

Innovating in the Digital Economy

A Debrief on Mary Meeker's Internet Trends Report 2018

We want to share with you our key takes from Mary Meeker's Internet Trends Report and their impact on the UK. Every year, Mary Meeker of Silicon Valley VC firm KPB&B releases what is described as 'the most eagerly anticipated presentation of the year' – her annual Internet Trends Report. The reason it is so widely anticipated is that in the hype bubble of Silicon Valley, her analysis is global in reach, deeply researched and comprehensive.

Its intent is to inform investment in technology, but it also has implications for understanding people and the changing face of society and thus for marketers.

The report weighs in at almost 300 pages, we have picked up our Top 10 highlights below and their implications.

1 The rise of the screens may be over. For the first time in many years, in 2017 no more smartphones were sold than in 2016. The last decade has been about adapting to new screens – the next decade will be about excelling on the ones we have, by adapting to new behaviours, and new interfaces such as voice. The same goes for internet user growth, which rose 7 percent in 2017, down from 12 percent the year before. Now that half the world is online, there are fewer people left to connect.

2 Time spent with digital media continues to rise. U.S. adults spent 5.9 hours per day on digital media in 2017, up from 5.6 hours the year before, some 3.3 of those hours were spent on mobile, which is responsible for overall growth in digital media consumption. We see this too in the UK, and whilst non-commercial consumption (subscription, ad blocking etc) has risen, so still has exposure to commercial media. With this rise in time spent, the need to get noticed is higher than ever. In order to be noticed the quality and value of what you deliver in those moments had to be higher.

3 The virtuous cycle of growth and R&D continues. Growth in the economy is still disproportionately going to tech companies, and to maintain this tech companies are constantly raising the proportion of revenue spent on R&D, which now sits at 18%. In a lower growth environment, R&D investment will be essential.

4 Amazon is on a relentless ascent. In the US, eCommerce now represents 13%+ of all retail sales, and Amazon now captures 28% of all eCommerce with physical retail sales continuing to decline. Whilst 'Amazon it' may not be as catchy as 'Googling' it really is a thing as 49% of product searches now begin in Amazon. We will see Amazon in more categories in the UK this year, and optimizing presence within Amazon will be a necessity. With Amazon being a core store front having a clear strategy for the Amazon effect will be key.

5 Subscription is the fastest growth commercial model. Advertising continues to be the primary model of the 'super-platforms', but subscription is becoming the norm with Netflix subscriptions +25% and Spotify +48%. Subscription is a norm and has lots of potential beyond the entertainment category.

6 Mobile is the remote control for shopping and entertainment. Mobile payments are becoming easier to complete with China leading the rest of the world in mobile payment adoptions with over 500 million active mobile payment users in 2017. Globally mobile shopping sessions have risen by 54% year on year, and entertainment session by 43%. The two behaviours are bleeding into together, and an entertaining shopping experience for mobile is a high growth priority in many categories. The level of budgets allocated to mobile executions are broadly in line with the time spent on mobile - mobile accounts for 29% of time spent in media, and 26% of budgets are allocated to mobile executions.

7 Data-driven platforms have the highest satisfaction levels. Whilst regulation around data privacy is at the top of the news agenda, businesses that responsibly use data to improve the customer experience have the best satisfaction levels and growth rated. Google's satisfaction rates sit at 82%, and Amazon's at an amazing 85%.

8 The UK lags behind in comfort with data sharing. Many consumers are perfectly happy to give their personal data to businesses in return for benefits, but the UK is relatively sceptical. Only 16% of UK consumers say they are very happy to share this data, vs a global average of 27% and 38% in China. This is a sensitive market. We find clients and partners (technology, media and data) being caught in "Privacy paradox" caught between using data to provide better consumer experiences and violating consumer privacy. Creativity becomes of the utmost importance in this paradox, a more entertaining, interesting and emotional experience increases the value of sharing data if the perceived benefit is higher.

9 China is expanding its global influence. We are used to seeing incredible digital engagement numbers in China, and Tencent and Alibaba are 2 of the 6 largest businesses in the world by market cap. The new feature is the ex-China growth – Alibaba grew 80% outside China. This may take a while to hit the UK – but it will happen. China is also catching up as a hub to the world's biggest internet companies, it is home to 9 out of the world's 20 biggest internet companies, the US is home to the other 11, (to illustrate the speed of the growth, five years ago China had 2 and the US had 9).

10 Technology is changing workplace expectations globally. People are anxious about technology destroying jobs, but it is not happening yet. However, expectations are changing – 51% of people would consider switching jobs for more flexible schedules, and 77% believe it is now easier to find freelance work. At DAN agile working is a key principle, supported by technology. This is delivering results for our clients. Employing technology solutions such as remote access, dashboards and project management means we can keep documents and data secure whilst delivering the flexibility to work in multiple locations and on the go, to the benefit of both our clients and people.

These trends all have a direct impact on how we build brands and how our organisations operate – if you would like to discuss them in further and how they might impact your business, then please do get in touch
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