

Holiday Season Trends:

“Today’s solutions may not apply tomorrow”

A case study regarding the importance of seasonal trend research for eBay sellers



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Executive Summary

It is a fact that conditions in the business world are always changing, technologically, economically, culturally, etc. If you wish to have an even greater success selling on eBay, you must have a firm grasp of how these changes could alter or even destroy your selling strategies.

Effective market research pertaining to holidays and trends associated with them allows you to:

1. Know your market and understand its dynamics.
2. Stay current with business trends and adjust your sales and marketing strategies accordingly.

Holiday Season Trends: What impact are they having on my eBay selling strategy?

Stepping Stones to Success or Stumbling Blocks?

Because conditions in the business world are always changing, technologically, economically, culturally, etc. If you wish to have an even greater success selling on eBay, you must have a firm grasp of how these changes could alter or even destroy your selling strategies.

An important question that an eBay seller should constantly be asking is, "What are the external factors (trends) happening now or in the near future that might hinder or promote my selling success? This question becomes especially important for anyone who is doing more than just recreational selling on eBay, in other words those whose business revolves around a solid eBay selling strategy. Some of the market trends that can significantly influence business strategies are:

- **Time of year (seasonal trends)**
- **Upcoming holidays**
- **New market entrants**
- **Economic trends**
- **Regional or cultural trends**

This case study will take a closer look at trends that are associated with the upcoming Christmas holiday and the holiday shopping season.

Holiday Season Shopping Trends

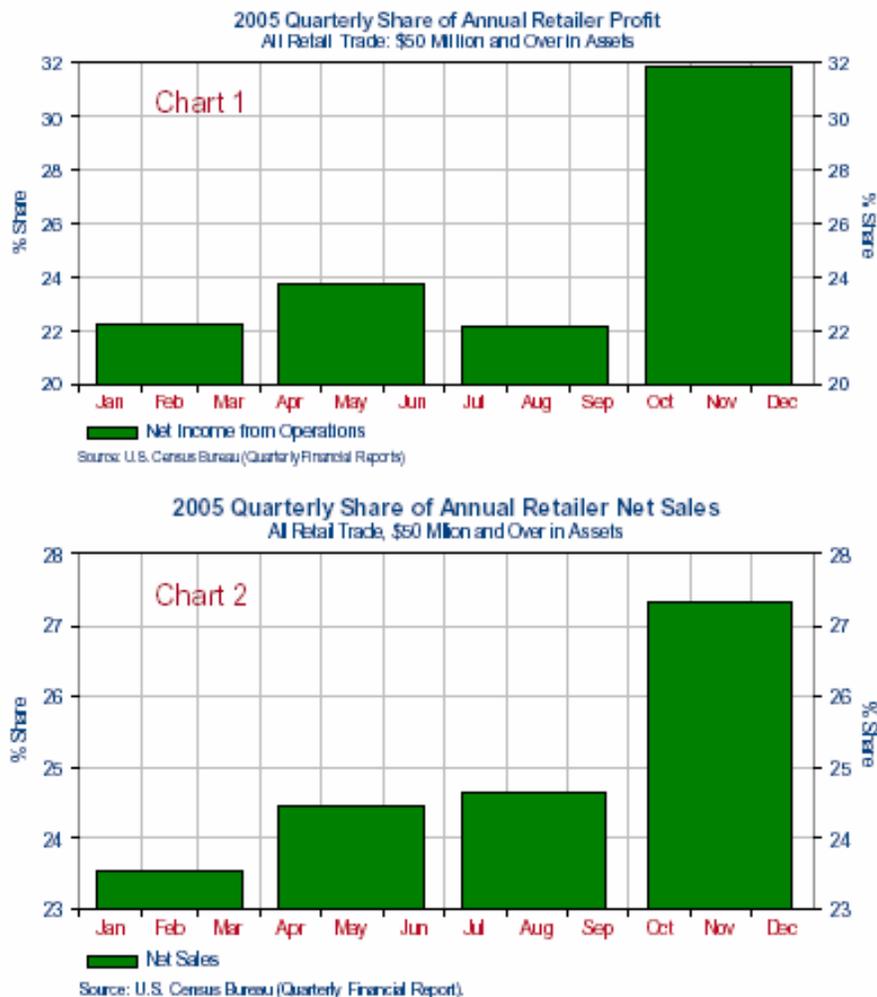
Its almost that time of year when people in the United States will start to wish one another a Merry Christmas, Happy Chanukah (beginning on the evening of December 15 this year), Happy Kwanzaa (beginning on December 26), Joyful Three Kings' Day (January 6), or, maybe, simply Happy Holidays. It's interesting that based on recent Gallup Polls approximately 96% of all Americans claim to celebrate Christmas, while on 76% of Americans claim to be Christian.

According to the History Channel, stores began to advertise Christmas shopping in 1820, and by the 1840s, newspapers were creating separate sections for holiday advertisements, which often featured images of the newly-popular Santa Claus. In 1841, thousands of children visited a Philadelphia shop to see a life-size Santa Claus model. It was only a matter of time before stores began to attract children, and their parents, with the lure of a peek at a "live" Santa Claus.

Should an eBay Seller Really Care About Holiday Sales & Trends?

Should eBay sellers really care about the holiday season? Is the extra shopping season that big of a deal? It is clear from any retail or selling perspective that holiday sales generate a huge share of seller's annual profits. In 2005, about one-third (31.8%) of the retail industry's profit was derived during the final quarter of the year with a slightly lower share (27.3%) of annual sales. (see Charts 1 and 2 below) *Source ICSC Research, vol 3, #32, October 6, 2006)*

Figure 1
Retail Profit by Quarter



We see that a huge amount of revenue is being generated in the fourth quarter. The table below is another indicator that this “holiday season” should be at the forefront of every eBay sellers mind.

**Figure 2
Top Online Sites**

Top 15 Shopping & Classifieds Web Sites (ranked by % of total Visits)				
Rank By Visits for Week Ending 11/26/05				
Rank	Name	Domain	Market Share	% growth weekly (w/e 11/26/05 compared to w/e 11/19/05)
1	eBay*	www.ebay.com	18.37%	-10.71%
2	Amazon.com	www.amazon.com	3.03%	3.20%
3	Walmart.com	www.walmart.com	2.99%	82.72%
4	BestBuy.com	www.bestbuy.com	1.64%	90.26%
5	Target	www.target.com	1.59%	42.67%
6	Dell USA	www.dell.com	1.47%	48.89%
7	CircuitCity.com	www.circuitcity.com	1.30%	124.24%
8	Craig's List	www.craigslist.org	0.96%	-19.16%
9	Sears.com	www.sears.com	0.79%	39.18%
10	JC Penney	www.jcpenney.com	0.74%	5.24%
11	Overstock.com	www.overstock.com	0.66%	6.52%
12	BizRate.com**	www.bizrate.com	0.65%	9.17%
13	Shopping.com**	www.shopping.com	0.65%	2.39%
14	NetFlix.com	www.netflix.com	0.57%	-18.71%
15	Shopzilla	www.shopzilla.com	0.57%	16.03%
Source: Member Workshop: eBay Holiday Sales Success Tips, Oct 31, 2006 www.eBay.com				

A close look at this chart shows that during the above time period, eBay received more than five times the amount of visits than the next highest website. Not only is the season in general important to eBay sellers, but now the fact that eBay is leading the online visits during this most crucial time should speak volumes about its importance to sellers. It should also be noted that the eBay traffic includes all visitors to the site, both buyers and sellers.

How Much Online Money Are We Talking About?

The United States Department of Commerce has estimated that approximately \$335 billion dollars in holiday season spending will take place during the Nov-Jan holiday timeframe.

Online retail sales in the United States during the holiday season could reach \$27 billion, a 23 percent increase over last year, a market research firm said Monday.

In addition, almost a fifth of the nearly 4,000 people surveyed by Forrester Research Inc. said the Internet would be the place they shop the most during the busiest shopping time of the year.

In choosing to shop on the Internet, nearly 40 percent of Web shoppers said it was to save time, with more than 70 percent finding the Internet easier than other retail channels, Forrester said.

The research firm predicts that annual online retail sales in the United States could top \$270 billion by 2011, comprising 9 percent of total retail sales. (*Online holiday sales merry, but not very, CNET News.com Staff, Mon Oct. 18, 2006 <http://news.com>*)

General Research of Holiday Shopping Patterns

The first step a seller should do when trying to understand seasonal trends prevalent at this time of year, is to take advantage of the large amount of research that is already available for the retail arena. For example, do you know what the top grossing week of the holiday season is? After you make a guess, look at the research below and see if you are correct. This, by the way is the reason research is so helpful. It allows a business to eliminate a guess and replace it with factual data to support real decision making.

Weekly Distribution of 2003 Holiday Sales

Sunday, November 23 – Saturday, November 29.	14.5%
Sunday, November 30 – Saturday, December 6.	14.2%
Sunday, December 7 – Saturday, December 13	16.6%
Sunday, December 14 – Saturday, December 20.	20.1%
Sunday, December 21 – Saturday, December 27.	20.6%
Sunday, December 28 – Saturday, January 3, 2004	14.1%

Weekly Distribution of 2004 Holiday Sales

Sunday, November 21 – Saturday, November 27.	13.3%
Sunday, November 28 – Saturday, December 4.	16.7%
Sunday, December 5 – Saturday, December 11	18.2%
Sunday, December 12 – Saturday, December 18	22.5%
Sunday, December 19 – Saturday, December 25	19.1%
Sunday, December 26 – Saturday, January 1, 2005	10.3%

**Percentage of Holiday Season Sales occurring on
Thanksgiving Weekend 2003**

November 28 – 30 (Thanksgiving Weekend) **9.5%**

**Percentage of Holiday Season Sales occurring on
Thanksgiving Weekend 2004**

November 26 – 28 (Thanksgiving Weekend). **9.2%**
(www.shoppertrak.com.)

It is interesting to note that for years, the week before and the week of Christmas were the biggest weeks for retail profit. Although this weekly breakdown of the top **weeks** of the season could help an eBay seller make some great decisions, think how much more valuable it would be to know what the top **days** of the retail season are. According to ShopperTrak, the top 10 shopping days of the season will account for 35 to 38% of all traffic during the holiday period. Let's look at the data below and see what we can learn.

**Top Ten Shopping Days: 2002-2005 (actual) and 2006
(predicted)**

<u>2002</u>		<u>2003</u>	
Saturday	December 21	Friday	November 28
Friday	November 29	Saturday	December 20
Monday	December 23	Friday	December 26
Saturday	December 14	Tuesday	December 23
Saturday	December 7	Saturday	December 13
Thursday	December 26	Monday	December 22
Sunday	December 22	Sunday	December 21
Friday	December 20	Friday	December 19
Saturday	November 30	Saturday	November 29
Saturday	November 23	Saturday	December 27

<u>2004</u>		<u>2005</u>	
Saturday	December 18	Friday,	November 25
Friday	November 26	Saturday	December 17
Saturday	December 11	Friday	December 23
Saturday	December 4	Monday	December 26
Thursday	December 23	Saturday	December 10
Friday	December 17	Saturday	November 26
Wednesday	December 22	Saturday	December 3
Tuesday	December 21	Thursday	December 22
Wednesday	December 15	Sunday	December 18
Friday	December 24	Wednesday	December 21

2006

Saturday, December 23
 Friday, November 24
 Saturday, December 16
 Friday, December 22
 Saturday, December 9
 Tuesday, December 26
 Thursday, December 21
 Saturday, December 2
 Saturday, November 25
 Wednesday, December 20

What are Super Saturday & Black Friday?

There are many ways that this information might help me as an eBay seller. The most important would be the knowledge of what holiday weeks and times I might have the best selling success. Online sales often mimic to a certain degree these retail shopping blockbuster days. All of the data from these last years indicate that the top two days to focus on are:

1. Super Saturday, or the Saturday prior to Christmas
2. Black Friday, or the day after Thanksgiving

What is Cyber Monday or Black Monday?

The post-Thanksgiving holiday Monday has become a big event for online retailers, who've nicknamed it "Cyber Monday." Look at the following statistics:

- In 2004, Cyber Monday shoppers spent \$386 million, up 29% from 2003, says a recent report by ComScore Networks.
- According to a joint survey from Shop.org and BizRate Research, more than 75% of online retailers saw sales spike on the day last year.
- According to Nielsen/Netratings Holiday eShopping Index monitors, the site with the highest online traffic on "Cyber Monday" (11/28/05), was eBay with over 11.7 million unique visitors. This was double the number of visitors to the number two site, Amazon.com (5.6 million).
- In the 12/4/05 Online Holiday Shopping Update, ComScore stated that online non-travel spending on November 28, 2005 alone rose 26% from 2004 (to \$485 million).
- The Visa USA SpendTrak Report noted a 26% jump in online visa transactions on Cyber Monday alone (up to \$505 million).

This sounds like a pretty significant day for online sellers then, right? Actually, not all of the available research points to this conclusion. Despite a huge amount of hype, the Monday after Thanksgiving is historically only the 12th-biggest online shopping day of the year according to market researcher ComScore Networks. It's not even the first big day of the season. What's more, most e-tailers say the season's top spending day comes much later, between around Dec. 5 and Dec. 15. That certainly corresponds with the retail data we noted earlier.

According to Robert D. Hof who wrote the Businessweek article, "Cyber Monday, Marketing Myth" (November 29, 2005)

"The idea was born when a few people at the organization were brainstorming about how to promote online shopping, says Shop.org Executive Director Scott Silverman, who answered his phone, "Happy Cyber Monday." They quickly discarded suggestions such as Black Monday (too much like Black Friday), Blue Monday (not very cheery), and Green Monday (too environmentalist), and settled on Cyber Monday. "It's not the biggest day," Silverman concedes. "But it was an opportunity to create some consumer excitement."

Cyber Monday & Super Saturday Research Example

Lets look at a specific eBay research and try to draw our own conclusions about how a particular product might (or might not be influenced by these two “blockbuster” holiday dates.

The charts below track three of the “hot” holiday items of 2005 for a span of three days surrounding both “Cyber Monday” and “Super Saturday”.

Figure 3
Furby: eBay Hot Holiday Item Performance, 2005

Furby						
	November 27, 2005	"Cyber Monday" November 28, 2005		November 29, 2005		
Total Listings	281	239		279		
Listings with Sale	188	153		138		
Listing Success Rate (LSR)	66.90%	64.02%		49.46%		
Average Sales Price (ASP)	\$22.65	\$23.44		\$24.83		
Total Sales	\$4,257.62	\$3,633.27		\$3,476.01		
	December 16, 2005	"Super Saturday" December 17, 2005		December 18, 2005		
Total Listings	415	467		525		
Listings with Sale	271	289		324		
Listing Success Rate (LSR)	65.30%	61.88%		61.71%		
Average Sales Price (ASP)	\$23.90	\$23.40		\$22.71		
Total Sales	\$6,643.14	\$6,787.08		\$7,585.40		

The data suggest that “Cyber Monday” was really a non-factor for the Furby toy. Items sold on that date did no better, and sometimes actually performed worse than the adjacent days. “Super Saturday” was also apparently not a standout day above and beyond the adjoining dates. We can note however, that more items were being sold at the same rate of success and at approximately the same price as those in November. This would be an important lesson to take note of as inventory plans are being made. Let’s look at another toy and see if any of the data shifts.

Figure 4
Roboraptor: eBay Hot Holiday Item Performance, 2005

Roboraptor				
	November 27, 2005	"Cyber Monday" November 28, 2005	November 29, 2005	
Total Listings	136	129	141	
Listings with Sale	121	118	127	
Listing Success Rate (LSR)	88.97%	91.47%	90.07%	
Average Sales Price (ASP)	\$44.45	\$58.47	\$49.26	
Total Sales	\$5,823.19	\$8,361.03	\$10,296.34	
	December 16, 2005	"Super Saturday" December 17, 2005	December 18, 2005	
Total Listings	125	152	152	
Listings with Sale	92	123	117	
Listing Success Rate (LSR)	73.60%	80.92%	76.97%	
Average Sales Price (ASP)	\$47.29	\$59.00	\$59.67	
Total Sales	\$5,579.67	\$7,729.12	\$7,100.54	

Here we note that "Cyber Monday" did produce the both the highest rate of success (LSR) and the highest average sales price (ASP) when compared to the dates before and after. A somewhat similar trend is noted with "Super Saturday", again successful sales volume is trending higher as Christmas approaches. Let's look at one final example.

Figure 5
IPOD Nano: eBay Hot Holiday Item Performance, 2005

Ipod Nano				
	November 27, 2005	"Cyber Monday" November 28, 2005	November 29, 2005	
Total Listings	452	508	599	
Listings with Sale	396	442	550	
Listing Success Rate (LSR)	87.61%	87.01%	91.82%	
Average Sales Price (ASP)	\$265.63	\$331.21	\$221.04	
Total Sales	\$171,331.75	\$185,808.09	\$201,588.30	
	December 16, 2005	"Super Saturday" December 17, 2005	December 18, 2005	
Total Listings	1163	1196	1379	
Listings with Sale	946	951	1169	
Listing Success Rate (LSR)	81.34%	79.52%	84.77%	
Average Sales Price (ASP)	\$232.09	\$223.59	\$231.54	
Total Sales	\$258,785.46	\$264,948.70	\$309,572.02	

“Cyber Monday” here, for the IPOD Nano, shows a significant jump in the average sales price, while “Super Saturday” only seems to reinforce again the very significant increase in sales volume as the holiday approaches.

The takeaway for eBay sellers from these three different examples is that with some simple research, perceptions & guesswork can be either proven as real or dismissed as a myth. As the important dates of the season according to the mass media come and go, a seller who has research specific to their own product, can know what trends will generate the highest chance of listing success and the highest possible profit from each listing.

eBay Holiday Success Tips

Listed below are some important items to consider as you create a strategic plan for holiday selling success.

1. Start early. If you need to place holiday orders for merchandise from a distributor you need to make sure that you leave yourself enough time for the listing duration that is most beneficial.
2. Offer free gift wrapping and gift card services in your listings.
3. Answer inquiries in a timely manner.
4. Remember that during this season, buyers want quick transactions. Try listing items as Fixed Price, 1 day listings or Auction-type listings with a Buy It Now option.
5. If possible, speed up the payment process.
6. Ship gifts directly to a recipient. Many last minute shoppers won't have time to receive a gift and ship it themselves.
7. Be sure to offer rush shipping options. Provide buyers with shipping deadlines and options for last minute purchases. Remember that there are some locations that simply won't qualify for overnight delivery. Check with carriers before you make a promise.
8. Christmas day is not the end of the holiday shopping season. It is important to note that the week before the holiday is great for auction success as most anyone would anticipate, what is unexpected, however, is the fact that the week after the holiday is also very good for auction success. This is likely due to the fact that many sellers don't believe there will be buyers still interested and therefore don't list. ***Those with the tenacity to keep on listing even after the holiday are reaping the rewards of this error made by the competition!***

Year-to-Year Trends

Always remember:

“Today’s solutions may not apply tomorrow”

As we all know, business intelligence and market knowledge can come in two ways, trial and error or with concrete data analysis. Clearly, data analysis is the most cost and time efficient way to gain this knowledge.

Sellers must know that without historical research it is more difficult to:

1. Make effective strategic decisions
2. Develop on-target business plans critical to the success and growth of your business

Within the holiday season, there are trends that any seller can use and profit from. There are similar trends that surround each holiday and every other significant market influence. With a little data research and analysis, a seller can transform any market trend stumbling block into a stepping stone to selling success.

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