

Unboxing the 2022 Holiday Shopping Results

Adobe Digital Insights | January 2023

Key Findings

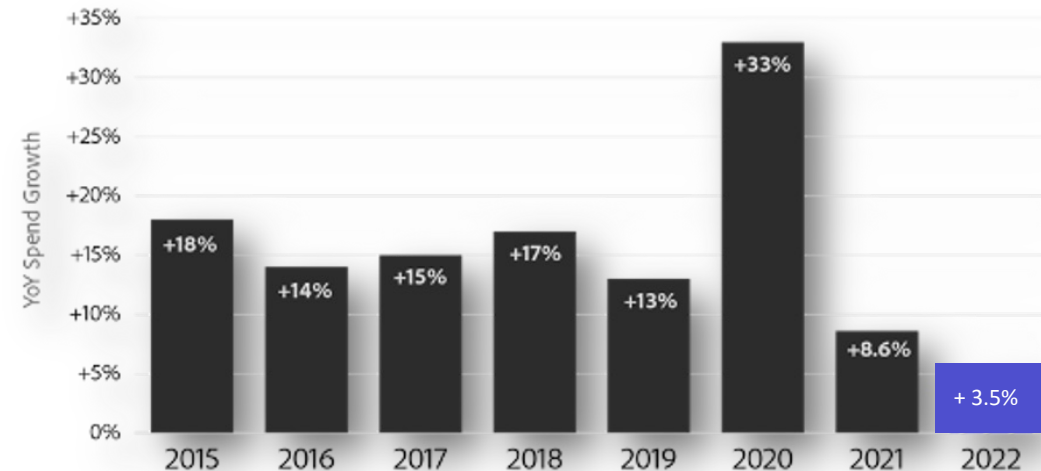
- Holiday season growth for **online retail was lowest in years at 3.5%** as economic headwinds curb consumer spending capacity.
- Major categories like electronics, sporting goods, toys, and appliances saw **strong online discounts** to entice consumers.
- The contribution of major sales days spanning Cyber Week (Thanksgiving–Cyber Monday) **helped lift the whole season**.
- Key holidays continue to be **strong mobile shopping days** with Christmas Day exceeding 60% of revenue for the first time ever.
- **BNPL (buy now, pay later) financing utilization was up** as consumers look to combat higher costs and spread their budget further.
- **Curbside pick-up continues** to see consumers leveraging it as a fulfillment option -- but with less urgency outside the holiday season.


Slow holiday growth due to inflation and constricted budgets

- Full year **growth for online retail** sits at **6.1% YoY**. Growth started strong in the early months of 2022, but quickly softened as gas/fuel, food, housing, and travel prices began surging. The result is slow seasonal growth at **3.5% YoY**.
- Consumers did **not receive cash infusions or stimulus dollars** in 2022 as they had in 2020 and 2021, which contributed to the slow growth.
- Promotional discount events like **Prime Day have been able to unlock growth increases** through favorable discounting. This suggests price-sensitive consumers are willing to spend if they feel the value proposition is strong enough.
- Currently, **online grocery prices** are up more than **14% YoY**, and **flight prices** are up more than **21% YoY** since the beginning of the year, while interest rates continue to increase. These types of dynamics have constrained consumer spending budgets entering the holiday season this year when compared to previous years.

Holiday season online spend drove \$211.7B this year

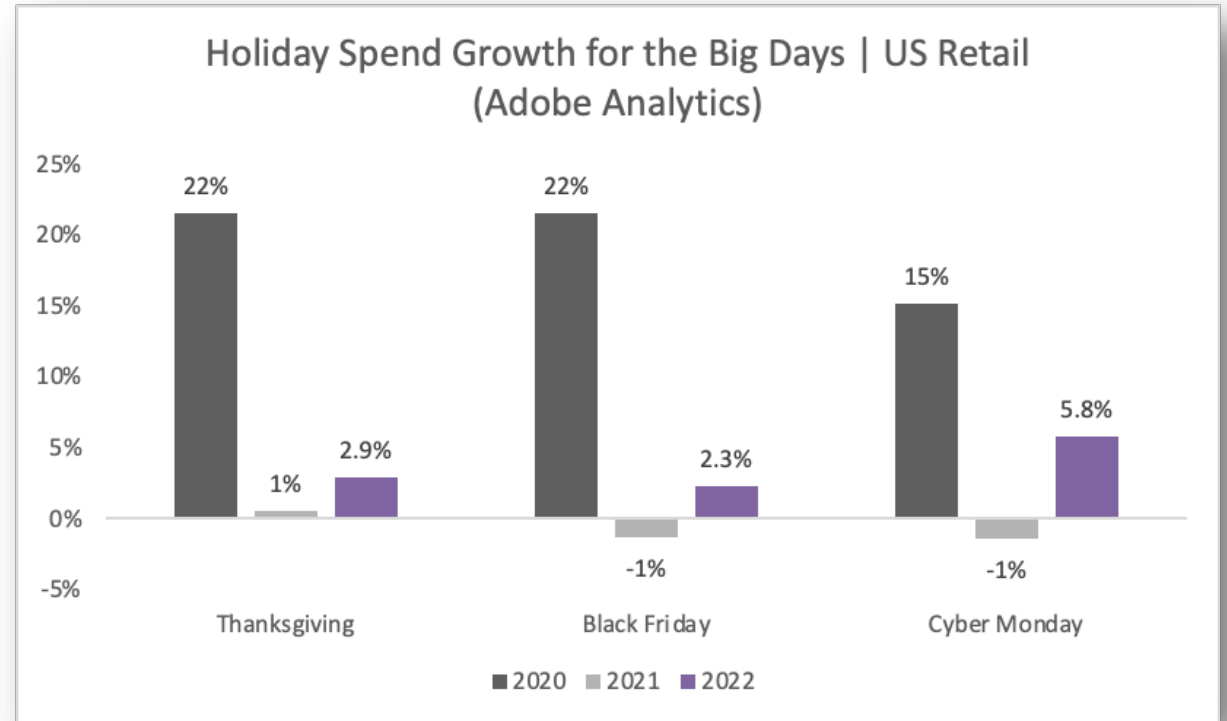
- Despite competitive discounts across major categories and overall inflation decreasing from peak highs earlier this year, we saw weak online sales **growth at 3.5% YoY for the holiday season.**
- This total online spend for the **Nov-Dec holidays** reached **\$211.7 billion dollars.**
 - 47% (\$99.3B) came from smartphones.
 - 38 of 61 days exceeded \$3B, the same as last year.



 **Holiday Spend Growth by Year with 2022 Forecast | US**
Source: Adobe Analytics

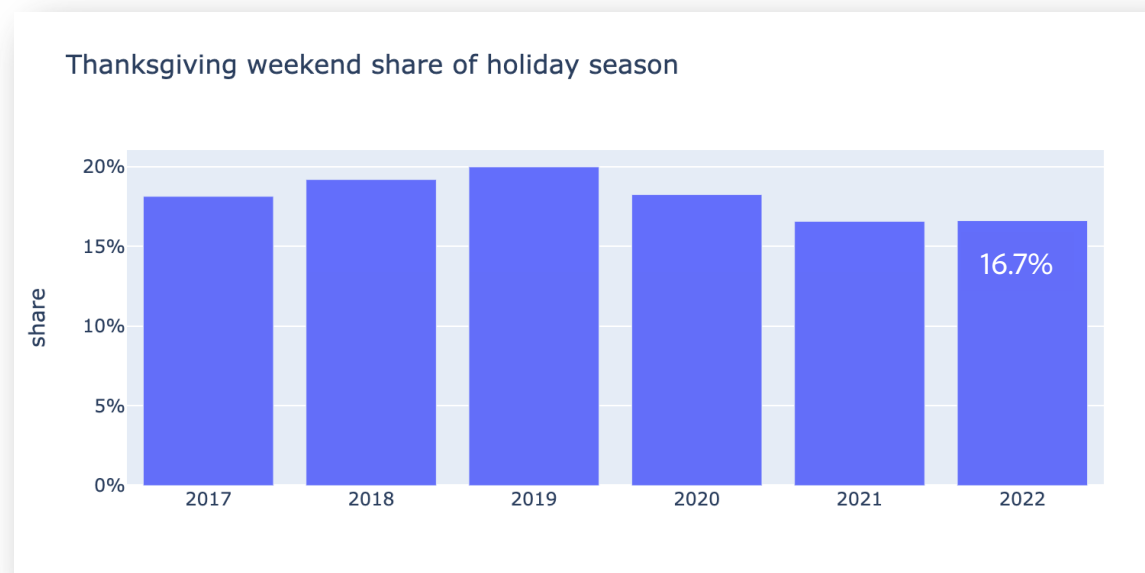
Cyber Week saw modest growth as deals spread across the season

- Cyber Week (Thanksgiving Day – Cyber Monday) grew slightly more than compared to the rest of the season at **4.1% YoY**.
- Cyber Week drew in **\$35.3B** – that's **16.7%** of the entire season's **revenue**.
- Cyber Monday saw higher growth over the weekend at a rate of **5.8% YoY**, **breaking \$11B for the first time (\$11.3B)**.
- Of the five days **Black Friday** saw the weakest growth – **2.3% YoY** to land at **\$9.1B** in revenue. Thanksgiving experienced **2.9% YoY** growth and **\$5.3B** in revenue.



A weaker Cyber Week this season pointed to strained growth

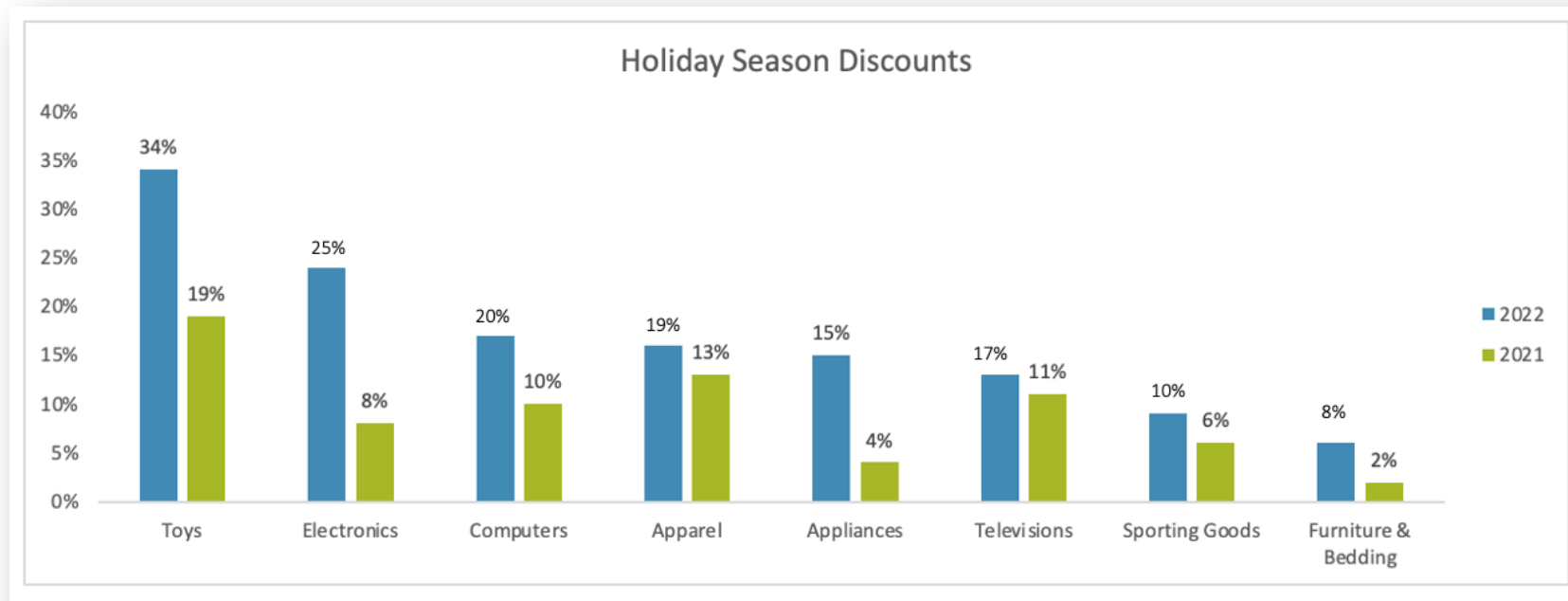
- Cyber Week's contribution to the season **decreased to 16.7% from a high of 20% in 2019** as consumers spread their spending throughout the holiday.
- Major **marketing tactics drove traffic** over Cyber Week:
 - Paid Search: 28% (+2% YoY)
 - Affiliates/Partners: 18% (+6% YoY)
 - Email: 17% (+10% YoY)
- Consumers were 15% more likely to encounter more "Out of Stock" notifications this year; but that is well below (-31%) the supply-chain challenged 2020 Cyber Week.



Holiday discounts returned with key categories having better savings this year

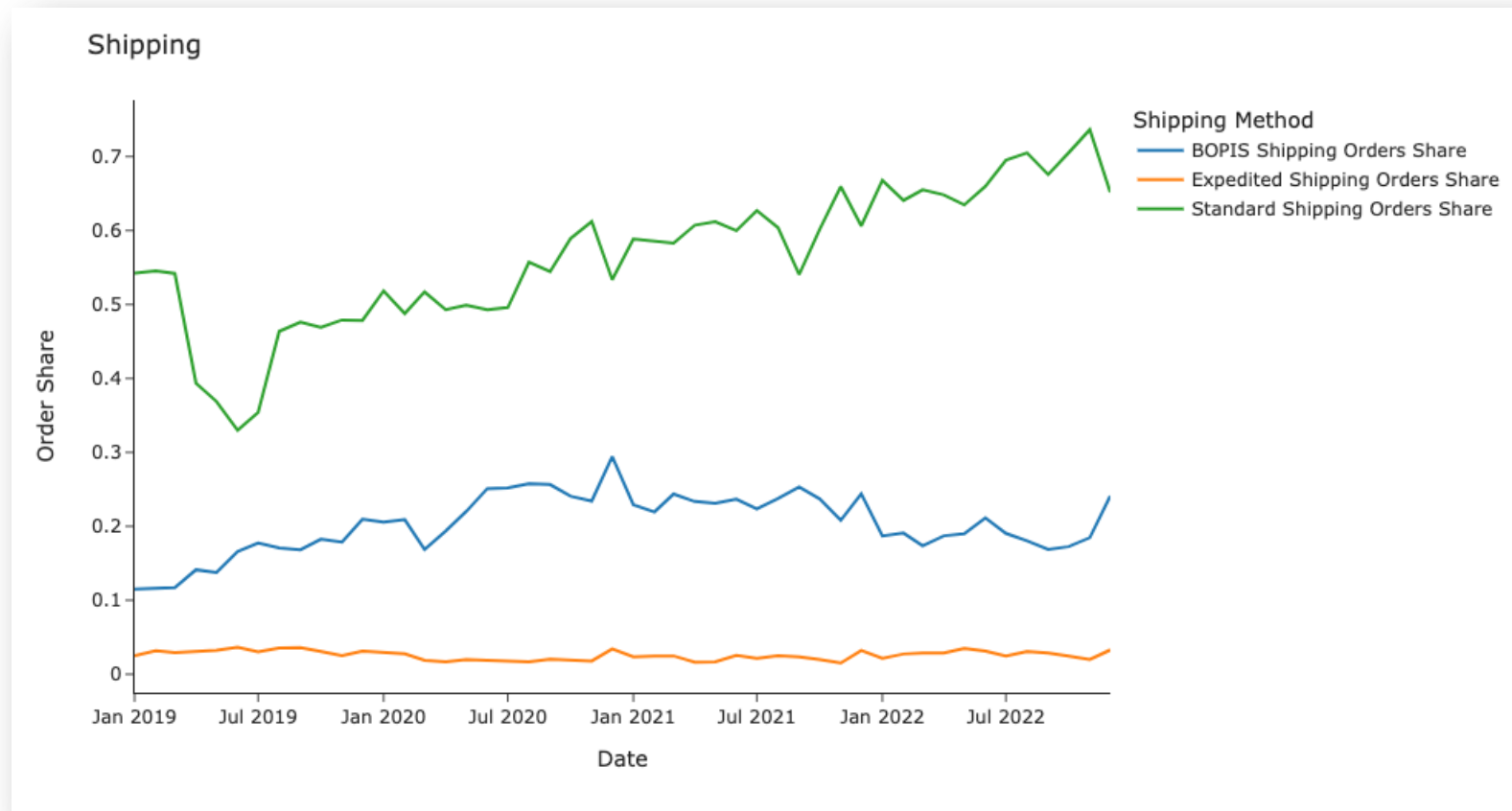
To incentivize stronger consumer spending and growth while also offloading excess inventory, retailers provided double-digit seasonal discounts within the **range of 8% to 34%**.

- Savings for Appliances and Sporting Goods peaked the week after Cyber Week.
- For the remaining categories consumers saved the most during the days between Thanksgiving and Cyber Monday.



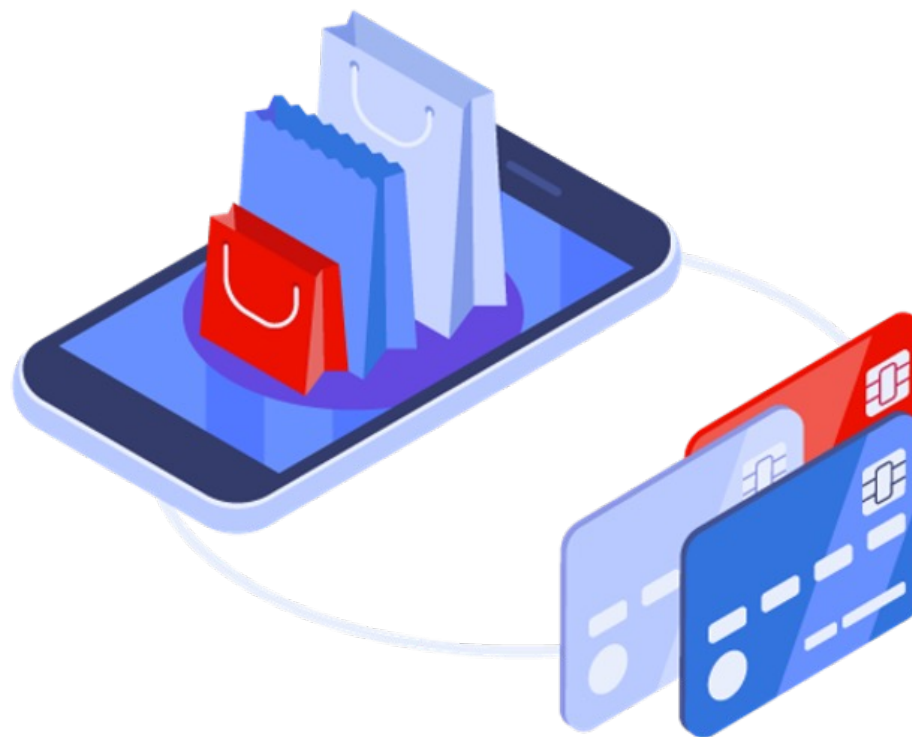
Curbside utilization remains elevated — but down from pandemic highs

- 1 in 4 online orders in December 2022 were curbside pickup orders. Buy online, pick up in store (BOPIS) as a percentage of orders had been trending down throughout the year.
- Last minute shopping and severe weather saw BOPIS increase just before Christmas; rising to 43% of orders on December 22.



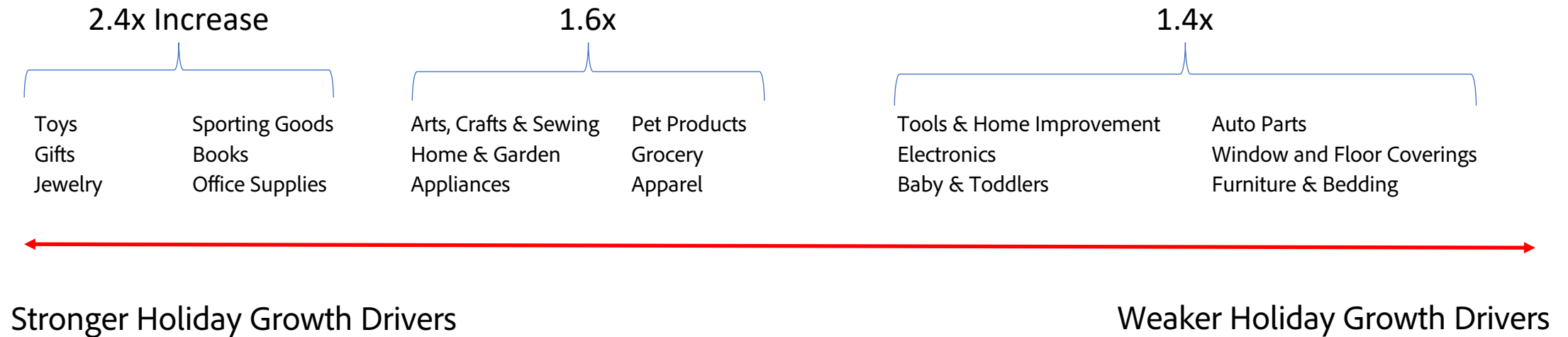
Buy now, pay later growth slows compared to previous surges

- During the season, BNPL share of revenue grew **9.2%** compared to the same period in 2021.
- BNPL peaked the **week before Christmas** at **7.0%** of orders.
- The top three reasons consumers cite for using BNPL include:
 - freeing up more cash.
 - purchasing items they couldn't normally afford.
 - purchasing large-ticket items.



Top gifting categories drove growth this holiday season

- Toys, gifts (including gift cards), and jewelry topped the categories with the biggest lift over the pre-holiday period.*
- Electronics sat in the lower-end of the growth spectrum over the entire season.



* Pre-holiday defined as October 2022

Holiday hot products

Toys

- Legos
- Hot Wheels
- Paw Patrol
- LOL Surprise
- Squishmallows
- Bluey
- Cocomelon

Games

- Nintendo switch
- Xbox series X
- Playstation 5
- God of War Ragnarök
- Madden 23
- FIFA 23
- Call of Duty: Modern Warfare II

Electronics

- AirPods
- Smart speakers
- Roku
- Beats
- Amazon fire tv
- Ipads
- Digital cameras
- Macbooks

Other

- Gift cards
- Airfryers
- Instapot
- Dyson vacuums
- Umbrella strollers

