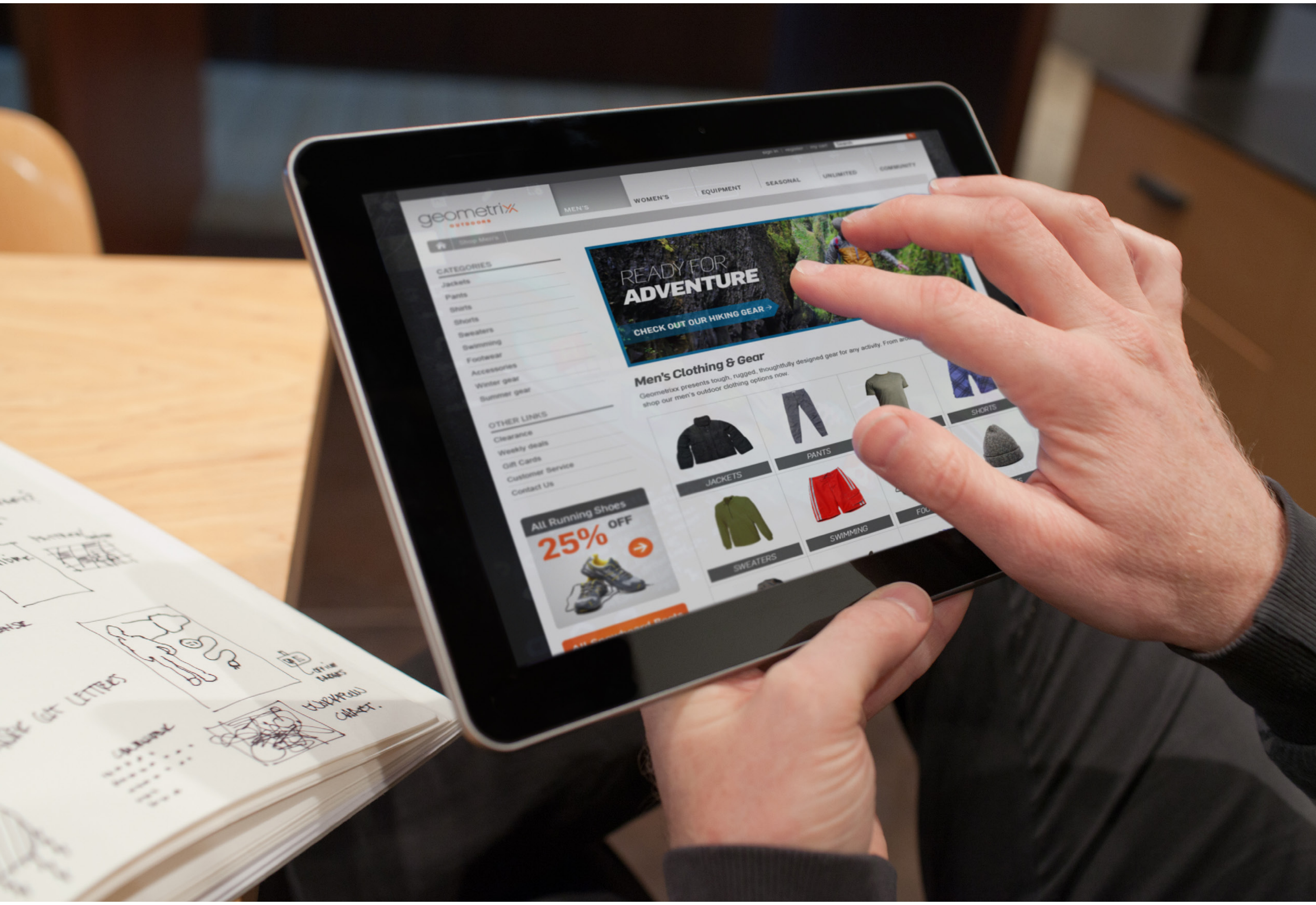
The Impact of Tablet Visitors on Retail Websites



Adobe® Digital Index

The Impact of Tablet Visitors on Retail Websites

Executive Summary

Consumers who visit retail websites using tablet devices ("Tablet Visitors") are more valuable online customers than those who visit websites using smartphones or traditional desktop/laptop computers.

Based on its analysis of 16.2 billion visits to the websites of more than 150 retailers in 2011, Adobe Digital Index found that Tablet Visitors spend over 50% more per purchase than visitors who use smartphones ("Smartphone Visitors") and over 20% more than visitors who use desktop/laptop computers ("Traditional Visitors"). Additionally, Adobe found that Tablet Visitors are three times more likely to make a purchase than Smartphone Visitors and nearly as likely to purchase as Traditional Visitors.

Other findings from the Adobe study include:

- Tablet Visitors respond to promotions: Conversion rates and average order values on Black Friday and Cyber Monday rose above their 2011 Holiday and Calendar 2011 averages.
- Tablet Visitors are rapidly growing in size. Although they generate a small portion of total website visits, their share of total visits increased from 1% to 4% in just 12 months.
- Tablet Visitors appear to spend more because of their demographics, the nature of the tablet user experience, and the environment in which Tablet Visitors shop online.

These findings suggest that retailers can no longer afford a "one-size-fits-all" approach to mobile optimization because Tablet Visitors and Smartphone Visitors are distinct customer segments. Retailers should evaluate the opportunity that Tablet Visitors offer and develop strategies to better attract, convert and retain them.

The Impact of Tablet Visitors on Retail Websites

Introduction

Consumer adoption of tablet devices has exploded since the iPad was released in April 2010, creating a disruptive shift in how consumers interact, shop, and spend money with retailers online

The nature of this shift has been recently explored by a number of survey-based studies. In a November 9, 2011 report, *U.S. Internet: Update on Mobile Search*, Macquarie Equities Research cited data from Efficient Frontier showing that tablets accounted for up to 77% of retailer mobile search spend from August–October 2011. (Adobe acquired Efficient Frontier in January 2012.) A National Retail Federation survey reported that 37.4% of consumers with tablet devices said they used tablets to research products during the Black Friday weekend, and 25.7% used them to purchase products (*Big Online Gains For Black Friday Weekend, with Help from Tablets, eMarketer*, November 29, 2011). And according to a Google study, 77% of tablet owners planned to use their devices for shopping during the 2011 holiday season (*Tablet and Smartphones Become Holiday Shopping Assistants, eMarketer*, December 8, 2011).

To explore the impact of tablet devices on e-commerce, Adobe Digital Index analyzed the 2011 online transactions of more than 150 U.S. retailers, 85% of which are included in the Internet Retail 500 Index. Over 16.2 billion transactions were analyzed, a robust data set from which to evaluate the impact of tablets. The analysis compared the impact of visitors who visited sites via tablet devices ("Tablet Visitors"), those who visited sites via smartphones ("Smartphone Visitors") and those who visited sites via traditional laptop and desktop computers ("Traditional Visitors").

Adobe's research indicates that Tablet Visitors spend more money per purchase than Smartphone or Traditional Visitors and are much more likely to purchase than Smartphone Visitors. In fact, they are nearly as likely to purchase as Traditional Visitors.

For example, from January 1-December 31, 2011 ("Calendar 2011"):

- Tablet Visitors spent over 50% more per purchase and were nearly three times more likely to purchase than Smartphone Visitors
- Tablet Visitors spent over 20% more per purchase and were nearly as likely to make a purchase as Traditional Visitors

Additionally, from November 1-December 31, 2011 ("2011 Holiday"):

- Tablet Visitors delivered higher conversion rates than during Calendar 2011
- Tablet Visitors Average Order Value (AOV) spiked on Black Friday and Cyber Monday, exceeding the Calendar 2011 and 2011 Holiday averages by as much as 16%

Adobe's analysis suggests that Tablet Visitors are more valuable because they are more likely to buy and spend more per purchase than other visitors.

Financial Impact of Tablet Visitors

Tablet Visitors converted at similar rates as Traditional Visitors but spent more per purchase
During Calendar 2011, Tablet Visitors delivered conversion rates (2.3%) that were significantly higher than Smartphone Visitors (0.6%) and comparable to Traditional Visitors (2.5%), as shown in Figure 1. At the same time, Tablet Visitors' AOV exceeded that of both Smartphone and Traditional Visitors. Tablet Visitors spent $123 on average per purchase—54% more than Smartphone Visitors ($80) and 21% more than Traditional Visitors ($102), as shown in Figure 2.

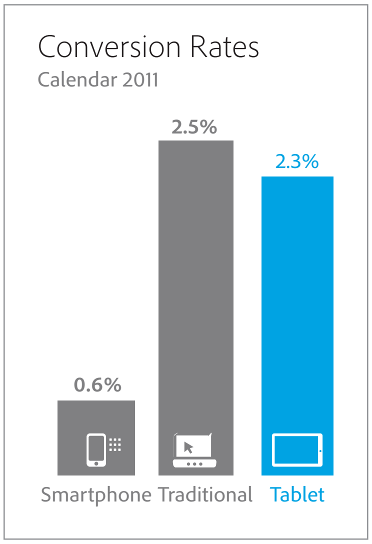


Figure 1

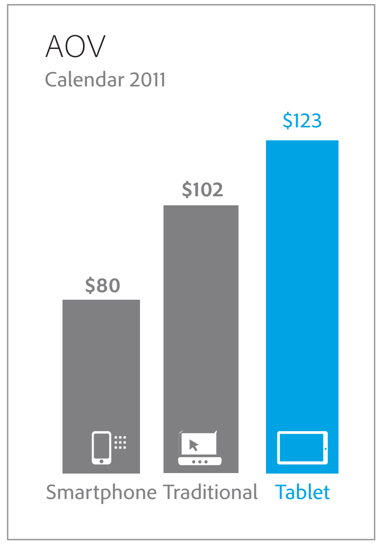


Figure 2

Tablet Visitor conversion rates increased during the 2011 Holiday
During the critical 2011 Holiday, Tablet Visitors delivered even higher conversion rates than they did during Calendar 2011. Conversion rates for Tablet Visitors increased to 2.5%, driven by conversion rate spikes on Black Friday and Cyber Monday of 3.4% and 4.2% respectively, as shown in Figure 3. These dramatic increases in conversion rate of 36% and 68%, respectively, are likely due to heavy promotional offers and discounts, suggesting that consumers have a high propensity to purchase on tablet devices, in addition to using them to browse and conduct product research.

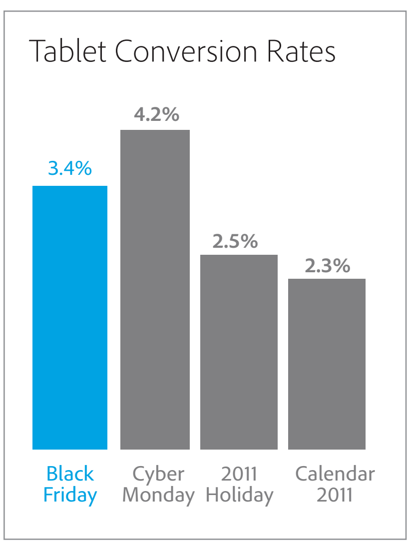


Figure 3

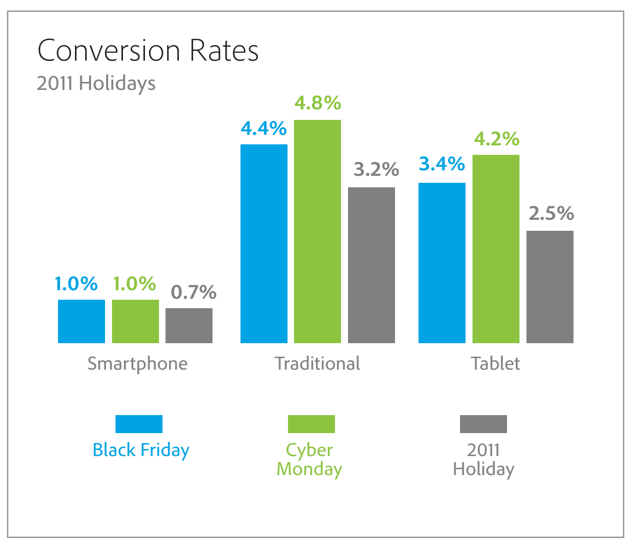


Figure 4

During the 2011 Holiday, conversion rates for Traditional and Smartphone Visitors also increased over those of Calendar 2011, with surges on Black Friday and Cyber Monday. As shown in Figure 4, the spike for Traditional Visitors was most dramatic on Cyber Monday (4.8%), with an increase of 50% compared with 38% increase on Black Friday (4.4%). Smartphone Visitor conversion rate increases were 43% higher on both Black Friday and Cyber Monday.

Tablet Visitors maintained higher AOV during the 2011 Holiday
Not only did Tablet Visitors' likelihood to purchase increase during the 2011 Holiday, but they also spent more per purchase than Smartphone and Traditional Visitors. Tablet Visitors AOV spiked at $129 on Black Friday, well above the 2011 Holiday average ($111) and higher than that of Calendar 2011 ($123). Similarly, AOV for Tablet Visitors reached $123 on Cyber Monday, delivering the same AOV as Calendar 2011 (see Figure 5).

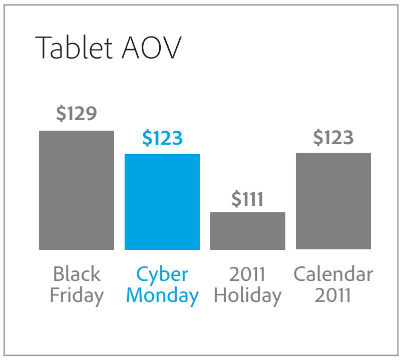


Figure 5

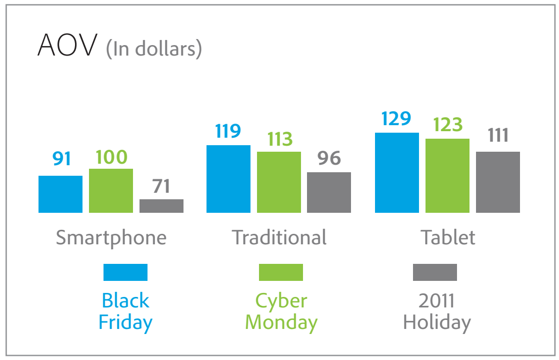


Figure 6

Changes in AOV for Traditional Visitors during the 2011 Holiday were similar to those of Tablet Visitors. Traditional Visitor AOVs on Black Friday ($119) and Cyber Monday ($113) were higher than 2011 Holiday AOV ($96). Smartphone Visitors also delivered higher AOV on these days, but Cyber Monday AOV ($100) exceeded Black Friday AOV ($91), as shown in Figure 6.

Overall, Tablet Visitors delivered the highest AOV ($111) during the 2011 Holiday: 56% higher than Smartphone Visitors AOV ($71) and 16% higher than Traditional Visitors AOV ($96).

Why Tablet Visitors May Be More Valuable

Why might Tablet Visitors be more valuable to retailers? Adobe's analysis identifies two factors that could explain this finding.

First, Tablet Visitors are more affluent than other online shoppers and tend to be males. According to the June 2011 study, *A Portrait of Today's Tablet User*, by the Online Publishers Association (OPA), 12% of the U.S. Internet population, or 28 million consumers, own a tablet. Tablet owners skew toward 18- to 34-year-old males and come from households with above average incomes: 29% have an annual household income greater than $75,000.

Second, the environment in which Tablet Visitors shop online, along with the tablet user experience itself, could be more conducive to online shopping than that enjoyed by Smartphone and Traditional Visitors. For example, tablet shopping might occur in a less stressful environment. Adobe's analysis shows that 34% of Tablet Visitors shopped on the weekends, compared with 24% and 27% for Traditional and Smartphone Visitors, respectively. This metric is supported by the 2011 OPA study, which reported 58% of tablet use occurs at home. According to the same study, 52% of tablet owners prefer to shop online using their tablets; 40% preferred using a traditional computer.

Implications For Retailers

Adobe's study indicates that Tablet Visitors spend more per purchase than other visitors. Like Smartphone Visitors, Tablet Visitors still account for a small percent of all site visits. However, the impact of Tablet Visitors is rapidly increasing. The OPA study cited above predicted that tablet usage will rise to 23% by early 2012 (an estimated 54 million consumers). As shown in Figure 7, between January and December 2011, the share of visits made by Tablet Visitors quadrupled, from 1% to 4%. In contrast, during the same period, the share of Smartphone Visitors doubled and the share of Traditional Visitors dropped six percentage points.

These findings have several implications retailers should consider.

- **A "one-size-fits-all" approach to mobile-optimized sites is no longer effective.** Tablet Visitors and Smartphone Visitors are distinct segments that do not share the same visit objectives or have equal value. Tablet Visitors are more likely to visit a retail site with the objective of making a purchase than are Smartphone Visitors. Each Tablet Visitor is four times as likely to purchase and spends over 50% more per purchase. In contrast, Smartphone Visitors may be more likely to visit a brick-and-mortar retail store after visiting a website and be more receptive to local store promotional offers because smartphones are more portable than tablets.

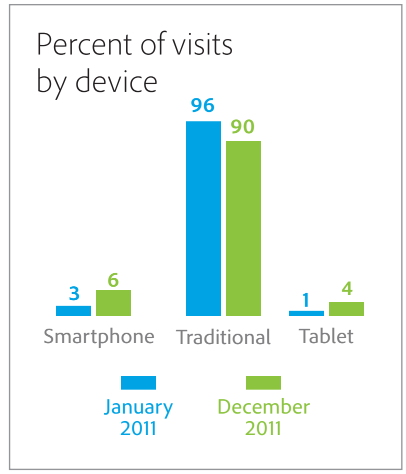


Figure 7

- **Delivering experiences optimized for Tablet Visitors should generate higher ROI.** As tablet adoption increases, retailers should evaluate how to best provide engaging customer experiences to Tablet Visitors. Optimized websites and apps that leverage the unique user experience tablets enable, along with the environment in which Tablet Visitors shop, may encourage Tablet Visitors to spend even more than they do when visiting sites optimized solely for smartphones or traditional computers.
- **Tablet Visitors respond favorably to promotions.** Given how Tablet Visitors responded to 2011 Holiday promotions, their relatively higher affluence and unique shopping behavior, retailers should design promotions and incentives that appeal more directly to Tablet Visitors and/or utilize the tablet user experience. Although Tablet Visitors will continue to use their devices to research and compare products and prices, they are very willing and able to buy using their tablets.

Retailers should evaluate the opportunity that Tablet Visitors offer and develop strategies to better attract, convert and retain them.

Methodology

This report presents findings from an analysis of visits made to over 150 United States retail web sites from January 1-December 31, 2011. 85% of the web sites analyzed are included in the 2011 Internet Retailer 500 Index. The 16.2 billion visits analyzed were anonymous and consist of all visits to these web sites during 2011 as measured by the Adobe® Digital Marketing Suite. The average and median annual revenue for these sites is approximately $260 million and $100 million, respectively.

Tablet Visitors are defined as visitors who used tablet devices to visit retail sites as tracked by their browser-detected device type and accounted for 400 million visits. Approximately 800 million visits were from Smartphone Visitors, defined as visitors who visited using Internet-enabled smartphones. Traditional Visitors were defined as visitors who visited using desktop, laptop, or netbook devices. They accounted for approximately 15 billion visits.

The 2011 Holiday Season is defined as the period from November 1-December 31, 2011. Black Friday occurred on November 25, 2011, and Cyber Monday occurred on November 28, 2011.

Average metrics were calculated using the aggregated metrics of all web sites in the study. Average conversion rate was calculated as total orders divided by total visits. AOV was calculated as total revenue divided by total orders.

The study did not evaluate the extent to which site visitors used a combination of tablets, smartphones, or traditional computers to visit retail sites before making a purchase. It also did not evaluate the extent to which site visits impacted subsequent purchases at brick-and-mortar retail stores.

About Adobe Digital Index

Adobe Digital Index publishes research on digital marketing and other topics of interest to senior marketing and e-commerce executives across industries. Research is based on the analysis of select, anonymous and aggregated data from over 5,000 companies worldwide that use the Adobe Digital Marketing Suite, powered by Adobe technology and solutions, to obtain real-time data and analysis of activity on their web sites.

About Adobe

Whether it's a smartphone or tablet app, a game, a video, a digital magazine, a website, or an online experience, chances are that it was touched by Adobe technology. Adobe's tools and services enable its customers to create groundbreaking digital content, deploy it across media and devices, and then continually measure and optimize it based on user data. By providing complete solutions that combine digital media creation with data-driven marketing, Adobe helps businesses improve their communications, strengthen their brands, and ultimately achieve greater business success. Adobe's content authoring solutions lead the industry, enabling its visitors to more effectively produce, distribute, and monetize digital content. Adobe also delivers the most innovative solutions for optimizing marketing campaigns and maximizing return on every marketing dollar.

For more information

For additional information about this report, contact Austin Bankhead, Director, Adobe Digital Index, at infoADMI@adobe.com.

Appendix: Selected report metrics

Average AOV			
Time Period	Smartphone	Traditional	Tablet
Black Friday	$91	$119	$129
Cyber Monday	$100	$113	$123
2011 Holiday	$71	$96	$111
Calendar 2011	$80	$102	$123

Average Conversion Rate			
Time Period	Smartphone	Traditional	Tablet
Black Friday	1.0%	4.4%	3.4%
Cyber Monday	1.0%	4.8%	4.2%
2011 Holiday	0.7%	3.2%	2.5%
Calendar 2011	0.6%	2.5%	2.3%

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