2023 UK Holiday Shopping Forecast

Adobe Digital Insights | October 2023

Methodology

- The Adobe Digital Economy Index (DEI) used Adobe Analytics to analyse hundreds-of-billions of visits to retail sites from UK consumers since 2019, 100 million SKUs, and 18 product categories to provide the most comprehensive view of the UK digital economy. Adobe Analytics is part of Adobe Experience Cloud, relied upon by major retailers to deliver, measure, and personalise shopping experiences online.

- Additional research was conducted by Censuswide in a survey of 2,008 consumers in the United Kingdom between October 20th 2023 and October 23rd 2023.
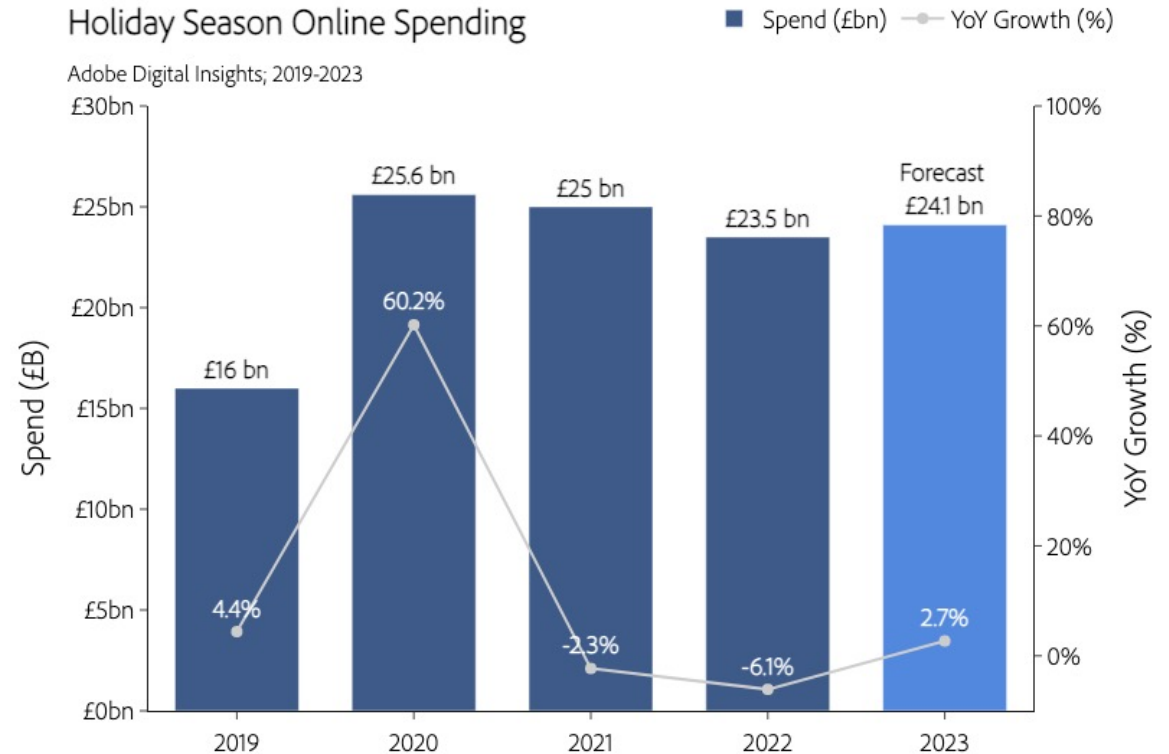
Key Findings

- UK Online Retail spending will see positive growth this holiday season for the first time in 2 years

- Competitive discounting is expected through the season, but the best discounts will span from Black Friday to Cyber Monday, and return on Boxing Day

- BNPL (Buy Now Pay Later) is expected help drive growth over the holiday shopping season as utilization of the payment method continues to grow. Adobe projects that £17.2 billion pounds will be spent this year using BNPL.

- TikTok traffic to UK sites is expected to surge this holiday season, as the platform continues to grow, and consumers over-index their utilization of mobile apps and devices for holiday shopping

- Consumers are willing to spend big on premium products during the holiday season despite a general shift toward more affordable alternatives.
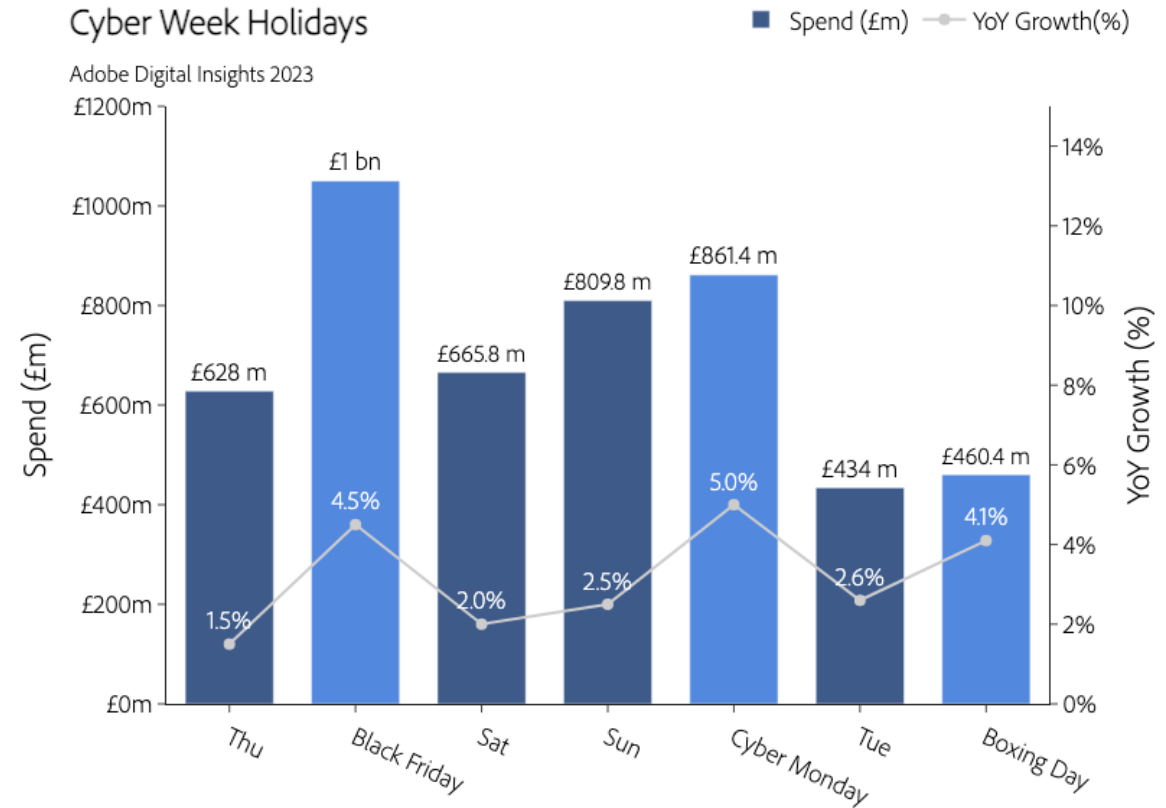
Holiday season online spend will drive £24.1 billion this year

- Adobe forecasts £24.1 billion will be spent online this holiday season (Nov-Dec).

- Holiday spend growth will land at 2.7% year-over-year, but it could fluctuate between 1.5% (£23.8 bn) to 4% (£24.4 bn), depending on the macro-economic factors.

- Holiday season growth was negative for the last two years and a recovering growth trajectory is expected this year.

Holiday Season Online Spending
Adobe Digital Insights; 2019-2023

Legend: ■ Spend (£bn) — YoY Growth (%)

Data points:
- 2019: £16 bn, 4.4%
- 2020: £25.6 bn, 60.2%
- 2021: £25 bn, -2.3%
- 2022: £23.5 bn, -6.1%
- 2023: Forecast £24.1 bn, 2.7%

Cyber Week is expected to see growth return this year

- Cyber Week, starting from Black Friday to Cyber Monday, and Boxing day, will grow about 3.7% YoY and draw in £3.8 bn, that's 16% of the season's total revenue.

- Cyber Monday will see the most growth over the weekend at 5% YoY and £861.4 m in revenue. Followed by Black Friday £1.05 bn (4.5% YoY) and Boxing Day £460.4 m (4.1% YoY)

Cyber Week Holidays
Adobe Digital Insights 2023

Legend: Spend (£m), YoY Growth(%)

Data points:
- Thu: £628 m, 1.5%
- Black Friday: £1 bn, 4.5%
- Sat: £665.8 m, 2.0%
- Sun: £809.8 m, 2.5%
- Cyber Monday: £861.4 m, 5.0%
- Tue: £434 m, 2.6%
- Boxing Day: £460.4 m, 4.1%

Strongest Discounts expected over Black Friday Weekend & Boxing Day

- To incentivize stronger consumer spending and growth, we expect retailers to provide seasonal discounts within the range of 5% to 22%.

- Discounts will be persistent throughout the season but they'll be at their best from Black Friday to Cyber Monday and on Boxing day.

The 2023 holiday season's deepest discounts are expected to reach the following levels:

Apparel - 16%
Black Friday 11/24

Televisions - 20%
Saturday 11/25

Toys - 14%
Black Friday 11/24

Computers - 22%
Saturday 11/25

Appliances – 13%
Cyber Monday 11/27

Furniture - 18%
Boxing Day 12/26

Sporting Goods - 19%
Boxing Day 12/26

Tools - 9%
Sunday 11/26

Buy now, pay later forecasted to fuel growth this holiday season

- Buy Now, Pay Later (BNPL) growth remains strong as consumers increasingly turn to the payment method to supplement their online spend.

- The biggest shopping days (11/24-11/27 & 12/26) are forecasted to bring in £544 million – a year-on-year growth of 13.8%.

- Total online BNPL spend during the holiday season (Nov-Dec) is forecast at £3.7 billion. That's up 8.8% over last years' £3.4 billion.

- With £11.8 billion spent using BNPL so far in 2023, we project a total of £17.2 billion to be spent this year.

- Cyber Monday is forecasted to be the largest day ever for BNPL online spend at £153.5 million. Last year, BNPL online spend on Cyber Monday was £134.9 million.

Adobe Forecast: November to be Biggest Month Ever for BNPL Spend
Adobe Digital Insights; 2022-2023
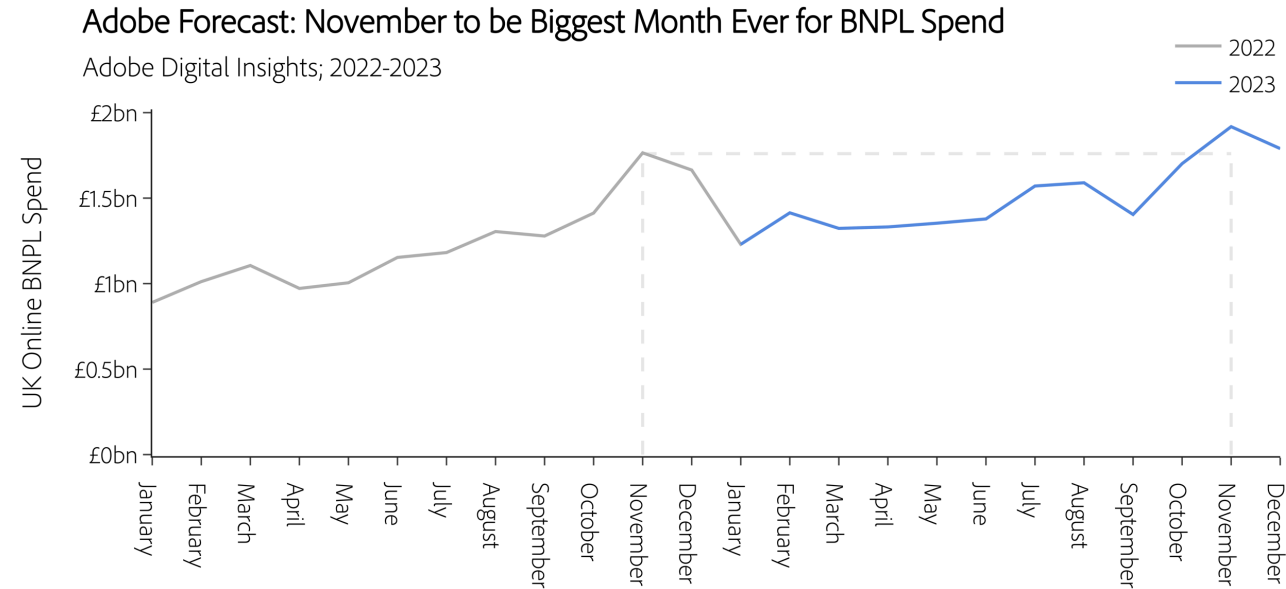
Mobile continues to be the preferred device for UK online spend

- 2023 marks the biggest year ever for ecommerce spend made through mobile devices.

- £14.1 billion will be spent via mobile this holiday season (Nov-Dec), representing 7.6% growth over last years' £13.1 billion.

- Mobile revenue share during the holiday season is forecasted to be 59.4% of online spend (compared to last years' 56.3%).

- For 2023 overall, Adobe forecasts a total spend of £62.3 billion will be made through mobile devices.

- Revenue share from mobile during Cyber Week will average 59.4% and account for £2.2 billion in spend.

Adobe Forecast: Monthly Mobile Spend to Peak in November
Adobe Digital Insights; 2022-2023
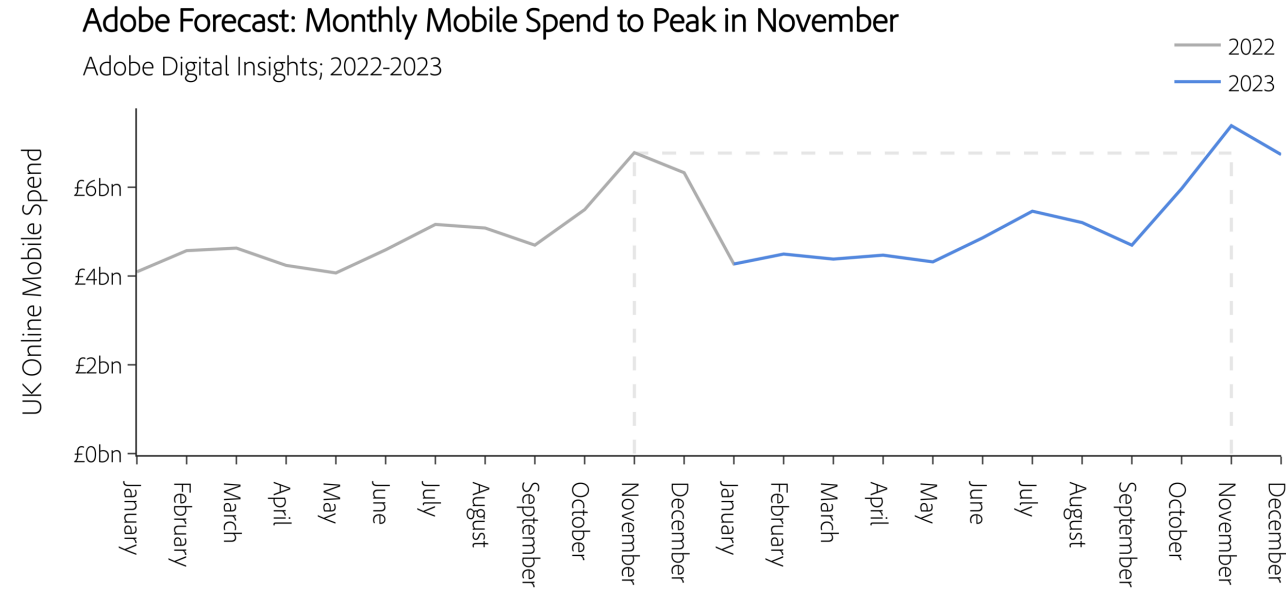
Marketing Channels

- Paid search has been trending upwards this year and is expected to see 20% - 25% growth year-over-year this holiday season.

- Affiliates / Partners has been holding steady throughout 2023 and is expected to be 8%-11% higher than last holiday season.

- In contrast, natural search's share of revenue has been trending downward this year.

- Natural search is expected to decline 25% - 30% year-over-year in November and December.

Indexed Revenue Share by Marketing Channel
January 2023 - August 2023
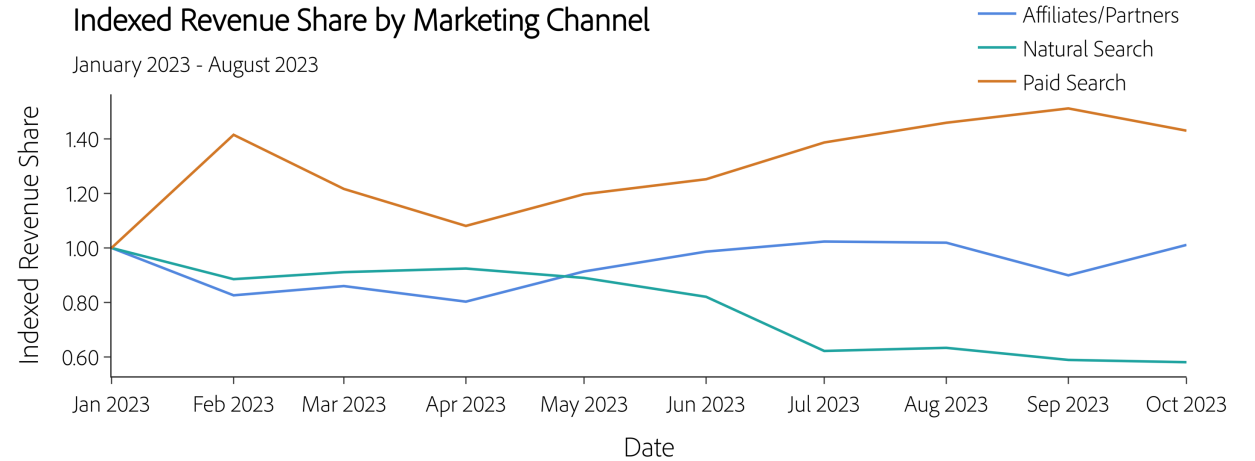


### Forecasted YoY Growth by Marketing Channel
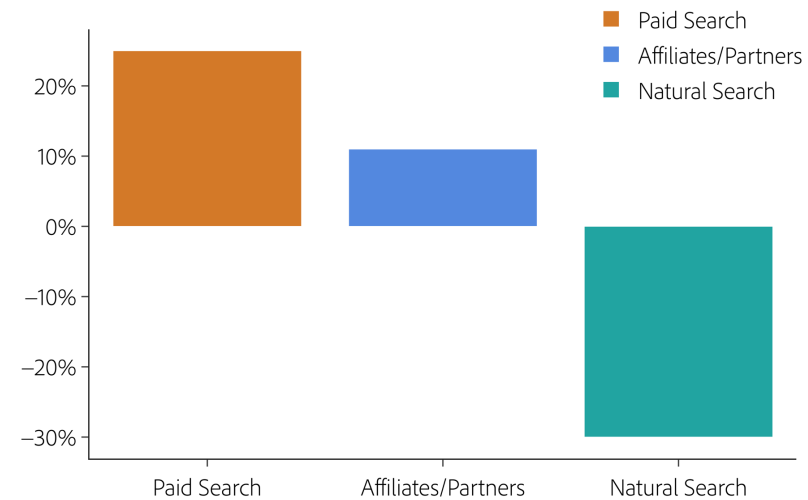
TikTok's traffic share surges while Facebook and Instagram decline

- TikTok's share of traffic to retail sites is expected to increase 130% - 135% year-over-year in November and December.

- Facebook's share is expected to see an 8% - 10% decline year-over-year during the holiday season.

- Instagram's share of traffic is expected to decrease 10% - 15% year-over-year in November and December.

Click-and-Collect growth has slowed from previous years as utilization stabilizes

- Click-and-collect utilization has been used on average this year in 8% of orders for retailers who offer the service.

- Year to date, utilization is down 11% compared to the same period in 2022.

- In comparison, 2022 click-and-collect order share grew 35% over 2021, and 2021 order share was 12% higher than 2020.

- Click-and-collect is expected to see a boost during the holiday season around December 18th at 15% of orders as last-minute shoppers work to avoid shipping delays.

Click-and-Collect Order Share
January 2022 - October 2023

Click-and-Collect YoY Growth
2021, 2022, and 2023
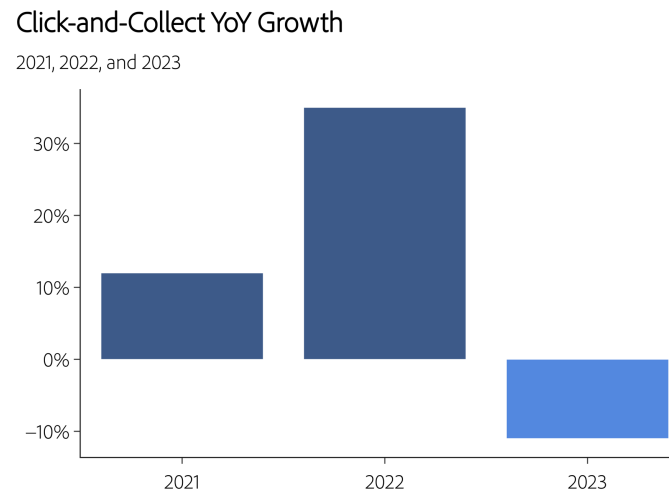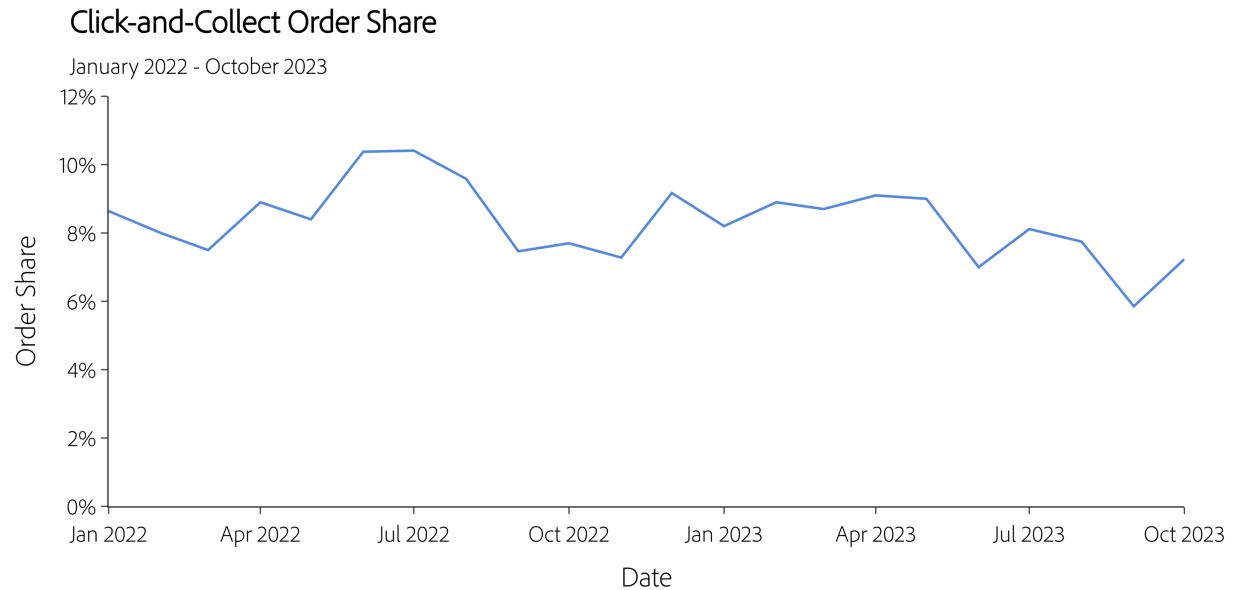
De-premiumization │ Consumers opt for affordable alternatives

- Consumers continue to opt for more affordable alternatives to premium products across product categories.

- Online revenue share of inexpensive goods has grown while revenue share of premium products continues to decline.

- The share of the cheapest tier of goods was up from 21% in January of 2022 to 28% in September of 2023. Revenue share for the highest priced products was down from 38% to 30% over the same period.

- The holiday season appears to be an exception to this trend is the exception to this trend as premium products maintained a 42% market share during both the 2021 and 2022 holiday seasons.
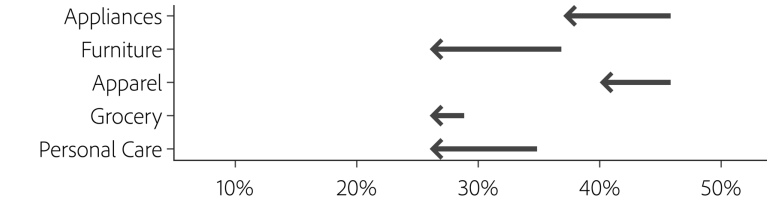
Revenue Share of Least Expensive Products

January 2022 - September 2023
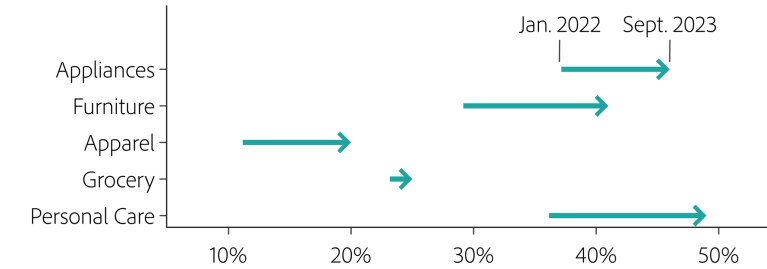
Revenue Share of Most Expensive Products

January 2022 - September 2023

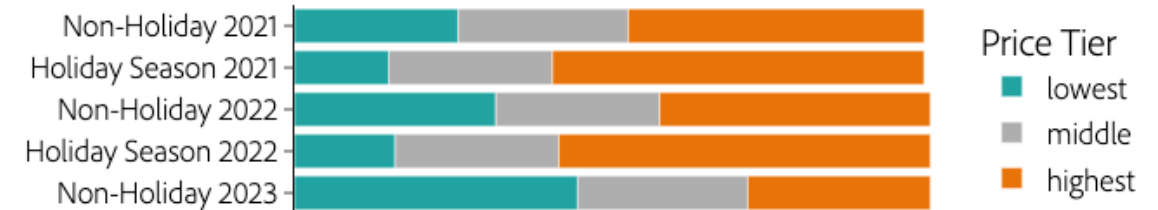Revenue Share of Online Sales by Price Tier

2021 - 2023

De-premiumization | Beauty & Cosmetics

- The rise of viral beauty and makeup "dupes" has driven aggressive de-premiumization in personal care products.

- Makeup "dupes" are now selling in equal proportion to their premium counter parts (ratio of 1:1 in September 2023), compared to October 2022 when the ratio was 3:1 (premium to "dupes").

- Despite a general consumer shift towards more affordable versions of products, consumers are still willing to spend big on high-end beauty products during the holiday season.

- During the 2021 and 2022 holiday seasons, the premium versions outsold their "dupes" by a ratio of 6:1 and 5:1 respectively.

Personal Care Products Revenue Share by Price Tier
2021 - 2023

Non-Holiday 2021		
Holiday Season 2021		
Non-Holiday 2022		
Holiday Season 2022		
Non-Holiday 2023		

Price Tier
- lowest
- middle
- highest

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Top categories will help to drive growth this holiday season

- With deep discounts predicated for TVs and computer monitors and accessories, these holiday favorites will continue to be a reliable source of holiday growth.

- The popularity of the Barbie Movie will help drive growth in dolls & action figures this holiday season.

- As the holiday season approaches, consumers are more willing to spend on high-end cosmetics and other viral products making these top-preforming categories.

- Video games, consoles, and new electronics are historically among the most dependable drives of holiday growth. A strong line up of new games and fall tech releases should see this trend continue.

Computer monitors & accessories	Activity trackers / smart watches	High end cosmetics	Puzzles & boxed games	Outdoor décor / furniture
Dolls & action figures	Appliances	Jewelry	Furniture	Air conditioners
Televisions	Video games	Apparel	Backyard toys	Garden supply

Top Performing Categories   Weaker Performing Categories

Holiday hot products to watch

Toys watchlist

- LEGO sets – Star Wars, Harry Potter, Disney and Holiday Main Street
- Barbie products
- Micro scooters
- Jellycat stuffed toys
- Finglerlings
- Bitzee interactive pets
- Beast Lab Core Line Shark playset
- Miniverse diner
- Furby Purple interactive plush toy
- Wooden Café playsets
- Little Live Pets

Games watchlist

- Switch OLED
- PS5
- Xbox Series X
- EA Sports FC 24
- Cricket 24
- Red Dead Redemption
- Super Mario Bros Wonder
- Football Manager 2024
- Call of Duty: Modern Warfare 3
- Hogwarts Legacy
- Mortal Kombat 1
- Starfield

Additional hot products

- Missoma Barbie necklace
- iPhone 15
- Headphones
- Sol De Janeiro skin & body care
- Premium beauty advent calendars
- Ugg Tasman slippers
- Meta Quest 3 VR headset
- New balance trainers
- Hampers
- Ninja creami
- Glow recipe x Barbie Watermelon Hydration kit
- Hatch alarm clock