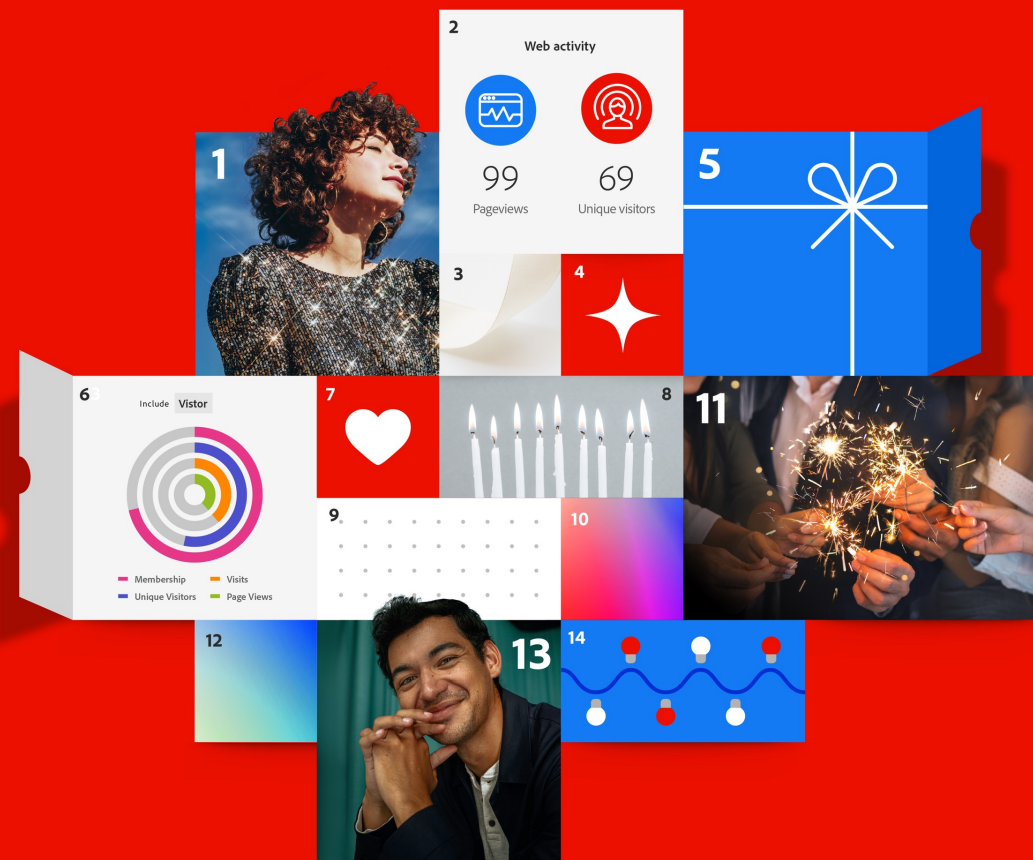# 2023 US Holiday Shopping Forecast

Adobe Digital Insights | October 2023

Methodology

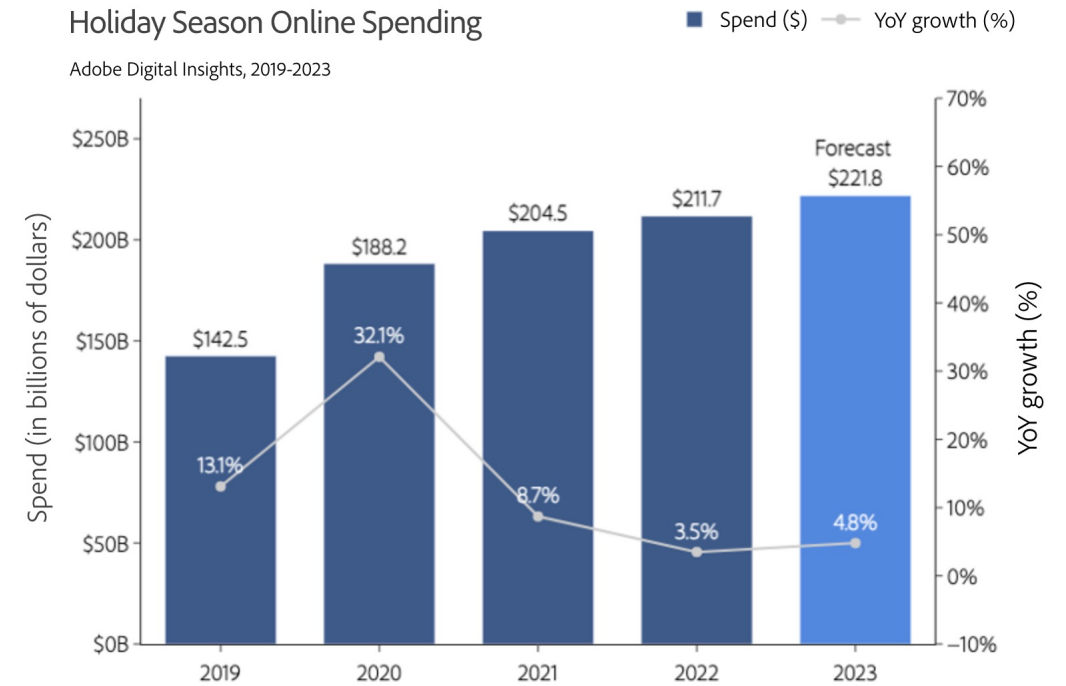- Conducted by Adobe Digital Insights, the *Digital Economy Index* is powered by Adobe Analytics, which analyzes 1 trillion visits to retail sites and over 100 million SKUs in the United States.

- Companion research based on a survey of over 1,000 US consumers in September 2023.

Key findings

- Despite a challenging macro-economic climate, we still expect consumers to drive up positive spend growth and generate over $221.8 billion (4.8% YoY) for online retail this season.

- We expect record discounts across major online categories and for shoppers to strategically spend on major discount days to maximize value.

- Mobile device will overtake desktop this holiday season, accounting for 51.2% of online spend for the holiday season and amounting to a record $113 billion.

- BNPL (buy now, pay later) growth will reach new heights into the holiday with a forecasted $2.57 billion to be spent during Cyber Week 2023.

- TikTok-driven web traffic growth is expected to surge over the holiday season.

- Consumers look to mitigate shipping costs by choosing standard shipping and relying on curbside pickup for last-minute gifts.

Holiday season online spend will drive $221.8 billion this year

- In the face of macroeconomic headwinds consumers have been experiencing, this year they are still expected to spend more than ever this holiday season (Nov-Dec).

- Adobe forecasts a record $221.8 billion will be spent online this holiday season (Nov-Dec).

- Holiday spend growth will land at 4.8% year over year but could fluctuate between 3.5% ($219 billion) and 5.5% ($223.3 billion), depending on dynamic factors.

- 89% of the survey respondents said they will shop online this holiday season.

- 62% of the survey respondents said deals are important for their shopping.

Holiday Season Online Spending
Adobe Digital Insights, 2019-2023

■ Spend ($) —●— YoY growth (%)

Year	Spend	YoY growth
2019	$142.5	13.1%
2020	$188.2	32.1%
2021	$204.5	8.7%
2022	$211.7	3.5%
2023 (Forecast)	$221.8	4.8%

Cyber Week is expected to drive record revenue this season

- Cyber Week, starting from Thanksgiving to Cyber Monday, will grow about 5.4% YoY and draw in $37.2 billion — that's 16.8% of the season's revenue (on par with last year's share).

- Cyber Monday will see the most growth over the weekend at 6.1% YoY and $12 billion in revenue, followed by Black Friday $9.6 billion (5.7% YoY) and Thanksgiving $5.6 billion (5.5% YoY).

- 71% of survey respondents said they will shop online on Black Friday and Cyber Monday.

Cyber Week Holidays
Adobe Digital Insights, 2023
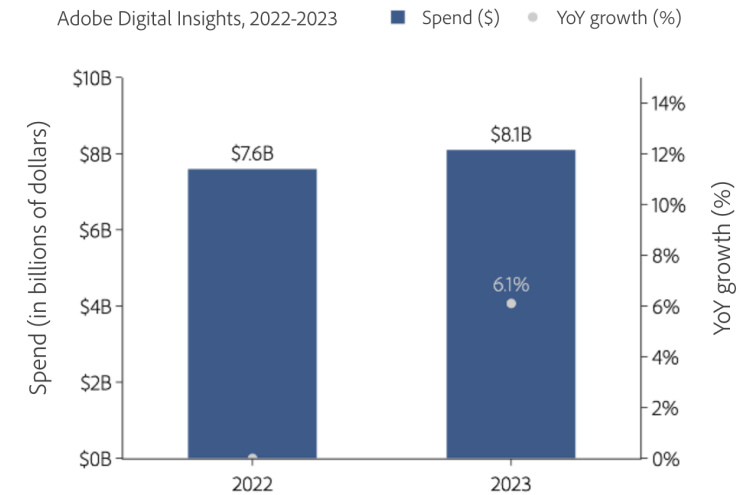
Spend ($) — YoY growth (%)
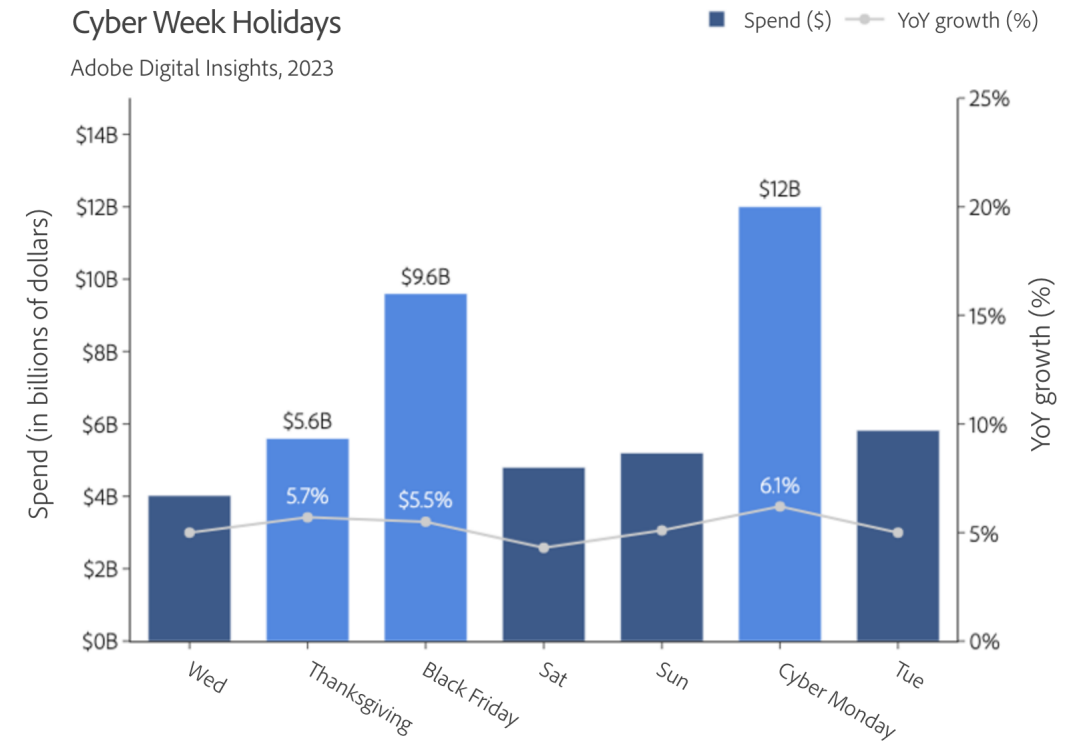
Consumers are expected to spend in October

- As consumers start their holiday shopping earlier, retailers are trying to capitalize on the trend by creating major sales events.

- This year, there is a Prime Day event in October as well as big sales events from other large retailers.

- October's Prime Day is expected to bring in $8.1 billion of revenue to 6.1% YoY growth.

- October monthly sales will bring in $76.4 billion of revenue to 5.4% YoY growth.

- 49% of survey respondents said they will likely start this year's holiday shopping in October.

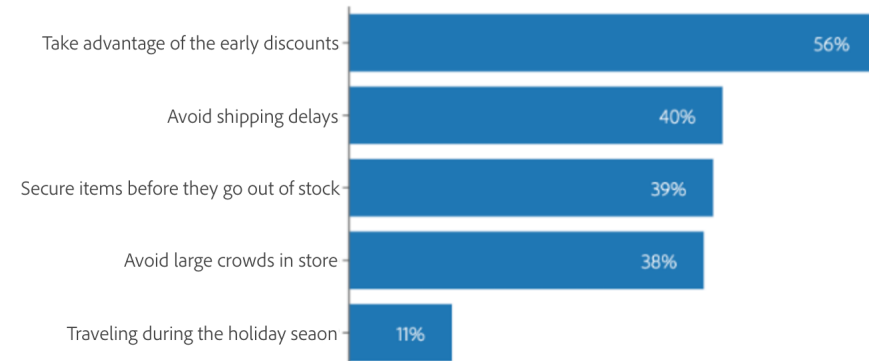- 56% of survey respondents said they will take advantage of early discounts.
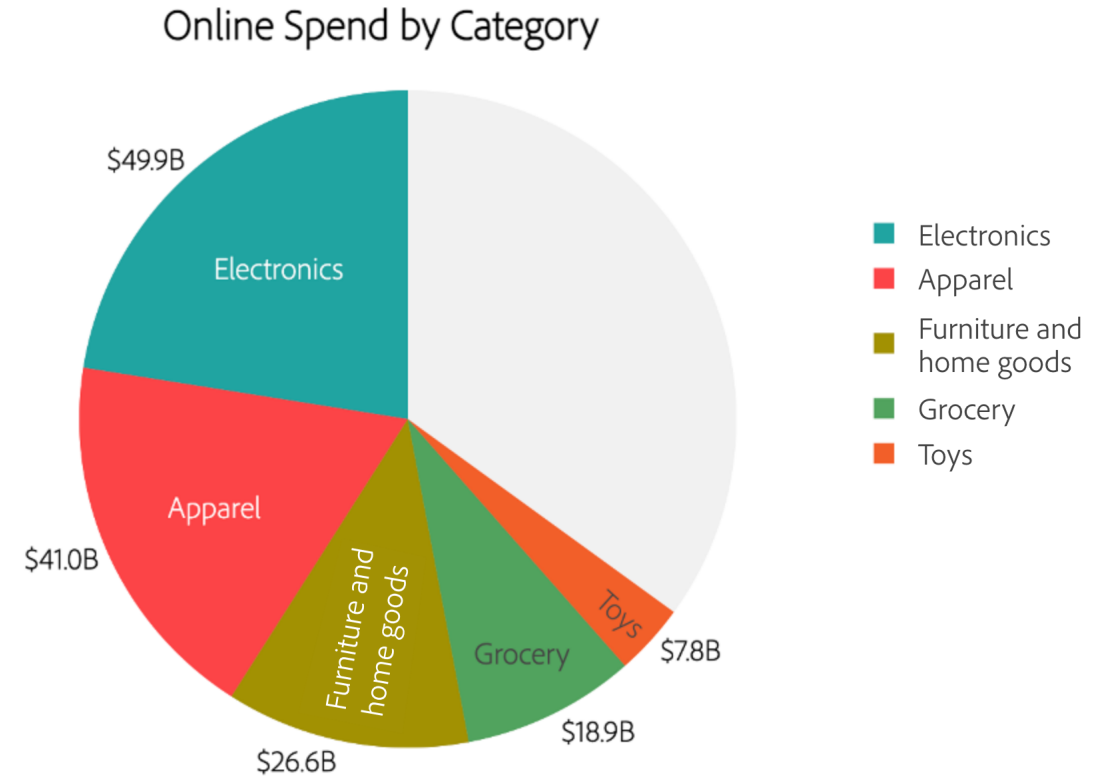
October Prime Day

Adobe Digital Insights, 2022-2023   ■ Spend ($)   ● YoY growth (%)

Top reasons to shop early this season

Adobe Consumer Survey 2023

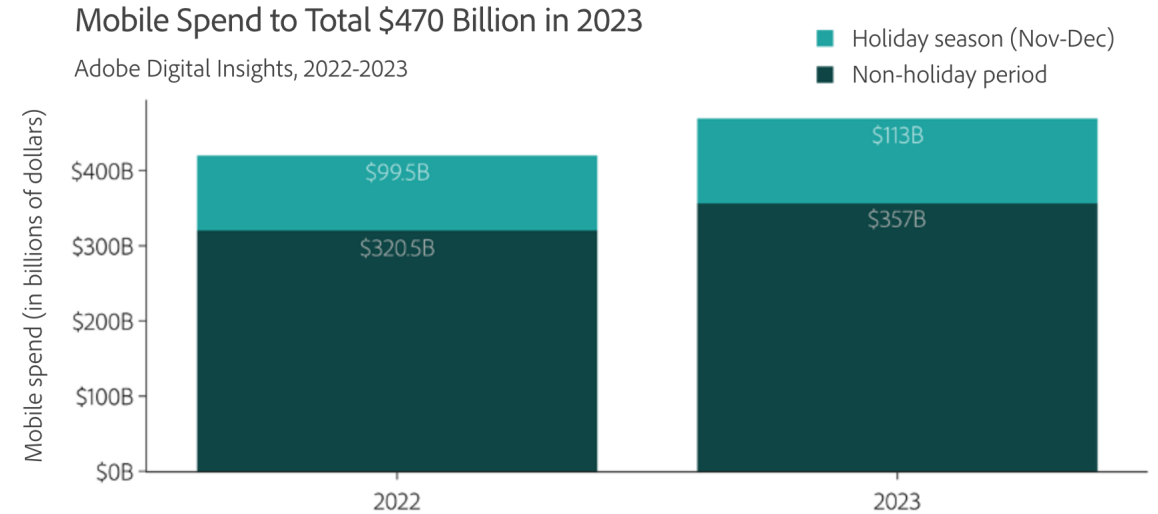| Take advantage of the early discounts | 56% |
Avoid shipping delays	40%
Secure items before they go out of stock	39%
Avoid large crowds in store	38%
Traveling during the holiday seaon	11%

Key categories will contribute to holiday season growth

- Electronics is expected to drive $49.9 billion with 3.4% YoY growth. Strong discounts are expected to maintain persistent growth for the category.

- More than half (57%) of the sales for electronics will happen in November, with an extra boost coming from Cyber Week sales. In contrast, toy sales are expected to be higher in December due to late shopping (52% in Dec).

- Apparel will drive $41 billion in spend, leaving growth at negative 0.7% YoY for the season.

- Toys will grow at 5.4% YoY and $7.8 billion.

- Grocery will drive $18.9 billion in revenue with 10.9% YoY growth.

- Furniture and home goods will grow at 4.7% and $26.6 billion.

Online Spend by Category

Legend:
- Electronics
- Apparel
- Furniture and home goods
- Grocery
- Toys

$49.9B — Electronics
$41.0B — Apparel
$26.6B — Furniture and home goods
$18.9B — Grocery
$7.8B — Toys

Spend on mobile devices forecast to hit record $113 billion this holiday season

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

- A record $113 billion will be spent via mobile this holiday season (Nov-Dec), representing 13.7% growth over 2022. Last year, holiday spend via mobile accounted for 47% of spend and totaled $99.5 billion.

- For 2023 overall, Adobe forecasts a total spend of $470 billion will be made through mobile devices. That's 12% growth over last year's $420 billion.

Mobile Spend to Total $470 Billion in 2023
Adobe Digital Insights, 2022-2023

Legend:
- Holiday season (Nov-Dec)
- Non-holiday period

Y-axis: Mobile spend (in billions of dollars)

2022: $99.5B (Holiday season), $320.5B (Non-holiday period)
2023: $113B (Holiday season), $357B (Non-holiday period)

This year is set to be the first-ever mobile-dominant holiday shopping season

- Mobile is set to be the dominant device for online shopping this holiday season (Nov-Dec).

- Adobe forecasts mobile revenue share to hit a record 51.2% for the season, as consumers increasingly turn to their mobile devices for online shopping.

- Revenue share from mobile during Cyber Week will average 52%.

- Millennials, Gen Z, and Gen X all express strong preference for mobile (66%, 57%, and 53%, respectively).

- Consumers are especially likely to purchase through their phones during peak family time — Thanksgiving and Christmas Day are consistent highs for mobile revenue share (we forecast 60% and 64%, respectively).
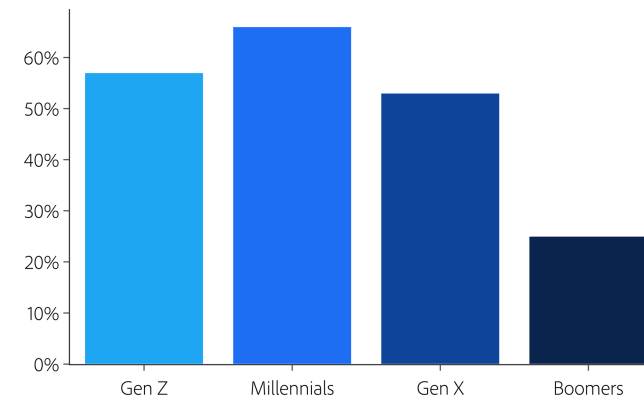
Mobile Revenue Share to Surpass 50% in December
Adobe Digital Insights, 2020-2023
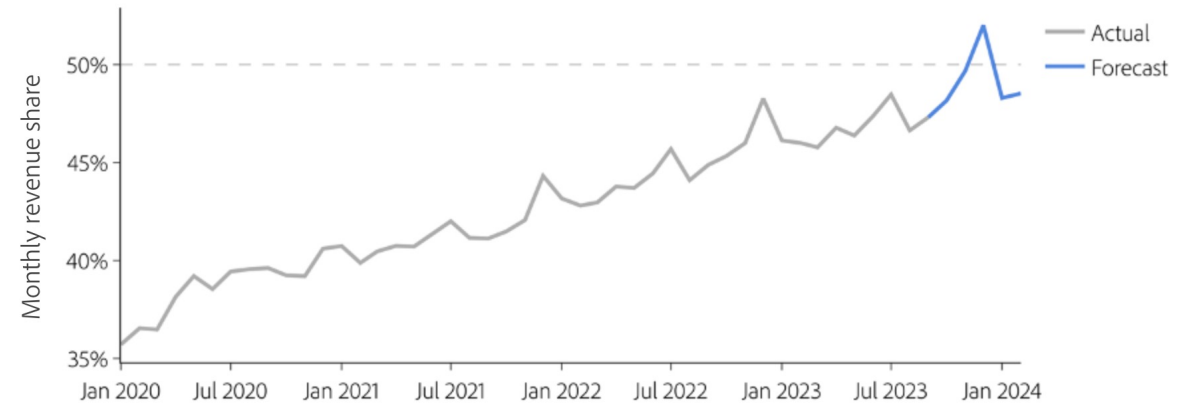
Consumers Shop on Smartphone Even When Desktop is Available
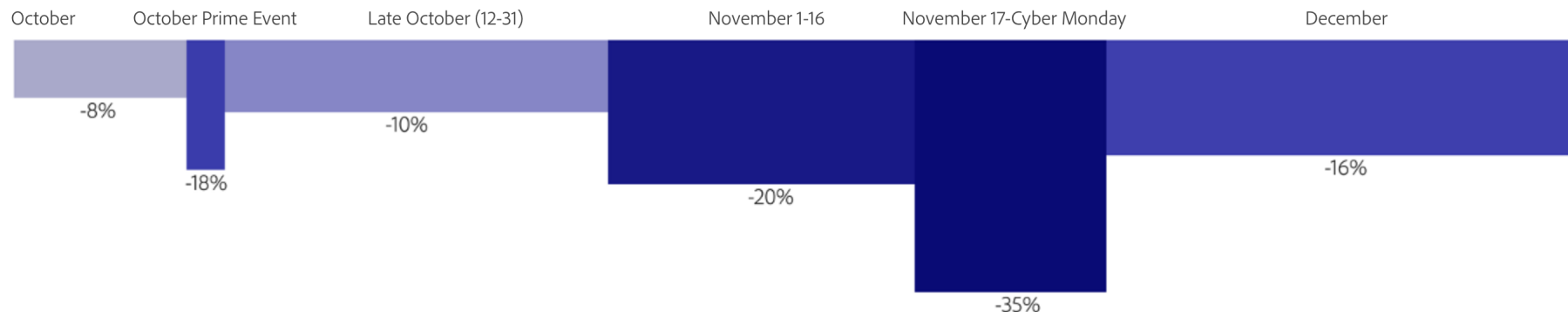Adobe Consumer Survey 2023

Strong discounts will range between 12% and 35% this holiday season

- Early discounting is expected to begin kicking in as early as October 1 (5-8% range). With stronger discounts strengthening over the Prime Day event between 10/10-10/11, in the range of 5-18%, before weakening to normative October levels (5-10%).

- However, once we reach November 1, we will see seasonal discounting escalate with average discounts falling in the 12-20% range. The first two weeks of November will provide early shoppers with competitive value, while ensuring strong product availability and convenience.

- The strongest discounts will reach new heights and peak strength starting from November 17 and spanning across Cyber 5 (Thanksgiving through Cyber Monday). Discounts will fall as deep as 35% before weakening to 16% for remainder of December.

Holiday Shopping Discounts
Adobe Digital Insights, 2023

October	October Prime Event	Late October (12-31)	November 1-16	November 17-Cyber Monday	December
-8%	-18%	-10%	-20%	-35%	-16%

Record-breaking holiday discounts are expected to return

To incentivize stronger consumer spending and growth while also offloading excess inventory, we expect retailers to provide double-digit seasonal discounts within the range of 12-35%.

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

New record	*New record*	*New record*	*New record*	*Holding steady*	*New record*	*New record*	*New record*
Electronics: 30%	Televisions: 22%	Toys: 35%	Apparel: 25%	Computers: 24%	Appliances: 20%	Furniture: 19%	Sporting goods: 24%
Cyber Monday 11/27	**Black Friday 11/24**	**11/26**	**11/26**	**11/25**	**11/30**	**Cyber Monday 11/27**	**12/04**

Buy now, pay later — strong growth expected this holiday

- Buy now, pay later (BNPL) growth remains strong as consumers rely on the payment method to spend more than ever this holiday season. November 2023 alone is forecast to reach $9.3 billion in BNPL spend, the largest month ever recorded. The second largest month on record is November 2022, which was $1.6 billion lower.

- Cyber Monday will bring in the most spent ever in a day online using BNPL, at $782 million. The second largest day ever was Cyber Monday 2022, with $658 million. Consumers are forecasted to spend $2.57 billion using BNPL during Cyber Week (11/23-11/27).

- For the year to date (Jan-Aug), $46.7 billion has been spent online with BNPL. Total online BNPL spend during the holiday season (Nov-Dec) is forecast at $17 billion. We forecast the total BNPL spend in 2023 will be $75.7 billion.

- In 2023, holiday spend (Nov-Dec) is projected to be $2.5 billion more than last year and have year-over-year growth of 16.9%.

Buy Now, Pay Later Online Spend
2022-2023

Legend: Forecast, 2023, 2022, 2021

BNPL Order Share Continues to Build Year on Year
Adobe Digital Insights, 2021-2023

Legend: 2023, 2022, 2021
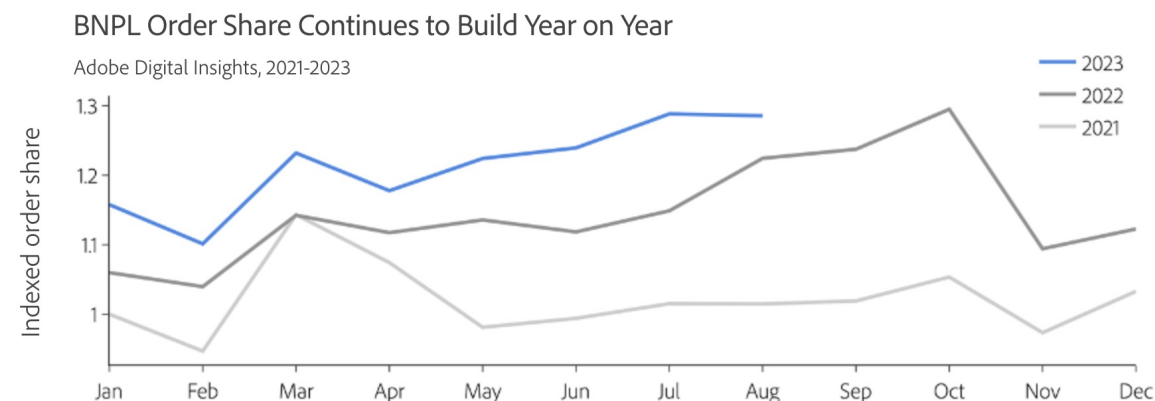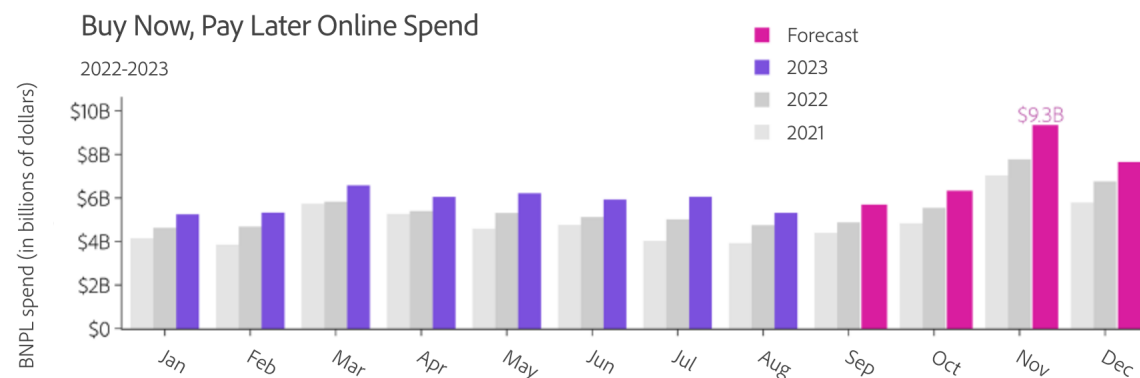
Buy now, pay later adoption has biggest gains in grocery

- BNPL has continued to grow in popularity over the past year for some product categories more than others.

- Adoption of the payment method has grown more for grocery than any other product category, with 37.5% growth year over year for BNPL order share (compared to other payment methods used for grocery; Jan-Aug 2023).

- Furniture and home goods is the runner-up category for growth, with BNPL year-over-year order share up 25.9%.

- Apparel BNPL adoption continues at the same pace we saw in 2022, with 15% growth year over year in 2023 and 17.9% growth year over year in 2022.

BNPL Order Share Growth

Adobe Digital Insights, January-August 2022-2023
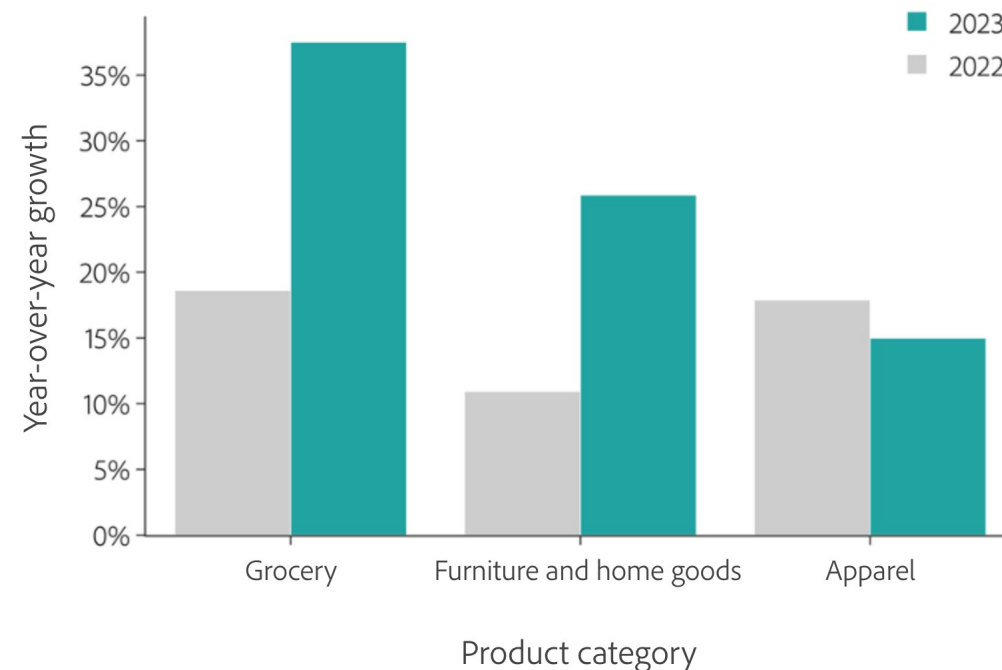
Buy now, pay later driven by younger generations (especially millennials)

- 1 in 5 survey respondents said they plan to use BNPL to purchase a gift this holiday season.

- Millennials are the heaviest adopters, with 1 in 3 planning to use BNPL to buy gifts this holiday season. Runners-up are Gen Z and Gen X, both at 1 in 4.

- 1 in 4 respondents are more likely to purchase from a retailer that offers BNPL.

- 1 in 2.5 (39%) of millennials are more likely to purchase from a retailer that offers BNPL.

Consumers Planning to Use BNPL for Gifts This Holiday Season
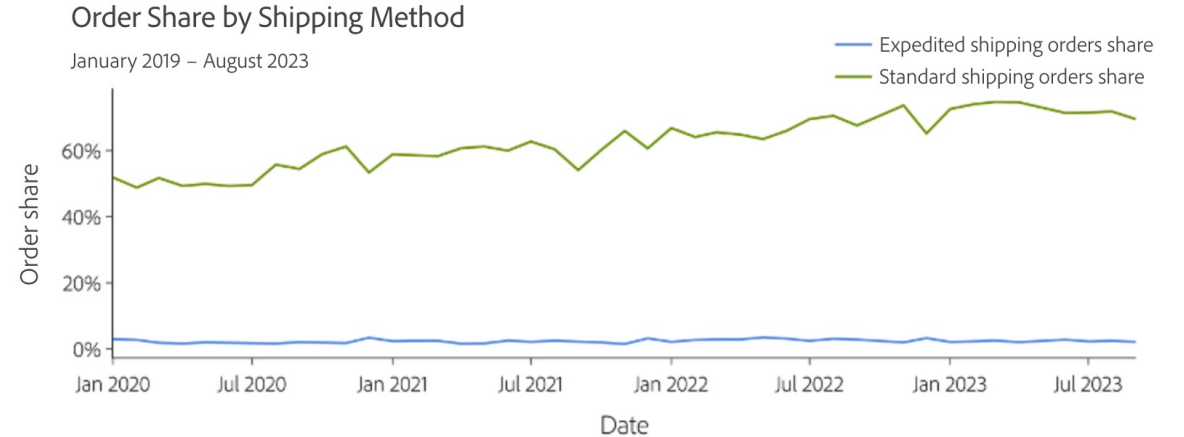Adobe Consumer Survey 2023
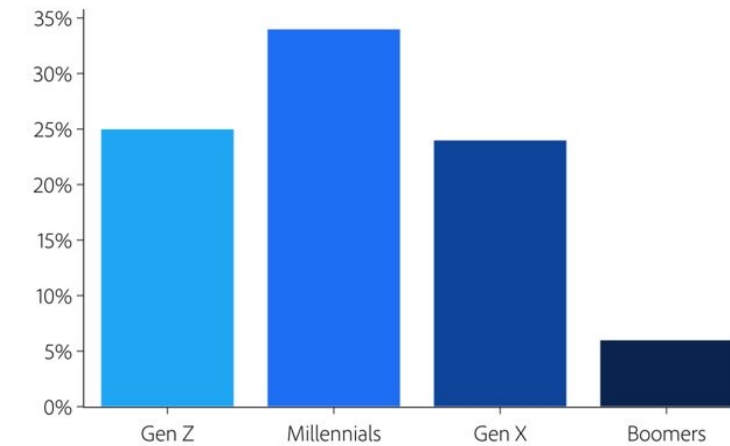
More Likely to Purchase from Retailers that Offer BNPL
Adobe Consumer Survey 2023
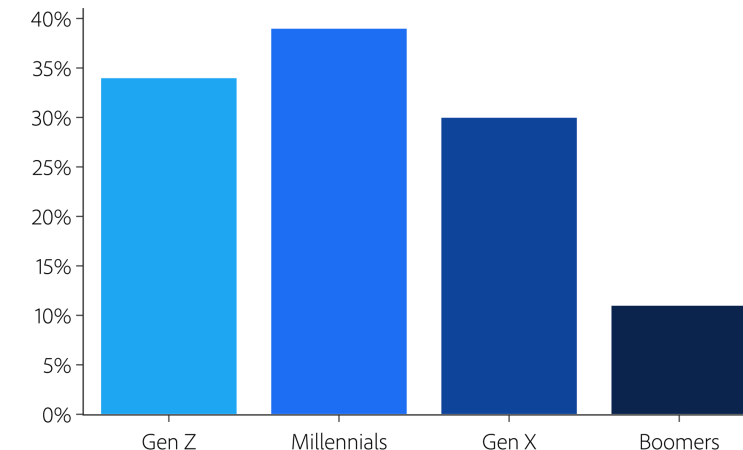
Consumers look to mitigate costs through cheaper fulfillment options

- So far in 2023, the share of orders with expedited shipping is down 18% over the same period in 2022.

- In contrast, the share of standard shipping is up 9.5% compared to last year.

- Standard shipping is expected to peak during Cyber Week at 80-85% of orders.

- 61% of survey respondents said they are not willing to pay for faster shipping this holiday season.

- 72% of survey respondents ranked free shipping in the top three most important factors for shopping online.

Order Share by Shipping Method
January 2019 – August 2023

Legend:
— Expedited shipping orders share
— Standard shipping orders share

Y-axis: Order share (0%, 20%, 40%, 60%)
X-axis: Date (Jan 2020, Jul 2020, Jan 2021, Jul 2021, Jan 2022, Jul 2022, Jan 2023, Jul 2023)

Curbside utilization is here to stay

- Curbside pickup utilization has held steady this year, at 18.6% of orders for retailers that offer the service.

- BOPIS is expected to peak later in the season (on December 22 and 23) for last-minute gift purchases at 35-40% of orders.

- Survey respondents' top three reasons for using curbside:

  - How fast it is

  - To minimize time spent in store
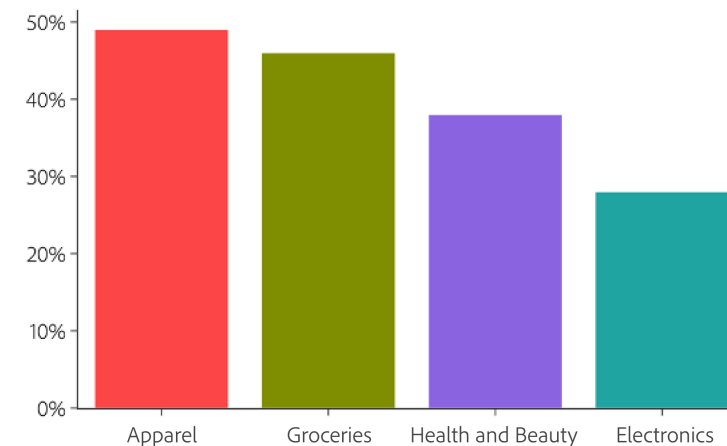
  - To avoid shipping charges

Have Used Curbside in the Last 90 Days
Adobe Consumer Survey 2023
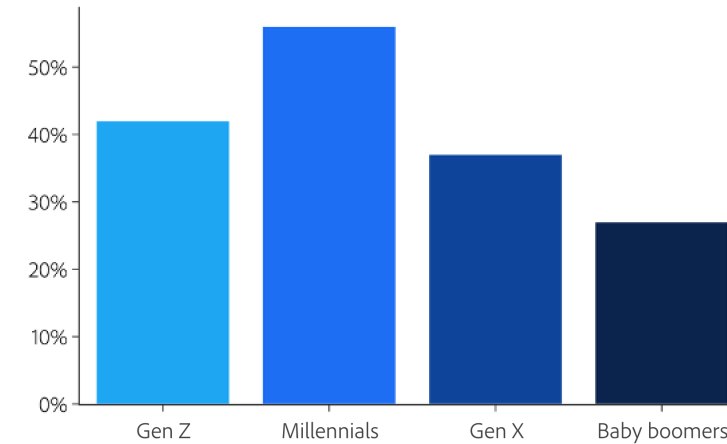
## Top Categories for BOPIS
Adobe Consumer Survey 2023

TikTok's traffic share surges while Facebook and Instagram decline

- TikTok's share of traffic to retail sites is expected to increase 85-90% year over year in November and December.

- Facebook's share is expected to see a 4% decline year over year during the holiday season.

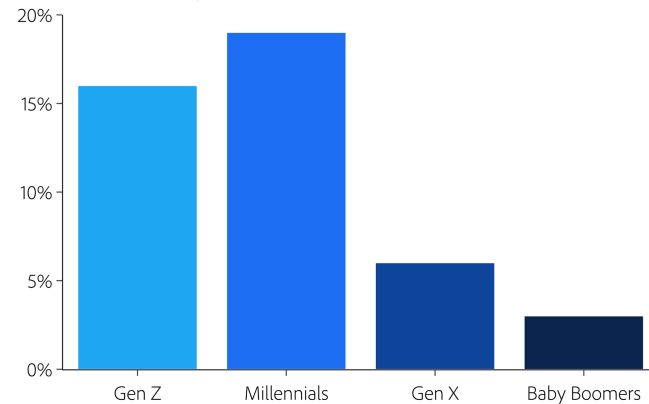- Instagram's share of traffic is expected to decrease 10% year over year in November and December.

Have Purchased from Social Media
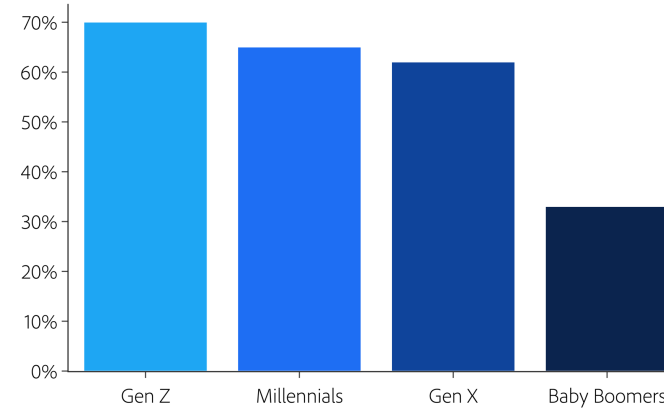Adobe Consumer Survey 2023
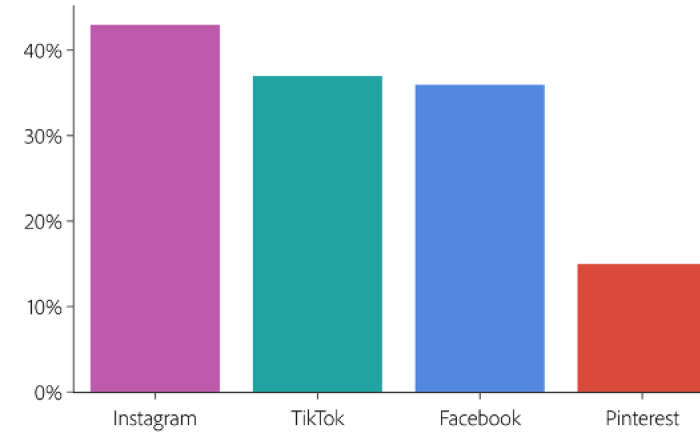
Have Purchased Based on Influencer Recommendation
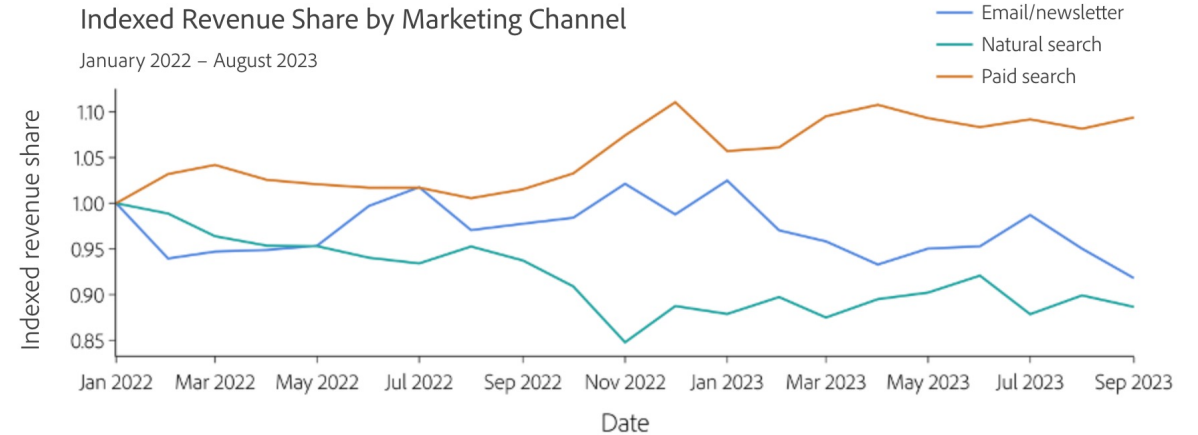Adobe Consumer Survey 2023

Have Gotten Gift Ideas from Social Media
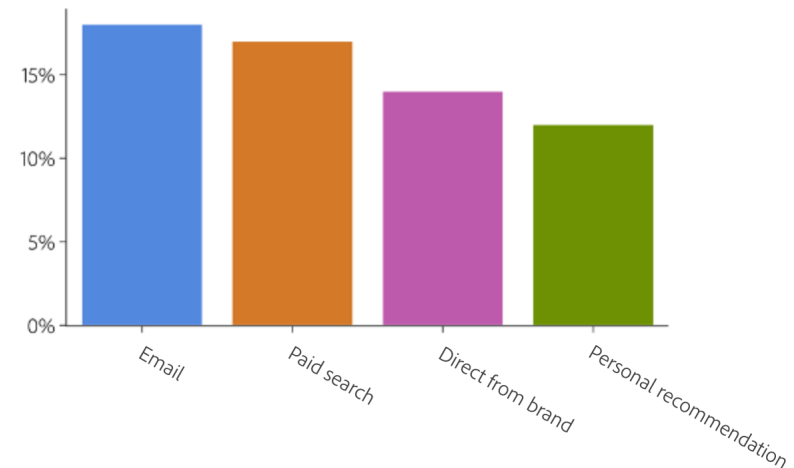Adobe Consumer Survey 2023

Marketing channels

- Paid search has been trending upward this year and is expected to see 7-10% growth year over year this holiday season.

- The email and newsletter category has been holding steady and is expected to remain steady throughout the holiday season.

- In contrast, share of revenue for natural search is trending down.

- Expected to decline 7-11% from January 2023 levels and down 10% year over year in November and December.

Indexed Revenue Share by Marketing Channel

January 2022 – August 2023

— Email/newsletter
— Natural search
— Paid search

The Best Way to Receive Holiday Deals

Adobe Consumer Survey 2023

Top category drivers will continue to drive growth this holiday season

- The continued prevalence of remote / hybrid work coupled with strong discounts will make computer monitors and accessories a top category this season.

- High-end cosmetics and other viral TikTok products are expected to be featured heavily on holiday shopping lists after strong displays during spring and summer sales this year.

- With record-breaking discounts predicted for TVs and small kitchen appliances, these holiday favorites will continue to be a reliable source of holiday growth.

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

Weaker performing categories   Top performing categories

←——→

Outdoor décor / furniture	Puzzles & boxed games	Streaming devices	Activity trackers /	Computer monitors
Air conditioners	Tablets	Jewelry	smart watches	and accessories
Garden supply	Backyard toys	VR headsets	High-end cosmetics	Dolls & action figures
			Video games	Small kitchen appliances

Holiday hot products to watch

Toys watchlist

- LEGO minifigures
- Kanoodle 3D
- *Barbie the Movie* products
- Shape Shifting Box
- Tamagotchi Nano x Harry Potter
- Transforming Ariel Fashion Doll
- Taco Cat Goat Cheese Pizza card game
- Magic Mixies Magical Cauldron

Games watchlist

- PS5
- Xbox Series X
- Switch OLED
- *Madden NFL 24*
- *NBA 2K24*
- *Mortal Kombat 1*
- *Marvel's Spider-Man 2*
- *Super Mario Bros. Wonder*
- *Cities: Skylines II*
- *Call of Duty: Modern Warfare 3*
- *Hogwarts Legacy*
- *Super Mario RPG: Legend of the Seven Stars*
- *Starfield*

Additional hot products

- iPhone 15
- Headphones
- E-readers / Kindle
- Fujifilm Instax Mini Evo camera
- Ember Mugs
- Meta Quest 3 VR Headset
- Roomba
- Ugg Tasman Slippers
- Birkenstock Bostons
- Summer Friday's Lip Butter Balm
- Sol De Janeiro skin & body care
- Charlotte Tilbury Contour Wand
- Drunk Elephant Bronzing Drops
- Hatch Alarm Clock
- Frame TVs

Consumer awareness and use of generative AI

1 in 2 consumers has used generative AI for personal, academic, or professional reasons.
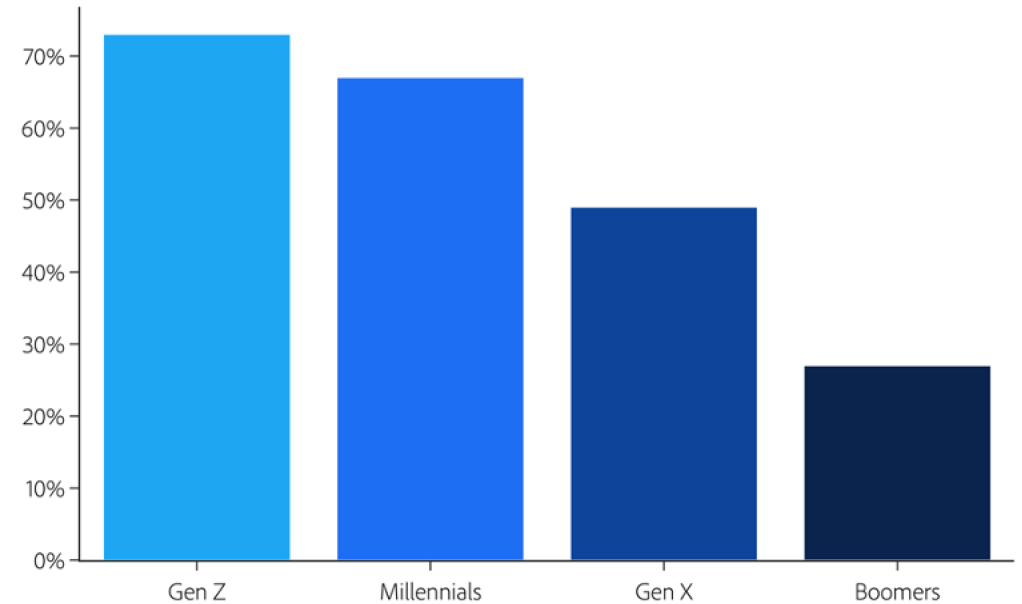
Are You Familiar with Generative AI?
Adobe Consumer Survey 2023
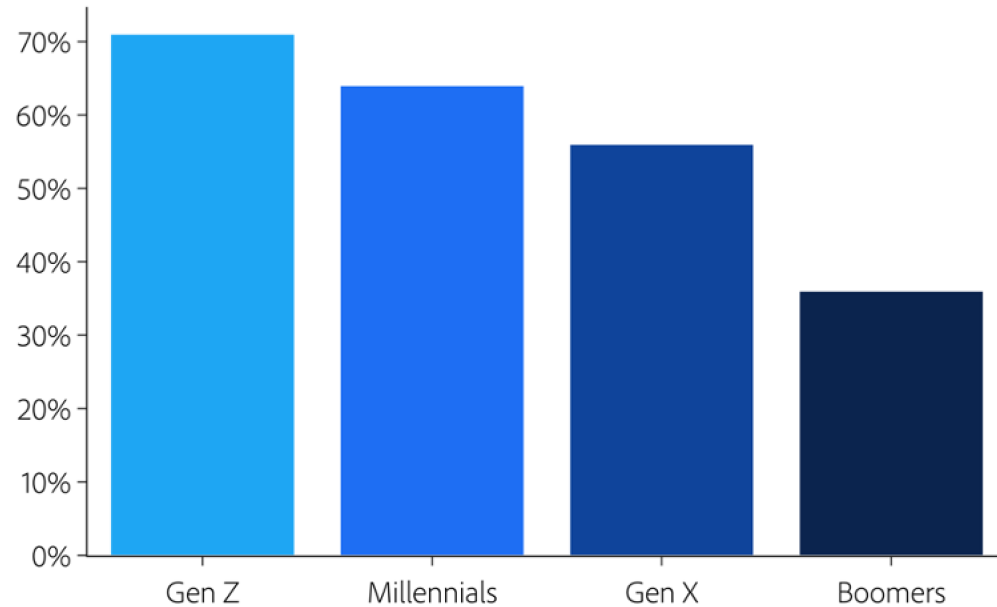
Have Used Generative AI for Personal, Academic, or Professional Reasons
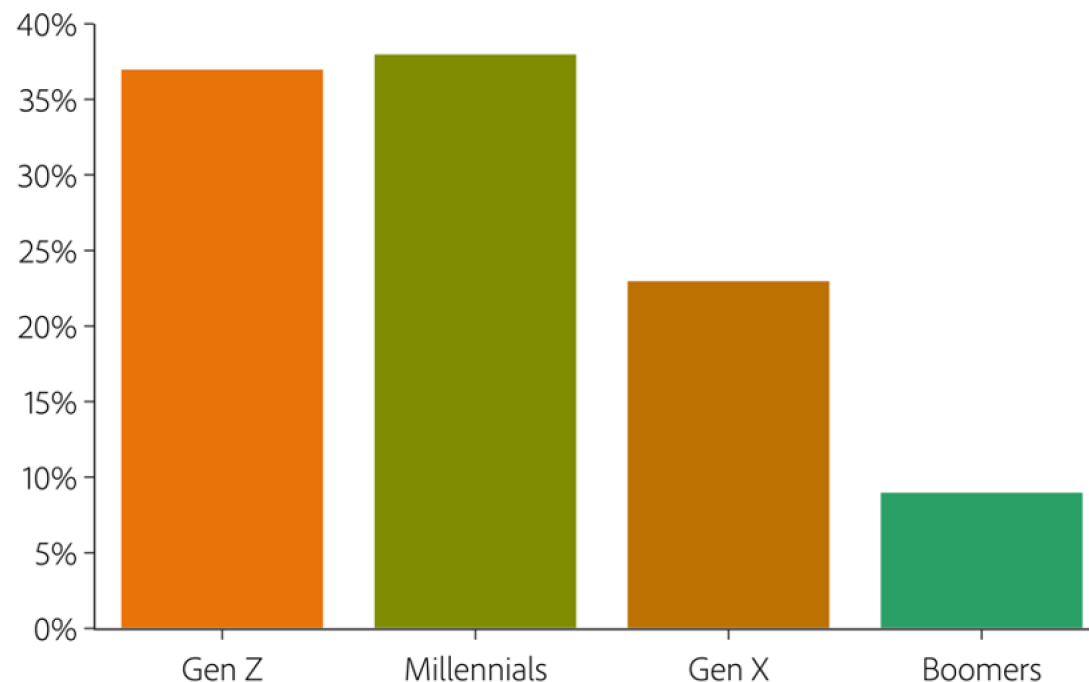Adobe Consumer Survey 2023

Adobe

What about generative AI and holiday shopping?

- 1 in 3 consumers plans to use ChatGPT or other generative AI to aid in holiday shopping this year.

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

  - The best deals (16%)

  - Brand recommendations (11%)

  - Similar items or brands to ones they already know (10%)

  - Specific items online (14%)

Has Used Generative AI to Shop Online

Adobe Consumer Survey 2023

Over half of consumers think generative AI improves online shopping

To What Extent Do You Think Generative AI Improves the Online Shopping Experience?
Adobe Consumer Survey 2023