

Online Shoppers 2011



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The Internet has emerged as a new marketplace and a primary medium for reaching and influencing consumers. Consumers are increasing the number of purchases they make directly through the Internet. Which consumers use the Internet to make online purchases? This paper reviews data from Simmons (Spring 2011) to identify the key demographic characteristics of those most likely to make purchases online.

General

60% of the population have made purchases online in the past year. The average amount spent is \$608 in the past year.

What is purchased?

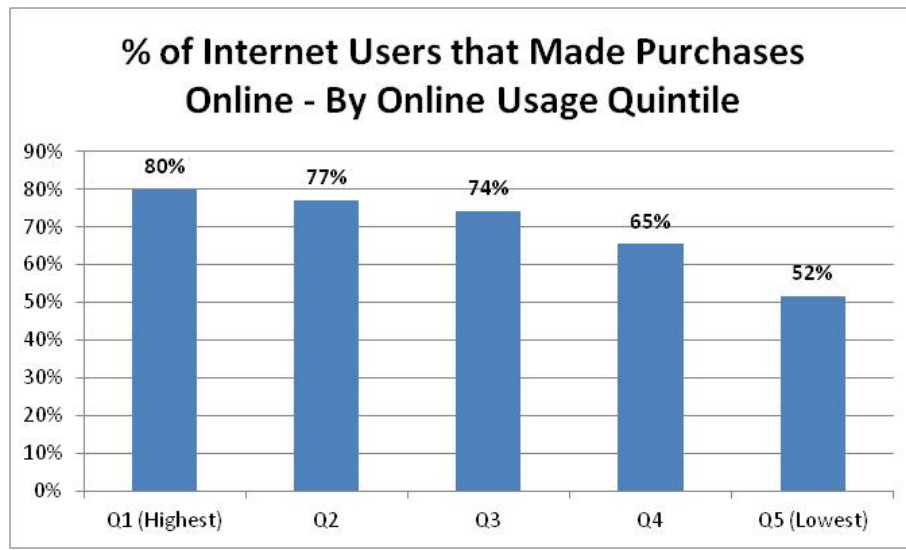
Of those that made online purchases, the most frequently purchased items were books/music/video (38% of purchasers), women's apparel (26%), men's apparel (20%), toys and games (18%), and computer products (18%). The table lists in rank order the items most commonly purchased online.

Items Purchased Online	% Who Purchased Items:
BOOKS/MUSIC/VIDEO	38%
APPAREL - WOMEN'S	26%
OTHER ITEMS	23%
APPAREL - MEN'S	20%
TOYS/GAMES	18%
COMPUTER PRODUCTS	18%
TICKETS FOR EVENTS OTHER THAN MOVIES	17%
TRAVEL SERVICES/PACKAGES	16%
FOOTWEAR	16%
ELECTRONICS/APPLIANCES	15%
ACCESORIES	15%
BANKING SERVICES	12%
TICKETS FOR MOVIES	11%
SPORTING GOODS/EQUIPMENT	10%
FLOWERS	9%
AUTOMOTIVE PRODUCTS	9%
PRESCRIPTION DRUGS	9%
COSMETICS (WAS	
COSMETICS/TOILETRIES)	8%
HOME FURNISHINGS	8%
OFFICE SUPPLIES	7%
HOUSEWARES	7%
COLLECTIBLES	6%
OTHER HEALTH/MEDICAL ITEMS	5%
FOOD/GROCERIES	5%

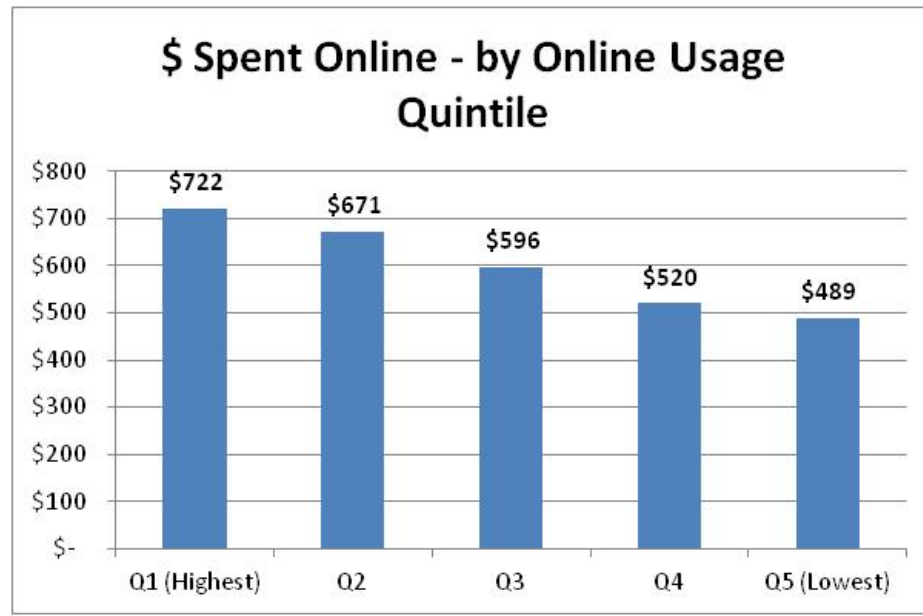
Items Purchased Online	% Who Purchased Items:
HARDWARE	4%
INSURANCE	4%
CREDIT CARDS	4%
GARDENING	3%
GOURMET GIFT BASKET/ ASSORTMENT	3%

Internet Usage

Those who use the Internet the most also are the most likely to make purchases online. 80% of the top quintile of Internet users (the top 20%) have made online purchases compared with 52% of the lowest quintile (the lowest 20%) of Internet users.



Not only are the heaviest Internet users the most likely to make purchases online, but they spend the most when they do make purchases. The heaviest Internet users spend \$722 on online purchases compared with \$489 for the lowest Internet users.



Hispanic

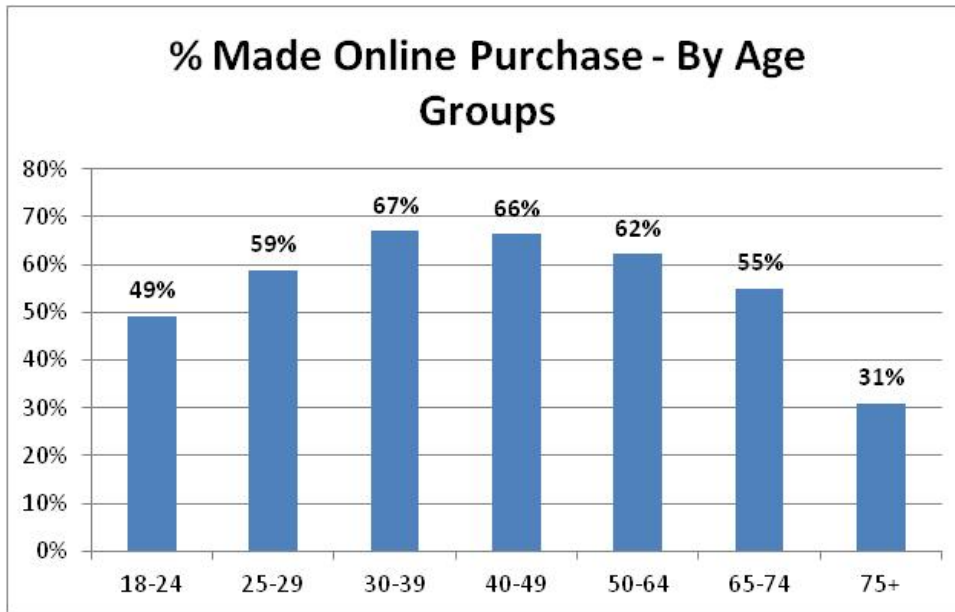
45% of Hispanic households have made purchases online compared with 62% of non-Hispanic households. Hispanic households that make purchases spend less: \$504 vs. \$620 for non-Hispanic households.

Gender

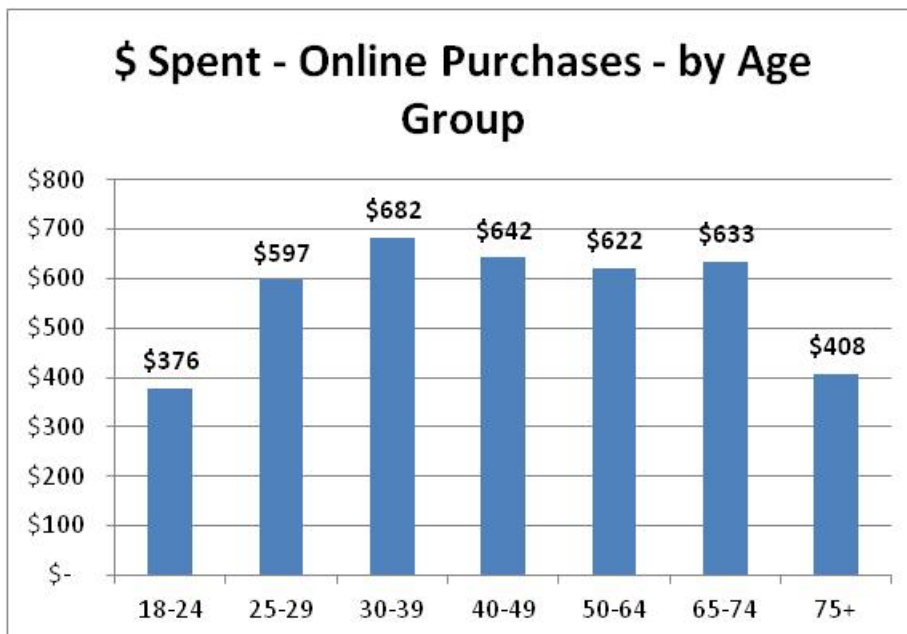
Women are 40% more likely than men to have gathered information online for shopping. 64% of women have made purchases online compared with 55% of men. Men, however, make bigger purchases: \$676 vs. \$550.

Age

30-39 year-olds are the most likely to make purchases online, followed by 40-49 years-olds, 50-64 year-olds, 25-29 year olds, and 65-74 year olds. While 18-24 year-olds are heavy users of online resources, only 49% make purchases online. The percentage that makes purchases increases steadily through young-adulthood to its peak in the thirties.

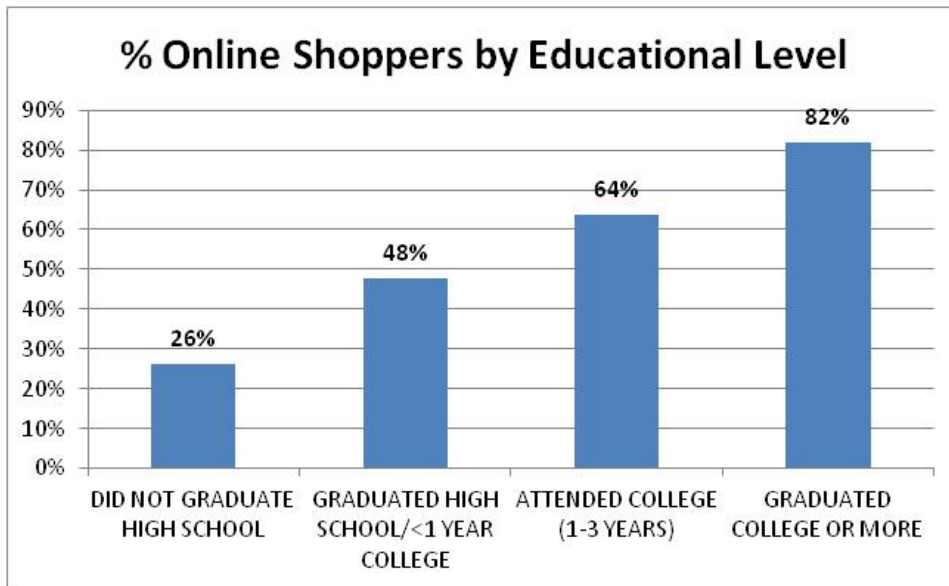


Paralleling the pattern for online purchasers, 18-24 years spend the least online: \$376 per year. Spending is higher for 25-29 year-olds at \$597 and peaks for the 30-39 year-old group at \$682. Online spending is over \$600 for all age groups 30 to 74.

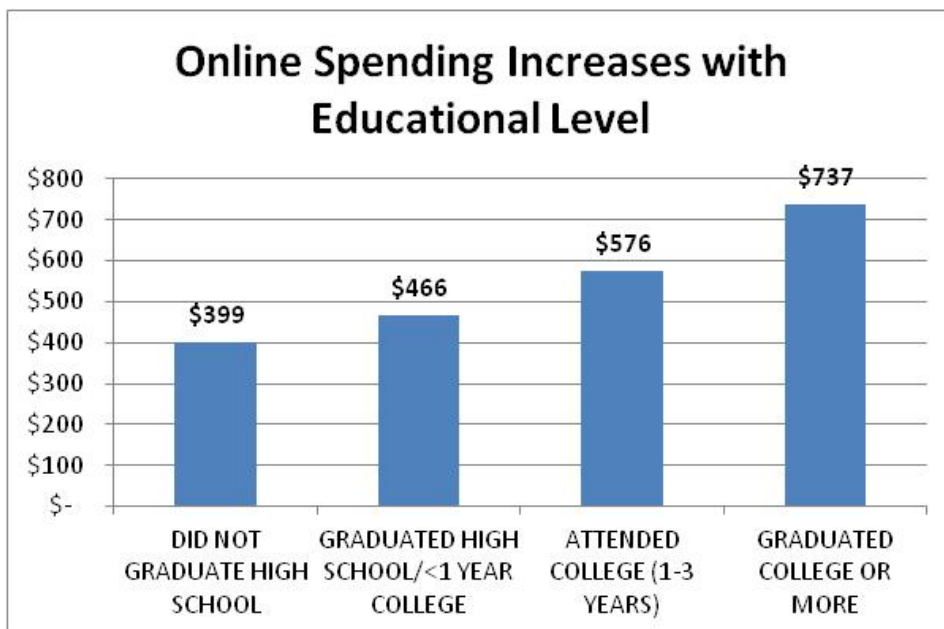


Educational Level

Both the percentage of those that make purchases online and the amount spent increase significantly with educational level. Only 26% of those that did not graduate high school have made purchases online compared with 82% of those with a college or graduate degree.



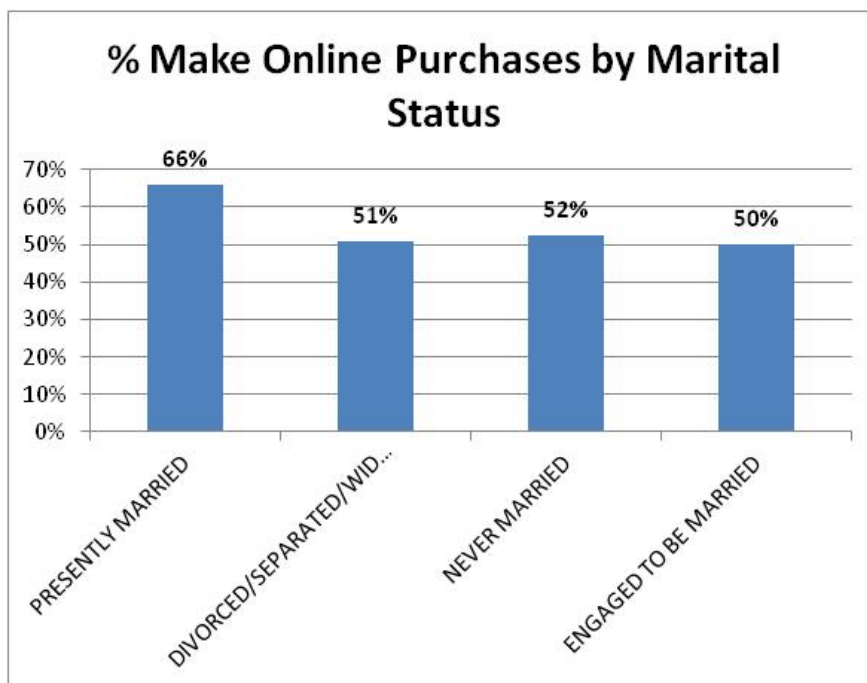
Those with a college or graduate degree spend almost twice as much online as those with the lowest educational levels.



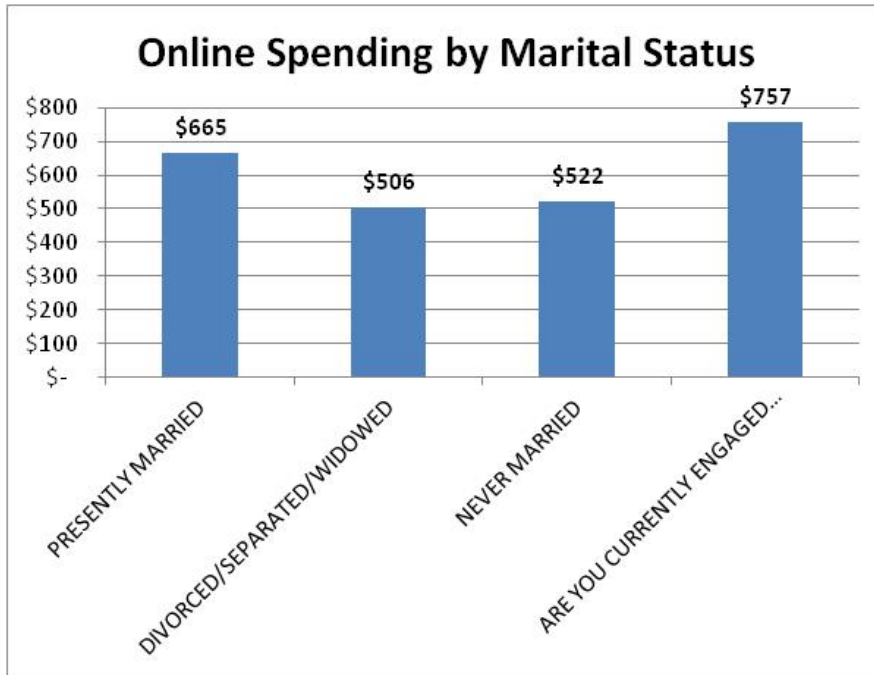
Those who make purchases online average about 2 years more education than those that have not made purchases online.

Marital Status

The currently married are the mostly likely to make purchases online. 66% of those who are married have made online purchases compared with: 51% of those who are divorced or separated; 50% of those who are engaged; and 52% of those who have never been married.



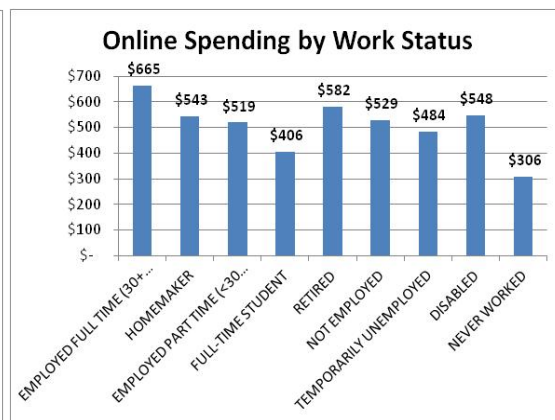
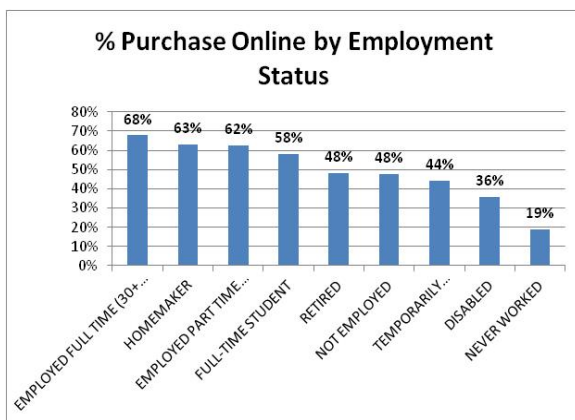
While only 50% of those who are engaged to be married made online purchases, they made bigger purchases than all others: they spent \$757 compared with \$665 for those that are presently married, \$506 for those that are divorced or separated, and \$522 for those that have never been married.



Employment Status

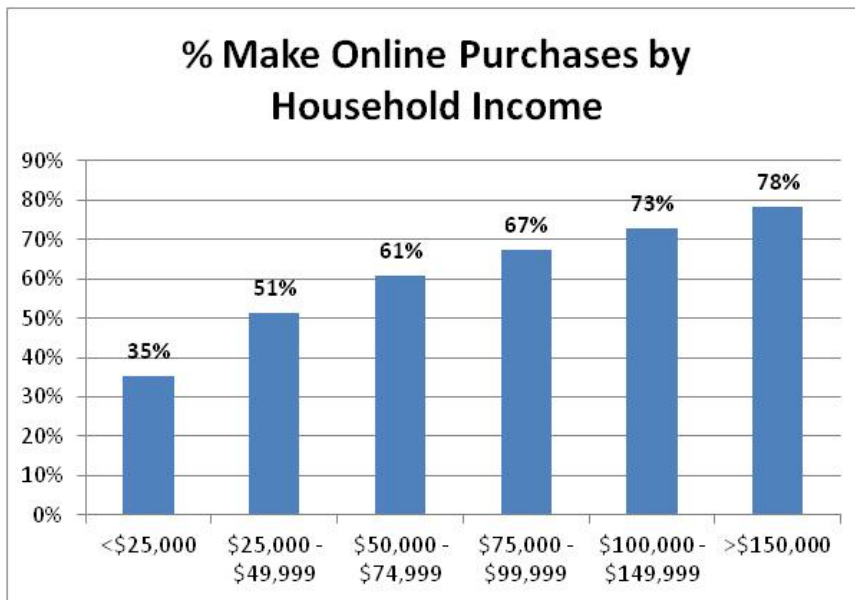
Those that are employed full time are the most likely to make purchases online (68%) and spend the most (\$665) while those that have never worked are the least likely to make online purchases (19%) and spend the least (\$306).

Only 48% of retired people make online purchases, but they spend more (\$582) than all other employment groups other than the fully employed.

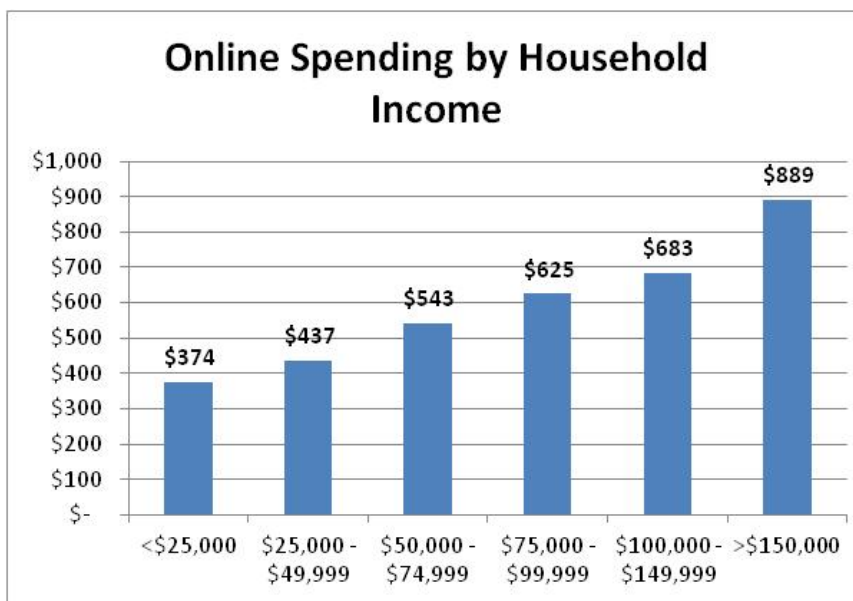


Household Income

The percentage of households that make purchases online increases significantly with household income, from 35% for households with incomes under \$25,000 to 78% for households with incomes over \$150,000.

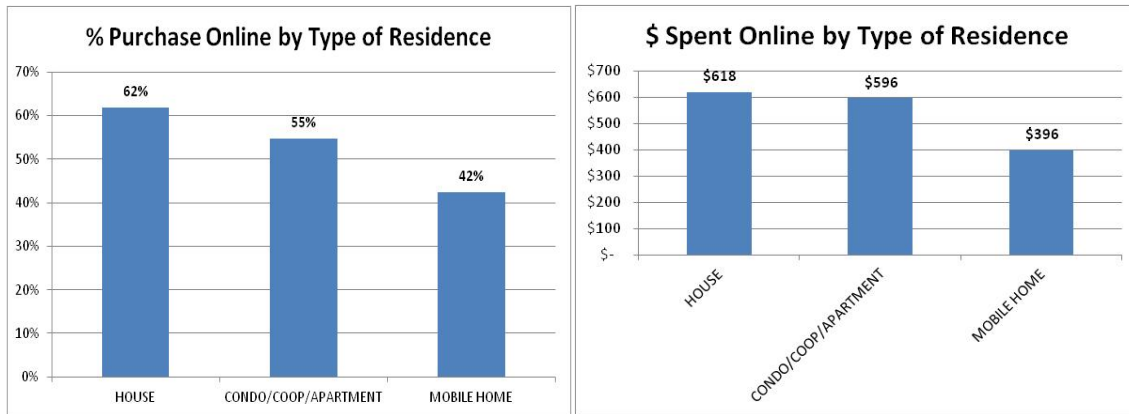


Similarly, the amount spent online per household is significantly higher for the highest income households. Households with incomes over \$150,000 spend \$889 per year online while households with incomes under \$25,000 spend \$374.



Type of Residence

Those that live in houses are the most likely to make online purchases (62%) and spend the most online (\$618). 55% of those living in condo/coops/apartments make online purchases; this group spends almost as much as those living in houses (\$596 vs \$618).



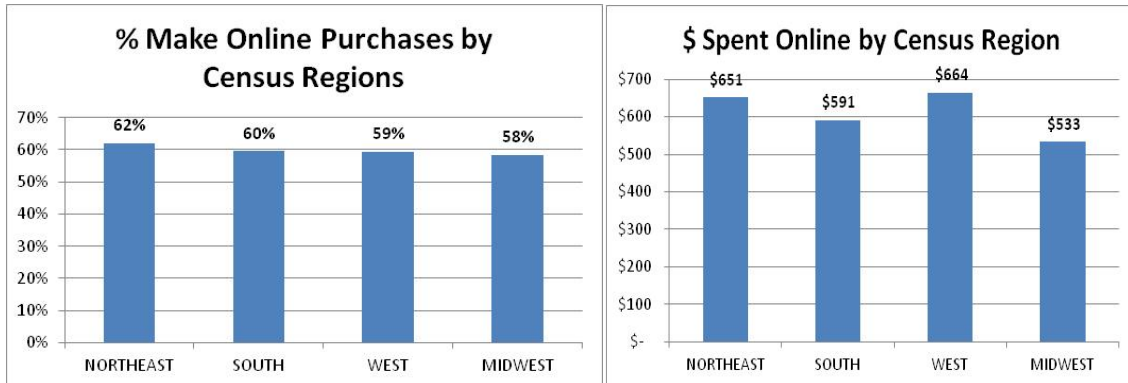
Movers

Those that have moved in the past year are 15% **less** likely to have made online purchases than those that have not moved. Movers that did make online purchases, however, spent **20% more** than average (\$727 vs. \$604).

Census Region

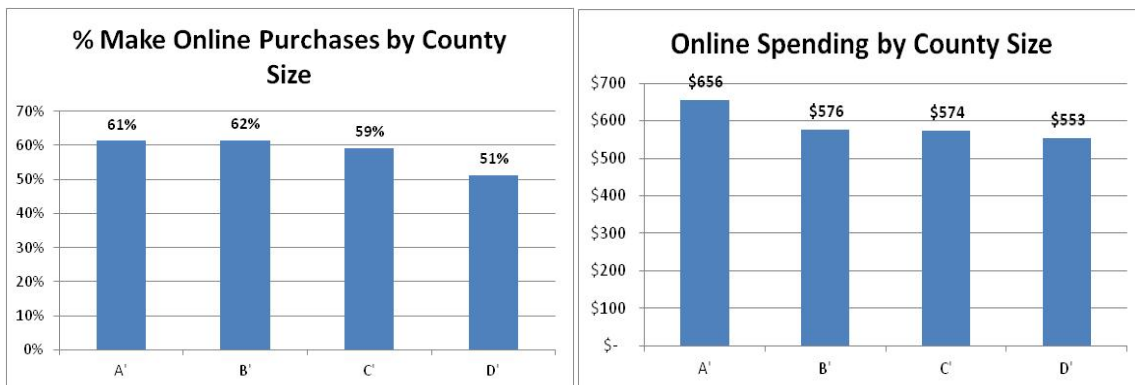
There is little variation among census regions in the percent of the population that make online purchases. The Northeast has the highest percentage at 62%, but that is only 4% higher than the Midwest at 58%.

People in the West spend the most on online purchases, at \$664, followed by people in the Northeast (\$651). People in the Midwest spend the least (\$533) on online purchases.



County Size

People living in larger counties and cities are the most likely to make online purchases. People in the large metropolitan areas (A counties) spend the most online (\$656) while people in the smallest cities and counties (D) spend the least (\$553).



Life Events

People who have experienced a major life event in the past year are 6% more likely than average to have made purchases online. The percentage varies considerably by type of life event.

For example, 80% of those that refinanced their home made online purchases - 33% more than for the general population. People who made a first time financial investment, made their last home mortgage payment, or bought a new home were all more likely to have made online purchases than the general population. Correspondingly, people who experienced no events in the past year, whose youngest son got married, or who were divorced, separated, or widowed were less likely to make online purchases.

Event Experiences in Past Year	% Who Purchased Online:	Index: Vs. General Population
REFINANCING YOUR HOME	80%	133
FIRST TIME FINANCIAL INVESTMENT	76%	126
MAKE LAST HOME MORTGAGE PAYMENT	73%	121
BUY NEW HOME (NOT FIRST HOME)	73%	121
MAKE MAJOR HOME IMPROVEMENT	72%	119
COLLECT FROM PENSION/SAVINGS/STOCK PLAN	69%	115
GET MARRIED	69%	115
CHILD ENTERS COLLEGE	68%	114
ENROLL/ RETURN TO COLLEGE	66%	110
SELL OR CHANGE HOME	66%	110
YOUNGEST CHILD LEAVES HOME	65%	108
CHANGE JOB-TO SOMETHING DIFFERENT	65%	108
OLDEST CHILD ENTERS SCHOOL	64%	107
GRADUATION FROM SCHOOL	64%	106
SECOND CHILD IS BORN	63%	105
DEATH IN THE FAMILY	62%	103
RETIRE OR TAKE EARLY RETIREMENT	62%	103
BUY FIRST HOME	61%	102
CHANGE JOB-LOWER LEVEL/PAY	61%	102
CHANGE JOB-TO BETTER JOB	61%	101
CHANGE JOB-SAME LEVEL/PAY	60%	100
GRANDCHILD IS BORN	59%	98
YOUNGEST DAUGHTER GETS MARRIED	59%	98
FIRST CHILD IS BORN	56%	94
YOUNGEST CHILD GRADUATES COLLEGE	56%	93
LOSE JOB-LAID OFF/OUT OF BUSINESS	53%	88
NONE OF THESE EVENTS	52%	86
YOUNGEST SON GETS MARRIED	50%	83
SEPARATED/DIVORCED	49%	82

People who have experienced a major life event spend 9% more on online purchases than the general population.

Those who purchase a new home spent the most - \$1,052 - on online purchases, followed by those who make their last home mortgage payment, those who collected from pensions/savings/stock plans, and those who made a first time financial investment.

People who experienced no major event and people who had a second child born spent the least on online purchases.

Event Experiences in Past Year	\$ Spent Online	Spending Index Vs. General Population	% Who Purchased Online:	Index: Vs. General Population
BUY NEW HOME (NOT FIRST HOME)	\$ 1,052	173	73%	121
MAKE LAST HOME MORTGAGE PAYMENT	\$ 900	148	73%	121
COLLECT FROM PENSION/SAVINGS/STOCK PLAN	\$ 866	142	69%	115
FIRST TIME FINANCIAL INVESTMENT	\$ 837	138	76%	126
YOUNGEST DAUGHTER GETS MARRIED	\$ 824	136	59%	98
REFINANCING YOUR HOME	\$ 781	129	80%	133
MAKE MAJOR HOME IMPROVEMENT	\$ 770	127	72%	119
BUY FIRST HOME	\$ 743	122	61%	102
SELL OR CHANGE HOME	\$ 717	118	66%	110
GET MARRIED	\$ 686	113	69%	115
RETIRE OR TAKE EARLY RETIREMENT	\$ 684	112	62%	103
CHANGE JOB-TO BETTER JOB	\$ 672	111	61%	101
OLDEST CHILD ENTERS SCHOOL	\$ 659	108	64%	107
DEATH IN THE FAMILY	\$ 626	103	62%	103
LOSE JOB-LAID OFF/OUT OF BUSINESS	\$ 625	103	53%	88
CHILD ENTERS COLLEGE	\$ 612	101	68%	114
YOUNGEST CHILD GRADUATES COLLEGE	\$ 609	100	56%	93
GRANDCHILD IS BORN	\$ 581	96	59%	98
FIRST CHILD IS BORN	\$ 572	94	56%	94
CHANGE JOB-LOWER LEVEL/PAY	\$ 571	94	61%	102
CHANGE JOB-TO SOMETHING DIFFERENT	\$ 567	93	65%	108
YOUNGEST SON GETS MARRIED	\$ 560	92	50%	83
ENROLL/ RETURN TO COLLEGE	\$ 554	91	66%	110
CHANGE JOB-SAME LEVEL/PAY	\$ 546	90	60%	100
SEPARATED/DIVORCED	\$ 539	89	49%	82
YOUNGEST CHILD LEAVES HOME	\$ 536	88	65%	108
GRADUATION FROM SCHOOL	\$ 523	86	64%	106
NONE OF THESE EVENTS	\$ 486	80	52%	86
SECOND CHILD IS BORN	\$ 401	66	63%	105

Summary

People who make purchases online are an attractive target for most businesses. Online purchasers are more likely than average to be:

- Heavy users of the Internet
- White, Caucasian
- Female
- Between the ages of 30 and 65
- Highly educated
- Have higher household income
- Married
- Living in a house
- Living in medium to larger cities/counties

Online spending is focused predominantly on retail purchases.