

Economic benefits of unlocking app distribution competition in the UK

Increased app distribution competition could add up to £9.8bn in UK developer revenues over 10 years

Competition lowers commission rates

Opening up competition in app distribution would lead commission **rates** to drop to **competitive levels**.

Lower commissions boost revenues

If rates dropped from ~28% to 10–15%, that could raise existing developers' revenues by **£491–£687m** annually.

New entrants drive growth

More profitable economics could attract 2,600–4,600 new developers, adding **£123–£218m** in yearly revenues.

External payment options add value

No-fee external payment link-outs, **combined with lower rates**, could generate **~£688–£1,033m** annually in total additional revenues.*

It also drives broader economic value to the UK economy

1,900–8,000 new jobs annually supported by higher developer revenues.

Job creation

£130–£230m rise in Venture Capital (VC) investment over 10 years.

Increased VC funding

At least **£60–£250m** boost in demand for developer services and support roles.

Industry growth

Improves **discoverability** of apps and supports more **diverse** content.

More innovation and choice

Better prices and products, likely potential **savings** over time.

Consumer benefits

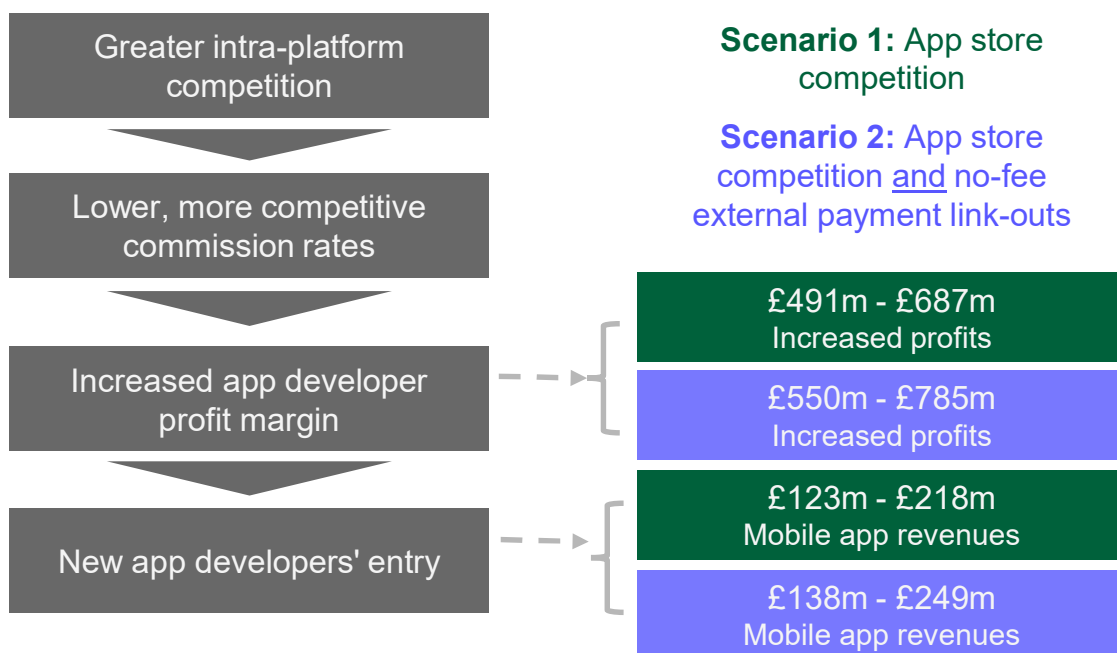
* This figure is the sum of (i) ~£550-£785m in annual revenue increase to existing developers due to lower commission rates and no-fee external payment link-outs, and (ii) £138-£249m in further value annually from additional developer entry expected from lower commission rates and no-fee external payment link-outs. See next page for methodological notes and further estimates breakdown.

Estimation of additional UK developer revenue unlocked by competition in app distribution

- Using a **partial equilibrium framework**, Keystone assessed the potential economic impact on the UK of **increased intra-platform competition** in **mobile app distribution** (where multiple app stores coexist within the same operating system).
- The analysis models two scenarios: **Scenario 1**, where Apple allows **rival app stores** on **iOS** and Google **expands access** on **Android**, and **Scenario 2**, where **no-fee external payment link-outs** are **also** enabled (permitting app developers to direct users to alternative payment methods outside of an app store at no additional fee).
- Drawing on public and SensorTower data of app downloads and revenues, the analysis examines **direct impact on and broader economic value to the UK economy** - focusing on incentives, pricing, entry, and innovation.

Direct impact on UK economy

Additional UK developer revenues



Estimation of broader economic value to the UK

- Job creation:** Estimated by calculating how much of the added developer revenue could realistically be spent on hiring, based on typical industry pay and staffing costs.
- VC funding:** Estimated assuming improved developer returns make app ventures more attractive to investors, boosting VC activity in mobile-focused sectors.
- Industry growth:** Knock-on benefits to the app development industry, estimated based on new developer entry and average outsourcing costs.

*The analysis was conducted by **Keystone Strategy**, a leading strategy, economics and technology consulting firm dedicated to delivering transformative ideas and cutting-edge solutions to global companies, top law firms and government agencies. The work has been led by **Andrea Coscelli**, Sr. Partner and Head of Keystone Europe, and former CEO of the CMA.*