

Holiday Web shopping looks brighter than last year

November 26 2009, By RACHEL METZ , AP Technology Writer

(AP) -- Online retailers hope the convenience of the Web, plus discounts and deals, spur still-nervous shoppers to spend more online this holiday season - even as traditional retailers brace for mediocre sales.

Internet analysts at [comScore](#) Inc. expect online retail revenue to rise 3 percent to \$28.8 billion for the months of November and December. That includes the Web sites of traditional retailers, such as Macy's, but excludes auctions, travel and large corporate purchases.

Meanwhile, U.S. holiday retail sales - excluding online - are expected to drop 1 percent from last year, according to the National Retail Federation, the largest retail trade group.

Online estimates and data-gathering methods vary, but e-commerce analysts and Web retailers agree: This year can't possibly be as bad as last year, when the shock of the financial meltdown was still fresh for consumers. ComScore charted a 3 percent drop for Web retail that [holiday season](#) - the first such decline since it started tracking the category in 2001.

Much of the growth expected in online shopping - which now accounts for about 7 percent of overall retail sales, according to Forrester Research - is attributed to one factor in particular: Shopping online is a major time saver. You can sidestep crowds, compare prices and ship gifts anywhere without leaving your couch or taking off your bunny slippers.

Jennifer Lankford, 28, expects to buy gifts on the Web for her young cousins and boyfriend this year, saying she hates waiting in lines.

"I can only spend so much time in stores or in a mall before I need to get out of there," she said.

For Lankford and many other consumers, online shopping is also synonymous with bargains. Steep discounts and free shipping are expected to be the norm this holiday season.

EBay Inc. is trying to woo customers to its huge online marketplace by focusing on holiday deals that include free shipping and guaranteed returns on new items from sellers.

It also is promoting products that are new but not necessarily the latest and greatest. On billboards in San Francisco, for example, eBay reminds consumers they can save money by buying last year's models. That should appeal to shoppers who want to be frugal but still desire name-brand products such as Garmin navigation units, said Lorrie Norrington, president of eBay marketplaces.

EBay and other e-commerce sites may also get a boost from shoppers who turn to the Web for items that can be hard to find at "brick-and-mortar" stores.

One hot product - the \$10 Zhu Zhu Pets interactive mechanical hamster - is already sold out at many traditional stores. You'll have to shell out several times as much to get them online, but they are still available on Amazon, [eBay](#) and other Web sites, through third-party sellers.

Big retailers such as Toys R Us Inc. and Best Buy Co. also are using the Web, especially social sites like Facebook, to steer buyers to discounts. Forrester analyst Sucharita Mulpuru said more companies are giving out

coupon codes on Twitter in particular.

That approach might be becoming more widespread not only because it helps retailers reach customers, but also because the method's effectiveness is easily tracked.

Analysts also think consumers will be spending even more time perusing sites with coupons and deals, comparing prices and reading reviews.

"People want to make sure they're getting the best deals they can get," Mulpuru said.

Perhaps no Web retailer has been as successful at convincing consumers that it has bargains as Amazon, which managed to shrug off the recession last year and reported what it called its "best ever" holiday season. Amazon's fourth-quarter revenue rose 18 percent to \$6.7 billion last year.

The company expects even better growth this year. Current best-selling items range from Amazon's own \$259 Kindle electronic reading device to a \$30 Lego City advent calendar.

Paul Ryder, Amazon's vice president of consumer electronics, said that the economy seems more stable now than it did a year ago, when reluctant shoppers caused a bit of retailer panic.

"This season is not like that," he said, "but I think every retailer recognizes that customers are watching their pennies."

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