

SPORTELO9 SPECIAL
MOBILE APPS

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MUCH ADO APP-OUT NOTHING?

Apple Inc's iPhone has been the platform for a boom in mobile internet use thanks to 'apps' – small programmes that can be downloaded to the phone to deliver games and internet functions speedily and in an easy-to-use format. **Kevin McCullagh** asks whether the sports industry can capitalise on their dramatic success.

APPS HAVE GONE from a twinkle in, to the apple of Apple Inc's eye in little more than two years. Figures show iPhone users have downloaded over 1.5 billion apps from a library of now around 65,000.

Although the download charts are dominated by games and gimmicks, sports-related apps are achieving significant download numbers, and sports media publishers and properties have waded in. Sports fans are now catered for in myriad ways, from the amateur golfer who wants a computer scorecard in their hand, to those simply wanting Saturday afternoon football results on their mobile.

The download numbers have grabbed headlines, but so has the disparity with the relatively paltry amounts of money which developers and Apple appear to be making from apps. And there are those that believe many apps are only a stepping stone on the way to better internet access on mobile phones through traditional browsers.

So why has a technology that has really taken off on one mobile device created such a fuss, and what can apps do for the sports industry?

The foundation for the rise of the app, says Chris Bignell of mobile technology consultancy XI Communications, has been the increasing availability of fixed-rate data tariffs for mobile phone users and the increasing use of 'smartphones' – the latest generation of mobile handsets which, like Apple's iPhone, have large touchscreens and allow speedy internet access through 3G and Wi-Fi connections. Worldwide smartphone shipments grew 13.4 per cent between Q2 2008 and Q2 2009, to 38.1 million.

But Bignell is not an app 'evangelist'. He believes that apps may turn out to have a short shelf-life, as web browser internet access for mobile phones improves. Anil Mahotra, of mobile technology company Bango, is of the same view.

"The browser is still the best app you can have on your phone," says Mahotra. "It is the only ubiquitous app."

Apps have exploded so fast, bewildering Apple and catching out their competitors, so much so that no-one knows yet how the app industry will develop.

Much of their success is down to Apple allowing anyone to create their own app for submission to its 'App Store' – Apple's portal for downloading them to the iPhone. This has resulted in an explosion of creativity from professional and amateur developers that has witnessed some ingenious uses of the iPhone's technology which have made headlines around the world.

Some of the more famous include the 'Pint', a gimmicky app created for brewer Molson Coors, which fills the iPhone screen with an image of a full pint of Carling beer. When the iPhone is tilted, the pint appears to drain away, so that those tipping the phone to their lips look as if they are drinking it.

Another celebrated app advises commuters on the London Underground which door of which carriage to enter to assure the speediest exit from their destination station. The success of apps is at the moment largely confined to Apple's iPhone, but other manufacturers are hastening to catch up with the Californian computer giant and release phones which can host their own versions of apps.

Business app-ortunities

Very few apps make money, and indeed Apple is widely believed to be losing money maintaining the service, and is doing so only to drive sales of the iPhone. So what are the benefits for sports businesses such as Eurosport, Orange, ESPN, and many others, who have leapt into publishing apps?

Sports content is in high demand on mobile phones, believes Anil Mahotra. In the UK, he says, the peak time for mobile internet browsing is Saturday afternoon, when the country's professional football leagues are in play.

Arnaud Maillard, internet director at Eurosport, and fan of French football team Paris St Germain, says: "There is no end to my appetite for information about my team", and he does not believe that he is alone.

Maillard believes that apps'

presence on the desktop – or 'home' screen – of the iPhone encourages the development of habitual use. He says that more than 25 per cent of the users of Eurosport's app – a free sports news and results service – use it every day.

Unlike when accessing a website via mobile, he says that users check the app out of habit, without having in mind the goal of finding out a certain piece of information.

Maillard says that, for Eurosport, publishing an iPhone app is a translation into the mobile world its effort to establish itself as a leading online sports media player. He says the explosion in the popularity of apps has created a platform in the mobile media market on which it can make a clear statement about such intentions, whereas previously there was no such obvious channel.

Eurosport's app is free, and users can get all the same information on the Eurosport website, which Maillard explains is being engineered to be "mobile-friendly", as part of a plan to stay "agnostic" towards all platforms.

Chris Bignell and Anil Mahotra say that, for this sort of news content, apps are only an interim technology, before web browsers on phones get better, and more websites have mobile friendly versions. "Mobile friendliness" roughly translates into being easy to read and use on small mobile screens. But for the moment at least, if Eurosport's figures are anything to go by, apps are not just winning the battle with mobile web browsers, they are blowing the competition out of the water. Maillard says that 95 to 97 per cent of those accessing Eurosport's mobile content are coming via the iPhone app as opposed to a browser.

It's a significant statistic given that iPhones only account for around 10 per cent of the global smartphone market.

The app is helping Eurosport push its media to more people, more frequently. Other major sports players are also apparently seeing the



App selection on the iPhone homepage – Apple



Apple takes a 30 per cent cut from paid-for apps - Apple

value, or at least do not want to miss the boat, and are jumping on board with their own apps.

ESPN has launched a range of apps, some paid and some free, some delivering news, others delivering games and utilities. Orange in France launched an app exclusively for the French Open at Roland Garros which delivered live video coverage of the matches.

The app, which was free to download for customers on certain mobile network tariffs, achieved 120,000 downloads over the two weeks of the competition. Orange is following it up with a paid-for app (£6 per month) for France's top-tier football league, Ligue 1, offering whole live match broadcasts. The company is already eyeing an app covering French rugby's Top 14 competition in a similar vein.

The revenue question

These investments are coming at considerable cost, without any great return as yet. Dominic Curran of sports marketing company Synergy estimates that companies are spending anywhere from tens of thousands to hundreds of thousands of pounds to develop, maintain and operate apps.

Bignell points out that it is very difficult to get to the top of the download charts at Apple's App Store, and that this is only place where apps can hope to make considerable money.

This is the main reason that so much scepticism surrounds apps - the money is not matching the hype and excitement of tech-savvy iPhone users. The two obvious

routes to revenues are from paid-for apps and advertising within apps.

Anil Mahotra says that the paid-for apps which are selling well are so far niche products.

They are succeeding where the content is compelling and exclusive, such as with games or sports video content, or where the apps help the user in some novel way, such as helping London commuters navigate their way quickly through the underground network.

On the advertising side, James Hickman of online sports media specialists Perform says that the yield is very low at the moment. Nevertheless, some high-profile names are involved in the sponsorships that do exist.

EA Sports' Madden brand - an American football video game - has a deal covering ESPN apps. The official app released by the Wimbledon tennis championships this year was sponsored by IBM.

But with limited screen space, advertisers and app creators need to be very careful about not pushing advertising down the consumers' throat, says Curran.

Apps make internet access quick and easy for mobile phone users, he says, and the advertisement will have a negative effect if it comes across as "one more hoop for the consumer to jump through".

However, Curran points out that apps represent a space for a sponsorship investment, which could be much appreciated by fans.

If a sponsor comes across as bringing something to the fan which would otherwise not exist, or would cost them money, it

could enhance the impact of the sponsorship. Indeed, he says, the modern sports fan will almost expect such an investment from a sponsor.

Apps are too new and have grown too fast to allow anyone to make safe predictions as to where the future for them lies.

Some, such as Anil Mahotra, see parallels in the obsolete technology of years past. He compares apps to the widgets which appeared on PCs around 15 years ago and which allowed home internet users, mostly on slow dial-up connections, to access internet functions through small programmes downloaded to their desktop exactly like apps are to iPhones.

As these fell by the wayside with broadband internet access, so too, according to Mahotra, will a large chunk of the apps industry fall away as better browsers allow users to access the much richer content available on websites.

As Dominic Curran says, apps are only a "shallow dive" into what is available on the internet.

Speeding this decline, says Mahotra, will be the cost of delivering content through apps - currently much more expensive than doing so through a browser.

There is considerably more work to be done creating and maintaining apps for all the different breeds of phone than there is for making a website mobile-friendly for all those phones.

The number of parties involved in delivering an app to a customer raises further headaches, such as who the customer contacts when

something goes wrong. The app developer? The publisher? The mobile network operator? Apple? The problem is exacerbated if the app is expensive, rather than, as most currently are, free or cheap, and fairly disposable in the eyes of the consumer.

The future of the app

Apple currently takes a 30-per-cent cut of the revenue from paid-for apps - Mahotra notes that serious businesses will want to see more than 70 cents back out of every dollar or euro paid by the customer.

Despite the headaches and teething problems, apps have achieved such a scale and success that they appear to be a fixture on at least the next generation or two of mobile phones.

Eurosport's figures for app usage suggest that they have stolen a huge march on "mobile-friendly" websites, so the interim technology theory at least must accept there will be a significant interim period.

Consumers have shown a thirst for sports content on their mobile, and apps have established themselves as one of the best ways of delivering this content. Although expensive, and with perhaps limited scope as a paid-for product, there is potential for increasing advertising income as the app concept proliferates across different manufacturers devices.

For sponsors, apps present another channel through which to ingratiate themselves and engage the fan, even if it does mean stepping on eggshells when it comes to on-screen branding.