MOBILE BENCHMARK REPORT

ADOBE DIGITAL INDEX AUGUST 2015

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Introduction

Consumers turn to apps and mobile browsing for different tasks in their daily lives. For instance, when consumers are researching financial topics or products, they tend to browse. However, when they are checking their own account information or actually buying, they tend to turn to apps.

As a result, it is not an 'either/or' scenario—marketers need to provide what their customers want for a range of tasks.

RESEARCH/SEARCH TOPICS

FINANCE	59%	41%
SHOPPING	60%	40%

REVIEW ACCOUNTS/BUY

FINANCE	36%	64%
SHOPPING	43%	57%

MOBILE WEB BROWSER   MOBILE APP
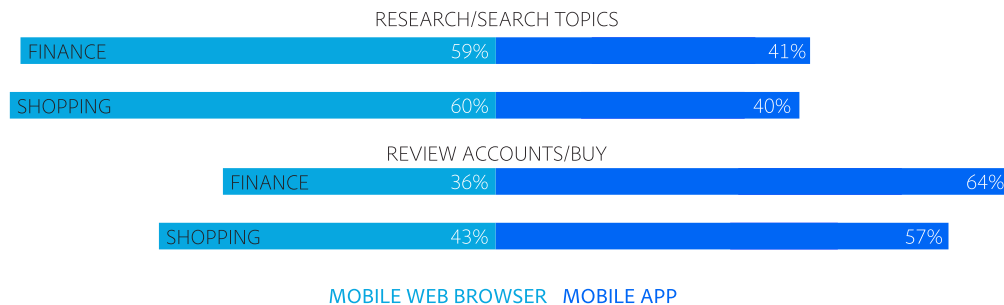
CONSUMER DEVICE PREFERENCE BY ACTIVITY (JULY 2015)
SOURCE: ADOBE US CONSUMER SURVEY

Mobile browsing and app usage create a sizeable slice of the total touchpoint pie
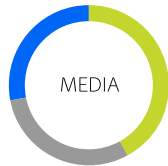
Finance: almost **1 in 5** contacts is via apps. Half are still desktop visits.

Shopping: Apps play a small role; **<10%** of total footprint. Mobile browsing accounts for half of activity.

In **Media**, over **40%** of contact is via an app. Another **25+%** comes from mobile browsing.

LAUNCHES DESKTOP VISITS MOBILE VISITS

SHARE OF ACTIVITY BY APPS AND MOBILE, DESKTOP BROWSING (1H 2015)
SOURCE: ADOBE MOBILE SERVICES AND ADOBE ANALYTICS

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FINANCE

SHOPPING

MEDIA

Among a selection of top brands, mobile accounts for more than half of all contact with consumers.

The split between using and app and web browsing depends on the task at hand:

- Mobile browsing is appropriate when consumers search for options, reviews and best pricing across sources.

- Apps work best when high fidelity content and or sensitive information is involved.

- Desktop still has a role in transactional and secure environments.

"Flipkart to become app-only platform; to shut down mobile website."

Both browsing and app usage grows YoY

Mobile continues to grow and is now the preferred way to explore and interact with brands. Apps are not replacing mobile browsing, but rather complementing it.

Visits based on mobile browsing are up **16% YoY**. App usage continues to exhibit strong growth with **51%** more app sessions being launched this year compared to last. (Q2 2015 to Q2 2014).

- APAC (+52%)
- North America (+54%)
- EMEA grew slower (+32%)

The top 20% of sites are already passed the tipping point where more than half of their traffic is mobile. And at specific times, e.g. holidays, the proportion of mobile traffic can exceed 70%.

It is not a question of if or even when, but rather how do we become mobile first, if not mobile only.

+51% LAUNCHES
+16% VISITS

INDEX 100

VISITS   LAUNCHES

APRIL **2014**   NOV **2014**   JUNE **2015**
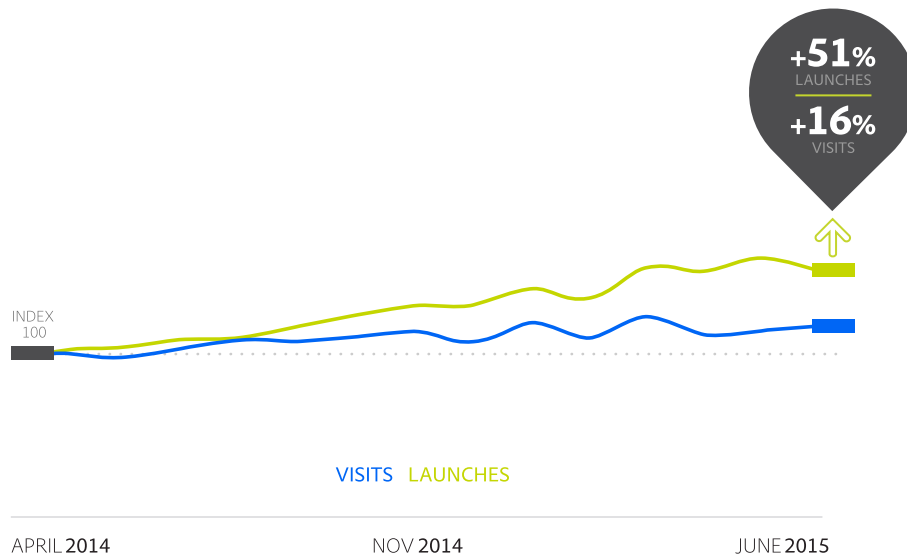
GROWTH IN MOBILE BROWSING AND APP LAUNCHES
SOURCE: ADOBE MOBILE SERVICES AND ADOBE ANALYTICS

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Majority of both launches and browsing come from smartphones
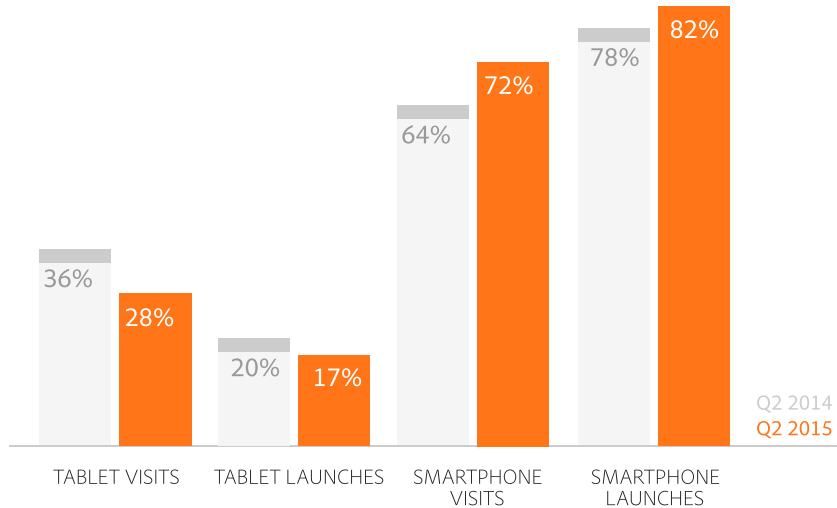
VISITS AND LAUNCHES BY DEVICE
SOURCE: ADOBE MOBILE SERVICES AND ADOBE ANALYTICS

Mobile moments are most often smartphone sessions.

In Q2 2015 smartphones account for the vast majority of app launches (82%); tablets account for 17%. A year earlier the figures were 78% and 20%, respectively.

For apps, the gap between smartphone and tablet continues to widen in all three regions. YoY growth rates for smartphone and tablet launches are as follows:

- APAC: 47% and 37%
- EMEA: 35% and 15%
- North America: 66% and 23%

While tablets are more important when browsing, accounting for nearly 3 out of 10 visits, that specific use declined 23% YoY. This trend follows consumer sentiment where consumers define the smartphone as their primary device 83% of the time; the tablet is the main device only 16% of the time. (Survey-US)

Tablet and smartphone usage for apps and browsing

Smartphone dominance varies across industries.

When compared to tablets, smartphones account from a high of 90% of app interactions in Finance and to a low of 63% of browser-based visits in Shopping.
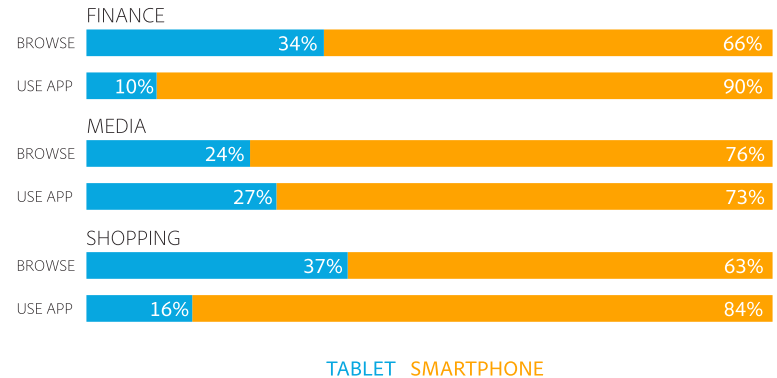
And within categories there are consumer preferences.

When playing games via apps, the tablet is much preferred to the smartphone with over half of the launches on a tablet.

The larger screens of tablets are preferred for Television & Movies regardless of app or browsing. The same is true for Home & Garden sites and Coupon sites.

Music tends to be more smartphone centric, as do Tickets and Cosmetics.

Sports, Books and News move in opposite directions – for apps there is a higher share of smartphone launches; but browsing shows a preference for tablets. These are categories where clearly BOTH an app and mobile browsing strategy is required.

FINANCE
BROWSE 34% 66%
USE APP 10% 90%

MEDIA
BROWSE 24% 76%
USE APP 27% 73%

SHOPPING
BROWSE 37% 63%
USE APP 16% 84%

TABLET   SMARTPHONE

ADOBE DIGITAL INDEX 2015

SHARE OF APP USAGE BY DEVICE AND INDUSTRY (Q2 2015)
SOURCE: ADOBE MOBILE SERVICES AND ADOBE ANALYTICS

Acquisition of app users

Installation of apps shows a rise thru the holiday season, but slower growth throughout the rest of the year.

While there are more apps to choose from (up over 25%) consumers are being more selective in which ones they choose to install. The average app tracked saw new monthly installs increase 5%.

+5%
GROWTH
YEAR-OVER-YEAR

INDEX
100

APRIL **2014**　　　NOV **2014**　　　JUNE **2015**

ADOBE DIGITAL INDEX 2015
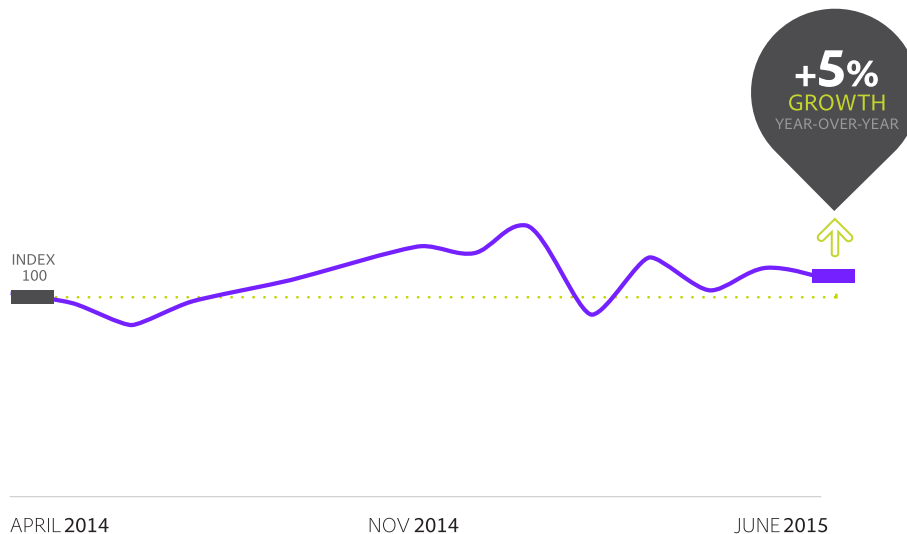
APP INSTALLS OVER TIME
SOURCE: ADOBE MOBILE SERVICES AND ADOBE ANALYTICS

Acquisition of users over time

The strength of a brand influences how fast consumers adopt an app.

- Of the apps that don't fizzle and die, they follow one of two patters in their first nine months of life — they either see an initial spurt of activity or a slow rise.

- Apps launched in the first half of 2014 were divided into to groups: Popular apps (defined as being in the top 25%) see accelerated up take after launch, smaller or niche apps (bottom 25%) see a more steady growth pattern.

- Regardless of the size of the installed base, successful adoption requires sustained marketing effort and doesn't follow the "Field of Dreams" model of 'build it and they will come.'

LARGE APPS   SMALL APPS
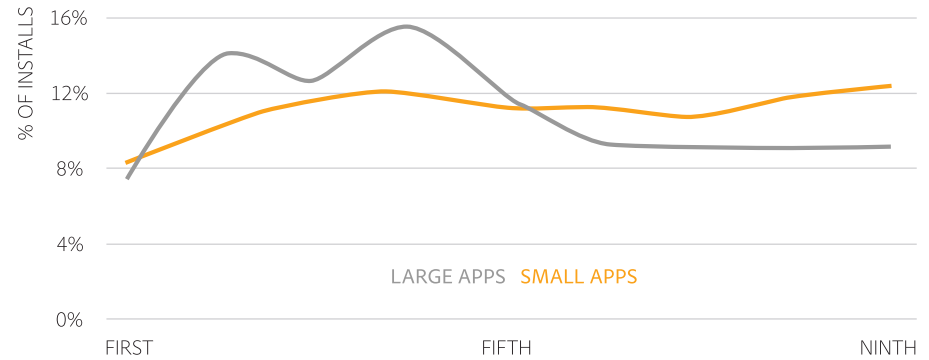
APP ADOPTION FROM RELEASE DATE
SOURCE: ADOBE MOBILE SERVICES AND ADOBE ANALYTICS

App launches indicate two segments

NUMBER OF APP LAUNCHES

MEDIA & ENTERTAINMENT   FINANCE   SHOPPING

1   LAUNCH NUMBER   99
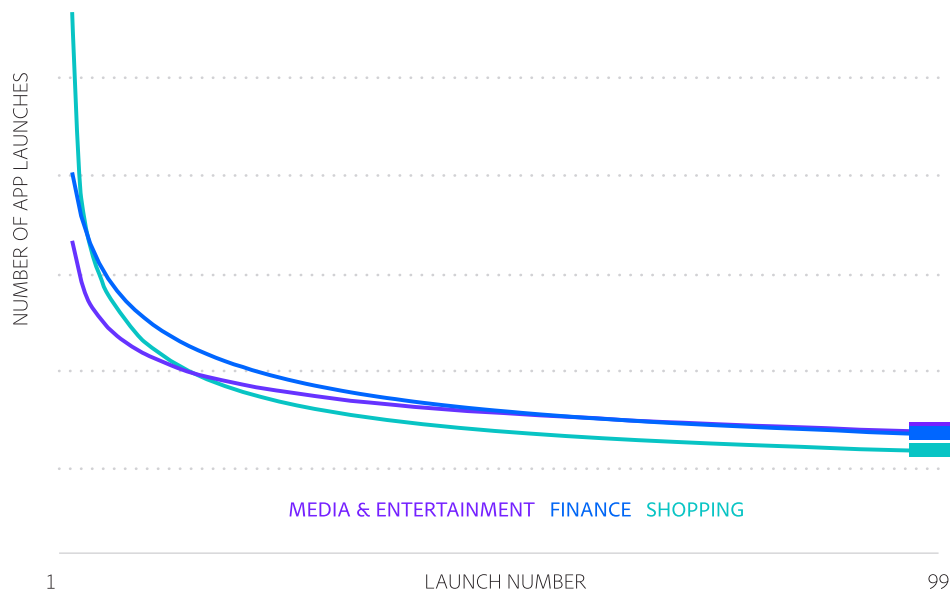
NUMBER OF TIMES AN APP IS LAUNCHED
SOURCE: ADOBE MOBILE SERVICES AND ADOBE ANALYTICS

Consumers appear willing to experiment, but the number who become loyal can drop quickly.

- 1 in 4 consumers abandon an app after one session

- Media and Entertainment sees higher usage rates and lower abandonment than Shopping.

- "Downloads" alone as a key metric is insufficient to measure the long term utility of an app.

Average App Usage and abandonment rate over 2.5 years of data :

- Finance – 17.2 times, 25.2%

- Media – 21.1 times, 23.8%

- Shopping – 13.5 times, 26.8%

Total app usage erodes over repeated use
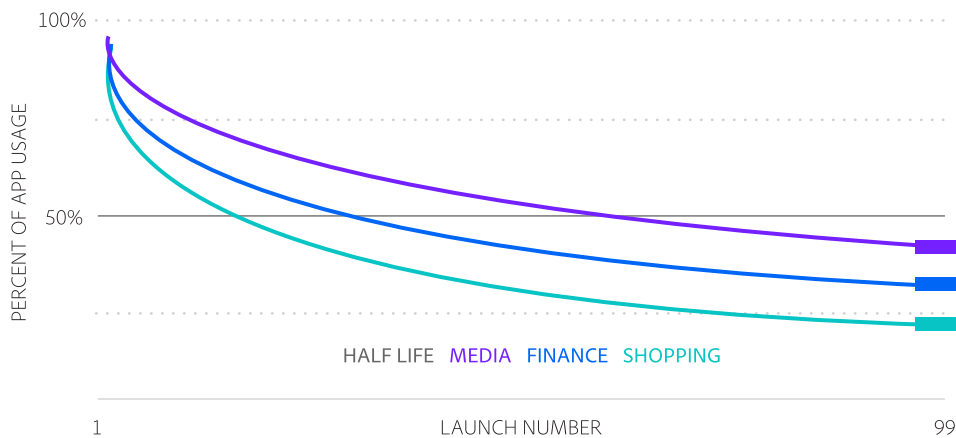
DECAY IN APP USAGE
SOURCE: ADOBE MOBILE SERVICES AND ADOBE ANALYTICS

Apps lose their holding power over time, either due to fatigue or a better mousetrap.

An app hits the point at which it accounts for **50%** of its total life span in as little **as 5-6 months** since installation.

Refresh cycles, personalization, value added content and new features must be considered on rather short time frames.

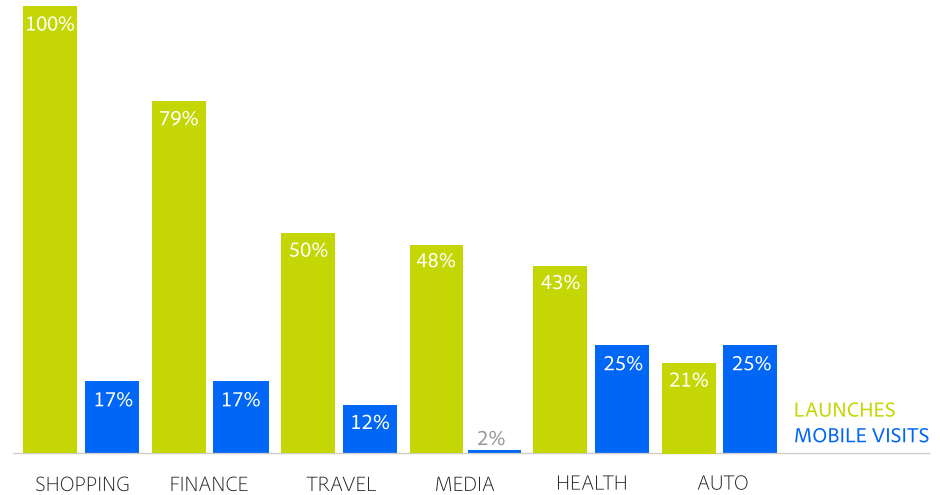Acquisition activities and campaigns can never let up.

Growth in app usage and mobile browsing varies by sector

Apps are growing more than mobile browsing at different rates across industries.

- Short term transactional categories like shopping and finance saw the greatest app growth YoY. Shopping activity doubled (+100%) YoY; Finance is up 79%.

- Media, as the largest category overall, saw moderate growth (+40%).

Top two **mobile** activities by category: (US survey)

- **Finance:** review account information, conduct transactions

- **Shopping:** receive promotions, specials or searching for products

- **Media & Entertainment:** follow social media and access local information

- **Travel:** use maps or directions, check reviews

LAUNCHES
MOBILE VISITS

	SHOPPING	FINANCE	TRAVEL	MEDIA	HEALTH	AUTO
Launches	100%	79%	50%	48%	43%	21%
Mobile Visits	17%	17%	12%	2%	25%	25%

APP LAUNCH AND MOBILE VISIT GROWTH YOY Q2 2015
SOURCE: ADOBE MOBILE SERVICES AND ADOBE ANALYTICS

Regions exhibit different growth patterns

YoY growth in shopping apps is strongest in APAC and North America. EMEA sees strength in Finance which is recognized as an area of innovation.

MEDIA
FINANCE
SHOPPING

APAC · EMEA · NORTH AMERICA
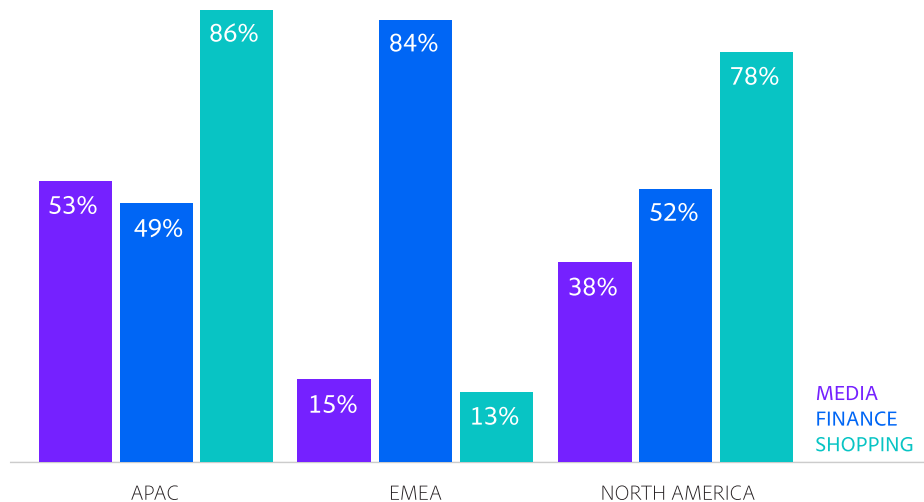
APP LAUNCH GROWTH BY INDUSTRY AND REGION YOY Q2 2015
SOURCE: ADOBE MOBILE SERVICES AND ADOBE ANALYTICS

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2015

Over half of all mobile activity occurs via Wi-Fi connections

SMARTPHONE
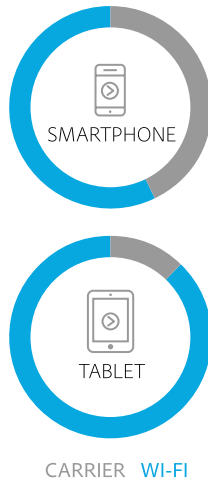
TABLET

CARRIER   WI-FI

APP LAUNCHES BY CONNECTION TYPE
SOURCE: ADOBE MOBILE SERVICES AND ADOBE ANALYTICS

Consumers leverage Wi-Fi connections when launching apps for speed and potentially saving on data fees.

- This is most evident on tablets where 88% of launches during Q2 2015 are via Wi-Fi.

- Tablets can best be described as stationary devices used mostly at home (85-90% - survey).

- Smartphones are much closer to an equal split (57% of launches are Wi-Fi).

Two opposing forces impact this trend:

1. As mobile carriers revise their bundles to include more and/or less expensive data to stay competitive we're likely to see a shift toward carrier-based connections.

2. As Wi-Fi becomes even more prevalent, including cars, consumers may simply cancel their contracts – as they've done with tablet data plans.

Device, connection, industry dynamics of app usage

TRAVEL

HEALTH

AUTO

FINANCE

SHOPPING

MEDIA

MOBILE CARRIER

CONNECTION

WI-FI

TABLET   DEVICE TYPE   SMARTPHONE

WIFI-TABLET USAGE Q2 2015
SOURCE: ADOBE MOBILE SERVICES AND ADOBE ANALYTICS
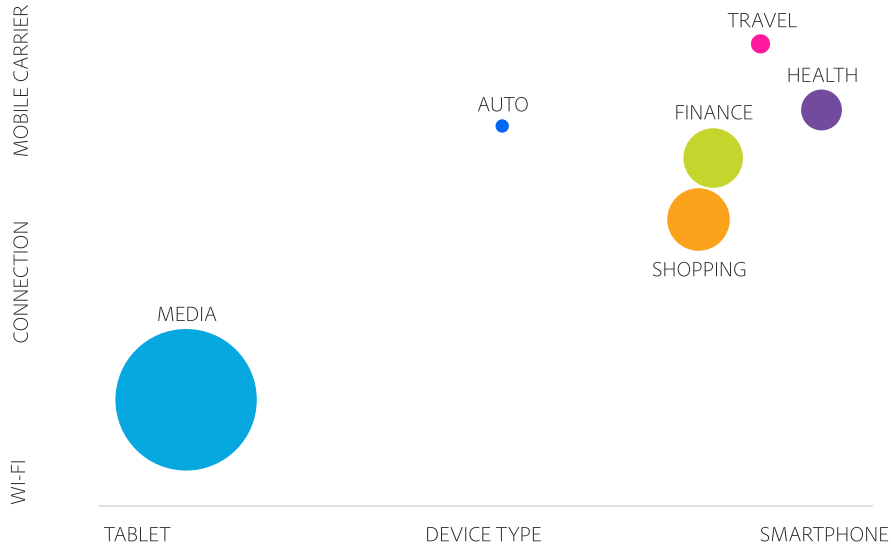
Content consumption reflects consumer preferences for device and connection.

- The high-value, high-fidelity content of Media & Entertainment leans toward tablets and Wi-Fi connections.

- The rest of the industries cluster around smartphones and mobile carriers where people can be out and about.

- Developing an app strategy requires fully understanding what consumers are trying to accomplish, and where they need help.

Smartphone traffic relates to digital health and growth

Top **20%** based on Visits Q2 2015:
34% of traffic, growing at **37%** YoY

Top **20%** based on Growth YoY:
30% of traffic, growing at **39%** YoY
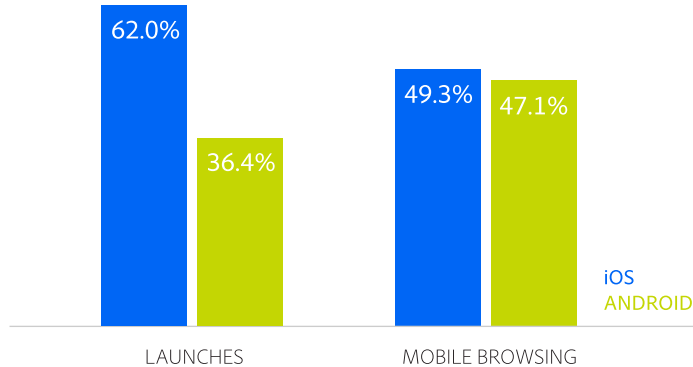
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DIGITAL
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2015

IMPORTANCE OF SMARTPHONE TRAFFIC
SOURCE: ADOBE MOBILE SERVICES AND ADOBE ANALYTICS

All sites are not experiencing the same growth rates. Smartphone traffic appears to impact the health of website: Bad experiences, lack of functionality, non-optimized sites can impact key website metrics.

- The top 20% of sites in terms of total visits see nearly 30% more traffic from smartphones than other sites. And they are growing at faster rate putting more distance between the "Best" and the "Rest".

- The fastest growing sites also see more smartphone traffic – 10% more smartphone that is growing at faster rate (+39% vs. +28%). than sites with slower growth or declining.

- This would suggest that there is a smartphone halo effect that carries over to the overall site reinforcing the need to view consumer interactions from a holistic perspective rather than by device.

Operating system share: Launches, mobile browsing

62.0%

49.3%   47.1%

36.4%

iOS
ANDROID

LAUNCHES   MOBILE BROWSING

METRICS BY OPERATING SYSTEM: Q2 2015
SOURCE: ADOBE MOBILE SERVICES AND ADOBE ANALYTICS

App launches skews toward iOS even though more Android™ sells more handsets.

- iOS and Android continue the trend reported in the Fall of 2014 with a 62:36 split in terms of app launches and 49% and 47% of mobile browsing.

- A potential reason is that Apple® phones cost twice Android phones which sells a substantial number in the sub $200 market.

- One of the tradeoffs for a lower price is a reduction in space for personal apps after native, social and communication apps are accounted for

- Demographics such as education, income skew higher for owners of iOS devices* providing insights into who is using apps.

* Source Pew Internet's "Smartphone Ownership Report"

Smartphone browser shares

iPHONE 6

60%

50%

40%

SAFARI CHROME

JAN **2014**   JUNE **2014**   DEC **2014**   JUNE **2014**
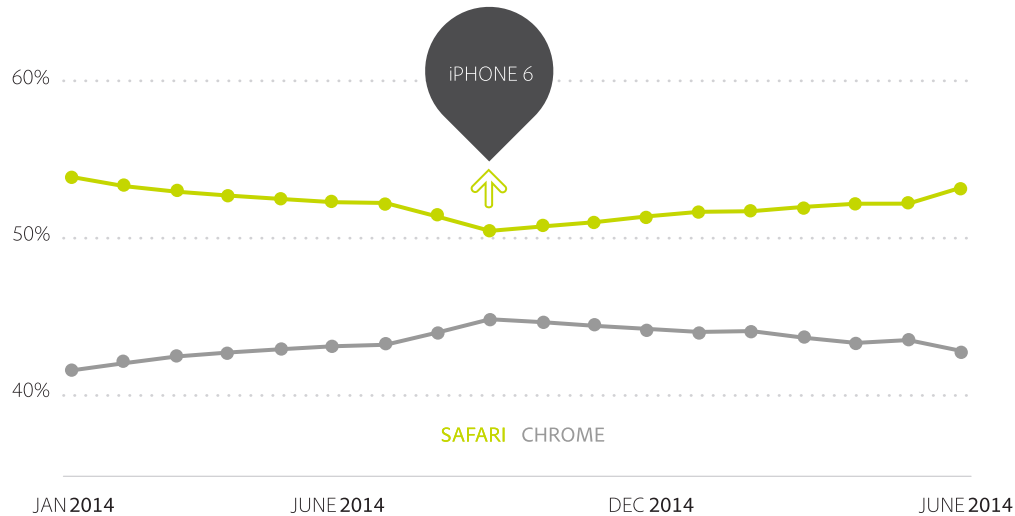
SMARTPHONE BROWSER SHARES
SOURCE: ADOBE MOBILE SERVICES AND ADOBE ANALYTICS

Chrome had been closing the gap with Safari, until the launch of iPhone 6 in September 2014

- Safari and Chrome still dominate browsing on a smartphone. Combined the account for 95+ %.. Microsoft, Firefox, Blackberry and other companies split the remaining 4-5% of activity.

- YoY there has been no change in their share of browsing.

- Regionally, Safari has a higher share of North American (55%) browsing than either APC (49%) or EMEA (46%). A new player in APAC is UC with 7% share.

Smartphone referring traffic

Social and search sites, e.g. Facebook and Google, are redirecting more consumers to web sites.

- Nearly 3 out of 10 visits to a website come from social or search sources. Combined share is up 31% YoY.

- All key industries are up YoY for both referring types.

- As social and search platforms collected more data that is of value to advertisers better mobile targeting and segmentation options emerge.

SMARTPHONE UP
118%

19.1%

23.1%

2.1%

4.7%

Q2 2014
Q2 2015

SEARCH

SOCIAL
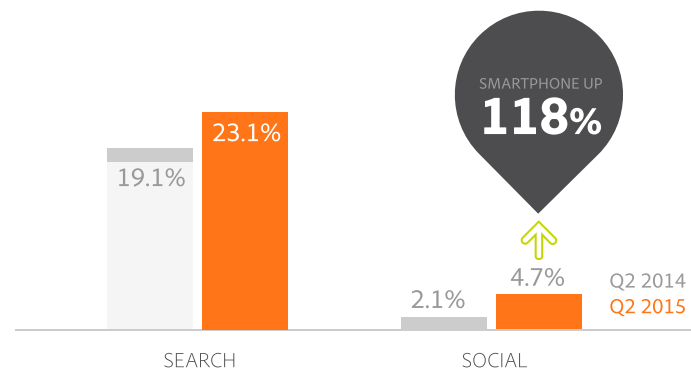
YOY SHARE OF SITE VISITS BY REFERRER CHANNEL: SMARTPHONE (Q2 2014 – Q2 2015)
SOURCE: ADOBE ANALYTICS

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Conversion and revenue-per-visit (RPV) by smartphones and tablets

Conversion on mobile devices typically tracks lower than desktop conversion. If desktop is 3%, then tablet is 2% and smartphone 1%.

Smartphone conversion can drop simply because people use the device differently. They may visit a site more often to seek information or start a transaction on one device and finish on another.

- For US shopping sites during Q2, 2015 smartphone browsing conversion rate and RPV were less than half of the tablet metrics.

- Smartphone app conversion and RPV are 20+% higher than the comparable browsing metrics. Tablet app metrics are about 40% lower than the browsing versions.

For shopping a smartphone-app and a tablet-browsing strategy seems warranted.

CONVERSION	SMARTPHONE	TABLET
APP USER	1.2%	1.3%
WEB BROWSER	1.0%	2.1%

| REVENUE-PER-VISIT	SMARTPHONE	TABLET
APP USER	$1.17	$1.40
WEB BROWSER	$.92	$2.33

Revenue contribution by smartphones and tablets

Smartphones accounts for 25% of traffic and 9% of revenue among US Shopping sites.

- Tablet visits produce revenue (11% of total) in line with their share of visits (11%)

Various technologies can be used for different purposes and at different times along the shopping journey. Until we stitch those visits together across devices we will continue to lack a complete picture of consumer behavior.

The unique capabilities of mobile (location, notification, interaction) allows marketers to broaden their vision of how best to satisfy consumer needs.

25% 9% — SMARTPHONE

11% 11% — TABLET
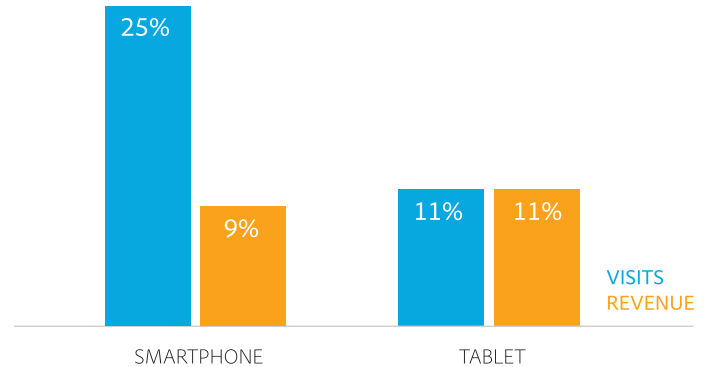
VISITS
REVENUE

SHARE OF VISITS AND REVENUE BY DEVICE (U.S. SHOPPING Q2)
SOURCE: ADOBE MOBILE SERVICES AND ADOBE ANALYTICS

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Methodology

Based on anonymous, aggregated consumer Data is from 2014 thru Q2 2015 from North America, Asia Pacific (APAC) and Europe (EMEA).

Data came from the following sources:

Adobe Mobile Services tracks usage of apps

– 65 billion+ app launches across industries and regions

Adobe Analytics captures website visit behavior.

– 500+ billion visits from 13,000+ sites

Survey Data: "Mobile Consumer Research Wave 2" conducted by Adobe; responses from 1,025 US consumers are referenced

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Glossary

The terms utilized in this report are defined as follows:

- "Year over Year" (YoY) compares Q2 2015 to Q2 2014
- "Mobile" refers to combination of smartphone and tablet activity; each are called out separately as appropriate.
- "Launch" refers to starting a session with an app installed on a mobile device
- "Visit" refers to arriving at a website via a browser.
- Industry definitions:
  - Finance: consumer banking, insurance, tax related sites
  - Media & Entertainment: content oriented sites, ex. Gambling, whose revenue model is typical advertising, subscription or event based
  - Shopping: retail sites where product sales is the primary focus

Tables

Mobile Footprint

	Launches	Desktop Visits	Mobile Visits
Finance	18%	49%	33%
Shopping	9%	40%	50%
Media	42%	30%	28%

Device and Connection by Industry (deviation from average)

	Smartphone	Mobile Carrier
Auto	-4%	2%
Finance	3%	1%
Health	6%	2%
Media	-13%	-8%
Shopping	3%	-1%
Travel	5%	5%

Connection Share by Device

	Carrier	Wi-Fi
Smartphone	42.9%	57.1%
Tablet	12.2%	87.8%

Share of Activity by Device YoY

		Smartphone	Tablet
Visits	Q2 2014	64%	36%
	Q2 2015	72%	28%
Launches	Q2 2014	78%	20%
	Q2 2015	82%	17%

Share of Visits and Revenue by Device

	Visits	Revenue
Smartphone	25%	19
Tablet	11%	11%

Share of Activity by Device by Industry

		Smartphone	Tablet
Finance	Browse	66%	34%
	Use App	90%	10%
Media	Browse	76%	24%
	Use App	73%	27%
Shopping	Browse	63%	37%
	Use App	84%	16%

Tables

Industry Launch and Visit Growth YoY

	Launches	Mobile Visits
Shopping	100%	17%
Finance	79%	17%
Travel	50%	12%
Media	48%	2%
Health	43%	25%
Auto	21%	25%

Connection Share by Device

	Launches	Mobile Browsing
iOS	62.0%	49.3%
Android	36.4%	47.1%

Source of Referring Traffic YoY

	Search	Social
iQ2 2014	19.1%	2.1%
Q2 2015	23.1%	4.7%

Industry Launch Growth YoY

		Launches
APAC	Media	53%
	Finance	49%
	Shopping	86%
EMEA	Media	15%
	Finance	84%
	Shopping	13%
North America	Media	38%
	Finance	52%
	Shopping	78%

Conversion and RPV by Device

		Smartphone	Tablet
Conversion	App User	1.2%	1.3%
	Web Browser	1.0%	2.1%
Revenue-per-visit	App User	$1.17	$1.40
	Web Browser	$.92	$2.33

Consumer Preferences by Function

		Prefer App	Prefer Web Browser
Research/Search Topics	Finance	41%	59%
	Shopping	40%	60%
Review Accounts / Buy	Finance	64%	36%
	Shopping	57%	43%

Tables

Growth Visits and Launches

	4/1/2014	5/1/2014	6/1/2014	7/1/2014	8/1/2014	9/1/2014	10/1/2014	11/1/2014	12/1/2014	1/1/2015	2/1/2015	3/1/2015	4/1/2015	5/1/2015	6/1/2015
Visits	100%	101%	99%	105%	110%	109%	113%	115%	108%	121%	113%	125%	114%	116%	119%
Launches	100%	104%	106%	111%	112%	120%	126%	131%	133%	142%	136%	156%	154%	161%	154%

App Installs

	4/1/2014	5/1/2014	6/1/2014	7/1/2014	8/1/2014	9/1/2014	10/1/2014	11/1/2014	12/1/2014	1/1/2015	2/1/2015	3/1/2015	4/1/2015	5/1/2015	6/1/2015
Installs	100%	98%	94%	98%	101%	103%	106%	109%	108%	112%	96%	106%	101%	105%	103%

User Acquisition

Month Since Launch	First	Second	Third	Fourth	Fifth	Sixth	Seventh	Eighth	Ninth
Large Apps	7.8%	13.9%	12.8%	15.7%	11.9%	9.6%	9.5%	9.3%	9.5%
Small Apps	8.3%	10.3%	11.8%	12.3%	11.4%	11.3%	10.6%	11.9%	12.4%

Browser Share

	2014-01	2014-02	2014-03	2014-04	2014-05	2014-06	2014-07	2014-08	2014-09	2014-10	2014-11	2014-12	2015-01	2015-02	2015-03	2015-04	2015-05	2015-06
Safari	54%	53%	53%	53%	52%	52%	52%	51%	50%	51%	51%	51%	52%	52%	52%	52%	52%	53%
Chrome	42%	42%	42%	43%	43%	43%	43%	44%	45%	45%	44%	44%	44%	44%	44%	43%	43%	43%