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The How We Will Pay study, a PYMNTS and Visa collaboration, asks consumers to respond to a variety of questions inquiring about specific behavioral patterns, buying habits and shopping preferences related to connected commerce. The study outlines a clear picture of five distinct user personas based on age, purchasing preferences and connectivity levels, providing an in-depth analysis of each group's online shopping habits. Detailed analyses of these five personas, which range from the Super Connected, who own the most connected devices, to the Smartphone Centric, who rely only on their mobile phones, are listed in full in the report. The study was conducted among a panel of approximately 2,800 adult users, aged at 18 or older within the United States. In the 2018 edition, we build upon the findings from our 2017 analysis, mapping the evolution of connected consumer spending habits.

HOW WE WILL PAY

2018 Edition

A **Week** In The Life
Of The
Connected Consumer

VISA

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HOW
WE
WILL
PAY

INTRODUCTION



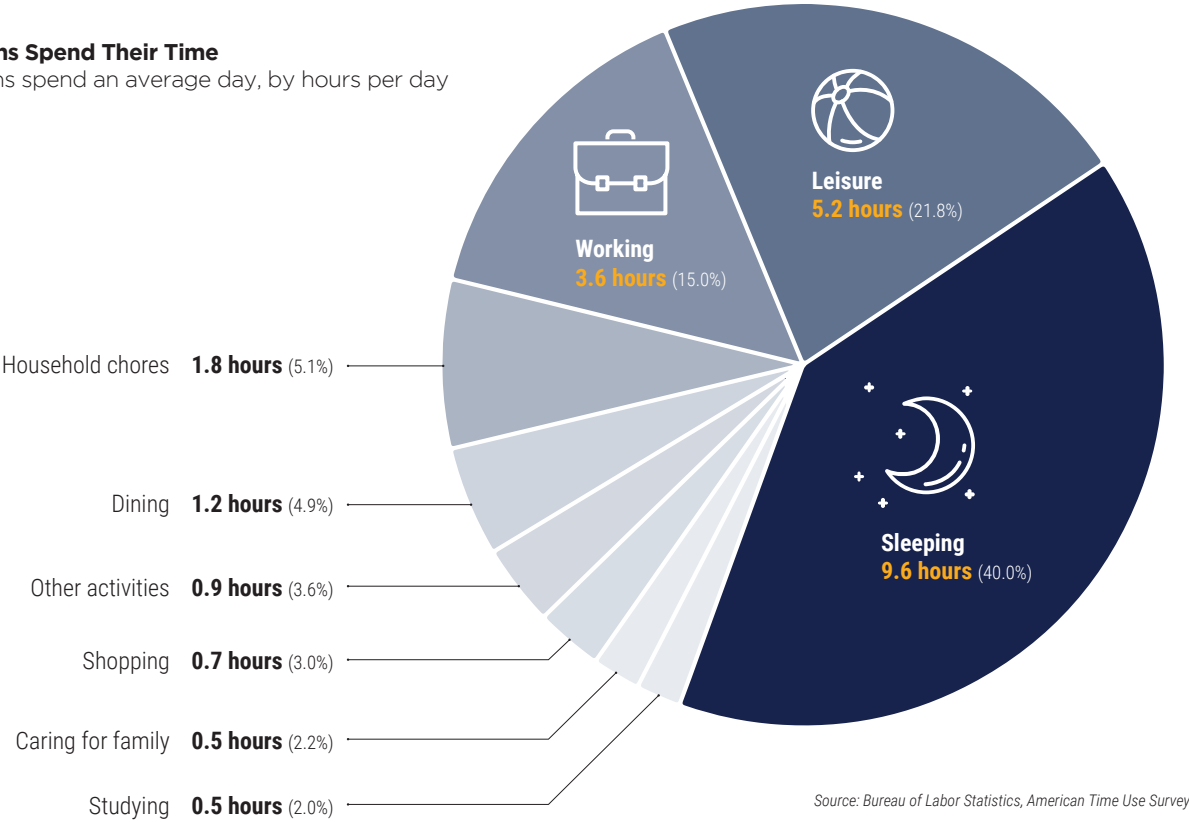
Every year since 2003, the Bureau of Labor Statistics has published a study of how Americans use their time. Very little has changed over the course of those last 15 years. There are still only 24 hours in the day, and, last year, Americans used those 24 hours in much the same way as they did in 2016, 2010 and 2003. The average American spent 9.6 hours sleeping and getting ready for bed, worked 3.6 hours, shopped 0.7 hours, watched TV for 5.2 hours, cooked and cleaned for 1.8 hours and spent the rest of their day on a variety of other things, including commuting to and from work.

What has changed, dramatically so, is how the internet has created seamless payments experiences for consumers as they go about their days. People now commute to work in connected cars that can find gas stations and use apps to “autopay” for gas, parking and coffee.¹ Consumers can surf the internet

¹ In this study, we use the term autopay to identify use cases in which payments happen automatically. An example of an autopay use case would be paying for an Uber ride, where the payment is automatically processed by the app.

A DAY IN THE LIFE OF THE AMERICAN CONSUMER

FIGURE 1:
How Americans Spend Their Time
How Americans spend an average day, by hours per day



on their televisions and purchase retail goods of all varieties, sometimes directly from the shows they are watching. They can even shop on social media apps while reading updates from friends and family in their newsfeeds. With voice-activated speakers sitting on their counters, desks

and coffee tables, consumers can build a grocery shopping list and place an order for delivery, all while cleaning or cooking dinner.

This is how consumers are using these devices today, and how they want to use them even more in the future.

In collaboration with Visa, PYMNTS asked 2,800 U.S. consumers about the devices they own and how they use them to buy things. We also asked those consumers about the purchases they made in the past seven days, the devices they used to make those purchases and why they made a purchase with that device in that way.

We studied the usage of connected devices such as smartphones, desktops, laptops, tablets, smart televisions, voice-activated assistants and cars with connected dashboards, among others.

This is the second year of this study, so we were eager to observe how those consumer trends have evolved since last year’s study.

The data we collected underscores the impact of these connected devices on how a demographically diverse group of consumers pay, and also what they buy.

In a word, they have become essential.

Here’s what we learned:



Consumers are **more connected** than ever.

Consumers own 4.4 devices, on average — up from 4.2 devices last year. Only about 16 percent of adults over the age of 18 in the U.S. today do not own a smartphone. Adopters of these connected devices, such as voice-activated speakers, include consumers from all age brackets and income levels. In fact, 97 percent of the consumers we surveyed own at least one connected device. The proliferation of these technologies, and their increased usage, is shifting the balance of how and where consumers buy.



Connected devices and apps are increasingly **driving retail spend at the expense of buying in the physical store.**

More than half of the consumers in our study made an online purchase in 7 of the 13 categories we tracked — from clothing to groceries to tickets to healthcare products, including prescriptions. While 72 percent of consumers in our sample reported shopping in-store for non-grocery products, the shift to online purchasing is accelerating in all categories because consumers can use devices and apps to buy things that were once only available in a physical store. When it comes to certain sectors, the use of connected devices to purchase is particularly high. For example, 28 percent of consumers who purchased clothing in the seven days we asked them about did so online.



Using connected devices to buy things is also decreasing consumers’ use of cash, and **in places where cash was once king.**

Almost half of the consumers we studied carry between \$10 and \$50 in cash in their wallets, largely reserved for tipping (39 percent) and buying things at small merchants that do not accept cards.



Voice-activated speakers have become an important medium for commerce

Voice-activated speakers are now owned by 27 percent of consumers in our study — up from 14 percent last year. Of the consumers we studied, 28 percent of respondents who owned voice-activated speakers used them to make a purchase in the past seven days. A common use case includes buying food — both grocery purchases and food ordered for delivery at home.



Consumers use connected devices to buy things because **it is convenient.**

Of the consumers we spoke with, 78 percent say they make purchases using connected devices because it saves them time, and 74 percent of consumers say that they improve their quality of life because they do not have to go to a store or wait in line. Consumers also value the convenience of these devices because they can buy things as they go about their daily lives — commuting, working or taking care of the kids.



Consumers' growing use of and dependence on connected payments has also elevated their concerns over **data privacy and security** when using them.

This year, we observed an increase in the number of consumers concerned about the security and privacy of their data when using connected devices to buy things. Seventy-nine percent of consumers expressed concerns over data security when using connected devices to enable payment, an increase of 11 percentage points. Almost as many, 78 percent, expressed concerns over the privacy of their data.



Eliminating checkout friction is also why consumers say they would value a contactless payments experience in the physical store.²

More than a quarter (26 percent) of consumers in our survey say that they'd be "very" or "extremely" interested in using contactless cards to pay. Making contactless payments at grocery stores and large mass merchant retailers is of greatest interest to those consumers (84 percent).



Those concerns seem to **influence whom consumers trust** to enable connected payment experiences.

As the payments experience becomes less connected to a physical card and more connected to a device and an app, 59.1 percent of consumers in our study say they trust banks and card networks to deliver their connected payments experiences.

² We asked survey respondents how familiar they were with the contactless symbol, and 64 percent reported being either "somewhat" or "very" familiar with it.



Not surprisingly, consumers' appetites for using connected devices and apps to buy things is only increasing — **as are their expectations for how they want to be paid.**

More than one-third of the consumers in our study say that using connected devices would enhance the experience of paying bills, shopping for groceries and making other routine retail purchases.



Their **expectations** for how they want to be paid are changing, as well.

Nearly 70 percent of consumers in our study say that being paid their wages more frequently would help them better manage their money and pay their bills.

Here is a more detailed look at how consumers will use connected payments experiences, including the payments habits of the first generation of connected consumers with spending power: the 30- to 40-year-old Bridge Millennial.

Bridge Millennials are an important segment to track because they have grown up using connected devices and apps — and now they have the spending power that goes along with using those devices to buy things. As the generation that bridges the older millennials and the younger members of Generation X, Bridge Millennials have established careers and the earnings stability that goes along with it. They are also spending money as they feather their nests and start families.



THE CONNECTED DEVICE PERSONAS

THE CONNECTED DEVICE PERSONAS



Connected devices — and using them to make purchases — are rapidly becoming as integrated into a consumer’s lifestyle as drinking coffee in the morning. This year, we observed an interesting shift away from devices that don’t enable payments experiences to those that do, including voice-activated speakers and smartwatches.

Last year, we introduced the concept of “Connected Device” persona categories, and found some notable changes this year:

HOW CONNECTED CONSUMERS SHOP & PAY



Smartphone Centric consumers, who own just a smartphone, represent just 3 percent of the population, are an average of 48 years old and have an annual income of \$56,541. One in four (22 percent) have a college degree, and 49 percent are women.



Mainstream Mobile consumers make up 17 percent of all consumers. They own a tablet or computer in addition to a smartphone, but no other devices. They are, on average, almost 60 years old and have an annual income of \$59,076. Nearly half (49 percent) are women, and just over one quarter (26 percent) have a college degree.



Connected Home consumers represent 35 percent of all consumers. They have less than six devices, including smart home devices, such as voice-activated speakers and smart appliances. They are an average of 50 years old and earn more than \$67,554 annually. Twenty-nine percent have a college degree, and half are men.



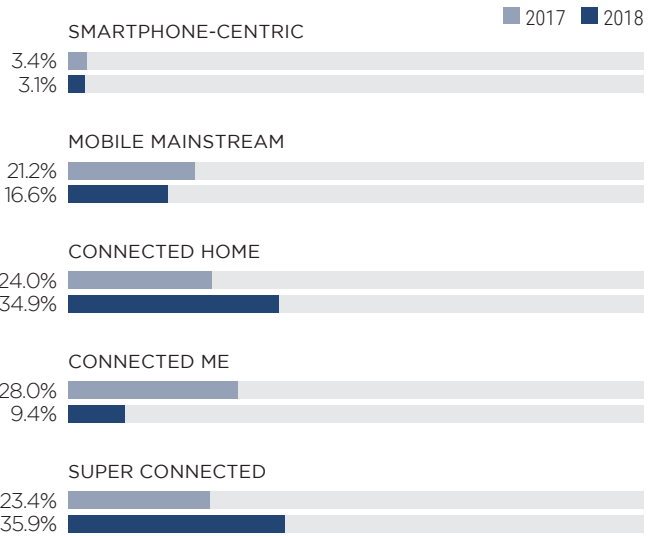
Connected Me consumers are the 9 percent of consumers who prefer wearables over smart home devices, are an average of 44 years old and earn about \$79,406 per year. This group is highly educated, with 43 percent holding a college degree, and 59 percent are women.



Super Connected consumers represent 36 percent of consumers and own six or more devices. They are also the youngest and have the highest income of all, at 42 years old on average with an annual average income of \$96,438. The Super Connected consumer is highly educated (47 percent have a college degree), and 57 percent are female.



FIGURE 2:
Shift In Consumer Personas Since Last Year
Percentage of respondents categorized into one of five personas, by device ownership



Source: PYMNTS/Visa How We Will Pay 2018

36%
of consumers own
six or more devices.

For reference, the average age of the United States adult population (those over 18 years of age) in 2018 is 48 years old. This is in line with the age of the consumers in our study, who were, on average, 47.7 years old.³

Our most interesting observation was the shift in the mix of consumers’ persona profiles this year over last. In addition to fewer consumers owning just a smartphone, fewer own only smartphones, tablets and PCs.

Consumers are investing in connected devices for their homes, with the percentage of Connected Home consumers having increased from 24 percent in 2017 to 35 percent in 2018. At the same time, the number of consumers who own wearable devices that can’t make payments dropped by nearly two-thirds.

We also observed an increase in the number of Super Connected consumers, which increased by 54 percent over last year.

³ Author unknown. National population by characteristics: 2010-2017. United States Census Bureau. 2018. <https://www.census.gov/data/tables/2017/demo/popest/nation-detail.html>. Accessed October 2018.



SUPER CONNECTED



Not only are connected devices an indispensable part of consumers' lives, but so are the connected payments experiences that they power.

When we surveyed consumers, we asked them about their purchasing habits in the past seven days. More than 50 percent of them made online purchases in seven of 13 product or service categories. Twenty percent went online with mobile apps,

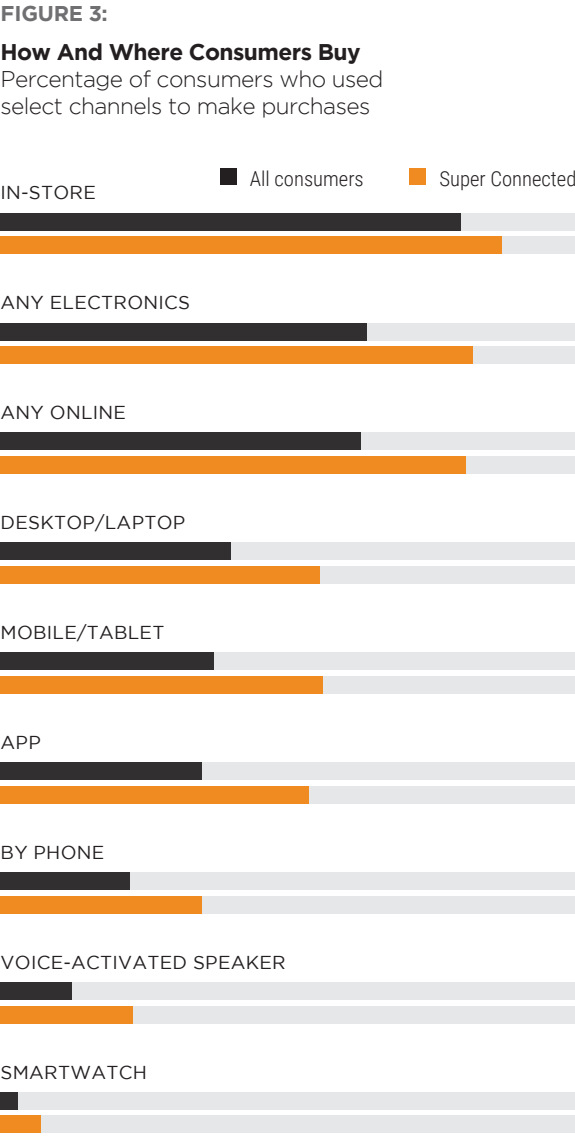
82%
of Super Connected consumers made an online purchase in the past seven days.

CONNECTED DEVICES DRIVE AN INCREASING PROPORTION OF RETAIL CONSUMER SPEND

laptops and tablets to buy food to eat at home and 28 percent reported buying clothes and accessories with mobile phones, desktop computers, tablets and voice-activated speakers, among other devices.

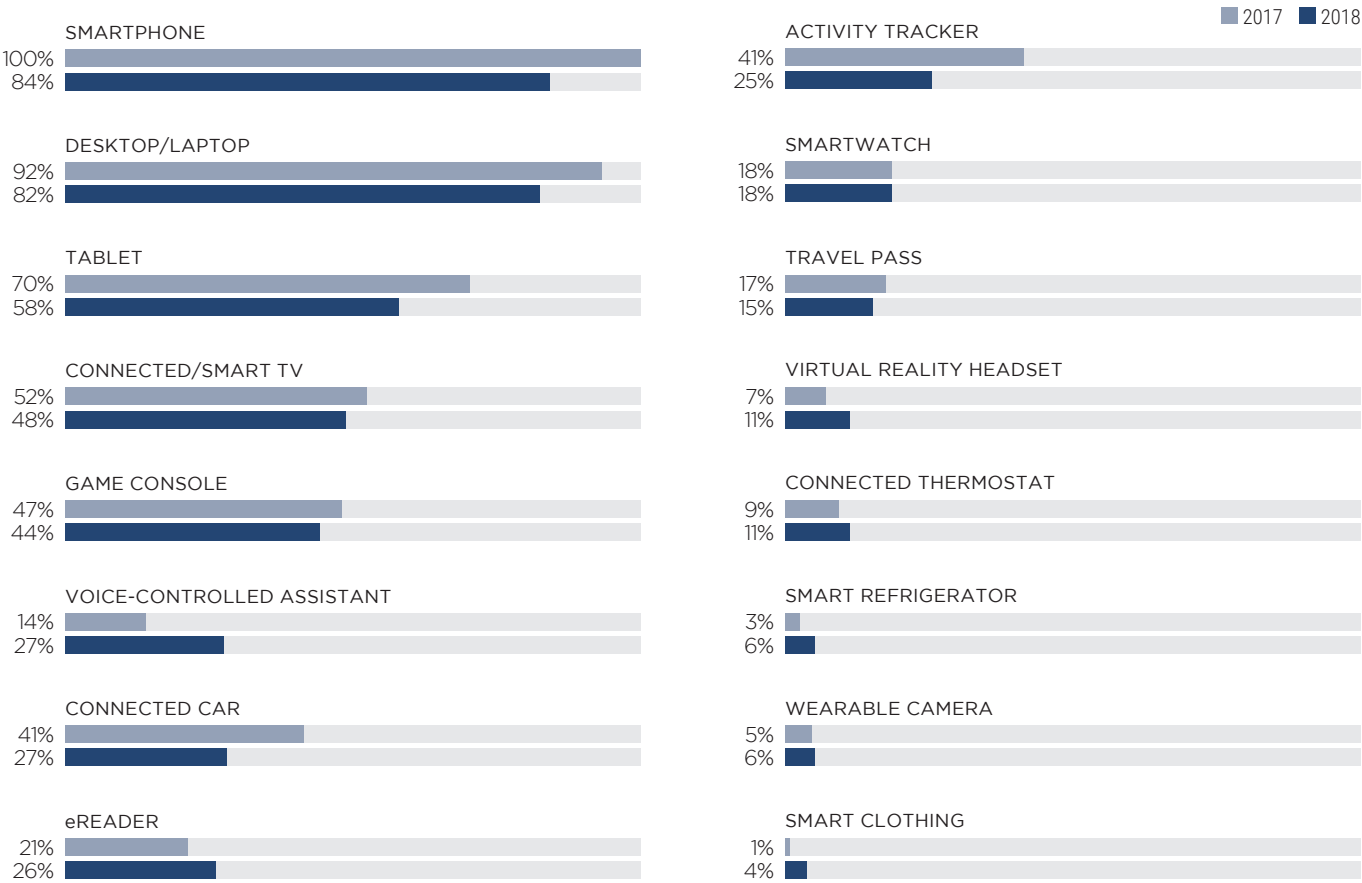
In fact, more consumers went online to buy clothes than they they did in a physical store.

For Super Connected and Bridge Millennial consumers, the use of connected payments is even greater, with nearly 72 percent of Bridge Millennials using connected devices to buy clothes and accessories online. Of all surveyed consumers, 12 percent used their voices to make purchases over the past seven days, using voice-activated speakers or other devices or mobile applications. That number was about 23 percent for Super Connected consumers. Leading use-cases for voice-activated purchases included buying groceries for home, takeout/delivery food and digital goods, with the percentage of consumers in our study that made those purchases at 5 percent, 4 percent and 4 percent, respectively.



Source: PYMNTS/Visa How We Will Pay 2018

FIGURE 4:
Change In Device Ownership Since 2017
Percentage of consumers owning select connected devices, by year



Source: PYMNTS/Visa How We Will Pay 2018

27%
of consumers own a voice-activated device,
up from 14 percent last year.



PARADIGM SHIFT

THE RISE OF VOICE COMMERCE

Consumers are growing increasingly comfortable using their own voice — the most intuitive and ubiquitous payments interface there is — to make purchases. They are using their voices and voice-activated speakers to eliminate frictions from otherwise routine shopping experiences: buying groceries (5 percent), purchasing digital goods (4 percent), ordering food (4 percent) and buying clothes (4 percent).

Voice and voice-activated speakers, therefore, have become a major commerce force, with the ownership of voice-activated speakers increasing 88 percent this year among the consumers in our study — up from 14 percent last year to 27 percent this year. Usage of voice-activated speakers is even more pronounced for the Super Connected, 56 percent of whom own such devices. Bridge Millennials were also

particularly fond of this technology, with 31 percent of them owning a voice-activated speaker.

Even more telling is the number of consumers who own voice-activated speakers and use them to buy things. Of those who own voice-activated speakers, 28 percent used them for purchases in the past seven days. We think this is a remarkable growth and usage trajectory for devices that are just four years old.

We also observed that voice-activated speakers are establishing consumers’ homes as “commerce command centers,” particularly as consumers shift their connected purchases away from devices they carry with them to items that connect with the ones in their homes. As mentioned earlier, the ownership of fitness trackers not connected to payments was down 40 percent from 2017.

TABLE 1:
How Consumers Use Different Connected Devices To Purchase Goods And Services
Percentage of respondents that purchase different products using select purchasing methods

	CONSUMERS	Visit a store	Any online	Smart phone	Desktop or laptop	Mobile or tablet	Mobile app	Voice assistant	Smartwatch
Groceries	73%	63%	20%	7%	10%	10%	11%	5%	2%
Personal care products	53%	42%	19%	3%	10%	8%	6%	3%	1%
Food orders	47%	38%	15%	6%	7%	8%	9%	4%	1%
Clothing and accessories	42%	26%	28%	3%	16%	13%	10%	4%	1%
Health and medications	38%	27%	13%	6%	7%	5%	5%	2%	1%
Personal care services	34%	25%	14%	2%	7%	6%	6%	3%	1%
Digital goods	27%	6%	22%	2%	10%	8%	9%	4%	1%
Reading materials	25%	11%	16%	3%	9%	7%	6%	2%	1%
Event tickets	19%	5%	15%	3%	7%	6%	6%	2%	1%
Household services	15%	6%	7%	4%	4%	3%	3%	2%	1%
Household equipment	15%	9%	10%	2%	6%	4%	4%	2%	1%
Automobile parts	15%	8%	8%	3%	4%	3%	3%	2%	0%
Jewelry	12%	6%	8%	2%	4%	4%	4%	3%	1%

Source: PYMNTS/Visa How We Will Pay 2018

THE SEAMLESS CONNECTION



Consumers increasingly rely on connected devices to eliminate the frictions associated with buying and paying in the physical world. Consumer interest in almost every connected payment use case has increased from last year, particularly in areas where consumers experience checkout friction.

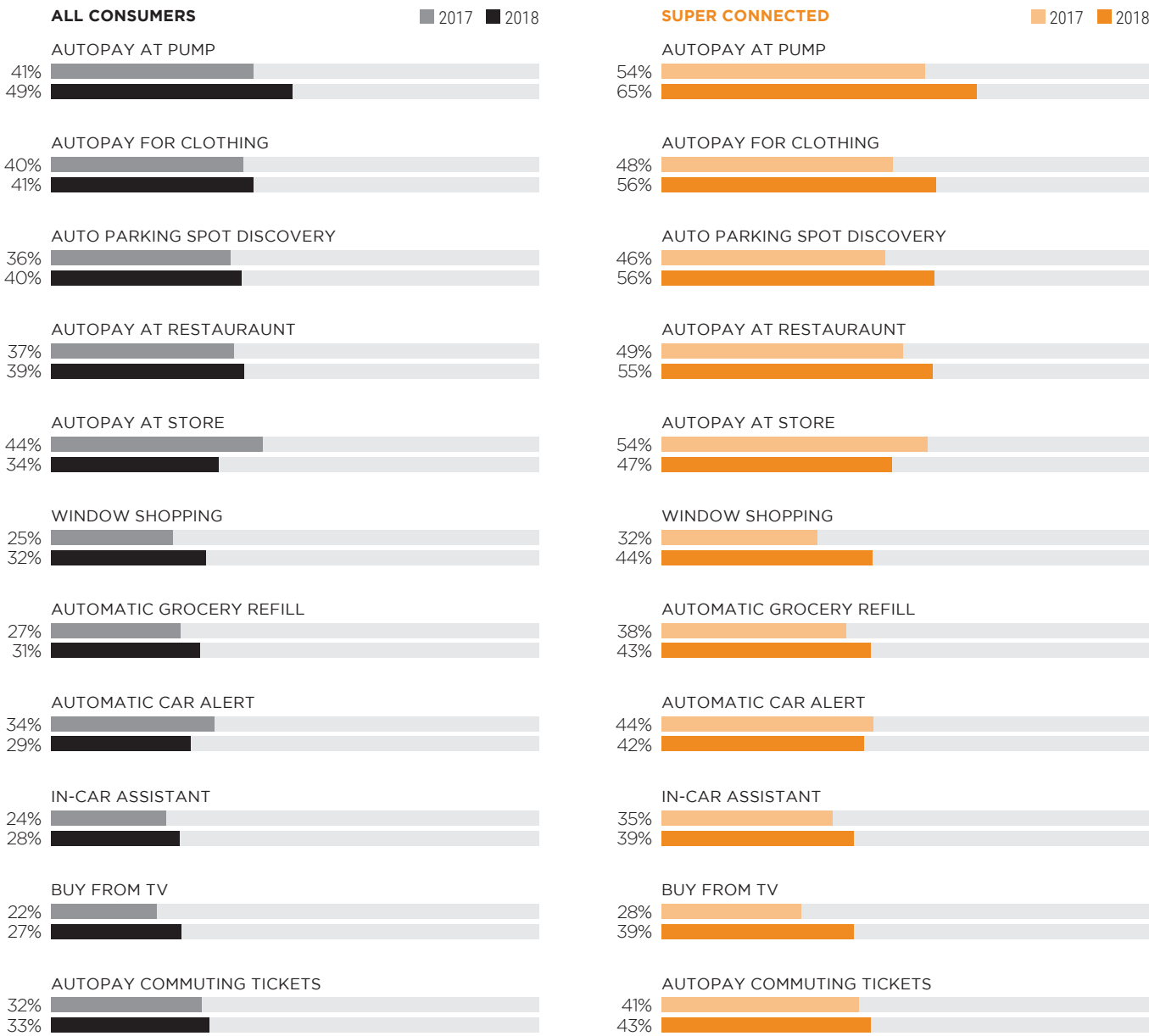
At the top of the list of ways that consumers are interested in using connected devices is to autopay, while purchasing gas. In 2018, 49 percent of surveyed consumers expressed interest in making automatic payments at the gas station, up from 41 percent in 2017.

Meanwhile, interest in making automatic payments at restaurants, rather than waiting for the check, increased from 37 percent to 39 percent. Overall, using autopay for buying gas, parking, restaurant meals and even clothes were all areas in which more than half of all consumers said that they would be either “very” or “extremely” interested.

Eliminating checkout friction is also driving

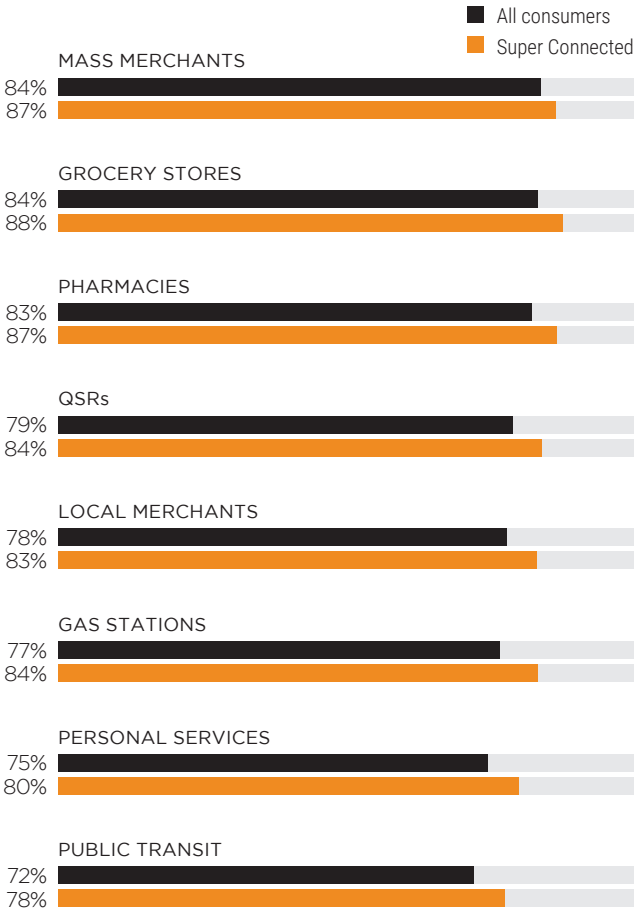
REMOVING FRICTION AND SAVING TIME

FIGURE 5:
How Consumer Interest In Connected Payments Has Changed Over Time
Percentage of consumers reporting interest in select use cases



Source: PYMNTS/Visa How We Will Pay 2018

FIGURE 6:
Areas In Which Consumers Believe Contactless Payments Can Add Value
Percentage of respondents interested in contactless payments that find them “very” or “extremely” valuable



Source: PYMNTS/Visa How We Will Pay 2018

consumer interest in using contactless at physical stores. Twenty-six percent of consumers expressed interest in using contactless cards at physical stores. Of those consumers, 84 percent see grocery as the predominant use case.

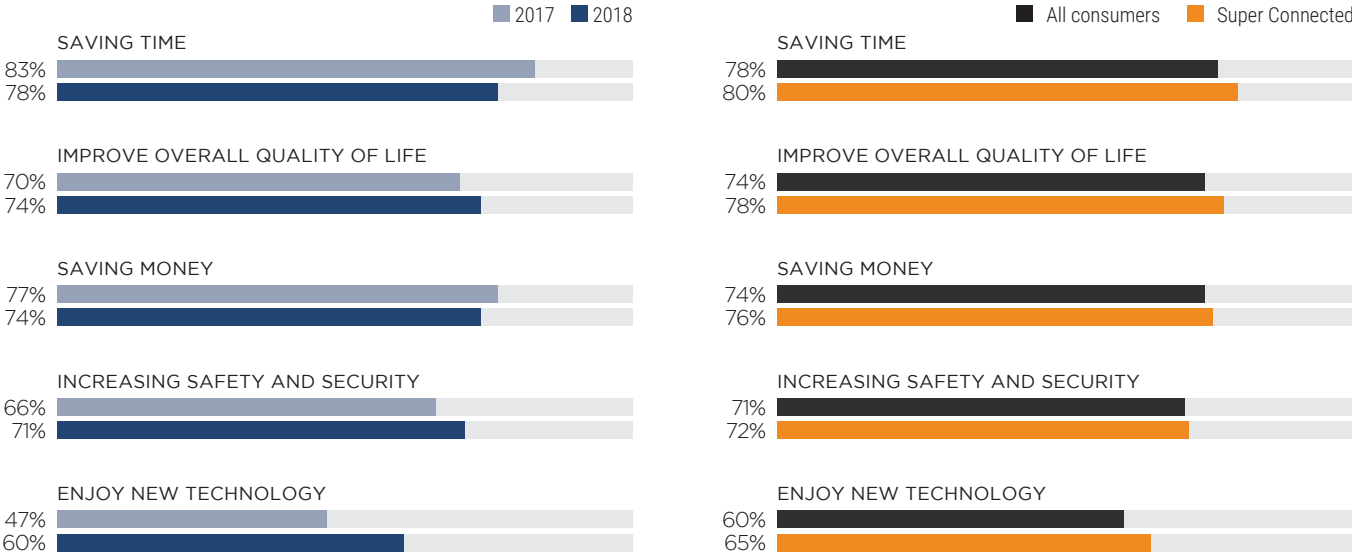
All of these use cases share a common trait: using connected payments because they save the consumer time.

Respondents cited a desire to tap and pay, as opposed to swiping a card, for the speed and convenience contactless payments deliver. Sixty-five percent said that they would be interested in using contactless payments, because they are faster, and 60 percent said they are interested because they are more convenient.

Meanwhile, 78 percent of the consumers we surveyed say they use connected payments because it saves them time, and 74 percent say that doing so improves their quality of life.

These figures were even more pronounced for Bridge Millennials (80 percent) and Super Connected consumers.

FIGURE 7:
Factors That Drive Connected Device Usage
Percentage of respondents citing select factors as reasons for using connected technologies, by year



Source: PYMNTS/Visa How We Will Pay 2018

The use of these devices to save money is a close second, with 74 percent of consumers we surveyed saying that they used connected devices to do so, but it’s the convenience of connected payments that drives the demand for the purchase of connected devices and the usage of the connected payments experiences they power.

Connected devices also make purchasing experiences more enjoyable for the consumer. There was more than a 13 percent increase in the number of consumers in our study who said that they used connected devices to pay for things because they enjoyed them, growing from 47 percent last year to 60 percent.

It’s also worth noting that the use of connected payments has increased the demand for a simple way to track spending across all apps. This year, 40 percent of consumers expressed interest in an app-based dashboard to organize and manage their spend on all digital and mobile channels and devices.

THE CASHLESS CONNECTION



Connected devices haven't just changed how consumers pay — they've also changed their expectations for how they want to be paid.

Consumers in our study still carry cash — \$10 to \$50 on average — but they use it less often for making in-store purchases. The biggest use cases for cash are tipping, cited by 39 percent of consumers in our sample, and buying from cash-only stores, cited by 24 percent. Sixteen percent of respondents said they carry only \$0 to \$20 in cash.

24%
of consumers
would like to be paid
in real time.

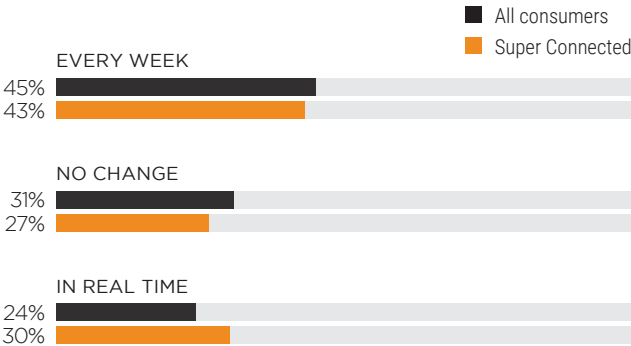
HOW CONSUMERS PAY AND LIKE TO BE PAID

As consumers move away from cash in favor of faster, more convenient digital payments, their demand for speed and convenience has spilled over into many other areas of their lives, including how they'd like to access their paychecks.

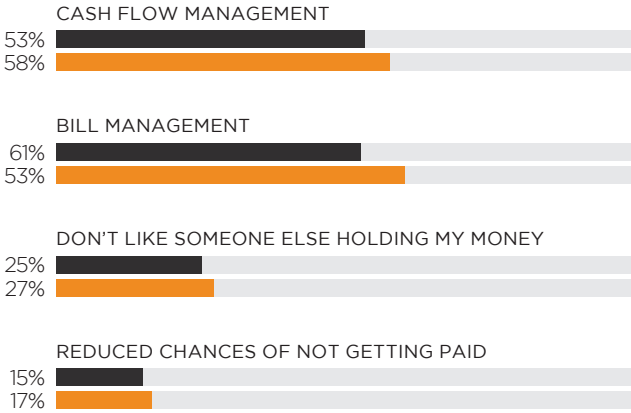
Nearly 70 percent of the consumers in our study are interested in shorter pay cycles, with 45 percent saying they were interested in being paid every week, and nearly a quarter (24 percent) expressing interest in being paid as their money is earned. Consumers said that if they were paid faster, they would be able to better manage their cash flow (53 percent) and pay bills (53 percent).

Faster access to earnings is more important for Super Connected and Bridge Millennials, with 30 percent of the former and 32 percent of the latter expressing a strong interest in faster access to their pay.

FIGURE 8:
How Often Consumers Would Like To Be Paid, And Why
Percentage of consumers who said they would like to be paid with certain frequency



Percentage of consumers who cited select reasons for being paid with certain frequency



Source: PYMNTS/Visa How We Will Pay 2018

THE POWER SOURCE

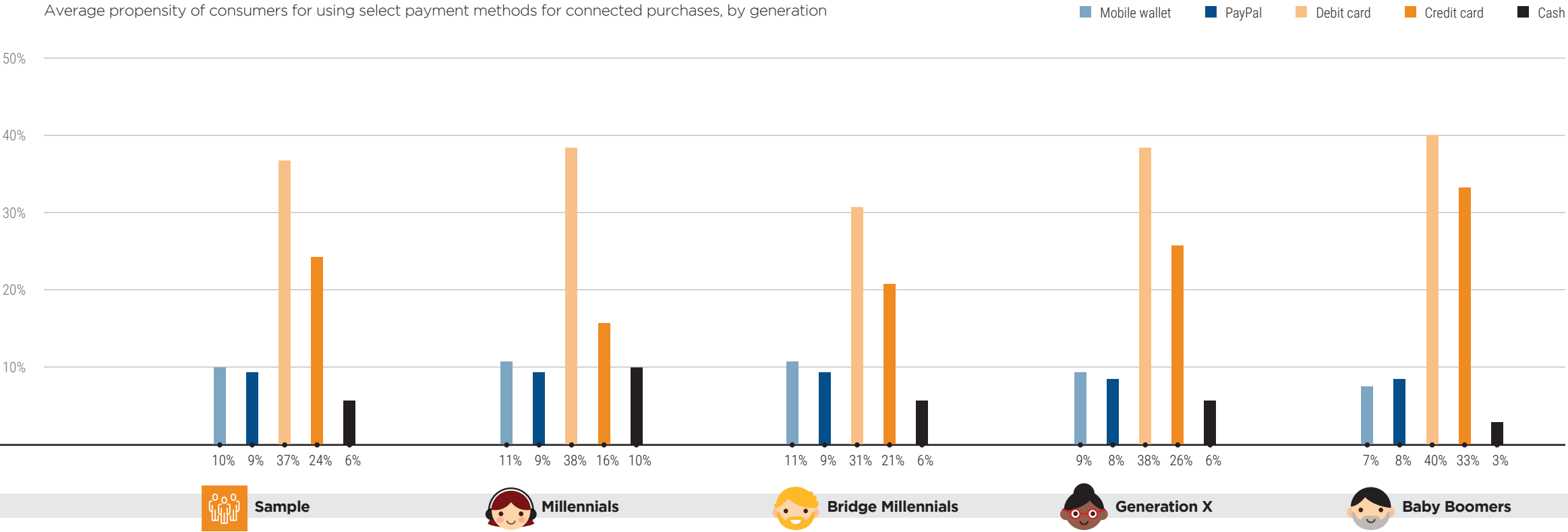
THE PAYMENT TYPES THAT DRIVE THE CONNECTED PAYMENTS EXPERIENCE

When it comes to powering the connected payments experience, many consumers use credit and debit cards to pay for what they buy. Overall, consumers in our survey like to use credit or debit cards on file with apps that enable their connected payments experience – used for 24 percent and 37 percent of purchases, respectively. Consumers’ preferences for different payment methods tends to vary by the number of devices they use and the generation that is using them.

The propensity to use credit and debit cards on connected devices is particularly high among baby boomers and Bridge Millennials – with 72 percent and 53 percent using these channels, respectively. Meanwhile, mobile wallets are more popular among Bridge Millennials and the Smartphone Centric.

Credit and debit cards are also the preferred method of paying when consumers travel abroad. Among the 54 percent of participants who had made a purchase from foreign merchants, 68 percent preferred using credit and debit cards while purchasing from them.

FIGURE 9:
Consumers’ Propensity For Using Payment Methods, By Demographic Group
Average propensity of consumers for using select payment methods for connected purchases, by generation



BABY BOOMERS have a higher propensity for using **debit cards**.

Source: PYMNTS/Visa How We Will Pay 2018

THE TRUST FACTOR

The increased usage of connected devices for shopping has raised issues about the reliability of their underlying technologies, a concern expressed by 70 percent of consumers, up from 67 percent last year. This year also saw a spike in concerns about the tradeoff between using connected devices and a loss in customer service, with 55 percent of consumers troubled by this — a year-over-year increase of 38 percent since 2017.

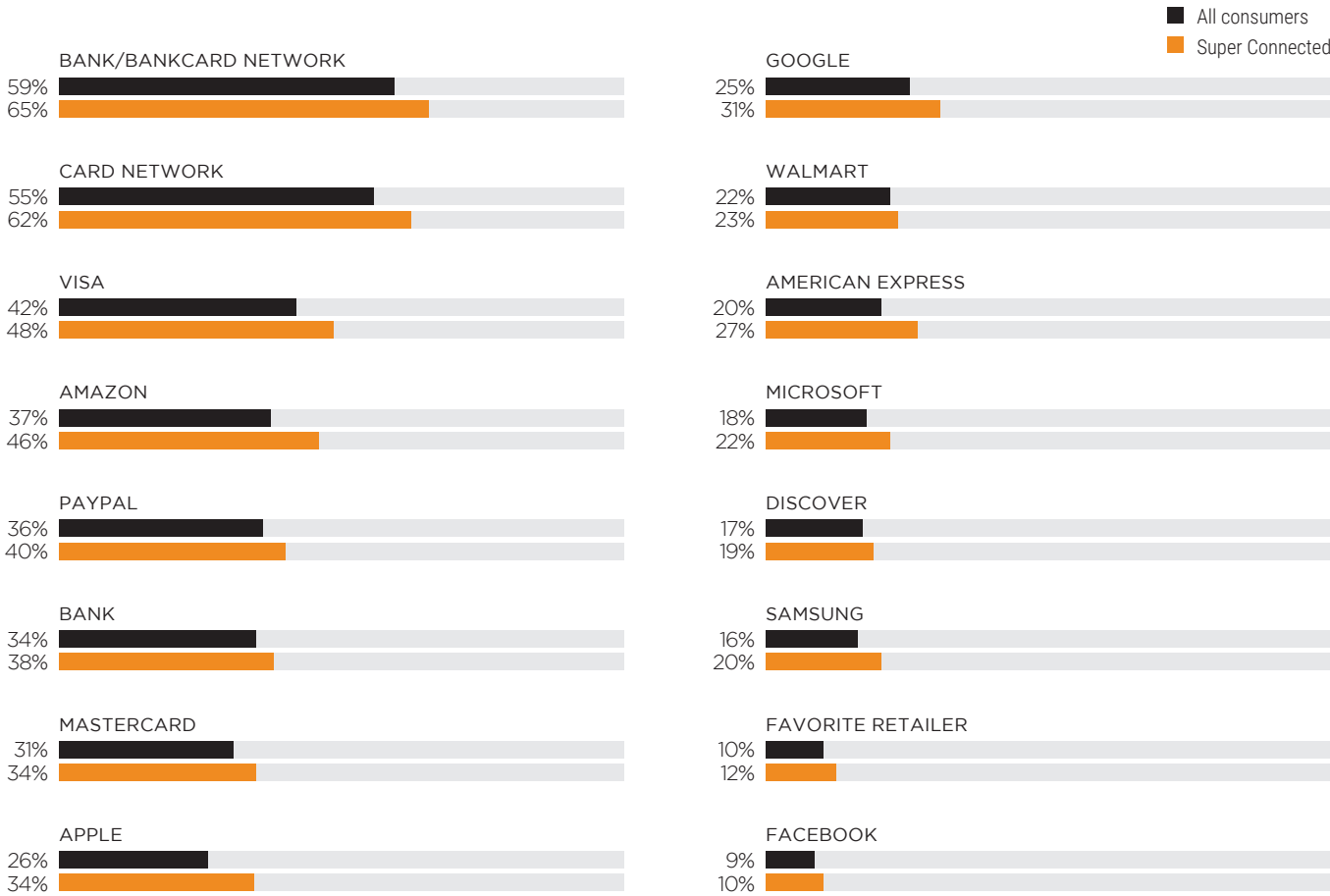
Consumers trust banks and card networks to power their connected commerce experiences more than any other institutions.

Rising to the top of consumers’ charts, however, are concerns over the data privacy and security provided by connected devices. This year, security concerns were expressed by 79 percent of all consumers in our study, up from 71 percent in 2017. Data privacy concerns rose by 3 percent, with 78 percent of consumers reporting concerns over how captured data is used by the apps and hardware that enable their connected payments experiences.

These concerns influence which companies consumers trust to enable their connected purchasing experiences. Nearly 60 percent of the surveyed consumers trust card networks and banks, and over 55 percent trust card networks. These were followed by Visa (42 percent), Amazon (37 percent) and PayPal (36 percent), which round out the top five. For the Super Connected and Bridge Millennials, these preferences appear even stronger. Sixty-five and 57 percent, respectively, cite card networks or banks as the entities they trust to power their connected payments experiences.

WHO CONSUMERS TRUST TO ENABLE CONNECTED PAYMENTS

FIGURE 10: Who Consumers Say They Trust To Help Manage Their Connected Purchases
Percentage of consumers who said they trust select institutions to offer internet-enabled commerce services, all consumers versus the Super Connected



Source: PYMNTS/Visa How We Will Pay 2018

CONNECTED PAYMENTS

A FORCE, NOT A FAD

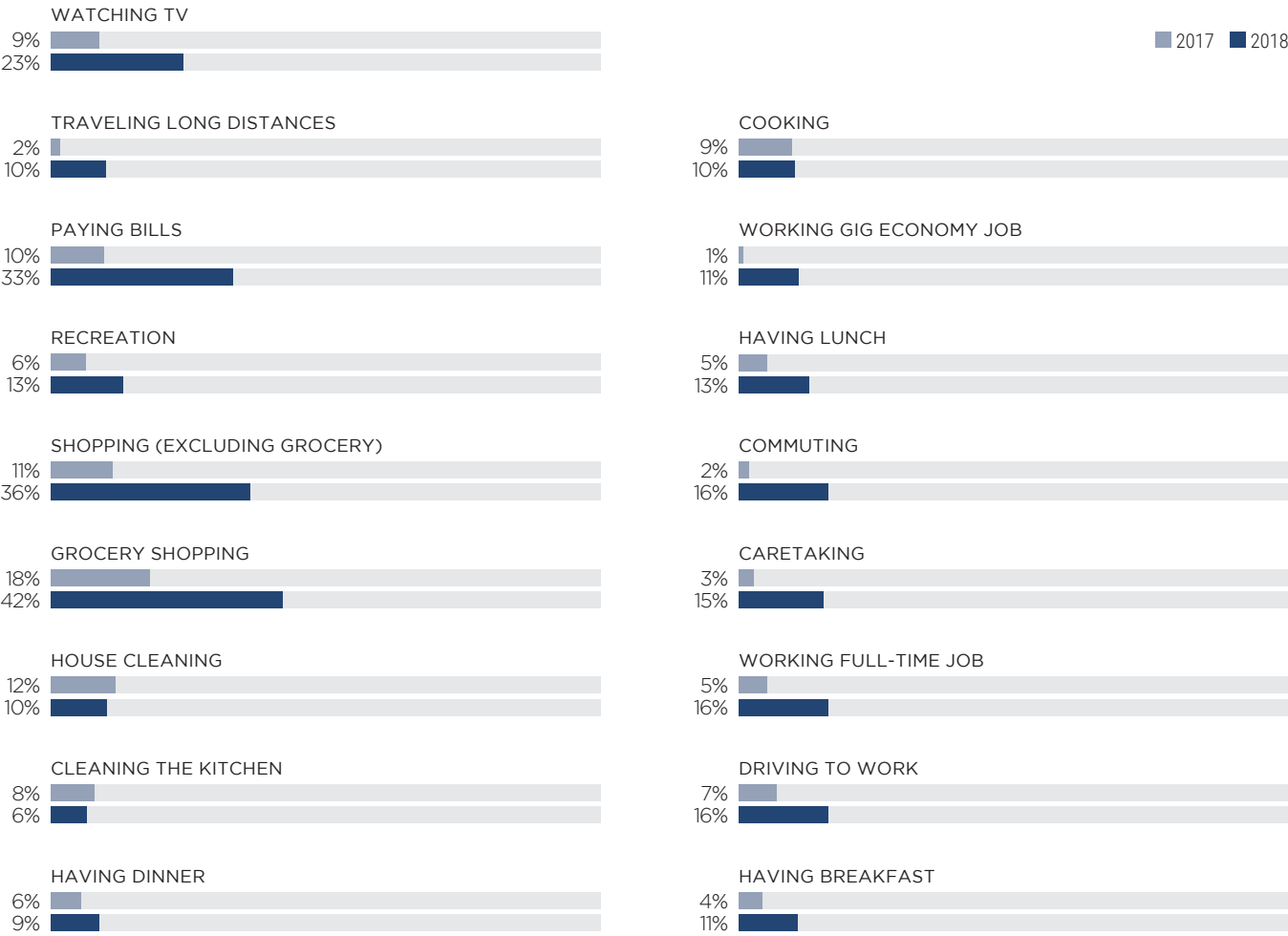


Consumers’ appetites for using connected devices to purchase and remove friction in their shopping experiences is growing, and it shows no signs of abating.

Consumers have come to expect seamless experiences where they can shop and pay for the products of their liking using connected devices and apps – and they want more of it. Most consumers find the convenience of shopping with connected devices more productive and enjoyable: 52 percent said that paying with connected devices was “enjoyable,” while 61 percent said it was “productive.”

Consumers choose to use their phones, smartwatches and voice-activated speakers, which saves them time and allows them to enjoy an otherwise dull routine or frustrating payments experience. Therefore, it is no surprise that, going forward, many plan on using connected devices to power connected payments experiences in more areas of their lives.

FIGURE 11:
How Consumers Believe Connected Devices Can Enhance Their Lives
Percentage of consumers who cited select areas that might be improved with connected devices



Source: PYMNTS/Visa How We Will Pay 2018

A THIRD OF CONSUMERS expressed interest in using connected devices **to pay bills.**

Forty-two percent of consumers in our study said they'd like to use connected payments to buy grocery items, up from 18 percent last year, while 36 percent would like to use them for other retail purchases — an increase from 11 percent in 2017. Thirty-three percent of surveyed consumers also expressed an interest in using these devices to pay bills, up from 10 percent last year.

The interest in using these devices to make purchases while doing other things is also up sharply over last year. Using them for payments while eating lunch more than doubled, and while taking care of the kids more than tripled.

The access to these devices and the payment-enabled apps that are now connected to them has made these contextual commerce experiences more productive and has increased the demand for those use cases.

Put simply, consumer demand for a connected payments experience is increasing — and fast. Connected devices and apps that integrate payments have made consumers' daily routines more productive, but also more enjoyable.

It is only natural, then, that consumers will make more use of connected payments experiences in the future, because it is increasingly how they pay today.



DEEP DIVE



DEEP DIVE



Bridge Millennials are the 20.7 million consumers that, as their name suggests, bridge the gap between younger millennials and Generation X. They are between 30 and 40 years of age and are also more likely than younger millennials to have settled into a stable career, made a dent in paying their student loans, and are settling down.³ Their increased earnings gives them spending power that their younger peers lack.






This is also the generation that came of age with connected devices in their lives, using them to do everything from accessing social networks and sending money to their friends, to buying things using mobile devices. Using devices with apps that have payments features embedded in them is second nature.

This makes Bridge Millennials the first generation of digital natives that have

³ Connected consumer: How consumers shop and buy clothes. PYMNTS.com 2018. <https://www.pymnts.com/news/retail/2018/bridge-millennials-apparel-shopping-retail-ecommerce/>. Accessed October 2018.

BRIDGE MILLENNIALS AND THE CONNECTED PAYMENTS EXPERIENCE

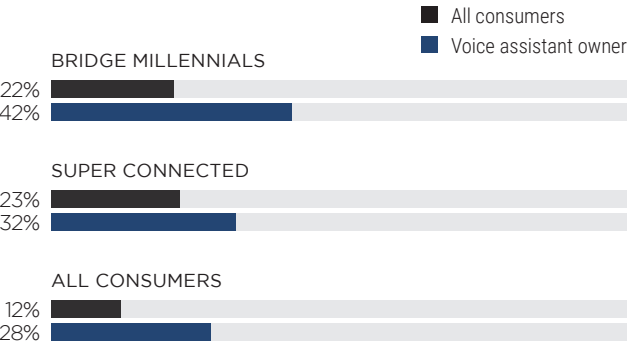
TABLE 2:
How Consumers Of Different Generations Make Purchases
Percentage of purchases made using connected devices, by generation

	 SAMPLE	 Millennials	 Bridge Millennials	 Generation X	 Baby Boomers
	N = 2,005	N = 227	N = 409	N = 610	N = 677
In-store	57% —————>	57%	55%	59%	56%
Any online	53% —————>	59%	59%	54%	44%
Any electronics	56% —————>	63%	63%	56%	46%
Desktop or laptop	28% —————>	30%	28%	26%	28%
Mobile or tablet	23% —————>	32%	29%	25%	14%
Application	22% —————>	27%	30%	24%	12%
Voice assistant	11% —————>	19%	17%	10%	4%
Smartwatch	3% —————>	5%	5%	2%	1%
By phone	13% —————>	18%	17%	12%	7%

Source: PYMNTS/Visa How We Will Pay 2018

spending power — with both the expectation of and experience in using connected devices to buy things. As such, Bridge Millennials are more likely than both baby boomers and Generation X to shop on connected devices. Fifty-nine percent of purchases made by Bridge Millennials were made online. At the same time, 63 percent of all purchases they made, either in-store or online, were made using electronic devices.

FIGURE 12:
Which Demographic Groups Use Voice Assistants To Shop
Propensity to use connected devices to make purchases



Source: PYMNTS/Visa How We Will Pay 2018

BRIDGE MILLENNIALS are more likely to use **voice assistants** than any other generation to make purchases.

In comparison, Generation X consumers prefer using connected devices to shop online, having bought 54 percent of their purchases via online channels. Baby boomers only make 46 percent of their purchases using connected electronics.

In terms of how they shop and interact with connected experiences, Bridge Millennials closely resemble young millennials. That said, as a group, Bridge Millennials earn higher income and can therefore afford to make more connected purchases.⁴

Bridge Millennials are also considerably more likely than the average consumer to own voice-activated speakers and to make purchases with them. As much as 42 percent of all Bridge Millennials who own voice-activated speakers also used them to make purchases, compared to 28 percent of voice-device owners who did the same. Bridge Millennials who own voice-activated speakers were also more likely to use them to make purchases than their Super Connected counterparts, of whom, 32 percent used their devices in this way.

⁴ Connected consumer: How consumers shop and buy clothes. PYMNTS.com 2018. <https://www.pymnts.com/news/retail/2018/bridge-millennials-apparel-shopping-retail-ecommerce/>. Accessed October 2018.



In other words, Bridge Millennials that own voice-activated speakers are almost twice as likely to make purchases using them than the average consumer. They are the driving force of commerce in the voice-activated ecosystem.

So, what, exactly, are Bridge Millennials using their voice-activated speakers to purchase?

The short answer is: everything. They also bought more than Super Connected consumers who own voice-activated speakers.

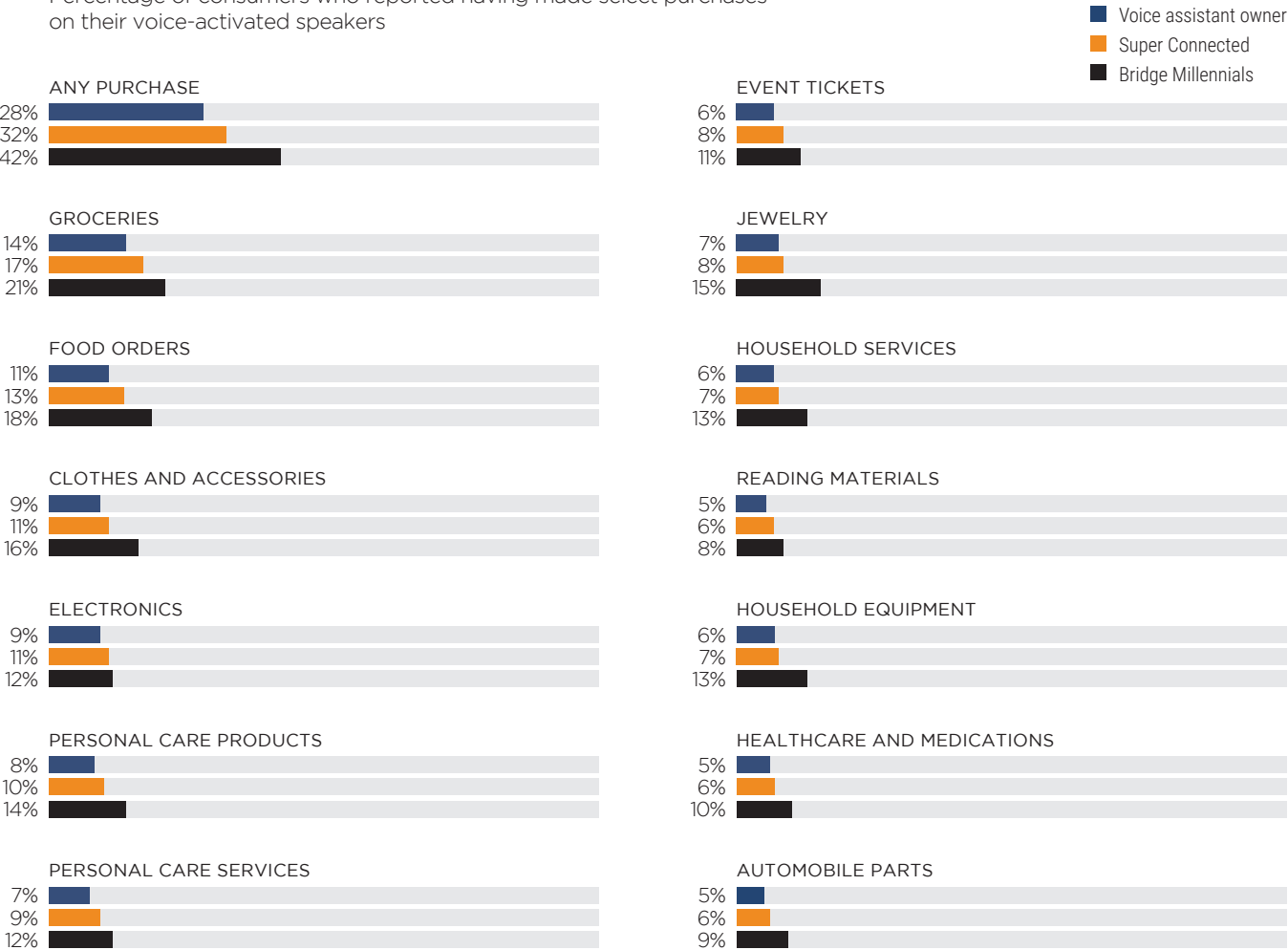
For instance, 42 percent of Bridge Millennials who own these devices use them to buy groceries — in contrast with 14 percent of all consumers and 17 percent of the Super Connected. Additionally, we found that 42 percent of Bridge Millennials who own voice-activated speakers use them to shop online, but among other voice-activated speaker owners, this figure was 28 percent. For the Super Connected, it was 32 percent.

Regardless of the type of purchase being made, Bridge Millennials are more likely

FIGURE 13:

How Owners Of Voice-Activated Speakers Shop

Percentage of consumers who reported having made select purchases on their voice-activated speakers



Source: PYMNTS/Visa How We Will Pay 2018

than everyone else to use their voice assistants to make them. They're enthusiastic digital shoppers and, unlike their younger peer groups, they have the income needed to transform this enthusiasm into purchasing power. To capture this well-funded, highly-connected market segment, merchants and payments service providers need to reimagine the digital purchasing process in terms of how they can leverage voice-activated speakers to appeal to the particular tastes of the consumer.

CONCLUSION

As younger consumers come of age and older consumers gain more spending power, their uniquely connected lifestyle is going mainstream, changing the world of payments and commerce. For Bridge Millennials, this means more online shopping, but also using an increasingly diverse array of connected devices for that shopping, making it the new normal. Merchants that engage with them must meet a higher bar for speed, convenience and ease of use than ever before.

Meeting their expectations for a seamless payment experience is the new minimum. To truly differentiate themselves from competitors, businesses need to offer these new generations what they really want: a shopping experience that marries utility with enjoyment, all while facilitating a fast, easy and convenient purchase. Modern consumers, young and old, will stand for nothing less.

METHODOLOGY

We surveyed nearly 2800 American consumers about the internet-connected devices they own and how they have used them to buy or pay for products over the last seven days. We asked them questions on their shopping use cases, the devices they used to make those purchases and why they made purchases using those connected devices.

In 2017, we studied consumers who either owned only a smartphone or a smartphone

in addition to at least one other connected device. This year, we expanded our sample base to include consumers who own one or more connected devices, regardless of whether they owned a smartphone.

Our sample was census balanced and matches with general population distribution.

As part of this analysis we created personas based on the connected devices that respondents own. These personas were defined as follows:

- Smartphone Centric:**
This group just owns a smartphone.
- Mainstream Mobile:**
This group owns a smartphone and a tablet or computer and no other connected device.
- Connected Home:**
Consumers with fewer than six connected devices, but one of the devices they own is a connected home device (e.g. voice activated device and smart appliances)

- Connected Me:**
Consumers who own fewer than six connected devices, at least one of which is a connected wearable device (e.g. smartwatch and activity tracker)
- Super Connected:**
Consumers that own six or more connected devices.

As can be seen in the table, the personas in our sample span across all demographic groups.



GENDER

Male	47%	48%	51%	45%	51%	40%	43%
Female	53%	52%	49%	55%	49%	60%	57%

EDUCATION

High School	64%	69%	78%	74%	71%	57%	53%
College	36%	31%	22%	26%	29%	43%	47%

AGE

18-24	9%	12%	10%	5%	9%	9%	10%
25-34	18%	18%	12%	8%	15%	26%	25%
35-44	17%	16%	15%	8%	14%	17%	24%
45-54	18%	17%	29%	22%	17%	17%	16%
55-64	18%	17%	10%	27%	19%	18%	13%
65+	21%	20%	23%	30%	26%	14%	12%

INCOME

Under \$25K	19%	14%	38%	26%	23%	13%	11%
\$25 - \$50K	23%	20%	23%	29%	28%	24%	16%
\$50 - \$75K	17%	18%	12%	16%	18%	21%	17%
\$75 - \$100K	14%	14%	9%	12%	13%	13%	18%
Over \$100K	26%	34%	17%	16%	19%	29%	38%

Source: PYMNTS/Visa How We Will Pay 2018

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VISA

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