

CANADIANS SPEND \$990 MILLION FOR GIFTS ONLINE DURING 2002 HOLIDAY SEASON, DOWN 14% FROM 2001

*Decrease in average amount spent and few new online shoppers
leads to decline*



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Toronto, Ontario— A decrease in the amount spent online by the typical Internet shopper during the 2002 holiday season resulted in a drop in total online gift purchasing expenditures by Canadians compared to last year, according to a new study from Ipsos-Reid, Canada's leading public opinion and marketing research company. This is a contrast from the US where estimates pegged online shopping during the holiday season to be anywhere from 17% to 24% higher than last year¹.

Canadian online shoppers spent an average of \$267 online for gifts, totalling an estimated \$990 million in expenditures. This was 11% lower than the holiday expenditures that Ipsos-Reid projected in the fall and represents a 14% decrease from the estimated \$1.1 billion that was spent for gifts online during the 2001 holiday season.

"This is obviously not the best news for Canadian retailers with a web presence," said Chris Ferneyhough, Vice President of Technology Research at Ipsos-Reid in Toronto. "Despite the incentives being offered to convince people to shop online, it is still not resonating with the majority of Internet users in this country. Canadians are just not as geared up about online shopping as Americans are."

The decrease was primarily due to a 21% decrease in the amount spent online by the typical online shopper. Last year the typical online gift shopper spent \$324 online, versus the average of \$267 this year.

The number of Canadians who purchased gifts online was steady when compared to last year. During the 2001 holiday season, 3.6 million Canadian adults purchased a gift online, compared to 3.7 million this holiday season, an increase of 3%.

¹ January 6, 2003. *E-tailers cheer holiday sales surge*. Margaret Kane. Cnet news.com.

“Unskilled Internet users are not shopping online, and while many skilled users are shopping online, they are not spending as much,” noted Ferneyhough. “It does appear, however, that once someone buys online, they are willing to use the medium again. For example, 99% of adults who bought a gift online during the holiday season said that they will buy online again. E-tailers are satisfying current customers, but they haven’t been able to convince most people in Canada to try online purchasing.”

The high level of repeat online purchase expectations can be attributed to a high levels of satisfaction with the overall purchase experience (82% were satisfied), the customer service received (80% satisfied), and timing of the delivery of items purchased (79% satisfied).

As in previous years the most popular online holiday purchase items included books (40%, up from 37% last year), CDs, tapes, or videos (38%, up from 27%), clothing (28%, up from 23%), toys or games (20%, from 18% last year), computer software (14%, consistent with last year’s figure of 15%), and a whole range of other miscellaneous items.

A Canadian Internet user is defined as a Canadian adult (18+) who uses the Internet for at least an hour per week. There are approximately 15.2 million Internet users in Canada.

*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 December 27th, 2002 and January 7th, 2003 while the online data was collected between January 3rd and 8th, 2003. These data are statistically weighted to reflect the population proportions of regular online users by online expertise and regional distribution. Our panelists represent approximately 15.2 million Canadian adult Internet users who are online for one hour a week or more (there are a total of 18.3 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 surveyed. The margin of error will be larger for sub-groupings of the survey population.



Established in 1979, Ipsos-Reid is Canada's leading marketing research and public opinion company. It is best known for the Angus Reid Express Poll, the most widely quoted source of public opinion in the country. Founded by Dr. Angus Reid, Ipsos-Reid 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 eleven offices. The company is a member of the Paris-based Ipsos Group, ranked among the top ten research companies in the world.

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