



# Adobe Analytics Holiday Forecast 2020



# Methodology



## Adobe Experience Cloud

### The industry's most comprehensive report

#### Data via Adobe Analytics *(aggregated, anonymized)*

- Adobe Sensei, Adobe's AI and machine learning framework, used to identify predictions

#### Measures trillions of visits to U.S. retail sites *(most in the industry)*

- 100 million SKUs
- 1 trillion visits on US-based retail websites
- Transaction data from 80 of top 100 US web retailers\*
- Companion survey: 1K+ U.S. consumers in Oct. 2020
- Covers retailers of all sizes (via Adobe Commerce Cloud)
- Shipping and returns analysis based on millions of orders

# Key Findings

### Two Years of Growth in One Season

- Online holiday spend will surpass \$189B (up 33% YoY)
- With stimulus, physical store closures: \$200B (up 47% YoY)
- Black Fri: \$10.3B (39% YoY); Cyber Mon \$12.7B (35% YoY)
- \$2B sales from Nov 1 to Dec 18, \$3B Nov 22-Dec 3

### Smartphone Use Soars

- \$28B more than last year will be spent on smartphones
- 42% of all online shopping done from smartphones (up 55%)

### Large vs. Small Retailers

- Large retailers (\$1B plus): +84% daily revenue boost (*Nov-Dec vs. Oct*)
- Small retailers (\$10-\$50M): +107% daily revenue boost for season

### New Shoppers Flock Online

- New customer revenue increased more than +49% YoY since 4/1
- 9% of all customers were net new\*

### Best Days to Buy

- Black Friday to be best day for Appliances (-11%) and TVs (-19%)
- Nov 28: Computers (-18%); Nov 29: Furniture (-10%), Toys (-20%)

### Shipping is Key to Success

- 64% of consumers won't pay for fast shipping\*
- December 1 is golden day for cheapest shipping
- BOPIS will be top fulfillment method (*over 50% at retailers that offer BOPIS*) as season develops
- December 13 last day for cheap shipping

### Election Impact

- 13% drop in sales day after election vs. previous three days expected
- 26% of consumers say knowing the election outcome will impact their holiday spend\*
- Previous elections have seen online drops between 6-14%

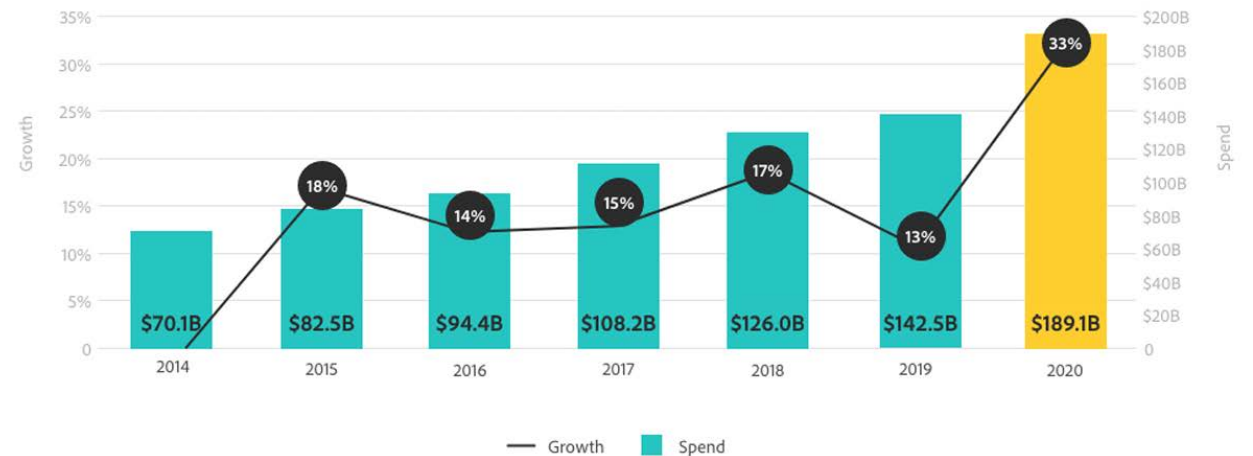
# Holiday Sales Reach \$189 Billion

## Full Season Forecast (Nov. 1 – Dec. 31):

- Online sales will **total \$189 billion**
- **33% YoY growth** (13.0% in 2019) – two years of predicted growth in a single year
- **\$200B+** if consumers receive stimulus checks and physical stores shut down (47% YoY)
- Ecommerce outpacing overall growth: **+33%** vs. +1- 1.5%

## Major Online Shopping Days

- Thanksgiving: **\$6B** (42.3% YoY growth)
- Black Friday: **\$10.3B** (39.2%)
- Cyber Monday: **\$12.7B** (35.3%)

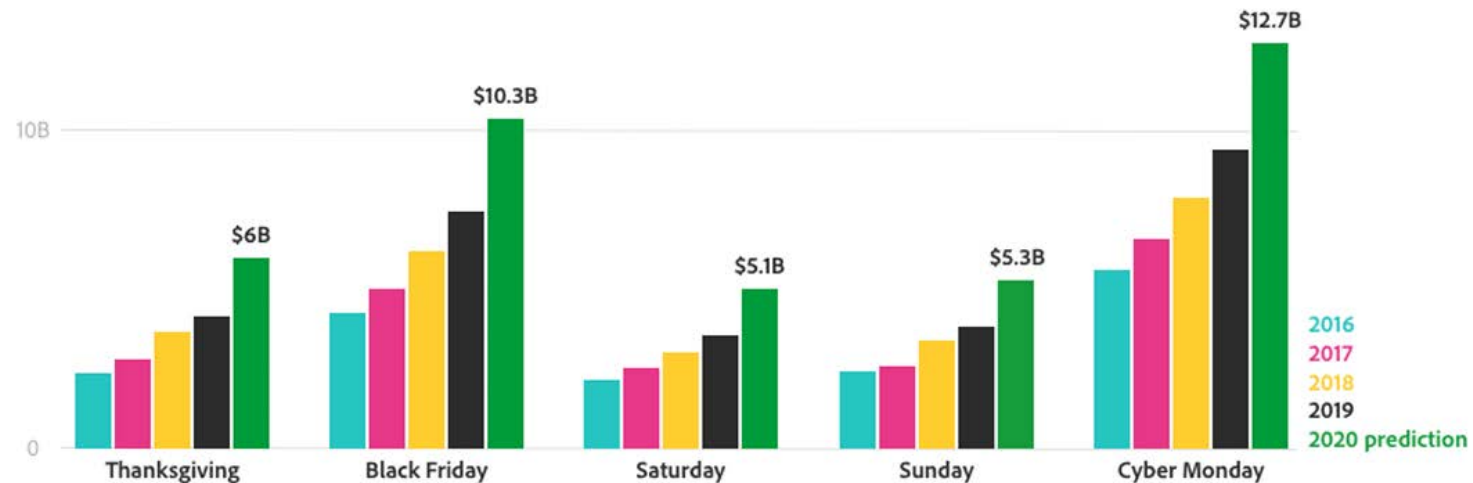


Online Holiday Spend by Year (with Median 2020 Forecast)  
Source: Adobe Analytics

# Online Shopping Sets New Records

**\$2B sales record each day (Nov. 1 – 22 & Dec. 4 - 18)**

- Between Nov. 22 – Dec. 3, that figure will jump to \$3B per day
- For context, Cyber Monday broke \$2B for the first time back in 2012



Cyber Weekend with 2020 prediction

Source: Adobe Analytics

*Data from Adobe Analytics*

# Goodbye Cyber Week, Hello Cyber Months

## Retailers shifting the season sooner

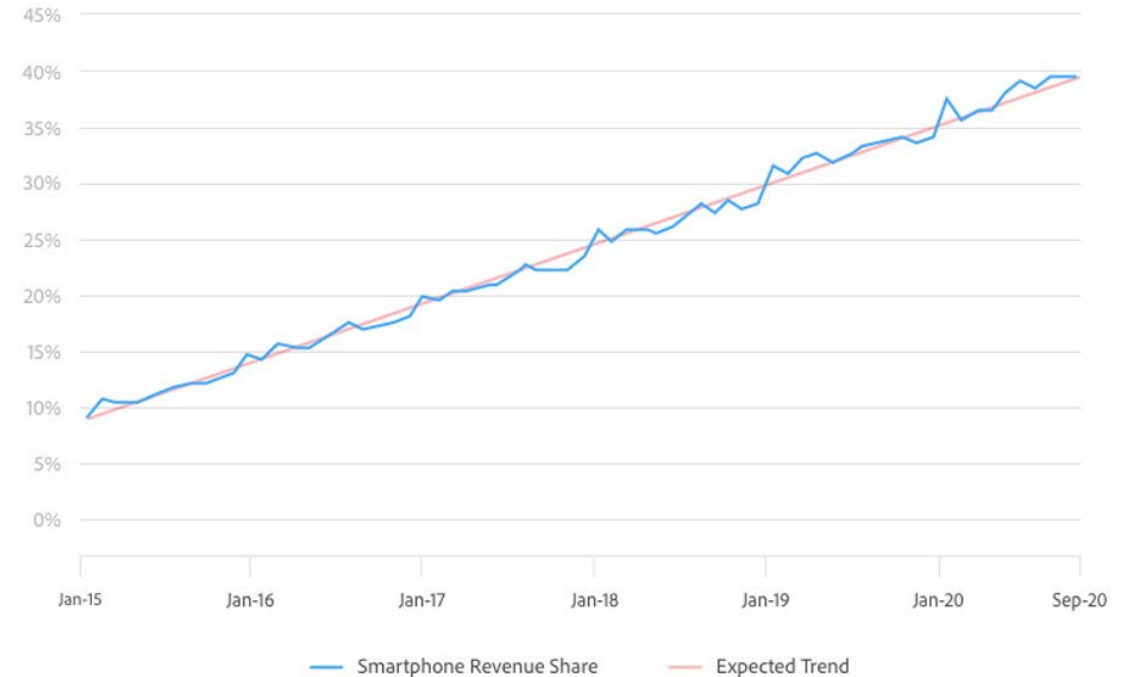
- Pre-Thanksgiving (Nov 1-22), consumers will spend \$56B (+37%)
- One third of all consumers will complete holiday shopping by Black Friday\*
- 75% of all retailers offering discounts earlier\*
- Less Black Friday “door-busting” due to earlier deal offers and shop closures



# Shopping Via Smartphone Soars

**\$28.1B more will be spent on smartphones this year**

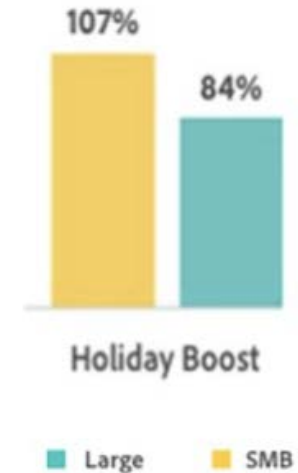
- 42% of shopping done from smartphones this holiday season
- Smartphone shopping dollars will grow by 55% YoY this season



Share of Online Smartphone Spend (US, Jan 2019 - Sept 2020)  
Source: Adobe Analytics

# Small vs. Large Retailers

- Small businesses (\$10M - \$50M in yearly revenue): +107% revenue boost\* over holiday season
- Large retailers (\$1B+): +84% revenue boost\*
- Large retailers will grow holiday share - YoY revenue growth for large retailers hit 55% in 2019, while small retailers saw just 8%
- Large retailers +100% sales boosts\* on big shopping days (Thanksgiving, etc.) over small retailers
- 51% of consumers plan to support small and local retailers on Small Business Saturday\*\*
- 38% of consumers will make a deliberate effort to shop at smaller retailers throughout the holiday season\*\*



**Holiday Boost vs. COVID Boost for SMB and Large Companies**  
Source: Adobe Analytics

## Data from Adobe Analytics

COVID boost compares daily sales from March 15 – September 30 vs. January 1 – March 14

\* comparing daily sales in November – December vs. October

\*\* According to survey

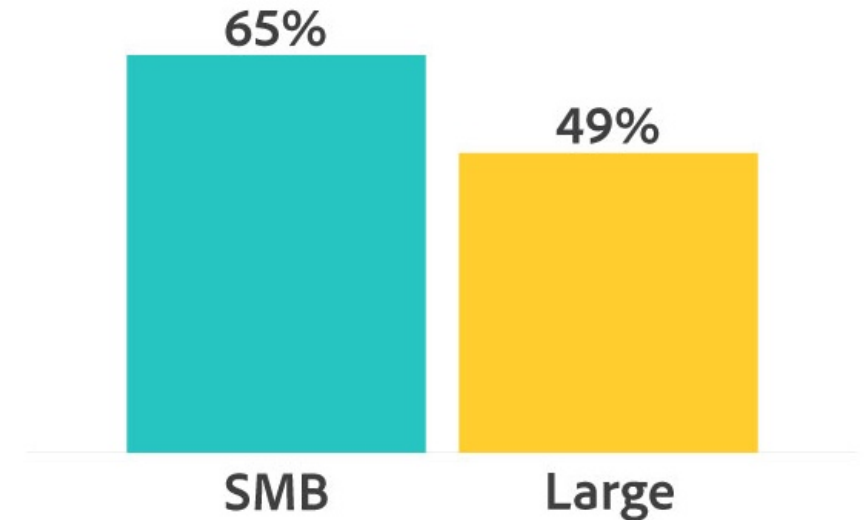
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# New Shoppers, Big Deals

## New shoppers will be courted

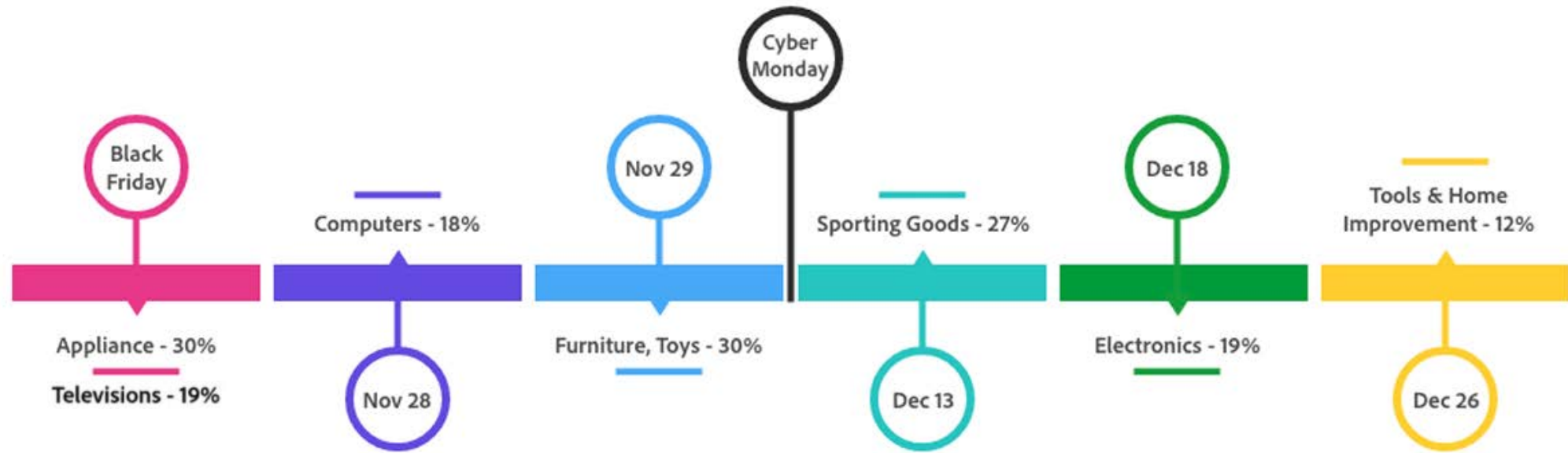
- 31% of consumers rarely shopped online before April 2020.\*
  - 9% were net new to online shopping\*
- New customer revenue +65% YoY since Apr 1 for small businesses vs. +49% for large
- Average order value (AOV) to remain flat YoY but:
  - Influx of new online shoppers as conversion (+13%) and revenue (+33%) increase
  - At the height of the pandemic (May 1-31), spending from new customers increased 2x more than loyal customers'
  - During big days (Thanksgiving, Black Friday, Cyber Monday), brands will see 50% higher spend increase from new customers



**New Customer Revenue Growth Since April 2020**

Source: Adobe Analytics

# Best Days to Buy By Category

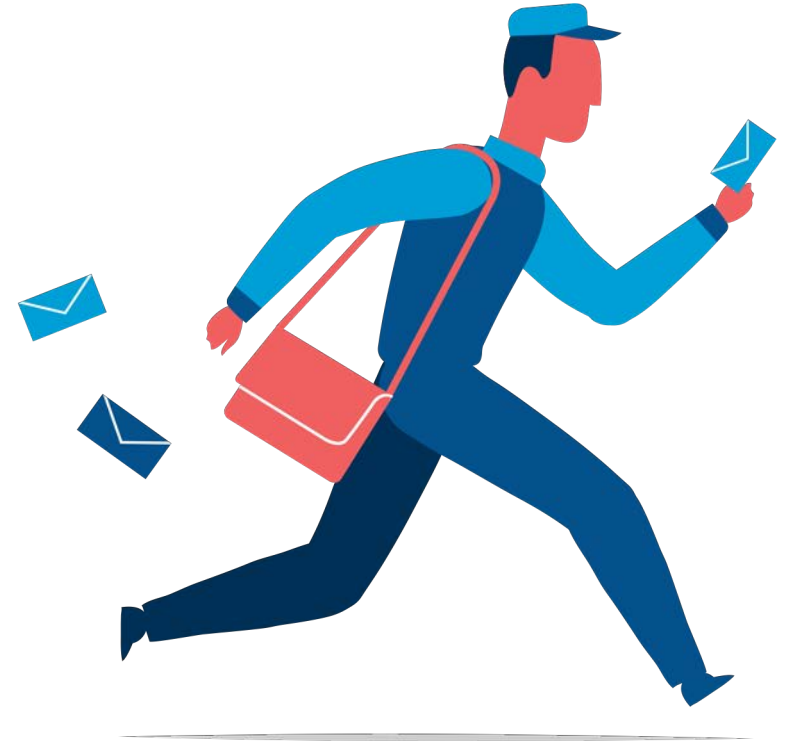


Best Day to Buy  
Source: Adobe Analytics

# Shipping Offers In Demand

## Free/fast shipping expectations increasing

- “Spend X to get free shipping” threshold down 4.1% overall during the holiday season
- The day after Cyber Monday requires 50% less spend for free shipping, relative to the rest of the season
- 64% of consumers won't pay for expedited shipping\*
- December 11th (two Fridays before Christmas) is last day for cheaper shipping



**Data from Adobe Commerce Cloud**

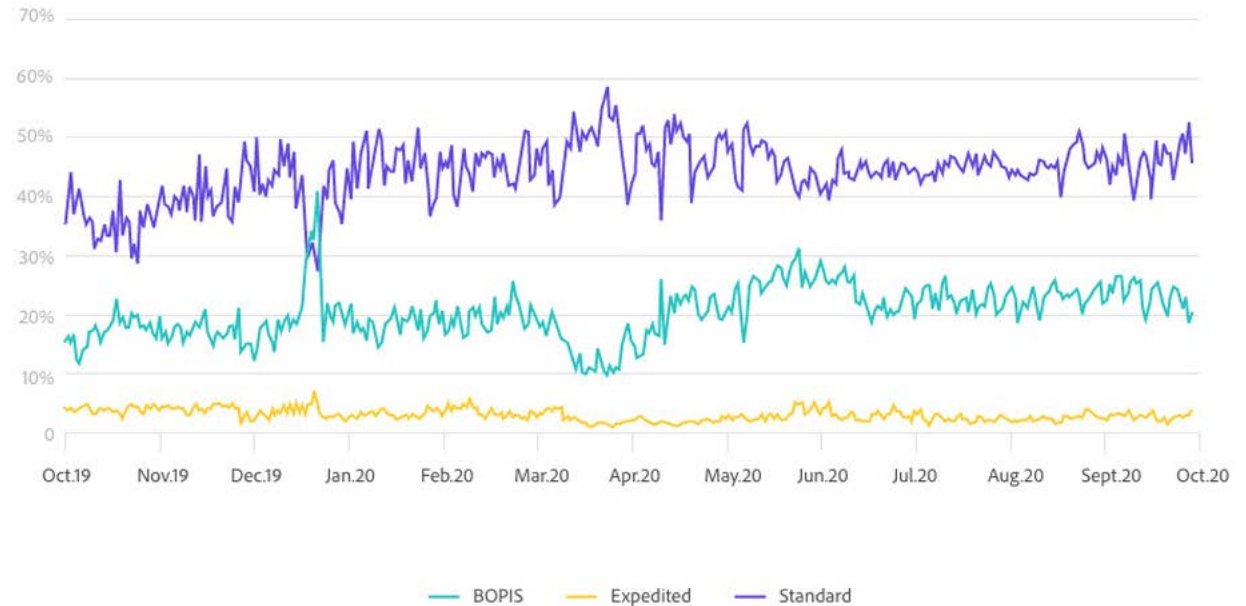
\* According to survey

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# BOPIS and Curbside Pickup for Boosting Sales

## BOPIS and curbside pickup are top shipping methods

- 50% of all orders from Dec 21 – 23 at retailers that offer BOPIS, now including curbside pickup
- Up 40% over 2019
- Pickup lines will get long later in season
- Shoppers are 9% more likely to buy at retailers offering BOPIS/curbside pickup on big sale days
- 19% of consumers choose BOPIS/curbside pickup to be safe/healthy – in 2019 that number was 4%\*



Order Percent by Shipping Method for BOPIS Retailers

Source: Adobe Analytics

# Election Impact

## Online sales will be impacted over the election as Americans await clarity

- Day after election predictions:
  - 13% drop in sales day after election vs. previous three days expected
  - Spending 11% slower than the other days of the week
  - Look back: 14% slower growth day after 2016 election and 6% slower day after 2018 election
    - *\$158M reduction in spend vs. expected sales in 2016*
- Election week (11/1 - 11/7) will see total \$16.3 billion in online retail spend
- 26% consumers say knowing the election outcome will impact their holiday spend\*
- 63% of retailers believe consumers will be more confident in spending after the presidential election\*



**Data from Adobe Analytics**

\* According to survey

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# Adobe's Holiday Toy Watch List

## Get'em Before They Are Gone

Rainbocorns  
Cutetitos  
Little Live Pets  
Lego Sets  
Hatchimals Pixies  
L.O.L. Surprise!  
Star Wars Toys  
Beyblade  
Kindi Kids



## Gaming Checklist

Playstation 5  
Xbox Series X  
Nintendo Switch  
Cyberpunk 2077  
COD: Black Ops Cold War  
Spider-Man: Miles Morales  
Mario Kart Home Circuit  
Super Mario 3D All Stars



# Appendix





# Predictions During a Pandemic

## Eight years of analysis – lots of external impact

- In the eight-year history of the holiday retail predictions report, 2020 has been the most volatile year.
- These are the top 5 factors that could affect the holiday season:
  1. The pandemic & potential increases or decreases in transmission
  2. State-by-state store shut-downs or re-openings
  3. The election
  4. The unemployment rate, future layoffs and/or employment growth
  5. Economic stimulus & potential stimulus check provision

*In order to predict potential outcomes, Adobe's predictions are based on the current economic and health environment as of 10/28/2020.*

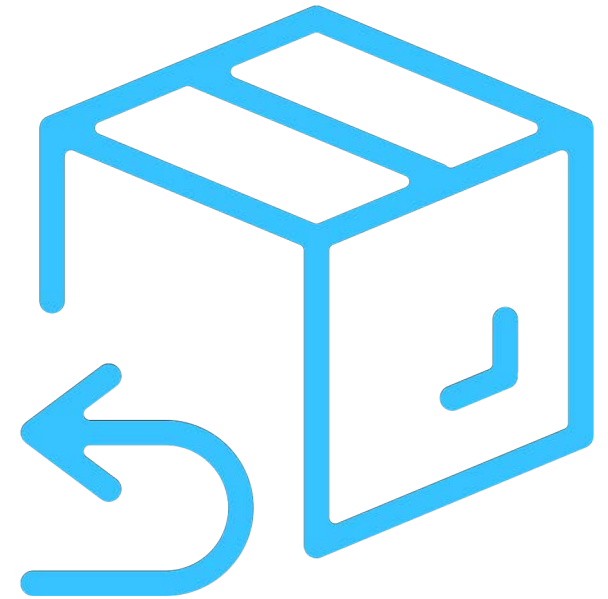


Range of Holiday 2020 Predictions

Source: Adobe Analytics

# Early Bird Gets the Gift... Returned

- Orders placed the day before Thanksgiving are 51% more likely to be returned, 52% for Dec 23 purchases
- 15% of gift receivers returned more than a quarter of their gifts last season\*
- Postal delays due to overwhelmed shipping systems may result in late gift arrival, pushing up return rates



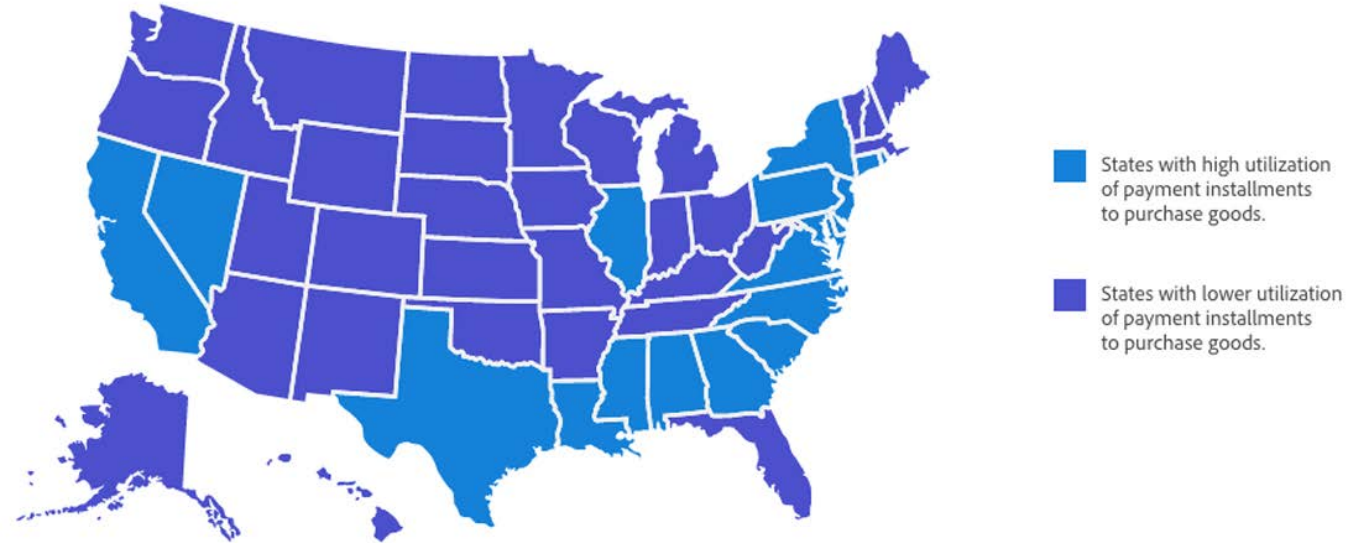
# Relying on Shipper as Santa

- Increase in gifts being shipped directly from the retailer as in-person gatherings with family and friends curtailed
- Retailers offering gift wrapped deliveries and gift guides will benefit
- Shoppers will send gifts directly to 18% more people overall this holiday season, peaking at 67% more gifts sent on 12/17 (Tuesday of week before Christmas).



# Flexible payment purchasing expected to rise over holiday season

- District of Columbia, California, Maryland, New York, Delaware, Georgia, and New Jersey are the highest utilizers of interest-free payment installment options, when purchasing, according to Klarna\*



Payment Installment Utilization by State 2020

Source: Klarna

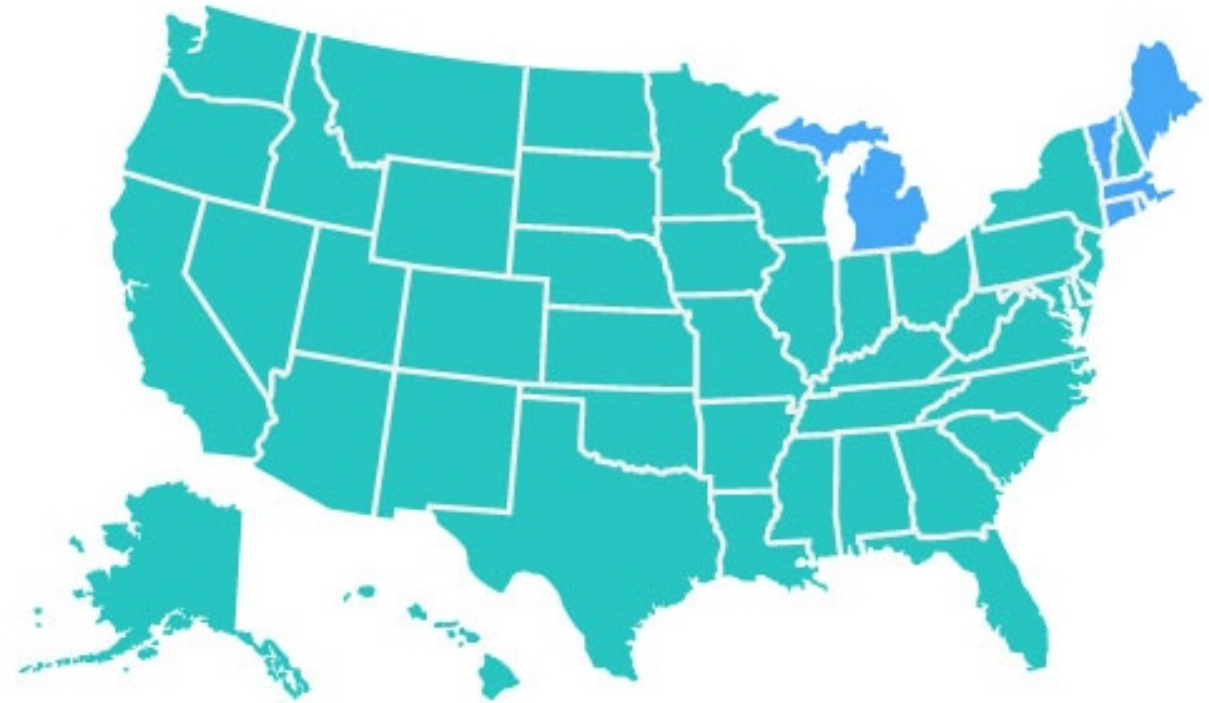
Klarna leverages transaction data from its own systems to identify trends and insights to shopping behavior across 9 million consumers, 1.7 million monthly active app users and more than 4,300 retail partners in the US.

\*The statistics come from Klarna's database of transactions made with retailers offering Klarna as well as through the app (from Jan 1 – Sept 30, 2020), which enables consumers to shop with Klarna at any online store. The map shows a representative indexed average per state per capita compared to the national average US consumer.

# Oldest States Embrace Newest Shopping Methods

## Northeast is embracing online shopping

- Rhode Island's share of US ecommerce sales up 28%
- Michigan, Connecticut, Massachusetts, Vermont, and Maine up 10%
- Northeast gaining more share despite already having highest rate of online shopping per capita



*Data from Adobe Analytics*