

'Cyber Monday' highlights online holiday shopping rise (Update)

December 2 2013, by John Biers

The early buzz is that "Black Friday" shopping weekend was a bit of a disappointment for retailers, but hopes remained high that "Cyber Monday" would score big gains.

This year's installment of Cyber Monday, which offers up its own plethora of online promotions on the heels of the aggressive "Black Friday" price-cutting, comes amid greater-than-ever signs of the increased importance of online shopping to the entire retail industry.

Forecasters project just three to four percent growth in the entire retail sector this holiday season, while online shopping is expected to soar 13 to 14 percent in the 2013 season.

"The overall season for November and December is off the roof," Chris Christopher, director of consumer economics at IHS Global Insight, said of online trends. "Some of the retailers have sold out of all their online goods."

Christopher estimates that online shopping will account for 13.5 percent of the total retail shopping sales this holiday season, up from 12.3 percent last year.

In an update released midday Monday, IBM Digital Analytics said that 2013 Cyber Monday online sales were on track to rise 21.4 percent from last year.

Online shopping has always had its appeal in enabling consumers to avoid mobbed shopping malls.

Major trends that encourage even more online retail include the increased importance of online sales to brick-and-mortar retailers like Wal-Mart Stores and Best Buy, the proliferation of same-day and other fast-delivery options that could allow more shoppers to shop online until just before Christmas and the advent of new mobile technology tools to shop.

Retailers consider the holiday shopping period, which has traditionally begun on Thanksgiving, as the most year's most important season, accounting for 20 to 40 percent of an individual retailer's overall sales.

Analysts have described the US consumer as cautious in the 2013 season, owing to low economic growth and weak job growth. Wealthier consumers are considered somewhat more likely to spend this year, due to higher home prices and appreciating stock values.

The National Retail Federation Sunday gave a somewhat disappointing early appraisal of Black Friday weekend, estimating that total sales reached \$57.4 billion, a 2.7 percent decline from last year's \$59.1 billion.

Analysts caution that early reports like the NRF figures are based on surveys and hard data is still unavailable for the big weekend, as well as for Cyber Monday.

But FedEx predicted that Monday would be the "busiest day in FedEx History," with the shipping giant handling 11 percent more packages than last year at 22 million packages overall, more than twice a normal day.

A PayPal spokesman said that as of midday Monday, it expected Cyber Monday to "its busiest shopping day of 2013" based on the number of payments.

Cyber Monday "has historically been our biggest day of the year, and we expect to be again this year," said executive vice chairman Johnathan Johnson at discount online retailer Overstock.com. "This is a day when the deals are deep."

The tradition of Cyber Monday harkens back to the early days of the Internet, when consumers relied on faster Internet connections at work to take advantage of deals.

A survey by CareerBuilder found 54 percent of Americans will spend some time at work shopping online for the holidays. And Adobe Digital Index analysts project Cyber Monday to be the largest single online shopping day in the history of the Internet, with sales of \$2.27 billion.

ComScore, which analyzes online shopping trends, estimated that Americans spent \$1.2 billion on line during Black Friday, an increase of 15 percent from last year.

ComScore projects that online sales from personal computers will jump 14 percent to \$48.1 billion this season and 13 percent to \$7.1 billion from mobile devices.

Overall US online retail sales will reach \$508 billion by 2020 compared with expected online sales of \$260 billion in 2013, according to a study by FTI Consulting.

"The influence of the online channel has increasingly become a central component of the holiday shopping season, and our upward revisions reflect the fact that online sales in 2013 have exceeded our previous

expectations," said Steve Coulombe, a managing director at FTI.

Tablet-enabled mobile commerce is "knocking down barriers in mobile transacting that the smartphone couldn't," Coulombe added.

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