



Holiday eCommerce retail sales expected to rise. Will your business benefit?

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The US Online Holiday Retail Forecast, 2009, predicts that eCommerce holiday retail sales will increase by eight percent this season, totaling \$44.7 billion. According to the authors of the report, Forrester Research Inc., this represents both a projected increase of \$3.3 billion in sales from last year's online holiday retail sales, and an ongoing trend of consumers utilizing the web for shopping- despite the current downturn in consumer spending.

Why the upsurge in eCommerce spending?

For online retailers, eCommerce offers a highly targeted way to reach customers who may otherwise be inaccessible. But according to Forrester's report, shopping online for consumers is all about savings and convenience. They found that consumers are increasingly turning to online shopping because it allows for:

- Easy to compare pricing
- Avoiding crowds
- The best deals
- New gift ideas

Despite the dire state of the retail market, experts attribute the internet's continued ability to generate growth in sales as the primary reason for the predicted increase in holiday sales. Even as figures on traditional shopping trends have remained dismal, eCommerce sales have continued to burgeon- further demonstrating that the internet remains a lucrative space for retailers.

Online sales improving but not immune

In spite of Forrester's projections, even the internet is not immune to the lagging economy. Online retailers will still be forced to balance providing savings to consumers with protecting their own shrinking profit margins- a task that may prove to be impossible for many.

As a result, according to one eCommerce analyst, some of the changes that consumers can expect to see incorporated by eCommerce retailers this holiday season include, "more selective use of discounting and free shipping offers."

Other changes consumers may face also include:

- Fewer store-wide sales and more "limited-time" or "while supplies" last offerings
- Having to spend more in order to receive free shipping
- Smaller discounts in the form of sales, coupons and shipping discounts
- Waiting longer for the best deals to become available

According to Forrester, ninety-four percent of consumers who have made online purchases in the past three months plan to shop at web sites this holiday season, which is an increase of three percent from 2008. But according to some insiders, the question of what they will purchase- and how much- is still open for debate. They point out that while retailers are focused on ways to loosen the purse strings of eCommerce shoppers, consumers are equally committed to purchasing only when prompted by perks and other discounts- which may be harder to find this holiday season.

As a result of this uncertainty, Forrester indicates that retailers should anticipate:

- Smaller inventories
- Larger decreases in sales for smaller retailers
- Last minute spending from consumers as they wait for the best comps
- Increased business from e-commerce shoppers who are predicted to spend less on other gifts including: books, computer hardware, and software this year

While retail sales are not expected to totally rebound this holiday season, hope and potential profits still remain for retailers who effectively utilize eCommerce to their advantage.