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Media Alert: Adobe Digital Price Index: Online Prices Fall 0.7% in October

- **Online prices fell 0.7% on an annual basis in October, while rising 0.3% month-over-month**
- **Electronics prices see largest decrease on record due to early holiday discounting**
- **Grocery prices remain elevated but inflation slowed in October**

SAN JOSE, Calif. — Nov. 10, 2022 — Today, Adobe (Nasdaq:ADBE) announced the latest online inflation data from the Adobe Digital Price Index (DPI), powered by Adobe Analytics. In October 2022, online prices fell 0.7% year-over-year (YoY) while rising 0.3% month-over-month (MoM). This marks the second consecutive month where online prices have fallen on a YoY basis. In the month prior (Sept. 2022), online prices decreased 0.2% YoY.

The October decline in prices was driven by categories including electronics, computers, toys and sporting goods. In the largest category in e-commerce by share of spend, electronics, online prices fell sharply as early holiday discounts kicked in, decreasing 12.9% YoY (down 2.4% MoM). This is the largest recorded YoY decline for the category since Adobe began tracking online prices in 2014. Pre-holiday deals also drove down prices for toys, which fell 7.1% YoY (down 3.5% MoM). Food costs remain high, however, as grocery prices rose 14% YoY (up 0.7% MoM). This jump follows September's record high – up 14.3% YoY – but is the first month of 2022 where the category's inflationary price increases have slowed.

Adobe's DPI provides the most comprehensive view into how much consumers pay for goods online, as e-commerce expands to new categories, and as brands focus on making the digital economy personal. Powered by Adobe Analytics, the DPI analyzes one trillion visits to retail sites and over 100 million SKUs across 18 product categories: electronics, apparel, appliances, books, 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.

During October, 10 of the DPI's 18 tracked categories saw YoY price increases, led by groceries, and seven of the 18 categories saw MoM price increases. Year-over-year price drops were observed in eight categories including electronics, jewelry, books, toys, appliances, flowers/related gifts, computers and sporting goods, with monthly price drops across 11 categories – electronics, office supplies, jewelry, books, furniture/bedding, toys, home/garden, non-prescription drugs, appliances, flowers/related gifts and computers.

Notable categories in the Adobe Digital Price Index for October:

- **Electronics:** Prices were down 12.9% YoY (down 2.4% MoM), a record YoY low for the category. October marks the fourth consecutive month where electronics prices have fallen faster than pre-pandemic levels, which averaged 9.1% YoY drop between 2015 and 2019. Electronics prices began falling consistently in Dec. 2021 (down 2.6% YoY), and have accelerated in recent months, dropping by 10% YoY in August and 11.3% YoY in September.
- **Groceries:** Prices remain elevated and rose 14% YoY (up 0.7% MoM), but have begun to slow. Every month from Jan. 2022 (up 5.8% YoY) to Sept. 2022 (up 14.3% YoY) had marked a record YoY high for the category, with the exception of the latest month (Oct. 2022). Grocery prices have now risen for 33 consecutive months, and it remains the only category to move in lockstep with the Consumer Price Index on a long-term basis.
- **Computers:** Prices fell sharply and were down 16.4% YoY (down 2.6% MoM), the biggest drop since the beginning of the COVID-19 pandemic in March 2020. October marks the fourth consecutive month where prices have fallen faster than pre-pandemic levels, which saw an average 9.2% YoY drop between 2015 and 2019.
- **Toys**: Prices were down 7.1% YoY (down 3.5% MoM), marking the 19th consecutive month where prices have fallen on a YoY basis. Driven by early holiday deals, price decreases in October were greater than the months prior (down 5.3% YoY in September, down 4.5% YoY in August).
- **Sporting Goods**: Prices were down 4% YoY (up 0.3% MoM), a record YoY low for the category this year. October marks the sixth consecutive month where prices have fallen on a YoY basis, after rising substantially in the early days of the COVID-19 pandemic, and reaching a record high in Sept. 2020 (up 15.8% YoY).

Methodology

The Adobe 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.

Adobe Analytics is part of Adobe Experience Cloud, which over 85% of the top 100 internet retailers in the U.S.* rely upon to deliver, measure and personalize shopping experiences online.

About Adobe

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*Per the Digital Commerce 360 Top 500 report (2021)

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