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News Release

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FOR IMMEDIATE RELEASE

Online payments landscape dramatically changed with more options for online shoppers

- Shoppers are veering away from credit cards when purchasing online, as newer options become available
- Increasing proportion of shoppers prefer PayPal and Debit cards

January 8, 2008, Sydney: Australian online payments are changing - with the introduction of different methods of payments for online purchases, online shoppers are now not just restricted to credit cards - according to the latest *Online Consumer Report** by leading research company, Nielsen

The increase in Australian Internet users using broadband to connect at home (78%- up four percentage points) has made the Internet a marketplace for transactions. Despite security being a main concern (35%) for online shoppers, almost three quarters (73%) of Australian Internet users are still shopping online.

“In the past, online consumers were predominantly limited to using their credit card for online transactions – this is no longer the case with more payment options being made available to online consumers” cited, Glenn Wealands, Director, Financial Services, The Nielsen Company.

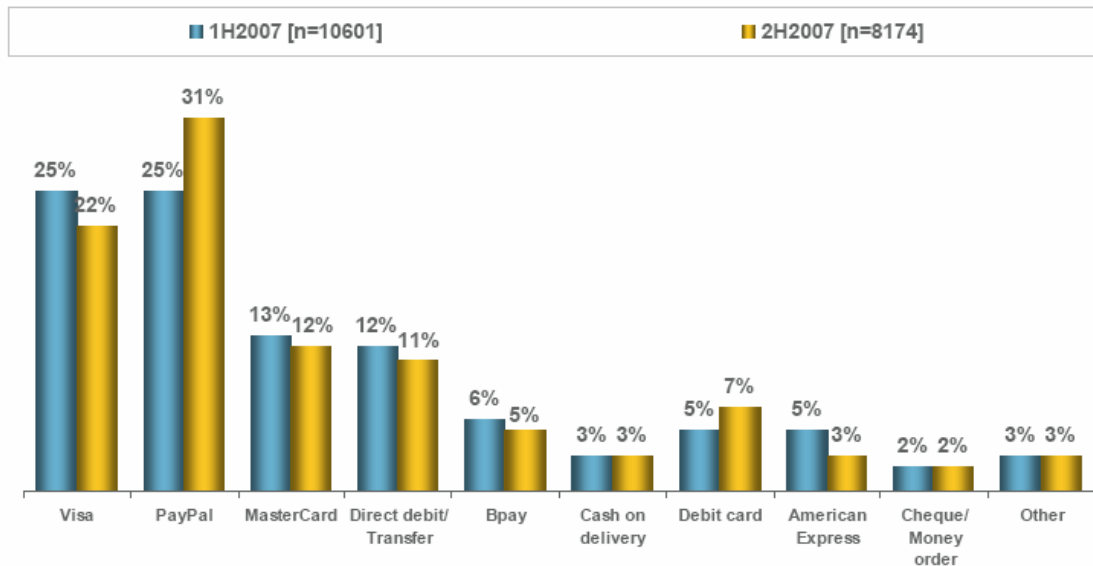
As evidence of the rise of payment alternatives, Nielsen’s latest report shows that online consumers are reducing their reliance on credit cards (37% - down six percentage points in the last six months) as their preferred method of online payment and moving towards alternative options, such as PayPal (31% - up by six percentage points) and Debit cards (7% - up by two percentage points – refer Chart 1).

“The preference for PayPal is mainly fuelled by eBay shoppers”, notes Wealands. “With over half (54%) of online shoppers purchasing from eBay in the last six months - with PayPal being a subsidiary of eBay, gaining considerable momentum in the online shopping arena”.

However, all is not lost for credit card companies as PayPal transactions are mainly funded by credit cards – with Visa (32%) nearly double that of MasterCard (17%).

“As more online payment methods are set to be made available to consumers, such as, pre-paid cards and virtual vouchers – online payment providers will need to become more targeted and emphasise key benefits and differentiations to compete for share of online consumer usage and preference”, states Wealands.

Chart 1: Preferred Payment Method (based on online shoppers)



Online Consumer Report

The Nielsen Company’s bi-annual Online Consumer Report is based on responses from over 11,000 Australian consumers, and provides insights into the purchasing behaviour and attitudes of online consumers, including retailer market share, online retailer satisfaction and online payments methods. The report also scopes out emerging mobile technology.

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