

Digital Single Market

Apps ... Much More Than Entertainment

News Article 20/01/2014

Mobile applications are just distractions for bored kids on long journeys, right? Wrong. Successful apps are big business and in more ways than 'shoot 'em up, knock 'em down' game developers imagine. The market for 'serious apps', designed to enrich or simplify daily life, is stronger than ever. It's an opportunity for European app-makers with fresh ideas and the tenacity to bring them to market. But they may need some help.

Recent developments (September 2014): Scaling up Europe's app economy

Europe's app economy is healthy and growing, but a fragmented market and access to capital and talented developers remain a hurdle to scaling up the sector, according to two influential reports.

"Most people are familiar with apps as a convenient or fun way to use the phone in their pocket. But what do they mean for our overall economy, or for European jobs?" asked Commission Vice-President Neelie Kroes. A huge amount, judging from the findings published earlier this year by DERI, NUI Galway and GigaOM Research in the EU-backed Eurapp study, [Sizing the EU App Economy](#) [1].

The app economy has created **1.8 million jobs in the EU and revenues of €17.5 billion from EU-developed apps (43% of the global revenue for consumer apps)**, according to Eurapp. Both jobs and revenues are predicted to grow over the coming years (up to 4.8 million jobs and €63 million by 2018).

In a separate study, VisionMobile's [App Economy Forecasts 2013-2016](#) [2] puts job creation in the European app economy at closer to 1 million, and Europe's contribution to the estimated €66 billion in global revenues from apps and app-related products and services at **19% (but growing by 12% annually)**.

While good news for Europe - app revenues would contribute over €12.5 billion to EU GDP this year - the "bad news is that the rest of the world, particularly Asia, is growing much faster," says VisionMobile.

In both studies, the authors call for proactive policy-making to help startups and developers create businesses and grow this important sector. Eurapp singles out problems such as a fragmented European ecosystem, not being able to find people with the right skills, and having a conducive and consistent legal base and market.

VisionMobile says policy-makers need to do all they can to keep app entrepreneurs from relocating to Silicon Valley to access the expertise and capital they need to compete in Europe's app market.

"This sector is one where Europe can really lead. But we have to address concerns about connectivity and fragmentation - a telecoms single market would be a big step forward," concluded VP Kroes on the matter.

Drivers and roadblocks to app growth

According to the Eurapp study, a number of behaviour- and market-specific factors will drive continued growth in the European (and global) app economy. These include:

- growing downloads per user;
- growth of in-app purchases and new ways of monetisation;
- a modest spread of app store revenues beyond game;
- growth in the overall number of app developers;
- growth of consumer adoption of connected devices in emerging markets.

Among the risks identified by the Eurapp study are:

- the possibility that the consumer app market will not meaningfully expand outside games;
- the deterioration in paid app revenue in favour of in-app purchasing;
- the risk that the app economy is a bubble market that lacks the economic infrastructure for long-term sustainability;
- the difficulty of new-entrant developers being discovered by users on the increasingly cluttered app platforms.

Source: [techeu](#) [3]

Recent studies on the app economy in the US estimate that it was responsible for the creation of nearly 500 000 jobs. Europe is a strong player in the global app economy, with companies like Rovio (Angry Birds) and SoundCloud (see page 31) leading the way, but there is a lack of data on the extent and wider impact of Europe's app economy.

"Around a fifth of the top-grossing apps in iOS and Android come from European publishers, so the majority are from the US," says Mark Mulligan, an analyst with GigaOM Research. There is so much choice out there that it is getting harder for consumers to identify European apps, he suggests.

operating app business in the EU, when compared with our counterparts in the US,” confirms Eurapp’s lead researcher John Breslin. “It may be the less risk-averse mindset in the US, or a lack of know-how in EU companies about how to promote and position one’s app in the market, or other factors.”

Regulatory and country-specific barriers – privacy laws, data access, and working in fragmented national markets – have been cited as problems affecting EU-wide market conditions.

The Eurapp project is surveying stakeholders in the app economy to determine its characteristics. It is also organising a series of workshops and ‘innovation challenges’ to crowd-source proposals for how growth can be stimulated in the future.

The study team from DERI, National University of Ireland, Galway and GigaOM Research is due to deliver innovative and pragmatic recommendations detailing the best policy mix to overcome or mitigate various bottlenecks – environmental, technical, financial – identified in the app economy, in particular in relation to job creation.

“By using our expertise in developing and managing surveys with targeted access to tech communities through social media, we will generate a high-quality database about the knowledge, attitudes and beliefs of stakeholders in the app economy/ecosystem throughout Europe,” notes the team.

Eurapp is using an established crowd-sourcing platform (InnoCentive) to learn more about the app community. Over time, according to Eurapp, this network could be used for additional surveys, experimentation, and analysis of network use in order to further build our knowledge as technology evolves and new app-economy characteristics emerge.

‘Tis the season to be ...

Blogs, wikis, social media, etc. are changing the face of the web ... and how organisations communicate and collaborate in- and outside their communities. For the EU, the ‘social’ side of the web is particularly interesting – it has the potential to add value beyond traditional e-commerce activities, enabling the formation of virtual customer environments.

[The recently finished SEA-SONS project](#) [4], led by the JRC’s Institute for Prospective Technology Studies, sought answers to the question: How do EU enterprises make use of these new communication technologies and platforms; and why would investing in social media be beneficial and attractive to small businesses?

The researchers analysed the market situation (in 2012) to identify ‘best practices’ by SMEs in terms of their social media use as part of their usual business activities. This analysis served to define a list of possible EU policy options. In a second phase of the study, they examined the adoption and use of social media collaborative platforms by some 600 SMEs and highlighted the main drivers and barriers behind more sustained and effective take-up in the EU.

More info: SEA-SONS – <http://is.jrc.ec.europa.eu/pages/TFS/SEA-SoNS.html> [5]

More info

- Eurapp – <http://eurapp.eu> [6]/
- Supporting the EU app economy: addressing EU market conditions –
 - Challenge I: <https://www.innocentive.com/ar/challenge/9933405> [7]
 - Challenge II: <https://www.innocentive.com/ar/challenge/9933375> [8]

(Article from [net-innov future](#) [9] magazine (2014)).

Read more

[net-innov future magazine](#) [10]

Share this page

Source URL: <https://ec.europa.eu/digital-single-market/en/news/apps-much-more-entertainment>

Links

- [1] <http://eurapp.eu/2014/02/13/study-finds-total-18-million-jobs-eu-app-economy-%E2%82%AC175-billion-revenues-taken-eu-app>
- [2] <http://www.visionmobile.com/product/app-economy-forecasts-2013-2016/>
- [3] <http://tech.eu/features/540/analysis-app-economy-europe/>
- [4] <http://is.jrc.ec.europa.eu/pages/TFS/SEA-SoNS.html>
- [5] <http://is.jrc.ec.europa.eu/pages/TFS/SEA-SoNS.html>
- [6] <http://eurapp.eu>
- [7] <https://www.innocentive.com/ar/challenge/9933405>
- [8] <https://www.innocentive.com/ar/challenge/9933375>
- [9] https://ec.europa.eu/digital-single-market/sites/digital-agenda/files/NetInnoFuture-MEP-E-web_0.pdf
- [10] <https://ec.europa.eu/digital-single-market/en/our-media-library>