


The Daily: 2024 forecast trends—gaming ad revenues grow up, ride-sharing flies high, and taking shoppable media seriously

Audio



On today's podcast episode, we discuss why gaming is a digital advertising hotbed, how consumers are embracing shoppable media, and what happens now that the ride-sharing industry has bounced back. Tune in to the discussion with our forecasting writer Ethan Cramer-Flood.

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Episode Transcript:

Ethan Cramer-Flood:

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this sort of availability of this option is growing and now it's becoming this interesting new dynamic.

Marcus Johnson:

Hey gang, it's Monday, January 22nd. Ethan, the listeners, welcome to the Behind the Numbers Daily: an eMarketer Podcast. I'm Marcus. Today I'm joined by our principal forecasting writer based in New York, the city version, it's Ethan Cramer-Flood.

Ethan Cramer-Flood:

I'm rolling solo with you today, Marcus. That's exciting.

Marcus Johnson:

I know. You lucky devil. I'm kidding. So sorry for this. Anyway, just to say fact. I don't know why they're all so astronomy focused? Astrology focused?

Ethan Cramer-Flood:

Hopefully not astrology.

Marcus Johnson:

Astronomy-focused. I can never remember which one. The galaxy.

Ethan Cramer-Flood:

Astronomical.

Marcus Johnson:

Thank you.

Ethan Cramer-Flood:

Astronomical in nature.

Marcus Johnson:

Yes, exactly. That's a good way of remembering it. The galaxy based, but I've got another one for you. We had a couple on the weekly listen about the sun and about... Bill came up with something that was definitely inaccurate. I don't trust Bill. But this one is about the moon. We

only see one side of the moon since the earth and the moon's rotations are synchronous, you only ever see one face. I read that and then I became instantly suspicious that they're like a bunch of people having a party on the other side.

Ethan Cramer-Flood:

So the dark side of the moon is just never viewed at all unless you're an astronaut and you get to go to the other side.

Marcus Johnson:

What's going on there? Great place to hide from the police if you need to lay low for a while, I'll investigate. I probably won't. Anyway, today's real topic, forecasting trends to watch in 2024.

In today's episode we'll cover some, even as you call them, under the radar metrics, making big moves in 2024. And so basically what happens is Ethan, who's our senior forecasting writer, gets to be involved in all of the forecasts that we put out. And as he's sitting in all these meetings, all these numbers are going up and down the screens and the analysts on the team are talking about why they move different numbers up, down, left or right. He's able to pick out all these different milestone moments, all these different significant trends that are going to be coming up as a result of all of this movement going on within the forecasting team. And so you've pulled out a couple here for us, Ethan. We're going to talk about handful. There's more in the report, but let's get to it. The first one you wanted to discuss was about gaming and you call it a digital advertising hotbed. Why?

Ethan Cramer-Flood:

Yes, indeed. So yeah, you pretty much got it with the concept of this report and we'll walk through three and I'll talk about the digital gaming, but just to clarify, I think what's interesting about this report is specifically that it's compiling a series of forecasts that are looking pretty good that are maybe under the radar. So I didn't go in here to inform our readers that retail media ad spending is hot or that like CTV is hot, everybody knows that. So we have lots of cool trends reports for 2024 about TikTok, if that's what you want to read. My colleagues have written wonderful reports on all that big stuff that we all kind of know about already. So the mission here, and thanks for giving me credit for coming up with these, but I got to be honest and say is my forecasting colleagues.

Marcus Johnson:

We can cut that out.

Ethan Cramer-Flood:

I make the words pretty, I write the pretty sentences.

Marcus Johnson:

Someone's got to.

Ethan Cramer-Flood:

My forecasting colleagues helped compile all these cool ideas by scouring everything that we've done over the last few months to find these metrics that are kind of popping for 2024 that maybe don't get as much attention. So yeah, so we'll go over a few of them today. So digital gaming, this is a cool one. This is one of those, the advertising spend on digital games. This has been kind of hovering in the background for a while now. Doesn't get a lot of attention, but we've noticed that in pretty short order, the numbers are starting to get serious. So the amount of advertising spend that goes into games just as recently as maybe five years ago it was like a billion dollars, not that a billion dollars is nice and all, but that doesn't really get a lot of attention in the overall advertising, digital advertising world where the numbers are much bigger, but within a couple of years from now, it's going to be up to 10 billion.

It's been a lot of growth really fast. And in 2024... The last year we're talking about 16% growth. This year we're talking 13, next year, 11. Double digit growth for a whole bunch of years in a row, it's still going. You're starting to get up into the kind of spending levels where people have to take notice. So these are the ads that we've all seen them probably to our annoyance. You're playing a game on your phone, one of those free to play games, and at the end of every stage an ad pops up and then you got to wait until the countdown and then you can skip the ad and then another one pops up and you can skip the ad. So these things they've been going on for a while. We all know those ads, but they've gotten bigger and more prominent and more successful and more effective and the reputation...

Marcus Johnson:

Why is that?

Ethan Cramer-Flood:

I think that the industry realized that there was an opportunity here, so they got their ducks in order. So this has been ignored in the past both because the numbers weren't that big and probably reputationally it wasn't the best. If you can remember in your heads when you're playing these games and those ads that pop up or maybe not the highest quality ads, maybe not the highest quality advertisers.

Marcus Johnson:

Or the best experience.

Ethan Cramer-Flood:

It's almost always like... It seemingly was almost always other games, other free games, putting up an ad to get you to download their game while you're playing the other game. And then you download that game and their ads are for another game and it's like, what is this? Some kind of pyramid scheme? We're all just going in a circle here, buying ads on our free games to download other free games. Where's the money?

Anyway, that's evolving. That's changing now because these ads work. Obviously mobile gaming is unbelievably popular. Everybody does that and now you're starting to get higher quality ads from higher quality advertisers and the numbers are starting to get really real to the point where now I think this is something you have to pay attention to. And then I'll finish up on this topic with also saying that non-mobile gaming, that is still pretty small in terms of the ads that appear on consoles or on your PCs while you're playing games. That's much smaller, but that's getting into the billion dollar range also now. And also showing spectacular growth. So both on mobile, which is bigger, and non-mobile which is smaller. We're seeing big growth particularly in comparison to all the other ad spending metrics and the rest of the digital world where the growth numbers are not so big anymore.

Marcus Johnson:

Yeah, that non-mobile gaming portion is interesting. So you were talking about total game ad revenues at the start of this section and they're going to get to eight and a half billion and call it nine this year. Pretty good staircase growth going forward. They're adding in about a billion dollars each of the next couple of years, but when you look at that non-mobile gaming ad revenue number, it's small but mighty money made from ad shown on console and on PC games as you explained, close to 10% of the gaming industry's total. All right, Ethan, let's move to another trend that you have that you've found based on looking at a ton of

forecasting data. Shoppable media is everywhere and consumers are embracing it, you write. Talk to us about this.

Ethan Cramer-Flood:

Yeah, this was a debut forecast that produced some surprising results, so we wanted to feature it. This one isn't so much about the scale, the growth, but it's about the absolute scale. So shoppable media ads, that's a term that kind of got hot over the last, I don't know, 3, 6, 9 months. Everybody's been talking about shoppable media and we didn't have a forecast for it, so we're like, all right, we got to get some numbers on paper here. We're got to figure out how common is this, how popular is this? How's it doing? Turns out shoppable media is already huge, it's already mainstream, it's already normalized. So shoppable media, for those who don't know, or at least this is how we define it, I guess some of these emerging terms sort of evolve over time.

But we basically define it as if you are a shoppable media buyer, which is what we're tracking here, that means you are a buyer who has made at least one purchase during the calendar year, immediately after consuming some kind of online media content, which could be video, text, or images that has an immediate purchase option embedded into or adjacent to the content. And this could be ads, sponsored content, organic content. In other words, all that is a long way of saying it's the sort of one click options. You're watching streaming video or you're more likely you're on social media and there's some kind of ad there and it's like boom, one click and you have the ability to buy whatever it is that you're looking at or [inaudible 00:08:42].

Marcus Johnson:

Or QR codes, something that pops up.

Ethan Cramer-Flood:

Something that pops up where you're immediately going to have the buying option. Now this is pretty common and when I see this stuff it's like, oh yeah, I know that, we've all been doing that. Well, we have all been doing that. And that was sort of the finding is that we're looking at almost a hundred million shoppable media buyers in the US already. We're talking about 45% of people who do any kind of online shopping have already clicked through on a shoppable media ad, 40% of all internet users and climbing.

So the revelation here was that this is already totally normalized. It's become hot recently. I think a lot more money is starting to flow into it because it is so effective and because there's this availability of this option is growing and now it's becoming this interesting new dynamic on smart TV, where we actually have a shoppable video up on our TV screens. Of course, that would not have been the case in the past. So our finding was just sort of like, oh yeah, this is not... We don't need to train consumers on this kind of advertising. This is already completely covered.

Marcus Johnson:

So if I was to push back on it because it is a staggering number considering that it seems like a relatively new market that a hundred million people are already doing this, to what you were saying, our definition is once a year.

Ethan Cramer-Flood:

Once a year.

Marcus Johnson:

So to how many of those people do you think it's, I tried it once and I'm counted in the definition even though I'm not going back to it, versus no, this is a sustained behavior?

Ethan Cramer-Flood:

No, and that's a good point. And so we don't know yet, and were people even sort of aware that they were engaging with a sort of different modified form of digital advertising? How often do they do it? We'll get there. So this is just the beginning where we're just cracking the surface here, we're working on... We would love to get a forecast on the actual e-commerce spend that emerges from shoppable media, right?

Marcus Johnson:

Yes.

Ethan Cramer-Flood:

We want to get some sales, we don't have that yet, but teaser, we will try to get it and then to narrow it down from once a year to once a month. So the majority of our forecasting metrics across everything that we cover eventually is going to end up being monthly users or monthly

behavior. But when something is new and starting out, we tend to do an annual thing, particularly with the last common, because what that does is sort of let us know how many people are at least familiar with this or comfortable with it as opposed to this is working all the time.

Marcus Johnson:

Yeah, it's still a staggeringly high number for people that have tried it out. So I think that the fact that people are relatively aware of it or have some experience with it is still important and we're not showing this number dropping. We're still showing a hundred plus-

Ethan Cramer-Flood:

It's going up, yeah.

Marcus Johnson:

-million and it's going to tick up over the next couple of years, so we're not expecting there to be a drop off because people have used it once and aren't going to go back to it in the future.

Ethan Cramer-Flood:

Yeah, they're either being turned off. I mean, that was one of the things that I thought of-

Marcus Johnson:

By experience, yeah.

Ethan Cramer-Flood:

-as sort of like... You see those Instagram shoppable media ads and sometimes they seem shady and sometimes they don't work properly, and there's other... I mean some of the QRs, there's newer things and it's a danger zone when something is being rolled out early and a consumer has a bad experience, but they did it once, they have a bad experience, okay we caught them as a shopper, but then next year they're not. But that doesn't seem to be the case. This seems to be moving forward pretty well.

Marcus Johnson:

And a lot of time the trend is driven by the industry, and so if consumers may not think that they want whatever the technology is, but if the industry thinks that they... Foldable phones or

if that's smart glasses, the industry is really trying hard to say, no, we think this can be a thing and we're going to force it upon you until you listen. I say that because lots of ad folks are taking shoppable ad seriously, and by ad folks, I mean ad industry folks. There was a November 2022 study, so over a year ago now, IAB showing 43% of US buy-side ad decision makers plan to focus significantly or somewhat more on shoppable ads in 2023. So that was last year. You'd imagine that that number would be higher this year. No real reason why it shouldn't be. Let's move to the last trend we're going to talk about. Like I said, there are a couple more we're not covering today in your research. The ride-share industry you say is once again flying high. Talk to me.

Ethan Cramer-Flood:

Yeah, this was interesting. This was a continuation of a story that maybe was the continuation element was unexpected. So it may already be known to listeners that companies like particularly Uber, but also Lyft and the general ride sharing industry had a terrible 2020 during the heart of the pandemic or if they were cratered, could have gone bankrupt. It was wondering if these companies could even continue to exist, and then it's also already a known story that they had this tremendous rebound. As with many other elements, when societies reopened, particularly the US, they bounced back and it took a little bit longer for that industry to bounce back as for some others. But by 2022 and 2023 a lot of the metrics had recovered to 2019 levels. The new finding, which is why it got into this report...

Marcus Johnson:

Really quickly, just to stay on that, just to give people some numbers. Ride-sharing in terms of dollars did return to, as Ethan said, pre-pandemic levels in 2022, last year to 2023, their 25% percent larger than they were pre-pandemic, and this year those dollars for ride-sharing will be 50% larger than they were pre-pandemic. And then to ride-sharing users, that was money ride-sharing users that recovered in 2023. So dollars 2022, users 2023.

Ethan Cramer-Flood:

Yeah, and it's that dollars element that is surprising because not only has it fully recovered, and not only has it expanded beyond pre-pandemic levels, but we're expecting another surge. We're expecting acceleration in 2024, 22.3% increase in sales for the industry overall, getting up to 66 billion. That's really interesting. When they crunched the numbers and looked at it, there's still more headroom for growth. It is no longer just a recovery story. It's an expansion

story. It's a combination of both actually, because what we're finding is that there are still actually at the margins element. There are people in this country that are still a little slow rolling. There are return to normal behavior or normal society. Obviously it goes without saying that return to office elements have been very complicated depending on what city you're in. Not everyone's back in the office, but there are still continually evolutions in that direction, which means that there is even more opportunity for companies like Uber and Lyft to get even more because not everyone is actually fully back on board yet, but they're coming.

They're continually coming, they're continually changing. And then Uber is just doing a really good job. I feel like this is a little bit under the radar, particularly for Lyft, because Lyft hasn't done so well as a business, so we're not covering things like profit. I'm not talking about whether or not Lyft is doing a good job as an overall company. They're having a lot of problems, but their sales are also growing really well, and their user base is also growing really well. This is an all around success story. Uber has turned themselves profitable and become a successful company. Lyft is still a big question mark, but it's not for lack of demand. We're showing continuous strong expansion of demand on the user side and users themselves are also spending more money per person. So this is why sales are growing even faster than users. It's all around kind of impressive story, particularly the fact that it's going to keep going even though the pandemic is now pretty far in the background.

Marcus Johnson:

Yeah, the amount each user is spending on ride-sharing growing 14% this year. So that's an important metric. Folks are spending more individually on ride-sharing. You mentioned Uber, about 75% of the market of the dollars coming from them, so they're obviously the majority there. What I think is interesting though, Yuri Wurmser wrote about this a month or two ago, Uber's ad market, so we expect Uber to surpass 1 billion dollars in ad revenues this year. And Yuri was noting, he is our principal analyst, is noting that both of the major players, Uber and Lyft continuing to introduce new ad formats from backseat displays to obviously in-app ads, which people may have seen popping up on their devices whilst they're waiting for the ride to show up. The other part of this Ethan that I think is interesting, again, this is looking further into the future, but driverless cars and Yuri wrote quickly about this as well from Uber and Lyft.

So if Uber and Lyft moved towards driverless cars, two things jump out to me. One, you are allowed to reimagine the layout of the car if you don't need a driver, and so maybe now you are not looking at the back of someone's seat, you are looking at a wraparound screen in front of you, which you can only imagine how excited advertisers would be to be able to put that ad in front of you as you're going along. Maybe that brings the price down. I'm not sure, and we're not going to see these on the highways anytime soon or running around through New York, but you can see them on university campuses, Disneyland parks, more contained spaces perhaps, or environments. And the second part of this is that by 2027, we think a third of Americans will be using ride-hailing platforms. That's a huge audience for advertisers.

Ethan Cramer-Flood:

Thank you for all of that additional input. You should have told me that so I could put that part in the report.

Marcus Johnson:

I'm all over it. I know.

Ethan Cramer-Flood:

[inaudible 00:17:33] to Yuri.

Marcus Johnson:

I stole it from Yuri, yeah. The report, if you want to read the remaining trends is called Forecast Trends to Watch in 2024: 5 Under-the-Radar Metrics Making Big Moves. Link in the show notes, of course, or you can head to insiderintelligence.com and just look for that title or search for Ethan's name. That's all we've got time for for this episode. Ethan, thank you so much for hanging out today.

Ethan Cramer-Flood:

Oh, man, it's so short.

Marcus Johnson:

We can keep it going.

Ethan Cramer-Flood:

No.

Marcus Johnson:

It goes fast. I know it moves quick. Thank you so, so much.

Ethan Cramer-Flood:

Always a pleasure.

Marcus Johnson:

Yes, sir. Yes, indeed. 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. Thanks to everyone for listening in. We hope to see you tomorrow for the Behind the Numbers Daily: an eMarketer Podcast.