

May 2005



The Good News: The Online Channel Has Arrived

- 67 percent of U.S. households are online, up from 33 percent in 1998
—Forrester Research
- Consumers spent 14 percent more on paid web content in 2004 relative to the previous year
—Online Publishers Association (reported in MarketingVox.com)
- The number of affluent Internet users will grow 20 percent in 2005
—Nielsen//NetRatings (reported on Shop.org)
- 26 percent of U.S. consumers age 18-34 watch less TV as a result of the Internet
—Forrester Research
- “Internet Reach Passes Magazines”
—American Press Institute (reported in MarketingVox.com)
- “Auto Buyers Relying on Net More than Friends, Newspapers”
—Internet Retailer (reported in MarketingVox.com)
- U.S. online sales grew 20 percent to \$137 billion in 2004
—Forrester
- Internet advertising grew 32 percent in 2004
—Interactive Advertising Bureau
- Paid search advertising grew by 55 percent in 2004
—eMarketer
- Web-based retailers showed the greatest improvement in operating margins over last year, turning a loss of 16% in 2002 to a gain of 15% in 2003
—Shop.org/Forrester Research State of Retailing Online Survey

The Game Is Changing

Fragmented Markets and Channels

- “America has atomized into countless market segments”
—*Business Week*
- The number of Hispanic Internet users in the United States exceeds the entire population of Mexico

—Marketing Sherpa

- Teens spend more time online than they do watching TV
—Jupiter Research
- Women account for more online shopping than men
—Jupiter Research
- Blog reading increased 58 percent in 2004
—Pew Research
- 32 million Americans read blogs
—Pew Research
- By 2010, ad spending on the Internet and cable will exceed network or TV
—Sanford C. Bernstein
- By 2010, 20.1 million households will listen to satellite radio
—Forrester Research
- Podcasting will reach 12.3 million U.S. households by 2010
—Forrester Research
- More than 10 million MP3 players sold in 2004, 29.7 million online radio listeners, and 4.5 million satellite radio subscriptions
—Forrester Research
- iTV services will grow from 20 million households in 2004 to 62 million households in 2009
—Jupiter Research
- The top 5 gaming sites reach more than 40 percent of all Internet users
—Gartner

Consumers: Wired, Empowered, Distracted, and Angry

- More than 20 million U.S. households will have home networks by 2006
—Jupiter Research
- When watching TV, 60 percent of Americans regularly or occasionally go online
—BIGresearch
- 26 percent of children engage in multiple media simultaneously, up from 16 percent in 1999
—Kaiser Family Foundation (reported in *Chicago Tribune*)
- 54 percent of children have a VCR or DVD in their bedroom, 37 percent have cable/satellite TV access, 31 percent have computer access, and 20 percent have Internet access
—Kaiser Family Foundation (reported in *Chicago Tribune*)
- 41 percent of U.S. households will have DVRs by 2009
—Forrester Research
- 90 percent of DVR owners always or usually skip commercials
—eMarketer

- 63 percent of North American households say they have registered for the Do Not Call List
—Forrester Research
- As many as 40 percent of people regularly delete the tracking cookies that advertisers and researchers use to measure ad exposure
—Jupiter Research
- One fifth of all North American households have ad-blocking software
—Forrester Research
- 31 percent of online shoppers say they were buying less than before because of security issues
—*Los Angeles Times*
- “Consumers are taking more control of their TV experience”
—eMarketer
- “The consumer advertising backlash worsens”
—Forrester Research
- “Internet Viruses Slow Consumers’ Online Activity”
—Forrester Research
- “Consumers are losing trust in the Internet as computer attacks mount”
—Forrester Research
- 43 percent of users are concerned or extremely concerned about how retailers use their personal information
—Forrester Research
- The typical DVR user sees only 46 percent of the ads in the programs he or she watches
—Forrester Research

We’re Mobile

- In 2004, sales of camera-equipped phones exceeded sales of digital cameras
—*Wall Street Journal*
- 177 million mobile users in the U.S. – 65 percent penetration (85 percent penetration among U.S. moms)
—eMarketer
- “U.S. Mobile Growth Defies Conventional Wisdom”
—Forrester Research
- “Cellphones Become ‘Swiss Army Knives’ as Technology Blurs”
—*Wall Street Journal*

The Continued Rise of Multi-Channel Retailing

- 65 percent of consumers have researched a product online and purchased that product offline
—Forrester Research

- Only 6 percent of store retailers operate in a single channel
—Aberdeen
- “More Customers Consider Stores, Catalogs, Sites Interchangeable”
—DM News (reported in MarketingVox.com)
- Multichannel shoppers spend five times more than single-channel shoppers
—Saks Fifth Avenue report to *DM News*

Broadband Penetration Continues to Grow

- More than 50 percent of online households use broadband
—eMarketer
- By 2008, 33 percent of U.S. households will be connected to the broadband Internet
—eMarketer
- 70 percent of young Internet users used broadband to access the Internet in Q404
—Bolt

About Avenue A | Razorfish

Avenue A | Razorfish (www.avenuea-razorfish.com) is the largest independent interactive agency and an operating unit of Seattle-based aQuantive, Inc. (NASDAQ: AQNT), a digital marketing services and technology company. Avenue A | Razorfish solutions are entrenched in deep technology, rigorous analytics and a rich understanding of customer needs, including award-winning online advertising media and creative, search marketing services, email marketing, and world-class design and implementation of websites and intranets/extranets. Avenue A | Razorfish operates three regions – East, West and Central – with 11 offices located in major U.S. markets. Clients include AstraZeneca, Best Buy, Kraft, Microsoft/MSN, Ralph Lauren, and Wells Fargo.

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