Deborah: Good morning, everyone. We are honored to have Gian Fulgoni, the co-founder and Chairman Emeritus, and Andrew Lipsman, V.P. of Marketing Insights from comScore joining us for the call today. Gian co-founded comScore in 1999.

Since then the company has been providing data, analytics, and enterprise software services to over 2,100 clients worldwide, including ourselves. Encompassing solutions in the measurement of online audiences, ecommerce, advertising, search, social, video, and mobile.

Prior to founding comScore, Gian was president and CEO of Information Resources, Inc., IRI, which many of us know, from 1981 to 1998. As V.P. of Marketing and Insights, Andrew specializes in several research areas including social media, ecommerce, online video, digital advertising, and online politics.

He is frequently quoted by leading news organizations, including the *New York Times, Wall Street Journal, CNN, Fortune, Business Week*, and *Newsweek*. Today Gian and Andrew are going to share with us their insights on hot ecommerce trends this holiday so far, and recent results on Green Monday.

Just a few additional comments. While Gian has been doing this for almost 15 years, some of his comments have been this is one of the most dynamic seasons he's seen so far. And while we all think that everyone will hit their forecast for the digital season, we do think it will be a little more mobile-based.

So with that, I'll turn the call over to comScore. Thanks so much for joining us today, guys.

Gian Fulgoni: Thank you, Deborah. Good morning, everybody. Andrew and I are looking forward to taking you through what we are seeing, via the comScore data, and the data that we've got here today will cover the period through Green Monday, which was Monday of this week.

So on this slide that's up here now, I wanted to show you, just to give you kind of a foundation for understanding the importance of digital commerce, this is the digital market share of all consumer spending in the discretionary sector. So we're excluding for this comparison gasoline, food and beverage, and auto.

Now, what you see here is, as I said, the digital market share, but we've broken it into two components. So the solid blue line shows you its market share excluding mobile, and then the light blue line includes mobile. And we've done that to help you understand visually at least, the magnitude of the mobile component, and an illustration of its growing importance.

There is seasonality in this marketplace, as you might know. It peaks in the colder months of Q4 and Q1, and then the troughs are in the warmer quarters. Going into the season then, digital commerce represented about one in every seven discretionary dollars spent by consumers.

And I think that that's a nice way of illustrating the importance of the online channel. So the 13.1 percent total share that you see there includes mobile. And that's the one in every $7.00. We expect that when the season is over, that we'll be saying that about 15 to 16 percent of all discretionary spending in the holiday season will have been done on the digital channel.

Okay. Next slide, please. Let me show you what we expect the season to be when all is said and done. And I've included here our estimates of bricks and mortar compared to digital. So the first line here shows you the bricks and mortar component. And it represents, going into the season, about 85 percent of all discretionary spending.

I wanted to use here the Shopper Track forecast for the growth in that bricks and mortar segment, which they expect to be 2.5 percent. So if we multiply the 2.5 percent by the 85 percent, that's how we get the growth point contribution of 2.1 for bricks and mortar.

Digital going into the season was 15 percent of all discretionary spending. Our forecast is that it will grow at 14.3 percent. So multiply the 15 by the 14.3, and you get the 2.2 growth points. Add the 2.2 to 2.1, you get the 4.3.

So basically, we expect that this season will see 4.3 percent growth in total consumer discretionary spending. With importantly, slightly more than half of that growth, at 2.1 points, coming from digital. Again I think a good illustration of the advance of digital.

Two other forecasts that I wanted to note for you are shown on the bottom right of the slide. National Retail Federation expects total spending growth to be 3.7 percent. Boston Consulting Group expecting it to reach a slightly higher level of 4.5.

So our forecast of 4.3 is somewhere, obviously, in between the NRF and BCG, but leaning towards the higher end. Last year, just for comparative purposes, NRF reported a four percent growth in total spending, and the year before that, 2013 was actually significantly weaker at 3.1 percent.

So we expect still this to be a good season in total. I want to also refer you to the two lines at the bottom of this slide. Desktop and mobile component. These are important as well. So desktop still represents the majority of online spending, 12.6 percent of all discretionary spending. With mobile a lower 2.4 percent.

Mobile is running somewhere around 15, 16 percent or so of all digital commerce. The growth rates we expected when we put this forecast together at the beginning of the season, we expected about 9.4 percent growth for desktops. So multiply the 9.4 by 4.6, you get 1.2 points of growth.

Mobile, a smaller percentage of total spending, but a very, very dramatic growth rate that we expect, at 47 percent. And again, multiply 2.4 by 47.2, you get 1.1. Now what that says then is that mobile is almost a half of the growth in digital that we expect to see this season.

And as we go through the presentation, especially Andrew will take you through what we're actually seeing relative to our forecasts. So let's switch to the next slide, please. So let me take you through a few of the data points for the desktop sector. And then Andrew will round it out with the mobile components.

This shows you the individual days of the holiday shopping season, which is November and December. And we're looking at total dollars in millions. The blue lines designate those individual days that have gone over a billion. And through Green Monday there have been 15 of them this year.

Last year there were only nine at this point. So we've got 50 percent more billion-dollar-days this year than a year ago, which illustrates that substantial growth has been occurring. Cyber Monday, the biggest day ever for desktop spending, at $2.3 billion.

And Andrew will report to you that it was also the biggest day in the history of online spending in total, when you include the mobile component. Next slide, please.

If we look at some of the individual important shopping days for desktop, here we've got Thanksgiving, Black Friday, Cyber Monday, Green Monday, what you will see here is that the opening of the season is kind of getting earlier and earlier.

The growth rates for Thanksgiving and Black Friday over this time period from 2010-2015, the cumulative growth rates there are significantly higher for Thanksgiving and Black Friday. Not that Cyber Monday and Green Monday aren't growing, although I'll comment on Green Monday in a second.

But it's pretty clear that online, and I think this mirrors the offline pattern, although maybe not as extreme as the offline pattern, the season is getting earlier and earlier, as retailers run more aggressive promotions well ahead of Thanksgiving. That certainly was true this year of the offline component.

Which to some degree damaged the four days of the Thanksgiving holiday, which Shopper Track were recording as down by about ten percent. But there are sales before Thanksgiving that we have to take into account when we're looking at the season as a whole. So a lot of growth here happening in digital, but it is clearly getting pulled earlier in the season.

Green Monday, just one comment, it might look like on this calendar representation that the Green Monday number is actually dropping from 2014 to 2015. There's an issue this year with the way that Green Monday falls. It's defined as the second Monday in December.

And this year it fell almost a week later than it did last year. So the actual calendar comparisons, we don't think are as appropriate as a comparison that basically looks at the corresponding day. And if you do that, you've got a growth rate of about 30 percent. Green Monday this year versus essentially the same date last year.

Okay. Next slide, please. Now, our forecasts for desktop are actually coming in a little lighter than we had expected. So this slide shows you, in the gray portion, the way that cumulative sales have built up last year. The top portion above the gray portion is showing you how the incremental growth is coming in this year, 2015.

And if you look at the solid blue line relative to the dotted line that you see at the top, it's basically saying that we are slipping behind what we had expected. So a growth rate of nine percent was our forecast for the entire season. So far through this point, we're running just over five percent.

Now, there is one thing, though that's going to help as we go through the end of the season, which is that there's one extra shopping day between Thanksgiving and Christmas this year, compared to last year, and that will add at least a couple of points for growth.

And so while we expect the season to be a little lighter on the desktop side than we had expected, that's probably only going to be a little lighter by about a point or two. And as you'll see in Andrew's section, we believe that that's going to be compensated for by stronger than expected growth in the mobile channel.

Okay. Next slide, please. Wanted to show you the way that buying has been occurring on desktops through the season to date. We've got the 2014 season column on the left, 2015 on the right, and then the percent changes. So for the season to date, as I mentioned, 5.4 percent growth in desktop buying.

And the components of that are that basically, we're getting more buyers. So you've got a growth of 8.6 percent in buyers to 227 million for the season to date. That that's driving a growth in the number of transactions of 8.4 percent. But the actual dollars per buyer off a little bit, off 2.9 percent, at a level about $200.00 per buyer.

Now what's happening here, and I think it's important to understand, is that it's not that buyers have shifted exclusively from the use of a desktop to the use of a mobile device. Many consumers are using both. Certainly some are using exclusively mobile.

But what's clear in our research is that the more considered the purchase, the higher the price point of the purchase, the more research that the consumer needs to do in support of their buying decision, the greater the likelihood that the large screen of a desktop is important.

And consumers directly saying that they find it difficult to do comparison shopping, price comparison, product detail comparison, keeping multiple screens open on a mobile device, or even a laptop for that matter, compared to a desktop.

And so what we think the dynamic here is that there are consumers, many consumers who are making some purchases on mobile, but they'll make their more considered purchase on a desktop. So they're using multiple devices. And certainly there are some people who still exclusively will buy on a desktop, whether that occurs in the home or at work.

And one thing we've seen again this year as we have in previous years, if you look at the Cyber Monday buying, which was the biggest day of the year — ever, for that matter — about half of the buying occurred at work. And that would be primarily on a desktop device.

With about a half then occurring in the home. The privacy of buying at work when you don’t have other family members looking over your shoulder when you're buying gifts for them continues to be an important driver of that behavior, as well as the fact that there is downtime that everybody has at work.

Okay. Next slide, please. At this point I'm going to turn it over to Andrew, and he's going to take you through the balance of the presentation, and then we'll open it up for Q&A.

Andrew Lipsman: Thanks, Gian. I think it's fitting that I begin talking about free shipping, and what we're seeing this holiday season, given that it's free shipping day today. Which should be the last big flurry of online spending activity for the season.

So taking you through the last four seasons, beginning with 2012, what we're looking at is the percentage of transactions with free shipping by week, throughout the holiday season. And so you can see in 2012, we were actually running at rates in the 40, 50, maybe high 50 percent rate, week by week.

And then 2013, things changed a bit, because it was a shorter holiday season. A very compressed calendar. And so retailers really didn't want to take any chances, and you see that that free shipping rate went up to over 60 percent for every single week throughout the season.

Now, 2014 came along, and retailers tried to get a little bit creative to try and restore their margins, so they started off the season really aggressive with that promotion, and then pulled it back just after Thanksgiving to see if they could restore those margins. And I think it was a fairly effective strategy.

2015 here, leading into the season, you know, we've seen a bit more softness and cause for concern, and as a result, retailers seem to not be taking any risks. They've really jacked up that free shipping promotion. We're seeing it run at over 70 percent every single week throughout the season.

So to some extent I think this might be the new normal of where we're at with free shipping as a promotional offer. Next slide.

Deborah: So Andrew, though, isn't this concerning? Because as ecommerce is representing a greater percentage of sales, and there is more free shipping, doesn't this bode not so great for retailers' margins, not only in 2015, but just in general longer-term?

And as we were kind of discussing before the call, if retailers need to invest more in terms of meeting consumers' growing expectations in a seamless, omnichannel experience, what would be your prediction?

Andrew Lipsman: There is no doubt it's of concern. I think they've got some room to work with, and I also, part of what I sense is that they've been ratcheting up prices to make up for it. So it's more about — free shipping is really about the perception of value.

So if you can get away with a higher price and then provide that free shipping to make people feel like they're getting a deal. Obviously the concern is in a really competitive and completely transparent environment, there's only so much of that you can get away with.

So, yeah, it is cause for concern, but I do think they're taking some other actions to counteract that strategy.

Deborah: Great. Thanks.

Andrew Lipsman: Okay. So here we're looking at the top growing categories for the season to date. On the left you can see the absolute dollar rank, so how big is the category overall? And then off to the right you can see what the growth rate classification is.

Very strong is if it's growing 15 percent or higher, strong is 10 to 14 percent, and then moderate is 5 to 9 percent. Right up at the top of the category you'll see Home and Garden and Furniture, Appliances, and Equipment. Last year the two were flip-flopped, but basically they were also the leaders.

And what I think is happening is that people are not just holiday buying for themselves, they're taking advantage of the deals to invest in their homes. Whether that's large ticket purchases like washer and dryer that they've been waiting to upgrade, or just other things to improve on their home.

So those categories have been very strong. And then the other one I would call out is Apparel and Accessories, which is the largest category, continues to grow very, very strongly. We've seen this now actually, for the past three years or so, consumers have gotten a lot more comfortable buying online for this category.

In large part because retailers have learned that consumers really care about the ease that they can make returns. So they've facilitated that process, consumers have responded in kind. Next slide, please. Here we're taking a look at the top retailers that we've seen this season in terms of the total traffic they've had.

And this is multiplatform traffic, so on desktop and mobile combined. Probably of little surprise that Amazon is number one. And not just number one, but a considerable number one. In fact, has about the same amount of traffic as the next three combined. eBay, Wal-Mart, and Target.

And then Kohl's rounds out the top five. I would also point out that these are the five retailers I would call out as having really strong mobile presences. Amazon and eBay have always been strong in mobile.

Wal-Mart, Target, and Kohl's are the three multichannel retailers that I would really call out as having established great mobile presence with their apps. The other retailer I would call out as kind of a breakout winner this season, at least in terms of how they're engaging consumers, is Etsy, all the way up to number seven.

You know, had gone from being kind of a niche marketplace to much more mainstream. So one that I'm keeping a close eye on, and I think is the great story of this season. Next slide, please. So what does traffic look like overall for the season?

If you look at all multiplatform retail traffic, we've seen, through Green Monday, about 21 billion visits, with a huge 34 percent increase. And it's sort of a mindboggling number, given that the channel as a whole is growing in the mid-teens in dollars.

So what's really happening, if you see the breakdown between mobile and desktop, well, mobile is really running away with it. Now almost double the traffic that we're seeing on desktop, and it's up 62 percent year over year. Whereas desktop is up five percent, very much in line with the growth we've seen in spending.

If you break out mobile further, it's more heavily driven by the mobile web. But that's growing a little bit softer at 46 percent than mobile app usage, which is up 88 percent in visits year over year. Next slide, please. If we look at the breakout of desktop and mobile growth, we're looking at two metrics here, unique visitors and visits.

And we're looking at it for the key spending days of Thanksgiving, Black Friday, Cyber Monday, and Green Monday. What you'll see with the dark blue growth rates for desktop is that it's basically single digits across the board. Whether you're looking at either metric.

And those mobile growth rates are really aggressive in the 40 and 50 percent range for unique visitors, and really 50, 60, 80 percent range year over year when you're looking at mobile. In particular I would highlight Black Friday where we see that 80 percent growth year over year in visits.

That to me kind of highlights one of the key trends that I would call out for the whole season, which is that mobile is eating brick and mortar. So on a traditional brick and mortar spending holiday like Black Friday, we actually saw mobile really kind of perform at its best. And you'll see that reinforced here in the next slide.

Here are the traffic patterns, by platform, across the whole holiday season, for desktop, mobile, and then combined as multiplatform traffic. So a few things I'd call out as kind of interesting. First you see the pattern on desktop is very different. It peaks Monday through Friday, and gets soft on Saturday and Sunday.

Mobile meanwhile actually stays very consistent, no matter what day of the week it is. And then what you'll see is that we see these huge peaks in activity. So if we first look at Black Friday mobile, so that massive peak, like I referenced in the previous slide, saw a little bit of a peak on desktop that day.

Cyber Monday, that's where you see the huge desktop peak. Still something of a peak on mobile. And then if you look at those in combined fashion, you see that really Black Friday and Cyber

Monday very close in terms of overall traffic with Cyber Monday just getting a bit of an extra edge, bolstered by desktop.

When you look at mobile and desktop, I think one of the other key callouts is that there wasn't a single day this entire season that we've seen desktop outpace mobile traffic. So I think that's very telling, and kind of a sign of the times of where we're at in terms of mobile's importance. Next slide, please.

Here we're looking at actual sales for some of the key spending days, with mcommerce and desktop ecommerce. So first we're kind of lumping together Thanksgiving and Black Friday as kind of a single day here. And what you'll see was that mobile was up 31 percent year over year.

While desktop was up ten percent. That combined for an overall 15 percent year over year growth rate. Mobile represented 27 percent of all digital spending on those days. Much higher than normal. Cyber Monday we can see that mobile was up 43 percent.

Desktop was up 12 percent that day, and it combined for an 18 percent year over year growth rate, with mobile representing 26 percent of digital. The headline number here is that Cyber Monday, when accounting for mobile, actually surpassed $3 billion.

It was the first ever $3 billion spending day online. Next slide. So just to wrap up, here are our key takeaways. First we had a holiday forecast of about $70 billion in spending, with 14 percent overall expected growth, with a split between 9 percent growth on desktop and 47 percent growth rate on mobile.

We still like our forecast in total, but we think that it's going to be slightly lower on desktop, in the 7 to 8 percent range, while mobile should be a bit higher, in that 50 to 60 percent range. But we still look pretty good for that 14 percent overall growth rate.

Secondly, we saw that in the most important promotional period, the Thanksgiving through Cyber Monday, we saw really robust strength, concentrated activity happening both online and mobile. While we saw brick and mortar particularly soft, with declines of about 10 percent.

Which really leads me again to that conclusion that mobile more than anything is kind of eating brick and mortar this holiday season. And then finally, this week started off with a strong Green Monday that's kicked off the last heavy week of the season.

We expect to see all billion dollar days, right through free shipping day today. And this is going to give that last minute boost to the online season. And with that extra shopping day, should give us a little bit of extra incremental percentage points that should push that 5 percent growth rate we're seeing in desktop so far, up into the 7 or 8 percent range.

Though as we said, we expect it to be just shy of the initial forecast of 9 percent growth. So with that, I'll pass it back to Deborah for some Q&A.

Deborah: Great. Thanks so much. So can you talk a little bit about what you're seeing in terms of the cadence of the season so far?

Andrew Lipsman: Yeah. So I think —

Gian Fulgoni: So —

Andrew Lipsman: Gian, go ahead.

Gian Fulgoni: Yeah. So let me make a couple of comments on the way that the season has started, and then ask Andrew to cover off what we think has been the trends within the season. As I said in my earlier comments, it's pretty clear that retailers continue to run their opening season promotions of discounts and offers earlier and earlier.

And that's pulling buying forward. I think it's doing that more in the case of offline than in the case of online. And it's really manifest itself most this season during that four day period of Thanksgiving. When Shopper Track reported that sales were down in stores by just over 10 percent.

A year ago, they were reporting the sales were down a much more modest 1.5 percent during that period. But while offline sales were soft then, online sales were booming, as you saw in the numbers that Andrew showed you. And I think two things are happening.

One is, I think that consumers are buying on Thanksgiving Day in the stores, the stores were opening. By the way, the stores opened later this year than they did last year. Most of them I think were running at around 6:00PM opening, which actually made the comps a little tougher this year. But we saw this last year.

The dynamic is that consumers go into the stores on Thanksgiving Day, but they don't go in with the same expectation of spending per person at the rate they would have if they had gone in on a Black Friday.

And unfortunately, I think then by moving the traffic from Black Friday into Thanksgiving Day, on a per person basis you get back less in terms of buying. And a lot of that Thanksgiving Day traffic doesn't go back into the store on a Friday.

If anything, a lot of them will then go online on that Friday, as opposed to having to go to the stores on two consecutive days. And I think that that dynamic is shifting pretty dramatically the balance between online and offline during those really important opening days of the season. So Andrew, let me ask you if you could comment then, what you think's happened since then.

Andrew Lipsman: In the back half of the season?

Gian Fulgoni: Yeah.

Andrew Lipsman: You know, I think the calendar is really the core determinant here for the balance of the season. This week in particular, I mean, we saw that kind of lull happening in the week between Cyber Monday and Green Monday. And that's something we expect to see.

We've really seen, with the comparable shopping days, we've seen it kind of hang below that threshold for our forecast. But this week really, a single day that over-performs can have a really disproportionate impact on the growth rate.

So a lot depends on what we do see through this week, and just how strong the days are. We are anticipating a certain amount of strength. And last year we saw, in this final week, we saw a big dip happen. This free shipping day was on that Wednesday. This year we have it happening on Friday.

So if we see substantially higher rates on that Thursday and Friday, it could help give that boost to the remaining part of the season. Like I said, we're already expecting it to contribute a couple points, but it's not out of the question for that to really get us back up to the nine percent forecast.

So I don't want to discount that as a possibility. It's just a lower likelihood. So I think a lot really does depend on what we see here for these last few days. And in particular today, and if the retailers are really pushing this free shipping promotion, I think the consumers will respond given the way the calendar falls.

Because they should feel pretty confident that here at the 18th, they're going to get those packages, probably with a few days to spare in advance of Christmas.

Gian Fulgoni: There's one other, Deborah, one other dynamic here that is kind of interesting to consider, which is that if you look at the usage of desktop computers by day of the week, it always falls off on the weekend, when people have other things to do, and things that often take them out of the home.

You don't see that dip on the weekend with mobile activity. And so it's very possible that this last weekend, that mobile allows people to continue buying at a higher rate than they would be able to if they didn't have a mobile device.

And there's certainly enough time for them to do that buying and get their gifts delivered in time for Christmas. So I expect that we'll get a boost from mobile still this weekend, that's greater than what we would've gotten in the absence of mobile.

Deborah: Thanks. And then in terms of mobile, we have one question which is, is the boom in mobile shopping pushing down average online transaction values? The person asked, shoppers tend to spend less on mobile, and if so, is the mobile boom making things like free shipping less sustainable?

Andrew Lipsman: So on the average —

Gian Fulgoni: I don't —

Andrew Lipsman: We're seeing that that was down just slightly on desktop. But we saw that the growth was being driven by more buyers. I actually think the more buyers on desktop is a function of more marketing messages, and more engagement on mobile. So in a weird way, mobile is stimulating a growth factor.

And then what happens is that when you have more buyers, a lot of those newer buyers tend to be lighter buyers. So it brings down the average order value on that channel. Within mobile specifically, I don't have data to share on that at the moment. I suspect the values are lower. They would almost have to be.

And in particular, given people's relative lack of comfort buying higher ticket purchases, and higher ticket categories on mobile. But you have to look at these things holistically in terms of, what's the overall spending, how many people, and how much are they spending overall, rather than on just a transaction by transaction basis.

Deborah: Okay. And then somebody asked about, in terms of how you're looking at things, is jewelry in the accessories category, and then also asking about, how is jewelry selling on mobile?

Andrew Lipsman: Yeah, so I don't have the data specifically. So I think online it's been softer. That's actually one of the weird categories that tends to skew higher ticket, that a relatively higher percentage of dollars do come from mobile.

So that's the one that is really kind of different from other higher ticket categories. So I suspect we're seeing probably more of an ongoing channel shift, and more of that activity. But I can't comment to the overall extent that the category may be over-performing or underperforming for the season so far.

Gian Fulgoni: The price points on — one of the things we've seen in the buying of jewelry and watches online is that it's a very broad mix of products, that covers a wide, wide range of price points. You know, there's a lot of buying of items where the price points are well under $50.00.

When one thinks of jewelry, I think one might think in terms of much higher price points. But it actually is a very, very broad category. And I think that's what ends up making online buying stronger there than one might have expected.

Deborah: And then any other categories where you see a distinct difference between how the consumer shops between mobile and desktop?

Gian Fulgoni: I think that would be a function, again, as I said earlier in my comments, of how expensive the product is, or how big the basket value is. There's no question that the spending on the various devices is a function of the price of the product.

And there's almost a, you know, just a really high correlation between the buying of higher priced products skewing towards the larger screens, especially desktop.

Andrew Lipsman: So —

Gian Fulgoni: And so I think within any product category, you have to look at the range of prices, of price points across the products in the category.

Andrew Lipsman: Yeah, and so one example is computers as a category. It's a really big category, but only about three to five percent of sales of computers are happening through mobile. So it's really significantly under indexes. It's a very high-consideration purchase, often very customized, so people don't want to buy that.

Apparel is one that traditionally, people like to not just see and feel the clothes and try them on, but they like to get a good look at the apparel as well. But that's one that demographically speaking is a nice fit with mobile, so it's actually been performing reasonably well on mobile as a category.

Deborah: Okay. And then we've got another question from the audience asking about, does mobile tend to represent a lower household income?

Gian Fulgoni: I was just going to say, you have to look first, in answering that question, at the device itself. The household income levels on android devices are significantly lower than the household income levels on the iPhone.

But then you have this issue of familiarity with, a comfort, with buying on mobile, and you've probably got a significant skew there towards younger people, whose income levels are lower.

So there are multiple variables at play here, and I think one has to be careful that one doesn't just isolate one and think that that's the only variable that's important. So I don't think it's just a function of income. I think the age factor has to be incorporated as well there.

Andrew Lipsman: Right. Yeah, I think the two things where buying will skew towards is younger income — or sorry. Younger age and higher income. So where those two things overlap, that's where you see the heaviest buying on mobile. On the whole, I think mobile, particularly tablet, will skew on average, probably higher income.

And we know that there's big skews towards IOS. It overall kind of favors the tech-savvy consumer, as opposed to the less tech-savvy consumer, and tech-savvy tends to skew again, higher income. So on balance, I'd say I think more along the lines of higher income.

But just make sure that you're balancing that thinking with the knowledge that if it's a younger consumer target, and they have less income, they may also be more likely to buy through mobile.

Deborah: And then just, you know, if we look back at average transaction value and number of transactions, how has that played out versus expectations?

Gian Fulgoni: That's an interesting question.

Andrew Lipsman: Yeah, I mean, we don't have a holistic number at the moment. So I think that's probably the big factor is, how do you think about all this stuff holistically? And clearly the dynamics between desktop and mobile have been so different. There's more opportunities to buy.

So my sense is that overall we're seeing probably more buyers, buying more, and more transactions. But the dynamics can be quite a bit different depending on how you look at desktop versus mobile.

Gian Fulgoni: Yeah. I think the other factor is that if you look at the number of people that buy online now, in respect of a device, it's really a high penetration of total internet users. So the growth, I think looking forward, has got to be coming from the set of people who are already buying, are completing more purchases, and spending more per buyer over time.

And I think that's where, that I think bodes very well for the future of digital commerce. Because it's just becoming more and more engrained as a habit now in people, to buy online, as opposed to thinking first to going out to the store to do the buying.

Deborah: And then, not digging too much necessarily into specific retailers, but when you think of top retailer multiplatform visits, you look at the top three, and I don't know if you necessarily throw Wal-Mart into a, you know, kind of what bucket you put them into yet.

But you're really looking at multiretailer platforms at this point, and you ever have Alibaba in the top 20 at this point. Where you've got multiretailers selling on platforms. I mean, how do you think about what the future looks like in a few years?

I mean, these marketplaces are really kind of what's — I mean, I almost put Wal-Mart in a marketplace at this point, but you've really got these marketplaces which are succeeding at this point.

Gian Fulgoni: Well, you know certainly the selection of products, and how broad it is, is a really important driver of success. Because when all is said and done, that's one of the big advantages that online should have, right?

It should be able to offer, for one visit, a broader selection of products than you could ever get with a physical visit to the store. And that translates to convenience, important convenience for the consumer. And so I think that that's certainly an advantage for marketplaces.

It's an advantage for an individual retailer that carries a broad range of products, you know, Wal-Mart and Target might be good examples. But it's also a huge advantage for an Amazon, that's carrying both first party and third party products.

And in the work that we've done at comScore, it's pretty clear that the third party products are accounting for slightly more than a half of all of Amazon's sales. That's how important they are. They are so important in fact, that even somebody who's a Prime member and gets free shipping, a lot of those people are willing to buy third party items and pay for the shipping. *[Laughs]*

Which is kind of surprising when you just think about it. But it points to the importance of that selection. And I think Amazon has figured it out with the third party offerings that they have, and I'm sure that when they see a third party product that's doing really well, it's pretty easy for them to then stock it as a first party product.

Deborah: Right. No, I think it's huge —

Andrew Lipsman: And that selection is really an important driver I think of people being willing to put an app on their phone. There's a real app scarcity issue. We've done a lot of research on that, it shows most people don't want more than three apps, three retail apps on their phone. When we asked them what's the first app you put on their phone, Amazon, number one. Wal-Mart number two.

Deborah: Yeah.

Andrew Lipsman: Right? So that favors the larger retailers. Again, calling out one of the stories that I think is very interesting, though, is that Etsy's doing really well there. And I think the differentiary I would say for them is that they do have a nice amount of breadth in what they offer. It's a different type of product than average.

But it's also a really nice, aesthetically pleasing, enjoyable shopping experience on their app. So if you can't just offer the breadth that consumers need, you need to think about these other dimensions on which you can engage a consumer. Etsy's done a great job of that.

You know, there are probably a few other examples of that, but increasingly I think retailers are going to have to figure out how they make shopping fun. Because mobile tends to be more of a consumption device. It's an entertainment device before it's a conversion device.

Deborah: Yeah, no. I mean, as I think about where everyone's going to invest in 2016, it's certainly in replatforming, and digital, and I think mobile is going to be the big story. But when you think about physical, I think you hit the nail on the head. I mean, it's all about retailtainment.

But I think you actually brought up something, Andrew, which is incredibly important, is nobody necessarily thinks about retailtainment in the digital world. But I actually, we've got to think of a new word for it, but that's actually I think an incredibly important —

So, if you're more of a specialty retailer, how do you drive traffic to your device, right? Because you have to make it fun. But I think that that's an incredibly important theme, actually. And maybe that ends up being one of the themes for 2016.

You guys, just so we close it out, and we're respectful of people's time, we have one more question that came through, so let me make sure we get that asked. Are mobile purchases more strongly correlated with impulse buying, buyer's remorse, *[Laughs]* and therefore a higher return rate? That's actually a good question.

Andrew Lipsman: *[Laughs]* We don't have data on that. I don't necessarily think that — it's an interesting theory. I don't know that that's necessarily the case. I think a lot of times people maybe are more considerate because they're doing things like showrooming and price comparison, so they feel confident.

Maybe more confident *[Laughs]* than they would feel in the store when they really only have one price to look at. So maybe there's an alternative view that says that maybe there's less return.

Deborah: Okay, great. Well, thank you guys so much for your time, Gian and Andrew. So everyone, we will have a transcript, we'll have a recording, we'll have the deck, we'll have everything available. It will be posted later today.

Thanks for your time and your insights. This is fantastic, and we look forward to hosting you again sometime soon. Thanks so much.

Andrew Lipsman: Thanks for having us.

Gian Fulgoni: Bye.

Deborah: And happy holidays, everyone. Bye-bye.

[End of Audio]