

Online holiday shopping soars

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Online holiday sales jumped this year, with one prominent survey reporting a 30-percent increase over last year's cybershopping.

The Goldman, Sachs & Co., Nielsen//NetRatings and Harris Interactive fifth annual Holiday eSpending Report, released Thursday, showed that online holiday shopping totaled \$30.1 billion, excluding travel, during the 2005 holiday season. This season's online spending in the United States resulted in a 30-percent increase from the 2004 holiday the group reported.

The survey looked at the holiday period of Oct. 29 to Dec. 23.

"Consumers continue to shop later in the online holiday season as their trust in on-time delivery grows. While 2005 holiday sales appear to be at the high end of expectations, continued heightened competition could hurt profitability," said Anthony Noto, Internet and entertainment analyst, Goldman Sachs.

According to the final Holiday eSpending Report for 2005, online shoppers spent the most holiday dollars on apparel/clothing, totaling \$5.3 billion; with this category enjoying 42 percent growth from last year's online shopping. Computer hardware/peripherals ranked next in dollar terms, with total online spending hitting \$4.8 billion, showing a whopping 126 percent year-over-year growth in online revenue, the strongest growth this season.

Consumer electronics garnered \$4.8 billion in online spending and jumped 109 percent year-over-year. Books and toys/video games garnered \$3 billion and \$2.3 billion in online revenue, respectively. The books category jumped 66 percent in revenue from last year, while toys/video games actually fell 9 percent from the 2004 holiday season.

One analyst explained there was no "must have" toy to drive sales.

"Apparel remains one of the more dominant product categories during the holiday season, mirroring offline holiday retail behavior," said Heather Dougherty, senior retail analyst, Nielsen//NetRatings.

"Computer hardware and consumer electronics had a stellar season with the price reductions for laptops, plasma TVs, color printers as well as high demand for iPods, digital cameras, and media accessories. The 2005 holiday season was a gadget year for consumers of all ages, and consumers continued to show their love for free shipping."

Dougherty added, "Toys and video games were not as fortunate this year, with a lack of the must-have toy to drive sales. Moreover, the line

between product categories are blurring with the introduction of more hybrid devices that can be considered consumer electronics or computer hardware."

The group's report surveyed more than 1,000 consumers a week to capture consumer spending habits, attitudes and motivations, totaling more than 8,600 shoppers throughout the season. As part of the survey, consumers have been asked to break down their holiday budget amongst various sales channels.

According to the report, while traditional brick-and-mortar stores continued to hold the majority, or 68 percent of the 2005 holiday spending, it dropped 10 percentage points from the 2002 holiday season, when consumers said they intended to conduct 78 percent of their holiday spending in stores.

In contrast, the report said, the online sales channel rose 11 percentage points, garnering 27 percent of total budgets this year from 16 percent four years ago. Catalog buying remained steady at five percent this year, compared to six percent in 2002.

"E-commerce is gaining ground amongst consumers during the holiday season due to its convenience, product selection and lower prices. Most importantly, holiday shoppers are diligent about finding the best price" said Dougherty.

"The continued popularity of search engines, such as Google and Yahoo!, highlights the ease of researching product selection and availability, and with a longer shopping season, it was much easier to wait for additional price reductions."

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