

# Understanding the Digital Savvy Consumer

Presented by:

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Presented to:

Media Research Club

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# Agenda

- About Scarborough Research
- Honing in on the Digital Savvy Consumer
- Who is the “Digital Savvy” Consumer?
- Involvement with Traditional Media
- Digital Savvy and the Internet
- Other Consumer Behaviors: Localism, Retail, Politics
- Conclusion / Implications

# Introduction to Scarborough Research

## Who is Scarborough Research?



- U.S. leader in local, regional and national consumer research with 35 years of experience
- Partnership between The Nielsen Company and Arbitron, Inc.
- Accredited by the Media Rating Council

## What is Scarborough Research?

- Comprehensive, syndicated annual survey of 81 Top-Tier and 15 Mid-Tier local markets
- Annual sample of 220,000+ adults
  - Average local market samples range: 2,000 to 11,000
- Measures demographics, shopping/retail behaviors, product consumption, entertainment/leisure, media usage
- Two-phase study: Randomly dialed telephone interview, followed by mailed, self-administered consumer questionnaire and a TV diary



# Scarborough Measurements At-A-Glance

## Shopping/Retail Behavior

- Shopping Center / Malls
- Department Stores
- Drug Stores
- Supermarkets
- Convenience Stores
- Discounters
- Mass-Merchandisers
- Specialty Shops
- Clothing Stores
- Sporting Goods
- Furniture Stores
- Coupon Usage
- Online / Offline Purchase
- Pharmaceutical

## Product/Service Consumption

- Alcoholic/Non-Alcoholic Beverages
- Automotive
- Banking & Financial
- Computers
- Fast Food & Restaurants
- Home Improvement
- HealthCare/Insurance
- Travel
- Business-to-Business
- Internet Usage
- Telecommunications
- Cell Phone Use

## Entertainment/Lifestyle

- Sports Involvement
- Events Attended
- Leisure Activities
- Voting Behavior
- Prizm, Personix  
Microvision, Cohorts

## Demographics

- 25 Individual & HH Level Measures
- Lifestyle Changes

## Media

- Newspaper
- Radio
- TV-Broadcast
- TV-Cable
- Niche Publications
- Out-of-Home
- Direct Mail
- Yellow Pages
- Internet
- Digital Media

## Segmentation Partners

- SRI (VALS)
- Acxiom (Personix®)
- Claritas (PRIZM, etc.)
- Thomson (HouseHold View ®, etc.)

# Honing in on the Digital Savvy Consumer

# Honing in on the Digital Savvy

- Scarborough measures nearly 600 behaviors directly related to the technological orientation of the American consumer
  - Household technologies: Digital cameras, HDTV, VOD, DVR, computer ownership, etc.
  - Ways online services used: Online shopping/buying, time spent online, broadband connections, etc.
  - Cell Phones: Ownership, features used, etc.
- We selected and isolated 18 of these behaviors in our database for this special analysis
- Items were selected based on the ratio between their “tech savvy” and occurrence
  - For example, digital camera ownership was not included in this segmentation because of its such common occurrence in the mainstream, therefore this item does not suggest tech savvy

# Tech Behaviors Isolated for the Digital Savvy Analysis

## Items HHLD Owns

- PDA
- Digital Video Recorder
- Satellite Radio Subscription
- Voice over IP (VoIP)
- MP3 Player
- High Definition Television (HDTV)

## Ways Used Internet Past 30 Days

- Online Banking/Bill paying (internet)
- Read or contributed to Blogs
- Gaming (casino-type, download, games)
- Download Podcasts
- Download / Listen to Audio
- Download / Watch Video
- Instant Messages

## Cell Phone Features Used

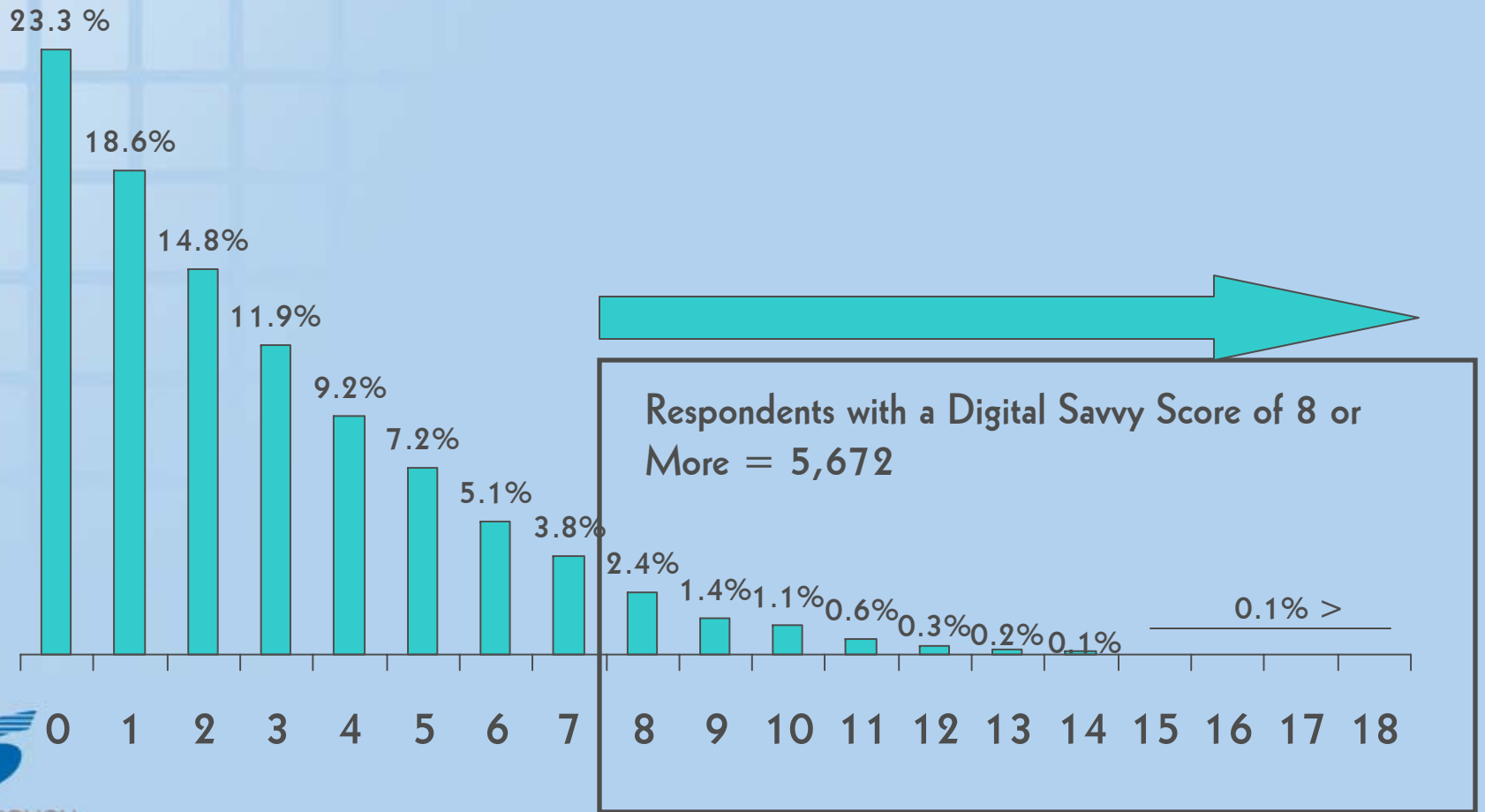
- Download Ring tones /video games (cell phone)
- Email (via cell phone)
- Messaging (Instant, Picture or Text via cell phone)
- Stream Video (via cell phone)
- Other Internet features (via cell phone)

# Honing in on the Digital Savvy

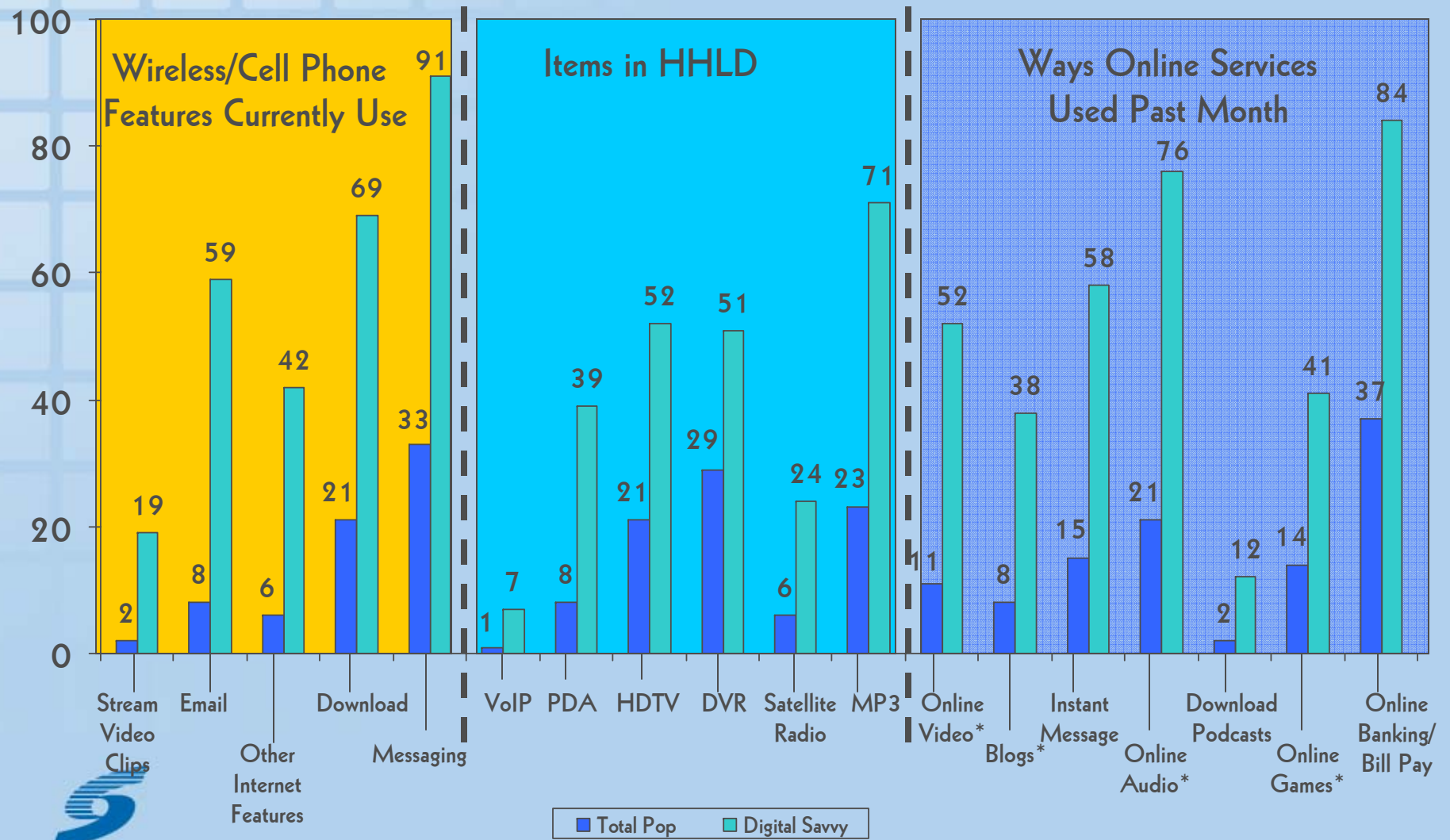
- For each respondent from our national USA+ database, we tabulated how many of the 18 characteristics were satisfied
- We classified individuals with 8 or more of these characteristics as “Digital Savvy”

# Digital Savvy Score Distribution

A score of 8 or more projects to 13.7 million adults nationally, or 6% of all consumers



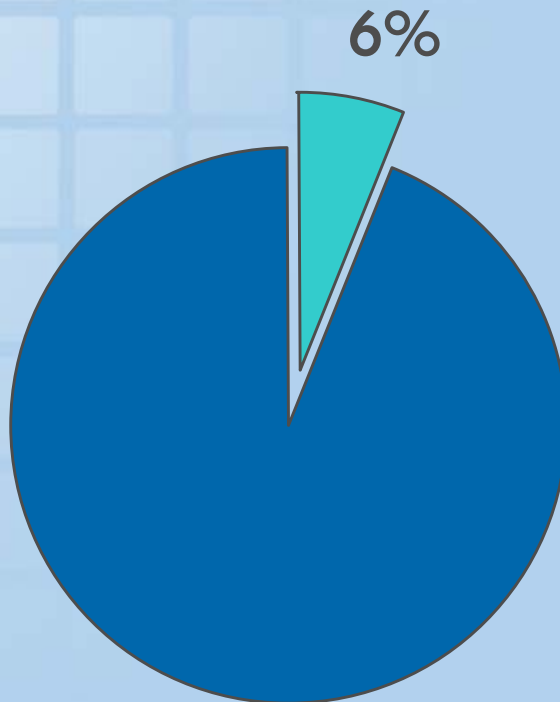
# Digital Savvy Characteristic Breakout (%)



Online Video – Download Watch movies, Download / Watch video, Download Watch other video, or Download watch TV Program; Online Audio – Download music/listen to audio clips, Download listen to music, Download/listen to other audio clips, listen to Radio ; Blogs – read or contributed to past 30 days online ; Online Games – Casino Type games, download video games, games

Source: Scarborough USA+ Release 1, 2007 (August 2006 – March 2007)

# The Digital Savvy



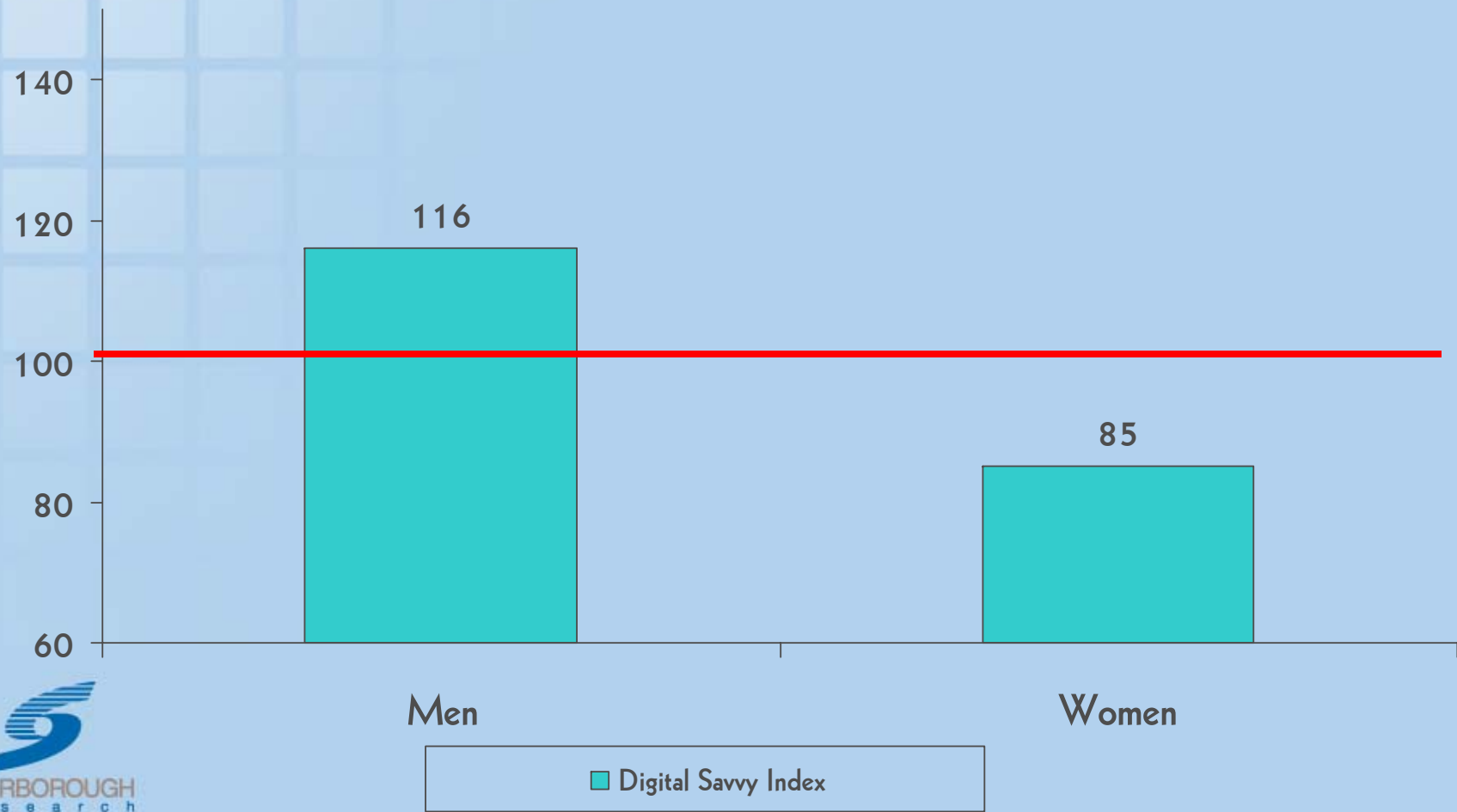
- We identified a small segment of the population
- These are “leading edge” digital consumers
  - Early adopters
  - Diffusion of innovation?
- Scarborough USA+ (national database) was used
  - 6-month sample of 111,051
  - 5,672 Digital Savvy
  - US projection: 13.7 M adults
  - August 2006 – March 2007 measurement period

# Three Key Questions

- Who is the Digital Savvy consumer?
- To what extent are the Digital Savvy different from the general population?
  - E.g., qualitative profile of the early cable TV audience was distinct from the ultimate profile at critical mass penetration
  - “Early adopter” phenomenon
- To what extent does behavior of the digital savvy presage the impact of technology on the general population?

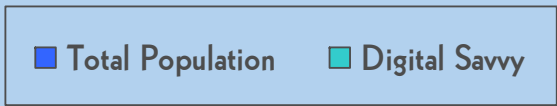
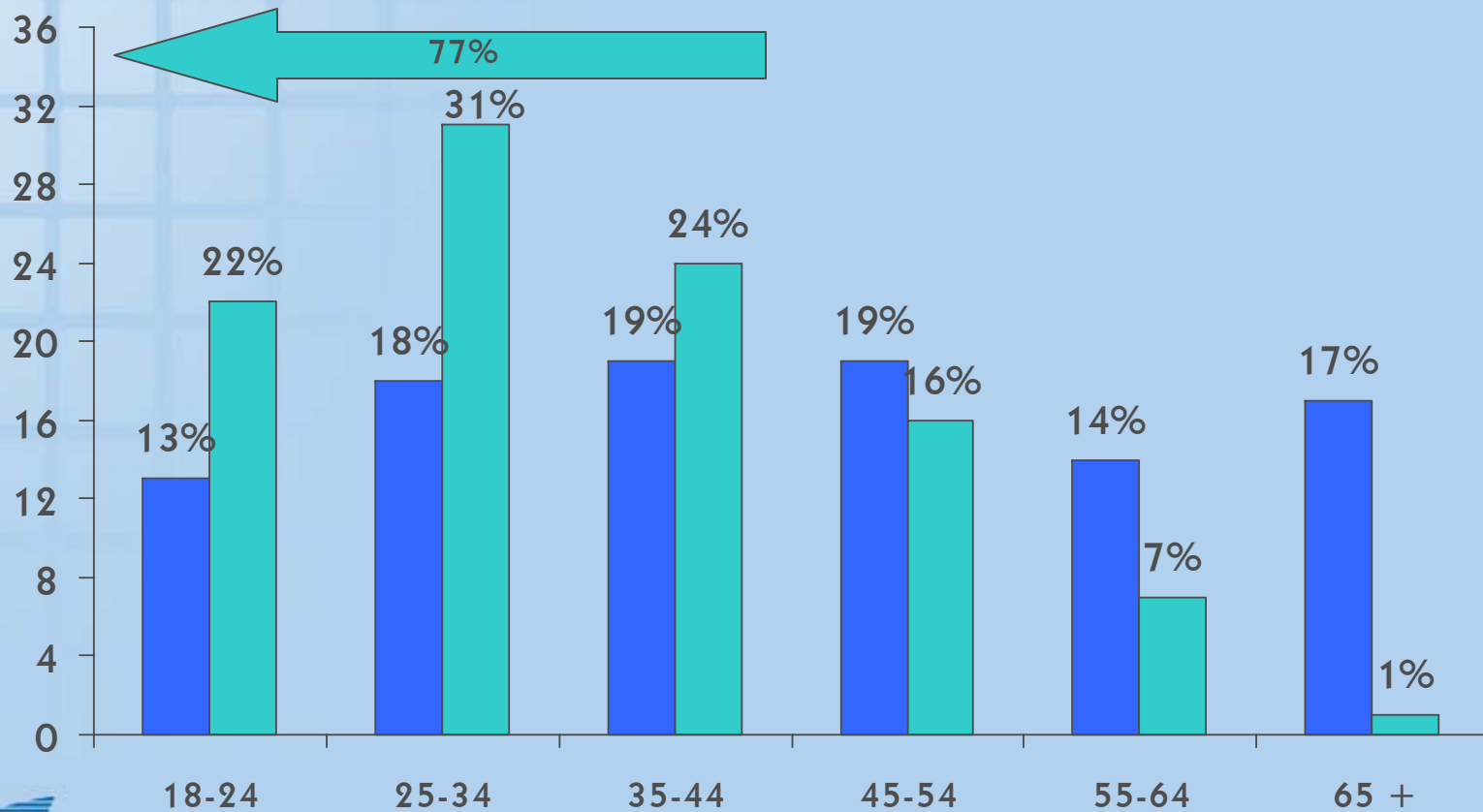
# Who is the Digital Savvy Consumer?

# Digital Savvy are More Likely to be Male



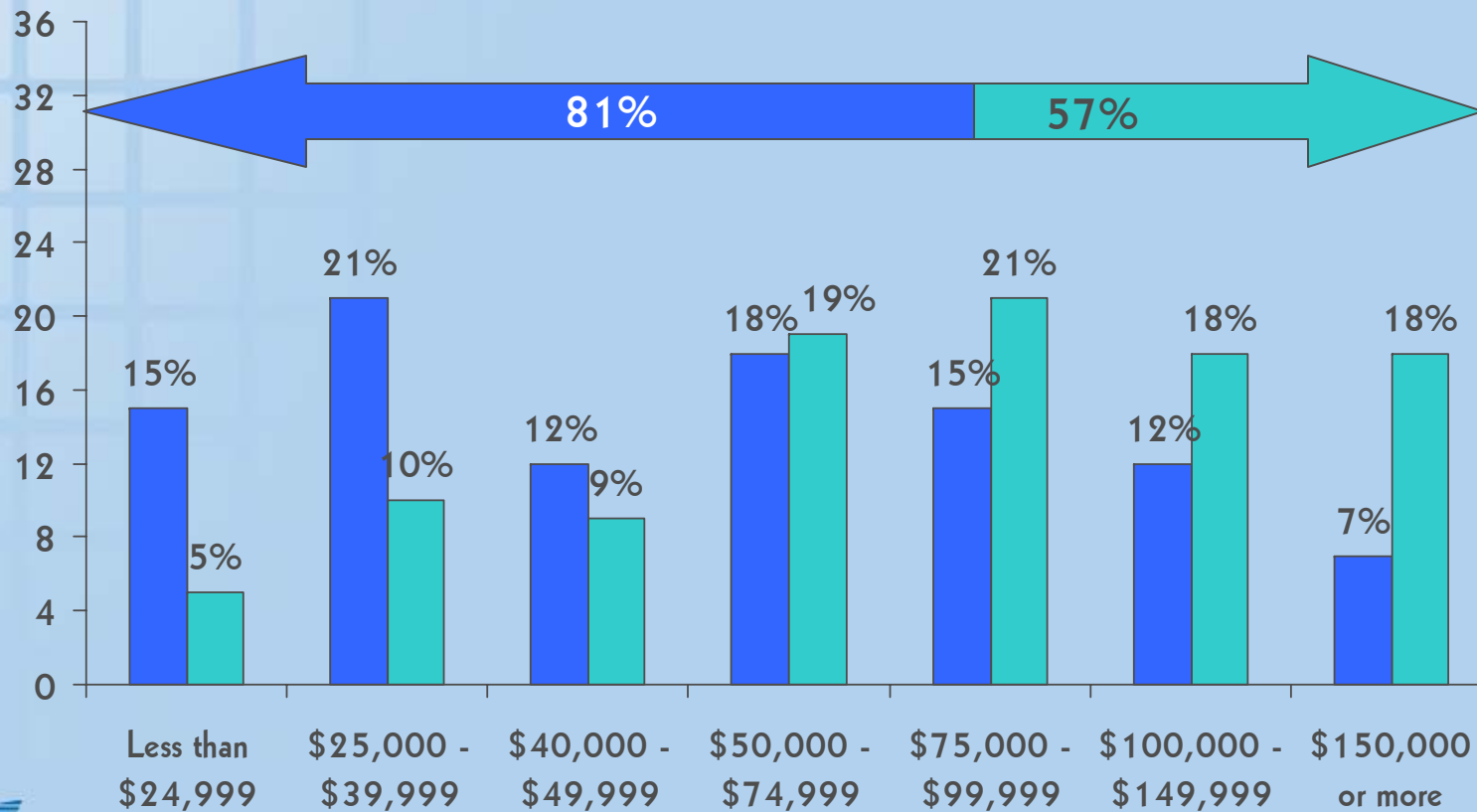
# The Digital Savvy Consumer is Younger

77% of Digital Savvy are under the age of 44; more than half are under 34



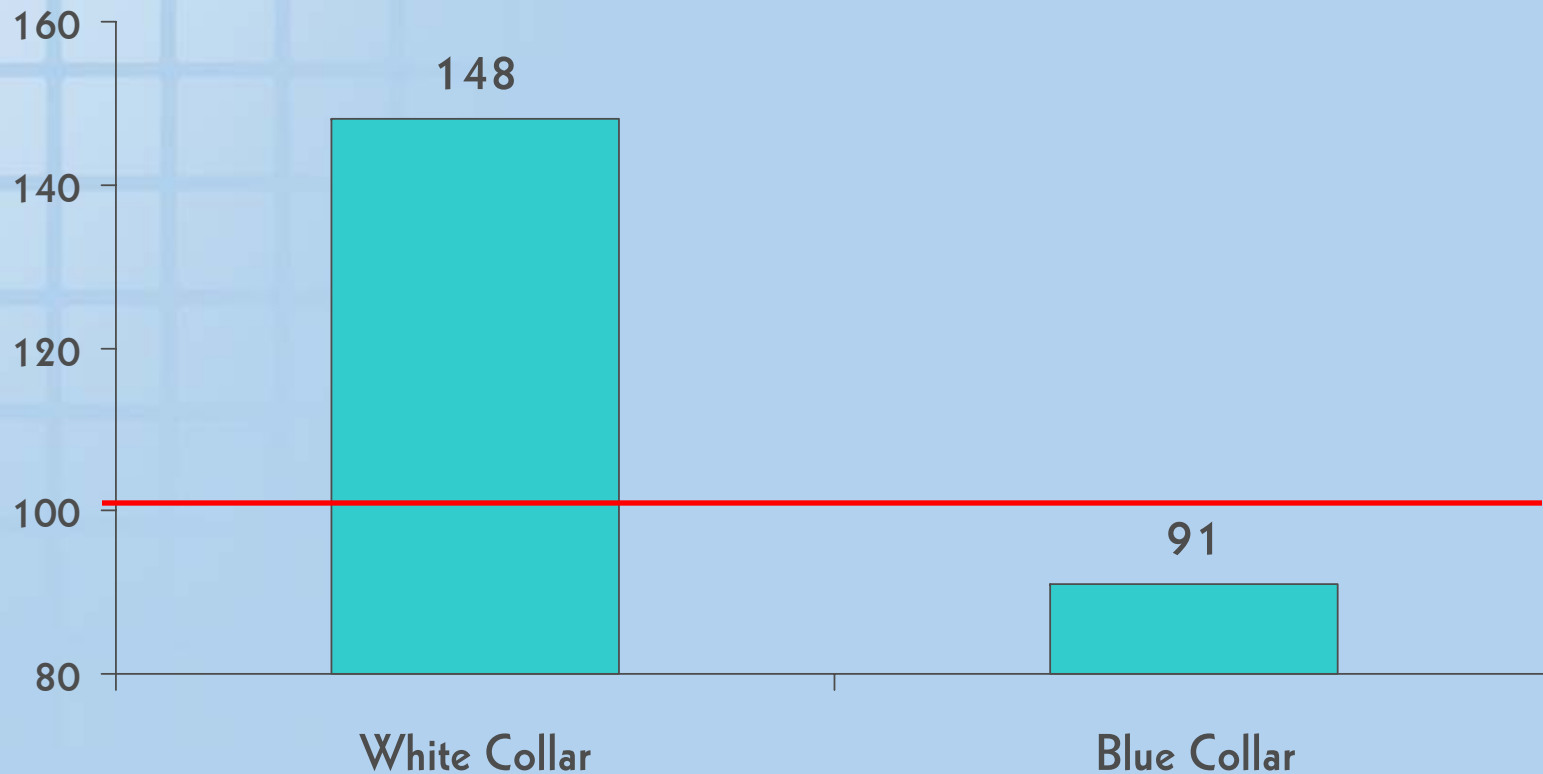
# The Digital Savvy Consumer is Upscale

57% of Digital Savvy consumers live in a household with an income of \$75k or more

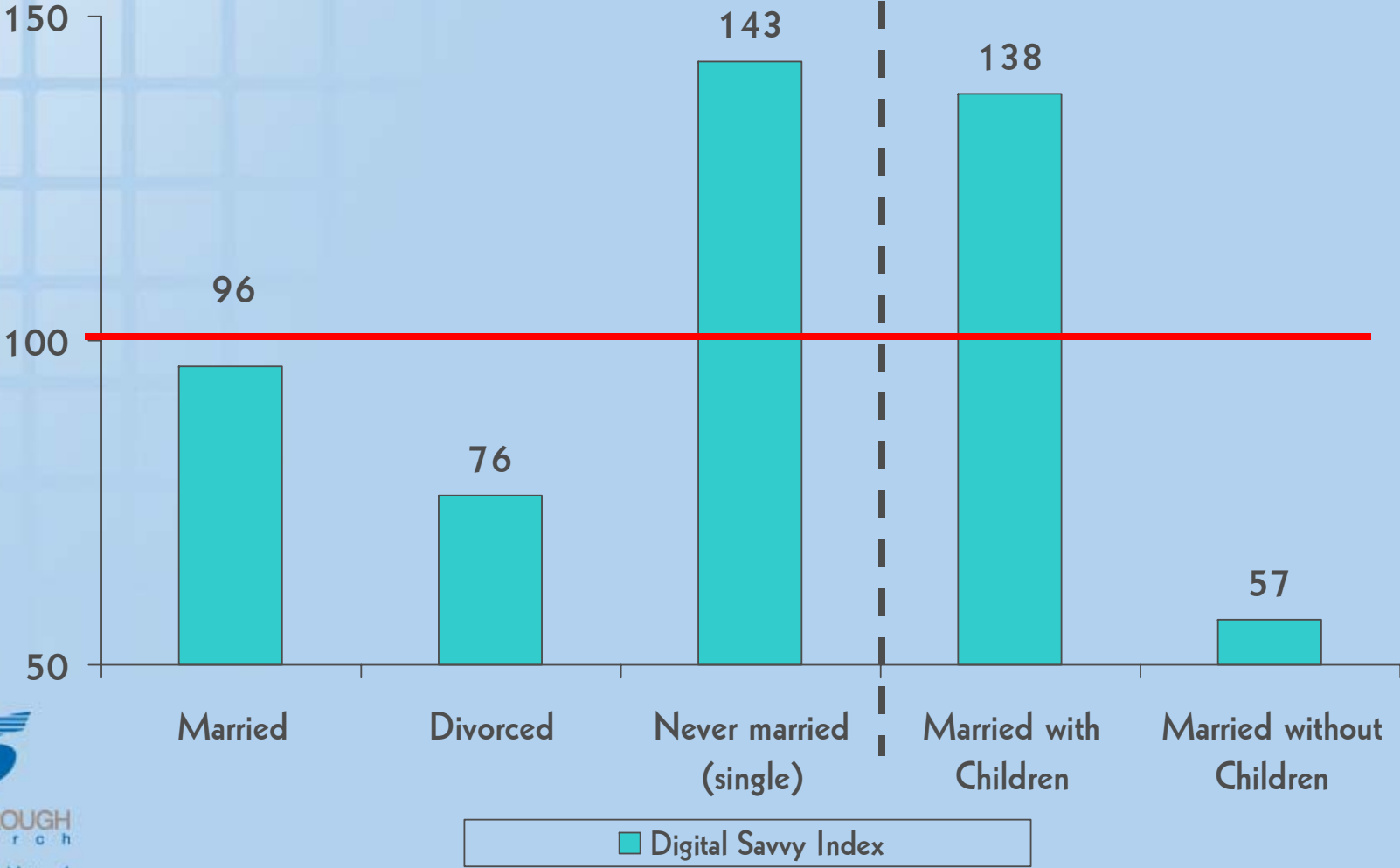


Source: Scarborough USA+ Release 1, 2007 (August 2006 – March 2007)

# The Digital Savvy are More Likely to be White Collar



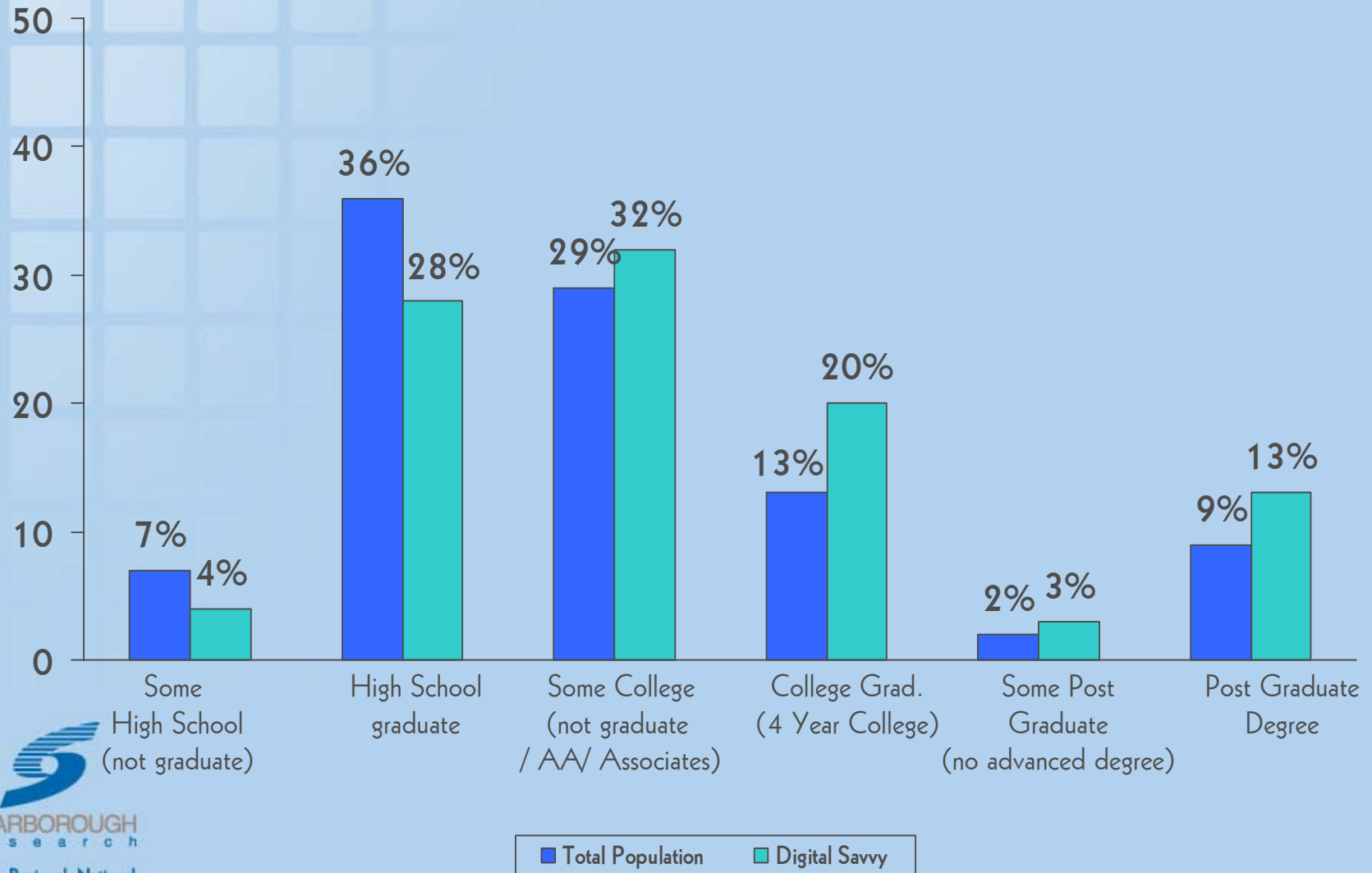
# Digital Savvy are More Likely to be Single or Married with Children



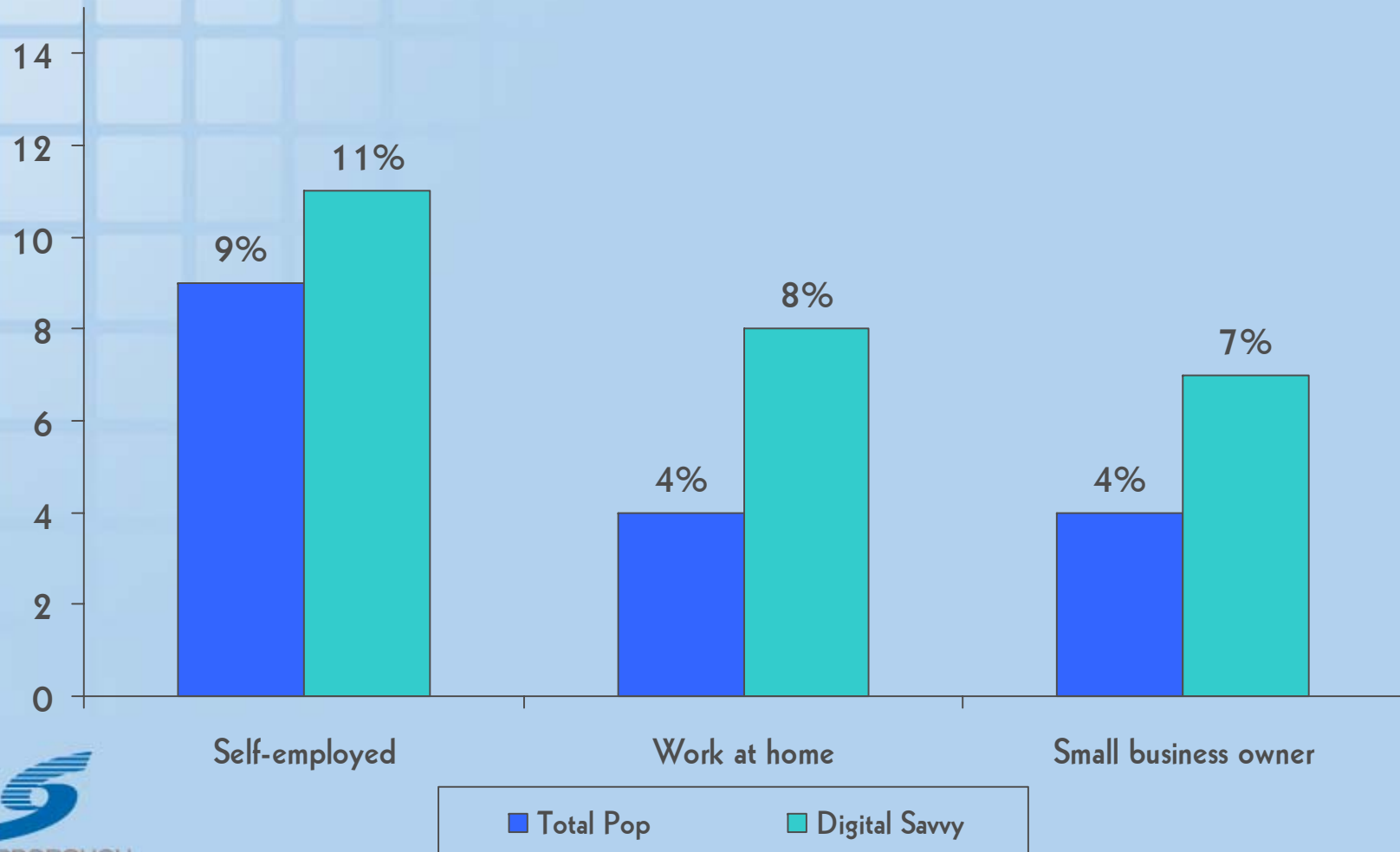
Source: Scarborough USA+ Release 1, 2007 (August 2006 – March 2007)

# The Digital Savvy Consumer is More Educated

36% of Digital Savvy have a college degree or more vs. 24% of total consumers

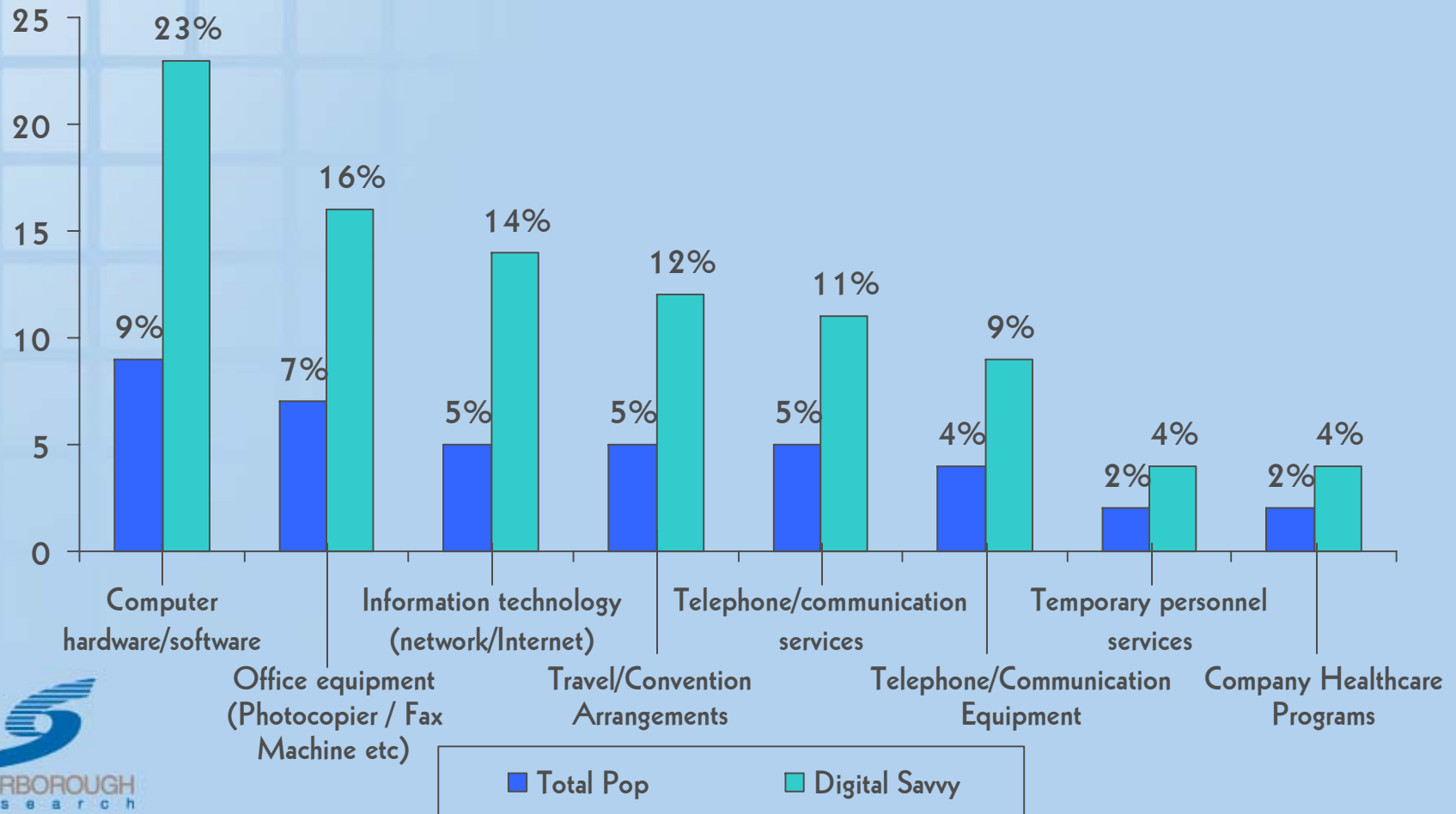


# The Digital Savvy Are More Entrepreneurial (%)

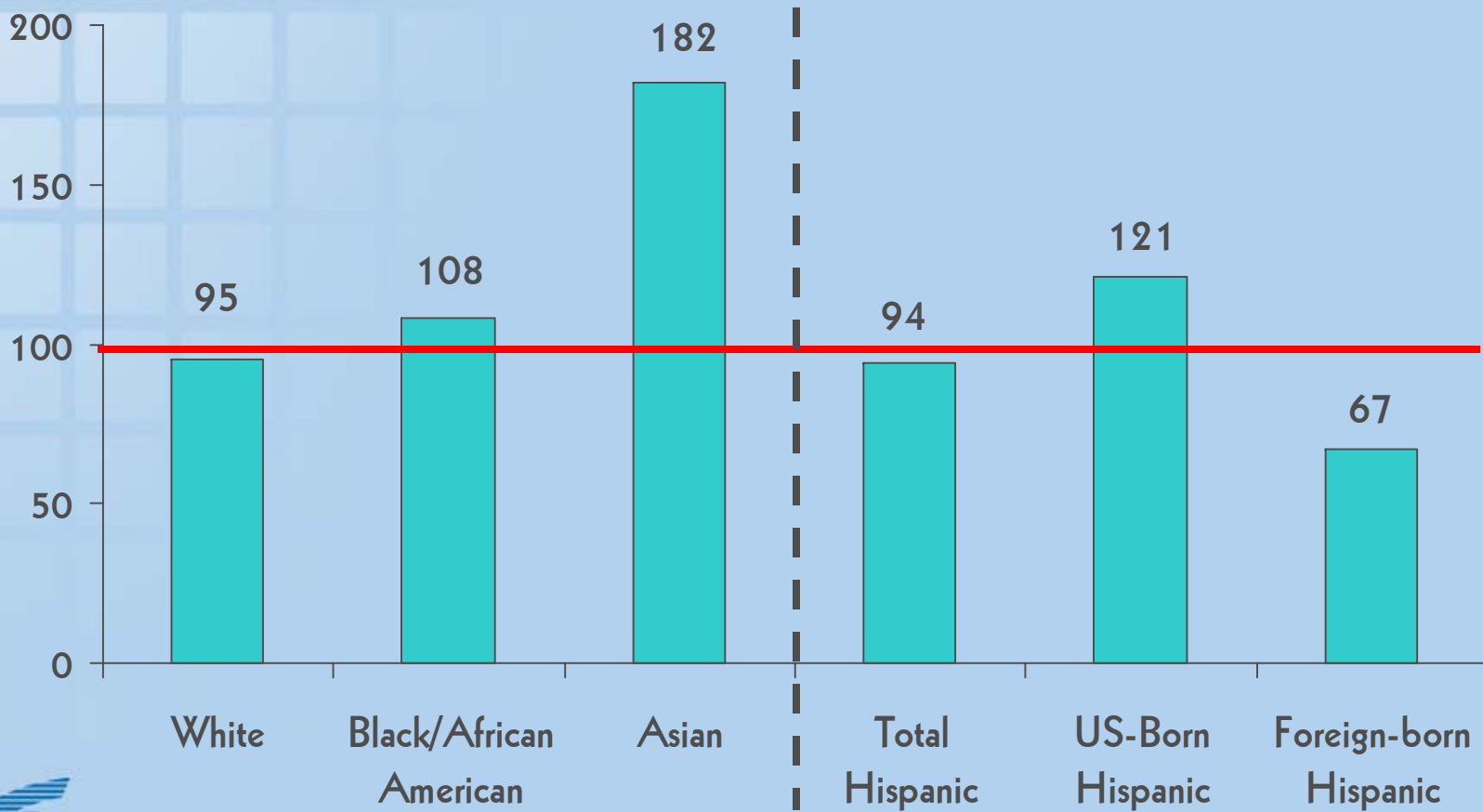


# The Digital Savvy are More Involved in Corporate Purchasing Decisions (%)

Company purchasing decisions participated in past 12 months



# Digital Savvy Are More Likely to be Asian or U.S. Born Hispanic



# Digital Savvy Have a Distinct VALS™ Profile (%)

## Innovator (Index, 186)

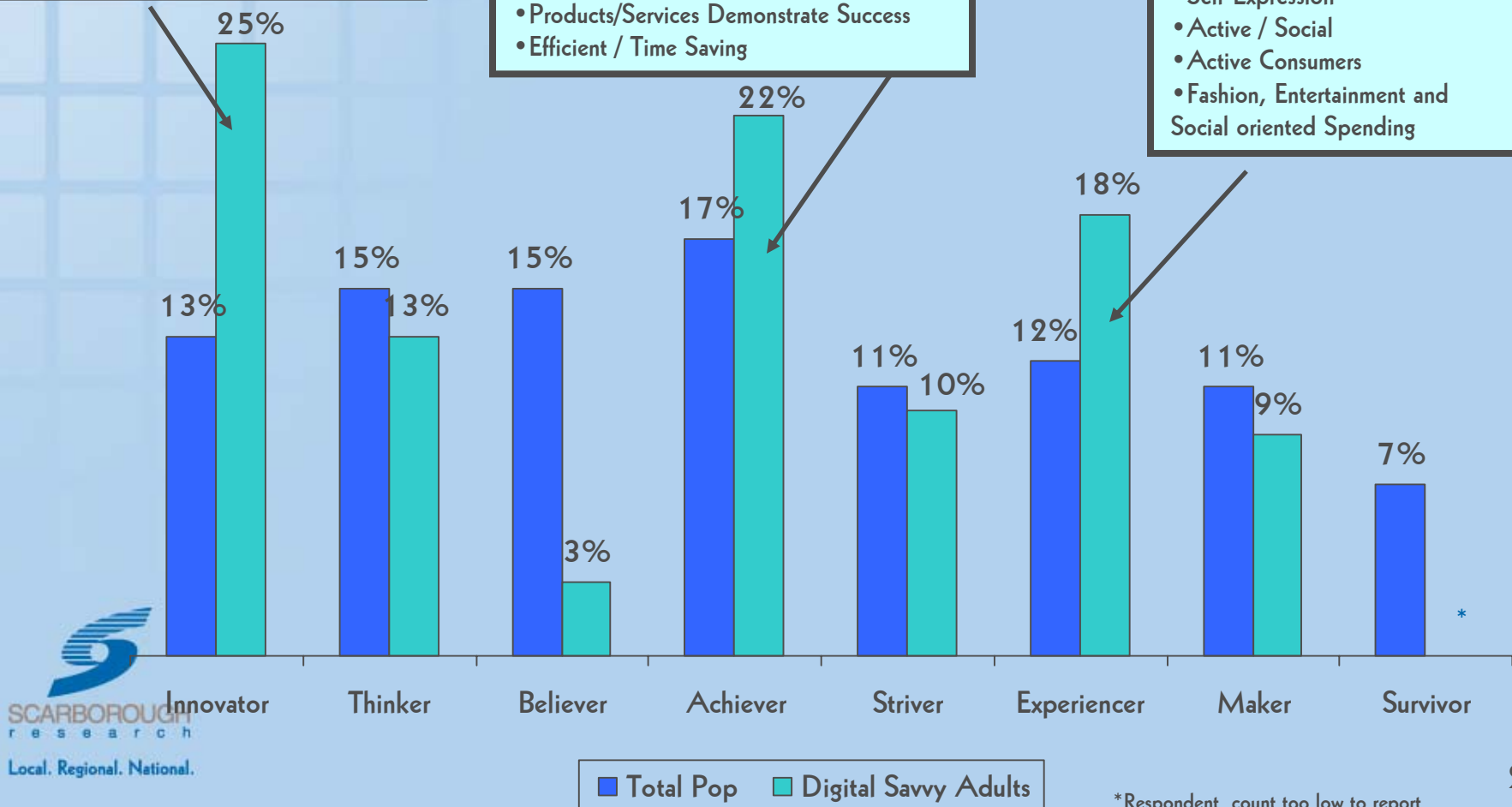
- Sophisticated
- Leaders of Change
- Active Consumers
- Tastes for Upscale
- Niche Products/Services

## Achiever (Index, 128)

- Committed to Career & Family
- Image is Important
- Products/Services Demonstrate Success
- Efficient / Time Saving

## Experiencer (Index, 152)

- Young, Enthusiastic, Impulsive
- Self-Expression
- Active / Social
- Active Consumers
- Fashion, Entertainment and Social oriented Spending



# The Digital Savvy Have a Distinct Demographic Profile

## Persons 18+

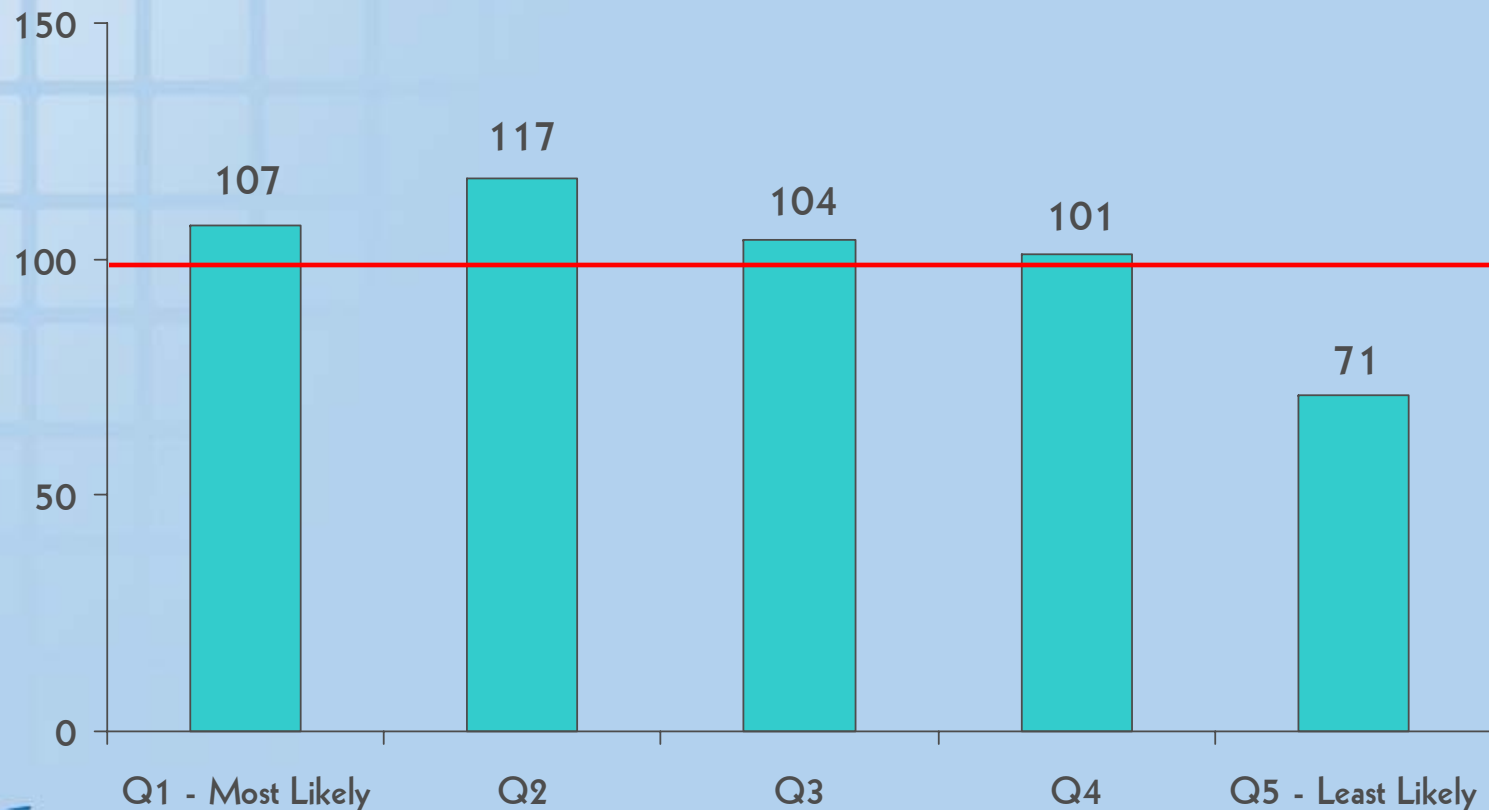
- M (50%) / F (50%)
- Median age: 45
- Median Income: \$53,536
- Single: 25%
- Married with Children: 28%
- College Grad +: 24%
- Entrepreneurial\*: 11%
- National average for ethnic diversity

## Digital Savvy

- M (56%) / F (44%)
- Median age: 34
- Median Income: \$84,356
- Single: 36%
- Married with Children: 38%
- College Grad +: 36%
- Entrepreneurial\*: 14%
- Higher ethnic diversity among group

# Involvement with Traditional Media

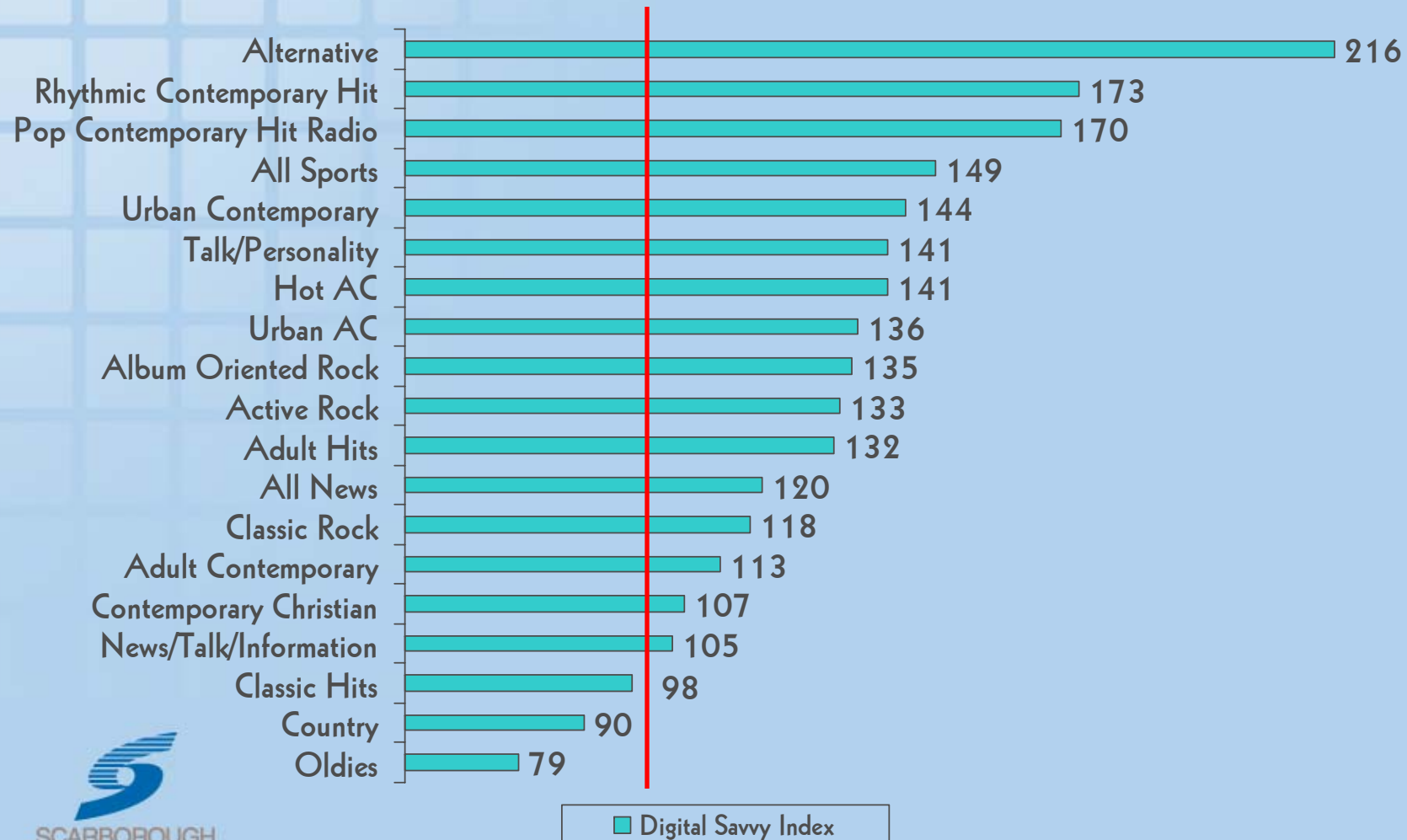
# Digital Savvy are Slightly Heavier Radio Listeners



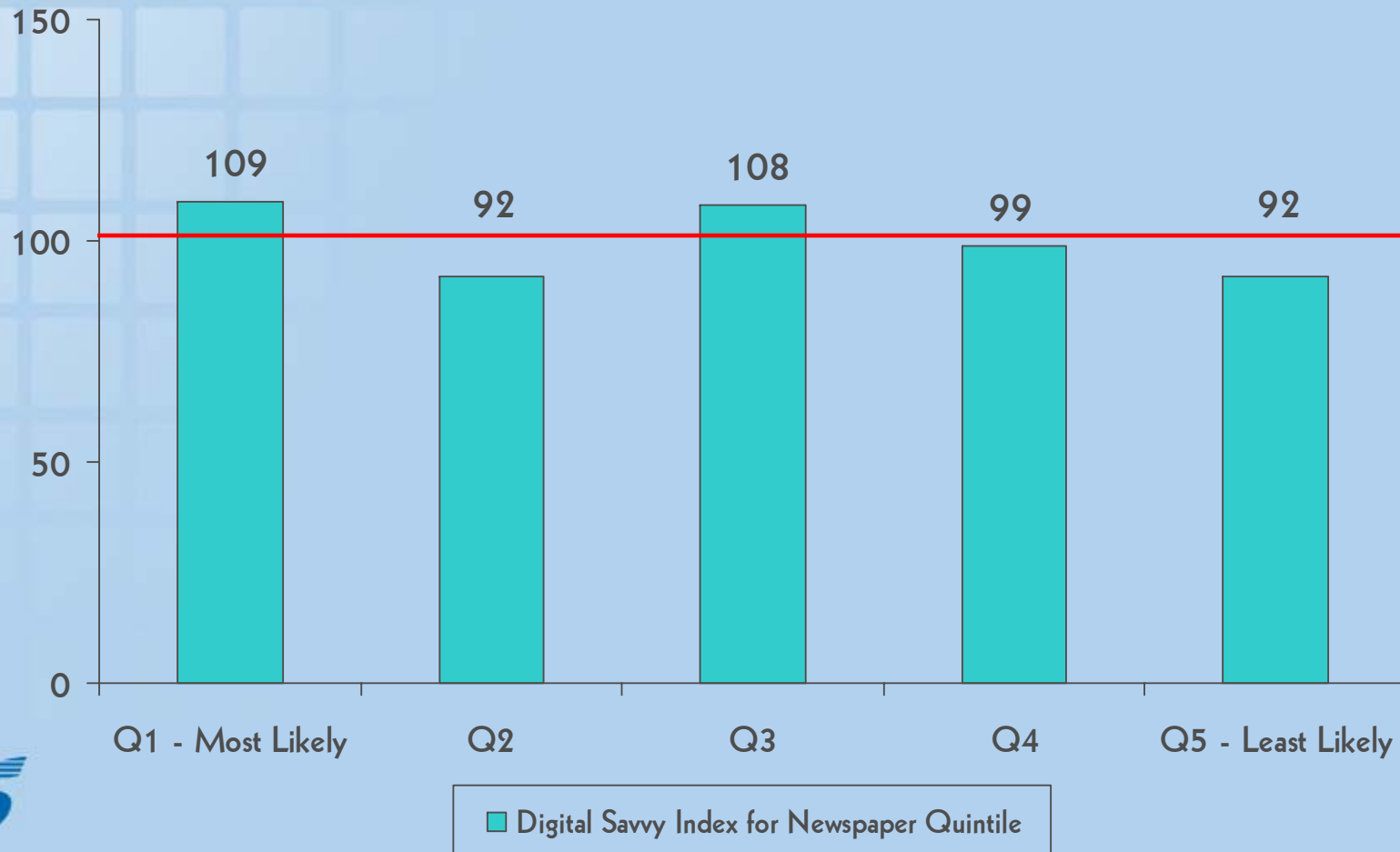
\* Base of combined 79 local markets

Source: Scarborough USA+ Release 1, 2007 (August 2006 – March 2007)

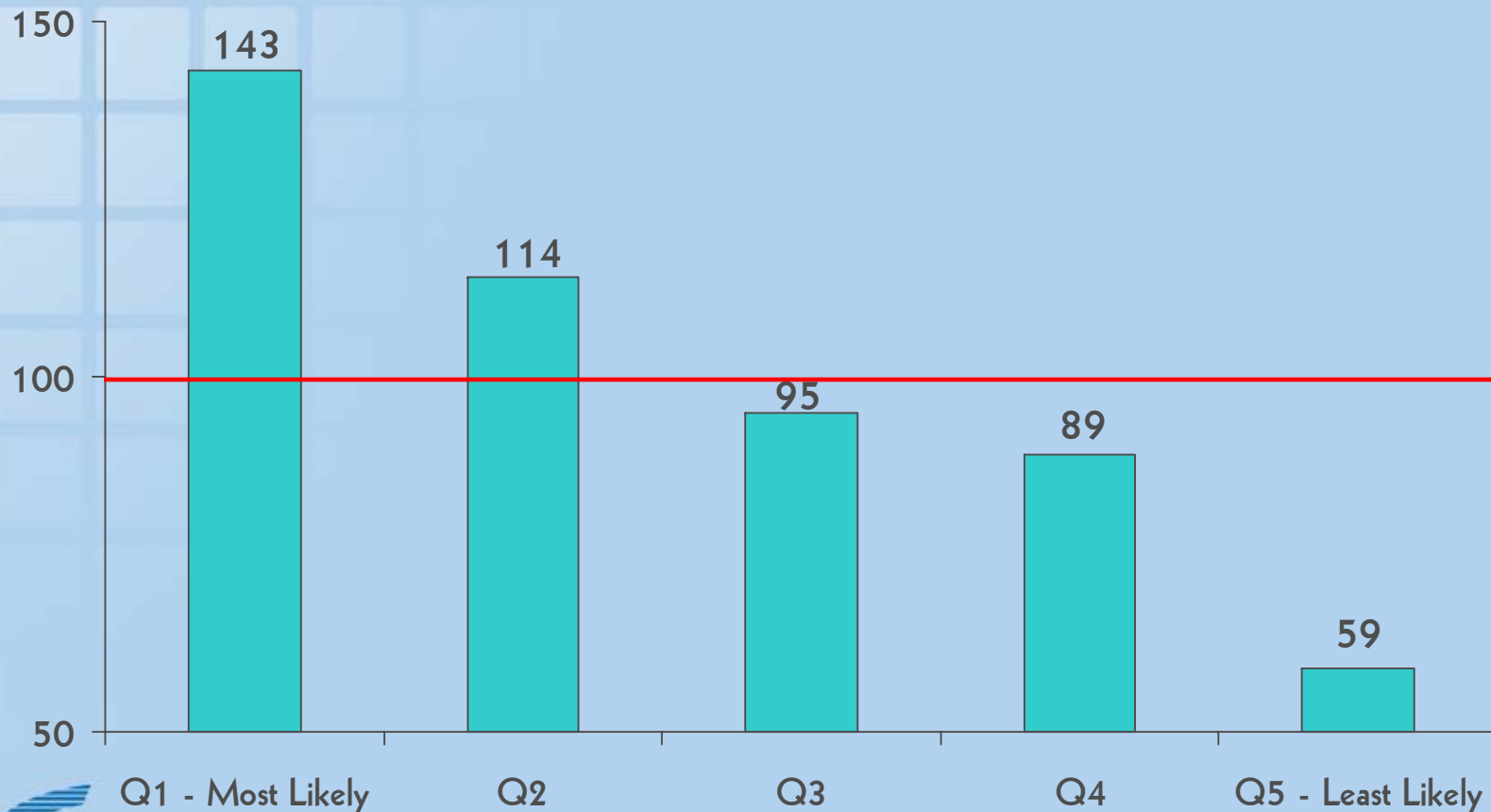
# The Digital Savvy Listen to a Wide Variety of Radio Formats



# Digital Savvy are About Average Newspaper Readers

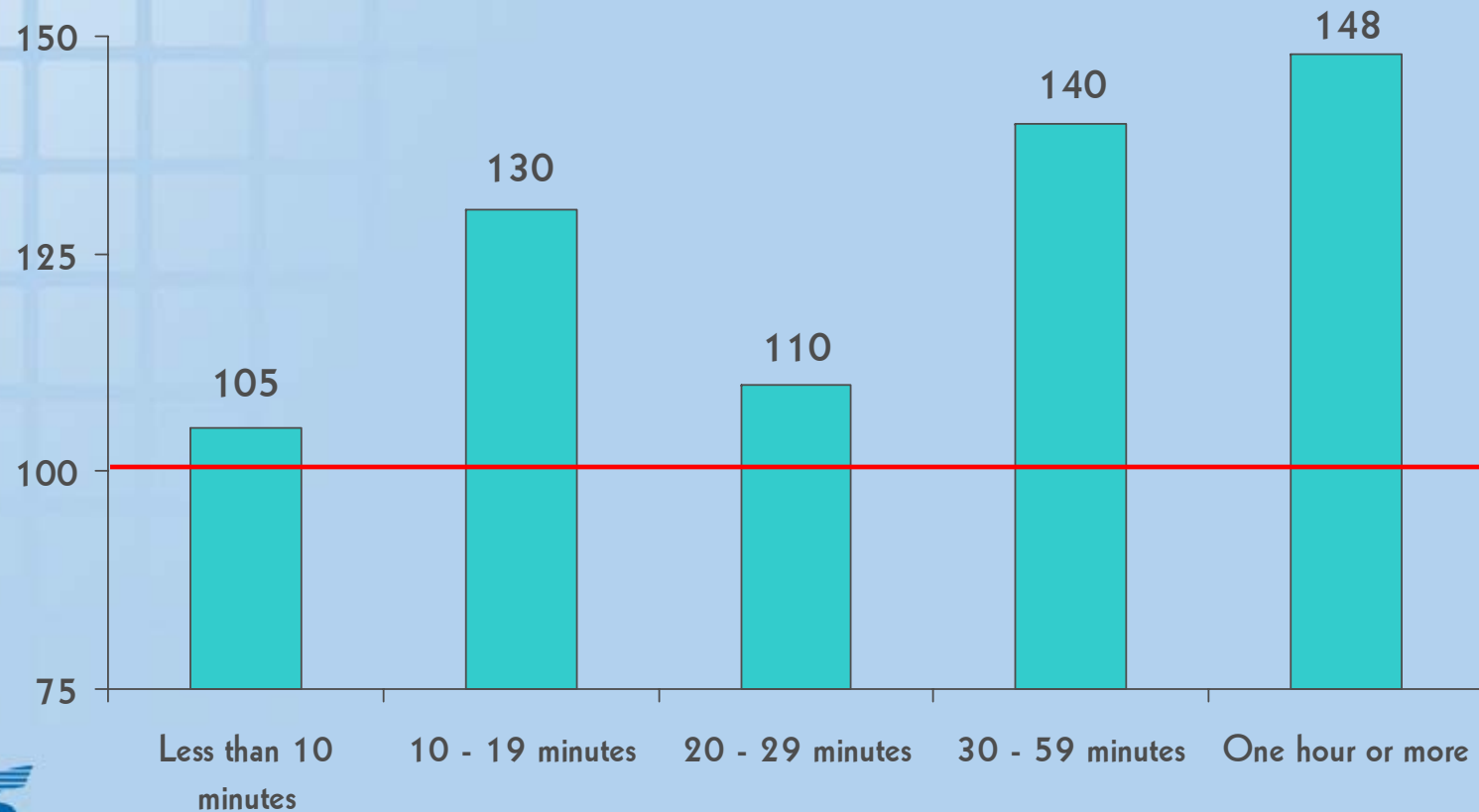


# The Digital Savvy are Much More Likely to be Exposed to Out-of-Home Advertising

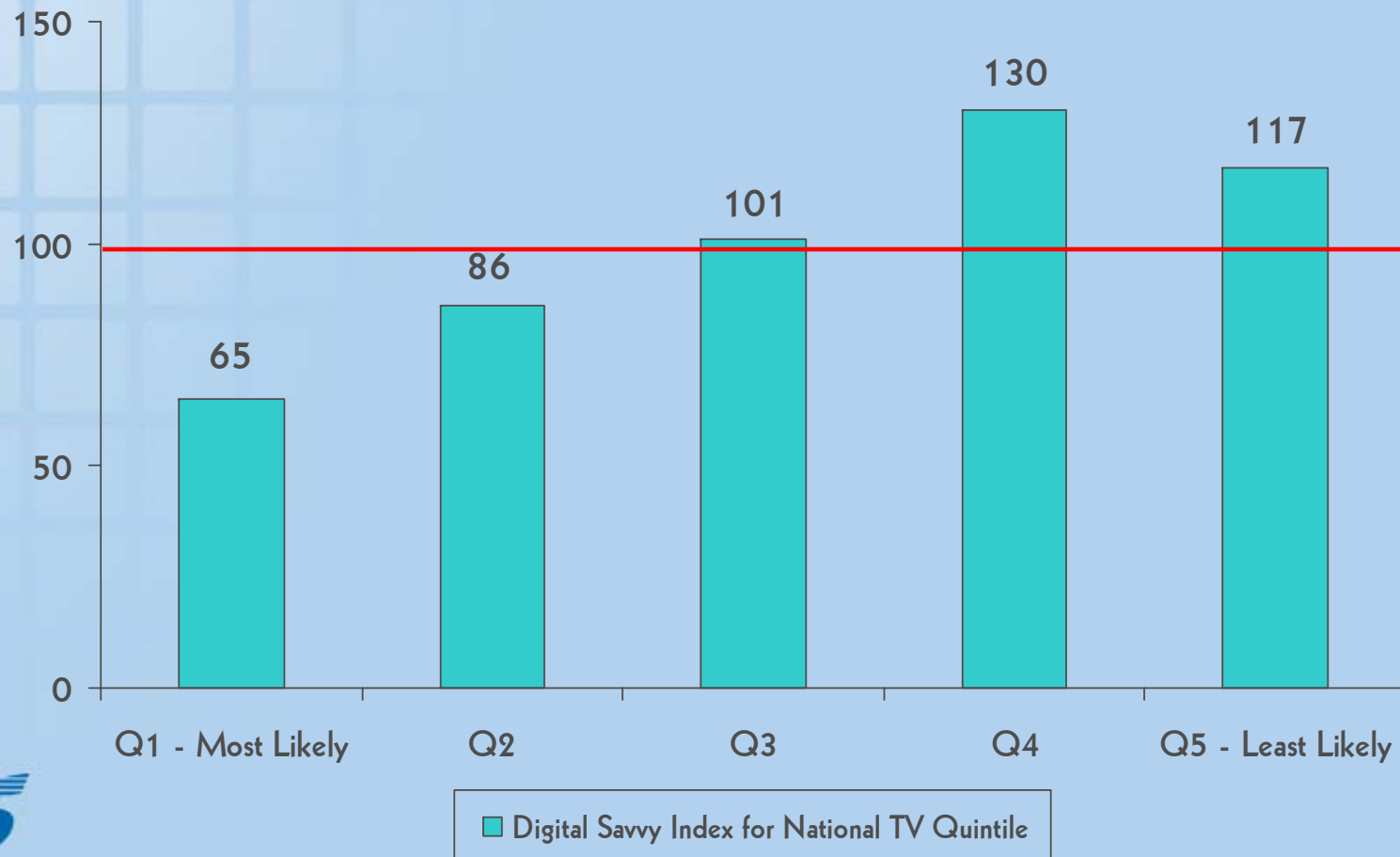


# Out-of-Home Advertising: Time Spent Commuting to Work One Way

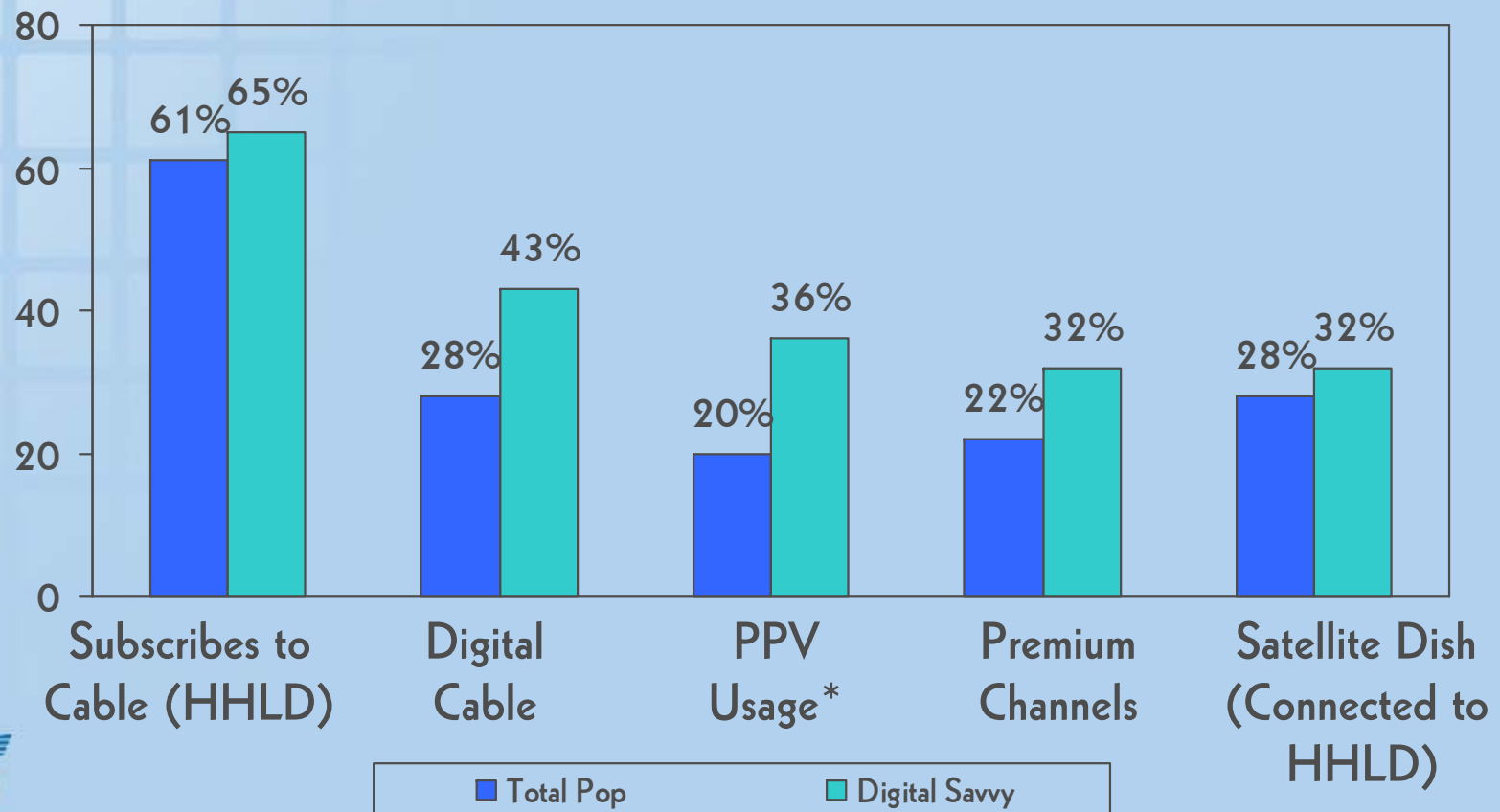
Digital Savvy adults are more likely to have a longer commute time



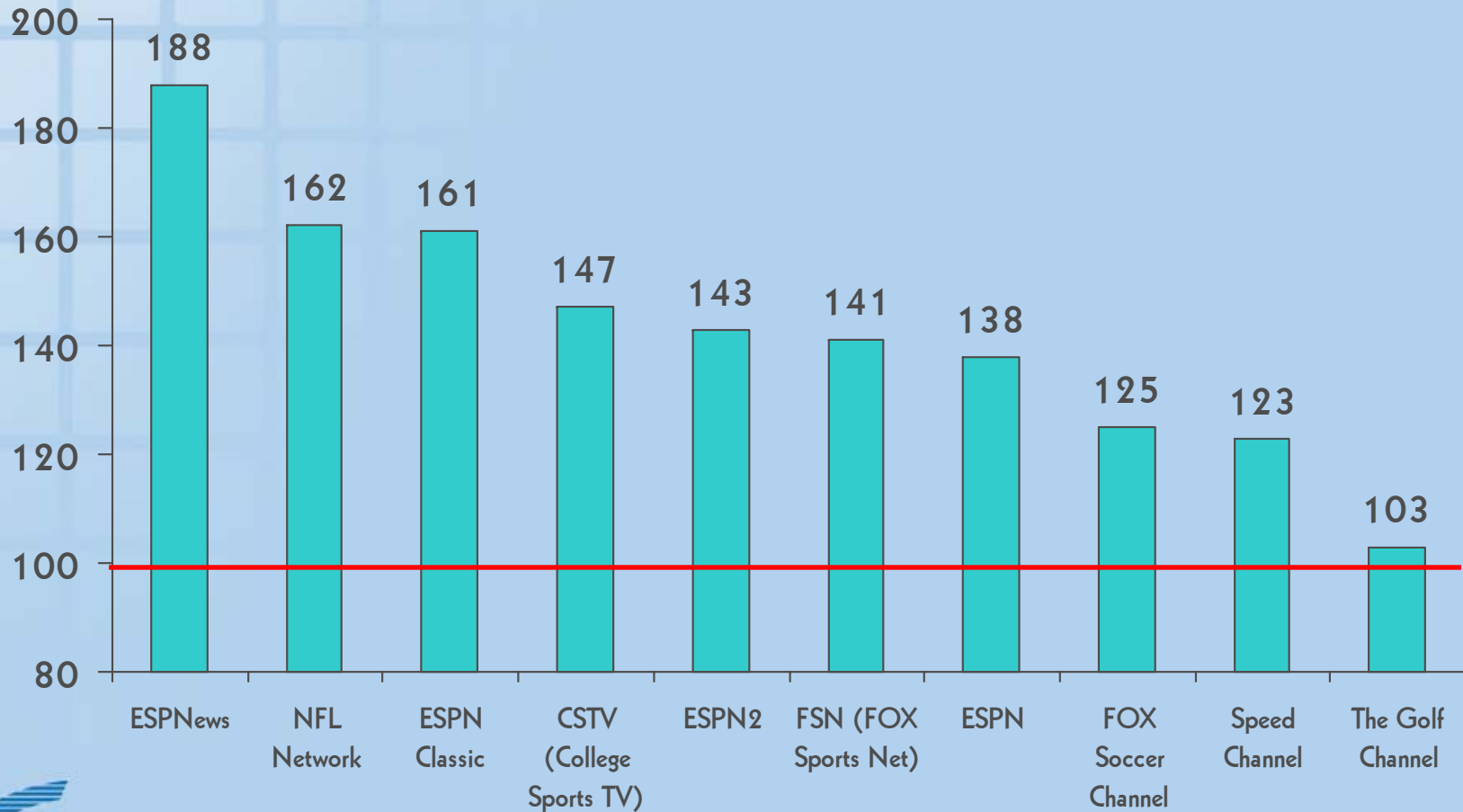
# Digital Savvy are Lighter TV Viewers



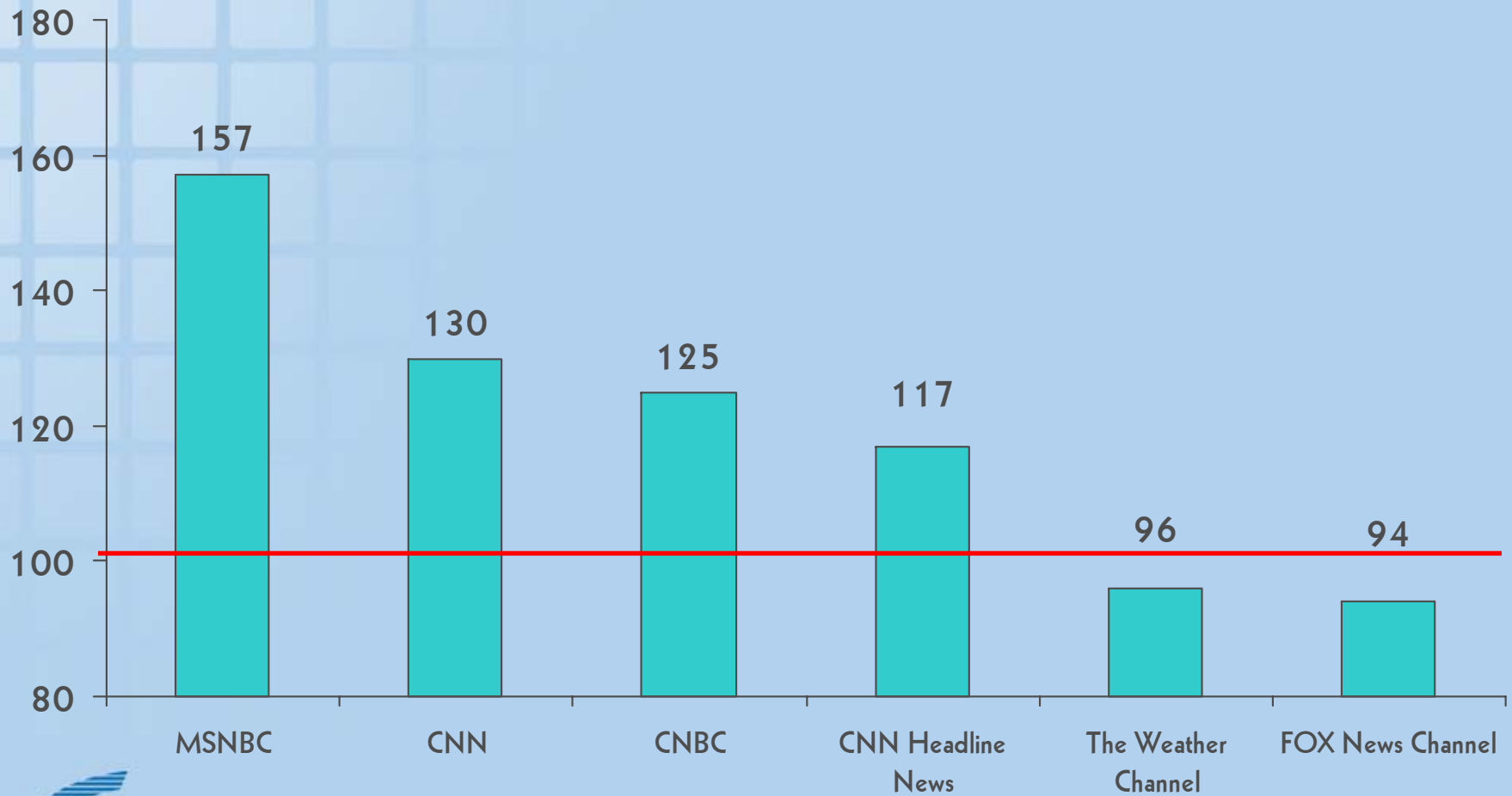
# Digital Savvy Have High End TV at Home



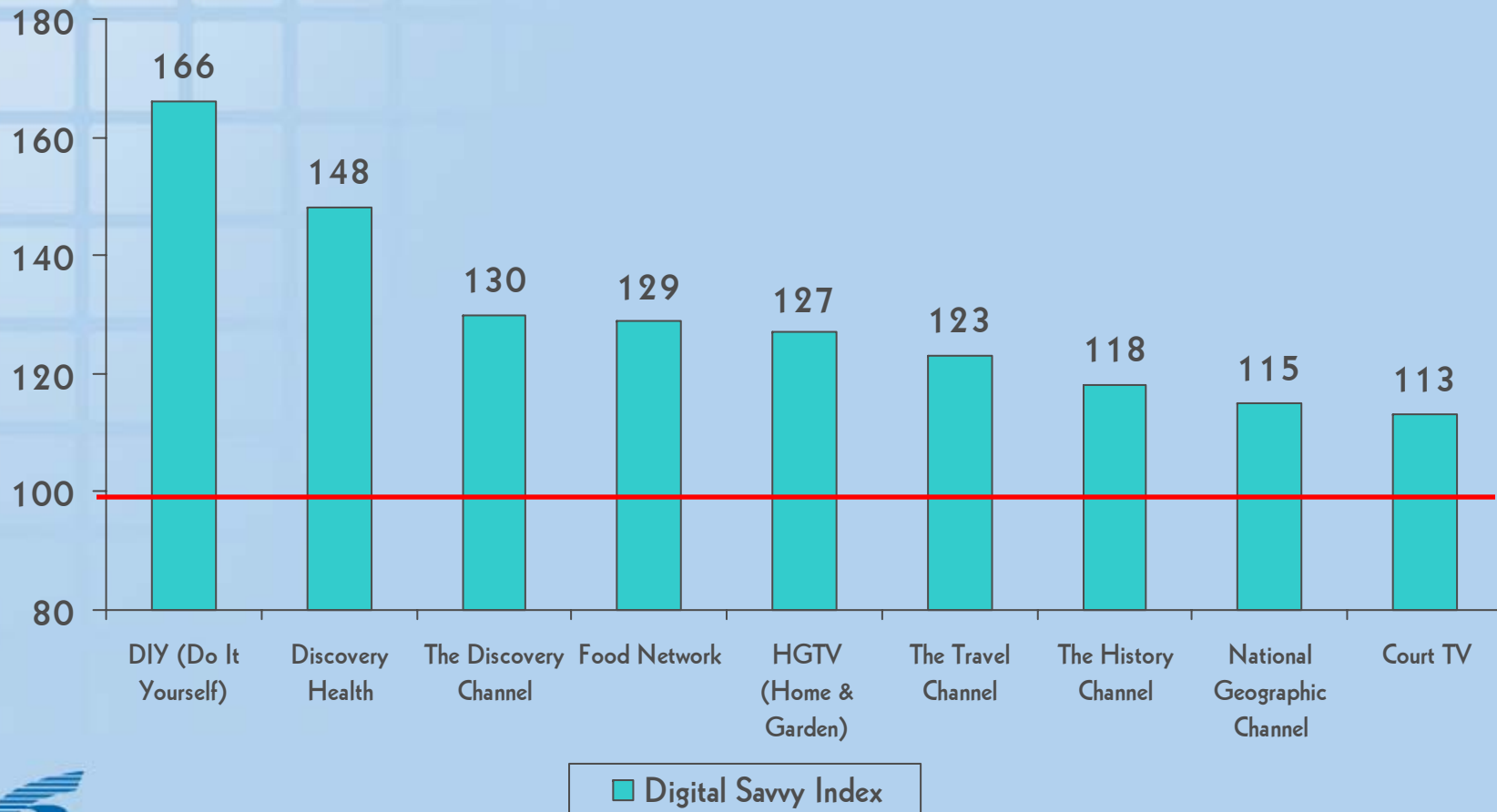
# Cable TV: Sports Networks



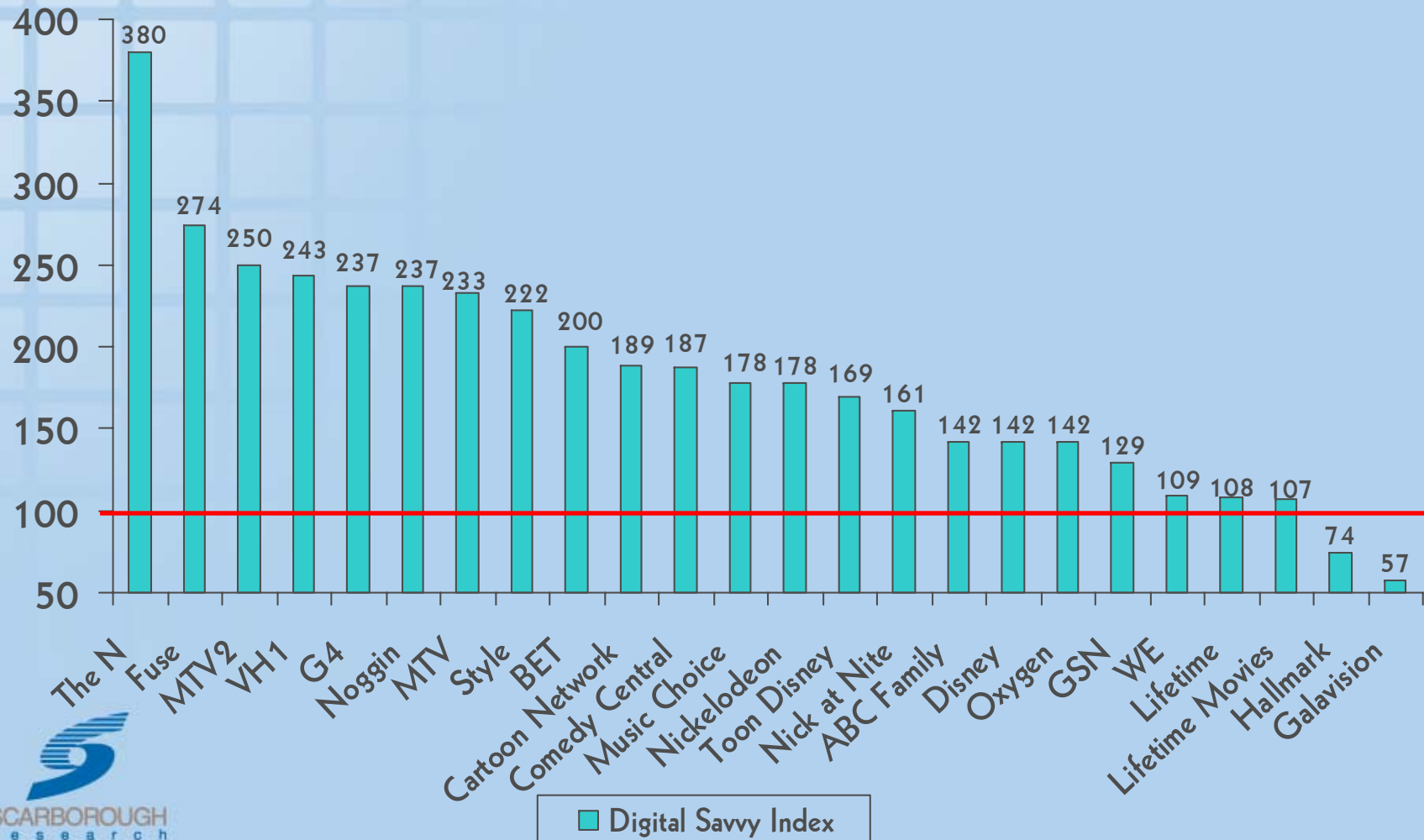
# Cable TV: News Networks



# Cable TV: Educational/Informational Networks



# Cable TV: Family/Teen/Ethnic Networks

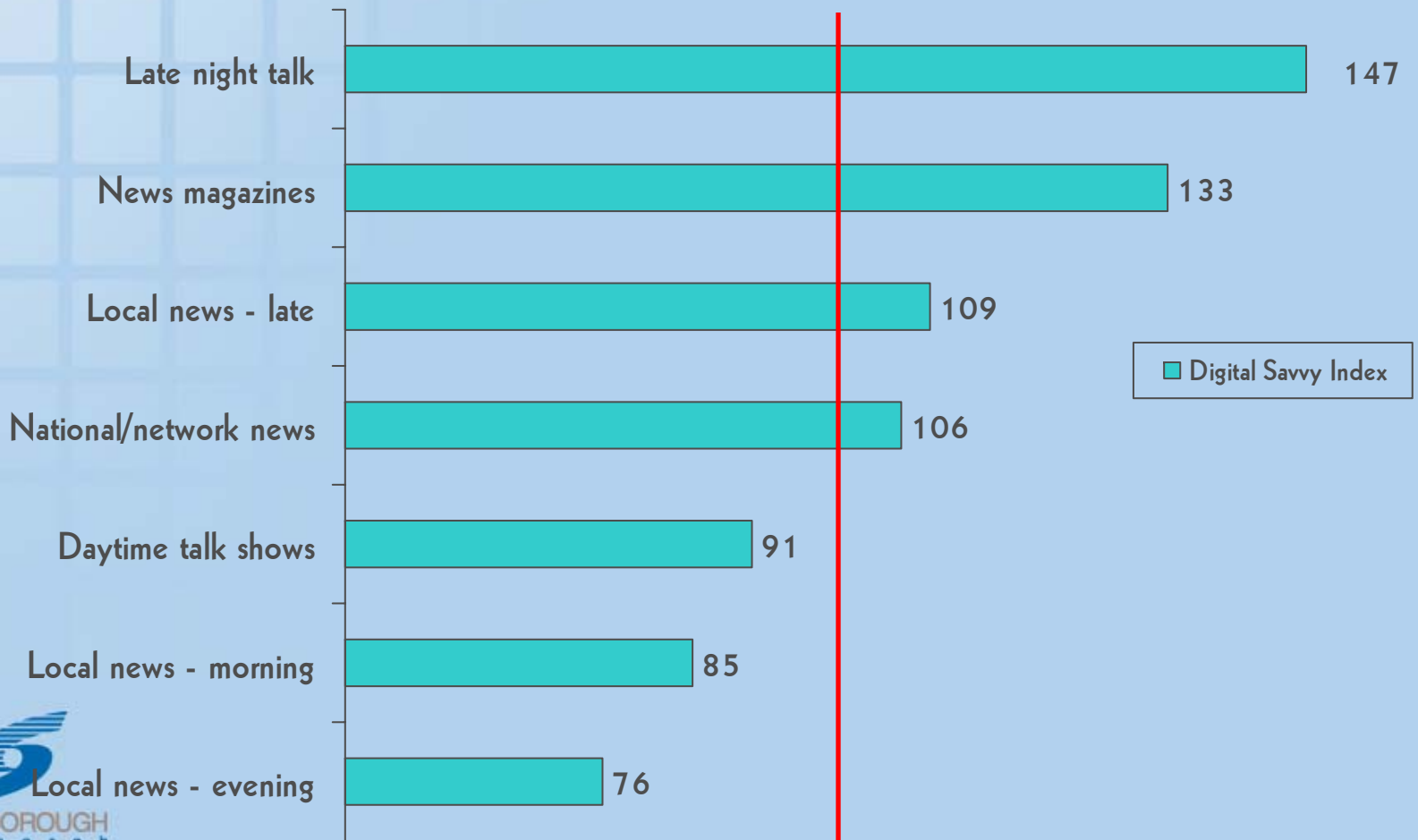


Source: Scarborough USA+ Release 1, 2007 (August 2006 – March 2007)

Cable networks/stations (non-premium) watched past 7 days

# News/Talk Broadcast TV Genres Viewed, Past 7 Days

The Digital Savvy are More Likely to Tune into News and Talk Shows at Night



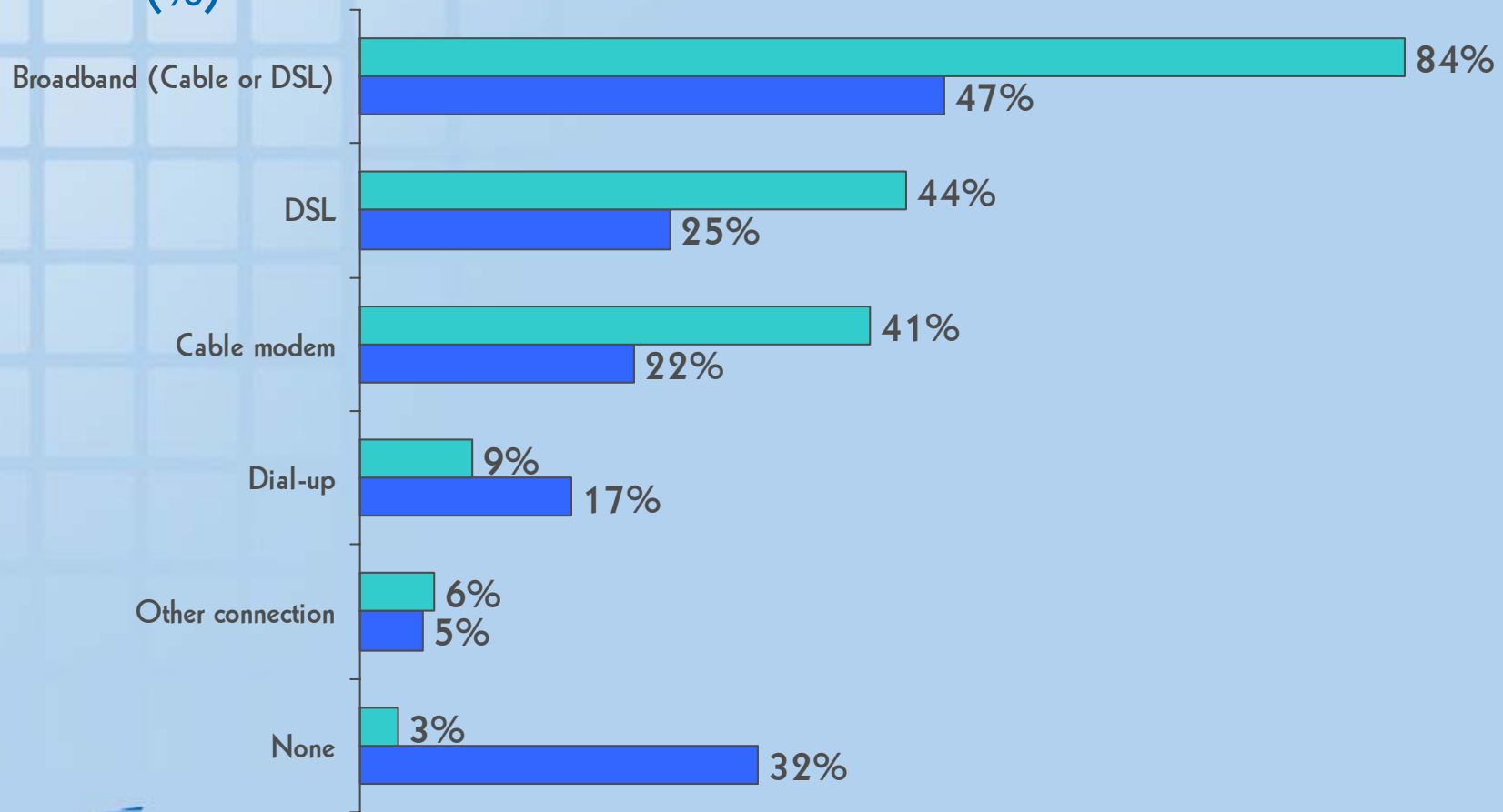
Local. Regional. National.

Source: Scarborough USA+ Release 1, 2007 (August 2006 – March 2007)

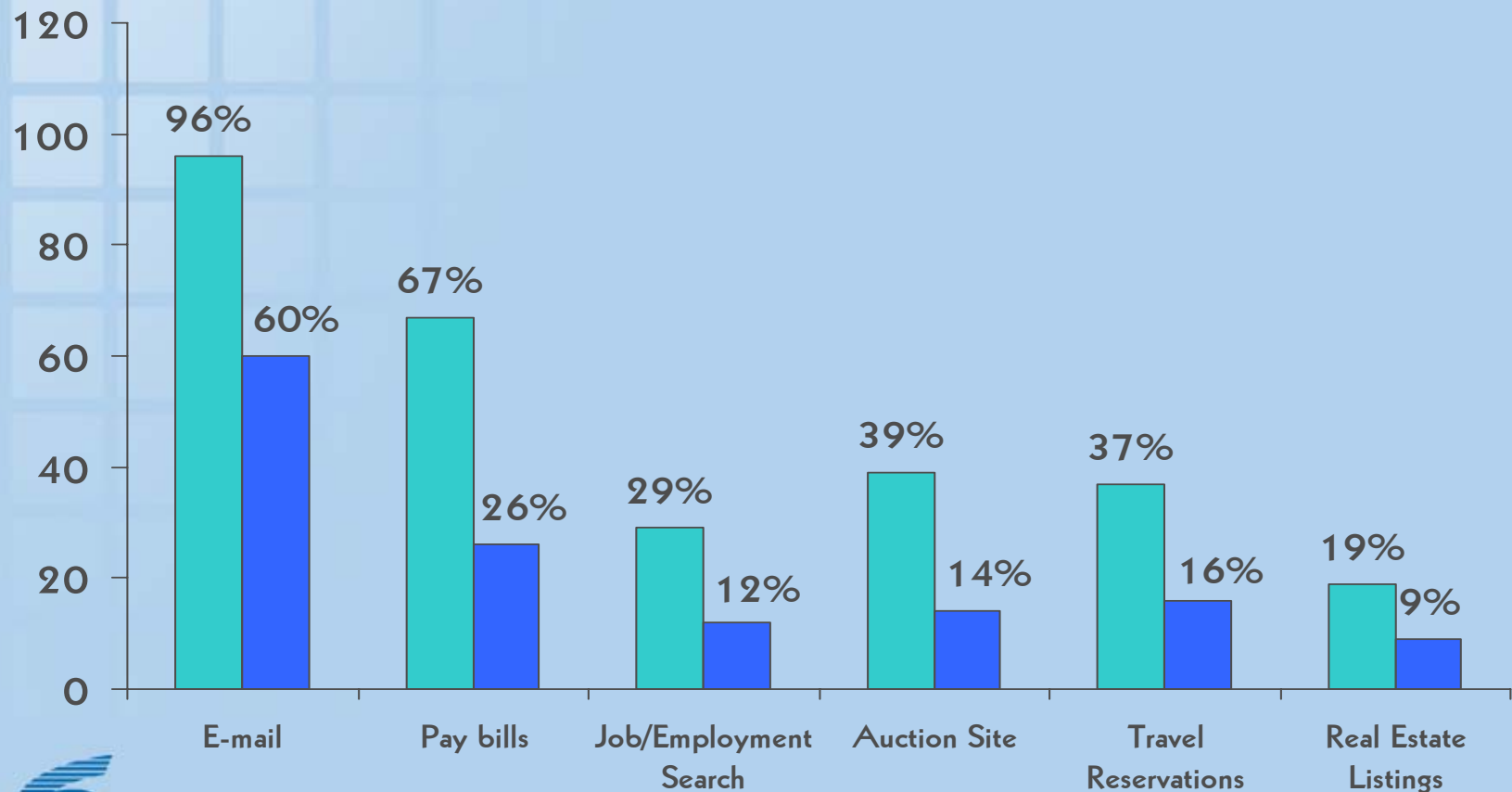
# Digital Savvy and the Internet

# Type of Internet Connection in HHL D

(%)

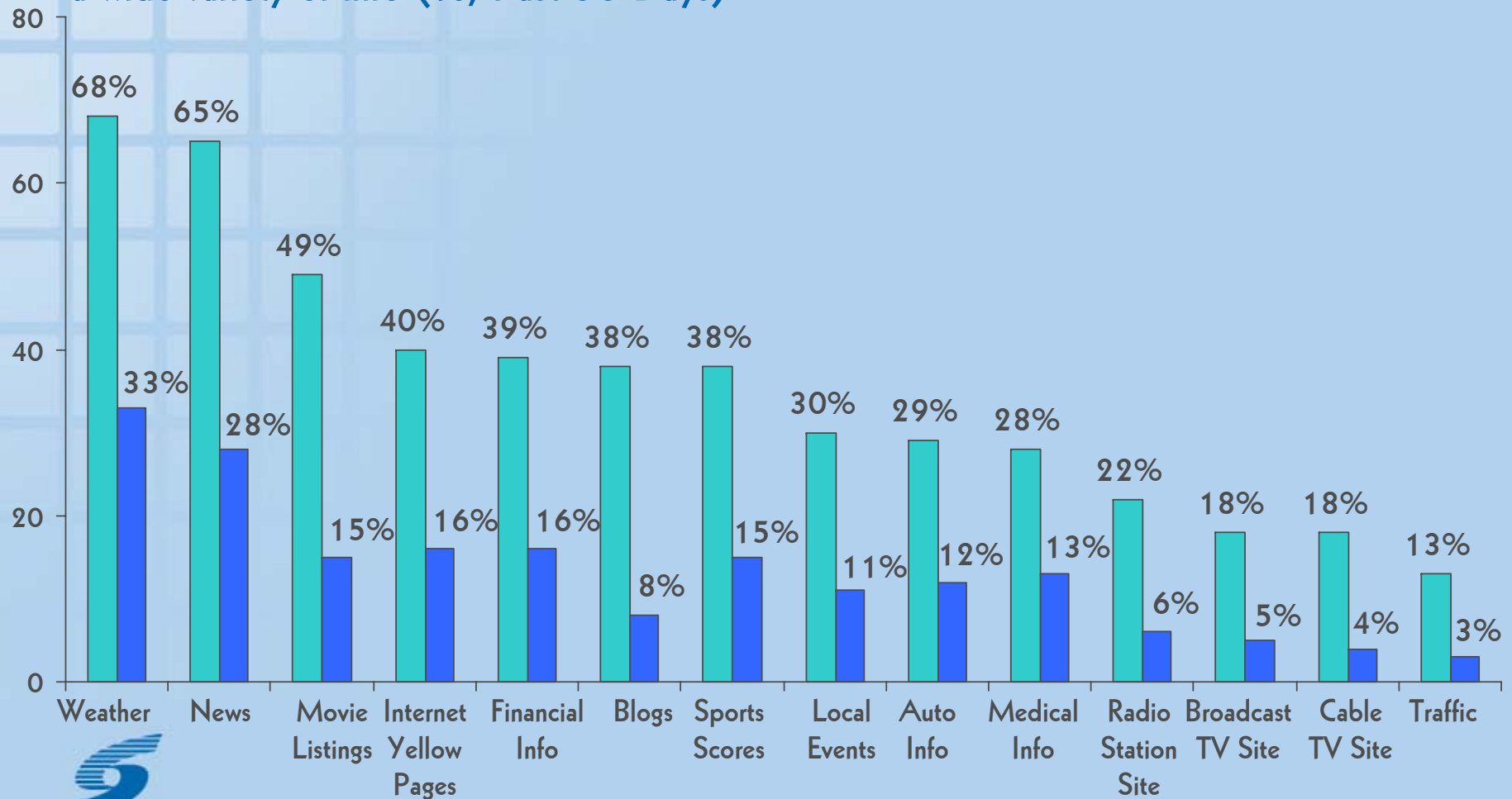


# Ways Online Services Used: Household/Personal Tasks & Consumer Shopping



# Ways Online Services Used: News & Information

From weather & news to the Yellow Pages and sports scores, the Digital Savvy go online for a wide variety of info (% , Past 30 Days)

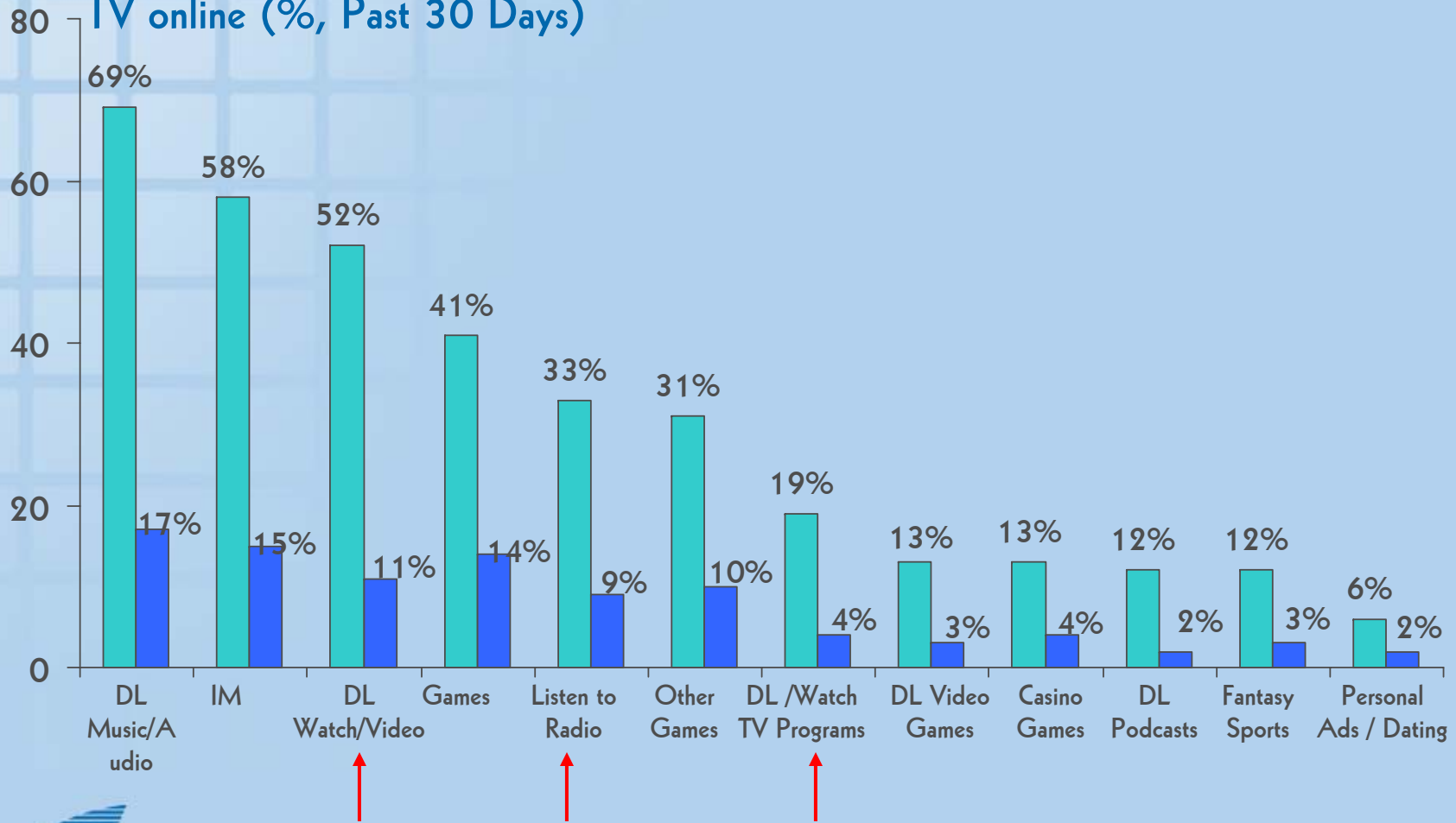


Legend: Digital Savvy (teal bar), Total Pop (blue bar)

Source: Scarborough USA+ Release 1, 2007 (August 2006 – March 2007)

# Ways Online Services Used: Entertainment

The Digital Savvy are heavy downloaders of music and video – they also watch TV online (% , Past 30 Days)

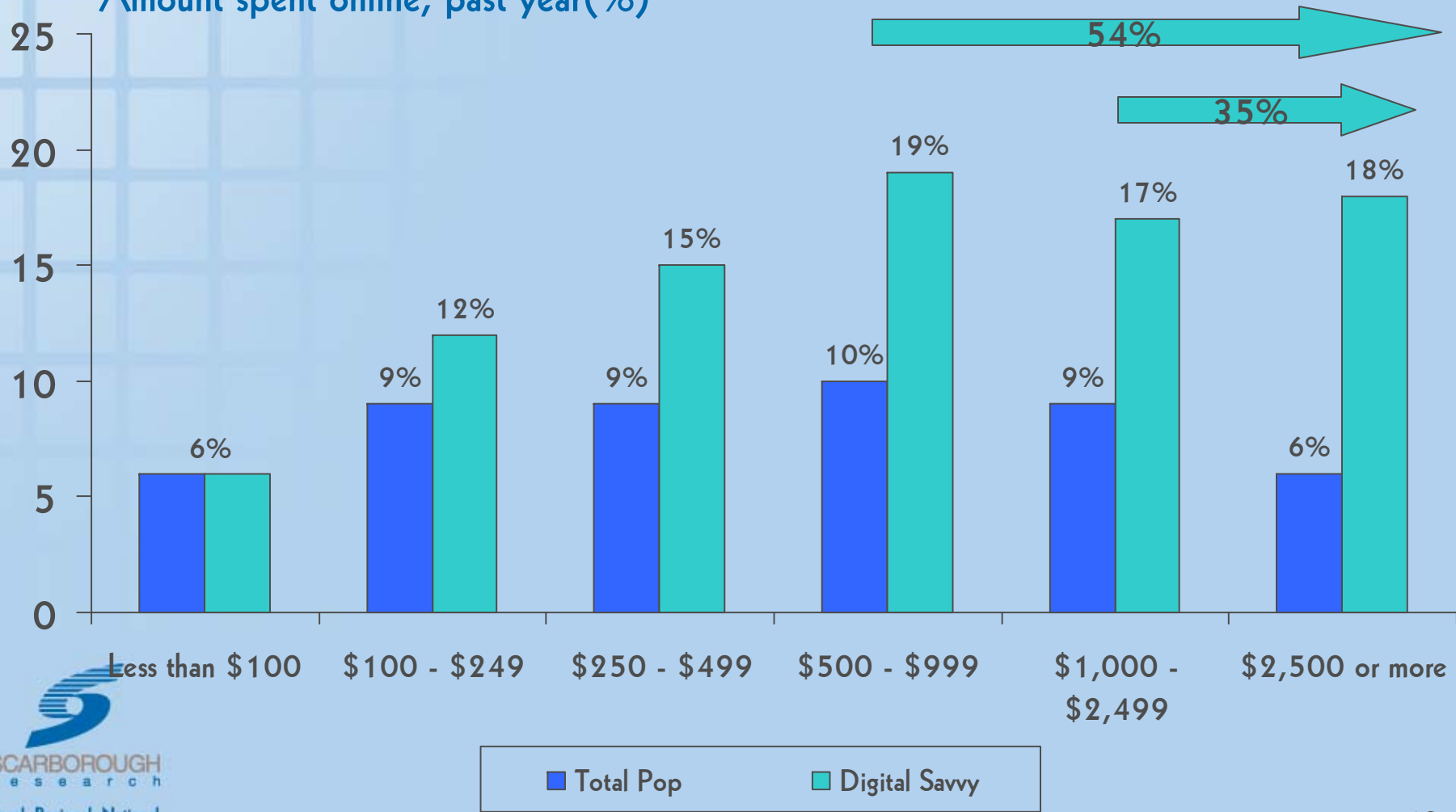


Legend: Digital Savvy (teal bar), Total Pop (blue bar)

Source: Scarborough USA+ Release 1, 2007 (August 2006 – March 2007)

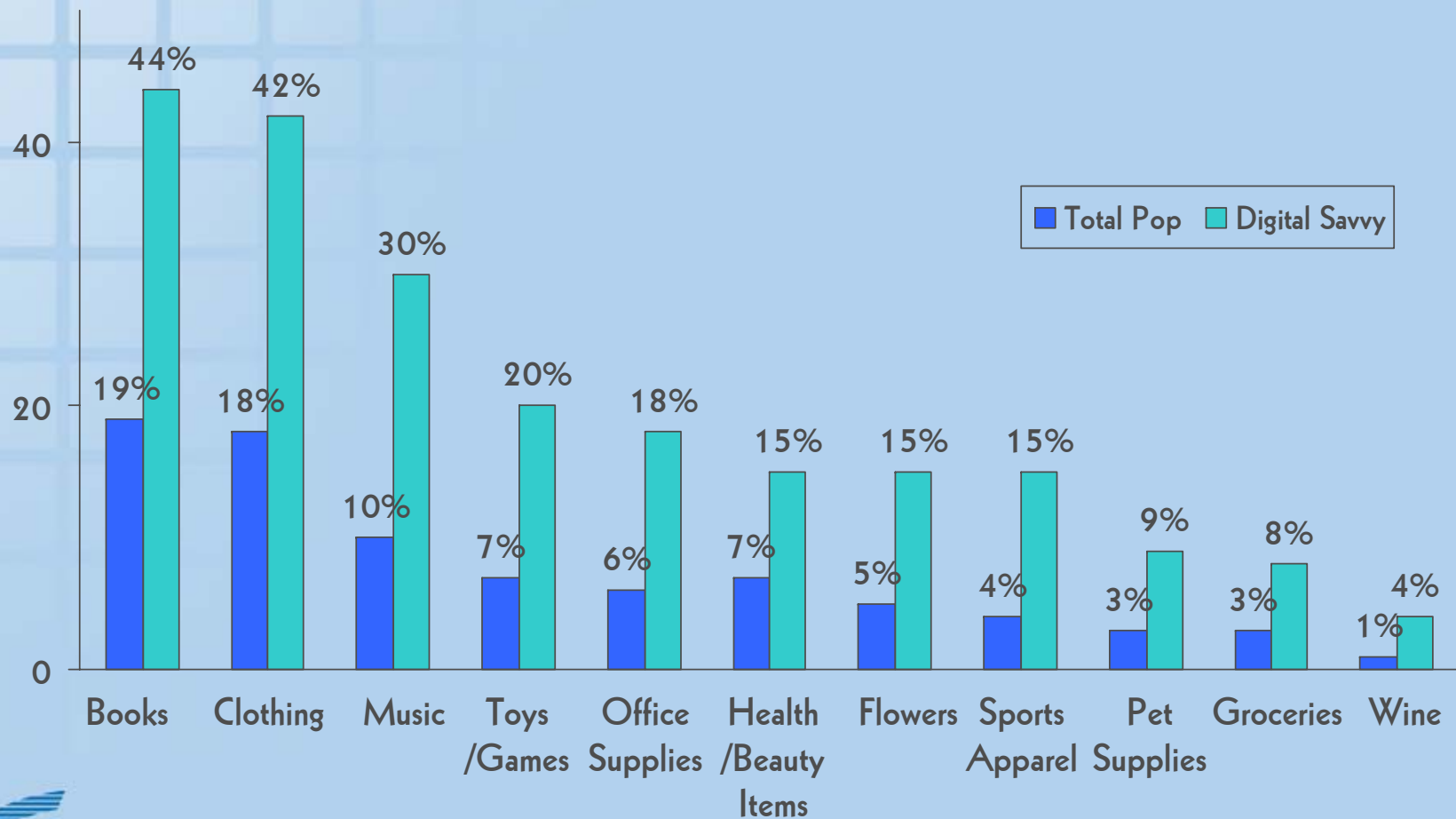
# Digital Savvy are Heavy Online Spenders...

Amount spent online, past year(%)

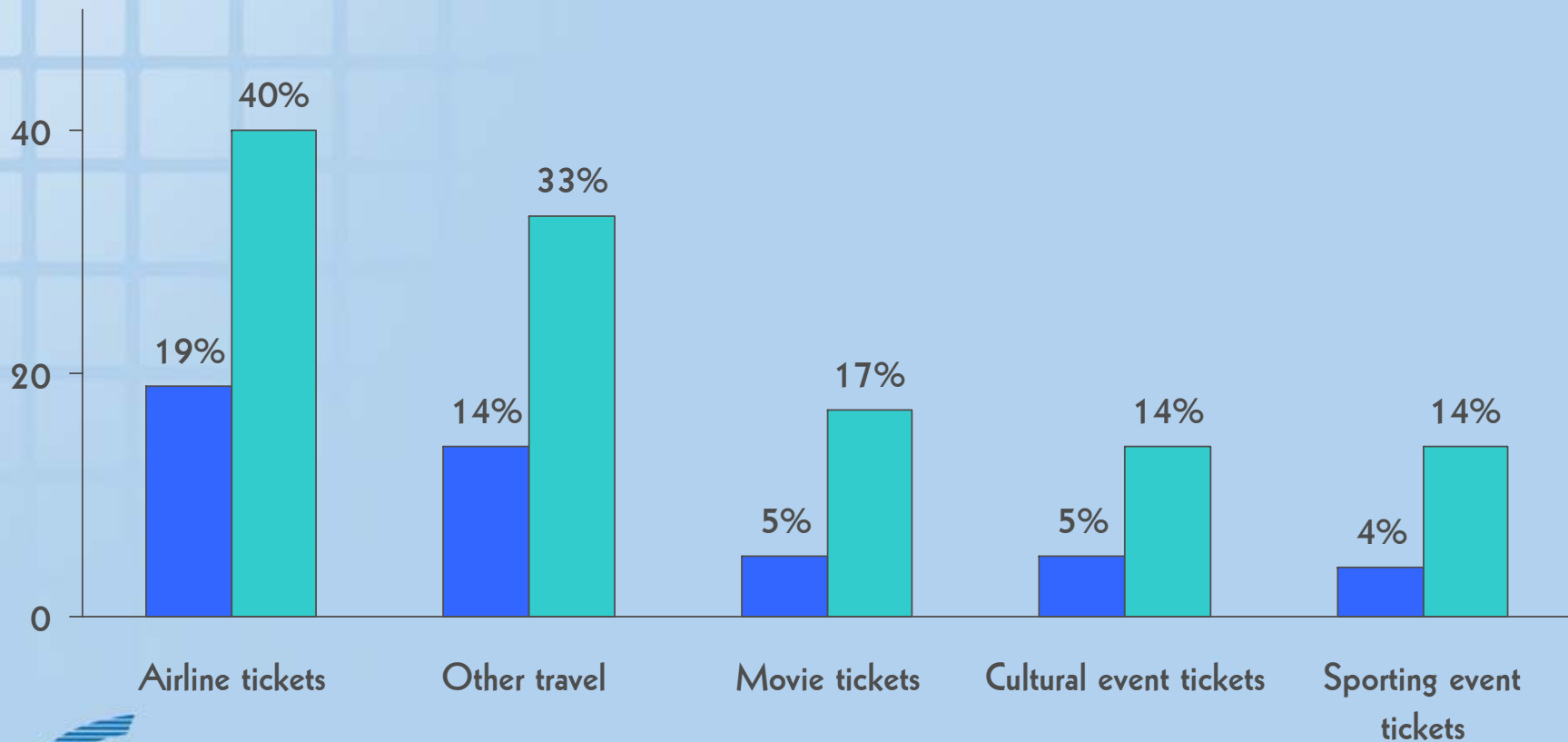


# ...Across Many Categories

Retail Items Bought Online, Past 12 Months (%)

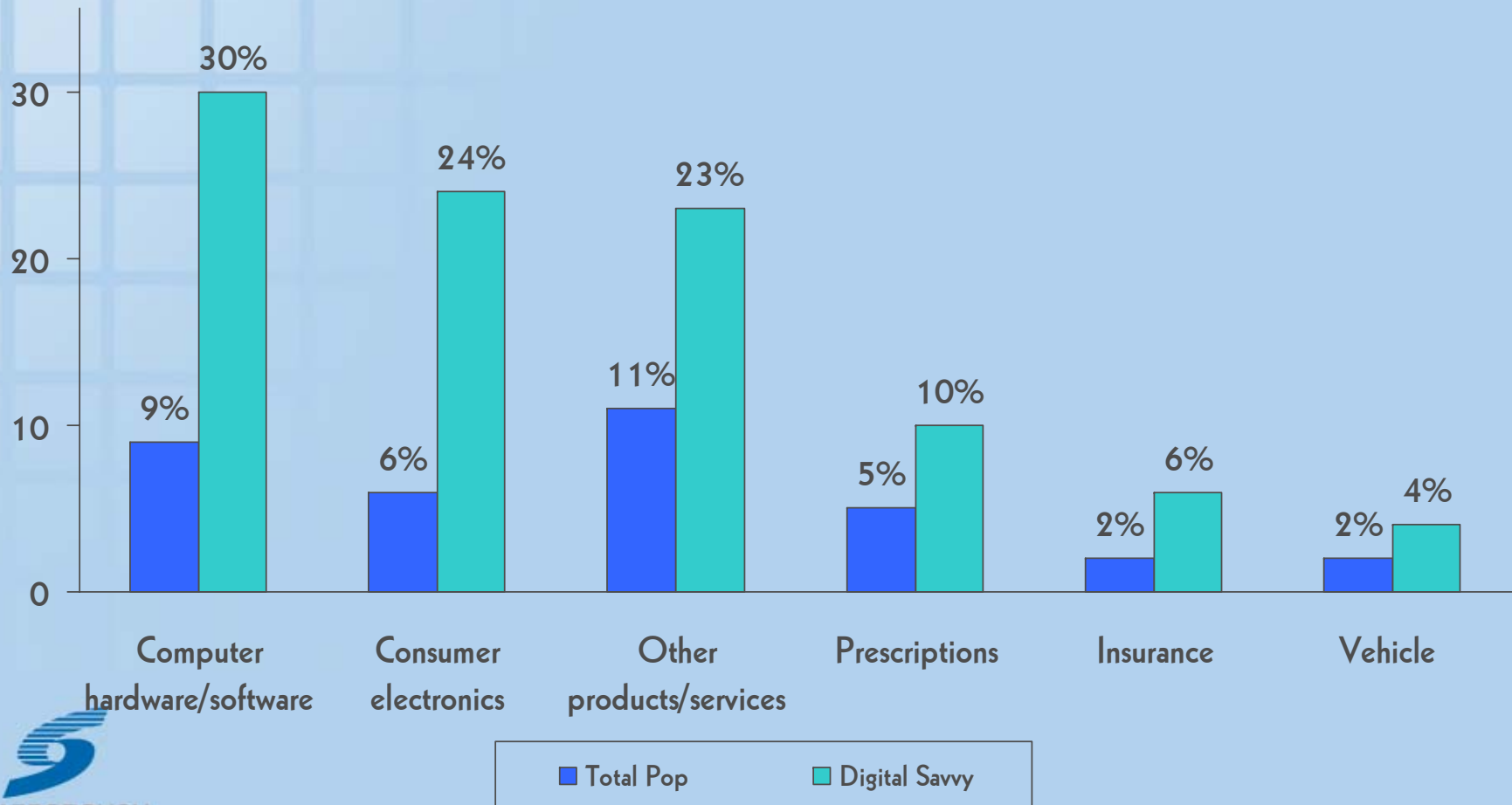


# Entertainment/Travel Bought Online, Past 12 Months (%)

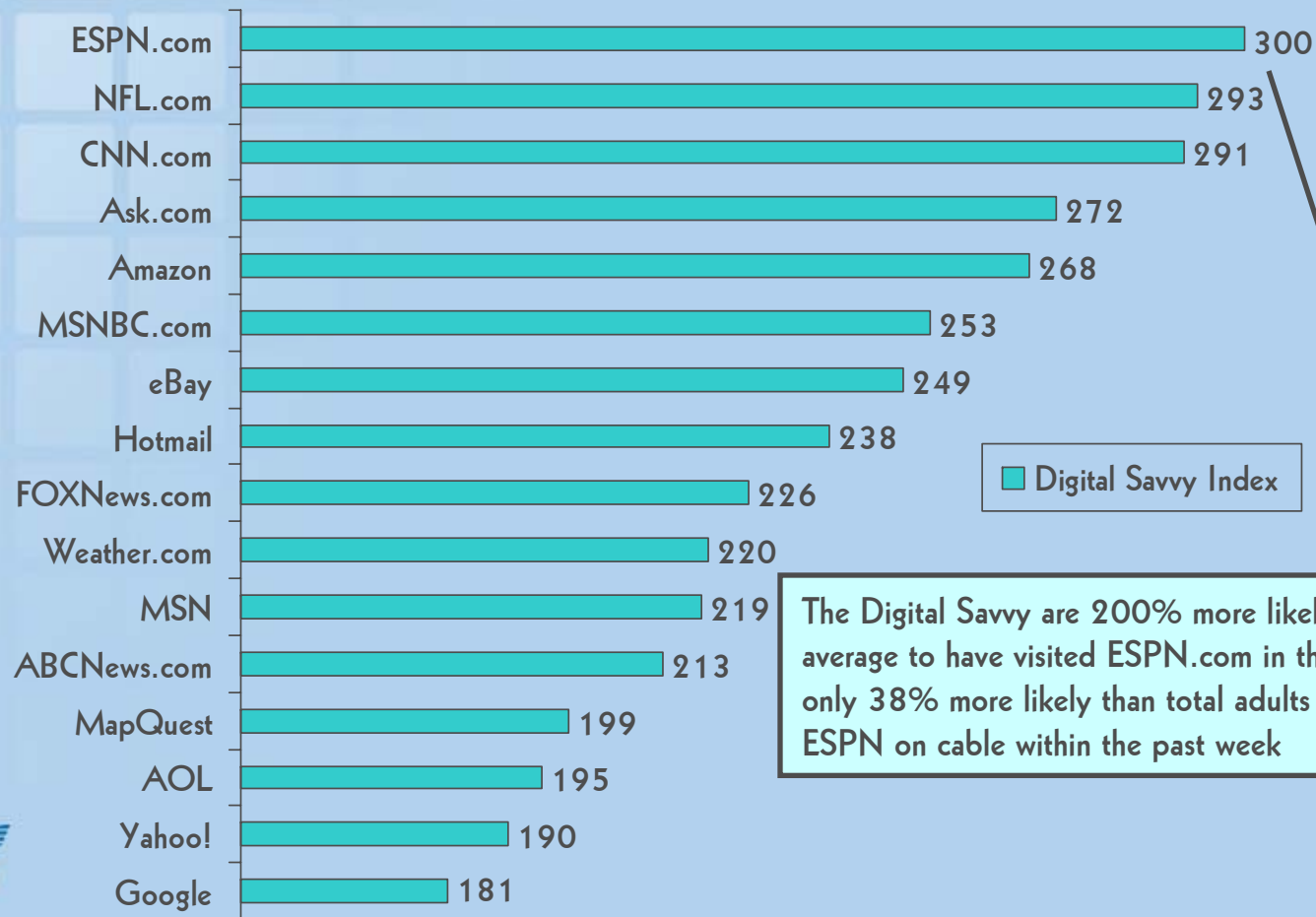


# Household Items Bought Online, Past 12 Months

(%)



# Sites Visited Past 30 Days



The Digital Savvy are 200% more likely than the national average to have visited ESPN.com in the past month, but only 38% more likely than total adults to have watched ESPN on cable within the past week

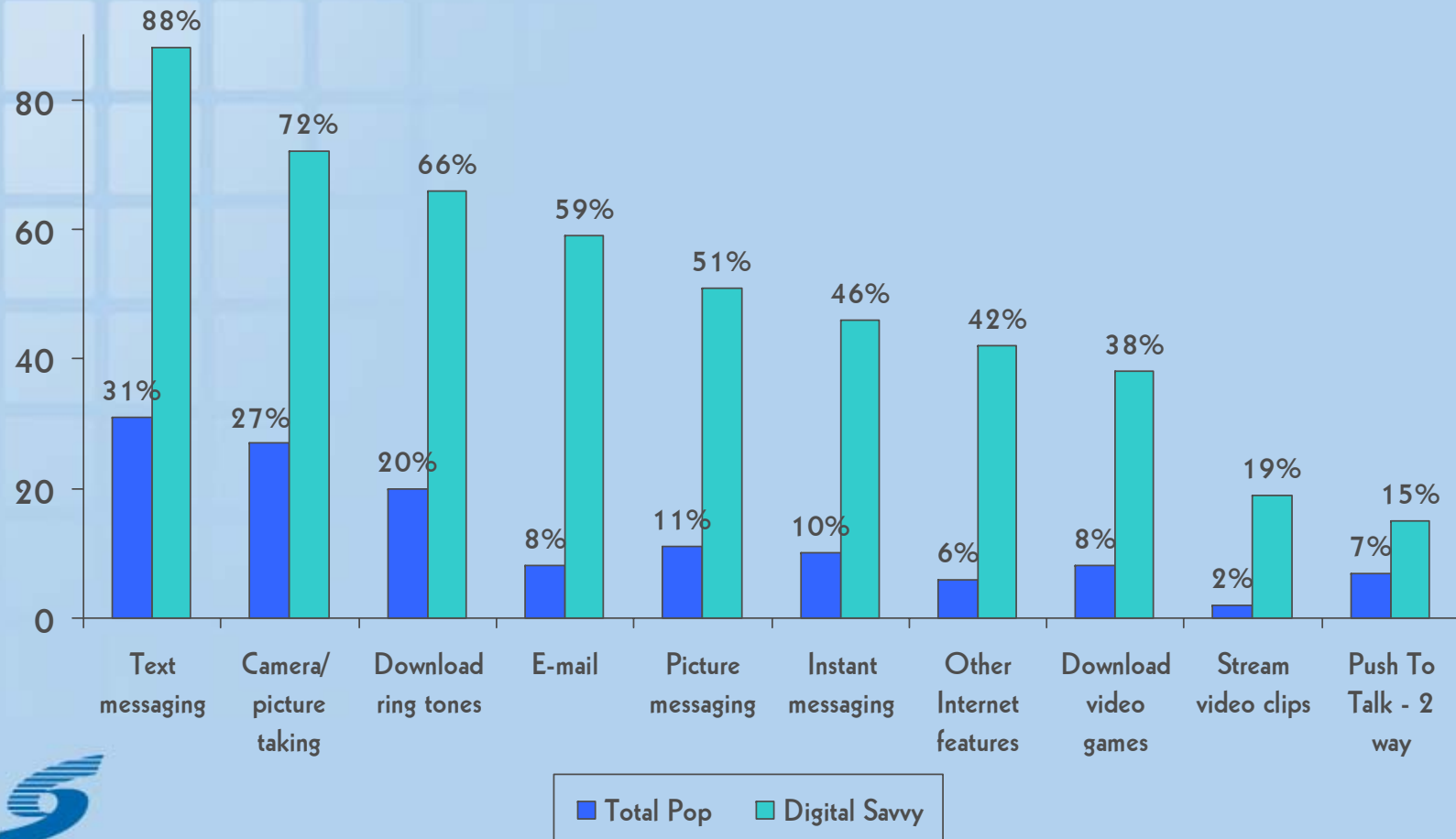


Subsection of the 'Sites Visited Past 30 Days' category in Scarborough's database

Source: Scarborough USA+ Release 1, 2007 (August 2006 – March 2007)

# The Digital Savvy Use their Cell Phones Extensively for Communication and Information

Wireless/Cell Phone features currently use

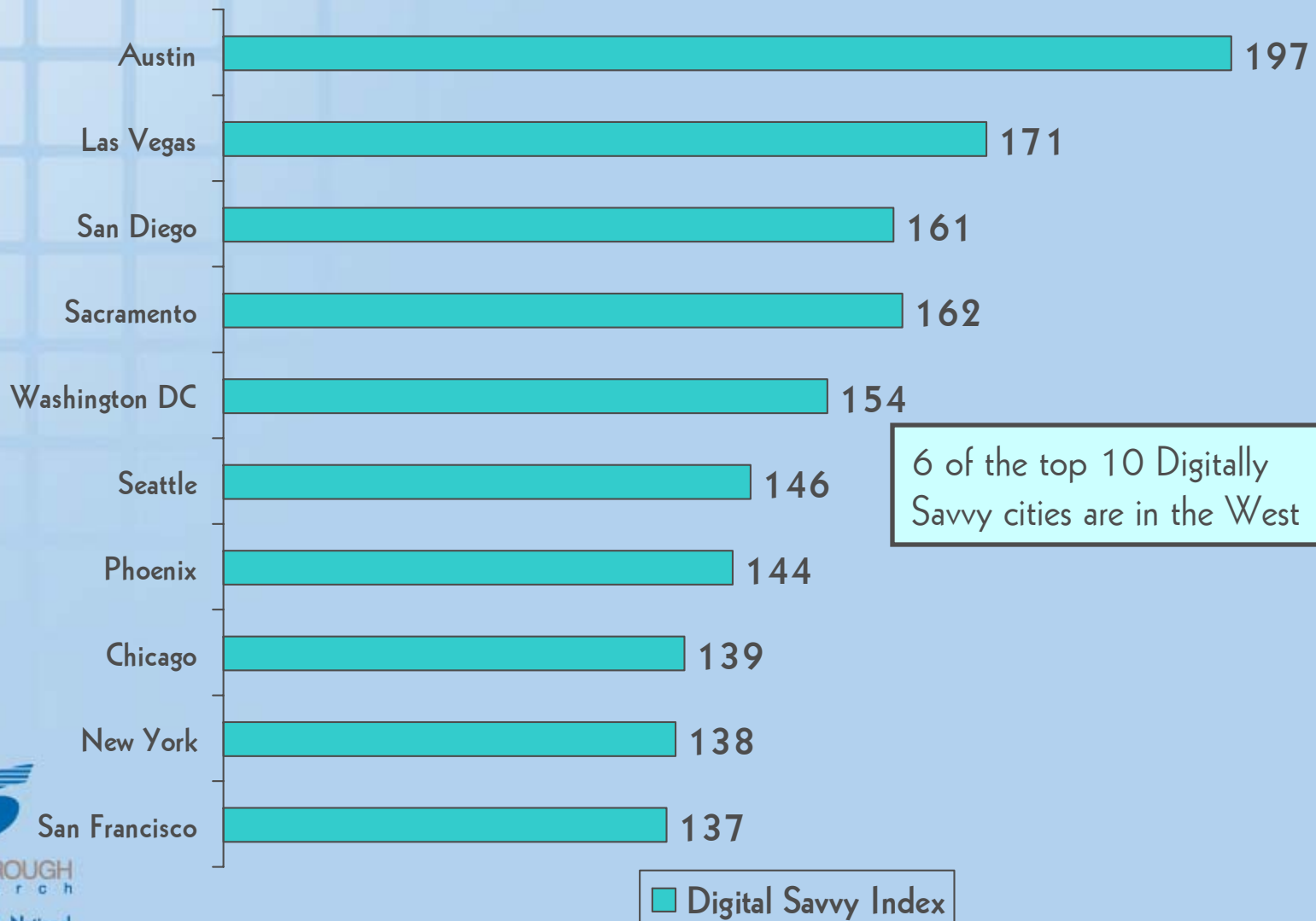


# What Else Do We Know About the Digital Savvy?

LOCALISM, RETAIL, POLITICS

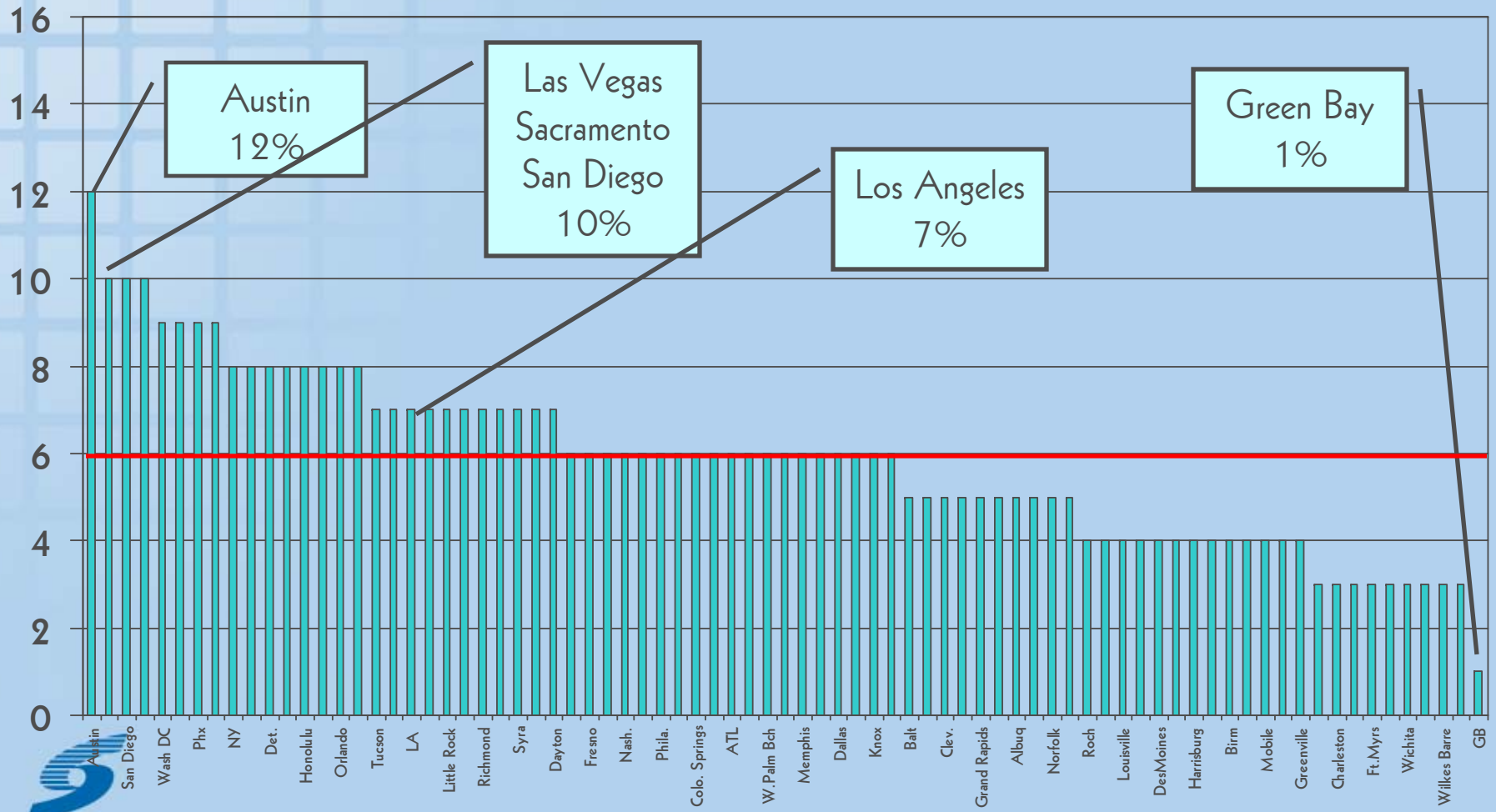
# The Digital Savvy Skew Locally

Top-10 Digital Savvy Cities (DMAs, Index)



# Digital Savvy Consumers Across Markets

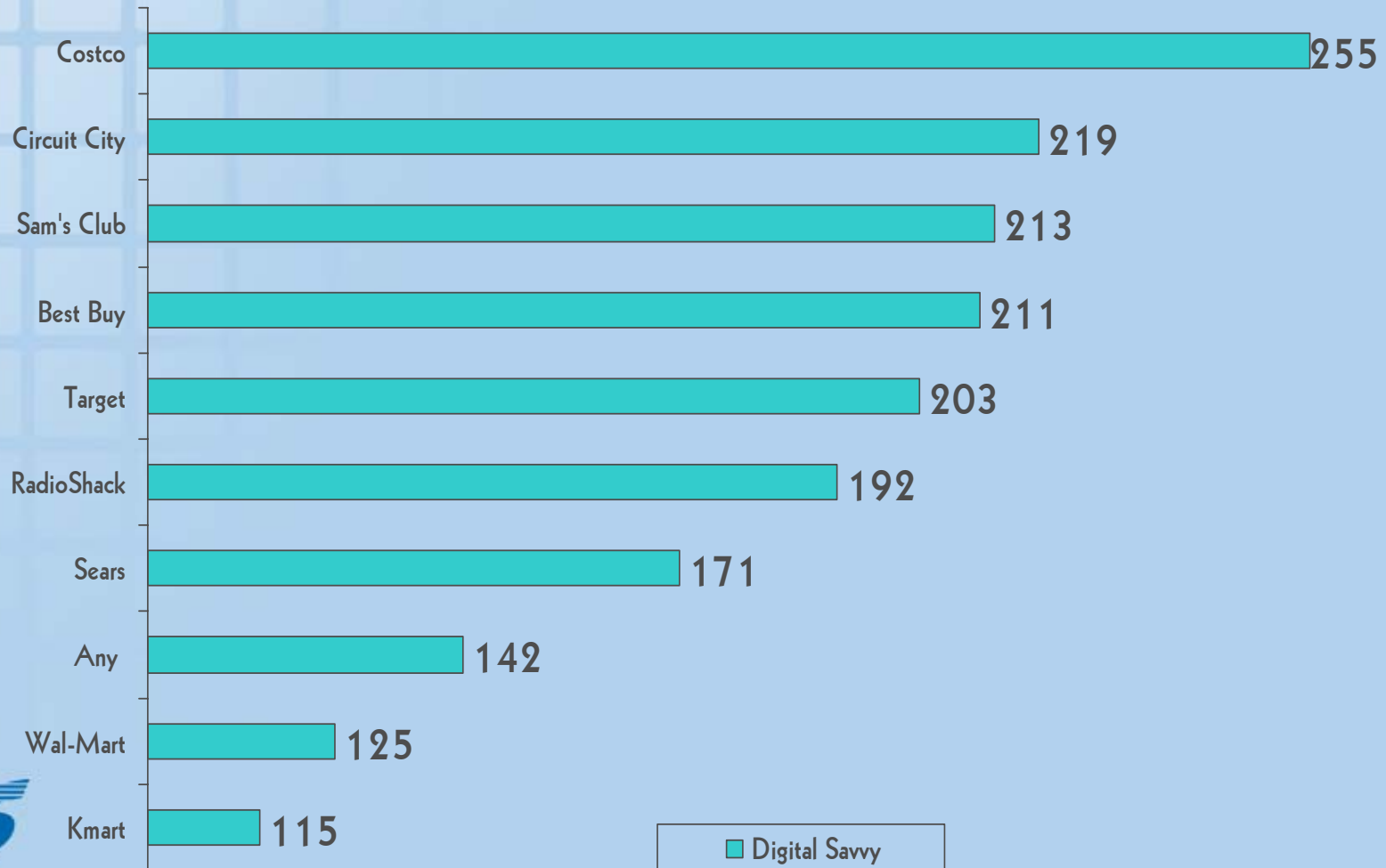
6% of all adults are Digital Savvy (DMAs / %)



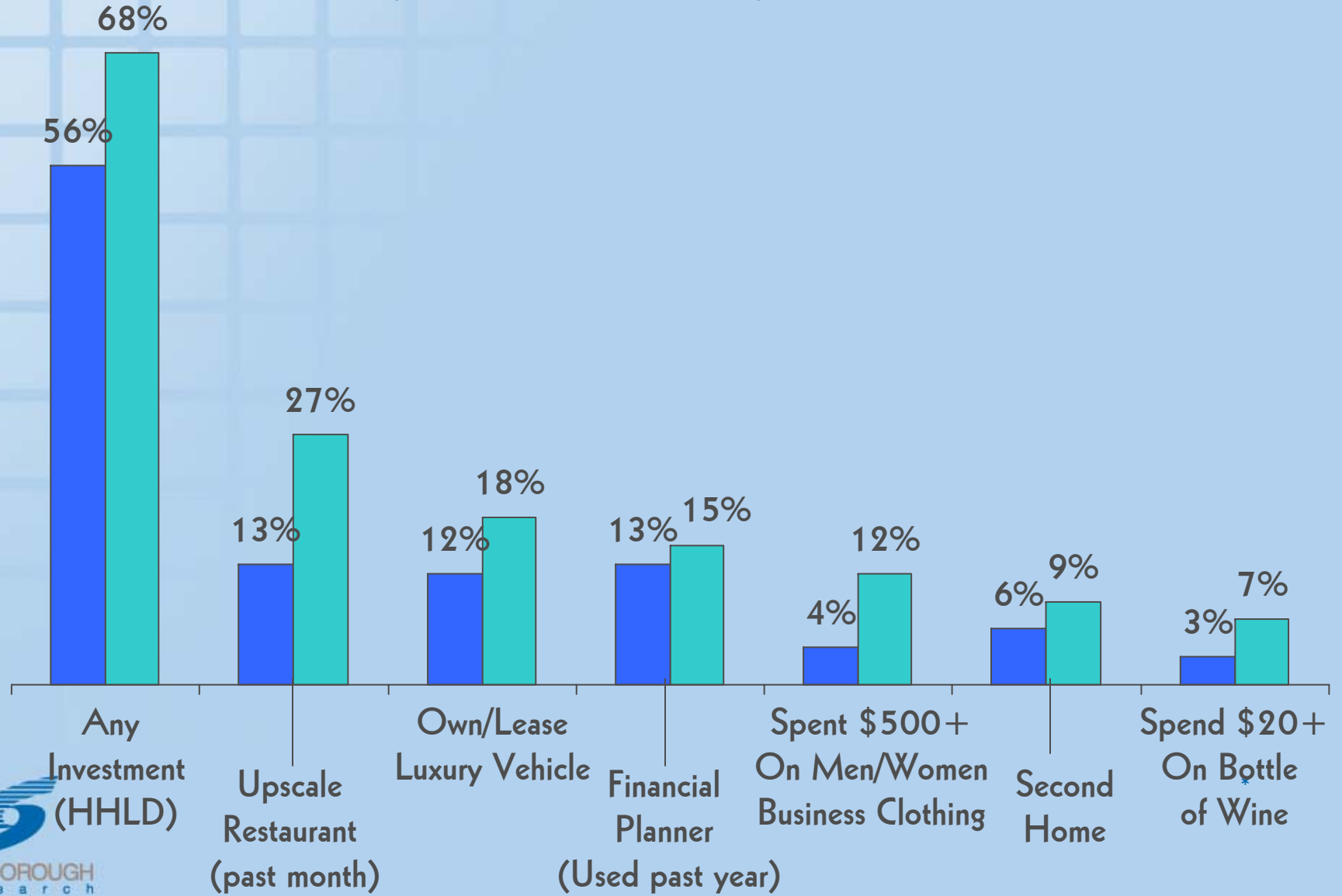
Source: Scarborough USA+ Release 1, 2007 (August 2006 – March 2007)

# Audio / Video Stores Bought Past Year

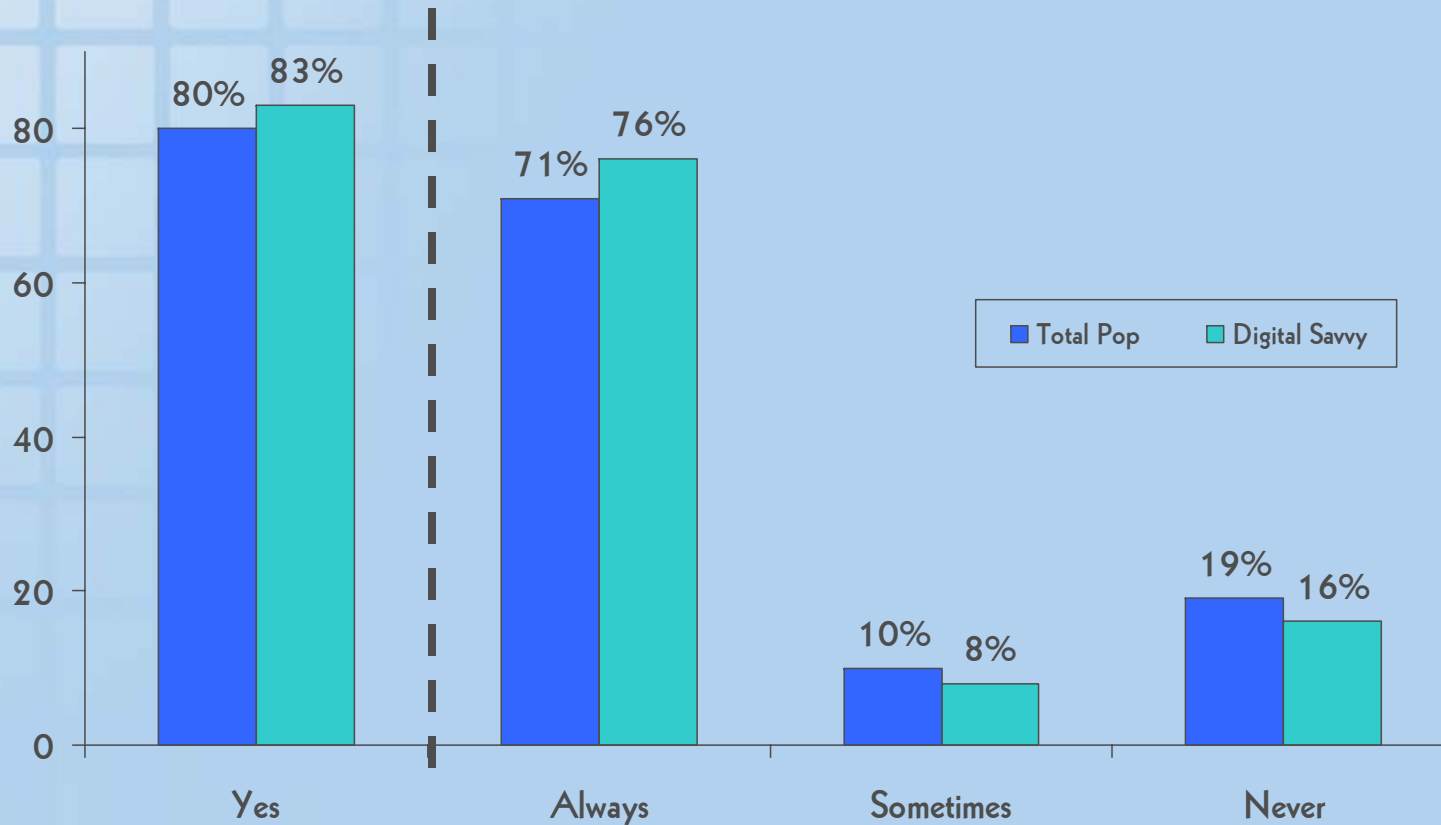
Wholesalers are popular A/V stores among the Digital Savvy



# Digital Savvy are Luxury Consumers



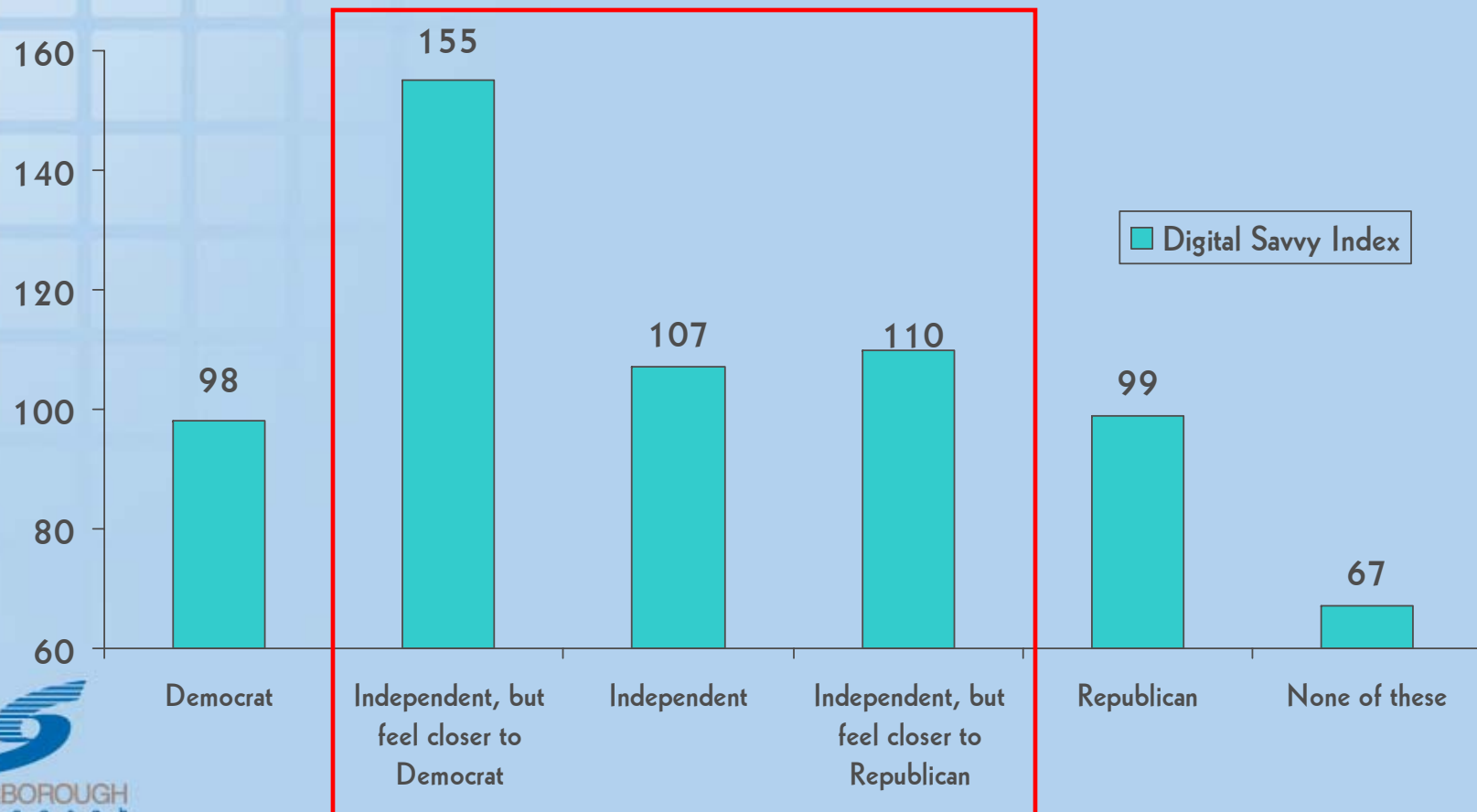
# Digital Savvy Have Slightly Above Average Political Participation (%)



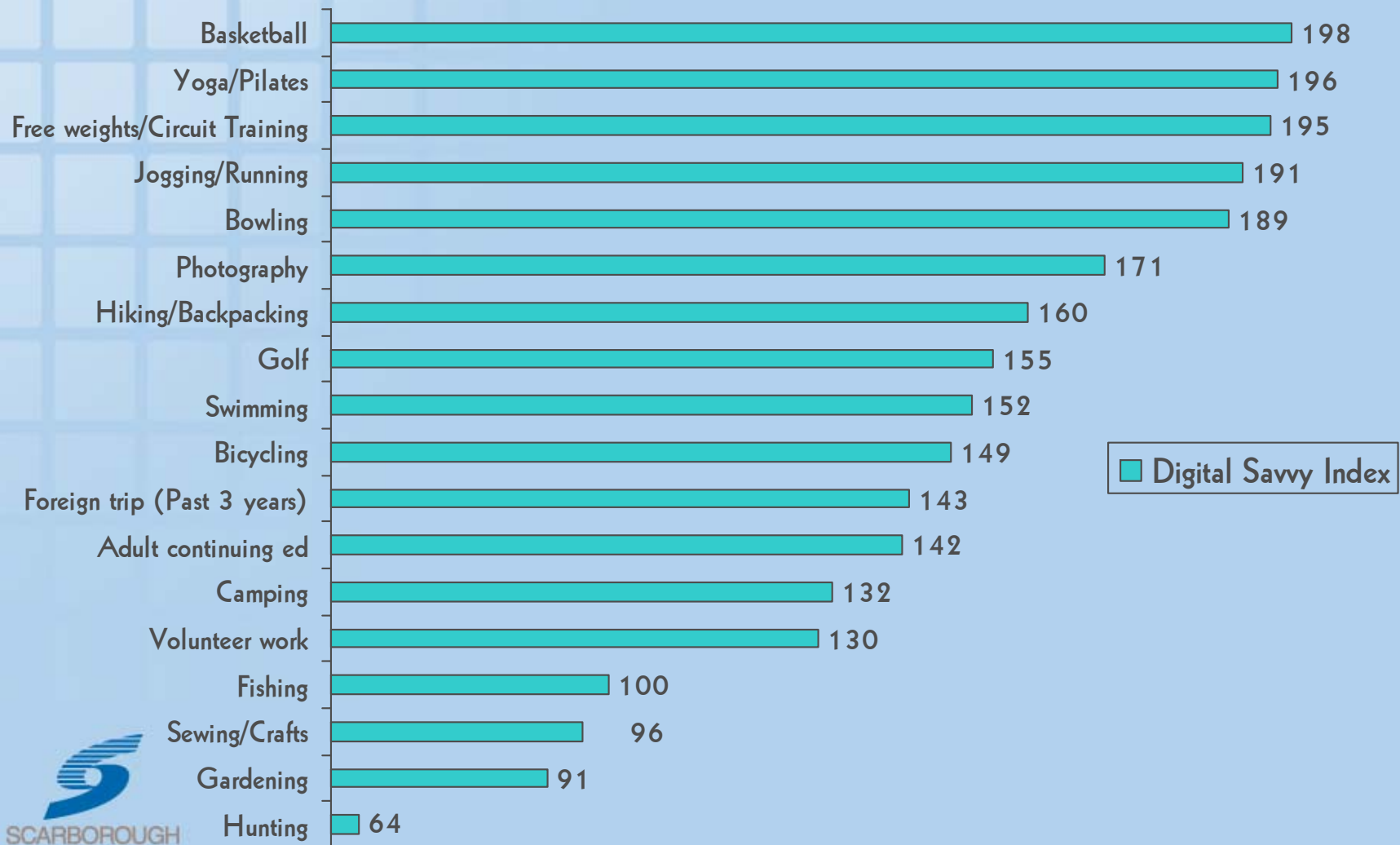
Registered to vote  
in district of residence

How often usually vote in  
presidential elections

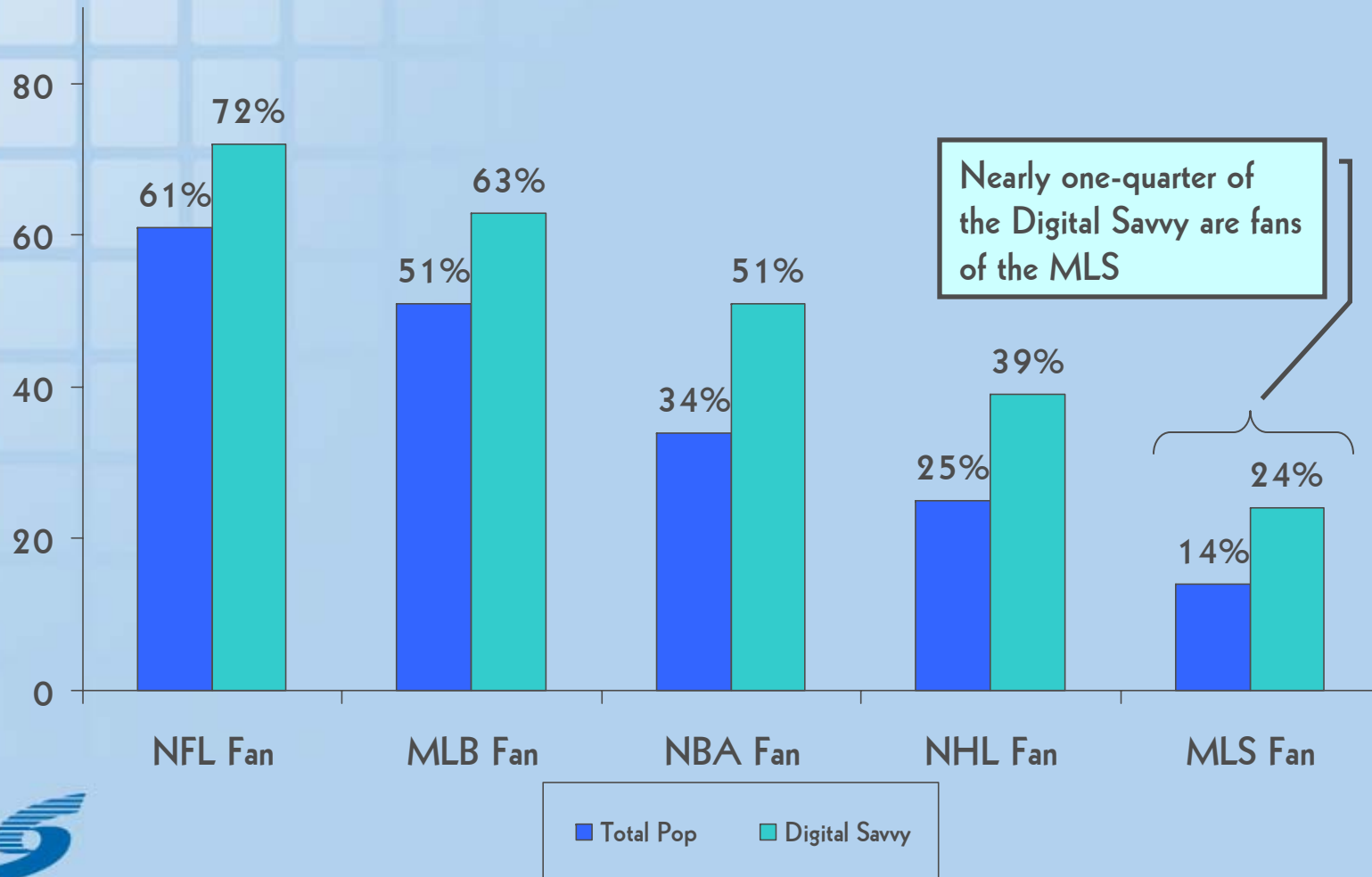
# Digital Savvy are More Likely to Be Independent



# The Digital Savvy are Active and Athletic



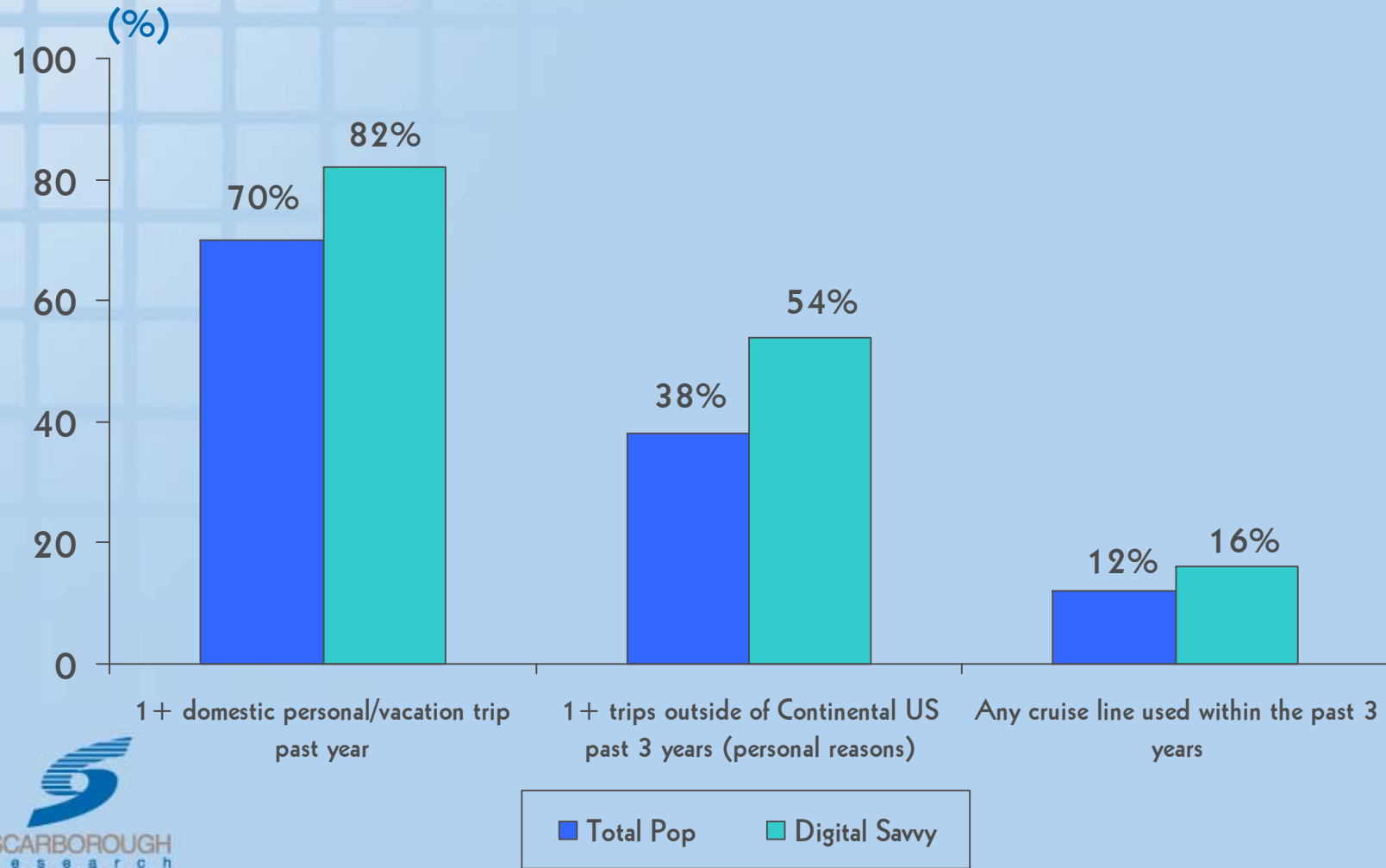
# Digital Savvy are More Likely to be Fans Across Sports Leagues (%)



Fan = Very, Somewhat or a Little Bit interested in the respective league

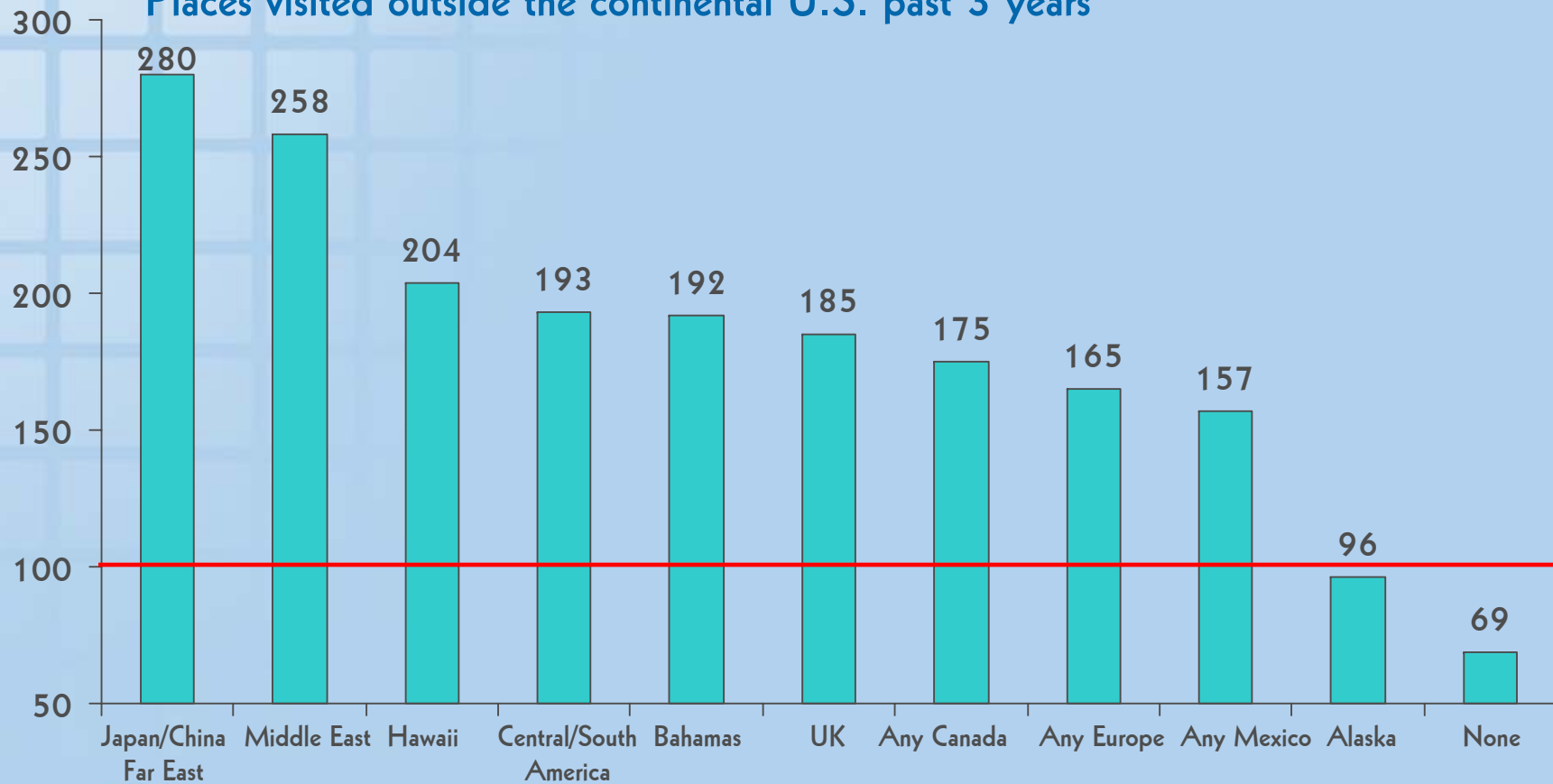
Source: Scarborough USA+ Release 1, 2007 (August 2006 – March 2007)

# Digital Savvy are More Likely to be Travelers...



# ...And to a Variety of Interesting Destinations!

Places visited outside the continental U.S. past 3 years

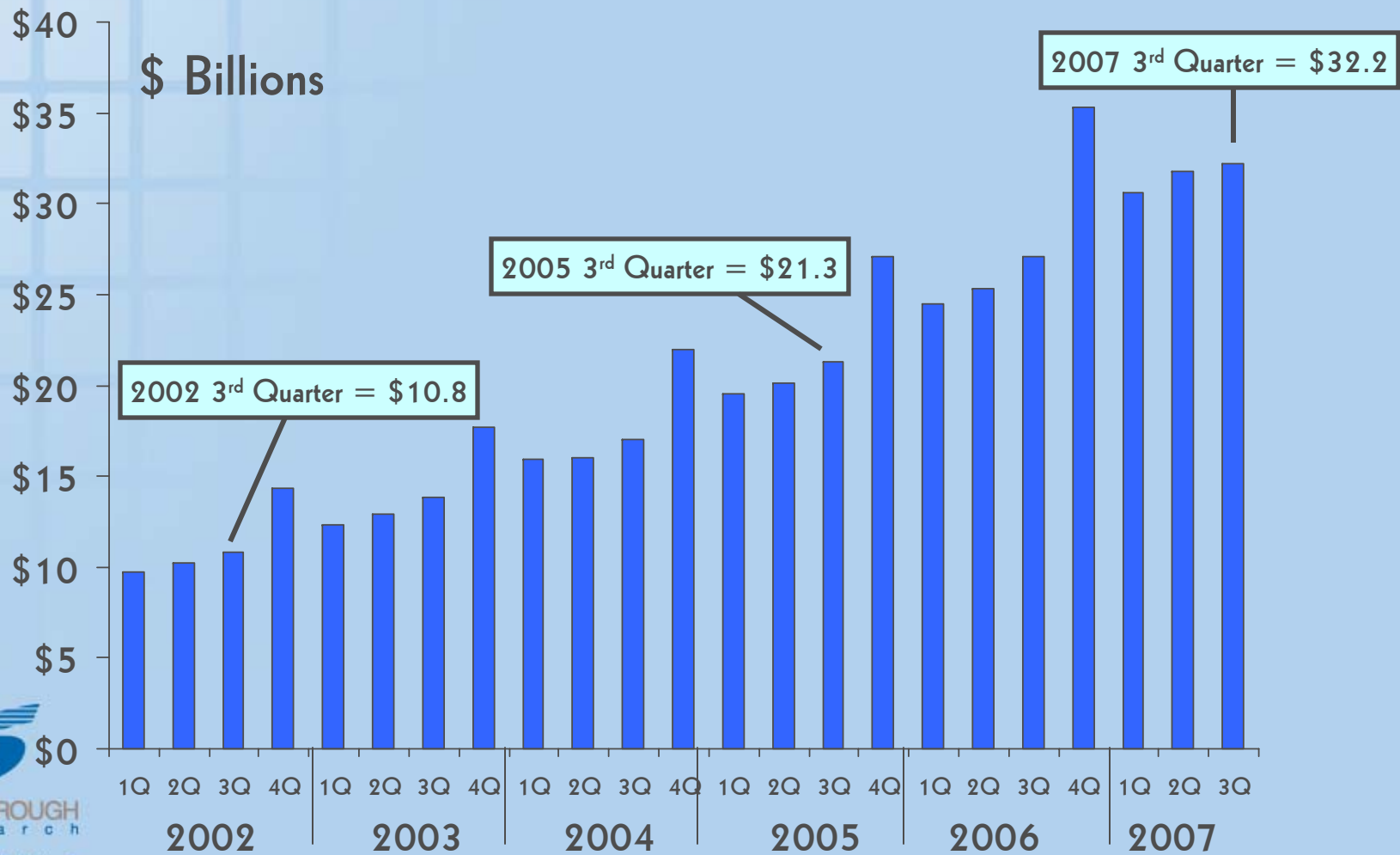


# Conclusions & Implications

# The Digital Savvy are More Likely to Be:

- Male
- Young
- Affluent
- Single or Married with Children
- Entrepreneurial, Business Decision Makers
- In the West (geographically)
- Travelers / Vacationers
- Hungry for Information; Look for it Online
- Heavy, Diverse Online Spending
- On-the-go, Rely on Cell Phones for Communication / Info
- Light Traditional TV Viewers, but Download TV / Video Programs Online
- Heavier Radio Listeners
- Politically Independent
- Active & Athletic

# US Dept. of Commerce Reported eCommerce by Quarter 2002-2007



# Conclusions

- As online spending continues to rise, the Digital Savvy are becoming a more important group to monitor
- They are heavy online spenders and are at the cutting edge of eCommerce
- Distinct Shopping Preferences
  - Luxury shoppers, Spend a lot of money online, Shop wholesalers for tech goods
  - As online shopping increases, price comparisons may become more mainstream
- The Digital Savvy have a desirable skew and a more elusive demographic profile
  - Younger, Male, More Affluent, Decision Makers
- Digital Savvy consumers are strongly acclimated to the Internet
  - For information
  - For goods & services
  - For communication

# Conclusions

- They are engaging with content across platforms, and their mix may be changing
  - Internet
  - Phone
  - Traditional Media
- Digital Savvy may be fueled by:
  - Working from Home
  - Out-Of-Home Lifestyle
  - Children
  - Affluence
  - Increase in Cell Phone Usage
  - Perceived Benefits of Online Shopping

# Conclusions

- Media brands should continue to expand into digital platforms
  - Online, cellular/wireless
- In developing marketing and media strategies, marketers should consider:
  - The desirable profile of the digital savvy, who can be disproportionately reached in emerging digital platforms
  - The impact of “NOW”, since the internet and cellular devices are platforms in which consumers can see marketing messages AND make purchases
  - Retailers should take advantage of the on-the-go nature of the Digital Savvy: Reach Digital Savvy with messages based on situational aspects of cell phone usage

# THANK YOU

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