

COLUMNS

Mary Meeker's Internet Trends report dissected

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By [Ritesh Bhavnani](#), [Casey Cavanagh](#) and [John D. Fauller](#)

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Mary Meeker and the folks at venture capital firm Kleiner Perkins Caufield & Byers May 29 presented their annual "Internet Trends Report" at the D: All Things Digital conference. Much anticipated by techies, the report was chockfull of great insight and predictions into the ever-changing world of the Internet.

Not surprisingly, there was a lot of focus and emphasis on mobile and the impact of mobile on marketers. Like the rest of the digital world, we pored through the deck with great interest.

Here are some of the more interesting mobile-related data we found, along with our viewpoints:

1. Mobile traffic is growing fast and is greater than the stats indicate
According to Ms. Meeker, mobile traffic is growing at a rate of 1.5x per year and already accounts for 15 percent of all Internet traffic.

That statistic is even more impressive when you consider the nature of mobile traffic versus desktop traffic.

Typically, mobile Web traffic is much "lighter" than desktop traffic due to bandwidth

constraints such as smaller pages and less video and images.

So, even though mobile accounts for 15 percent of total bandwidth, it probably accounts for a lot more of total usage by any other dimension.

2. Globally, more people are accessing the Web through mobile
China already has more people accessing the Web through mobile than desktop.

Similarly, in South Korea, more people conducted more searches on mobile than desktop.

Globally, the less developed the country, the more likely it is that most people are accessing the Web through mobile, leapfrogging desktop PCs altogether. And it is a foregone certainty that this will happen in the United States as well.

Back in 2009, Ms. Meeker had predicted that this would happen by 2014, and she is probably not far off the mark.

Marketers today ignore mobile at their own peril. It may be trite, but it is also true.

But while “mobile first” is fast becoming a buzzword, crafting your media strategy by giving mobile precedence over other media perpetuates the very same siloed marketing that we see today.

We prefer to think of it as “mobile always,” where mobile is an integral and co-equal part of the marketing mix, supporting other media while receiving support from the same.

3. Mobile is woefully under-penetrated as an advertising medium

When you look across all media, there is a huge disparity between the time spent on mobile (12 percent) and its share of total advertising dollars (3 percent).

Those who have been around long enough may remember that the Internet had a similar disparity 15 years ago, and like the Internet, it is inevitable that advertising dollars will eventually catch up to eyeballs in mobile as well.

But like the Internet 15 years ago, companies first have to create viable advertising solutions targeted specifically for mobile as a medium.

You cannot just put a banner ad on a mobile site and expect it to work.

Advertising strategies that show a real ROI for mobile are still being worked on and the gap in ad spending directly reflects that fact.

Facebook’s Sponsored Stories (soon to be discontinued) and Twitter’s Promoted Tweets are leading the way on their own platforms, but there needs to be much more innovation before the dollars really start to flow.

Those who see their glasses half full should view this as a huge potential opportunity.

4. Globally, feature phones still dominate smartphones – for now

There are 1.5 billion smartphone subscribers globally but over 5 billion feature phone subscribers.

But it is important to note that smartphone penetration varies widely by country.

In countries such as the United States, Japan and South Korea, smartphone penetration is already well past the tipping point and accounts for more than 50 percent of mobile devices.

Similarly, in a lot of developing countries such as India and Brazil, although smartphone penetration is low, the absolute population of smartphone owners is very substantial.

We believe that smartphone penetration will continue to grow rapidly as devices get cheaper and replacement cycles accelerate.

Nonetheless, you cannot just forget about POPs (plain old phones) just yet.

Marketers, especially in developing economies, need to have dual or device agnostic mobile marketing strategies.

5. Tablets have overtaken PCs

In fourth-quarter 2012, global tablet sales surpassed those of notebooks and desktop PCs.

Apple iPad sales since launch have grown three times faster than iPhone sales did. And even within tablets, there is already considerable device profusion and screen size differentiation.

Tablets are here to stay, but most companies are still struggling just to optimize their Web sites for viewing across multiple devices.

It is pretty ironic that Apple itself staunchly refuses to optimize its own Web site for its range of devices.

For brands looking to reach their consumers, they have to move well beyond thinking about screen sizes and device formats, focusing much more on the kinds of interaction modes and behavior that consumers have with each of the different devices.

6. It is an Apple/Android world

Smartphone operating system share for Apple and Android together is greater than 80 percent and continues to increase at the expense of others (anyone remember the Nokia Symbian anymore?).

If anything, that will continue to drive innovation and focus on mobile for marketers.

The consolidation of platforms makes it much easier for brands to make real investments in creating unique and exciting consumer-facing applications and marketing, as opposed to being forced to spread their dollars thinly across different platforms.

7. QR codes are not dead, just misused

There are nine million QR scans per month in China – four times more than there were the year before. Forty-two percent of those QR codes are being used by merchants for rewards and coupons, with another 33 percent using them for promotion and advertising purposes.

Stateside, we are not experiencing incredible adoption numbers with QR codes. Clearly, it is not the technology itself, but the execution.

It is obvious that there is a latent demand for a solution that bridges the physical and online worlds.

And if not QR, then perhaps augmented reality, image recognition, location awareness, NFC or a combination of all of them will serve to bridge that gap.

8. “Mobile” means much, much more than just phones or tablets

There are now fitness bands, smart watches, the seemingly-ubiquitously-talked-about-but-never-seen and much-mocked Google Glasses and many other kinds of other wearable and drivable technologies, all of which fit under the moniker of “mobile.”

While the impact of these devices is yet to be felt in any significant manner, they present marketers with unique and manifold opportunities of getting even closer to their consumers in innovative ways.

Exactly how they will fit into the mobile ecosystem is not entirely clear, but we are anxiously awaiting next year’s report to see how it all plays out.

[Please click here to access the Internet Trends 2013 Report presented May 29 by Kleiner Perkins Caufield & Byers partners Mary Meeker and Liang Wu at the D11: All Things Digital conference](#)

Ritesh Bhavnani is chairman, Casey Cavanagh is marketing manager and John D. Fauller is chief operating officer of [Snipp Interactive](#), Washington. Reach them at ritesh@snipp.com, casey@snipp.com and john@snipp.com.

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