By Lee Rainie
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5.9.06

How the Internet is Changing Consumer Behavior and Expectations
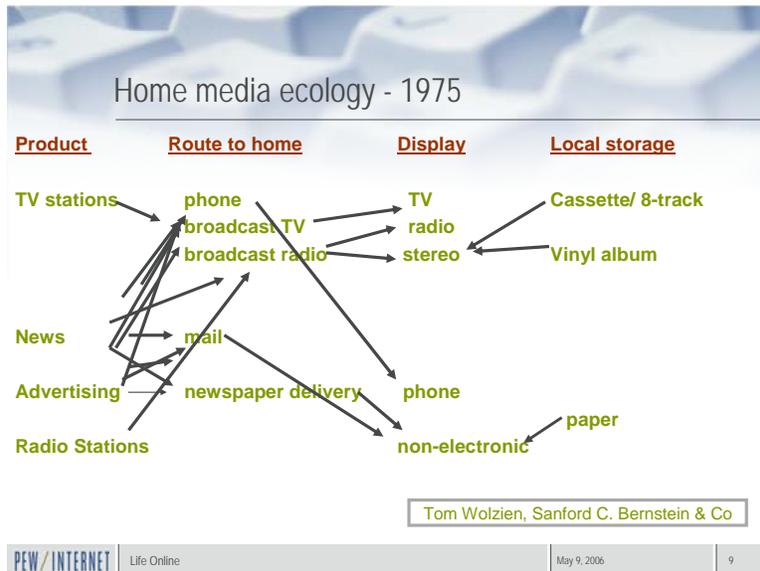
Speech to SOCAP Symposium
(Society of Consumer Affairs Professionals in Business)
Washington, DC

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I suspect I was invited here because you think I have a crystal ball. You hope I'll be able to tell you what your future users will expect of you.
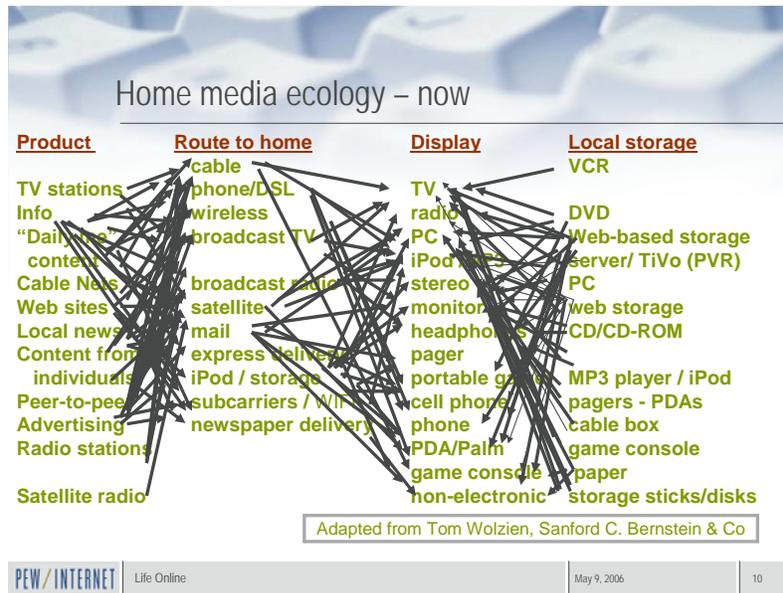
I confess, though, that I don't have a crystal ball. That's one of the big reasons I work for a non-profit organization. Still, there are plenty of things to say about the present based on the studies we have done at the Pew Internet & American Life Project.

I'd like to talk today about some of the new communications and media realities of 21st Century life and then run through some of the important impacts of these technologies that are already evident.
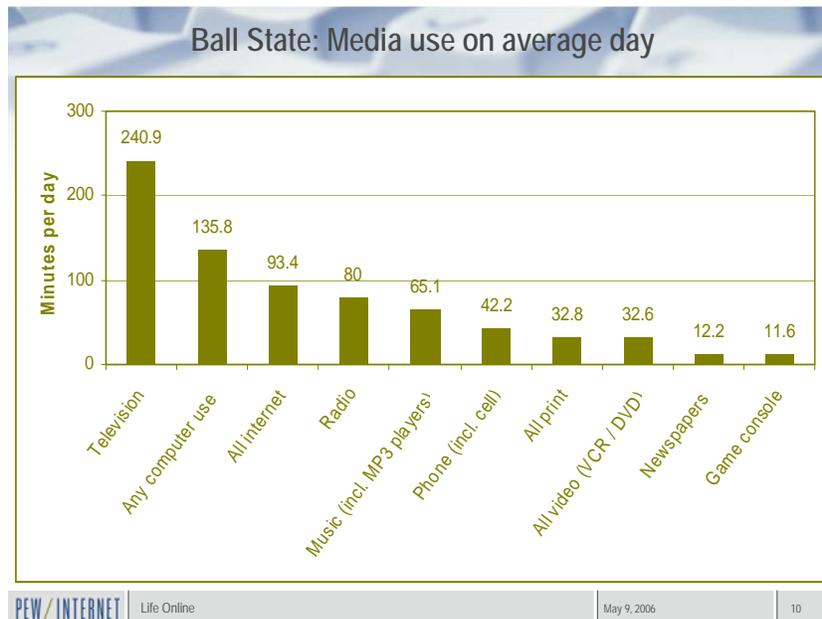
***Reality one is that we're surrounded by media and communications tools and the bit-flow around us is as available as the air we breathe.*** One way to look at this transformation of the media ecology is to look at what was happening in a typical home in 1975. The media environment looked like this:



A typical home now it looks like this:

## Home media ecology – now

| Product | Route to home | Display | Local storage |
|---|---|---|---|
| TV stations | cable | TV | VCR |
| Info | phone/DSL | radio | DVD |
| "Daily me" | wireless | PC | Web-based storage |
| content | broadcast TV | iPod / MP3 | server/ TiVo (PVR) |
| Cable News | broadcast radio | stereo | PC |
| Web sites | satellite | monitor | web storage |
| Local news | mail | headphones | CD/CD-ROM |
| Content from | express delivery | pager | |
| individuals | iPod / storage | portable game | MP3 player / iPod |
| Peer-to-peer | subcarriers / WiFi | cell phone | pagers - PDAs |
| Advertising | newspaper delivery | phone | cable box |
| Radio stations | | PDA/Palm | game console |
| | game console | paper |
| Satellite radio | non-electronic | storage sticks/disks |

Adapted from Tom Wolzien, Sanford C. Bernstein & Co

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There are many more ways to connect with others and consume media. The Consumer Electronics Association of America says that the average American home now has 26 different electronic devices for communication and media and the Association now tracks sales and consumer preferences for 53 separate gadgets.[1]

## Ball State: Media use on average day

Minutes per day

| Category | Minutes |
|---|---|
| Television | 240.9 |
| Any computer use | 135.8 |
| All internet | 93.4 |
| Radio | 80 |
| Music (incl. MP3 players) | 65.1 |
| Phone (incl. cell) | 42.2 |
| All print | 32.8 |
| All video (VCR / DVD) | 32.6 |
| Newspapers | 12.2 |
| Game console | 11.6 |

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The abundance of options affects the way Americans spend their time. The average American on a typical day spends more time using media devices — television, radio, iPods and cell phones — than any other activity while awake, according to a

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[1] See http://www.ebrain.org/crs/crs_arch.asp?crscode=CRS269

sweeping study by scholars at Ball State University that was released last fall.[2] About 30 percent of the observed waking day was spent with media as the sole activity, compared to 21% spent on work activity, while an additional 39% of the day was spent with media while involved in some other activity.

Clearly, communications and information devices are all around. ***Reality two is that these tools are no longer place-bound. Americans can carry in their pockets the computing power that puts a PC in their hands and bears the tools through which they share pictures, sounds, and text.*** Our most recent surveys show that 30% of online Americans jack into the internet wirelessly; 45% of internet users go online from someplace other than work or home. And here is the device story:



Mobile devices

- 73% of adults own cell phones
- 45% of teens own them

PEW/INTERNET    Life Online                                    May 9, 2006          11

That represents to 147 million adults and 11 million youth who have cell phones. And these are the features those cell phones perform for them:

| The communications Swiss Army knife | | |
|---|---|---|
| | *Percentage of cell owners who use this feature now on their mobile phones* | *Don't use it now, but would like to have it* |
| Send and receive text messages | 35% | 13% |
| Take still pictures | 28% | 19% |
| Play games | 22% | 12% |
| Access the internet | 14% | 16% |
| Send / receive email | 8% | 24% |
| Perform internet searches for things like movie listings, weather and stock quotes | 7% | 24% |
| Trade instant messages | 7% | 11% |
| Play music | 6% | 19% |
| Record their own video clips | 6% | 17% |
| Get mobile maps | 4% | 47% |
| Watch video or TV programs | 2% | 14% |

*Source:  Pew Internet & American Life Project, Associated Press, AOL cell phone survey. March 8-28, 2006. N=1,503 (752 contacted on landlines and 751 contacted on their cell phones). In all, 1,286 cell users are in the sample. The margin of error for the cell-using population is ±3%.*

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[2] See http://www.bsu.edu/news/article/0,1370,7273-850-36658,00.html

## Mobile devices

- 55% of adults own digital cameras
- 43% of teens own them

## Mobile devices

- 43% of adults own video cameras
- 37% of teens own them

## Mobile devices

- 30% of adults own laptops
- 32% of teens own them

## Mobile devices

- 20% of adults own MP3 players
- 47% of teens own them

Mobile devices

- 11% of adults own a PDA or Blackberry
- 7% of teens own them

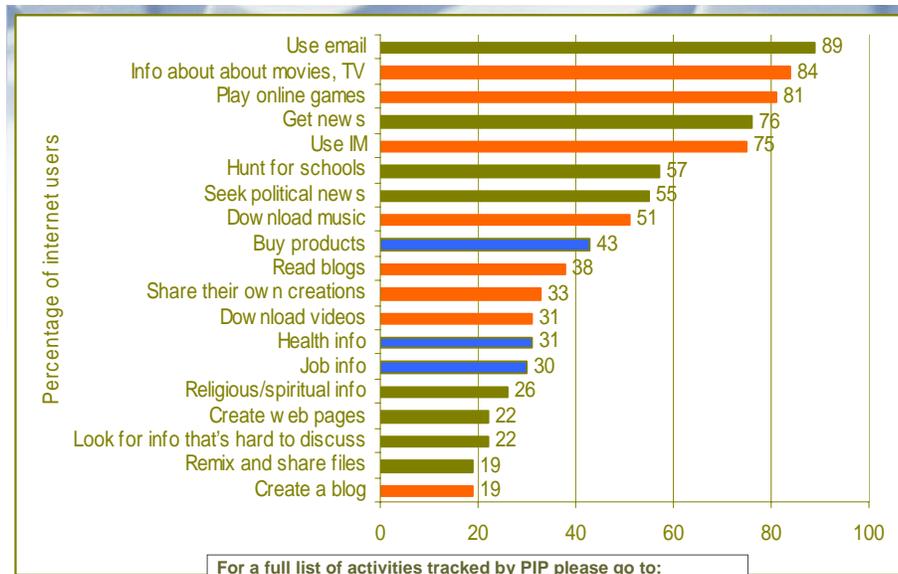PEW/INTERNET  Life Online                    May 9, 2006        17

And that doesn't include ownership levels of portable DVD players, portable game devices like PSPs or Gameboys (which the Kaiser Family Foundation puts at 55% ownership among 8-18 year olds), satellite radio (which we have clocked at 8% of the adult population), or car-based media systems like global positioning navigation systems.

All these portable devices change the locales in which Americans enjoy media creations and participate in communication. One early adopter cohort of Americans probably somewhere between 15% and 20% of the population now has the capacity to do everything on the fly and in real time or on a schedule of their choosing. They want to talk and browse the internet when they are in cars and trains, in line at the bank, waiting street corners, and walking through the park.

### *Reality three is that use of the internet has become the norm in America:*



Internet and broadband adoption 1996-2006

All internet - 147 mill.

Broadband - 83 mill.
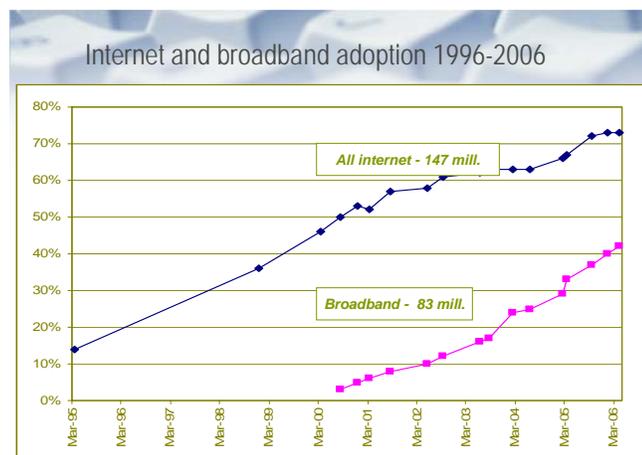
Fully 73% of American adults use it up from 16% a decade ago; and 87% of American teens use it. A big part of the reason for this is the spread of higher-speed broadband connections, which now sit in 42% of American homes.

Percentage of internet users

| Activity | Value |
| --- | --- |
| Use email | 89 |
| Info about about movies, TV | 84 |
| Play online games | 81 |
| Get new s | 76 |
| Use IM | 75 |
| Hunt for schools | 57 |
| Seek political new s | 55 |
| Dow nload music | 51 |
| Buy products | 43 |
| Read blogs | 38 |
| Share their ow n creations | 33 |
| Dow nload videos | 31 |
| Health info | 31 |
| Job info | 30 |
| Religious/spiritual info | 26 |
| Create w eb pages | 22 |
| Look for info that's hard to discuss | 22 |
| Remix and share files | 19 |
| Create a blog | 19 |

**For a full list of activities tracked by PIP please go to:**
http://www.pewinternet.org/trends/Internet_Activities_4.26.06.htm

Activities of young are not as great as their elders        Activities of young greatly outpace their elders

We at Pew Internet have found that broadband connections influence people's behavior online -- in and of themselves and stripping out all the unique demographic attributes of broadband users. High-speed, always-on connections amplify and intensify internet use:

- People spend more time logged on
- They go online more often; and do more activities more frequently
- They consume multimedia presentations
- They transfer offline activities online
- They change the way they allocate their time
- The online world increasingly becomes a more desirable destination for them simple to while away some time
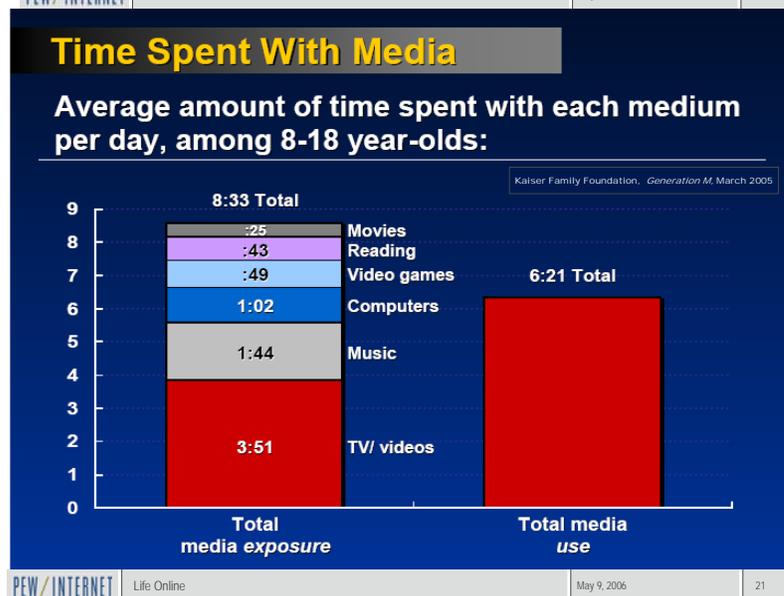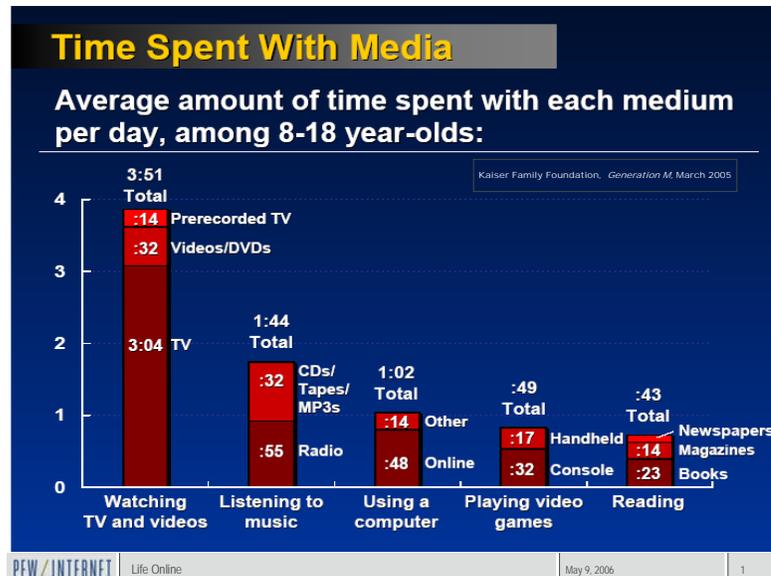- They feel better about the internet's role in their lives

### *Reality four is that these technologies have enabled us to become a culture of multi-taskers.*

Multitasking and attention deficits:
What else were you doing when you last…

| | Watched TV | Listened to radio | Read a newspaper | Used the internet | Talked on the phone |
| --- | --- | --- | --- | --- | --- |
| Watched TV | * | 9% | 38% | 17% | 54% |
| Listened to radio | 13 | * | 21 | 16 | 30 |
| Read a newspaper | 43 | 21 | * | 2 | 14 |
| Used the internet | 20 | 17 | 2 | * | 19 |
| Talked on the phone | 57 | 25 | 14 | 18 | * |

Source: Forrester Research, 2004

So, even as people reallocate their shares of time, they slice their attention even more thinly by packing multiple activities into their blocks of time….. And here is more data on the same phenomenon:

**Time Spent With Media**

Average amount of time spent with each medium per day, among 8-18 year-olds:

Kaiser Family Foundation, *Generation M,* March 2005

3:51 Total
:14 Prerecorded TV
:32 Videos/DVDs
3:04 TV

1:44 Total
:32 CDs/Tapes/MP3s
:55 Radio

1:02 Total
:14 Other
:48 Online

:49 Total
:17 Handheld
:32 Console

:43 Total
:14 Magazines
:23 Books
Newspapers

Watching TV and videos | Listening to music | Using a computer | Playing video games | Reading

PEW/INTERNET | Life Online | May 9, 2006 | 1

**Time Spent With Media**

Average amount of time spent with each medium per day, among 8-18 year-olds:

Kaiser Family Foundation, *Generation M,* March 2005

8:33 Total
:25 Movies
:43 Reading
:49 Video games
1:02 Computers
1:44 Music
3:51 TV/ videos

6:21 Total

Total media *exposure* | Total media *use*

PEW/INTERNET | Life Online | May 9, 2006 | 21

***Reality five is arguably the most important of all: The rise of these two-way technologies has enabled Americans to become their own publishers and media producers.***

## Content creation

33% of online teens share their own creations online, such as artwork, photos, stories, or videos

## Content creation

32% have created or worked on webpages or blogs for others, including those for groups they belong to, friends or school assignments

## Content creation

22% report keeping their own personal webpage

## Content creation

19% have created their own online journal or blog

8

In short, people have new power thanks to interactive technologies to tell their own stories that have the capacity to reach considerable audiences. These five new realities have produced calculable change among Americans in their media use and social behaviors. All of them point in the same direction: The internet will grow in importance over time. I'll run through a number of those impacts that have particular relevance to you.

***The first impact is Americans are shifting the ways they access media and information and this has fractured the media universe into many more niches.***
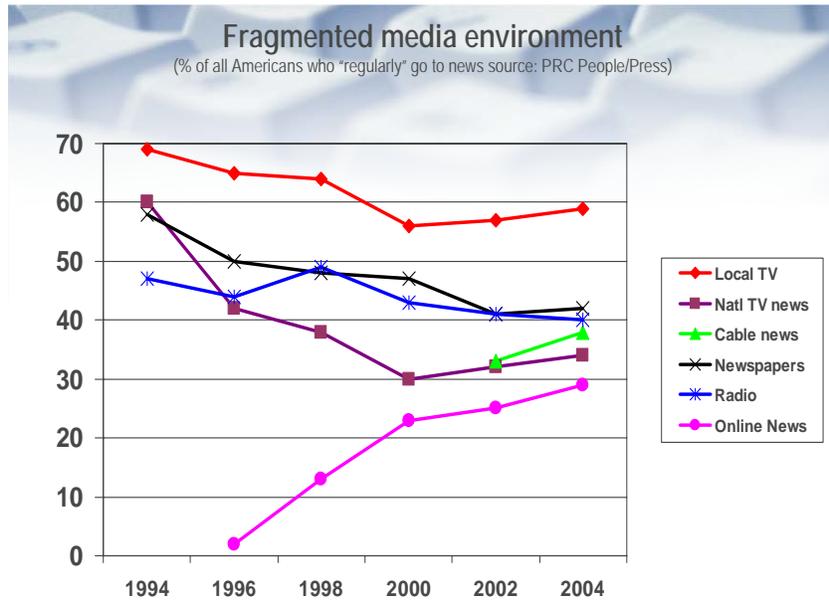


And we have identified a cohort of early adopters in this information-rich environment who prefer to use the internet over other possible channels of information.

| Getting News on the Typical Day: Elite Broadband Users Versus the Rest | | |
|---|---|---|
| *(% of who say they get news from specific source 'yesterday')* | | |
| | "High-powered" home broadband | All other home broadband |
| Local TV | 59% | 54% |
| National TV | 52 | 46 |
| Radio | 53 | 47 |
| Local paper | 43 | 35 |
| **Internet** | **71** | **24** |
| National paper | 21 | 14 |
| Average no. of sources | 3.0 | 2.2 |
| Number of cases | 395 | 619 |
| Source: Pew Internet Project December 2005 survey. | | |

- Their work-related use of the internet grows.
- The variety of their online activities expands.
- Their email content becomes more consequential. For instance, over time they are more likely to use email to express worries or seek advice on decisions or problems.
- They are more likely to perform more financial transactions online. When they trust the internet environment enough to spend their money online, that is a major breakthrough.
- And their use of the internet at major live moments grows.

| Internet use at major life moments | | | |
|---|---|---|---|
| | Total who used internet | % relevant internet users who say int. played crucial / important role | Overall growth > 2002 |
| Bought a car (62.5 mill.) | 29 million | 27% 17 million | 21% |
| Got more education / training for career (53 mill.) | 35 million | 39% 21 million | 50% |
| Chose a school for me / my child (39.5 mill.) | 27 million | 45% 17 million | 55% |
| Helped another with a serious illness (66.5 mill.) | 33 million | 24% 17 million | 55% |
| Made major investment (56 mill.) | 29 million | 29% 16 million | 77% |

| Internet use at major life moments | | | |
|---|---|---|---|
| | Total who used internet | % relevant internet users who say int. played crucial / important role | Overall growth > 2002 |
| Found a new place to live (32.5 mill.) | 16 million | 33% 11 million | 25% |
| Changed jobs (34 mill.) | 14 million | 25% 8 million | 17% |
| Dealt myself with a major illness (26 mill.) | 12 million | 26% 7 million | 16% |
| Got married (7 mill.) | 3 million | 24% 1.6 million | 63% |

***A third impact is that people have very different expectations now about the availability of people and data thanks to the vast stores of material on the internet and the ubiquity of email, instant messaging, and cell phones.***
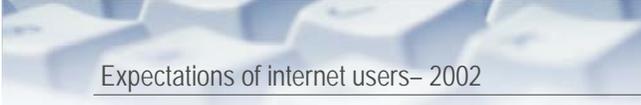


Expectations of internet users– 2002

|  | Expect to find online |
|---|---|
| Up-to-date news | 85% |
| Basic government info | 82% |
| Health / medical info | 81% |
| Products and services info | 79% |
| Locate a person | 58% |

PEW/INTERNET  Life Online                    May 9, 2006        30

We don't have data specifically on this, but everything we hear from users indicates there is a sixth dimension to their expectations about the internet: People expect to be able to go online and find communities that they want to join. And if they don't find exactly what they want, they start communities and invite in those who share their passions or their lifestyle or their hobbies or their needs or their belief system.

***A fourth impact relates to new relationship between media consumers and producers.*** Steve Rubel, a public relations expert and author of one of my favorite blogs, Micro Persuasion,[3] argues that the old, Industrial Era media model was built on big companies making decisions about what to produce for passive audiences to consume.

It was a top-down system, built on the broadcast (one-to-many) framework where barriers to entry were high, and where trained professionals decided what was news and entertainment. In that world, Rubel argues that outside influence was built around "press relations" – schmoozing and building credibility with information gatekeepers who, in turn, then amplified the messages.

In the new Information Era, there is no difference between producers and consumers. People do both. Furthermore, consumers decide what's relevant, what's news, and when they consume media. Mash-ups and personal playlists replace "programming" and "expert news judgment." Consumers create, rip, burn, remix and share media.  They like to rate and rank media content.

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[3] See http://www.micropersuasion.com/.

| Industrial Age Broadcast Model | Information Age Many-to-many model |
|---|---|
| Walter Cronkite New York | Gary Brolsma New Jersey |

In this new environment,[4] where "me media" takes its place alongside "mass media," the notion of "press relations" gives way to the idea that organizations are conducting massive numbers of conversations in the many-to-many universe. Influence comes from new sources as new credibility tests and systems emerge. The ongoing longitudinal work of the research organization RoperStarch Worldwide shows that when more information sources invade people's worlds and when they have the tools to create and share material they become even more tied to word-of-mouth sources.[5]

Our work on internet use at major moments amplifies this point about the importance of people's social networks in the internet age.

| The Internet's Role in Making an Important Decision | |
|---|---|
| What specific role did the internet play in the event for which the internet played an important or crucial role? | |
| For respondents who said the internet played a crucial or important role in buying a car, making a major investment, getting additional career training, choosing a school for self or child, or helping someone with a major illness or health condition. | |
| Help you find advice and support from other people | 34% |
| Help you find information or compare options | 30 |
| Help you find professional or expert services | 28 |
| Source: Pew Internet & American Life Project March 2005 Survey. The margin of error ±5% for the 560 respondents to this question. | |

The way people use the internet to interact with their social networks produces a fifth impact that is particularly relevant to you.

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[4] Log on to http://www.newgrounds.com/portal/view/206373 and click "Watch this movie"
[5] Berry, John and Ed Keller, *The Influentials: One American in Ten Tells the Other Nine How to Vote, Where to Eat, and What to Buy,* The Free Press, New York, 2003

They use their networks and the internet to stand "on alert" to new developments in the world that matter to them. One in five internet users has told us they have set up alerts from news organizations or other organizations. And perhaps half of internet users use things like listservs, RSS feeds, and bulletin boards to stay up-to-date in whatever aspects of life most engage them.

As writer Dan Gillmor argued in We, The Media: "If someone knows something in one place, everyone who cares about that something will know it soon enough."[6] This has produced an online culture thrumming with buzz about news, gossip, rumors, and assertion.

With all this social activity thriving online, it makes sense that a sixth impact we see at Pew Internet is that internet use is adding to and supplementing human interactions – what social scientists call social capital and political scientists call voluntary association. This shows up at several levels of our work:

At the personal level, Americans consistently hear from internet users that they believe their use of email and instant messaging is increasing their amount of contact with others and helping the quality of their relationships. Further, our work shows that people use the internet to expand and maintain association with those larger social networks.

At the community level, the internet seems to have an additive and connecting effect. Online Americans use the internet to join and participate in groups they had not previously encountered. Some 84% of internet users belong to some kind of online group. That is particularly true for younger users. To employ Marshall McLuhan's notion that communication technologies have particular "grammars," the grammar of the internet is to afford community creation and maintenance.

At the political level, there is some evidence in our work that internet use to get political news and information brings people to the voting booth. Americans have not nailed this down definitively because Americans have only been working on it through three election cycles. Clearly, the role of the internet in politics is growing. Americans found that in 2004, 75 million American adults used the internet to get political news and information, swap emails about the campaign, or use the internet for direct engagement with the campaign through contributions, attendance at meetings and rallies, or petitioning. Americans have also found that internet users, especially the heaviest ones, are \***more**\* aware of all kinds of political information, including arguments contrary to their own beliefs, than lighter internet users or non-users. Thus, so far, the widespread worry about internet use contributing to political balkanization is not evident in our studies.

It is safe to say that all the impacts I've mentioned will become more pronounced in the future because we are riding on three J curves of growth.

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[6] Gillmor, Dan, *We, the Media: Grassroots Journalism by the People, for the People,* O'Reilly Media, Sebastopol, California, 2004.

**The J-curve laws**

- Computing power doubles every 18 months – Moore's law
- Communications power doubles every 9 months with improvements in fiber optics and compression – Gilder's law
  - Spectrum power is enhanced with efficiency improvements in spectrum allocation and use
- Storage power doubles every 12 months – disk law

PEW/INTERNET | Life Online | May 9, 2006 | 36

Which leads me to one final thought as I've been pondering technology's role in modern times, particularly the role of technology in our lifestyles. Through my contact with University of Washington scholar David Levy, I've encountered the work of German philosopher Josef Pieper who wrote a book shortly after the end of World War II called *Leisure: The Basis of Culture.*

Pieper argued that socially nourishing elements of culture, which are cultivated in people's conscious pursuit of leisure and contemplation, were in danger of being swallowed by a world of "total work." He wrote: "The world of work is becoming our entire world. It threatens to engulf us completely, and the demands of work become greater and greater, till at last they make a 'total' claim upon the whole of human nature." By leisure, Pieper doesn't mean idleness. He means "stillness that is the necessary preparation for accepting reality… or immersion in the real," which he said was their responsibility to their communities and families. It strikes me that you who help people get the information they want at the time they want it, might also play a role in helping people rebalance their lives in a world that throws more information at them in more dizzying kinds of ways.

So, maybe you can help us all figure the right mix between
- being connected and being contemplative;
- doing research (or being open to inputs through continuous partial attention) and pausing to reflect, absorb and muse on the things Americans have encountered in that research
- being on top of the most important information and being aware of the restorative power of "turning things off" when that flow of information becomes debilitating.

I think you are among a few institutional actors who might help the culture move away from this kind of environment to what Professor Levy calls an "information habitat" where there is more time for rest, for reflection, and contemplation.

If the idea of Sabbath was good enough for God, it's probably good enough for us…. Thanks very much for inviting me here.