



**Public relations contact**

Kevin Fu

Adobe

[kfu@adobe.com](mailto:kfu@adobe.com)

# Media Alert: Adobe Digital Price Index: Online Prices Fall for Fourth Consecutive Month, Dropping 1.6% In December

- Online prices fell 1.6% on an annual basis in December, while rising 1.1% month-over-month
- Holiday discounts drove down prices of appliances, electronics, toys, computers and sporting goods
- Price increases continued to slow in non-promotional categories including groceries and personal care

**SAN JOSE, Calif. — Jan. 10, 2023** — Today, Adobe (Nasdaq:ADBE) announced the latest online inflation data from the [Adobe Digital Price Index](#) (DPI), powered by [Adobe Analytics](#). Online prices in December 2022 fell 1.6% year-over-year (YoY), marking the fourth consecutive month of online price decreases on a YoY basis, with half of the 18 DPI categories experiencing YoY price decreases. Following November 2022 that saw record discounts around Cyber Week, the five-day period between Thanksgiving (November 24) and Cyber Monday (November 28), online prices rose 1.1% month-over-month (MoM).

The YoY December online price decline was driven by holiday discounting, including strong deals that lingered past Cyber Week. Online prices fell substantially for computers, with prices dropping 16.2% YoY (up 2% MoM), and electronics, which fell 12% YoY (up 1.9% MoM). Holiday deals also drove down prices for appliances (down 2.1% YoY and up 3.8% MoM), toys (down 7.1% YoY and flat MoM) and sporting goods (down 5.9% YoY and up 1% MoM).

Falling prices accelerated consumer demand in December, generating \$95.1 billion for e-commerce (up 5.8% YoY). Adobe's figures are not adjusted for inflation, but as December's DPI was down 1.6%, stronger consumer spending was clearly driven by net-new demand, not simply higher prices.

## **Inflation continues to cool for non-promotional categories**

Some non-promotional categories – products that lack heavy discounting – saw continued slowing of price increases in December. Grocery prices were up 13.5% YoY, while modestly increasing by 0.5% MoM. This is the third consecutive month when YoY price increases have decelerated from September's record high, when prices rose 14.3% YoY: October prices were up 14% YoY, and November prices rose 13.7% YoY.

In personal care, another "non-promotional category," prices rose 1.6% YoY in December (up 2% MoM), a smaller increase than November and October, when prices rose 1.8% YoY and 3% YoY, respectively. Medical equipment and supplies similarly saw prices rise 4.1% YoY in December, a smaller increase than in November (5.3% YoY) or October (6.6% YoY).

## **Notable categories in the Adobe Digital Price Index for December**

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Adobe's Digital Price Index provides the most comprehensive view into how much consumers pay for goods online, complementing the Bureau of Labor Statistics' Consumer Price Index, which captures offline prices. 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.

In December, nine of the DPI's 18 categories saw YoY price decreases, with the flowers/related gifts category falling the most at 20.5% YoY. Nine categories experienced YoY price increases, including personal care, office supplies, furniture/bedding, pet products, groceries, non-prescription drugs, tools/home improvement, medical equipment/supplies and apparel.

On a MoM basis, only six of the 18 categories in the DPI saw prices fall, notably after record discounts arrived in November. MoM price increases were observed in 12 categories including electronics, personal care, office supplies, jewelry, books, furniture/bedding, groceries, non-prescription drugs, tools/home improvement, appliances, computers and sporting goods.

Notable categories for December include:

- **Appliances:** Prices were down 2.1% YoY (up 3.8% MoM), marking the second consecutive month where YoY prices fell on an annual basis (down 2.9% YoY in November). This comes after prices for the category increased for 30 consecutive months, peaking at 7.1% YoY in December 2020.
- **Electronics:** Prices were down 12% YoY (up 1.9% MoM), after dropping a record 13.4% YoY in the month prior. As the top e-commerce category by share of spending (18.6% share in 2021), electronics price movements have a significant impact on overall inflation online.
- **Groceries:** Prices rose 13.5% YoY (up 0.5% MoM) but have slowed in the past three months. From January (prices up 5.8% YoY) through September (prices up 14.3% YoY), every month in 2022 had marked a record YoY high for grocery prices. In October, however, prices rose 14% YoY, less than the month prior. And in November, price increases continued to slow, rising 13.7% YoY.
- **Personal Care:** Prices rose 1.6% YoY (up 2% MoM), after hitting a record high this year in October 2022, when prices increased 3% YoY. This is the second consecutive month where price increases for the category have slowed, following November's 1.8% YoY increase.

### Methodology

Adobe's 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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