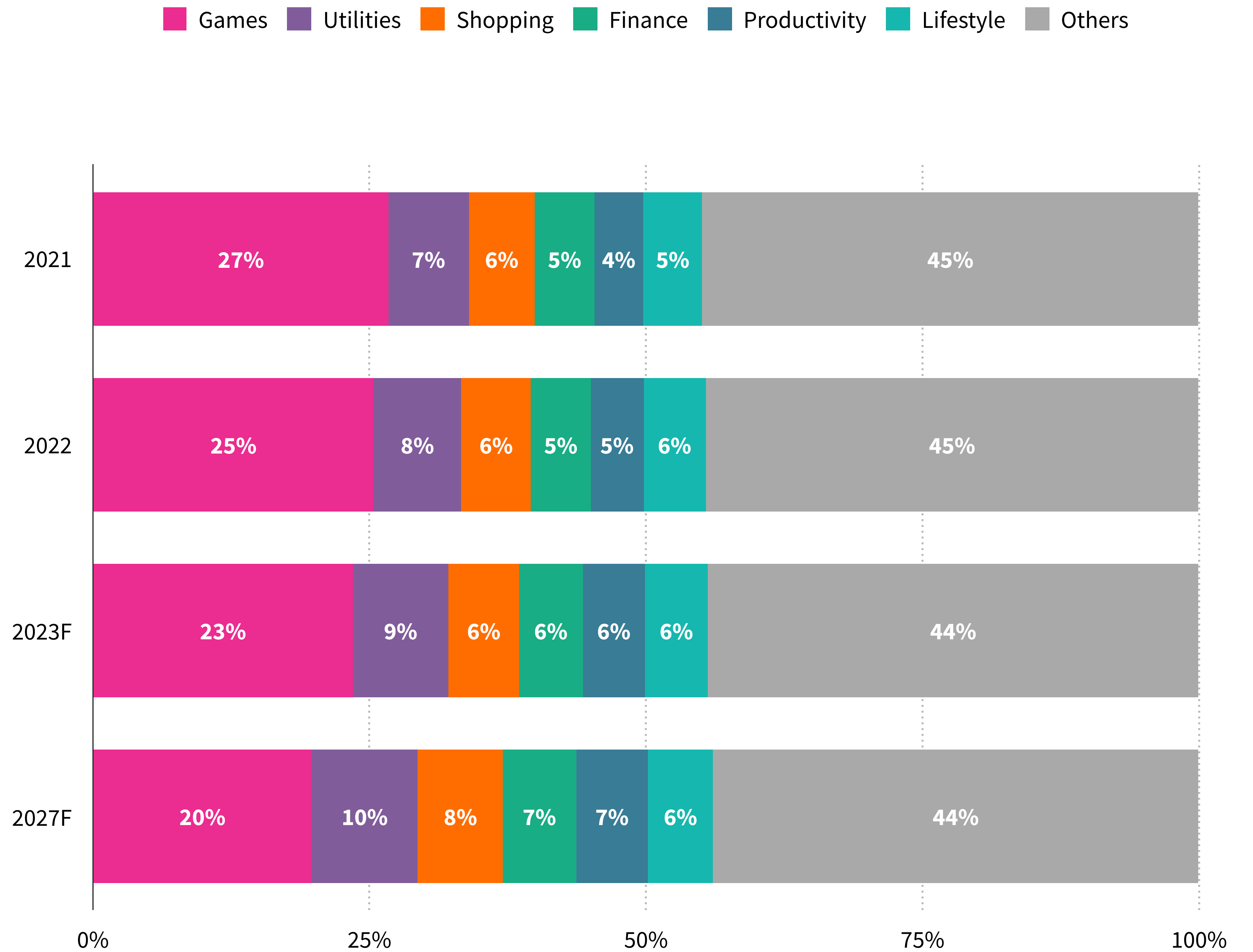


App Store Download Share by Category

Projected downloads for top categories

Over the next five years, the mobile game market share is projected to decrease from 25% in 2021 to 20% in 2027, with a negative compound annual growth rate (CAGR) of -1.8%. However, it's important to note that other top categories are expected to demonstrate positive growth rates globally.

Among these categories, Productivity stands out with the highest projected CAGR of 9.8%. The growth of productivity apps is being driven by advancements in artificial intelligence (AI) technology. In Q1 2023, downloads of AI-powered productivity apps surged by an impressive 378% quarter over quarter (QoQ). As AI technology continues to advance, the demand for these apps is expected to grow further, leading productivity apps to gain an additional two percentage points of market share by 2027.



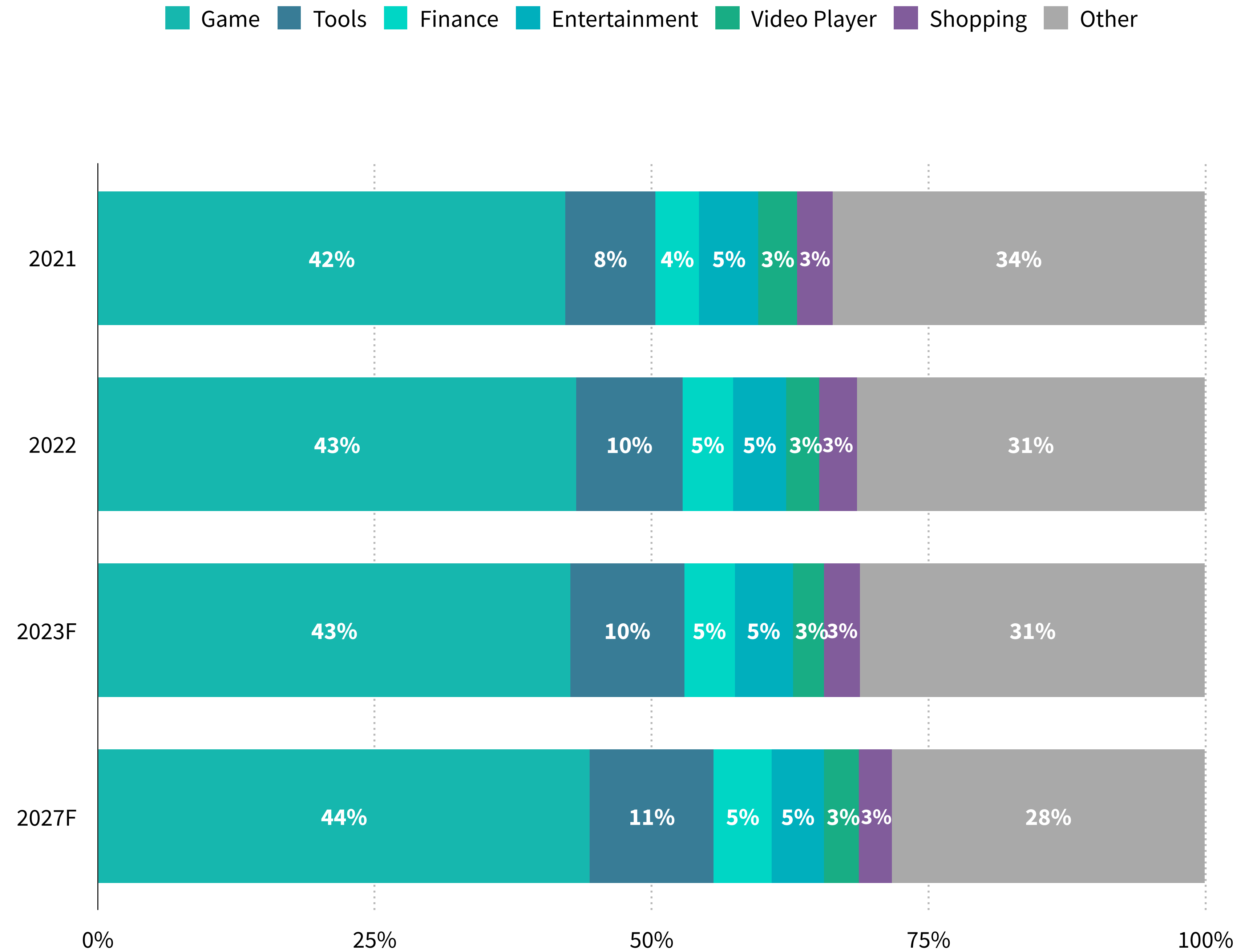
Google Play Download Share by Category

Projected share of downloads for top categories

The market share for app downloads on Google Play is anticipated to remain stable over the next five years. This provides a steady platform for developers and publishers to target their efforts. Among the top categories on Google Play, the Tools category is expected to have the highest CAGR at 10.2%, followed closely by Finance at 10.1%.

One notable trend driving growth in the Tools category is the increasing concerns around security and privacy, which has led to a rapid surge in popularity for VPN apps. VPN apps that emphasize "Secure" in their title, such as Daily VPN, XY VPN, and OK VPN, have experienced remarkable year-over-year growth in Q1 2023. Daily VPN saw a growth of 191%, XY VPN experienced a staggering growth of 1,414%, and OK VPN recorded an astounding growth of 2,116% compared to the same period in the previous year.

The rising demand for VPN apps is expected to continue over the next five years, contributing to the growth of the Tools category. Projections indicate that the Tools category will reach nearly 17B downloads by 2027. This presents an excellent opportunity for developers and publishers to focus their efforts on creating innovative and secure tools that cater to the needs of users.



Conclusion



Conclusion: Key Takeaways

These key takeaways highlight the evolving landscape of the mobile app industry, with shifts in revenue distribution, growth opportunities in non-gaming categories, and the importance of AI-powered productivity apps and VPNs in meeting consumer demands. Developers and publishers can leverage these insights to make informed decisions and align their strategies with the changing market

- The growth of productivity apps is fueled by advancements in artificial intelligence (AI) technology. The surge in downloads of AI-powered productivity apps highlights the potential for developers to tap into this growing market and cater to user demands for efficient and innovative tools.
- The United States remains the leading market for mobile app consumer spending, with projected revenue growth of 10.1% CAGR over the next five years, surpassing the global average. This presents significant opportunities for app developers and publishers to generate higher revenue in the country.
- The mobile app industry is experiencing a dynamic landscape with varying growth trajectories across different markets. India remains a dominant player with the largest number of app downloads and is projected to widen its lead further. Brazil is emerging as a promising market with significant growth potential in downloads and revenue. On the other hand, the United States is facing challenges in the mobile game and entertainment categories, resulting in a projected slowdown.



Conclusion: Key Takeaways

- The rising concerns around security and privacy have driven a significant surge in popularity for VPN apps within the Tools category. VPN apps emphasizing "Secure" in their title, such as Daily VPN, XY VPN, and OK VPN, have witnessed remarkable year-over-year growth, presenting a promising market for developers in this space. The projected growth of VPN apps and the Tools category as a whole suggest a favorable landscape for developers and publishers targeting the growing demand for secure and privacy-focused applications.
- The mobile game market share is projected to decline over the next five years, with a negative CAGR of -1.8%. However, other top categories, such as Productivity, are expected to demonstrate positive growth rates, presenting alternative opportunities for developers.
- Stability in Google Play's market share for app downloads provides a reliable platform for developers and publishers to target their efforts, ensuring a consistent user base.
- The top European markets, including Germany, the U.K., and France, are expected to experience strong revenue growth and consumer spending in the mobile app market, making them attractive targets for businesses and developers. Overall, the European mobile app market showcases a flourishing landscape with various growth opportunities, emphasizing the importance for businesses and developers to tap into these markets and adapt their strategies to cater to evolving consumer demands.



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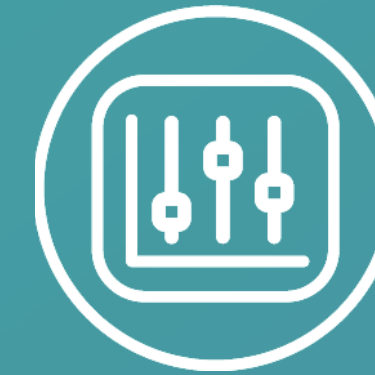
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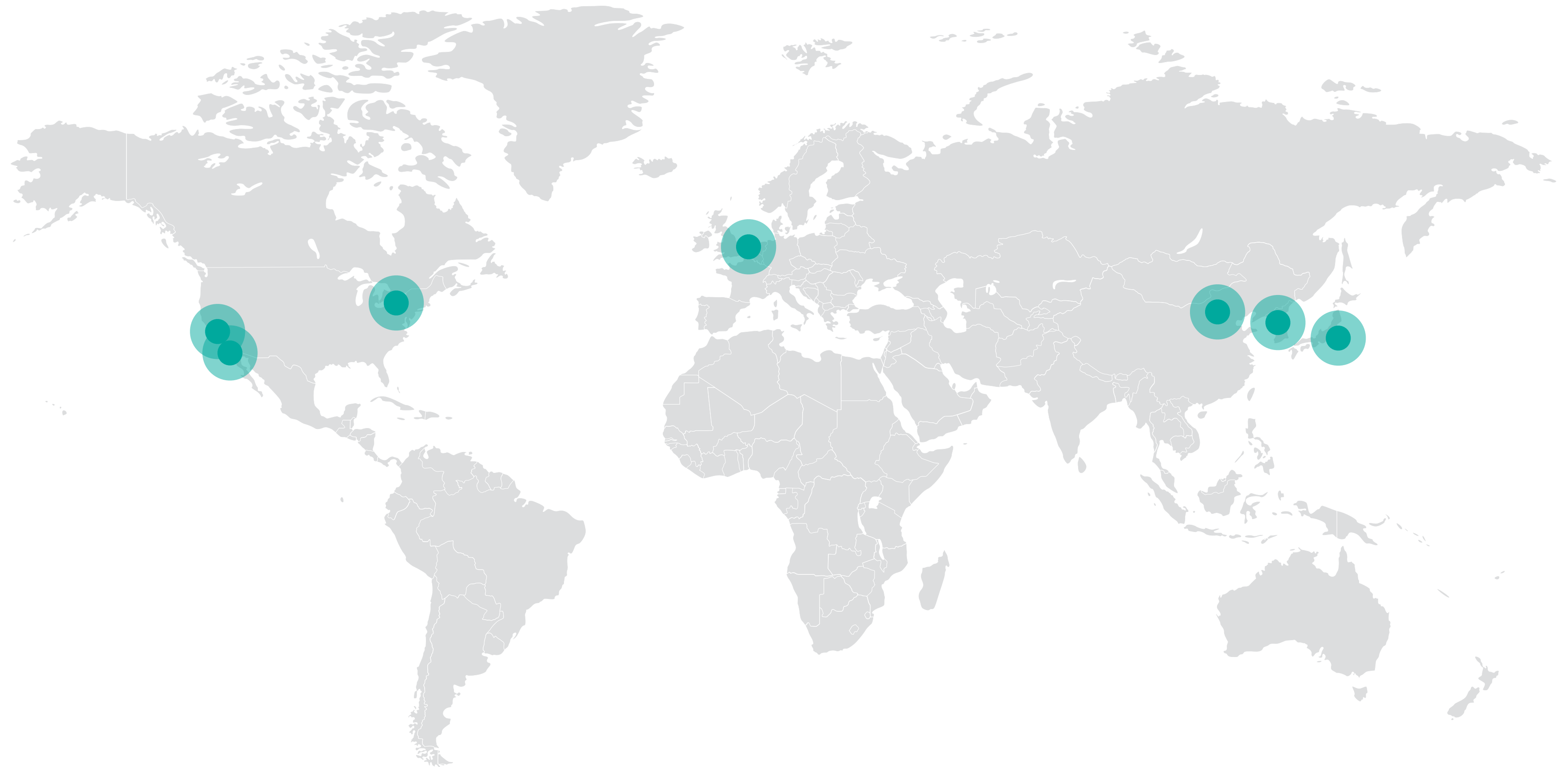
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sensortower.com
sales@sensortower.com
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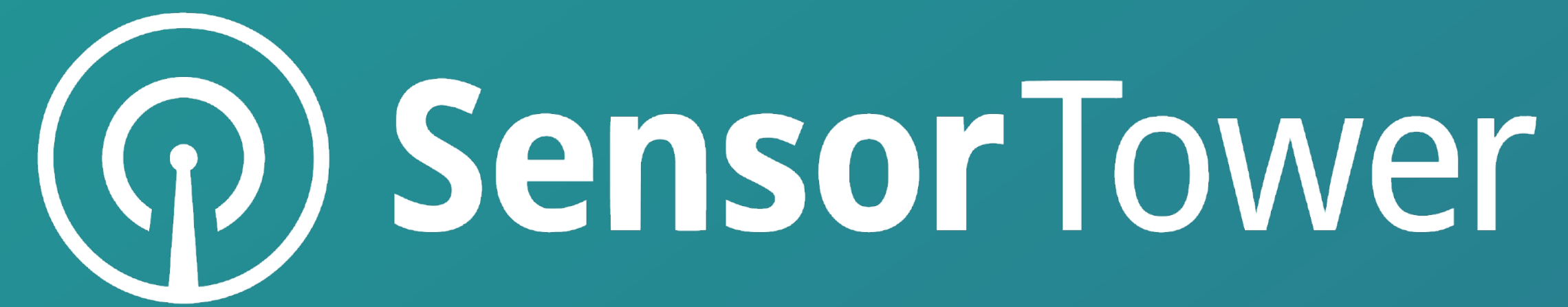
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