

Global Smartphone Application Market Report 2010

A business guide to successfully publishing apps



20th August 2010

Table of Contents

1	Preface	3
2	Summary	4
3	Objectives and Scope of the Report	7
3.1	Participating Companies	7
3.2	Scope of the Report	8
4	Market Background	10
4.1	Market Developments 2000-2010	10
4.2	Trend Analysis	19
5	Current Status of Corporate Mobile Applications within the Market	21
5.1	Industry Background of First Mover Publishers	21
5.2	Purpose of Applications	22
5.3	Application Pricing	24
5.4	Additional Observations	25
6	Market Insight: Successful “First Mover” Corporations	26
6.1	Current Corporate Publisher Activities and Objectives	26
6.2	Outcomes: Applications and More	30
6.3	The Successful Approach	32
6.4	Going Forward	35
7	Best Practices	39
7.1	Best Practice Elements	39
7.2	Branding Applications	40
7.2.1	Absolut Vodka	40
7.2.2	BMW	42
7.2.3	Nike	43
7.3	Revenue generation	45
7.3.1	Financial Times	45
7.3.2	Navigon	47
7.3.3	The Weather Channel	49
7.4	Access to Core Products (Enable Transactions and Increase Reach)	50
7.4.1	Amazon	50
7.4.2	eBay	52
7.4.3	Pizza Hut	54
7.4.4	Facebook	55
8	Application Stores	57
8.1	Overview of Application Stores	59
8.1.1	Device Manufacturer Stores	60
8.1.2	Mobile OS Application Stores	62
8.1.3	MNO Application Stores	64

8.1.4	Full-Catalog Independent Application Stores.....	65
8.1.5	Niche Stores	67
8.2	Application Store Market Key Metrics	68
8.2.1	Average Downloads per Application.....	68
8.2.2	Average Pricing	69
8.2.3	Application Store Attractiveness to Developers	71
8.2.4	Application Publishing Complexity	75
8.3	Application Store Ranking.....	77
8.3.1	Application Store Ranking by Reach	78
8.3.2	Application Store Ranking by Competition Level	79
8.3.3	Application Store Ranking by Monetization Opportunities.....	80
8.3.4	Application Store Ranking by Application Discoverability.....	83
8.3.5	Application Store Ranking by Manageability	86
9	Market Outlook 2010-2013	88
9.1	Forecast.....	88
9.2	Key Market Developments.....	92
9.2.1	Business Model Trends: Paid Downloads vs. Alternative Revenue Sources	93
9.2.2	Application Technology Trends: Native versus Web-based Applications.....	94
9.2.3	Platform Dominance: End-to-End vs. Horizontal Platforms	95
9.2.4	Smartphone Application Store Market Structure: Oligopoly vs. Competition ...	96
9.2.5	Content: Global Versus Regional/Local Applications	97
10	Guiding Principles for Smartphone Application Publishers	98
10.1	Application Strategy.....	98
10.2	Multi-Platform Strategy.....	100
10.3	Organizational Integration	101
11	About research2guidance.....	102
12	Appendix	103
12.1	Application Store Detailed Profiles	103
12.1.1	Mobile OS Application Stores.....	144
12.1.2	MNO Application Stores	161
12.1.3	Full Catalogue Application Stores	228
12.2	List of Figures	269
12.3	List of Tables	271

1 Preface

research2guidance is a research organization focusing on providing insights into mobile market developments. Our aspiration is to provide business leaders with a fact base to better understand some of the most important trends shaping global mobile markets today. As with all research2guidance projects, the research behind this report has not been commissioned or sponsored in any way by any business, government, or other institution.

This document explores the major trends in the smartphone application market. The report is based on shared insights of market experts and leading corporate application publishers. It contains key insights for companies looking to enter or deepen their engagement in the application market.

In addition to this full report research2guidance offers most of the key research results as a ready to use Power Point package or single slide download.

Please visit research2guidance.com for more details.

Ralf-Gordon Jahns

Markus Pohl

Egle Mikalajunaite

4 Market Background

The smartphone application market only recently became a hot topic inside and outside the mobile world. Most players are new to this market, and comprehensive information about the market is rare. The increased interest in the smartphone application business started without the advantage of comprehensive information covering major milestones in the development of the market. To provide a solid background for decision makers, this chapter reviews the development of the market and provides information about what have become key dimensions as of June 2010.

Key take-aways from this section include:

- Between 2007 and 2009, the smartphone application market grew by XX%¹, reaching a value of \$XX billion US
- Market size is expected to more than double in 2010. During first half of 2010 smartphone application paid downloads revenue amounted to \$XX billion US.
- The top five application stores represent XX% of all downloads in the market (1st HY 2010), with Apple still as the clear leader in this group (XX%).
- Independent application stores originally established the market, but are now threatened by the success of OEM, OS and MNO² stores.
- The average paid application price dropped by XX% between 2007 and 2009 – from \$XX US to \$XX US. (application prices remain almost stable in the first six months of 2010)
- Smartphone application numbers grew from XX in 2007 to XX in 1st HY 2010

4.1 Market Developments 2000-2010

The launch of Apple's App Store created hype within the mobile industry and beyond. Before long, companies all over the world were scrambling to publish their first iPhone applications. In the beginning this was fuelled mainly by a large number of small "garage" developers who took the opportunity to easily sell a product to a worldwide customer base. In 2009 larger corporations made their first significant steps into the applications market, with the main intention of becoming familiar with this new customer channel. As of October 2009, less than XX% of Fortune 2000 companies worldwide were active in the Apple App Store. Within the next few years most major organizations will have a mobile application, making publishing a corporate mobile application as essential as having a company webpage.

¹ CAGR – compound annual growth rate

² OEM – original equipment manufacturer; OS – mobile operating system vendor; MNO – mobile network operator

Figure 2: The Application Store Race



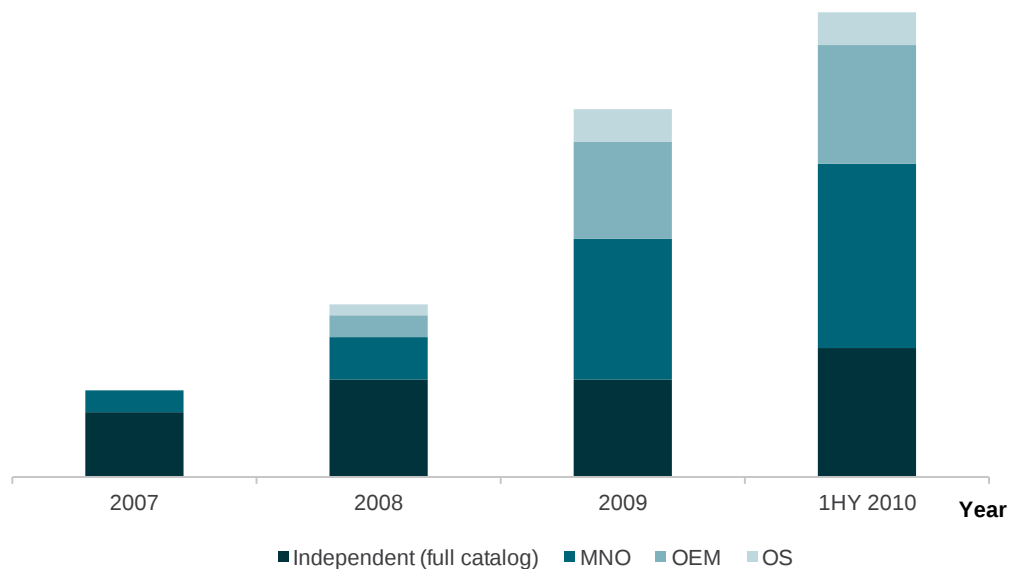
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In mid-2010 there were more than XX full-catalogue OEM, OS, MNO and independent stores. Most new launches took place in 2009, during which time the number of application stores increased by more than XX% in relation to 2007 numbers. 2010 saw a slowdown in new shop openings, as major operators and manufacturers had already launched their stores previously. Among more significant new launches should be mentioned Motorola's SHOP4APPS, and India's entrance to market with Idea Cellular and Airtel App stores

Future growth will come mainly from second tier MNO and niche stores that target specific customer groups. As of the end of 2009, these niche stores numbered between XX and XX.

Figure 3: Number of Application Stores 2007 - 1st HY 2010

Number of Stores

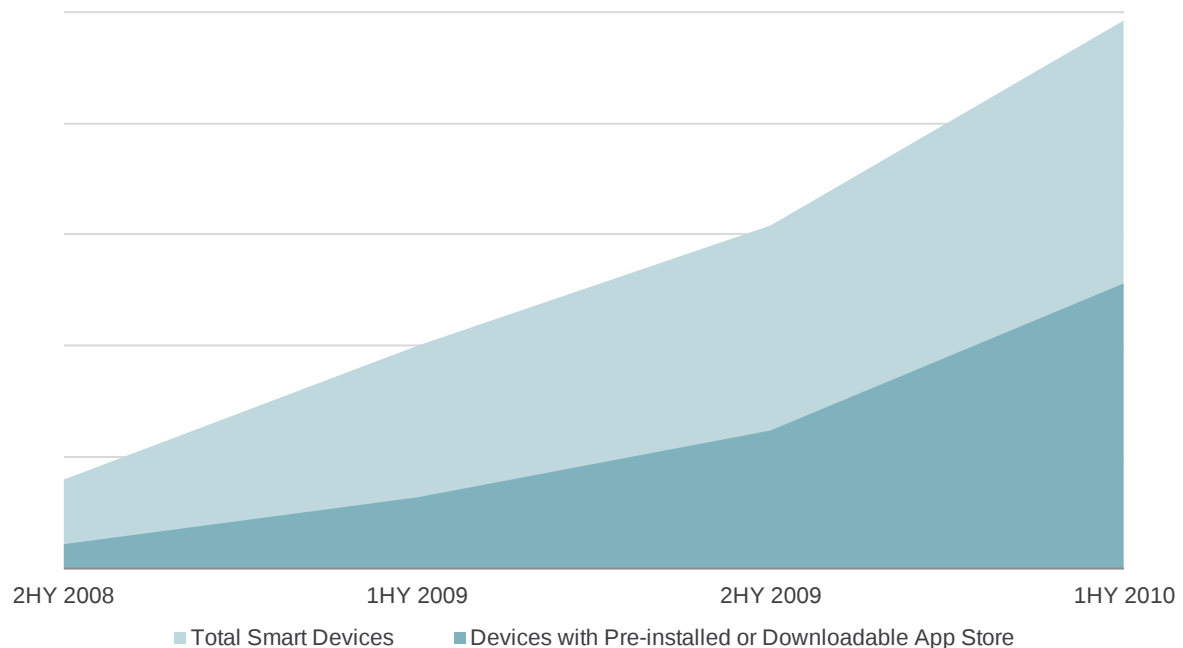


Another factor supporting market growth is the increasing number of pre-installed or downloadable on-device stores for smartphone devices. Before 2007 the vast majority of application stores were web-based, meaning the user had to browse to the store website before being able to search and download applications. With the Apple App Store and others pre-installed on the device, users are just one click away from entering the store.

At the end of 2009 around XX smartphones were shipped with a pre-installed application store, or were capable of downloading an application store. In the first six months of 2010 this number grew to XX. The majority of smartphones shipped in 2010 are capable of downloading an application store or come with an application store pre-installed.

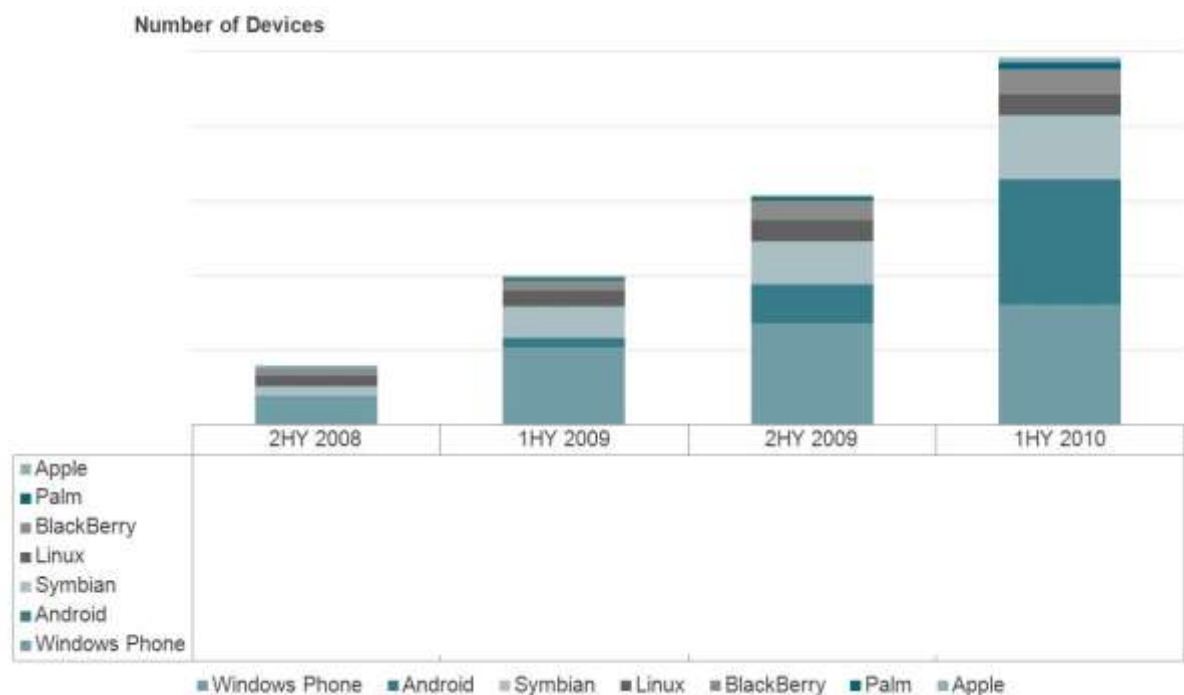
Figure 4: Number of Smartphones Launched since 2nd HY 2008 with Pre-installed or Downloadable Application Stores (2nd HY 2008 – 1st HY 2010)

Number of Devices



In 2010, Android has become the preferred mobile operating system of device manufacturers. All together there have been XX smartphones released to the market since the launch of the Apple App Store.

Figure 5: Cumulative Number of Smart Devices Launched since 2nd HY 2008 by Platform 2008-2010



11 About research2guidance

We are an international team of experts with backgrounds in consulting and market research. research2guidance was founded based on a shared fascination with the rapid developments in the mobile market, and channels this enthusiasm as well as our collective experience into comprehensive market studies, bespoke research and consultancy.

About the Authors



Ralf-Gordon Jahns

Ralf is a co-founder of research2guidance. He has a track record of more than 15 years in the telecom and media industry, and has worked previously as a partner for Cap Gemini Telecom Media & Networks. He has published various market studies dealing with current topics, including “Mobile TV,” “Mobile Content” and “Fixed Mobile Convergence,” and has helped more than 30 clients in the telecom and media industry to develop new business opportunities.



Markus Pohl

Markus is a co-founder of research2guidance. Prior to that he has been engaged in market research for more than six years. Previously Research Director for the UK-based Group GTI/trendence, Markus has conducted global research projects with clients such as KPMG, PricewaterhouseCoopers, Deutsche Bank, IKEA, Bain, BCG, McKinsey, Audi and BMW.



Egle Mikalajunaite

Egle is a research analyst at research2guidance specializing in the mobile industry. She has a track record in market research and data analysis of more than five years. Prior to research2guidance she has worked for Ernst & Young, AC Nielsen and Euromonitor.

Contact: info@research2guidance.com

12 Appendix

12.1 Application Store Detailed Profiles

This section provides in-depth reviews of major application stores. Each applications store profile is built around screen captures of the store interface and developer portals, where access to each section was possible. From these images, an analysis is provided of the available page elements, showcasing their functionality and assessing the possibilities they provide for users and developers.

Each application store profile includes high-level assessment according to several criteria that can assist with store categorization and evaluation.

- **Content:** The extent and type of potential downloadable items within a store. This can range from applications only, to both apps and games and often, in comprehensive stores, the inclusion of other media types such as themes, ringtones, music, movies, and images.
- **Access:** Each store has one or more possible interfaces through which users can access and download content. Whether available on a single platform or via multiple methods, possibilities include web, mobile web, downloadable on-device applications, and pre-installed on-device applications.
- **Devices:** Not only what handset software platforms are supported by a store, but also whether or not they focus exclusively on advanced “smartphone” models. Stores are either single- or multi-platform, and may provide smartphone content only or support both smartphones and feature phones.
- **Developer Resources:** Of key importance for developers is the amount of support provided by stores. Here, stores range from simply accepting submissions, to providing a full developer portal that may or may not include a software development kit (SDK).
- **Maturity:** The overall user experience within the store interface is also an important factor for publishers and developers. Stores vary in their capabilities, from basic (including search and content categories) to standard (search, categories and curated lists) and advanced (filtered search, categories, curated lists, and other features such as related content, community integration, and additional discovery tools).

Developers and prospective application publishers can quickly leverage these overviews to identify the market’s available sales and marketing channels, and assess which stores’ positioning and capabilities will best support their planned expansion within the mobile applications market.

12.2 List of Figures

Figure 1: Scope of the Report	8
Figure 2: Number of Smartphone Applications 2007-2010	11
Figure 3: The Application Store Race	12
Figure 4: Number of Application Stores 2007 - 1 st HY 2010	13
Figure 5: Number of Smartphones Launched since 2 nd HY 2008 with Pre-installed or Downloadable Application Stores (2 nd HY 2008 – 1 st HY 2010)	14
Figure 6: Cumulative Number of Smart Devices Launched since 2nd HY 2008 by Platform 2008-2010	14
Figure 7: Average Application Price per Platform 2007-2009	15
Figure 8: Change in Average Paid Application Price per Platform during First Half of 2010..	16
Figure 9: Share of Smartphone Applications Downloads per Store 1 st HY 2010	17
Figure 10: Smartphone Application Market Size (2007-2009).....	18
Figure 11: iPhone Shipments Before and After the App Store Launch (millions).....	20
Figure 12: Industry Split of Application Publisher.....	22
Figure 13: Application Purposes.....	23
Figure 14: Physical vs. Virtual Products, by Application Purpose.....	24
Figure 15: Application Price Comparison - Company vs. Market Average	25
Figure 16: Survey Question: When Did You Publish Your First Application?	27
Figure 17: Survey Question: On Which Platforms Do You Publish Your Applications?	28
Figure 18: Survey Question: What Goals Do You Want to Achieve With Your Applications?	28
Figure 19: Survey Question: To What Extent Did You Reach Your Application Goals (average)?	29
Figure 20: Survey Question; What Are the Biggest Obstacles to Success?	29
Figure 21: Survey Question: How Many Applications Have You Published?	30
Figure 22: Survey Questions: How Do You Price Your Applications?	31
Figure 23: Survey Question: How Many Times Was Your Most Successful Application Downloaded?	31
Figure 24: Survey Question: What is the Average Development Budget for Your Applications?	32
Figure 25: Survey Question: What is the Average Development Time for Your Application?	33
Figure 26: Survey Question: Which of the Following Marketing Channels do You Use and How Effective are They?	34
Figure 27: Survey Question: Which Activities Will You Concentrate on Over the Next 12 Months?.....	35
Figure 28: Survey Question: Which Platforms do You Plan to Engage in Over the Next Year (2010)?	36
Figure 29: Survey Question: What are the Biggest Challenges of a Multi-Market Strategy?	37
Figure 30: Survey Question: How Will Your Engagement Level Change Within the Next 12 Months?.....	37

Figure 31: Learnings Cloud	38
Figure 32: Average Cumulated Application Downloads per Application Store and Application Number (1 st HY 2010)	69
Figure 33: Average Price Level in Major Application Stores (1 st HY 2010)	70
Figure 34: Pricing Differences for a Single Application (Games).....	70
Figure 35: Application Stores' Ability to Attract Smartphone Applications (1st HY 2010)	72
Figure 36: Increase of Number of Applications during First Half of 2010	73
Figure 37: Application Store Download Performance (1st HY 2010).....	74
Figure 38: Number of Applications vs. Capable Devices (1 st HY 2010)	76
Figure 39: Global Customer Reach of Major Application Stores (1 st HY 2010)	78
Figure 40: Publisher Revenue Share in Major Application Stores (1 st HY 200).....	81
Figure 41: Number of Shelf Spaces in Relation to Total Application Numbers in Major Application Stores (1 st HY 2010)	85
Figure 42: Smartphone Application Market Size 2007-2013.....	89
Figure 43: Application Download Trends (Paid and Free) vs. Total Application Shoppers (Installed On-Device Store) 2007-2013	90
Figure 44: Application Price Development 2007-2013	92
Figure 45: Key Trends in the Smartphone Application Market (2010-2013)	93

12.3 List of Tables

Table 1: Pre- and Post Apple App Store Launch Application Market.....	19
Table 2: Overview of Application Stores (1 st HY 2010)	59
Table 3: OEM Application Stores (Key Facts)	61
Table 4: OEM Application Stores (Key Figures) (1 st HY 2010)	62
Table 5: Mobile OS Application Stores (Key Facts)	63
Table 6: Mobile OS Application Stores (Key Figures) (1 st HY 2010)	63
Table 7: MNO Application Stores (Key Facts).....	64
Table 8: MNO Application Stores (Key Figures) (1 st HY 2010)	65
Table 9: Full-Catalogue Independent Stores (Key Facts)	65
Table 10: Full-Catalogue Independent Stores (Key Figures) (1 st HY 2010)	66
Table 11: Independent Niche Stores.....	67
Table 12: Application Store Ranking by Competition Reach (Criteria)	78
Table 13: Application Store Ranking by Reach (1 st HY 2010).....	79
Table 14: Application Store Ranking by Competition Level (Criteria).....	79
Table 15: Application Store Ranking by Competition Level (1 st HY 2010)	80
Table 16: Application Store Ranking by Monetization Opportunities (Criteria).....	82
Table 17: Application Store Ranking by Monetization Opportunities (1 st HY 2010)	82
Table 18: Application Store Ranking by Discoverability (Criteria).....	83
Table 19: Application Store Ranking by Discoverability (1 st HY 2010)	86
Table 20: Application Store Ranking by Manageability (Criteria).....	86
Table 21: Application Store Ranking by Manageability (1 st HY 2010).....	87