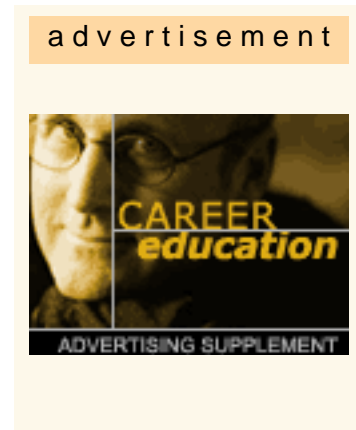


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Women Take Lead in Filling Online Carts as More Pick PCs Over Shopping at Malls

By Alex Pham
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Stereotypes notwithstanding, men had long made up the majority of Internet shoppers.

Until last year, when more women than men avoided the crush of the malls and bought gifts online. And that helped boost overall Internet holiday season sales 35% to \$18 billion from \$13 billion the year before, according to a survey by Goldman, Sachs & Co., Harris Interactive Inc. and Nielsen/NetRatings.

In all of 2003, U.S. online retail sales grew about 28% to \$52.6 billion from \$41.2 billion in 2002. Analysts expect the double-digit growth rate of online retail sales, which represent 3% of total retail sales, to continue for years.

Driving it are women, who now make up 52% of online shoppers and are buying clothing, jewelry and home and garden items, analysts said.

Janelle Carney tested the waters with Internet purchases of a book and a CD. Those purchases went so smoothly that the 32-year-old Pasadena employment attorney decided to expand to household items, snapping up a picnic set from Pottery Barn's website in December.

"Sometimes, the service you get from online stores is much better than in physical stores," she said. "I love buying online."

The increase in female shoppers reflects an overall shift, said Nirav N. Tolia, chief operating officer at **Shopping.com** Inc., a comparison site based in New York. Online shopping "is far more mainstream now," Tolia said. "You can see that in the category mix."

The most popular search category on Shopping.com over the holidays was for home and garden items, outpacing searches for consumer electronics, last year's top category. Clothing, accessories, jewelry and

watches also made strong gains, Tolia said.

Online spending on garden supplies in 2003 grew an estimated 75% to \$349 million, said Patti Freeman Evans, an analyst with Jupiter Research in New York. Online sales of housewares jumped 73% to \$1.9 billion in 2003 compared with the previous year; sales of home improvement items rose 79% to \$1 billion.

That growth outpaced the increase in sales of computers, which was up 17% to \$6.2 billion, and software, up 15% to \$3 billion, according to Jupiter.

"People are spending more money online because they feel more secure with it," said Scott Blum, founder and chief executive of Aliso Viejo-based **Buy.com** Inc. The average transaction at Buy.com was \$130 in 2003, up from \$117 the previous year and \$100 in 2001.

Analysts expect similar jumps at big online sellers such as **Amazon.com** Inc. and **EBay** Inc. Both companies declined to comment.

Some of the growth in online sales came at the expense of physical stores. Consumers allocated 21% of their holiday budget to online purchases in 2003, up from 16% in 2002, according to the survey by Goldman, Sachs, Harris Interactive and Nielsen/NetRatings.

Traditional retailers have responded in recent years by opening their own online outlets and experimenting with combining online operations with physical stores. **Circuit City Stores** Inc., for example, gives online shoppers the option of picking up their purchases at its 625 stores, something half of all online buyers take advantage of when they don't have a free-shipping promotion, Freeman Evans said.

Online gains don't always come at the loss of offline retailers. Freeman Evans estimated that for every \$1 spent online, \$6 were spent at physical bricks-and-mortar stores, based on research done online.

As a result, sites that offer consumer reviews and comparisons of product features and prices are flourishing, said Abha Bhagat, an analyst with Nielsen/NetRatings in Milpitas, Calif.

"Search sites such as Froogle, Shopping.com, Yahoo Shopping and Ask Jeeves did surprisingly well," Bhagat said. "It's bringing greater transparency to online shopping."

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