State of Mobile Commerce.

Cross-device shopping starts and ends on mobile
Q3 2015

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Criteo's analysis of shopping data from Q3 2015 demonstrates that smartphones are increasingly becoming the purchase device of choice in a multi-device world:

- **Mobile is becoming the preferred purchase device for cross device shoppers**: More than half of transactions now involve multiple devices.

- **Apps can be your highest performing channel**: Retailers focusing on apps are finding gold. Conversion rates on apps heavily out-perform even the desktop.

- **Smartphones are the key for retailers**: Average retailers generate 27% of sales from mobile, while the top quartile is now generating 38% of sales from mobile, mainly due to much better optimization of smartphone conversion rates.

These trends and forecasts come from Criteo's Q3 2015 State of Mobile Commerce Report, based on its unique pool of online shopping data.

Italy Mobile Commerce Trends

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#1

Mobile is becoming the preferred purchase device for cross-device shoppers

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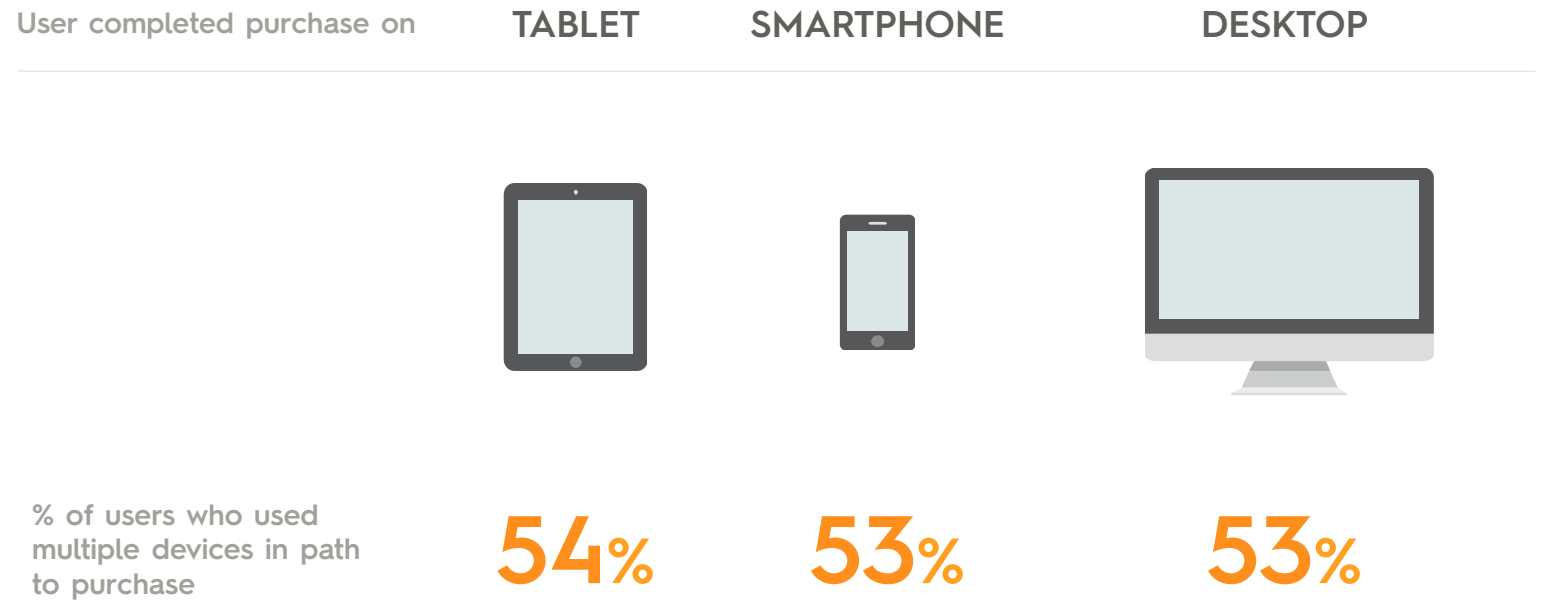# More than half of all purchases now involve multiple devices*

Cross-device shopping is the new normal.

Retailers need to redesign their online buying experience to reflect the fact that almost half of users visit them using multiple devices in the days leading up to purchase.

For purchases completed on laptops & desktops, 53% of buyers used at least one additional devices to visit the same retailer prior to purchase.

On mobile, 53-54% of buyers used an additional device prior to purchasing on their mobile.

Italy Cross-Device Share of eCommerce Transactions

User completed purchase on	TABLET	SMARTPHONE	DESKTOP
% of users who used multiple devices in path to purchase	**54%**	**53%**	**53%**

* Where the consumer has more than one device. Based on Criteo's cross device product providing exact matches of users across multiple devices.
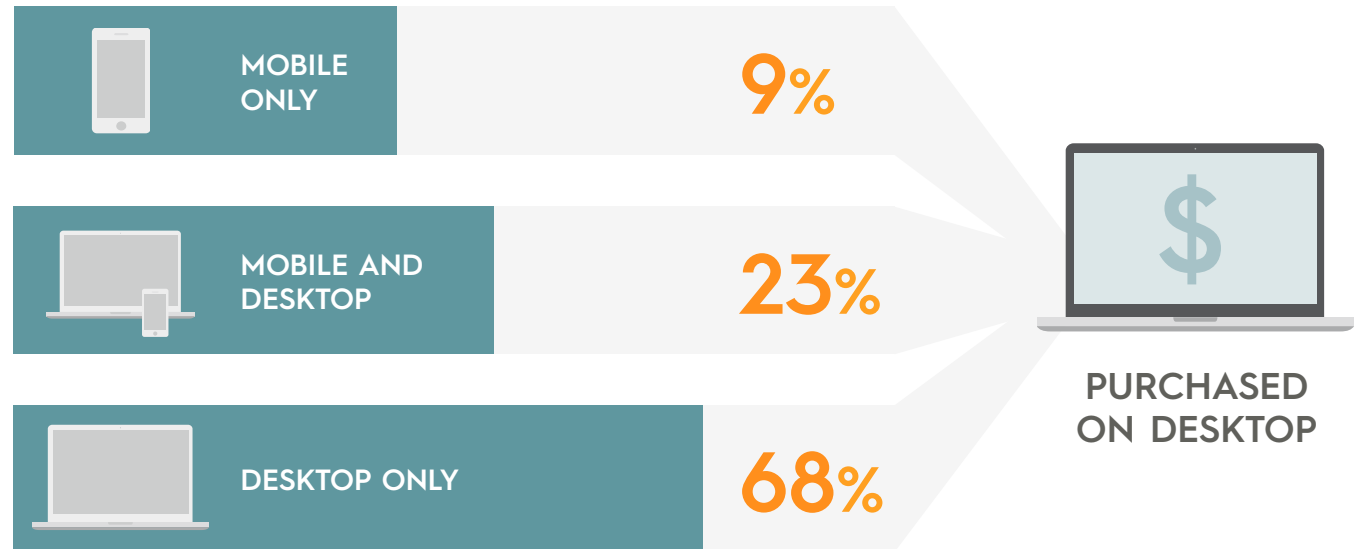
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One-third of desktop sales now involve mobile prior to purchase

Mobile is omnipresent in the customer's path to purchase.

Significant amount of cross device transactions involve some mobile research prior to the purchase event – 32% of desktop transactions involve browsing through at least a mobile prior to purchase.
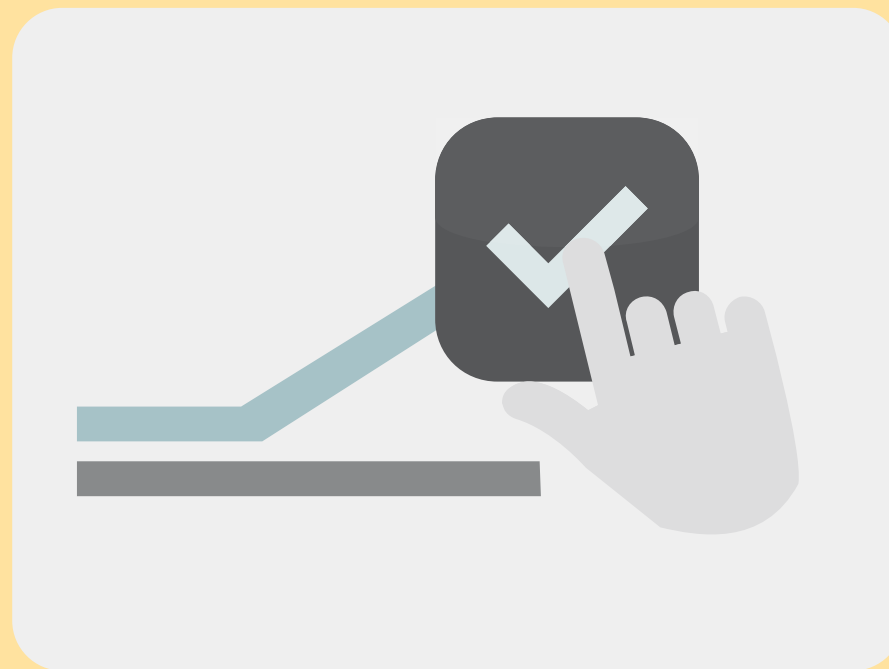
That means for a single retailer, shoppers are visiting the retailer's desktop and mobile browser sites when researching and making a purchase.

Devices used to visit retail site prior to purchase

MOBILE ONLY — **9%**

MOBILE AND DESKTOP — **23%**

DESKTOP ONLY — **68%**

$

PURCHASED ON DESKTOP

* Based on Criteo's cross device product providing exact matches of users across multiple devices

#2

Apps can be your
highest performing
channel

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Apps now generate at least half of all mobile sales for retailers who have made their app experience a priority*

Retailers who have prioritized their mobile app experience as a key revenue driver see significant share of transactions via their app.

For these retailers, apps generate 58% of all mobile revenue.

Travel is slightly less at 49% of mobile transactions.

It is important to note that many retailers have not made this investment in apps, in which case sales from apps are often negligible.

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Average App vs. Mobile Browser Share of Mobile Transactions for a Single Retailer
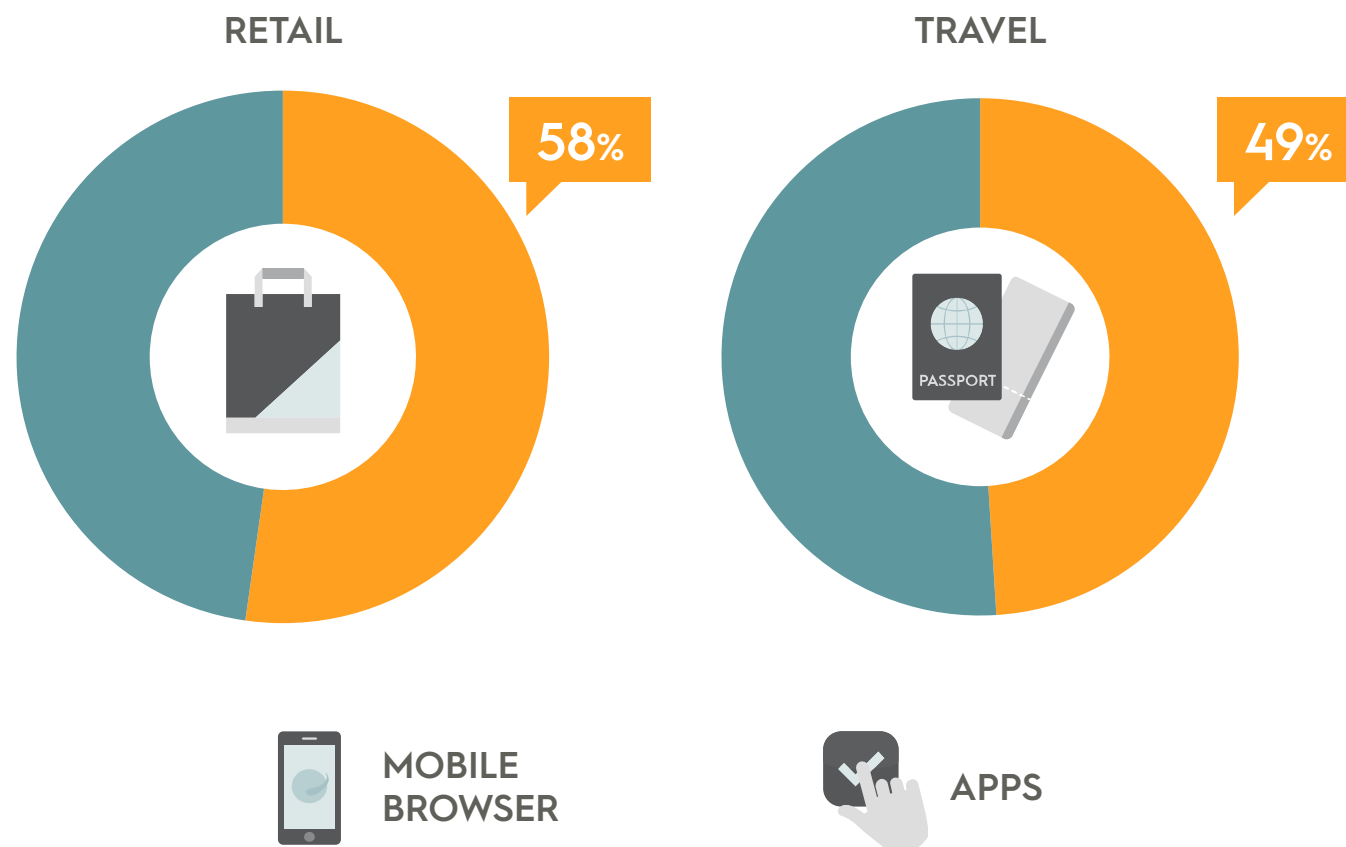
RETAIL

58%

TRAVEL

49%

PASSPORT

📱 **MOBILE BROWSER**

APPS

Apps convert visits to sales better than the desktop site

Apps convert at a higher rate than mobile browser – by a factor of 3.7x in the case of retail.

More remarkably, apps convert twice as high as the desktop for retail, and 1.6x higher than the desktop for travel.

In other words, apps are a better consumer experience than any other technology.

Mobile Retail Conversion Rates for Committed App Retailers*
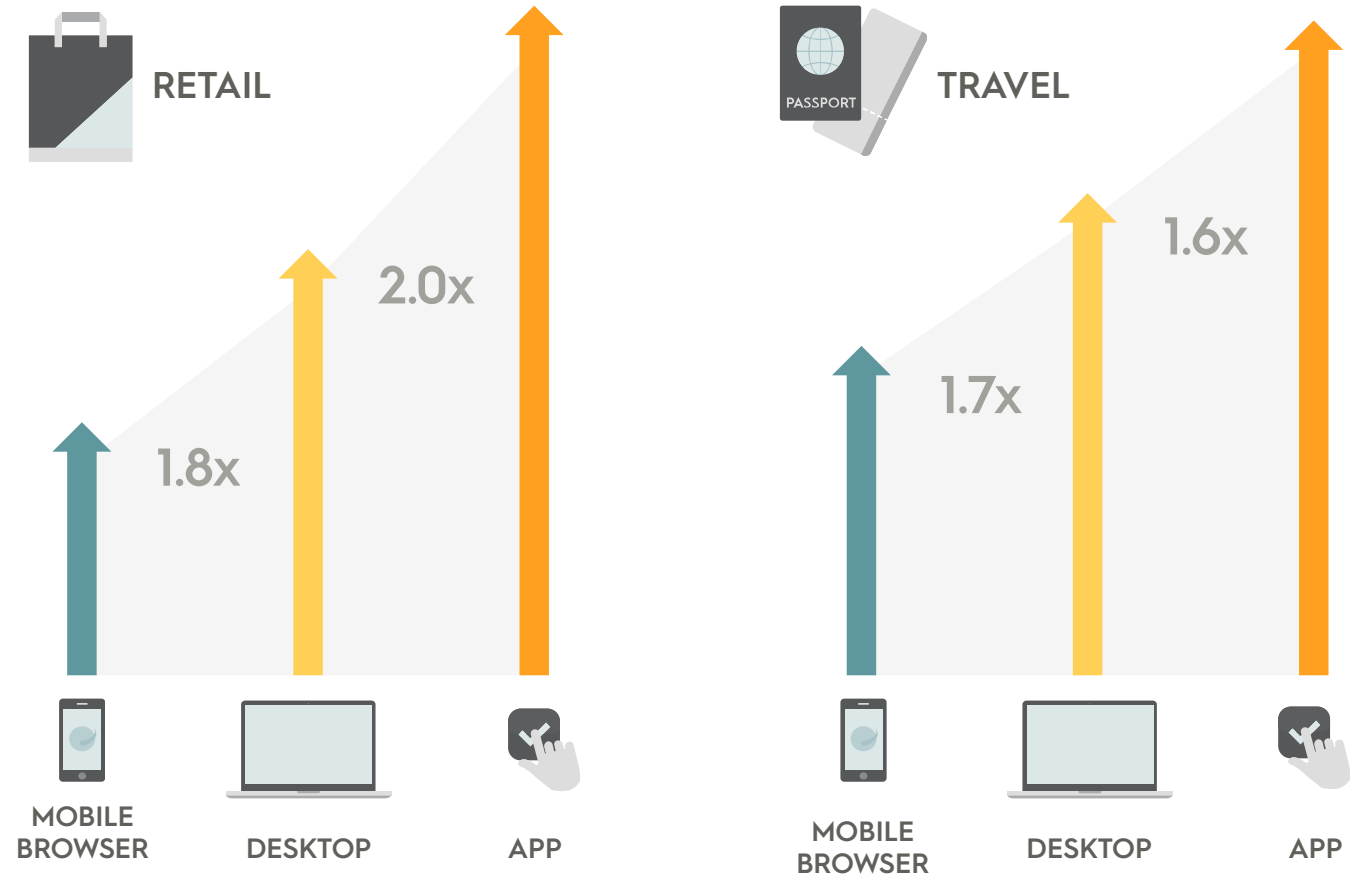
RETAIL

TRAVEL

1.8x

2.0x

1.7x

1.6x

MOBILE BROWSER

DESKTOP

APP

MOBILE BROWSER

DESKTOP

APP

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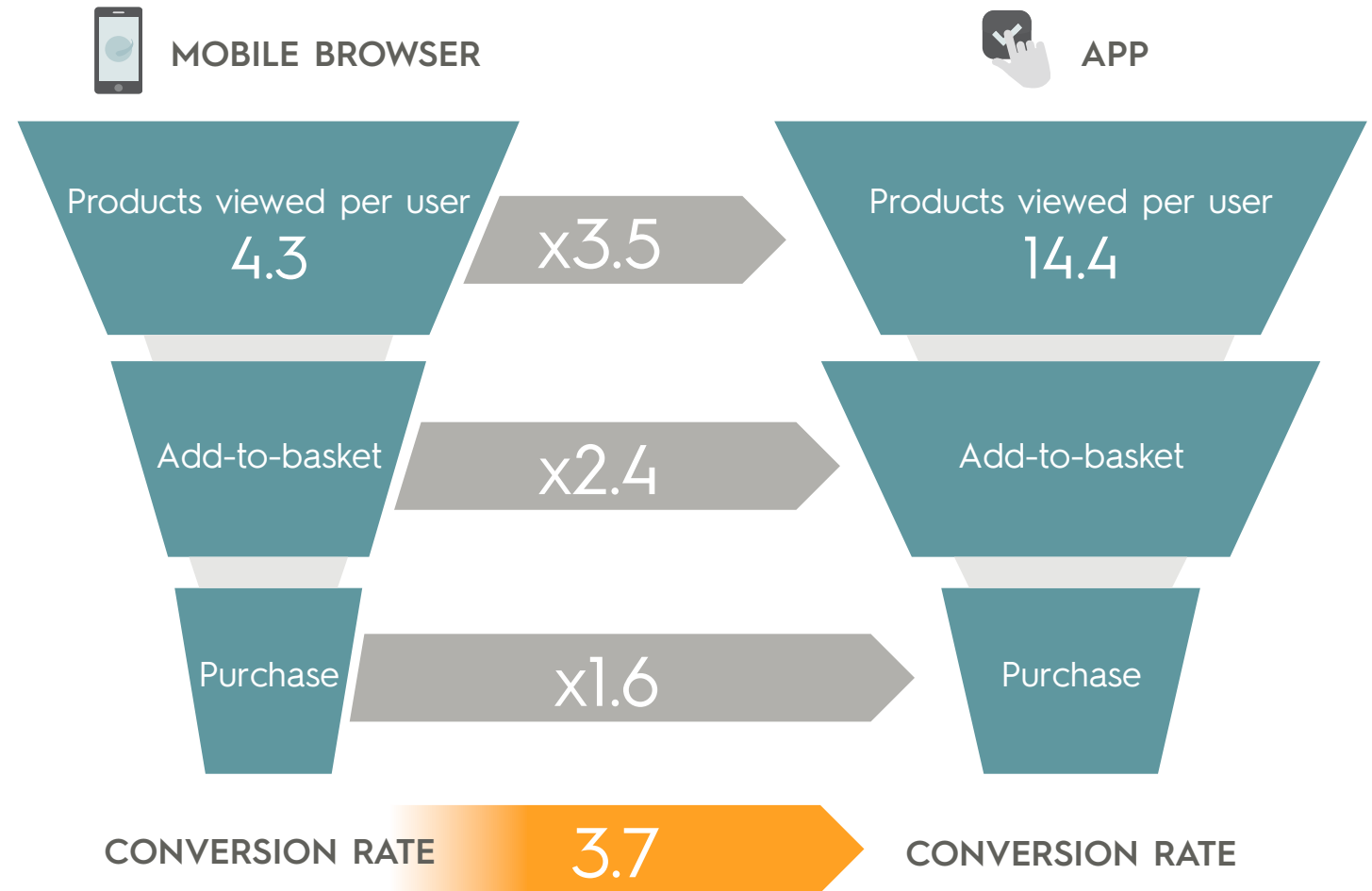# Apps work because they make browsing products fun, and buying them easy

Apps deliver a 3.7x higher conversion rate than mobile browser.

This is driven by two main factors:

Browsing products is easy and fun on apps. The mobile app experience is perfect for swiping through visually appealing images. As a result, the average user sees 14 products via the app, vs. 4 products on the browser. Also, an app user is 2.4 times as likely to add products into the basket.

It is also easier to complete a purchase, leading to a purchase rate that is 1.6x higher than via the mobile browser.

Conversion Funnel from landing on site

MOBILE BROWSER

APP

MOBILE BROWSER		APP
Products viewed per user 4.3	x3.5	Products viewed per user 14.4
Add-to-basket	x2.4	Add-to-basket
Purchase	x1.6	Purchase

CONVERSION RATE — 3.7 — **CONVERSION RATE**

Source: Criteo analyzed transaction data from committed app retailers worldwide for the month of July 2015; *to be considered a committed app retailer, a retailer had to have at least 25% of eCommerce transactions on a mobile device. Of those mobile transactions, more than 10% are from mobile apps.
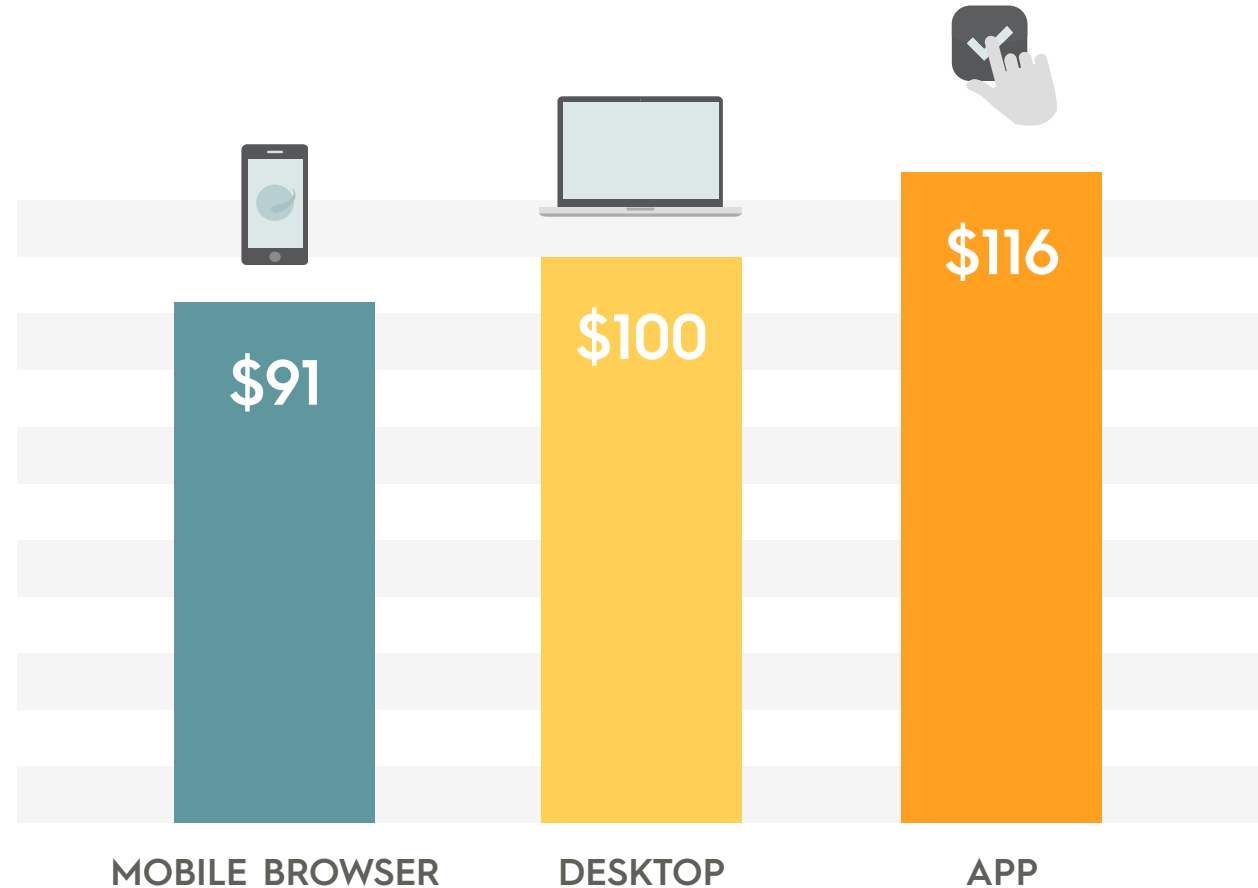
Customer spend per transaction is bigger with apps than on the desktop

Mobile Order Values Compared to $100 Spent on the Desktop for Committed App Retailers*

Historically mobile has been considered to have a low basket size compared to the desktop. For mobile apps, this is not the case.

Order value per transaction for apps is higher than desktop and mobile browser – $116 on app compared to $100 on desktop and $91 on mobile browser. In other words, customers are spending more per transaction through the app than when using the full-screen desktop experience.

Even on mobile browser the transaction size is only 9% smaller than on the desktop.

$91	$100	$116
MOBILE BROWSER	DESKTOP	APP

Source: Criteo analyzed transaction data from committed app retailers worldwide for the month of July 2015; *to be considered a committed app retailer, a retailer had to have at least 25% of eCommerce transactions on a mobile device. Of those mobile transactions, more than 10% are from mobile apps.

#3

Smartphones are the key for retailers

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Retailers are steadily growing mobile's share of ecommerce

Italy. Mobile Share of eCommerce Transactions

Over the last two quarters, mobile commerce continues to grow in Italy.

The average retailer's mobile transaction share grew 4% from 26% share to 27% share this quarter.

Top quartile retailers grew mobile transaction share 6% over the last two quarters, and now close to half of all their transactions are on mobile devices.

|			
26%	27%	36%	38%
Q1 2015	Q3 2015	Q1 2015	Q3 2015
AVERAGE		**TOP QUARTILE**	
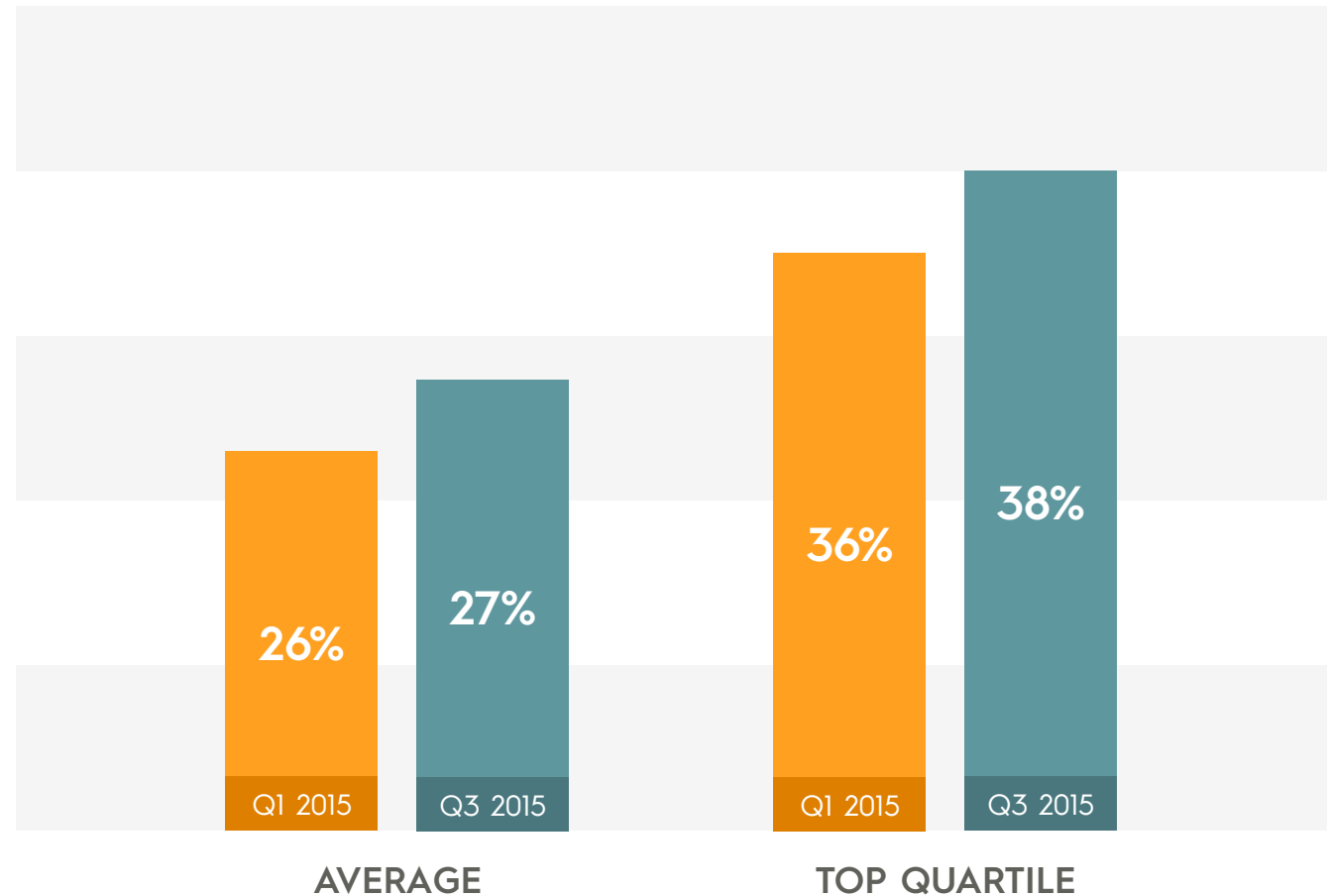
Smartphones continue to displace tablets in Italy

The majority of mobile transactions in Italy come from smartphones, increasing to 65% this quarter.

As smartphone screens continue to grow, they have gained share over tablets. This suggests that consumers are increasingly comfortable purchasing on smartphones.

Italy Smartphone Share of Mobile Transactions

55%	57%	65%
		SMARTPHONE
		32%
		TABLET
Q1 2015	Q2 2015	Q3 2015
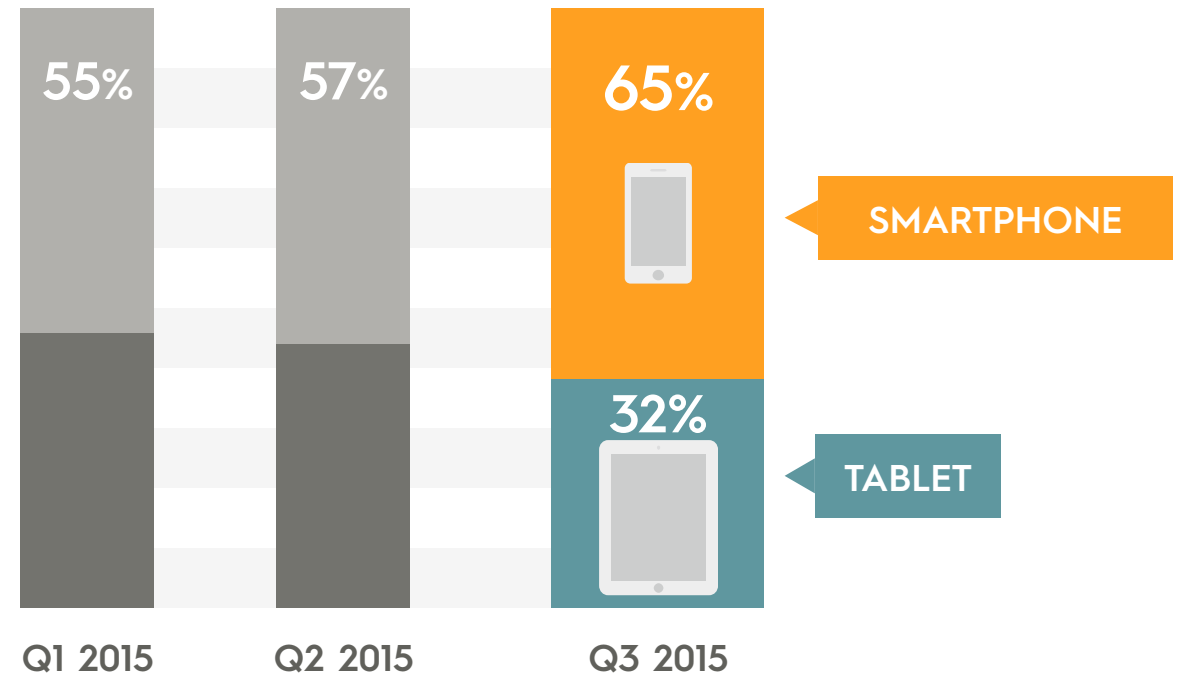
Global Mobile Commerce Trends

Global mobile transaction share is at 35%

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mCommerce is now 35% of all eCommerce transactions globally – based on an accurate weighting of eCommerce market size by country.
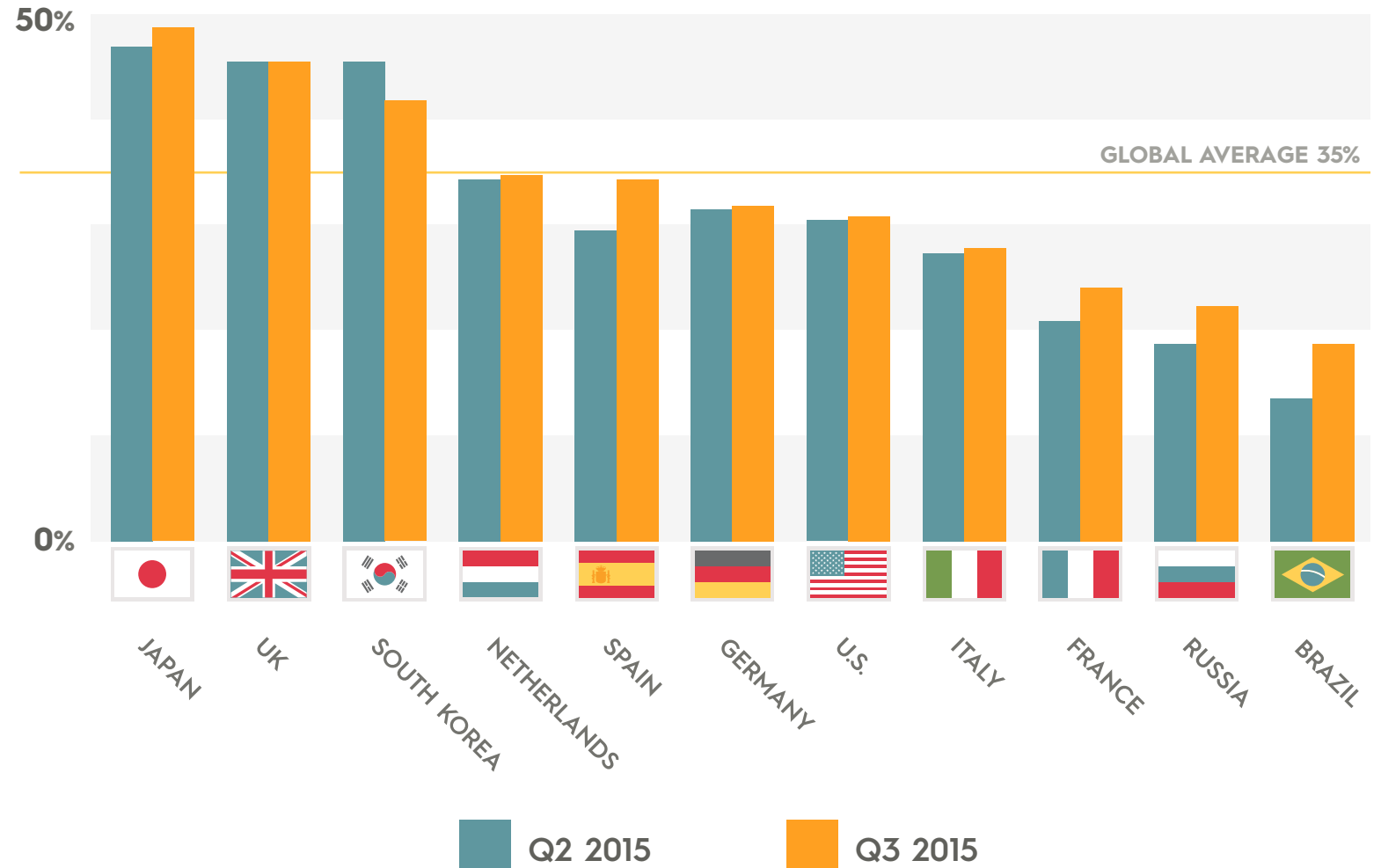
Spain is in the middle of the pack, which suggests there is a lot of growth ahead.

The UK is now performing at Asia levels with 46% of its ecommerce transactions coming in from mobile.

Low penetration markets are growing very fast.

Countries with the highest mobile adoption are fairly stable. As a result, cross-device purchasing is likely to be the long-term normal rather than a mobile-only world.
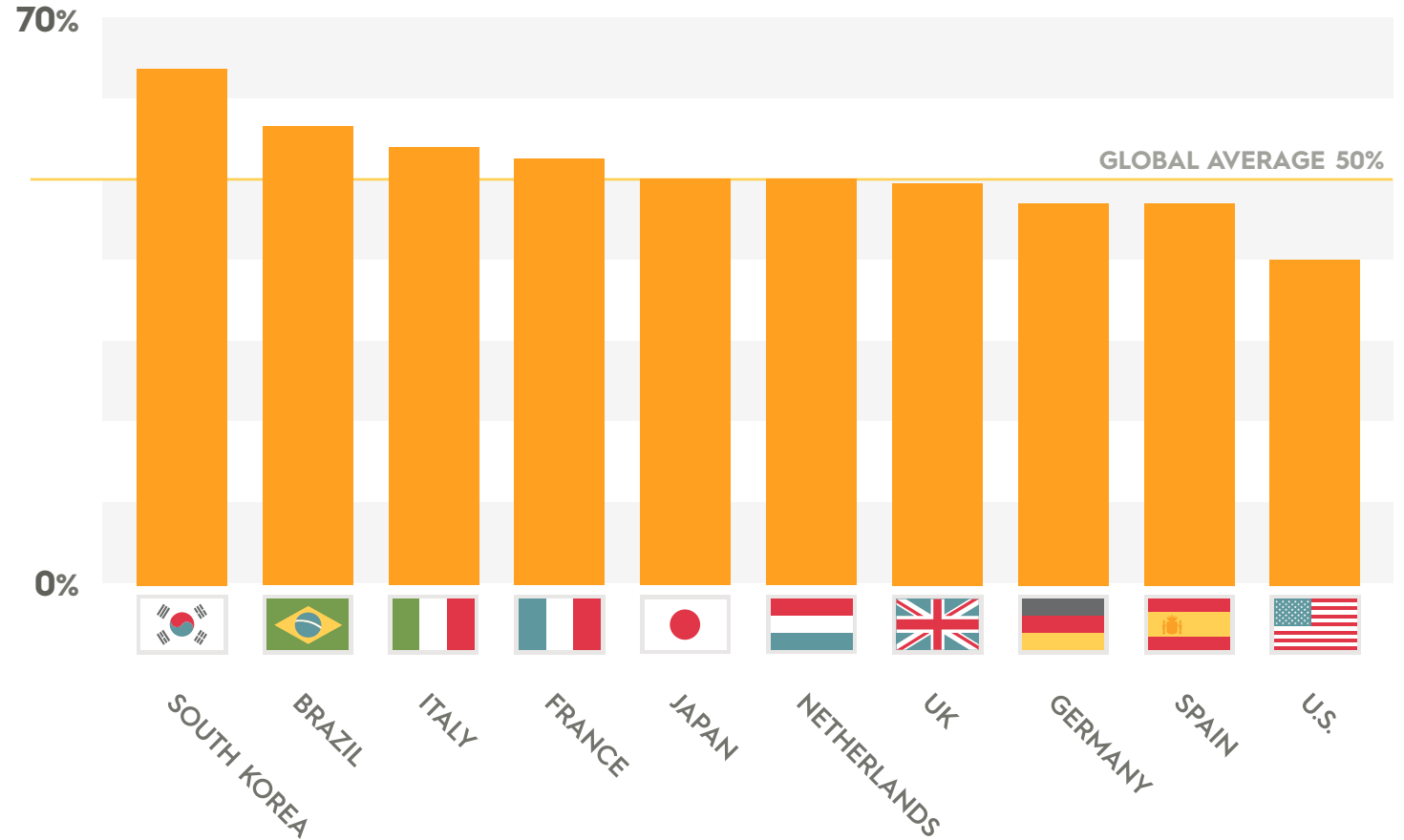
Mobile Share of Retail eCommerce Transactions

GLOBAL AVERAGE 35%

50%

0%

JAPAN UK SOUTH KOREA NETHERLANDS SPAIN GERMANY U.S. ITALY FRANCE RUSSIA BRAZIL

Q2 2015   Q3 2015

Worldwide, cross device purchasing is 50% of eCommerce transactions

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Cross-device purchasing doesn't just happen in the U.S. In fact, levels are even higher in all other markets.

Cross-Device Share of Retail eCommerce Transactions*

70%

GLOBAL AVERAGE 50%

0%

SOUTH KOREA · BRAZIL · ITALY · FRANCE · JAPAN · NETHERLANDS · UK · GERMANY · SPAIN · U.S.

* Where the customer has more than one device. Based on Criteo's Universal Match product providing exact matches of users across multiple devices.

Smartphone continues to dominate worldwide

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Across the globe, smartphone has a higher share of mobile transactions than tablet.

Japan and South Korea see over 40% of eCommerce transactions from smartphones.

Tablets are still a bit bigger than phones in the UK, Germany, France, Netherlands and Russia. But globally smartphone growth is much higher than tablet.

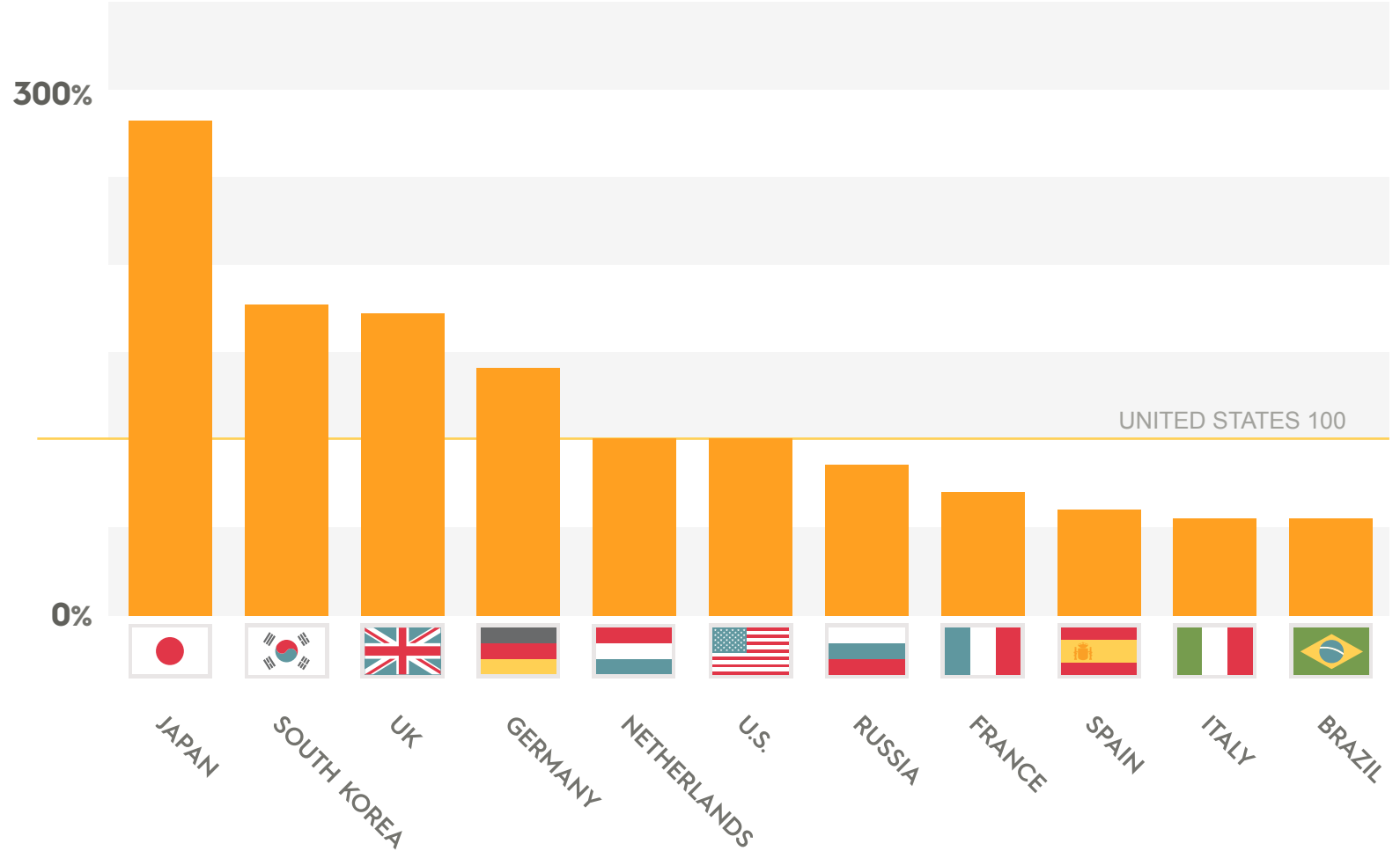## Smartphone and Tablet Share of Retail eCommerce Transactions

SMARTPHONE   **TABLET**
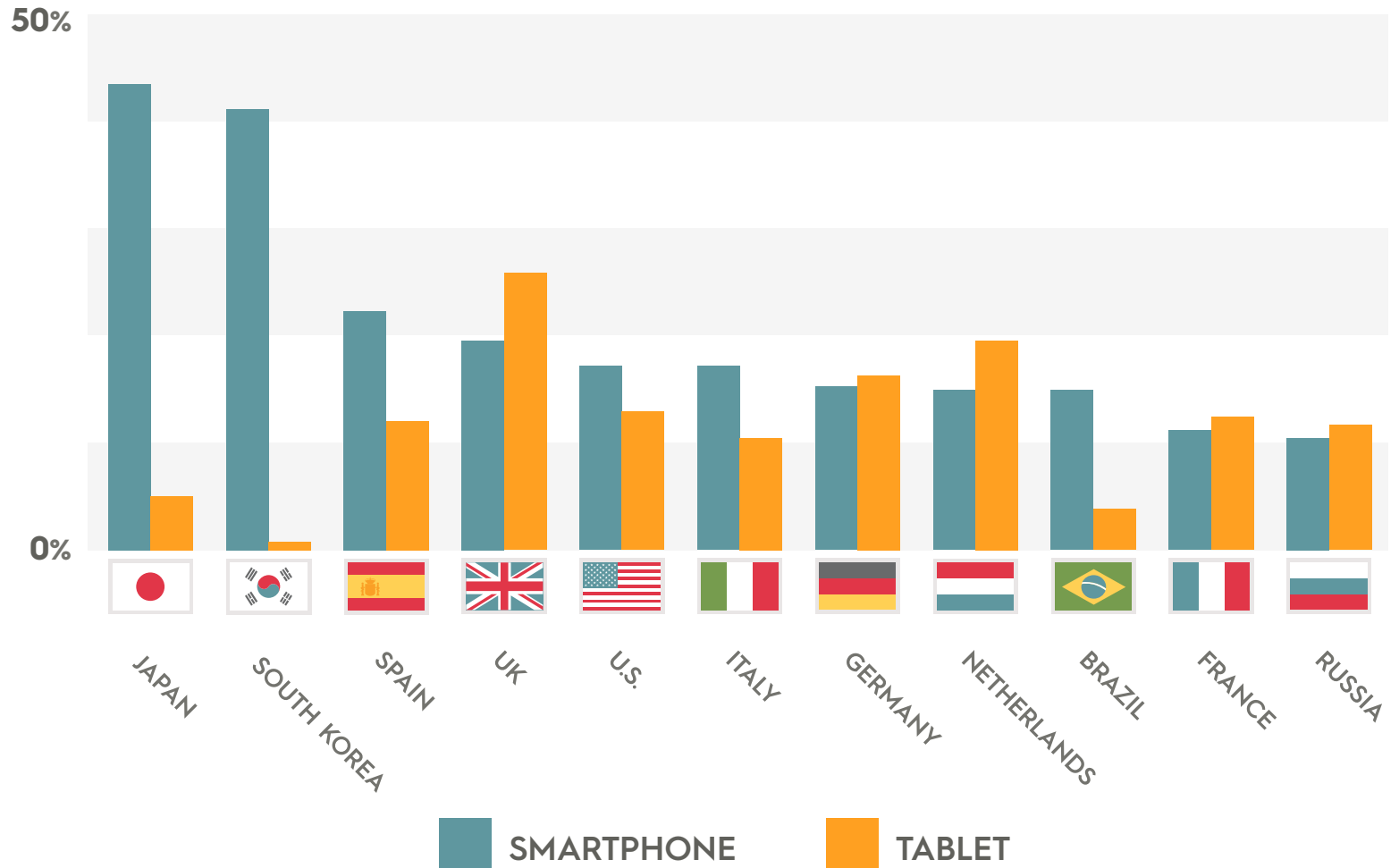
U.S. conversion rate is in line with global average

The UK has a higher conversion rate than Western countries, due to better usability and customer experience on mobile websites.

Mobile conversion rates in Japan are almost three times higher than the U.S.

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Retail Mobile Conversion Rates Compared to the U.S.
(Benchmarked at 100)

300%

UNITED STATES 100

0%

JAPAN SOUTH KOREA UK GERMANY NETHERLANDS U.S. RUSSIA FRANCE SPAIN ITALY BRAZIL

What will the future look like?

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So what does the future hold?

We see four big trends:

- **Growth in mCommerce is on a roll.** By year-end, mobile share of eCommerce transactions is forecast to reach 33% in the U.S., and 40% globally.

- **Smartphones will continue to displace slower-growing tablets due to larger available screens.** Apple is gaining ground on Android, but both are winners vs. a shrinking desktop.

- **Apps are the next frontier.** Advertisers will start to significantly invest in their mobile app as a way to drive more conversions than desktop and engage with their loyal customers.

- **Dealing with cross-device behavior is the biggest challenge and opportunity for marketers in 2015.** With more than half of transactions already cross-device, marketers have to talk to people and no longer to devices.

Mobile Commerce Report Methodology

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Individual transaction data analyzed

Over **3,000** online retail and travel businesses globally

1.4 billion transactions per year across both desktop and mobile sites

$160 billion in annual sales

How can marketers use this data?

Benchmark your performance on relevant KPIs for your mobile browser, mobile app and cross-device channels

*Data analyzed is for customer browsing and shopping behavior in April 2015, across desktop and all mobile devices (including iPhone, iPad, and Android smartphones and tablets)

About Criteo

Criteo delivers personalized performance marketing at an extensive scale. Measuring return on post-click sales, Criteo makes ROI transparent and easy to measure. Criteo has over 1,500 employees in 23 offices across the Americas, Europe and Asia-Pacific, serving over 7,800 advertisers worldwide with direct relationships with over 10,000 publishers.

Criteo ads reach over 1 billion unique Internet users (comScore, March 2015).

This and future Mobile Commerce reports can be found at:

www.criteo.com/resources/mobile-commerce-report/

Methodology – This reports findings come from individual transaction level data sourced solely from Criteo based on a selection of around 3,000 online retail and travel businesses globally who have approximately 1.4 billion transactions per year on their desktop and mobile sites, resulting in approximately $160 billion worth of annual sales. The data analyzed is for customer browsing and shopping behavior in July 2015, across desktop and mobile (smartphone + tablet) devices including iPhone, iPad, and Android smartphones and tablets.

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