

# Holiday Online Shopping Report: 2006-2007

## Looking Beyond Cyber Monday

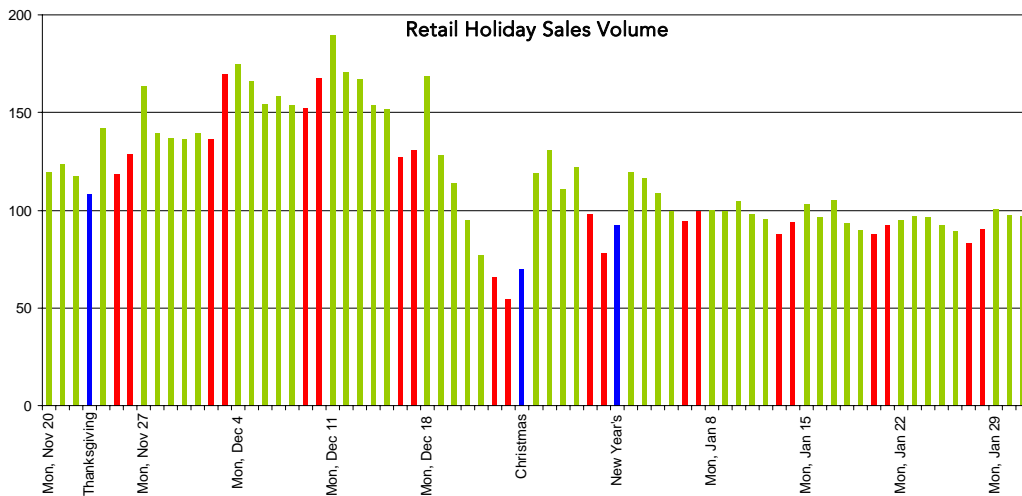
By Albert Kim

For the seventh year in a row, the Atlas Institute analyzed anonymous online sales and ad delivery to understand consumer behavior during the critical holiday season. We analyzed transaction data from November 20<sup>th</sup>, 2006 through January 31<sup>st</sup>, 2007. These data represent 670 billion impressions and 193 million actions across 182 companies whose online campaigns are managed using the Atlas Advertiser Suite. Our measure of activity is an index, where a value of 100 indicated a day that had average online shopping activity for the six-month period from September 2006 through February 2007. In Figure 1, we see the online shopping activity for the 19 retail clients in our study.

The second Monday before Christmas is typically the busiest day of the online holiday.

For the past seven years, we have seen a number of online 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.



**Figure 1:** An index of sales volume by day for the 2006-2007 holiday season. A score of 100 indicates a day of average sales volume for the period. Weekdays are in green, weekends are in red, and Thanksgiving, Christmas, and New Year’s Day are in blue. The busiest online shopping days are Mondays and Tuesdays, with a dramatic drop-off in sales after Cyber Monday, the busiest online shopping day.

In 2006, the busiest online shopping day (aka Cyber Monday) was Monday, December 11<sup>th</sup>, which recorded activity 89 percent above average. We’ve noticed a trend over the past few holiday seasons where the peak in online holiday shopping has begun to stabilize on the second Monday before Christmas. However, shoppers continued to push the limits of shipping options – Monday, December 18<sup>th</sup> displayed the second highest online shopping volume during the holiday season. The last Monday before Christmas (in years with

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adequate shipping time) has also established itself as a strong day of online sales, as this day is probably the last day shoppers feel comfortable placing orders to arrive in time for Christmas.

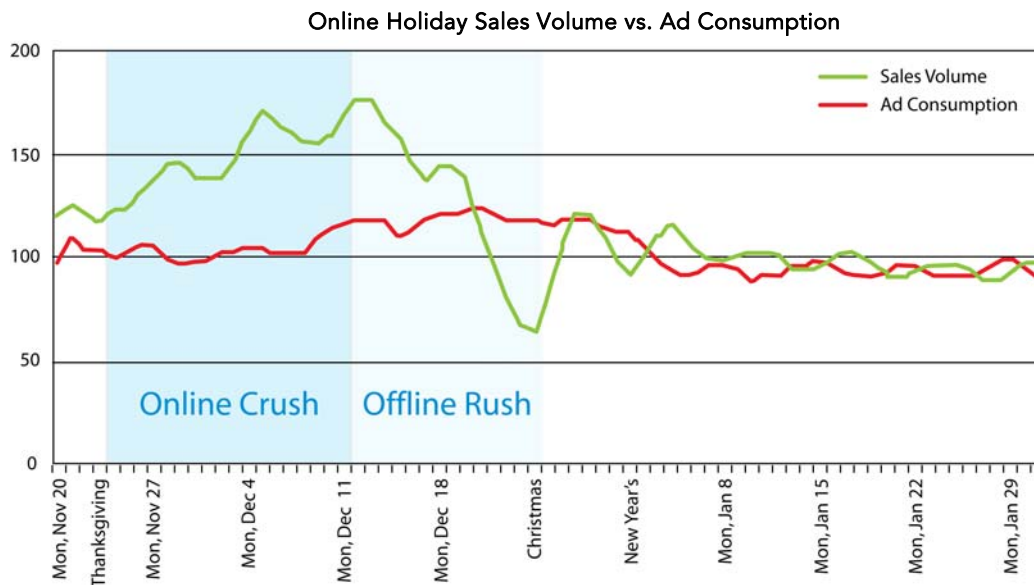
## What Happens After Cyber Monday?

Over the past few years, the second Monday before Christmas has emerged as the peak point for online sales. After this day, online shopping generally displays a dramatic decrease in sales until Christmas Day, which raises a couple questions for marketers:

1. Do consumers abandon the web after Cyber Monday?
2. Should online marketing tactics change after Cyber Monday?

To answer these questions, we analyzed anonymous user activity and ad impressions with the same guidelines for sales volume to create indexes for online users and ad consumption. As expected, there are more users online during the weekdays, supporting our previous hypothesis that consumers shop and browse online during the week, then shift their time to stores during the weekends. What's more intriguing, the overall volume of Internet users was fairly stable throughout the holiday season, irrespective of Cyber Monday. In fact, online usage was 10 percent higher between Thanksgiving and Christmas. More people are using the web to shop, research and browse, which represents an opportunity for advertisers to reach and influence these consumers consistently throughout the holiday season.

However, is a drop in online sales a reflection of how active users are online? For the holiday season as a whole, the average number of ads each user viewed increased 10 percent, suggesting that both the existing base of online shoppers prior to the holidays and new online prospects increased their online use during the holidays. Furthermore, in Figure 2, we noticed that online users were even more active after Cyber Monday.



**Figure 2:** Similar to the Sales Volume Index, an Ad Consumption Index of 100 indicates an average number of ads viewed per Internet user per day for the period. While online sales predictably drop after Cyber Monday, Internet usage and ad consumption continues to build throughout both the Online Crush and Offline Rush, peaking on December 20<sup>th</sup>.

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To the online shopper who wonders if they're seeing more ads during the holidays, the answer is simple: yes you are. The highest levels of ad-viewing occurred on Wednesday, December 20<sup>th</sup>, well past the busiest online shopping day. During the Online Crush between Thanksgiving and Cyber Monday, ad-viewing increased only three percent. However, during the Offline Rush between Cyber Monday and Christmas, the rate of ad consumption increased by 18 percent. Thus, while online sales decline after Cyber Monday, consumers continue to flock to the web for last minute gift ideas and to research items still left on their shopping lists.

## What We've Learned

1. **Online retail holiday shopping remains predictable:** Mondays continue to be king. Online shopping activity swells after Thanksgiving, climaxing on the Monday two weeks before Christmas. It's interesting to note that there is a similar "Black Friday" effect online, much like that of offline sales. Sales on the Friday after Thanksgiving were 42 percent above average. Unlike offline shopping, which peaks over the weekends, peak days online will be on Mondays and Tuesdays. For 2007 we predict the peak online shopping day will again be on the Monday two weeks before Christmas – December 10<sup>th</sup>. We select this day, not only for the aforementioned trends, but also due to the push and pull of human procrastination and shipping concerns. While procrastination pulls the peak shopping day closer to Christmas, shipping concerns push the peak day back.
2. **Advertisers have opportunities through both the Online Crush and Offline Rush:** As we see in Figure 2, increasing marketing budgets for the holiday season translates to both increased reach to new shopping prospects as well as increased ad frequency. However, the highest consumption of ads occurred after the primary rush of online purchasing activity. Advertisers would be wise to adjust their messaging and offers to the mental and behavioral shift that occurs on Cyber Monday. For instance, advertisers can allay consumers' shipping concerns with offers of guaranteed shipping. Consumers will also be attracted to in-store pickups, and last minute deals that are highlighted "still in stock" in your brick and mortar stores.
3. **Target campaign messages and distributions to those at work, before the peak shopping day:** As our Atlas Institute Daypart Analysis study<sup>1</sup> reported, prime transaction hours are between noon and 4 pm EST. Repeating this analysis for the 2006 holiday season confirmed that shopping behavior is no different during this time. It may be worth considering paying a premium for space on Mondays and Tuesdays, placements during the middle of the day, fixed one-day placements or high-impact rich media. Although Cyber Monday might be the peak in online sales, it's important to maintain an online presence throughout the holiday season.

## About the Atlas Institute

The Atlas Institute is the research and education arm of Microsoft Advertiser and Publisher Solutions, a provider of accountable advertising tools and expertise for agencies, marketers, and publishers. The Institute publishes Digital Marketing Insights, a series of publications by 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. To view a full listing of the Atlas Institute's Digital Marketing Insights, please visit [www.AtlasSolutions.com/insights](http://www.AtlasSolutions.com/insights).

<sup>1</sup> <http://www.AtlasSolutions.com/pdf/DaypartAnalysisDMI.pdf>