2024 US Holiday Shopping Forecast

Adobe Digital Insights | October 2024

Adobe

Methodology

Only industry report that measures direct consumer transactions

- Over 1 trillion visits to U.S. retail websites
- 100 million product SKUs, across 18 product categories
- Adobe Analytics is the leading data insight tool for retailers

85 of the top 100* U.S. internet retailers use Adobe Experience Cloud to power their digital business

- Only Adobe can ccess a high volume of consumer transactions
- Data is aggregated and anonymized to provide insights

Complementary survey based on responses from 5,000 U.S. consumers, fielded between September 2nd and September 9th, 2024

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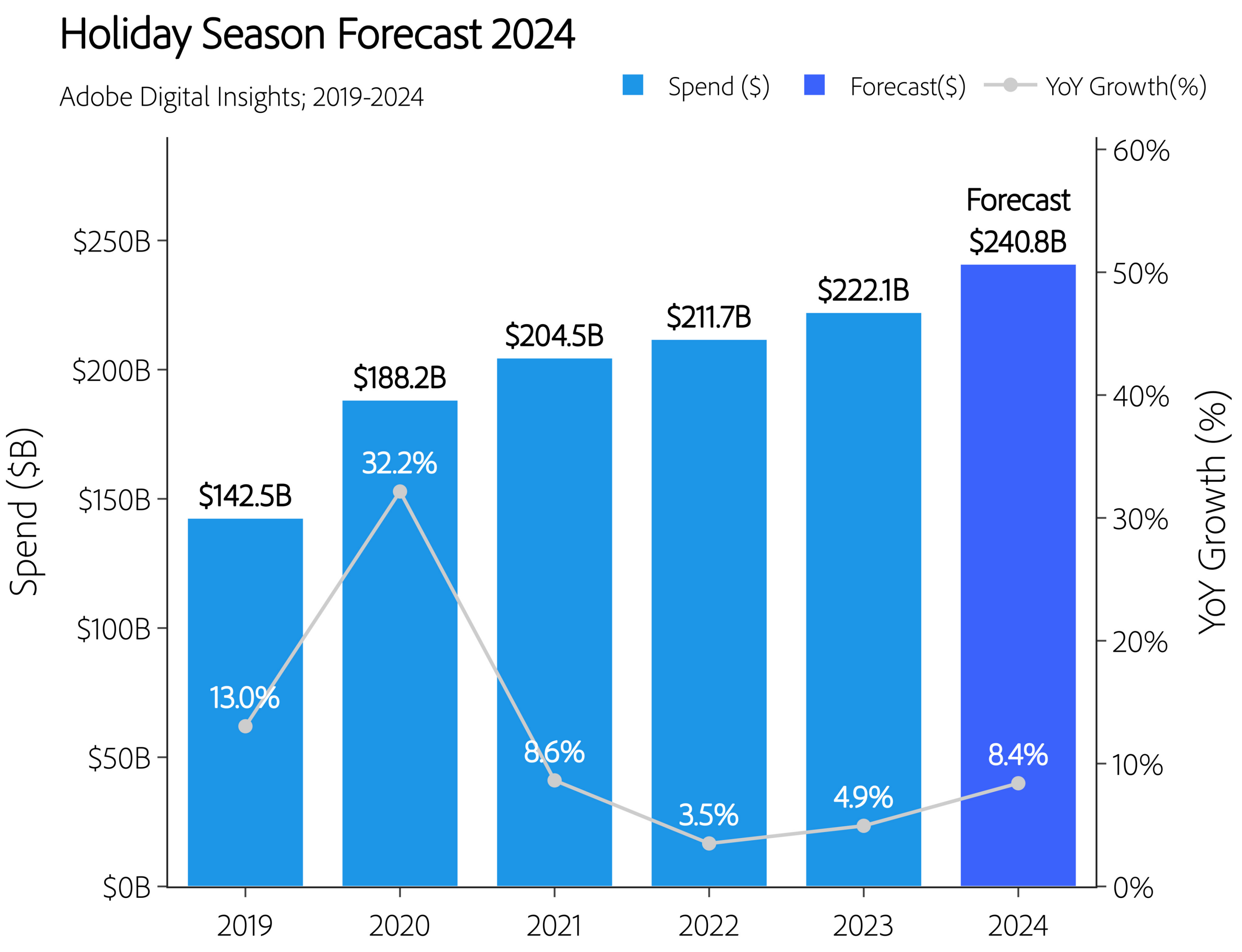
Summary findings

- Strong online growth is expected as inflationary pressures continue to ease and consumer purchase power improves
- Mobile Shopping will power spending velocity across the ecommerce landscape and retailers that optimize for mobile will benefit
- Price sensitivity will remain persistent, competitive discounts, along with strong value propositions, will be leveraged by retailers to unlock new growth
- Social influencer/affiliate marketing will deliver strong performance gains and power stronger visitor share for brands
- BNPL will continue to grow and on Cyber Monday set a new spend record. BNPL will be especially strong though mobile devices
- Expedited shipping will see more popularity this season, as consumers prioritize speed and convenience
- Traffic to online retail sites from GenAI sources is continuing to grow and is expected to see a surge this holiday season

2024 holiday season online spending to clock record $240.8B

- Adobe forecasts a record **$240.8B** will be spent online this holiday season (Nov-Dec), **8.4% growth** over 2023.
- Macroeconomic factors--such as interest rate cuts and the election--may cause spend to fluctuate between **$238.1B** (7.2% growth) and **$242.1.3B** (9.0% growth)



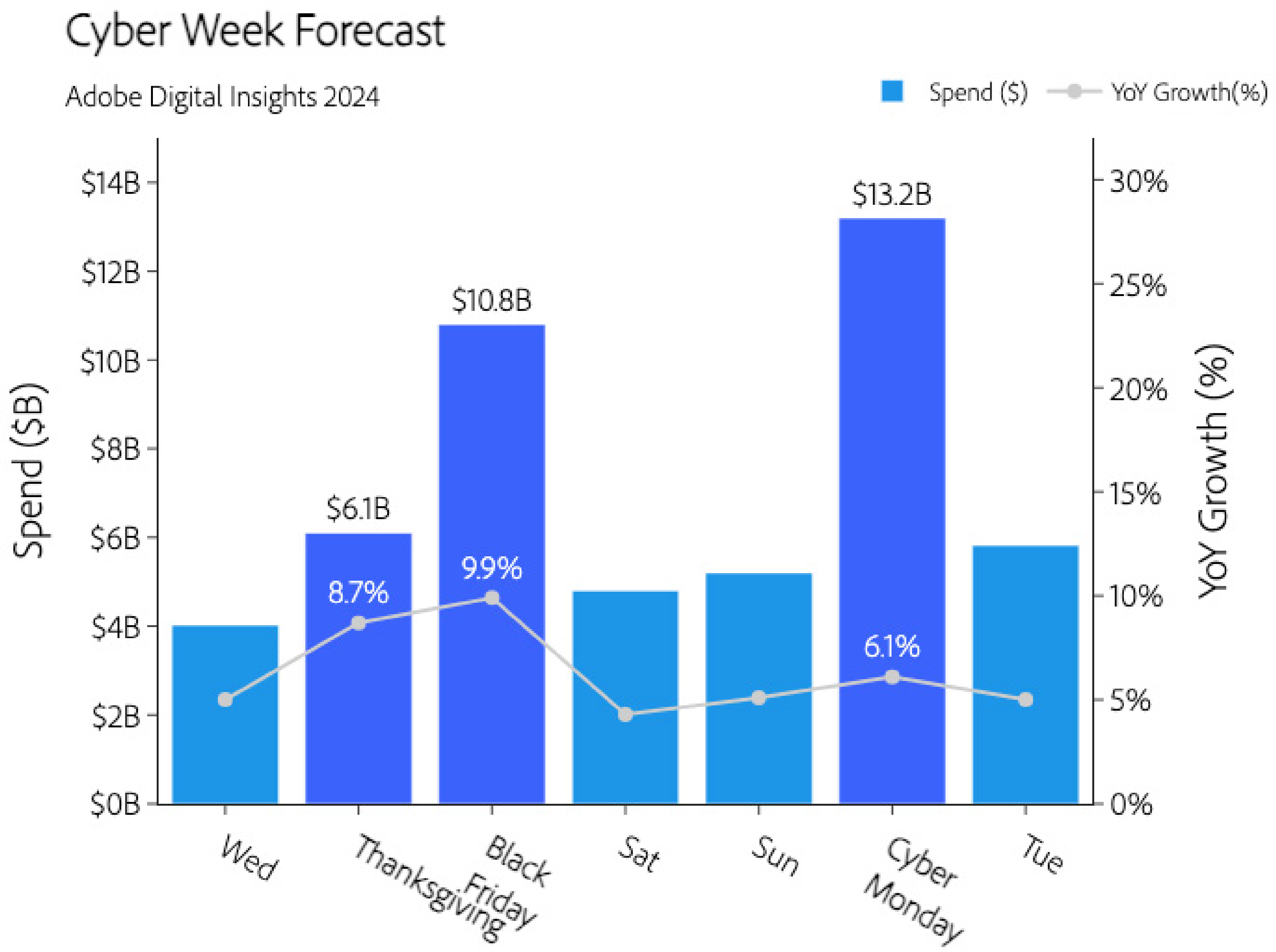
Black Friday & Thanksgiving gains will power early Cyber Week growth

During Cyber Week (Thanksgiving to Cyber Monday), steep discounts will drive **$40.6B** of online spending, growth of about **7.0%** over 2023.

- Black Friday will see the most growth over the Cyber Week at **9.9% YoY**, generating **$10.8B** in revenue.
- Followed by Thanksgiving at **8.7% YoY** (**$6.1B**) and Cyber Monday at **6.1% YoY** (**$13.2B**)

Our holiday survey reinforces the notions that consumers will shop on Black Friday and seek discounts

- **71%** of survey respondents said they plan to shop online on Black Friday.
- **70%** of survey respondents said they proactively check for deals during the Cyber Week.



October Prime event & early sales propel pre-holiday spending

Holiday shopping will begin early in 2024, driven by Amazon's Prime Big Deals Days and consumer's desire to capitalize on early discounts

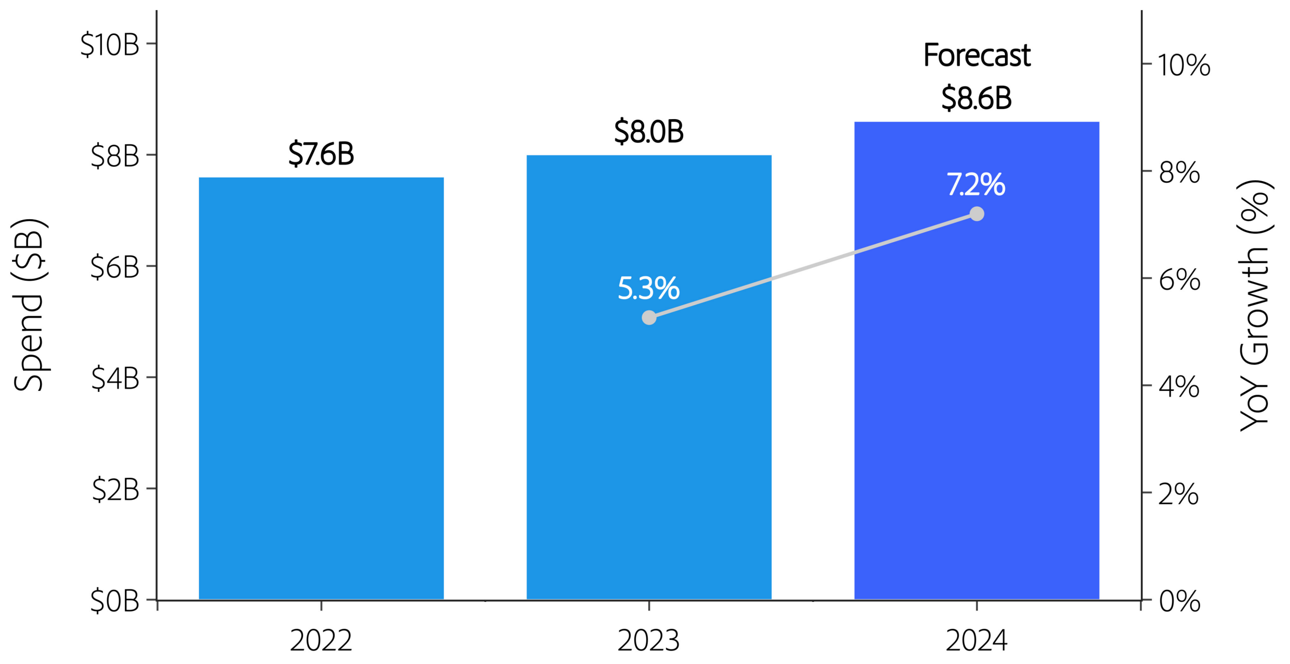
- Prime Big Deal Days in mid-October is expected to bring in **$8.6B** revenue at **7.2% YoY** growth.

50% of the survey respondents said they will likely start this year's holiday shopping before November 1st.

- **55%** of the survey respondents said they will take advantage of early discounts
- **55%** of survey responents said they will shop early to spread out the cost of purchases

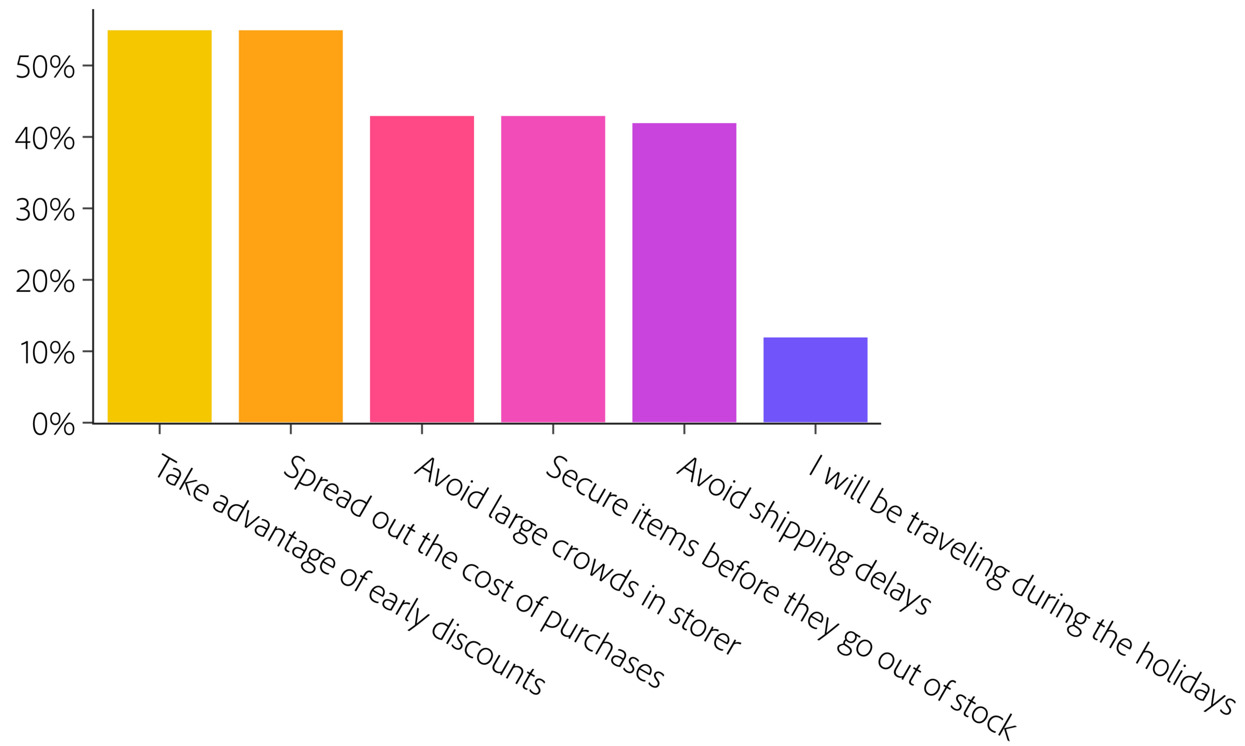
Prime Big Deal Days Forecast

Adobe Digital Insights; 2022-2024



Top Reasons to Shop Early This Season

Adobe Consumer Survey 2024



Solid growth expected from major categories

Electronics: $55.1B forecasted spend**, 8.5%** forecasted YoY growth

- Growth, up from last years' 5.4% YoY increase, will be driven by strong discounts.

Apparel: $43.9B spend**, 5.8%** growth

- Holiday growth will be stronger than last year's 1.7% increase.

Furniture and Home Goods: $28.4B spend, **4.2%** growth

Grocery: $20.8B spend, **8.8%** growth

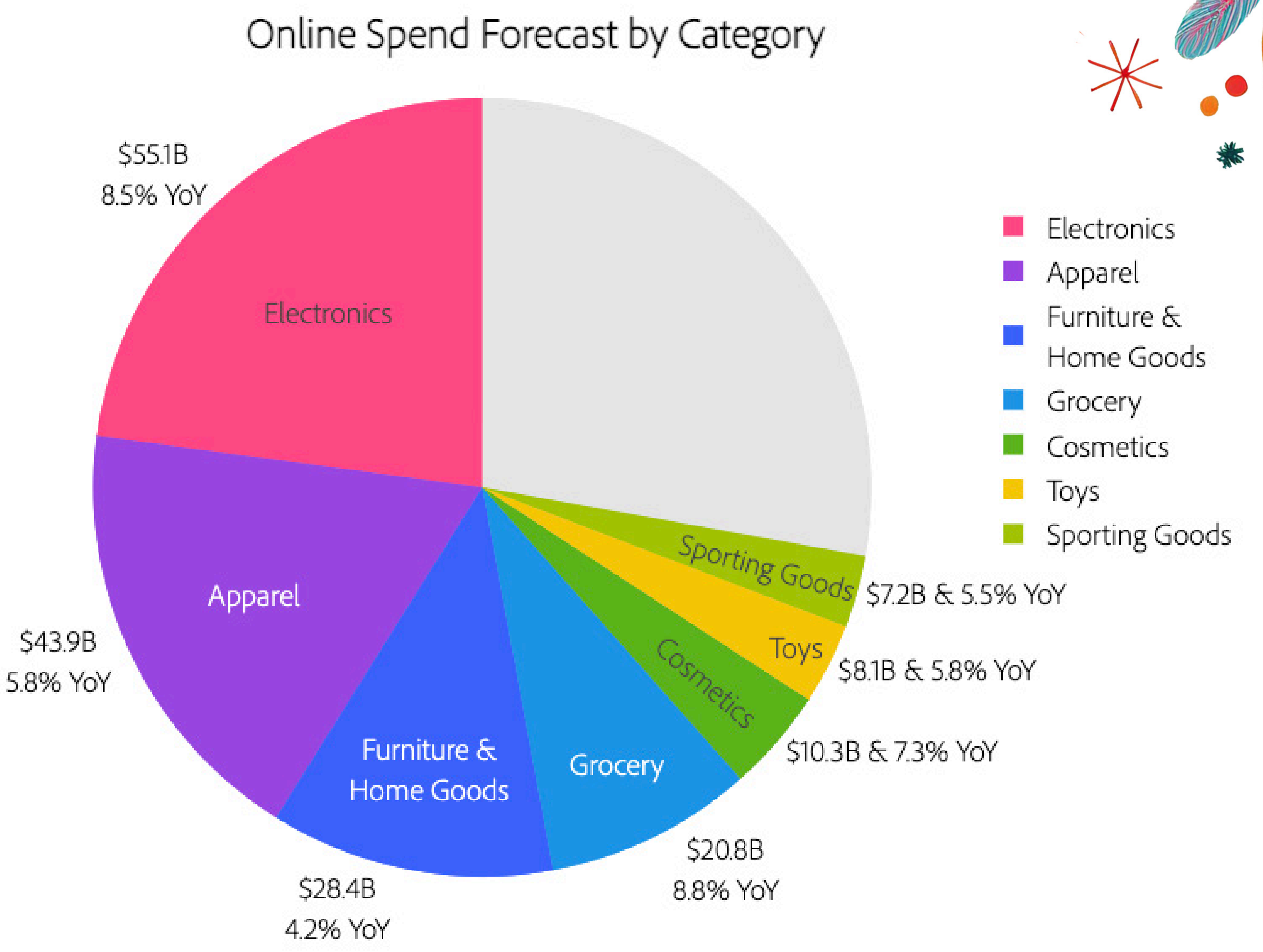
- Growth is expected to be lower than last year's 12.4% increase.

Cosmetics: $10.3B spend, **7.3%** growth

- Holiday growth will be in-line with the strong performance observed by the category through much of 2024.

Toys: $8.1B spend, **5.8%** growth

Sporting Goods: $7.2B spend, **5.5%** growth



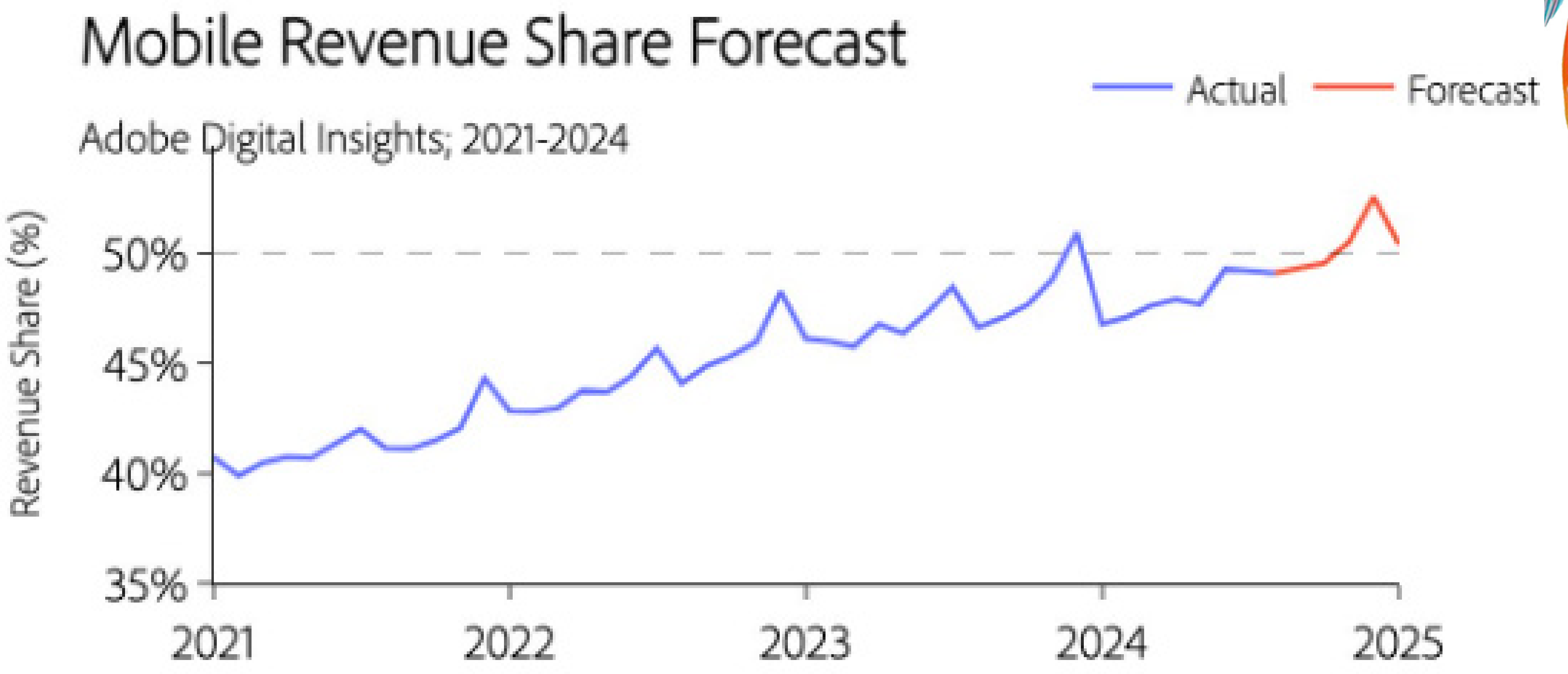
Truly the first "mobile-first" holiday season

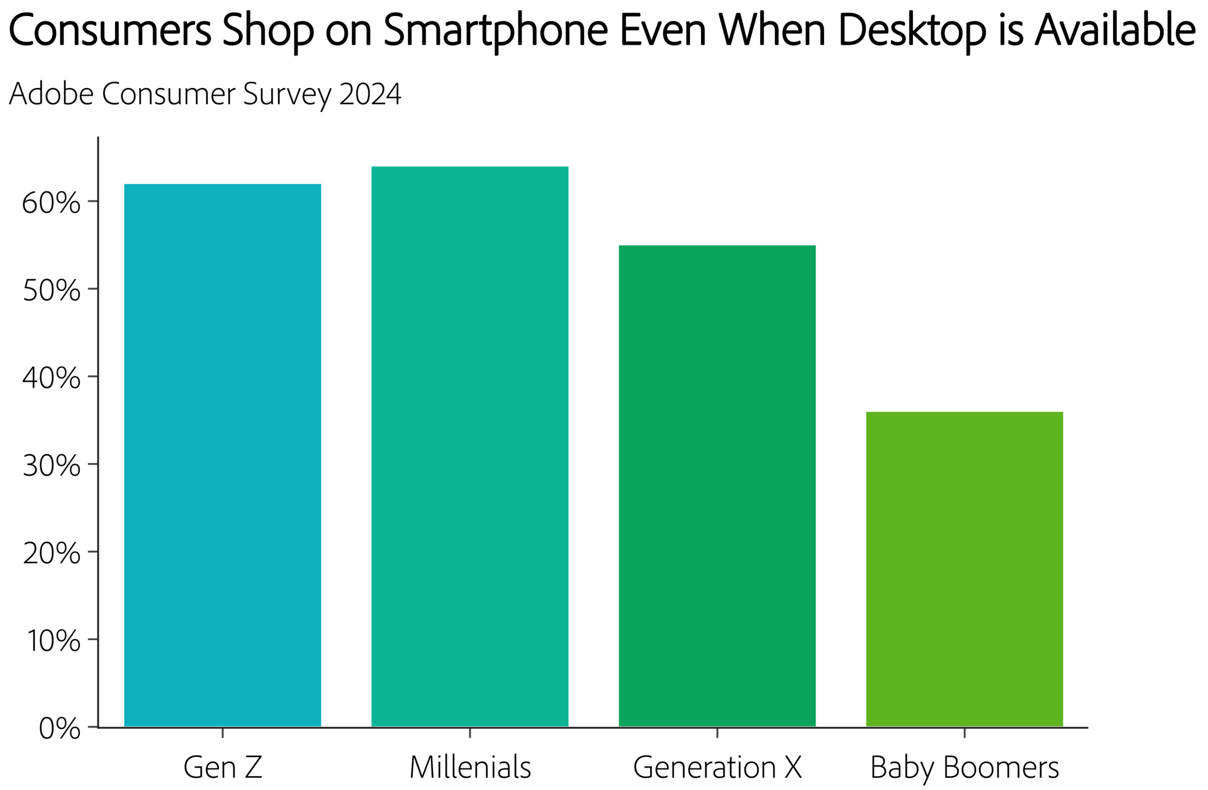
Mobile spending overtook desktop, momentarily, last year during the holiday season. This year, mobile is expected to see even stronger growth and share.

- Adobe forecasts mobile revenue share to hit a record **53.2%** for the season as consumers increasingly turn to their mobile devices for online shopping.
- A record **$128.1 billion** will be spent via mobile this holiday season, up **12.8%** YoY

ADI survey responses indicate that consumers are turning to mobile while they still have access to a desktop, even when in store

- **51%** of survey respondents said they prefer mobile shopping even when a desktop is available
- **82%** of US consumers say they've used their mobile device to compare prices in-store





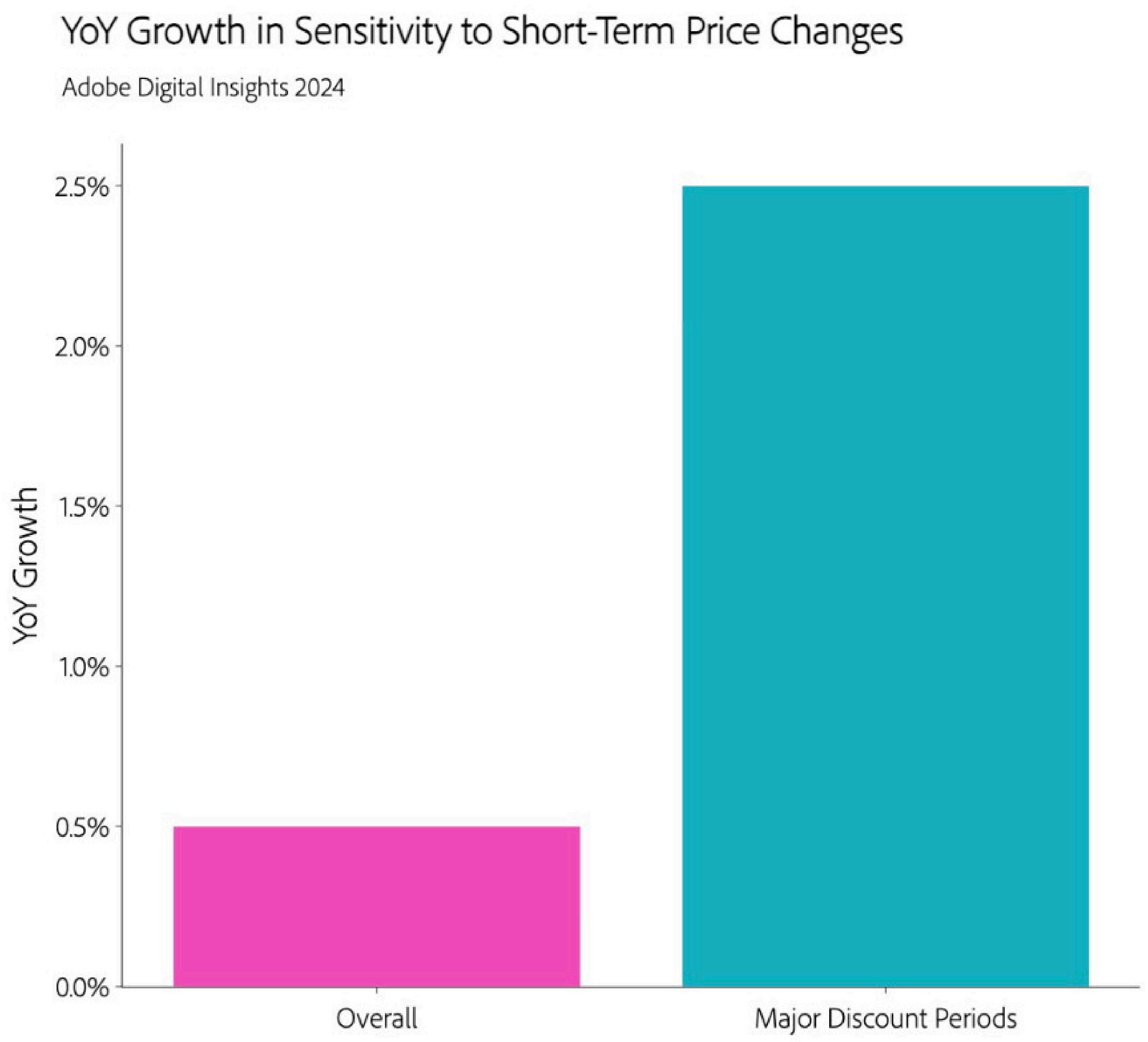
Online shoppers show stronger response to discounts in 2024

Consumers have been more responsive to sales in 2024, especially during major sales periods (Prime Day and the President's Day, Memorial Day, and Labor Day 3-day weekends).

- During major discount periods, price-sensitivity* among online shoppers was **2.5%** greater in 2024 compared to 2023 (**5x** the overall **0.5%** YTD increase)
- Because people are more likely to buy during these discount periods, this has translated into an additional **$305M** total in online spending during these periods

Holiday discounts are expected to be more effective at driving sales in 2024 than in 2023

- During the 2024 holiday season, we expect increased price-sensitivity to drive an additional **$2-3B** in online spending despite 1-2% weaker average discount levels expected in 2024
- Overall, holiday discounts are expected to drive a **46.1%** boost in monthly average online spending in Nov-Dec compared to the Jan-Aug average, up from the 44.6% boost in 2023



Discounts will drive decision-making of price-conscious consumers

Deep discounts will be critical for retailers to remain competitive during the 2024 holiday season as consumers remain preoccupied with inflation

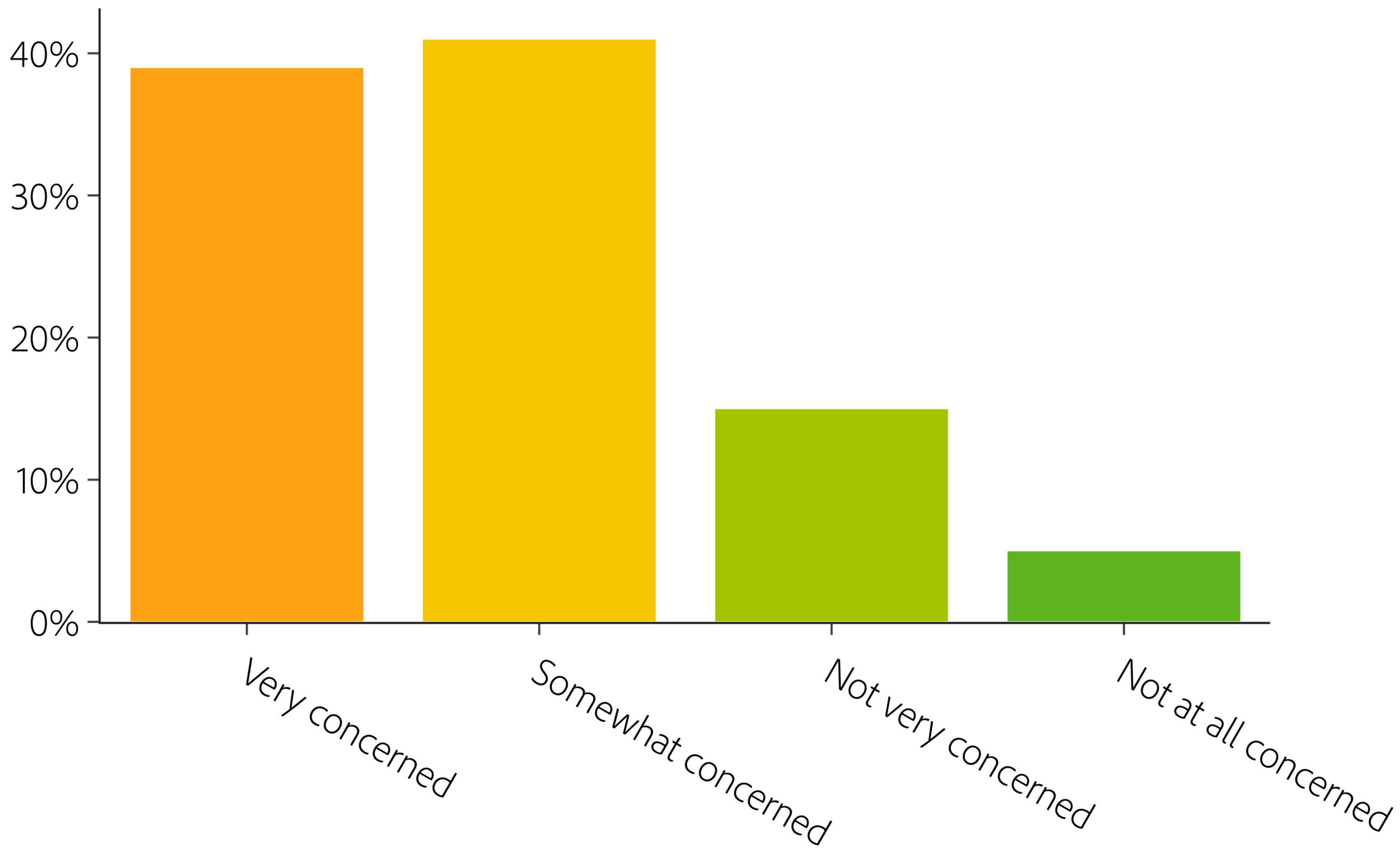
- Even with cooling inflation, rising prices are top of mind with **4 in 5** consumers saying they are concerned about the impact of inflation during the holiday season.

Increased price-consciousness has pushed consumers to be more strategic in their purchasing and more reliant on discounts:

- **48%** say they compare prices across retailers more now than they did in 2023
- **48%** of consumers say they buy cheaper alternatives of goods and products more now than they did last year.
- **46%** say that paying full price for an item on their holiday gift list would prevent them from purchasing

Concern About the Impact of Inflation This Holiday Season

Adobe Consumer Survey 2024



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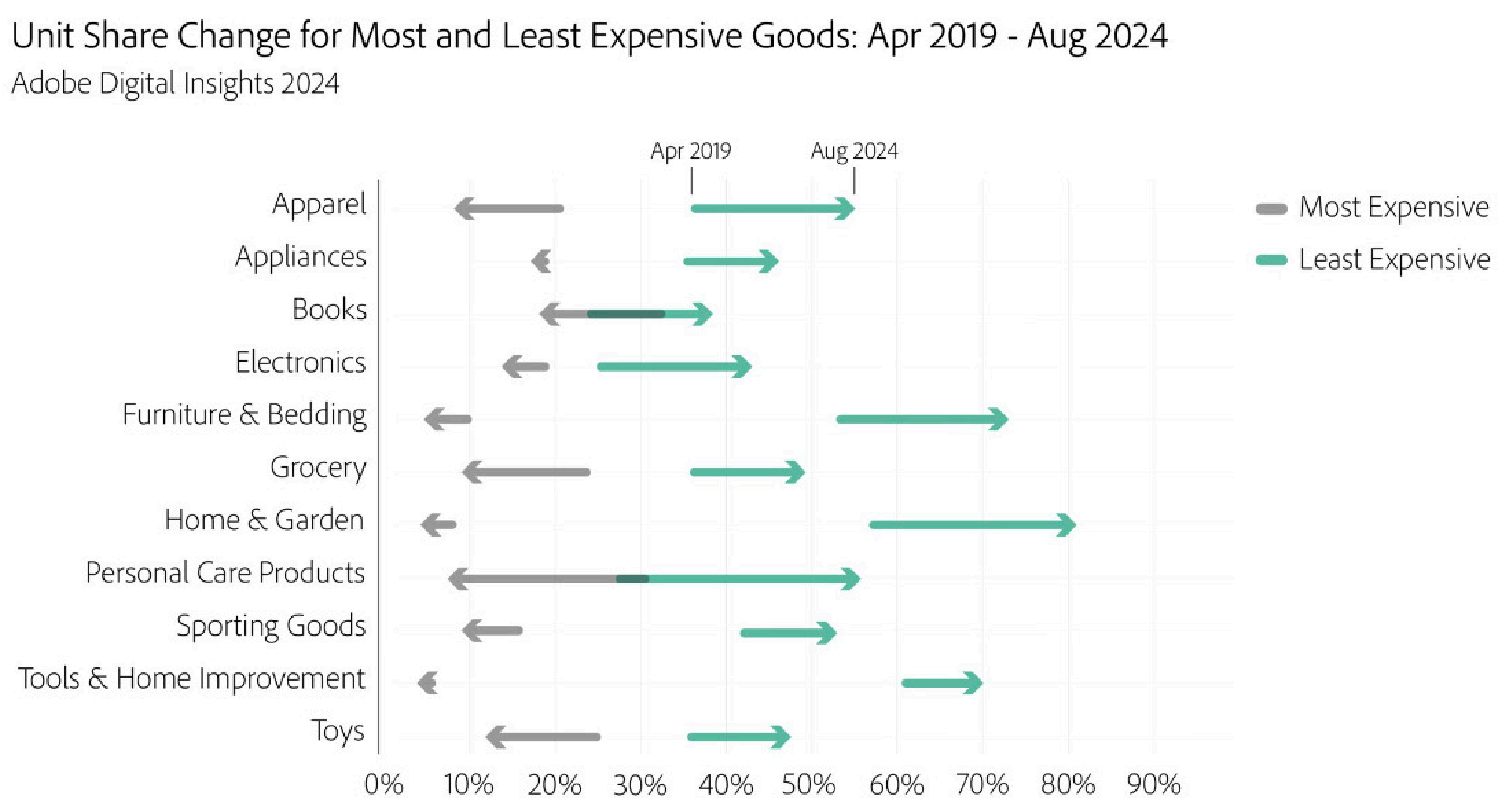
Trading-down trends continue in 2024

Since April 2019, the share of units sold has decreased by **47%** on average for the most expensive products across major retail categories, while the unit-share has increased by **46%** on average for the least expensive goods

Categories with the largest decrease in unit-share for the most expensive goods since 2019 include:

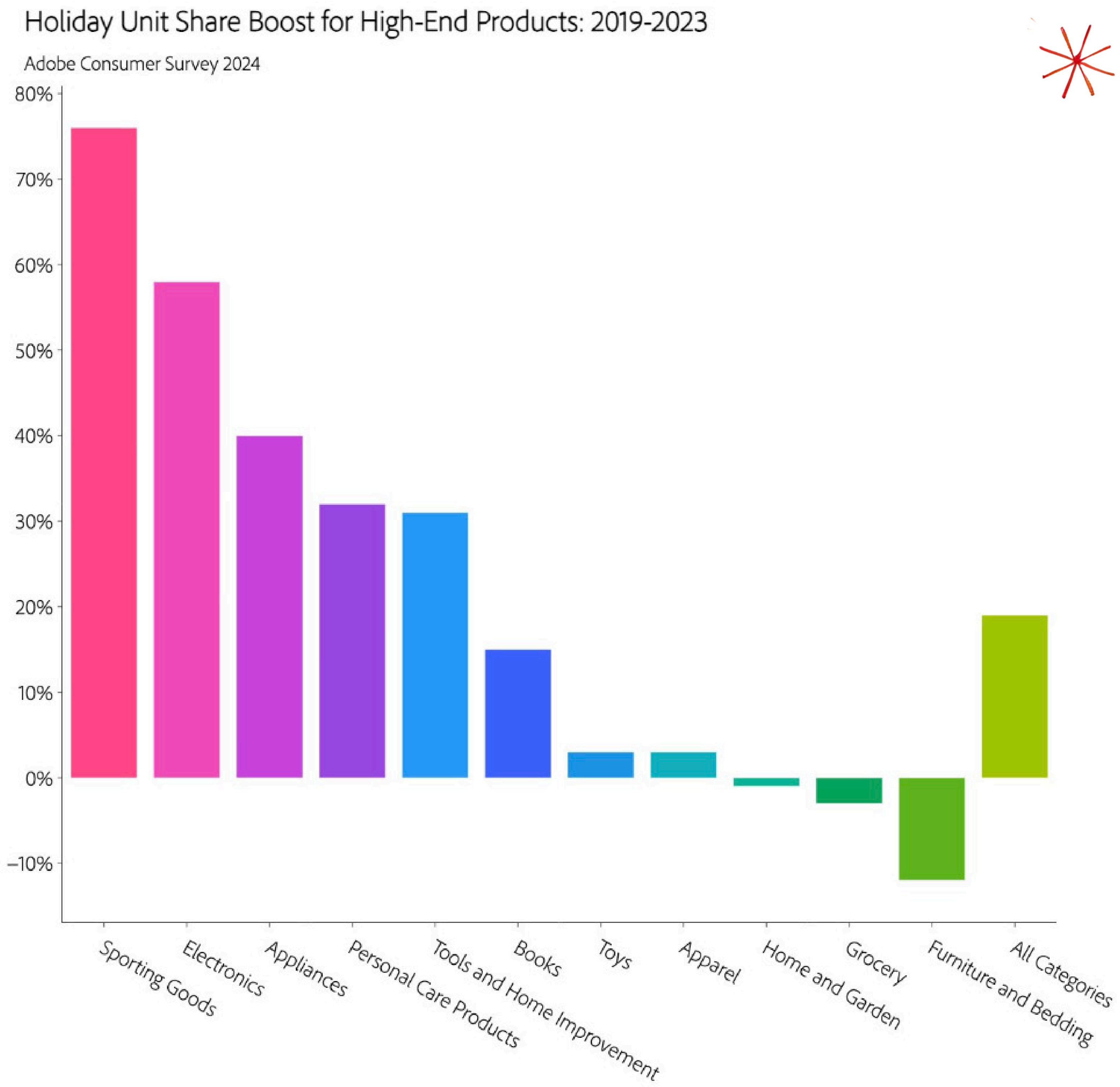
- Personal Care Products: **-77%**
- Grocery: **-63%**
- Apparel: **-62%**
- Toys: **-52%**



Trading-up for the holidays

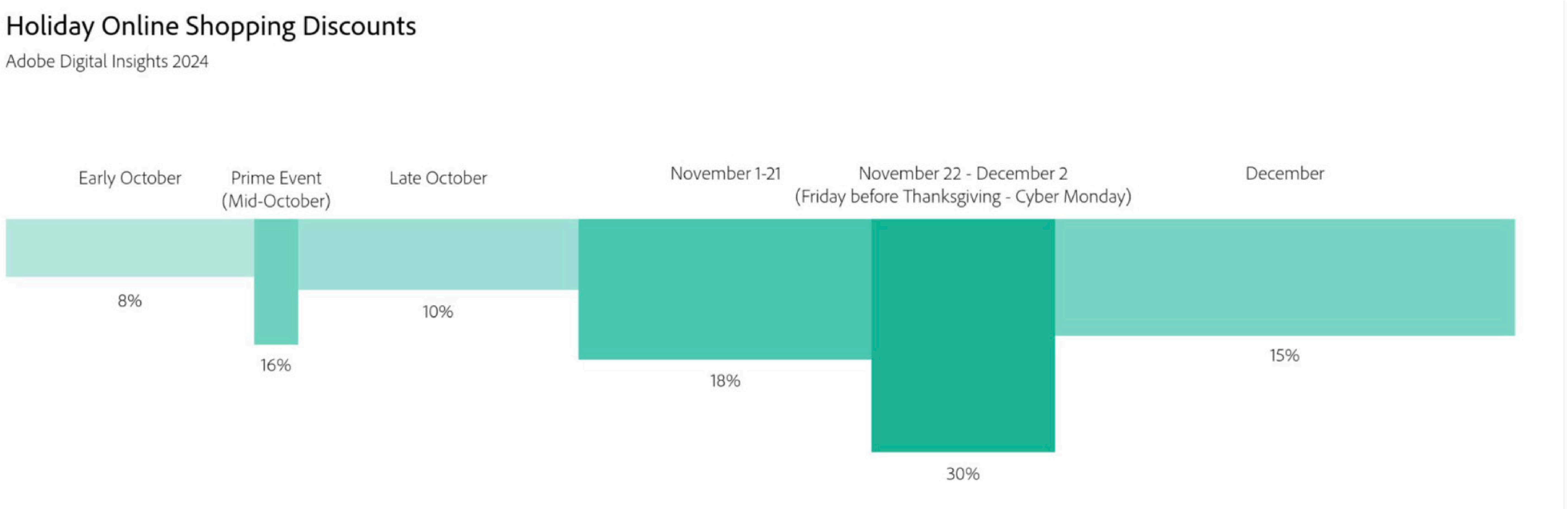
- Despite trading-down trends, the holiday period has consistently provided a boost for the most expensive goods, with an average increase in unit share of **19%** in Nov-Dec compared to Jan-Oct

- Holiday unit-share boost for most expensive products across categories:
  - Sporting Goods: **+76%**
  - Electronics: **+58%**
  - Appliances: **+40%**
  - Personal Care Products: **+32%**
  - Tools and Home Improvement: **+31%**
  - Books: **+15%**
  - Toys: **+3%**
  - Apparel: **+3%**
  - Home and Garden: **-1%**
  - Grocery: **-3%**
  - Furniture and Bedding: **-12%**



Strong discounts up to 30% expected this holiday season

- Discount events are expected to begin in October with early-October discounts up to **8%**, October Prime event discounts up to **16%**, and late-October discounts up to **10%**.
- Stronger discounts are expected to begin in the first 3 weeks of November with discounts up to **18%**, followed by peak-season discounts up to **30%** between November 22 (Friday before Thanksgiving) and December 2 (Cyber Monday).
- December discounts will be slightly weaker than November, though still in the double digits up to **15%**.



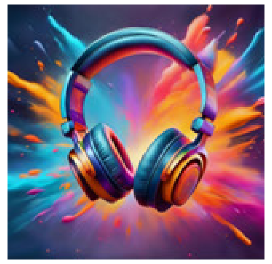
Deep holiday discounts are expected to return

- To encourage higher spending from price-sensitive consumers, we expect retailers to provide significant seasonal discounts between **10-30%**.

- Given trends toward earlier discount events across major retailers and a relatively late Thanksgiving day, peak discounts for many categories are expected to come earlier in the Cyber 5 period this year (Thanksgiving - Cyber Monday)

- **The 2024 Holiday Season's deepest discounts are expected to reach the following levels:**

Electronics

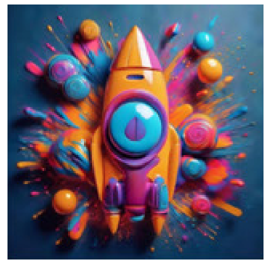


30%
Cyber Monday
12/02

Televisions

24%
Black Friday
11/29
New record

Toys



27%
Thanksgiving
11/28

Apparel

23%
Cyber Monday
12/02

Computers

23%
Saturday
11/30

Appliances

18%
Thanksgiving
11/28

Furniture

19%
Thanksgiving
11/28

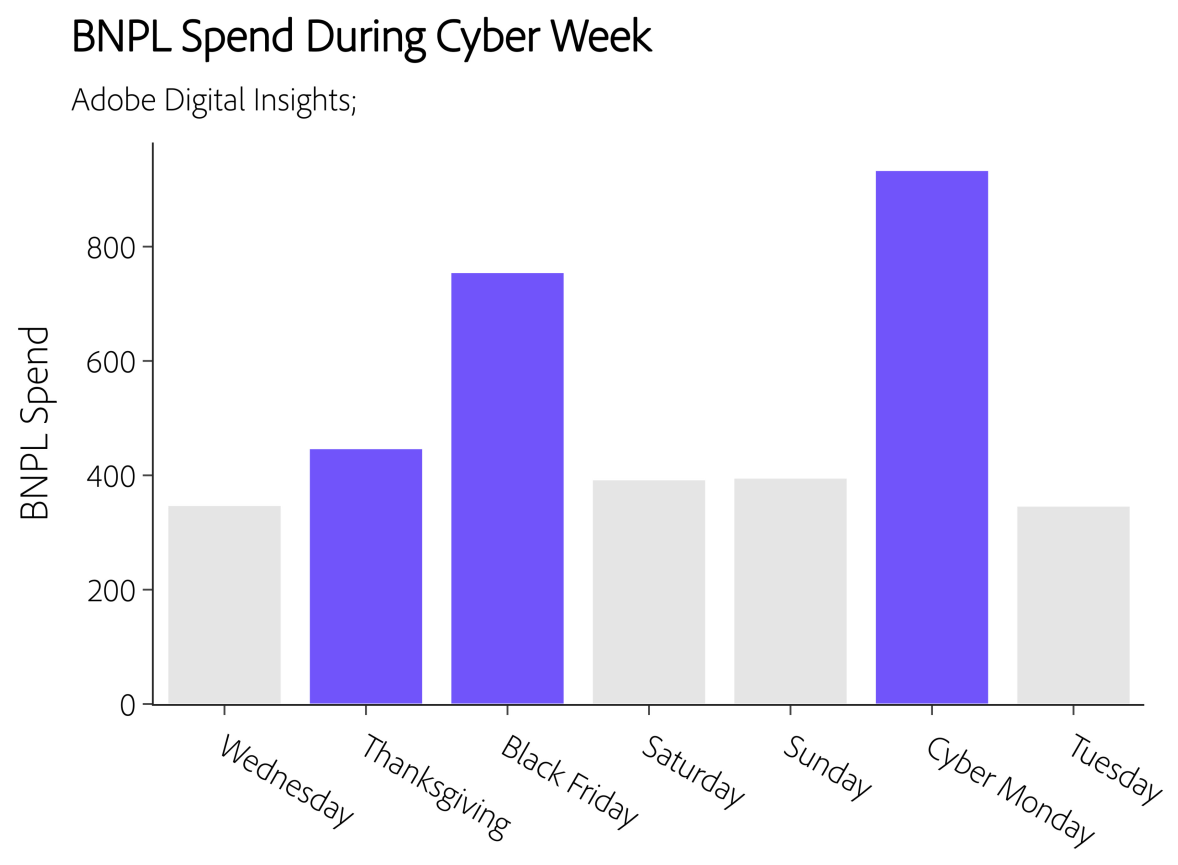
Sporting Goods

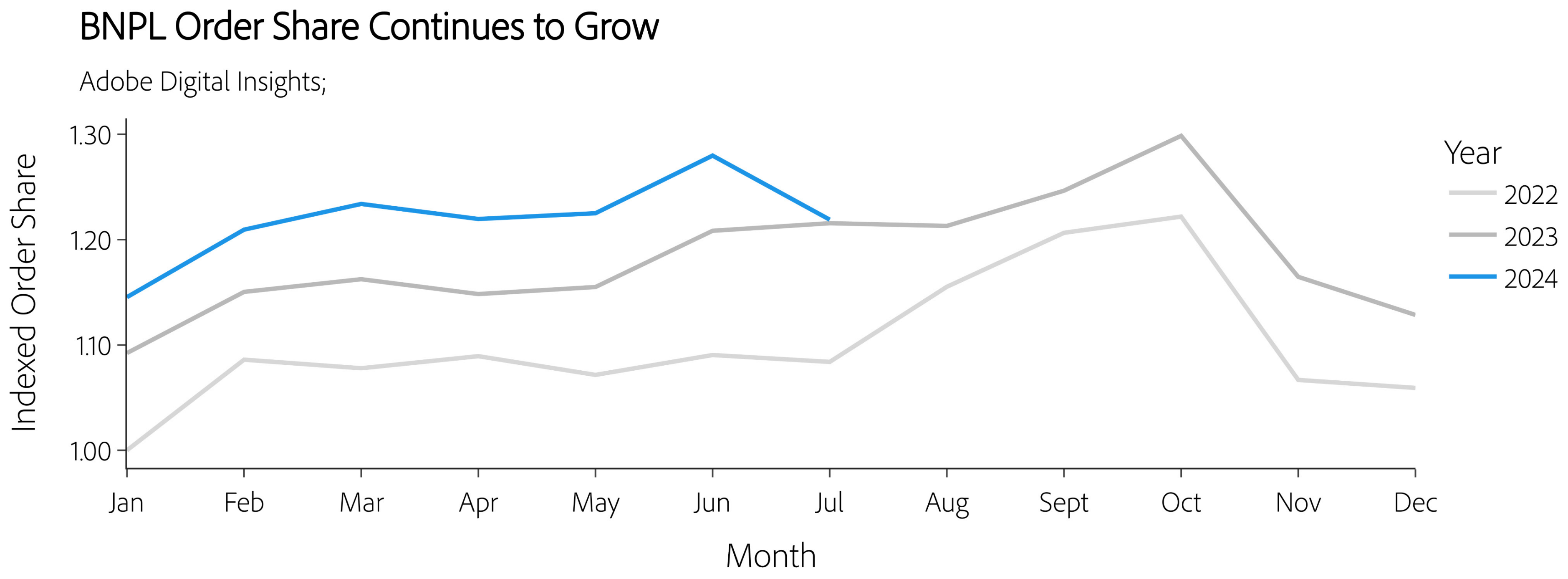
20%
Thanksgiving
11/28
New record

Buy now, pay later: strong growth expected this holiday

Buy Now, Pay Later (BNPL) has grown throughout 2024 and positive momentum should continue through the holiday season (Nov-Dec).

- BNPL spend is forecasted to reach **$18.5B** during the holiday season, up **11.4%** from 2023.
- BNPL spend in November alone is forecasted to be **$9.5B**, the largest month ever recorded--the second largest month on record is November 2023 at $9.2 billion.
- Cyber Monday 2024 will set a record for highest BNPL spend on a single day with **$993M**, up **5.6%** from last Cyber Monday, the highest currently on record.





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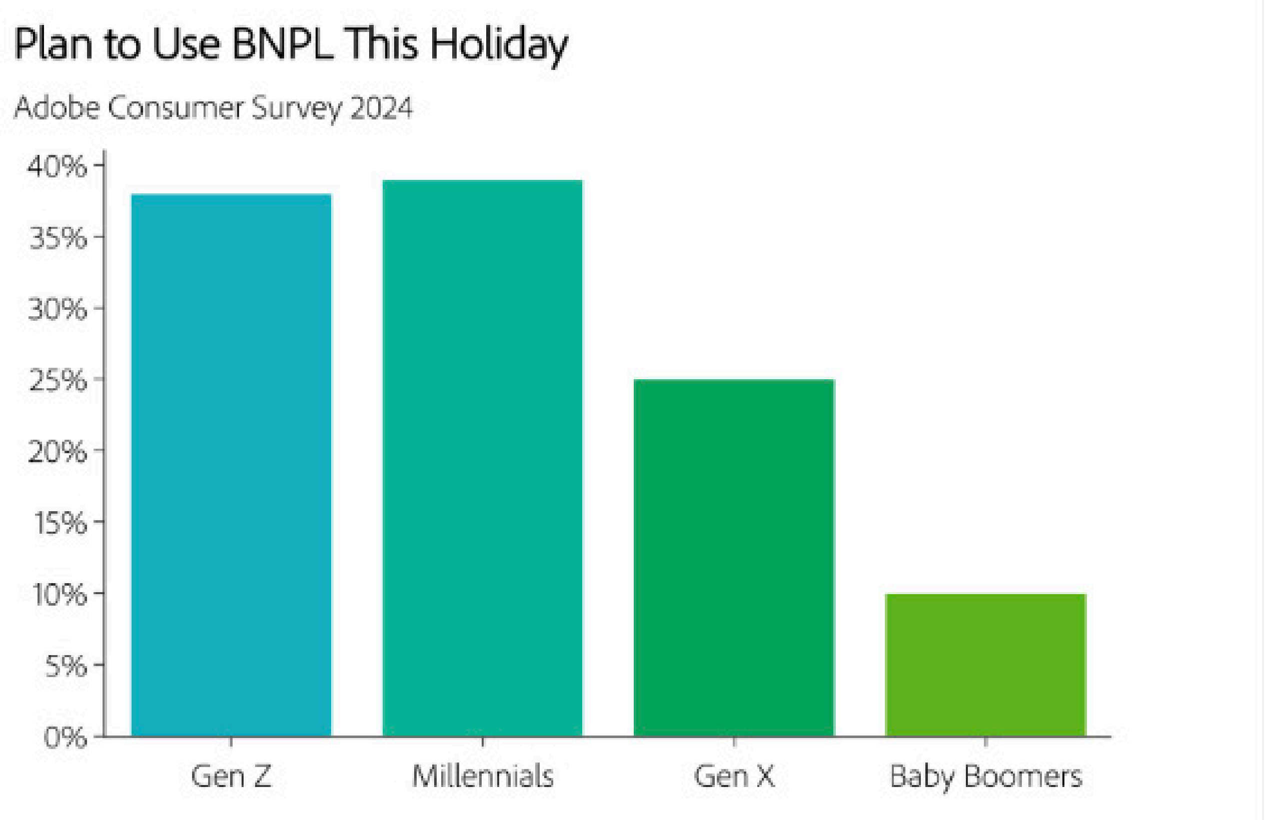
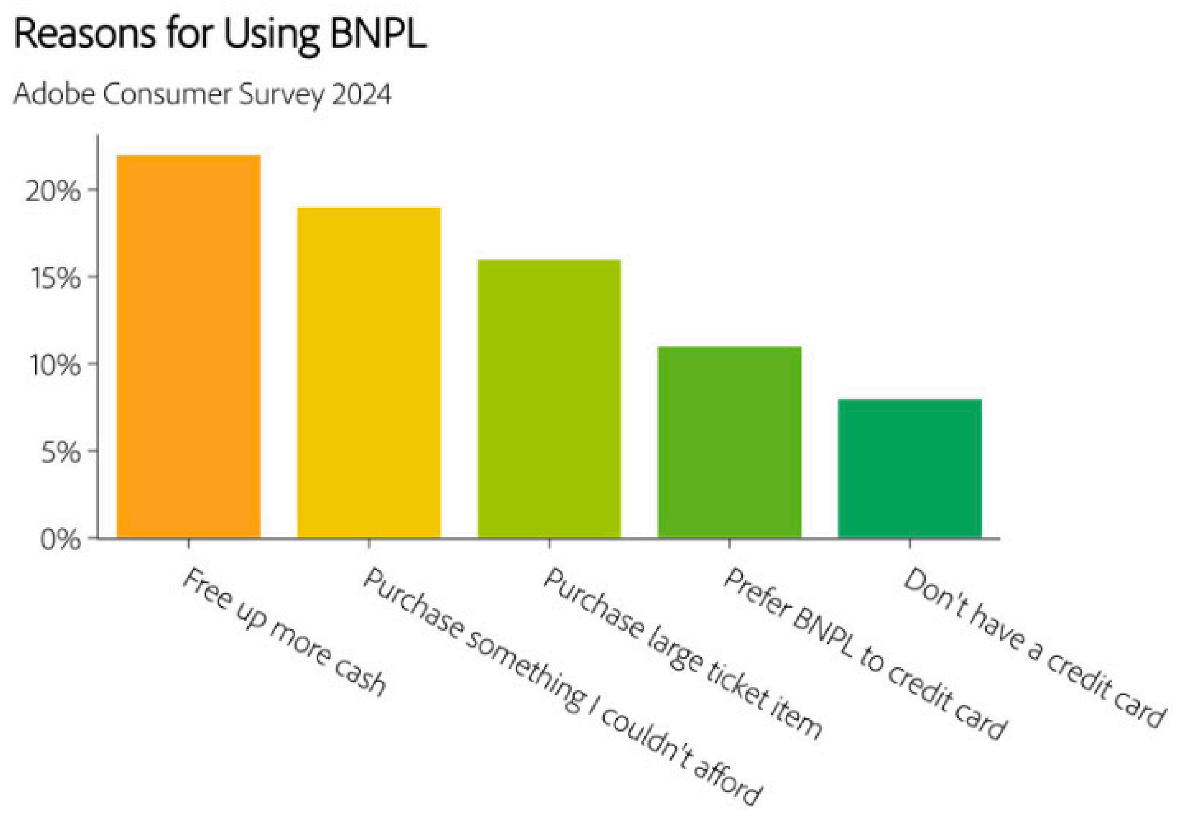
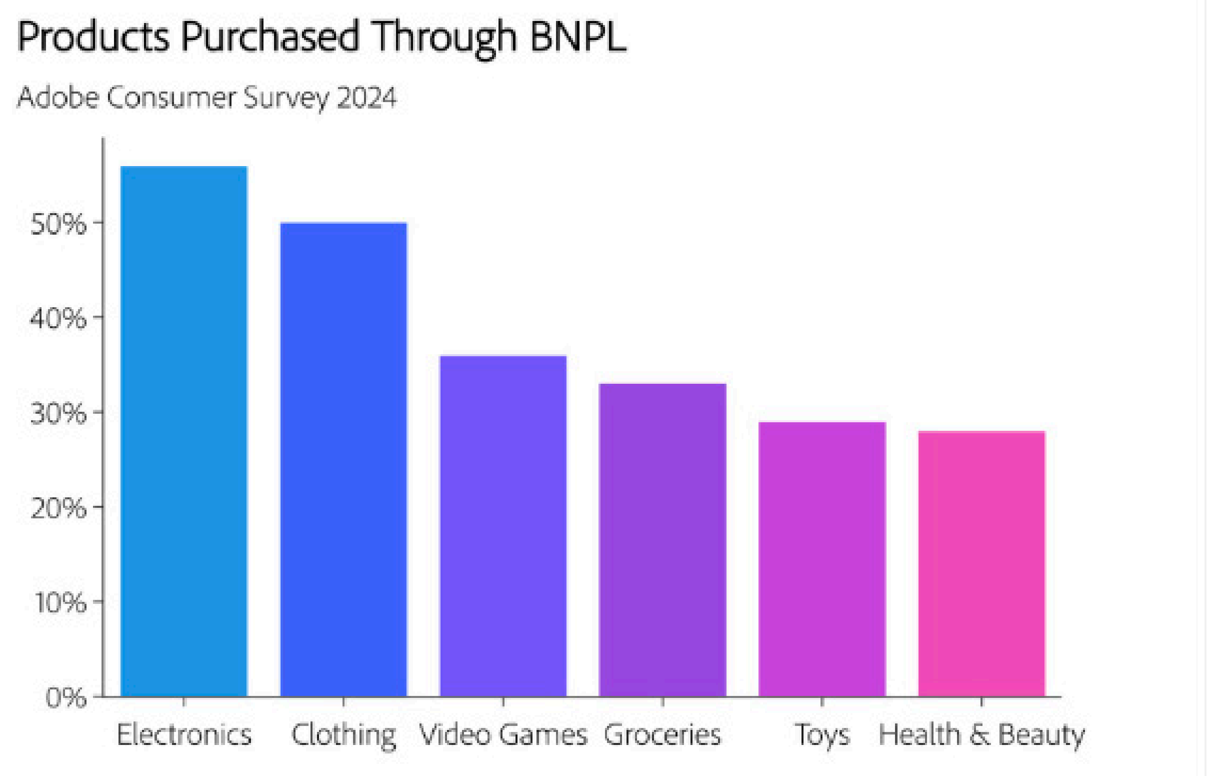
Buy now, pay later - survey deep dive

In ADI's survey of Consumers, **1 in 3** respondents indicated they are more likely to purchase from a retailer that offers BNPL

- **39%** of millennials plan to use Buy Now, Pay Later services this holiday season, followed by **38%** of Gen Z respondents.
- Most survey respondents who have used BNPL have used the service to purchase electronics (**56%**).
- The most common reason survey respondents cite for using BNPL is to free up more cash (**22%**), followed by being able to purchase something they couldn't afford otherwise (**19%**).



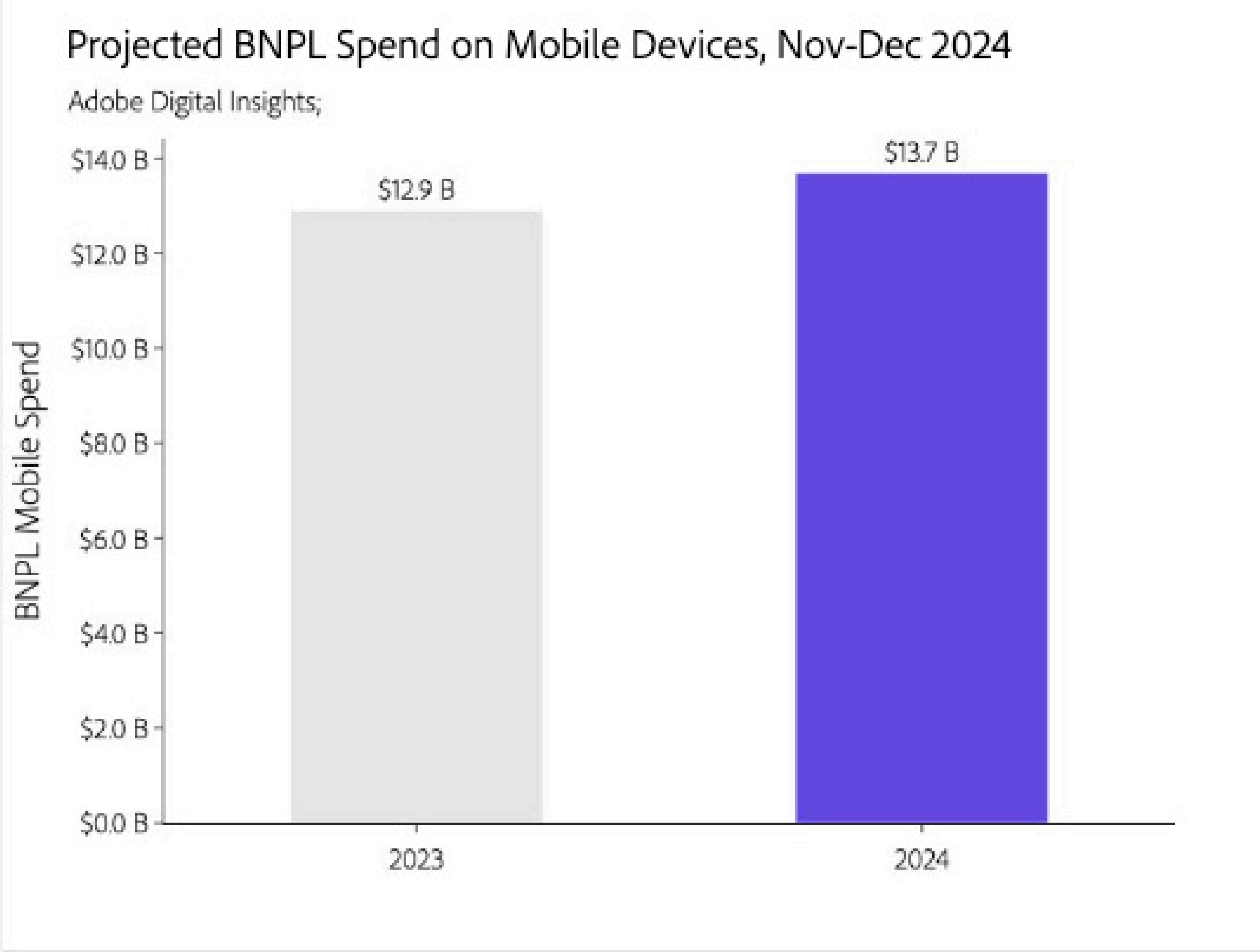




Mobile devices drive BNPL spend and orders

Buy now, pay later spend is predominantly driven by people using their smartphone, rather than a desktop, laptop or tablet.

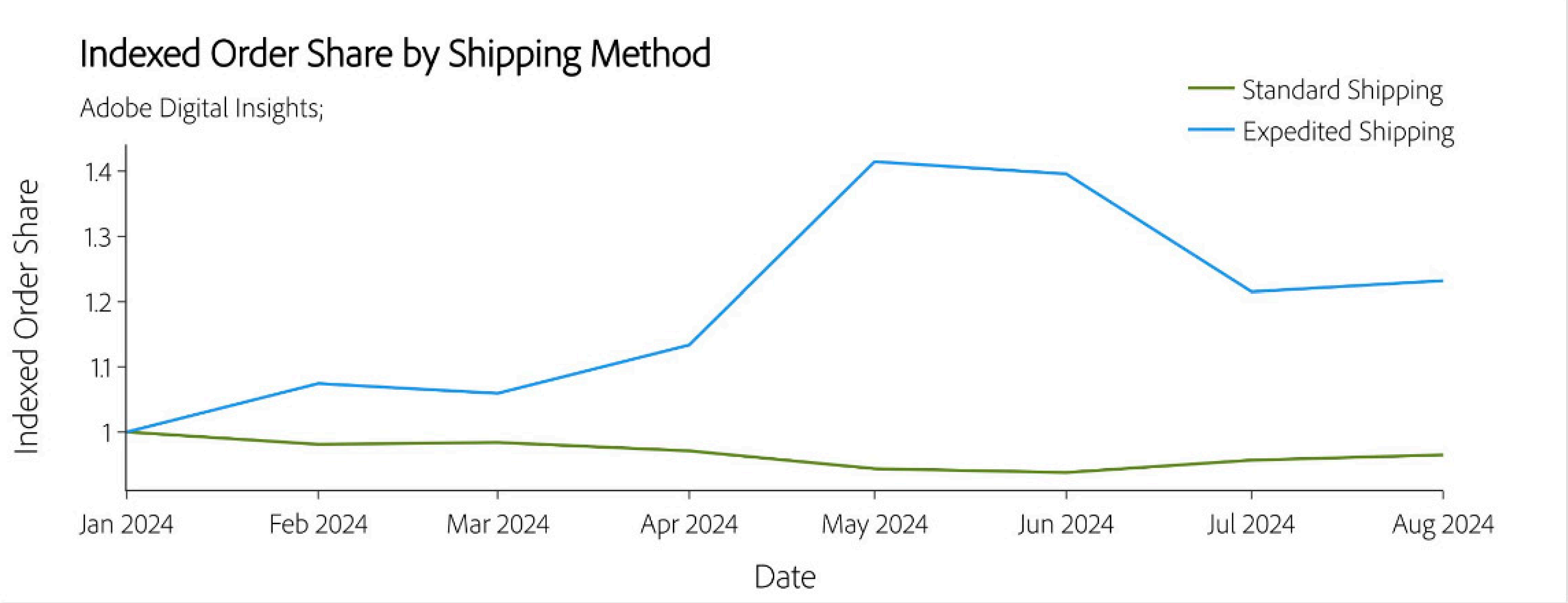
- So far this year (Jan 1 to Aug 11) **74.1%** of BNPL revenue has come through a mobile device.
- Mobile's share of BNPL revenue is forecasted to remain high during the holiday season, at between **74-79%**.
- This means between **$13.7-14.6B** BNPL spend will be made through a mobile device during the holiday season, up **6.0-13.1%** from 2023, when $12.9B BNPL spend was made on a mobile device.
- Gen Z consumers are the most likely to make BNPL purchases on a mobile device, with **60%** of ADI survey respondents saying this is their preferred method.



Consumers are using expedited shipping more frequently

In 2024, expedited is up while BOPIS and standard are down; however we will still see familiar holiday trends

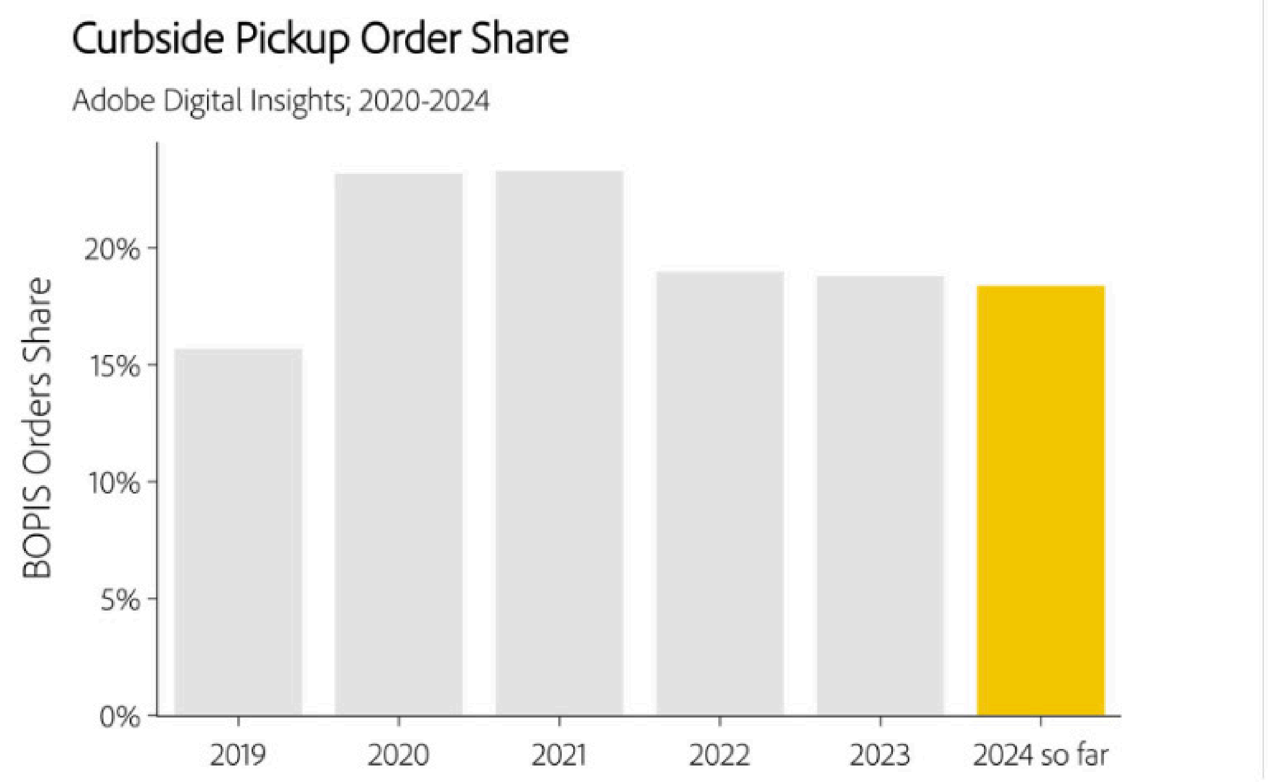
- The share of orders with **expedited shipping is up 14.3%** compared to the same period in 2023.
- In contrast, the share of orders using **standard shipping is down 3%** compared to last year.
- Standard shipping is still expected to get a boost during the holiday season and is expected to peak during Cyber Week at **80-85%** of orders.
- BOPIS and Expedited Shipping will dip during Cyber Week and see a boost in the two weeks leading up to Christmas

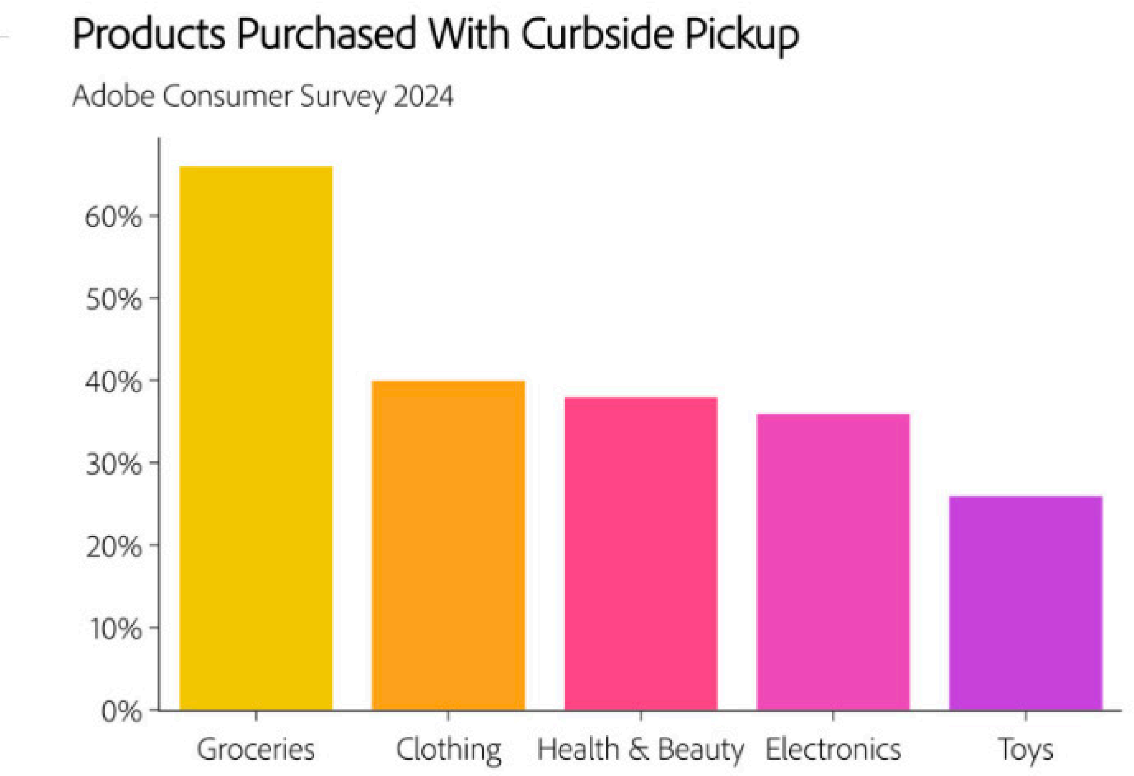


Consumers still count on curbside pickup

Curbside pickup utilization has slowed from pandemic highs but continues to be an important shipping option for consumers.

- Curbside pickup has been used in **18.4%** of orders so far this year (Jan 1 - Sept 4). This is down slightly (**-2.1%**) from 2023 when it was used in 18.8% of orders.
- BOPIS is expected to peak later in the season on December 22nd and 23rd for last minute gift purchases at **30-35%** of orders.
- Grocery orders are the most common usage for Buy Online, Pick Up in Store (**66%** of survey respondents have used BOPIS for their groceries).

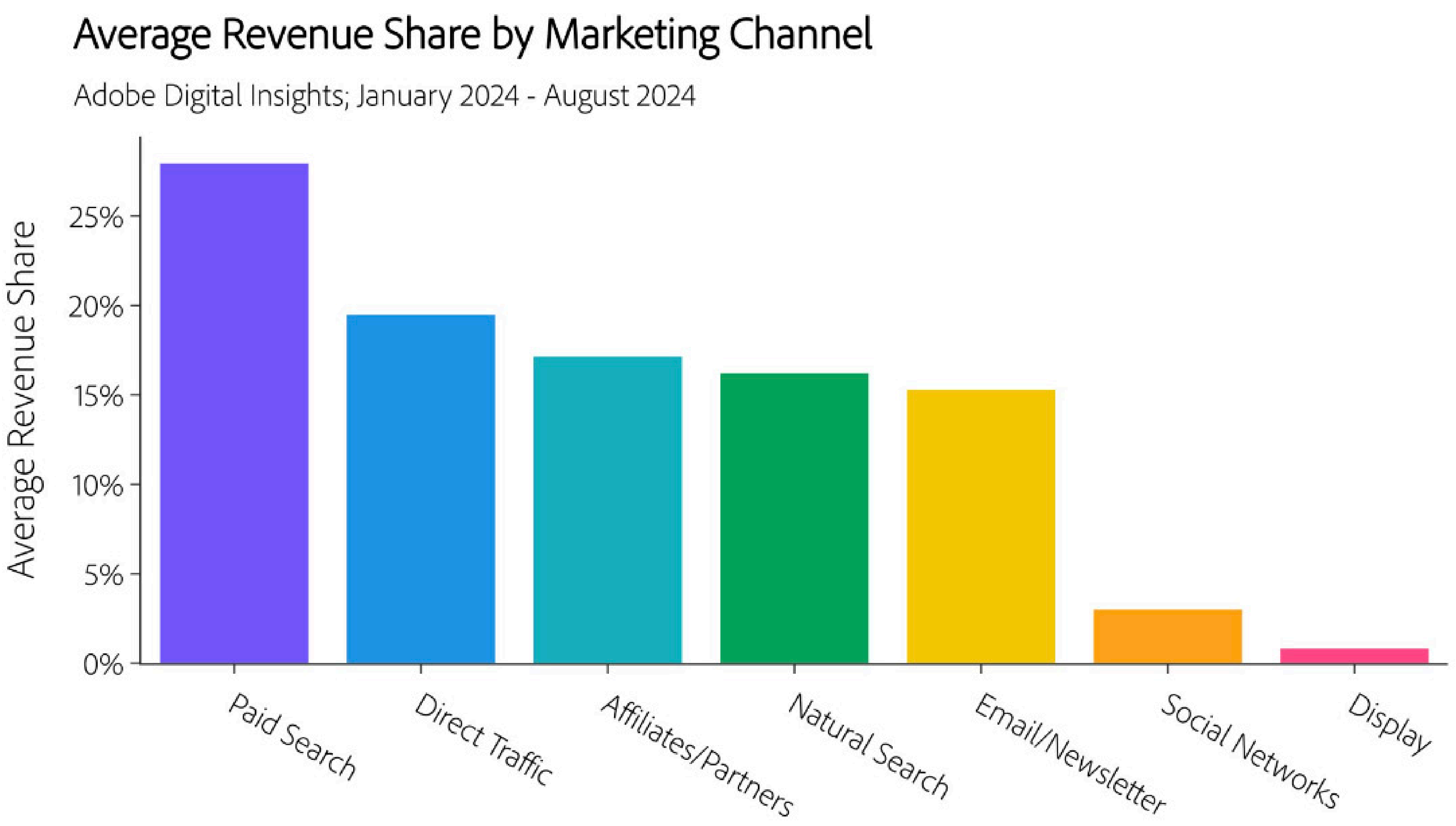




Paid search remained dominate for revenue share in 2024

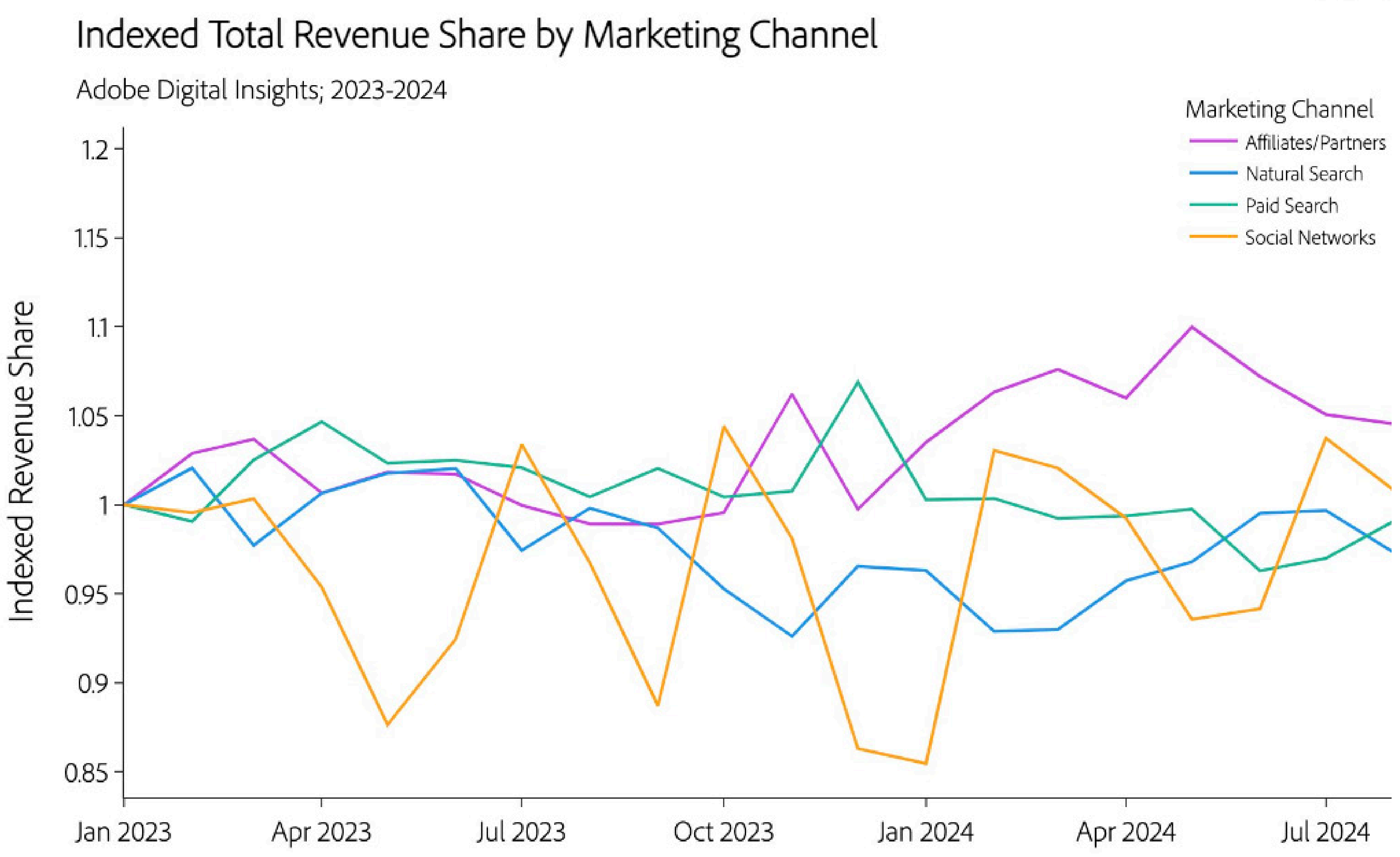
Paid search has been the largest channel-source of revenue in 2024, followed by Direct Traffic and Affiliates & Partners.

- From Jan - Aug 2024 Paid Search has remained the marketing channel with the largest online revenue share at **28.0%**
- Affiliates & Partners has seen the most significant jump in revenue share, growing at **5.1% YoY** to **17.2%**
- Social and Display channels each generate less than **5%** of revenue.



Marketing channels forecast

- Affiliates and Partners are projected to see a year-over-year growth of **7-10%**, maintaining their current momentum into the holiday season.
- Social Networks are anticipated to increase **4-7%** year-over-year in November and December.
- Paid Search is forecasted to remain stable with **1-3%** growth throughout the holiday season, continuing its consistent performance.
- Natural Search is expected to drop further by **3-6%** this holiday season, continuing its downward trend.

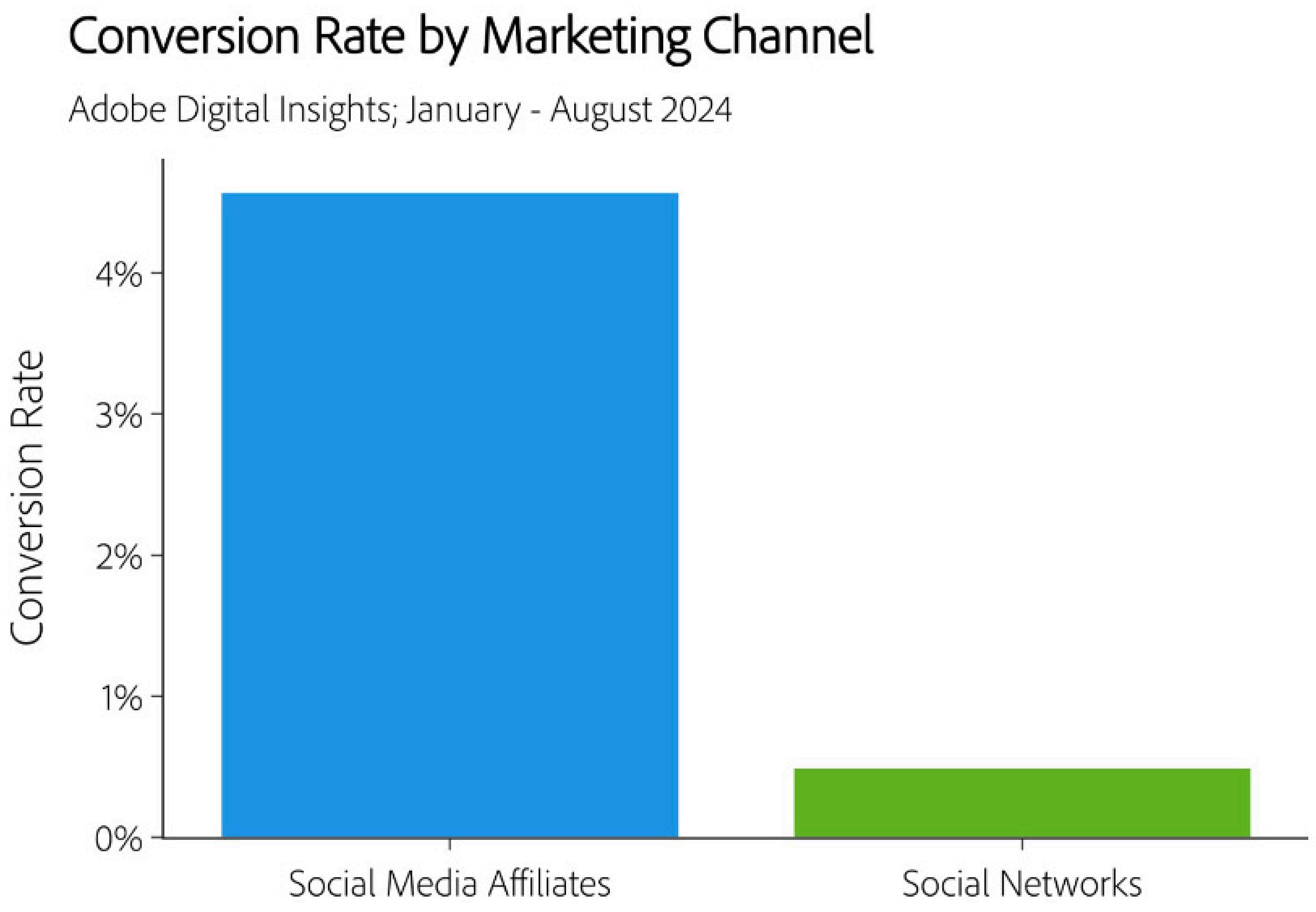


Social Networks vs. Social Media Affiliates Conversion Rate

Social Media Affiliates are largely social media influencers and partners that refer traffic to a retail site.

Traffic driven by Social Media Affiliates has a much a higher conversion rate than that of other traffic from Social Networks.

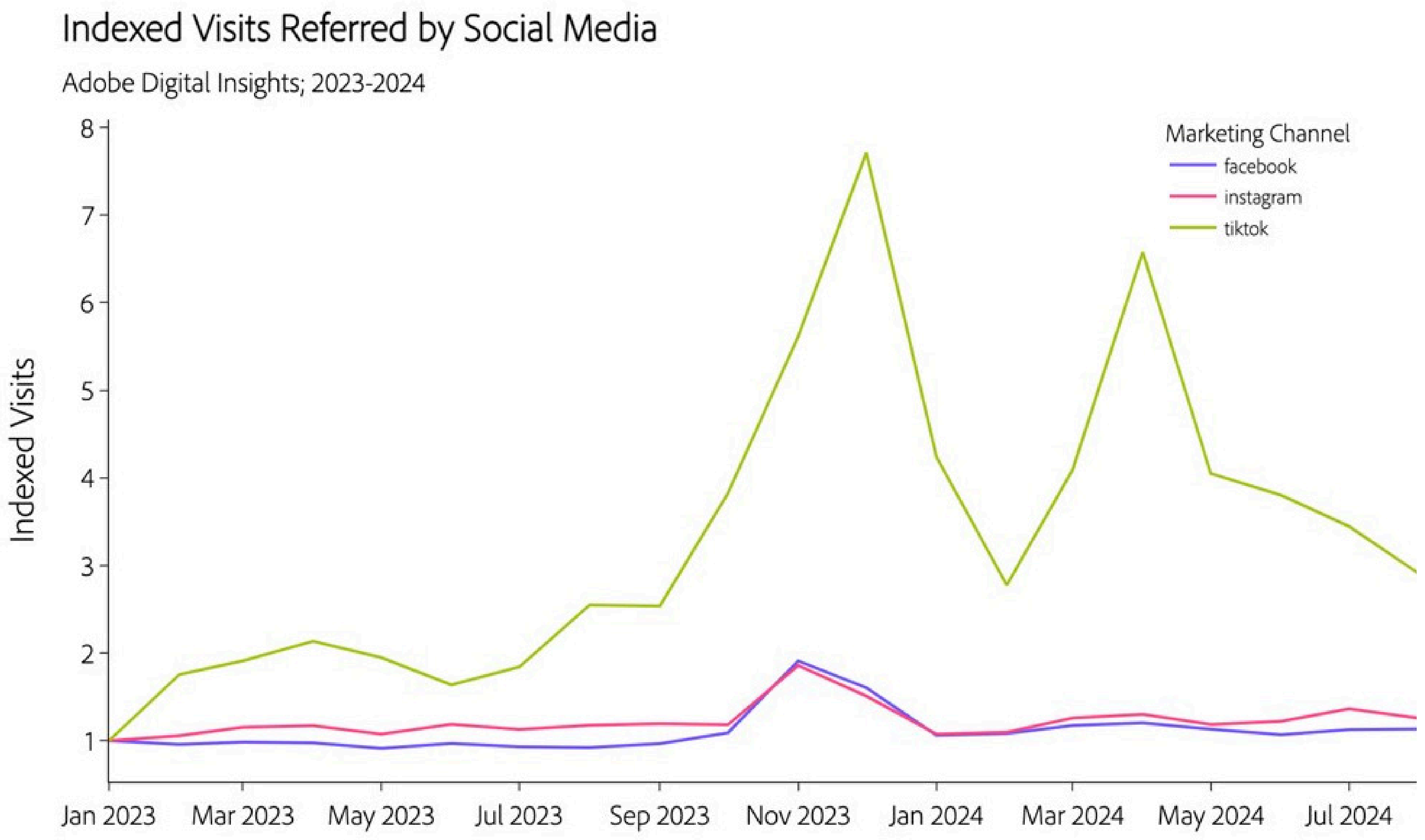
- In 2024, Social Media Affiliates converted at a rate more than **10x** higher than the overall Social Networks marketing channel.
- Social Media Affiliates high conversion rate is expected to continue into the holiday season as brands continue to leverage influencer marketing.
- Per ADI survey, Gen Z are the most likely to have purchased something based on an influencer's recommendation (**37%** of respondents)



Social media referrals have seen significant growth with Black Friday surge ahead

In Jan-Aug 2024, Social Media traffic has grown by **19.7%** compared to the same period in 2023.

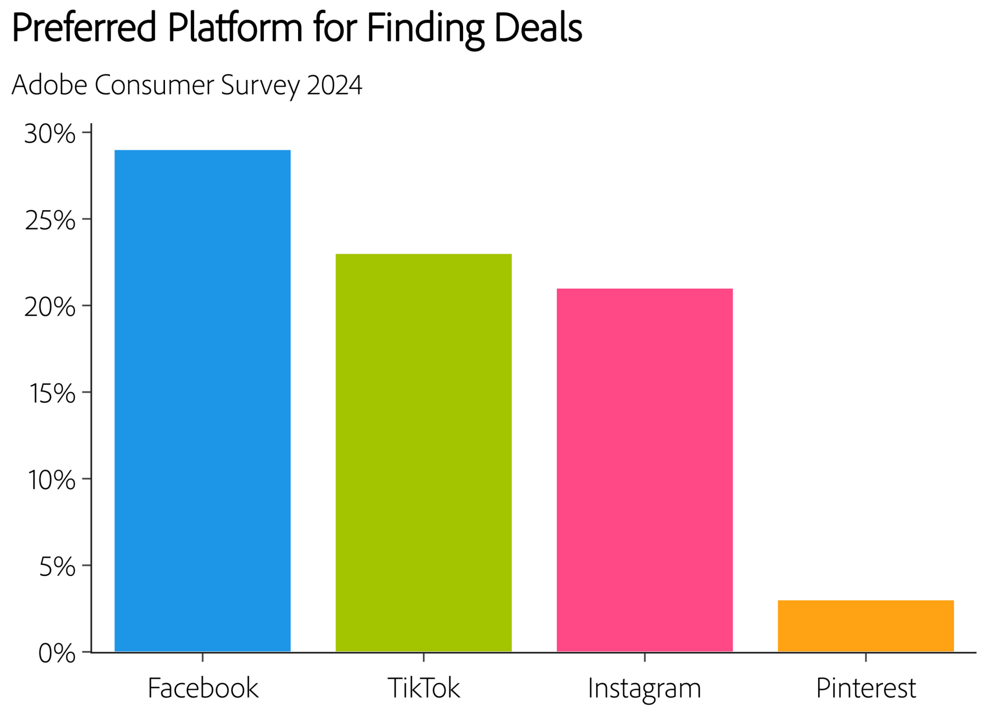
- Facebook referrals have increased by **17.4%** in visits.
- Instagram referrals, while more modest, have risen by **8.3%**
- Meanwhile, TikTok has seen an impressive **108.9%** surge in referral volume, though it remains the smallest platform in terms of visits.

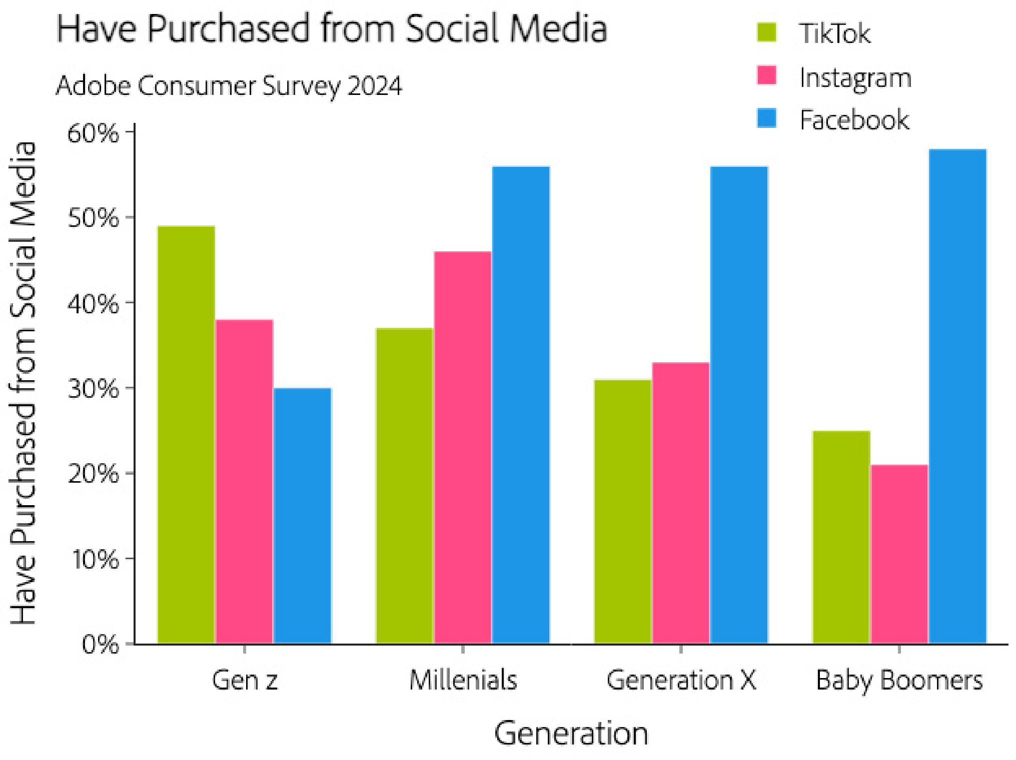


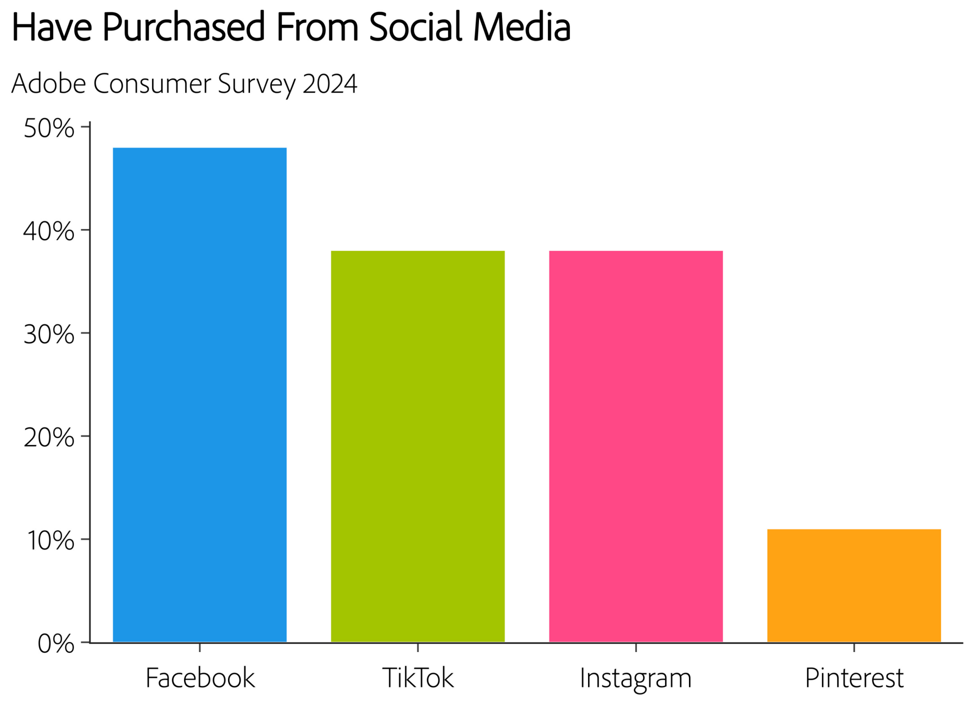
Social media channel traffic projected to scale for holiday season

Social Media referral volume is projected to reach its annual peak on Black Friday, with an anticipated **60-65%** surge during the holiday season compared to the year-to-date average.

- TikTok's share of traffic to retail sites is projected to increase **70-75%** year-over-year during the 2024 holiday season.
- Facebook is expected to experience a **10-15%** year-over-year increase in its share of retail traffic during this same period.
- In contrast, Instagram's share of traffic is expected to decline **1-5%** year-over-year during the holiday season.



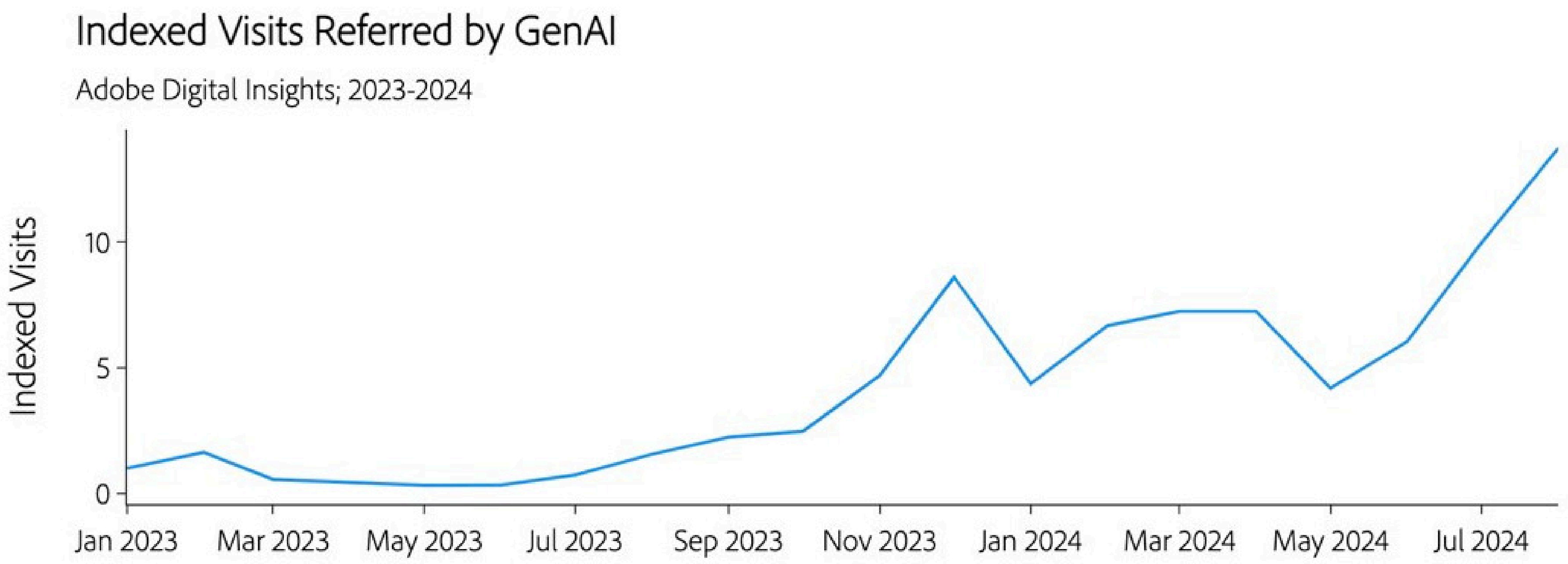


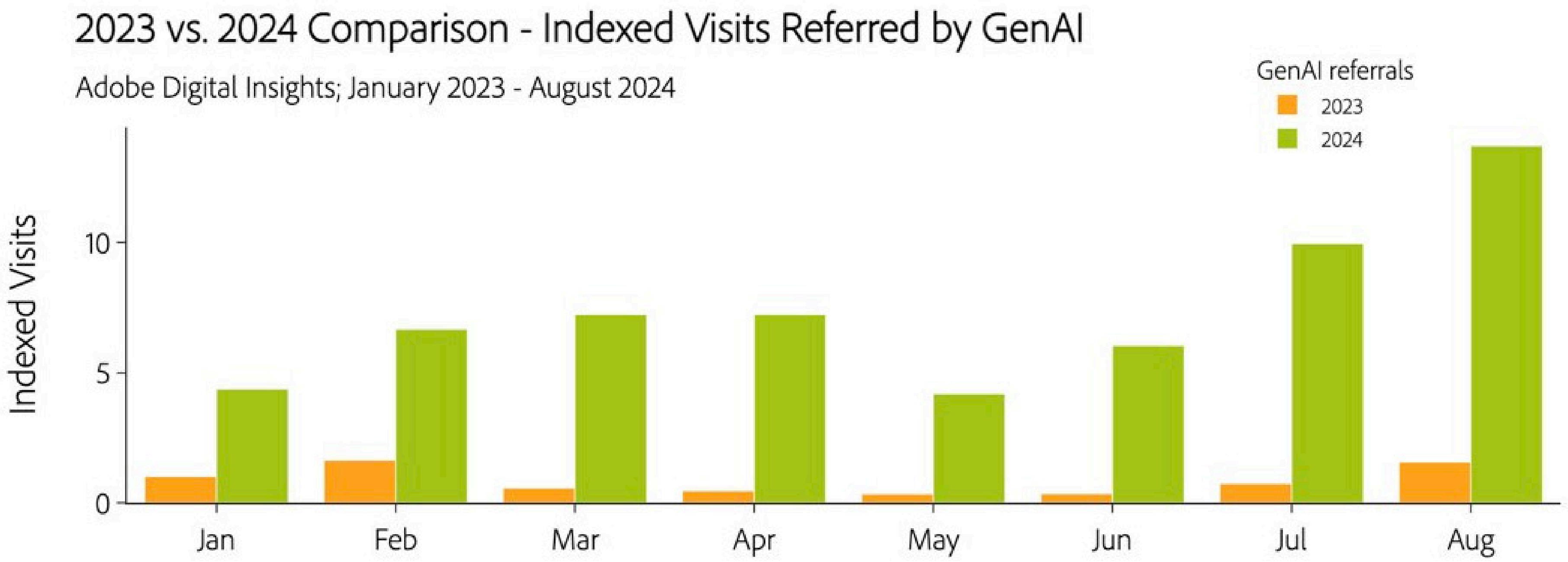


GenAI traffic continues to grow; Poised to spike this holiday season

While the GenAI channel is nascent, visits from GenAI sites (e.g., directly from Chat GPT) have surged in the last year. Given this rapid momentum, GenAI referrals are projected to rise further throughout the holiday season.

- Traffic from GenAI sources to retail sites has **doubled** since January, marking a significant surge this year.
- Year-to-date, GenAI referrals have seen a remarkable increase, **nearly eight times higher** than the same period in 2023.

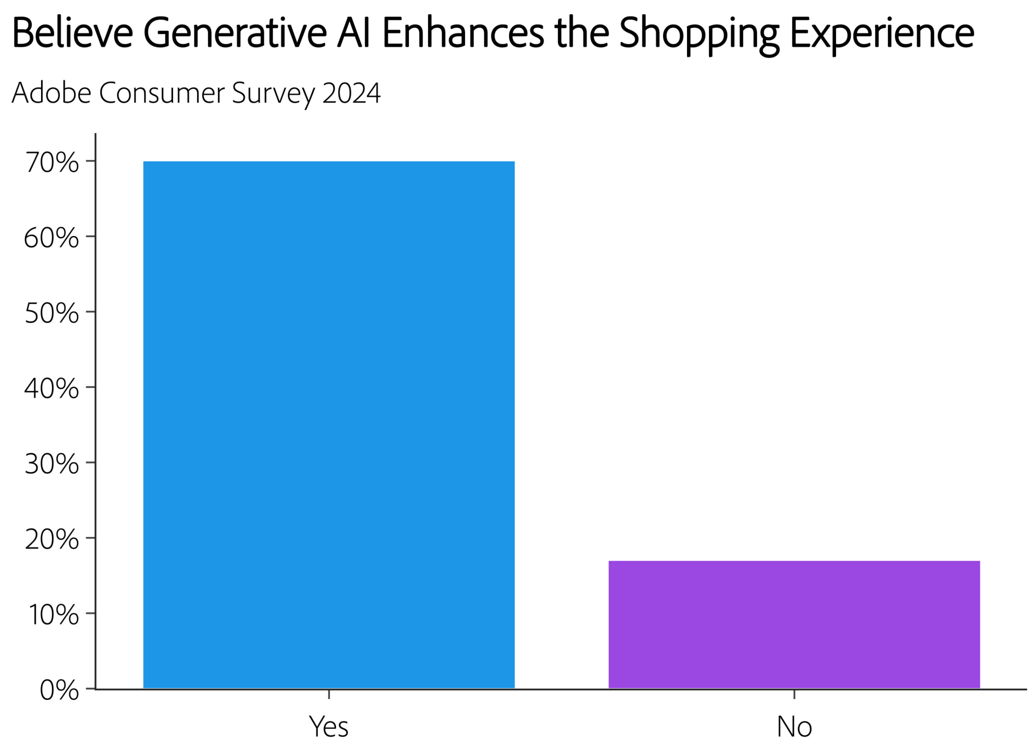


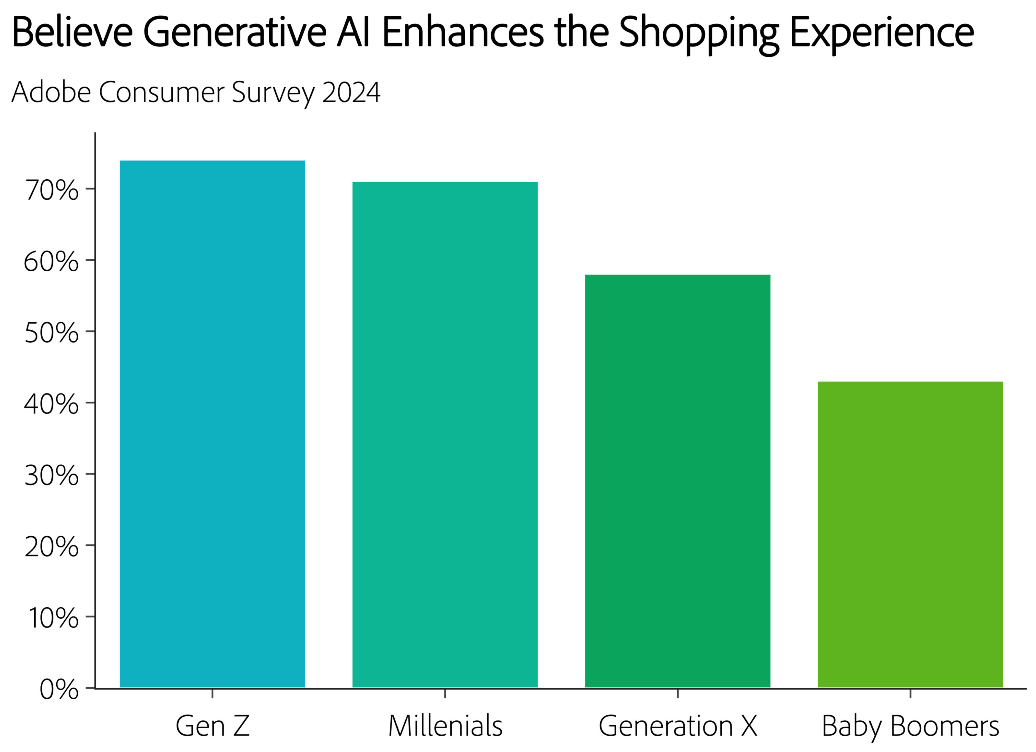


GenAI elevates shopping, especially for younger consumers

Generative AI is revolutionizing the shopping landscape by providing personalized and immersive experiences. Younger consumers are leading the charge in embracing this technology to enhance their purchasing experience.

- Over **50%** of consumers are familiar with Generative AI
- **7 in 10** consumers who use Generative AI in their shopping believe that it enhances their experience.
- Younger shoppers in particular appreciate the enhanced experience that Generative AI provides.





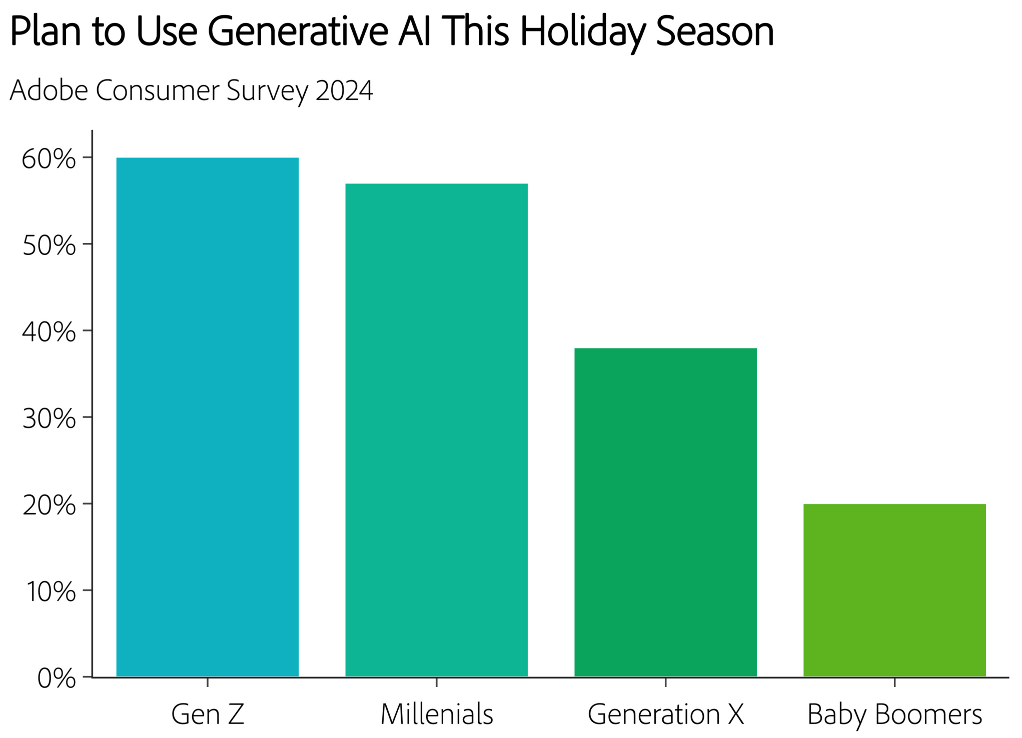
Consumers expected to leverage GenAI for holiday deals and shopping guidance

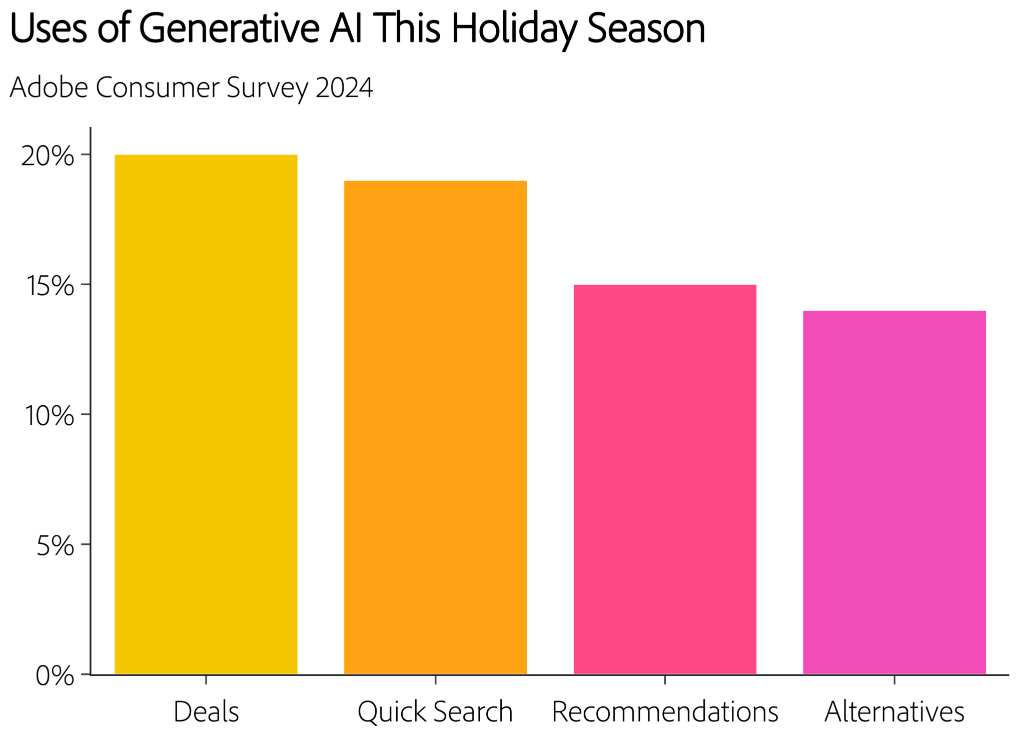
Per ADI's consumer survey, **2 in 5** consumers plan to use Generative AI to assist with their holiday shopping.

- Younger consumers, in particular, are more likely to leverage Generative AI for their shopping needs.
- Nearly **60%** of Gen Z and Millennial consumers plan to use GenAI, while only **20%** of Baby Boomers plan to.

Consumers plan to turn to generative AI this holiday season to:

- Find the best deals (**20%**)
- Quickly find specific items online (**19%**)
- Get brand recommendations (**15%**)
- Discover similar items or brands to those they already know (**14%**)





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

Familiar categories will drive holiday season spend in 2024

- Newly released video games, computers, smartphones, and other electronics are historically among the most dependable drivers of holiday spending, and an exciting 2024 line-up of fall tech refreshes should see this trend continue.
- High-end cosmetics, fragrances and other small luxuries are expected to drive growth following strong sales during spring discount events this year, as online shoppers see an opportunity to treat themselves and their loved ones.
- TVs and Appliances should continue to be holiday favorites as increasingly price-conscious consumers look to capitalize on strong discounts for high-dollar items.

Top Performance

- Toys
- Video Games
- Personal Care Products
- Electronics

Moderate Performance

- Apparel
- Sporting Goods
- Appliances
- Home & Garden

Weaker Performance

- Grocery
- Pet Products
- Furniture and Bedding
- Tools and Home Improvement

Holiday hot products to watch

Toys watchlist

Bluey Ultimate Lights and Sounds Playhouse
Slime kits
Fisher-Price Little People
MGA's Miniverse
Descendants: The Rise of Red toys
LEGO sets
Bitzee Interactive toy
Blippi toys

Video games watchlist

PS5
Xbox Series X
Switch OLED
Madden NFL 25
NBA 2k25
Diablo 4
Call of Duty: Black Ops 6
Super Mario Party Jamboree
Valorant
World of Warcraft: The War Within
Assassin's Creed Shadows

Additional hot products

iPhone 16
Google Pixel 9
Samsung Galaxy S24 Ultra
Bluetooth headphones
Film and Digital cameras
Oura Ring
Kindle / E-readers
Ninja Creami

Adobe

Adobe