

Mobile Phone and Tablet Apps - UK - October 2015

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"The lion's share of app revenue in the UK market comes from free apps with either in-app purchases or in-app advertising. The abundance of free apps in these different forms means that paid apps account for a relatively small proportion of the market value-wise and many will look for feature-lite versions they can try before they buy."

– Fergal McGivney, Travel and Technology Analyst

This report looks at the following areas:

- Revenue generated by the paid and freemium models
- Data sharing attitudes of consumers using apps
- Openness to in-app advertising
- App download influences

UK revenue from Apple's iOS Apple Store and Android's Google Play Store is estimated to grow by 22% to £892 million by the end of 2015. Free apps with in-app purchases is the most lucrative business model for apps in both the Apple and Android stores, accounting for around 90% of revenue. Apple users tend to be bigger spenders on both freemium and paid apps in comparison to Android and Windows users.

Overall, in-app advertising accounts for 68% of mobile app revenue in the UK, while purchases from the app stores accounts for 32%. Some 57% of consumers who own a smartphone, tablet or smartwatch say they accept that some free apps have advertisements, while a further 33% say they prefer to see adverts in free apps rather than pay for the advert-free version. However, this ability to generate advertising revenue is likely to be challenged by in-app ad blocking software coming onto the market.

While app store reviews are important, most consumers are influenced by recommendations from their friends or family members when it comes to downloading apps; some 55% rank this in their top three influencing factors, while 25% rank it as their number one influence.

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DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

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