



FOR IMMEDIATE RELEASE:

ONLINE CONSUMERS SPENT \$8.8 BILLION IN NOVEMBER; UP 19 PERCENT FROM 2003, ACCORDING TO THE HOLIDAY ESPENDING REPORT FROM GOLDMAN SACHS, HARRIS INTERACTIVE AND NIELSEN//NETRATINGS

Online Consumers Spent the Most on Apparel/Clothing, Toys/Video Games and Video/DVD

ROCHESTER, N.Y. and NEW YORK– December 6, 2004–Goldman Sachs, & Co., Harris Interactive®, and Nielsen//NetRatings’ Holiday eSpending Report revealed today that online consumers spent \$8.8 billion overall, excluding travel, in November 2004, marking a 19 percent jump over the \$7.4 billion spent online in November 2003. The 2004 figure represents a 62 percent increase from the \$5.5 billion that consumers spent online during the 2002 holiday season.

According to the 2004 eSpending report, based on weekly surveys of more than 1,000 respondents, adult consumers spent the most on apparel/clothing, totaling \$1.5 billion in November 2004. The toys/video games (hardware and software) category came in second with \$1 billion, while the video/DVD category followed closely behind with \$882 million. The books and music categories rounded out the top five with \$621 million and \$481 million, respectively (see Table 1).

“It is not surprising that current predictions for year-over-year growth in online spending are lower than previous years, particularly with the growth of Internet penetration remaining flat over the past year,” said Karen Chiarelli, vice president, Technology Research, Harris Interactive.

Categories recording the highest growth in holiday dollars for November 2004 included toys/video games (hardware and software), video/DVDs and music. The toys/video games (hardware and software) grew 43 percent over last year, while the video/DVDs (hardware and software) and music categories increased 39 percent and 32 percent, respectively.

“We remain enthusiastic about the start of this holiday season, as several categories saw substantial revenue increases,” said Heather Dougherty, senior Retail analyst, Nielsen//NetRatings. “The growth in 2004 holiday revenue suggests that consumers are shifting more dollars to the Internet this season.”

Table 1: Online Shopping Categories Ranked by Projected Online Revenue, November 2004

Category	November 2004 Projected Online Revenue in Millions
Apparel/Clothing	\$1,480
Toys/ Video Games (hardware and Software)	\$1,031
Video/DVD	\$882
Books	\$621
Music	\$481

*Source: Goldman Sachs, Harris Interactive, and Nielsen//NetRatings eSpending Report, December 2004

*Number of respondents: More than 1,000 online U.S. adult consumers surveyed weekly (Week 4: n=1,352)

*The top featured categories met a minimum reporting sample of 100 respondents.

Factors Driving Consumers Online this Holiday Season

As of the end of November 2004, 17 percent of consumers indicated that they finished holiday shopping, according to the eSpending report. Forty-eight percent of consumers said that they have started but have not finished holiday shopping, while 35 percent indicated that they have not started shopping this season.

Consumers cited several reasons as to why they chose to make purchases online versus going to the stores. According to the eSpending report, 36 percent of consumers said that they purchased items online because prices were lower on the Web, while 34 percent purchased gifts online due to the wider selection of products. Thirty-three percent of consumers said they bought online, because they preferred to avoid the crowds in stores (see Table 2).

“Interestingly, consumers also continue to highlight the ease of comparing products and prices online as one of their top reasons for shopping online versus offline. We believe that this is a result of improved search technologies that are providing Internet users more relevant results and thereby increasing the satisfaction of the online experience,” said Anthony Noto, Internet and Entertainment Analyst at Goldman Sachs.

Table 2: Reasons Why Consumers Purchased Items Online Ranked by Percentage

Reasons for Purchasing Online	% of Consumers
Item Price is lower on the Internet	35.7%
Wider selection of products available online	33.9%
Prefer to avoid crowds	32.9%
Prefer to have things delivered to my house	27.6%
Easier to compare products and prices online	27.6%

**Source: Goldman Sachs, Harris Interactive, and Nielsen//NetRatings eSpending Report, December 2004*

**Number of respondents: More than 1,000 online U.S. adult consumers surveyed weekly (Week 4: n=1,352)*

“Tenured online shoppers continue to flock to the Internet as sites become more user friendly, and retailers have learned the art of good customer service and creating savvy online marketing strategies,” said Dougherty.

About the eSpending Report

The eSpending Report by Goldman Sachs, Harris Interactive and Nielsen//NetRatings is based on a weekly national survey of more than 1,000 adult consumers who are online randomly selected from among the Harris Interactive online panel of survey respondents. The November summary data are based on responses from nearly 4,700 consumers in total. 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 Inc. (www.harrisinteractive.com), the 15th largest and fastest-growing market research firm in the world, is a Rochester, N.Y.-based global research company that blends premier strategic consulting with innovative and efficient methods of investigation, analysis and application. Known for *The Harris Poll*® and for pioneering Internet-based research methods, Harris Interactive conducts proprietary and public research to help its clients achieve clear, material and enduring results.

Harris Interactive combines its intellectual capital, databases and technology to advance market leadership through U.S. offices and wholly owned subsidiaries: London-based HI Europe (www.hieurope.com), Paris-based Novatris (www.novatris.com), Tokyo-based Harris Interactive Japan, through newly acquired WirthlinWorldwide (www.wirthlinworldwide.com), a Reston, Virginia-based research and consultancy firm ranked 25th largest in the world, and through an independent global network of affiliate market research companies. EOE M/F/D/V

To become a member of the Harris Poll OnlineSM and be invited to participate in future online surveys, visit www.harrispollonline.com.

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.

Press Contacts:

Harris Interactive
Nancy Wong
585-214-7316
nwong@harrisinteractive.com

Goldman Sachs
Ed Canaday
(212) 357-0005
ed.canaday@gs.com

Nielsen//NetRatings
Marla Dierkes
(408) 941-2931
mdierkes@netratings.com

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