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## THE APP LANDSCAPE IN 2016

*Apps have become an integral part of our lives. There's an app for nearly everything: messaging, shopping, dating, food delivery, taxi and ride sharing services, hotels and room sharing, as well as fitness, sleep and home monitoring. No business category is left out! These apps are also changing our relationship with the world and giving us new expectations when it comes to service. In fact, 90% of time spent on mobile is spent in apps<sup>i</sup>. In this POV we take a look at the state of mobile applications today, what has made them so popular, what the future holds for apps, and discuss what brands should keep in mind when considering app development.*

### A LITTLE HISTORY

Once upon a time, not so long ago, we lived in a technologically fractured environment. We read and sent written exchanges on our desktops, we ordered our taxis and delivery food over the phone, and we listened to our favorite tracks using CD players. Then, in July 2008, Apple launched its application marketplace, the App Store, where developers could release third party apps for users to download, effectively changing the course of mobile history. The very first apps provided alternatives to stock apps (the apps that come pre-bundled with a phone such as email and messaging clients), as well as news, entertainment and social functions. Google quickly followed suit with Google Play (launched as Android Market) in October of the same year. Seven years later, there were over 3.3 million apps available between both stores<sup>ii</sup> and according to Statista, the App Store increased its catalogue with more than a thousand apps each day<sup>iii</sup>.



As consumers, we are increasingly relying on apps, and spending time in them, because they make our lives easier. Indeed, it would be difficult to imagine our daily lives without them, as they've transformed our once-auxiliary cellphones into digital life-hubs where we routinely check our bank accounts, check the weather and traffic every morning, keep up with our social circles throughout the day and more! Apple in particular encouraged this rapid

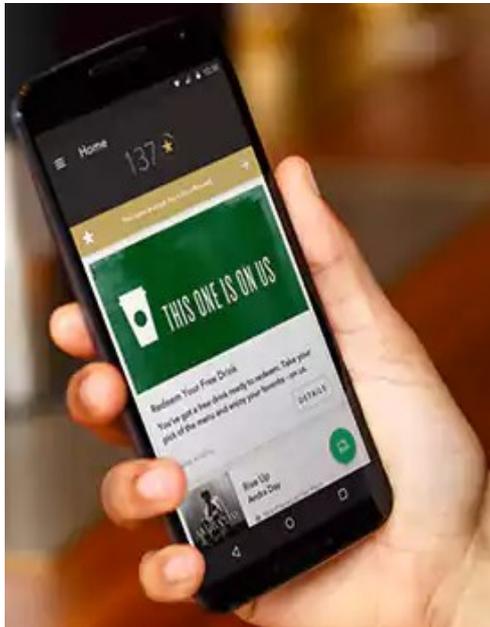
adoption of apps in order to promote the iPhone as the new hub for digital lifestyles, using “there’s an app for that!” as their go-to slogan for a number of years. This initial push was convincing enough to stimulate both consumer demand for mobile solutions and entertainment, as well as entrepreneurs and developers’ willingness to produce them.

## A HEALTHY ENVIRONMENT

According to App Annie, since Q1 2014 worldwide time spent in apps grew more than 100% while users' average session length has increased by 35%<sup>iv</sup>. It comes then as little surprise that app install spending is projected to reach close to \$6 billion in the US in 2016<sup>v</sup>: Advertisers want to be a part of consumers' everyday lives to drive awareness, brand recognition and business. In fact, mobile apps are expected generate \$51 billion in 2016<sup>vi</sup>.

However, it's important to keep in mind that while many apps exist, only about a quarter (yes, 1 in 4) are used on a daily basis - mostly social and gaming apps. So far in 2016, the top 10 apps used in the US were either social (Facebook, Facebook Messenger, Instagram), Google services (YouTube, Maps, Play Store, Search, Gmail) or mobile browsers (Chrome, Safari)<sup>vii</sup>.

Although no one game is present in the top 10, the wide variety of games available to the public means mobile users spend roughly 15% of their mobile time gaming<sup>viii</sup>. Brands should also be wary of gaming fads. For example, Pokemon GO was released to a frenzy of media coverage and user enthusiasm but lost a third of its original user-base in under a month due to a lack of in depth features and a tendency to alienate users by removing components which were both popular with users and gave the game its distinct exploration feel (such as its internal Pokemon radar)<sup>ix</sup>.



Outside of social, web and games, the most popular apps are those that provide lifetime value, either through their convenience or insight. A shining example of value is Starbucks' app, which allows users to order and pay for their drink directly from their device ahead of time and pick them up at their preferred location, skipping line-ups all together. Its integrated loyalty program also allows users to cumulate points towards free coffee, building a stronger connection with the brand. Apps like these are actively changing our expectations and challenging the limits of consumer interaction, in turn generating brand loyalty.

This means that while brands can leverage an app to reach out to consumers, their app has to provide solutions to everyday problems and drive interest in order to succeed. To get the full value of their investment, and create meaningful connections, brands must bring added-value to users' lives. They must also plan for the long-term lifetime of their app and optimize how they

choose to interact with their consumers if they're going to get the most out of their app. It's not enough to simply have an app listed in a store: Brand recognition on mobile starts with making consumers' lives easier.

## THE FUTURE IS AUTOMATED

That being said, what does the future hold? Looking at current trends we can see two front runners for the future of mobile marketing: conversational "bots", such as those available on Facebook Messenger, Google Allo and WeChat, and voice personal assistants (VPAs) like Apple's Siri, Amazon's Alexa and Google Assistant.

### BOTS

Messaging services are particularly interesting as bot hosts. First, users use these apps on a daily basis and are already used to the mechanics of typing and receiving text responses. Second, the most popular messaging apps account for 60 billion daily messages and 3 billion monthly active users, a very alluring audience for advertisers.

Bots have been the talk of the town ever since Facebook announced their plans to integrate conversational bots in their Messenger platform in April 2016. Facebook has been very active, trying to capture the lion's share of the Western market and become an everyday digital hub for user. This is not unlike what WeChat has done in the Chinese market, where it hosts over 10 million businesses directly on its singular platform. Google jumped into the ring in late September 2016 with the launch of Allo, a messaging platform from which users can ask Google questions and directly perform web searches which are then displayed in the chat.



Bots' distinct advantage is that they offer an intelligent conversation service. Augmented via artificial intelligence systems, they are able to carry out conversations and answer consumers' needs in a far more personalized way than any other automated system. For brands, bots are an accessible avenue to open new channels for endless opportunities. Not only do bots give access to a mass audience via messaging systems, they also allow consumers 24/7 access to personalized brand interactions, potentially opening new service models. For example, Axa and Disney now have options to interact with consumers via Facebook Messenger, and Slack users can order Taco Bell by interacting with their "tacobot".

*Disney's "Miss Piggy" Bot*

## VPAS

Voice-assisted personal assistants make use of machine learning to fine-tune their accuracy and relevance with each conversation. Google Assistant brands itself as users' "own personal Google", the one that knows them best, because it pools all its knowledge from users' interaction from Google's myriad of services. Assistant is even built into Google's first integrated mobile device: Google Pixel. Similarly, with its latest update to its desktop operating system, Apple users can now talk to Siri on nearly all Apple devices, including phone, tablet and TV. Additionally, certain voice assistants give you access to extra features; for example, Amazon's Alexa will allow users to order services such as Uber, Pizza Hut, play music, pay your bills online via CapitalOne (an American bank) and even shop for items on Amazon using their voice alone. Brands stand to benefit not only from integration within these services, but also the information collected from users' interactions.

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## OUR INSIGHT

With this in mind, we must ask: where do brands stand? Where do their most promising opportunities lie? Conventional wisdom points in two distinct directions. The first is to build an app that focuses on service and interest in order to boost consumer retention and encourage users to interact with the brand on a regular basis. Here the idea is to make users' lives easier while offering brands a new avenue of communication with their consumers.

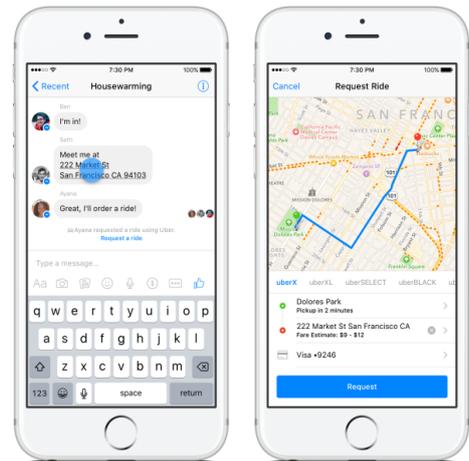
### INTEREST AND REPEAT USAGE ARE KEY

To do so successfully, these apps must drive interest and give users a reason to return to the app regularly, such as an enjoyable and easy interface or a form of loyalty program. Examples of successful service apps include Starbucks' 'order & pay' app (as mentioned above) or Uber's top-shelf user interface and experience, convenience and ubiquity<sup>x</sup>. Users return to these star apps because they offer value-added convenience and personalized interactions. Starbucks makes you their VIP (skipping lines, remembering favorite drinks, special offers), while Uber offers your personal driver at your doorstep within minutes. In order create meaningful touchpoints in mobile, brands must develop experiences that make users' lives easier.

## APP VS APP INTEGRATION

Additionally before brands decide to invest in their own app, they should also ask themselves: what apps their consumers are using, how do they access these apps, the type of content they enjoy and, most importantly, how and where can I create value for them? Some brands stand to benefit more from the additional promotion and reach that can be achieved by integrating their services within ‘premium’ apps.

App integration - embedding branded app-like features within popular apps - is not only cheaper than developing a fully-fledged application; it also allows for flexible cross-promotion. Associating with these premium apps also has the added benefit of introducing certain brands to qualified audiences both old and new. A successful example of app integration is Uber’s integration within Facebook Messenger, which allows users to order a car with a single click from within the platform.



*Uber integration in Facebook Messenger*

In order to make the most of bots, brands will need to choose which major messaging portal they wish to partner with, keeping in mind where their clients are most likely to be or what service they’re most likely to use. This might also depend on the kind of service an advertiser is offering: advertisers offering services popular in social settings will do better in messaging platforms than within a general setting offered by a voice personal assistant.

Only by answering their clients’ expectations can brands stay relevant and mobile is the most personal way for the two to meet. Brands need to make sure they’re investing in a solution that provides value for users and that can be optimized over time to fit consumers’ evolving needs.

<sup>i</sup> Flurry Analytics, 2015: <http://www.smartinsights.com/mobile-marketing/mobile-marketing-analytics/mobile-marketing-statistics/attachment/percent-time-spent-on-mobile-apps-2016/>  
<sup>ii</sup> Business of Apps, 2016: <http://www.businessofapps.com/app-store-statistics-roundup/>  
<sup>iii</sup> Statista, 2015: <https://www.statista.com/chart/3530/app-store-growth/>  
<sup>iv</sup> App Annie, 2016: <https://www.appannie.com/insights/market-data/mobile-now-first-screen/>  
<sup>v</sup> eMarketer, 2016  
<sup>vi</sup> Statista, 2016: <https://www.statista.com/statistics/269025/worldwide-mobile-app-revenue-forecast/>  
<sup>vii</sup> SurveyMonkey, 2016: <https://www.surveymonkey.com/business/intelligence/most-popular-apps-2016/>  
<sup>viii</sup> Flurry Analytics, 2015: <http://flurrymobile.tumblr.com/post/127638842745/seven-years-into-the-mobile-revolution-content-is>  
<sup>ix</sup> Business Insider, 2016: <http://www.businessinsider.com.au/3-lessons-for-business-from-the-rapid-decline-in-pokemon-go-2016-10>  
<sup>x</sup> TechCrunch, 2015: <https://techcrunch.com/2015/12/16/facebook-messenger-transportation/>