

For Immediate Release
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Futuresource: Mobile App stores will generate 15 billion dollars in 2013

Mobile application stores are revitalising the mobile content market, with 3.6 billion apps downloaded from app stores in 2009, expected to rise to 6.6 billion this year, and growing to 16.2 billion in 2013, according to a new strategic report from Futuresource Consulting.

“More than 85% of app store downloads are currently free to users, and we expect this percentage to remain stable for the next few years,” says Patrik Pfandler, senior market analyst at Futuresource. “Despite this glut of free content, the market will still experience vigorous consumer spending, and the paid-for market has already developed beyond the established gaming segment. Our forecasts are showing global revenues of 4.6 billion dollars this year, rising to nearly 15 billion dollars in 2013, which includes payments for direct pay-per-download and indirect value-add services like in-app payments and subscriptions. These figures are directly attributable to app stores - we aren’t including the established Java mobile gaming market, which posted more than four billion dollars last year.

“Factor in mobile content revenues which fall beyond the world of the apps store - like direct downloads from gaming companies, handset manufacturers and operators, video downloads, music and ringtones - and the whole package will be worth 38 billion dollars worldwide by 2013.”

The Rise of Apple’s App Store

The success of Apple’s app store has sent shockwaves through the industry and is likely to gain further momentum in 2010, as the iPhone continues to roll out across a larger number of operators. By the end of 2009, approximately 70 million iPhone and iPod Touch users downloaded over three billion applications from the Apple app store, with Apple taking a 70% share of total apps downloads that year.

“Other handset vendors are now being challenged to drive their own application propositions to maintain handset market share,” says Pfandler. “Nokia is a key player and is currently driving its own Ovi-based apps program; Samsung is also pushing apps development as a core element of its strategy, with its own and third party operating systems. Meanwhile, RIM (Blackberry) is driving hard into the consumer market and is well-placed to play a pivotal role in helping to counter-balance the strength of Apple. Google’s foray into the mobile hardware market and the vast resources it can channel into its

Android platform place it in a favourable position, but Google will need strong support from other handset vendors to reach critical mass.”

Powers of Search

As with mainstream Internet browsing, search discovery will be critical to the success or failure of any app, particularly as application numbers increase exponentially and developers look to gain competitive exposure.

“Word-of-mouth and viral campaigns are the key methods of directing users towards particular apps and app stores,” says Pfandler, “though smartphone users are also browsing apps charts, responding to mobile ads and ads embedded within their existing apps, as well as reacting favourably to more traditional online, television and even print advertising.

“Mobile applications are increasingly being used by companies as effective promotional tools for their products, services and brands - many of us will never forget the instant appeal of the Carling beer glass app.”

The Smartphone and Beyond

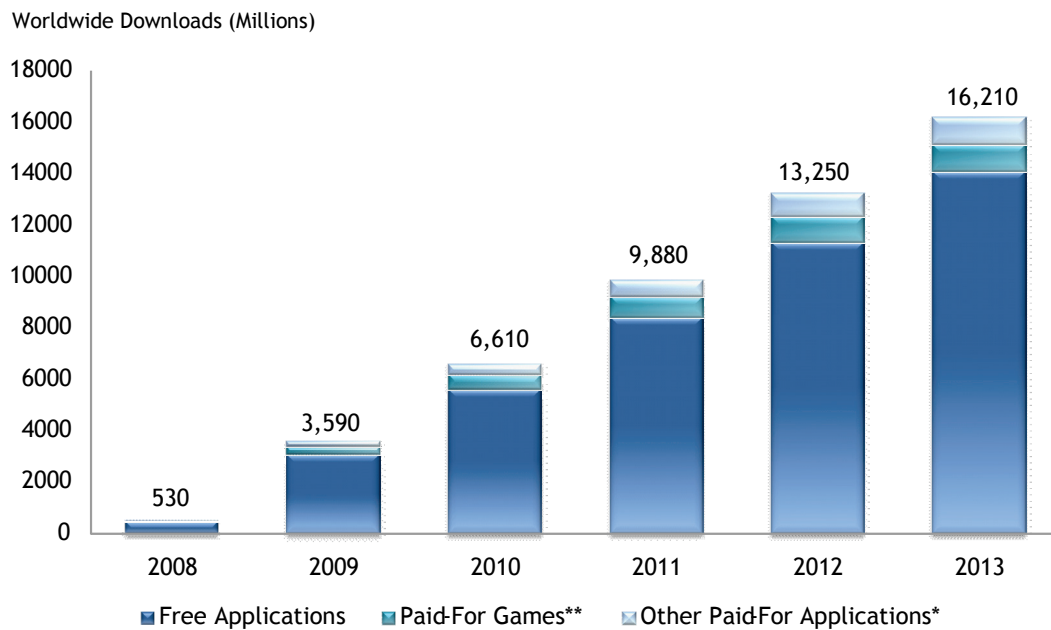
Last year, mobile phone ownership exceeded four billion users, which equates to nearly 60% of the world’s population. Although the total handset market began to decline in 2009, smartphone sales are rising fast, with Futuresource predicting that more than one billion people will own a smartphone by 2013. As the smartphone continues to morph into a highly disruptive converged device, opportunities are being created for unique applications that play to the ‘always with you’, ‘always on’ and geo-locational nature of the technology.

Moving forward, the success of the app store holds promise for other devices such as tablets and connected TVs. In particular, Futuresource expects applications to become a key feature of connected TVs and Blu-ray players, primarily centred upon familiar applications (sport results or weather) and brands that require very little stretching to accommodate the positional shift (YouTube).

The Futuresource *Mobile Applications Market Report* was released in January 2010 and assesses the market for applications downloaded from application stores to programmable cellphones or smartphones. Market development, regional breakdowns, business models, platform shares and key app store players are just some of the elements covered in this strategic report. For more information or to purchase this report, please contact Patrik Pfandler on +44 (0) 1582 500 163 or via email at patrik.pfandler@futuresource-hq.com.

Mobile Applications Forecasts: Global

(Apps Stores Only**)



* Including Navigation & Mapping ** Excludes direct downloads from mobile gaming companies and others

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Save the date

The Futuresource Entertainment Summit 10-11 June 2010, London, UK

Addressing the business opportunities presented by new home entertainment technologies, platforms and delivery systems, this year's conference focuses on the strategic impact of 3D, the rise of IP connected devices and the changing face of retail, plus revenue stream development and optimisation for Blu-ray and online content services. Find out more at www.fes2010.com.

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