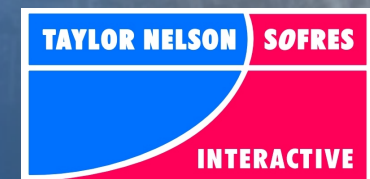


“...global marketing information from a global research company, with unequalled expertise and experience in internet issues ...”

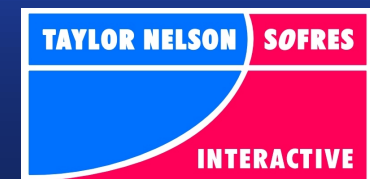
Taylor Nelson Sofres **Interactive -** **Global** **eCommerce** **Report 2002**



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About Taylor Nelson Sofres & TNS Interactive

- TNS Interactive is the global New Media and Internet Research business within the Taylor Nelson Sofres Group, the 4th largest market information company in the world. Taylor Nelson Sofres is listed on the London Stock Exchange.
- We have a dedicated specialist team of senior New Media research consultants who combine extensive experience of online and offline research techniques, with an unrivalled knowledge of the Internet.
- We are experts in:
 - Custom research to measure and optimise our clients' e-business performance.
 - Online research techniques and capabilities.
- For more information, visit our website at: www.tnsofres.com/interactive, or email us at: interactive@tnsofres.com



- This is the 3rd year of the 'TNS Interactive - Global eCommerce Report'. It has grown from covering 27 countries to providing insight into 37 marketplaces all over the world.
- In each country, identical questions were placed on a nationally representative survey (omnibus) during early 2002. All omnibuses were run by companies in the Taylor Nelson Sofres Group.
- Across these **37 countries**, a total of **42,238** people have been interviewed.
- All country results have been weighted as to be representative of the survey population.
- This report was written by Arno Hummerston, Head of TNS Interactive Solutions Worldwide (country specific comments supplied by local TNS companies).

The 37 countries covered

North America

- United States
- Canada



South America

- Argentina
- Mexico

Europe

- Belgium
- **Bulgaria**
- Czech Republic
- Denmark
- Estonia
- Finland
- France
- Germany
- Great Britain
- Hungary
- Ireland
- Israel
- Italy
- Latvia
- Lithuania
- Netherlands
- Norway
- Poland
- **Romania**
- **Serbia**
- Spain
- **Slovak Republic**
- Turkey
- Ukraine

Asia Pacific

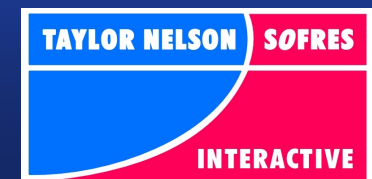
- Australia
- Hong Kong
- India
- Indonesia
- Malaysia
- Singapore
- South Korea
- Taiwan
- Thailand

Countries highlighted in **RED** have been added to this study in 2001, and therefore have **NO** data for 2000.

Report definitions & glossary of terms

- The following definitions apply to this report:
 - **Internet user**: someone who has personally used the Internet in the past month (at the time of interview).
 - **Online shopper**: an Internet user who has bought or ordered goods or services on the Internet during the past month.
 - **Online dropout**: an Internet user who considered buying or ordering goods or services on the Internet during the past month, but decided not to.
 - **Offline shopper**: an Internet user who has bought or ordered goods or services outside of the Internet as a result of information found on the Internet during the past month.
 - **Future online shopper**: an Internet user who plans on buying or ordering goods or services on the Internet within the next 6 months.
 - **Abstainer**: an internet user who has not shopped online, not considered buying online, not bought offline as a result of information found on the internet, NOR plans to do so.

Global results 2002



What it all comes down to: eCommerce activity remains stable while its value increases

- Between 2001 and 2002, the proportion of Internet users that are shopping online has not increased. However, an increase in number of people online has helped to ensure that eCommerce is growing.
- Higher value items such as holidays and leisure travel have become more popular in 2002 and have contributed to the commercial growth of eCommerce.
- More than 1 in 20 online shoppers have spent over € 1,000 (Euros) in the last 4 weeks online.
- Online security remains the biggest single concern for those Internet Users who have not yet shopped online.

Internet usage

- For the second year running Scandinavian countries lead the way in the adoption and use of the internet. In Denmark 63% of the total adult population used the internet in the past 4 weeks, and this remains ahead of the USA (62%).
- Although country average internet penetration has increased by 3% to 34% since 2001, growth has slowed and some countries have seen a drop.
- Internet Usage Growth has been strongest in the under 20 age group, reflecting a bright future for the internet.

Online shopping

- The USA, for the third year running, is the nation with the greatest proportion of Internet Users who are online shoppers - at 32% - despite dropping by 1%. This compares with the static global average of 15%. Korea and Norway have exhibited big increases in this area over the past year.

To shop, or not to shop...

- There has been no real change in the popularity of online shopping, or internet related shopping activity between 2001 and 2002. However, the growth in internet usage/penetration means that more people (in real terms) are shopping online.
- 52% of all internet users (down from 55% in 2001) have done none of the following: bought online, dropped out, bought offline or plan to buy online in the future.
- 28% of internet users globally have either shopped online or plan to do so in the next 6 months.

Offline shopping

- 15% of all Internet users have bought goods or services outside the Internet as a direct result of information found online – no change from 2001.
- Younger (under 20) people's offline spending is still not being influenced by information found online as much as some older internet users, although there has been some improvement from 2001.
- In 2001 we identified that in order to convert offline into online sales in the future, there is a need for integrated online and offline business models. The lack of growth in both online and offline shopping infers that this has not improved.

Future online shopping

- 18% of all internet users plan to shop online in the next 6 months. However, of these, well over a quarter have already purchased online.
- Confidence in eCommerce therefore remains at a stable level.



Products purchased online

- Books and CDs continue to be the most popular items bought online. However, as in 2001, smaller proportions have purchased these items when compared to the last year.
- Holidays and leisure travel bookings have now been made by 11% of online shoppers – overtaking PC hardware and software purchases which were more popular in 2001.
- The increase in acquisition of higher price items appears to imply a growing confidence in online shopping and ordering.

Reasons not to shop online

- The biggest reasons for not purchasing online continue to be security related. 30% of abstainers stated that they didn't want to give credit card details (up by 5% from 2001) and 28% citing general security concerns.
- Germany, as in 2001, was the most reluctant nation to provide credit card details (73%), and only the Czech Republic was more concerned about general security issues.
- Younger people are more likely to consider the perceived high price of online goods and services as a barrier to purchase.

eCommerce spend

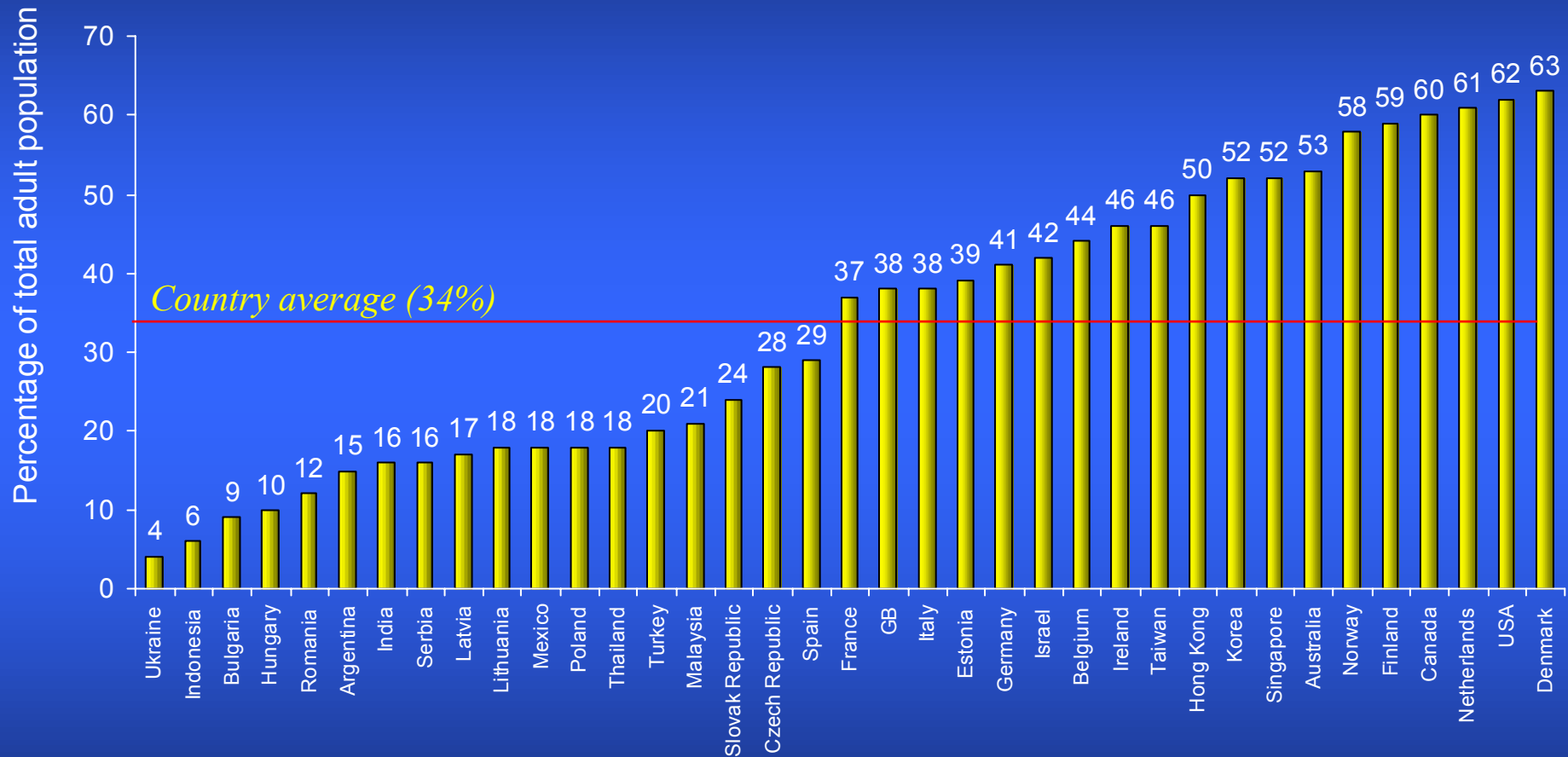
- 47% of online shoppers spent between € 1 and € 100 (Euros) online in the last 4 weeks.
- Significantly, 6% have spent over € 1,000 (Euros) in the same time, thus implying increased confidence in purchasing high value items online.
- As you might expect, older age groups are more likely to spend larger amounts.
- Men, on average, spend substantially more online than women online - € 606 vs € 345 (Euros) in the last 4 weeks.

Key numbers 2002...

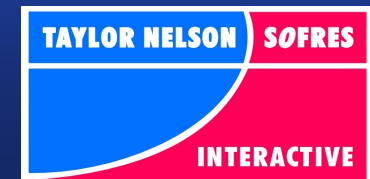
	Country Average 2000	Country Average 2001	Country Average 2002	Year on Year Change	Lowest	Highest
Internet users	27%	31%	34%	+ 3%	Ukraine 4%	Denmark 63%
Online shoppers	10%	15%	15%	no change	Bulgaria 0%	USA 32%
Online dropouts	15%	15%	16%	+ 1%	Bulgaria 0%	Hungary 33%
Offline shoppers	13%	15%	15%	no change	Ukraine 0%	Hungary 45%
Future online shoppers	14%	17%	18%	+ 1%	Ukraine 0%	Hungary 60%



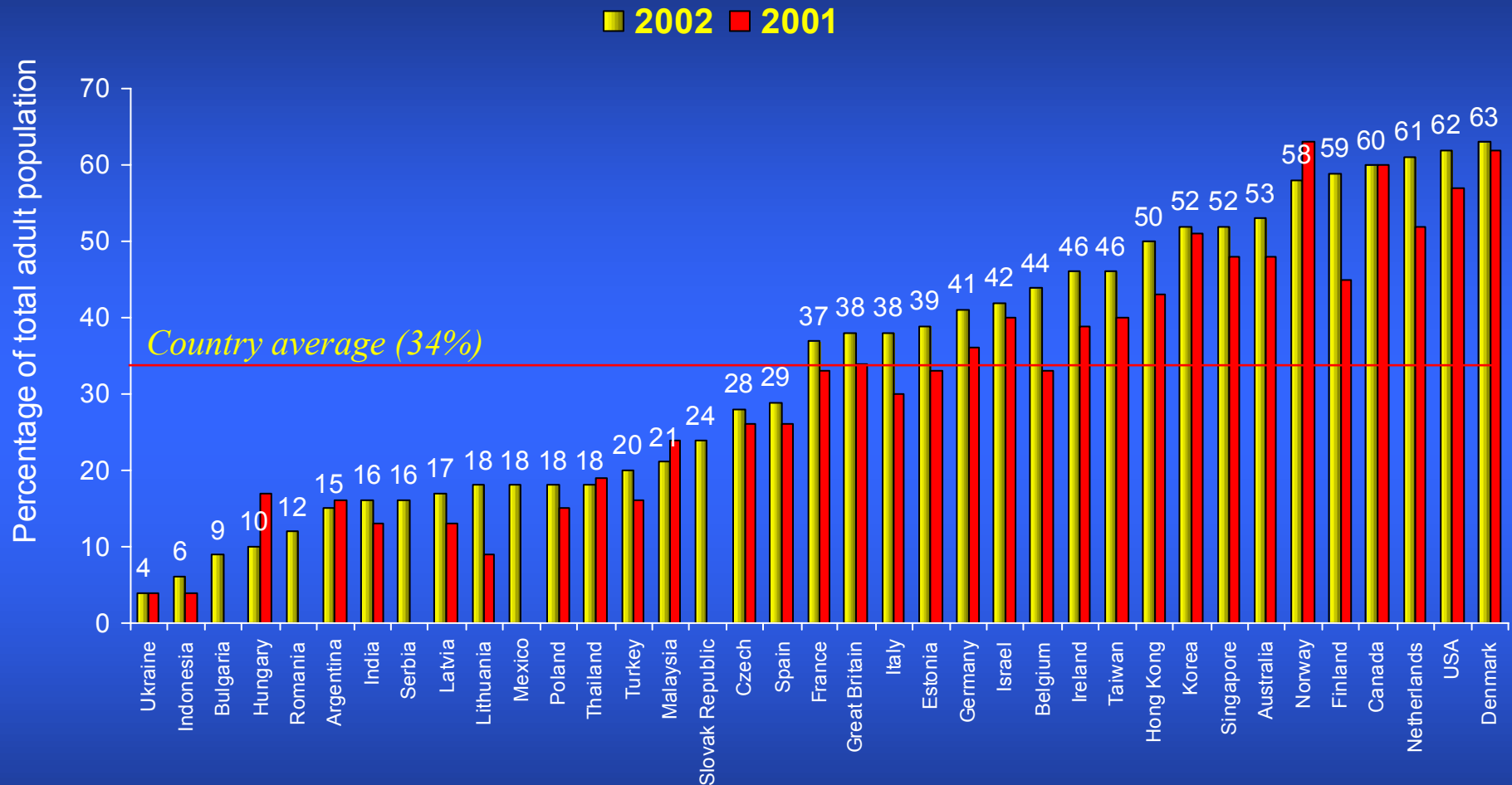
Internet users across the world 2002



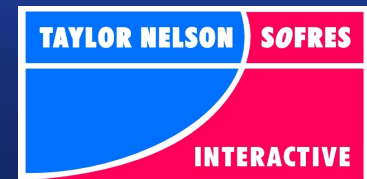
Percentage of the population who have personally used the Internet during the past month



Internet users across the world 2002/2001



Percentage of the population who have personally used the Internet during the past month



Three groups of countries based on their level of Internet penetration

Low penetration

(less than 20% are users)

- Argentina
- Bulgaria
- Hungary
- India
- Indonesia
- Latvia
- Lithuania
- Mexico
- Poland
- Romania
- Serbia
- Thailand
- Ukraine

Medium penetration

(20 to 40% are users)

- Czech Rep
- Estonia
- France
- Great Britain
- Italy
- Malaysia
- Slovak Republic
- Spain
- Turkey

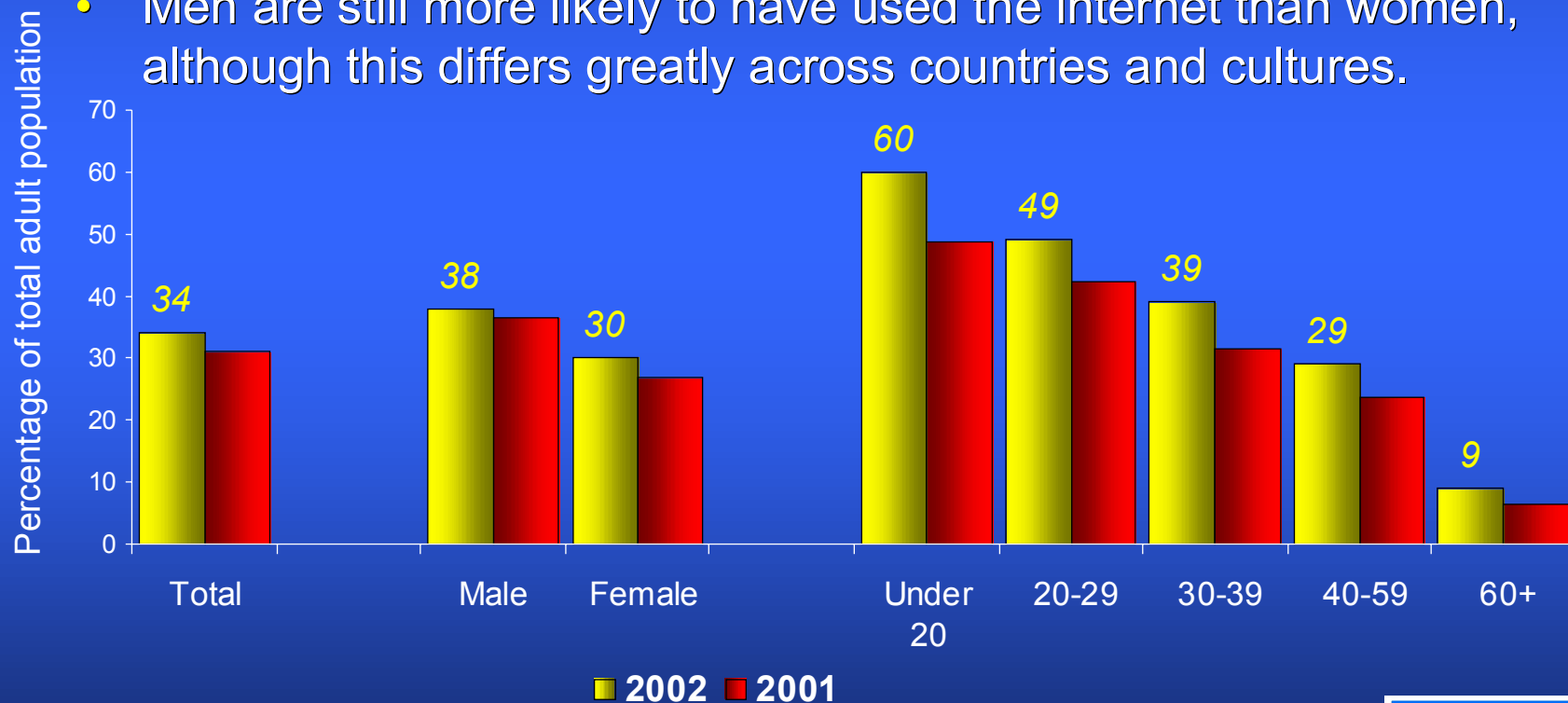
High penetration

(more than 40% are users)

- Australia
- Belgium
- Canada
- Denmark
- Finland
- Germany
- Hong Kong
- Ireland
- Israel
- South Korea
- Netherlands
- Norway
- Singapore
- Taiwan
- USA

GeR Internet penetration and demographics

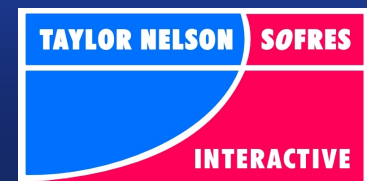
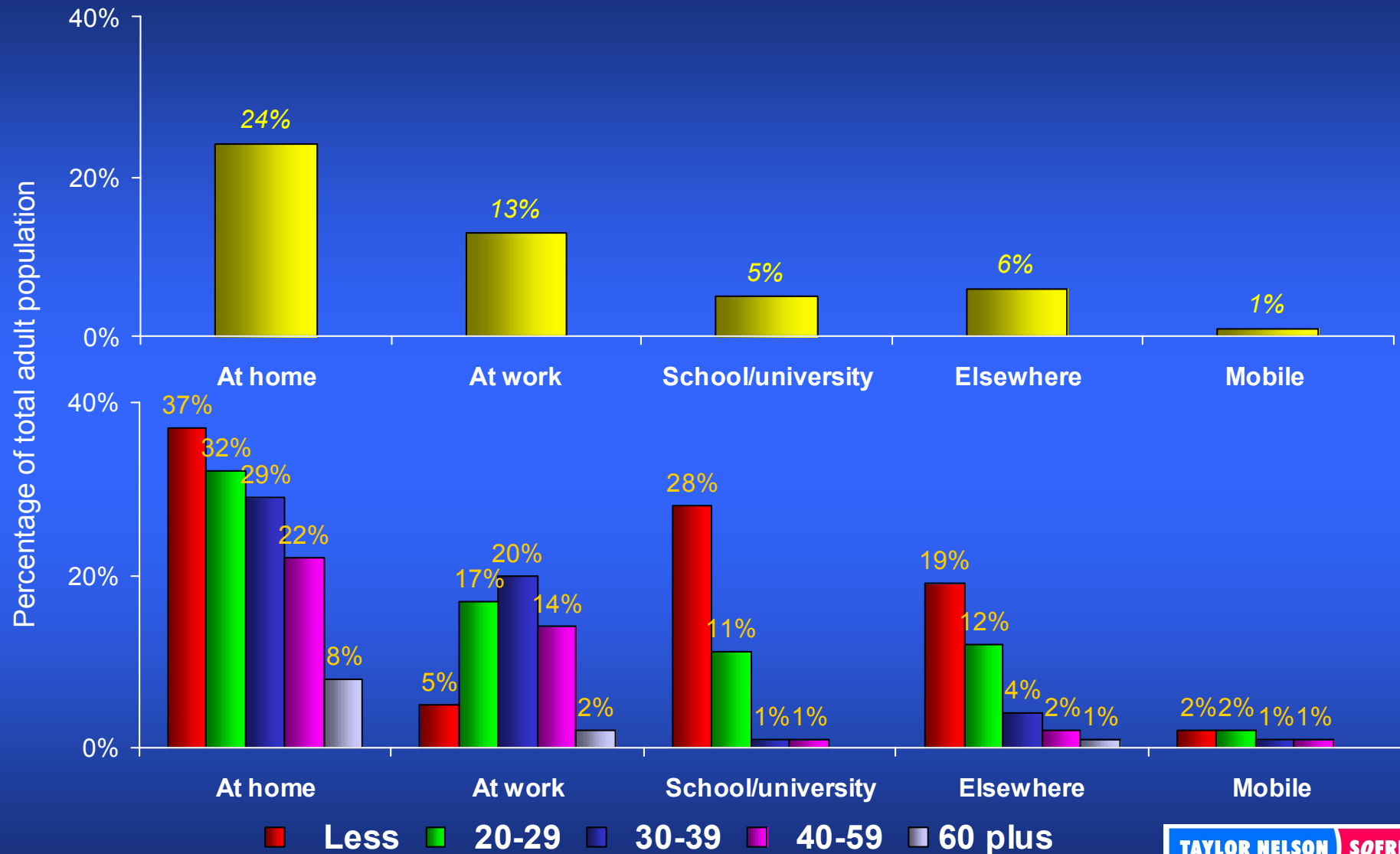
- A very large percentage of the younger adult population has used the internet in the past month. The total penetration figures continue to be reduced by the general trend of an ageing population and their non-use of the internet.
- Men are still more likely to have used the internet than women, although this differs greatly across countries and cultures.



Comments on penetration levels

- Although many countries internet penetration levels have increased between 2001 and 2002, growth continues to slow and in some cases there is even a drop. This is the result of a continued maturing of the medium and adverse economic conditions across many countries. Late adopters and followers remain the primary growth options in many countries.
- It should also be remembered that these figures refer to internet usage in the past month, and not total available access.
- The high penetration figures for younger age groups show that the future of the internet is still strong. Older age groups are showing increasing signs of usage and this trend needs to continue if short term growth is to be achieved.

Internet penetration and place of use



Internet penetration and place of use

- Most internet use occurs at home, with nearly a quarter of the total population (not just internet users) doing so.
- It is interesting to note that 6% of the total population use the internet from public access points such as Internet cafes and libraries.

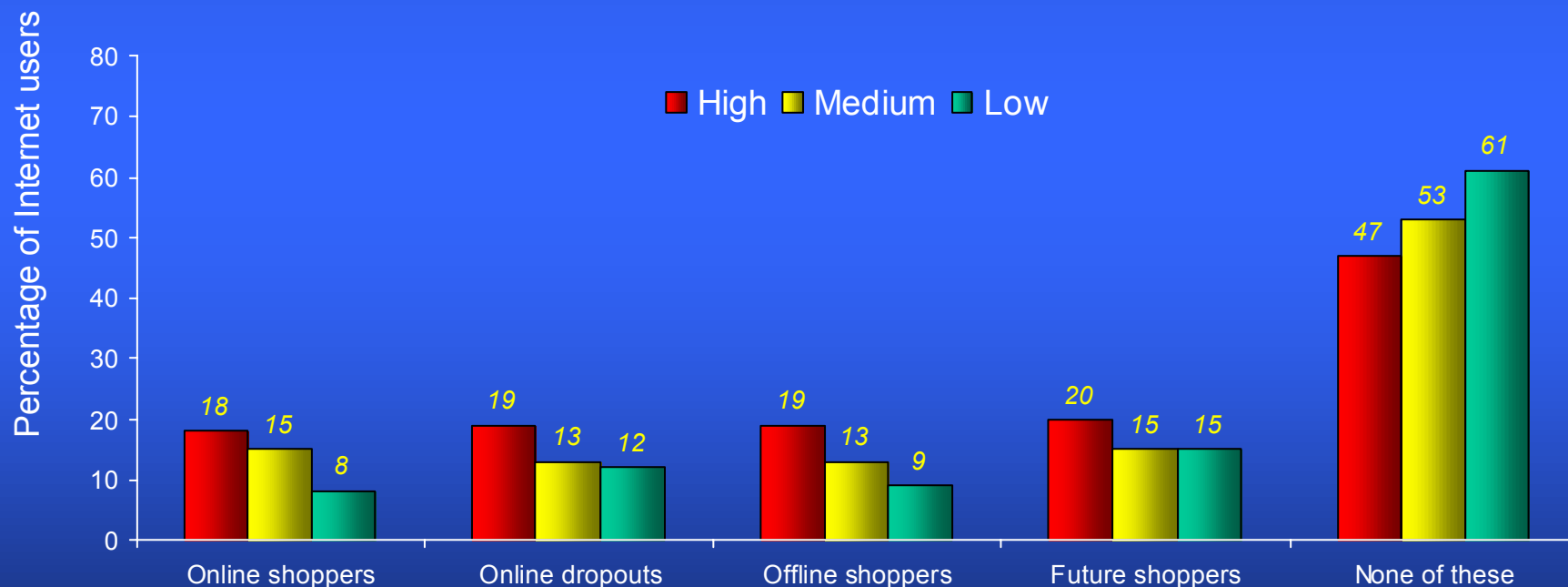
Shopping behaviour worldwide

- Shopping behaviour has changed little, between 2001 and 2002.
- However, as internet penetration grows, so the absolute number of shoppers continues to increase (from 4.6% of the total population in 2001 to 5% in 2002).
- 52% of internet users in 2002 have done none of the following: bought online, dropped out, bought offline or plan to buy online in the future.



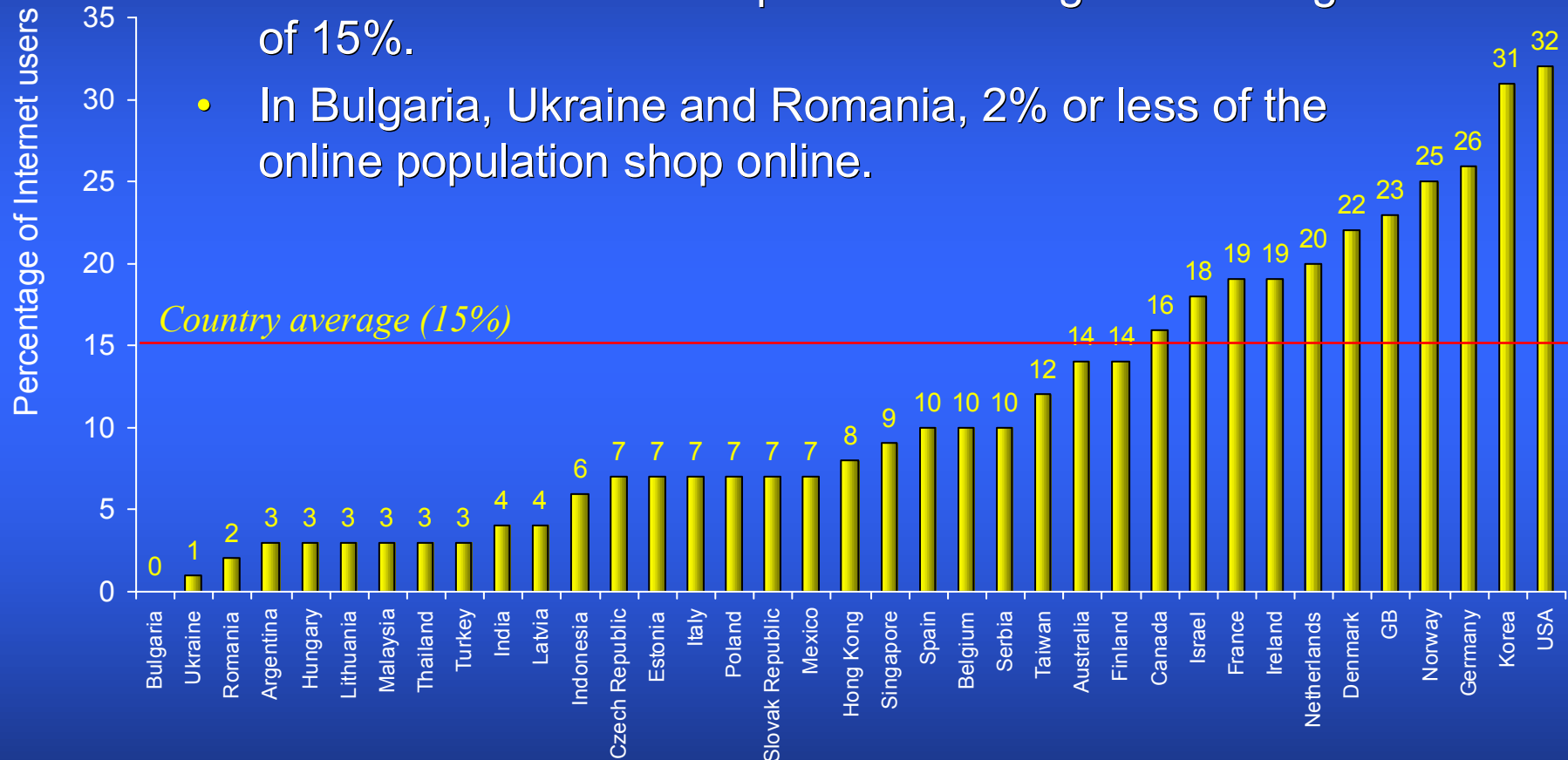
Internet penetration and shopping behaviour

- Higher penetration countries continue to have a greater proportion of active, reactive and future shoppers. While internet experience obviously has an impact on this, the culture and wealth of those countries with higher penetration influences this trend.

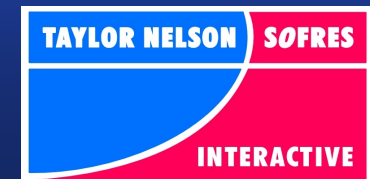


Online shoppers 2002

- The USA retains its position as the nation with the greatest proportion of online shoppers at 32% of all Internet users. This compares with the global average of 15%.
- In Bulgaria, Ukraine and Romania, 2% or less of the online population shop online.



Percentage of Internet users who have bought goods or services online during the past month

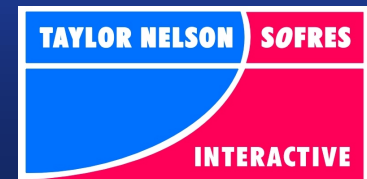


Online shoppers 2002/2001

- Korea, France and Norway have seen a big increase in online shoppers over the past year.
- Ukraine, Australia, Czech Republic and Finland have seen the biggest drops in online shopping activity.

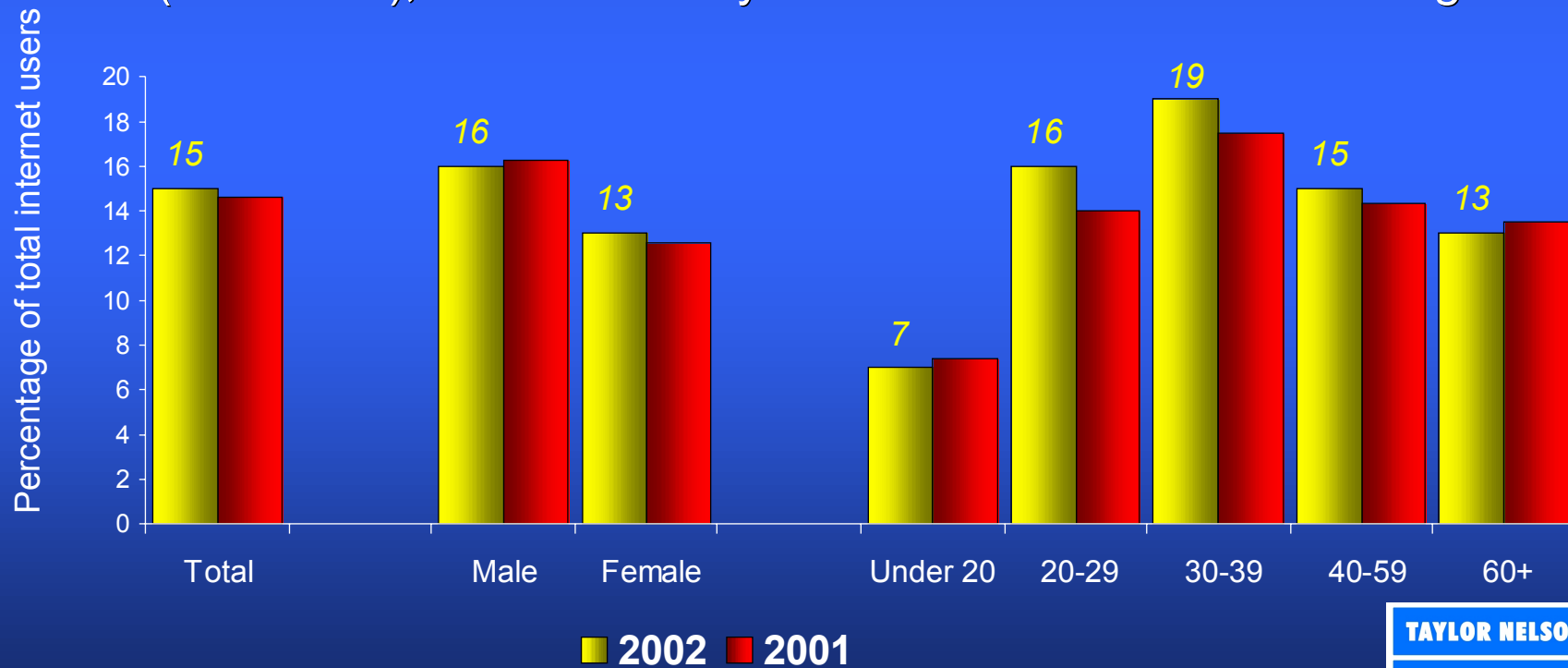


Percentage of Internet users who have bought goods or services online during the past month

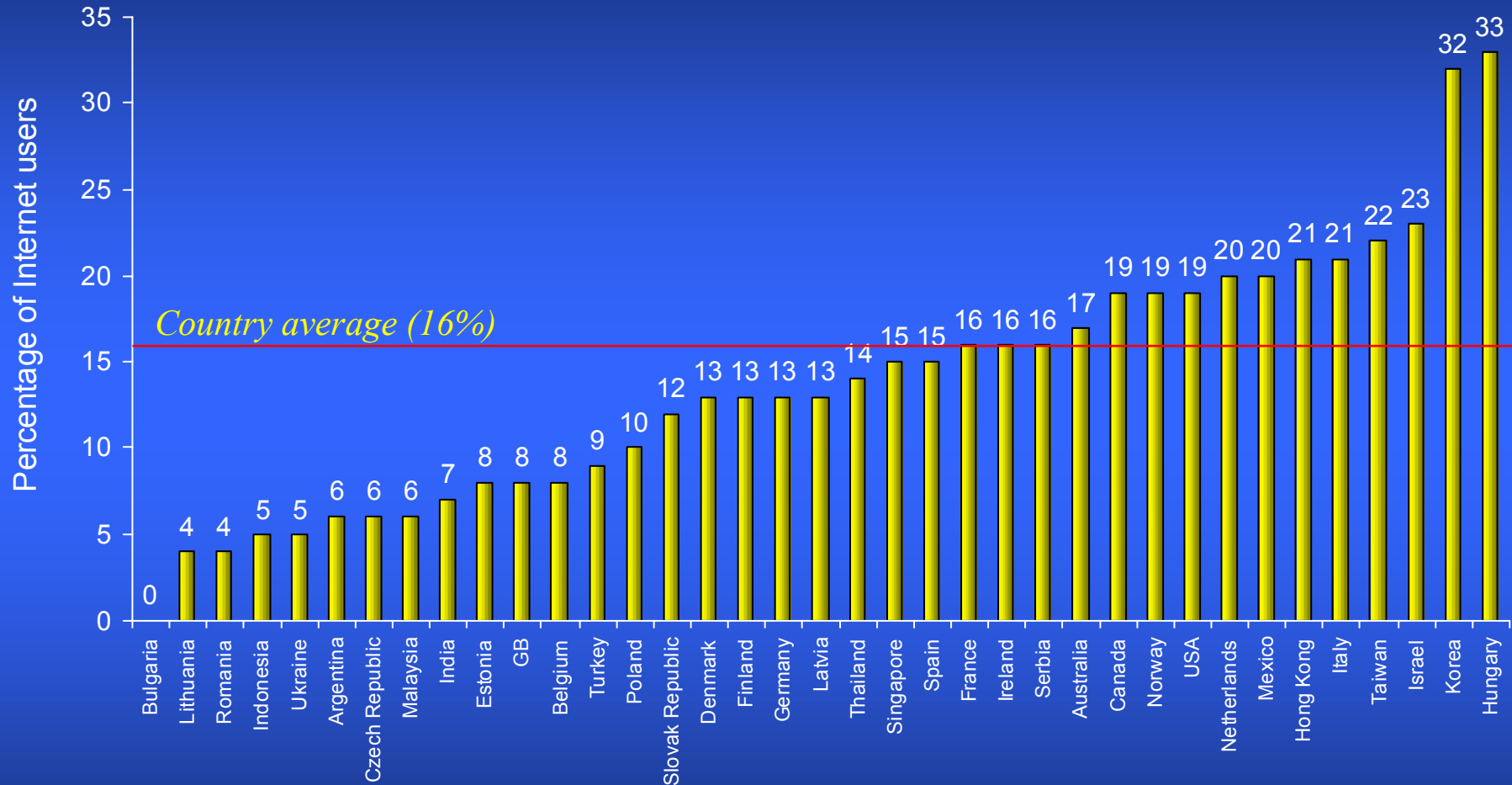


Online shoppers and demographics

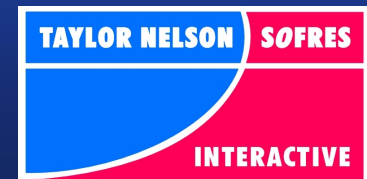
- As spending power increases with age (up to 40 years of age), so shopping online continues to be an increasingly popular option.
- The youngest age group continues to be so unlikely to shop online that even the oldest (age 60+), internet users surpass them. For younger users this is likely to be due to the non-availability of credit (and cards), rather than any difference in attitude and willingness.



Online dropouts

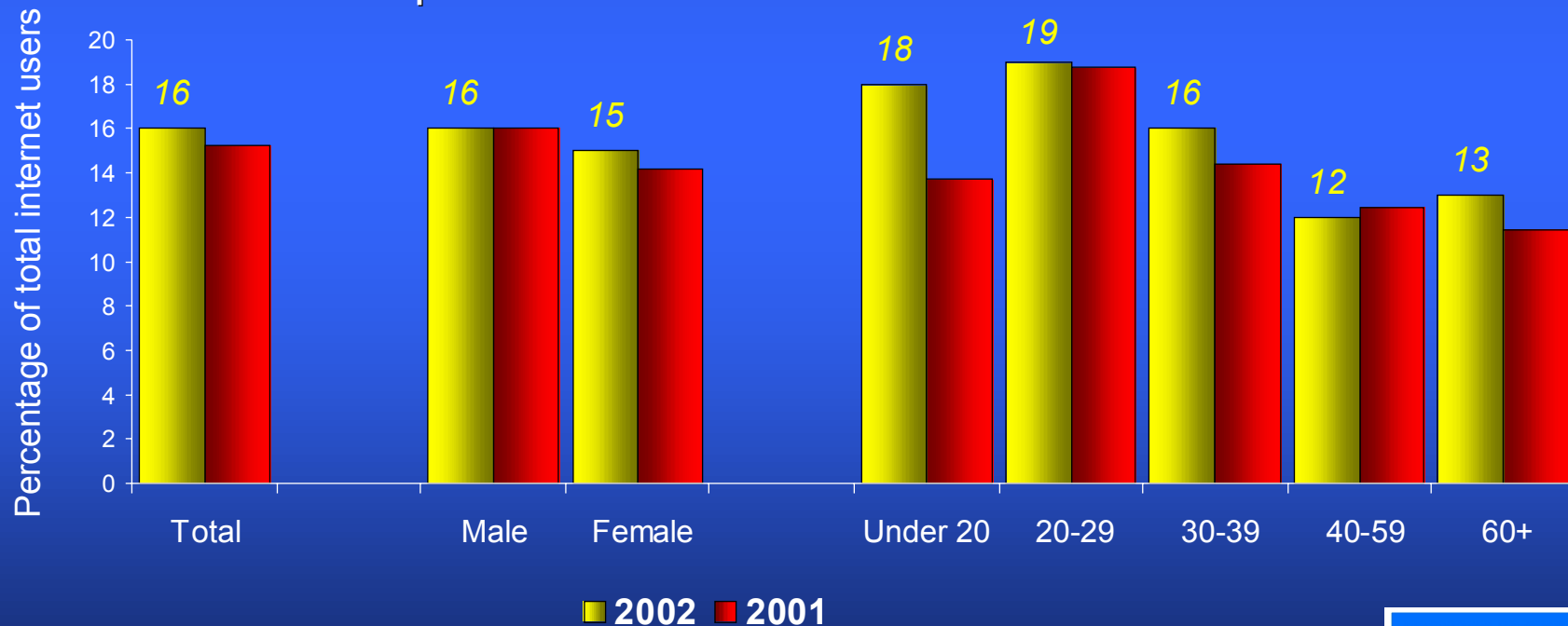


Percentage of Internet users who considered buying goods or services online during the past month but decided not to



Online dropouts and demographics

- The age groups that appear to be in a position to purchase online (over 20 year olds) continue to be less likely to be online dropouts as they get older.
- This is probably as a result of younger age groups being more likely to consider a purchase at all, rather than being less likely to convert to a purchase.

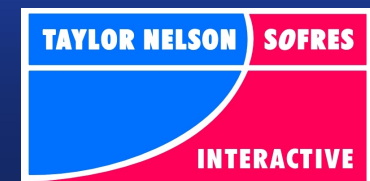


Offline shoppers

- The Internet as an information channel for offline purchasing continues to be important.
- Hong Kong and Hungary demonstrate this well, supplementing online purchasing with substantial offline revenues.

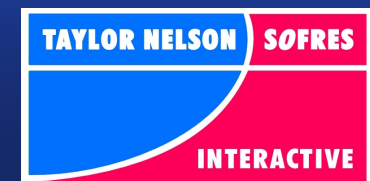
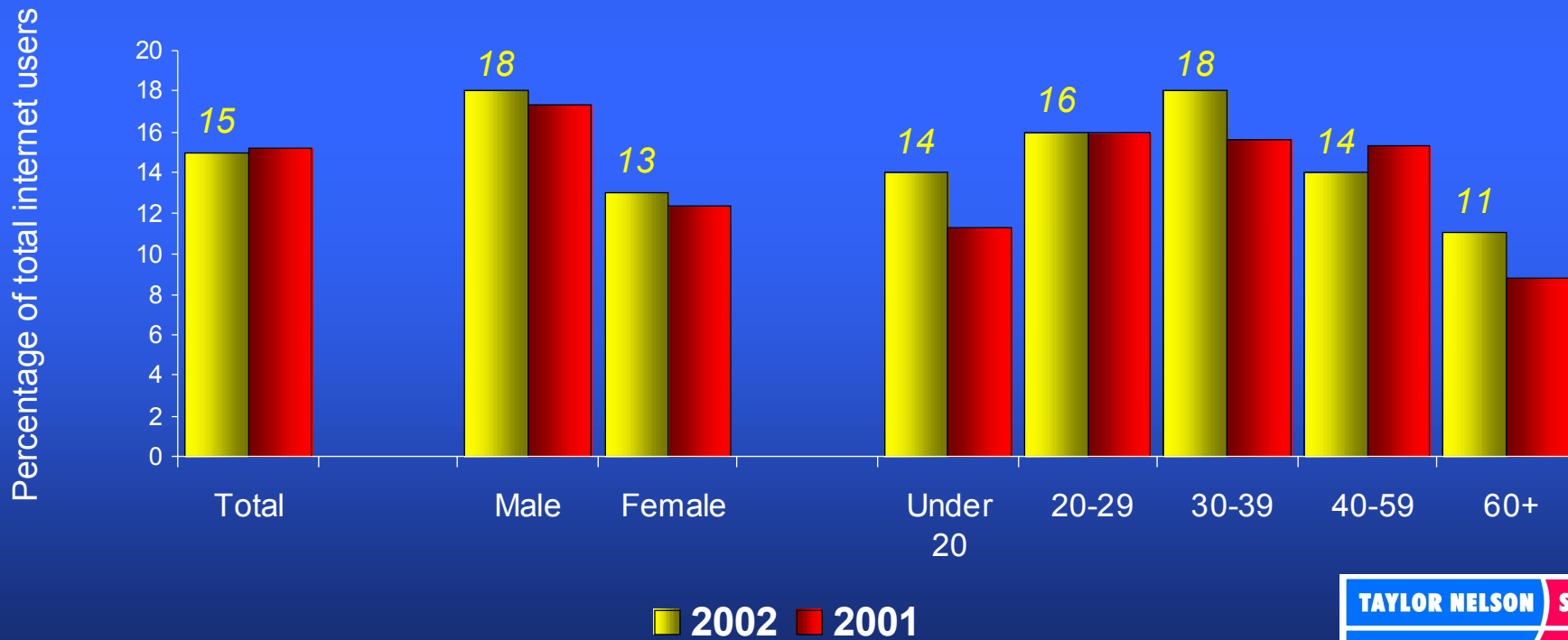


Percentage of Internet users who have bought goods or services offline as a result of information found online during the past month



Offline shoppers and demographics

- In 2001 the youngest age group, although they were unlikely to purchase online because of practical issues, were also not purchasing offline. This has changed a little in 2002, and offline shopping has increased in this group.
- Only the 40-59 age group has seen a fall in offline shoppers this year.

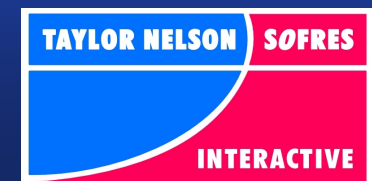


Future online shoppers

- The future of online shopping continues to look healthy in many countries, with this metric predicting substantial increases in eCommerce activity over the next 6 months.
- It should be remembered that this figure includes a number of people who have already shopped online and that similar growth was expected last year, but didn't materialise.

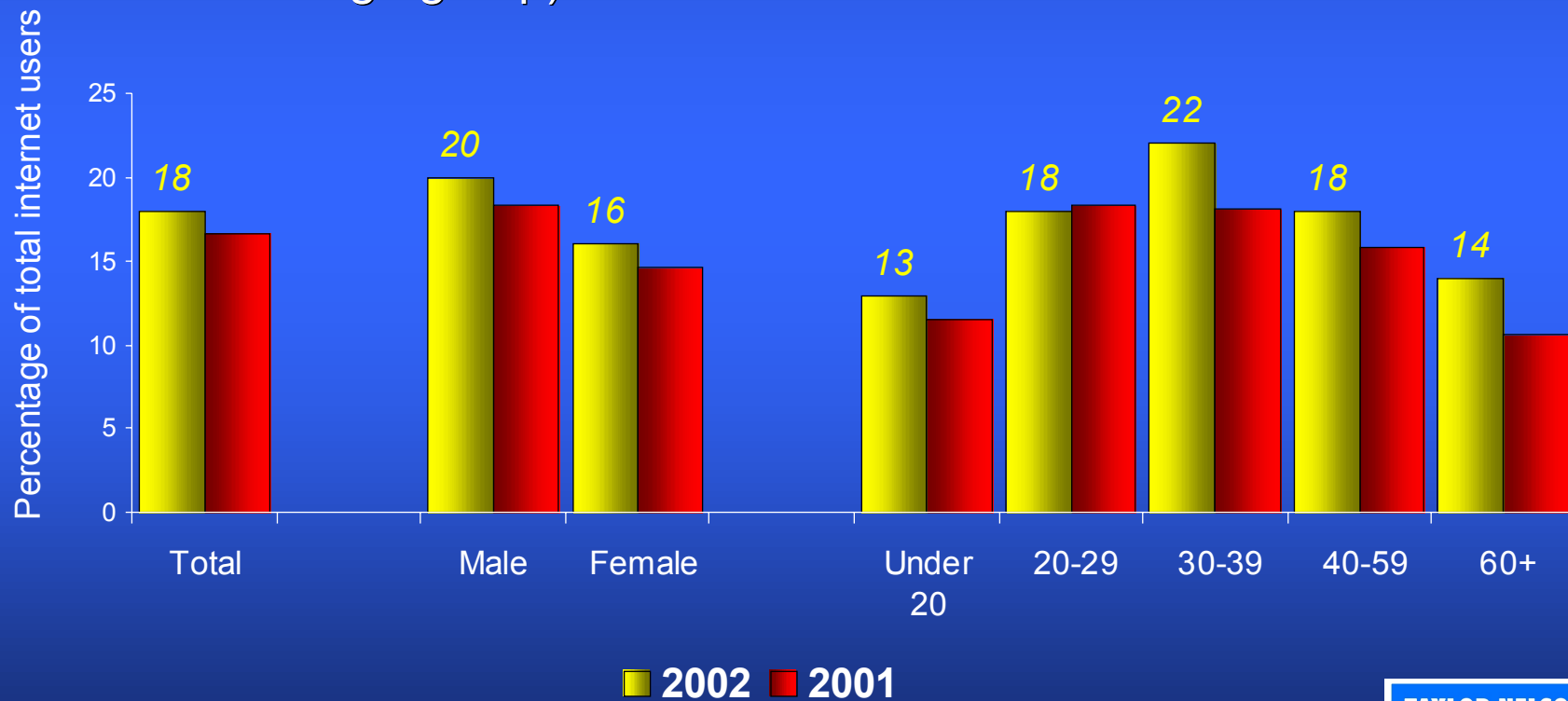


Percentage of Internet users who plan to shop online within the next 6 months

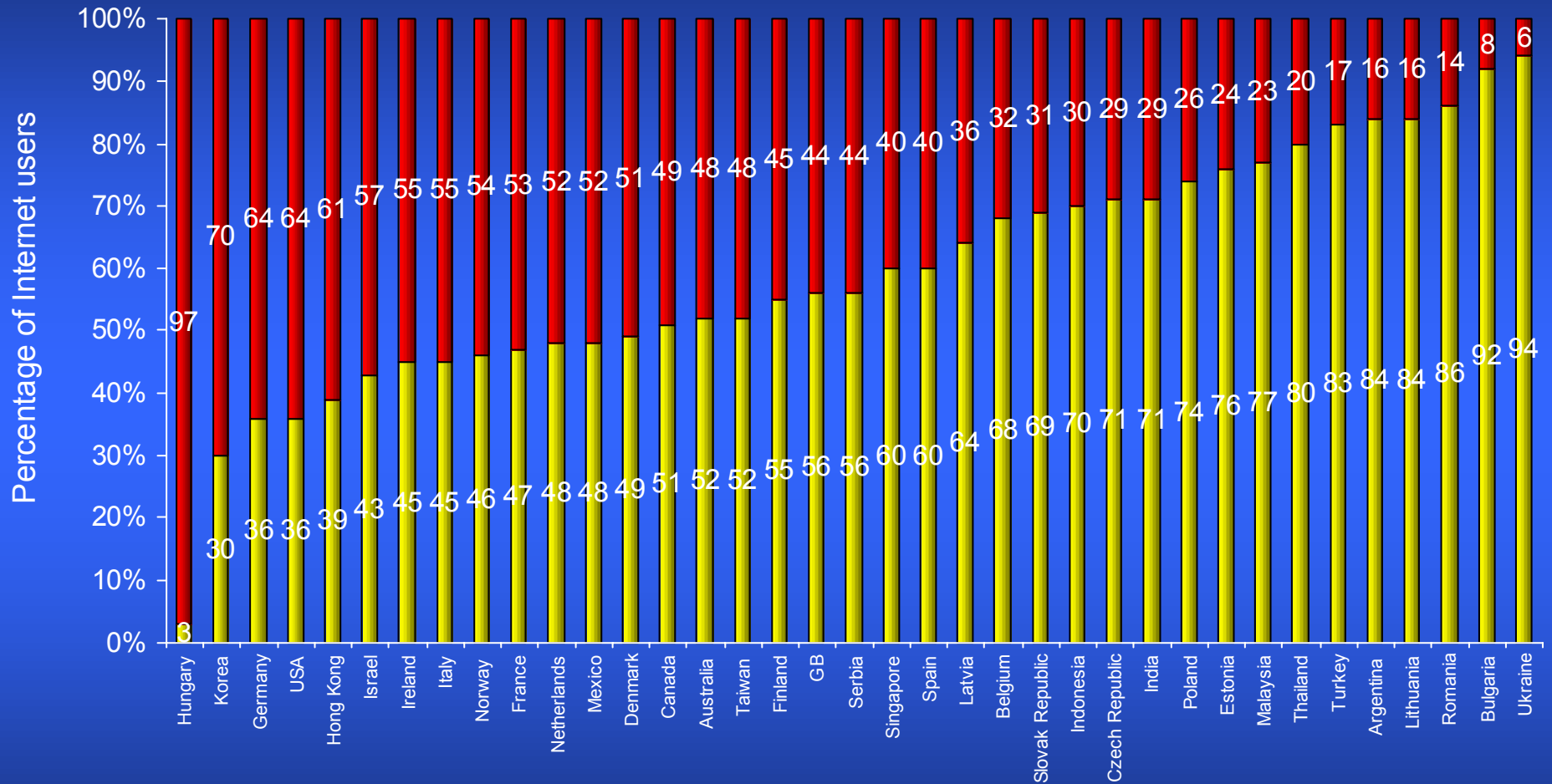


Future shoppers and demographics

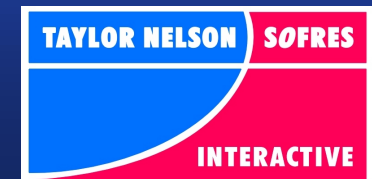
- Although the overall future shopper proportions are encouraging, it continues to be a concern that those under 20, who are the main 'problem age' group for eCommerce, are still less likely to purchase online in the next 6 months than others (even when compared to the 60+ age group).



Total Internet related shopping behaviour amongst the Internet users in each country

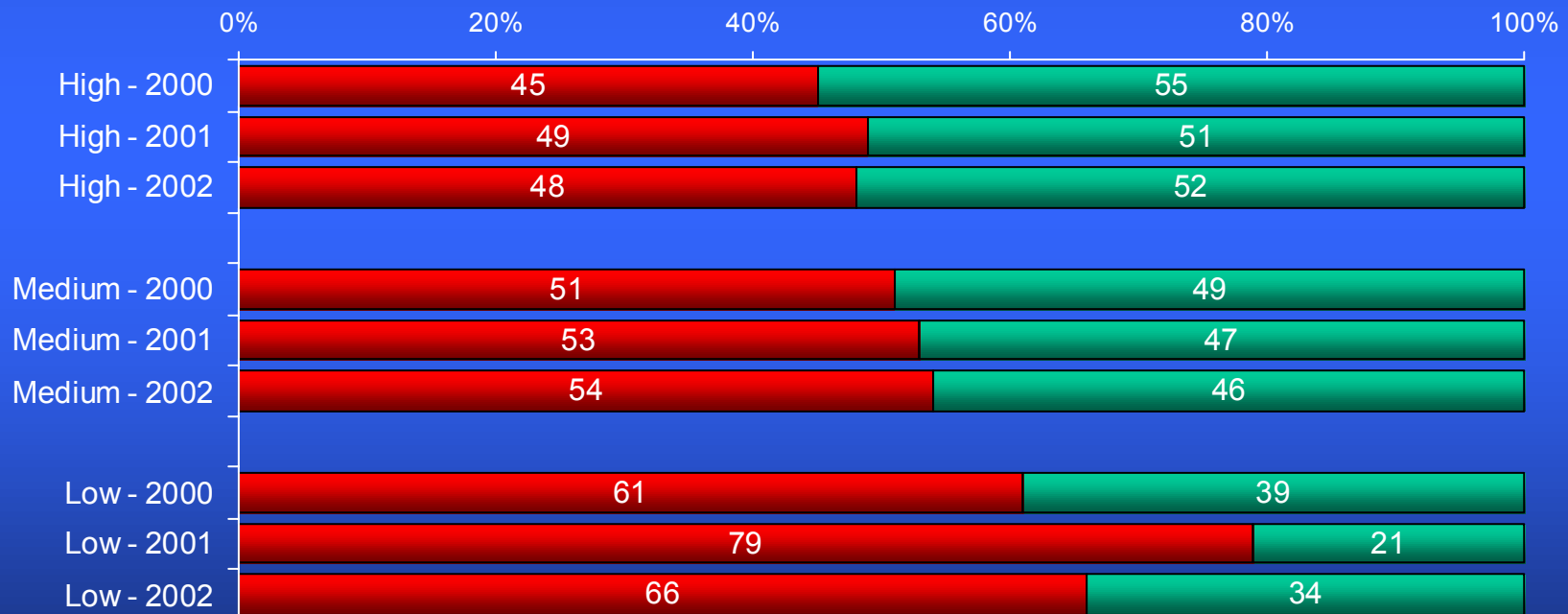


- Internet users who have shopped online or offline, or who will shop online in the near future
- Internet users who have never shopped online, and who do not plan to shop online

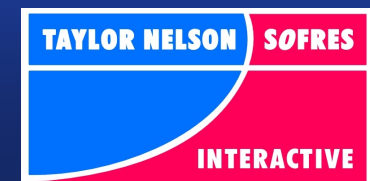


Internet penetration and shopping behaviour

- Lower penetration countries are experiencing less online shopping activity than those with a higher level.
- The worrying trend is that although abstainers have become fewer this year, a higher proportion of people than two years ago, are not shopping or even planning to do so online.

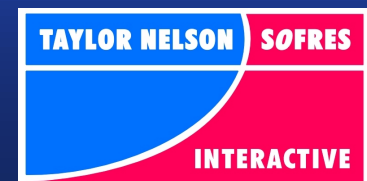
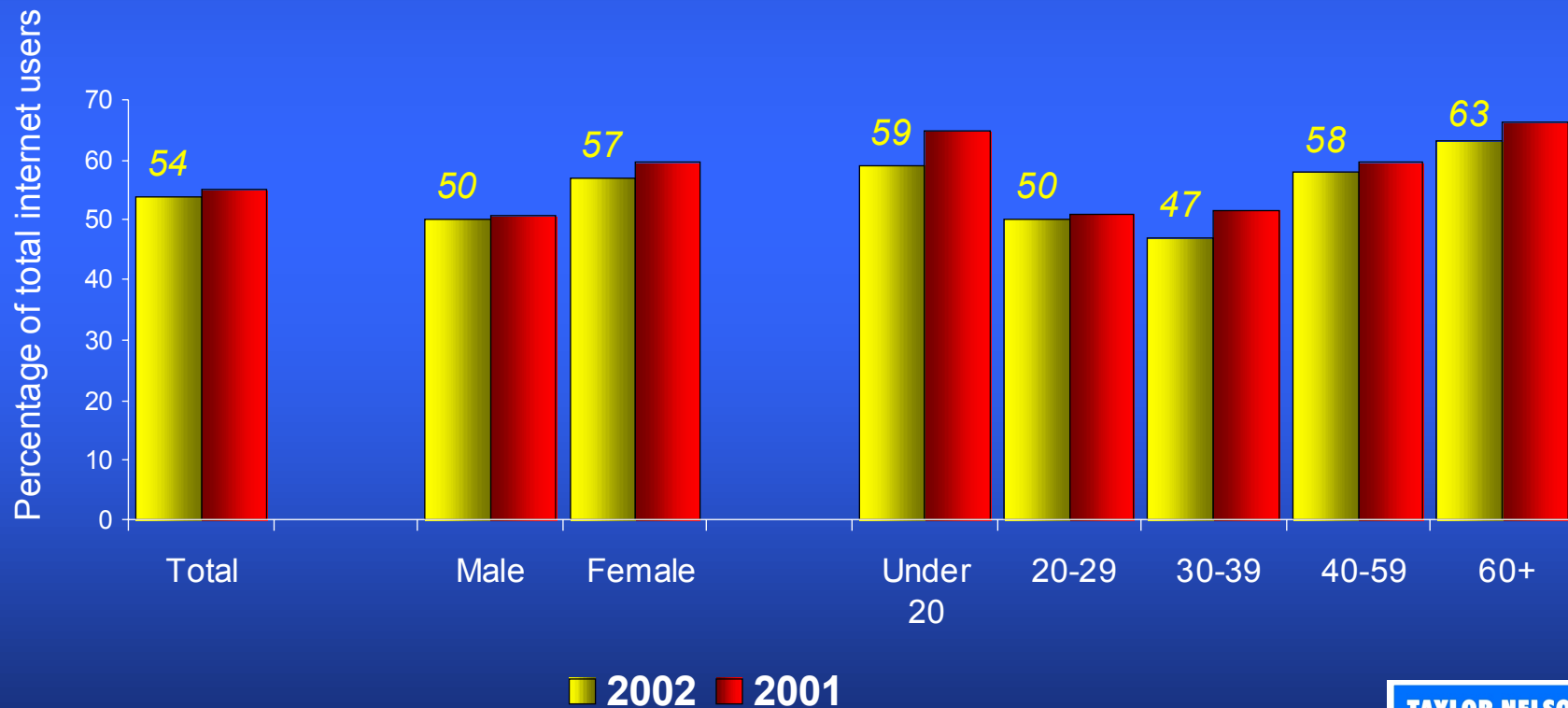


■ Internet users who have never shopped online, and who do not plan to shop online
■ Internet users who have shopped online or offline, or who will shop online in the near future



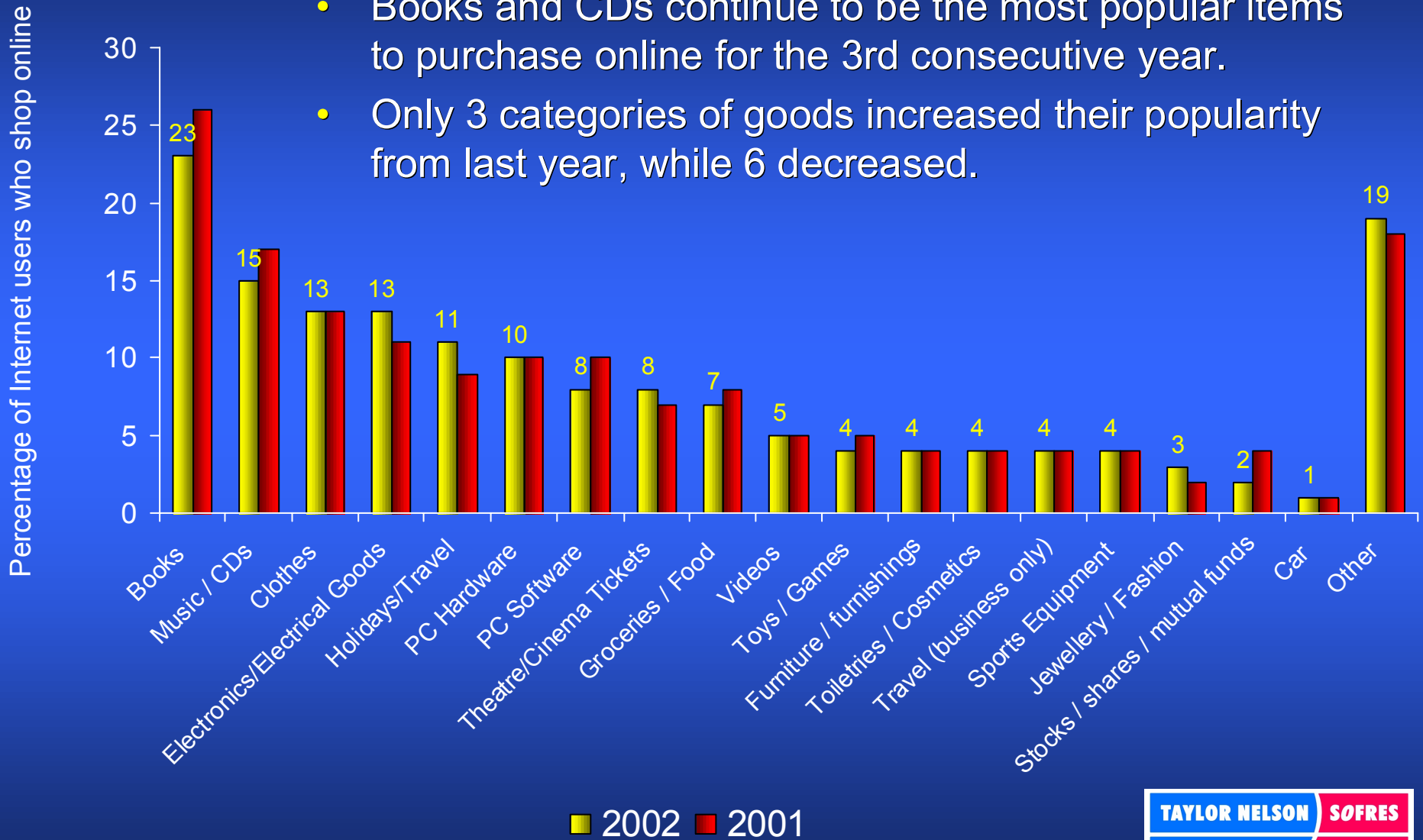
Abstainers and demographics

- The chart below highlights the fact that over half of all Internet Users have not undertaken any kind of internet related shopping activity or planned to do so (at 54%). This is only a minimal drop compared to 2001.



Products purchased online

- Books and CDs continue to be the most popular items to purchase online for the 3rd consecutive year.
- Only 3 categories of goods increased their popularity from last year, while 6 decreased.



Comments on product purchasing

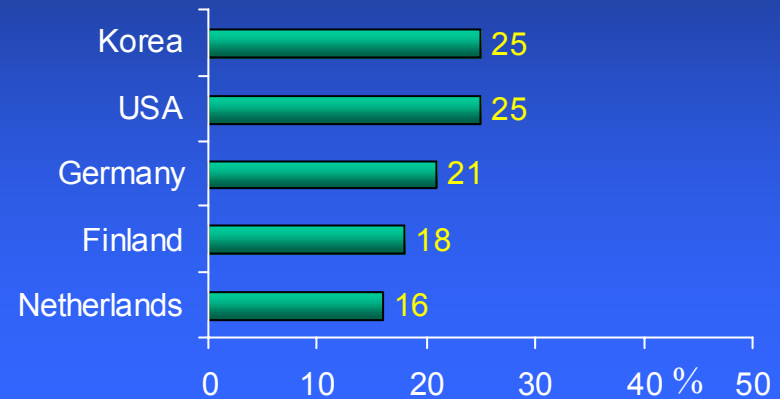
- As noted, books and music are the most popular categories for purchasing online. Clothes also remain a popular purchase category.
- The main difference from 2001 is the increase in popularity of holidays/leisure travel, having overtaken both PC hardware and software in the rankings.
- While books and music are relatively reasonably priced (low risk for the purchaser), holidays and travel are likely to be high-value items. This re-enforces the trend identified last year, that Internet users are becoming more confident with the concept of online ordering.
- However, as the proportion of internet users who have shopped online has not increased, and many categories are less popular than the previous years, there are obvious concerns for the health and growth of some sectors.

Which country buys the most...

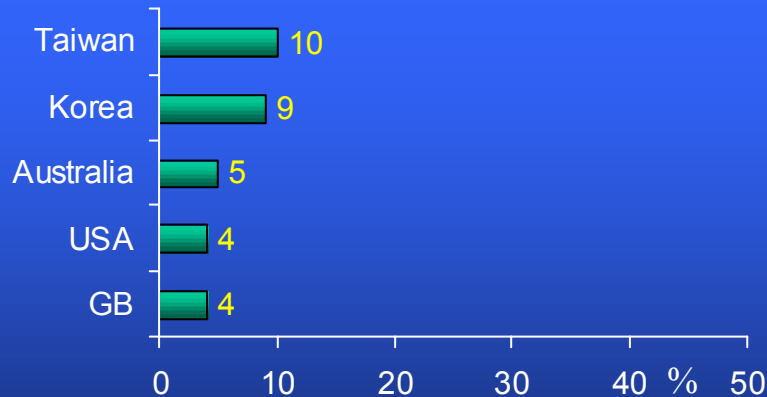
Food/groceries



Clothes



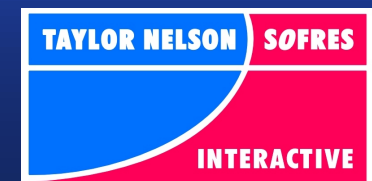
Jewellery/ Fashion Accessories



Toys/games

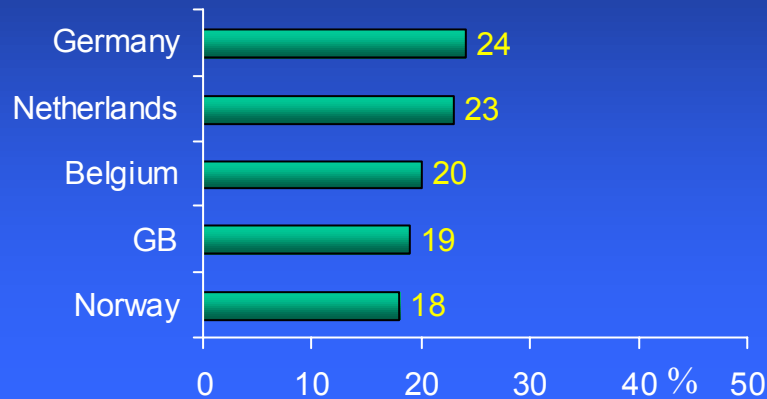


Percentage of online shoppers in a specific country who buy this category online



Which country buys the most...

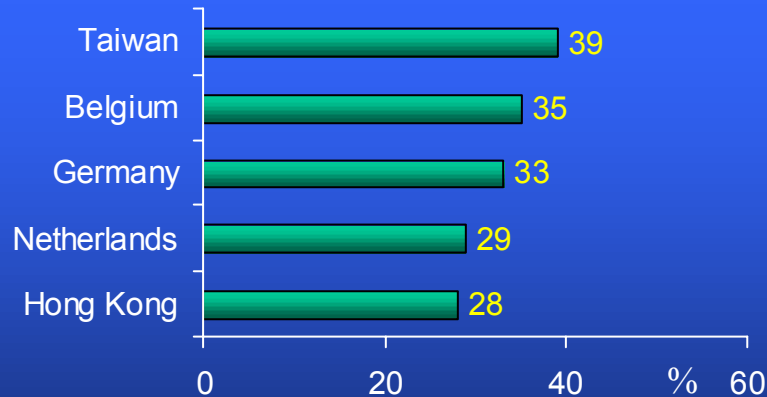
Music/CDs



Videos



Books



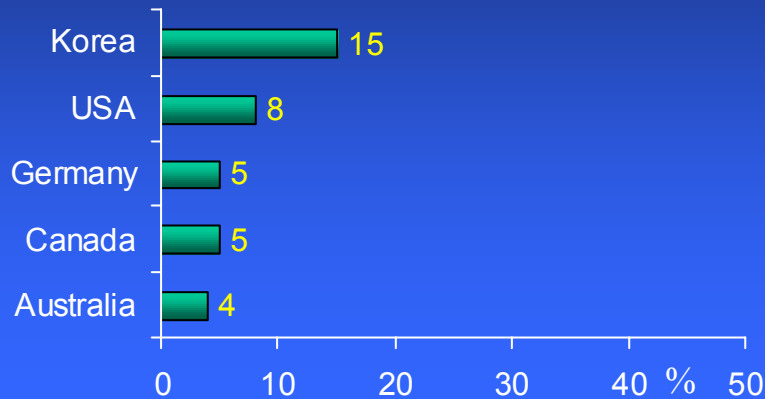
Sports equipment



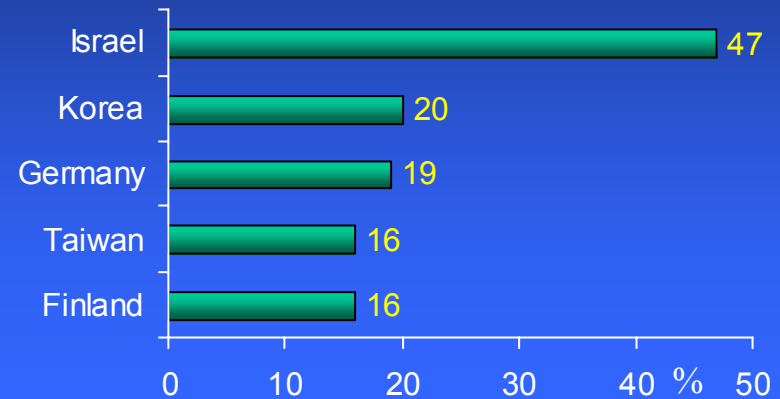
Percentage of online shoppers in a specific country who buy this category online

Which country buys the most...

Furniture/ household furnishings



Electronics/ Electrical Goods



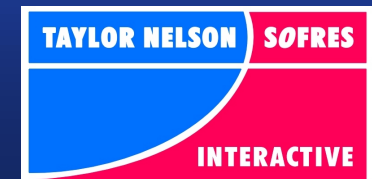
PC Hardware



PC Software



Percentage of online shoppers in a specific country who buy this category online

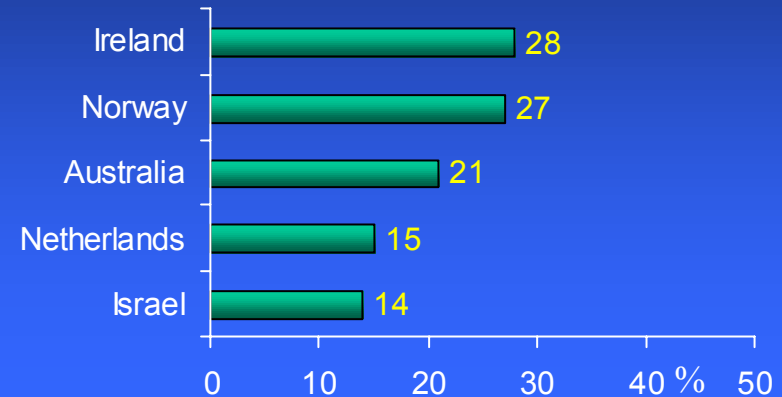


Which country buys the most...

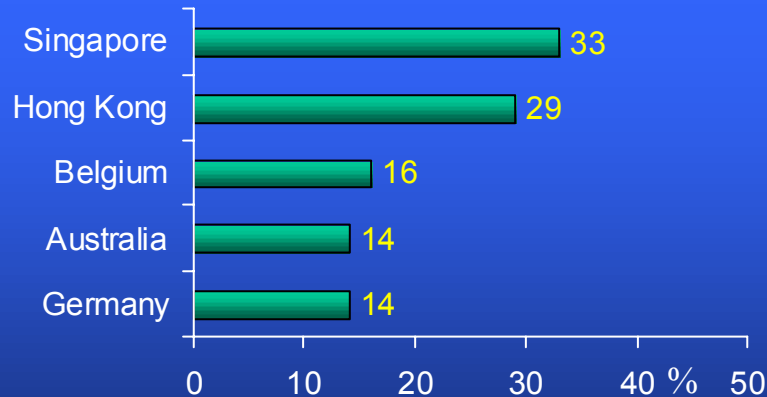
Business travel



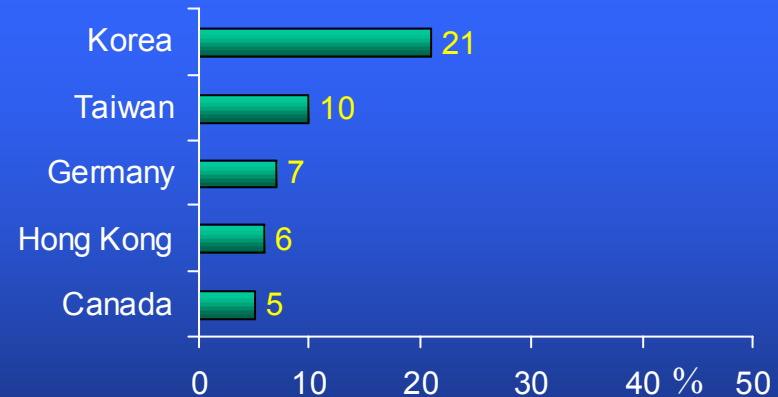
Holidays/Leisure travel



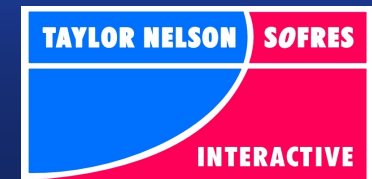
Tickets



Toiletries/cosmetics



Percentage of online shoppers in a specific country who buy this category online

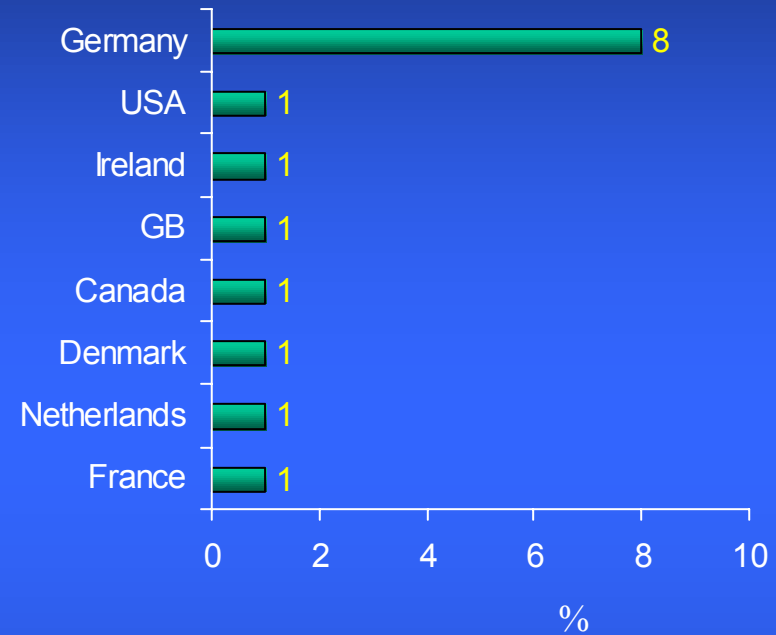


Which country buys the most...

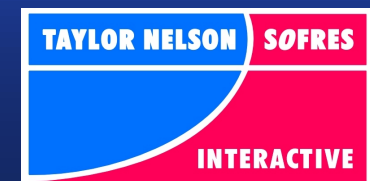
Stocks/mutual funds



Cars



Percentage of online shoppers in a specific country who buy this category online



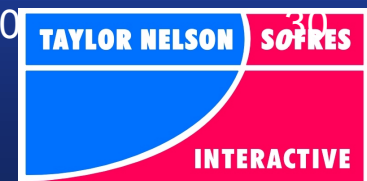
Reasons for abstaining from shopping online

- Globally the biggest reasons for not purchasing online continue to be security related with 30% (up by 5%) of abstainers stating that they didn't want to give credit card details and 28% citing general security concerns.



■ 2002 ■ 2001

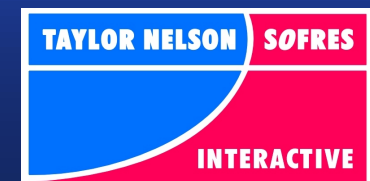
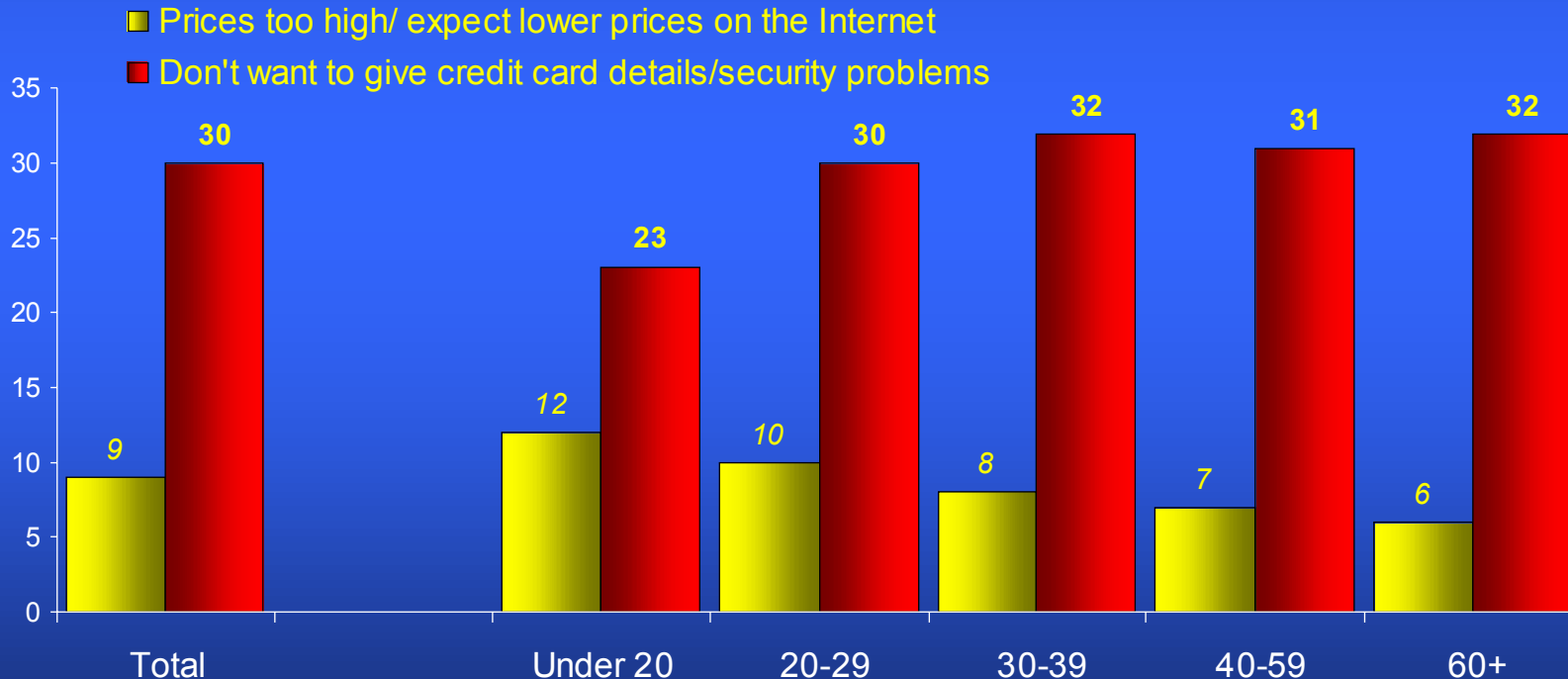
Percentage of those who have not, and do not plan to shop online



Security and price issues

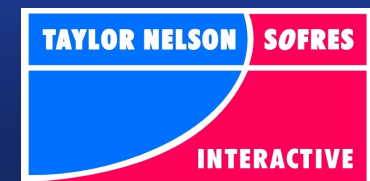
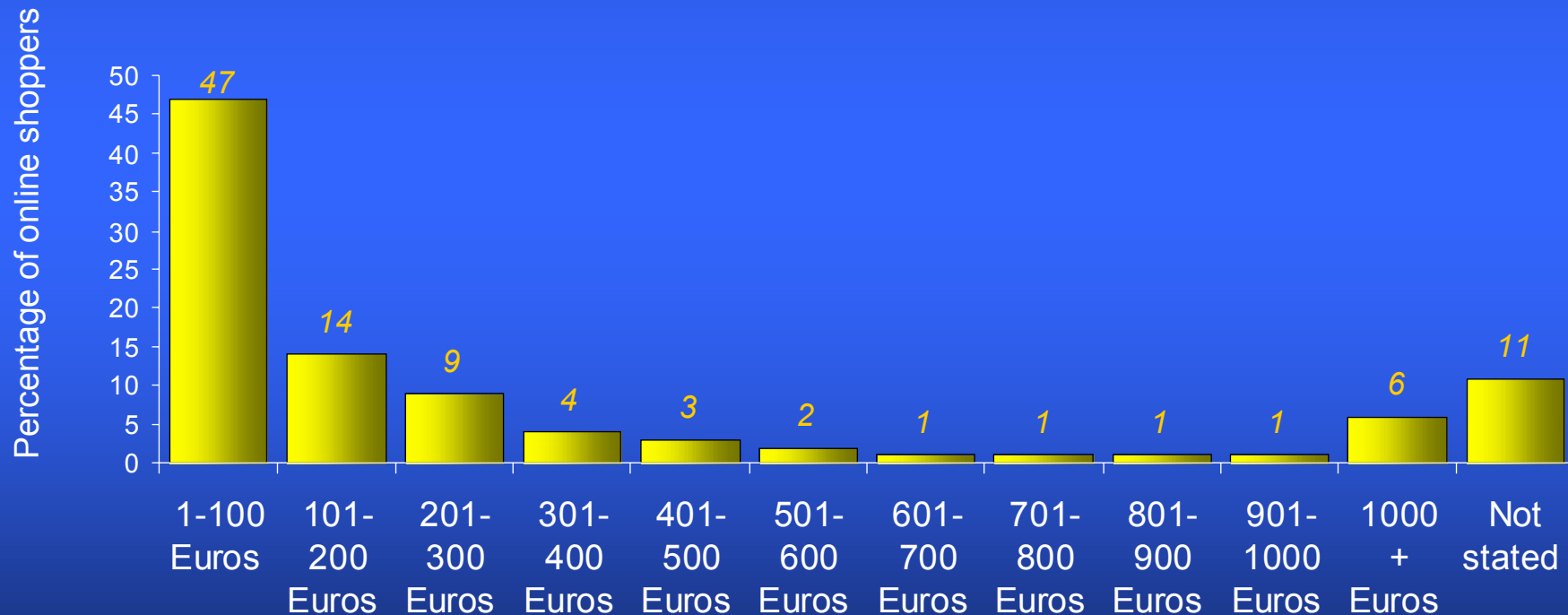
- Although security in online shopping continues to be a major issue for all groups, it is less so for under the under 20s.
- Conversely price is more of a barrier for younger people (probably with less disposable income).

Percentage of those who have not, and do not plan to shop online



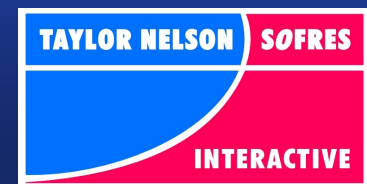
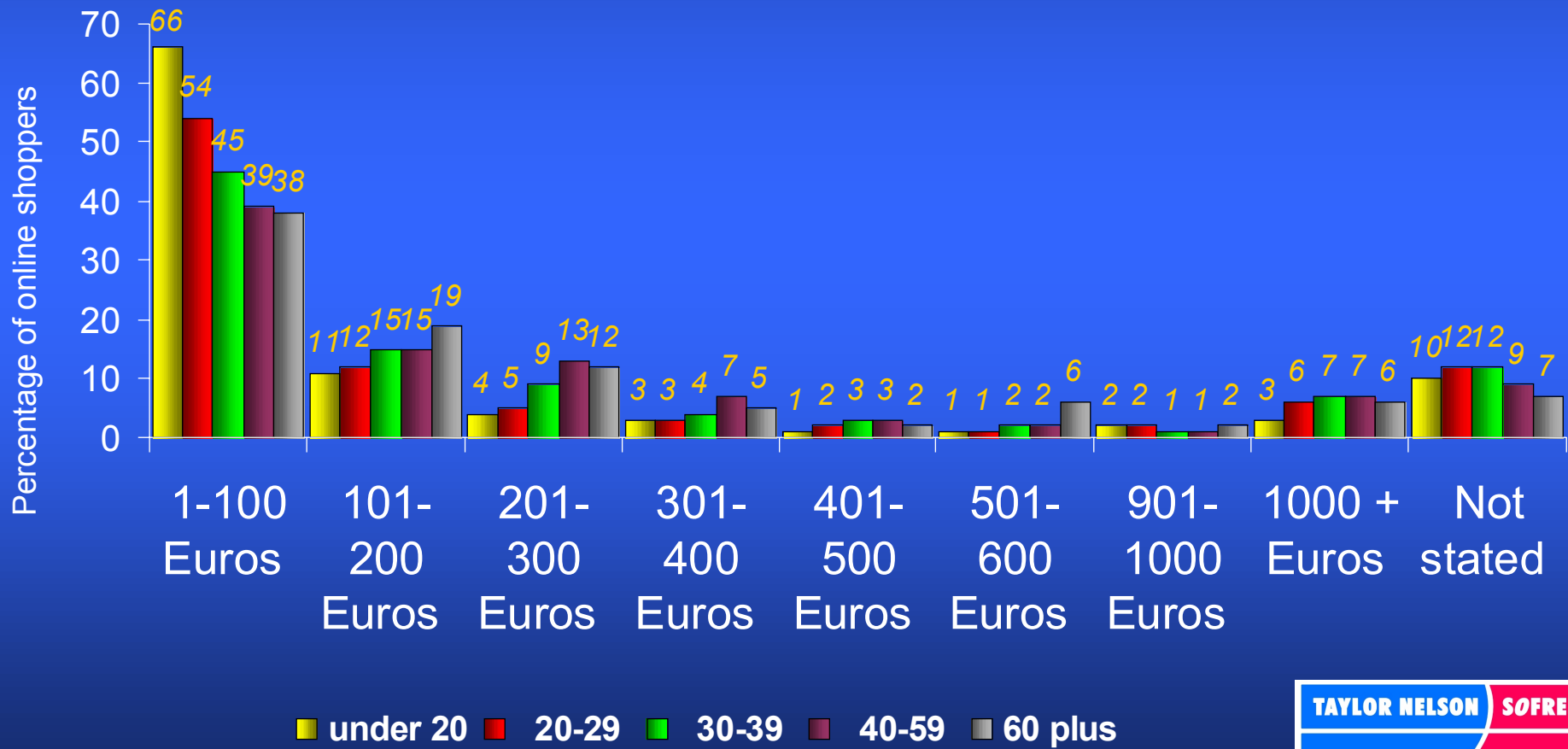
eCommerce spend

- The increase in popularity of high value items such as holidays and travel is reflected in the 6% of online shoppers who have spent more than 1,000 Euros in the last 4 weeks online.



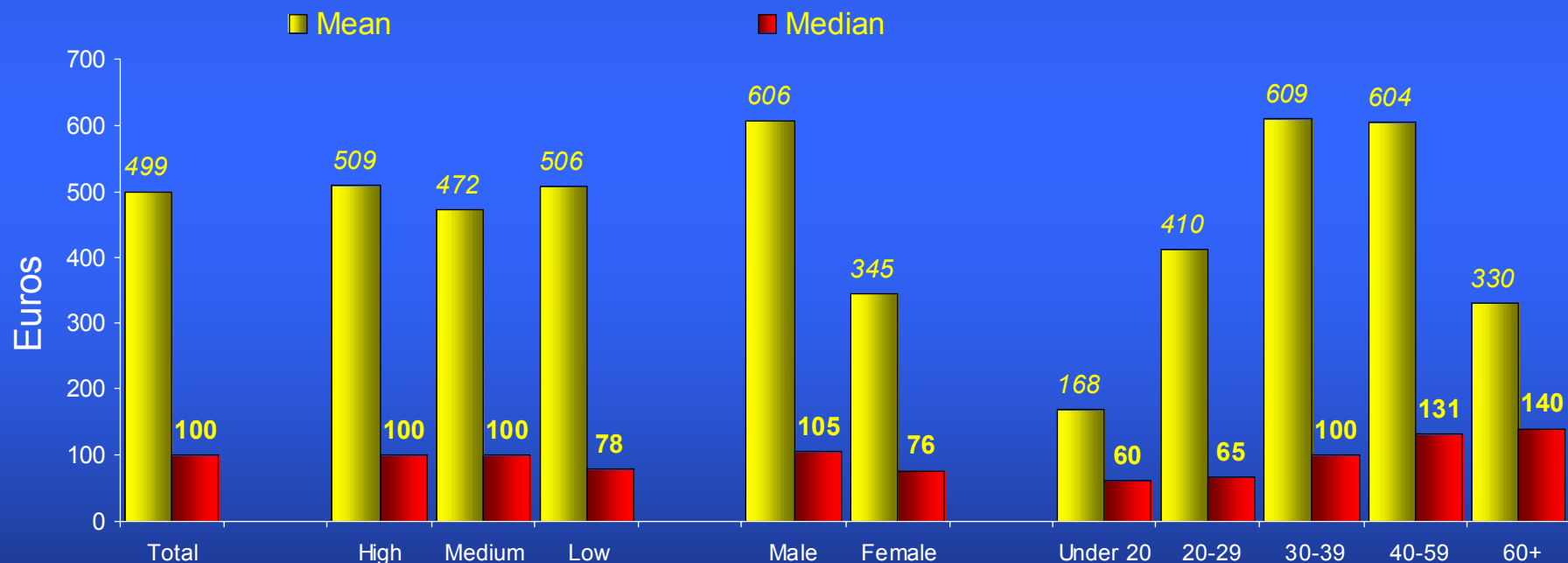
eCommerce spend and demographics

- As you would expect, the total spend for the last 4 weeks increases in the older age groups, with the youngest group spending the least. Please note that the 601-900 Euros responses have been removed as there is little or no activity here.



eCommerce spend and demographics

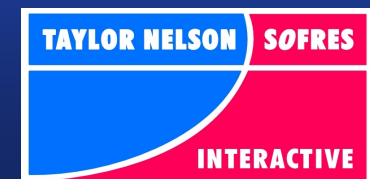
- There is a large difference in both the mean and median average spend for males and females in the last four weeks.
- The relative parity in mean values for high, medium and low penetration country groups is interesting although a difference can be seen in median figures.



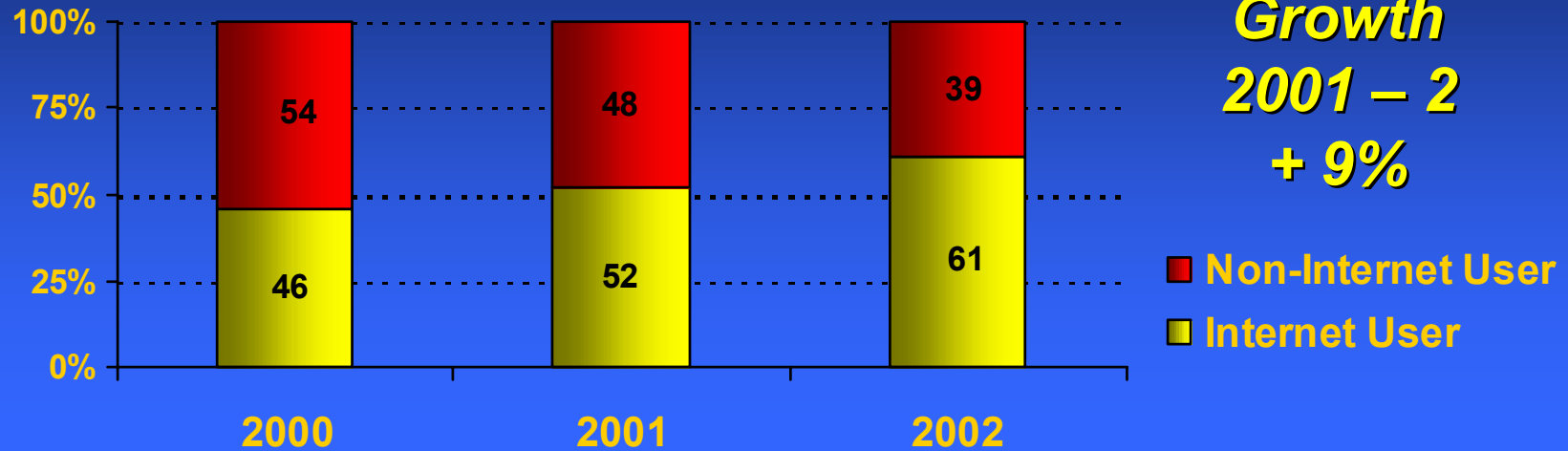
NB: some very high values were recorded and affect the mean value considerably – hence the inclusion of a median average

The Netherlands

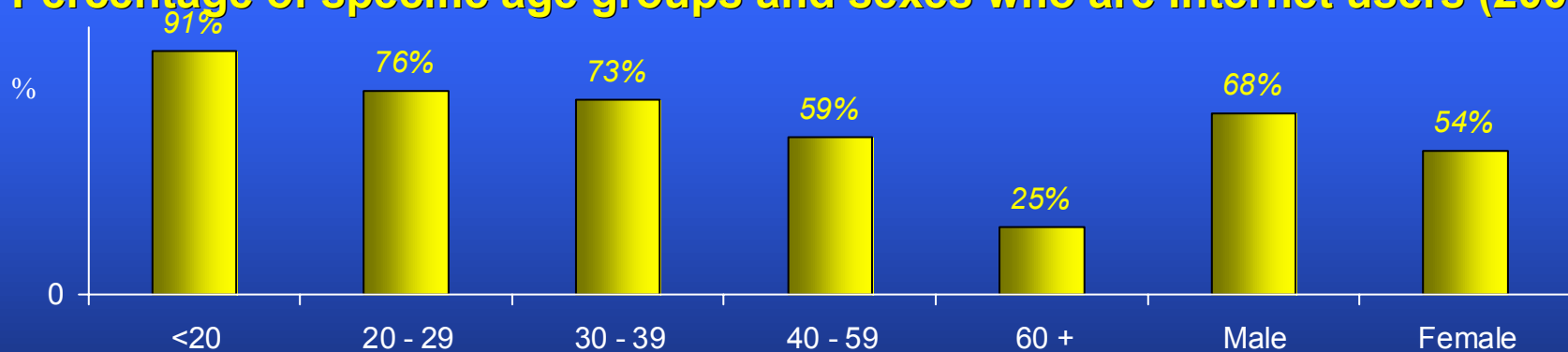
- Internet usage in the Netherlands increased by 9% over the last year. This is a bigger growth than the year before, and it means that the growth of internet usage in The Netherlands is far from over.
- Despite this, the percentage of online shoppers amongst internet users has only increased by 2% over the last year. This is because new internet users tend to be more conservative in terms of online shopping.
- In The Netherlands there is still a lot of scepticism about the quality of online products and the security of buying products online.
- Men and the 30-39 age group are the biggest online shoppers amongst internet users.
- Online shoppers above the age of 40 spend most money online. This is because they buy/order expensive products online, such as holidays and PC Hardware.



Percentage of population who are Internet users

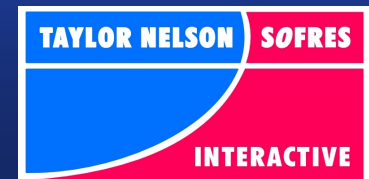
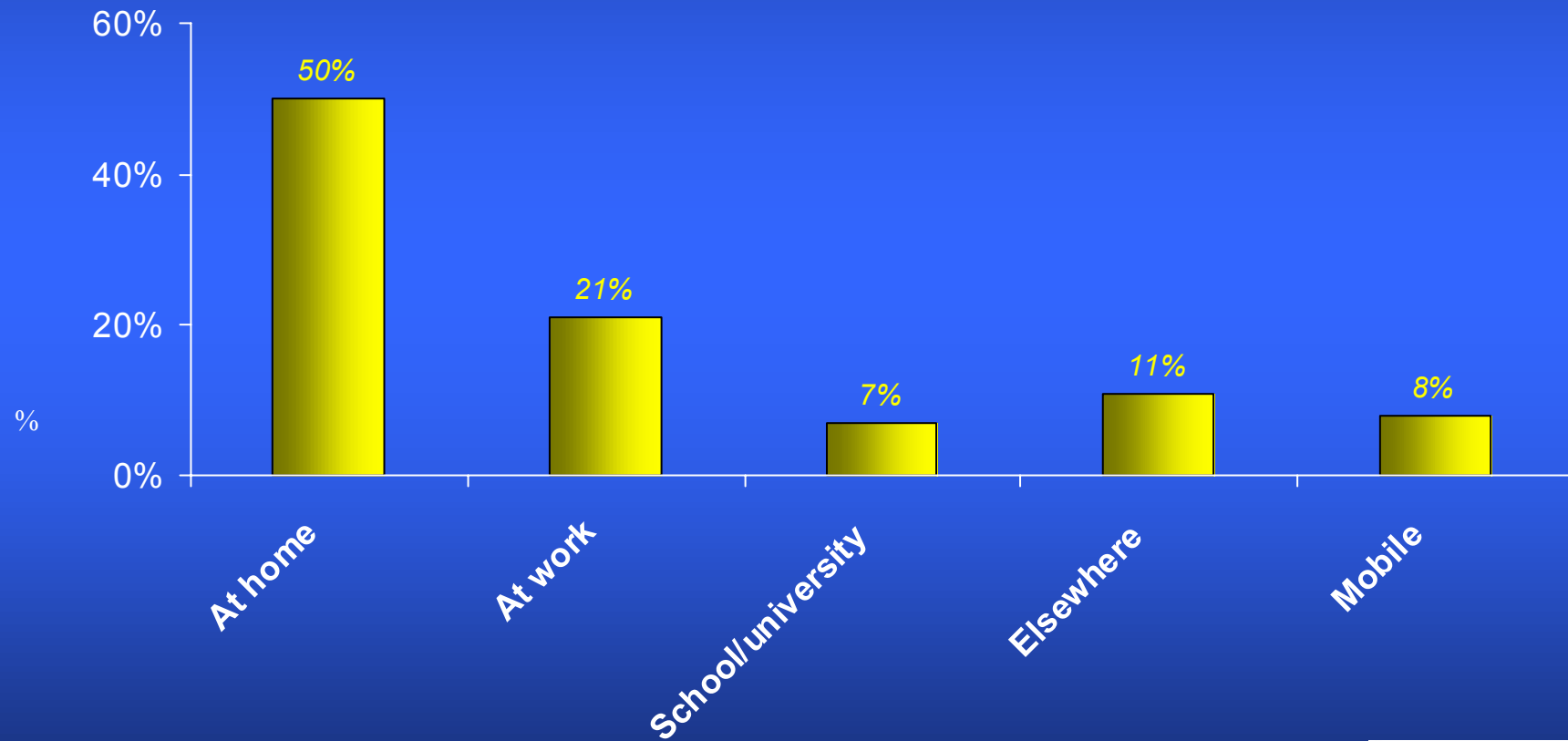


Percentage of specific age groups and sexes who are Internet users (2002)



Internet users – place of use (percentage of population - 2002)

Please note that multiple responses per respondent were recorded



Shopping behaviour among Internet users...

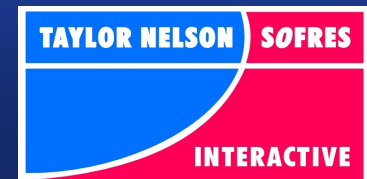
Please note that multiple responses per respondent were recorded



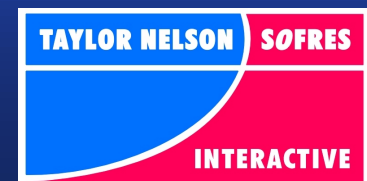
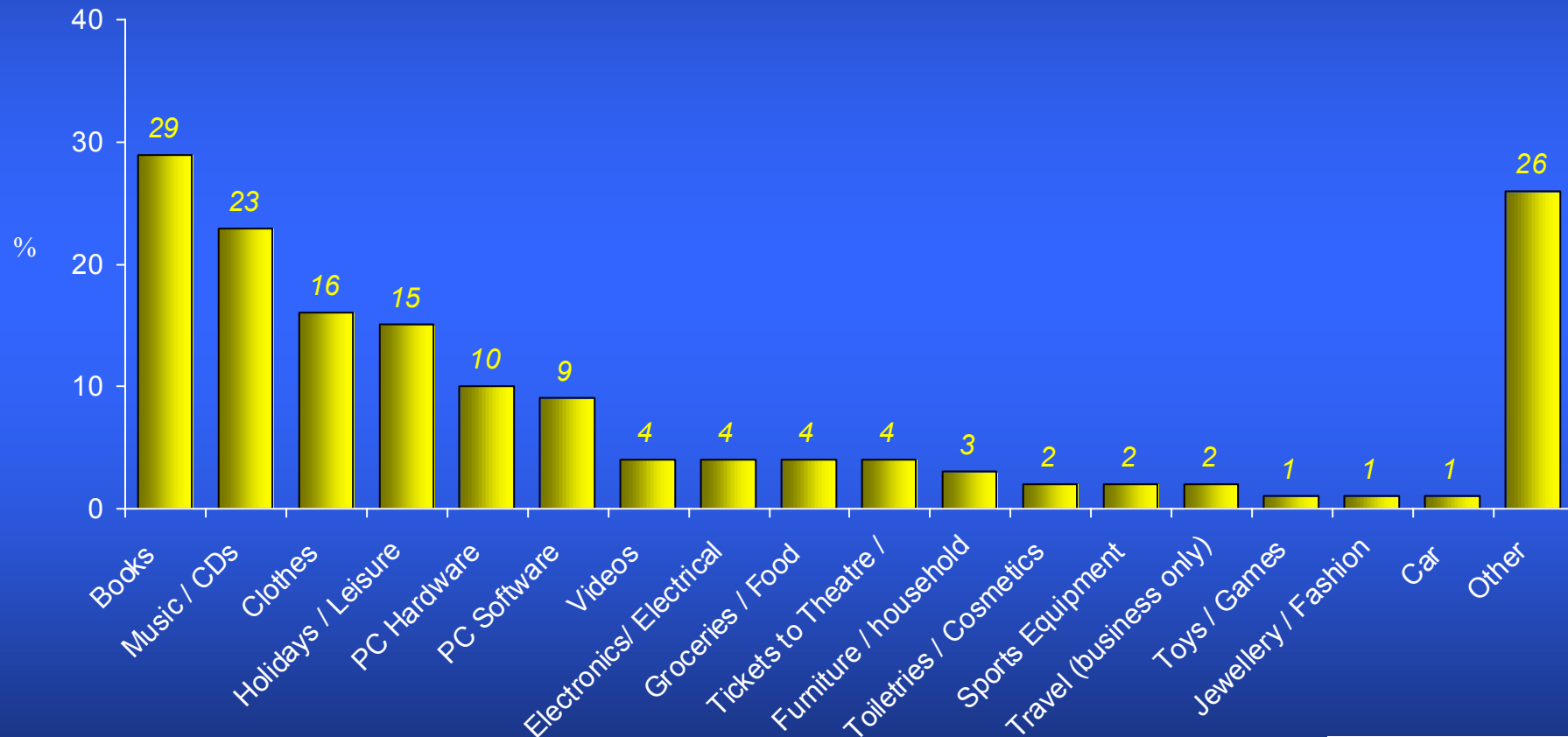
... and the total population



■ 2000 ■ 2001 ■ 2002

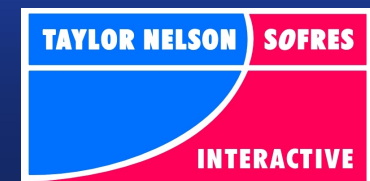


Actual purchases among Internet users who have shopped online during past month

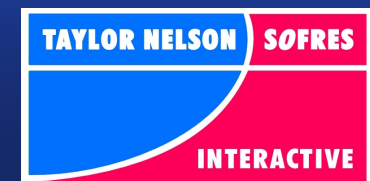
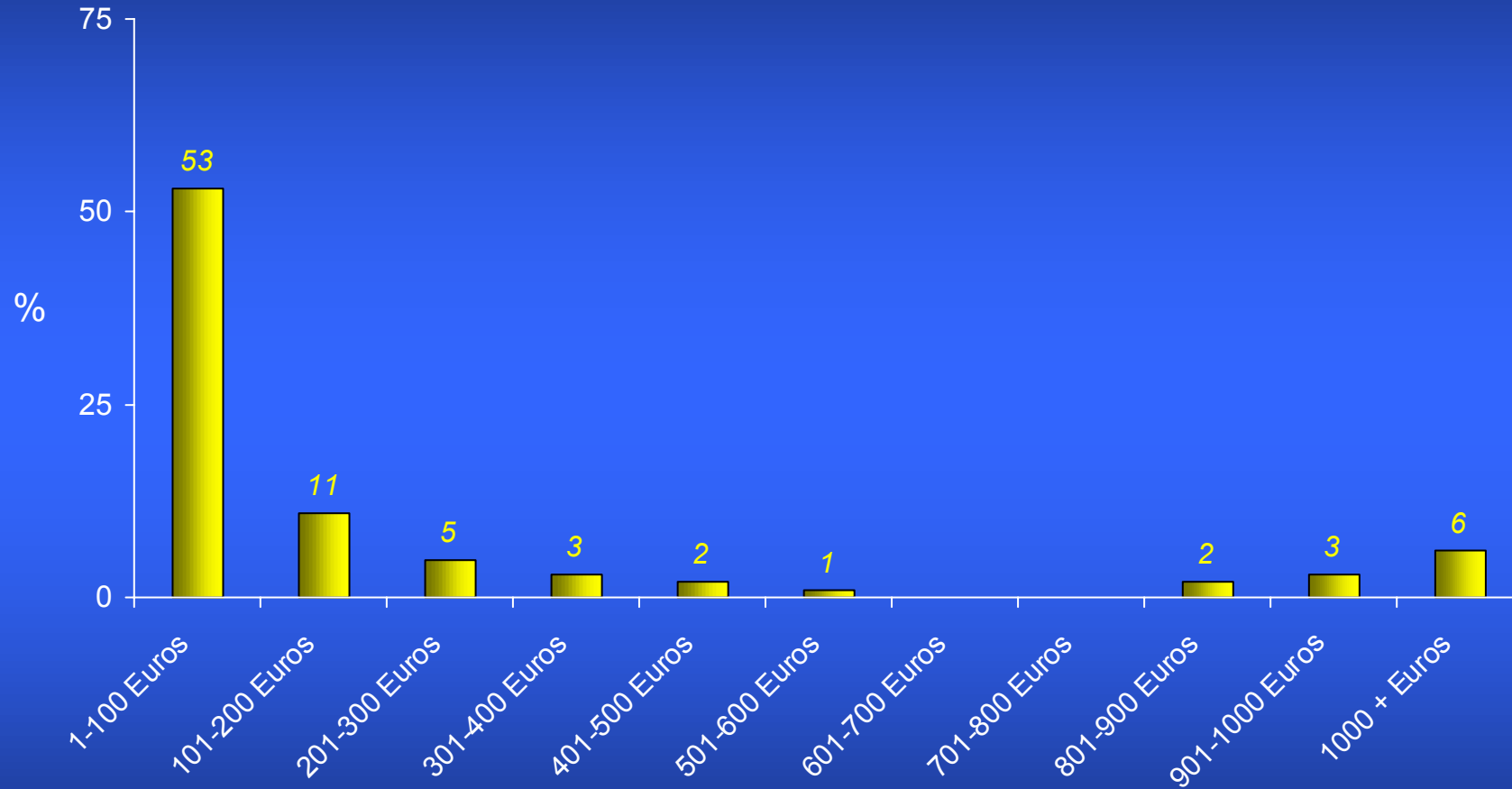


Reasons for not purchasing goods and services online (given by respondents who have NOT purchased online)

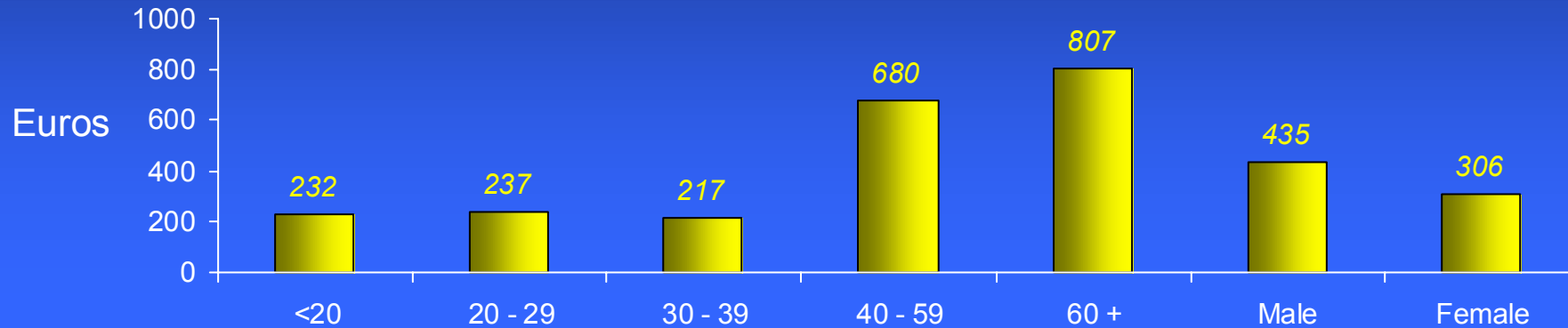
Please note that multiple responses per respondent were recorded



Value of total purchases or orders made in the last 4 weeks



Mean average value of total purchases or orders made in the last 4 weeks by age and sex



Total value of purchases or orders made in the last 4 weeks

Mean average per shopper = Euros 388

Median average per shopper = Euro 90

