L2 Intelligence Report

Tablets: Retail

April 2, 2013

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Adjunct

Watch the
Tablets: Retail Video
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To date, retailers' "tablet strategy" has been an adjunct to PC and smartphone development efforts. As tablet devices continue along the most successful adoption trajectory in history, retailers will begin to shift priorities. Swiping and tapping to purchase—vs. scrolling and clicking—warrants a distinct approach.

Tablet vs. PC

Released on April 3, 2010, the iPad established a new class of computing. Three years later, holiday shipments of tablets exceed 50 million units worldwide (nearly 60 percent of total PC shipments over the same time period).[1] The cannibalization is so pronounced that analysts are defining new classes of "hybrid" devices in long-term forecasts.[2] Touch-enabled input devices are rapidly becoming the de facto (leisure) PC.
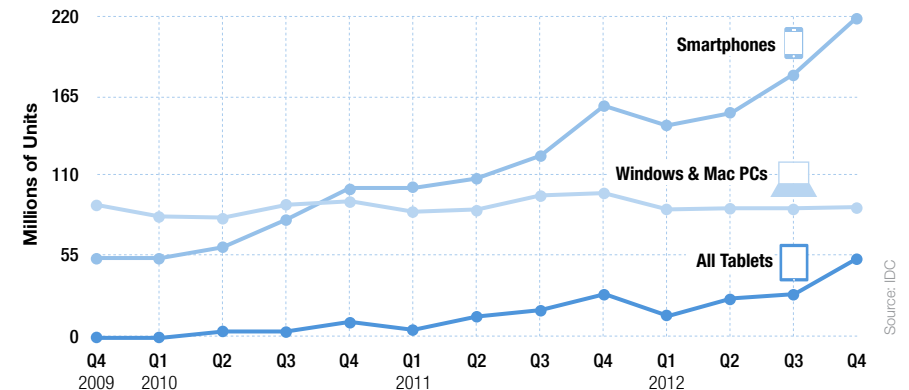
Tablet vs. Mobile

Early skeptics described the iPad as a "big iPhone."[3] Evidence suggests categorizing tablets as another mobile device were shortsighted. The share of site visits from tablets grew 10 times faster than smartphones during the two years following each device's respective debut (2010 vs. 2007).[4] In the fourth quarter of 2012, paid search spend on tablets eclipsed smartphones for the first time.[5] As of March 2013, the share of global site traffic generated by tablets overtook traffic from smartphones (8 percent vs. 7 percent).[6] In effect, tablets have become the primary mobile browsing device—forcing many digital managers, who previously ignored tablet optimization, to play catch-up.

1. "Tablet Shipments Soar to Record Levels During Strong Holiday Quarter," IDC Press Release, January 31, 2013.
2. "Why Tablets Will Become Our Primary Computing Device," Frank Gillet, Forrester Blog, April 23, 2013.
3. "The Truth About Apple's iPad: It's a Big Yawn," Dan Frommer, Business Insider, January 27, 2010.
4. "How tablets are catalyzing brand website engagement," Adobe Digital Index, May 2012.
5. "The State of Mobile Search Advertising in the World," Marin Software White Paper, February 2013.
6. "Tablets trump smartphones in global website traffic," Tyler White, Adobe Digital Marketing Blog, March 6, 2013.
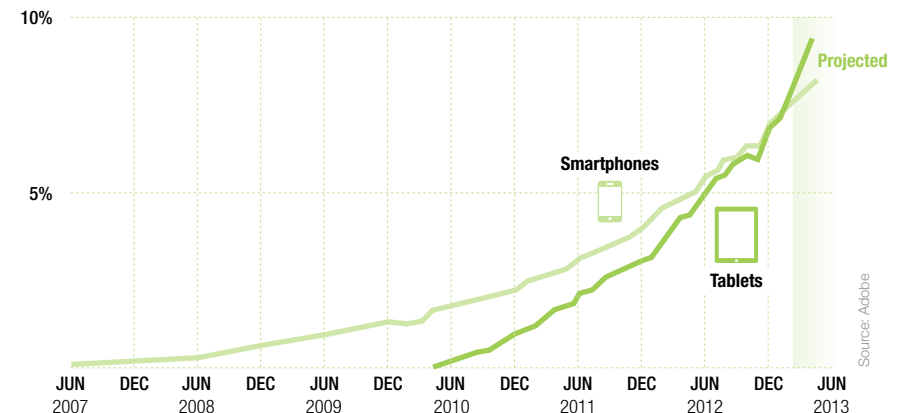
Worldwide Shipments of Smartphones, Tablets, and PCs
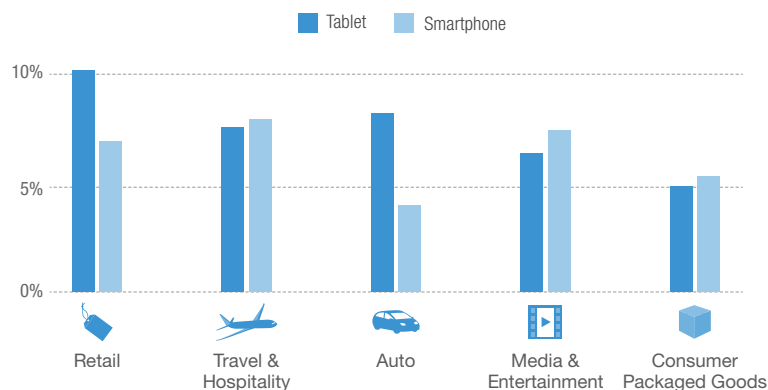Q4 2009–Q4 2012

Millions of Units

Smartphones
Windows & Mac PCs
All Tablets

Source: IDC

Q4 2009 | Q1 2010 | Q2 | Q3 | Q4 | Q1 2011 | Q2 | Q3 | Q4 | Q1 2012 | Q2 | Q3 | Q4

Global Share of Internet Page Views by Device Type
June 2007–June 2013E

Projected
Smartphones
Tablets

Source: Adobe

JUN 2007 | DEC | JUN 2008 | DEC | JUN 2009 | DEC | JUN 2010 | DEC | JUN 2011 | DEC | JUN 2012 | DEC | JUN 2013

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April 2, 2013

Mobile Traffic Share by Industry and Device Type

March 2013

■ Tablet ■ Smartphone

Source: Adobe

Tablets = Retail Opportunity

Nearly half of U.S. households with annual incomes above $75,000 own a tablet device.[7] Moreover, peak tablet usage occurs during "prime-time" evening hours (7 p.m. to 10 p.m.).[8] This cocktail of affluence and "laid-back" mindset is powerful for retailers, who enjoy the highest share of tablet traffic by industry.[9]

Cyber Monday generated $2 billion in online sales in 2012. One in five dollars was traced to a mobile device—and tablets were responsible for over two thirds of these sales (14.1 percent vs. 6.8 percent).[10] Tablet visitors to retail sites are three times more likely to purchase than smartphone visitors and spent 50 percent more per purchase.[11]

Trifurcation

In March 2013, L2 examined the tablet competence of 60 leading retail brands. In sum, the investment and performance do not match the opportunity:

Only **13** percent *of retail brand sites support any touch-and-swipe functionality (beyond scrolling).*

The average brand site takes **2.5** times *longer to load on tablets than on desktops (4.38s vs. 1.79s).*

1 in **3** brands *does not support "cart continuity"—forcing shoppers to start from scratch when switching devices mid-transaction.*

Only **21** percent *of tablet apps incorporate deals/offers—a key tool to capture the attention of tablet users prone to multitasking.*

83 percent *of the tablet apps that incorporate commerce require a hand-off to the browser to complete a transaction.*

Only **14** of the **60** brands *examined feature an iPad app among the Top 200 Free Apps on iTunes (Lifestyle or Catalogs category).*

This report profiles key data and insights into the role tablets can play in a direct-to-consumer strategy. By examining both site and app performance on tablets, L2 attempts to distinguish between innovators who are optimized for tablets, and laggards who use legacy mobile/site investments as a crutch. Like the medium we are assessing, our approach is dynamic. Please reach out with questions and comments. You can reach me at scott@stern.nyu.edu.
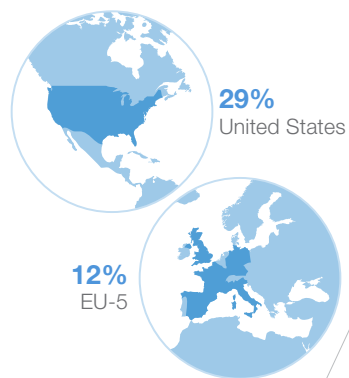
Scott Galloway
Professor of Marketing, NYU Stern
Founder, L2

7. "25% of American Adults Own Tablet Computers," Lee Rainie, Pew Internet & American Life Project, October 4, 2012.
8. "The Truth About Cats and Dogs: Smartphone vs. Tablet Usage Differences," Peter Farago, Flurry Blog, October 29, 2012.
9. "Tablets trumps smartphones in global website traffic," Tyler White, Adobe Digital Marketing Blog, March 6, 2013.
10. "Cyber Monday Sales Climb to New Heights," Tamara Gaffney, Adobe Digital Marketing Blog, November 26, 2012.
11. "The Impact of Tablet Visitors on Retail Websites," Adobe Digital Marketing Insights, January 2012.
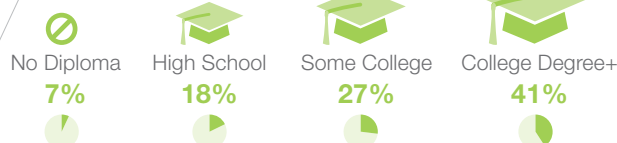
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Spotlight

Tablet Penetration
(Percentage of Internet Users)

29% United States

12% EU-5

U.S. Tablet Ownership

1 in 4 American Adults Owns a Tablet

Education

No Diploma	High School	Some College	College Degree+
7%	18%	27%	41%

Age

18–29	30–49	50–64	65+
25%	31%	27%	13%

Income

<$30k	$30–$50k	$50–75k	$75k+
10%	27%	32%	47%

Tablet Preference of Affluents ($150,000+ Income)

68% Own an iPad

26% Own an Android Tablet

kindle fire **13%** Own a Kindle Fire
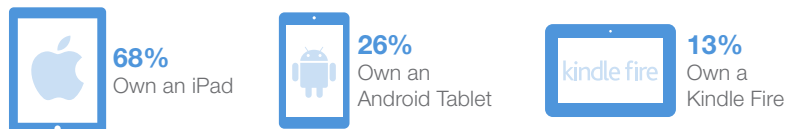
Worldwide Tablet Shipments by Vendor (Q4 2012)

1. Apple iPad
43.6%
-8.1% YoY

2. Samsung Galaxy
15.1%
+7.8% YoY

3. Amazon Fire
11.5%
-4.4% YoY

4. ASUS/Google Nexus
5.8%
+3.8% YoY

5. Barnes & Noble Nook
1.9%
-2.7% YoY

6. Other
22.1%
+3.6% YoY

Source: Adobe, eMarketer, GigaOM, GfK, Javelin Research, Online Publishers Association, Pew Research Center

Tablet Usage

Average Tablet Usage: **13.9** hours per week

On a weekly basis, what time of day are tablet users typically active on their device:

8–11 a.m.	11 a.m.–2 p.m.	2–5 p.m.	5–8 p.m.	8–11 p.m.
33%	34%	42%	59%	53%
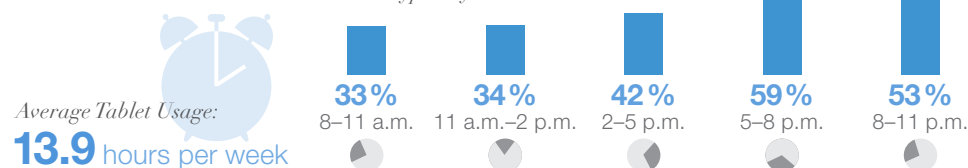
Tablet Shoppers

77% use their tablet daily

81% shop at home in their living rooms

34% shop on weekends (vs. 24% of PC users)

Multitaskers

40% of time spent on tablets is also spent doing something else…

63% …use their tablets while watching TV

46% …while eating a meal

36% …while on their mobile phone

28% …while on their PC

25% …while cooking

22% …while traveling

17% …while shopping

13% …while attending a meeting/class

Conversion by Industry
(metric—PC indexed to 100%)

Financial (% Return Visitors)
99% Tablet
81% Smartphone

Media (Engagement)
101% Tablet
65% Smartphone

Retail (Conversion)
78% Tablet
26% Smartphone

Travel (Conversion)
63% Tablet
16% Smartphone

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About the Ranking

The Methodology

L2 Intelligence Reports complement L2's flagship Digital IQ Index® with a deeper look at platforms or geographies driving future growth. This report examines Tablet data across 60 brands in retail. Critical areas of investigation include:

Tablet Site Experience

Page Type, HTML5 Encoding, and Load Time

Touch & Swipe Support

Menu Optimization

Support for Multiple Orientations / Fluid Grid

Cart Continuity / Saved Items

Express Checkout (PayPal, Federated ID)

Tablet App Experience

iOS Presence / iPad Support

User Metrics (Ratings, Comments)

Store Visibility (Top 200 Lists)

App Lifespan (Initial Release, Update Frequency)

Commerce Handoff (Native, Skiff, Link)

Features & Functionality
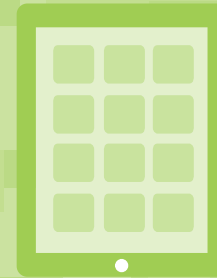
By combining primary data on the brands that L2 tracks with third-party research, this report illustrates strengths and opportunities.

Brand List

n=60

ACESSORIES & SHOES

ALDO
COACH
Cole Haan
STEVE MADDEN
TUMI

BEAUTY & SKINCARE

L'OCCITANE
SEPHORA
THE BODY SHOP

APPAREL

7 for all mankind
A|X ARMANI EXCHANGE
Abercrombie & Fitch
AÉROPOSTALE
American Apparel™
AMERICAN EAGLE OUTFITTERS
ANN TAYLOR
ANTHROPOLOGIE
BANANA REPUBLIC
Brooks Brothers
Calvin Klein
chico's
EXPRESS
FOREVER 21
GAP

GUESS U.S.A.
H&M
J.CREW
kate spade
LACOSTE
lululemon athletica
MICHAEL KORS
RALPH LAUREN
TOMMY HILFIGER
TORY BURCH
UNIQLO
URBAN OUTFITTERS
VICTORIA'S SECRET
WHITE HOUSE | BLACK MARKET
ZARA

DEPARTMENT STORE

BARNEYS NEW YORK
BERGDORF GOODMAN
bloomingdale's
jcp
★macy's
Neiman Marcus
NORDSTROM
Saks Fifth Avenue

E-TAILER

BLUEFLY
NET-A-PORTER
shopbop.com

HOME & GIFT

Crate&Barrel
NESPRESSO.
POTTERY BARN
RESTORATION HARDWARE
west elm
WILLIAMS-SONOMA

WATCHES & JEWELRY

Cartier
SWAROVSKI
swatch
TIFFANY & CO.
TOURNEAU

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Key Findings

Tablet Experience = Desktop Experience

Less than 10 percent of retailers maintain tablet-optimized websites.[12] "Optimization" means anything from circumventing show-stopping issues (e.g., ability to render the page or load objects) to smaller tweaks (e.g., text size and finger-friendly buttons/menus).

Retailers overwhelmingly rely on desktop site architecture to drive the tablet experience. Only 7 percent of the brands load a Java-based web app (e.g., IBM WebSphere Commerce)—a configuration that lends itself to serving different content on different screen types. Six percent of brands are stuck in a smartphone mentality, pushing visitors to either the App Store or direct to a mobile-optimized site built for smartphones. And only two brands (H&M, White House | Black Market) have invested in a native tablet site.

Only 37 percent of the retailers support "view all items" from gallery mode—a feature that compounds scroll fatigue and load time on the desktop, but proves valuable on a device where users have become accustomed to swiping efficiently through hundreds of items. Only 13 percent of the retailers provide any touch-and-swipe functionality for individual elements of the page—primarily the rotating "featured" carousel. Finally, nearly one in five retailers waste valuable real estate depending on device orientation—establishing an explicit bias for landscape or portrait mode, but not both.
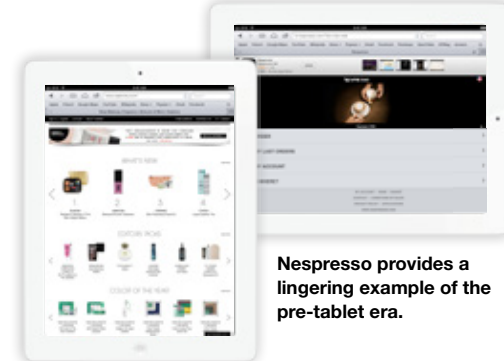
Site Type on Safari iOS for iPad
March 2013, n=60

83%
Desktop URL

7%
Java-Based Web App

3%
iOS App Pop-Up

3%
Mobile Site

3%
Tablet Site
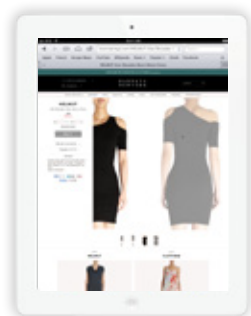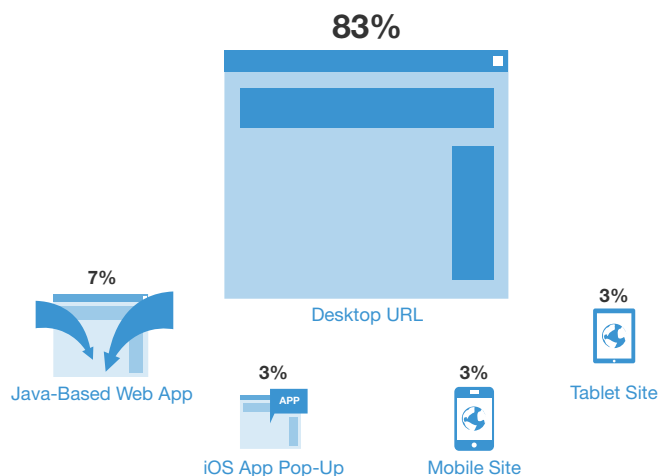
Barneys New York allows users to swipe through all alternative views available at the product level.

White House | Black Market's mobile site distinguishes between smartphones and tablets.

Sephora's main page includes three swipe-able lists—maximizing use of screen real estate.

Nespresso provides a lingering example of the pre-tablet era.

12. "The Impact of Tablet for Retailers 2012," Skava, November 2012.

L2 Intelligence Report
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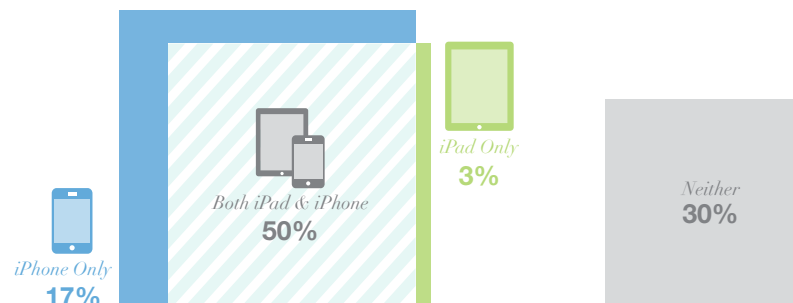
April 2, 2013

Key Findings

App Alternatives

Recent survey data reveals that 45 percent of tablet shoppers are interested in using apps instead of the browser to make a purchase (compared with 49 percent of smartphone shoppers).[13] Despite strong demand, support for tablet apps among retailers continues to lag investments in smartphone apps. Of the 60 retail brands examined, 67 percent support iPhone versus 53 percent for iPad. In addition, nearly 60 percent of the tablet-compatible apps are replicated across both devices—emphasizing a "one-size-fits-all" mentality.
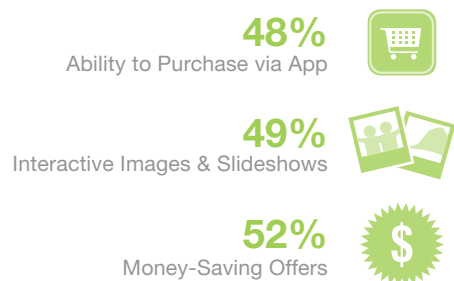
The iPad apps examined serve a variety of purposes—some decidedly noncommercial in nature: photo apps (e.g., "Believe-o-Magic" from Macy's); utilities (e.g., "UNIQLOCK" alarm clock from UNIQLO); and several forays into games (e.g., "Soap Smash" from L'OCCITANE en Provence). While the majority of the apps examined support commerce, only 38 percent include interactive photos and only 21 percent feature deals or offers—two of the most requested features by tablet shoppers.[14]

What Features Do Tablet Shoppers Value Most?

48% Ability to Purchase via App

49% Interactive Images & Slideshows

52% Money-Saving Offers

iTunes App Store: Device Support
March 2013, n=60 brands

iPhone Only **17%**
Both iPad & iPhone **50%**
iPad Only **3%**
Neither **30%**

iPad Apps: Features and Functionality
March 2013, n=53 apps

Feature	Percent
Commerce	58%
Social Sharing	56%
Virtual Catalog	44%
Native Videos	42%
Store Locator	42%
Interactive Photos	38%
News/Trends	31%
Lifestyle/Culture Info	31%
Deals/Offers	21%
Social Link/Feed	21%
Account	21%
Customer Service	17%
Game	12%
Barcode or Watermark	8%
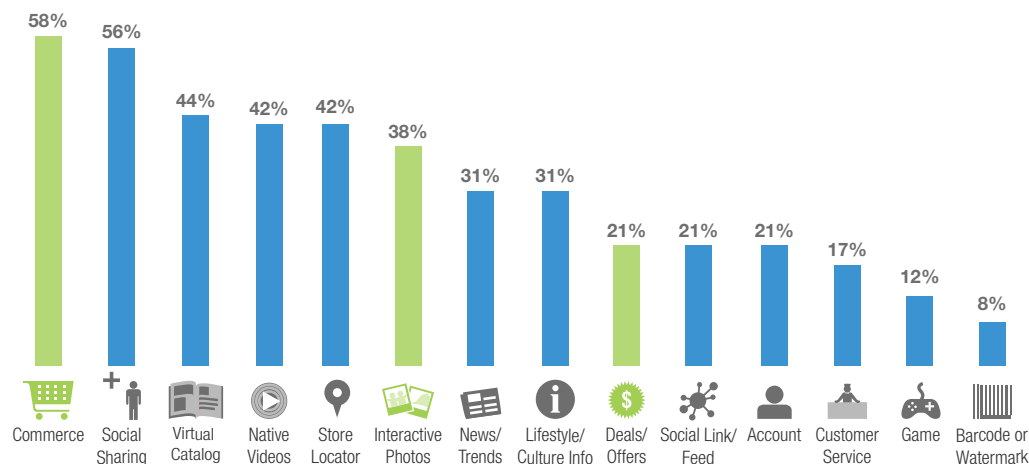
13. "2013 Digital Publishing Report: Retail Apps & Buying Habits," Adobe Digital Publishing, January 2013.
14. "Shopping and Catalog Apps Provide More Tailored Experience than Mobile Browsers," Adobe Digital Publishing Blog, January 16. 2013.

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Tablets: Retail

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April 2, 2013

Table of Contents

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