

Predictions 2014: Mobile Trends For Marketers

by Thomas Husson and Julie A. Ask, January 13, 2014

KEY TAKEAWAYS

Mobile Will Transform Your Entire Business -- Not Just Your Digital Business

Mobile has the potential to transform every aspect of your business, from sales and marketing to your workforce and internal processes. 2014 is the year that companies will lay the foundation for this evolution.

Asia Will Inspire Innovation . . .

India and China are already the largest mobile phone and smartphone markets in the world. They are also the fastest growing. For those companies that want to do business outside of the US or Europe, look especially to China to learn how to reach a mobile-first audience on slow networks and feature phones.

. . . While Analytics Push Performance

Marketers must leverage current context and insights to evolve their ability to serve customers in their mobile moments. Static experiences will fall flat. Companies will ramp usage of the cloud's computing power to design next-generation smart apps.

Hype Around "Cool Stuff" Will Continue To Distract Companies

Trendy technology is fun, but it doesn't drive business results. However, many marketers will focus too much energy and budget on increased experimentation with edgy devices, to the detriment of core mobile strategies.

Predictions 2014: Mobile Trends For Marketers

Navigate Beyond The Hype To Drive Near-Term Results

by [Thomas Husson](#) and [Julie A. Ask](#)

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WHY READ THIS REPORT

In 2014, there will be more than 2 billion smartphones globally. Mobile is becoming not only the new digital hub but also the bridge to the physical world. That's why mobile will affect more than just your digital operations — it will transform your entire business. 2014 will be the year that companies increase investments to transform their businesses with mobile as a focal point. This fifth annual mobile trends report highlights new mobile trends that we expect to see this year as well as some over-hyped topics that we believe will fail to provide real business value in the short term.

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The content of this report is based on hundreds of interactions with companies and vendors over the course of 2013.

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2014 MOBILE PREDICTIONS: WHAT WILL AND WON'T HAPPEN

The disruptive forces of mobile arrived several years ago and will fundamentally change businesses in the decades to come. The rise of new form factors and connected devices, from “phablets” to wearables, is blurring the lines of what used to be defined as mobile. However, mobile phones and smartphones will continue to be the primary mobile touchpoints in 2014, as they are the only ubiquitous devices with perpetual connectivity through cellular networks; in 2014, there will be more than 2 billion smartphones globally.¹ These devices will push your company into a new phase of evolution this year.

What Will Happen: Mobile Will Change Your Business — Not Just Your Digital Business

Mobile has the potential to transform every element of business: from marketing and sales through products and supply chain and beyond. Mobile as a third or fourth screen is simply a starting point. 2014 will be the year that companies up the ante on investments and spending to transform their businesses, with mobile as a focal point. Companies will need to re-engineer their processes, platforms, and organizations to accommodate the new business environment. In 2014:

- **The intersection of mobile with the physical world will emerge as a top priority.** Those professionals who are successful in their use of mobile will use it to enhance or transform existing customer experiences within physical spaces. Mobile brings the Internet to the physical world and enhances, rather than displaces, other media. For example, customers are bringing Internet prices and promotions into physical retail locations. In the past, many retailers ran their store operations and online businesses separately. While they operated some elements consistently, product selection, pricing, and promotions often vary across channels. These silos become harder to maintain due to the colocation of the channels.

Action: Expand the role that mobile plays throughout the organization. Mobile is changing your business — not just your digital business. If you haven't already, it's time for you, as a marketing leader, to take mobile to the rest of your organization. Prioritize your efforts based on the impact both on customers and on your business. Mobile teams are often a subset of digital teams with digital goals (e.g., online revenue or number of visits). Work with cross-functional teams to understand and plan for how mobile can improve customer and employee processes by enhancing in-store, in-airport, and on-premises experiences. You must make sure the brand experience is consistent and relevant across all touchpoints. As Johanna Marcus, Sephora's director of mobile and digital store marketing, summed it up: “The big thing is not to think of mobile as just shopping on the go. Mobile is a tool for in-store. It's a tool for research and consideration.”²

- **Competitive advantage in mobile will shift from experience design to big data and analytics.** Most companies have focused on designing the first version of their apps and mobile websites. Few are delivering the differentiated experiences that are possible with smart apps connected to customer relationship management (CRM) and IT systems. Mobile has the ability to transform your business but only if you can engage your consumers in their exact moment of need, or

mobile moment, with the right services, content, or information. In 2014, companies will release refreshed mobile apps, gather data from usage, develop insights, and then use those insights both to create relevance for their customers and to improve upon mobile services, from core apps to messaging.

Action: Leverage analytics to engage consumers in their mobile moments. Companies are iterating on apps based on a perception of customer needs or keeping pace with a competitor rather than on analytics, including A/B testing. Only 49% of interactive marketing professionals surveyed in 2013 used mobile analytics.³ Mobile is transformative but only if you can engage your consumers in their exact moment of need, which we refer to as a “mobile moment,” with the right services, content, or information. Not only do you need to understand their context (e.g., situation, preferences, or emotions) in that moment but you also need insights gleaned from data over time to know how to best serve them in that moment. Understanding when and where people want to interact with your brand and the actions they want to take within your app can drastically help you deliver an optimized experience. Combining real-time analytics with push notifications or in-app messages can be even more powerful to deliver contextualized experiences.⁴

- **Mobile contextual data will offer deep customer insights — beyond mobile.** Companies will move beyond using mobile analytics to understand consumers in digital environments to understand them in physical environments as well. Mobile is a key driver of big data. Two billion smartphones generate raw data from onboard accelerometers, cameras, and GPS chipsets.⁵ Attachments and wearables generate even more. Information layered on top of this data, such as location, creates phenomenal insights about a customer’s environment. Doctors in Africa are linking malaria medication supplies to location while Waze Mobile determines congestion on roads. This combination of information opens up the opportunity to anticipate their needs à la Google Now, predicting future behaviors of consumers via powerful algorithms bridging offline and online behaviors, external open data, and third-party data sources.

Action: Evaluate mobile’s impact on other channels. Mobile’s value as a marketing tool will be measured by more than just the effectiveness of marketing to people on mobile websites or apps. Retrieving more-granular mobile data can help you analyze the value of investing in offline marketing efforts at specific locations. In 2014, you must use this data to enrich what you know about specific customer segments to better target them via other marketing tactics, both online and off. For example, the US fashion brand Kate Spade partnered with eBay to develop a solution, leveraging mobile engagement data to decide where to open a new flagship store.⁶

- **Audience size in Asia will elevate the region’s role in mobile services innovation.** During 2014, China will pass the 500 million smartphones mark — almost as many smartphones as the US and Western Europe combined.⁷ Moreover, like most Southeast Asian and emerging countries, China doesn’t have the established infrastructure within the enterprise that chains too many companies to their legacy policies, processes, or platforms. The combined newness of

the Internet and mobile makes everyone an entrepreneur. All of these elements taken together will enable businesses in China — and, to a lesser extent, in India — to learn more quickly what customers want and to evolve their services faster to meet those desires.

- **Action: Look at Asia to learn how to combine scale and innovation.** Even if you're not a global brand investing in the region, you should care about the likes of Jingdong (JD.com), QQ, QZone, Taobao.com, WeChat, and Weibo to learn from more-saturated markets and anticipate the impact of mobile on business. These markets give you the opportunity to test out new campaigns and tactics on a larger scale with fewer enterprise technology hurdles, allowing you to quickly learn and iterate. Chinese consumers, for example, are the highest adopters in the world for mobile couponing, which gives you a unique opportunity to test a tactic that would likely fall flat in Western markets. Atul Satija, InMobi's VP and managing director for Japan and Asia-Pacific, told us, "We see much more appetite for rich media mobile campaigns in India than in the more mature Japanese market."⁸
- **Mobile will sit at the epicenter of mind-blowing exit events.** The kernels of activity we saw in 2013 around mobile transactions will explode in 2014. Those media companies that can't build audiences fast enough to capture spend of the Global 1000 will also look to acquisitions (think \$3B for Snapchat). What is mind-blowing is that neither Snapchat nor Instagram had a revenue stream when the bid or acquisition was announced. In 2014, mobile companies with real revenue streams will go public. King.com (Candy Crush Saga) filed for an IPO with an estimated valuation of \$1 billion based on generating a couple of million dollars a day in revenue.⁹ What does King.com do? It monetizes mobile moments by taking advantage of the consumer's addiction to competition.

Action: Define a plan to hire mobile talent and technology expertise. As a marketer, acquiring a whole company just for its mobile marketing talent will be cost prohibitive, but you must have a plan for how you'll staff up to support your company's long-term strategic shift to mobile. Focus on three fronts: 1) how you will hire the best talent for your immediate marketing needs; 2) how you will partner with IT teams for longer-term technology staffing; and 3) how well positioned your technology and agency partners are to hire or acquire the expertise you will need from them today and tomorrow.

- **Mobile advertising will start maturing.** Brand advertisers have long been hesitant to invest in mobile due to the lack of maturity of the mobile ad ecosystem, the absence of rich-media ad units, and measurement complexity due to the primarily cookieless environment. In 2014, we expect new mobile-centric ad formats to emerge, more effective mobile video inventory to grow, and more mobile ad network inventory to shift to the exchanges. Improvements in user identification will be a primary driver for these changes, but don't get too excited yet: No industry-accepted, non-cookie standard for user ID will be developed this year, so no one solution will offer massive reach.

Action: Shift the way you think about mobile advertising. You will be tempted to look for strategic guidance in over-hyped, tech-focused questions: Will Facebook extend FBX to mobile in 2014? Will mobile's share of real-time bidding (RTB) trading move from just below 10% in Europe to 20% or 30%?¹⁰ Don't get distracted by the chatter. In 2014, you should focus on creating a mobile advertising strategy that takes advantage of the unique context and formats the mobile platform provides you. Begin by working with several vendors to test new ad formats and compare their ability to offer better-targeted mobile experiences. For example, an ad platform such as Apsalar can help you figure out the ROI of various ad campaigns through the use of in-app analytics and first-party data.

What Won't Happen: Companies Will Catch Up To Their Customers

Google's Jason Spero captures the essence of hype well: "Don't let tomorrow be the enemy of today."¹¹ For most enterprises, your customers are more advanced in their use of mobile technology than your mobile apps acknowledge. Your customers' expectations are higher than you can achieve and are evolving faster than you can move unless you are a mobile leader with agile development teams in place. In 2014, Forrester expects that:

- **The budget, spend, and expertise gap will not close.** The gap between usage of mobile and spend on mobile is widening. We expect many media companies and retailers in 2014 to witness more than 50% of their traffic coming from mobile devices.¹² However, most companies will lack the agility to shift their priorities, resources, and organizations to keep pace with consumer change. Last year, our 2013 mobile trends report reaffirmed that "mobile on the cheap is over."¹³ That is still true. Anecdotally, front-end development costs are 15% to 20% of total costs, and half of digital professionals surveyed are spending less than \$1 million annually — not nearly enough when a single transactional application can cost up to \$2 million annually and a marketing app up to \$500,000.¹⁴

Action: Build a broader business case to be able to differentiate. Focusing solely on the amount of time your customers spend on mobile will not convince your CMO to reallocate dollars. You must take a more holistic approach to characterize the benefits of mobile on the business, including the four key dimensions of customer value, brand engagement, business impact, and mobile agility.¹⁵ Additionally, IT spending is increasingly controlled by marketers and will play a key role in developing the systems of engagement required to deliver contextual mobile experiences. Leaders are spending well into the eight figures and have a staff in excess of one hundred employees — most of them on the technology side.¹⁶ For example, in an interview with one head of mobile who is reporting to the CMO of a global insurance company, Forrester found that the company's total mobile budget — including the creation of an internal mobile factory — was in the range of dozens of millions of euros.

- **Companies will not differentiate tablet and mobile phone experiences.** Despite the rise of smaller (7-inch) tablets and the increasing cellular connectivity of these devices, tablets are still primarily used within the home in a very different context than mobile phones. And the majority still rely on Wi-Fi. While Forrester believes that use cases between smartphones and tablets will continue to diverge, companies will continue to consider them as mobile devices. Mobile teams often own the tablet experience and are a subset of digital teams. They lack the bandwidth, budget, business case, and expertise to develop unique strategies for the mobile phone, tablet, and Web. In fact, in 2013, a whopping 82% of executives we interviewed consider their tablet strategy to be just an extension of mobile phone strategies.¹⁷
- **Action: Differentiate your tablet approach and split your tablet budget.** You cannot ignore the fact that more than 10% of web traffic will come from tablets alone in 2014.¹⁸ Marketers should make the most of the context in which people use their tablets: It's a lazy Internet experience where people are much more open to discover and explore brands and products.¹⁹ Strategies that incorporate the depth of online programs with the touchscreen capability and full-screen HD video of tablets will maximize your marketing efforts on this distinct form factor. But whatever strategy you choose, remember that user behaviors and expectations for tablets are much closer to those for PCs than for smartphones. When you lump tablets in with mobile phones, you drain dollars from the already-meager mobile budget when you should be reallocating budget from the PC — the core device the tablet will replace among consumers.
- **Companies will fail to leverage the convergence of social and mobile.** It will be difficult for most players outside of gaming companies to figure out how to efficiently approach new peer-to-peer communication platforms. Facebook already generates nearly half of its revenue from mobile — and the proportion is growing each quarter.²⁰ Most social players haven't yet stabilized their offerings for marketers and eBusiness leaders. However, the interest will be very high due to skyrocketing audience growths for the likes of KaKao, Snapchat, and WeChat. Line's CEO expects to reach half a billion users in 2014.²¹ We expect that popular social media apps will become more than just services and will push for platform plays. WeChat, for example, already does a lot more than just messaging and is more of a platform at the intersection of an OS, a mobile web portal, and local media.

Action: Engage with younger audiences. Figuring out the right mix of messages in the new social-mobile combo is more of an art than a science — especially since companies at the vortex of this convergence have either not launched or not stabilized their marketing offerings and ad products. Marketing on ephemeral networks such as Snapchat, where content literally vanishes seconds after being received, is tricky. These new networks are primarily peer-to-peer communication platforms where consumers expect relevant and entertaining content — not ads. You can learn from early experimenters like Taco Bell, which used Snapchat to engage with a younger audience by offering more genuine, unfiltered exchange.²²

- **Wearables will not move past a niche market.** The ubiquity of smartphones has created the scale to drive down the costs of innovation in sensor efficiency and battery life, which will be one of a confluence of factors that will make wearables affordable. The breadth of devices holds phenomenal potential to collect physiological data and offer real-time feedback to consumers, whether it's a warning of an impending heart attack or an alert that their walking pace is too slow. However, too many of these devices are single purpose and have a limited audience: Too few consumers will have the motivation to change and buy these devices en masse. Google Glass will remain one of the few devices that serve as a true platform for third party apps.

Action: It is time to experiment. Marketers will simply not be able to benefit from reach on wearables and connected devices this year. However, these devices offer a tremendous opportunity to exploit contextual data when available via open APIs like the one Jawbone announced in September 2013.²³ You need to anticipate new scenarios for engagement by capturing and putting to work information about consumers' bodies and the physical environment they inhabit. In 2014, you should start testing and learning the numerous impacts these devices will have on your marketing approach. For example, Delta Dental of Kentucky and Humana are working with Beam Technologies, a Rock Health startup that recently launched a toothbrush that synchs via Bluetooth with your phone to record your brushing behavior.²⁴ These companies have pilots in progress to see how this type of data can be used to inform policy pricing and customer marketing.

ENDNOTES

- ¹ Source: Forrester Research World Smartphone Adoption Forecast, 2012 To 2017 (Global).
- ² Source: "At Sephora, Mobile-First Means 'Connecting' the Customer's Experiences," eMarketer, November 8, 2013 (<http://www.emarketer.com/Article/Sephora-Mobile-First-Means-Connecting-Customers-Experiences/1010361#SGFuwE0OUcbUUpfC.99>).
- ³ This report of the mobile marketing playbook lays out the steps that marketing leaders must take to optimize their mobile performance and measure the effectiveness of their mobile efforts. See the September 9, 2013, "[Make The Most Of Analytics To Meet Your Mobile Objectives](#)" report.
- ⁴ Marketers are integrating mobile as part of their marketing mix, but too many have not defined the metrics they'll use to measure the success of their mobile initiatives. Many lack the tools they need to deeply analyze traffic and behaviors to optimize their performance. See the September 9, 2013, "[Make The Most Of Analytics To Meet Your Mobile Objectives](#)" report.
- ⁵ Source: Forrester Research World Smartphone Adoption Forecast, 2012 To 2017 (Global).
- ⁶ For the better part of June 2013 in New York City, the Kate Spade Saturday "shoppable windows" allowed shoppers to buy Kate Spade Saturday items from a window screen. Consumers could browse up to 30 items at a time, place an order, and have it delivered anywhere in the city within an hour. Through deep mobile engagement, the company was able to collect and analyze an unprecedented amount of information before

launching an actual store in New York City. It allowed Kate Spade to gain valuable insights about consumer engagement between new form factors and how to facilitate the mobile handoff, streamline purchasing, and create new levels of convenience. Kate Spade Saturday changed its real-estate strategy due to engagement numbers from this initiative. Since engagement was so high in the meatpacking district location, it constructed a pop-up store to bridge this initiative and its flagship launch, something it wouldn't have otherwise done. Source: Forrester interview with eBay, October 14, 2013.

⁷ Source: Forrester Research World Smartphone Adoption Forecast, 2012 To 2017 (Global).

⁸ Source: Forrester interview, December 6, 2013.

⁹ The free version allows for a limited number of “lives” each 30 minutes. Once the plays are spent, customers must buy more — not unlike feeding quarters into the Pac-Man machine at the bar. The difference is, you don't need quarters, just a PIN. The game generates \$1 million to \$3 million a day from its 50 million active users. Source: Katherine Rushton, “Candy Crush surge holds up King IPO,” The Telegraph, December 8, 2013 (<http://www.telegraph.co.uk/finance/newsbysector/mediatechnologyandtelecoms/10504516/Candy-Crush-surge-holds-up-King-IPO.html>).

¹⁰ According to Adform's RTB Trend Report Europe Q3 2013, Europe has been quick to adopt real-time bidding (RTB), and the rate at which marketers are investing in programmatic technologies has not yet wavered. This is particularly true on the mobile front, where Q3 2013 saw significant growth in the amount of mobile ad inventory bought via RTB. Mobile RTB impressions grew by 43%, and tablet impressions by an astonishing 102%. Source: Tyler Loechner, “Mobile Now Accounts For 8% Of All RTB Trading In EU, Tablet Use Doubles,” RTM Daily, December 4, 2013 (<http://www.mediapost.com/publications/article/214783/mobile-now-accounts-for-8-of-all-rtb-trading-in-e.html?edition=67538>) and “RTB Trend Report Europe Q3 2013,” Adform, November 2013 (http://www.adform.com/site/files/media/white-papers/Adform_RTBTrend_Report_EuropeQ3.pdf).

¹¹ Source: Forrester Research interview with Jason Spero, head of global mobile sales and strategy at Google, October 4, 2013.

¹² Source: Forrester research interviews.

¹³ This fourth annual mobile trends report revisits our 2012 mobile trends, elaborates on how they will continue to evolve in 2013, and highlights new mobile trends that we expect to see this year. See the February 13, 2013, “[2013 Mobile Trends For Marketers](#)” report.

¹⁴ Source: Q1 2013 Global Mobile Maturity Executive Online Survey and Forrester Research interviews.

¹⁵ This report will outline how marketers can articulate the benefits of a mobile program — and the costs of not going mobile — to win over key stakeholders. See the September 23, 2013, “[Beyond ROI: Showcasing The True Impact Of Mobile Marketing](#)” report.

¹⁶ Source: Forrester Research interviews.

¹⁷ Source: Q1 2013 Global Mobile Maturity Executive Online Survey.

- ¹⁸ Source: “Adobe 2013 Mobile Consumer Survey Results,” Adobe (<http://success.adobe.com/en/na/programs/products/digitalmarketing/offers/june/1306-35508-mobile-consumer-survey-results.html>).
- ¹⁹ This report helps marketing leaders understand the differences between smartphones and tablets and how to create a differentiated tablet experience. See the May 22, 2013, “[Don’t Confuse Tablet And Mobile Marketing](#)” report.
- ²⁰ Source: “Facebook Reports Third Quarter 2013 Results,” Facebook press release, October 30, 2013 (<http://files.shareholder.com/downloads/AMDA-NJ5DZ/2799021291x0x701521/ccb18475-2b8a-4bd2-a342-f2962e6f8e9d/FacebookReportsThirdQuarter2013Results.pdf>).
- ²¹ Source: Mark Walsh, “Messaging App Line Reaches 300 Million Users,” Mediapost, November 25, 2013 (<http://www.mediapost.com/publications/article/214214/messaging-app-line-reaches-300-million-users.html?edition=67306>).
- ²² Source: Rebecca Borison, “Can Snapchat break into mobile’s one-on-one marketing promise?” Mobile Marketer, November 27, 2013 (<http://www.mobilemarketer.com/cms/news/social-networks/16686.html>).
- ²³ Source: Ki Mae Heussner, “Jawbone offers developers open access to API for its UP activity tracker,” Gigaom, September 19, 2013 (<http://gigaom.com/2013/09/19/jawbone-offers-developers-open-access-to-api-for-its-up-activity-tracker/>).
- ²⁴ This report will help marketers understand how these emerging devices fit into a larger marketing strategy, identify new opportunities for engaging customers through sensor-laden devices, and plan for investment in 2013 and beyond. See the March 26, 2013, “[Smart Body, Smart World’ For Marketers](#)” report.

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