

2008 Shop.org / Shopzilla eHoliday Study  
Retailer Survey  
Wave 1 (Oct. 1 - 20, 2008) n=60

**Overall Holiday 2008 Forecast, Costs**

**Compared to last year (2007), what growth are you forecasting for your online revenue this holiday season (2008)?**

	2008	% change over '07	2007
	Percentages		Percentages
Hypergrowth (75% or higher - net)	8.77%	-53.0%	18.67%
Strong (30%-74% - net)	15.79%	-51.7%	32.70%
Good (15%-29% - net)	31.58%	20.7%	26.16%
Fair (0-14% - net)	31.58%	87.7%	16.82%
Flat/Negative - net	12.28%	119.3%	5.60%
Total Respondents Forecast holiday revenue	100.00%		100.00%

**How have you managed your overall COGS (cost of goods sold) over the course of 2008 to mitigate the impact to the consumer?**

	Percentages		
Other operational efficiencies	50.88%		
Renegotiating terms with shipping providers	40.35%		
Renegotiating terms with manufacturing suppliers	36.84%		
Freezing or reducing direct headcount	33.33%		
Reducing marketing spend	29.82%		
Renegotiating terms with 3rd party outsource partners, e.g. customer service call center, fulfillment services, etc.	24.56%		
Changing and/or redesigning products with fewer, simpler and/or less expensive materials / inputs	21.05%		
Reducing promotional spend	15.79%		
Nothing in particular	8.77%		
Total Respondents	100.00%		

**Site Features**

**Since last holiday season, have you added or improved any promotions and/or site and service features that you feel will drive improved holiday sales this year. If so, what are these features?**

	2008		2007
	Percentages		Percentages
Ability to ship to multiple addresses			
Added new in 2008	4.17%		4.67%

**2008 Shop.org / Shopzilla eHoliday Study  
Retailer Survey**

Improved / enhanced in 2008	6.25%	7.48%
Offer but no substantial changes in 2008	33.33%	34.58%
Do not offer / do not use currently	56.25%	53.27%
Total Respondents	100.00%	100.00%
<b>Advanced zoom, 3-D imagery, color, swatch functionality</b>		
	Percentages	Percentages
Added new in 2008	0.00%	6.48%
Improved / enhanced in 2008	22.92%	17.59%
Offer but no substantial changes in 2008	18.75%	28.70%
Do not offer / do not use currently	58.33%	47.22%
Total Respondents	100.00%	100.00%
<b>Buy online / pick up in store</b>		
	Percentages	Percentages
Added new in 2008	4.17%	2.80%
Improved / enhanced in 2008	10.42%	6.54%
Offer but no substantial changes in 2008	16.67%	11.21%
Do not offer / do not use currently	68.75%	79.44%
Total Respondents	100.00%	100.00%
<b>Check in-store product availability</b>		
	Percentages	
Added new in 2008	4.17%	
Improved / enhanced in 2008	2.08%	
Offer but no substantial changes in 2008	16.67%	
Do not offer / do not use currently	77.08%	
Total Respondents	100.00%	
<b>Clearance sale page</b>		
	Percentages	Percentages
Added new in 2008	4.17%	4.72%
Improved / enhanced in 2008	22.92%	18.87%
Offer but no substantial changes in 2008	43.75%	50.94%
Do not offer / do not use currently	29.17%	25.47%
Total Respondents	100.00%	100.00%
<b>Customer ratings and reviews on site</b>		
	Percentages	Percentages
Added new in 2008	20.41%	24.77%
Improved / enhanced in 2008	12.24%	12.84%
Offer but no substantial changes in 2008	24.49%	15.60%

**2008 Shop.org / Shopzilla eHoliday Study  
Retailer Survey**

Do not offer / do not use currently	42.86%	46.79%
Total Respondents	100.00%	100.00%
Customized product	Percentages	Percentages
Added new in 2008	2.08%	3.67%
Improved / enhanced in 2008	10.42%	14.68%
Offer but no substantial changes in 2008	27.08%	25.69%
Do not offer / do not use currently	60.42%	55.96%
Total Respondents	100.00%	100.00%
Dynamic Imagery: Zoom/Pan/Color Swatching	Percentages	Percentages
Added new in 2008	4.17%	7.48%
Improved / enhanced in 2008	14.58%	19.63%
Offer but no substantial changes in 2008	22.92%	23.36%
Do not offer / do not use currently	58.33%	49.53%
Total Respondents	100.00%	100.00%
Expanded customer service hours, languages, services	Percentages	Percentages
Added new in 2008	2.08%	8.49%
Improved / enhanced in 2008	14.58%	16.98%
Offer but no substantial changes in 2008	43.75%	43.40%
Do not offer / do not use currently	39.58%	31.13%
Total Respondents	100.00%	100.00%
Facebook page	Percentages	
Added new in 2008	25.00%	
Improved / enhanced in 2008	6.25%	
Offer but no substantial changes in 2008	10.42%	
Do not offer / do not use currently	58.33%	
Total Respondents	100.00%	
Featured sale item page	Percentages	Percentages
Added new in 2008	10.42%	10.38%
Improved / enhanced in 2008	20.83%	11.32%
Offer but no substantial changes in 2008	41.67%	46.23%
Do not offer / do not use currently	27.08%	32.08%

**2008 Shop.org / Shopzilla eHoliday Study  
Retailer Survey**

Total Respondents	100.00%		100.00%
Free standard shipping promotion -- some hurdle / minimum purchase required			
	Percentages		Percentages
Added new in 2008	4.44%		3.85%
Improved / enhanced in 2008	15.56%		12.50%
Offer but no substantial changes in 2008	57.78%		50.96%
Do not offer / do not use currently	22.22%		32.69%
Total Respondents	100.00%		100.00%
Gift card / gift certificate purchase on site			
	Percentages		Percentages
Added new in 2008	6.38%		5.61%
Improved / enhanced in 2008	12.77%		17.76%
Offer but no substantial changes in 2008	57.45%		48.60%
Do not offer / do not use currently	23.40%		28.04%
Total Respondents	100.00%		100.00%
Gift card / gift certificate redemption on site			
	Percentages		Percentages
Added new in 2008	6.38%		5.77%
Improved / enhanced in 2008	12.77%		12.50%
Offer but no substantial changes in 2008	57.45%		50.00%
Do not offer / do not use currently	23.40%		31.73%
Total Respondents	100.00%		100.00%
Gift receipt			
	Percentages		Percentages
Added new in 2008	0.00%		0.96%
Improved / enhanced in 2008	2.08%		4.81%
Offer but no substantial changes in 2008	29.17%		32.69%
Do not offer / do not use currently	68.75%		61.54%
Total Respondents	100.00%		100.00%
Shipping deadlines calendar			
	Percentages		Percentages
Added new in 2008	6.25%		6.67%
Improved / enhanced in 2008	14.58%		15.24%
Offer but no substantial changes in 2008	56.25%		61.90%
Do not offer / do not use currently	22.92%		16.19%
Total Respondents	100.00%		100.00%

2008 Shop.org / Shopzilla eHoliday Study  
Retailer Survey

Video of product	Percentages		
Added new in 2008	4.26%		
Improved / enhanced in 2008	38.30%		
Offer but no substantial changes in 2008	12.77%		
Do not offer / do not use currently	44.68%		
Total Respondents	100.00%		
Wish list/gift registry	Percentages		Percentages
Added new in 2008	4.26%		6.60%
Improved / enhanced in 2008	10.64%		13.21%
Offer but no substantial changes in 2008	42.55%		34.91%
Do not offer / do not use currently	42.55%		45.28%
Total Respondents	100.00%		100.00%
<b>Marketing &amp; Promotions</b>			
<b>Does your company operate brick and mortar stores?</b>			
Yes	Percentages		
No	66.04%		
Total Respondents	33.96%		
	100.00%		
<b>Among those who operate brick and mortar stores:</b>			
<b>Will you offer any of the following during the 2008 holiday season?</b>	Percentages	% change over '07	Percentages
Email registration for customers who don't yet subscribe	74.29%	42.3%	52.22%
In-store advertising for your Web site	71.43%	28.6%	55.56%
The ability for store associates to place an online order for customers	51.43%	54.3%	33.33%
In-store Web kiosk	22.86%	8.3%	21.11%
None of the above	11.43%	46.9%	7.78%
Other tie(s) to your Web site (please specify below)	0.00%		5.56%
My company does not operate physical retail stores	0.00%		
Total Respondents	100.00%		100.00%
<b>Ask everyone:</b>			

**2008 Shop.org / Shopzilla eHoliday Study  
Retailer Survey**

<b>How will the increased cost of shipping impact your free shipping offer plans this holiday season?</b>			
No impact -- we will offer free shipping largely in line with our policy last holiday season	57.45%		
We will require a higher purchase minimum to qualify for free shipping	21.28%		
We will start offering free shipping offers earlier in the season than last year	19.15%		
We will decrease our usage of "free shipping with no conditions" promotions	10.64%		
We will switch to a flat rate shipping fee in place of free shipping	10.64%		
We will reduce discount percentages in our offers (e.g. offer 20% off vs. 25% off) in order to offer free shipping	4.26%		
Other	4.26%		
We will start offering free shipping later than last year	2.13%		
We will offer free shipping for orders shipped to one of our stores for pick up there (not to the customer's shipping address)	2.13%		
We will increase our use of free returns shipping in place of free (outbound) shipping to the customer	0.00%		
Total Respondents	100.00%		
<b>Gift Cards</b>			
<b>For the 2008 holiday season, will you offer customers the ability to purchase online gift cards / gift certificates?</b>			
	Percentages		Percentages
Yes	70.00%		72.45%
No	26.00%		25.51%
Don't know	4.00%		2.04%
Total Respondents	100.00%		100.00%

2008	2007	2006	2005
9/29/08-10/3/08	9/26/07-10/8/07	9/18/06-9/20/06	9/23/05-9/27/05
n=2,040	n=2,695	n=2,914	n=1,915

**AMONG THOSE WHO PLAN TO MAKE HOLIDAY PURCHASES ONLINE:**

	Percentages	% change over '07	Percentages	Percentages	Percentages
<b>When do you plan to start your ONLINE holiday shopping this year?</b>					
I already started	25.68%	12.1%	22.90%	na	na
In September	1.83%	2.7%	1.79%	na	na
In October	25.40%	-7.7%	27.53%	na	na
In November	35.99%	-4.8%	37.79%	na	na
In December	10.55%	6.5%	9.91%	na	na
I do not plan to make any holiday purchases online this year	0.55%		0.09%	na	na
Total Respondents	100.00%		100.00%	na	na

	Percentages	% change over '07	Percentages	Percentages	Percentages
<b>Compared with last year, will you start your ONLINE holiday shopping this year...</b>					
Much earlier than last	7.98%	-5.0%	8.40%	5.68%	6.53%
Somewhat earlier than last	12.76%	-12.9%	14.65%	14.12%	13.16%
About the same time	70.82%	-0.2%	70.94%	70.02%	68.72%
Somewhat later than last	4.64%	58.4%	2.93%	3.79%	4.74%
Much later than last year	0.84%	16.3%	0.72%	0.95%	1.00%
Unsure / Don't Recall	2.96%	25.7%	2.36%	5.45%	5.85%
Total Respondents	100.00%		100.00%	100.00%	100.00%

	Percentages	% change over '07	Percentages	Percentages	Percentages
<b>Which of the following ARE THE TOP 3 reasons why you ARE planning to spend more ONLINE this year?</b> <i>(only includes respondents who said they will spend MORE this year compared to last year).</i>					
24-hour shopping convenience	58.61%	0.1%	58.52%	na	na
Better variety online	24.72%	34.0%	18.45%	na	na
Easier to compare prices	36.39%	0.5%	36.20%	na	na
Easier to compare products	19.17%	11.3%	17.22%	na	na
Easier to find items online than in stores	28.33%	-5.2%	29.88%	na	na
Free shipping offers	33.33%	-4.2%	34.80%	na	na
Gas prices are high	23.06%	157.2%	8.96%	na	na
I don't want to fight the crowds in the mall / traditional stores	41.11%	-6.1%	43.76%	na	na
I have more gifts to buy this year than last	1.67%	18.5%	1.41%	na	na

I have more money to spend than last year	2.78%	-12.2%	3.16%	na	na
I like to buy from people's online gift registries	0.00%	-100.0%	1.23%	na	na
I like to use gift centers on shopping Web sites for gift ideas	0.83%	-40.7%	1.41%	na	na
I often don't have to pay sales tax	14.44%	-1.0%	14.59%	na	na
I want the gifts to be shipped directly to the recipient	14.44%	32.6%	10.90%	na	na
I want to drive less due to environmental concerns	7.78%	52.6%	5.10%	na	na
I will shop online from my place of work	3.33%	-32.3%	4.92%	na	na
Lots of promotions from merchants via email	10.56%	22.6%	8.61%	na	na
More convenient to shop online	31.11%	-19.5%	38.66%	na	na
None of the above	0.28%	58.1%	0.18%	na	na
Other (Please Specify)	4.17%	-28.2%	5.80%	na	na
To avoid retail lines at retail stores	16.94%	-2.6%	17.40%	na	na
Weather conditions	2.78%	21.6%	2.28%	na	na
Total Respondents	100.00%		100.00%	na	na

**Which of the following is the primary reason why you are NOT planning to spend more ONLINE this year?**

*(only includes respondents who said they will spend about the same, somewhat less, or much less this year compared to last year).*

	Percentages	% change over '07	Percentages	Percentages	Percentages
Have less money to spend than last year	20.08%	61.1%	12.46%	26.33%	na
None of the above	13.70%	-2.3%	14.02%	na	na
Shipping charges are too expensive	10.98%	-12.8%	12.59%	18.28%	na
Poor economy	10.62%	343.2%	2.40%	2.79%	na
Prefer to handle/see item myself before purchasing	7.99%	-29.6%	11.34%	na	na
Other (Please Specify Below)	6.32%	-35.9%	9.86%	10.59%	na
I have fewer gifts to buy this year than last	6.09%	11.3%	5.47%	8.21%	na
Prefer in-store experience (like to touch and feel)	5.31%	-30.9%	7.67%	15.34%	na
Concerns about returns	3.50%	-3.1%	3.61%	na	na
Concerns about credit card theft and/or fraud	3.24%	13.8%	2.85%	3.91%	na
Concerns about delivery by the time I need the item	2.91%	20.3%	2.42%	na	na
Fewer or no free shipping offers offered	2.24%	-35.2%	3.46%	4.94%	na
Don't want to wait for delivery	0.91%	-38.7%	1.49%	1.47%	na
Too hard to find products I want at Web site	0.86%	-18.7%	1.05%	1.83%	na
Other discounts offered not compelling	0.78%	-5.1%	0.82%	na	na
Online prices seem higher	0.73%	-34.7%	1.12%	na	na
Too many annoying online ads	0.70%	-50.0%	1.41%	1.55%	na
Concerns about misuse of personal information	0.67%	-56.3%	1.55%	1.24%	na
Security concerns	0.52%	-36.9%	0.83%	na	na
Have to pay sales tax	0.49%	34.0%	0.37%	1.80%	na
Discounted shipping offer not compelling	0.39%	-47.7%	0.75%	0.57%	na
Customer service is not easily accessible	0.36%	-29.9%	0.52%	na	na
Online selection is not to my liking	0.29%	-76.2%	1.20%	na	na
Privacy concerns	0.21%	-6.1%	0.22%	na	na
Site too slow/confusing	0.10%	-64.2%	0.29%	0.59%	na

Concerns about tracking my online activity	0.00%	-100.0%	0.23%	0.55%	na
Total Respondents	100.00%		100.00%	100.00%	na

**What are the top three ways that you find online shopping Web sites?  
(choose 3 from list below)**

	Percentages	% change over '07	Percentages	Percentages	Percentages
Shopped from the Web site before	73.36%	-3.7%	76.17%	na	na
Used search engine results (e.g. using Google, Yahoo!, MSN, AOL, other)	45.77%	-4.2%	47.75%	na	na
Shopped in the physical (offline) store before	28.15%	2.3%	27.53%	na	na
Received the paper catalog in the mail	24.00%	-18.9%	29.61%	na	na
Recommendation from friend, family member or colleague	14.19%	2.1%	13.89%	na	na
Typing store's URL or web address into my Web browser	13.46%	-11.2%	15.17%	na	na
From a comparison shopping engine	11.78%	-1.3%	11.94%	na	na
Email from merchant	10.32%	-4.7%	10.83%	na	na
Bought from the paper catalog before	10.21%	-1.5%	10.37%	na	na
Go to a bookmark that I have set	7.96%	7.1%	7.43%	na	na
Reviews by consumers on other sites	7.80%	48.0%	5.27%	na	na
Online ad	7.46%	7.1%	6.97%	na	na
TV advertising	5.66%	-22.0%	7.26%	na	na
Print advertising	5.22%	-2.6%	5.35%	na	na
Email from friend	3.93%	-18.9%	4.84%	na	na
TV shopping channel	3.48%	-0.2%	3.48%	na	na
From an online shopping mall (e.g. MSN Shopping, Yahoo Shopping)	3.25%	-4.3%	3.40%	na	na
Other (please specify)	2.97%	25.0%	2.38%	na	na
Email from another commercial source (e.g. promotion email from magazine)	2.75%	-21.1%	3.48%	na	na
Email from another site / not merchant	2.64%	-10.1%	2.93%	na	na
News report (TV, radio, print or online)	2.24%	-24.6%	2.97%	na	na
Gift registry online	1.96%	-9.4%	2.17%	na	na
Direct mail (not catalog)	1.35%	-42.4%	2.34%	na	na
Radio advertising	1.35%	-22.7%	1.74%	na	na
Blogs	1.29%	176.1%	0.47%	na	na
Social networking sites (e.g. Facebook, MySpace, etc.)	0.67%	13.2%	0.59%	na	na
Gift registry offline (e.g. in a store)	0.17%	-50.5%	0.34%	na	na
Total Respondents	100.00%		100.00%	na	na

**Where do you typically start your online shopping? (please choose all that apply)**

	Percentages	% change over '07	Percentages	Percentages	Percentages
Specific merchant site (e.g. Amazon.com, Target.com, Gap.com)	67.46%	-2.9%	69.46%	50.88%	55.93%
Search engine/directory (Google, Yahoo, etc.)	38.13%	2.9%	37.04%	25.97%	36.51%
Catalog or store (or other offline)	24.70%	-17.4%	29.91%	21.35%	29.42%
eBay	22.17%	12.9%	19.63%	na	na
Browsing / shopping in a physical store	19.97%	-0.2%	20.01%	na	na
Comparison shopping sites (e.g. PriceGrabber, BizRate)	15.62%	-4.2%	16.31%	16.57%	17.78%
Email or newsletter from merchant	14.72%	-20.2%	18.44%	10.07%	15.45%
Clearance site (e.g. Overstock.com, SmartBargains.com, Bluefly.com, etc.)	12.97%	-2.1%	13.25%	na	na
Loyalty program, membership program site (e.g. MyPoints.com, others)	8.23%	8.3%	7.60%	5.54%	7.35%

Product review/product expert site	8.07%	1.0%	7.99%	6.99%	11.90%
Coupon sites (e.g. FatWallet, others)	6.54%	15.8%	5.65%	na	na
Other (Please Specify)	2.88%	23.1%	2.34%	7.06%	7.46%
Shopping portal	2.88%	-24.8%	3.82%	17.57%	18.89%
Newspaper site	2.26%	-8.4%	2.46%	3.77%	na
Online banner ad	1.41%	-17.0%	1.70%	0.00%	1.16%
Other specialty search site	0.79%	-51.1%	1.61%	0.00%	4.97%
MySpace.com	0.62%	-8.7%	0.68%	na	na
Blogs	0.56%	-21.9%	0.72%	0.10%	na
Facebook.com	0.56%	89.7%	0.30%	na	na
YouTube.com	0.39%	132.3%	0.17%	na	na
RSS feed	0.23%	32.8%	0.17%	0.08%	na
None of the above	0.11%	-90.8%	1.23%	na	na
Kaboodle.com	0.06%	-33.6%	0.08%	na	na
Total Respondents	100.00%		100.00%	100.00%	100.00%

**How will you pay for your online purchases this holiday season?**

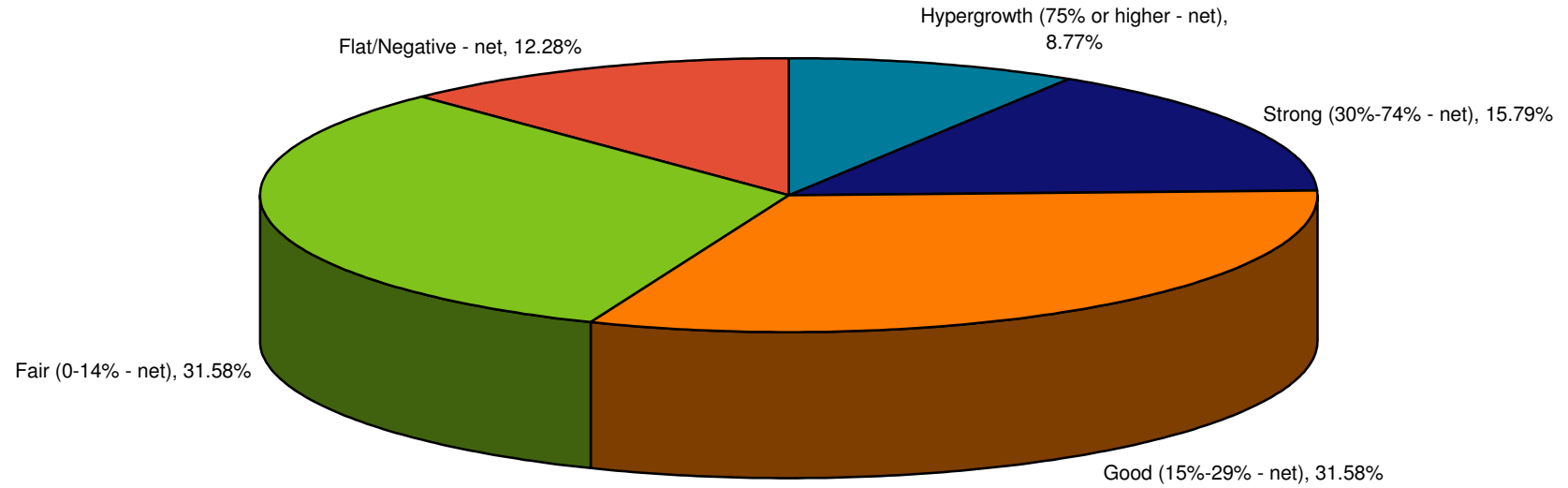
**(please check all that apply)**

	Percentages	% change over '07	Percentages	Percentages	Percentages
Credit card	83.33%	4.5%	79.71%	na	na
Debit card	43.57%	14.1%	38.17%	na	na
PayPal	43.38%	32.3%	32.79%	na	na
Gift card / certificate redeemed online	10.66%	17.8%	9.05%	na	na
BillMeLater	9.07%	5.1%	8.63%	na	na
Checkout by Amazon	7.48%		na	na	na
Pay by check or money order	5.76%	-6.3%	6.14%	na	na
Private label store credit card	5.64%	-10.7%	6.31%	na	na
Google Checkout	4.66%	87.5%	2.48%	na	na
Loyalty / membership program points redeemed online	3.86%	-11.0%	4.34%	na	na
Total Respondents	100.00%		100.00%	na	na

**If international shipping were available, would you use it for any of your online holiday purchases this year?**

	Percentages	Percentages	Percentages	Percentages
Yes	24.12%	26.12%	na	na
No	75.88%	73.88%	na	na
Total Respondents	100.00%	100.00%	na	na

### Level of Growth Online Retailers are Forecasting for their Company this Holiday Season



## How Retailers are Responding to Higher Cost of Goods

