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Adobe Analytics Holiday Forecast 2020

Methodology
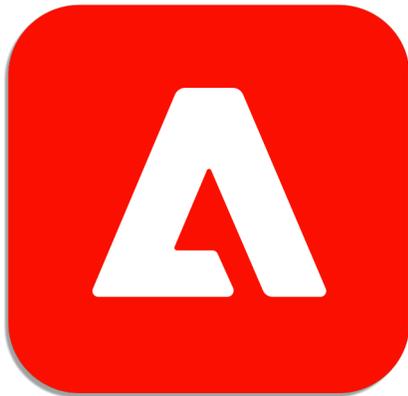
Adobe Experience Cloud

The industry's most comprehensive report

Data via Adobe Analytics *(aggregated, anonymized)*

- Adobe Sensei, Adobe's AI and machine learning framework, used to identify predictions

Measures trillions of visits to U.S. retail sites *(most in the industry)*

- 100 million SKUs
- 1 trillion visits on US-based retail websites
- Transaction data from 80 of top 100 US web retailers*
- Companion survey: 1K+ U.S. consumers in Oct. 2020
- Covers retailers of all sizes (via Adobe Commerce Cloud)
- Shipping and returns analysis based on millions of orders

Per Internet Retailer 2018 eGuide

Key Findings

Two Years of Growth in One Season

- Online holiday spend will surpass $189B (up 33% YoY)
- With stimulus, physical store closures: $200B (up 47% YoY)
- Black Fri: $10.3B (39% YoY); Cyber Mon $12.7B (35% YoY)
- $2B sales from Nov 1 to Dec 18, $3B Nov 22-Dec 3

Smartphone Use Soars

- $28B more than last year will be spent on smartphones
- 42% of all online shopping done from smartphones (up 55%)

Large vs. Small Retailers

- Large retailers ($1B plus): +84% daily revenue boost (Nov-Dec vs. Oct)
- Small retailers ($10-$50M): +107% daily revenue boost for season

New Shoppers Flock Online

- New customer revenue increased more than +49% YoY since 4/1
- 9% of all customers were net new*

Best Days to Buy

- Black Friday to be best day for Appliances (-11%) and TVs (-19%)
- Nov 28: Computers (-18%); Nov 29: Furniture (-10%), Toys (-20%)

Shipping is Key to Success

- 64% of consumers won't pay for fast shipping*
- December 1 is golden day for cheapest shipping
- BOPIS will be top fulfillment method (over 50% at retailers that offer BOPIS) as season develops
- December 13 last day for cheap shipping

Election Impact

- 13% drop in sales day after election vs. previous three days expected
- 26% of consumers say knowing the election outcome will impact their holiday spend*
- Previous elections have seen online drops between 6-14%

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Holiday Sales Reach $189 Billion

- Online sales will **total $189 billion**
- **33% YoY growth** (13.0% in 2019) – two years of predicted growth in a single year
- **$200B+** if consumers receive stimulus checks and physical stores shut down (47% YoY)
- Ecommerce outpacing overall growth: **+33%** vs. +1- 1.5%

Major Online Shopping Days

- Thanksgiving: **$6B** (42.3% YoY growth)
- Black Friday: **$10.3B** (39.2%)
- Cyber Monday: **$12.7B** (35.3%)
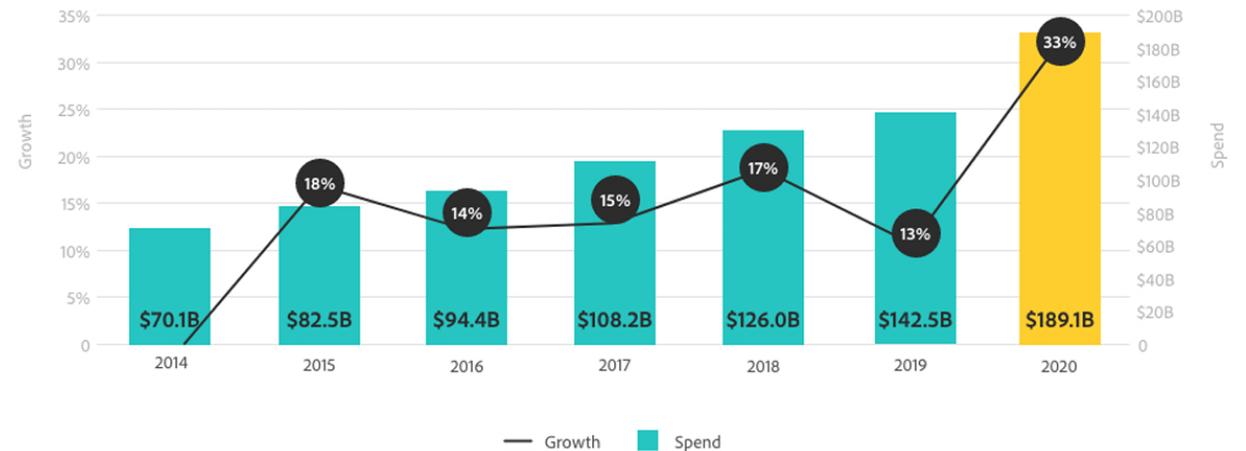
Online Holiday Spend by Year (with Median 2020 Forecast)
Source: Adobe Analytics

Data from Adobe Analytics

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Online Shopping Sets New Records

$2B sales record each day (Nov. 1 – 22 & Dec. 4 - 18)

- Between Nov. 22 – Dec. 3, that figure will jump to $3B per day
- For context, Cyber Monday broke $2B for the first time back in 2012
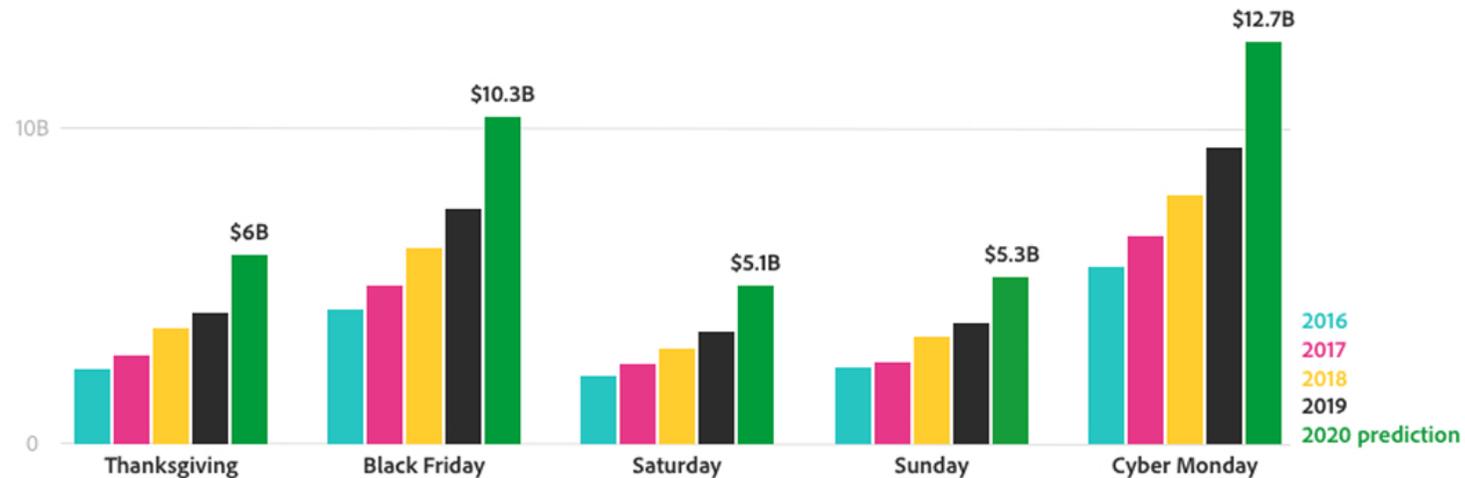
Cyber Weekend with 2020 prediction
Source: Adobe Analytics

Goodbye Cyber Week, Hello Cyber Months

Retailers shifting the season sooner

- Pre-Thanksgiving *(Nov 1-22)*, consumers will spend $56B (+37%)

- One third of all consumers will complete holiday shopping by Black Friday*

- 75% of all retailers offering discounts earlier*

- Less Black Friday "door-busting" due to earlier deal offers and shop closures

Through Nov 22nd:
+37%
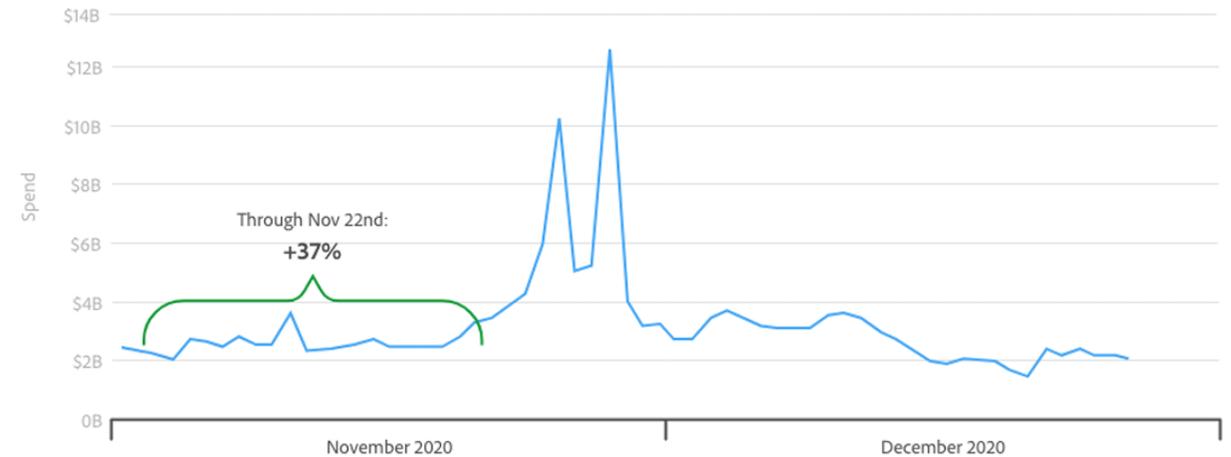
Online Spend Predictions by Day (US, 2020)
Source: Adobe Analytics

Shopping Via Smartphone Soars

$28.1B more will be spent on smartphones this year

- 42% of shopping done from smartphones this holiday season
- Smartphone shopping dollars will grow by 55% YoY this season

Smartphone Revenue Share — Expected Trend
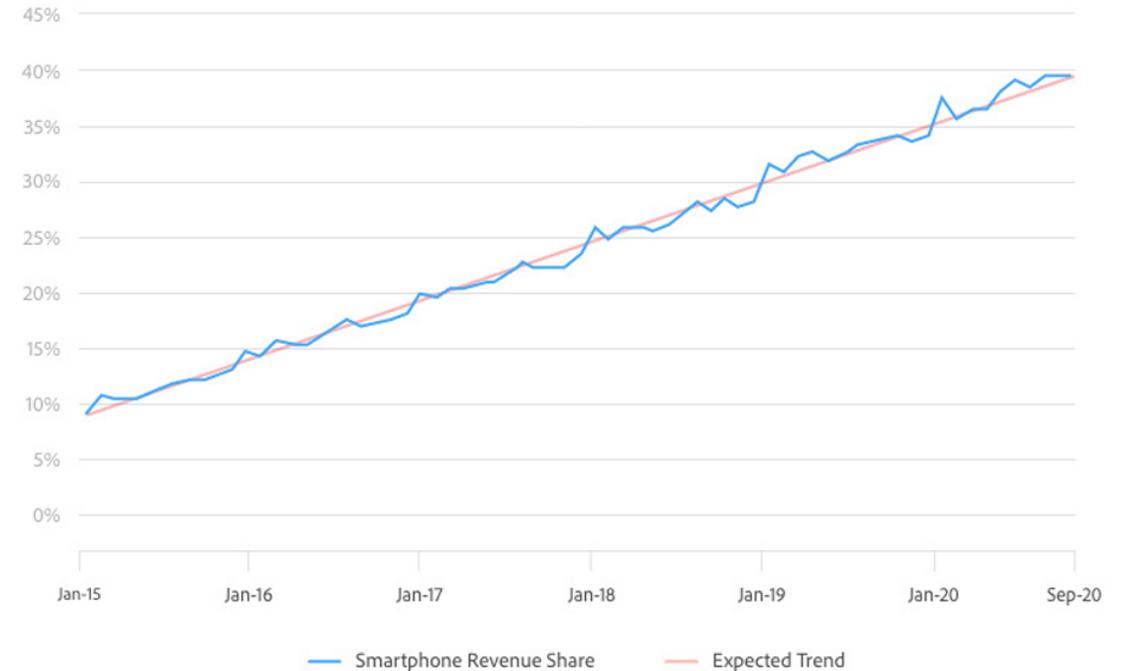
ADOBE DIGITAL INSIGHTS 2020 — Share of Online Smartphone Spend (US, Jan 2019 - Sept 2020)
Source: Adobe Analytics

Data from Adobe Analytics

Small vs. Large Retailers

- Small businesses ($10M - $50M in yearly revenue): +107% revenue boost* over holiday season

- Large retailers ($1B+): +84% revenue boost*

- Large retailers will grow holiday share - YoY revenue growth for large retailers hit 55% in 2019, while small retailers saw just 8%

- Large retailers +100% sales boosts* on big shopping days (Thanksgiving, etc.) over small retailers

- 51% of consumers plan to support small and local retailers on Small Business Saturday**

- 38% of consumers will make a deliberate effort to shop at smaller retailers throughout the holiday season**

107%

84%

Holiday Boost

■ Large ■ SMB
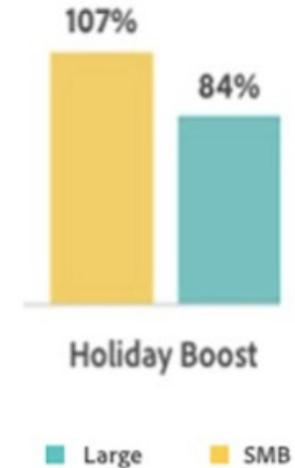
ADOBE DIGITAL INSIGHTS 2020 Holiday Boost vs. COVID Boost for SMB and Large Companies
Source: Adobe Analytics

Data from Adobe Analytics

New Shoppers, Big Deals

New shoppers will be courted

- 31% of consumers rarely shopped online before April 2020.*

  - 9% were net new to online shopping*

- New customer revenue +65% YoY since Apr 1
  for small businesses vs. +49% for large

- Average order value (AOV) to remain flat YoY but:

  - Influx of new online shoppers as conversion (+13%) and revenue (+33%) increase

  - At the height of the pandemic (May 1-31), spending from new customers increased 2x more than loyal customers'

  - During big days (Thanksgiving, Black Friday, Cyber Monday), brands will see 50% higher spend increase from new customers

65% SMB

49% Large
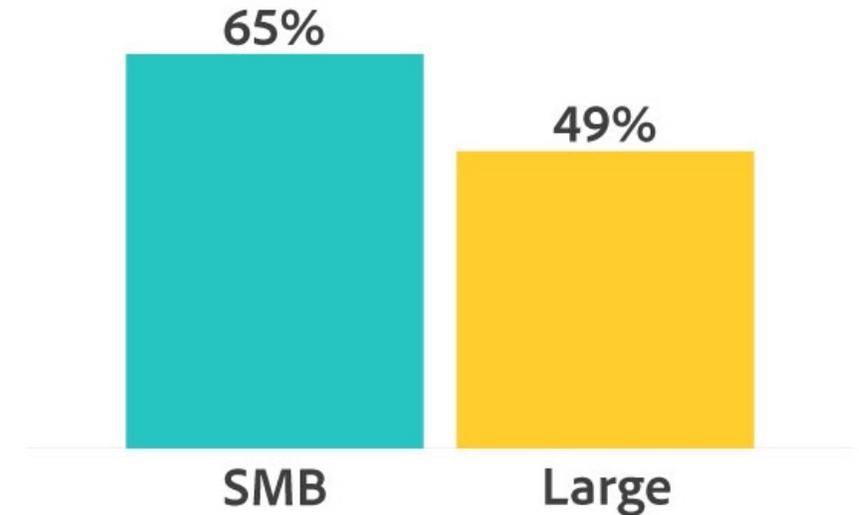
New Customer Revenue Growth Since April 2020
Source: Adobe Analytics

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2020

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Best Days to Buy By Category

Black Friday

Nov 28

Cyber Monday

Nov 29

Dec 13

Dec 18

Dec 26

Computers - 18%

Sporting Goods - 27%

Tools & Home Improvement - 12%

Appliance - 30%

Furniture, Toys - 30%

Electronics - 19%

Televisions - 19%

ADOBE DIGITAL INSIGHTS 2020
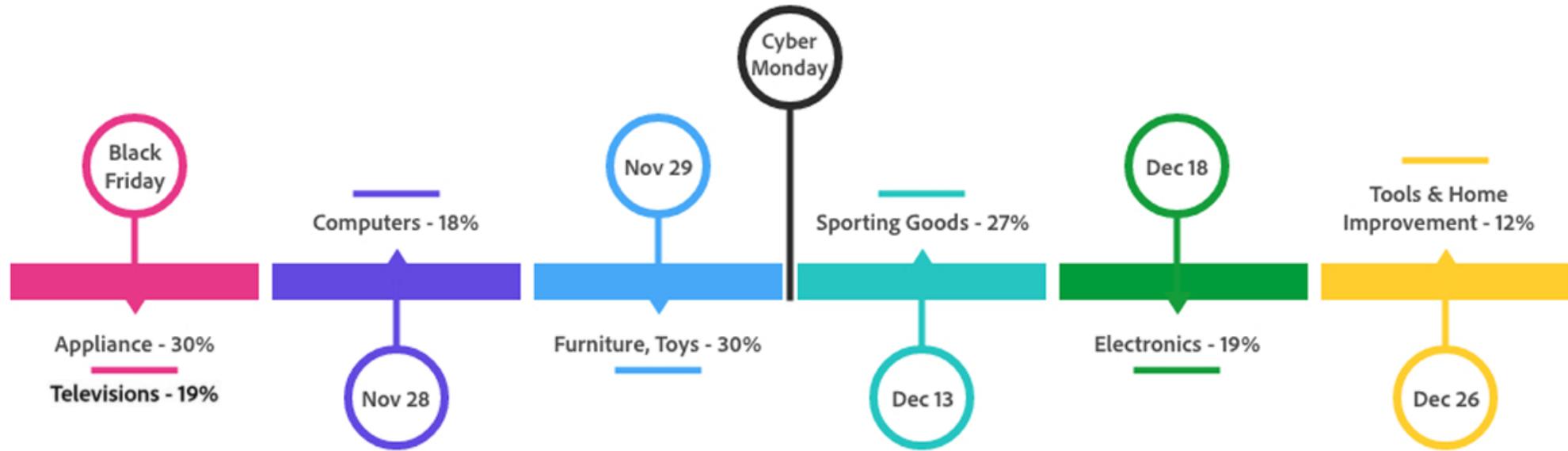
Best Day to Buy
Source: Adobe Analytics

Data from Adobe Analytics

Shipping Offers In Demand

Free/fast shipping expectations increasing

- "Spend X to get free shipping" threshold down 4.1% overall during the holiday season

- The day after Cyber Monday requires 50% less spend for free shipping, relative to the rest of the season

- 64% of consumers won't pay for expedited shipping*

- December 11th (two Fridays before Christmas) is last day for cheaper shipping
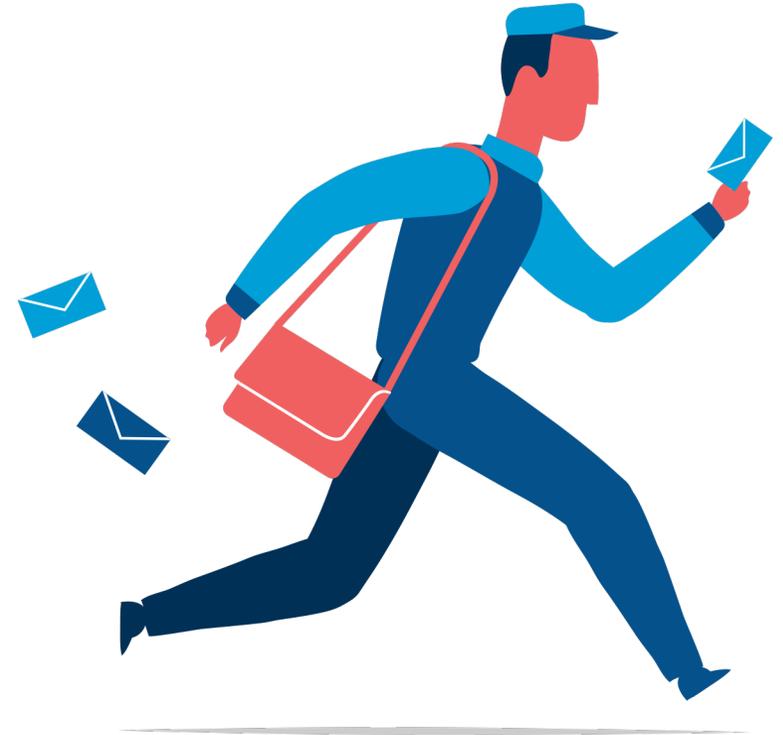

Data from Adobe Commerce Cloud

BOPIS and Curbside Pickup for Boosting Sales

BOPIS and curbside pickup are top shipping methods

- 50% of all orders from Dec 21 – 23 at retailers that offer BOPIS, now including curbside pickup

- Up 40% over 2019

- Pickup lines will get long later in season

- Shoppers are 9% more likely to buy at retailers offering BOPIS/curbside pickup on big sale days

- 19% of consumers choose BOPIS/curbside pickup to be safe/healthy – in 2019 that number was 4%*

Legend: — BOPIS — Expedited — Standard
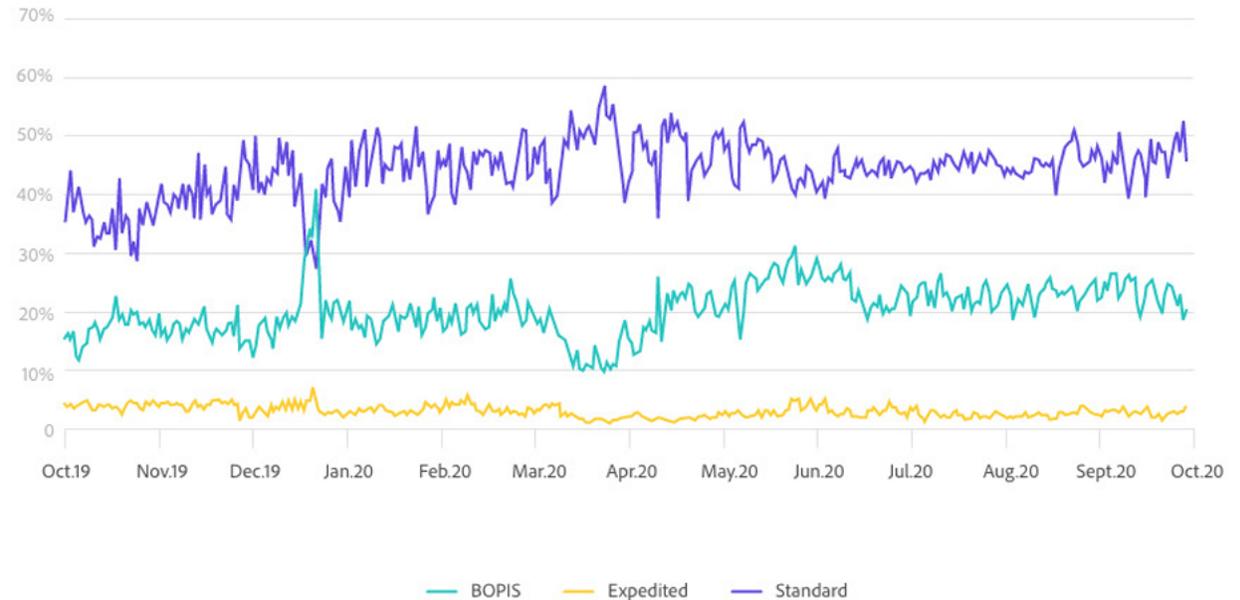
ADOBE DIGITAL INSIGHTS 2020
Order Percent by Shipping Method for BOPIS Retailers
Source: Adobe Analytics

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Election Impact

Online sales will be impacted over the election as Americans await clarity

- Day after election predictions:
  - 13% drop in sales day after election vs. previous three days expected
  - Spending 11% slower than the other days of the week
  - Look back: 14% slower growth day after 2016 election and 6% slower day after 2018 election
    - *$158M reduction in spend vs. expected sales in 2016*
- Election week (11/1 - 11/7) will see total $16.3 billion in online retail spend
- 26% consumers say knowing the election outcome will impact their holiday spend*
- 63% of retailers believe consumers will be more confident in spending after the presidential election*

Data from Adobe Analytics

Adobe's Holiday Toy Watch List

Get'em Before They Are Gone

Rainbocorns
Cutetitos
Little Live Pets
Lego Sets
Hatchimals Pixies
L.O.L. Surprise!
Star Wars Toys
Beyblade
Kindi Kids

Gaming Checklist

Playstation 5
Xbox Series X
Nintendo Switch
Cyberpunk 2077
COD: Black Ops Cold War
Spider-Man: Miles Morales
Mario Kart Home Circuit
Super Mario 3D All Stars

# Appendix

Predictions During a Pandemic

<div style="background:red;color:white">Eight years of analysis – lots of external impact</div>

- In the eight-year history of the holiday retail predictions report, 2020 has been the most volatile year.

- These are the top 5 factors that could affect the holiday season:

  1. The pandemic & potential increases or decreases in transmission
  2. State-by-state store shut-downs or re-openings
  3. The election
  4. The unemployment rate, future layoffs and/or employment growth
 5. Economic stimulus & potential stimulus check provision

In order to predict potential outcomes, Adobe's predictions are based on the current economic and health environment as of 10/28/2020.
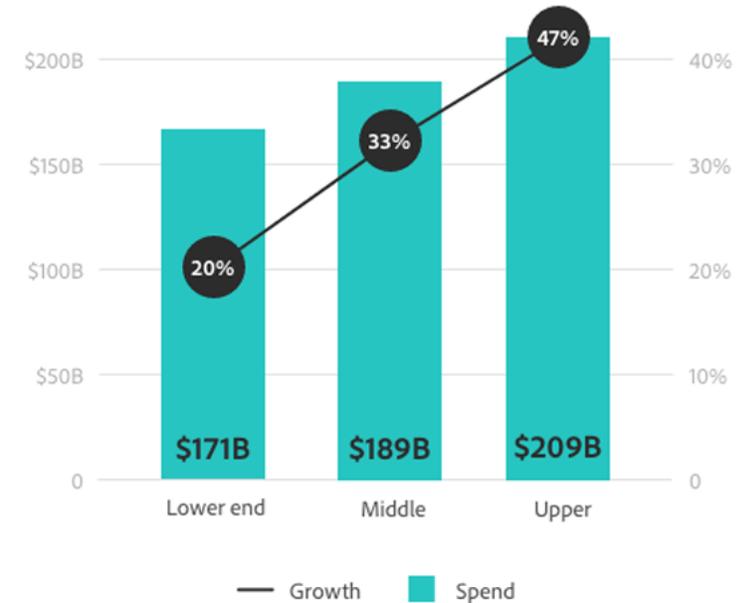
ADOBE DIGITAL INSIGHTS 2020 — **Range of Holiday 2020 Predictions**
Source: Adobe Analytics

Data from Adobe Analytics

Early Bird Gets the Gift… Returned

- Orders placed the day before Thanksgiving are 51% more likely to be returned, 52% for Dec 23 purchases

- 15% of gift receivers returned more than a quarter of their gifts last season*

- Postal delays due to overwhelmed shipping systems may result in late gift arrival, pushing up return rates

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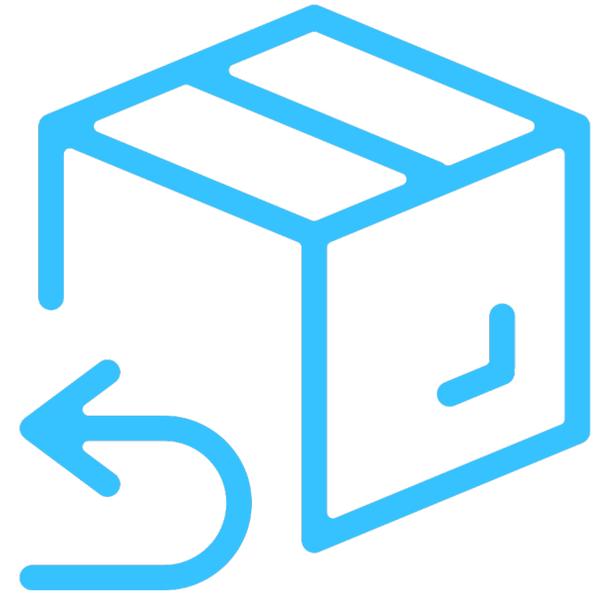
Relying on Shipper as Santa

- Increase in gifts being shipped directly from the retailer as in-person gatherings with family and friends curtailed

- Retailers offering gift wrapped deliveries and gift guides will benefit

- Shoppers will send gifts directly to 18% more people overall this holiday season, peaking at 67% more gifts sent on 12/17 (Tuesday of week before Christmas).

Data from Adobe Analytics

Flexible payment purchasing expected to rise over holiday season

- District of Columbia, California, Maryland, New York, Delaware, Georgia, and New Jersey are the highest utilizers of interest-free payment installment options, when purchasing, according to Klarna*
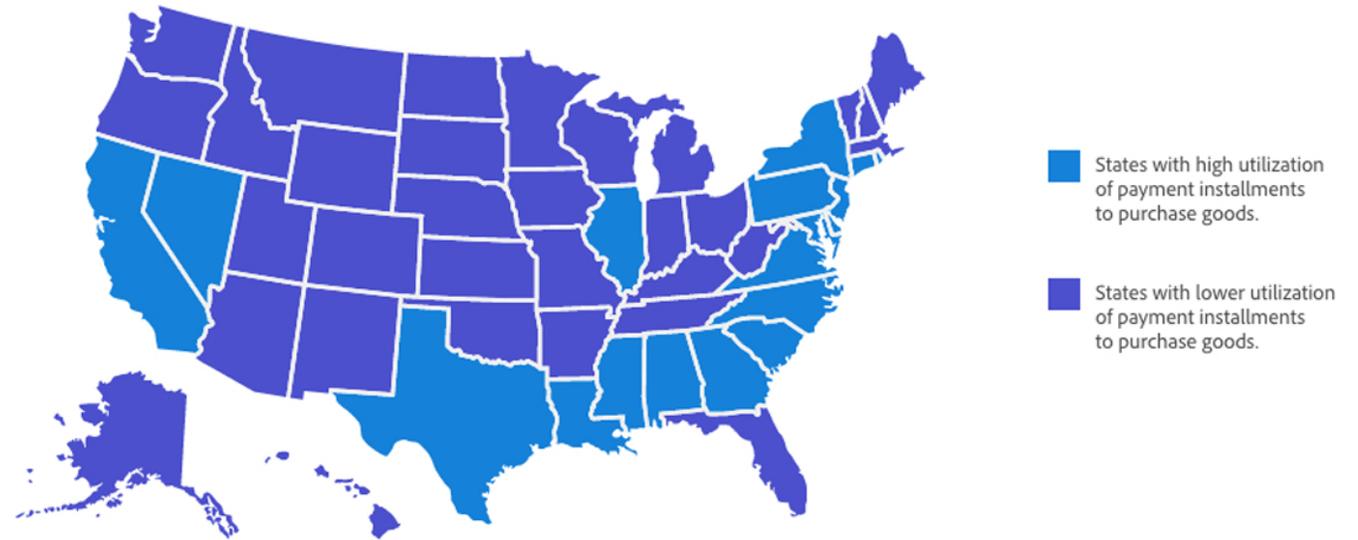
Payment Installment Utilization by State 2020
Source: Klarna

States with high utilization of payment installments to purchase goods.

States with lower utilization of payment installments to purchase goods.

ADOBE DIGITAL INSIGHTS 2020

Klarna leverages transaction data from its own systems to identify trends and insights to shopping behavior across 9 million consumers, 1.7 million monthly active app users and more than 4,300 retail partners in the US.

*The statistics come from Klarna's database of transactions made with retailers offering Klarna as well as through the app (from Jan 1 – Sept 30, 2020), which enables consumers to shop with Klarna at any online store. The map shows a representative indexed average per state per capita compared to the national average US consumer.

Oldest States Embrace Newest Shopping Methods

Northeast is embracing online shopping

- Rhode Island's share of US ecommerce sales up 28%

- Michigan, Connecticut, Massachusetts, Vermont, and Maine up 10%

- Northeast gaining more share despite already having highest rate of online shopping per capita

Data from Adobe Analytics

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