

HOW APP DEVELOPER LINK KIT COMBINED IN-APP PURCHASES AND AD DELIVERY IN THEIR SAMURAI DEFENDER GAME



AT A GLANCE

Goals:

- Maximizing app income
- Distribution in Asia

Approach:

- Apps combining ads and in-app purchases
- Collaborating with local partners in foreign markets

Results:

- Acquiring 15-30% of app income in purchases without losing usability
- Low risk and low resource overseas development

An important decision for any app developer is 'Which monetization method should I use?'. There are several methods, including paid apps, in-app purchases and ads, but they don't need to be mutually exclusive. We spoke with Keiji Takeuchi, representative director of **Link Kit** in Japan, about their **Samurai Defender** app which contains both in-app payments and ad delivery in a single app.

Worldwide distribution

Keiji Takeuchi, Link Kit: I founded Link Kit in February 2011. We mainly develop software for smartphones. **Samurai Defender** is a genre game in the style of Tower Defence, where you defend a tower against an enemy attack using bows and arrows. The **iOS** version was released in March 2013, with the Android version following in May. As of September 2013 we've reached a total of 600,000 downloads.

Tatsuo Sakamoto, AdMob: Although it's a samurai theme, is Samurai Defender being distributed outside of Japan?

Takeuchi: Yes, worldwide distribution started in June 2013. The highest downloads outside Japan are in Vietnam and Taiwan, and we're currently focusing on China. Although there's a high Android platform share in China, there's no Google Play, so instead there are hundreds of local app stores, which makes it difficult to penetrate.

Sakamoto: Hundreds, really? That's a challenge.

Takeuchi: In practice, if we could cover 10 app stores that would get us access to over 70% of users. But it changes rapidly so it's difficult to keep up. Naturally there's a risk associated with doing business without knowing the local situation. That's why we have local partners, who we rely on primarily to provide user support. We don't actually meet with these local partners; everything is done via email. We'll get to this later, but we initially managed to meet up at the recent Tokyo Game Show.



Case Study | Samurai Defender



Tatsuo Sakamoto, AdMob (left),
and Keiji Takeuchi, Link Kit

Sakamoto: So you're working with partners you haven't met! It must take some courage to work with partners from another country just using email and without meeting. What do you look for in a partner other than the size of the organization?

Takeuchi: We don't work with large organizations but with those that are still small. We like to find partners who have the same enthusiasm as we do. We work to instill high motivation in our partners by setting up a scheme where success benefits both sides.

App Monetization

Sakamoto: Samurai Defender uses both in-app purchases and ads as monetization methods. Do you feel that in-app purchases are something of an obstacle for many casual game developers?

Takeuchi: They can be. In-app purchases can provide great returns if implemented well, but if the game isn't designed correctly nobody will be buying.

Sakamoto: What proportion of Samurai Defender users make in-app purchases?

Takeuchi: Almost 10% of users make in-app purchases in Japan, and almost 5% overseas. But in terms of income, ads bring in much more than in-app purchases; in-app purchases are only around 15% to 30% of income. If we had to choose between in-app purchases or ads, we'd have a pretty big lost opportunity.

Sakamoto: If combining in-app purchases and ads becomes the norm, it looks like that would help app developers to improve monetization. But of course many developers feel they have to choose between in-app purchases or ads. What do you think is the biggest hurdle?

Takeuchi: Casual game developers who monetize using ads might be anxious about billing development. You have to incorporate a system into the game which makes users want to make a purchase, and that can seem challenging.

Sakamoto: To what extent do you think users are annoyed by ads? Do ads have a negative effect on income from in-app purchases, for example, by reducing the number of users willing to make an in-app purchase?

Takeuchi: I honestly don't think there is any negative effect. We show ads to all users and see no negative impact on in-app purchase revenue. Firstly, we don't display banner ads while a game is in play. Also, click-through rates (CTR) are not that high, so I don't think we're experiencing many accidental clicks. In the end, we have to ensure that the game is the main element and the ads are secondary, and ensure the user experience isn't affected. As a company we work for genuine positive income.

As well as banner ads, we incorporate offer wall ads.* Of course these add to our income stream, but they also widen the options available to users. They provide a way for those users who won't pay under any circumstances to get access to items. We're always looking for new ways such as this to monetize without being reliant on users making lots of payments.

*Offer wall ads: Ads providing incentives such as an in-app virtual currency (points or coins), in return for them carrying out a specific action (visiting a site, downloading an app, etc.).