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Media Alert: Adobe Digital Price Index: Online Inflation Rises in August to 0.4%

- Online prices rose 0.4% on an annual basis in August, while rising 2.1% month-over-month
- Grocery prices continue to surge, hitting another record high at 14.1% year-over-year; prices for electronics continued to drop at 10% year-over-year
- Consumer demand remains resilient, with \$64.6 billion spent online in August, up 6.5% year-over-year

SAN JOSE, Calif. — Sept. 12, 2022 — Today, Adobe (Nasdaq:ADBE) announced the latest online inflation data from the [Adobe Digital Price Index](#) (DPI), powered by [Adobe Analytics](#). In August 2022, online prices increased 0.4% year-over-year (YoY) and 2.1% month-over-month (MoM), with grocery prices seeing their highest annual increase (14.1% YoY) and electronics prices continuing to drop (10% YoY). Consumer spending online in August reached \$64.6 billion, an increase of 6.5% YoY, attesting to the strength of the digital economy overall. In the month prior (July 2022), e-commerce entered deflation after 25 consecutive months of rising prices, dropping 1% YoY.

Online inflation in August was driven by groceries, where prices rose 14.1% YoY (up 1.1% MoM), another record YoY high for the category. Apparel prices have also contributed, rising 4.9% YoY (up 8.7% MoM) as seasonal promotions fade. Prices for apparel had fallen 1% YoY in the month prior (July), driven in part by back-to-school discounts and oversupply for certain retailers. Personal care products also saw a notable uptick in August, with prices rising 2.7% YoY (up 1.1% MoM), the highest YoY increase since March 2021, when prices hit a record high at 3.6% YoY. Categories such as electronics have kept topline inflation (up 0.4% YoY) below 1%, with prices falling significantly at 10% YoY in August (down 0.9% MoM). Computers have also contributed, with prices falling 12.6% YoY (down 2.3% MoM).

“The modest uptick we see in online prices for August was driven in large part by rising food costs that show no signs of abating, just as seasonal discounts in a category like apparel phased out through the end of Summer,” said Patrick Brown, vice president of growth marketing and insights, Adobe. “Consumer demand for e-commerce also remains steady and will keep prices elevated, especially for growing categories such as groceries, pet products and other consumer staples.”

In August, consumers spent \$64.6 billion online, up 6.5% YoY. In the month prior (July), \$73.7 billion was spent online, up 20.9% YoY on account of Prime Day discounts that drove record sales for the retail industry overall. For 2022 thus far, consumers have spent \$590 billion online, growing 8.9% YoY and showing resiliency in e-commerce demand. The DPI provides the most comprehensive view into how much consumers pay for goods online, as e-commerce expands to new categories and brands focus on making the digital economy personal. Powered by Adobe Analytics, it analyzes one trillion visits to retail sites and over 100 million SKUs across 18 product categories: electronics, apparel, appliances, books,

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toys, computers, groceries, furniture/bedding, tools/home improvement, home/garden, pet products, jewelry, medical equipment/supplies, sporting goods, personal care products, flowers/related gifts, non-prescription drugs and office supplies.

In August, 12 of the 18 categories tracked by the DPI saw YoY price increases, with groceries rising the most. Price drops were observed in six categories: electronics, jewelry, books, toys, computers and sporting goods.

Fourteen of the 18 categories in the DPI saw price increases MoM, following a prior month (July) where Prime Day and oversupply produced more substantial discounting. Price drops were observed across four categories including electronics, flowers and related gifts, computers and sporting goods.

Notable categories in the Adobe Digital Price Index for August:

- **Groceries:** Prices continued to surge and rose 14.1% YoY (up 1.1% MoM), more than any other category. This represented a new record on an annual basis, following a series of record highs: 13.4% YoY increase in July, 12.4% YoY increase in June and 11.7% YoY increase in May. Grocery prices have risen for 31 consecutive months, and it remains the only category to move in lockstep with the Consumer Price Index on a long-term basis.
- **Apparel:** Prices were up 4.9% YoY (up 8.7% MoM), after falling for two consecutive months (down 1% YoY in July, down 0.1% YoY in June). The category is seasonal in nature, driven by heavier discounting periods as retailers make way for new inventory. The notable dip in July was driven in large part by back-to-school promotions and oversupply for some brands.
- **Personal Care Products:** Prices were up 2.7% YoY (up 1.1% MoM), the highest increase since March 2021, when the category hit a record high and rose 3.6% YoY. Prices for the category have remained consistently elevated since September 2020, with only one month (November 2021) seeing a price drop at 0.9% YoY. Demand for personal care products has risen in tandem with online grocery shopping, as the two categories often share the same e-commerce basket.
- **Electronics:** Prices were down 10% YoY (down 0.9% MoM), falling faster than pre-pandemic levels when electronic prices fell 9.1% YoY on average between 2015 and 2019. Prices have fallen consistently since December 2021 (down 2.6% YoY) and accelerated in recent months (down 9.3% YoY in July 2022, down 7.3% YoY in June 2022).
- **Computers:** Prices were down 12.6% YoY (down 2.3% MoM), the biggest drop since the beginning of the COVID-19 pandemic in March 2020. Computer prices have fallen online for 20 consecutive months, and now outpace pre-pandemic levels when prices fell 9.2% on average between 2015 and 2019.

Methodology

The DPI is modeled after the Consumer Price Index (CPI), published by the U.S. Bureau of Labor Statistics and uses the Fisher Price Index to track online prices. The Fisher Price Index uses quantities of matched products purchased in the current period (month) and a previous period (previous month) to calculate the price changes by category. Adobe's analysis is weighted by the real quantities of the products purchased in the two adjacent months.

Powered by Adobe Analytics, Adobe uses a combination of Adobe Sensei, Adobe's AI and machine learning framework, and manual effort to segment the products into the categories defined by the CPI manual. The methodology was first developed alongside renowned economists Austan Goolsbee and Pete Klenow.

About Adobe

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