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Visa Consulting & Analytics (VCA)

Succeeding with super apps



Super apps are rapidly gaining ground. Bringing a range of complementary services together into one, easy-to-use technical ecosystem, they make life easier for users, and their global growth is expected to accelerate.

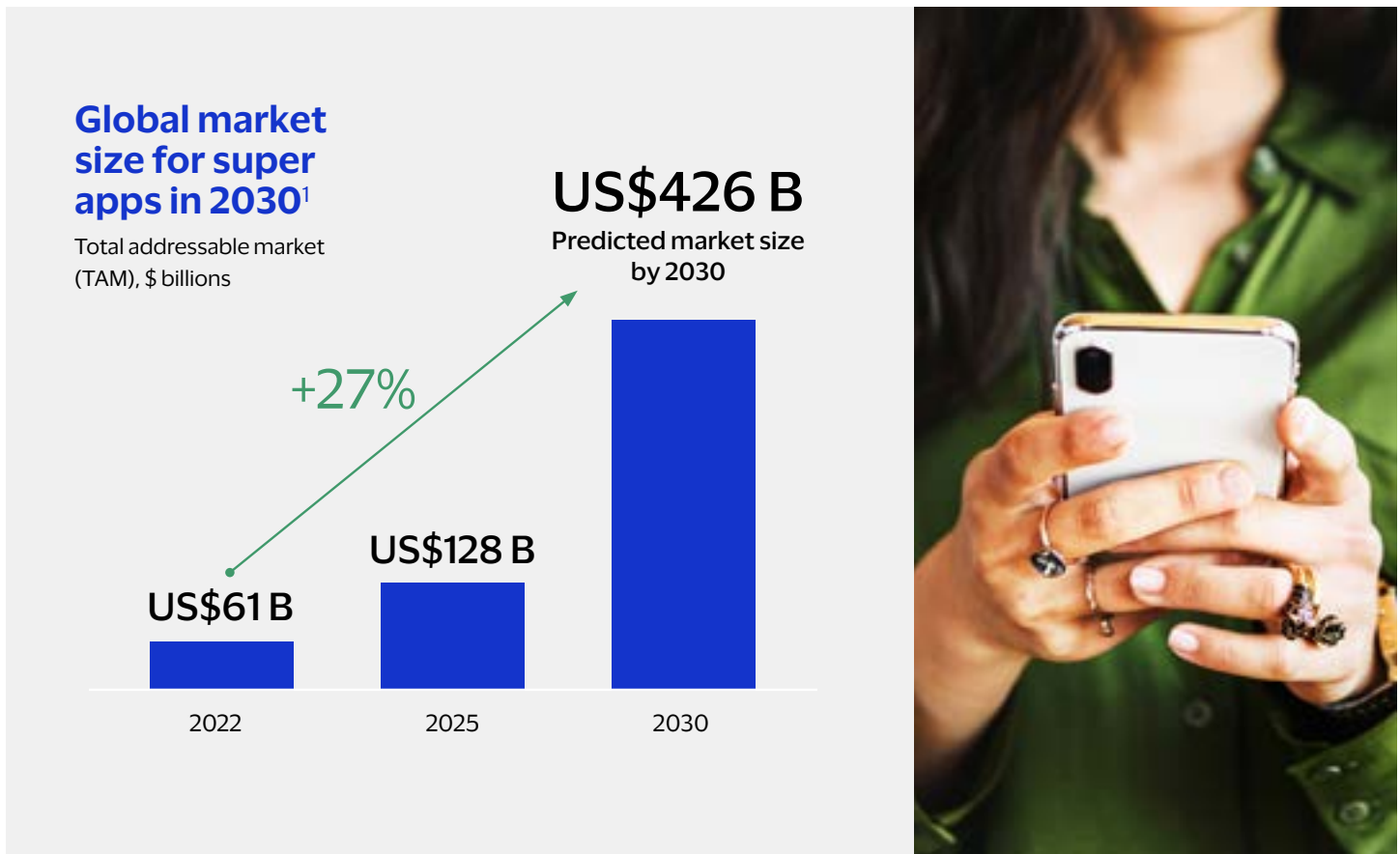


In this paper, Visa Consulting & Analytics (VCA) introduces super apps, investigates the growth drivers, and provides a roundup of developments and trends from around the world. We then set out a high-level roadmap for super app success and provide a checklist of recommendations for organizations looking to get more engaged in the super app landscape.

Introducing super apps

A super app is a one-stop-shop mobile application that caters to a wide range of consumer needs. Within one elegant, easy-to-use mobile platform, it's possible for users to choose from many products and services, and order them up, with friction-free embedded payments.

Already the scale of the global super app market is significant, estimated at more than US\$60 billion in 2022 and, forecasted to grow almost 27 percent a year. The total addressable market is set to exceed US\$426B by 2030.¹



1. Grand View Research, super apps Market Size, Share & Trends Analysis Report By Platform (iOS, Android), By Device (Smartphone, Tablets), By Application, By End-user, By Region, And Segment Forecasts, 2023 – 2030, 2023: <https://www.grandviewresearch.com/industry-analysis/super-apps-market-report>



Typically, a super app will aim to meet a wide spectrum of a user’s everyday and occasional needs, as indicated in the figure below:



Financial services & payments

Acts as a digital wallet for payment cards, peer-to-peer funds transfer, savings accounts, lending, etc.



Social & entertainment

Serves as a social hub, with services like games, messaging, streaming music and video, event tickets, etc.



Shopping & e-commerce

Provides a marketplace for everyday shopping, including groceries, clothing, accessories, etc.



Dining

Enables take out/home delivery food orders and local restaurant reservations.



Transport & travel

Enables ride sharing and ride hailing requests, travel reservations, and travel ticketing.



Lifestyle services

Acts as a one-stop-shop for ordering services such as courier deliveries, healthcare appointments, home improvement services, etc.

Irrespective of the service being offered, the super app will typically provide an embedded payment functionality, which means that the payment and service delivery are tightly integrated. A super app usually starts off by offering a core set of features, and then expands its offerings, creating an ecosystem of complementary services to meet more of the everyday needs of its users.

Core Features	Market Examples*	Financial & payments	Social & entertainment	Shopping & ecommerce	Dining	Transport & travel	Services
Advanced super apps	WECHAT	●	●	●	●	●	●
Financial & payments	REVOLUT, PAYTM	N/A	◐	◐	●	◐	○
Social & entertainment	INSTAGRAM, LINE	◐	N/A	●	●	●	◐
Shopping & ecommerce	AMAZON, SHOPEE	◐	●	N/A	◐	○	◐
Dining	GRUBHUB, UBER EATS	○	○	◐	N/A	○	◐
Transport & travel	UBER, GRAB	◐	◐	◐	◐	N/A	◐
Services	YELP, RAPPI	◐	◐	◐	●	◐	N/A

* Examples from regions across the globe

● Offer full features ◐ Offer partial features ○ No features



Identifying the key growth drivers

As evidenced by the increase in investment in super apps by technology and financial services providers, there are several drivers contributing to the growth in demand for these apps. This has brought more options, innovation, and profile to the super apps landscape.

Driver #1 Demographic shifts

Younger generations make up almost half of the global population (in 2021, the median age was just 30 years old).² Having grown up with digital technologies, they tend to be actively engaged in social media, mobile games, streaming services etc. – all of which could be offered by a single super app.

Driver #2 Digitization

Over recent years, there has been a progressive transition of brick-and-mortar services to the digital realm. Increased convenience (including one-click purchasing capabilities in key sectors like transport and grocery) coupled with a rise in mobile penetration and network coverage have contributed to the rapid, widescale adoption of digital wallets and super apps.

Driver #3 App overload

For everyday events such as grocery shopping, ride hailing, and making payments, consumers have often needed to download a dedicated app. Yet, the management of multiple apps (upgrades, storage, accessibility) can be a frustrating experience. So, a single super app that caters to multiple needs and avoids app overload can be an appealing proposition.

Driver #4 Industry focus

Across the digital realm, we see examples of companies looking to extend their existing franchise by investing in services and solutions that go beyond their core offering and, bit-by-bit, they evolve into super apps.

Driver #5 Network effects

In the digital space, network effects can be a strong force. For example, people are incentivized to join the platforms (e.g., social media and/or messaging and/or peer-to-peer payment apps) that are used by their peers. Similarly, buyers and sellers are attracted to the most popular marketplaces. Super apps can be seen as the ultimate expression of these network effects.



2. Our World in Data, Age Structure, 2019: <https://ourworldindata.org/age-structure>



A region-by-region round-up

The global super app landscape is varied and dynamic, with considerable geographic differences. Typically, an app takes root locally, expands into markets with similar characteristics, then edges further afield.

Here, we present a region-by-region overview visual:

Asia Pacific

The top-line

Super apps dominate digital life across much of the region – helped along by the extent of mobile usage, a favorable regulatory environment, and favorable demographics.

The dynamics

Market dynamics

- Many countries have witnessed many new players across several sectors – but only a few can hope to serve a wide spectrum of consumer needs.
- Several super apps have extended into financial services and secured digital banking licenses in certain markets.

Regulatory dynamics

- While the region’s technology ecosystem is booming, the regulators typically maintain a supportive role to encourage and enable digital adoption.

Consumer dynamics

- Many of the region’s emerging markets have a younger demographic profile and consumers prioritize speed and efficiency – the amalgamation of various services within one super app provides convenience and quick access to a wide range of services.

Market examples

NOT EXHAUSTIVE

Financial & Payments

- ALIPAY
- PAYTM

Social & Entertainment

- LINE
- WECHAT
- KAKAO TALK

Shopping & Ecommerce

- TAOBAO
- SHOPEE
- LAZADA

Dining

NOT APPLICABLE

Transport & Travel

- GOJEK
- GRAB

Services

NOT APPLICABLE

The notable trends

Several established super apps are forging partnerships to grow the consumer base for their finance and payment services – e.g., Grab formed a joint venture with Singtel to successfully bid for a retail digital banking license and to then launch GXS Bank in Singapore, while Paytm partnered with NPCI and SBI Card to launch the Paytm SBI Card in India.



CEMEA (Central Europe, Middle East and Africa)

The top-line

Rapid growth in super apps is anticipated, driven mainly by smartphone adoption, a favorable regulatory environment, and limited digital payment options

The dynamics

Market dynamics

- The rapid uptake of low-end smartphones is driving significant super app adoption (consider that Sub-Saharan Africa accounts for around 70 percent of global mobile money transactions).³
- It is a vibrant and dynamic region, with many different approaches to the super app model and some players using separate sub-brands for different services.

Regulatory dynamics

- Increased regulatory interest in open banking is sparking interest in the interplay between financial services and data.
- The adoption of digital wallets is partly fuelled by bank requirements for a minimum salary/ deposit to open a conventional bank account and the need for full know-your-customer (KYC) checks.

Consumer dynamics

- In terms of digital adoption, savviness varies across the region -from tech-savvy early adopters to underbanked users who are new to digital.
- Cash is still dominant in several geographies, and the main goal of many digital propositions is to enable the migration to digital payments.

Market examples

NOT EXHAUSTIVE

Financial & Payments

- YALA
- STC PAY
- MNT- HALAN
- KASPI.KZ
- PRIVATBANK

Social & Entertainment

- FACEBOOK
- INSTAGRAM
- TIKTOK
- SNAPCHAT

Shopping & Ecommerce

- NOON
- AMAZON
- ROZETKA
- JUMIA
- TAKEALOT.COM

Dining

- UBER EATS
- WOLT
- GLOVO
- TALABAT
- THE ENTERTAINER

Transport & Travel

- CAREEM
- UBER
- YANGO
- BOLT
- WAZE

Services

- JUSTLIFE
- STOCARD
- BEELINE
- HELLOPETER

The notable trends

Digital wallets tend to be the starting point, with mobile operators and banks looking to turn their existing wallet solutions into super apps, and mobility providers extending their services – e.g., digital wallets backed by telcos are simplifying core financial customer journeys and banks are expanding their own services, while Careem (the so-called everything app) is at the vanguard in the Middle East, expanding through rapid partnerships and embedding third party products as micro-apps.

3. State of the Industry Report on Mobile Money 2022, GSMA, https://www.gsma.com/sotir/wp-content/uploads/2022/03/GSMA_State_of_the_Industry_2022_English.pdf



Europe

The top-line

A fragmented regulatory landscape and strict data privacy and competition laws have enabled the growth of local players across various super apps categories.

The dynamics

Market dynamics

- In several markets, strong domestic brands have built consumer trust and become national champions – eclipsing the reach of the big US-based consumer technology companies.

Regulatory dynamics

- A fragmented regulatory landscape, with strict privacy laws, has limited the use of the type of third-party data that super apps typically rely on.
- Competition law is a barrier to potential consolidation between providers, and therefore inhibits the emergence of pan-European super apps.

Consumer dynamics

- Consumers value a superior user experience (UX) and transparency, and are open to personalized offers/ experiences – yet many are wary of privacy issues and see a fine line with technology.

Market examples

NOT EXHAUSTIVE

Financial & Payments

- LYDIA
- KLAMA
- REVOLUT

Social & Entertainment

- FACEBOOK
- INSTAGRAM
- SNAPCHAT

Shopping & Ecommerce

- AMAZON
- ASOS
- ZALANDO

Dining

- UBER EATS
- DELIVEROO
- GLOVO
- JUST EAT

Transport & Travel

- UBER
- GETT
- BOLT
- CABIFY
- BOOKING.COM

NOT APPLICABLE

The notable trends

Successful fintechs are expanding their services beyond their core offerings in order to extend their franchise and increase revenue streams – e.g., France-based Lydia started off with a basic P2P payment and banking proposition and has since launched additional services (savings, credit, donations etc.), while Revolut has openly stated its super app ambitions by moving beyond banking services to ancillary services such as travel, insurance, e-commerce etc.⁴

4. Revolut, <https://www.revolut.com/en-US/>



Latin America

The top-line

The use of super apps is growing quickly, with an emphasis on those that enable financial inclusion, bringing added convenience to online shopping, and meeting the on-demand needs of end users.

The dynamics

Market dynamics

- Super apps in Latin America tend to focus on financial inclusion and convenience – rather than facilitating social interactions.⁵
- Rapidly rising rates of mobile penetration and e-commerce take-up are the main driving forces – and present an opportunity for early-movers to capture market share.

Regulatory dynamics

- The regulators are generally keen to encourage and facilitate the emergence of new digital business models and innovations – and new regulatory frameworks are likely to emerge.⁶
- In terms of data privacy, the picture is fragmented, bringing complexity to pan-regional players.

Consumer dynamics

- The region is home to a high proportion of unbanked people – with a need for micropayment solutions and access to credit.
- Super apps can act as a catalyst, providing entry-level financial solutions by leveraging customer data.
- Consumers demand transparency and ease of use.

Market examples

NOT EXHAUSTIVE

Financial & Payments

- NUBANK
- UALÁ
- INTER
- PICPAY
- MERCADO PAGO

Social & Entertainment

- FACEBOOK
- INSTAGRAM
- WHATSAPP

Shopping & Ecommerce

- AMAZON
- MERCADO LIBRE

Dining

- UBER EATS
- RAPPI
- DIDI FOOD
- PEDIDOSYA

Transport & Travel

- UBER
- DIDI
- CABIFY
- WAZE

Services

- UNDOSTRES

The notable trends

Delivery service platforms and marketplaces have evolved to become one-stop-shops – e.g., Rappi extended its delivery business by adding several services at pace and partnered with local banks to offer financial services (accounts, payment cards, etc.), while Mercado Libre, the region’s largest e-commerce platform, launched Mercado Pago to add financial solutions to its portfolio of services.

5. “The rise of super apps in Latin America”, UATP, <https://uatp.com/blog/the-rise-of-super-apps-in-latin-america/>

6. Visa Research

North America

The top-line

The most challenging market for super apps – which need to compete against established players and overcome regulatory and cultural barriers.

The dynamics

Market dynamics

- Few infrastructure gaps, and an abundance of options and apps, online and offline, to serve a wide spectrum of everyday and occasional consumer needs.
- Strong, entrenched market positions of powerful consumer technology companies.

Regulatory dynamics

- Consumer protection agencies (like the Federal Trade Commission) emphasize data privacy, security, competition and fragmentation.
- High compliance costs.

Consumer dynamics

- People have become adept at toggling between various apps.
- Users seem to prefer an unbundled marketplace that allows them to choose best-in-breed apps by function.

Market examples

NOT EXHAUSTIVE

Financial & Payments

- VENMO
- PAYPAL
- CASH APP

Social & Entertainment

- FACEBOOK
- INSTAGRAM
- SNAPCHAT

Shopping & Ecommerce

- AMAZON
- SHOPIFY
- WALMART

Dining

- UBER EATS
- DOORDASH
- GRUBHUB

Transport & Travel

- UBER
- LYFT
- WAZE

Services

- YELP

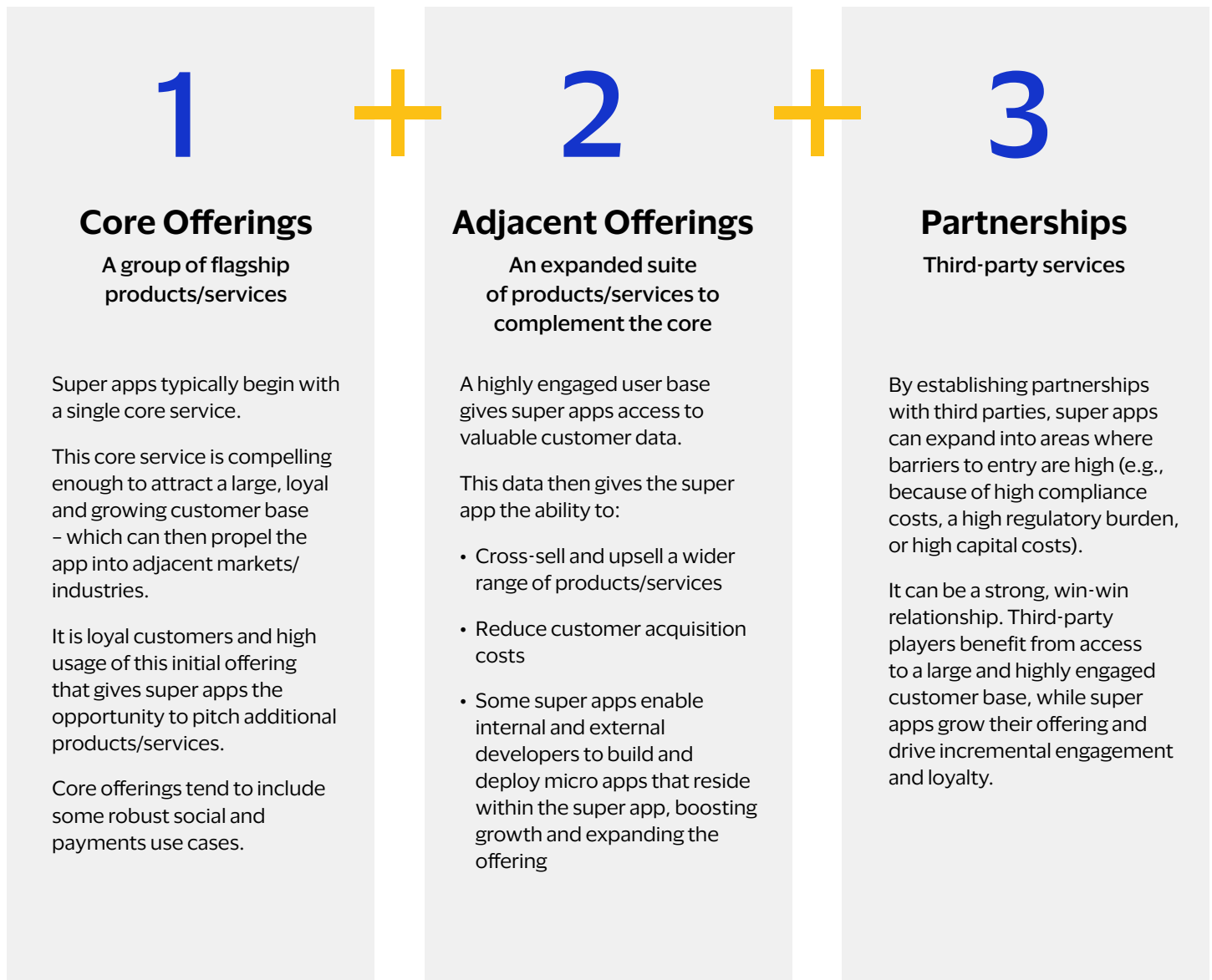
The notable trends

Social networks have been building partnerships and expanding into financial services and payment functionality – e.g., X/Twitter has enabled crypto and stock trading through a partnership with eToro, while WhatsApp has expanded to offer payment functionalities in other markets.



A formula for super app success

At VCA, we believe that a large and growing core customer base, together with cost-effective scalability, are key factors in super apps becoming “super”. So, let’s look at the proposition characteristics that will be needed to attract a relevant customer base:



How to turn the theory into a reality

Below is a roadmap, covering the three main phases of a super app development and launch program, namely the strategic planning, the implementation, and the go-to-market:



1. Strategy

Competitive insights – examine the strategy and portfolio of direct peers and adjacent competitors with respect to their super app offerings

Customer pulse – measure the interest, and identify needs and preferences of target customers for a super app via surveys, 1x1 interviews and workshops

Capabilities assessment – analyze the internal capabilities (e.g., technology stack, operations etc.) existing and required for super app development and roll out

Cross functional considerations – engage with all internal teams (e.g., regulatory, legal and compliance, technology, operational requirements etc.) that could inform the strategy and execution

Financial modelling – develop a business case with financial projections to measure return on investment, revenue growth etc.



2. Implementation

Super app program – establish a dedicated product team for the super app implementation, and a governance committee to monitor and guide the program

Functionality roadmap – outline the product roadmap with defined milestones to launch specific features

Partnerships – identify and establish relationships with ecosystem players and white-label partners to enable specific features

Product development – build identified features in-house while licensing specific features from white-label partners

Testing – conduct user acceptance, security and performance testing to validate the functionalities



3. Go-to-market

Operational readiness – build operational capabilities (customer support, analytics, compliance, etc.) to support the roll out

Marketing – develop the marketing strategy, build marketing collateral, and launch marketing campaigns to create and spread awareness of the super app and its features

Acquisition strategy – design a channel strategy to acquire target segment, and develop positioning/messaging to attract customers

Acquisition campaigns – launch targeted campaigns to acquire prospects and then drive super app activation and usage among new users



