



February 2008

**Trends in
Online Shopping**
a global Nielsen
consumer report

nielsen
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INSIDE:

- Online shopping figures gain 40% in two years
- Books, clothing and footwear most popular purchases
- Online travel gains momentum
- Credit card still most popular method of purchase
- Trust and Word of Mouth biggest influencers in store choice

Online shopping takes off

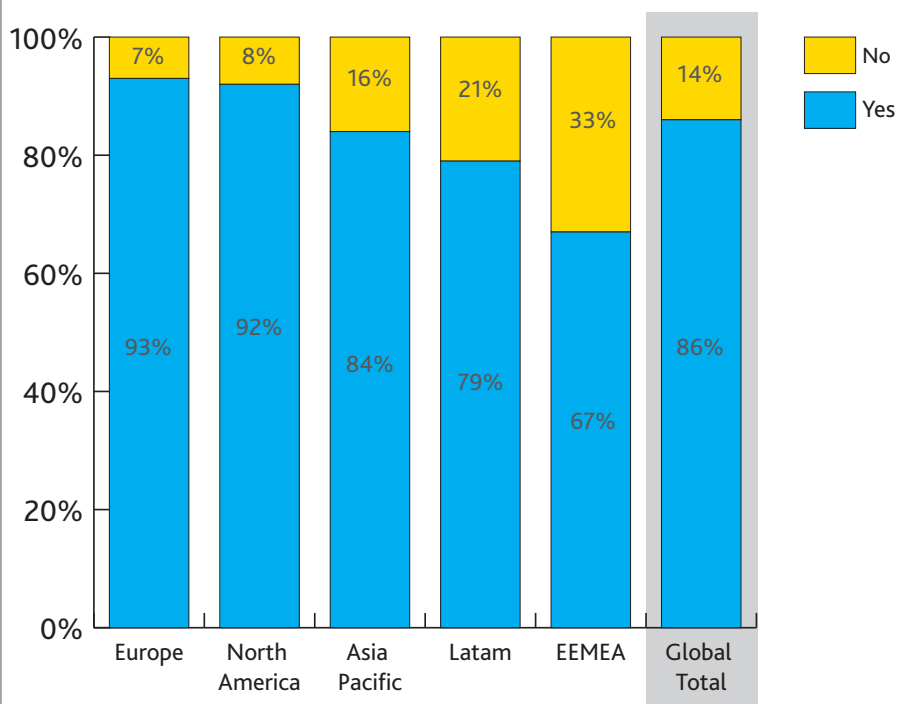
Consumers across the globe are increasingly swapping crowded stores for one-click convenience, as online shopping becomes a safe and popular option. According to a recent global survey conducted by The Nielsen Company, over 85 percent of the world's online population has used the Internet to make a purchase, up 40 percent from two years ago, and more than half of Internet users are regular online shoppers, making online purchases at least once a month.

The Nielsen survey, the largest survey of its kind on the topic of Internet shopping habits, was conducted from October to November 2007 and polled 26,312 Internet users in 48 markets from Europe, Asia Pacific, North America and the Middle East.

When The Nielsen Company conducted its first survey into online shopping habits two years ago, only 10 percent of the world's online population (627 million) had made a purchase over the Internet. Within two years, this number has surged by approximately 40 percent – to a staggering 875 million.

Have you ever made a purchase over the Internet?

Global average



“The Internet is no longer a niche technology – it is mass media and an utterly integral part of modern life. As our lives become more fractured and cluttered, it isn't surprising that consumers turn to the unrivalled convenience of the Internet when it comes to researching and buying products.”

Jonathan Carson, President, International, Nielsen Online

The burgeoning popularity of online shopping is a truly global phenomenon. Online shoppers can be found scattered across the globe, but the world's most avid Internet shoppers hail from South Korea – 99 percent of Internet users in South Korea have shopped online. German, UK and Japanese consumers come in a close second. US consumers are slightly more recalcitrant, clocking in at number eight.

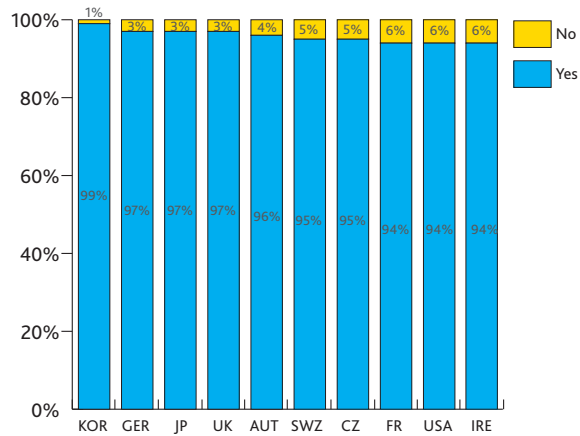
At the other end of the spectrum, the world's slowest adopters come from Egypt, where 67 percent of the online population have never made a purchase over the Internet, followed by Pakistan (60%) and the Philippines (55%).

The world's most frequent online shoppers also come from South Korea, where 79 percent of Internet users have made a purchase online in the last month. UK shoppers chase them once again, followed by the Swiss.

The world's most infrequent online shoppers hail from the Philippines, where 59 percent of online shoppers have not made a purchase in the last 3 months, followed closely by Pakistan (56%), Argentina and Egypt (55%).

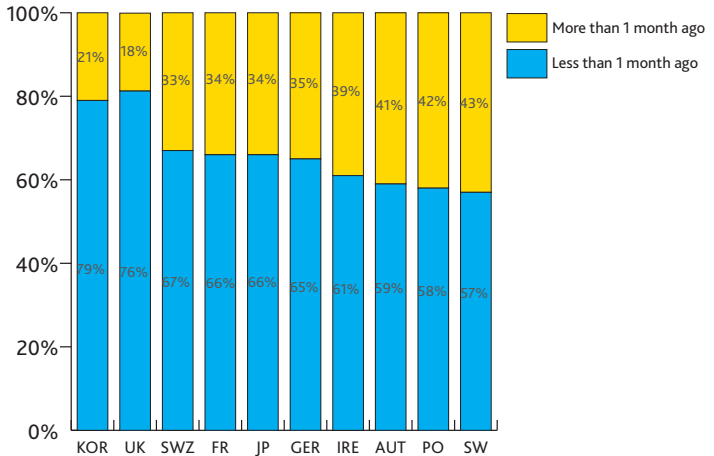
Have you ever made a purchase over the Internet?

Top 10

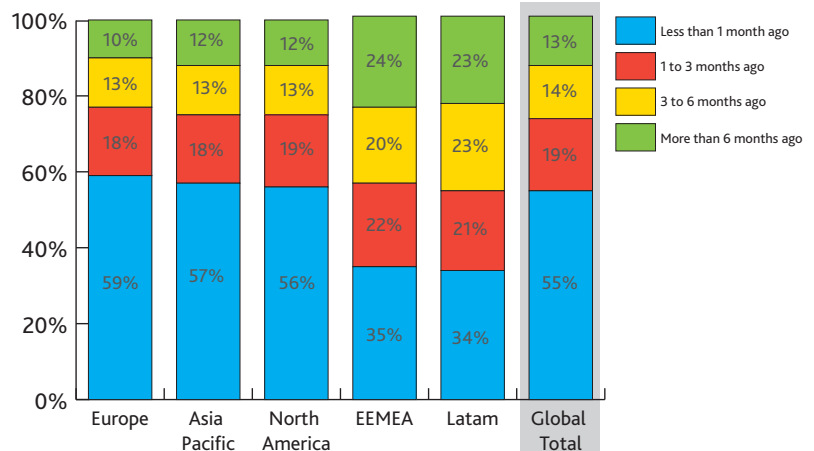


When was the last time you made a purchase over the Internet?

Top 10



When was the last time you made a purchase over the Internet?



Books still the pick of the purchases, but clothing and shoes hot on their heels

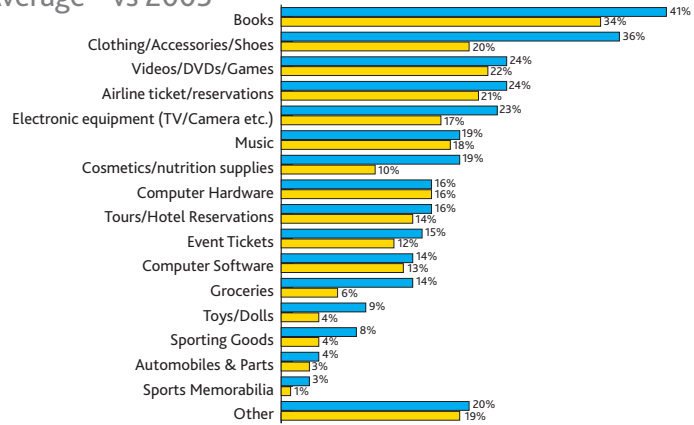
Internet consumers continue to be a well-read lot, thanks to the early adoption of online commerce by large booksellers, but the diversification of the online shopping environment has resulted in significant growth in other categories. Books are still the most popular purchases online, followed by Clothing/Accessories/Shoes, Videos / DVDs / Games, Airline Tickets and Electronic Equipment.

Other significant growth categories were cosmetics/nutrition supplies and groceries, which jumped nine and eight percentage points respectively.

The number of Internet consumers buying books over the Internet has increased seven percent in the past two years, but the fashionistas are on the advance – the Clothing / Accessories / Shoes category has experienced the highest increase by far in the two-year period – from 20 percent to 36 percent. Style-savvy South Koreans are the most avid online fashion shoppers by a long shot – a whopping 70 percent of respondents had bought clothing, accessories or shoes online in the last three months, followed by China, Portugal and France.

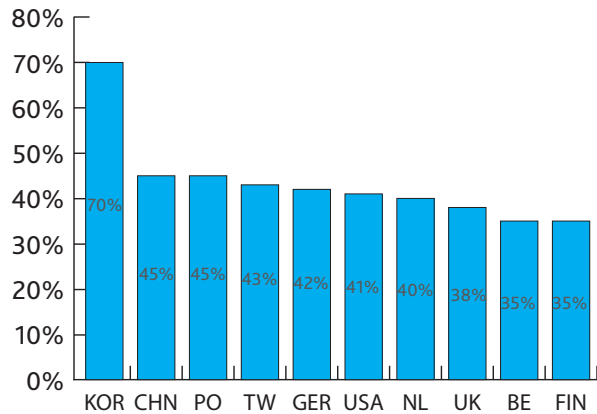
In the past 3 months what items have you purchased on the Internet?

Global Average – vs 2005

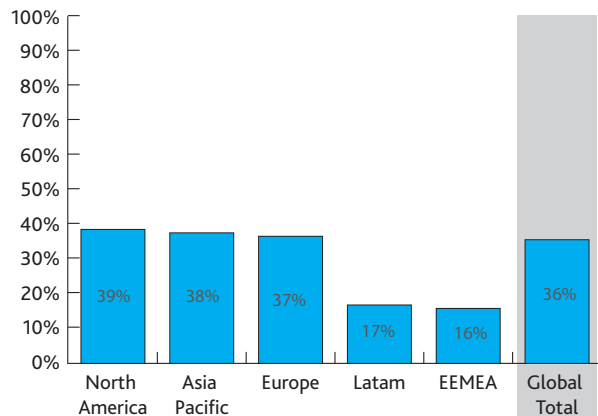


In the past 3 months what items have you purchased on the Internet? Clothing/Accessories/Shoes

Top 10



In the past 3 months what items have you purchased on the Internet? Clothing/Accessories/Shoes



Some of the biggest buyers of books on the Internet are from developing countries – China, Brazil, Vietnam and Egypt – indicating massive growth potential for online retailers that can specifically target these fast-growing markets.

Jonathan Carson, President, International, Nielsen Online

From jet-set to 'net-set

The online shopping revolution has had a marked effect on shopping for air travel. Internet shopper interest in buying airline tickets/reservations online rose three percentage points in the past two years – today one in four online shoppers globally said they had purchased airline tickets on the 'Net in the past three months.

More than 70 percent of Indians and more than 60 percent of Irish and UAE Internet users said they bought airline tickets/reservations on the Internet in the last three months, making travel the fourth most popular shopping category on the web.

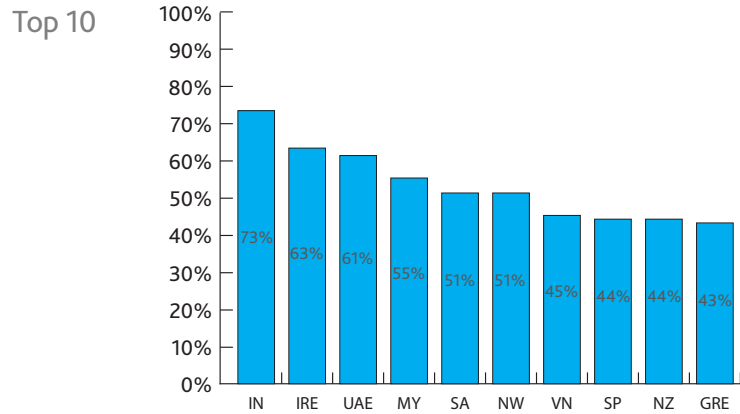
"Travel is a category extremely suited to the Internet due to the latter's ability to provide efficient access to an extremely wide range of comparable information. Whilst certain areas of the travel industry were initially slow to utilize the benefits of the Internet, it is now one of the undoubted success stories of online, playing an integral part in the arrangements and experience of today's traveller," said Jonathan Carson, President, International, Nielsen Online.

Visa leads the charge in online credit card payment

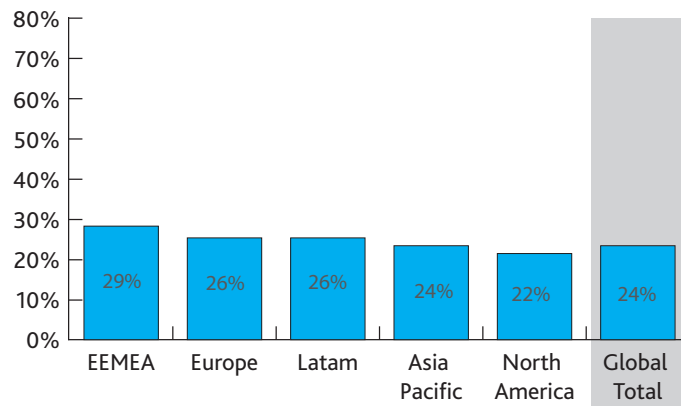
Credit cards are by far the most common method of payment for online purchases – 60 percent of global online consumers used their credit card for a recent online purchase, while one in four online consumers chose PayPal. Of those paying with a credit card, more than half (53%) used Visa.

"Shopping on the Internet with the ease of a credit card is especially appealing to consumers in emerging markets who simply cannot find or buy items they want

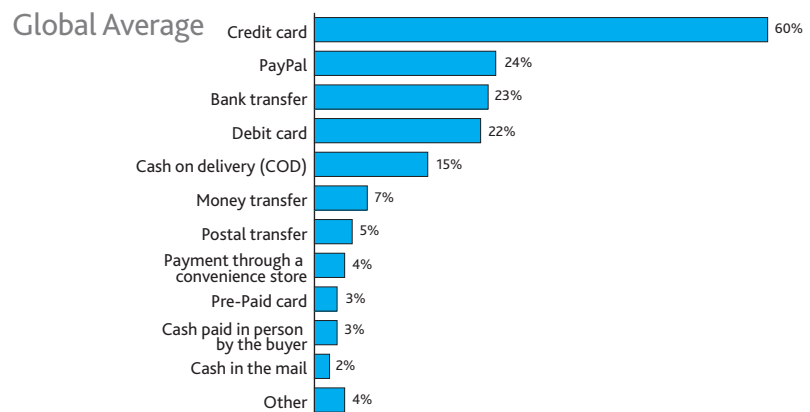
In the past 3 months what items have you purchased on the Internet? Airline tickets/reservations



In the past 3 months what items have you purchased on the Internet? Airline tickets/reservations



Which method (or methods) of payment did you use to make your last purchases over the Internet in the past 3 months?



in their retail trade. The Internet has opened up a whole new world of shopping for these consumers," said Carson.

While Latam and Asian online shoppers are also more likely to use credit cards than any other form of payment, debit cards are most popular among UK (59%) and U.S. (40%) online shoppers.



Through the Grapevine: Trust and Word of Mouth biggest influencers in online store choice

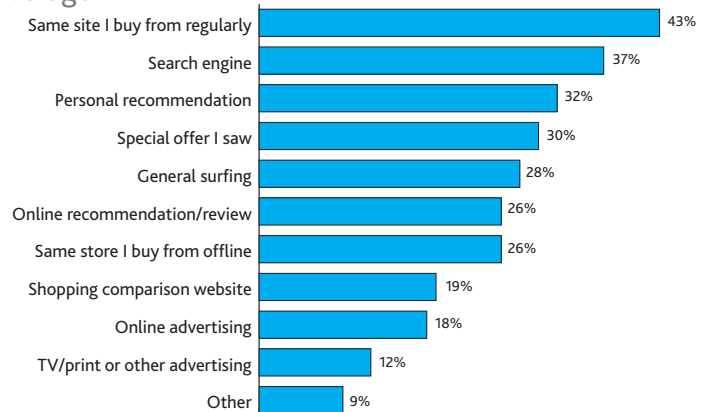
Consumers tend to stick to what they know when it comes to online shopping, according to Nielsen. 60 percent of online shoppers say they buy mostly from the same site, proving that online shoppers are uniquely loyal. "This shows the importance of capturing the tens of millions of new online shoppers as they make their first purchases on the Internet. If shopping sites can capture them early, and create a positive shopping experience, they will likely capture their loyalty and their money," said Carson.

In selecting sites on which to shop, one-third used a search engine or just surfed around to find the best online store. One in four relied on personal recommendations.

"Recommendations from fellow consumers – whether they are people they know or fellow online shoppers – play an enormous role in the decision-making process. The explosion in Consumer Generated Media over the last year means that this reliance on word of mouth, over other forms of referral, looks set to increase," said Carson.

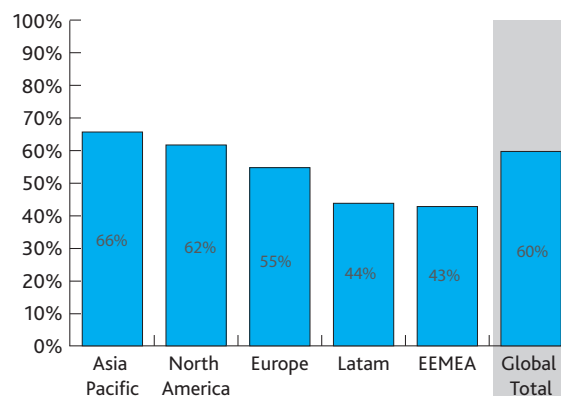
What helps you decide which site to use for shopping online?

Global Average



What helps you decide which site to use for shopping online?

Same site I buy from regularly



About The Nielsen Global Online Survey

The Nielsen Global Online Survey is the largest half-yearly survey of its kind, aimed at gauging current confidence levels, spending habits/intentions and current major concerns of consumers across the globe. The latest survey, conducted from October to November 2007, polled 26,312 Internet users in 48 markets from Europe, Asia Pacific, North America, Africa and the Middle East. The survey is representative of all Internet users aged 15+.

About Nielsen Online

Nielsen Online, a service of The Nielsen Company, incorporates ten years of history in delivering innovative solutions to clients. Formed by the combination of Nielsen//NetRatings and Nielsen BuzzMetrics, Nielsen Online provides independent measurement and analysis of online audiences, advertising, video, blogs, consumer-generated media, word of mouth, commerce and consumer behavior.

About The Nielsen Company

The Nielsen Company is a global information and media company with leading market positions in marketing information (ACNielsen), media information (Nielsen Media Research), online intelligence (NetRatings and BuzzMetrics), mobile measurement, trade shows and business publications (Billboard, The Hollywood Reporter, Adweek). The privately held company is active in more than 100 countries, with headquarters in Haarlem, the Netherlands, and New York, USA. For more information, please visit, www.nielsen.com