Mobile Commerce Poised to Eclipse Traditional Online Spend

China, Turkey and United Arab Emirates Dominate in Smartphone Commerce

SAN JOSE, Calif.--New research from PayPal and Ipsos* shows that mobile commerce is growing at nearly three times the rate of overall ecommerce. From 2013-2016, the multi-country average compound annual growth rate for mobile commerce is projected at 42 percent vs.13 percent for overall ecommerce (including mobile commerce). The research, which investigated the mobile shopping habits of more than 17,500 consumers in 22 countries, also reveals insights on mobile shopping behavior, barriers and growth markets.

"We are on the cusp of the mobile-first era," said Anuj Nayar, senior director of global initiatives for PayPal. "At PayPal we've seen our mobile growth rise from less than one percent of our payment volume in 2010 to more than 20 percent in 2014."

A Bright Future for Mobile Commerce

As a percentage of global** online spend, mobile commerce is still relatively small: according to the research, smartphone purchases are driving nine percent of online spend and purchases made on tablets account for only five percent of online spend. However, both are dwarfed by laptops, desktops and notebooks, which cumulatively are used for 85 percent of online spend.

While spend numbers might be low; the prevalence of mobile shopping is quite significant. A third (33 percent) of online shoppers surveyed report having purchased something via smartphone in the past 12 months, and 20 percent report making a purchase via tablet. The surge in smartphone commerce is being driven by young adults. A global average of 59% of smartphone shoppers are between 18-34 years old vs. 44 percent of total online shoppers.

China, Turkey, United Arab Emirates Dominate Smartphone Shopping

China, Turkey and the United Arab Emirates dominate in smartphone commerce. Emirati online shoppers attribute on average 24 percent of their online spend to smartphone purchases, Chinese consumers follow closely behind at 21 percent and Turks come in third at 19 percent. The three also lead in smartphone-shopping density. In China, more than two thirds (68 percent) of online shoppers have used a smartphone to make a purchase in the last 12 months. More than half (57 percent and 53 percent respectively) of Emirati and Turks have done so.

Online Consumers Opt for Apps

Globally, 64 percent of smartphone shoppers have purchased via an app and 52 percent have purchased via browser. Among those who have used both platforms, apps are typically preferred (47% prefer to shop through an app). When all smartphone and tablet users were asked about the benefits of using an App to pay for things either online or offline, the most cited benefits were convenience (35% of smartphone/tablet users agree this is a benefit) and speed (30%).

Other unique perceived benefits of using apps by country include: "instant confirmation of payment" in Mexico (selected by 37% of Mexican smartphone/tablet users); "having a reminder to apply offers/discounts/coupons" in China (30%); and "keeping track of digital receipts" in Israel (26%).

Product Research Today; Nascent Features Tomorrow

Currently, the most cited m-commerce related activity among smartphone owners or users is product research: 36% said they had "searched for product information on my smartphone" in the past 12 months, 27% had "used my smartphone to help locate/find information about a store or business" and 25% had "read customer or user reviews from my smartphone."

However, when smartphone users were asked how they'd like to use their smartphones in the future (out of the things they haven't already done), the top responses related to nascent features including payment options. Sixteen percent of smartphone users selected "tap my smartphone at the cash register to pay (e.g. using NFC)" and 15 percent cited "ordered ahead (e.g. coffee or food) using an app or browser on my smartphone."

Barriers to Mobile Commerce

The biggest barrier to faster mobile commerce growth is that consumers don't yet perceive the advantages over shopping on devices with larger screens.

Among smartphone owners/users who have not used their smartphones to shop in the past 12 months, the top stated barriers are: "prefer to purchase online from other devices (e.g. laptop, desktop)" (selected by 39 percent), "the screen size is too small" (34 percent), and "prefer to access the Internet via other devices" (28 percent).

Those who have shopped via smartphone in the past 12 months state slightly different reasons for not doing so more often: "the screen size is too small" (stated by 34 percent), "prefer to purchase online from other devices (e.g. laptop, desktop)" (27 percent), and "concern about security of online purchases made from a mobile device" (21 percent).

"With the advent of low cost mobile phones, larger phone screen sizes and mobile device security improvements, the barriers to mobile commerce will decrease," continued Nayar. "Those improvements, combined with streamlined digital payment options like PayPal OneTouch™ will make it easier, more secure and more intuitive for customers to pay with their mobile phone."

On Behalf of PayPal, Ipsos interviewed a representative quota sample of c.800 (17,519 in total) adults (aged 18 or over) who own and/or use an internet enabled device in each of 22 countries (*UK, France, Germany, Austria, Switzerland, Italy, Spain, Netherlands, Sweden, Norway, Denmark, Poland, Turkey, Russia, Israel, UAE, USA, Canada, Brazil, Mexico, China, Australia).* Interviews were conducted online between 9th September and 3rd November 2014. Data was weighted to known incidence of online shoppers in all countries, and to demographic profile of internet users in 7 countries. *Desktop computer/Laptop/ notebook computer/Tablet /Smartphone/Some other type of mobile phone/Electronic organizer / PDA with wireless voice and data features/Games console with Internet connectivity (e.g. Wii).

** Figures cited in this article are a global average of the 22 markets surveyed, not weighted for population size.

About PayPal

At PayPal, we put people at the center of everything we do. Founded in 1998, we continue to be at the forefront of the digital payments revolution, processing almost 11.5 million payments for our customers per day. PayPal gives people better ways to connect to their money and to each other, helping them send money without sharing financial information and with the flexibility to pay using their PayPal account balances, bank accounts, PayPal Credit and credit cards. With our 162 million active digital wallets, we have created an open and secure payments ecosystem people and businesses choose to securely transact with each other online, in stores and on mobile devices. PayPal is a truly global payments platform that is available to people in 203 markets, allowing customers to get paid in more than 100 currencies, withdraw funds to their bank accounts in 57 currencies and hold balances in their PayPal accounts in 26 currencies. PayPal is an eBay Inc. (Nasdaq: EBAY) company. In September 2014, eBay Inc. announced the planned separation of eBay and PayPal into independent publicly traded companies in 2015. More information about PayPal can be found at www.paypal.com and www.paypal-media.com. More information about the planned separation of eBay and PayPal can be found at update.ebayinc.com.

About Ipsos

Ipsos is a global independent market research company ranking third worldwide among research firms. We specialize in six areas: advertising research; marketing research; media, content and technology research; loyalty, quality and customer relationship management research; opinion polls and social research; and survey management, data collection and delivery. Our industry specialization model means we have an intimate understanding of our clients' brands, consumers and markets.

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