

Interactive TV

65% of US internet users wanted to connect their TV to the internet in 2009, a 7% point increase over 2008, according to the fourth edition of [Deloitte](#)'s "State of the Media Democracy".. Web users across all generations increasingly wanted to watch online content, as well as content on their PC, on traditional television screens. Even among matures, nearly half were ready for internet-enabled TV sets.

US internet users who would like to connect their TV to the internet by generation, 2006-2009 (% of respondents):

- Millennials (14-26): 64% in 2006 / 71% on 2007 / 70% in 2008 / 74% in 2009
- Generation X (27-43): 52% / 66% / 61% / 71%
- Boomers (44-62): 40% / 49% / 51% / 59%
- Matures (63-75): 29% / 35% / 40% / 46%
- TOTAL (14-75): 47% / 58% / 58% / 65%

Live TV remained the most popular way for respondents to watch their favourite shows, though 4% reported watching on free online sites such as Hulu and TV.com, and 3% watched online on the TV show's Website.

Overall, internet users were watching significantly more TV in 2009 than the year before, at nearly 18 hours per week. Millennials increased their television viewing the most, from 10.5 hours weekly last year to 15 hours in 2009.

Television also held sway as the advertising medium with the most impact on internet users' buying decisions, with its power about equal across generations. The influence of online ads was significantly smaller, but varied more by age.

By 2013, more than a third of all TV sets sold in the US will be internet-enabled. Several models are already on the market, and online publishers are racing to develop TV widgets to lure consumers to their streaming content. ([eMarketer](#) , December 2009)

Approximately 2.5 million broadband households in the US and Canada are ready to purchase an internet-connected TV if priced at a \$100 premium over regular TVs, according to [Parks Associates](#)

. This figure translates into \$250 million in additional revenues for the consumer electronics industry. (

[Parks Associates](#)

, March 2009)

Mobile Phones & Wireless Access

ComScore research finds that 14% of mobile users in the U.S. accessed maps on their devices in April 2010, as the mobile map audience reached 33.5 million users, up 44% from the previous year. The study also found that more mobile users now access maps via application than via browser, demonstrating the success of applications in penetrating the mobile map market.

For the three month period ending April 2010, 26% of smartphone users accessed maps via applications, while 19% accessed maps via browser in a month. In comparison, just 2% of feature phone users accessed maps via applications, with 4% doing so via browser. Smartphone users drove growth in both application and browser map usage with app access nearly tripling to 12.7 million smartphone users, while browser map access surged 93% to nearly 9 million smartphone users. The number of mobile map app users first surpassed mobile map browser users in February 2010.

For the three month period ending April 2010, 33.5 million mobile users accessed maps at least once during a month, an increase of 44% from the previous year. Visitors accessing maps 1-3 times per month increased 47% to 17.1 million users, while those accessing once a week increased 60% to 11.6 million users. The most frequent users, those accessing maps on a near daily basis, climbed 9% to reach 4.8 million users.

Among those who accessed maps on their mobile devices, 87.2% did so from a car or other vehicle, with 17.2% doing so while walking, running or biking, and 16.7% while using public transit. The most utilized types of maps were graphical maps with turn-by-turn directions (60.3% of mobile maps users), followed by 50.6% using a graphical map without turn-by-turn directions and 46.8% using turn-by-turn directions without a graphical map.

([comScore](#) , June 2010)

78% of US smartphone users accessed their browser in April 2010, while 80% of smartphone users accessed applications. In comparison, just 19% of feature phone users accessed their browser, with 17% accessing applications. Although smartphone users are driving growth in browser (up 111% in the past year) and application (up 112%) access, feature phone users still make up nearly half of all users accessing mobile browsers and apps.

In April 2010, 69.6 million mobile users accessed an application on their phone, an increase of 28% from the previous year. Several application categories experienced triple-digit growth in the past year, emphasizing the increasing popularity of this method as a form of mobile content access. Social Networking experienced the strongest growth in app access, increasing 240% to 14.5 million users. Accessing News apps followed, growing 124% to 9.3 million users, while Sports Information apps experienced a 113% surge to nearly 7.7 million users. Bank Accounts apps also more than doubled their audience, growing to nearly 5 million users in April.

Nearly 73 million mobile users accessed their browser in April 2010, an increase of 31% from the previous year. Mirroring application category growth, Social Networking ranked as the fastest-growing category accessed via browser, growing 90% from the previous year to reach almost 30 million users, followed by Bank Accounts (69% to 13.2 million users). Online Retail sites also experienced a significant increase in audience usage via browser, increasing 47% to 7.3 million users, as Americans continued to show adoption of the mobile retail channel.

([comScore](#) , June 2010)

The rush to smartphones and the desire for more apps at an increasing price will lead to an explosion in application store revenues by 2014, according to the [Yankee Group](#). The research firm previously forecast \$537 million in US app store revenues but now expects the stores to pull in \$1.6 billion this year. Revenues will be nearly six times as high in 2014, at \$11 billion.

Yankee Group revised its forecast based on several factors, including the increase in use of paid apps. Nearly one-third of apps downloaded are purchased, up from 18% a year ago. Further, individual app prices have risen. The average paid app costs \$2.85, compared with \$1.99 last year. Increased smartphone shipments also fuel the rise in app store spending.

The iPhone remains a favourite, with users downloading three times as many apps a year on average, but other smartphones and carriers are gaining ground.

Worldwide, [Gartner](#) predicted in January that app store revenues would reach nearly \$6.8 billion in 2010, increasing to nearly \$30 billion by 2013. But Gartner also predicted an increase in the proportion of app downloads that were free. ([eMarketer](#), March 2010)

As sophisticated mobile devices such as the iPhone continue to proliferate, Nielsen estimates "smartphones" will overtake "feature phones" by the end of 2011, presenting marketers with a growing opportunity in the mobile space.

Although just 21% of US wireless subscribers were using smartphones in Q4 2009, the measurement firm predicts the rate of adoption of such devices to quicken considerably in 2010, eventually surpassing feature phones in the third quarter of 2011. ([ClickZ](#), March 2010)

The majority of US mobile phone users are at least somewhat interested in watching TV and video content on their phones, according to a survey from mobile video solutions company [QuickPlay Media](#)

Similar numbers of respondents were interested in the possibility of seamless multiscreen viewing, but substantial numbers remained unconvinced of the utility of mobile TV and video.

US mobile phone users' interest in mobile TV and video, March 2010 (% of respondents):

- Very interested: 16%
- Interested: 16%
- Somewhat interested: 24%

- Neutral: 18%
- Not at all interested: 26%

The biggest reason reported for not watching mobile video was its perceived cost. This could be a matter of education, and QuickPlay cites that many mobile video viewers have come on board in the past year as a sign of growth. But, the overall proportion of mobile phone users watching mobile video remained flat compared with the company's 2009 survey, and about 14% of respondents said they had tried or even regularly used mobile TV in the past but had now given it up. And most respondents said they did not see their phone as more of an entertainment device than they did a year ago.

[Nielsen](#) however found a substantial increase in the number of mobile video viewers compared with the previous year. More than 17.5 million respondents reported watching video on their mobile phone in the past month, up 57% year over year. Most of that group (67%) streamed video over the mobile internet.

The amount of time users spent watching video on the go was flat. On average, viewers watched 3 hours 37 minutes of mobile video during the quarter, the same as in Q4 2008. ([eMarketer](#) , March 2010)

The launch of the iPad has advertisers and publishers excited about the possibilities of presenting their content on a bigger, shinier iPhone but also wondering whether consumers will warm to a device that defies easy categorization. Consumers are well aware of Apple's tablet, with just as many saying they have heard of the iPad as Amazon's Kindle, according to data from [comScore](#) . The iPad beat out all other e-readers when it came to purchase intent.

That could be because internet users are also turned on to the fact that iPads are more versatile devices that can do much more than present black-and-white text. Asked what they would do with an iPad if they had one, respondents were more likely to think of Web browsing, e-mail and listening to music than reading.

Relatively few respondents said they would download apps for the device. However, the larger screen size of the iPad would make for easier traditional Web browsing, possibly alleviating some of the need for native apps.

With or without apps, many internet users told comScore they would pony up for content specially formatted for e-readers, including 68% of 25- to 34-year-olds and 59% of 35- to 44-year-olds. Owners of iPhones or iPod touches were more likely than average to say they would pay for newspaper and magazine content on e-readers, at 52% versus 22%. ([eMarketer](#) , March 2010)

US baby boomers are on the verge of adopting smartphones and the mobile internet, and in the vanguard of this movement are younger boomers. But boomers' mobile internet adoption rates will be similar to their social media uptake - that is, slow. They must see the benefits before they sign on.

Back in 1995, boomers were the pioneers of mobile phone usage, exceeding or equalling other age groups' uptake of the devices, according to the [Pew Research Center](#) . Ownership rates have now grown to more than 85% among boomers, the majority using feature phones. But only 55% consider their mobile phone a necessity.

eMarketer believes that internet use will be the driving force behind boomers' adoption of smartphones and the mobile internet. They are avid Web users but no longer such early adopters.

Boomers made up 30.6% of all mobile phone users in August 2009, according to [comScore](#) 's age breakout. However, they made up only 19.6% of all touch-screen users and 21.1% of smartphone users. Younger boomers (ages 45 to 54) were more likely than older boomers to use touch-screens, smartphones and any mobile phone.

US touch-screen, smartphone and total mobile phone users by age, August 2009 (% of total):

- 13-17: 8.5% (touch-screen) / 6.3% (smartphone) / 7.8% (total)
- 18-24: 20.6% / 16.4% / 13.1%
- 25-34: 28.6% / 28.7% / 17.9%
- 35-44: 18.8% / 22.9% / 17.6%
- 45-54: 12.3% / 13.6% / 18.2%
- 55-64: 7.3% / 7.5% / 12.4%
- 65+: 3.9% / 4.5% / 13.1%

([eMarketer](#) , March 2010)

The Android operating system is growing its share of US smartphone ad requests, largely at the expense of the iPhone, according to AdMob.

iPhone devices accounted for 47% of ad requests across the AdMob network in January 2010. That represents growth of a single percentage point from December 2009, but a significant dip compared with the 55% share achieved in November 2009.

By contrast, the share of handsets running Android was up 3% points during January, accounting for 39% of requests from smartphones overall. Between November and January, Android's overall share of requests grew by 12% points.

Mobile operating systems by share of smartphone ad requests, January 2010:

- iPhone OS: 47% (down from 55% in November 2009)
- Android: 39% (up from 27%)
- RIM OS: 7% (down from 10%)
- Windows Mobile OS: 2% (down from 3%)
- Other: 5% (unchanged)

However, this data does not include requests from iPod Touch devices, since they do not include phone functionality. In January 2010, iPod Touch devices accounted for 20.8% of all ad requests across AdMob's network, compared with the 23% accrued by the iPhone. That data suggests the iPhone OS (on which both the iPod and iPhone run) ultimately accounts for a far greater portion of ad requests when compared with the Android OS.

BlackBerry operating system RIM OS, and Microsoft's Windows Mobile OS both experienced a decline in their share of ad requests, month-over-month. ([ClickZ](#) , February 2010)

29% of US internet users owned a web-enabled mobile phone/smartphone in 2009, according to the [Accenture](#) report "Mobile Takes Center Stage". This was up from 17% in 2008 and 8% in 2007.

In some cases, however, Web users surveyed in emerging countries (China, India, Malaysia and Singapore) were ahead of their counterparts in mature markets - the US, Germany, France and Japan. For example, emerging-market Web users were more than 2.5 times as likely to buy a smartphone during the next year (52%) compared with mature-market respondents (20%), and were also more likely to have bought a smartphone in the past year (67% versus 32%).

Emerging markets also showed higher levels of Web activities such as photo- and video-sharing, blogging, social networking, microblogging, and watching online and mobile television.

One of the reasons for this emerging-country growth is the rapid expansion of the middle class with its substantial disposable income, according to Accenture. The report indicates that the rise of the middle class in countries such as China and India will help them overtake the growth

potential of more mature markets such as the US. ([eMarketer](#) , January 2010)

Mobile app investment should grow significantly in 2010, according to a report from [DM2PRO](#) and [Quattro Wireless](#). Spending on social apps, however, will stagnate even though more marketers have already developed the applications.

Fewer than half of marketers created either a mobile or social app in 2009, but most plan to invest in a mobile app in 2009. The iPhone is the platform of choice, followed by Android. Among those marketers who already had an app in 2009, however, Facebook was the leading platform.

Channel in which marketers in North America have used mobile/social apps, December 2009 (% of respondents):

- Facebook: 78.9%
- iPhone: 62.1%
- Our own branded site community: 35.8%
- MySpace: 25.3%
- Android: 9.5%
- RIM: 9.5%
- Palm: 6.3%
- Other discrete publisher/community: 15.8%

Engagement was the top reason to choose either mobile or social as an app platform, but social sites were perceived as better for many top goals, including engagement, audience targeting, sharing and branding potential, and reach. Mobile scored higher on creative control and persistence.

The top third of advertisers and agencies using mobile apps planned to up their investments by 75% or more. Marketers who used apps reported a growing market, client demand and increased standardization in the app world as reasons to spend more in the coming months.

Those same reasons would spur publishers and marketers to develop mobile applications. They were also interested in better tools, distribution and discoverability.

Those factors will only increase in importance as apps continue to proliferate and marketers and other developers attempt to stand out from the competition. According to DM2PRO and Quattro, 15% of advertisers and agencies spent more than 60% of their app budgets on promotion in 2009, but more than one-third spent less than 5%. Promotional budgets will need to increase along with overall investment for apps to find their way to users. ([eMarketer](#) , January 2010)

Facebook is the number 3 site on the web in the US (behind Google.com and Yahoo.com), with 202% growth year-on-year and Twitter is the number 39 site on the web, with 660% growth year-on-year, according to Compete.com.

Clearly, online users are visiting these social networking sites, so it should come as no surprise that online wireless consumers (online users visiting wireless carrier sites) are no exception. Compete's clickstream data show that wireless consumers are visiting social networking sites in increasing numbers.

In October 2009, Compete surveyed over 3,600 wireless customers about what they'd like to see from their carrier on social networking sites:

- 22% of wireless customers with a social networking account are interested in participating in a sweepstakes or contest in which they can be entered to win a free smartphone
- 20% of wireless customers with a social networking account are interested in seeing special bundle deals offered only through the social networking platform
- 19% of wireless customers with a social networking account are interested in a chance to win or sign up for a special promotions from their wireless carrier (like tickets or special events) through a social networking site

It appears that there is, in fact, plenty of opportunity to reach these social networking wireless consumers. With the average Facebook user having 130 friends and the average Twitter user having 126 followers, carriers would not just be reaching the social networking wireless customers but reaching their entire network. If the carriers can engage their customers on the social networking sites, the awareness of the brand could potentially spread exponentially.

91% of wireless customers with Facebook or Twitter have not interacted with one of the major carriers on those major sites, according to Compete's October survey. So this market is largely untapped. ([Compete](#) , December 2009)

Awareness of the Android mobile operating system is rising, and users have a lot in common with iPhone fans, according to research from [comScore](#) and [Compete](#) . comScore found that 37% of US mobile users had heard of Android in November 2009. This was up from 22% as recently as August, likely due to the Verizon Droid ad campaign. And 17% of mobile users in the market for a new smartphone in the next three months planned to buy an Android phone, compared with 20% who would pick up an iPhone.

Usage patterns for Android and iPhone owners were very similar, and tended to differ from those of other smartphone users as well as from those of feature phone owners. There was a notable gap in e-mail usage, with Android users far behind iPhone owners, but mobile media consumption and browser and app usage tracked very closely.

Mobile media usage among US mobile phone users, by operating system, September 2009 (% of respondents in each group):

- Apple: 94% mobile media / 87% email / 80% news-infobrowser / 83% any app / 58% social networking / 43% IM

- Android: 92% / 63% / 80% / 82% / 52% / 46%

- Smartphone: 80% / 70% / 65% / 59% / 43% / 37%

- Non-smartphone: 26% / 12% / 14% / 13% / 8% / 10%

Compete also found similarities when it asked smartphone users how much time they spent with their phone's Web browser versus mobile applications. The majority of iPhone users, along with 44% of Android users, spent at least half of their time with applications rather than a browser. Only about a fifth of other smartphone users said the same.

Compete indicates that applications have been vital to the iPhone's success and Android devices are proving to be no different so far. ([eMarketer](#) , December 2009)

The US mobile internet population is increasing rapidly. eMarketer estimates that 29.2% of mobile phone users log on to the mobile Web at least once per month in 2009, up from 22.3% last year. And according to [BIA/Kelsey](#) and [ConStat](#) , many of those qualify as "heavy" users-those who go online via mobile more than 10 times per week.

BIA/Kelsey and ConStat put heavy mobile internet users at 21% of the total US mobile population in October 2009, up from less than 15% a year earlier. And the overall average number of monthly mobile Web sessions has doubled in that time period.

Average monthly number of mobile internet access sessions among US mobile phone users, 2007-2009:

- September 2007: 7
- October 2008: 10
- October 2009: 20

Heavy users of text messaging and mobile e-mail have also increased over the past year; nearly one-half of mobile users text more than 10 times weekly, while one-fifth send and receive more than 10 mobile e-mails per week.

Overall, users have become more active across many mobile activities-except in nonlocal searches for products and services. Almost one-fifth of users, however, had performed a local search.

Mobile content activities among US mobile phone users, 2007-2009 (% of respondents):

- Searched internet for local products or services: 9.8% (Sept 07) / 15.6% (Oct 08) / 18.5% (Oct 09)
- Got information about movies or other entertainment: 8.2% / 13.7% / 15.9%
- Got information about restaurants or bars: 9.0% / 11.7% / 13.3%
- Searched internet for products or services outside my local area: 6.4% / 14.3% / 11.1%
- Purchased a physical item that needed to be shipped (e.g. book): na / na / 4.0%

- Used a coupon from my mobile phone: na / na / 3.0%

Other content activities, such as sending and receiving video and watching or purchasing online videos or TV shows, had also increased among overall mobile users. ([eMarketer](#) , December 2009)

The iPhone gets a lot of attention with its users consuming a lot of advanced mobile content, and being more likely than others to remember mobile ads, according to [Brightkite](#) and [GfK NOP](#)

But Q3 2009 data from

[Nielsen](#)

shows that Android users are actually more likely than iPhone users to use video, apps and the mobile internet. Users of both handsets are well ahead of the average smartphone usage, and the average usage among all subscribers.

Use among mobile phone users by phone type, Q3 2009 (as a % of respondents):

- All Android: 92% (internet) / 76% (Apps) / 47% (Video)
- All iPhone: 88% / 74% / 40%
- All smartphone: 71% / 48% / 22%
- All subscribers: 22% / 12% / 7%

Mobile social networking activity is a top driver of mobile internet usage. [comScore Mobile](#) found that in July 2009, iPhone owners were the leading social network users among US smartphone owners, but those with Android-based devices were not far behind. Android devices indexed at a level comparable to the iPhone for social networking and higher for other activities that comScore considers social, such as capturing videos.

Android users were more likely than iPhone owners to surf the Web and use maps and directions, according to an August 2009 study by the [CFI Group](#) . The survey also found that, while overall satisfaction with iPhones was somewhat higher than with Android devices, Android owners were happier than iPhone owners with those functions.

Still, the popularity of the iPhone keeps it in the spotlight for mobile Web usage. According to [StatCounter](#)

, more than 38% of mobile Web activity came from iPhones, compared with less than 6% from Android-based devices. (

[eMarketer](#)

, November 2009)

Nearly 50% of US mobile phone users will access the mobile internet at least monthly by 2013, according to [eMarketer](#) . Along with rising smartphone shipments and increases in spending on mobile data plans, this will create a growing mobile content market.

US mobile internet users, 2008-2013:

- 2008: 50.9 million (22.3% of mobile phone users / 16.7% of population)
- 2009: 68.6 million (29.2% / 22.3%)
- 2010: 83.5 million (34.5% / 26.9%)
- 2011: 98.0 million (39.6% / 31.3%)
- 2012: 111.2 million (44.2% / 35.2%)
- 2013: 126.2 million (49.4% / 39.5%)

Mobile Internet users, used to a largely ad-supported Web, will expect free content on their phones as well. But content owners, after years of experience with monetization, will have a direct-revenue mindset. Mobile applications are a major channel for content delivery to mobile devices. In September 2009, the Yankee Group estimated that US paid smartphone application revenues would reach \$4.2 billion in 2013, an order of magnitude above the 2009 estimate of \$343 million.

The recent success of smartphones from multiple manufacturers is driving demand for mobile content, and consumers have shown a willingness to pay for at least some of that content as well as the applications that deliver it, according to eMarketer. The barriers between the online world and the mobile world are breaking down, and people expect to be able to access their content on whatever platform suits them. In this climate, media companies with premium content are in an advantageous position to launch paid models. ([eMarketer](#) , November 2009)

Visits to Web sites from mobile devices grew 34% during the twelve months ending in July 2009, according to data from Nielsen Online. The measurement firm recorded 56.9 million mobile Web visits in July 2009, up from 42.5 million visits during July 2008.

Although men continue to make up the majority of the mobile Web audience (accounting for a total of 53% of visits) growth among female users far outstripped that of males, growing 43% year-on-year compared with 26%, respectively.

As mobile Web access spreads beyond the typically early-adopting age bracket of 18 to 34 year olds, youths and senior users also experienced a surge in growth. Use among 13 to 17 year olds grew 45% year-on-year, while the over-65 group experienced growth of 67%, albeit from a relatively small base, since the bracket accounted for just 3% of visits during July 2009. Perhaps

more significantly therefore, access among 55-64 year old users grew 37% year on-on-year, accounting for 9% of the total mobile Web audience in July 2009.

US mobile Web audience profile, 12 months to July 2009 (as a % of visits):

- Female: 47% (+43% year-on-year growth)
 - Male: 53% (+26%)
 - 13-17: 12% (+45%)
 - 18-24: 11% (+13%)
 - 25-34: 28% (+40%)
 - 35-54: 38% (+31%)
 - 55-64: 9% (+37%)
 - 65+: 3% (+67%)
- ([ClickZ](#) , October 2009)
-

42% of 18-to-34-year-olds and 33% of 35-to-44-year-olds are at least somewhat interested in receiving opt-in mobile alerts from their favourite places, according to a survey conducted by [Harris Interactive](#) for [1020 Placecast](#).

Among respondents who would opt in to location-based alerts on their mobile phones, more than half were interested in messages from restaurants, followed by movie and event tickets, weather, and clearance sales.

Types of products for which US mobile phone owners* would be interested in receiving location-based mobile alerts, July 2009 (% of respondents):

- Restaurants: 53%
- Movie/event tickets: 43%
- Weather: 39%
- Clearance sales: 37%
- Pizza: 31%
- Clothing: 30%
- Fast Food: 27%
- Electronics: 25%
- Music: 24%

- Happy-hour specials: 21%
- * who are interested in receiving such alerts.

Placecast also found that about 90% of consumers have made impulse purchases while out shopping because of a sale, and 22% of mobile users did so weekly. Marketers that let consumers know about local offers at the right place and time might take advantage of such behaviours.

[Borrell Associates](#) estimates that local will make up only 20% of mobile ad spending in 2010, or just over \$500 million.

US local mobile advertising spending, by format, 2010:

- SMS/MMS: \$311 million
 - Search and display: \$119 million
 - Video: \$56 million
 - Coupons: \$19 million
 - In-game/applications: \$4 million
- ([eMarketer](#) , October 2009)
-

US mobile internet visitors were up 34% year over year to 56.9 million in July 2009, according to [The Nielsen Company](#) . Growth among women outpaced the average rate by some 9%. Men still made up 53% of the mobile Web audience in July 2009.

Men make up the bulk of the audience for tech, sports and news content. Women, by contrast, embraced the mobile Web for access to celebrity news, shopping sites and social networks.

Teens, adults ages 25 to 34 and those ages 55 and older also adopted the mobile internet faster than the average rate, but, especially in the case of teens and seniors, from a very small base. Take-up was slowest among young adults ages 18 to 24.

US mobile internet users, by age, July 2009 (% of total):

- 13-17: 12%
 - 18-24: 11%
 - 25-34: 28%
 - 35-54: 38%
 - 55-64: 9%
-

- 65+: 3%

In July 2009, users ages 65 and older still made up only 3% of the total. Just 12% of mobile Web browsers were under age 18.

eMarketer, which includes both Web browsing and the use of mobile apps in its figures, estimates there will be 73.7 million mobile Internet users in the US in 2009, an increase of 26.3% over 2008. ([eMarketer](#) , October 2009)

More and more airlines are adding Wi-Fi but there is a drop-off when travellers must pay for the service, according to The Wall Street Journal. Alaska Airlines even tested the service for just \$1. The result: a lot fewer laptops, BlackBerrys and iPhones signed on.

There is a very substantial decline in passenger usage the minute you start charging for the service, according to Michael Planey, a consultant specializing in in-flight passenger technologies. He added that it really begins to invalidate the model on which this service is being built for the next 10 years.

But the paradox here is that business travellers value in flight Wi-Fi access more highly than meals, free movies or other airline services, according to a study by the Wi-Fi Alliance and the US-based Wakefield Research. Well over two-thirds in a survey of 480 frequent corporate travellers said they choose an airline based on Wi-Fi availability. ([Travelmole](#) , September 2009)

Mobile users are inseparable from their devices. Whether they have a smartphone or a traditional feature phone, it goes with them at all times. And as these devices become more capable, they are evolving into extensions of users' desktops and home communications and entertainment systems.

Penetration will near 100% by 2013, reflected in a modest 2.7% compound annual growth rate (CAGR) in the number of subscribers between 2008 and 2013.

With mobile usage now pervasive, eMarketer believes that mobile will develop into a ubiquitous platform for messaging, social networking, entertainment and Web access.

The mobile subscriber population is hardly uniform - in either its demographic composition or usage habits. For example, women enjoy a slight lead over men in the overall composition of the mobile subscriber population. According to [comScore](#) data, the split is 53% women, 47% men. However, men are better represented in the key 18 to 44 age range. Variations in usage by age, income, ethnicity and device type also exist, with each subsegment representing its share of opportunities as well as a unique set of potential challenges.

Usage continues to centre around various forms of communication, and text messaging has superseded voice calling as the pre-eminent means of communication on mobile devices. Figures from [Nielsen](#) show that in Q1 2009, the average US mobile subscriber sent or received 486 text messages per month but made just 182 calls.

As might be expected, heavy texting is not uniform across all mobile users. Nielsen data shows that users ages 13 to 24 text disproportionately more than those in other age groups. In fact, in Q1 2009, 13-to-17-year-olds sent and received more than three times as many texts on a monthly basis as the next-most-avid group of texters, those ages 18 to 24, and over 50 times as many as the least active texters, those ages 55 to 64. That said, it is noteworthy that no age group is immune to the draw of text messaging.

Mobile Internet usage has been steadily rising, with some of the traditional barriers (namely cost, complexity and user experience) beginning to fall away. eMarketer predicts that growth will persist over the next five years, albeit at a slower pace. In the US, the number of mobile users accessing the Internet will jump from 73.7 million in 2009 to 134.3 million in 2013, a CAGR of 17.7%.

The mobile Internet user population in the US is now roughly one-third the size of the wired Internet audience, a gap that will narrow by the early part of the next decade. Smartphones constitute the bridge between the desktop and mobile Web.

Despite the spotlight on smartphones, they remain a minority share of the mobile device market. Smartphone users are a far more attractive group, both for the audience demographics and usage patterns, but marketers that ignore the other 80% to 85% of the user population do so to their detriment. ([eMarketer](#) , August 2009)

A third of US adults (32%) have used a cell or smart phone to browse the Web or use e-mail or instant messaging while on the move, according to a survey by the Pew Research Center's Internet & American Life Project. That figure represents an increase over the 24% that had done so when asked in a similar survey in December 2007. Over half have connected using other wireless devices such as laptops, games consoles, and MP3 players.

The survey found that users are also accessing the mobile Web more regularly, with 19% accessing the internet from a mobile device the day before this year's survey, compared with just 11% having done so in 2007. Pew attributed the growth to the increasing demand for access to information while away from home or work. The ability to share content with others through services such as Twitter is another factor.

The survey also found that African Americans are now the most active users of the mobile internet, with 48% having used the internet on a mobile device and 29% claiming to go online with a handheld every day.

For this survey, Pew polled 2,253 people in April 2009. ([ClickZ](#) , July 2009)

In the 3 months leading up to Christmas 2008, in the midst of a global recession, the average number of Americans who browsed the internet via their mobile phones grew by 61.5% from the same period in 2007, according to research by [EyeForTravel](#) . US adoption outstrips any other part of the world.

Big players in the travel industry are at last seeing ROI on mobile initiatives. Most major travel organizations from airlines to hotels to intermediaries are experimenting. This is a fascinating and exciting area. EyeForTravel estimates that over 1/3 of web savvy travel companies invested in mobile in 2009. ([Travel Industry Wire](#) , June 2009)

Mobile Advertising

Despite the rising number of mobile users and their increasingly sophisticated habits and mobile

devices, advertising and marketing dollars flowing to mobile lag behind consumer usage of the channel. But long-term growth trends are positive. Spending on mobile advertising is set to increase rapidly over the next five years. Mobile ad spending, including messaging-based formats, will reach \$416 million in 2009, increasing to \$1.56 billion by 2013, according to [eMarketer](#)

US mobile advertising spending, 2008-2013:

- 2008: \$320 million
- 2009: \$416 million
- 2010: \$593 million
- 2011: \$830 million
- 2012: \$1,140 million
- 2013: \$1,560 million

Like many research firms have done in the past year, eMarketer has revised downward its projections for mobile advertising in the US to account for the realities of the global economic downturn. But based on extensive interviews with marketers and agency executives, the overall long-term outlook for mobile remains optimistic.

Estimates for mobile ad spending span a broad range. At the low end, [Yankee Group](#) predicts \$184 million in 2009 spending, while the [Mobile Marketing Association](#) forecasts spending will reach \$1.7 billion this year. This disparity reflects the relative immaturity of the channel, particularly for non-messaging-based advertising and marketing formats.

In terms of spending share for various mobile formats, eMarketer foresees a rise for search, from 18% (\$57.6 million) of the total in 2008 to 37% (\$577.2 million) in 2013. Over the same time period, eMarketer also projects a decline in share for SMS, from 60% of the total (\$192 million) to 28% (\$436.8 million), while display will grow from 22% (\$70.4 million) to 35% (\$54.6 million). Of all mobile ad formats, eMarketer believes search will see the steepest growth through 2013, yielding a CAGR of 58.6% between 2008 and 2013. ([eMarketer](#) , September 2009)

There will be 280.8 million mobile phone subscribers in the US by year-end 2009, according to [eMarketer](#)

[comScore Mobile](#) estimates slightly lower figure at 233 million, including 29 million smartphone users.

That amounts to more than 200 million targets for mobile advertisements, a medium projected by eMarketer to reach \$760 million in spending in 2009. In 2013, the market is predicted to be worth \$3.3 billion.

But according to the "Wired: Connecting to the Mobile Marketing Revolution" report from comScore Mobile, some types of companies are doing a better job of capitalizing on this than others. In April 2009, broadcasting and cable TV, movies and entertainment, and automobile manufacturing were the leading industries using mobile ads.

Certain industries are also seeing great success monetizing their mobile ads. Downloads, real estate, services and search pages each had 100% of their mobile ad inventory paid for. ([eMarketer](#) , August 2009)

2008 was the year when mobile media began to catch up with the hype, as both consumers and advertisers embraced mobile technologies like never before. The true turning point for the industry was the introduction of the smartphone, heightened by Apple's iPhone launch in mid-2007. The development of third-generation (3G) mobile phones led to better connection speeds, Wi-Fi connectivity and the rise of mobile Internet browsing.

In light of the heightened activity and interest, [eMarketer](#) forecasts that US mobile advertising will rise from \$648 million in 2008 to \$3.3 billion in 2013.

US mobile advertising spending, 2008-2013:

- 2008: \$648 million
- 2009: \$760 million
- 2010: \$995 million
- 2011: \$1,410 million
- 2012: \$2,390 million
- 2013: \$3,330 million

Another critical growth driver was pricing plans that took the mystery out of data usage and encouraged unlimited mobile content consumption, according to eMarketer.

2009 is shaping up to be a challenging year for digital media - but it will also be a year of major opportunity for businesses with effective digital marketing strategies. In fact, three important factors are converging to make the mobile channel more attractive to marketers: Better Phones, Improved Networks and Richer Content. ([eMarketer](#) , April 2009)

One in three US mobile users who recalled seeing a mobile ad said they responded to it in some way, according to Q4 2008 research conducted by [Limbo](#) and [GfK NOP](#) . Among iPhone users, that response rose to one in two. The research indicates that iPhone users are more than

twice as likely as non-iPhone users to browse the mobile Web on their phone and more than three times as likely to use location-based services, including maps, restaurant locators and friend finders.

Among iPhone users, SMS, mobile Web and in-game ads were all about equally likely to be recalled, at around 18%, while mobile TV and video ads experienced 6.6% recall and mobile radio 11.1%.

Limbo, a mobile social network, found that 33% of non-iPhone mobile users recalled seeing mobile advertising in Q4. Some 41% of iPhone users recalled seeing commercial messaging. Most of the ads viewed were SMS messages.

Mobile ad spending is expected to increase in 2009, according to [JPMorgan](#)'s "Nothing But Net" report, which forecasts spending on mobile messaging will rise 40% to \$2 billion in 2009, and again to \$2.9 billion in 2010. (

[eMarketer](#)
, February 2009)