September 2018

MOBILE MARKETING TRENDS ROUNDUP

Americans are spending less time with most major media, with one major exception: smartphones. eMarketer has curated this Roundup of articles, insights and interviews to break down the key trends in mobile marketing today.

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OVERVIEW

Americans are spending less time with most major media, with one major exception: smartphones.

In 2018, adults will still dedicate more time per day to TV—nearly 3 hours, 50 minutes—than to any other medium, but TV time is shrinking, down from 4 hours, 37 minutes in 2012. Mobile time will increase to 3 hours, 35 minutes in 2018, and by 2019 mobile will be the new leader in time spent, with 3 hours, 43 minutes of engagement vs. TV's 3 hours, 42 minutes.

That's according to eMarketer's latest forecast on mobile media time spent.

Time spent on mobile, however, is likely approaching a peak, and within a few years, we believe we'll start to see it plateau.

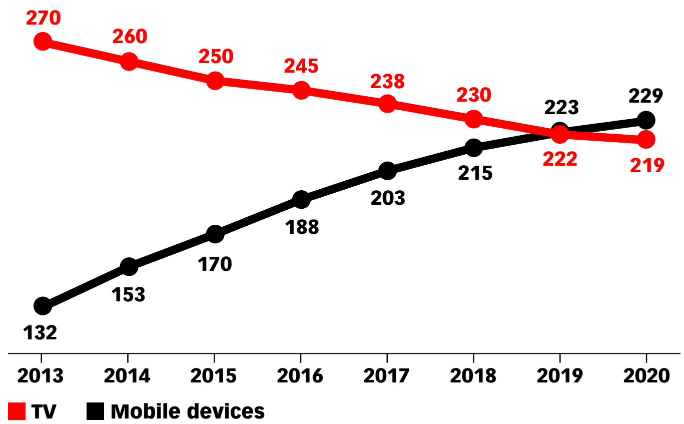
Several trends on the horizon could put a stop to mobile time's seemingly inexorable rise. A slew of newer device categories, such as smart speakers, smart cars, wearables and VR headsets, might dent time spent.

At the same time, there is a growing backlash against the overconnected lifestyle. We are already seeing a decline in time spent with tablets, which reached an inflection point in 2016, when US adults averaged 70 minutes using them. That average has since dipped about a minute to 68.7, and this gentle downward trend is set to continue for the next few years.

Just as bigger and better smartphones decreased tablet minutes, newer devices, such as smart speakers, may replace smartphones for some tasks. We estimate that more than a third of millennials will use a smart speaker at least monthly in 2018, as will roughly a quarter of Gen Xers.

That isn't to say the importance of mobile devices will diminish. They will sit at the center of all of these devices and connect with them. But future consumers will have a more varied set of digital interfaces.

Average Time Spent per Day with TV and Mobile Devices by US Adults, 2013-2020
minutes



Note: ages 18+; time spent with each medium includes all time spent with that medium, regardless of multitasking; for example, 1 hour of multitasking on a mobile device while watching TV is counted as 1 hour for TV and 1 hour for mobile device
Source: eMarketer, April 2018

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Check out an episode of the "Behind the Numbers," podcast, in which eMarketer analysts Monica Peart and Yory Wurmser talk about mobile and other media usage. Are there stirrings of a consumer backlash against constant smartphone use?

Study finds mixed response on limiting screen time

It seems like teenagers would appreciate taking a break from their smartphones, if only they knew how.

A survey of 13- to 18-year-olds conducted for Screen Education, a nonprofit group focused on reducing screen time, found that teens consider more than half of their friends "addicted" to their phones.

The survey uncovered widespread anxiety about phone usage, ranging from feelings of pressure to respond immediately to notifications, to a sense of being overwhelmed by the flow of messages and information they receive.

The survey also found a mixed response when it came to limiting screen time. On the one hand, 65% said they wished they were better able to limit the amount of time they spend on phones. On the other, 69% said they had successfully reduced the amount of time they spend on phones.

Similarly, while 69% said they would like to spend more time socializing face to face rather than online, more than half said that when they do spend time together with friends, there are long stretches where they are on their phones, not talking with each other.

Of course, it's not just teens who are conflicted. A 2017 study from Deloitte, conducted by Ipsos MORI, found that most people check their device approximately 47 times per day. (Among the younger people surveyed, the frequency was almost twice as high—roughly 86 times a day.)

That study, too, found a yearning to reduce screen time. Fully 47% of those polled said they were taking actions to reduce the time they spend with their device, either by keeping it out of sight or by simply turning it off.

Efforts to limit mobile time don't appear to be working terribly well, though. According to our latest estimates, the average US adult will spend about 215 minutes per day with mobile devices. And that time is expected to increase in coming years.

US Teen Smartphone Users' Attitudes Toward Their Phone, April 2018
% of respondents

60%	of teens' friends are addicted to their phones
58%	feel that people generally expect them to respond immediately to notifications
52%	have extended stretches of time when spending time with friends on weekends in which they are all silently sitting together and not talking to each other while on their smartphones
41%	feel overwhelmed every day by the quantity of notifications they receive

Note: ages 13-18; select responses shown
Source: Screen Education, "Teen Smartphone Addiction National Survey 2018" with support from EMI Research Solutions and Stark Statistical Consulting, June 20, 2018

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Listen in!

Check out an episode of the "Behind the Numbers," podcast, in which eMarketer's Mark Dolliver discusses how teens indulge in too much screen time, and the extent to which they and their parents see this excessive usage as a problem.

Retail 'winners' reportedly have richer mobile web experiences

Some retailers are actively encouraging mobile shopping by including extra functions not found on desktop sites.

According to an April 2018 Retail Systems Research (RSR) survey of 123 primarily US-based retail executives, most retailers either offer roughly equivalent desktop and mobile experiences, or a less feature-rich experience on mobile.

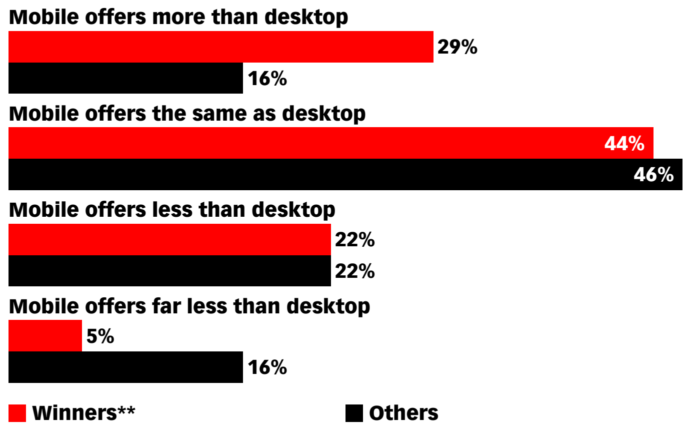
But RSR found that overperforming retailers (what it calls "winners," or those with better than average year-over-year sales growth rates) are considerably more likely to provide more, not less, functionality with their mobile web offering. Some 29% of these outperformers said their mobile web experience was richer than their desktop experience, compared with 16% of the underperformers.

"Winning retailers don't merely accept that the consumer shopping journey often begins in the digital domain, they are encouraging it, often using mobile as the front edge of their customer experience strategies," RSR wrote.

While mobile commerce is growing rapidly as desktop's growth slows (we forecast that US mobile commerce sales will reach $208.13 billion in 2018, accounting for nearly 40% of total retail ecommerce sales), the importance of an aggressive mobile strategy is not merely to capture mobile buying, but also to ensure a positive experience that may lead to conversion online or offline.

We estimate that there are 185.5 million smartphone shoppers in the US, representing 83.6% of all digital shoppers.

How Does US* Retailers' Mobile Web Offering Compare to the Full Functionality of the Desktop Site Experience? April 2018
% of respondents



*Note: *93% were headquartered in the US; **retailers with above average year-over-year sales growth rates*
Source: Retail Systems Research (RSR), "The State of Online Commerce 2018: High Hopes," July 20, 2018
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Mobile passes that live in wallets offer many of the advantages of native apps

In the ongoing effort to gain consumers' attention, one effective media channel that's often overlooked is the mobile wallet.

We estimate that 55.0 million US mobile phone users will make a proximity mobile payment—one that's completed on a mobile device at the point of sale—by the end of this year. Many of those users will turn to a mobile wallet like Apple Pay, Google Pay or Samsung Pay to make those types of purchases.

Marketers can tap into mobile wallet users through mobile passes, sometimes called wallet passes or wallet cards. These passes can be controlled by brands, but are housed and accessed via a mobile wallet like Apple Pay or Google Pay.

These mobile passes offer a range of services beyond just payments, such as personalized messages, loyalty programs, coupons, gift cards and notifications triggered by geofences.

"It's really taking what is traditionally a static plastic or paper asset and making it a living, breathable asset on your phone. You can update it, send new content to it and—in most cases—send notifications," said Danny Ackerman, senior director of product platform at Urban Airship, a mobile engagement and digital wallet solutions provider.

In many ways, mobile wallet passes act much like lightweight apps, offering similar functionality, but with a lower barrier to adoption. They also tend to have higher retention rates compared with apps, which suffer from higher churn rates.

One of the major advantages of mobile passes is that users are opted-in to location sharing by default. Location-specific messages delivered via mobile passes can be triggered by geofencing, helping to drive in-store conversions.

"It's really easy to get [mobile passes] distributed and installed," Ackerman said. "Unlike apps, they're not taking up valuable screen real estate, they're not hogging resources. But the tradeoff is that you can't go quite as deep as you can with an app."

US Proximity Mobile Payment Users, by Platform, 2018-2022
millions

	2018	2019	2020	2021	2022
Starbucks	23.4	25.7	27.5	28.7	29.6
Apple Pay	22.0	24.0	25.5	26.6	27.5
Google Pay	11.1	12.4	13.4	14.3	14.9
Samsung Pay	9.9	11.0	11.9	12.7	13.2

Note: ages 14+; mobile phone users who have made at least one proximity mobile payment transaction in the past 6 months; includes point-of-sale transactions made by using mobile devices as a payment method; excludes transactions made via tablet
Source: eMarketer, May 2018

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Policing information flow is a tall task

Data is the backbone of digital advertising, but harnessing it is a real struggle.

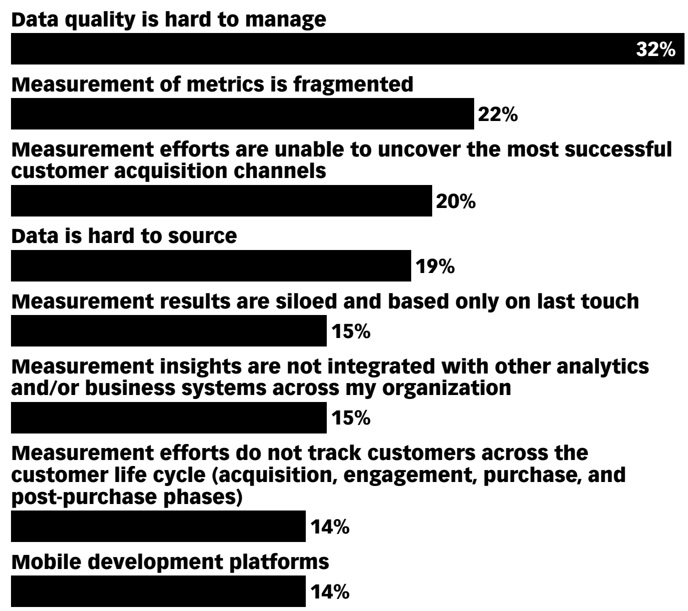
Tune and Forrester Consulting surveyed 300 US mobile marketers in January and found that about one-third of them see managing data quality as a real challenge. Part of the issue is that as money pours into mobile channels, it becomes difficult to police the data that's flowing in because fraudsters are eager to take advantage of the surge in in-app ad spend.

Many marketers have difficulty managing their data in general. Nearly half of the respondents in a survey of 154 marketing influencers and research subscribers by Adestra and Ascend2 said that data management was one of the most difficult tasks they deal with.

This can become particularly problematic for mobile marketers whose budgets are growing. eMarketer predicts that mobile ad spending will surpass TV ad expenditures this year and account for nearly 70% of all digital advertising.

Challenges that US Digital Marketers Face in Measuring Their Company's Mobile Marketing, Jan 2018

% of respondents



Note: n=300
Source: Forrester Consulting, "Master Mobile Measurement to Transform Customer Relationships" commissioned by Tune, April 4, 2018
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Smartphone Users Are Reinstalling Apps at a Surprisingly High Rate

Most who do so simply want to give the app another try

It turns out that a surprisingly high number of app users are uninstalling and then reinstalling their apps, according to recently released data from mobile analytics firm Tune. In fact, the firm's analysis revealed that nearly 30% of app downloads in North America—as measured by Tune's customers between November 2017 and May 2018—were reinstalls.

The data adds a new twist to marketers overseeing app install and user acquisition campaigns.

Tune found that reinstall rates were higher for specific app categories, particularly those for which consumers had a short-term need, such as travel apps and dating apps. In addition, gaming apps tended to be reinstalled at a higher rate than non-gaming apps.

Conventional wisdom used to suggest that app reinstalls were most common in emerging markets, where lower-end smartphones with limited onboard memory are prevalent. The constraints of these devices were thought to cause users to download apps for a distinct purpose and then delete them to free up precious storage space until they were needed again. That's when the "download-then-delete" cycle would begin anew.

But Tune's data is complicating that idea, revealing that a higher number of smartphone users in Western markets are also reinstalling apps.

Tune found that roughly 34% of US smartphone users polled in November 2017 reinstalled an app simply because they wanted to give it another try, making it the most popular reason for reinstalls.

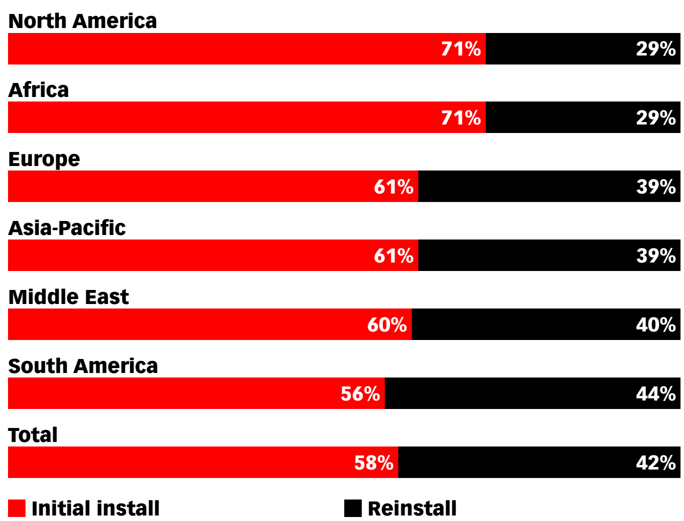
A smaller number of respondents, about 20%, said they deleted an app because they found it buggy, and they reinstalled in the hopes the newer version would work better. Overall, only about one-quarter of respondents said their decision to reinstall an app had been driven by a lack of storage space on their device.

So what's that mean for marketers running user acquisition campaigns in the US?

First, the importance of your app store optimization (ASO) strategy cannot be understated. Tune found that 65% of smartphone owners surveyed in November 2017 said they reinstalled an app after searching for it.

These smartphone users know exactly what they're looking for; app marketers can make the discovery process even easier by including the right keywords in app titles and descriptions on the Google Play Store and Apple App Store.

Mobile App Performance Metrics Worldwide: Reinstall Share of Total Installs, by Region, Nov 2017-May 2018
% of total on Tune's platform



Note: represents activity on Tune's platform, broader industry metrics may vary
Source: Tune, "App Reinstalls: A Sleeping Giant in Mobile User Acquisition"; eMarketer calculations, May 30, 2018
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Check out an episode of the "Behind the Numbers," podcast, in which eMarketer analyst Rahul Chadha and forecaster Showmik Podder break down some of the key data in eMarketer's new estimates for mobile app usage. Which app categories are growing fastest, and why?

For Many Merchants, Mobile Commerce Is a Challenge

Ease of use, fraud and security weigh heavily

Mobile commerce isn't always synonymous with user-friendly. And for merchants trying to engage consumers on their devices, that's a pressing concern.

But it's not the only one.

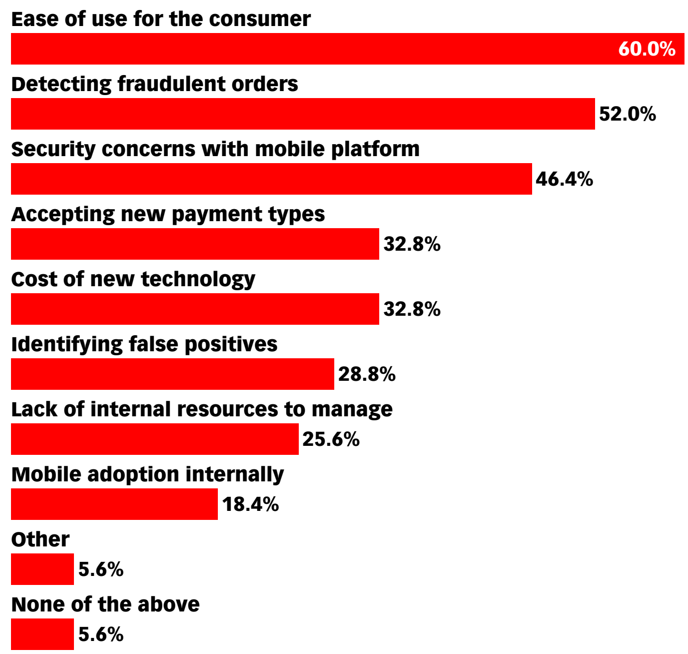
In a March 2018 survey by fraud and risk management platform Kount, 600 merchants worldwide—across 29 industries like apparel, entertainment and food—said they faced a plethora of challenges when it comes to mcommerce.

Of course there's the ease of use for the consumer, cited by 60.0% of merchants, but there's also detecting fraudulent orders (52.0%), security concerns with mobile platforms (46.4%), the cost of new technology (32.8%) and the lack of internal resources to manage (25.6%).

The challenges merchants are up against align with what consumers feel make a good mobile experience. A November 2017 PacketZoom and Tapjoy survey found that 66% of US mobile app users said reliable performance is an important trait in an app, while 62% said ease of use. Another 70% said that when using an app, security is most important.

And solving these challenges will be critical, especially for retailers. We forecast that US mcommerce sales will reach $208.29 billion in 2018, accounting for nearly 40% of total retail ecommerce sales.

Challenges of Mcommerce According to Merchants Worldwide, March 2018
% of respondents



Source: Kount, "2018 Mobile Payments & Fraud Survey," June 14, 2018
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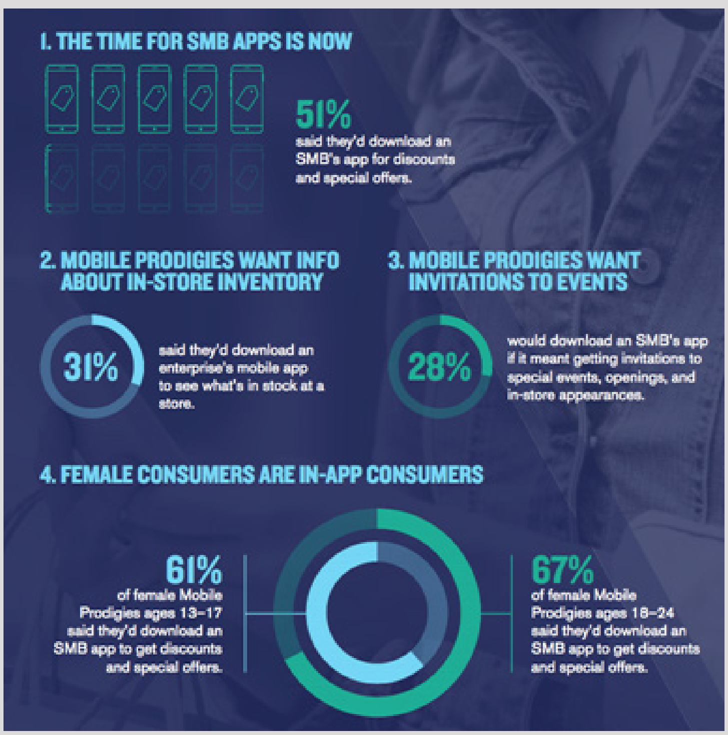
Mobile Prodigies and Movement Science™: What SMBs Need to Know About Millennial and Gen Z Shoppers

This post was contributed and sponsored by Verve.

The mobile device plays a game-changing role in shopping. According to eMarketer, mobile commerce will account for 39.6% of total ecommerce sales in 2018 and will generate the majority of e-commerce revenue by 2021. For small and medium-sized businesses, preparing for the shift requires a keen understanding of Movement Science and the importance of mobile apps.

SMBs have the same opportunities and imperatives as big brands. They need to move just as quickly and efficiently to embrace mobile shopping, all with fewer resources and smaller budgets. The key to success lies in understanding the medium of the moment—mobile apps—and the behaviors and attitudes of millennial and Gen Z shoppers, the earliest and most enthusiastic adopters of m-commerce.



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Verve partnered with YPulse, an expert on younger consumers, to survey 1,000 shoppers aged 13–35—we refer to them as Mobile Prodigies—about apps and SMB shopping. Their responses shed light on what they expect from SMBs in a mobile context and how first-party, location-infused data speeds the path to purchase—a methodology Verve calls Movement Science. Here's what they said:

- **Mobile Apps Matter** SMBs struggled with the cost of app development and the challenge of user acquisition and retention. Nonetheless, Mobile Prodigies are eager to engage in-app, with 51% saying they would download an SMB's app provided it presents tangible value such as discounts and offers. However, customer satisfaction is only half the value; a robust, location-aware app is a rich repository of first-party data, from store visits to competitive insights, which can be applied across all marketing channels.
- **Localized Information & Opportunities Pique Interest** Mobile prodigies want to know what's available at the local level. In the survey, 31% said they would download an SMB's mobile app to get information on what's in stock and 28% said they would download an app if it offered opportunities to attend special events like store openings and in-store appearances. First-party data, infused with location, makes it possible to deliver on these expectations within an SMB's mobile app and within mobile ads as well.
- **Discounts Drive Downloads** This is especially true of female Mobile Prodigies—61% aged 13–17 and 67% aged 18–24 are willing to download an SMB app if it delivers on incentives. Here in particular, the first-party data a mobile app delivers is especially valuable … the wrong offer can alienate just as quickly as the right offer inspires.

SMBs that invest in mobile apps will reap significant rewards in the form of consumer engagement with Mobile Prodigies. Even more significant is the value that lies in the data. Yet collecting the data is only the first step—the heavy lifting comes with cleansing, analyzing and utilizing it. Verve explores this process in its new eBook, *Movement Science: An Advertisers Guide to Activating Mobile Device and Location Signals.*

How Dunkin' Donuts Uses Loyalty to Get Over Mobile Payment Adoption Challenges

Plus, what's delaying mass adoption

Paul Murray

Director, Digital Experience

Dunkin' Brands

The road to mass adoption of mobile payments in the US has been rough-hewn so far, but some companies, like Dunkin' Brands, have found the secret to a smoother journey. Paul Murray, Dunkin' Brands' director of digital experience, spoke with eMarketer's Rahul Chadha about the key role that loyalty programs play in giving consumers a reason to reach for their smartphone at the point of sale (POS), instead of their credit card. Murray was interviewed as part of eMarketer's August report, "Mobile Proximity and Peer-to-Peer Payments 2018: How Starbucks, Walmart and Zelle are Leading in Mobile Payments."

eMarketer: What do you see as the major challenge to mobile payments?

Paul Murray: Adoption is always a challenge for any new technology. It can be a challenge for a lot of brands.

Our mobile payment options are integrated into our loyalty program [DD Perks], which helps. Our guests are able to earn points toward free beverages, so there's a natural reason to tap into mobile payments.

eMarketer: Is the loyalty program the main way you get customers to download your app and use mobile payments?

Paul Murray: The marketing is really all about getting consumers to loyalty, and payment typically follows that. To generate interest in loyalty, we tell guests they'll earn a free beverage reward when they sign up for DD Perks, as well as a birthday reward. We also have campaigns connected to the loyalty program. For example, with the "Patriots Win, You Win" promotion, DD Perks members get discounted coffee the day after a Patriots win. We often use that as an acquisition lever or to educate people on the value of DD Perks.

"The marketing is really all about getting consumers to loyalty, and payment typically follows that."

eMarketer: So the loyalty program itself becomes the marketing channel?

Paul Murray: Yes, it's a powerful marketing tool for us. It allows us to build a lot of personalization and one-to-one marketing through targeted offers delivered in our loyalty program—we're able to track guests' behaviors and serve them relevant offers. It also helps us do things like regional or city-specific promotions.

eMarketer: How do you streamline the onboarding process for mobile payments?

Paul Murray: We introduce the payment option during the enrollment process. The guest downloads the Dunkin' mobile app and enrolls in DD Perks. They can use an existing plastic gift card or purchase one as part of the enrollment process.

At that point, they can enter their payment information either manually or by using our card scanner in the app. Then they can use that card to make an initial purchase or for future reloads of the gift card.

Once a guest sets up their Perks account, they can choose whatever option they want. They can automatically have a value loaded to the Perks card at a predetermined time—like the first Monday of every month—or when their balance drops below a certain amount, say $10.

eMarketer: Have you seen an increase in conversion rates among mobile payment users?

Paul Murray: I can't share specifics as far as the rates, but we have a mobile-first loyalty program. It's designed around a mobile experience, so a lot of our best customers who are looking for speed and convenience are the ones engaging with the mobile platform. More than 70% of DD Perks rewards members who use our mobile ordering platform continue to use it.

"When we start to get to the level of consistency we're at with inserting a plastic card into a payment terminal, you'll see mobile payments take off."

eMarketer: Were there any major lessons you learned when rolling out the mobile app or mobile payment offering?

Paul Murray: It's no secret that education is important—making sure our crews were trained and knew what to do when somebody walked in and held their phone up.

The other part was making sure that guests understood what the app could deliver from either a loyalty perspective or from a speed and convenience perspective. We were really focused on making sure we were communicative with both guests and our crews.

eMarketer: Do you think there's still room for growth in the adoption of mobile payments, or have we hit a ceiling?

Paul Murray: There's still room for adoption. There's just an inconsistent experience from brand to brand and from mobile wallet to mobile wallet. When we start to get to the level of consistency we're at with inserting a plastic card into a payment terminal, you'll see mobile payments take off. Right now there are a lot of offerings from different competing products. Consumers are still figuring out what's in it for them.

What eBay Learned Early on About Doing Mobile Retail Apps Right

And what the future holds

Steve Yankovich

Chief Product Architect

eBay

eBay was one of the first ecommerce companies to have almost immediate success with its mobile app, at a time when many others were experiencing a steep learning curve. Steve Yankovich, eBay's chief product architect, spoke with eMarketer's Andrew Lipsman about what the company did right in the early days, and how its mobile strategy continues to progress. Yankovich was interviewed as part of eMarketer's June report, "Mobile Retail Apps 2018: Strategies to Acquire, Engage, and Retain Users."

eMarketer: Looking back, why do you think the eBay mobile app had early success in the industry?

Steve Yankovich: In the early days, a lot of retailers didn't think people would actually shop on mobile. They thought there'd be some kind of spend limit or some kind of fear and trust problem. They didn't believe the smartphone would become the main conduit for people to the internet and the world of connected things.

eMarketer: What strategies did you use that were different from other retailers?

Steve Yankovich: One thing we did a little bit differently is we operated independently from the rest of Product at eBay, and that allowed us to move very fast and different, like a startup, right inside the larger company.

We also tried to not just take our web experience and shove it on the small screen. We realized we had to approach this differently, recognizing that people are actually mobile when they're using a device. They use it for “snacking,” like checking out Snapchat or Facebook for a minute on their way from one place to the next.

And if you don’t have something interesting happen in that short period of time—in our case maybe a transaction—you could have lost that moment of inspiration forever. They may never come back to whatever mattered to them in that moment and complete that purchase.

“If you don’t have something interesting happen in that short period of time [people use mobile] ... you could have lost that moment of inspiration forever. “

eMarketer: How did the rest of the retail industry eventually evolve their way of thinking about app development?

Steve Yankovich: Initially, many retailers didn’t invest in mobile the right way. Once they finally decided to do it, they hired a small agency to build their app. While that agency might have had the skills to develop for iOS or Android, they weren’t experts in ecommerce or in understanding how to engage consumers.

Retailers would end up spending a lot of money—maybe half a million dollars—to get an app, and the app didn’t do anything. Consumers didn’t like the experience, and retailers just assumed that mobile wouldn’t work for them.

eMarketer: How did you think about the mobile app in comparison to the mobile web experience?

Steve Yankovich: It was about the fact that the native app had features that weren’t available on mobile web, like push notifications, camera use, location and the accelerometer. There were a lot of features we experimented with to take advantage of this functionality, like leveraging the camera and image recognition to list an item on eBay through the mobile app.

The other thing about the mobile app is you could predict things about the user. You could keep them logged in, and because of that, you could show them things that were personalized. All of that, especially in the early days, was not quite so doable on mobile web.

If there was too much latency or search was hard, that transaction wouldn’t have happened. That’s what you can enable with apps.

eMarketer: Do you consider mobile web an important part of your mobile strategy today?

Steve Yankovich: We didn’t do mobile web right out of the gate, but we knew not to stuff the whole desktop web experience into that small browser. If somebody has to go to a full webpage on the small screen and they have to pinch and zoom, the falloff is unbelievable. We understood the need to have responsive design for mobile web.

But today, there’s a set of consumers out there who have app download fatigue. For some people, that app download feels like more commitment than they want to make to you, so it’s important to, first of all, recognize the person is possibly brand new to eBay if they come through mobile web, and second, if they choose not to move forward to the app, we still have to give them the best possible experience on mobile web to keep them as a customer.

eMarketer: What are the biggest value drivers for someone to download your app?

Steve Yankovich: Sometimes it’s small things that the native app can do to reduce friction for the user. It reminds me of a story where a guy is skiing and he gets on a chairlift next to another guy he doesn’t know, and he’s fascinated by the bindings on that guy’s skis, because they look like there’s almost no material and they’re super light. So he takes out his phone, buys them on eBay, puts his phone back in his pocket and gets off the lift to start skiing.

If there was too much latency or search was hard, that transaction wouldn’t have happened. That’s what you can enable with apps, and that’s a big deal.

eMarketer: What is the future of the retail app? And what technologies will drive behavior forward?

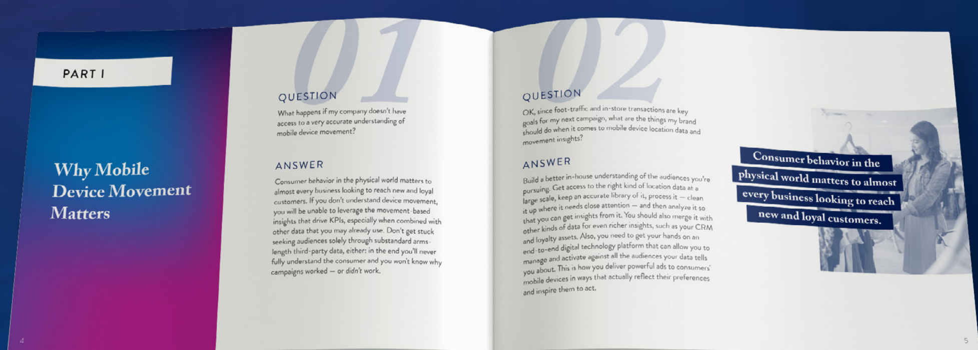
Steve Yankovich: [Three-dimensional] models, whether virtual reality or augmented reality, create a better understanding of a product someone’s never seen in person or touched, but can buy online. There are still people who feel that they have to look at a product and pick it up before they feel comfortable buying it. That will evolve for sure.

Movement Science™

An Advertiser's Guide to Activating Mobile Device and Location Signals

Explore the challenges in assessing and leveraging mobile device movement insights to create contextualized and personalized brand experiences.

- Why mobile device movement patterns matter
- How and why movement insights can offer the highest level of precision targeting
- How brands should evaluate mobile location partners
- How location intelligence informs deeper consumer insights for optimal campaign performance



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