

Understanding the role of the Internet in the lives of consumers

Digital Influence Index
June 2010

Executive Summary

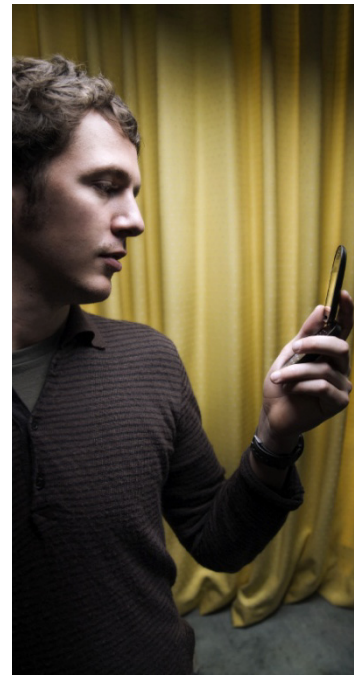
The Internet has clearly transformed the lives of millions while disrupting and displacing the business models of traditional media channels around the globe. But what impact does it really have on how people live? And how important a role does it play in their decisions? Does that role vary from country to country, or are users' experiences universal? Will concerns about such issues as privacy and security dampen consumers' digital enthusiasm, or will new media continue to play an expanding role in their lives?

These are critical questions. This study offers the answers.

The Digital Influence Index study sheds new light on fundamental changes in how consumers communicate and interact with one another and the world around them — on how they form new communities and adapt new rules of engagement. From there, it explores the effect this transformation is having on traditional modes of behavior and social norms and structures.

The Digital Influence Index study measures several key aspects of consumers' use of the Internet, from media consumption patterns, to the degree of adoption of various digital behaviors, to involvement with online social networking. But it goes beyond all that to assess the Internet's influence on specific decisions — from purchasing to politics, healthcare to finance.

More important, the study uses these findings to provide marketers with unique and practical insights into the Internet's influence on consumer behavior and decisions in key markets around the world, and to offer them tools companies can use to determine the best ways to influence online discussions and interactions.



“The Internet is by far the most important medium in the lives of consumers in all countries studied ... and even more important in China.”

Now in its second year, the study has expanded from France, Germany and the United Kingdom to include Canada, China, Japan and the United States. Together, these seven countries represent 48 percent of the global online population. The online survey took place between December 2009 and January 2010. The data was quota sampled and weighted to be representative of the online populations of each country.

For purposes of the study, media “influence” is defined as a combination of the time consumers spend on each medium and the relative importance they attach to it in their daily lives. A set of common indexes was created to permit comparisons among different media and enable the reader to examine each medium’s absolute and relative impact.

The study revealed nine key insights:

No. 1: Funding Gap: Globally, digital dominates in consumer influence — but not marketing dollars spent.

The Internet is by far the most important medium in the lives of consumers, but companies continue to underinvest in their online marketing efforts.

As in 2008, across all countries addressed by the study, the Internet has roughly twice the influence of the second strongest medium — television — and about 10 times the influence of print media. Although companies have been increasing resources applied to web-based activities like social media, online advertising, developing web properties and search management, there is still a gap between the relative importance of different media and spending on the media mix. One example is in the area of advertising. Globally, online advertising captures only 14 percent of the total advertising market (source: Zenith Optimedia, December 2009), yet based on time spent online and influence of that time, this is far less than what could be expected. The Digital Influence Index underscores the importance of that gap, showing that it is not just about the amount of time consumers spend on the Internet but about its influence on their perceptions, attitudes and behaviors. This suggests a strong opportunity and need for companies to continue to rebalance their media mix to address an unquestionable shift in the media influence patterns of consumers worldwide.

No. 2: On the Edge: Chinese Internet users are more advanced, but are early adopters, with room to grow.

Although the Internet is the most important medium in all countries, it plays an even more critical role in China, home to the world's largest and fastest-growing population of online consumers.

According to a 2009 Nielsen study, China now has the largest population of online consumers at 330 million — more than the entire population of the United States. However, only 27 percent of China's total population is online, compared to around 60 percent in more mature markets, leaving significant room for growth.

Beyond the sheer size of this online population, Chinese Internet users are much heavier users of most Internet behaviors, such as researching, communicating or self-expression through using social media tools, than their counterparts in other countries. They also are much more advanced in their use of the Internet across a wide range of activities and behaviors, from researching to using mobile capabilities. This may be, in part, because China's market is still developing, with Internet access adopted by a minority of the population likely to be made up of more technically adept early adopters compared to more mature markets. According to one source on Internet penetration (China Internet Network Information Center, 2010) Internet use in China went from less than 1 percent of the population to more than 28 percent in the 10 years since 2000. This is the most rapid shift in communications and technology uptake in human history. Time will tell whether Chinese Internet users begin to resemble the more mature markets as more of its overall population comes online, or if this outsized heavy use of the Internet will remain a national characteristic.

No. 3: Beyond Mainstream: Digital is core to decisions — for research, purchases and peer influence.

The Internet plays an integral role in the decision-making process.

In addition to viewing the web as an important and reliable research and communication tool, users often incorporate the medium into their decision-making process. Those decisions range from where to meet a friend for lunch, to what television to purchase, to how to invest in the stock market. Internet users report that online resources not only allow them to quickly and easily compare options, but also to seek out expert and peer advice that enables them to act with greater confidence.

Search engines are critical to the online decision-making process and often act as the launching point for consumers' research. While the type of source referenced depends upon the decision being made, search engines serve as the link between users and blogs, company web pages, government-sponsored sites or social networking tools.

No. 4: Too Much Information (TMI): Online oversharing of personal information isn't just a bore, but a rising threat, as well.

As more users embrace social media and generate content, a consensus is emerging — people share too much personal information, and too little of it is particularly interesting.

More than half (53%) of the study's respondents think others share too much information about their lives online, and only around one-third of Internet users find user-generated content interesting. And a rising number of people see risks in this online oversharing that go well beyond simply boring other users. More than one-fifth of Internet users worry that expressing their personal opinions online will have a negative impact on their reputation, public persona, career or financial security.

However, online consumers do find sources of value in selected consumer review sites, boards and blogs that are credible and linked to their interests. This makes careful segmentation and identification of truly influential online outlets very important.

No. 5: Cautiously Trusting: People trust the Internet most when they have multiple sources — and a friend is one of them.

While Internet users generally consider the Internet to be a reliable source of information, they tend to believe that many sources are better than one.

Internet users tend to look at many sources when seeking information, not relying on one source, apparently believing the truth is something average to the information found on those outlets. This appears to be one more example of the disintegration of the old mass media model. Where consumers once trusted information funneled to them through a few mass channels, the credibility of the information they consume today seems tied to their ability to retrieve information from a variety of sources and cross-check among them.

While most Internet users look to other individuals and their experiences in online conversations and Internet postings, they do not trust everything they read. In fact, they tend to rely more on information from government or company sources than on what is posted by other users.

But while users may be more or less skeptical about various information sources, the study reveals they generally consider the Internet to be a safe communications tool. Across all countries in the study, an average 39 percent believe it is safe to communicate with others online, while only 19 percent think otherwise.

No. 6: Pay to Play Doesn't Play: Trust in bloggers for hire remains weak.

Across all countries studied, Internet users report a lack of trust in content produced by sponsored or paid bloggers.

While blogs continue to be a popular source of news, reviews and general information, consumer confidence in blog content drops if readers know that the authors are compensated by the companies they are writing about. Seventy-six percent of consumers reported that they are less inclined to trust content written by a blogger who receives a free sample from a company they are writing about. Trust in blog posts by writers who are paid by a company to blog about its products or business is also low, with less than one-fifth of respondents reporting them as reliable.

The finding prompts the reflection that, in the new digital world as in the traditional media environment, consumers attach added credibility to “earned” media content, versus content that a company pays for, suggesting that finding the right writers to engage is as important as ever and that marketers need to rethink approaching this from a paid media mindset.

An open question to explore in the next iteration of the Digital Influence Index is what readers look for to assess if a blogger is credible or being compensated in some way for writing.

No. 7: Real-Time Trust! Microbloggers trust companies that listen and respond in real time.

Users who have adopted microblogging tend to trust companies that monitor their online activity. They seem to view this online listening as a sign that organizations care about their needs and want their feedback.

Awareness of Twitter and other microblogs is high. Some 78 percent of consumers have heard of this new online medium, and one-third of these informed consumers have a microblogging account.

As individuals use their microblogs to keep in touch with friends and family, stay up to date on news and connect to others with similar interests, more and more companies have joined the conversation as a way to reach out, listen and engage with their target audiences. That's a smart business strategy, according to this study. Even though not all organizations have adopted this relatively new medium, 75 percent of consumers view companies with microblog accounts as more deserving of their trust than those without. An equal percentage are pleased that organizations are monitoring microblogs and listening to what consumers have to say. Few study respondents were concerned that the organizations were setting up these accounts merely for show (11%), or using them to spy on consumers (14%).

No. 8: Mobility Gap: As apps multiply and speeds increase, mobile users snap up smartphones — but realize only a fraction of their potential.

Although mobile Internet use is growing, a significant gap exists between the capabilities available to mobile phone users and the number of individuals who actually take advantage of them.

The mobile world continues to advance, as wireless operators and handset manufacturers provide increasingly capable devices and ever faster network speeds. In response, more and more individuals are purchasing smartphones to access the web, listen to music and view multimedia while on the go. The actual adoption levels of many features remain low. An average of one-fifth (21%) of mobile phone users do not use the features or full capabilities that come equipped on their phones. The biggest gaps between capabilities and use are for playing games, recording/playing video, accessing the Internet and sending/receiving e-mails.

Canadians and Germans are least likely to take advantage of their mobile device's capabilities, followed by users in France, the U.S. and the U.K., who use an average of about 40 percent of device functionality.

No. 9: Where to From Here?: As Internet use continues to grow, will its influence grow, too? Depends who you ask.

As important as the Internet is now, will its consumer influence continue to grow in the future? The answer varies from country to country ... but in China it is a resounding "yes!"

As can be seen in the behaviors reported in the study, people already view the Internet as a useful, important and influential tool that helps them stay in touch with others, saves them time and aids in their decision-making process, among other things. Many, however, believe the web will be even more influential in the next two years.

Thirty-nine percent of respondents said they thought the Internet would be more important in the next two years, while 59 percent said its importance would likely stay the same. Three percent said it would be less important.

Chinese Internet users (85%) were more likely than users in other nations to report that the Internet would become more influential in the future. The French (17%) are least likely to report that belief. This lower expectation in France may be related to the maturity of its online market, thanks to the universal access to online content and communications introduced by the Minitel system more than 25 years ago.

No. 1: Funding Gap: Globally, digital dominates in consumer influence — but not marketing dollars spent.

The Internet is by far the most important medium in the lives of consumers, but companies continue to underinvest in their online marketing efforts.

In the Digital Influence Index's methodology for calculating media indexes, "influence" represents the amount of time consumers spent on a given medium combined with the relative importance they attach to that medium. So, although respondents may spend the same amount of time online as they do watching television, when the importance of that time spent is taken into account, the Internet has a far greater impact on their lives. This pattern is present in all countries and is likely a reflection of the richness of content and interactivity of the medium.

In this study, media influence patterns have proved to be remarkably consistent from country to country, with the Internet considered to be the most impactful medium, traditional electronic media receiving less attention and print media trailing the pack. This dominant role of the Internet is especially pronounced in fast-developing China at 66 percent of all media influence compared to 55 percent in the U.S.








Time spent with media

On average, individuals in the study spend around 13 hours per week online (not including e-mail, which was tabulated separately). The Chinese spend more time on the web (15 hours) than other groups, while those in Japan spend the least (11 hours). Germans spend the lowest percent of their weekly media time online.








Consumers also devote large amounts of their weekly media time to watching television. TV viewing is on par with Internet use in most cases, with the notable exception of the Chinese, who report relatively low TV consumption. By contrast, British consumers spend much more of their media time watching TV or listening to the radio. U.S. consumers spend the most time reading e-mails. In addition to their heavy Internet use, Chinese Internet users spend the largest amount of time using their mobile phones.

Average number of hours consumers spend on activities per week

All numbers are average number of hours engaged in each activity per week

							
Using the Internet	15.4	13.2	11.7	12.2	14.4	12.1	13.1
Watching television	6.7	14.0	12.0	13.1	15.5	10.8	14.1
Listening to the radio	2.7	6.5	3.7	7.7	8.4	5.6	6.9
Reading e-mail	3.3	4.6	3.2	3.6	4.2	3.1	4.1
Listening to music through a device other than the radio or the Internet	4.5	5.1	3.7	6.0	5.9	3.5	5.6
Using your mobile phone	6.3	5.8	3.2	4.5	3.8	2.3	4.0
Playing video games (offline)	4.0	3.6	3.0	3.8	4.3	3.8	4.5
Seeking/giving advice to friends, family and colleagues	2.7	2.8	2.2	6.0	2.2	1.8	2.8
Reading newspapers	3.3	2.9	2.4	2.9	2.9	1.9	2.7
Reading magazines	3.4	2.2	2.0	2.6	2.1	1.9	2.2
Reading mail or information you received through the post	3.0	2.0	2.6	1.9	1.8	1.5	1.6
Total average hours spent per week	55.3	62.7	49.7	64.3	65.5	48.3	61.6

Media Index Scores by Country

	Internet = 66% TV = 15% Newspapers = 8%
	Internet = 55% TV = 29% Newspapers = 4%
	Internet = 54% TV = 34% Newspapers = 5%
	Internet = 47% TV = 29% Newspapers = 5%
	Internet = 54% TV = 31% Newspapers = 3%
	Internet = 53% TV = 27% Newspapers = 5%
	Internet = 54% TV = 27% Newspapers = 5%

Importance of media

Of the seven nations the study addressed, four reported the Internet to be the most important source of information. China ranked the web highest in importance, followed by Germany, Japan, and the U.K., placing it above advice from friends, family or co-workers, television, radio, newspapers, magazines, postal mail and e-mail. And though respondents spend a significant amount of time on the web, they still reported peer advice as an important information source. German, French and Canadian consumers ranked advice from family, friends and colleagues of utmost importance. The Internet and peer advice tied in importance among Americans.

Magazines, radio and postal mail had the least importance among respondents, with an average of 10, 12 and 15 percent reporting each respective media as “absolutely essential” or “extremely important.”

Newspapers and television received similar average rankings of around 16 percent.

Since consumers tend to discount the impact of any form of media on their

lives, we can use a concept called net importance to draw conclusions about the relative importance of each media. Net importance takes the bottom two importance ratings for a media and subtracts that from the top three importance ratings, establishing a single number for the relative importance of a medium.

Overall, the web has the highest net importance of the media types included in the survey. E-mail, which was tabulated separately from the Internet, was also seen as important among respondents. Not surprisingly, radio ranked lowest in net importance, followed by magazines, newspapers and television, respectively. The Internet is most valuable to the Chinese who are online, but it also earned positive net importance in all the other countries. China and Germany positively ranked several forms of media, while other countries focused primarily online and on peers.

How important information sources are to consumers

(All numbers are percents)

Internet (excluding e-mail)	71	23	32	34	30	12	21
Advice from friends, family and/or colleagues	48	23	23	51	16	20	28
E-mail	55	22	22	28	19	5	15
Television	32	14	21	22	13	5	8
Newspapers	35	11	20	25	9	6	12
Mail or information through the post	33	10	11	20	11	8	11
Radio	16	9	12	20	9	5	10
Magazines	24	4	11	15	5	4	5

Each source of information is "absolutely essential" or "extremely important"

Net importance of the Internet compared to other media

	TV	Radio	Newspapers	Magazines	Internet (not e-mail)	E-mail
China	23%	-18%	35%	6%	84%	68%
U.S.	-28%	-53%	-34%	-68%	1%	-4%
Japan	9%	-30%	8%	-22%	36%	16%
Germany	17%	9%	18%	-14%	52%	30%
U.K.	-26%	-54%	-54%	-66%	15%	-14%
France	-39%	-32%	-22%	-24%	10%	-18%
Canada	-36%	-43%	-26%	-62%	3%	-16%

Note: Net Importance calculated by subtracting Bottom 2 importance scores (not at all/somewhat) from top-three importance scores (Essential, Extremely, Very)

Professionally produced content remains important to consumers, but many Internet users have abandoned print and prefer to get their news online.

The strength of consumers' preference for receiving their news online is clear across the globe, with a noticeable abandonment of traditional print forms in many countries. This trend is the most dramatic in North America and the least pronounced in emerging China. Below are detailed findings of consumer behavior in an average week:

- > In the U.S., 42 percent of online consumers do not read magazines and 40 percent do not read a printed newspaper.
- > In Canada, 42 percent of online consumers do not read magazines and 28 percent do not read a printed newspaper.
- > In the U.K., 36 percent of online consumers do not read magazines and 33 percent do not read a printed newspaper.
- > In France, 31 percent of online consumers do not read magazines and 28 percent do not read a printed newspaper.
- > In Japan, 29 percent of online consumers do not read magazines and 24 percent do not read a printed newspaper.
- > In Germany, 28 percent of online consumers do not read magazines and 26 percent do not read a printed newspaper.
- > In China, 5 percent of online consumers do not read magazines and 6 percent do not read a printed newspaper.

Online advertising budgets are growing, but lag in influence and are allocated less budget.

Given that the Internet is twice as influential as television and up to 10 times more influential than print media, one would expect a proportionate shift of marketing spending to digital channels. But, although resources are shifting toward the Internet, a large gap remains.

If we look just at advertising, the U.K. is leading the way in this shift, with the Internet accounting for nearly 23 percent of advertising expenditure in 2008 (source: Zenith Optimedia, December 2009). That places online ad spending behind television (26%) and newspaper advertising (28%). This 23 percent share is a large leap from the 15 percent share the online channel received in 2007, yet lags the 54 percent share of influence of the Internet uncovered by the Media Index Scores.

No. 2: On the Edge: Chinese Internet users are more advanced, but are early adopters, with room to grow.

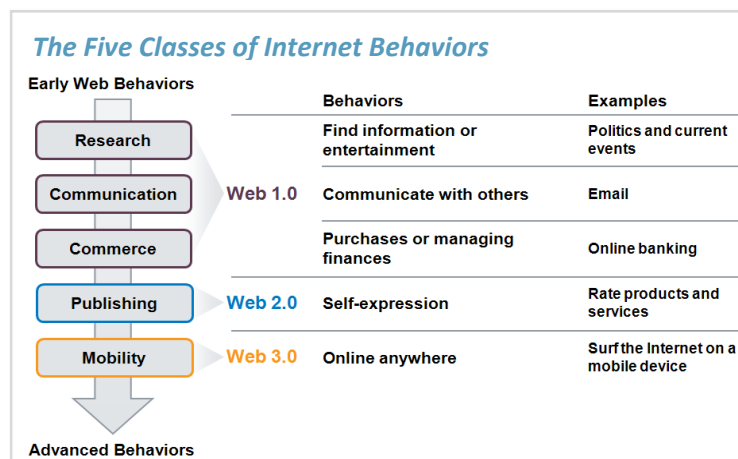
Although the Internet is the most important medium in all countries, it plays an even more critical role in China, home to the world's largest and fastest-growing population of online consumers.

Behavioral framework

The Internet is clearly the most influential medium among consumers who are using it. To dig deeper into what is driving that influence, the Digital Influence Index created a behavioral framework that provides a context for how consumers adopt online behaviors and how their use of those channels expands and evolves.

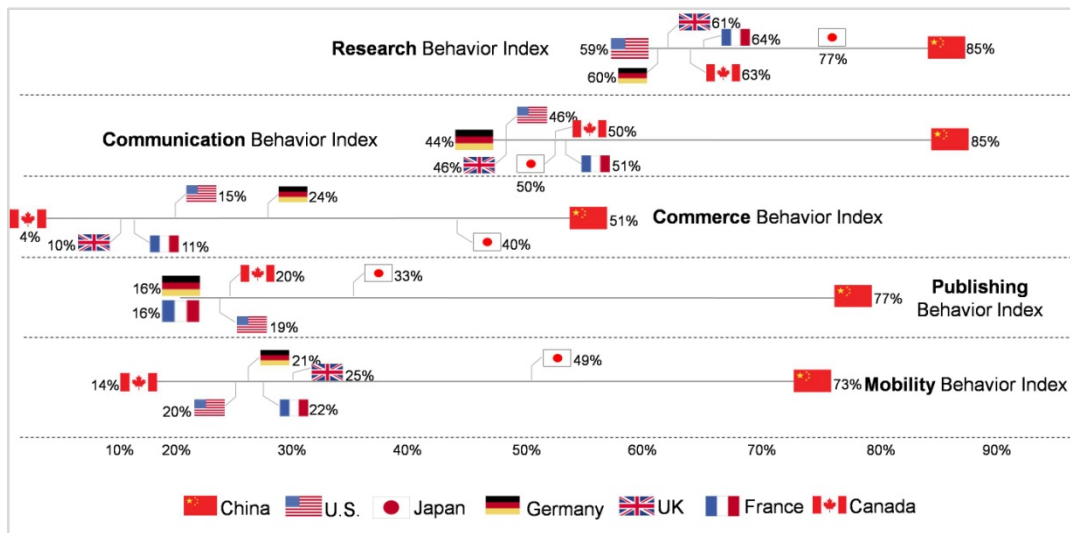
The study examined 46 wide-ranging Internet behaviors and divided them into five classes that reflect the most important ways consumers use the Internet. As the following diagram

shows, these classes of behavior were arranged according to the rough chronological development of Internet technology:



Differences by country in the adoption of Internet behaviors have implications for marketers.

Although we look at all 46 Internet behaviors, it is useful to examine them by type using the behavioral framework. Each type of behavior was combined into a behavioral index representing the degree to which the online population of a country has adopted all behaviors of that type. For example, if 50 percent of U.S. Internet users had adopted 50 percent of all publishing behaviors, there would be a publishing index score of 25 percent.



Though online access is mainstream, with more than 60 percent penetration, mature Western markets (U.S., U.K., France and Germany) are seeing lower adoption rates for digital behaviors. China has the highest adoption rate for all digital behaviors. The Chinese market, however, is still developing, and the current adopters are not the majority of the population. Japanese users have also adopted advanced behaviors at high levels, particularly in mobile. This apparently stems from Japan's strong higher-speed mobile penetration and an abundance of advanced handsets.

The Chinese are the most likely to engage in online behaviors and are doing so at much higher levels than individuals in any other nation. In general, Japan follows at a distance, and the other nations in the study are at the opposite end of the adoption spectrum. In the study these two Asian nations led the way in online commerce, publishing and mobility — behaviors that other countries have been slower to adopt. Online commerce practices vary from nation to nation, with more than half (51%) of Chinese taking part, compared with only 4 percent of Canadians.

Similarly, Europeans and North Americans have not yet taken to online publishing or mobility, which include such behaviors as posting original works online and accessing the web on the go. While three-fourths of Chinese engage in the aforementioned

behaviors, fewer than one-fourth of users in Western nations practice them. Even in the most basic online communication and Internet research behaviors (ranging in the 40 to 60 percentiles), they still lag the Chinese (who lead both of these categories at 85 percent).

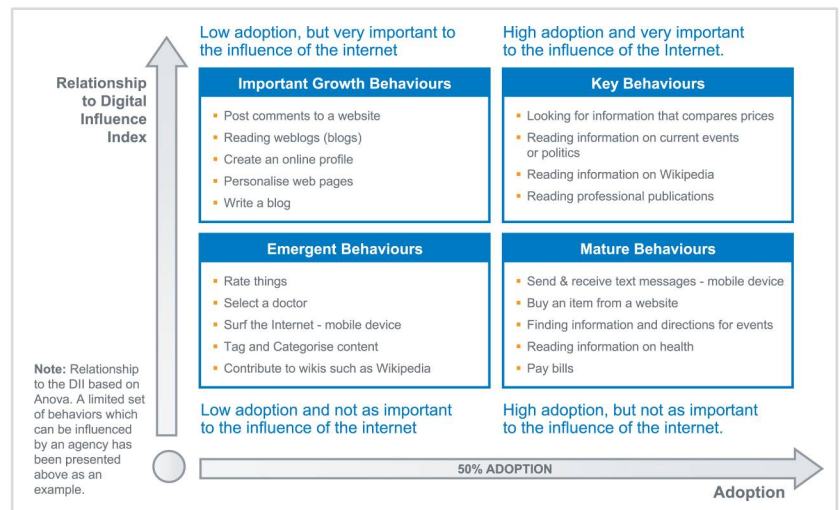
Part of the disparity between developing China and mature European and North American markets may be that the Chinese are finding a fresh outlet for expression that wasn't available to them before. In time, as the Chinese market matures, there could be a trend toward less engagement in online publishing and other activities that characterize the more mature markets.

What influences do these Internet behaviors have on decisions?

Studying the adoption of specific Internet behaviors was only the first step toward one of the key objectives of this study: examining the influence of these behaviors on the lives of consumers. Marketers need such information to effectively tap into those behaviors that present opportunities for their brands.

The Digital Influence Index divides Internet users' various uses of the Internet into four categories. Only those behaviors that are most relevant to a broad range of companies are presented below:

- > **Key Behaviors** — such as comparing prices and reading information on sites and Wikipedia — are already widely adopted and have a high influence on web users.
- > **Important Growth Behaviors** — such as commenting on or writing a blog— may have a low adoption right now but have a strong influence on users who have adopted them.
- > **Mature Behaviors** — such as texting, e-mail and paying bills — are well-adopted but are not influential. In a sense, these behaviors are entry-level items for marketers and well-accepted behaviors among broad audiences.
- > **Emergent Behaviors** — such as rating products or services, mobile surfing, and contributing to Wikipedia — currently have a low adoption rate and are not as influential as the Key Behaviors. They are likely to rise in influence in coming years.



No. 3: Beyond Mainstream: Digital is core to decisions — for research, purchases and peer influence.

The Internet plays an integral role in the decision-making process.

Chinese respondents felt most strongly about incorporating online research into the decision-making process while Canadians were least likely to view the web as important in deciding what to buy or how to spend time.

When it comes to purchasing things like consumer electronics, Internet users consider online research to be a necessary step in the decision-making process. An average of 64 percent of users reported the Internet was “absolutely essential,” “extremely important” or “very important” when making a choice about electronics. Eighty-eight percent of the Chinese, 75 percent of Germans and 64 percent of French respondents reported such a belief. Internet users — specifically Asians and those from Germany and France — also said the Internet was important for making decisions about travel and leisure.

	(All numbers are percents)	The Internet helped you.....					
		Find advice or support from other people about:	Compare options	Find professional or expert services	Act faster	Save money	Act with more confidence
Goods and services	Packaged goods	88	89	81	80	85	87
	Personal finances	65	80	60	75	73	70
	Education	64	76	55	72	82	69
	Healthcare	76	79	67	73	72	76
	Public affairs	71	75	51	67	45	75
	Travel and leisure	58	86	50	76	88	69
	Consumer electronics	64	88	53	69	77	72
	Utilities	60	89	56	65	82	69
	Children	88	97	89	91	83	88

Figures reflect the average percentage of consumers who indicated the Internet helped them do one of the following (column) when making a decision regarding the goods and/or services (row). Figures are the average for the consumers in all seven countries.

The most helpful benefit of the Internet cited is the opportunity to compare options when making decisions. Consumers also look to the web to help them save money and act quickly and confidently. Saving money was most important when considering education, and acting with confidence was cited and key when thinking about public affairs issues.

A key starting point to the online research that factors into decision making is a search engine, which allows for a broad investigation that points to more narrowly focused

sources of information. Search engines helped Internet users make decisions across all categories. When making choices that affect children, user commentary was most trusted, at 77 percent. Fifty-eight percent turned to politically centered sites when looking for help on public affairs issues. Other sources referenced were product and company web pages, online advertisements, blogs and social networks. Less frequently visited were government pages.

How sources of information on the Internet help consumers make decisions.

(All numbers are percents)	TOTAL	Search engine	Comments from other people	Blog	Company-sponsored website	Product/price comparison site	Social networking site	Politically oriented website	Online ad	Government-sponsored website
Children*	52	74	77	48	46	43	45	54	47	31
Packaged goods	50	70	65	54	43	51	43	53	46	22
Education	40	60	52	36	37	45	41	32	39	20
Healthcare	40	64	56	42	40	37	27	36	37	21
Public affairs	36	55	48	36	27	16	30	58	31	29
Personal finances	35	61	44	32	42	36	21	31	35	17
Consumer electronics	34	64	49	28	35	45	16	26	33	5
Utilities	34	63	41	22	50	53	13	17	31	19
Travel and leisure	32	62	45	23	43	42	19	23	27	9

Figures represent the average percentage of consumers who indicated the following source (column) helped them make a decision about the goods and/or services (row).

BASE: Variable base. Respondents who used the Internet to help them make a decision regarding a good and/or service

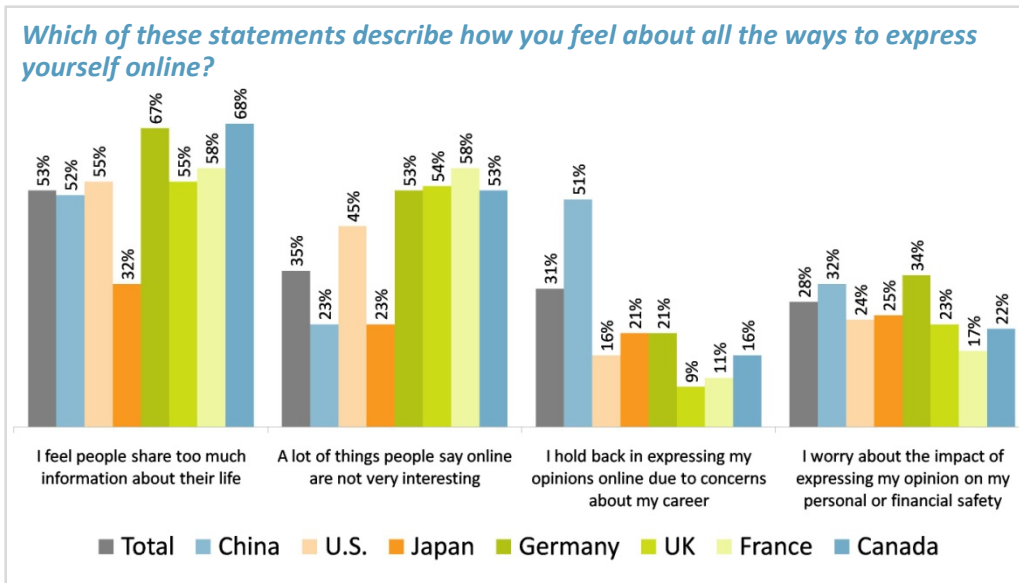
* Based on just one question.

No. 4: Too Much Information (TMI): Online oversharing of personal information isn't just a bore, but a rising threat, as well.

As more users embrace social media and generate content, a consensus is emerging — people share too much personal information, and too little of it is particularly interesting.

From online conversations to reading user-provided content on the web, only about one-third of respondents find what others have to say online interesting — a finding that is quite consistent with the fact that more than half (53%) of consumers think others share too much information about their lives. Canadians (68%) and Germans (67%) were most likely to report that an excess of personal information was shared by others. On the other hand, a majority of the Japanese (68%) felt just the opposite.

On a related note, 31 percent — about half of whom are from China — said they withhold opinions from the online world for fear that sharing this information may jeopardize their reputation or career, and more than one-fifth of respondents worry that expressing their opinions online could have a negative impact on their personal or financial safety.



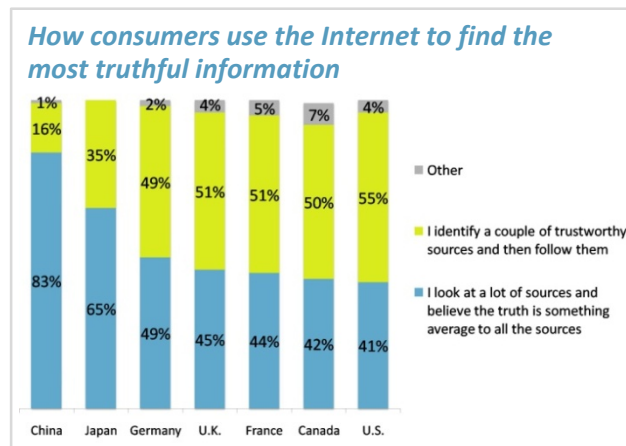
No. 5: Cautiously Trusting: People trust the Internet most when they have multiple sources — and a friend is one of them.

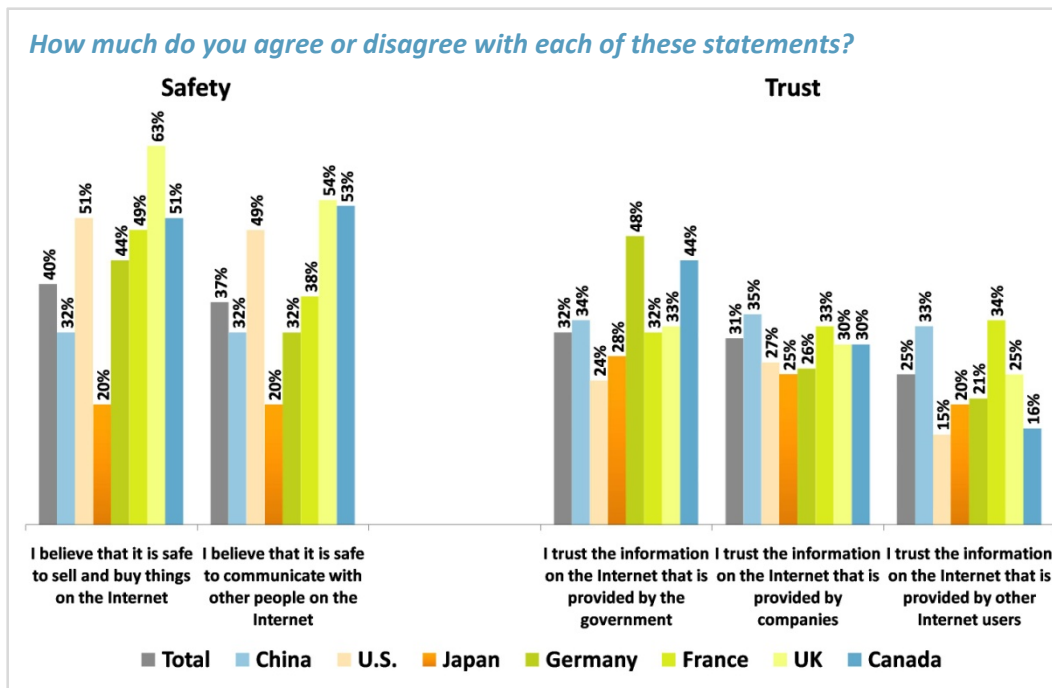
While Internet users generally consider the Internet to be a reliable source of information, they tend to believe that many sources are better than one.

Internet use has become a part of everyday life, as a large majority of people rely on its capabilities for work, as a source of news and as a means of communication. Generally, information on the Internet is trusted across all countries, with the lowest level of trust reported in Germany and highest in China.

That does not mean, however, that users trust everything they read. Internet users have a tendency to look at many sources when seeking information on the Internet, apparently believing that the truth is something average to information found on several outlets.

Internet users tend to believe it is safe to communicate with others online (39 percent agree it is safe, 19 percent think otherwise). Such a finding indicates a general sense of trust in the Internet as a safe and reliable communication tool.





As expected, Internet users place strong trust in conversations with people they know. They are also relatively trusting of comments posted by readers. However, even though it may not be completely reliable, users report referencing postings from other users when making a decision. For example, only 21 percent of U.S. Internet users trust comments, but 46 percent find them useful. The pattern of large gaps between trust and usefulness is also true in Germany, France and Canada.

Consumers who seek advice from people and how much they trust the sources and find the source useful

Percent selecting each as a source they trust and find useful

	China		U.S.		Japan		Germany		UK		France		Canada	
	Trust	Useful	Trust	Useful	Trust	Useful	Trust	Useful	Trust	Useful	Trust	Useful	Trust	Useful
<i>(All numbers are percents)</i>														
Conversations with friends, family, co-workers	94	95	93	93	92	89	91	91	94	93	90	95	97	96
Comments posted by readers on a website	75	83	21	46	52	58	31	60	40	56	35	56	27	53
Blogs	56	63	8	18	33	39	7	14	13	18	10	19	11	19

BASE: Respondents who seek advice or opinions of other people when making a decision, (n=3,412)

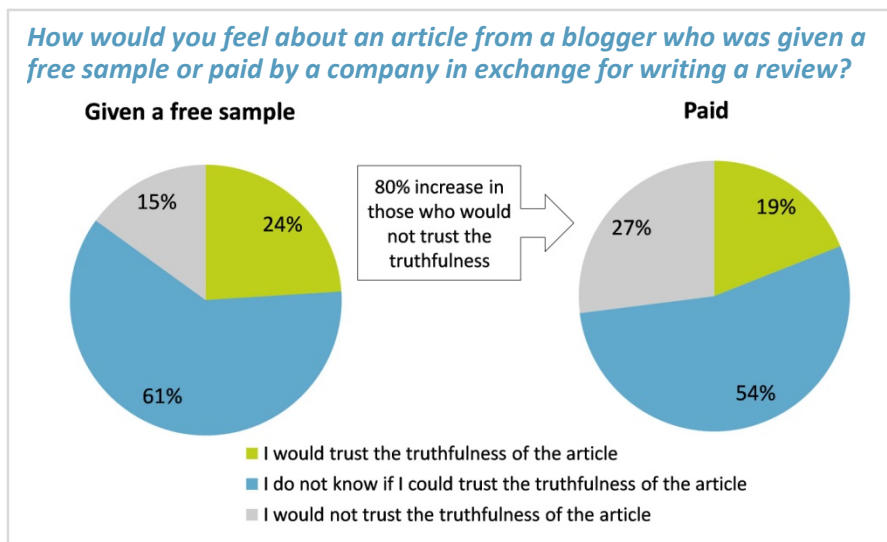
No. 6: Pay to Play Doesn't Play: Trust in bloggers for hire remains weak.

Across all countries studied, Internet users report a lack of trust in content produced by sponsored or paid bloggers.

While blogs are a popular source of news, reviews and general information, consumer confidence in their content drops if authors are paid or receive free samples or services in exchange for their writing. Eighty-two percent of consumers reported being either skeptical or not trusting of an article written by a blogger receiving a free sample from a company.

With nearly 40 percent confidence, Chinese consumers are most trustworthy of bloggers exchanging their writing for a free sample. In others countries, the average trust level of a blogger receiving a sample is 13 percent. French consumers are least trusting of the information bloggers provide at 9 percent.

Trust in blog posts by paid writers is also low, with less than one-fifth of respondents reporting them as reliable. If a blogger is paid by a company to write about its products or services, the number of consumers who say they would *not* trust the content's truthfulness increases significantly.



This finding prompts the reflection that, in the new digital world as in the traditional media environment, consumers attach added credibility to “earned” media content, versus content for which a company pays.

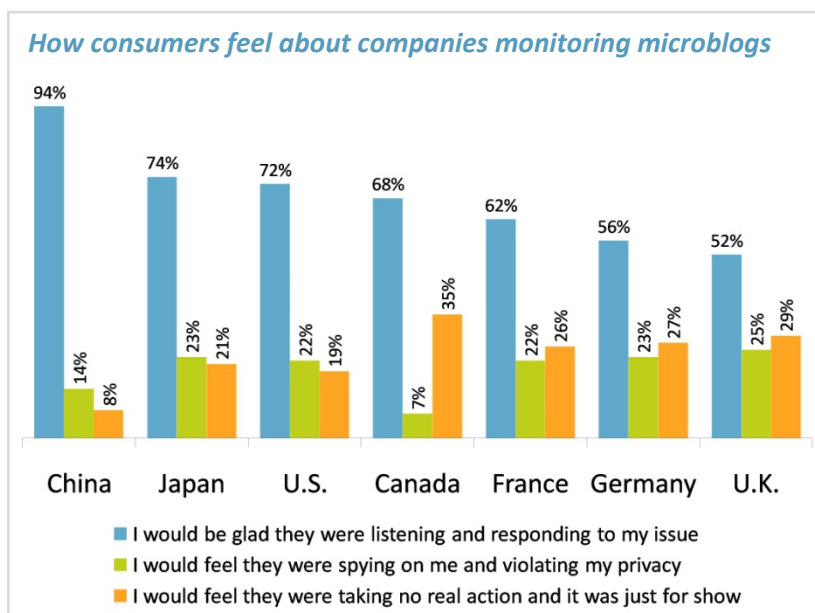
No. 7: Real-Time Trust!: Microbloggers trust companies that listen and respond in real time.

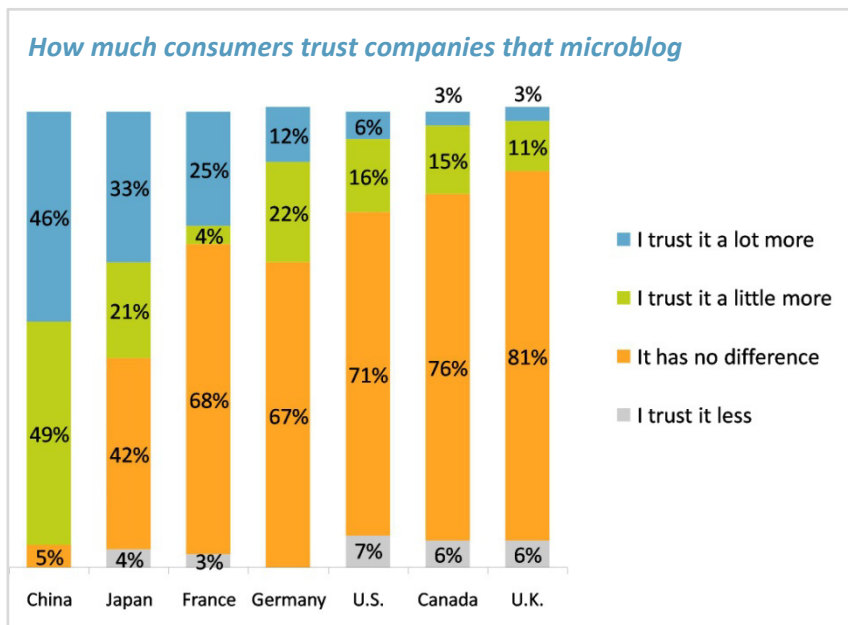
Users who have adopted microblogging tend to trust companies that monitor their online activity. They seem to view this online listening as a sign that organizations care about their needs and want their feedback.

Awareness of microblogs is high, with 78 percent of consumers having heard of them. Canadians were the group most likely to know about microblogs, followed closely by those in the U.S., U.K. and China. Respondents in Japan have the lowest awareness of this recently emerged medium. Of those reporting knowledge of microblogging, one-third have a personal account. Large percentages of Chinese and Japanese have registered, while other nations have not embraced this social media platform as fervently.

When asked how frequently they microblog, the majority of those with an account said they provided daily (53%) or weekly (29%) updates. Those in Asian nations are the most prolific microbloggers, reporting a higher frequency of posting than Western nations. Sixty-six percent of Chinese and 51 percent of Japanese post to their microblogs every day.

As individuals use their microblogs to keep in touch with friends and family, stay up to date on news and connect to others with similar interests, companies have begun to register with these services as a way to reach out, listen and engage with their target audience. This study suggests that it's a smart business strategy. Even though this medium is still fairly new and not all organizations have adopted it, 75 percent of consumers view companies with microblog accounts as more deserving of their trust than those without.





The Chinese were most likely to have an increased level of trust in companies maintaining microblogs — 46 percent said they trusted companies with microblogs “a lot more,” while 49 percent said they trusted them “a little more.” Overall, just below one-fourth (23%) of respondents said a company with a microblog had no impact on its trustworthiness. That pattern was common among Europeans and those living in North America. Americans, Canadians and the British were least trusting of microblogging companies.

A large percentage of consumers are pleased organizations are keeping an eye on their microblogs. Of those with a microblog, 75 percent said they were glad companies were monitoring their organization’s accounts and listening to what consumers had to say. Few thought the organizations were using the accounts simply for show or to spy on consumers.

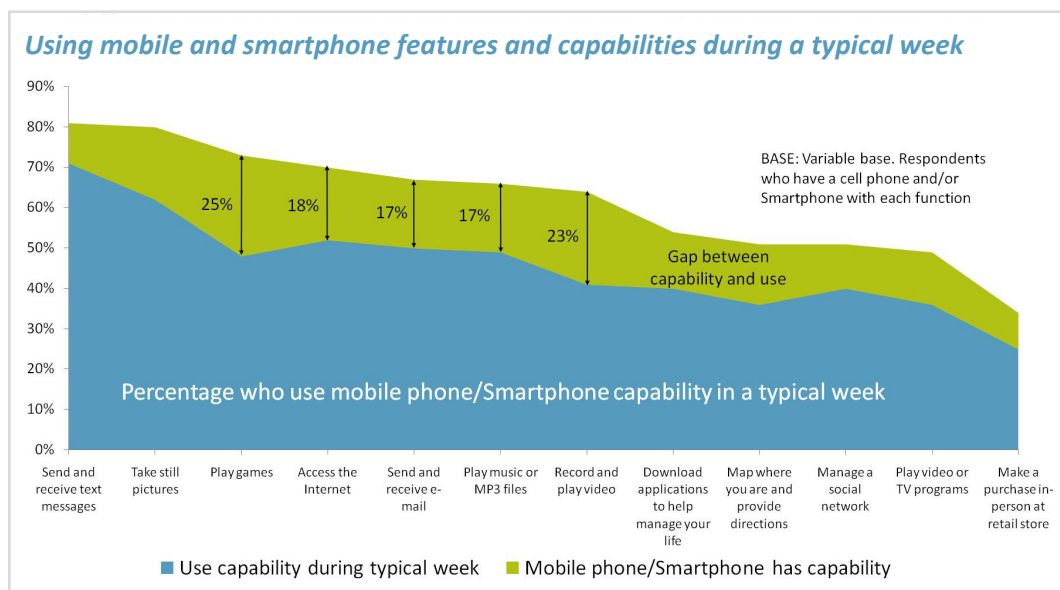
No. 8: Mobility Gap: As apps multiply and speeds increase, mobile users snap up smartphones — but realize only a fraction of their potential.

Although mobile Internet use is growing, a significant gap exists between the capabilities available to mobile phone users and the number of individuals who actually take advantage of them.

The mobile world continues to advance, as wireless operators and handset manufacturers provide increasingly capable devices and ever-faster network speeds. In response, more and more individuals are purchasing smartphones to access the web, listen to music and view multimedia while on the go.

Putting China aside, other nations studied average a 21 percent adoption rate of advance mobile phones. In contrast, basic mobile phones have a 71 percent adoption rate across the seven countries. Canada lags behind the other six countries in adopting advanced phones, but it has the largest base of basic mobile phones (73%). This suggests that adoption of advanced phones is only a matter of time there, as handsets are upgraded and contracts expire.

As shown below, even where advanced phones are adopted, significant gaps exist in the capabilities devices offer and use of those functions across all countries studied, suggesting significant growth potential. The biggest capability gaps are in the areas of gaming, accessing the Internet, using e-mail and playing and recording music and video.



Canadians and Germans are least likely to take advantage of their mobile device's capabilities, followed by the French and Americans, with each nation using an average of about 40 percent of device functionality. The British use about half of the capabilities offered to them while those in Japan use roughly 75 percent.

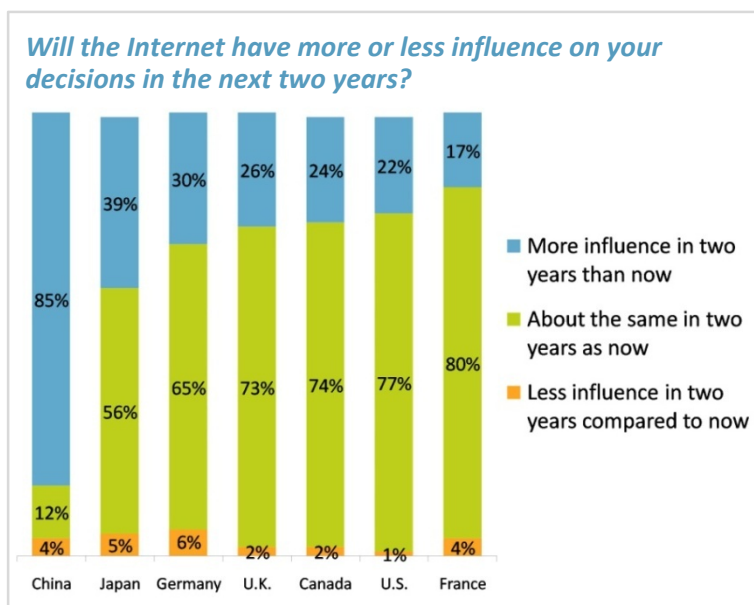
When it comes to accessing the Internet, Germans rank the lowest in exploiting the capability of their mobile handsets at 25 percent, compared with 37 percent for the French and an overall average of 52 percent. The largest gaps were reported in game playing, recording and viewing video, accessing the web and e-mailing.

No. 9: Where to From Here?: As Internet use continues to grow, will its influence grow, too? Depends who you ask.

As important as the Internet is now, will its consumer influence continue to grow in the future? The answer varies from country to country ... but in China it is a resounding "yes!"

As is clear from the behaviors reported in this study, people already view the Internet as a useful, important and influential tool that keeps them in touch with others, saves them time and helps them make decisions. And many believe that the web will become even more influential in the next two years.

Thirty-nine percent of respondents said they thought the Internet would be more important in the next two years, while 59 percent said it would likely stay the same. Three percent said it would be less important. Chinese Internet users (85%) were more likely than other nations to report that the Internet would become more influential in years to come while the French were least likely to report that belief.



What Is Next for the Digital Influence Index Study?

This study is intended to provide an annual assessment of the changing influence of the Internet in the lives of consumers. In future iterations we will continue to expand the **geographic scope** of the survey to include additional major markets to provide an increasingly global perspective and delve deeper into how the Internet is capturing greater mindshare, further transforming human behavior, social engagement and commerce, and redefining how we conduct our daily lives.

Methodology

The Digital Influence Index assesses the relative role and the influence of different media in the lives of consumers. This project was designed and led by the Fleishman-Hillard digital research group, a team within the Fleishman-Hillard research network focused on providing research that supports the digital transformation of communications. Analysis and insight development was conducted in partnership with Harris Interactive.

The fieldwork for this study was also conducted by Harris Interactive through a comprehensive, 15-minute online survey among a representative sample of 4,243 Internet users in China, the U.S., Japan, Canada, Germany, France and the U.K.

This work took place between December 2009 and January 2010. Respondents to the survey were recruited from the various panels managed by Harris Interactive across the markets surveyed.

The data was weighted to online population targets, including those based on age, gender, education, region and Internet usage. Further weighting was applied to the analysis of the combined results to reflect the online population sizes in each country.

The Digital Influence Index was constructed by factoring in both consumption of a medium and the importance consumers attach to that consumption. Respondents were allowed to give various media a score out of 100 for the amount of time they spend on them and then rate how important this time is to their decisions. Consumption and importance were each scored out of 100 to produce a percentage score for each and a total score out of 200. This latter score is halved to produce a combined percentage score that sums up the influence of the medium.



Fleishman-Hillard Inc., one of the world's leading strategic communications firms, has built its reputation on creating integrated solutions that deliver what its clients value most: meaningful, positive and measurable impact on the performance of their organizations. The firm is widely recognized for excellent client service and a strong company culture founded on teamwork, integrity and personal commitment. Based in St. Louis, the firm operates throughout North America, Europe, Asia Pacific, Middle East, Africa and Latin America through its 80 owned offices. For more information, visit the Fleishman-Hillard website at www.fleishmanhillard.com.

Fleishman-Hillard is a part of Omnicom Group Inc. (NYSE: OMC) (www.omnicomgroup.com). Omnicom is a leading global advertising, marketing and corporate communications company. Omnicom's branded networks and numerous specialty firms provide advertising, strategic media planning and buying, interactive, direct and promotional marketing, public relations and other specialty communications services to more than 5,000 clients in more than 100 countries.

About the Authors

Brian McRoberts

*Senior Vice President, Digital Research Group
Fleishman-Hillard*

Brian McRoberts is the leader of Fleishman-Hillard's digital research group. He joined Fleishman-Hillard in 2007 and has more than 15 years of experience in research and consulting, covering online business models, technology, branding and advertising.

He spent eight years at AOL, where he led a corporate research team. His responsibilities included brand positioning, messaging, advertising development, brand measurement and customer satisfaction programs. He was also one of the first client-side practitioners to embrace survey-based methods for measuring word-of-mouth.

Mr. McRoberts received an MBA from Georgetown University, a master's in marketing research from Southern Illinois University, a master's in international business and a Bachelor of Arts degree in international studies from Webster University.

George H. Terhanian, Ph.D.

*President, Global Solutions
Harris Interactive*

George H. Terhanian, Ph.D., is currently Harris Interactive's president, Global Solutions, a position he has held since December 2008. In this role, Dr. Terhanian oversees several areas, including brand and communications consulting, stakeholder relationship consulting, reputation management, marketing sciences, qualitative research, youth and education research, the Harris Poll, and the company's internal center for innovation. Prior to serving as president, Global Solutions, Dr. Terhanian served as president of Harris Interactive Europe and Global Internet Research, from July 2003 and June 2002, respectively.

Before joining Harris Interactive in 1996, Dr. Terhanian taught in elementary and secondary schools in the United States and worked in the Inspector General's Office of the United States Department of Education. He has also served an appointment as an American Educational Research Association Fellow at the National Center for Educational Statistics.

Dr. Terhanian received a Ph.D. from the University of Pennsylvania, an Ed.M. from Harvard University, and his Bachelor of Arts degree from Haverford College. He is a

trustee of the National Council on Public Polls and co-chairs the Advertising Research Foundation's "research on research" component of its Online Research Quality initiative. Dr. Terhanian's methodological expertise lies in the design and analysis of multimode studies and selection bias modeling.

Ken Alldredge

*Director, Digital Research Group
Fleishman-Hillard*

Ken Alldredge's dedication to research and experience in the field spans 16 years, including eight years developing and managing quantitative and qualitative research projects. He holds a master's in social science from Florida State and an MBA from Washington University in St. Louis.

Carla Keppler

*Analyst, Digital Research Group
Fleishman-Hillard*

Carla Keppler joined Fleishman-Hillard's digital research group after working with the corporate issues and financial communications group. Before joining Fleishman-Hillard, Ms. Keppler worked with the Iowa City Area Chamber of Commerce and at Gazette Communications in Iowa City, Iowa, as a metro reporter covering breaking news.

Ms. Keppler graduated from the University of Iowa with Bachelor of Arts degrees in journalism and communication studies. While in school, she served as a reporter and editor of *The Daily Iowan*, a Pacemaker award winning, independent student newspaper.



Harris Interactive is a global leader in custom market research. With a long and rich history in multimodal research, powered by our science and technology, we assist clients in achieving business results. Harris Interactive serves clients globally through our North American, European, and Asian offices and a network of independent market research firms.

For more information, please visit harrisinteractive.com.