Nativex XPLORE CHINA

CHINA NON-GAMING APP TRENDS REPORT H1 2021

How Developers Improved User Acquisition In China During The Pandemic

In association with:

Mintegral
Programmatic | AI | Interactive

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CONTENTS

FOREWORD

Non-gaming apps were literal lifesavers to millions across China throughout the Coronavirus pandemic. During 2020's stay-at-home measures, a litany of Shopping, Grocery, Utility and other apps came to the rescue of the general public. China's app developers had entered a time of prosperity.

Not just local developers, either. China's non-gaming apps market presented – and still presents - huge opportunities for global developers to accelerate their growth. China, for example, has a lower barrier to entry for non-gaming apps than a number of other global territories with tighter regulations.

That doesn't mean instant success, though. For foreign developers to succeed in China, they need key information on what works and what doesn't – not just in a functionality sense, but also when it comes to advertising and attracting new audiences for long-term growth.

That's where this report on non-gaming app User Acquisition (UA) campaigning will help. It provides the latest insights into the market – especially on which app sectors continue to thrive as the pandemic eases, and which industries stalled as quickly as they grew.

In collaboration with Reyun, a sub-brand of Mobvista - a leading Chinese third-party mobile measurement and marketing technology company - our team has collected and analyzed data from Reyun's products, which are hugely popular among developers in China.

From our tracked data, we can see there were 4,600 non-gaming apps running UA campaigns during H1 2021. This number exceeds the total number of non-gaming apps that ran UA campaigns last year.

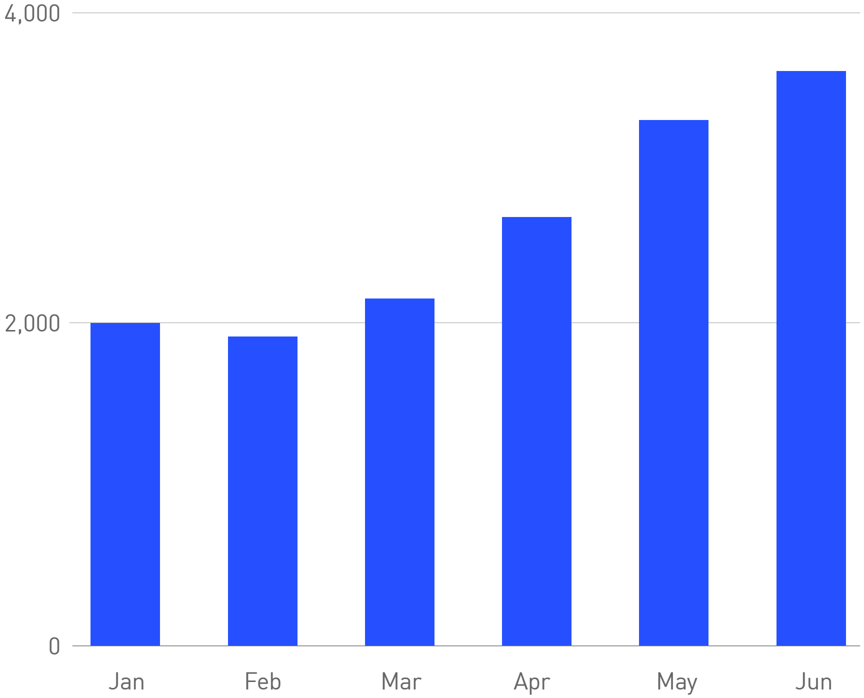
Among the 4,600 apps tracked, there were about 2,000 new products introduced to market, representing a growth rate of nearly 45%. As these stats suggest, as China slowly recovered from the pandemic, so did advertisers' confidence.

Advertisers in general had increased marketing budgets, resulting in remarkable growth in the app UA market. Different from the massive growth seen in the mobile games market during the first quarter, the non-gaming apps market saw growth in the second quarter, when ad spending recovered to a certain extent.

From these data sets, we are able to draw a full picture that shows key trends and opportunities in China's non-gaming app market. We believe these data sets will be hugely helpful for global developers looking for growth opportunities in the world's biggest mobile market. We hope you enjoy.

OVERVIEW OF CHINA'S NON-GAMING APPS MARKET

Numbers of Non-Gaming Apps Running UA Campaigns, H1 2021



Data Source: Reyun Data – CAS (China Version)

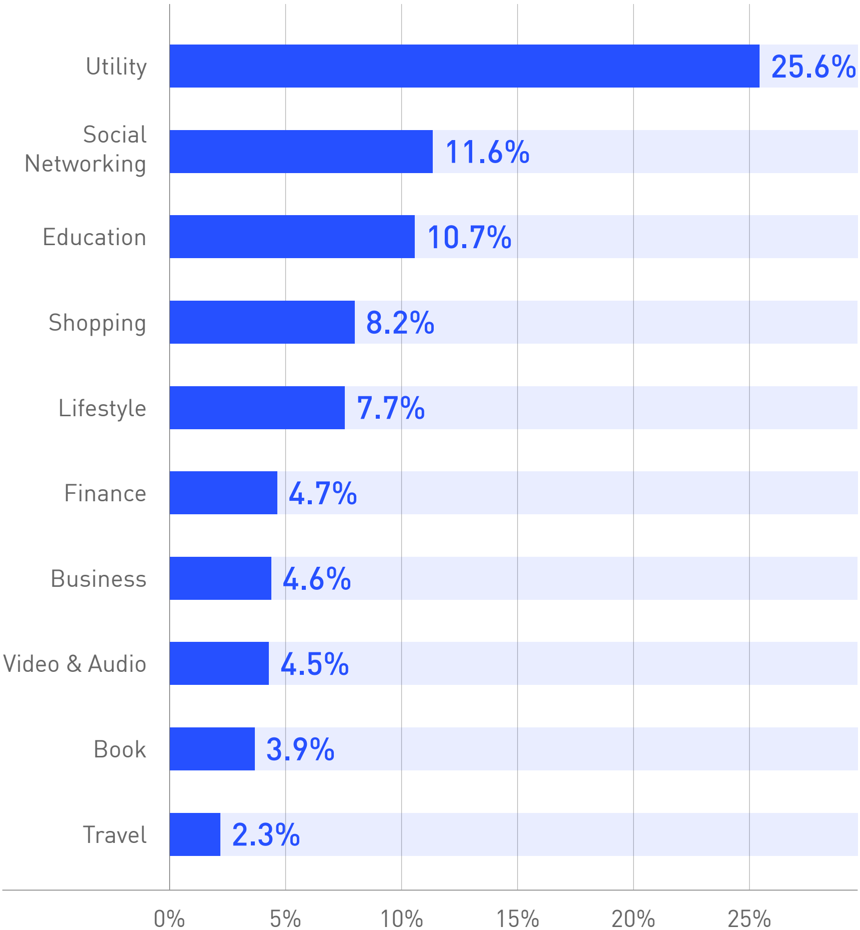
Top 5 Genres with Most New Product Releases by Month

Jan	Feb	Mar
Utility	Utility	Utility
Social Networking	Shopping	Education
Shopping	Social Networking	Social Networking
Video & Audio	Education	Book
Recruiting / Job	Book	Short Videos

Apr	May	Jun
Utility	Utility	Utility
Social Networking	Shopping	Education
Shopping	Social Networking	Shopping
Education	Video & Audio	Lifestyle
Recruiting / Job	Lifestyle	Social Networking

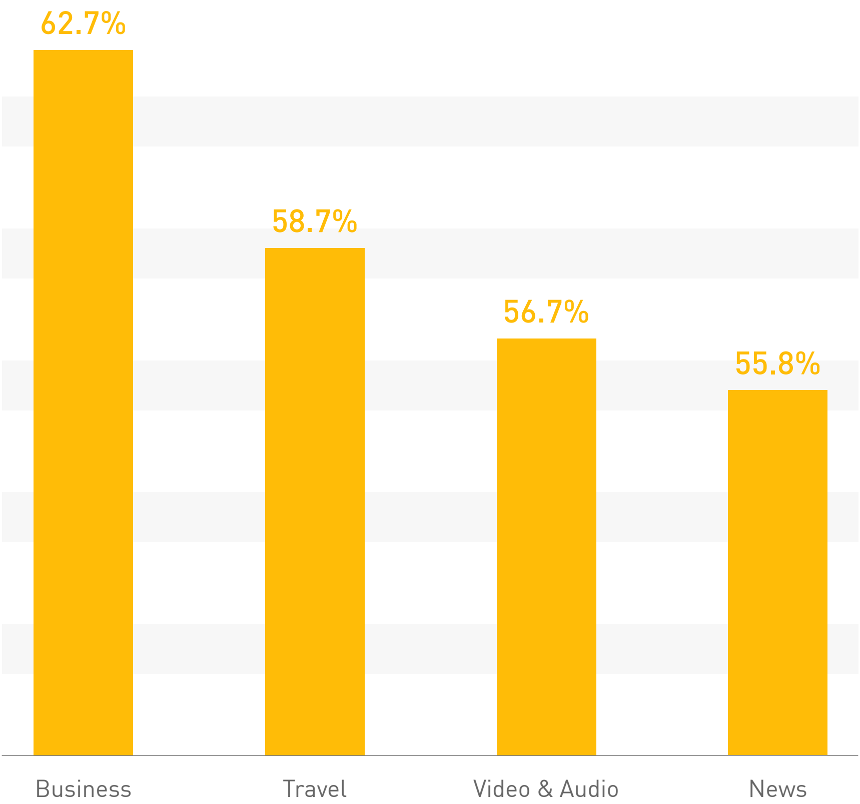
Data Source: Reyun Data CAS (China Version)

Percentage of Non-gaming Apps Running UA Campaigns by Genre, H1 2021



Data Source: Reyun Data CAS (China Version)

Genre Growth Rate, H1 2021



Data Source: Reyun Data CAS (China Version)

INSIGHTS

UA ads for Utility and Shopping apps continue to blossom

1. The non-gaming UA market in China may favour Utility apps

Data shows that a quarter of all non-gaming apps advertised are Utility apps, suggesting that it may be the strongest sub-genre on the UA market.

2. Shopping apps experienced UA campaign growth while Social Networking and Education UA campaigning fell

Shopping apps competed for users' attention, likely due to the 6.18 shopping festival in China. As a result, investment in UA campaigns for Shopping apps grew. Social Networking UA campaigning fell though, as did UA campaigns for Education apps, which have been heavily impacted largely by new regulations (see following section).

KEY UA OBSERVATIONS FOR CHINA'S NON-GAMING APPS MARKET

New regulations are seen as a major blow to the online education sector

Tougher regulations targeting the online education sector were announced during the first half of 2021, with various regulatory policies introduced in July. As a result of the shift in policy, UA advertising for online education products has drastically reduced.

In June, the Ministry of Education established the Department of Off-campus Education and Training Supervision, which has particularly affected China's K-12 online education services.

Reyun Data analyzed the UA status of key apps in the K-12 field during H1 2021 and found that:

1) A number of Education apps advertised less in February 2021. February is the traditional low season in terms of UA for K-12 Education apps.

2) In April and May, after a number of online education and training institutions were punished for price discrepancies and comms violations, K-12-related apps scaled back their UA intensity - there was an especially sharp decline in May 2021.

Business apps saw growth due to COVID–19

Business apps rose to top position from second place last year, with product growth rate exceeding 60%.

Driven mainly by the pandemic, an increasing number of apps such as recruitment-based apps and apps that supported online meetings or promoted work-from-home productivity, were launched. During H1 2021, Business app providers continued investing heavily on UA.

Travel, Audio & Video, and News apps followed closely behind

Travel apps maintained a high growth rate, partly due to the overall recovery of China's travel industry this year. The performance of Audio & Video and News apps were the same as last year, where the growth rate remained stable.

GENRE SPOTLIGHT: SHOPPING APPS

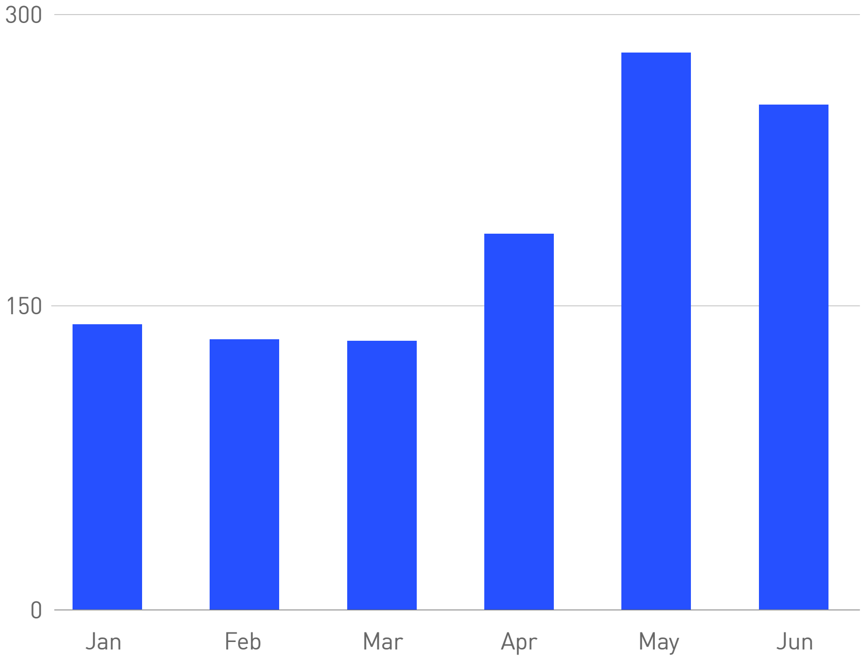
TREND 1

Antitrust regulations see brands rely less on Shopping app partnerships

In the first half of this year, China's e-commerce environment underwent major regulatory changes. Antitrust investigations had been widely conducted across the internet industry; a result of which has seen leading brands loosen their ties with top Shopping apps such as JD.com, Alibaba, and Pinduoduo.

Brands have increasingly implemented multi-channel strategies, and are going it alone. The number of ads brands launched during April and May 2021 increased significantly as a result - especially in May before the 6.18 shopping event, with a month-on-month growth rate of nearly 50%.

Trends in the Number of Shopping Apps Running UA Campaigns, H1 2021



Data Source: Reyun Data CAS (Domestic Version)

During the 6.18 shopping event, Taobao and JD.com saw a significant increase in their advertising volume. Taobao placed nearly 300,000 creative groups between June 1 to 18, while JD's average daily creative group volume reached one million.

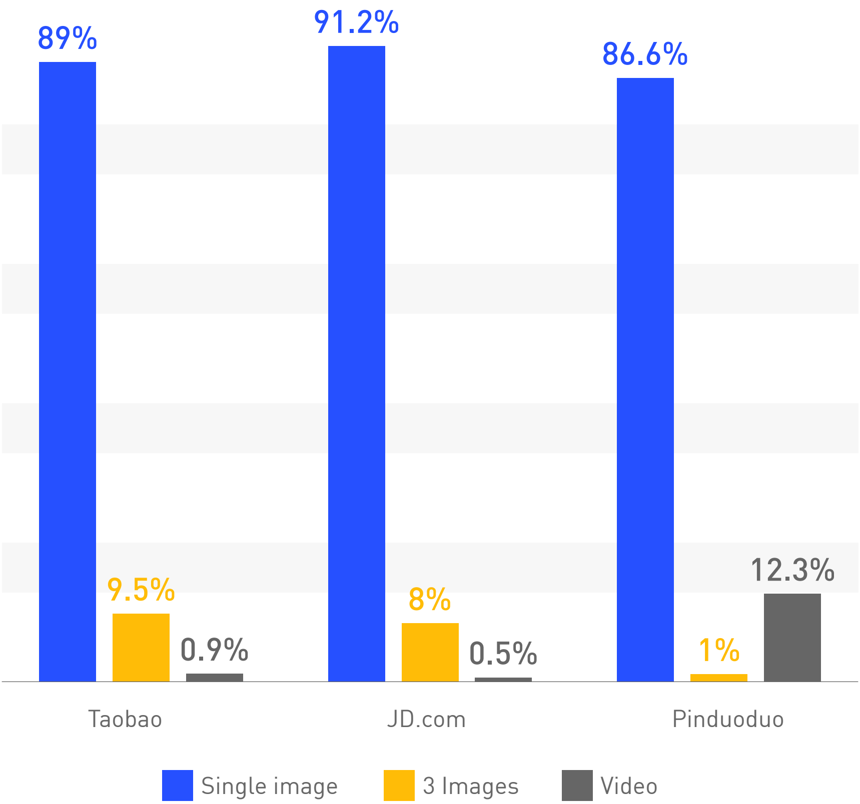
TREND 2

Single-image campaigns are still the main creative type during sales season

In terms of the distribution of the types of ad creatives, Taobao, JD.com, and Pinduoduo all focused on single-image campaigns, accounting for about 90% of their campaign output.

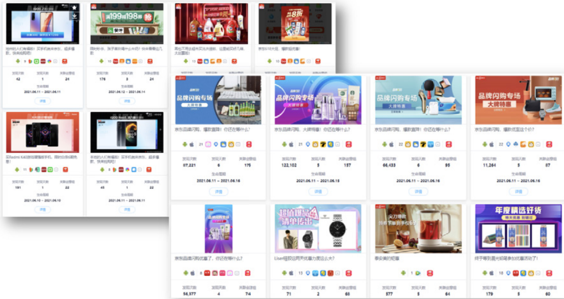
In addition, JD.com and Taobao had a higher three-image ratio - close to 10% - while Pinduoduo only had 1%. Pinduoduo's video creatives, however, exceeded 12%, which is much higher than Taobao and JD.com.

Distribution of Creatives by Type on June 1–18, 2021

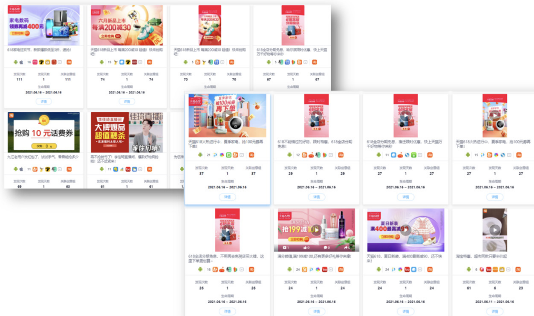


Data Source: Reyun Data CAS (Domestic Version)

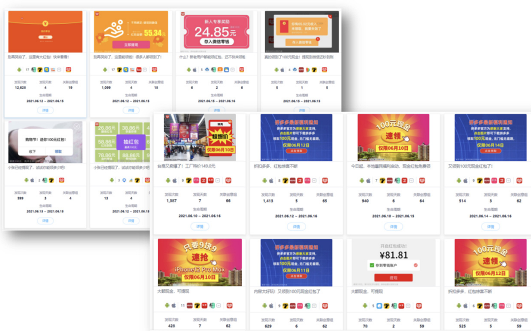
JD Top Creatives



Taobao Top Creatives



Pinduoduo Top Creatives



Data Source: Reyun Data CAS (Domestic Version)

TREND 3

Short-form video platforms joined the e-commerce revolution by enabling live-streaming shopping

Apart from e-commerce platforms, short video platforms were the biggest highlight of this year's mid-year sales and shopping events. Douyin launched "Douyin Goods Festival", while Kuaishou launched "Kuaishou 616 Quality Shopping Festival". The two short-form video apps deepened their interaction with users by live streaming, and the majority of creatives were related to "get it for free" and "90% off".

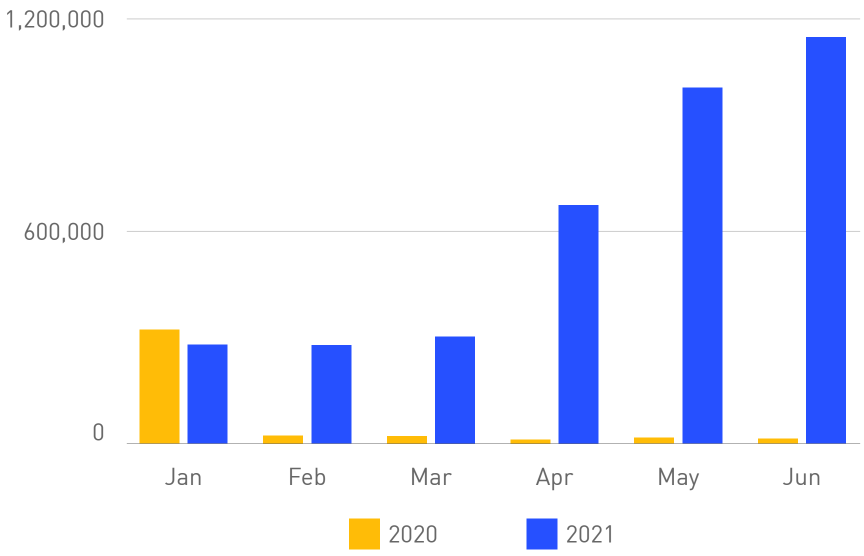
超值商品来抖音618活动抢购

快手小店百万补贴，新人1元购

Data Source: Reyun Data CAS (Domestic Version)

GENRE SPOTLIGHT: TRAVEL APPS

Creative Groups Placed by Travel Apps, H1 2020 vs. H1 2021



Data Source: Reyun Data – CAS (China Version)

At the height of the Coronavirus pandemic during H1 2020, travel advertising was at a standstill.

This year, with the epidemic under effective control in China and a large amount of the population vaccinated, the number of ads placed by Travel apps showed consecutive monthly growth.

According to the creative groups placed every month, the growth was strong before Labor Day holidays, with over 120% growth seen in April 2021. Growth continued in May and June.

TREND 1

Travel apps managed to leverage people’s interests to “travel locally”

During H1 2021, the online travel industry was able to adjust its marketing strategy in time to meet users’ need. During the Spring Festival, due to the slight rebound of the pandemic, the public's Spring Festival travel plans were disrupted, and "celebrating the New Year locally" became the main theme. In response, the travel industry made rapid adjustments to advertise local vacations to the market.

TREND 2

"Family trips" became popular during long holidays

During the Labor Day holidays, the online travel industry saw an upturn in its fortunes. Family trips, parent-child time, "red tourism" (trips to historical places related to China's history) and trendy sites were predominantly shown on major travel apps. Specifically, "parent-child tours" became one of the best-selling family travel packages. Amusement parks, aquatic and parent-child themed hotels were also in high demand.

Data Source: Reyun Data CAS (Domestic Version)

GENRE SPOTLIGHT: UTILITY APPS

TREND 1

Although impacted by privacy investigations, Utility apps still saw growth

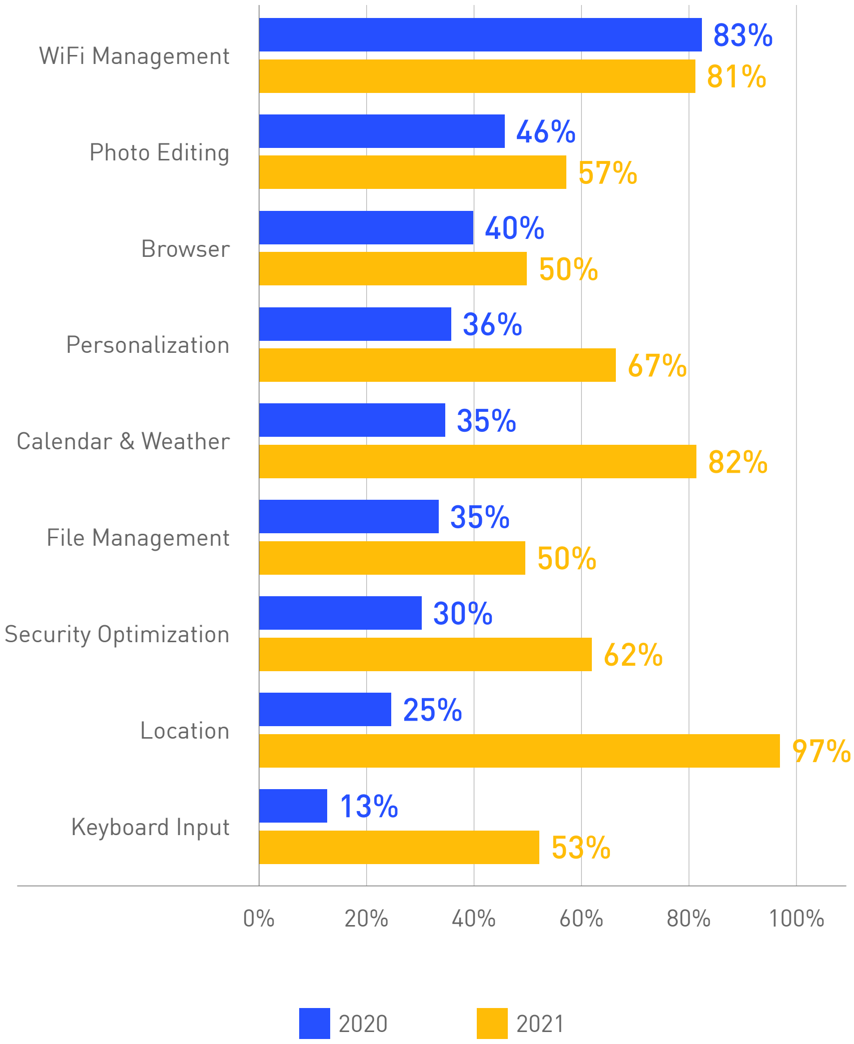
The proportion of the total amount of Utility apps being advertised increased further during H1 2021, but the overall growth rate of Utility apps in the first half of this year was 48% - lower than last year's 65%.

The main reason for the decline in the growth rate was that, in the first half of the year, the Ministry of Industry and Information Technology carried out a thorough investigation regarding privacy issues, such as safeguarding the "personal information protection of internet users". Utility apps were under particular scrutiny.

According to the year-on-year growth rate of each sub-genre, most Utility apps saw lower figures the same period of last year.

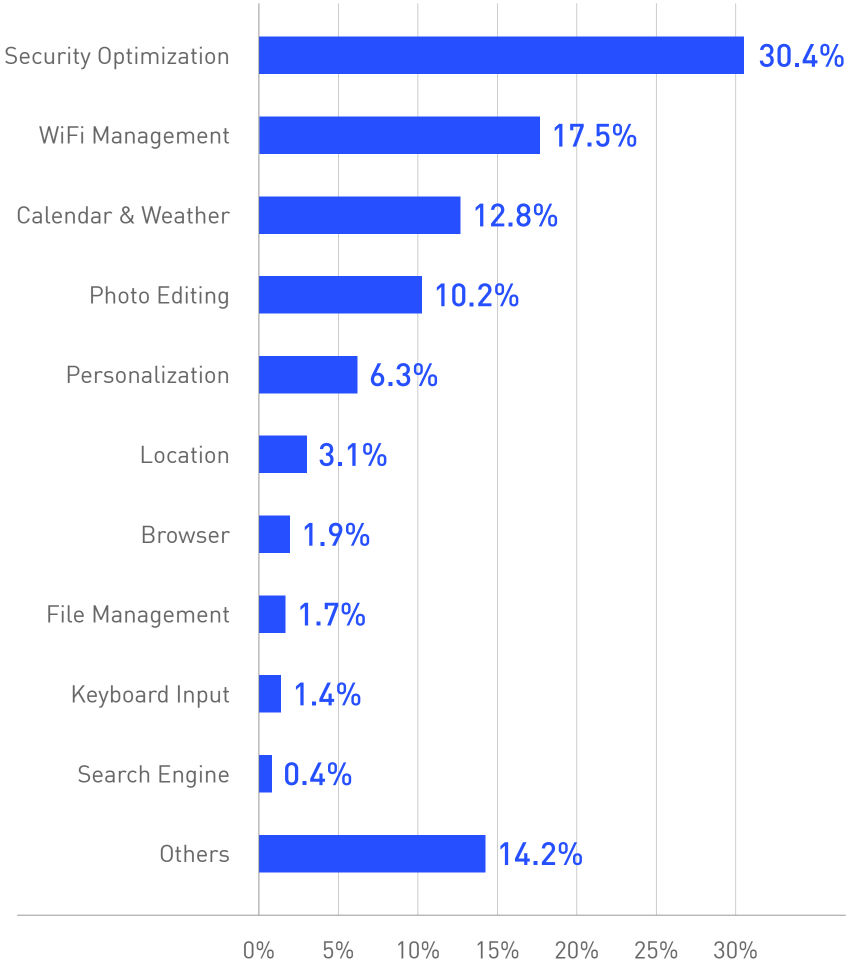
In particular, location-based apps saw the most obvious decline in H1 2020. WiFi Management apps, though, saw similar figures to H1 2020.

Growth Rate of the Numbers of Utility Apps, 2020 vs. 2021



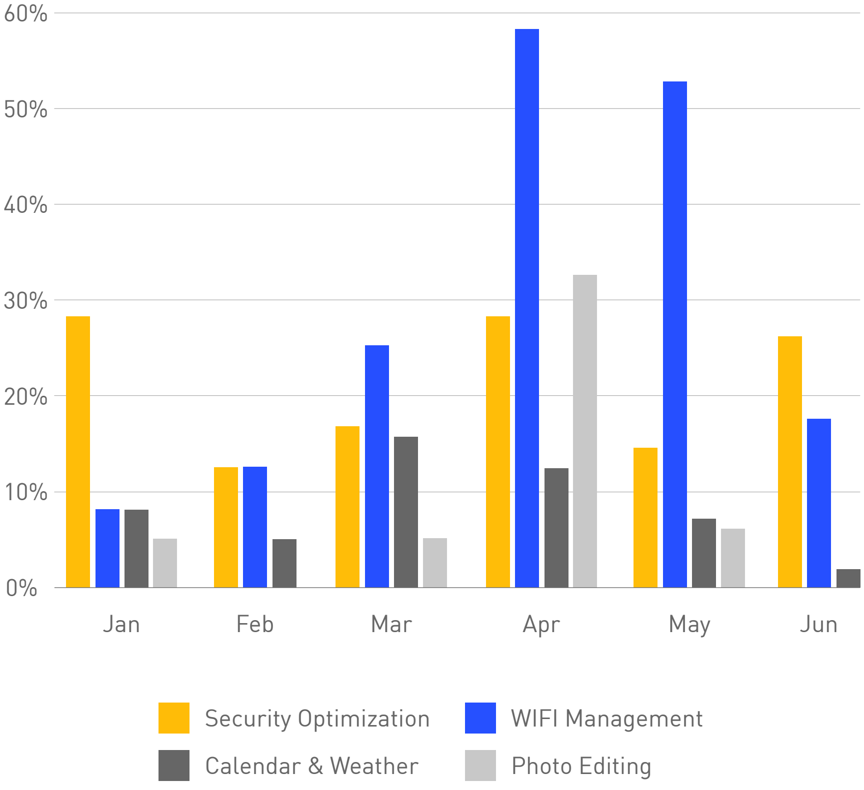
Data Source: Reyun Data CAS (China Version)

Distribution of Utility Apps Running UA Campaigns by Type



Data Source: Reyun Data CAS (China Version)

Trends in Advertising Growth of Tool Apps by Type in H1 2021



April 2021 saw a high-release volume for new Utility apps. The centralized launch of new apps for WiFi Management and Photo Editing drove the increase of the overall growth rate in April. Security Optimization apps, which are typically the No.1 Utility app, saw a decline in popularity at the start of 2021.

Top 2 Categories of Utility Apps in Growth Rate, H1 2021

Ranking	WiFi Management
1	WiFi Master
2	WiFi Companio
3	WiFi Magnum
4	WiFi Assistant
5	WiFi Boost Master

Ranking	Photo Editing
1	One-click Photo Editing Master
2	My Cam
3	Baibian P Tu
4	FACETUNE2
5	SEEKME

Data Source: Reyun Data CAS (Domestic Version)

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In The Chinese Market

ABOUT XPLORECHINA

XploreChina by Nativex is your one-stop mobile marketing solution designed to help you achieve success in the Chinese market. As the only China-based agency to offer acquisition, monetization, and creative services at scale and across multiple verticals, we provide you with a wide range of transparent tools and solutions tailored to all life cycle stages. To learn more, visit https://www.nativex.com/en/marketing-to-china.

Our Solutions

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- Premium media buying solution across China's top media platforms.
- Certified ad service provider for major Chinese media platforms including ByteDance.

ANDROID SOLUTION

- Step-by-step support for app launching, management & monetization on China's main-stream Android app stores.
- Real-time campaign data via dedicated Android dashboard.

KOL MARKETING

- Certified partner for China's top KOL agencies including ByteDance's XingTu.
- Working with 40,000+ KOLs and 200+ MCNs.
- Premium creative services via the TopWorks Studio.

MORE SOLUTIONS

- Wide range of customized marketing solutions tailored to verticals, goals, and budgets.
- Services include PR & branding, crisis management, social media, SEO, and more.

Why Nativex XploreChina?

1. Premium Inventory Across China's Massive Mobile Ecosystem

18+ Strategic Partners in **China's Closed Media Ecosystem**

Tencent 腾讯	ByteDance	Others
WeChat	Douyin	Sina Weibo
QQ	TouTiao	iQIYI
Tencent News	XiGua Video	Zhihu
Tencent Video	Pangle	Bilibili
	Dongchedi	KuaiShou
	FaceU	UC Ads
	Ulike Camera	Baidu

2. Strong Partnerships with China's Top Influencers

CERTIFIED AGENCY OF KEY MEDIA

40,000+ INFLUENCERS

Direct Partnerships

200+ MCNs

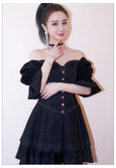
Strategic Partnerships

10+ VERTICALS

Gaming / Social Commerce / Comedy / Fashion, Health & Beauty / Science & Education / Vlogging, and more

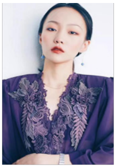
Top Chinese Kols We Work With

Name: **Austin Li**
Platform: Taobao
Followers: 47M

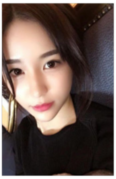


Name: **Weiya**
Platform: Taobao
Followers: 80M

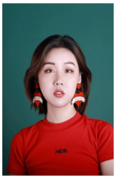
Name: **Tianlaolao**
Platform: Douyin
Followers: 33M



Name: **Fengchan**
Platform: Douyin
Followers: 39M



Name: **Xueli**
Platform: Taobao
Followers: 27M

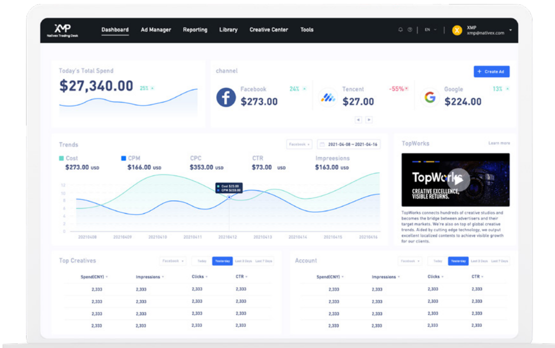


Name: **Xulaoshi**
Platform: Weibo
Followers: 11M

Name: **Hetongxue**
Platform: Bilibili
Followers: 7.2M

Name: **Bidao**
Platform: Bilibili
Followers: 4.3M

3. Cutting-Edge Media Buying Tools & Creative Solutions



XMP Nativex Trading Desk

XMP by Nativex is the first multi-channel media buying tool for media buyers, XMP allows you to streamline complex campaign workflows across platforms like Snapchat, Douyin, WeChat, Kuaishou, and more.

Interactive Playable Ads

Live-action Ads

VR Ads

3D Ads

TVC

TopWorks

Nativex's TopWorks Creative Studio is a global creative network. With 14 teams established in over 30 countries across the world, TopWorks connects you with 200+ creative studios worldwide.

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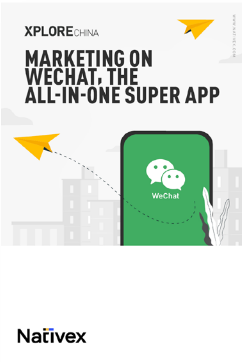

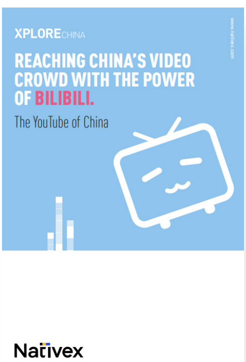

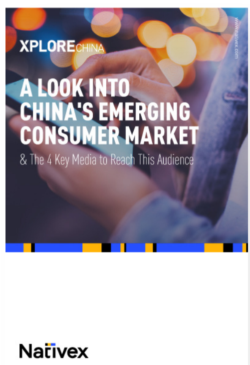

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