

COMMERCE

Ecommerce up 16pc year-over-year: SpendingPulse

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By RACHEL LAMB



MasterCard Advisors SpendingPulse reported a 16.1 percent

increase in ecommerce in March 2011, explaining that high fuel prices could be the reason why luxury buyers are more inclined to buy online.

The SpendingPulse study measured total apparel, footwear, furniture and ecommerce behavior. The findings are indicative of the current mindset of the typical buyer.

“As fuel prices rise beyond the \$3.50 per gallon mark, miles driven begin to drop off substantially, giving shoppers more incentive to stay home,” said Mike Berry, director of industry research for MasterCard Advisors SpendingPulse, Purchase, NY. “Online shopping allows them to continue to shop without extra trips to the mall.

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Luxury Daily

“More generally, consumers are becoming more comfortable with the online shopping experience,” he said. “We see this not just with luxury, but also with clothing and footwear, where generous return policies have made it easy to exchange items that don’t fit.

“Consumers like the selection, pricing and convenience of shopping at home.”

SpendingPulse estimates for total U.S. retail sales across all payment forms including cash and check. It is not a reflection of MasterCard financial performance.

Online clicks

The report tracked national retail and services sales through March 2011.

The largest growth was ecommerce, whose subsections of total online apparel grew 18.7 percent, which is the 16th straight double-digit increase year-over-year.

Department stores saw a 8.4 percent increase, while electronics grew 14 percent.

Total apparel increased in revenue by 4.4 percent, but March’s gain is only half of the average growth recorded between September 2010 and February 2011.

All but one of the apparel sub-sectors recorded year-over-year sales in March.

Children’s wear grew over 10 percent, while womenswear increased more than 6 percent.

Footwear, however, declined 1.6 percent.

Although the recession definitely played a role in the decline of luxury product purchases, affluent consumers were most likely enticed by the allure of the convenience that online shopping offers.

“Luxury was particularly hard-hit by the recession,” Mr. Berry said. “So although we are seeing improvement, they’ve still got a ways to go.

“We’ve also seen that luxury performance is linked to the performance of capital markets, when they’re feeling more confident about their portfolios, luxury spenders are more willing to open their wallets,” he said.

Love of likes

Luxury brands will most likely benefit from upping their online retail strategy.

Although this study pertains particularly to the United States, other brands are re-strategizing their overall ecommerce marketing.

For example, Ralph Lauren is targeting French elitists by adding a French boutique to its online store ([see story](#)).

Some brands are stepping up their ecommerce strategies even further by moving into Facebook.

Companies such as Chanel and Gilt Groupe are starting to offer products via the social network.

Since so many customers look to Facebook to seek out latest brand campaigns and products, a natural transition would be to make the site commerce-enabled.

“The online channel continues to offer impressive growth rates across all retail sectors,” Mr. Berry said. “Somebody is going to get that growth.

“Although discounting is sometimes necessary for inventory control issues, luxury retailers are in a good position to maintain pricing strength,” he said.

Final Take

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