

**The 2007 National Technology Readiness Survey
– Summary Report –**

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Executive Summary

The National Technology Readiness Survey (NTRS), co-sponsored by the Center for Excellence in Services (R. H. Smith School of Business) and Rockbridge Associates, Inc. – has tracked technology beliefs and behaviors in the U.S. since 1999. The 2007 survey continues ongoing tracking, while focusing on pertinent issues related to the intersection of green attitudes and technology, and downloading content. The following are some highlights from this nationally representative survey of 1,025 U.S. Adults:

Green Issues

- The public believes there is a real problem with the environment – 83% want to protect the environment for future generations
- Americans also believe that the problems are solvable and that regulation will not hurt the economy – for example, only 23% believe there is nothing we can do to prevent global warming
- Consumers are leveraging web technology to help the environment – an example of common activities include replacing paper financial statements, utility bills and publications with digital versions, and telecommuting
- Consumers are using the internet to find solutions to help the environment; for example, they are looking up gas mileage information on vehicles (27%), researching public transit options (24%), and looking up green tips for the home (23%)
- Technology is part of the answer, not the problem, in saving the environment – 53% believe that technology holds the answer to environmental problems, while two-thirds feel that green technologies are good for the economy and conserve enough energy to pay for themselves
- Most consumers feel environmental gadgets would be fun to own
- There is a huge untapped market for green technologies – among just 11 product categories assessed in the NTRS, there is an annual sales potential of \$104 billion; half of this (\$54 billion) consists of sales of more energy efficient vehicles
- There is a high level of interest in many products that help the environment, including energy saving lighting, programmable thermostats, and high efficiency heating and cooling systems
- The green movement is fueled by two elite consumer segments – Green Tech Leaders (10% of the public) and Green Tech Followers (18% of the public) – the leaders have heavy influence over others, are demographically distinct (younger, more likely to have kids), and are heavy users of social media such as blogs and social networking sites
- A small share of the public are Anti-Greens (7%) – however, these skeptical consumers are likely to be influential on the internet through social networking sites and blogs

Downloading

- The majority of consumers (54%) expect to pay for music they download from the internet, and less than a third (30%) believe that online piracy of music and video is as serious a problem that it is made out to be
- There is a general attitude that consumers should be able to pay for music one time rather than renting over a period of time (81%)
- Consumers believe that when they pay for music, they should be free to use it as they please such as playing it on different devices, sharing with friends or using it in a creative context
- Age is big factor in attitudes about downloading content – younger consumers (ages 18-34) are more favorable towards downloading versus buying content on physical media, and more strongly believe in unfettered usage by those who pay for content

NTRS Trends

- The incidence of online consumers who visited a government website in 2007 was 58%, while 33% actually conducted business with a government agency
- Satisfaction with government services is lower than that for e-commerce sites, a situation that has remained unchanged for the past five years
- While the prevalence of online service use in areas such as online banking, ecommerce, travel, and bill paying grew rapidly in the mid-2000s, these applications appear to have matured with no growth in their incidence of use from 2006 to 2007

Introduction

The National Technology Readiness Survey (NTRS) tracks beliefs about technology and key behaviors related to the Internet and e-services. It includes measures of consumer technology readiness and identifies emerging trends in commerce and society. In 2007, the research continues to track key technology measures while examining consumer beliefs and behaviors related to being “green”.

The study is administered by Rockbridge Associates, Inc., a technology research firm, and sponsored by the Robert H. Smith School of Business’ Center for Excellence in Service at the University of Maryland. The study was founded by Charles L. Colby, president of Rockbridge, and Professor A. Parasuraman, University of Miami, both senior fellows at the Center for Excellence in Service. Sean Wargo, *The Market Sage*, authored this summary report and developed market sizing estimates for green technologies. **This summary is for the exclusive use of members of the press; a more comprehensive analysis and report will be available for sale to the public in March.**

Methodology

The NTRS is based on a random sample of U.S. adults (18 years or older). The study has been conducted seven times since 1999 (see below). A special African American and Hispanic NTRS was conducted in 2003. From 1999 to 2004, the NTRS was based on a random-digit dialing telephone survey. Starting in 2004, one half of the study sample has consisted of telephone surveys and one-half of web surveys; the reason for this change was to include coverage of the increasing share of consumers without landline telephones. In 2007, telephone interviewing was conducted among 500 persons in September to October, and web interviewing was conducted among 525 persons in November.

| Wave | Sample Size | Margin of Error |
|-------------------|-------------|-----------------|
| Jan 1999 | 1000 | +/- 3 percent |
| Feb 2000 | 1000 | +/- 3 percent |
| Nov 2001 | 501 | +/- 4 percent |
| Nov 2002 | 501 | +/- 4 percent |
| Nov 2004 | 1000 | +/- 3 percent |
| Dec 2005/Jan 2006 | 1015 | +/- 3 percent |
| Sept-Nov 2007 | 1026 | +/- 3 percent |

The following report covers key findings from the 2007 NTRS. Some of the topics discussed here were based on a sub-sample of 511 respondents and have a margin of error of +/- 4 percentage points. All results are weighted by demographics and by type of internet/phone access to ensure an accurate reflection of the adult U.S. population.

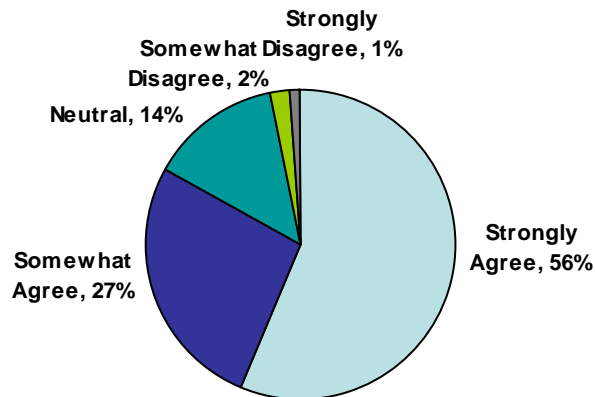
The following discusses key findings in the following areas:

- The intersection between technology and green beliefs
- Downloading content on the internet
- Trends in e-services

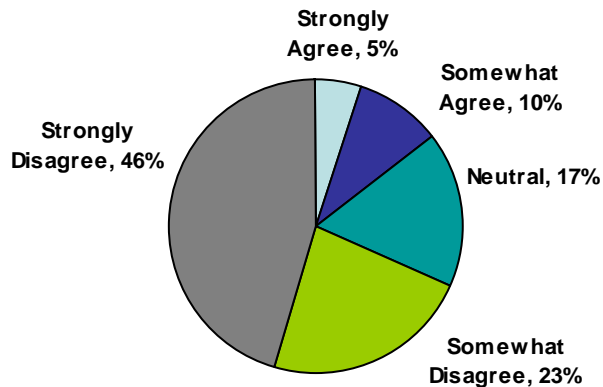
The Intersection of Technology and Green Beliefs

Consumers care about the environment. With rising oil prices and the looming threat of global warming, the public consciousness relating to environmental issues has perhaps never been at a more elevated state. As a result, green products, or those that are environmentally friendly either due to their lower energy requirements or their ability to be easily reused or recycled, are becoming more commonplace. Witness the rise in the number of hybrid vehicle options or biodegradable packaging. In fact, the sheer buzz in the media seems proof of consumer’s concern over these issues. Results from the latest National Technology Readiness Survey (NTRS) confirm this hype – most consumers care about environmental issues. A full 83% “strongly” or “somewhat” agree they want to protect the environment for the benefit of future generations rather than squander it today. Only 15% hold the view that the Earth belongs to humanity to do with as it pleases.

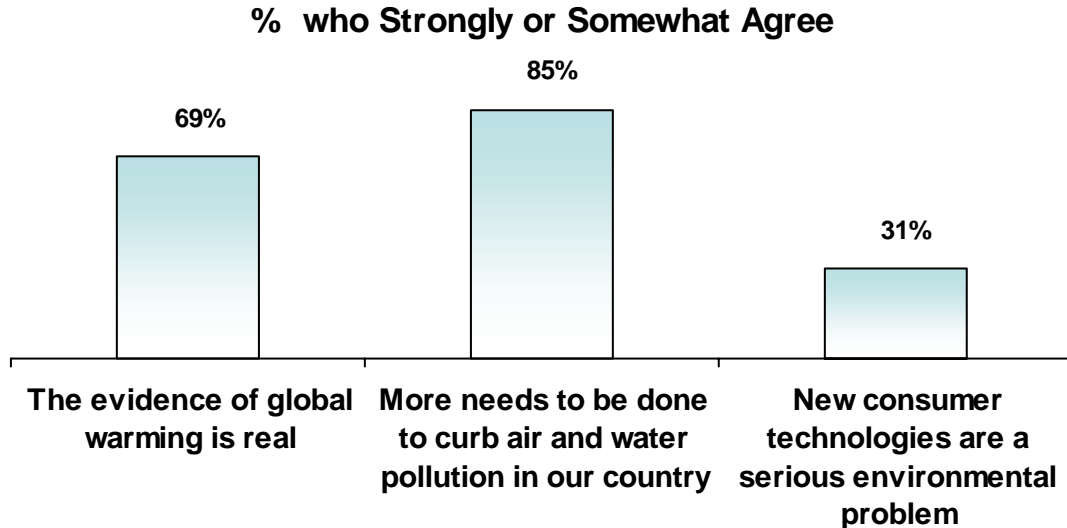
I want to protect the environment for the benefit of future generations



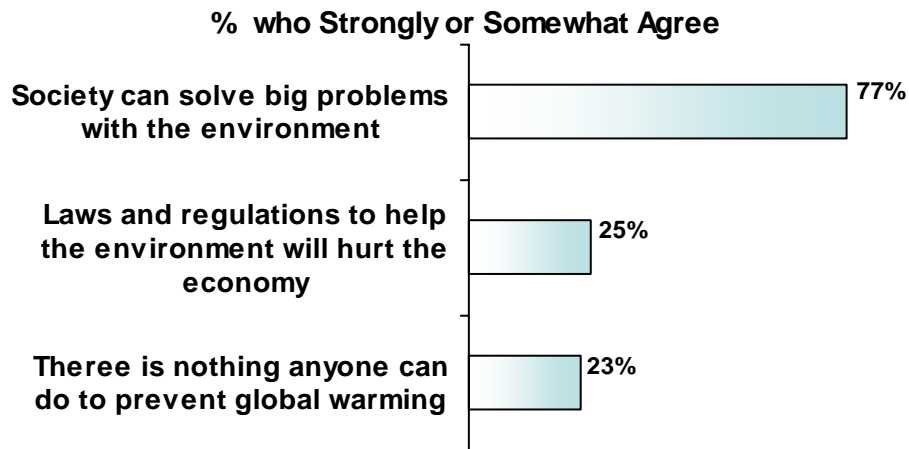
The Earth belongs to humanity to do with as it pleases



The public believes environmental problems are real but solvable. The findings of the study go even deeper to profile the nature of consumer concern. For example, despite the popular debate around global warming, Al Gore can sleep more easily, since most consumers are convinced. The majority (69%) agree that the evidence of global warming is real. Sentiment about air and water quality suggests the population at large sees these as even more pressing issues. An overwhelming number of consumers (85%) agree more needs to be done to curb air and water pollution in our country. But this doesn't mean U.S. adults largely think technology is a source of the problem. Only 31% agree with statements suggesting new consumer technologies are a serious environmental problem.



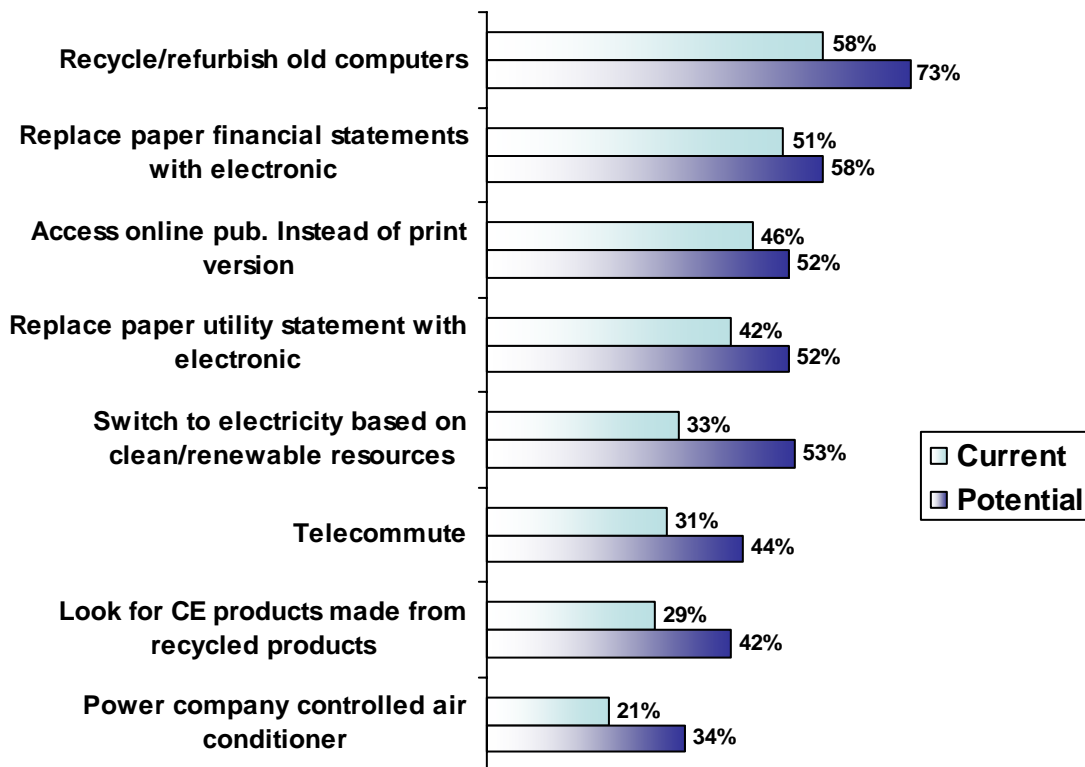
Even though the U.S. adult population is concerned about the environmental challenges we face, they are largely optimistic about the solution. Seventy-seven percent (77%) believe society can solve the problems and only one-in-four (23%) believe there is nothing anyone can do about global warming. Most agree as well that the solutions don't necessarily have to be a drag on prosperity. Specifically, only 25% agree with the notion that laws and regulations designed to help the environment will hurt the economy.



So far, the survey results have good news for anyone seeking progress on the environmental front – most consumers agree a problem exists and that the issues are solvable. But how will they be solved? Are they willing to participate in the solution themselves or are they just armchair contributors to the debate? The answer is mostly positive.

Consumers are Finding Solutions. NTRS drills deeply into the prevalence of green behaviors, revealing that consumers are embracing a variety of technology-related solutions to help the environment. The most prevalent is the recycling or refurbishing of old computers – 58% have done this in a 12 month period. There is room for even more recycling – the total potential (doing this now or highly interested) is 73%. Indeed, this may be related to some degree to local mandates on recycling, but initiatives like the website www.myGreenElectronics.org, launched by Consumer Electronics Association, promote recycling by providing zipcode-level information on how to dispose of equipment in an environmentally friendly manner.

Incidence of Green Behaviors



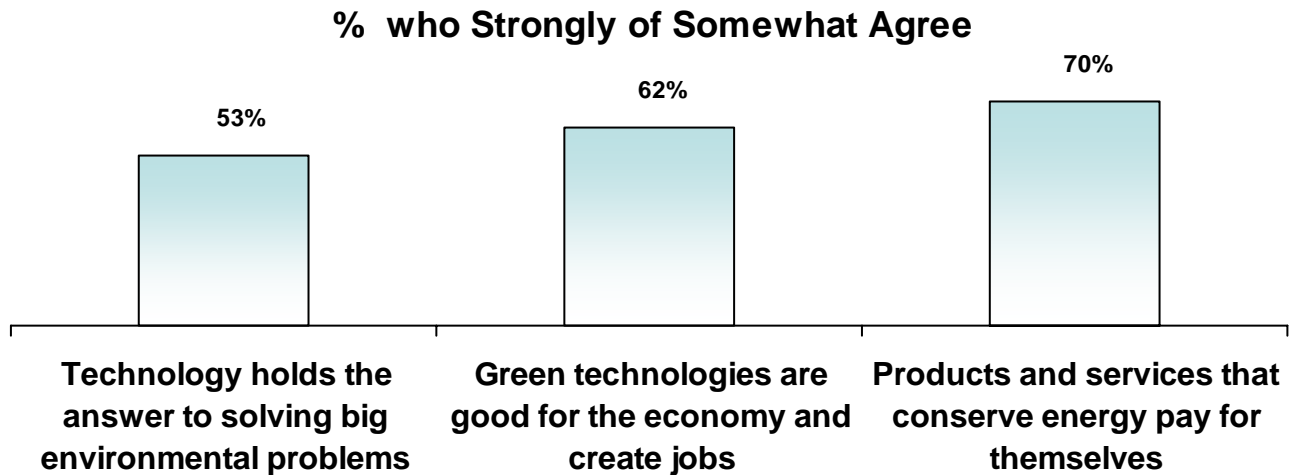
The NTRS reveals other ways that consumers are leveraging technology to help the environment. Substantial shares are dropping paper bank statements and utility bills for electronic versions (51% and 42% respectively). Almost half (46%) are accessing publications online instead of by print. There is also a strong latent demand for switching to clean energy sources (an option made possible when states allow consumers to choose electric power providers), telecommuting, and buying consumer electronics made from recycled parts. Perhaps all that is needed is more education and awareness around the options. As a case in point, only a third are interested in “cycling programs” that allow power companies to control air-conditioners during peak load periods; education is needed to show that such programs have a minimal impact on home comfort.

Consumers are looking to the internet for solutions. For some consumers, the solutions to environmental challenges stem from their online activities. Most online consumers have saved energy by researching shorter travel routes online using a mapping program (64% in a 12 month period). While the motives for researching travel routes may be selfish – to save time and money – consumers nevertheless engage in many online activities that help the environment even if they also result in savings. Online activities that help the environment include researching gas mileage information on the high end (27%) to finding car pool options at the low end (4%). In most cases, incidence rates are still low, suggesting awareness of the online solutions and sources may still be low. One in particular, the use of the Internet to find out recycling information, is quite low (17%) and raises questions about how consumers find out about their local recycling programs, particularly for less common items like consumer technology. Once again, lack of awareness may be contributing to a low end result.

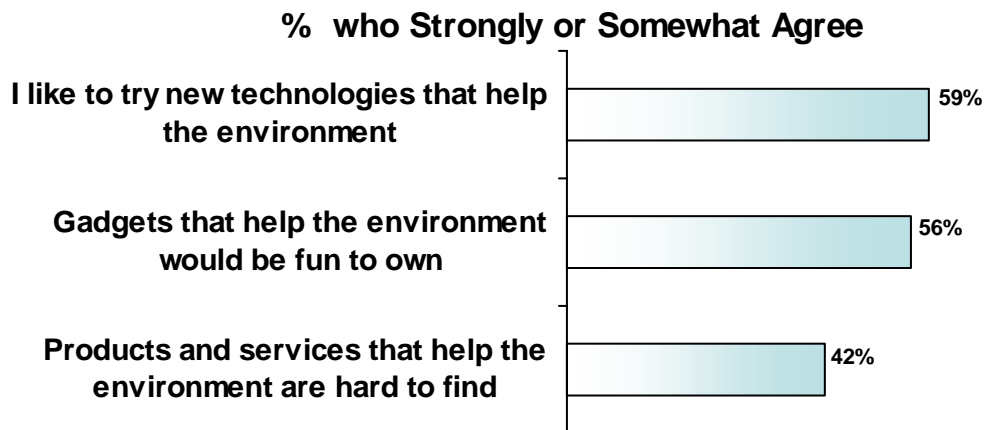
The internet also plays a role in mobilizing green activism among a committed portion of the population. For example, a fourth of consumers have researched green tips at home, a fifth visited the website of a green organization, and a sixth researched the environmental views of politicians online.

| Online Activity (Conducted in Past 12 months) | Incidence |
|--|-----------|
| Researched shorter travel routes using a mapping program | 64% |
| Obtained gas mileage info on vehicles from websites | 27% |
| Researched public transit options online | 24% |
| Looked up green tips for home | 23% |
| Visited website for environmental organization | 21% |
| Researched environmental views of political candidates | 18% |
| Gathered recycling info online | 17% |
| Visited company website to learn what they say about environment | 17% |
| Obtained energy ratings for appliances online | 16% |
| Participated in environment forums | 8% |
| Made an online donation for political campaign | 5% |
| Researched car pool options online | 4% |

Technology can be part of the solution. However limited in its usage, the use of the Internet at all drives home a major point of the NTRS – consumers see technology as part of the solution rather than a part of the problem. Just over half of U.S. adults (53%) agree that technology holds the answer to solving big environment problems. Not just any technology will do. Green technologies in particular are seen as providing multiple benefits. A larger group of consumers believe green technologies are good for the economy and create jobs. Furthermore, energy conserving products and services, just one category of green technology, are seen as self-sustaining, since most (70%) believe the energy savings helps the conserving products pay for themselves.



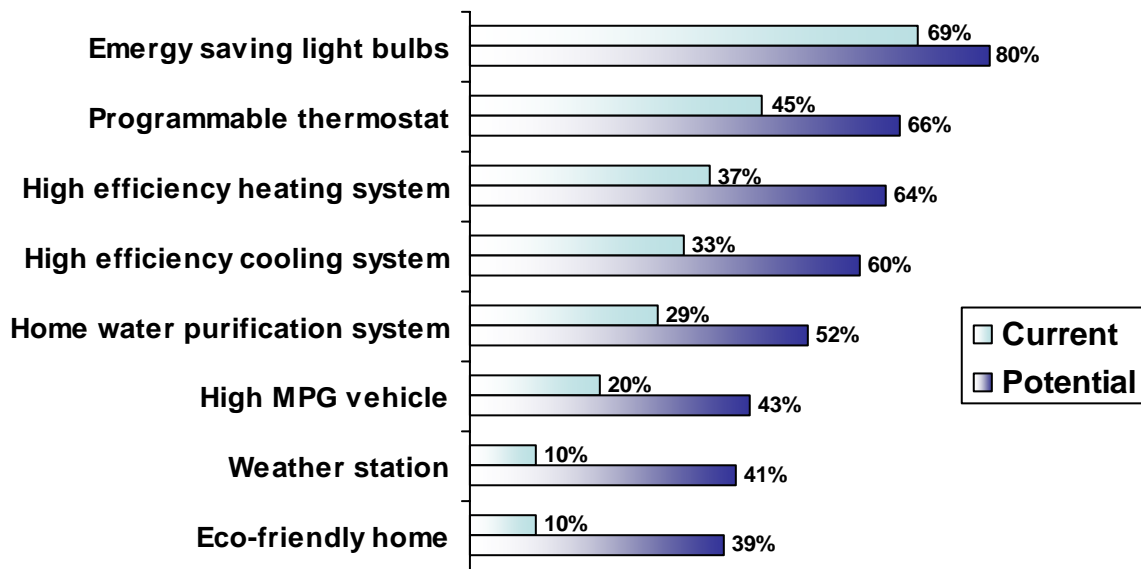
The multi-pronged benefits of green technologies thus create a broad appeal among the population at large. Part of this is a purely emotional reaction to the process. Specifically, many simply say being green and seeking out environmentally friendly products and services is enjoyable and fun – nearly three out of five (59%) say they like trying new technologies that help the environment. A similar number (56%) believe that gadgets designed to help the environment would be fun to own. Appealing to that sense of enjoyment can be an effective marketing tool in the sales of green products.



Consumers are buying Into Green Technology. Positive feelings and overall sentiment towards green technologies hint at a strong base of purchase intent for these products. But how have the products done so far and what is their potential for the future?

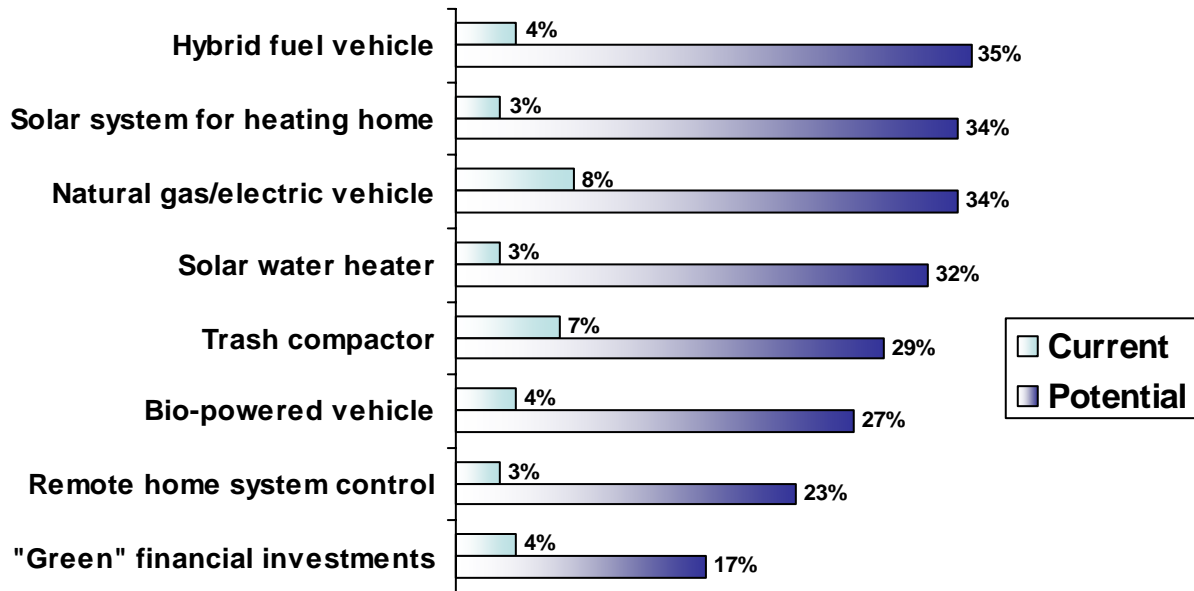
In the case of a few products, the word is already out and consumers have begun to buy. Take energy saving light-bulbs as an example, which 69% of adults say they already own. Programmable thermostats too are owned by almost half of the consumer population (45%). Most other technologies are only beginning. The evidence for this is the high interest levels among more than half the population. Once this interest is taken into consideration, potential installed bases jump well over 50% for light bulbs (80%), programmable thermostats (66%), high-efficiency heating (64%) and cooling systems (60%), and water purifications systems.

Green Technology Ownership and Interest



Other, newer technologies are yet to really hit their stride, though around a third of consumers are demonstrating interest. This is true of eco-friendly homes (39% potential), hybrid fuel vehicles (35%), solar heating systems (34%), alternative fuel vehicles (34%), and solar water heaters (32%). As each of these increases in affordability and awareness, actual purchase rates are sure to increase.

Green Technology Ownership and Interest



A trillion dollar green marketplace is waiting to be tapped. Certainly the pent up demand for green technologies already appears high. If one isolates those individuals with the highest levels of interest (but not yet made a purchase) and assigns an average selling price for the particular product in question, potential demand exceeds \$1.2 trillion. Further annualizing the spending and adjusting for actual consumer follow-through yields a potential for \$104 billion in green product sales each year. Note this is just across eleven products categories included in the NTRS, and half of this (\$54 billion) consists of green vehicles (i.e., a high mileage car, hybrid fuel, bio-fuel, or conversion of an existing car to an alternative fuel). The key is in finding and appropriately addressing the green consumer.

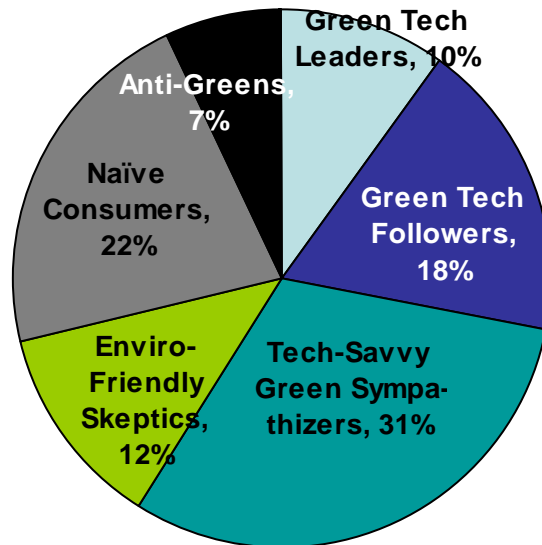
Example of the Potential for a Green Market: Solar Home Heating Units

- Only 3% own such units, but 32% of those who do not express a high degree of interest in acquiring – this translates into 35.4 million U.S. households
- The price of typical system is \$7,000 – if every interested household bought one, the total would be \$247.7 million
- In technology research, we roughly estimate that 25% of those interested will purchase; further, we assume that sales would occur equally over a 3 period – the adjusted sales figure is \$20.6 billion per year
- These sales would be realized only after there is a high level of awareness and accessibility of this technology

| Market Potential for Green Technologies | | | |
|---|---|--|---|
| Product | Potential new HHs (millions) (1) | Maximum \$ Potential (billions) (2) | Annual Adjusted Sales (billions) (3) |
| Green Vehicle (hybrid, high mileage, bio fuel, gas/electric conversion) | 39.1 | \$648 billion | \$54 billion |
| Home automation of lighting, HVAC, etc. | 23.2 | \$116.1 | \$9.7 |
| Trash compactor | 25.4 | \$12.7 | \$1.1 |
| Solar water heater | 33.2 | \$66.4 | \$5.5 |
| Solar home heating | 35.4 | \$247.7 | \$20.6 |
| Home weather station | 32.8 | \$2.5 | \$0.2 |
| Home water purification | 26.7 | \$4.0 | \$0.3 |
| High efficiency cooling | 30.6 | \$76.4 | \$6.4 |
| High efficiency heating | 30.9 | \$77.2 | \$6.4 |
| Programmable thermostat | 24.5 | \$1.2 | \$0.1 |
| Energy saving light bulbs | 13.1 | \$0.16 | \$.01 |
| Total (11 products) | | \$1,248.5 | \$104.0 |
| (1) % of households with high interest (8, 9, 10 on a 10 point scale) who do not yet own X 114 Million US households (2) # potential households X average price/consumption (3) Assumes 25% of those interested actually buy; purchases occur evenly over three year period | | | |

The key is targeting the Green Tech Leaders. Effective targeting begins with understanding the diverse base that this consumer represents. Using the results of the NTRS, Rockbridge has identified six distinct consumer groups. These include (along with their proportional representation) Green Tech Leaders (10%), Green Tech Followers (18%), Tech Savvy Sympathizers (31%), Enviro-Friendly Skeptics (12%), Naïve Consumers (22%), and the Anti-Greens (7%). The full report on the study findings fully profiles each segment, but a brief conceptual map (next page) provides some guidance.

Green Consumer Segments



The two groups who are the most attractive to the marketer of green technology products and services are the Green Tech Leaders and Followers. Both demonstrate a very high commitment to green issues, show a high absence of skepticism towards the solvability of the issues, and love technology. From there, the leaders are the ones who most likely influence the other groups by providing recommendations towards specific products or companies, making them a particularly important group to win over – 50% indicate that others come to them for advice on being green. The Green Tech Leaders tend to be younger, have children at home, employed in a tech profession, and have a lot of connectivity at home.

Other groups pose distinct challenges to the green marketer, whether through their lack of interest in technology, skepticism, or lack of commitment. On the extreme, the Anti-Greens represent the antithesis of the Green Tech Leaders and may even serve to lure away the valuable and sizable middle consumer, such as the Tech Savvy Sympathizer or the Enviro-Friendly Skeptics. This push-pull is likely to provide an interesting messaging challenge, with choice of media channel playing an important role.

| Green Segments: | Beliefs of Segments | | | |
|--------------------------|---------------------|------------------------------------|-----------------------------------|--------------|
| | Commitment to Green | Influence on others on being Green | Absence of Skepticism about Green | Love of Tech |
| Green Tech Leaders | High | High | High | High |
| Green Tech Followers | High | Low | High | Medium |
| Tech-Savvy Sympathizers | Medium | Low | Medium | High |
| Enviro-Friendly Skeptics | High | Low | Skeptical | Low |
| Naïve Consumers | Medium | Low | Medium | Low |
| Anti-Greens | Low | Low | Skeptical | Medium |

Public views on green issues are likely to be influenced by what is seen on the internet. Green Tech Leaders have a high incidence of use of social media (50% have a social networking page or blog). This is higher than most other groups (17% for Green Tech Followers, 35% for Tech-Savvy Green Sympathizers, 21% for Enviro-friendly Skeptics and 20% for Naïve Consumers). The exception is the Anti-Greens – these consumers, who are deeply skeptical that there is really a problem with the environment – have a 53% incidence of social media use, suggesting they are disproportionately influential in shaping public perceptions.

Closing Thought – Companies need to be sincere. The results of the study clearly show that consumers are willing and interested in seeking out technologies and companies that are green. A full 68% of consumers like to do business with companies that are environmentally responsible. But it isn't as simple as just using commercials and buzzwords. Sincerity is required and the opposing PR costs are high. A full 72% of adults say they resent companies who say they care about the environment but don't actually mean it. And in today's web-enabled era of free-flowing information the truth will often win out.

Downloading Media Content

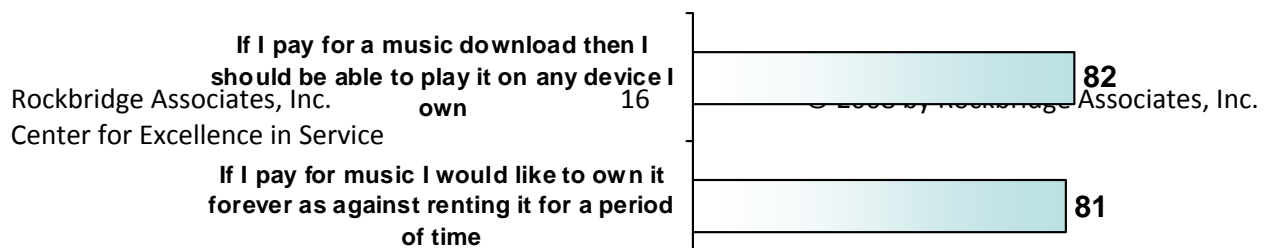
Online access to content is prevalent. Downloading and streaming content over the internet is becoming a more prominent way for people to access music and video. As the amount of iPods, mp3 players, and portable video player purchases continue to increase, so too will the amount of media content that is downloaded from the Internet. Several methods are used to distribute this media, each with its own set of guidelines as to how the content can be viewed, shared, used, and for how often and how long it can be accessed. In 2007, online consumers accessed a variety of content on the Internet, including:

- Streaming music (25 percent)
- Live radio programming (39 percent)
- Streaming video (46 percent)
- Live television programming (20 percent).

Age is a factor behind this behavior. For example, 29 percent of 18 – 34 year olds watched live television programming, compared to 14 percent of those 45 years or older.

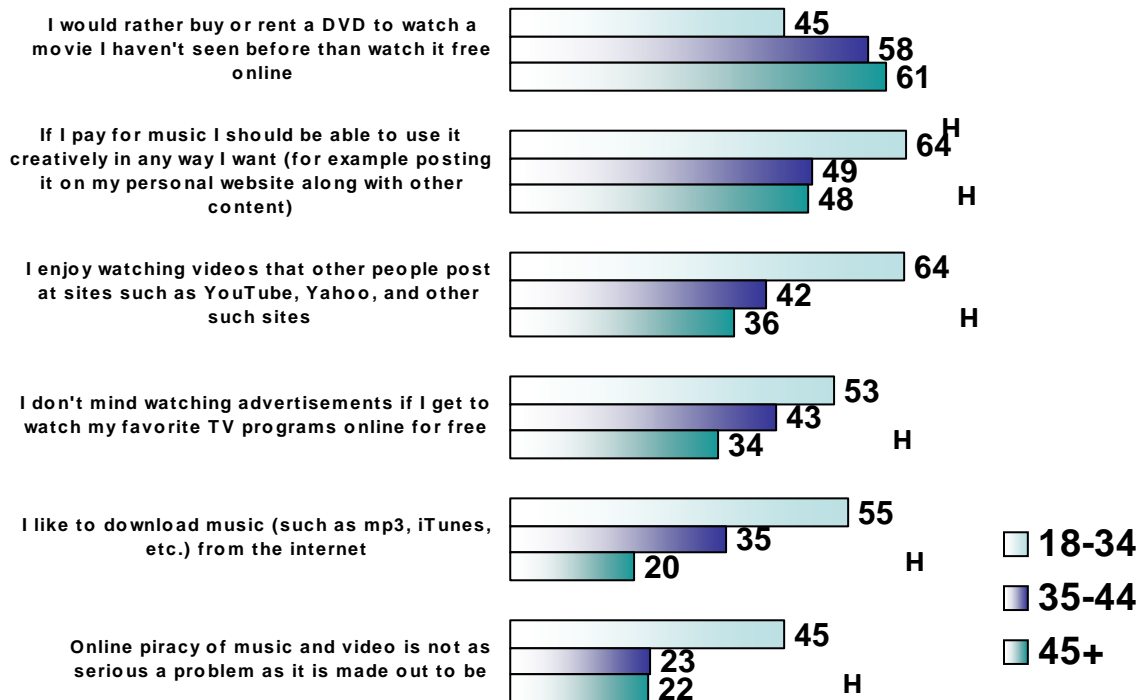
Consumers expect to pay for content. While piracy is a major issue for media producers, less than a third (30%) of consumers believe it is not as serious a problem as it is made out to be and half (54%) expect to pay for music that they download from the internet. However, many consumers have strong feelings for how the content can be used after purchase. Over 80% of consumers feel they should be able to play music on any device they own. And, the majority feels it should be able to share their purchased music with friends and use the music creatively in any way they want (such as using it on their websites and blogs). Many sites let users pay a subscription or rental fee that allows them to keep the music as long as they pay the subscription or rental price for that period of time. However, 81% of consumers would rather own their music forever than rent it. It appears that most consumers would like to feel a sense of ownership over their online media purchases. This includes being able to use and share their content at their discretion, as they would with more tangible products they own or purchase.

% who Strongly or Somewhat Agree



Age matters. Age is a factor behind differing beliefs about online content. Younger consumers (18-34 years old) like to download content off the internet more than older consumers, but are more likely to believe they should be able to do more with it once they have paid for and “own” it. Age is also a factor behind opinions on paying for content. Younger consumers are more likely to watch their favorite TV programs online even if it means having to watch or listen to advertisements. They are also more likely to use sites such as YouTube to view free (and many times advertisement free) user created video. Older generations prefer a physical copy of multimedia content such as a CD or DVD as opposed to downloading or watching media over the internet.

% Who Agree With Statement by Age



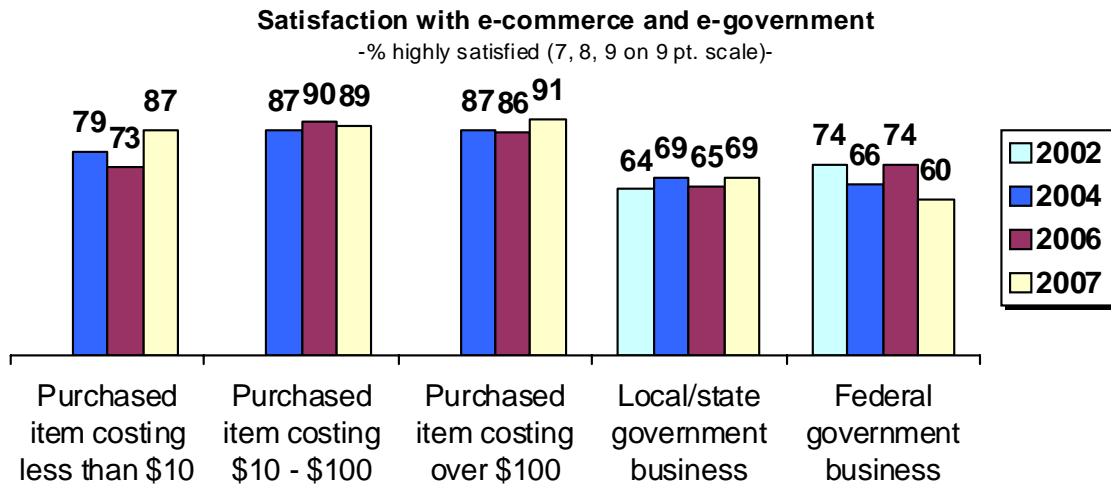
Trends in the Online Economy

E-government lags behind e-commerce in satisfaction. The incidence of online adults visiting government web sites and doing business with the government tapered off this year (see table below). In 2007, nearly six out of 10 online adults (58 percent) visited a local, state or federal government Web site over a 12-month period, not much different from the past two years (62 percent in 2006, 57 percent in 2004). A third (33 percent) of online adults conducted business with a government entity via the Internet, the same as in 2006.

NTRS breaks results out by state/local and federal government activities. In the 2007, 53 percent of online adults visited a local or state government Web site, a small but statistically significant drop from 2006 (59 percent). The percent of online consumers who conducted business with a local or state government over the Web was 27 percent, almost the same as the previous year (26 percent). About four out of 10 (43 percent) online consumers visited a federal government site in 2007, down significantly from 51% the previous year. On the other hand, 21 percent conducted business with the federal government in 2007, exactly the same as the previous year.

| Incidence of E-Government Activities in the Past 12 Months | | | | | |
|--|------------|------------|------------|------------|------------|
| | 2001 | 2002 | 2004 | 2006 | 2007 |
| <i>Base: online adults</i> | (418) % | (422) % | (828) % | (930) % | (490) % |
| All government levels | | | | | |
| Visited government Web site (local, state, fed'l) | 55 | 47 | 57* | 62* | 58 |
| Conducted business with govt. online (local, state, fed'l) | 21 | 24 | 26 | 33* | 33 |
| Local/state government | | | | | |
| Visited local/state government Web site | 50 | 39 | 54* | 59* | 53* |
| Conducted business with local/state government online | 16 | 19 | 19 | 26* | 27 |
| Federal government | | | | | |
| Visited federal government Web site | 33 | 36 | 38 | 51* | 43* |
| Conducted business with federal govt. online | 11 | 18* | 15 | 21* | 21 |
| <p>*Significantly higher than previous year. "What types of things have you yourself done for personal purposes, either at home, at work or elsewhere on the Internet in the past year? Have You: t. Visited a Web site for a local or state government online u. Conducted business with a local or state government online v. Visited a Web site for a federal government office online w. Conducted business with the federal government online"</p> | | | | | |
| Source: 2001, 2002, 2004, 2005/2006, and 2007 National Technology Readiness Survey | | | | | |

Satisfaction with the business of e-government is generally below that of e-commerce¹. Two-thirds of state/local e-government users are highly satisfied with their experience (69 percent), while only 60 percent of federal government users are highly satisfied. In comparison, nine out of ten consumers who purchased small ticket items (under \$10), mid-priced items (\$10 - \$100) and big ticket items (over \$100) are highly satisfied. Satisfaction with small-ticket items improved from 2006 to 2007 (87% in 2007, up from 73% in 2006).



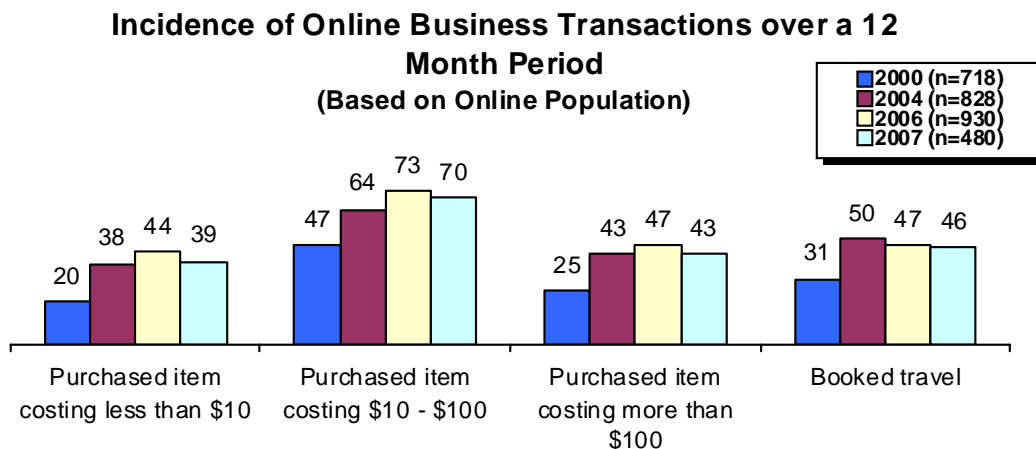
¹ “Thinking about the last time you [INSERT ACTION THAT WAS CONDUCTED], how satisfied were you with the experience, using a scale of 1 to 9 where 1 means “extremely dissatisfied” and 9 means “extremely satisfied”?

The growth in the penetration of e-service activities is flat. During the time that the NTRS has tracked e-service behaviors, there has been a marked growth in the incidence of online adults who conduct business over the Internet for personal reasons. However, the incidence of activity in a range of categories including commerce, travel and financial services ceased to grow over the past year, suggesting that the online economy has matured.

In the past 12 months, 73 percent of online adults have made a purchase over the Internet for personal reasons, which is slightly below the 77 percent who made a purchase in 2006.² The most common price category consists of items costing \$10 to \$100. Specifically:

- 39 percent purchased an item costing less than \$10 (compared to 44 percent in 2006)
- 70 percent purchased an item costing \$10 to \$100 (compared to 73 percent in 2006)
- 43 percent purchased an item costing over \$100 (compared to 47 percent in 2006).

The incidence of purchasing in each of these categories grew substantially up to 2006 but appears to have tapered off. The growth in the incidence of online travel booking (46 percent) is also flat since the last wave.



² The question was worded as: “What types of things have you yourself done for personal purposes, either at home, at work, or elsewhere, on the Internet in the past year? Have you: READ LIST.” In 2000, the term “elsewhere” was not used; the authors believe that using the Internet at alternative locations was not common in 2000 and the change in wording does not have a notable impact on results.

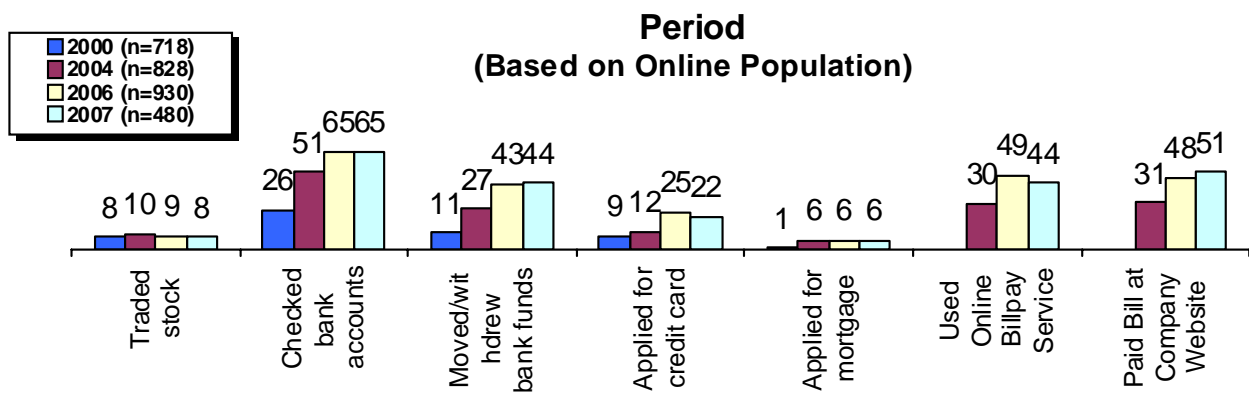
During the past few years, there had been considerable growth in online financial services such as online banking and online billpaying services. The incidence of online adults who have moved or withdrawn funds over the Internet jumped from 11 percent in 2000 to 43 percent in the 2006, but this incidence remained largely unchanged since last year and is now at 44 percent. Similar trends are seen in the incidence of those checking banking accounts online (now at 65 percent).

Online billpaying has also remained flat since last year, although there is evidence of a shift from billpaying services (such as those offered by a bank) to paying directly at the website of a company – the differences are not statistically significant, but bear watching over time.

- In 2007, 44 percent of online consumers reported they have used bill-paying services on the Internet in the past 12 months (compared to 49 percent in 2006 and 30 percent in 2004)
- 51 percent have paid a bill directly to a company’s Web site (compared to 48 percent in 2006 and 31 percent in 2004).

Online stock trading, a much touted service in the dot.com era, has not gained much penetration since 2000. Currently, only 8 percent of online adults trade securities online, the same as four years ago.

Incidence of Online Financial Transactions over a 12 Month



Growth in online purchasing and online financial services is connected to consumers’ ability to overcome fears of doing business with this medium. The NTRS tracks beliefs about technology on 36 statements, and reveals that there is ample concern about the Internet being a risky channel. These fears are still substantial, but consumers are becoming more assured of the safety of online banking and commerce. For example, in the most recent survey:

- 44 percent of consumers do not consider it safe giving out a credit card number over a computer (compared to 48 percent in 2006 and 68 percent in 2004)
- 32 percent do not consider it safe to conduct any kind of financial business online (compared to 34 percent in 2006 and 50 percent in 2004).

C2C commerce provides an alternative channel for consumers. The Internet facilitates “C2C” commerce, with consumers selling goods and services directly to each other. Intermediaries may be an auction site or a direct marketing site that enables commerce that is consumer driven. In the 2007 NTRS, the following was observed:

- 36 percent of online adults made purchases from other consumers through an Internet site such as an auction site or classified online ad (versus 44 percent in 2006 and 30 percent in 2004)
- 17 percent sold an item over the Internet through an auction site or classified online ad (versus 18 percent in 2006 and 12 percent in 2004)
- 15 percent made purchases through an online direct marketing or multi-level marketing site (versus 18 percent in 2006 and 9 percent in 2004)
 - In the 2007 NTRS, 2 percent recruited people online for a direct marketing site

Half of adults access utility information online. The NTRS also tracks behaviors that do not involve actual commerce. For example, a major area of increased activity is using the Internet to check utility account information. Only 9 percent of online adults did this in 2000, but by 2004, a quarter (27 percent) did so, in 2006, 49 percent did so, and by 2007, 51 percent did so. One reason may be the introduction of new e-service options by phone, gas, electric and cable companies.

e-membership and e-learning are flat. In 2007, 47 percent visited a membership .org site; this activity has not changed much over the years, and was 48 percent in 2006, 45 percent in 2004 and 43 percent in 2000. The growth in online learning has also tapered off among adults – 15 percent took a course online in the most recent wave, compared to 13 percent in 2006, 14 percent in 2004 and 8 percent in 2000.

E-Health: The Internet is used for wellness. One of the first areas where the Internet made an impact on peoples’ lives was in providing health information. Over two-thirds of online adults – 63 percent – researched health information on the Internet over a 12-month period (compared to 69 percent in the 2004 and 2006 surveys, and 62 percent in 2000).

Consumers use the Internet in other ways to manage their wellness, although these other behaviors are still in their infancy. The following are the percentage of online adults who reported engaging in different behaviors over a 12-month period in 2007:

- In the 2007, 12 percent consulted with a medical professional online (compared to 10 percent in 2006 and 2004)
- 9 percent purchased prescription drugs over the Internet from a U.S. retailer (compared to 12 percent in 2006 and 6 percent in 2004)
- 2 percent purchased prescription drugs from a non-U.S. provider (compared to 3 percent in 2006 and 1 percent in 2004)
- 5 percent obtained medical test results online (4 percent in 2006 and 2 percent in 2004).

BACKUP CHARTS WITH ALL QUESTIONS

