



2014 Holiday Shopping Recap

Adobe Digital Index

Methodology

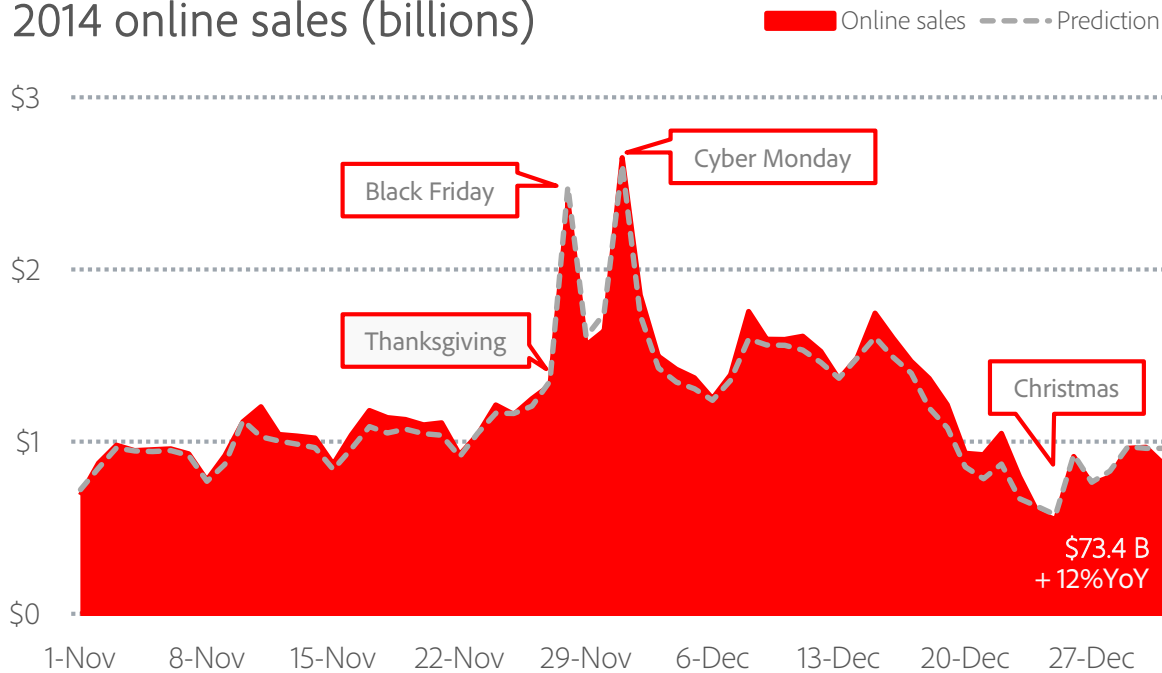
- Data from Adobe Marketing Cloud: Adobe Analytics, Adobe Mobile Services, Adobe Media Optimizer, and Adobe Social
- Based on analysis of aggregated and anonymous data
- More than 18 billion visits to 4,500 retail websites during November and December
- Over \$7.00 out of \$10.00 spent online with top 500 retailers is measured by Adobe Marketing Cloud
- Separate findings from surveys of 400+ U.S. consumers, and digital marketers

US: Online Shopping

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73 billion spent online this holiday season

2014 online sales (billions)

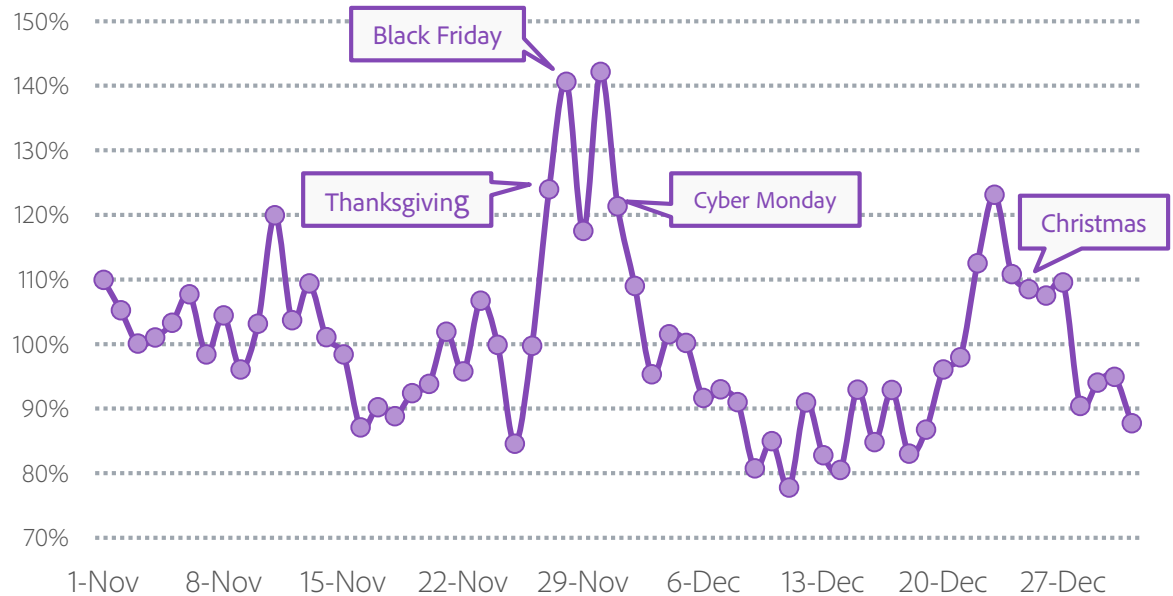


- During November and December US retailers raked in an impressive \$73.4 billion
- Holiday season sales up 12% over 2013.
- US retailers are more dependent on the holiday shopping season than those of any other country as this key time period represents 28% of annual online sales.
- Mobile accounted for 16% of all online sales and was as high as 29% on key shopping days like Thanksgiving and Black Friday

Shop online, pick it up in your local store

- In-store pickup became a key differentiator for brick-and-click retailers over their online-only competitors in 2014
- Especially on key traditional offline shopping days consumers chose skip the lines by purchasing online before and while shopping in-stores and pick up in the store.
- On Black Friday In-Store Pickups soared to 40% above the average day and stayed elevating throughout the Thanksgiving weekend.
- In-store pickup rates again shot up just before Christmas when it became too late to wait for shipping.

In-Store Pickup: relative to normal

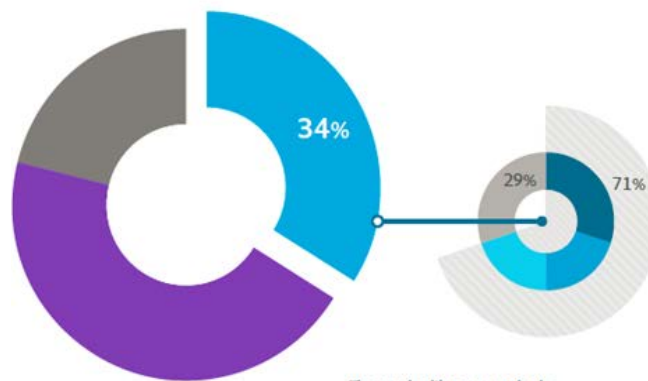




Geo-Based Personalization: Consumer Sentiment

- 34% report receiving a marketing promotion based on their location (another 21% unsure);
- Open to Beacons? 55% feel it would be useful to receive marketing promotions on their mobile device while in a physical store
- 71% like having ads personalized, but opinions differ about quality of today's personalization efforts:
 - 20% like it, but say that such ads are "not done well enough today"
 - 30% like it and feel that today's efforts are "as tailored to me as they need to be"
 - 20% feel today's personalization efforts are too intrusive
 - 29% don't think ads should be personalized at all

Percent of people who've received marketing promotions based on location



71%
of those who received a marketing promotion like personalized ads.

YES NO NOT SURE

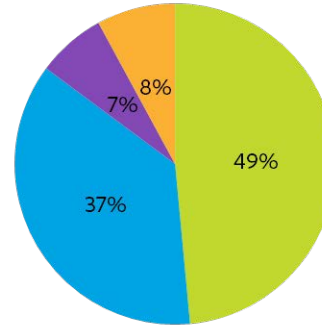
Those who like personal ads:
• Think they're personal enough
• Think they could be better
• Think they're too "creepy"

• Those who don't like personal ads

Location Aware Content

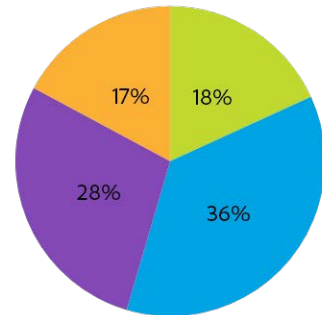
- The use of location technologies to personalize mobile experiences is expanding via both GPS location data and iBeacons.
 - For GPS location, 49% are already using device position to deliver location-aware content.
 - In addition, majority of expert mobile marketers, 56.5%, use GPS in comparison to only 36.6 % of less-experienced marketers.
 - But the newbies are catching up; 48.8 percent plan to add it in the next 12 months.
- In the case of iBeacons, sports media companies like Major League Baseball have already deployed beacons in their stadiums to “push” relevant content to fans. Furthermore, companies like Safeway, American Airlines and Marriott have announced the deployment of beacons at retail stores, airports and hotels to drive a location-aware experience for customers.

Request GPS Location Data



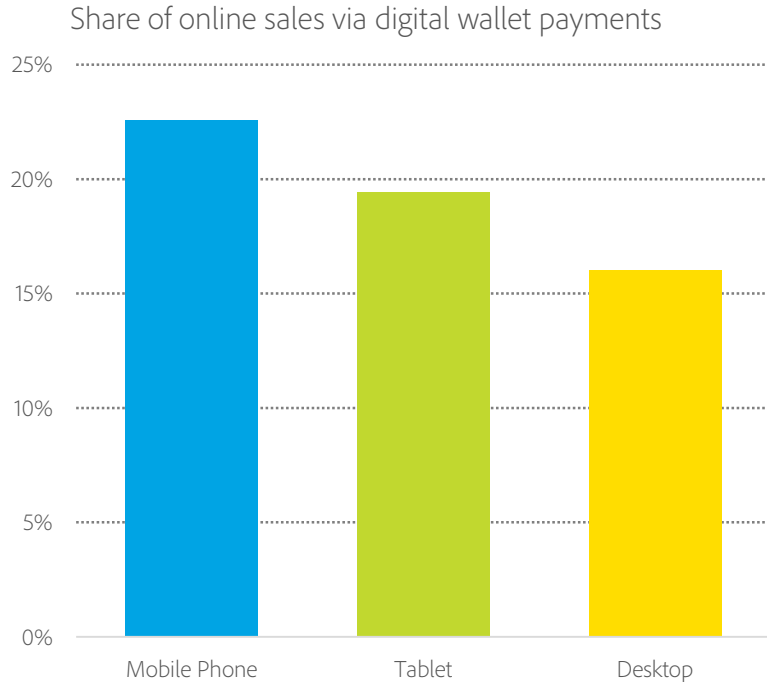
- Currently using
- No, but plan to use in next 12 months
- No and no plans to use in next 12 months
- Not sure

Use Beacon Technology





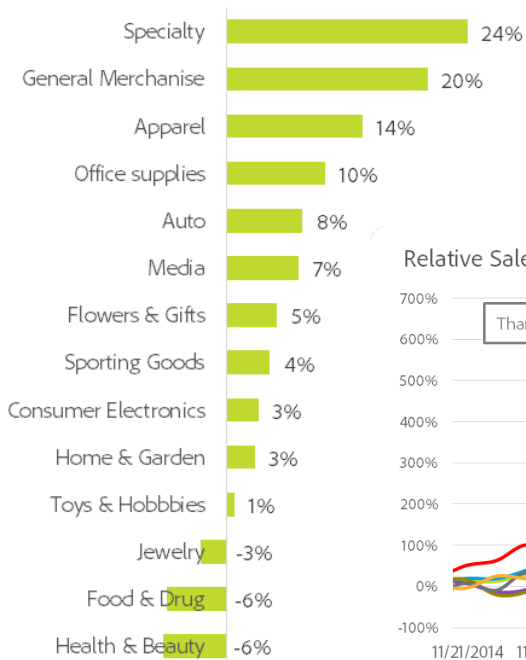
Digital Wallets



- 35% of consumers report that their mobile phone allows them to make payments at a physical store; of these people, 47% report having used their mobile phone to make such a payment
- Consumers, weary of entering credit card information on mobile devices, rely more on alternative payment methods like PayPal, Amazon Payments, Google Wallet to make purchases online.
 - 23% of purchases on smartphones
 - 19% of purchases on tablets
 - 16% of purchases on desktops
- Apple Pay will soon become the default alternative payment tool for many consumers. *Enabling easy transactions both off and online.*
- Mobile conversion rates expected to increase as digital wallets become ever more commonplace for online shopping.

Growth by Retailer Category

YoY Growth by Category



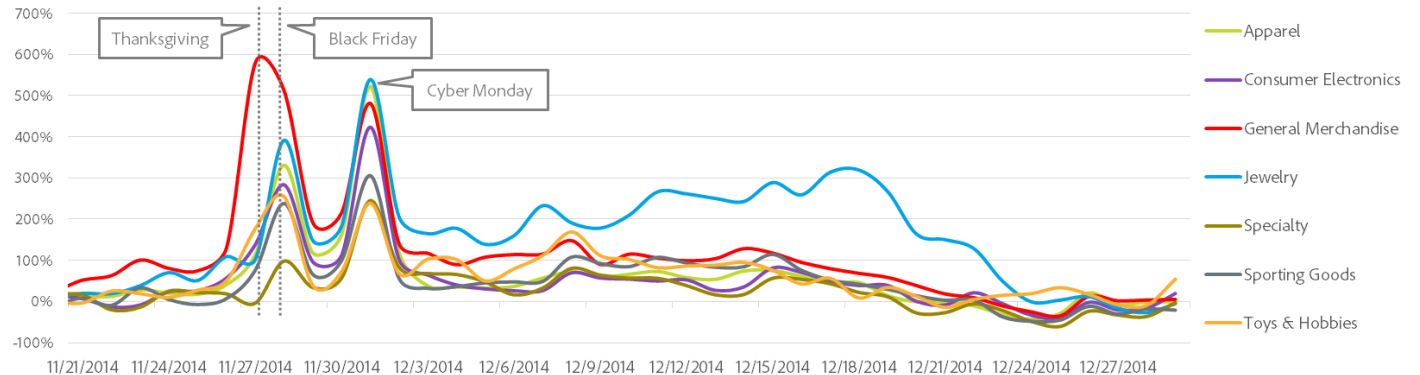
2014 Winners and Losers

- Specialty, General Merchandise, and Apparel retailers fared the best YoY
- Jewelry, Food & Drug, Health & Beauty sold less online in 2014 than 2013

When do people shop?

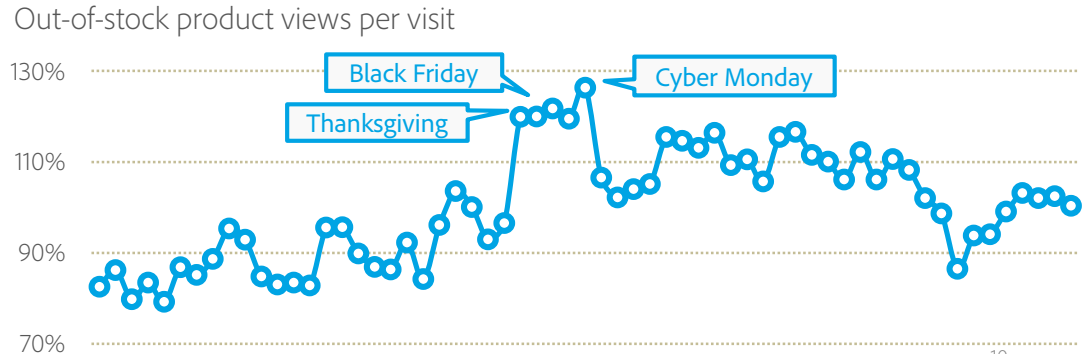
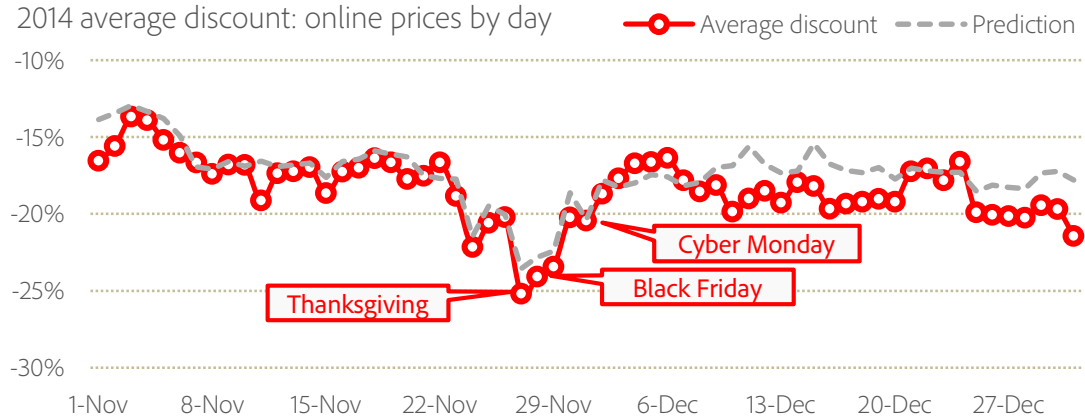
- Toy and General Merchandise retailers saw high sales levels on Thanksgiving
- Most other categories didn't see major spikes until Black Friday and Cyber Monday.

Relative Sales Level by Retail Category



Price Level and Product Availability

- Online prices hit rock bottom on Thanksgiving Day at an average discount of 25.2%
- Online Sales started on Monday before Thanksgiving as prices fell by more than 5% in two days.
- During Thanksgiving week the average item was discounted more than 20%.
- Prices began to increase dramatically after Black Friday and remained elevated during the rest of December.
- Out-of-stock messages increased 5-fold to peak Cyber Monday due to increased demand and limited supply



New Sales Records

Record Sales growth on Thanksgiving Day

- \$1.33 Billion
- 25% YoY growth

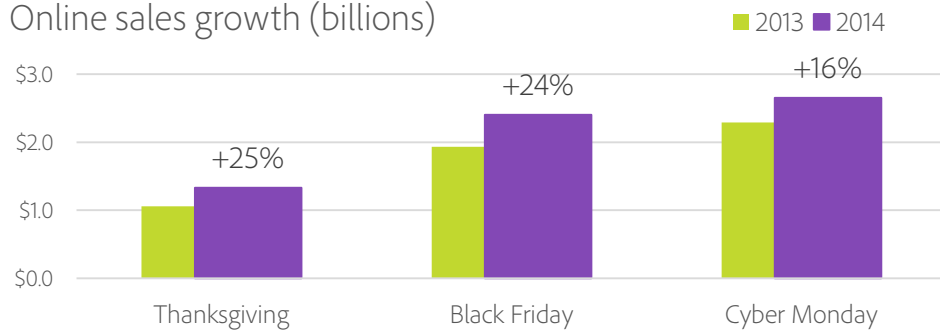
Black Friday barely lags behind Cyber Monday

- \$2.40 Billion
- 24% YoY growth

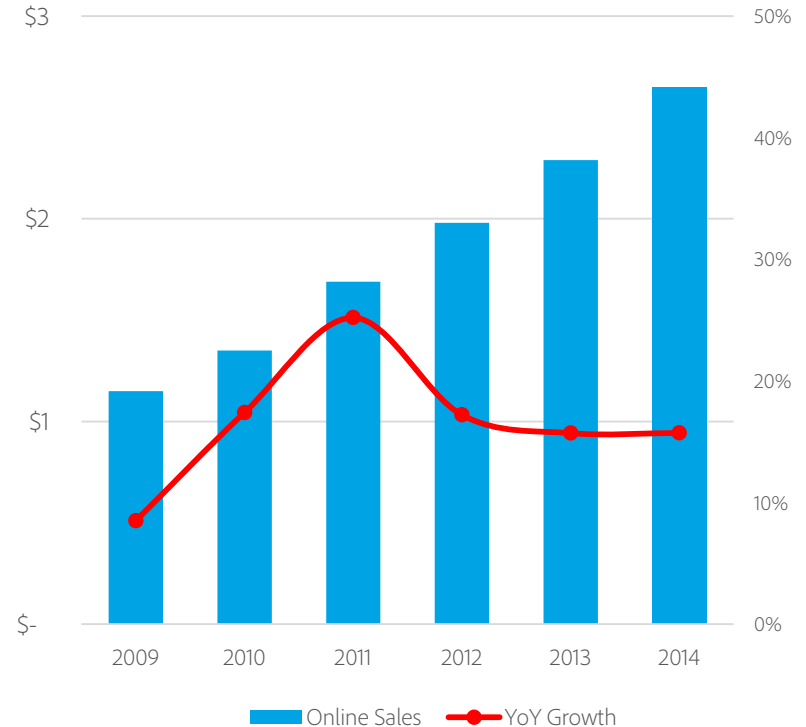
Cyber Monday continued to drive top dollar

- \$2.65 Billion
- 16% YoY growth

Online sales growth (billions)



Cyber Monday growth of online sales (billions)



Mobile Continues to Move Sales Online

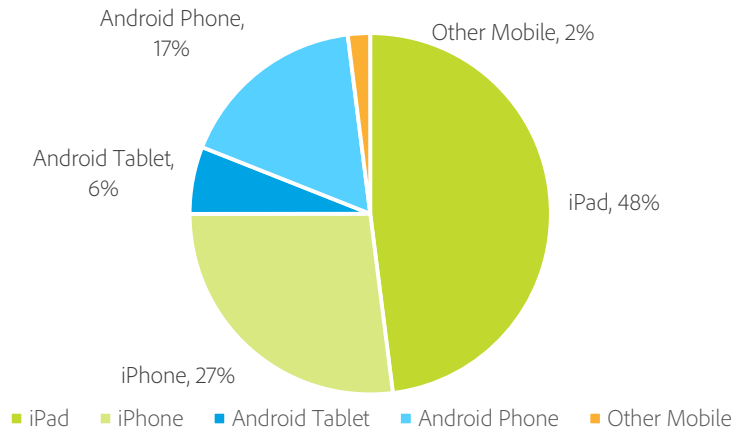
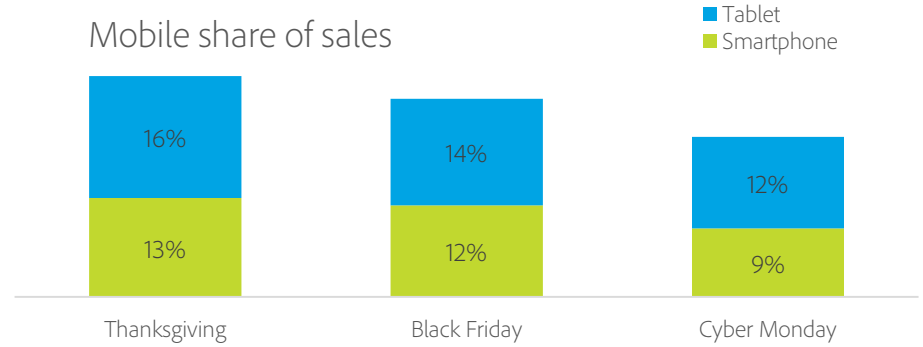
The iPad was the online shopping device of choice for consumers in 2014

- Mobile accounted for 16% of all online sales and was as high as 29% on key shopping days like Thanksgiving and Black Friday
- 48% of mobile sales came from consumers using iPads to shop online
- iOS represented nearly three-quarters of all mobile sales.

Smartphones aren't just for browsing anymore.

- Large screen phones led smartphones to account for nearly half of all mobile ecommerce, up from a third last year.
- Tablets still drove the majority of mobile sales on Thanksgiving, Black Friday and Cyber Monday with 13%, 12%, and 9% of total sales.

Mobile share of sales



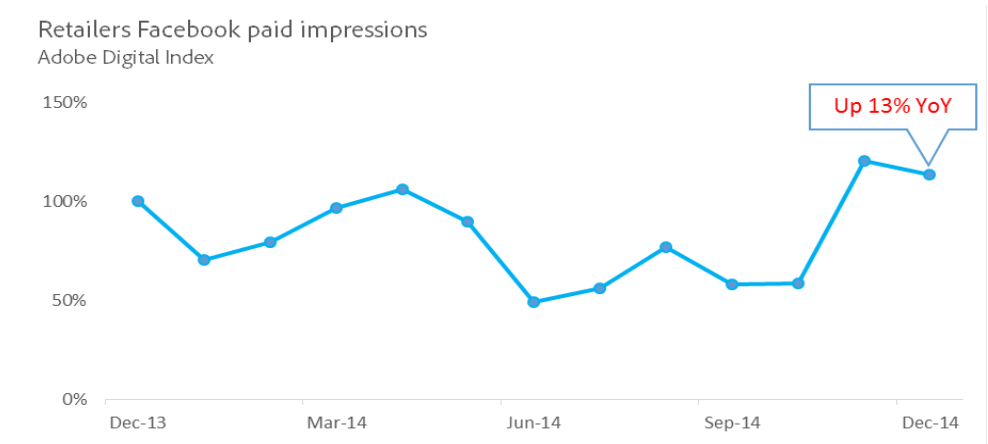
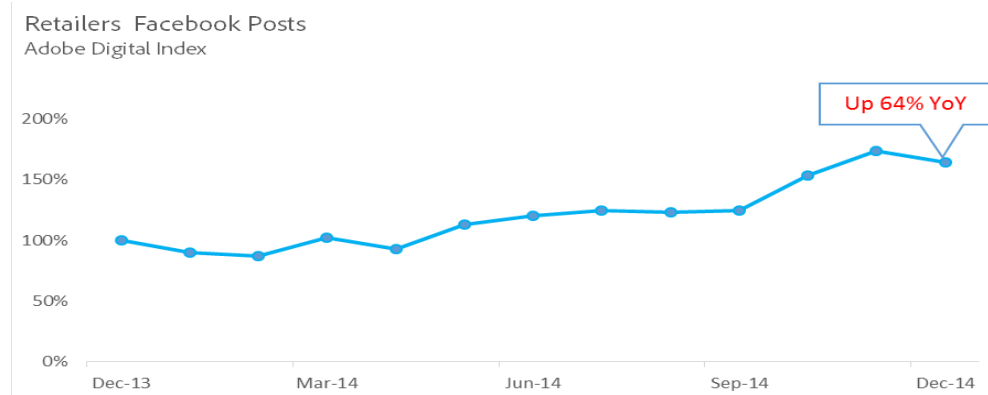
Retail Facebook trends

Posts:

- In retail, up 74% year-over-year in November
- Up 64% year-over-year in December

Paid Impressions:

- In retail, up 13% year-over-year in December
- Up 20% year-over-year in November



Top Gifts according to Social Media Buzz

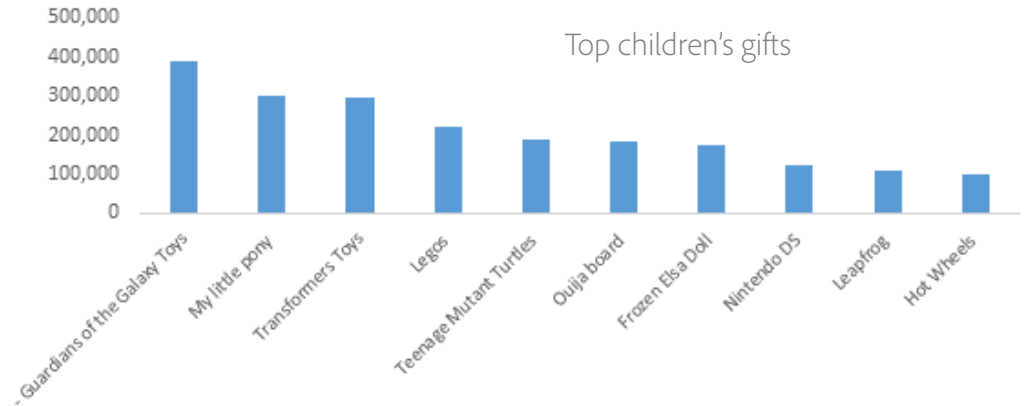
Top Gifts

- Mobile Phones: iPhone 6/6+
- Wearable Devices: Fitbit
- 4K TVs: Sony and Samsung
- OTT Devices: Roku
- Video Games: "Call of Duty"
- Game Consoles: PS4 tops Xbox One



Toys:

- Guardians of the Galaxy Toys
- My Little Pony
- Transformer Toys
- Legos
- Teenage Mutant Ninja Turtles

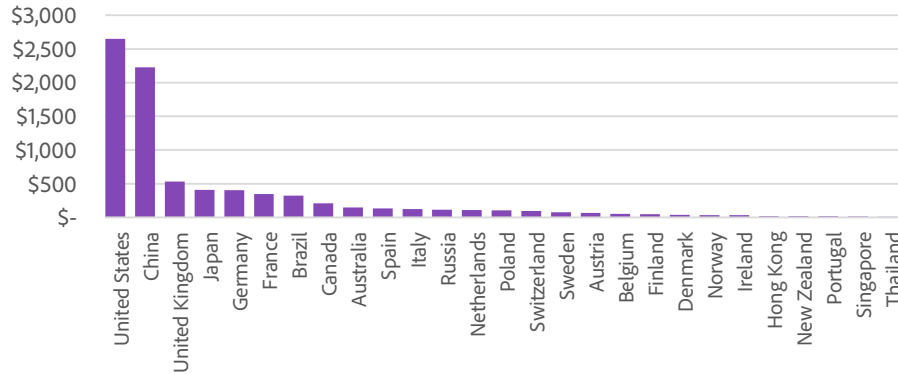


International: Online Shopping

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Online sales and spend per person

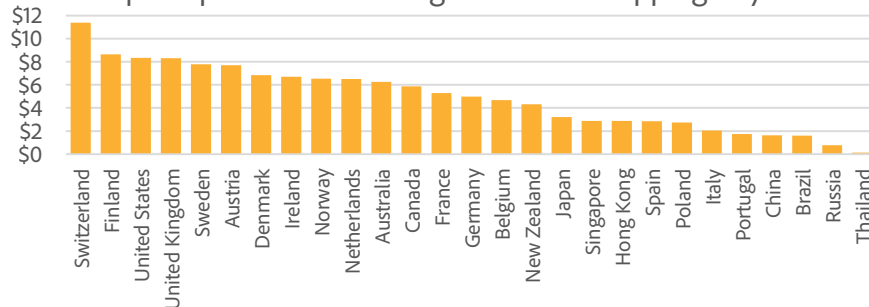
Online Spend on Largest Online Shopping Day (Millions)



US Cyber Monday sales exceeded the largest shopping day in Japan, Germany, France and the UK combined

- Mobile spending alone in the US will surpassed most other countries total online sales
- China's Singles Day (Bachelor's Day), which appropriately falls on 11/11 every year, rivals Cyber Day as the largest online shopping day world-wide

Spend per Person on Largest Online Shopping Day



The Average U.S. consumer will spent \$8 online on Cyber Monday

- The Swedes, Swiss, and Fins spent \$12+ per person.
- The large economies of China, Brazil, and Russia all ranked near the bottom of the list in spend per person.

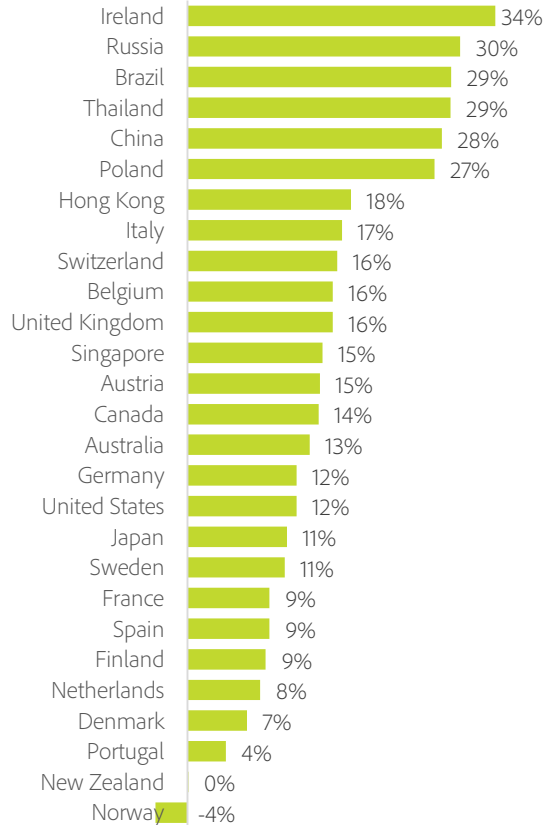
Growth by Country

US, Austrian and Brazilian retailers brought in the largest share of annual online sales during the holiday period.

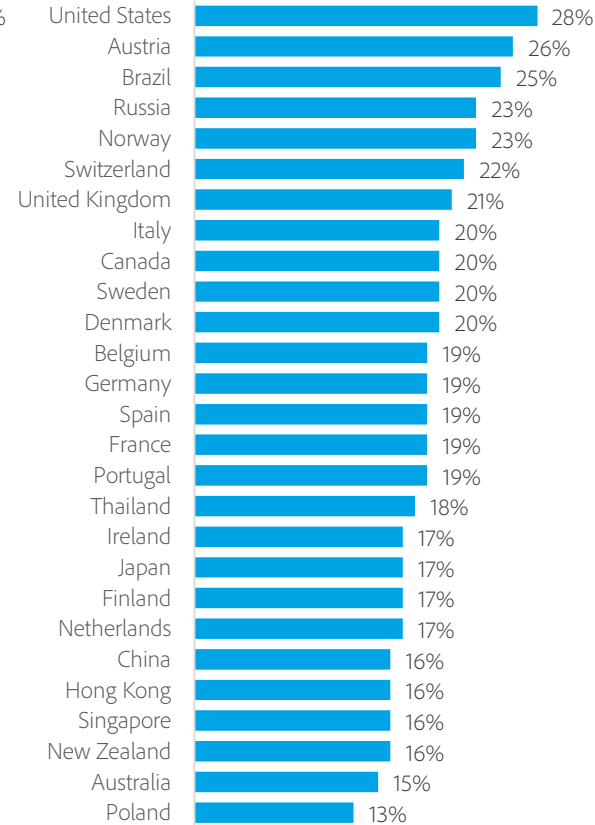
Online sales growing fastest in Ireland
China, Russia, Brazil, and Thailand.

- All five countries saw holiday sales grow by more than 20% over last year.
- Average growth was closer to 10% year-over-year.
- Offline sales are growing at 2-4% in most countries.

Holiday Season YoY Growth



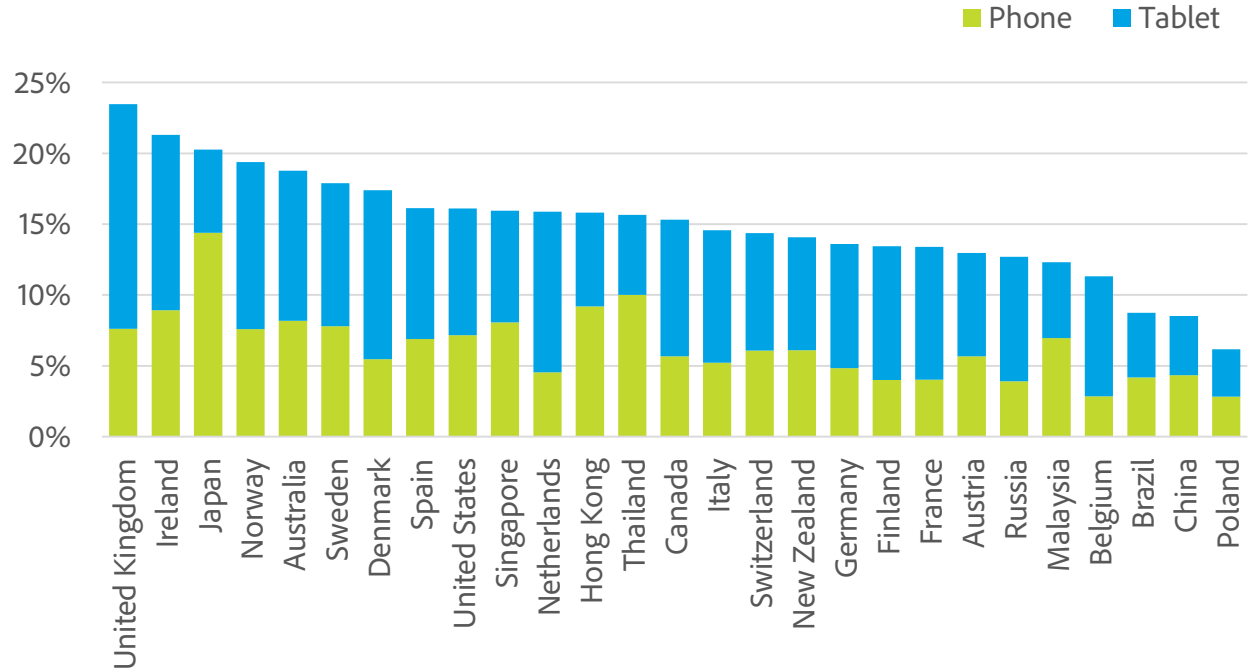
Holiday Season Share of Annual Online Sales



Mobile Share of Sales

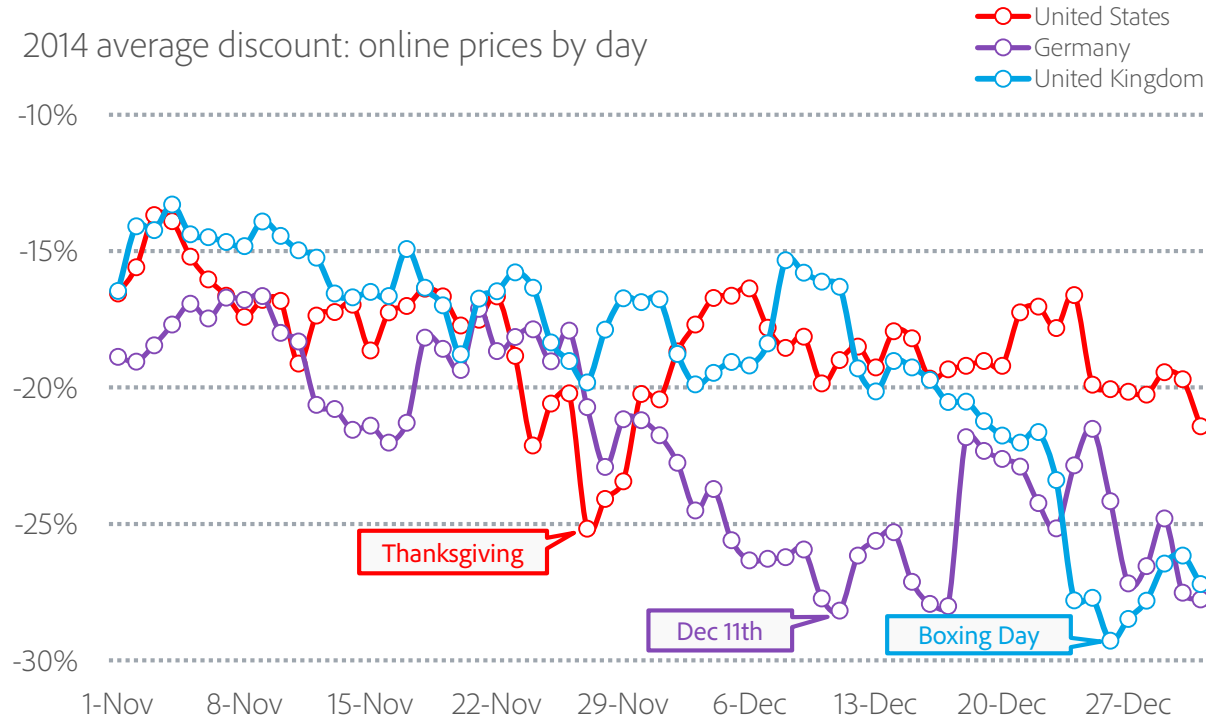
The most mobile friendly (phones and tablets) shoppers in the world can be found the countries of North-west Europe: UK, Ireland, Norway, Swedish and Denmark.

But shoppers in Asia including Japan, Hong Kong, Thailand, and Malaysia are the most likely to pull out their phones rather than a tablet to shop online.



Product Price Variation - International Comparison

2014 average discount: online prices by day



The biggest discounts of the season were found in the UK on Boxing Day, followed by the 11th of December in Germany and Thanksgiving for the US.

In UK and Germany prices fall gradually throughout the holiday season and hit their lowest point in December.

US prices are lower throughout November, but stay relatively high during December when many consumer expect lower prices due to inventory blow-outs.