

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 or are paid. This work builds on 15 studies and the more than 40,000 consumers PYMNTS has surveyed since November 2021, and represents the largest and most consistent data set tracking the digital shift accelerated by the pandemic.

PYMNTS
WHAT'S NEXT
IN PAYMENTS:

THE CONNECTED ECONOMY™

PYMNTS 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.

PYMNTS

FEBRUARY 2023 ■

The ConnectedEconomy™

Monthly Report



**DIGITALLY
DIVIDED:
WORK, HEALTH
AND THE
INCOME GAP**

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INTRODUCTION

There are and always have been sharp differences between how consumers in different demographic groups experienced the quick and total digitization of the United States economy, and no difference may be quite as significant as that between consumers in the highest and the lowest income brackets.

In July 2022, PYMNTS identified and measured a sharp divide between how much consumers in different income brackets used the internet in their daily lives. We found that this so-called income gap exists across all areas of consumers' lives. High-income consumers are consistently more likely than low-income consumers to use digital tools for everything from traveling to banking, keeping in touch with their families, accessing health-care and beyond. Six months later, that same income gap is still here — and it is, quite literally, more prominent than ever.

The ConnectedEconomy™ Monthly Report: Digitally Divided – Work, Health and the Income Gap examines how the online lives of the country's highest- and lowest-paid consumers measure up against each other, revealing the key forces separating them. We surveyed a census-balanced panel of 2,710 consumers between January 6 and January 10 as a follow-up to our ongoing research into how the digital transformation of the U.S. economy is re-shaping consumer habits. This edition details how high-income and low-income consumers' online lives continue to diverge and what that means for the future of the ConnectedEconomy™.

This is what we learned.



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 we now have 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 or integrate all aspects of their lives online into a single super app.

- **COMMERCE-SEEKERS**

These are consumers who are likely to want to aggregate or integrate data pertaining to their shopping, travel or entertainment preferences and activities into a single app, but 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 or integrate data related to banking, money management or payments into a single super app to have access to that information and then, crucially, use that data to make or 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 area of life into a super app.

Connected consumers and the devices that connect them

- **BASIC-TECH**

These consumers use computers or smartphones primarily and exhibit low overall ownership of devices, possessing three devices on average.

- **MAINSTREAM-TECH**

These consumers are computer, smartphone, tablet, smart TV and gaming console-dominant and own six to seven devices on average.

- **CONNECTED-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.

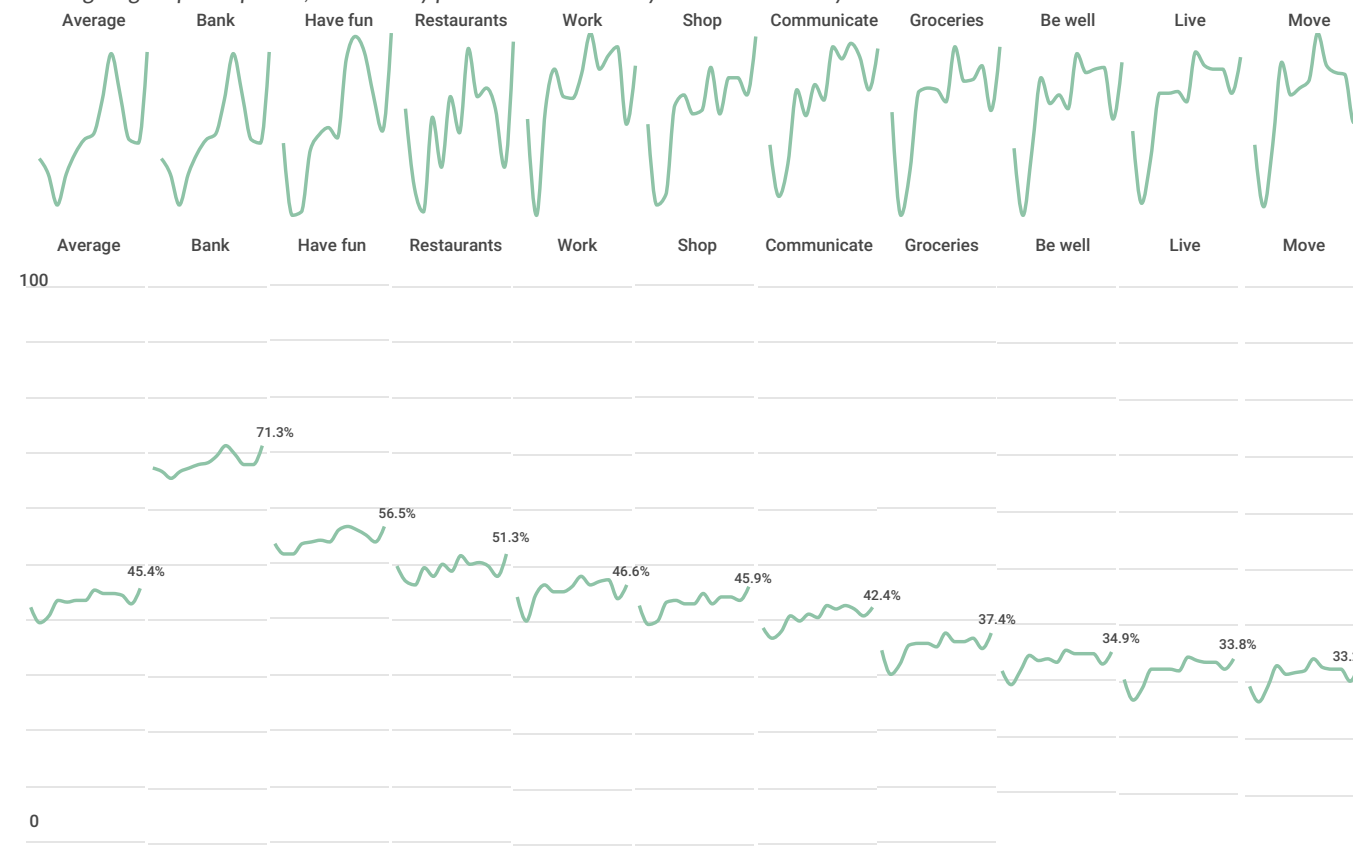
PART I:
Digitizing travel and transportation

More consumers went online in the last 12 months, mainly driven by their use of apps to find the best deals on travel and transportation. Across all 10 verticals we study, more consumers are participating in more digital activities than they did one year ago.

The most significant increase we've seen is in the share of consumers using digital to support their travel and commuting needs, using apps, aggregators and platforms to help them do everything from commuting to planning vacations. On average, 14% more consumers reported using these types of digital tools in January 2023 than one year prior.

The use of apps to track and locate gas stations has increased the most. The share of consumers using gas station tracking apps is up 18% year over year — possibly reflecting an effort to find the cheapest gas prices their area.

Figure 1
Average share of consumers participating in different digital economy activities
Average digital participation, total and by pillar between January 2022 and January 2023



Source: PYMNTS
Digitally Divided: Work, Health and the Income Gap, February 2023
Based on 13 monthly surveys, fielded January 2022 to January 2023; target sample was 2,500 consumers per survey

Saving money on gas is not the only thing on consumers' minds, however. Many are utilizing a wider array of digital tools to plan their vacations. We find that 16% more consumers are checking travel information online, and the share purchasing airfare online is also up 16% year over year.

As we shall soon see, high-income consumers — those annually earning more than \$100,000 — are driving most of this increase.

PART II:
Understanding the income gap

High-income consumers are 70% more likely than low-income consumers to participate in the digital economy, driven primarily by their use of digital to work from home.

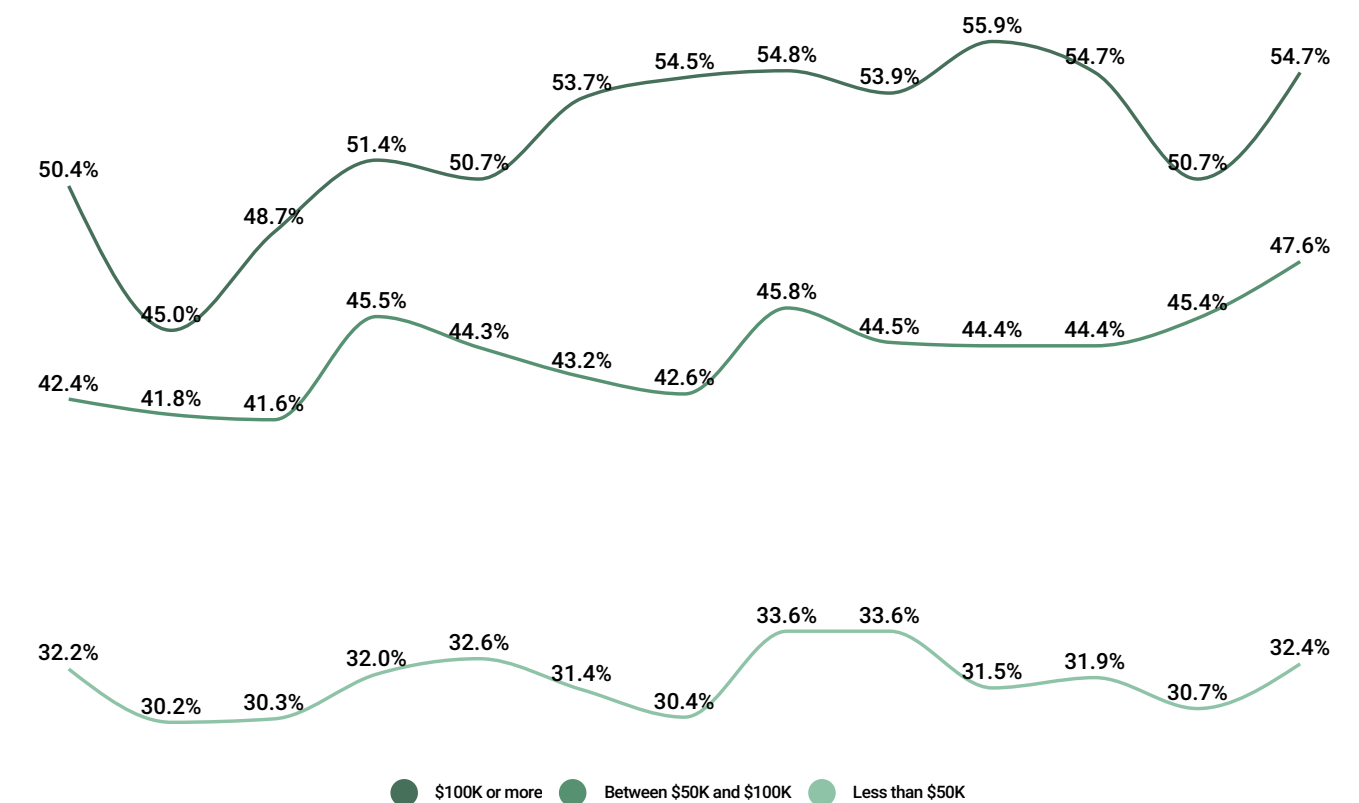
High-income consumers' participation in the ConnectedEconomy™ is up 9% year over year, but low-income consumers' participation has remained virtually unchanged.

Average participation in the ConnectedEconomy™ among those making \$100,000 and more (high-income consumers) stands at 54.7%, close to twice the size of the share participating among those annually earning less than \$50,000 (low-income consumers).

High-income consumers are using digital more, partly because they are still working from home, while low-income consumers are increasingly returning to jobs requiring them to work on-site. High-income consumers are now 78% more likely than low-income consumers to have jobs they can perform from

Figure 2
The digital gap is widening

Average share of people who participate in connected activities, by annual income



Source: PYMNTS
Digitally Divided: Work, Health and the Income Gap, February 2023
Based on 13 monthly surveys, fielded January 2022 to January 2023; target sample was 2,500 consumers per survey

home: 71% of high-income consumers, a projected 45 million individuals, now do at least some of their work remotely from home — up 10% year over year.

Just 40% of low-income consumers worked remotely from home in January 2023 — down 15% year over year. It is not entirely clear why this is, though many of these consumers may hold jobs that require them to work on-site.

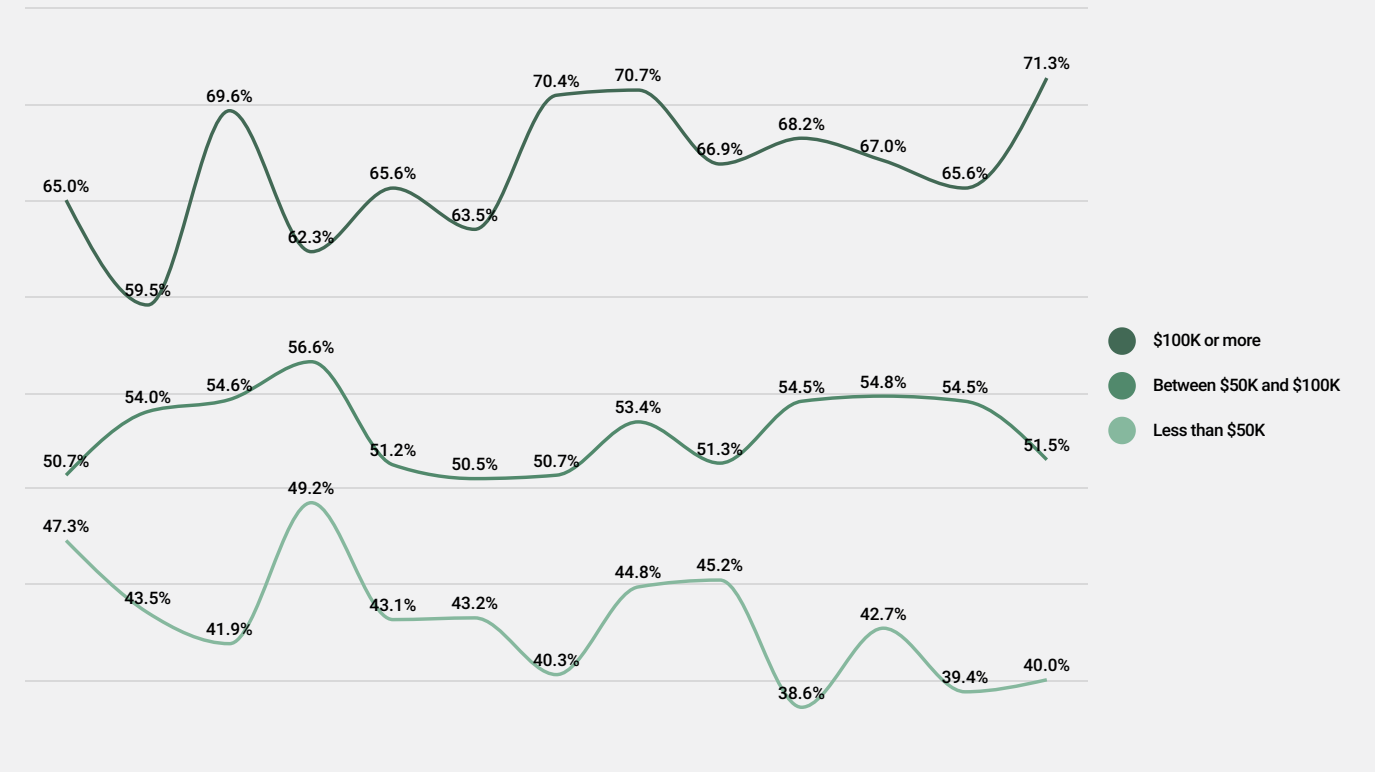
Travel is another area where high-income and mid-income consumers' digital activities sharply differ. High-income and mid-income consumers are 1.5 times as likely as low-income consumers to be online planning vacations and spending on travel and accommodations — and this gap is growing.

An average of 46% of high-income consumers used websites, apps, aggregators or other digital tools to plan or book travel tickets or accommodations — up 19% from last year. Low-income consumers' use of digital for travel is relatively unchanged in comparison, indicating that they could be opting out of traveling in favor of lower-cost options.

The final area where we've witnessed a sharp increase in the gap separating high-income and low-income consumers is with digital healthcare activity. High-income consumers are now twice as likely as low-income consumers to use digital to access healthcare services.

An average of 59% of high-income consumers used digital to access healthcare services or communicate with their providers in January 2023 — up from 50% in January 2022. Just 35% of low-income consumers used digital to access healthcare services or communicate with their providers in January 2023 — up from 32% in January 2022.

Figure 3A
Differences in digital participation across age groups
Share of consumers working remotely from home, over time and by income

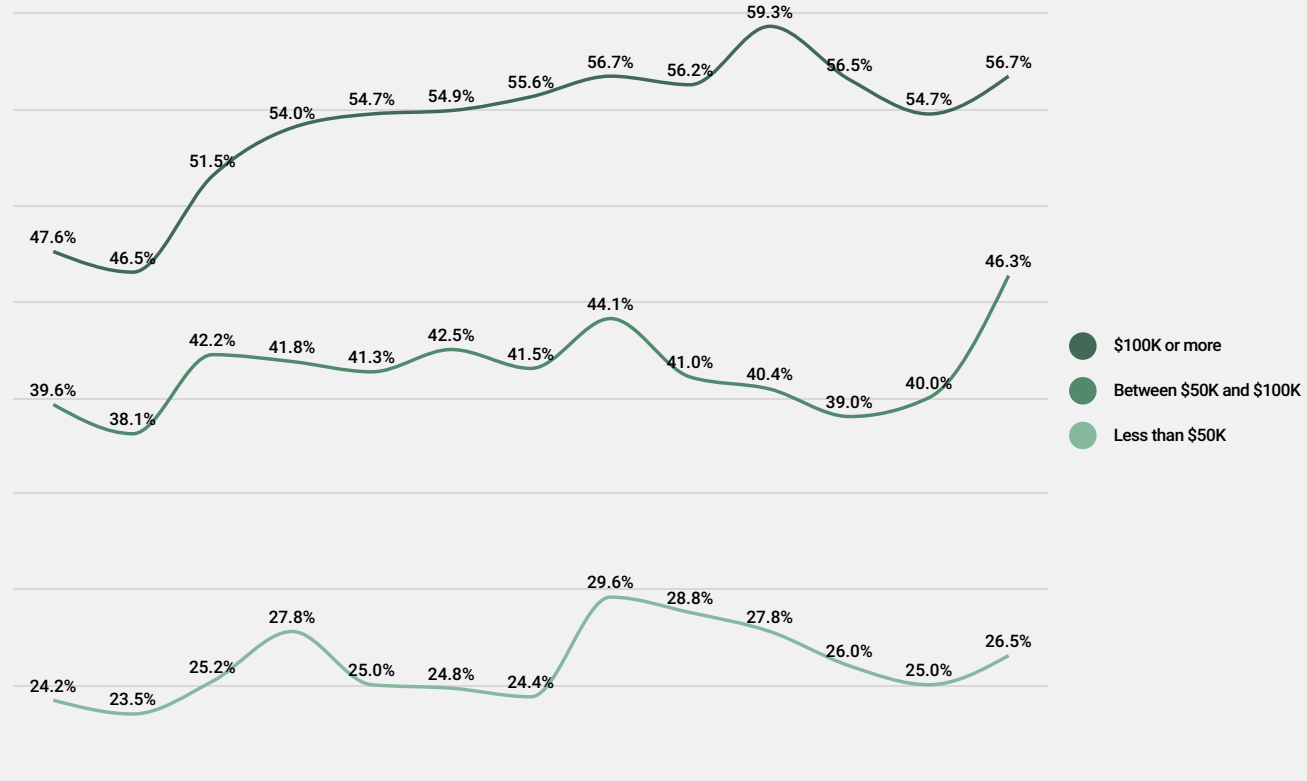


Source: PYMNTS
 Digitally Divided: Work, Health and the Income Gap, February 2023
 Based on 13 monthly surveys, fielded January 2022 to January 2023; target sample was 2,500 consumers per survey



Figure 3B
Differences in digital participation across age groups

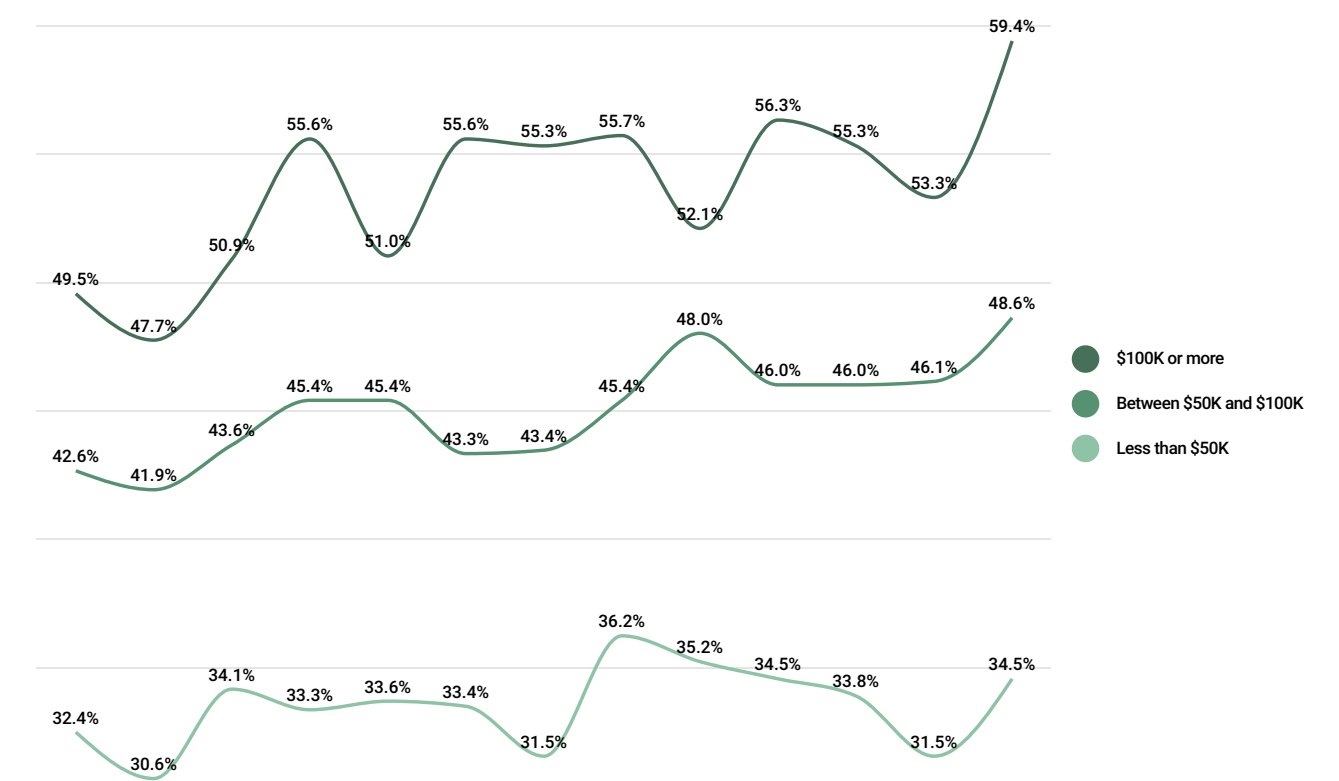
Share of consumers using websites or apps to obtain travel information, over time and by income



Source: PYMNTS
Digitally Divided: Work, Health and the Income Gap, February 2023
Based on 13 monthly surveys, fielded January 2022 to January 2023; target sample was 2,500 consumers per survey

Figure 3C
Differences in digital participation across age groups

Share of consumers using websites or apps to access information regarding health providers, over time and by income



Source: PYMNTS
Digitally Divided: Work, Health and the Income Gap, February 2023
Based on 13 monthly surveys, fielded January 2022 to January 2023; target sample was 2,500 consumers per survey



NEARLY THREE-QUARTERS OF CONSUMERS USED ONLINE SOCIAL NETWORKS TO BROWSE AND STAY IN TOUCH WITH FAMILY AND FRIENDS.

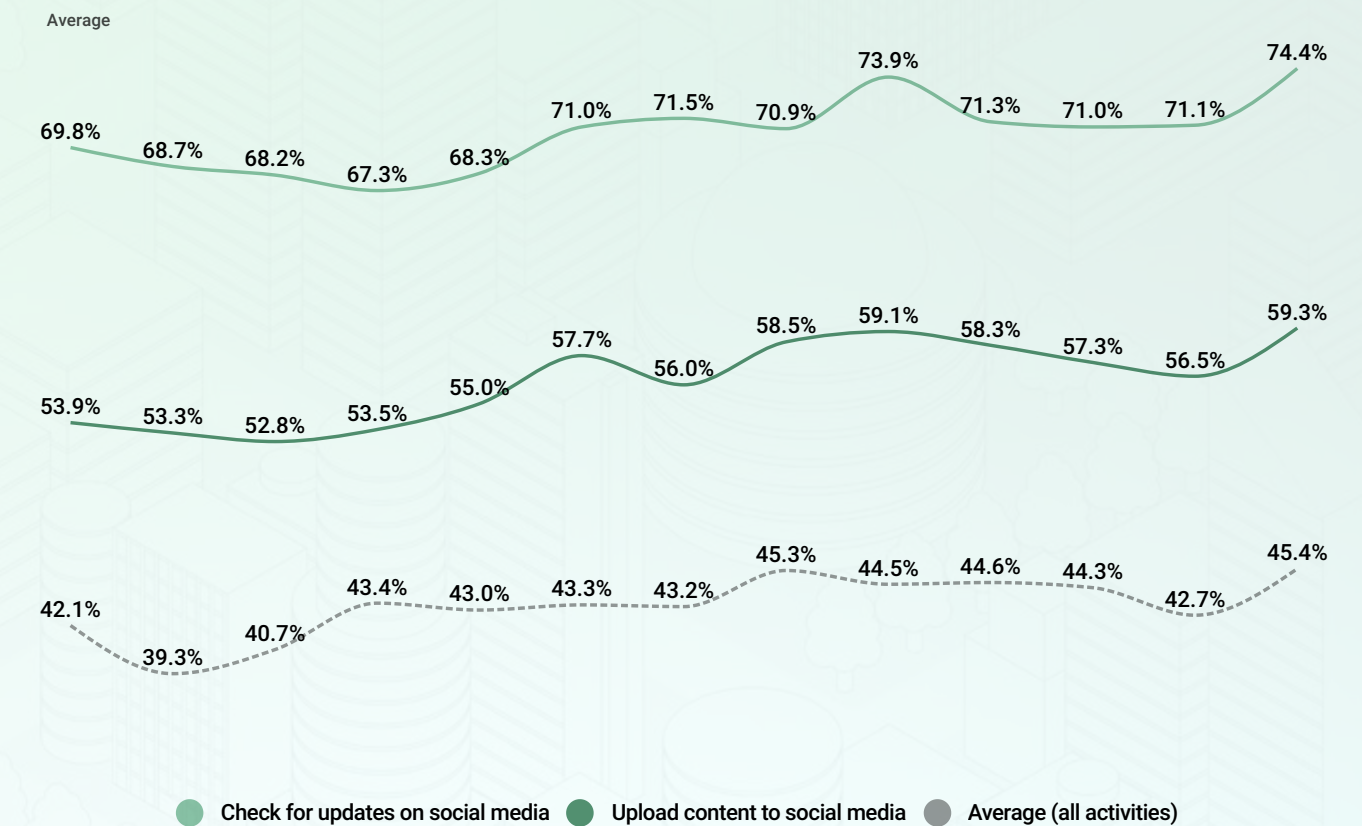
The growing number of consumers using digital to keep in touch with friends and family has also driven the rise in digital participation. Ten percent more consumers, on average, participated across different digital social activities in January 2023 than in January 2022.

In total, 59% of U.S. adults posted on social media during January 2023, and 74% browsed on social media. These shares are up from last year, at 54% and 70%, respectively.

Figure 4

Social media still dominates as the primary connected activity

Share of consumers actively and passively engaging in social media, compared to average participation across all activities



Source: PYMNTS

Digitally Divided: Work, Health and the Income Gap, February 2023

Based on 13 monthly surveys, fielded January 2022 to January 2023; target sample was 2,500 consumers per survey

PART III:
More digital, more variety

Consumers’ use of digital payments increases as their level of digital participation increases — both within and across digital activities.

Consumers’ payment preferences tend to shift as they spend more of their lives online. The most connected consumers tend to be the most likely to use digital payment methods such as digital wallets and digital tools to make everyday transactions.

High-income consumers are a prime example. High-income consumers are the most likely of any income bracket to be participating in the ConnectedEconomy™. They are also twice as likely to have paid for their most recent purchase via a digital wallet as they were in January 2022 — and their increased digital participation is why. Twenty-one percent of high-income consumers paid for their most recent purchase via a digital wallet, while just 12% of low-income consumers did the same.

Figure 5
How consumers paid for their most recent digital transaction

Share of consumers who paid for their last digital transaction in select ways, over time



Source: PYMNTS
Digitally Divided: Work, Health and the Income Gap, February 2023
Based on 13 monthly surveys, fielded January 2022 to January 2023; target sample was 2,500 consumers per survey

Millennials and Generation Z — the most connected generations — are also good examples of how use of digital payments increases digital participation. They make more types of digital transactions than the rest. Our research shows that 53% of millennials paid for a ridesharing service in January 2023, twice the share compared to their Generation X counterparts.

Sixty percent of Gen Z consumers selected and paid for groceries online in the first month of the year, as opposed to 16% of baby boomers and seniors who did the same.



METHODOLOGY

The ConnectedEconomy™ Monthly Report is based on a survey of a census-balanced panel of 2,710 U.S. consumers conducted between Jan. 6 and 10, 2023, as a follow-up to a continuing series of studies examining consumers' shift to a more digital way of engaging in everyday activities. The sample was balanced to match the U.S. adult population in a set of key variables: 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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