
MEDIA & ICT CONSUMPTION TRENDS

“WILLINGNESS TO PAY FOR NEWS APPS REMAINS LOW”

Now that media consumers start satisfying their appetite for news and information via smartphone or tablet, the challenge for media organisations is how to monetise mobile apps. According to a study of the European Commission the app economy is worth €17.5 billion and its value will quadruple by 2018. Apps have the potential to, at least partly, compensate the declining advertising income. At the same time, consumer studies indicate a low willingness to pay for digital content as well as a growing aversion to advertising, even if information becomes freely available. All this makes designing sustainable business models a tough challenge.

User-driven app development

In collaboration with Master's student Lisa Riti we analysed the *willingness to pay* for mobile apps and the *willingness to accept* advertising for such apps. Using an economic choice model, decisions to download and buy information apps (news, weather, sports, travel etc.) were mapped. We believe that a better understanding of consumer needs and requirements allows to develop mobile apps that meet a user's expectations and to design realistic business models.

Information apps rule the waves

In a first research phase, we logged the mobile phone usage of 40 test users who were sent a short push survey two times a day. The results show that, apart from social networking apps including Facebook and Instagram, information apps are by far the most downloaded and used among all types of apps. In-app purchases were found popular for entertainment apps, particularly games. Remarkably, paid-for apps, especially practical tools, account for only 1% of the total amount of apps installed on our smartphone. Furthermore, the acceptance of advertising is the lowest for information apps. This is an important finding since advertising account for a crucial revenue source of news media organisations.

In-app purchases as a stepping stone

In a second phase, an online survey was held among 383 *mobile natives*. These people grew up with the 'free philosophy' and traditionally have a lower willingness to pay for content. Unsurprisingly perhaps, our results show that youngsters prefer app-financed apps to paid-for apps. By lack of free option, in-app purchases are a valid alternative. They may have a negative attitude towards advertising, but this this group of user appears to be the most willing to

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Understanding user needs allows to develop tailored mobile apps and to design realistic business models



Acceptance for advertising in information apps is low. This is worrying since ads account for a large part of news media revenues



FOR MORE INFORMATION

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Media & ICT Consumption Trends is a partnership between iMinds Research Center Media & ICT (iMinds-MICT) and digital research institute iMinds. The project seeks to provide an overview of academic research in Flemish media and internet consumption, and links insights into transforming audiences to the current challenges for the Flemish media industries. It therefore combines results from original user-driven innovation research with conclusions from international studies and technology trends reports.

Series Editors: Tom Evens, Bart Vanhaelewyn and Lieven De Marez

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Research Center **Media & ICT (iMinds-MICT)** is affiliated to Ghent University, part of the Flemish digital research center and business incubator iMinds, and forms, together with SMIT and CUO, the research department iMinds-Digital Society. The context and focus of MICT's research is today's digital society and innovation economy, and more specifically the changes and challenges that are imposed by that environment for each of its stakeholders: industry, policy makers and, not the least, end-users.

iMinds is Flanders' digital research center and business incubator, established by the Flemish government in 2004. Building on the expertise of our 850+ top researchers located at 5 Flemish universities, it introduces digital innovation in 6 key markets including Media, ICT and Smart Cities. iMinds collaborates with research partners to convert digital knowhow into real-life products and services that change people's lives for the better. Key asset is an agile, open research mind set and proven methodology.
