



February 2014

KEY DIGITAL TRENDS FOR 2014

Mobile devices have moved to the center of consumers' multiplatform universe. They may not be the biggest screens, but increasingly, they are the ones that most engage their owners.

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Dear eMarketer Reader,

eMarketer is pleased to make our **Key Digital Trends for 2014** report available to our readers.

This report, covering mobile and tablet usage, “always on” commerce, programmatic buying and the social media multiscreen experience, is an excellent example of eMarketer’s data and insights.

We invite you to learn more about [eMarketer’s approach to research](#) and why we are considered the industry standard by the world’s leading brands, media companies and agencies.

We thank you for your interest in our **Key Digital Trends for 2014** report and **HP Autonomy** for making it possible for us to offer it to you today.

Best Regards,



Crystal Gurin
Vice President and Publisher



KEY DIGITAL TRENDS FOR 2014

Noah Elkin



EXECUTIVE SUMMARY

Mobile devices have moved to the center of consumers' multiplatform universe. They may not be the biggest screens, but increasingly, they are the ones that most engage their owners.

Finally, 2013 was the year mobile broke through, after so many years of anticipation. In 2014, that overriding trend will only intensify as smartphone usage becomes a majority activity in the US and commonplace in markets around the world.

In this report, eMarketer breaks down four key trends that will unfold in 2014:

1. This will be the year marketers and sellers reckon fully with a world of "always on" consumers. As a result, mobile ad spending will grow more than 50% in 2014.
2. With always-on consumers potentially always available to be engaged with, more marketers will accelerate their messaging in 2014, or risk losing the moment to someone or something else. Ad spending via real-time bidding (RTB)—one type of accelerated marketing—will grow more than 38%.
3. "Always on" also means "always shopping." For retailers, that will increase the pressure to make delivery faster and more convenient in 2014.
4. Social media is the glue that links the experience of multiscreen usage. Advertisers' tentative experiments with social will become more confident in the coming year. Social will continue to increase as a percentage of digital advertising, topping 12% in 2014.

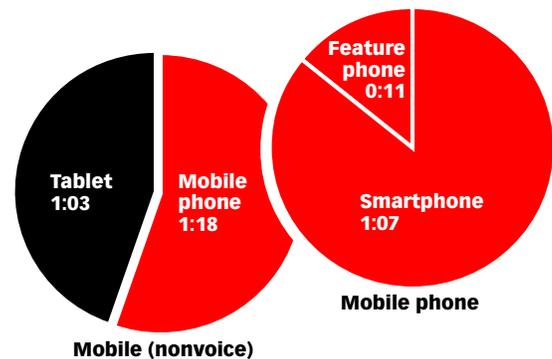
Several of these factors have appeared in previous eMarketer trend reports. The hallmark of today's rapidly evolving marketing landscape is that the same change drivers continue to resurface, but under new and different guises.

KEY QUESTIONS

- What is the role of mobile devices within today's multiscreen, multiplatform landscape?
- How does social media bridge consumers' cross-screen interactions?
- How are connected consumers changing the speed of marketing interactions and developing a new mode of "always-on commerce"?

Average Time Spent per Day with Nonvoice Mobile Activities by US Adults, by Device, 2013

hrs:mins



Note: ages 18+; time spent with each device includes all time spent with that device, regardless of multitasking; for example, 1 hour of multitasking on a smartphone while on a tablet is counted as 1 hour for smartphone and 1 hour for tablet
Source: eMarketer, July 2013

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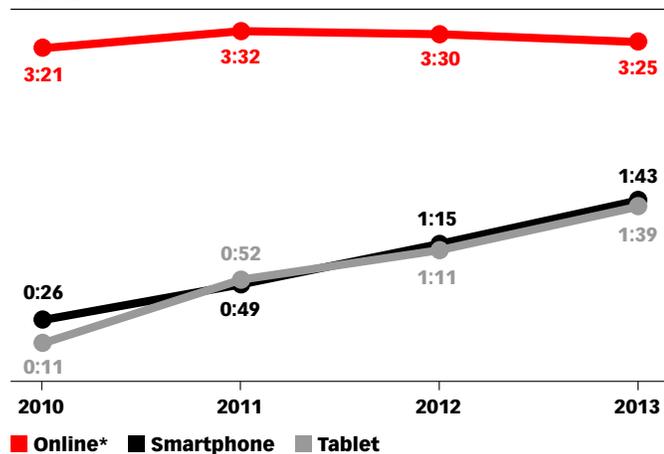
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MOBILE: THE CENTER OF THE MULTIPLATFORM LANDSCAPE

Mobile is more than the new desktop. Smartphones and tablets have effectively become the center—and integrating components—of consumers’ multiplatform lives. That is a role with far greater significance than simply serving as a substitute computing device. This shift is reflected in quantitative terms—in the amount of time consumers spend on their mobile devices on a daily basis—and qualitatively in the way these devices have effectively become the remote control for consumers’ lives and work.

eMarketer estimates daily time spent by US adults with mobile devices—specifically smartphones and tablets—exceeded that spent with PCs for the first time in 2013. The difference was a scant 2 minutes, but the momentum is all with mobile. Growth rates for time spent with PCs have plateaued and begun to decline, while mobile shows signs of continuing acceleration.

Average Time Spent per Day with the Internet by US Adult Users of Each Device, 2010-2013
hrs:mins



Note: ages 18+; time spent with each device includes all time spent with that device, regardless of multitasking; for example, 1 hour of multitasking online while on a mobile device is counted as 1 hour for internet and 1 hour for mobile; *includes all internet activities on desktop and laptop computers
Source: eMarketer, July 2013

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Mobile advertising continues to accelerate as well. eMarketer predicts US mobile ad spending will grow 56.0% in 2014, reaching nearly \$15 billion and topping 30% of digital ad spending. Other regions will see even higher growth rates, albeit from smaller spending bases.

US Mobile Ad Spending, 2012-2017

	2012	2013	2014	2015	2016	2017
Mobile ad spending (billions)	\$4.36	\$9.60	\$14.97	\$21.24	\$28.27	\$35.62
—% change	178.3%	120.0%	56.0%	41.8%	33.1%	26.0%
—% of digital ad spending	11.9%	22.5%	31.1%	39.8%	48.4%	56.7%
—% of total media ad spending	2.6%	5.6%	8.4%	11.5%	14.7%	18.0%

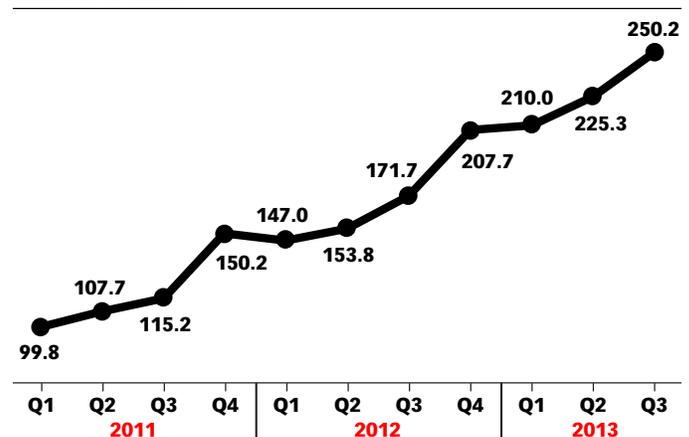
Note: includes classified, display (banners and other, rich media and video), email, lead generation, messaging-based and search advertising; ad spending on tablets is included
Source: eMarketer, Dec 2013

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Mobile’s headlong advance into the center of consumers’ lives can be measured using proxies other than time and money. Another indicator is smartphone sales to end users, which continue to rise at a brisk pace worldwide, according to Gartner findings.

Smartphone Sales Worldwide, Q1 2011-Q3 2013
millions of units



Note: sales to end users; figures may be adjusted in future releases
Source: Gartner as cited in press releases, May 2012-Nov 2013

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As advanced markets such as the US and the EU-5 begin to plateau, emerging and less-developed markets are helping buoy growth in smartphone sales. Cheaper, primarily Android-powered devices will drive rising adoption rates in these markets. Strategy Analytics, for example, predicts that smartphone sales in India will nearly triple between 2013 and 2018. China will see more modest growth rates, but a significantly larger number of total smartphones sold.

Smartphone Sales in Select Countries, 2012, 2013 & 2018

millions of units

	2012	2013	2018
China	173.4	315.5	424.2
US	114.4	134.0	176.9
India	20.5	49.2	140.0
Japan	36.5	44.5	47.4
South Korea	30.7	26.3	28.3

Source: Strategy Analytics as cited in *The Korea Herald*, Oct 14, 2013

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Shifting usage patterns, exemplified by the dramatic rise in time spent with mobile devices among US consumers, are evident elsewhere in the world as well. For example, in large emerging markets like Brazil that have experienced a sharp rise in internet penetration, mobile devices are closing in on PCs when it comes to internet access. eMarketer estimates nearly 67% of Brazil's online population—72.1 million people—will be mobile internet users in 2014. If current trends continue, almost all of Brazil's internet users, and close to 60% of the country's population, will go online via mobile phones by 2017.

As in the US and elsewhere, mobile devices in Brazil are encroaching on the developing relationship between the internet and TV, expanding the possibilities of not only where, but also which media can be consumed at the same time.

Smartphone usage is similarly taking hold in many Asia-Pacific countries, and consumers there are often using mobile devices as a first screen. Take China, for example. According to the China Internet Network Information Center (CNNIC), 70.0% of first-time internet users accessed the web from a mobile phone during H1 2013, double the rate of new internet users doing so via desktop computers.

New Internet Users* in China, by Access Device, H1 2013

% of respondents



Note: ages 6+; *started using the internet during H1 2013
Source: China Internet Network Information Center (CNNIC), "32nd Statistical Report on Internet Development in China," July 2013

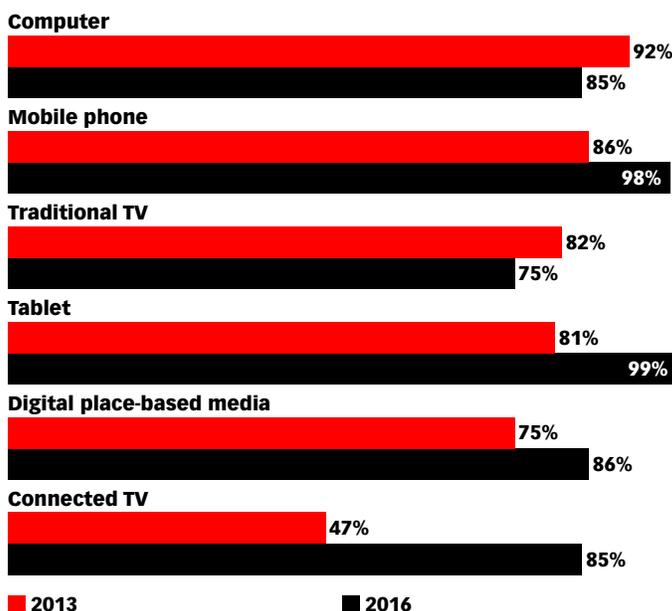
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Mobile's rise to prominence among consumers has not gone unnoticed by marketers. Yes, mobile advertising continues to lag other channels in terms of total dollars spent. But eMarketer projects it will grow at a far faster pace in 2014—up nearly 58% worldwide vs. a 5.0% gain for total media ad spending, and nearly a 13% growth for digital ad spending. US marketers polled by Nielsen for the Association of National Advertisers (ANA) in August 2013 cited mobile phones and tablets as the two devices they predicted would be the "most important" for advertising within three years. By contrast, respondents saw computers and traditional TV as declining in importance for advertisers over the same period.

Devices Considered Important for Advertising Now vs. in Three Years According to US Marketers, Aug 2013

% of respondents



Note: n=142 respondents who rated the device as "very important" or "somewhat important" on a 5-point scale
Source: Association of National Advertisers (ANA) and Nielsen, "Optimizing Integrated Multi-Screen Campaigns," Oct 31, 2013

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Three years is a long timeline when it comes to rapidly changing consumer behavior. In terms of important consumption indicators, such as social, video, music and shopping, the ranks of what eMarketer dubs “selective mobile-only users” (SMOs) are burgeoning. As noted in eMarketer’s November 2013 report, “Refining ‘Mobile-Only’ Users: Millions Selectively Avoid the Desktop,” “There are growing numbers of people who access the internet in multiple ways but who limit their use of certain channels and services entirely or almost entirely to mobile.” Therefore, focusing on measuring time vs. ad dollars spent overlooks the degree to which mobile is driving traffic and purchasing activity that used to take place on the desktop.

This behavior ties into larger shifts noted in eMarketer’s September 2013 report, “Key Digital Trends for Q3 2013: How Omnichannel Is Blurring Boundaries Everywhere.” Thanks to ubiquitous smart device ownership and usage, “online” has become a persistent state. In the US, certain demographics, most notably Hispanics and mothers, best exemplify this trend toward mobile-centric behavior.

In a May 2013 survey, the Pew Research Center’s Internet Project found that three out of five US Hispanic mobile internet users mostly went online via their mobile phone—almost double the survey average of 34%. Likewise, an August 2013 study from BabyCenter demonstrated that smartphones were the all-purpose device of choice among mothers in the US, and in many cases to an extreme degree. For example, when asked which device they would keep if they could only choose one, more than seven out of 10 mothers who owned a smartphone, tablet and PC said they would hold onto their smartphones and abandon the others.

BabyCenter’s UK subsidiary uncovered similar levels of mobile-centric behavior. eMarketer’s October 2012 report, “UK New Mothers: Social Media as the New Support Network,” captured it succinctly: “Mobile devices provide the perfect facility to fit things into an already tight schedule.”

The shift in the importance of mobile devices is a subtle one not easily captured in behavioral surveys or through technology adoption data. This type of information—such as an April 2013 multi-country survey by SAP, a software and solutions provider, of whether consumers rely on their mobile phones to “help manage their lifestyle”—approximates the magnitude of the condition but does not necessarily shed light on how it is playing out in terms of the details.

Mobile Phone Users in Select Countries Who Rely on Their Phone to Help Manage Their Lifestyle, by Device Type, April 2013

% of respondents

	Smartphone	Feature phone
Australia	58%	38%
Brazil	77%	64%
Chile	67%	51%
China	78%	75%
Colombia	61%	43%
Egypt	87%	73%
France	49%	21%
Germany	61%	45%
India	85%	78%
Japan	50%	32%
Mexico	79%	69%
Russia	80%	75%
Saudi Arabia	79%	70%
South Africa	74%	68%
Spain	69%	47%
UK	60%	27%
US	64%	26%

Source: SAP, "The Mobile Consumer: Insights on Global Trends Impacting Mobile Momentum and Customer Engagement" conducted by Loudhouse Research, Sep 24, 2013

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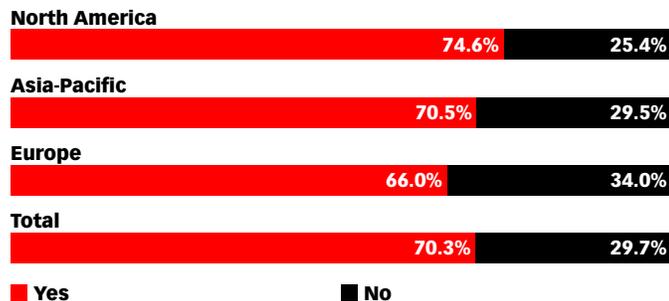
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The phenomenon of the mobile device as a remote control for one’s life is particularly apparent at home. Smartphones empower their owners to accomplish most daily tasks with one hand—tablets enable similar feats but often require two—making them indispensable for the average multitasking consumer. And with connected homes and cars looming ever larger on the horizon, smartphones are finding additional utility in controlling everything from the temperature in people’s houses to programming the DVR to unlocking the doors of their vehicle. Johnna Marcus, director of mobile and digital store marketing at cosmetics retailer Sephora, described mobile as “this kind of seamless glue, because for most of us, it’s not more than a couple inches away from you at any point.”

But mobile devices—often the very same ones people use at home—have also moved to the center of people’s work lives. Bring-your-own-device (BYOD) policies have become the norm worldwide, according to an April 2013 study by global Wi-Fi hotspot provider iPass, further eroding the already narrow divide between home and work. This also means content consumption for both modalities takes place on one device.

Mobile Workers Worldwide Whose Companies Allow a Bring-Your-Own-Device (BYOD) Policy, April 2013

% of respondents



Source: iPass, "2013 Mobile Workforce Report," June 6, 2013

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With mobile devices, especially smartphones, moving center stage in people’s lives, the “mobile-first” emphasis of recent years takes on additional meaning. Although a growing portion of consumers rely solely or primarily on their smartphones or tablets for their computing needs, most are using these devices to manage the other screens in their lives. This is a subtle but significant shift that presages larger changes in the way consumers and enterprises store, access and use information of all kinds. Most of all, it means brands across the business-to-consumer (B2C) and business-to-business (B2B) spectrum must be always available—and prepared—to engage with users who may raise their hand anytime and anyplace.

**INSTANT INTERACTION:
NEW DEMANDS
ACCELERATE MARKETING**

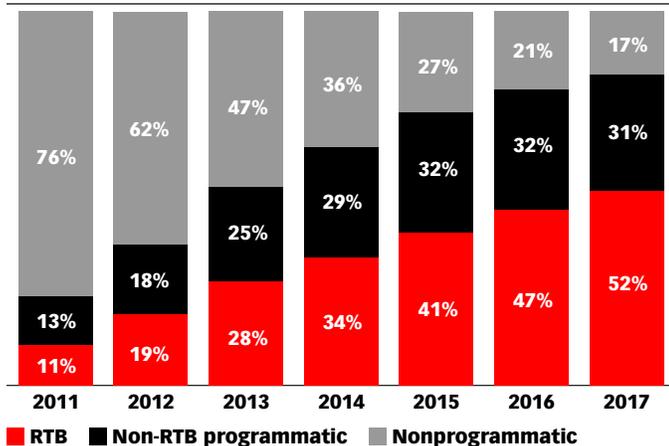
The rapid emergence of the everywhere, always-connected consumer places new demands on marketers. Specifically, it raises expectations about the speed with which marketers need to respond to expressions of interest across the customer journey, from the consideration phase all the way through to post-sales service. Gone are the days of 24- or 48-hour response times. Consumers expect instant interactions, whether it is a relevant offer or an answer to a customer service query, and the ability for same-day delivery of items purchased through digital channels.

Delivering on consumer expectations of immediacy requires a combination of several factors. Automation will be one piece of greater marketer responsiveness, especially on the advertising side. Ads can help marketers establish a presence with consumers across the purchase cycle, wherever they may be and whatever they may be doing.

According to forecaster MAGNA GLOBAL, 2013 constituted a turning point in the US display advertising market: Over half of all display ads are now bought programmatically, and half of those programmatic ads are purchased in real time. By 2017, MAGNA GLOBAL predicts, the draw of RTB will accelerate, growing to more than half of all digital US display spending.

US Display Ad Spending Share, by Type, 2011-2017

% of total



Note: read as 28% of display-related spending was through RTB in 2013; numbers may not add up to 100% due to rounding

Source: MAGNA GLOBAL as cited in press release, Oct 14, 2013

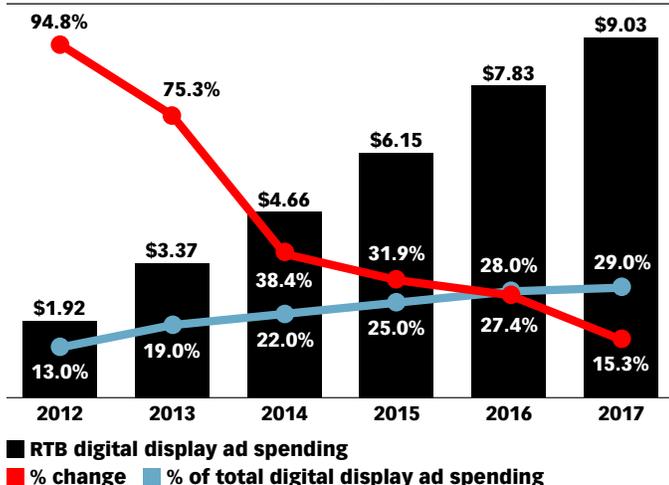
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eMarketer's outlook on RTB is more conservative. We predict RTB digital display ad spending will account for 22.0% of total US digital display ad spending in 2014, or \$4.66 billion. Note that eMarketer estimates include spending across all digital display formats, including banners, video and social across all devices.

US Real-Time Bidding (RTB) Digital Display Ad Spending, 2012-2017

billions, % change and % of total digital display ad spending



Note: includes all display formats served to all devices

Source: eMarketer, Dec 2013

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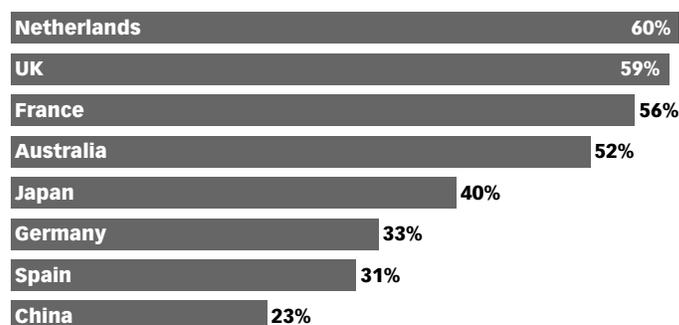
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Not surprisingly, mobile is leading the shift toward programmatic buying of display ads, with an estimated 68% of mobile display ads purchased through automated platforms in 2013, according to MAGNA GLOBAL. Desktop display ads will close the gap by 2017, with the exception of video, which will continue to lag behind as publishers reserve a portion of premium inventory outside of automated buying platforms.

This process is especially pronounced in the US, which accounted for nearly 63% of the \$12.0 billion worldwide in programmatic display ad spending this year. Other developed digital markets will reach similar levels by 2017, MAGNA GLOBAL predicts.

Programmatic Display Ad Spending in Select Countries Worldwide, 2017

% of total



Note: includes both RTB and other programmatic/automated platforms for banner, social and video ads on desktop and mobile devices; read as 60% of display ad spending in the Netherlands will be programmatic

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But automated purchasing of display ads—whether served on websites or appearing in a smart device app—is just one piece of the puzzle. A related need is ensuring those ads show up in the right place and on the right device. A key task for marketers involves recalibrating their efforts in line with the device-shifting behavior of their audiences.

According to a survey from ValueClick Media and its mobile ad network arm, Greystripe, US digital media executives are already taking steps to intensify their cross-device marketing (CDM). In 2013, CDM represented 30% of their digital media spending, an increase of more than 50% from 2009 to 2011 levels, the survey found. The executives pointed to a number of key benefits of CDM, including the ability to:

- **Optimize the performance of the entire media budget**
- **Expand campaign reach**
- **Achieve greater cost efficiencies**
- **Retarget users across devices**
- **Streamline the media buying process**

Staying relevant and in front of consumers will entail more thorough planning and coordination across different parts of the enterprise. Collecting data from multiple offline and traditional touchpoints will form the backbone of this effort. The availability and accuracy of cross-device analytics were the top features respondents in the ValueClick/Greystripe survey said they looked for in CDM solutions.

However, simply focusing on so-called Big Data—a highlight of eMarketer’s “Key Digital Trends for 2013” report, has quickly become yesterday’s practice. In 2014, the emphasis will move to “smart data”—harnessing the right information and using it effectively.

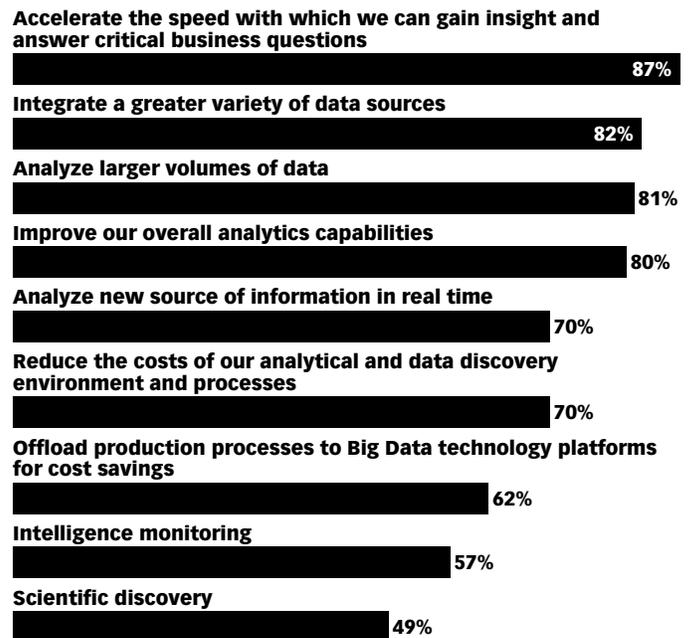
As noted in eMarketer’s October 2013 report, “The Effectiveness of Geotargeted Mobile Ads: Location Data Pumps Up Performance,” the ability to target where a consumer is now may rely on knowing where that same consumer has been. The report stated that “brands need a keen understanding of real-time geotargeting tactics and, increasingly, the insight to recognize that leveraging historical location data can be equally as powerful as real-time geotargeting.”

With a high percentage of smartphone owners accessing some kind of location-based information or service from their devices (nearly three-quarters of US smartphone owners and close to half of all adults did so in Pew Research Center’s Internet Project polling), marketers can be certain that “place” will be at the center of digital strategies.

Marketers expect that smarter applications of data will help them respond faster—and better—to business challenges. For example, in a July 2013 survey by NewVantage Partners, 87% of US financial services and healthcare executives cited the acceleration of their ability to gain insights and answer questions as a byproduct of working effectively with Big Data.

Business Benefits that US Executives at Financial Services and Healthcare Companies Expect Their Companies to Achieve with Big Data, July 2013

% of respondents



Source: NewVantage Partners, “Big Data Executive Survey 2013,” Sep 9, 2013

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Marketers anticipate that greater immediacy will yield a host of benefits not limited to gains in efficiency and transparency. They likewise expect to see benefits in marketing effectiveness in terms of more precise targeting. But when it comes to real-time efforts in particular, marketers hope to drive increases in engagement with their often-elusive audience.

Benefits of Real-Time Marketing for the Companies of Marketers in North America, April 2013
% of respondents

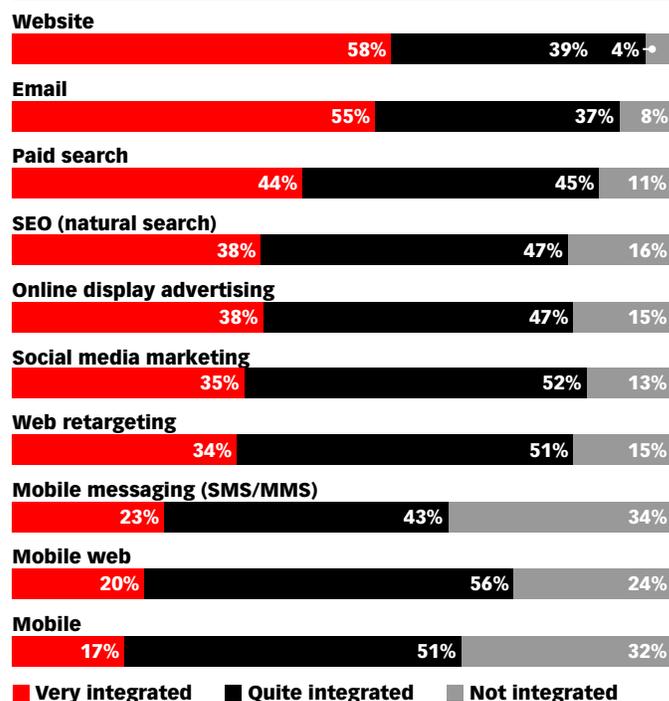


Note: n=235
Source: Neolane and Direct Marketing Association (DMA), "Real-Time Marketing Insights Study," July 17, 2013

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One result is that integration between digital and traditional channels is increasing. According to brand marketers surveyed worldwide by marketing firms Econsultancy and Responsys in May 2013, websites, email and paid search were the most tightly integrated digital marketing channels. SEO, display ads and social media marketing efforts followed closely behind. A corollary is that marketing campaigns overall are becoming more interdependent across channels. This, too, should pay dividends in terms of greater responsiveness to time-, place- and device-shifting consumers.

Level of Integration of Select Digital Marketing Channels with Overall Marketing Activity According to Client-Side Marketers Worldwide, May 2013
% of respondents



Note: n=363; numbers may not add up to 100% due to rounding
Source: Econsultancy and Responsys, "Cross-Channel Marketing Report 2013," Aug 28, 2013

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The pressure to accelerate is perhaps best exemplified in a May 2013 survey of B2B marketers—historically, not a group likely to be on the bleeding edge of change—conducted by Forrester Research and the Business Marketing Association. The study cited a speeding-up of marketing activities and responsibilities brought on by the rapid pace of technology evolution. One clear indicator of this shift: 85% of respondents said that marketing departments were doing things today “no one thought would be a responsibility three to four years ago.”

Attitudes of B2B Marketers Worldwide Toward the Pace of Change They Experience as Market Leaders, May 2013

% of respondents



Note: n=117 among respondents who "agree" or "strongly agree"
Source: Forrester Research and Business Marketing Association, "B2B CMOs Must Evolve Or Move On," July 3, 2013

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Audiences, whether B2C or B2B, are all moving faster, and marketers will remain under pressure to keep pace. Undoubtedly, that will continue to involve new, previously unforeseen responsibilities.

'ALWAYS-ON COMMERCE' TURNS SHOPPING INSIDE OUT

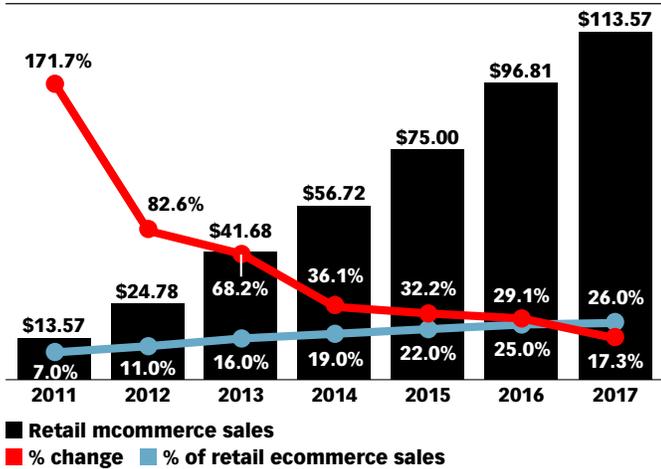
Previous eMarketer reports have touched on "everywhere commerce" – purchasing that can take place anywhere or any time a consumer has access to a screen. Always-on commerce is a subtle but significant evolution brought on by consumers' ubiquitous connectivity. The upshot is consumers who are, in effect, always in the consideration phase for something and rarely more than a tap away from jumping from a physical store to a virtual store, or from one online merchant to another.

Nick Hodson, partner at Booz & Co., put his finger on it when he explained: "Smartphone use is more or less continuous. [It] doesn't say anything about whether the use has anything to do with shopping, but it does mean that [it has] a large part of the consumer's mindshare during that shopping mission. The shopping trip starts earlier and ends later than it used to." In other words, even if consumers are not consciously shopping, they are shopping nonetheless. It is about state of mind as much as intent and physical location.

The impact of a pervasive "shopping state of mind" fostered by greater mobile connectivity is only beginning to be reflected in commerce sales forecasts. eMarketer predicts that by 2017, mobile will account for 26.0% of US retail ecommerce sales (which exclude travel and event tickets), up from 19.0% in 2014. That still translates into a small fraction of total retail sales, however.

US Retail Mcommerce Sales, 2011-2017

billions, % change and % of retail ecommerce sales



Note: includes products or services ordered using the internet via mobile devices, regardless of the method of payment or fulfillment; excludes travel and event ticket sales; includes sales on tablets
Source: eMarketer, Sep 2013

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But, as with the amount of time consumers spend with various screens, mobile is carrying greater momentum. US retail mcommerce will experience a compound annual growth rate (CAGR) of 29% between 2012 and 2017, more than double the 14% CAGR for retail ecommerce overall, eMarketer predicts. More tellingly, every time eMarketer issues its bi-annual ecommerce forecast, mobile's share of total digital commerce sales gets revised upward—our estimates, however aggressive they seemed at the time, have turned out to be conservative.

This mobile shift is further along in more digitally advanced markets like the UK, where mobile will account for an estimated 24% of retail ecommerce sales in 2014, and rise to 35% in 2017. Mcommerce also is growing at a far faster clip in the UK. Retail mcommerce sales in that country will increase 53.3% in 2014, eMarketer estimates—more than triple the 15% growth rate for retail ecommerce.

UK Total Retail and Retail Ecommerce Sales, 2012-2017

billions of £ and % change

	2012	2013	2014	2015	2016	2017
Total retail sales	£377.23	£388.90	£398.87	£407.01	£415.31	£422.93
—% change	2.2%	3.1%	2.6%	2.0%	2.0%	1.8%
Retail ecommerce sales*	£38.48	£45.40	£52.21	£59.00	£64.90	£70.74
—% change	14.5%	18.0%	15.0%	13.0%	10.0%	9.0%
Retail ecommerce % of total	10.2%	11.7%	13.1%	14.5%	15.6%	16.7%

Note: *includes products or services ordered using the internet via any device, regardless of the method of payment or fulfillment; excludes travel and event tickets

Source: eMarketer, Dec 2013

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A key feature of advanced digital commerce markets is the split among smart devices into distinct usage patterns—highlighted in eMarketer's July 2013 report, "Key Digital Trends for Midyear 2013: The Fragmentation of Mobile." Specifically, a much higher percentage of mcommerce sales, particularly higher-ticket, higher consideration items, are coming from tablets. These tend to be used at home when consumers are in lean-back mode, with purchasing behavior and average order values that more closely resemble those from PCs than from smartphones.

Leading retailers have begun to recognize this distinction and reorient their digital strategy accordingly. "On tablets, we see people spending quite a bit of time looking through our products," said Aki Iida, head of mobile at Zappos.com. "I think tablets are more conducive to people doing a passive sort of browsing. ... Those who use desktops and even smartphones have an idea of what they want to purchase. And given the times of day they use them, we can see that people are using tablet devices while they are at home. We see that the majority of tablet usage is happening at night or on weekends."

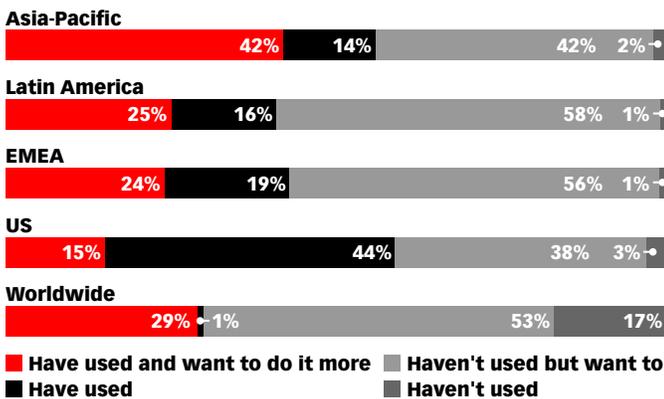
In this regard, both the US and UK are tracking along similar lines, with tablets estimated to account for roughly two-thirds of mcommerce sales in 2014 in both markets. It is conceivable that such a dynamic eventually could be replicated in less-developed digital markets as well, where low-cost tablets seem destined to supplant laptops and netbooks as the entry-level computing device of choice. For now, however, smartphones provide more attainable access to the much-larger segment of consumers in both developed and emerging markets who can afford to buy only one device.

The combination of portability, connectivity and relative affordability gives the smartphone a privileged place in driving always-on commerce. Unlike tablets, smartphones are more frequently used on the go, often to assist in a purchase that in many cases does not necessarily terminate on the device. Even if tablets generate far higher on-device sales, smartphones play a unique role as the fulcrum between digital and physical retail.

This dynamic is apparent everywhere, but particularly so in emerging markets. Consumers there are more likely to have already made mobile purchases and also tend to be enthusiastic about the prospect, according to the SAP study.

Interest in Making More Purchases via Mobile According to Mobile Phone Users Worldwide, by Region, April 2013

% of respondents



Source: SAP, "The Mobile Consumer: Insights on Global Trends Impacting Mobile Momentum and Customer Engagement" conducted by Loudhouse Research, Sep 24, 2013

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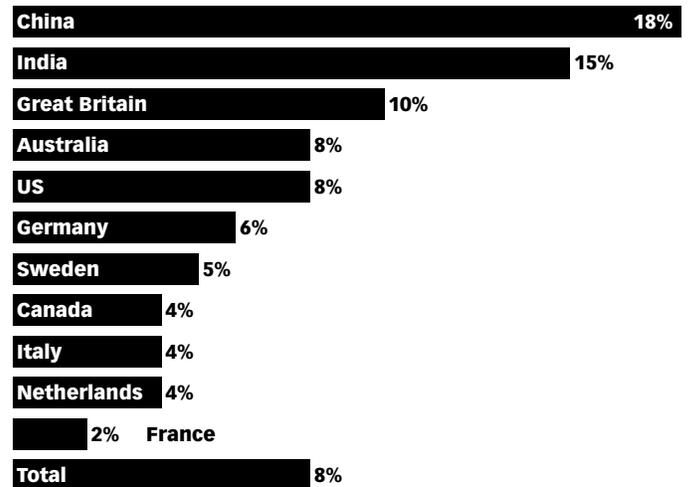
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Also noted in the study, Asia-Pacific was outpacing other regions in terms of mobile purchasing—for a wide range of products. For example, 49% of respondents in the four countries included in the survey (Australia, China, India and Japan) had purchased apparel—well above the 39% worldwide average—and 45% had bought groceries, exceeding the 29% worldwide total.

Not surprisingly, the highest percentage of internet users to say they primarily made purchases via mobile device were in China and India, according to a June 2013 multi-country survey by Ipsos Public Affairs for RetailMeNot.com. Consumers in the UK were a distant third, at 10%.

Internet Users in Select Countries Who Primarily Purchase Items via Mobile Device, June 2013

% of respondents



Source: RetailMeNot.com, "Shoppers Trend Report" conducted by Ipsos Public Affairs, Aug 21, 2013

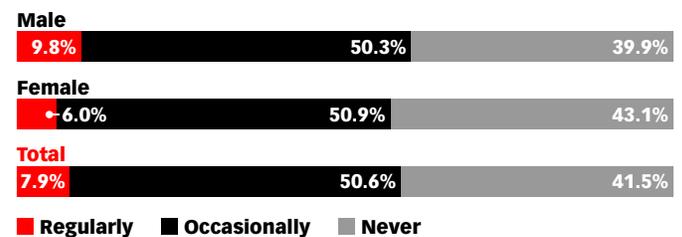
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Even if purchasing via smartphones is not (and may never be) the norm in most markets, they are still indispensable tools across the path to purchase. Being in consideration mode all the time means being constantly attuned to ads and offers that may ultimately influence where a purchase takes place—a key point noted in eMarketer's October 2013 report, "Mobile Advertising in Retail: Tracking the Changing Purchase Path." In May 2013 research by Prosper Mobile Insights, more than half of US smartphone and tablet owners said they were influenced by an ad viewed on their device at least occasionally.

Frequency with Which US Smartphone/Tablet Owners' Purchase Decisions Are Influenced by Ads Viewed on Their Devices, by Gender, May 2013

% of respondents



Note: ages 18+

Source: Prosper Mobile Insights, June 26, 2013

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The impact of mobile advertising on purchasing behavior is not limited to the US. For example, in several of its markets, global mobile ad network InMobi found that mobile ads affected consumers at both the beginning and end of the purchase path. In its February 2013 study, "Global Mobile Media Consumption," conducted by Decision Fuel and On Device Research, a high percentage of mobile phone users in markets as diverse as Germany, Australia, New Zealand, Singapore and India said mobile ads both "introduced them to something new" (i.e., generated awareness) and "helped them find something nearby" (directing them to a point of purchase).

The bottom line: Consciously or not, consumers today are always in the market for something. As a result, marketers need to try and continually engage prospective buyers to consider their brand, product or store, whether the purchase ultimately takes place in a digital or physical venue.

The next battleground will take place on the fulfillment front, with retailers vying to deliver physical goods purchased online as quickly and conveniently as consumers order them. Long after the meltdowns of Webvan, Kozmo.com and UrbanFetch, ecommerce sites eBay and Amazon.com are trying again to address the challenge of the last mile. Unlike those overfunded but understrategized casualties of the early dot-com era, today's online giants can rely on scale they have already developed through more than a decade of refining logistics.

Same-day delivery services may be limited in feasibility to larger urban areas. And they may not directly generate profits (although if done well, they are likely to increase the lifetime value of customers who use them). But the fact that eBay, Amazon and other sites are again tinkering with the challenging last mile reflects the accelerating effect of always-on commerce. Today, being able to place an order for just about anything, from any device at any time, is a sufficient antidote to desire. Tomorrow will be about delivering the goods and satisfying that desire with nearly the same speed.

ALWAYS ON MEANS ALWAYS SOCIAL

In an always-on world, mobile devices are always at-hand as consumers move from screen to screen. Fragmented multiscreen media consumption has left marketers struggling to keep up or get a word in edgewise. Social networking appears to be the glue that binds together the experience of multiple device usage.

Share of Average Time Spent per Day on Select Digital Activities by US Adults, 2010-2013 hrs:mins and % of total

	2010	2011	2012	2013
Online*	2:22	2:33	2:27	2:19
—Social networking	17.5%	22.9%	26.3%	28.8%
—Video	4.2%	8.5%	16.3%	18.0%
Smartphone	0:10	0:22	0:43	1:07
—Social networking	10.3%	18.1%	23.1%	28.4%
—Video	-	9.0%	9.2%	12.0%
Tablet	0:01	0:12	0:40	1:03
—Social networking	0.0%	8.0%	13.0%	19.0%
—Video	-	8.3%	10.0%	19.0%

Note: ages 18+; time spent with each medium includes all time spent with that medium, regardless of multitasking; for example, 1 hour of multitasking online while on a mobile device is counted as 1 hour for internet and 1 hour for mobile; *includes all internet activities on desktop and laptop computers
Source: eMarketer, July 2013

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2014 will be the year that marketers begin to master the art of engaging with media multitaskers, often via social. This will be reflected in social's growing share of digital ad spending. eMarketer predicts it will approach 12% in the US in 2014, and nearly 9% worldwide.

Social Network Ad Spending Worldwide, by Region, 2012-2015 % of digital ad spending

	2012	2013	2014	2015
North America	8.5%	9.8%	11.1%	12.2%
Latin America	7.0%	8.5%	9.1%	9.6%
Western Europe	6.4%	7.1%	7.6%	8.4%
Central & Eastern Europe	5.6%	7.0%	7.4%	8.0%
Asia-Pacific	5.7%	6.7%	7.3%	8.4%
Middle East & Africa	4.3%	4.9%	5.8%	6.8%
Worldwide	7.0%	8.1%	8.9%	9.9%

Note: includes display, search, video and other forms of paid advertising appearing within social networks, social games and social applications; excludes spending by marketers that goes toward developing or maintaining social network profile pages or branded applications
Source: eMarketer, Sep 2013

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In effect, mobile enables the social platforms consumers use to share, produce and engage with content. The big shift is the water cooler conversation that once took place the next day at the office now takes place online, in real time. And an increasing portion of that real-time conversation centers around video. In this way, social and video content help connect consumers' cross-device interactions. In fact, as noted in eMarketer's November 2013 report, "Social Media Advertising: Seven Trends for 2014," social, mobile, video and advertising are on a rapid convergence path.

Simultaneous consumption of content, particularly video, on one screen and social on another is most evident among younger demographics, especially those ages 18 to 34, according to a blinkx survey conducted by Harris Interactive in April 2013. This type of behavior tends to fall off sharply among those ages 45 and older—for now. Expect media multitasking, specifically participating in the viewing of TV programming via social platforms accessed on mobile devices, to grow increasingly common regardless of age group.

Frequency with Which US Internet Users Watch TV or Online Video While Simultaneously Discussing the Content with Friends*, by Demographic, April 2013
% of respondents in each group

	Gender		Age				Total
	Female	Male	18-34	35-44	45-54	55+	
Use social networks	92%	87%	94%	92%	86%	88%	90%
—Always/often	5%	7%	14%	6%	4%	2%	6%
—Sometimes	15%	14%	26%	22%	9%	6%	15%
—Rarely	18%	20%	24%	21%	19%	15%	19%
—Never	54%	46%	29%	43%	53%	66%	50%
Don't use social networks	8%	13%	6%	8%	14%	12%	10%

Note: *via social networks

Source: blinkx survey conducted by Harris Interactive, Oct 3, 2013

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Put another way, expect the percentage of consumers who "just" watch TV to decline. A November 2012 survey by Deloitte revealed that consumers of all ages engaged in a range of activities while in front of the television, but only 19% said they did nothing else other than view the program that was on.

One outcome is that marketers have new opportunities to insert themselves into the conversation, something that really wasn't possible around the traditional water cooler. Joel Lunenfeld, vice president of global brand strategy at Twitter, noted: "In general now with social, with Twitter and with other platforms, that's really when the conversation starts, and that's really an invitation from consumers to either continue the story, to drive home some more benefits of what you're trying to say or sell, or to get their feedback into your story and kind of iterate on that."

The true benefits of real-time marketing may not accrue in real time, even for the timeliest and most relevant marketer intervention. Rather, as an April 2013 Neolane and Direct Market Association survey suggested, the value of participation can lie in more personalized, cross-channel content. Think of it as roughly analogous to the benefits marketers can derive from tapping into their audience's historical location data.

Definition of Real-Time Marketing According to Marketers in North America, April 2013

% of respondents

Dynamic personalized content across channels

43%

Dynamic personalized content in outbound channels

13%

Developing quick response to mainstream event

12%

Timely social media retort

11%

Dynamic personalized content in inbound channels

5%

Offer management

3%

None

10%

Note: n=235; numbers may not add up to 100% due to rounding

Source: Neolane and Direct Marketing Association (DMA), "Real-Time Marketing Insights Study," July 17, 2013

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Ultimately, marketers' goals—and challenges—lie in connecting with consumers where and how they spend their time, and on the screens they spend with. As Eric Gruen, digital brand manager for North America Fabric Care at Procter & Gamble put it: "We want to be wherever the consumers are. It's no longer digital marketing. It's marketing in a digital world now." Increasingly, that will mean marketing at the nexus of mobile, social and video.

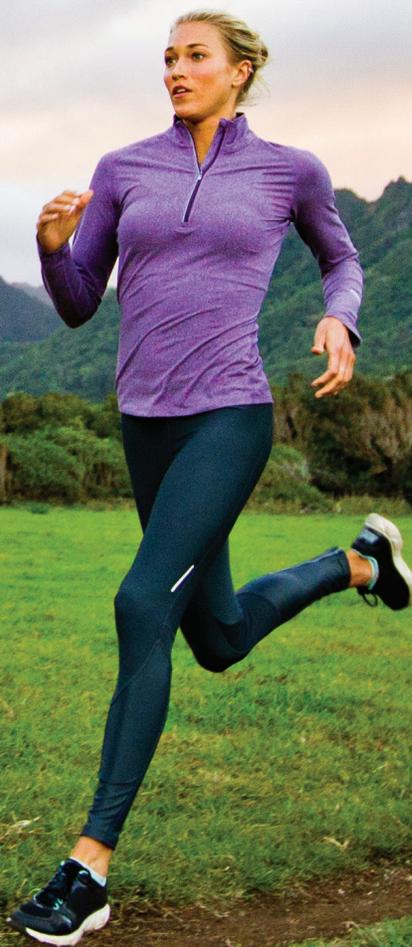
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