

Baidu Mobile Distribution Report

(2014 · H1)



Baidu Mobile & Cloud and Baidu Business Analysis

Overview

- The Baidu Mobile Distribution Report aims to identify trends through analysis of data collected from Baidu mobile distribution platforms (including the Baidu Mobile Assistant, 91 Mobile Assistant, and HiMarket), Baidu Mobile research, Baidu Mobile Statistics and relevant data mining.
- The report is composed of four parts, the main contents of which are as follows:

Mobile Device Market

- Android User
Survey
- Android Phone
Distribution

Mobile Distribution Market and User Behavior

- The Distribution Market
- User Behavior

Mobile Distribution Resources

- New app
offerings
- First-to-launch
app offerings

Baidu Mobile Distribution Platforms

- Infrastructure
- Developer Support

Mobile Device Market

- **Android User Survey**
- **Android Mobile Phone Distribution**

Key points

1. **Android DAU Survey**

- ◆ In the first half of 2014, Android overall DAU continued its steady growth

2. **Android Mobile Phone Distribution**

- ◆ The share of domestic brand mobile phone users of all Android users increased by 6% compared with half a year ago
- ◆ Android 4.2 and more advanced editions have been rapidly becoming dominant in the existing Android OS devices
- ◆ Half of Android phones have the screen resolution of 720p or above

1.1 In the first half of 2014, Android overall DAU* continued its steady growth

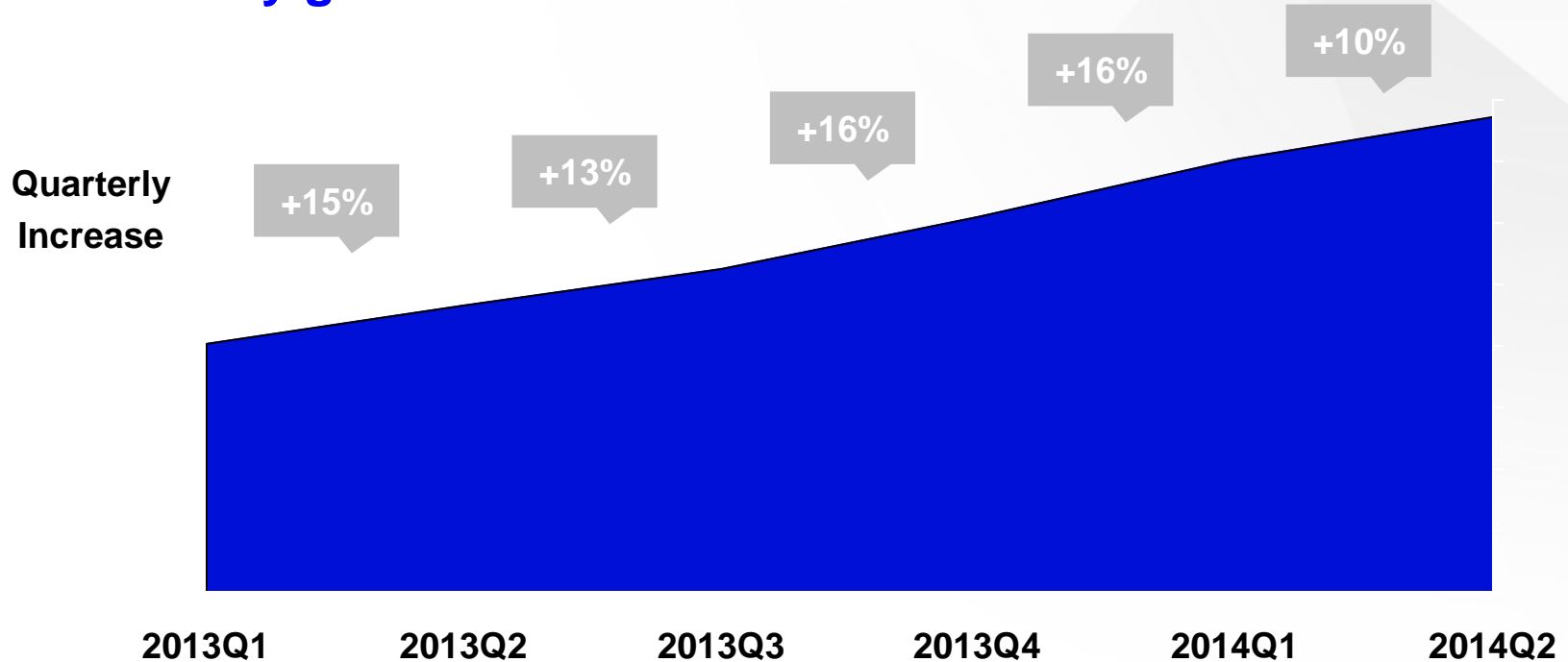


Table 1 Android over DAU size
(13Q1 - 14Q2 , Unit : 100 million)

Android DAU: Android users that have accessed the Internet at least once on the same day, **hereinafter referred to as "Android Users" or "Users"**

1.2 The share of domestic brand mobile phones of Android Users increased by 6% compared with half a year ago

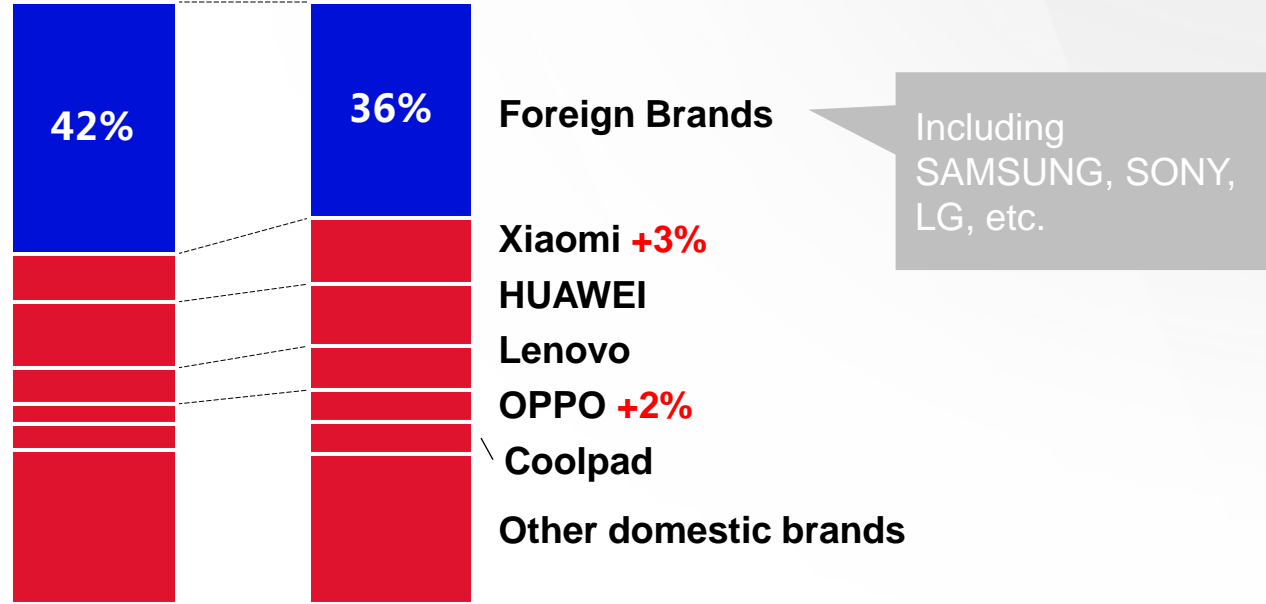


Table 2 The mobile Phone Brands Distribution in
the App Market
(13Q4 vs 14Q2 , Unit : %)

1.3 Android 4.2 and more advanced editions have been rapidly becoming dominant in the existing Android devices

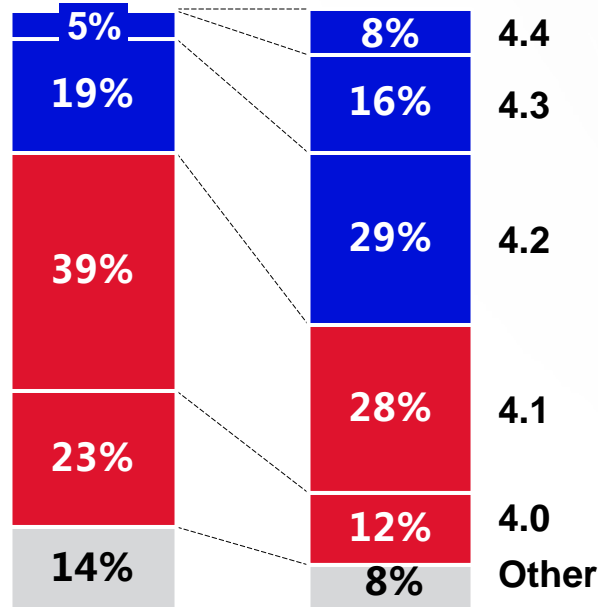


Table 3. The OS Edition Distribution in the App Market
(13Q4 vs 14Q2 , Unit : %)

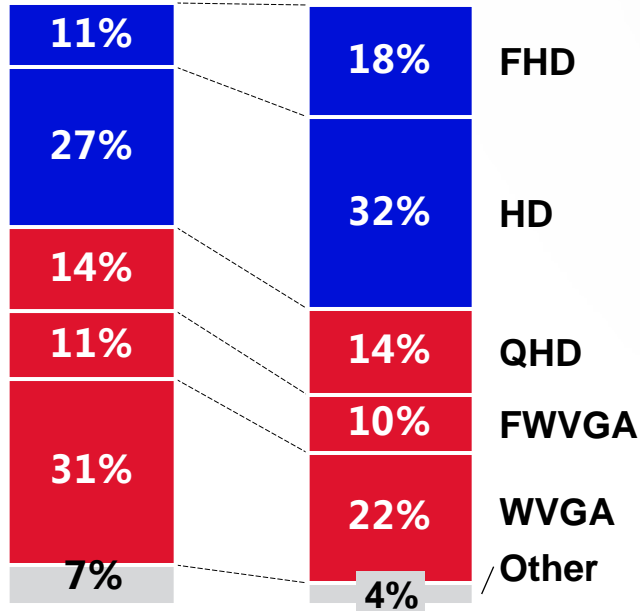
It takes increasingly less time for Users to accept new editions

- The coverage rate of Version 4.2 three quarters after its release is 5%
- The coverage rate of Version 4.4 three quarters after its release is 8%

Date of release of the OS editions of mobile phones

- 4.4 September 2013
- 4.3 July 2013
- 4.2 October 2012

1.4 Half of Android phones have the screen resolution of 720p or above



The classification criteria of the screen resolution of mobile phones:

- FHD: 1920*1080, 1776*1080, etc.
- HD: 1280*800, 1184*720, etc.
- QHD: 960*540, etc.
- FWVGA: 854*480
- WVGA: 800*480

Table 4 The Screen Resolution Distribution of Mobile Phones in the App Market (13Q4 vs 14Q2 , Unit : %)

Mobile Distribution Market & User Behavior

- Distribution
- User Behavior

Key points

1. Distribution

- ◆ The mobile app distribution market is growing fast and the market position of Baidu app markets remains firmly in the first place
- ◆ The user scale of the overall app market has increased by 27% from the end of last year while that of Baidu app markets increased by 38%
- ◆ The average number of apps downloaded per capita daily is 2.9, while that of Baidu is 3.1

2. User Behavior

- ◆ The ratio of newly downloaded apps in the overall app market is 48% while that in Baidu app markets is 55%
- ◆ The shift from PCs to mobile devices in downloading apps by users is accelerating and the proportion of downloading via PC has shrunk significantly
- ◆ 94% of the downloading is made through Wi-Fi connection. The popularization of outdoor Wi-Fi connection and hotspots in commercial spaces is one of the driving forces.
- ◆ Regarding user segments, white-collar workers and migrant workers in cities take up a relatively big portion while the that of students and rural residents is increasing rapidly
- ◆ The per capita downloads by students is the highest while that by rural residents is the lowest, and that by migrant workers is growing the fastest
- ◆ Students and white-collar workers in cities download more software than games while rural users prefer downloading games and rarely update them
- ◆ Media players and puzzle games are the most popular
- ◆ The apps with the fastest growth rates are search engines & browsers, SNS & communication apps, news apps, shopping apps, etc.

2.1 The mobile app distribution market is growing fast and distribution by Baidu app markets* remains firmly ahead

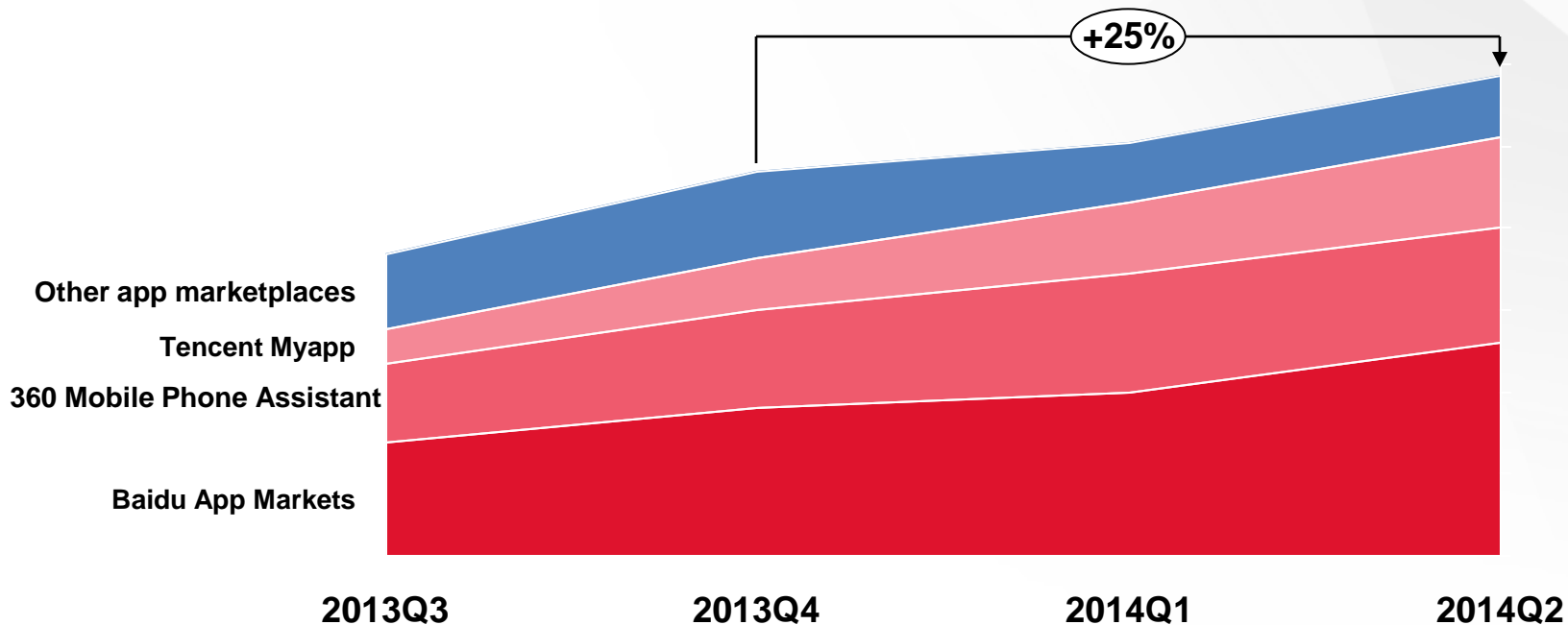


Table 5 The Daily Distribution Survey of the Overall Android Market and Baidu app markets
(13Q3 - 14Q2)

* The Baidu app markets include three app distribution platforms: Baidu Mobile Assistant, 91 Mobile Assistant and HiMarket. Hereinafter inclusive.

2.2 The user base of the overall app market has increased by 27% from the end of last year while that of Baidu app markets increased by 38%

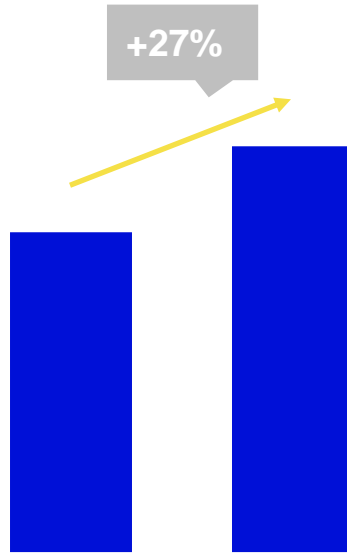


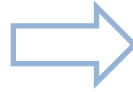
Table 6 The User base of the Overall App Market
(13Q4 vs 14Q2)



Table7 The User base of Baidu App Markets
(13Q4 vs 14Q2)

2.3 The overall average number of daily app downloads per capita is 2.9 while that of Baidu is 3.1

Every day, **27%** of users download apps through the app distribution platforms



The daily downloads per capita is **2.9**

The daily downloads per capita for Baidu app market users is **3.1**



* **The daily downloads per capita:** the apps downloaded daily per capita, including apps downloaded for the first time and app updates.

Hereinafter inclusive.

2.4 Users of Baidu app markets prefer downloading new apps compared with the average market level



Apps downloaded for the first time account for **48%** of downloads in the overall app market



Apps downloaded for the first time account for **55%** in Baidu app markets

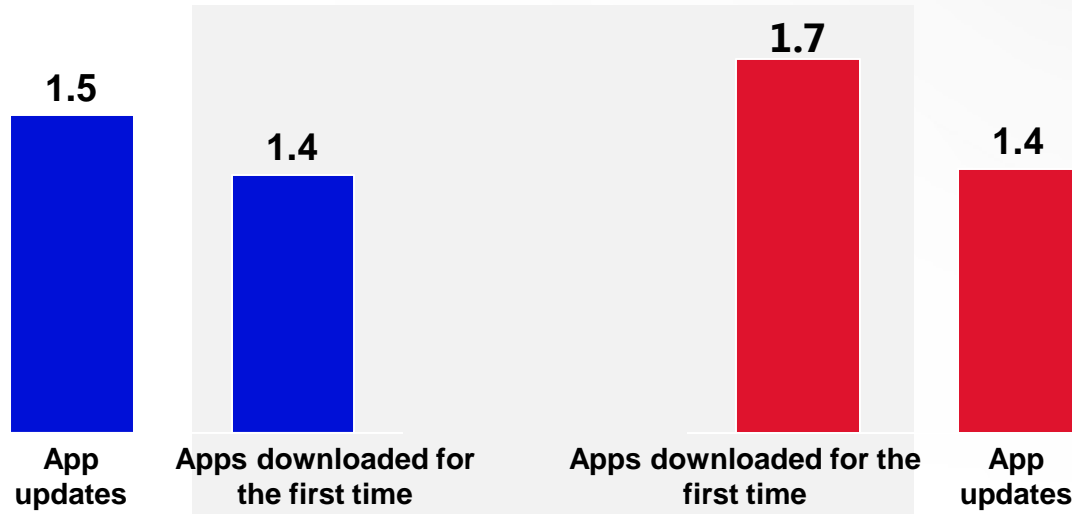


Table 8 Per Capita Number of Apps Downloaded for the First Time vs. Updated Apps by Android Users (14Q2)

Table 9 Per Capita number of Apps Downloaded for the First Time vs. Updated Apps in Baidu App Markets (14Q2)

2.5 The shift from PC to mobile in downloading apps is accelerating and the proportion of downloading via PC has dropped significantly

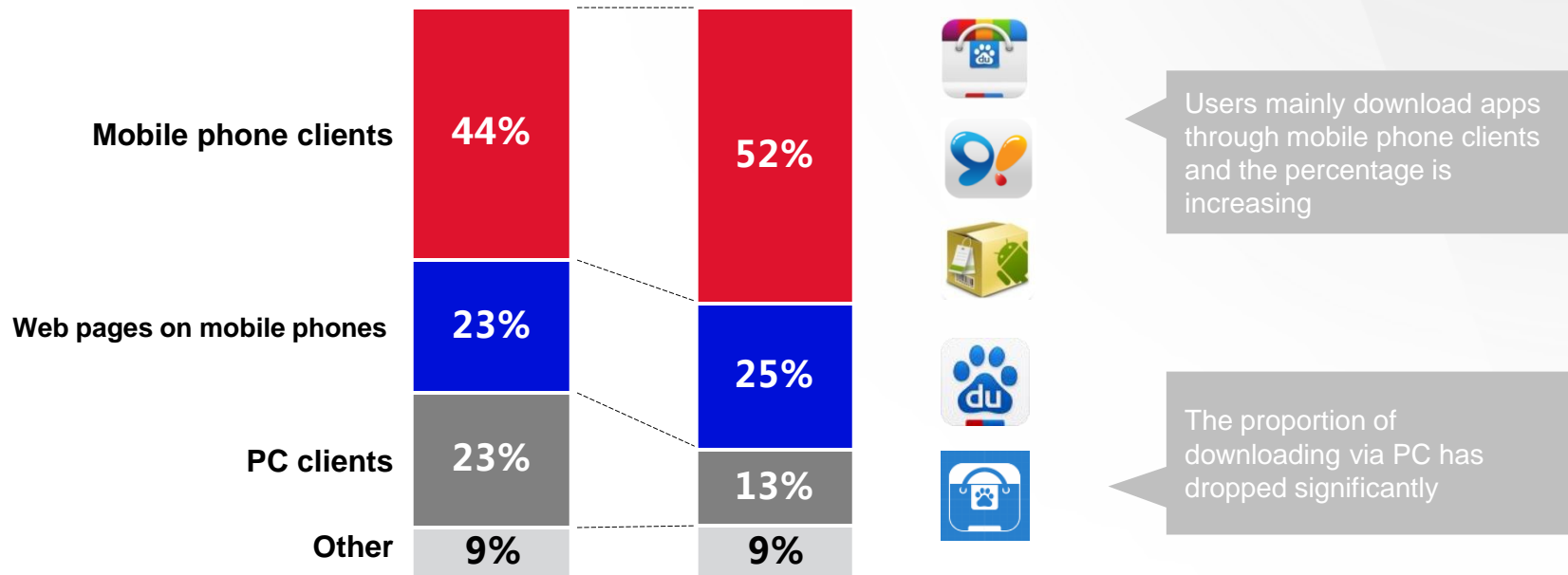


Table10 The Distribution of App Downloading Channels

(13Q4 vs 14Q2, Unit: %)

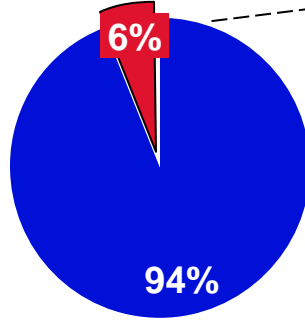
2.6 94% of downloads are done through Wi-Fi connections. The popularization of outdoor Wi-Fi connections & hotspots in commercial spaces is one of the driving forces.

The per capita data flow used to download apps via mobile phones is **200** megabytes, mainly done through Wi-Fi connections

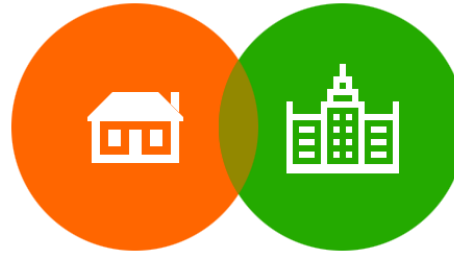
Usually users use Wi-Fi connections at home, workplaces or schools to download apps

It is becoming a new trend to use free Wi-Fi connections outdoors and in commercial spaces

Mobile network



Wi-Fi



Home

Workplace/School



Outdoors

Table11 The Distribution of Data Flow in Downloading Apps by Android Users
(14Q2 , Unit: %)

2.7 White-collar workers and blue-collar workers in cities make up a relatively big portion of users, while students and rural residents are rapidly increasing

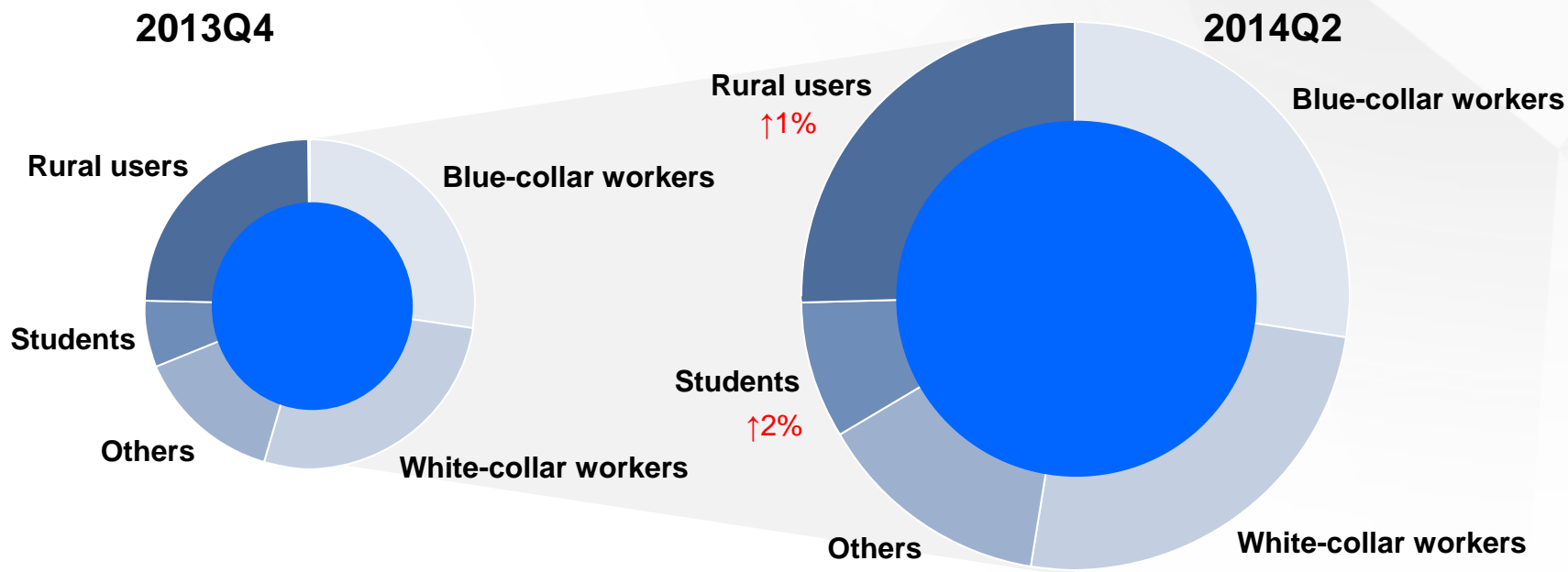
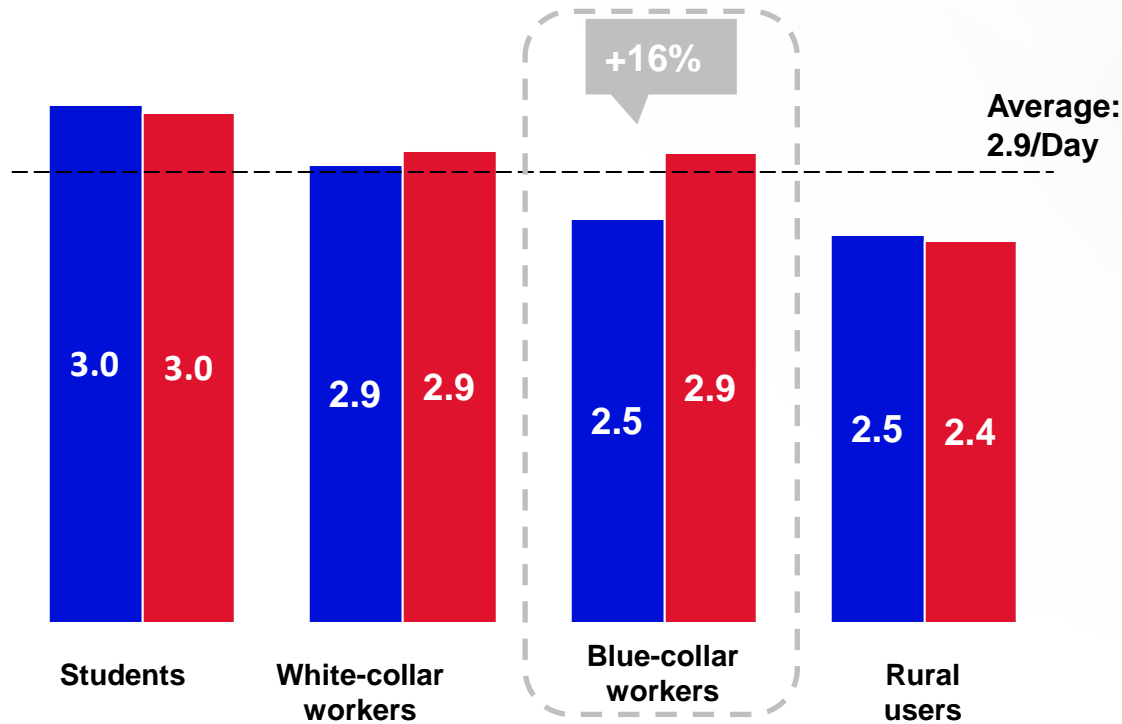


Table12 The Distribution Change of the App Market Users of Different Occupations
(13Q4 vs 14Q2, Unit: %)

***Blue-collar workers:** in cities, people who mainly do manual work; **White-collar workers:** in cities, people who are mainly engaged in non-manual work
Rural users: laborers in rural area; **Students:** mainly students of universities and high schools.

2.8 Per capita downloads by students highest, by rural residents lowest; blue-collar workers growing fastest



Per capita downloads by students and rural users dropped slightly

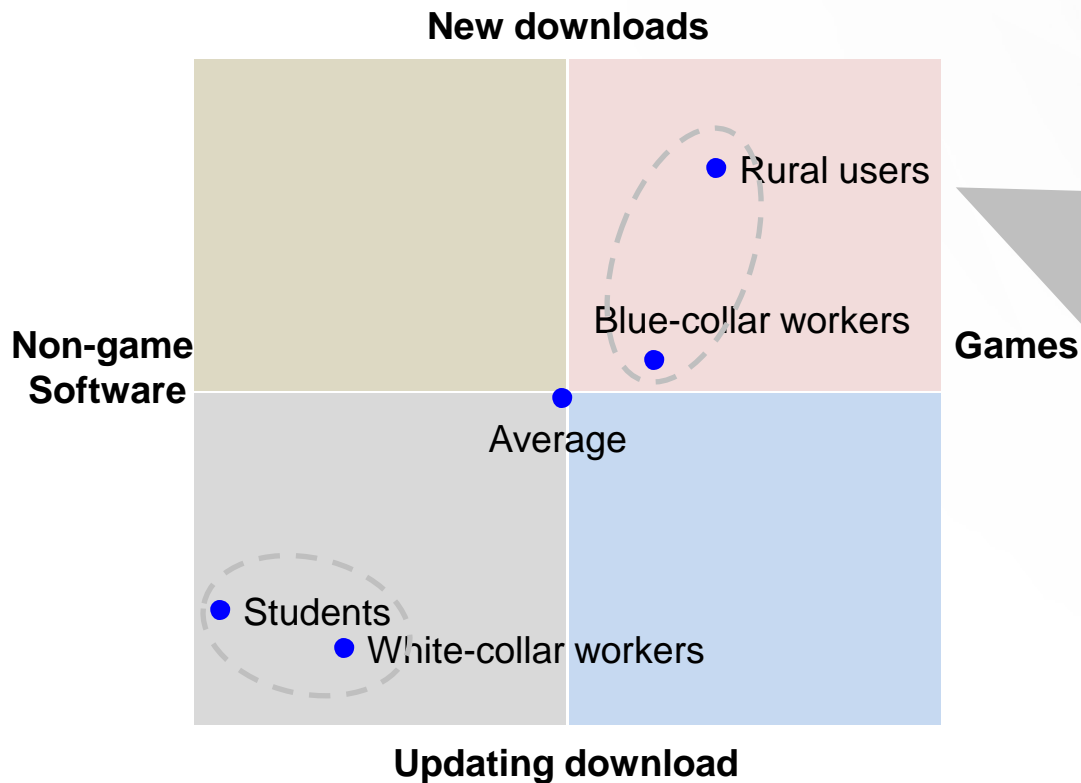
- In Q2, students have to prepare for their final examinations.
- In Q2, some rural users download less because of the farming season.

Blue-collar and white-collar workers are downloading more apps

- The demand by blue-collar workers is expanding rapidly and the gap between them and students and white-collar workers is decreasing fast

Table13 Per Capita Download of apps by Android Users of Different Occupations
(13Q4 vs 14Q2)

2.9 Students and white-collar workers in cities download more non-game software than games, while rural users prefer downloading games but rarely update them



Rural users obviously prefer downloading games because:

- Per capita downloads by rural users is well below other groups, which leads to a high percentage of the download of games
- But the absolute number of game downloads per capita is less than those of other groups

Rural users conduct more new downloads because:

- They update less frequently, leading to a higher percentage of new downloads

Table14 The Matrix of Download Preferences of Different User Groups

(14Q2)

2.10

Although different user groups have different preferences concerning software, media apps are the most popular among all groups

Besides media apps, rural users prefer messaging apps that can be used to replace phone calls; blue-collar workers prefer SNS apps and apps related to daily life and consumers

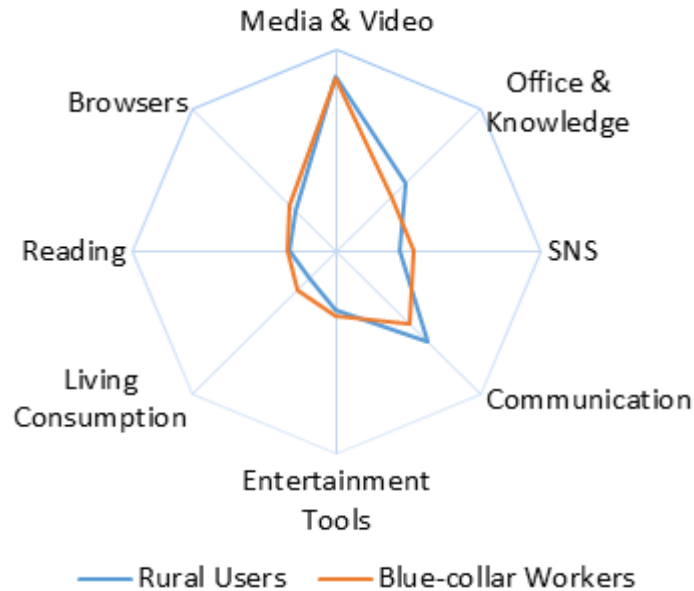


Table15 Distribution of App Downloads by Rural Users and Blue-collar Workers by type (14Q2)

White-collar workers and students have a relatively balanced download of various software with the former group paying more attention to media and video apps and the latter more focused on office, learning and SNS apps.

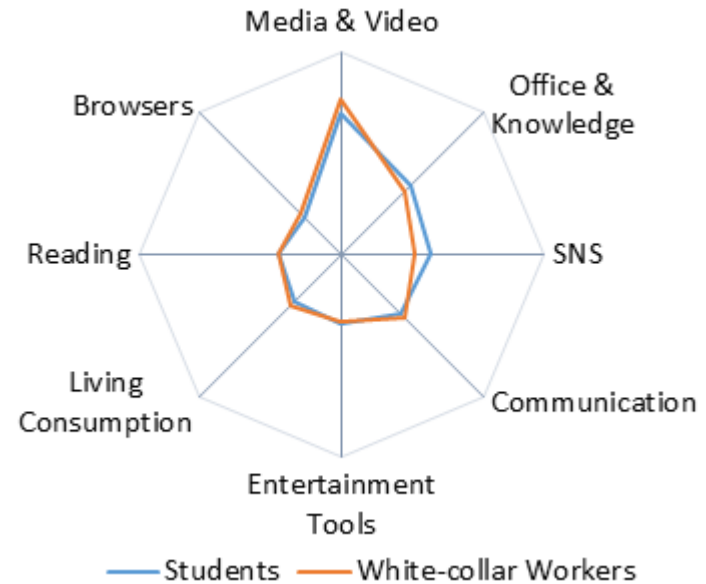


Table16 Distribution of App Downloads by Students and White-collar Workers by type (14Q2)

2.11

There are visible differences regarding games downloaded by different groups. Students and white-collar workers like puzzle games particularly. Students and white-collar workers like puzzle games particularly.

STG and puzzle games are the most popular. Rural users prefer the former and blue-collar workers prefer the latter

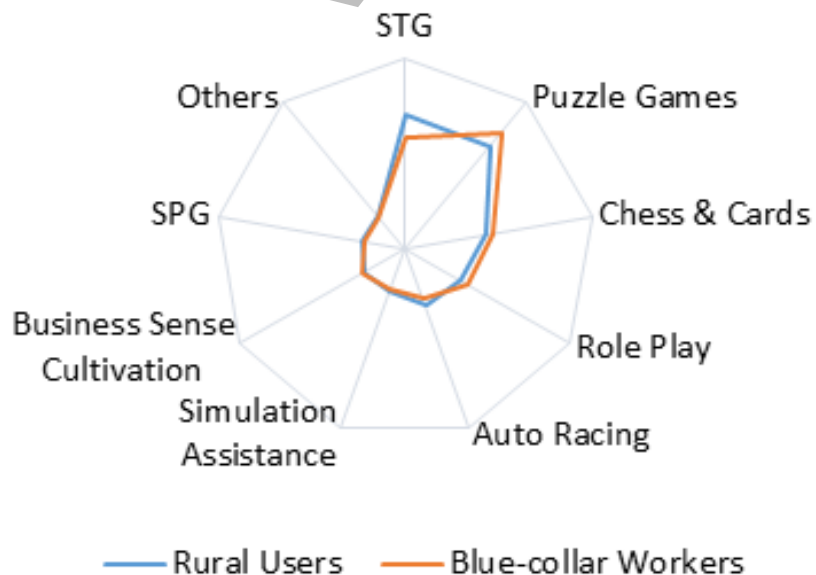


Table 17 Download Distribution of Games by Type, Rural Users and Blue-collar Workers (14Q2)

White-collar workers and students are most interested in puzzle games, specially students; white-collar workers like STG, chess and card games more than students

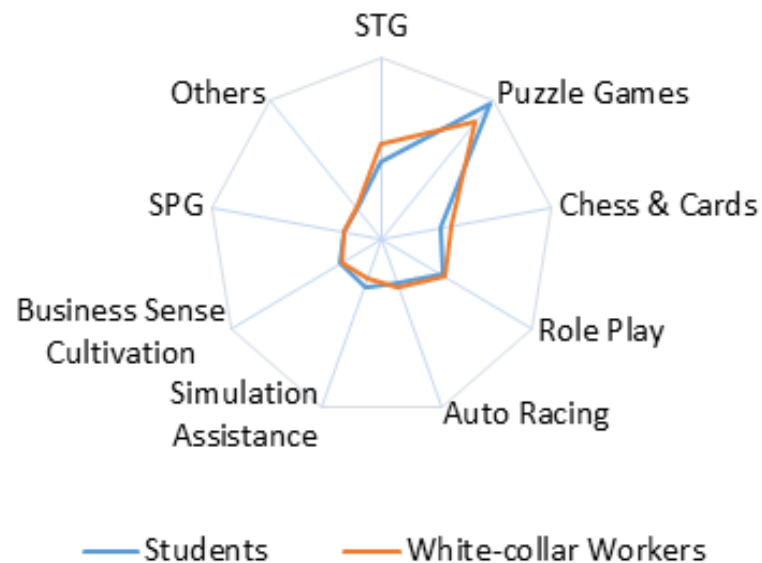


Table 18 Download Distribution of Games by Type, White-collar Workers and Students (14Q2)

2.12 The apps with the fastest growth rates are search engines & browsers, SNS & messaging apps, news apps, shopping apps, etc.

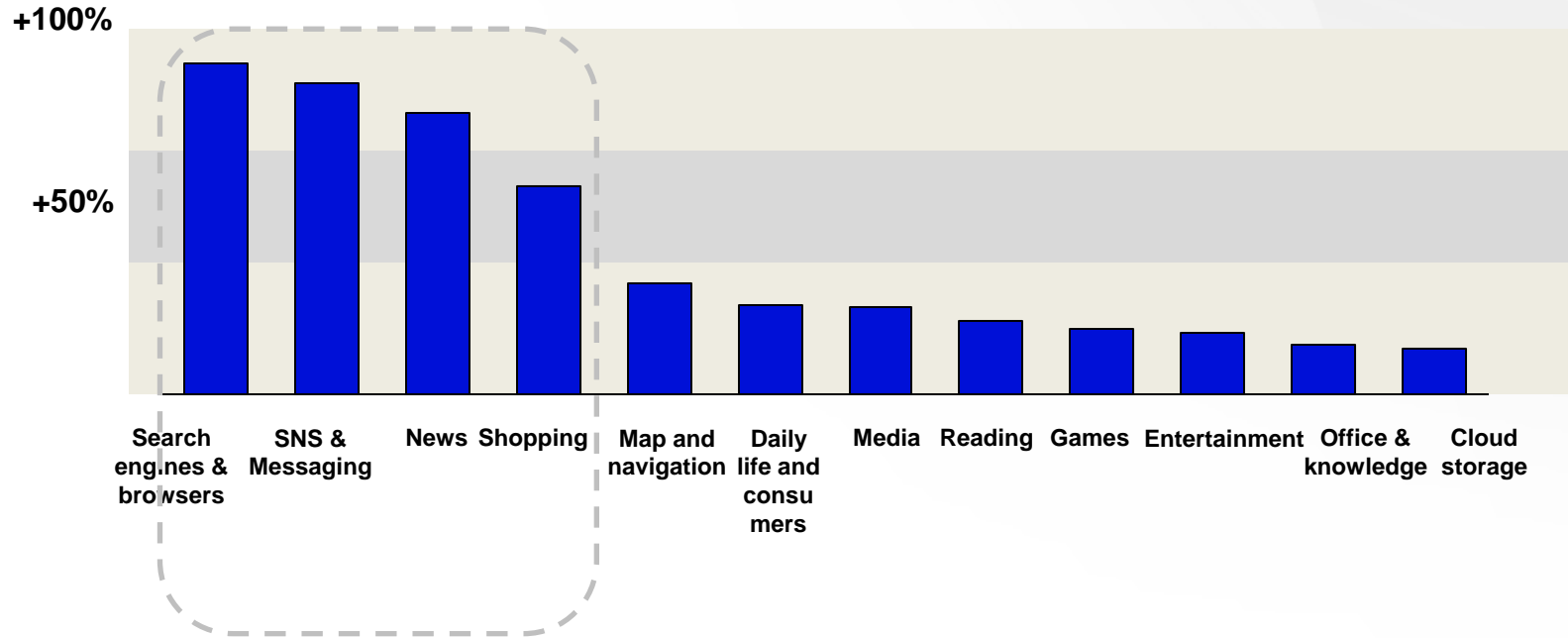


Table19 The Download Growth Rates of Various Apps
(13Q4 vs 14Q2, Unit: %)

Mobile Distribution Resources

- **Apps on the shelves**
- **First-to-launch apps**

Key points

1. Apps on the shelves

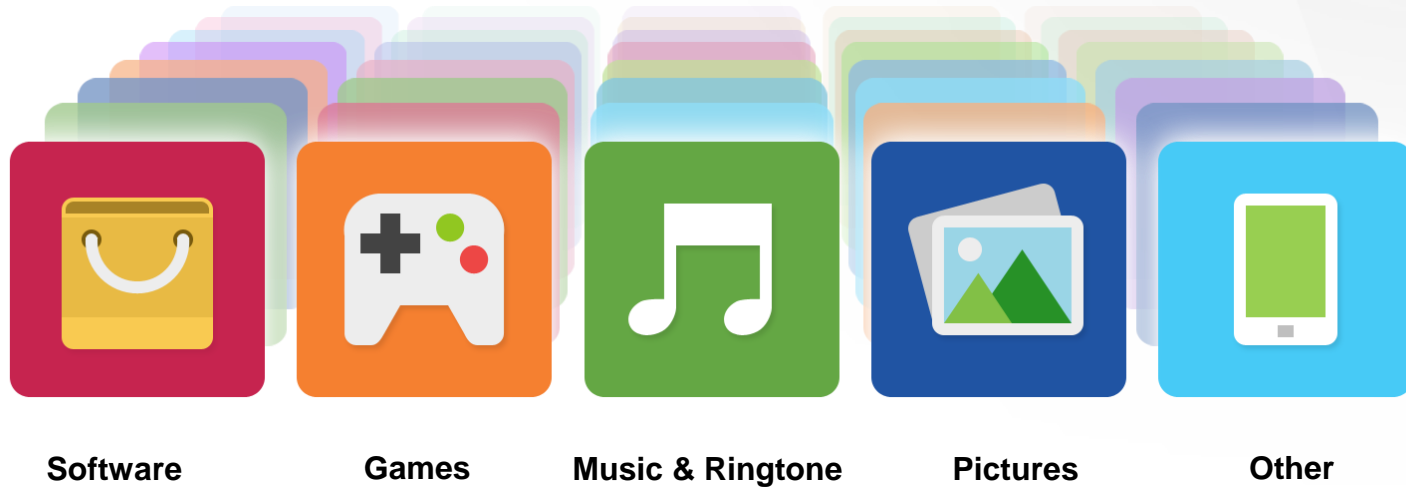
- ◆ The number of developers covered by Baidu app markets exceeds one million, and there is a wide range of app resources
- ◆ The file size of newly added apps is increasing rapidly and the launch cycle continue to shorten
- ◆ 95% of the new software/games in Baidu app markets achieve considerable download numbers in the first month.

2. First-to-launch apps

- ◆ “High quality & Wide coverage” helped the download amount of the apps exclusively launched first on Baidu app markets to increase 2 to 4 times within 6 months

3.1 The number of developers covered by Baidu app markets exceeds 1 million, and there is a wide range of app resources

Baidu app markets cover over 1 million developers and various types of apps



3.2 The file size of newly added apps is increasing rapidly and the launch cycle continues to shorten

The average file size of new apps is **21%** bigger than half a year ago

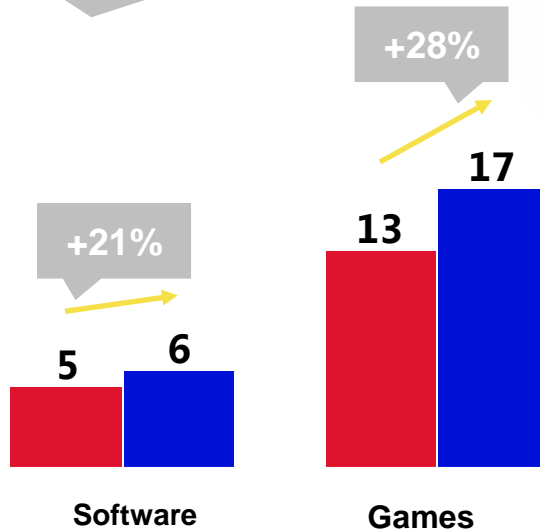


Table 20 Average Size of Newly Launched Apps
(13Q4 vs 14Q2, Unit: MB)

The launch cycle of new apps is **7%** less than half a year ago

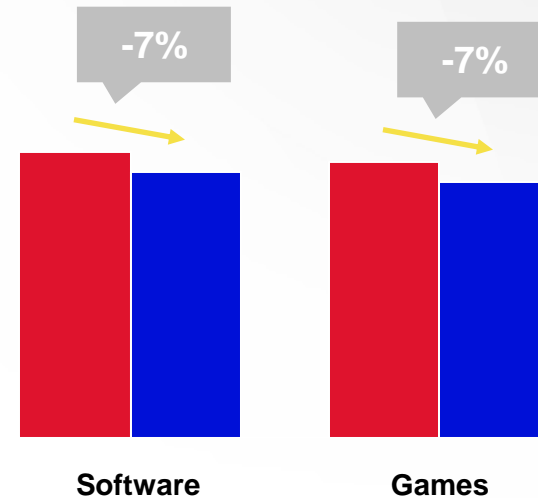


Table 21 Launch Cycle of New Apps
(13Q4 vs 14Q2, Unit: day)

3.3 95% of the new software/games in Baidu app markets achieve considerable downloads in the first month.

By adopting **big data algorithmic recommendation**, **precision marketing**, **incremental updating** and other measures, Baidu app markets greatly increase exposure opportunities and the download coverage

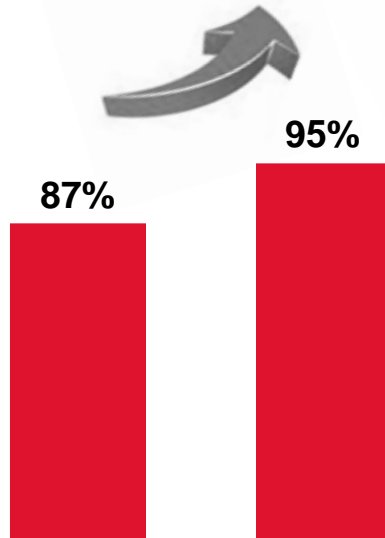


Table 22 Download Percentage of New Software Launched on Baidu Platforms in the First Month (13Q4 vs 14Q2, Unit: %)

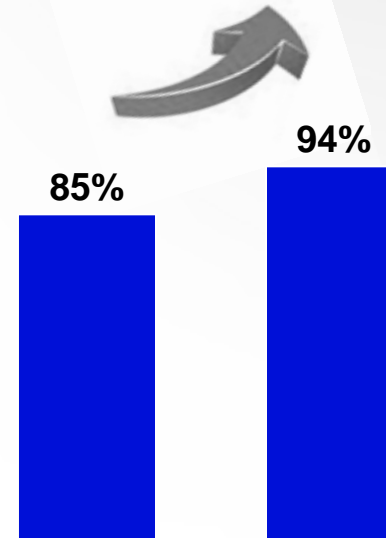


Table23 Download Percentage of New Games Launched on Baidu Platforms in the First Month (13Q4 vs 14Q2, Unit: %)

3.4 Baidu's "High quality & Wide coverage" helped the download of first-to-launch apps increase 2 to 4 times within 6 months

The rules for first-to-launch apps at Baidu platforms are **standard and mature**, and thus guarantee the high quality and wide coverage of these apps. **Precision recommendation** ensures users' satisfaction with the recommended apps and helped the average downloads of exclusive first-launch apps on Baidu increase nearly **4 times** and that of games increase almost **2 times**

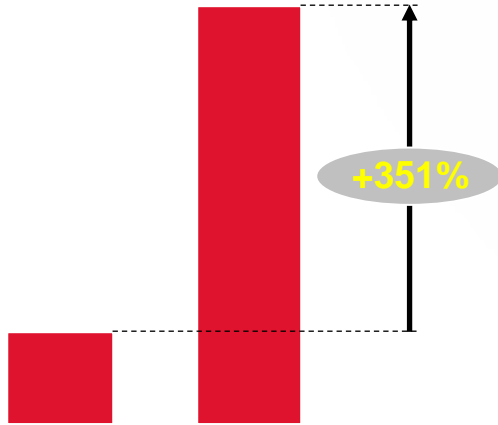


Table24 The Average Downloads of First-to-launch Software at Baidu Platforms (13Q4 vs 13Q2 Unit: single digit)

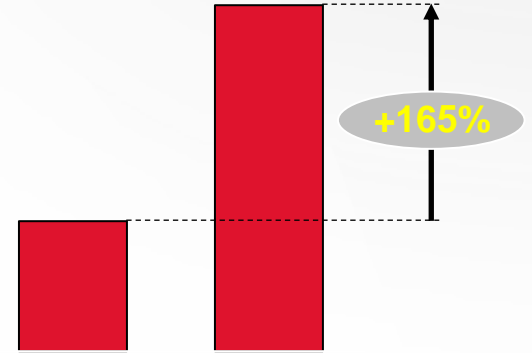


Table25 The Average Downloads of First-to-launch Games at Baidu Platforms (13Q4 vs 14Q2 Unit: single digit)

Notes:

High quality: Authorized editions of first-to-launch apps. Sleek interfaces and large demands by users

Wide coverage: a panorama of apps with abundant choices

Baidu Mobile Distribution Platforms

- **Foundation**
- **Developer Support**

Key points

1. Foundation

- ◆ Baidu distribution platforms have enormous traffic inflows and huge distribution scales, and cover over 1 million developers

2. Developer Support

- ◆ Baidu Distribution platforms provide comprehensive and one-stop services to mobile developers
- ◆ Developers can access the enormous resources at the three Baidu distribution platforms
- ◆ The launch of apps at the three Baidu distribution platforms requires the same approving procedures, and is convenient, economic and efficient for developers
- ◆ The multiple distribution platforms and terminals of Baidu offers rich promotion and distribution opportunities to developers
- ◆ Besides the distribution matrix, Baidu also provides various distribution and operation methods and InApp technology capacities
- ◆ Baidu helps developers attract users and provides the best monetization channel with advantageous technology and strong capacities

4.1 Baidu distribution platforms have enormous traffic inflow and huge distribution scales, and cover over 1 million developers

+

600 million
Users covered

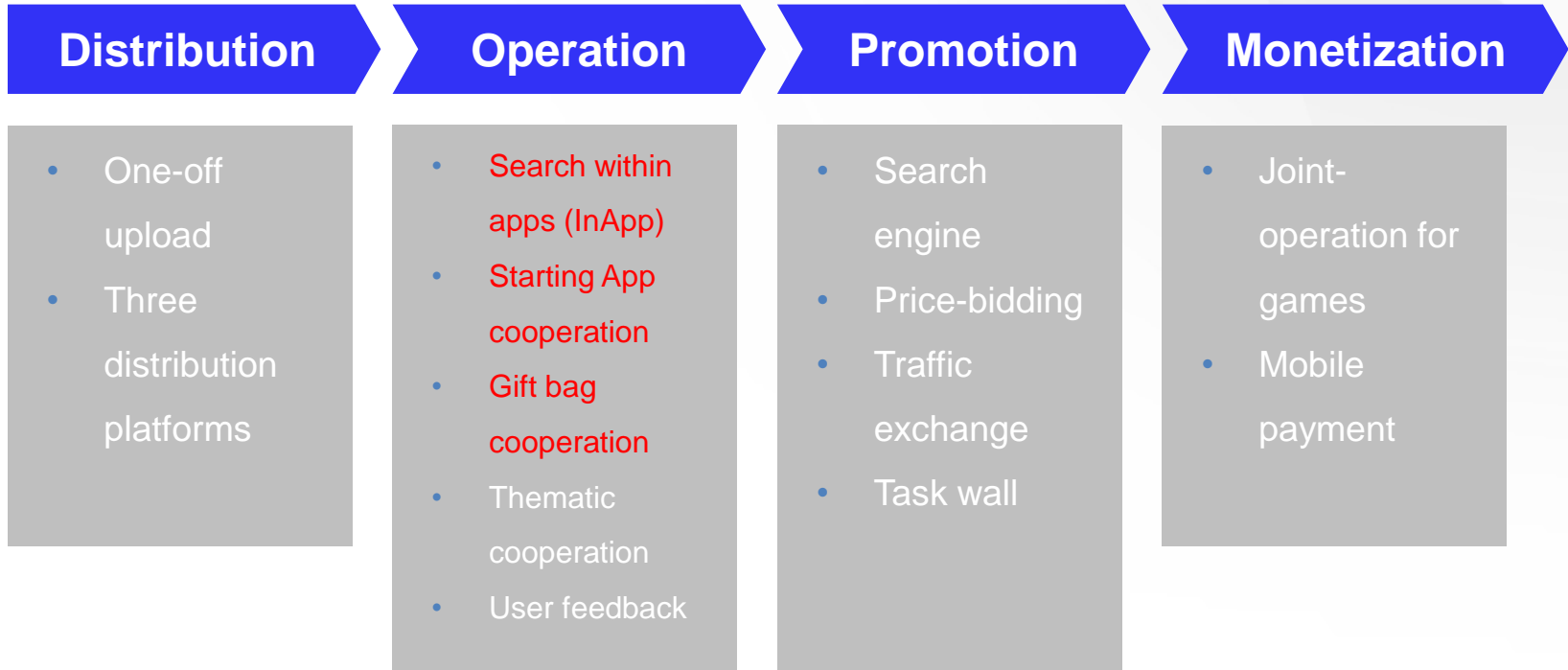
+

130 million
Daily Distribution

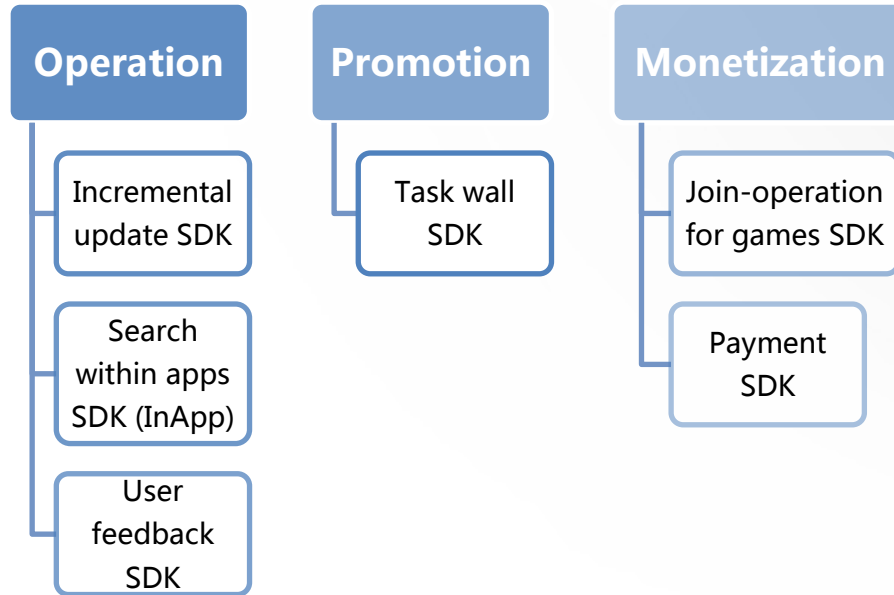
+

1 million
Developers

4.2 Baidu distribution platforms provide comprehensive and one-stop services to mobile developers

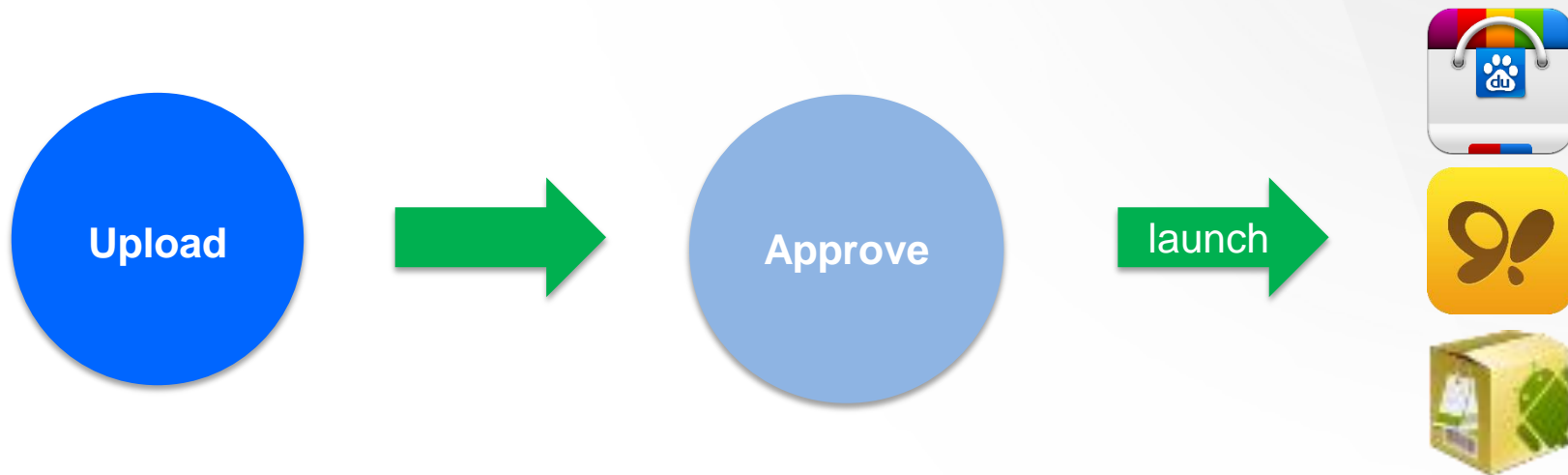


4.3 Developers can access the enormous resources offered by the three Baidu distribution platforms



Developers can access the enormous resources accumulated at Baidu Mobile Assistant, 91 Assistant and HiMarket and share the success of mobile Internet with Baidu!

4.4 The launch of apps at the three Baidu distribution platforms requires the same approving procedures, and thus is convenient, economic and efficient for developers



1+1+1 > 3 !

- Convenient:** one developer account only needs one submission for distribution at multiple platforms
- Economical:** the new approving mechanism only requires one set of materials prepared by developers
- Efficient:** it takes a surprisingly short time to launch an app and Quality Developers can launch it instantly

4.5 The multiple distribution platforms and terminals of Baidu offer rich promotion and distribution opportunities to developers



4.6 Besides the distribution matrix, Baidu also provides various distribution and operation capacities as well as the InApp search technology

Besides the distribution matrix, Baidu also provides various distribution and operation capacities as shown below to create rich promotion and distribution opportunities for developers

The new InApp will be launched in Baidu mobile search



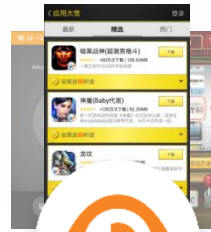
**Post
Bar**



**Local
List**



**Virtual
Editor**



**App
Great
Credit**



InApp

Mobile distribution is showing four tendencies: users at younger ages, content-oriented app searches, download via mobile devices and the closed cycle of developer support services

1. Users at younger ages

The percentage of students in the users of app markets is increasing rapidly and young people have become the most active user group

2. Content-oriented App searches

Users can find and download apps by searching names of apps and achieve break-the-shell searches through the InApp search technology

3. Download via mobile devices

More and more users use the app stores on phones to download apps, and the percentage of downloading via PC clients continues to drop

4. The closed cycle of developer support

The leading distribution platforms have established a one-stop closed cycle of services that integrate the whole process of development, distribution, operation, promotion and monetization

Time: 2013.10.1-2014.6.30

Data: related user research and data mine of Baidu Mobile Assistant/91 Assistant/HiMarket clients and WAP pages, Baidu mobile search client and WAP pages, Baidu Mobile Statistics (<http://mtj.baidu.com>)

Note:

The data sources of this report are:

- Analyses of the distribution amount of the Apps launched by or with the cooperation of Baidu Mobile Assistant/91 Assistant/HiMarket and on-the-shelve Apps
- Analyses of related mobile distribution data in Baidu mobile search results
- Analyses of Apps and devices covered by Baidu Mobile Analytics. Currently the number of mobile devices covered has exceeded 100 million
- Online and offline user researches conducted by Baidu Business Analysis team

Disclaimer

This report is written under the joint efforts of the Baidu Mobile & Cloud Business Unit and the Department of Baidu Business Analysis and the information in the report is for reference only. The report is made based on data collected from Baidu Mobile Assistant/91 Assistant/HiMarket, Baidu Mobile Search, Baidu Mobile Analytics and related data mining as well as online and offline user researches to fairly and objectively reflect the development trends of the domestic mobile distribution market and user behaviors as far as possible, but bears no liability to ensure the accuracy and completeness of the information contained. This report cannot be relied on to make investment decisions or used as moral, liable or legal bases or evidence, whether expressed or implied. The Baidu Mobile & Cloud Business Unit will add, correct and amend relevant information at any time but doesn't guarantee the timely publication, and assumes no responsibility toward the profit or loss of investments made directly or indirectly based on the information provided in the report.

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