

Cautious Optimism For Holiday Season Spending

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Online sales growth likely to reach double digits

Another holiday season is approaching, meaning another opportunity for retailers to increase sales, boost new customer acquisition and fatten their revenue totals for the year.

Based on ecommerce spending trends so far this year, online and multichannel merchants are optimistic, always depending on the slippery road of economic recovery.

“Price-conscious consumers will shift more of their gift spending from stores to the internet in order to take advantage of web features that make it easy to compare prices and find good deals,” said Jeffrey Grau, eMarketer principal analyst and author of the new report, “Online Holiday Shopping Preview: What Retailers Need to Know.”

Despite an economy that remains sluggish, online sales have shown strong growth in the months leading up to the holiday shopping season. As of July 2011, MasterCard Advisors’ SpendingPulse report estimated online retail sales growth of 14.0% year-over-year from all payment forms, not just the company’s own credit card.

comScore’s Q2 2011 retail ecommerce sales estimate, released in August 2011, was more conservative than MasterCard’s but still reported growth at 14%, up from 12% in Q1 2011.

Based on research and interviews with a variety of industry experts, eMarketer expects online holiday sales to be on par with or surpass last year’s results.

That would mean growth of at least 12% this year, according to comScore’s historical data. The firm reported that online spending grew 12% on volume of \$32.8 billion for the 2010 holiday season, which it defines as the months of November and December.

“First-half ecommerce sales estimates are strong and industry experts have reasons to be optimistic about the 2011 online holiday shopping season, but the volatile global economy could cause consumers to cut back on spending,” said Grau. “Affluent consumers, who account for a high share of online sales, spend freely when their stock portfolios are healthy. But market downturns have historically undermined their sense of financial security, causing them to pull back on discretionary spending.”

Retailers must be prepared to adjust their merchandising and promotional strategies for various consumer-demand scenarios.

The full report, “Online Holiday Shopping Preview: What Retailers Need to Know” also answers these key questions:

- What is the outlook for the 2011 online holiday shopping season?
- How will budget-minded consumers shop online to find the best deals?
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- What effect will mobile and social have on holiday shopping?
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- What can marketers still do to help ensure a successful holiday season?

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