



The comScore 2008 Digital Year in Review
A Recap of the Year in U.S. Digital Marketing

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Introducing *The comScore 2008 Digital Year in Review*

The 2008 year in digital marketing is one that probably leaves one considering whether the glass is half-empty or half-full. On the positive side, digital media usage is soaring, innovation persists, and new technologies are continuing to be introduced and adopted by consumers every day. But 2008 also saw declines in segments of the digital marketing industry in which strong growth has been the norm, and it's clear that the economic headwinds have created a significantly more challenging environment for the industry despite its positive long-term trajectory.

In order for digital marketers to best equip themselves for the year ahead, it's important to reflect on what has happened in the past year and how the prevailing trends have set the stage for 2009.

- What consumer trends dominated the landscape in 2008?
- Which technologies are capturing the attention of the marketplace?
- How are people spending their digital media consumption time?
- Where are digital advertising dollars flowing?
- How can digital marketing be better used to achieve business objectives?

The comScore 2008 Digital Year in Review offers a birds-eye view of the overarching trends in digital marketing usage in 2008 and considers their implications for the year ahead. This report will examine the trends in U.S. internet usage, search activity, e-commerce, online video consumption, online advertising, and mobile, and what digital strategies will be critical to effectively navigating the uncertain 2009 environment.

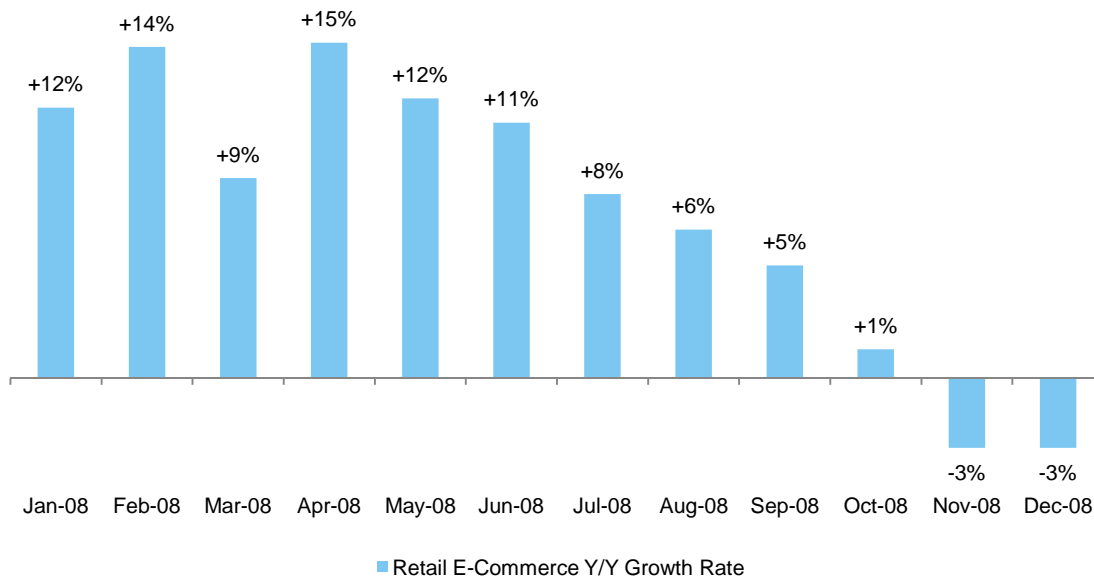
E-Commerce 2008

Online Spending Growth Slows Amid Economic Slowdown

Total U.S. e-commerce spending reached \$214.4 billion in 2008, a 7-percent increase versus the previous year. Travel e-commerce spending grew 9 percent to \$84.3 billion, while retail (non-travel) e-commerce spending grew 6 percent to \$130.1 billion.

Following several years of growth rates of 20 percent and higher, 2008 ranked as the softest year for retail e-commerce spending growth since comScore began tracking it in 2001. January showed the first signs of softness, as growth rates declined to 12 percent after growing at a 20-percent rate in 2007. Growth rates reached a peak in April at 15 percent, followed by eight successive month of declining growth rates in the remainder of the year. The important holiday shopping months of November and December saw negative growth rates, representing the first months on record to have lower online sales than the same month the prior year.

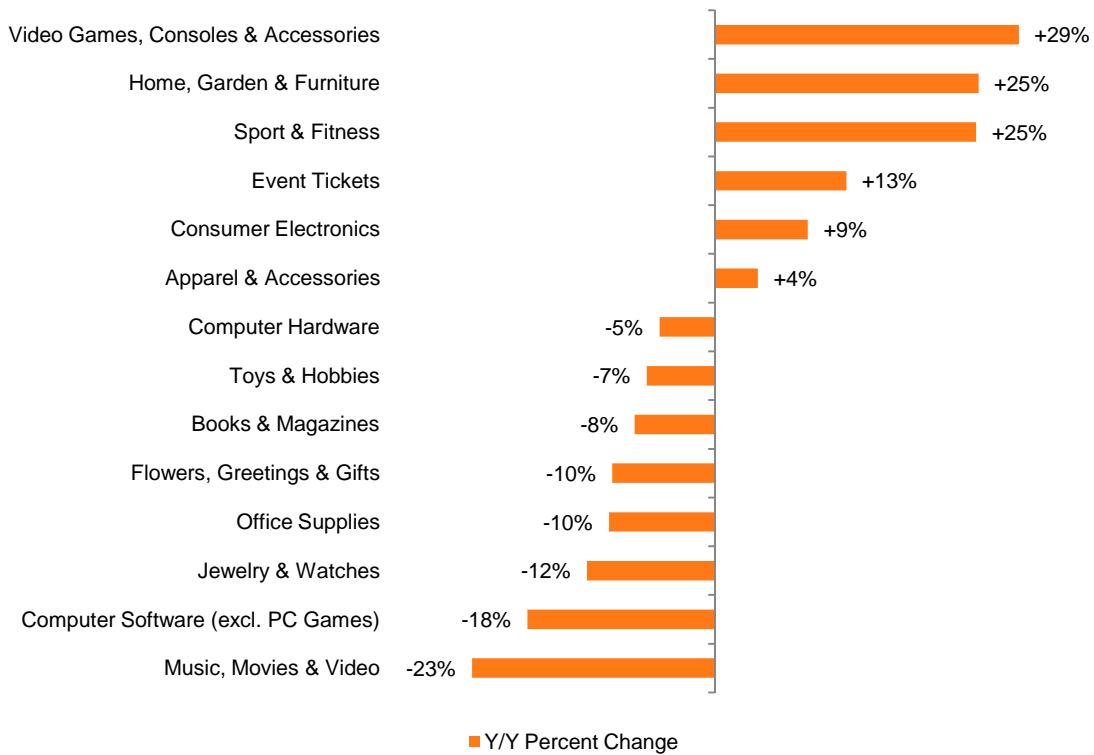
U.S. Retail E-Commerce Growth Trend



**November and December growth rates based on corresponding shopping days relative to Thanksgiving, not calendar days
Source: comScore, Inc. (U.S.)*

The fastest-growing retail category in 2008 was Video Games, Consoles & Accessories (up 29 percent vs. 2007), which continued to benefit from online sales of popular game consoles like the Nintendo Wii, Microsoft Xbox 360 and Sony PlayStation 3. Other fast-growing categories included Home, Garden & Furniture (up 25 percent) and Sport & Fitness (up 25 percent), both of which benefitted from an increasing consumer willingness to complete high-ticket purchases, such as in the furniture and home exercise equipment categories, online.

Fastest Growing U.S. Retail Categories in 2008



Source: comScore, Inc. (U.S.)

Top-Gaining Site Categories 2008

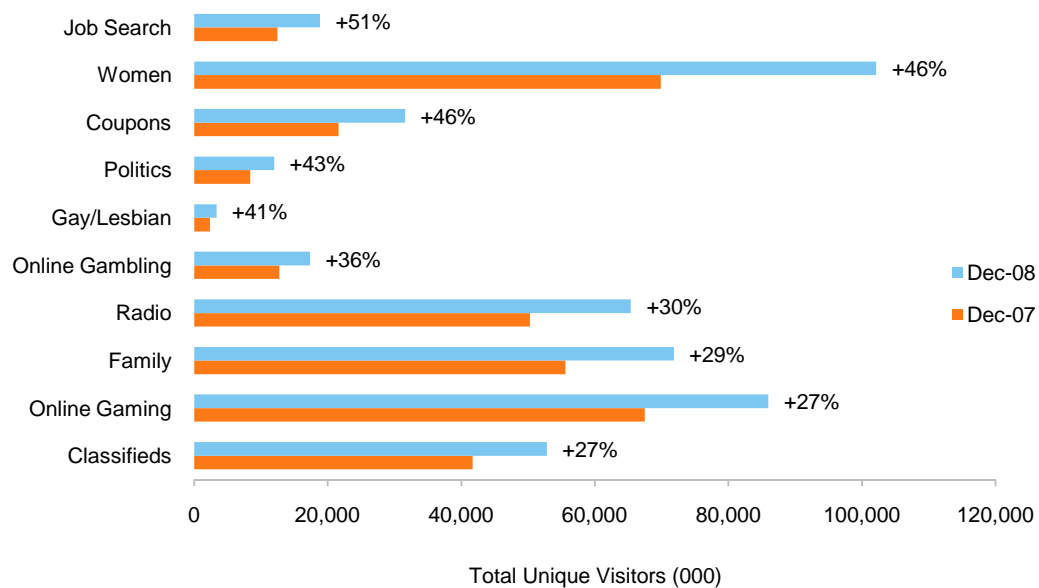
Economy and Politics Drive Online Activity in 2008

Online activity in 2008 largely reflected the biggest news events of the year, including the economic crisis and the U.S. presidential election. Job Search ranked as the top-gaining site category for 2008, growing 51 percent to nearly 19 million visitors in December, as Americans turned to the Internet to seek new career opportunities after significant job losses were incurred during the second half of the year. Category leader, CareerBuilder.com Job Search, jumped 78 percent to 9.1 million visitors.

As signs of an economic recession continued to manifest themselves in the form of collapsing banks, rising home foreclosures, and increasing job layoffs, consumers became increasingly cost-conscious and sought ways online to curb their spending. Coupon sites witnessed a 46-percent increase during the year, reaching more than 31.5 million Americans in December. Classifieds also saw a sharp increase in traffic, growing 27 percent to 52.8 million visitors, as Americans attempted to save and make money through the purchase and sale of used items. Category leader Craigslist grew 51 percent during the year.

The U.S. presidential race gripped the nation and media in 2008 as Barack Obama triumphed in November's election, making the Politics category one of the fastest growing categories in 2008, up 43 percent to nearly 12 million visitors. BarackObama.com attracted an average of three times as many visitors as JohnMcCain.com during the course of the year on the road to victory. Both candidate sites peaked in October, with BarackObama.com reaching 8.5 million visitors and JohnMcCain.com with 3.8 million visitors during the final month leading up to the election.

Top-Gaining U.S. Site Categories

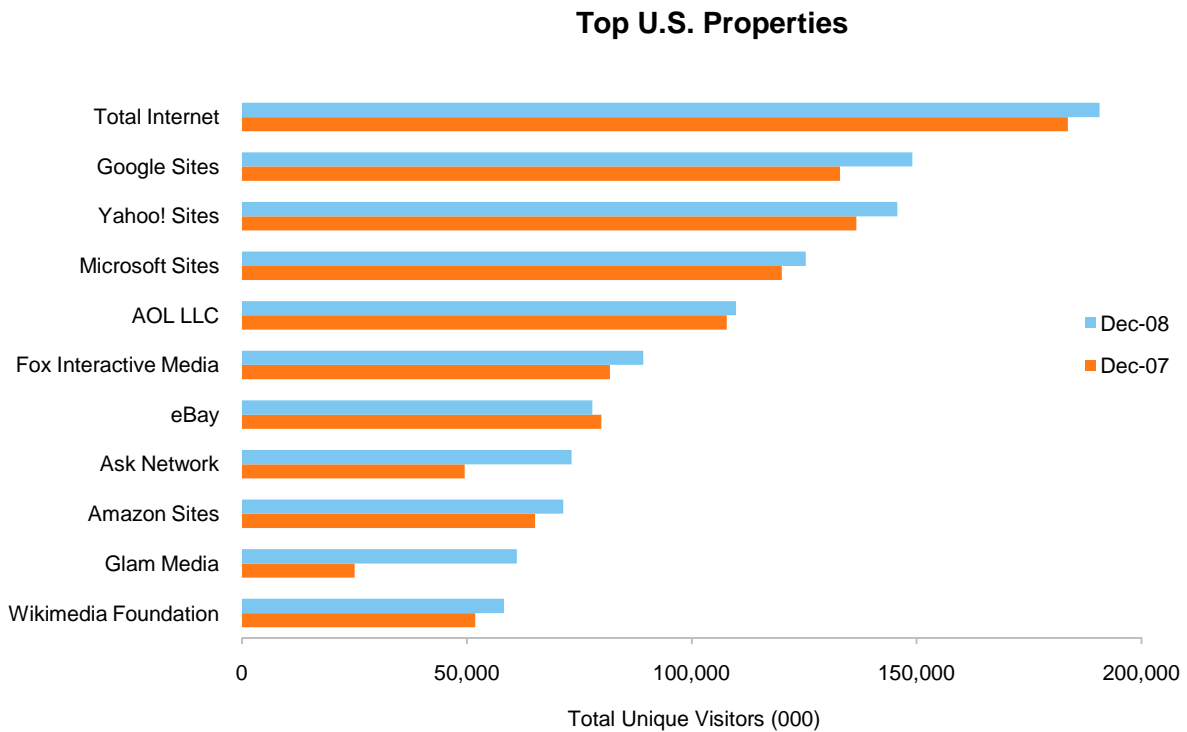


Source: comScore Media Metrix (U.S.)

Top Properties 2008

Google Sites Captures #1 Spot in 2008

According to comScore Media Metrix, the U.S. Internet population grew 4 percent in 2008 to 190.7 million visitors in December. Google Sites captured the top U.S. property ranking in April and reigned in that position for the balance of the year. For the year, Google Sites grew 12 percent to 149 million visitors on continued growth from each of its largest channels, Google.com, YouTube.com and Blogger.com. Yahoo! Sites ranked #2 to end the year, followed by Microsoft Sites, AOL LLC and Fox Interactive Media.



Source: comScore Media Metrix (U.S.)

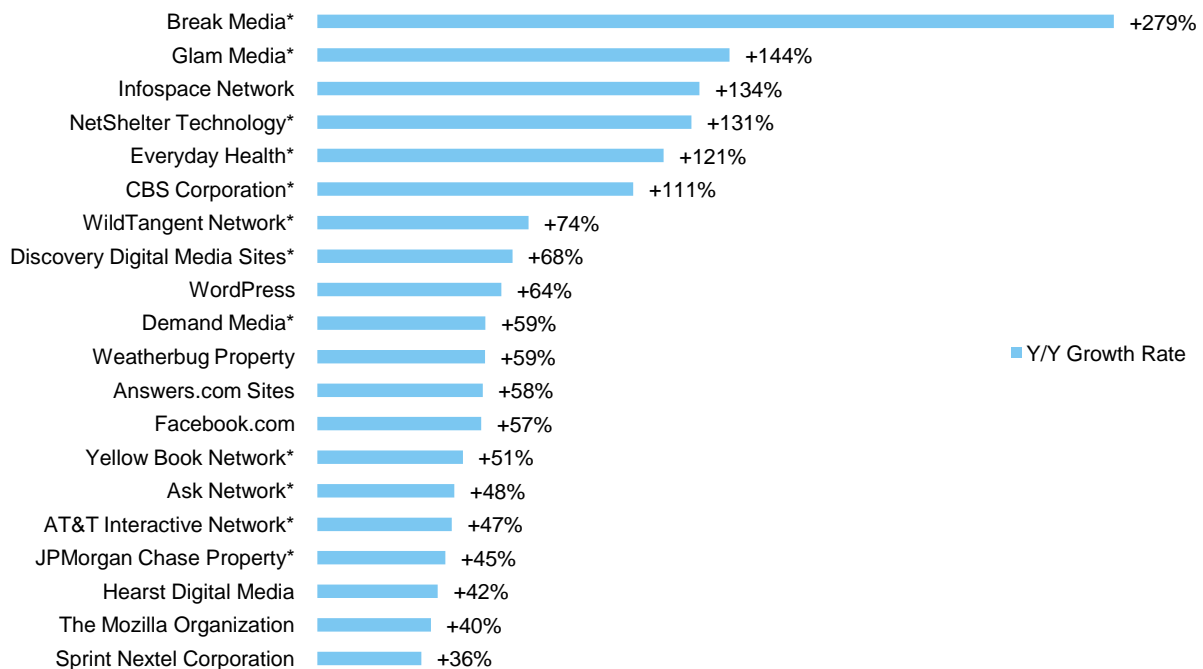
Top-Gaining Properties 2008

Top Properties Expand Reach through Acquisitions, While Social Media Continues to Soar

The top growing properties in 2008 (based on the top 100 properties in December 2008) increased the size of their online audiences through acquisitions/partnerships, organic growth, or a combination of the two. Acquisitions and business partnerships offer Web properties the opportunity to both reach new consumers and increase the frequency of contact with their established visitor base. Several of the top-growing properties in 2008 featured major acquisitions, including CBS Corporation (acquired CNET), Everyday Health (merged with Revolution Health), and JPMorgan Chase Property (acquired WaMu). The top-growing properties, Break Media (up 279 percent) and Glam Media (up 144 percent), grew primarily through traffic acquisitions and business partnerships.

Other properties grew their audiences more organically. Underscoring the growing importance of social media, Facebook.com continued its strong momentum by growing its visitor base 57 percent to 54.6 million visitors, while Wordpress, the largest blog publishing platform, surged 64 percent to 24.2 million visitors. Updates to the Firefox Internet browser, along with continued growth in its user base, resulted in a 40-percent increase for the Mozilla Organization.

Top-Gaining U.S. Properties**



*Considerable growth at property due in part to acquisitions and/or agreements

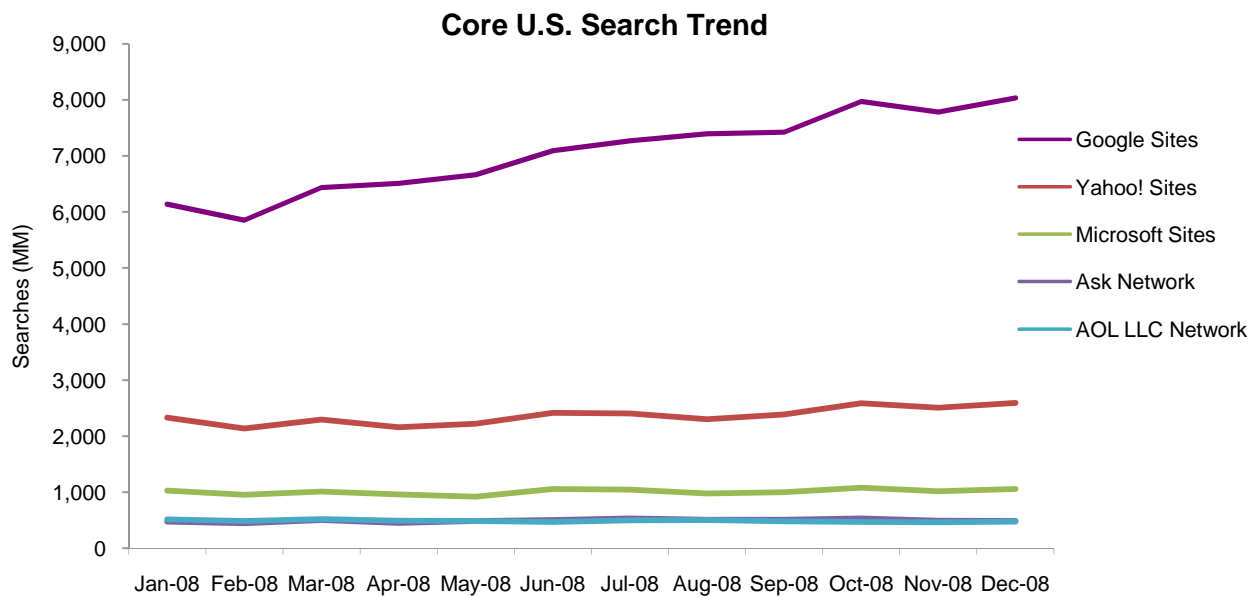
**Ranking based on the top 100 properties

Source: comScore Media Metrix (U.S.)

Core Search 2008

Americans Continue to Search More Often in 2008

Nearly 137 billion searches were conducted at the five U.S. core search engines in 2008, representing an increase of 21 percent versus the previous year. Search query growth was driven largely by an increase in searches per searcher, which rose 16 percent from the previous year, while number of unique searchers grew 6 percent. Google Sites, which generated nearly 85 billion searches in 2008, accounted for nearly 90 percent of the total growth in search query volume during the year.

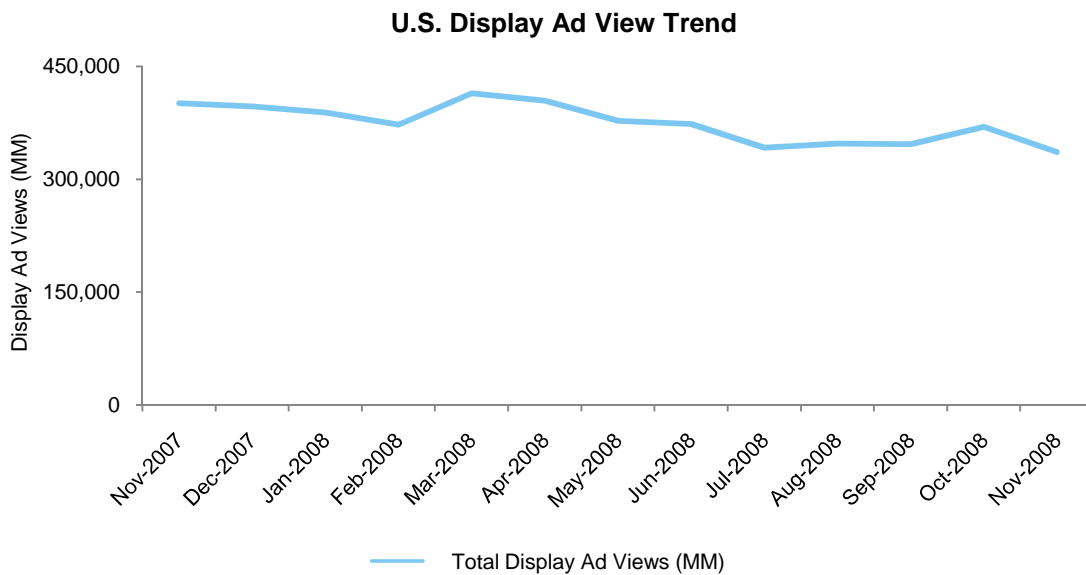


Source: comScore qSearch (U.S.)

Online Display Advertising 2008

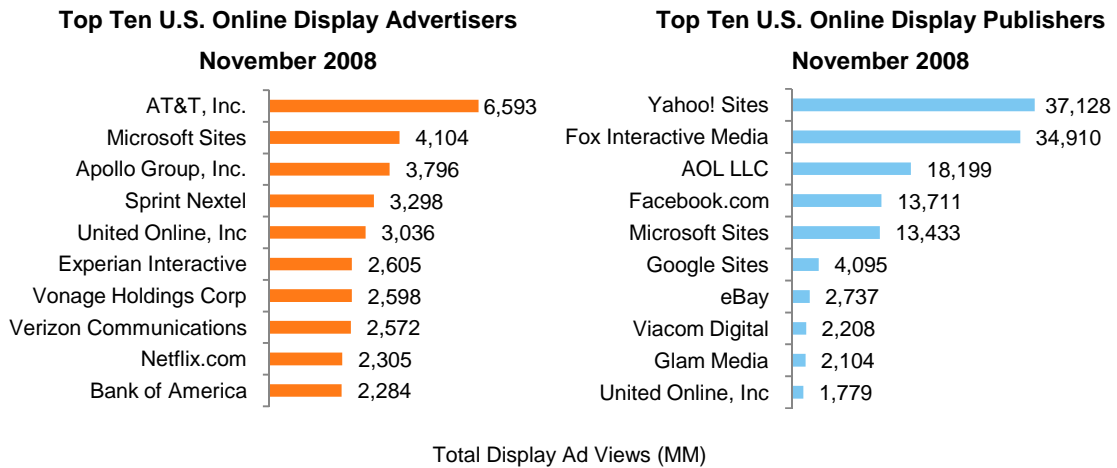
Signs of Softness in Display Advertising

U.S. Internet users viewed a total of 4.5 trillion display ads (standard and non-standard IAB ads, includes both static and rich media, but not video) during the past twelve months, with the average person viewing more than 2,000 ads per month. Despite the staggering total volume of display ad views, the number has declined somewhat over the course of 2008. However, it is believed that this largely reflects a shift in strategy among some display ad publishers. For example, several major publishers have actively reconfigured their advertising inventory to reduce ad clutter in order to drive up CPMs. In addition, some advertisers are shifting from static and rich display ads to using video ads.



Source: comScore Ad Metrix (U.S.)
 comScore Ad Metrix measures online display advertisements, including static and rich media ads, viewed by U.S. consumers. The estimates reflect both IAB and non-IAB display ad sizes, but do not include text and video ads.

The list of top display advertisers continued to be dominated by phone service providers. In November 2008, AT&T was the top advertiser with 6.6 billion ad views, while Sprint Nextel (3.3 billion), Vonage (2.6 billion) and Verizon (2.6 billion) also made the top ten list. On the publisher side, Yahoo! Sites served the most display ads in November with 37.1 billion, followed by Fox Interactive Media with 34.9 billion and AOL LLC with 18.2 billion.



Source: comScore Ad Metrix (U.S.)
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Online Video 2008

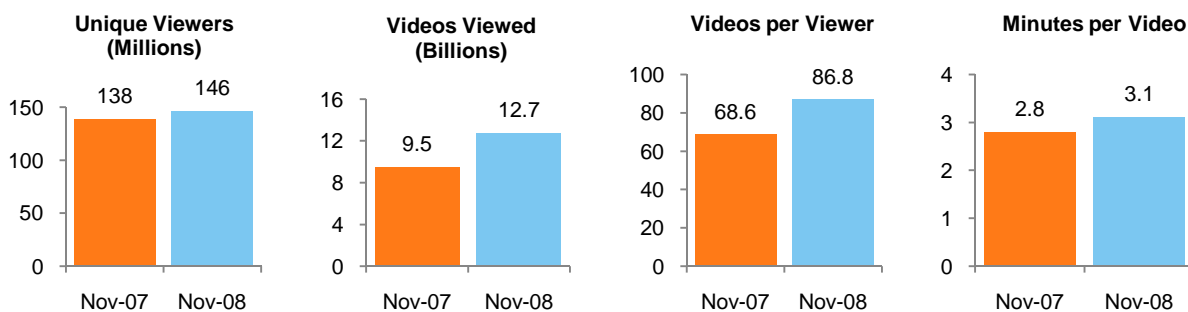
Long Form Video Content Emerges as Video Viewing Soars

Online video viewing continued its rapid ascent in 2008, with 6 percent more people in the U.S. viewing 34 percent more videos versus year ago, according to comScore Video Metrix. By November 2008, online video viewing accounted for 12.5 percent of Americans' total time spent on the Internet, up from 8.5 percent in November 2007.

YouTube, with 40 percent market share in November 2008, continues to be a significant driver in the U.S. video market, accounting for approximately two-thirds of the growth in online video views during the past year. The site generated 5.1 billion U.S. video views during the month, representing a 74-percent increase versus year ago.

Another developing trend in online video is the move from primarily short-form, user-generated content to more long-form, professionally-created content, including full-length movies and TV shows. Hulu, the joint video venture of Fox and NBC, stormed onto the scene in 2008, generating a 57-percent increase in videos viewed during the past six months and currently ranking as the #6 video site by both unique viewers and videos viewed. Hulu also had an average viewing time of nearly 12 minutes per video in November, substantially higher than any other top video site and a major contributing factor to the increase in online video duration from 2.8 minutes per video to 3.1 minutes per video.

Total U.S. Online Video Market



Source: comScore Video Metrix (U.S.)

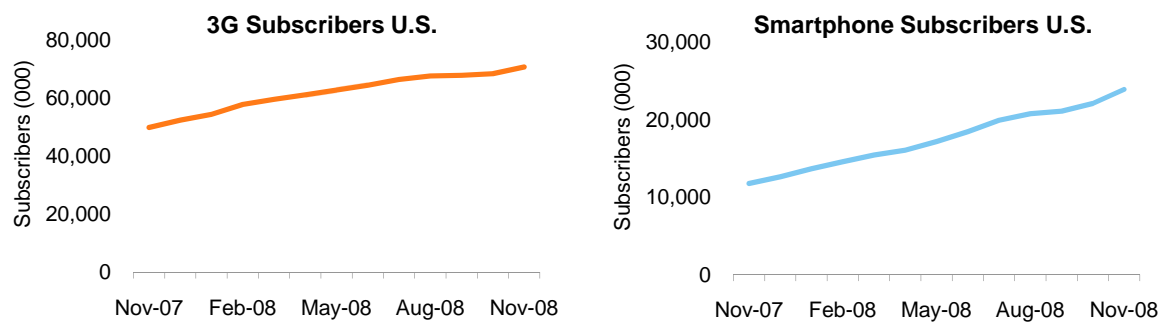
Mobile 2008

The Year of the Smartphone

By any measure, 2008 was the year of the smartphone. The launch of the Apple iPhone in mid-2007 inspired handset makers to make consumer-friendly mobile media devices, as consumers demanded a phone that could do more than just make calls. No longer restricted to business users, who wanted access to e-mail and stock quotes, smartphones became part of popular culture. They took on fashionable form and slimmed down in bulk and price, most notably with the launch of the Palm Centro, the first smartphone priced below \$100.

The rise in smartphones — with full HTML browsers that offer a true Internet browsing experience, and increasingly, with Wi-Fi connectivity to boost network speeds — contributed to the rise in browsing, which grew 34 percent during the year. Another critical factor was the 43-percent increase in 3G (wireless broadband) penetration from November 2007 to November 2008, which dramatically improves the mobile browsing experience, and data pricing plans that took the mystery out of data usage and encouraged “all you can eat” mobile content consumption.

Total U.S. Mobile Subscriber Market



Source: comScore M:Metrics (U.S.)

Looking Ahead to 2009

Challenging Environment Presents Opportunities for Digital Marketers

2009 is shaping up to be another challenging year for digital media, but it will also be a year of major opportunity for businesses to gain ground on their competitors with effective digital marketing strategies. The silver lining to be found in a tough market environment is that it can spur innovation and growth in operational efficiency, and the digital landscape offers fertile ground to capitalize in this manner.

As we look ahead to the upcoming year in digital media, the following are some of the key trends to consider:

- Viewing of TV and movie content online continues to become a more mainstream behavior, offering advertisers a new opportunity to capitalize on this highly engaged – and often difficult to reach – audience. Effective monetization of online video will depend on demonstrating to advertisers the impact of video-related ad exposures.
- The recession is causing major advertisers to re-evaluate their advertising expenditures, with several industries – including auto manufacturers and consumer packages goods companies – already indicating shifts in spending to the online channel to take advantage of bargain CPMs, ad-targeting capabilities, and more measurable advertising ROI. Publishers will need to demonstrate that the view-through impact (as opposed to click-through) is a critical component of this ROI equation if they hope to obtain fair value for their ad inventory.
- Distributed content (i.e. widgets and applications) continues to become more prevalent and offers publishers ways to reach incremental audiences online. It is time for both publishers and advertisers to begin thinking seriously about how they intend to monetize this valuable content.
- As smartphones (including the iPhone) continue to drop in price, and new entrants dazzle consumers, such as the new Android devices, Palm's anticipated Pre and RIM's Storm and Bold, 2009 is expected to be another record-breaking year for the mobile Internet. Mobile Internet penetration and engagement will continue to soar, making the mobile channel a more viable opportunity for advertisers and marketers.
- Though the consumer retail economy is clearly suffering during the downturn, online retail spending growth was still positive in 2008 and the channel continues to attract new buyers. The online channel is generally more cost-effective than offline for retailers and those looking to weather the economic storm will find ways to draw more shoppers to their online storefronts through discounts, promotions and incentives.

About comScore, Inc.

comScore, Inc. (NASDAQ: SCOR) is a global leader in measuring the digital world and preferred source of digital marketing intelligence. In an independent survey of 800 of the most influential publishers, advertising agencies and advertisers conducted by William Blair & Company in December 2008, comScore was rated the 'most preferred online audience measurement service' by 50% of respondents, a full 25 points ahead of its nearest competitor. comScore's capabilities are based on a massive, global cross-section of approximately 2 million Internet users who have given comScore permission to confidentially capture their browsing and transaction behavior, including online and offline purchasing. comScore panelists also participate in survey research that gathers and integrates their attitudes and intentions. Using its proprietary technology, comScore measures what matters across a broad spectrum of digital behavior and attitudes, helping clients design more powerful marketing strategies that deliver superior ROI. With its recent acquisition of M:Metrics, comScore is also a leading source of data on mobile usage. comScore services are used by more than 1,100 clients, including global leaders such as AOL, Microsoft, Yahoo!, BBC, Carat, Cyworld, Deutsche Bank, France Telecom, Best Buy, The Newspaper Association of America, Financial Times, ESPN, Fox Sports, Nestlé, Starcom, Universal McCann, the United States Postal Service, the University of Chicago, Verizon Services Group and ViaMichelin. For more information, please visit www.comscore.com.

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