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HOW CONSUMERS LIVE IN THE ConnectedEconomy™

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WHAT'S NEXT IN PAYMENTS: THE CONNECTED ECONOMY

PYMNTS.com is where the best minds and the best content meet on the web to learn about "What's Next" in payments and commerce. Our interactive platform is reinventing the way in which companies in payments share relevant information about the initiatives that shape the future of this dynamic sector and make news. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovation that is at the cutting edge of this new world.

TABLE OF CONTENTS

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WHAT'S NEXT IN PAYMENTS: THE CONNECTED ECONOMY

INTRODUCTION

Not long ago, ordering pizza with a smartphone app was a novel experience. It is now possible with just a voice command or a few taps on a screen to order from myriad restaurants — including both chains and mom-and-pop establishments — as well as stock the kitchen with groceries from multiple stores or even local farms.

Experiences powered by digital technology extend well beyond shopping, impacting everything from work and leisure to entertainment and relationships. Consumers in what we call the connected economy rely on near-ubiquitous internet access to get needed goods and services on demand and engage in multiple facets of their lives. Even today's "connected cars" have familiar mobile interfaces like Apple CarPlay and Android Auto embedded, allowing consumers to stream Netflix and make purchases from their car.

The rise of a ConnectedEconomy™ ecosystem — enabled by 5G, IoT, machine learning, AI and innumerable connected devices — has the potential to make consumers' digital experiences more seamless and deeply integrated into their daily lives. The events of the past 15 months have been a force multiplier for these trends, accelerating both the use and the capacities of digital services, and the speed and ease with which many consumers have taken to them make it easy to overlook the complex technological and logistical back-end services that make it all possible. Segments of the economy that have historically operated to a large extent in silos, like brick-and-mortar retail, payment processing and delivery services, are now deeply integrated.

These types of synergies can be found across the economy today, including the rise of remote collaboration platforms as well as healthcare's shift to telemedicine. In many areas, digital technology is not simply enhancing consumers' experiences but fundamentally changing how individuals accomplish age-old needs and wants, including eating, working, having fun and staying healthy.

These developments have given rise to a new framework for understanding how consumers and businesses will engage now and in the foreseeable future. The ConnectedEconomy™ is the focus of PYMNTS' ambitious new research project to examine how consumers are using connected technology and the internet to perform the essential and nonessential functions of their lives, which we term "pillars." We have divided the pillars into eight basic groups as part of this framework: work, banking, travel and fun, eating, shopping, health, home and social engagement.

This inaugural report, How Consumers Live In The ConnectedEconomy™, examines how consumers are engaging within and across the eight pillars, exploring how they view the benefits of digital connectivity as well as some of its pitfalls, such as security risks and dispersed personal information they must manage across multiple devices and platforms. We also explore some of the ways consumers can have more integrated experiences within the ConnectedEconomy™.

Here's what we learned.

THE PERSONAS OF Digital Connection

We developed an index to measure consumers' digital engagement overall and in eight primary areas of their lives that we call pillars.[1]

HIGHLY CONNECTED:

These consumers use digital tools **on a regular basis** to perform a substantial portion of activities within the pillars. (29 percent of consumers make up this persona.)

MODERATELY CONNECTED:

These consumers use digital tools **occasionally** to perform some but not all activities within the pillars. (47 percent of consumers make up this persona.)

LIGHTLY CONNECTED:

These consumers use digital tools **only seldomly** — or not at all — to perform a fraction of activities within the pillars. (24 percent of consumers make up this persona.)

8 Pillars Of The ConnectedEconomy™

- SOCIAL ENGAGEMENT
- BANKING
- TRAVEL & FUN
- HOME
- EATING
- SHOPPING
- WORK
- HEALTH

The Enablers That Power Experiences

- Data and technologies
- Payments players
- Artificial intelligence
- Software platforms
- Third-party solutions
- Cellular technologies

[1] We measure digital engagement by the frequency in which consumers declare they use connected devices for select activities (ranging from having done so at least once to doing so consistently throughout the day), assigning a score from 1 to 10 for each activity. Individual scores are then averaged among and across pillars to construct pillar indices and the overall connectedness index. Our research considers consumers to be lightly, moderately or highly connected if their scores fall in the 0-25, 25-50 or 50+ brackets, respectively, for any pillar or in aggregate.

Digital tool use is widespread — and nearly ubiquitous in some cases — within certain pillars, including travel and fun, shopping and banking.

Several data points from our research illustrate how strongly consumers have taken to digital tools over the past 15 months. Ninety-two percent of all consumers — not just tech-savvy millennials — have placed online orders for products and/or services. More than 85 percent have paid bills online and managed their banking online, and 72 percent have booked hotel tickets online.

Digital adoption goes beyond these individual actions, however. A pattern emerges in each pillar: Consumers who use one digital tool tend to avail themselves of others. Thus, more than 70 percent of consumers have not only paid their bills online, but they have made account-to-account transfers and used apps like PayPal and Venmo.

Another notable pattern within the pillars of shopping, banking and travel and fun is the degree to which digital engagement extends across demographic boundaries. The incomes and ages of highly connected shoppers — those who regularly employ numerous digital tools to conduct their shopping — are similar to those of the general United States population. Their average age is 45, and 61 percent of them are middle-income or low-income.

Three out of 10 consumers are highly connected across several aspects of their lives, and high digital engagement in one pillar often corresponds with digital connectedness in others.

Highly connected consumers use digital tools to perform a large share of the essential functions in any given pillar of their lives on a regular basis. Our research shows these consumers – who make up 29 percent of our sample overall – are more prevalent in some pillars than others. The largest share of highly connected consumers can be found in the work sphere (52 percent), where remote work platforms have made connectivity essential to nearly every task for those workers employing them. We also find high concentrations of highly connected consumers in banking and travel, which also have relatively robust digital ecosystems. In each pillar, 46 and 40 percent of consumers are highly connected to these pillars, respectively.

Highly connected consumers in the pillars of work, home and health share some common characteristics. They tend to be more affluent and are likely to fall within the millennial age bracket. For example, 51 percent of highly connected consumers within the home pillar make more than $100,000, and their average age is 35. The expense and relative novelty of connected home technologies, including smart appliances, may help account for these patterns.

Highly connected consumers share another important characteristic: Levels of connection in one pillar tend to correspond to levels of connection in adjacent pillars and beyond. Those highly connected at home, for example, are also highly connected in large shares in the realms of banking (91 percent), travel and leisure (92 percent) and health (84 percent). Majorities of connected workers are also highly connected in the travel and fun, banking and health pillars.

Highly connected consumers set themselves apart by the diversity of payment methods they use, and mobile wallets are important parts of their payment mix.

Our data suggests that robust digital engagement in each pillar goes hand in hand with avid adoption of digital payment tools. Highly connected consumers use a wider array of payment methods than others, and mobile wallets like Apple Pay and Google Pay are uniquely prevalent in how they pay and get paid. Majorities of them use four distinct methods above all: credit cards (80 percent), mobile wallets and debit cards (each 65 percent) and PayPal (62 percent). Lightly connected consumers, in contrast, tend to rely on mostly credit cards, debit cards and cash, while 32 percent use PayPal and just 10 percent make payments with mobile wallets.

One of the most distinctive aspects of the payment habits of highly connected consumers is how they receive payments. Close to two-thirds of them, 62 percent, report that they have been paid at least once in the past 12 months via mobile wallets, twice the share that are paid by check or direct deposit. This suggests that peer-to-peer payment apps such as Venmo are major parts of the fabric of highly connected consumers' financial lives.

Ninety percent of consumers believe digital connectivity has positive benefits, but they have misgivings around security, being able to disconnect and their personal identifying information (PII) being scattered across the internet.

The spread of digital technology comes with its share of trade-offs, including the sense of feeling unable to "disconnect" and the technical challenges of learning how to use new tools and services. Consumers view connectivity as a net positive, however. Nine out of 10 consumers say introducing digital tools has brought benefits to each lifestyle pillar, with convenience and saving time topmost among them — exceeding the shares that cite negative consequences like wasting time and security risks.

One barrier looms especially large when it comes to how consumers negotiate their digital lives: Our research shows that 60 percent of consumers consider it to be at least a moderate problem having their PII, which includes credit card numbers and bank account details, stored in too many places online. More than half of that subgroup consider it to be a "huge problem." Sixty percent of consumers also worry whether they can trust a particular website or app to secure their personal data. It bears noting that concerns around scattered PII and trust are elevated among the most prolific users of digital tools and services: 64 percent of highly connected consumers consider the aforementioned factors to be major problems.

A "super portal" through which consumers could access and coordinate the various digital services and tools they use across different areas of their lives could go a long way toward making digital life more seamless.

Given the concerns many consumers have around the diffusion and security of their PII, it may come as no surprise that large shares of them would be interested in integrating at least some this information into a hypothetical "super portal." A super portal is a single online app or website that would allow users to establish one digital identity and, with their consent, store and share information across platforms and services.

Approximately 40 percent of consumers overall would be most interested in integrating four types of data: data concerning their payments, shopping, family connections and connections with friends.

Consumers that are more connected are more keenly interested in uniting multiple parts of their lives in a super portal. Majorities of highly connected consumers would be interested in integrating data from every pillar into the super portal, with interest exceeding 60 percent for payment features, shopping data, family connections, travel and leisure, connections with friends and health. Thirty-four percent of highly connected consumers would be interested in integrating data from every pillar of their lives.

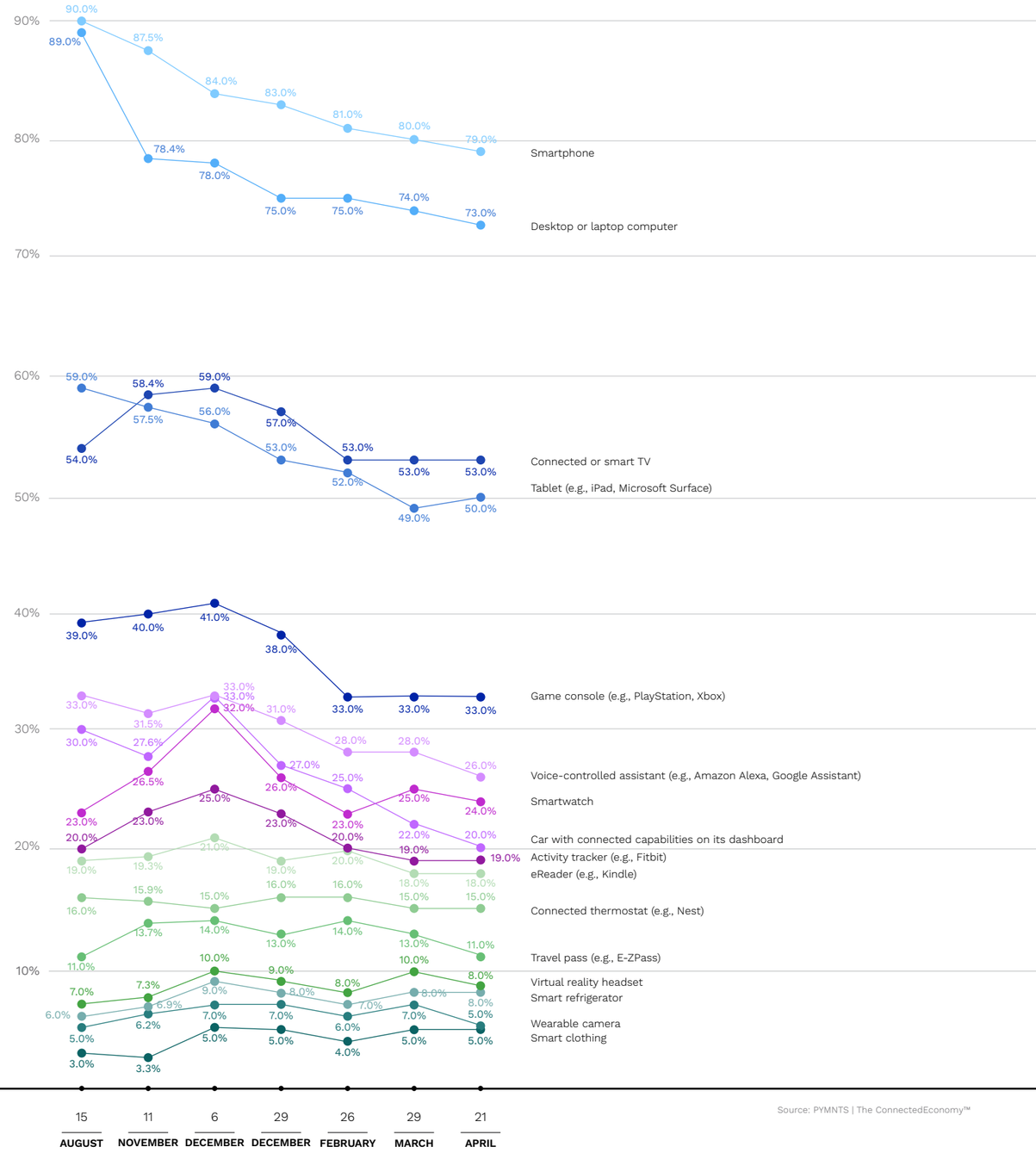
PART I:

The building blocks of a ConnectedEconomy™

The typical consumer in the U.S. has an array of connected devices at their disposal, including smartphones, tablets, computers, smart TVs and appliances. Our research reveals an interesting development over the past year when it comes to device ownership: Despite the abundance of gadgets on the market, the average number of devices owned appears to be leveling off, dropping slightly below five after rising for several years. Even among the most avid device aficionados — a group we have previously termed the super-connected in our research — the average number has plateaued at around seven.

DESPITE THE ABUNDANCE OF GADGETS ON THE MARKET, THE AVERAGE NUMBER OF DEVICES OWNED **APPEARS TO BE LEVELING OFF.**

FIGURE 1: CONNECTED DEVICE OWNERSHIP
Share of consumers who own select connected devices, August 2020 to April 2021



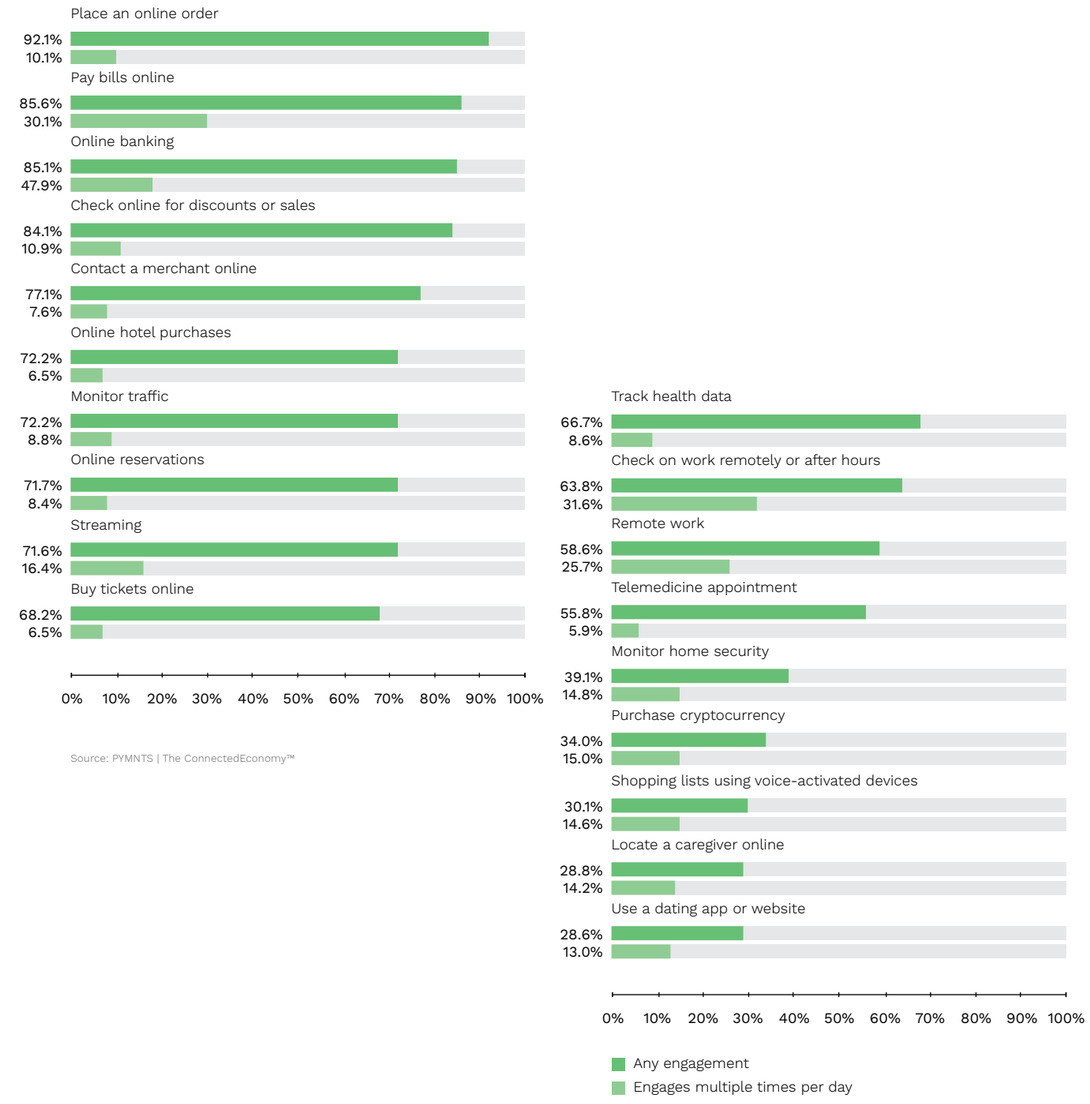
Source: PYMNTS | The ConnectedEconomy™

92 PERCENT OF CONSUMERS HAVE PLACED AN ONLINE ORDER FOR A PRODUCT AND/OR SERVICE AT LEAST ONCE RECENTLY.

These findings are quite remarkable because digital connectedness itself has surged over the past year. Each surge points to the notable growth of connected ecosystems — supported by technologies like 5G and IoT — in recent years. A consumer today can accomplish a great deal with just a late-model smartphone, which is often packed with QR code–scanning, NFC, GPS and biometric capabilities.

This connectivity is reflected in how just how prevalent and widespread certain digital activities have become. A greater share of consumers report purchasing retail products online over the past 12 months than in store (75 percent versus 64 percent, respectively). Ninety-two percent of consumers have placed an online order for a product and/or service at least once recently. More than three-quarters of consumers have conducted at least some of their banking online.

FIGURE 2: A SURVEY OF DIGITAL ACTIVITIES
Share of consumers that have performed select actions in the past 12 months and that do so multiple times per day



Source: PYMNTS | The ConnectedEconomy™

PART II:

The habits of the highly connected

There is something important to consider in assessing these various and distinct digital activities: These data points do not necessarily capture the level or quality of consumers' digital engagement. What sets highly connected consumers apart is that they perform a substantial portion — if not all — of the activities within a given pillar through digital tools and services. Digital connectedness from this perspective is far from ubiquitous, though it is also spreading in some surprising ways, particularly in the realm of shopping.

For instance, highly connected shoppers, those who use employ an assortment of digital tools to conduct their shopping on a regular basis, own only about one more connected device on average than an average consumer — just less than six. The demographic makeup of this group is similar to the general U.S. population: these consumers' average age is 45, and 61 percent are middle-income or low-income. This runs counter to a broader demographic axiom that robust digital adoption is the province of younger consumers with higher incomes.

Something else distinguishes highly connected consumers from the less digitally engaged — their connectedness tends to span pillars. Consumers who are highly connected at home, for example, are also likely to be highly connected in the banking (91 percent), travel and fun (92 percent) and health (84 percent) pillars. Our research also reveals a clustering effect in which connectedness extends into adjacent areas. Highly connected shoppers are very likely to be highly connected eaters. Those who are highly connected at home tend to be highly connected in the realm of health.

TABLE 1: HIGHLY CONNECTED CONSUMERS AND DEMOGRAPHICS
Share of consumers that are highly connected in each pillar with select characteristics

	Sample	Millennials	Average age	College educated	No children	Urban citizens	Average devices owned	Average number of payment methods used
Entire sample	**100.0%**	29%	47.1	32%	62%	20%	5.4	4.0
Work	**51.8%**	50%	37.9	53%	33%	36%	7.1	5.5
Banking	**46.4%**	45%	38.3	40%	42%	29%	6.8	5.4
Travel and fun	**39.6%**	48%	36.2	42%	37%	32%	7.1	5.5
Eating	**34.0%**	33%	**44.6**	35%	**56%**	23%	**6.0**	**4.6**
Shopping	**31.9%**	34%	**44.4**	36%	**56%**	24%	**6.1**	**4.7**
Health	**33.1%**	51%	36.3	44%	33%	36%	6.9	5.6
Home	**27.0%**	54%	35.4	46%	29%	38%	**7.5**	5.8
Social engagement	**16.3%**	**61%**	**34.1**	51%	**11%**	46%	6.9	**6.1**

Source: PYMNTS | The ConnectedEconomy™

TABLE 2: THE INTERSECTION OF PILLARS OF THE ConnectedEconomy™
Share of highly connected consumers in each pillar (vertical column) that are highly connected in other pillars

	Sample	Work	Banking	Travel and fun	Eating	Shopping	Health	Home	Social engagement
Work	**51.8%**	**100%**	68%	73%	59%	60%	78%	83%	91%
Banking	**46.4%**	83%	**100%**	85%	55%	57%	89%	91%	97%
Travel and fun	**39.6%**	78%	72%	**100%**	50%	51%	87%	92%	96%
Eating	**34.0%**	43%	41%	43%	**100%**	90%	42%	45%	46%
Shopping	**31.9%**	41%	39%	41%	85%	**100%**	41%	44%	44%
Health	**33.1%**	71%	63%	73%	41%	42%	**100%**	84%	93%
Home	**27.0%**	64%	53%	62%	36%	37%	69%	**100%**	88%
Social engagement	**16.3%**	44%	34%	39%	**22%**	**23%**	46%	53%	**100%**

Source: PYMNTS | The ConnectedEconomy™

PART III:

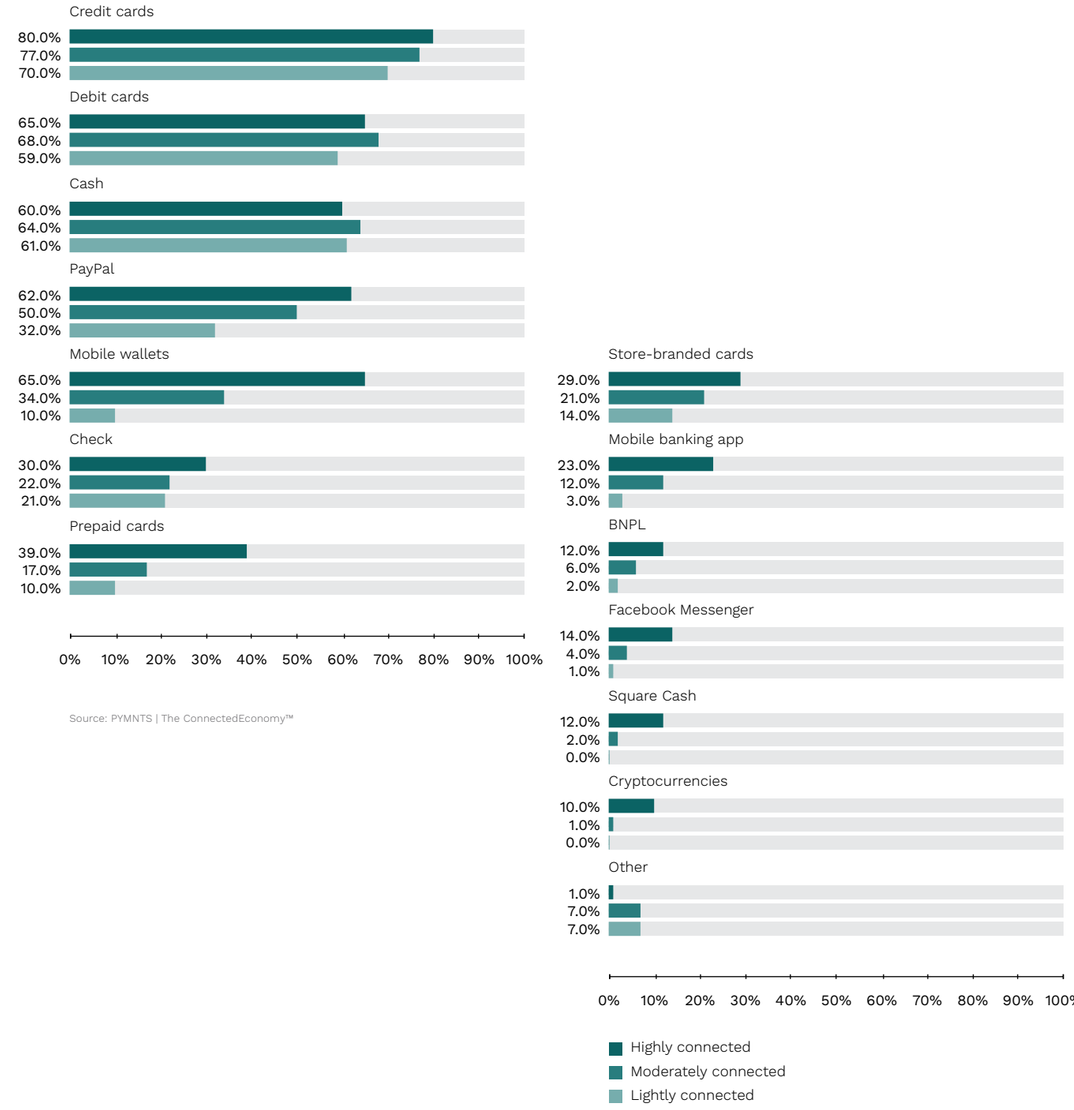
The payment connection

Payments are almost always an essential part of robust digital tools, as they may determine whether any given digital activity translates into meaningful economic activity. Highly connected consumers' habits are especially notable from this perspective. These consumers use a wider array of payment methods, yet mobile wallets such as Apple Pay and Google Pay occupy an unusually prominent place in their payment mixes.

Highly connected consumers more likely to report having been paid via mobile wallet than by traditional means such as check or direct deposit: 62 percent of these consumers report having received payments via mobile wallets at least once over the past 12 months, twice the share that are paid via check or direct deposit. Highly connected consumers also tend to use a robust array of methods to make payments. Majorities of them use four distinct methods: Credit cards are most common – 80 percent of them have used the payment method over the past 12 months – but mobile wallets and debit cards tie for second at 65 percent, while PayPal rounds out the list at 62 percent. Lightly connected consumers, in contrast, tend to rely on the big three: credit cards, debit cards and cash, while 32 percent use PayPal and just 10 percent of them make payments with mobile wallets.

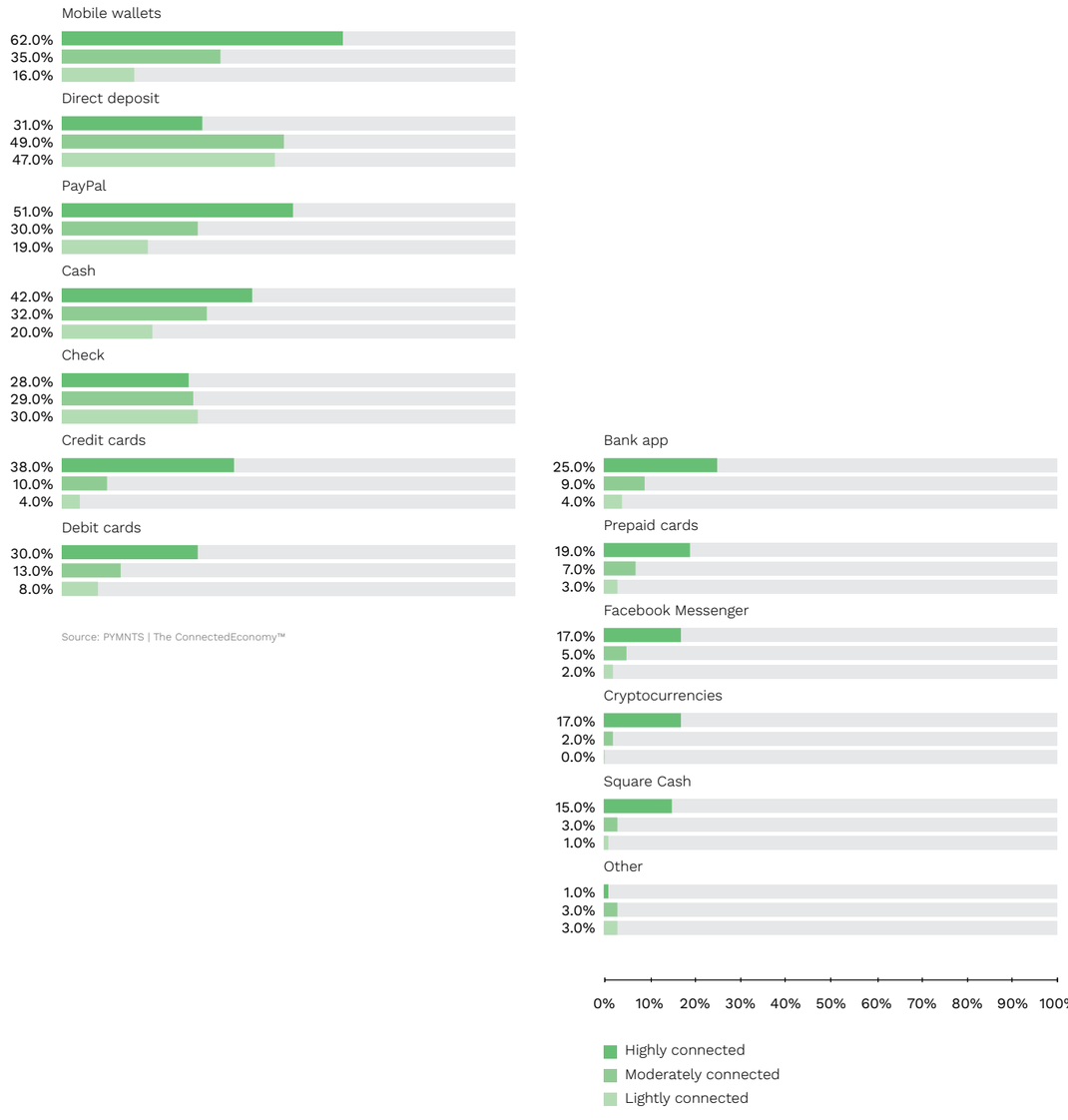
Highly connected consumers also tend to engage in a wide range of payment-related activities. Larger shares purchase both retail products online (66 percent) and groceries online (56 percent) than those buying these items in store (50 percent and 54 percent, respectively). Highly connected consumers also receive payments from more sources than others, including employers (55 percent), family and friends (62 percent), merchants (41 percent) and healthcare providers (21 percent).

FIGURE 3A: CONNECTED PERSONAS AND PAYMENT METHODS
Share of consumers that use select methods to make payments, by persona



Source: PYMNTS | The ConnectedEconomy™

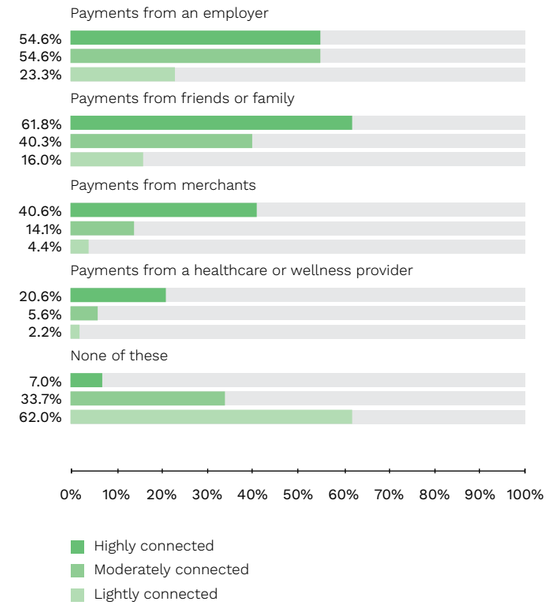
FIGURE 3B: CONNECTED PERSONAS AND PAYMENT METHODS
Share of consumers that use select methods to receive payments, by persona



Source: PYMNTS | The ConnectedEconomy™

FIGURE 4A: CONNECTED PERSONAS AND PAYMENT ACTIVITIES
Share of each persona that have made select types of payments

FIGURE 4B: CONNECTED PERSONAS AND PAYMENT ACTIVITIES
Share of each persona that have received select types of payments



Source: PYMNTS | The ConnectedEconomy™

PART IV:

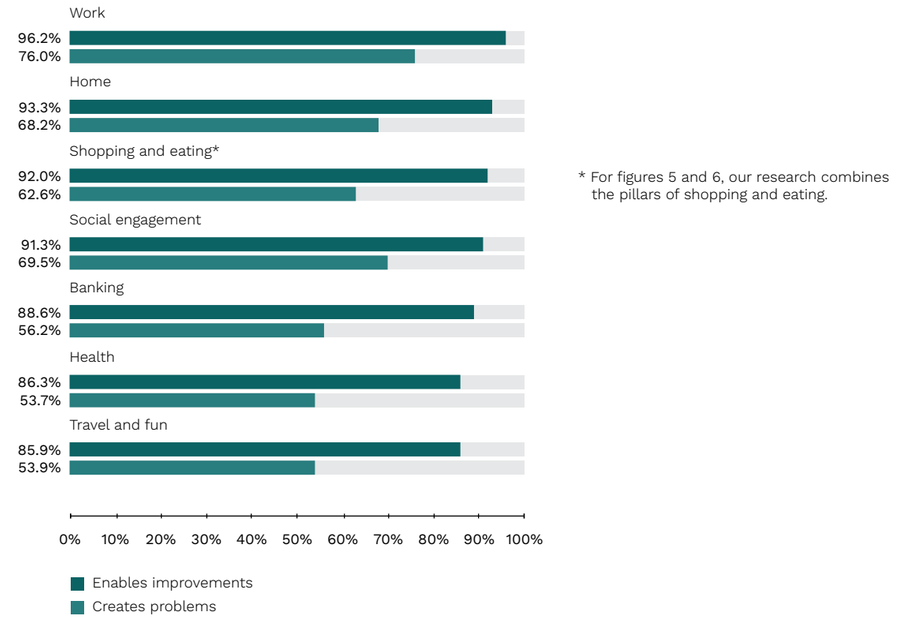
The cost–benefit analysis of digital engagement

The spread of digital technology comes with its share of trade-offs, including the sense of being unable to "disconnect" and the challenges that go along with learning how to use new tools and services. The finding emerging clearly from our data is that the benefits of digital connectivity outweigh the costs. Nine out of 10 consumers say introducing digital tools has brought benefits for each lifestyle pillar we examined. The most cited benefits overall are not all that surprising: convenience and saving time.

The downsides of connectivity cannot be dismissed — majorities of consumers cite them for each pillar — but it bears noting that primary concerns have as much to do with aspects of the technologies themselves such as security risks as with how consumers use them. Our research shows that 49 percent of consumers say wasting time is a downside of using digital tools, while 51 percent cite security as a drawback.

The pros and cons of digital engagement vary by pillar. In the working realm, for example, 54 percent cite productivity and ease and convenience as benefits, while approximately one-quarter point to wasted time and communication breakdowns as downsides. Sixty percent consider ease and convenience upsides of digital engagement when considering the shopping pillar, whereas approximately 21 percent have concerns about wasting time and money. Security is a standout concern in the home environment, cited by 30 percent. This is understandable, as appliance hacking and data breaches could quite literally strike close to home.

FIGURE 5A: **PROS AND CONS OF DIGITAL ENGAGEMENT**
Share of consumers that say digital tools enable improvements and/or create problems in each lifestyle pillar



* For figures 5 and 6, our research combines the pillars of shopping and eating.

Source: PYMNTS | The ConnectedEconomy™

FIGURE 5B: **PROS AND CONS OF DIGITAL ENGAGEMENT**
Consumers' net positive assessment of digital tools across various lifestyle pillars

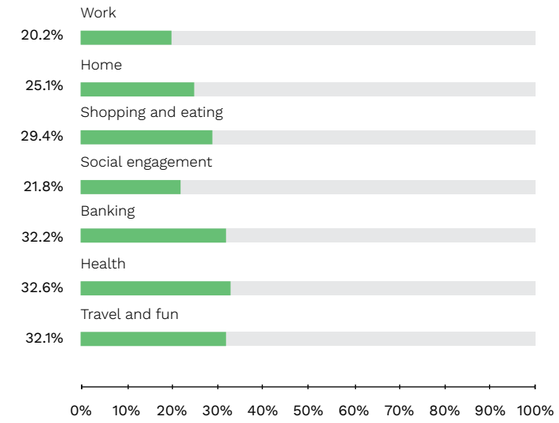
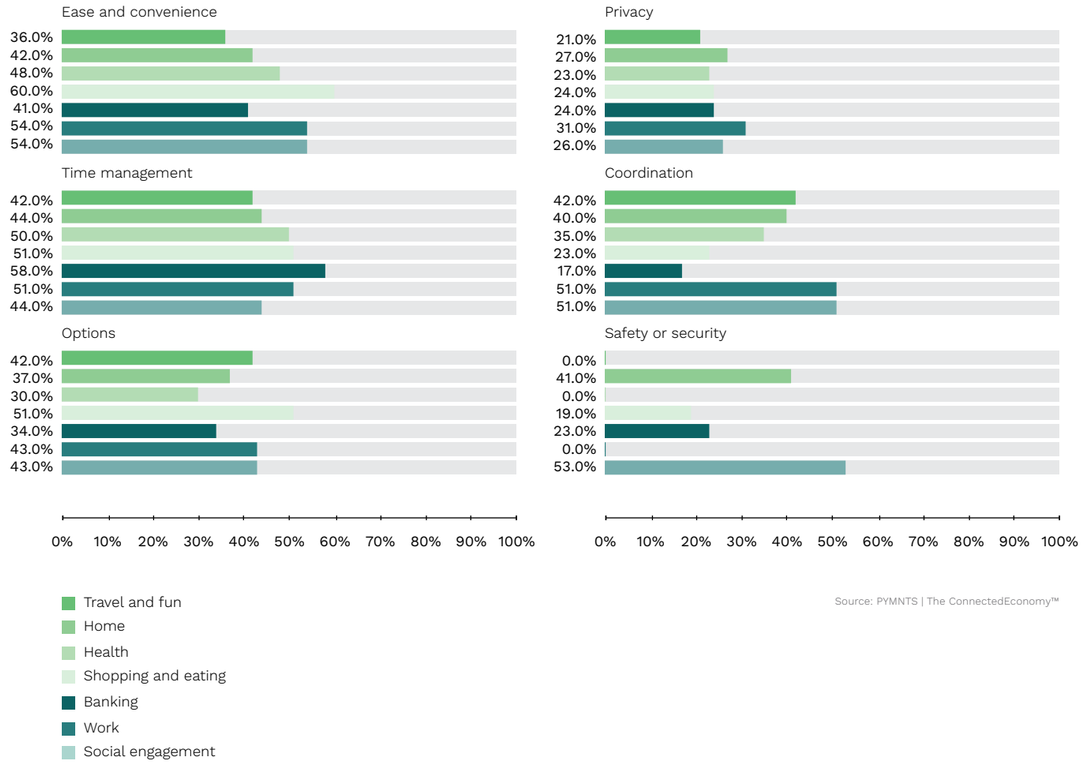
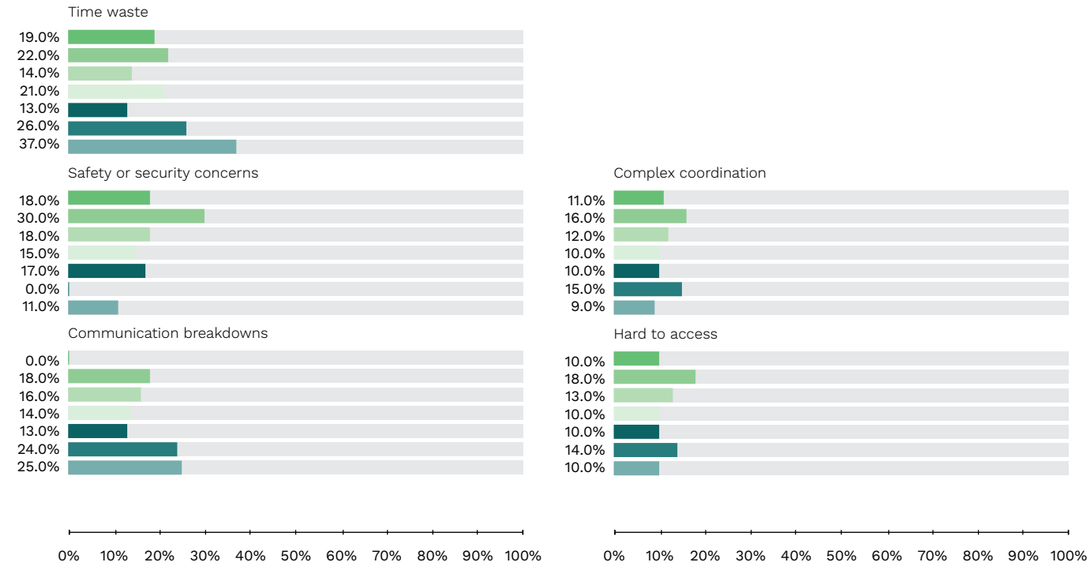


FIGURE 6A: BENEFITS AND PROBLEMS ASSOCIATED BROUGHT BY DIGITAL ENGAGEMENT
Share of consumers citing select benefits in each pillar



Source: PYMNTS | The ConnectedEconomy™

FIGURE 6B: BENEFITS AND PROBLEMS ASSOCIATED BROUGHT BY DIGITAL ENGAGEMENT
Share of consumers citing select problems in each pillar



Source: PYMNTS | The ConnectedEconomy™

49 PERCENT
OF CONSUMERS SAY WASTING TIME IS A DOWNSIDE OF USING DIGITAL TOOLS, WHILE **51 PERCENT** CITE SECURITY AS A DRAWBACK.

PART V:

The challenge of PII

One of the core value propositions of connected technologies is that utilizing them makes the essential tasks in consumers' lives more seamless, efficient and satisfying. There is at least one major barrier to realizing this potential, however: The need to manage multiple accounts and login credentials across various devices, platforms and applications.

Our research shows that 60 percent of consumers consider having their personal identifying information (PII), including credit card numbers and bank accounts, stored in too many places online to be at least a moderate problem — and more than half of that subgroup consider it to be a "huge problem." This relates to two other oft-cited concerns: having to keep track of too many logins and passwords, which 56 percent consider to be at least a moderate problem, and whether consumers can trust a particular website or app to secure their personal data, which 60 percent labeled as at least a moderate drawback.

It bears noting that concerns about PII and trust are elevated among consumers with the most active digital lives. Sixty-four percent of highly connected consumers see these two factors as nontrivial problems, a greater share than those seeing learning to use various platforms as a challenge.

FIGURE 7A: DATA MANAGEMENT CHALLENGES ASSOCIATED WITH CONNECTEDNESS
Share of consumers citing select issues as problems to select degrees

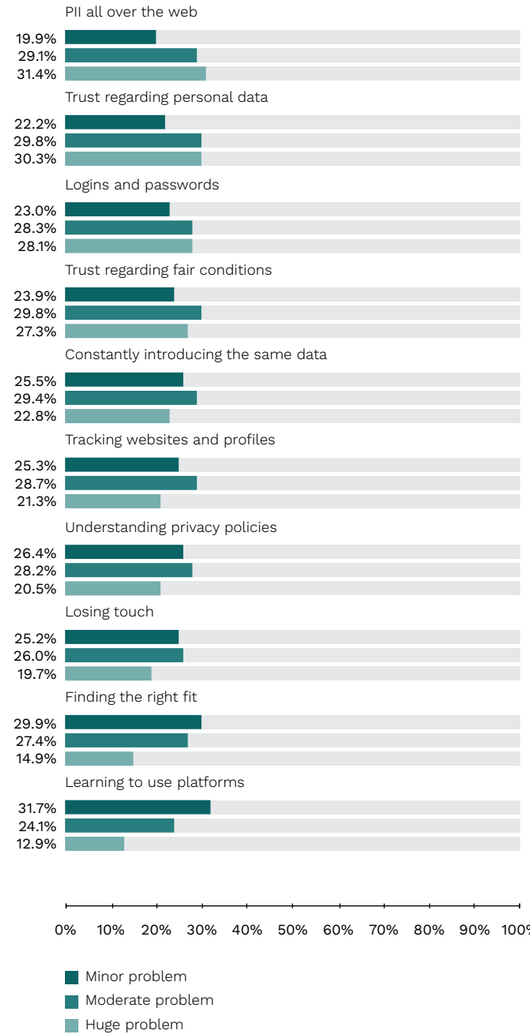
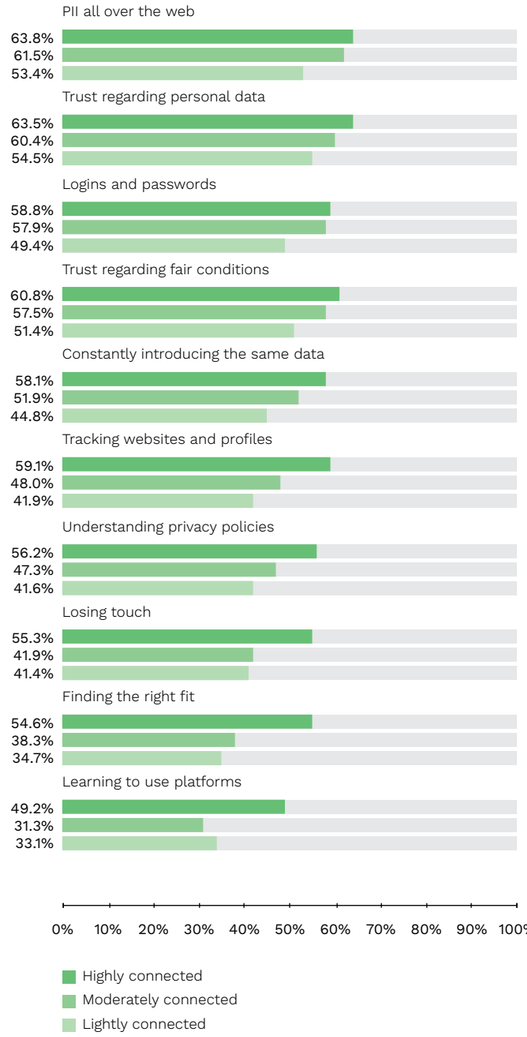


FIGURE 7B: DATA MANAGEMENT CHALLENGES ASSOCIATED WITH CONNECTEDNESS
Share of each persona citing select issues as problems



Source: PYMNTS | The ConnectedEconomy™

PART VI:

Toward a more integrated ConnectedEconomy™

Technological evolution has been driven in large part by the goal of solving problems — and this extends to some of the challenges that technology can create. Our data has shown that having an abundance of digital tools and services has given rise to frustrations around managing PII. Our data suggests that a better system for integrating and securing the activities consumers engage in could go a long way toward solving these problems and building bridges across the ConnectedEconomy™.

As part of our study, we gauged consumers' interest in integrating all the personal information they use to access and use digital tools and services into a hypothetical "super portal." We define the super portal as a single online app or website that would allow users to establish a single digital identity and that would — with their consent — store and share information about their life, such as shopping preferences, work schedules and banking information.

Approximately 40 percent of consumers overall would be interested in integrating four types of data from the respective pillars into the super portal. The level of interest is considerably higher if we focus on the most digitally engaged: Majorities of highly connected consumers would be interested in integrating data that corresponds to every pillar into the super portal, with interest exceeding 60 percent for six of these areas: payment features, shopping data, family connections, travel and leisure, connections with friends and health. In fact, more than one-third of highly connected consumers (34 percent) would be interested in integrating data that can correspond to every pillar. Conversely, only small minorities of lightly connected consumers would be interested in integrating data from any given area.

FIGURE 8A: TYPES OF DATA TO INTEGRATE INTO A "SUPER PORTAL"
Share of consumers that would include select data in a super portal

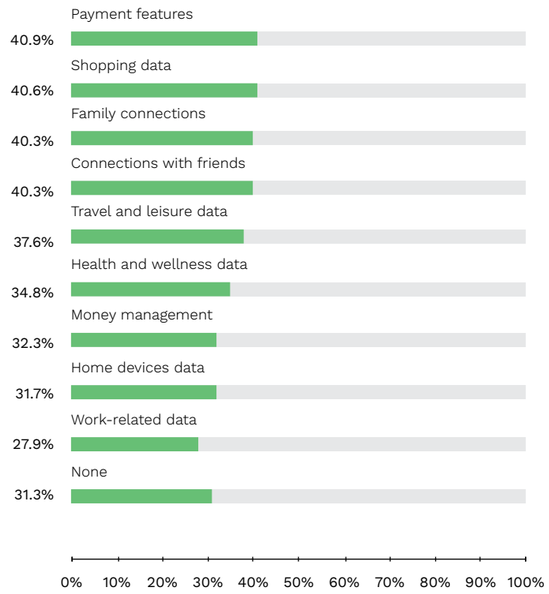
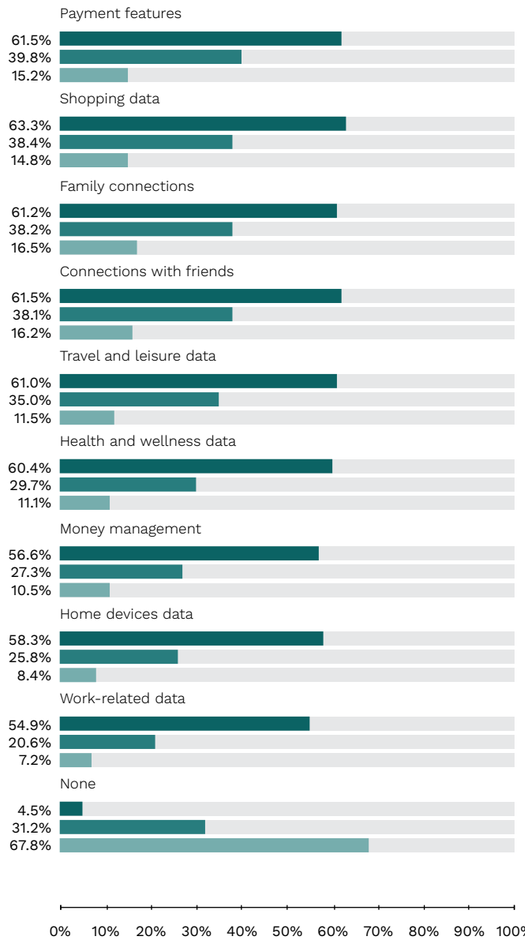


FIGURE 8B: TYPES OF DATA TO INTEGRATE INTO A "SUPER PORTAL"
Share of each connected persona that would include data from select areas



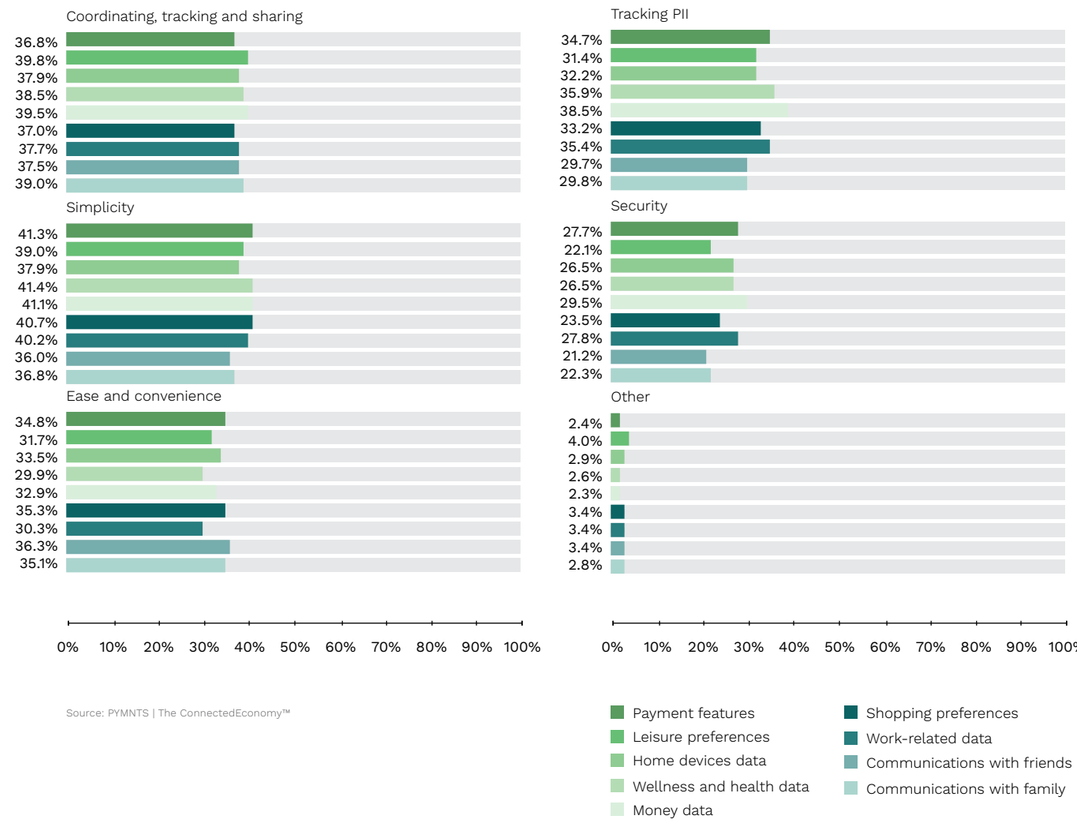
Source: PYMNTS | The ConnectedEconomy™

CONSUMERS ARE MORE RELUCTANT TO SHARE DATA FROM CERTAIN PARTS OF THEIR LIVES, PARTICULARLY THOSE CONCERNING **WORK, HOME, MONEY AND HEALTH.**

Our research shows that the chief benefits of a super portal would be better data coordination, data tracking and data sharing, along with improved simplicity in how consumers access and use digital services. It also found that consumers are more reluctant to integrate data from certain parts of their lives, particularly those concerning work, home, money and health. Thirty-five percent of consumers would not want to include health and wellness data because they want to keep those aspects of their lives separate. The main reason consumers would not want to include financial data — a reason cited by 32 percent of those that would prefer to keep such information separate — is the risk of a data breach.

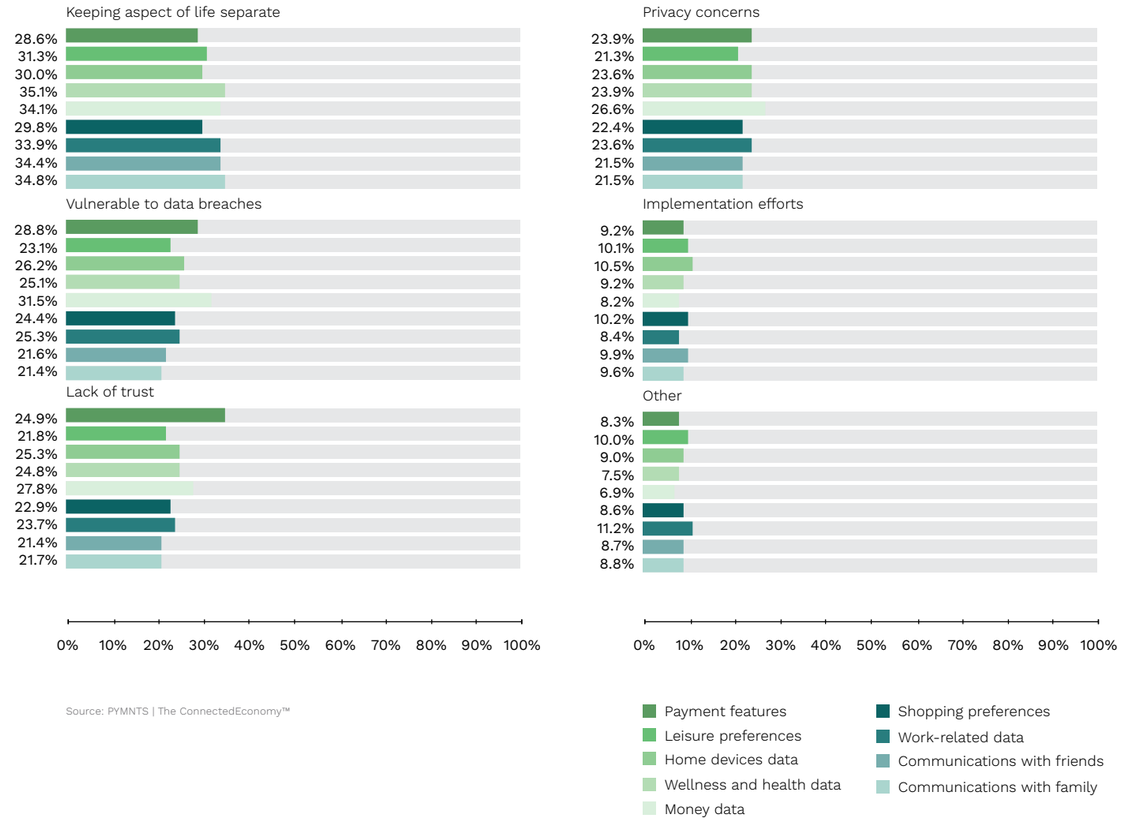
These concerns do not necessarily undermine the value of a super portal, however. They instead indicate that such a potentially comprehensive and powerful tool would also have to give users control over which parts of their lives they want to integrate while also providing state-of-the-art security.

FIGURE 9A: REASONS FOR INCLUDING DATA IN A SUPER PORTAL
Share of consumers citing select reasons for integrating select types of data

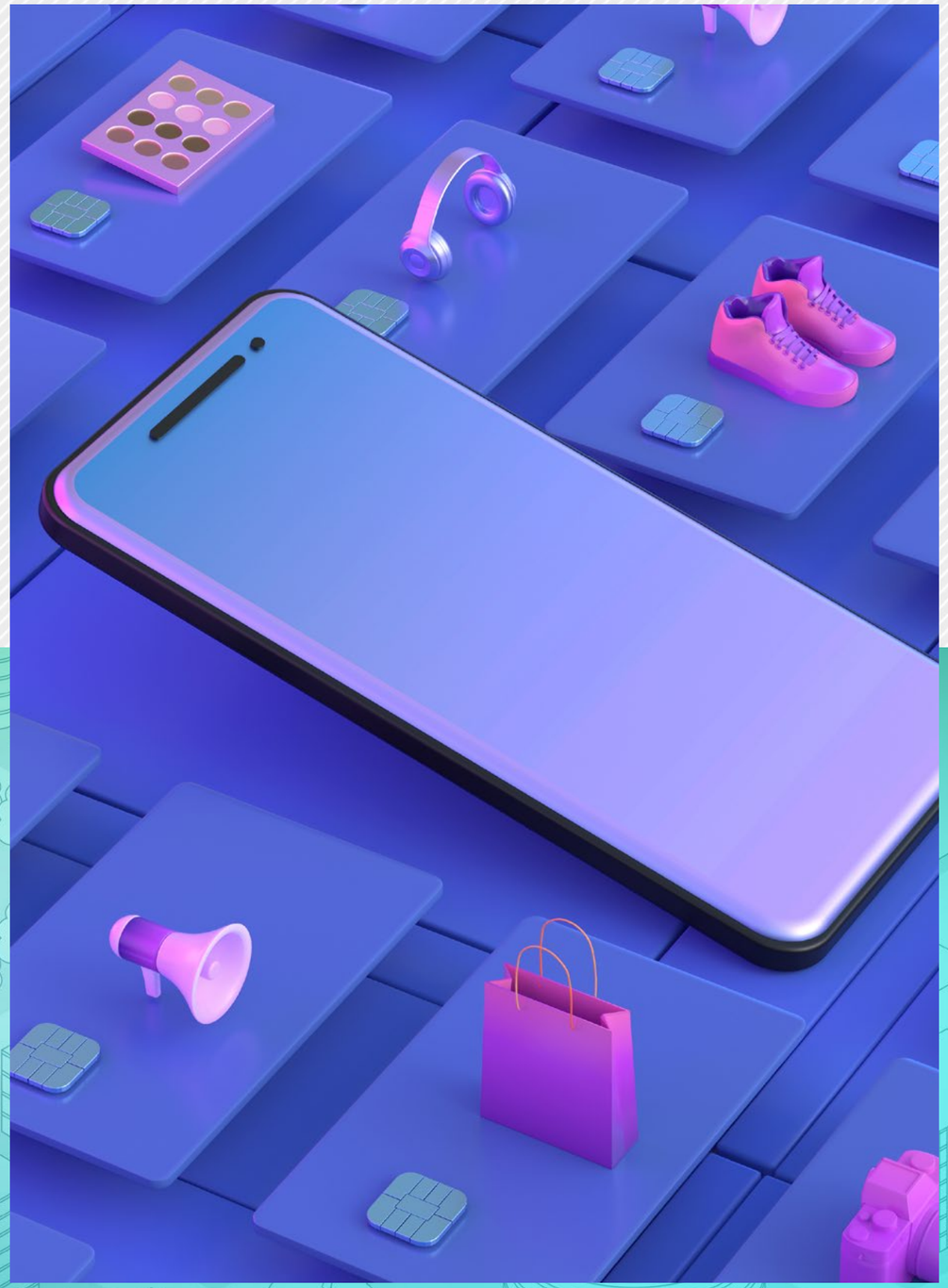


Source: PYMNTS | The ConnectedEconomy™

FIGURE 9B: REASONS FOR INCLUDING DATA IN A SUPER PORTAL
Share of consumers citing select reasons for excluding select types of data



Source: PYMNTS | The ConnectedEconomy™



PART VII:

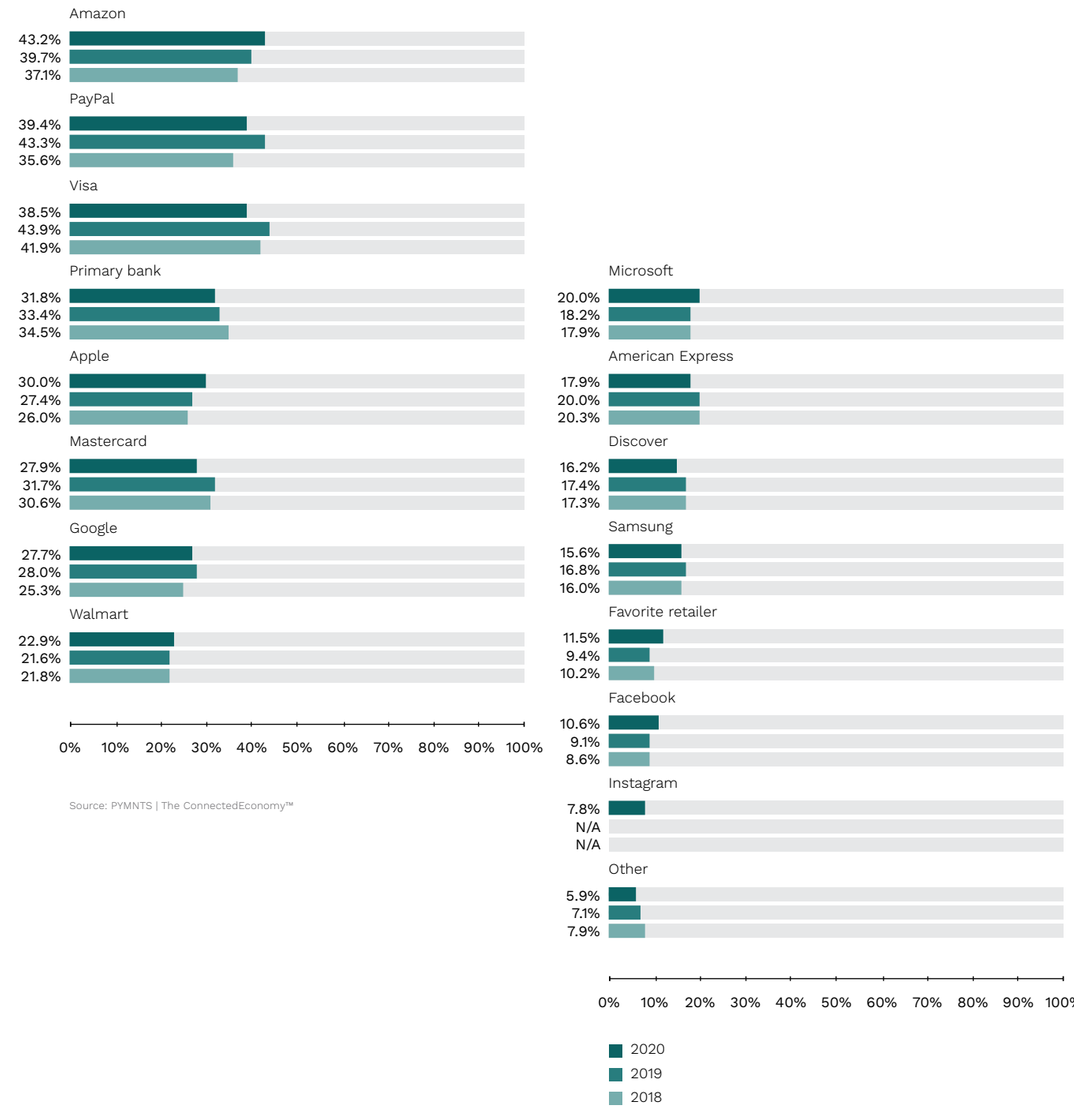
Matters of trust

Our research indicates that the ConnectedEconomy™ in its current form suffers from a degree of disconnectedness. Consumers want integrated, seamless experiences that do not require them to juggle multiple passwords and logins, yet they simultaneously want to feel confident that their personal and financial data is protected. This raises an important question: which entities are consumers most inclined to trust to enable connected commerce experiences?

Consumers are more inclined to trust technology giants — the companies that have in many ways built and now dominate the existing digital commerce ecosystem — than they are to have faith in traditional financial institutions. Forty-three percent of consumers say they would trust Amazon to enable connected commerce opportunities, while 39 percent say the same about PayPal. Just under one-third of consumers in contrast would trust their primary banks (32 percent). This is not much more than the share that would look to Apple (30 percent) to deliver these connected experiences.

These trends are even stronger among "super-connected" consumers — those that own at least six connected devices — and bridge millennials. The most trusted connected commerce enablers among super-connected consumers are Amazon (53 percent), Visa (46 percent), PayPal (44 percent), Apple (41 percent) and primary banks (35 percent).

FIGURE 10A: TRUST IN ENTITIES TO ENABLE NEW CONNECTED COMMERCE OPPORTUNITIES
Share of consumers citing select institutions as trusted to provide such opportunities, 2018-2020



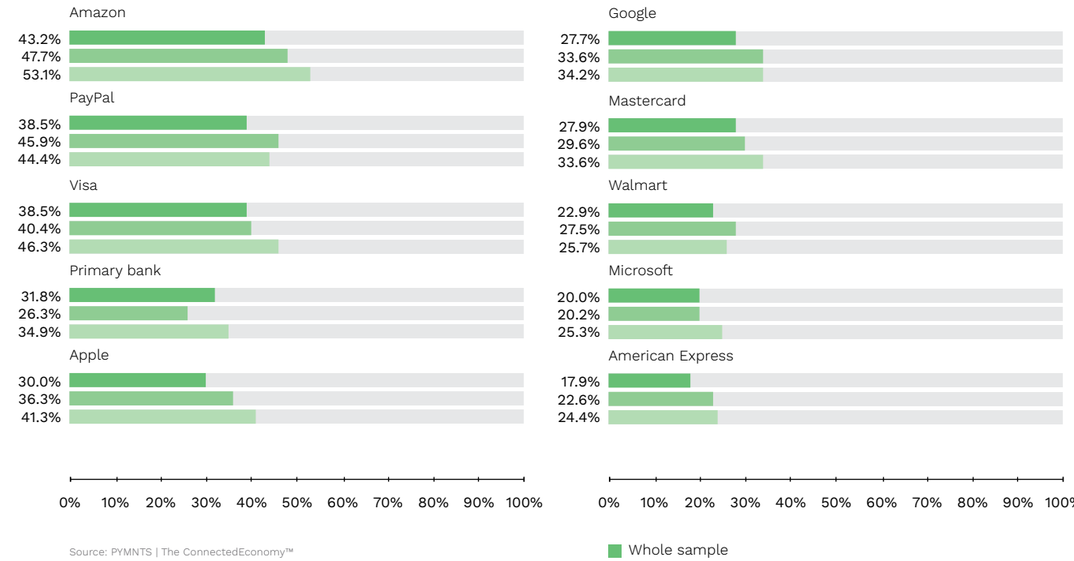
Source: PYMNTS | The ConnectedEconomy™

CONSUMERS ARE **MORE INCLINED TO TRUST TECHNOLOGY GIANTS** THAN THEY ARE TO HAVE FAITH IN TRADITIONAL FINANCIAL INSTITUTIONS.

The gulf between the tech giants and traditional FIs has also widened over the past three years. The share that would trust Amazon grew 16 percent between 2018 and 2020, while the portion of consumers that trust their primary banks declined by 8 percent.

None of these institutions jumps off the charts as singularly trusted by a majority of consumers, especially given the way attitudes have oscillated over the past three years. Seen another way, consumers' feelings about who they would trust to build a better, more integrated ConnectedEconomy™ appear to be for the taking.

FIGURE 10B: TRUST IN ENTITIES TO ENABLE NEW CONNECTED COMMERCE OPPORTUNITIES
Share of select groups citing select institutions as trusted



Source: PYMNTS | The ConnectedEconomy™

CONCLUSION

One need not look far to appreciate how digital technology permeates consumers' lives today. Certain activities have become almost universal among U.S. consumers, like ordering products online and paying bills online. The developments of recent months — greatly accelerated by the pandemic and subsequent events — extend well beyond the increasing use of mobile and online tools and single-purpose gadgets, however.

The growing infrastructure of connectivity, powered by 5G, IoT, AI and other fast-evolving technologies, is enabling consumers to fundamentally alter how they accomplish basic parts of their lives — the eight pillars that make up our ConnectedEconomy™ framework. This evolving foundation is allowing individuals to have more holistic and seamless experiences within each pillar and among them.

Connectivity gains have come with growing pains, however. Many consumers struggle with the sense that their personal information is distributed online and across multiple devices, platforms and accounts. The ever-present threats of hacking and fraud compound these concerns. Consumers are also wary of digital services that complicate and distract rather than add genuine value to their lives.

The entire business community — from corporates to small businesses to individual entrepreneurs — should take heed of these developments. The rise of the ConnectedEconomy™ is creating unprecedented opportunities to discover and unlock new synergies in ways that are profitable from organizations and valuable for customers. If business leaders fail to notice the shifts taking place, however, they could easily lose their footing and risk being left behind.

METHODOLOGY

How Consumers Live In The ConnectedEconomy™ is based on a survey of a census-balanced panel of 15,094 U.S. consumers conducted between April 14 and May 19, 2021 as a follow-up to a continuing series of studies examining consumers' shift to a more digital way of engaging in everyday activities. Respondents were 47 years old on average, and 52 percent were female. Thirty-two percent of respondents held college degrees. We also collected data from consumers in different income brackets: 36 percent of respondents declared an annual income of more than $100,000, 31 percent earned between $50,000 and $100,000 and 33 percent earned $50,000 or less. Additional proprietary data from PYMNTS was used for supplementary analysis.

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