



2023

The 2023 Technology Report

Evolving Through Technology



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Many are predicting the next 12 months to be a bit bumpy for the US market. Let's face it, the last few years have not exactly been smooth. But the most fascinating thing about such times is that they are often a catalyst for the advancement of technology and innovations. This acceleration of new and emerging technology services and products has placed a premium on understanding consumer behaviors and the messages that resonate with them. The more marketers know about their current customers, the better their chances of engaging with them – and potential new prospects – in the most efficient ways.

From functionality and ease of use to design, cost, and brand loyalty, there are many reasons why people choose not only the type of technology they buy, but the manufacturer or provider of those devices/services. And there are even more ways in which they can

discover that technology. It may take as many as 6 to 8 interactions to turn a lead into a paying customer, so knowing the most about each audience allows you the best opportunity for success.

6 to 8 Interactions

For a lead to become a paying customer

Claritas' 2023 Technology Market Report

seeks to identify just a few of the many strategic opportunities that technology marketers should consider, including what audience characteristics and trends impact or strengthen activities in the market, and key actions to take to gain market share. This report is just a small sample of Claritas' vast data and insights that are available to help drive more effective marketing.





“Cord-cutting” or the practice of abandoning higher-cost pay-TV options, including cable and satellite TV, continues to be a growing trend amongst US consumer households. These cord cutters are shifting to lower-cost online streaming options, like on-demand giant Netflix and Google’s YouTube TV. And though cable and satellite TV still claim about 56% of Americans, 95.1 million people will cut the cord in the US by the close of 2023, (approx. 35.9% of the US population), and **it is estimated that by 2026 there will be 112.9 million cord-cutting US consumers.**

When we look at **Claritas’ ConneXions®** data, we see that households with lower incomes are more likely to have no subscription TV at all, or possibly cable. Lower midscale homes

indexed highest for satellite TV, though this is highly skewed by two rural ConneXions® categories, **Satellite Seniors** and **Tech-Free Frontier**. While it is intuitive that online streaming services such as Netflix, Hulu, and Disney+ are clearly gaining ground with younger categories, consumers with higher income levels also indexed higher for these services, with YouTube TV and Prime Video rising to the top. Verizon FiOS ranked highest amongst cable companies in the higher income brackets, probably due to the fact that Verizon is geographically concentrated in the Northeast where there is also a large number of wealthy US consumers.

ConneXions by Claritas

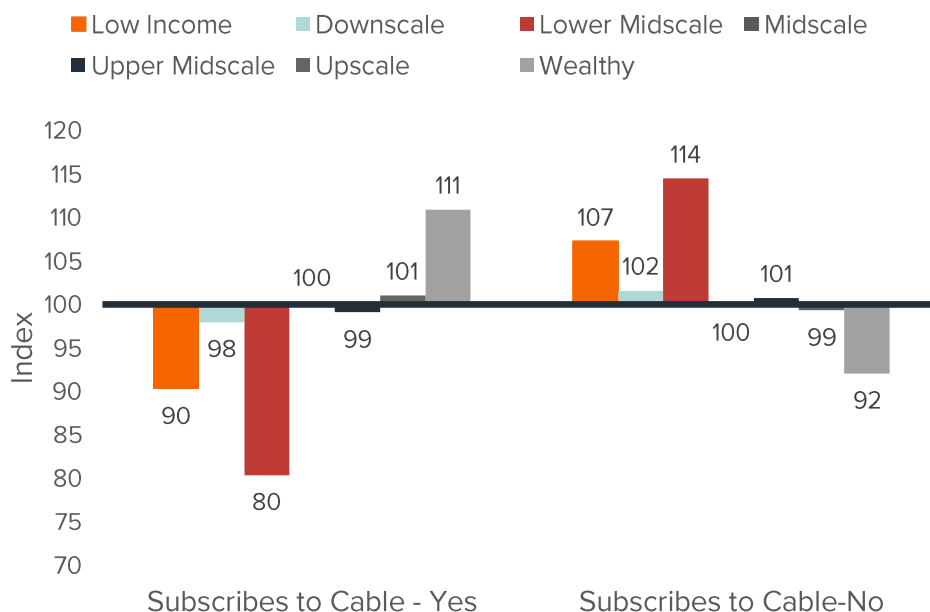
Designed for the technology and telecommunications industry, ConneXions is a proprietary segmentation tool that helps you know more about the technology behaviors of today’s connected consumers. It helps predict adoption rates for all major technology categories. By creating a more complete picture of current customers and prospects, ConneXions allows for more targeted, effective messaging and improved campaign ROI.



Segment Descriptor	Heuristic
Low Income	Where income <\$10K is greater than 30%
Downscale	Where income <\$30K is greater than 77% and not “Low Income”
Lower Midscale	Where income <\$50K is greater than 75% and not assigned by an earlier rule
Midscale	Where not assigned by an earlier rule
Upper Midscale	Where income \$50K+ is greater than 75% and not assigned by an earlier rule
Upscale	Where income \$75K+ is greater than 80% and not “Wealthy”
Wealthy	Where income \$100K is greater than 90%

Throughout this report, these descriptions will be used in income charts/graphs.

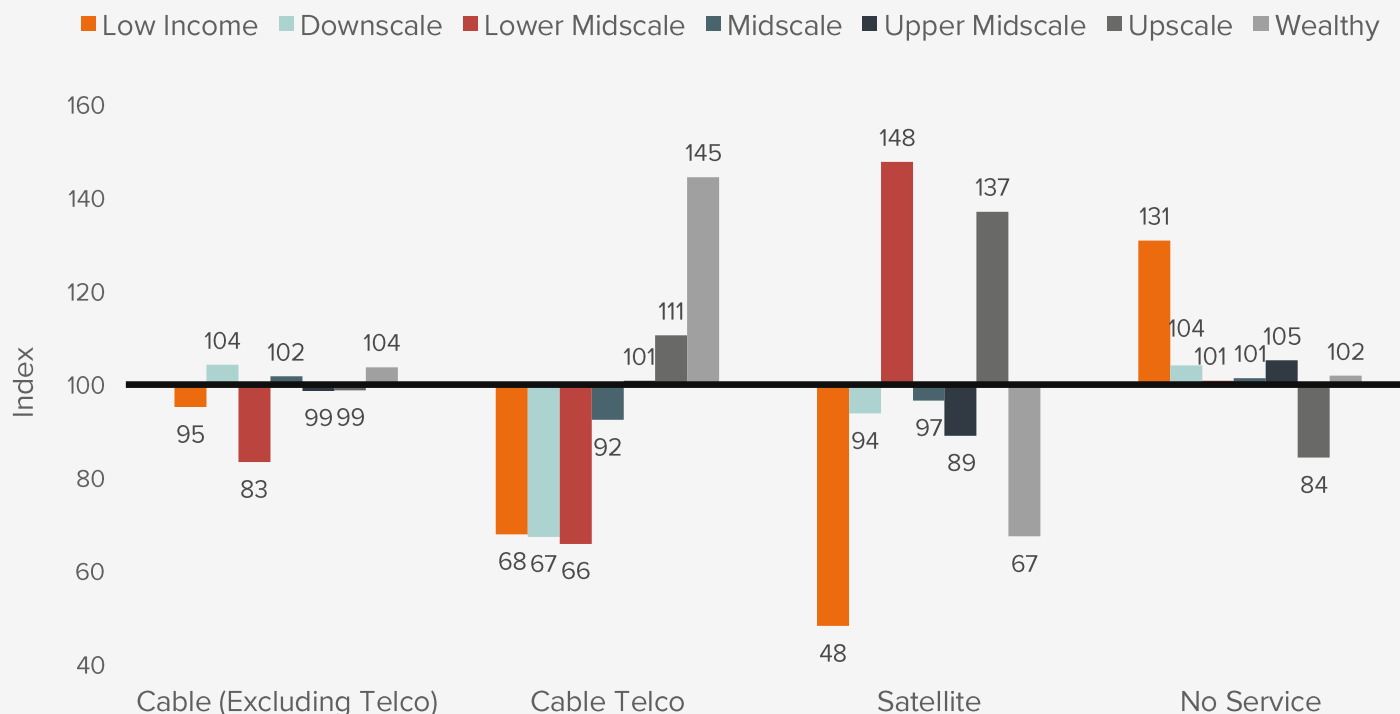
Cable Subscribers by Income Level



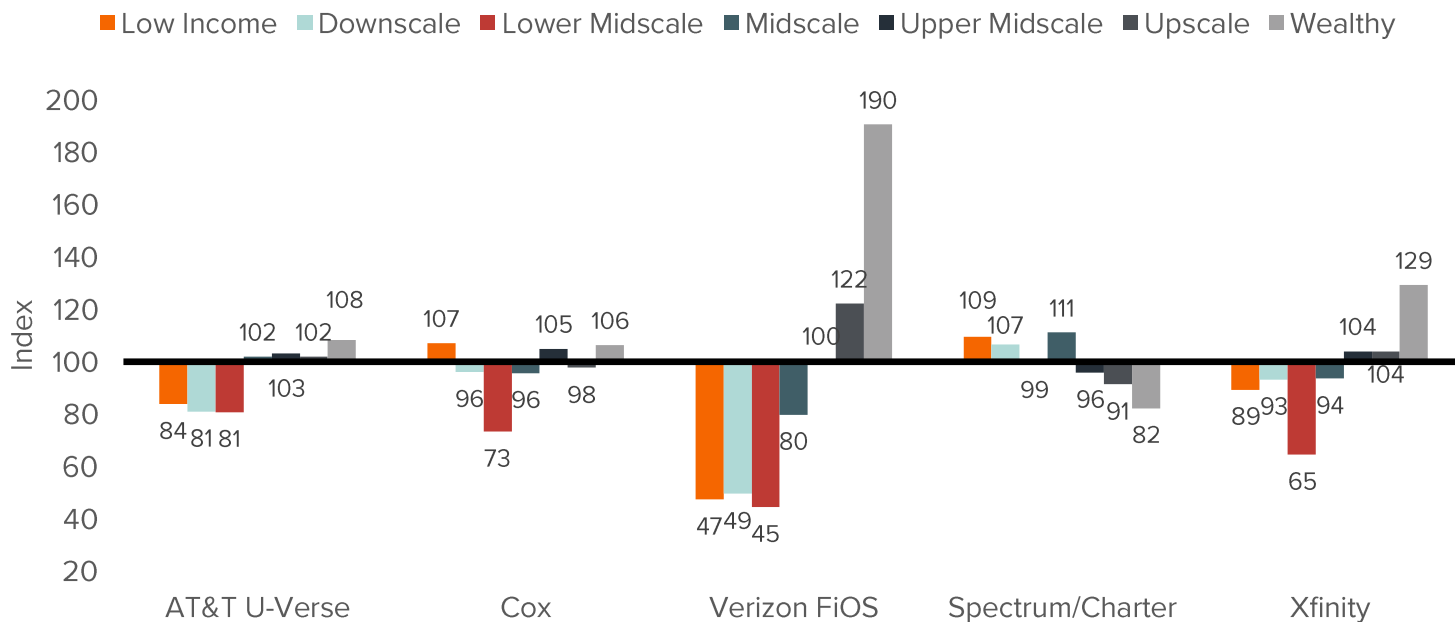
Cultural Differences of Note:

- 70% of Hispanic Households (HHs) subscribe to Netflix and are 22% more likely to be subscribers than the avg. HH.
- 40% of Hispanic HHs subscribe to Disney+ - they are 39% more likely to be subscribers than the average HH.
- Asian HHs index high for Connected TV (CTV) devices such as Google Chromecast and Apple TV for streaming needs.
- Asian HHs allocate the most TV time to streaming content 43% — which is 26.9% more than the general population.

Types of TV Service by Income Level

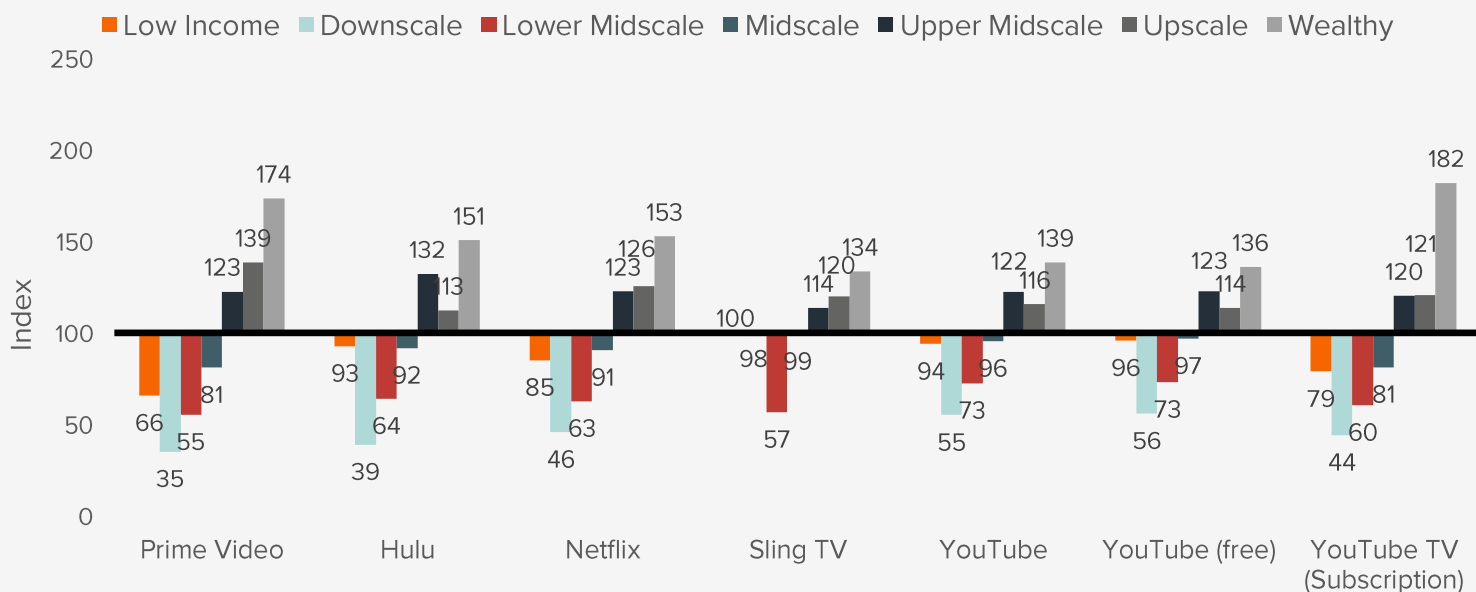


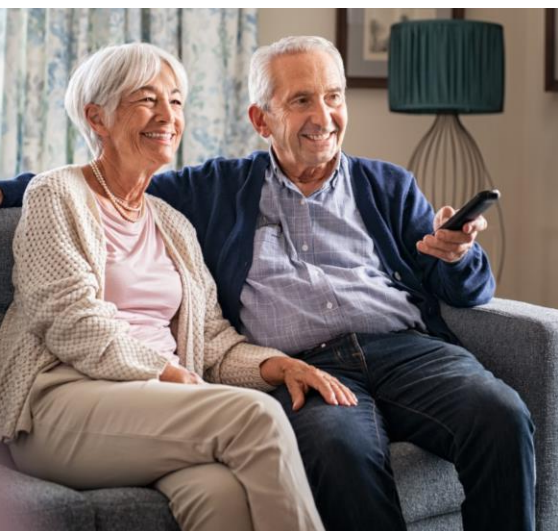
Cable Providers by Income Level



PRO TIP: When determining the best consumer prospects for each type of TV service, it is clear that concentrating on age, income level, geographic location, or any other single factor cannot tell the full story. Looking at a combination of demographic, socioeconomic and behavioral factors will help you determine who your best customers are, and which groups represent the best prospects going forward.

Streaming Services Used in Last 30 Days by Household Income

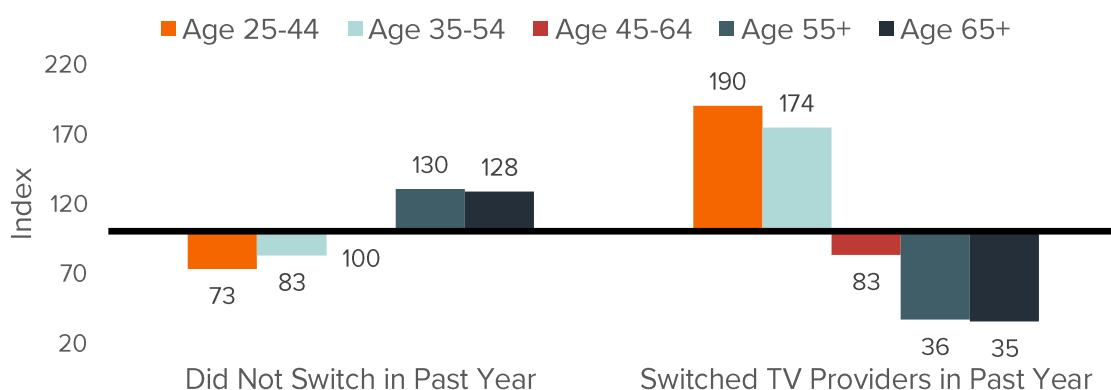




TV Service Switching Behaviors

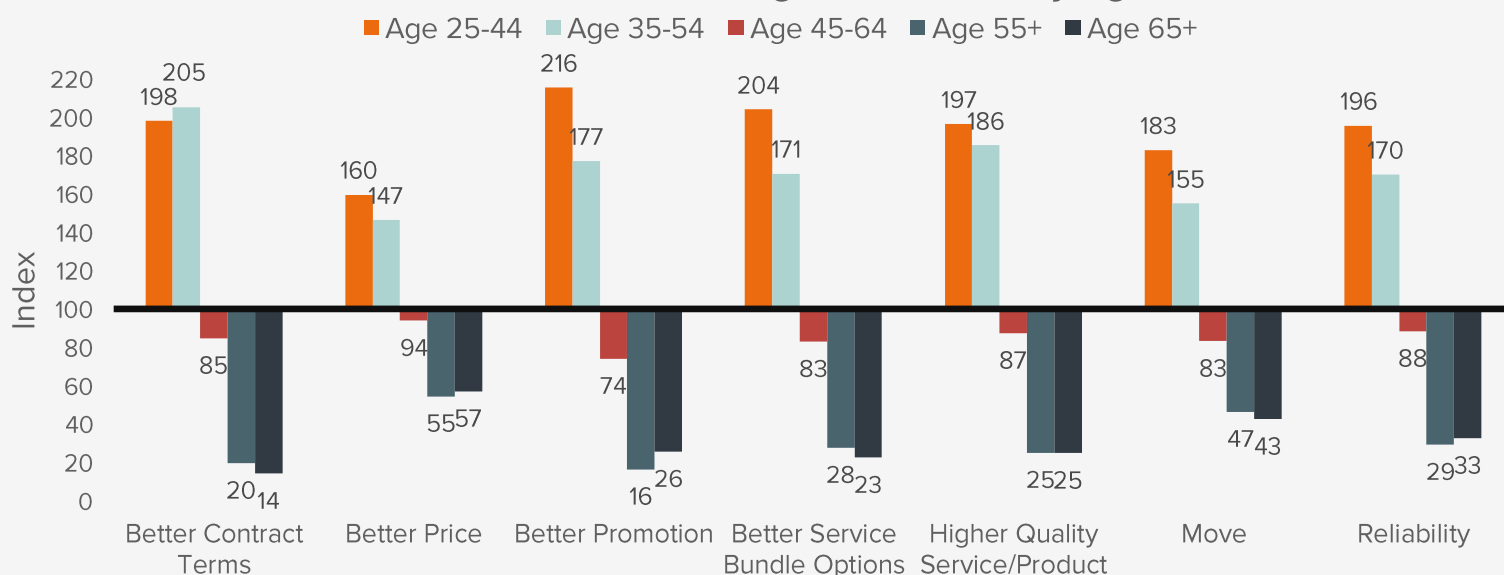
While current predictions are that the prevalence of cable and satellite TV will decrease 7% by 2030, the technologies surrounding streaming and other options are still evolving. When we look at HH behaviors through the lens of ConneXions segmentation, we notice younger adults are far more likely to switch TV providers, with provider promotions topping the list of reasons for the switch, followed by better contract terms and service options. It may be tough to steer older adults away from cable and satellite, but clearly better offers and services are key to enticing those 54 and under not only to switch but to remain as ongoing customers.

Switched TV Providers by Age



Adults 55 and over are approximately **30% less likely** to have switched TV providers in the past year.

Reason for Switching TV Providers by Age

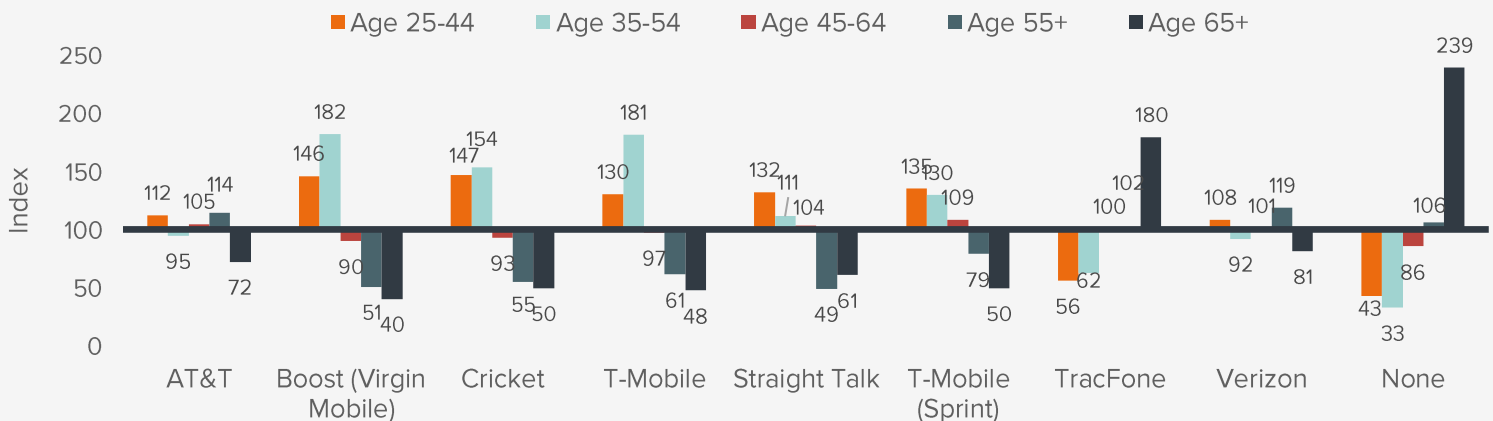


Mobile phone technology has set a furious pace over the last 30+ years. Analog to digital to broadband and 5G is only the beginning of a history that includes the addition of internet, flexible displays, advancing camera technology, biometrics, and more. AI is continuing to play a growing role in mobile phones, powering everything from voice assistants, personalized recommendations, and predictive text input. Consumer enthusiasm for these technologies varies, often based on age. But while younger generations often crave (and pay) for the latest and best technology, does that translate into new sales for service providers? Are these your primary customers? And how do you expand your market into other audience segments?

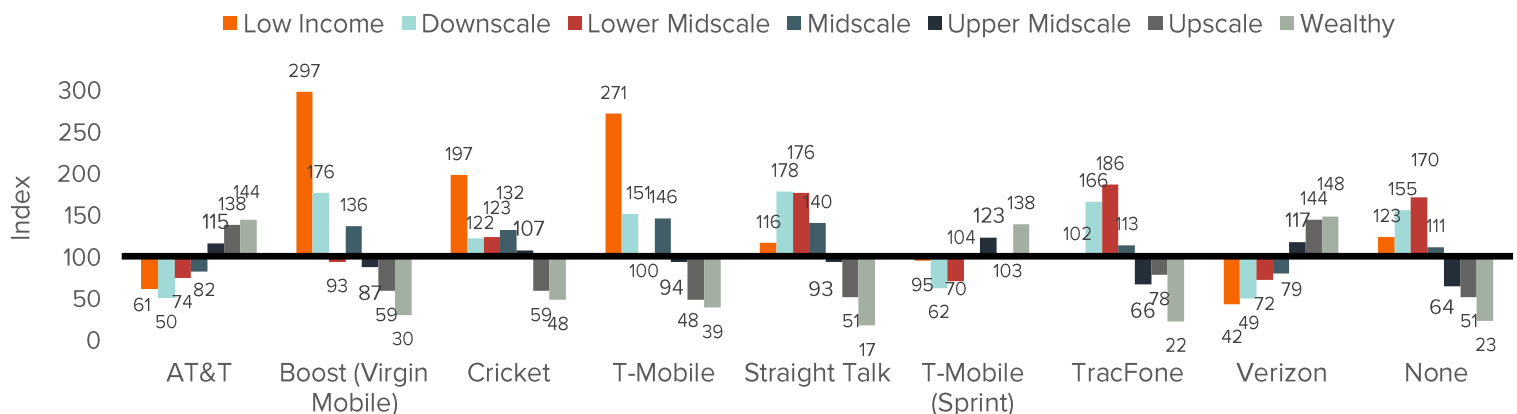
As is to be expected MVNOs (Mobile virtual network operators) such as Boost, Cricket, Straight Talk and Tracfone are most popular in lower income brackets and, typically, within younger age groups. An MVNO obtains minutes or wireless capacity at wholesale rates from different mobile network operators (MNO) and resells them to customers at lower retail costs under its company name. T-Mobile also ranks high within these groups, probably due to being one of the first carriers to eliminate two-year contracts. Verizon and AT&T rank higher among higher income brackets.



Current Mobile Phone Provider by Household Age Range



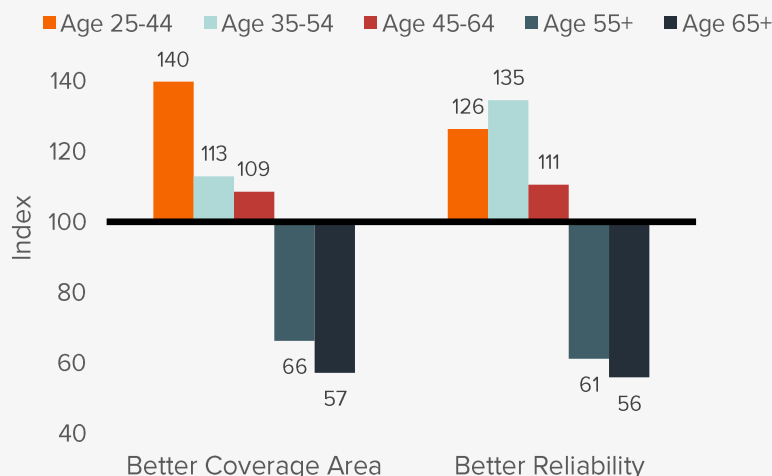
Current Mobile Providers by Income Level



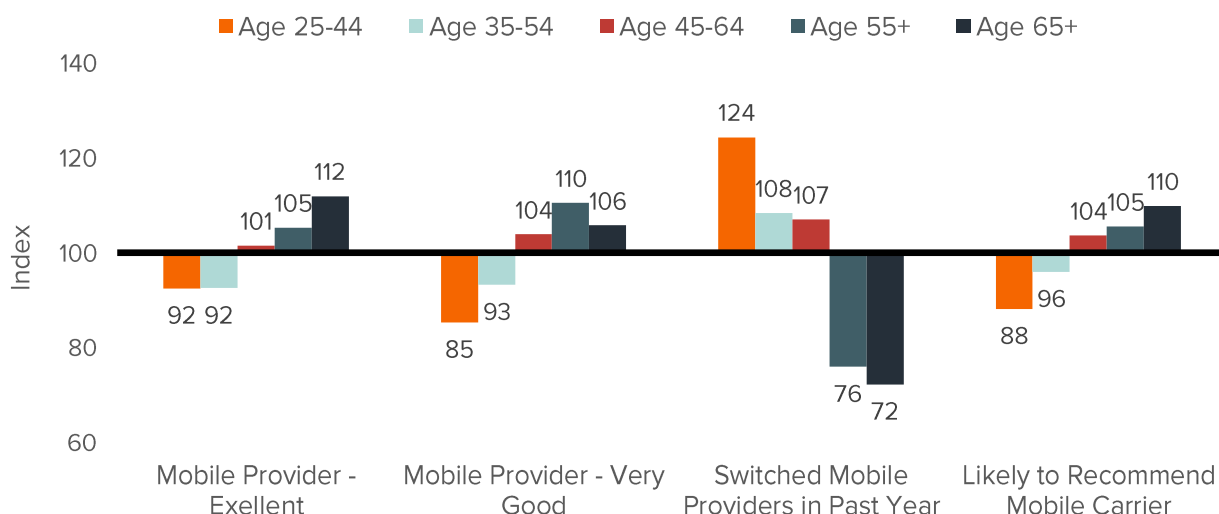
Switching/Brand Loyalty Behaviors

Older mobile phone consumers (those 65+) are more likely to favorably rate their mobile providers and to stick with them. In fact, consumers 25 – 44 are 40% more likely than the average consumer to switch in order to get better coverage area and those 35-54 are 35% more like to switch in order to get better reliability. And while age was once again a predominant factor in switching behaviors, lower income consumers also ranked higher for switching in the past year, with better coverage area as the predominate reason.

Reasons for Switching Mobile Phone Providers by Age



Mobile Phone Provider Loyalty by Age

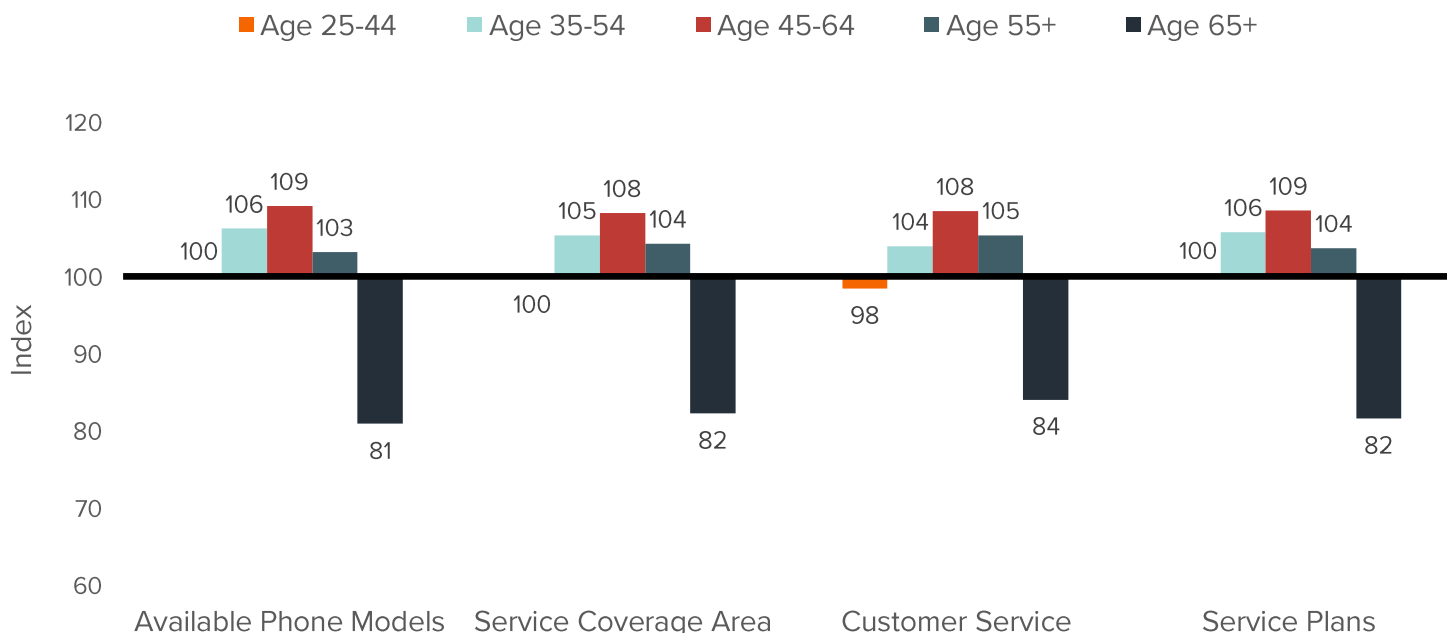


Cultural Differences of Note:

- 81% of Hispanic HHs have at least 1 mobile phone and are 78% more likely to have a mobile phone primarily used by a child.
- Almost 30% of Hispanic HHs switched mobile providers last year and only 46% of Hispanic HHs rate their mobile provider as “Very Good” or “Good”.
- 32% of Hispanic HHs are using T-Mobile or Metro by T-Mobile (prepaid) as their mobile provider.
- 84% of Asian Americans own a portable mobile device.



Reasons for Selecting a Mobile Provider Listed as Important by Age

**Pro Tip:**

Clearly for older, wealthier demographics, messaging should be focused on ease-of-use and customer service. While several mobile providers are offering unlimited plan discounts for 55+ adults, many include adverse features for this group. Unlimited text, talk and data may be more than what they need and often requires autopay and paperless billing, which seniors tend to shy away from. In fact, some older adults (especially in lower income brackets) may actually prefer the pre-paid options for both ease of use and cost. Finally, many of these programs are geographically limiting, concentrated only in areas with heavy senior populations. Retention is favorable with this important demographic group, but messaging featuring educational programs and emphasis on easy-to-use features and services should help attract new customers.



On the other hand, many younger consumers are clearly dissatisfied with their cell phone experience. Offering responsive and helpful support channels, such as live chat and social media support, can make a significant difference in their customer service experience. Combining that with programs that allow users to upgrade their devices more frequently without incurring excessive costs, making it easier for them to stay up to date with the latest technology, will help with retention of current customers.



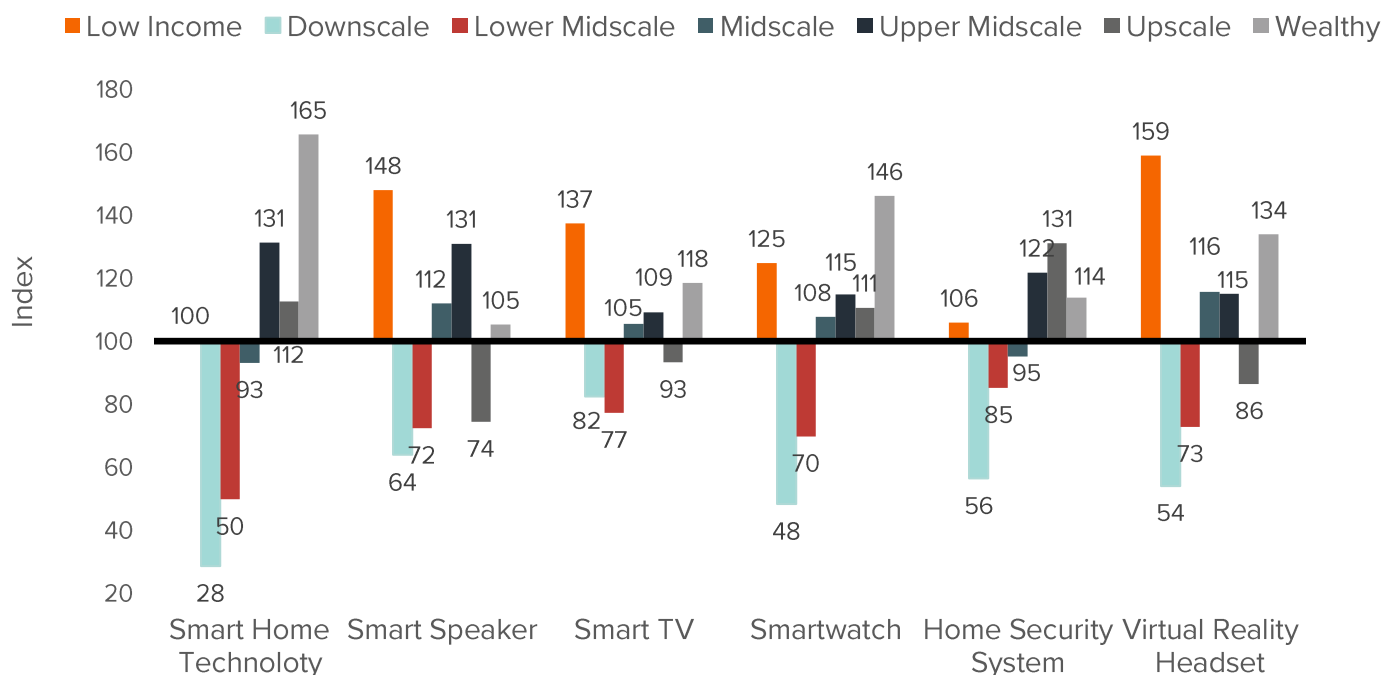
And when working to attract new customers, messaging should be tailored specifically to these groups. Concentrate on platforms popular among young people, and consider collaboration with influencers or celebrities that promote a youthful and tech-savvy image.

Emerging Technologies

We are living in the age of “smart”. From smart phones and watches, to appliances, thermostats, and entire homes, smart technology has become mainstream. In fact, in 2023 the smart home industry automation in US homes is at nearly 54%, and 81% of consumers say they are more likely to purchase a new home that has smart technology. As can be seen below, smart technology buying plans are still skewed towards higher income households, though this may change as advances in manufacturing catch up, lowering the price for many items.

One outlier is the low income category, which ranked high on most of the smart technologies and lead all categories for smart TVs, smart speakers, and virtual reality headsets. While some of this might be due to higher income consumers having already purchased these items, it could also be tied to a trend that shows that Americans are choosing lower-end gadgets to save money; and/or the overall cost of such devices is steadily declining. It is also the nature of the audiences that make up this category – most of which are under the age of 44. Age is definitely a predominant factor in the purchase of smart devices.

Technology Buying Plans in Next 12 Months by Income Level

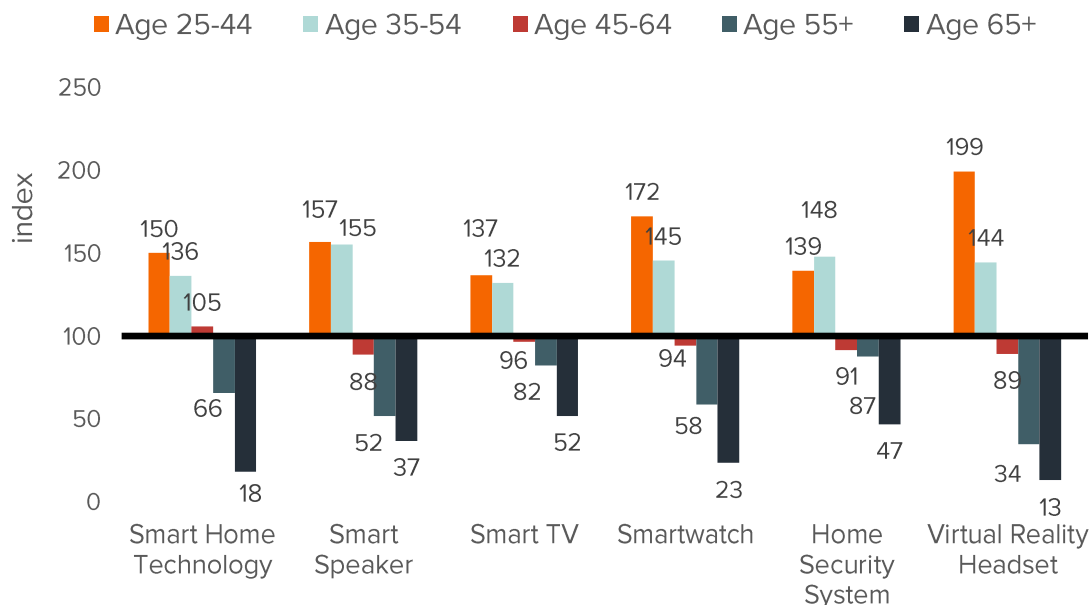


PRO TIP: Age and wealth impact the types of technology people are interested in purchasing. Older people may have different needs and preferences than younger people, such as a larger screen size, larger font size, or simpler interfaces. Higher income consumers may be more interested in luxury technology, such as high-end smartphones or high-end audio equipment, and may be more likely to upgrade their technology more frequently than younger people, who may not have the financial means to do so. Determining who your current, primary buyers are can help determine future potential buyers and/or changes that need to be made in order to approach a different group.

Cultural Differences of Note:

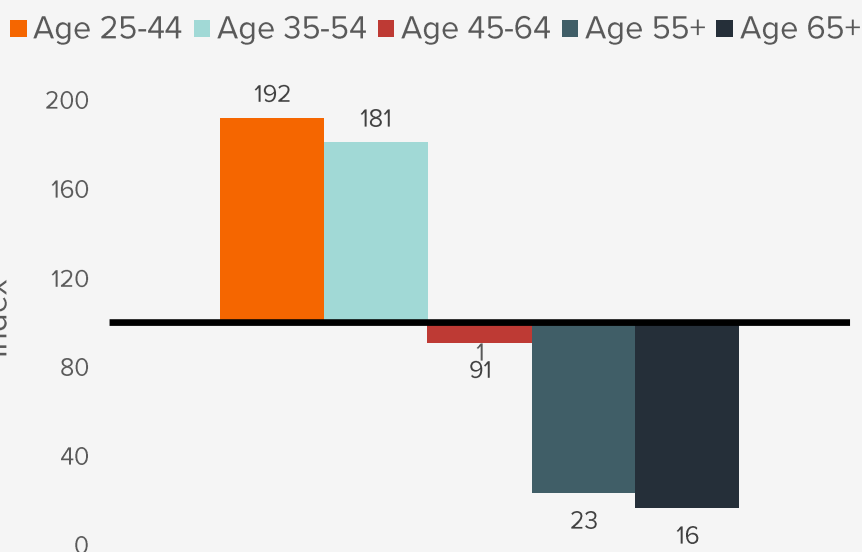
- Over the past 12 months, the average Asian HH has spent \$3K+ on consumer electronics (Index 174).
- Asian HHs are also most likely to have purchased TVs in the highest price range in the past 12 months, TVs in the \$1K - \$3K range (Index 146). These indices are higher than those shown by other ethnic groups.

Technology Buying Plans in Next 12 Months by Age



PRO TIP: Some smart technologies have negative security connotations, a consideration much more important to older consumers. There are other innovations, like the “metaverse” which have engaged younger consumers, but it is still a concept that many don’t or can’t grasp. Regardless of the technologies you are marketing, education is key in extending messaging and furthering potential sales.

Excited About the Metaverse



The Age of the Metaverse

Age is also a determining factor in reactions and anticipation of the Metaverse – by far. The Metaverse is a vision of what might be called the next “internet” – a single, shared, 3D space where people live, work, shop, learn, and interact with each other – virtually. Companies including Facebook, Nvidia, and Microsoft have plans for the Metaverse, with the aim of creating immersive online environments that offer a persistent world for work and play.

Technology is in a constant state of change. Or maybe a better phrase would be, a *constant state of evolution*. To keep pace, as well as gain the greatest strategic advantage, you must first understand your own customers: their likes, dislikes, preferences, behaviors, etc. These insights let you tailor messaging and campaigns that resonate.

Then take it a step further - start to look at those that are NOT your current customers. Could they be? Is it that they don't fit your brand, geographic location, or product? Or is it simply about education, messaging, or how/where you promote? Let's look at some lessons learned in this report:

- While it is easy to say that advancing technology will be most easily adopted by those in lower age brackets, don't disregard the older demographics. For instance, streaming TV marketers have seen that older people are becoming adopters. (They just might be late to the party)!
- Don't always dismiss lower income segments. As technology progresses and becomes more mainstream, costs go down. Smart home tech and VR are prime examples. Marketers who promote such items based solely on income are probably leaving sales on the table.
- Dive into your CRM and prospect audience universe to gain granular insights into who they are, what they buy, and why. Then develop creative messaging, geographical footprints, and offers based on your research. The result might be more campaigns than originally planned. However, targeted campaigns that speak directly to your audience typically drive the highest ROI.
- Be nimble. Staying in front of the tech advancements is important, but making adjustments to your campaigns and audience targeting is paramount for sustained growth and scalability.



Claritas Leads the Way

With over 10,000 highly-predictive demographic and behavioral indicators and the most comprehensive multicultural data, Claritas' proprietary data assets give marketers the most complete understanding of not only the technology and telecommunications consumer, but of all American consumers. Once you understand who your best customers and prospects are, Claritas can then execute campaigns across multiple channels and reach your customers and prospects when and where they'll be

the most receptive. We can deliver audiences across our vast network of over 150 channels and platform partners, and your agency, so you can execute on your own. Or we can handle the entire multichannel execution for you. Furthermore, we can help you accurately measure the true impact your multi-channel campaigns have on driving conversions and ROI. This helps you optimize future campaigns to increase the success of your customer acquisition and retention programs.

To learn more about how to find and win your next technology/telecommunications consumer, visit www.claritas.com, [contact us](#) or call **800.234.5973**



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