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### CONTACTS:

Amy Tyrone  
ChoiceStream, Inc.  
617-498-7864  
[atyrone@choicestream.com](mailto:atyrone@choicestream.com)

Brian Merrill  
fama PR  
617-758-4146  
[brian@famapr.com](mailto:brian@famapr.com)

## **National Survey Finds Consumers Want a Personalized Online Experience, But Fear the Loss of Personal Information**

*80% Express Strong Interest in Personalized Content;  
63% Concerned about the Security of Their Personal Information*

**Cambridge, Mass., Aug. 15, 2005** – According to a recent national survey, the vast majority of consumers want an online experience that is highly personalized. However, 63 percent of those same consumers are concerned that their personal data might not be secure with personalization.

The 2<sup>nd</sup>-Annual Personalization Survey indicates that in order to deliver a rich, personalized user experience, online content and e-commerce sites must demonstrate that they have robust security in place and clearly-articulated policies for safeguarding consumer information.

"Consumers haven't changed: They want it all," says Esther Dyson, editor of Release 1.0, the influential information technology newsletter published by CNET Networks. "They feel increasingly comfortable being visible online - as proved by the boom in blogging, social networking and other activities - but they want it all on their terms, and from sites they trust. Specifically, they want personalization, even as they are concerned about the safety of their data. Those sites that offer a rich, uniquely personal experience to each consumer while visibly ensuring the safety and security of consumers' information will take the lead in the years ahead."

### **Retailers Leaving Money on the Table**

The Personalization Survey also finds that retailers are leaving significant dollars on the table by not making it easier for consumers to find merchandise that interests them. Thirty seven percent of respondents indicated that the last time they went shopping for DVDs/videos, they would have bought more if they had found more that they liked. The same was true of consumers shopping for music, with 34 percent indicating that they would have bought more if they had found additional titles that they liked.

### **Fewer Willing to Offer Personal Information**

Based on the fear of losing personal information, fewer consumers are willing to provide personal preference and demographic information in exchange for personalized content than last year. In 2005, 59 percent of respondents indicated a willingness to provide preference information, down six percent from 2004. Additionally, 46 percent of respondents are willing to provide demographic data in 2005, down 11 percent from 2004.

"Despite significant interest in personalization, there is growing concern among consumers about the security of their personal data - even with established, trusted brands," said Steve Johnson, president

and CEO of ChoiceStream. "To address these concerns, we as an industry must be absolutely vigilant in our efforts to safeguard consumers' personal data. E-retailers and online service providers have a responsibility to provide secure environments in which consumers are comfortable providing insight into their preferences so that they can freely and confidently interact with online services and gain the benefits of a truly personalized experience."

"Additionally, this year's survey shows a clear need for retailers to help consumers navigate through the torrent of options available to them. Too many retailers are losing out on commerce opportunities as consumers leave sites empty-handed simply because they can't find merchandise that interests them."

Other findings of the survey include:

### **Interest in Personalization Remains Strong; Results Reflect Age/Gender Bias**

- Interest in personalization continues to be strong, with 80 percent of consumers interested in receiving personalized content versus 81 percent in 2004. Younger respondents continue to be more interested in personalization, with 83 percent of 18-24 year olds expressing an interest in some type of personalized content and 73 percent of 50+ year olds indicating an interest.
- Consumers are willing to spend a considerable amount of time answering questions about themselves in exchange for personalized content, with 60 percent of consumers indicating they would spend at least 2 minutes answering questions about themselves and their interests in order to receive personalized content, versus 56 percent in 2004. These results are divided along gender lines, with women more likely to spend time answering questions about their tastes and interests than men.
- Interest levels in different types of content were found to vary by age group. The top three content areas for which younger respondents are most interested in receiving personalized recommendations are music (47 percent), followed by TV/movies (27 percent) and books (24 percent). Among older respondents, particularly those in the 50+ category, personalized news is of the greatest interest (28 percent), followed by Web search (26 percent), and books (22 percent).

### **Interest in Entertainment Personalization is High**

- Interest in music personalization remains high overall (25 percent in 2005 versus 29 percent in 2004), but reflects an age bias, with younger consumers indicating a significantly greater interest than older ones.
- A surprisingly high percent of consumers (45 percent) are already buying at least some of their music online, with a higher number (53 percent) intending to buy online over the next six months.

### **About The 2005 National Personalization Survey**

The 2005 National Personalization Survey is the second in a series of national surveys designed to provide insight into consumer interest in, and perceptions of, online personalization. The survey was first fielded in May, 2004. This year's survey includes the questions from the 2004 survey plus additional sections that focus on personalization and digital entertainment as well as consumer concerns about personalization. The survey was conducted via Zoomerang, an online survey services provider, and is based on 923 respondents. The survey is sponsored by Cambridge, Mass.-based ChoiceStream. A Research Brief providing detailed information on the findings is available at the ChoiceStream Web site, [www.choicestream.com](http://www.choicestream.com)