

# Digital Consumer Behavior Study

The majority of today's consumers are actively personalizing their digital experiences and sampling niche content and video with increasing frequency. That was the key finding in our first annual **Avenue A | Razorfish Digital Consumer Behavior Study**.

Much has been said and written about how the Web 2.0 era has fundamentally changed the way consumers interact online. But to what degree is today's digital consumer really changing her online behavior?

A quick look at ComScore or Nielsen tells one story: millions of people are logging on to Facebook, Flickr, YouTube and MySpace and the numbers are growing. We wanted to know if it was simply the leading the way (and leading the hype), or has something more significant occurred?

## Connected Consumers

In July 2007, Avenue A | Razorfish surveyed 475 U.S. consumers across all demographics and geographies to understand their desires, frustrations and digital consumption habits. Our design research team was most concerned with digital behavior rather than demographics. We wanted to know:

- How the broad populace of "connected consumers" discover things?
- How quickly do consumers adopt emerging technologies and user interface conventions (tag clouds, social media, etc.)?
- What drives consumers' desire to purchase (or not) online?
- How has video changed the digital landscape in recent years?
- Are mobile services being widely used (or not)?

Below is a detailed breakout of the situational questions we asked to consumers and their responses. As you will see, we focused on four key areas of digital consumer behavior: Web 2.0 adoption, entertainment habits and media consumption, eCommerce and mobile usage. Taken in sum, the responses paint an evolving picture of digital behavior that is far more personalized, distributed and niche than we had previously thought.

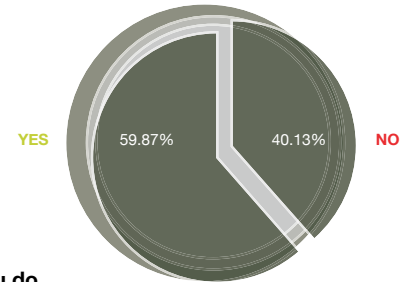
## Personalization Hits the Mainstream

The answer, we've found, is that the majority of consumers are increasingly personalizing their digital experiences and sampling a wide range of digital niche content. From recommendation engines, to blogs, to customized start pages, today's *connected consumer* navigates a personal landscape that is much more niche than we ever expected.

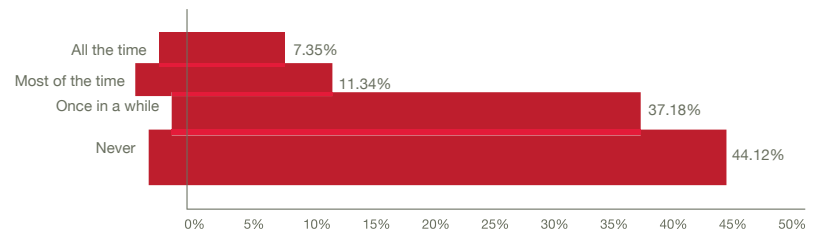
Our survey found that personalization has hit the mainstream. As illustrated in the graph above, the majority of consumers surveyed (60%) personalize their home/start pages. This far exceeds the smaller number of consumers that we previously believed to be such active participants.

Further, 56% use RSS (really simple syndication), a technology that enables users to subscribe to content feeds and read them via specialized readers or on their customized start pages. RSS enables consumers to keep up-to-date on news, sports or other information. Clearly this trend bodes well for the dominant portals and search engines such as Google (35%), Yahoo! (24%), AOL (10%) and MSN (9%) which account for the vast majority of consumers' start pages.

Have you customized your homepage with specific content feeds, scheduled updates or other features?



Please rate the frequency in which you do the following: Subscribe to RSS feeds



## Survey Questions:

Have you customized your home page with specific content feeds, scheduled updates or other features?

- 40% No
- 60% Yes

Please rate the frequency in which you do the following: Share bookmarks with others e.g. del.icio.us.

- 6% All the time
- 11% Most of the time
- 47% Never
- 37% Once in a while

Please rate the frequency in which you do the following: Subscribe to RSS feeds.

- 7% All the time
- 11% Most of the time
- 44% Never
- 37% Once in a while

Please rate the frequency in which you do the following: Read most popular or most emailed links on websites.

- 13% All the time
- 26% Most of the time
- 18% Never
- 42% Once in a while

Please rate the frequency in which you do the following: Use tag clouds.

- 4% All the time
- 8% Most of the time
- 65% Never
- 23% Once in a while

Please rate how helpful you find the following: Bookmarks that help you organize or share webpages.

- 41% All the time
- 41% Most of the time
- 9% Never
- 10% Once in a while

Please rate how helpful you find the following: RSS Feeds.

- 14% All the time
- 38% Most of the time
- 23% Never
- 25% Once in a while

Please rate how helpful you find the following: Most popular or most emailed links on websites.

- 21% All the time
- 47% Most of the time
- 15% Never
- 18% Once in a while

Please rate how helpful you find the following: Tag clouds.

- 7% All the time
- 24% Most of the time
- 39% Never
- 29% Once in a while

# Media + Entertainment

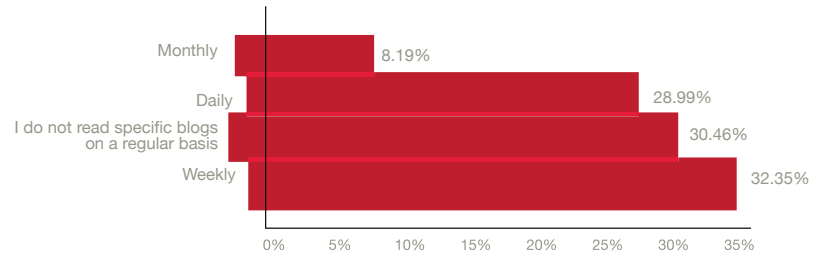
## Media & Entertainment Habits Shift

The desire to personalize and sample niche content greatly impacts consumer's digital behavior across all industries and verticals. The effect on traditional media and entertainment consumption habits is stunning. According to our survey, nearly 70% of consumers read blogs on a routine basis, and 41% have their own blog or post frequently to blogs. In fact, 46% of consumers who responded to the survey read four or more blogs on a regular basis. All of that blog activity is significantly cutting into the reach of traditional media outlets (newspapers, TV, magazines, etc.).

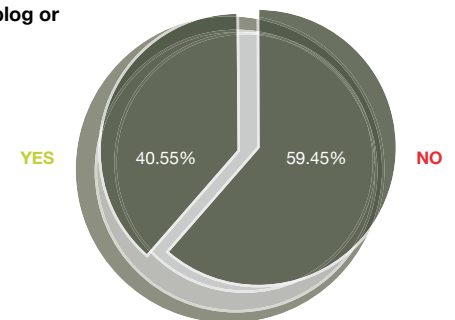
The trend toward niche content is similar for music and video consumption as well. 67% of consumers watch videos on YouTube or similar sites on a regular basis and 42% purchase music online. If anything, online video is not only becoming more pervasive but also affecting offline consumption in interesting ways. For example, 85% of consumers have watched a movie preview online before going to see the film at a theater. 58% of consumers have used a service to download (iTunes) or order (Netflix/Blockbuster) films online, and 71% have watched a TV show online.

Most tellingly, 91% of consumers rely on the Web to get current news or information, vastly eclipsing more traditional outlets such as television. No wonder why broadcasters and newspaper publishers are struggling to adapt in today's digital realm.

## How often do you read specific blogs?



## Do you write your own blog or post to other blogs?



## Survey Questions:

Which of the following describes your online entertainment behavior?

I regularly purchase music online e.g. iTunes etc.

58% No  
42% Yes

I regularly watch video on YouTube etc.

33% No  
67% Yes

I regularly use photosharing sites e.g. Flickr etc.

59% No  
41% Yes

I rely on the web to get current news or information more than I do the television.

9% No  
91% Yes

None of the above.

100% No

How often do you read specific blogs?

29% Daily  
30% I do not read specific blogs on a regular basis  
8% Monthly  
32% Weekly

# Media + Entertainment

Which of the following best describes how many blogs you read regularly?

1	5%	7	1%
2	18%	8	0%
3	16%	9	0%
4	7%	10	1%
5	8%	More than 10	7%
6	5%	(blank)	30%

Do you write your own blog or post to other blogs?

59% No  
41% Yes

How often do you contribute to blogs either your own or others?

0% A couple times a year  
9% Daily  
4% Every couple of months  
6% Monthly  
21% Weekly  
59% (blank)

Are you concerned about privacy when you post to social networking sites or blogs?

45% No  
55% Yes

Thinking back to the last three months, please rate how often you have done the following: Watched an online video.

30% All the time  
26% Most of the time  
5% Never  
39% Once in a while

Thinking back to the last three months, please rate how often you have done the following: Uploaded an online video.

5% All the time  
8% Most of the time  
51% Never  
35% Once in a while

Thinking back to the last three months, please rate how often you have done the following: Watched online previews before going to a movie.

18% All the time  
28% Most of the time  
15% Never  
39% Once in a while

Thinking back to the last three months, please rate how often you have done the following: Watched a TV show online.

11% All the time  
16% Most of the time  
29% Never  
45% Once in a while

Thinking back to the last three months, please rate how often you have done the following: Used an online service to download or order movies.

14% All the time  
14% Most of the time  
42% Never  
30% Once in a while

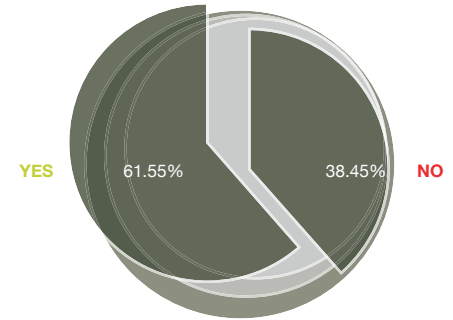
## Retailers Face New Challenges

Personalization has had a similar effect on digital and multi-channel retailers, as well. Consumers react positively to recommendation engines and personalized services with their pocketbooks: 62% have made a purchase based on personalized recommendations (e.g. Amazon.com) and 72% find such services helpful.

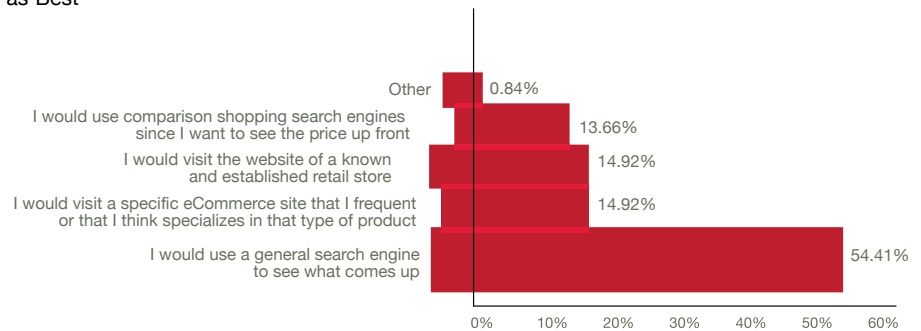
However, our research indicates that the biggest shift for retailers is yet to come, as their relationship with consumers appears to be increasingly disintermediated. 54% of today's connected consumers start their shopping experience at a general search engine, such as Google, versus 30% who either visit the Web site of an established retail store (e.g. Crate & Barrel) or a specific eCommerce site such as Amazon.com.

More surprisingly, 38% of consumers say that price is the most important criteria in deciding where to purchase online although 38% of consumers also indicate that a Web site that is known or respected helps sway them. Only 17% of consumers seek out a multi-channel retailer, such as Best Buy, that has a prominent brick and mortar outpost.

Have you ever purchased an item as a result of a personalized recommendation e.g. Amazon making a recommendation based on a past purchase?



Where would you most likely begin your Web search for this product?



## Survey Questions:

When you are in the market for a product that costs \$100.00 or less what determines if you will use the web to help make purchase decisions? Please select which answer best matches your behavior.

- 1% I never use the web when making purchasing decisions for items less than \$100
- 17% I use the web if I think that prices will vary by retailer
- 18% I use the web if I want to compare products and features
- 5% I use the web if I want to locate retailers
- 20% I use the web to read online reviews and ratings of products or brands
- 39% I use the web to research products and features

Where would you most likely begin your web search for this product?

- 54% I would use a general search engine to see what comes up
- 14% I would use comparison shopping search engines since I want to see the price up front
- 15% I would visit a specific eCommerce site that I frequent or that I think specializes in that type of product
- 15% I would visit the website of a known and established retail store
- 1% Other
- 1% (blank)

When you are in the market for a product that costs \$1000.00 or more what determines if you will use the web to help research or review that product? Please select which answer best matches your behavior.

- 8% I never use the web when making purchasing decisions for items less than \$1000
- 12% I use the web if I think that prices will vary by retailer
- 17% I use the web if I want to compare products and features
- 1% I use the web if I want to locate retailers
- 23% I use the web to read online reviews and ratings of products or brands
- 38% I use the web to research products and features

**Where would you most likely begin your web search for this product?**

- 45% I would use a general search engine to see what comes up
- 14% I would use comparison shopping search engines since I want to see the price up front
- 15% I would visit a specific eCommerce site that I frequent or that I think specializes in that type of product
- 15% I would visit the website of a known and established retail store
- 2% Other
- 8% (blank)

**When you visit a specific eCommerce website do you usually go just to browse the specials, sales or new arrivals, or do you visit with a product in mind that you are interested in?**

- 45% Both
- 24% I usually go just to browse specials, sales and new arrivals
- 31% I usually go to see a specific product

**Which best describes how you browse a specific eCommerce site for a product?**

- 37% All of the above
- 3% By bestsellers or most popular
- 6% By brand
- 0% By color
- 1% By new additions
- 12% By price
- 30% By product type
- 5% By sales items
- 5% Never browse, always use the search box

**When you want to research a product on the web which of the following do you rely on most for information?**

- 22% Comparison charts
- 21% Expert reviews
- 1% Shared shopping lists
- 55% User reviews

**Once you have decided on a product which of the following criteria is the most important in making a purchase decision?**

- 38% Best price available
- 7% Best shipping and return policy
- 17% Website that also has a offline store e.g. BestBuy.com
- 38% Website that is known and respected

**Have you ever purchased an item as a result of a personalized recommendation e.g. Amazon making a recommendation based on past purchases?**

- 38% No
- 62% Yes

**Do you find these types of personalized recommendations helpful to you?**

- 28% No
- 72% Yes

**Are you concerned about privacy when receiving personal product recommendations?**

- 66% No
- 34% Yes

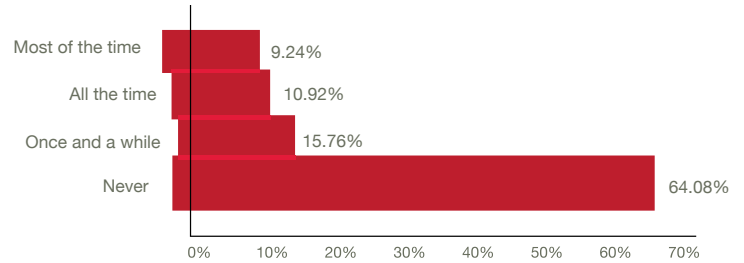
## Mobile Usage Still Nascent

While the adoption of Web 2.0 features has clearly entered the mainstream, the usage of mobile data services certainly has not. Our survey, released on the heels of Apple's iPhone launch, finds the U.S. mobile data services market still nascent.

Photography-related activities are the bright spot for mobile services. 53% of consumers have taken and/or shared photos via mobile phones.

The outlook is not so bright, today, for other mobile multimedia usage. Only 32% have listened to music via their handset and 24% have watched videos. And 37% have used mobile web services to check weather, news or sports headlines.

## Do you use your mobile phone to check weather, news or sports headlines?



## Survey Questions:

### Do you use your mobile phone to listen to music?

- 6% All the time
- 5% Most of the time
- 68% Never
- 20% Once in a while

### Do you use your mobile phone to watch video?

- 4% All the time
- 3% Most of the time
- 76% Never
- 17% Once in a while

### Do you use your mobile phone to check personal voicemail?

- 46% All the time
- 22% Most of the time
- 23% Never
- 10% Once in a while

### Do you use your mobile phone to check email?

- 16% All the time
- 9% Most of the time
- 58% Never
- 17% Once in a while

### Do you use your mobile phone to check weather, news or sports headlines?

- 11% All the time
- 9% Most of the time
- 64% Never
- 16% Once in a while

### Do you use your mobile phone to take pictures and share them on the web?

- 12% All the time
- 12% Most of the time
- 47% Never
- 29% Once in a while

## What To Do Now

Given the sweeping changes in online consumer behavior, we recommend that marketers and publishers take the following steps to create exceptional experiences for today's consumers:

1. **Make Content Portable** – Ride the personalization wave by making your content portable. RSS offers a great means for users to subscribe to your content and get frequent updates. Widgets enable consumers to have deeper and richer experiences with a Web site's features and functions anywhere.
2. **Enable Consumer Ratings and Reviews** – Ensure that consumers can contribute and access peer reviews. Retailers should enable consumers to rate and review products. Publishers should allow "commenting" whenever possible.
3. **Invest in Online Video** – Online video is the next great growth wave in the industry. Make sure all video assets become digitized and integrated with existing content and services. Look for near-term advances in video advertising to help monetize the effort.
4. **Think Beyond the Web site** – Your Web site plays a much less central role in today's consumer Web experience. Think about how search, advertising, social media sites and the blogosphere are related to your digital marketing efforts and invest appropriately.
5. **Take Small Steps with Mobile** – Mobile data usage is still nascent. Take a measured approach to investing and keep an eye on Apple's iPhone for near-term breakthroughs.

For the full Avenue A | Razorfish Digital Consumer Behavior Study please go to <http://design.avenuea-razorfish.com> to download the PDF.

Avenue A | Razorfish Study Methodology: In July of 2007 we surveyed 475 consumers in the United States. Respondents were screened based on broadband access, entertainment, social media and ecommerce habits. The selected consumers were then asked a series of "situational" questions about their Internet behavior.