

Web shopping only holiday retailing bright spot, Purdue expert says

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Despite anticipated weak holiday retail sales overall, Internet holiday shopping is expected to increase at least 10 percent, said a Purdue University retail expert.

Online sales are estimated to be \$35 billion to \$40 billion this holiday season, which is less than 7 percent to 9 percent of all holiday shopping, said Richard Feinberg, a researcher with the Purdue Retail Institute.

"Internet holiday shopping will be the only winner this year," he said.

Feinberg said Internet holiday shopping peaks two weeks before Christmas because consumers believe Dec. 8-12 is the last period they can order something and receive it in time for Christmas.

The Internet equivalent to Black Friday - the day after Thanksgiving that is the traditional start to holiday shopping - is Cyber Monday, which is the Monday after Thanksgiving.

Consumers are attracted to the Internet on Cyber Monday because they are checking to see if Internet retailers have things they could not find, or if they can get what they saw in stores at a lower price, Feinberg said. The institute estimates there will be 35 million Internet shoppers that day this year.

He said the busiest hours for online shopping are noon to 4 p.m., which might be bad news for employers.

"No one really knows how many work hours are lost as workers shop online," Feinberg said. "Business is facing a dilemma. If they let shopping from work occur, they lose money and productivity. If business does not allow shopping from work, they may cause hostility and dissatisfaction in their work force, which also can lead to lost productivity, and other problems. It may be that allowing workers to shop on the job actually increases productivity."

Shipping is one of the keys to a successful season for Web retailers, Feinberg said.

"If Internet retailers want consumers to order through the holiday period, they have to make certain they have shipping that will get the product to them on time," Feinberg said.

"Free shipping continues to be the magic words that attract shoppers."

Feinberg said more than 50 percent of online retailers will offer free shipping and more than 75 percent of them will offer special deals.

The Internet also drives store sales, Feinberg said.

"Seventy-five percent of all consumers we call Millennials or Gen Y'ers (born 1977-1997) say they research online before purchase," he said.

"Fifty percent of the Boomer generation also researches online before going to stores. The quality of online information about products is related to going to that brick-and-mortar store."

Research at the institute, Feinberg said, also suggests consumers search for brand names and model numbers on the Internet, and local stores that do not have a specific model or brand will be losing sales to Internet retailers who do have it.

The institute estimates 135 million consumers will buy holiday gifts online this year, including 5 million new households who have not previously done so.

"More consumers have broadband access, which is important for a positive online shopping experience," Feinberg said. "More consumers have had a good experience shopping online and are more likely to purchase this year."

Holiday Internet shopping represents 30 percent to 40 percent of total shopping online, Feinberg said.

Provided by Purdue University

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