

# Mobile application momentum

---

February 2010

With the seemingly un-wavering boom in sales of smart mobile handsets, the opportunity for developing and selling mobile applications more sophisticated than ringtones and games is ever more appealing. But while the market is growing, it is also changing and evolving rapidly, with new concepts and technologies vying for attention. In order to gain momentum mobile applications need to have both the 'mass' of appealing value for customers and the 'velocity' of the most appropriate, rapid and wide reaching routes to market.

Rob Bamforth  
Quocirca Ltd  
Tel : +44 7802 175796  
Email:  
[rob.bamforth@quocirca.com](mailto:rob.bamforth@quocirca.com)

Clive Longbottom  
Quocirca Ltd  
Tel: +44 118 9483360  
Email:  
[clive.longbottom@quocirca.com](mailto:clive.longbottom@quocirca.com)

*An independent report by Quocirca Ltd.*

[www.quocirca.com](http://www.quocirca.com)

©Quocirca 2010

quocirca

## 1. Why write mobile applications?

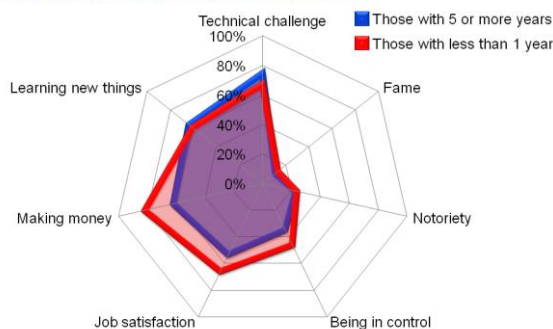
With the seemingly un-wavering boom in sales of smart mobile handsets, the opportunity for developing and selling mobile applications more sophisticated than ringtones and games is increasingly appealing.

However there are many challenges facing software developers wishing to target smartphone users. Despite the enterprise success of BlackBerry, the cool presence of the iPhone, and the businesslike familiarity of Windows Mobile, these are not the only platform options for developers. Recent entrants such as Google’s Android, the return of Palm and old stalwarts like Symbian or Java plus other mobile platforms underlines the multiplicity of options. Even Linux is waiting in the wings, with handsets from the likes of ELSE almost ready to hit the markets.

There is also the difficulty of developing compelling applications on tiny screens with varied input options, low battery life, limited processor power and memory. This means it is critical to get an application that blends the right criteria for success: technical, commercial and those tricky to quantify user demands that will drive real adoption.

Recent Quocirca research investigated mobile application thinking, by interviewing 300 developers with an interest in mobile from across Europe in the Spring of 2009. Despite around two thirds of these developers admitting they are driven by ‘technical challenge’ and learning new skills, many are still interested in making money from their efforts, especially those with less experience of the mobile market (Figure 1).

**Figure 1**  
How many mobile developers are motivated by different factors, depending on length of experience?



So how can they build mobile revenue momentum?

## 2. Assessing momentum

Quocirca employs a set of six criteria based on user needs to assess the potential value of the market for various different mobile applications. These are applied to assess value and see if an application possesses the right mix of attributes to retain momentum in a competitive market; we call it the Quocirca Mobile Assessment (Q-Mass).

The criteria, listed below, are designed to assess the application beyond its raw technical merit and towards appeal, adoption and traction:

**Usable** - is the application simple to use? Does it fit established application norms; style, layout of options, and the use of device specific interfaces (such as touch screens or scroll wheels)? Does it recognise the limits of the device and the constraints of the environment the user may be operating in?

**Affordable** – is the basic application price point acceptable? Is it clear where and when costs are or will be incurred? If free, are there reasons for this and are the commercial aspects e.g. ad funded etc still apparent? Is its use dependent upon other charges, such as airtime or data tariffs? Is it likely to be too expensive to use while roaming?

**Valued** – Do the costs charged match the perceived value for that individual user or target demographic group? Does the commercial model constrain or encourage use? Are there clear incremental options e.g. upgrade from free to pay as you go and upgrade again to all-you-can-eat ‘pro’ versions?

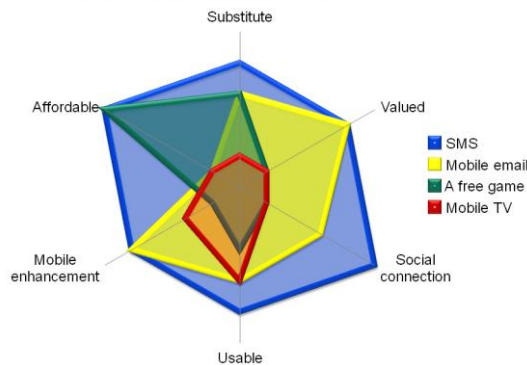
**Mobile enhancement** – does the application take advantage of uniquely mobile criteria? Are location, movement, or orientation taken into account? Does it extend or replace a desktop service or application? Is it simplified to only make sense while mobile or does it display too much functionality? Does it understand the limitations of the network connection?

**Social connection** – how does the application allow the user to connect to others? Do they have to be existing users or can the application be promoted virally? Does it use established mobile communication paths such as SMS, IM, email or voice? Does it have the means to provide feedback, or for links and comments to be shared with the user’s social groups to provide recommendations and aid discoverability?

**Substitute** – what activity or resource does the application replace? Potential users are time constrained already and only have finite budgets – what will they stop doing or stop spending on to have time and money for this? It may not be a direct alternative, for example early teenage growth of text messaging had a negative impact on confectionary sales as pocket money was diverted to SMS.

An individual application can be assessed and rated using this approach, and compared with others to see where there are strengths and weaknesses. Not only specific applications, but application sectors can use common criteria to be assessed and compared as in this example with the area in each case representing a notional comparative 'Q-Mass' (Figure 2).

**Figure 2**  
Applying Q-Mass to different applications – in each category distance from centre indicates higher score



Based on the relative strength or weakness of one criteria versus another, an assessment can be made as to the potential interest and adoption. This can be more finely honed if different types of target markets and customer types have been identified. Here the Q-Mass can be applied to one application but with each target demographic or segment assessed against the criteria. For some price will be more important, for others the social connection and so on .

In this way, those involved in the marketing of mobile applications can identify unseen weak spots and previously unidentified opportunities, and adapt their market appropriately. It might also lead them to look more closely at their channel, and how they expect to bring their product or service to market.

### 3. Getting to market

Generating speed and setting direction when bringing a mobile application to market is part of the momentum building process. There are always traditional marketing elements to consider – product, price, place, promotion – but with mobile applications other elements become very important. In addition to the 4 P's, it is necessary to look at the 3 R's:

**Reach** – the traditional 'place' issue is extended by a plethora of online options, over the air download advantages and alternative routes that might need to be considered to get to the right target audience.

**Relevance** – tailoring, personalisation and adaptation to ensure an application meets the customer's mobile specific needs – at subscriber, device and network levels.

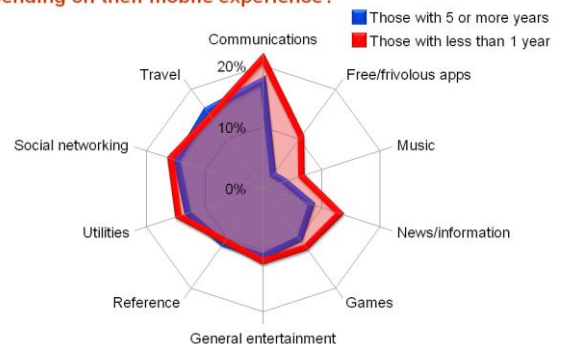
**Revenue** – a suitable method to generate income which in a mobile context could be by subscription, upfront fee, or the use of a free teaser that leads to a further commercial transaction. In all cases other members of the value chain – handset companies and mobile operators in particular – need to be taken into account.

### A whole bunch of 'app stores'

The apparent runaway success of the Apple App Store has spurred many followers, both in terms of developer community and storefront support. Hardware vendors have long provided a shop window for products running on their platform as a successful ploy in the IT industry, and this naturally migrated from brochure-ware to the internet, and now to a mobile download route.

Widespread access to sufficiently fast mobile networks has pushed the mobile application opportunity forwards, but a bigger boost has come from affordable flatter rate data tariffs. What started with ringtones and simple Java games has broadened into rich media content and more interesting application categories for mobile developers to target, even in the consumer space (Figure 3).

**Figure 3**  
Which consumer applications appeal to developers, depending on their mobile experience?



### Fairer revenue share

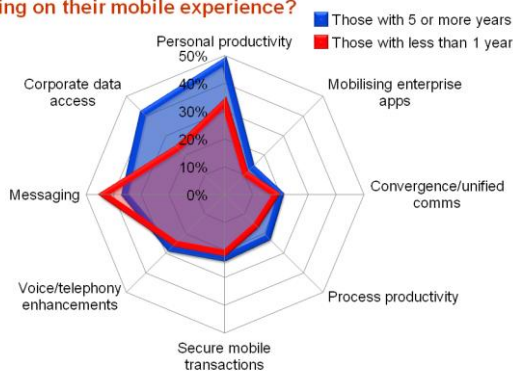
Until the launch of Apple's iPhone, the monetising of mobile applications was either controlled by the carriers, or a direct to consumer model through independent portals. Early mobile content such as ringtones managed to attract a perhaps unjustified higher price, partly because it was harder and more expensive for those outside the operators to cost-effectively bill for small amounts. Operators have for the most part been in total control of the billing relationship with subscribers but it is this screw that Apple managed to turn – a first for handset providers.

While Apple has undoubtedly successfully translated the 'buy a tune or video clip' model of iTunes into the mobile application domain, unfortunately for

application developers the returns are also at a similar price point to music tracks - sub one dollar, euro or pound – making the development of more sophisticated applications a difficult proposition to position, as low per unit sales prices will often not cover the costs and effort involved.

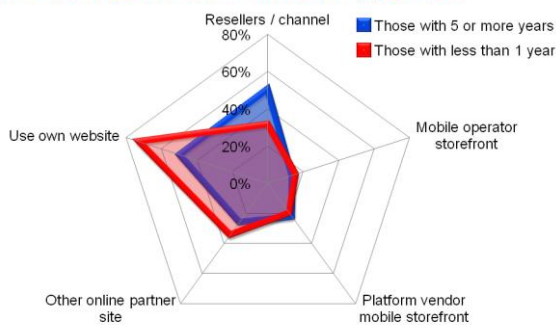
Developing more complex mobile applications requires greater effort, so many developers targeting mobile enterprise applications will start by focussing on simpler areas with personal impact and without complex enterprise integration headaches (Figure 4).

**Figure 4**  
Which business application appeal to mobile developers, depending on their mobile experience?



No wonder that many developers think that a more traditional model where they sell through their own online store, or work with a partner channel will be more effective than going to a handset or operator storefront (Figure 5).

**Figure 5**  
How does length of mobile experience affect developers' view of preferred routes to market for mobile applications



Big marketing budgets will also help with the promotion of mobile applications, but only the established wealthy players and not the innovative upstarts who might offer something really different. Of course there are recommendation engines to solicit buyer feedback, Web2.0 user generated contributions and social networks, but these too need significant effort, through upfront planning, targeting and vendor support of the online communities to be effective.

## 4. Conclusion

The internet has extended the reach of corporate information and services directed at consumers, but, mobile takes digital reach a step closer, adding the ability to shift the place or location where an activity must be performed to fit with the needs of the user. This 'place-shifting' is even more powerful for the mobile user than 'time-shifting' offered by content recording that VCRs first offered in the 1980s.

It encourages 'made for mobile' applications that exploit the supportive nature of the mobile phone, not simply as a complete alternative screen to media and online, but as a complementary add-on. Mobile applications that add value by place-shifting online or other media services are desirable, and this creates opportunities for innovative application categories:

**Information** – presented in a mobile friendly way, respecting screen and interface limitations. Tailoring presentation to meet a mobile need – e.g., displaying only current train times for a railway station, contact and location map information for a nearby retail outlet – relevance not information overload.

**Entertainment** – allowing the individual to "snack" on games or rich media content, like mobile TV and 'mobisodes' specifically targeted for the mobile device to alleviate those micro-moments of boredom.

**Control** – need to change the answering machine message, forgot to set the hard disk media recorder, or making product selections while out and about? With the right application the mobile phone can be used as a remote controller for other services.

**Relationship** – social networking between peers and increasingly from business to person. One wine bar chain offers a 'buy me a drink' service so that small favours can be repaid by sending a drinks voucher to the one who performed the favour, paid for remotely by the person who benefited

**Transaction** – m-commerce; scheduling a bill payment, placing a bet, making a share deal. The timeliness of doing this when and where the user needs means that decisions can be taken on the spot, rather than delayed, postponed and perhaps forgotten.

Many companies who failed during the dotcom boom and bust were not brought down by their poor use of technology, but by their inability to build their new internet business on a strong commercial foundation. The same will be true of companies who place the concept of 'mobile' ahead of good business sense. Simply developing good mobile applications is not enough, they must meet the needs of their intended audience and be brought to market effectively.

### **About Quocirca**

Quocirca is a primary research and analysis company specialising in the business impact of information technology and communications (ITC). With world-wide, native language reach, Quocirca provides in-depth insights into the views of buyers and influencers in large, mid-sized and small organisations. Its analyst team is made up of real-world practitioners with firsthand experience of ITC delivery who continuously research and track the industry and its real usage in the market.