Americans are spending 6.3 hours a day with digital media

It's the holiday season for data nerds: That is, Mary Meeker is delivering her annual Internet Trends Report — the most highly anticipated slide deck in Silicon Valley — again at Code Conference 2019.

The general partner at venture capital firm Bond Capital delivered a rapid-fire 333-page slideshow that looked back at every important internet trend in the last year and looked forward about what these trends tell us to expect in the year ahead. The "Queen of the Internet" and former Kleiner Perkins Caufield & Byers partner touched on everything from accelerating internet ad spend in the US to the growth of digital delivery services in Latin America.

But 333 pages is a lot of data to wade through. So Recode has pulled out some of the significant and most interesting trends in Meeker's report. (You can find the full slide deck at the bottom of this story.)

- Some 51 percent of the world — 3.8 billion people — were internet users last year, up from 49 percent (3.6 billion) in 2017. Growth slowed to about 6 percent in 2018 because so many people have come online that new users are harder to come by. Sales of smartphones — which are the primary internet access point for many people across the globe — are declining as much of the world that is going to be online already is.
- As of last week, seven out of 10 of the world's most valuable companies by market cap are tech companies, with only Berkshire Hathaway, Visa, and Johnson & Johnson making the Top 10 as non-tech companies:

1. Microsoft
2. Amazon
3. Apple
4. Alphabet
5. Berkshire Hathaway
6. Facebook
7. Alibaba
8. Tencent
9. Visa
10. Johnson & Johnson

- E-commerce is now 15 percent of retail sales. Its growth has slowed — up 12.4 percent in Q1 compared with a year earlier — but still towers over growth in regular retail, which was just 2 percent in Q1.

- Internet ad spending accelerated in the US, up 22 percent in 2018. Most of the spending is still on Google and Facebook, but companies like Amazon and Twitter are getting a growing share. Some 62 percent of all digital display ad buying is for programmatic ads, which will continue to grow.
- Customer acquisition costs — the marketing spending necessary to attract each new customer — is going up. That's unsustainable because in some cases it surpasses the long-term revenue those customers will bring. Meeker suggests cheaper ways to acquire customers, like free trials and unpaid tiers.
- There are a number of problems ahead for targeted advertising, including GDPR impact and other regulation, as well as pushes for more privacy from hardware and software companies like Apple and Facebook.
- Americans are spending more time with digital media than ever: 6.3 hours a day in 2018, up 7 percent from the year before. Most of that growth is coming from mobile and other connected devices, while time spent on computers declines. People are also getting more concerned about time spent online, as more than a quarter of US adults say they're "almost constantly online."
- Innovation at tech companies outside the US has remained robust. Popular areas include fulfillment, delivery, and payments.
- Images are increasingly the means by which people communicate, as technology developments like faster wifi and better phone cameras have encouraged a surge in image taking. More than 50 percent of Twitter impressions now involve posts with images, video or other media; Twitter used to be text-only.
- The number of interactive gamers worldwide grew 6 percent to 2.4 billion people last year, as interactive games like Fortnite become the new social media for certain people. The number of people who watch those games — rather than participate — is swelling, too.
- As privacy becomes a bigger selling point, expect more options to make your online communications safe. In Q1, 87 percent of global web traffic was encrypted, up from 53 percent three years ago.
- The internet will become more of a cesspool: Getting rid of problematic content becomes more difficult on a large scale, and the very nature of internet communication allows that content to be amplified much more than before. Some issues: 42 percent of US teens have experienced offensive name-calling online, terrorists are being radicalized on sites like YouTube, and social media has encouraged increased political polarization.
- Of the top 25 most valuable tech companies, 60 percent were founded by first- or second-generation immigrants. They employed 1.9 million people last year. New stricter immigration laws could negatively impact the tech industry and perhaps prevent our next Elon Musk from getting to the US.
- Health care is steadily becoming more digitized. Expect more telemedicine and on-demand consultations.

Recode and Vox have joined forces to uncover and explain how our digital world is changing — and changing us. Subscribe to <u>Recode podcasts</u> to hear Kara Swisher and Peter Kafka lead the tough conversations the technology industry needs today.