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FOR IMMEDIATE RELEASE

Adobe Forecasts U.S. Online Sales to Surpass \$100 Billion This Holiday Season

Cyber Monday to Become Largest Online Shopping Day in History with \$6.6 Billion in Sales

SAN JOSE, Calif. — Nov. 2, 2017 — Adobe (Nasdaq:ADBE) today released its online shopping predictions for the upcoming holiday season. Based on Adobe Analytics, Adobe expects that online sales will be \$107.4 billion, an increase of 13.8 percent, while in-store retail is expected to grow ten percent.* Cyber Monday is expected to become the largest online shopping day in history, generating \$6.6 billion in sales, 16.5 percent growth compared to last year. Sales on Thanksgiving Day are expected to increase 15 percent YoY to \$2.8 billion. One out of every six dollars this holiday season will be spent between Thanksgiving and Cyber Monday, leading to \$19.7 billion in sales. The most anticipated gifts include Hasbro NERF guns, Nintendo Switch, Apple Air Pods and Sony PlayStation® VR.

While large retailers (more than \$100 million in annual revenue) will see higher order values and desktop conversion rates than smaller retailers (less than \$10 million in annual revenue), the latter are expected to have the mobile advantage with a higher average conversion rate of 1.9 percent by attracting more shoppers with an intent to buy. Adobe Analytics data also forecasts that shoppers will gravitate towards purchasing more lower-priced items online as opposed to big ticket items. While toys and apparel saw a 39 percent and 20 percent unit growth respectively last holiday season, jewelry sales came in low, with a three percent decline in unit growth. These trends are expected to continue this season.

"This year's record-breaking online holiday shopping season is built on the strength of the big players," said Mickey Mericle, vice president, Marketing and Insights at Adobe. "We predict the biggest retailers with wide selections, easy shopping experiences and free shipping, to drive online holiday growth this year. Still, there is opportunity for savvy small retailers to win, specifically with mobile experiences. As revenue growth plateaus, retailers will be competing hard for customers by offering steep discounts and providing a seamless customer journey."

Additional findings include:

- **Most Anticipated Gift Items:** The most desired electronics this holiday season include Apple Air Pods, Sony PlayStation® VR as well as home assistants, including Amazon Echo and Google Home. Nostalgia reigns supreme with toys and video games, as Hasbro NERF Guns, Nintendo Switch and Super Mario Odyssey are expected to be among the top-sellers. Additionally, the top toys from 2016 are capitalizing on their success with updated products that are expected to perform well this year, including Moose's Toys' Shopkins and Spin Master Hatchimals.
- **Best Dates for Deals:** The sharpest discounts are expected to occur on Black Friday, with televisions (23.7 percent), tablets (23.6 percent), jewelry (12 percent) and appliances (17.7 percent) showing the largest price decreases. On Thanksgiving, shoppers can expect to find the best deals on computers (16 percent), sporting goods (11 percent), apparel (15 percent) and video games/consoles (9.6 percent). On Cyber Monday discounts will be highest for toys at 19.1 percent. The Wednesday prior to Thanksgiving is predicted to offer the best deals for Christmas décor with average discounts of 22.7 percent. Furniture and bedding prices as well as pet products are expected to see the steepest price cuts on Giving Tuesday with 12.8 percent and 21.7 percent respectively. Some products will likely be out of stock before they see major

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discounts. Appliances, tablets and televisions are most likely to be out-of-stock on Thanksgiving Day, before seeing the largest discounts on Black Friday.

- **Mobile Shopping:** While desktop purchases are predicted to account for two-thirds of revenue this holiday season, mobile is serving as a starting point for many consumers. For the first time, web traffic on smartphones and tablets is predicted to be higher than for desktops, at 54 percent and 46 percent respectively.

Methodology

Adobe leverages Adobe Sensei, Adobe's artificial intelligence and machine learning framework, to identify retail insights from trillions of data points that flow through Adobe Analytics, part of Adobe Analytics Cloud in Adobe Experience Cloud. Adobe's retail report, the most comprehensive set of insights and predictions of its kind in the industry, is based on an analysis of one trillion visits to over 4,500 retail sites and 55 million SKUs. \$7.50 of every \$10 spent by consumers online with the top 500 U.S. retailers go through Adobe Experience Cloud.** Adobe Analytics measures 80 percent of online transactions at the largest 100 U.S. web retailers.*** Companion research is based on a survey with more than 1,100 U.S. consumers, and analysis from twelve million social mentions between August 1, 2017 and October 11, 2017.

In 2017, Adobe built out its forecasting model for accurately predicting and projecting actual retail spending, given major discount days have impacted online shopping behaviors significantly. This methodology now looks at each day as an independent estimate, ultimately eliminating the use of constant growth assumptions, which requires Adobe to restate total online sales numbers for specific days in 2016. For more details, see this [accompanying blog post](#).

Helpful Links:

- Adobe Digital Insights 2016 Shopping Predictions (Full Report): <https://www.slideshare.net/adobe/2017-adi-holiday-shopping-predictions-81481566>
- CMO.com Article: <http://www.cmo.com/adobe-digital-insights/articles/2017/10/27/us-adi-2017-holiday-predictions.html>
- Conversations Blog Post: <http://blogs.adobe.com/conversations/2017/11/changing-dynamics-in-the-retail-industry.html%20%E2%80%8E>

About Adobe

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

*Based on National Retail Federation Estimates (<https://nrf.com/resources/consumer-research-and-data/holiday-spending/holiday-headquarters>)

**Based on the top 100 retailers in the IR 2017 top 500 eGuide

***Internet Retailer's 2017 Top 500 eGuide, an independent source that measures online commerce technologies (<https://www.digitalcommerce360.com/product/top-500-database/>)

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