Adobe Forecasts $221.8 Billion U.S. Holiday Season Online, Cyber Monday To Top $12 Billion

- Mobile shopping set to overtake desktop for the first time, as consumers get increasingly comfortable transacting on smaller screens
- Discounts expected to hit record highs this season, peaking at 35% off listed price for toys, 30% for electronics and 25% for apparel
- Buy Now, Pay Later usage set to drive a record $17 billion in online spend, as consumers look for flexible ways to manage their budgets

SAN JOSE, Calif. — Oct. 5, 2023 — Today, Adobe (Nasdaq:ADBE) released its online shopping forecast for the 2023 holiday season, covering the period from Nov. 1 through Dec. 31, 2023. Based on Adobe Analytics data, the analysis provides the most comprehensive view into U.S. e-commerce by analyzing commerce transactions online, covering over 1 trillion visits to U.S. retail sites, 100 million SKUs and 18 product categories. Adobe Analytics is part of Adobe Experience Cloud, relied upon by over 85% of the top 100 internet retailers in the U.S.* to deliver, measure and personalize shopping experiences online.

Adobe expects U.S. online holiday sales to hit **$221.8 billion** this holiday shopping season (Nov. 1 to Dec. 31), representing **4.8% growth** year-over-year (YoY). In the 2022 season, shoppers spent $211.7 billion online, and saw 3.5% YoY growth. Never-before seen discounts, and the increased usage of the Buy Now, Pay Later (BNPL) flexible spending method, which is expected to drive **$17 billion** in online spending (vs. $14.5 billion in 2022, up 16.9%), will drive spending this season as consumers look to stretch their budgets when making purchases. Additionally, shopping on mobile devices is expected to hit a major milestone, surpassing desktop and driving over half (51.2%) of all online spending this season.

Cyber Week – the shopping period including Thanksgiving, Black Friday and Cyber Monday – is expected to drive $37.2 billion in online spending, up 5.4% YoY and representing 16.8% of the holiday season. Adobe expects Cyber Monday will remain the season's and year's biggest shopping day, driving a record **$12 billion** in spending, up 6.1% YoY. Black Friday online sales are set to grow by 5.7% YoY to $9.6 billion, with Thanksgiving growing 5.5% YoY to $5.6 billion. Driven by deep discounts, these big shopping days remain important anchor points for the season.

"Despite an unpredictable economic environment, where consumers face several challenges including rising interest rates, we expect strong e-commerce growth this season on account of record discounts and flexible payment methods," said Patrick Brown, vice president of growth marketing at Adobe. "Buy Now, Pay Later in particular has become increasingly mainstream and will make it easier for shoppers to hit the buy button, especially on mobile devices where over half of online spending will take place."

Record Discounts Expected This Season

Adobe anticipates discounts will hit record highs – up to 35% off listed prices – this holiday season, as retailers contend with an uncertain spending environment and consumers who continue to deal with rising costs in areas such as food and gas. Of the 18 categories tracked by Adobe, toys, electronics and apparel are expected to offer the biggest deals: discounts for toys are expected to peak at 35% off listed prices (vs. 34% in 2022), while electronics

discounts are set to hit 30% (vs. 25%) and 25% for apparel (vs. 19%). Other categories with notable discounts include sporting goods at 24% (vs. 10%), TVs at 22% (vs. 17%) and furniture/bedding at 19% (vs. 8%).

The deepest discounts are expected to hit during Cyber Week, the best time to shop for bargain hunters. Black Friday (Nov. 24) will be the best day to shop for TVs, while Saturday (Nov. 25) will have the best deals for computers. The deepest discounts for toys and apparel will be on Sunday (Nov. 26), and Cyber Monday (Nov. 27) will have the best deals for electronics and furniture. Those looking for the best deals in appliances will find them on Tuesday (Nov. 30); the biggest discounts for sporting goods are expected on Wednesday (Dec. 4).

While Cyber Week is expected to have the best deals, consumers will see bargains as early as the second week of October, where discounts are expected to be as high as 18%. Deals will also persist, with discounts as high as 20% in the days leading up to Cyber Week (Nov. 1 through Nov. 17), offering some flexibility to consumers looking to manage their budgets in new ways this year.

Buy Now, Pay Later Continues Growing

The flexible Buy Now, Pay Later (BNPL) payment method is expected to set new records this season, driving **$17 billion** in online spending, up **16.9% YoY** and $2.5 billion more than last year. Adobe expects BNPL spending to hit $9.3 billion in November, making it the largest month on record. Cyber Monday is set to be BNPL's largest day with **$782 million** in spending, surpassing Cyber Monday 2022's daily record of $658 million.

BNPL has already seen strong traction this year. Thus far in 2023, BNPL users have spent $46.7 billion, up a significant 14.7% YoY and $6 billion more than during the same period last year. BNPL growth has been driven by categories including groceries, where its share of spending grew by a staggering **37.5% YoY**. Other categories driving BNPL growth include home/furniture (up 25.9% YoY) and apparel (up 15% YoY). An Adobe survey of over 1,000 U.S. consumers found that one in five respondents plan to use BNPL to purchase gifts this holiday season.

Additional Adobe Analytics Insights

- **Mobile shopping overtakes desktop for the first time:** Adobe anticipates over half (51.2%) of online spending will take place on mobile devices this holiday season, a milestone reflecting improved small screen shopping experiences. Mobile spending is set to hit a record $113 billion, up 13.7% YoY, with usage peaking on days when consumers are likely with friends and family, such as Thanksgiving and Christmas.

- **Top sellers expected this holiday season**: LEGO Minifigures, Kanoodle 3D, Barbie the Movie products, Shape Shifting Box, Tamagotchi Nano x Harry Potter, and Transforming Ariel Fashion Doll in toys. Top gaming consoles will include Sony PlayStation 5, Xbox Series X, Nintendo Switch OLED and Meta Quest 3 VR Headset, while top games will include Madden NFL 24, NBA 2k24, Mortal Kombat 1, Marvel's Spider-Man 2, Super Mario Bros Wonder, Cities Skylines 2, Call of Duty: Modern Warfare 3, Hogwarts Legacy, and Starfield. Other top sellers this holiday season will include iPhone 15 models, headphones, e-readers and Kindles, Fujifilm Instax Mini Evo cameras, Ember Mugs, Roombas, and Birkenstock Bostons.

- **E-commerce categories driving growth:** Electronics, apparel, furniture/home goods, groceries and toys will contribute $144.2 billion in spending this season, for over half of the season's overall spend ($221.8 billion). These categories remain major revenue drivers online, with electronics driving $49.9 billion in spending (up 3.4% YoY), furniture/home goods at $26.6 billion (up 4.7% YoY), groceries at $18.9 billion – up 10.9% YoY as consumers plan holiday meals – and toys at $7.8 billion (up 5.4% YoY). Apparel remains a major category and is set to drive $41 billion, down 0.7% YoY, indicating some shift back to in-store shopping.

- **Earlier shopping expected this year**: A second Prime Day event (Oct. 10-11) and other promotional events will drive early discounting, enticing consumers to start shopping earlier. October's Prime Day event is

expected to bring in $8.1 Billion (up 6.1% YoY), with discounts as high as 18%. July's Prime Day event drove record online sales for the retail industry overall, with $12.7 billion spent (up 6.1% YoY). Adobe's survey of over 1,000 U.S. consumers found that 49% of respondents expect to start this year's holiday shopping in October.

Strong consumer spend continues to be driven by net-new demand, and not just higher prices. Adobe's Digital Price Index shows prices online have fallen consecutively for 12 months (down 3.2% YoY in Aug. 2023). Adobe's numbers are not adjusted for inflation, but if online deflation were factored in, growth would be in the range of 7.7%-8.3%.

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Per the Digital Commerce 360 Top 500 report (2021)

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