

ONLINE SECURITY AND PRIVACY CONCERNS ON THE INCREASE IN CANADA

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Concerns contributing to virtually no year-over-year growth in incidence of online gift purchasing over the holidays



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The Ipsos-Reid Corporation is one of North America's largest market research and public opinion companies. Founded by Dr. Angus Reid, Ipsos-Reid is a \$70 million company which has conducted extensive market and social research in 80 countries and in 40 languages, and serves clients around the world through more than 300-professionals and 1,000 data collection staff in 12 offices. The company is a member of the Paris-based Ipsos Group, ranking among the top ten research companies in the world, with specialties in advertising, media, customer satisfaction, public opinion and market research. Visit www.ipsos-reid.com.

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Toronto, ON – It's a refrain heard time and again: Canadian Internet users who have yet to make a purchase online are concerned about the security of their credit card information and the privacy of their personal information. But what has changed is that non-online shoppers are becoming *more* concerned rather than less concerned, new research from Ipsos-Reid shows.

At this time last year, 72% of non-online shoppers cited concerns about the security of giving out their credit card information online as a reason why they weren't purchasing online. Results from the same period this year show that this proportion has increased to 83%. A similar trend appears with privacy concerns: last year 52% of non-online shoppers said one of the reasons they weren't purchasing online was because they were concerned about privacy when releasing personal information. The percentage has jumped to 66% of non-online shoppers. These factors are having a heavy influence on the 59% of Canadians with Internet access who have yet to make an online purchase, Ipsos-Reid concludes.

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“Clearly these issues are not being addressed properly by e-tailers”, according to Chris Ferneyhough, Vice President of Technology Research at Ipsos-Reid in Toronto. “One would expect that over time, these concerns should decline. However, this is clearly not the case. There is no easy solution, but if e-tailers want to stick their heads in the sand and hope that these concerns will simply disappear on their own, they are going to be disappointed.”

Ferneyhough maintains that another myth is that those who have made an online purchase aren’t concerned about security. “Skilled Internet users, newbies, online purchasers, non-online purchasers—it doesn’t matter. Privacy and security continue to be the major concerns when it comes to shopping online,” added Ferneyhough. “For example, 69% of frequent Internet purchasers¹ say they are concerned about giving personal information—such as their credit card number—online. It may be a lower percentage than that for non-online shoppers, but it is still the majority of frequent online shoppers having this concern.

The same study also found that while Canadians intend to spend more money online this holiday season than ever before, the percentage of people planning to purchase online during the holiday season is flat year-over-year (21%).

“This is a good news/bad news scenario for e-tailing in Canada”, said Marcie Sayiner, Senior Research Manager at Ipsos-Reid in Vancouver. “On the positive side, our numbers project that online purchasing during the holiday season will grow from \$650 million last year to \$860 million this year, which is good for a 32% increase. However, this growth is due to regular online shoppers purchasing a greater percentage of their gifts online, instead of more people shopping online during the holiday season. If other Internet users don’t start shopping online in the future, the risk is that online shopping in this country is going to stall.”

¹ Defined as an Internet user who has made four or more online purchases in the past twelve months.



While items that have been popular for online gift purchasing in the past (books, CDs, tapes, or videos) continue to be popular items for online purchasing this year, apparel is more likely to be purchased online this holiday season than ever before (37% of those planning to purchase gift items online say they will purchase apparel versus 27% last year and 21% in 1999).

“It seems last year’s online shoppers are looking to branch into new buying territory this holiday season”, said Sayiner. “It will be interesting to track feedback after the holiday season. Purchasing clothing online is a little trickier than buying a book online. Hopefully we continue to see a growth in online purchasing of non-traditional online purchase items.”

*The “**Canadian Inter@ctive Reid Report**” is the largest, most comprehensive and authoritative source of its kind about quarterly Internet trends in Canada. The results are based on two separate data collection instruments. In the first, 1,000 web users from Ipsos-Reid’s Canadian Internet Panel are surveyed online. Panelists are chosen through random telephone surveys conducted on an ongoing basis across Canada. Results are complemented by a further 1,000 interviews via telephone with Canadian adults in order to verify results of the panel, and track issues among non-Internet users. Telephone interviews for this release were conducted between September 6th and 19th, 2001 while the online data was collected between September 18th and 25th, 2001. These data are statistically weighted to reflect the population proportions of regular online users by online expertise and regional distribution. Our panelists represent approximately 12.6 million Canadian adult Internet users who are online for one hour a week or more (there are a total of 15.6 million adults who have Internet access).*

With a national sample of 1,000 (for each component), one can say with 95% certainty that the overall results are within a maximum of ± 3.1 percentage points of what they would have been had the entire population of Canada’s regular online users been

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surveyed. The margin of error will be larger for sub-groupings of the survey population.

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