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FOR IMMEDIATE RELEASE

Adobe Digital Price Index: Online Inflation Remains Elevated at 3.6%

- Apparel prices rising faster online than offline
- Prices for groceries continue to surge, hitting another record high at 9.0%
- Demand for e-commerce remains strong, despite higher prices

SAN JOSE, Calif. — April 12, 2022 — Adobe (Nasdaq:ADBE) today announced the latest online inflation data from the [Adobe Digital Price Index](#) (DPI). In March 2022, online prices increased 3.6% year-over-year (YoY) and 0.3% month-over-month (MoM), matching the record YoY high in February 2022. This marks the 22nd consecutive month of YoY inflation online. In March, prices for apparel increased 16.3% YoY (up 0.3% MoM), more than any other category.

Grocery prices continued to surge and rose 9.0% YoY (up 1.4% MoM), a new record. Prices for everyday staples including pet products increased 7.0% YoY (up 1.5% MoM), and personal care items increased 1.4% YoY (up 0.1% MoM). Despite higher prices and supply chain challenges that drove 3.1 billion out-of-stock messages in March, demand for e-commerce remained strong. Consumers spent \$83.1 billion (up 7% YoY), a significant increase from \$67 billion in February, as the digital economy continued to shift to more personalized customer experiences.

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 drug and office supplies.

“Consumers are feeling a greater hit to their pocketbooks, with consistently high levels of online inflation in categories such as groceries and pet products,” said Patrick Brown, vice president of growth marketing and insights, Adobe. “But while e-commerce prices have risen more than years past, durable demand shows that consumers are embracing more personalized experiences in the digital economy as well as the conveniences of online shopping, particularly for growing categories like groceries.”

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Over the last 12 months, apparel has consistently outpaced the Consumer Price Index (CPI), which captures prices that consumers pay for goods offline. In February, apparel prices rose 11.0% in the DPI, compared to 3.1% in the CPI (indexed to 2014). Non-prescription drugs followed a similar trend, with the DPI up 7.9% and the CPI down 1.2% in February. For everyday staples like groceries and pet products, online prices now move in tandem with the CPI.

In March, 14 of the 18 categories tracked by the DPI saw YoY price increases, with apparel rising the most. Price drops were observed in four categories: electronics, jewelry, toys and computers.

On a MoM basis, 12 of the 18 categories saw March price increases, with price drops observed in categories including electronics, books, toys, flowers/related gifts, computers and sporting goods.

Notable Categories in the Adobe Digital Price Index for March:

- **Apparel:** Prices were up 16.3% YoY (up 0.3% MoM), with the category now seeing a full year of online inflation. In this time period, apparel prices online also outpaced the CPI. This reverses the longstanding pattern for the category, where seasonal discounts created predictable peaks and valleys in online prices.
- **Groceries:** Prices were up 9.0% YoY (up 1.4% MoM), the highest increase for the category on an annual basis. Grocery prices online have been surging, up from a 7.6% YoY increase in February and 5.8% YoY increase in January. In May 2021, prices were up by just 0.4% YoY. March now marks the 26th consecutive month where online prices have risen for groceries, and it is the only category to move in lockstep with the CPI on a long-term basis.
- **Pet Products:** Online inflation is accelerating for the category as prices rose 7.0% YoY (up 1.5% MoM). It follows a 5.6% YoY increase in February and 4.7% YoY increase in January. Prices for pet products have risen for nearly two years (23 consecutive months), following the rise in demand as more consumers brought pets into their homes. During the last holiday season (2021), online sales for pet products were up by 63% versus pre-season levels.
- **Personal Care Products:** Prices were up 1.4% YoY (up 0.1% MoM), marking the fourth consecutive month of online inflation after prices decreased 0.9% YoY in November 2021. Prior to the pandemic (before March 2020), online price increases were unusual for the category, with only two months seeing YoY online inflation over 1% (November 2017 up 2.4% YoY and December 2017 up 1.2% YoY).
- **Tools and Home Improvement:** Prices were up 8.5% YoY (up 1.1% MoM), the highest increase for the category on an annual basis. In February, prices were up 7.8% YoY. March also marks the 16th consecutive month of YoY inflation for the category, as consumers continue to invest in the upkeep and maintenance of their homes.

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.

About Adobe

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