



Public relations contacts

Kevin Fu
Adobe
kfu@adobe.com

Bassil Elkadi
Adobe
belkadi@adobe.com

FOR IMMEDIATE RELEASE

Media Alert: Adobe Digital Price Index: Online Inflation Hits Record High at 3.6%

- February marked 21st consecutive month of online inflation
- Prices for tools and home improvement hit record high
- Apparel prices rose more than any other category, up 16.7% year-over-year

SAN JOSE, Calif. — Mar. 10, 2022 — Adobe (Nasdaq:ADBE) today announced the latest online inflation data from the Adobe Digital Price Index (DPI). In February 2022, online prices increased 3.6% year-over-year (YoY) and 0.1% month-over-month (MoM). This is a new record high, after the previous record in November 2021 when prices rose 3.5% YoY. It marks the 21st consecutive month of YoY online inflation. In February, tools and home improvement were a standout category, with prices seeing their highest annual increase at 7.8% YoY (up 0.8% MoM). Apparel increased 16.7% YoY (up 0.3% MoM), more than any other category. In groceries, prices increased 7.6% YoY (up 1.9% MoM), a record high for the category.

The DPI provides the most comprehensive view into how much consumers pay for goods online. Powered by Adobe Analytics, it analyzes one trillion visits to retail sites and over 100 million SKUs across 18 product categories: electronics, apparel, appliances, books, toys, computers, groceries, furniture/bedding, tools/home improvement, home/garden, pet products, jewelry, medical equipment/supplies, sporting goods, personal care products, flowers/related gifts, non-prescription drugs and office supplies.

In February, 13 of the 18 categories tracked by the DPI saw YoY price increases, with apparel rising the most. Price drops were observed in five categories: electronics, jewelry, books, toys and computers.

On a MoM basis, 13 of the 18 categories saw February price increases, with price drops observed in categories including electronics, jewelry, appliances, computers and medical equipment/supplies.

Notable Categories in the Adobe Digital Price Index (February 2022)

- **Tools and Home Improvement:** Prices were up 7.8% YoY (up 0.8% MoM), the highest increase for the category on an annual basis. The previous high point was over the 2021 holiday season, where online prices were up 7.1% YoY in December 2021. February also marks the 15th consecutive month of YoY inflation for the category.

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- **Apparel:** Prices were up 16.7% YoY (up 0.3% MoM), on par with the 2021 holiday season where prices increased 17.3% YoY in November 2021 and 16.6% in December 2021. The category has seen nearly a full year of online inflation (11 consecutive months). It is a departure from a predictable pattern pre-pandemic, where seasonal discounting drove peaks and valleys in apparel prices online.
- **Groceries:** Prices were up 7.6% YoY (up 1.9% MoM), the highest increase for the category on an annual basis. February marks the 25th consecutive month where online prices have risen for groceries, making it the only category that has moved in lockstep with the Consumer Price Index.
- **Office Supplies:** After eight consecutive months where online prices fell or were flat on an annual basis, office supplies were up again for a second month with prices up 1.8% YoY (up 0.3% MoM) in February. In the month prior, prices increased by 1.5% YoY (up 2.2% MoM). The unpredictability of COVID-19 variants has kept many consumers working from home still, driving up demand and prices for products in home offices.
- **Pet Products:** Prices were up 5.6% YoY (up 1.3% MoM) and have been steadily rising for the last 10 months. In May 2021, prices were only up 0.9% YoY (up 0.1% MoM). As a newer category in e-commerce, prices have risen since May 2020, as more consumers brought pets into their homes, which boosted demand.

Methodology

The DPI is modeled after the Consumer Price Index (CPI), published by the U.S. Bureau of Labor Statistics, and uses the Fisher Price Index to track online prices. The Fisher Price Index uses quantities of matched products purchased in the current period (month) and a previous period (previous month) to calculate the price changes by category. Adobe's analysis is weighted by the real quantities of the products purchased in the two adjacent months.

Adobe uses a combination of Adobe Sensei, Adobe's AI and machine learning framework, and manual effort to segment the products into the categories defined by the CPI manual. The methodology was first developed alongside renowned economists Austan Goolsbee and Pete Klenow.

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