

Holiday Online Shopping Report: 2005-2006

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For the sixth year in a row, the Atlas Institute studied anonymous online shopping and transaction activity to understand the behavior of customers during the critical holiday season. We analyzed transaction data from November 21, 2005 to January 31, 2006. These data represent more than a quarter of a trillion impressions and hundreds of millions transactions across 115 companies whose online campaigns are managed using the Atlas Digital Marketing Suite. Our measure of activity is an index, where a value of 100 indicates a day that had average shopping activity for the six-month period from September 2005 through February 2006. In Figure 1, we see the shopping activity for the 24 retail clients in our study.

During the Holidays, Mondays and Tuesdays show 25% greater activity than the rest of the week.

For the past six years we have seen a number of patterns that emerge over the holiday season:

- Shopping activity peaks in the weeks leading up to Christmas;
- There is a period of depressed sales immediately before Christmas; and
- Most shopping activity occurs on Mondays and Tuesdays.

Retail Holiday Sales Volume

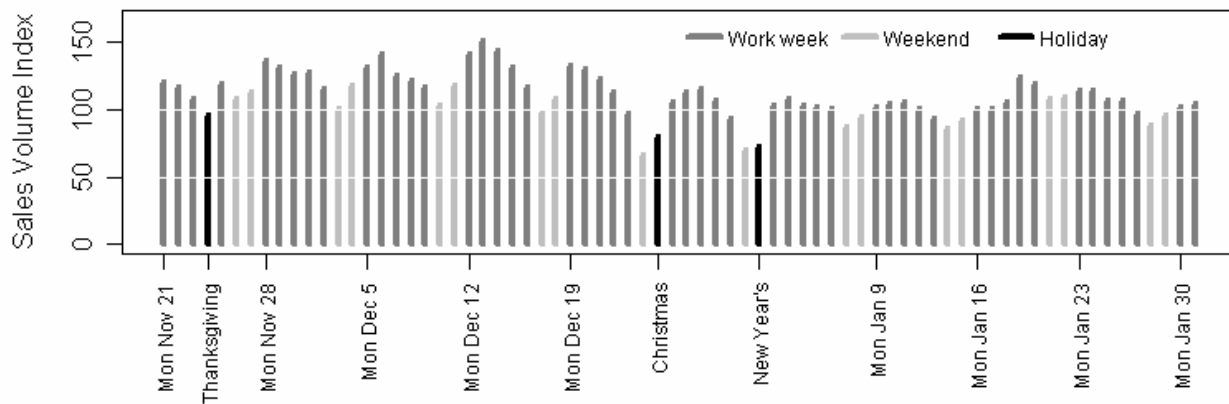


Figure 1: An index of sales volume by day for the 2005-2006 holiday season. A score of 100 indicates a day of average sales volume for the period. Weekdays are in dark gray, weekends are in light gray, and Thanksgiving, Christmas and New Year's Day are in black. The busiest shopping days are Mondays and Tuesdays, with lulls leading up to Christmas and New Year's.

In 2005, the busiest shopping day was Tuesday, December 13th, with shopping activity 51% above the average. It is surprising to see such elevated activity on Tuesdays, a departure from previous years. Mondays have historically been unassailable as the busiest day of the week. Also notable in this chart is the elevated performance of the week of December 19th, indicating that many customers are willing to test the boundaries of shipping time with online purchases. In 2005, there was 40% more online shopping activity in the week before Christmas than in the previous year.

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Figure 1 combines data for both click and mortar and online-only retailers. Since we have a large number of both types of clients in the study, we also examined their performance separately. Two chief differences emerged. First, advertisers that have only an online presence experience a greater “holiday rush” than those with both online and offline channels. This makes sense since all traffic must flow through the web for the internet-only retailers. The second difference was that advertisers with an offline presence had higher activity on Mondays and Tuesdays than did the online-only retailers. This result reinforces our hypothesis that early week activity is the result of consumers shopping in stores on weekends and then going online at the beginning of the work week to comparison shop, find out-of-stock items, or take advantage of the convenience of home delivery.

Industry Specific Holiday Patterns

We split the 115 clients into the following groups: retail, travel, insurance, finance, wireless communications and dating. For each of these we identified transactions on the client’s websites that were designated as sales confirmations or registration confirmations. In Figure 2, we see the pattern of transaction volume (indexed as in Figure 1) for clients in these industries*.

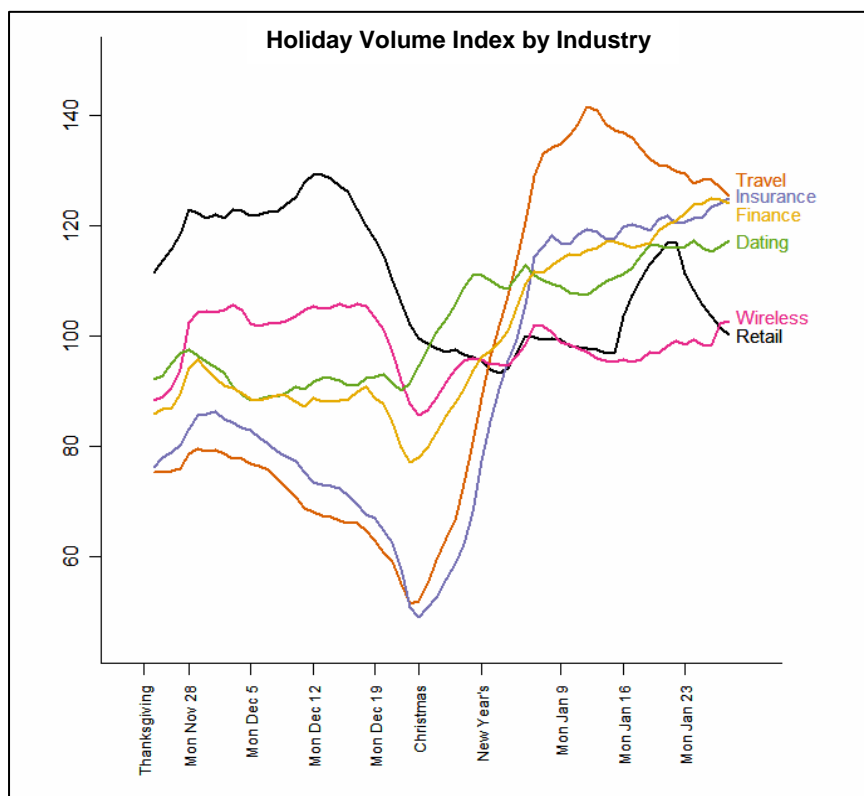


Figure 2: From the Monday before Thanksgiving till the end of January, we see an index of transaction volume for various industries. As in Figure 1, a score of 100 represents average shopping activity for that industry.

* In order to focus our attention on the broad trends, we have removed the weekly variation by taking a seven day moving average of the activity levels.

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Every line in Figure 2 tells a story. We have discussed the retail case in detail above.

- **Travel:** Shows very low activity leading into January with an extreme peak after the holiday lull. Notably, the travel peak is the highest point on the entire figure.
- **Insurance and Finance:** Both show a lull during the holidays, although the dip for insurance is much lower, and then a steady increase in activity as the new year begins. Finance and insurance show no indication of leveling during this time period.
- **Dating:** Perhaps the most fascinating case, dating activity shows an early lull in late November and December with a quick ramp-up around the holidays and headed into the new year. The holidays are famous for being a time of heightened loneliness for singles, and we see that reflected in the data, along with a resounding spike in activity from New Year's resolutions.
- **Wireless Communications:** Steady activity throughout the period indicating that activity for wireless phones and communications is less driven by holiday seasonality than the other industries we have discussed.

What we've learned

1. **Online retail holiday shopping is predictable:** We know that retailers will see a great increase in shopping activity leading up to Christmas. Unlike offline shopping, which peaks over the weekends, peak days online will be on Mondays and Tuesdays. For 2006, we predict the peak shopping day will be on Tuesday December 12th. Why this day? Procrastination pushes the peak shopping day closer to Christmas. The principal mitigating factor is concern of shipping delays. Concerns over shipping push the peak day back to the week of the 11th, while procrastination moves the peak day to Tuesday instead of Monday. Additionally, most shopping takes place during the work day—typically around lunch time.
2. **Holiday activity varies by industry:** As we see in Figure 2, there is great variability across industries. Retailers can decrease their spend as we enter the week before Christmas, precisely when dating advertisers should be increasing. Travel advertisers would be wise to quickly ramp spend in the two weeks after Christmas while insurance advertisers should intensify their budgets during January.
3. **Search behavior models that of transactions:** As in years past, we investigated search activity to study if clicks on paid search keywords showed any sort of holiday-specific behavior. We found these clicks reveal a similar pattern to our action index, although the pre-holiday peaks are less pronounced. Most clicks occur during the workday and during the workweek. Marketers should expect to bid more for keywords during these peak times and should carefully analyze their results to ensure that the increased click volume is worth the cost.

About the Atlas Institute

The Atlas Institute is the research and education arm of Atlas, a provider of accountable marketing tools and expertise for agencies, marketers, and publishers. The Institute publishes Digital Marketing Insights, a series of publications by Atlas senior marketing analysts and digital marketing experts that help our customers improve their digital marketing effectiveness. Many of these findings are also made available to the digital marketing industry at large. Each Digital Marketing Insight is designed to help marketers more successfully build value with their customers, throughout the customer lifecycle: from awareness to acquisition and from retention to growth. The Atlas Institute also provides education in digital marketing to Atlas customers and partners. To view a full listing of the Atlas Institute's Digital Marketing Insights, please visit www.AtlasSolutions.com/insights.

