

'Connected Generation'

by Paul Hudson

Children and teens embrace internet as a constant companion and virtual global playground

Youngsters outsmart adults as consummate digital communicators

Children aged 8-18 display radical differences in the way they interact with technology compared to their parents, belonging to a new generation of consummate multi-channel communicators for whom the internet is an ever-present virtual playground.

Our new Digital Futures study, which surveyed 1,000 young people between the ages of eight and 18, found that children growing up in the Digital Age possess a distinctly different communication style and approach to learning than older people. These critical differences, which we observed in children as young as eight, present a challenge to organisations seeking to influence this highly technology literate generation as consumers of tomorrow.

Unlike their parents, who see the world in terms of distinct online and offline environments, tasks and communication, for 'Digital Natives' there are no such distinctions - the internet is ubiquitous and woven into the fabric of their lives. For children and teenagers, the internet is a mobile, constant and fascinating companion which grants them 24/7 access to a connected world where communication is instant and takes place across an array of devices, unconstrained by physical barriers.

The research, which also included in-depth interviews with families with children as young as two, revealed a highly sophisticated use of technology even among the youngest children, many of whom are more skillful in using some digital devices such as tablets than their parents.

Tablet computers are more widely used by children than adults, with 11% of under-18s using them compared to just 6% of over-18s. Generally, however, children regard the device as not versatile enough to replace a PC.

In fact, two year olds emerged as habitual users of family iPads as an entertainment device within the home and on car journeys, displaying intuitive understanding of touch-screen technology. While our study focused on older

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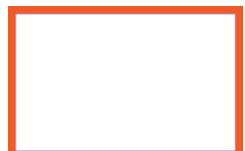
Under-18s expect mobiles to be 'remote control of life'



Christmas shoppers are starting early and hunting for bargains



Kindle is this year's must-have gadget



children, interviews with parents indicate that today's toddlers are at the forefront of a 'touch generation' whose interaction with technology may be different even from their older siblings in future.

Our study also revealed that 8 year olds are smart users of an array of digital devices from PCs to laptops, games consoles and smartphones, acquiring an understanding of how to use them through direct experimental learning and motivated by a search for fun, entertainment and contact with their peers.

In fact under-12s engage in a surprisingly large number of activities besides playing games, including browsing news online, watching films and looking for things to buy and sell. They also confidently carry out relatively complex tasks such as backing up personal data to hard drives and uploading content to websites.

Some 65% also regularly use the internet for help with homework tasks and while their approach to accessing information may seem random, in fact they work at 'hyper speed', assimilating information in a non-linear way.

Online gaming holds a huge attraction for under-12s and is by far their favourite online activity, giving them early exposure to navigating content-rich, multi-dimensional interactive websites.

Popular sites such as Club Penguin and Moshi Monsters give children experience of handling 'virtual money' and incentive and reward schemes, all of which influence their views of what they regard as a fulfilling web experience. In fact, one 12 year old was disappointed when he looked at his mum's Facebook page, regarding a site which focuses on purely socialising as unexciting compared to the rich web experience he was used to when gaming.

Older children from 12-17 are generally heavier users of mobile devices such as smartphones and laptops than fixed devices and by age 15 smartphones generally assume more importance. Across the full age range from 8-17 we detected declining importance of the PC in favour of mobile devices which offer 24/7 internet connectivity.

The key differences between under-18s and adults are that for Digital Natives the three words that most sum up what the internet means to them are: mobile, entertainment and social, with socialising one of the most important aspects of their online world.

For adults, the approach to the internet is precise and definite and associated with a task, situation or place. The internet is primarily viewed as a source of information and the three words which sum up what it means to them are: transactional, fixed and resource.

Fears that children in the Digital Age will lose the art of conversation as a result of being immersed in online chat appear unfounded. The richness, diversity and sheer amount of communication the under-18s take part in, means they are consummate communicators, more adept and skilled than their parents.

Despite the fact that Facebook chat is part of their everyday lives (it is the second most common form of communication after phone calls), they still value face-to-face communication. Some 55% of under-18s said they like to talk to friends in person, compared to 35% who like to talk to friends online. Moreover, they only want to talk to people of their own age on social networks, resenting intrusion by adults either on a personal or business basis, preferring email contact with companies to keep 'intruders' out of their personal space.

Children are protective of their personal online space and identity, emerging from our study as remarkably astute about the upside and downside of disclosing personal data on websites. In general they are opposed to giving out their details but are willing to consider trading info for the right incentive or reward.

The study revealed an even stronger emotional attachment to the internet among children and teenagers than we detected among adults in our previous study Digital Selves, which found that 40% of grown-ups would be lonely without the internet and 52% would be sad. Older teens showed the strongest

emotional response - almost half (48%) of 15 to 17 year olds said they would be lonely without the internet while 60% would be sad. But even under 12s feel strong emotional ties, with one in five saying they would be lonely without the internet and 49% saying they would be sad.

Digital Natives are often characterised as being universally tech-smart and gadget friendly. It is true that as a generation they are all 'digitally enabled' and share some common behaviour, however, perhaps one of the most surprising findings of the study is that they cannot be regarded as a totally homogenous group. There are significant variations in behaviour and preferences and it is not overwhelmingly decided by age or gender, although there is evidence that these have some influence.

Four distinct groups are identified within the under-18 age group:

- Gadget Geeks, the most confident internet users, with a slight bias towards boys who represent 56% of this group. They represent 25% of the total.
- Confident Entertainers - second most confident but lack the enthusiasm of the first group and social interaction is mainly within existing circles. They represent 31% of the total.
- Socialites - a bit overwhelmed by technology but most likely to engage socially and form new friendships, 57% of them are girls. Overall they represent 14% of the total.
- E-beginners - dominated by the youngest age group with social interaction focused on existing friends but strong enthusiasm for the internet. They represent 30% of the total.

Overall, our findings show a rich diversity in the ways that children and teenagers engage in internet activity and with digital devices today in the UK. The most important observations include the ubiquitous nature of the internet in their lives and the realisation that the social aspect of the internet is built into everything under-18s do.

The 'Now Culture' has firmly taken hold among under-18s who expect always-on connectivity and instant communication and it is also clear that the importance of mobile devices versus fixed devices is growing among under-18s, a trend that is likely to continue.

The findings have important ramifications for businesses in future who must ensure that their services and products are designed to meet the needs of Digital Natives who represent an important new generation of consumers.

Kids demand 'do-it-all' mobiles

Techno-savvy multi-tasking children demonstrate that the mobile age has arrived in the UK

Under-18s expect mobiles to be 'remote control of life'

Children as young as eight already use mobile devices in more sophisticated ways than their parents and their vision for the future is one where multi-functional mobiles will operate as 'a remote control of life', according to Intersperience's new Digital Futures study.

The ground-breaking research project asked 1,000 young people in the UK between the ages of eight and eighteen their views on mobiles, how they use them now and how they would like to use them in future. The results delivered compelling evidence that the mobile or M-Age has well and truly arrived in the UK.

The over-arching conclusion was that for young people, mobility is the key feature for a device, defining its role and importance in their lives. Mobiles are already central to British children's lives, permeating every aspect, from social to transactional.

It is clear that mobiles will become even more important to under-18s who emerge as a demanding new breed of consumers who want and expect far greater functionality from mobiles in future. A key finding from the study was that 42% of under-18s want to use a mobile to control other things in future, compared to just 24% of adults.

It offers a fascinating glimpse of the future from a child's perspective where the internet is the conduit through which connectivity between devices can be achieved on an unprecedented scale. Their view of the future is defined by far greater inter-connectivity between devices than that of their parents. Suppliers must think innovatively about how to deliver services in future in a way that fits with the lifestyle of 'connected customers'.

The findings imply that software developers, phone companies and service providers in general need to accelerate efforts in this area if they are to satisfy the demands of the next generation of consumers for whom greater inter-connectivity, versatility and functionality are important factors.

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Under-18s regard mobile devices in a wholly different way than the older generation who regard even the most advanced smartphones as primarily a phone that can also do other things like access the internet or take pictures.

Digital Natives' use of mobiles, however, is focused on the device's additional features. A mobile is prized as a means to access the internet, which is their natural habitat and they relish the freedom it gives them to communicate, have fun, experience new things and to have 24/7 connectivity, which they regard as the norm.

Greater affordability of smartphones has put them within the reach of teenagers whose parents are generally willing to pay around £20 a month for bills, according to research we carried out among families with children ranging from age 2 to 18.

Children and teenagers emerge as skillful multi-taskers who currently place a high value on mobiles for entertainment but the study showed that they want mobiles to deliver even greater functionality in future including payment facilities as well as an ability to control other devices.

Eight to 11 year olds have the highest expectations from mobiles in future. They are particularly keen on entertainment features with 39% saying they want to watch movies via mobile, although playing games was the top future activity for 75% of that age group.

The study indicated that mobile commerce, which has been slow to take off in the UK, may accelerate as Digital Natives become economically active. One third of under-18s said they would expect to use their phone to buy something in future, compared to just 21% of adults. Children are also keen on using a mobile to check prices, an activity which emerged as an important feature across the age spectrum, with half of 15 to 17 year olds keen on this and one-third of 8 to 11 year olds.

There was encouraging news for businesses, including Google, which are rolling out new 'mobile wallet' systems as under-18s are less nervous about using a phone as a wallet than adults, with 25% expecting to do so in future compared to just 17% of over-18s.

Digital Natives are conscious of security issues regarding mobile payment but expect and will demand that these issues are addressed to enable them to make purchases safely. This expectation underlies the fact that under-18s are four times as likely as older people to want to use their phones to store personal information in future.

Children show a strong preference for mobiles for entertainment and leisure activities - almost three times as many under-18s as adults would choose a mobile over a PC for downloading photos and music or to buy something online, underlining the declining importance of PCs to this generation.

Mobiles are very important to Digital Natives for communication via social networking sites as they want to have 24/7 connectivity with their peers. More than half of young people aged from 12 to 17 want to use a mobile in future to update their profile on social networking sites (SNS).

The study, which also involved questioning 15 families with children ranging from 2 to 18, uncovered parental angst over the appropriate age to give a child a phone, with age 11 or when a child goes to secondary school emerging as the age at which most children receive one.

Cold climate for retailers

Online retailers must avoid repeat of 2010 fiasco when one in six were left without presents

Christmas shoppers are starting early and hunting for bargains

How much will the economic situation affect spending this Christmas?

Consumer confidence is very fragile as we approach this festive season. Our annual Christmas Shopping Survey found that 53% of the population expect the economic climate to impact their spending greatly, which compares to only 45% last year.

More than four out of ten people we questioned expect to have less money to spend than last year, which itself was a rather gloomy year with 37% expecting to spend less than 12 months previously.

One respondent among our TrendSpot online community pithily summed up the mood: "I started today and intend to finish tomorrow. Less money means fewer choices, therefore easier shopping."

Bad weather was blamed for poor sales in 2010, is it influencing purchasing habits this year?

With heavy snow predicted again in December, people appear to be starting their present buying earlier to avoid the weather disrupting their plans. Some 31% of those surveyed said they were preparing to begin shopping earlier than last year.

However, the earlier rush to the shops is not entirely linked to weather worries. Lower economic confidence appears to be changing purchasing habits this year, with many reporting they are shopping earlier to try and hunt out bargains and some cutting back on sending Christmas cards.

How much are people expecting to spend this Christmas?

They may complain of having less disposable income but shoppers told us they

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each expect to spend £307 this year on presents, food and drink, which is actually £7 per head higher than they predicted at this time in 2010.

If that pattern plays out uniformly across the 35 million or so people of working age in Britain, the result would be a boost to total high street spending of around £343 million compared to last year.

Then, there was a big reduction in spending among the over-25s, the group which accounts for the majority of retail sales, but in 2011 they appear to be loosening the purse strings. The older group are planning to splash out £312 per person, a big jump from the £287 they anticipated at the same point last year.

In contrast, under-25s each intend to spend £185, down £4 per head from last year's expectations.

One thing to bear in mind with all these predictions is that that our post-Christmas survey shows that people always spend more than they expected to.

What is the outlook for online shopping?

In 2011, we are seeing a swing in sentiment away from online spending towards the high street – the first year expectations have reduced around internet spending.

Consumers expect to spend £7 each less online and £14 more in stores, which represents a 'swing' of £21 away from online towards high street spending.

There is a general disappointment with online service that is a hangover from last year and it is affecting people's plans for this year. I would still expect online sales to continue their overall year-on-year growth, but online retailers need to do a lot of work this Christmas to win back customers' trust.

Of those who say they won't be spending online at all, 40% made clear it is because they worry products won't be delivered on time. In 2010 a smaller proportion, 29%, were concerned about that – but one in six online shoppers failed to receive at least one present by Christmas Day.

Our survey this year also found that 36% were nervous about receiving the wrong present, more than double the figure in 2010. Again, bitter experience explains why there has been this shift in sentiment because 11% got an incorrect item or something they were not expecting last Christmas.

What does this mean for internet retailers?

Quite simply, they have to get their act together this year and outperform to win back a sceptical public.

While 81% of the population saying they expect to shop online for gifts seems an impressively high figure, it is well down on the 89% who had planned an internet Christmas in 2010.

However, there is still a big appetite for mouse-based shopping and 20% of consumers said they would have spent more online had it not been for experiencing frustrations with ordering and delivery.

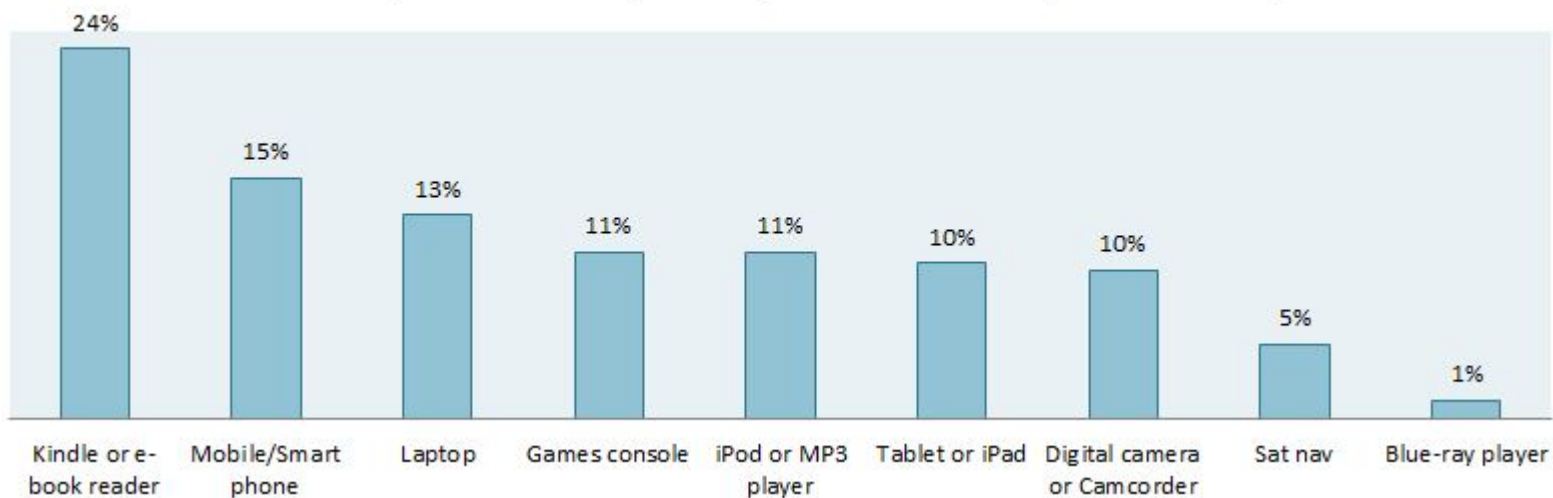
If online stores perform well they will pick up significant market share but if there is a rerun of 2010 then expect to see stores outperform last year's figures. In that scenario, the big winners are likely to be supermarkets and high street chains.

It's a Kindle Christmas

Electronic book readers top the wish list of stocking fillers this Christmas

Kindle is this year's must-have gadget

Which are you most likely to buy as a Christmas present this year?



Never underestimate the power of marketing. Thanks to wall-to-wall advertising, Amazon's Kindle e-book reader looks set to be the must-have gadget this Christmas – beating last year's must-have gadget, the iPad, into sixth place. Of those planning to buy a technology present, almost one in four said they are most likely to buy a Kindle or other e-book reader, while only 10% said the iPad was top of their list. Many of the messages in our TrendSpot chatroom have been extolling the virtues of this handy alternative to bulky paperbacks. "I was quite against the idea of the Kindle before, but after reading your comments I'm so curious to try one out," said fudgecake22. "I'd better put it on a letter to Santa!!" As well as demonstrating the shift from Apple to Amazon this year, our graphic also clearly shows the continuing move away from fixed line internet devices to mobile. The only fixed line 'box' in our list, a blue-ray player, is only rated by 1% of consumers. Changed days, indeed.

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