

Demographics of Internet Users

Below is the percentage of each group who use the internet, according to our December 2006 survey. As an example, 69% of adult women use the internet.

<i>Use the internet</i>	
Total Adults	70%
Women	69
Men	71
<i>Age</i>	
18-29	83%
30-49	82
50-64	70
65+	33
<i>Race/ethnicity</i>	
White, Non-Hispanic	72%
Black, Non-Hispanic	58
English-speaking Hispanic	69
<i>All Hispanics (June-October 2006)*</i>	56
<i>Household income</i>	
Less than \$30,000/yr	49%
\$30,000-\$49,999	75
\$50,000-\$74,999	90
\$75,000 +	93
<i>Educational attainment</i>	
Less than High School	36%
High School	59
Some College	84
College +	91

Source: Pew Internet & American Life Project, November 30 – December 30,, 2006 Tracking Survey. N=2,373 adults, 18 and older. Margin of error is ±2% for results based on the full sample and ±3% for results based on internet users.

*Data related to all Hispanics was gathered through telephone interviews conducted in Spanish and English between June 5 – July 3, 2006, and August 10 – October 4, 2006, among a sample of 6,016 Hispanic adults, aged 18 and

older. For a full discussion of this data, please refer to "Latinos Online," available at:

http://www.pewinternet.org/PPF/r/204/report_display.asp

Internet Activities

According to our December 2006 survey, 70% of American adults use the internet. That currently represents about 141 million people.

Here are some of the things they do online:

Percent of internet users who report this activity

Most recent survey date

	Percent of internet users who report this activity	Most recent survey date
Send or read e-mail	91	December 2006
Use a search engine to find information	91	December 2006
Search for a map or driving directions	84	February 2004
Look for health/medical info ¹	79	November 2004
Research a product or service before buying it	78	February-March 2005
Check the weather	78	November 2004
Look for info on a hobby or interest	77	November 2004
Get travel info	73	May-June 2004
Buy a product	71	August 2006
Get news	67	December 2006
Visit a local, state or federal government website*	66	August 2006
Buy or make a reservation for travel	63	August 2006

Surf the Web for fun	62	February-April 2006
Go to a website that provides info or support for a specific medical condition or personal situation	58	November 2004
Research for school or training	57	January 2005
Watch a video clip or listen to an audio clip	56	November 2004
Look for "how-to," "do-it-yourself" or repair information	55	February-March 2005
Look online for news or information about politics or the upcoming campaigns*	54	August 2006
Look up phone number or address	54	February 2004
Take a virtual tour of a location online	51	August 2006
Do any type of research for your job	50	December 2005
Look online for info about a job*	46	August 2006
Get sports scores and info online*	45	August 2006
Get info online about a college, university or other school you or a family member might attend	45	January 2005
Do any banking online	43	December 2005
Download other files such as games, videos, or pictures	42	February-March 2005
Get financial info online, such as stock quotes or mortgage interest rates	41	August 2006

Send instant messages	39	August 2006
Look for info about a place to live*	39	August 2006
Read someone else's online journal, web log or blog ²	39	January 2006
Download computer programs from the internet	39	May-June 2005
Pay bills online	38	January 2005
Upload photos to a website so you can share them with others online	37	August 2006
Play online games*	35	August 2006
Send or receive text messages using a cell phone	35	September 2005
Use internet to get photos developed/display photos	34	September 2005
Listen to music online at a website	34	May-June 2004
Use online classified ads or sites like Craig's list	30	August 2006
Look for religious/spiritual info	30	November 2004
Listen to a live or recorded radio broadcast online, such as a newscast, sporting event, or radio show	29	May-June 2004
Rate a product, service or person using an online rating system	28	August 2006
Search for info about someone you know or might meet	28	September 2005

Participate in an online auction	27	August 2006
Share files from own computer w/ others	27	May-June 2005
Download music files to your computer	27	February-April 2006
Research your family's history or genealogy online*	25	August 2006
Log on to the internet using a wireless device	25	November 2004
Download screensavers from the internet	23	May-June 2005
Chat in a chat room or in an online discussion	22	September 2005
Download computer games from the internet	21	May-June 2005
Download video files to your computer	19	February-April 2006
Create content for the internet	19	November 2004
Make a donation to a charity online	18	September 2005
Take material you find online—like songs, text or images—and remix it into your own artistic creation	18	January 2005
Pay to access or download digital content online*	17	August 2006
Use an online social networking site like MySpace, Facebook or Friendster*	16	August 2006
Sell something online	15	August 2006

Make a telephone call over the internet*	13	December 2005
Visit an adult website	13	May-June 2005
Take a class online just for personal enjoyment or enrichment*	13	January 2005
Buy or sell stocks, bonds, or mutual funds	13	November 2004
Download a podcast so you can listen to it or view it at a later time	12	August 2006
Send or receive an invitation to a meeting or party using an online invitation service	12	November 2004
Take a class online for credit toward a degree of some kind*	12	December 2005
Go to a online dating website or other site where you can meet people online*	11	September-December 2005
Create or work on your own online journal or weblog ³	8	February-April 2006
Download or share adult content online	4	May-June 2005

Source: Pew Internet & American Life Project Tracking surveys (March 2000 – December 2006). Please note that the wording for some items has been abbreviated. For full question wording, please refer to the questionnaire.

¹ *In our November 2004 survey, 79% of internet users said they had looked online for information on at least one of 16 health topics. For a full list of the health topics we inquired about, please see the "Health Information Online" report, available here: http://www.pewinternet.org/PPF/r/156/report_display.asp*

² *This question was asked as BLG2 in the January 2006 survey. Previous blog reading data reported here came from a question asked as part of the WEB-A battery and used slightly different wording: "Do you ever use the internet to read someone else's web log or blog?"*

³ *This question was asked as part of the K31 battery in the February-April 2006 survey. Previous blog creation data reported here came from a question asked as part of the WEB-A battery and used slightly different wording: "Do you ever use the internet to create a web log or "blog" that others can read on the Web?"*

**Item wording has changed slightly over time for the items marked with an asterisk. Please see questionnaires for question wording changes.*

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Daily Internet Activities

According to our December 2006 survey, 65% of American adult internet users, about 92 million people, use the internet on an average day.

Here are some of the things they do on a typical day:

Percent of internet users who report doing this "yesterday"

Most recent survey date

	Percent of internet users who report doing this "yesterday"	Most recent survey date
Use the internet	65	December 2006
Send or read e-mail	54	December 2006
Use a search engine to find information	41	December 2006
Get news	31	December 2006
Surf the Web for fun	28	February-April 2006
Check the weather	22	November 2004
Do any type of research for your job	21	December 2005
Look for info on a hobby or interest	20	November 2004
Research a product or service before buying it	19	February-March 2005
Look online for news or information about politics or the upcoming campaigns*	19	August 2006
Research for school or training	16	January 2005
Get sports scores and info online*	15	August 2006
Visit a local, state or federal government website*	14	August 2006

Do any banking online	14	December 2005
Send or receive text messages using a cell phone	11	September 2005
Send instant messages	10	August 2006
Log on to the internet using a wireless device	10	November 2004
Watch a video clip or listen to an audio clip	10	November 2004
Use an online social networking site like MySpace, Facebook or Friendster*	9	August 2006
Get financial info online, such as stock quotes or mortgage interest rates	9	August 2006
Play online games*	9	August 2006
Get travel info	8	May-June 2004
Read someone else's web log or "blog" ¹	7	September 2005
Pay bills online	7	January 2005
Look up phone number or address	7	February 2004
Search for a map or driving directions	7	February 2004
Buy a product	6	August 2006
Listen to music online at a website	6	May-June 2004
Download other files such as games, videos, or pictures	6	June 2003

Look online for info about a job*	5	August 2006
Look for info about a place to live*	5	August 2006

1. Introduction to the E-Commerce & Internet Industry

Significant, continuing growth was seen in the global Internet and E-Commerce sector in 2006. This growth will continue into 2007 and 2008, particularly in growing worldwide use of the Internet in general, growing access to the Internet via wireless devices and growing consumer purchases via websites.

Worldwide, more than 1.1 billion people are using the Internet. China has become the second largest online market, after the U.S., with more than 132 million Internet users.

The number of American homes and businesses with broadband access capabilities topped 60 million as 2007 began, and a plethora of new services, entertainment options and time-saving solutions have become widely available. The U.S. population is becoming more tech-savvy, with at least 72% of American adults surfing the net on a regular basis. Confidence in security for online transactions is on the rise, as is the ease of use of most retail web sites.

During 2006, online advertising, including paid search inclusion at sites like Google and Yahoo!, has ballooned into a \$13+ billion business in the U.S. alone, threatening traditional advertising venues of all types. Projections for online advertising in America run as high as \$19 billion for 2007.

Retailing online continues to be a booming business. Total online sales reached approximately \$104 billion in the U.S. during 2006, up from about \$89 billion in 2005. For 2007, growth in e-commerce sales in America will be 20% to 25%.

Convergence Arrives: The Internet is about saving time (and therefore saving money) and the potential of the Internet has barely been tapped. New methods of taking advantage of efficiencies are become widely accepted as access to high-speed broadband Internet connections become commonplace. Users of the Internet (both business and consumer) are multiplying around the globe, and many companies are earning terrific profits in the process of serving those users. The long awaited phenomenon of "convergence" of entertainment, computing and communications has arrived. One of the most exciting examples of such convergence is the phenomenal success of Apple's iTunes online music service which has sold billions of songs, legitimizing the online music business and revolutionizing the delivery of recorded music. (Meanwhile, Apple's iPod digital music player has sold tens of millions of units worldwide.)

Microsoft's investments in digital entertainment and the growing popularity of Internet-enabled telephony via voice over IP (VOIP) are also great examples of the arrival of convergence. Microsoft's 2007 release of the Vista operating system will eventually boost both Internet usage and e-commerce, since a major focus of Vista is enhanced security. Stay tuned-the next seven to ten years are going to be extremely exciting, both for consumers and for firms that provide Internet-based services.

Top sellers online include travel, clothing, and accessories, books, music, videos, electronics and specialty foods including wines. In these markets, online shopping amounts to a significant share of sales. (For a complete picture of leading consumer purchases on the Internet, add gambling, games, pornography and information leading to automobile purchases to this list. In addition, health information and general news are among the most commonly sought data online).

A Brief History of the Online Sector: The e-commerce and Internet sector has evolved, going through several distinct stages since its beginnings in the 1970s. Before we delve into an analysis of the trends that are shaping the Internet sector today, a quick look at history is in order.

The Internet is Born: First, there were the early days, when the Internet was seen by many as a realm for techies only, one that would produce few, if any, commercial enterprises. Initially designed in 1973, the Internet was a series of communication protocols written by Vinton Cerf as part of a project sponsored by the U.S. Department of Defense's "Defense Advanced Research Projects Agency" (DARPA). The first demonstration of a three-network Internet protocol-based connection occurred in November 1977. Eventually, a well-enabled Internet was rolled out in 1983, primarily as a failsafe method of defense communications and as a means for researchers at various universities to communicate.

The Web is Created: Next, the World Wide Web and the coding language of HTML were conceived in 1989 and implemented between 1990 and 1993 by Tim Berners-Lee, enabling a never ending hyperlinked cyberworld where sharing unlimited data became user-friendly thanks to the magic of linked pages.

The Boom Ensues: Starting in 1993 to 1994, entrepreneurs and financiers realized that hyperlinked, electronically posted data could be commercialized with vast, global potential. A dramatic revolution in retailing, publishing and entertainment was visualized, one in which consumers and business people alike would eagerly pay for the convenience of online shopping, trading and viewing of published data. An economic boom ensued, the likes of which hadn't been seen since the beginnings of earlier technological breakthroughs: electricity, the railroad, the telephone, the automobile and the passenger-carrying airliner.

Thousands of hopeful new businesses were launched. Capitalization for these new Internet-enabled companies ranged from cash-strapped ventures launched with Visa card credit lines, to companies like WebVan that received vast sums from professionally managed venture capital firms only to fail miserably. Roughly 6,000 new firms of significant size raised a cumulative total of more than \$100 billion in venture capital in the boom period (1994-2000). About 450 of these companies sold their stock to the public via IPOs (initial public offerings). Stock markets soared and instant billionaires were made. Individuals and families from all walks of life bet their savings on technology stocks and watched their wealth rise quickly. Venture funds that cashed out early reaped phenomenal gains, and financiers easily found additional investors for new venture capital pools. Companies with little or no sales and profits, led by the success of Netscape's IPO, found eager buyers for their newly-issued stocks. The NASDAQ rose to 5,000 by early 2000, and the Chairman of the Federal Reserve Bank warned of "exuberant optimism." Some said this boom couldn't last-others said it was the beginning of a "new economy" that would last forever.

The Bust: In mid-2000 the Internet industry entered a bleak and dreary phase after the NASDAQ collapsed in March, bringing the entire sector to its knees. Hundreds of thousands of people lost their jobs. Stock portfolio values plummeted. Thousands of firms closed their doors, filed bankruptcy, downsized or were scooped up at bargain prices by competitors. Sellers of hardware, software, consulting and telecommunications services suffered mightily. Entrepreneurs found it nearly impossible to raise funds to launch or sustain their businesses. The dream of a "new economy" became a nightmare for some-profits still matter; business cycles still happen.

The Reality Phase: By early 2003, this sector's dark clouds were abating, and a "reality phase" was taking shape. Well-conceived, Internet-based businesses were proving their value. Consumers had become devoted fans of buying over the Internet. Businesses of all types were finding that the Internet creates true operating efficiencies and drives profitability. For example, while most of the airline industry suffered terribly in recent years, value-based discount airlines Southwest and JetBlue enjoyed superior financial performance, in no small part because of their use of e-commerce to efficiently book reservations and sell tickets online. "Efficiency" is the most important factor in the e-commerce and Internet sector's new-found success. Consumers find the Internet to be a terrific way to efficiently expend their shopping and banking efforts. Travelers find the Internet to be an efficient way to book hotels rooms and airplane seats. Corporate procurement managers find the Internet to be the most efficient way to purchase needed goods and inventory. Hundreds of millions of people worldwide find e-mail, instant messaging and VOIP telephony to be the most efficient ways to communicate.

Common Online Consumer Activities

Research Automobile Purchase Information
Banking/Manage Accounts
Instant Message
Check/Trade Stock Portfolios
E-Mail
Job Search
Mortgage Information and Application
Participate in Auctions
Play Games
Read News Items
Read Product or Entertainment Reviews
Research Consumer Health Issues
Shop/Check Product Prices and Features
Make Travel Reservations
Visit Pornographic Sites
Gamble

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