

Android apps are too expensive

➤ Apple's more mature, controlled retail environment drives app price competitiveness

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Canalys today released the results of a recent App Interrogator survey of the top paid-for and free apps from the leading consumer app stores to clients of its App Store Analysis service. The survey reveals that the top paid-for Android apps are priced dramatically higher than those on iOS for the iPhone. In the US, to purchase the top 100 paid-for apps in the Android Market would cost \$374.37 - an average of \$3.74 per app - more than 2.5 times the cost of the top 100 paid-for iPhone apps. The top 100 iPhone apps would cost \$147.00, or \$1.47 on average per app.

A narrower focus on just the top 10 or 20 downloaded paid-for app listings reveals the same striking disparity in pricing. The top 10 or 20 Android paid-for apps cost, on average, \$3.47 or \$4.09 each respectively, compared with \$0.99 or \$1.04 respectively for the top 10 or 20 iOS paid-for apps. A similar picture was also seen in all five countries surveyed (Germany, India, Singapore, the UK and the US).

'That developers can apparently charge more for their apps on Android and make it into the top paid list is clearly a positive,' said Canalys Managing Director, Mobile and APAC, Rachel Lashford. 'But the reality is that with fewer people willing to purchase apps on Android than on iOS today, there is more of a necessity to do so. Developers and publishers need to balance the iOS volume opportunity with a potentially greater value per download opportunity on Android, where more apps command higher price points. Selling more apps at higher prices is the Holy Grail for developers, but achieving big volumes of paid apps on Android is no small challenge. More aggressive price competition around Android apps would help to encourage more consumers to make their first app purchases, drive greater download volumes, and ultimately be good for the vibrancy of the app ecosystem.'

It was noteworthy that the top downloaded paid-for apps on Android and iOS had little commonality in any country. In the United States, just 19 apps appeared in the top 100 paid lists for both stores. Individual apps tend to be priced very similarly where they do appear in both stores, with the exception of apps that are subject to promotional pricing on iOS.

'It is clear that apps or games that prove to be runaway successes on the iPhone do not automatically prove to be so popular with Android smart phone users,' said Canalys Senior Analyst, Tim Shepherd. 'Apple's App Store and the Android Market are very different retail environments. The former is now a mature but still very closely controlled retail environment, while the latter remains more open but also less secure and consumer friendly. As such, developers and publishers use the stores in different ways. Electronic Arts, for example, regularly offers discounts across its portfolio of games in the App Store to ensure they remain visible to customers by featuring in the top app lists. Price competitiveness is crucial in Apple's store, where the vast majority of top paid apps cost just \$0.99, in a way that is not the case in the Android Market. This leads to disparities whereby an app such as Monopoly is priced at \$4.99 in the Android Market, but is discounted to just \$0.99 in the Apple App Store.'

The survey shows that 82 of the top 100 paid apps in Apple's US store are priced at \$0.99, against just 22 in the Android Market in the US. But with iPhone users increasingly familiar with in-app purchases, there are further options available for monetizing iOS apps beyond the initial payment. Having downloaded, installed and used low-cost apps, consumers will be more willing to pay additional sums for extra content, levels or add-ons for apps they like, than to pay a greater up-front sum for an app of unknown quality. 'That in-app purchasing is a better established feature within the Apple ecosystem than on Android, gives iOS developers an advantage in this regard,' said Tim Shepherd. 'It also underscores the importance of app store providers innovating and being quick to implement new features, which can enable developers to build robust and credible app business models and to make real money.'

The Canalys App Interrogator, comprising snapshot surveys and analysis of the leading app stores, is an analytical tool within the company's App Store Analysis service, which is new for 2012. It provides valuable data and insight on the top downloaded and purchased apps across different countries and stores, including pricing trends, top developers/publishers and user preferences for different app categories. If you would like more information about the App Interrogator, please contact us.

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