

# Understanding the Digital Savvy Consumer

An analysis of the country's most high-tech consumers: where they live, who they are, what they buy and what they watch/listen to/read

May, 2008

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# Honing in on the Digital Savvy Consumer

Creating the Digital Savvy Analysis

# How the Digital Savvy Segmentation was Created

Scarborough Research ([www.scarborough.com](http://www.scarborough.com)), a consumer and media research firm, created a special segmentation using its syndicated national study (Scarborough USA+) for the Digital Savvy analysis. Eighteen hi-tech consumer behaviors and purchasing patterns were identified and isolated within this national study. These behaviors included household ownership of certain hi-tech items (such as DVRs, satellite radio or VoIP); consumer likelihood to engage in certain Internet behaviors (including blogging, downloading music and online gaming); and usage of leading-edge cellular device features (email, text messaging, etc.). For each Scarborough USA+ respondent, the number of the 18 hi-tech characteristics they satisfied was tabulated. Those that had eight or more were classified as “Digital Savvy.”

Nationally, six percent of all consumers are classified as “Digital Savvy.” While this is a small segment of the population, it is an important one, as the first-mover consumer behaviors of the Digital Savvy today could become “the norm” tomorrow.

This section details how the Digital Savvy segmentation was created. For more information about Scarborough’s technology measurements, please see the “About Scarborough Research” section which begins on page 67.



# 18 Tech Behaviors Isolated for the Digital Savvy Analysis

## Items HHL D Owns

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

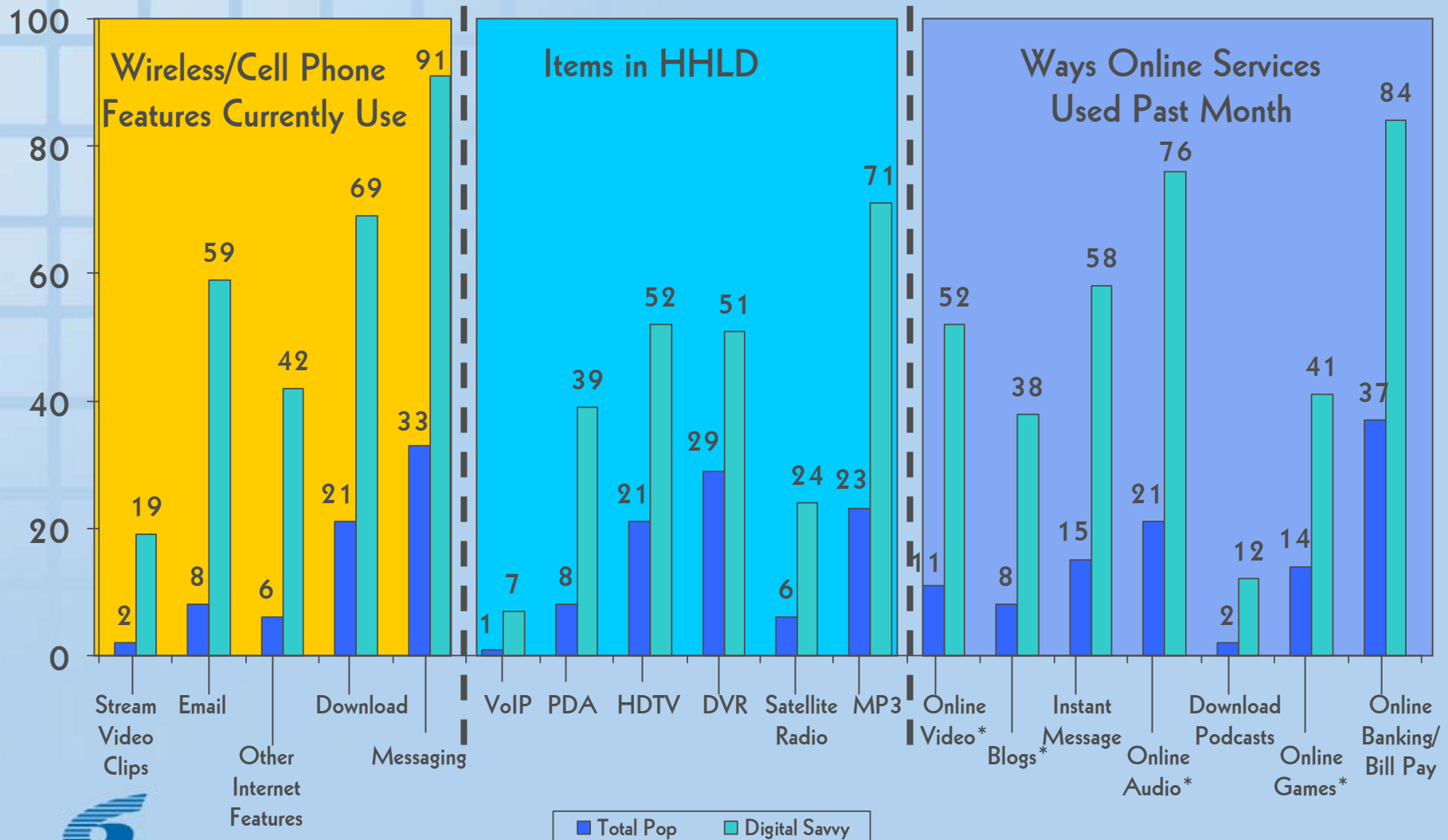
## Ways Used Internet Past 30 Days

- 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

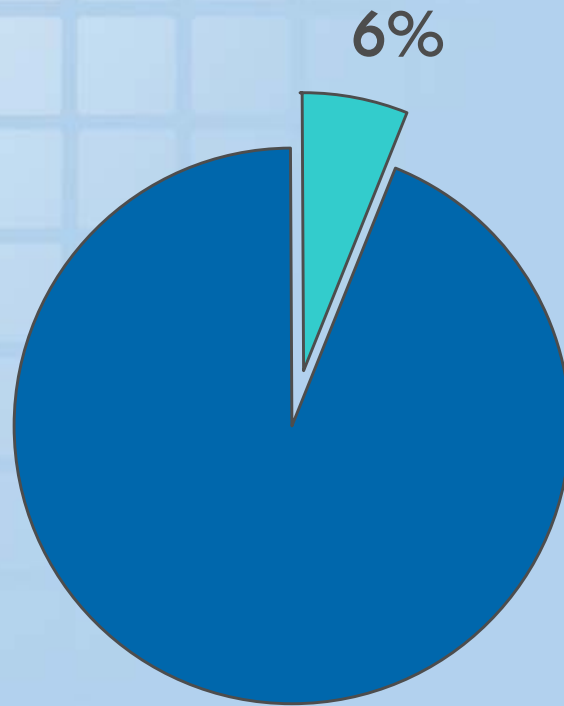
- Download Ring tones /video games (cell phone)
- Email (via cell phone)
- Messaging (Instant, Picture or Text via cell phone)
- Stream Video (via cell phone)
- Other Internet features (via cell phone)

# 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

# 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: 13.8 M adults
  - August 2006 – March 2007 measurement period

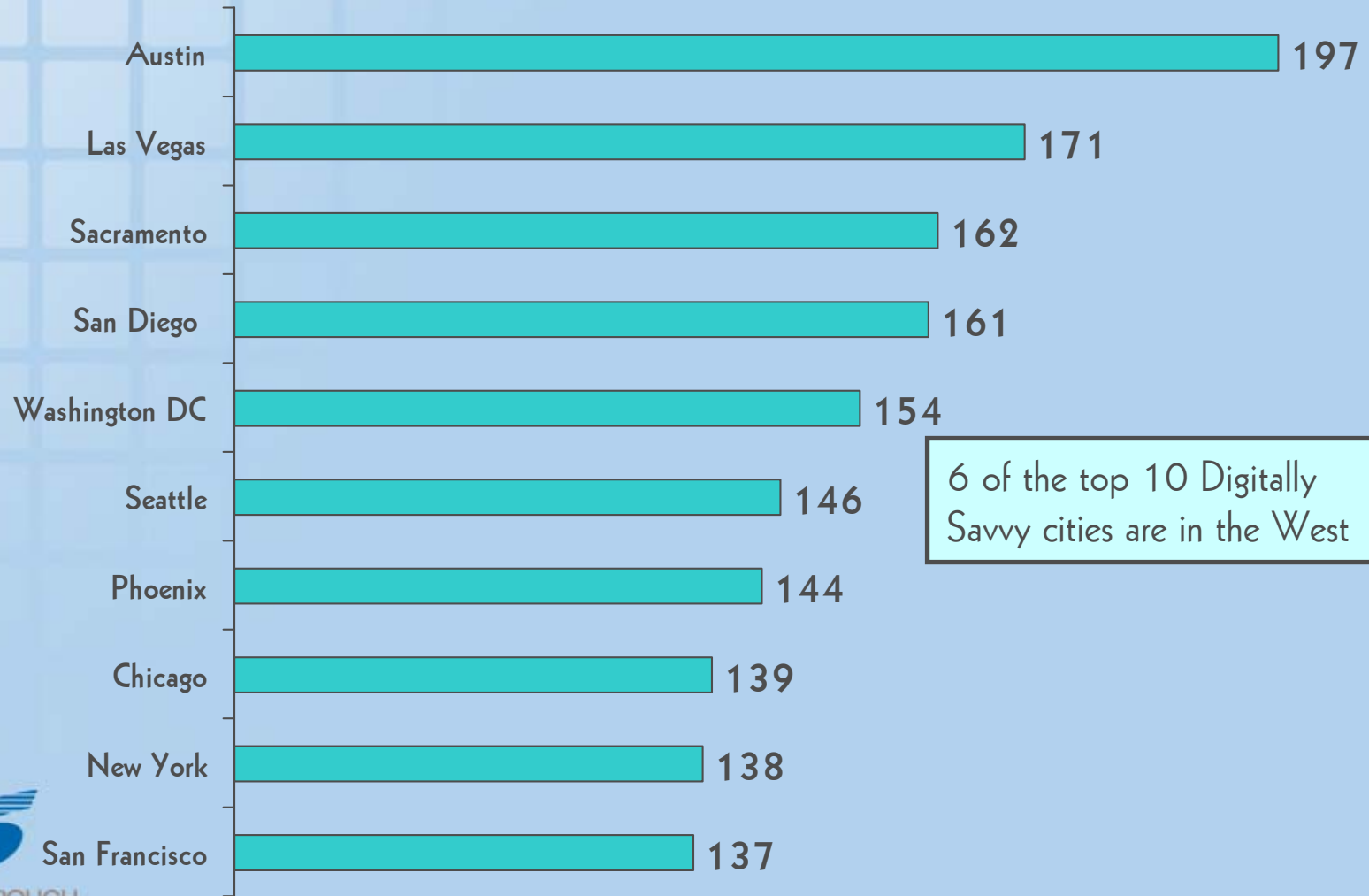
# Three Key Questions

- 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?

# The Digital Savvy Where they Live

# The Digital Savvy Skew Locally

Top-10 Digital Savvy Cities (DMAs, Index)



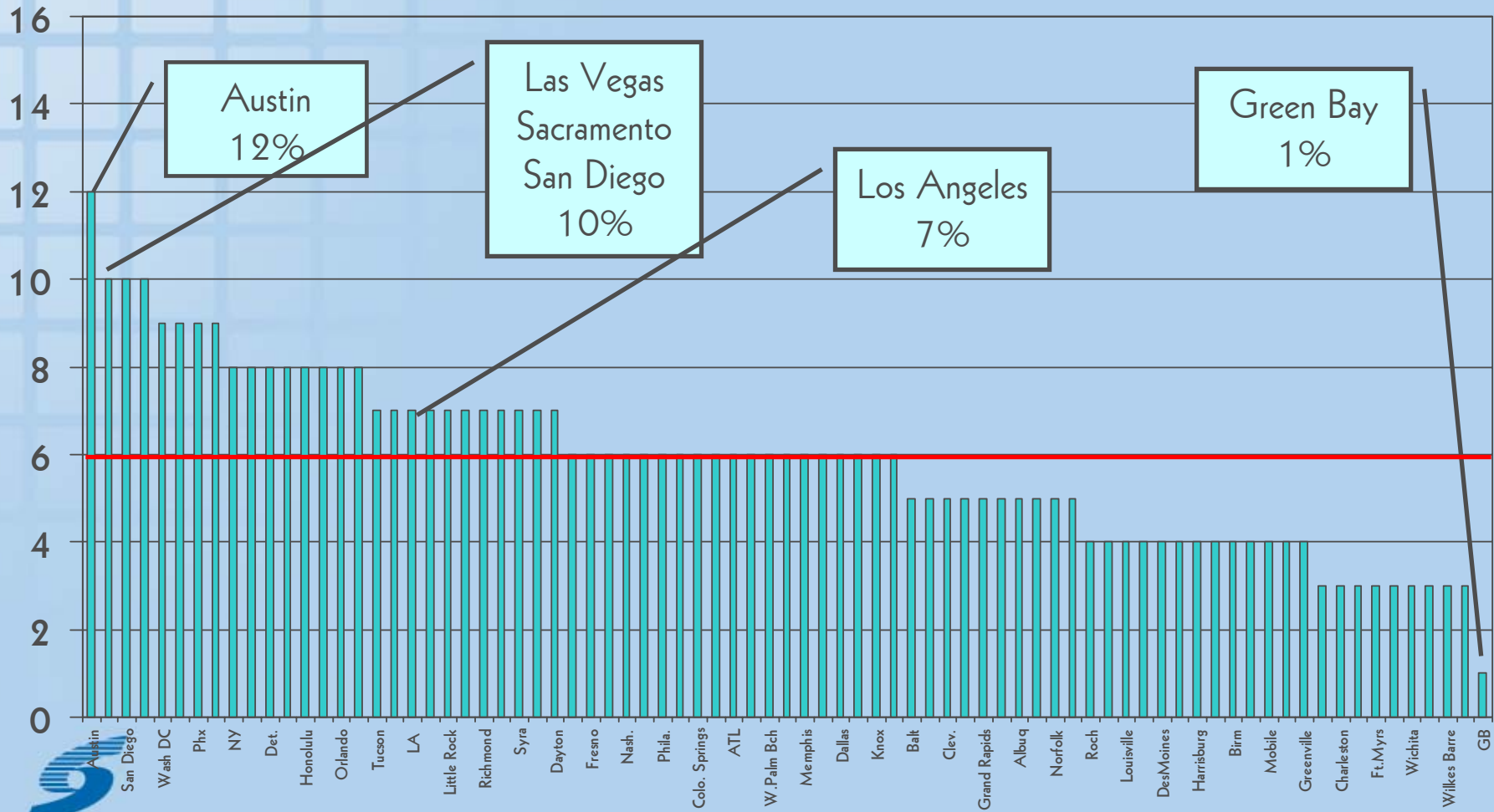
6 of the top 10 Digitally Savvy cities are in the West

■ Digital Savvy Index



# Digital Savvy Consumers Across Markets

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



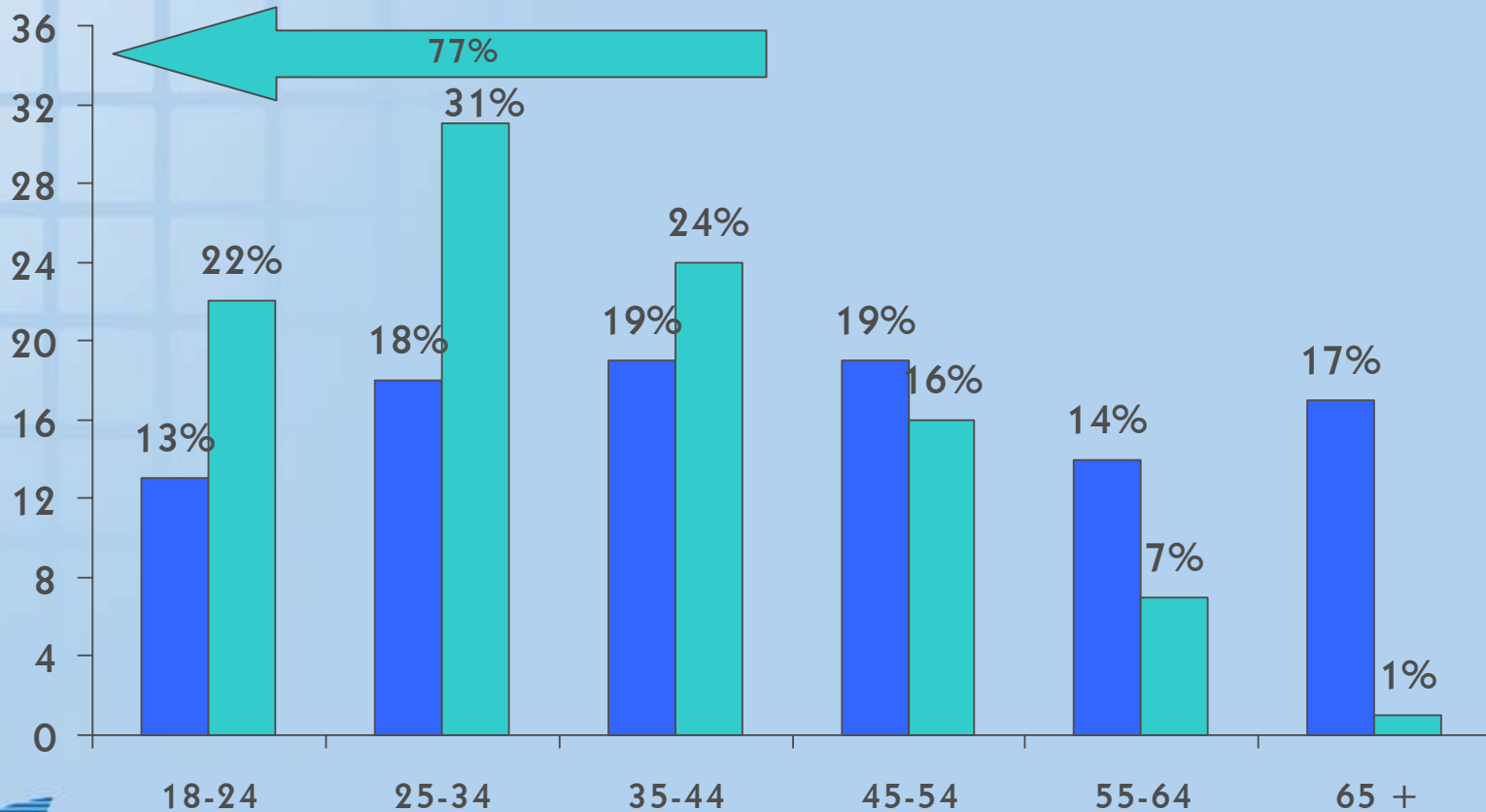
# Digital Savvy Who they Are (Demographics)

# Digital Savvy are More Likely to be Male



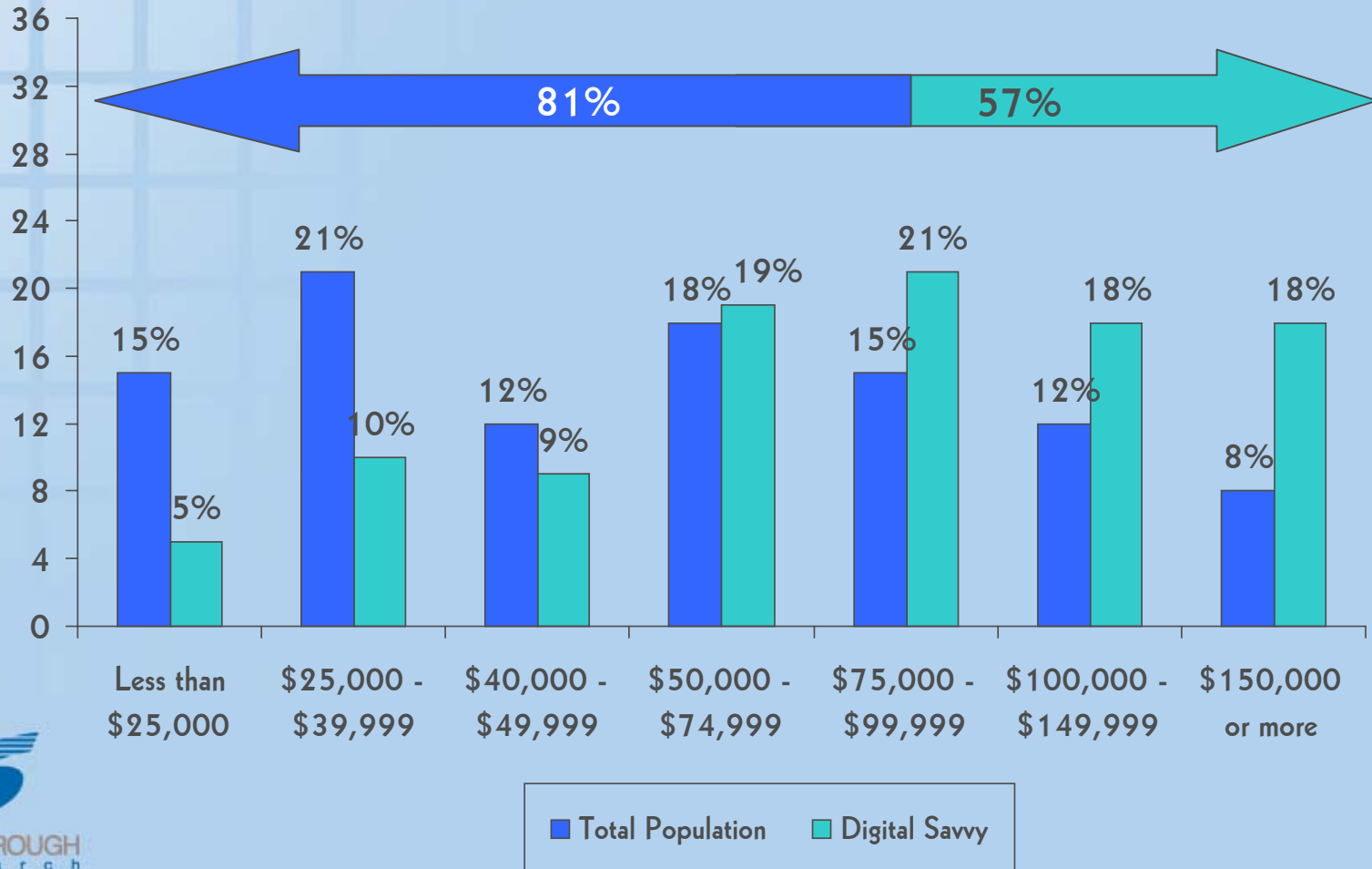
# The Digital Savvy Consumer is Younger

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

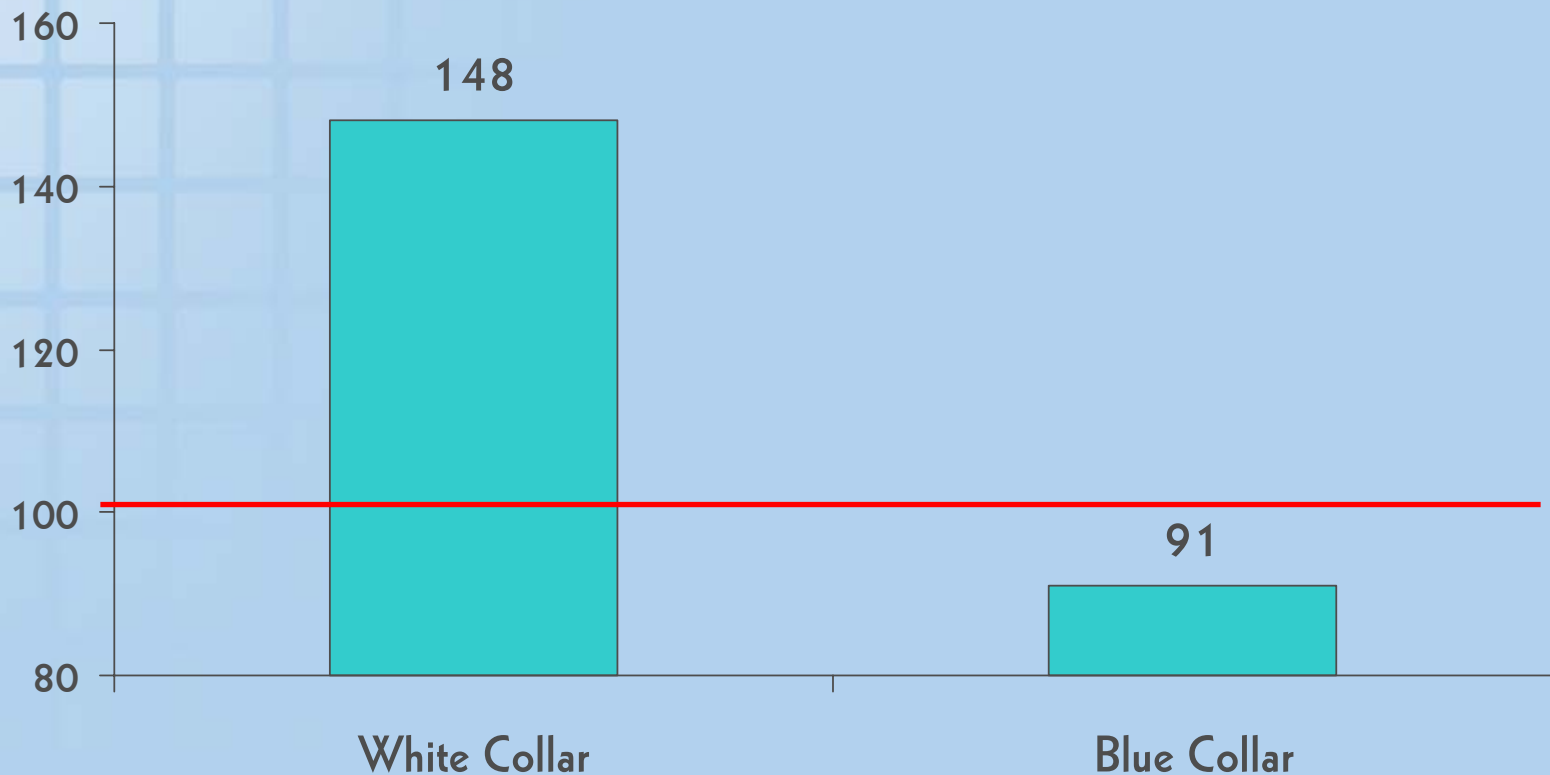


# The Digital Savvy Consumer is Upscale

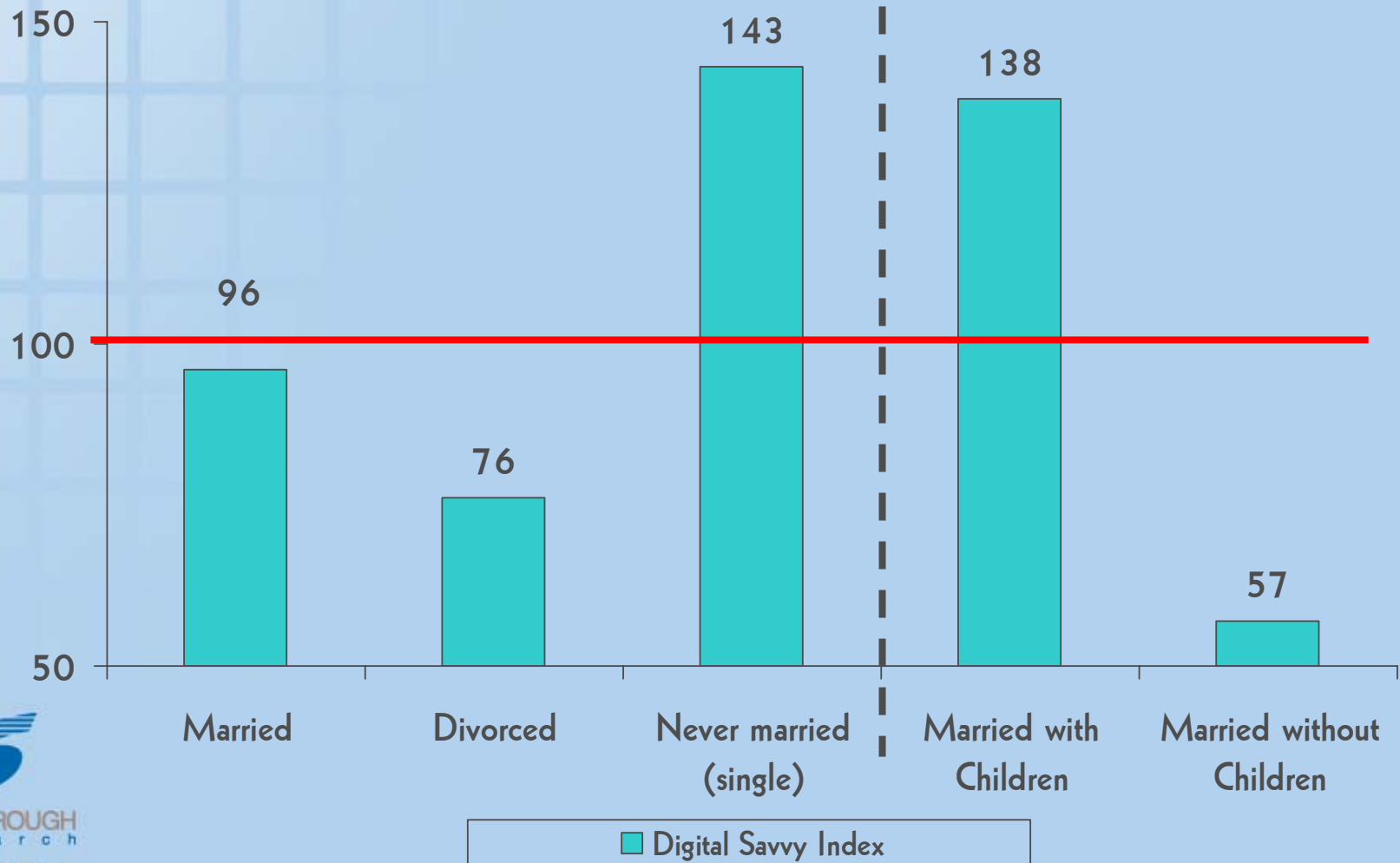
57% of Digital Savvy consumers live in a household with an income of \$75k or more



# The Digital Savvy are More Likely to be White Collar

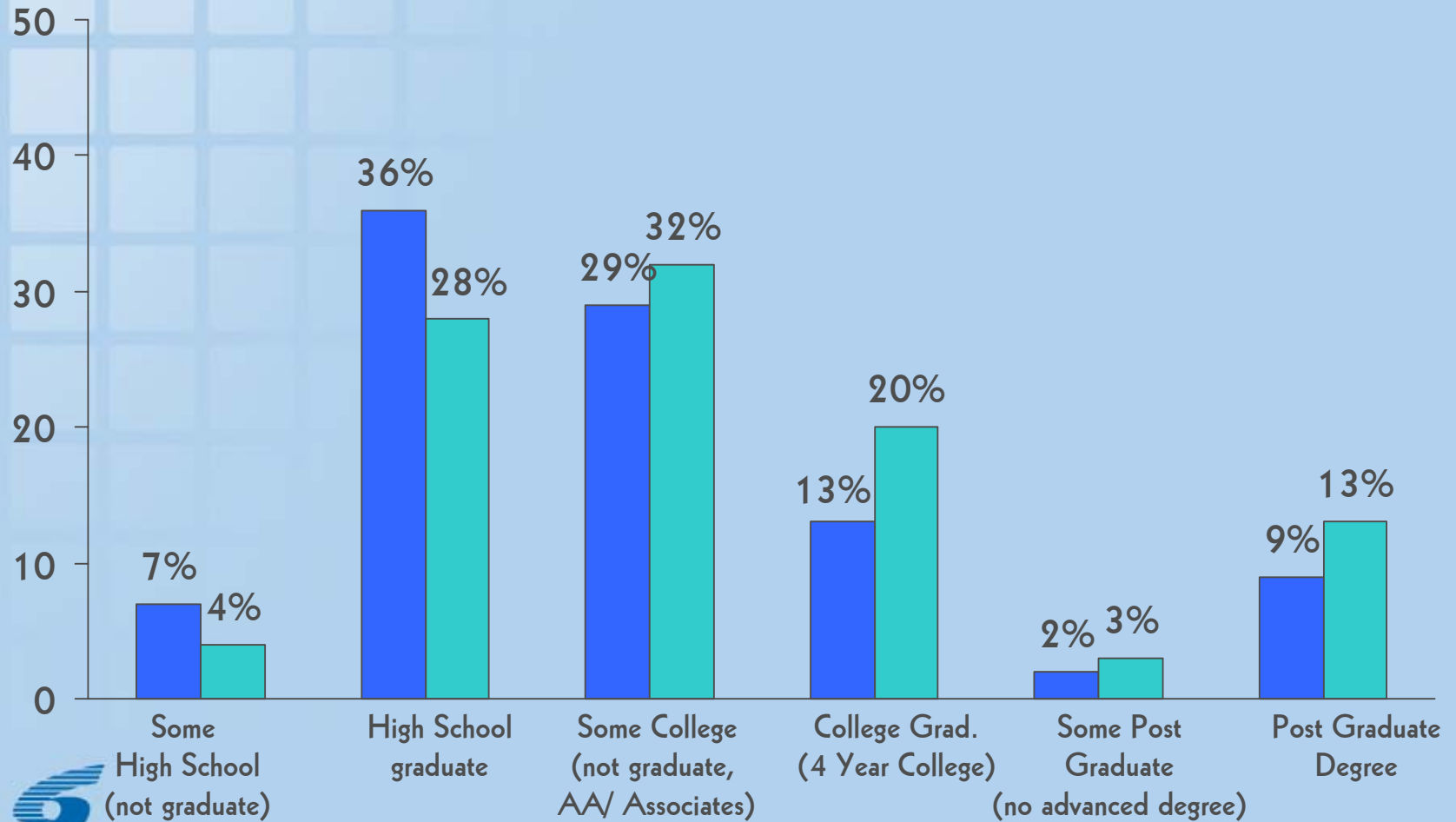


# Digital Savvy are More Likely to be Single or Married with Children

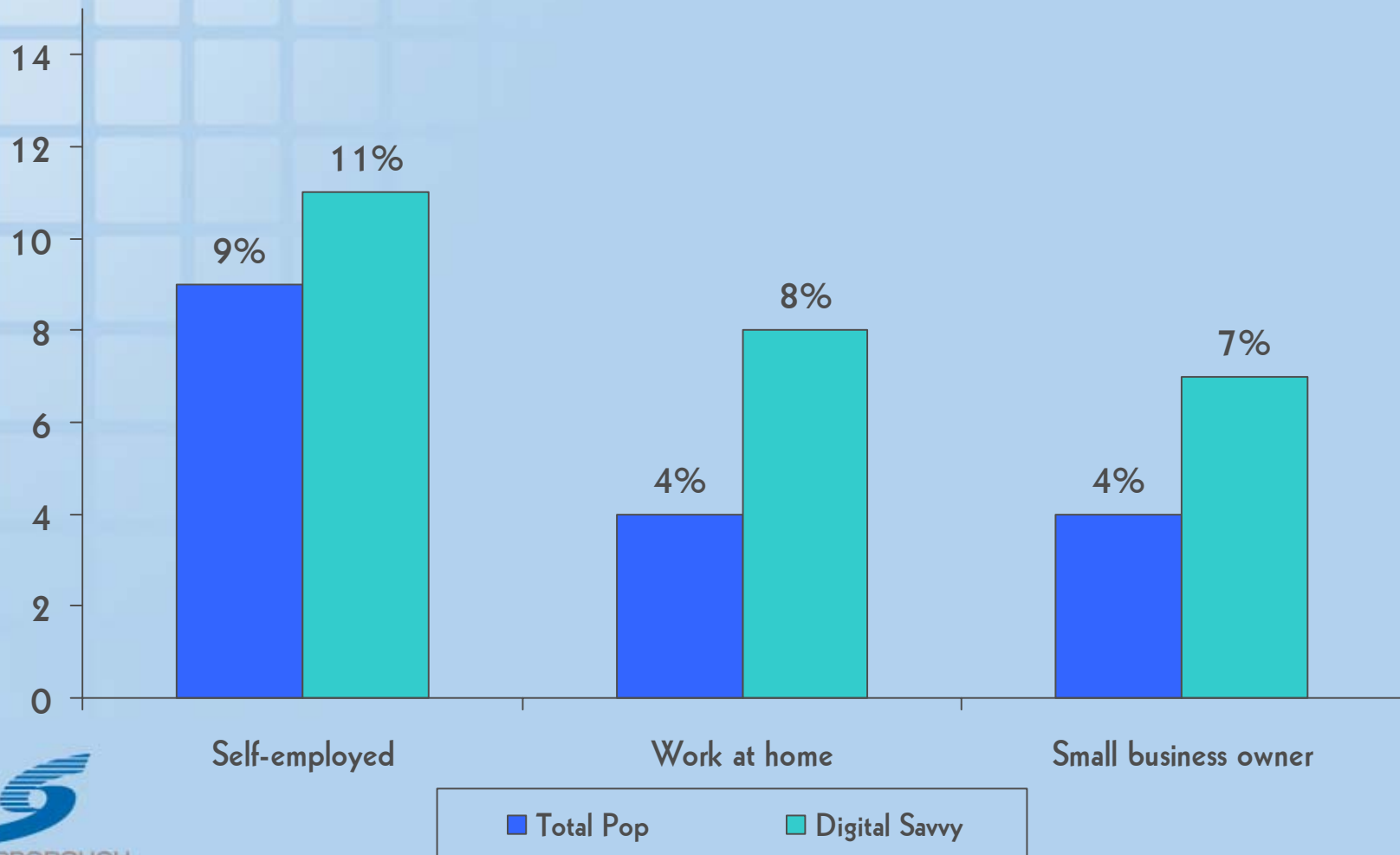


# The Digital Savvy Consumer is More Educated

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

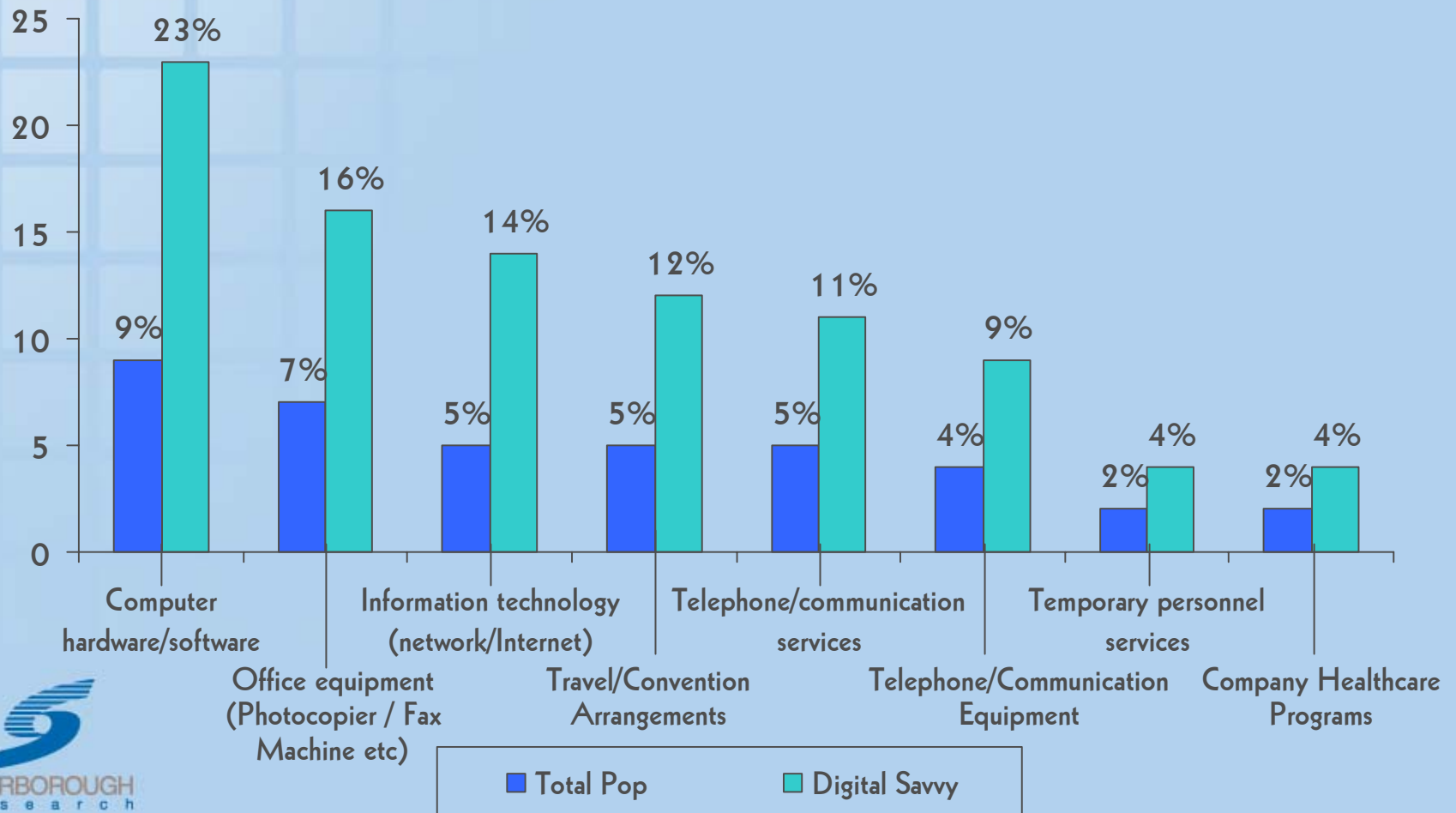


# The Digital Savvy Are More Entrepreneurial (%)

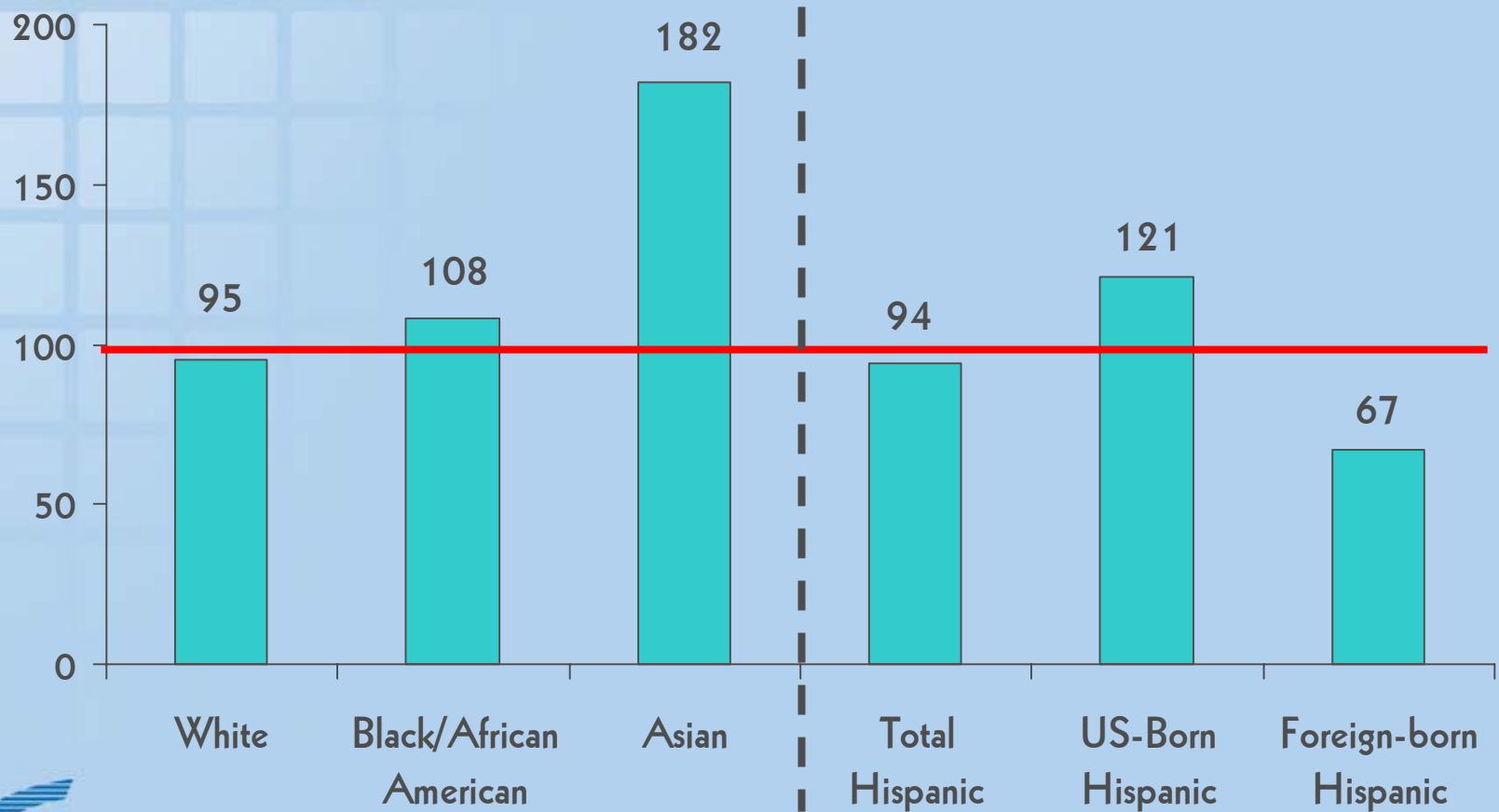


# The Digital Savvy are More Involved in Corporate Purchasing Decisions (%)

Company purchasing decisions participated in past 12 months



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



■ Digital Savvy Index

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

## Innovator (Index, 186)

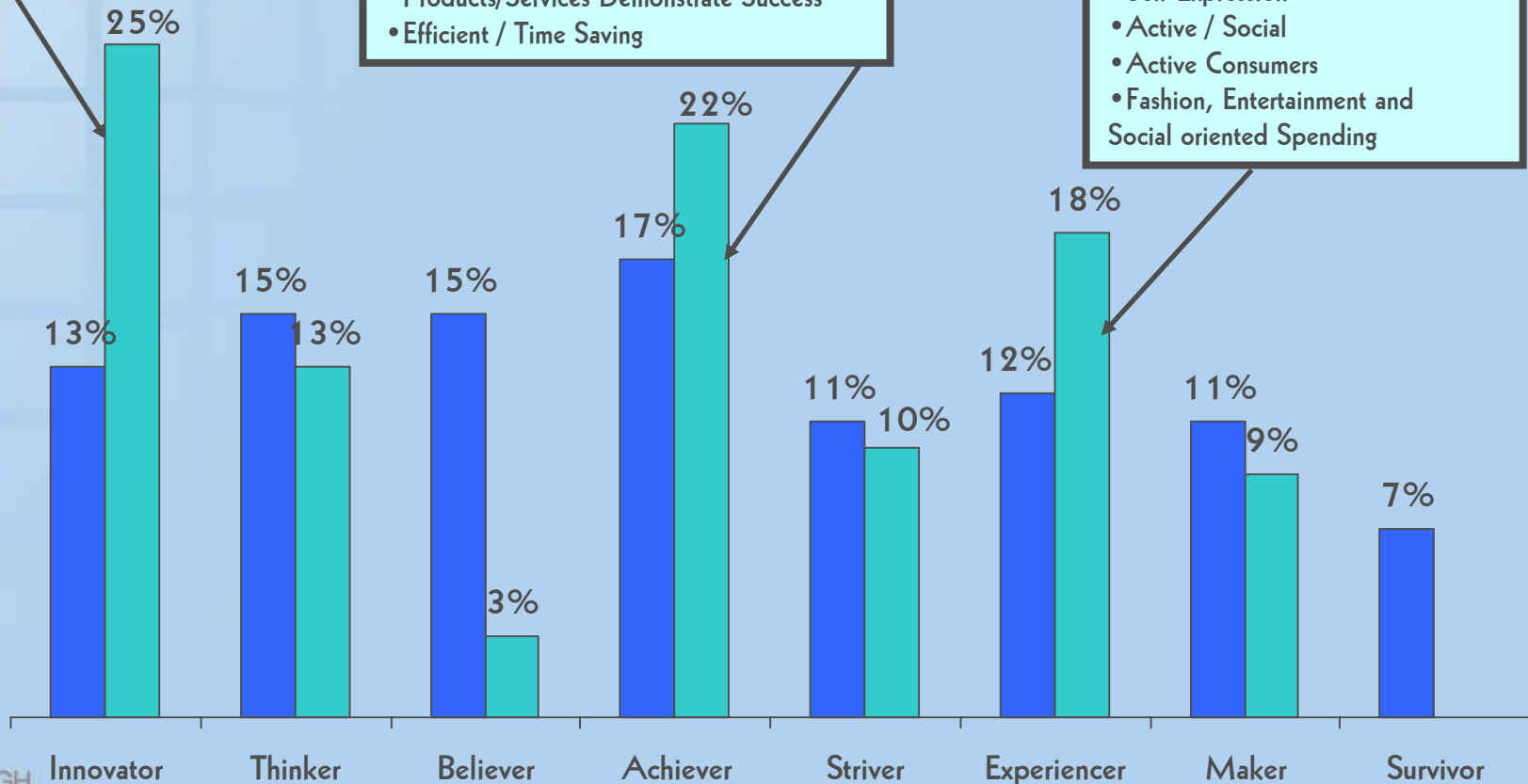
- Sophisticated
- Leaders of Change
- Active Consumers
- Tastes for Upscale
- Niche Products/Services

## 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 (49%) / F (51%)
- Median age: 45
- Median Income: \$54,000
- Single: 25%
- Married with Children: 28%
- College Grad +: 24%
- Entrepreneurial\*: 11%

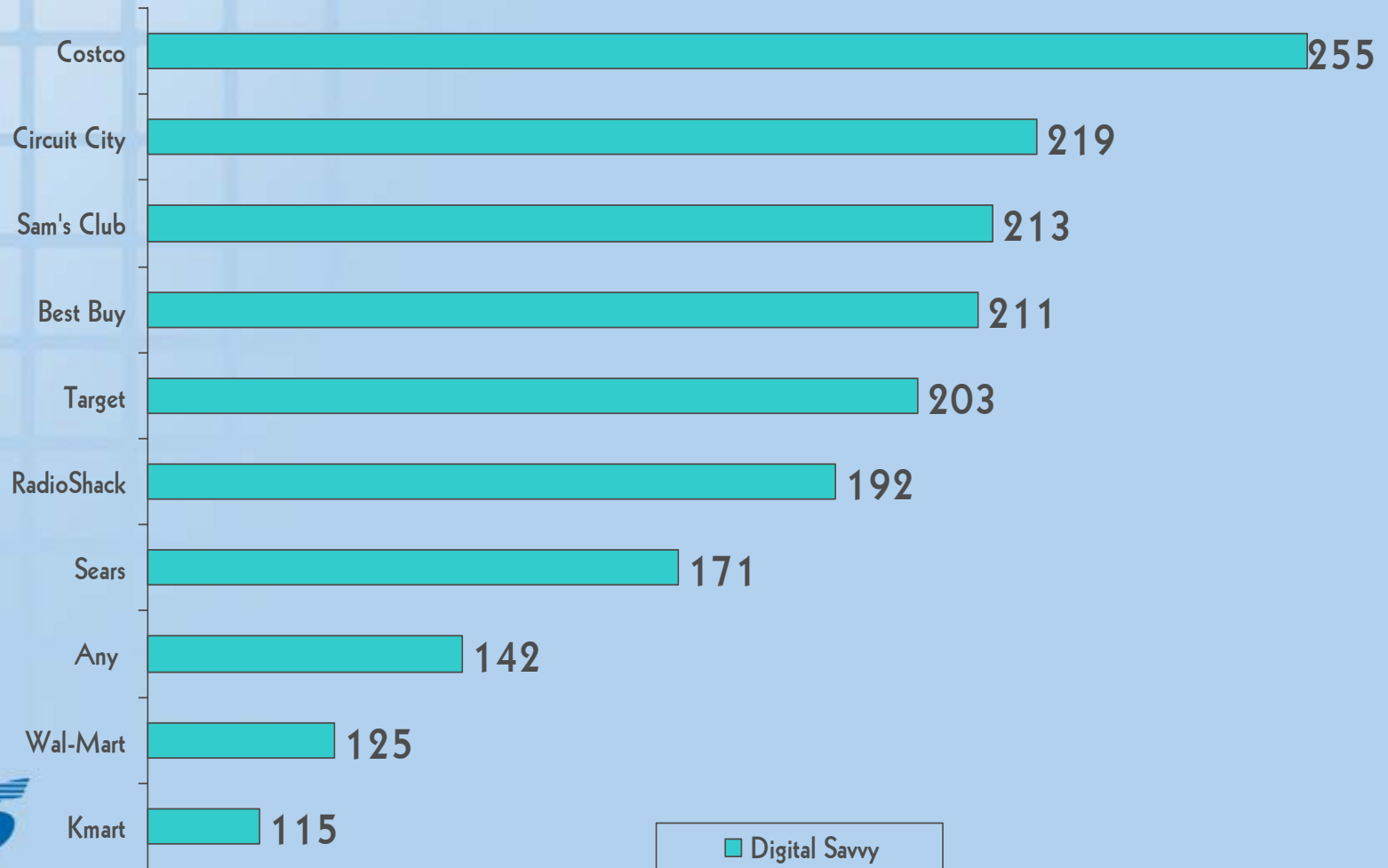
## Digital Savvy

- M (56%) / F (44%)
- Median age: 34
- Median Income: \$84,000
- Single: 36%
- Married with Children: 38%
- College Grad +: 36%
- Entrepreneurial\*: 14%
- Greater ethnic diversity among group

# Digital Savvy Lifestyles & Shopping Patterns

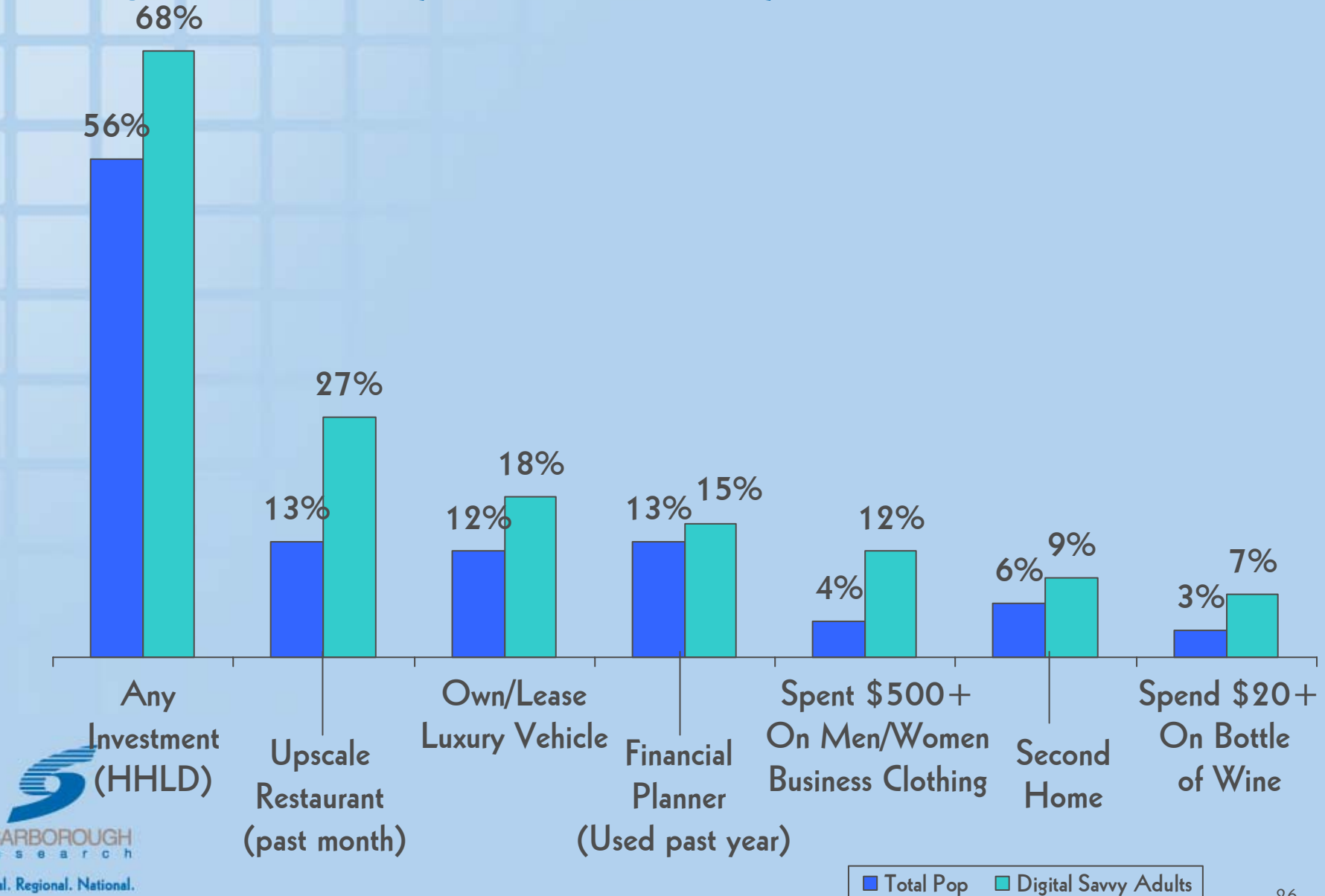
# Audio / Video Stores Bought Past Year

Wholesalers are popular A/V stores among the Digital Savvy

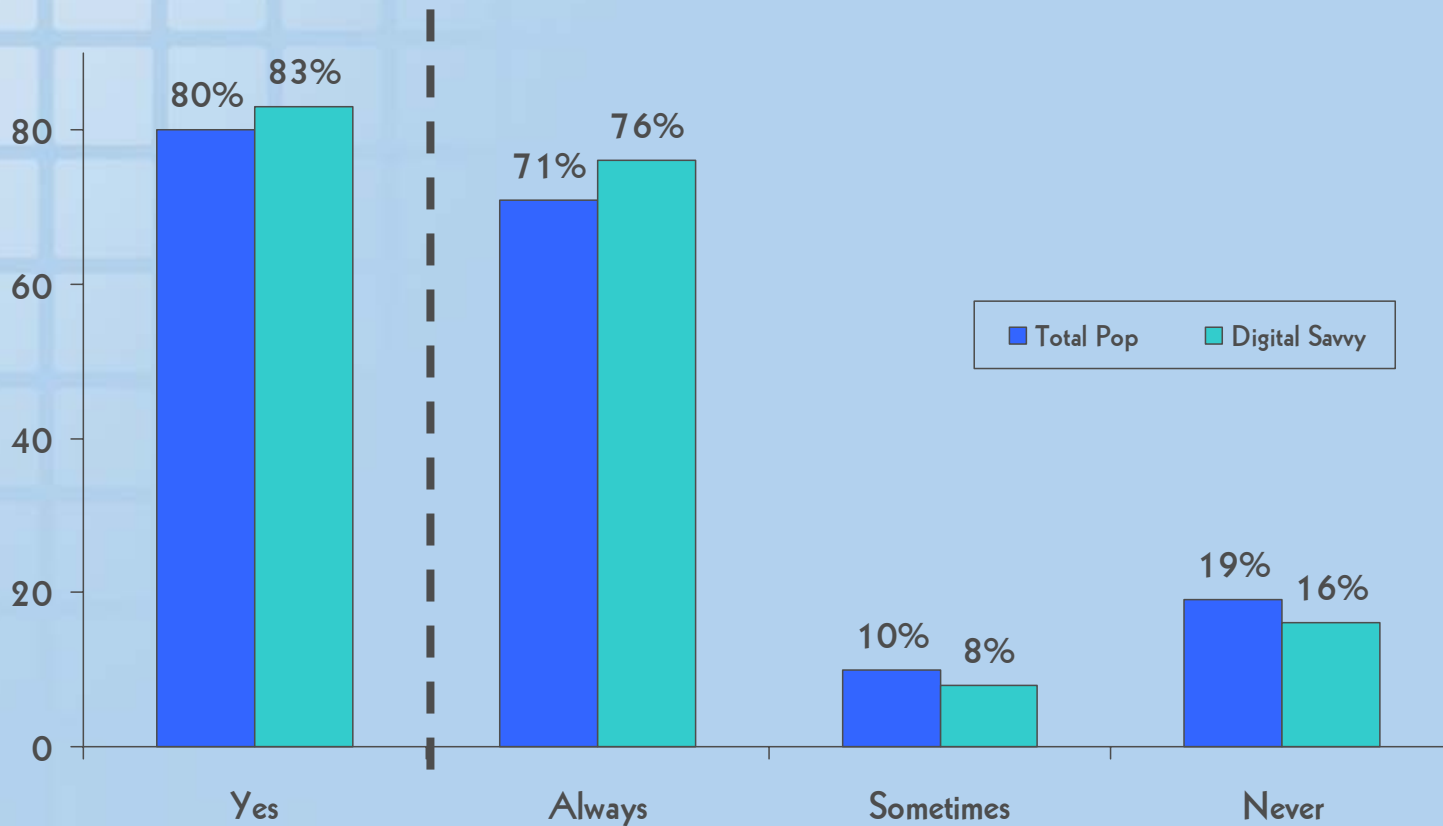


Note: Audio/video stores bought past 12 months (HHLD)  
Source: Scarborough USA+ Release 1, 2007 (August 2006 – March 2007)

# Digital Savvy are Luxury Consumers



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



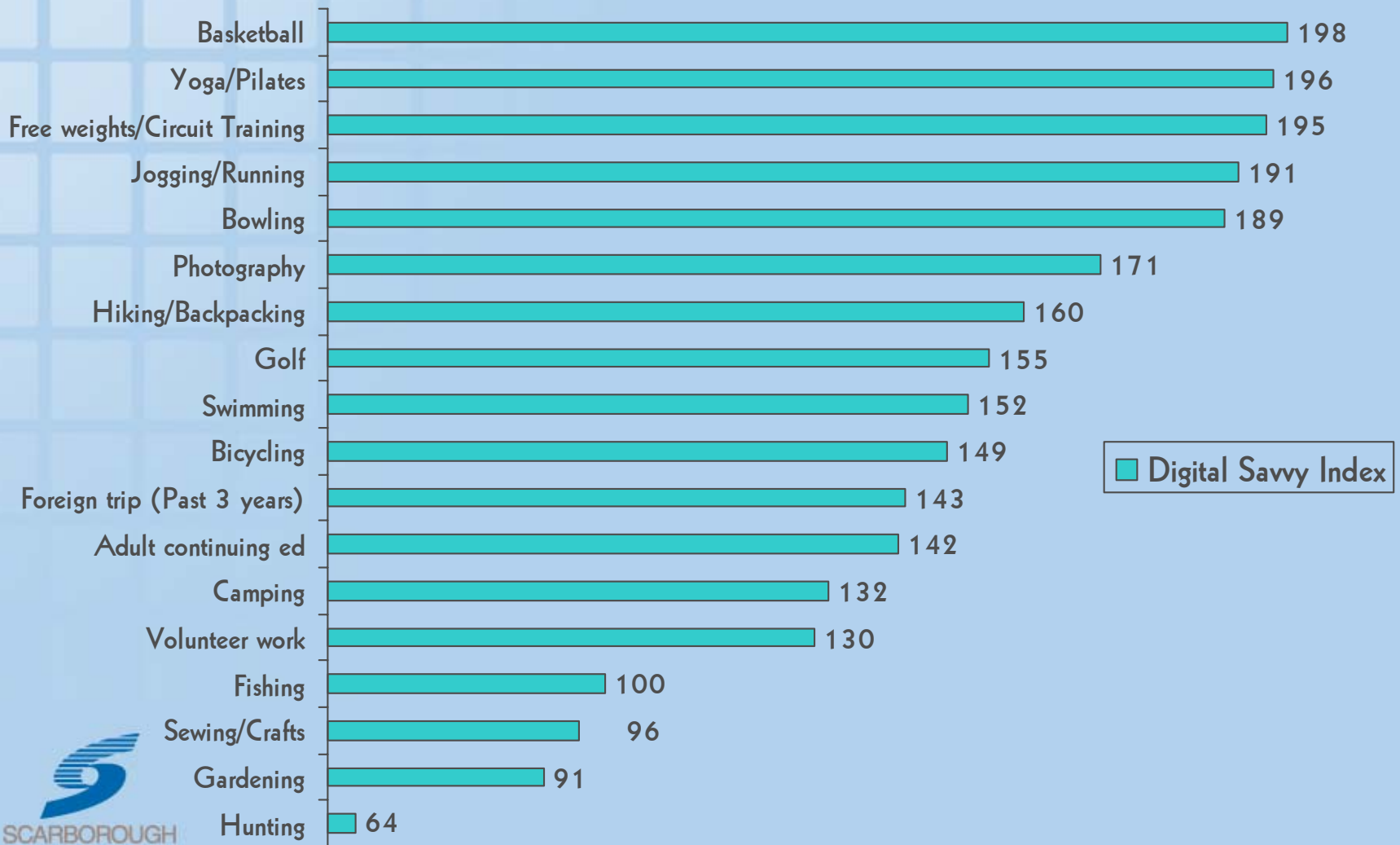
Registered to vote  
in district of residence

How often usually vote in  
presidential elections

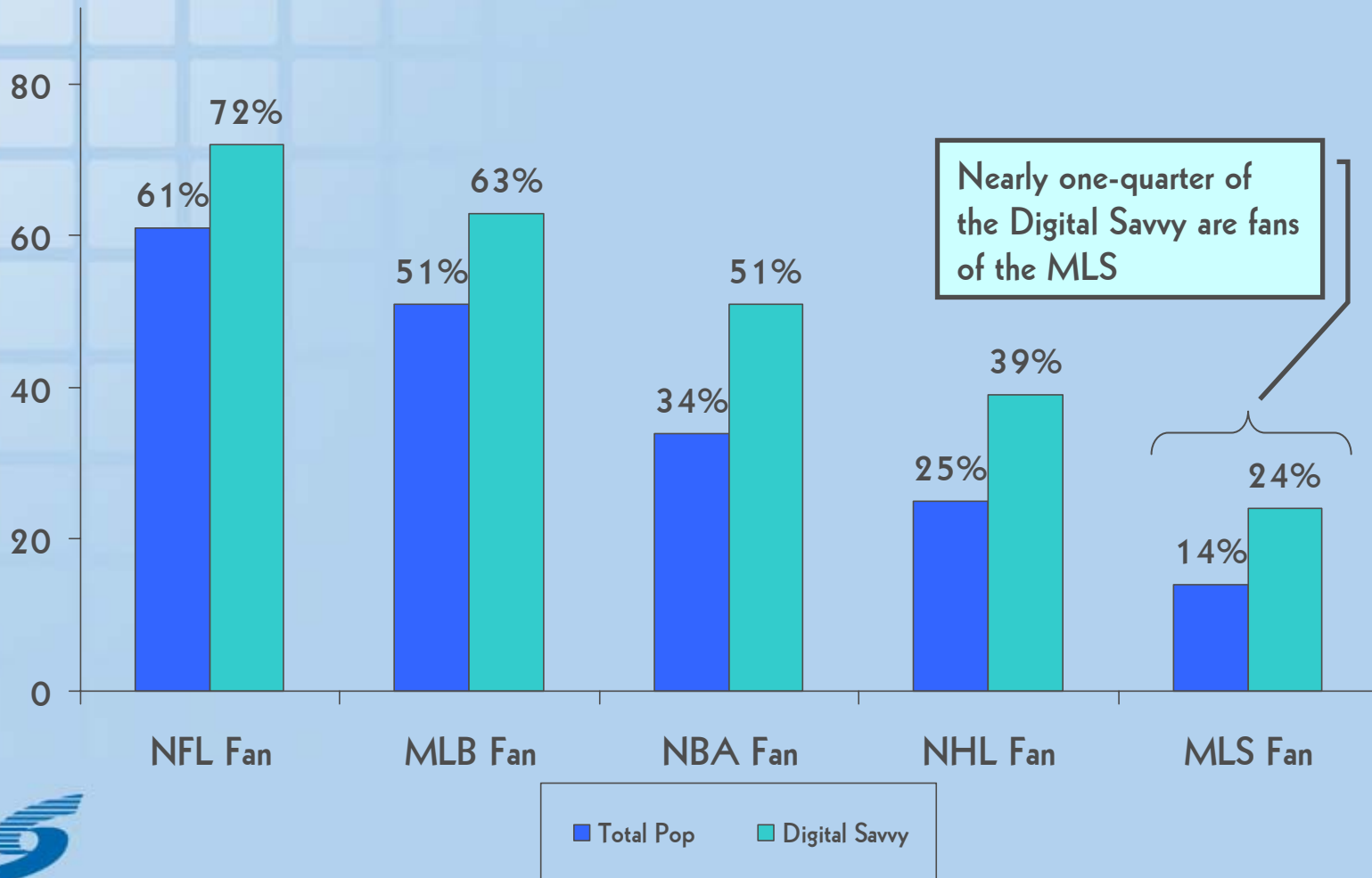
# Digital Savvy are More Likely to Be Independent



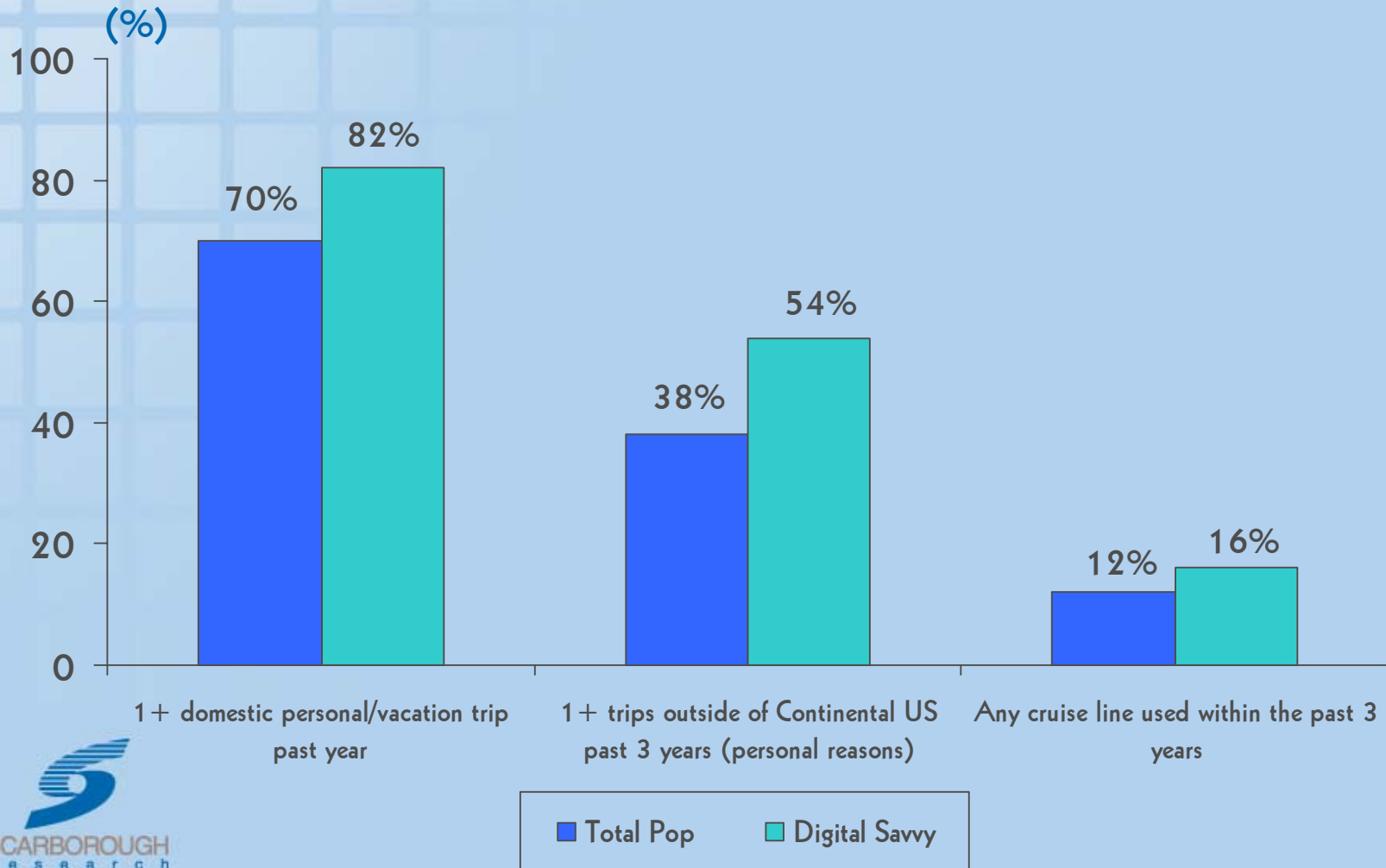
# The Digital Savvy are Active and Athletic



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

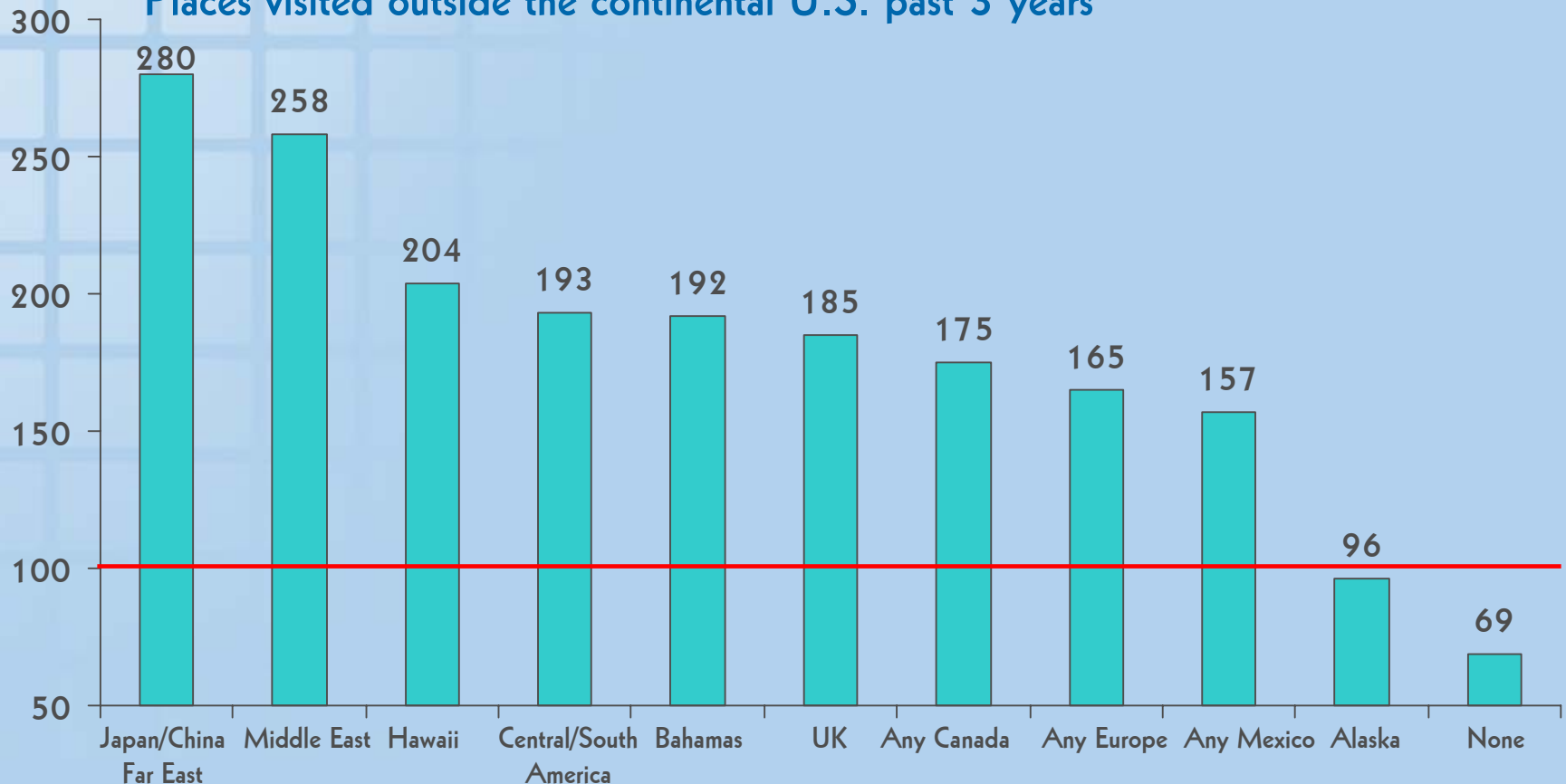


# Digital Savvy are More Likely to be Travelers...



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

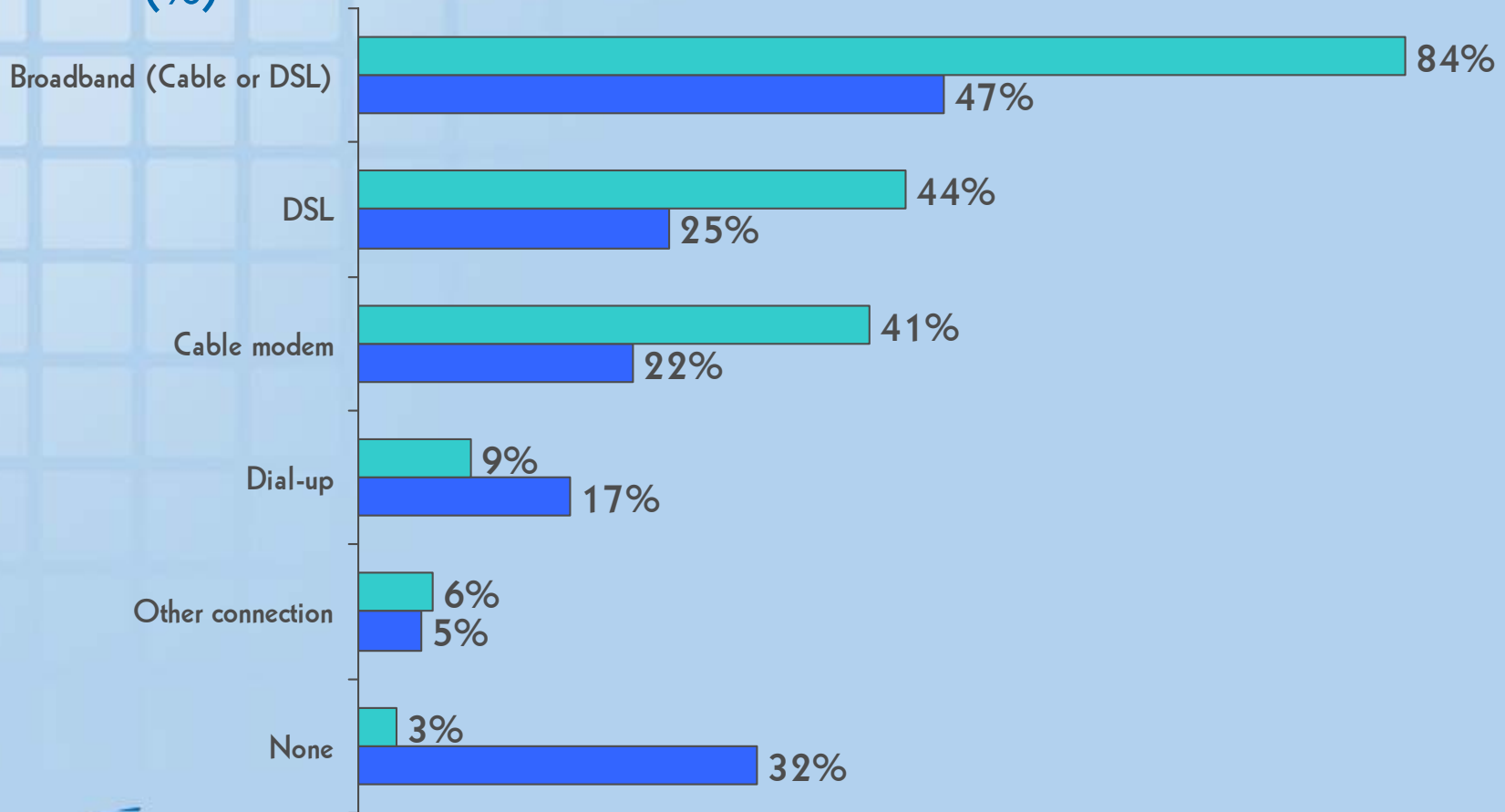
Places visited outside the continental U.S. past 3 years



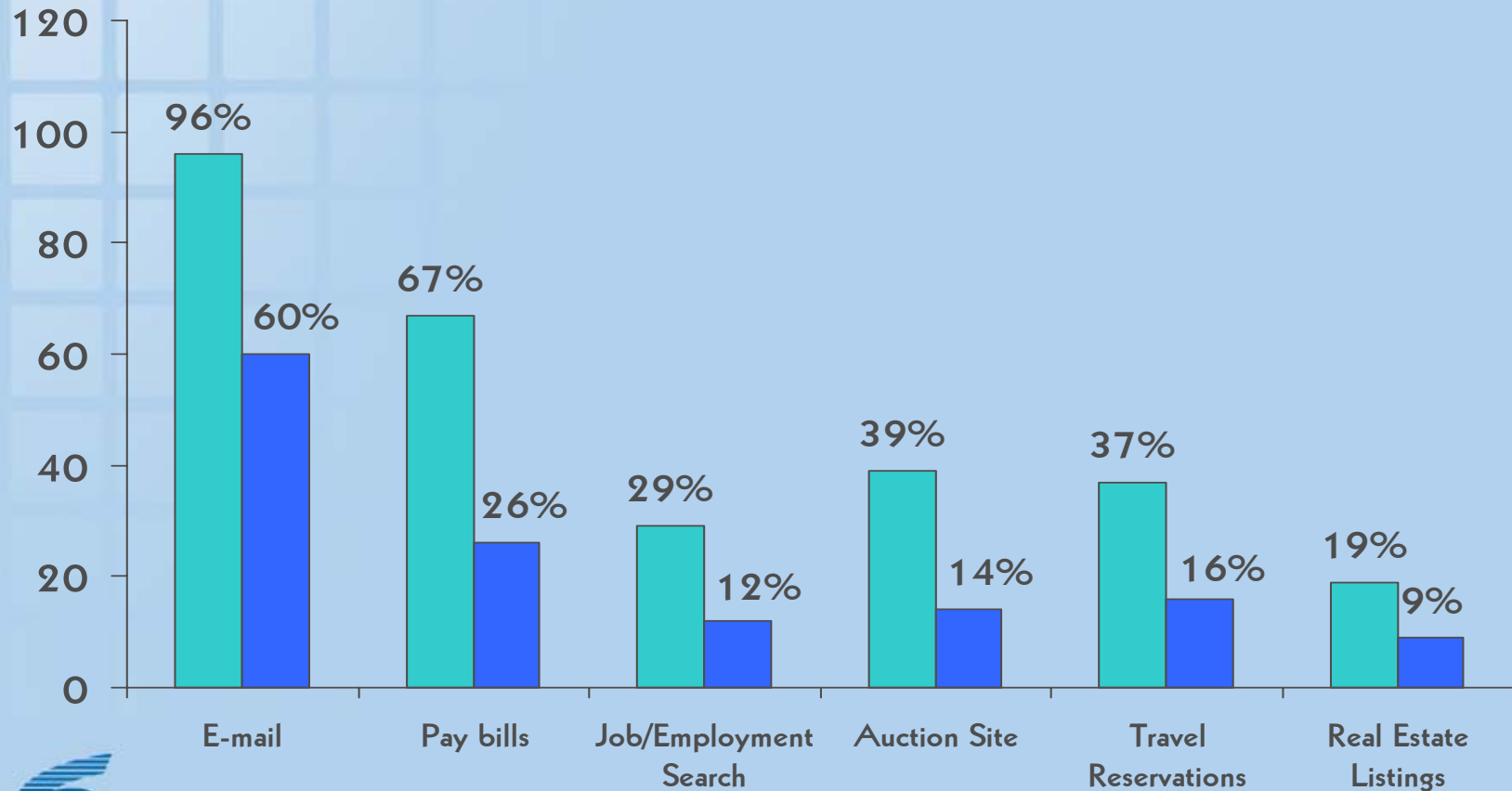
**Digital Savvy Internet Behaviors**  
**Internet Connections**  
**Sites Visited**  
**Online Shopping/Buying Patterns**

# Type of Internet Connection in HHLD

(%)

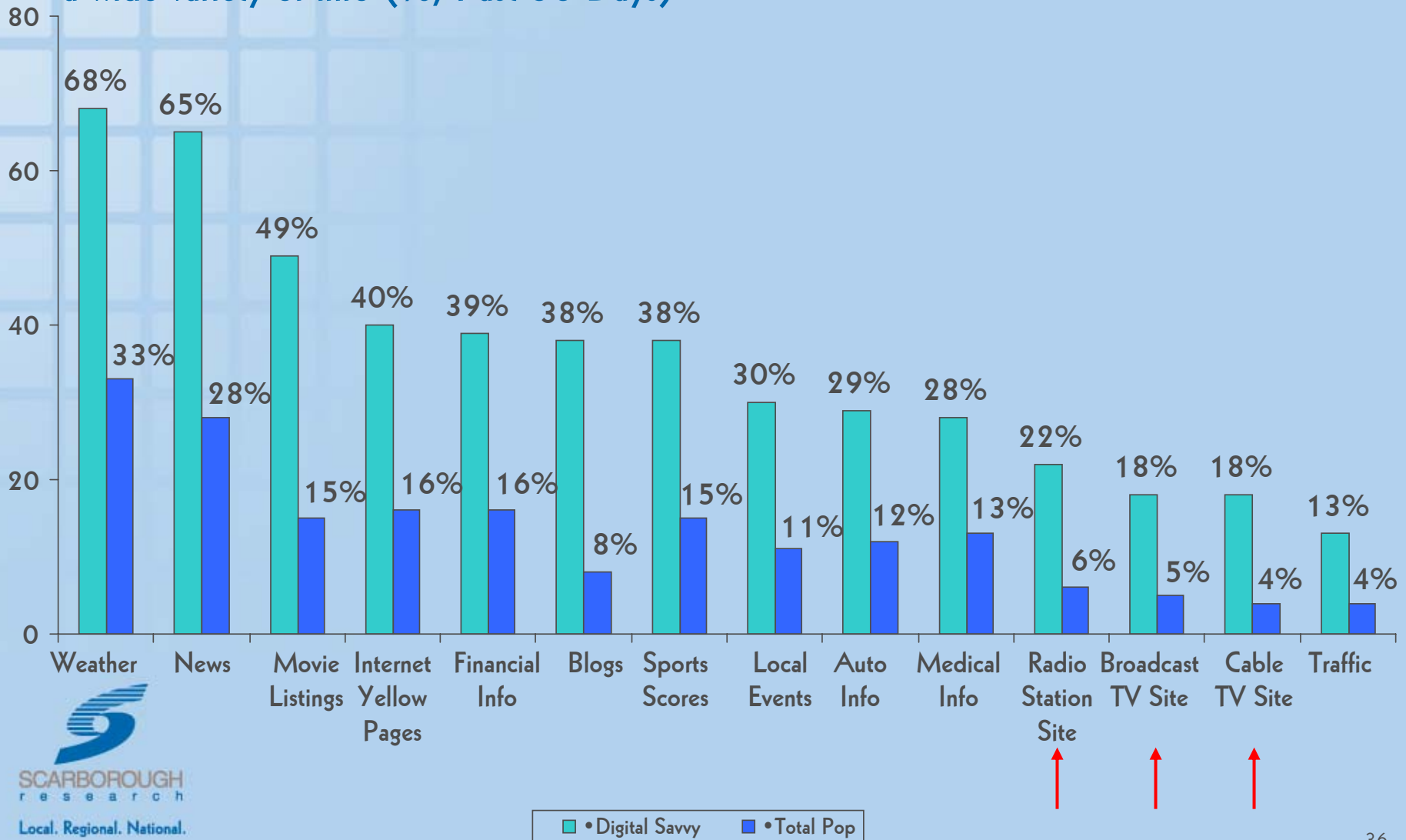


# Ways Online Services Used: Household/Personal Tasks & Consumer Shopping



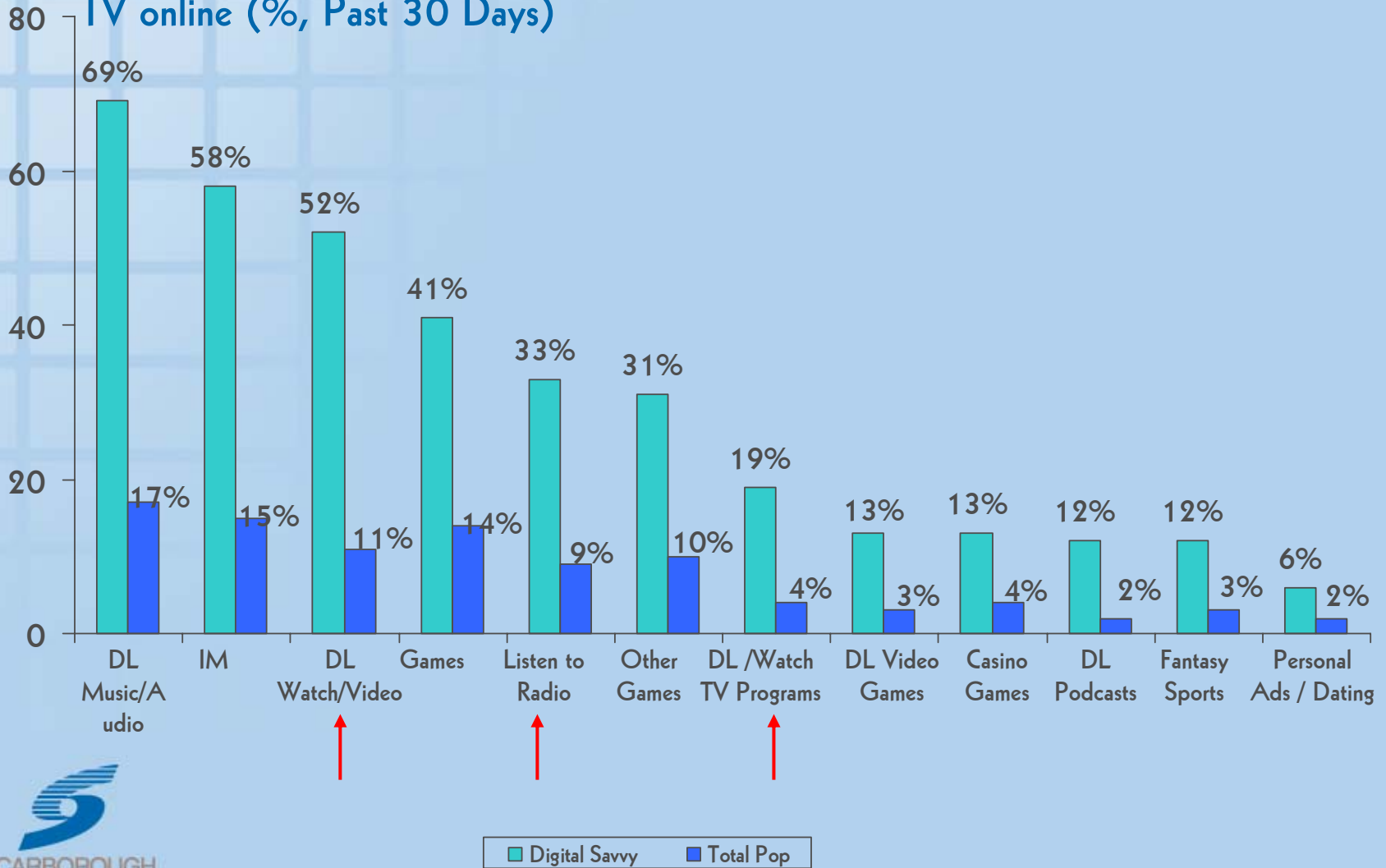
# Ways Online Services Used: News & Information

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



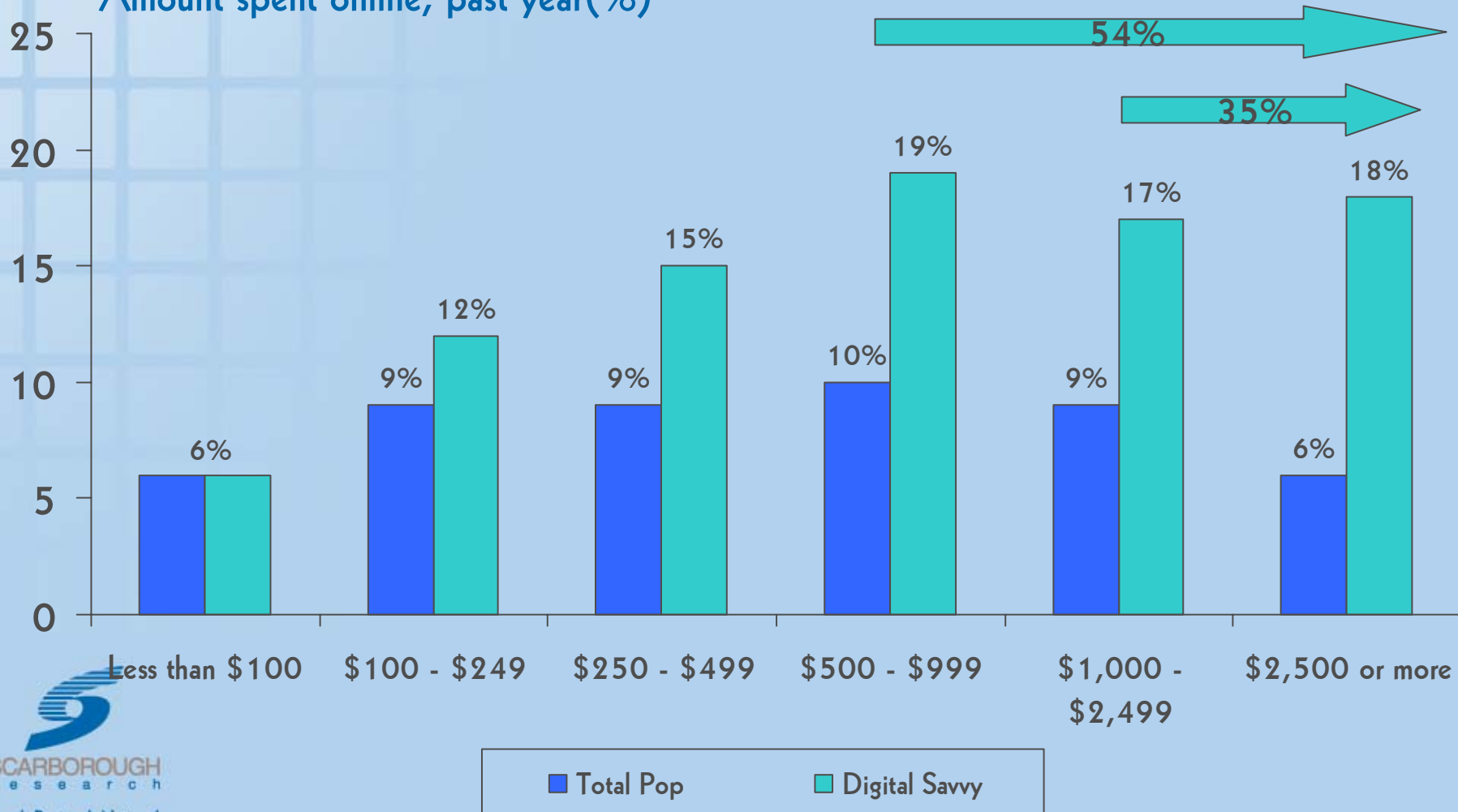
# Ways Online Services Used: Entertainment

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



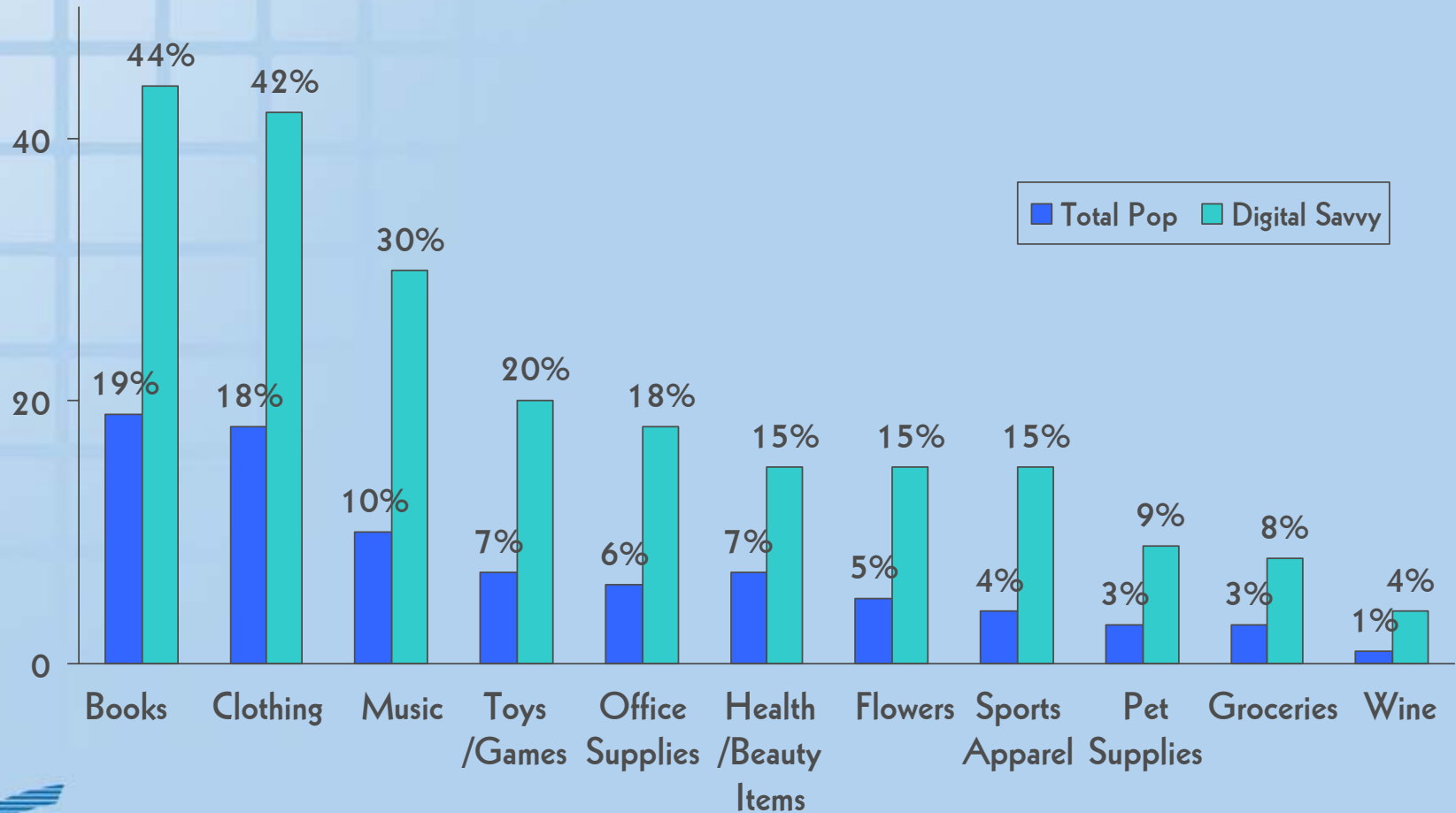
# Digital Savvy are Heavy Online Spenders...

Amount spent online, past year(%)

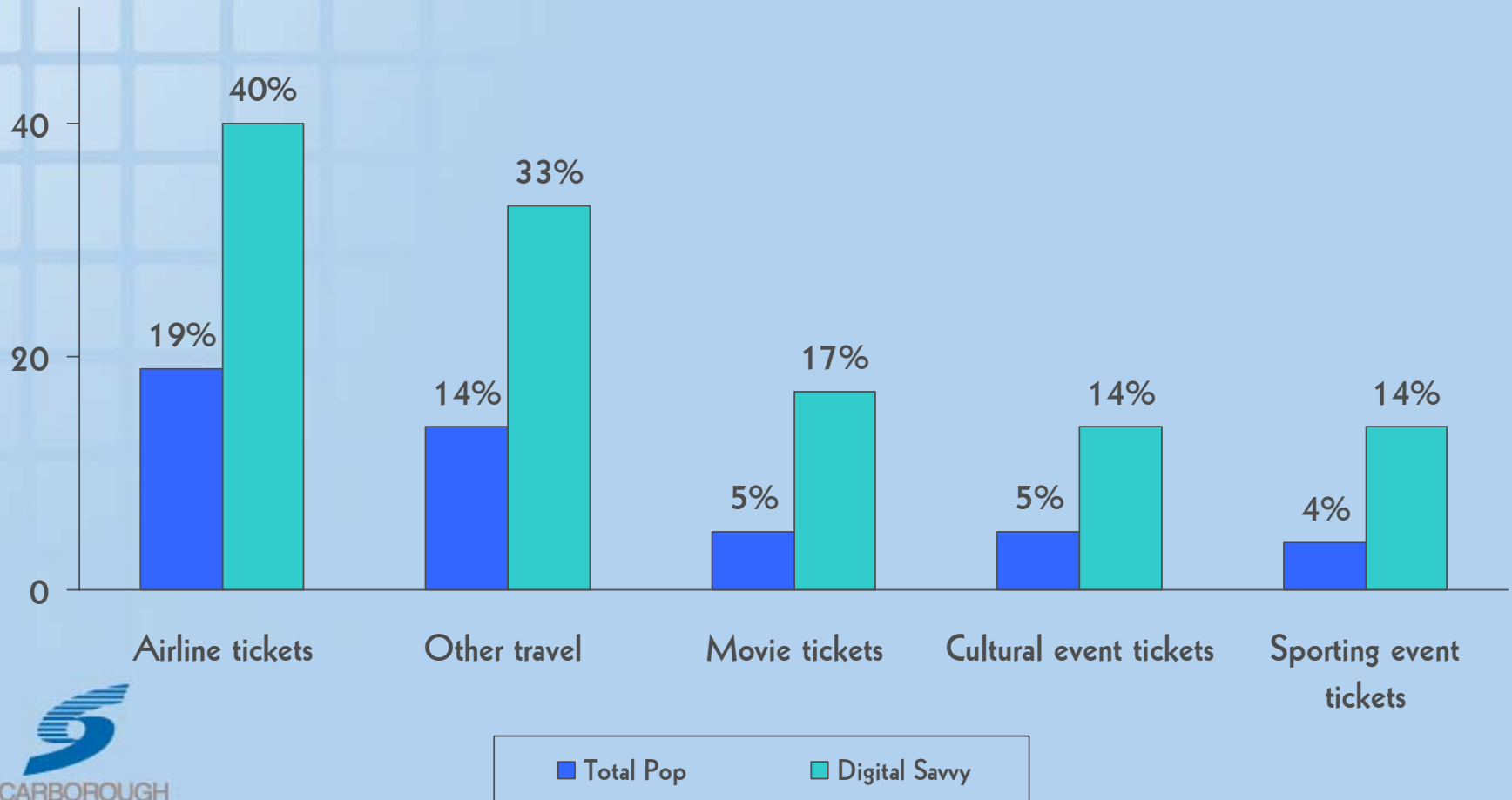


# ...Across Many Categories

Retail Items Bought Online, Past 12 Months (%)

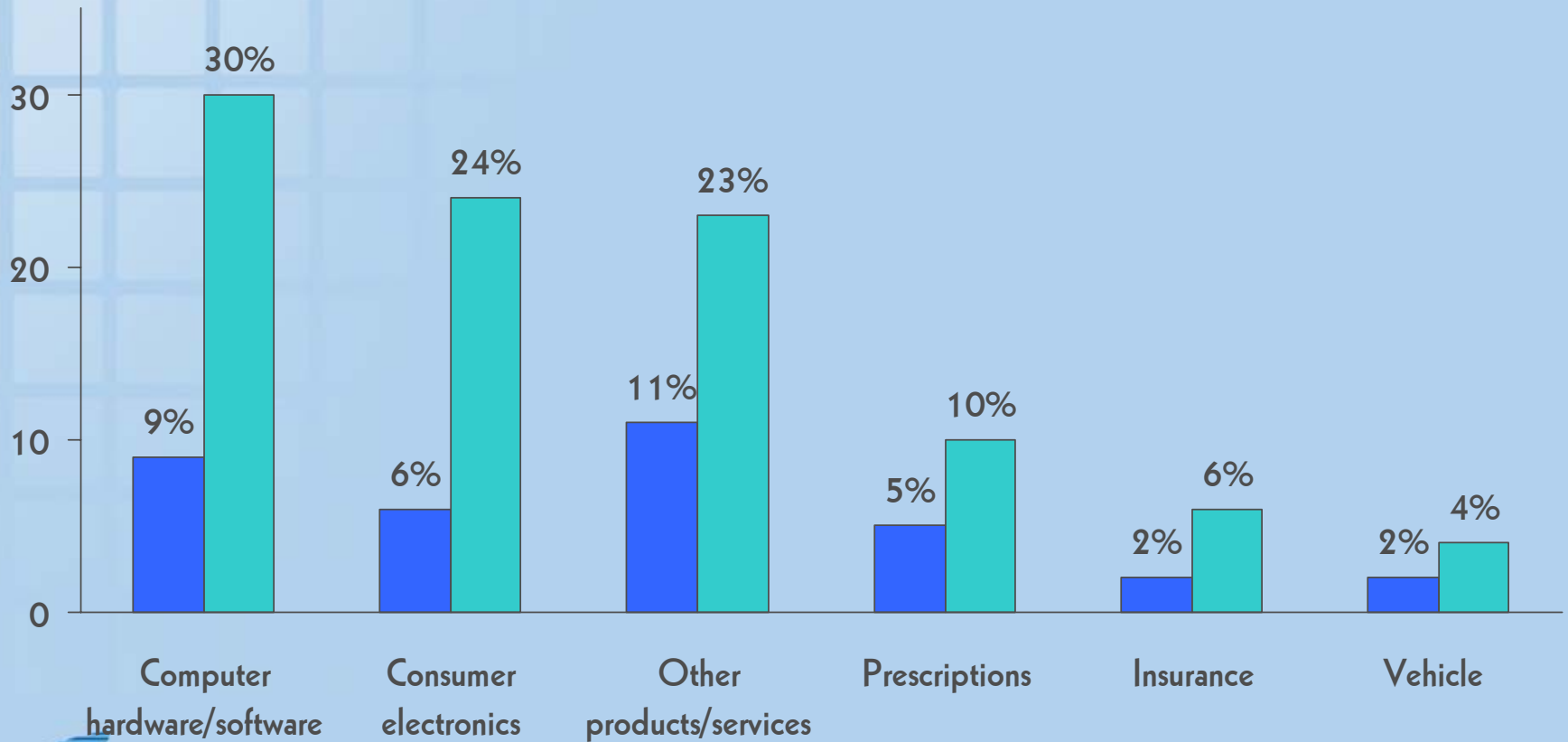


# Entertainment/Travel Bought Online, Past 12 Months (%)

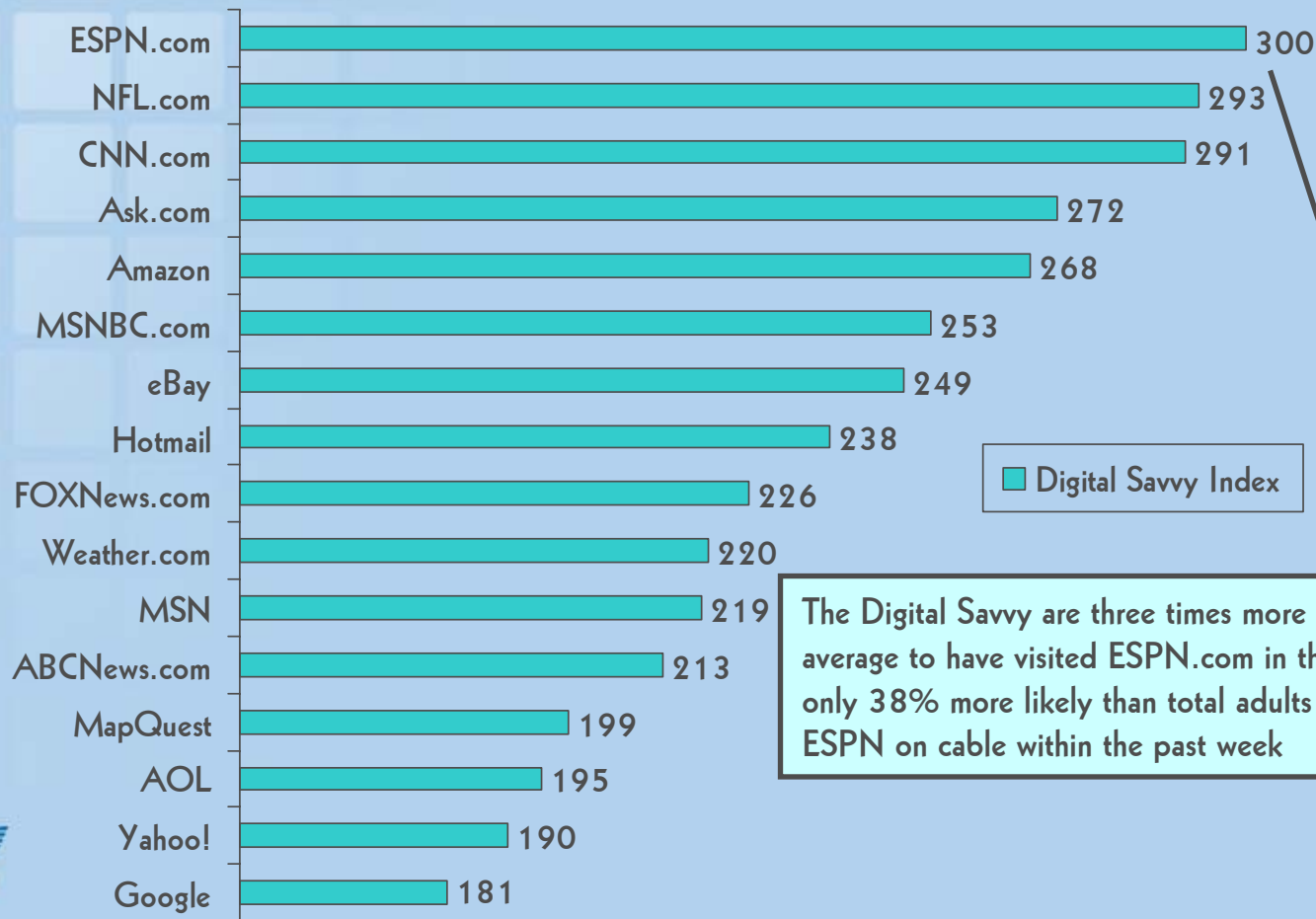


# Household Items Bought Online, Past 12 Months

(%)



# Sites Visited Past 30 Days



■ Digital Savvy Index

The Digital Savvy are three times 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

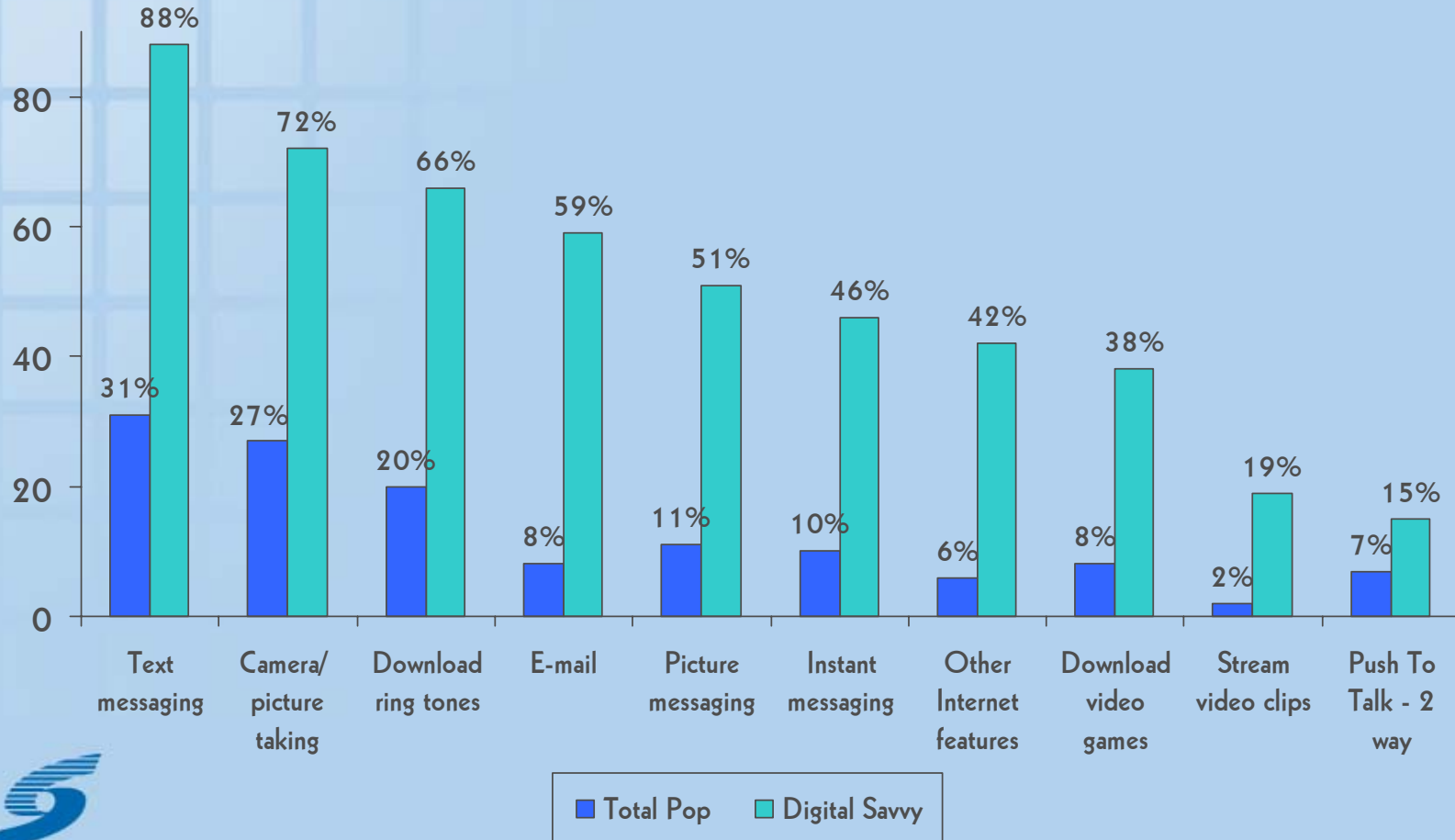


Note: Subsection of the 'Sites Visited Past 30 Days' category in Scarborough's database

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

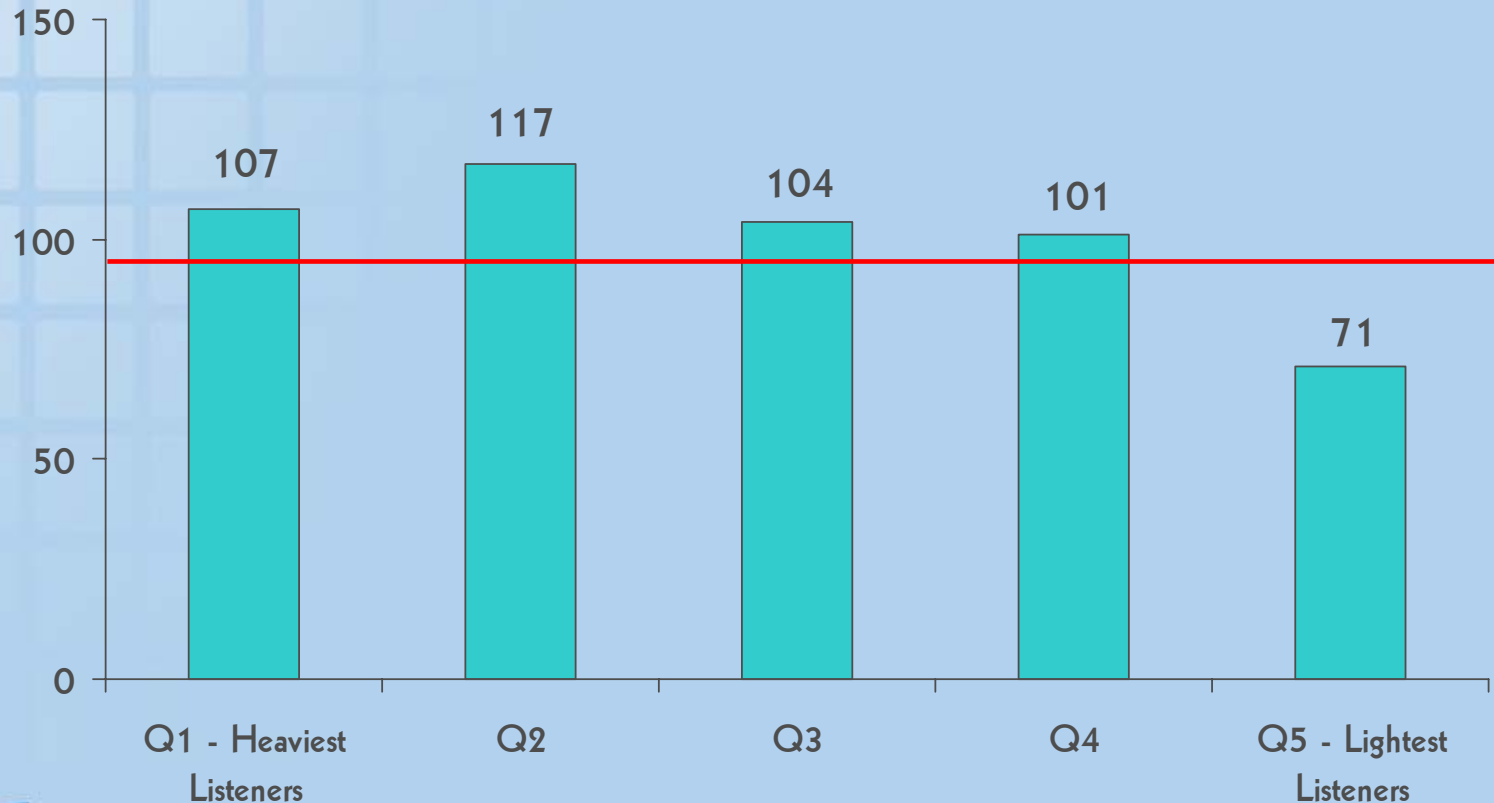
# The Digital Savvy Use their Cell Phones Extensively for Communication and Information

Wireless/Cell Phone features currently use



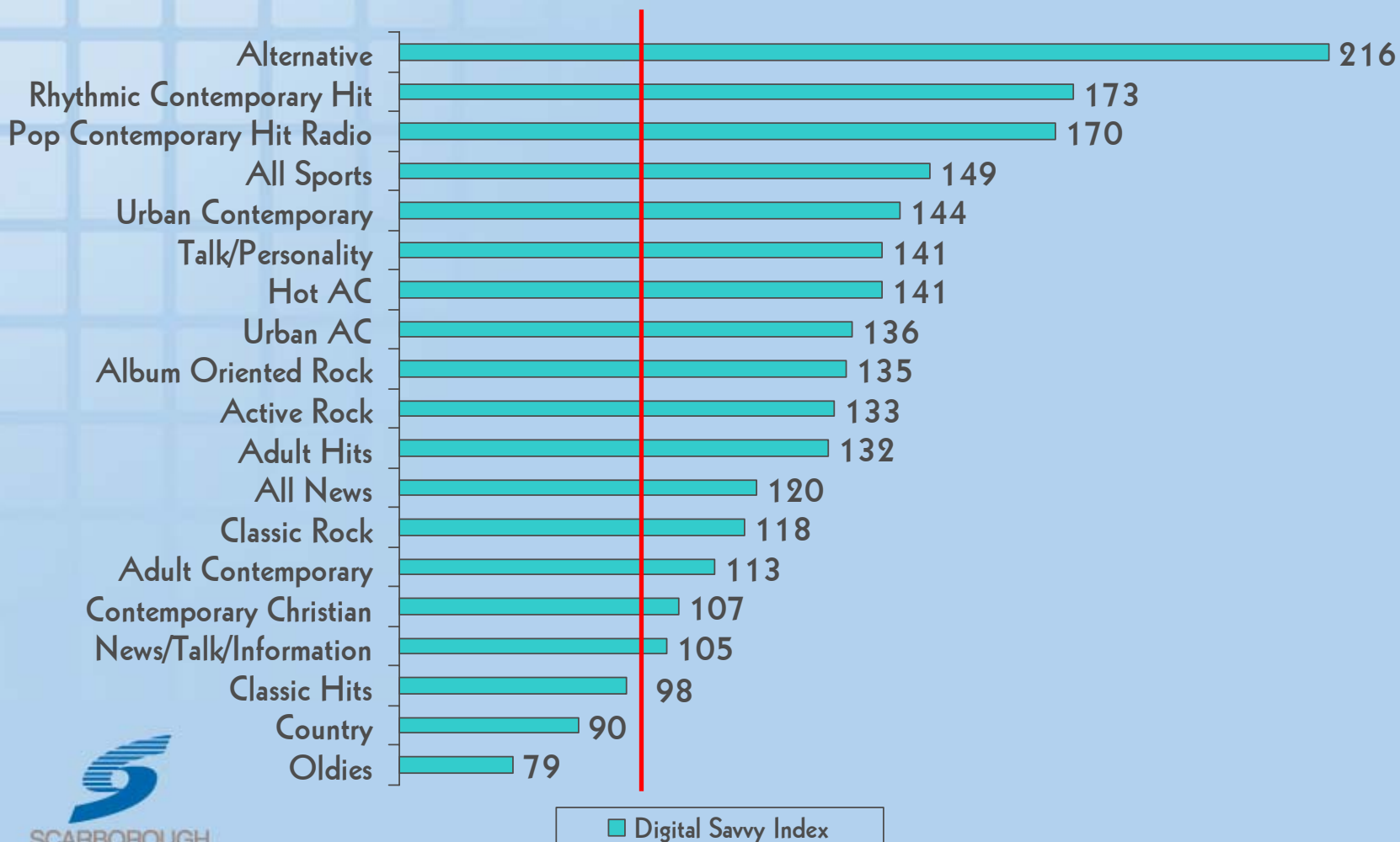
Digital Savvy  
What they Watch  
What they Listen To  
What they Read  
How they Commute

# Digital Savvy are Slightly Heavier Radio Listeners



■ Digital Savvy Index for National Radio Quintile

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

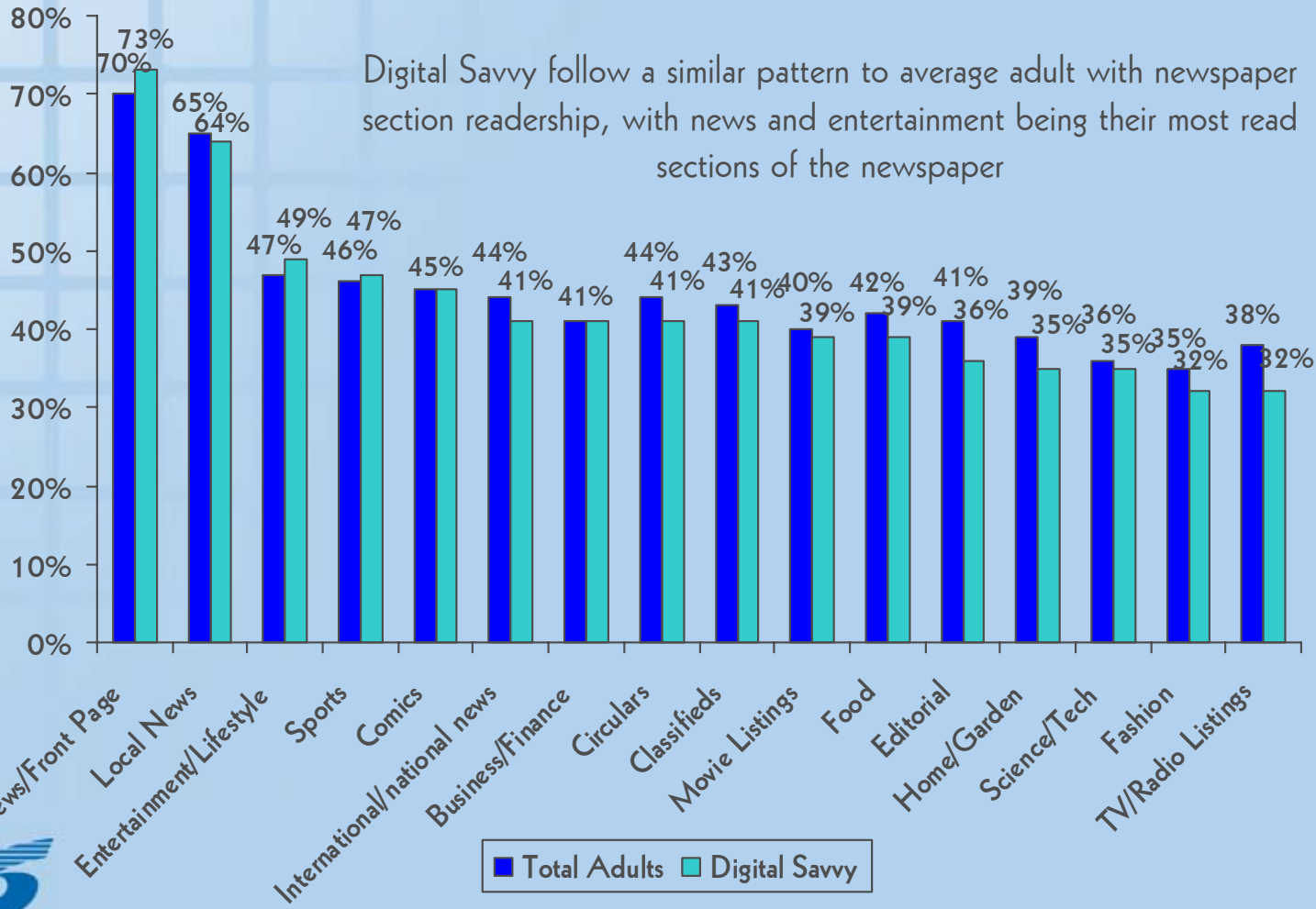


# Digital Savvy are About Average Newspaper Readers



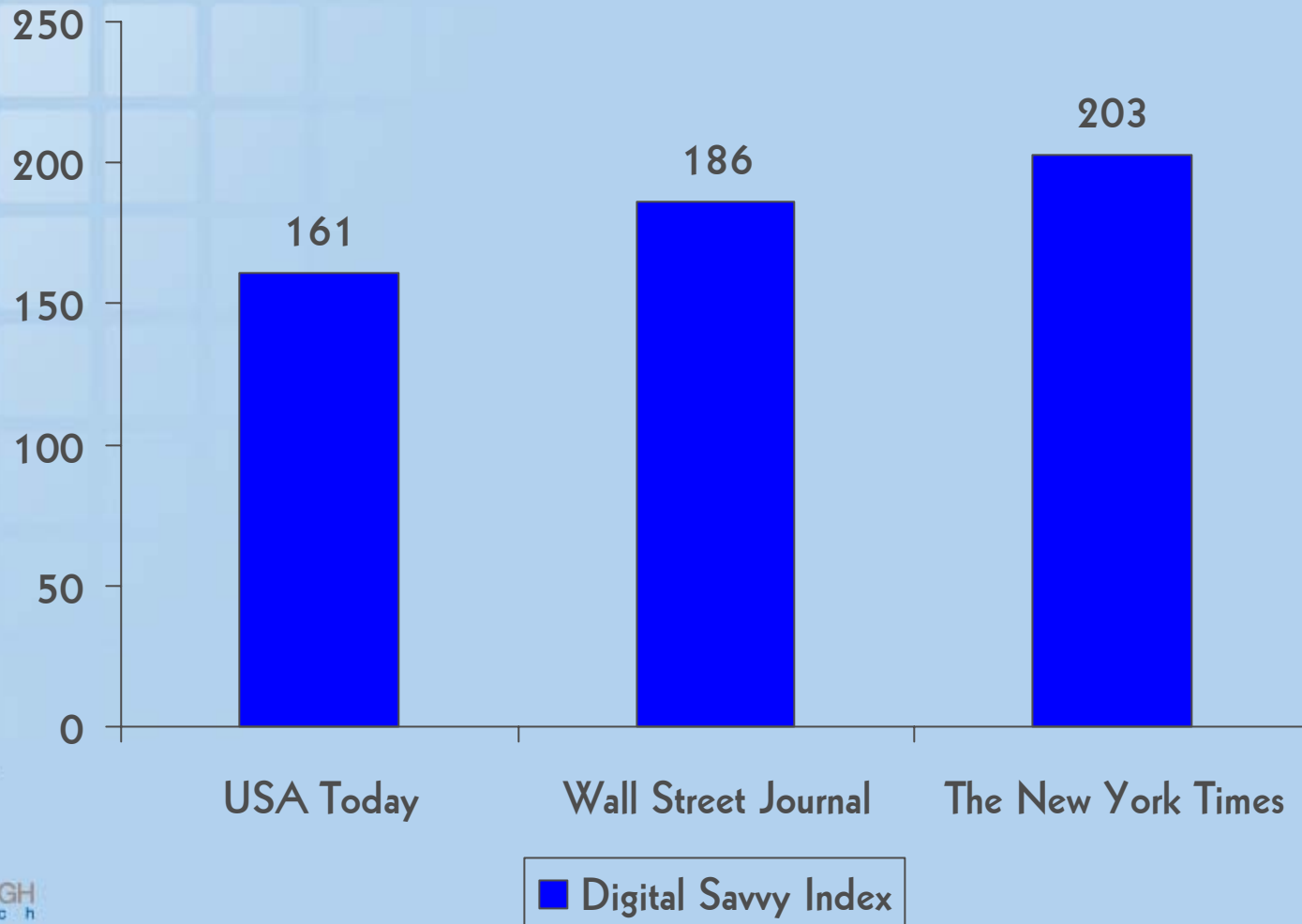
■ Digital Savvy Index for Newspaper Quintile

# Newspaper Section Readership of the Digital Savvy

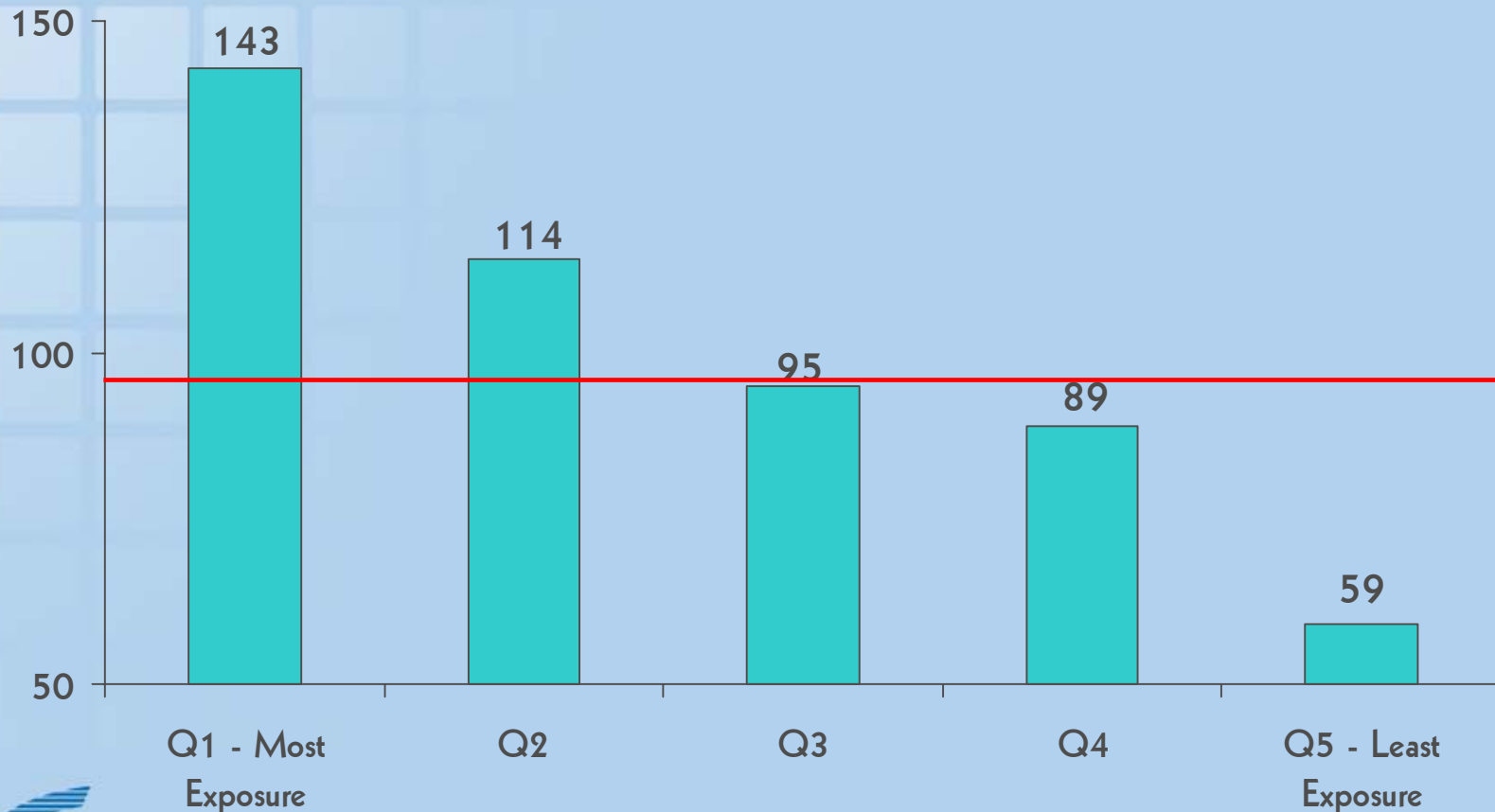


# National Newspapers: Daily Readership

Digital Savvy are more likely than all adults nationally to read the top three national newspapers in an average weekday



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



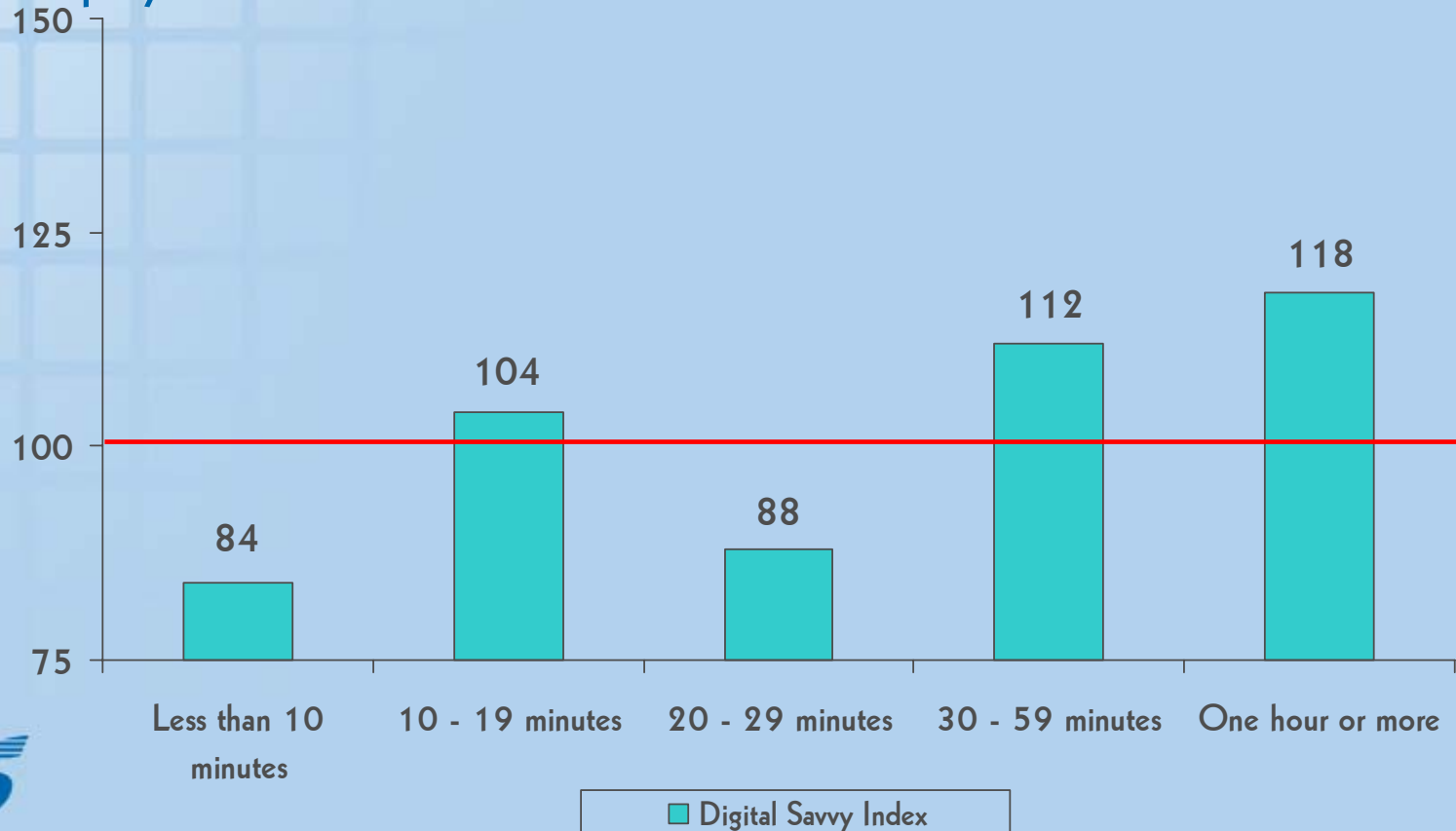
■ Digital Savvy Index for Miles Traveled Quintile

Note: Media Quintiles distribute the population into 5 equal groups based on levels of media usage. Quintile 1 shows the heaviest users, Quintile 5 shows the lightest users.

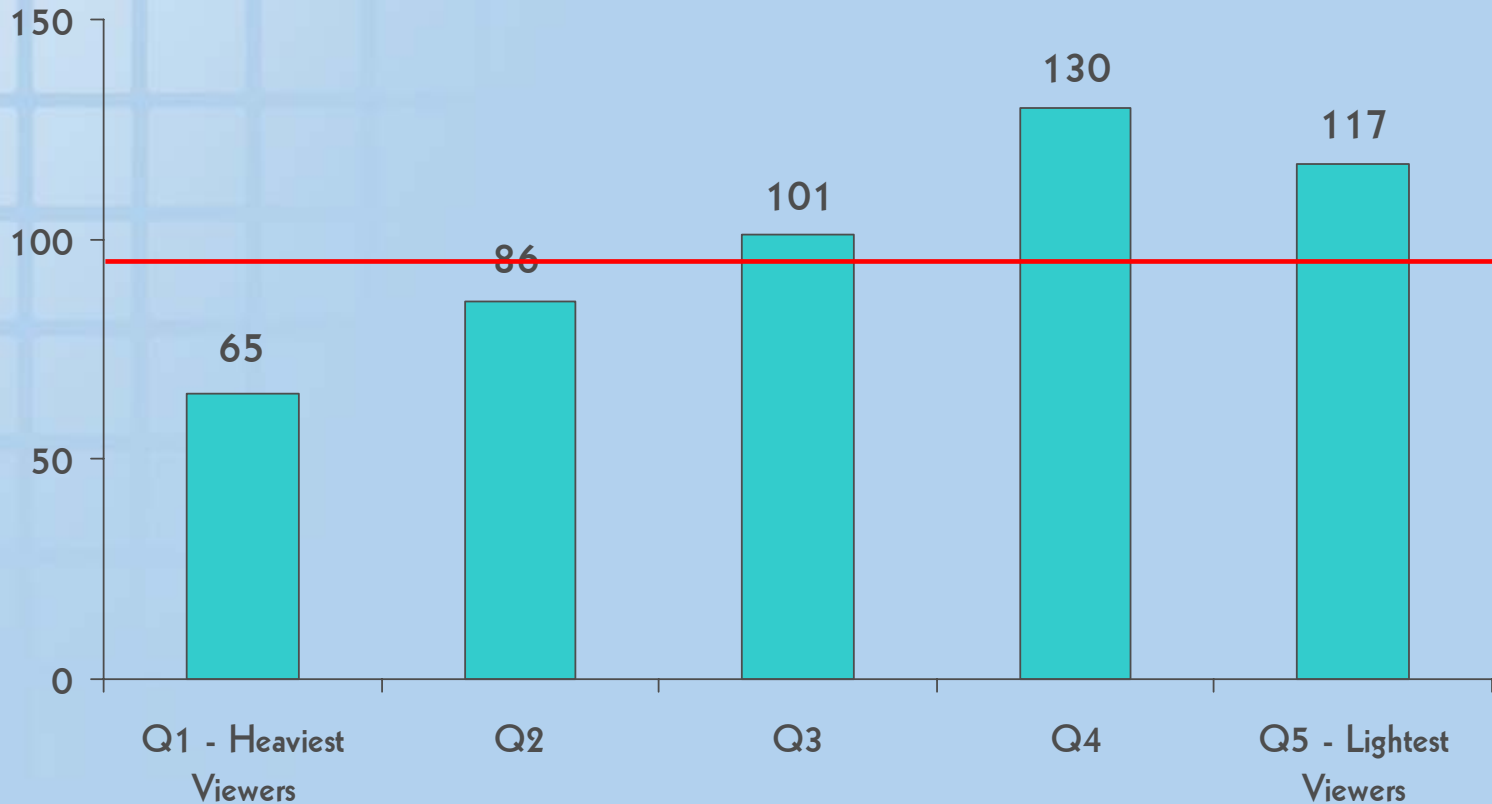
Source: Scarborough USA+ Release 1, 2007 (August 2006 – March 2007)

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

Digital Savvy adults are more likely to have a longer commute time; based on employed adults

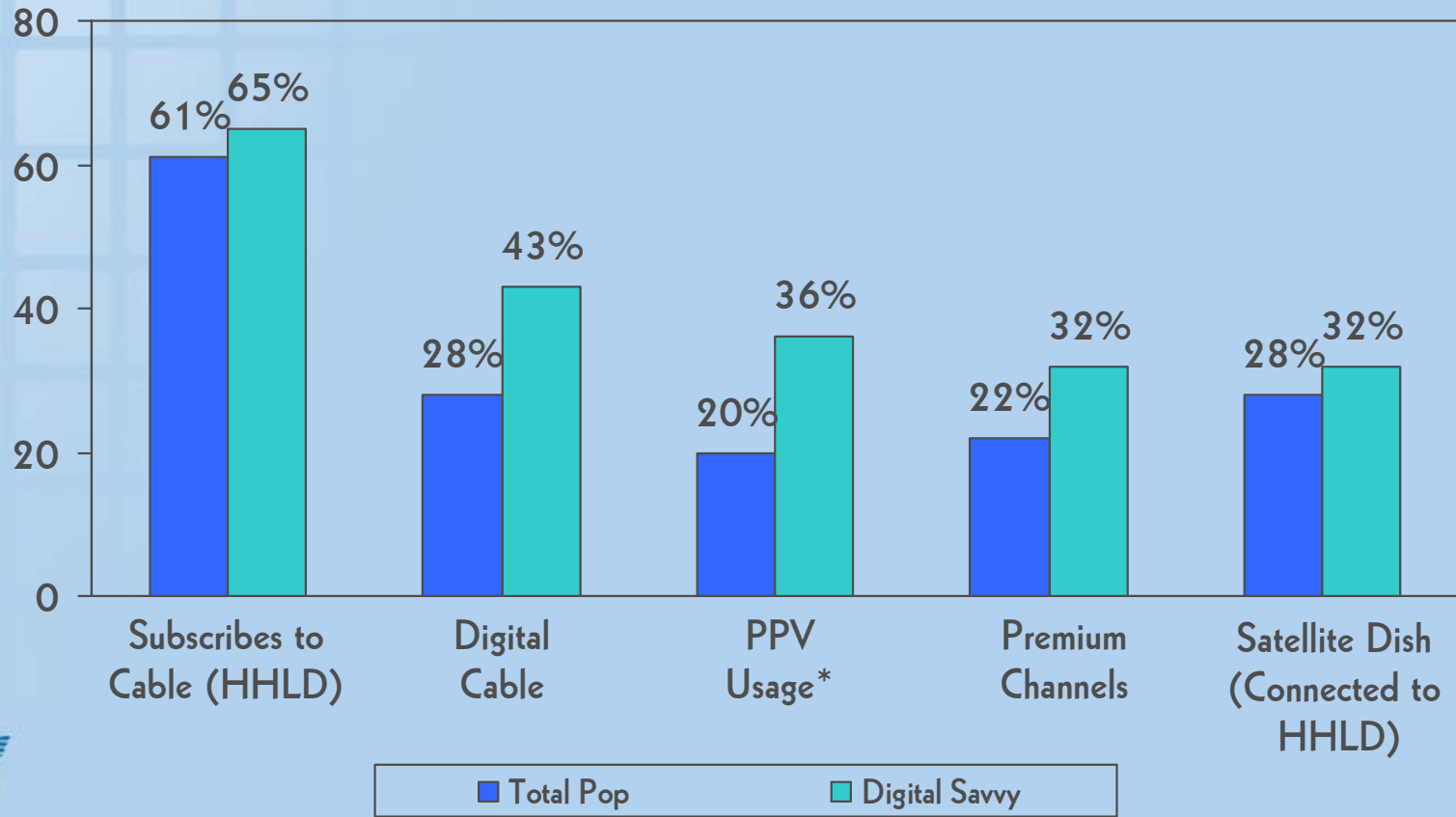


# Digital Savvy are Lighter TV Viewers...



■ Digital Savvy Index for National TV Quintile

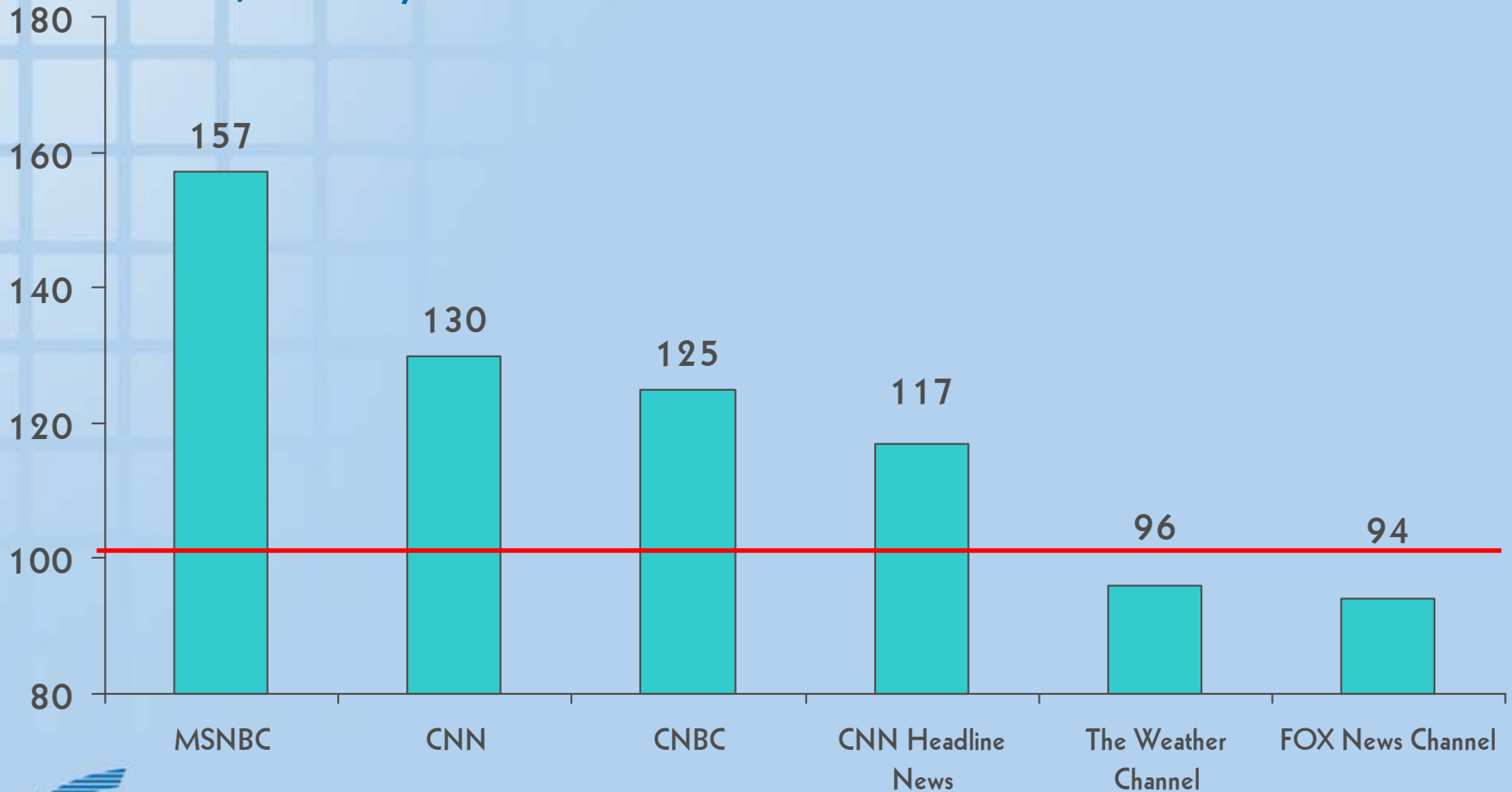
# ...But are more likely to subscribe to premium and higher-end television services



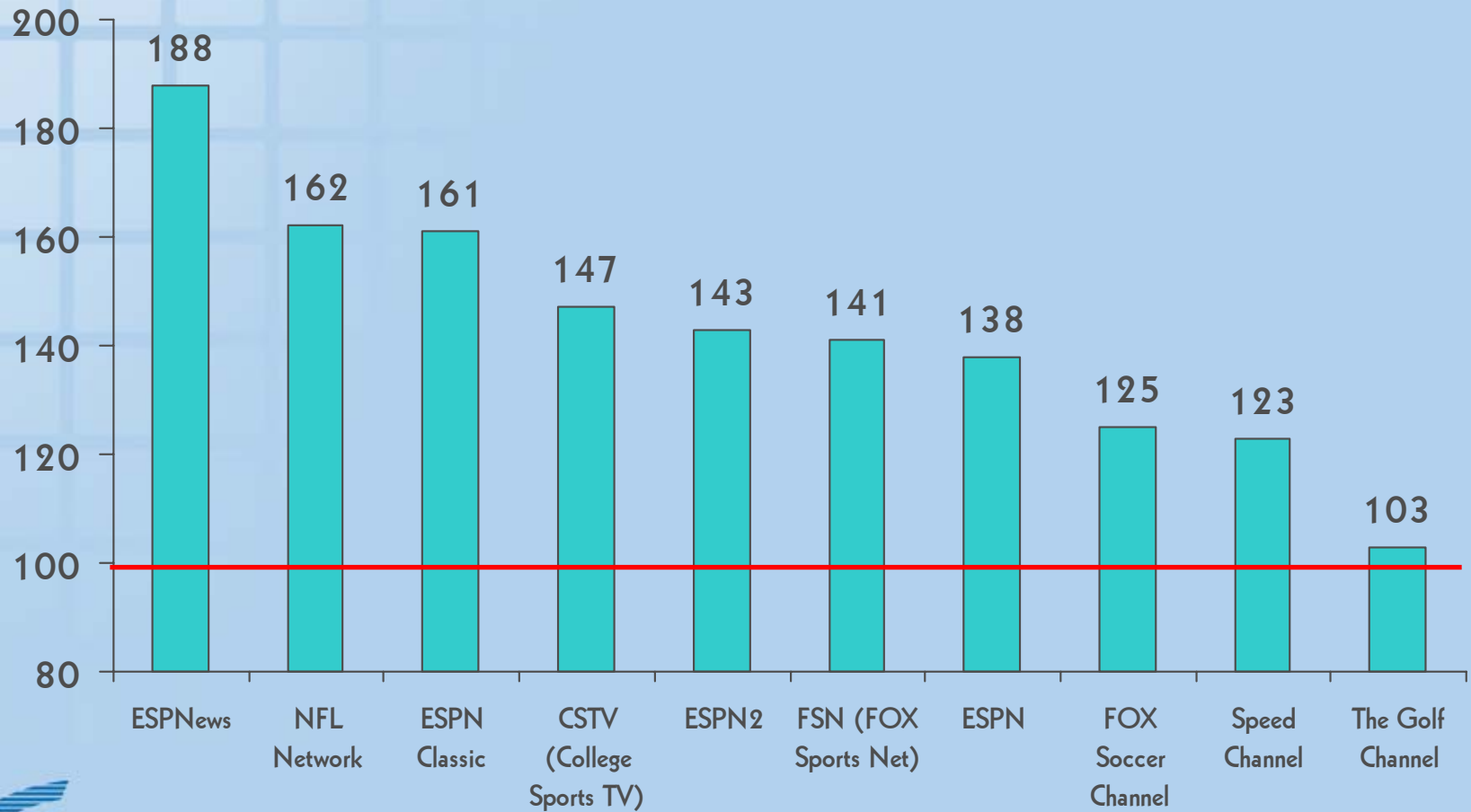
\* Pay Per View Usage - Have used PPV 1+ times within the past 12 months  
Source: Scarborough USA+ Release 1, 2007 (August 2006 – March 2007)

# Cable TV: News Networks

The Digital Savvy are More Likely to Tune into MSNBC, CNN and CNBC; less likely to watch the FOX News Channel

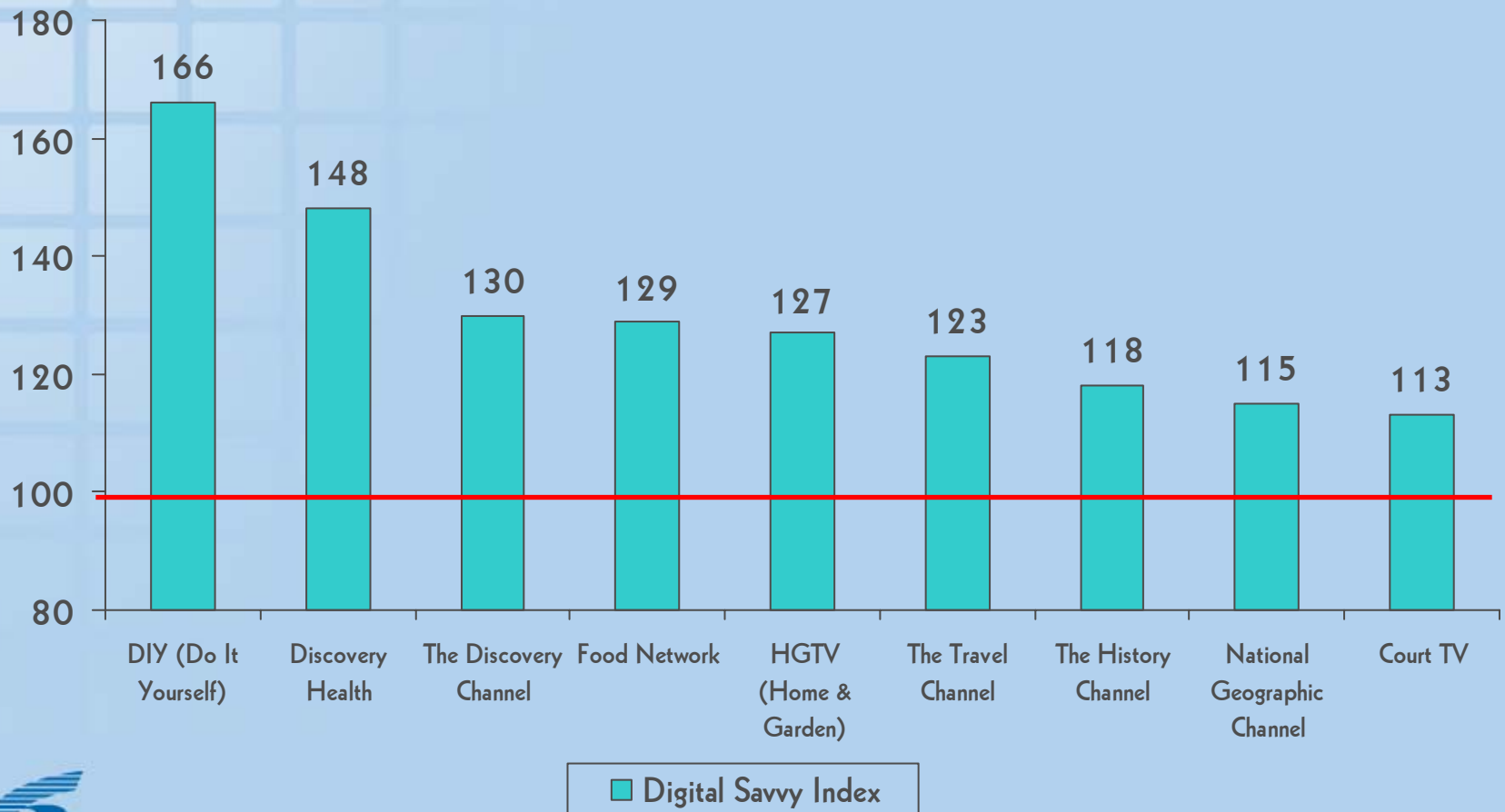


# Cable TV: Sports Networks

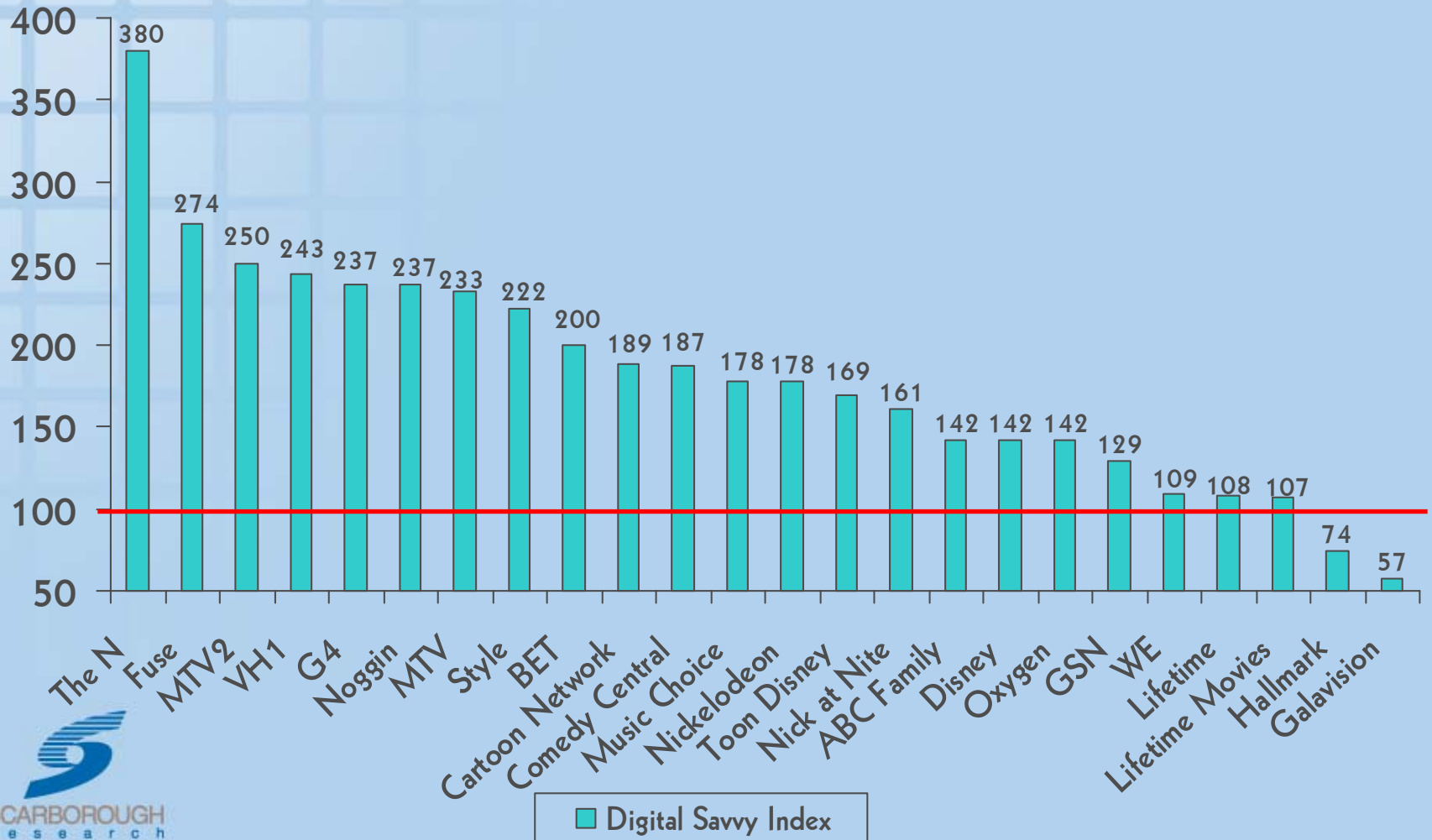


■ Digital Savvy Index

# Cable TV: Educational/Informational Networks



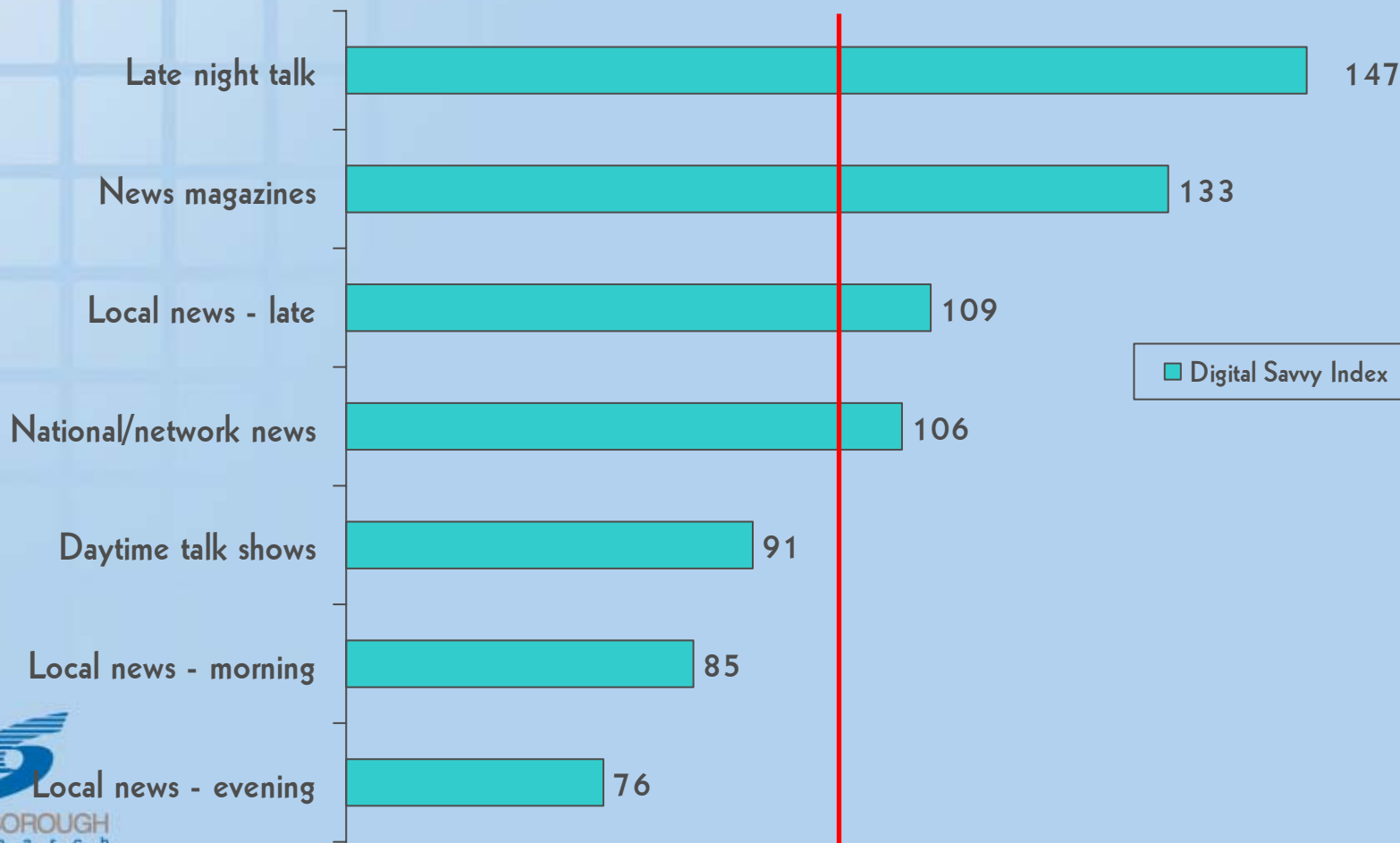
# Cable TV: Family/Teen/Ethnic Networks



■ Digital Savvy Index

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

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



# 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
- Download TV / Video Programs Online
- Heavier Radio Listeners
- Politically Independent
- Active & Athletic

# 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 significant amount 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 but 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 is likely to be changing
  - Internet
  - Phone
  - Traditional Media
- Digital Savviness may be fueled by:
  - Working from Home
  - Out-Of-Home Lifestyle
  - Presence of Children
  - Affluence
  - Increasing 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

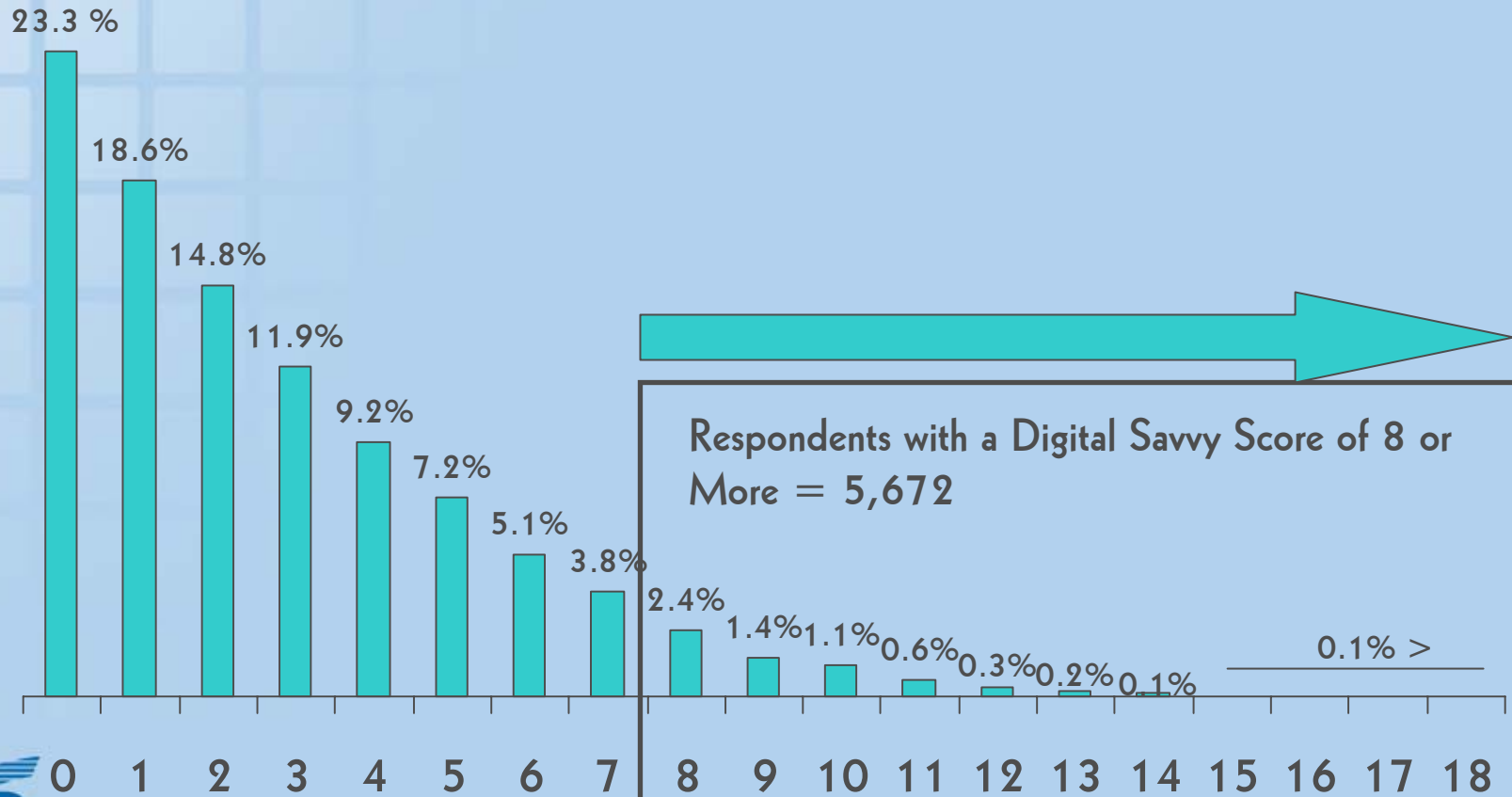
# More About the Digital Savvy Segmentation

# Honing in on the Digital Savvy

- Scarborough measures 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 common occurrence in the mainstream, therefore it does not suggest tech savvy. The Digital Savvy are more apt to buy/use consumer electronics that are new and emerging and ‘pave the way’ for its mainstream usage.
- 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



# About Scarborough Research



# 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.)

# Source & Contacts

**SOURCE:** Scarborough Research, Scarborough USA+ Release 1 2007 (6 months). Scarborough USA+ is a national study of consumer behaviors. The measurement period for the study was August 2006 – March 2007.

## CONTACTS:

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