

How tablets are catalyzing brand website engagement



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Executive summary

Beginning with the launch of the iPad just over two years ago, tablets have been transforming the way consumers and brands interact on websites.

To better understand this transformation and how it may evolve in the future, Adobe® Digital Index analyzed 23 billion visits to the websites of more than 325 brands across North America, Western Europe, and Asia-Pacific.

Our research resulted in three major findings:

1. The share of website visits from tablets grew approximately 10 times faster than the rate of smartphones within two years of market introduction and grew more than 300% in the last year. This rapid growth is driven by both higher tablet shipments and disproportionately higher website visits per tablet.
2. Tablets' share of website traffic will exceed smartphone traffic by early 2013 and reach 10% of total website traffic in early 2014.
3. Although consumers consider the tablet website experience to be nearly as engaging as with PCs, they use PCs to visit websites three times as frequently as tablets. However, near-term developments in the tablet market will erode the advantages of PC-browsing, causing consumers to shift more website visits from PCs to tablets.

Given explosive growth in visits from tablets, brands should invest now to understand how the consumer shift to tablets is impacting their business and make course corrections to their digital marketing and media strategies to catch up with this tablet transformation.

Introduction

Tablets are transforming how consumers and brands interact on the web, offering an experience more engaging than smartphones and competitive to personal computers (“PC”).

Tablets are already upending the traditional PC market. Forrester Research recently predicted “a new form of PC, called frames, that will rise as a result of tablets and other technology innovations and [that] tablets will cannibalize laptops but not the new forms of desktop PCs.”¹ Similarly, a *Wall Street Journal* column advised delaying laptop purchases prior to the impending release of new software, hardware, and processors designed to enable touch/tablet interfaces.²

Emerging on the heels of global smartphone adoption, tablets further pressure brands to rethink how they engage with customers. On the one hand, tablets could be seen as just the next device for consumer engagement that forces brands to deliver advertising, content, and consistent experiences through additional sites, apps, and platforms—an expensive and complex proposition. On the other hand, tablets may presage an unprecedented era of customer engagement through digital devices: In a previous report, Adobe® Digital Index found that tablet visitors spent more per purchase online with U.S. retailers in 2011 than visitors using smartphones or PCs.³

To better understand how consumers worldwide use tablets to engage with brands via the web—and how this use may evolve in the future—Digital Index analyzed approximately 23 billion visits to the websites of more than 325 brands in North America, Western Europe, and Asia-Pacific from 2010-2012.

Our research shows that tablets are reshaping how consumers engage with brands online, competing with—but not yet replacing—PCs, while becoming a distinct and superior channel to smartphones. Our findings have several implications for brands and provide insight on how impending changes in the digital ecosystem will further accelerate the rise of tablet devices.

Tablets are invigorating mobile engagement with brand websites

Tablet traffic will surpass smartphone traffic within 12 months—The share of website visits from tablets grew approximately 10 times faster than the rate of smartphones within two years of market introduction, as shown in Figure 1. Within one year of the iPad launch, (Q2 2010 through Q1 2011), tablet visits represented 1% of total website visits, reaching 4.3% of total visits just one year later, an increase of 330%. In contrast, within the first two years of the iPhone market entry, smartphones accounted for 0.4% of total website visits, taking nearly three years to reach 1% of total visits.⁴

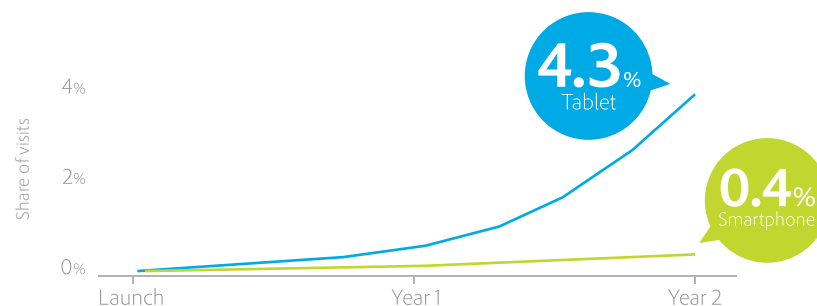


Figure 1: Share of website visits in first two years (tablet vs. smartphone)

At this faster growth rate, tablet visits will surpass smartphone visits by early 2013 and generate over 10% of website visits in 2014. Figure 2 illustrates this projected share of website visits compared to that of smartphones. Although the share of visits from smartphones will continue to grow, its relative growth rate will slow due to higher growth in tablet use and consumer preference for using mobile apps on smartphones instead of websites.

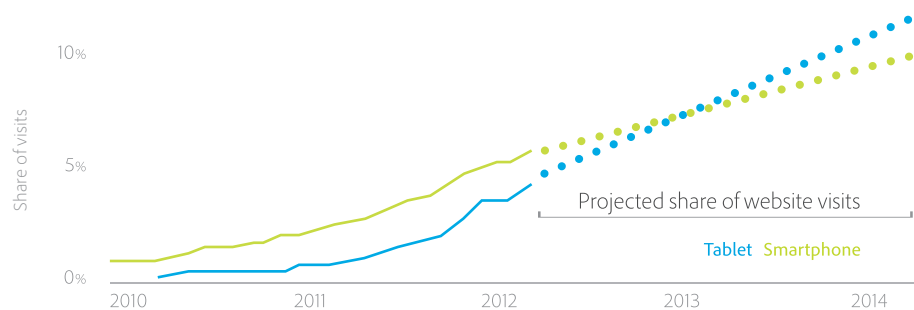


Figure 2: Share of website visits (tablet vs. smartphone)

One tablet generates as many website visits as four smartphones—By the end of Q1 2012, smartphones and tablets generated 6.1% and 4.3% of total website visits, respectively. Smartphones have a greater share of visits because their penetration rates are much higher than those of tablets, masking the impact of their inferior browsing experience. For example, from 2010 through 2011, 5.3 times more smartphones than tablets were shipped across North America and Western Europe. Website visits from smartphones in these regions, however, were only 1.4 times greater than visits from tablets in Q1 2012, as illustrated in Figure 3.⁵ In short, for every brand website visit made with a smartphone, four visits are made using a tablet.

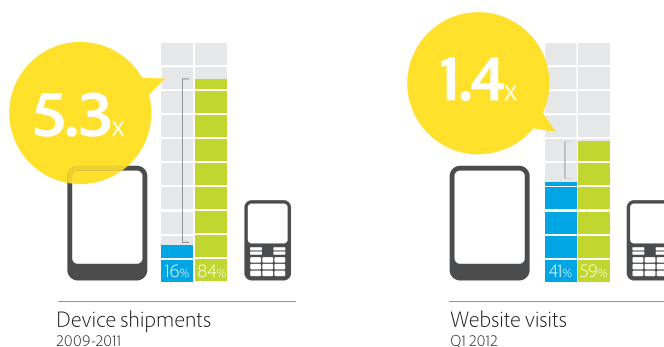


Figure 3: Share of website visits (Tablet vs. smartphone)

Tablets are the first mobile device to offer PC-like engagement—Across the world, consumers who browse websites with tablets find the experience to be nearly as engaging as PC browsing. In contrast, consumers find browsing with smartphones to be far less engaging. Figure 4 compares engagement levels by device across geographic regions, showing that the gap between tablet and PC engagement is relatively small.

Relative engagement does vary by region. For example, Germany has the highest level of PC and tablet engagement and shows a preference for tablets over PCs. The gap between PC and tablet engagement levels is largest in France, which also has the lowest level of engagement with smartphones.

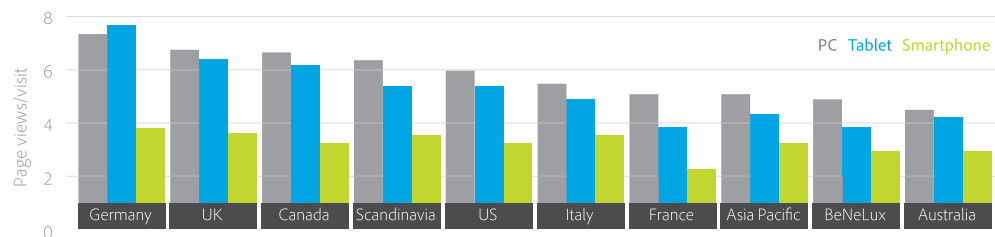


Figure 4: Engagement by device type and region (Q1 2012)

Consumers to tablets: “Learn from PCs”

PCs drive disproportionately more website visits than tablets—Consumers clearly prefer tablets to smartphones for visiting brand websites, but do they prefer tablets to PCs? Our analysis indicates that they use PCs to visit websites much more frequently, even though tablet and PC engagement levels are similar. As shown in Figure 5, by December 2011, there were approximately six times as many PCs as tablets in North America and Western Europe, but they generated 19 times as many website visits during Q1 2012.⁶ For every brand website visit made with a tablet device, 3.2 visits are made using a PC.

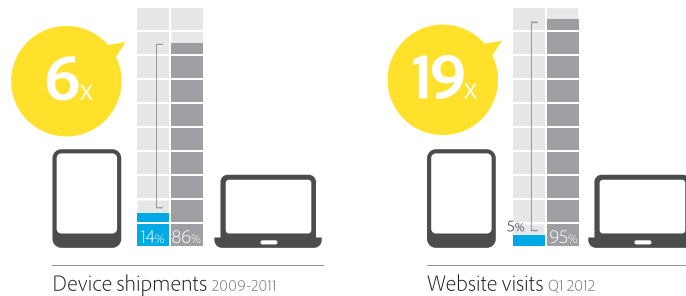


Figure 5: Share of shipments and visits (Tablet vs. PC)

Reasons why consumers use PCs more frequently than tablets include the following:

- **Preference for the PC form factor.** PCs offer larger (and multiple) screens, full keyboards, access to desktop software and browsers, and faster broadband access—especially at work.
- **Convenient access to PCs.** Most tablet owners have easy access to laptops or other PCs at home and/or work and frequently use them for many purposes in addition to visiting websites.
- **Availability of mobile apps for tablets.** Tablets allow consumers to choose engaging brand experiences via websites or mobile apps. When consumers use mobile apps, they reduce traffic to websites.
- **Relatively few tablet-optimized websites.** The majority of brand websites are not yet optimized for smartphones, let alone tablets.

Tablets do not yet enable consumers to accomplish all their visit objectives—Comparing brand website visits by device and industry suggests that consumers are more likely to use tablets for certain types of website visits. Figure 6 compares the visit effectiveness by device using metrics applicable to the four industries in our sample. This comparison suggests that tablets are as effective as PCs (indexed at 100%) for some types of visits, but are inferior to PCs for other types.

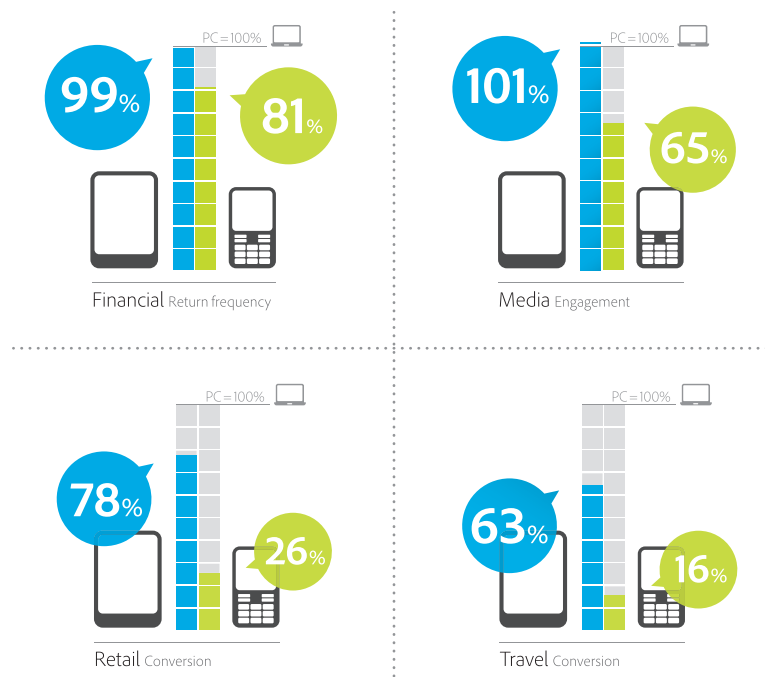


Figure 6: Device effectiveness by industry (Q1 2012)

For example, consumers consider tablets and PCs to be nearly interchangeable for media consumption and for repeated interactions with financial service providers. However, they are less likely to accomplish the purpose of these visits using smartphones. This suggests that consumers consider tablets to be similar to PCs for visits that are repeated, routine, involve passive consumption of content, and so on.

In contrast, PC conversion rates are 30-60% higher than tablet conversion rates for retail and travel websites, suggesting that consumers prefer PCs for visits involving research, comparison of alternatives, and online purchasing. The more pronounced preference for PCs in travel may be related to the consumer's need to compare and research leisure travel options. Similarly, business travel is typically researched and purchased in an office environment where the PC browsing experience is more commonly available.

Near-term innovation will increase tablets' share of traffic

For the reasons discussed above, consumers use PCs to visit brand websites far more frequently than they use tablets. What must occur for consumers to use tablets for a larger share of their website visits?

The reasons consumers still prefer PCs for visiting websites (form factor, accessibility, and so on) are in large part due to the tablet market's early stage of development. As the tablet market matures, attracting greater competition and innovation, the advantages of the PC-browsing experience will erode. Examples of developments that will accelerate competition and innovation in the tablet market include the following:

- Transition to cloud computing that permits tablets to be used for activities that have historically required PC-based software, memory, and storage, reducing the need for frequent and easy access to PCs.
- Emergence of stronger competitors to the iPad enabled by Microsoft's release of Windows 8 and Google's purchase of Motorola Mobility and planned co-branding of Android™ tablet devices.
- Greater enterprise demand for tablets that will increase tablet availability and frequency of use within the workplace.⁷
- Increased adoption of HTML5, freeing brands to more consistently deliver rich, device-specific experiences outside the confines and fee structures of platform-controlled app stores.
- Reduced willingness for telecom providers to subsidize smartphone purchases, reducing the difference in out-of-pocket costs between smartphone and tablet devices.⁸

These developments will greatly increase the number of consumers who purchase tablets and improve the overall utility of the tablet device itself, giving brands additional incentives to invest in websites optimized for the tablet interface. Moreover, consumer preference for visiting websites with tablets instead of smartphones will become even stronger.

Implications

These findings suggest two implications for how brands engage with customers through tablets, PCs, and smartphones.

- Consumers will increasingly prefer tablets for engaging with brands on their websites while reducing amount of time they engage with websites using PCs and smartphones.
- As a result, brands should not treat tablet visitors in the same way as visitors using PCs or smartphones. Rather, they should create separate, distinct strategies for engaging consumers through the tablet form factor. The relative importance of tablets will differ by industry and by customer visit objectives.

Conclusion

Consumers increasingly visit brand websites with tablets instead of smartphones and PCs. Consumers strongly prefer tablets to smartphones for brand website visits, but still make most website visits using PCs even though tablet and PC engagement levels are comparable. As the tablet market matures, the advantages of PC browsing will erode, causing consumers to use tablets to visit brand websites more frequently. To engage customers who use tablets, brands should adopt tablet-specific strategies instead of offering experiences identical to those of smartphones or PCs.

Methodology

This report presents findings from an analysis of 23 billion visits made to more than 325 mobile and traditional brand websites from January to March of 2010, 2011, and 2012. The sample included brands in the financial services, media, retail, and travel industries with sites registered in North America, Western Europe, and Asia-Pacific. The visits analyzed were anonymous and consisted of all visits to these websites as measured by the Adobe Digital Marketing Suite.

Countries in Western Europe include Belgium, the Czech Republic, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Poland, Spain, Sweden, Switzerland, and the United Kingdom. Countries in Asia-Pacific include Australia, China, India, New Zealand, Singapore, South Korea, Taiwan, and Thailand. Where displayed separately, statistics for Australia are excluded from those of Asia-Pacific.

The analysis did not include visits to apps used on smartphone and tablet devices. The extent to which brands offer apps, the degree to which app interactions are measured, and the metrics for evaluating app interactions vary by company and industry. The analysis also did not include metrics for video engagement across devices.

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 websites.

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

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 customers 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.

Appendix: Selected data and endnotes

Table 1: Share of visits by device and region

All Regions	Q1 2010	Q1 2011	Q1 2012
PC	99.1%	97.2%	89.6%
Tablet	0.0%	0.6%	4.3%
Smartphone	0.9%	2.2%	6.1%
North America			
PC	99.0%	96.5%	88.4%
Tablet	0.0%	0.8%	4.9%
Smartphone	1.0%	2.8%	6.7%
Western Europe			
PC	99.4%	98.5%	92.2%
Tablet	0.0%	0.3%	3.0%
Smartphone	0.6%	1.2%	4.8%
Asia-Pacific			
PC	99.4%	98.1%	90.6%
Tablet	0.0%	0.3%	3.2%
Smartphone	0.6%	1.6%	6.1%

Table 2: Page views by device and region (Q1 2012)

Region	PC	Tablet	Smartphone
Asia Pacific	5.1	4.4	3.2
Australia	4.6	4.2	2.9
BeNeLux	4.9	3.8	3.0
Canada	6.6	6.2	3.4
France	5.2	3.9	2.3
Germany	7.2	7.5	3.8
Italy	5.5	5.1	3.6
Scandinavia	6.3	5.4	3.6
U.K.	6.7	6.3	3.7
US.	6.0	5.5	3.3
All Regions	5.9	5.4	3.3

1 Forrester Research, Inc., "Tablets Will Rule the Future Personal Computing Landscape", April 23, 2012.

2 Wall Street Journal, "Permission to Procrastinate: Wait to Get a New Laptop", Mossberg, April 18, 2012.

3 Adobe Digital Index, "The Impact of Tablet Visitors on Retail Websites", January 2012.

4 From Q1 2010 to Q1 2012, total website traffic grew by 63%, indicating that tablets generated 40% more visits than smartphones to reach 1% of total website visits. Higher shipments of tablets drove some of this growth: Apple press releases indicate that approximately 26 million iPhone devices and 67 million iPads, respectively, were shipped within the first two years of each product's launch. Greater consumer familiarity with touch-screen devices like the iPhone likely accelerated iPad sales.

5 Shipment data for tablets and smartphones from 2010 to 2011 from Strategy Analytics in "Global Tablet Sales Forecast by Country", April 2012 and "Global Smartphone OS Market Share by Region: Q4: 2011", February 2012.

6 Shipment data for desktop and laptops from 2009 to 2011 from IDC in "Worldwide PC 2011-2015 Forecast Update: September 2011", September 2011. (IDC document #230192)

7 Vertic, "The Year of the Enterprise Tablet", April 18, 2012. According to this infographic, which cites tablet statistics from a variety of sources, from 2011 to 2016 global shipments of tablets to the Enterprise will increase from 13.6 million to 96.3 million units, a 48% CAGR. The infographic also indicates 73% of workers use tablets for web browsing.

8 Wall Street Journal, "Wireless Carriers Chip Away at Phone Subsidies", Troianovski, May 7, 2012.



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345 Park Avenue
San Jose, CA 95110-2704
USA
www.adobe.com

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