2024 UK Holiday Shopping Forecast

Adobe Digital Insights | October 2024

Guide to 2024 UK Holiday Shopping Forecast from the Adobe Digital Economy Index

UK 2024 Holiday Shopping Forecast

- UK Holiday retail spending online will register its strongest YoY growth since 2020 and set a new record for the season at £25.9bn.
- Mobile will continue to be the dominant device driving holiday purchases.
- Strong price sensitivity coupled with competitive discounts will increase spend velocity and encourage consumer to take advantage of holiday sales.
- UK retailers are expected to offer stronger discounts this year to stimulate increased spending among increasingly price-conscious consumers.
- Consumers are prioritizing cheap and standard shipping options to ensure fulfillment costs don't cut into the value they're receiving from discounts.
- Natural Search has become the largest revenue channel as Paid Search has declined in 2024.
- Traffic from both TikTok and GenAI sources has experienced strong growth in 2024.

Sections

About the Digital Economy Index and Adobe Digital Insights:

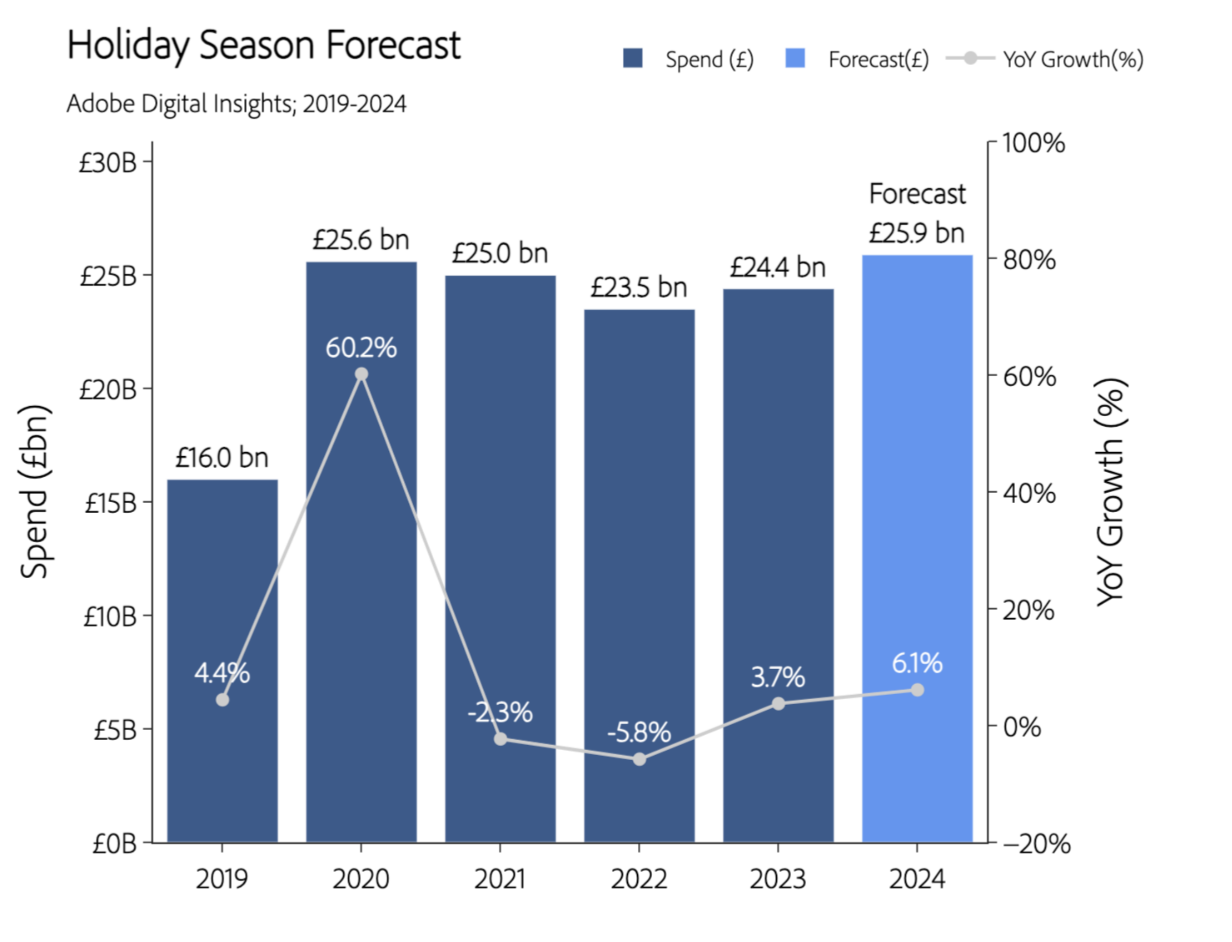
The Adobe Digital Economy Index (DEI) used Adobe Analytics to analyse hundreds-of-billions of visits to retail sites from UK consumers since 2019, 100 million SKUs, and 18 product categories to provide the most comprehensive view of the UK digital economy. Adobe Analytics is part of Adobe Experience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

To learn more about **Adobe Digital Insights** (ADI) and the opportunity to receive bespoke reports, speak with your Adobe Account Team

Holiday Forecast

2024 holiday season online spending to hit a record £25.9bn

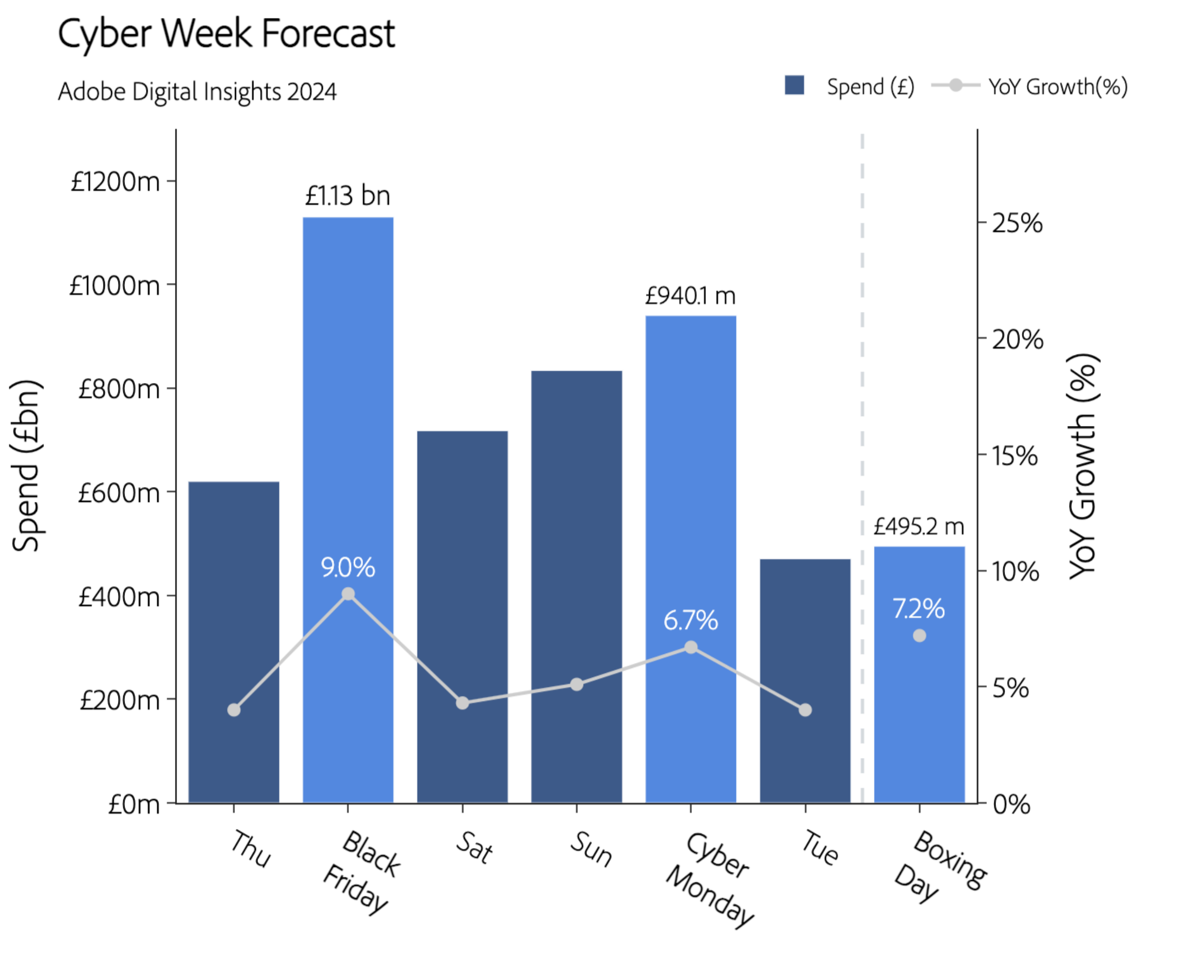
- Adobe forecasts a record **£25.9bn** will be spent online this holiday season (Nov-Dec), **6.1% growth** over 2023.
- Macroeconomic factors may cause spend to fluctuate between **£25.7bn** (5.5% growth) and **£26.0bn** (6.5% growth)



Black Friday, Cyber Monday, and Boxing Day will power holiday growth

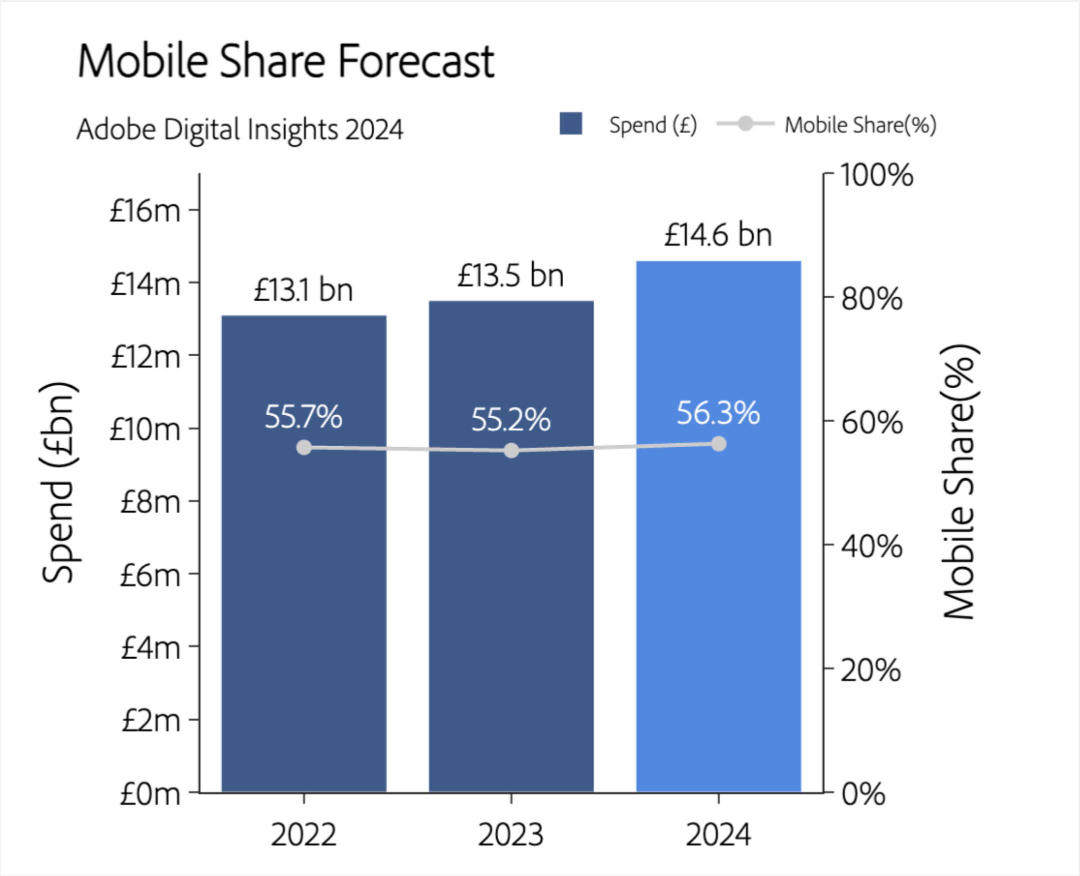
Cyber Week (Black Friday through Cyber Monday) and Boxing Day will draw in **£4.1bn** combined, growth of about **5.8%** YoY and **16%** of the season's total revenue.

- Black Friday will generate **£1.13bn** in revenue, and see the most growth at **9.0%** YoY
- Cyber Monday will generate **£940.1m**, **6.7%** YoY growth
- Boxing Day will generate **£495.2m**, **7.2%** YoY growth



Mobile will continue to be the preferred device for UK online spending

- Adobe forecasts a record **£14.6bn** will be spent via mobile this holiday season (Nov-Dec), **8.4% growth** over 2023.
- Mobile revenue share during the holiday season is forecasted to be **56.3%** of online spend, up slightly from 55.2% last year

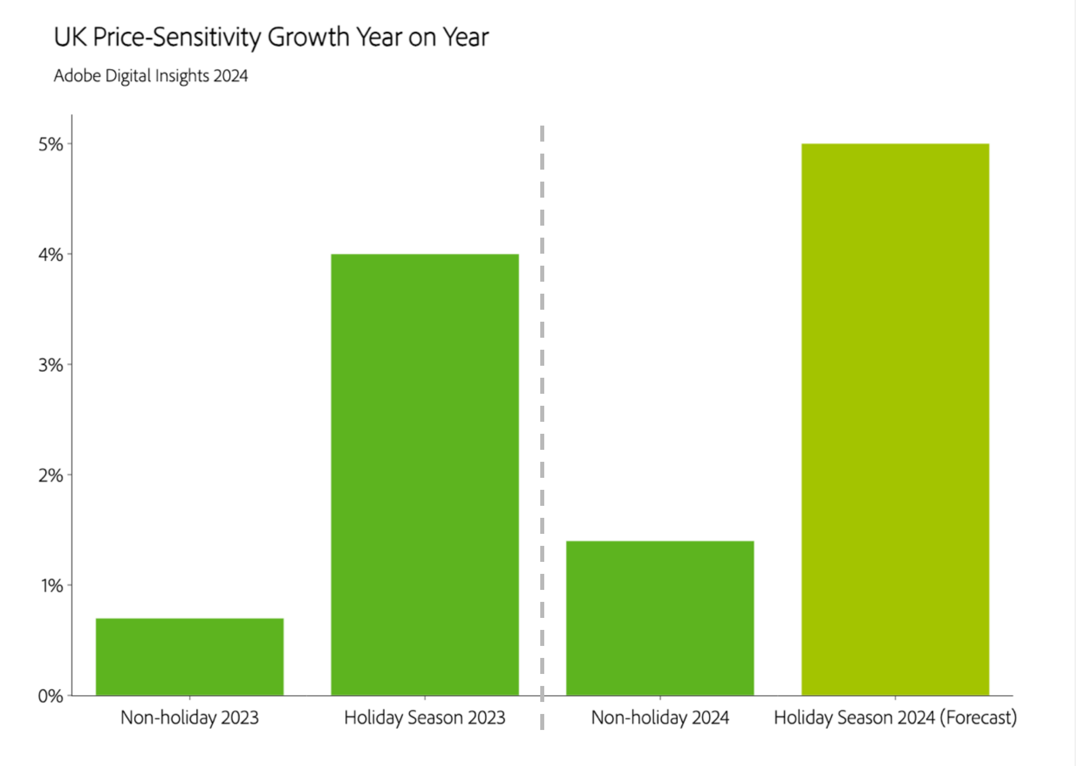


Discounts & Price Sensitivity

Rising price-sensitivity will drive incremental growth this holiday season

Since 2023, consumers have become increasingly responsive to price changes, especially during promotional seasons--rising prices have led to a greater reduction in online purchases while discounts have led to a greater increase in the volume of online sales.

- Consumer price sensitivity* has grown **1.4%** year-over-year YTD.
- This growth is expected to be as high as **5%** during the holiday season, as deep discounts during promotional periods have become more and more effective at driving spending.
- Increased consumer price-sensitivity combined with heavy holiday discounts will drive an incremental **£300-400m** in online spending in Nov-Dec.



*Price sensitivity describes how, at a given price, units sold respond to price changes

- **2024 overall 1.4% YTD increase in sensitivity over 2023 YTD:** If last year, at a given price, a 1% decrease in price would lead to a 1% increase in units sold, this year a 1% decrease in price would lead to a 1.014% increase in units sold
- **2024 holiday season 5.0% projected increase in sensitivity over 2023 holidays:** If last holiday season, at a given price, a 1% decrease in price would lead to a 1% increase in units sold, this holiday season a 1% decrease in price would lead to a 1.050% increase in units sold

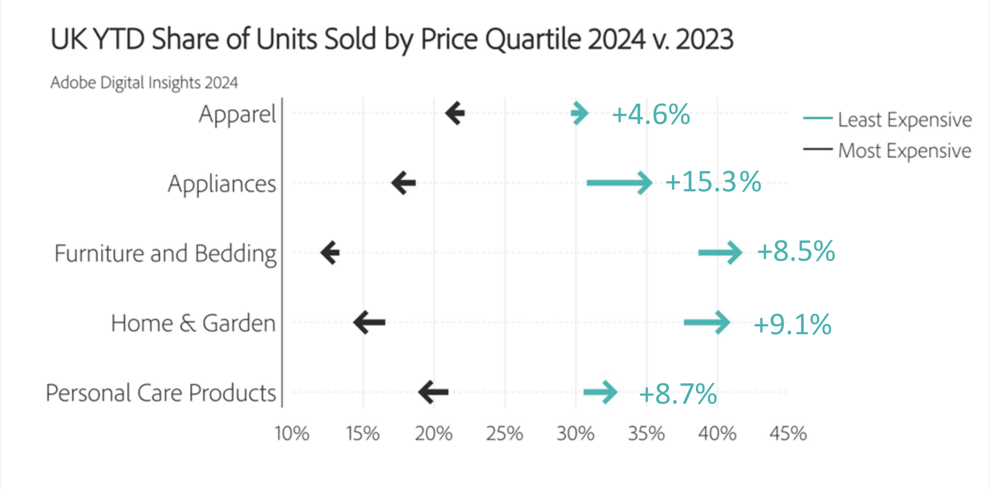
Trading-down trends are put on hold during the holiday season

In recent years, as prices have gone up, consumers have been buying less of the most expensive options; however, there is less trading down during the holiday season than other parts of the year

Customers are trading down…

Trading down trends have accelerated in 2024 as consumers seek affordable options.

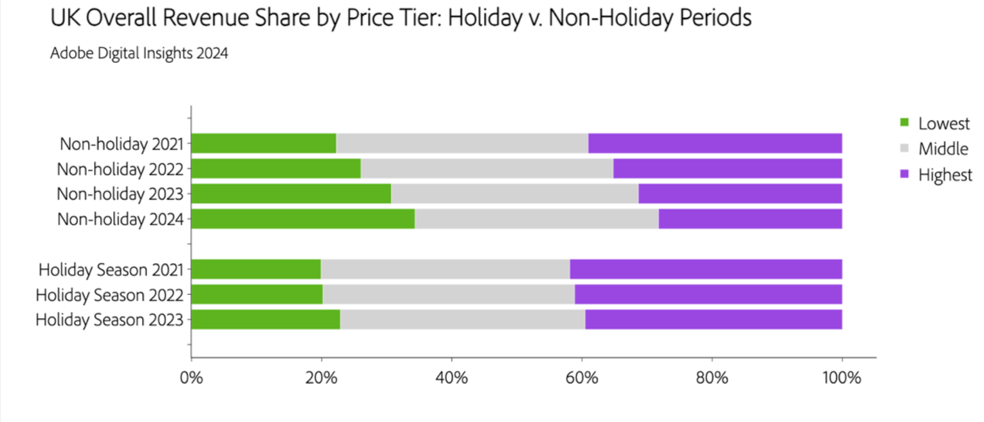
Over the same period the share of the most expensive goods has decreased across those categories by an average of **11%**



But splurge during the holidays

Sales of the most expensive quartile of goods consistently see a bump every holiday season. Further, the YoY trading down trend is not as apparent from 2021-2023

- The revenue share of the most expensive quartile of goods has decreased **21%** outside the holiday season
- The revenue share of the most expensive quartile of goods has decreased only **5%** during Nov-Dec



The lipstick effect: consumers are trading up for some affordable luxury goods

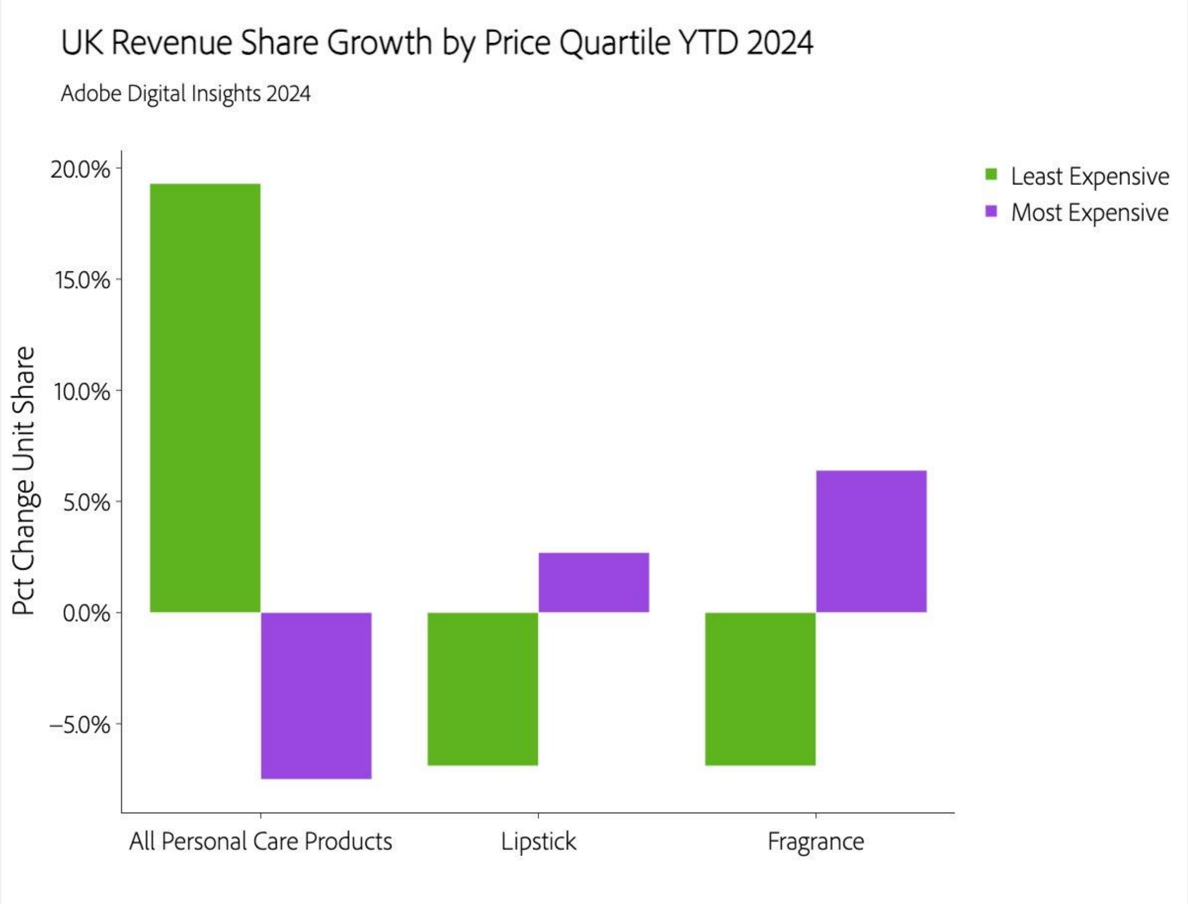
Despite the overall trend toward more affordable products, online shoppers have shown a willingness to spend on smaller luxuries in 2024, like lipstick and fragrance.

Most expensive quartile:

- Lipstick: **+2.8%** revenue share YoY
- Fragrance: **+6.4%** revenue share YoY

Least expensive quartile:

- Lipstick: **-6.9%** revenue share YoY
- Fragrance: **-7.0%** revenue share YoY



Expect stronger seasonal discounts than 2023

Deeper discounts are expected this holiday season as retailers seek counter-act rising inflation and motivate increasingly price-conscious consumers.

- Early seasonal discounting has started strong, with price-cuts across major categories already **1-4%** deeper than the same period in 2023
- Seasonal discounts are projected in the range of **6-24%**, reaching their strongest levels between Black Friday and Cyber Monday and on Boxing Day

Holiday season's deepest discounts are expected to reach the following levels

Personal Care

17%
Black Friday
29-Nov

Televisions

22%
Cyber Monday
02-Dec

Toys

17%
Black Friday
29-Nov

Apparel

18%
Saturday
30-Nov

Computers

24%
Saturday
30-Nov

Appliances

15%
Cyber Monday
02-Dec

Furniture

13%
Black Friday
29-Nov

Sporting Goods

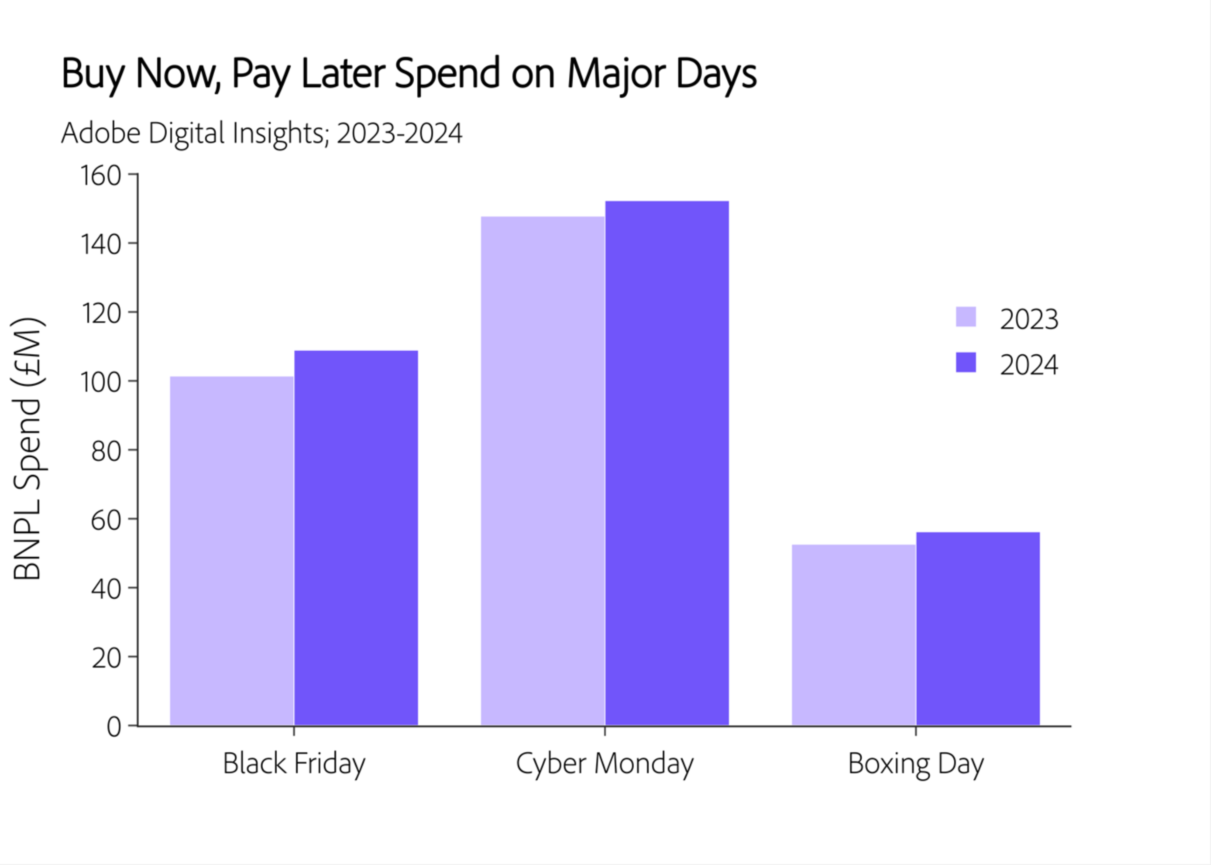
15%
Boxing Day
26-Dec

Payment & Shipping

Buy now, pay later will continue to grow this holiday season

Buy Now, Pay Later (BNPL) growth continues as consumers turn to the payment method.

- Total online BNPL spend during the holiday season (Nov-Dec) is forecast to be **£3.4bn**, **8.3%** growth over last years' £3.1bn.
- BNPL spend on the biggest shopping days--Black Friday, Cyber Monday, and Boxing Day--is forecasted to be **£320.6m** total, **3.1%** YoY growth.
- Cyber Monday is forecasted to be the largest day ever for BNPL online spend at **£152.3m**. Last year, BNPL online spend on Cyber Monday was £148.0m.



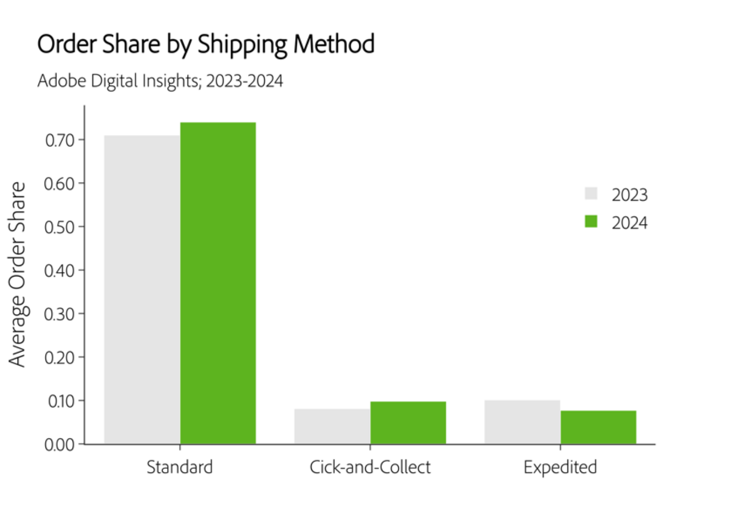
Consumers are opting for cheaper fulfillment options

In 2024, lower-cost fulfillment options have grown while more expensive expedited shipping options have declined.

Growth in Standard Shipping & Click-and-Collect

So far in 2024 (Jan-Sep) the share of orders using Standard Shipping is up **3.9%** YoY and the share using Click-and-Collect is up **12.3%** YoY

Meanwhile, the share of orders using expedited shipping is down **23.8%** YoY.



Holiday seasonality

Shipping methods rise and fall during the holiday season, depending on the urgency of the purchase period.

- **Standard Shipping** is expected to peak during **Cyber Week at 80-85%** of orders.
- **Click-and-Collect** is expected to peak later in the holiday season around **December 15th at 15-18%** of orders, as last-minute shoppers avoid shipping delays.
- **Expedited Shipping** is similarly expected to peak later in the season, around **December 20th at 10-15%** of orders, as procrastinators scramble to get their gifts on time.

Marketing Channels

Natural Search has become the largest source of revenue in 2024

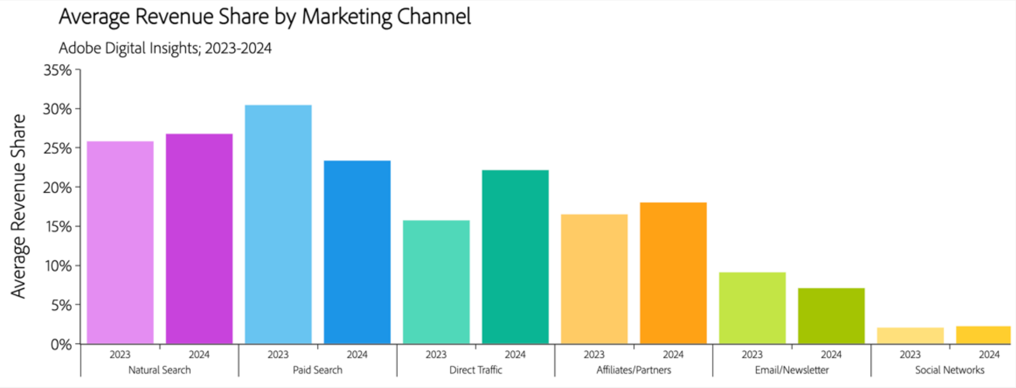
Natural Search is now the largest channel-source of revenue, and should continue to surge through the holidays, along with Direct traffic

Natural has overtaken Paid Search as primary revenue driver

2024 has seen a large decline in the share of revenue driven by **Paid Search**: from **30.5%** to **23.4%**. As a result, **Natural Search** has become the largest revenue driver, with a share of **26.8%**.

Direct Traffic (22.2%) and **Affiliates and Partners (18.1%)** have also seen revenue share growth, while **Email (7.1%)** has declined.

Social and **Display** channels continue to make up less than 5% of revenue share.



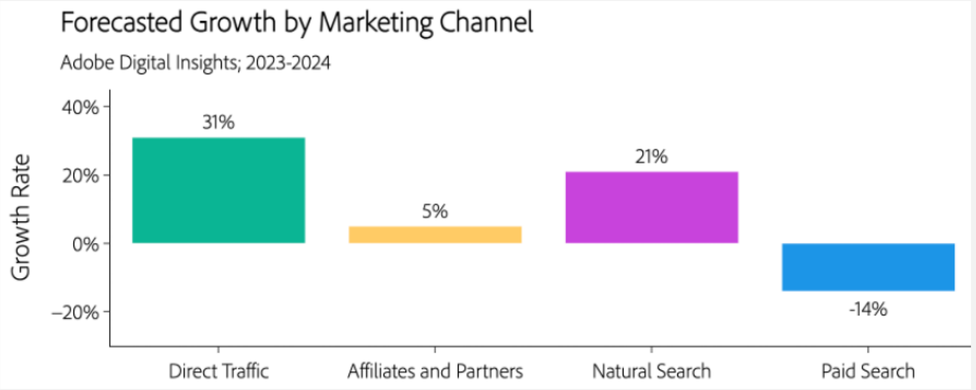
Direct and Natural channels will see large holiday growth

Direct Traffic's revenue share is projected to grow **30-32%** YoY in Nov-Dec, showcasing strong engagement this holiday season.

Affiliates and Partners' share is projected to grow **4-6%** YoY, maintaining steady momentum through the holidays.

Natural Search's share is expected to grow **20-22%** YoY, continuing its upward trend.

Paid Search's share is expected to decrease **13-15%** YoY

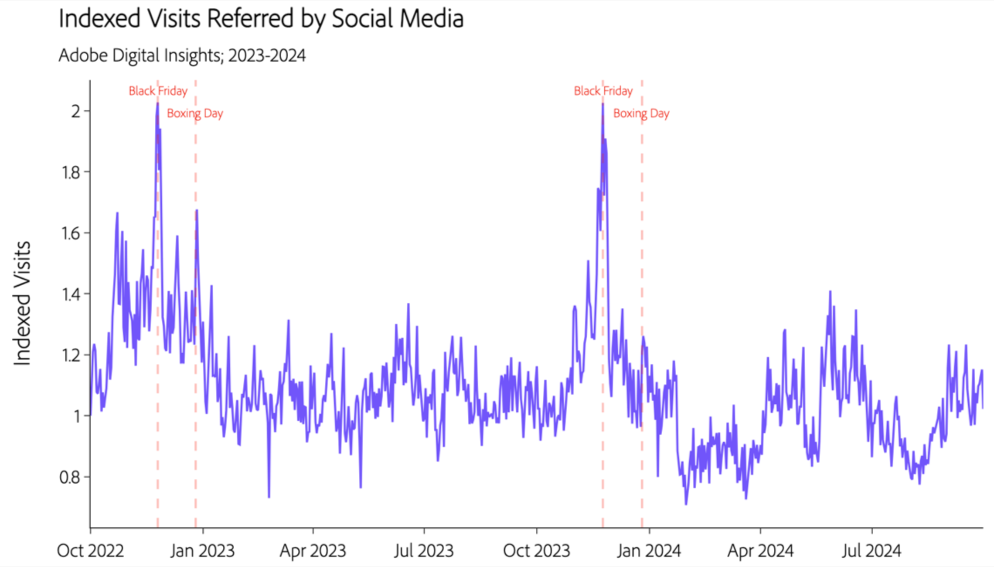


Social Media traffic to surge during the Holidays

Throughout the holiday season, visits driven by **Social Media** are projected to **rise 35-40%** above the year-to-date average (Jan 1 - Oct 10).

Social traffic spikes from Black Friday through Boxing Day

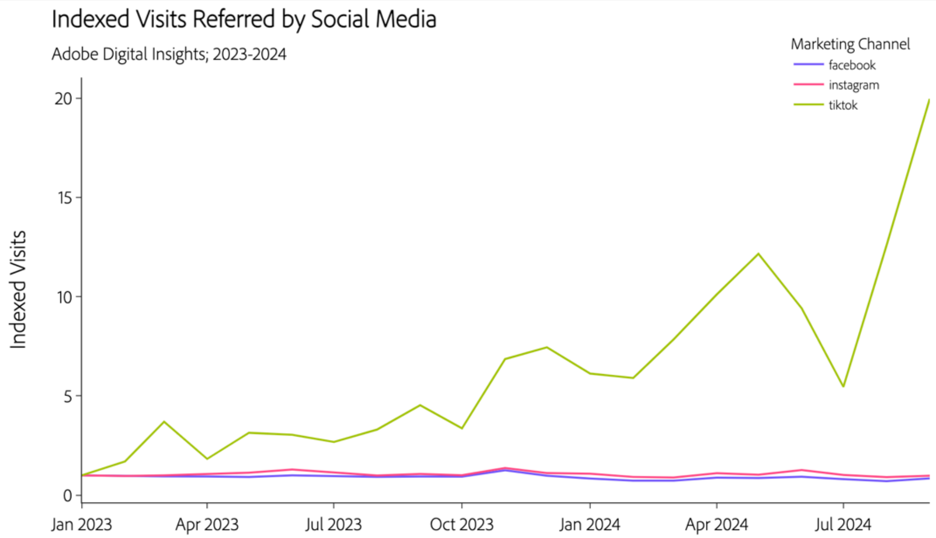
Social Media referral traffic is set to hit its annual high on **Black Friday** (a **50-55% spike** over YTD average) and stay strong through the holiday rush with a **final peak on Boxing Day** (a **10-15% spike** over YTD).



TikTok's traffic share will continue to grow

TikTok's share of traffic to retail sites--while still small--is projected to **increase 185-190%** year-over-year during the 2024 holiday season, continuing a years-long growth trend.

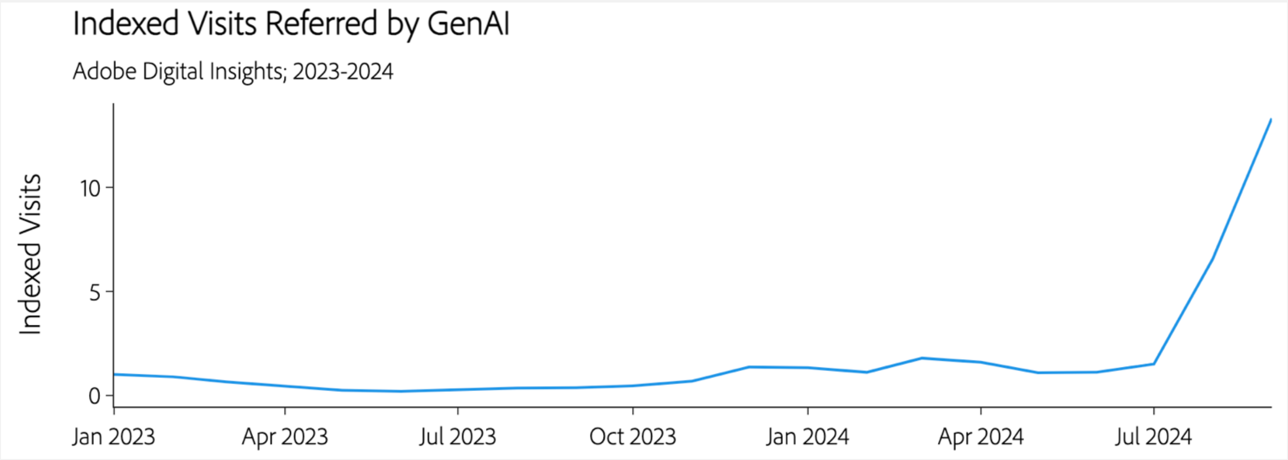
Facebook--still dominant--is expected to **decrease 5-7%** YoY, while **Instagram** similarly is expected to **decline 3-5%** YoY



GenAI traffic soars in Q3 with more growth expected for the holidays

Traffic from GenAI sources to retail sites has skyrocketed this year, with momentum building rapidly as the holiday season approaches.

- After maintaining steady volumes earlier in the year, GenAI referrals have surged in Q3, **increasing 10x** in total between January and September 2024.
- Given this rapid momentum, referrals from GenAI sites are projected to rise even further throughout the holiday season.



Categories & Products to Watch

Tech, toys, and luxury beauty products will continue drive sales this holiday season

Familiar categories will drive holiday season spend in 2024

- **Video Games** and **Toys** are consistent holiday favorites and are expected to perform well this holiday season as consumers take advantage of strong discounts for these popular gifts.
- **Personal Care Products** and **Appliances** are expected to fly off the shelves as deeper discounts compared to 2023 encourage increased spending, especially on higher-priced products.
- **Electronics** and **Apparel** contribute a significant portion of overall online spending, and consumers are expected to take advantage of holiday deals for gifts and to update their own tech and wardrobes.

Top Performance

- Video Games
- Toys
- Personal Care Products
- Appliances

Moderate Performance

- Electronics
- Sporting Goods
- Apparel
- Home & Garden

Weaker Performance

- Grocery
- Baby and Toddler
- Furniture and Bedding
- Tools and Home Improvement

Holiday hot products to watch

Toys

- LEGO sets
- Jellycat stuffed toys
- Bitzee interactive toy
- MGA's Miniverse diner
- Furby Plush Interactive toys
- Bluey toys and products
- Hot wheels
- Slime kits
- Fisher-Price Little People

Video Games

- PS5
- Xbox Series X
- Switch OLED
- Meta Quest VR headsets
- Diablo 4
- Call of Duty: Black Ops 6
- Super Mario Party Jamboree
- Valorant
- World of Warcraft: The War Within
- Assassin's Creed Shadows

Additional Products

- iPhone 16
- Google Pixel 9
- Samsung Galaxy S24 Ultra
- Bluetooth headphones
- Smart rings
- Kindle / E-readers
- Nespresso
- Smart watches

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