


The Daily: Digital life in 2024—How consumers will spend their time (and money), and the opportunities for advertisers

Audio



On today's podcast episode, we discuss what the biggest trend of 2024 will be when it comes to how consumers will spend their time—and money—and what the biggest opportunities for advertisers will be as a result. Tune in to the discussion with our director of Briefings Jeremy Goldman and vice president of Research Jennifer Pearson.

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Episode Transcript:

Jeremy Goldman:

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Marcus Johnson:

Hey gang, it's Thursday, January 4th. Jenny, Jeremy and listeners, welcome to the Behind the Numbers daily an eMarketer Podcast. I'm Marcus, today I'm joined by two people. Let's meet them. We start with our Vice President of all the research, based in New York, it's Jennifer Pearson.

Jeremy Goldman:

Hi, Marcus.

Marcus Johnson:

Jenny, welcome back. We're also joined by our Senior Director of everything briefings, based in New York it's Jeremy Goldman.

Jeremy Goldman:

Hey, great to be with you. Happy New Year and happy National Spaghetti Day.

Marcus Johnson:

Is it? Why do you know this?

Jeremy Goldman:

I'm just excited for January 4th, it's Spaghetti Day. Why would I not be excited?

Marcus Johnson:

That's true. Who doesn't know that? That's the real question. Today's fact is not that. Today's fact, what folks is the official sport of Maryland? It's the first state to have an official sport. I guess others do, but it was the first one to do it. But guess what sport it is. I'll give you a hint, it's very old-fashioned, this sport.

Jeremy Goldman:

It's going to be really random.

Marcus Johnson:

I think hundreds and hundreds of years ago.

Jeremy Goldman:

Is it like fencing or jousting or something like that?

Marcus Johnson:

Oh, my God, Jeremy.

Jeremy Goldman:

Wait?

Marcus Johnson:

No. It's jousting.

Jennifer Pearson:

Jousting?

Jeremy Goldman:

I was joking. It's really...

Marcus Johnson:

It became the official sport of Maryland in 1962. Michael Leray of culture trip explains that the Maryland State Jousting Championship, just in case you are thinking about heading over, is held annually. But they're non-contact. Thank goodness, ring tournaments. So competitors on horseback with a lance try to spear hanging rings of various sizes whilst quickly riding by. The rings, they're small. They range in diameter from a quarter of an inch, to two inches and they're hung nearly seven feet off the ground because obviously you're on top of the horse. Fancy a go?

Jeremy Goldman:

That's crazy. Maybe Jenny, we can get Tracy to joust with us one time.

Jennifer Pearson:

Yeah, Tracy's in Maryland.

Marcus Johnson:

Maybe she competes. Maybe Tracy our colleague in Maryland... Maybe that's why she lives there.

Jeremy Goldman:

For the tournament.

Jennifer Pearson:

That's where she work.

Marcus Johnson:

For the annual tournament. I'm moving, tell you that much. Today's real topic, the future of digital in 2024. In today's episode, first in the lead, we will cover how we expect the digital world to change in 2024, knowing other news today, too much to get to here. So let's talk folks. We just finished our future of digital. I said we. I didn't do anything, but you just finished your future of digital 2024 report, which looks at how folks will be spending their time and money in 2024 and the opportunities for advertisers and retailers and we're going to talk through some of those expectations for this year. We'll talk about how we expect people to spend their time, spend their money and some opportunities for the advertising folks at the end of the episode. Let's start with the biggest trend of 2024 when it comes to how consumers spend their time. Jeremy, I'll start with you. What are you expecting in terms of how people spend their time and how that might change over the next 12 months?

Jeremy Goldman:

So this is like a broad macro trend that we really wanted to spotlight in this latest report, which is that time spent on media has reached a bit of a plateau. And this is focused on US in terms of media per day per US adult. We say 12 hours 11 minutes for 2023 and then for this year a whopping three minute or so increase. I think what's really interesting about that is that there's a convergence happening where everybody, every major player is getting into everybody else's business. Because you're fighting over these smaller increments of growth. It's beginning to be very difficult and if you look at that three minutes, that's very little compared to 2019 versus 2020, it was nearly an hour. Obviously we know because of COVID,

but it was a 54-minute increase versus three minutes now. So it's just getting really competitive to reach today's consumers.

Marcus Johnson:

Yeah. The time pie isn't growing anymore at least so people are having to fight for whatever is there to your point. That was one that really jumped out to me as well. Time spent on media each day has basically stopped growing is the trends, as Jeremy was saying. I mean you can take 2022 to 2025 and time spent with media per day by Americans will go up just four minutes reaching those 12 hours and 16 minutes and as Jeremy said, it jumped by over an hour from 2019 to 2020 and then 2021 people adding over an hour to daily media diets. What's also so interesting, Jeremy, is when you look at what's going on by media. One of the by media that jumped out to me was time spent on social is flat growing just three minutes from 2022 to 2025. So I'm assuming the rest of the activities are also going to mirror that trend. That a lot of things are flattening out and it's not like you have one thing going up, one thing going down and that means overall time is breaking even.

Jennifer Pearson:

Well maybe just a little in the digital or connected TV area and then linear TV going down. I wouldn't know if they're one-to-one switching off, but we're definitely seeing a big decline in linear TV and then perhaps that time is then increasing on the connected TV platforms. A lot of that is led by the younger generations who are almost exclusively watching the digital or streaming connected TV as opposed to linear TV. But yes, in the social realm I think we have noted that TikTok is really what's giving that incremental time spent rise in social, but for the most part it's flat. That time is not increasing on social.

Marcus Johnson:

Yeah. Time spent watching TV in 2024. You're right, Jenny. That is one of the activities that we are seeing go down, three hours and 40 minutes at the moment. But if you look at that time from 2021 to today, to 2024, over those three years, time with TV would've lost about 15 minutes. So it's like cable in the same respect that it is not dropping off a cliff. It is going down a little bit each year rather consistently, but it's pretty resilient all things considered. What's happening by age when you scratch below the surface with regards to that TV time, Jenny?

Jennifer Pearson:

Right. Yeah. So the younger generation, younger age groups are just so much less time spent on linear TV. So looking at 18 to 24 year olds, so they're very talked about Gen Z generations only spending 53 minutes daily watching linear TV. If you compare that to older age groups, 55 to 64, 65 plus, it's over four hours daily of linear TV. And as just a huge difference and as lot age group plus younger age groups age up, if they keep those media habits in a similar fashion then we're definitely going to see a downward trend on linear TV.

Marcus Johnson:

Jeremy, what are you expecting to see with regards to the changes in how people will spend their money this year?

Jeremy Goldman:

So one thing that we noticed, and this is this year, but then again going further into the future, is that we're getting to a very interesting moment where consumers will be spending, again, this is not going to be until 2027, but we're starting to see a little bit of momentum towards point where consumers will be spending one in \$5 online by that point by 2027. So again, a bit of a plateau. We are not seeing the growth that we saw pre-pandemic. But we see a major milestone on the very near horizon and that's really interesting because people have been wondering how far can US e-commerce penetration grow? Like China for instance, it's at 45.9%, in the US it's 15.6. And some of this is that there are market differences and we have a lot of retail infrastructure that was just built up over time in the US that changes. Each market is different for certain reasons. But it gives people hope that there's a continued opportunity to grow their e-commerce presences.

Marcus Johnson:

So consumers will be spending this year 83% of their dollars in store versus nearly 17% online to your point. In China, nearly half of shopping is done online compared to that 17% in the US. The UK 30% is done online. So the takeaway for me there, Jeremy, is stores still rule significantly and to your point, looking at where we're going to be in the future, one in \$5, read the other way, four in five still in store, what's your take on this trend? Do you see it more as pay attention to e-commerce because a growing share is starting to move there of the retail dollars or do you see it more as it's just not as important as brick and mortar? So definitely don't pay as much attention as the headlines suggest.

Jeremy Goldman:

I mean I say a lot of it has to do with how a business is positioned and built. If you happen to have a very strong retail infrastructure, then great, you can do a lot of innovative things, improving the customer experience through digital technology to have a better omnichannel presence so that you can drive more dollars through your stores. Obviously buy online, pickup in store or click and collect depending on whatever you want to call it and shipping from the store and using the store as a mini command center and a major part of your supply chain to fulfill orders. These are things that we're seeing that winning retailers are able to do. So certainly there are a lot of opportunities to grow your business through retail, even if you totally overlook e-commerce. Because you're right to your point, it's not going to be anywhere close to half of dollars spent anytime soon.

Marcus Johnson:

Right. What you are saying there though is so interesting, which is we have to break out the numbers so that we can give them to you guys, to the listeners, to the clients people use the information. But realistically, consumers don't think about this at all. They just think of store. They think of buying the thing and as soon as you get anywhere near to buying it, store buying online, buying it in this place, that place, that's not how consumers think and you've got to get away from that as fast as possible and just make it one experience as best you can.

Marcus Johnson:

One other thing on this I thought was really interesting, 40% of all shopping in China is done on a mobile phone, of all shopping, total retail, not just the online portion. 40% of all shopping done on the mobile in China versus 7%. Just 7% in America. That makes sense. They leapfrog the laptop and the smartphone, the mobile phone was the first entry point into the internet for a lot of people in China, lower cost device. So that does make sense, but just staggering differences there. Jenny, what about for you? What are you paying most attention to this year when it comes to how consumers are going to spend their money differently than previous years?

Jennifer Pearson:

Yeah. I think looking at the categories where our consumers are deciding to purchase a make e-commerce purchase, we have a forecast of the change is most great and our food and beverage in the consumer products category. So some of that was quick reaction to the pandemic and making sure those really crucial items and essentials were available, and that

has held over a bit and that it made it more easier and more comfortable for consumers to buy those e-commerce categories online. So we're seeing the biggest change in those two categories this year.

Marcus Johnson:

I think comfortable is a good word there. I was looking at the share of these categories, 8% of all food and beverage sales in America are online, and ticking up slowly but surely. It's a big market so it's going to take a while. And 21% of health and personal carers online also, that share also growing as we move into the future. Let's end folks by talking about some of the biggest opportunities for advertisers in 2024. What are we paying attention to here? What should advertisers be paying attention to here?

Jennifer Pearson:

I'll hone in on that younger generation, again, where we're in cohort of where are they spending their time. If that's a leading indicator of where to put some marketing dollars and I think I've noticed some pretty good streaming commercials these days and much better quality, better products featured. So I'd put my money in there. Have you guys noticed some better quality ads on your platforms lately?

Marcus Johnson:

I've noticed the same ads on the platforms recently, which has been a problem for a long time. But you made a really good point in this report, which is CTV retail media. There is going to be more and more inventory available, so you're going to start to see more of these ads on more of these streaming platforms, particularly as the advertising video on demand platforms start to become more and more popular. People with tighter budgets don't want to spend money on a million streaming things to watch all of their things. And a number you had in here, CTV retail media growing from 2% of retail media pie last year to 6% this year, writing that. That's driven by the launch of ads on Amazon Prime Video. So I think that's a really good focal point for advertisers for next year, those ads in those places.

Jeremy Goldman:

I think yeah, Jenny's right, and especially in the sense that there are for instance, streaming pause ads that are a bit of a newer format. And if people are highly engaged with CTV, you have to take an action to pause. And that to me is a really compelling place because they've

taken an action. And then what does that tell you? Like their quick restroom break or getting up to get a snack. So something like that where it's an innovative format that breaks through the clutter. Another thing that I think is worthwhile to mention in terms of what advertisers and marketers need to do to get out there is to try test and learn with new formats. And perfect example is there's obviously a lot of talk lot about generative AI features that have been added into things like Snaps My AI, Meta launching its own AI chatbots on its platform. So how can you basically try to embed yourself in, it could be a partnership. It doesn't have to be like a pure ad, just to do something that breaks through the clutter that the consumer is not yet used to that feels novel.

Jeremy Goldman:

There are going to be a lot of opportunities to do things like that over the next year and that's something that, especially considering the fact that everybody has all the information they need to plug and play the same types of ads with compelling creative on Meta and Google to figure out where else you can play where other people aren't really maximizing yet. I think that's a golden opportunity for brands.

Jennifer Pearson:

And then going with the social also is leveraging it for commerce, so to go ahead and complete the purchase or at least begin that purchase there.

Marcus Johnson:

Yeah. I think we've got to make it more seamless for people, because like the QR code, for example, you're watching a show, you're streaming something and a QR code pops up and they say scan it, which has gotten easier to do. But it's a thing you've got to do. You've got to take your phone out, you've got to aim it. Maybe you've got to run closer to the TV because you have a huge house. And then from there, maybe you don't want to interact with that product right in that moment. So I wonder whether we're going to best alternative in the future it's going to be voice commands. It's going to be being able to say, add to cart, add to wishlist, and then you can scroll over that product in your own time on your phone, on your laptop.

Marcus Johnson:

Because then if you said that, maybe it throws it in your cart, you go to your laptop later on and you can have a look scrolling on your TV for a product or even your smartphone in that moment, having to do it in that moment as opposed to just if you're cooking over your shoulder saying save that for later. I wonder if that's going to become more user-friendly, better for the buying experience perhaps. We'll see.

Jeremy Goldman:

That's definitely I think a really valid point. I mean you have, and this is Jenny's territory with demographics, but I think that there are certainly people particularly in younger generations that are playing with their phone and using it as a second screen as they watch. And then there are people who just aren't. And they often skew older. I think we have some data on that. So as a result, somebody might not even have their phone available. So I mean that is a bit of a problem and that's going to be something that has to be solved over time.

Marcus Johnson:

Yeah. All right folks. Well, for more insights on digital trends for this year, check out the full report. It's called The Future of Digital 2024. You can head to insiderintelligence.com for that or click the link in the show notes. That's what we've got time for today's episode. Thank you so much to my guests, thank you to, Jenny.

Jennifer Pearson:

Thank you for having me.

Marcus Johnson:

Absolute pleasure. Thank you to, Jeremy.

Jeremy Goldman:

Pleasure as always.

Marcus Johnson:

Thank you, sir. Thank you to Victoria who edits the show, James, who copy, edits it. Stuart, who runs the team, and Sophie who does our social media, and thanks to everyone for listening in. We hope to see you tomorrow for the Behind the Numbers Weekly Listen video podcast from eMarketer. For the video version, head to YouTube at insider

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