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**The holidays online:
*Emails and e-greetings outpace e-commerce***

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Introduction: The 12 epiphanies of holiday polling

Since March 1, 2000, the Pew Internet & American Life Project has been conducting phone survey work about the way Americans use the Internet and the impact it has on their lives. At various times, the project has added a battery of questions to its core survey to probe particular Internet issues and activities in more depth. In March, we made a detailed examination of people's use of email with their family and friends (see <http://www.pewinternet.org/reports/toc.asp?Report=11>). In April and then again in August, we looked at people's use of file-sharing technologies in the midst of the continuing controversy over Napster (see <http://www.pewinternet.org/reports/toc.asp?Report=16>). In April, we also asked questions about why people did not have Internet access (see <http://www.pewinternet.org/reports/toc.asp?Report=21>). In May and June, we probed people's attitudes about online trust and privacy (see <http://www.pewinternet.org/reports/toc.asp?Report=19>). In July and August, we asked a series of questions about people's use of the Internet to get health-care information and about their concerns about the security of that information (see <http://www.pewinternet.org/reports/toc.asp?Report=26>). In September, we asked questions about whether American Internet users were getting information about the Sydney Summer Olympics (see <http://www.pewinternet.org/reports/toc.asp?Report=24>). In October and November, we joined with the Pew Research Center for the People & the Press to determine who was using the Internet to get political news and information and how that material influenced their voting decisions (see <http://www.pewinternet.org/reports/toc.asp?Report=27>).

Just before Thanksgiving, we added questions to our core survey to examine how people used the Internet to buy holiday gifts, why they did it, and how they felt about that experience. We also wanted to see how much people used the Internet for noncommercial activities such as getting information about the religious aspects of Christmas, Chanukah, and Kwanzaa, seeking information about holiday-celebration ideas, and using email and e-greetings to make contact with family and friends. Our survey was in the field from November 22 to December 21 and involved interviews with 3,493 American adults -- 2,038 of them are Internet users. The results we report here about the number of people who purchased gifts online during the holiday season are based on the responses of those who answered questions in the survey's final week: This represents the 521 Internet users who were interviewed from December 14 through December 21. The other results represent our findings from those interviewed during the entire period. We discovered 12 basic insights into the holiday experience online:

Epiphany 1: People used the Internet more to socialize and celebrate during the holiday season than they used it to buy gifts.

While most analysts and commentators anxiously charted the daily ups and downs of the online retail sector during this season, the bigger story about the Internet during the holidays was a social one. People used email to make their holiday plans; they sent online holiday greetings to loved ones and friends; they used the Internet to get ideas on how to celebrate the season; and they sought religious material online.

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Here are the basic figures:

- 53% of Internet users (over 51 million people) sent emails during the holiday season to relatives and friends to discuss the holidays or to make plans. Those with college degrees and those from high-income households were more likely to have used email this way than those with high-school educations and lesser incomes. And those with lots of experience online were more likely than newcomers to have used email this way.
- 32% of Internet users (over 30 million people) sent e-greeting cards to loved ones and friends. Hispanics were more likely than other ethnic and racial groups to have sent e-greeting cards – 45% of them did so. In addition, this was a particularly popular activity with young Internet users.
- 24% of Internet users (over 22 million people) went to the Web to get information on crafts and recipes, and to get other ideas for holiday celebrations. Parents with children under age 18 were the heaviest consumers of such information. Some 27% of online parents sought celebration-related material on the Web, compared to 21% of non-parents. In addition, online women were more likely than online men to gather such material.
- 14% of Internet users researched religious information and traditions online. African-Americans were much more likely than other Internet users to seek such information on the Web. And parents with children under age 18 were much more likely than non-parents to seek holiday-related religious information. Some 18% of online parents got such information, compared to 11% of non-parents.

In comparison, 24% of Internet users purchased gifts online. Those most likely to buy online came from high socio-economic categories (college educations, households earning more than \$75,000). And Internet veterans were three times more likely than newcomers to have made a gift purchase online this year: 26% of those with more than three years experience online bought gifts, compared to 9% of those with less than six months of online experience.

Clearly, the online population sees the Internet more as a tool for information gathering and communications than for commercial transactions. Our previous studies have shown that the most powerful impacts of the Internet in users' lives fall much more into this social realm than the commercial realm. Substantial majorities of online Americans have told us that the Internet improves their connection to family and friends, helps them pursue their hobbies, and helps them learn new things and get answers to questions.

Epiphany 2: Browsing is more important than buying.

The Internet is more potent to users as a tool for getting ideas about things to buy and getting price comparisons than it is for making purchases. The assessment of the success of online retailers must take this into account. Some 45% of Internet users sought gift ideas online and 32% used the Web to compare prices during the holidays. This suggests that a significant number of transactions were influenced by material people found online, even if these shoppers ended up making the purchases at a store. Those with high levels of education (a college degree or more) and high household incomes (\$75,000 or more) were the most likely to have done virtual window shopping and price comparisons.

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Epiphany 3: Even online shoppers did most of their gift buying offline.

Those who think that online retailers will overtake stores are going to wait a long time. In the limited population of those who bought gifts online, only a fifth of them (21%) did most or all of their gift buying on the Web. Fully 52% of online shoppers said they bought “only a few” gifts on the Web and 28% said they bought “some” of their gifts.

Epiphany 4: Online retailers have lost a major number of purchasers and they have not made up the difference by luring new buyers.

It is likely that the overall pool of Internet shoppers was bigger this year than last year because the overall number of people with Internet access has grown. Nevertheless, the number of people who were turned off by their previous buying experiences online and did not return to online stores this year is significant. Some 22% of Internet users shopped online last year during the holidays but did not do so this year. We call them the “click offs.” These “click offs” far outnumber the “click ins”—the 6% of Internet users who for the first time bought holiday gifts online during the holidays in 2000. Internet veterans and those who are well educated and have high incomes were the most likely to be click-offs. Thus, this year online retailers lost some of their most elite customers.

Epiphany 5: Ain't nothing like the real thing: The factors that keep Internet users from making purchases online.

People who said they had not bought gifts and didn't plan buy them on the Internet have concerns relating to trust, reliability, price, and preferences.

- 85% of non-shoppers say that they like being able to see gifts in stores before buying them. Online women expressed this concern more frequently than online men.
- 79% of non-shoppers do not like to send credit card or other personal information over the Internet. Though this concern ranks high with all groups, it was greatest among women with Internet access and those who have high school educations.
- 52% of non-shoppers think they could get better prices for gifts in stores or through catalogues than online. Those with high school educations were the most likely to be anxious about this dimension of online shopping.
- 45% of non-shoppers worry that gifts won't arrive on time. African-Americans and Hispanics showed high level of concern about this; and those in households earning less than \$30,000 were also among the most worried. This concern runs relatively higher than the actual incidence of problems with gifts arriving at the wrong time. Some 19% of Internet users who bought in previous years said they had problems with the gifts being delivered on time.
- 41% of non-shoppers say some Web sites make online shopping confusing.

Epiphany 6: As many stop as shop.

Another cautionary message from our survey is that the number of Internet users who don't complete an online transaction equals the number who follow through with a purchase. Nearly one in four (24%) of Internet users reported beginning a transaction but then stopping before completing it. This is the same number—24%—as those who bought holiday gifts over the Internet.

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Epiphany 7: Committed shoppers say holiday buying online brings convenience and savings. The time savings averaged 3 hours. The average Internet holiday purchaser spent about \$330 online.

Many of the 24% of Internet users who did buy holiday gifts online say that Web shopping saved them time and money. Fully 79% of people who bought a holiday gift on the Internet said cyber shopping saved them time, and on average these people saved about 3 hours of shopping time. More than half (58%) of Internet holiday gift purchasers said online shopping was easier than going to stores or shopping in catalogues. And half (51%) of online gift purchasers said that they believe that cyber shopping saved them money. The average Internet holiday purchaser spent about \$330 online for gifts, although we did not ask for estimates of how much people thought they saved by buying online. In sum, online holiday gift buyers were generally happy with the experience. One-third (33%) said the Web improved holiday shopping for them, while only 8% said the Internet made holiday shopping less enjoyable.

Epiphany 8: Many shop while on the job.

One of the reasons online buyers might feel they saved time is that many of them were doing their shopping from their work places. Some 28% of those who made gift purchases did so from their offices or cubicles. Moreover, people who go online from work are more likely than the general online population to have bought holiday gifts online. Some 32% of those who have Internet access at work used the Internet while on the job to buy a holiday gift. This compares to the 24% of all Internet users who bought a holiday gift online and suggests that people are taking advantage of fast connections at work and perhaps using their lunch hours or other break times to make purchases. In comparison, 85% of online holiday gift shoppers made their purchases from home. Clearly, some shoppers made online purchases from home and from work.

Epiphany 9: Online retailers can close the deal with impulse buyers.

Internet shopping spurred some impulse buying; over one-third (34%) of those who bought holiday gifts online said they bought someone a gift they were not planning to buy until they first saw it online.

Epiphany 10: Online gift lists are becoming popular.

Some 5% of Internet users set up online gift lists or wish lists this year. That might not seem like a big number, but it represents more than 4 million Americans – which is impressive, considering how new the idea of online gift registries is.

Epiphany 11: Some regional differences still matter.

Analysis of use of the Internet during the holidays reveals few differences across the regions of the country. Here are some noteworthy regional exceptions:

- Northeasterners are more active purchasers and price comparers than those in the rest of the country. Fully one-third (34%) of Northeasterners bought a holiday gift, almost twice the rate of Midwesterners (18%) and 10 points higher than the overall average in the United States, which is 24%. Not surprisingly, 54% of Northeasterners went online to look for gifts, compared to the national average of 45%. And Northeasterners were the most likely to report that online holiday

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shopping saved them money, with 58% reporting that – which contrasts with the 44% of Midwesterners who reported that and the 53% national average.

- Westerners are the most frequent holiday emailers. Fully 60% of Westerners have done this compared with 53% of all Internet users. This also makes sense because the West is the most connected region in the country.
- Midwesterners are a bit more likely to go online to get information about religious holiday traditions. Some 16% of Midwesterners went online to research religious or spiritual traditions compared with 11% of Northeasterners and the 14% national average.
- Southerners are somewhat more likely than the rest of the nation to enjoy holiday shopping, which translates into slightly higher use of the Internet to get gift ideas. Approximately 26% of Southerners say they enjoy holiday shopping a lot, a bit more than the 23% of the rest of Americans who like holiday shopping a lot. Perhaps because of this higher level of enjoyment, 38% of Southerners went online to look for gift idea, compared to 36% of the rest of Americans. And 30% of Southerners went online to compare prices versus 27% of Americans not living in the South.

When it comes to making holiday purchases online, however, Southerners are on par with the nation, with 23% of Southerners having purchased a gift online during the holidays compared with 24% of all Americans. Southerners also match the national average in most social and celebratory uses of the Internet during the holidays. One in seven Southerners (14%) sought spiritual information online relating to the holidays, a figure equal to the national average. The same is true for online greeting cards; 32% of Southerners sent these e-greetings, which matches the national average. However, Southerners appear to be more reticent in holiday emailing, with 48% of people in the South having sent an email to family or friends about the holidays versus 53% of all Internet users.

Epiphany 12: Women and men really do experience the holidays in different ways.

Women and men have very different outlooks about holiday-season shopping in general and that affects their online holiday experiences. Only one in seven men—or 14%—say they like holiday shopping a lot, while one in three women—or 33%—say that they like holiday shopping a lot. Conversely, 33% of men say they don't at all like holiday shopping compared with 18% of women.

As a result, women with Internet access are more likely than men to turn to the Web for matters relating to the holidays, whether it involves online shopping or socializing or celebrating. Online women are more frequent holiday Internet gift purchasers than online men, with 27% of women having bought a gift online versus 20% of men. This is notable because men, year round at least, are more likely to buy things online; according to the Pew Internet Project's data compiled from March through August 2000, 49% of men with Internet access report ever having made an online purchase, compared with 45% of women. Women are also more likely than men to turn to the Web for holiday gift ideas; 49% of online women have done this versus 41% of online men. This online gift browsing leads to some impulse buying; 43% of online women have bought something online that they hadn't intended to versus 27% of men.

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Men with Internet access appear to value online holiday gift shopping because it saves them time and makes it easier for them to be sticklers for price. When asked whether they use the Internet to compare prices of gifts, 31% of online men said they did this versus 26% of online women. And when asked whether they believe shopping for holiday gifts online saves money, fully 60% of men responded affirmatively compared with 47% of women. As for time efficiencies, 42% of online men who bought a gift from a Web retailer said Internet shopping resulted in an overall time saving in their holiday shopping; for online women, that number was 36%.

Women with Internet access are more active than men in using the Internet for holiday-season socializing and celebrating – often strikingly so. Online women are more than twice as likely as online men to have researched holiday crafts or food recipes on the Internet; 33% of women have done this, but only 14% of men have done so. The gap is narrower in sending online greeting cards, with 38% of women having done this, compared to 27% of men. Women with Internet access are also more active holiday emailers, with 56% having sent an email to family or friends about the holidays, compared to 50% of online men. There is only a small difference when it comes to going online for spiritual information relating to the holidays; 15% of women have done this compared with 13% of men.

Methodology

The survey results are based on telephone interviews conducted by Princeton Survey Research Associates from November 22 to December 21 of 3,493 American adults, 2,038 of whom are Internet users. The survey was conducted using a rolling daily sample, with a target of completing between 75 and 100 interviews each day throughout the month. For results based on the total sample, one can say with 95% confidence that the error attributable to sampling and other random effects is plus or minus 2.5 percentage points. For analysis of people who purchased holiday gifts online, reported figures are for the last week of holiday shopping, or from December 14 through December 21. This came to 521 Internet users; for results based on this sub-sample, the margin of error is plus or minus 5 percentage points. In addition to sampling error, question wording and practical difficulties in conducting telephone surveys may introduce some error or bias into the findings of opinion polls.

The sample for this survey is a random digit sample of telephone numbers selected from telephone exchanges in the continental United States. The random digit aspect of the sample is used to avoid “listing” bias and provides representation of both listed and unlisted numbers (including not-yet-listed numbers). The design of the sample achieves this representation by random generation of the last two digits of telephone numbers selected on the basis of their area code, telephone exchange, and bank number.

A new sample was released daily and was kept in the field for at least five days. This insures that the complete call procedures are followed for the entire sample. Additionally, the sample was released in replicates to insure that the telephone numbers called are distributed appropriately across regions of the country. At least 10 attempts were made to complete an interview at every household in the sample. The calls were staggered over times of day and days of the week to maximize the chances of making contact with a potential respondent. Interview refusals were re-contacted at least once in order to try again to complete an

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interview. All interviews completed on any given day were considered to be the final sample for that day.

Non-response in telephone interviews produces some known biases in survey-derived estimates because participation tends to vary for different subgroups of the population, and these subgroups are likely to vary also on questions of substantive interest. In order to compensate for these known biases, the sample data are weighted in analysis. The demographic weighting parameters are derived from a special analysis of the most recently available Census Bureau's Current Population Survey (March 1999). This analysis produced population parameters for the demographic characteristics of adults age 18 or older, living in households that contain a telephone. These parameters are then compared with the sample characteristics to construct sample weights. The weights are derived using an iterative technique that simultaneously balances the distribution of all weighting parameters.

Throughout this report, the survey results are used to estimate the approximate number of Americans, in millions, who engage in Internet activities. These figures are derived from the Census Bureau's estimates of the number of adults living in telephone households in the continental United States. As with all survey results, these figures are estimates. Any given figure could be somewhat larger or smaller, given the margin of sampling error associated with the survey results used in deriving these figures.