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the app market specialists

# WHITEPAPER: THE SMARTPHONE APP MARKET 2013

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We concentrate on the mobile app ecosystem. We develop mobile strategies, provide market reports and app analytical support.

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**The "Smartphone App Market Monitor"** is a quarterly report with the latest updates on the smartphone app market.

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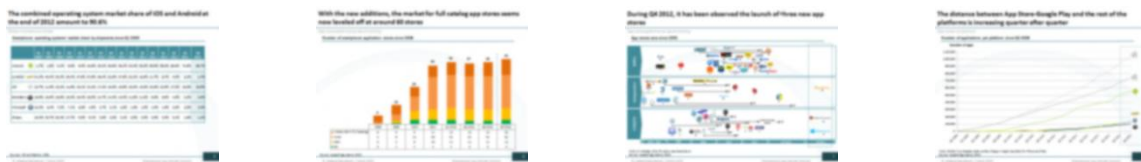
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## Package content at a glance (extract)

### Monitoring of the global smartphone market (quarterly since 2007)



### Monitoring of the app store landscape (since 2000, quarterly since 2008)



### App stores and app performance benchmarking (quarterly since 2008)



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## CHAPTER 1: THE DYNAMICS IN THE SMARTPHONE WORLD

Worldwide mobile phone sales to end users totaled 1.75 billion units in 2012, a 1.7 percent decline from 2011 sales<sup>1</sup>.

Smartphones continued to drive overall mobile phone sales, and the fourth quarter

of 2012 saw record

smartphone sales of 207.7

million units,

up 38.3 per-

cent from

the same

period last

year<sup>2</sup>. De-

mand for

feature

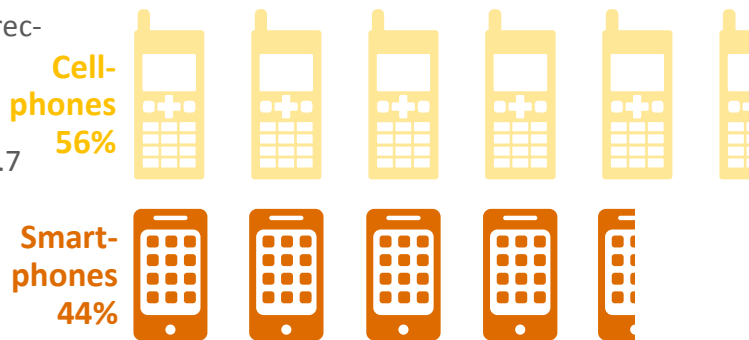
phones re-

mained weak

in 2012 and in the fourth quarter. Feature phone sales totaled 264.4 million units in the fourth quarter of 2012, down 19.3 percent year-on-year<sup>3</sup>.

The share of smartphone sales accounted for 44% - a further net improvement of 3.6% in relation to the previous quarter's figure. Year after year smartphones' share of global mobile device shipments continue to increase exceeding 200 million in sales worldwide during the last quarter. The growth is basically driven from high-profile smartphones launched from key manufacturers. In the fourth quarter of 2012, Apple and Samsung together raised their worldwide smartphone market share to 53.7

percent from 46.3 percent in the third quarter of 2012. Samsung ended the year in the No. 1 position, in both worldwide smartphone sales and overall mobile phone sales.<sup>4</sup>



Samsung managed to sell more than 60 mil-

# 44%

## OF THE MOBILE DEVICES SHIPPED IN THE WORLD ARE SMARTPHONES<sup>1</sup>

lion smartphone devices<sup>5</sup> with an increase of 76% if compared to the fourth quarter of 2011 and with a net improvement of market share of 8.2 percent points. In 2012, Samsung totaled 384.6 million mobile phones sales, of which 53.5 percent (up from 28 percent in 2011) were smartphone sales<sup>6</sup>.

While Samsung experienced sizeable growth, Nokia dropped off from the top 5 smartphone vendors. The Finnish company has been replaced in the rank by Huawei which showed an impressive year-over-year growth of 89.5%.

<sup>1</sup> Gartner, 2013.

<sup>2</sup> Gartner, 2013.

<sup>3</sup> Gartner, 2013.

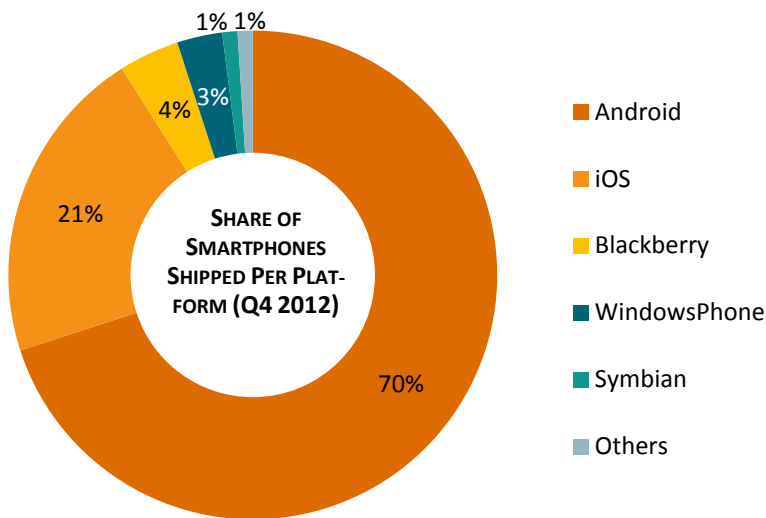
<sup>4</sup> IDC, 2013.

<sup>5</sup> IDC, 2013.

<sup>6</sup> Gartner, 2013.

## Symbian has dropped off from the list of top 5 mobile operating systems

Symbian which was mainly run by Nokia, continued its downfall in Q4 2012. From the previous quarter, the number of smartphones sold with a Symbian OS dropped off 29.3%, ac-



counting for just 2.9% of total smart-phones shipped in Q4 2012<sup>7</sup>. Nokia's transition to Windows Phone since Q4 2011 has clearly spurred Symbian's downfall.

Mostly smaller players

# 70%

## OF ALL SHIPPED SMARTPHONES COME WITH AN ANDROID OPERATING SYSTEM<sup>7</sup>

continued to build partnerships to improve their market position.

### There is a window of opportunity for new and fresh operating systems

With the increasing dominance of Android and iOS as operating platforms for smartphones, device differentiation becomes more and more difficult. That might open the door for new and fresh operating systems that have been launched in recent months.



#### JOLLA INKS FIRST CARRIER, CHIPSET DEALS FOR SAILFISH PHONES

The Finnish start-up launched by a group of Nokia former employees, has advanced plans to launch a device based on the MeeGo mobile OS – claiming it has raised €200 million from a consortium of mobile industry investors.

The firm has also struck a deal with Finland's number-three mobile operator DNA, which has agreed to market Jolla smartphones "as soon as they enter the market."

The company is also partnering with ST-Ericsson on chipsets for its smartphones. And it already has a distribution deal in place with D.Phone, China's largest mobile phone retailer – suggesting China's fast growing smartphone user base will be a target market.

<sup>7</sup> Gartner, 2013

### UBUNTU SET TO MOVE TO MOBILE PHONES

Canonical, the company behind the Ubuntu operating system, announced the platform will be made available for mobile phones, describing this as “our most important ever product”. It said it is “ready to start working with partners with an aim to releasing phones before the end of 2013”, although it did not name any vendors it is set to work with.




## Firefox OS

### FIREFOX OS GETS ON ZTE DEVICES

ZTE is set to offer a device powered by Mozilla’s anticipated Firefox OS in Europe in 2013. A report also suggests that a device powered by the platform, which is targeting the entry-level smartphone sector, may make it into the US market.

The platform, which has been backed by operators including Deutsche Telekom, Etisalat, Smart, Sprint, Telecom Italia, Telefonica and Telenor, is first set to be used in a device offered by Vivo, Telefonica’s unit in Brazil.

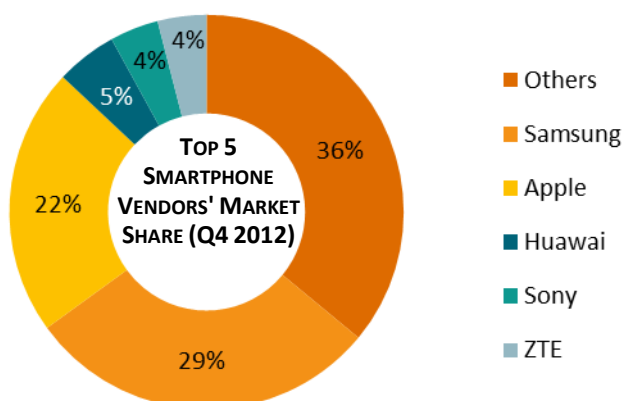
### WEBOS PLATFORM LAUNCHED AGAIN

Hewlett-Packard has launched webOS version 1.0, opening up the underlying code for the former Palm smartphone platform to the open source community.

Open webOS 1.0 includes support for core applications such as email, browser and HP’s previously-announced Enyo cross platform developer tool.



Samsung’s market share grew to 29% by the end of 2012. Samsung is now the biggest smartphones vendor followed by Apple with 22% of the market<sup>8</sup>. In the smartphones’ vendors landscape the third position is still ed over. In the last few years different manufactures have taken this position, with some of them lasting only for a quarter or two.



**SAMSUNG IS THE  
MOST IMPORTANT  
SMARTPHONE  
VENDOR IN THE  
WORLD WITH**

**29%**

**MARKET SHARE<sup>8</sup>**

<sup>8</sup> IDC, 2013

## Smartphone vendors improved their products with adding additional features that opens new potential customer groups

- **Nokia closed mapping deal with Oracle:**

**NOKIA**  
Connecting People

With this agreement Oracle will be able to provide to its customers access to Nokia's growing vault of map data and location services. The move will come as a boost to Nokia, as it looks for ways to strengthen the business. The Finnish firm also wants to take advantage of the fact that Apple is struggling with the launch of its own mapping services on the new iOS 6 platform.

- **Fujitsu to release seniors phone in US and Europe:**

Japanese vendor Fujitsu is attempting to grow its smartphone sales by targeting older users in the US and Europe. Fujitsu hopes to find a niche in the international smartphone markets with its phone for seniors that has been overlooked by handset giants such as Apple and Samsung, although it will find itself up against specialists in this particular field such as Doro. In the same context, Fujitsu announced a partnership with Orange at the end of 2012.

**FUJITSU**

- **ZTE and Nvidia set for "super phone" debut:**

**ZTE中兴**

ZTE said that it is partnering with silicon company Nvidia to deliver "the first super phones powered by the Nvidia Tegra 4 mobile processor", with the first models set to reach the market "before mid-year". Tegra 4 will allow devices to deliver "ultra-fast web browsing, im-

proved app load times, more realistic gaming experiences and great battery life".

- **Lenovo bolsters international play with Russian smartphone launch:**

Chinese IT giant Lenovo began sales of its smartphones in Russia, as it looks to build its position internationally. This marks the fifth overseas market for the company's smartphone portfolio, following India, Indonesia, Vietnam and Philippines.

**lenovo**

- **Nokia adds mid-tier device to WP8 range:**

Nokia announced its third Windows Phone 8 powered device, the Lumia 620, which it said is the "most affordable" in the range. Set for availability early in 2013, the device is estimated to cost US\$ 249 excluding taxes and subsidies. Its initial target market will be Asia, "followed closely" by Europe and the Middle East before further expansion.

- **Alibaba set to buy into device makers:**

Chinese e-commerce giant Alibaba is set to invest in device makers in order to drive adoption of its Aliyun device operating system, a platform that has already seen it at loggerheads with Google. According to reports, the company has set aggressive targets – it is looking to offer more than 20 devices running Aliyun during 2013.

  
**Alibaba.com**



- **Huawei and Microsoft launch low-cost African smartphone:** Huawei is to launch



a low-cost Windows Phone 8 device in seven African markets this quarter as part of a partnership with Microsoft to drive up smartphone penetration on the continent. The

Huawei '4Afrika' smartphone will be available in Egypt, Nigeria, Kenya, Ivory Coast, Angola, Morocco and South Africa "towards the later part" of Q1 2013. It is expected to retail around US\$ 150.

- **Vertu planning shift to Android:** Vertu, the premium handset maker which used to be owned by Nokia, is set to announce its first Android powered device in February 2013, according to reports. While the company has previously been allied with Nokia for its technology platforms, as an independent company it has opted to

**VERTU**

head in a different direction, adopting the

Google-backed platform instead of Nokia's preferred choice, Microsoft's Windows Phone.

- **BlackBerry set to exit Japan:** BlackBerry is pulling out of the Japanese market, with no plans to release devices there powered by its new BlackBerry 10 platform. It was suggested that with the company's Japanese market share having slipped to 0.3 per cent, from a high of 5 per cent, it was judged too expensive to create devices tailored to the market.

 **BlackBerry**®

- **Sony Mobile targets 50mio. smartphone sales in 2013:** Sony Mobile plans to sell 50 million smartphones in 2013 as it looks to increase sales by 50 percent year-on-year. If the company achieves its target it could leapfrog several rivals, including Nokia, to become the world's third-largest smartphone vendor behind Apple and Samsung.

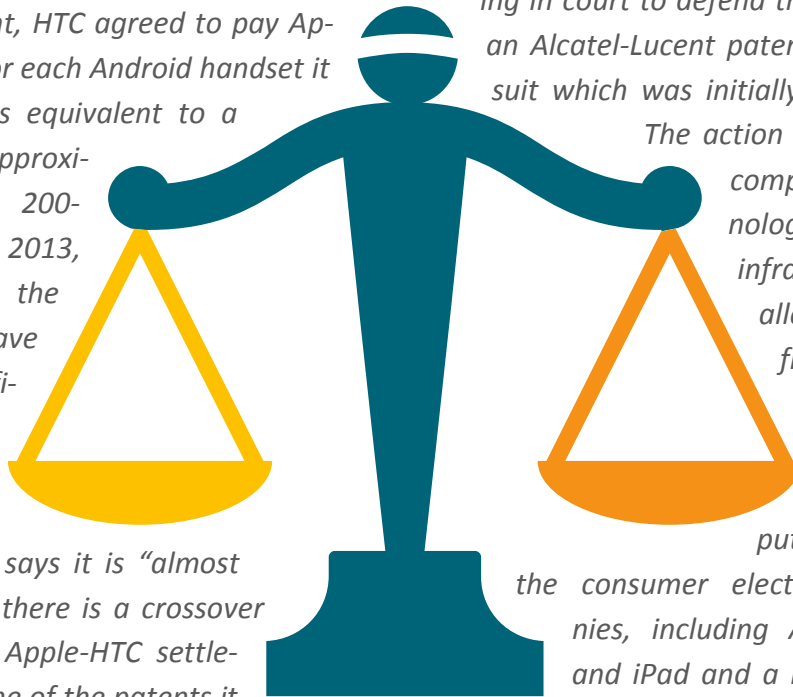
**SONY**



## The courtroom battle is still on

Competition among players is high. The battle is fought not only on the customer side but also with the help of hundreds of lawyers. It looks like everybody is fighting everybody. Intensity has not changed over the last months. Here is a short overview of recent law suit activities in the industry.

- **Samsung asks court for copy of HTC settlement.** Samsung wants Apple to share the terms of its recent settlement with HTC, arguing that it is relevant to Apple's request for an order banning sales of Samsung devices in the US. Apple and HTC agreed to end all patent litigation and signed a ten-year license agreement on November 10. The agreement includes the dismissal of all current lawsuits as well as future patents held by either company. It has been reported that, as part of the agreement, HTC agreed to pay Apple US\$ 6-8 for each Android handset it sells, which is equivalent to a sum of approximately US\$ 200-300 million in 2013, although the amounts have not been officially disclosed. Samsung's current filing says it is "almost certain" that there is a crossover between the Apple-HTC settlement and some of the patents it is disputing with Apple.



was not entitled to manufacture or sell WLAN products without agreeing royalties with Nokia first. Nokia signed a cross-license agreement with RIM covering standards-essential mobile technology patents in 2003 and amended the deal in 2008. In 2011, RIM sought arbitration on its argument that the license should be extended to cover WLAN patents.

- **Apple and LG face Alcatel Lucent patent suit:** Apple and LG are this week appearing in court to defend themselves from an Alcatel-Lucent patent infringement suit which was initially filed in 2010. The action concerns video compression technology which the infrastructure giant alleges was infringed by a number of handsets and computers made by the consumer electronics companies, including Apple's iPhone and iPad and a range of handsets from LG.

- **Nokia defeats RIM in wireless patent dispute:** Nokia has won its patent dispute with RIM concerning the BlackBerry maker's use of wireless local area network (WLAN) technology. An arbitrator ruled that RIM was in breach of contract and
- **Apple adds six more Samsung products to US patent suit:** Apple added six more Samsung products to its US patent lawsuit against the South Korean technology company. According to a court filing, Apple has added Samsung's Note II, Galaxy

SIII (running the Jelly Bean version of Android), Galaxy SIII mini, Galaxy Tab 8.9 Wi-Fi, Galaxy Tab 2 and Rugby Pro to the second of two federal court cases pending in the US District Court of San Jose. The devices were released more recently than those involved in the lawsuit in which Apple won a jury decision in August, requiring Samsung to pay US\$ 1.05 billion in damages. The handset number one is appealing this verdict.

- **Nokia, RIM settle patent dispute:** Nokia and RIM have come to a patent licensing agreement that settles all existing litigation between the two companies. The agreement will see RIM pay Nokia a one-time payment as well as on-going pay-

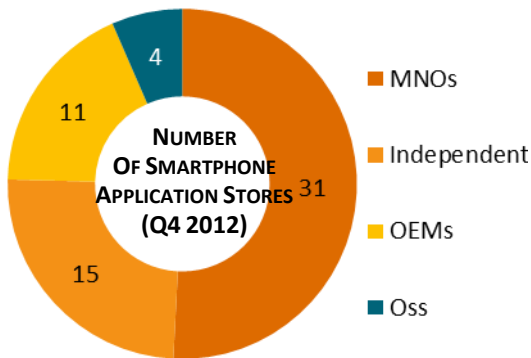
ments, although the specific terms remain confidential. Actions involving the companies in the US, UK and Canada related to a recent arbitration tribunal decision will also be withdrawn as part of the deal.

- **Apple bid for Samsung US sales ban fails:** Apple's attempt to secure an US import ban for a number of Samsung smartphones and tablets has been rejected by a US judge.
- **Samsung drops Apple sales injunction bid in Europe:** Samsung said it will no longer seek sales injunctions on Apple devices in Europe, against a backdrop of

pressure from EU and US antitrust regulators for the smart-phone industry to scale back its patent disputes.



## CHAPTER 2: THE APP STORE RACE



# THERE ARE MORE THAN 60 APP STORES TO OFFER DISTRIBUTION AND APP MARKETING SERVICES<sup>10</sup>

The app store landscape showed some changes in Q4. The number of full catalog<sup>9</sup> stores that are included in research2guidance's monitoring stopped at 61 with three new entrances into the market<sup>10</sup>. Although app stores from OS and hardware providers like Google and Apple have a dominant role, they don't represent the biggest group of app store owners. Nearly all major MNOs opened an app store in 2010 or 2011. The monitor now lists 31 stores managed by MNOs. Independent app store operators are responsible for 15 stores.

<sup>9</sup> Full catalog refers to mobile application stores operated by MNOs, OEMs and 3rd parties and whose catalog does not target a specific OS, device or category.

<sup>10</sup> research2guidance, 2013

## OPENINGS

- **Microsoft started WP8 app store:** Microsoft is supporting its new operating system WP8 with the launch of a new app store. Windows Store is the new application store powered by Microsoft and completely dedicated to the new operative system (OS) Windows 8. At Q4 2012 the store counts 35,000 apps.
- **Mozilla launched app store:** Mozilla has opened access to its Firefox Marketplace for early adopters and testers using the latest 'Aurora' version of its Firefox for Android browser. Firefox Marketplace is an online store for web apps using HTML5, JavaScript and CSS technology, which will become a key component in the company's forthcoming mobile-focused Firefox OS. All apps are currently free but Mozilla said it will add payments, ratings and reviews soon.
- **TIM and Opera launch Brazilian app store:** TIM, the second biggest operator in Brazil, partnered with Opera Software to launch the TIM App Shop, which is said to offer "a vast collection" of mobile apps. The store will be preloaded on all devices sold by TIM, and accessible to the operator's close to 70 million subscribers in the country. TIM App Shop offers more than 55,000 apps, including free and paid products, for platforms including Android, Java, Symbian, BlackBerry and iOS.



On the other side app store activities are being closed down:

## EXITS

- **Verizon closed its app store:** Verizon Wireless closure of its app store is one of the most prominent during the last months. The store, which was opened in March 2010, offered apps for Android and BlackBerry devices, and the operator said that "most apps existing on Verizon Apps are already available on multiple storefronts, such as Google Play, Amazon and BlackBerry App World". The company started removing the Verizon Apps icon from Android and BlackBerry devices in January 2013, and the process is expected to be complete by the end of March 2013. Instead of operating its own app store US number one operator Verizon Wireless is going to cooperate with Amazon. Verizon will sell smartphones featuring Amazon's app suite preloaded, providing access to the online retailer's shopping, MP3, fashion, ebook and audiobook products. The move is significant because it will see Verizon customers provided with an integrated alternative to Google's Play store for multimedia content. The deal is reported to be exclusive for an unspecified period. The first device to support the integrated Amazon app suite is the HTC-made Droid DNA.
- **Motorola closes China app store:** Google closed Motorola's Shop4Apps store in China, arguing that "Chinese consumers now have many mobile app store alternatives where they can access an extensive inventory of local and international Android apps".

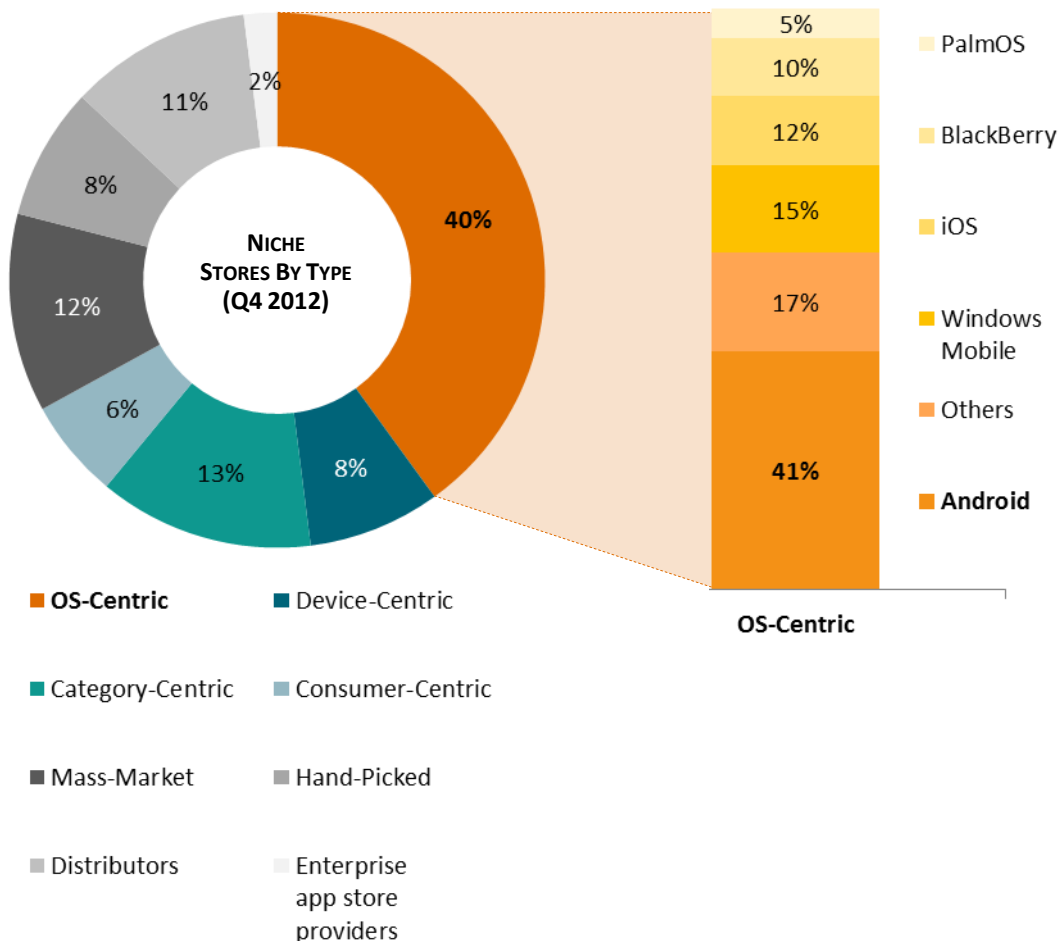


# 40%

## OF NICHE APP STORES FOCUS ON AN SPECIFIC OS<sup>11</sup>

### Niche app stores are opening around the world

Among niche stores the dominating type is OS-Centric<sup>11</sup>, which accounts for 40% of the total. Android is the most popular OS with 41% of all OS-Centric stores being devoted to Android apps, followed by Windows Mobile with 15% and iOS with 12%.



<sup>11</sup> research2guidance, 2013; Others: Java, HTML5, Symbian and Windows Phone 7. Based on a sample of 102 niche stores.

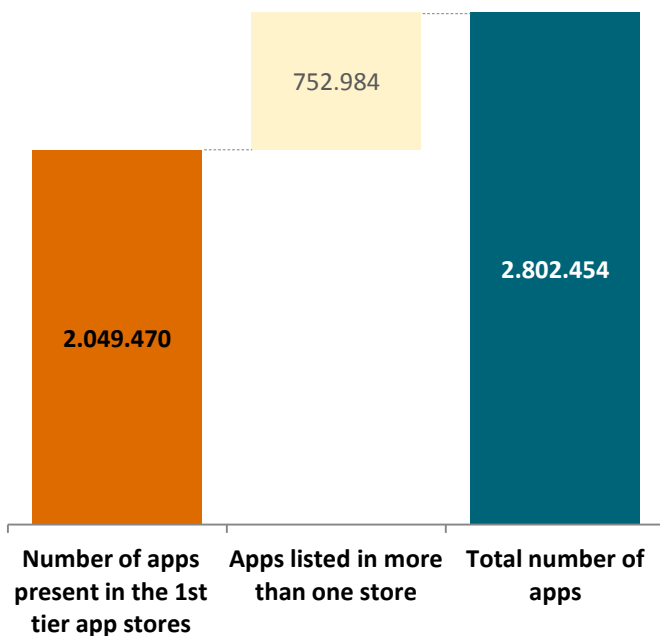
## The market is changing quickly. New specialized app stores are opening up every quarter or ownership changes

- **Bloomberg started app store for finance apps:** Bloomberg, another new entry, focused its app store activities on aggregating finance apps. The store opened in Q4 2012 and it is concentrate in the categories of finance and business to provide to their clients tools that allowed them to be constantly up-to-date on the stock market trends and with all the relevant news related to the financial world.
- **“World’s largest” Android app portal announced:** OpenMobile World Wide announced its AppMall, which it described as an “app superstore aggregating apps from independent app stores around the globe”. It billed it as



the largest world’s independent portal for consumers worldwide.

- **AppCentral gets a new owner:** Enterprise mobility vendor Good Technology will acquire San Francisco-based AppCentral, a company that enables enterprise customers to distribute, manage and secure mobile applications. Financial terms of the deal were not disclosed.



### More than 2 Mio. apps are being published on first tier app stores

In Q4 2012 the total number of smartphone and tablet applications published in all stores exceeded 2.8 million marks. The total number of published apps includes apps that are listed in more than one app store. The true number of developed apps is best represented by the number of apps that are listed in the app stores of OS and OEM providers with own development platform. This number is now exceeding 2 million<sup>12</sup>.

#### NUMBER OF APPLICATIONS PUBLISHED IN APP STORES (Q4 2012)

<sup>12</sup> research2guidance, 2013;

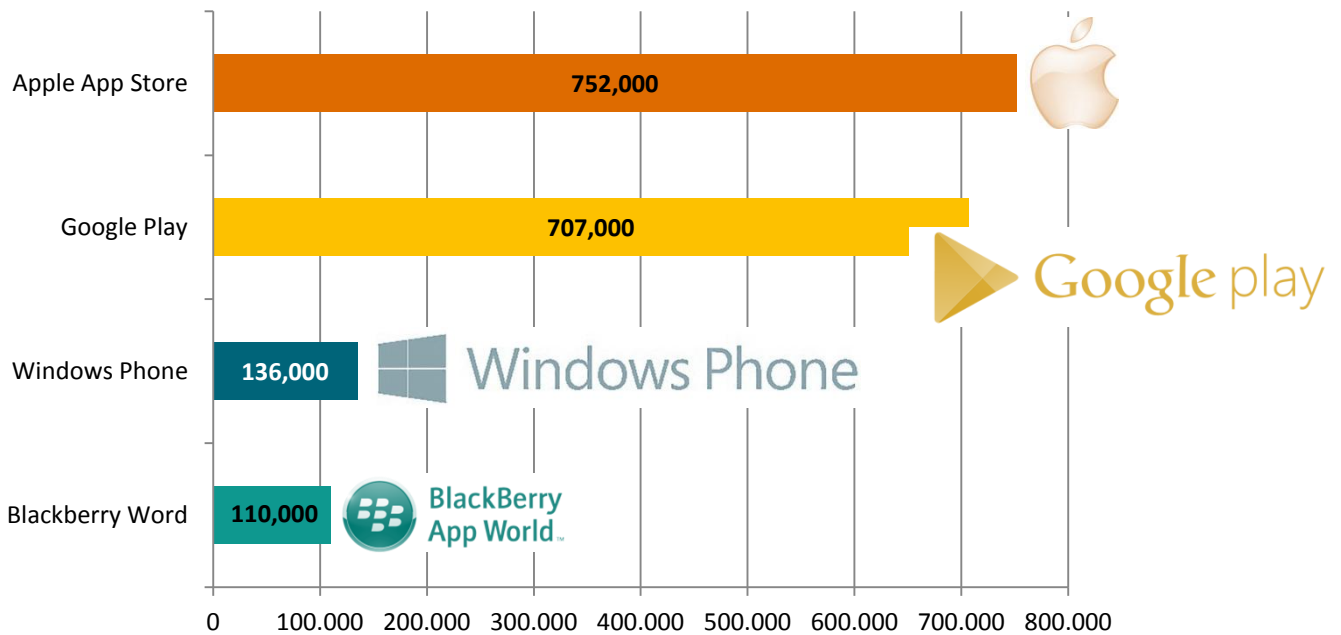
Note for number of apps present in the 1<sup>st</sup> tier app stores: The number of apps in the official app stores by major OSs&OEMs, including tablet apps.



## The Apple App Store is still the biggest app store showing more than 750,000 apps (EoY 2012)

App numbers of the main app stores increased steadily over the fourth quarter. The gap between the big two: Apple (including only iPhone apps) and Google Play against the rest of the mobile app platforms increased. The two app stores list almost 1.5 Mio. apps.

The choice of apps in other OS application store is only a fraction although both followers (Windows Phone and BlackBerry app stores) are investing a lot of effort and money to become attractive for the developer community.



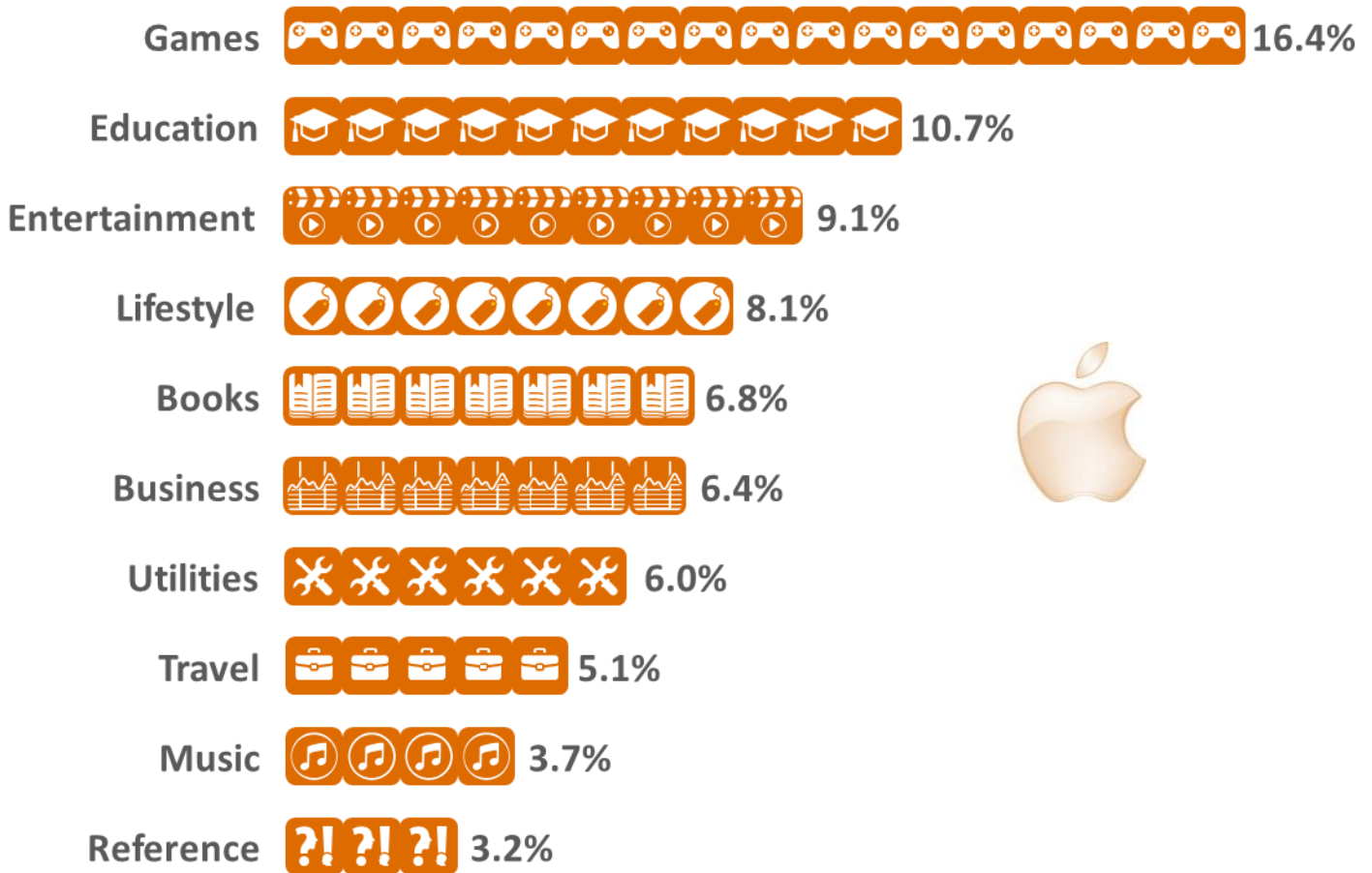
### NUMBER OF APPLICATIONS PER PLATFORM (Q4 2012)<sup>13</sup>

By the end of Q4 2012, the combined number of apps of BlackBerry World and Windows Phone Store amounted to 240,000, accounting for 8.6% of the total.

<sup>13</sup> research2guidance, companies websites, Prioridata and 148apps.biz, 2013



## Games are still the biggest app category on Apple App Store<sup>14</sup>



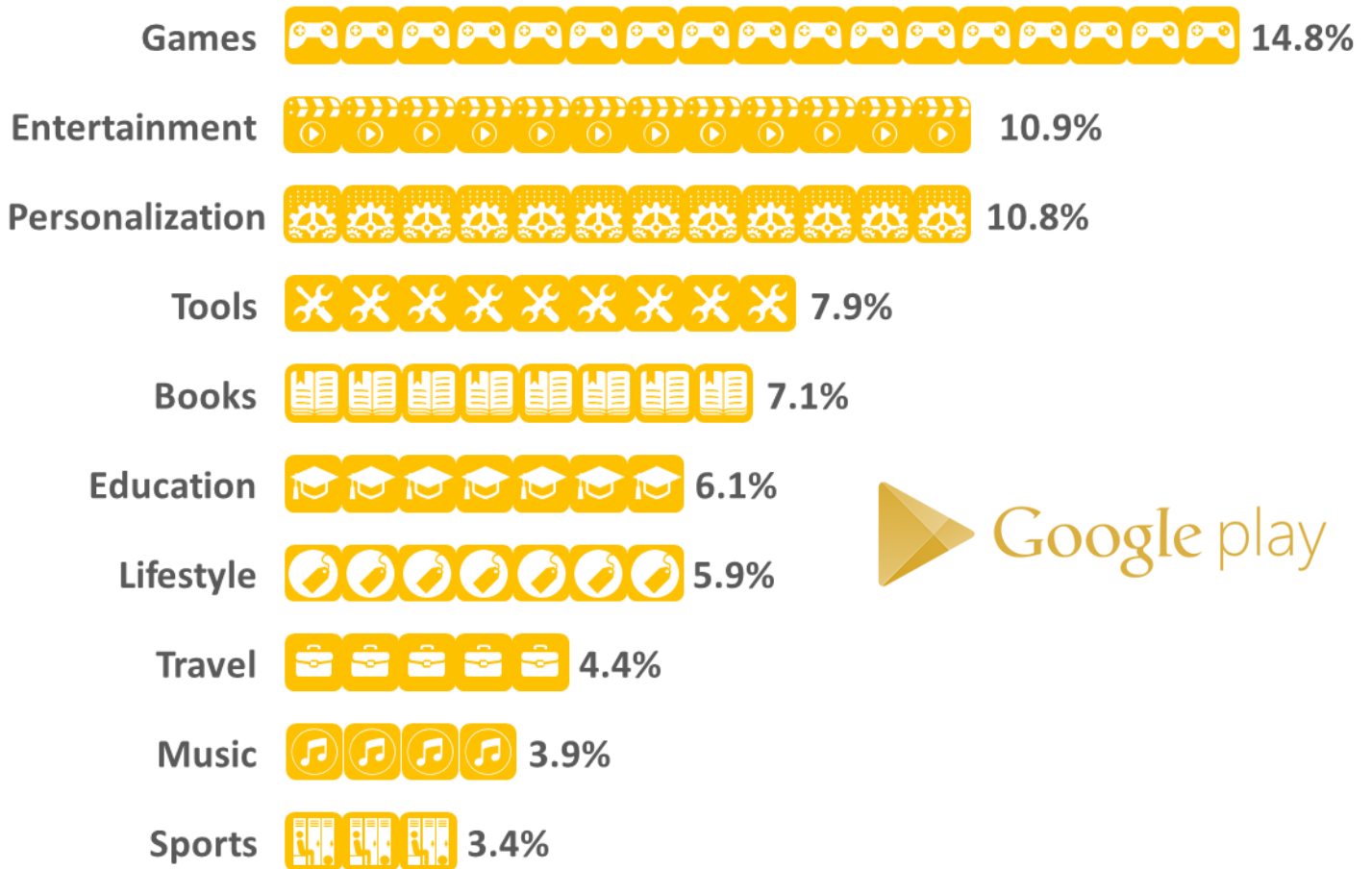
TOP TEN APPLE'S APP STORE CATEGORIES (Q4 2012)

<sup>14</sup> research2guidance and 148apps.biz, 2013

## Google Play is still a platform for games<sup>15</sup>

The majority of apps listed on the Google Play apps store are games.

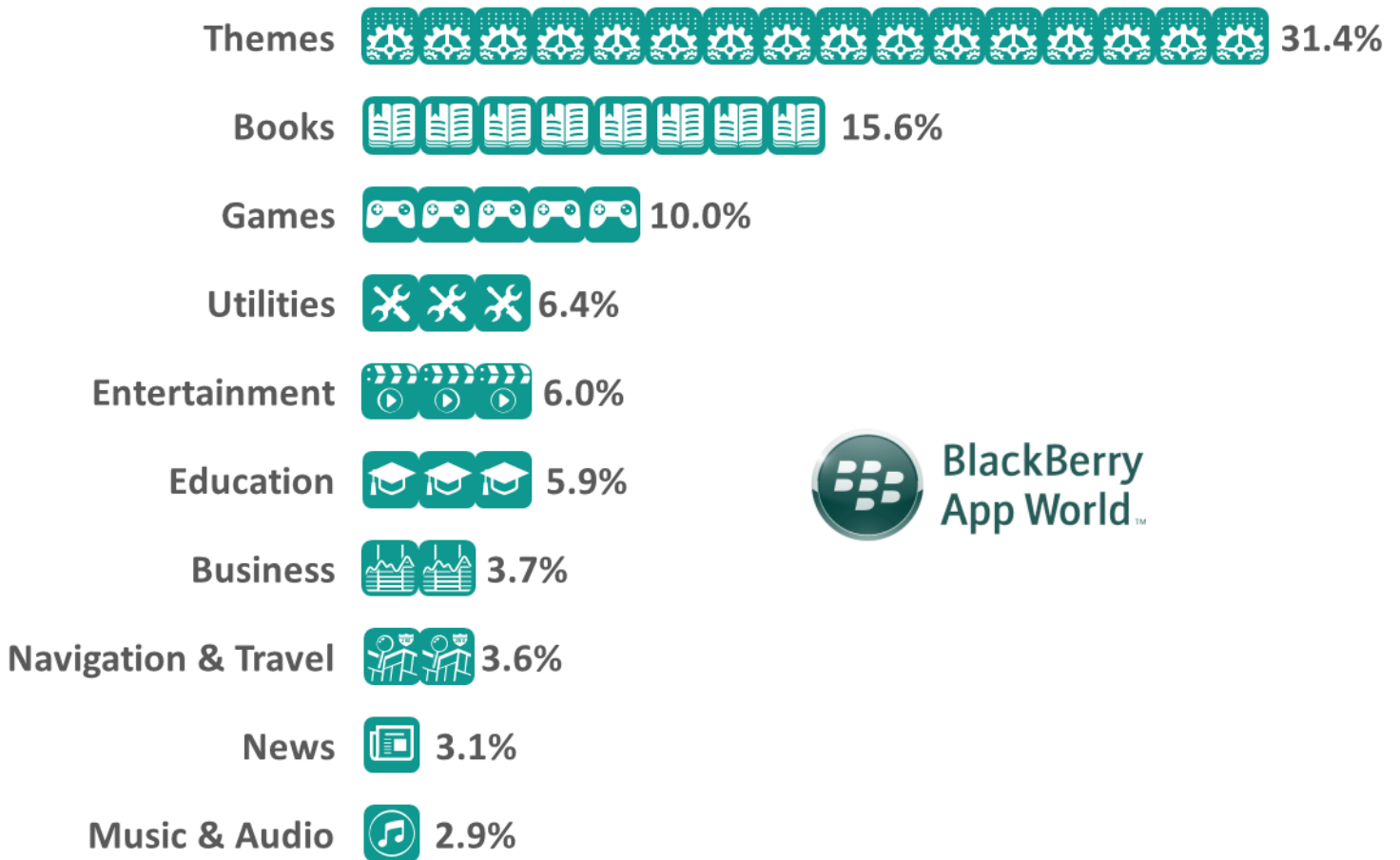
The number of “Education” apps showed the strongest increase of all categories (55% compared to Q3 2012). This growth rate is closely followed by the increment of “Photography” category (not listed among the top 10 app category) with +53%. Overall total apps in Google Play saw a quarter-over-quarter growth rate of 34%.



TOP TEN GOOGLE PLAY CATEGORIES (Q4 2012)

<sup>15</sup> research2guidance and AndroidPIT, 2013

In Q4 2012 BlackBerry World surpassed the 100,000 apps reaching 110,000 mark. The app store saw a quarter-over-quarter growth of 83.6%. “Themes” represent the largest category with strong growth (+5,700 apps in Q4 2012). The second largest category is - “Books”- with 17,100 apps. The top five categories accounted for 69% of the total apps present in the store<sup>16</sup>.



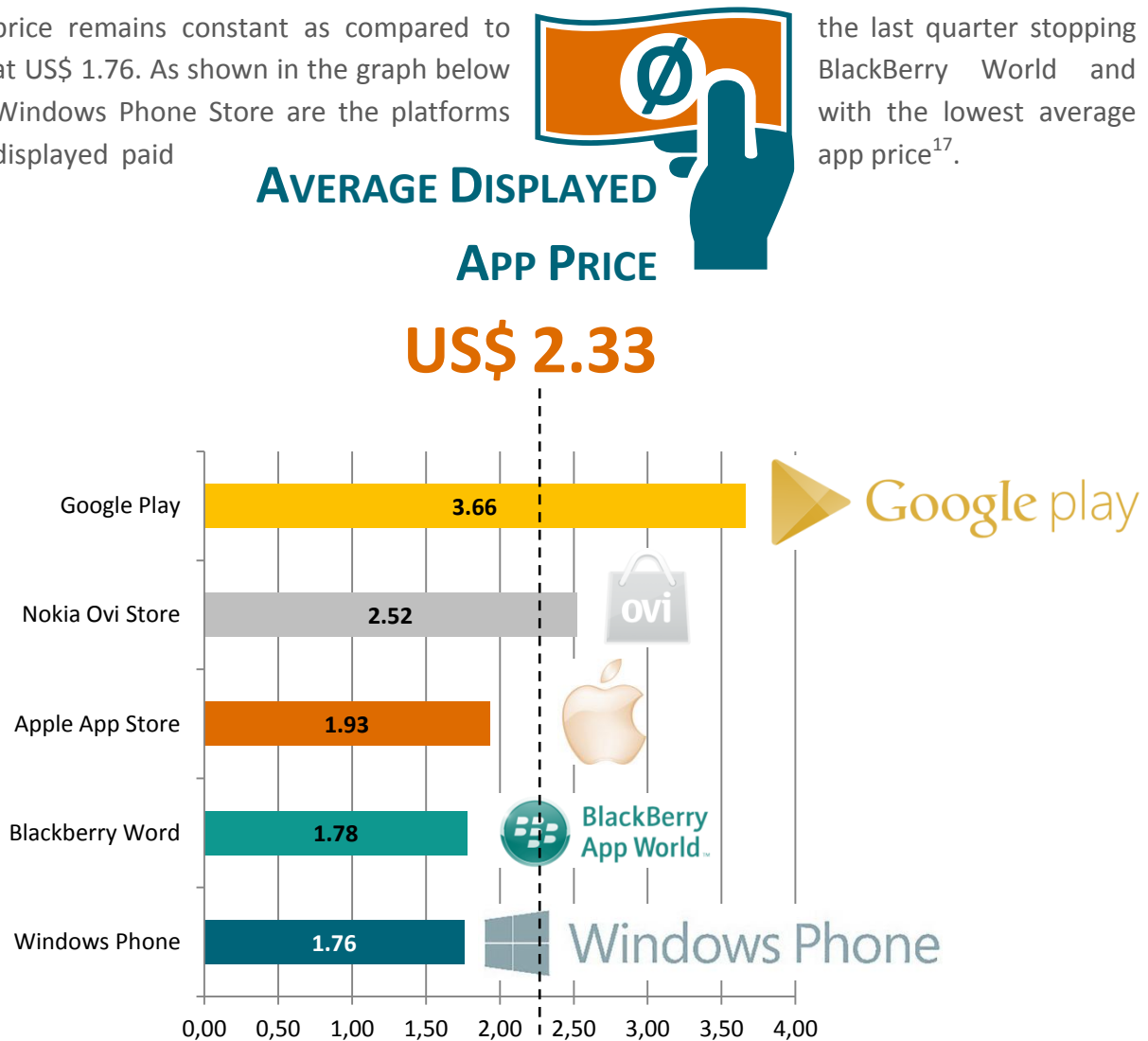
TOP TEN BLACKBERRY WORLD CATEGORIES (Q4 2012)

Content catalogue for BlackBerry users is still different to other leading platforms, but strong growth rates of e.g. games indicate, that this will change in the near future.

<sup>16</sup> research2guidance, 2013

## The average paid app selling price across all the most important stores varies between US\$ 1.76 and US\$ 3.66

In Q4 average app prices remained mostly stable. The average app price in all stores reached US\$ 2.33. The sharp decline in prices during the years 2009-2011 has slowed down in 2012. Google Play now lists the highest average price equaling US\$ 3.66. Microsoft average app price remains constant as compared to at US\$ 1.76. As shown in the graph below Windows Phone Store are the platforms displayed paid the last quarter stopping BlackBerry World and with the lowest average app price<sup>17</sup>.



**AVERAGE DISPLAYED PAID APPLICATION PRICE IN OFFICIAL OEM & OS APPLICATION STORES (Q4 2012)**

<sup>17</sup> research2guidance, 2013 and store websites.

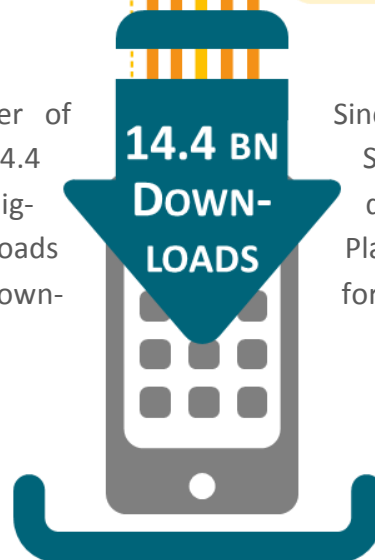
Base: Top Paid apps in Google Play, Nokia Ovi Store, Apple App Store, BlackBerry World and Windows Phone.

## CHAPTER 3: APP PLATFORMS PERFORMANCE BENCHMARKING



In Q4 2012 the total number of downloads reached almost 14.4 billion<sup>18</sup>. Apple has taken the biggest share of cumulated downloads but Android users are now downloading more apps today.

Since the launch of the Apple App Store, the total cumulated downloads hit 40 billion. Google Play total app downloads account for 31 billion by the end of Q4 .

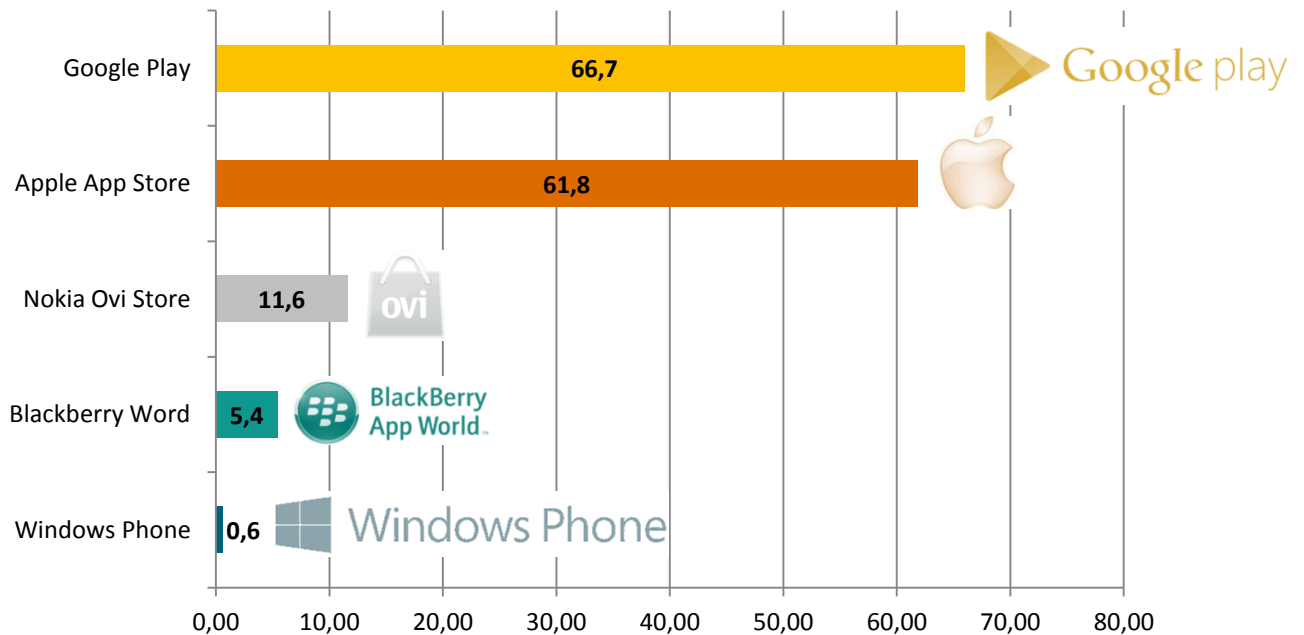


**MORE THAN**  
**14 BN**  
**DOWNLOADS IN Q4 2012<sup>18</sup>**

<sup>18</sup> research2guidance, 2013

## Google Play is the number one download platform for apps reaching almost 70 Mio. downloads per day<sup>19</sup>

Average total daily downloads in Google Play almost reached 70 Mio. in Q4 2012. The latter is closely followed by Apple App Store which presents in average a gap of 5 million downloads per day. As shown in the chart below, the market presents itself as a duopoly. The two giants (Google and Apple) are unquestionably dominating the app store ecosystem.



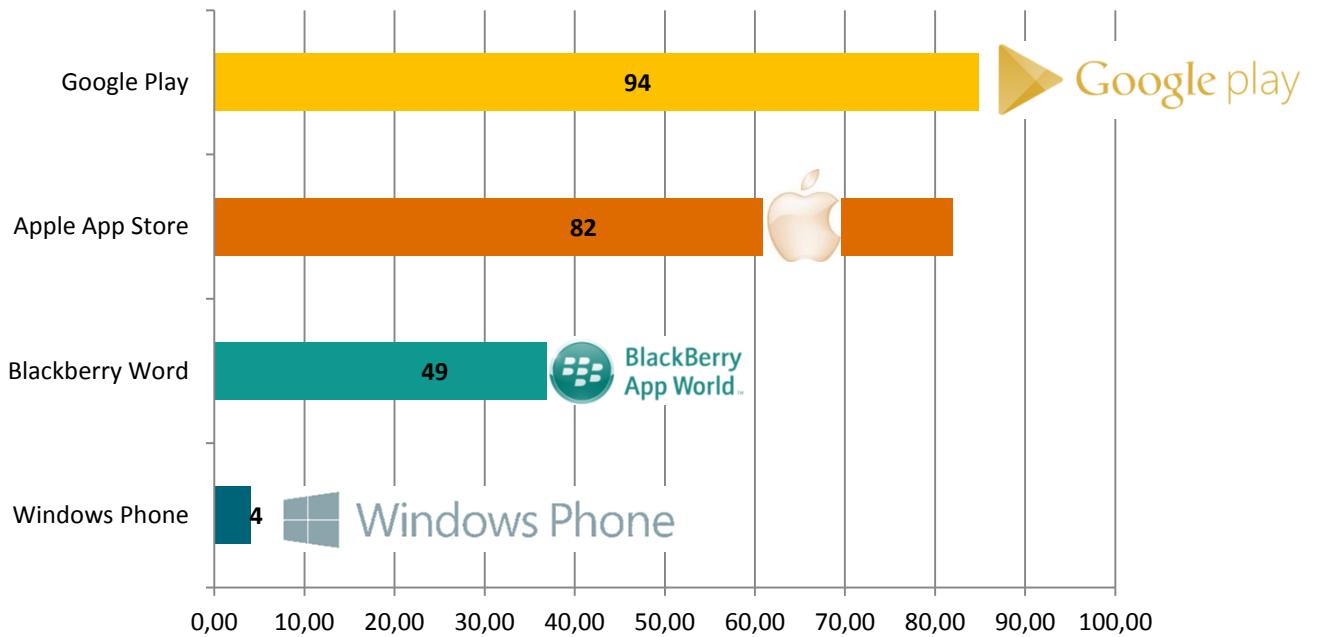
**AVERAGE TOTAL DAILY DOWNLOADS PER APPLICATION STORE (IN MILLIONS)**

<sup>19</sup> research2guidance and companies websites

Note: download numbers refer to apps only; personalization content downloads are excluded

## App publishers can expect to get around 94 downloads per day on Google Play per app<sup>20</sup>

The number of daily downloads an app publishers can expect from one of their apps is around 94 on Google Play. Apple is following with around 80 downloads per app and day. Downloads include free and paid apps. On Android more than 95% of all downloads are for free, whereas Apple users download 8-9 free apps before they get a paid app. The two dominant app platforms offer higher download chances on average compared to their rivals despite the fact that competition is much higher (in terms of number of apps).



### AVERAGE DAILY DOWNLOADS PER APP (Q4 2012)

Platform market share of total downloads has changed over the course of the last year. The basis for the market share analysis are total download numbers of more than 50 full catalogue app stores.

<sup>20</sup> research2guidance and companies websites

Note: download numbers refer to apps only; personalization content downloads are excluded

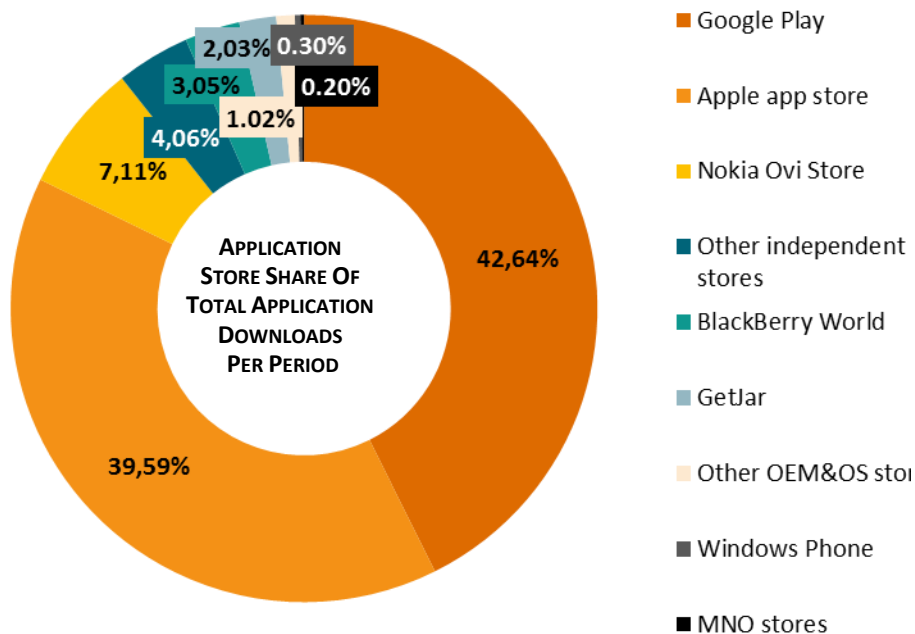


## Google Play has overtaken Apple as number one app platform<sup>21</sup>

Today 42,6% of the all downloads are made on Google Play while 39,6% on the Apple App Store. Third is Nokia Ovi Store accounting for 7,1% of the total. First among the independent stores is GetJar with a market share of 2% still more than Windows Phone Store. MNO stores are being left aside from smartphone users for app downloading.


# 43%

## OF ALL APP DOWNLOADS ARE BEING MADE ON GOOGLE PLAY<sup>21</sup>



<sup>21</sup> research2guidance, 2013

## App store operators are continuing to add additional features and countries to increase usability and reach

- **Microsoft continues Phone Store roll-out:** Microsoft announced the further expansion of its Windows Phone Store. In a blog post, the company said that the headline updates include expansion of the Store to support 42 additional markets. The store is now available in 113 countries worldwide.
  - **Google Play introduces free trials for in-app subscriptions:** Google is allowing Android developers to offer free trials for in-app subscription content. According to Google's Android developer site, users must purchase a full subscription through the standard in-app billing flow and provide a valid form of payment. Google Play then records the transaction as costing zero, and users are informed by email. When the trial ends, the normal subscription cost is deducted from the payment card initially entered. Users can cancel the subscription during the free trial if they want to avoid the payment kicking in.
  - **Google Play introduces operator billing together with Telstra:** Australian number-one operator Telstra began supporting operator billing for Google Play, enabling customers to purchase apps
- 
- **Amazon opened for Japanese app submissions:** Amazon said that developers can submit apps to its portal for distribution in Japan later this year. The company described this as “another significant addition to Amazon’s complete end-to-end platform for developers looking to build, market and monetise their apps and games”.
  - **Google Play introduces malware scanning:** Google is developing malware scanner technology for Google Play. The first element of the technology is an ‘App Check’ which allows Google to inspect every app that users have already downloaded. This is complemented by an app blocker function, which warns users before an app has been installed. The code suggests there will be an option to turn this off, allowing users to download apps without potential malware being flagged.
  - **Samsung updates Samsung Apps submission process:** Samsung announced a revamp to the submission process for its Samsung Apps store, with new category settings it said enables developers to “distribute apps with far more convenience”.

**Independent app stores are often overlooked by app publishers, but they do offer advantages in promoting apps.** Their market share is decreasing quarter per quarter. As a consequence one of the prominent independent app stores had to close doors.

- **Mobihand closes operations:** the independent store Mobihand announced its bankruptcy after eight years in the market. Mobihand has been a pioneer in the app market, opening their store four years before Apple and Google.

## CHAPTER 4: THREE THINGS TO TAKE AWAY

There are many conclusions that can be drawn out of the collection of data displayed in the previous chapters. We want to highlight three.

### DIVERSITY OF MOBILE OPERATING SYSTEMS WILL INCREASE

Today, 90 % of all smartphones come with an IOS or Android operating system. Maybe mobile phones user can live with this uniformity but most of the smartphone device manufacturers can't, if they don't want to compete only by price. As a consequence new and fresh operating systems will be loaded on smartphones especially from 2<sup>nd</sup> tier device manufacturers like HTC, Huawei and ZTE to offer something different.

### APP DEVELOPMENT WILL BECOME MORE COMPLEX

Compared to the world today, where most of the app publishers and developers are concentrating on iOS and Android, the need for adding at least Windows Phone and BlackBerry to the "served platform list" will increase over the next 2 years. If companies want to reach out to the community of early adopters they would even have to include new OS platforms like Ubuntu or Jolla to the list. Adding HTML5 makes 2-7 platforms to watch and/or maintain. That is good news for the app development industry and multi-platform tool vendors<sup>22</sup>, but starts to become a real management task for companies trying to reach their customers with the help of mobile apps.

### MANAGING THE APP STORE LANDSCAPE WILL BE KEY FOR THE DISTRIBUTION SUCCESS OF AN APP

App stores will remain the main distribution channel for apps during the upcoming years. With the growing number of apps, we will see that new app distribution platforms emerge. They will specifically address e.g. business, health, adult and children app users needs and offer additional downloads and marketing opportunities for app publishers. The number of app stores increase month by month and it is not possible to track all of them, but it is a safe bet to say that there are more than 500 apps stores out there. App publishers don't need to know all of them but they should be aware of the most relevant for their target groups as

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<sup>22</sup> End of Q2 2013, research2guidance will release the 3rd edition of the „Multi-Plattform App Development Solution Report“. E-Mail us to get on the distribution list.

well as upcoming service providers that help to distribute an app on dozens and hundreds of app stores.

Whether we like it or not, building and marketing an app is becoming an important part of companies business. It will even have a bigger impact than the commercialization of the internet economy at the beginning of the century.

## ABOUT RESEARCH2GUIDANCE

research2guidance is a strategy consultancy and market intelligence company specializing in the mobile app market.

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