

Freemium Model to Predominate in Mobile Apps with VAS revenues Reaching \$14bn by 2014, says new Juniper report

Submitted by: Juniper Research

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HAMPSHIRE, UK: Wednesday, 13th May 2009 -- Annual revenues from value-added services upsold through downloaded apps are expected to exceed \$14bn by 2014, according to a new report from Juniper Research.

The report found that storefronts are increasingly likely to offer the facility to upsell premium content from within the app itself (including the App Store, starting later this year). The result being that the freemium business model – whereby applications are offered on a free to download basis but subsequently offer incremental revenues from subscription-based services and additional content options - will become increasingly prevalent over the next five years.

However, the mobile applications report (<http://www.juniperresearch.com/shop/viewreport.php?id=179>) also observed that widespread deployment of the freemium apps model would pose a significant challenge to network operators, given that it offers the opportunity for much existing (and potential) content revenues to be directed through app stores (and the apps themselves) rather than through traditional distribution channels.

Nevertheless, as report author Dr Windsor Holden noted, “Although consumers are likely to shift from purchasing content on-portal to app stores offered by vendors and OS providers, those stores in turn represent an opportunity for operators to realise far greater revenues from consumer data usage.”

The report argues that apps delivered on a freemium basis presents a substantial opportunity for content providers to derive additional revenues from advertising. The levels of repeat usage from applications downloaded via the App Store suggests that there is far more opportunity for brand exposure on a per download basis than with any previous content.

Other findings from the Juniper report include:

- The low retail prices offered by Apple’s App Store have already resulted in significant price erosion on other established storefronts
- Short-term revenue growth from consumer-oriented applications is likely to be constrained by the global recession

Juniper Research assesses the current and future status of the mobile applications market based on interviews, case studies and analysis from representatives of some of the leading organisations in the growing mobile applications industry.

Whitepapers (<http://www.juniperresearch.com/shop/viewwhitepaper.php?id=179&whitepaper=87>) and further details of the study ‘Mobile Applications & Apps Stores: Business Models, Opportunities & Forecasts 2009-2014’ can be freely downloaded from <http://www.juniperresearch.com>. Alternatively please contact John Levett at john.levett@juniperresearch.com, telephone +44(0)1256 830002.