Gartner

Press Release

Gartner Says Free Apps Will Account for Nearly 90 Per Cent of Total Mobile App Store Downloads in 2012

Key Trends for the Mobile Industry to Be Examined at Gartner Symposium/ITxpo 2012

STAMFORD, Conn., September 11, 2012 — Free apps will account for 89 per cent of total downloads in 2012, according to Gartner, Inc. Worldwide mobile app store downloads will surpass 45.6 billion in 2012, with free downloads accounting for 40.1 billion, and paid-for downloads totalling 5 billion (see Table 1).

"In terms of the apps that consumers are buying, 90 per cent of the paid-for downloads cost less than $3 each," said Sandy Shen, research director at Gartner. "Similar to free apps, lower-priced apps will drive the majority of downloads. Apps between 99 cents and $2.99 will account for 87.5 per cent of paid-for downloads in 2012, and 96 per cent by 2016."

Gartner expects Apple's App Store to have more than 21 billion downloads in 2012, which is an increase of 74 per cent over 2011 and indicates continued strong demand for mobile app content.

"Apple's market share is the largest, considering its App Store accounts for 25 per cent of available apps in all stores," said Brian Blau, research director at Gartner. "The number of apps available is driven by an increasing number of stores in the market today that include platform owners, device vendors, communication service providers (CSPs) and others who want to offer core mobile app services. These stores will see their combined share of total downloads increase, but demand for apps overall will still be dominated by Apple, Google and Microsoft."

Table 1. Mobile App Store Downloads, Worldwide, 2010-2016 (Millions of Downloads)

	2011	2012	2013	2014	2015	2016
Free Downloads	22,044	40,599	73,280	119,842	188,946	287,933
Paid-for Downloads	2,893	5,018	8,142	11,853	16,430	21,672
Total Downloads	**24,936**	**45,617**	**81,422**	**131,695**	**205,376**	**309,606**
Free Downloads %	*88.4%*	*89.0%*	*90.0%*	*91.0%*	*92.0%*	*93.0%*

Source: Gartner (September 2012)

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Besides a few major app stores from global OS vendors (such as Apple's App Store, Google Play and Microsoft's Windows Phone Marketplace), Gartner analysts said there are also stores from third parties that attract users with their brands or take advantage of the lack of dominant players in some markets.

"Amazon has appealed to users with its strong brand, global presence and a good selection of high-quality content while Facebook's recently launched App Center — supporting both mobile devices and desktops — will become a powerful competitor due to its strong brand and leading position in social networking and gaming," said Ms Shen. "In China, there is a boom market of independent Android stores, due to the lack of presence of Google Play and 'weak' stores from CSPs. We expect to see more new entrants to the market, aiming to deepen relationships with their customers and/or to capture some of this growth market."

Using an in-app purchase business model is a more effective method of converting casual app users into paying customers and then retaining them with good user experience and continued product updates. This is a different approach from upfront payment where users pay and download, and can be disappointed by the experience and never come back. In-app purchasing opens the door to a recurring revenue stream for developers, but app performance and design will always be the most important factor when attracting new users and keeping them satisfied.

In-app purchases will drive 41 per cent of the store revenue in 2016. While the market is moving toward free and low-priced apps, in-app purchases will drive downloads as well as app store revenue. Gartner expects the number of downloads featuring in-app purchase will increase from 5 per cent of total downloads in 2011 to 30 per cent in 2016, and its contribution to the store revenue will increase from 10 to 41 per cent in the same period.

"App stores should support in-app purchases as soon as possible as this offers a new path of monetisation, and helps to attract developers as they attempt to extend an app's momentum by providing easy access to upgraded services and functionality," Mr Blau said.

Additional information is available in the report "Market Trends: Mobile App Stores, Worldwide, 2012" at http://www.gartner.com/resId=2126015.

Gartner analysts will examine the key issues around mobility at Gartner Symposium/ITxpo 2012.

About Gartner Symposium/ITxpo
Gartner Symposium/ITxpo is the world's most important gathering of CIOs and senior IT executives. This event delivers independent and objective content with the authority and weight of the world's leading IT research and advisory organization, and provides access to the latest solutions from key technology providers. Gartner's annual Symposium/ITxpo events are key components of attendees' annual planning efforts. IT executives rely on Gartner Symposium/ITxpo to gain insight into how their organizations can use IT to address business challenges and improve operational efficiency.

Additional information for Gartner Symposium/ITxpo 2012 in Barcelona, 5-8 November, is available at www.gartner.com/eu/symposium. Follow news, photos and video coming from Gartner Symposium/ITxpo on Facebook at http://www.facebook.com/#!/GartnerSymposium, and on Twitter at http://twitter.com/Gartner_inc and using #GartnerSym.

Members of the media can register for the event by contacting Laurence Goasduff at laurence.goasduff@gartner.com or on + 44 (0) 1784 267 195.

Upcoming dates and locations for Gartner Symposium/ITxpo include:
3-5 October 2012, Tokyo, Japan: www.gartner.com/jp/symposium
10-12 October 2012, Goa, India: www.gartner.com/in/symposium
21-25 October 2012, Orlando, Florida: www.gartner.com/us/symposium
29-31 October 2012, Sao Paulo, Brazil: www.gartner.com/br/symposium
5-8 November 2012, Barcelona, Spain: www.gartner.com/eu/symposium
12-15 November 2012, Gold Coast, Australia: www.gartner.com/au/symposium
5-7 March, 2013, Dubai, UAE: www.gartner.com/technology/symposium/dubai/

Gartner will host a complimentary webinar on 27 September at 2:30pm UK time titled, "The Evolution of the Powerful New Nexus: Gartner Symposium/ITxpo 2012 Preview". Peter Sondergaard, senior vice president and global head of research at Gartner, will discuss why the Nexus of Forces is such a crucial concept for all CIOs and IT leaders and how it has evolved. He will also explain why this year's theme "Focus, Connect, Lead" is so central to Gartner Symposium/ITxpo 2012. To register for this free webinar, please visit http://my.gartner.com/webinardetail/resId=2142416.

About Gartner
Gartner, Inc. (NYSE: IT) is the world's leading information technology research and advisory company. Gartner delivers the technology-related insight necessary for its clients to make the right decisions, every day. From CIOs and senior IT leaders in corporations and government agencies, to business leaders in high-tech and telecom enterprises and professional services firms, to technology investors, Gartner is a valuable partner in 12,000 distinct organizations. Through the resources of Gartner Research, Gartner Executive Programs, Gartner Consulting and Gartner Events, Gartner works with every client to research, analyze and interpret the business of IT within the context of their individual role. Founded in 1979, Gartner is headquartered in Stamford, Connecticut, USA, and has 5,200 associates, including 1,280 research analysts and consultants, and clients in 85 countries. For more information, visit www.gartner.com

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