

Predictions for the Digital Economy in 2026

Six Predictions for 2026 from AI to Gaming

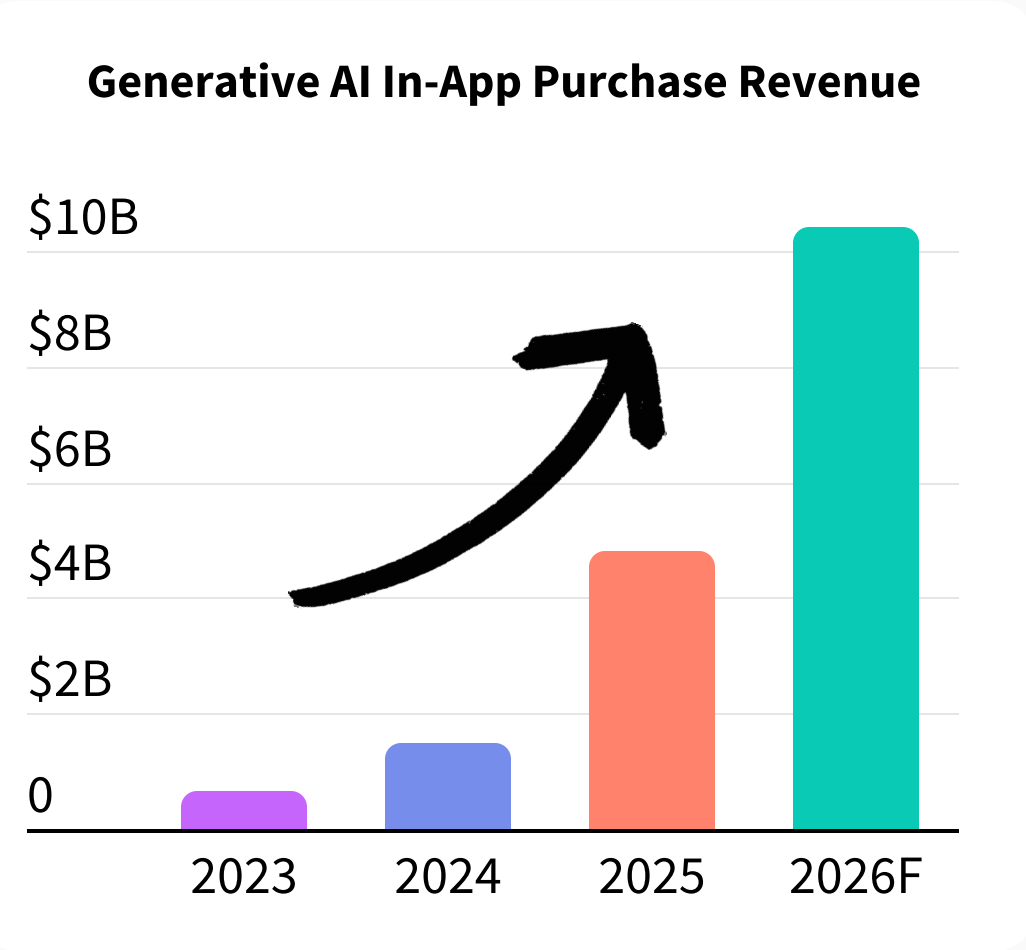
2026



Executive Summary | Six Predictions for 2026

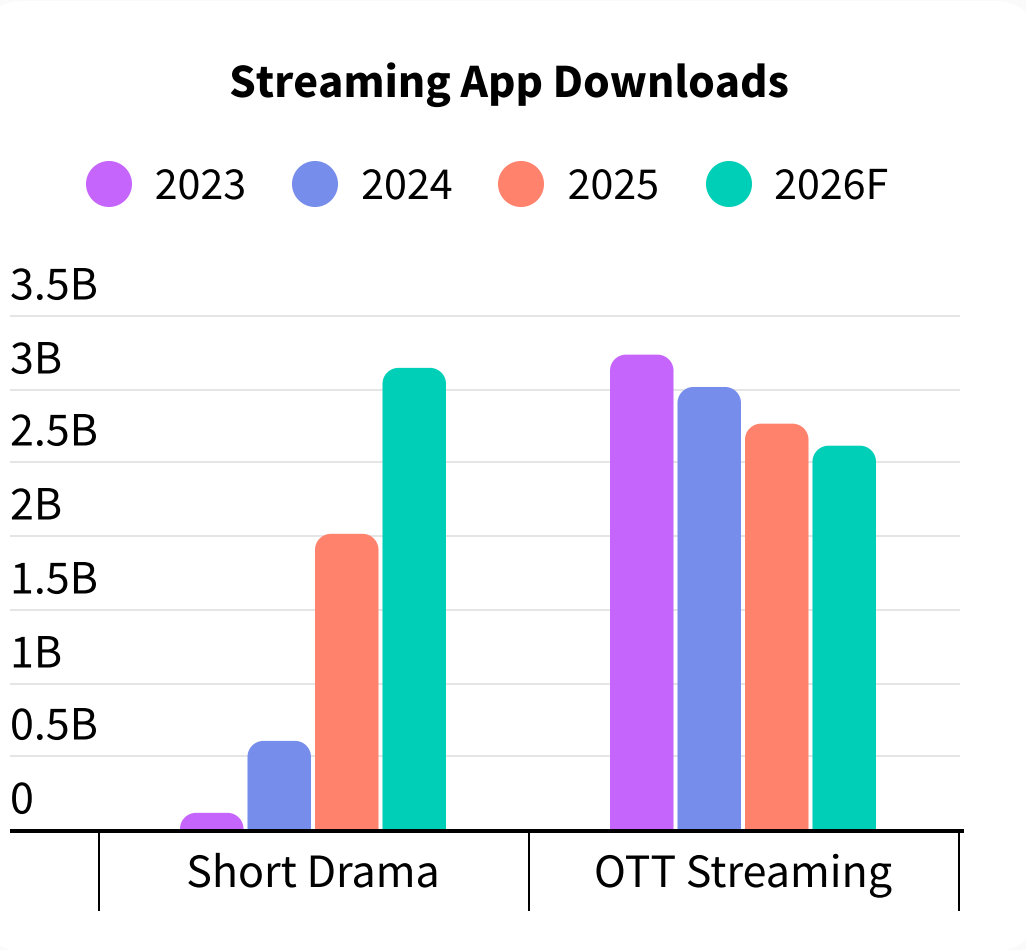
Prediction #1

Generative AI apps will earn more than \$10 Billion in 2026



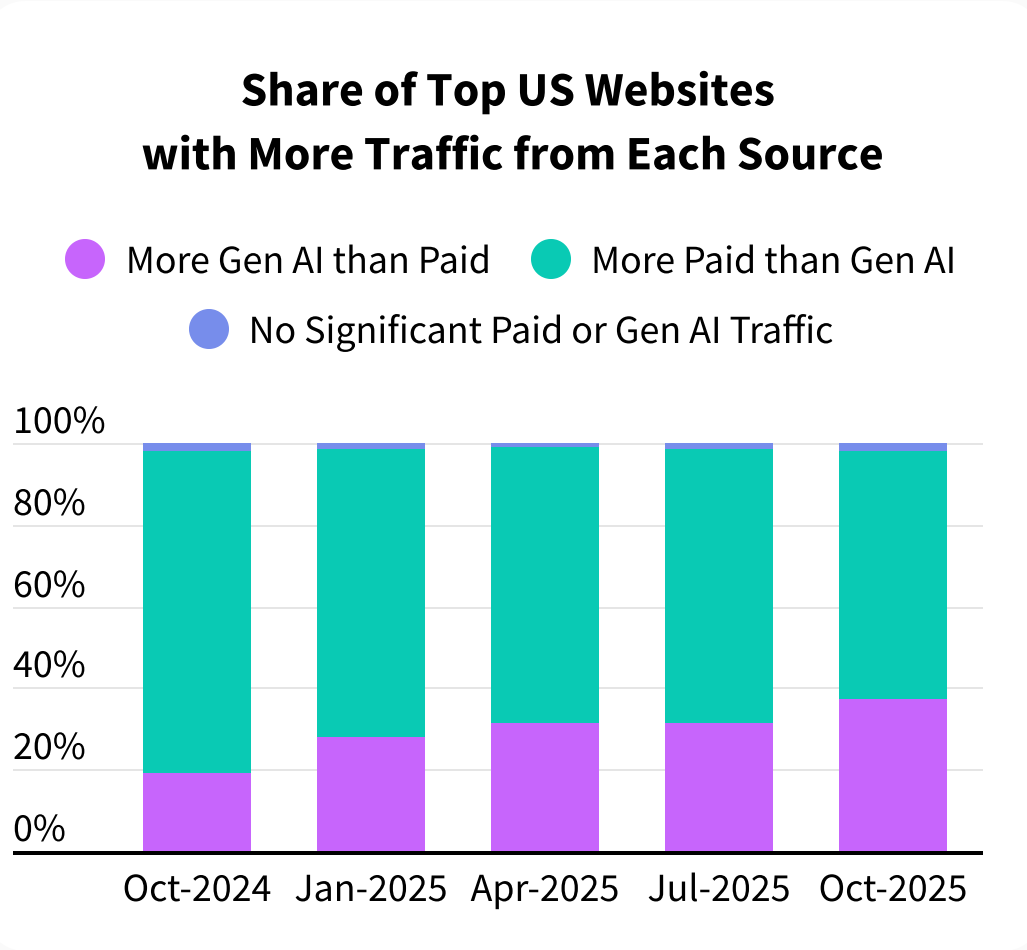
Prediction #2

Vertical video will spur app growth — led by Short Drama



Prediction #3

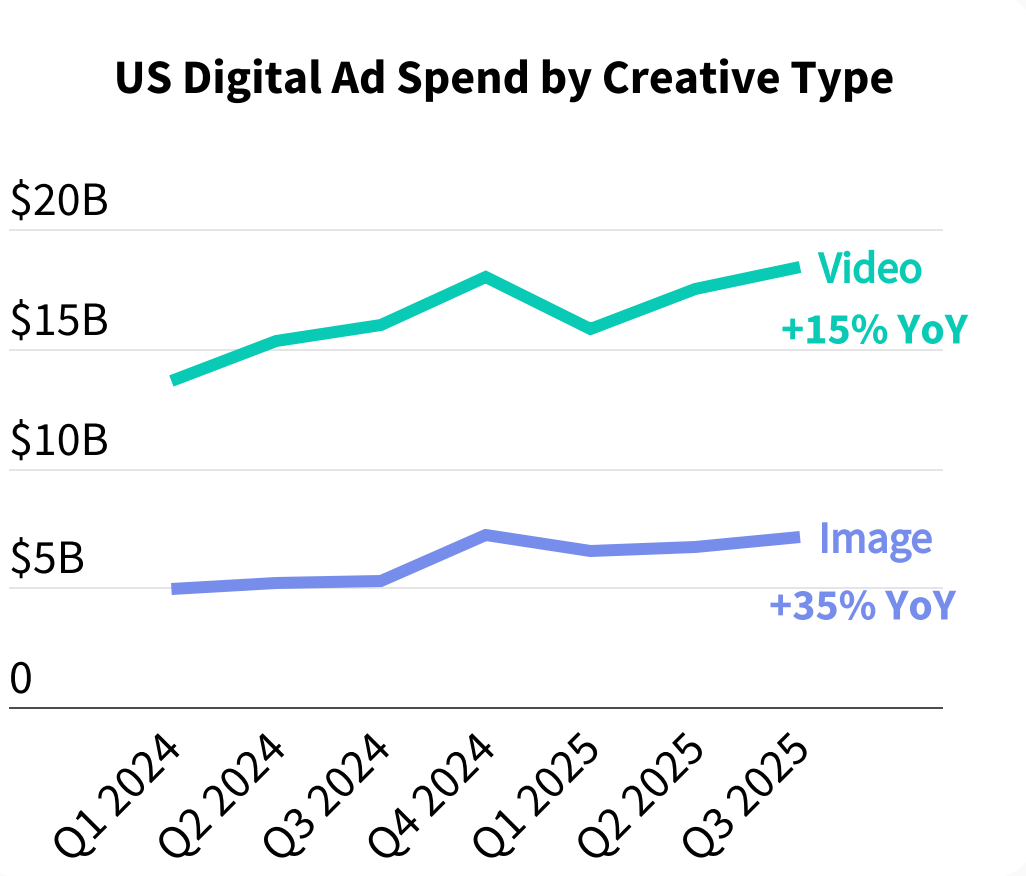
Gen AI will rival paid advertising for driving website traffic



Executive Summary | Six Predictions for 2026

Prediction #4

Digital advertisers will shift ad dollars to image creatives over videos



Prediction #5

Winning mobile games in 2026 will pair ad-friendly hooks with deep monetization

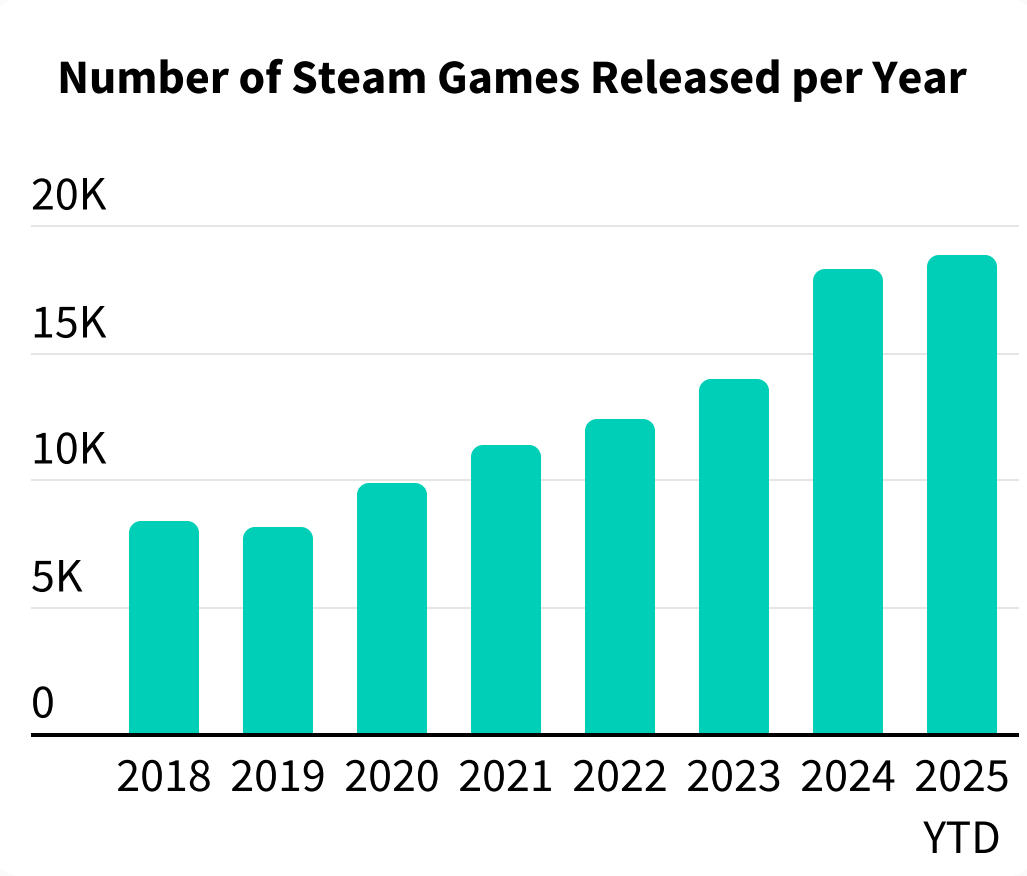
Feature Breakdown for Top Growing Games

Game	Gacha	Loot Box	Currency Bundles	Season Pass	Starter Pack	Subscription	Collection
Pokémon TCG Pocket	✓	✓	✓	✓	✓	✓	✓
Whiteout Survival	✓	✓	✓	✓	✓	✓	✓
Last War: Survival	✓	✓	✓	✓	✓	✓	✓
Gossip Harbor	○	✓	✓	✓	✓	○	○
Kingshot	✓	✓	✓	✓	○	✓	○
Delta Force	○	✓	✓	✓	○	○	✓
Royal Kingdom	○	✓	✓	✓	○	○	✓



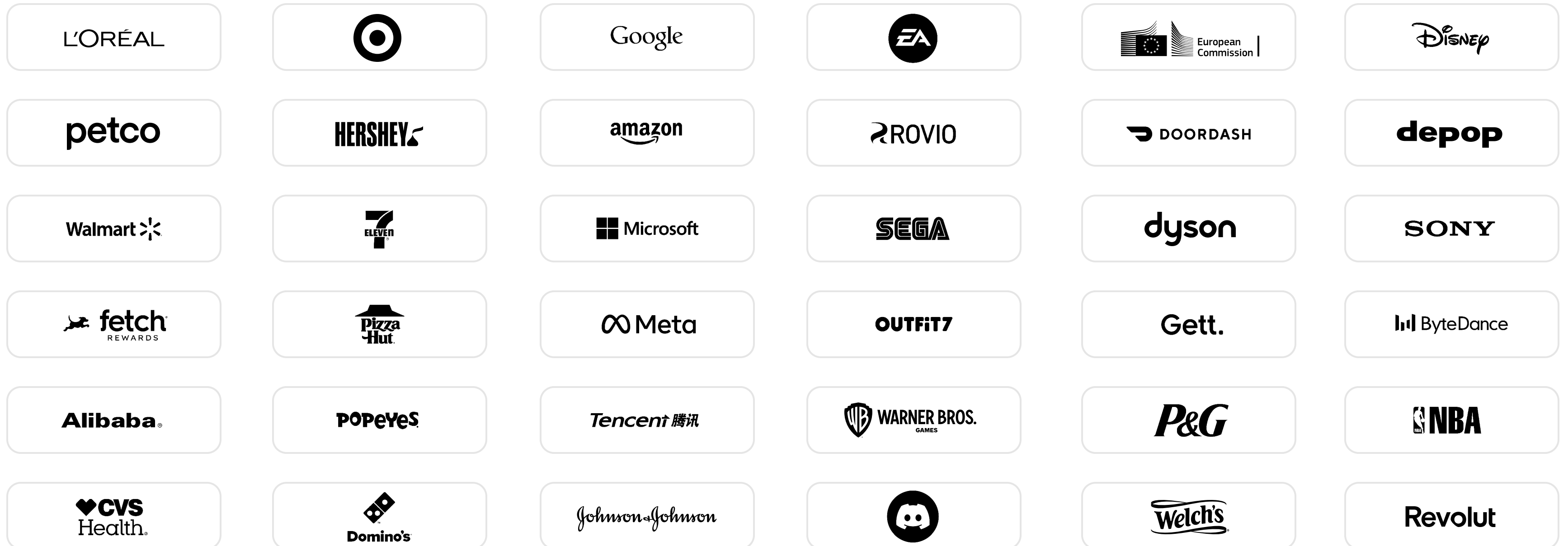
Prediction #6

Shorter, smarter development cycles are returning for video games



Sensor Tower | Our Customers

Top publishers trust Sensor Tower insights to grow their business



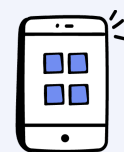
Note: Top publishers by app store revenue | Source: Sensor Tower

Prediction #1:
Generative AI apps will earn
more than \$10 Billion in 2026

Consumers Will Spend More than \$10 Billion in Generative AI Apps in 2026

Generative AI was the most discussed topic across the digital landscape in 2025, spanning mobile, web, and advertising. The genre has earned the buzz: Generative AI apps like ChatGPT and Google Gemini are projected to approach 4 billion downloads, \$4.8 billion in in-app purchase (IAP) revenue, and 43 billion hours spent in 2025.

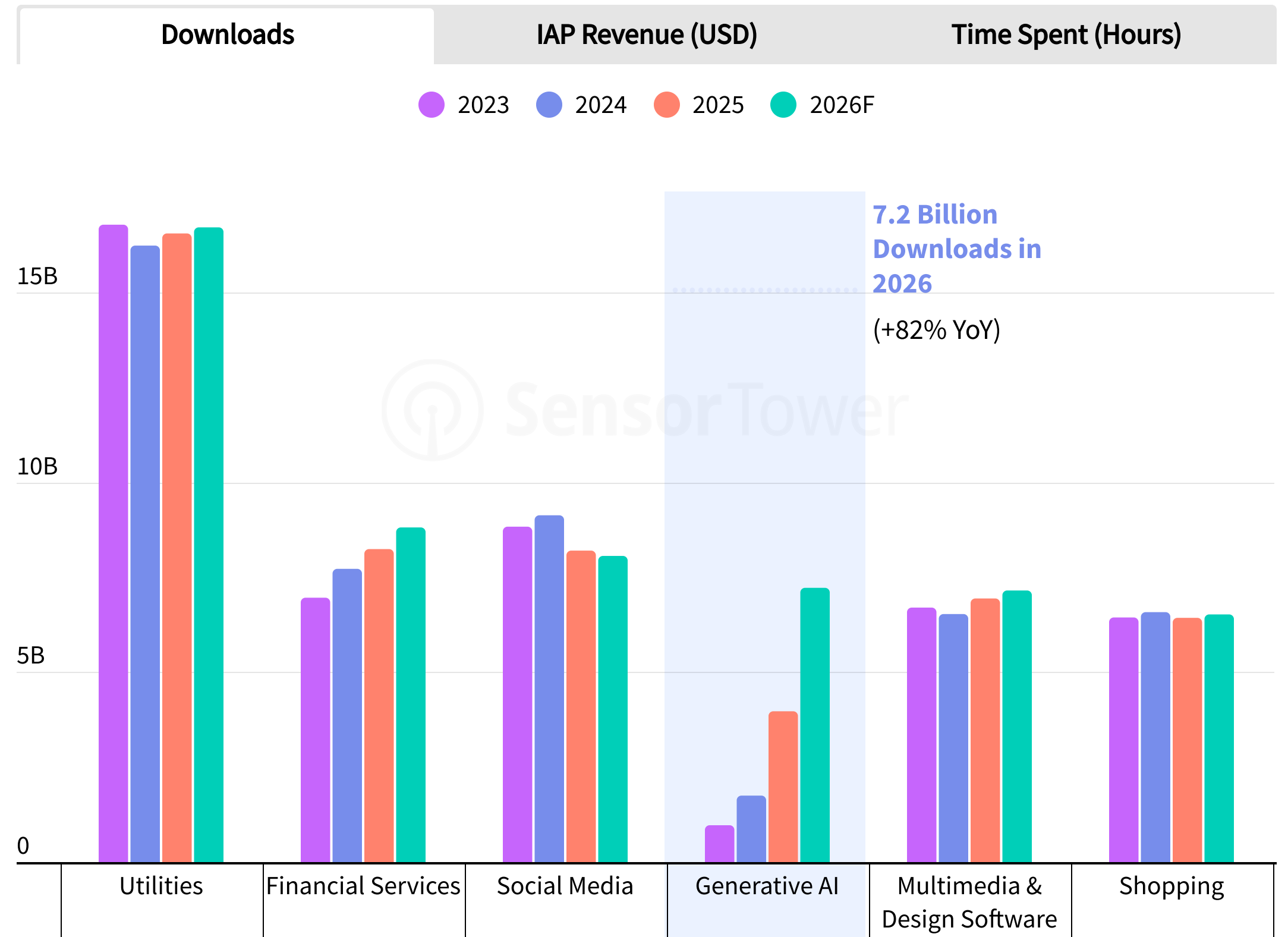
Our 2026 prediction: We project this rapid growth to continue, with both IAP revenue and time spent expected to more than double year-over-year (YoY), setting the stage for a \$10B+ market.



Dive into the latest mobile apps trends with Sensor Tower's [Mobile App Insights](#)

Source: Sensor Tower
 Note: iOS and Google Play combined. iOS only for China. Estimates for 2025 are projected through the rest of the calendar year. 2026 estimates are forecasted. Apps classified using Sensor Tower's App IQ taxonomy as of December 2025.

Top App Genres Projected for 2026
 Worldwide, iOS and Google Play (2023 - 2026 Forecast)



By 2026, Generative AI will Be a Top Five Genre Across Key Metrics

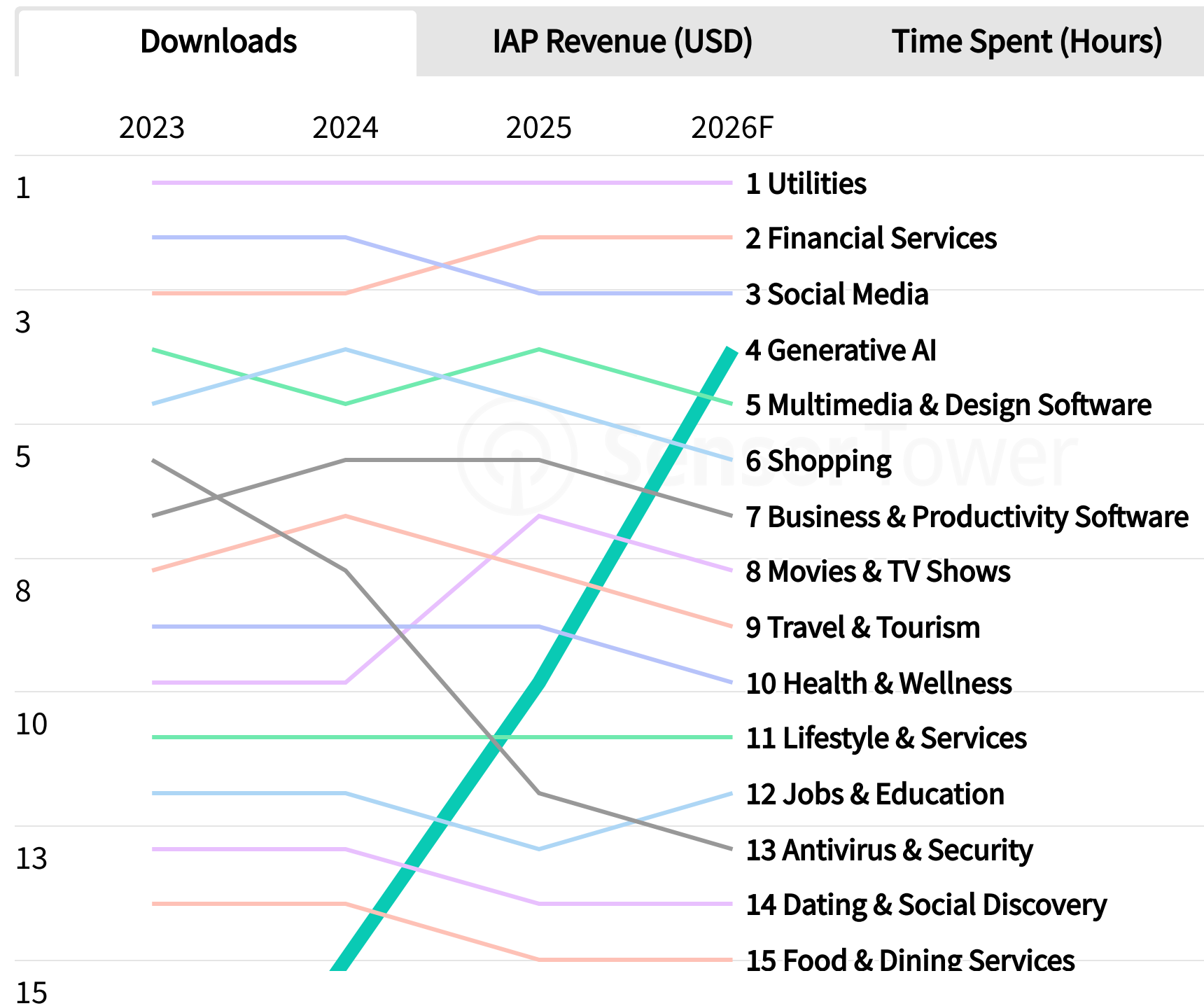
As a result of the unprecedented growth, Generative AI has immediately ranked among the top genres on mobile. By 2026, the genre is projected to see dramatic leaps across all key metrics:

- **Downloads:** Expected to move from #10 in 2023 to #4 in 2026, ranking ahead of established categories like Multimedia & Design Software and Shopping.
- **IAP Revenue:** Projected to jump to #3, surpassing popular genres such as Dating & Social Discovery.
- **Time Spent:** Expected to climb to #5, outranking major consumer categories including Travel & Tourism, Shopping, and Financial Services.

Generative AI is quickly cementing itself as a powerhouse, positioning itself among the top five genres on mobile by 2026.

Source: Sensor Tower
Note: iOS and Google Play combined. iOS only for China. Estimates for 2025 are projected through the rest of the calendar year. 2026 estimates are forecasted. Apps classified using Sensor Tower's App IQ taxonomy as of December 2025 and excludes games.

Yearly App Genre Ranks by Metric
 Worldwide, iOS and Google Play (2023 - 2026 Forecast)



Genre Rank by Downloads:
#4 in 2026
 ahead of top genres like Shopping and Movies & TV Shows

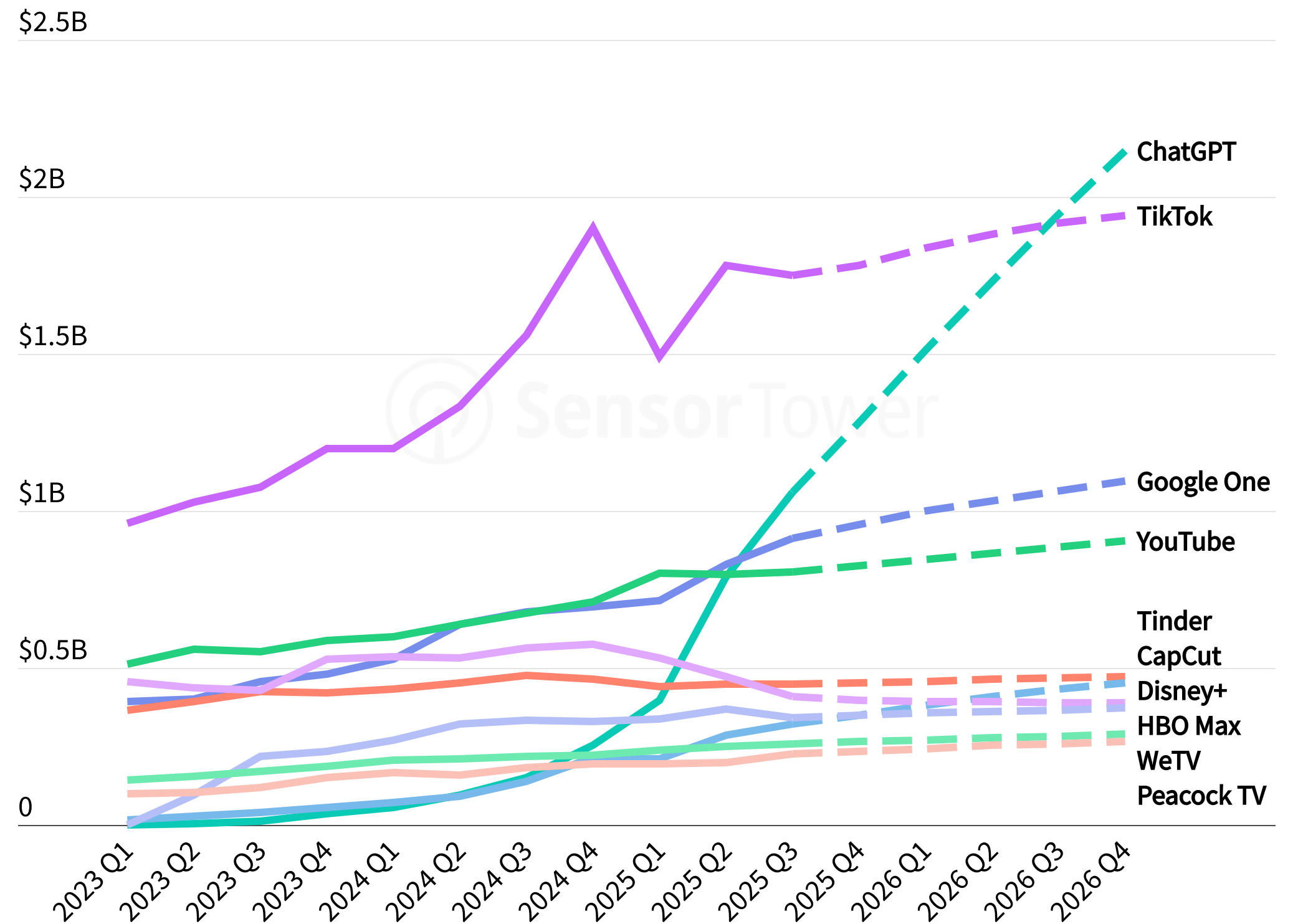
Bonus Prediction: ChatGPT Will Become the Top App by IAP Revenue by the End of 2026

The most significant contributor to Generative AI's ascent is ChatGPT, which continues to see unprecedented IAP revenue growth. By Q3 2025, ChatGPT was already the #2 app globally by IAP revenue across iOS and Google Play, trailing only TikTok.

Bold Prediction: Will ChatGPT maintain its trajectory to surpass the incumbent video giant and become the #1 grossing app? While the rapidly evolving Generative AI landscape—with new apps and competitor integrations launching constantly—makes this prediction far from a certainty, the current momentum reveals that it is possible.

Source: Sensor Tower
 Note: iOS and Google Play combined. iOS only for China. Estimates for 2025 are projected through the rest of the calendar year. 2026 estimates are forecasted. Excludes mobile games.

Forecast for Global IAP Revenue from Top Apps
 Worldwide, iOS and Google Play



Prediction #2:
**Vertical video will spur app
growth — led by Short Drama**

Vertical Video will Spur App Growth — Led by Short Drama

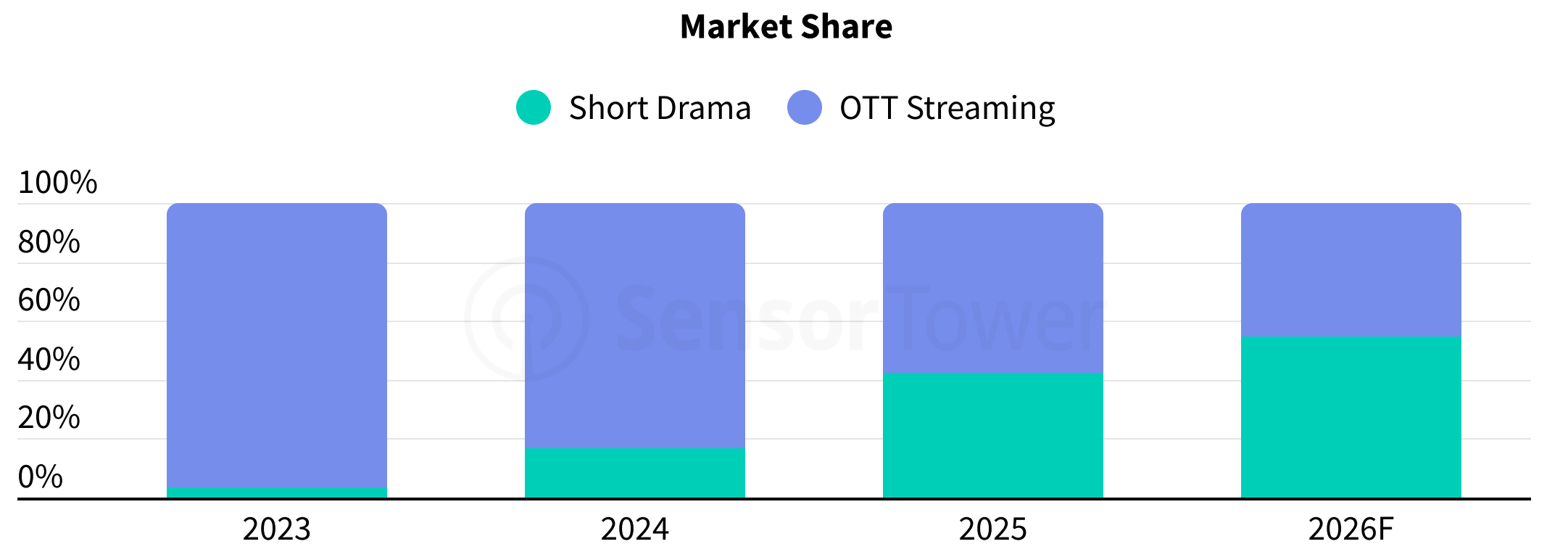
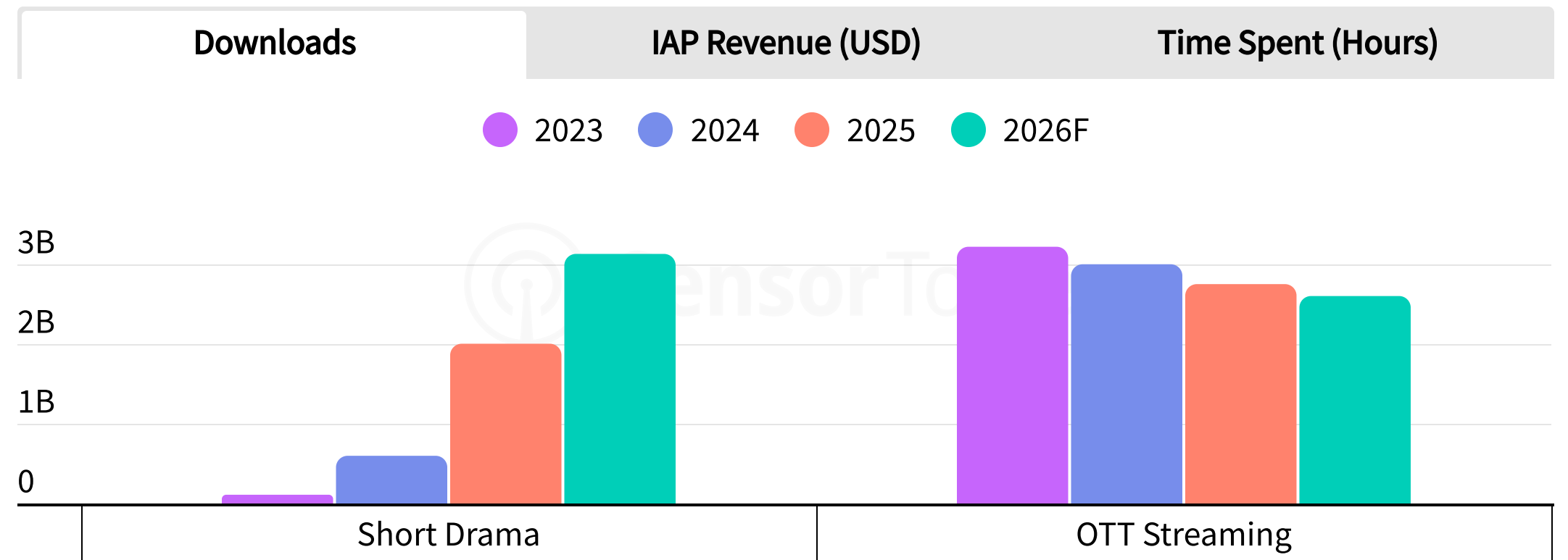
Outside of Generative AI, Short Drama has been the breakout app category of the past few years. This vertical-video format, popularized by TikTok, has emerged as a popular streaming option with quick, compelling micro-dramas.

Our 2026 prediction: Given Short Drama's rising popularity in massive mobile markets like India, Indonesia, and Brazil, we project the subgenre's growth to challenge traditional OTT Streaming in 2026:

- **Downloads:** Short Drama is projected to surpass OTT Streaming globally.
- **IAP Revenue:** Short Drama will narrow the gap. (Note: OTT Streaming services often use payment methods outside the app stores, which are not included here.)
- **Time Spent:** OTT Streaming will continue to hold a large edge, though the gap will narrow.

*Source: Sensor Tower
Note: iOS and Google Play combined. iOS only for China. Estimates for 2025 are projected through the rest of the calendar year. 2026 estimates are forecasted. Apps classified using Sensor Tower's App IQ taxonomy as of December 2025.*

Forecast for Movie & Television Streaming Apps
iOS and Google Play (2023 - 2026 Forecast)



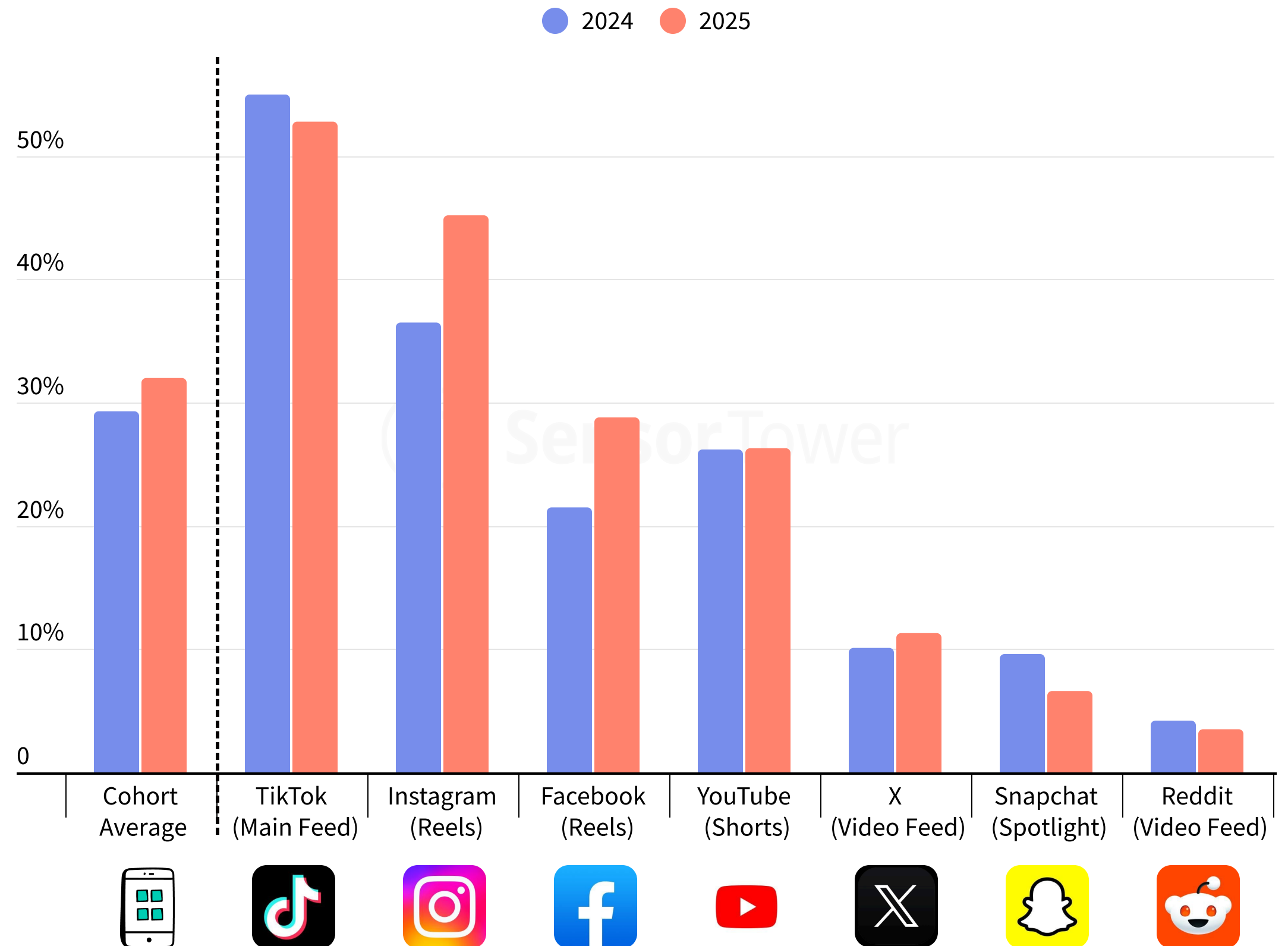
Meta's Apps Drive Uptick in Short Video Time Spent on Social

Beyond the rise of Short Drama, short video usage is increasing significantly within Social apps. While key players like TikTok are projected to end 2025 with a short video's share of time spent declining, Meta's top Social apps have more than compensated. This growth is fueled by Reels, which now accounts for a substantial portion of engagement (45% for Instagram and 29% for Facebook). Overall, short video accounted for 32% of time spent across these seven key social apps—a three percentage point increase YoY.

Furthermore, short video is expanding beyond social walls, with apps like [ESPN](#) and the [NYTimes](#) recently integrating vertical video options, signaling a pervasive format shift across the digital landscape.

Source: Sensor Tower
 Note: Includes android phones in the United States.

Share of In-App Time Spent on Short Video
 Android Phones in the United States



Prediction #3:
**Gen AI will rival paid advertising
for driving website traffic**

Generative AI Will Rival Paid Advertising for Driving Website Traffic

While still a relatively small source, Generative AI's share of website traffic is rapidly growing as consumers spend more time engaging with these services. Among the top 1,000 websites in the US, the median website currently receives about 0.1% of its traffic from Gen AI compared to a median of about 0.3% from paid sources.

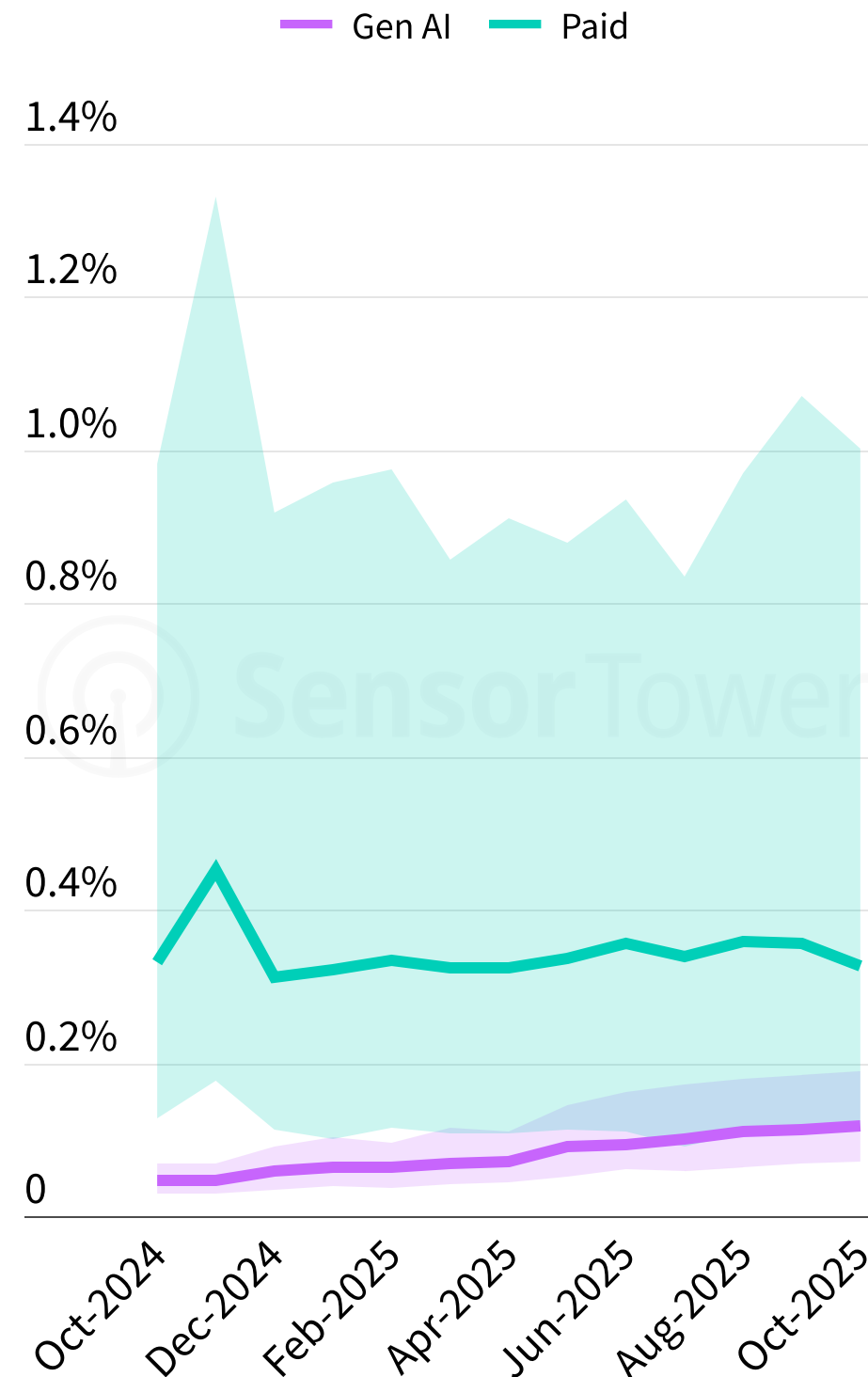
Paid traffic is highly variable and concentrated on heavy advertisers (e.g., top retailers). In contrast, Gen AI provides baseline traffic to a broader range of sites. As a result, by October 2025, more than 37% of top US websites received more traffic from Gen AI than from paid sources.

Our 2026 prediction: By the end of 2026, more than half of top websites will see more traffic from Gen AI than from paid sources.

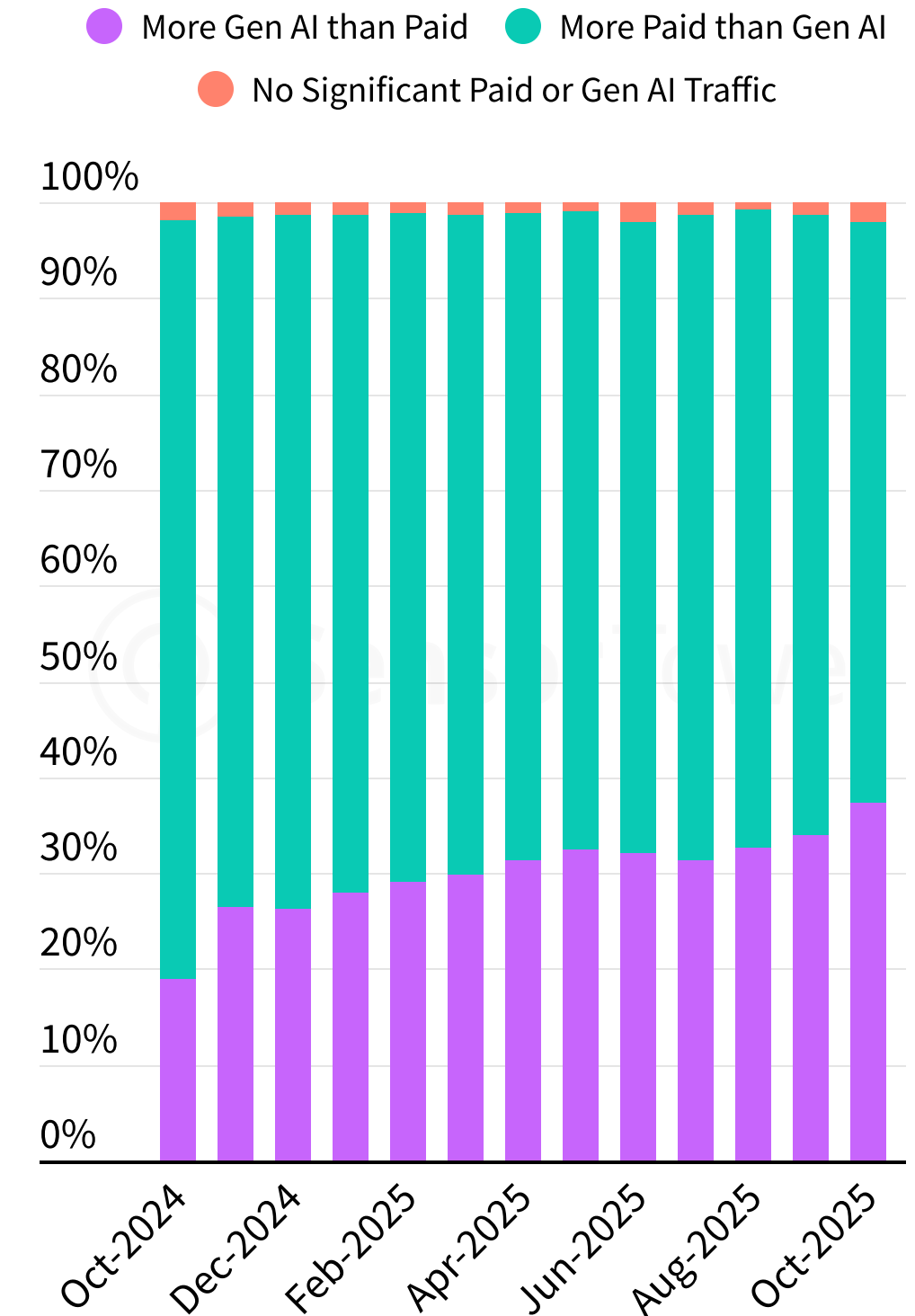
Source: Sensor Tower
 Note: Includes the top 1,000 websites by total visits in the United States between October 2024 - October 2025.

Web Traffic from Paid vs. Gen AI Sources Among the Top 1,000 Websites in the United States

Median Share of Traffic from Each Source



Share of Websites with More Traffic from Gen AI vs. Paid

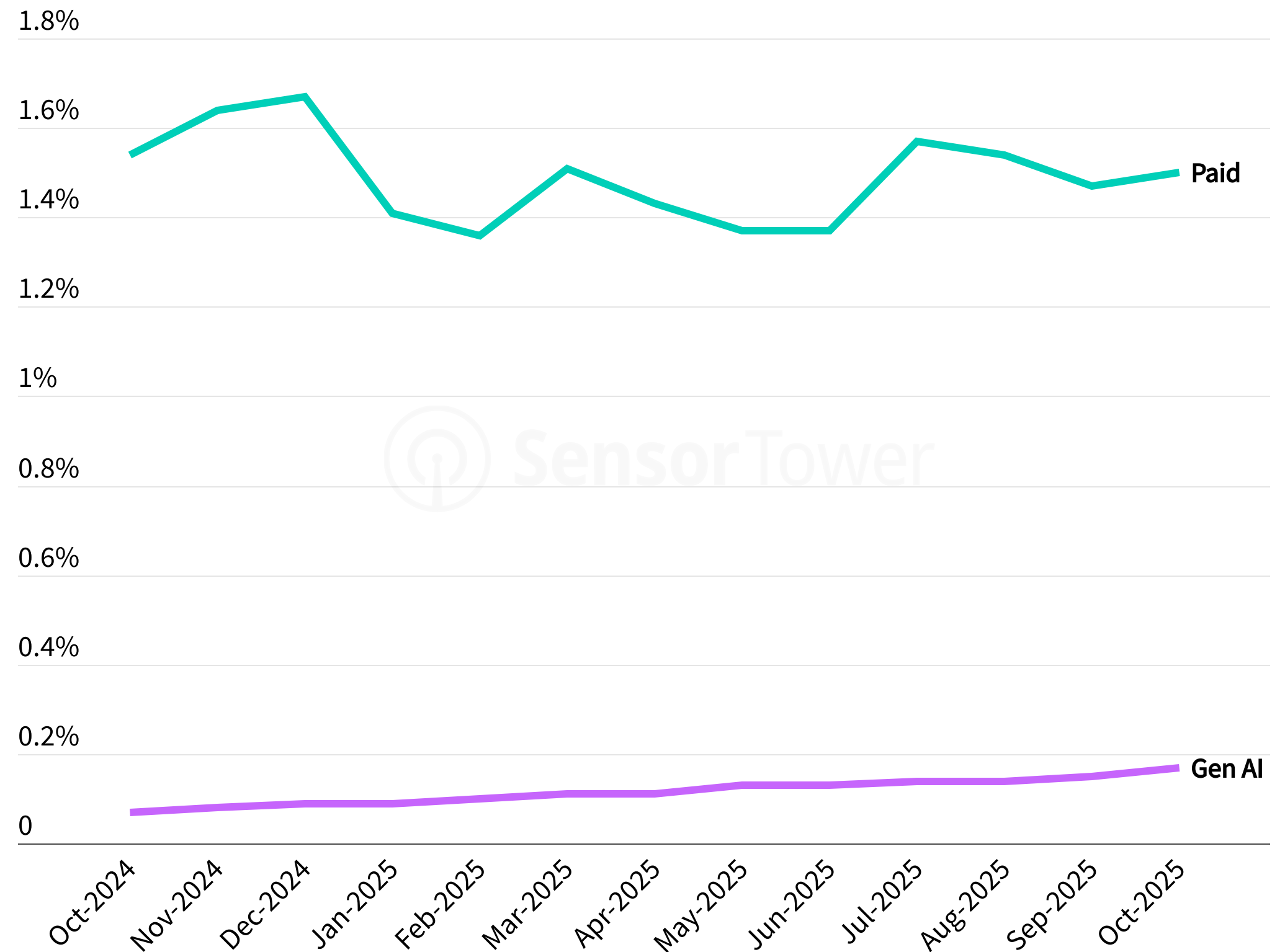


Gen AI Traffic Climbed More than 130% Year-over-Year

Gen AI's share of traffic to the top websites continued its steady upward trend, climbing more than 130% YoY in October 2025. Given the exponential growth seen in other metrics like mobile time spent, we expect this impressive trajectory to accelerate into 2026. Top websites by US Gen AI traffic in Q3 2025 included youtube.com, google.com, x.com, nih.gov, and amazon.com.

Paid still has a much higher share of overall traffic as some of the largest websites saw more than 10% of traffic from paid sources. Many of these are retailers, like etsy.com, shein.com, walmart.com, target.com, and temu.com.

Share of Overall Web Traffic from Paid vs. Gen AI Sources Among the Top 1,000 Websites in the United States



Understand the channels driving website traffic with Sensor Tower's [Web Insights](#)

Source: Sensor Tower

Note: Includes the top 1,000 websites by total visits in the United States between October 2024 - October 2025.

Prediction #4:
Digital advertisers will shift ad dollars to image creatives over videos

Digital Advertisers Will Shift Ad Dollars to Image Creatives over Videos

In a reversal to surge in video ad creatives seen in previous years, digital advertisers are beginning to shift some of their ad budgets back to image creatives. US digital ad spend on images climbed 35% YoY compared to 15% growth for video creatives. Social ad channels drove this trend with 56% growth in spend from image creatives.

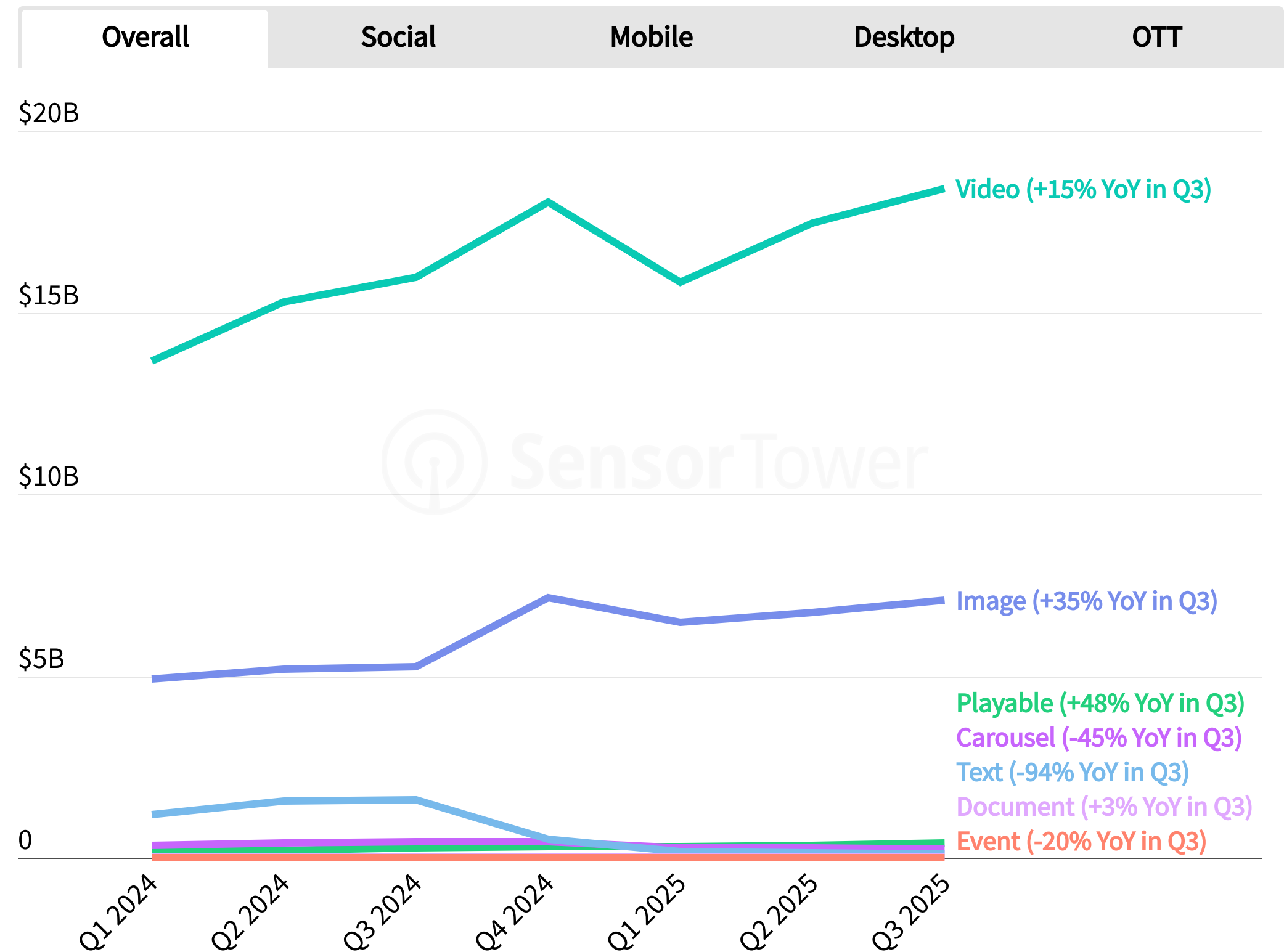
Video ad creatives still demonstrate healthy growth in certain contexts. On mobile, video ad spend increased faster than images as these creatives tend to be popular among gamers (along with playable creatives).

Our 2026 prediction: Ad spend for images will again rise faster than spend on videos, boosted by success in social features like Reels.

Source: Sensor Tower

Note: Includes digital ad spend in the United States across select digital ad channels.

United States Digital Ad Spend by Creative Type
Across Select Digital Ad Channels



Meta's Rising Reels Usage Boosted Image Ad Creatives

One factor driving the advertiser shift back to image creatives is the increased use of Meta's Reels. As this feature has become more popular in Instagram and Facebook, advertisers have begun testing different creatives and are increasingly leaning towards images instead of videos. Ad spend on images for Instagram Reels climbed 142% YoY in the first three quarters of 2025, and Facebook Reels saw a similar increase in image creative ad spend over this period.

Another reason for slower video growth is the saturation of other short video options like TikTok and YouTube Shorts. These Social platforms remain favorites for advertisers, though they have more modest growth given their massive scale.

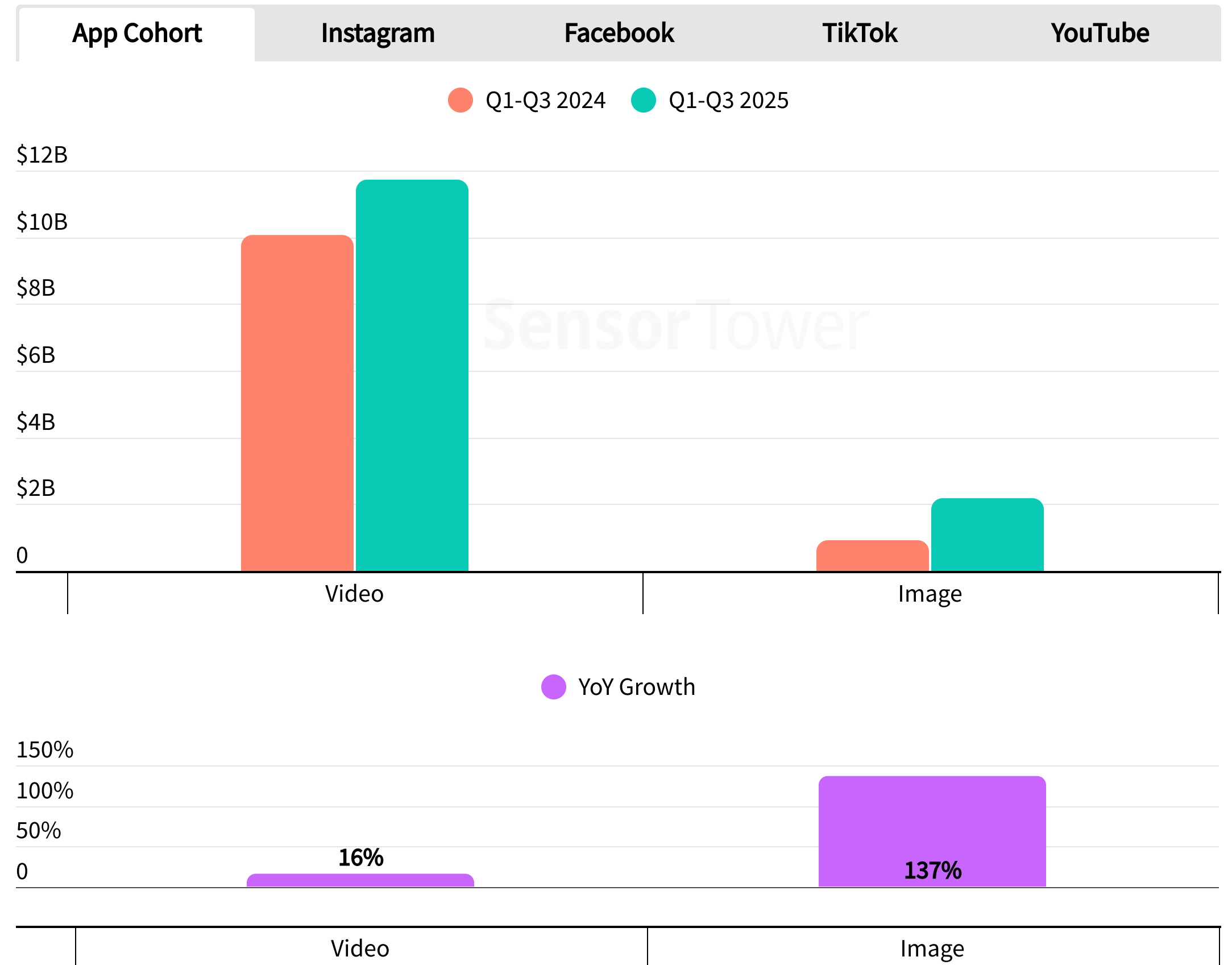


Gain visibility into the digital advertising ecosystem with Sensor Tower's Pathmatics

Source: Sensor Tower

Note: Includes digital ad spend in the United States across select digital ad channels.

United States Short Video Ad Spend by Images vs. Video



Prediction #5:
Winning mobile games will pair ad-friendly hooks with deep monetization

User Acquisition (UA) Cost Pressures Continue to Mount

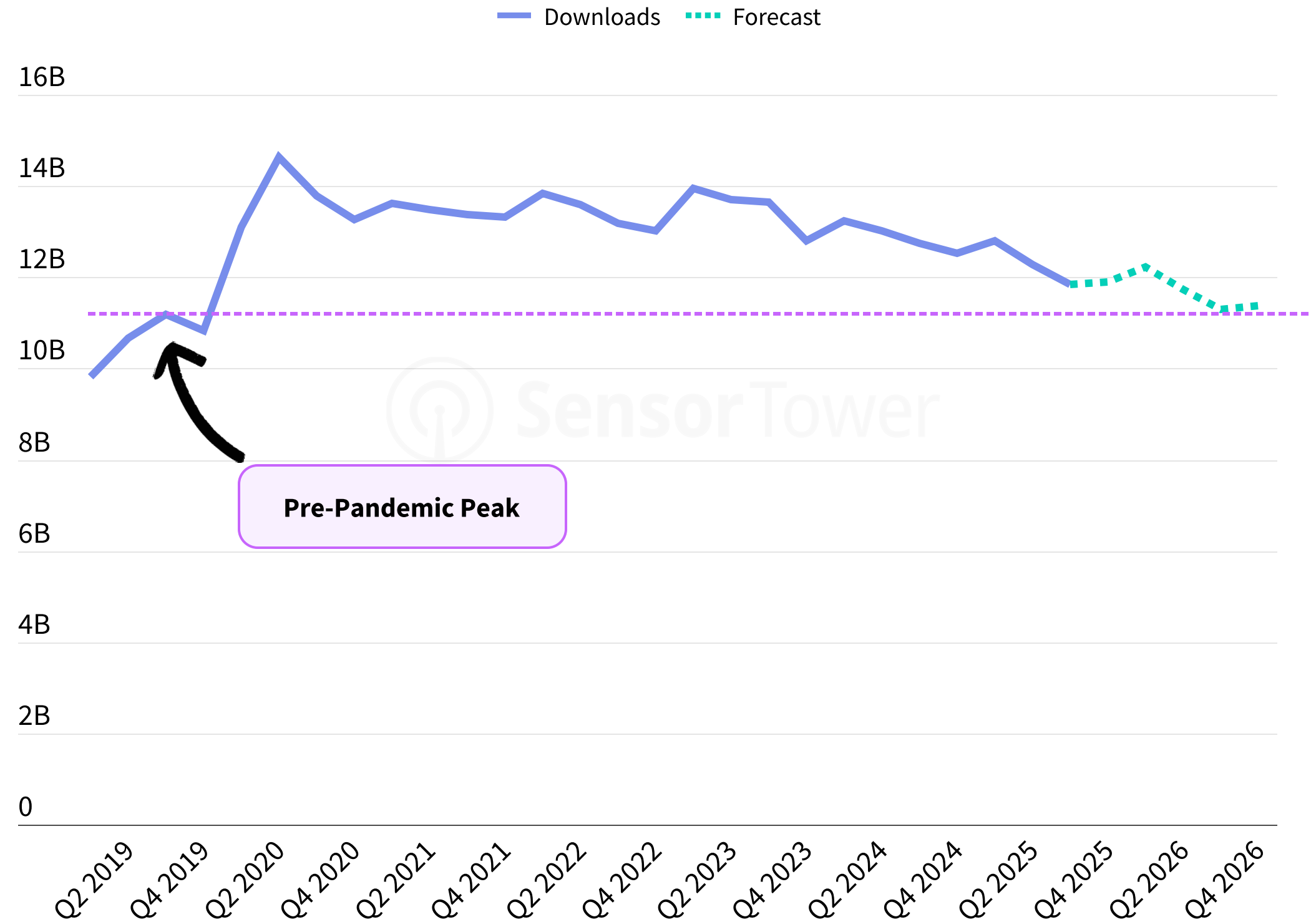
Pressure on UA costs does not look to be easing anytime soon. Mobile game downloads across iOS and Google Play have steadily declined from their peak during the COVID-19 pandemic.

This is the primary trend that will drive which games win out in 2026. The publishers and games that best adapt to this environment (and the ones with pockets deep enough to afford user acquisition in this age) will be the ones able to scale new games to compete with current market leaders.

Our 2026 prediction: If the current download trends continue, total mobile game market downloads will hit pre-pandemic levels next year, making it more important than ever for mobile games to combine ad-friendly hooks with strong monetization.

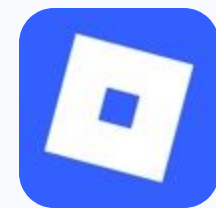
Source: Sensor Tower
Note: iOS and Google Play combined. iOS only for China. Games classified using Sensor Tower's Game IQ taxonomy as of December 2025.

Mobile Game Downloads
Worldwide, iOS and Google Play

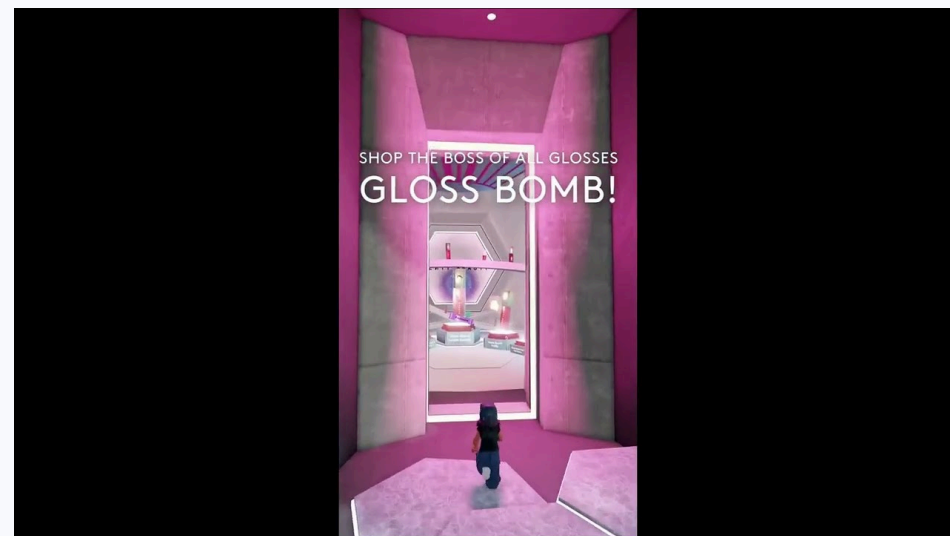


Ad-Native Games Will Keep Winning

Ad-friendly hooks built into a game's DNA were a major competitive advantage in 2025, and that edge will only matter more in 2026. The clearest example is gameplay: titles that can present instantly legible actions, visible progression, and broad-appeal art styles in ads simply acquire more efficiently. This can take many forms: true mini-games designed for creative like those used for Royal Match and Royal Kingdom, or simplified slices of a complex loop that exist mainly for advertising, as seen in Kingshot and Whiteout Survival. Popular intellectual property (IP) offers another shortcut: Pokemon TCG Pocket gains instant recognition, while Roblox leverages high-value brand collaborations to the same effect. More tactics will emerge in 2026, but the through line is consistent: games that natively advertise well will keep outperforming those that don't in an environment where UA costs continue to pressure margins.



Roblox
#1 US Instagram Video Creative
Q3 2025



Kingshot
#3 US AppLovin Video Creative
Q3 2025



Whiteout Survival
#3 US Facebook Video Creative
Q3 2025



Source: Sensor Tower Mobile App Insights
Note: Rankings by impression share of voice.

Deep Monetization Unlocks Scaling

The fastest growing titles of 2025 came to market with robust, multi-layered monetization systems. Deep monetization gives teams the margin to bid higher on cost per install (CPI), sustain spend, and scale far beyond competitors with lighter economies.

Asian publishers continue to dominate this space: **eight of the top ten revenue-growth leaders in 2025 came from Eastern studios.** The only Western exceptions, Royal Kingdom and Clash Royale, are from two of the strongest publishers in the West, Dream and Supercell (the latter ultimately under Tencent).

Eastern studios have spent years building for audiences that readily engage with complex, spend-forward systems, so their edge in features like gacha, layered sinks/sources, and recurring passes shouldn't be surprising. Their expertise is now a structural advantage in an environment where every download needs to count for more.

Feature Breakdown: Top Games by In-App Purchase Growth

Q1 - Q3 2025 over Q1 - Q3 2024, Worldwide, iOS and Google Play

Game	Gacha	Loot Box	Season Pass	Starter Pack	Subscription	Collection	Cosmetics	Equipment System	Energy System	Rarity System	See Other Players' Progression	VIP System
Pokémon TCG Pocket	✓	✓	✓	✓	✓	✓	✓	○	○	✓	✓	○
Whiteout Survival	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Last War: Survival	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Gossip Harbor	○	✓	✓	✓	○	✓	○	○	✓	○	○	○
Kingshot	✓	✓	✓	○	✓	✓	✓	✓	○	✓	✓	✓
Delta Force	○	✓	✓	○	○	✓	✓	✓	○	✓	✓	○
Royal Kingdom	○	✓	✓	○	○	✓	○	○	✓	○	✓	○
Dark War: Survival	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Clash Royale	○	✓	✓	✓	○	✓	✓	✓	✓	✓	✓	○
Last Z: Survival	✓	✓	✓	✓	✓	✓	✓	✓	○	✓	✓	✓

Prediction #6:
**AI development tools will drive
more game releases, faster**

AI Tools will Drive More Game Releases, Faster

2025 has broken the record for most new Steam releases—and the year isn't over. The surge reflects both the growth of PC gaming and the rise of widely adopted AI tools and accessible engines that speed up development and lower the technical barrier to entry.

After a decade of AAA projects stretching into 6–10-year marathons, the industry is being pushed back toward faster, more focused production. Big-budget titles with 7+ year cycles are increasingly missing expectations, while indie teams continue to land high-impact hits at a fraction of the time and cost.

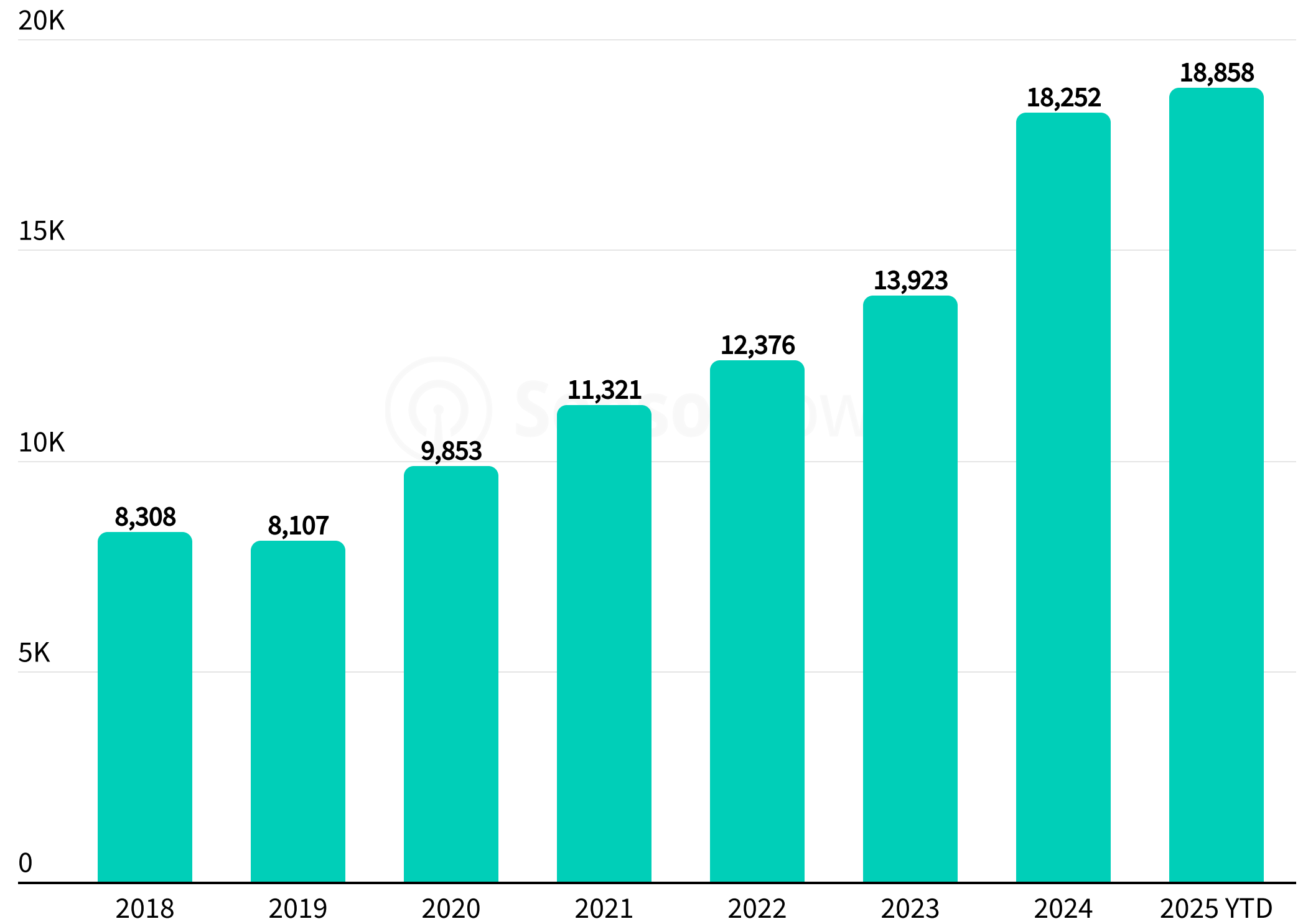
Our 2026 Prediction: You can expect to see fewer sprawling AAA experiences, reduced publisher risk, and a steady flow of tighter, smaller-scope games for players.

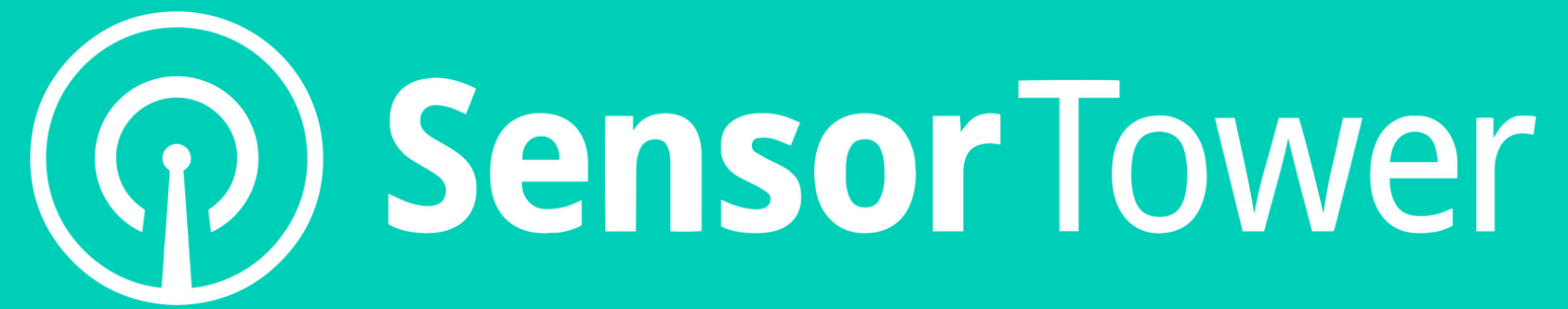


Explore PC and Console gaming insights with [Sensor Tower's Video Game Insights](#)

Source: Video Game Insights
Note: 2025 YTD is through December 4, 2025.

Number of Steam Games Released on Steam per Year





About Sensor Tower

Sensor Tower is the leading source of mobile app, digital advertising, retail media, and audience insights for the largest brands and app publishers across the globe.

With a mission to measure the world's digital economy, Sensor Tower's award-winning platform delivers unmatched visibility into the mobile app and digital ecosystem, empowering organizations to stay ahead of changing market dynamics and make informed, strategic decisions.

Founded in 2013, Sensor Tower's mobile app insights have helped marketers, app, and game developers demystify the mobile app landscape with visibility into usage, engagement, and paid acquisition strategies. Today, Sensor Tower's digital market insights platform has expanded to include Audience, Retail Media, and Pathmatics Digital Advertising Insights, helping brands and advertisers understand their competitor's advertising strategies and audiences across web, social, and mobile.

Press Inquiries: press@sensortower.com





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