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CANADIANS' HOLIDAY SHOPPING ONLINE ESTIMATED AT \$1.9 BILLION

E-shopping increasingly popular among women, survey finds

TORONTO, December 15, 2005 – About two in five (39%) adult Canadian Internet users plan to do some of their holiday shopping online this year, each spending \$327 on average, according to a study conducted by TNS Canadian Facts.

The firm's annual *Holiday Shopping Online* survey suggests that Canadians will ring up \$1.9 billion in holiday purchases online this year, up from last year's total planned holiday-related online spending of \$1.5 billion.

"Canadians continue to embrace e-commerce and the convenience that it offers, but there remain a few barriers for consumers to shift more of their buying to retail Web sites," said Richard Jenkins, a vice president and corporate director of public opinion research at TNS Canadian Facts.

A majority of Canadian Internet users (61%) do not plan to do any holiday-related shopping online. The main reasons for not shopping at Web sites is a preference for in-store shopping (42%) or a perceived need to examine the product (16%). Two other types of reasons also point to challenges facing e-tailers. First, many online Canadians will not buy over the Internet because they fear credit card fraud (12%) or mistrust the security of online transactions (12%) in general. Second, one in ten say that the high cost of shipping deters them.

"We know from previous research that shopping cart abandonment is fairly high in Canada with about one in two shoppers reporting that they did not finalize at least one

online purchase in the past three months. Shipping costs, customer service shortcomings and privacy and security concerns are holding consumers back from doing more of their shopping online,” Jenkins said.

Those who buy online are motivated mainly by convenience. Books remain the most popular holiday gifts purchased over the Internet, with 44 per cent of online shoppers planning to buy them. Next are videos and DVDs (42%), toys (40%), music (37%), electronics (35%), and apparel and accessories (32%).

Young men were among the early adopters of online shopping, however, online spending by men now appears to be stagnating. From May to November this year, men spent \$378 on average, down from \$390 that they spent over the same period in 2003 and 2004. Conversely, online spending by women has grown considerably over the same May to November period, from \$288 in 2003 and \$324 in 2004, to \$358 in 2005.

“Online shopping appeals to men and women equally today. The amounts that they plan to spend online this holiday season are quite similar, with women planning to spend slightly more,” said Jenkins.

Online holiday shoppers are most likely to buy goods from Sears.ca (41%) followed by Futureshop.ca (40%), Indigo.ca (28%), Amazon.ca (27%), and Canadiantire.ca (27%). “The online retail market in Canada continues to be dominated by traditional retailers who treat online transactions as an extension of their overall sales strategy,” Jenkins added.

The *Holiday Shopping Online* study is conducted annually by TNS Canadian Facts using the firm’s national weekly Internet omnibus service, TNS Express Online. E-mail invitations were sent to 3,000 members of the TNS Canadian Facts Internet panel comprising more than 95,000 Canadian Internet users who have agreed to participate in survey research from time to time. In total, 1,135 online interviews were completed between November 24 and November 28, 2005, a 38 per cent response rate. The survey results are nationally representative of the online Canadian adult population and are considered accurate to within three percentage points, 19 times out of 20.

TNS Canadian Facts (www.tns-cf.com) is one of Canada's most prestigious full-service marketing, opinion and social research organizations.

About TNS

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