

THE CONNECTED CONSUMER IN THE DIGITAL ECONOMY

WHO WANTS TO LIVE IN
A DIGITAL CONNECTED ECONOMY
— AND WHY?



PYMNTS.com
WHAT'S NEXT
IN PAYMENTS: **THE**
CONNECTED
ECONOMY

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THE CONNECTED CONSUMER IN THE DIGITAL ECONOMY

WHO WANTS TO LIVE IN
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INTRODUCTION

How do consumers live — and want to live — in the digital economy? And, as important, how connected do they want those discrete digital interactions to be inside of a single, connected ecosystem? Here is what we learned after researching 3,166 consumers in a study conducted between Oct. 27 and Nov. 8.

The United States consumer is settling into a new digital-first routine. Ordering groceries online is something that 32% of consumers now do, but 42% of those who do also opt to pick them up at the store location. Even as consumers feel more comfortable shopping in physical stores, 40% of consumers shop for retail products online, and the gap between those who shop online and those who shop in-store is shrinking as consumers opt for more digital ways to engage with the stores and brands from which they want to buy. Even consumers' engagement with restaurants has become more digital. They are ordering online for pickup or delivery far more than they did at the start of 2020, and they are using technology inside table-service restaurants to order and pay at the table. The digital shift is not just shopping for food and retail products.

U.S. consumers use online and mobile banking 50% more often than they visit physical branches. The new remote workforce, which is likely to remain at least partially remote for the near future, is changing where and how consumers engage with brands and invest in making their homes smarter. Technology is enabling different ways for consumers to access entertainment and leisure activities and communicate with friends and family. Digital payments and enabling technologies such as artificial intelligence (AI) and 5G will only make consumers' digital interactions richer, more personalized, more secure and faster.

This report, the first in a monthly series of studies, will benchmark the evolution of U.S. consumers' shift to digital and, importantly, their interest in and embrace of a more connected, digital ecosystem to simplify their interactions.

This is what we learned from November's study.

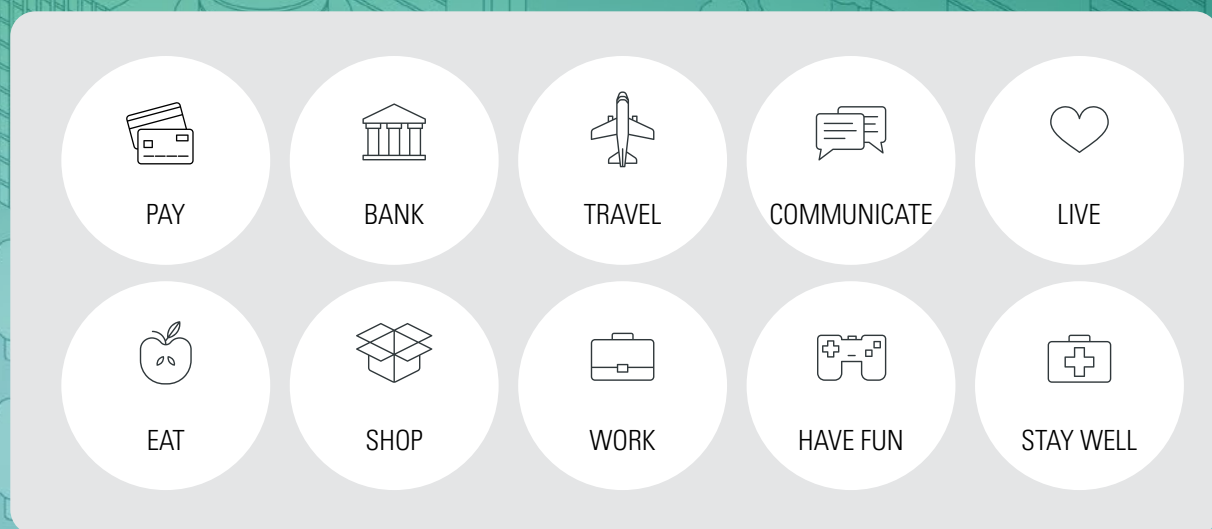
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THE 10 PILLARS

of the ConnectedEconomy™

Benchmarking consumers' digital behaviors and new routines has been a consistent part of PYMNTS' research since 2016, well before COVID-19 accelerated the shift to digital, but the coming transition from an app-based world to an ecosystem-driven one was abundantly clear.

PYMNTS accelerated its research efforts in early March 2020, and it now has more than 18,000 observations documenting the shift to digital since the start of the pandemic. PYMNTS' landmark study of 15,000 U.S. consumers, published in June 2021, was intended to further document their digital habits and routines as well as their interest in participating in connected ecosystems to streamline the management of their digital lives.



The Enablers That Power Experiences



PYMNTS will publish monthly briefs to offer a real-time benchmark of how consumers are integrating physical activities into their digital-first preferences. We will examine their views on how best to manage those preferences inside of ecosystems that make access to what were once individual apps easier and secure.

We'll examine the 10 pillars of the connected economy, as PYMNTS has defined it: how consumers pay, bank, shop, eat, have fun, live, work, travel, communicate and stay healthy.

The Cornerstone Pillar:

The Cornerstone Pillar of the connected economy is the first and strongest of all: **Banking**. More consumers report banking than engaging in any other activity online, and money management helps drive commerce across all 10 pillars. Information seekers are also most interested in integrating banking with the rest of their lives online.

The Leisure Pillars

There are three Leisure Pillars of the connected economy: **Entertainment, retail shopping and travel**. These are activities with which consumers may not engage every day, but instead tend to do for enjoyment and special occasions. These are the pillars that information seekers are the most interested in consolidating.

The Every Day Pillars

The Every Day Pillars are the largest group of connected activities, encompassing **restaurant orders, groceries, health, work, social relationships and the home**. Consumers rely on these pillars, which permeate their daily lives, to get their fundamental needs met. Convenience seekers is the persona most interested in consolidating all of these digital activities into a single app.

PART I:
Who is the connected consumer?

**Sixty-seven percent of all consumers
— 173 million people — want a super app
to manage their digital activities.**

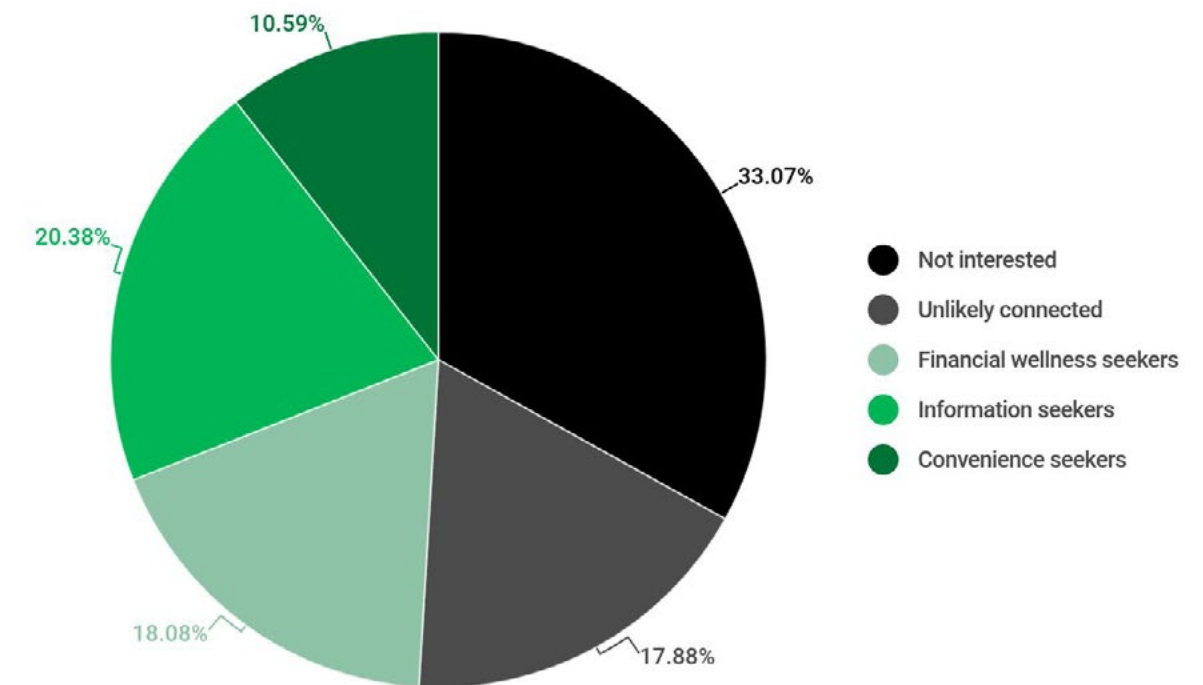
Eleven percent want such an app to manage their entire digital lives.

Consumers want to consolidate their digital experiences into a single interface. Our research shows that 67% of all consumer would be interested in integrating at least two areas of their digital lives into a single app, providing them a centralized hub to manage a broader range of their digital activities.

The three most common pillars that consumers want to consolidate are shopping, travel and entertainment. Consumers who want a single way to interact across these three area are generally less interested in transacting than in having a single, convenient place to assemble the data about those activities. These “information seekers” account for 20% of all adult consumers in the U.S. — some 53 million consumers.

“Financial wellness seekers” account for 47 million U.S. consumers, or 18% of the adult population. These consumers see value in having a single place to access and manage their money in their various bank accounts and to make and receive payments.

Figure 1: Share of consumers expressing varying degrees of interest in integrating select areas of their lives into a super app



Source: PYMNTS.com



THE THREE CONNECTED PERSONA GROUPS

Financial wellness seekers:

Consumers who want data about their personal finances and money management available in a single ecosystem that they can also use to make and receive payments.

- Average age: 44 years
- 37% have college degrees
- 45% are female
- 43% live with children under 18 years old

Information seekers:

Consumers who want a single ecosystem in which they can aggregate their preferences, offers and other information related to transactional activities such as shopping, travel and entertainment. Note that this group is not looking to transact within the ecosystem, but simply access the information about their preferences.

- Average age: 43 years
- 35% have college degrees
- 55% are female
- 37% live with children under 18 years old

Convenience seekers:

Consumers who want a single ecosystem to assemble relevant information across all 10 pillars of the connected economy to simplify access to information and transacting within and across them.

- Average age: 39 years
- 38% have college degrees
- 46% are female
- 43% live with children under 18 years old

Table 1: Share of consumers in different generations who are interested in a super app, by area

Demographic data	Sample	Complete responses	Not interested	Unlikely connected	Financial wellness seekers	Information seekers	Convenience seekers
N	3,265	3,166	1,157	548	565	611	285
Generation Z	11.4%	11.5%	4.6%	12.7%	13.6%	17.8%	15.0%
Millennials	28.2%	28.3%	14.9%	31.8%	35.5%	31.6%	45.0%
Bridge millennials	20.2%	20.2%	12.2%	21.0%	24.7%	22.5%	31.5%
Generation X	25.9%	26.0%	25.0%	26.2%	28.2%	24.6%	27.2%
Baby boomers and seniors	34.5%	34.3%	55.5%	29.2%	22.7%	26.0%	12.8%

Source: PYMNTS.com

“Convenience seekers” are the 11% of all consumers, or 27 million adults, who see value in having a single place where they can manage and transact across all 10 pillars of the connected economy. Generation X and bridge millennials are also far more likely than the average consumer to express interest in this type of super app, making up 27% and 31% of the consumers who want to use a single super app, respectively. Fewer baby boomers and seniors express some degree of interest in being able to manage their digital lives from a single, central location: Just 13% would like to be able to use a single app.



PART I:
Who is the connected consumer?

Convenience seekers are affluent.

Forty-six percent of convenience seekers earn more than \$100,000 in annual income, while 41% live paycheck to paycheck and do not struggle to pay their bills.

Convenience seekers earn more in annual income than any other connected persona group, with 46% earning more than \$100,000 per year. They also appear to be the most financially stable: 37% say they do not live paycheck to paycheck. They not only have the greatest appetite for connected experiences but also have an interest in transacting inside of a single ecosystem. This means they have the interest and spending power to transact with a single, super app ecosystem

They are closely followed by information seekers, 34% of whom do not live paycheck to paycheck. Information seekers are the most likely of all to be living paycheck to paycheck without struggling to pay their bills, with 44% doing so.

Financial wellness seekers are the least financially stable of any persona group, by contrast. They are the most likely of all to say that they are living paycheck to paycheck and struggling to pay their monthly bills at 29%.

Table 2: Share of consumers in different generations who are interested in a super app, by annual income

Demographic data	Sample	Complete responses	Financial wellness seekers	Information seekers	Convenience seekers	
Annual income	Less than \$50K	33.2%	32.8%	30.3%	26.9%	20.7%
	\$50K-\$100K	31.0%	31.3%	36.1%	30.4%	33.1%
	More than \$100K	35.8%	36.0%	33.6%	42.8%	46.2%

Source: PYMNTS.com

Table 3: Share of consumers in different generations who are interested in a super app, by financial lifestyle

Demographic data	Sample	Complete responses	Financial wellness seekers	Information seekers	Convenience seekers	
Financial lifestyle	Live paycheck to paycheck with issues paying bills	22.5%	22.5%	29.3%	20.2%	22.7%
	Live paycheck to paycheck without issues paying bills	41.6%	41.6%	43.8%	45.9%	40.8%
	Do not live paycheck to paycheck	36.0%	36.0%	26.9%	33.9%	36.5%

Source: PYMNTS.com



PART II:
How digital are consumers across the 10 pillars of the connected economy?



**The Cornerstone
 Pillar**

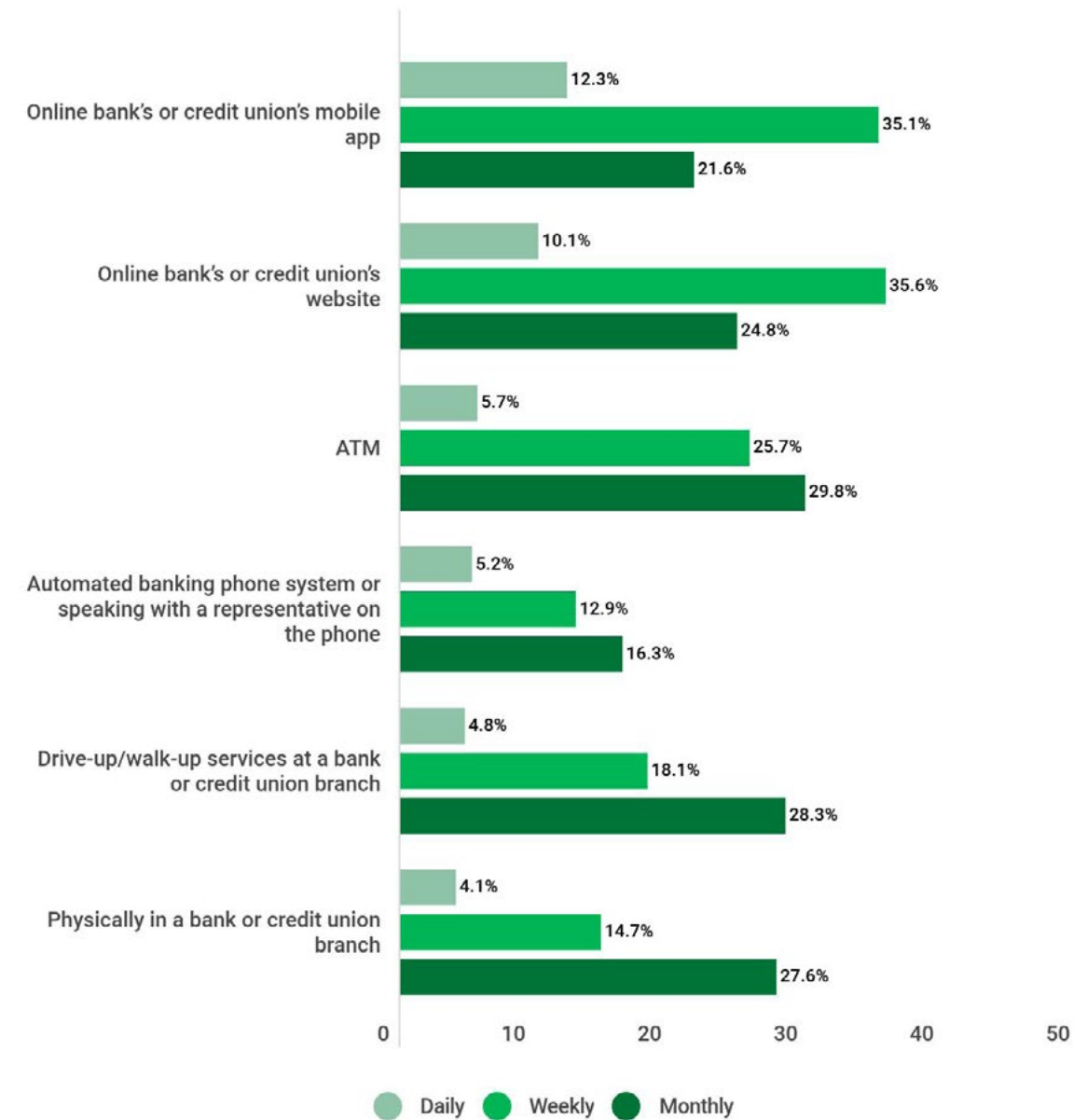
Sixty-nine percent of all consumers now bank and transact using their financial institutions' (FIs') mobile apps. Forty-seven percent of them use their FIs' apps at least once per week.

Digital banking has been central to consumers' lives for years, making it one of the foundational cornerstones of the connected economy. The strong majority of consumers have grown accustomed to and comfortable with managing their finances and transacting online, and they are now 51% more likely to bank online than they are to bank in person.

The two most common ways that connected consumers bank and transact is through their FIs' websites and mobile apps, with 71% and 69% doing so, respectively. Mobile app users tend to use them more frequently. Our research shows that 47% of consumers bank and transact via app at least once per week, and 12% do so daily. Among consumers who perform these activities through their FIs' websites, 46% do so at least once per week and 10% do so every day.

Sixty-one percent of consumers still use ATMs, transact with their banks over the phone and visit their FIs' drive-thrus, but it is significantly fewer than those who bank online.

Figure 2: How often consumers bank and manage their money online
 Share of consumers who bank and transact via select channels, by frequency



Source: PYMNTS.com

PART II:
How digital are consumers across the 10 pillars of the connected economy?



**The Leisure
 Pillar**

**Watching streaming video
 is the new national pastime.**

Seventy-nine percent of consumers stream videos online, and 41% do so every day.

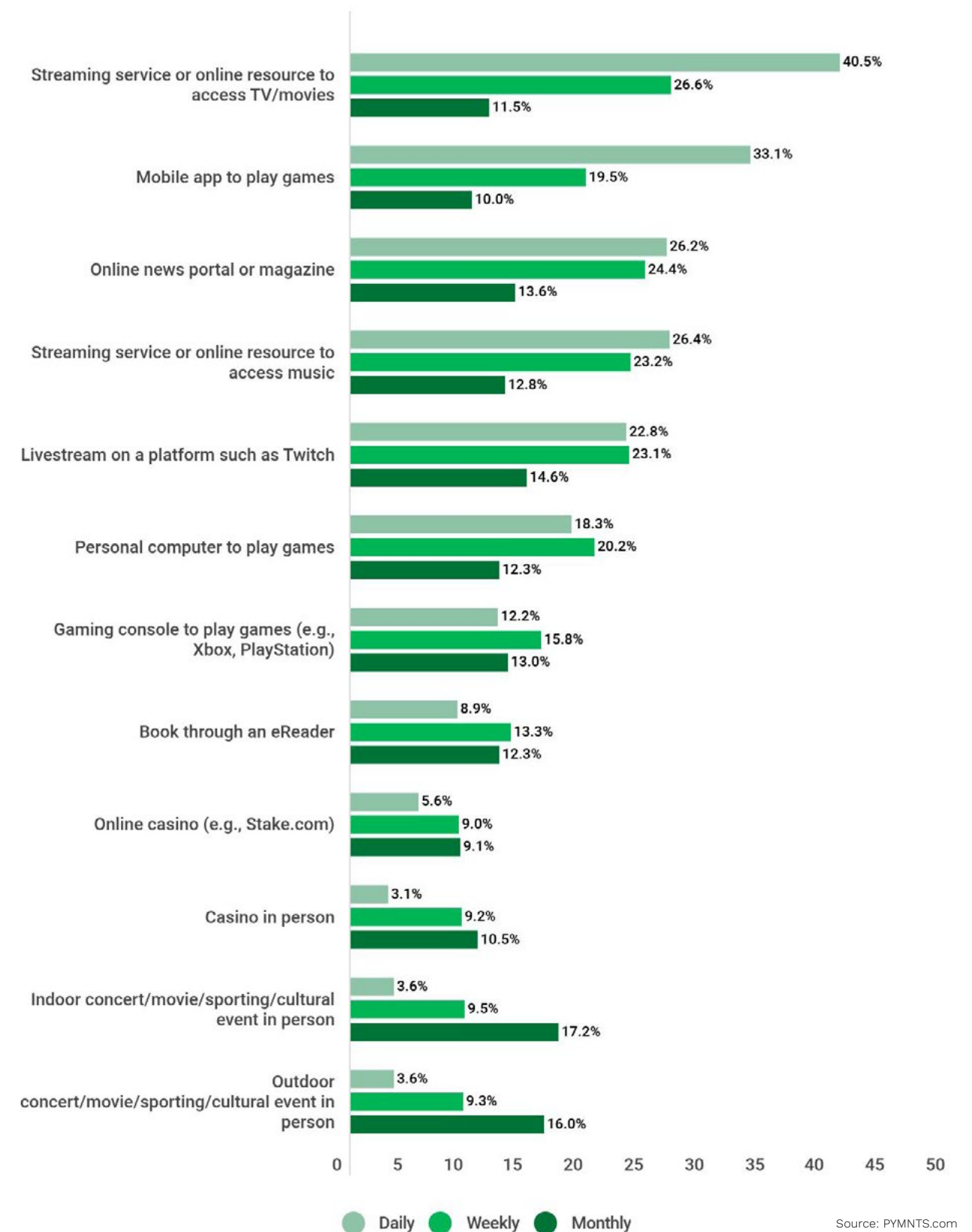
Connected devices are veritable entertainment hubs. Consumers are now using their mobile phones, laptops, tablets and other devices to access at least nine different sources of entertainment, including video streaming services, games, news outlets and magazines, music or otherwise.

Video streaming is far and away the most common form of entertainment. Not only do 79% of consumers use at least one video streaming service but 41% also stream videos daily.

Mobile gaming, reading and listening to music are all roughly tied in second place for consumers' favorite digital pastimes, with more than 62% of consumers engaging in each of these activities at least monthly.

Other common forms of online entertainment include livestreaming, PC and console gaming, reading on eReaders and gambling online. Only 30% of all consumers report attending social or cultural events in person, and 23% gamble in person.

Figure 3: How connected consumers pass the time
 Share of consumers using select entertainment channels, by frequency



Source: PYMNTS.com

PART II:
How digital are consumers across the 10 pillars of the connected economy?



The Leisure Pillar

Online retail shopping knows no bounds.

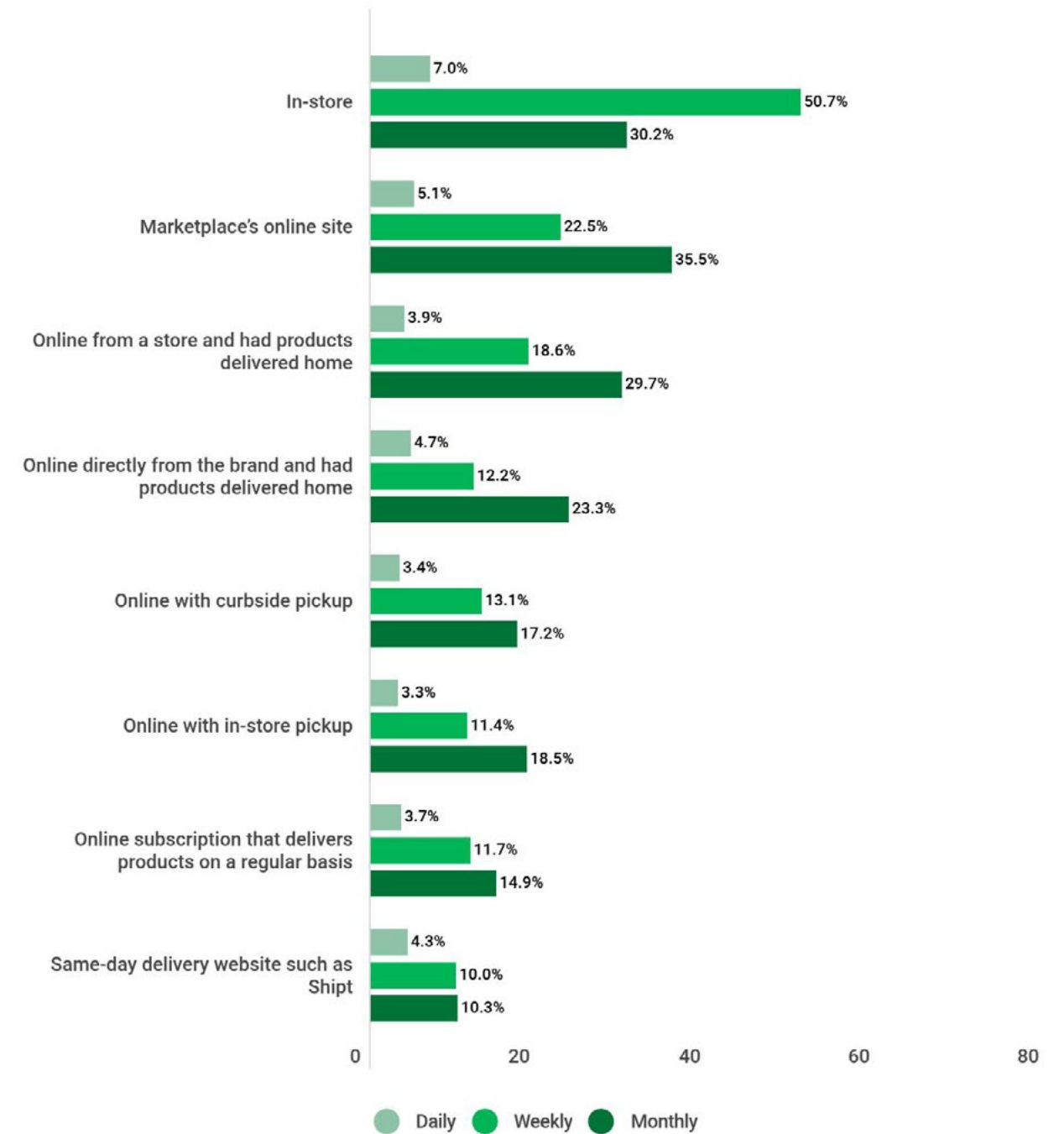
Eighteen percent of all consumers buy retail items online at least once per week, and 4% buy retail items online every day.

Consumers have a wide array of choices in how they would like to buy retail products online, and they use those options regularly. Our research shows that 18% of all retail shoppers make retail purchases online at least once per week, and 4% do so every day of the year.

Not all eCommerce channels are created equal, however. Digital marketplaces, such as Amazon, Walmart and Etsy, are the most common way consumers buy retail items online, with 63% of them doing so. Fifty-two percent buy items from their favorite retailers' websites and 40% buy items directly from brands to be delivered to their homes.

Buying online with curbside or in-store pickup is also common, with 34% and 33% of consumers doing so, respectively. Others use digital retail subscriptions or order online for same-day delivery via aggregators.

Figure 4: How often consumers shop for retail items online
 Share of consumers buying retail items in select ways, by frequency



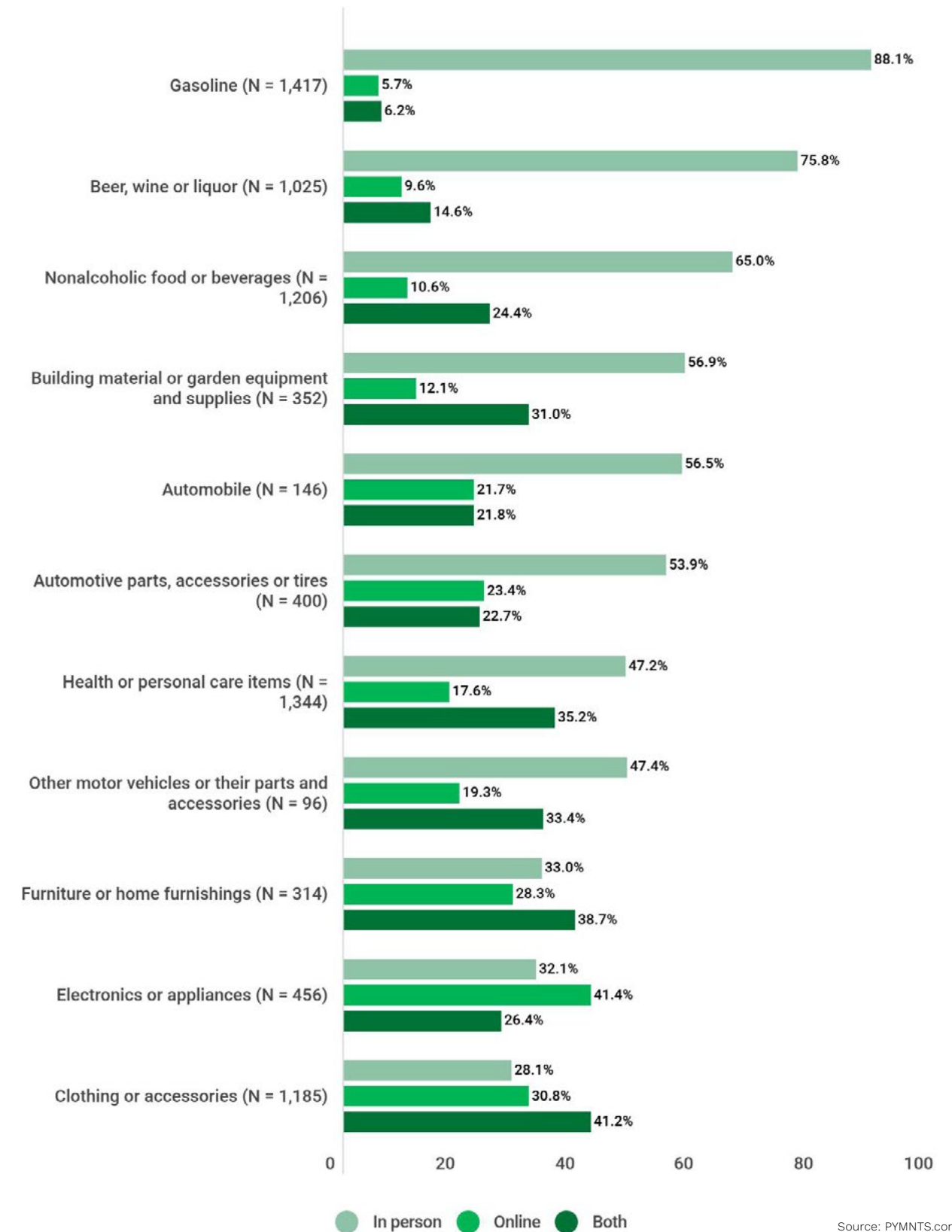
Source: PYMNTS.com

The types of products these consumers buy online also knows no bounds. Consumers regularly purchase everything from clothing to electronics to healthcare items and even cars online — albeit to varying degrees.

It is also critical to note that many of these products can be — and are — purchased through product-specific apps. Many of the 12% consumers who buy their gasoline online do so through apps such as GasBuddy, while a certain portion of the 25% of consumers who buy their alcohol online do so through apps such as Drizzly. Furniture and home furnishings are available through apps such as Wayfair, while clothing can be bought and sold through apps such as SHEIN and ASOS. Even healthcare, medication and other medical products are now available for purchase through GoodRx, Leafly, Pillsy and Teladoc, among others.

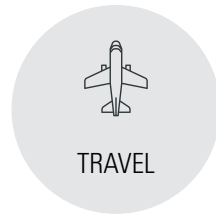


Figure 5: Which retail products consumers buy online
Share of consumers buying select products in person, online or both



Source: PYMNTS.com

PART II:
How digital are consumers across the 10 pillars of the connected economy?



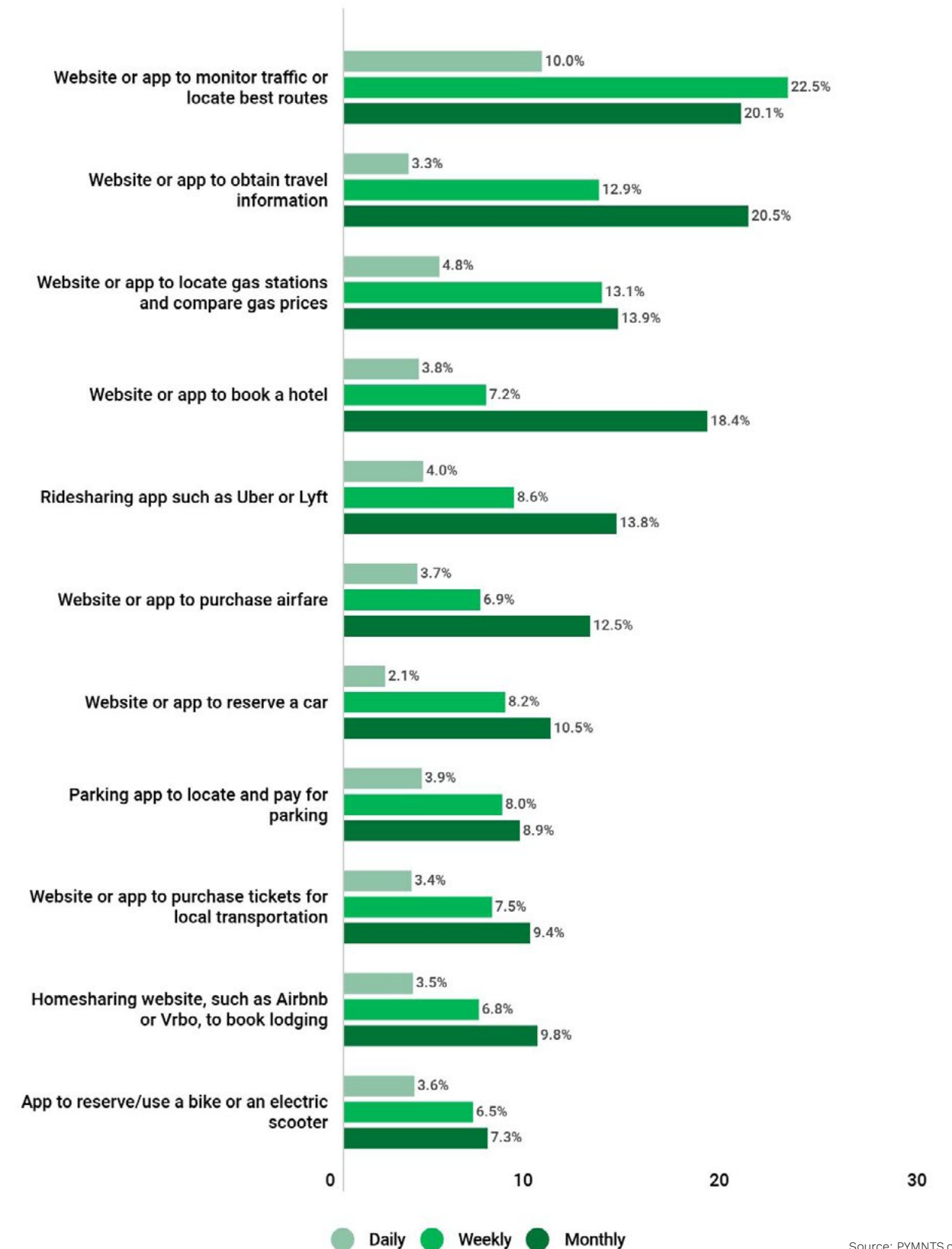
The Leisure Pillar

Research is the first step of any trip in the connected economy. Fifty-three percent of consumers use travel and navigation apps and sites to map the fastest, easiest routes, and 37% use them to obtain travel information.

Traveling in the connected economy is often more about research than it is about booking tickets for riding planes, trains and automobiles. Connected consumers chiefly use the internet to research the best routes for their trips, with 53% of them using travel websites and apps to do so. There are also 37% who use sites and apps to obtain travel information and 32% who use them to locate gas stations and compare gas prices.

Connected consumers on the go also use a wide assortment of apps to book tickets, reserve accommodations, hail rides and pay for travel.

Figure 6: Share of consumers who use select digital tools to plan their trips, by frequency



Source: PYMNTS.com

PART II:
How digital are consumers across the 10 pillars of the connected economy?



**The Every Day
Pillar**

Seventy percent of all adults in the U.S. — 181 million people — now buy food online.

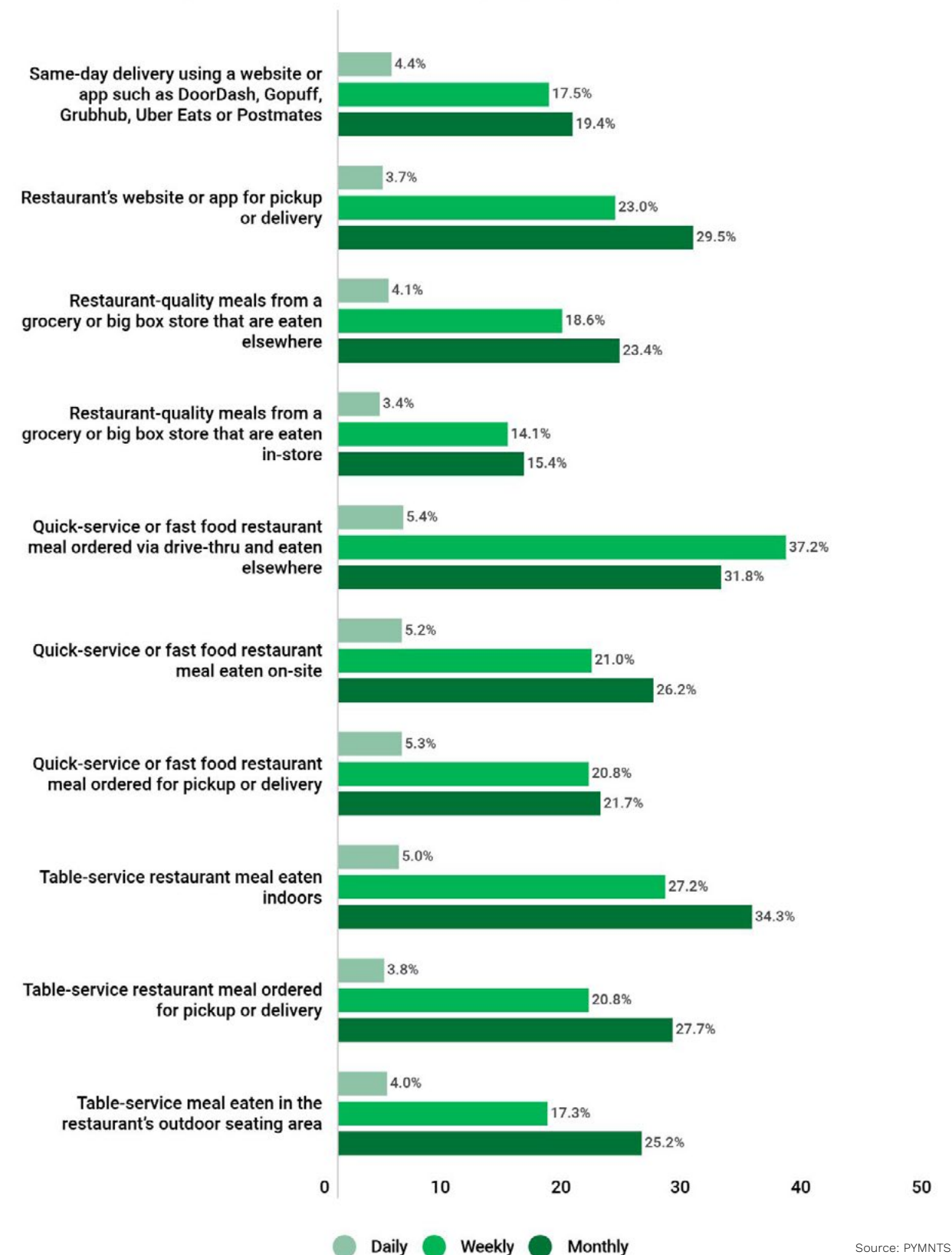
Forty-nine percent of consumers place restaurant orders through restaurants' websites or via mobile app, and 32% buy groceries online.

The digital economy has fundamentally reshaped the way consumers shop and pay for food, with 70% now obtaining at least some of their meals via the internet, regardless of whether they are ordering food prepared in advance or buying the groceries they need to cook at home.

Mobile apps, websites and aggregators play a particularly central role in the way connected consumers engage with restaurants. Not only do 56% of consumers now place orders through restaurants' websites or mobile apps but 41% also use aggregators such as Grubhub, Uber Eats and DoorDash.

This does not mean that consumers avoid restaurants, however. Most consumers still place some of their restaurant orders in person, but the likelihood of them dining on-site varies depending on the type of restaurant in question. Consumers are 27% more likely to dine on-site when ordering from table-service restaurants than from quick-service restaurants (QSRs), for example. They are also 42% likelier to order via drive-thru and dine elsewhere when ordering from QSRs than from table-service restaurants.

Figure 7: How connected consumers order from restaurants
Share of consumers placing restaurant orders in select ways, by frequency



Source: PYMNTS.com

Consumers are still considerably more likely to buy their groceries in stores than they are to do so online, but even that is changing. Even though 91% of consumers buy their groceries in brick-and-mortar stores, the share who buy groceries online, whether via app, aggregator or website, is higher than ever and shows a consistent upward trend, particularly among millennial and bridge millennial consumers.

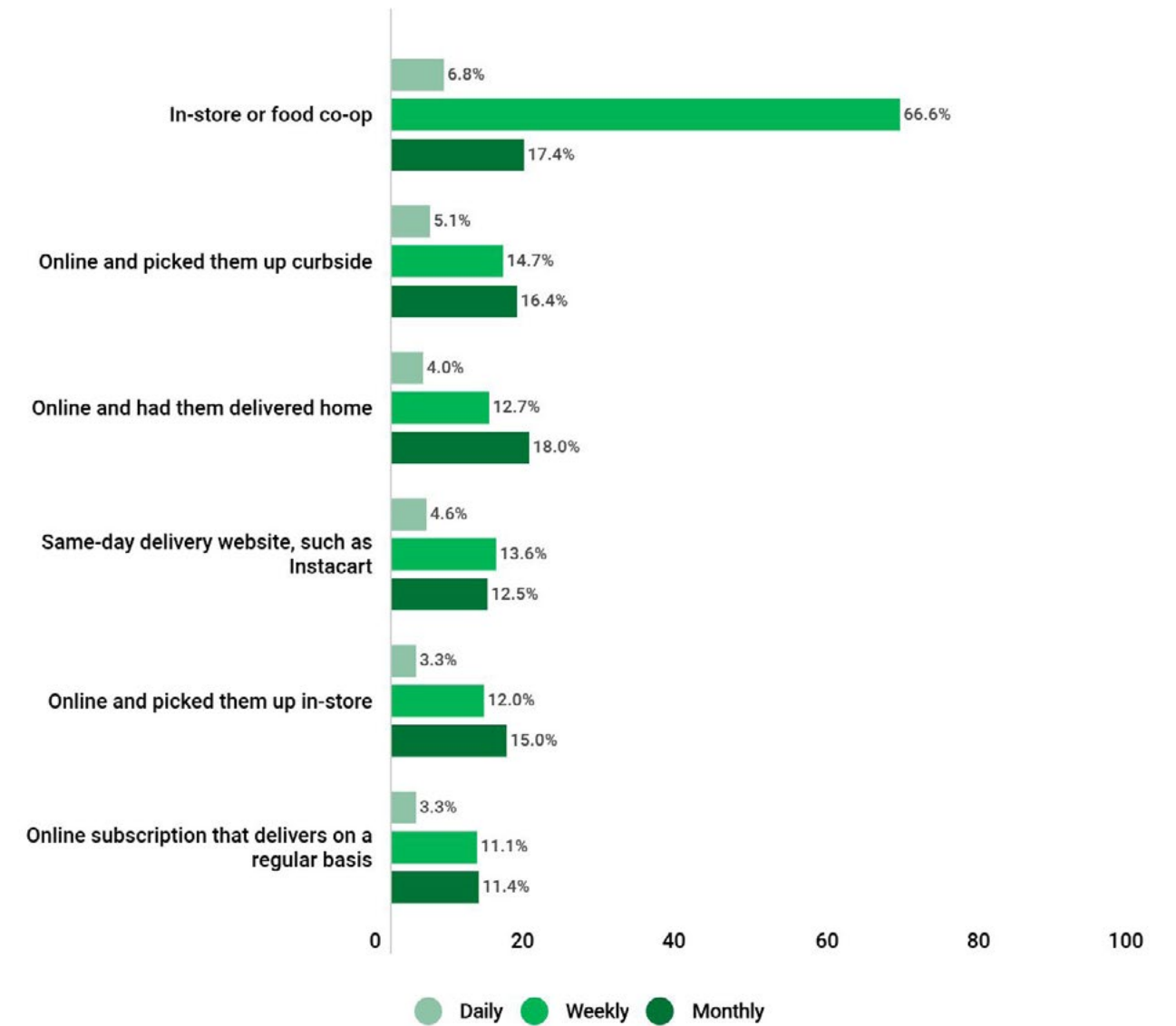
The most common way digital-first grocery shoppers buy their groceries is by ordering groceries online and picking them up curbside, followed closely by ordering them online and having them dropped off at their doorsteps. Our research shows that 36% of consumers order their groceries online for curbside pickup, while 35% order them for at-home delivery.

There are also 31% and 30% of consumers who order their groceries via third-party delivery apps such as Instacart and for in-store pickup, respectively — another sign of the importance apps have in driving digital commerce.

Twenty-six percent of consumers have grocery subscriptions that deliver goods to their homes regularly.



Figure 8: How consumers shop for groceries in the connected economy
Share of consumers who purchase their groceries in select ways, by frequency



Source: PYMNTS.com

PART II:
How digital are consumers across the 10 pillars of the connected economy?



The Every Day
Pillar

Consumers are using digital technology to keep tabs on their health.

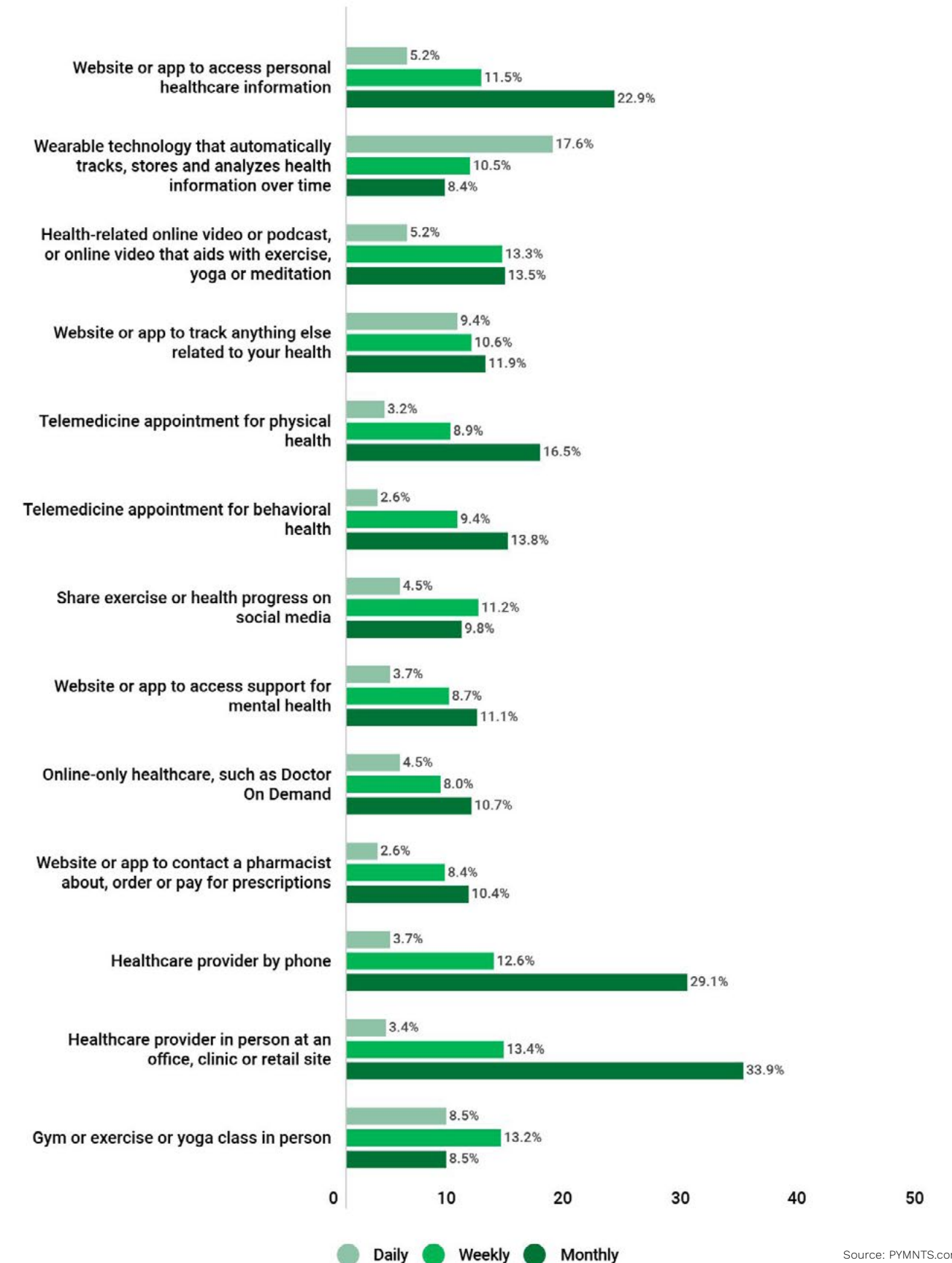
Forty percent of consumers now use websites and apps to access personal healthcare information, and 18% use wearables to track and analyze their health information every day.

Consumers' digital engagement with their personal health has gone way beyond searching symptoms on WebMD. Many have grown accustomed to using websites, apps, podcasts, telehealth appointments and even social media to gather data and inform decisions about their personal health. Our research shows that 40% of consumers now use websites or apps to access their personal health information, for example, and 37% use wearable technology to do the same.

Telehealth appointments are also common, with 29% and 26% of consumers having had at least one telehealth appointment for either their physical or mental health, respectively, since the pandemic began.

There are also 23% of consumers who now use only online-only healthcare services such as Doctor On Demand.

Figure 9: How consumers track their health in the connected economy
Share of consumers who use select tools to track and monitor their health, by frequency



Source: PYMNTS.com

CONCLUSION

THE CONNECTED CONSUMER IN THE DIGITAL ECONOMY

WHO WANTS TO LIVE IN
A DIGITAL CONNECTED ECONOMY
— AND WHY?

There is mounting demand to consolidate the endless stream of new apps, sites and aggregators into a single place, with connected, digital-first consumers being most interested in doing so. No single market player has yet to step in and assume the role of chief consolidator, but the opportunity is undeniable.

METHODOLOGY

The Connected Consumer In The Digital Economy is based on a survey of a census-balanced panel of 3,166 U.S. consumers conducted between October 27 and November 8 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 51% were female. Thirty-three percent of respondents held college degrees. We also collected data from consumers in different income brackets: 36% of respondents declared an annual income of more than \$100,000, 31% earned between \$50,000 and \$100,000 and 33% earned \$50,000 or less. Additional proprietary data from PYMNTS was used for supplementary analysis.

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