Mobile Web Users Are Ready for Enterprise Development

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Enterprise companies are wasting too much time and development expense on mobile apps, while potentially missing a larger brand opportunity— a device-agnostic mobile web experience. Development of commercial apps, as we know them today, will soon be dying. Many companies just do not know it yet.

How is this possible when apps are being downloaded at an increasing pace in the U.S? The general purpose of apps, across all mobile and mobile-internet devices, is to enable a PC-like experience. As the penetration of smart (and super) phones rapidly grows, device capabilities still outstrip on-deck functionality. Apps meet consumer needs, but only in small bursts.

This is not a new plotline. When residential internet was in its infancy, a major component of the appeal was enablement of freeware downloads and “try before you buy” software. Eventually the experience itself, beyond enablement, became the primary driver of home usage.

Mobile phone capabilities have increased significantly over the last few device generations, with customer adoption of ‘smarter’ phones with OSs like Apple and Android dramatically outpacing the more modest offers from Nokia, Blackberry and Palm. This next generation of phone is more stylish and faster, with bigger screens, more memory and better ease of use.

Apple’s iPhone was the initial catalyst for this change, driving users and usage which, in turn, inspired competition from other device and OS manufacturers. Carriers are incentivized to deliver smartphone devices at low price points, as the monthly voice and data average revenues per user (of ~$30-$50) justify only so much upfront subsidies of manufacturing costs. Now current U.S. smartphone penetration rate is approximately 25%, and it is expected to grow to 50% by the end of 2011 (excluding tablet devices, like the iPad).

We believe mobile apps are a stop-gap solution for early smartphone adopters. While Smartphones are capable devices, they have delivered a lackluster mobile web experience. Apple, enabled by strong iPhone device sales and a massive iTunes customer base, enhanced the value of their phones by encouraging third party app development and distribution. Google, Palm, Samsung, Microsoft and other app stores emerged soon after.

These stores continue to generate revenue. A 2010 Admob Mobile Metrics Survey shows that of users who pay for apps, Android users average $8.36 and iPhone users average $8.18 monthly. These two groups also combine for an average of around 80 minutes per day of app usage. Free app downloads, however, dwarf paid apps at roughly 7 to 1 for both Android and iPhone. The implication is that most users desire enhancements to their mobile experience beyond the on-deck tools, to the tune of $2 billion in 2010, according to Parks Associates.

So why is this model likely to be unsustainable for enterprises? Although it has been a long time coming, the mobile web is finally nearing a ready-for-prime-time state. This will not entirely displace mobile apps. Apps continue to provide a consistent delivery of functions across operating systems. With newer smartphones, users are downloading enterprise apps as “high-end” mobile bookmarks, enabling one click access for common tasks. For instance, Starwood has apps on the iPhone and Blackberry devices which allow users to access travel information, to check their Starpoints balance and to get door-to-door directions to hotels. This is a consumer friendly, one-off solution. But heavy traveling users require a multitude of apps, for all of their travel needs occupying significant real estate. (Marriott, Hilton, Thrifty, Delta, Travelocity, Air Tran, Continental, Diners Club, Orbitz, Avis, United, Southwest, Visa, USAirways, Ritz Carlton, MasterCard, Choice Hotels, American, Hyatt, Expedia, Hertz, Holiday Inn, Ruth's Chris, JetBlue, Kayak, Courtyard, Amtrak, BoltBus, DoubleTree). You get the picture.

The good news for mobile consumers is that the mobile web experience is getting significantly better and more consistent across operating systems and devices. Mobile browsers, particularly those that support the HTML 5 standard, are more capable of delivering a PC-like web experience. This standard includes many improvements over previous web standards.

Most notably, video can be embedded directly into web code without 3rd party applications like Adobe Flash or Microsoft Silverlight. The new HTML 5 standards yield better web site rendering for different screen sizes (from mobile phones to TVs), and support geo-coding, for embedding location-specific content and often do not require the use of a mouse. Without HTML 5, mobile web display is challenging, often wholly unsupported by the carrier or device manufacturer. In short, web sites created in the HTML 5 standard are designed with mobile in mind.

The development switch is already under way. The most popular apps across all operating systems (as of today) are: Facebook, Google Search, Google Maps, Weather Channel, Pandora, ESPN and YouTube. Each of these apps, even streaming content like Pandora or YouTube, can and will be replaced by the mobile web experience as users migrate back to their mobile browsers.

For corporations, developing apps across five major operating systems is no small feat. Companies looking to leverage the mobile space to further their brand should focus on creating a device-agnostic mobile web experience, rather than on app deployment. To ensure a successful future mobile roadmap, organizations should begin to focus on creating a more robust and ubiquitous web experience, from PC to Mobile, which will bring more brand value than deploying an occasionally downloaded, under-used mobile app.

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About this Article

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