



Trends 18

THE TRENDS TO KNOW FOR 2018

TRENDS 18

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Why Big Markets Need Audience Insight



Tom Smith
CEO

2017 saw the ideology of the free market in retreat as President Trump demanded the USA walk away from NAFTA, the UK's Brexit moved forward, and emergent extremist politicians from the left and right pushed for closed markets and borders. These developments supposedly reflect a growing movement away from globalization yet (ironically) most of these politicians and political movements have used social media, the ultimate expression of free and connected markets, to push their closed-market agenda.

However, the process of globalization in the digital world is in the hands of the people, not politicians - and it will never stop. Over the course of 2016 alone, a staggering 350m people chose to get online for the first time. That's the equivalent of the entire population of the USA.

THE GROWTH OF INTERNET ACCESS WORLDWIDE



Globalization in the digital world is driven by people, not politicians - and it will never stop

SOURCE: ITU World Telecommunication / ICT Indicators database

I first got online in 1998, and compared to today's internet experience it was slow, entirely text-based and full of false promise. I remember wondering what the fuss was about. Getting online now is a revelatory experience, providing immediate access to an open market of opinion, ideas, communication, products, services and media. Mobile phones and global platforms like Facebook, Netflix and Twitter have supercharged the speed and scale of access and helped give us the potential to access anything, from anywhere in the world.

The global market of people, ideas and information has radically lowered the cost of acquiring customers

The result of this vast and growing market is that businesses and marketers today have an incredible opportunity. The scale of the addressable audience for any business has been radically changed, often 10x or 20x the size of markets in the old media world where most advertising was local. Now, any business of any scale, from the one-man Etsy shop to the Fortune 500, can reach any consumer anywhere in the world. GlobalWebIndex is itself a testament to this new world, with users in 170 countries worldwide and staff in London and New York.

This global market of people, ideas and information has radically lowered the cost of acquiring customers. The spread of social media, content platforms and self-service advertising means that any business can be engaged in marketing to connect with their audience. In the old media world, you needed a big budget and a collection of agencies - today the barriers of entry for marketing are almost zero. Now millions of marketers are using digital channels to engage their audience, find customers and grow sales.

The result is that companies can grow faster than ever, and those who are best at serving this massive market - like Apple, Google and Facebook - can become some of the most highly-valued companies in history. Even in the world of physical goods, acceleration is

Knowing your audience is key to succeeding in this globalized market

happening to companies that engage their audience through social platforms and employ technology to expand their market size and sell direct to consumer. Dollar Shave Club went from \$0 to \$200m in revenue in only 4 years and completed a \$1bn exit, HelloFresh scaled

to c.€600m of sales in less than 4 years and Tesla booked c.500k pre-orders for its model 3 without a dollar spent on advertising.

The key aspect of succeeding in this globalized market is knowing your audience. The core marketing processes of identifying the most important audience and defining how to engage them - while always a key part of marketing - are now paramount for success. When markets are so large, marketing built without highly segmented communication will fail. The acceleration of these trends underlines the principles we built our product around. Massive scale combined with a very large taxonomy of data means marketers can identify exactly the right audience, however niche, anywhere in the world. And distributing our data through our own platform means any user can self-serve global audience insights in seconds - vital in the real-time communications landscape in which we all operate.

Whatever happens thanks to our politicians in 2018, the global marketplace of internet users will swell with yet more hundreds of millions of people and the opportunities for marketers to help drive businesses to ever increasing levels of scale will only increase.



Photo by Jean Gerber

01 | JASON MANDER

GET TO KNOW GEN Z

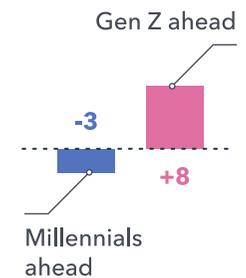
Gen Z are now attracting the type of attention that has long been bestowed on Millennials, but with little separating Gen Zers (16-20) from the youngest Millennials in terms of age, how different should we expect these two audiences to be? Do Gen Zers really have defining characteristics distinct from those of their Millennial counterparts?

The simple answer here is yes. Although there are plenty of common behaviors and attitudes which unite the two groups, here we outline six unique Gen Z traits that all marketers should have on their radar during 2018.

GUIDE TO READING CHARTS

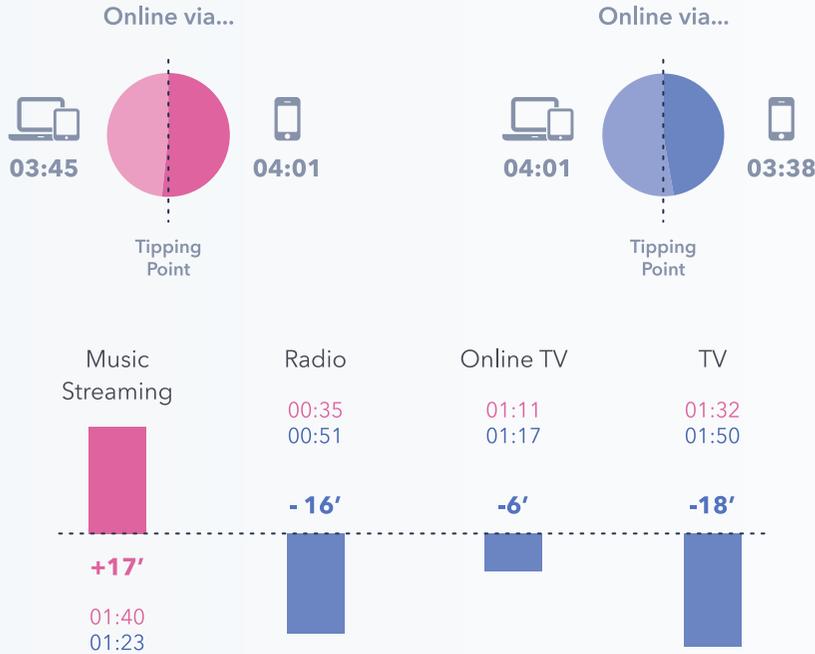
- Gen Z
- Millennials

Figures represent the percentage-point difference between Gen Z and Millennials



01. Generation Mobile

AVERAGE DAILY TIME SPENT ON THE FOLLOWING



Gen Z stand apart from the equally mobile-centric Millennial generation for having crossed the Mobile Tipping Point - meaning they spend longer on their phones each day than on all other devices combined.

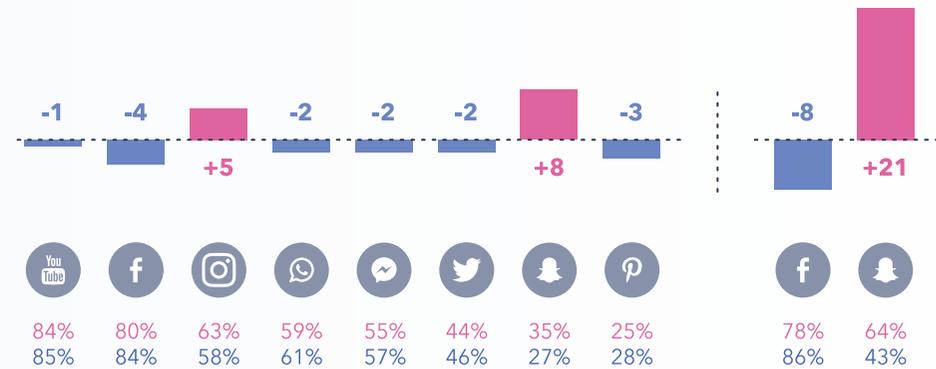
The mobile-first mindset of Gen Zers has a profound impact on their other media behaviors. They spend

longer than Millennials on music streaming (a very mobile-friendly activity) and also devote around 20 minutes less per day to broadcast TV. Interestingly, they are also a little behind for online TV/streaming, but that's partly because of their love of all things social and all things video - which leads to a demand for short bite-sized content.

02. Social, Social, Social

TOP SOCIAL MEDIA PLATFORMS

Global (exc. China)



Gen Z visit about the same number of social platforms/apps as Millennials - an average of 6.5 each month. However, Gen Z devote longer each day to social media than their older counterparts, averaging nearly 3 hours (vs 2 hrs 39 mins for Millennials). Their attachment to mobile is a clear contributor to this, promoting an anytime, anywhere type of social engagement.

The mobile-centric nature of Gen Z also drives their engagement with particular platforms. Facebook and YouTube may still attract the biggest Gen Z contingent but Gen Zers are

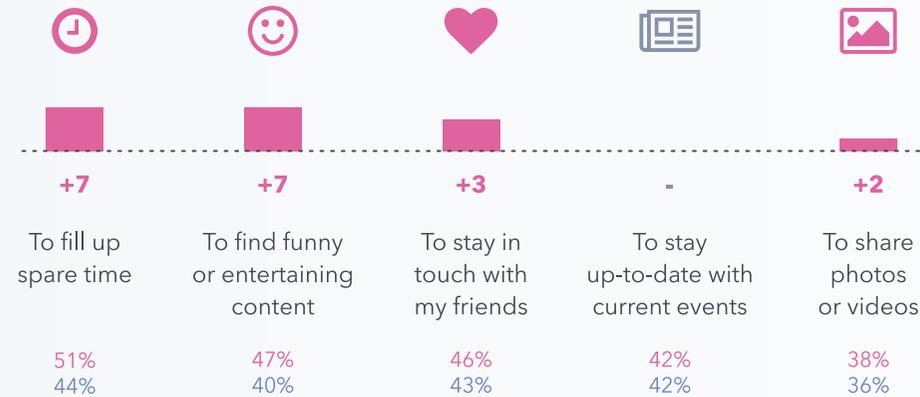
slightly less likely than Millennials to be Facebooking, Pinteresting or Tweeting, and more likely to be Instagramming and Snapchatting.

Gen Z are less likely to be Facebooking and more likely to be Snapchatting

This trend becomes particularly apparent in a key market like the US, where Gen Z have a 20-point lead over Millennials for using Evan Spiegel's app. The appeal of these "younger" apps, as well as this audience's fondness for photos and bite-sized content, is highly relevant too.

03. Time Rich

TOP 5 REASONS FOR USING SOCIAL MEDIA



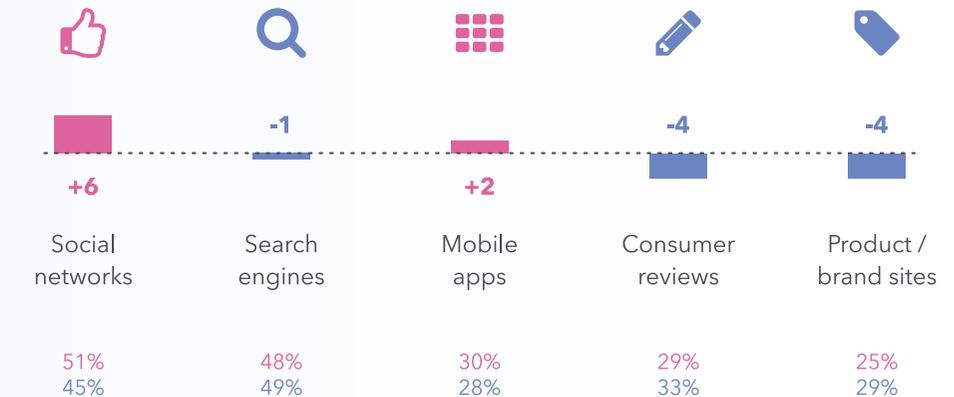
We've seen already that Gen Z love social, and spend longer on it than any other generation. One key reason is that they use social media to fill up their spare time – much more so than Millennials.

In fact, while the two generations score equal figures

for the majority of the social media usage motivations tracked by GlobalWebIndex, they stand apart not just for killing time, but for finding content. Gen Zers want to be entertained, and they're looking for this to happen in the social space.

04. Social Research

TOP 5 BRAND RESEARCH CHANNELS

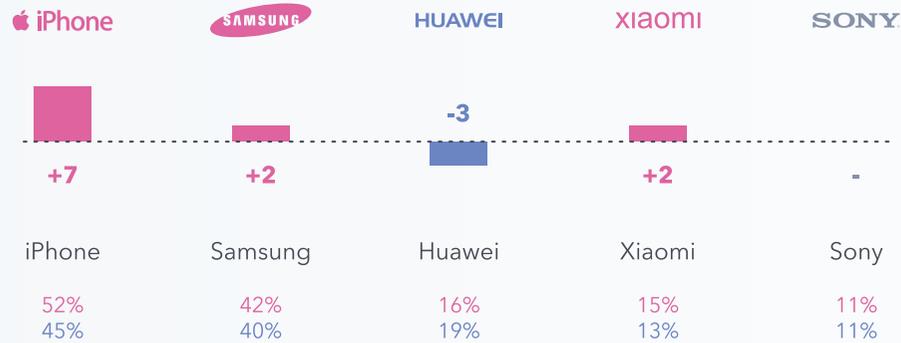


Social comes to the forefront once again for brand research. Gen Z are the only generation where more people say they use social media to research products than search engines. What's more, Gen Z consistently under-indexes for "traditional" channels like price comparison and consumer review sites, while over-indexing for "newer" channels such as vlogs.

Gen Z are more likely to use social media to research products than search engines

05. Status Matters

TOP MOBILE BRANDS BY CONSIDERATION



Ask Gen Z which brand(s) would be their top choice for their next mobile handset, and this generation's love of status is clear: the iPhone is not just the top choice, it's of bigger appeal to Gen Z than to Millennials.

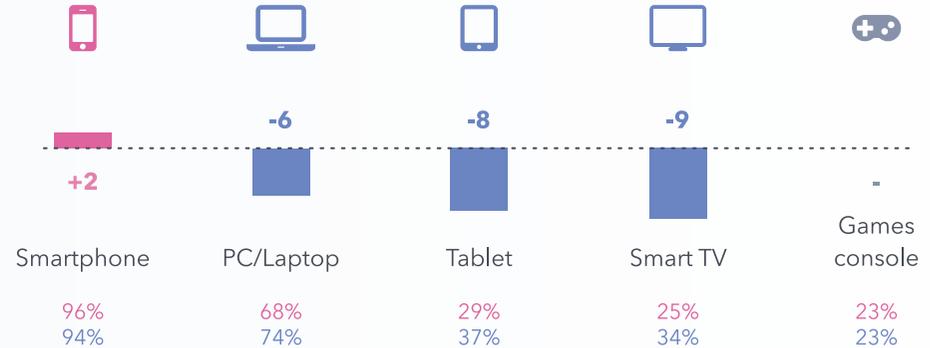
In some of Apple's strongest markets, this trend becomes even more pronounced: in the UK,

for example, 2 in 3 Gen Zers cite the iPhone as their most coveted handset, vs 1 in 2 Millennials.

This runs through their attitudes too: 1 in 4 Gen Zers want brands to make them feel cool or trendy, compared to 1 in 5 Millennials and 1 in 7 internet users more generally. This is a generation that wants to look and feel the part.

06. Enthusiasm Trumps Ownership

TOP 5 DEVICES OWNED



Gen Z might know what they want, but in many cases they lack the spending power to obtain it. Helping this generation to realize their aspirations is a key challenge.

So, while they over-index notably for wanting an iPhone as their next handset, they lag behind Millennials for actually owning one. In fact, across the 11 connected devices tracked in the GlobalWebIndex survey for personal ownership, they

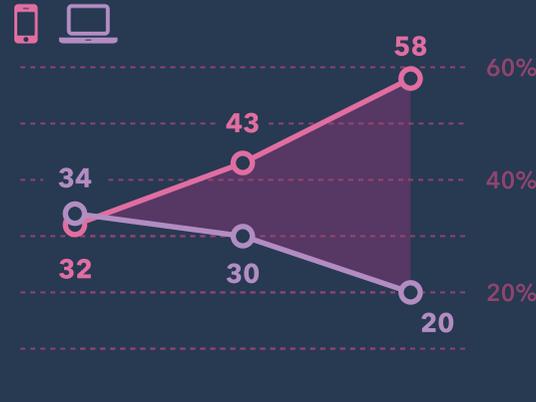
are less likely than Millennials to have 10 of them (the smartphone being the only exception). But even for their much-loved mobiles, Gen Zers are notably less likely to say they plan to upgrade or buy a new handset in the next 18 months.

Similarly, they are less likely than Millennials to feel affluent, less likely to have bought premium brands, and more likely to value things such as free delivery and money-off coupons.

SOCIAL COMMERCE: TAKE 2

DEVICE IMPORTANCE OVER TIME

% of internet users who say the following device is their most important for accessing the internet



SOCIAL MEDIA ENGAGEMENT OVER TIME

Time spent per day on social media in hh:mm



% of internet users who use social media to research / find products to buy



QUESTION Which of these would you say is the most important device you use to access the internet, whether at home or elsewhere? /// Roughly how many hours do you spend engaging with/connected to social media during a typical day? /// What are your main reasons for using social media?

SOURCE GlobalWebIndex 2015 - 2017 (averages across all waves conducted in each year) **BASE** 197,734 (2015), 211,023 (2016) & 178,421 (2017) Internet Users aged 16-64

[Explore the data](#)

[Explore the data](#)

It has often been assumed that social commerce will transform the way we shop online. As we enter 2018, however, it's a trend that has gained traction in parts of Asia but is yet to take hold in the West, where online shopping is still firmly rooted in traditional online retailers.

Many major social platforms have learned the lesson that introducing 'buy' buttons does not automatically equate to in-platform sales. But as 2017 draws to a close, two converging trends could lay the groundwork for social commerce to re-enter the stage: changing consumer mindsets and evolving social engagement patterns.

For commerce and social activities to take place in the same space, it needs to be on mobile

Rising smartphone ownership together with declining PC/laptop ownership are being compounded by a striking growth in consumers classing mobiles as their most important devices for getting online; globally, 58% now say this. What's more, online buying - once a PC/laptop-centric activity due to the perceived security benefits of these devices - is now a mobile-first activity.

This can only be good news for social commerce, with mobiles able to facilitate a seamless combination of transactional and social activities (just look at the success of Weixin/WeChat in China as a commerce platform).

Of course, social media engagement has long been a mobile-first activity. But the rise of the mobile as the main gateway into social has brought with it two critical trends: multi-networking and passive networking.

Maintaining a portfolio of social media accounts has resulted in many users picking and choosing between platforms for particular activities in order to engage with specific groups. And the migration of many online activities to social has meant networkers are a lot more likely to be using social media for more purposeful reasons, especially when it comes to commerce. Social strengthening its role as a product research channel and rising time spent on social media per day both point towards networking behaviors becoming less centered around sharing content about daily lives, and more oriented around fulfilling activities which conventionally lie outside of the social arena.

For 'buy' buttons to catch on, social platforms need to persuade consumers that they are a viable, secure and above all convenient way to shop. The only way to do this is to nurture those areas where social and commerce activities currently overlap the most, such as product research and brand interactions (37% are following brands on social media).

Localized solutions in selling the idea of social commerce in mature markets need to be employed

At the heart of this is convenience – social commerce could allow for a seamless online shopping experience, one which is centered around the smartphone providing consumers with innovative, on-hand tools to find the products they want. Chinese social platforms have led the way in convenience, letting users pay for bills or pay for items in-store or online. And while China is obviously an exemplar, localized solutions in selling the idea of social commerce in mature markets need to be employed which don't overstep their mark.

[Pinterest has invested significant resources in its visual search technology product Lens,](#) and [Instagram has tried to bridge the gap between visual brand discovery and purchase in its 'Tap to View' tags.](#) Both of these are great examples of platforms using their existing strengths to add real value to the shopping experience.

Building out this underlying framework and ensuring that social channels are part of an omni-channel strategy will prompt online shoppers to use social in a much more organic way. And this point is paramount – social commerce must learn a lesson from online advertising. Strong uptake of ad-blocking due to ad-weariness is a clear example of consumer backlash in the face of any marketing attempt that compromises their online experience. If social commerce doesn't make a serious impact this time around, it's unlikely to get another chance.

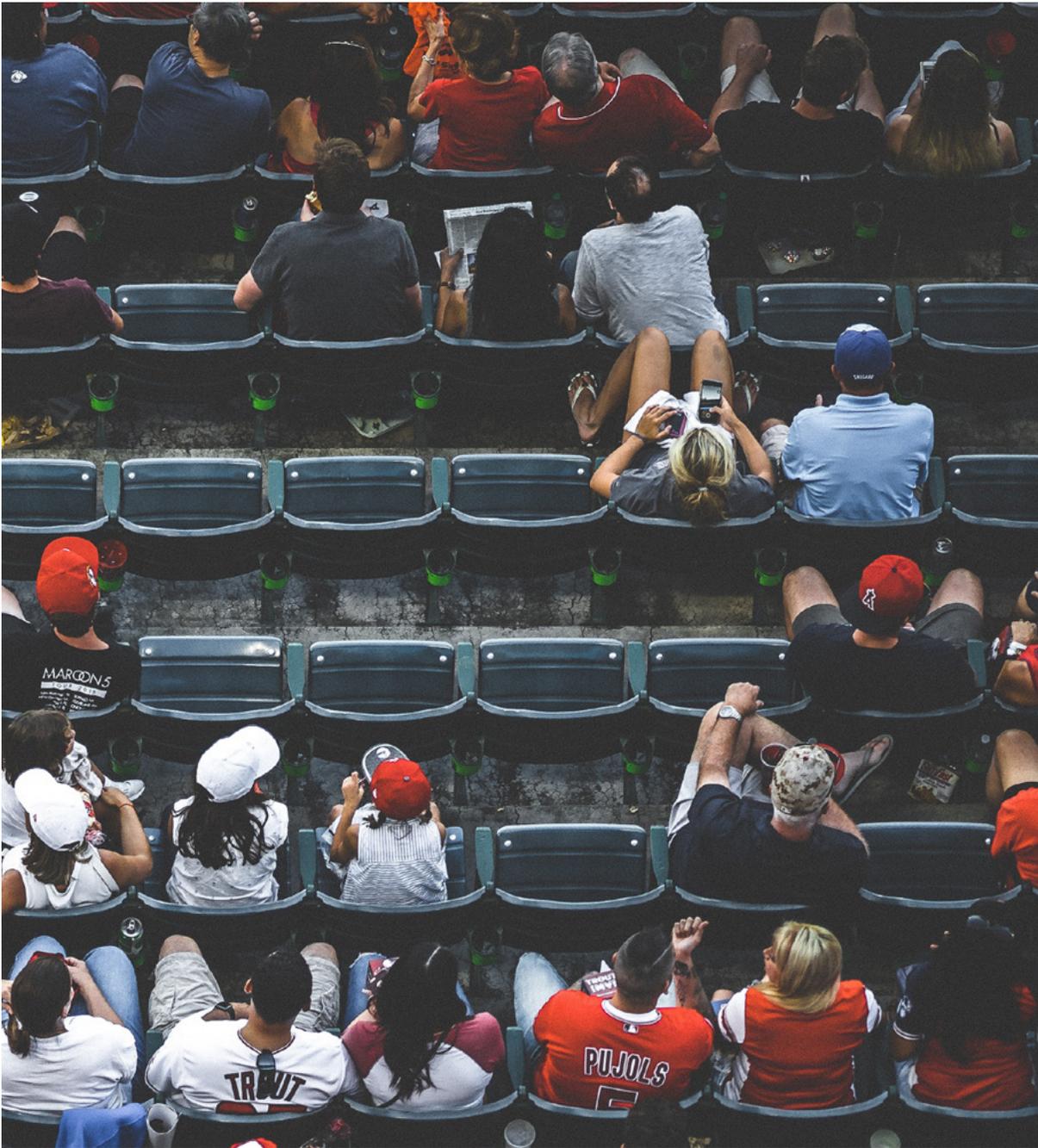


Photo by Brent Cox

03 | KATIE YOUNG

SPORTS' ONLINE REVOLUTION

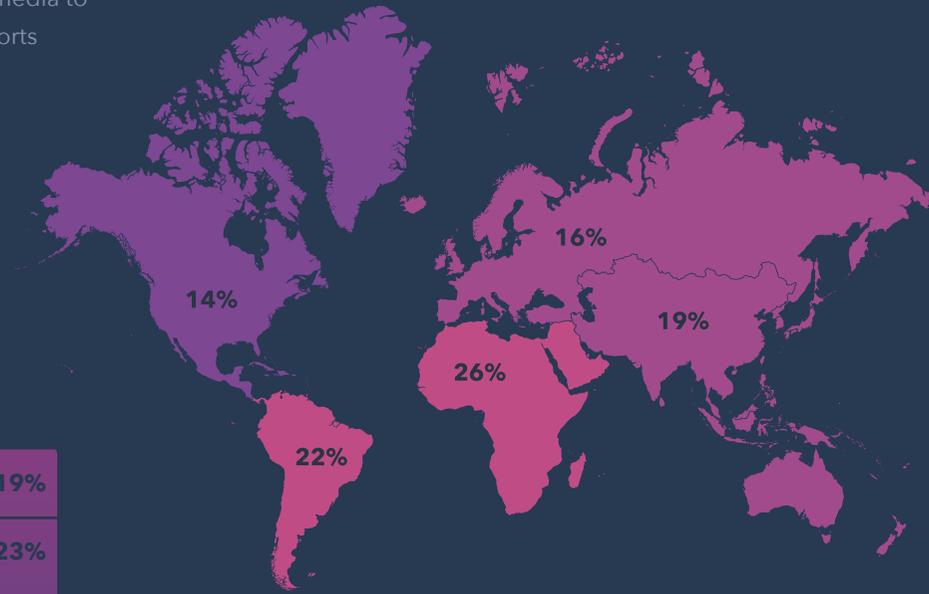
In a splintering media landscape, live sports have managed to retain their appointment viewing status. But with the likes of ESPN, BT and [Sky now reporting some declines for their sports broadcast audiences](#), it's clear that even sports are no longer immune to the 'cord-cutting' phenomenon. How serious could this digital disruption be and how should the industry respond?

Social could pose the greatest challenge, as well as provide the greatest opportunity, for sports broadcasters and rights holders

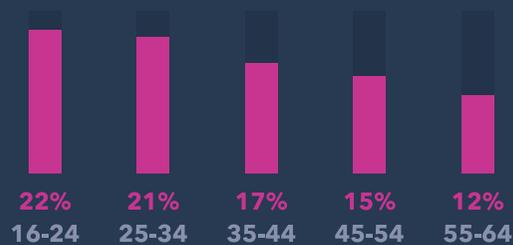
With [half of internet users watching TVOD each week](#), and a similar number watching services like Netflix, digital consumers have long become accustomed to consuming TV content whenever and wherever they please. A similar transition is in motion for sports too; more and more people are turning to their laptops, mobiles and tablets to engage with sports content - catching highlights on-the-go via social media and augmenting their viewing through on-demand channels.

USING SOCIAL MEDIA TO FOLLOW/WATCH SPORTS

% of internet users who say they use social media to follow/watch sports events



TOTAL	19%
MALE	23%
FEMALE	13%



QUESTION What are your main reasons for using social media?

SOURCE GlobalWebIndex Q2 2017

BASE 72,529 Internet Users aged 16-64

Explore the data

Our latest research shows that half of internet users are now watching sports coverage online each month, with mobiles a firm go-to for this behavior.

Twitter and Facebook already own the additional commentary that happens around sports

Arguably, it's social that could pose the greatest challenge, as well as provide the greatest opportunity, for sports broadcasters and rights holders. In April last year, [Twitter announced it would stream National Football League games during the 2016 season](#). That was just the start; since then, we've seen a wealth of matches and tournaments streamed across social. In Q1 2017, for instance, Twitter announced that it had delivered over [800 hours of live streaming premium content](#) across more than 450 events, while Real Madrid generated more than [110 million video views on social after broadcasting live on Facebook](#).

AVERAGE NUMBER OF SPORTS WATCHED BY INTERNET USERS

ON TV		ONLINE
4.6	TOTAL	2.3
4.2	16-24	2.7
4.8	25-34	2.9
4.6	35-44	2.2
4.6	45-54	1.4
5.3	55-64	0.9
5.1	APAC	3.2
3.8	Europe	1.1
5.6	Latin America	1.7
2.5	Middle East & Africa	1.1
3.6	North America	0.8

Sports fandom has already progressed towards digital and social, and this will only continue. Globally, almost a fifth of internet users now follow sports events via social, while 14% of those on Twitter say they have recently tweeted about a sports event. Twitter and Facebook already own the fan commentary around sports, and it's easy to see how users could see appeal in watching more sports content on these platforms – especially as video takes over social and as mobile connections continually improve.

Rights holders and sports clubs need to deliver content to fans in the most convenient way, not the traditional way

That's not to say we're writing off televised sports just yet. There's still a clear preference for watching games live on a big screen and digital consumers continue to watch twice as many sports on TV as they do online. But the online revolution is not one to be ignored; rights holders need to become less reliant on millions paying to watch live on their TV sets and instead deliver content to fans in the most convenient way possible – which, more often than not, means online. Some have already taken a direct

response to this. [The Caribbean Premier League has decided to willingly cut up its broadcast rights into cheaper digital slices if that means reaching more people](#), and [Manchester United has announced it will shift focus to its MUTV channel](#), citing the increased importance of direct revenues and audience data from OTT sports content.

While social media's current role is to complement rather than replace traditional broadcasters, there are signs that things are changing. Sports brands and broadcasters need to recognize that their audience now spans a multitude of devices and platforms. It's in the industry's own interests to take the initiative in establishing ways to fully engage this audience, or they will soon find themselves chasing the fans rather than leading them.

QUESTION Which of the following sports/activities do you play, follow, watch on TV, watch online or watch live in person?

SOURCE GlobalWebIndex Q2 2017

BASE 72,529 Internet Users aged 16-64

Explore the data

How to Deliver on the Digital Promise



[Ali Little](#)
Chief Operating Officer

2017 was a challenging year for the digital advertising industry. Non-human traffic, viewability issues, ad fraud, poor targeting data and a lack of trading transparency, coupled with a bleak economic outlook, led to agency groups repeatedly reducing earnings forecasts and culminated in [P&G slashing digital ad spends by \\$140m](#) over concerns with brand safety and media wastage.

Yet despite growing skepticism of the industry's ability to self-regulate, consumers are largely oblivious to the fallout. GlobalWebIndex's media consumption data shows that the cross-platform present is also the future reality, and where there are eyeballs there will be advertiser interest. While drastic action is required, if we can collaborate as an industry to fix the digital advertising delivery and measurement ecosystem, trust can be restored and investment will be returned many times over in the years to come.

Although fraud and viewability measures have helped grade traffic and inventory quality, more needs to be done to boost confidence – most crucially in the realm of targeting data and transparency. Most of you reading this will have both anecdotal and empirical evidence of behavioral data which has failed to create value for advertisers. This is the heart of the problem; despite the digital landscape's promises for addressable media, confidence in the application of advertising technology is at an all-time low.

Our GWIQ™ Audience Targeting Validation solution uses 20,000 data points and 18m+ real people to quantify the number of ad impressions that reach the intended target audience. The analytics show that time and again, there are vendors that promise hyper-targeting capabilities but fall well short of the minimum gains we'd expect for accuracy.

If the industry can restore trust in the digital advertising delivery and measurement ecosystem, investment will be returned many times over in future

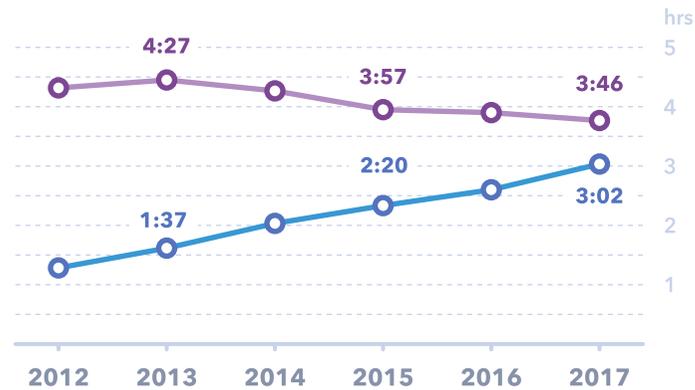
The Cross-Platform Landscape

DAILY ONLINE ACCESS BY INTERNET USERS

hh:mm per day spent online via...

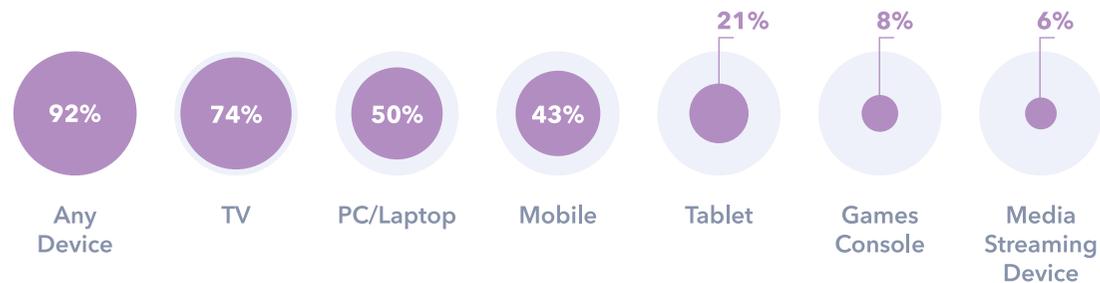


Mobile
PC/laptop/tablet



TV CONSUMPTION

% of internet users watching TV in any form via...



EXPOSURE TO NEWS CONTENT*

% of internet users who have viewed a news article / video / story online in the following places in the last 30 days

Social media	44%
News publisher's website or app	37%
News apps (e.g. Flipboard / Apple News)	15%
Somewhere else on the internet	22%

*This research covers 25 named online news services. These are: BBC News, Bloomberg, Business Insider, BuzzFeed, CNBC, CNN, Discovery, ESPN, Euronews, Eurosport, Financial Times, Forbes, International Business Times, MailOnline, National Geographic, Quartz, Reuters, The Economist, The Guardian, The Huffington Post, The New York Times, TIME, Vice, Wall Street Journal, Washington Post

SOURCE GlobalWebIndex 2012-2017 / Q2 2017 **BASE** Internet Users aged 16-64

CASE STUDY: THE VARYING QUALITY OF TARGETING DATA

Many of our agency clients are forging ahead with evaluating the quality of media activation data.

One real-world example, from a campaign aimed at reaching teachers in the USA, shows the great disparity between the gains on offer from two primary types of targeting data.

CAMPAIGN TARGETING TEACHERS IN THE USA

	On-Target Impressions	On-Target Uniques
Probabilistic data	6.8%	347,538
Deterministic data	17.9%	362,111

In this case, the probabilistic (modeled) data used for targeting hit the right audience 6.8% of the time. By contrast, 17.9% of impressions targeted using deterministic (known-truth) data hit the mark. Crucially, both campaigns reached roughly the same number of teachers, but the deterministic data did so with 35% of the media investment.

However, that 8 in 10 impressions targeted using the deterministic data set failed to reach a reasonably broad segment is an indication of the challenges even known-truth data faces from shared device usage and cross-device behaviors, not to mention the complexity of the technology involved between ad request and delivery. While known-truth data is clearly more efficient than probabilistic, there is a necessary trade-off between that accuracy and the total reach available.

Most importantly, given that the target audience comprises 5.6% of the total online population, the probabilistic data fared only slightly better than guessing. This, I would argue, neatly encapsulates why all of us need to pay more attention to the quality and origins of data. None of this is to say that all media wastage is bad wastage but, as much as possible, broader targeting should be a strategic decision rather than a quirk of the campaign.

Building Longer-Term Solutions That Address Outdated Methodologies

Whatever you pin the problems of digital advertising on, it's clear that as an industry we still aren't providing robust measurement that caters for the cross-platform world in which we find ourselves. Legacy measurement techniques have led to an ever-increasing view that we aren't truly able to measure attention in a digital world, and since that's the proposition on which digital advertising is built (more targetable, more measurable), we need to re-set expectations and build for longer-term sustainability.

At GlobalWebIndex, our extensive evaluation of the quality of 3rd-party industry data has led us to devote our resources to robust measurement and the specificity of reporting on audience engagement. We have also incorporated a new company under our holding group – GWI Labs – to deliver on our goal of creating the world's largest known-truth data set to describe the attributes and behaviors of the connected consumer.

GlobalWebIndex is devoted to ensuring more robust measurement and specificity of reporting on audience engagement

Expect major announcements from us in the coming months as we continue to drive new capabilities in measuring the vast and ever more complex digital media landscape, which holds so much promise and opportunity for advertisers.

DIGITAL LESSONS FROM AFRICA

More than in any other world region, mobiles have played a central role in the development of internet behaviors in Africa. This is borne out in the habits of its digital consumers; many online behaviors in Africa are distinctly different from those seen in other parts of the world, and the trends emerging in this region offer us a glimpse into how the coming era of mobile primacy could impact other markets.

In countries like Kenya, Morocco and Nigeria, around 40% of digital consumers are mobile-only (not accessing or owning any other connected device). Compare that to only 9% of internet users across GlobalWebIndex's 40 markets globally. So, Africa presents a special test case for brands and marketers. In all other regions, widespread multi-device usage means that although a mobile-first strategy is certainly key, all devices need to be considered. In Africa, we can truly talk about mobile-only strategies that can be impactful. This is a reality that we should expect to see in many markets in the coming years and there are key lessons to learn.

In Africa, we can truly talk about mobile-only strategies that can be impactful

MOBILE-ONLY CONSUMERS*

% of internet users aged 16-64 who only own a smartphone and don't go online on any other device



Egypt 24%



Ghana 36%



Kenya 39%



Morocco 38%



Nigeria 41%



South Africa 9%



GLOBAL 9%

QUESTION In the past month, which of these have you used to access the internet? / Which of the following devices do you own?

SOURCE GlobalWebIndex Q1-Q2 2017 **BASE** 178,421 (inc. 11,669 in Africa) Internet Users aged 16-64

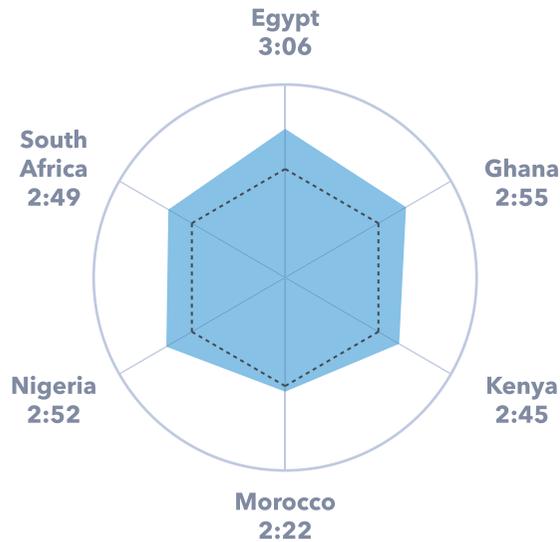
Firstly, the dominance of mobiles has helped some African markets become world leaders for mobile money and payments solutions. While uptake of this functionality has been sluggish in many mature markets, in Kenya it's over 40% who are paying for products/services via such services. Mobile money is also allowing all mobile users (including feature phone users) to utilize mobile payments solutions, even if they don't have a bank account or debit/credit card. In many markets, mobile payments are often viewed as the preserve of the affluent, but Africa is demonstrating how these services can bring vast swaths of internet users, including those without sufficient access to financial services, into the realm of online commerce.

Africa's social media users use fewer platforms, for longer and in a more active/engaged way

Equally important to note is that digital consumers in this region often display a different attitude to their social media portfolio than many other internet users around the world - using fewer platforms, for longer and in a more active/engaged way.

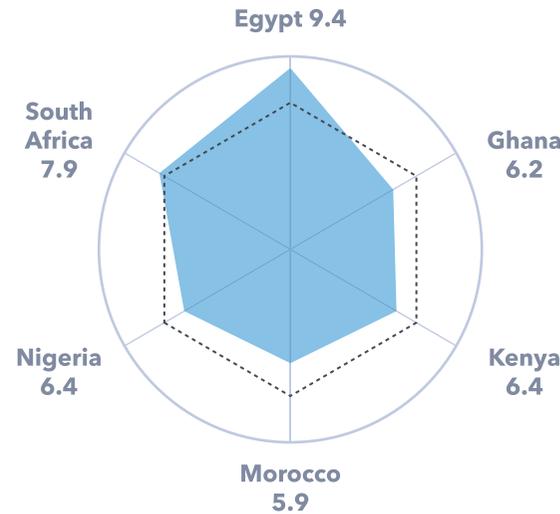
DAILY TIME SPENT ON SOCIAL

Global Average 02:15

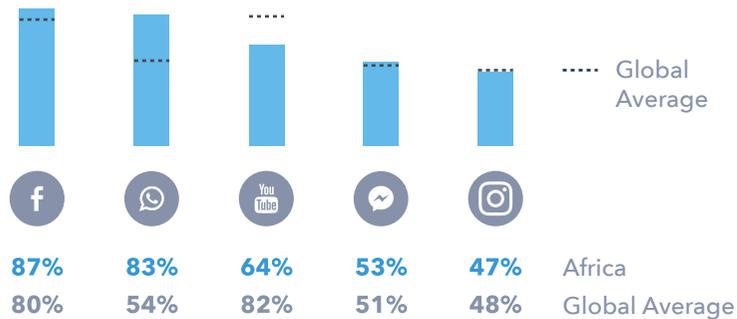


AVERAGE NUMBER OF SOCIAL ACCOUNTS

Global Average 7.6



TOP 5 SOCIAL PLATFORMS USED



QUESTION Roughly how many hours do you spend engaging with / connected to social media during a typical day? Which of the following sites / applications have you visited or used in the past month via your PC / Laptop, Mobile or Tablet? **SOURCE** GlobalWebIndex Q1-Q2 2017 **BASE** 178,421 (inc. 11,669 in Africa) Internet Users aged 16-64

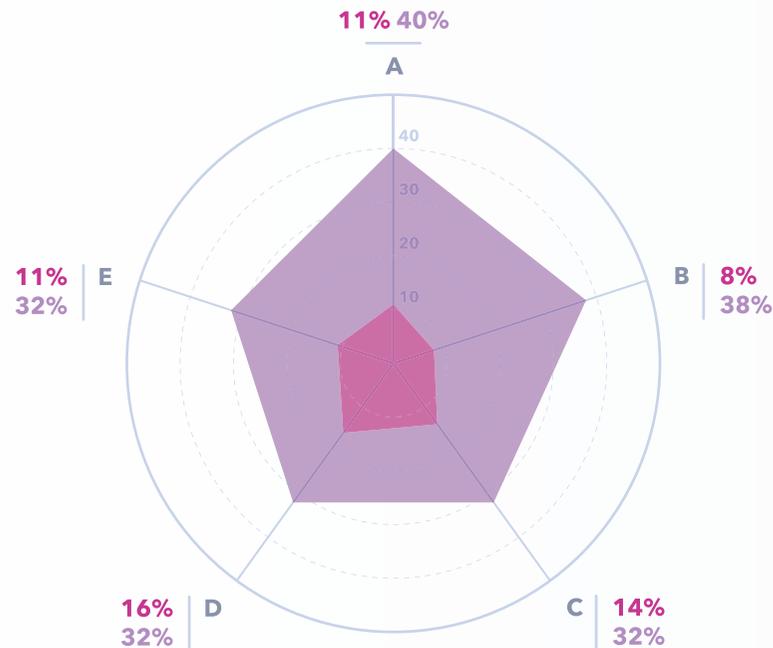
Of particular importance is these consumers' multi-networking behaviors; globally, internet users maintain about 8 social media accounts on average, but in somewhere like Morocco this figure is only about 6. These consumers are focusing their social media activities on some core apps (Facebook and WhatsApp in this instance) while often neglecting other big names in the world of social. So, we see that YouTube and Twitter post much lower figures in these markets than we usually see elsewhere. Worldwide, we have seen the multi-networking trend peak in recent quarters. Africa could provide a picture of future social media habits, as consumers establish a set portfolio of social apps, leaving little room for new entrants into the social media industry.

Each year, millions of Africans are coming online for the first time and the region continues to rise in importance within the digital world. While digital consumers elsewhere have been much studied and obsessed over, the innovative and unique behaviors of internet users in Africa should be a lesson to all in how to navigate the mobile world.

DO SMART CONSUMERS WANT SMART HOMES?

ENGAGEMENT WITH SMART DEVICES IN THE UK

- Have in household now
- Interested in using in future



None of the above
66% - 37%

A. Smart home utility products

(e.g. connected thermostats, remotely-controlled lighting, connected refrigerators)

B. Smart home security products

(e.g. remote video monitoring, smart door locks)

C. WiFi music speakers

(e.g. Sonos, Bose SoundTouch)

D. Smart health devices

(e.g. sleep quality monitors such as Beddit; fitness bands such as Fitbit and Jawbone)

E. Voice-controlled smart assistants/speakers

(e.g. Amazon Echo, Google Home)

QUESTION From the list below, which of these smart home products do you have now, and which would you be interested in using in the future?

SOURCE GlobalWebIndex June 2017

BASE 2,096 UK internet users aged 16-64

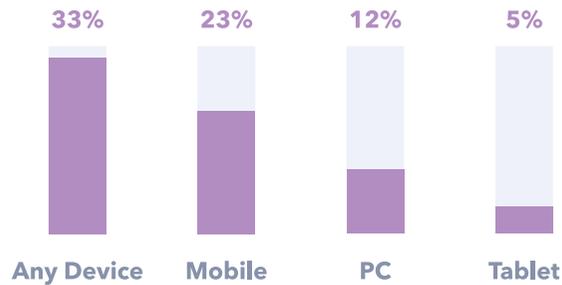
By early 2018, Apple will have launched its HomePod device, a smart home speaker/assistant to rival the likes of Amazon Echo and Google Home. With Samsung, Sonos and others also set to enter this space, competition to become the default name in this area will be fierce.

The vast majority of digital consumers haven't yet been convinced by the merits of smart home speakers

Launching initially in the US, UK and Australia, one of the biggest challenges for the HomePod (with its premium price-tag) will be to persuade consumers that it is an essential rather than a nice-to-have device. Beyond the most committed Apple fans who will always buy any new release from the brand, the vast majority of digital consumers haven't yet been convinced by the merits of smart home speakers. And that's in the context of Amazon's Echo having been available at a fairly modest price for some time now (including several promotional periods when it has been discounted aggressively).

VOICE SEARCH

% of internet users who say they use voice search or voice command tools via...



If we take the UK as an example, 2 in 3 digital consumers still don't have any of the leading smart home products in their household, with most of the devices tracked in our chart scoring around 1 in 10 for usage. Among current users, there are some predictable demographic trends: 25-34s, men and the upper income groups lead for all of them (except smart health devices, where women and 16-24s take the lead).

What's arguably most revealing here is that over 1 in 3 say they aren't even interested in using any of them in the future - something which underlines the scale of the value-communication challenge

that the brands producing these products need to overcome. Tellingly, smart home speakers come towards the bottom of the table for both usage and future interest; lack of awareness in some

Smart home speakers might be able to carry out lots of functions but they don't excel at any of them

demographics is probably contributing to this, but so too is the perception in some quarters that smart home speakers don't do any single thing particularly well (unlike the other devices tracked in our chart, all of which have a very clear raison d'être). Put another way, smart home speakers might be capable of carrying out lots of functions but they don't excel at any of them. Even for voice assistants like Siri, Cortana and Alexa - one area where smart speakers should be able to shine - GlobalWebIndex's latest data shows that they face a huge challenge from mobile.

Currently, mobiles are already perceived to be the most important device in people's day-to-day lives and, among the trend-setting youngest generation, they are capturing more time per day than all other devices put together. Pretty much all mid-to-premium-end mobiles already have integrated voice assistants and, as their capabilities continue to become more sophisticated with each new

generation of handset, smart speakers will need to demonstrate what value they bring that justifies an additional spend. After all, smartphones also benefit from a regular replacement/upgrade cycle (which will be much longer for smart speakers) and are typically carried around with the consumer (unlike stationary smart home speakers which are located in one room).

In a sense, smart home speakers need to overcome some of the same obstacles that derailed smart glasses - a device with a premium price-point that struggled to demonstrate what it did better than a smartphone. Fans of smart speakers might point to their potential as a hub device, connecting and overseeing other smart devices located throughout the home. But these other devices will all be connectable and controllable through smartphone apps - and this is an area where the smartphone will score an automatic victory if the consumer wants to access them while away from the home.

Unless smart speakers start to prove their value and function, they could easily become the next tablet: a device which enjoyed fairly decent uptake but then started to gather dust as it struggled to compete with the endless advances and popularity of the smartphone.

QUESTION In the past month, which of the following things have you done on the internet via any device?

Used voice search or voice command tools (e.g. Siri, Cortana, Alexa) **SOURCE** GlobalWebIndex Q2 2017

BASE 72,529 Internet Users aged 16-64

[Explore the data](#)

THE MOBILE PAYMENTS RACE

It's easy to think that the most inclusive and developed financial infrastructures will shape the future of mobile payments. In actual fact, it's in emerging markets where the potential of mobile payments is being realized, as rapidly expanding smartphone penetration rates help mobile payments leapfrog relatively undeveloped financial infrastructures. Two payment providers in particular - Alipay and Apple Pay - are eyeing up this window of opportunity to establish themselves in these markets, and both services have the financial backing and technical know-how to seriously shake up the industry.

Apple's brand image is its major asset as it launches Apple Pay in more territories

The bulk of the global increase in mobile payment usage since late-2015 has come from APAC. Unique market conditions, a complex regulatory landscape and an absence of foreign competitors has up until now sheltered many of these markets from outside competition. This is beginning to change. The industry

heavyweights have now entered into a race to expand abroad and gain a foothold during this critical development period. India has emerged as the testing ground in this race following its extensive demonetization initiative, but other markets are also turning heads.

Apple Pay may operate in over 15 markets (at time of writing), but complex regulation makes international expansion a time-consuming and investment-heavy process. To date, strong credit/debit card penetration in a country has also been key, while its handset-specific product - rather than the handset-agnostic approach of Alipay - has inevitably restricted the addressable market. Even so, it's Apple Pay which is emerging as a true heavyweight in its class with the strongest growth prospects, with the brand able to rely on a major asset: its brand image (a particular strength in many emerging markets). Further international success will rely on this brand image and, with markets like India and Taiwan now in its sights, this pits Apple Pay directly against Ant Financial, owner of Alipay.

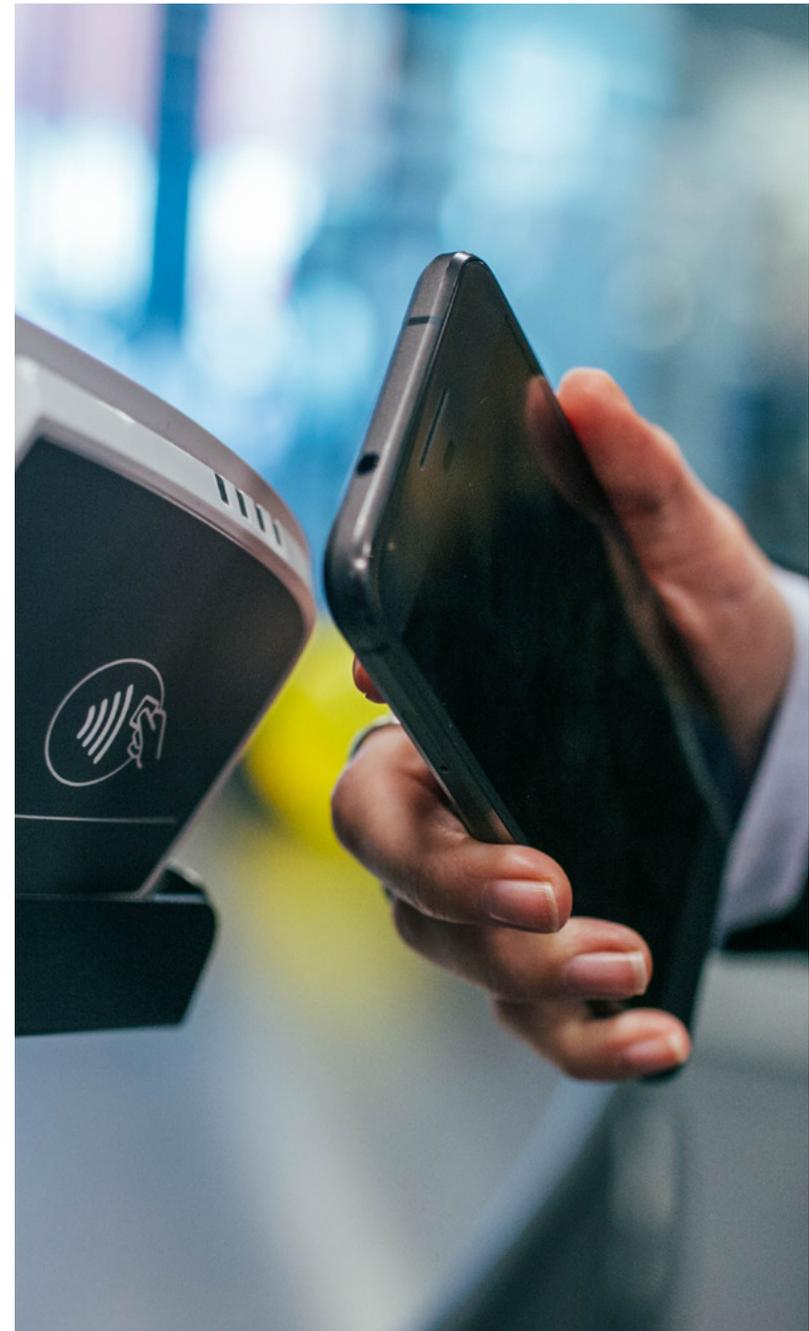
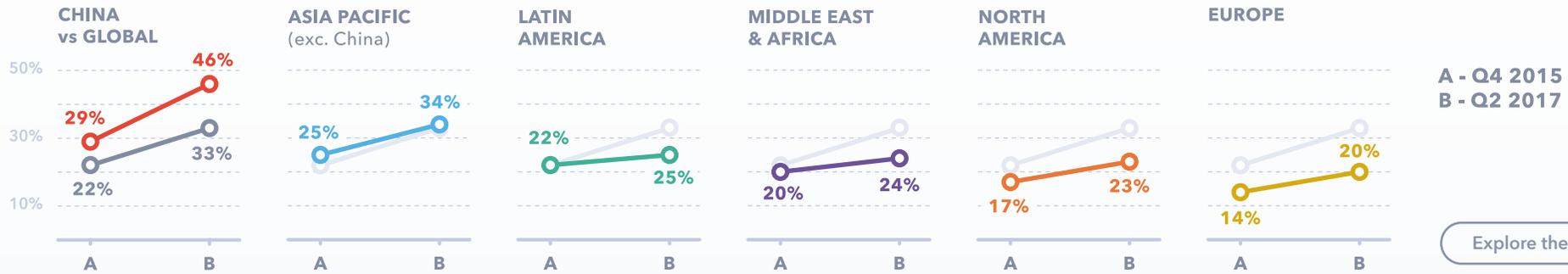


Photo by Jonas Leupe

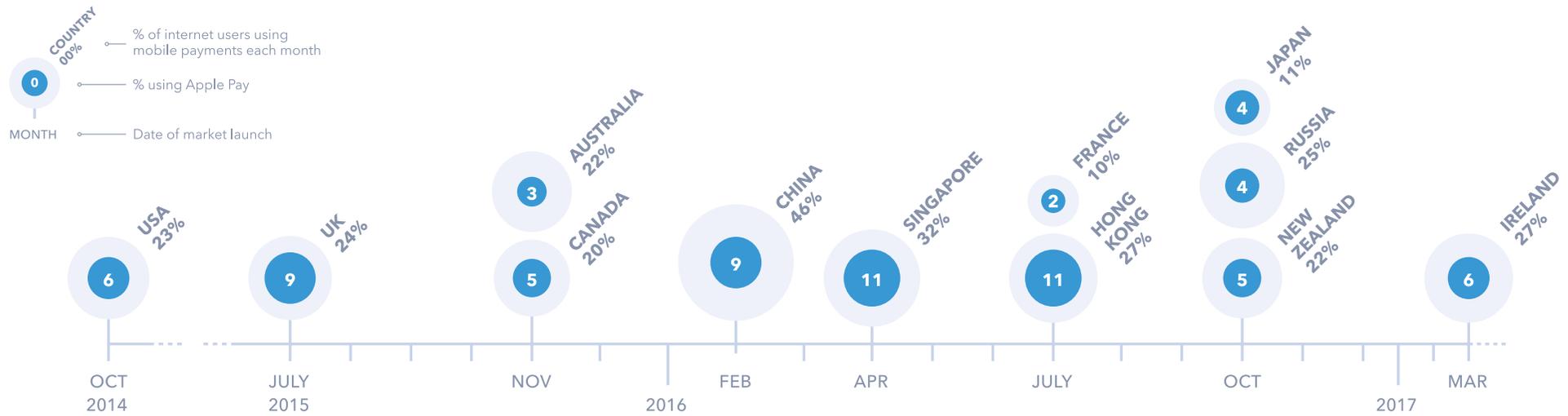
GROWTH IN MOBILE PAYMENT UPTAKE BY REGION

% who have used their phone to pay for an item / service in the past month



[Explore the data](#)

APPLE PAY'S INTERNATIONAL EXPANSION



APPLE PAY'S NEW MARKETS



QUESTION Which of these services have you used to pay for an item / service using your phone? /// Which of the following have you done on your mobile phone in the past

month? Used your phone to pay for an item / service **SOURCE** GlobalWebIndex Q4 2015 & Q2 2017 **BASE** 51,075 (Q4 2015) & 89,029 (Q2 2017) Internet Users aged 16-64

[Explore the data](#)

ANT FINANCIAL'S INTERNATIONAL INVESTMENTS

● Ant Financial Affiliated Services

Mobile Payment Providers

% of internet users who have used the following services to pay for an item on their mobile

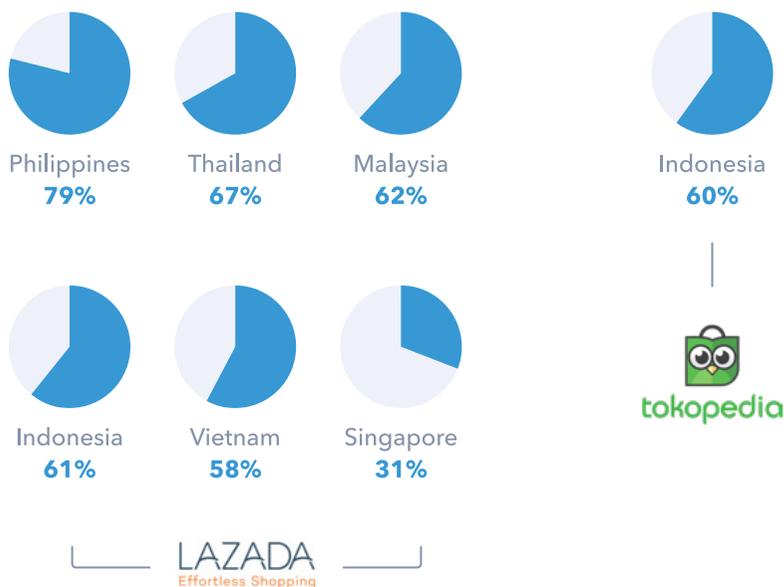
INDIA	INDONESIA	PHILIPPINES	SOUTH KOREA	THAILAND
Paytm 37%	T-Cash Wallet 10%	GCash 10%	Naver Pay 23%	TrueMoney 14%
MobiKwik 16%	TrueMoney 4%	SmartMoney* 7%	Samsung Pay 18%	Line Pay 11%
PayU 9%	Masterpass 3%	Masterpass 1%	Kakao Pay 15%	Mobile Credit Card* 6%

*by PayMaya

*by PaysBuy

e-Commerce

% of internet users in each market who have visited the following sites in the last month



QUESTION Which of these services have you used to pay for an item / service using your phone? /// Which of the following websites/ services have you visited or used in the last month?

SOURCE GlobalWebIndex Q2 2017 **BASE** 89,029 Internet Users aged 16-64

Before its expected IPO in late 2018/early 2019, Alibaba-owned Ant Financial is building an entire financial ecosystem and isn't confining itself to its native China. While some have described Apple as notoriously hesitant towards large investments, this is Alibaba's strength - especially in this industry landscape. This explains the high-profile investments from Ant across many major m-payment providers across SE Asia and India (and MoneyGram in the US to gain a share of the remittance market).

Explore the data

Countries leading the m-payments trend have unique market conditions with different stages of financial infrastructure development. Rather than launching its own brand in these markets, Alipay invests in or acquires the established native players to leverage their existing market share. This tactic has so far given Ant in-roads into India, South Korea, Philippines, Thailand and Indonesia, many of which don't have the merchant-side capabilities at scale to support the Near Field Communication technology required for Apple Pay.

Alipay's strength is in investing or acquiring local services to leverage their existing market share

But Alipay's potential global reach becomes even more striking when we take into account Ant's purchase of a majority share of SE Asian commerce site Lazada. With a broad reach in

Vietnam, Malaysia and Singapore, Lazada should offer a strong use-case (likely in the form of financial incentives when using the app) to pay via Alipay on the site. The company has already rebranded Lazada's HelloPay as Alipay, giving it a much-needed brand recognition boost in these countries to build upon in the coming year.

As 2018 progresses, a handful of steadfast services will hold their own in their markets (like Naver Pay and Samsung Pay in South Korea, WeChat Pay in China, and Swish and Klarna in Sweden). However, there's a good chance that we will see a large portion of the mobile payments landscape carved up between Apple Pay and Alipay. Much of this division will be based around infrastructure development, with fast-growth markets most likely gravitating towards Alipay's turnkey solution, and mature markets easing into the idea of contactless m-payments via a trusted brand like Apple Pay.

Why the GDPR is a Welcome Boost to Consumer Privacy



Jason Mander
Chief Research Officer

May 2018 will see the General Data Protection Regulation (GDPR) come into effect, described by the EU as the ['most important change in data privacy regulation in 20 years'](#).

In simple terms, it means that all companies which hold personal information on EU citizens will need to be clear and transparent about how they collect, process and store this data, and ensure they have unequivocal permission from the consumer. It also states that things like IP addresses and cookies will count as personal information, and that the rules apply to any company which holds data on EU citizens (regardless of where the company itself is based).

One of the most obvious consumer-facing implications is that people will need to opt-in (rather than opt-out), actively confirming that

they agree to their data being collected and used. As this happens, reliance on 'assumed' consent will (rightfully) become a thing of the past. Other key requirements include that any language used must be easy-to-understand, that explanations can't be buried in long Terms & Conditions documents, and that it must be easy for consumers to withdraw their consent at any time after it is given.

Reliance on 'assumed' consent will (rightfully) become a thing of the past

Many people reading this will have encountered the type of long and complex permission/privacy notices that the GDPR should counter. We all know the drill: very small font sizes, complex legal jargon and masses of text to process.

PERSONAL DATA CONCERNS IN THE EU*

% of internet users who say they worry about how their personal data is being used by companies

Gen Z (16-20)	57%
Millennials (21-34)	58%
Gen X (35-53)	61%
Baby Boomers (54-64)	65%

*UK, Sweden, Spain, Portugal, Poland, Netherlands, Italy, Ireland, Germany, France, Belgium

QUESTION To what extent do you agree/disagree with the statements below on your outlook on technology and the web? Somewhat agree/strongly agree **SOURCE** GlobalWebIndex Q2 2017 **BASE** 2,106 (16-20), 7,479 (21-34), 10,280 (35-53), 4,794 (54-64) Internet Users from the EU

[Explore the data](#)

At GlobalWebIndex, we have always chosen a different approach, placing respect and openness at the center of our consumer-facing notices. We use normal-sized font. We put text on the main screen rather than in a dismissible pop-up box. We use everyday language which was deliberately written to be as accessible and understandable as possible. And when it comes to cookies - the area where arguably the biggest knowledge gap exists on the consumer side - we try to explain what they are and what they do in simple, real-world terms.

GlobalWebIndex has always placed respect and openness at the center of our consumer-facing notices

The process of giving consent is another area where some current practices are less-than-transparent. Think small, pre-ticked boxes which the consumer doesn't necessarily see, let alone read. Think tracking software being bundled into the download of another, quite different

product. Think data being used in contexts which are quite different to the way in which the consumer imagined they would be. For us, it's concerning to see this type of thing still happening. Technically, the consumer has given their consent. But did all of them consciously leave that additional box in its pre-ticked state? And when they signed up to a free service that tracks and sells their browsing data as a by-product, were they always aware? It seems unlikely.

Again, GlobalWebIndex has long done things differently here and it's our hope that the GDPR will drive the industry towards the levels of transparency that we think are essential. Quite apart from all of our data being anonymized and aggregated, every single data point is actively provided by consumers (even when passively matched in analytics). Moreover, the consent we gain for this has to be considered industry-leading in terms of its recency, transparency and explicitness. Rather than relying on a generalized consent given days, months or even years prior to a particular survey being

It's our hope that the GDPR will drive the industry towards the levels of transparency that we think essential

taken, GlobalWebIndex's view is that consent should be re-confirmed at the start of each piece of our Core research. We want to tell respondents how the data they are about to submit there and then might be used, and to collect fresh, explicit consent for that.

To date, we are an exception rather than the rule when it comes to taking such an approach, but we look forward to the GDPR instilling more respectful practices across the industry. After all, isn't it better to know that the consumer consented to that exact dataset being used in that exact way? Isn't it better to give the consumer more knowledge and control, rather than the minimum required?



Photo by Matthew Henry

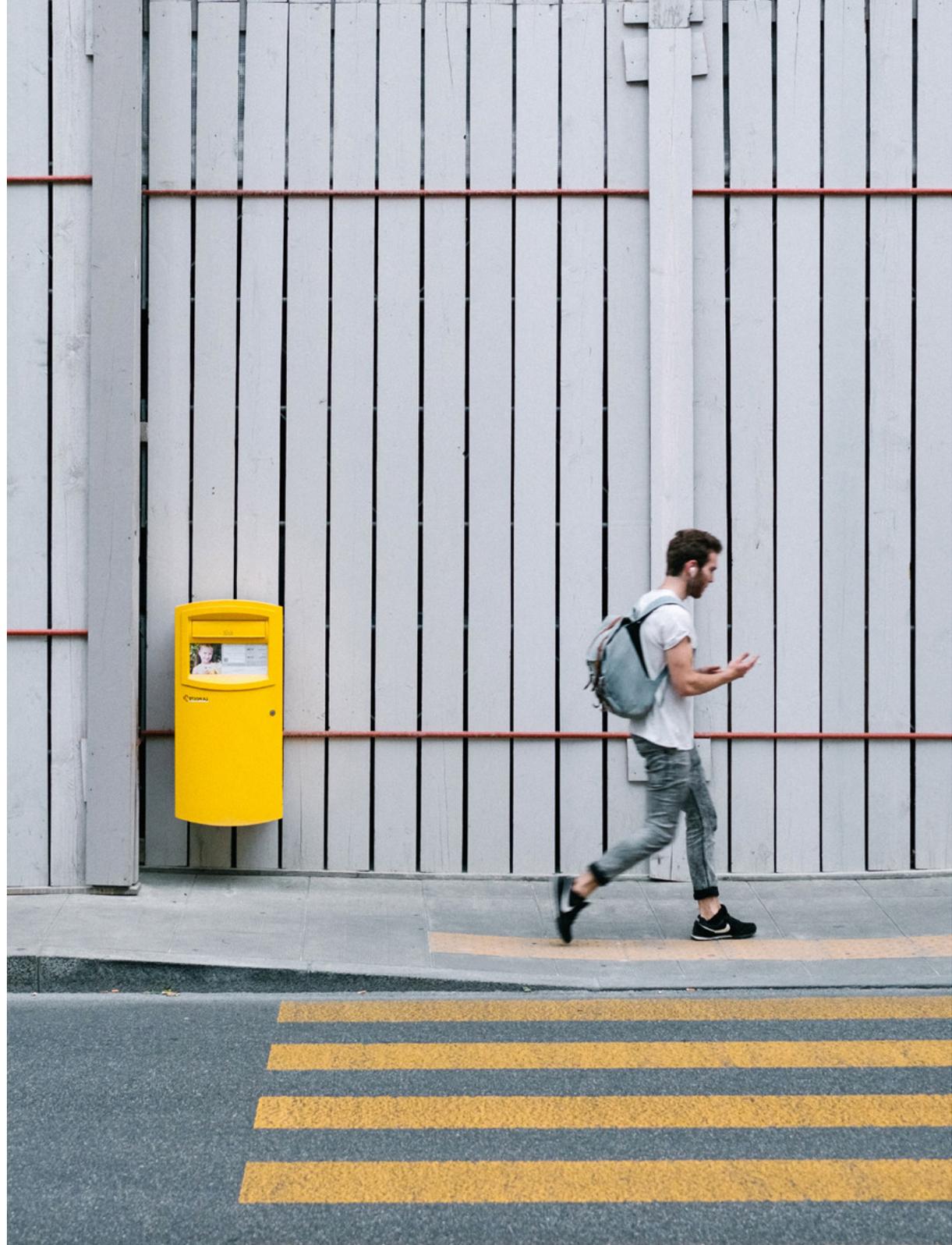
THE ADVENT OF SOCIAL MUSIC

Across 2017, video established itself as the new driving force of social media innovation and engagement. With both [Facebook](#) and [Snapchat](#) now investing in original TV content to be made available via their platforms, the commitment of the social media giants to stake a claim to a portion of TV revenues is clear. So, what media will social services engulf in 2018? Well, a glance at the acquisition and hiring strategy of Facebook suggests that this social behemoth, at least, is beginning to take music seriously.

Facebook is now obliged to do business with music rights owners as users are uploading music videos to the platform

[In July 2017, Facebook snapped up copyright identification startup Source3.](#) Throughout the year it hunted for numerous senior positions relating to music licensing, [after poaching Tamara Hrivnak, former director of music partnerships at YouTube, early in the year.](#) To a certain degree, Facebook has forced its own hand here - obliged to contend with music rights owners protesting that their content is freely available on the platform via user-uploaded music videos.

Photo by Samuel Zeller



Of course, music has been an important part of social media since the days of Myspace, and in many ways the big social services are already part of the music business. Success in drawing artists and bands to create pages/profiles and interact with fans has made social media a key part of any music label's strategy. Social media's previous attempts to capitalize on this relationship haven't been all plain sailing, however - [2015's 'Music Stories' feature on Facebook](#) failed to gain widespread interest, while [Twitter's #Music service was shuttered in 2014](#). And, as many platforms have discovered, navigating the sea of contracts and agreements necessary to provide a rich music streaming library is not easy.

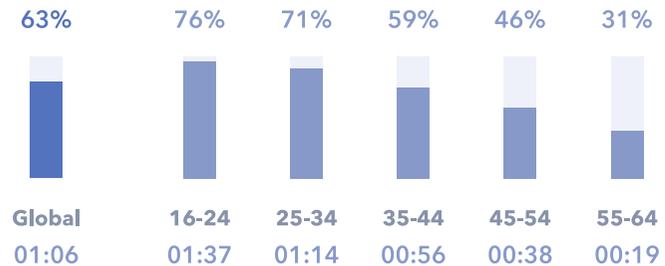
MUSIC STREAMING ENGAGEMENT

- % of internet users who use music streaming services
- Average daily time spent on music streaming in hh:mm

APAC	70%	01:09
Europe	44%	00:47
Latin America	59%	01:18
Middle East & Africa	62%	01:06
North America	58%	01:14

QUESTION In the past month, which of the following things have you done on the internet via any device? **SOURCE** GlobalWebIndex Q2 2017 **BASE** 72,529 Internet Users aged 16-64

[Explore the data](#)



Social platforms will surely have noticed the engagement rates that streaming services have garnered

But in their ongoing quest to maintain engagement on their platforms, these social giants will surely have noticed the digital transformation that has impacted the music industry and the broad user bases that streaming services have gathered. It's now 63% of digital consumers globally who are listening to music streaming services and with internet users now more likely to say that they prefer to stream music online, rather than own it themselves, the figures will only grow.

What's more, adding another revenue stream will be attractive to the big names in social media, particularly given their enthusiasm for diversifying into the worlds of video and commerce. Exactly how they achieve this will certainly be interesting to watch. So far, most consumers have been quite reticent about paying for access to music, and for purchasing content directly via social media.

Social platforms' traditional revenue models – providing services/content in exchange for data and advertising exposure – is one with which music labels are becoming increasingly frustrated. Apple Music and Tidal have touted the 'premium-only' model as the future of music streaming, while Spotify has felt the heat for steadfastly defending its ad-supported offering. Yet the social media industry's laser-focus on user growth and engagement means that it will surely push for freely accessible music for its users.

However it comes about, the advent of social music is upon us. As in the realm of TV, there will be much speculation about what strategy the big social platforms, particularly Facebook, employ to breach into this industry. But regardless of the details, it looks like music will be the next media to go social.



08 | KATIE YOUNG

IS THE INFLUENCER MARKETING BOOM SUSTAINABLE?

Influencer marketing has become the industry's hot go-to strategy - just take a look at the host of celebrities on your social media feeds encouraging you to visit this hotel and try that beauty product. Many brands have invested heavily, attracted by the opportunity to amplify their content and organically build new relationships. But is this buzzworthy trend all that it's cracked up to be and, importantly, is it set to be a sustainable strategy for brands?

In the new world of ad-blocking, influencer marketing was bound to be alluring

Influencer marketing was bound to be alluring to marketers. With the ongoing challenges of ad-blocking and banner fatigue, digital ads are no longer as appealing as they once were and marketers are turning to alternative strategies. Immune to ad-blocking, influencer marketing makes sense here, especially because consumers

Photo by Henri Pham

are already receptive to recommendations when they're shopping. According to our research, over half of internet users say they tend to seek an expert opinion before buying something, and it's logical that they would look to their influencers for this advice, just as they would their friends and family.

Of course, this strategy is not new, and it's already proved to be a success for some brands. Back in 2015, department store [Lord & Taylor collaborated with 50 Instagrammers](#), asking them to Instagram themselves wearing a specific dress on a specific day, causing the dress to quickly sell out on its website. Then there's L'Oréal, which shifted its investment from traditional media to influencers, reportedly seeing a positive impact on sales thanks to the influence of its ['Beauty Squad'](#).

But influencer marketing may not be as fool-proof as it sounds. As more and more brands jump on the bandwagon there comes the threat of influencer

THE EFFECTIVENESS OF INFLUENCER MARKETING

% of internet users who say they discover new brands via endorsements by celebrities or well-known individuals

		Gender	
TOTAL	14%	Male	13%
		Female	15%
Age		Income	
16-24	17%	Bottom 25%	13%
25-34	16%	Middle 50%	14%
35-44	12%	Top 25%	15%
45-54	9%		
55-64	6%		

QUESTION In which of the following ways are you most likely to find out about new brands, products, or services? **SOURCE** GlobalWebIndex Q2 2017 **BASE** 89,029 Internet Users aged 16-64

[Explore the data](#)

fatigue. Between the high-profile celebrities paid to hold handbags, and the lesser-known micro-influencers sent free products to review, promotional content is beginning to clutter up newsfeeds. And as this space becomes more saturated, there's a good chance that audiences will become disengaged. Just as they turned to ad-blockers when sites became overloaded with ads, there's the chance that they'll turn away from influencers in the same way.

As the space becomes more saturated audiences could become disengaged

There's also little sign in our data that this is becoming a major route to reach consumers. While it could be argued that it's harder for consumers to recognize when they've been influenced by or exposed to an influencer (as opposed to a TV or print ad), it's nevertheless just 14% of digital consumers who say they discover brands via celebrity or influencer endorsements. This is a figure that has remained remarkably steady over the past couple of years, despite the influx of influencer posts. We do see a slight peak to 17% for 16-24 year-olds, but even here its impact is limited when compared to other

strategies, like traditional advertising. Digital consumers are about 3x as likely to say they discover brands via TV or online ads, for instance.

With the supply of influencers at an all-time high, it's starting to lose its personal touch. The backlash against influencers who aren't authentic is sure to follow, and brands need to be prepared. They need to be smart, focusing on sincerity and building a long-term relationship only with those who fit with their messaging. Some consumers will walk away from the influencers who have

Brands need to focus on sincerity and relationship-building that matches their message

clearly been bought by brands, where there is no story behind promotional content, or when they are just doing one-offs. Part of the reason for L'Oréal's successes is because it partners with micro-influencers rather than high-profile celebrities. And by allowing these women to critique the products they weren't happy with, the content appears authentic and believable. An overloaded use of influencers is not a sustainable strategy and it's only a matter of time until the influencer bubble finally bursts.



Think free.

Our free plan is coming to give you more of the data you need.

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