



China

A Brave New Digital World

By the end of 2010, China will have more mobile internet users than the 310 million population of the United States. According to research conducted in July 2010 by CINIC, the China Internet Network Center, 277 million of its citizens were mobile web users, an increase of 43 million in just six months. The world's most populous nation with 1.3 billion inhabitants, also has 420 million internet users and 364 million broadband users.

China has a highly regulated market, with state-run telecommunication, media and internet sectors. However, recent years have seen a rapidly developing commercial sector, with the explosive growth nationally of services like instant messaging provider QQ.com, infotainment web portal Sina.com and search engine Baidu.com, which have also received international recognition. The launch of 3G in China in 2009 has also recorded impressive growth.

As China develops as a marketplace for new technologies, spurred on by increased consumer interest, GfK CRC has identified three key trends as potential growth areas for future market research.

Convergence

As in many Western markets, the convergence of the internet, cable television and mobile phones is a hot industry talking point in China. However, unlike in the West, convergence in China means that the three state-controlled telecommunication, media and internet operators are facing the challenge of how to influence each others' sector, while also competing for business with private media, telephony and internet companies and satisfying consumers' increasing demand for entertainment.



Convergence will present both challenges and opportunities for all suppliers. Thus, an early mover advantage will be necessary in order to be prepared for a changing and competitive landscape.

Smartphones

As smartphones in China are quite affordable, sales volume are remarkably high. More than 26 million devices have sold in 2010 at the time of writing this. GfK CRC research shows that besides cost, the possibility of using more applications will create a clear preference among consumers towards smartphones in the future. Consequently it is expected that the development of smartphones and market share will be highly influenced by the type of operating system.

Despite Nokia being the leading handset manufacturer brand in China, there is less of an appetite among Chinese consumers for their Symbian OS mobile operating system. In a GfK CRC survey of 500 Chinese smartphone users, data show Nokia's Symbian is still the most used OS in China. But when asked about their preference for their next smartphone, Apple iOS, Google

Android and Windows Mobile received higher shares. According to the same study, more than 50% of current smartphone users will view the operating system as a significant factor in choosing a new smartphone.

Tablet PCs

A visit to a busy urban centre in any of China's major cities will bear witness to one of the most sought-after items of the year, the iPad. Apple's iconic device is mainly used for gaming, chat, online search or even for street navigation. Slightly less popular are e-book readers, which, despite having fewer functions than the iPad, are increasingly being seen as a cheap way to access literature and an entertaining way to pass the time whilst commuting. Consequently, electronics suppliers are now looking for devices to offer the most convenient reading experience for Chinese customers.

The 'digital journey' in China has just started. Keeping an overview on current topics and anticipating new trends in the technology sector in this huge market is a significant task. Thus, GfK CRC decided to continue in tracking the most important market facts with Connected Life 2010.



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