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# FUTURE OF APPS

How apps are set to revolutionise brand communication.

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# 2008 APPLE OS 2.0

Apps hit the mainstream with Apples latest operating system.

## FUTURE OF APPS: HOW APPS ARE SET TO REVOLUTIONISE BRAND COMMUNICATION

Remarkably, the idea of apps and App Stores as we know them has only been around since 2008, when apps hit the mainstream with the launch of Apple's iPhone OS 2.0.

But something approximating apps certainly existed before: desktop widgets have been available ever since multi-tasking on computers became possible with point-and-click interfaces. And tools like Java allowed functionality to be embedded into the browser screen.

So what did Apple and those who followed get so right?

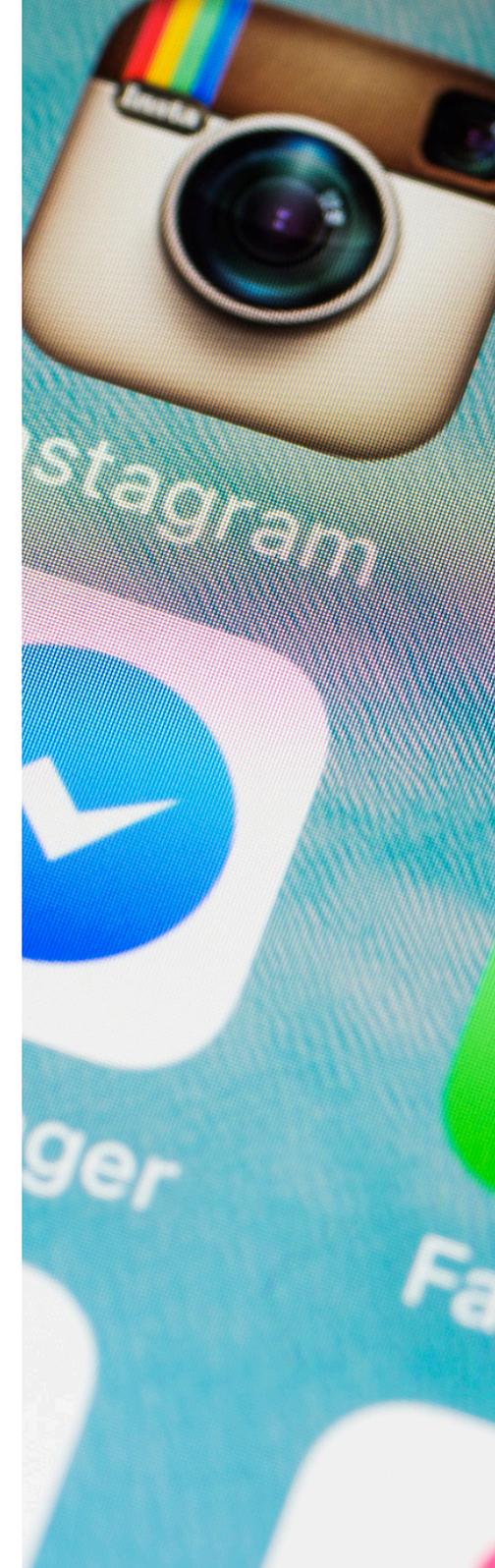
In this whitepaper, we chart the incredible rise of the app, and examine some possible futures of the app ecosystem for brands. In one scenario, the market has plateaued; in another, new technologies and market players will take apps to the next level.



# THE RISE OF THE APP

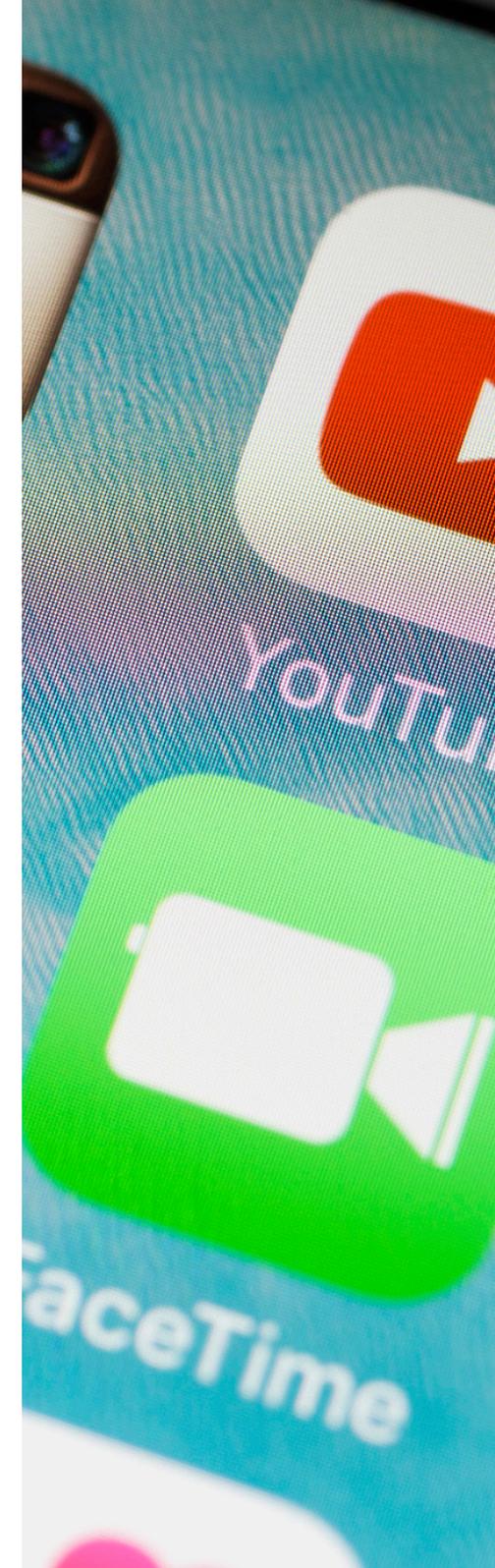
A host of factors has influenced the tremendous growth in popularity of apps :

- We conquered the small screen: since the days of WAP (remember that?!) software product designers have been trying to work out how to make the small screen viable. As hardware improved (screens and onboard processing power), suddenly form and function could meet. Apps became the natural way to present functionality in a simple, brandable way.
- We transitioned to a mobile-first world: the smartphone has become part of most people's identities. In the words of Maor Sadra, MD at AppLift, "It's becoming more clear that a consumer's smartphone choice is the foundation of their entire digital experience – and, given the way we associate personality with brands, possibly their identity, too". From the homescreen design to the services we use every day, we have become inseparable from our mobile devices. Brands and software designers know this, and realise that the small screen is the most frictionless way to engage meaningfully with customers. People are glad of branded apps and services, in a way that was never the case on the desktop.
- And mobile-first means multi-platform: for most people, the smartphone meant that they had to deal with more than one content/service delivery platform for the first time in their lives. When all we had was a desktop, the designer of that desktop (Apple, Microsoft or Linux) owned the user experience. In a multi-platform world, apps are the tools that allow us to have a consistent experience across mobile, tablet and desktop.



## THE RISE OF THE APP Continued...

- The return of the Walled Garden: Since services like AOL in the early 2000s, the idea of a 'walled garden' – a restricted set of internet experiences – has been risible. After all, nobody can compete with the appeal of the whole internet. But Apple realised that customers would sacrifice breadth (which is available through the browser anyway) for the security and testing, brand comfort and software quality of an Apple-stamped experience. Today, there is a proliferation of App Stores of varying quality and control, either from an intermediating technology brand – like Apple, Google Play or Amazon; telco providers like Vodafone, MTN and Orange; device manufacturers like LG, Samsung and Blackberry; and open source operating systems like Android which has hundreds of independent stores. All offer consumers walled gardens to meet the needs of various market niches.
  - Written for economy: And apps, unlike browser-based services which have to work on any platform, are written for economy and speed of execution on a single platform. And in our new, always-on world, speed and reliability are valued commodities.



# 20% RETENTION

In 2017 the Average app retention rate after three months.

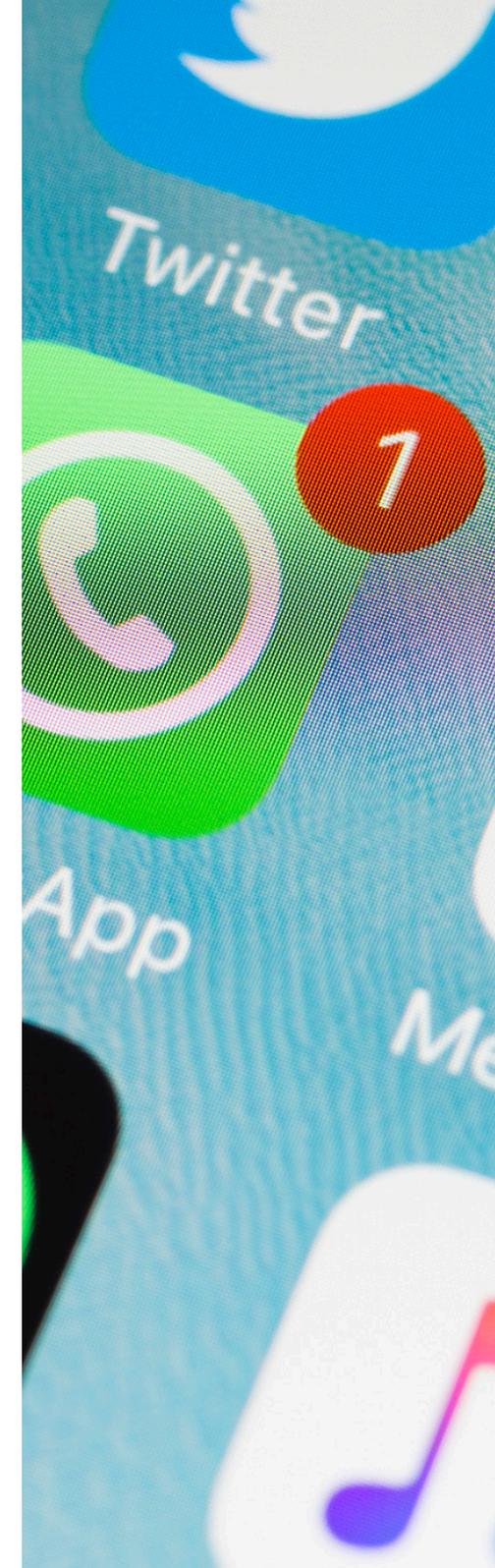
## BUT ARE APPS DYING?

And so Apps and the App Stores that housed them began to flourish. They give consumers service, speed and confidence. Which is why it's such a surprise to see headlines like AdWeek's assertion at the start of 2017 that "Apps are dead". What's got the agencies angry?

AdWeek's realisation is that, despite the fact that we are downloading more apps than ever, some are never used. A few top brands (Snapchat, WhatsApp, Facebook) account for the majority of traffic. Localytics' 2017 retention analysis reports that average retention after three months is a meagre 20%.

And that's a lot of drop off when app development is expensive. Akshay Dashrath, co-founder of tech agency, Tengio, which has produced apps for Groupon, Gumtree and Monzo, says "Developing your own product from scratch in London can cost up to £300k per year if setting up your own team; maybe a little less with cross-platform tools like Google's Flutter or Facebook's ReactNative in the right hands. That's a big gamble when you're unlikely to build something as disruptive as the next Instagram or Snapchat."

But advertising agencies represent only part of the marketing world – the one which is wrestling with ways to put more advertising in front of your eyes. Their concern is the 'head' end of the 'long tail' – the high-throughput channels that Facebook et al represent. And they're finding life hard: people don't like ads. Indeed marketing platform Fiksu said that consumers "have no problem deleting apps that... serve up irrelevant ads".



# \$79 BILLION

Global mobile app revenue  
expected to double by 2020.

## POWERING THE SMALL-SCREEN EXPERIENCE

Elsewhere though, the niches of the long tail, including branded apps and brand-owned apps, are a powerful driver of brand recognition and loyalty. David Mayo, Group CMO Asia Pacific at worldwide media agency Ogilvy & Mather says “Apps mean access – for the consumer to services and for brands to the consumer. They exist to facilitate the experience, nothing more. Until someone comes up with an alternative seamless and intuitive form of access – and voice represents just such a threat, the app will stay as a way to increase utility on the mobile channel.”

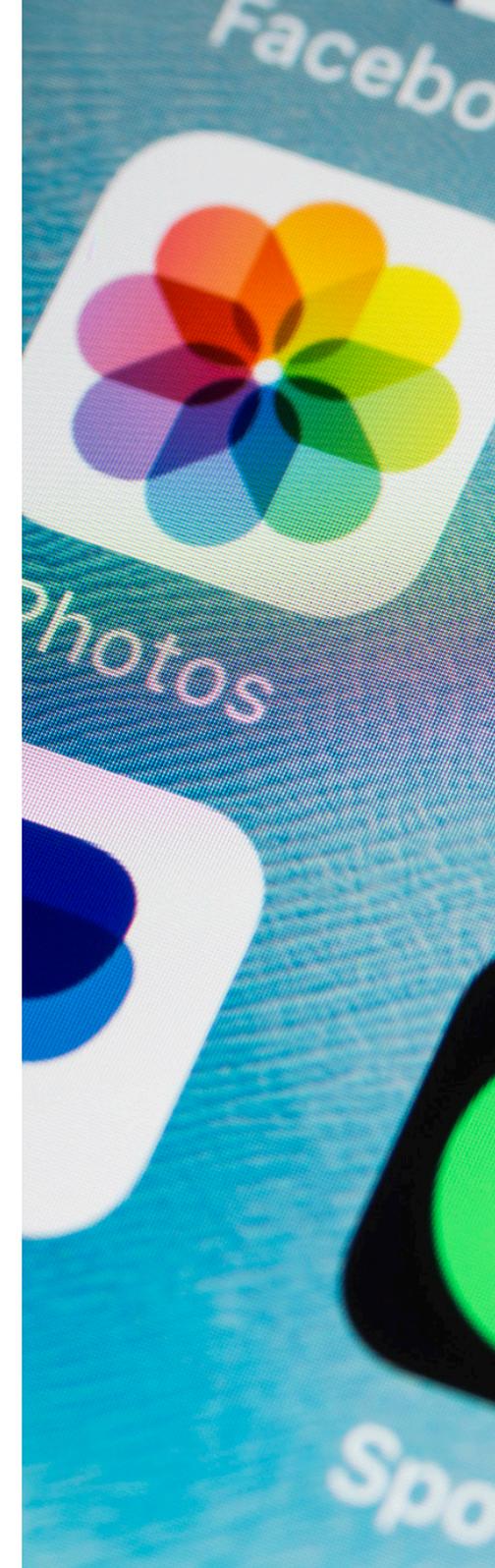
And there’s plenty more mileage before the app engine overheats. Analysts Ovum say that global mobile app revenue will more than double from \$36 billion in 2015 to \$79 billion in 2020. On the existing model of mobile apps (games, productivity tools, replication of desktop tools etc.), underdeveloped markets alone represent an exceptional opportunity. The GSMA reports, for example, that sub-Saharan Africa will see 6%+ CAGR in mobile connections and active SIMs to 2020 and a more than doubling in smartphone use – all of which will lead to more apps in use.

And as the difference between business users and consumers blurs (people in business contexts are still people, after all), the emergence of the enterprise app category will also drive usage. The iPhone’s long-awaited Files app puts business-friendly cloud services like Google Drive, Dropbox and OneDrive in one place and connects them with other apps. Apple has also just inked a deal with Accenture to facilitate the development of new enterprise-grade apps.

Similarly, Tengio’s Dashrath says “Many companies are finding apps to be the ideal vehicle for digital transformation. This is particularly true of businesses like manufacturers which have been perfectly comfortable up to now, but suddenly see potential in IoT for production lines, QA/monitoring or field operations and logistics. B2B digital transformation is going to be a big driver for future app development”.

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AKSHAY DASHRATH  
Tengio



## WHAT'S ROUND THE CORNER?

But the really exciting stuff happens when we look at the emergence of other technologies both on mobile and new (voice, physical realm) platforms:

- Wearables, from healthcare devices like the Fitbit to generic devices like Apple Watch or Samsung Gear
- Voice-control, like Amazon Alexa
- Internet of Things – from consumer-grade services like Google's Nest home controller, through to enterprise services (e.g. production line management, ERP etc.) and in-car experiences
- Augmented and Virtual Reality: the development of improved or entirely artificial environments

James Gray of marketing analysts, Graystone Strategy says there are two fundamental threats to these developments. "First, the breadth of what an app can do is extending as connectedness and the ability of hardware is extending. For example, connected TVs mean that a class of fairly powerful apps is emerging on our TV screens that simply wasn't there before. Similarly, whilst we're used to smartphone apps, the latest generation of phones is every bit as powerful as a desktop computer – and app capabilities are extending accordingly.

Earlier, we saw that apps became the lynchpin of a multi-platform world. With desktop, tablet and mobile now being joined by voice and IoT/smart-device environments like in-car experiences, apps would seem to be the logical thread of consistency in our connected worlds, particularly with these improved opportunities for interaction. As Wired magazine succinctly put it, "big data is nothing without analysis, analysis is nothing without actions, and actions are exactly what apps allow us to perform. Each layer has its purpose, and it's the apps that provide the real value."

All that computing power – the ability to do stuff – is nothing without the interface. And with emerging technologies, we can do more than ever. As TechCrunch's Matthew Panzarino said way back in 2014, "We're entering the age of apps as service layers. They aren't for 'idle browsing', they're purpose built and informed by contextual signals like hardware sensors, location, history of use and predictive computation".

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Second, the ways in which we interact with apps is growing. Amazon's Alexa (voice control) is interesting because it is achieving traction in contexts where Siri and the like haven't really made a dent. Augmented Reality is rapidly becoming mainstream too; but let's not also forget less dramatic advances in interfaces like chatbots, which again represent an advance in seamlessness and simplicity the way we interact with the technologies around us.”

JAMES GRAY  
Marketing analysts,  
Graystone Strategy



## NEW VALUE FOR BRANDS

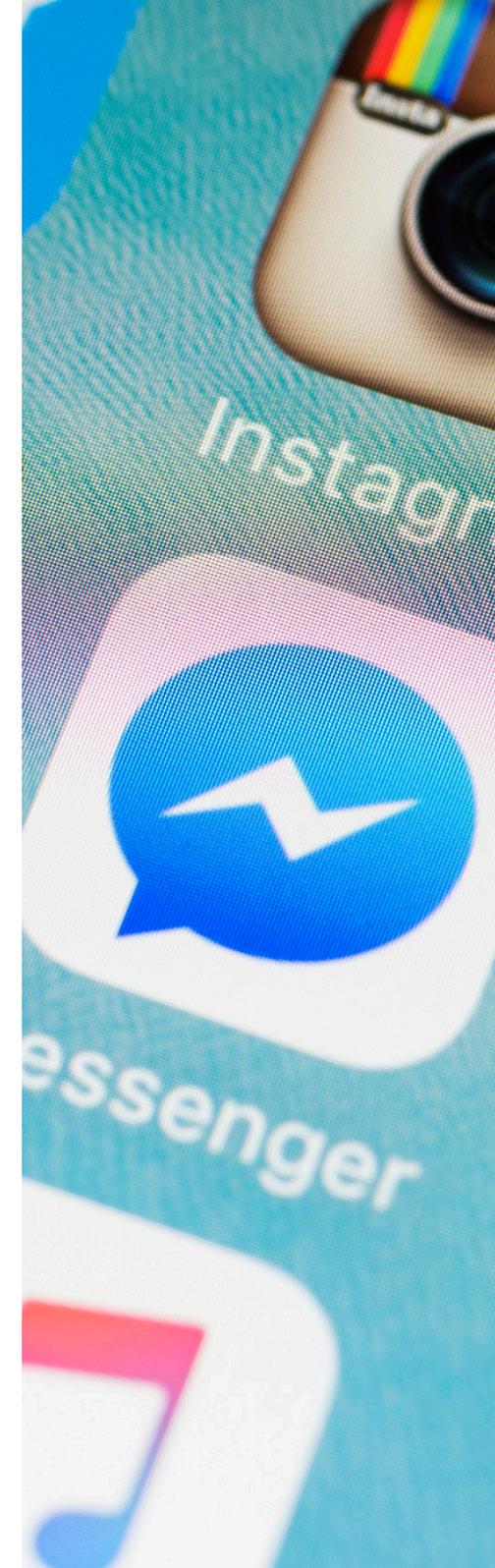
Gray says apps offer brands three key opportunities. “First, apps mean that you can ensure that in today’s mobile environment and tomorrow’s all-embracing connected environments (in-home, in-car etc.), you can maintain some control over the user and device experience. By owning that experience, you are protecting your brand.

Second, apps allow a brand to become more ubiquitous. With smartphones, we put brands in our valued customers’ pocket: they are likely to interact more frequently, and on their terms. This ubiquity will only increase with in-home and in-car contexts. And finally, there’s the value of the data obtained with all-digital interactions. Particularly with GDPR, an app is the ideal medium to ask customers to positively opt in and allow their data to be used in exchange for convenience and increased customer value.”

Akshay Dashrath of Tengio adds that “Apps are also already a landscape in which brands compete. AR is especially interesting, because we are already seeing reasonably low cost deployments – people will find themselves using AR without realising it; for example the homeware company that adds AR room-measurement functionality to its app. There are still new and exciting experiences to explore, which are an opportunity – at a price – for a brand to shine.”

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AKSHAY DASHRATH  
Tengio



# BEATING THE WALLED GARDEN OF VOICE

There is another interesting benefit in operating an app, which may fight one of the most challenging problems for brands today. We have already discussed the walled gardens operated by app store owners; and they undoubtedly lead to more streamlined, secure and capable apps. But as we move to voice control, the walled gardens of the big players – Apple, Amazon and Google, will suddenly become powerful gatekeepers. TechCrunch recently said, “We live in a new world now, and it favors the big, not the small... Big businesses and executives, rather than startups and entrepreneurs, will own the next decade”.

In an extraordinary article for ZDNet, tech journalist Tom Foremski wrote: “All the major players are building walled gardens around their digital assistants. This is bad for competition and it is bad for the user... It’s clear that we will have many digital assistants around us at any time, always listening and ready to jump in and help us. Will we trust them? Is my digital assistant listening and working for me and my best interests? Or is it listening in to sell data about me and to sell me out in whatever way it can?”

It’s a serious threat. Adrian Langford, Planning Director at leading agency JWT agrees: “We’re very excited here about voice interfaces like Alexa. Whether or not it reduces the brand value of apps is beside the point when tools like that can bypass brands altogether, insofar as Amazon/Alexa is making the decision about which brands to suggest. It does seem likely that AI will reduce need for the related app, as more people become used to using chatbots via existing wide reach messaging platforms.”

Tengio’s Dashrath adds, “The danger is that brands will then have to have some valuable data in the first place and then plug it into the Google or Apple ecosystems in order to even be allowed to ‘play’”. And Ogilvy’s David Mayo again; “AI will give apps a run for their money. The best experiences

will always make themselves widely available”; i.e. it’s up to app developers to stay cutting edge; plus, in going up against voice, traditional apps are up against convenience: the most powerful driver in the modern economy.

But Foremski continues, “For the user it makes sense to shun the walled gardens and pay to have an independent digital assistant that is not tied to Google or Amazon or whichever set of services and capabilities each one provides. It would pay for itself by finding the best deals outside of the walled gardens. Either way, the winner among the voice-enabled digital assistants will be the one that operates apps the best - and this is not a trivial task.”

This may indeed be why the big players’ voice assistants are still rudimentary in their integrations with apps. The voice assistants can cope with hugely complex commands (“Find out what appointments I have next Tuesday and if I have space over lunchtime, call Brian”) yet they cannot cope with “Open X app and execute Y task”. As the ever-listening voice environments become popular, having an onboard app with excellent functionality (and ideally an independent voice AI environment) might just be a brand’s best protection.

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TECH CRUNCH

**300+**  
**APP STORES**

Worldwide.

## ABOUT APPSCATTER

**There are more than two App Stores - in fact there are over 300 worldwide. Each App Store focuses on dedicated audiences, countries and app categories. App Stores offer compatibility with different app Operating Systems.**

Publishing an app to many App Stores is difficult and time-consuming. It's not viable to manage registration, submission, updates and tracking across several stores.

appScatter's centralised distribution and tracking platform integrates with the world's top App Stores. The platform identifies compatible App Stores based on the app's category and OS. appScatter automates registration and submission of the app to all applicable App Stores. Updates are also managed through the platform, deploying across all app instances simultaneously.

The platform's analytics tool tracks downloads and sales, giving publishers accurate performance data. appScatter provides the data needed to track competitors, enabling app owners to make intelligent decisions.

appScatter delivers high performance app solutions to the world's largest brands. Customers include large enterprises, creative agencies and independent developers.