



For Immediate Release:
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ONLINE CONSUMERS SPENT \$18.5 BILLION DURING 2003 HOLIDAY SEASON, ACCORDING TO THE GOLDMAN SACHS, HARRIS INTERACTIVE AND NIELSEN//NETRATINGS HOLIDAY ESPENDING REPORT

Online Spending up 35 percent Over 2002; Top Five Categories for the Season Include Apparel, Toys and Video Games, Consumer Electronics, Computer Hardware and Peripherals and Video/DVD

ROCHESTER, NY and NEW YORK – January 5, 2004 – Online holiday shoppers spent a record \$18.5 billion online excluding travel during the 2003 holiday season, according to the eSpending Report from Goldman, Sachs & Co., Harris Interactive®, and Nielsen//NetRatings. This represents an increase of 35 percent over the \$13.7 billion spent in 2002.

The eSpending Report found that the product categories for apparel, toys/video games (hardware and software), consumer electronics, computer hardware and peripherals and video/DVD, generated the most revenue this season. Online shoppers spent \$3.8 billion on apparel this season, a 40 percent increase from 2002 (see Table 1). Toys and video games (hardware and software) drew \$2.2 billion, jumping 33 percent from the previous year.

Consumer electronics were popular this season, with Internet shoppers spending \$2 billion, a rise of two percent year over year. The computer hardware/peripherals category also attracted significant attention from online shoppers with total revenue of \$1.7 billion in 2003. Video/DVD had a strong season with shoppers spending \$1.6 billion, up 46 percent.

Table 1. Popular Online Shopping Categories Ranked by Total Revenue through December 26, 2003

Category	2003 Holiday Projected Online Revenue in Millions	Year Over Year Growth
Apparel/Clothing	\$3,738	40%
Toys/Video games	\$2,197	33%
Consumer Electronics	\$2,044	2%
Computer Hardware/Peripherals	\$1,650	----*
Video/DVD	\$1,619	46%

Source: Goldman Sachs, Harris Interactive and Nielsen//NetRatings eSpending Report, December 2003
Number of respondents = 9,517 online users

*Year-over-year percent growth unavailable for this category due to small sample size in 2002.

“Online retailers have enjoyed a fantastic season in 2003,” said Abha Bhagat, senior analyst Nielsen//NetRatings. “This is the third straight season of record growth, which indicates retailers are doing a much better job of appealing to customers through online channels as well as successfully integrating various channels to reach out to customers effectively.”

Online Spending and Customer Satisfaction Rise in 2003



The final weekly eSpending report showed that shoppers were more satisfied with their online shopping experience (see Table 2). During the 2003 shopping season, 63 percent of online shoppers were satisfied with their overall shopping experience, a five point increase from 2002. Seven percent were dissatisfied, a one point decrease from 2002.

Shoppers also reported very few serious problems when ordering online (see Table 3) and spent more of their total shopping budget online this season (see Table 4).

Table 2. Overall Online Customer Satisfaction Year to Year

Satisfaction Level	2003	2002	2002 to 2003 Percentage Points Change
Satisfied	63.1%	59%	+4.1
Dissatisfied	7.4%	8%	-0.6

Source: Goldman Sachs, Harris Interactive and Nielsen//NetRatings eSpending Report, December 2003

Questions asked: For the entire holiday shopping season, please rate your overall shopping satisfaction so far.

Total Number of respondents: 2002 – 9,008, 2003 – 9,517

Table 3. Serious Problems Reported by Shoppers

Serious Problem Reported	Percentage of Respondents Reporting
Order not received when promised	2.4%
Received incorrect or defective product	1.2%
Total percentage of online shoppers experiencing serious problems	3.6%

Source: Goldman Sachs, Harris Interactive and Nielsen//NetRatings eSpending Report, December 2003

Questions asked: In the past week, did you experience any of the following problems with your online shopping?

Total Number of respondents: 2003 – 9,517

Table 4. Overall Online Customer Spending Year to Year

	2003	2002	2002 to 2003 Percentage Points Change
Percentage of Holiday Budget Expected to be Spent Online	19.7%	16.3%	+3.4

Source: Goldman Sachs, Harris Interactive and Nielsen//NetRatings eSpending Report, December 2003

Questions asked: For the entire 2002/2003 holiday shopping season, what percent of your holiday gift budget do you expect to spend in stores, catalogs and online?

Total Number of respondents: 2002 – 9,008, 2003 – 9,517

“As more people turn to the Internet to do their holiday shopping, they are finding the online shopping experience to be a positive one.” said Lori Iventosch-James, director of ecommerce research, Harris Interactive. “During the 2003 holiday season, online retailers have gone the extra mile to meet customer expectations and that’s reflected in the higher level of satisfaction, the relatively small number of serious problems reported and the increase in online spending as a percentage of total holiday spending.”

The eSpending Report by Goldman Sachs, Harris Interactive and Nielsen//NetRatings is based on a weekly national survey of between 800 and 1,700 online shoppers randomly chosen from Harris Interactive’s online panel of survey respondents. The Holiday Season summary data is based on more than 9,500 responses in November and December 2003. The eSpending report offers weekly intelligence on online shopping and spending by market segment and also tracks consumer attitudes and motivations that drive online shopping.

About Goldman Sachs

Goldman Sachs is a leading global investment banking, securities and investment management firm that provides a wide range of services worldwide to a substantial and diversified client base that includes



corporations, financial institutions, governments and high net worth individuals. Founded in 1869, it is one of the oldest and largest investment banking firms. The firm is headquartered in New York and maintains offices in London, Frankfurt, Tokyo, Hong Kong and other major financial centers around the world.

About Harris Interactive ®

Harris Interactive (www.harrisinteractive.com) is a worldwide market research and consulting firm best known for *The Harris Poll®*, and for pioneering the Internet method to conduct scientifically accurate market research. Headquartered in Rochester, New York, U.S.A., Harris Interactive combines proprietary methodologies and technology with expertise in predictive, custom and strategic research. The Company conducts international research through wholly owned subsidiaries—London-based HI Europe (www.hieurope.com) and Tokyo-based Harris Interactive Japan—as well as through the Harris Interactive Global Network of local market-and-opinion-research firms, and various U.S. offices. EOE M/F/D/V

About Nielsen//NetRatings

Nielsen//NetRatings is the global standard for Internet audience measurement and analysis and is the industry's premier source for online advertising intelligence with its NetView, AdRelevance, @Plan, WebRF, LemonAd, MegaPanel and SiteCensus services. Covering 70 percent of the world's Internet usage, the Nielsen//NetRatings services offer syndicated Internet and digital media research reports and custom-tailored data to help companies gain valuable insight into their business. For more information, please visit www.nielsen-netratings.com.

Editor's Note: Please source data to Goldman Sachs, Harris Interactive and Nielsen//NetRatings.

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