



The 2009 U.S. Digital Year in Review
A Recap of the Year in Digital Marketing

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The 2009 U.S. Digital Year in Review

2009 represented a critical year in the relatively brief history of digital media; a year that was marred by the overhang of a global economic recession that had a particularly negative impact on the U.S. advertising and e-commerce markets. But it was also a year in which digital consumer activity soared, new innovations grabbed hold in the marketplace and businesses got more serious about navigating the digital landscape.

In order for digital marketers to position themselves for success in the year ahead, one must begin by reflecting on what has happened in the past year and how the prevailing trends set the stage for 2010. Among the many questions that will be addressed in this report include:

- Which consumer trends dominated the digital media landscape in 2009?
- How are people spending their digital media consumption time?
- Which new and emerging technologies and services are capturing the attention of the marketplace?
- What is the state of the digital advertising market?
- How are trends in the mobile market changing the digital media landscape?

The comScore 2009 U.S. Digital Year in Review offers an overview of the prevailing trends in digital media usage during the year 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 most important for success in 2010.

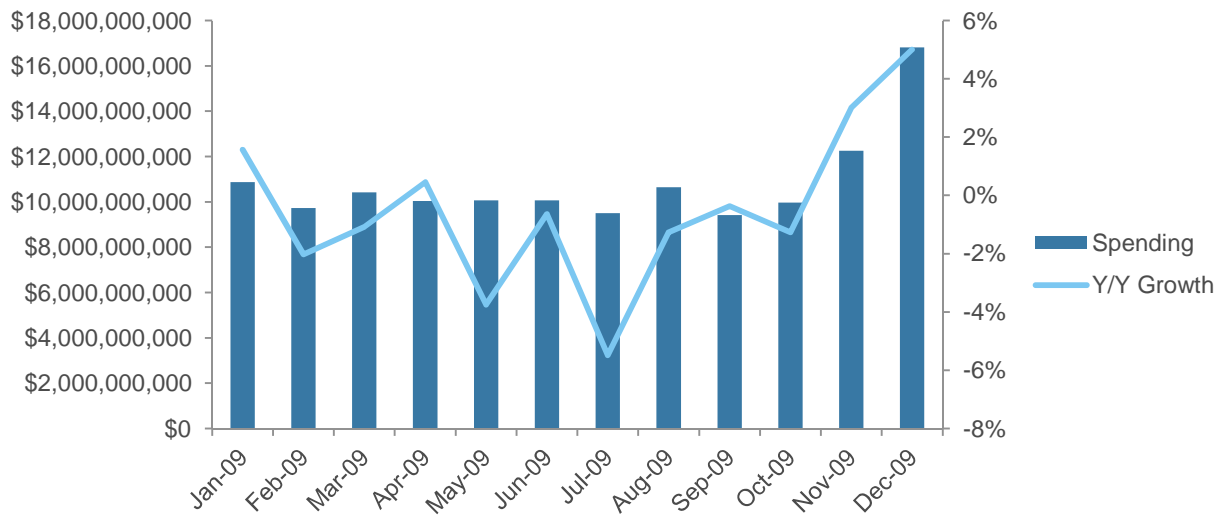
U.S. E-Commerce 2009

2009 Marks First Year on Record of Declining Growth Rates for U.S. E-Commerce

The U.S. e-commerce market in 2009 exhibited substantial softness in the face of the global economic recession, which exerted downward pressure on consumer discretionary spending reflected in the e-commerce market. Total U.S. e-commerce spending reached \$209.6 billion in 2009, down 2 percent versus the previous year and the first year on record with negative growth rates. Travel e-commerce spending dropped 5 percent to \$79.8 billion, while retail (non-travel) e-commerce spending remained virtually flat at \$129.8 billion.

Throughout most of the decade, retail e-commerce spending saw growth rates in excess of 20 percent annually, but 2008 showed signs of softness as the economy first began to weaken. While that year still saw retail e-commerce grow at a rate of 6 percent, it was the first time on record of single-digit growth rates. However, 2009 on the whole fared significantly worse than the previous year with year-over-year growth rates remaining negative throughout most of the year. The 2009 holiday season represented a bright spot in this predominantly negative year for e-commerce as it marked a return to positive growth rates with both November and December showing gains of a few percentage points. While some of this growth is attributable to more favorable year-over-year comparisons versus the disastrous 2008 holiday season, it does suggest that the tides of consumer sentiment are beginning to turn and that 2010 may be a healthier year for retail e-commerce.

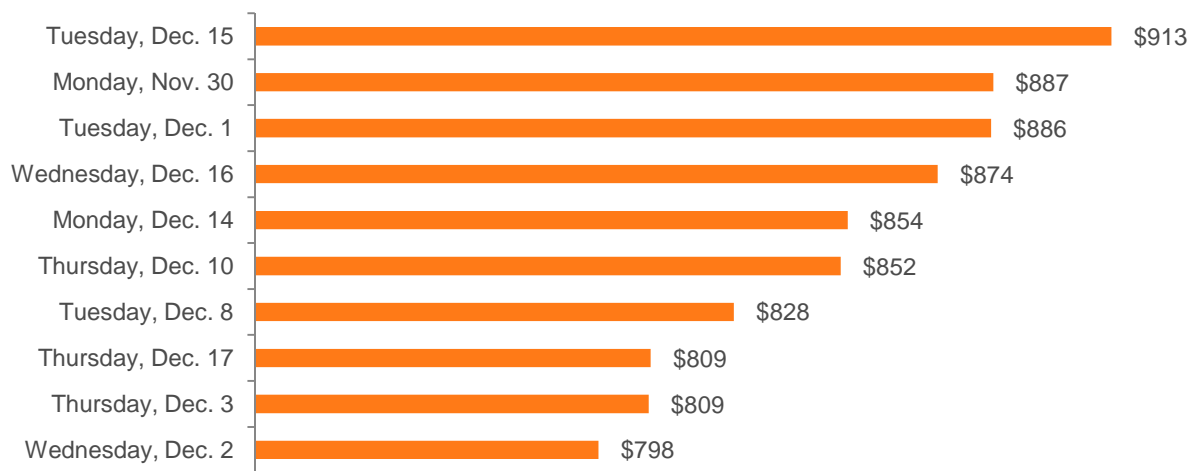
2009 U.S. E-Commerce Spending by Month



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

The heaviest individual spending day of the year was Tuesday, December 15 with \$913 million in spending, the first day on record to eclipse the \$900 million spending threshold. Cyber Monday (Nov. 30, 2009) was the second heaviest spending day with \$887 million, followed by December 1 with \$886 million and December 16 with \$874 million.

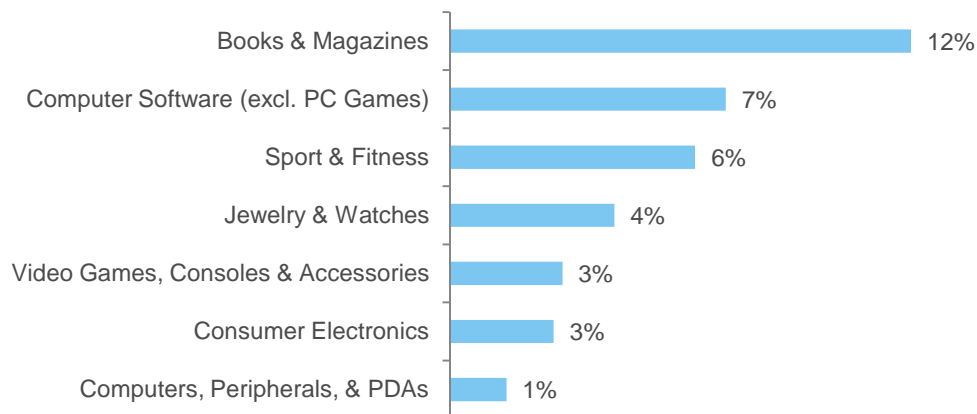
Top 10 U.S. Online Retail Spending Days in 2009 (Spending in Millions)



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

In this recessionary year, only a handful of retail e-commerce categories experienced growth. Books & Magazines topped the list of gaining categories with 12 percent growth, bolstered by category-wide price-cutting and the release of numerous high-profile best-sellers. Computer software (up 7 percent) ranked second, followed by Sport & Fitness (up 6 percent) and Jewelry & Watches (up 4 percent), which rebounded from an especially weak 2008. Other positive growth categories included Video Games, Consoles & Accessories (up 3 percent), Consumer Electronics (up 3 percent) and Computers, Peripherals & PDAs (up 1 percent).

Positive Growth U.S. Retail E-Commerce Categories in 2009

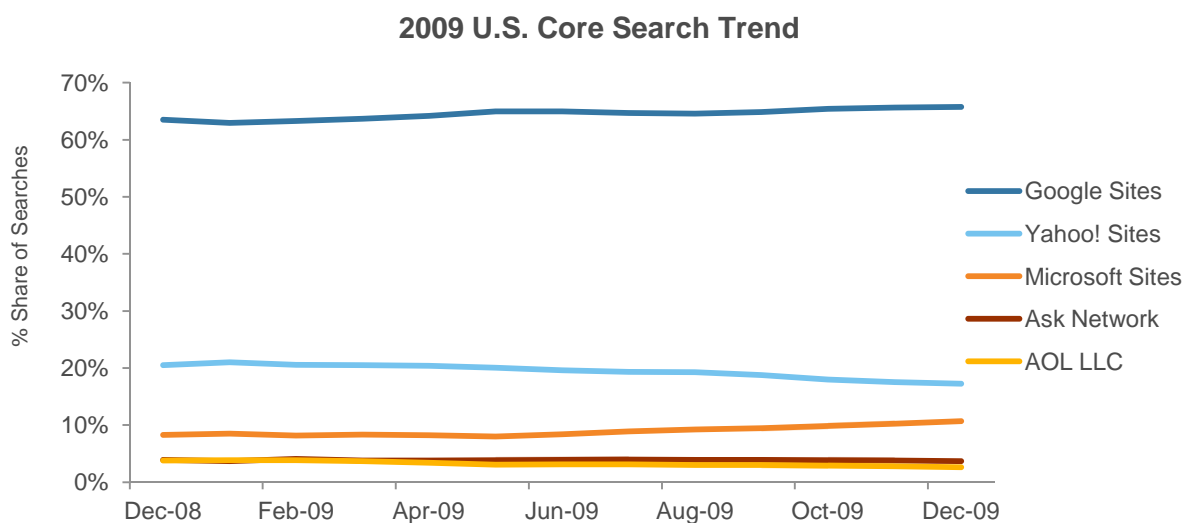


Source: comScore, Inc. (U.S.)

U.S. Core Search Market 2009

Google and Bing Gain Share

The search market in 2009 saw a bit of a shake-up with the June introduction of Bing, Microsoft’s new search engine, which has allowed Microsoft to gain renewed traction in the search marketplace. During the course of the year, Microsoft Sites grew from 8.3 percent to 10.7 percent share of all search queries with nearly all of that growth coming in the second half of 2009 subsequent to Bing’s introduction. Despite the new engine’s initial gains, Google Sites continued to hold a strong lead in the U.S. search market with 65.7 percent of all searches in December, up 2.2 percentage points versus year ago.



Source: comScore qSearch (U.S.)

The U.S. core search market grew 16 percent overall in 2009, driven by a 6-percent gain in unique searchers and a 10-percent gain in searchers per searcher. Google Sites’ search query volume grew 21 percent, driven both by gains in searches per searcher (up 10 percent) and unique searchers (9 percent). Microsoft Sites had the largest growth in search volume at 49 percent, propelled by sizeable gains in both unique searchers (15 percent) and searches per searcher (30 percent). Ask Network increased its search query volume by 12 percent, driven mainly by attracting more searchers (up 19 percent).

% Change	Unique Searchers	Searches per Searcher	Searches
Total U.S. Internet	6%	10%	16%
Google Sites	9%	10%	21%
Yahoo! Sites	-5%	3%	-2%
Microsoft Sites	15%	30%	49%
Ask Network	19%	-6%	12%
AOL LLC	-17%	-4%	-20%

Source: comScore qSearch (U.S.)

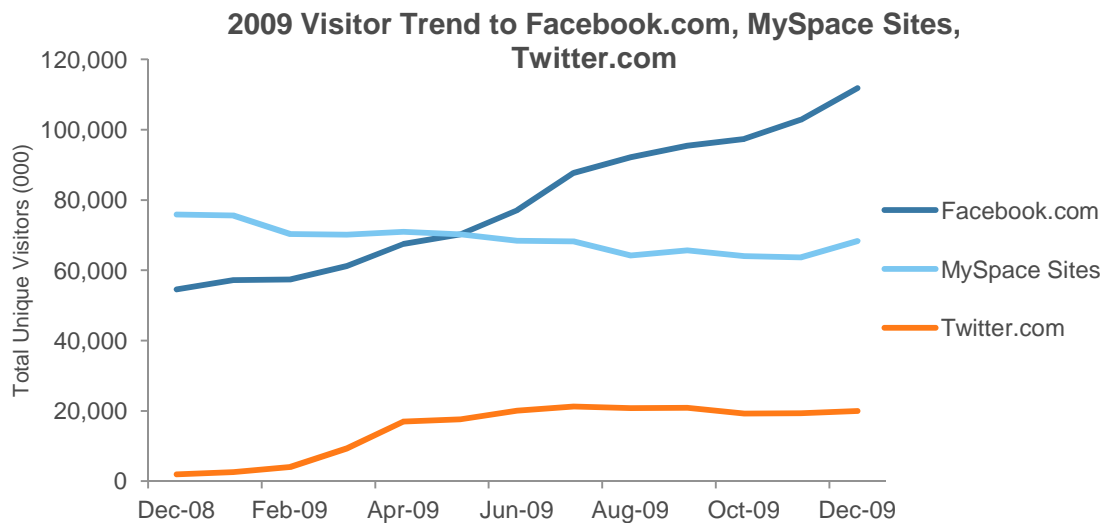
Social Networking Trends 2009

Social Networking Remains One of the Web's Top Activities in 2009

Social networking continued to gain momentum in 2009 with nearly 4 out of 5 Internet users visiting a social networking site in December 2009. The activity now accounts for 11 percent of all time spent online in the U.S., making it one of the most engaging activities across the Web.

Facebook and Twitter Surge, MySpace Refocuses on Entertainment

2009 proved to be a landmark year in the U.S. social networking market, as category leader Facebook and upstart network Twitter both posted triple-digit growth. Facebook surged to the #1 position among social networks for the first time in May and continued its strong growth trajectory throughout the year, finishing with 112 million visitors in December 2009, up 105 percent during the year. Twitter finished the year with nearly 20 million visitors to its website, up from just 2 million visitors from the previous year. Much of Twitter's extraordinary audience growth occurred during the first few months of 2009, at one point jumping from 4 million visitors to 17 million visitors between February and April. Meanwhile, 2008 category leader MySpace has experienced some softening in its audience; however, a new strategic focus on entertainment content is exhibiting signs of success with MySpace Music having grown 92 percent in the past year.



Source: comScore Media Metrix (U.S.)

Facebook Shows Across-the-Board Usage Gains

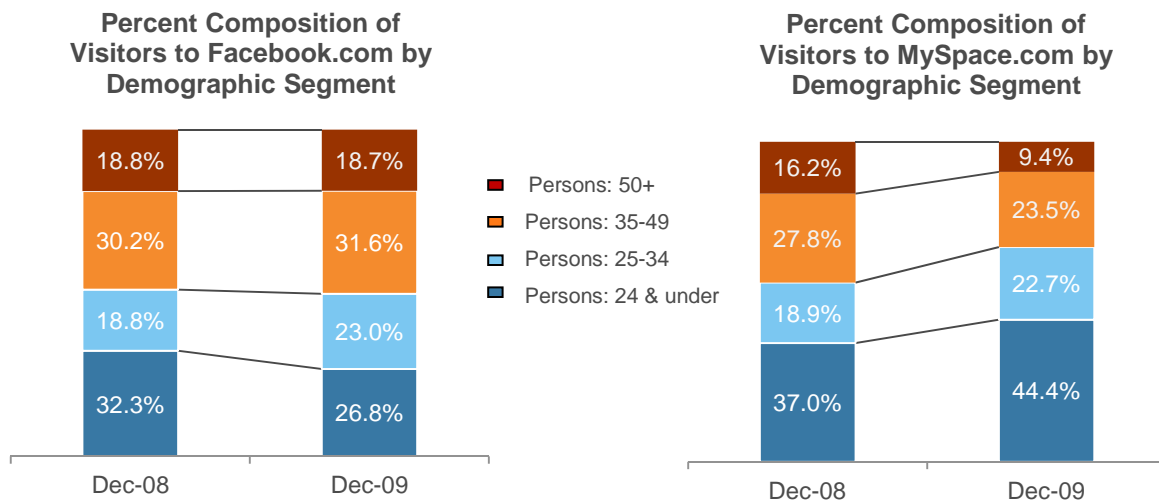
In addition to its surging population of users, Facebook grew substantially across nearly every performance metric in 2009. Unique visitors, page views, and total time spent all increased by a factor of two or more. Frequency metrics such as average minutes per usage day (up 6 percent) and average usage days per visitors (up 37 percent) also saw gains. As more people use Facebook more frequently, the site has grown to account for three times as much total time spent online as it did last year. The only metric by which Facebook decreased was the average minutes per visit (down 11 percent), which can likely be attributed to the increasing frequency with which people are visiting the site.

Facebook.com	Dec-2008	Dec-2009	% Change
Total Unique Visitors (000)	54,552	111,888	105%
Average Daily Visitors (000)	13,396	37,679	181%
Total Minutes (MM)	9,265	27,624	198%
Average Minutes per Usage Day	22.3	23.7	6%
Total Pages Viewed (MM)	17,868	44,891	151%
Average Usage Days per Visitor	7.6	10.4	37%
Average Minutes per Visitor	169.8	246.9	45%
Total Visits (000)	913,814	3,071,137	236%
Average Minutes per Visit	10.1	9.0	-11%
Average Visits per Visitor	16.8	27.4	64%

Source: comScore Media Metrix (U.S.)

2009 Social Networking Demographic Trends

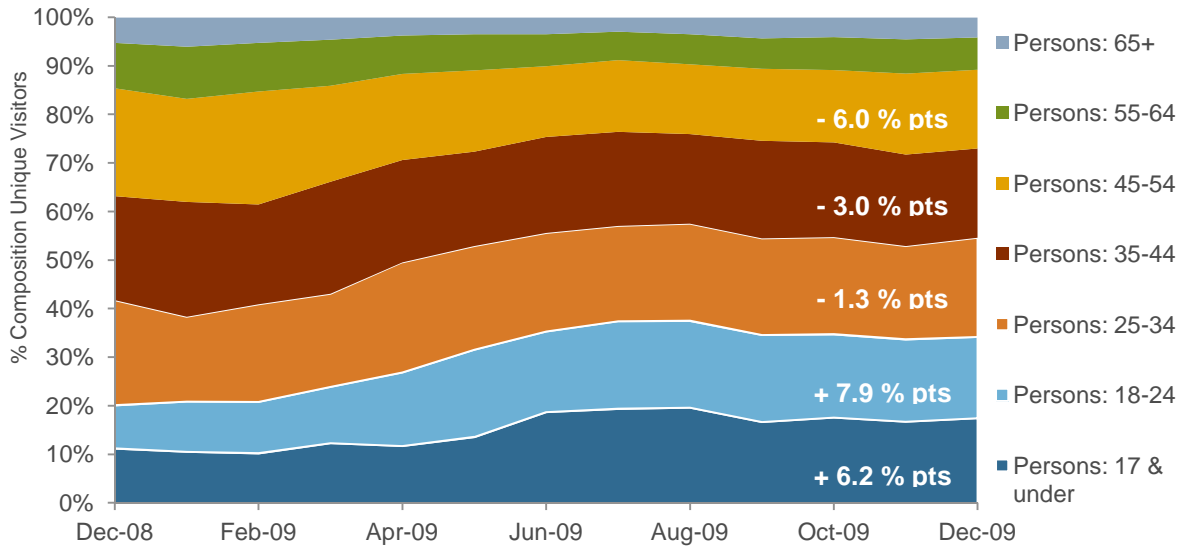
An analysis of demographic composition of Facebook, MySpace and Twitter users revealed important differences that reflect their appeal to various audiences. MySpace saw its user composition shift toward younger audience segments in 2009, with people age 24 and younger now comprising 44.4 percent of the site's audience, up more than 7 percentage points from the previous year. Facebook's audience, by contrast, was evenly split between those younger and older than 35 years of age. The most noticeable demographic shift on Facebook during the year occurred with 25-34 year olds, who now account for 23 percent of the audience, up from 18.8 percent last year.



Source: comScore Media Metrix (U.S.)

As Twitter's audience grew in 2009, the site experienced interesting shifts in its demographic composition. All demographic segments achieved substantial gains in visitors, but certain segments grew more rapidly than others to gain in terms of their share of audience. The initial success of Twitter was largely driven by users in the 25-54 year old age segment, which made up 65 percent of all visitors to the site in December 2008, with 18-24 year olds accounting for just 9 percent of visitors. This older age skew varied dramatically from the traditional social media early adopter model, in which younger users tend to drive the lion's share of usage. Despite Twitter's initially older skew, as it gained widespread popularity with the help of celebrity Tweeters and mainstream media coverage, younger users flooded to the site in large numbers, with those under age 18 (up 6.2 percentage points) and 18-24 year olds (up 7.9 percentage points) representing the fastest growing demographic segments.

Twitter Demographic Segment Trend



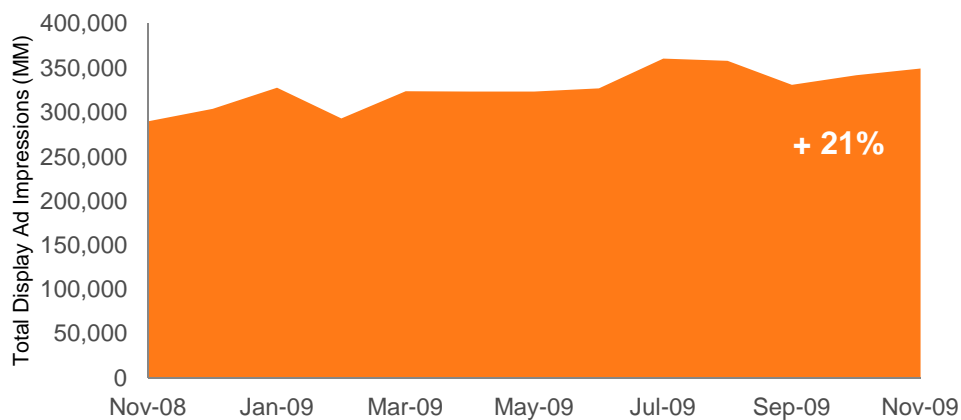
Source: comScore Media Matrix (U.S.)

U.S. Online Display Advertising 2009

Display Advertising Posts Gradual Gains Throughout the Year

U.S. Internet users viewed a total of 4.3 trillion display ads (standard and non-standard IAB ads, includes both static and rich media, but not video) during the past twelve months, representing a growth rate of 21 percent versus year ago. These gains were driven by an 8-percent increase in the number of people exposed to display ads online and a 12-percent increase in average frequency.

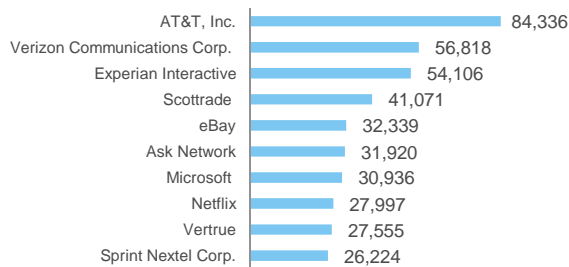
2009 U.S. Display Ad Impression Trend



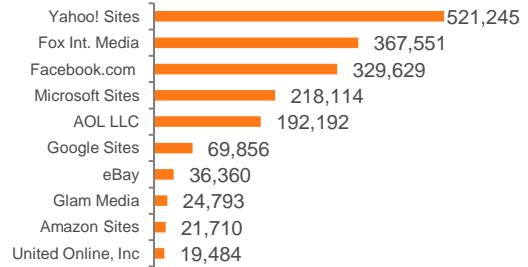
Source: comScore Ad Matrix (U.S.)
 comScore Ad Matrix measures online display advertisements, including static and rich media ads, viewed by U.S. consumers. The estimates reflect both IAB and non-IAB display ad sizes, but do not include text and video ads.

Mobile phone network providers AT&T Inc. (84.3 billion ad impressions) and Verizon (56.8 billion impressions) ranked as the top U.S. online display advertisers over the last 12 months, while Sprint also ranked in the top ten with 26.2 billion impressions. Experian Interactive, which includes ClassesUSA.com, LowerMyBills.com and FreeCreditReport.com, ranked as the #3 advertiser with 54.1 billion views, followed by Scottrade (41.1 billion) and eBay (32.3 billion). On the publisher side, Yahoo! Sites served the most display ads in the past 12 months at 521.2 billion, followed by Fox Interactive Media (which includes MySpace.com) with 367.6 billion and Facebook.com with 329.6 billion.

Top Ten U.S. Online Display Advertisers by Number of Impressions in Millions (Dec-08 to Nov-09)



Top Ten U.S. Online Display Publishers by Number of Impressions in Millions (Dec-08 to Nov-09)



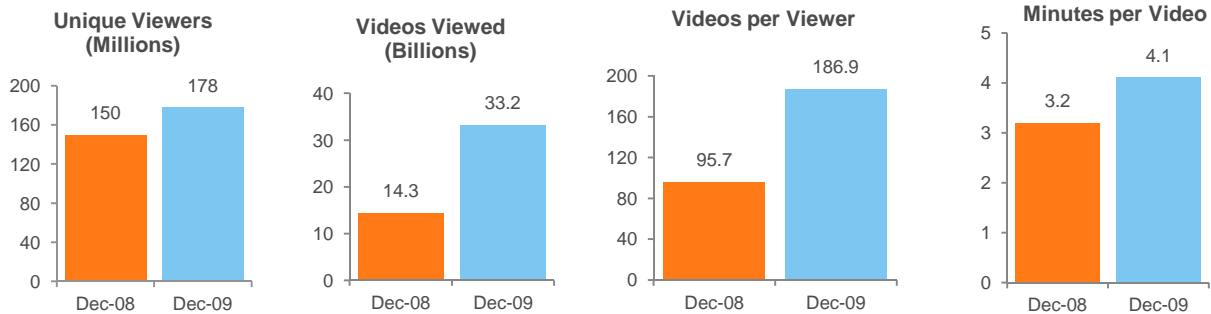
Source: comScore Ad Metrix (U.S.)
 comScore Ad Metrix measures online display advertisements, including static and rich media ads, viewed by U.S. consumers. The estimates reflect both IAB and non-IAB display ad sizes, but do not include text and video ads.

U.S. Online Video Market 2009

Online Video Soars to New Heights

Online video viewing accelerated in 2009, with 19 percent more people in the U.S. viewing more videos for longer periods of time, according to comScore Video Metrix. In December 2009, 86 percent of the total U.S. online population viewed video content. Americans also viewed a significantly higher number of videos in 2009 versus the prior year, due to both increased content consumption and a growing number of video ads being delivered. The average online viewer consumed 187 videos in December 2009 (up 95 percent vs. year ago), while the duration of the average video viewed grew from 3.2 to 4.1 minutes.

Total U.S. Online Video Market

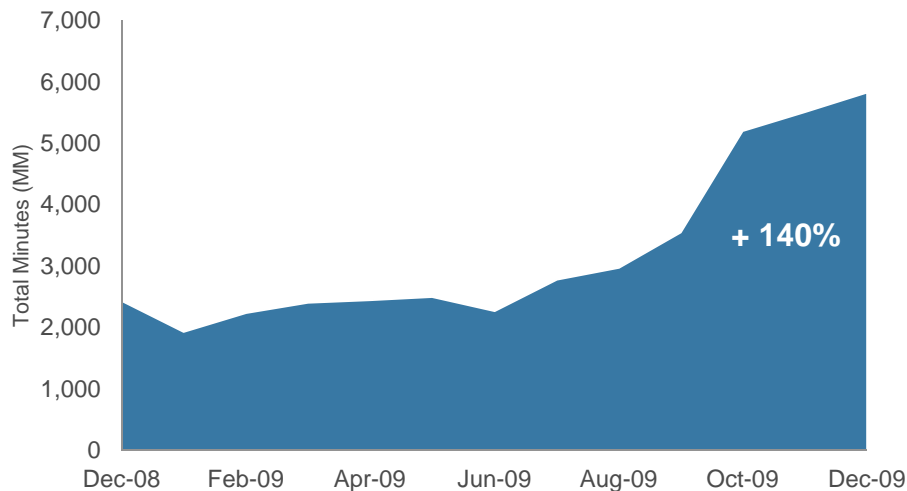


Source: comScore Video Metrix (U.S.)

Hulu Viewership Jumps in 2009

The past year saw Hulu continue its rapid ascent as one of the top video content providers, reflecting a broader shift towards consumption of more long-form, premium video content online and the increasing fragmentation of traditional TV viewing. In December 2009, Hulu viewers watched more than 1 billion streams for a combined 5.8 billion minutes (97 million hours), up 140 percent versus year ago. The average Hulu viewer watched more than 2 hours of online video during the month.

2009 Hulu U.S. Total Minutes Trend

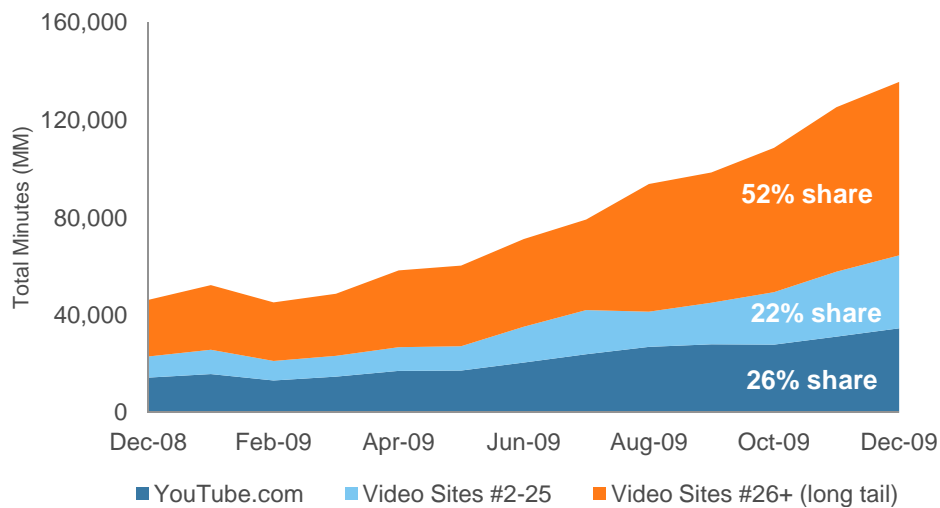


Source: comScore Video Metrix (U.S.)

More Than Half of Time Spent Viewing Video Occurs on “Long Tail” Video Sites

An analysis of where Americans spend their time viewing online video content revealed that top-ranked video site YouTube accounted for more than a quarter (26 percent) of total time spent viewing video, more than the combined time spent of video content sites ranked between #2 and #25 (22 percent). Meanwhile, the majority of online video viewing (52 percent) occurred at video sites ranked outside of the top 25, suggesting the increased fragmentation of online video and the emergence of sites in the “long tail.”

2009 U.S. Video Viewing Trend by Total Duration



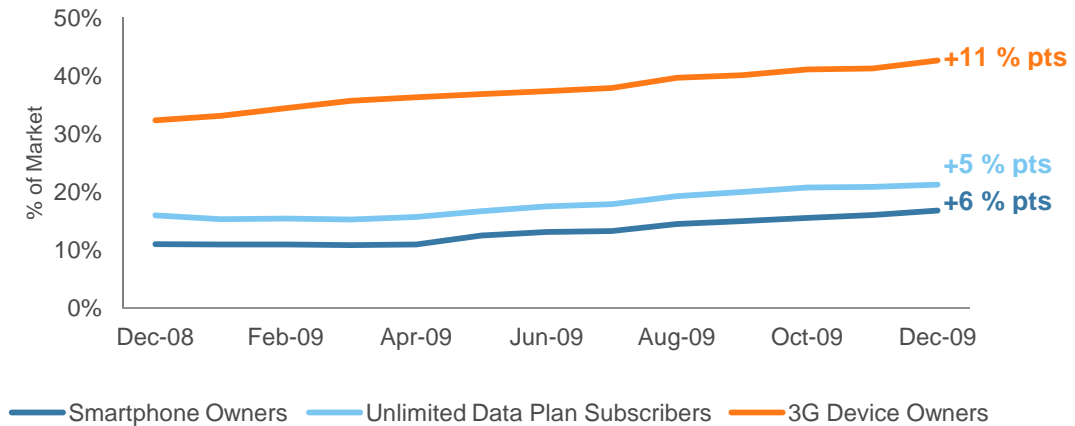
Source: comScore Video Metrix (U.S.)

U.S. Mobile Market 2009

Market Enablers Fuel Mobile Media Usage

The growth in mobile media usage is largely attributable to the growth in smartphone and 3G device ownership and the increasing ubiquity of unlimited data plans, all of which facilitate the mobile Web experience. From December 2008 to December 2009, the percentage of mobile phone subscribers with unlimited data plans increased from 16 percent to 21 percent, with several phones now requiring an unlimited data plan subscription at the time of purchase. During the same period, smartphone ownership increased from 11 percent to 17 percent, while 3G phone ownership increased from 32 percent to 43 percent.

Growth of Mobile Market Enablers



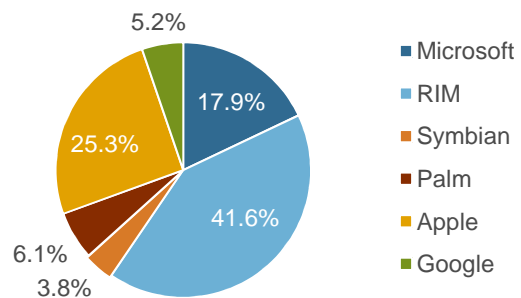
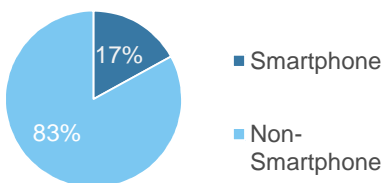
comScore MobiLens
 Three month average December 2008 – December 2009 U.S.

Smartphone Penetration Rises in 2009

Smartphone penetration continued to climb in 2009 as consumers were presented with a growing number of smartphone handset options. Among the high-profile smartphone introductions in 2009 were the Palm Pre, Motorola Droid, Motorola Cliq and others. In December 2009, smartphones were owned by 17 percent of the mobile phone subscribers, up nearly 6 percentage points versus year ago. Among smartphone operating system (OS) platforms, RIM retained its lead with 41.6 percent market share, followed by Apple at 25.3 percent (up 8.5 percentage points from the previous year) and Microsoft at 17.9 percent. Google’s OS share (5.2 percent) gained considerably in the final months of 2009 and is poised for continued growth in 2010 with the introduction of new devices featuring the Android platform.

Smartphone OS Marketshare

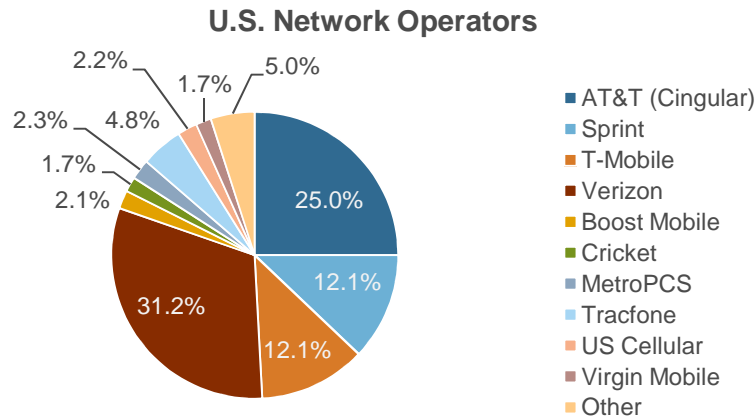
Smartphone Penetration



comScore MobiLens
 Three month average ending December 2009, U.S.

Verizon Tops Among U.S. Mobile Network Providers

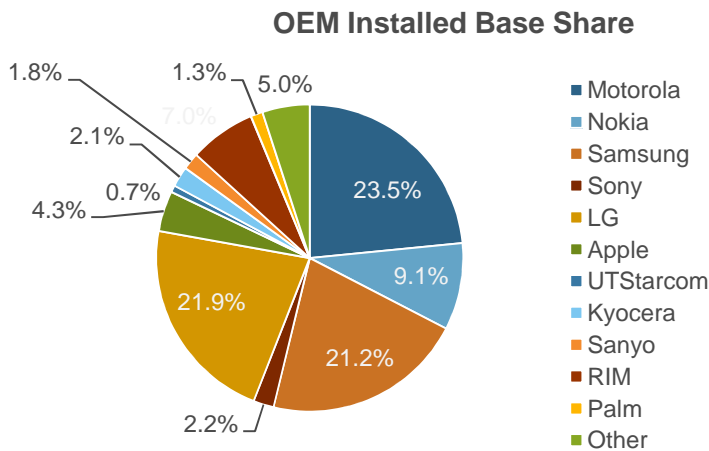
The largest four mobile network providers, Verizon, AT&T, Sprint and T-Mobile, combined to account for 80 percent of the entire U.S. mobile subscriber market in December 2009. Verizon led as the largest service provider in the U.S. with a market share of 31.2 percent in December, followed by AT&T with 25.0 percent share. Sprint and T-Mobile each captured 12.1 percent of the market



comScore MobiLens, Three month average ending December 2009, U.S.

Motorola Continues to Lead OEM Market in 2009

Motorola led the OEM (original equipment manufacturer) market in December 2009 with 23.5 percent of devices owned by mobile subscribers. While many of these handsets are legacy devices, Motorola has also made a more recent splash in the market with the introduction of the Droid and the Cliq. LG captured the second largest share of the handset market with 21.9 percent (up 2.0 percentage points versus the previous year), followed closely by Samsung with 21.2 percent (up 2.7 percentage points). Apple captured 4.3 percent of the OEM market, up from just 1.9 percent share in December 2008, as the iPhone continued to gain traction.



comScore MobiLens, Three month average ending December 2009, U.S.

Looking Ahead to 2010

Emerging from Recession Offers New Opportunities for Digital Marketers

As we begin to emerge from the recession, 2010 is a year that the digital media industry should be greeting with tempered optimism. 2009 compelled many businesses to streamline operations, focus on their core businesses and seek opportunities in new markets, all of which can be very effective drivers of a company's long term growth. The critical question is whether or not the economy will see sustained increases in consumer demand, which is necessary to drive continued growth in the digital advertising sector. Companies that are most efficient in scaling up their operations and in developing new and innovative approaches to complex business issues are the ones who will capture the largest share of the pie as the economy rebounds.

With that in mind, the following are some of the key digital media trends that businesses should consider as part of their broader strategies if they want to position themselves for success in this arena in 2010:

- Despite a significant drop-off in growth rates, e-commerce remains a relative bright spot for retailers. New buyers continue to enter the channel, and as average spending per buyer rebounds off its 2009 lows the e-commerce channel should return to healthy growth rates. The online media channel also continues to be an important driver of offline purchase behavior, so marketers in all industries need to retain a clear focus on having an online presence, where their consumers frequently begin the purchase process.
- Social networking and social media continue to drive much of the innovation occurring around the Internet today. A critical challenge remains the ability to effectively harness the marketing intelligence inherent in the way people communicate and interact with one another through the digital medium and make it actionable. Even as new capabilities emerge that leverage the "social" value of the medium, it is worth remembering that this channel can already deliver substantial reach for ad campaigns and despite low click-through rates there is measurable view-through value from these ads.
- The U.S. search market saw significant innovation from the core engines in 2009, with Bing's growth promising to make the market more competitive. The trends to watch in 2010 include increased integration of real-time (i.e. Twitter) and vertical-specific search results as the engines seek to both improve the user experience and move the consumer more efficiently down the decision funnel.
- Online video continues to capitalize on the continued increase in media fragmentation, consumer generated content, and a rising generation of consumers very comfortable using their computers as primary or secondary entertainment devices. As this market has emerged, higher quality video and more seamless integration of video ads are emerging and adding value to the digital advertising market -- to the benefit of both advertisers and publishers.
- The digital display advertising market is innovating on several fronts right now, including the emergence of new ad units that promote higher engagement, cutting edge ad targeting techniques, the development of niche audience ad networks, and the increasing popularity of online ad exchanges to buy and sell inventory. Each of these developments is contributing to the improved allocation and effectiveness of digital ad campaigns. Marketers must maintain a critical eye on the performance of their campaigns, in relation to how both digital media and traditional media components are performing.

- With so many new smartphone models reaching the market in 2009, the next year promises a rapid increase in market penetration of these devices, which likely means a corresponding uptick in mobile web usage. As more consumers turn to their mobile devices for consuming content and managing their digital lives, there is significant opportunity for innovators to deliver new value to consumers in how they use these devices. The development of mobile applications across new platforms also presents new business opportunity and monetization potential for publishers and developers alike.

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 January 2009, 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 1,200 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, Nestle, Starcom, Universal McCann, the United States Postal Service, the University of Chicago, Verizon Services Group and ViaMichelin.

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