

What do people really think about the Internet today?

As PayPal's tenth birthday approaches, we've spent some time reflecting on how much has changed in the digital world over the past decade—how the Internet has changed the way we work, the way we get information, the way we keep in touch with our friends and family—basically, the way we live.

And so we decided to talk to 1,000 online shoppers to find out first-hand how the Internet has changed their lives. What's great about it? What could they do without? Has it really changed their purchase behavior, or do they still prefer the personalized experience of shopping in stores?

We found out that the Internet is woven into the fabric of the most fundamental human activities—connecting, talking, finding, buying and selling. Almost half of those surveyed can't imagine life without e-mail, but at the same time, some people worry that people are less social because of the Internet. They're annoyed by spam and concerned about the safety of personal and financial information online. But they depend on the Internet to help them make smart purchase decisions; and more and more, they're making those purchases online.

Oh, and in case haven't figured it out: Bill Gates is *not* going to send you a portion of his profits for forwarding that e-mail to 10 of your friends. Read on to find out more...

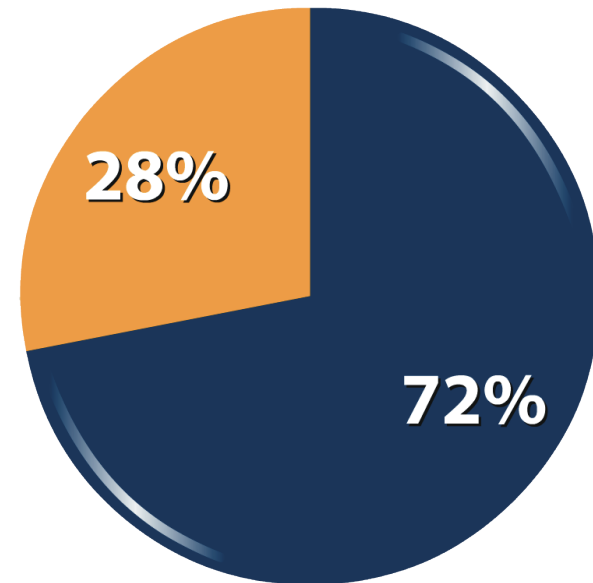
Ipsos Public Affairs, an international opinion research company, conducted this research for us. They contacted online shoppers who were at least 18 in 1998, in order to provide perspective on the changes over the last decade.

PayPalTM
10 Year Anniversary
C E L E B R A T I O N

Impact of the Internet

Changing everyday life: Among Americans online, individual Internet activity has grown from a weekly or even monthly activity 10 years ago, to taking up at least several hours a day. 28 percent of those surveyed spend at least half their days online.

How much time do you spend on the Internet?

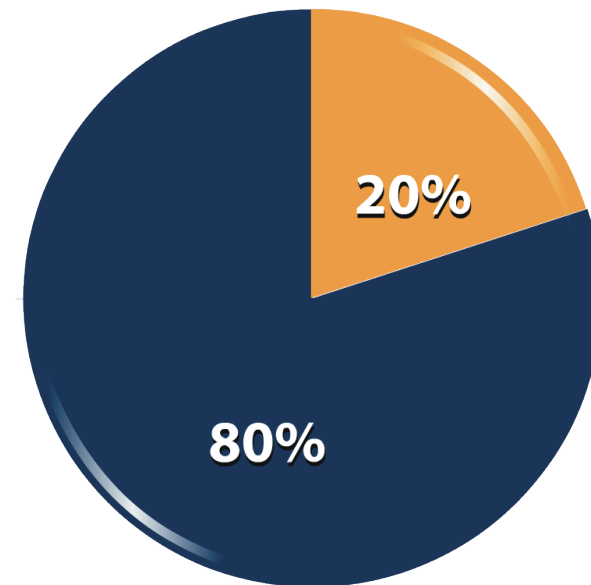


- Spend Less Time Online Per Day
- Spend At Least Half the Day Online

The Good

An overwhelming majority (8 out of 10 people) believe that the Internet has made their lives better and simpler. Specifically, people like most the convenience and connectivity that email offers and the wealth of information offered via search engines.

Do you agree or disagree that...

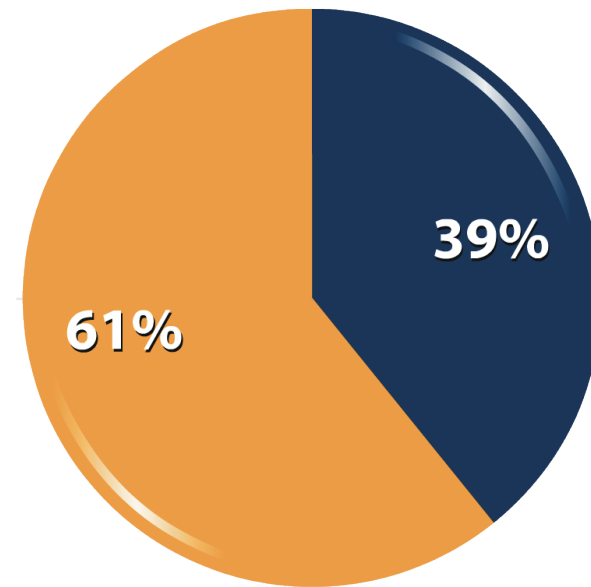


- The Internet has made my life simpler
- Disagree

The Bad

39 percent say that the Internet has made Americans less social.

Do you agree or disagree that...



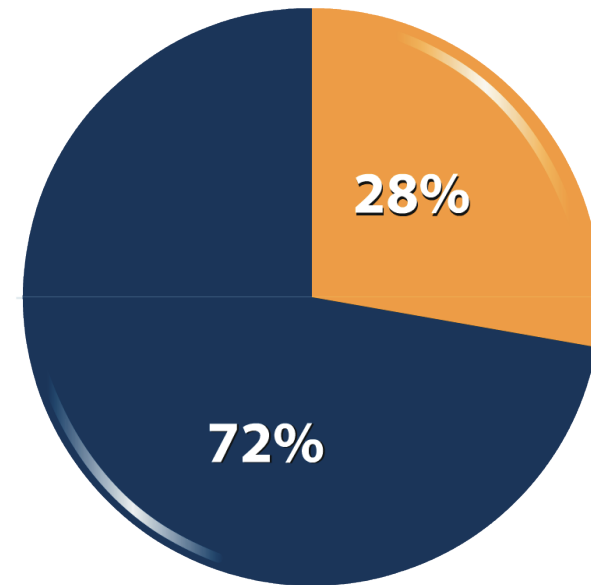
■ The Internet has made Americans less social

■ Disagree

The Future

72 percent say the Internet's best days are still to come.

Do you agree or disagree that...



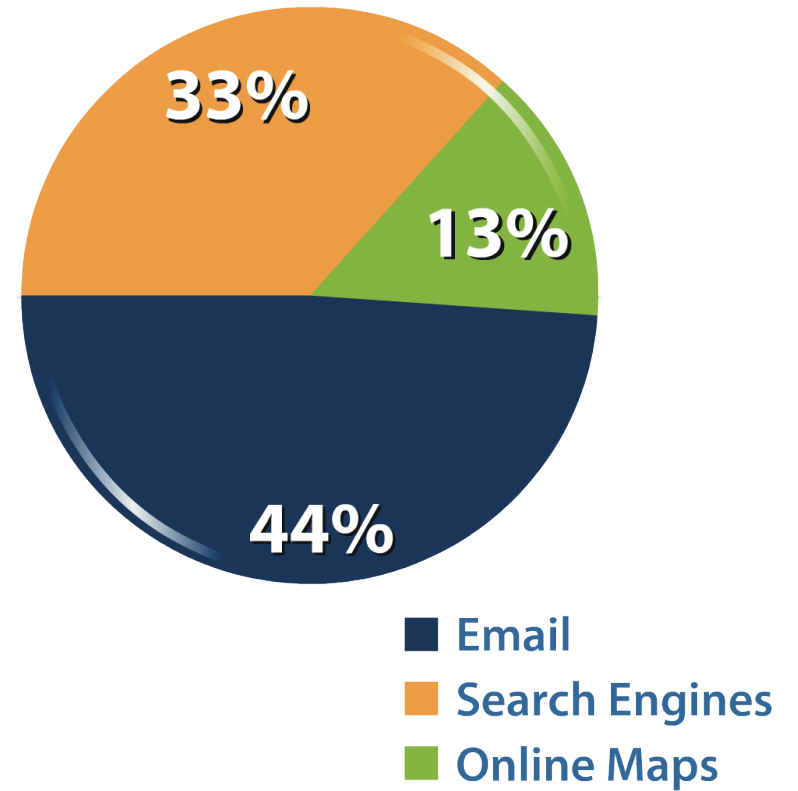
- The Internet's best days are still to come
- Disagree

Got Mail?

What's the one Internet invention that people can't live without?
44 percent say email, and 33 percent say search engines.

Despite their popularity, only 3 percent said social networking sites.

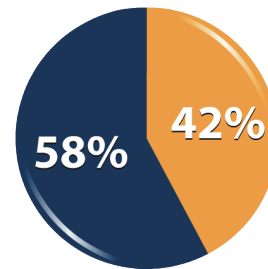
What can you not live without that you did not have 10 years ago?



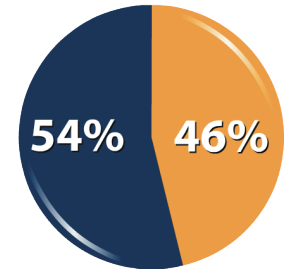
Where are all these people spending their time online?

According to the survey, they're on Yahoo!, PayPal, eBay and Amazon.

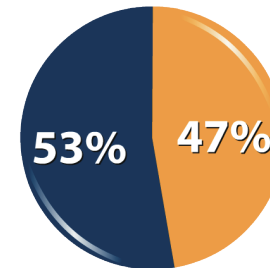
What online service providers do you have active accounts with?



■ 58% have an active Amazon.com account



■ 54% have an active eBay account

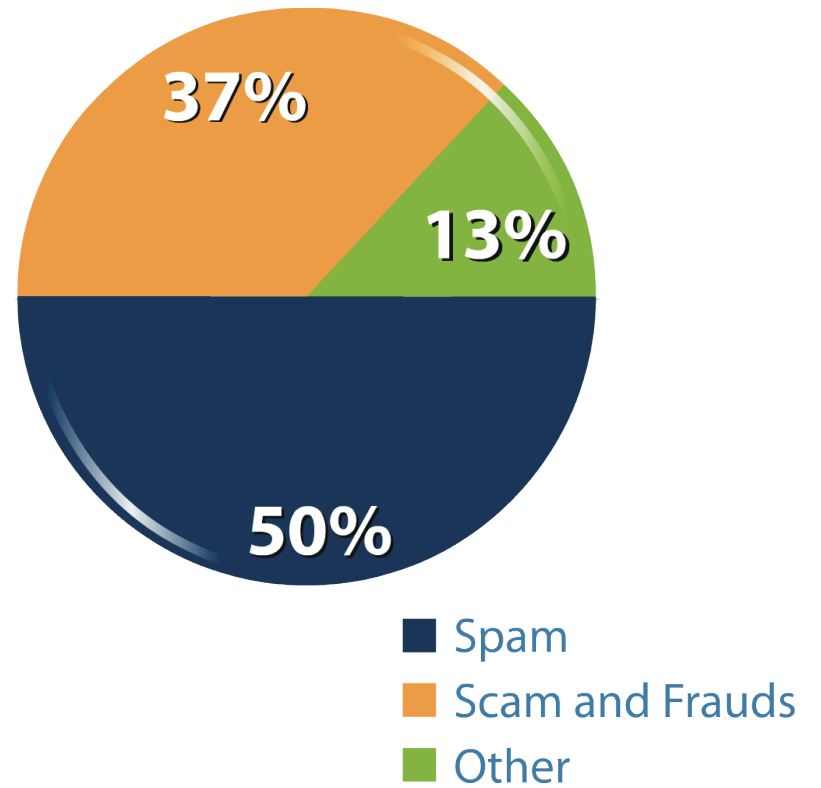


■ 53% have an active PayPal account

Spamlot!

The most annoying scourge of the Internet is spam, by a landslide.

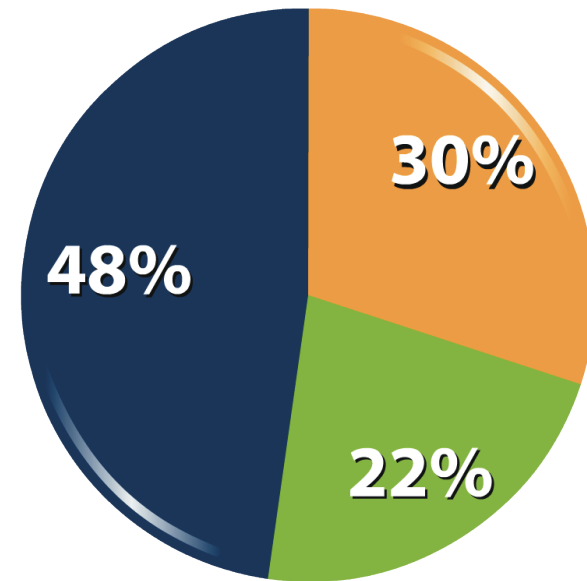
What do you find most annoying about the Internet?



And the most annoying Internet myth?

The one that says Bill Gates will give you money if you forward this email to 10 of your friends.

What is the biggest Internet myth?

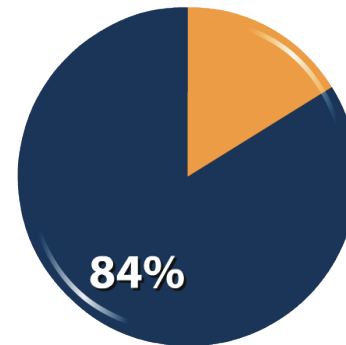


- Bill Gates will give you money for forwarding an email
- Al Gore invented the Internet
- Other

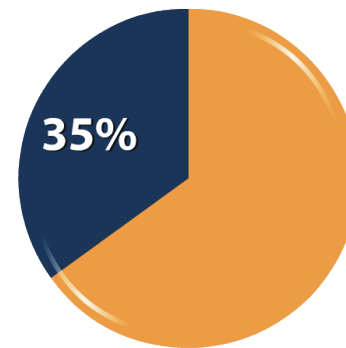
All grown up!

A whopping 84 percent of people say they've been shopping online for at least 5-10 years. 35 percent have been shopping online for 10 years or more.

When did you start shopping online?



■ Shopping online for at least 5-10 years

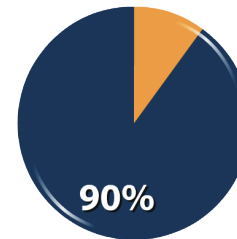


■ Shopping online for over 10 years

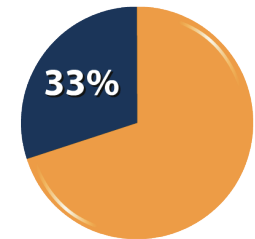
e-commerce is part of everyday life

Today, almost 90 percent shop online at least once a month, and one third shop weekly or daily. They're also buying higher-ticket items.

How often do you shop online?

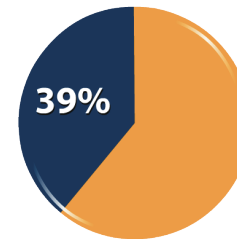


■ Shop online at least once per month

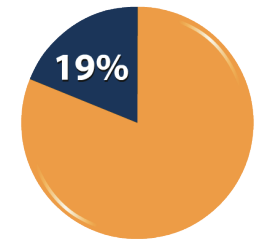


■ Shop online weekly or daily

How much do you typically spend on a single item online?



■ Single item purchase price over \$100 today

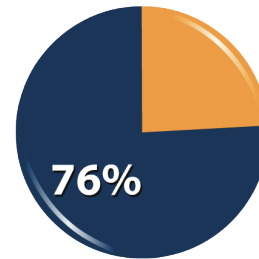


■ Single item purchase price over \$100 1990-1998

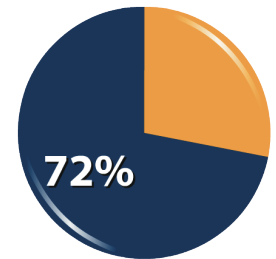
Time is money

People are shopping online because it saves them time and effort, compared to going in-person to a store.

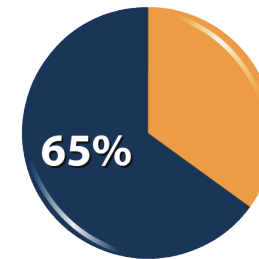
Why do you shop online?



■ Shopping online saves time



■ Don't have to travel/drive

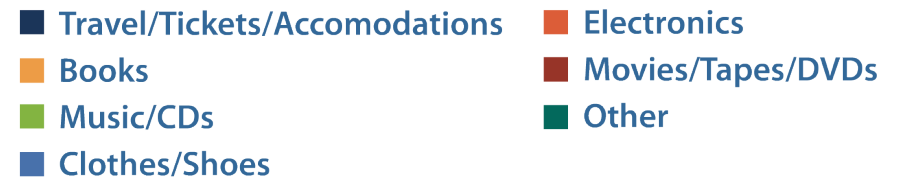
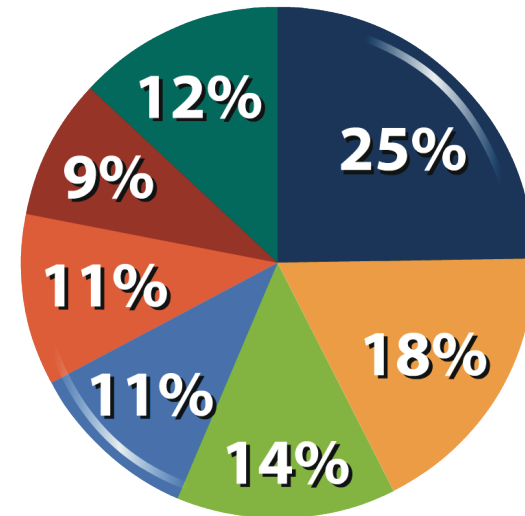


■ Don't have to deal with people/crowds

The Internet as travel agent

Overwhelmingly, the first purchases that lure e-commerce novices online are travel, tickets and hotel accommodations. The second most commonly purchased items are books.

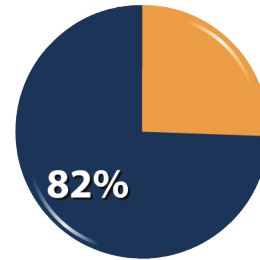
What was the first thing you purchased online?



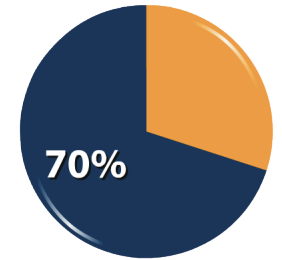
The Internet as travel agent

And travel, tickets and hotel accommodations are still the most commonly purchased items today.

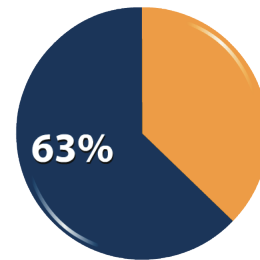
What do you typically purchase online?



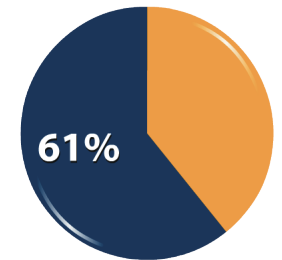
■ Travel/Tickets/Accommodations



■ Books



■ Electronics

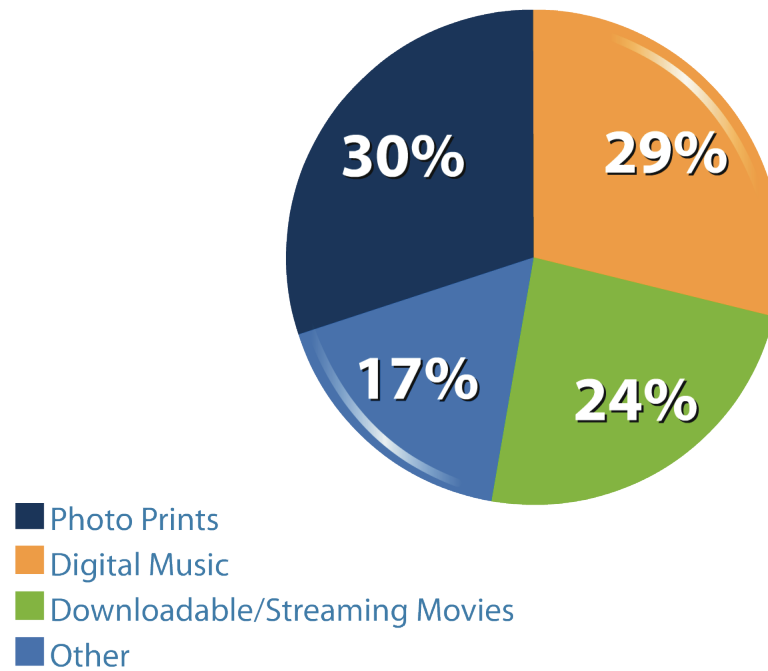


■ Clothes/Shoes

Express yourself

Shoppers never would have imagined that they could buy photos, music and movies online.

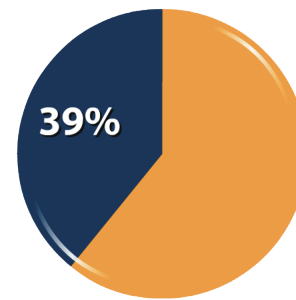
What do you purchase online now that you never thought would be available for purchase online?



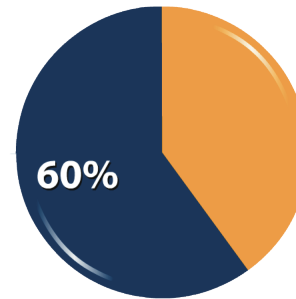
Too many choices?

In 1999, the most time consuming part of e-commerce was waiting for the web pages to load. Today, with fast broadband connections and seemingly limitless choices, consumers say the most time consuming part of e-commerce is finding the perfect item.

What is the most time consuming part of online shopping?



■ Finding the right item (2008)

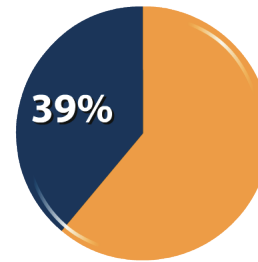


■ Waiting for web pages to load (1999)

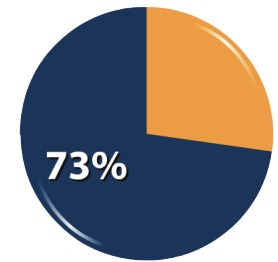
The identity theft scourge

Despite 39 percent of respondents saying that online security and payment options have improved (slide 35), consumers remain overwhelmingly concerned about security in e-commerce.

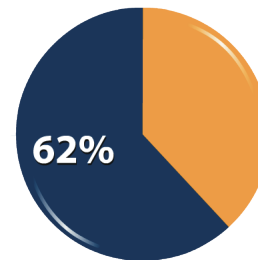
How concerned are you about...?



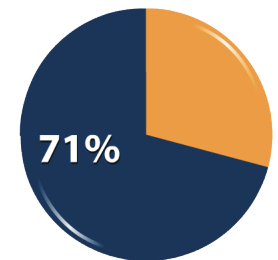
■ Online shopping security has improved



■ Identity Theft



■ Unsolicited emails/Spam



■ Financial/Personal Information shared/sold

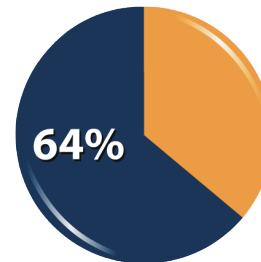
Customer feedback reigns supreme

Illustrating the power of the consumer, today more than two thirds of online shoppers look at customer reviews before buying. Feedback and referrals from family and friends also play a big role in shopping decisions.

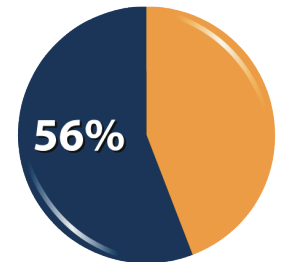
Brick and Mortar merchants beware:

94 percent of respondents use the Internet to comparison shop.

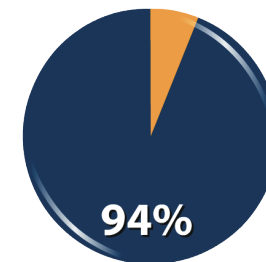
Where do you get your shopping advice?



■ Online customer reviews



■ Friends or Family

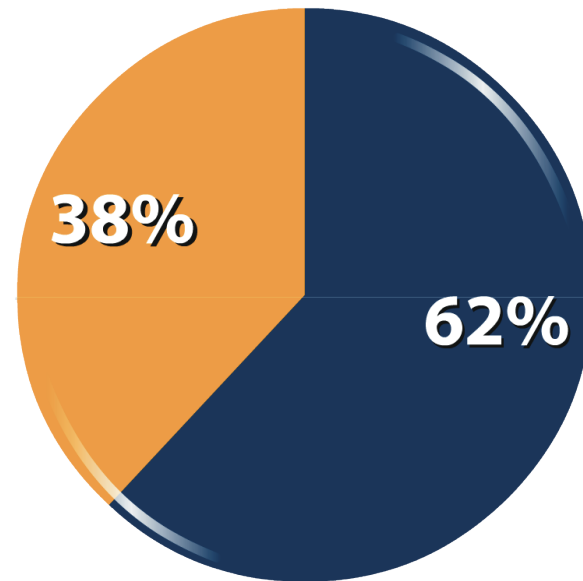


■ Use the Internet to comparison shop

Shop 'til you drop

62 percent of respondents think the Internet has made it easier to shop.

Do you agree the Internet has made it easier to shop?



- The Internet Has Made it Easier to Shop
- The Internet Has Not Made it Easier to Shop