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National Survey Finds a Majority of Internet Users Willing to Exchange Demographic and Preference Information for a Personalized Online Experience

Survey Also Finds More than 80% of Consumers are Interested in Receiving Personalized Content

Cambridge, Mass., July 26, 2004 – Despite consumers' concerns over privacy on the Internet, a majority indicate a willingness to reveal significant personal information in exchange for a personalized online experience. The findings of a nationwide survey released today by ChoiceStream, a leading provider of online personalization solutions, indicate that a majority of Internet users, 64 percent, would provide insight into their preferences in exchange for personalized product and content recommendations; and 56 percent would provide demographic data (e.g. age and gender). The survey also finds a strong interest in personalization overall, with 81 percent of Internet users indicating that they would like to receive personalized content. The findings are based on a survey of 673 respondents conducted via Zoomerang, an online survey services provider. The survey is the first in a series designed to track consumer attitudes toward personalization.

The survey also finds that the younger a consumer is, the more likely he or she is to provide preference and demographic information. Among 18-34 year olds, 71 percent expressed a willingness to provide preference information (vs. 57 percent of those 35 and older) and 63 percent would provide demographic data (vs. 49 percent of those 35 and older).

Respondents' willingness to provide information in exchange for personalization extended, for many, to allowing a Web site to track their clicks and purchases. Overall, 40 percent of consumers would agree to that type of clickthrough or transaction monitoring, and again, younger respondents were more willing to allow it than older ones (47 percent of 18-34 year olds vs. 32 percent of those 35+.)

Interest in Personalization is Strong, but Varies with Age

In addition to researching consumer willingness to provide information in exchange for personalization, the survey also inquired about consumer attitudes toward personalization in general. Overall, the survey found that 81 percent of consumers are interested in receiving

personalized content; however, the type of content respondents are interested in personalizing varies based on age. Younger respondents (18-24 year olds) appear most interested in receiving entertainment-related content such as personalized music recommendations (45 percent), DVDs (29 percent) and books (26 percent). Among older respondents, particularly those in the 50+ category, personalized Web search results are of the greatest interest (35 percent), followed by books (30 percent), news (22 percent) and travel (21 percent).

“The survey clearly demonstrates consumers’ strong interest in personalization and their willingness to divulge information about themselves in order to make their online experience more personally relevant and, ultimately, more useful and rewarding,” said Steve Johnson, CEO of ChoiceStream. “And, it’s not surprising that this willingness to give up some amount of privacy in exchange for a personalized experience is extending itself to allowing sites to monitor consumers’ clicks and purchases as well. Reputable Web sites and services, such as Amazon, have earned consumers’ trust over the past few years and demonstrated the payoff that this type of monitoring can deliver. Online services and retailers clearly need to respect consumers’ limits on information gathering, but they also need to track consumer attitudes toward these limits over time, as attitudes about the privacy vs. personalization tradeoff are likely to continue changing as consumers become more accustomed to online personalization and expect increasingly sophisticated personalization from their content providers.”

About ChoiceStream

Headquartered in Cambridge, Mass., ChoiceStream develops personalization solutions for online consumer services, search services, e-retailers and iTV providers. ChoiceStream’s patent-pending technology helps companies increase customer retention and drive sales by automatically delivering the most relevant content and products to each consumer. For additional information, please visit our Web site at www.choicestream.com.