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THE TABLET ECOMMERCE REVOLUTION

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Abstract

In the blink of an eye. Since the iPad -Apple's tablet- hit the market in April 2010, these devices have enjoyed unstoppable growth as new models are coming out at more affordable prices, such as one of the latest to arrive: Amazon's Kindle Fire.

This hybrid between a smartphone and a laptop computer has also meant a revolution in electronic commerce, so much so that there is talk of an e-Commerce tablet, or t-commerce, because figures show that users of these devices are very active online shoppers.

Where the tablets come from, their benefits compared to other devices, the reasons why their users shop with them and the outlook for future growth are just some of the areas covered in this report on the e-Commerce tablet revolution.

Tablets, the great invention... By Apple?

Although it might seem that it was the iPad that brought the tablet concept into our lives, it actually came about much earlier than the mobile device from [Apple](#). However, Apple has been responsible for turning it into what we know as a tablet today and making it one of the most desired products.

The first to use this concept was [Microsoft](#) in 2001, with the term Microsoft Tablet PC to describe a personal computer that uses the Windows XP Tablet PC Edition operating system with a touch or multi-touch screen.¹

However, today's tablets are not designed for PC processors and operating systems, rather they have their own operating systems and ARM mobile processors, adapted in most cases from those developed for smartphones or PDAs.

Some of the operating systems used most are the [Google](#) family, which include Android 2.x, 3.x (Honeycomb) and Ice Cream Sandwich (to support Flash beginning in December 2011) used by [Samsung](#), [HTC](#) or [Motorola](#), iOS in the Apple iPad and iPad2 devices, and RIM Blackberry Tablet OS created for the [BlackBerry](#) PlayBook.

It is unquestionable, however, that the real take-off of this type of device is due to the arrival in April 2010 of a device created especially for browsing, checking e-mail or reading the media and books: the iPad by Apple. Since the appearance of this hybrid between a smartphone and a laptop computer, growth in sales and interest for this type of devices has skyrocketed, so much so, that they now represent 5% of the computer market.

¹ Information taken from Wikipedia

Spectacular data

The fact that tablets are here to stay is demonstrated by spectacular sales figures: in 2010, when it was first introduced, the iPad sold 14 million units, followed by 2 million units sold by its most direct competitor: Samsung. In 2011, [Gartner](#) expects sales to reach 70 million tablets: an increase of nearly 300%, of which 50 million would be for the Apple device. And by 2015, there will be 290 million sold around the world.

A study by [eMarketer](#) on the American market indicated that by the end of the year, 33.7 million Americans will use a tablet at least once a month -158.6% more than last year, while in 2014 one out of three Americans (90 million people) will use these devices.

A great variety of tablets have also sprung up with more or less functionality, to the point where the 30 manufacturing brands that existed at the end of 2010 have grown today to 102, developed by 64 different manufacturers. Prices are increasingly more competitive, in an attempt to attract different consumer segments than the leaders in order to expand the market.

As regards the use of the devices, a [survey by Google](#) in March 2011, in the United States, revealed that 43% of those surveyed now use their tablets more than computers, both laptop and desktop, while 77% indicated that they use these devices less now that they have a tablet. Some 68% spend at least one hour a day using it, especially at home (82%), at night (62%) and on workdays (69%)

With these figures, it is not surprising that other related industries have set their sights on this coveted product and are now starting to try to figure out how to benefit from this present and future tablet boom. Among them is the electronic commerce sector, which has taken some steps toward positioning itself for the challenge.

Solutions for eCommerce

Some of the major players in global e-Commerce saw the great potential of this new medium right from the start and set out without hesitation to adapt their sites or to create new tablet-specific applications.

Among those that adapted their web pages was [Amazon](#), which recognized the possibilities of this product and reviewed its design, increasing the size of the buttons and adding the option of shopping by department to make it compatible with the format shown on the tablets. It was so sure that these devices represented a magnificent opportunity that in October 2011 it launched its own low-cost tablet, the Kindle Fire, to enter into the business not only as a beneficiary of this advancement as an e-tailer, but also as a manufacturer. Given the wonderful acceptance of another device by the company, the Kindle e-book reader, it could become one of the sector giants.

Among those opting for specific applications, [Vente.privee.com](#), a pioneer in online private sales that has just celebrated its 10th anniversary, was among the first, launching in June 2010, just two months after the roll-out of the iPad, applications for this product, for the iPhone and for Windows Phone. In May 2011, they added an application for Android to their offer. "We are quite committed to this channel that, today, represents over 10% of our sales and has over 1.85 million users who access the website through mobile Internet devices".

Other companies that successfully created applications for this medium include [eBay](#), [Net-a-porter](#), [ASOS](#), etc. However, of the world's top 10 e-tailers (Staples, Apple, Dell, OfficeDepot, Walmart, Sears, LibertyMedia, OfficeMax, CDW and BestBuy) only the creators of the iPad have a version for this device. And in Spain, the data are even worse.

Is it better to create an application or to adapt the website to this medium? There are conflicting opinions on this point, since while the applications enable greater content personalization for the consumer, there are some who believe that it is more convenient for the user to simply browse a site that has been adapted than to have to download different applications for each page. It might be necessary to analyze which option provides the greatest benefits on a case-by-case basis, depending on the budget and the possibilities to be offered to the consumer.

Better than smartphones

Although they have not been around long and there is still a lot to do to adapt the e-tailers' websites, tablets have become a great ally for electronic commerce from the start. That is why the term t-commerce has started to be used to refer to online purchases made with this medium.

Why do they work so well for online sales? Compared to desktop PCs, they offer mobility, and they are more convenient to carry around, since they are smaller and lighter than a laptop computer. Because they are mobile devices, they make it possible to search for products and to buy them from anywhere at any time, just like smartphones. But their advantage over smartphones is that they offer new shopping experiences because of the powerful applications that are being developed and the characteristics of the medium – larger screen to facilitate viewing, accelerometer, audio recognition, gyroscope, camera, etc.–.

The [eConsumer Services Index \(eCSI\) by eDigitalResearch and IMRG](#) showed in late August 2011 that tablet owners are connected more with retail brands, shop more on line and visit more web pages than smartphone users. In fact, 30% of tablet users have used this device to shop online, compared to just 25% of smartphone users.

The report by [Forrester "Why Tablet Commerce May Trump Mobile Commerce"](#) on the United States shows that although just 9% of all shoppers own a tablet, sales already represent 20% of all mobile online sales, and 60% of the users of these devices have shopped online. Mobile phones are used to compare prices and to receive online coupons, but it is frustrating to use the small screens to search for products or enter payment information, which is why users, especially young people, prefer tablets for shopping.

This greater disposition to shop is reflected in the conversion rates for e-commerce sites. [Shopatron](#) gave a questionnaire to over 800 online retailers in the United States and found that those who accessed the sites from the iPad bought seven times more than those who did so through smartphones. It also showed that they spent more time on the page, bought 50% more than traditional online consumers, responded better to advertisements, had a better conversion rate than PC users and had a lower cost per click. That makes these users a highly coveted target.

It's a man thing

The composition of that target was revealed in a recent study by [Comscore](#), conducted in Spain, the United Kingdom, Germany, France and Italy, presenting profiles of mobile devices users. Although this type of device is used by both sexes almost equally -women have a slight edge with 50.5% -, in the case of the iPad, it seems to be a man thing, since the percentage is 62.4%.

By age, although it might seem that younger people are the first to access new technologies, the 25 to 34 year-old age group has the greatest percentage, with 23.4%, followed by those between 35 and 44 years old, with 21.6%.

The products desired most by these consumers, according to another study by Jumtap and Comscore, are tickets (38%), daily offers or deals (38%), clothes (36%), travel (33%), books, games and movies (33%), entertainment electronics (32%), gift flowers (30%), services (26%), daily use products (25%), and sporting goods (25%).

Taking up positions

Looking to the future, sources at [vente-privee.com](#) told us that "it is a challenge in the short term, but in the medium term we are talking about coexistence between e-commerce and m-commerce. The next step depends in large part on technology and how it progresses. Undoubtedly, the trend is toward technology becoming more invisible, convenient and smaller in size, so tablets are a great breeding ground".

The coexistence mentioned by the online private sales company makes it necessary for the e-Commerce sector to adapt. Given the speed at which mobile devices in general -and tablets in particular- are expanding, it is important to hurry and take up positions; to arrive first and make this medium a competitive advantage.