

# Online shopping moves into mainstream

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When it comes to the holiday shopping season, online purchases have not only earned a seat at the adult's table but are increasingly eating all the food.

Long regarded as a mere curiosity to bricks-and-mortar shopping, online retailing has exploded during this year's holiday shopping season, surprising even the most optimistic of retail observers.

"Personally, I don't understand why a lot of people don't shop online more," said Cole Robertson, 25, a student at Winona State University in Winona, Minn. "The selection is broader, you can sit in your living room, and everything gets delivered to your doorstep."

While traditional in-store purchases generate the vast majority of retailers' annual sales, the pace of e-commerce has surged since the beginning of the year. From Nov. 1 to Nov. 28, digital sales soared 15 percent to \$15 billion from the same period in 2010, according to comScore.

On Black Friday alone, sales jumped 26 percent to over \$1 billion, while [Cyber Monday](#) pulled in another \$1.25 billion.

And recent data suggests December is off to a good start. As of Dec. 7, Internet sales were up 27 percent compared with the same point in 2010, according to the Chase Paymentech Cyber Holiday Pulse Index. The online growth retailers enjoyed in early November has slowed only slightly, the index said.

The ferocity of sales has convinced some analysts that online holiday shopping has crossed a threshold of sorts, in which Internet sales have become an end unto themselves and not just a way to grab a few leftover dollars that eluded stores.

"We're at the tipping point," said Mike Moriarty, a partner in the retail practice at global management consulting firm A.T. Kearney. "If I ever doubted the Internet changed my life, this is the year that it did."

There are several reasons behind this surge. First, Internet shopping continues to be highly convenient, especially for consumers unwilling or unable to brave [cold weather](#) and long checkout lines. Throw in free shipping, as Amazon.com and Wal-Mart have done, and consumers are running out of reasons to leave their homes.

Take Anna Rendell, 29, of Burnsville, Minn. Rendell, a blogger, estimates she will devote 30 to 40 percent of her holiday shopping to online purchases compared to just a few purchases last year.

"For me, it's been awesome because I don't have to fight the crowds and find parking," said Rendell, who is several months pregnant. Even if she weren't expecting a child, Rendell said she would have spent more online this year. "If there is an opportunity to buy online than buy at the store, then yeah, I'll buy it online," she said.

Another major factor behind holiday e-commerce: Retailers are just doing a better job at it, both from a technical and marketing standpoint.

For the most part, retailers' websites and mobile software performed well during the Black Friday crunch, said Nisheeth Mohan, a senior product manager at Keynote Systems Inc., a firm that monitors retail websites.

Best Buy Co. Inc. in particular boasted the best load times across its mobile networks. Even the much-maligned Target.com, which crashed twice in recent months, held its own on Black Friday and throughout the weekend despite some problems on Thanksgiving Day.

"Having a reliable website is extremely, extremely critical" to growing holiday sales, Mohan said.

Online promotions and merchandising have also become more sophisticated. Rendall, for instance, says she loves the exclusive products found at Target.com.

"Retailers have gotten good at targeting consumers with specific promotions," said Mia Shernoff, executive vice president of marketing with payment processor Chase Paymentech.

Robertson, the student, says retailers offer better - and longer lasting - deals online than the familiar door busters of [Black Friday](#).

"Online stores have almost unlimited product to sell," Robertson said. "Almost everything that I 'liked' on Facebook had deals through the week ranging from 25 to 75 percent off, and Amazon and eBay had great deals that often beat the doorbusters (at retail stores)."

With the exception of Costco, which boasts no restocking fees, and the Apple Store, which offers great service, Clint Rasschaert, 37, says he sees almost no reason to visit traditional stores. The Minnetrista, Minn., resident, who works in finance, devotes about 80 percent of his [holiday shopping](#) to the Internet.

"I go into a bookstore and don't find what I'm looking for," Rasschaert said. "I go to Amazon and, bam, it's there, delivered for free, and I don't pay taxes."

In the end, the biggest reason behind this online frenzy is simply time. Younger shoppers like Robertson excel at using mobile devices and apps to research products and prices. But even older consumers are trusting websites more, analysts say, whereas in the past they would be wary to fork over their credit card information to a machine.

"Consumers feel more comfortable with making purchases online or even with their mobile devices," Shernoff said.

For retailers, this could be an especially promising trend, as we're not even in the peak period of online retailing. Typically, the last two weeks leading to Christmas experience the highest volume of [Internet sales](#).

In some ways, shoppers have no choice but to embrace e-commerce.

Given the prevalence of online transactions, "you'll be dragged kicking and screaming onto the Internet whether you like it or not," Rasschaert said.

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