

The ConnectedEconomy™

Monthly Report

The ConnectedEconomy™ Monthly Report benchmarks the digital transformation of consumers across the 10 activities that represent their day-to-day lives. Each month, PYMNTS surveys a population-based sample of roughly 2,500 U.S. consumers to measure the use and adoption of digital tools for how they live, work, shop, eat (how and where they buy food), travel, bank, communicate, stay well, have fun and pay/are paid. This work builds on 15 studies and the more than 21,000 consumers PYMNTS has surveyed since March 6, 2020, and represents the largest and most consistent data set tracking the digital shift accelerated by the pandemic.



PAYCHECK-TO-PAYCHECK CONSUMERS DIGITALLY DISENGAGE

PYMNTS.com
 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.

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INTRODUCTION

The inflation crisis in the United States has reached historic heights, with inflation rates reaching levels not seen in 40 years. Consumer prices jumped 9.1% year-over-year in June.¹ The real and psychological impact of the rapid rise of inflation on the heels of the pandemic has consumers worried about the economy and tightening their belts — but could it also be impacting the way they use the internet? .

New PYMNTS research shows that many cash-strapped consumers are beginning to engage less in the digital economy. Digital engagement among consumers who report living paycheck to paycheck and struggle to pay their bills is down for the second consecutive month, in fact, with members of this group participating an average of 7% less in the ConnectedEconomy™ than they did in April 2022.

Not only did 8 million fewer of these financially struggling consumers use travel-related apps and platforms

last month than in April but 16 million fewer used commute-related digital tools, such as ridesharing and micromobility apps. They even cut their use of social network and messaging apps, with 4 million fewer using dating apps, for example. It is clear that for many consumers the cost of traveling, commuting and even socializing outside the home may now be beyond their budgets.

This month's ConnectedEconomy™ Monthly Report details how consumers living paycheck to paycheck — and particularly those struggling to meet their financial obligations — are cutting back on their engagement in the ConnectedEconomy™. We surveyed a census-balanced panel of 2,760 U.S. consumers between June 10 and June 16 to examine how financially-pressed consumers are clearing their social calendars, hopping off the roads and keeping to the comforts of their homes.

This is what we learned.

¹ Author unknown. Consumer Price Index. The U.S. Bureau Of labor Statistics. 2022. <https://www.bls.gov/cpi/>. Accessed August 2022.

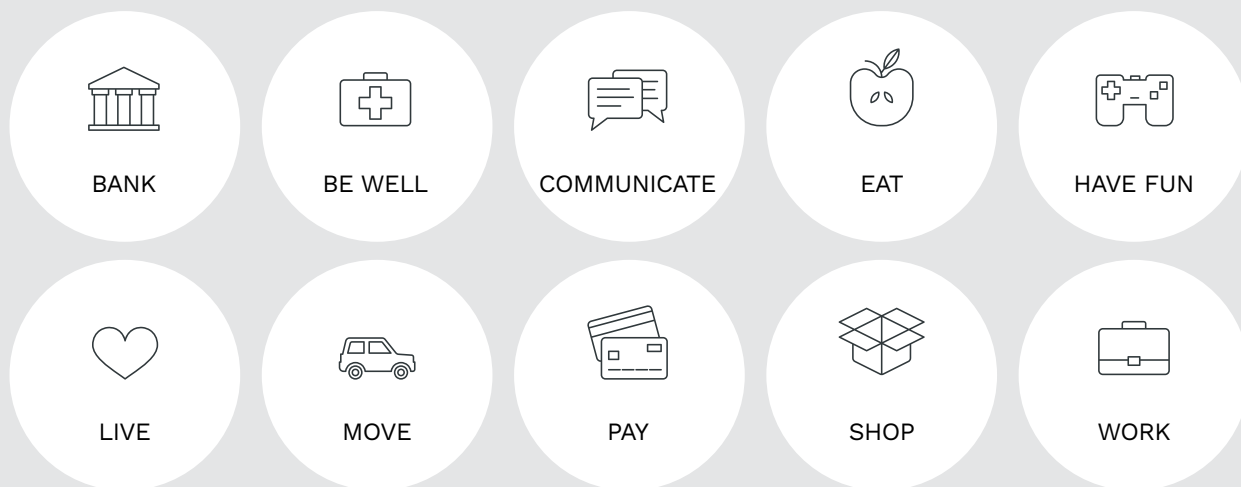


THE 10 PILLARS

of the ConnectedEconomy™

Benchmarking consumers' digital behaviors and new routines has been a consistent part of PYMNTS' research since 2016 — well before the pandemic accelerated the shift to digital — but the 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 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 consumers' digital habits and routines as well as their interest in participating in connected ecosystems to streamline the management of their digital lives.



The ConnectedEconomy™ persona groups

- CONVENIENCE-SEEKERS**
 These consumers are extremely interested in being able to aggregate/integrate all aspects of their lives online into a single super app.
- COMMERCE-SEEKERS**
 These are consumers who are likely to want to aggregate/integrate data pertaining to their shopping, travel or entertainment preferences and activities into a single app, but who are also less likely than others to want to use that app to actually transact.
- FINANCIAL WELLNESS-SEEKERS**
 These consumers are likely to want to aggregate/integrate data related to banking, money management and/or payments into a single super app to have access to that information and then, crucially, use that data to make/receive digital payments.
- WAIT-AND-SEE**
 These consumers are likely to integrate just a few tasks from a limited area of their lives with a super app.
- NOT INTERESTED**
 These consumers do not want to integrate any life area into a super app.

Connected consumers and the devices that connect them

- BASIC-TECH**
 These consumers use computers/smartphones primarily and exhibit low overall ownership of devices, possessing three devices on average.
- MAINSTREAM-TECH**
 These consumers are computer/smartphone/tablet/smart TV/gaming console-dominant and own six to seven devices on average.
- INTEGRATED-TECH**
 These consumers have all the devices that mainstream users have, but they also incorporate smart home and activity tracking devices into their ecosystems. They own 11 to 12 devices on average.

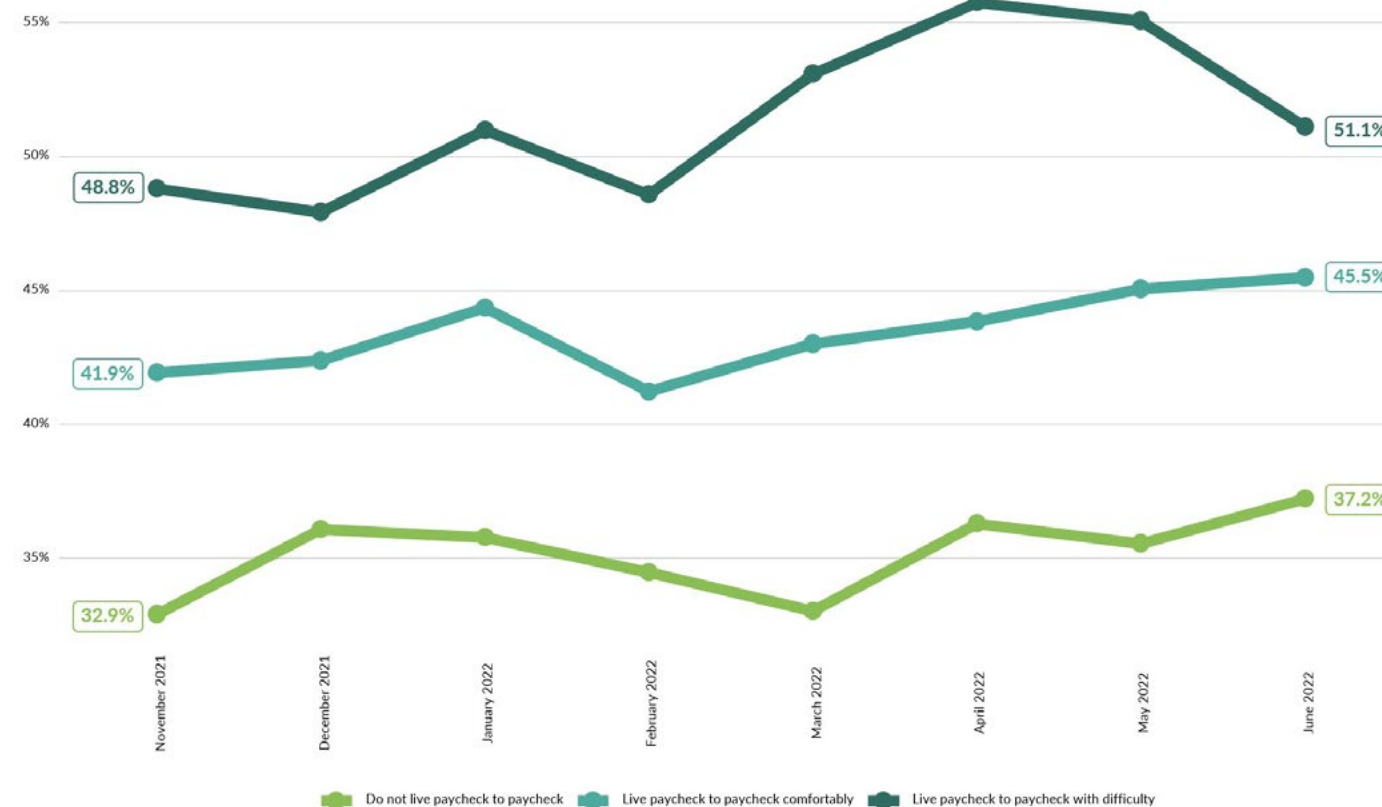
PART I:
Digital disengagement

Consumers in financial distress are engaging less in the digital economy.

Consumers living paycheck to paycheck and struggling to pay their monthly bills were 8% less engaged in key digital activities in June than they were in April.

Consumers who live paycheck to paycheck and struggle to pay their monthly bills have historically been more engaged in the digital economy than consumers on more solid financial footing — and they still are — but that could be about to change. Our latest survey shows that digital engagement among consumers living paycheck to paycheck and struggling to pay their bills is down for the second consecutive month. An average of 51% of these consumers were engaged in all 67 digital activities we studied in June 2022. This is a 6% decrease from May and an 8% decrease from April. Engagement among consumers who live paycheck to paycheck but feel they do not struggle to pay their bills and consumers who do not live paycheck to paycheck at all has remained stable, by contrast. This suggests that there could be a financial element driving some consumers’ decreasing levels of engagement.

FIGURE 1A:
HOW CONSUMERS’ ONLINE ACTIVITY HAS EVOLVED OVER TIME
Share of consumers with different financial lifestyles engaged in all types of digital activities daily, by month



Source: PYMNTS.com
The ConnectedEconomy™ Monthly Report, August 2022
N = 2,760: Complete responses, fielded June 10, 2022 – June 15, 2022



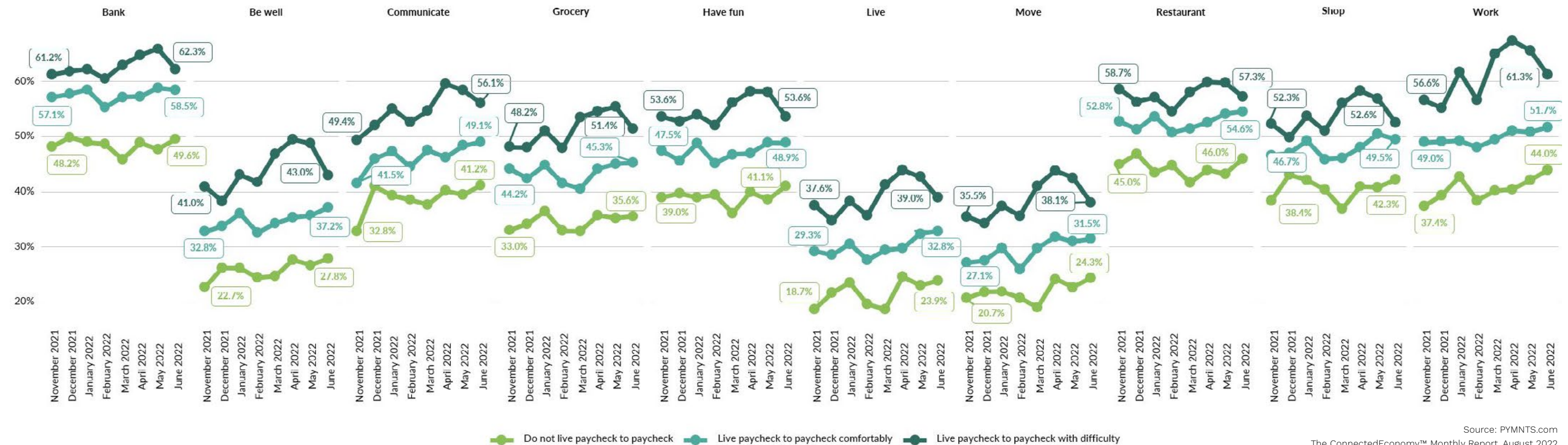
PART I:
Digital disengagement

Paycheck-to-paycheck consumers who struggle to pay their bills are cutting back on working, shopping and commute-related digital activities most of all.

These consumers worked remotely 9% less, shopped online 10% less and used travel-related apps and sites 13% less than they did just two months prior.

Financially struggling consumers' widespread decrease in digital engagement is not limited to any one activity, either. Paycheck-to-paycheck consumers with problems paying their bills engaged in every pillar of the ConnectedEconomy™ less in June than they did in either April or May. The biggest drops in this time frame were seen in digital work, retail and commute-related activities — but similar drops were seen across all 10 pillars.

FIGURE 1B:
HOW CONSUMERS' ONLINE ACTIVITY HAS EVOLVED OVER TIME
Share of consumers engaged in select pillars of the ConnectedEconomy™, by date and financial lifestyle



Source: PYMNTS.com
The ConnectedEconomy™ Monthly Report, August 2022
N = 2,760: Complete responses, fielded June 10, 2022 – June 15, 2022

PART I:
Digital disengagement

Engagement among high-income paycheck to paycheck consumers is beginning to rebound, but mid- and low-income consumers keep cutting back on their digital activities.

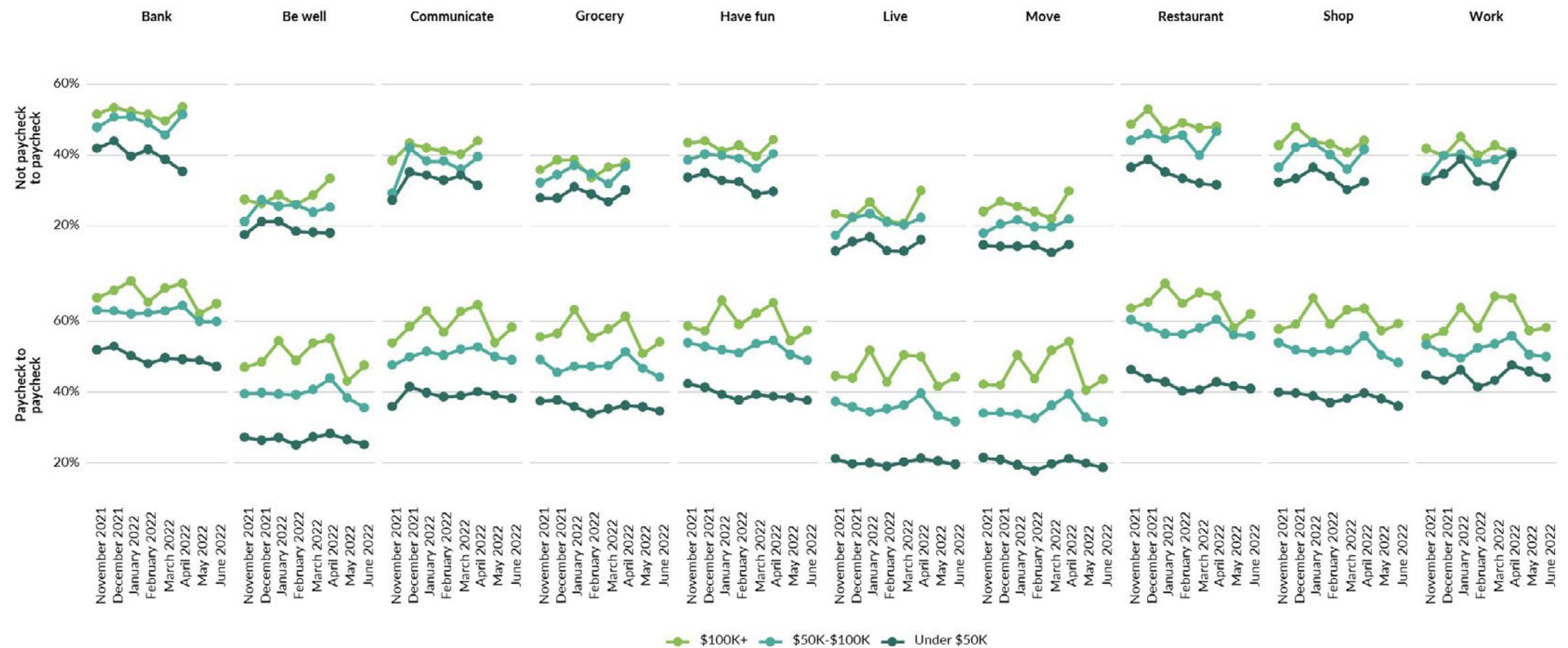
Mid-income and low-income consumers living paycheck to paycheck are 12% and 6% less engaged in the ConnectedEconomy™ compared to two months ago, respectively, and this decrease is seen across all pillars.

Consumers earning between \$50,000 and \$100,000 in annual income (mid-income consumers) and less than \$50,000 (low-income consumers) who live paycheck to paycheck are continuing to cut back on their digital activities. Cash-strapped consumers in these income brackets have cut back on the move and be well pillars the most of all since April. Mid-income and low-income consumers were 20% and 12% less engaged in the move pillar since then, respectively. Similarly, mid-income consumers living paycheck to paycheck and struggling to pay their bills were 19% less engaged in the be well pillar while low-income consumers living paycheck to paycheck and struggling to pay their bills were 11% less engaged in the same pillar. These numbers lend further credence to the idea that this decrease in digital participation is being driven by consumers' financial fears.

In contrast, engagement among those earning more than \$100,000 in annual income (high-income consumers) is beginning to rebound. Engagement among high-income consumers living paycheck to paycheck bottomed out in April across nine of the 10 pillars of the ConnectedEconomy™, with work being the only exception.

FIGURE 1C:
HOW CONSUMERS' ONLINE ACTIVITY HAS EVOLVED OVER TIME

Share of consumers of different incomes and financial lifestyles engaging in select ConnectedEconomy™ pillars, by date



Source: PYMNTS.com
The ConnectedEconomy™ Monthly Report, August 2022
N = 2,760: Complete responses, fielded June 10, 2022 – June 15, 2022

PART II:
Hunkering down at home

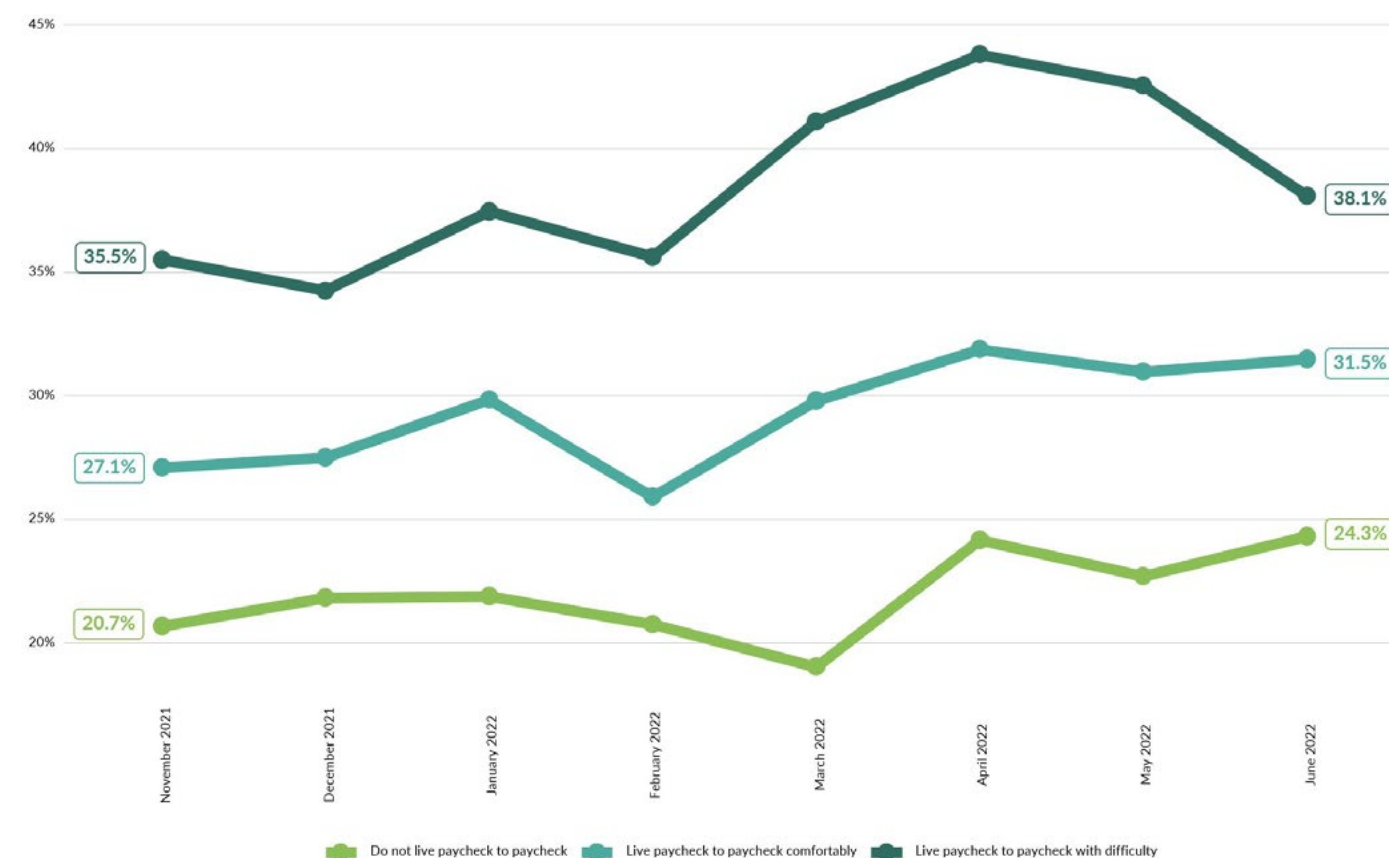
Ridesharing sites, micromobility apps and other digital commuting tools are falling out of favor among consumers in financial distress.

Consumers living paycheck to paycheck and struggling to pay their bills are using digital travel and commuting tools 13% less than they did just two months ago.

It is easy to understand why consumers who are concerned about their finances might be less willing to pay to travel and commute as prices continue to rise: Leaving the house to do everything from shopping to dining out to going to concerts costs more now than it did just months ago. It is not surprising that we might see consumers living paycheck to paycheck and struggling to pay their bills begin to cut back on their use of digital travel and commuting apps.

PYMNTS' data shows the use of those apps has also plateaued among those not living paycheck to paycheck and those living paycheck to paycheck but not struggling to pay their bills. This data once again seems to suggest that money may be a factor in many financially distressed consumers' decisions to cut back on digital travel and commuting apps.

FIGURE 2:
HOW CONSUMER ENGAGEMENT IN THE MOVE PILLAR HAS EVOLVED OVER TIME
Share of consumers of different incomes and financial lifestyles engaging in the move pillar, by date



Source: PYMNTS.com
The ConnectedEconomy™ Monthly Report, August 2022
N = 2,760: Complete responses, fielded June 10, 2022 – June 15, 2022



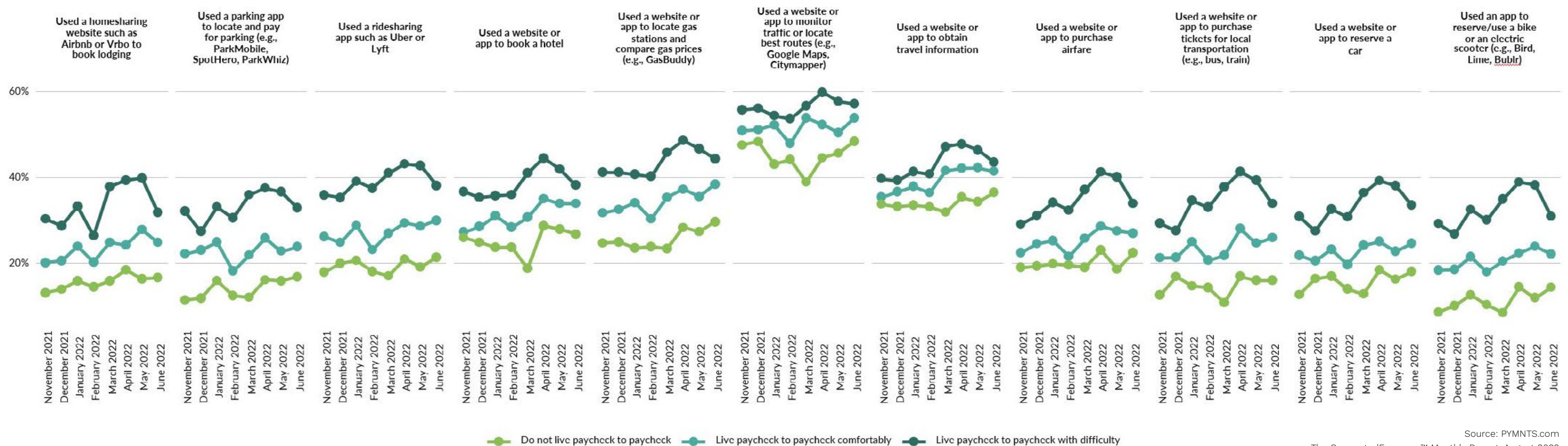
PART II:
Hunkering down at home

Consumers living paycheck to paycheck are cutting back on digital travel and even commuting apps.

Usage of travel or commuting apps among consumers living paycheck to paycheck and struggling to pay their bills fell 11% from April.

Financially struggling consumers are still by far the most engaged of all when it comes to using the internet to inform and enable traveling and commuting. Nevertheless, their use of every type of travel and commute-related app has taken a nose-dive since April — even as use of those very same apps remained relatively steady among consumers on more solid financial footing. Consumers' use of homesharing and rental scooter and bike apps decreased most of all in that time.

FIGURE 3:
HOW CONSUMERS' DIGITAL TRAVEL ACTIVITIES HAVE EVOLVED OVER TIME
Share of consumers of different financial lifestyles engaging in select travel activities, by date



Source: PYMNTS.com
The ConnectedEconomy™ Monthly Report, August 2022
N = 2,760: Complete responses, fielded June 10, 2022 – June 15, 2022

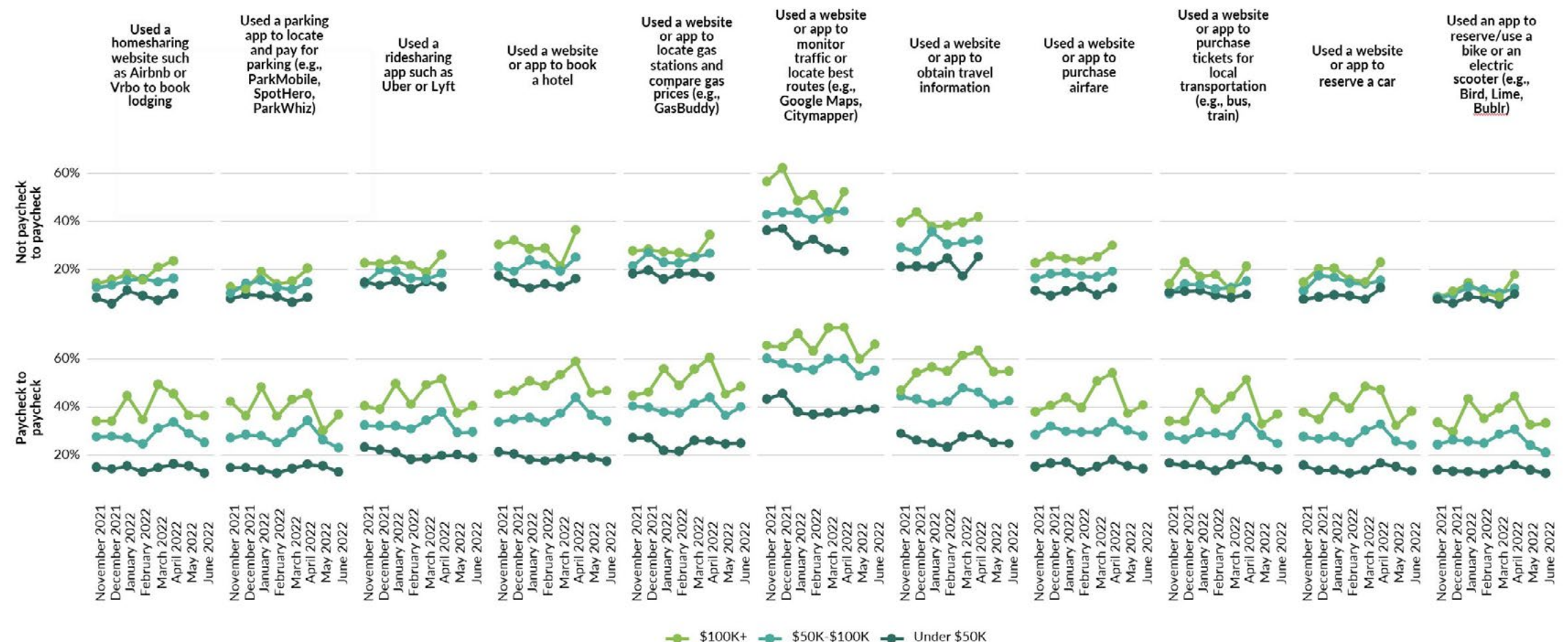
PART II:
Hunkering down at home

Engagement reached new lows among high-income consumers living paycheck to paycheck in May, but it is beginning to rebound.

Use of digital travel and commuting tools is down across the board among mid- and low-income consumers struggling to pay their bills.

Both mid-income consumers and low-income consumers who live paycheck to paycheck are continuing to cut back on every type of digital activity related to travel or commuting, regardless of whether it is micromobility apps, hotel reservation sites, digital airfare purchases or otherwise. In fact, mid-income consumers living paycheck to paycheck have cut back most of all.

FIGURE 4:
HOW CONSUMERS' DIGITAL COMMUTING TRAVEL ACTIVITIES HAVE EVOLVED OVER TIME
Share of consumers of different incomes and financial lifestyles engaging in select commuting travel activities, by date



Source: PYMNTS.com
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PART III:
Clearing the social calendar

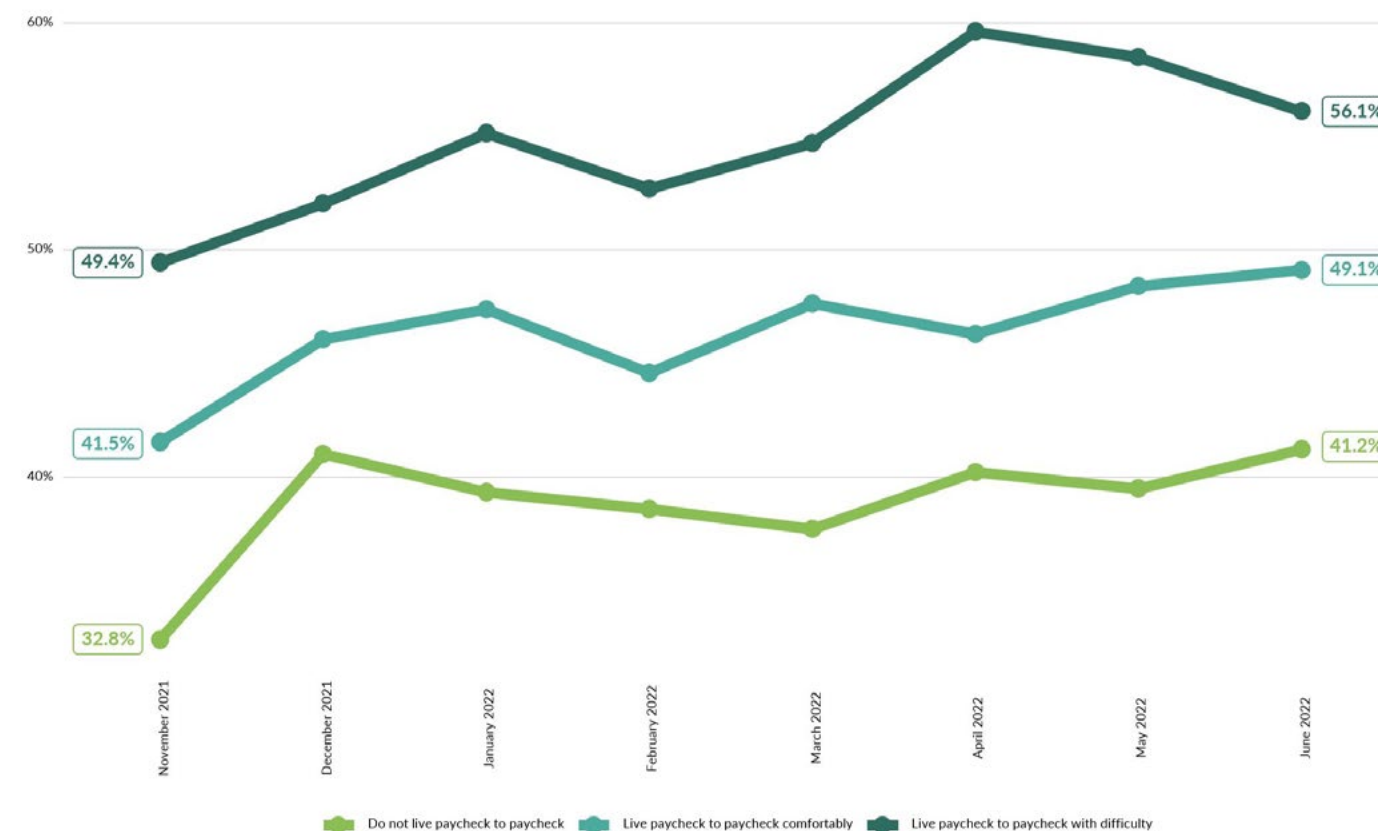
Cash-strapped consumers are clearing their social calendars to cut costs.

Consumers living paycheck to paycheck and struggling to pay their bills used digital communication apps and platforms 6% less in June than just two months prior.

Communicating online tends to go hand in hand with meeting in person, and meeting in person often leads to making retail purchases outside the house. PYMNTS' research shows that 59% of the consumers who communicate with friends, family and loved ones on social media also make digital retail purchases, and 46% wind up buying groceries online.² Put simply: Having a social life costs money. Many financially-strapped consumers may be cutting back on digital messaging and social apps as a result.

² Benchmarking The World's Digital Transformation. PYMNTS.com. 2022. <https://www.pymnts.com/global-digital-transformation-benchmark-connected-economy-index-innovation/#wpcf7-f1284903-o1>. Accessed August 2022.

FIGURE 5:
HOW CONSUMER ENGAGEMENT IN THE COMMUNICATE PILLAR HAS EVOLVED OVER TIME
Share of consumers of different incomes and financial lifestyles engaging in the communicate pillar, by date



Source: PYMNTS.com
The ConnectedEconomy™ Monthly Report, August 2022
N = 2,760: Complete responses, fielded June 10, 2022 – June 15, 2022



PART III:
Clearing the social calendar

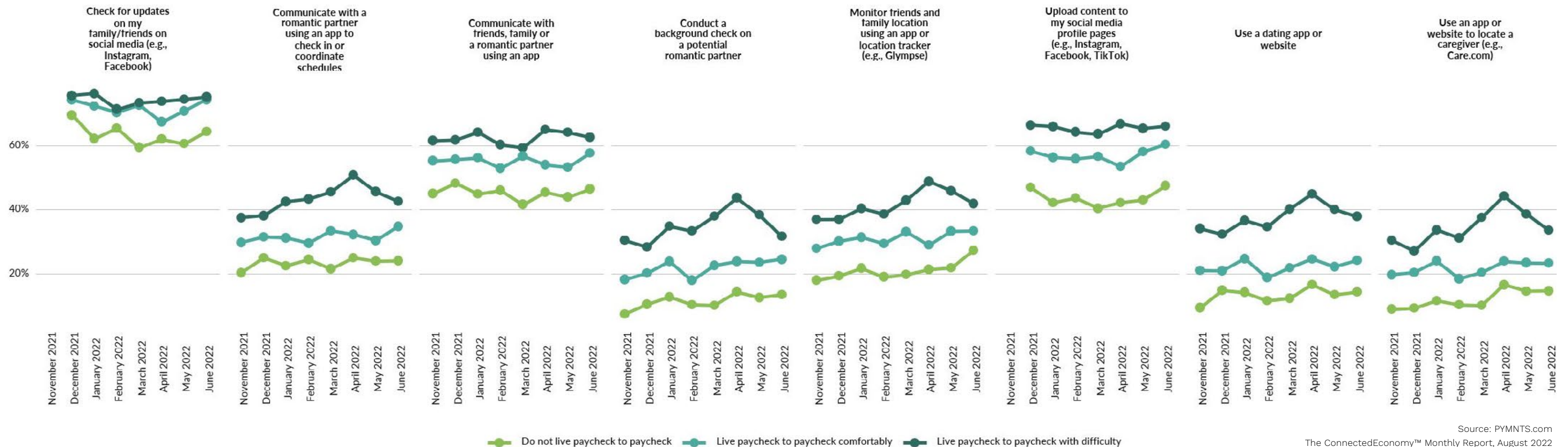
Consumers who struggle to pay their bills appear to be taking themselves off the dating market.

Sixteen percent fewer paycheck-to-paycheck consumers with difficulties paying bills reported using dating apps and communicating with their partners online in June than in April.

Our latest survey shows that these consumers were not only 16% less likely to use dating apps in June but they were also 16% less likely to coordinate schedules with romantic partners and 27% less likely to be running background checks on romantic partners. It is therefore clear that a significant number of consumers in financial duress are off the dating market. The only question is whether money is playing a part in that.

There is evidence to support this notion. One of the biggest decreases in engagement in the communicate pillar was seen among activities that involved spending the most money: seeking out caretaking services. Consumers living paycheck to paycheck and struggling were 24% less likely to seek caretakers, dogwalkers and other personal service providers in June than they were two months prior, making for the second-greatest two-month decrease of all.

FIGURE 6:
USAGE TRENDS IN SELECT COMMUNICATE PILLAR ACTIVITIES, BY INCOME OVER TIME
Share of consumers who engaged in communicate pillar activities at least once in the last 30 days, by demographic group



Source: PYMNTS.com
The ConnectedEconomy™ Monthly Report, August 2022
N = 2,760: Complete responses, fielded June 10, 2022 – June 15, 2022

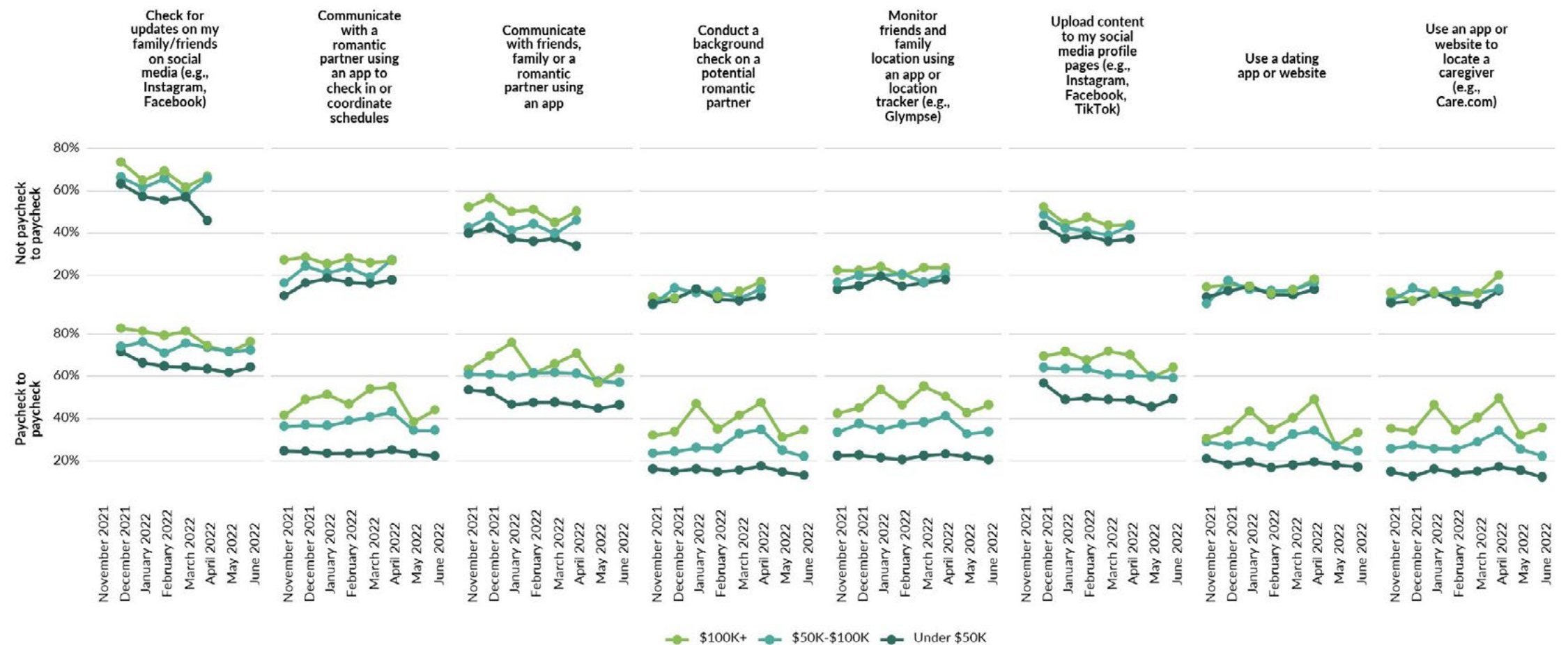
PART III:
Clearing the social calendar

Consumers living paycheck to paycheck – especially those earning less than \$100,000 in annual income – are checking social media, using dating apps and searching for caregivers online less than they did in November 2021.

Decreases in levels of engagement in digital communication channels are greatest among mid- and low-income consumers living paycheck to paycheck, indicating that financial considerations could be influencing this change in behavior. Mid-income consumers living paycheck to paycheck and struggling to pay their bills used dating apps 27% less in June than in April, for instance, and they used digital channels to communicate with romantic partners 7% less. They also sought out personal care providers 35% less than in April. This decrease has now continued for two consecutive months. Similar engagement trends are also seen among low-income consumers in financial duress.

High-income consumers living paycheck to paycheck also cut back on digital communication channels between April and May, but unlike their mid- and low-income counterparts, their digital engagement has begun to rebound. Twenty-three percent more high-income consumers living paycheck to paycheck reported using dating apps in June than in May, and 1% more used digital platforms to locate personal service providers, such as dogwalkers and babysitters. A similar uptick in their financial engagement is seen across the board in the communicate pillar.

FIGURE 7:
HOW CONSUMERS' DIGITAL COMMUNICATION ACTIVITIES HAVE EVOLVED OVER TIME
Share of consumers of different incomes and financial lifestyles engaging in select social and communication activities, by date



Source: PYMNTS.com
The ConnectedEconomy™ Monthly Report, August 2022
N = 2,760: Complete responses, fielded June 10, 2022 – June 15, 2022

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WHAT'S NEXT
IN PAYMENTS:

THE CONNECTED ECONOMY™

The ConnectedEconomy™

Monthly Report

METHODOLOGY

The ConnectedEconomy™ Monthly Report is based on a survey of a census-balanced panel of 2,760 U.S. consumers conducted between June 10 and June 16 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 48 years old on average, and 52% were female. Thirty-two percent of respondents held college degrees. We also collected data from consumers in different income brackets: 36% of respondents declared annual incomes of more than \$100,000, 31% earned between \$50,000 and \$100,000 and 33% earned less than \$50,000. Additional proprietary data from PYMNTS was used for supplementary analysis.

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