

State of Mobile Commerce .

Leading mobile retailers dominate – and the gap is growing



Germany – Q4 2015



State of Mobile Commerce Q4 Highlights



Criteo's analysis of shopping data from Q4 2015 demonstrates that mobile is an established channel for retail transactions in a world where mobile devices are at the center of the connected consumer. As the fifth quarterly Mobile Commerce Report, we look into the growth of mobile commerce in key verticals and devices as retailers shift to people-centric strategies.

- **Top retailers see growth in mobile share of transactions** when compared to the average.
- **Four-out-of-ten of purchases occurred across multiple devices** and those purchases were completed on a mobile device a third of the time.
- **Dedicated shopping apps dwarf the mobile web** at all points on the path to purchase, from browsing products to the sale itself.
- **Japan, UK and South Korea continue to lead the globe** in mobile transactions, and smartphones lead tablets in most countries.

Key Recommendations for Mobile Commerce



Criteo's analysis of shopping data from Q4 2015 highlights several best practices that retailers can take away from this report.

- **Enable your mobile experience to meet the fastest growing audience – smartphones.** Smartphones dominate mobile transactions. Make sure that your mobile channels are designed for your largest audience, or better yet, responsive to each individual device and environment.
- **Take advantage of cross-device identification technology to understand your connected consumers.** By using a reliable solution that provides scale and precision, you can link real-time shopping behavior across devices to improve context and relevance. Cross-device transactions accounted for 43% of all transactions in Q4, indicating that shoppers are browsing and buying on multiple devices.
- **Decrease barriers to transaction and connect to consumer data to personalize product recommendations in your app.** Apps are more than just a showroom, they convert better and have a higher average order value than even desktop.

Mobile Commerce Trends in Germany

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#1

Mobile powers
tremendous growth
across all
eCommerce

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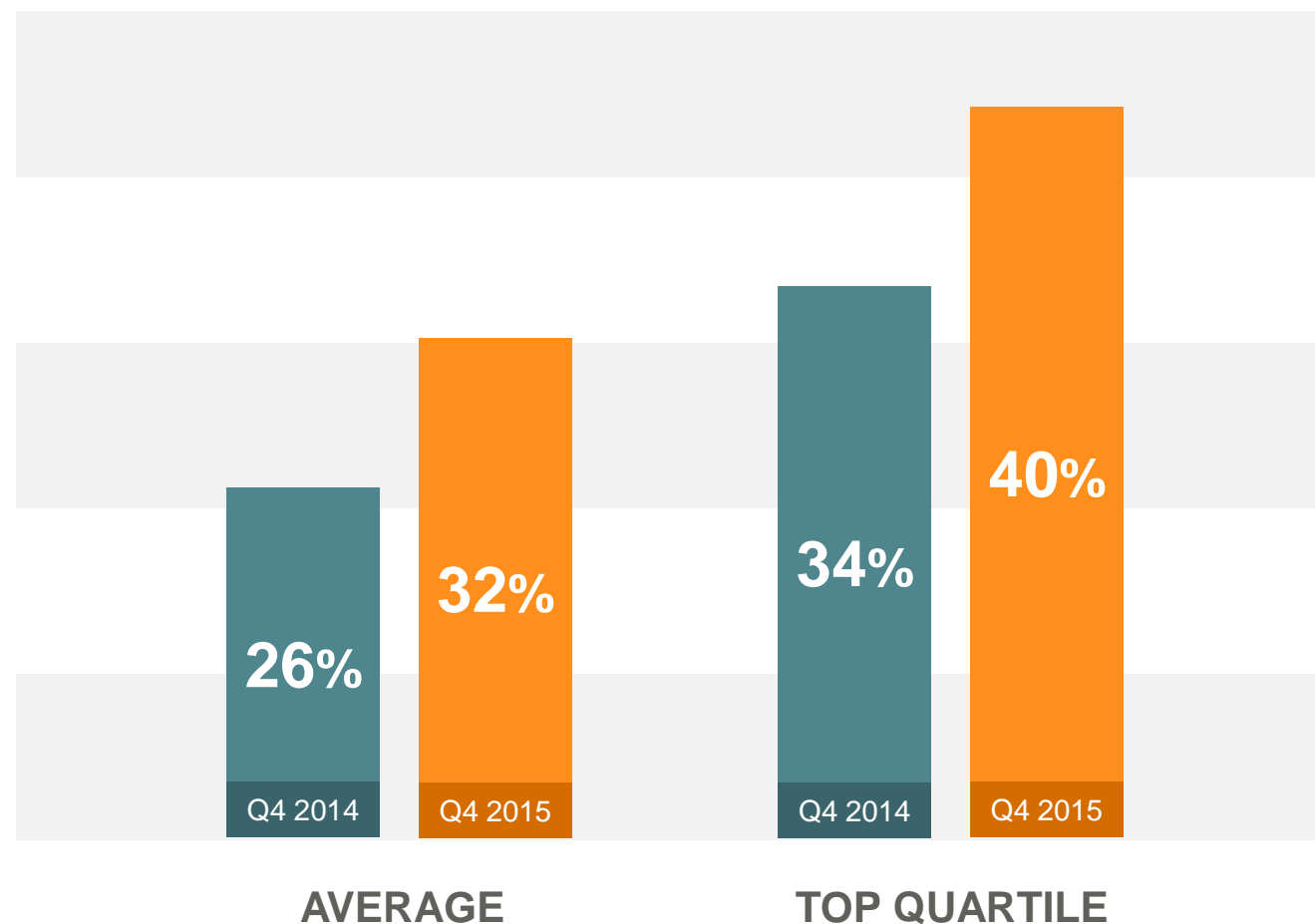
Mobile leaders double down

For retailers with a strong mobile shopping experience, mobile transactions neared parity with desktop in 2015. They successfully met consumers on their devices and shifted browsers into buyers.

In Q4 2015, mobile hit 32% of transactions.

Top quartile retailers, as ranked by percentage of transactions occurring on a mobile device, mobile's share of all transactions reached 40%.

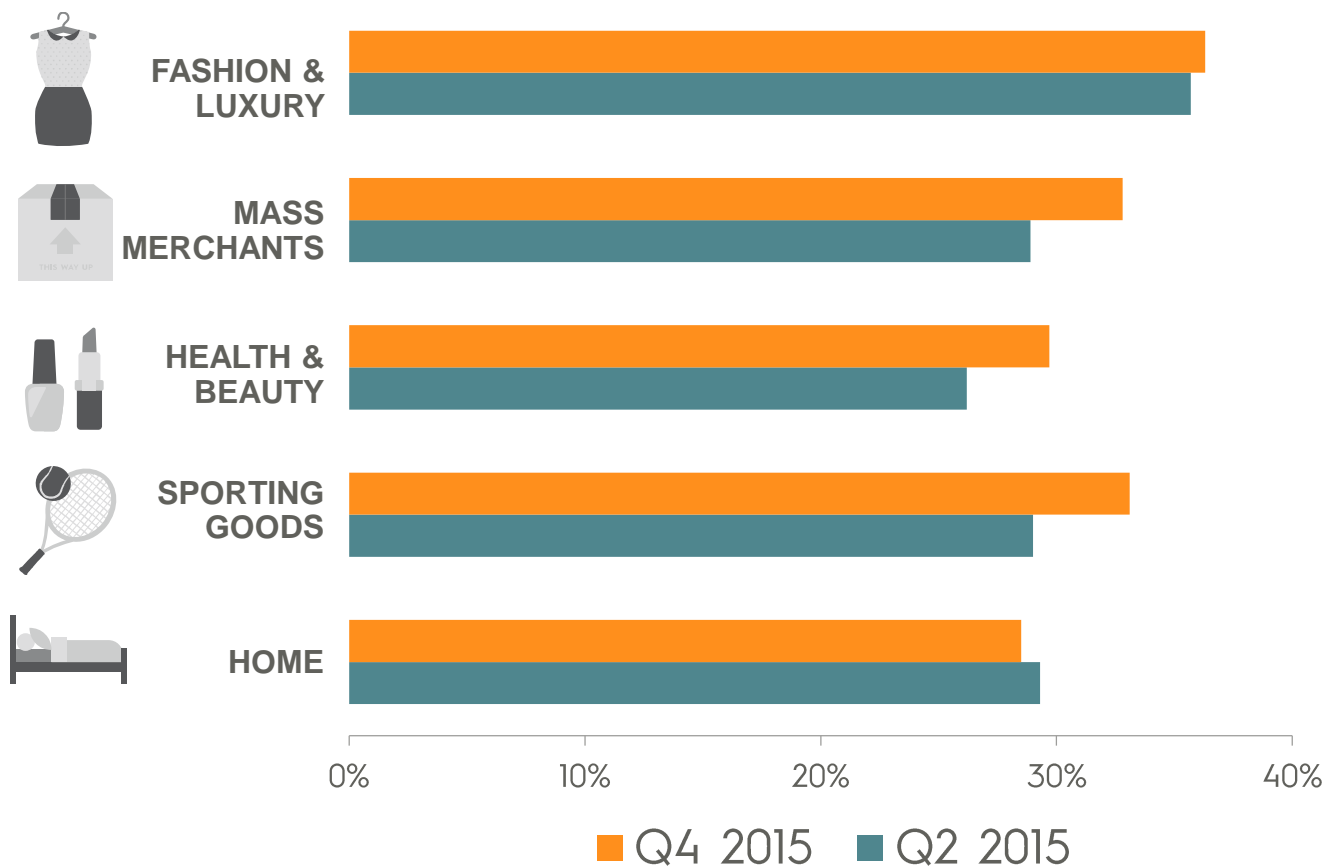
Mobile Share of Retail eCommerce Transactions in Germany



Vertical retailers follow the trends

Mobile is becoming an integral part of the shopping experience, particularly for verticals such as fashion, mass merchants and sporting goods.

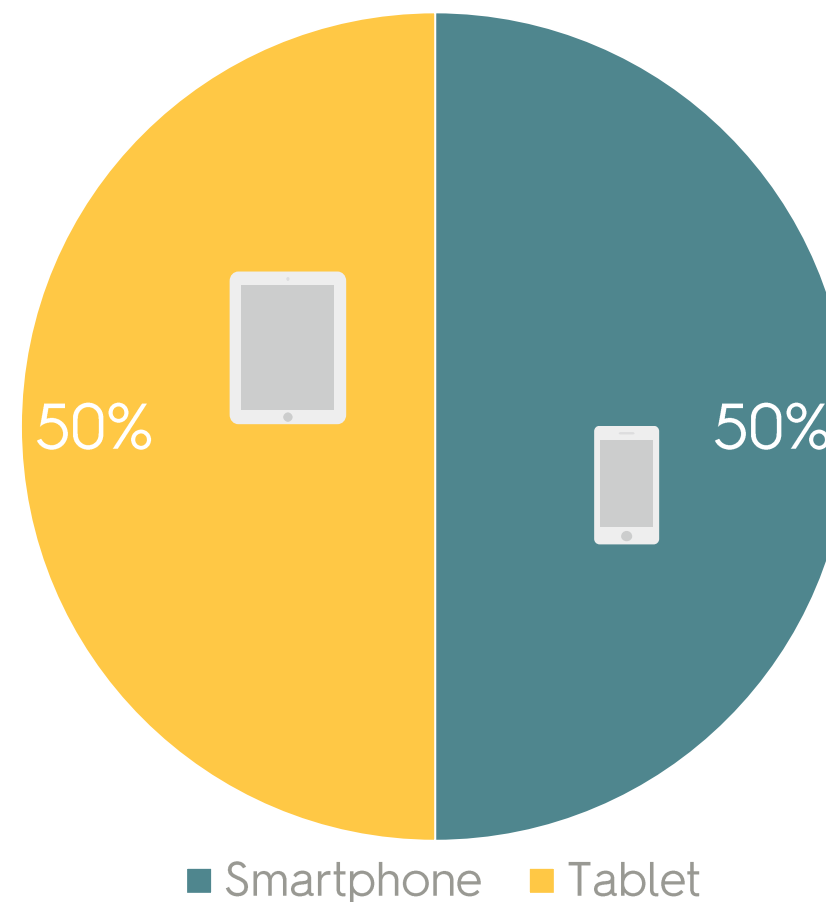
Mobile Share of eCommerce Transactions by Sub-Vertical in Germany



Smartphones are poised to grow

The combination of better transaction channels, ubiquity, more phone models with big bright screens and fast wireless broadband is giving retailers better options for displaying their goods on mobile devices – ultimately leading to more transactions.

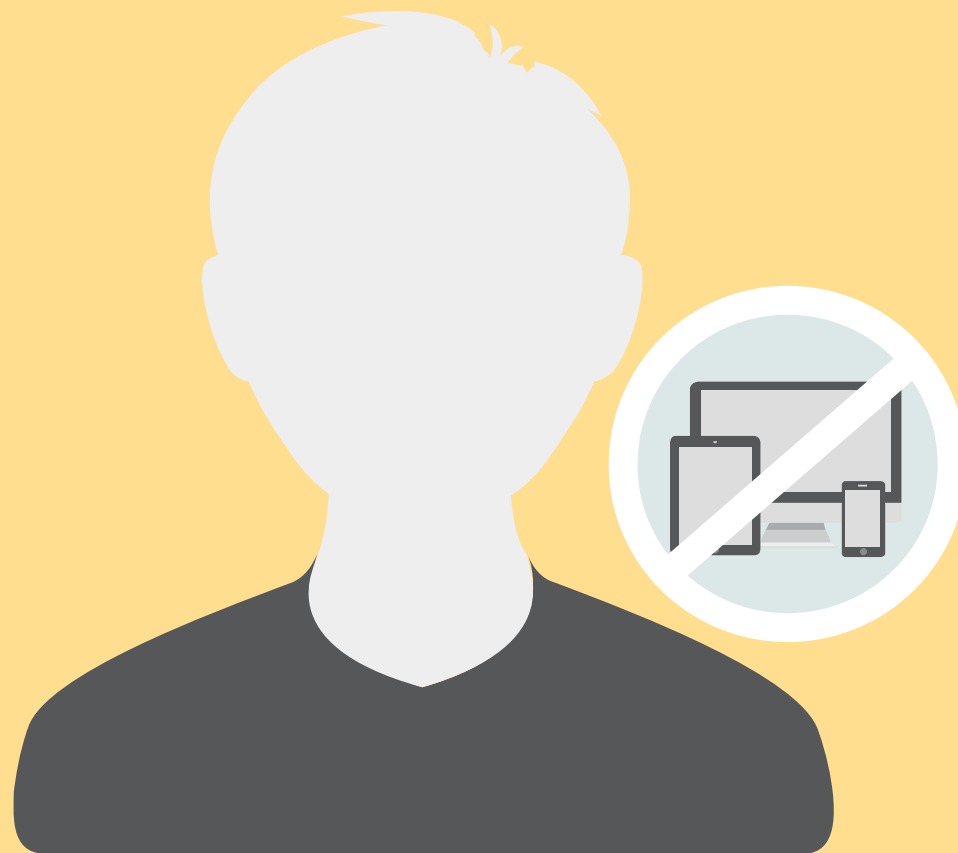
Retail Mobile Transaction Share in Germany, by Device (% total)



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Sell to people, not devices

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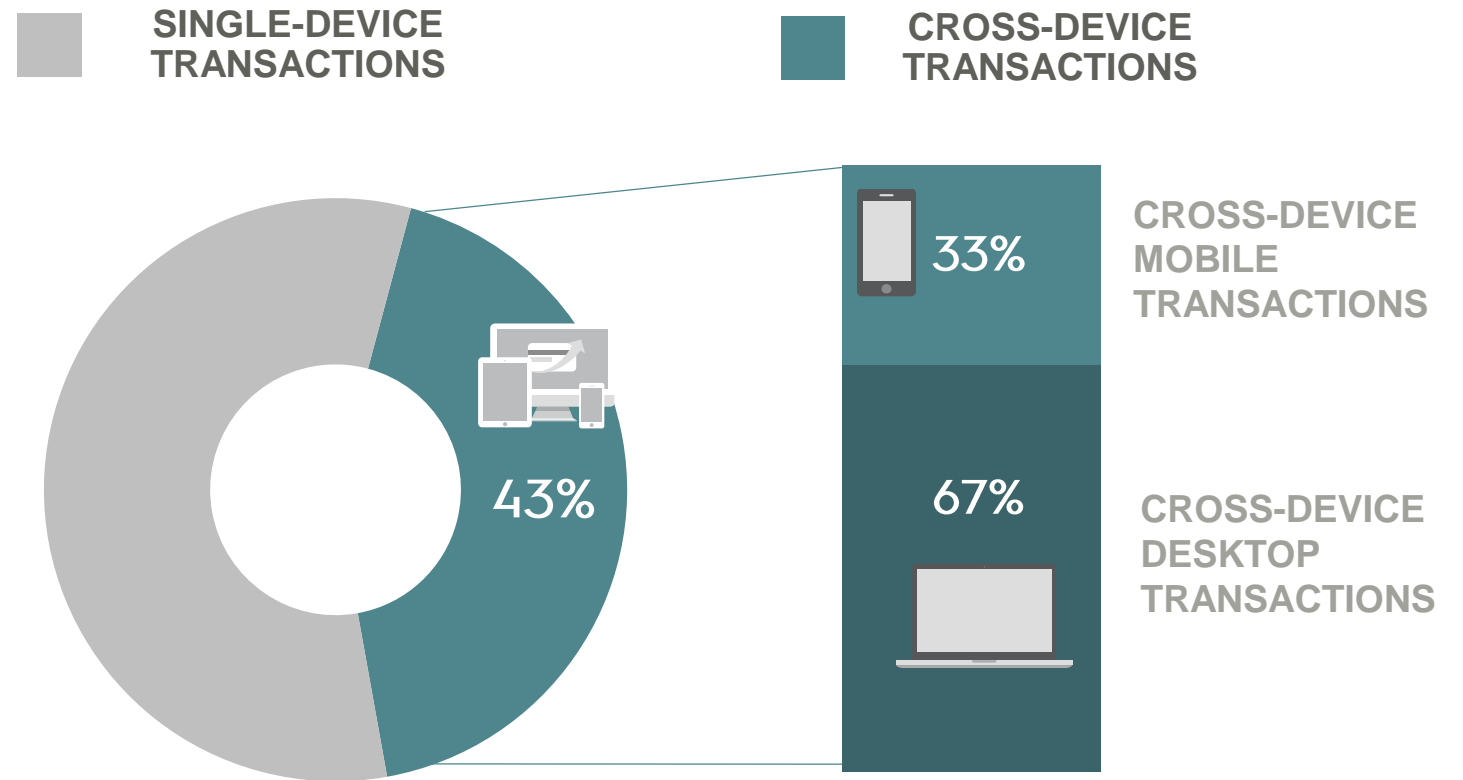
Four-in-ten transactions involve multiple devices

Cross-Device Share of Retail Transactions & Mobile Share of Cross-Device Transactions in Germany, Q4 2015

Nearly half of transactions occurred across multiple devices or channels in Q4 2015. Within cross-device transactions, mobile accounted for 33% compared to 32% on average.

That means that cross-device purchasers are slightly more likely to use mobile to complete a transaction than the average.

But that doesn't tell the whole story.



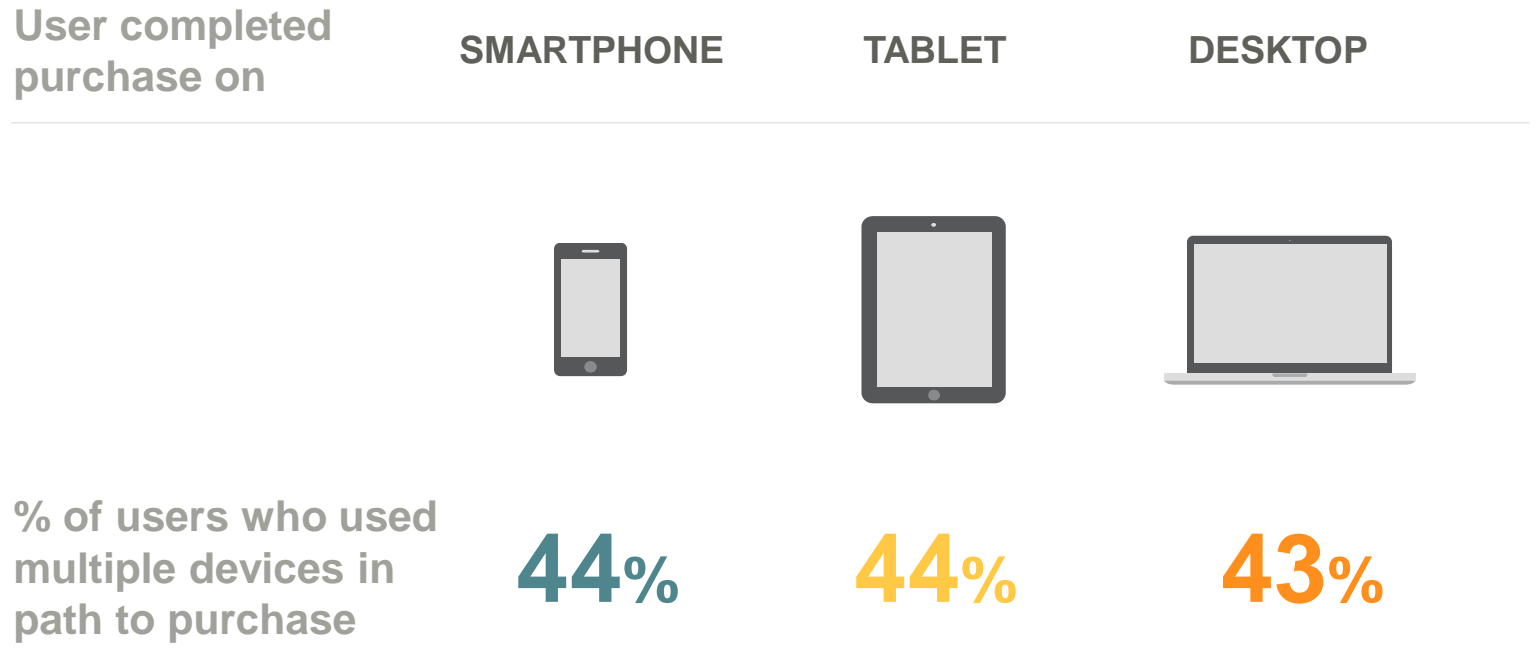
Includes consumers matched across multiple devices by a universal ID and/or hashed email.

Buyers use multiple devices, are you selling on them?

Criteo found that 43% of desktop transactions occurred after shoppers visited the same retailer's site on at least one other device or browser before purchasing.

Tablet transactions were the most likely to have multiple devices in the path to purchase, indicating that tablet buyers are most likely browsing on devices like desktops and smartphones before purchasing.

Cross-Device Share of eCommerce Transactions in Germany



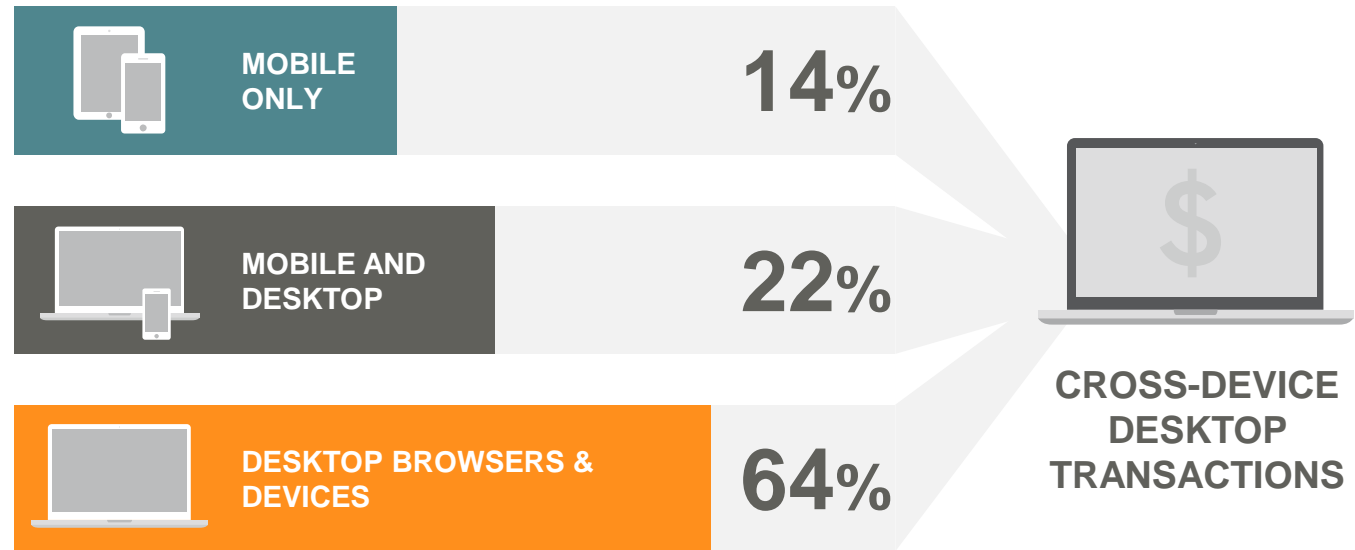
Four-in-ten cross-device desktop transactions include mobile browsing

Share of Retail Site Cross-Device Visits Prior to Desktop Transactions in Germany

Desktop still holds the lion's share of online eCommerce purchases, but mobile is playing an important role in browsing products on retailers' sites prior to purchase.

Nearly four-in-ten cross-device desktop purchases occurred after shoppers browsed a retailer's site on at least one mobile device.

Make sure your site is able to display all of your products across any screen to best represent and sell to customers.

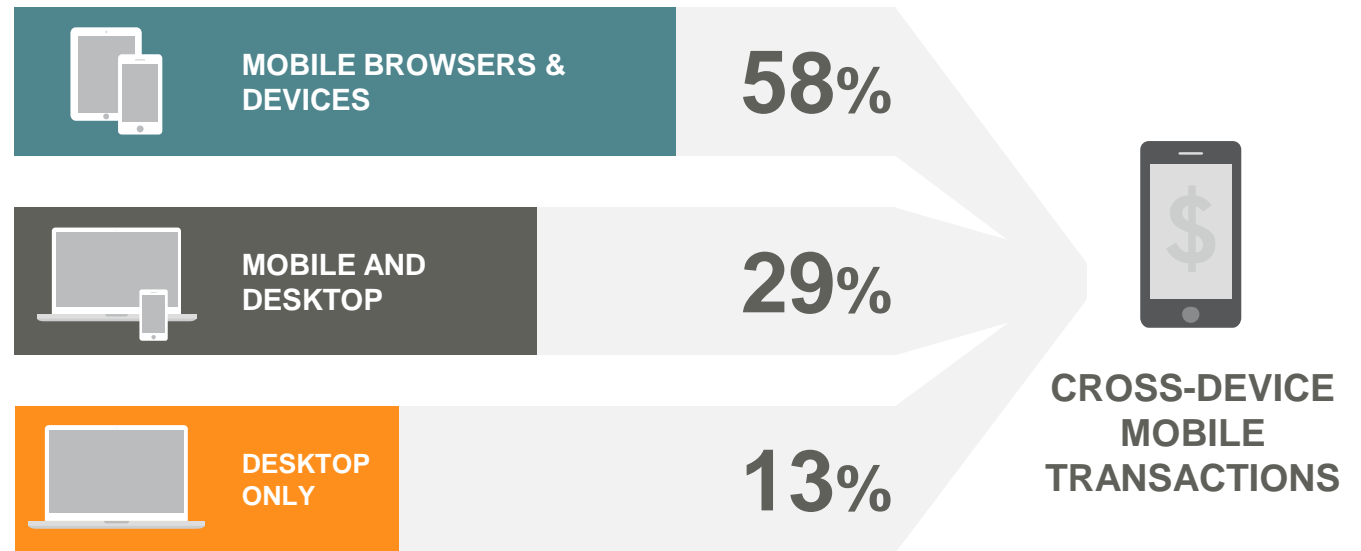


Half of cross-device mobile transactions are a result of mobile-only browsing

For mobile cross-device transactions, more than half of browsing occurred on mobile browsers and devices only, while another third occurred across both mobile and desktop.

This data shows that a slight majority of mobile cross-device purchases are mobile only, meaning this subset of shoppers never viewed the retailer's site on a desktop device.

Share of Retail Site Cross-Device Visits Prior to Mobile Transactions in Germany



#3

Apps drive more transactions and value by removing barriers to purchase

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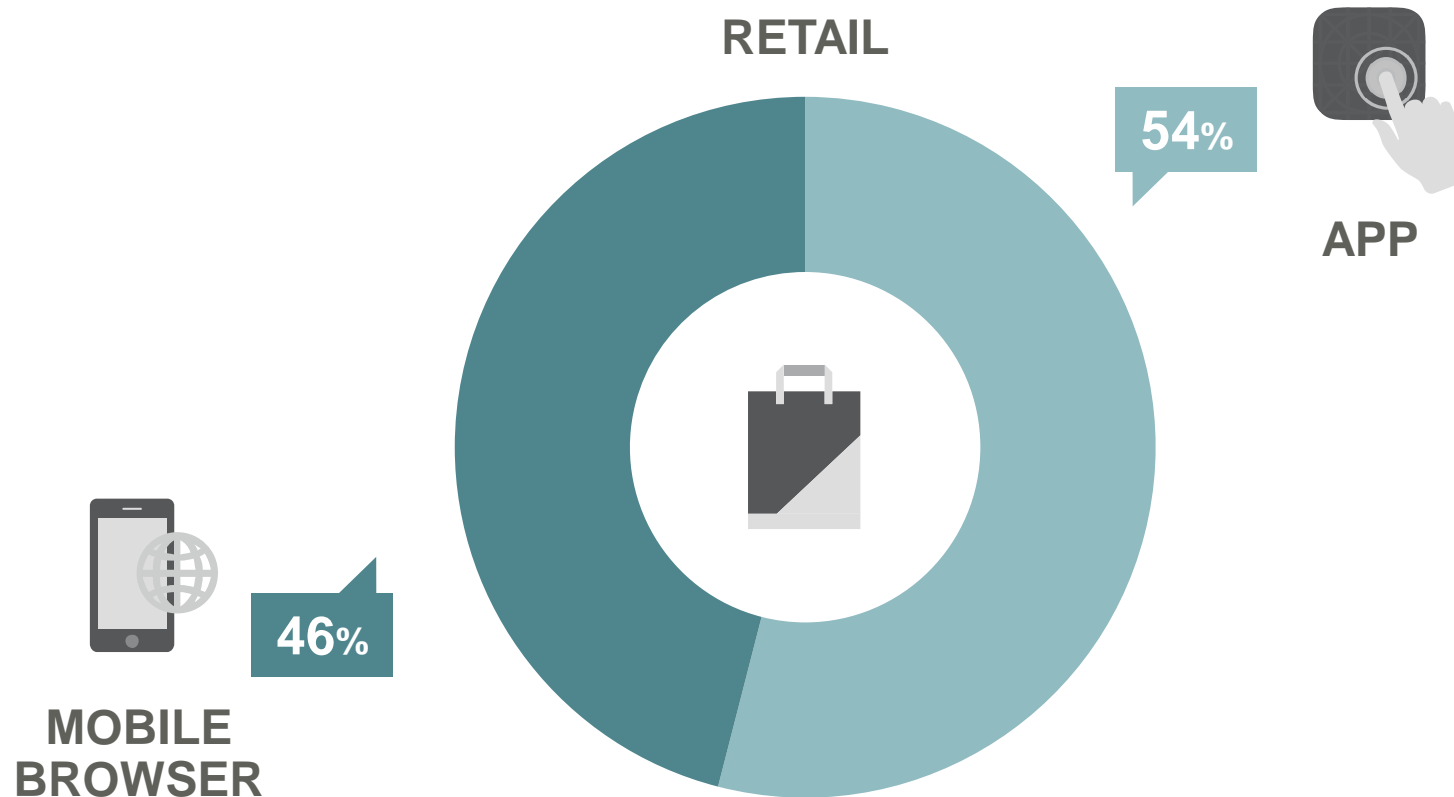


Invest in an app that highlights relevant products for each consumer

Retailers whose apps focus on providing shoppers relevant and useful products and remove barriers to purchase drive a higher share of transactions than mobile web.

Continuing the trend from past quarters, the overall share of app transactions consists of half or more of all transactions.

Global App vs. Browser Share of Mobile Transactions, Q4 2015

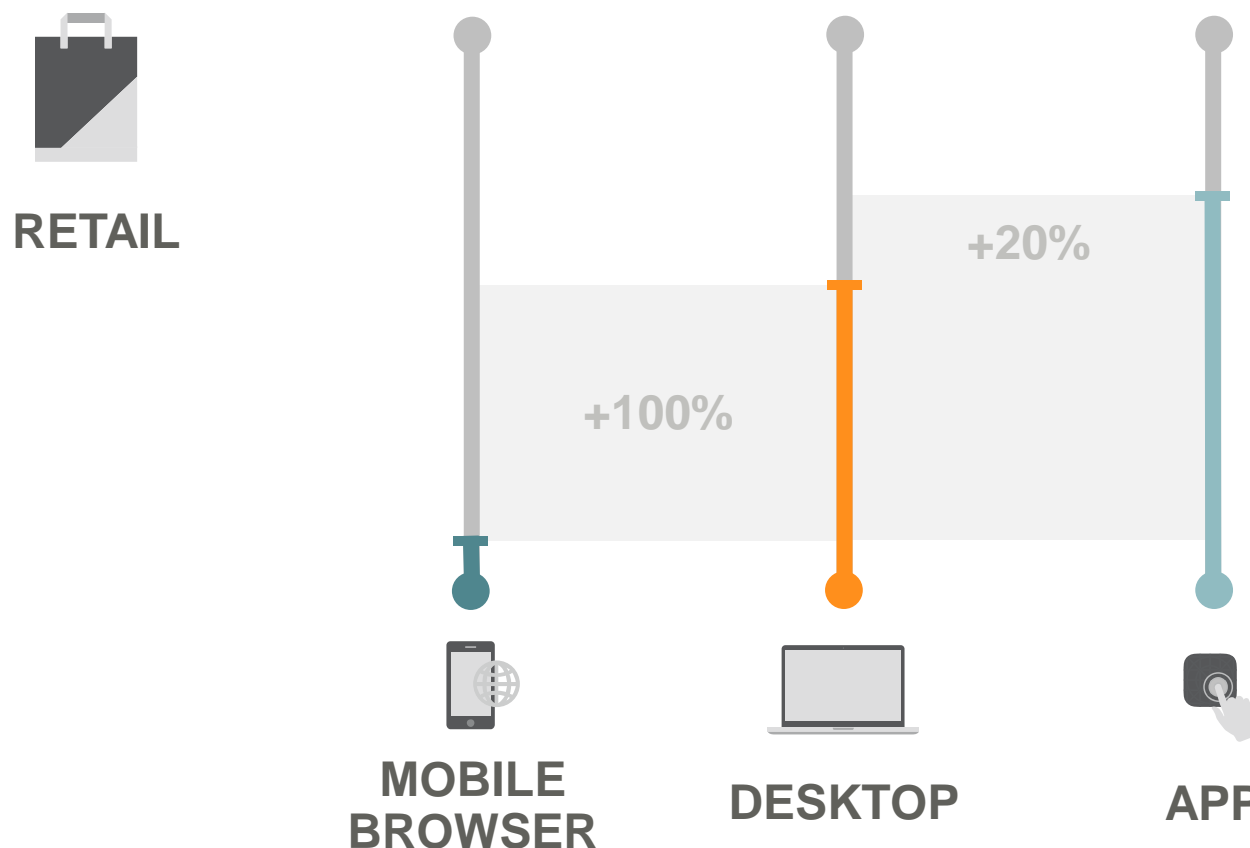


Apps convert better than desktops

Due to the native environment and additional control of the purchase path, retailers see a higher conversion rate on their apps than both mobile web and desktop.

Technologies like deep linking and mobile retargeting can help retailers drive sustained engagement and transactions in their apps.

Global Retail Mobile Conversion Rates, by Channel

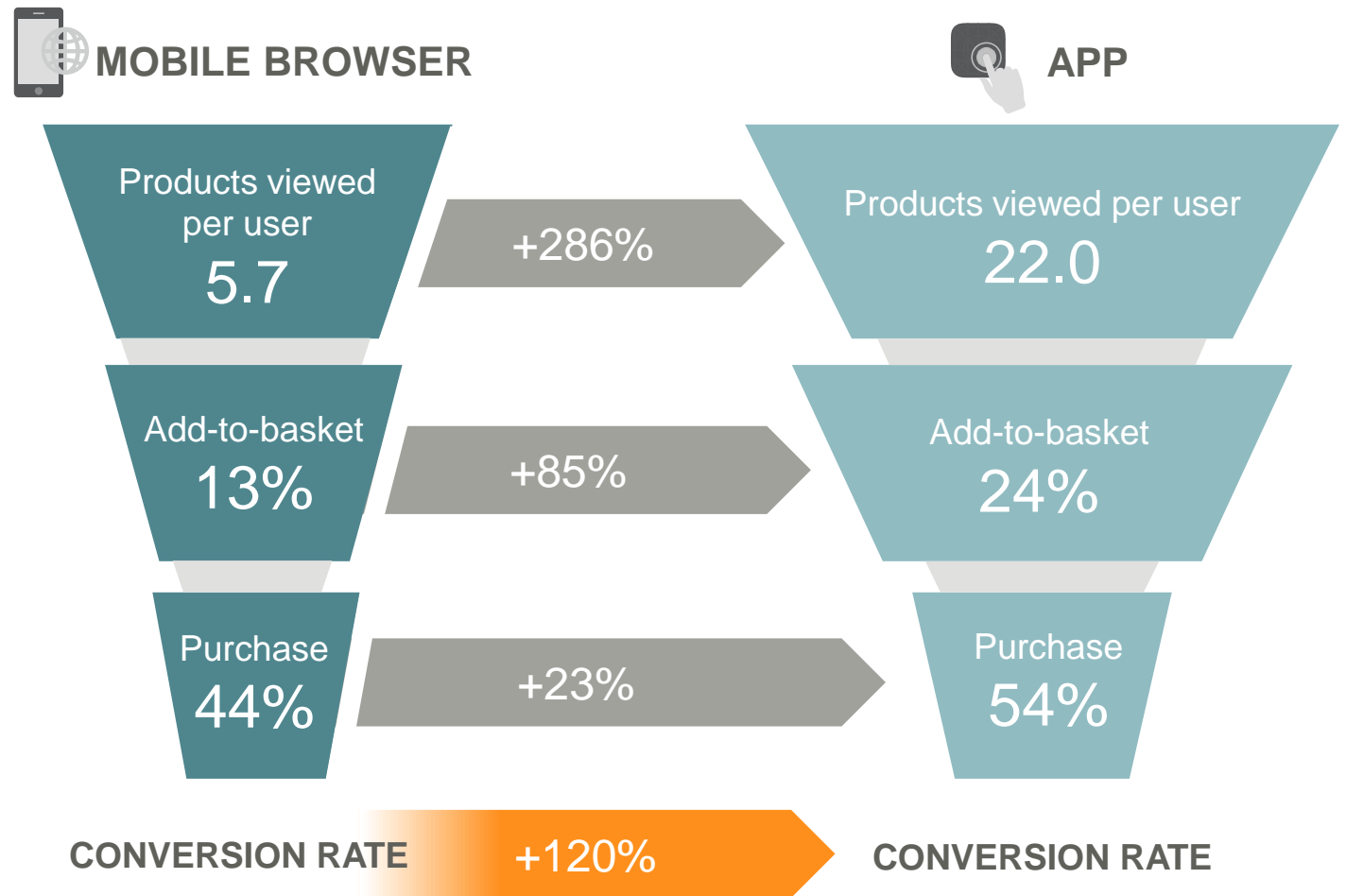


Apps beat mobile browsers at every stage in the funnel

The app conversion funnel is wider at every point of contact than mobile web, indicating that app users are your most loyal and dedicated shoppers.

In particular, app users browse almost four times as many products than mobile web. From that larger base, shoppers are almost twice as likely to add items to their basket in an app than in a mobile browser.

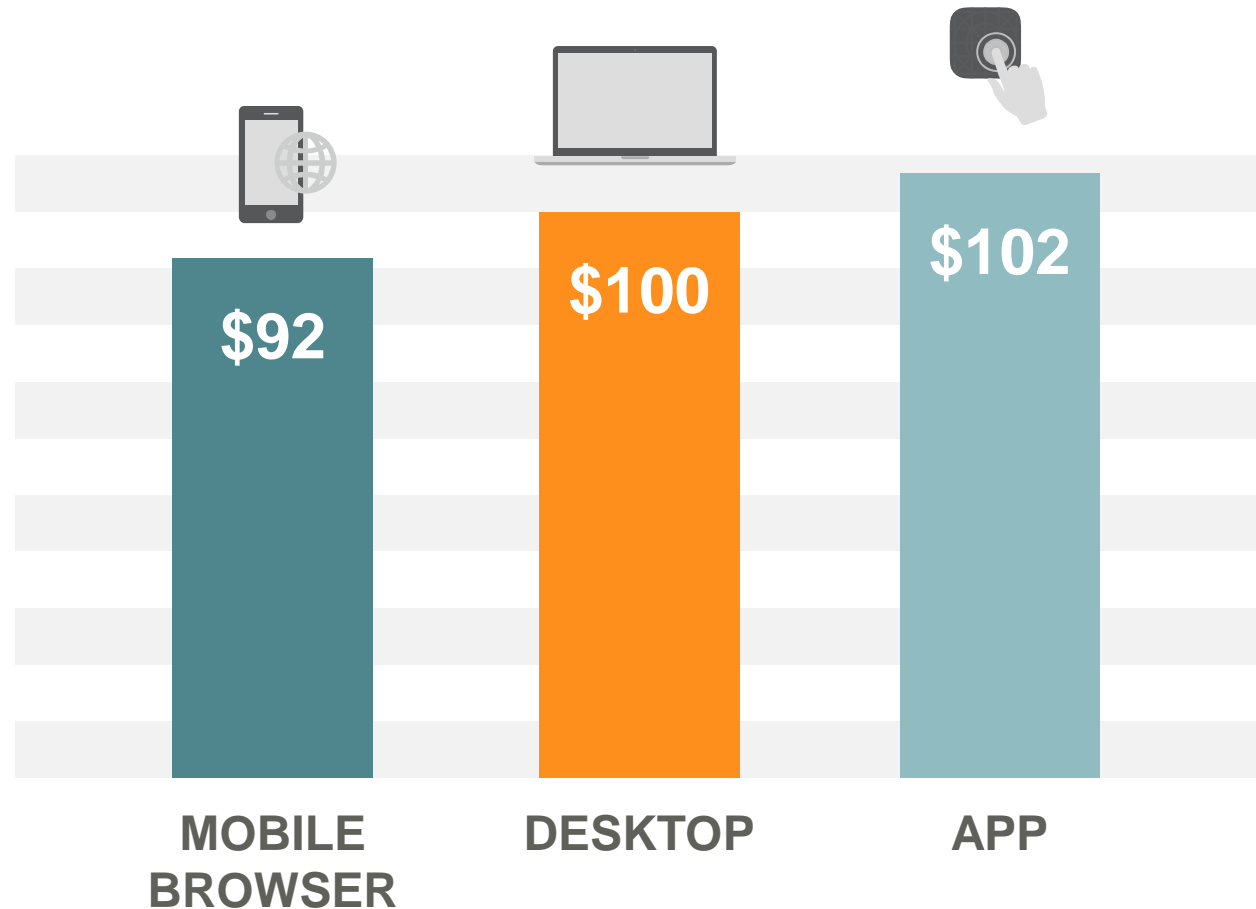
Global Retail Conversion Funnel, by Channel



Includes sites that have over 25% of eCommerce transactions on mobile, 10% of which are from mobile apps.

Per transaction, app buyers spend more than both mobile web and desktop

Global Retail Average Order Value Index, by Channel (vs Desktop)



Not only do apps convert a higher percentage of your customers, they also bring in more revenue per transaction.

Controlling the environment allows retailers to give customers engaging product content (i.e. videos, images, reviews) targeted to things like buying history and browsing behavior. This is more effective than generic targeting signals found on mobile web and desktop sites.

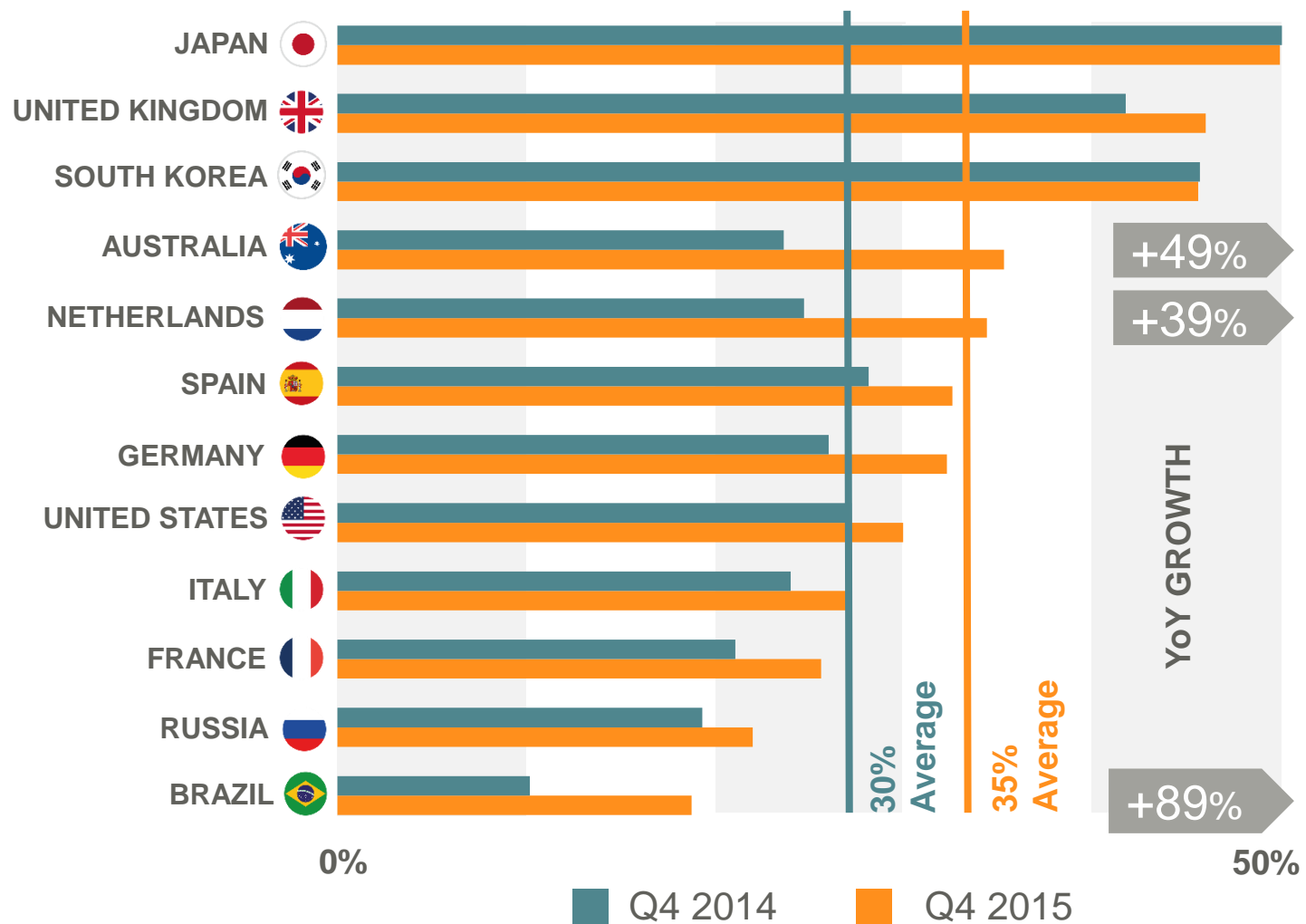
Global Mobile Retail Commerce Trends

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Globally, mobile accounts for 35% of retail eCommerce transactions

Mobile Share of Retail eCommerce Transactions, by Country



Japan, UK and South Korea make up the top three countries ranked by mobile share of transactions, globally. Advanced mobile countries remained constant while others are catching up.

The biggest gainers were UK, which passed South Korea for second, and Australia, which leapfrogged five countries to land in fourth.

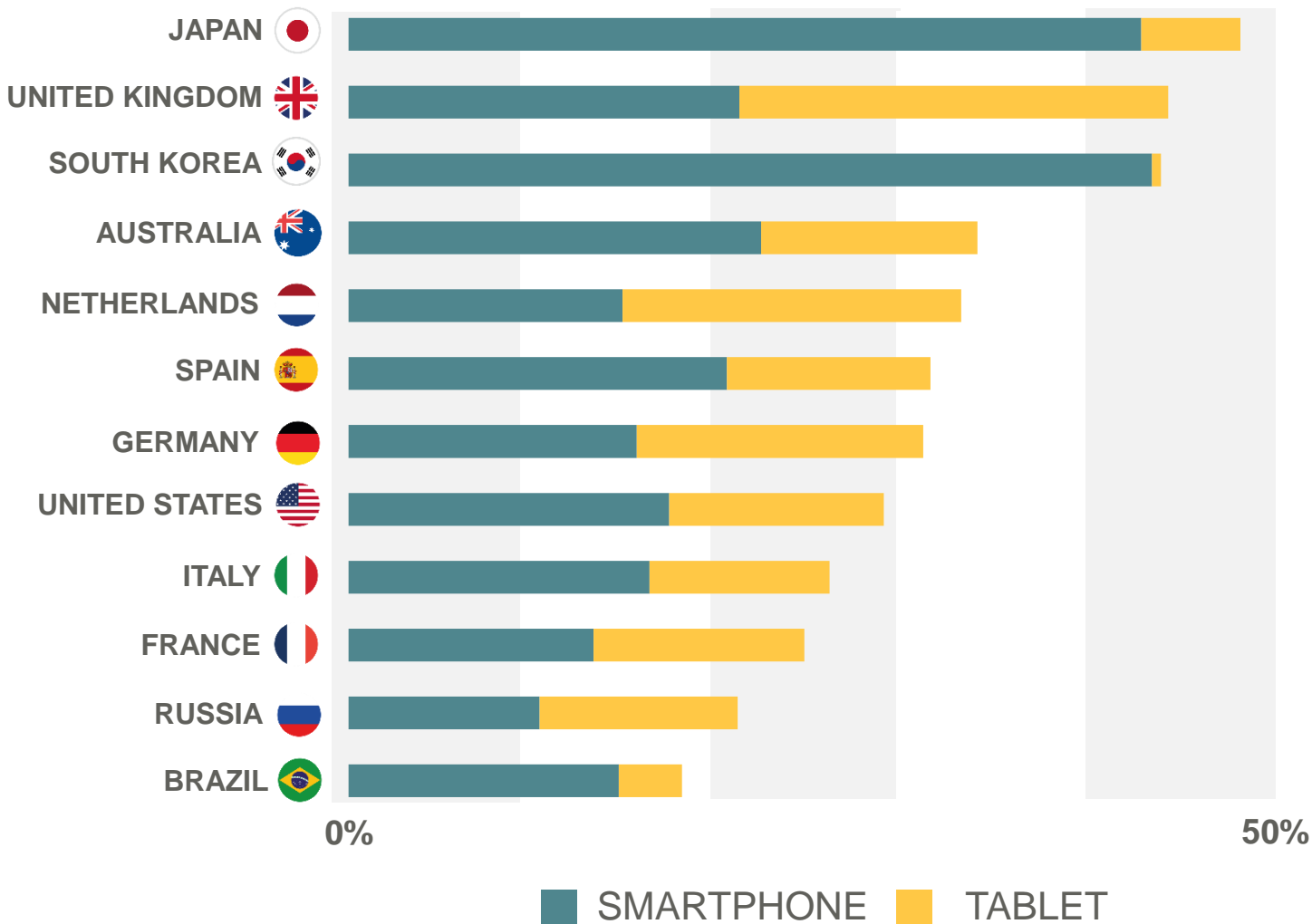
The US remains in the middle of the pack, but trails the global average along with Germany, France and Spain.

The smartphone is the mobile purchase device of choice in most markets

In most countries, the smartphone accounts for a majority of mobile transactions, contrary to the idea that tablets are the device of choice for shoppers. This trend is most pronounced in Japan and South Korea, the first and third country in respect to mobile transactions as a share of all eCommerce transactions.

The three exceptions are UK, Netherlands and Russia, which see a slight majority of mobile transactions on tablets.

Smartphone and Tablet Share of Retail eCommerce Transactions, by Country

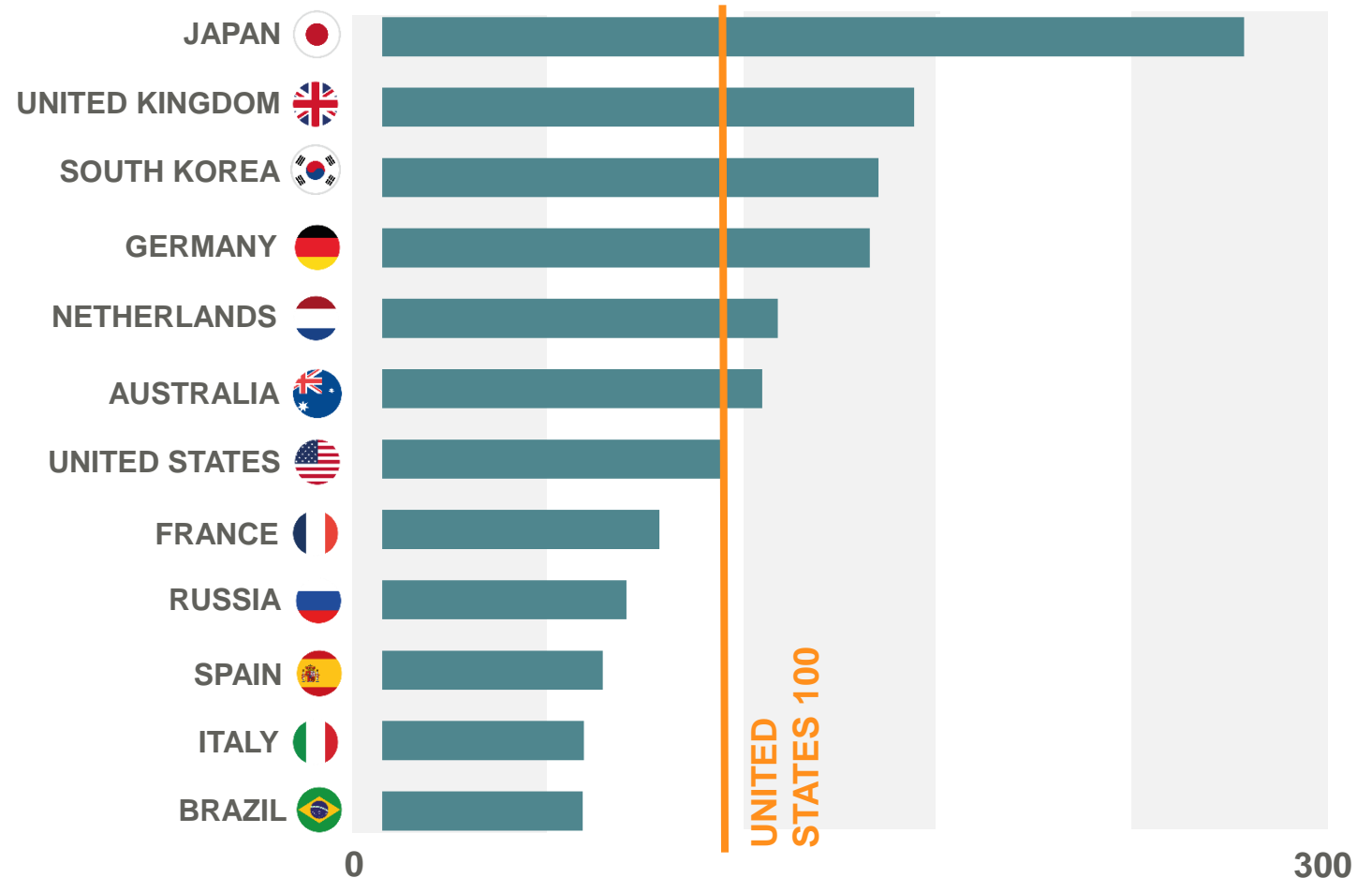


The US is still trailing advanced markets in mobile conversion rates

When compared to other countries globally, mobile conversion rates in the US come in near the middle of the pack, but the three leaders in mobile share of transactions (Japan, UK and South Korea) also dominate when it comes to conversion rates.

This is an especially interesting finding considering that Japan and South Korean mobile transactions are mostly conducted on smartphones, defying common logic that tablets almost always convert better.

Global Retail Mobile Conversion Rate Index (vs the US)



What's next?

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What does the future hold?

We see four big trends:

- **Growth in mCommerce keeps rolling.** MCommerce transaction share nears parity with desktop as retailers adopt customer-friendly mobile websites and transaction-driving apps.
- **Smartphones, now with larger screens, fast wireless broadband and seamless synchronization between web and app, will push mobile's share of commerce to parity with desktop.** Mobile devices are closing in on desktop in both conversion rates and average order value, while apps are performing better.
- **Across the board, apps will continue to drive business results.** Apps are an essential transaction channel that will continue to improve as best practices to boost conversion rates and average order values are adopted throughout the industry.
- **A great people-centric strategy will separate the professionals from the amateurs;** 2015 was a year of testing emerging solutions, but 2016 will be the year of implementation. Expect eCommerce businesses to implement their customer and device data to connect with people, not devices.

Individual transaction data analyzed



Over **3,300** online retail and travel businesses globally



1.7 billion transactions per year across both desktop and mobile sites



\$720 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

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 1,800 employees in 27 offices across the Americas, EMEA and Asia-Pacific, serving over 10,000 advertisers worldwide with direct relationships with close to 14,000 publishers.

Criteo ads reach over 1.1 billion unique Internet users (comScore, September 2015).

This and future Mobile Commerce reports can be found at:

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

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