The Daily: Where Americans spend their time with connected devices, Amazon's Sidewalk network, and 2 new AI bills

Audio

On today's episode, we discuss how time spent on smartphones is changing, what people do on different devices, and what digital time spent in your car might look like. "In Other News," we talk about the significance of Amazon's Sidewalk network and what to make of two new pieces of potential AI legislation. Tune in to the discussion with our analyst Yory Wurmser.

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Episode Transcript:

Marcus Johnson:

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Yory Wormser:

You're probably spending a fair amount of time on one or two social media. You might spend time on Spotify. You might spend time browsing through Amazon. But there are going to be a certain cluster of apps where the vast majority of your time takes place and then that long tail of activities will often happen on the web.

Marcus Johnson:

Hey gang. It's Monday, July 3rd. Yory and listeners, welcome to the Behind the Numbers Daily, an eMarketer podcast made possible by Verisk Marketing Solutions. I'm Marcus. And it's a Monday recording. Not a Monday recording. It's a morning recording. And a Monday record. It's both. No, it is Monday. Oh, this is the best I can do. Who scheduled this? Definitely me.

I'm joined today by someone else who doesn't want to be here right now because it's too early. They are based out of New Jersey and they are our Principal Analyst covering everything technology. It's Yory Wormser.

Yory Wormser:

Hey Marcus. How are you?

Marcus Johnson:

Hello. Not good.

Yory Wormser:

Yeah.

Marcus Johnson:

Let's see how this goes. Today's facts. I'll pose a question. The most consumed beverage in America, this is of 2018, Yory, was what? Most consumed beverage in America, 25%.

Yory Wormser:

So not including water?

Marcus Johnson:

Maybe.

Yory Wormser:

I'm going to say bottled water.

Marcus Johnson:

Oh, money. Nailed it. Bottled water, 25%. Good guess. I was way off. Second place?

Yory Wormser:

Flavored seltzer.

Marcus Johnson:

Carbonated soft drinks. Second place, 22%. Yeah. Wow. Bottled water, 25%. Carbonated soft drinks, 22%. That's basically half of the beverages right there. Coffee in third with 13, beer and cider, 11. Milk rounds out the top five with 10%. Milk's quite high considering it's like a third of Americans have lactose malabsorption. So I thought milk was quite high. But those five drinks make up over 80% of American's beverage consumption. There's a few tea drinkers, some juice people, some sports drinks folks, and some wine individuals. But yeah, bottled water, carbonated soft drinks, coffee, beer, cider, and milk, 80% of everything we consume. According to eatthis.com and Statista. Today's real topic. Where are Americans spending their time online and what it means for advertisers?

So in today's episode, first in The Lead, we'll cover how time spent with connected devices is changing. Then for In Other News, we'll discuss what Amazon's Sidewalk network is, why it matters, and two new AI bills, artificial intelligence, that the US government may pass. We start with The Lead. And we're talking about connected devices, but Yory, when we talk about digital devices, connected devices, what are we covering here?

Yory Wormser:

We're talking about any device that connects to the internet autonomously. So if you're talking about it like a Fitbit that just connects through your phone, we're not talking about that. But we are talking about anything like your smartwatch that connects, smartphone,

connected cars, connected YV, anything smart or connected is probably going to count as a connected device under our definition.

Marcus Johnson:

Okay. So smartphones, connected TVs, computers, smart watches, connected cars, and more. So lots. I assume, smartphones are the digital device of choice for people in terms of where people are spending most of their digital time. How has the time that we've spent with these tiny pocket computers changed from 2019 to today?

Yory Wormser:

Well, I mean as all connected devices, there was a big bump during the pandemic, during the early part of the pandemic. So we jumped, the average US adult jumped, about 20 minutes, a little over 20 minutes in 2019. And since then we've been adding, we're still adding several minutes a day. So despite that big jump in 2019 and 2020, we're still spending even more time on our mobile devices. And not just mobile, smartphones particularly.

Marcus Johnson:

Okay. So we're about three hours pre-pandemic, and now we're where?

Yory Wormser:

Yeah, pre-pandemic, we were just over three hours. Now we are approaching four hours. We're about three hours and 50 minutes.

Marcus Johnson:

Okay. So we were three hours pre-pandemic, closer to four now. And climbing, as you pointed out, still.

Yory Wormser:

And climbing.

Marcus Johnson:

Somehow.

Yory Wormser:

Yeah, somehow.

Marcus Johnson:

Okay. So three hours and 50 minutes on smartphones. You note in some recent research that that's close to half of all time we spend with connected devices, on smartphones. But the share is creeping down.

Yory Wormser:

It is creeping down, but it's still just above half. It's 50.7%.

Marcus Johnson:

Okay.

Yory Wormser:

So yeah, it's the majority of our time online is through our smartphones.

Marcus Johnson:

Okay. So if the share of time we spent on smartphones is creeping down, where's that time going?

Yory Wormser:

CTV, so connected TV is creeping up.

Marcus Johnson:

Okay.

Yory Wormser:

Not just creeping up. It's expanding pretty rapidly. It's going to be over a quarter of the time spent, our connected time spent, this year. So between mobile devices and connected devices, that's three quarters of our connected time spent now.

Marcus Johnson:

Okay.

Yory Wormser:

Smartphones are still gaining a few minutes a year as I mentioned. It's spending a lot more time with connected devices, so the pie is getting bigger.

Marcus Johnson:

Right.

Yory Wormser:

So CTV is not necessarily cutting into smartphone time. It's almost adding new digital connected time to the pie.

Marcus Johnson:

Okay.

Yory Wormser:

So the share is growing much more quickly for connected TV than it is for really any other major category.

Marcus Johnson:

Okay. So minutes still going up for smartphones, even though the share is ticking down. For CTV, both minutes and share are going up. Computers, though, the share and overall time both falling, but slowly. It's not falling off a cliff. So smartphone and computer share losses have been CTVs gain. 17% of the pie in terms of digital time pre-pandemic, 2019, for CTV. Now 25% and as you already pointed out, still growing. So we've got a couple of main devices here. We've got mobile, which includes smartphones and tablets, mainly smartphone time in that category. Then we've got computers, desktops, laptops. And then a third one is connected TVs, CTVs. Yory, how do the types of digital activities vary across devices in the US?

Yory Wormser:

So as you might expect, given all the different apps we have on our smartphones, the activities we do on the smartphone are really diverse. The leading use is video, which is 33%, but we also spend a lot of time on social networks, listening to digital audio, messaging, gaming, all types of activities, in the long tail of activities. So we use it for everything, and that's kind of true also with desktops and laptops. With other devices, they're much more specialized. CTV, very unsurprisingly, is mostly about watching video. Gaming consoles are

mostly about playing games. So the mobile device, the smartphone, is really kind of the Swiss Army knife of connected devices. It does it all.

Marcus Johnson:

A few things jumped out to me with how the activities look across devices. One, digital, you touched on this already, digital videos share was similar across smartphone and computer. So you mentioned digital video time accounts for 33% of time spent on a mobile device. So of all the time you spent on a mobile device, 33% of it was digital video. Same for computer, almost 30% for computer. Same with digital audio as well, 18% of the time you spend on your mobile device, 18% is with digital audio, and its 16% on the computer. So those shares were really close. I was also surprised to see 7% for digital audio in terms of CTV time, which was the second activity, way, way, way behind digital video for CTVs.

And I'm curious, Yory, to know, this is kind of part rhetorical question part, you're welcome to answer it if you have any thoughts, but which other activity is likely to emerge on CTVs? Because as you pointed out, digital video is pretty much all of it. Then there's a small sliver for digital audio. But are we more likely to be TikToking on our CTVs in the future, listening to Spotify on the big screen, more playing games on Netflix from our television? I wonder if there's going to be any activity that starts to muscle in on some of that share of digital video.

Yory Wormser:

Yeah, I mean I think digital audio is one area where we might see some more activity as CTV could become a hub for the home, the digital home. So digital audio I think will go up. The other area where I think it's likely to see an increase is in gaming. I think gaming time is going to increase on CTVs as well.

Marcus Johnson:

Yeah.

Yory Wormser:

Beyond that, I mean they'll probably become giant screens for computing with your phone as an interface maybe. So we'll see what happens beyond that. The activities will definitely become more diverse though as CTVs become more sophisticated.

Marcus Johnson:

Yeah. I wonder how much of it's going to, whether this just could be a new category for search, for chatbots, for interacting with internet content, but not necessarily being a video or audio or a game, but just that, to your point, it becomes the hub of digital home and that's how you do your kind of internet research to link you to a bunch of other things.

Yory Wormser:

I mean, Marcus, I think you're totally right that the interface is the key. So if chatbots become the way we shop, the way we search the internet, then just talking to your TV could just bring up a shopping experience. So that's something totally possible down the line.

Marcus Johnson:

Exactly, yeah. Shopping. Maybe you want Google Maps to pop up on your TV to show you where you've got to go before you run out of the door. There's like 1,000,001 use cases where you would maybe prefer that larger real estate for whatever the digital activity is. And they could just be search. You mentioned that unsurprisingly we do a lot of different things on our mobile devices. There's watching videos, social networking, digital audio, messaging, et cetera, gaming. But you also point out in the research that people aren't using very many apps to do this.

Yory Wormser:

Yeah, I mean, that's right. So apps are the vast majority of time we spend on smartphones. It's like 90%. But those are really concentrated in a few apps. And we don't have new data on this, but in the past, I think in 2019, Comscore had something where 93% of app time is in your top 10 apps. Now that's going to differ for different people, but if you think about your own smartphone and how you use it, you're probably spending a fair amount of time on one or two social media, you might spend time on Spotify, you might spend time browsing through Amazon, but they're going to be-

Marcus Johnson:

Maps.

Yory Wormser:

-a certain cluster of apps where the vast majority of your time takes place and then that long tail of activities will often happen on the web.

Marcus Johnson:

Yeah, and you said nearly half of that time spent in the top app alone, 44%. Again from Comscore. Which is, yeah, when you think about it makes a lot of sense, but it's quite staggering to see such concentration with just a couple of apps. And so you mentioned most time, 90% of time, is going to mobile apps. So the rest of the time is mobile web, right?

Yory Wormser:

That's right, yep.

Marcus Johnson:

Okay. So of those nearly four hours, three hours and 50 minutes people spend on their mobile devices, 330 of that 350, so 90% as Yory mentioned is going to apps. The other 20 minutes is going to mobile internet time. What about tablets, Yory? Do Americans still use tablets?

Yory Wormser:

They still do use tablets. So like every other device, there was a little bump during the pandemic where we used tablets more often. And that went against the longer term trend where we were spending a little bit less time each year on tablets. That trend has continued, has resumed following that little bump in 2020. And we're using tablets a little bit less each year. But even so in 2023 we expect to use tablets, the average American about 50 minutes, a little less than 50 minutes a day. So a lot of time still spent. A lot of it is spent in a different way than it used to be, where I think we're less using it as a large version of our smartphone and more for specific utilities like education or at work, in places like that.

Marcus Johnson:

So you also write in your new report that cars could also become bigger digital ad platforms as we spend more of our digital time in them. What's the holdup with connected cars? And what will digital time in the car look like when it does happen, when it does become a thing?

Yory Wormser:

Yeah, I mean, so the way it is now for the most part is you're tethering your phone using Android Auto or CarPlay. It's shifting pretty quickly to built-in systems, sort of built-in operating systems. The most common is Android Automotive, which is Google's operating system in the car. And that is going to, first of all, have a lot of voice interfaces like with

Spotify, but as autonomous vehicles become more, there'll be more screen interactions too. And already now there's a lot of infotainment or entertainment and for the passenger parts of the car. So as cars become more autonomous, we're going to see that spread to all seats in the car. And that will include interactive type of activities, even gaming and things like that. So it's all part of the transition to electric vehicles and automated vehicles.

Marcus Johnson:

Okay. All right. That's it for The Lead. Time for The Halftime Report.

Yory, I normally ask what's worth repeating from the first half, but instead I want you to give me and the listeners a couple of ways that advertisers and brands should adjust to the changing device patterns.

Yory Wormser:

So I think the big takeaway is that CTV is taking a larger and larger share of our attention. So there's always been a problem with inventory and the amount of inventory on CTV because a lot of the services were subscription. Many of them, like Netflix, are adding ad supported variants. So the inventory is increasing pretty rapidly. You're also seeing the growth of free ad supported streaming TV or FAST, channels like Pluto or Tubi. They have a lot of ads there. There's Disney Plus and Netflix as I mentioned. And there are short form videos like YouTube. TikTok is making a push into CTV. It's still super early. I don't think a lot of people are using it on their CTV, but there are just more and more opportunities for ads on CTV. So that's like the first area that I think is something that all advertisers should concentrate on.

And then on mobile, there are just such a diverse set of activities that someone in your audience demographic is using some type of activity that you may not have thought of. So really look at the long tail of mobile activities to see if there are new opportunities there for advertising.

Marcus Johnson:

Yeah, very nice. Yory's report on this is called Time Spent with Connected Devices 2023: Mobile and CTV Become Even More Dominant. There's a link in the show notes. That's where it hides out. And also you can head to insiderintelligence.com to read it as well. That's it for The First Halftime. For the second today, In Other News, Amazon opens its Sidewalk network and US Senators introduce two new AI bills.

Story one. Amazon recently opened its Sidewalk network for anyone to build connected gadgets on writes Jennifer Patterson Tuohy of The Verge. She explains that the long range low bandwidth network can give any internet of things, IOT, device free low speed data. What type of consumer IOT devices could benefit from Sidewalk? Miss Tuohy lists dog trackers, package trackers, leak sensors, mailbox sensors, garage door controllers, basically anything that doesn't always live somewhere wifi is a given. So she explains it by saying that Sidewalk could bridge the gap between the smart home and the smart city. So those in between moments where connection isn't great. Yory, why does Amazon's Sidewalk network matter?

Yory Wormser:

I mean, it's a great alternative to paid low bandwidth services out there right now. So if you have a IOT device that's not right in your home, doesn't connect to your home network, this creates kind of an ability to expand connectivity for things like cameras into the yards, sensors, tracking, location tracking, stuff that's really doesn't use a lot of data but needs constant connectivity. And this is a way to expand those networks and expand the area where it's easily accessible to have connectivity.

Marcus Johnson:

Yeah. Yeah, this Sidewalk network, Amazon says over 90% of Americans, all of them pretty much, can access the now public network.

Story two. Recently, US Senators introduced two bipartisan AI, artificial intelligence, bills notes our Connectivity and Tech Analyst Jacob Bourne. One would require the US government to be transparent about using AI in interacting with the public and would let folks appeal decisions made by AI. The other bill would establish an office to ensure the US remains a global AI frontrunner. Yory, what do you make of these potential pieces of AI legislation?

Yory Wormser:

The industry has been looking for some regulation to give some guidelines. So I think that these bills will go some way in allaying some of the fears consumers have about how government is using AI. So I think that should spur a little bit more comfort among consumers. So in that way it's useful for the industry and useful for the development. It also will probably create some guidelines and some support for the AI industry that will hopefully keep the US a frontrunner. At the moment, the US, most of the major companies such as OpenAI, Google,

Meta, Amazon, most of them are based out of the US. The hope is that by creating these guidelines, creating additional support, that the US will remain a leader in AI.

Marcus Johnson:

Yeah.

Yory Wormser:

Especially in regards to countries like China. And I think he used there's less of a concern there, but some other countries like China.

Marcus Johnson:

Yeah. Yeah, that's the balancing act, isn't it? And Jacob points that out. He says, "Government's efforts to simultaneously bolster their global AI standing and place restrictions on the technology could be at odds with each other, illustrating the need for international standards." That's all we've got time for today's episode. Thank you, Yory, for hanging out today.

Yory Wormser:

Yeah, glad to be here.

Marcus Johnson:

Yes, sir. Thanks to Victoria who edits the show. James, who copy edits it. Stuart who runs the team. And thanks to everyone listening in.Wwe will not see you tomorrow for the Behind The Numbers Anything, an eMarketer podcast made possible by Verisk Marketing Solutions, because we are off, as you should be. So enjoy your 4th of July. We'll be back on Wednesday, July 5th, with the Reimagining Retail Show, discussing what we lose when brick and mortar retailers close.