

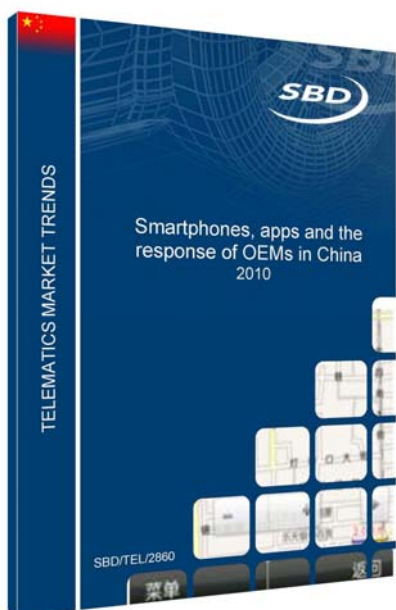
## How are China OEMs responding to smartphones and apps?



### Learn quickly about the unique characteristics of the smartphone and app store markets and the rising expectations of consumers in China...

The threats and opportunities posed by smartphones are a hot topic for the automotive and navigation industries globally. The recent dramatic growth in application stores from smartphone vendors, OS software companies, network operators and third parties has led to a new “app” industry emerging. With China as the world’s largest market for both mobile phones and new cars, it’s no wonder that vehicle manufacturers active in this market need to develop strategies in response to this trend.

In “*Smartphones, apps and the response of OEMs in China*”, SBD provides market and strategy-focussed analysis of the app store market in China and its impact on both domestic and foreign vehicle manufacturers’ telematics services.



#### This report will help you:

- Develop **a strategy for an in-car app solution** based on specific China market factors
- Identify the **key players and technological issues** affecting smartphone apps in China
- Understand **the responses to apps emerging from vehicle manufacturers** in China
- Learn **what in-car app solutions are being developed** by vehicle manufacturers for the Chinese market

For additional information please email [jappleby@sbd.co.uk](mailto:jappleby@sbd.co.uk) or telephone Juanita on +44 (0) 1908 305101 and she will be happy to deal with your enquiry.



## »» China is a unique market for deploying apps...

Smartphone ownership and the market for apps are entering a phase of dramatic growth in China as new young wealthy consumers are becoming comfortable with the technology. Consumers are being introduced to location-based services such as connected navigation through their phones.

Unlike Europe and the USA where handset suppliers are driving the fragmented smartphone app market, network operators in China are attempting to control the apps market through vertical integration of app store, operating system and user interface.

The Chinese smartphone market is dominated by China Mobile and Nokia with over 70% and 60% market share respectively. These two giants have joined forces to offer a Mobile Market MM Ovi app store.

**SBD recommends that vehicle manufacturers should investigate the potential of directly cooperating with one of the Chinese network operators to develop in-car app solutions.**

### Opportunity for vehicle manufacturers

SBD believes there is an opportunity in China for vehicle manufacturers to gain a competitive advantage by quickly developing apps-based solutions to provide navigation and telematics services. The flexible and quick-acting domestic Chinese vehicle manufacturers, such as SAIC and HawTai, are already taking this strategy to leap ahead of western brands that are weighed down by complex product quality assurance procedures and legacy systems such as embedded navigation systems and traditional call centre-based telematics.

Automotive apps available inside the car are beginning to enter the market in China and vehicle manufacturers planning apps have a number of decisions to make on which operating system, apps and business model to use. Vehicle manufacturers need to decide if they will integrate the smartphone with the vehicle or provide the apps through an embedded system.

### Uniqueness of the Chinese market

Some of the unique characteristics of the Chinese market are encouraging the deployment of smartphone apps. These characteristics include the new and changing roads and POIs that encourage off-board smartphone navigation ahead of traditional OE embedded navigation systems, high consumer demand for connected navigation highlighted in SBD's consumer survey research in China, and consumers having their first experience of navigation through a smartphone.



# »» ...know what tomorrow brings

## TABLE OF CONTENTS

- 1. Executive summary**
  - 1.1 Introduction
  - 1.2 Summary of conclusions
- 2. The smartphone market in China**
  - 2.1 Strong growth
  - 2.2 The handset market
  - 2.3 New smartphones in China
  - 2.4 Smartphones and Chinese consumers
- 3. The app store value chain in China**
  - 3.1 Introduction
  - 3.2 App stores and operating systems
  - 3.3 China Mobile - MM ovi Store (with Nokia)
    - 3.3.1 Open Mobile System (OMS)
    - 3.3.2 Involvement with network operators around the world
  - 3.4 China Telecom - eStore
  - 3.5 China Unicom - UniStore
    - 3.5.1 Apple iPhone and Unicorn
  - 3.6 Motorola - Shop4Apps / Zhi-Jian-Yuan
- 4. App sales, LBS and navigation**
  - 4.1 App sales in China
  - 4.2 Business models for LBS
  - 4.3 Smartphone navigation apps
    - 4.3.1 AutoNavi Mobile Navigator
    - 4.3.2 Baidu Maps
    - 4.3.3 Careland Navigation
    - 4.3.4 Mapabc Minimap
    - 4.3.5 Nokia OVi Maps
    - 4.3.6 Papago!
    - 4.3.7 TeleNav
    - 4.3.8 Zorro GPS
  - 4.4 Summary
- 5. The response from vehicle manufacturers**
  - 5.1 Introduction
  - 5.2 Smartphone integration
    - 5.2.1 Ford Sync
  - 5.3 Embedded apps
    - 5.3.1 SAIC Roewe InkaNet
    - 5.3.2 HawTai IVI
  - 5.4 Apps outside the car
    - 5.4.1 Shanghai GM Onstar
  - 5.5 Chinese market response
    - 5.5.1 Opportunity for Chinese vehicle manufacturers

## LIST OF FIGURES

- Fig. 1 Network operator app store eco-systems
- Fig. 2 Factors promoting in-car apps in China
- Fig. 3 Annual smartphone sales in China
- Fig. 4 Penetration of smartphones (by total phones in use)
- Fig. 5 Smartphone marketshare in China
- Fig. 6 Network operator market share in China
- Fig. 7 App value chain for mobile operators in China
- Fig. 8 Number of apps available from China Mobile MM and Apple iPhone app store
- Fig. 9 Forecast app sales in China
- Fig. 10 Spending on location -based services
- Fig. 11 Evolution of business models for smartphone LBS apps in China
- Fig. 12 AutoNavi Mobile Navigator screenshots
- Fig. 13 Baidu Maps screenshots
- Fig. 14 Careland Navigation screenshots
- Fig. 15 Mapabc Minimap screenshots
- Fig. 16 User levels for Minimap services
- Fig. 17 Nokia Ovi Maps China screenshots
- Fig. 18 Papago! Screenshots
- Fig. 19 Solutions and challenges for automotive apps
- Fig. 20 SAIC InkaNet applications
- Fig. 21 Roewe 350 Android InkaNet screenshots

# The SBD Mission...

... to provide our customers with the knowledge, insight and understanding they need to develop class leading Telematics and Vehicle Security products and improved Cost Of Ownership performance

## About the report author...



**Stephen Longden - ITS and Telematics Specialist**

Stephen achieved an MSc in Transport Planning and Management at the University of Westminster, before becoming the editor of *The Intelligent Highway* magazine. At SBD, Stephen specialises in research and analysis into automotive telematics and navigation. He has investigated a variety of ITS applications and is widely regarded as an expert on emerging markets such as China and emerging initiatives such as eCall.

## Pricing:

Report	Electronic pdf copy
2860 - Smartphone, apps and the response of OEMs in China	£1600/ €2000/ \$3200

For a quotation or further information please contact Juanita Appleby on:

**Email:** [jappleby@sbd.co.uk](mailto:jappleby@sbd.co.uk)

**Phone:** +44 (0)1908 305 101

**Fax:** +44 (0)1908 305 106

## Related Reports



### Navigation for the app generation

This report provides an overview of the OE, PND and Smartphone navigation market across Europe. It focuses on navigation apps for smartphones and analyses the various options available to users in order to understand the changing consumer attitude towards navigation. The report also discusses the impact of app stores on the in-car navigation market.

**Reference SBD/TEL/2411**



### Evaluating the impact of free navigation

This report analyses the gradual commoditisation of navigation software as smartphone suppliers increasingly fit it as standard in order to increase the appeal of their handsets and services. In addition to forecasting the impact on sales of other paid-for navigation systems, this report also identifies the key strategic changes that vehicle manufacturers and PND suppliers will need to make in order to adapt and survive in the new navigation market.

**Reference SBD/TEL/2930**



### Portable navigation in China - PNDs and smartphones

This report provides a detailed overview of the portable navigation markets in China. It analyses the key industry and product trends for PNDs and Smartphone navigation applications and identifies the main vendors who are expected to lead the continued market growth. The report balances sales forecasts and pricing analysis with technical details of the latest features and traffic services, always with a keen focus on understanding what makes China different to the rest of the world.

**Reference SBD/TEL/2180**