THE MOBILE DIVIDE:

COMPARING SMARTPHONES AND TABLETS AS ONLINE RETAIL EVOLVES

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INTRODUCTION

From brick-like phones that morphed into indestructible Nokia walkie-talkies and chunky flip phones, to full-keyboard Blackberrys and finally to the sleeker smartphones of today, cell phones have evolved dramatically in the past decades. Early on, features like voicemail and saved numbers were added to phones, expanding software capabilities until a multimedia or “mobile device” was created, able to access the internet and somewhat resembling a hand-held computer. Along the way, modern technology yielded the ironically named (but not at all ancient) “tablet”, a larger and more powerful mobile device than the smartphone. Less portable yet with a much larger screen, tablets are usually seen as a go-between for smartphones and computers, though some recent models aim to replace traditional computers altogether.

With the creation and development of these digital devices has also come the growth of mobile commerce. Last year, mobile commerce in the U.S. totaled approximately $115 billion, or 35% of overall eCommerce transactions with a projected compounded annual growth rate of 17% in the next five years. In addition, approximately 47% of total eCommerce site traffic can currently be attributed to mobile device shoppers, a number that’s projected to surpass 50% in the coming years. As the U.S. mobile commerce market as a whole is expected to reach $252 billion by 2020, the revenue generated between smartphones and tablets creates an interesting divide.

Unfortunately, many statistics on smartphone and tablet usage for online shopping and other various activities are commonly grouped together, though there are important differentiators for both devices. For example, 60% of U.S. mobile commerce shoppers claim to purchase goods via smartphone while 71% of tablet shoppers say they make purchases. Forrester Research projects that by 2020, smartphones will generate 15% of the global eCommerce revenue whereas tablets will total 33% of the revenue. Digital device users also continue to create interesting trends that correlate with different geographies, holidays, their common online activities, and much more. Not a lot of documentation has discerned and summarized the data between smartphones and tablets, with specific research being somewhat limited and scattered. In this whitepaper, we evaluate the direct impact of smartphones and tablets individually across major eCommerce markets and the different ways in which consumers interact with these devices during their digital shopping experience.

STATISTICS AND TRENDS ACROSS GEOGRAPHIES

Internationally, smartphones and tablets display a wide range of differences depending on the geographic location. For example, the worldwide average retail eCommerce site visit duration is 10.4 minutes for tablet shoppers and 8.4 minutes for smartphone users, with interesting discrepancies appearing all around the globe. In terms of site traffic share, approximately 22% of traffic was attributed to smartphone shoppers and 16% went to tablet users in 2015. Most of the more compelling individual statistics are available for countries and continents with a strong online access and presence, such as North America, Europe, and parts of Asia.

U.S. and Canada

Overall, U.S. tablet shoppers spent almost a minute longer on sites in comparison to Canadian tablet shoppers. Retail spend for U.S. smartphone and tablet shoppers was roughly 6% higher than for Canadian shoppers, with notably more money attributed to U.S. online sales. This difference could be attributed to the ease of online shopping in the U.S. compared to Canada. As the Canadian population is largely coastal and spread out, retailers may only be able to affordably ship to one coast or another depending on the location of their distribution center, leaving some shoppers unable to purchase from a wider range of retailers.

Below is a table comparing the average retail site visit duration for smartphone and tablet users, as well as the retail eCommerce sales attribution for smartphone and tablet shoppers.

	Average Retail Site Visit Duration *(in minutes)*		**Retail eCommerce Sales Attribution** *(percent of shoppers)*	
	Smartphone	Tablet	Smartphone	Tablet
U.S.	8.2	9.9	13.8%	13%
Canada	8	9	8.7%	7.5%

Europe

In Europe, France, Germany, and the U.K. have the strongest eCommerce markets, with the biggest spenders being shoppers in the U.K. (totaling over 13% for both smartphone and tablet spend) and Germany (nearly 14% total spend for both). In fact, the U.K. was the only European nation to have a distinctively higher sales share for tablet devices than for smartphones. In a study conducted by YouGov, 40% of U.K. shoppers said they preferred shopping with a tablet instead of a smartphone because they could see products better on the larger screen.

The table below provides data on the average retail site visit duration for smartphone and tablet users as well as retail eCommerce sales attribution for smartphone and tablet shoppers.

	Average Retail Site Visit Duration *(in minutes)*		**Retail eCommerce Sales Attribution** *(percent of shoppers)*	
	Smartphone	Tablet	Smartphone	Tablet
U.K.	8.7	12.1	13.1%	13.5%
France	7.6	9.3	10.3%	8.9%
Germany	8.6	10	14%	13.7%

Asia-Pacific

Chinese smartphone shoppers browsed online and purchased more than any other country in Asia, though mobile shoppers in South Korea came in a close second. Tablet browsing was also the most popular in China, with about 33% of users scrolling through sites. In contrast, purchasing on tablets is not common in Japan (or Asia in general), with just 11% of digital shoppers in the country purchasing on these devices.

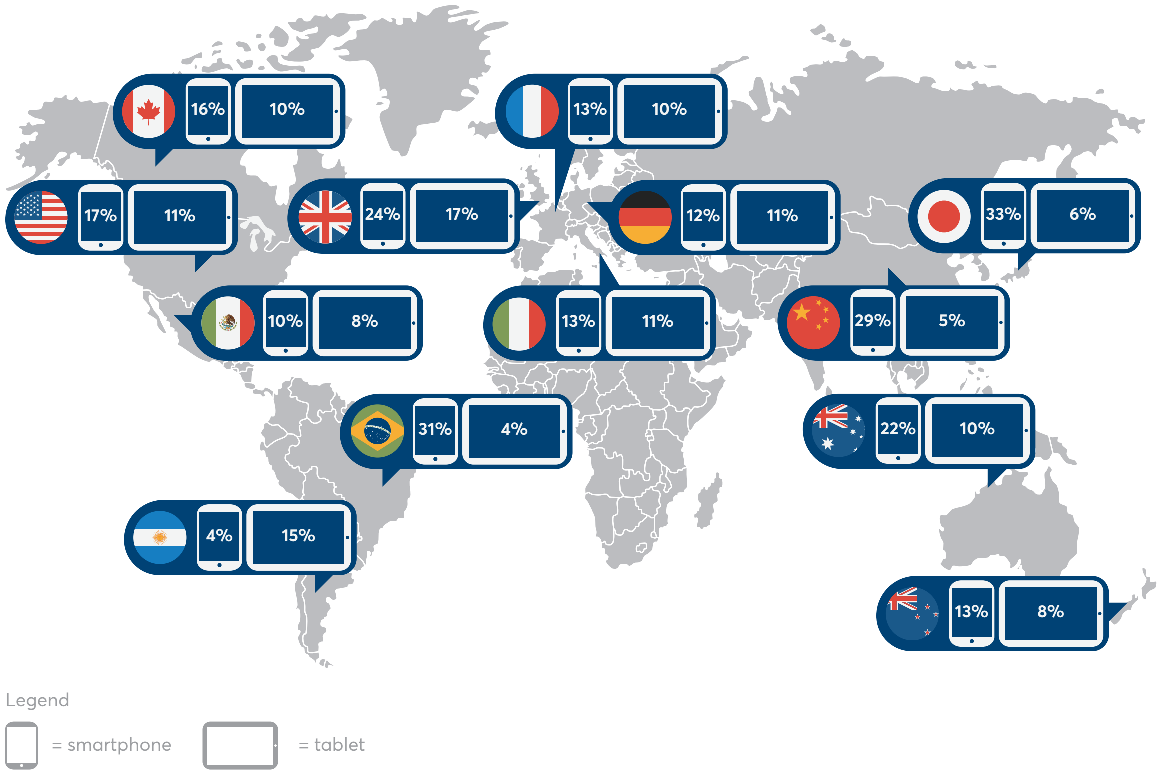
The chart below displays stats on smartphone and tablet shoppers who conducted research with their devices as well as smartphone and tablet shoppers who made purchases.

	Conducted Research *(percent of shoppers)*		**Purchased** *(percent of shoppers)*	
	Smartphone	Tablet	Smartphone	Tablet
China	77%	33%	68%	26%
India	72%	61%	23%	17%
South Korea	76%	14%	67%	9%
Japan	76%	11%	25%	7%

HOLIDAY STATISTICS

Holiday peak season always brings spikes in retail sales, making it a popular time to discover new eCommerce market trends. The most notable of which, as shown in the map below, is the percentage of shoppers who **made purchases on smartphones compared to tablets**.

Global Holiday Statistics



Brazil, China, and Japan all greatly prefer holiday shopping with mobile phones. This could be due to the widespread availability of smartphones in some rural areas in comparison to tablets.

In contrast, shoppers in Argentina prefer to use tablets when shopping, closely followed by Germany and Italy, where shoppers prefer smartphones and tablets almost equally.

COMMON ACTIVITIES BY DEVICE

With the growth of mobile commerce, consumer behaviors such as shopping, browsing, and price checking have become popular in different geographies. Worldwide, the second largest smartphone share of app launches and site visits were shopping related (84%) and for tablets, where apps are utilized less, shopping visits (37%) ranked number one. In general, it appears as though apps are launched more on smartphones whereas tablet users are more likely to search directly via the internet. More digital goods (such as games, hotel reservations, and tickets) are purchased on smartphones while more physical goods are purchased on tablets.

Global Online Purchases	Smartphone	Tablet
Digital Goods	27.7%	8.3%
Physical Goods	14.2%	17.3%

In fact, both smartphone and tablet ads aid in product discovery, with interesting trends emerging in North America and Europe.

Product Discovery and Purchase Influencers

U.S. millennials (defined as people ages 18-35) who shop with their devices primarily research products or services they might buy more often than they look up specific product information on their device. For both smartphone and tablet users, product research is a more popular activity than looking up specific product information:

Shopping Behavior	Smartphone	Tablet
Product Research	55%	52%
Look Up Information	44%	47%

However, product research is just a portion of the online shopping journey. When it comes to buying products online, digital shoppers were influenced more by tablet devices to purchase products based on videos they viewed, articles they read, or mobile ads they saw:

Purchase Influencers	Smartphone	Tablet
Videos	24%	35%
Articles	23%	35%
Mobile Ads	22%	33%

Frequency of and Reason for Device Usage

The frequency with which U.K. smartphone and tablet owners shop on their mobile devices is usually at least once a week (28%) and for some owners, at least once every day (19%). Approximately 40% of smartphone users in the U.K. browse products for fun and 33% of tablet users do the same. However, only 25% of smartphone users and 26% of tablet users who browse products do so with the intent of actually making a purchase.

Similar trends also exist in other European countries. In a recent poll of French smartphone users, 75% reported spending most of their phone time scrolling through emails, 65% using search engines, and 57% accessing geolocation services. Other activities included the use of maps and social networks. For tablet users, 71% spent the most time on search engines, while others tended to their emails (66%), and played games (63%). The popularity of email usage on both devices emphasizes the importance for retailers to have responsive email marketing campaigns in the country.

In the U.S., many smartphone and tablet usage trends have formed between age groups, with younger consumers typically utilizing smartphones for shopping activities while older age groups gravitate towards tablet devices. For example, 18-34 year olds are more likely to read a product review on their smartphones (44%) than on a tablet (32%). Price checking is also favored on smartphones (42%) than on tablets (32%) for this age group. However, shoppers who are 35-54 years old are more likely to use tablets to browse products (56%) and make purchases (41%), whereas only 29% will purchase items using a smartphone. When purchasing, adults aged 55-64 strongly prefer buying with their tablets (34%) instead of smartphones (15%). Shoppers over the age of 65 have shown a similar trend, with 26% of shoppers choosing to purchase on a tablet and only 11% completing transactions on their smartphones.

FUTURE USAGES OF EACH DEVICE

Smartphones

In 2014, for the first time ever, smartphones beat traditional computers as the device most used to access the internet. This is possibly because, unlike computers, customers regularly pursue the latest and greatest smartphones as features and functions continue to evolve and push digital boundaries. In the near future, smartphones will likely have better screen resolutions, improvements to voice control, different ID verification technologies (such as retina recognition), and ion-infused glass with liquid metal cases to prevent scratches and breaking. Later on, they may even feature built-in projectors (possibly 3D, think Star Wars), foldable or flexible screens, longer lasting batteries that charge quickly, and much more.

With all of these new advances, it's important to ask how the new technology will affect the way devices are used by the modern-day consumer. In relation to smartphone operation, it's likely that apps will become a thing of the past. With new digital designs, the smartphone experience will largely resemble what we would think of as a "notification center". The Android Lollipop update is a good, early example of what this will look like; notifications or "cards" are stacked on top of each other, and as the user scrolls through them, he or she can decide what to do with each one. As this technology is developed, these cards will be able to contain more information and will be sorted by level of importance based upon the historical data of the device. If you listen to AC/DC Radio on Pandora every morning on the train to work, your phone will know to send you a Ticketmaster card when the band is in town, complete with ticket prices, seat locations, a pop-up map with directions to the venue, and even a list of friends who are also going to the concert. The user will rarely have to access specific apps directly as the notifications will provide everything needed to accomplish an objective all in one place.

As far as commerce goes, technology will make it easier to order necessities with a simple tap, bringing goods straight to one's doorstep and simplifying the entire online shopping process (think wireless product replenishment systems like the Amazon Dash Button, but on your smartphone). The hassle of going to the store, especially for larger and more cumbersome products, will be eliminated.

Tablets

When first introduced to the market, tablet sales soared from 2010 until 2013 with consumers everywhere wanting to add the new technology to their collection. However, this booming demand has since declined. The number of tablet owners worldwide is expected to decrease 15% by 2018, with sales decreasing by 36% overall. In 2015 alone, tablet shipments dropped 10% to a total of 207 million, down from 230 million in 2014. The upgrade cycle for tablet owners has been slow-moving, largely due to a low demand for device upgrades. Many users don't see a need to buy the latest and greatest iPad or Amazon Fire (for example) if what they have works just fine. Competition from "phablet devices", or larger-screened smartphones (iPhone 6 Plus or Samsung Galaxy S6 edge+) comparable in size to mini tablets (iPad mini or Galaxy Tab), have been a factor in the decline of tablet sales. The difference between the devices can be about one inch (or approximately three centimeters) of screen size, a possible selling point for some consumers who want the added capabilities of a traditional phone.

Though the sales of regular stand-alone tablets are diminishing, shipments of "2-in-1" computer hybrid devices (such as the Lenovo Yoga Pro or Microsoft Surface Pro) continue to increase. Over 8 million units were sold last year, an all-time high for these devices, with consumer demand holding strong. This growth is largely due to their attachable keyboards and more powerful internal hardware that allows the tablet-like devices to sustain processing speeds comparable to laptops. For users looking to move away from expensive laptops or upgrade their dated tablets, 2-in-1s may be the answer.

With the standard addition of keyboards along with touch-screen technologies, browsing the web and buying products in several different ways that can be selected at any time should become streamlined and easier than ever before. In the coming years, as these 2-in-1 tablets become even more powerful, it's likely that conversion rates on these devices could eventually rival those of traditional computers.

CONCLUSION

Though smartphones (15%) and tablets (33%) are expected to generate 48% of eCommerce sales by 2020, only a small number of retailers have direct initiatives aimed at capturing the unique and growing market. Despite this increasing segment of sales, surprisingly 47% of retailers in North America have invested less than $10,000 into smartphone specific initiatives and 63% have also spent the same amount on tablet specific initiatives. However, many retailers plan to change their investments in these initiatives in 2016, with 67% of retailers intending to increase their smartphone investment spend and 53% of retailers planning to do the same for tablet investments.

As technology continues to develop and evolve, mobile commerce will likely become more sophisticated and customized with the help of diversified analytics that differentiate smartphones from tablets. Across geographies and during peak seasons, interesting trends will continue to form, with key demographics utilizing their ever-evolving digital devices differently to access, browse, and buy from shopping channels.

With the anticipated decline of app downloads and usage, the future of the dynamic between smartphones and tablets is compelling, especially in terms of how shoppers will operate their devices. The use of notification screens or “cards” on smartphones will make purchasing on these devices virtually effortless in the future, streamlining the intelligent process down to a single tap or even a voice command. Couple this with tablets beginning to blur these lines with traditional computers and it will likely mean both devices will continue to drive online sales in different ways now and more so in the future.

Sources: *Adobe, Adyen, AOL, Bizrate Insights, Demandware, eMarketer, Flurry Analytics, Forrester Research, IBM, Interactive Advertising Bureau, MarketLive, Reuters, Shop.org, YouGov*