



Everyone's Shopping Online — for Good Reason

The Motley Foolx

By Selena Marinjian

If you're staring at a holiday shopping list, trying to work up the energy to tackle it, you probably know that you have several main options:

More power to you if you're going to make gifts. Most people won't, though, so they're left thinking about where to buy things. Shopping online is one option you should consider. Permit me to run down some pros and cons:

Pros

You can buy almost anything online these days, from wine to books to furniture to clothes. You can do so conveniently from your home, without having to fight any crowds or bad weather. You can do plenty of research online, too, reading many customer reviews of products, for example.

In many cases, you can avoid paying sales tax by buying online. That can save you 7% in Rhode Island and 6% in New Jersey. You may also get free shipping, which is available at many sites. And by doing some price comparisons at sites like Shopping.com, you can snag better prices online than elsewhere.

Cons

As a fan of online shopping myself, it's hard to come up with downsides, but here are a few: You can't touch what you're buying online. If you're in a store, you can evaluate for yourself how soft a sweater is or whether it will fit Aunt Esther. If you're online, you have to rely on a picture and a few lines of descriptive text.

Another drawback for some people is security -- they fear giving their credit card information to a website. Well, it is true that identity theft is a big problem. But when you hand your card to a cashier in a store, you've lost control of it for a little while, too. Just be careful shopping online. Shop at trusted, established vendors. When you're about to enter personal information, look for an icon such as a closed padlock or an unbroken key at the bottom or top of your web browser's window -- indicating a secure site. Or look at the web page address. A secure page's address should begin with "https://" instead of "http://".

Everyone's doing it You may not realize it, but online shopping is very much a mainstream practice these days. According to an article in the *Wichita Eagle* (Kan.), "Last year, consumers spent \$481 million on Dec. 1, the highest-traffic day. Consumers spent \$13 billion online during the holiday season last year, Visa says. The busiest days for online holiday shopping are Tuesdays and Wednesdays. Visa says 2.5 million households are expected to shop online for the first time this holiday season." This year, online shopping sales are expected to total almost \$20 billion.



Two shoppers' testimonies On our Living Below Your Means discussion board, some folks shared their recent shopping experiences.

CrestlineKathy rejoiced:

I'm done ... with my Xmas shopping. Thanks to the following ... Amazon.com, Target.com, HomeDepot.com, Sears.com, QPB.com, eBay.com, LLBean.com. No parking hassles, no baby-stroller heel, no crappy Xmas music, no wasting gas!

Helen, otherwise known as hjg0989, offered her own story, illustrating beautifully how online shopping can be much more effective than offline shopping:

I was going to post something similar -- I love the Internet!!!! This will be our third Christmas without my Father. I've been trying to find my Mother gifts she will really like. She kind of likes odd things like: rodeos, playing cards, morel mushroom hunting, Jim Nabors (I'm not kidding), Ann Jillian, scented candles, feel-good horse movies.

So I spent about three hours online. I did a search of "playing cards rodeos" on eBay. Guess what, three decks of playing cards with rodeo pictures on them!!! Did a search for morel mushroom and the shroomlady has her own eBay store! I got a morel mushroom T-shirt, floor mat, and some fake ones so she can play jokes with her hunting friends. I also got a lot of nine 5-oz. candles with scents like baked apple pie -- she'll love them!

Then over to Amazon, where I looked up "Horse Whisperer" and checked out what "the people who liked Horse Whisperer also liked" ... I think I found her some good movies. I then found the VHS of the Ann Jillian story and one of her CDs that my Mom doesn't have. I also found some books on horse stories and rodeos. Then of course, there was an old Carol Burnett show on VHS with Jim Nabors as the guest.

Without the Internet, she'd probably have gotten a pair of pajamas. I love how I can put the effort into thinking and researching instead of running all over and buying things just so I'll have presents to give. I think it's worth the extra expense of shipping, especially since I had it all shipped to her house and won't have to carry it all in my suitcase.

Best of all, I'm done!!!!

Where to shop

So now that you're ready to click and spend, where should you go? Well, the folks at *Consumer Reports* recently evaluated a bunch of major online retailers. Some of their findings:

Best Buy (NYSE: BBY), **Circuit City** (NYSE: CC), and **Wal-Mart** (NYSE: WMT) may not be the best places to buy electronics. Those chains rated only middling to below-average on price, selection, and service, according to more than 18,700 *Consumer Reports* readers surveyed this spring who bought a TV, digital camera, DVD/DVR player, camcorder, PDA, or audio equipment. As a group, Internet retailers had higher overall satisfaction ratings than walk-in stores.



“Only two Internet outlets -- **Amazon.com** (Nasdaq: AMZN) and **J&R.com** -- received top scores for best price and product selection, the holy grail of shopping.”

“**Costco** (Nasdaq: COST) has the best return policy of the retailers in *Consumer Reports*' survey. Costco takes back virtually anything, anytime. The return policy for computers is six months.”

“When low price matters most, Amazon.com, Costco.com, J&R.com, Costco, and **BJ's Wholesale** (NYSE: BJ) are good choices. Consumers will also need to factor in membership fees when shopping at Costco and BJ's Wholesale.”

Think outside the box

Be a little creative in your shopping, too. If your loved one loves movies, you might give a gift membership to **Netflix** (Nasdaq: NFLX). (Full disclosure: I own a few shares of the company, though I'm not yet a customer.) At floral- or chocolate-centric websites, you might be able to buy someone a year of flower deliveries (one per month), or a year's worth of chocolate.

Subscriptions can be great gifts because they last longer than a few days in December. I invite you to consider giving a Fool investing newsletter to a loved one. A few months ago, I wrote an article describing them all and reviewing their performance, which is pretty impressive, if I do say so myself. Our newsletters can help your friends find great dividend-paying stocks, outstanding mutual funds, and companies that may hit the ball out of the park with their newfangled ideas. They can help them get their personal finances in order, too. We offer lots of free trials, so perhaps try one or more for yourself, too.

Best Buy, Amazon, Costco, and Netflix are Motley Fool Stock Advisor picks.

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