

# DISTIMO

## The Four-Year Anniversary of the Apple App Store

By Gert Jan Spriensma, Analyst at Distimo



Apple App Store for iPhone

Distimo was founded to solve the challenges created by a widely fragmented app store marketplace filled with equally fragmented information and statistics.

Distimo was launched shortly after the introduction of the first app store. App stores have clearly shown since that time that they are the way forward for content distribution. The app store model offers an enormous opportunity for developers to get their content out and dramatically improves content discovery by consumers. However, the mobile market has long been characterized by fragmentation, which is also displayed in the wide range of mobile application stores that were launched from 2009 on.

Distimo is a privately held company based in Utrecht, The Netherlands. Learn more: [www.distimo.com](http://www.distimo.com)

## NEW AND NOTEWORTHY

The iPhone was released more than five years ago without the ability to install apps on the phone, and the Apple App Store subsequently launched on July 10, 2008 – one year later. Only 500 applications were available for download at launch, but the number of applications quickly grew as people saw that third-party apps were able to address the needs of even small groups of users. Please note that the Apple App Store was not the first app store as others already launched similar products, however the tight integration of iPhone, the iPod and the Apple App Store worked in a simple, seamless way, whereas other app downloads from other app stores required difficult manual actions.

In this month's publication, we take a look back at how the Apple App Store emerged and developed over the past four years.

### The major findings are:

- The Apple App Store currently has over 650k applications available, however due to emerging competition, the number of downloads among the top 200 most popular applications per available app in the Apple App Store for iPhone decreased from 15.4 at its height to 8.4 in June 2012.
- The United States has been the largest market for iPhone since launch, but has lost some ground in terms of its total significance over the past two years. Approximately 26 percent of the free downloads worldwide originated from the United States in the Apple App Store for iPhone during June 2012. The top 10 largest countries for downloads of the top 200 most popular free applications now consists of United States, China, Japan, United Kingdom, Germany, France, Canada, Italy, Australia and South Korea.
- Localization continues to be of the utmost importance for developers who wish to succeed in many non-English speaking countries.
- The potential for growth for developers grew over the past two years from 7.7M to 16.8M daily downloads among the top 200 most popular free applications per country. However, the figures for paid downloads only increased by 13 percent while the average selling price declined by 16 percent, representing a lower net revenue of 5 percent.
- Looking at the aggregated revenue among the top 100 highest grossing applications in all countries, the total revenue more than tripled over the past two years. The increase is solely driven by in-app purchases, the proportion of revenue that is derived from free applications featuring in-apps increased from seven percent to 68 percent
- The shift to in-app purchases has been driven largely by Games, which have the most in-app purchase options on average from within the app. About 21 percent of all free games feature in-app purchases, but when looking at the 300 most popular free applications in each category in the United States in June 2012, 77 percent of those Games features in-app purchases.

The Apple App Store, (which we will refer to in this report as the Apple App Store for iPhone), was launched 4 years ago.

## THE DEVELOPMENT OF THE APPLE APP STORE

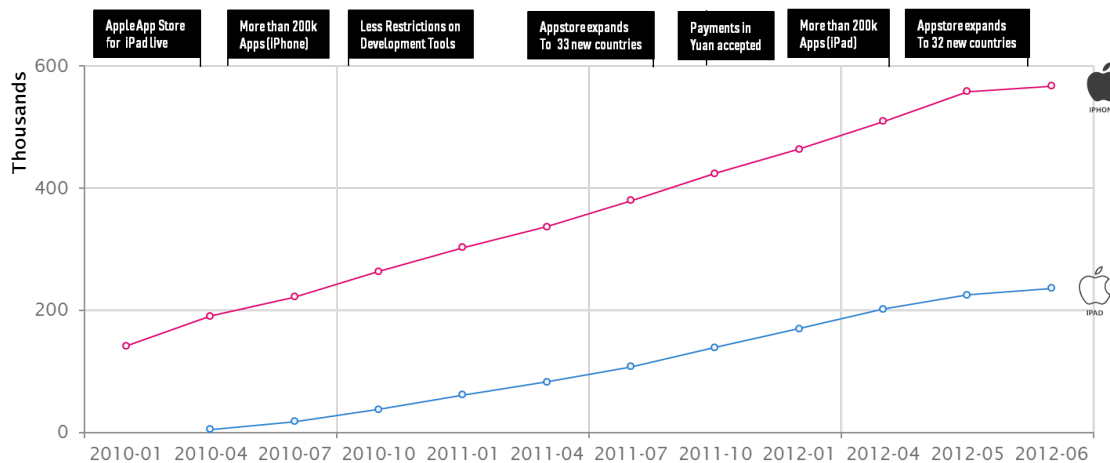
The timeline below shows the development of the Apple App Store from inception to present. The number of available applications grew to 250k in the first two years, and the number of available applications more than doubled in the two years following, to a total of 650k available applications as of June 2012. Of those 650k, 567k are available for the iPhone and 236k are available for iPad, i.e., 23 percent of all applications are universal, i.e., one package for both iPhone and iPad.

Over the past few years many applications have also been removed from the app store. During the past four years we have seen almost one million (989k) unique applications, which means that 334k applications have been removed by either the publisher or Apple. This happens frequently, as we saw during June 2012, when over 10k applications were removed in the Books category alone, for example.

### DEVELOPMENT OF THE APPLE APP STORE IN THE PAST 2 YEARS

#### STORE GROWTH AND MAIN EVENTS

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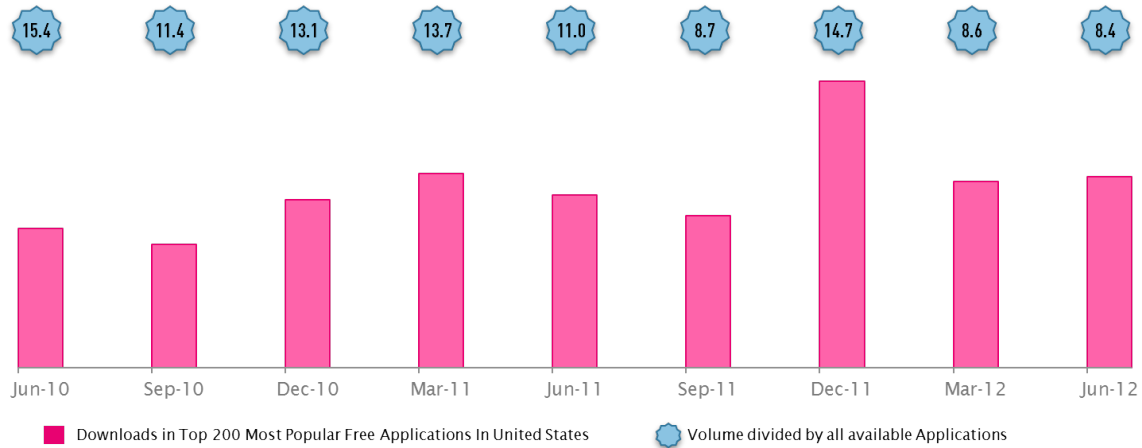
All major events since January 2010 are shown in the graph above, however the introduction of in-app purchases already occurred in June 2009. The introduction of in-app purchases is widely regarded as a brilliant one, as nowadays the majority of developer revenues is derived from this monetization method. Other remarkable events that caused shifts in trends include the expansion to a large number of new countries and the introduction of the Apple App Store for iPad.

The increase in the number of total available applications is good for the consumers, however the attention of consumers is limited. Hence, the 530k iPhone applications that are currently available in the United States are downloaded on average less than they were two years ago. Looking back the most favorable time has been in June 2010. There were 15.4 downloads among the top 200 most popular applications in the United States at that time for each application. The number of downloads among the top 200 most popular applications in the United States over time is depicted in the graph below.

**DOWNLOADS PER APP DECREASED OVER THE PAST 2 YEARS**

TOP 200 MOST POPULAR APPLICATIONS / AVAILABLE APPLICATIONS (US)

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This is probably due to increased competition among the large number of available applications in the United States. The attention of customers is limited, and thus the large number of applications together attract only a marginal higher number of downloads in the top 200 than they did two years ago, while the number of iPhone applications more than doubled. The spikes in December are caused by holiday seasons that occur each year. Many customers get new devices and are more eager to download, while most publishers spend a large share of their marketing dollars in December.

**UNITED STATES MARKET BECAME LESS IMPORTANT**

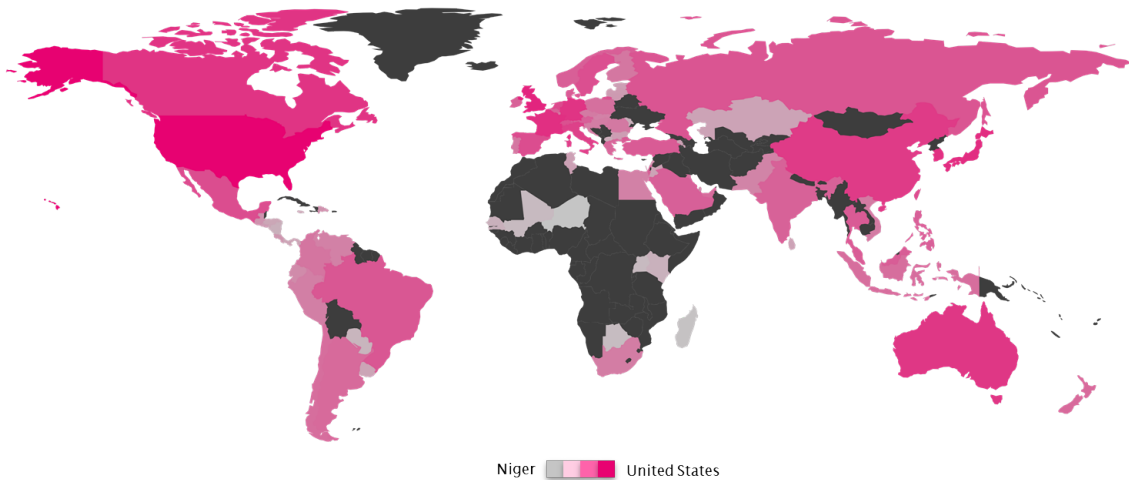
The United States is not the only market to focus on, and has lost some ground in terms of its distribution importance for global developers. The Apple App Stores are a perfect example of purely global markets, where developers can, without hassle, publish globally. This does not mean that offering an app for sale in all countries works out for every developer, but it is possible. The two world maps below show that the importance of the United States decreased substantially over the past two years. In June 2010, 38 percent of the free downloads among the top 200 most popular applications per country combined were from the United States, while in June 2012 this proportion decreased to 26 percent. The countries on the rise are mainly located in Asia. The top 10 largest countries in terms of downloads in the top 200 most popular free applications consist now of United States, China, Japan, United Kingdom, Germany, France, Canada, Italy, Australia and South Korea.

Please note that, as we have stressed in some of our previous presentations and publications, localization is of utmost importance for successful global app development. Although apps like Angry Birds might have enough brand appeal to be successful worldwide without proper localization, at Distimo we see that in most countries the top 200 most popular and highest grossing applications are mainly populated by localized applications.

**APPLE APP STORE FOR IPHONE IN JUNE 2010**

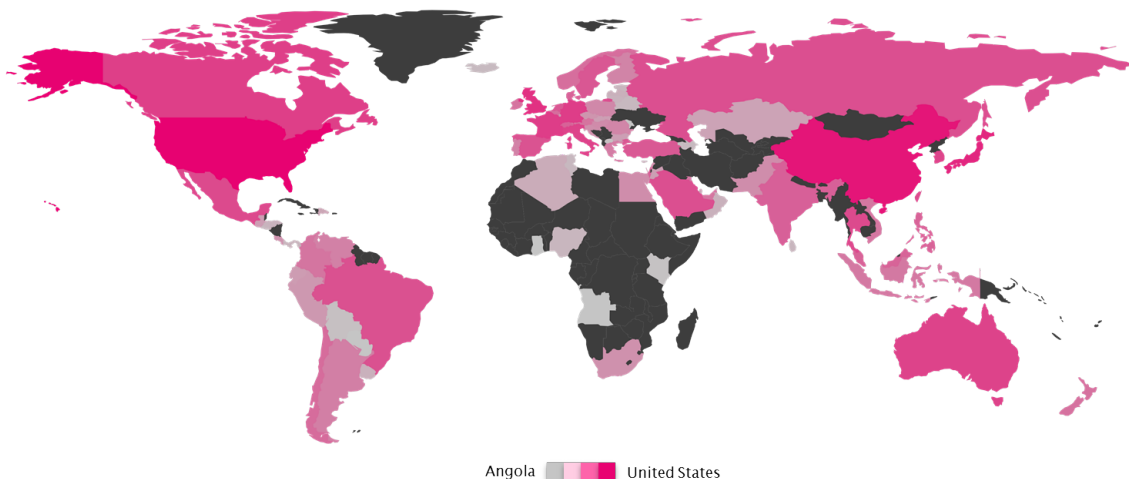
DAILY DOWNLOADS AMONG TOP 200 MOST POPULAR FREE APPLICATIONS

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**APPLE APP STORE FOR IPHONE IN JUNE 2012**

DAILY DOWNLOADS AMONG TOP 200 MOST POPULAR FREE APPLICATIONS

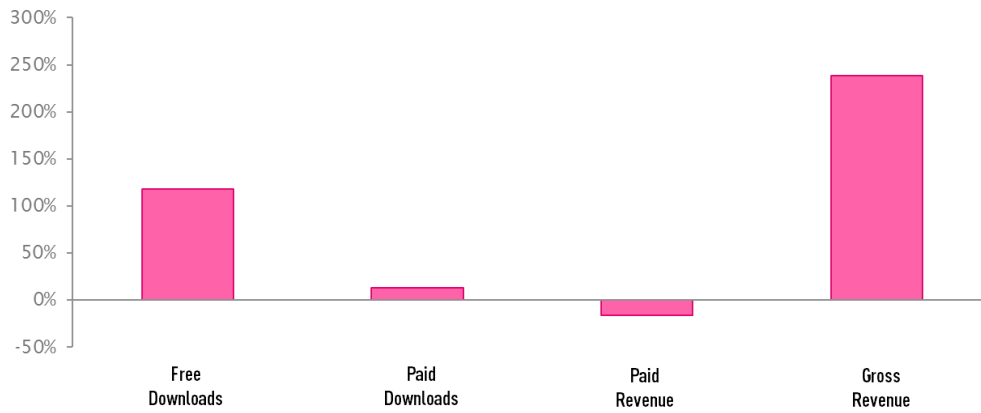
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**REVENUES ON THE RISE**

The potential for developers grew over the past two years from 7.7M to 16.8M daily downloads among the top 200 most popular free applications per country, however, the figures for paid downloads were not that spectacular. The volumes among the top 200 most popular paid applications increased by 13 percent, while the average selling price declined by 16 percent, netting overall lower revenue. The daily revenue among the top 200 most popular paid applications decreased by five percent over the past two years. Although customers do not seem to like to pay for applications, they seem to be eager to pay via in-app purchase after they have tried the applications. This is proven by the increase of the revenue among the top grossing applications. The total revenue more than tripled over the past two years when we look at the aggregated revenue among the top 100 highest grossing applications in all countries.

**WORLD WIDE GROWTH IN DOWNLOADS AND REVENUE**  
 AMONG TOP 200 / 100 MOST POPULAR / GROSSING APPLICATIONS

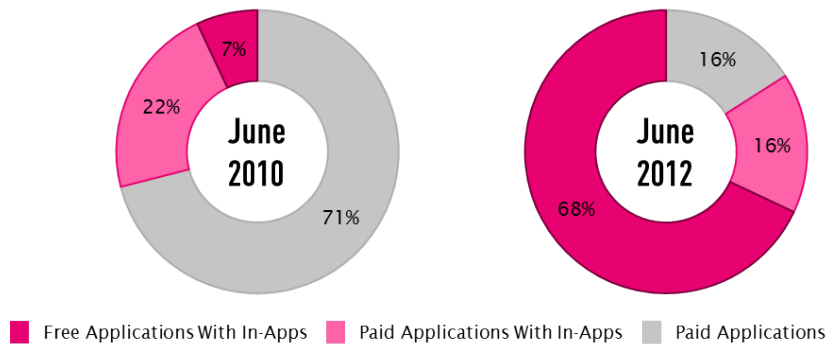
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This increase in revenue originates solely from in-app purchases. In June 2010, seven percent of the revenue derived from free applications featuring in-app purchase, while another 22 percent derived from paid applications featuring in-app purchase. This proportion was 68 percent and 16 percent in June 2012, respectively. This means that in June 2012 between 68 percent and 84 percent of revenue was derived from in-app purchase, while only 16 percent of the revenue was derived from the one-off model.

**WORLD WIDE IN-APP ADOPTION**  
 AMONG TOP 100 MOST GROSSING APPLICATIONS

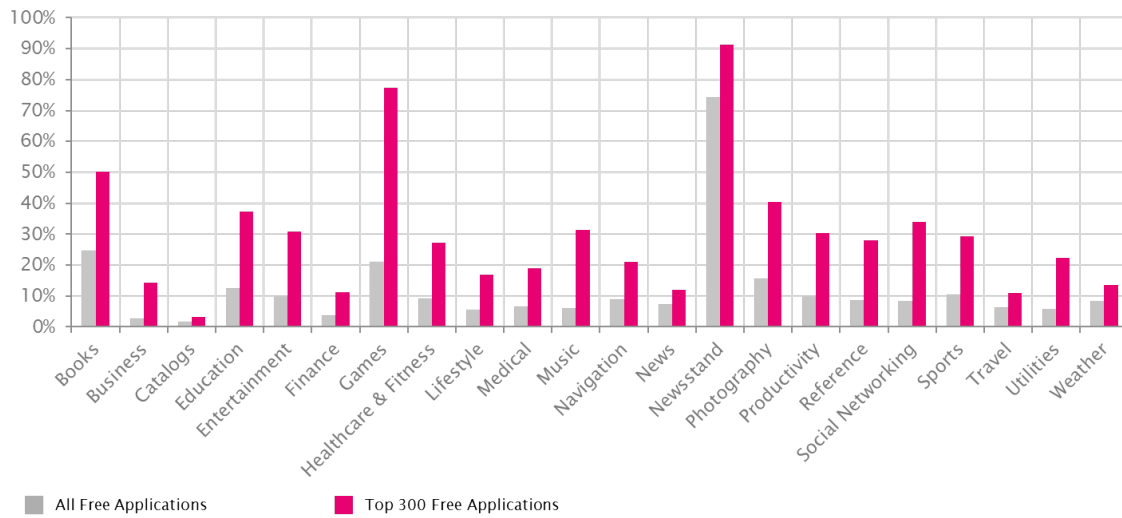
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When we look at what types of apps drive the shift to in-app purchases, we see that Games have on average the most in-app purchase options from within the app. About 21 percent of all free games feature in-app purchases, but when looking at the 300 most popular free applications in each category in the United States in June 2012, 77 percent of all Games feature in-app purchases. Still the Games category is not the most in-app savvy type of application The in-app adoption rate is even higher among free applications in the Newsstand category at 74 percent, while 91 percent of the top 300 most popular free Newsstand applications feature in-app purchase.

**PROPORTION APPLICATIONS THAT FEATURE IN-APP PURCHASES**  
 AMONG WHOLE STORE / TOP 300 MOST POPULAR FREE APPLICATIONS

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**RECAP**

This month's publication discussed the incredible progress of the Apple App Store from launch four years ago through June 2012. Although volumes and especially revenues have increased, the competition has grown much more fierce as well. In terms of volume the height of downloads per app was in June 2010. However, new markets in other countries have grown significantly over the past two years and are now among some of the largest markets, e.g. China, which is already the second largest country in terms of free downloads. Moreover, the revenue more than tripled in the past two years mainly due to the success of free applications that feature in-app purchases. Games and applications in the Newsstand category are highly successful in monetizing via in-app purchases.



## **DISTIMO'S PAID FEATURED REPORTS: GAIN DEEP INSIGHTS INTO ALL MAJOR APPLICATION STORES. STARTING AT €399**

The reports are available for June 2012 and an annual 2011 report is available for North America, Europe and Asia. In addition to the the major trends in the app stores, each report covers an extra topic:

- The **June 2012** report covers month over month pricing trends and provides more insights into the daily download volumes in the major app stores including Google Play. Moreover, it shows the actual downloads to expect in the region.
- The **annual 2011 report** covers all major trends, in growth and in pricing among others, in the app stores covering the period January 2011 - November 2011.

**VISIT [REPORT.DISTIMO.COM](http://REPORT.DISTIMO.COM) FOR MORE INFO**



## DISTIMO CUSTOM REPORTS

Aside from this free monthly publication, Distimo produces custom reports capable of providing specific mobile application store analytics that are relevant to your company. Custom reports are currently available for any country worldwide for the Amazon Appstore, Apple App Store for iPhone, Apple App Store for iPad, Apple Mac App Store, BlackBerry App World, GetJar, Google Android Market, Nokia Ovi Store, Palm App Catalog, Windows Phone 7 Marketplace. Additional application stores will be available in the coming months. To get a better idea of the type of data and metrics that Distimo can provide, please visit our Report product page.

## CONTACT US

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## ABOUT DISTIMO

Distimo is the innovative app store analytics company built to solve the challenges created by a widely fragmented app store marketplace filled with equally fragmented information and statistics.

**Distimo Report** provides in-depth customized reports for carriers and operators and offers valuable insight into important trends happening within different application stores around the world. Custom reports are currently available for the Apple App Store for iPhone, Apple App Store for iPad, Apple Mac App Store, Amazon Appstore, BlackBerry App World, GetJar, Google Android Market, Nokia Ovi Store, Palm App Catalog, and Windows Phone 7 Marketplace.

**Distimo Monitor** is a free, cross-platform, app monitoring tool for developers that enables them to monitor their own and competitive applications across all app stores, without any adjustments needed to their application's code. **AppLink** is a first-of-its-kind, easy-to-use, cross-platform app distribution service within Distimo Monitor that provides developers with detailed insight into their app distribution analytics and their app sales funnel.

Founded in 2009, Distimo is a privately held company based in Utrecht, The Netherlands. Follow us on [Twitter](#), read our [blog](#) or learn more at <http://www.distimo.com>.

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