



Internet holiday sales expected to rise 15%

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ONLINE HOLIDAY RETAIL SALES

Increases are expected this season despite the economy.



Source: Forrester Research Inc.

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Michelle Hewitt saved a ton of money on [Black Friday](#) last holiday season, sweeping up toys, clothing and bedding.

But she never left her home.

"I'd rather look online in the comfort of my own home," she said. "It's just chaos out there."

For some [holiday shoppers](#), the real deals aren't reaped by shivering for hours in the pre-dawn chill in a crowded big-box store parking lot.

Hewitt, 29, a Sacramento mother of two, does virtually all her [holiday shopping](#) online and wasn't that impressed when her husband hauled home a flat-screen television after a night of Black Friday madness.

"I'd rather pay \$200 or \$300 more than go through that experience," she said.

Even with a recession dogging the season, Internet shoppers are expected to increase [online sales](#) by as much as 15 percent this holiday season. Compare that to an anticipated 1 percent decrease in overall retail sales this season.

"It helps to see where online is a bright spot in the retail economy," said [Scott Silverman](#), executive director of Shop.Org, the digital division of the [National Retail Federation](#).

The [NRF](#) is estimating a 15 percent increase in [online sales](#), though other estimates range as low as 8 percent. Still, it's a shot in the arm for a down economy.

Nationwide, online shoppers in November and December are expected to drop \$44.7 billion worth of merchandise into virtual shopping carts, nearly double the amount spent online during the 2004 season, according to Forrester Research Inc.

"People view the Internet as the place to get really good deals," Silverman said. "During a recession, it's even more so."

Big-ticket items, such as [home furnishings](#), or higher-end purchases, such as fine jewelry, might not get the same online boost, said [Drew White](#), the chief financial officer with Sageworks Inc., a financial information company that tracks privately held businesses.

"Yet it's an opportunity for stores to increase their sales by developing an online presence," he said.

Silverman and other Internet watchers say online shopping is maturing into a widespread convention with universal appeal, thanks to better technology, better security and an online "store" from nearly every major retailer.

"It's fairly mainstream," Silverman said. "Every year we see the demographics are getting more like shopping altogether."

Nearly 63 percent of shoppers 65 and older will do at least some seasonal shopping online, according to an online survey by the [NRF](#).

The same survey found that 78 percent of all adults will shop online this season, with 16 percent buying half or more of their purchases online.

With every dollar crucial this season, consumers shopping online will be encouraged by the feeling that they've exhausted every possibility for that best buy, said [Shaukat Shamin](#), CEO of Permuto, which sells banner advertising for online sites.

"The biggest thing is a sense of having a complete picture of what's out there. Shoppers feel they can make a more educated decision," he said.

More than ever, analysts say, online retailers or "e-tailers" will capitalize on new eyeballs, offering deals exclusively online or enhanced experiences, such as the Web site for [Eileen Fisher](#), the women's clothier, which allows customers to "shop the look," by putting components of a selected outfit on one page.

Free shipping, a big incentive to draw online shoppers, will be all over the Web this season, Shamin said.

Social networking tools will also significantly drive traffic this season, with early deal alerts going out on Facebook or Twitter, Silverman said. American Eagle Outfitters' Facebook page has 601,415 "fans" who have signed up to get online advertising.

Some retailers with both online and traditional operations make the same deals they offer to Black Friday shoppers in their stores available to online shoppers starting at midnight Friday.

And much as Black Friday has become a marketing event to kick off brick and mortar [holiday shopping](#) on the day after Thanksgiving, online retailers have begun to tout the following Monday as "Cyber Monday" to mark the start of online [holiday shopping](#).

Analysts point out that Cyber Monday has not yet become THE day to shop online. The actual largest sales day seems to coincide with shipping deadlines for receiving merchandise before Christmas.

Permuto's research shows that the top sales day in the 2008 season, Dec. 9, outdistanced Cyber Monday by \$41 million in sales, a pattern repeated in previous years.

But e-tailers still target promotions for that day, he said.

PayPal, the online payment service, which has 78 million active accounts and covers 15 percent of U.S. online transactions, says its records show that both Black Friday and Cyber Monday are strong online shopping days.

On Black Friday, the dollar amount in payments jumps 31 percent, 27 percent on Cyber Monday, said [Giles Cassels](#), the company's online shopping expert and senior marketing manager.

"They're very real events," he said.

The growth in [online sales](#), though, doesn't mean the end for stores, said [Malachy Kavanagh](#), a spokesman for the [International Council of Shopping Centers](#).

Internet shopping will be only about 10 percent of the \$437.6 billion the [NRF](#) predicts in overall retail spending during November and December.

Much the way catalogs have remained steady at 5 percent of retail sales, [online sales](#) will never fully replace the in-person shopping experience, he said.

Some shoppers will always want to try on clothes, test electronics, and feel linens before they buy and they don't want to ship returned merchandise, he said.

And big retailers can still offer unbeatable deals, such as Wal-Mart's toys for \$10, he said. "You're not going to beat that if you add shipping."