



Canadian Online Gift Purchasing Flat During 2003 Holiday Season

Canadians Spend \$972 Million Online Purchasing Gifts, virtually unchanged from 2002

Calgary, AB, January 19, 2004 - For the second consecutive holiday season, Canadians have failed to match American enthusiasm for online shopping during the holiday season, according to a new study from Ipsos-Reid, Canada's leading public opinion and marketing research company. While American estimates indicate online shopping during the 2003 holiday season increased as much as 30% south of the border¹, Canadians spent a total of \$972 million online, representing a marginal decrease from the \$990 million that was spent online during the 2002 holiday season.

"Canadians continue to be slow to embrace online shopping," said Chris Ferneyhough, Vice President at Ipsos-Reid's Calgary office. "This is the second consecutive year that we've failed to see new online shoppers during the holiday season, and the second consecutive year that online holiday shoppers have failed to increase their online spending."

The lack of increased online spending during the holiday season is surprising, given that the incidence of adults having ever made an online purchase² has hit a new high of 47%, up from 39% this time last year. However, in both 2002 and 2003, approximately one-in-four Canadian adults with Internet access bought a gift online, despite the increased incidence of online shopping. Incidence of online shopping among American adults is significantly higher at approximately 75%.

"It is an interesting anomaly", continued Ferneyhough. "We are among the global leaders when it comes to Internet access figures, high-speed access figures, and online banking figures, but we come nowhere close to Americans when it comes to online shopping. Our stereotypical conservatism appears to have some truth when applied to online shopping. Compared to the US, we appear to be more concerned about the security issues surrounding online shopping, and perhaps we just love going to the mall more than they do."

The typical Canadian purchasing gifts online during the 2003 holiday season spent \$247, which is a slight decrease from 2002 when the typical online shopper spent \$267 online, and down 24% from 2001 when Canadians purchasing gifts online spent an average of \$324. This decrease in average spending, combined with the lack of increase in incidence of online shopping, a plateau of Internet access in Canada, and an increase in the value of the Canadian dollar relative to the US dollar have all contributed to a lack of increased online spending during the holiday season by Canadians.

¹ http://www.mediapost.com/dtls_dsp_news.cfm?newsId=232512

² Among adults with Internet access. A total of 18.4 million adults in Canada have Internet access.



Books continue to be the most popular item purchased online. One-in-three online gift purchasers say they bought a book as a gift online during the 2003 holiday season. This is followed in popularity by CDs or music (25%), clothing (24%), DVDs or videos (18%), and toys or games (16%).

Despite the lack of growth in online shopping during the holidays, online retailers continue to improve their service. Among those who say they purchased gifts online during the 2002 holiday season as well as in 2003, 44% say their experiences were “a lot” or “a little” better in 2003 compared to 2002. This is over four times as many who say their experiences were worse (5%).

“As the Internet became mainstream in the late 1990s, the holiday season was a pretty tough time for online retailers as they went through their growing pains. But we’ve seen year-over-year improvement in online shopping experiences for purchasers during the past few holiday seasons,” noted Ferneyhough. “Hopefully at some point this improved customer service will result in people spending more online.”

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 15.3 million Internet users in Canada.

Methodology

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 January 2nd and 7th, 2004 while the online data was collected between January 6th and 8th, 2004.

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 million Canadian adult Internet users who are online for one hour a week or more (there are a total of 18 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.

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About Ipsos-Reid

Ipsos-Reid is Canada's leading marketing research and public affairs company in Canada, both in terms of size and reputation. It operates in seven cities and employs more than 300 researchers and support staff in Canada. It has the biggest network of telephone call centres, as well as the largest pre-recruited household and on-line panels in Canada. Its Canadian marketing research and public affairs practices are staffed with seasoned research consultants with extensive industry-specific backgrounds offering the premier suite of research vehicles in Canada, including the Ipsos Trend Report, the leading source of public opinion in the country. Ipsos-Reid is a member of the Ipsos Group, a leading global survey-based market research group.