

CANADIANS INCREASE ONLINE SPENDING DURING HOLIDAY SEASON

*Typical Canadian online gift shopper spent \$228 online during
2004 holiday season.*



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Calgary, AB – After back-to-back years of flat online gift shopping, Canadians increased their online gift purchasing during the 2004 holiday season, according to a new study from Ipsos-Reid, Canada's leading public opinion and marketing research company. Just over 3.5 million Canadian adults purchased at least one gift online, up from 2.2 million in 2003. This represents an increase of 59%.

"After a couple of poor years it appears that Canadians warmed up to online gift purchasing in 2004," said Chris Ferneyhough, Vice-President at Ipsos-Reid's Calgary office. "If online retailers capitalize on this strong momentum, it could be a banner year for online shopping in 2005."

The increase of Canadian online gift purchasing in 2004 bested figures released out of the U.S., which indicate that online shopping south of border increased 29% this past holiday season.¹

"Typically we lag the U.S. when it comes to online shopping," said Ferneyhough. "But it appears that we made some ground this most recent holiday season, though we still have a ways to go before online shopping can be considered as popular here as it is in the U.S."

The incidence of adults with Internet access having *ever* made an online purchase hit a new tracking high of 56%, which is up from 47% this time last year and 39% in 2002. This figure is equivalent to 44% of all Canadian adults having made at least one purchase directly online.

¹ <http://www.comscore.com/press/release.asp?press=546>

Additionally, among those who have *ever* made a purchase online, 33% purchased at least one gift online during the holiday season, which is up from 26% in both 2003 and 2002.

The typical Canadian purchasing gifts online during the 2004 holiday season spent \$228, which is actually down slightly from 2003 when the average online shopper spent \$247 on gifts, and down from 2002 when the average amount spent on gifts was \$267. However, the increase in incidence of online shopping in general, online gift purchasing, and a slight increase in Internet access offset the decrease in average amount spent.

“With so many new online shoppers purchasing gifts online this past holiday season, it is logical that the average amount spent decreased,” said Ferneyhough. “New shoppers likely weren’t prepared to place all of their faith in online shopping just yet, so they likely only bought one or two items online to see how it went. A stronger Canadian dollar likely also contributed to the decrease in average amount spent online.”

For the first time since Ipsos-Reid began tracking online gift purchasing, books are not the clear cut favourite among online shoppers. Clothes were just as popular (29% vs. 28%), and DVDs or movies didn’t trail by much (25%).

The vast majority of online shoppers from the past holiday season say that they are “very likely” to purchase online for gifts next holiday season (77%) with only 2% saying they are unlikely.

“The key is convincing people to try online shopping for gifts just once,” noted Ferneyhough. “Once their expectations are met, which they largely were this most recent season, then people will keep coming back and enjoying the convenience of shopping online rather than battling traffic and people at busy malls.”

*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 5th and 10th, 2005 while the online data was collected between January 6th and 10th, 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 14.4 million Canadian adult Internet users who are online for one hour a week or more (there are a total of 17.9 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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For more information on this news release, please contact:

Chris Ferneyhough

Vice-President

Ipsos-Reid Corporation

403-294-5607

chris.ferneyhough@ipsos-reid.com

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