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Media Alert: Adobe Digital Price Index: Online Prices Fall for Fifth Consecutive Month, Dropping 1% In January

- Online prices fell 1% compared with January 2022, but rose 1.7% from December 2022
- Following the holiday season, prices continued falling year-over-year across major categories including electronics, toys and computers, as well as home/garden, appliances and sporting goods
- Price increases have continued slowing in recent months across certain categories with persistent inflation, including groceries, pet products and tools

SAN JOSE, Calif. — Feb. 9, 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 January 2023 fell 1% year-over-year (YoY), marking the fifth consecutive month of a YoY price decrease, with half of the 18 categories tracked by Adobe seeing falling prices on an annual basis. On a monthly basis, online prices in January rose 1.7%, following December when strong holiday discounts lingered past Cyber Monday.

January's YoY price decline was primarily driven by sharp drops in electronics (down 11.9% YoY, up 2.1% MoM) and computers (down 15.8% YoY, up 2.1% MoM). Consumers also saw prices fall YoY for home goods: Appliances were down 2.5% YoY (up 1.8% MoM), while home/garden products fell 3.5% YoY (up 1.2% MoM) – online prices in both categories have now fallen YoY for three consecutive months. Sporting goods hit a record YoY low, falling 6.4% (up 0.6% MoM), with other notable categories with YoY price drops including toys (down 5.5% YoY, up 4.9% MoM), books (down 3% YoY, flat MoM) and jewelry (down 0.9% YoY, up 5.8% MoM).

In certain categories with persistent inflation, YoY price increases have slowed in recent months. Grocery prices were up 12.6% YoY (up 0.4% MoM), down from December 2022's 13.5% YoY increase. This marks the fourth consecutive month where YoY price increases for groceries have decelerated from September's record high, when prices rose 14.3% YoY. In the tools/home improvement category, prices rose 6.9% YoY (up 0.1% MoM), down from December 2022's 8.3% YoY increase. Pet product prices rose 10.5% YoY (up 0.8% MoM), down from the 11% YoY increase in December 2022.

"The rising cost of living has made consumers more cautious about discretionary spending, with \$72.2 billion spent online in January, a modest increase of 1.7% year-over-year," said Patrick Brown, vice president of growth marketing and insights at Adobe. "Current demand levels are driving retailers to hold prices down and continue to clear out excess inventory. As shoppers become more selective in where they spend their money, e-commerce will be an important battleground this year as brands seek to retain customers and drive experience-led growth."

Notable categories in the Adobe Digital Price Index for January

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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 January, nine of the DPI's 18 categories saw YoY price decreases, with the flowers/related gifts category falling the most at 21.6% 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 one of the 18 categories in the DPI (flowers/related gifts) saw prices fall, following persistent holiday discounts in December 2022.

Notable categories for January 2023 include:

- **Home and Garden:** Prices were down 3.5% YoY (up 1.2% MoM), marking the third consecutive month where prices fell on an annual basis (down 2.7% YoY in December, and down 2.1% YoY in November). This comes after prices for the category rose for 14 consecutive months, peaking at 2.7% YoY in March 2022.
- **Sporting Goods:** Prices were down 6.4% YoY (up 0.6% MoM), a record YoY drop for the category since Adobe began tracking online prices in 2014. Prices for the category have now fallen YoY for nine consecutive months, beginning on May 2022; prior to that, prices had risen YoY for more than two consecutive years (28 months).
- **Groceries:** Prices rose 12.6% YoY (up 0.4% MoM) but have slowed in the past four months, rising 13.5% YoY in December, 13.7% YoY in November, and 14% YoY in October. In September, prices peaked, rising 14.3% YoY. Consumers are increasingly buying more of their groceries online, and this category has generally moved in lock step with the Consumer Price Index.
- **Tools and Home Improvement:** Prices rose 6.9% YoY (up 0.1% MoM) but have slowed in the past five months after peaking in August 2022, when prices rose 10.9% YoY. The slowing of price increases is welcome news for consumers, as the category has seen persistent inflation for more than two consecutive years (26 months).

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's AI and machine learning framework Adobe Sensei and manual effort to segment 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

Adobe is changing the world through digital experiences. For more information, visit www.adobe.com.

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

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