

The best chance of success for your new app might not be with large platforms like the iOS app store

Submitted by: BlueSky Public Relations Ltd

Thursday, 2 July 2020

While it is typically assumed that new apps are best positioned by entering a dominant platform, new research from the UCL School of Management and the University of Toronto at Scarborough reveals that these spaces are often overcrowded and do not offer apps the best chance of survival.

Platform companies are increasingly under fire by regulators for their disruptive effects on various industries. Apple, being accused of abusing its dominant position in the market for apps, recently stated that it created \$519 billion in commerce in 2019. While significant, new research reveals that Apple's iOS App Store disproportionally favours a few winners and is less supportive to newcomers. App developers who enter the platform a decade after it opened its virtual doors will find a much more challenging competitive landscape. Apple is not an exception, the researchers found. Other dominant platforms, such as the PC game distribution platform Steam and crowdfunding platform Kickstarter, also have become increasingly challenging as a marketplace for developers.

According to Joost Rietveld, Assistant Professor of Strategy & Entrepreneurship -

"We discovered that as platform companies become increasingly dominant, their governance strategies shift from being largely supportive of the wider complement (app) population to becoming more selective and geared toward consumers.

"Sufficient levels of participation by both consumers and app developers can set in motion a virtuous cycle that cements a platform's dominant position of power.

"But not all developers benefit equally; it's likely a small group of developers will generate most of the value. Essentially, there is a large split between the winners and losers and, importantly, this split becomes bigger as the platform cements its dominant position in the market."

The App Store is a sprawling economy that is, in Apple's words, "dynamic, competitive, and flourishing". However, this research has revealed that on these platforms, consumers are steered towards certain apps while the vast majority are neglected. This means that app developers have to spend more money on marketing to be seen by consumers and generate revenues.

The researchers advise that if you are one of the developers that wants to use these platforms, you may want to "consider joining the new kid on the block" – a new platform run by a company that is still dependent on developers' participation for its success, which is also less crowded.

The researchers conducted a multiple case study on four market leading platform ecosystems, including Apple's iOS App Store, Kickstarter, Kiva, and Valve's Steam. The findings are based on a combination of quantitative and qualitative research methods analysing various datasets.

The paper is in press at the Academy of Management Discoveries.

/ENDS

For more information on the study, contact Kate Mowbray at BlueSky PR on kate@bluesky-pr.com or call +447710022871