



Consumer Preferences for Internet Access and Online Activities Market Research Report

Commissioned by the Internet Innovation Alliance

June 27, 2018





TABLE OF CONTENTS

- I- Project Background and Methodology Overview
- II- Top Line Results and Key Demographic Cross-tabs
 - A- Internet Access Preference Question
 - B- Mobile Activities Question: Part 1
 - C- Mobile Activities Question: Part 2
 - D- Reluctance in Switching to Mobile Plans Question
- III- Conclusion



I-PROJECT BACKGROUND AND METHODOLOGY OVERVIEW

Introduction and Project Objectives

CivicScience was enlisted by the Internet Innovation Alliance (IIA) in May of 2018 to conduct an objective, large scale study of U.S. consumers and their online behaviors, means of Internet access, the array of activities performed on their mobile device, and reasons behind their willingness to switch (or not) to mobile only web access. CivicScience designed a questionnaire and sampling approach to achieve a high confidence, representative view of the online U.S. adult population, with sufficient sample sizes to ensure statistically significant Cross tabulation by key demographic, geographic, and psychographic respondent attributes. Data contained in this report reflect consumer responses for the period of May 15 through June 10, 2018.

Summary Findings

An increasing number of Americans are relying primarily on their smartphones or other devices to access the Internet and using web enabled mobile devices to access a broad number and type of activities, services, and overall information. As such, the activities they are performing on those devices, their expectations for performance and affordability, and their motivations for mobile Internet usage are increasingly similar to those of wired broadband Internet usage. While different segments of U.S. consumers prefer accessing the Internet in different ways, 1 in 5 “don’t care” how they access the web, so long as their other needs and values (speed, reliability, etc.) are met.

The blurring distinction between mobile and wired broadband Internet usage is particularly prevalent among the younger and fast growing segments of the U.S. population, as well as lower income households. For consumers below the age of 55, less than half consistently report preferring to access the Internet through wired technology like cable, fiber, or DSL.

Over 30% of GenZ and Millennials prefer to access the web via mobile phone, as do 30% of Blacks and 39% of Hispanics. These demographic segments are also regularly using their mobile phones for a broader array of activities, from mapping services and social media, to homework assignments and job searching.

Approximately 6% of consumers report that they have already switched to mobile only Internet access, or that they are considering switching. At this time, the main reasons consumers report not switching to mobile only are that their home Internet service is bundled with phone and cable or that they have concerns about the speed of mobile only Internet access. Concerns about speed primarily explain why consumers between the ages of 18 and 44 have not



IIA | Consumer Preferences for Internet Access and Online Activities Market Research Report

switched to mobile only Internet access. Although bundled Internet service helps explain why many White and Black households have not switched to mobile only service (31% and 27% respectively), speed is the main reason Hispanic households currently avoid switching, and is a close second explanation for Black households (26%).

About CivicScience

CivicScience is a polling and market research company, founded in 2007 and based in Pittsburgh, Pennsylvania. The company combines a proven web based survey technique to achieve large, representative samples of the U.S. population, with a proprietary database technology to perform sophisticated computations and insight discovery within the company's large respondent dataset.

CivicScience provides syndicated and custom data, software, and related services to an array of private sector and non profit customers, across numerous industries and fields of science. CivicScience is expressly non partisan and otherwise unaffiliated with any organizations or political entities which would influence research design, analysis, or recommendations.

About the Methodology

CivicScience administers a daily syndicated and custom 'omnibus' tracking survey, delivered to respondents in small increments over a large and diverse network of 1st party and 3rd party web and mobile applications. Individual sessions are brief, convenient, and engaging for the respondents – as compared to traditional, long form telephone and online panel surveys. As a result, CivicScience overcomes declining response rates, which have plagued traditional survey methodologies in recent years, particularly among notoriously hard to reach subpopulations like Millennials and minorities.

CivicScience respondents participate voluntarily, in order to see results and/or to voice their opinion, with no financial or other extrinsic reward. This voluntary, non compensated participation significantly reduces known respondent biases associated with reward based panels or paid survey modes.

Although respondents only answer a small number of randomized questions in a given session, CivicScience attaches subsequent responses to a unique, anonymous digital identifier to track respondents longitudinally, build respondent profiles, and enable Cross tabulation. All respondent attributes, including demographics, are directly reported via survey responses, with the exception of geo location, which is ascertained via Internet Protocol (IP) Address look up.



IIA | Consumer Preferences for Internet Access and Online Activities Market Research Report

(A more detailed explanation of CivicScience's methodology, including links to related white papers, independent assessment, and scientific references can be accessed [here](#)).

About This Study

To achieve the project objectives, CivicScience designed a four question (*) survey delivered in one question increments to a random quota based sample of a minimum of 10,000 online U.S. adult respondents aged 18 and older. Quotas were established to build a respondent population matched precisely to the full U.S. population based on 2010 U.S. Census statistics for age, gender, and U.S. region. For the key demographic subpopulations (**/***) analyzed in this report, CivicScience performed basic and minimal reweighting to ensure precise alignment with Census norms. All questions and samples produced a margin of error of less than +/- 1%.

Note 1: Mobile Activities Question*

The second and third question in this report focus on various activities Americans perform on their mobile phones. Given that potential mobile activities are virtually limitless, we narrowed the answer options to a diverse and encompassing list of common activities; however, they are by no means fully exhaustive. Even with this narrower selection, we were left with 8 possible choices, and two opt-out selections. In our experience, questions with an unwieldy number of answer options (8 or more) yield lower response (or higher drop-out) rates, potentially creating latent biases in the remaining sample. To guard against this risk, we opted to break the question into two separate check-box questions, each with 6 possible options.

*Note 2**: Cross-tabulation Sample Sizes*

Due to the nature of the CivicScience collection methodology, not all attributes are known about every respondent in our sample at any given time. For example, some respondents may have encountered our Internet Activities question prior to having answered profile questions about their residential area. For the purposes of this study, Cross-tabulation tables only included respondents who had answered those key demographic questions AND the project research questions, within the study timeframe. As such, Cross-tab sample sizes for the Residential Area question are smaller than our top-line samples, but still statistically-significant in scale and representativeness.

*Note 3***: Cross-tabulations Analyzed*

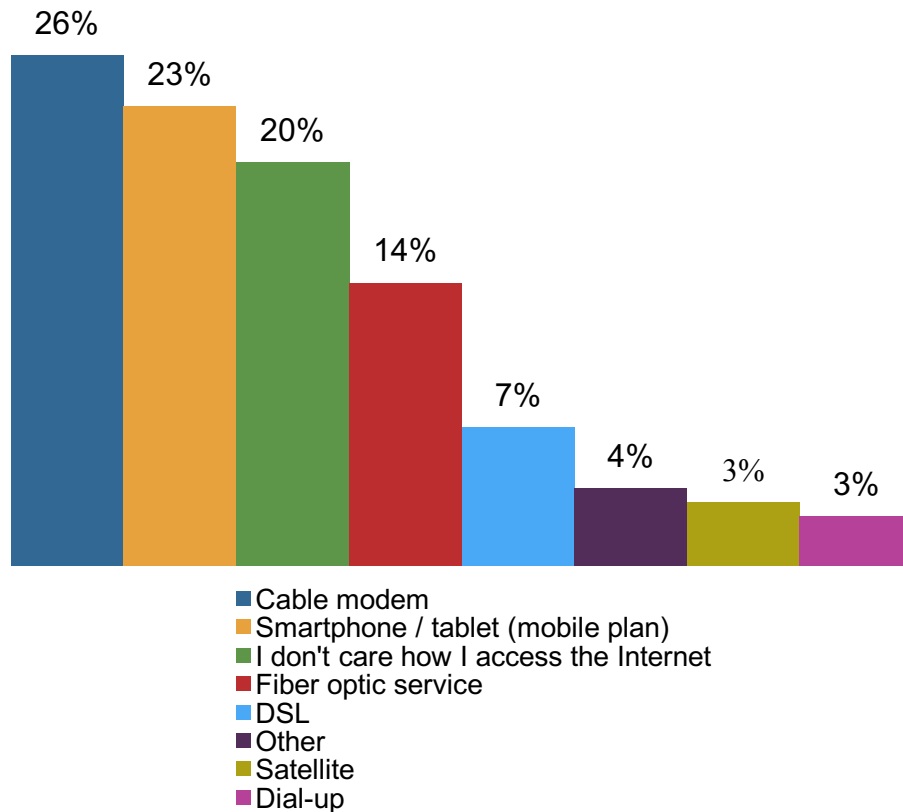
CivicScience maintains extensive demographic and psychographic profiles of the respondents who have answered our survey questions over time. For the purposes of this report, we focused on subpopulations where variability in mobile Internet usage, means of access, and motivations were notable – namely respondent Age, Race, Residential Area, and Parental Status. We do not discuss Gender, for instance, where we found little relevant variability; however, those data are available upon request.



II- TOPLINE RESULTS AND KEY DEMOGRAPHIC CROSS-TABS

Question 1 (Internet Access Preference) – Topline Results

How do you prefer to access the Internet?



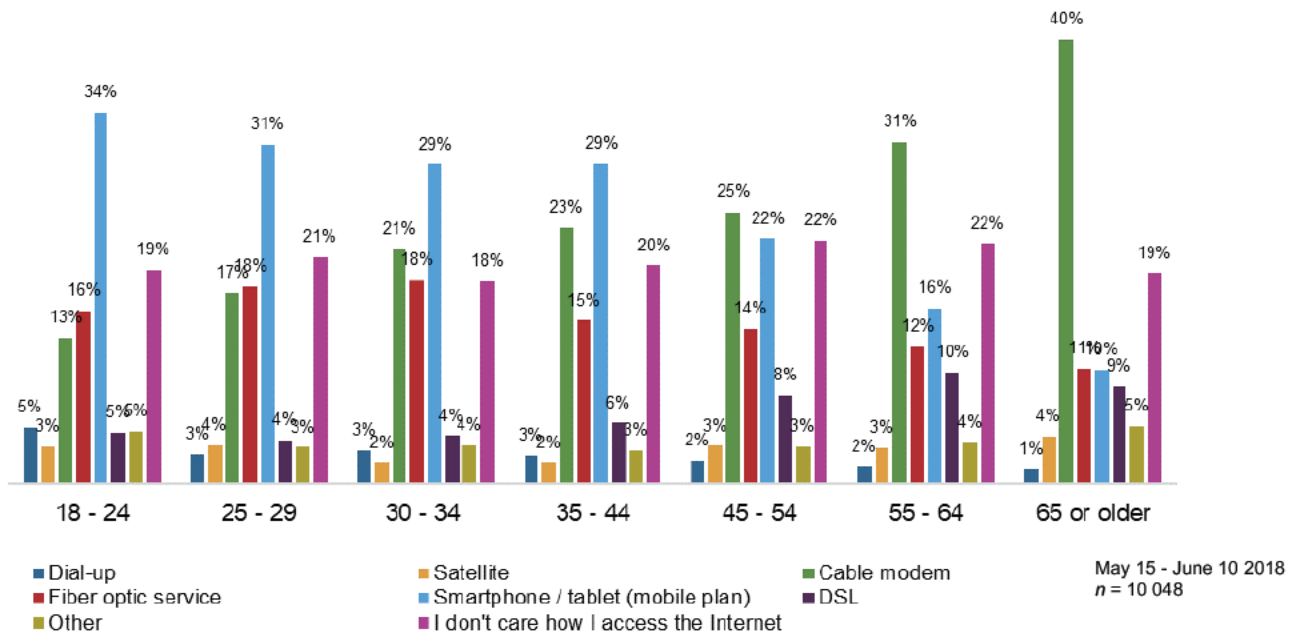
May 15 - June 10 2018
+/- 1%
n = 10 048

Question 1 (Internet Access Preference) – Topline Results Summary

The largest segment of U.S. adults prefers to access the Internet by way of a cable modem, with the second largest group preferring to use a mobile plan via their smartphone or tablet. One in five respondents said they “don’t care” how they access the Internet. Satellite and Dial up are still preferred by small groups of U.S. consumers.

Question 1 (Internet Access Preference) – Age Cross-tab Results

How do you prefer to access the Internet?



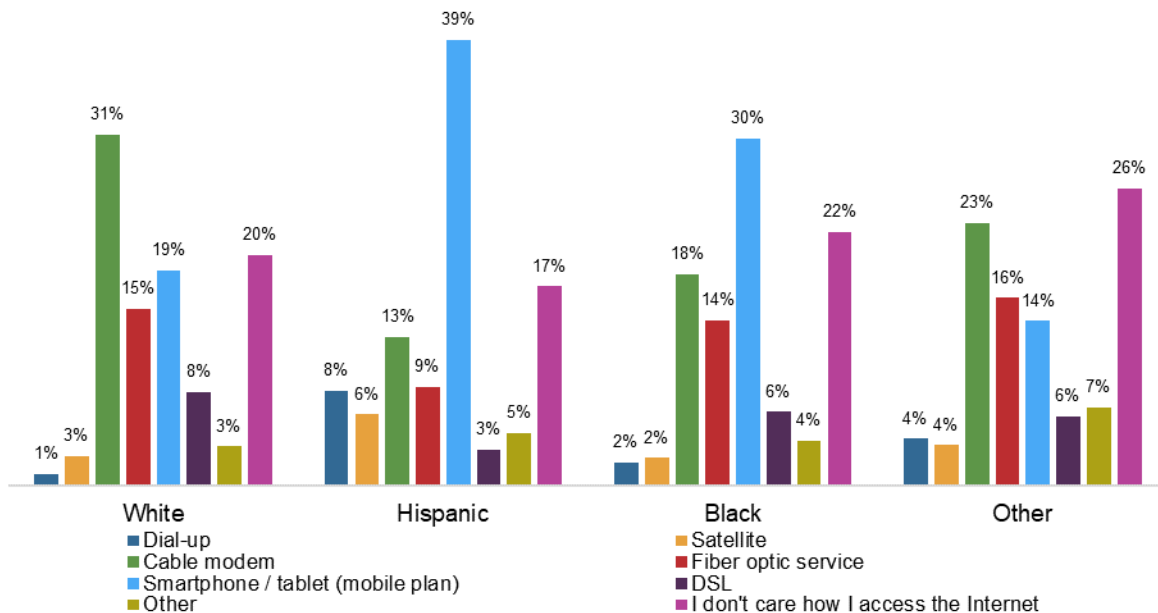
Question 1 (Internet Access Preference) – Age Cross-tab Summary

The age related skews in these results follow an intuitive pattern, with preference for Smartphone/Tablet access showing increasing prevalence among younger age groups and decreasing prevalence among older ones. Conversely, preference for Cable Modem and DSL rise in frequency among older respondents. Preference for fiber optic service peaks among 25-34 year olds, declining steadily with each older age group from there. Older respondents are also the least likely to care how they access the Internet. Differences in Dial up, Satellite, and “Other” are negligible across age groups.



Question 1 (Internet Activities 1) – Race Cross-tab Results

How do you prefer to access the Internet?



May 15 - June 10 2018
n = 8 993

Question 1 (Internet Access Preference) – Race Cross-tab Summary

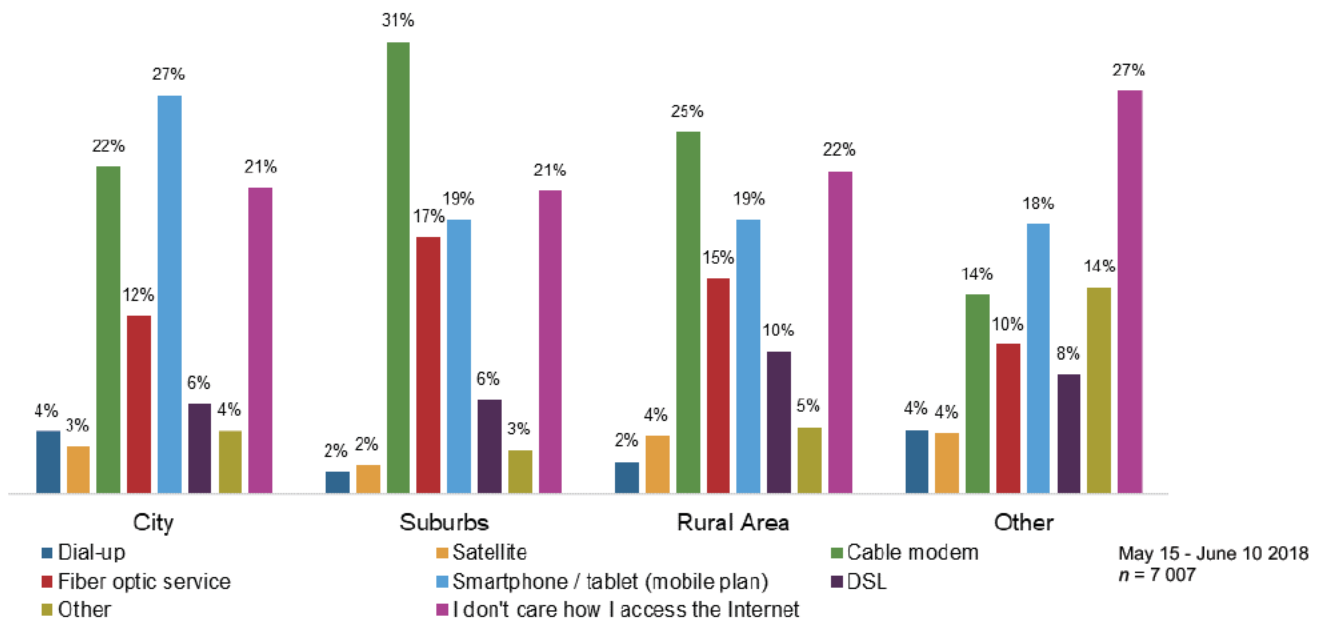
Preference for Smartphone/Tablet access is significantly highest among Hispanic and Black respondents, with Cable Modem access highest among Whites and Other races. Cable Modem and Fiber Optic access is lowest among Hispanics. The remaining categories are relatively consistent across Race groups, varying by only a couple percentage points.



IIA | Consumer Preferences for Internet Access and Online Activities Market Research Report

Question 1 (Internet Access Preference) – Residential Area Cross-tab Results

How do you prefer to access the Internet?



Question 1 (Internet Access Preference) – Residential Area Cross-tab Summary

Variability by Residential Area is unsurprising, with preference for Cable Modem and Fiber Optic Services prevailing in Suburban and Rural areas and Smartphone/Tablet prevailing in Urban ones. DSL is preferred most prominently in Rural areas, while Dial up is slightly higher in Urban centers. Incidence rates of “I don’t care” are remarkably consistent across the main Residential categories.

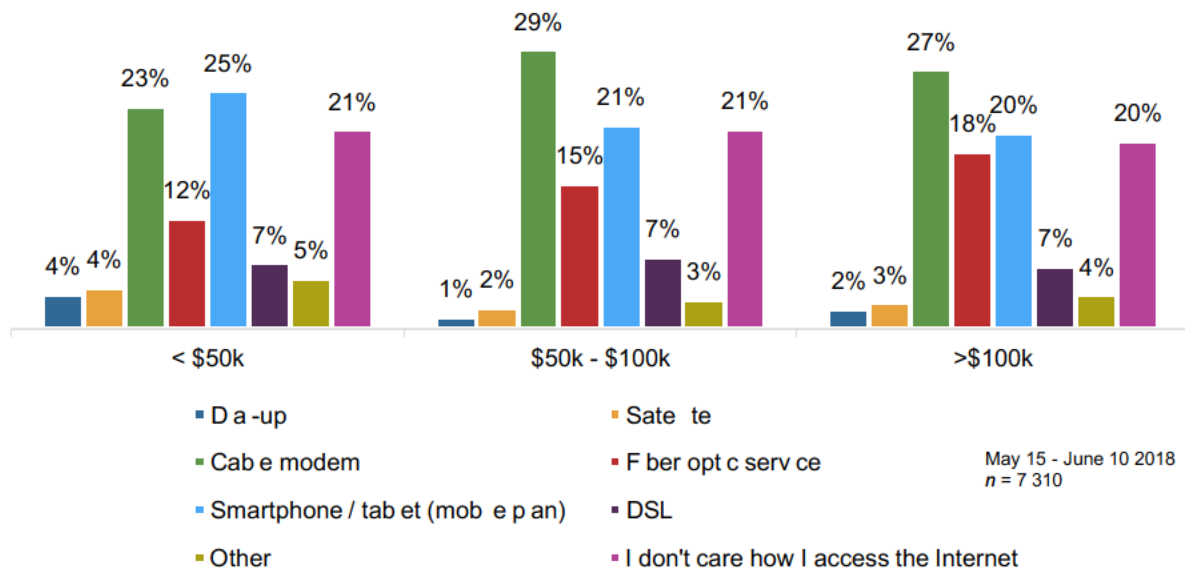
(Note: When analyzing Residential Area, the “Other” group constitutes 3% of all respondents and includes people who live on military bases, college campuses, and other non traditional areas. Given the small numbers this group represents, we give them minimal attention in our analysis).



IIA | Consumer Preferences for Internet Access and Online Activities Market Research Report

Question 1 (Internet Access Preference) – Income Cross-tab Results

How do you prefer to access the internet?



Question 1 (Internet Access Preference) – Income Cross-tab Summary

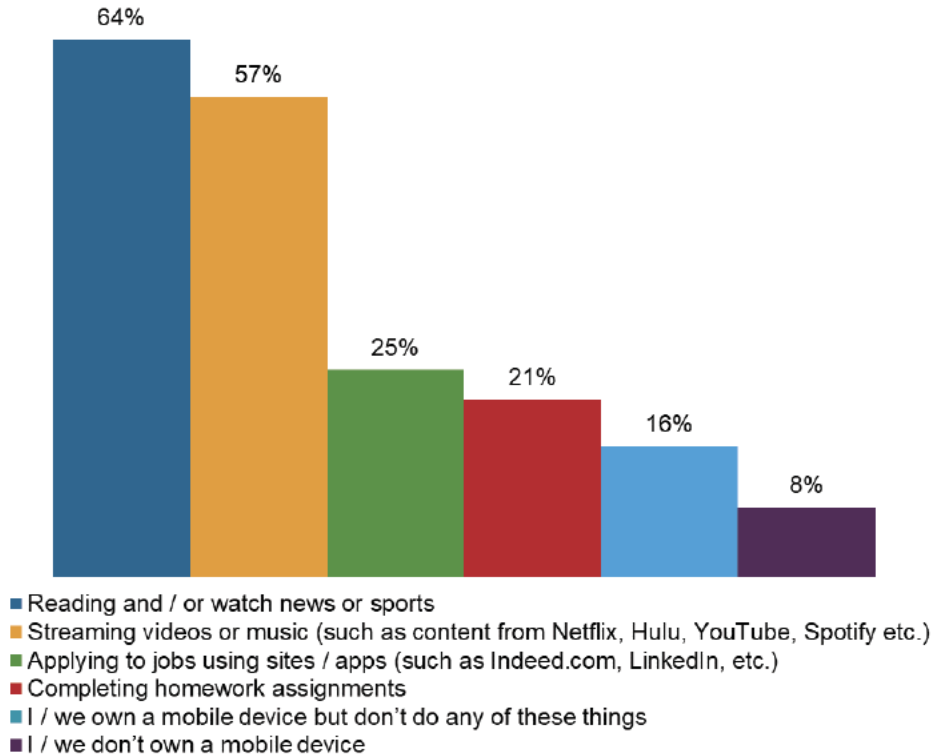
Respondents in households making over \$50,000/year in annual income prefer to access the Internet most commonly via cable modem or fiber optic service. Many consumers of all income levels express a preference for accessing the Internet through mobile broadband service. Consumers in all income groups state that they don't care how they access the Internet at about the same percentage.



IIA | Consumer Preferences for Internet Access and Online Activities Market Research Report

Question 2 (Mobile Device Activities 1) – Topline Results

In the past year, have you or anyone in your household used a mobile device for any of the following activities? (Please select all that apply.)



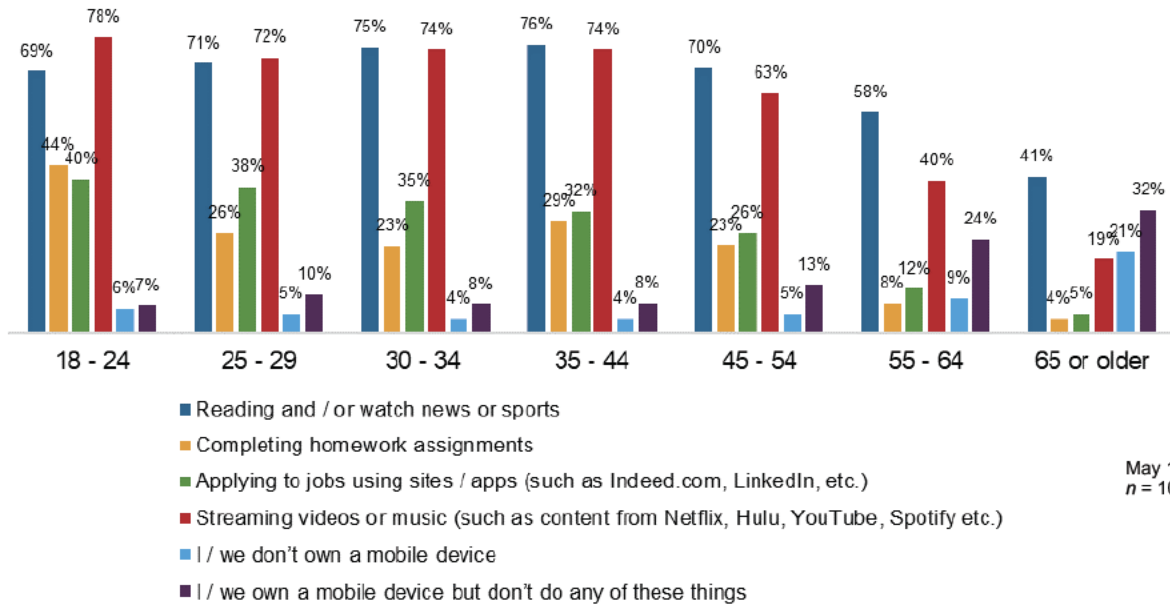
May 15 - June 10 2018
+/- 1%
n = 10 088

Question 2 (Mobile Device Activities 1) – Topline Results Summary

Over 76% of U.S. households use a mobile device to perform one or more of the activities included in this answer group. Over half of all Americans say that someone in their household uses their device to consume some form of news AND video content. One in four – or 27% of mobile device owners – use their device to apply for jobs online and slightly fewer use them to complete homework assignments.

Question 2 (Mobile Device Activities 1) – Age Cross-tab Results

In the past year, have you or anyone in your household used a mobile device for any of the following activities? (Please select all that apply.)

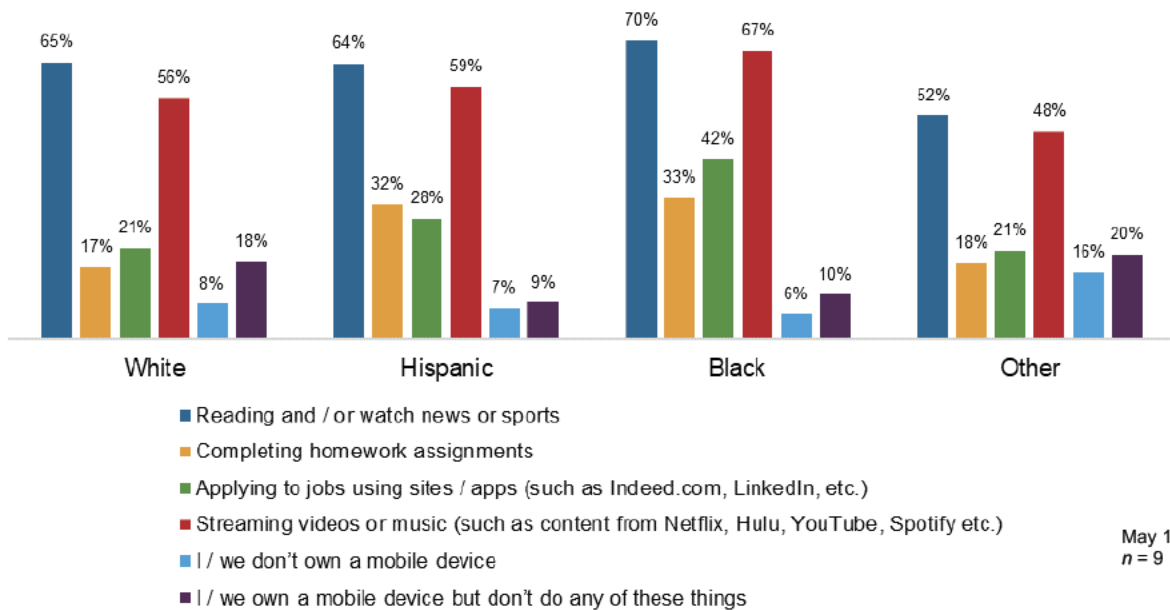


Question 2 (Mobile Device Activities 1) – Age Cross-tab Summary

The age numbers follow a predictable pattern, yet remain remarkably consistent among Millennial and GenX respondents. Reading news or consuming videos and music are by far the most popular activities across these groups. Naturally, completing homework assignments and applying for jobs was most prevalent among younger groups.

Question 2 (Mobile Device Activities 1) – Race Cross-tab Results

In the past year, have you or anyone in your household used a mobile device for any of the following activities? (Please select all that apply.)

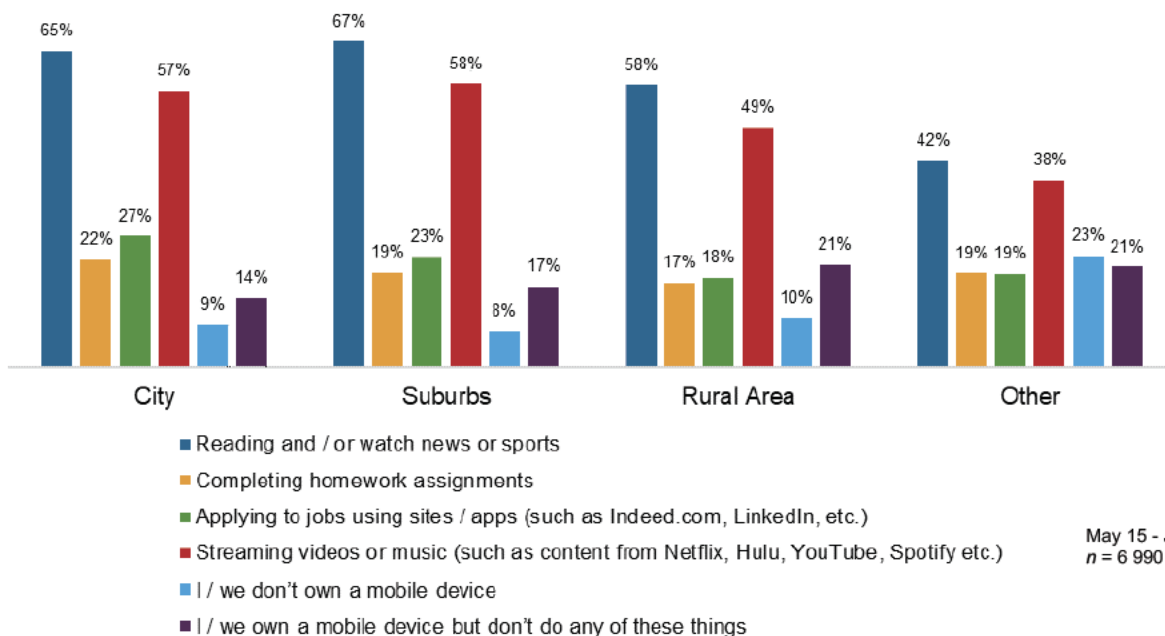


Question 2 (Mobile Device Activities 1) – Race Cross-tab Summary

Black respondents were the most prolific users of their mobile devices for all activities in this subset; they're two times more likely than Whites to use their mobile device to apply for jobs and nearly twice as likely to use them for homework assignments. Hispanics and Whites are fairly similar in their usage, though Hispanics were much more likely to use their devices for job and homework purposes.

Question 2 (Mobile Device Activities 1) – Residential Area Cross-tab Results

In the past year, have you or anyone in your household used a mobile device for any of the following activities? (Please select all that apply.)

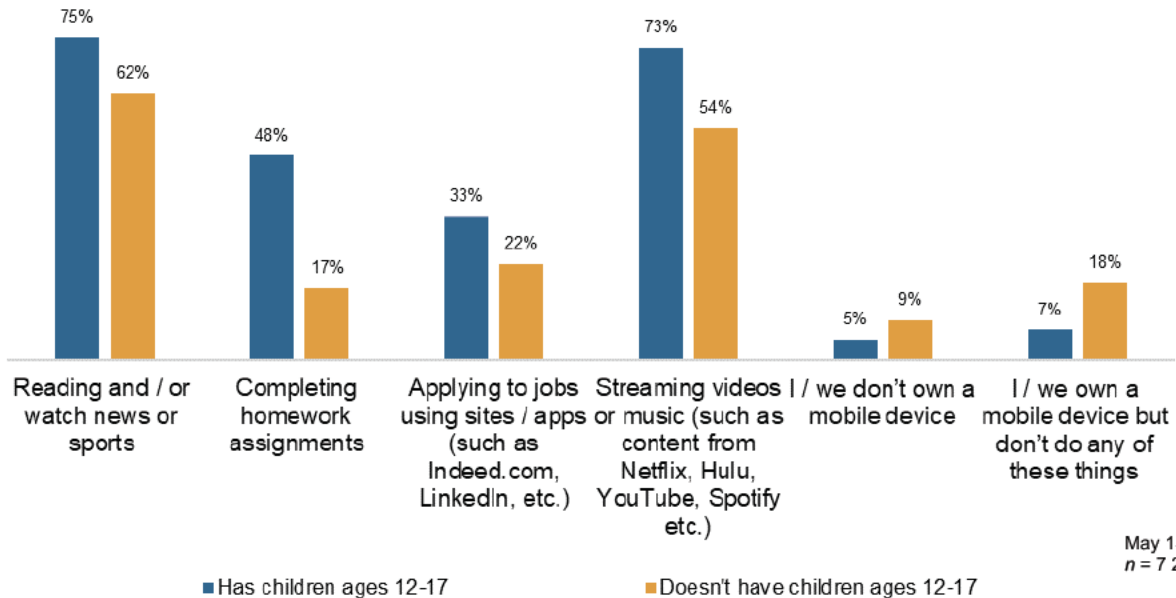


Question 2 (Mobile Device Activities 1) – Residential Area Cross-tab Summary

Here we see very little variance in usage, particularly between urban and suburban respondents. Rural adults are the least likely to own a smartphone and/or to use their device for any of the activities in this subset. Likely a proxy for some of the Race oriented observations in the prior chart, City dwellers are the most likely to use their devices for job or school purposes.

Question 2 (Mobile Device Activities 1) – Children Ages 12-17 Cross-tab Results

In the past year, have you or anyone in your household used a mobile device for any of the following activities? (Please select all that apply.)



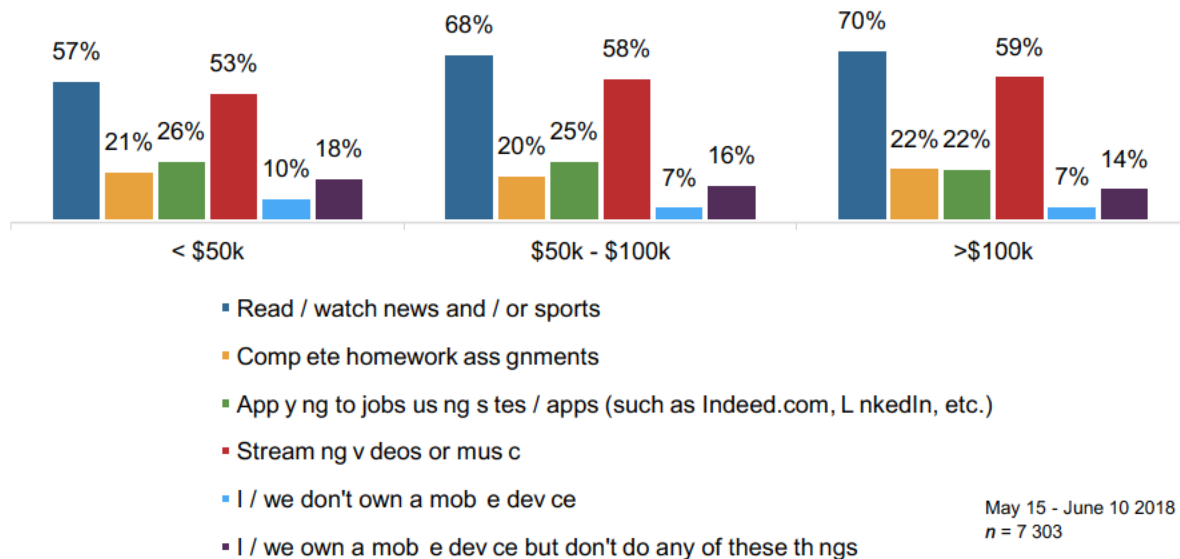
Question 2 (Mobile Device Activities 1) – Children Ages 12-17 Cross-tab

Summary

For the two Activities questions, we also Cross tabulated the results based on whether the respondent has children aged 12 17, roughly the time when most kids are gaining access to an Internet enabled mobile device. As evidenced in the chart above, mobile usage activities vary fairly significantly between the two groups. Not surprisingly, nearly half of households with children use mobile devices to complete homeworking assignments, compared to just 17% otherwise. Households with 12 17 year old children are more engaged in all activities.

Question 2 (Mobile Device Activities 1) – Income Cross-tab Results

In the past year, have you or anyone in your household used a mobile device for any of the following activities?



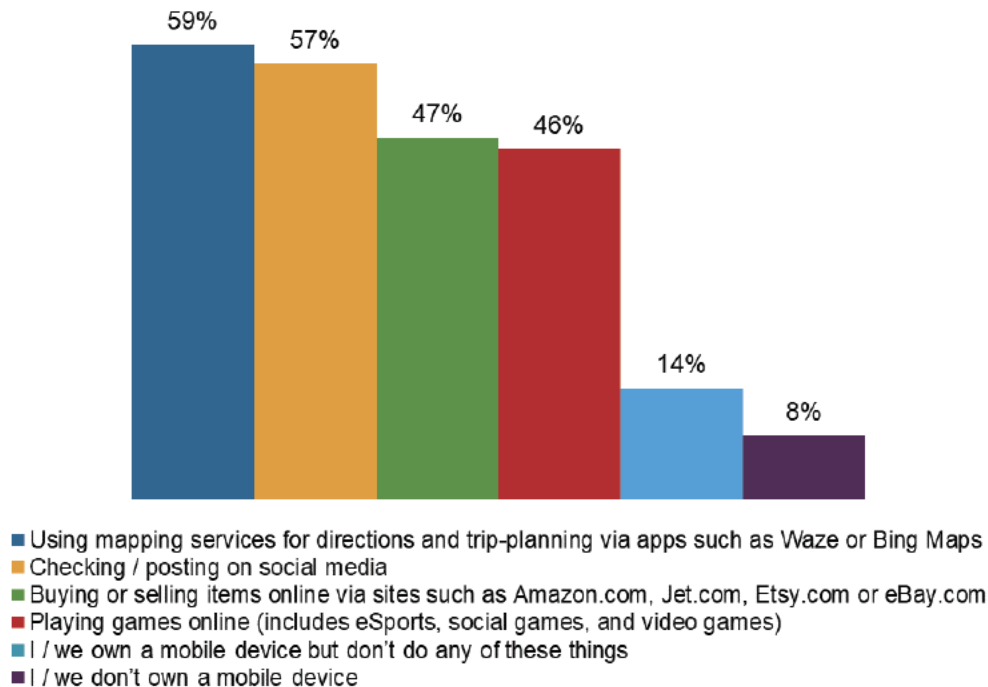
Question 2 (Mobile Device Activities 1) – Income Cross-tab Summary

Over 50% of consumers of all income levels indicate that they use mobile devices to stream video and music, as well as to read and watch news and sports. Higher income households are more likely than other groups to use a mobile device for general content consumption, ie. news or entertainment. Lower income respondents, however, were slightly more likely to report using a mobile device for job searching activities. Roughly 1 in 5 consumers across all income levels report using their mobile devices to complete homework assignments.



Question 3 (Mobile Device Activities 2)– Topline Results

In the past year, have you or anyone in your household used a mobile device for any of the following activities? (Please select all that apply.)



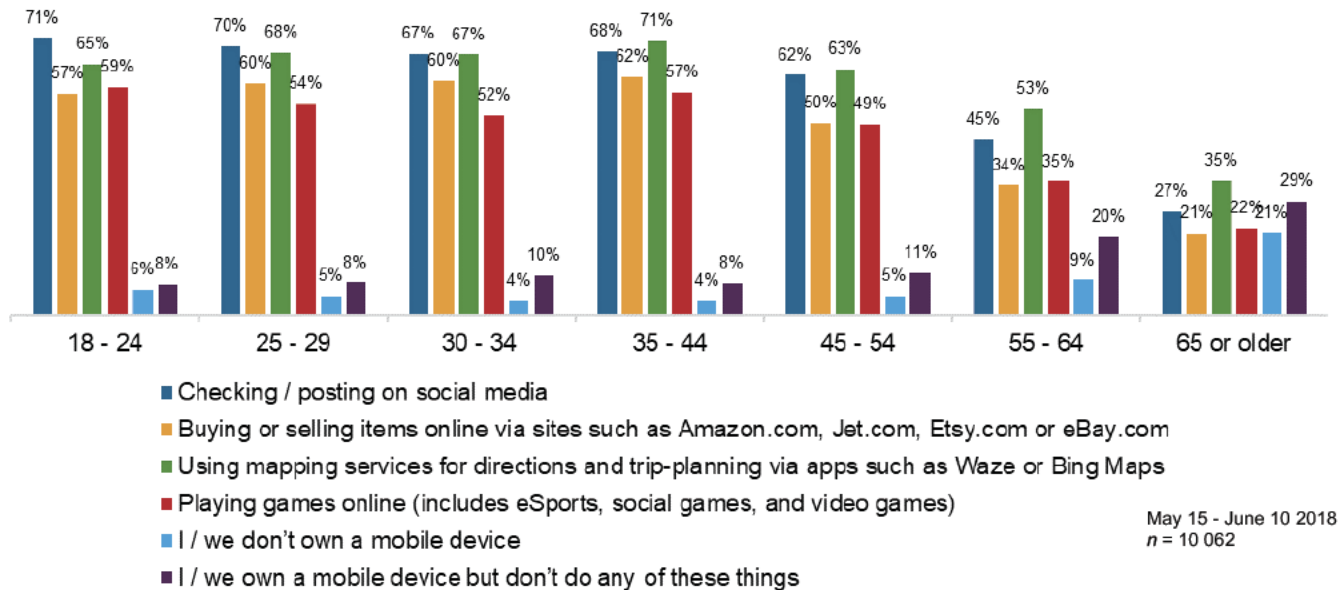
May 15 - June 0 2018
+/- 1%
n = 10 062

Question 3 (Mobile Device Activities 2)– Topline Results Summary

Here we see a slightly higher rate of usage across this subset, with 78% of U.S. households performing at one or more of these activities with their mobile devices. In fact, over half of all mobile user households perform at least two of these activities, with mapping services receiving the highest number of responses, followed closely by social media usage. Online commerce and gaming were still not far behind.

Question 3 (Mobile Device Activities 2) – Age Cross-tab Results

In the past year, have you or anyone in your household used a mobile device for any of the following activities? (Please select all that apply.)

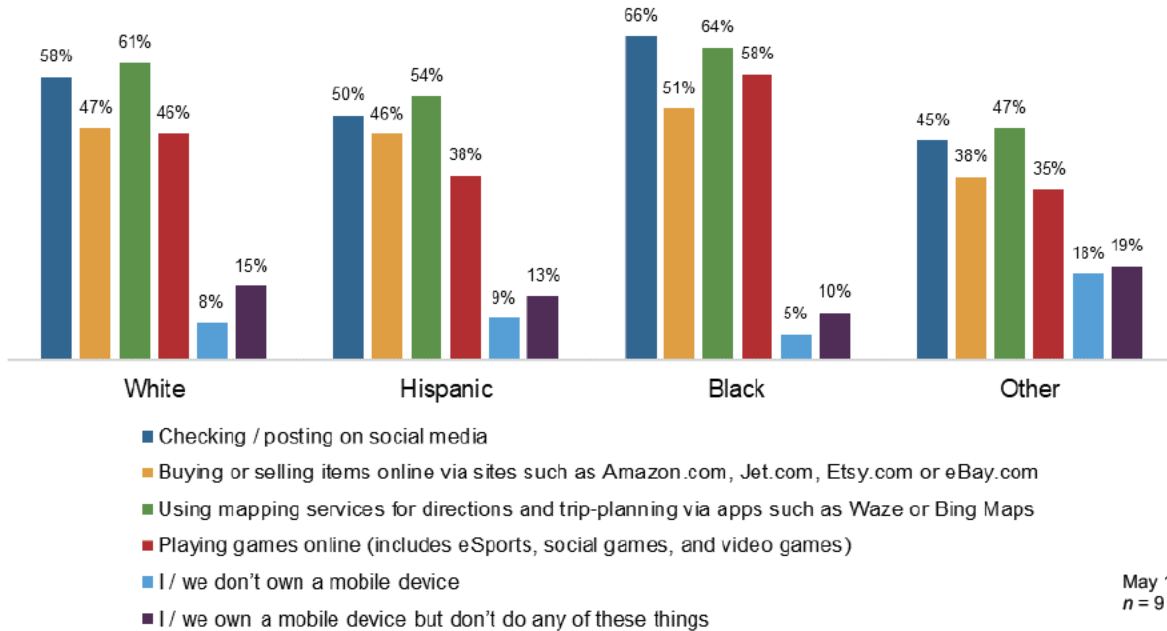


Question 3 (Mobile Device Activities 2)– Age Cross-tab Summary

Notably, the frequency of activities is uncannily consistent across age groups, particularly when results are rebased only among mobile user households (ie. the ratio of activity frequency to mobile user incidence in the age category). Minor and intuitive variances can be seen, for example, a higher rate of using mapping services among 30 44 year olds or higher rates of gaming and social media usage among younger groups.

Question 3 (Mobile Device Activities 2) – Race Cross-tab Results

In the past year, have you or anyone in your household used a mobile device for any of the following activities? (Please select all that apply.)

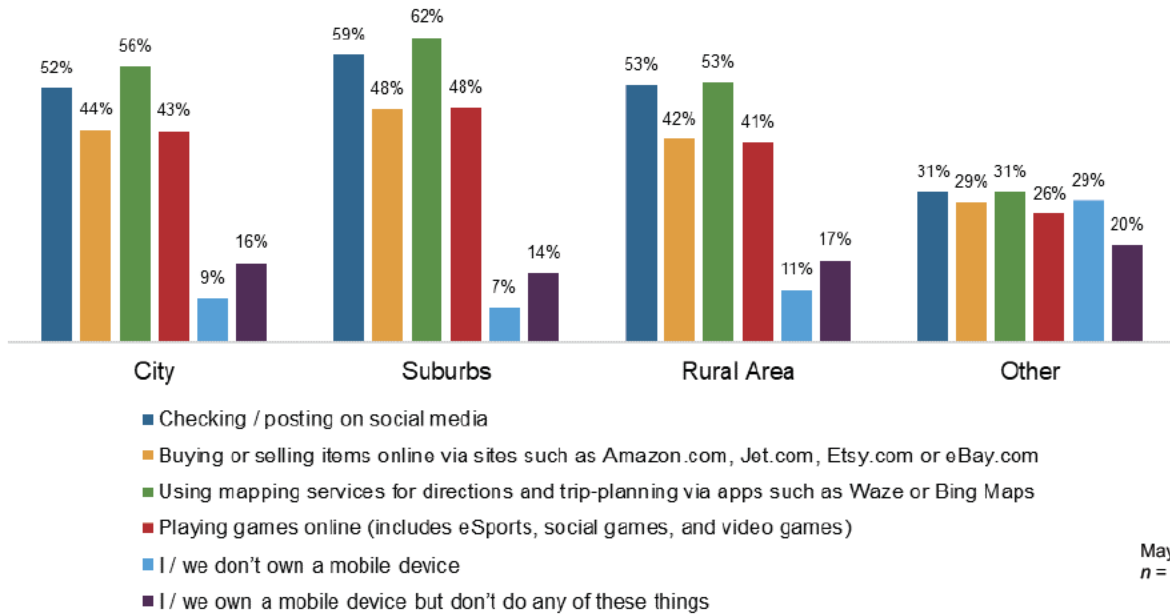


Question 3 (Mobile Device Activities 2) – Race Cross-tab Summary

Here we see a little more contrast – and a similar pattern as our first activities question – as Black respondents are clearly the most prolific in their use of a mobile device for all of these activities. They're the lone group where social media usage comes in higher than mapping services and playing games comes in higher than online retail. Conversely, Hispanic respondents were the least likely to use a mobile device for any of these activities, relative to Whites or Blacks.

Question 3 (Mobile Device Activities 2)– Residential Area Cross-tab Results

In the past year, have you or anyone in your household used a mobile device for any of the following activities? (Please select all that apply.)



Question 3 (Mobile Device Activities 2)– Residential Area Cross-tab Summary

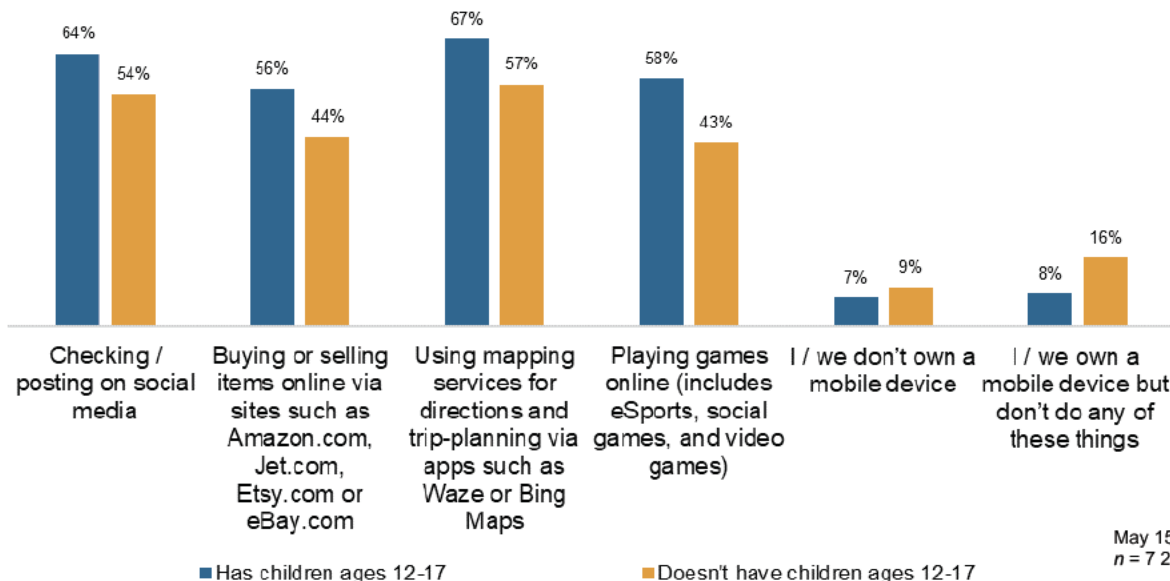
Like the age Cross tabs, rates of usage in this activity subset are fairly consistent across residential area, particularly when rebased only among mobile user households. Suburban respondents are the most likely to use their device for mapping services, which makes sense given the higher rates of driving in those areas. Otherwise, there is little to note from this chart other than its lack of noteworthiness.



IIA | Consumer Preferences for Internet Access and Online Activities Market Research Report

Question 3 (Mobile Device Activities 2) – Children Ages 12-17 Cross-tab Results

In the past year, have you or anyone in your household used a mobile device for any of the following activities? (Please select all that apply.)



Question 3 (Mobile Device Activities 2) – Children Ages 12-17 Cross-tab

Summary

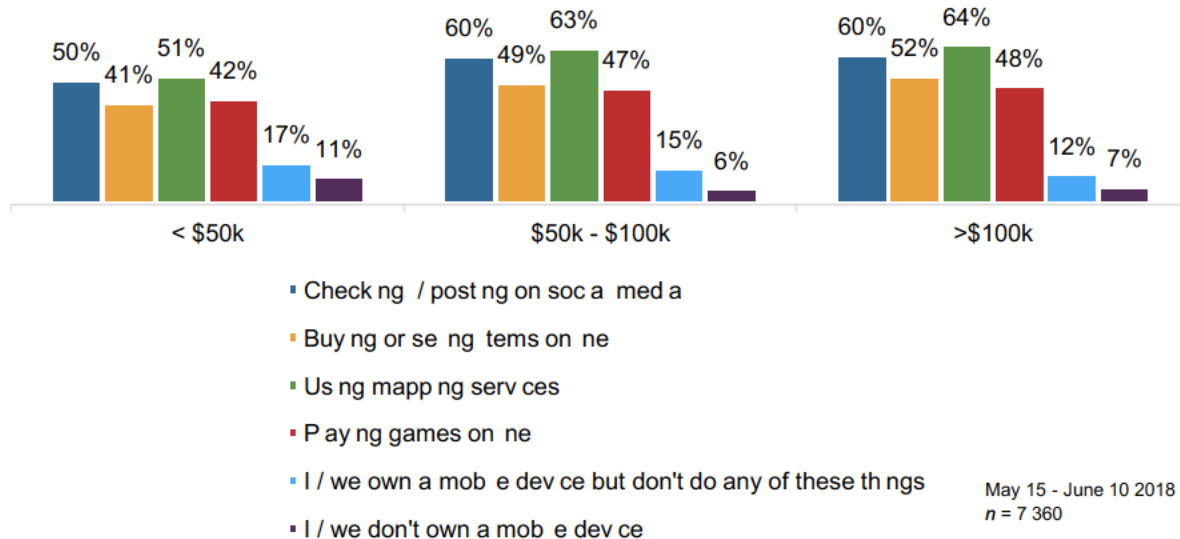
Similar to our first set of activities, we see that households with children aged 12 17 use their mobile devices for each function more than households without children age 12 17. Playing games online has the highest delta between the two groups, while checking social media is the most similar.



IIA | Consumer Preferences for Internet Access and Online Activities Market Research Report

Question 3 (Mobile Device Activities 2) – Income Cross-tab Results

In the past year, have you or anyone in your household used a mobile device for any of the following activities?



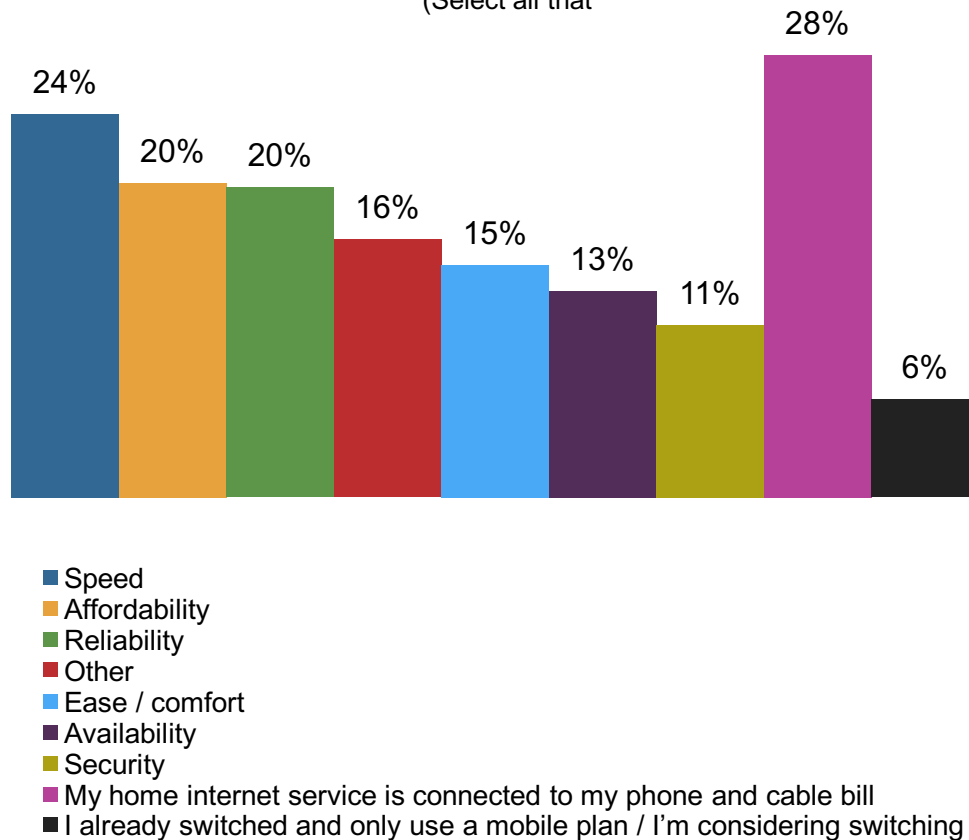
Question 3 (Mobile Device Activities 2) – Income Cross-tab Summary

In all groups, using a mobile device for mapping services is the most commonly reported activity. At least 50% of consumers at all income levels also say that they use their mobile devices for checking and posting on social media. About 41% of low income consumers report buying or selling items online with their mobile devices, while 52% of higher income consumers report doing so.



Question 4 (Reluctance to Switch to Mobile Plans) – Topline Results

If you currently subscribe to a home internet service provider, which of the following explains why you haven't switched to ONLY using a mobile plan (such as using the internet from your cell phone provider, AT&T, Verizon, T-Mobile etc.)?
(Select all that)

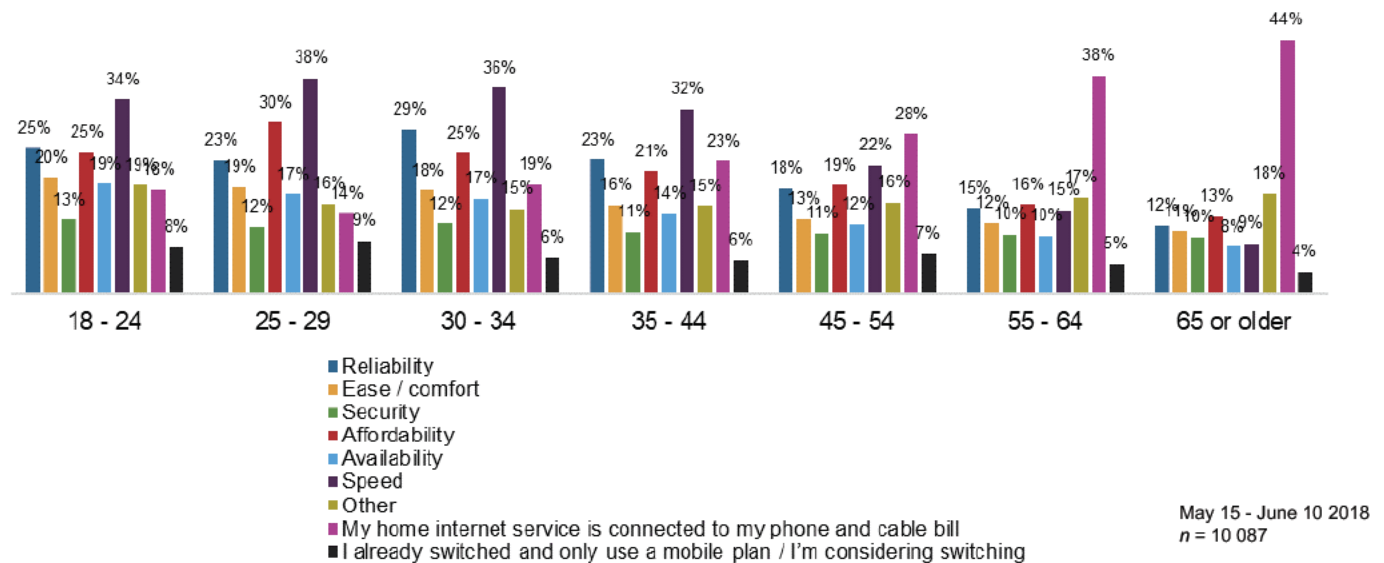


Question 4 (Reluctance to Switch to Mobile Plans) – Topline Results Summary

U.S consumers list a number of reasons for choosing not to switch their primary Internet service to a mobile only plan. The most common reason is that many respondents have their home Internet service bundled with their phone and cable bill. Otherwise, the deterrents are spread somewhat evenly with fears of slower Internet speed and reliability of service ranking highly.

Question 4 (Reluctance to Switch to Mobile Plans) – Age Cross-tab Results

If you currently subscribe to a home ISP, which of the following explains why you haven't switched to ONLY using a mobile plan (such as using the internet from your cell phone provider, AT&T, Verizon, T-Mobile etc.)? (Select all that apply.)

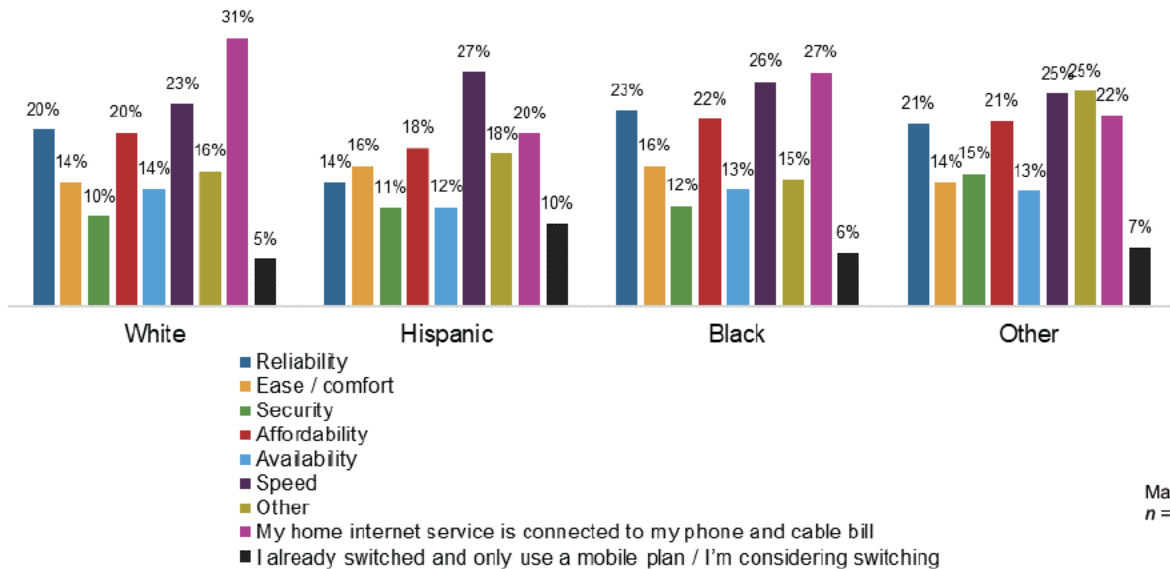


Question 4 (Reluctance to Switch to Mobile Plans) – Age Cross-tab Summary

The age breakdown tells a different story than our topline figures for this question. Speed is the number one concern among all categories under age 45, presumably because of higher rates of overall usage and media consumption in these groups. Consumers aged 45 and over report that the main reason they have not switched to mobile only Internet access is that their Internet services is bundled with their phone and cable service. Reliability peaks in importance among 30 34 year olds, while affordability ranks highest among respondents age 25 29.

Question 4 (Reluctance to Switch to Mobile Plans) – Race Cross-tab Results

If you currently subscribe to a home ISP, which of the following explains why you haven't switched to ONLY using a mobile plan (such as using the internet from your cell phone provider, AT&T, Verizon, T-Mobile etc.)? (Select all that apply.)



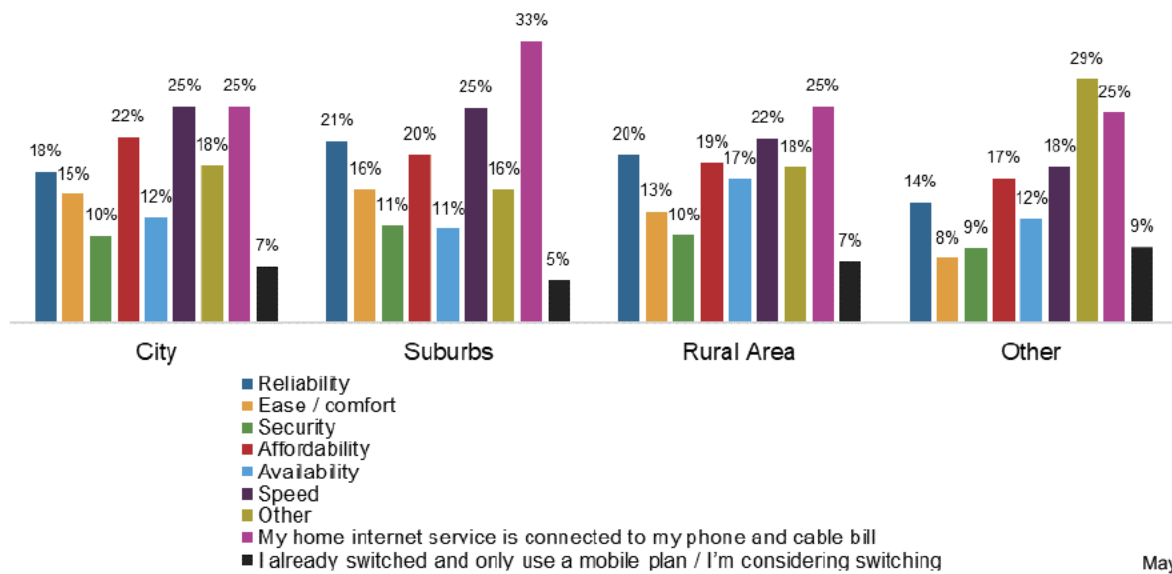
May 15 - June 10 2018
n = 9 200

Question 4 (Reluctance to Switch to Mobile Plans) – Race Cross-tab Summary

We see some variance in reasons for reluctance by race. White and Black respondents were most likely to cite the connection between their home Internet service, phone, and cable bills. Hispanic respondents were less likely to cite this reason, identifying speed as the biggest deterrent by a sizable margin. Black respondents over indexed in their selection of Reliability and Hispanics were the most likely of all groups to have already switched to a mobile plan.

Question 4 (Reluctance to Switch to Mobile Plans) – Residential Area Cross-tab Results

If you currently subscribe to a home ISP, which of the following explains why you haven't switched to ONLY using a mobile plan (such as using the internet from your cell phone provider, AT&T, Verizon, T-Mobile etc.)? (Select all that apply.)



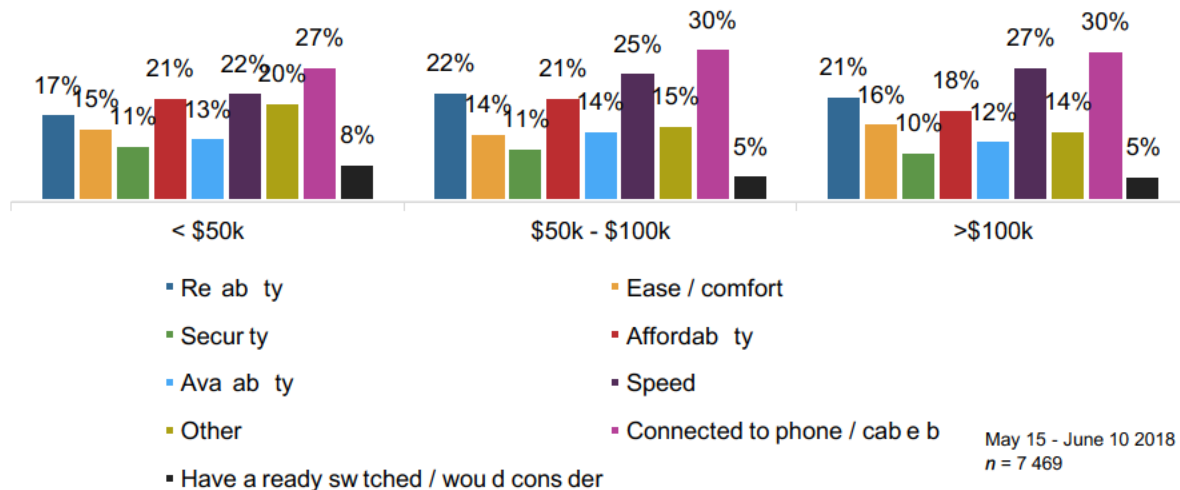
May 15 - June 10 2018
n = 6 967

Question 4 (Reluctance to Switch to Mobile Plans) – Residential Area Cross-tab Summary

The value placed on bundling of Internet, phone, and cable is highest among suburban residents, but remains the top choice among all the three main groups. Speed and affordability comprise 47% of responses among city dwellers. Beyond that, the differences are minimal, and reasons are fairly even in their distribution.

Question 4 (Reluctance to Switch to Mobile Plans) – Income Cross-tab Results

If you currently subscribe to a home ISP, which of the following explains why you have switched to ONLY using a mobile plan...?



Question 4 (Reluctance to Switch to Mobile Plans) – Income Cross-tab Results

Reliability is more of a concern among people making more than \$50,000 per year, and higher income is correlated with more concerns about speed. Households with income under \$50,000 per year have concerns about switching to mobile only because of their bundle with phone/cable (27%), speed (22%), and THEN affordability (21%). Lower income and middle income respondents are equally concerned with affordability. People making under \$100,000 per year are only slightly more cost conscious than people making over \$100k (18%).



III-CONCLUSION

The data collected for this project represent a straight forward and unsurprising view of Americans' mobile habits and attitudes. While mobile usage overall and the breadth of activities on mobile have increased, those numbers are likely to continue surging, given the reliance on mobile devices among younger and high growth demographic groups. As consumers develop more confidence with the speed, reliability, and other aspects of mobile Internet access, the distinction between wired and mobile Internet access will further dissolve.

CONTACT: John Dick, CEO, CivicScience
jdick@civicscience.com
(P) 412 559 9032
6101 Penn Ave
Pittsburgh, PA 15206