

Adobe Digital Economy Index

Adobe Analytics 2020

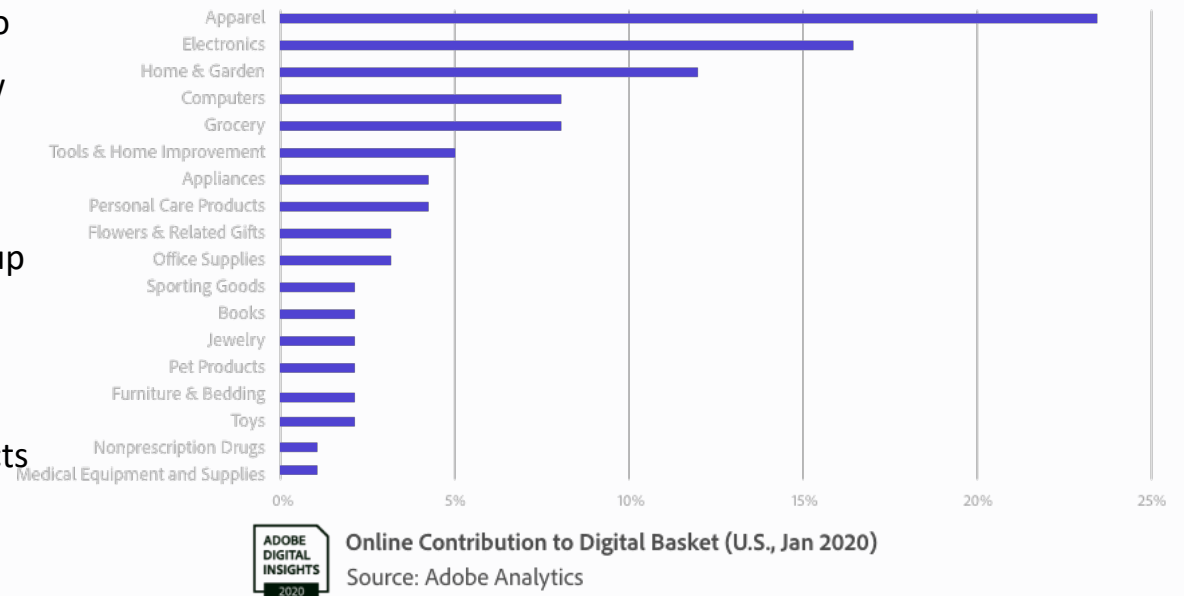


Summary

- Adobe's Digital Economy Index (DEI) is a global economic measure for the 21st century, measuring the increasing buying power of digital consumers faster, more comprehensively, more internationally, and with greater detail than any other data source available
- DEI has already demonstrated the power of online commerce, showing that US digital consumers are seeing their money go 3% farther than they did a year ago, driven by falling computers, TV and electronics prices, but also mitigated increasing prices of groceries and household items
- DEI is even more essential in the era of COVID-19, allowing Adobe to identify surges in sales of specific products (i.e. surgical masks, hand sanitizers, and exercise equipment), or how social distancing is causing Americans to make more click-and-collect purchases, rather than shopping in stores
- DEI data will be updated on Adobe.com every month with downloadable datasets and topical updates as soon as they are available

What does the Digital Economy Index (DEI) measure?

- DEI calculates digital purchasing power (DPP) by country
- Digital purchasing power measures how much more stuff people can buy with a dollar, euro, real, pound, yen, etc. online now versus a year ago
- So, if the DEI for the US is up by, say, 2%, then \$1.00 spent online now will buy you what \$1.02 would have bought you a year ago
- The DEI is always weighted by what people actually spend online:
 - As computers get cheaper, total online purchasing power will go up quickly because a good portion of what people buy online is computers
 - But a rise in the price of pet products wouldn't affect purchasing power much, because people spend relatively little on pet products online
- Economies with fast-growing DEIs are making more and better goods available to their online consumers more cheaply
- Because Adobe's DEI looks at what people actually buy, it allows apples-to-apples comparisons between global economies



US Online Dollars Bought 3% More This Year Versus Last

US DPP grew 3% in February 2020 YoY:

- With \$1.00 consumers can now purchase goods that were worth \$1.03 in February of 2019
- Digital purchasing power has grown nearly 20% since we started tracking in 2014

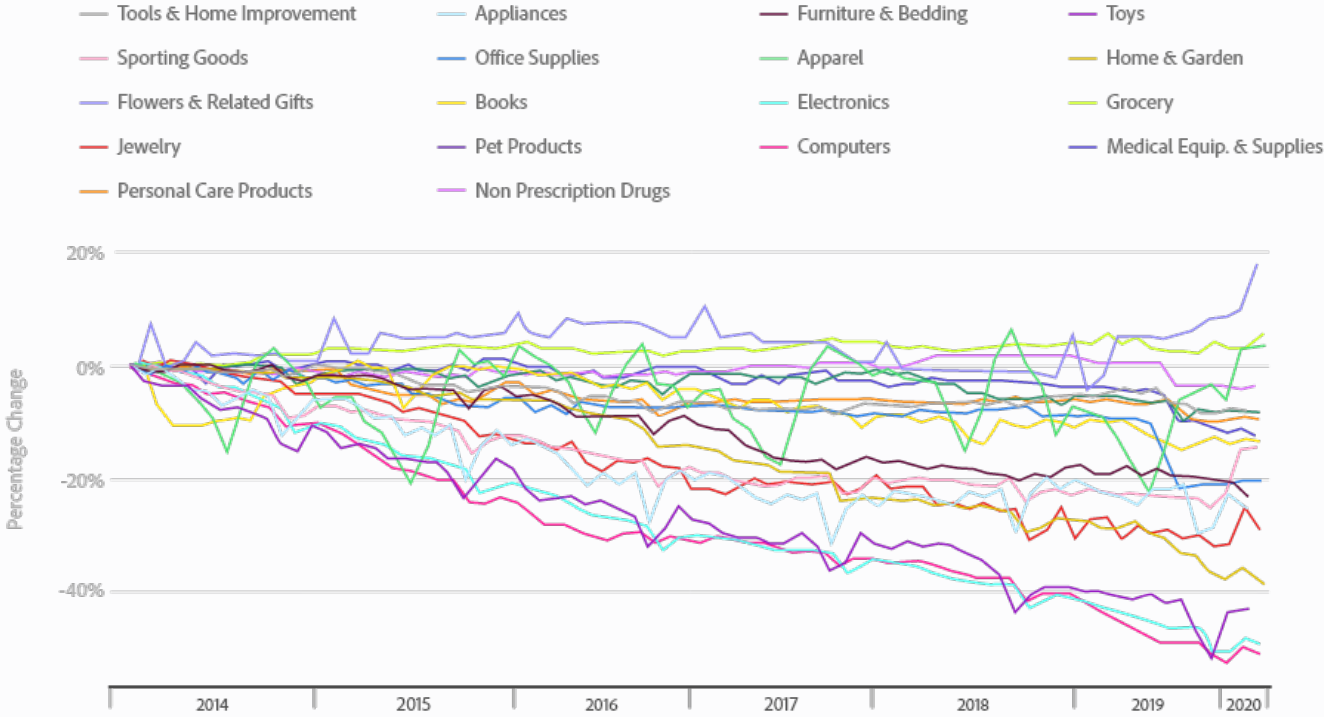


Digital Purchasing Power | Digital Economy Index (U.S.)

Source: Adobe Analytics

Digital Deflation is Driven by Electronics, Computers and Household Goods

- Falling prices in computers, electronics, and apparel have driven up the value of a dollar spent online
- More price-stable goods (like groceries) are being bought online, flattening the descent of online prices



Online Price Changes by Category | Digital Economy Index (U.S.)
Source: Adobe Analytics

COVID-19 and the **Digital Economy**



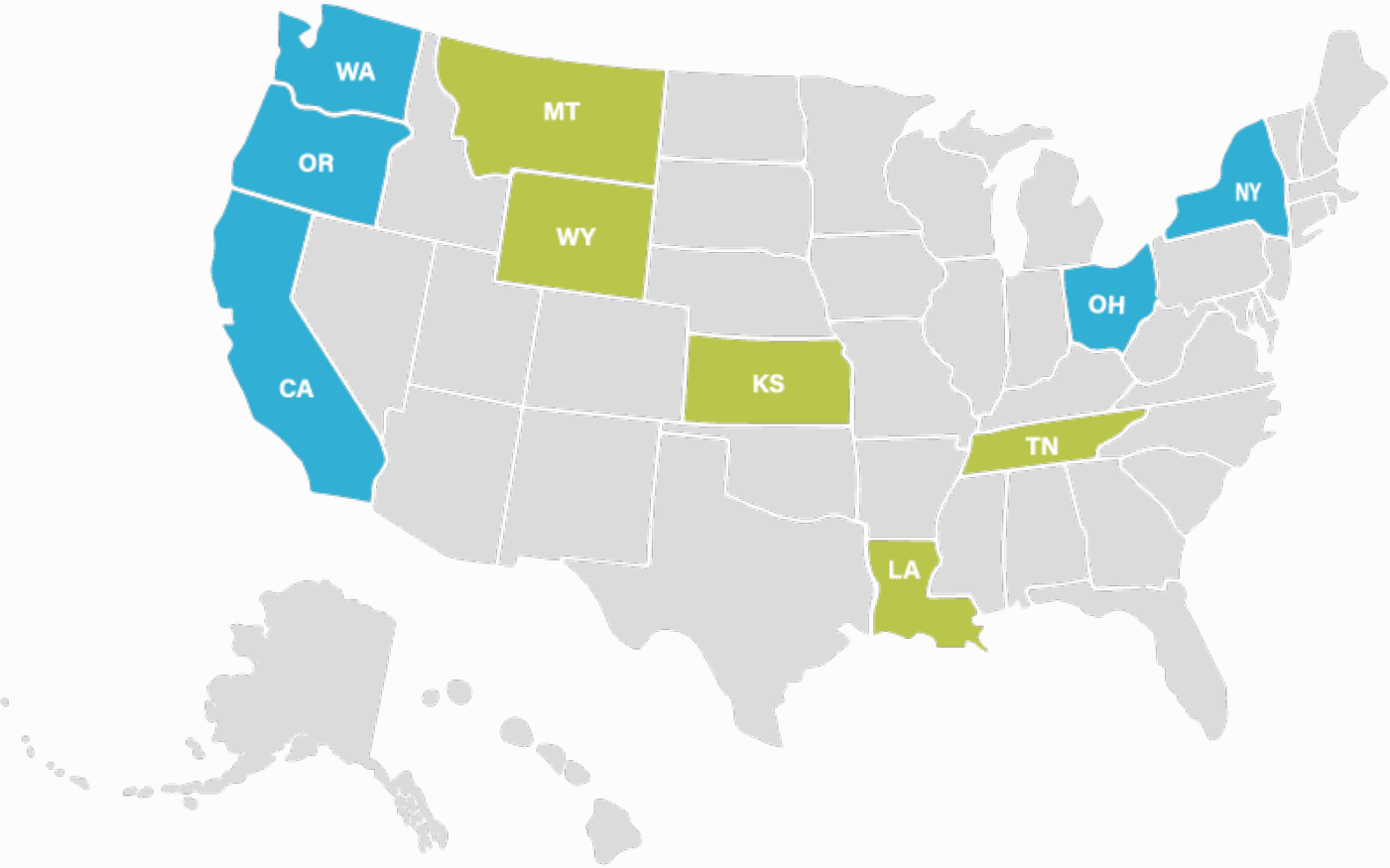
People are Turning Online for Shopping, Especially for Groceries



- Online grocery in the US has seen a +100% boost* in daily online sales from March 13 - March 15
- Overall ecommerce in the US is up* by 25%, largely propelled by grocery
- In the UK, ecommerce from March 8 - March 20 is up 33%**

*Growth from March 13 – 15 compared to baseline period of March 1 – March 11
**Growth from March 8 – 20 compared to baseline period of February 1 – March 7

Some States are Seeing a Bigger Overall Ecommerce Boost*



Select states with online sales lift of 20% or more:

- New York
- California
- Ohio
- Oregon
- Washington

Select states with online sales lift of 15% or less:

- Louisiana
- Wyoming
- Kansas
- Montana
- Tennessee

*Growth from March 13 – 15 compared to baseline period of Feb 1 – March 10

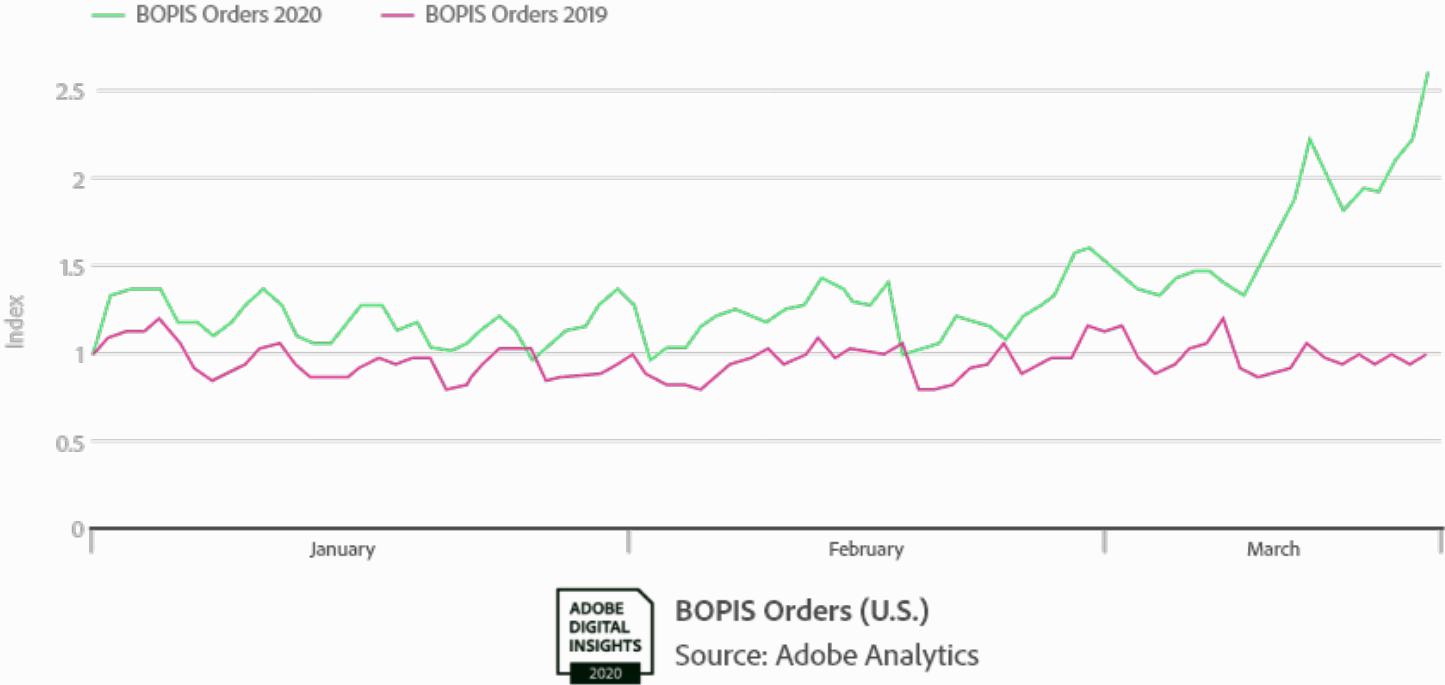
Covid-19 Impact: Global Supply Chains

Consumers are seeing significantly more "out of stock" pages as supply chains are impacted

- COVID-19 concerns drove increases in online purchases in the following product categories from January 1 - March 11:
 - Virus protection category products like hand sanitizers, gloves, masks, and anti-bacterial sprays surged 807%
 - Over-the-counter drug purchases increased by 217% for cold, flu, and pain relievers
 - Toilet paper online sales spiked by 231%
 - Non-perishable, canned goods and other shelf-stable food sales increased by 87%
- Looking at the first weeks of March, orders for fitness equipment (kettlebells, dumbbells, treadmills, etc.) saw a 55% boost when comparing the sales period spanning March 11 - 15 over the March 1 - 10 baseline
- Computers and monitors also saw a 40% increase in average daily sales, comparing March 11 - 25 to the baseline March 1 - 10
- We expect the mix of online purchases to continue to evolve, as consumers adapt to an extended period of quarantine

Covid-19 Impact: Global Supply Chains - BOPIS

BOPIS orders surged to 62% YoY growth between February 24 - March 21 as people began applying social distancing to shopping to limit their exposure



Appliances Return Back to Pre-Tariff Pricing Online

While steel tariffs drove online prices up by approximately 2-3% in early 2019, the weaker global economy in recent months has allowed for more favorable pricing on appliances to return. This helped nullify the tariff premiums impact; however, it remains to be seen how the dollar will fare in the coming months, and if a new deflationary trajectory can be realized.



Appliances | Digital Economy Index (U.S.)

Source: Adobe Analytics

Scope and Outlook

March Announcement

April Monthly Refreshes Begin

Additional Countries + H1 Outlook Report

Holiday Pricing Trends

Stay tuned for updates and data refreshes here:

<https://www.adobe.com/experience-cloud/digital-insights/digital-economy-index.html>



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