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Media Alert: Adobe Forecasts £24.1 Billion UK Online Holiday Shopping Season - Discounts and BNPL Debt Fuel Spending

- **Black Friday expected to drive a record £1.05 billion in online spending, with total sales over the Cyber Weekend reaching £3.8 billion**
- **Discounts expected to hit record highs, peaking on Black Friday with cut-price deals saving consumers 22% on computers and 20% on TVs compared to pre-Holiday prices**
- **Buy Now, Pay Later 'debt spending' set to reach a record £17.2 billion in 2023, as consumers look for flexible ways to manage budgets**
- **UK Consumers set to spend over £14 billion using mobile devices over the holidays – more than 59% of total spending**

London, UK – 8th November 2023 – Today, Adobe (Nasdaq:ADBE) released its 2023 UK holiday shopping forecast revealing that UK consumers are set to spend £24.1 billion online this holiday season (1st November to 31st December), representing a 2.7% increase on the £23.5 billion spent online in the same period in 2022.

The forecast, which is based on Adobe Analytics data from hundreds of billions of actual online transactions and the prices of 100 million SKUs since 2019, also revealed the level of discounting on offer across 18 retail categories. Additionally, forecasting reveals which days discounts will peak, and the extent to which UK consumers are using Buy Now Pay Later (BNPL) services.

Adobe Analytics data found that while overall spend will increase, consumers will be making greater use of deep discounts on offer during Cyber Weekend (24th – 27th November) and flexible payment services such as BNPL to spread the cost of holiday gift buying. Online spending during Cyber Weekend is forecast to reach £3.2 billion, up 3.7% YoY and representing 16.8% of the total holiday season spending. Black Friday is expected to retain its position as the biggest shopping day of the year, bringing in a record £1.05 billion, up 4.5% YoY. Cyber Monday spending is set to grow by 5.0% YoY to £861.4 million, with Boxing Day sales expected to grow 4.1% YoY to £460.4 million.

Adobe also commissioned a companion survey of 2,000 UK consumers, conducted by Censuswide in October 2023, to reveal shopping intentions and preferences for the 2023 holiday season. The survey found that 28% of UK consumers are planning to buy most of their Christmas gifts over these major discounting days to make the most of the deals on offer.

“After a tough 2023 for the sector, retailers can feel optimistic about this year’s golden quarter with e-commerce expected to grow by 2.7 per cent compared with last year,” said Vivek Pandya, Lead Analyst at Adobe Digital Insights. “This year’s growth will be fuelled by the increasing use of flexible payment methods like Buy-Now-Pay-Later and strong

spending over Black Friday and Cyber Monday, so it's essential that retailers gear up for this year's milestone shopping days."

Record Discounts Expected This Season

Competitive discounting is expected throughout the season and Adobe anticipates discounts will hit record highs – up to 22% off listed prices - as retailers seek to stimulate demand among cost-conscious customers. Of the 18 categories tracked by Adobe, computers, televisions and sporting goods are expected to offer the biggest deals: discounts for computers are expected to peak at 22% off pre-holiday season prices, while television discounts are set to hit 20%, and 19% for sporting goods. Other categories with notable discounts include furniture at 18%, apparel at 16% and toys at 14%.

Discounts are forecast to peak during Cyber Weekend. Black Friday (24th November) is expected to be the best day to shop for toys and apparel, while Saturday 25th November will have the best deals for computers and TVs. The deepest discounts for appliances will be on Cyber Monday, while Boxing Day will have the best deals for sporting goods and furniture.

Buy Now, Pay Later 'debt spending' Continues To Grow

The use of BNPL services is expected to set new records this season, driving £3.7 billion in online spending during the holiday season alone, up 8.8% YoY and £300 million more than last year. Adobe expects BNPL spending across the biggest shopping days (Cyber Weekend and Boxing Day) to hit £544 million, a 13.8% YoY increase, with Cyber Monday set to be BNPL's largest single day with £153.5 million projected to be spent, surpassing 2022's daily record of £134.9 million, which also occurred on Cyber Monday.

BNPL has already seen strong traction this year, with £13.5 billion spent so far in 2023, up 16% YoY and £1.9 billion more than during the same period last year. Over the full year, Adobe expects BNPL spend to reach £17.2 billion.

Adobe's consumer survey found that 39% of shoppers had used BNPL at least once this year, and 15% plan to use it to buy Christmas gifts over the festive period.

Cuts Coming to Christmas Food Shop

Adobe's consumer survey found that many households are planning to change their Christmas food shopping habits to make savings where they can. A quarter are planning to switch away from premium or branded products to store brand or value range alternatives, a quarter are also planning to shop at stores that offer cheaper prices than their usual supermarket, and 24% are planning to substitute their usual products for different, cheaper items altogether.

Additional Adobe Analytics Insights

- **TikTok traffic to UK sites is expected to surge this holiday season:** As the platform continues to grow, Adobe predicts TikTok's share of traffic to ecommerce sites will increase as much as 135% YoY, where legacy incumbents Facebook and Instagram are expected to fall by 10% YoY and 15% YoY, respectively. This shift is also reflected in consumer research data which showed that 13% of consumers will take inspiration from TikTok for their gift ideas this year, on a par with Facebook and hot on the heels of the top social platform for gift inspiration, Instagram (14%).
- **Mobile shopping continues to outperform desktop, with 2023 set to be the biggest year for ecommerce spend on mobile devices:** Adobe anticipates well over half (59.4%) of online spending will take place on mobile devices this holiday season, a milestone reflecting improved small screen shopping experiences. Mobile spending is set to hit a record £14.1 billion over the holiday period, up 7.6% YoY, with usage peaking on days when consumers are likely to be with friends and family, such as Christmas and Boxing Day.

- **Top sellers expected this holiday season:** LEGO Minifigures and Star Wars, Harry Potter, Disney and Holiday Main Street Sets, Barbie the Movie products, micro scooters, Jellycat stuffed toys, interactive pets (including Bitzee, Fingerlings, Furby Purple, and Little Live Pets), Beast Lab Core Line Shark playset, the MGA Miniverse diner capsule, and Wooden Café playsets. Top gaming consoles will include Sony PlayStation 5, Xbox Series X, Nintendo Switch OLED and Meta Quest 3 VR Headset, while top games will include EA Sports FC 24, Cricket 24, Red Dead Redemption, Super Mario Bros Wonder, Football Manager 2024, Call of Duty: Modern Warfare 3, Hogwarts Legacy, Mortal Kombat 1, and Starfield. Other top sellers this holiday season will include iPhone 15 models, headphones, hampers, premium advent calendars, Hatch alarm clocks, Sol De Janiero skincare products, Ninja Creami ice cream makers, New Balance trainers and Ugg Tasman slippers.

Methodology

The Adobe Digital Economy Index (DEI) used Adobe Analytics to analyse hundreds-of-billions of visits to retail sites from UK consumers since 2019, 100 million SKUs, and 18 product categories to provide the most comprehensive view of the UK digital economy. Adobe Analytics is part of Adobe Experience Cloud, relied upon by major retailers to deliver, measure, and personalise shopping experiences online.

Additional research was conducted for Adobe by Censuswide in a survey of 2,008 consumers in the United Kingdom between October 20th 2023 and October 23rd, 2023.

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