The State Of Mobile Apps

Created for the AppNation Conference with Insights from The Nielsen Company's Mobile Apps Playbook

by The Nielsen Company

Introduction

Most Americans can't imagine leaving home without their mobile phones. Nearly all adults in the U.S. now have cellphones, with one in four having smartphones, pocket-sized devices more powerful than the computers initially used to send men to the moon. By the end of 2011, Nielsen predicts that the majority of mobile subscribers in the U.S. will have smartphones. With their rich features and capabilities, these devices have been fertile ground for the growth of mobile apps. As of June 2010, 59% of smartphone owners and nearly 9% of feature phone owners report having downloaded a mobile app in the last 30 days.

To better understand the growing popularity of mobile apps—and help all players in the mobile ecosystem figure out how to profit from their growth—The Nielsen Company launched the Mobile Apps Playbook in December 2009. The most recent version of the study was released in September 2010 and was based on an August 2010 survey of more than 4,000 mobile subscribers who had reported downloading a mobile app in the previous 30 days.

This white paper summarizes some of the findings of the Nielsen App Playbook study and was created for the first-ever AppNation Conference, held in San Francisco in September 2010.

Most Popular Apps

Games continue to be the most popular category of apps for both feature phone and smartphone users alike. Sixty-one percent of smartphone owners and 52% of feature phone owners report using a game app in the past 30 days. Weather apps are the next most popular category.
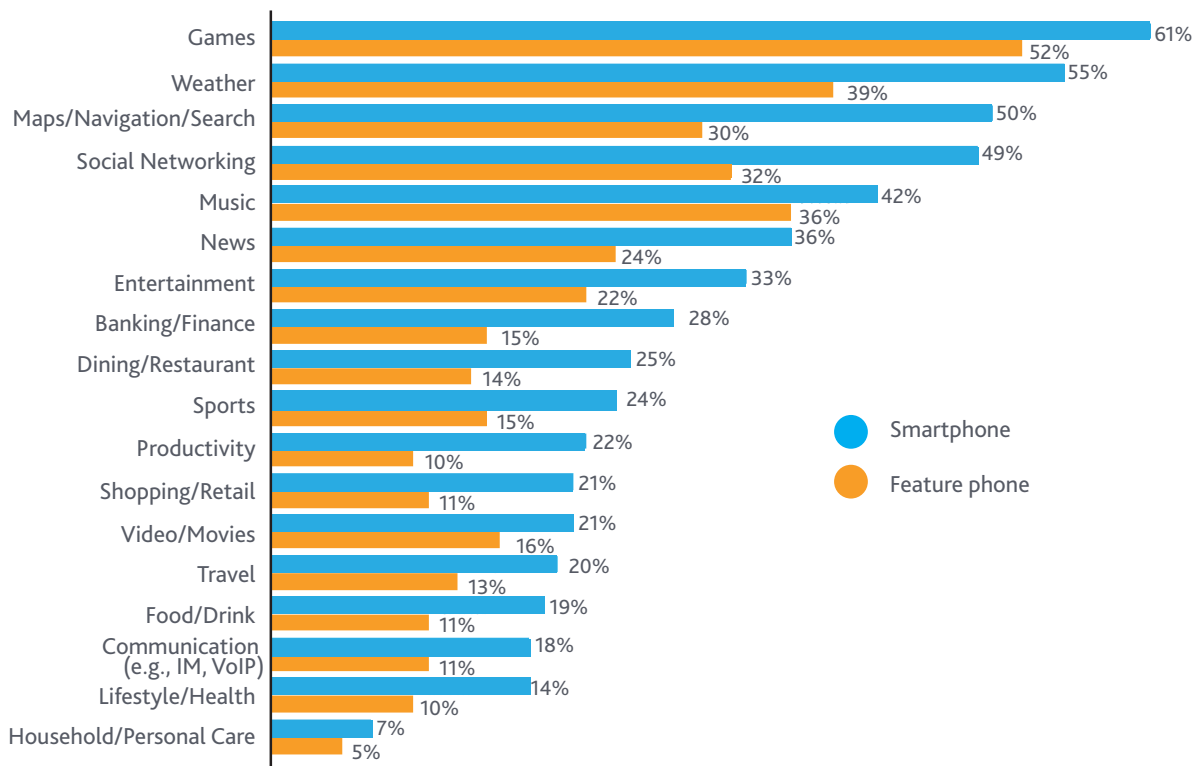
But while all categories of applications are more popular on smartphones than on feature phones, the difference is more pronounced in categories such as Maps/Navigation, where more computing power, larger screens and touch interfaces deliver a more satisfying experience.

When it comes to the popularity of individual apps, Facebook reigns supreme on all smartphone operating systems. The most used apps are popular among users of all operating systems, although there area few minor differences: Twitter is among the top five only on the BlackBerry, perhaps because the device's keyboard is optimized for typing. And while YouTube is popular on Android and Windows Mobile, it doesn't make the top five on the iPhone or BlackBerry operating systems. Naturally, iPod/iTunes is popular only among iPhone users.
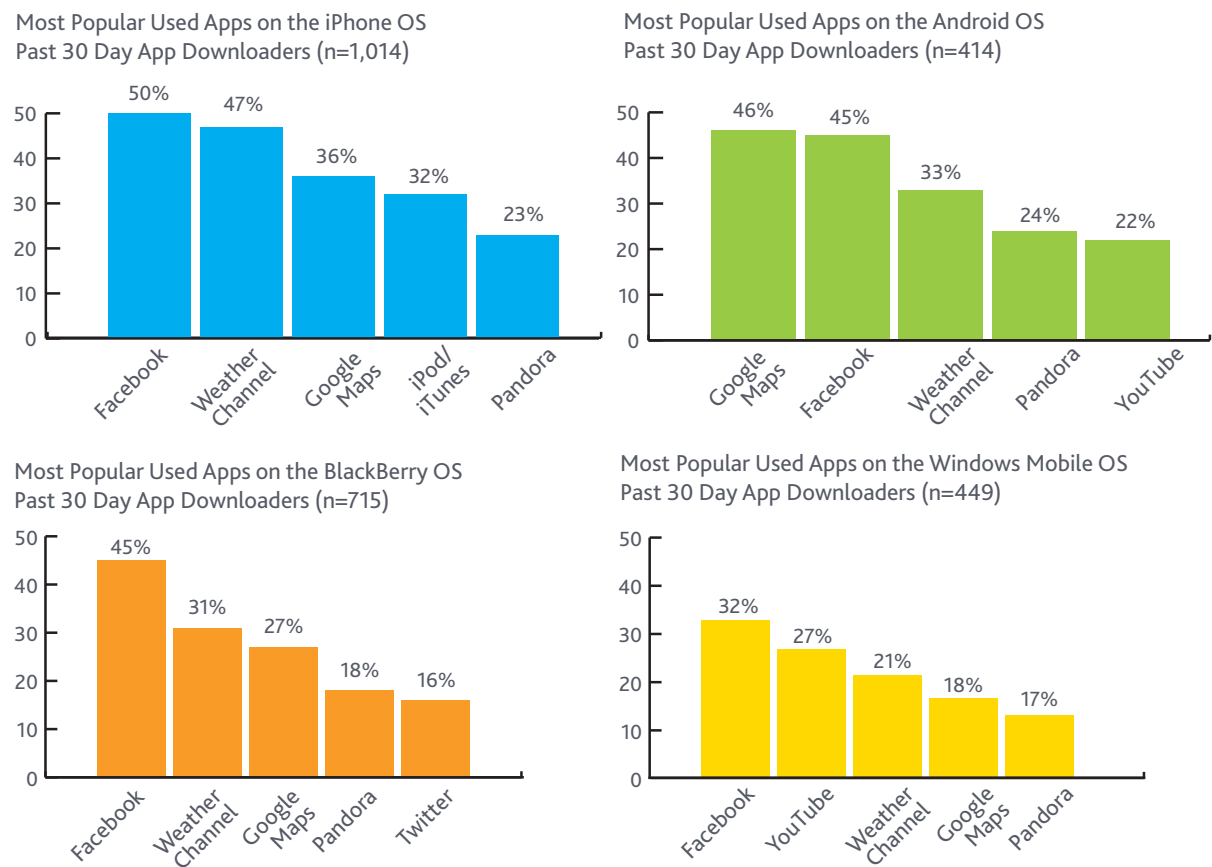
Our research shows the emergence of category champions with a significant lead over the competition. Facebook is the leading social networking app, the Weather Channel is the top weather app, Google Maps dominates Maps/Navigation and Pandora is the most popular Music app.

Figure 1: Category of apps used in the past 30 days

Category	Smartphone	Feature phone
Games	61%	52%
Weather	55%	39%
Maps/Navigation/Search	50%	30%
Social Networking	49%	32%
Music	42%	36%
News	36%	24%
Entertainment	33%	22%
Banking/Finance	28%	15%
Dining/Restaurant	25%	14%
Sports	24%	15%
Productivity	22%	10%
Shopping/Retail	21%	11%
Video/Movies	21%	16%
Travel	20%	13%
Food/Drink	19%	11%
Communication (e.g., IM, VoIP)	18%	11%
Lifestyle/Health	14%	10%
Household/Personal Care	7%	5%

Source: The Nielsen Company

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Figure 2: Most popular apps used in the past 30 days

Most Popular Used Apps on the iPhone OS
Past 30 Day App Downloaders (n=1,014)

Facebook	50%
Weather Channel	47%
Google Maps	36%
iPod/iTunes	32%
Pandora	23%

Most Popular Used Apps on the Android OS
Past 30 Day App Downloaders (n=414)

Google Maps	46%
Facebook	45%
Weather Channel	33%
Pandora	24%
YouTube	22%

Most Popular Used Apps on the BlackBerry OS
Past 30 Day App Downloaders (n=715)

Facebook	45%
Weather Channel	31%
Google Maps	27%
Pandora	18%
Twitter	16%

Most Popular Used Apps on the Windows Mobile OS
Past 30 Day App Downloaders (n=449)

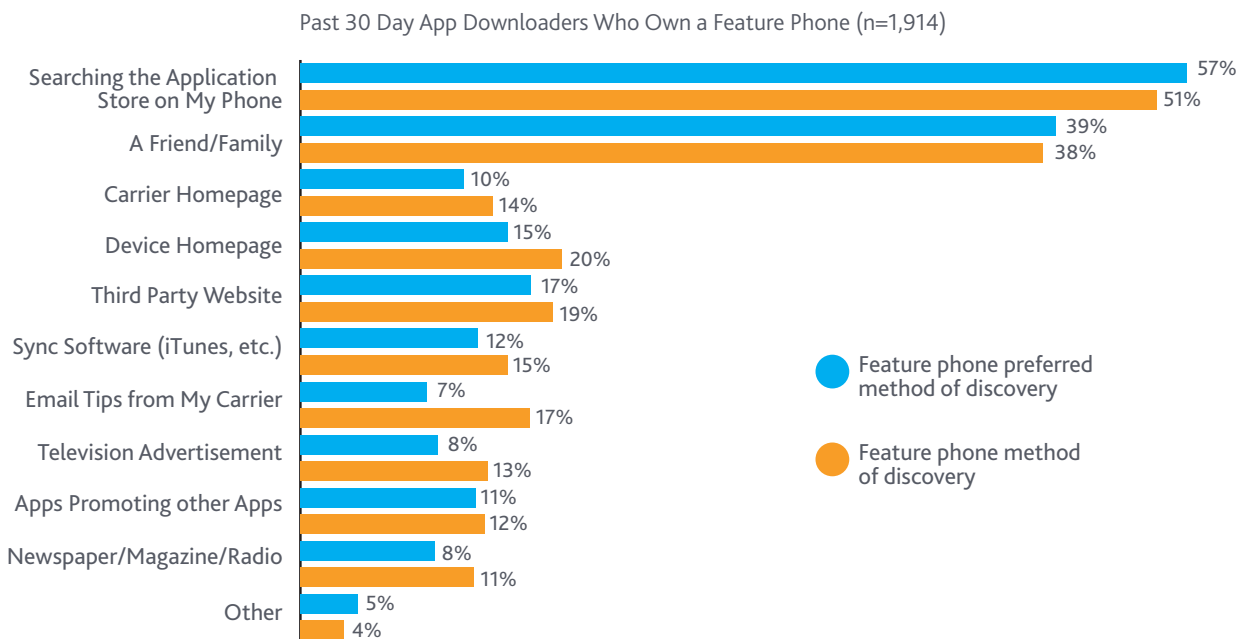|	
Facebook	32%
YouTube	27%
Weather Channel	21%
Google Maps	18%
Pandora	17%

Source: The Nielsen Company

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Discovering Apps

Searching application stores on their phones is the preferred way for discovering new apps for users of feature phones and smartphones alike (57% and 40%, respectively). The next most popular "preferred" form of app discovery is through the recommendation of a family member or friend. However, smartphone apps users are more likely than feature phone users to seek out other ways of discovering new mobile apps.
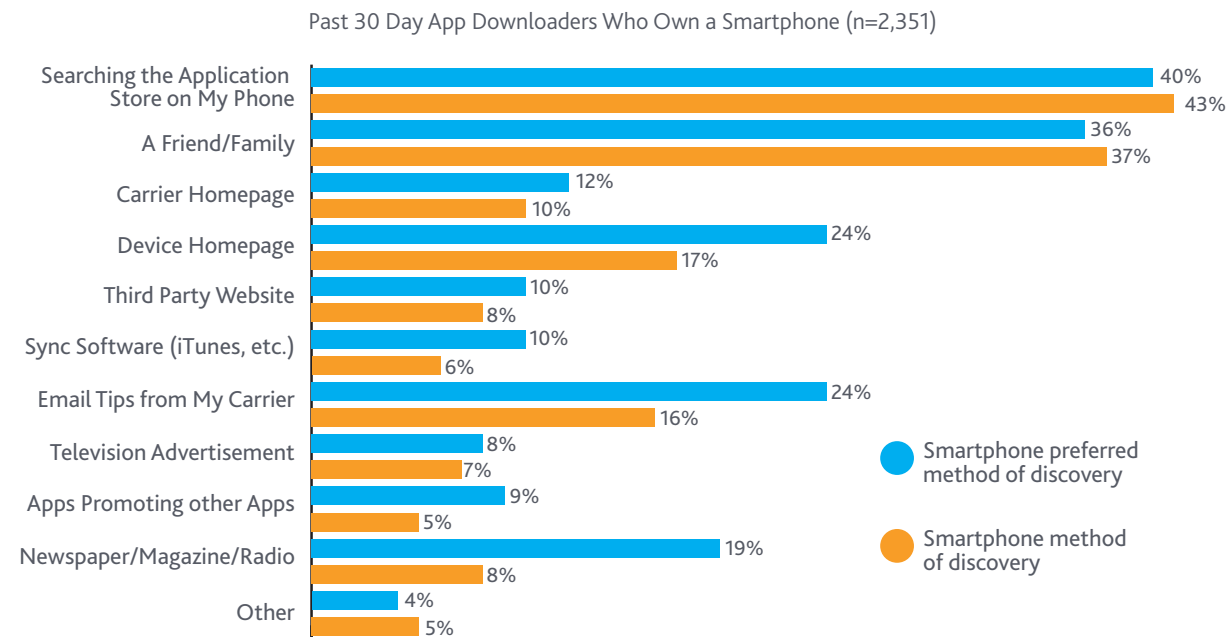
Ratings and reviews are also valuable tools in deciding which apps are downloaded: 18% of all apps downloaders say ratings and reviews are "extremely important", 36% say they are "very important," and 34% say they are "somewhat important."

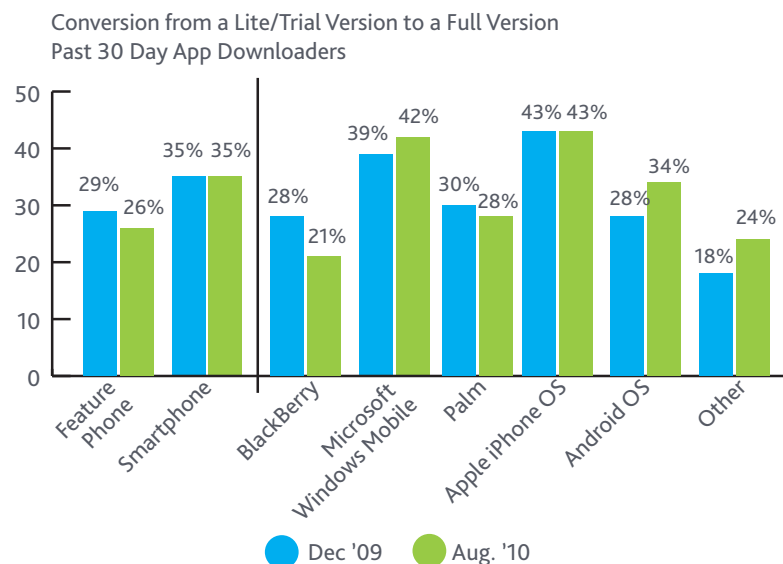## Figure 3: Featurephone method of application discovery, wave 2 (actual vs. preferred)

Past 30 Day App Downloaders Who Own a Feature Phone (n=1,914)

Method	Feature phone preferred method of discovery	Feature phone method of discovery
Searching the Application Store on My Phone	57%	51%
A Friend/Family	39%	38%
Carrier Homepage	10%	14%
Device Homepage	15%	20%
Third Party Website	17%	19%
Sync Software (iTunes, etc.)	12%	15%
Email Tips from My Carrier	7%	17%
Television Advertisement	8%	13%
Apps Promoting other Apps	11%	12%
Newspaper/Magazine/Radio	8%	11%
Other	5%	4%

Source: The Nielsen Company

Figure 4: Smartphone method of application discovery, wave 2 (actual vs. preferred)

Past 30 Day App Downloaders Who Own a Smartphone (n=2,351)

Method	Preferred	Actual
Searching the Application Store on My Phone	40%	43%
A Friend/Family	36%	37%
Carrier Homepage	12%	10%
Device Homepage	24%	17%
Third Party Website	10%	8%
Sync Software (iTunes, etc.)	10%	6%
Email Tips from My Carrier	24%	16%
Television Advertisement	8%	7%
Apps Promoting other Apps	9%	5%
Newspaper/Magazine/Radio	19%	8%
Other	4%	5%

● Smartphone preferred method of discovery
● Smartphone method of discovery

Source: The Nielsen Company

Figure 5: BlackBerry users are less likely to convert than users of any other major operating system

**Conversion from a Lite/Trial Version to a Full Version
Past 30 Day App Downloaders**

	Dec '09	Aug. '10
Feature Phone	29%	26%
Smartphone	35%	35%
BlackBerry	28%	21%
Microsoft Windows Mobile	39%	42%
Palm	30%	28%
Apple iPhone OS	43%	43%
Android OS	28%	34%
Other	18%	24%

● Dec '09   ● Aug. '10

Base: Feature Phone (n=1,914), Smartphone (n=2,351), BlackBerry (n=665), Microsoft Windows Mobile (n=294), Palm (n=64), Apple iPhone OS (n=1,121), Android OS (n=62), Other (n=73).
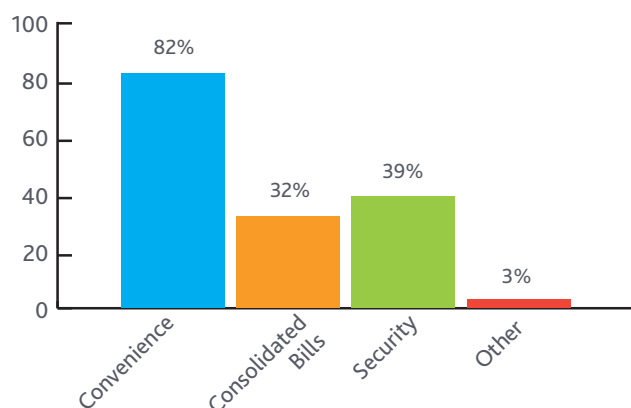*Source: The Nielsen Company*

Show Me the Money: Free vs. Paid

Apps users who go to the Apple App Store tend to download nearly twice as many apps as those who go to the Android Market or the BlackBerry App World Store. They also seem more willing to pay for their apps: Apple App Store customers report that for every two free apps they download, they typically pay for one. In contrast, apps users who frequent the Android Market and Blackberry App World stores report downloading more than 3.5 free apps for every one they buy. Meanwhile, BlackBerry owners are the least likely to convert from a "lite," free trial version of an app to a full, paid version.

Apps users also have clear preferences when it comes to how they want to pay for mobile apps. Given that users' primary concerns are convenience and security, it is no surprise that they would prefer to have charges appear on their cellphone provider or credit card bills.
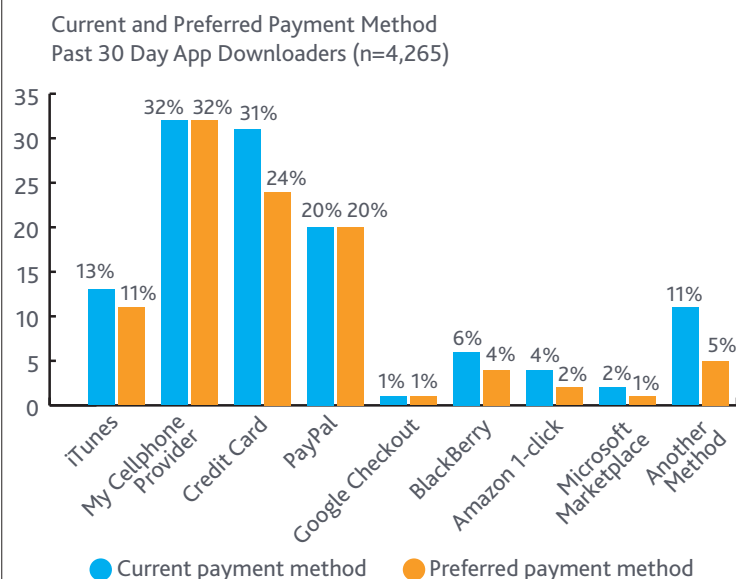
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Figure 6: Drivers for billing preference

Figure 7: Current/preferred payment method

Current and Preferred Payment Method
Past 30 Day App Downloaders (n=4,265)
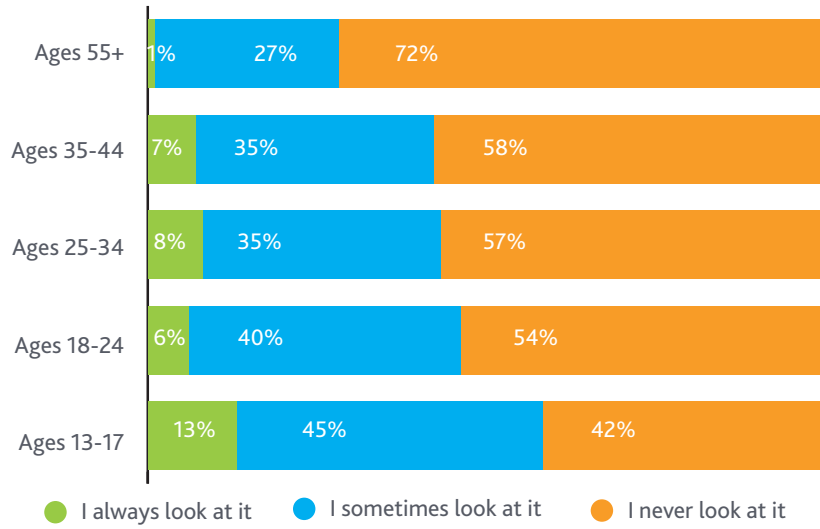

● Current payment method   ● Preferred payment method

Advertising

Mobile advertising is increasingly finding its way into mobile apps, with teenagers being much more receptive than their elders. Fifty-eight percent of teens say they "always" or "sometimes" look at mobile ads. In general, men of all ages are more receptive to mobile ads than women. Only 37% of men say they are not at all likely to respond to an ad on a mobile device, compared to 44% of women.

Across all operating systems, apps users would prefer to view mobile ads within an app. Android users are more likely to click on an advertisement within an application, while iPhone users are the least interested in having ads take them outside of their application.

Approximately one-in-five apps users say they have used a search engine or looked elsewhere online for more information after viewing a mobile advertisement or told someone about the advertised product or service. Seventeen percent have forwarded a link or video to others and 10% have recommended an advertised product or service. Sixteen percent have used a coupon and 14% have entered a contest or sweepstakes.
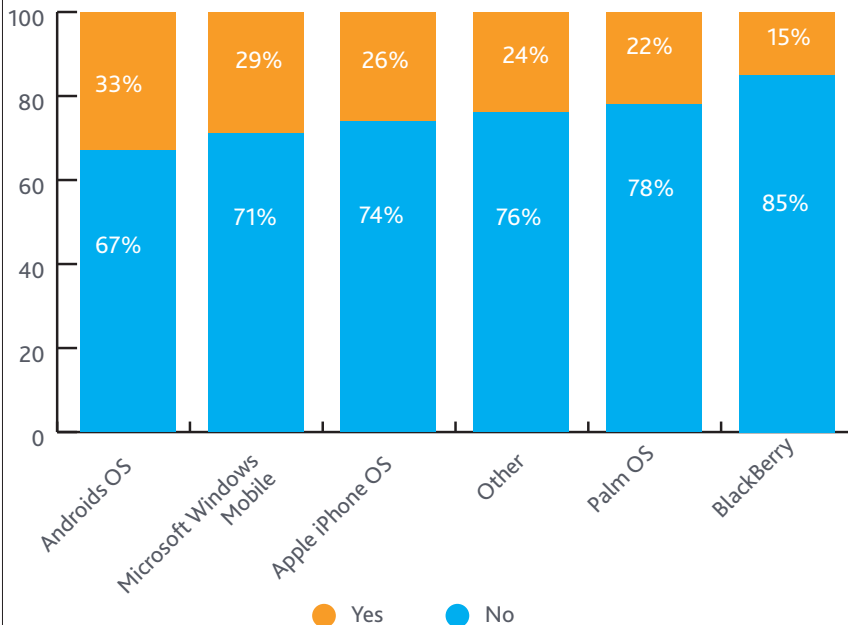
Figure 8: Reaction to mobile advertising by age group

Age group	I always look at it	I sometimes look at it	I never look at it
Ages 55+	1%	27%	72%
Ages 35-44	7%	35%	58%
Ages 25-34	8%	35%	57%
Ages 18-24	6%	40%	54%
Ages 13-17	13%	45%	42%

● I always look at it ● I sometimes look at it ● I never look at it

Base: Ages 13-17 (n=300), Ages 18-24 (n=261), Ages 25-34 (n=977), Ages 35-44 (n=946), Ages 55+ (n=910).
Source: The Nielsen Company

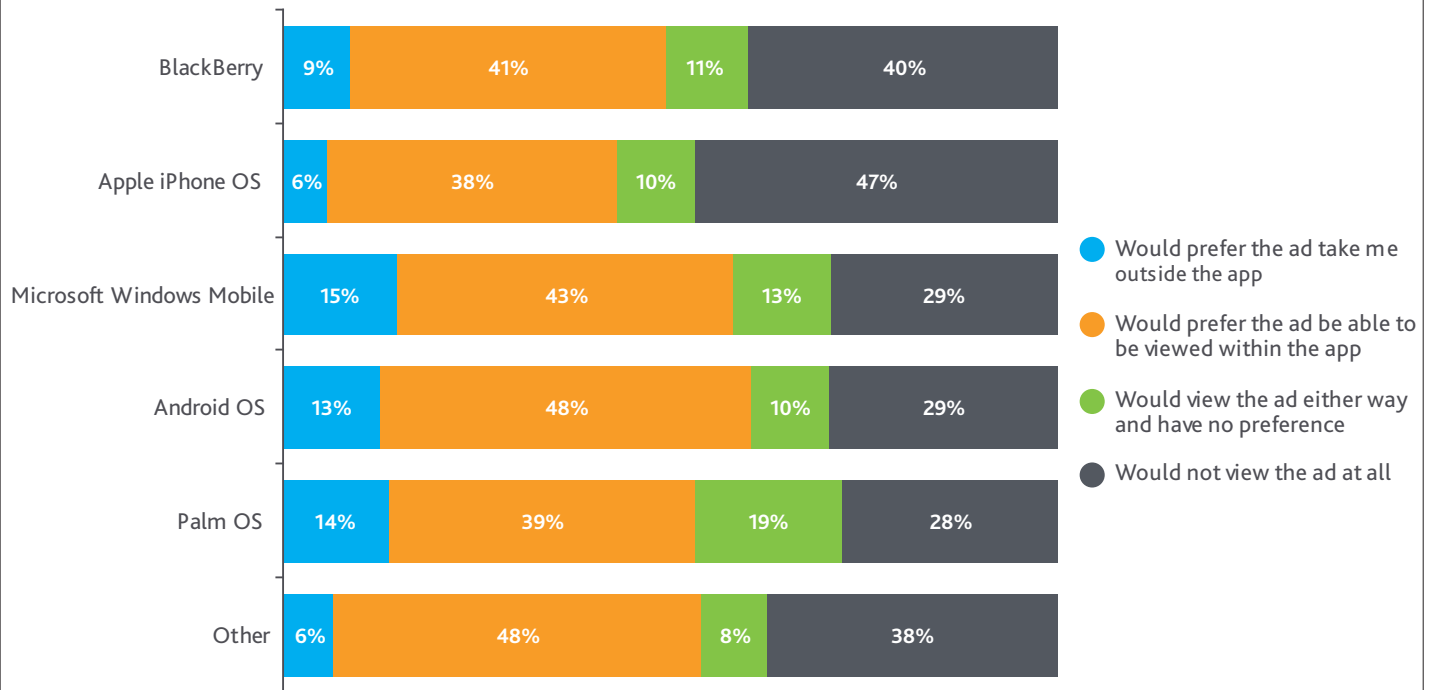## Figure 9: Clicked on an advertisement within an app

OS	Yes	No
Androids OS	33%	67%
Microsoft Windows Mobile	29%	71%
Apple iPhone OS	26%	74%
Other	24%	76%
Palm OS	22%	78%
BlackBerry	15%	85%

● Yes ● No

Base: BlackBerry (n=625), Microsoft Windows Mobile (n=294), Palm OS (n=92), Apple iPhone OS (n=959), Android OS (n=338), Other (n=95)
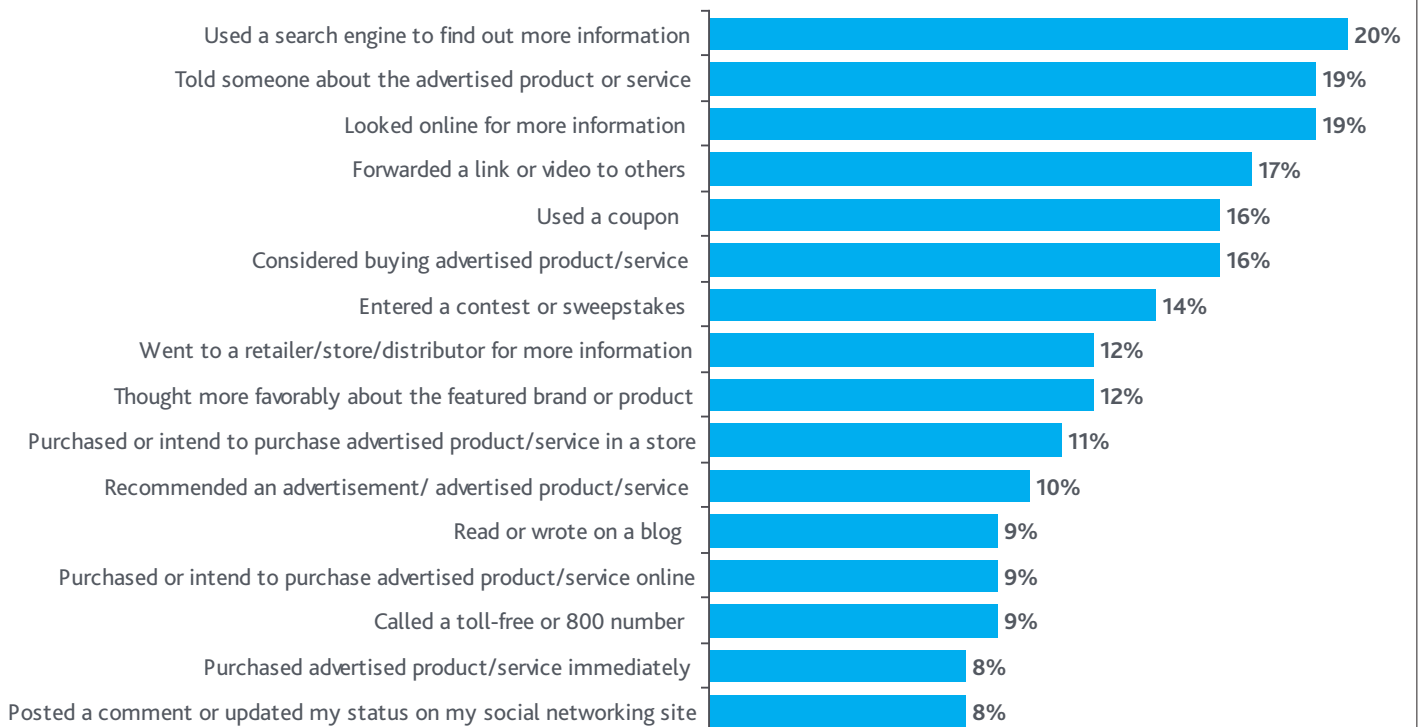*Source: The Nielsen Company*

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Figure 10: Preference for advertisements to be viewed within apps or outside of apps

	Would prefer the ad take me outside the app	Would prefer the ad be able to be viewed within the app	Would view the ad either way and have no preference	Would not view the ad at all
BlackBerry	9%	41%	11%	40%
Apple iPhone OS	6%	38%	10%	47%
Microsoft Windows Mobile	15%	43%	13%	29%
Android OS	13%	48%	10%	29%
Palm OS	14%	39%	19%	28%
Other	6%	48%	8%	38%

Base: BlackBerry (n=263), Microsoft Windows Mobile (n=178), Palm OS (n=50), Apple iPhone OS (n=911), Android OS (n=122), Other (n=49).
Source: The Nielsen Company
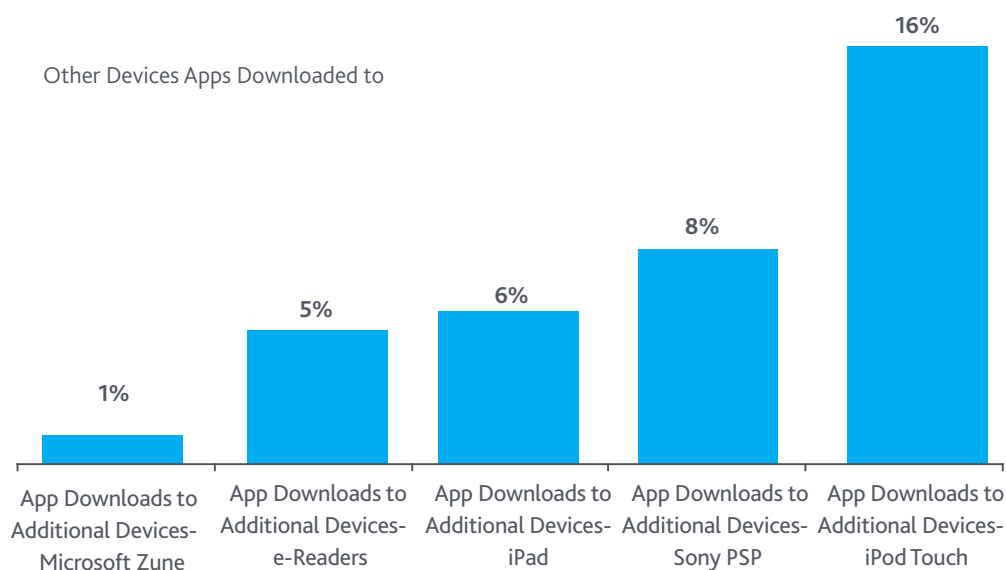
Figure 11: Actions taken when viewing mobile advertising

Action	%
Used a search engine to find out more information	20%
Told someone about the advertised product or service	19%
Looked online for more information	19%
Forwarded a link or video to others	17%
Used a coupon	16%
Considered buying advertised product/service	16%
Entered a contest or sweepstakes	14%
Went to a retailer/store/distributor for more information	12%
Thought more favorably about the featured brand or product	12%
Purchased or intend to purchase advertised product/service in a store	11%
Recommended an advertisement/ advertised product/service	10%
Read or wrote on a blog	9%
Purchased or intend to purchase advertised product/service online	9%
Called a toll-free or 800 number	9%
Purchased advertised product/service immediately	8%
Posted a comment or updated my status on my social networking site	8%

Source: The Nielsen Company

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Beyond Cellphones

As connected devices such as touchscreen tablets, eReaders and media players gain in popularity, mobile apps are likely to flourish there as well. It should be no surprise that the iPod Touch currently sees the most apps downloads. Games are the most popular app category on all connected devices, just as they are on smartphones and feature phones. A separate research study, the Nielsen Connected Devices Playbook, is currently underway and will delve deeper into the role of connected devices in mobile media.

Figure 12: Besides smartphones, respondents are most likely to download apps to iPod Touch

Other Devices Apps Downloaded to

App Downloads to Additional Devices- Microsoft Zune	App Downloads to Additional Devices- e-Readers	App Downloads to Additional Devices- iPad	App Downloads to Additional Devices- Sony PSP	App Downloads to Additional Devices- iPod Touch
1%	5%	6%	8%	16%

Base: App Downloads to Additional Devices - iPod Touch (n=398), App Downloads to Additional Devices - Microsoft Zune (n=398), App Downloads to Additional Devices - Sony PSP (n=398), App Downloads to Additional Devices - e-Readers (n=398), App Downloads to Additional Devices - iPad (n=398), App Downloads to Additional Devices - Other devices (n=398).

Source: The Nielsen Company

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Conclusion

The research has several key takeaways for apps publishers, mobile advertisers, device manufacturers, mobile ad networks and wireless operators trying to fuel (and profit from) the growth of mobile apps.

- **A is for Android and Ads:** Android owners show a clear preference for free apps. This may be due in part to the browsing interface on the Android Market, which makes it easy to browse free titles exclusively. However, we also know that Android owners tend to be younger and less affluent than iPhone users. Either way, they are more likely to click on an ad within an app, and that spells a clear monetization strategy for anyone targeting the fast growing Android user base.

- **B is for BlackBerry:** Despite a huge installed base, Blackberry app usage lags the iPhone. It remains to be seen whether RIM's new devices and revamped store will persuade BlackBerry owners to embrace mobile apps.

- **C is for Consumer Convenience, Carriers and Credit Cards:** Consumers crave convenience, security, and consolidated bills when it comes to paying for their mobile apps. Carriers and credit card companies should already have consumers' trust and are eager to carve out a central role in a world often eager to pass them by.

- **T is for Teens:** The young continue to be more receptive to mobile advertising than their elders. Will they continue to be more receptive as they age due to their comfort with technology, or will time temper their openness to mobile ads? Alternatively, will older generations become more receptive as they gain more experience with mobile? Future research should shed light on this issue.

- **T is also for Third Parties:** Apps users value the recommendations of third parties, whether it is a family member, a friend, or a site or service offering ratings and reviews. Those seeking to market mobile apps would be well advised to emphasize two tactics: Word-of-mouth marketing (including social media) and securing favorable ratings and reviews.

Perhaps most important, apps are still a very young market and the leaders of today may become the laggards of tomorrow. There remains plenty of room for innovative newcomers, and new categories will emerge with applications we have yet to imagine. One nascent category to watch is augmented reality, in which views of real-world environments are enhanced or *augmented* by computer-generated images or information.

About The Nielsen Company

The Nielsen Company is a global information and media company with leading market positions in marketing and consumer information, television and other media measurement, online intelligence, mobile measurement, trade shows and business publications. The privately held company is active in approximately 100 countries, with headquarters in New York, USA. For more information, please visit, www.nielsen.com.

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