

Mobile Applications and Big Business: A Matter of Survival

As of 2011, more than eight in ten American adults (83 percent) own some form of mobile device. Portable technology—including smart phones and tablets—are increasingly becoming an indispensable part of users' lives.

From news, games, online commerce and business communications, mobile technology is the fastest growing segment of American life, and industry must rise to meet the challenge—or risk being left behind.

GROWTH OF MOBILE APPLICATIONS

Mobile applications are at the forefront of this global mobile phenomenon. They are the software that operates on a mobile device, smart phone or tablet, and are essential in creating seamless integration into user's daily productivity, information access and purchasing power.

These applications—commonly known as *apps* or *downloadables*—are widespread on most devices, from entry-level receivers to smart phones and tablets. Their popularity comes from the wide range of functions they perform—basic telephony, text-based communication and advanced programming such as games and video creation and display.

In addition to end-user consumer applications, there is extensive commercial market potential for business-to-business, SMS/MMS clients within an organization and productivity applications—many that could be developed as proprietary and industry-specific.

The success of any mobile application will rest on three factors: convenience, usability and efficiency. For the consumer-driven business, the achievement of the mobile application will be in its ability to provide effective advertising and marketing opportunities.

ADVERTISING AND MONETIZATION

In 2011, mobile advertising will reach \$3.3 billion worldwide, double the amount spent in 2010. By 2016, advertisers expect to spend \$77 billion on interactive marketing—including mobile devices — an amount equal to the total spent on television today. Search optimization,

advertising through mobile and tablet marketing, in addition to social media, will grow to 35 percent of all advertising spent. Mobile applications are at the heart of this phenomenon.

The continued evolution of mobile applications lies in the ability of business to understand device user needs, demographics and usage patterns. By their relying on mobile application developers, businesses can establish monetization protocols and advertising opportunities for their applications.

Continued expansion of the mobile device and application market will drive business to become adaptive, re-emphasize marketing and transform consumer electronics into audience-targeting, shopping and commerce tools.

Mobile application developers play a vital role in this changing landscape, primarily by streamlining the process of creating and implementing marketing and advertising campaigns. A robust mobile application development can greatly influence a business's role in the emerging global device market, a factor in its future survival.

DEMOGRAPHICS

Surveys conducted in June-July 2011 by the Pew Research Center's Internet & American Life Project have shown:

One-third of all American adults (35 percent) own a smart phone.

72 percent of smart phone owners describe their phone in positive terms.

Two-in-five (39 percent) mobile device owners say that their phone operates on a smart phone platform (these include iPhone or Blackberry devices and phones with Android, Windows or Palm operating systems).

Android is the most popular smart phone platform, followed by iPhone and Blackberry.

51 percent used their mobile device at least once to get immediate facts.

87 percent access the Internet or email on their device, including two-thirds (68 percent) that do so on a typical day.

42 percent use them for entertainment when bored.

25 percent of smart phone owners stated that they go online using their phone, rather than with a computer.

Demographically, the most common platform amongst young adults and African-Americans is the Android. Most prevalent among college graduates and with higher income are the iPhone and Blackberry. Urban and suburban residents are twice as likely to own a smart phone as people living in rural areas. Employment status also correlates with ownership of smart phones; those with full-time, professional employment are several times more likely to own a smart phone or tablet.

Understanding the spectrum of mobile device users is essential to developing mobile applications that will resonate with the target audience.

EMERGING MOBILE DEVICES

The most robust segment of the changing mobile landscape for business is the introduction of tablet devices, beginning in 2010 with the first generation Apple iPad. In less than 18 months, mobile tablet devices have proven to be a hot commodity, increasingly used for consumer purchases and online shopping.

In a 2011 report by Forrester Research, the expected number of Americans with tablet devices will increase at an annual rate of 51 percent between 2010 and 2015.

Projected commerce via tablet use will grow at a similar rate over the same period. Market penetration for tablets increased from nine percent prior to the iPad2 release to 12 percent post-release, a jump of 33 percent.

TABLETS AND SMART PHONES: ONLINE COMMERCE PATTERNS

Nine percent of online shoppers surveyed currently own a tablet device; among those who own a tablet, 78 percent also own smart phones. Only 22 percent of tablet users overall own a tablet only.

Online commerce has shown to be popular among tablet owners: 47 percent of tablet owners have purchased via their tablet; 13 percent have shopped on a tablet but did not purchase.

Among tablet owners who shopped online, they favor tablets to smart phones for online purchases. Most feel tablets are as easy to use as their computer:

72 percent of Generation X (those born between the late 1960's through the early 1980's), 67 percent of Baby Boomers (born after world War II through the late 1950's), and 65 percent of Generation Y (born after 1980) use tablets more than smart phones for online commerce.

62 percent of Generation X, 60 percent of Generation Y and 57 percent of Baby Boomers feel it is equally easy to visit and buy from retail sites by way of a tablet as it is through a PC.

Additional highlights of the Forrester study:

26 percent of those who do not currently own a tablet plan to purchase one within the next 12 months.

Most owners are either Generation X or Baby Boomers, and the average household income is over \$109,000 (56 percent greater than non-tablet owners).

Nearly half of all tablet owners have children under 18.

75 percent of tablet owners bought their device to complement other devices.

Both overall online commerce and tablet ownership is skewed female.

Although viewed as mobile devices, tablets are frequently used at home, according to the Forrester report. The top three locations for tablet use are the family room/living room, bedrooms and airport/airplanes. Outside of the home, men use their tablets mostly in a stationary environment (such as the office); cars, restaurants and coffee shops are popular tablet usage locations for women.

As the trends indicate, early adopters use tablets as an accompaniment to smart phones, and as an enhancement of the in-store and online shopping experience.

OUTLOOK

For business, the mobile device market rests on several key factors: understanding user demographics, usage patterns and acquiring mobile application developers who can exploit such data to integrate effective advertising and marketing opportunities into their programs.

It is clear that the prominence of these tools—mobile devices, smart phones, tablets and the applications that operate on them—will be crucial to future patterns of online commerce, as well as the overall continuing success of the businesses that utilize them.

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