Preferred apps save time, money

Mobile payment, food delivery and bike-sharing categories lead Chinese downloads of smartphone applications

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It is fair to say that many Chinese have become heavily reliant on their smartphones — or, to be more exact, the wealth of apps they use daily to shop, travel and chat with friends.

The country had a staggering 772 million Internet users at the last count, 97 percent of whom access the Web using a smartphone, according to the China Internet Network Information Center, or CNNIC.

But what apps are having the biggest impact? Based on the research, those related to saving time and money are leading the downloads.

About 70 percent of smartphone users have completed at least one transaction using a mobile payment app, either at a physical or online store, according to a Jan 31 report by the CNNIC. Meanwhile, 40 percent have ordered a food delivery over an app, and 30 percent have taken a ride on a shared bike.

Cheetah Global Lab, a mobile Internet research institute based in Beijing, released a list of the top 10 app categories in 2017 based on growth in the weekly active penetration rate (basically the number of users who logged on at least once a week).

These were bike-sharing, fresh grocery delivery, short videos, mobile payment, online-to-offline retail, apps connected to smartwatches for children, wealth management, logistics, banking, and news.

Racing ahead were bike-sharing apps, which had a bumper 2017. The weekly penetration rate in December was six times higher than at the start of last year, the Cheetah Global Lab data showed.

Some players did go bust due to the intense competition, but the market leaders have thrived. Fueled by success, Mobike has even announced plans to swap two wheels for four by entering China's nascent shared car sector.

"The three major characteristics of the bike-sharing sector in China last year were business development, market consolidation and industry standardization," said Guo Yue, senior analyst with the CNNIC.

The concept of "new retail" also saw traction among app aficionados last year. Alibaba founder Jack Ma first used the term two years ago to describe "the integration of online, offline, logistics and data across a single value chain".

One example would be a service that allows customers to order fresh groceries online and have them delivered to their doorstep. The penetration rate of apps offering such a service more than doubled year-on-year in 2017, according to Cheetah Global Lab.

A customer of Alipay, the mobile payment system, scans the Chinese character *fu*, meaning good fortune. The company gave cash rewards to customers who "collected" *fu* before Spring Festival. MA JIAN / FOR CHINA DAILY

At the same time, the rates for online-to-offline retail apps — which draw potential customers from online channels to make purchases at brick-and-mortar outlets — and logistics apps both increased by about 60 percent.

Despite the upward trend, Huang Xinshan, executive director of the Guangdong Chain Operation Association based in Guangzhou, in South China's Guangdong province, pointed out that most "new retail" businesses are still exploring profitable models.

"To simply digitalize deals is not enough," he said. "It's more about the optimization of business links among service providers throughout the value chain."

One type of app that appears to have already found its rhythm, however, is those that allow users to livestream or share short-form videos. Cheetah Global Lab's data show the penetration rate in this sector almost doubled compared with 2016, while the daily user rate is now higher than the major video-streaming websites.

Ma Shicong, a senior analyst for Internet market consultancy Analysys, said companies with a portfolio of video apps — such as Chinese news aggregator Toutiao — now precisely target different audiences nationwide.

The revenue generated by apps in China surged by 270 percent year-on-year to $35 billion in 2017, the highest in the world, according to App Annie, a global market data and insights company based in the United States.

In a recent report, the company described the market in major Chinese cities as "fairly mature", as it is bringing considerable income for app developers.

Meanwhile, in smaller cities, users are still shifting to mobile devices, meaning there is much growth potential.

So what can we expect from Chinese apps in 2018?

Quan Jing, executive director of Cheetah Global Lab, said she believes that in the short term more sectors will attempt to integrate with livestreaming technologies, as has been seen recently with online quiz apps, such as Chongding Dahui.

She also predicted that competition in the transportation sector will diversify, as evidenced by Meituan-Dianping, the group-buying and food delivery company, announcing plans to launch a ride-hailing app.

"Key words for this increased competition will be 'sharing' and 'new energy'," Quan said, adding that upgrades to technology will also have a major impact.

"The competition will be carried out between Internet giants and traditional industry leaders, and the theme will be about upgrading offline channels to make them smarter," she added.

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Fastest growing smartphone apps

Bike-sharing
633.61%

Fresh grocery delivery
206.44%

Short videos
192.79%

Mobile payment
172.89%

Online-to-offline retail
164.86%

Apps for kids' smartwatches
96.30%

Wealth management
76.23%

Logistics
66.48%

Banking
47.28%

News
45.21%