

Online Holiday Spending Surges Beyond Expectations, Driving E-Commerce to Record Annual Sales of \$117 Billion

RESTON, Va., Jan. 10, 2005 - comScore Networks today released holiday and annual spending figures for full year 2004. Online consumer retail spending grew by an impressive 29 percent compared to the 2003 season, exceeding comScore's initial expectation of 23 to 26 percent growth. Online travel spending generated an additional \$7.8 billion in November and December. All told, total online spending in 2004 grew by 26 percent to a record level of more than \$117 billion.

Online Consumer Spending			
Excludes Auctions and Large Corporate Purchases			
Source: comScore Networks			
	2003	2004	% Chg
	(in billions)		2004 vs. 2003
<u>Holiday Season (Nov & Dec)</u>			
Non-Travel (Retail)	\$12.3	\$15.8	29%
Travel	\$6.0	\$7.8	28%
Total	\$18.3	\$23.6	28%
<u>Full Year</u>			
Non-Travel (Retail)	\$52.9	\$66.5	26%
Travel	\$40.4	\$50.9	26%
Total	\$93.2	\$117.4	26%

A mid-season analysis conducted by comScore revealed that a group of 25 multi-channel retailers, or those conducting sales both online and offline, posted an aggregate year-over-year growth rate that was approximately twice that of online retail in total.

"While it's clear that a broad range of online merchants saw a strong season, multi-channel retailers were standouts this year," said Dan Hess, senior vice president of industry analysis, comScore Networks. "Many of the nation's leading retail brands flexed their muscle this season, with strategies including faster delivery options, significant site redesigns and effective cross-channel promotions."

A comScore Media Metrix analysis of online traffic to retail sites revealed that six of the top 15 gaining Retail properties over the holiday season were the online storefronts of traditional offline department stores, such as Home Depot, Neiman Marcus and Wal-Mart. Blockbuster's launch of a DVD delivery service has boosted traffic nearly fourfold since 2003. Cellular phone and service related sites LetsTalk.com, AttWireless.com and T-Mobile.com each posted traffic gains of more than 80 percent over last year, supported by interest in new cell phones and rate plans, and increased cross-shopping since the introduction of wireless number portability at the end of 2003.

Top Gaining Retail Properties			
Average Weekly Unique Visitors (000)			
Weeks Ending 11/7/04 - 12/26/04 vs. Corresponding Weeks in 2003			
Total U.S. Home, Work, and University Users			
Source: comScore Media Metrix			
			% Chg
	2003	2004	2004 vs. 2003
Total Internet Population	125,728	129,281	3%
<i>Retail Category</i>	<i>82,955</i>	<i>86,274</i>	<i>4%</i>
BLOCKBUSTER.COM	593	2,888	387%
LETSTALK.COM	340	1,005	196%
OVERSTOCK.COM	2,991	5,597	87%
ATTWIRELESS.COM	1,887	3,439	82%
EBATES.COM	791	1,441	82%
T-MOBILE.COM	935	1,701	82%
ZAPPOS.COM	460	798	73%
The Home Depot, Inc.	1,304	2,239	72%
NEIMANMARCUS.COM	378	644	71%
PEOPLEPC.COM	1,385	2,333	68%
Wal-Mart	6,276	10,546	68%
NORDSTROM.COM	675	1,121	66%
May Department Stores	715	1,136	59%
Shopzilla Sites	3,015	4,782	59%
Target Corporation	4,269	6,697	57%

"Throughout the year, we saw strength in product categories such as Home & Garden, Flowers, Gifts & Greetings, Apparel & Accessories and Jewelry & Watches, confirming the continued diversification of the online shopping basket," continued Mr. Hess.

Late Season Acceleration Transformed the Season

Unprecedented strength in the last two full weeks of December was perhaps the most interesting aspect of the 2004 holiday shopping season. Through mid-December, holiday season growth was tracking at 23 percent. Growth accelerated dramatically during the weeks ending December 19 and December 26, with sales growing by 57 and 53 percent, respectively.

The late surge, which resulted in the holiday season's greater than expected growth, was driven by a number of factors including:

- o **Local fulfillment:** Retailers providing the ability to buy online and pick up in-store, as well as those offering local delivery, were able to offer consumers last-minute buying options as late as the day before Christmas.
- o **Later shipping deadlines:** Operational improvements at major retailers allowed consumers to buy late in the week before Christmas and still have products delivered by Christmas Eve using standard shipping.

- o **Gift cards:** Gift cards have become an increasingly popular gift option, both online and offline. And because these gifts can often be delivered instantly via e-mail, they were particularly popular during the week of Christmas.
- o **Offline product shortages:** Widely reported shortages of popular gift products, such as Apple's iPod, resulted in increased last-minute online purchasing of these products.
- o **Increased broadband access from home:** comScore research has historically proven that consumers using broadband connections are more likely to make online purchases than their dial-up counterparts. As a result, in the 2004 holiday season, the year-over-year growth rate of online shopping from home was significantly higher than that generated by workplace buyers.

For more information about comScore research and analysis solutions for multi-channel retailers, please contact comScore Networks via retailsolutions@comscore.com.

About comScore Networks

comScore Networks provides unparalleled insight into consumer behavior and attitudes. This capability is based on a massive, global cross-section of more than 2 million consumers who have given comScore explicit permission to confidentially capture their browsing and transaction behavior, including online and offline purchasing. comScore panelists also participate in survey research that captures and integrates their attitudes and intentions. Through its patent-pending technology, comScore measures what matters across a broad spectrum of behavior and attitudes. comScore consultants apply this deep knowledge of customers and competitors to help clients design powerful marketing strategies and tactics that deliver superior ROI. comScore services are used by global leaders such as AOL, Yahoo!, Verizon, Best Buy, The Newspaper Association of America, Tribune Interactive, ESPN, Nestlé, Bank of America, Universal McCann, the United States Postal Service, GlaxoSmithKline and Orbitz. For more information, please visit www.comscore.com.

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