

Podcast: The Graying of Consumer Technology

By Denise Dubie, *Network World*, March 26, 2009



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Keith Shaw Programming Director, Network World

Welcome to Network World's Newsmaker of the Week, Network World's podcast that turns the spotlight on one individual whose actions or comments this week made big headlines across the networking industry. I'm Keith Shaw, programming director here at Network World. Our guest today is Kumu Puri, a senior executive with Accenture's Consumer Technology industry group. Accenture made big news this week with a survey that showed Baby Boomers are embracing popular consumer technology. Kumu, welcome to the show.

Kumu Puri Accenture Consumer Technology Segment Lead

Thanks, Keith. Glad to be here. Thanks for having me.

Keith Shaw

So let's go over some of the findings here. You found that the uptake of popular consumer technology applications by Baby Boomers is happening nearly 20 times faster than Generation Y. Now those are some big numbers.

Kumu Puri

Yeah, that's exactly right. We conducted our research over two years in a row, you know—late last year and the previous year—and what was really interesting to us was the significant increase we saw in adoption of emerging applications by Baby Boomers. For example, we saw a 59 percent increase in those who said they were using social networking; a 35 percent increase in those watching and posting videos online. More and more of them are playing videogames on the go, listening to music on portable music players, and so on, so it was pretty startling in terms of the increase that we saw in terms of adoption.

Keith Shaw

Now, in the meantime, you're also seeing that Generation Y—at least their craving for consumer tech apps—are sort of leveling off. Correct?

Kumu Puri

That's exactly right. As you know, kind of in parallel when we compare to what Gen Y-ers were doing, we saw that for many of these emerging applications, they were actually doing about the same or a little bit less of them. Now in some cases, for example, if you look at social networking, they're already very heavy users of social networking sites. They're early adopters for many of these technologies. But what struck us was some of the applications where the adoption wasn't that high to begin with and we didn't see much increase. So, for example, when we looked at virtual worlds, their participation dropped from 23 percent to 19 percent. Consuming video online, no real net growth there. And even writing blogs, contributing to Wiki has declined slightly from 35 to 33 percent.

Keith Shaw

Right. When I first saw the numbers, I started to think, "Well, maybe Gen Y has adopted kind of that, 'Well, been there, done that', so you can't really get more growth if 80 percent or 90 percent of the people are already doing it." But you raise a good point that even on apps where there wasn't a lot of adoption to begin with, you're also seeing a flattening. Right?

Kumu Puri

That's exactly right. And that's where we think there's some opportunity for those who are serving the Gen Y-ers to really take a step back and think about, you know: Are we keeping these applications fresh enough? Are we experimenting enough to really keep them relevant and get more of the Gen Y-ers to adopt it, because certainly the Gen Y-ers will lead the older parts of the population.

The other thing that we could be seeing is that you know some of these applications might really just be features and we'll continue to see some of the aggregation of these applications and pulling them into other applications that have more adoption, like social network. So that's the thing to watch when we look at these emerging applications.

The other thing that was interesting to us is we also looked at Gen Y usage of more mature services—so, for example, their usage of internet access, of cable TV, and so on—and we saw some of the same behavior on those services as well. So...

Keith Shaw

Yeah. I think you saw an increase in the use of Pay Per View and Video On Demand, as well as mobile data services. Right?

Kumu Puri

Right. That's exactly right. So those are the ones that went up while others went down. That kind of tells us, from a service provider standpoint that they really need to focus on those things that are really capturing the Gen Y-ers, so absolutely mobile data and more flexible access to content.

Keith Shaw

Do you think that maybe they're adopting some of those things because they have more money to spend now than they may have had in the past, or is that just, you know, a shot in the dark?

Kumu Puri

Yeah. No, I think that's more of a shot in the dark because it does appear to be—yeah, because we did also, of course, when we did this most recent round of research since it was at the end of 2008, we could see, based on the questions that we asked, that there was some indication that they might spend less going forward given the recession. So we really do believe it's a matter of preference more than anything else.

Keith Shaw

All right. Let's go back to the Baby Boomers for a second.

Kumu Puri:

Uh-huh?

Keith Shaw

Did these numbers surprise you in terms of the growth rate adoption?

Kumu Puri

Yeah, absolutely. When we looked at it, we were really struck that it was such a big increase in adoption. And when we stepped back to think about why that might be, there are a couple of reasons. One, we do believe that, you know, particularly given the situation economically that a lot of Baby Boomers are kind of stepping back and looking at their retirement plans and thinking that they might need to delay their retirement perhaps by 10 or 15 years; and the use of technology is a way for them to stay fresh and relevant in the workplace so that's probably one thing that's going on. And, at the same time, they're probably looking at their kids and grandkids and watching how they communicate and this is a way for them to stay in touch with the younger generations that are important to them.

Keith Shaw

So what can we kind of learn from some of these numbers in terms of will we start seeing advertising kind of go more towards the Baby Boomers? Are we going to—like what are we going to see now that we know that more Boomers are adopting these types of technologies?

Kumu Puri

I think what we're going to see is a little bit more of a customization of the offerings and devices in the marketplace, so a reconnect—more of a recognition—that it's not a one size fits all; that there is, you know, across the population there's interest and usage around the devices and applications that they enable, but we need to customize them for the particular consumer segment. So I think it's going to be really exciting to watch how some of these applications morph based on the different usage models.

Keith Shaw

Yeah. I remember going to like a trade show for mobile phones and seeing that, okay, well, the population's going to get older, so we're going to start seeing mobile phones with bigger numbers so that people can see those numbers on the keypad, but those never really came about.

Kumu Puri

That's right. I think it will be more interesting to watch some of the applications. You know what I mean? So we might see more of an emphasis on some of the health care applications for the older parts of the population. We might see that when they're on social networking sites, it might be less about comparing notes about their favorite rock band and more about issues that they face, you know, as an older generation. So that's where, you know, we really have to watch and observe these different segments of the population.

Keith Shaw

Okay. So we've got some more data from your survey. One of the things that caught my eye was that mobile handsets are not widely viewed as entertainment devices, but then you guys use the word "yet." And we've seen that as well, you know, here at Network World, that most people that talk to us, they're like, "I just want to use my phone to make a phone call. I don't want all these fancy services." So what kind of data do you have regarding that?

Kumu Puri

Yeah, absolutely. You know, it's exactly what you mentioned. You know? As we survey consumers about, you know, "How much are you using your phone beyond talking to other people or communicating with other folks," the majority still say that communication is their primary use for mobile handsets. But what we did see over the last couple of years was a small, but clear, increase in certain behavior that indicates that over time we'll see growing acceptance of some of the entertainment services on the mobile handset. So, for example, when we asked consumers, "Are you watching video on a mobile device," that rose from 12 to 14 percent over the last year or so. Of course, we saw a pretty significant increase in those who said that they have Web-enabled phones; that went from 8 to 23 percent. And then we continue to see some that, you know, there are consumers who are really taking advantage of some applications—the newer multimedia applications, for example. Web browsing was something that about a third said was one of their top three applications and, similarly, listening to music on their mobile handset was very popular. You know, about a quarter said that was one of the top three.

Keith Shaw

Now did you find any difference generationally with some of these stats or questions?

Kumu Puri

Yeah, it was interesting. We didn't see, you know, a clear trend that the younger generation was ahead and more likely to adopt these, but there were some areas where they were ahead. So, for example, the Gen Y-ers report higher adoption of Web-enabled phones, so they rose from 14 to 26 percent. So they remain early adopters of those. What was interesting, on the other hand, is while they've also been an early adopter of video on the mobile handset, their usage actually dropped a little bit. So they remain ahead—you know, about 1 in 4 said they watch video on their mobile handset—but it didn't go up over the last year. So what that tells us is that, yes, there are some generational differences, but age alone doesn't explain why we're not seeing widespread adoption of these kind of entertainment applications on mobile handsets yet.

Keith Shaw

Okay. And one area where there were some big generational differences was a question that you asked about what device they prefer, and it turns out that 51 percent of the Gen Y-ers prefer mobile phones over all other CE devices that they own, and the Baby Boomers prefer their computers more than their cell phone. Now that stat, I mean, that just showed you a huge generational difference. Correct?

Kumu Puri

That's absolutely right. It was interesting, you know? What we saw both in that question, as well as across our research in general, was this clear preference among Gen Y for mobile devices and mobile applications. And where we saw increases in terms of their behavior, adoption and usage was, again, around things that enabled mobility. So we do believe it's much more embedded in their preferred lifestyle compared to the Baby Boomers.

Now for the Baby Boomers, of course, it's probably not surprising that the computer rises to the top as their device of choice. They've been in the workplace

for a few decades. It's something they've been used to using, so there's a certain amount of comfort with that as a device. And what we'll have to see as we go forward is, you know: How does that really impact the product categories that are out there? You know, when we do look at the Gen Y-ers, they still own computers. You know, about 88 percent report that they have either a desktop or a laptop.

Keith Shaw

Right.

Kumu Puri

It's a little bit lower than the Baby Boomers, but what will be interesting to see is, you know, going forward: Is there a way for us to kind of marry the best of both worlds, taking the best of mobility and the best of the computing platform? And, you know, I don't believe it's a netbook or a mobile handset necessarily, but perhaps something in between that can really serve the Gen Y-ers' preference for mobility but while recognizing that, in the workplace, the computer has its role from a productivity standpoint.

Keith Shaw

All right. And one more generational difference that we wanted to bring up.

Kumu Puri

Uh-huh?

Keith Shaw

I think this was in the category of consumer services, you're seeing that Gen Y respondees are really into mobile phone services versus—and then their second preference is home internet access—and, meanwhile, Baby Boomers are really into home internet access versus mobile phone service. So what can we get from some of these numbers?

Kumu Puri

Yeah, you know what that tells us is (1) it's, you know, very much tied to the devices that they prefer. So the Gen Y-ers, they want, more than anything, to have their handset with them and, therefore, they value the mobile phone

service and the mobile data service increasingly that enables the value of that device, in contrast to Baby Boomers who really prefer their computer, really need a home internet access. So it kind of emphasizes some of the generational differences there. It also gives us an indication, you know, looking forward for the service providers in terms of what's going to be important and, you know, the bundle, the importance of wireless in that bundle, will continue to be important for the service providers that have a broad portfolio. And when we looked at some of the things where we saw an increase in for Gen Y-ers, there were a couple. One was they're increasingly using Pay Per View and On Demand...

Keith Shaw

Uh-huh.

Kumu Puri

...and mobile data. So the more that we can bring that into the bundle, we believe that that's going to be important from a service provider standpoint.

Keith Shaw

All right. So that's all the time we've got on today's show. Where can people go, Kumu, for more information about this survey?

Kumu Puri

They can go to Accenture.com and they'll find more information there.

Keith Shaw

All right, Kumu, thank you for joining us on the show today.

Kumu Puri

Thanks, Keith. Thanks for having me.

Keith Shaw

Thanks also to the listeners of Network World's Newsmaker of the Week podcast. You can always find more Network World podcasts at www.networkworld.com/podcasts. I'm Keith Shaw. Thanks for listening.

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