

ADOBE® SCENE7®

Adobe Scene7 Mobile Commerce Survey: Are You Dialed In?



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s7marketing@adobe.com
1-877-SCENE7-0
www.scene7.com



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Executive Summary

Background

The advent of smart mobile devices is transforming the way consumers shop.

Consumers are using their phones to research products as they browse in store aisles, and over the years, they are expected to buy more goods online using their wireless devices. In the U.S. alone, Coda Research Consultancy expects mobile commerce revenue to grow at a 65% compound annual rate to reach \$24 billion by 2015, or 9% of total eCommerce revenue. Recent data lend credence to these projections: eBay expects sales from mobile devices to reach \$1.5 billion this year, and Amazon hit \$1 billion in mobile sales for the 12 months ending June 30, 2010—equivalent to about 4% of its total sales. Worldwide, mobile commerce should hit \$119 billion in 2015, or 8% of the total online commerce market, according to ABI Research.

Purpose

Despite the upbeat forecasts, the majority of businesses are in the planning or early deployment phases of their mobile strategies. Revenue generation was identified as the no. 1 mobile objective for the majority (60%) of online retailers surveyed by Forrester Research, Inc., and 74% have deployed or are currently developing a mobile strategy. These retailers reported investing an average \$170,000 in their mobile sites in 2010, a benchmark that's boosted by larger retailers, some of whom anticipate investing as much \$500,000.

To help businesses respond to the opportunities and challenges in the channel, companies worldwide were surveyed regarding their mobile commerce plans and existing deployments. From enhancing customer experience to engaging shoppers and driving conversion, the survey uncovers early lessons on the strategies and tactics that are working. The survey was conducted in July 2010; 446 people responded.

Key findings

- Mobile websites are the predominant presence of businesses in the mobile channel, accounting for the bulk of their mobile traffic and surpassing the traffic generated by downloadable mobile applications. More than 80% of the respondents said they were planning or have already deployed a mobile commerce website versus 8% with a downloadable application-only strategy.
- Respondents identified four key areas of execution for their mobile strategy: 1) promotions, 2) commerce, 3) product information display, and 4) branding. Promotions emerged as the top strategic element, followed by online commerce.
- Rich, full-screen image zoom and videos are the most effective ways to browse or display products, according to a majority of the respondents. Grid viewing of thumbnails is deemed most effective for browsing multiple product images.
- Overall, visual merchandising features are deployed by less than one-third of the respondents. However, as many as 81% of the respondents indicated they are planning to deploy those features, suggesting richer mobile experiences will be created over the coming months. Fully 96% of the respondents ranked catalogs & brochures, alternative images, and zoom & pan as most effective.

Conclusion

Despite the buzz around downloadable mobile applications, the Adobe Scene7 survey findings support the case for choosing mobile website deployment for commerce over applications if resource constraints were to dictate a single choice. The vast majority of businesses considered websites their strategic entry point in mobile commerce. Those deploying multiple mobile properties, including websites and applications, also indicated their websites account for the majority of their mobile traffic thus providing the broadest reach possible.



That an overwhelming majority of the respondents selected promotions as a key execution area suggests mobile is a multichannel play, as merchants use mobile promotions to drive shoppers to retail or transact commerce. Thus, businesses will need to engage shoppers by delivering rich and seamless experiences across every channel, including mobile. Accordingly, they will tap the proven tools in PC-based eCommerce, such as full-screen zoom and videos as well as other rich visual merchandising tactics.

The opportunities and business case for investing in mobile are becoming clearer to growing numbers of businesses, especially when the responses from this survey are compared with the *Adobe Scene7 Customer Experience in the New Decade* survey completed in January 2010 (see Appendix). It is indeed widely anticipated that businesses will ramp up in mobile or fine-tune their mobile strategies in the coming months. Those who have executed mobile commerce strategies will continue to make investments to improve the user experience and extend richer experiences to the mobile web, while those who have been on sidelines will dip into the channel and apply the learnings from their peers.

Either way, the race is on to win in mobile.

Methodology and Participants

The *Adobe Scene7 2010 Mobile Commerce Survey* was conducted between July 6 and July 23, 2010.

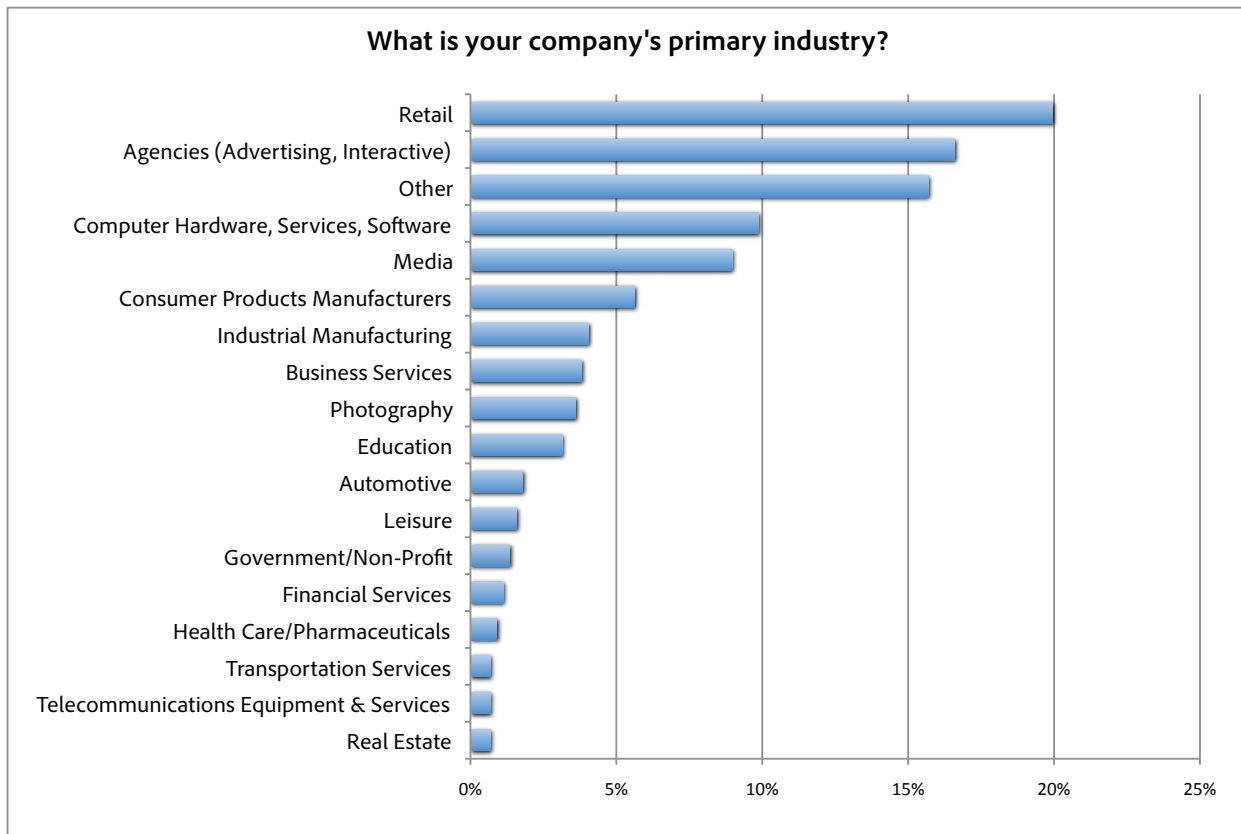
The key objective of the online survey was to identify and analyze the strategic and tactical steps businesses are taking or planning to take to address the opportunities and challenges in the mobile channel. The survey aimed to uncover how businesses plan to enhance customer experience and drive conversion and in-store traffic. The results were compiled based on responses from 446 participants representing a broad cross-section of product categories and selling channels. While this was a global survey, more than 75% of the respondents were based in North America.



Participant Profile

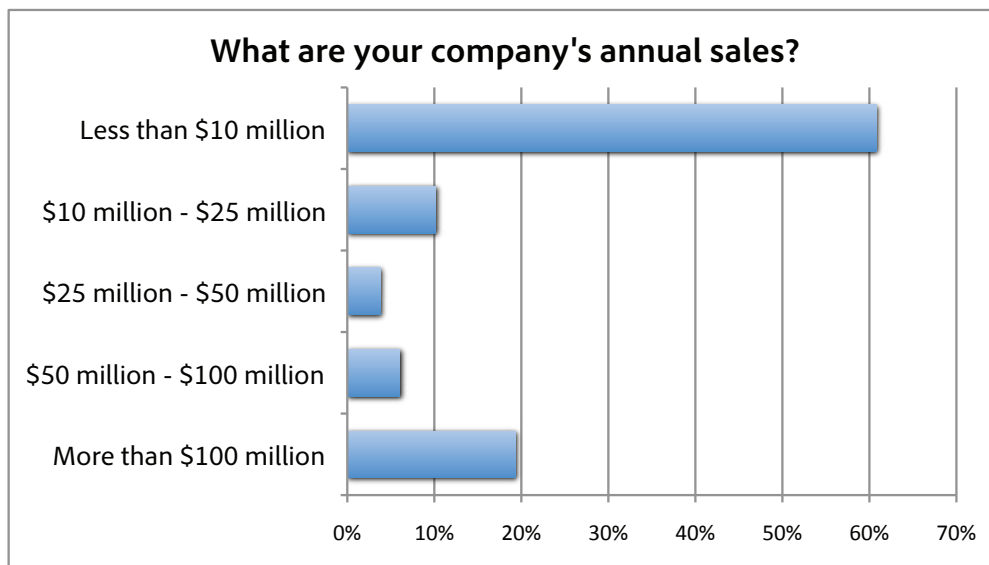
Industry

These industries were represented by more than 50% of the respondents: retail, agencies (both full-service and digital agencies), computer hardware, services, software, & media. At 20%, retail was the top-represented industry.



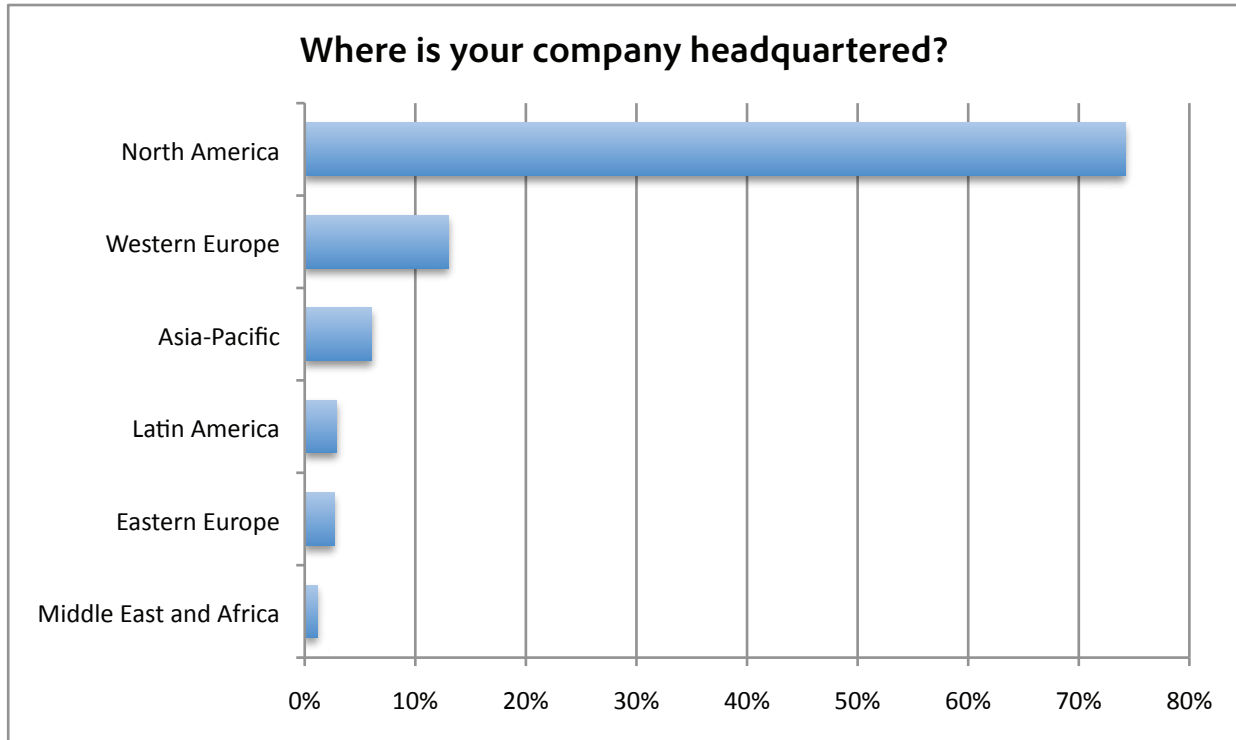
Sales

More than half of the respondents (60%) represented companies with sales below \$10 million; about one in five respondents represented companies with sales above \$100 million.



Geography

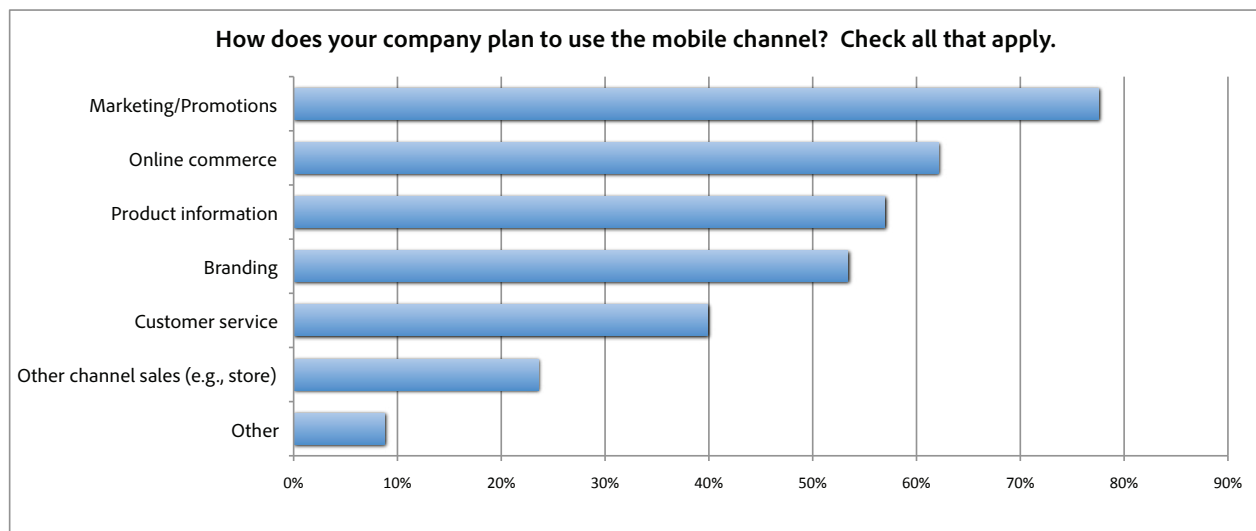
Although this survey was distributed worldwide, nearly 75% of the respondents were based in North America; approximately 13% were based in Western Europe.



Survey Responses

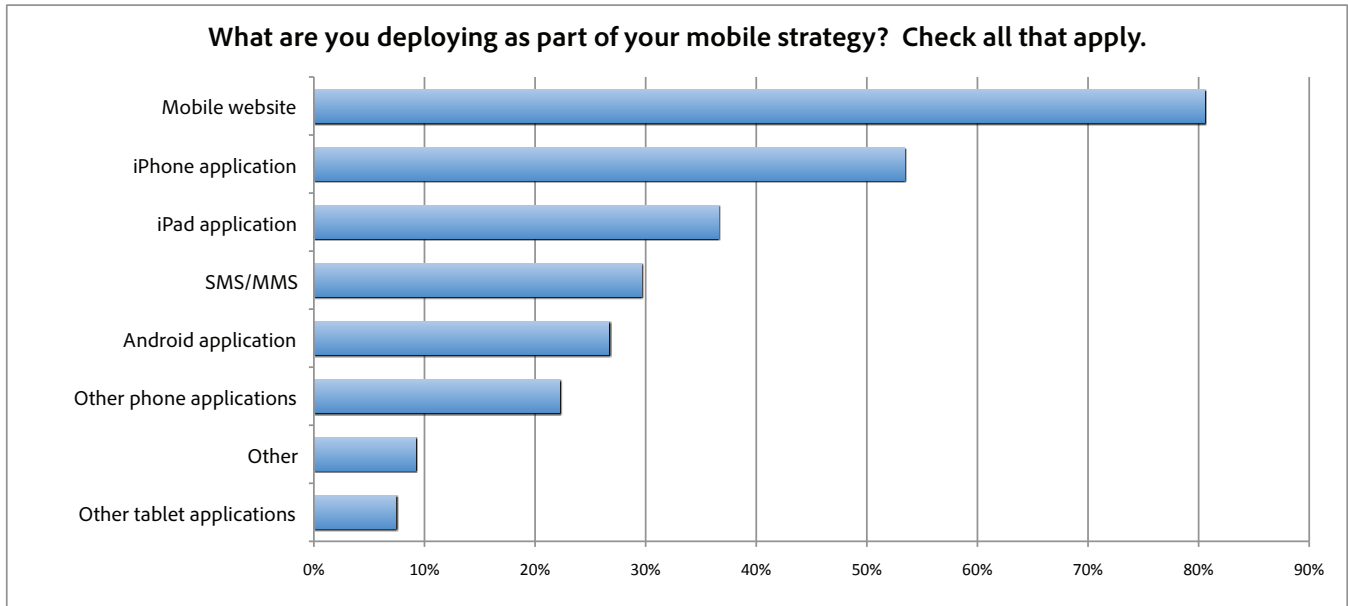
How does your company plan to use the mobile channel?

More than 75% of respondents identified marketing/promotions as a key execution area in their mobile strategy. Online commerce ranked second, selected by 62% of respondents, closely followed by product information.



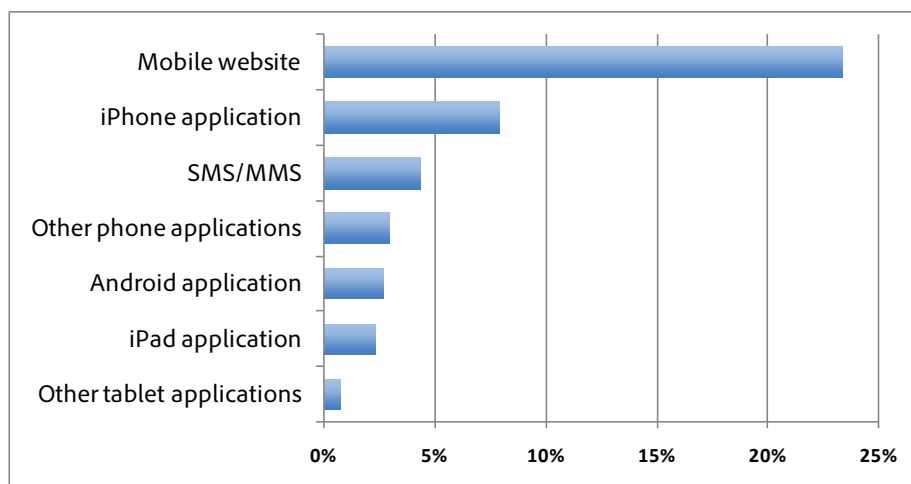
What are you deploying as part of your mobile strategy?

The results showed mobile websites as central to the deployment of a mobile strategy. Over 80% of all respondents were planning or had deployed a mobile website. Very few (8%) had a strategy based solely on mobile downloadable applications (e.g., without a mobile website). Only 3% had an iPhone application-only strategy, while 1% had a combined iPhone/iPad-only strategy. Half the respondents embraced a combined mobile website and downloadable mobile application strategy. More than 35% have or were developing an iPad application, higher than those developing on other smartphone platforms, except the iPhone.



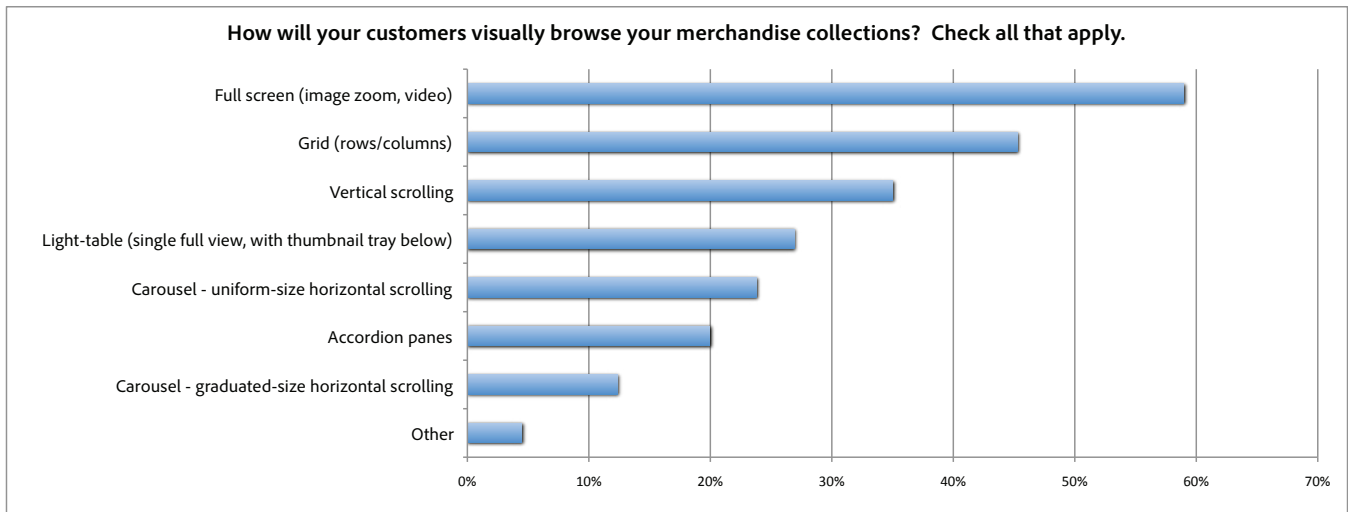
What percent of your online traffic uses each mobile website/application?

Of all mobile traffic, mobile websites drew the most traffic; mobile applications' traffic across the various platforms collectively lagged the mobile website traffic, ranging as low as 1% to as high as 8% of the total traffic.



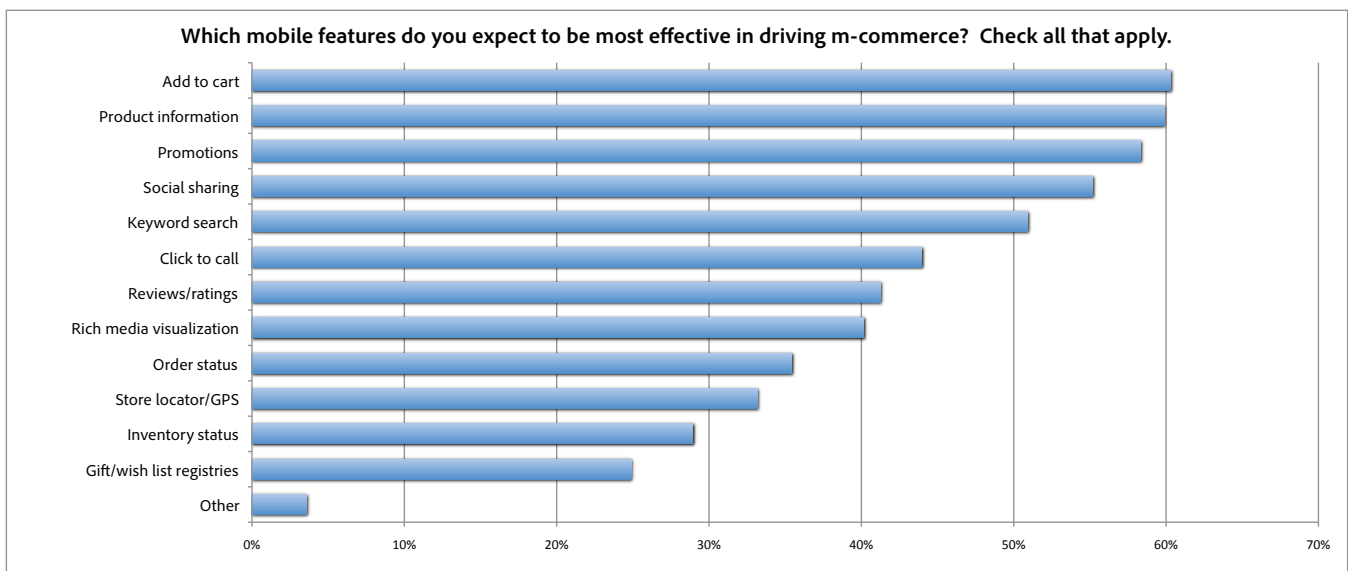
How will your customers visually browse your merchandise collections?

Compared with other visual browsing experiences, rich product viewing (full-screen image zoom and video) was cited by nearly 60% of respondents as the predominant experience. Grid (rows and columns) viewing of thumbnails was the top way to browse multiple product images according to 45% of the respondents. Both presentations are important visual browsing features. Grid-viewing allows shoppers to quickly browse multiple options on one screen, but a final purchase decision requires the capability to view a single image with zoom functionality or a full-size video.



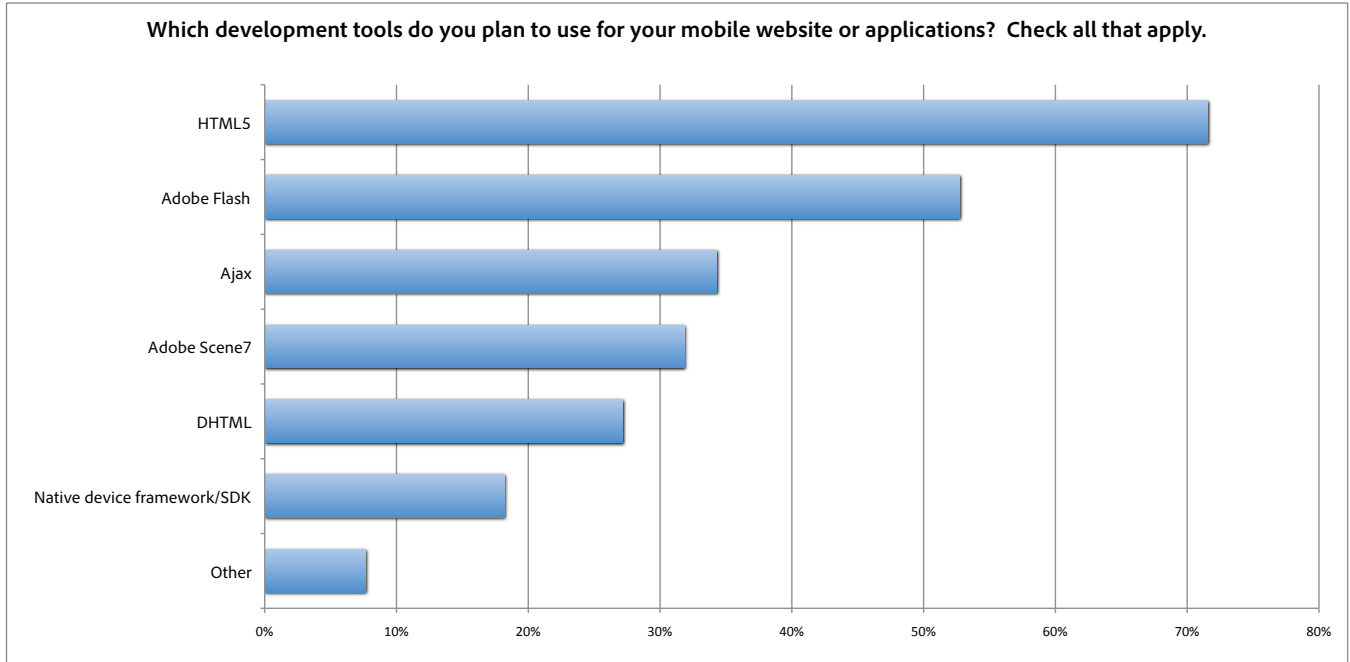
Which mobile features do you expect to be most effective in driving m-commerce?

From a list of features, respondents identified several as being valuable in driving m-commerce: add-to-cart (60%), product information (60%), promotions (58%) were of nearly equal importance. Not far behind was social sharing (55%). Keyword search (51%), click-to-call, reviews & ratings and rich media were secondarily important compared to the four top-ranked features.



Which development tools do you plan to use for your mobile website or applications?

More than 70% of respondents were planning to develop their mobile properties using HTML5, while over 50% planned to use Flash. Familiar to any website development team, these frameworks are the ideal tools to use for building a mobile website strategy. Some 38% of the respondents stated they would use both Flash and HTML5. To make the experience even richer, Ajax and Adobe Scene7 were additional tools selected by more than 30% of the respondents.



Which mobile commerce visualization features do you currently use or plan to use over the next year? What is the actual or expected effectiveness?

The survey identified the most popular deployed or planned mobile visualization features over the coming year, along with the effectiveness of each feature. Overall, visual merchandising features were lower in current utilization by all respondents, compared with other fundamental mobile features such as add-to-cart. The most deployed features (36%) were alternative images and eCatalogs & brochures; on the low end, only 19% have deployed 360-degree spin.

These deployment rates appear consistent with the implementation seen on standard, PC-optimized websites.

Top Planned

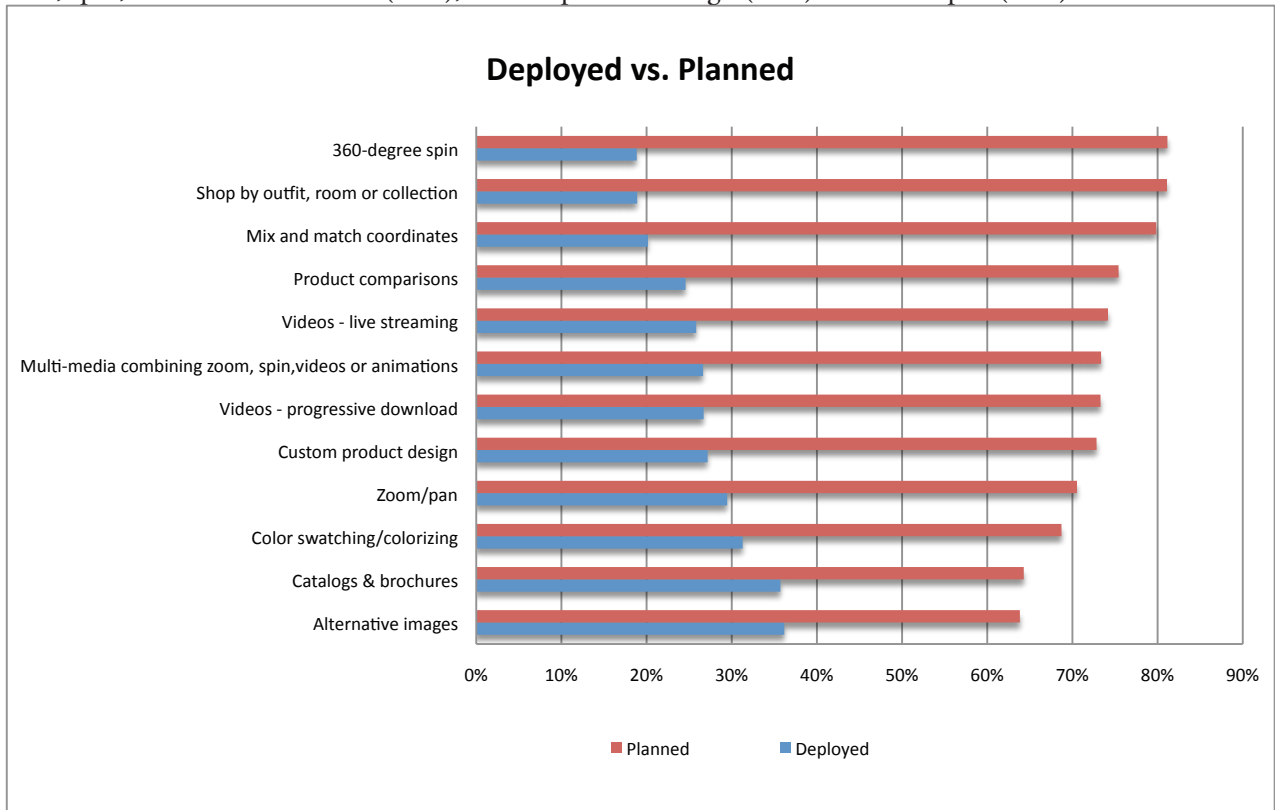
Surprisingly, the feature garnering the lowest deployment rate in mobile ranked highest among planned mobile features.

Importantly, respondents universally appeared to want to integrate and improve visual merchandising, as three to four times more respondents (e.g., over 60% and as high as 80% of all respondents) stated they were planning to deploy all of those features. Among them, 360-degree spin, shop-by-outfit or shop-by-collection, and mix-and-match were ranked as the top planned features by nearly 80% of respondents.

Other planned visual features included product comparisons (75%), videos (74%), multi-media combinations of



zoom, spin, videos or animations (73%), custom product design (73%) and zoom/pan (71%).



Deployed

Alternative images	36%
Catalogs & brochures	36%
Color swatching/colorizing	31%
Zoom/pan	29%
Custom product design	27%
Videos - progressive download	27%
Multi-media (zoom, spin, videos or animations)	27%
Videos - live streaming	26%
Product comparisons	25%
Mix and match coordinates	20%
Shop by outfit, room or collection	19%
360-degree spin	19%

Planned

360-degree spin	81%
Shop by outfit, room or collection	81%
Mix and match coordinates	80%
Product comparisons	75%
Videos - live streaming	74%
Multi-media (zoom, spin, videos or animations)	73%
Videos - progressive download	73%
Custom product design	73%
Zoom/pan	71%
Color swatching/colorizing	69%
Catalogs & brochures	64%

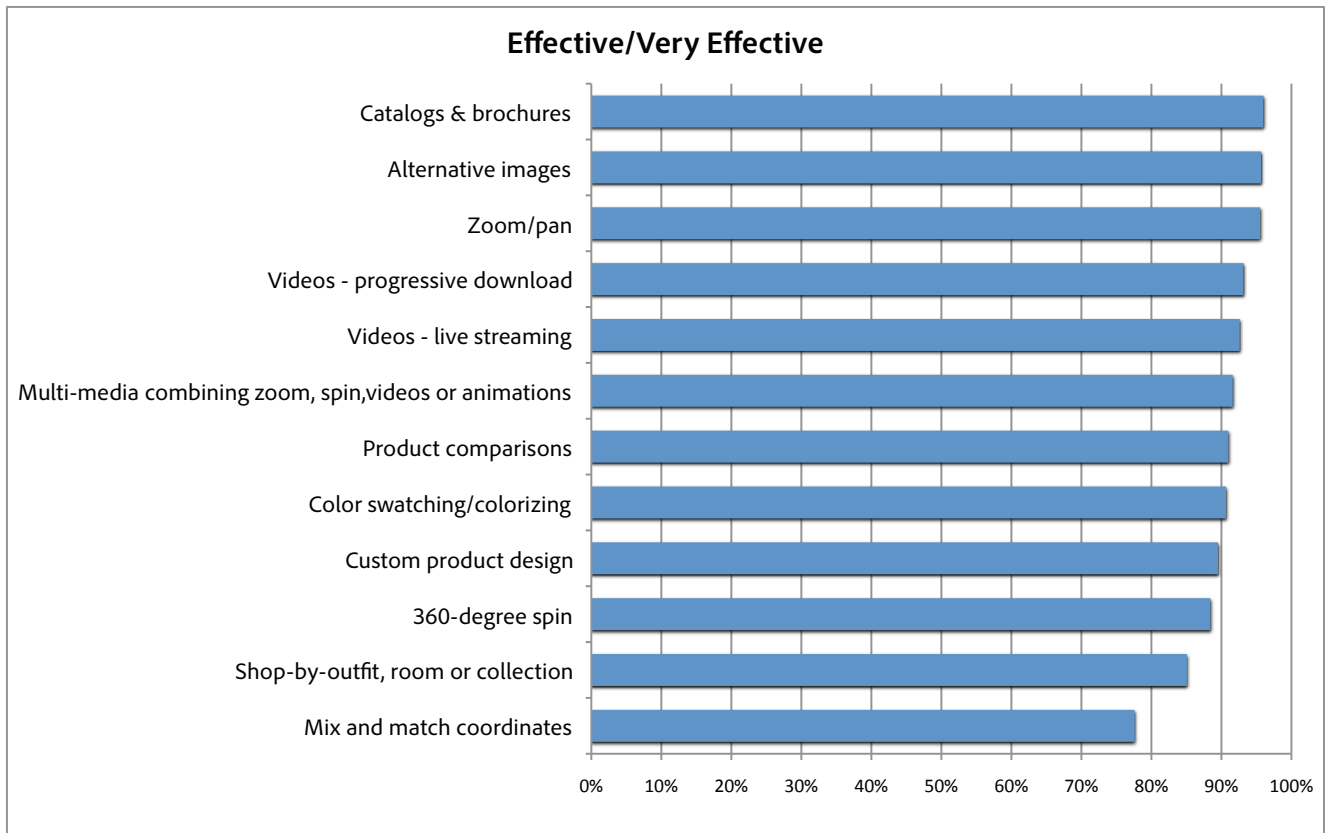


Alternative images

64%

What is the actual or expected effectiveness?

Importantly, the reported planned and deployed features did not correlate to what respondents believed were the most effective visual merchandising features. eCatalogs & brochures (96%), alternative images (96%) and zoom/pan (96%) earned the highest ratings in overall effectiveness. Progressive and live streaming video (both at 93%) as well as video combined with other zoom, spin or animations (92%) scored the next highest effective/very effective ratings by all respondents. Mix-and-match coordinates and shop by outfit, room or collection received the lowest ratings 85% and 77% respectively.



Effective/Very Effective

Catalogs & brochures	96%
Alternative images	96%
Zoom/pan	96%
Videos—progressive download	93%
Videos—live streaming	93%
Multi-media (zoom, spin, videos or animations)	92%
Product comparisons	91%
Color swatching/colorizing	91%
Custom product design	90%
360-degree spin	88%
Shop by outfit, room or collection	85%
Mix and match coordinates	78%

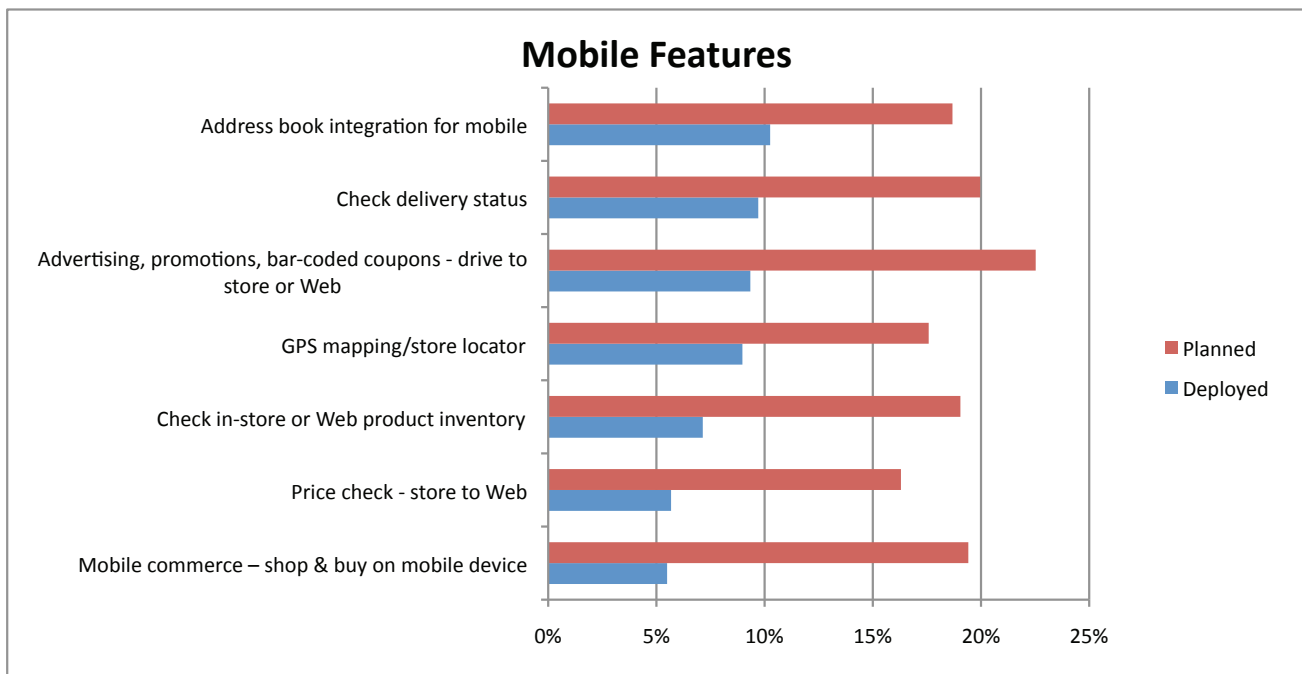
Appendix

A Marked Shift to Mobile¹

Below are excerpted findings from the *Adobe Scene7 2010 Survey: Customer Experience in the New Decade*. The survey, conducted between November 2009 and January 2010, received 546 responses from brand-name retailers as well as agencies, high-tech companies, media and other global enterprises that sell a wide variety of products and services online.

The responses collected for the Customer Experience survey suggest a strong strategic shift to mobile as a priority investment. What a difference six months makes!

Which mobile features do you currently use or plan to offer over the next year? What is the actual or expected effectiveness?



Top Deployed

The adoption of top mobile features remains relatively low compared to other tactics surveyed (rich media and social features being the highest in deployment), less than 10% for all. Compared to last year, address book integration, check delivery status, and mobile advertising now rank in top deployed features. Mobile commerce penetration continues to be in the single digits (5%).

Mobile features are slightly more deployed in EMEA, e.g., check delivery status at 15%, GPS at 15%. Interestingly, Asia-Pacific had comparable deployment across mobile features to worldwide ratings, and had a slightly higher deployment of mobile ecommerce across (8%).

¹ Based on results from the Adobe Scene7 2010 Survey: Customer Experience in the New Decade



Top deployed ratings:

- Address book integration for mobile: 10%
- Check delivery status: 10%
- Advertising, promotions, bar-coded coupons - drive to store or Web: 9%
- GPS mapping/store locator: 9%
- Check in-store or Web product inventory: 7%
- Price check—store to Web: 6%
- Mobile commerce—shop & buy on mobile device: 5%

Top Planned

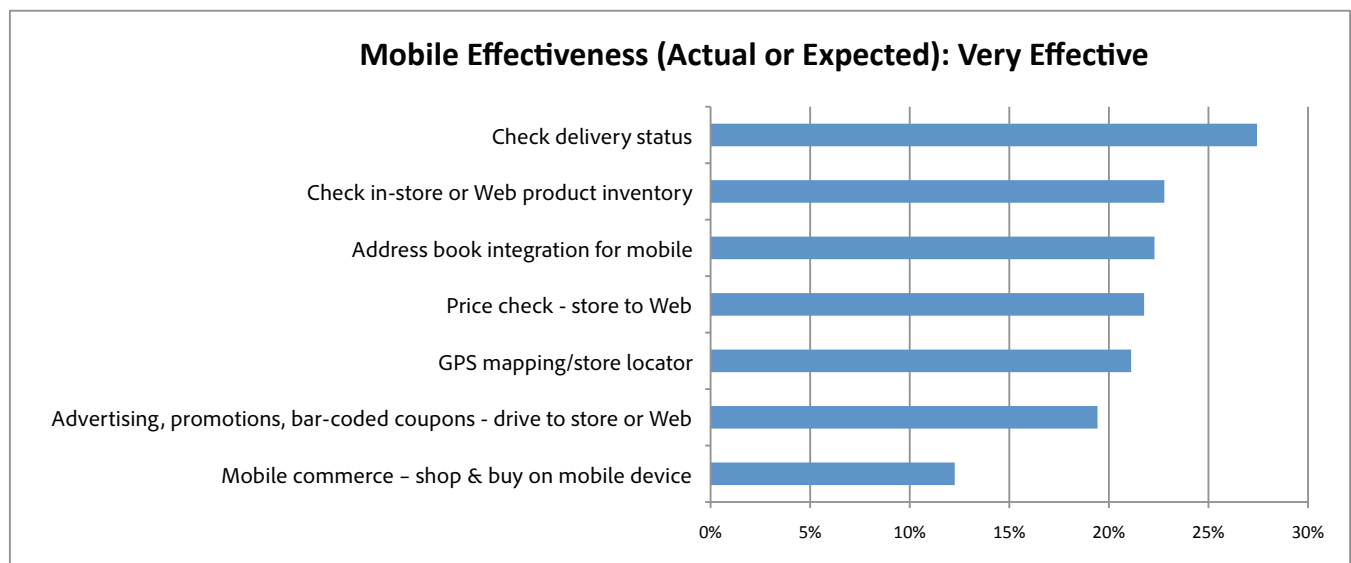
About one-fifth of respondents plan to add key mobile features this year, including mobile advertising, check delivery status, mobile commerce, check in-store, address book integration. Mobile advertising tops the list of investment priorities for 2010. Mobile priorities worldwide are similar to last year, fairly flat as investment priority, with mobile promotions still the highest priority. Note, the recent survey results also indicate that advertising/promotions and mobile commerce remain the top two elements of a mobile strategy.

Top planned ratings:

- Advertising, promotions, bar-coded coupons—drive to store or Web: 23%
- Check delivery status: 20%
- Mobile commerce—shop & buy on mobile device: 19%
- Check in-store or Web product inventory: 19%
- Address book integration for mobile: 19%
- GPS mapping/store locator: 18%
- Price check—store to Web: 16%

Top Effective

Of those respondents having deployed or planned these features, check delivery status and inventory check were ranked as the most effective features, followed by address book integration, price check, GPS, promotions. Interestingly, mobile commerce was rated as least effective among all mobile tactics, although this is the number one planned mobile feature in 2010.



Top very effective ratings:

- Check delivery status: 27%
- Check in-store or Web product inventory: 23%
- Address book integration for mobile: 22%
- Price check—store to Web: 22%
- GPS mapping/store locator: 21%
- Advertising, promotions, bar-coded coupons—drive to store or Web: 19%
- Mobile commerce—shop & buy on mobile device: 12%

About Adobe Scene7

Adobe Scene7 is the leading on-demand cross-media publishing platform that enables companies to grow revenues, enhance customer experience and cut production costs. This easy-to-use, Web-based system gives business users the control to upload, manage, enhance, publish and deliver dynamic rich content to any channel with minimal IT support. With Scene7, businesses can improve the entire selling and marketing cycle from attracting customers, to guiding them to the right products and services, to successfully converting them into loyal buyers. It is performance optimized to dynamically generate and deliver unlimited variations from master imagery—shortening time to market and drastically reducing costs. Scene7 solutions include Dynamic Imaging, eCatalogs, eVideos, Visual Configurators, Targeted Email & Print, Media Portal and Web-to-Print. Hundreds of leading companies worldwide have selected Scene7, including QVC, Harrods, Macy's, Office Depot, Polo Ralph Lauren, La-Z-Boy and Levi Strauss & Co.

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