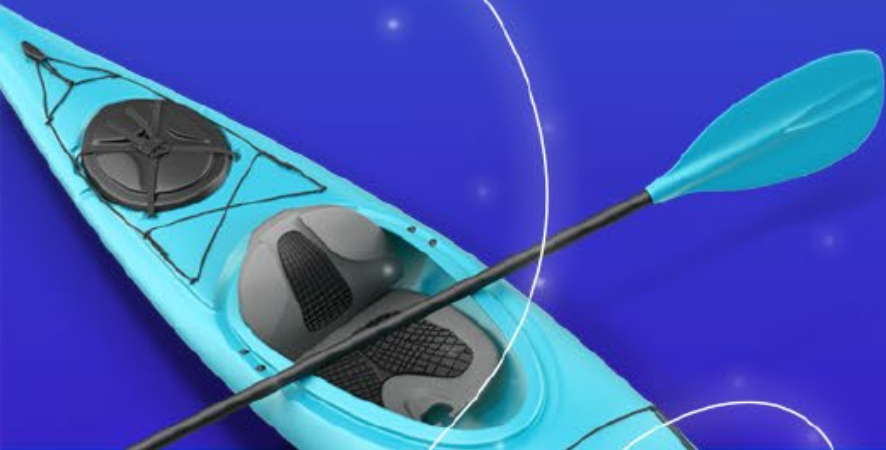




ADOBE HOLIDAY SHOPPING TRENDS

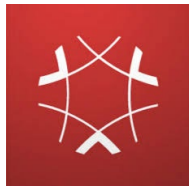
ADOBE DIGITAL INSIGHTS 2019



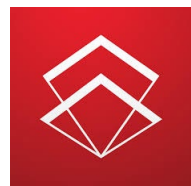
METHODOLOGY

Most comprehensive report of its kind in industry

Based on analysis of aggregate and anonymous data via:



Adobe Experience Cloud



Adobe Analytics Cloud



Adobe Advertising Cloud



Adobe Commerce Cloud

- Analysis of more than 1 trillion visits to the U.S. based on retail websites
- Product and pricing insights based on analysis of sales of more than 55 million unique products
- Companion research based on a survey of 1k+ U.S. consumers (18+ yrs) in Oct 2019
- 3.2B U.S. Desktop Video Ad Impressions between Jan 2018 and Dec 2018
- Shipping & returns analysis based on 11M+ orders in 2018, email analysis using more than 29B emails sent in 2018
- Adobe Analytics measures transactions at 80 of the top 100** retailers on the web in the U.S.

Visit our website: adobe.com/experience-cloud/digital-insights/holiday-shopping-report.html

Sign up for email alerts: <http://www.cmo.com/adiregister.html>

For More Insights: @AnalyticsCloud

Key Findings

Online U.S. Spend Prediction

- Online holiday spend will surpass 140B, representing 14.1% growth YoY
- Retailers will be starting sales early, due to the shortened holiday season
- Cyber Monday will set a new record with \$9.4B
- Conversion doubles during the “Golden Hours”, as deal FOMO sets in
- Cyber Week will account for 20% of total holiday season revenue

Shopping Mall In Your Pocket

- Americans will spend Billions more this holiday season on their phones compared to last year
- Smartphone shopping will be responsible for almost 50% of retail holiday growth
- Visits to retailers from social media tripled in the past three years
- Christmas Day, consumers will purchase more from their phones than desktops, for the first time EVER!

A Tale of Two Holidays

- Higher Income Markets = more online traffic for retailers
- Everyone benefits from Holiday Weekend deals, regardless of income
- Experiences vs Stuff, income levels shift what consumers want for the holidays

David vs. The Goliath

- Retail Giants will see 2x the boost in sales vs smaller competitors during the holidays
- Smaller Retailers dominate organic traffic
- E-commerce giants pay to be seen during the holidays

State of Retail

- Best Day to Buy & Adobe's Toy Watchlist
- BOPIS bumps up conversion on & offline
- Consumers are willing to wait for their orders, but how long is too long?
- Last minute gifts are more likely to be returned

Holiday Road

- Best day to book flights for New Years

Advertising During the Holidays

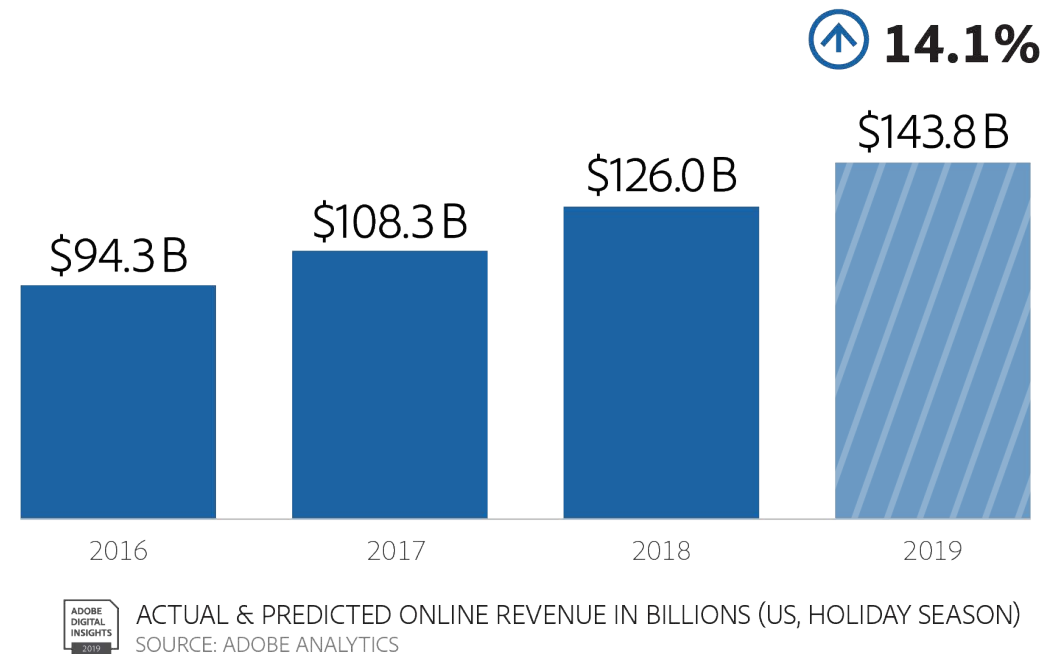
- Holiday ads are not only appealing to consumers, they are powerful product influencers
- Shifts to holiday ads drives more engagement from consumers

ONLINE SPEND PREDICTION

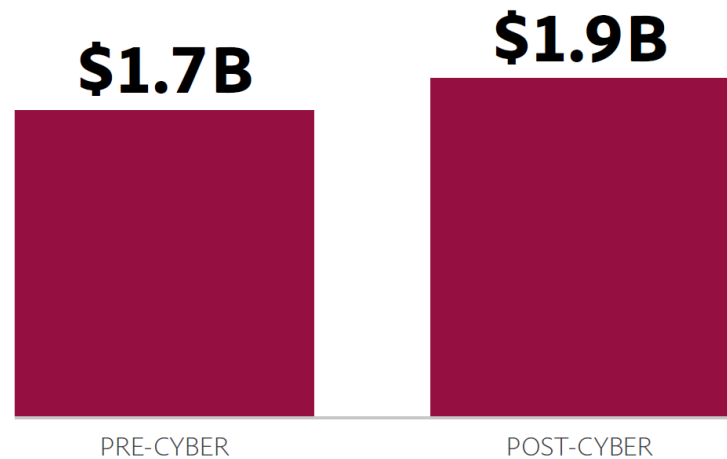
The background is a deep blue gradient. It is decorated with numerous white and light purple lines that form complex, swirling, and orbital patterns, reminiscent of celestial mechanics or data trajectories. Scattered throughout are small white dots of varying sizes, some of which are slightly blurred to create a sense of depth. In the bottom right corner, there is a graphic of a target with concentric blue and white rings, and a single arrow pointing towards the center. The overall aesthetic is futuristic and high-tech.

Holiday E-Commerce Spending Surpasses \$140B

- Online holiday shopping (Nov-Dec) for 2019 in the US is projected to be \$143.7B, a 14.1% growth over 2018.
- Retail ecommerce continues to outpace overall retail growth (14.1% online vs. 4.0% overall).
- Factors such as trade tariffs and potential recession concerns made forecasting this year's e-commerce spend especially challenging. However, our data and prediction shows solid online growth for retailers this season.



Short Holiday Season Counteracted By Longer Cyber Weekend Deals



AVERAGE PREDICTED DAILY ONLINE REVENUE (US, HOLIDAY)
SOURCE: ADOBE ANALYTICS



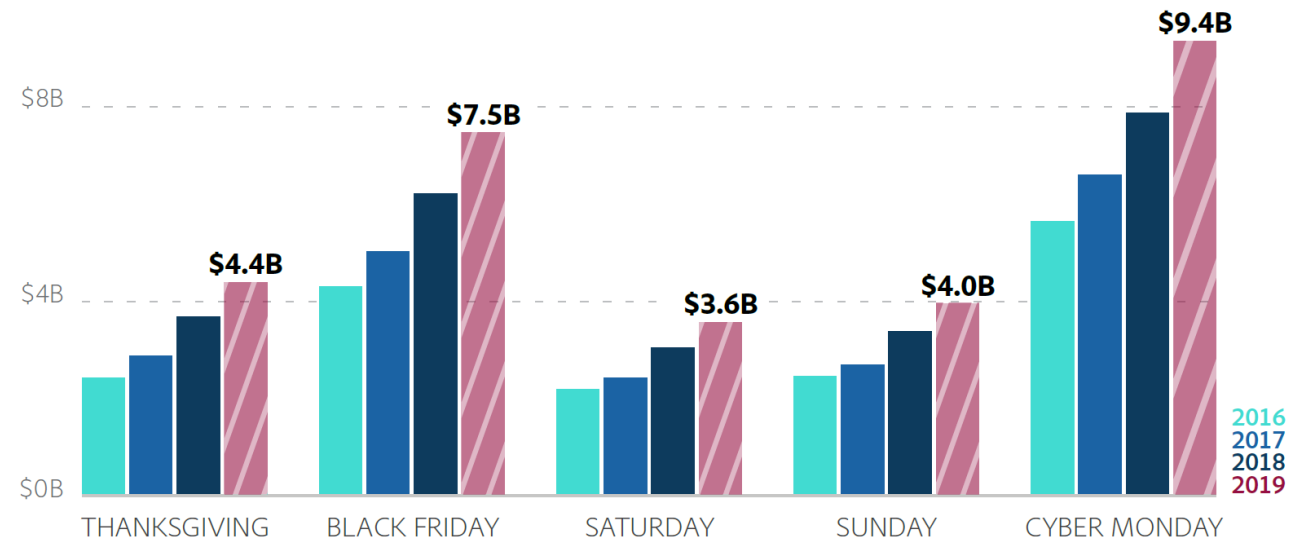
PREDICTED AVERAGE DISCOUNT BY DAY ACROSS 8 RETAIL CATEGORIES
SOURCE: ADOBE ANALYTICS

- Holiday 2019 is the shortest possible, with only 22 days between Cyber Monday and Christmas, 6 days fewer than last year. This leaves almost \$1B in revenue behind.
- However, retailers are able to make that up by starting sales earlier this year. Thanksgiving will grow at 20%, contributing 0.7B more revenue than in 2018.
- Additionally, every day in November and December will surpass \$1B.



Cyber Monday Will Be the First \$9B Day in eCommerce Revenue

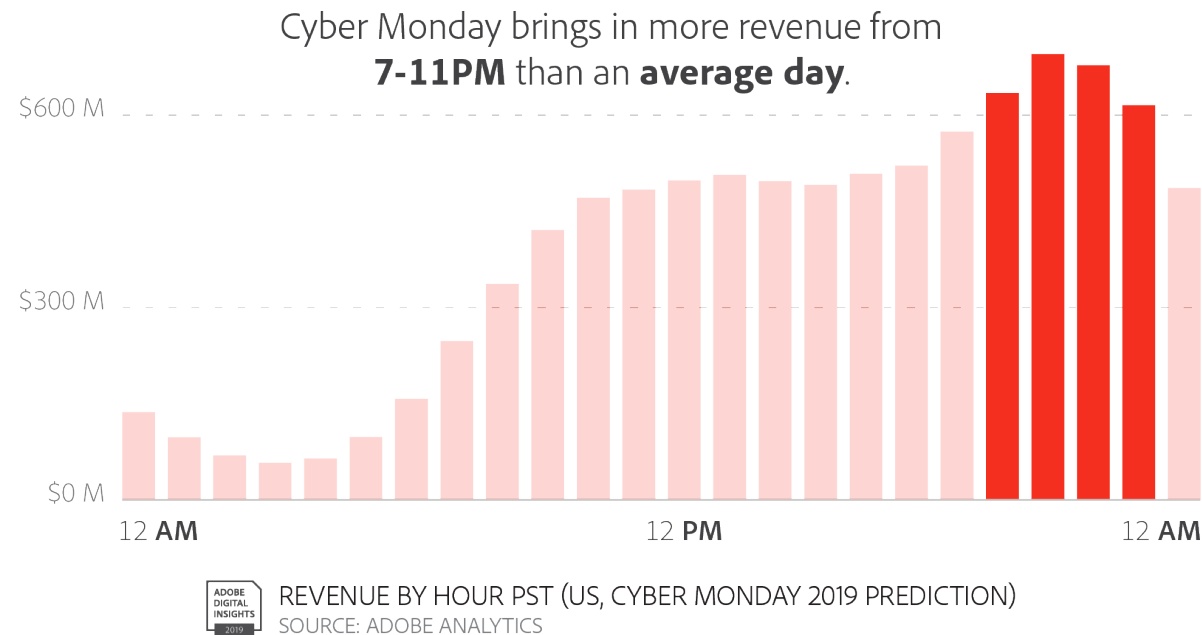
- Cyber Monday tops the chart for 2019 revenue at \$9.4B, an increase of 18.9% over 2018.
- Cyber Weekend 2019 revenue (Thanksgiving – Cyber Monday) will break \$29B, 20% of the total holiday season's revenue. Last year Cyber Weekend contributed 19% of the total season's revenue, indicating consumers are continuing to shift more to shopping on big days.
- 51% of consumers indicated they prefer to shop on big days like Black Friday and Cyber Monday.



ACTUAL & PREDICTED ONLINE REVENUE BY KEY DATE (US, 2019)
SOURCE: ADOBE ANALYTICS



Consumers Feel the Pressure As Deal Deadline Approaches



- The hours between 7pm and 11pm PST are the most profitable hours of the year, with almost 30% of Cyber Monday's revenue concentrating during that time.
- Conversion nearly doubles during these "golden hours" vs. earlier in the day as people want to avoid missing out on the day's deals.



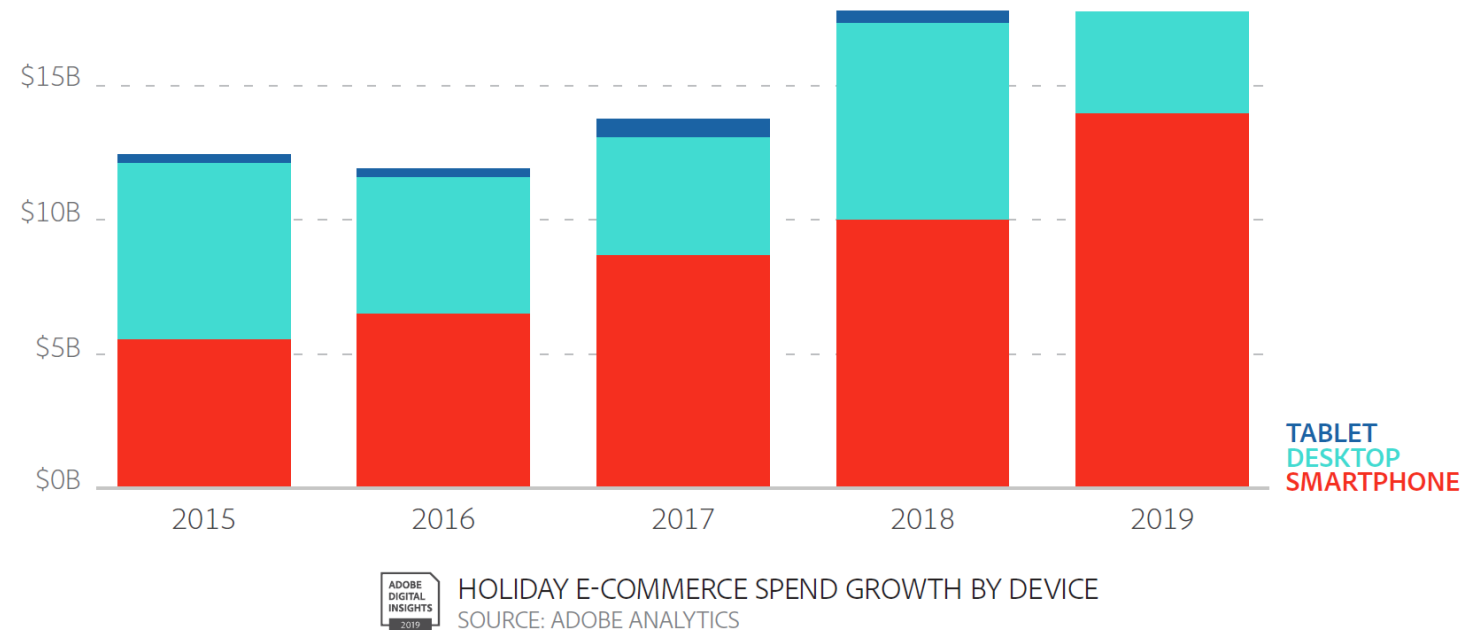
The background is a deep blue gradient. It is decorated with numerous white and purple light trails that swirl and curve across the frame. There are several bright white circular bokeh effects of varying sizes. In the bottom right corner, there is a graphic of a target with concentric blue and purple rings, and a single arrow hitting the bullseye. The text is centered in the middle of the image.

**SHOPPING MALL
IN YOUR POCKET**

Shopping on Smartphones Will Account For ~47% of the Overall US Retail Holiday Growth

About \$3 out of the \$4 added to this holiday's ecommerce spending will come from smartphones.

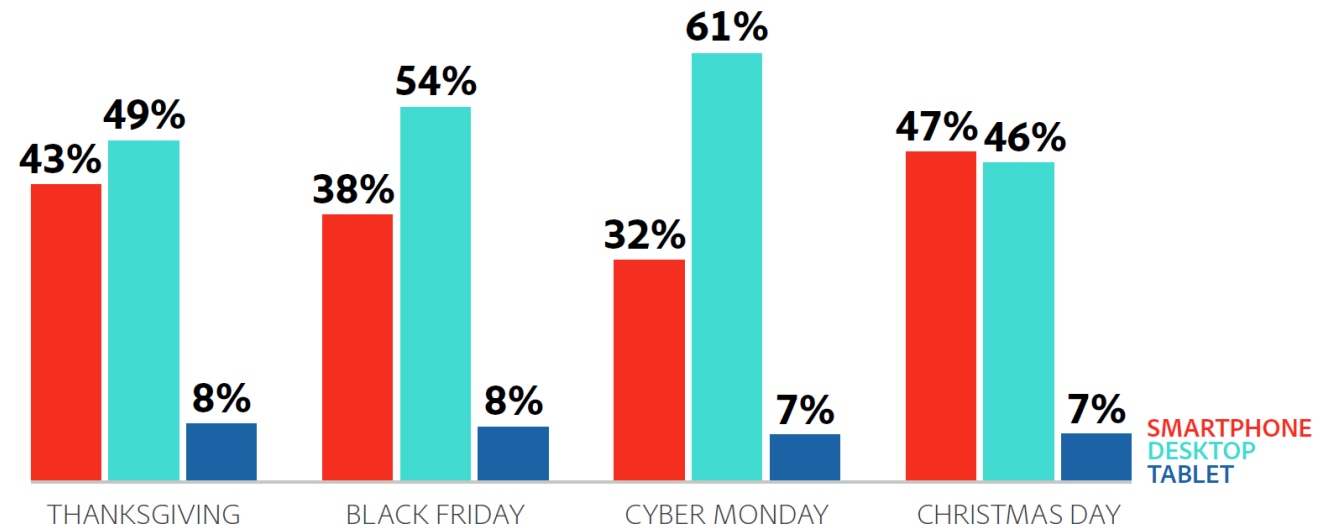
- Americans will spend \$14.0B more this holiday season on their phones compared to last year.
- E-commerce growth represents about 63% of the overall retail growth.
- That means that shopping on smartphones will be directly responsible for **half** of the increase in shopping this holiday season.



This Christmas Consumers Will Purchase On Their Phones More Than On Desktop For the First Time Ever

This Christmas US retailers will see:

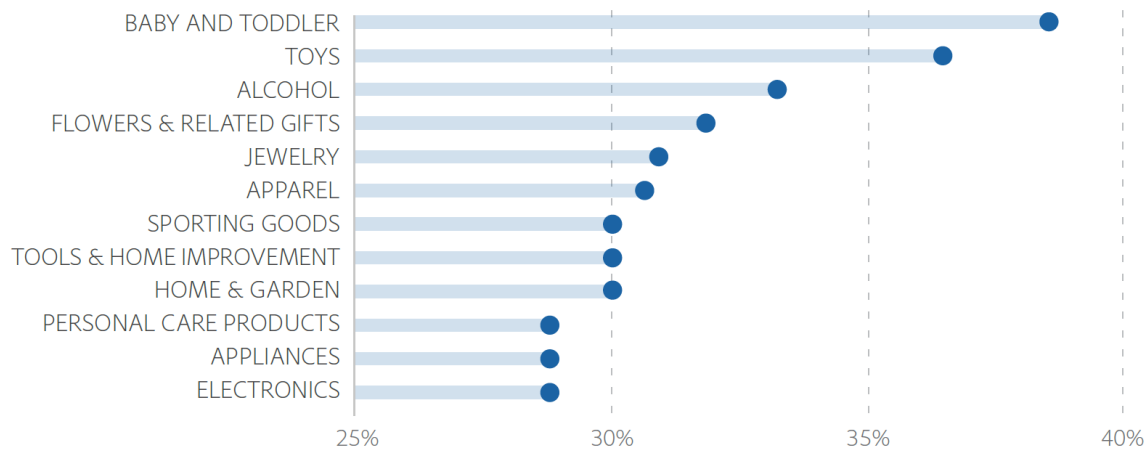
- Consumers shopping on this family-centric holiday will shop more from their phones for the first day ever.
- 50% of consumers choosing to shop on a smartphone even when they have a desktop/laptop available.



DEVICE SHARE OF SALES PREDICTION BY KEY DATE (US, 2019)
SOURCE: ADOBE ANALYTICS



We Make Smaller Purchases On Smartphones, Leaving Research For The Bigger Screens



SHARE OF SMARTPHONE-LED PURCHASES BY PRODUCT CATEGORY
SOURCE: ADOBE ANALYTICS

+28%

bigger carts on desktop

The shopping carts we create on desktops are 28% more expensive than the ones on our smartphones.

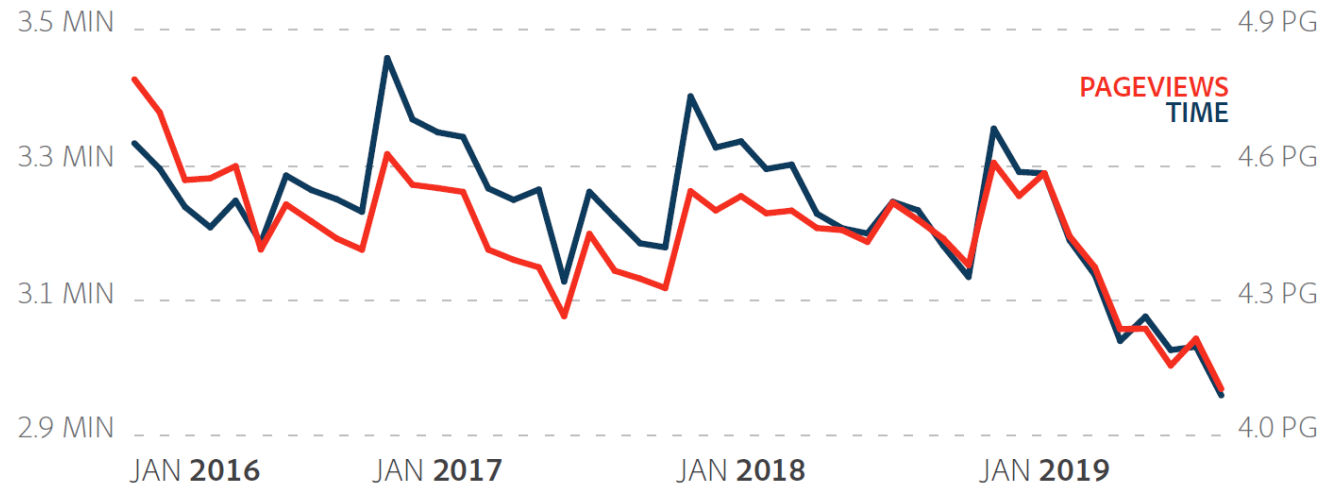
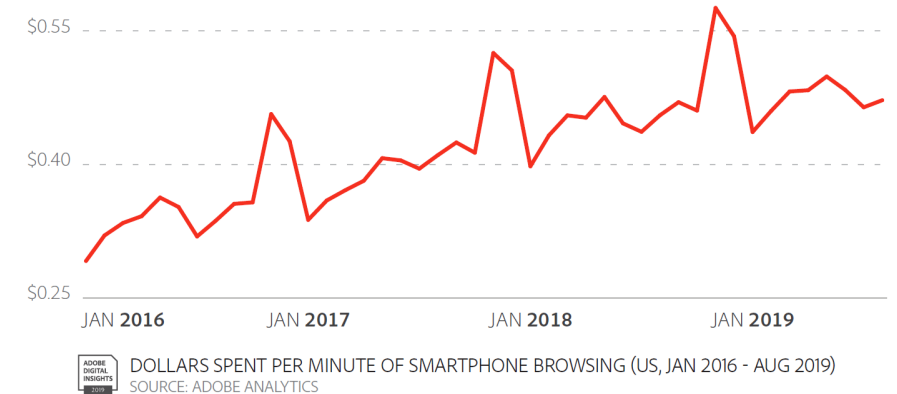
- Individual electronics and apparel items purchased on smartphones are on average 21% cheaper.
- The only category where we spend more per item on a smartphone are flowers: the “oh shoot, I forgot Mom’s birthday” flowers bring the price up on smartphones.
- Parents use smartphones on the go to purchase baby products and toys.
- Purchases that require extensive research, like furniture, appliances, and electronics, are more frequently made on desktops.



Mobile Shopping Is Faster, Easier, And Results in More Dollars Per Minute For Online Retailers

Shopping from smartphones is more straightforward now, becoming shorter in terms of pages visited and time spent per visit

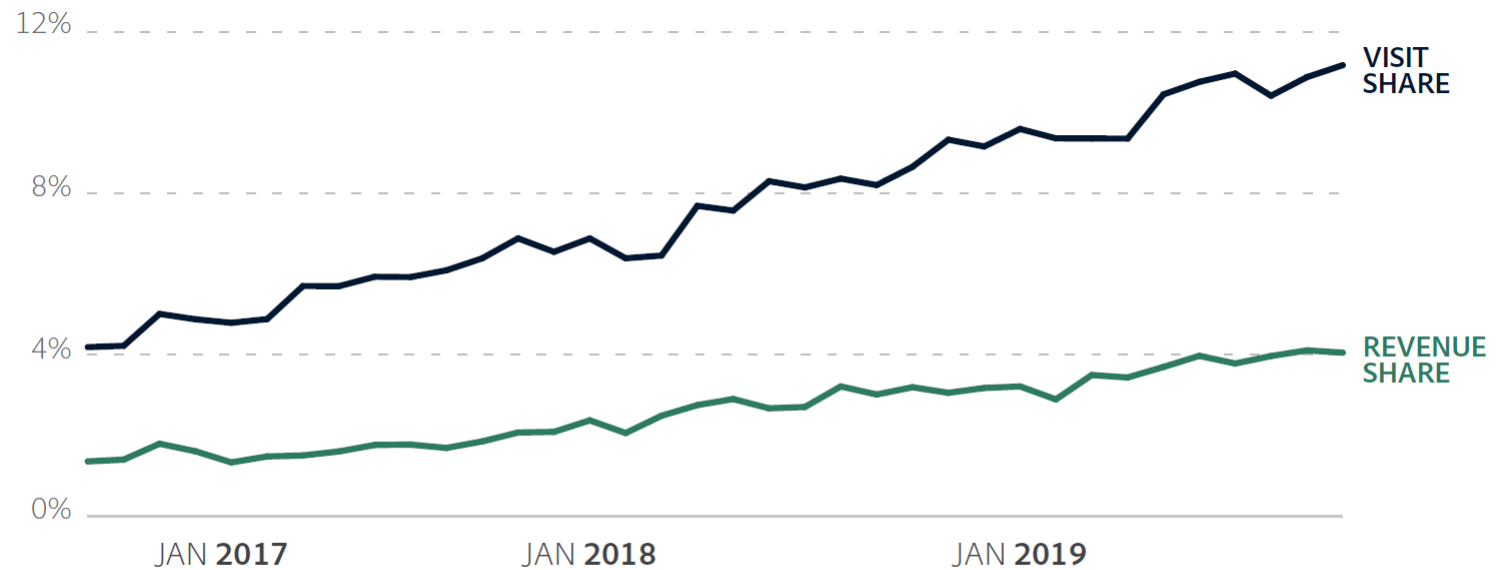
- Time per visit has decreased by 11% since Jan 2016, while the number of pages consumers browse through has decreased by 14%.
- The result is improved efficiency for online stores converting our browsing time into dollars spent. The amount of money we spend per minute of browsing online has increased by 63% since Jan 2016, from just 30 cents per minute to 47 cents per minute.



Online Shopping Is Getting “Social” on Smartphones

Share of smartphone Ecommerce web visits stemming from social media has more than tripled in the past three years.

- On smartphones, social media-driven traffic has increased in share from 4% to 11% in just 3 years.
- At the same time, revenue continues to lag behind quite a bit. Social visits don't translate into purchases as easily as visits coming from other channels like email and search.
- 57% of consumers have received ideas for holiday purchases from social media.
- 20% of consumers have purchased a product based on a social influencer's recommendation.



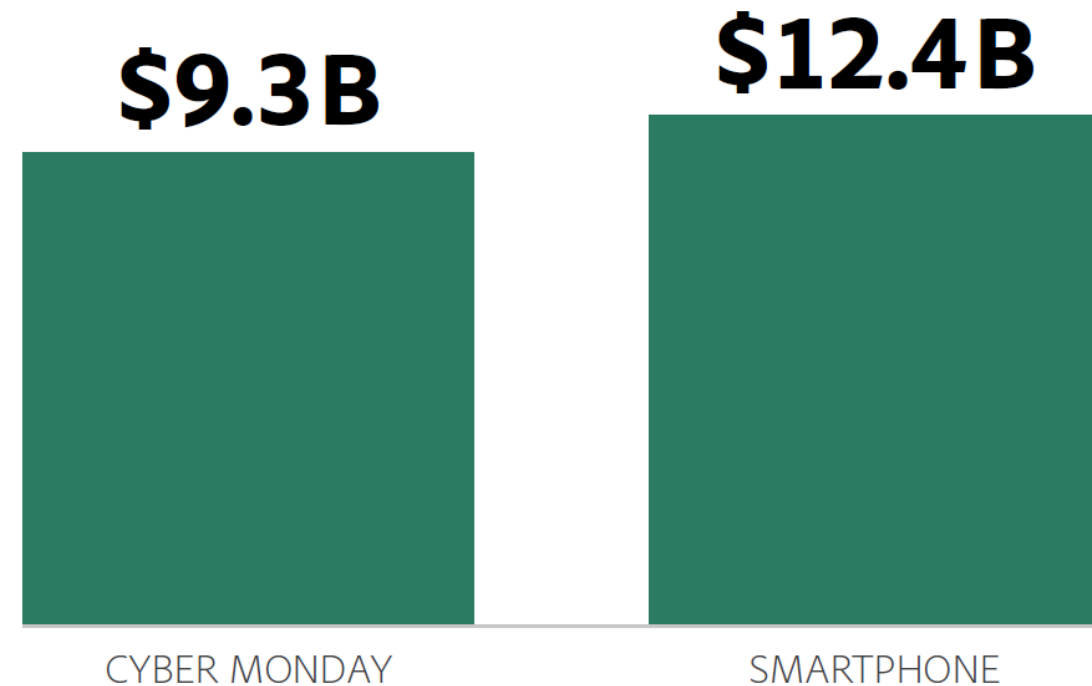
SHARE OF E-COMMERCE TRAFFIC & REVENUE FROM SOCIAL ON SMARTPHONE (US, JAN 2016 - AUG 2019)
SOURCE: ADOBE ANALYTICS



Smartphone Checkout Has a Cyber Monday-Worth Of Room For Improvement

The checkout experience on smartphones has notoriously been worse than on desktop.

- There is \$12B in untapped potential for retailers this holiday season.
- If e-commerce retailers managed to match the desktop experience on smartphones during checkout, they'd gain an extra Cyber Monday worth of revenue this holiday season.



REVENUE POTENTIAL FROM IMPROVED SMARTPHONE CHECKOUT VS CYBER MONDAY PREDICTION (US, HOLIDAY 2019)

SOURCE: ADOBE ANALYTICS



Tale of Two Holidays

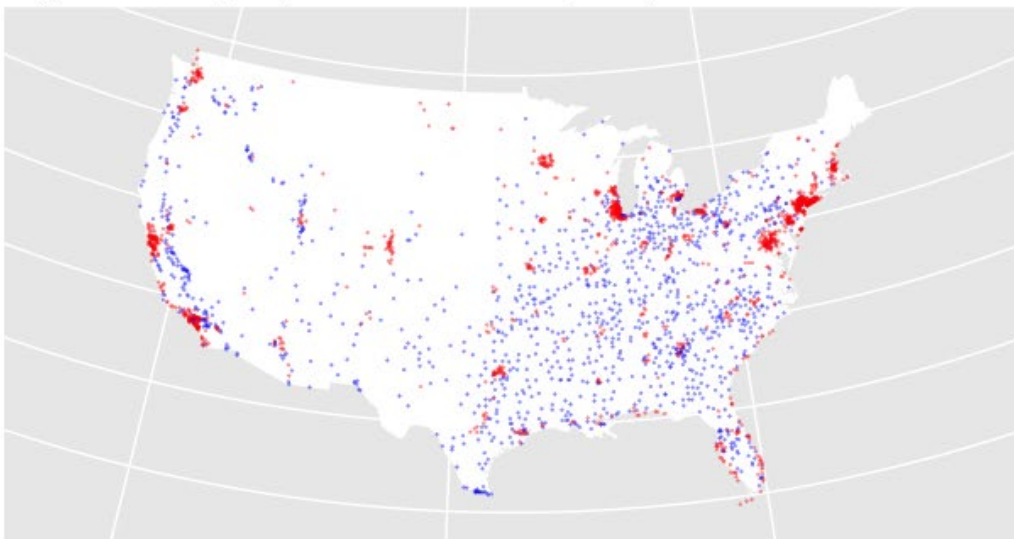


Retailers See Traffic From Across the US

Markets profiled split into two segments and account for 180M people.

- 1,028 high income markets (median HHI \$100K) tend to cluster around major metropolitan areas (7% of county is rural)
- 965 low income markets (median HHI \$33k) are spread across the country, often in outlying areas (40% of county is rural)

Location of Cites:
High Income (red) vs. Low Income (blue)



High Income Market examples:

- Palm Beach, FL
- Atherton, CA
- Scottsdale, AZ
- Glencoe, IL
- Bronxville, NY

Low Income markets represented by:

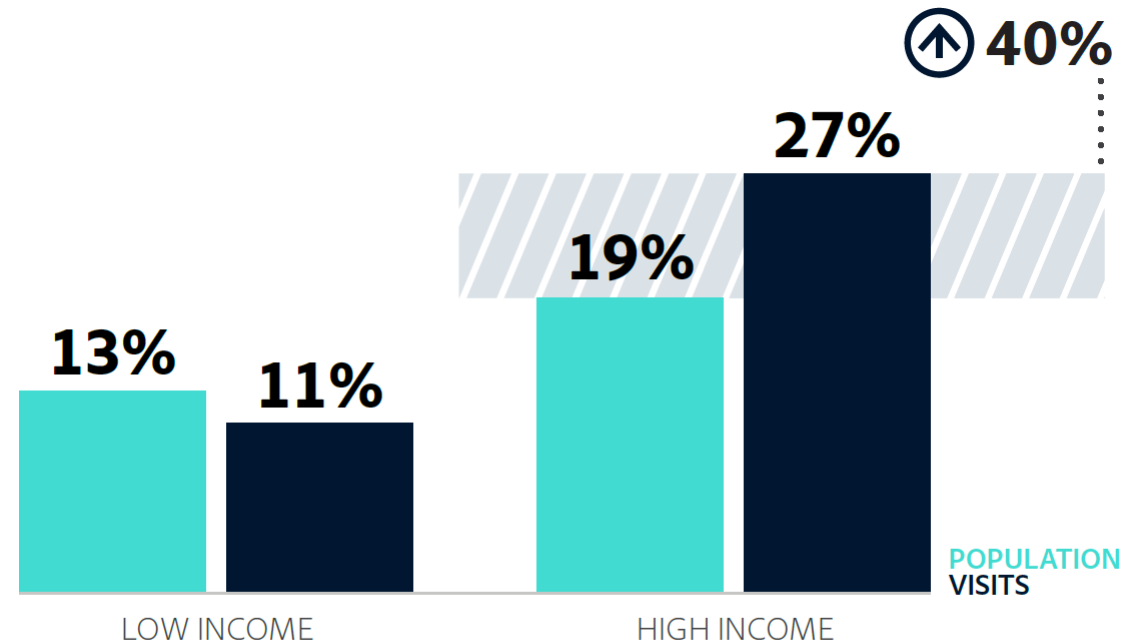
- Coatesville, PA
- San Juan, TX
- Gatesville, TX
- Clinton, SC
- Gainesville, GA



The Value of High-Income Markets is Traffic

Market commentary

- Relative to their share of the population, high income cities produce more retail traffic than low income.
- Improving visit performance vs. generating more visits represents a viable strategic distinction.



High vs. Low Income Markets

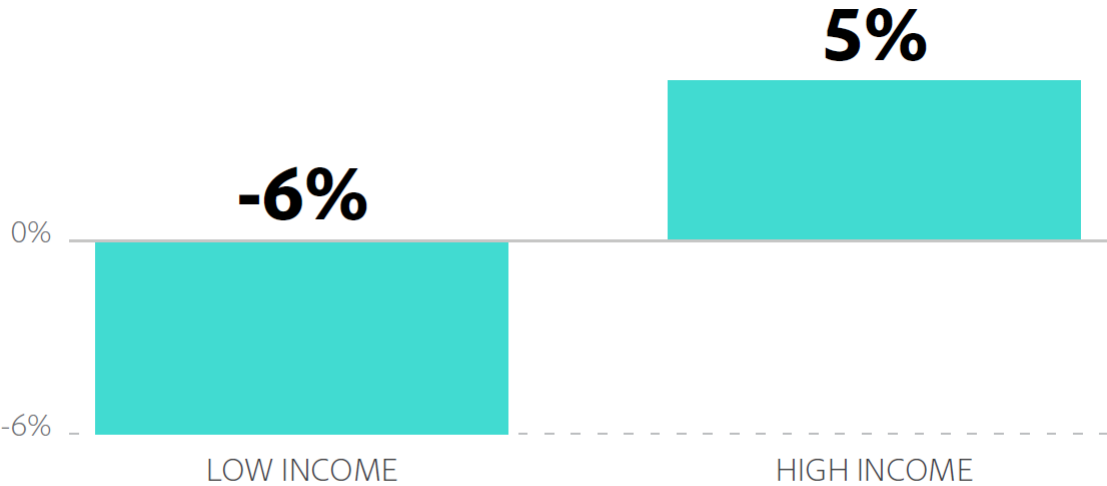
+40% Visits



SHARE OF 2017 POPULATION VS. SHARE OF 2019 H1 VISITS
SOURCE: ADOBE ANALYTICS

Growth This Holiday Likely to Come from High Income Markets

Online retail shopping expanding among households with median HHI of \$100k while it is contracting in markets where households have median HHI of \$33k in income.



- Concentration of sales appears to be moving to Higher Income Markets.
- High Income markets showed slight improvement in Revenue per Visit (RPV) of +2% vs. no change year over year.



YEAR OVER YEAR GROWTH BY CITY INCOME
SOURCE: ADOBE ANALYTICS & CENSUS BUREAU



Everyone, regardless of income, takes advantage of Holiday Weekend deals.

The value of a visit increased 74% during the five-day weekend regardless of where consumers live. The gain comes from better conversion since there is only a small increase in average order value (AOV)

Metric	Segment	6 Months ending Aug 2018	Holiday Weekend 2018	Holiday Impact
RPV	Low Income	\$3.81	\$6.64	74%
	High Income	\$3.89	\$6.73	73%
AOV	Low Income	\$148	\$163	10%
	High Income	\$155	\$157	1%
Conversion	Low Income	2.6%	4.1%	59%
	High Income	2.5%	4.3%	71%

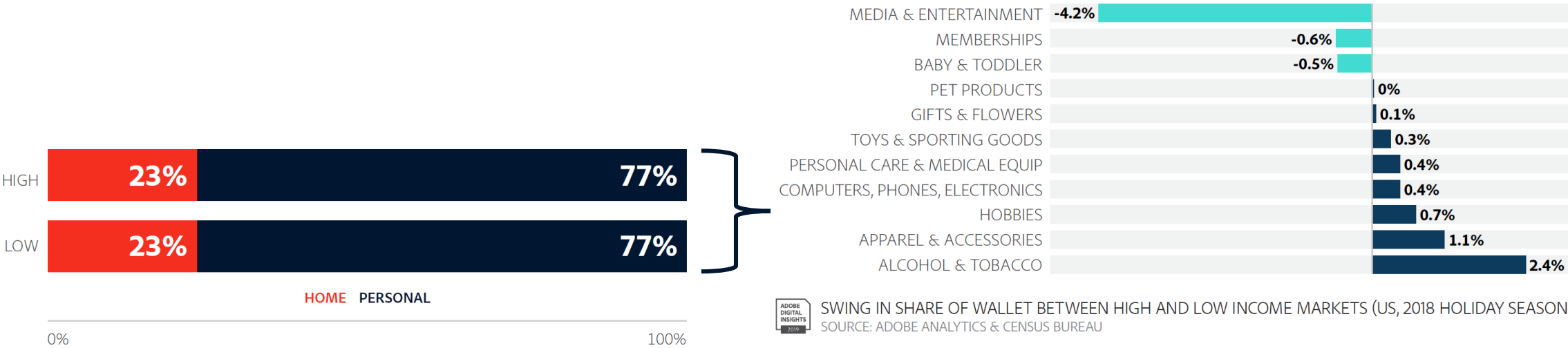
There is a switch in AOV – prior to the weekend higher income markets placed larger orders, that flipped during the five-day weekend before settling back down.



Income Level Shifts the Types of Discretionary Products Consumers Buy Online.

75%+ of US e-commerce spend during the holidays is on personal items as opposed to more generic items for the household.

- In low income markets spend shifts toward “something to do” with Media & Entertainment capturing more share of wallet than in high income markets..
- High Income cities shift spending toward other types of discretionary items, including the large Apparel & Accessories category.



High Income markets spend more on these items.



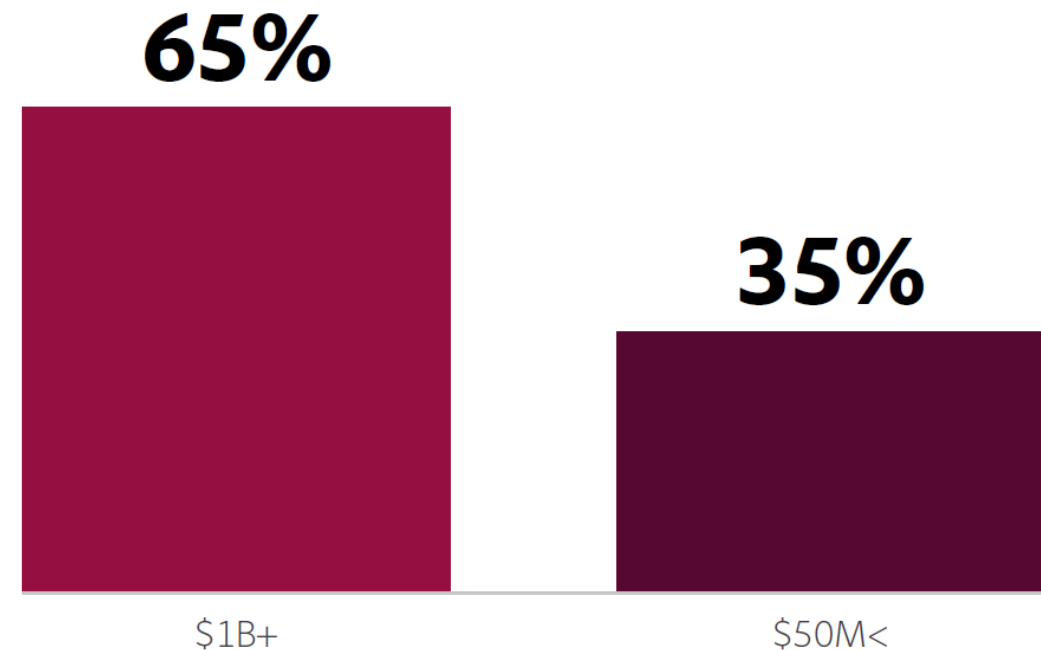
The background is a deep blue space filled with various celestial elements. In the top left, a portion of a spiral galaxy with blue and purple hues is visible. The top right features a complex, tangled structure resembling a nebula or a cluster of galaxies in purple and blue. The bottom left shows another galaxy-like structure with purple and blue tones. The bottom right contains a target with concentric blue and purple rings, with a single arrow hitting the bullseye. Scattered throughout the background are numerous white stars of varying sizes and several bright, curved white lines that suggest comet trails or light paths.

DAVID VS THE GOLIATH

Holiday Shopping Brings A Disproportionate Boost to the Retail Giants

During the months of November and December, the E-commerce giants see almost double the boost in sales compared to their smaller competitors.

- Consumers tend to increase their shopping at the big retailers during the holiday months.
- The retail giants increase their November-December revenue by 65%, while the smaller retailers with less than \$50M in yearly online sales see just a 35% boost.



HOLIDAY REVENUE BOOST BY COMPANY SIZE (US, HOLIDAY SEASON 2018)
SOURCE: ADOBE ANALYTICS

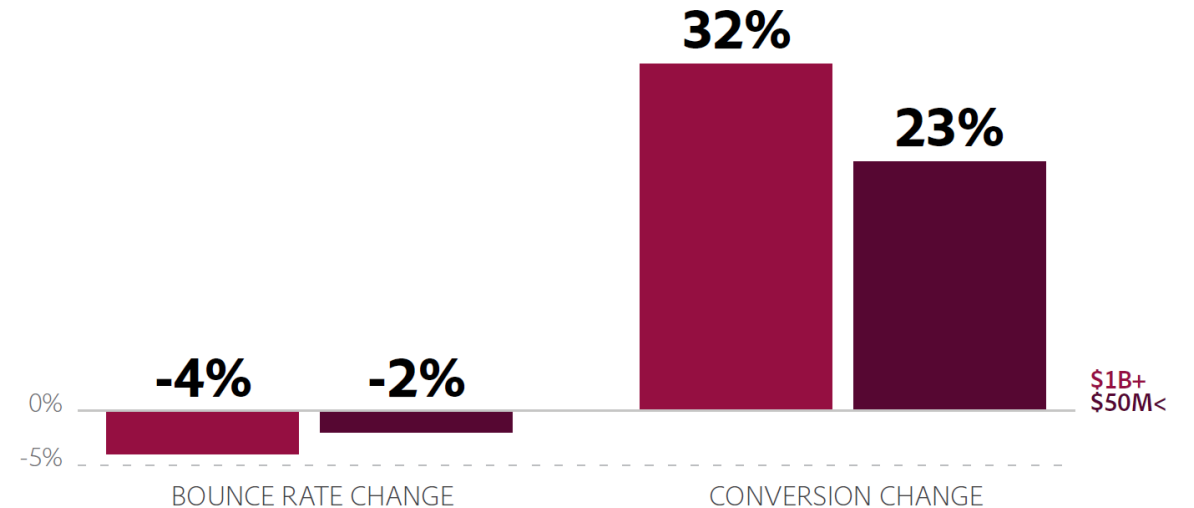


*Compared to October revenue

Smaller Retailers Need to Work On Their Holiday Messaging

Big retailers see more of an increase in conversion during holiday compared to their October baseline.

- Customers visiting big online retailers during the holiday season are 32% more likely to make a purchase than in October, and 4% less likely to leave the website immediately.
- Smaller retailers also experience a holiday boost in these metrics, but not to the same degree. Their conversion increases by just 23% and bounce rate only decreases 2%.
- This points to the big retailers doing a better job at delivering holiday-specific messaging to their visitors.



ADOBE DIGITAL INSIGHTS 2019
CONVERSION AND BOUNCE RATE CHANGE BY E-COMMERCE SIZE (US, HOLIDAY SEASON/OCTOBER 2018)
SOURCE: ADOBE ANALYTICS

Why do Consumers shop at smaller retailers?

Quality – 53%
Unique Products – 48%
Experience – 46%

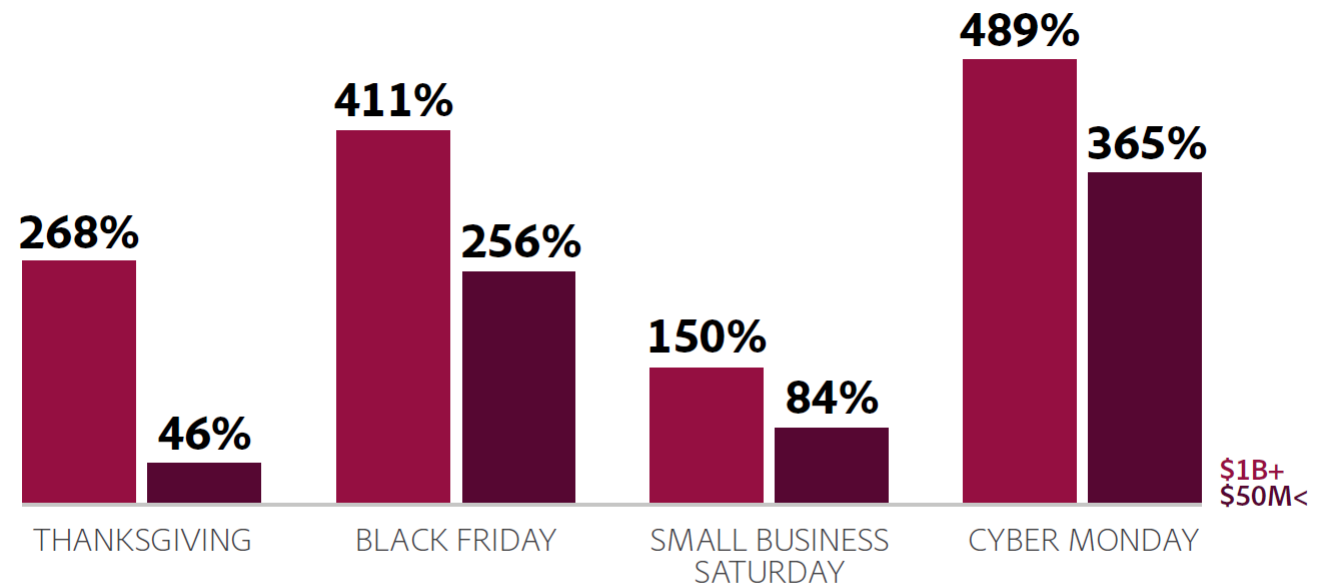


*Compared to October revenue

Big Retailers Are Capitalizing on the Big Days

Big E-commerce retailers thrive on the two big sales days – Black Friday and Cyber Monday.

- The big retailers pushed their sales earlier last year, winning significantly over their smaller competitors on Thanksgiving.
- Small business Saturday fails to gain traction for the smaller retailers, with the big retailers still benefitting more.
- Just like we saw with Prime Day, we expect the smaller retailers to catch up this year with early deals of their own.



REVENUE BOOST ON KEY DAYS BY COMPANY SIZE (US, HOLIDAY SEASON 2018)
SOURCE: ADOBE ANALYTICS

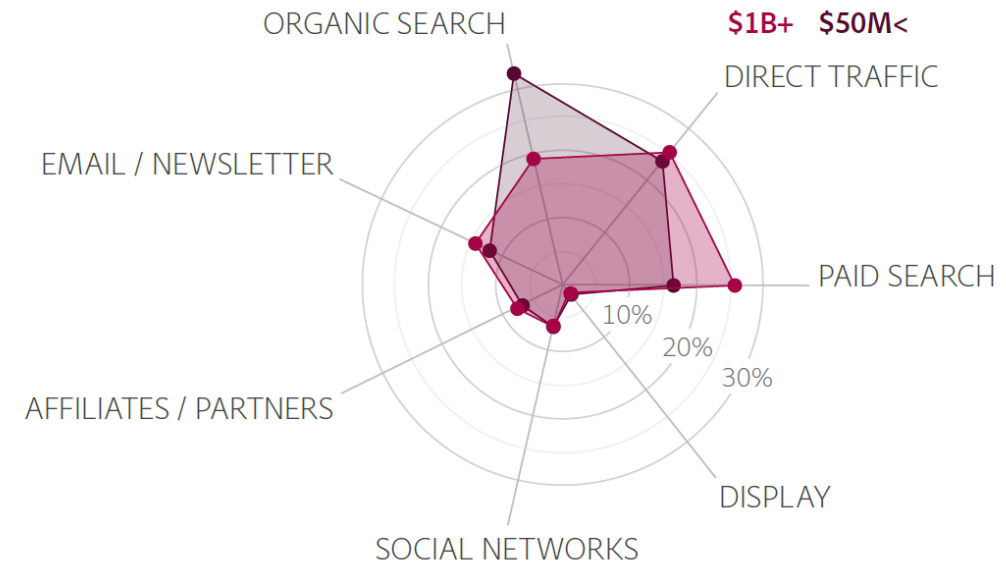


*Compared to October revenue

The E-commerce Giants Pay For Their Traffic, Smaller Retailers Stay “Organic”

Smaller retailers drive more visits through organic search.

- Small e-commerce websites also focus more on social networks.
- The retail giants have a 19% higher share in email traffic. It's easier for the big retailers to get to a large and diverse email list.



HOLIDAY TRAFFIC SHARE BY MARKETING CHANNEL & COMPANY SIZE (US, HOLIDAY SEASON 2018)
SOURCE: ADOBE ANALYTICS



*Compared to October revenue



Holi-Mart.com

A Guide to Getting The Most Out of the “Cyber Weekend”

We dug through our data to find the retailers who saw the biggest lifts in revenue on Black Friday and Cyber Monday, and highlighted what distinguished them from the masses.

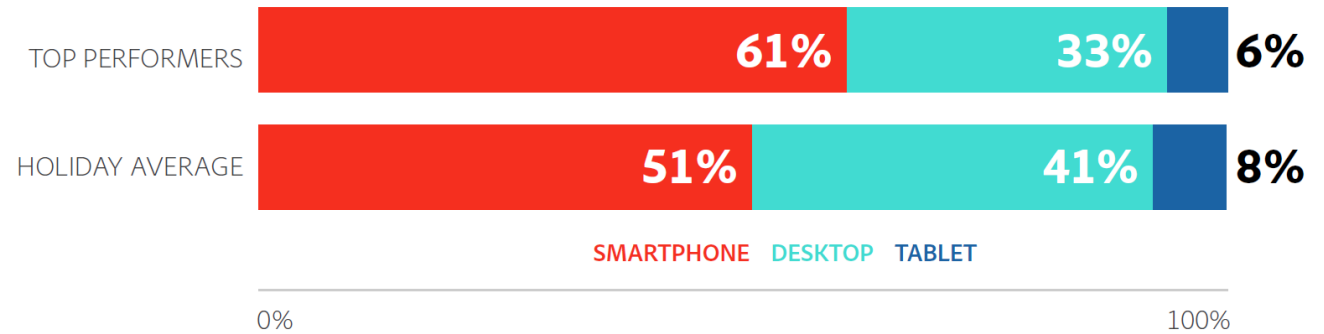
Holi-Mart.com Offers an Excellent Smartphone Experience

Top Performer
Smartphone
Conversion Advantage

+8%

Top Performer
Smartphone Bounce
Rate Advantage

-15%



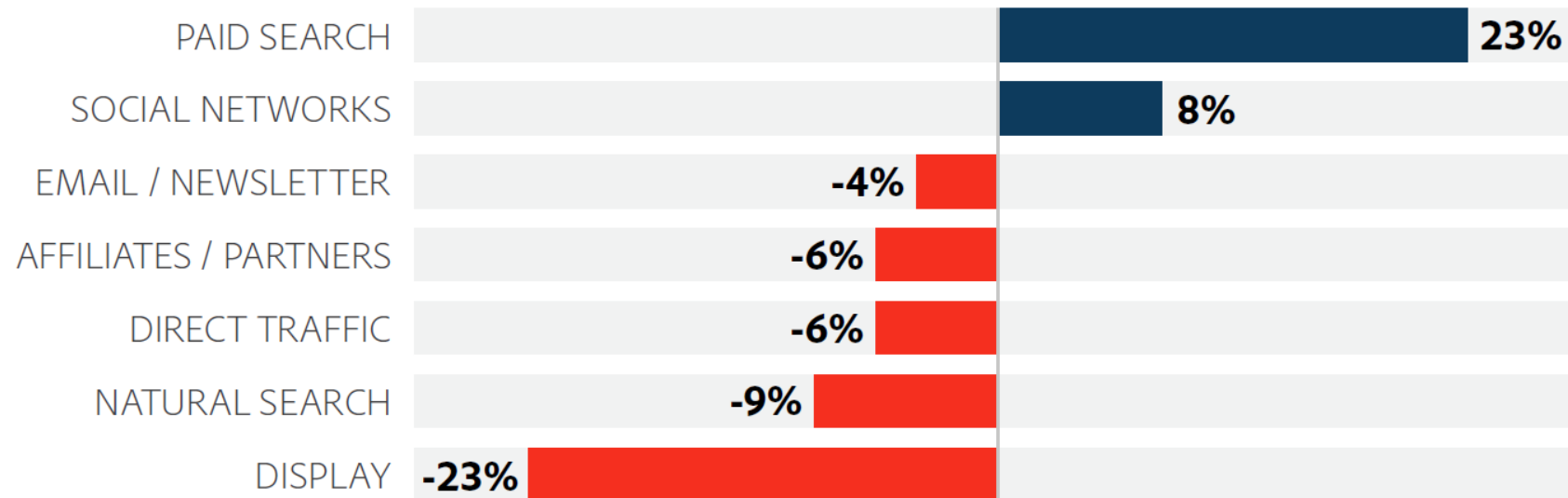
VISIT SHARE BY DEVICE, TOP HOLIDAY PERFORMERS VS AVERAGE (US, HOLIDAY SEASON 2018)
SOURCE: ADOBE ANALYTICS

The retailers who had the biggest boost on the big days have a significantly higher than average smartphone share.

- The average smartphone visit share for the holiday season was 51%. Holi-Mart.com's was at 61%.
- The top performers, or the imaginary Holi-Mart.com, not only attracted more smartphone traffic to the website, but they saw fewer bounces and they guided them to purchases at a better pace.



Holi-Mart.com Drives More Paid Search Traffic



DIFFERENCE IN VISIT SHARE BY MARKETING CHANNEL,
TOP HOLIDAY PERFORMERS VS AVERAGE (US, HOLIDAY SEASON 2018)
SOURCE: ADOBE ANALYTICS

Top performers had a higher share of traffic coming from the paid search channel during the holiday season.



SEASONAL INSIGHTS

The background is a deep blue gradient. It is decorated with several glowing white circular dots of varying sizes. There are also numerous thin, white, curved lines that resemble orbits or light trails. In the corners, there are larger, more complex patterns: a spiral of concentric circles in shades of blue and purple on the left, and a target-like pattern with concentric circles and a central point on the right. The overall aesthetic is futuristic and data-driven.

The best day* to do your online holiday shopping based on low prices.

*Best day varies by product category and reflects average price savings in the category since October 1st

BLACK FRIDAY



APPLIANCES

Save 9%



SPORTING GOODS

Save 6%

DECEMBER 1



TOYS

Save 32%



COMPUTERS

Save 18%

CYBER MONDAY



TELEVISIONS

Save 19%

GIVING TUESDAY



FURNITURE & BEDDING

Save 10%



TOOLS & HOME IMPROVEMENT

Save 6%

DECEMBER 27



ELECTRONICS

Save 27%

NOVEMBER

DECEMBER

29

1

2

3

27

HOLIDAY SEASON 2019

*Discount percentage is an average.



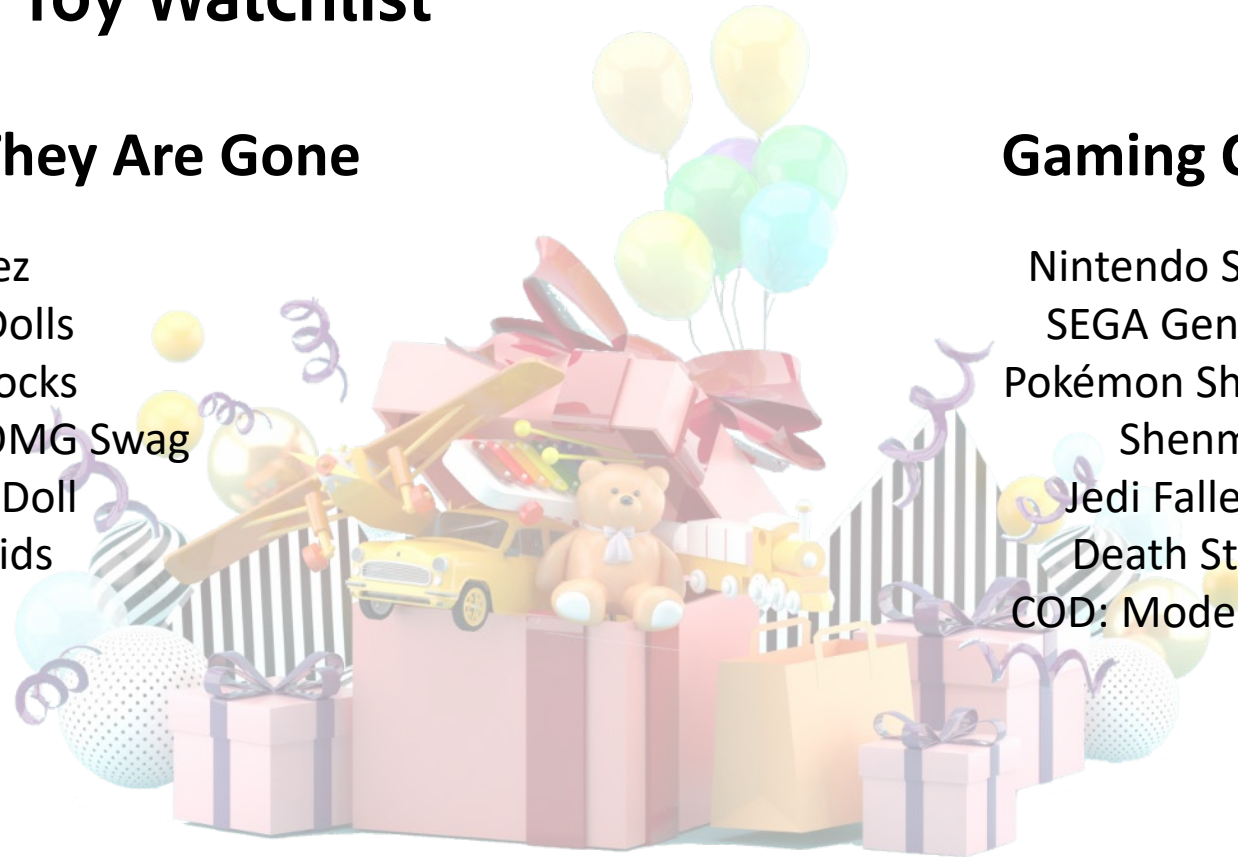
Adobe's Holiday Toy Watchlist

Get'em Before They Are Gone

Owleez
Blume Dolls
Candy Locks
LoL Surprise OMG Swag
Fashion Doll
Kindi Kids

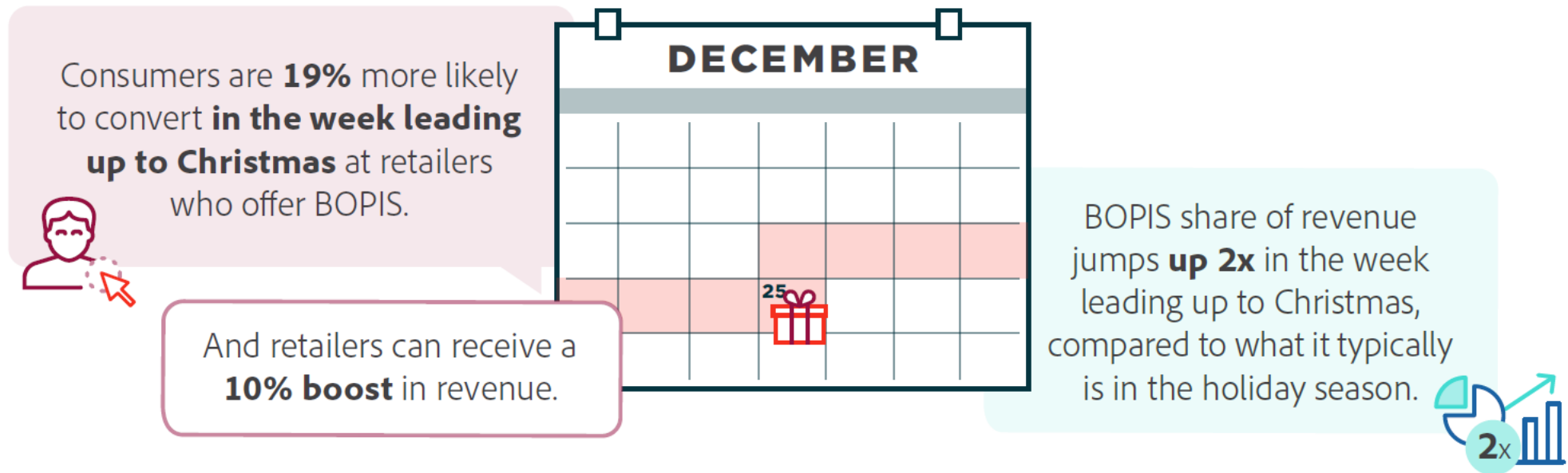
Gaming Checklist

Nintendo Switch Lite
SEGA Genesis Mini
Pokémon Shield/Sword
Shenmue 3
Jedi Fallen Order
Death Stranding
COD: Modern Warfare



This holiday season will be jam packed with dolls, games, collectables & electronics that will be flying into peoples online carts.

BOPIS (Buy-Online-Pick-Up-In-Store) is an Effective Tool For Conversion



- BOPIS orders have experienced strong growth YTD with 39% more BOPIS orders placed this year when comparing the same time period in 2018. We expect this trend to carry over into holiday shopping.
- 37% of consumers this season are planning to use BOPIS.
- 82% of BOPIS patrons will shop for additional items while picking up their online order

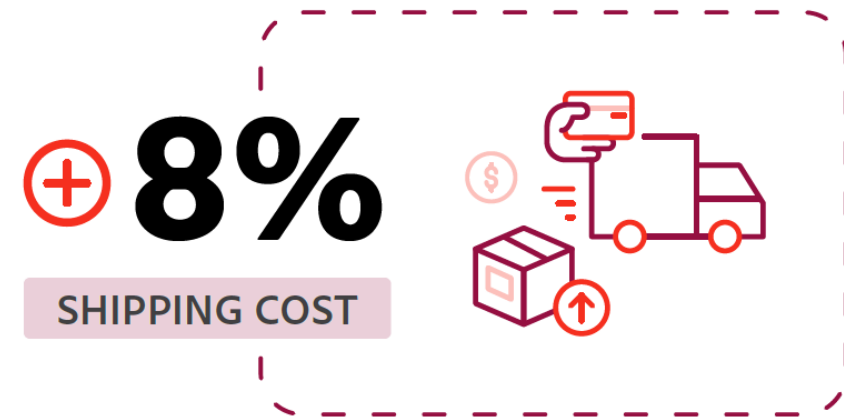


Keep Your Receipt for Those Last Minute Gifts



Holiday Shipping Costs More for Consumers

- In 2018, 20% of the retailers that offered free shipping earlier in the year did not ship items for free during the holiday season.
- Surprisingly, 50% of consumers said that 1 week is the maximum time they are willing to wait for an online purchase to be delivered. 27% are willing to wait 2 days max.
- Almost 2 out of 3 consumers will combine smaller online purchases into one order during the holidays.

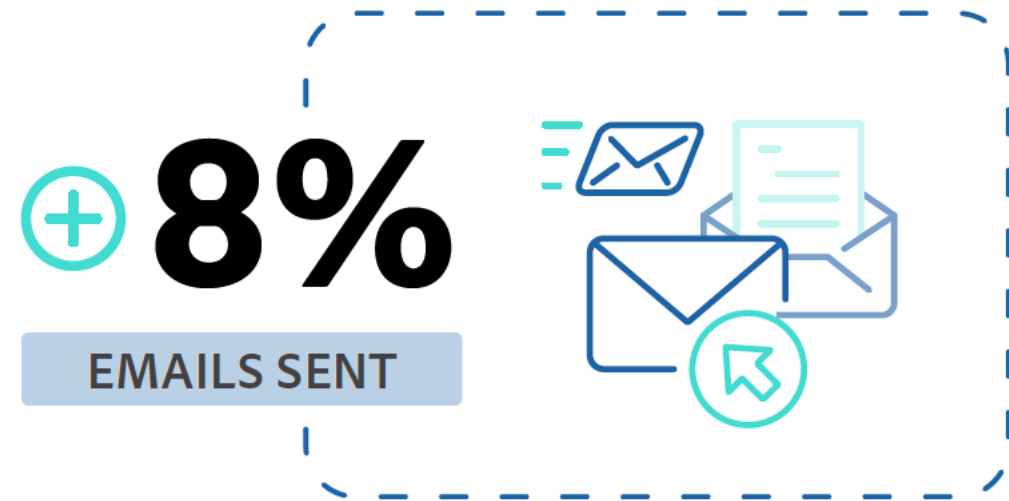


Consumers **spend 8% more on shipping** during the holiday season than any other time of the year.



Retailers Send More Holiday Emails to a More Engaged Audience

- People are more engaged with emails sent during holiday seasons, with open rates increasing 6% and click-through rates bumping up 4%.
- Survey says: Email is the most effective way to get an offer to a consumer on a mobile device while holiday shopping (41% 2019, vs 39% 2018).



During the holiday season, **8% more emails** are sent per day than the rest of the year.

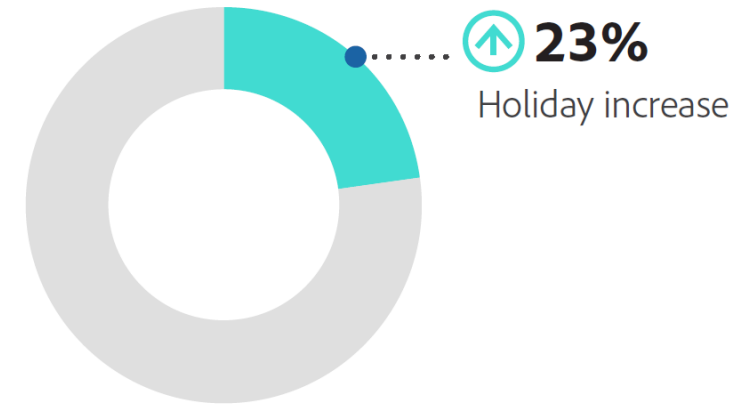




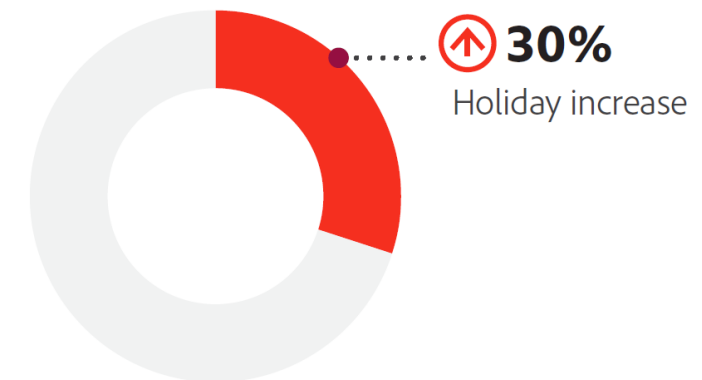
Advertising During the Holidays

The Most Wonderful Time of The Year For Advertisers

- While CPM's increase 23% during the holiday season, fear not advertisers your budgets are being well spent
- Ads are powerful during the holiday season, 50% of consumers said the ads they see impact their purchasing decisions.
- 52% of consumers agree, Holiday (seasonal) ads are more appealing than other types of ads throughout the year, in the data we see viewable completion rates increase 30% during the holiday season
- 47% of consumers advised they see more relevant ads during the holiday season vs the ads they see at other times of the year



CPM HOLIDAY INCREASE, DESKTOP (US, 2018)
SOURCE: ADVERTISING CLOUD



VIEWABLE COMPLETION RATE HOLIDAY INCREASE, DESKTOP (US, 2018)
SOURCE: ADVERTISING CLOUD



The background is a deep blue with various abstract elements. There are several white circles of different sizes, some with a soft glow. Thin, white, curved lines sweep across the frame. In the corners, there are more complex shapes: a purple and blue circular pattern on the top left, a purple and blue spiral on the top right, and a purple and blue spiral with a white arrow pointing towards it on the bottom right. The overall effect is a dynamic, cosmic, or digital aesthetic.

Holiday Road

Best Day to Buy for New Years



BEST DAY TO BUY AIRLINE TICKETS FOR NEW YEARS (US)
SOURCE: ADOBE ANALYTICS





Adobe