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The Center for the Digital Future

Special Report:
America at the Digital
Turning Point



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USC Annenberg School
Center for the Digital Future

Special Report: America at the Digital Turning Point

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Special Report: America at the Digital Turning Point

In June 2011, the Center for the Digital Future released “Surveying the Digital Future,” the tenth annual study conducted by the Center on the impact of the Internet on Americans.

The Center, part of the USC Annenberg School for Communication & Journalism, was the first organization to develop a longitudinal panel study that explores the views and behavior of Internet users and non-users in the United States. The annual report we produce is the longest continuing project of its kind; each year we survey individuals in more than 2,000 households across the United States, compiling the responses of Internet users and non-users.

The primary objective of our tenth report was the same as when the project was created in 1999: to explore actions and opinions related to the use – or non-use – of online technology, as well as to monitor the emergence of changes yet to come.

Over more than a decade of work, we have found that the continual evolution of the Internet and how Americans embrace its development is perhaps our most fertile field for exploration. As we stated in the introduction of the 2011 study, “online behavior changes relentlessly, and users and non-users develop attitudes and actions that are constantly in flux as technology emerges, and then thrives or withers.”

After 10 studies, we are seeing that the advantages and consequences of technology and their effects on Americans are more profound than ever. At one extreme, users are able to have constant social connection, unlimited access to information, and unprecedented abilities to purchase. At the other extreme, we find that online technology creates extraordinary demands on our time, major concerns about privacy, and fundamental questions about the proliferation of the digital realm that did not exist even a decade ago.

In this special report, we highlight a selection of the most far-reaching findings, and also offer observations on issues in the digital realm that affect all of us.

We believe that America is at a major digital turning point. We find tremendous benefits and opportunities that online technology offers; however, each of us pays a personal price for those benefits. The question is: how high a price are we willing to pay?

Jeffrey I. Cole, Ph.D.
Director, USC Annenberg School Center for the Digital Future
Founder and Organizer, World Internet Project

America at the Digital Turning Point: Ten Major Issues and Observations

This special report summarizes 10 key findings and observations from the first 10 annual studies conducted by the USC Annenberg School Center for the Digital Future on the impact of the Internet on America. Each annual report includes more than 100 major topics in the following broad categories: who is online and who is not, media use and trust, consumer behavior, communication patterns, and social effects.

To view the full annual study, as well as the other research conducted by the Center for the Digital Future, visit digitalcenter.org.

America at the Digital Turning Point: Ten Major Issues and Observations

1. *Americans view the Internet as an important information source, yet many Internet users do not trust much of the information they find online.*

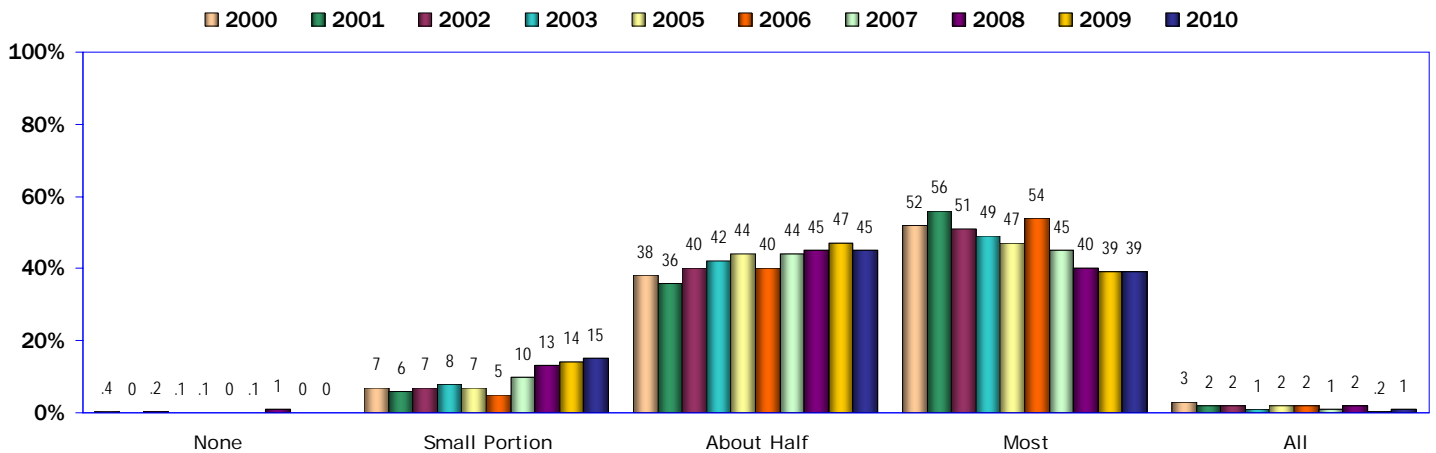
The issues about the credibility of information on the Internet focus on four major topics:

a. Does the Internet overall have credibility?

In the most recent Digital Future Study, three-quarters of Internet users age 17 and older said that the Internet was an important or very important source of information for them – higher than the percentage for television, newspapers, or radio. Yet large percentages of users have limited trust in the information they find online and the sources that provide that information: only 40 percent of users said that most or all of the information on the Internet is reliable – a decline from 55 percent in 2000.

The percentage of users who said that about half or less of information online is reliable has been generally increasing since 2000, and is now 60 percent – up from 45 percent in 2000. The percentage who think that only a small portion or none of online information is reliable has more than doubled in 10 years – from seven percent in 2000 to 15 percent in 2010.

**How Much of the Information on the World Wide Web Overall
Do You Think is Reliable?
(Internet Users)**

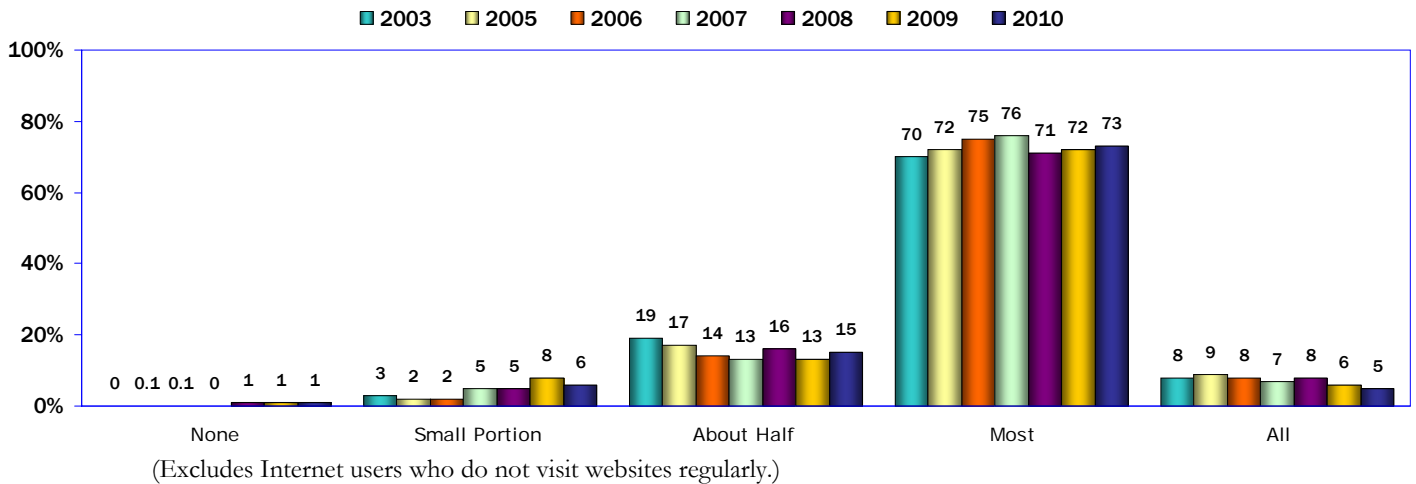


b. Credibility of Frequently-Visited Websites

Internet users have more faith in websites they visit frequently; 78 percent said that most or all of the information they find on their favorite sites is reliable. However, this response in the current study has never been lower in the seven years this question has been asked by the Digital Future Project.

And, 22 percent of users think that only one half or less of the information they find on those sites is reliable; in other words, more than one-fifth of users report little credibility in the information they find on the websites they visit often.

How Much of the Information on the World Wide Websites that You Visit Regularly Do You Think is Reliable and Accurate? (Internet Users)

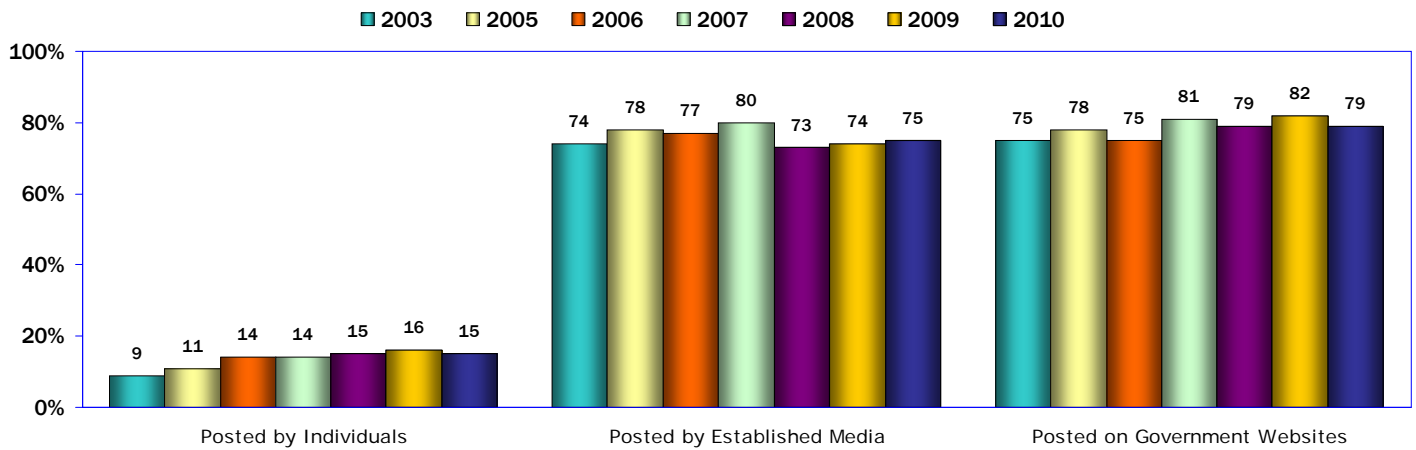


c. Reliability of Information Posted Online by Media, Government, and Individuals

How do Internet users perceive the information they find on websites posted by the media, government, or individuals?

Since the Digital Future Project began looking at views about the reliability and accuracy of information posted by media, the government, and individuals in 2003, the studies have found generally consistent responses: for established media, 73-80 percent said most or all of the information they post is generally reliable and accurate, and 75-82 percent gave those responses about the information posted by the government. Views about information posted by individuals are much more negative; only 9-16 percent of users said that most or all of the information posted by individuals is reliable and accurate.

How Much Information Posted by these Organizations Do You Think is Generally Reliable and Accurate? (Internet Users Reporting "Most" or "All")



The flip side of these findings is that significant percentages of Internet users believe one half or less of the information they find on these sites is reliable and accurate: for established media, 20-27 percent; for government, 18-25 percent; and for individuals, 84-91 percent.

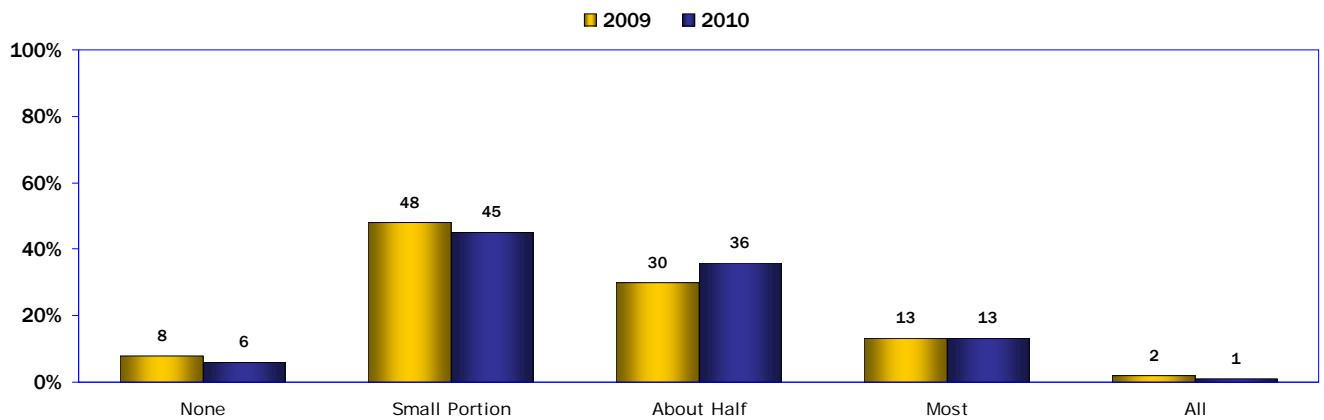
And these responses have changed little since 2003 – this in spite of the large increase in reliance on online sources for news and government information, and the veritable explosion of information posted by individuals.

d. Social media explodes – but most content has no credibility

Of particular interest in our exploration of online information credibility are the views of a large percentage of users who believe that a majority of what they see on social networking sites such as Facebook or MySpace has little or no credibility.

Even as contact with others through social media grows at explosive rates, the Digital Future Study found that 51 percent of users said little or *none* of the information they find on those sites is reliable. Only 14 percent said that most or all of this information is reliable.

**Reliability and Accuracy of Information on Social Networking Sites
Such as Facebook and MySpace
(Internet Users)**



What is particularly significant about all four of the credibility issues we’ve described here is that years of going online for business and personal needs have done almost nothing to give users more positive views about the reliability and accuracy of the information they find online. Clearly, Americans express widely divergent beliefs about the Internet as an information source; increasingly they perceive websites as primary sources for information, yet their trust in much of this information and the websites that provide it is low and continues to decline. How will Internet users perceive the accuracy of online information as their reliance on this information increases even more?

2. *Our privacy is lost.*

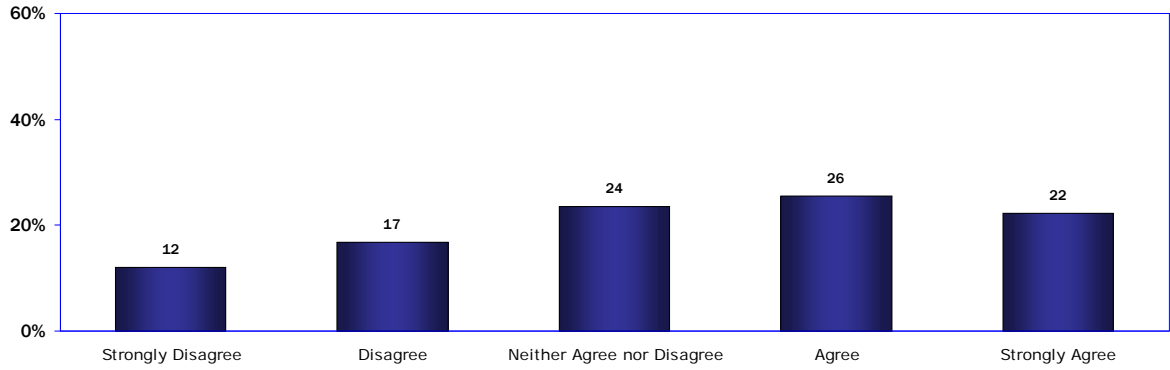
The slogan “Big Brother is watching you” that George Orwell wrote in *1984* has become embedded in the world’s consciousness as a cautionary message about government intrusion into the lives of individuals. Indeed, in the early years of the Internet, as millions of Americans began to go online, social observers speculated that users would be concerned about the government intruding into private lives by accessing personal information online. The 2011 Digital Future Study found that a significant percentage of Internet users are indeed concerned about the government checking what they do online; however, an even larger percentage believes that the Big Brother we should fear is actually Big Business.

Almost half – 48 percent – of users age 16 and older are worried about companies checking what they do online; by comparison, 38 percent said that the government checking on them is a concern (*see the charts on the next page*).

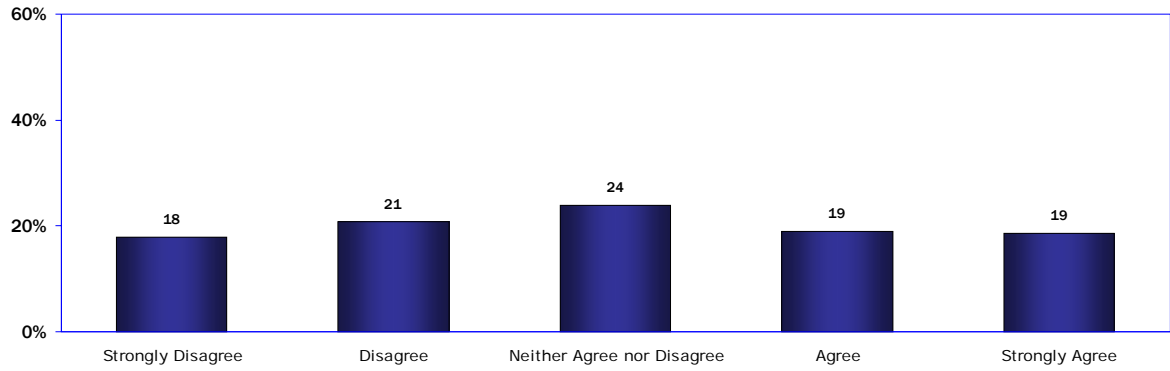
Companies will continue to seek new ways to gather information about consumers -- whether through product offers that are generated by software tools that analyze previous purchases and personal interests, or through less-acceptable methods of monitoring behavior, such as covert information-gathering using GPS tracking. In all cases, the involvement – some would say encroachment – of companies into the lives of Internet users represents a significant concern.

These responses underscore a broader issue: perhaps the biggest price that Americans pay for online use is the loss of their personal privacy. The issue of privacy is simple: if users go online for anything at all, their privacy disappears. The Digital Future Studies continue to reinforce that American Internet users want to buy online, look for information online, and join social communities online. But the price we pay is that we are monitored constantly; private organizations can gather most everything there is to know about each of us – our interests, our buying preferences, our behavior, and our beliefs.

**I am worried about companies checking what I do online.
(Users Age 16 and Older)**



**I am worried about the government checking what I do online.
(Users Age 16 and Older)**



3. *The Internet's influence on political power is still a major question.*

In the past four years, political campaigning, fundraising, and information distribution through online methods have grown at unprecedented rates. Candidates, political parties, and political organizations create much of their connection to voters through websites, e-mail, and social networking.

Yet in spite of the growth in Internet electioneering and the online involvement of candidates and political organizations with voters, the Internet's role as a force to shape the political agenda is still not clear. The Digital Future Studies consistently produce findings showing that Americans believe the Internet plays a role in political campaigns and helps people to better understand politics, but online technology still has only limited impact in creating more say for individuals in their government or giving voters more political power.

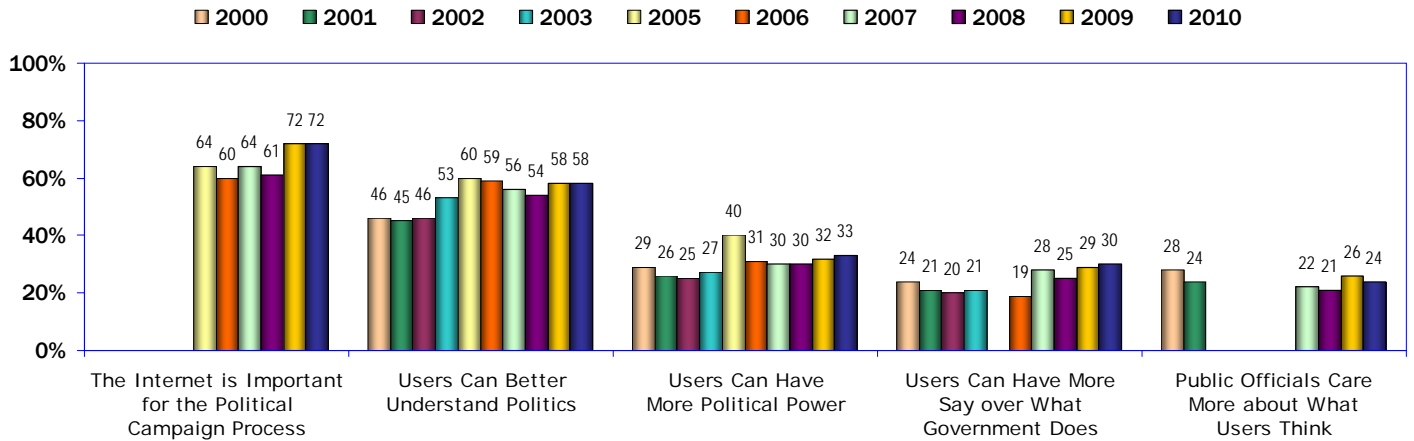
As examples (*see the charts on the next page*):

- During the Digital Future Studies, while more than a majority of Internet users age 16 and older (60 percent to 72 percent) agree or strongly agree that the Internet is important for the political campaign process, only a minority (19 percent to 30 percent) think that the Internet can give users more say in what the government does.
- Thirty-three percent of users age 16 and older think the Internet can give them more political power – down from the peak of 40 percent in 2005, and an especially noteworthy response because it was reported at the end of a period when the use of online technology in political campaigns had expanded dramatically.
- Each of our studies has found that among Internet users age 16 and older, only 28 percent or less believe that the Internet will make public officials care more about what users think.

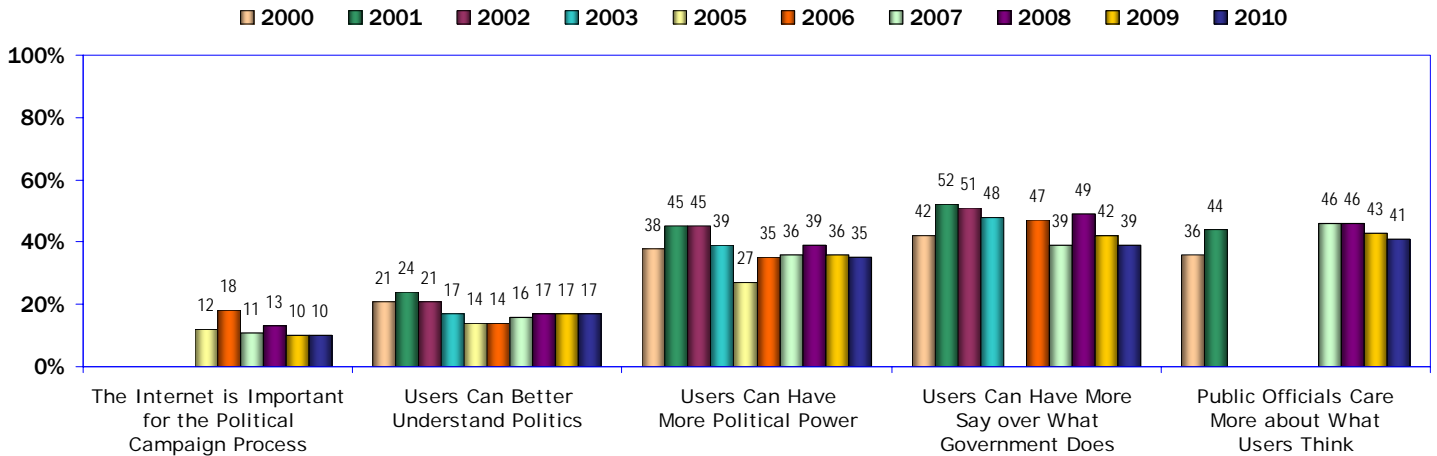
The Internet is not yet viewed as a direct decision-making tool for voting; only 37 percent of respondents age 16 and older said they would be interested in voting online. Perhaps even more definitively, 44 percent of respondents said that they would not be interested in voting online – a new high for the Digital Future Project.

The issues involving the Internet and its effects on the American political process are continuing to evolve. Although many questions remain, we believe that the role of online technology in politics will grow and become an even more formidable factor in transforming the political landscape.

Views about the Internet and Politics
 (Internet Users Age 16 and Older Who Responded "Agree" or "Strongly Agree")



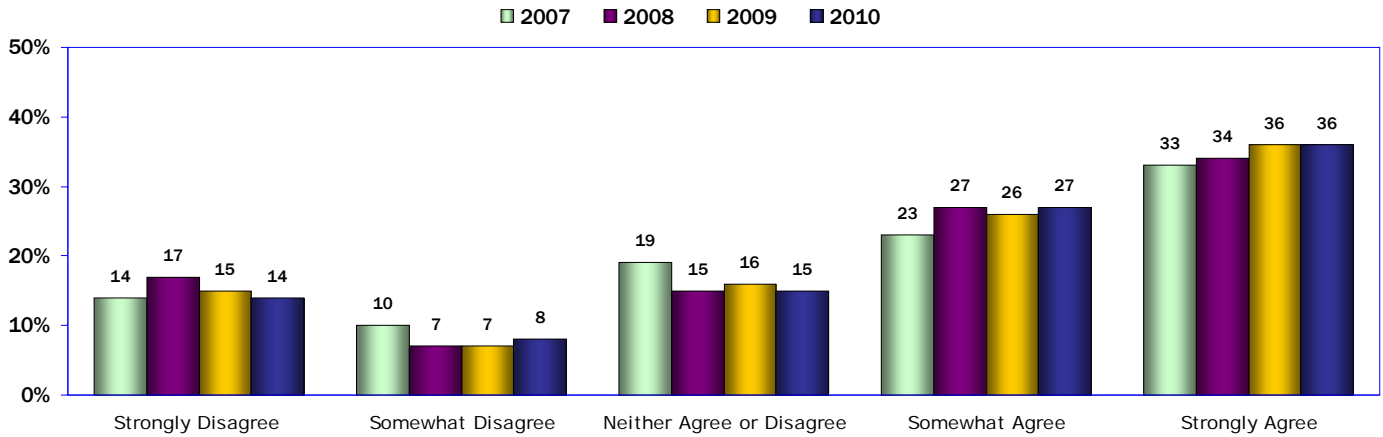
Views about the Internet and Politics
 (Internet Users Age 16 and Older Who Responded "Disagree" or "Strongly Disagree")



4. *Most printed daily newspapers will be gone in about five years.*

The Digital Future Studies continue to report several conflicting views about daily print newspapers. The 2011 study found that Internet users give high marks to newspapers for many characteristics, among them the quality of news content, local and national coverage, and providing trustworthy information. And 63 percent of Internet users report they would miss the print edition of their newspaper if it was no longer available – up from 56 percent in 2007.

**I Would Miss the Print Edition of My Newspaper if it was No Longer Available
(Internet Users Who Read Newspapers Offline)**



However, Internet users also report spending less than two hours a week reading print newspapers – an amount that has declined steadily since 2005. Twenty-five percent of users in 2010 who read newspapers stopped reading a print edition because they found the same or related content online – a new high for the Digital Future Studies. And two-thirds of newspaper readers said they would switch to the online edition of the publication if the print edition ceased to exist, while only 34 percent said they would switch to another newspaper.

Meanwhile, sales figures do not lie; circulation of print newspapers continues to plummet, and the current generation of print newspaper readers is not being replaced. We believe that most major U.S. daily newspapers as we know them today as print editions will be gone in about five years; eventually the only print newspapers that will survive will be at the extremes of the medium – the largest and the smallest. We expect at least four major newspapers with global reach to continue to publish daily print editions: The New York Times, USA Today, the Washington Post, and the Wall Street Journal. At the other extreme, local weekly and twice-weekly newspapers may continue in print form, as well as the Sunday print editions of metropolitan newspapers that otherwise may exist only in online editions.

The rapid decline of American print newspapers continues to raise many questions: will media organizations survive and thrive when they become primarily available online? How will the changing delivery of content affect the quality and depth of journalism?

5. *The Internet will create even greater shifts in buying habits, at the expense of traditional brick-and-mortar retail.*

Even though buying online has existed for 18 years, Internet retailing has ever-growing impact on purchasing in the United States. For example, witness the major growth in online buying and the effects of “Cyber Monday” on the 2011 holiday buying season. Or consider the near-complete collapse of traditional CD retailing as music downloading has flourished. Or see the rapid decline of brick-and-mortar bookstores as Amazon and other online book outlets have expanded.

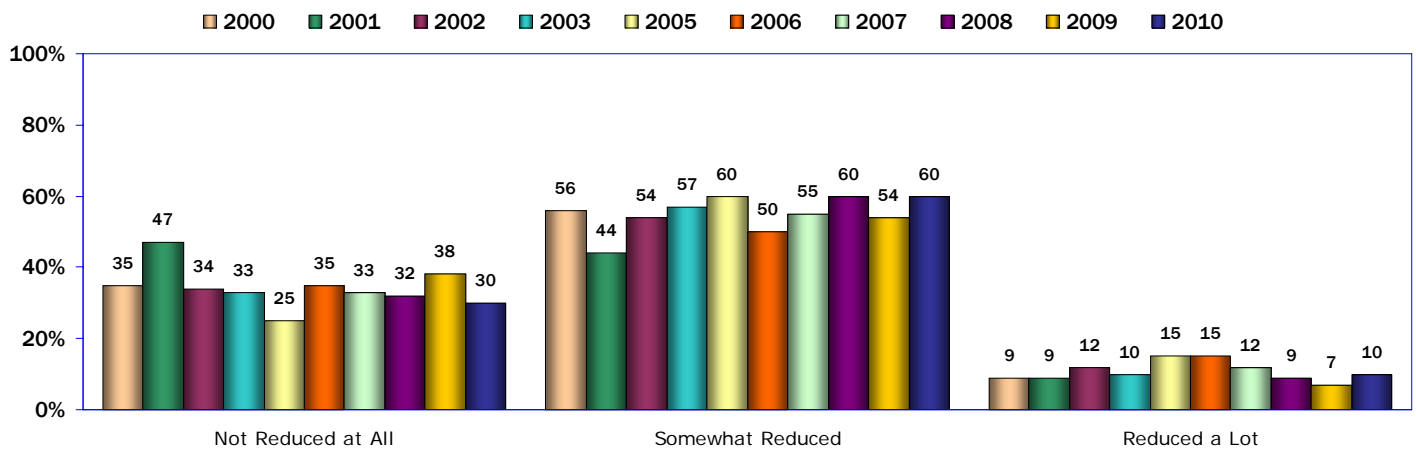
Even though purchasing online has already had a significant impact on buying habits, the changes still to come in American purchasing brought by the Internet will no doubt be even more extensive.

Here are three issues to consider as the retail landscape changes:

a. Buying Online and Effects on Traditional Retail Purchasing

The most current Digital Future Study found that 68 percent of Americans buy online. Of users who buy online, 70 percent said their online purchasing reduces their buying in traditional retail stores – a response that has been over 65 percent for most of the decade.

**Does Buying Online Affect Purchasing in Traditional Retail Stores?
(Internet Users Who Buy Online)**

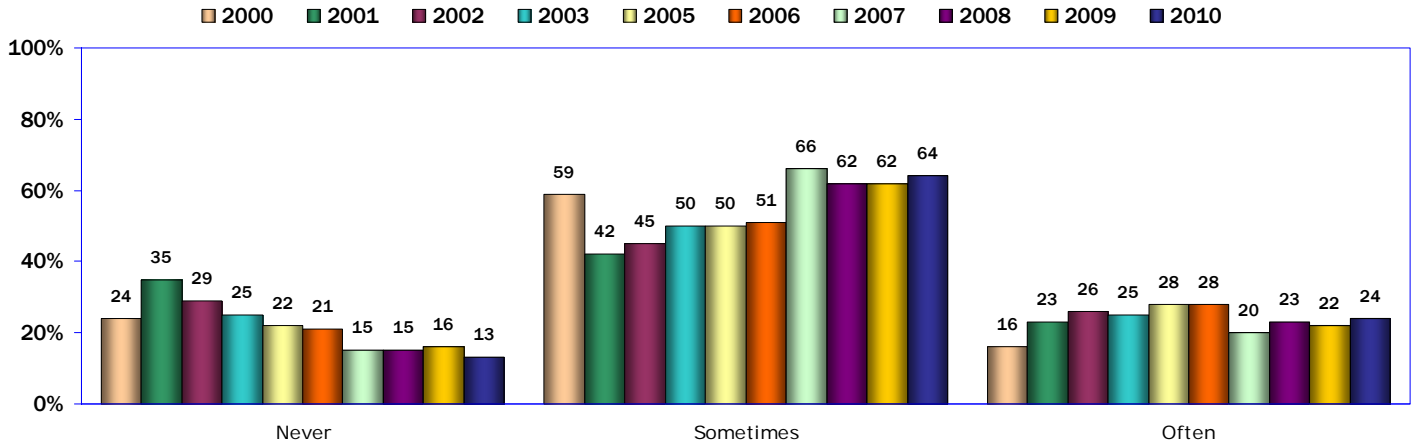


b. Browsing for Products: Retail Stores Vs. the Internet

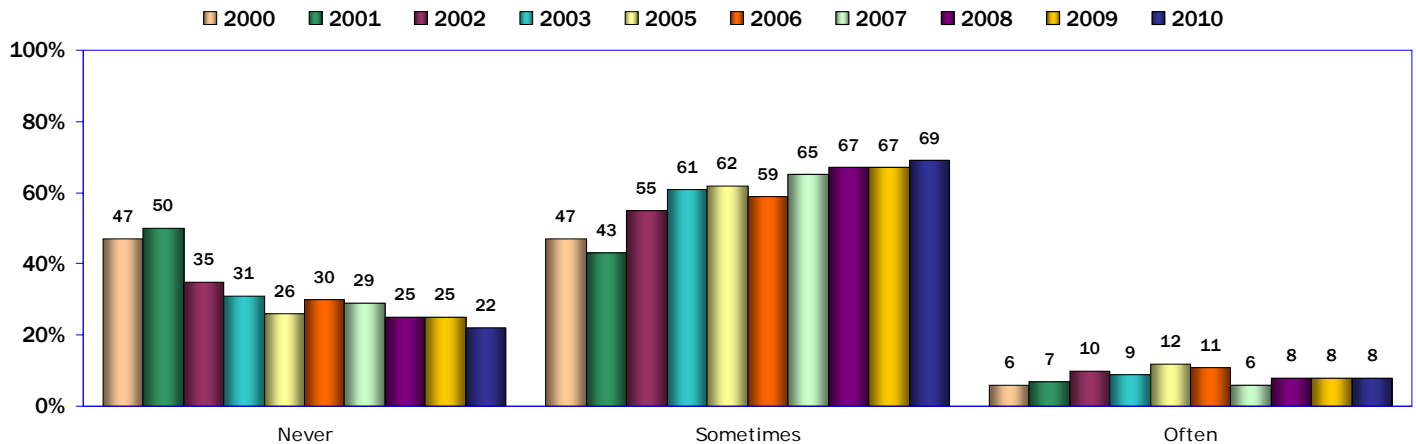
Traditional retailing is not always a victim as Internet purchasing grows. Although large percentages of Internet users buy online, even larger percentages continue to use the Web as a reference service before purchasing locally. Eighty-eight percent of users said they browse online and then buy in stores.

Of course, browsing in stores to see products in person and then buying them online is another factor in the changing retail landscape. Seventy-seven percent of Internet buyers said they browse in traditional retail stores and then buy online – both responses marginally higher than those reported in the previous study.

**Internet Buyers Who Browse Online, then Buy in Stores
(Internet Users)**



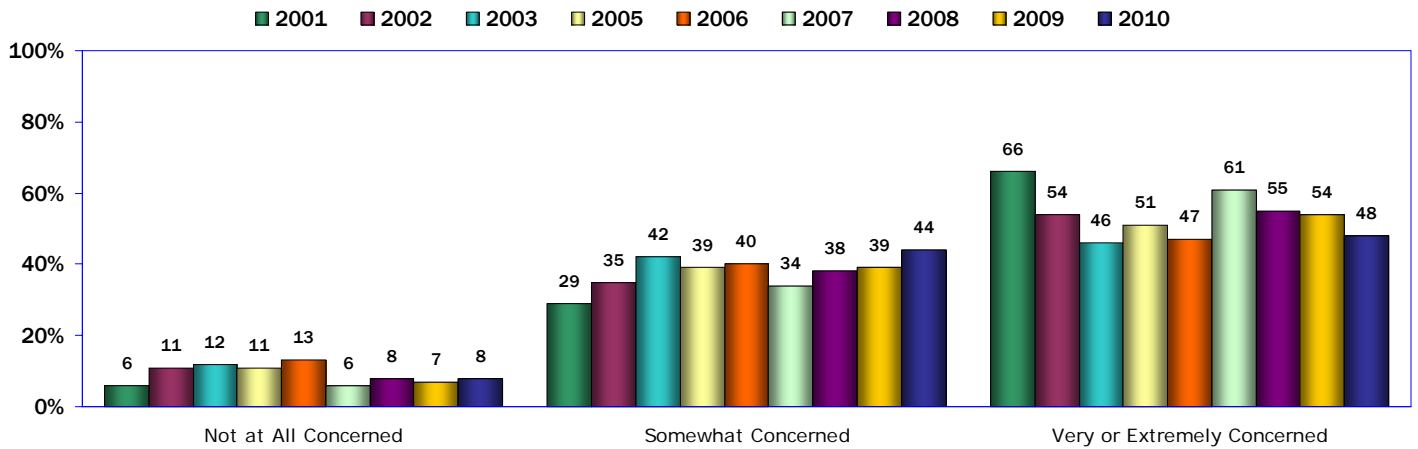
**Internet Buyers Who Browse in Stores, then Buy Online
(Internet Users Who Buy Online)**



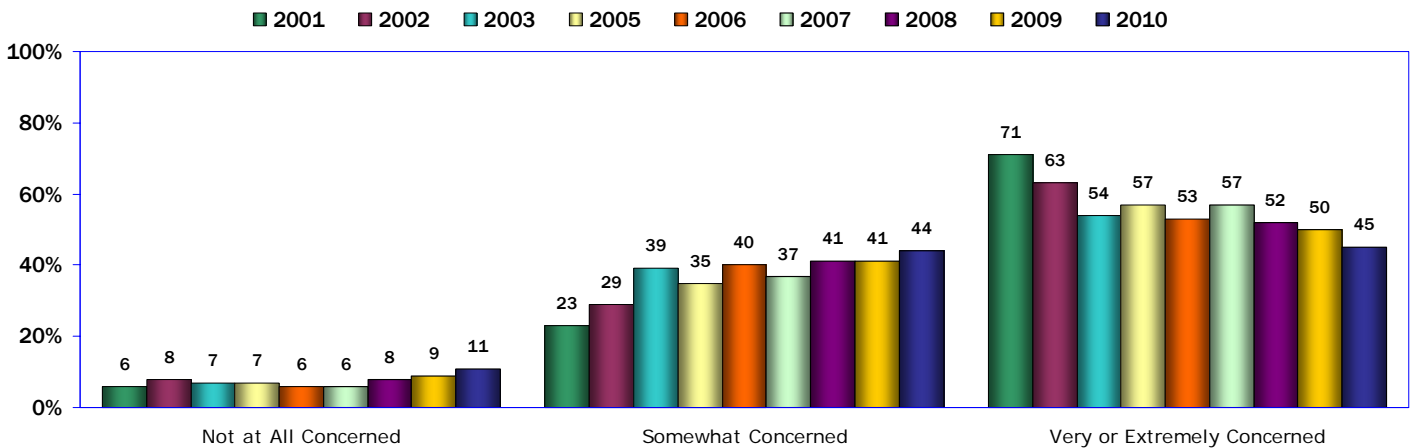
c. Privacy Concerns when Buying Online – Do they Stop Users from Buying?

All 10 Digital Future Studies reported high levels of concern about privacy and security when or if respondents buy online. In the current study, those concerns remain high, but the percentages of users reporting the highest level of concern have declined for the third year in a row. And concerns about credit card security have also dropped for three straight years.

**Concerns about Privacy of Personal Information when or if Buying Online
(All Respondents, Age 16 or Older)**



**Concerns about Credit Card Security when or if Buying Online
(Adult Respondents)**



(Q830 K-1 2011)

As buying online began to increase in the late 1990s, many speculated that concerns about online security would hinder Internet commerce. Yet the current Digital Future Study reports the highest percentage thus far of Internet users who buy online. Now it seems clear that high levels of concern will persist, but that concern will not be a major stumbling block to the continuing growth of Internet purchasing.

6. *As social networking continues to grow, family and friends are linked more closely than ever. But how is social networking and other Internet use affecting time spent with family and friends?*

In the early Digital Future Studies, large and stable percentages of Internet users said the face-to-face time they spent with family or friends had stayed the same since they started going online. Then in 2007, a much larger percentage of users said that they spent less time together with family members since being connected to the Internet, and a smaller but still significant percentage said they spend less face-to-face time with friends (*see the charts on next two pages*).

Given recent large increases in social networking through Facebook, Twitter, and other online forums, it would seem that individuals are linked more than ever to their family and friends. But is quality being sacrificed for quantity? Will those who use social networking services consider them as alternatives to face-to-face involvement with the people in their lives?

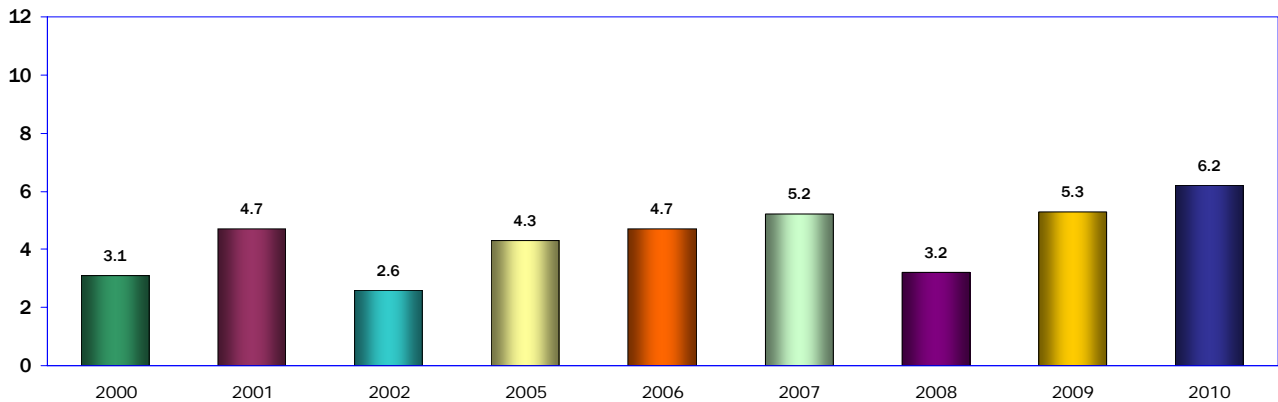
Some issues to consider:

a. Increases in Online Friends

Internet users continue to report an increase in the number of online friends, the average of which has reached a new peak for the Digital Future Project.

Internet users report an average of 6.2 friends online whom they have never met in person – double the number of online friends reported in 2000 when this question was first asked.

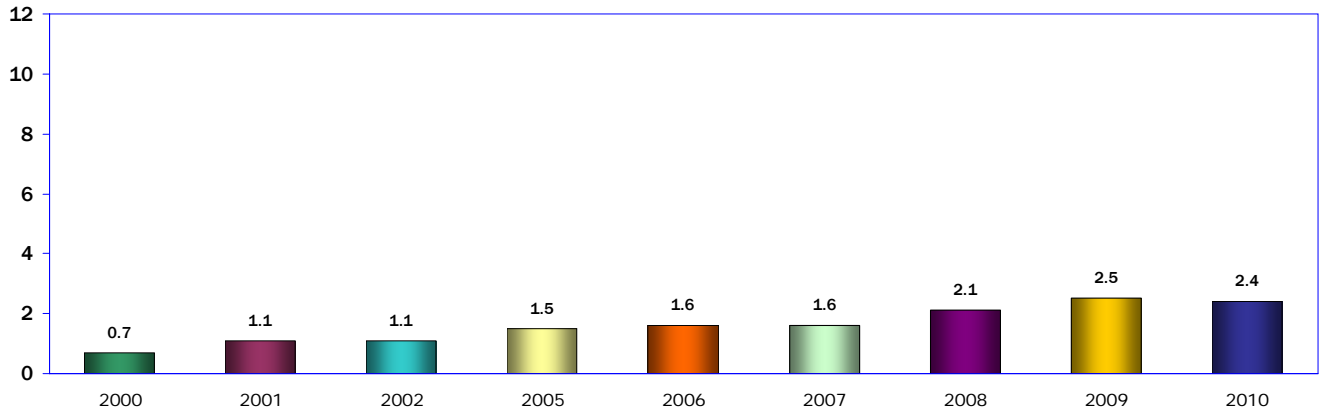
**Online Friends Never Met in Person
(Internet Users)**



b. Online Friends Met in Person

Although the number of online friends met in person declined marginally in the most recent survey, in general the number has increased steadily since this question was first asked in 2000, when users reported meeting less than one online friend in person on average (0.7).

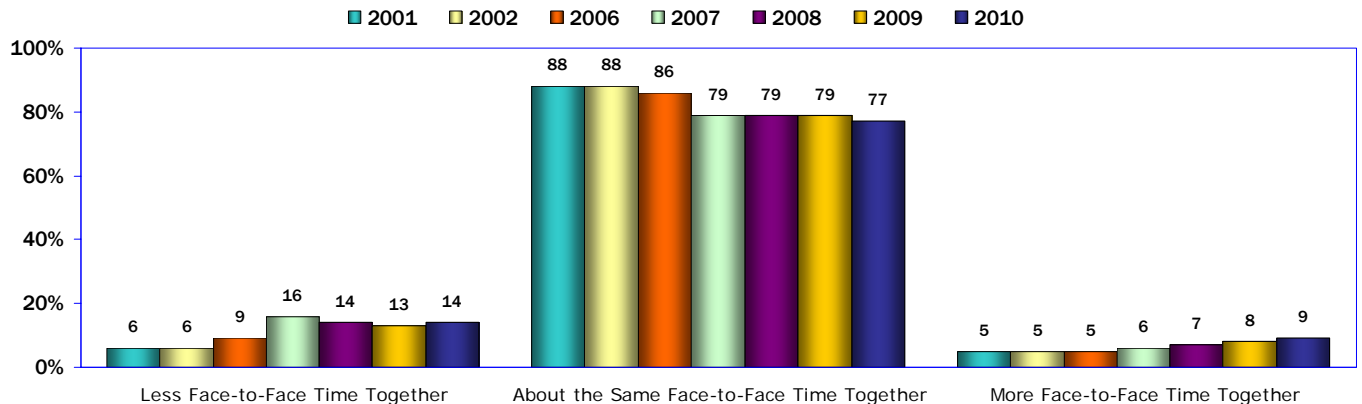
**Online Friends Met in Person
(Internet Users)**



c. Face-to-Face Time Spent with Friends

Over the last decade the percentage of Internet users who say that they spend less face-to-face time together has varied, mostly in an upward direction (from six percent in 2000 to 16 percent in 2007 to 14 percent in 2010). During this time, the percentage of Internet users who say that they spend more face-to-face time together has also increased-- slowly and steadily, from 5 percent in 2000 to 9 percent in 2010.

**Time Spent Face-to-Face with Friends since Being Connected to the Internet
(Internet Users)**

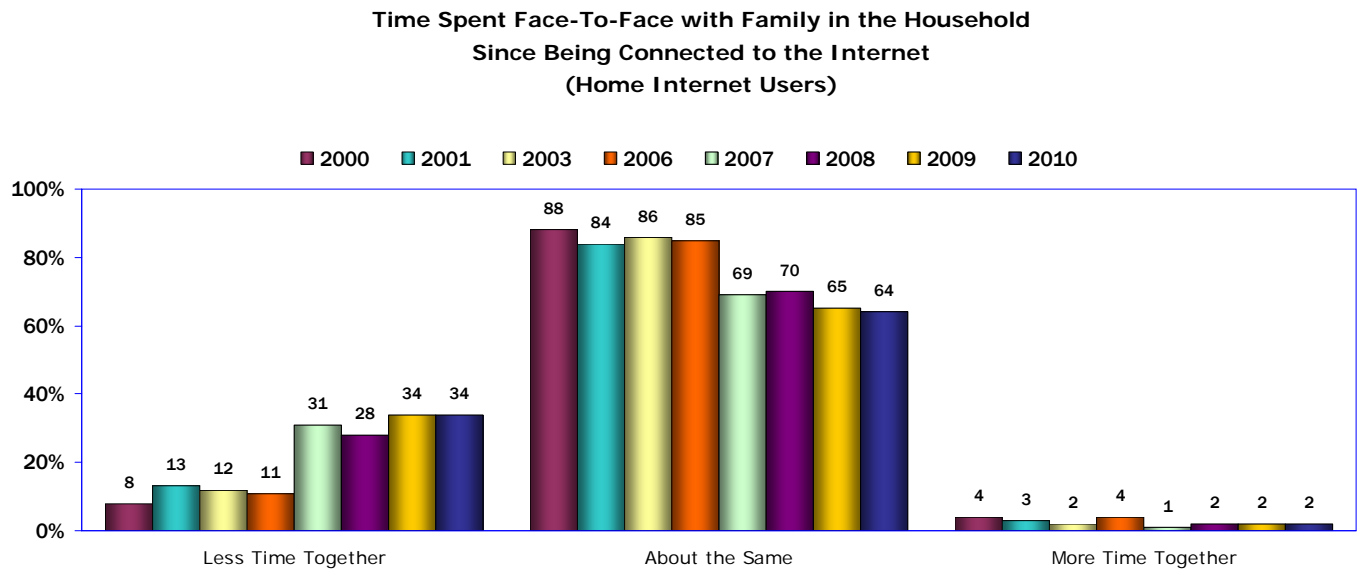


d. Face-to-Face Time Spent with Family

In a decade of Digital Future Studies, the percentage of Internet users who said they spend less face-to-face time with family in their household has grown dramatically, from a low of eight percent in 2000 to a peak of 34 percent in the two most recent surveys.

The percentage who said the amount of time they spend face-to-face with family has stayed the same since being connected to the Internet has declined to 64 percent – the low point in a generally downward trend from a peak of 88 percent in 2000.

Throughout the decade, very small percentages of users (from one percent to four percent) said they spend more face-to-face time with family since being connected to the Internet.



America at the Digital Turning Point: Observations

Beyond the statistical findings in the Digital Future Studies, our observations of Internet use have focused on four other major subjects:

7. *The meaning of “E-Nuff Already” continues to expand.*

Five years ago, the Center for the Digital Future coined the term “E-Nuff Already” to describe concern among Internet users about the impact of e-mail on their lives. Now “E-Nuff Already” includes a growing range of issues.

In 2006, the vast amount of e-mail that Internet users received was a significant concern for most users. Now, “E-Nuff Already” has expanded to include many services and equipment that have tremendous benefits for users, but are also perceived as encroaching on users’ lives.

Americans are more connected than ever, but the sheer overwhelming nature of technology may be reaching a critical point. We get too many e-mails, the barrage of texts is constant, we carry multiple electronic devices, and new services and gadgets continue to be produced. Will “E-Nuff Already” ever stop?

8. *The desktop PC is dead; long live the tablet.*

We believe that over the next three years, the tablet will become the primary tool for personal computing needs. Use of a desktop PC may well dwindle to only 4-6 percent of computer users – writers, gamers, programmers, analysts, scientists, and financial planners – and laptop use will probably decline as well.

The tablet is an inviting gadget. The desktop PC is a “lean forward” device -- a tool that sits on a desk and forces users to come to it. The tablet has a “lean-back” allure -- more convenient and accessible than laptops and much more engaging to use. For the vast majority of Americans, the tablet will be the computer of choice by the middle of the decade, while the desktop PC fades away.

We do not see a downside in the move to tablets, but the coming dominance of tablets will create major shifts in how, when, and why Americans go online – changes even more significant than the emergence of the laptop.

9. *Because of online technology, work is increasingly a 24/7 experience.*

Personal computers and online technology have created increased efficiency and greater productivity in the workplace. However, for many employees, the price of that efficiency also includes the growing presence of work in their lives away from the office.

Decades ago, we thought that computers would be labor-saving devices. While it is true that technology makes us more productive, with that productivity come greater expectations about how we work and when we work. Must employees be accessible by e-mail or texting all the time? Should maintaining a connection to the workplace be expected while outside the office?

For many workers – blue-collar and white-collar alike – technology increasingly makes them accountable to their workplace. Is employment becoming a 24/7 experience?

10. *The next major trend in online technology has not yet come to light.*

What comes next? As we wrote in the introduction to our 2011 study, perhaps the most fascinating issue explored by the Digital Future Project is the endlessly changing nature of online behavior, and how it is affected by the evolution of technology.

We believe that the most interesting topic about the impact of online technology on America is the undiscovered trend to come. For example, in 2000, when the first Digital Future Study was published, the Internet featured a well-established method for personal communication used by almost everyone: e-mail. Back then, who could have predicted that online technologies such as cell phone texting, Facebook, YouTube, and Twitter would not only emerge, but in only a few years, for many users surpass e-mail, create profound change in communication, and become the standard for social connection in 2011?

The next major online trend is being developed right now by a new crop of Internet visionaries just waiting to be heard.

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