



2011 Holiday Sales Trends - MerchantTribe.com



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MerchantTribe is a free, open-source ecommerce platform that collects analytics data from stores as a group and identifies trends. Merchants who share data receive advice on how to help their stores sell more online. During the 2011 holiday sales season MerchantTribe collected online purchase data and this report details some of the results.

This report analyzes data collected between November 24, 2011 and December 24th, 2011. Specifically the report is interested in looking at online retail customer behavior immediately following the Thanksgiving holiday in the United States until just before Christmas.

The data collected was provided by online stores using the MerchantTribe shopping cart software. The merchants represent a broad horizontal cross-section of B2C stores as opposed to a specific vertical market. The stores sell

items like Sporting Goods, Books, Software, Clothing and Electronics which are common retail segments.

Daily Orders

An analysis of daily order

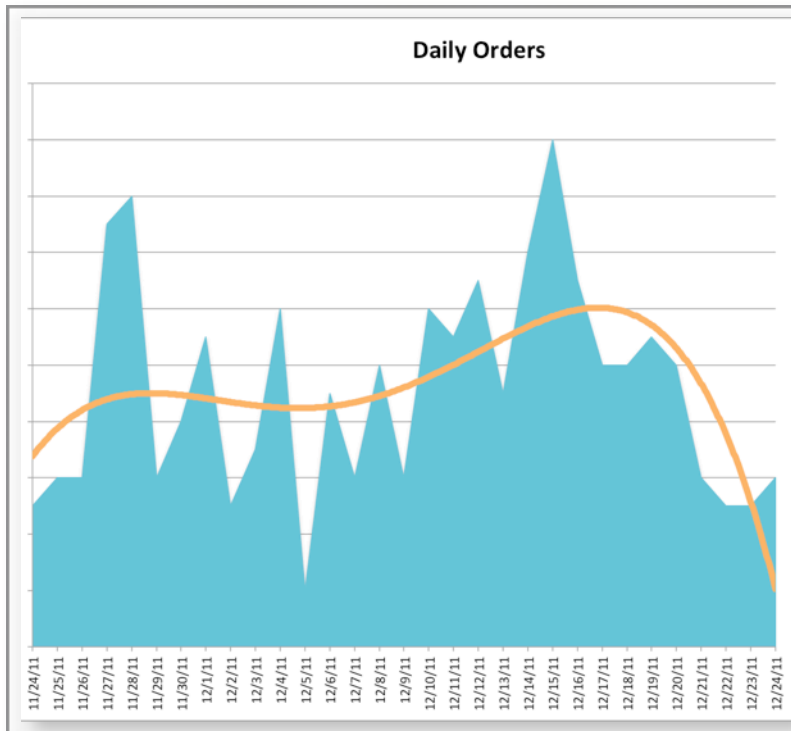


Figure 1

count was completed (figure 1) by looking at the total orders across all stores where the amount of the order was greater than zero. Free orders were not seen in any significant number and would not have impacted overall trends had they been included. Data was

normalized so that high volume store trends would be comparable to lower volume store trends.

In addition, a few stores that were several standard deviations outside the others were excluded in order to provide broad trend information.

The data showed the total number of daily orders followed a pattern of rising shortly after Thanksgiving followed by a slight dip and then continued growth until just before Christmas. Orders dropped off around December 20th.

The drop off immediately before Christmas is most likely due to shipping cut-off times. After December 20th, orders are probably not guaranteed to be delivered by Christmas. This

trend may be slightly different from physical retail sales where shipping time is not a factor.

Dollars Spent Per Day

The second trend analysis looked at how much was spent



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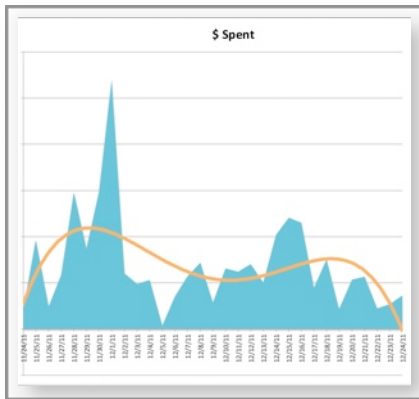


Figure 2

each day at each store. (figure 2) The sum of all non-zero orders was calculated for each store on each day and normalized to that stores which sell significantly more than others can be compared easily.

The data demonstrated that the amount purchased each day rose rapidly after Thanksgiving, dropping off during the middle of the season and picking up slightly near the end. As with order count the trend showed a steep decline after December 20th when orders were unlikely to arrive by Christmas.

The most interesting part of the dollars spent per day trend is that we expected it would match closely with the order count trend. Instead there were significant differences.

To gain a clearer picture of what was happening we examined

the average order size for each store.

Average Order Size

Average order size was determined by looking at the total daily sales in dollars for each store and dividing by the total daily order count for that same store. (figure 3) Zero dollar orders were excluded for this analysis. The average order sizes were normalized so that stores selling very high priced items could be compared with stores selling lower priced items.

The order size data showed that orders were largest immediately following Thanksgiving and declined for the rest of the season. In the last few days just before Christmas they began to rise again.

The data clearly demonstrates that the amount B2C customers were willing to spend per-order changed significantly over the

holiday sales season. An independent analysis by Wells Fargo economist Tim Quinlan looked at the US retail sales data for 2011 and a decline in spending throughout December. Our data shows that order size shrank in a similar trend to the overall US spending but that our stores saw greater numbers of orders later in the season.

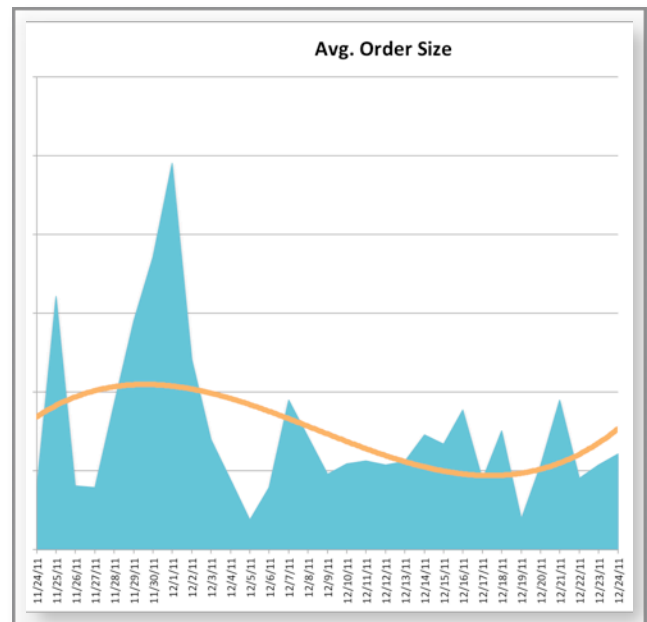


Figure 3

Conversion Rates

An analysis of conversion rate was conducted by taking the daily order count and dividing by the daily visitor count for each store. Conversion rates are percentages which are already normalized



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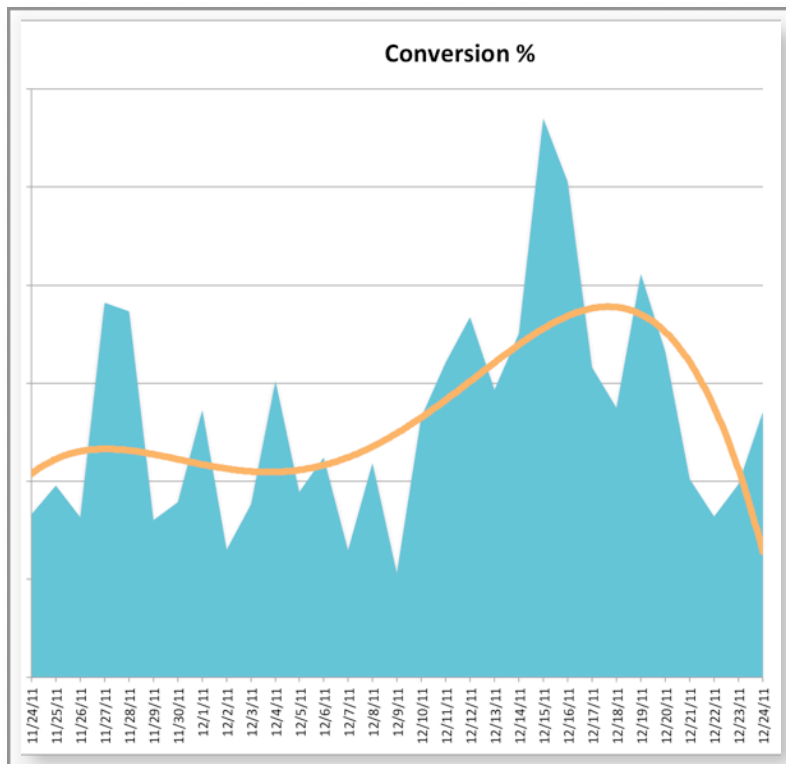


Figure 3

making comparison between different size stores straightforward.

The data showed that conversion rates remained mostly steady in the first half of the season followed by a strong increase in the second half. Rates dropped back to first-half comparable numbers after December 20th.

Conclusions

Our analysis revealed interesting trends in B2C customer

behavior during the 2011 Holiday Sales Season.

- Customers placed more orders as the season progressed peaking out around December 20th.
- Merchants made the highest amount of revenue per day shortly after Thanksgiving.
- Customers spent significantly more per order at the beginning of the season than at that end.

- Conversion rates rose throughout the holiday season but dropped off around December 20th.

Advice for Merchants

1. Customers appeared to be less price sensitive earlier in the season. Consider offering normal but not deep discounts to entice purchases.
2. As the season progresses customers appear to want to spend less. Consider bundling items or offering discounted shipping if minimum order sizes are reached. This will help increase average order size.
3. As Christmas nears shoppers may be looking for low-cost items to finish off their lists. Consider making a last-minute gift category to help customers find bargain items quickly.
4. Conversion rates appear to improve as Christmas approaches. Shoppers aren't doing as much comparison so use the opportunity to make healthy margins on shipping.
5. Volume will increase throughout the season so be prepared to handle more orders than you deal with on "Black Friday" as Christmas nears.



About MerchantTribe

Millions of new merchants start web stores every year. But building a store is just the first step. What online merchants really need is actionable information that will improve their sales.

That's where MerchantTribe can help.

MerchantTribe is social analytics for ecommerce. We provide free, open source shopping cart software to merchants, developers and designers, and in exchange they let MerchantTribe analyze what's working on their stores.

Instead of analyzing a single store, we aggregate the data from thousands of stores and run experiments to figure out what an ideal store should look like. Then we deliver customized reports showing how tribe members can improve their sales.

As more and more stores use MerchantTribe, our data gets better. Look for our first results in coming weeks, and visit the forums or contact us on Facebook or Twitter to let us know what experiments you'd like to see.

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