TRENDS REPORT

State of Retail Ecommerce

Year Ending December 2023

CommerceIQ

1 | Key Takeaways Going into 2024: Tough Unit Economics

WHAT HAPPENED IN 2023: PROFIT COMPRESSION

Growth in 2023 was driven primarily by an increase in prices. This increase in prices however was not enough to offset shrinking gross margins, which likely was eroded due to a similar increase in material costs.

All categories except tools, office and baby saw a substantial growth in price levels which fully explained growth in almost all instances. This also correlated with a decline in gross margins in almost all categories, highlighting the impact of increase in COGS in nearly every category.

ROAS fell gradually month over month as ad spend increased amidst flat glance views, further compressing overall profitability.

WHAT TO DO IN 2024: REDUCE COGS

To thrive in 2024, brands must figure out how to reduce COGS to reverse the decline in profitability.

Tactics such as altering pack sizes, focusing on ingredient or input innovations to lower costs, changing SKU mix towards more profitable SKUs or bundles are some ways to improve gross margins.

From an ad strategy perspective, shifting ad strategies to optimize for incrementality over raw growth is the only way to offset further pressure on ROAS amidst an environment of lower consumer demand. Ensuring your advertising is optimized using day-parting bidding and is tied into inventory to ensure promotion of only in-stock SKUs are other tactics brands should consider going into 2024.

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2 | Key Takeaways Going into 2024: Cash is King

WHAT HAPPENED IN 2023: PULLBACK ON INVENTORY

Amazon's main goal in 2023 was to drive Free Cash Flow, and one of the main drivers of this was optimization of inventory across their warehouses. This had a direct impact on brands, with Inventory levels falling year over year, and Revenue Losses due to out of stock dramatically increasing up until Q4.

In some cases brands increased stock levels but still saw increasing revenue losses due to out of stocks, indicating a mismatch in demand planning and inventory planning throughout the year.

WHAT TO DO IN 2024: INTEGRATED SUPPLY CHAIN

The continued focus on FCF by Amazon and other retailers will likely continue into 2024, so brands must be more meticulous in how they plan inventory going into the year.

Having back-up direct fulfillment methods is one key strategy brands should implement for core SKUs throughout the year, especially during tentpole events like Prime Day.

Running continual experiments on promotions and pricing will also help brands build a demand forecast for SKUs, and can help provide inputs on advertising strategies to manage inventory levels and overall profitability

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3 | Key Takeaways Going into 2024: Tentpole Events Matter

WHAT HAPPENED IN 2023: PRIME DAY IS THE MOST IMPORTANT DAY OF THE YEAR

Across all categories, Prime Day 2023, Prime Big Deal Days 2023 and Turkey 11 2023 all drove a material increase in sales. Of the three, Prime Day 2023 had the largest impact for brands and remains the marquee sales event of the year.

It should no longer be a question of "if" a brand should participate in Prime Day or other events like that.

Instead the question should be, how can brands leverage this concentration of consumer demand and interest to change their competitive position within the category.

WHAT TO DO IN 2024: PLAN TO WIN

Incredible amounts of planning needs to go into winning these events. Testing promo strategies, price elasticity, and ensuring inventory is setup to mitigate revenue losses due to out of stock are some of the most important things you can do going into Prime Day 2024, and subsequent sales events throughout the year.

Leading into any event, building awareness audiences for retargeting and ensuring PDPs are fully up-to-date, incorporating the latest review sentiment and trending keywords into copy and imagery are core "housekeeping" tasks brands must perform before every event.

During an event, focusing on New-to-Brand Customers, growing Subscribe and Save members, and conquesting competitors during tentpole events are some ways brands can permanently shift the competitive landscape through a tentpole event.
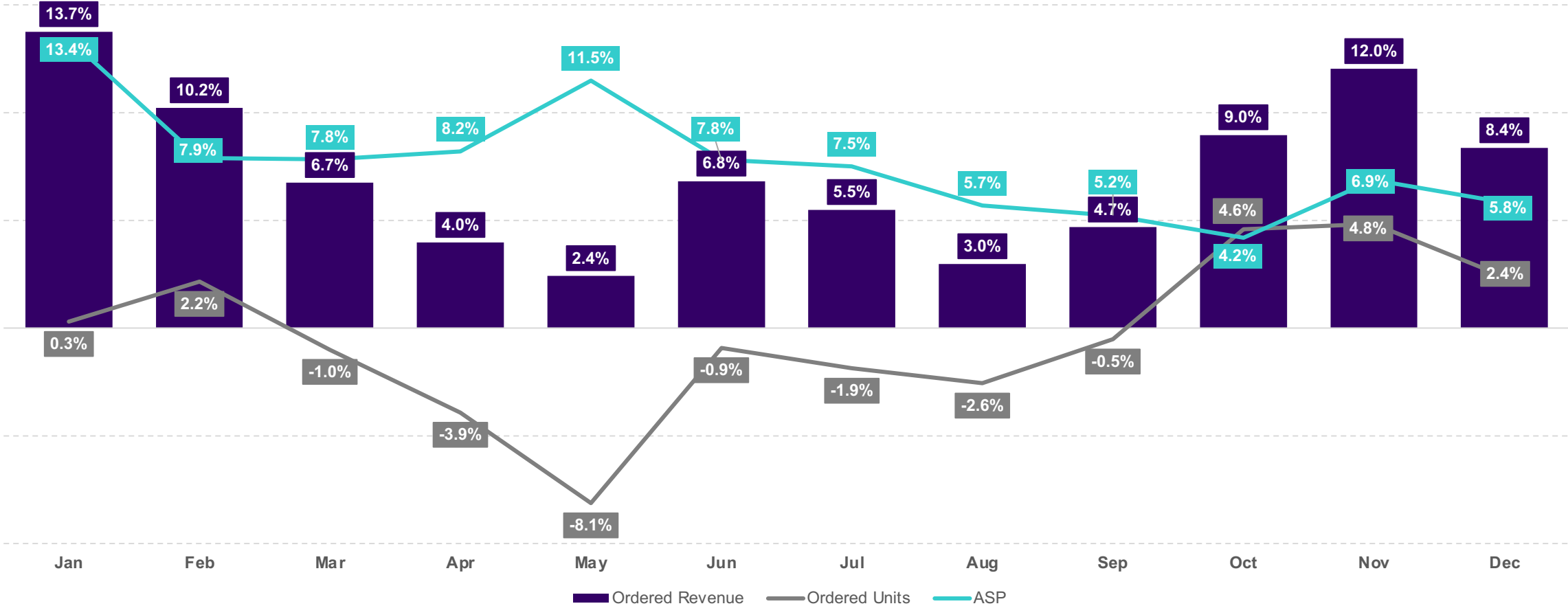
These are tactics that should be paid careful attention to both enact and defend against if you are in a competitive category with declining glance views and increasing ad spend.

Total Industry Overview

2023 Year End Recap

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Ordered Revenue increased by 7.2% in 2023, while ordered units fell by 0.5% over the same time period. The increase in revenue is explained fully by an increase in ASP of 7.7% in 2023, with a slight recovery on unit sales going into Q4.
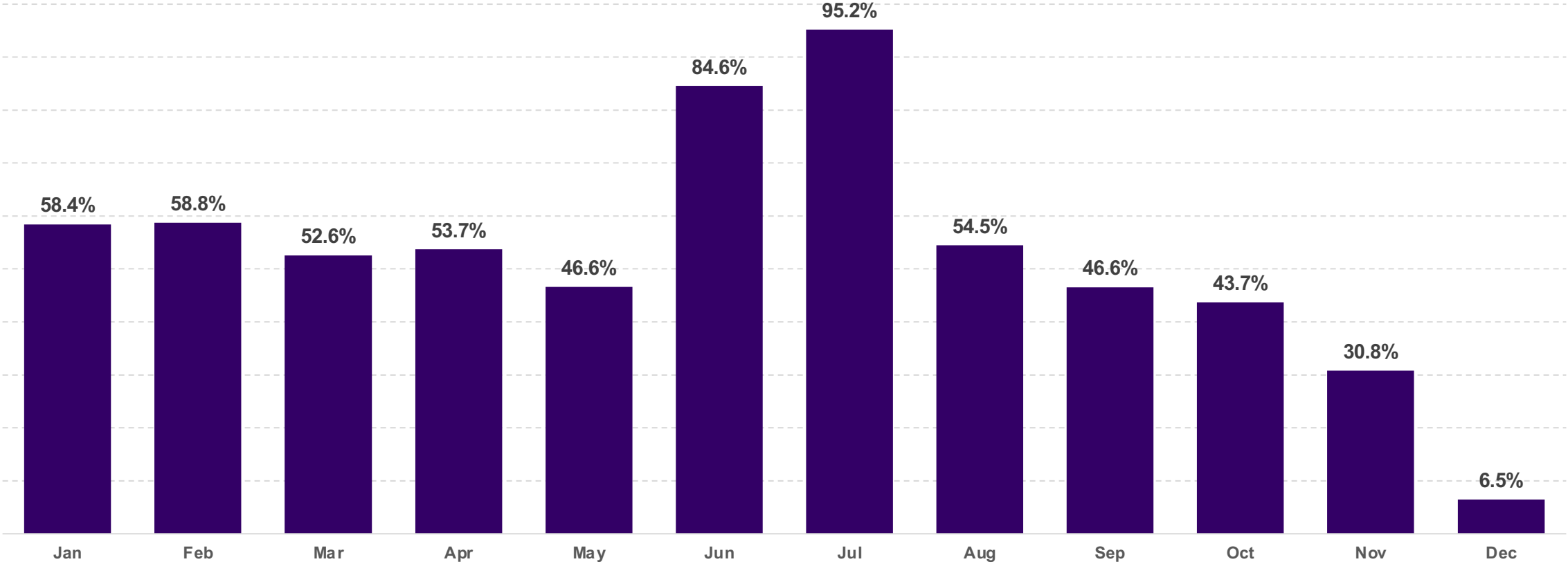
YoY % Change in Ordered Revenue, Ordered Units and ASP (2023 vs. 2022)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Ordered Revenue	13.7%	10.2%	6.7%	4.0%	2.4%	6.8%	5.5%	3.0%	4.7%	9.0%	12.0%	8.4%
Ordered Units	0.3%	2.2%	-1.0%	-3.9%	-8.1%	-0.9%	-1.9%	-2.6%	-0.5%	4.2%	4.8%	2.4%
ASP	13.4%	7.9%	7.8%	8.2%	11.5%	7.8%	7.5%	5.7%	5.2%	4.6%	6.9%	5.8%

Legend: ■ Ordered Revenue — Ordered Units — ASP

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Subscribe and Save was a key growth driver for brands, growing 49.7% in 2023 vs. 2022, driven primarily by a strong Summer 2023 with consumers likely capitalizing on Prime Day and Back-to-School deals.

YoY % Change in Subscribe and Save Ordered Revenue (2023 vs. 2022)

Month	YoY % Change
Jan	58.4%
Feb	58.8%
Mar	52.6%
Apr	53.7%
May	46.6%
Jun	84.6%
Jul	95.2%
Aug	54.5%
Sep	46.6%
Oct	43.7%
Nov	30.8%
Dec	6.5%

Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users who were from January 2022 to December 2023

January 2024

CommerceIQ

Brands spent the entire year to build back stock levels in time for Q4, but overall losses due to out of stocks grew by 28% in 2023, correlating with a decrease in inventory on hand by 11%, likely a result of Amazon's focus on FCF and inventory optimization efforts.
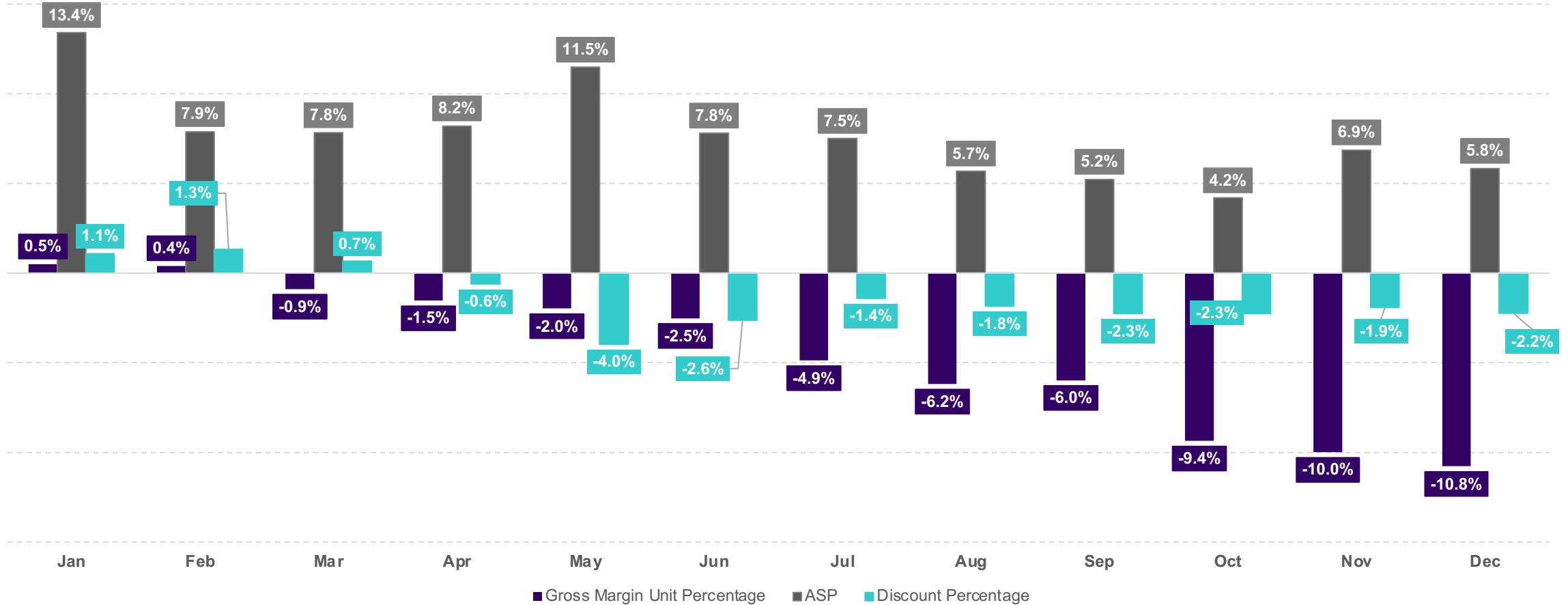
YoY % Change in On Hand Inventory and Revenue Losses due to Out of Stocks (2023 vs. 2022)

Legend: ■ On Hand Inventory — Revenue Loss Due to OOS
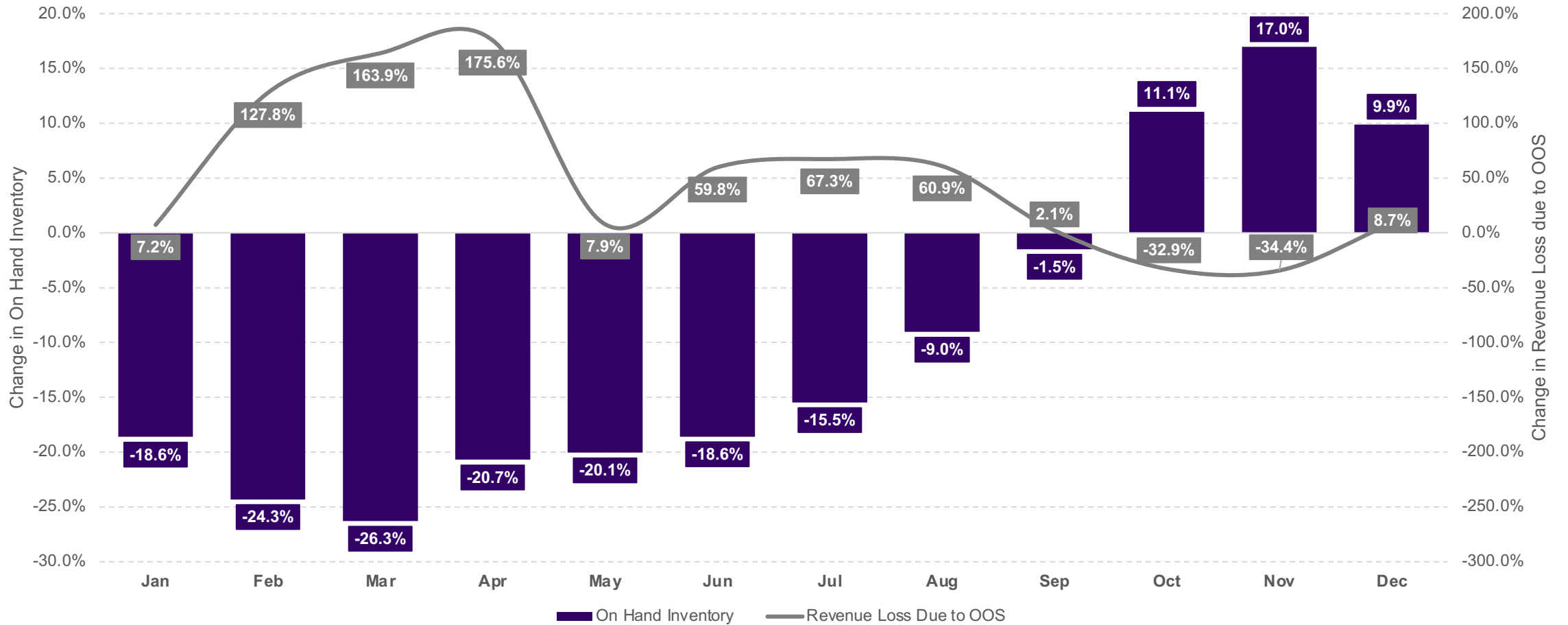
CommerceIQ

Brands saw a consistent degradation in Gross Margins*, declining upwards of 10.8% by December 2023 vs. 2022. Price levels grew and discount percentages fell, indicating that an increase in COGS was the main driver of gross margin declines.
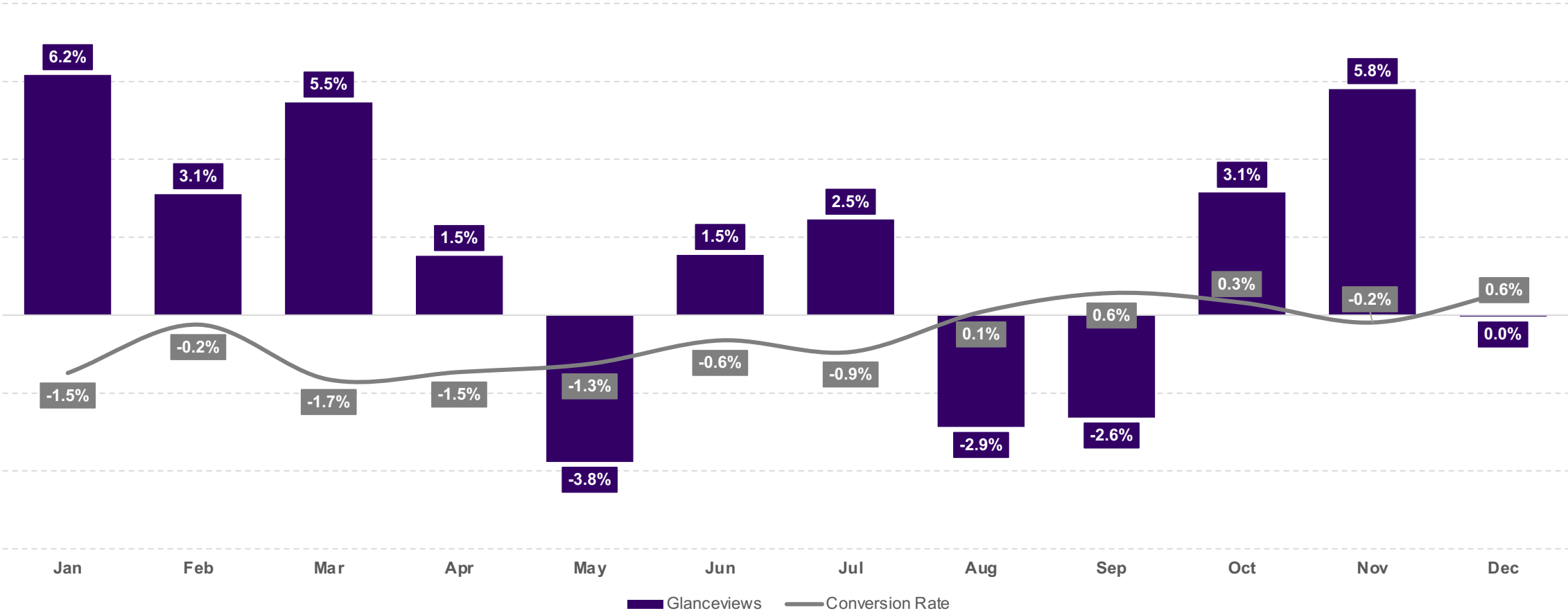
YoY % Change in Gross Margins, ASP and Discount Percentage.

Legend: ■ Gross Margin Unit Percentage ■ ASP ■ Discount Percentage

Month	Gross Margin Unit Percentage	ASP	Discount Percentage
Jan	0.5%	13.4%	1.1%
Feb	0.4%	7.9%	1.3%
Mar	-0.9%	7.8%	0.7%
Apr	-1.5%	8.2%	-0.6%
May	-2.0%	11.5%	-4.0%
Jun	-2.5%	7.8%	-2.6%
Jul	-4.9%	7.5%	-1.4%
Aug	-6.2%	5.7%	-1.8%
Sep	-6.0%	5.2%	-2.3%
Oct	-9.4%	4.2%	-2.3%
Nov	-10.0%	6.9%	-1.9%
Dec	-10.8%	5.8%	-2.2%

January 2024

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Conversion rates fell slightly by 2.2% while glance views grew by 1.7% in 2023 as compared to 2022, driven primarily by increased interest during Prime Day, Big Deals Day and Black Friday/Cyber Monday.
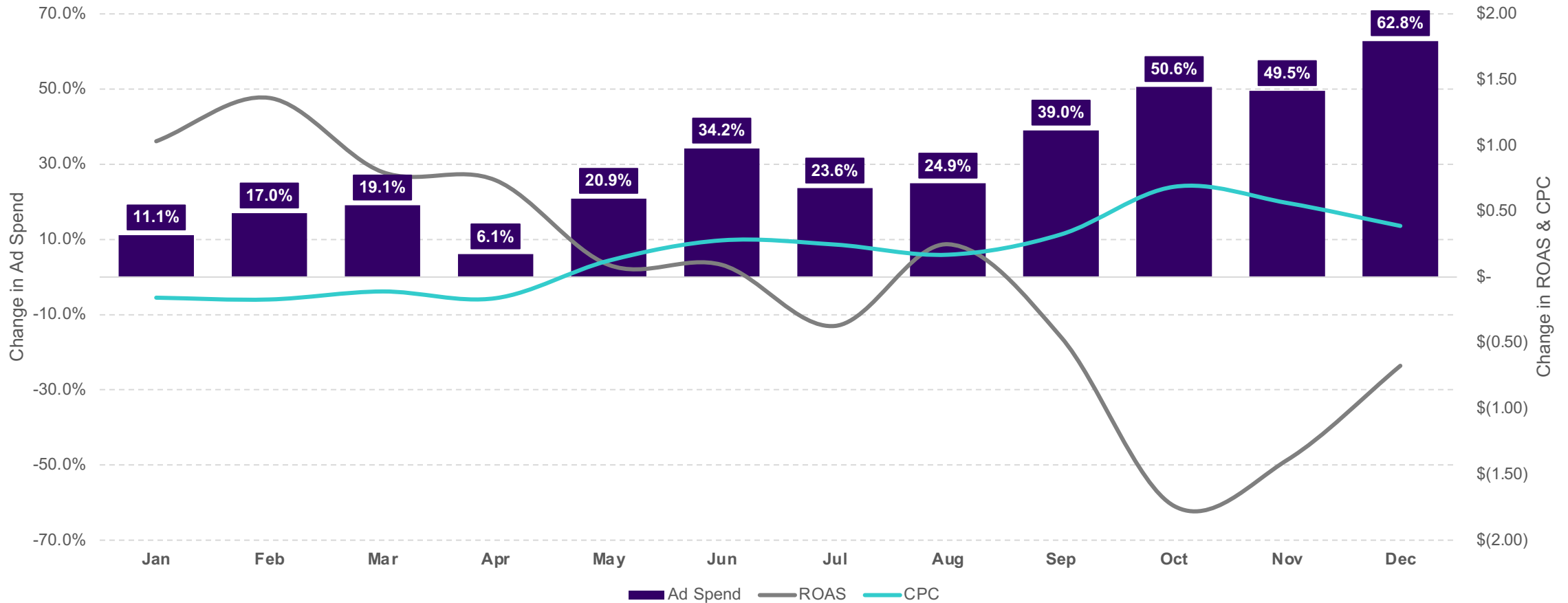
YoY % Change in Glance Views and Unit Conversion % (2023 vs. 2022)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Glanceviews	6.2%	3.1%	5.5%	1.5%	-3.8%	1.5%	2.5%	-2.9%	-2.6%	3.1%	5.8%	0.0%
Conversion Rate	-1.5%	-0.2%	-1.7%	-1.5%	-1.3%	-0.6%	-0.9%	0.1%	0.6%	0.3%	-0.2%	0.6%

■ Glanceviews — Conversion Rate

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Ad spend grew by 30.8% in 2023 vs. 2022, with a huge spike coming in Q4. This correlated with a steady decline in ROAS, gradual increase in CPCs, and relatively flat Glance Views, signaling an increasingly competitive environment.

YoY % Change in Ad Spend, and YoY $ Change in ROAS and CPC (2023 vs. 2022)

Legend: Ad Spend, ROAS, CPC

Ad Spend values by month: Jan 11.1%, Feb 17.0%, Mar 19.1%, Apr 6.1%, May 20.9%, Jun 34.2%, Jul 23.6%, Aug 24.9%, Sep 39.0%, Oct 50.6%, Nov 49.5%, Dec 62.8%

CommerceIQ

Sponsored Display and Sponsored Product were the predominant two ad formats that saw the most growth in 2023 vs 2022. The growth in Sponsored Brand into Q4 is likely an effort to build awareness leading into 2024 to leverage for retargeting and re-engagement efforts.

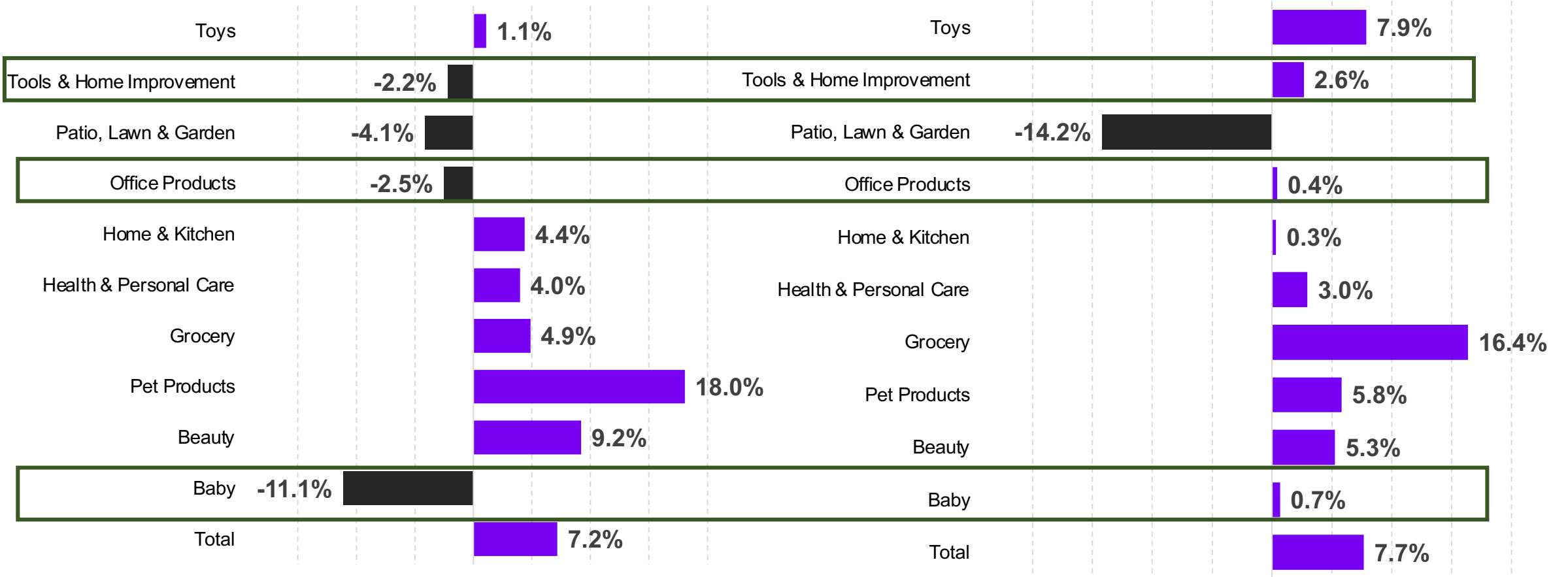**YoY % Change in Sponsored Display, Sponsored Product and Sponsored Brand Ad Spend (2023 vs. 2022)**
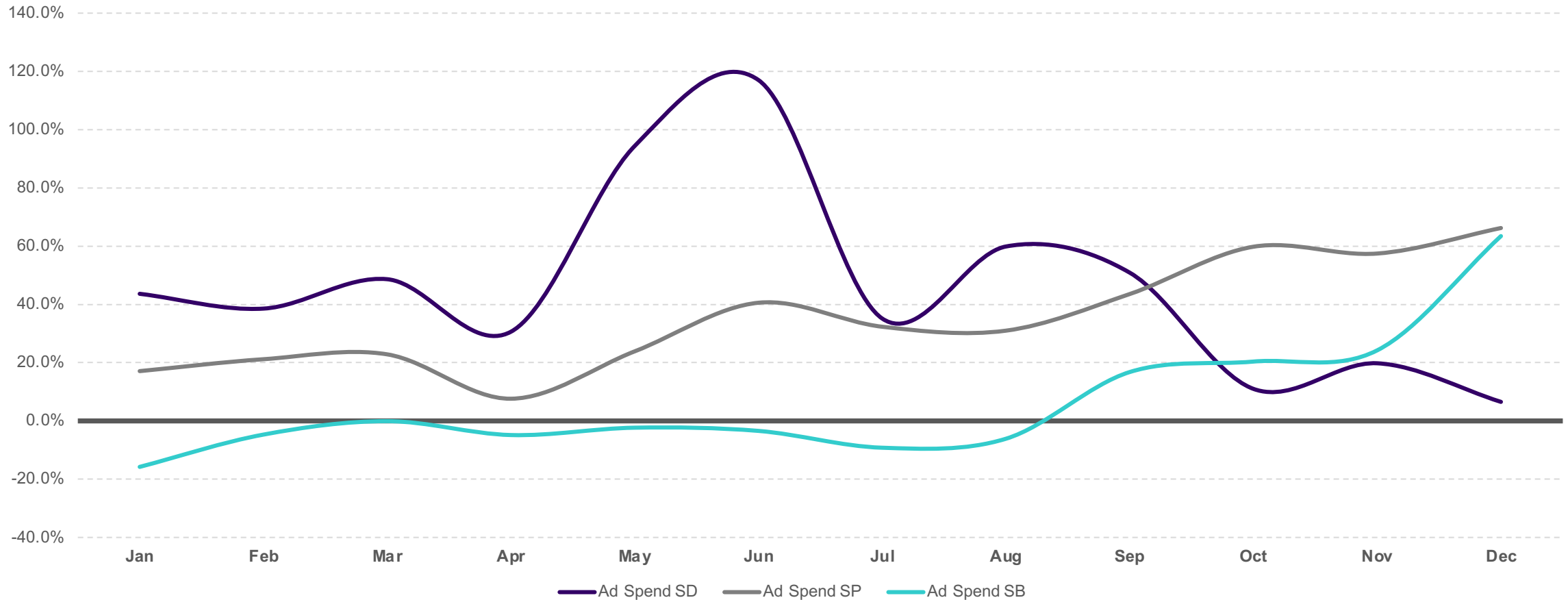
CommerceIQ

Tools & Home Improvement, Office Products and Baby were categories declined despite growth in prices, indicating softening consumer demand in those categories.

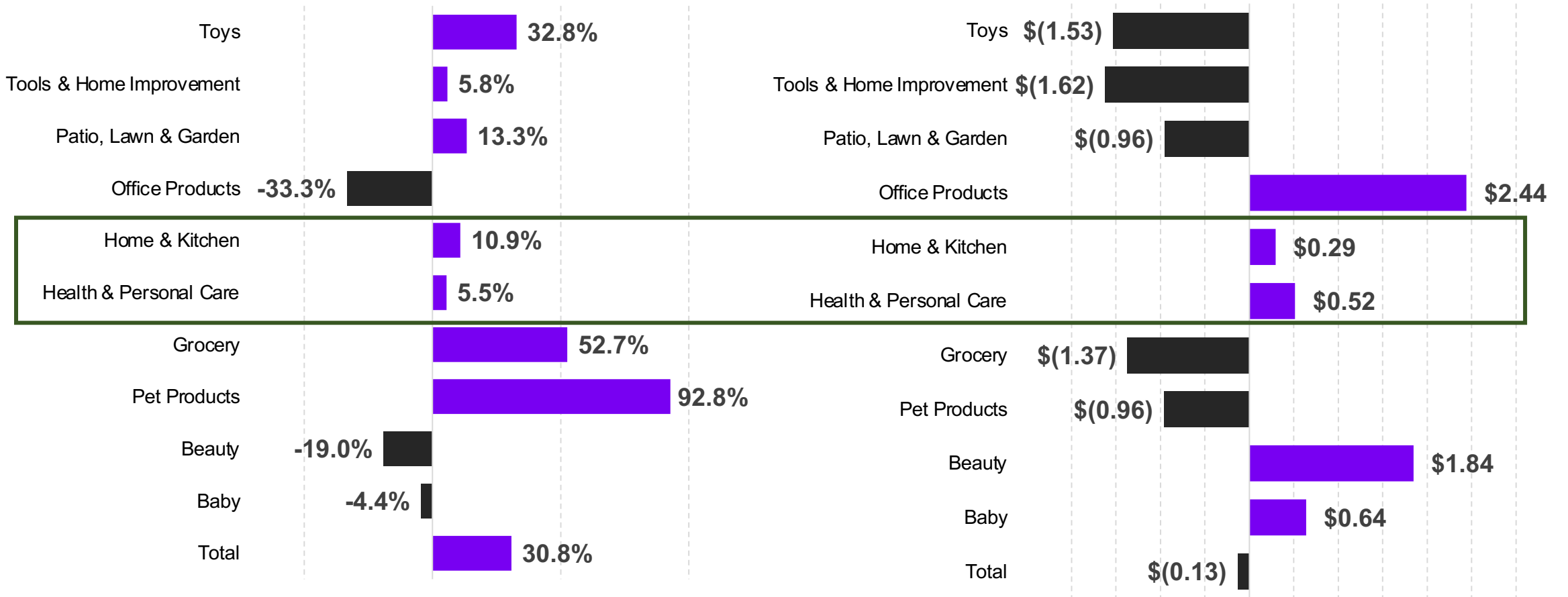**YoY % Change in Ordered Revenue (2023 vs. 2022)**

Category	Value
Toys	1.1%
Tools & Home Improvement	-2.2%
Patio, Lawn & Garden	-4.1%
Office Products	-2.5%
Home & Kitchen	4.4%
Health & Personal Care	4.0%
Grocery	4.9%
Pet Products	18.0%
Beauty	9.2%
Baby	-11.1%
Total	7.2%

YoY % Change in ASP (2023 vs. 2022)

Category	Value
Toys	7.9%
Tools & Home Improvement	2.6%
Patio, Lawn & Garden	-14.2%
Office Products	0.4%
Home & Kitchen	0.3%
Health & Personal Care	3.0%
Grocery	16.4%
Pet Products	5.8%
Beauty	5.3%
Baby	0.7%
Total	7.7%

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Home & Kitchen + Health & Personal Care improved ROAS while increasing Ad Spend, likely indicating that brands within this category have better optimized their ad spend for driving incremental sales as compared to the industry average.

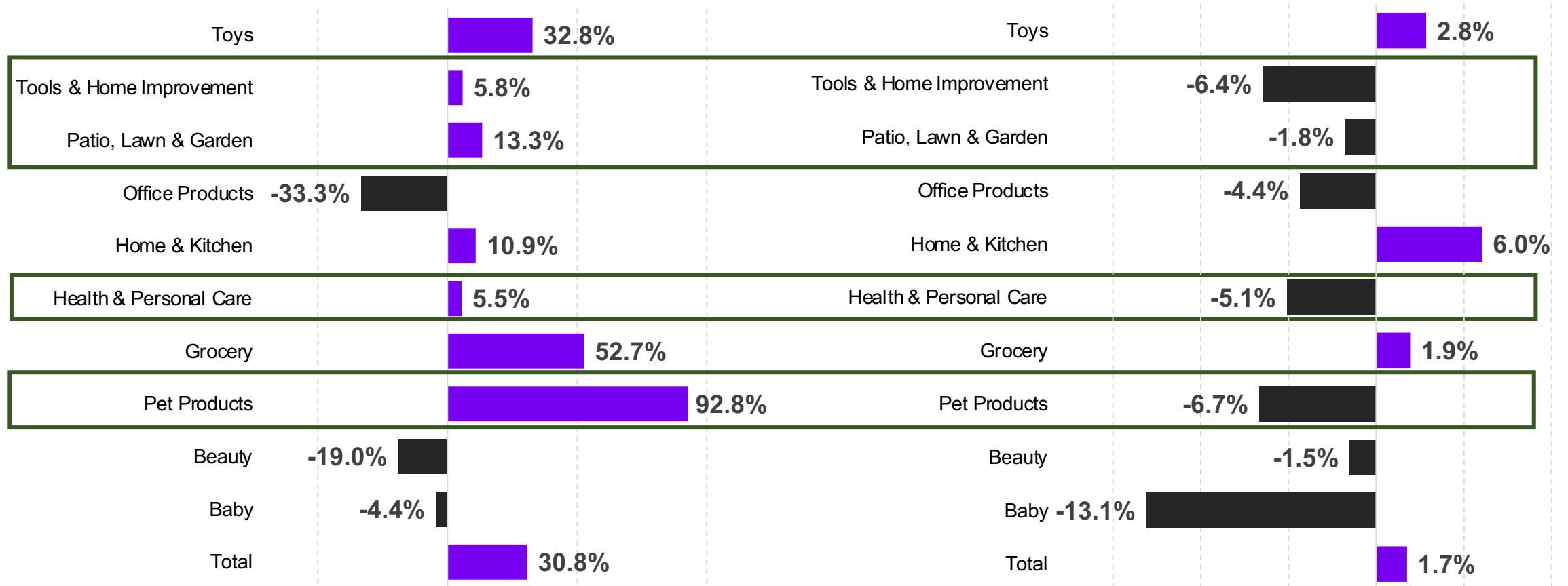## YoY % Change in Ad Spend (2023 vs. 2022)

Category	Value
Toys	32.8%
Tools & Home Improvement	5.8%
Patio, Lawn & Garden	13.3%
Office Products	-33.3%
Home & Kitchen	10.9%
Health & Personal Care	5.5%
Grocery	52.7%
Pet Products	92.8%
Beauty	-19.0%
Baby	-4.4%
Total	30.8%

YoY $ Change in ROAS (2023 vs. 2022)

Category	Value
Toys	$(1.53)
Tools & Home Improvement	$(1.62)
Patio, Lawn & Garden	$(0.96)
Office Products	$2.44
Home & Kitchen	$0.29
Health & Personal Care	$0.52
Grocery	$(1.37)
Pet Products	$(0.96)
Beauty	$1.84
Baby	$0.64
Total	$(0.13)

January 2024

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Tools & Home Improvement, Patio Lawn & Garden, Health & Personal Care and Pet Products are the most competitive categories entering into 2024, with brands investing more to capture lower consumer demand evidenced by reduced glance views.
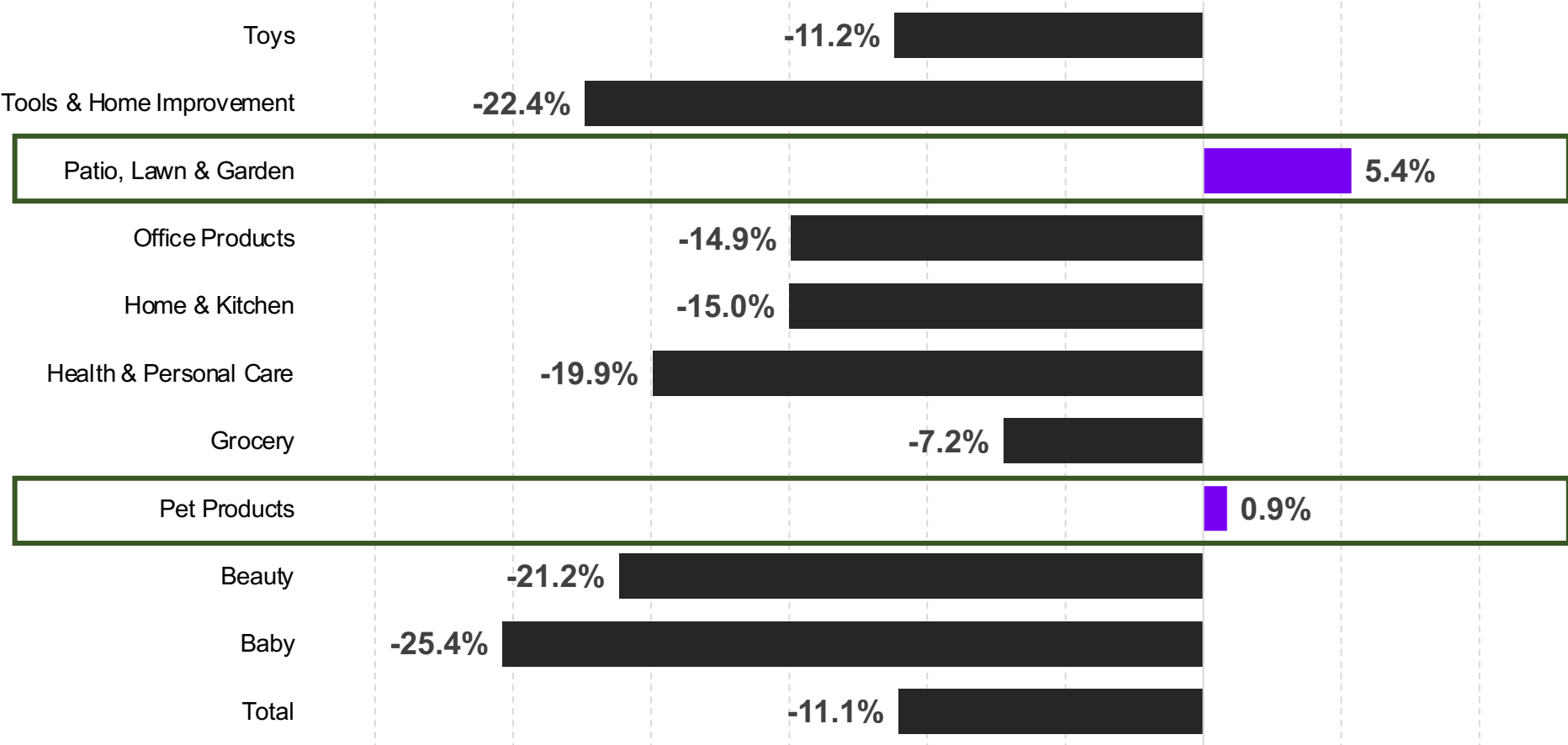
YoY % Change in Ad Spend (2023 vs. 2022)

Category	Value
Toys	32.8%
Tools & Home Improvement	5.8%
Patio, Lawn & Garden	13.3%
Office Products	-33.3%
Home & Kitchen	10.9%
Health & Personal Care	5.5%
Grocery	52.7%
Pet Products	92.8%
Beauty	-19.0%
Baby	-4.4%
Total	30.8%

YoY % Change in Glance Views (2023 vs. 2022)

Category	Value
Toys	2.8%
Tools & Home Improvement	-6.4%
Patio, Lawn & Garden	-1.8%
Office Products	-4.4%
Home & Kitchen	6.0%
Health & Personal Care	-5.1%
Grocery	1.9%
Pet Products	-6.7%
Beauty	-1.5%
Baby	-13.1%
Total	1.7%

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All categories except for Patio, Lawn & Garden and Pets pulled back on inventory, likely a resulting effect from Amazon's focus on FCF and warehouse optimization.

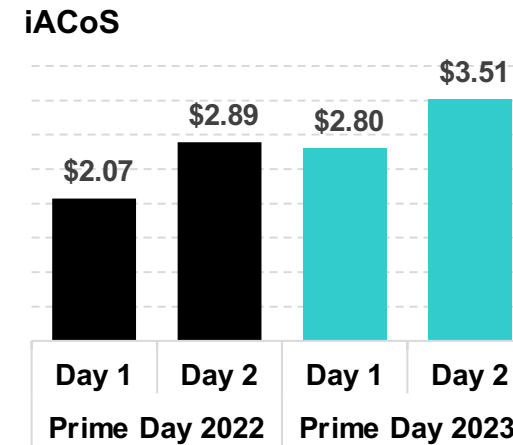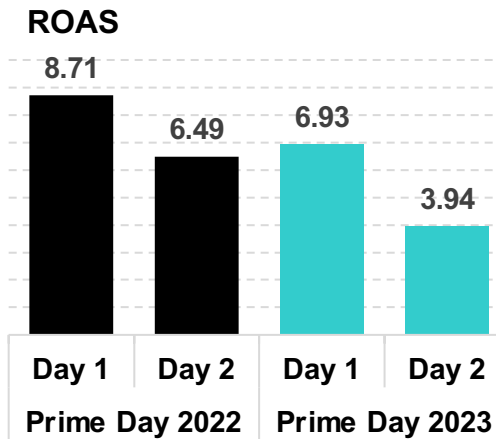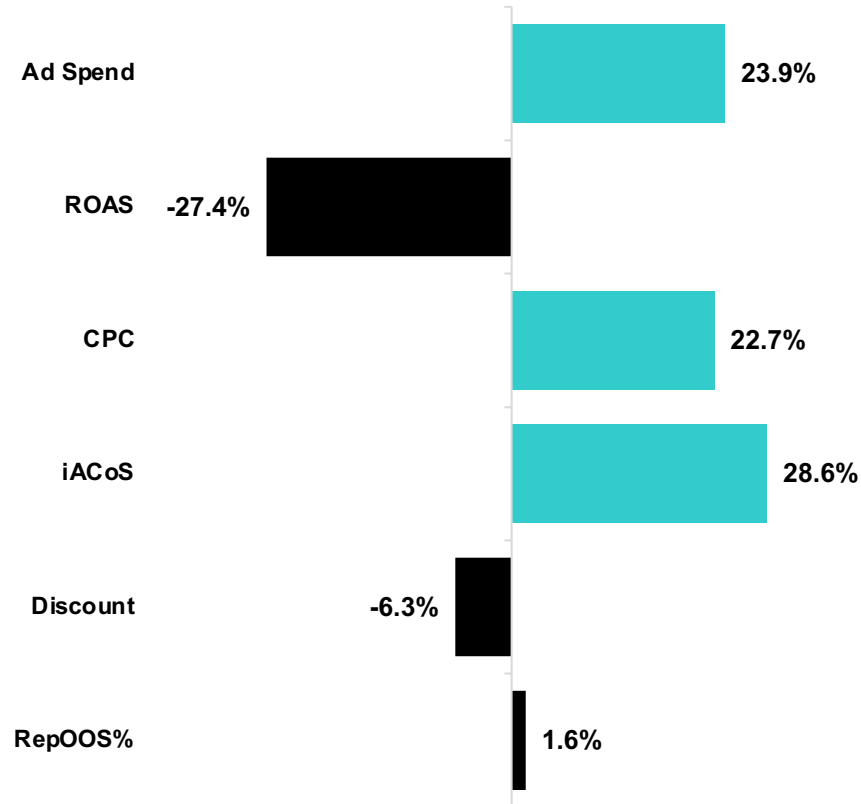**YoY % Change in Inventory On Hand (2023 vs. 2022)**

Category	Value
Toys	-11.2%
Tools & Home Improvement	-22.4%
Patio, Lawn & Garden	5.4%
Office Products	-14.9%
Home & Kitchen	-15.0%
Health & Personal Care	-19.9%
Grocery	-7.2%
Pet Products	0.9%
Beauty	-21.2%
Baby	-25.4%
Total	-11.1%

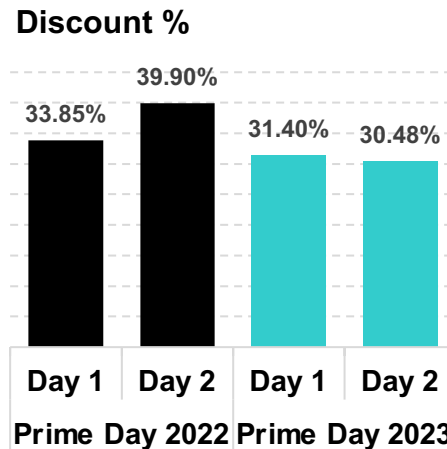CommerceIQ

Tentpole Sales Events

2023 Year End Recap

CommerceIQ

Prime Day 2023 was more competitive for brands as compared to Prime Day 2022

Change in Key Metrics on Prime Day 2023 vs. Prime Day 2022

Metric	Change
Ad Spend	23.9%
ROAS	-27.4%
CPC	22.7%
iACoS	28.6%
Discount	-6.3%
RepOOS%	1.6%

ROAS

	Prime Day 2022		Prime Day 2023	
	Day 1	Day 2	Day 1	Day 2
	8.71	6.49	6.93	3.94

iACoS

	Prime Day 2022		Prime Day 2023	
	Day 1	Day 2	Day 1	Day 2
	$2.07	$2.89	$2.80	$3.51

> Advertising became less efficient in '23, likely due to lower discount rates, higher CPCs and higher RepOOS%
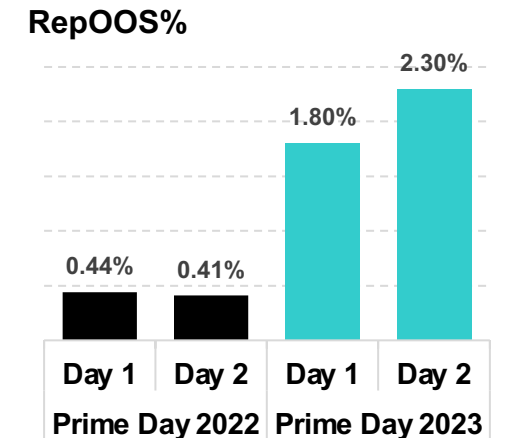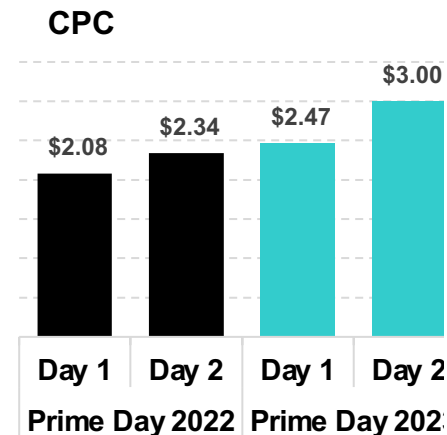
Discount %

	Prime Day 2022		Prime Day 2023	
	Day 1	Day 2	Day 1	Day 2
	33.85%	39.90%	31.40%	30.48%

CPC

	Prime Day 2022		Prime Day 2023	
	Day 1	Day 2	Day 1	Day 2
	$2.08	$2.34	$2.47	$3.00

RepOOS%

	Prime Day 2022		Prime Day 2023	
	Day 1	Day 2	Day 1	Day 2
	0.44%	0.41%	1.80%	2.30%

January 2024

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While less impactful than Prime Day 2023, Prime Big Deal Days drove +23% more revenue than the Prime Early Access Sale in 2022, as well as an +86% larger boost in revenue as compared to the respective trailing 28 day period of sales
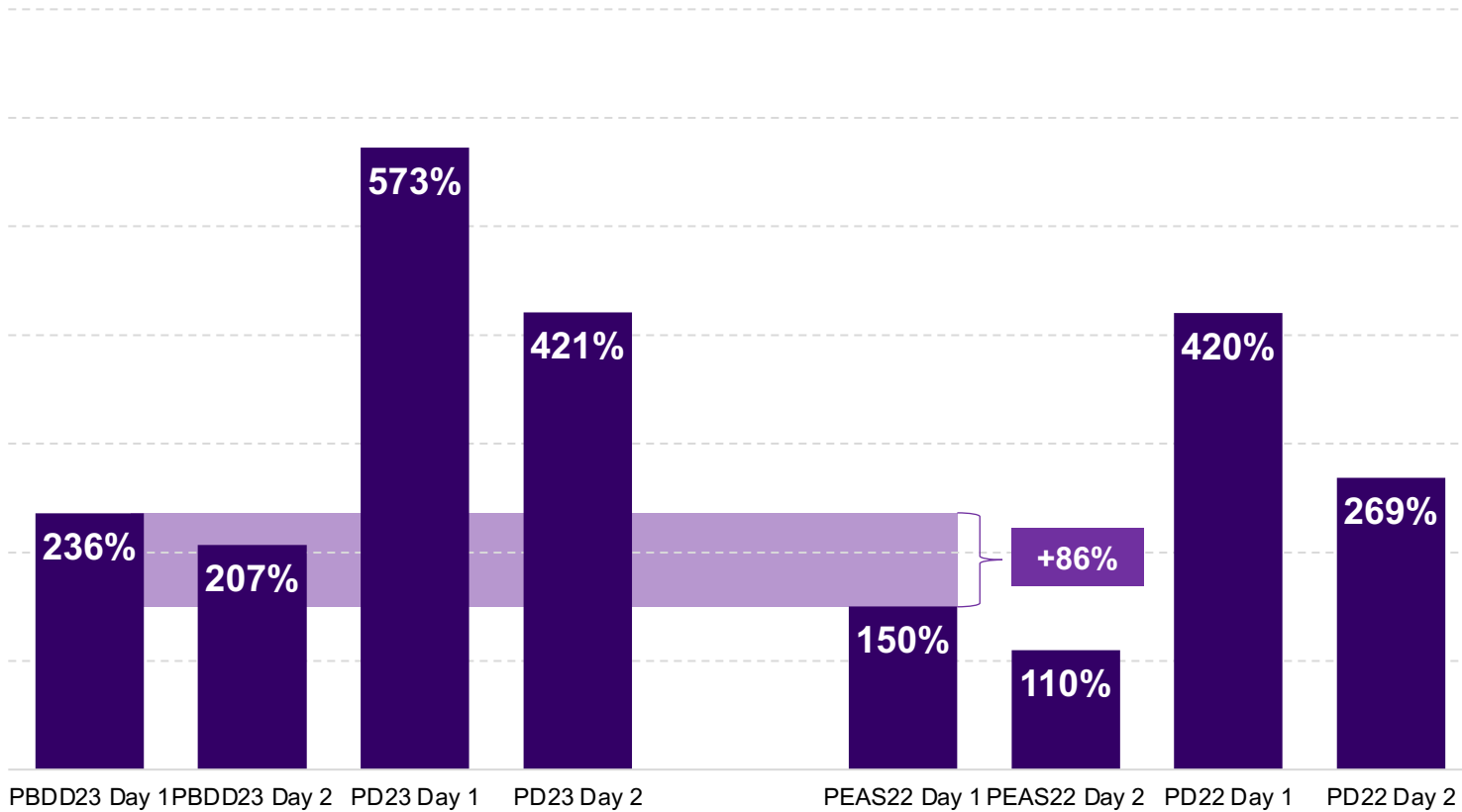
Ordered Revenue
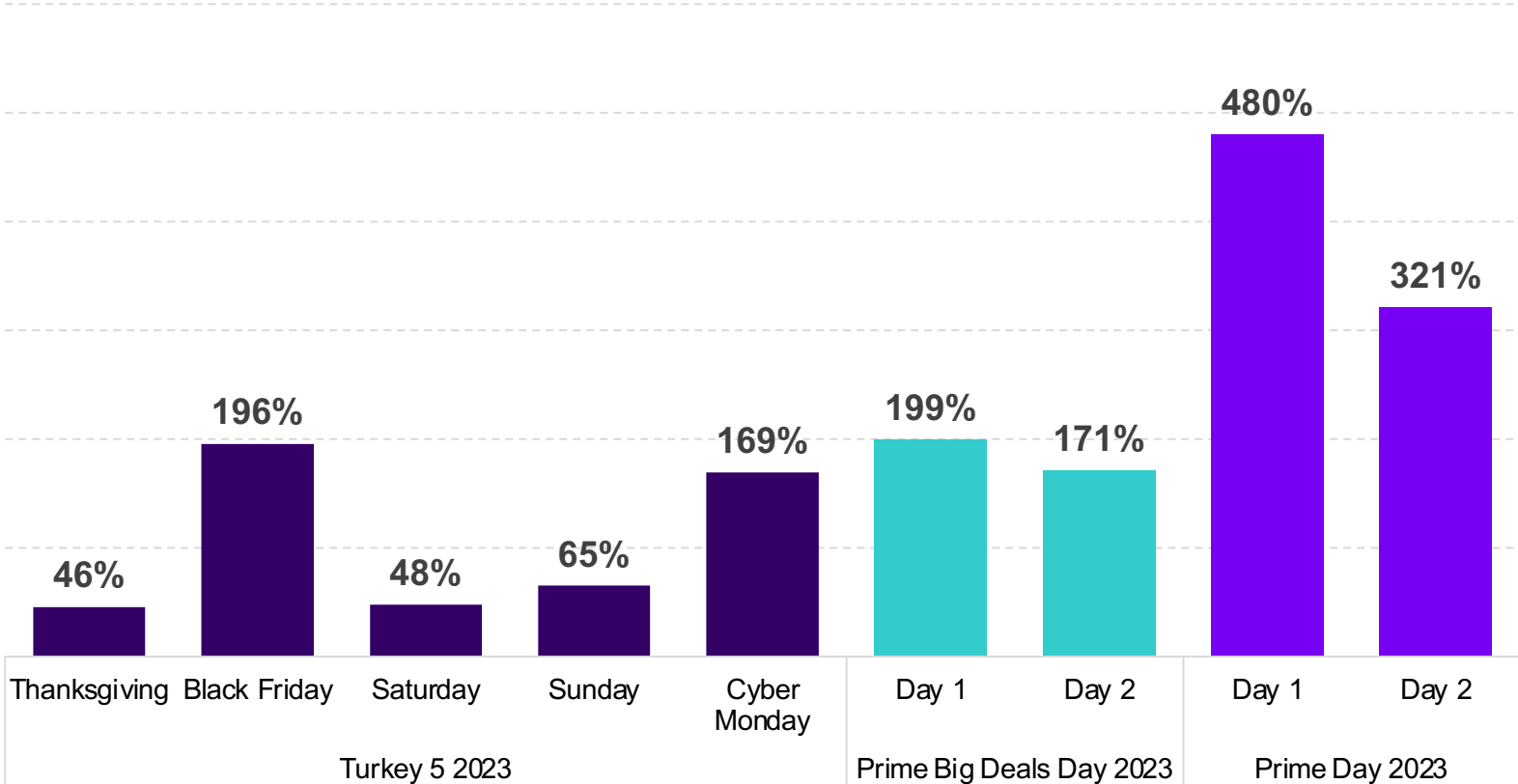*vs. Prime Day '23 and Prime Early Access Sale '22*

- 23% (PBDD23 vs. PEAS22)
- -41% (PBDD23 vs. PD23)

Ordered Revenue
vs. L28 Days Baseline prior to sale period

- 236% — PBDD23 Day 1
- 207% — PBDD23 Day 2
- 573% — PD23 Day 1
- 421% — PD23 Day 2
- 150% — PEAS22 Day 1
- 110% — PEAS22 Day 2
- 420% — PD22 Day 1
- 269% — PD22 Day 2

+86%

January 2024

CommerceIQ

T5 2023 drove 10% more revenue versus T5 2022, with BFCM delivering similar impact on revenues as compared to Prime Big Deal Days. Both events are dwarfed by Prime Day 2023.

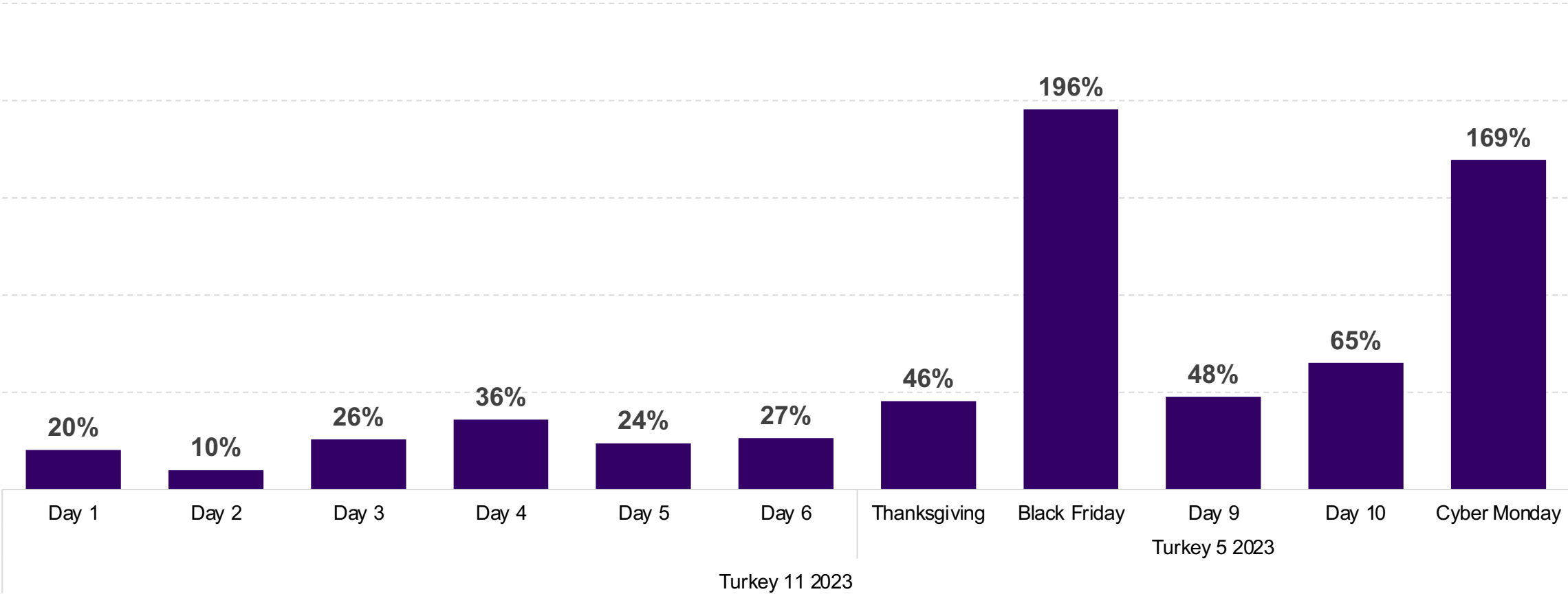## Change in Daily Average Ordered Revenue versus L14 Day Average

Turkey 5 2023					Prime Big Deals Day 2023		Prime Day 2023	
Thanksgiving	Black Friday	Saturday	Sunday	Cyber Monday	Day 1	Day 2	Day 1	Day 2
46%	196%	48%	65%	169%	199%	171%	480%	321%

% Change in Ordered Revenues of T5 2023 compared to T5 2022

2023 vs. 2022

- Cyber Monday: 5%
- Sunday: 11%
- Saturday: 15%
- Black Friday: 8%
- Thanksgiving: 20%
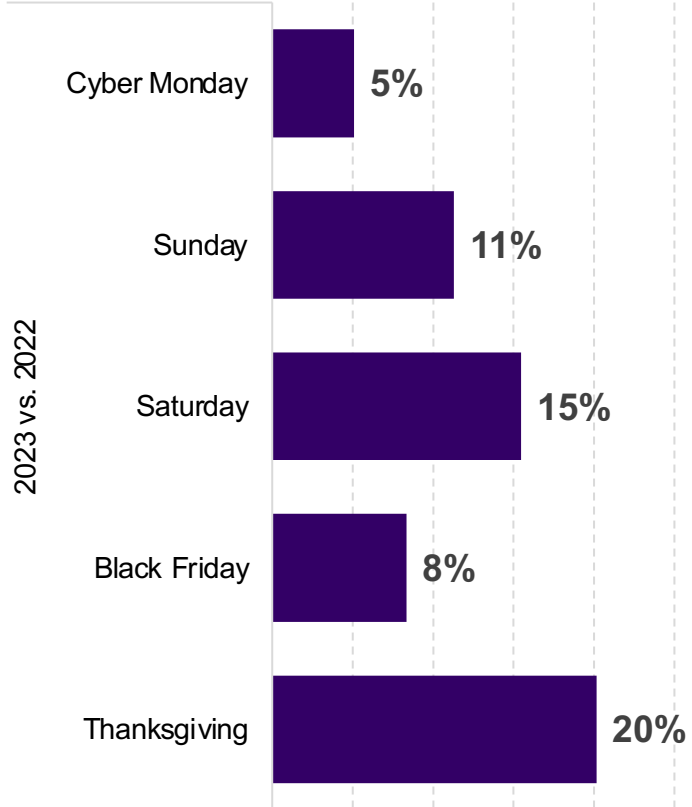
CommerceIQ

Turkey 11 drove a marginal increase in ordered revenue, with majority of sales happening on Black Friday and Cyber Monday, which is consistent with previous years.

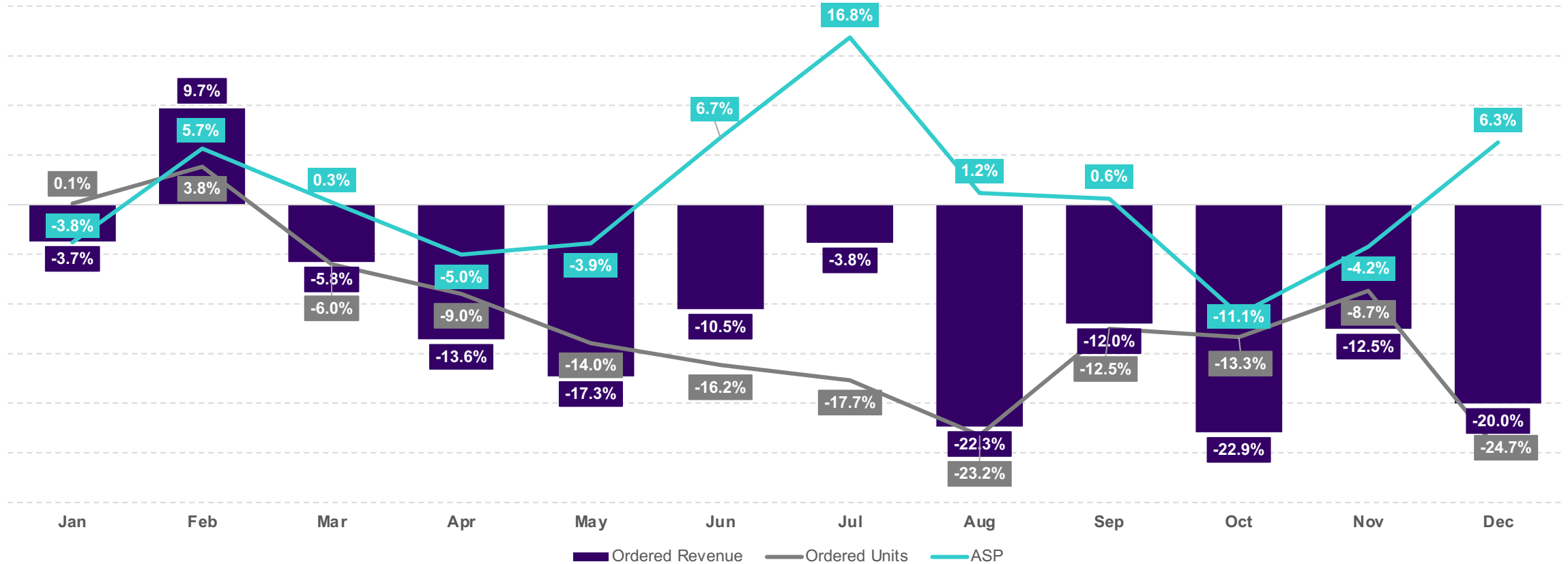**Change in Daily Average Ordered Revenue versus L14 Day Average**

Turkey 11 2023						Turkey 5 2023				
Day 1	Day 2	Day 3	Day 4	Day 5	Day 6	Thanksgiving	Black Friday	Day 9	Day 10	Cyber Monday
20%	10%	26%	36%	24%	27%	46%	196%	48%	65%	169%

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Baby Category

2023 Year End Recap

CommerceIQ

Ordered Revenue declined by 11.1% in 2023, while ordered units fell by 11.7% over the same time period. ASP fell by 0.7%, pointing to a softening of consumer demand across the category in 2023 as compared to 2022.
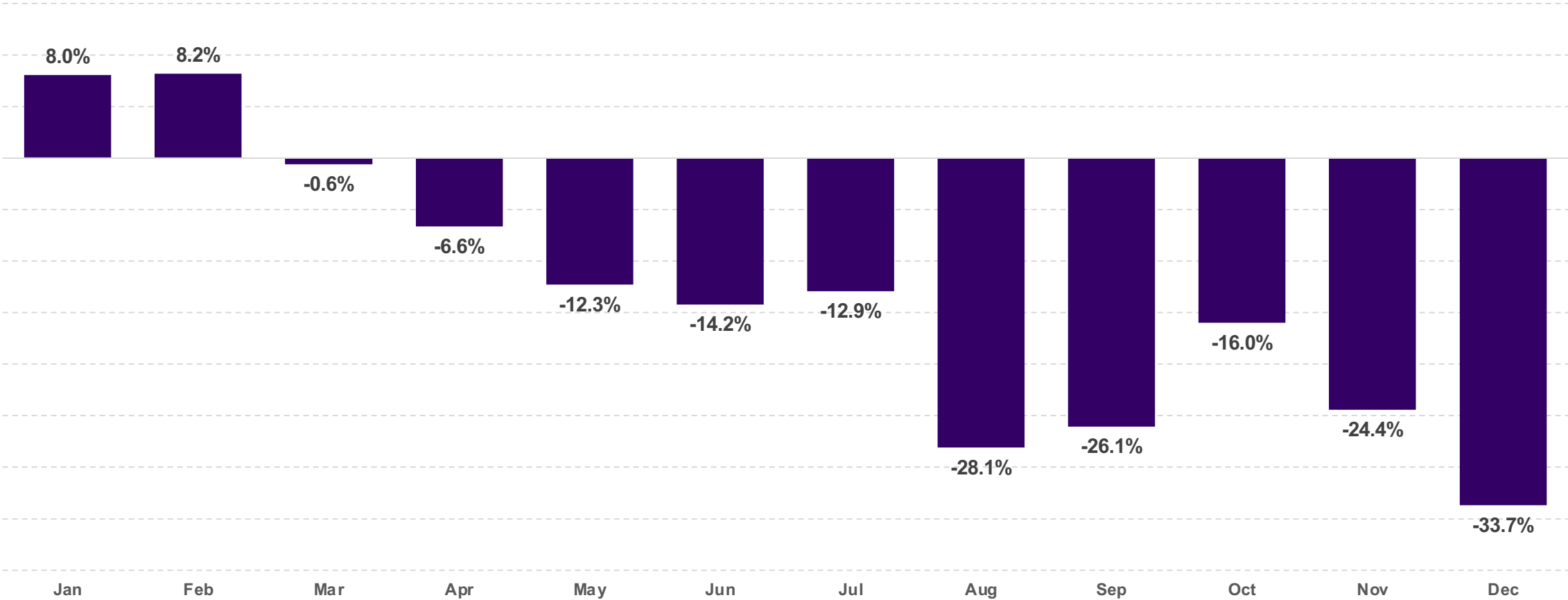
YoY % Change in Ordered Revenue, Ordered Units and ASP (2023 vs. 2022)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Ordered Revenue	-3.7%	9.7%	-5.8%	-13.6%	-17.3%	-10.5%	-3.8%	-22.3%	-12.0%	-22.9%	-12.5%	-20.0%
Ordered Units	0.1%	3.8%	-6.0%	-9.0%	-14.0%	-16.2%	-17.7%	-23.2%	-12.5%	-13.3%	-8.7%	-24.7%
ASP	-3.8%	5.7%	0.3%	-5.0%	-3.9%	6.7%	16.8%	1.2%	0.6%	-11.1%	-4.2%	6.3%

Ordered Revenue   Ordered Units   ASP

CommerceIQ

Subscribe and Save revenue fell by 14% in 2023 vs. 2022, indicating there the softening of demand hasn't been a shift to bundling/pantry packing, but general softness across the entire category.
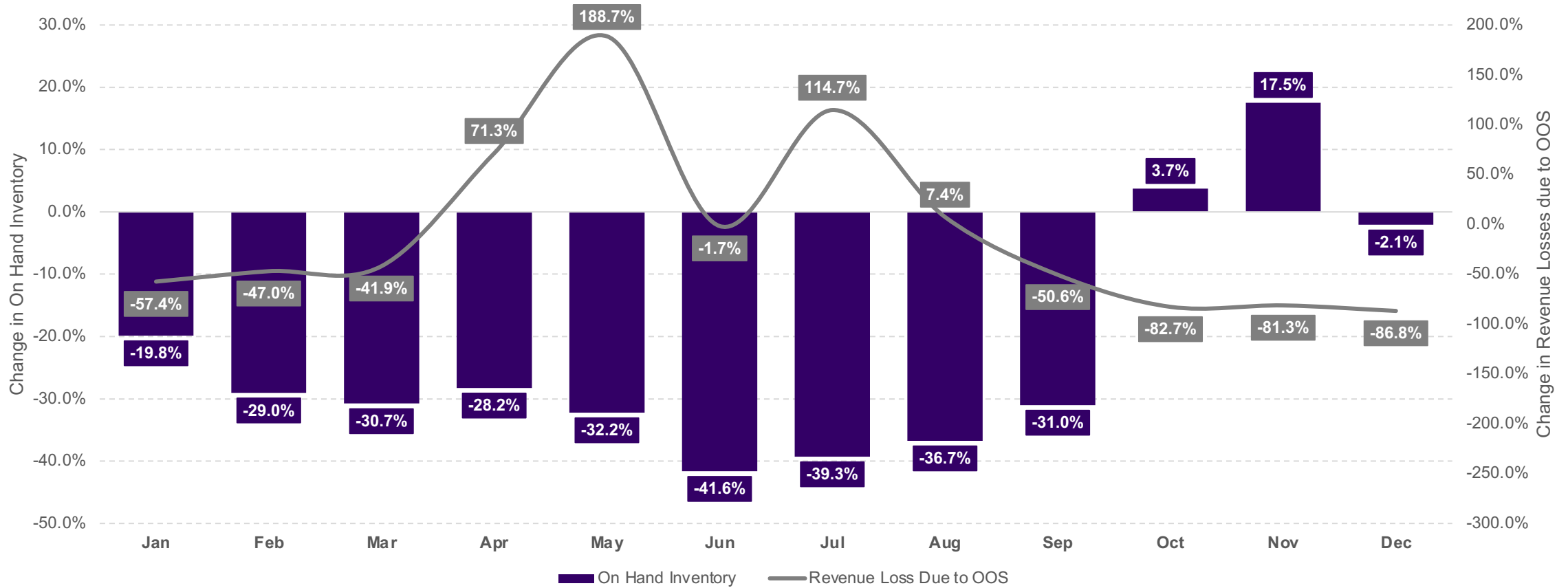
YoY % Change in Subscribe and Save Ordered Revenue (2023 vs. 2022)

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
8.0%	8.2%	-0.6%	-6.6%	-12.3%	-14.2%	-12.9%	-28.1%	-26.1%	-16.0%	-24.4%	-33.7%

January 2024

CommerceIQ

Brands spent the entire year to build back stock levels in time for Q4, but overall losses due to out of stocks grew by 36% in 2023, correlating with a decrease in inventory on hand by 25%, likely a result of Amazon's focus on FCF and inventory optimization efforts.

YoY % Change in On Hand Inventory and Revenue Losses due to Out of Stocks (2023 vs. 2022)

On Hand Inventory values (purple bars): Jan -19.8%, Feb -29.0%, Mar -30.7%, Apr -28.2%, May -32.2%, Jun -41.6%, Jul -39.3%, Aug -36.7%, Sep -31.0%, Oct 3.7%, Nov 17.5%, Dec -2.1%

Revenue Loss Due to OOS values (grey line): Jan -57.4%, Feb -47.0%, Mar -41.9%, Apr 71.3%, May 188.7%, Jun -1.7%, Jul 114.7%, Aug 7.4%, Sep -50.6%, Oct -82.7%, Nov -81.3%, Dec -86.8%

Legend: ■ On Hand Inventory — Revenue Loss Due to OOS

CommerceIQ

Brands saw a consistent degradation in Gross Margins, declining upwards of 46% in November 2023 vs. 2022. Price levels and discount levels fell slightly, indicating that an increase in COGS was the main driver of gross margin declines.

YoY % Change in Gross Margins*, ASP and Discount Percentage (2023 vs 2022)

Legend: ■ Gross Margin Unit Percentage ■ ASP ■ Discount Percentage

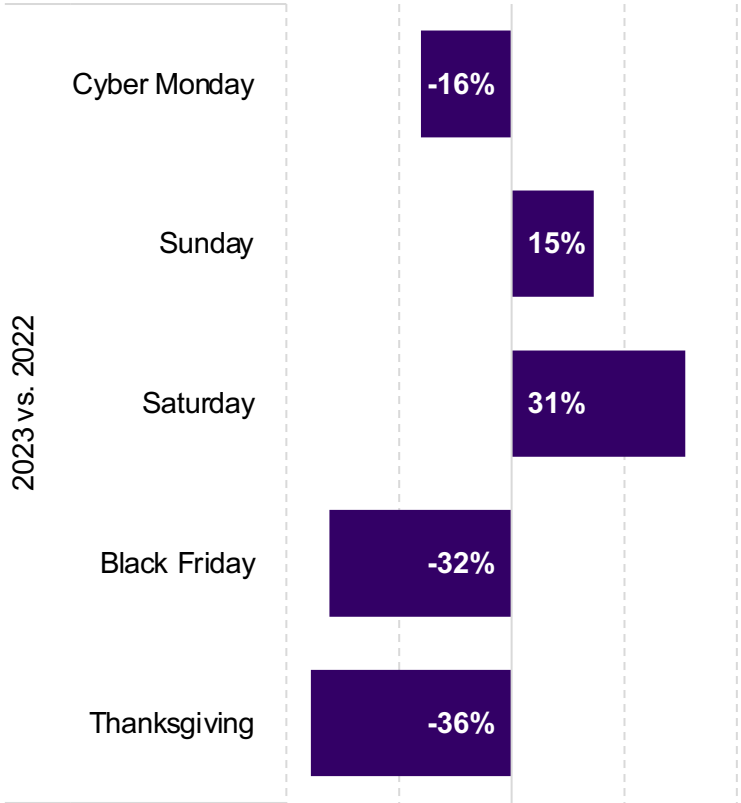| Month	Gross Margin Unit Percentage	ASP	Discount Percentage
Jan	-6.5%	-3.8%	-3.1%
Feb	-17.1%	5.7%	0.3%
Mar	-22.7%	0.3%	0.0%
Apr	-15.1%	-5.0%	-0.9%
May	-16.0%	-3.9%	-2.0%
Jun	-20.7%	6.7%	-0.7%
Jul	-33.0%	16.8%	-3.8%
Aug	-24.5%	1.2%	-4.4%
Sep	-33.0%	0.6%	0.4%
Oct	-37.8%	-11.1%	-3.4%
Nov	-46.3%	-4.2%	-6.1%
Dec	-18.8%	6.3%	-5.8%
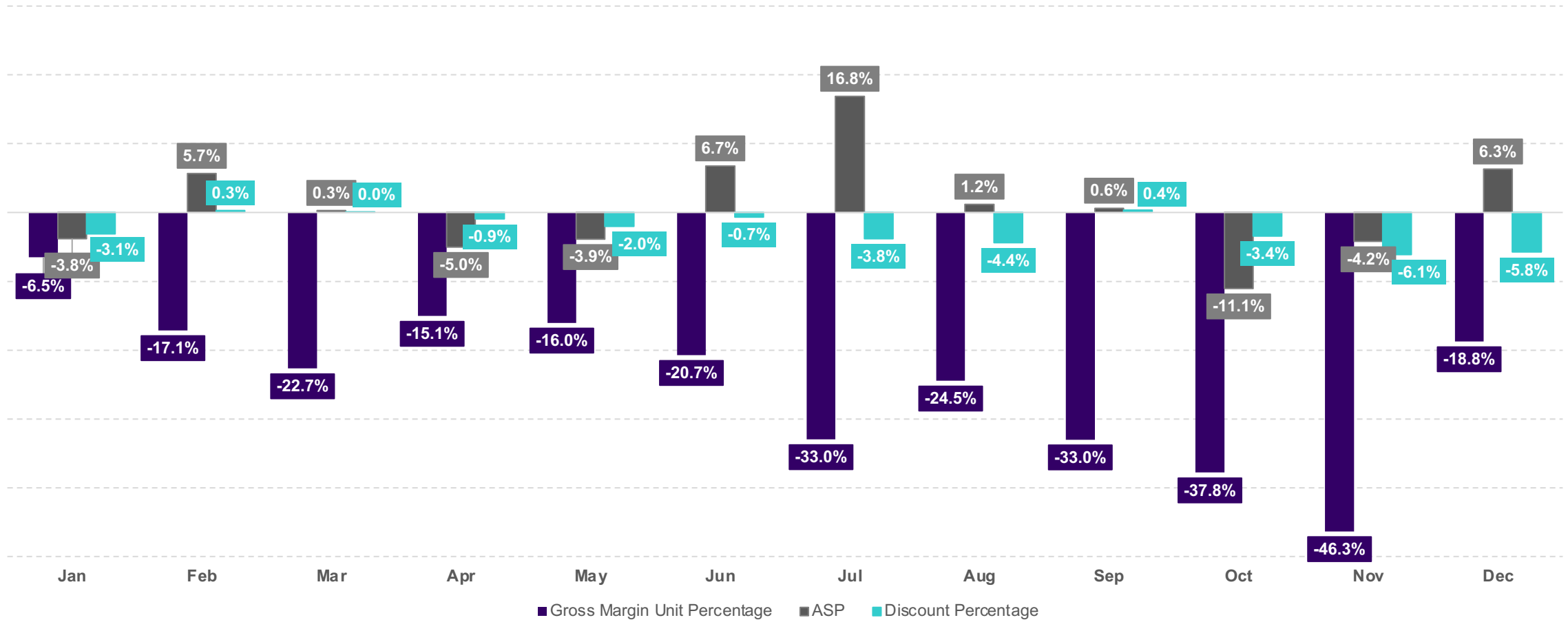
Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users who were from January 2022 to December 2023. *Gross Margins are Amazon estimated Gross Margins..

CommerceIQ

While conversion rates rose slightly by 1.6%, glance views fell by 13.1% in 2023 as compared to 2022, further supporting the hypothesis of a softening of consumer demand and interest in the category.
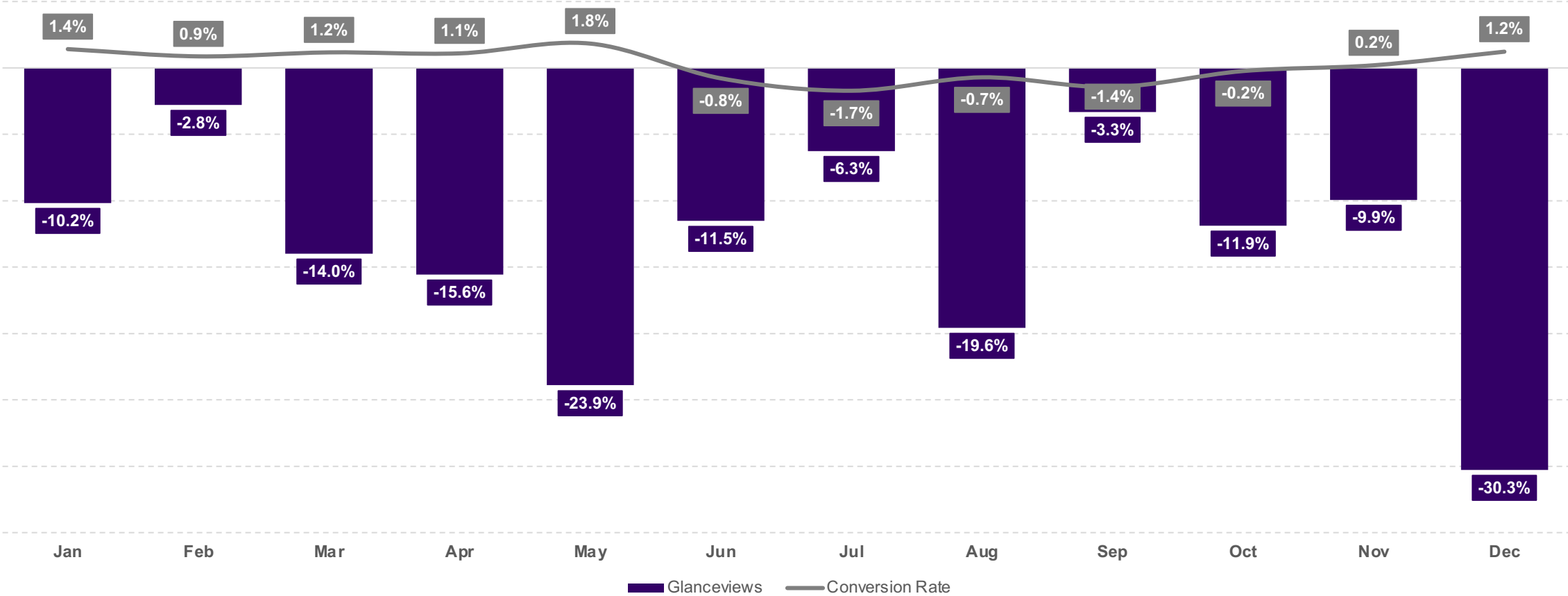
YoY % Change in Glance Views and Unit Conversion % (2023 vs. 2022)

Legend: ■ Glanceviews — Conversion Rate

Month	Conversion Rate	Glanceviews
Jan	1.4%	-10.2%
Feb	0.9%	-2.8%
Mar	1.2%	-14.0%
Apr	1.1%	-15.6%
May	1.8%	-23.9%
Jun	-0.8%	-11.5%
Jul	-1.7%	-6.3%
Aug	-0.7%	-19.6%
Sep	-1.4% / -3.3%	
Oct	-0.2%	-11.9%
Nov	0.2%	-9.9%
Dec	1.2%	-30.3%

CommerceIQ

Ad spend fell by 4.4% in 2023 vs. 2022, with a huge spike coming in Q4 leading into Prime Big Deals Day. This correlated with an increase ROAS, and decline in CPCs in Q4 in line with a less competitive advertising environment in the category.

YoY % Change in Ad Spend, and YoY $ Change in ROAS and CPC (2023 vs. 2022)
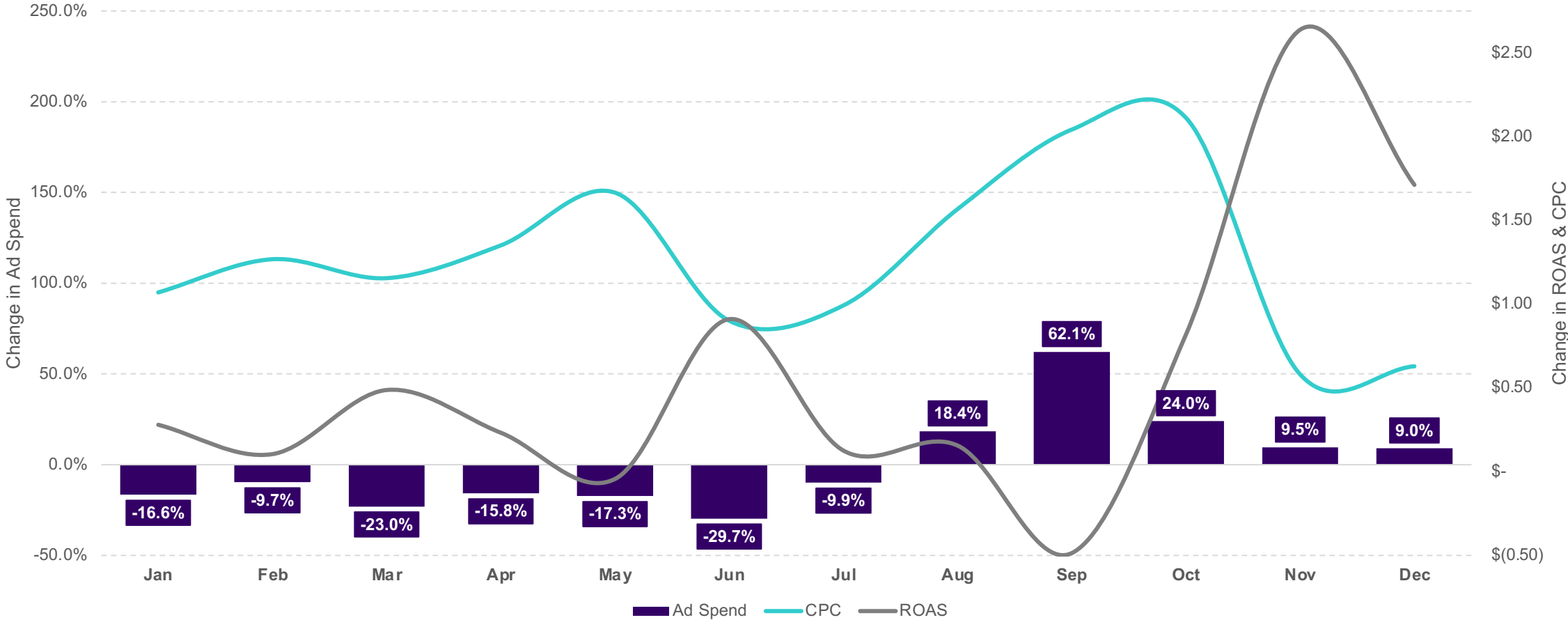
Ad Spend values by month:
- Jan: -16.6%
- Feb: -9.7%
- Mar: -23.0%
- Apr: -15.8%
- May: -17.3%
- Jun: -29.7%
- Jul: -9.9%
- Aug: 18.4%
- Sep: 62.1%
- Oct: 24.0%
- Nov: 9.5%
- Dec: 9.0%

Legend: Ad Spend | CPC | ROAS

CommerceIQ

T5 2023 less revenue versus T5 2022, despite BFCM delivering a larger impact on revenues as compared to Prime Big Deal Days. Prime Day 2023 was the peak tentpole event for this category in 2023.

Change in Daily Average Ordered Revenue versus L14 Day Average
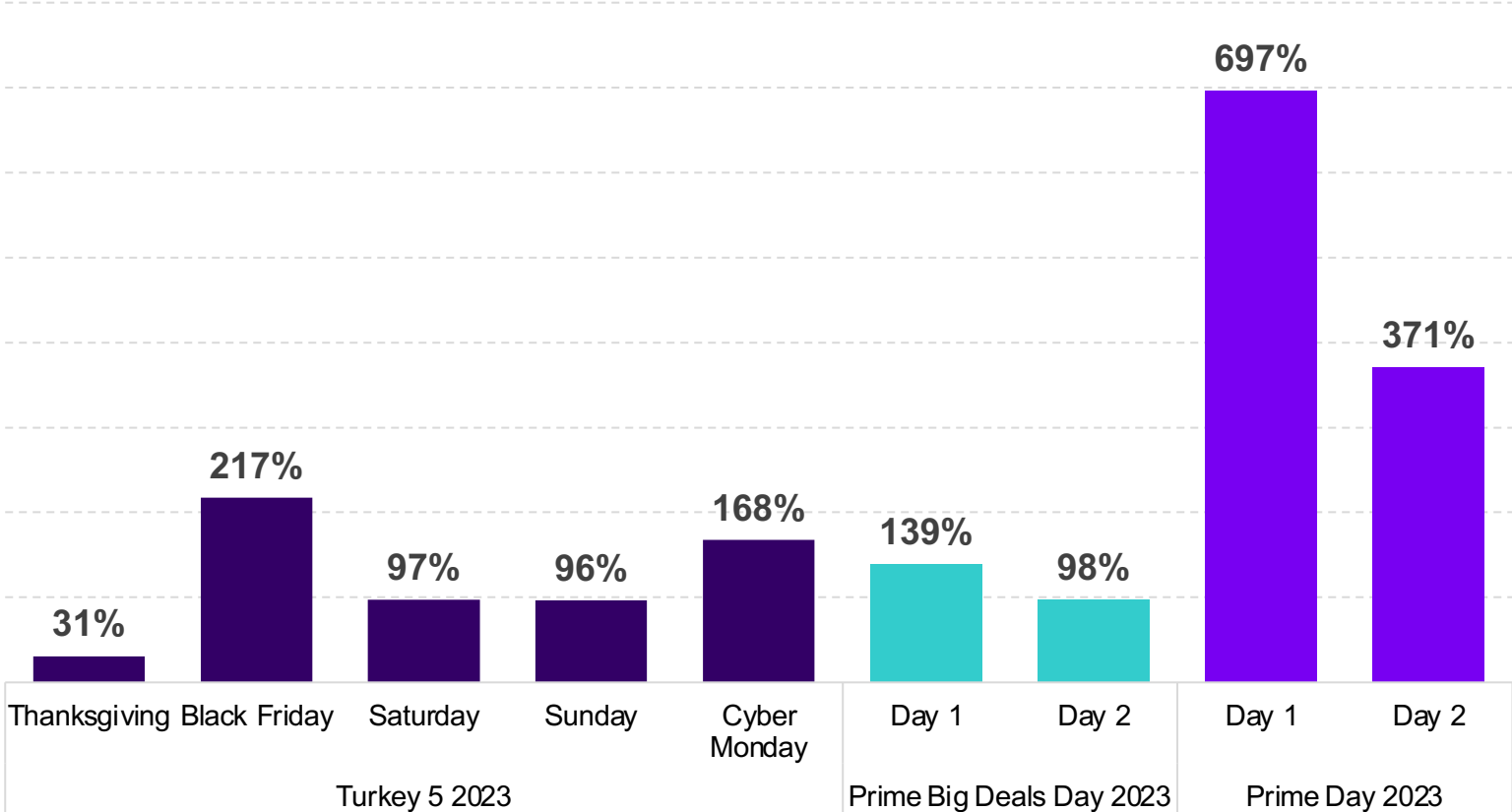
Turkey 5 2023					Prime Big Deals Day 2023		Prime Day 2023	
Thanksgiving	Black Friday	Saturday	Sunday	Cyber Monday	Day 1	Day 2	Day 1	Day 2
31%	217%	97%	96%	168%	139%	98%	697%	371%

% Change in Ordered Revenues of T5 2023 compared to T5 2022

2023 vs. 2022

Cyber Monday	-16%
Sunday	15%
Saturday	31%
Black Friday	-32%
Thanksgiving	-36%

CommerceIQ

Beauty Category

2023 Year End Recap

CommerceIQ

Ordered Revenue increased by 9.2% in 2023 driven primarily by a strong front half of the year. Ordered units increased by only 3.7% in 2023. The increase in revenue is explained predominantly by an increase in ASP of 5.3% in 2023.

YoY % Change in Ordered Revenue, Ordered Units and ASP (2023 vs. 2022)
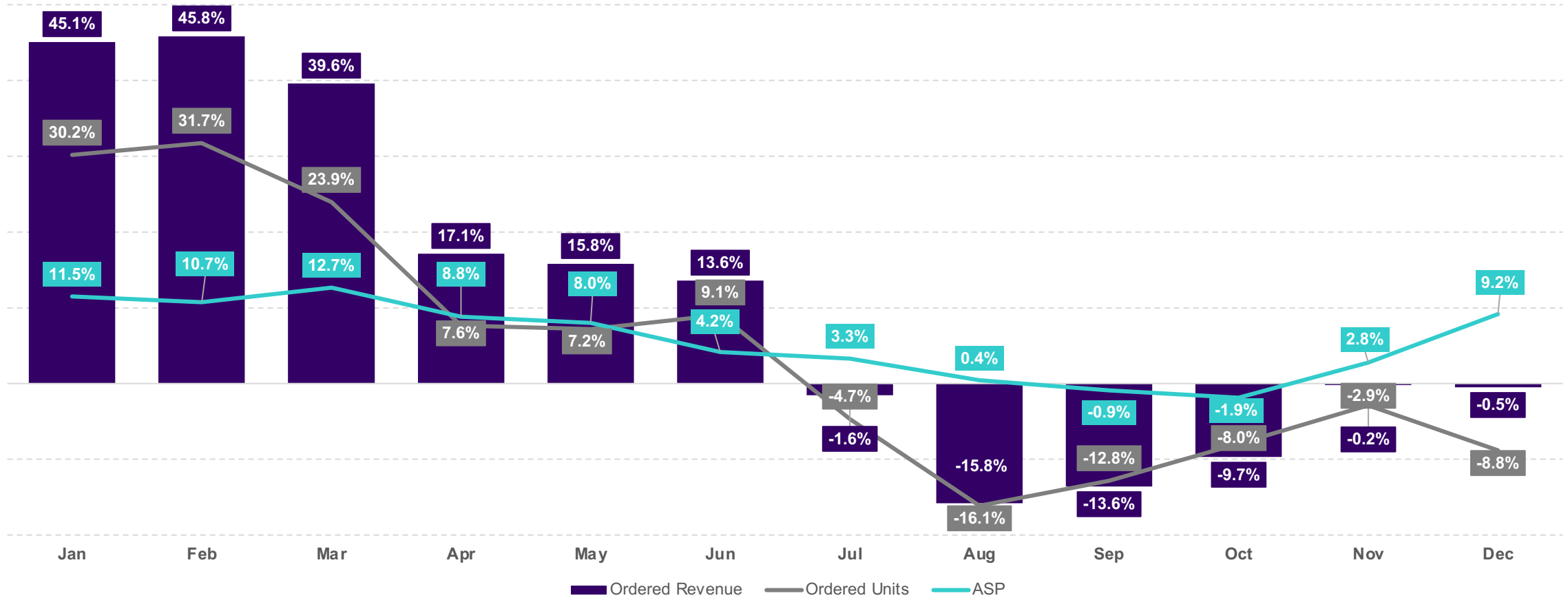
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Ordered Revenue	45.1%	45.8%	39.6%	17.1%	15.8%	13.6%	-4.7%	-15.8%	-13.6%	-8.0%	-0.2%	-0.5%
Ordered Units	30.2%	31.7%	23.9%	7.6%	7.2%	9.1%	-1.6%	-16.1%	-12.8%	-9.7%	-2.9%	-8.8%
ASP	11.5%	10.7%	12.7%	8.8%	8.0%	4.2%	3.3%	0.4%	-0.9%	-1.9%	2.8%	9.2%

Legend: ■ Ordered Revenue — Ordered Units — ASP

CommerceIQ

Subscribe and Save was a key growth driver for brands, growing 92.6% in 2023 vs. 2022, consistently outperforming 2022 in every single month of the year.

YoY % Change in Subscribe and Save Ordered Revenue (2023 vs. 2022)
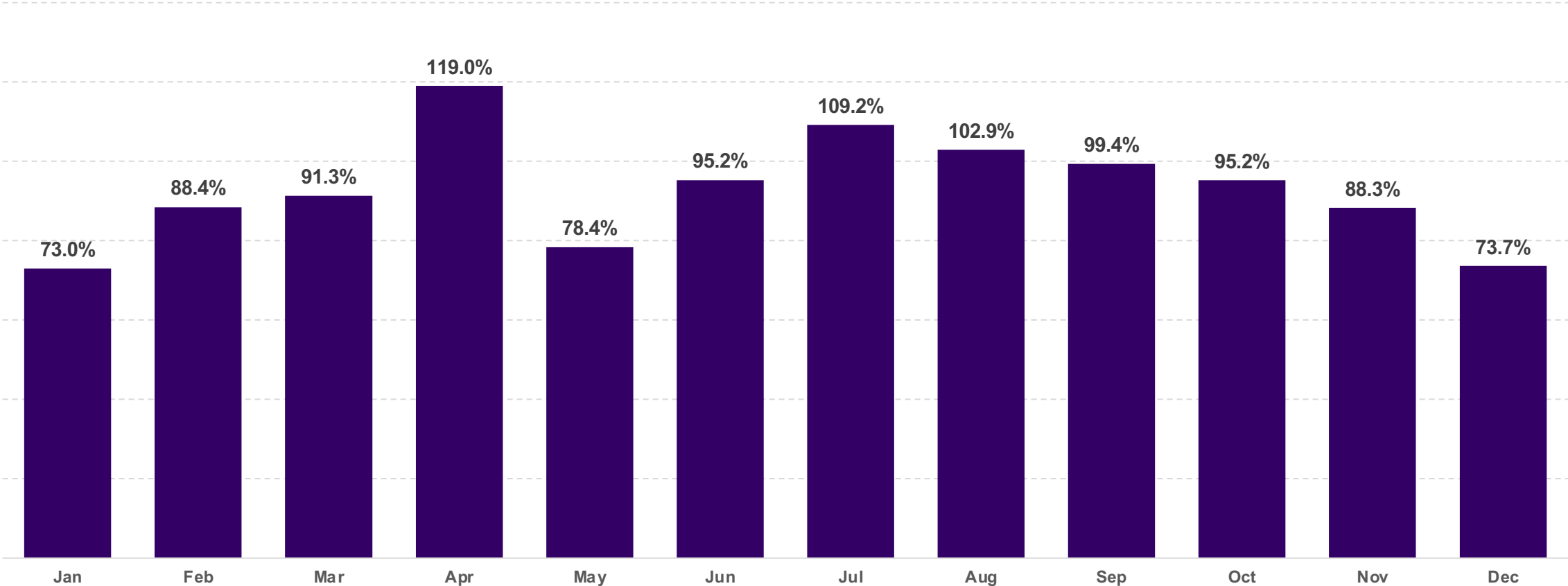
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
73.0%	88.4%	91.3%	119.0%	78.4%	95.2%	109.2%	102.9%	99.4%	95.2%	88.3%	73.7%

CommerceIQ

Brands spent the entire year to build back stock levels in time for Q4, but overall losses due to out of stocks grew by 33.4% in 2023, correlating with a decrease in inventory on hand by 21.2%, matching the overall industry trend of constrained inventory levels.

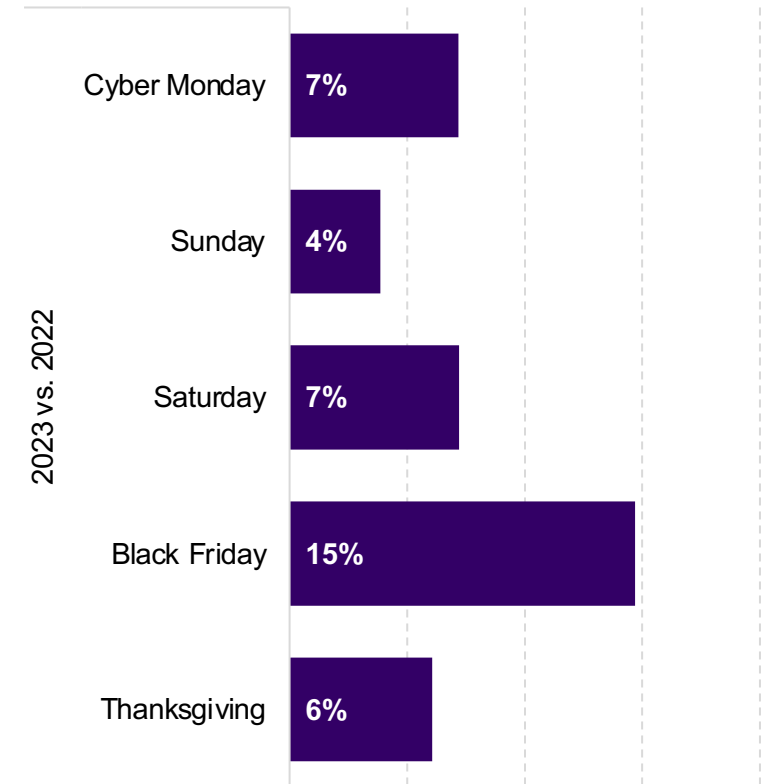## YoY % Change in On Hand Inventory and Revenue Losses due to Out of Stocks (2023 vs. 2022)
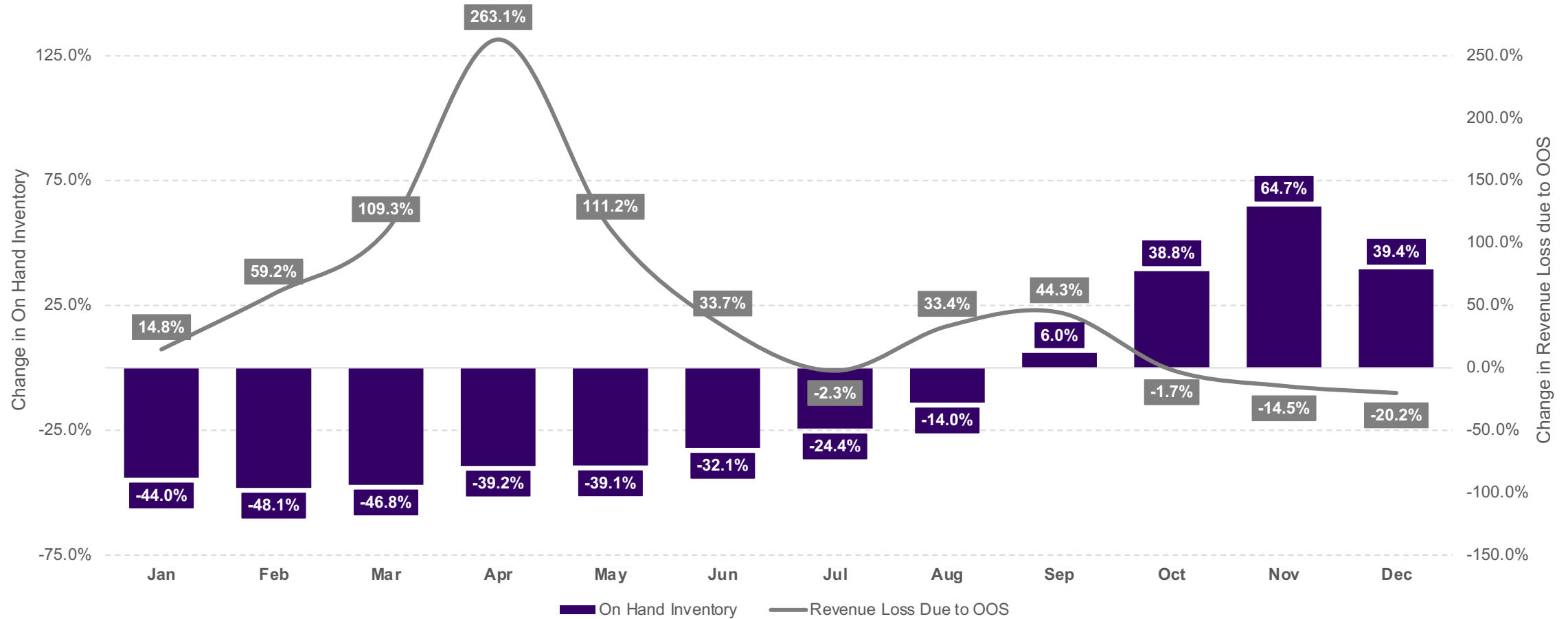
Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users who were from January 2022 to December 2023

CommerceIQ

Brands saw a consistent decline in Gross Margins, decreasing upwards of 6.3%. Price levels grew by upwards of 12.7%, while Discount Percentages only grew marginally, indicating the increase in COGS as the driver to gross margin degradation in 2023.

YoY % Change in Gross Margins*, ASP and Discount Percentage.
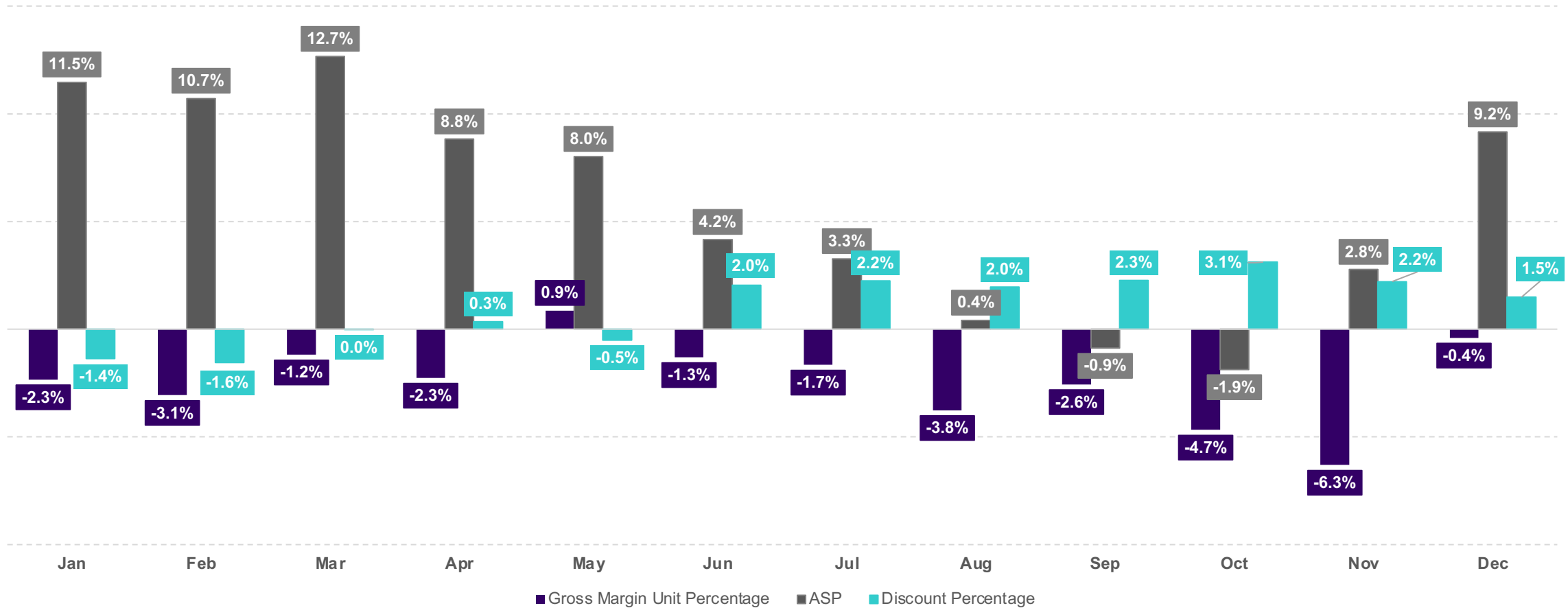
Month	Gross Margin Unit Percentage	ASP	Discount Percentage
Jan	-2.3%	11.5%	-1.4%
Feb	-3.1%	10.7%	-1.6%
Mar	-1.2%	12.7%	0.0%
Apr	-2.3%	8.8%	0.3%
May	0.9%	8.0%	-0.5%
Jun	-1.3%	4.2%	2.0%
Jul	-1.7%	3.3%	2.2%
Aug	-3.8%	0.4%	2.0%
Sep	-2.6%	-0.9%	2.3%
Oct	-4.7%	-1.9%	3.1%
Nov	-6.3%	2.8%	2.2%
Dec	-0.4%	9.2%	1.5%

Legend: ■ Gross Margin Unit Percentage ■ ASP ■ Discount Percentage

CommerceIQ

Glance Views fell slightly by 1.5% driven primarily by a weak back half of the year. Conversion Rates improved slightly towards the end of the year, correlating with the increase in discounts over the same time period.

YoY % Change in Glance Views and Unit Conversion % (2023 vs. 2022)
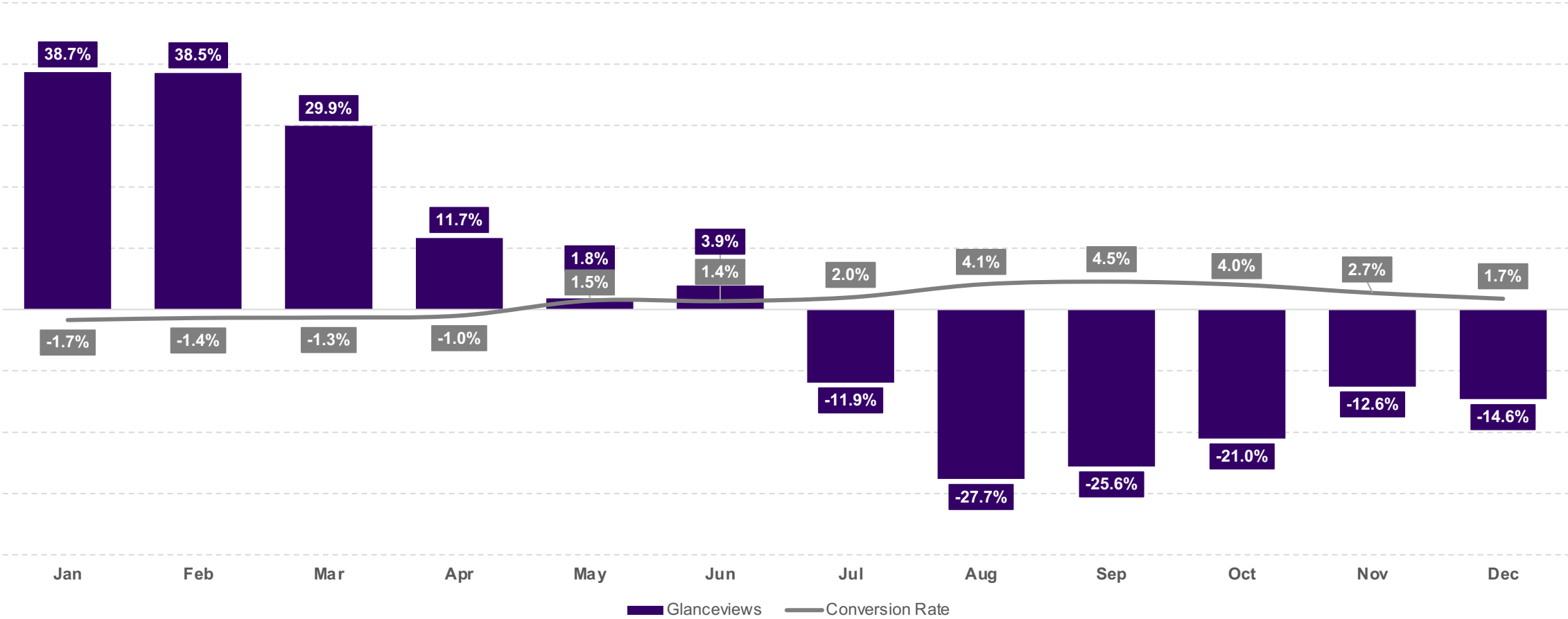
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Glanceviews	38.7%	38.5%	29.9%	11.7%	1.8%	3.9%	-11.9%	-27.7%	-25.6%	-21.0%	-12.6%	-14.6%
Conversion Rate	-1.7%	-1.4%	-1.3%	-1.0%	1.5%	1.4%	2.0%	4.1%	4.5%	4.0%	2.7%	1.7%

Glanceviews ■   Conversion Rate ▬

CommerceIQ

Ad spend fell 19% in 2023 vs. 2022, but saw a huge spike coming in Q4. The category saw a general improvement in ROAS throughout the year, which likely is explained by the growth in ASP coupled with a more sophisticated, incrementality-optimized ad strategy which generally occurs when an increase in Ad Spend and ROAS is observed as we see in Q4 2023.

YoY % Change in Ad Spend, and YoY $ Change in ROAS and CPC (2023 vs. 2022)
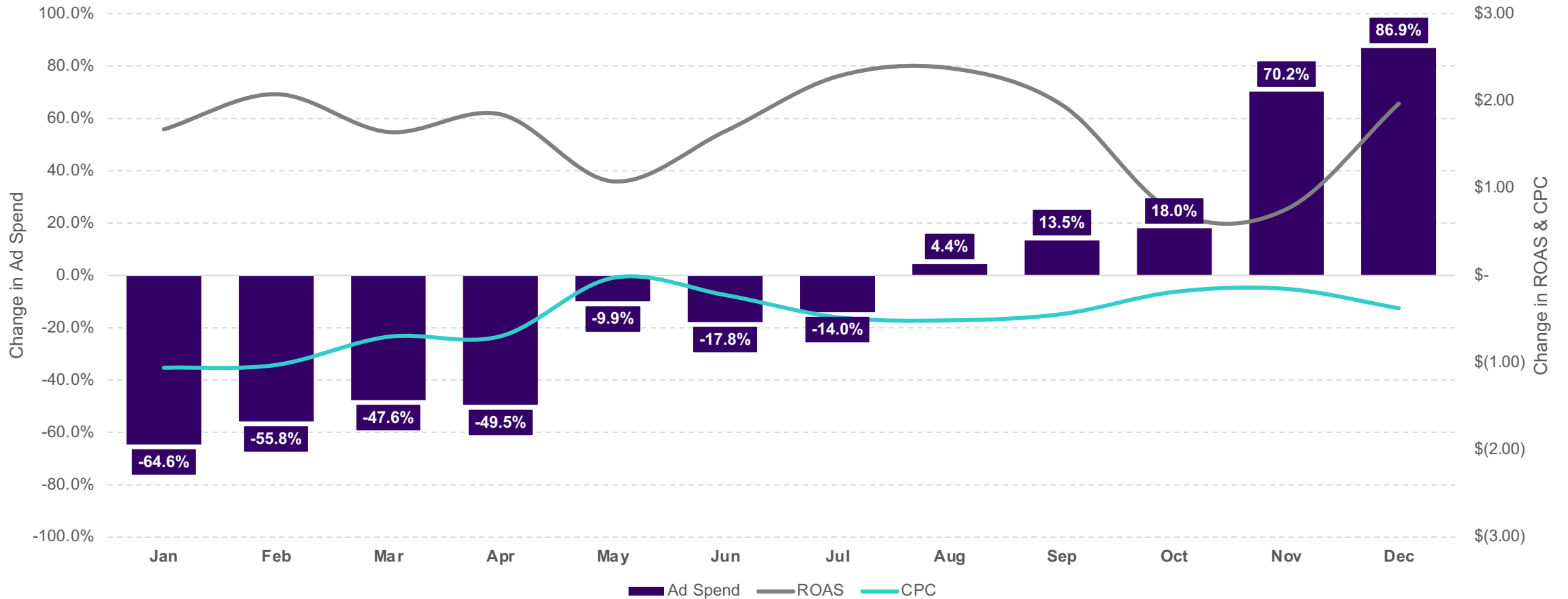
Legend: Ad Spend, ROAS, CPC

Data labels (Ad Spend): Jan -64.6%, Feb -55.8%, Mar -47.6%, Apr -49.5%, May -9.9%, Jun -17.8%, Jul -14.0%, Aug 4.4%, Sep 13.5%, Oct 18.0%, Nov 70.2%, Dec 86.9%

January 2024

CommerceIQ

Sponsored Brand and Sponsored Product were the predominant two ad formats that saw the most growth going into Q4, with brands in the category otherwise pulling back from Sponsored Display throughout all of 2023.

YoY % Change in Sponsored Display, Sponsored Product and Sponsored Brand Ad Spend (2023 vs. 2022)

Legend: ━━ Ad Spend SD ━━ Ad Spend SP ━━ Ad Spend SB
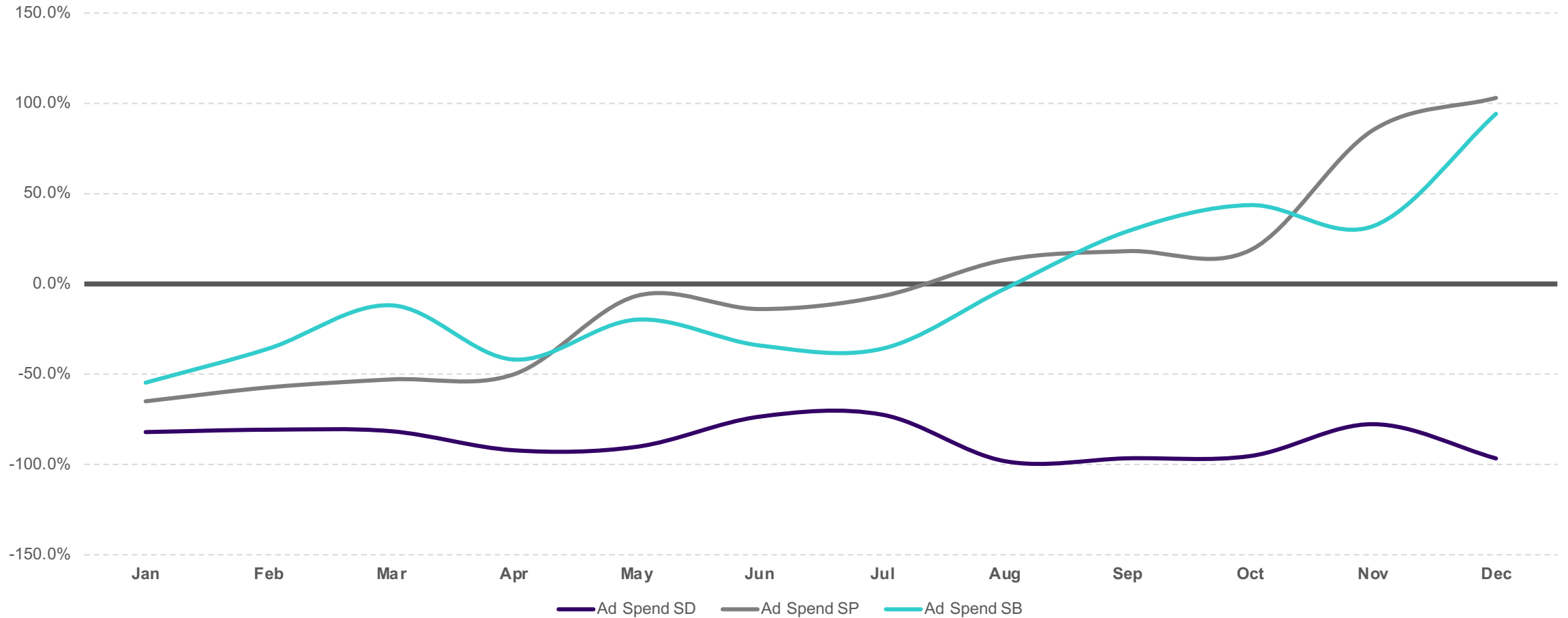
Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users who were from January 2022 to December 2023

CommerceIQ

T5 2023 drove more revenue versus T5 2022, but was outperformed by Prime Big Deals Day and Prime Day. Shoppers likely "packed the pantry" during the early shopping events, or shifted spend on BFCM to other retailers in the Beauty category.

Change in Daily Average Ordered Revenue versus L14 Day Average
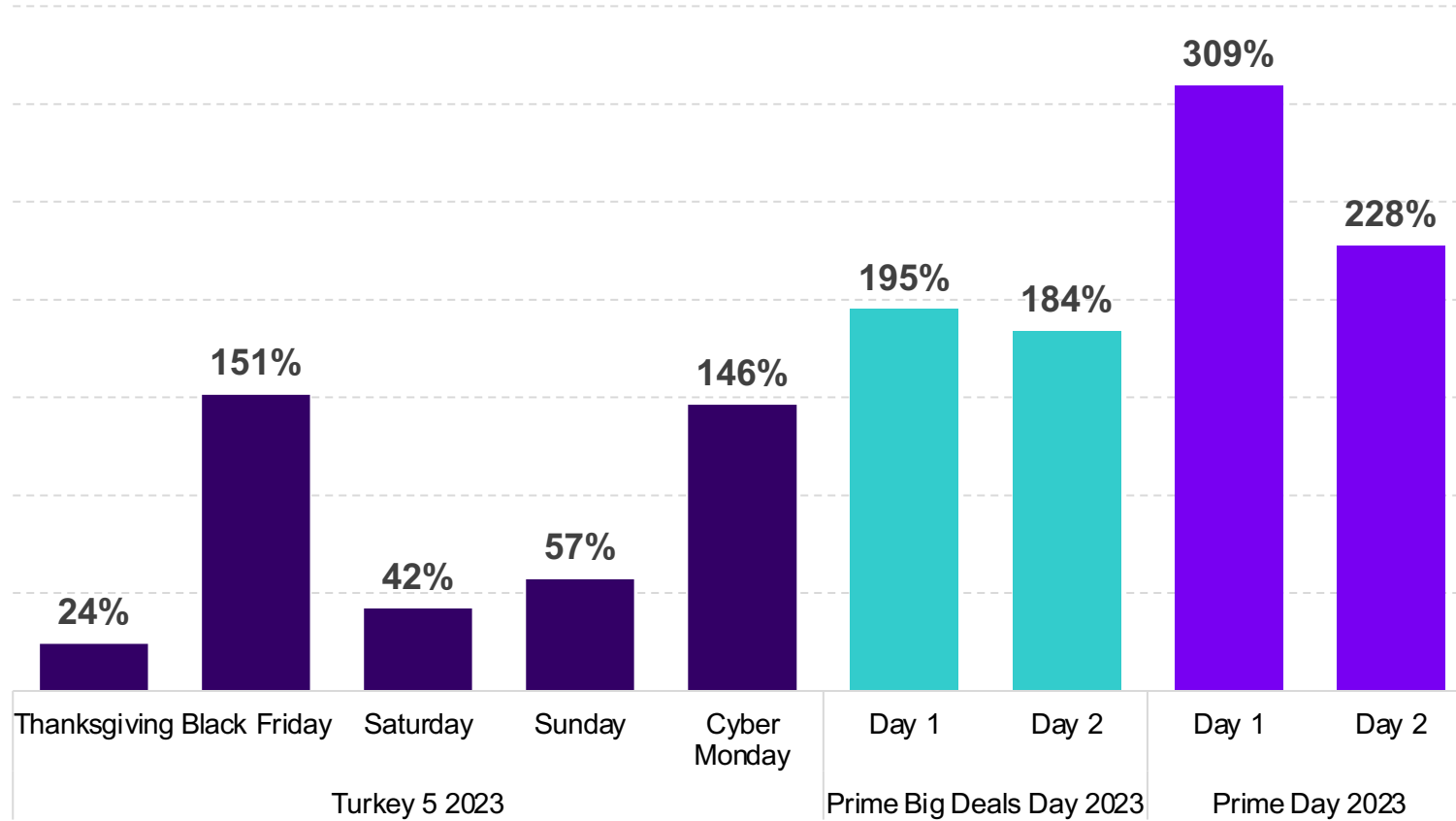
Turkey 5 2023:
- Thanksgiving: 24%
- Black Friday: 151%
- Saturday: 42%
- Sunday: 57%
- Cyber Monday: 146%

Prime Big Deals Day 2023:
- Day 1: 195%
- Day 2: 184%

Prime Day 2023:
- Day 1: 309%
- Day 2: 228%

% Change in Ordered Revenues of T5 2023 compared to T5 2022

2023 vs. 2022
- Cyber Monday: 7%
- Sunday: 4%
- Saturday: 7%
- Black Friday: 15%
- Thanksgiving: 6%

CommerceIQ

Electronics Category

2023 Year End Recap

CommerceIQ

Ordered Revenue decreased by 15.9% in 2023, while ordered units fell by 16.1% over the same time period. The increase in revenue is explained fully by a decrease in consumer demand, as overall ASP held relatively constant between 2023 and 2022.

YoY % Change in Ordered Revenue, Ordered Units and ASP (2023 vs. 2022)
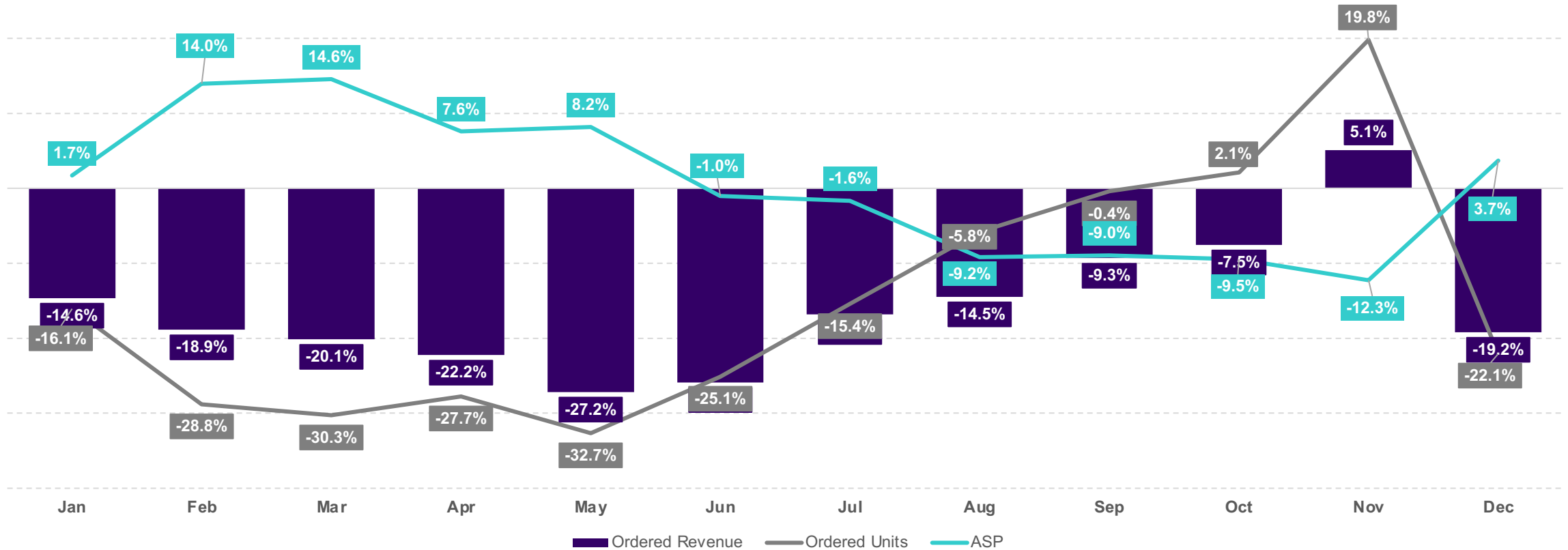
CommerceIQ

Inventory On Hand was 51% lower in 2023 than 2022, with revenue losses due to out of stock growing by 349.3%, highlighting continued challenges on supply chain management within the electronics category in 2023.

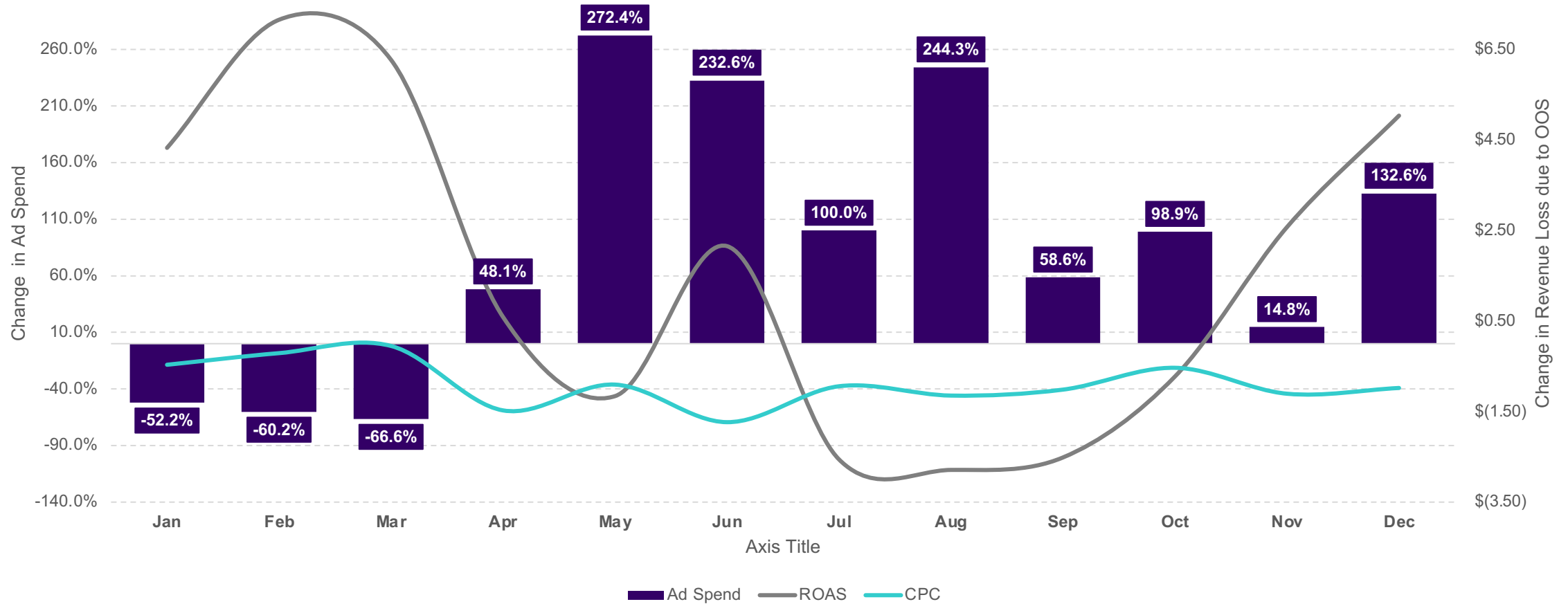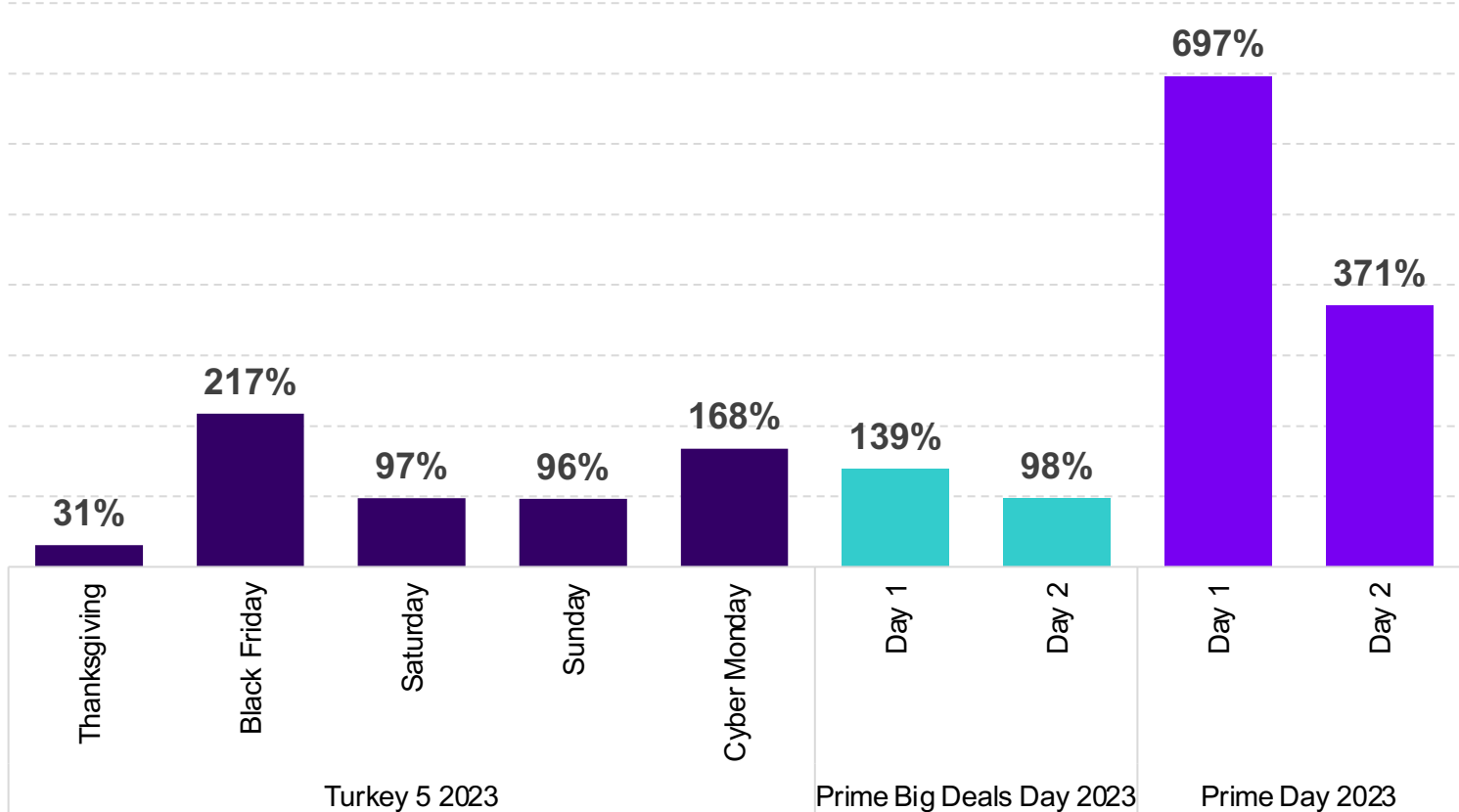### YoY % Change in On Hand Inventory (2023 vs. 2022)
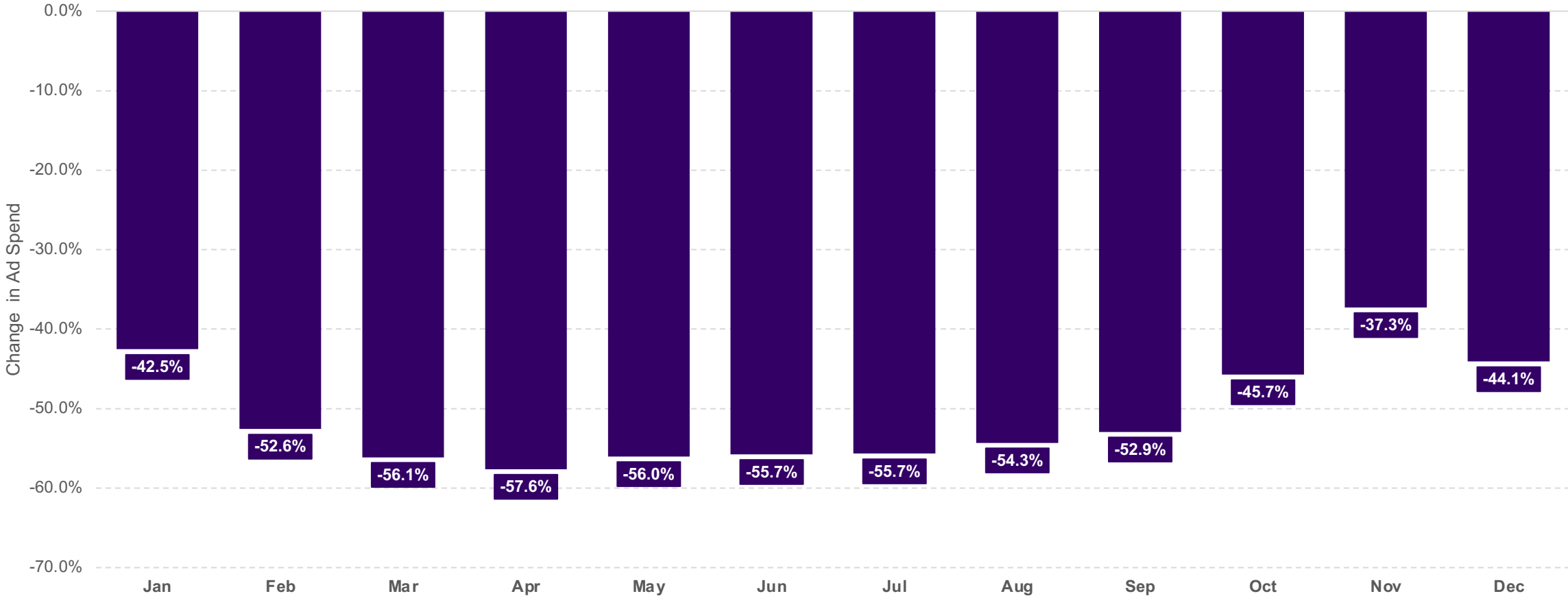
Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users who were from January 2022 to December 2023

CommerceIQ

Brands saw a consistent degradation in Gross Margins, declining upwards of 38.4%. With Price Levels relatively constant and discount levels only slightly increasing, a dramatic increase in COGS is the likely explanation of the gross margin degredation.

YoY % Change in Gross Margins*, ASP and Discount Percentage (2023 vs 2022)
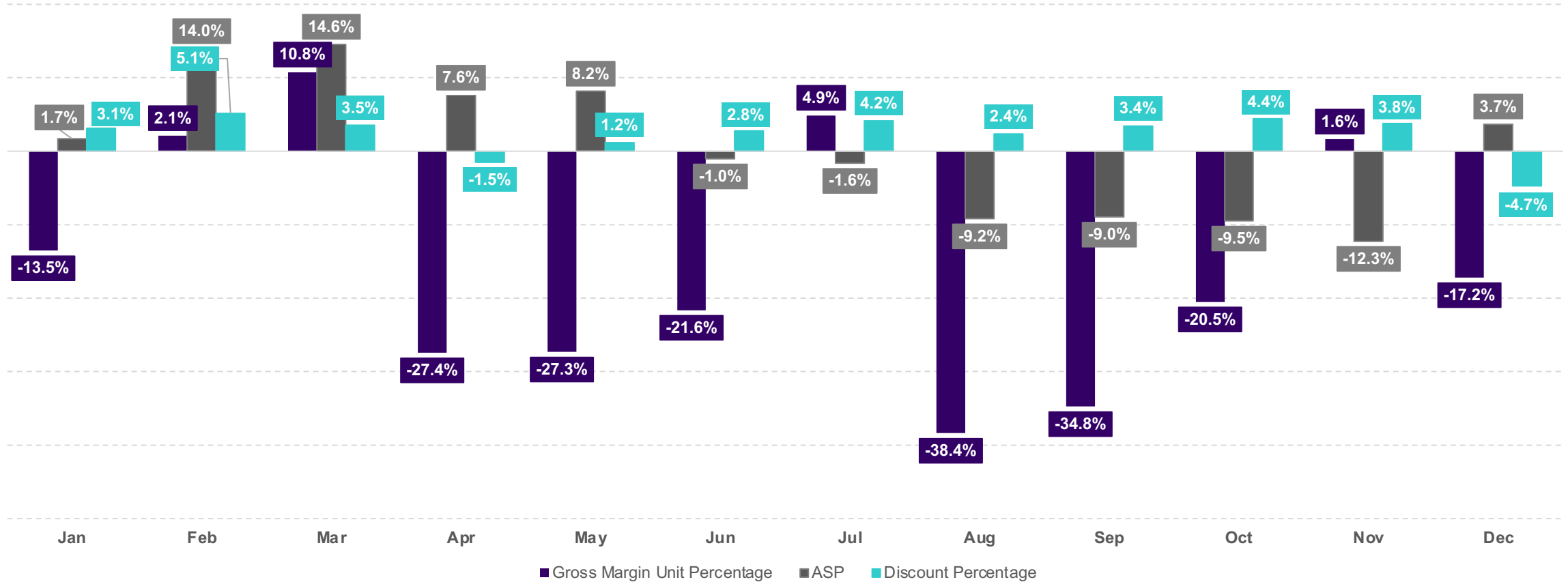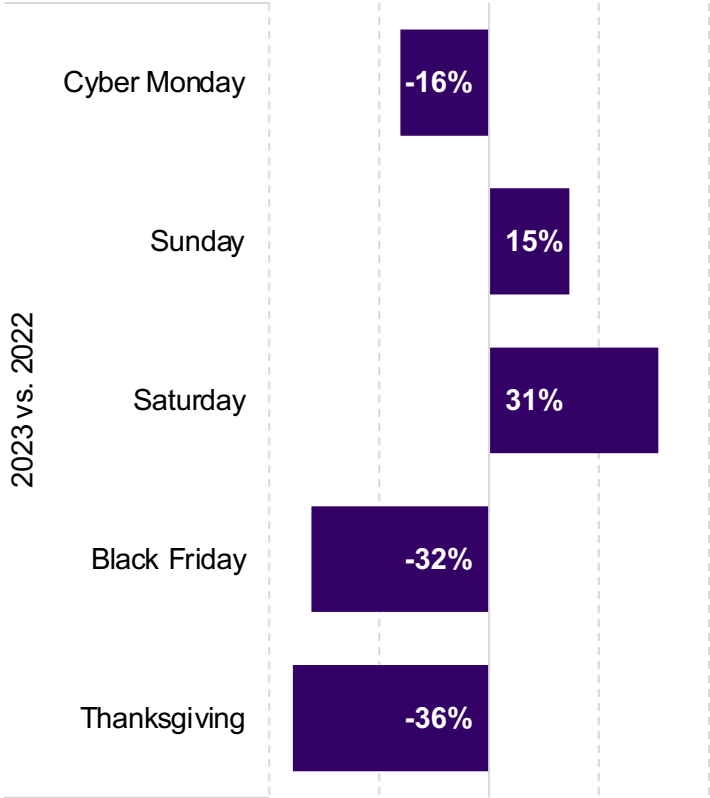

■ Gross Margin Unit Percentage ■ ASP ■ Discount Percentage

Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users who were from January 2022 to December 2023. *Gross Margins are Amazon estimated Gross Margins..

CommerceIQ

Conversion rates fell slightly by 4.1% while glance views fell by 12.5% in 2023 as compared to 2022. Black Friday/Cyber Monday was the only period which saw consumer interest grow versus 2022.

YoY % Change in Glance Views and Unit Conversion % (2023 vs. 2022)
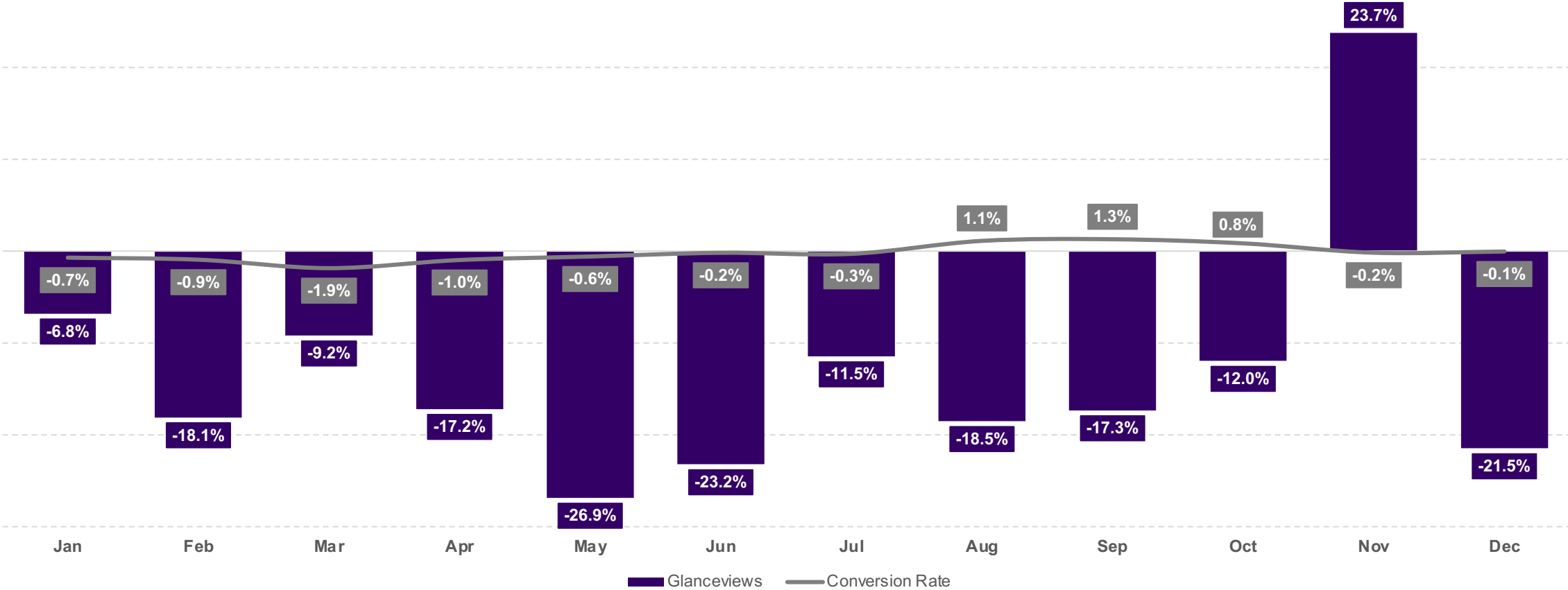
Month	Glanceviews	Conversion Rate
Jan	-6.8%	-0.7%
Feb	-18.1%	-0.9%
Mar	-9.2%	-1.9%
Apr	-17.2%	-1.0%
May	-26.9%	-0.6%
Jun	-23.2%	-0.2%
Jul	-11.5%	-0.3%
Aug	-18.5%	1.1%
Sep	-17.3%	1.3%
Oct	-12.0%	0.8%
Nov	23.7%	-0.2%
Dec	-21.5%	-0.1%

■ Glanceviews ─ Conversion Rate

CommerceIQ

Ad spend grew by 59.8% in 2023 vs. 2022, with brands in the category fighting for share within an inventory constrained, lower consumer demand environment. Q4 saw some evidence of an improvement in ad efficiency, with ROAS increasing alongside Ad Spend Levels.

YoY % Change in Ad Spend, and YoY $ Change in ROAS and CPC (2023 vs. 2022)

Legend: Ad Spend, ROAS, CPC

Ad Spend values: Jan -52.2%, Feb -60.2%, Mar -66.6%, Apr 48.1%, May 272.4%, Jun 232.6%, Jul 100.0%, Aug 244.3%, Sep 58.6%, Oct 98.9%, Nov 14.8%, Dec 132.6%

Left axis (Change in Ad Spend): -140.0%, -90.0%, -40.0%, 10.0%, 60.0%, 110.0%, 160.0%, 210.0%, 260.0%

Right axis (Change in Revenue Loss due to OOS): $(3.50), $(1.50), $0.50, $2.50, $4.50, $6.50

X-axis: Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec (Axis Title)

CommerceIQ

T5 2023 drove less revenue versus T5 2022, with BFCM a slightly larger increase in revenues as compared to Prime Big Deal Days. Both events are dwarfed by Prime Day 2023.

Change in Daily Average Ordered Revenue versus L14 Day Average

% Change in Ordered Revenues of T5 2023 compared to T5 2022

Turkey 5 2023:
- Thanksgiving: 31%
- Black Friday: 217%
- Saturday: 97%
- Sunday: 96%
- Cyber Monday: 168%

Prime Big Deals Day 2023:
- Day 1: 139%
- Day 2: 98%

Prime Day 2023:
- Day 1: 697%
- Day 2: 371%

2023 vs. 2022:
- Cyber Monday: -16%
- Sunday: 15%
- Saturday: 31%
- Black Friday: -32%
- Thanksgiving: -36%

CommerceIQ

Pet Products Category

2023 Year End Recap

CommerceIQ

Ordered Revenue increased by 18% in 2023, while ordered units grew by 11.6% over the same time period. ASP grew by only 5.8%, indicating growth is primarily driven by an increase in consumer demand in the category.

YoY % Change in Ordered Revenue, Ordered Units and ASP (2023 vs. 2022)
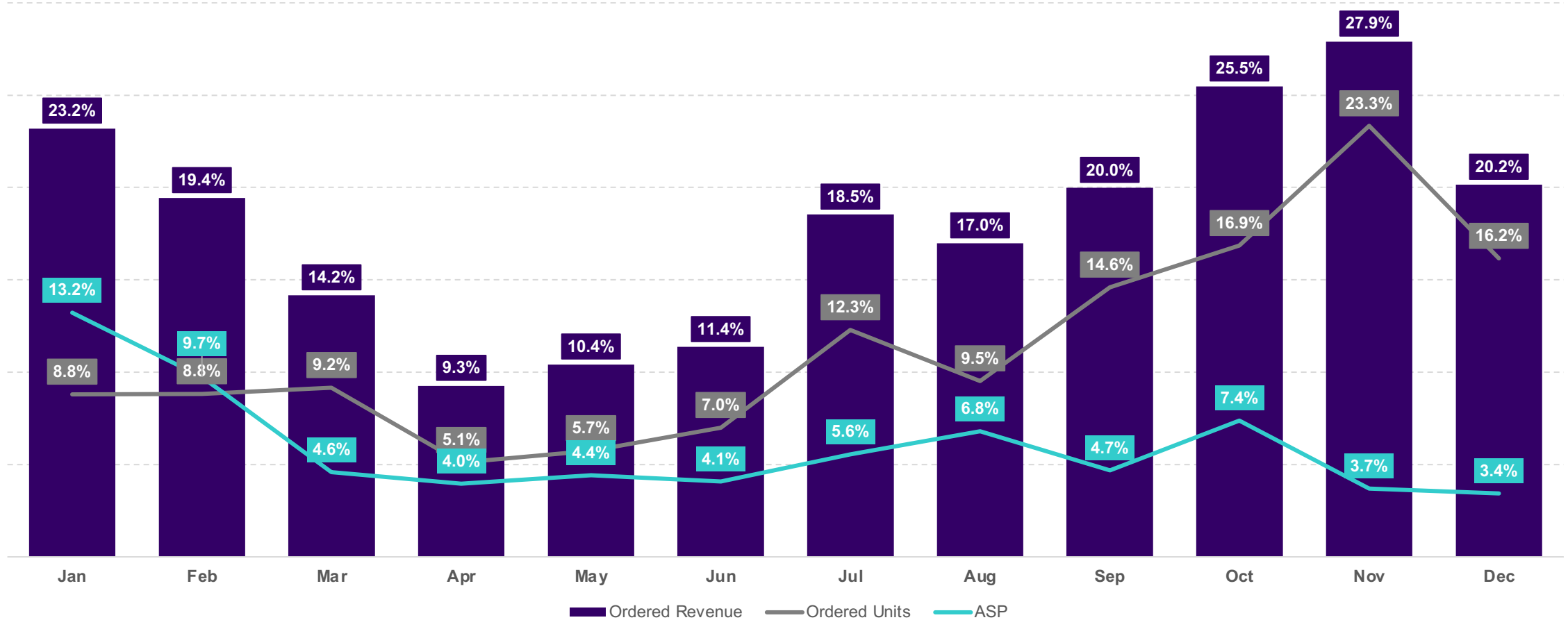
Legend: Ordered Revenue | Ordered Units | ASP

Month	Ordered Revenue	Ordered Units	ASP
Jan	23.2%	8.8%	13.2%
Feb	19.4%	8.8%	9.7%
Mar	14.2%	9.2%	4.6%
Apr	9.3%	5.1%	4.0%
May	10.4%	5.7%	4.4%
Jun	11.4%	7.0%	4.1%
Jul	18.5%	12.3%	5.6%
Aug	17.0%	9.5%	6.8%
Sep	20.0%	14.6%	4.7%
Oct	25.5%	16.9%	7.4%
Nov	27.9%	23.3%	3.7%
Dec	20.2%	16.2%	3.4%

CommerceIQ

Subscribe and Save was a key growth driver for brands, growing 28.6% in 2023 vs. 2022, kicked off by a strong Summer 2023 with consumers likely capitalizing on Prime Day, carrying through till the rest of Q4.

YoY % Change in Subscribe and Save Ordered Revenue (2023 vs. 2022)
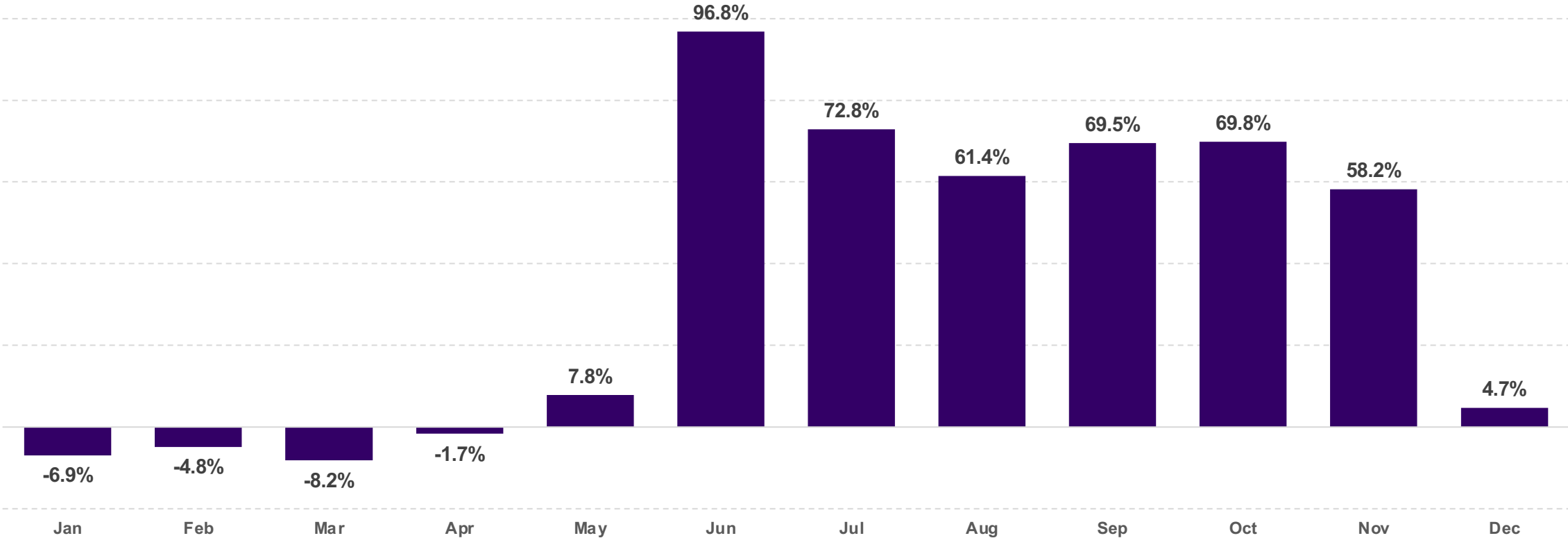
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
-6.9%	-4.8%	-8.2%	-1.7%	7.8%	96.8%	72.8%	61.4%	69.5%	69.8%	58.2%	4.7%

CommerceIQ

Brands spent the entire year to build back stock levels in time for Q4, but overall losses due to out of stocks grew by 28.6% in 2023, correlating inventory on hand growing slightly by 0.9%. The explanation for revenue losses likely lies within an incorrect forecast of specific ASINs, which is a unique issue each individual brand can fix on their own going into 2024.

YoY % Change in On Hand Inventory and Revenue Losses due to Out of Stocks (2023 vs. 2022)

Legend: On Hand Inventory | Revenue Loss Due to OOS

On Hand Inventory (bars): Jan -9.5%, Feb -14.2%, Mar -19.8%, Apr -9.6%, May -3.5%, Jun -11.0%, Jul -7.0%, Aug 4.7%, Sep 23.5%, Oct 28.0%, Nov 23.8%, Dec 14.9%

Revenue Loss Due to OOS (line): Jan -1.6%, Feb 93.9%, Mar 261.2%, Apr 399.9%, May 155.6%, Jun 206.7%, Jul 52.0%, Aug 8.4%, Sep -68.0%, Oct -66.0%, Nov -57.9%, Dec -5.8%
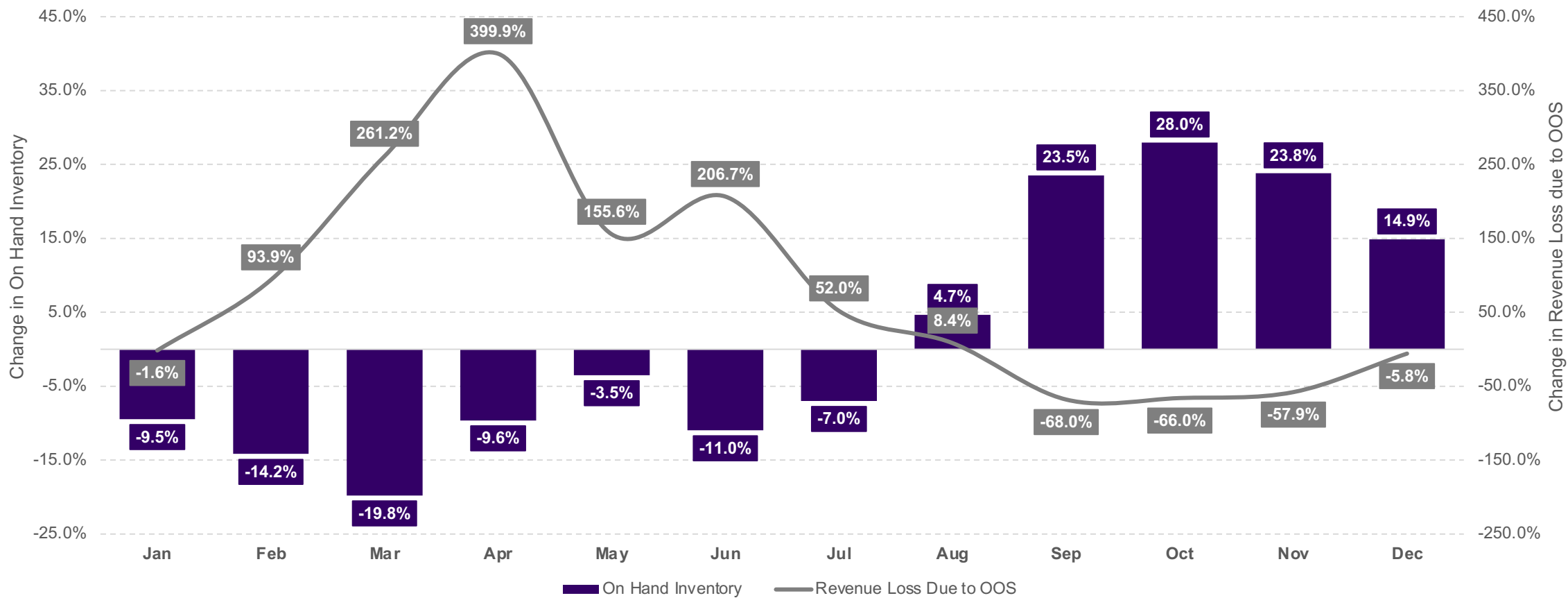
CommerceIQ

Brands saw a consistent improvement in Gross Margins, increasing upwards of 9.8%. Price levels grew by upwards of 13.2%, and likely is the driver of the gross margin improvements in 2023.

YoY % Change in Gross Margins*, ASP and Discount Percentage (2023 vs 2022)
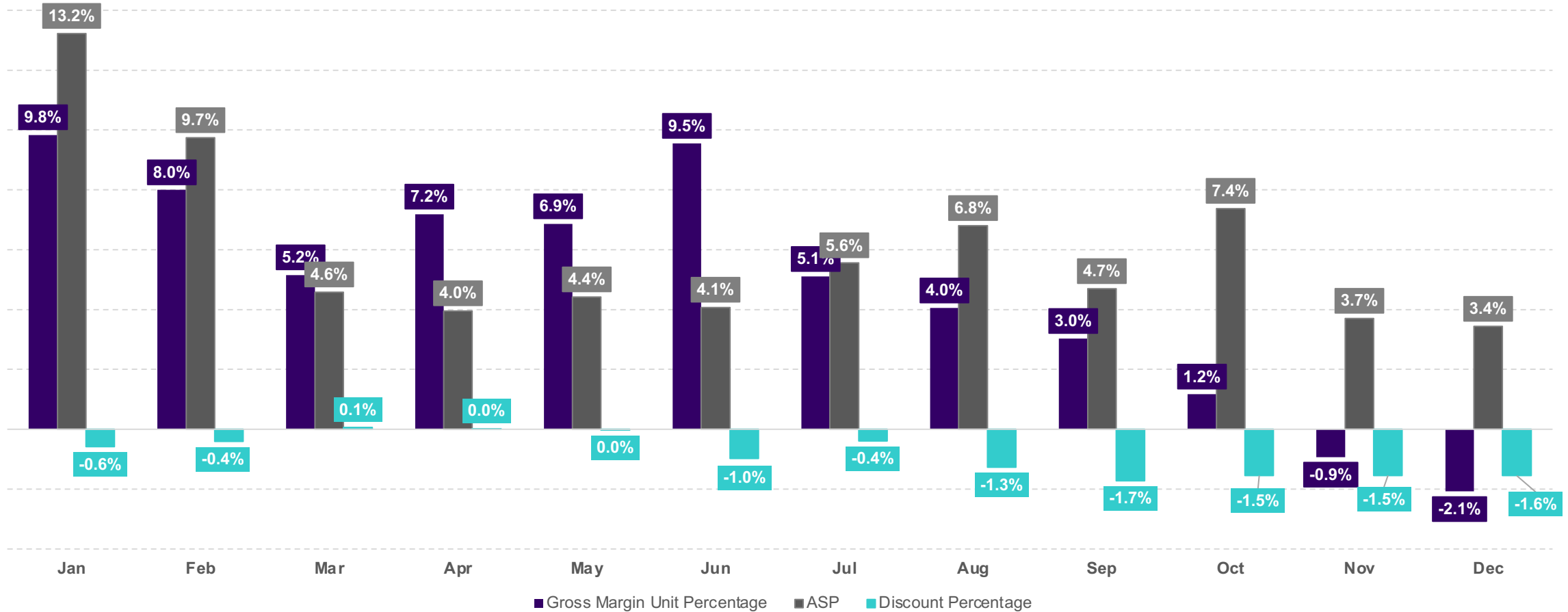
Legend: ■ Gross Margin Unit Percentage ■ ASP ■ Discount Percentage

CommerceIQ

Conversion rates grew by 19.5% while glance views fell by 6.7% in 2023 as compared to 2022, highlighting brands within the category have been able to better optimize and grow their businesses despite a reduction in consumer interest in the category.
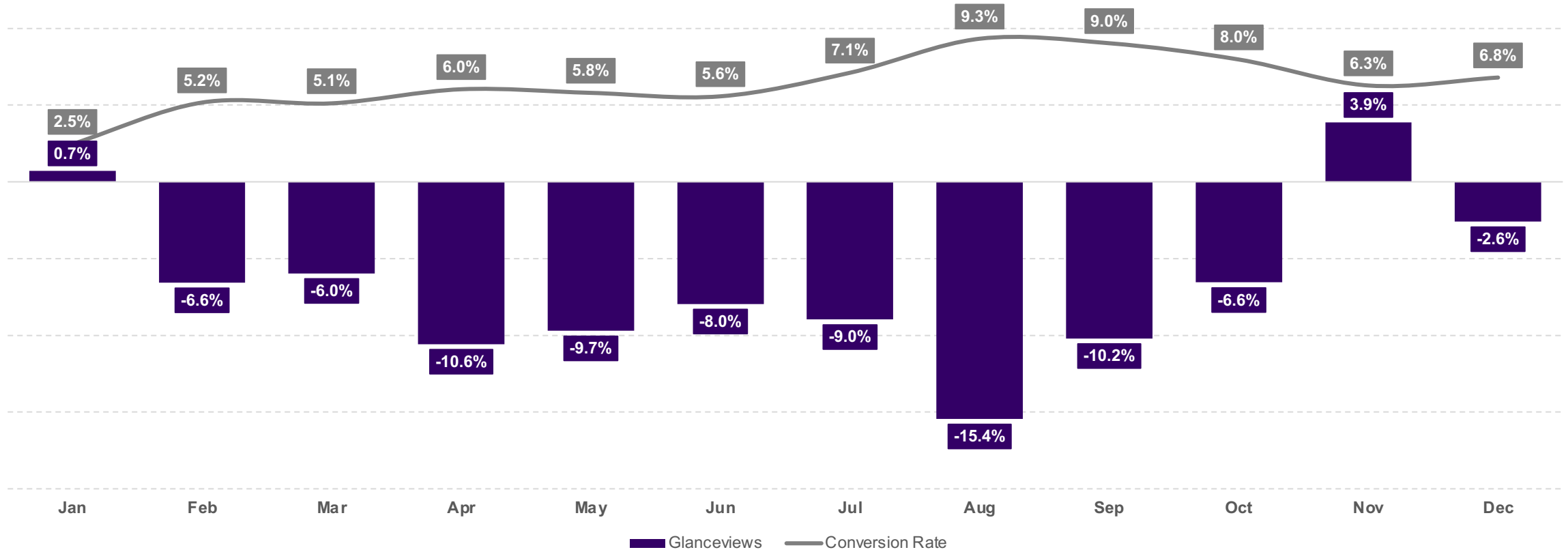
YoY % Change in Glance Views and Unit Conversion % (2023 vs. 2022)

Month	Glanceviews	Conversion Rate
Jan	0.7%	2.5%
Feb	-6.6%	5.2%
Mar	-6.0%	5.1%
Apr	-10.6%	6.0%
May	-9.7%	5.8%
Jun	-8.0%	5.6%
Jul	-9.0%	7.1%
Aug	-15.4%	9.3%
Sep	-10.2%	9.0%
Oct	-6.6%	8.0%
Nov	3.9%	6.3%
Dec	-2.6%	6.8%

■ Glanceviews — Conversion Rate

CommerceIQ

Ad spend grew by 92.8% in 2023 vs. 2022, with a huge spike coming in Q4. This correlated with a steady decline in ROAS, increase in CPCs, and decline in Glance Views, highlighting increasing competitiveness within the category going into 2024.

YoY % Change in Ad Spend, and YoY $ Change in ROAS and CPC (2023 vs. 2022)

Ad Spend values by month: Jan 23.4%, Feb 12.5%, Mar 20.7%, Apr 28.2%, May 25.0%, Jun 41.9%, Jul 31.7%, Aug 34.4%, Sep 76.4%, Oct 202.2%, Nov 238.8%, Dec 273.9%

Legend: Ad Spend | ROAS | CPC

CommerceIQ

Within Pets, T5 2023 drove more revenue versus T5 2022, with BFCM delivering similar impact on revenues as compared to Prime Big Deal Days. Both events are dwarfed by Prime Day 2023.

Change in Daily Average Ordered Revenue versus L14 Day Average

	Turkey 5 2023				Prime Big Deals Day 2023		Prime Day 2023	
	Thanksgiving	Black Friday	Saturday	Sunday	Cyber Monday	Day 1	Day 2	Day 1	Day 2
	4%	55%	3%	14%	40%	53%	45%	102%	60%

% Change in Ordered Revenues of T5 2023 compared to T5 2022

2023 vs. 2022

Cyber Monday	21%
Sunday	32%
Saturday	42%
Black Friday	44%
Thanksgiving	25%
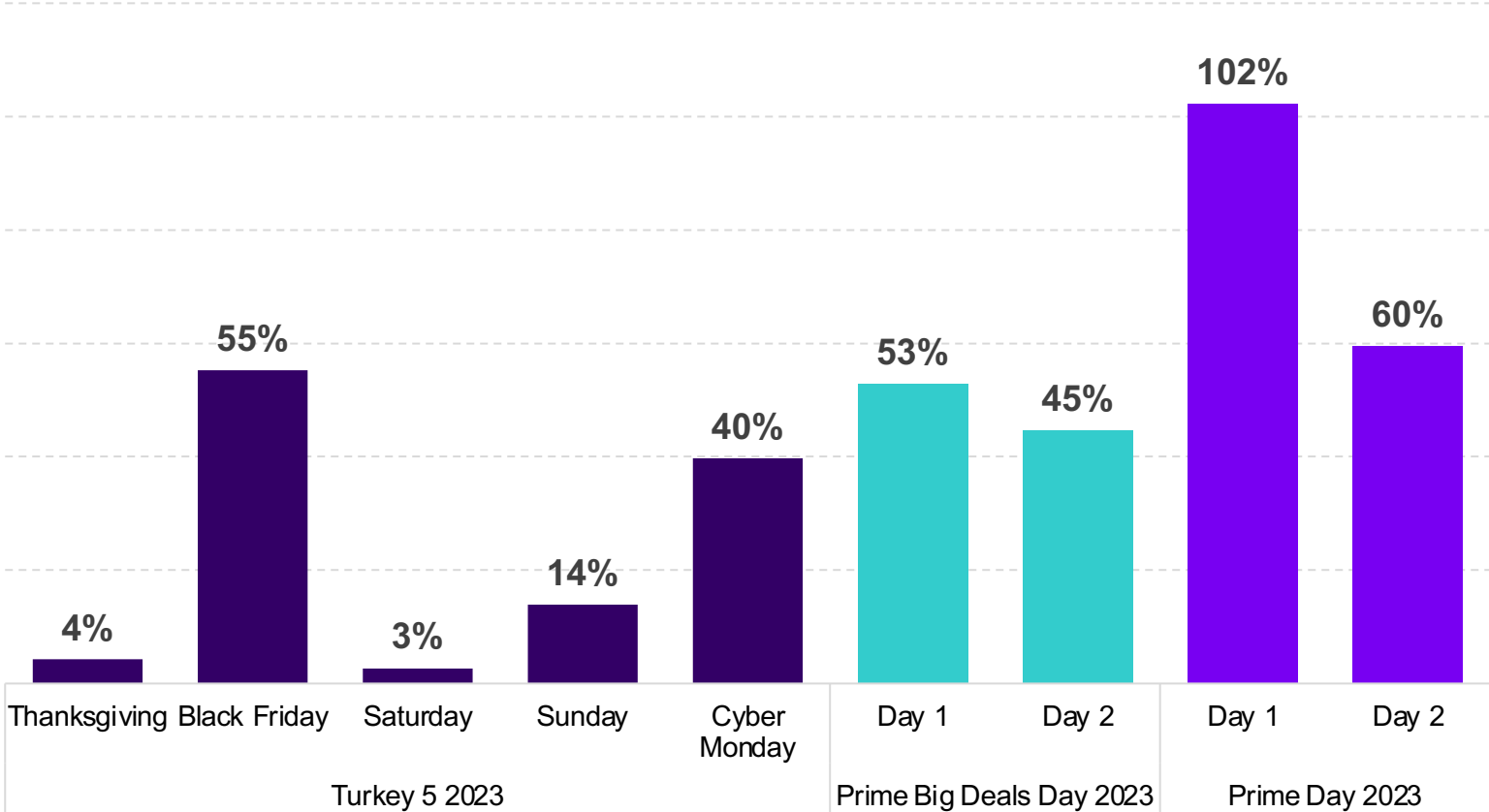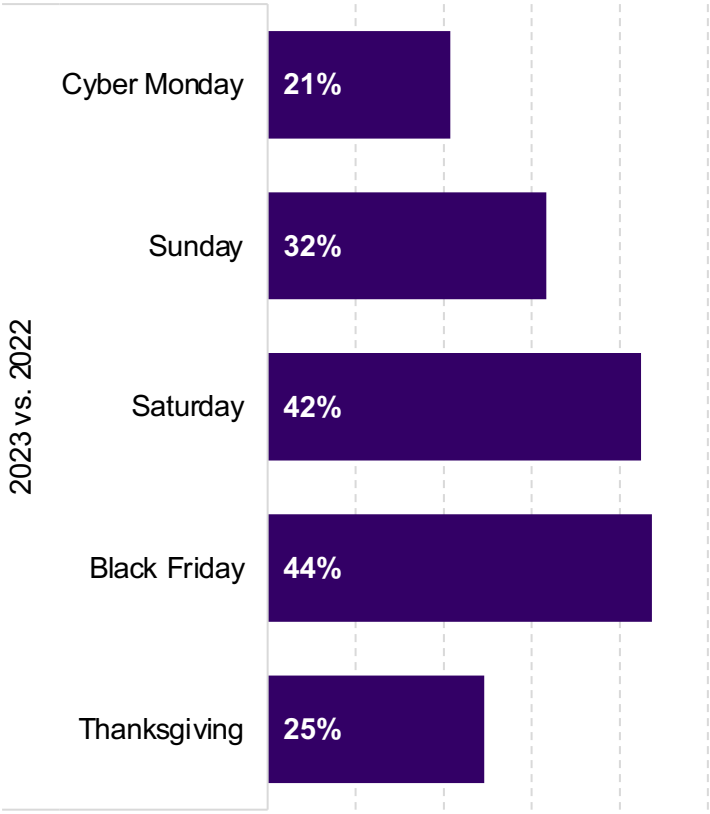
CommerceIQ

Grocery Category

2023 Year End Recap

CommerceIQ

Ordered Revenue increased by 4.9% in 2023, while ordered units fell by 9.9% over the same time period. The increase in revenue is explained fully by an increase in ASP of 16.4% in 2023, correlating with an overall high inflation environment for consumers.

YoY % Change in Ordered Revenue, Ordered Units and ASP (2023 vs. 2022)
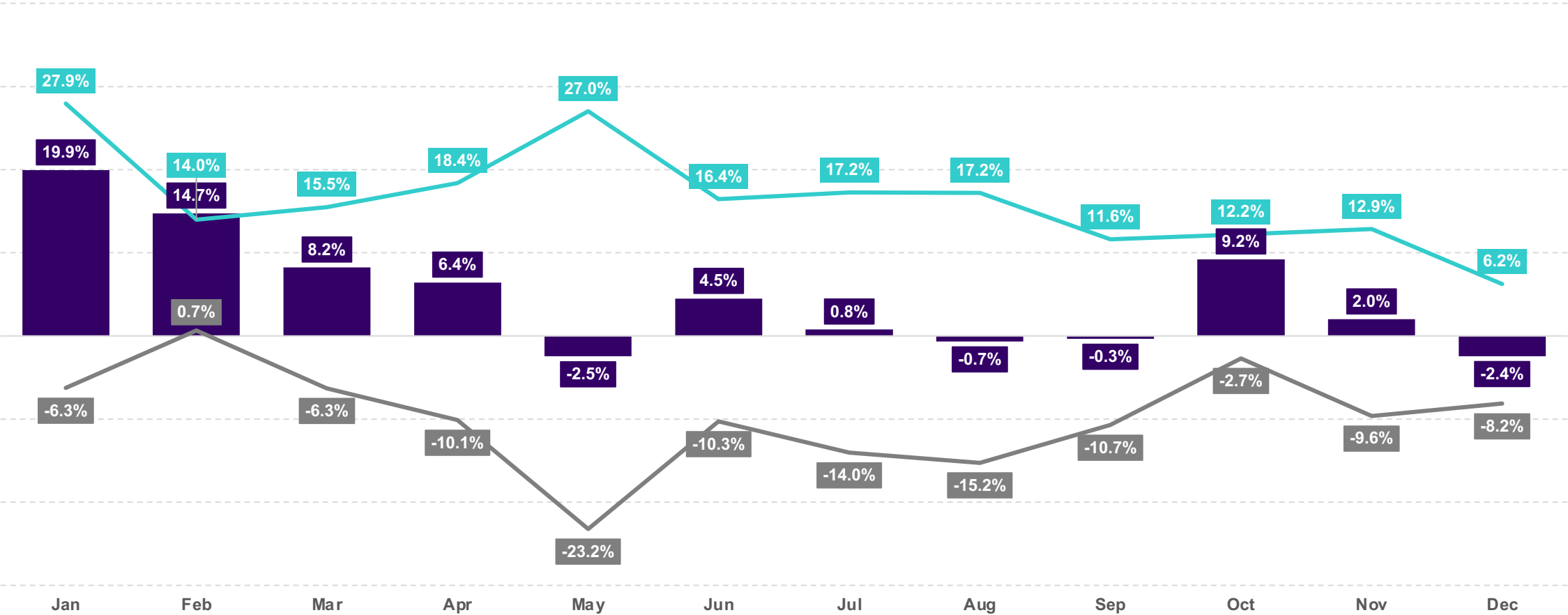
January 2024

CommerceIQ

Subscribe and Save was a key growth driver for brands to start 2023, growing 58.1% in 2023 vs. 2022, likely with consumers optimizing for cost savings and convenience on core essentials in the grocery category.

YoY % Change in Subscribe and Save Ordered Revenue (2023 vs. 2022)
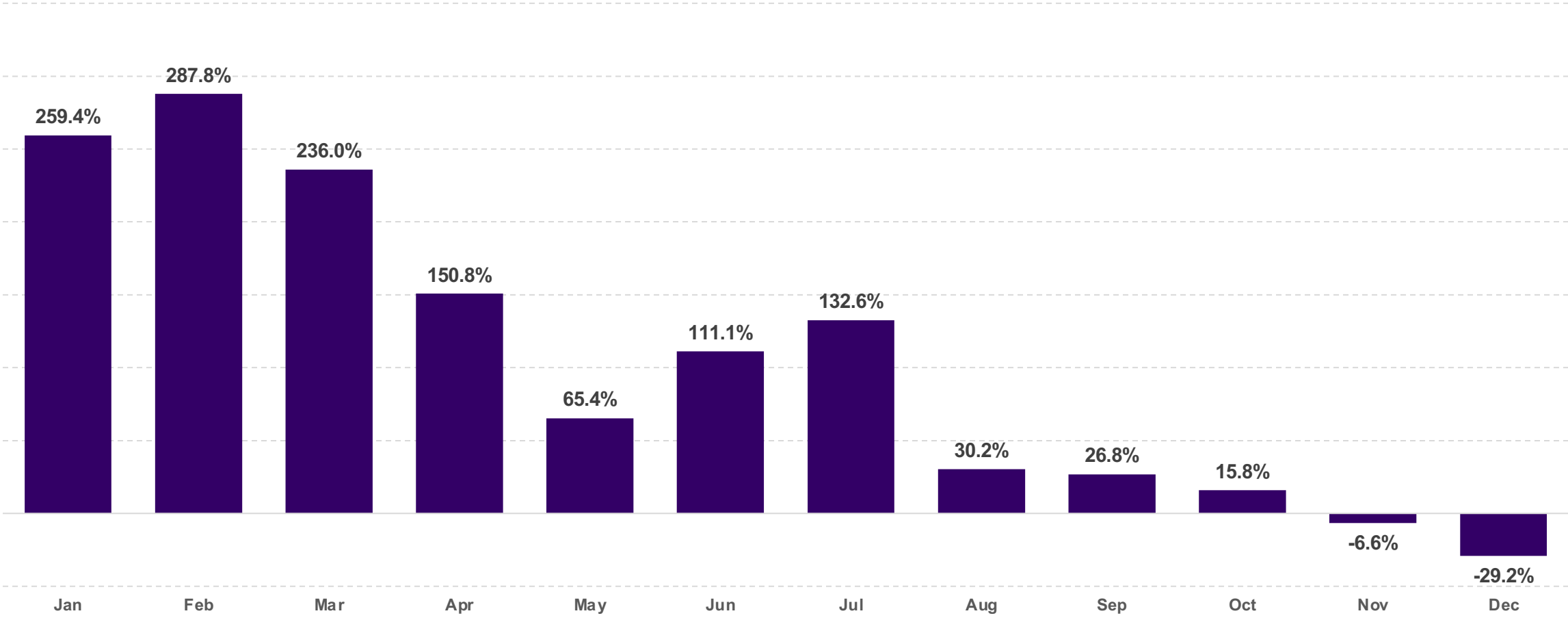
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
259.4%	287.8%	236.0%	150.8%	65.4%	111.1%	132.6%	30.2%	26.8%	15.8%	-6.6%	-29.2%

Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users who were from January 2022 to December 2023

January 2024

CommerceIQ

Brands spent the entire year to build back stock levels in time for Q4, but overall losses due to out of stocks grew by 52.7% in 2023, correlating with a decrease in inventory on hand by 7.2%, correlating with Amazon's efforts to optimize inventory levels and grow their own FCF.

YoY % Change in On Hand Inventory and Revenue Losses due to Out of Stocks (2023 vs. 2022)
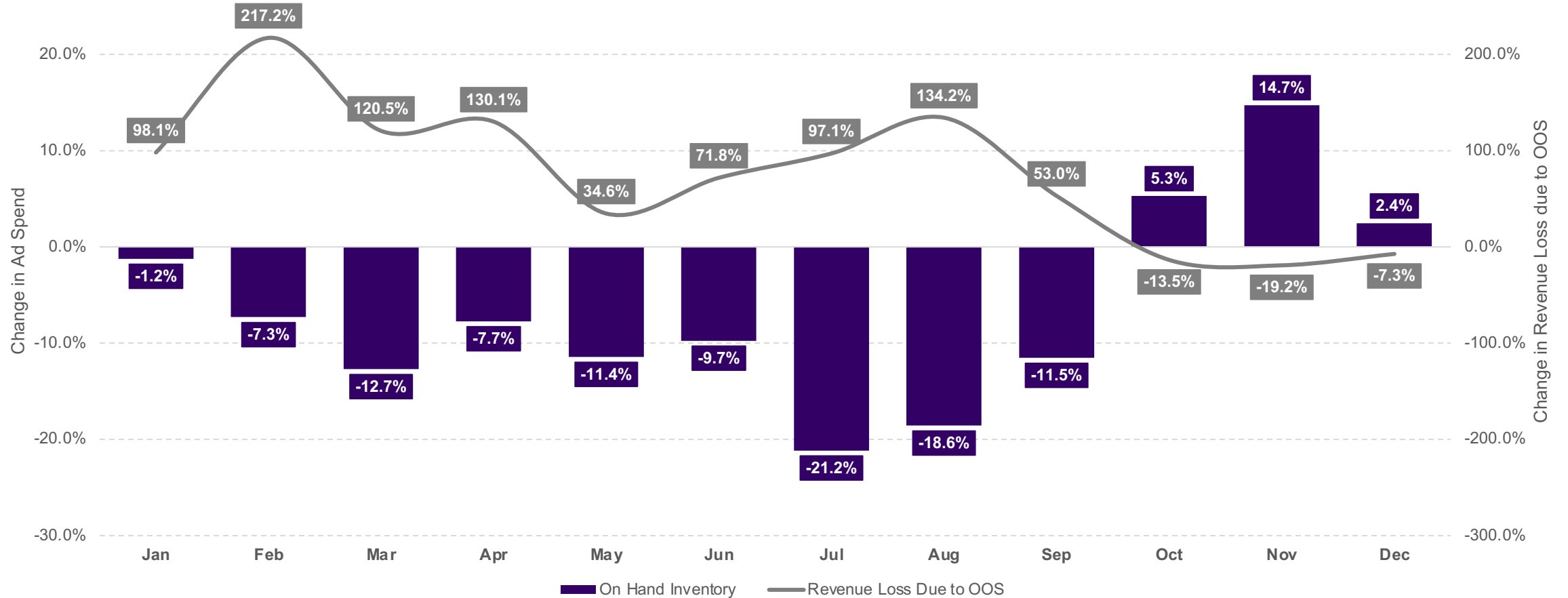
Legend: ■ On Hand Inventory — Revenue Loss Due to OOS

Left axis: Change in Ad Spend — 20.0%, 10.0%, 0.0%, -10.0%, -20.0%, -30.0%

Right axis: Change in Revenue Loss due to OOS — 200.0%, 100.0%, 0.0%, -100.0%, -200.0%, -300.0%

On Hand Inventory values: Jan -1.2%, Feb -7.3%, Mar -12.7%, Apr -7.7%, May -11.4%, Jun -9.7%, Jul -21.2%, Aug -18.6%, Sep -11.5%, Oct 5.3%, Nov 14.7%, Dec 2.4%

Revenue Loss Due to OOS values: Jan 98.1%, Feb 217.2%, Mar 120.5%, Apr 130.1%, May 34.6%, Jun 71.8%, Jul 97.1%, Aug 134.2%, Sep 53.0%, Oct -13.5%, Nov -19.2%, Dec -7.3%
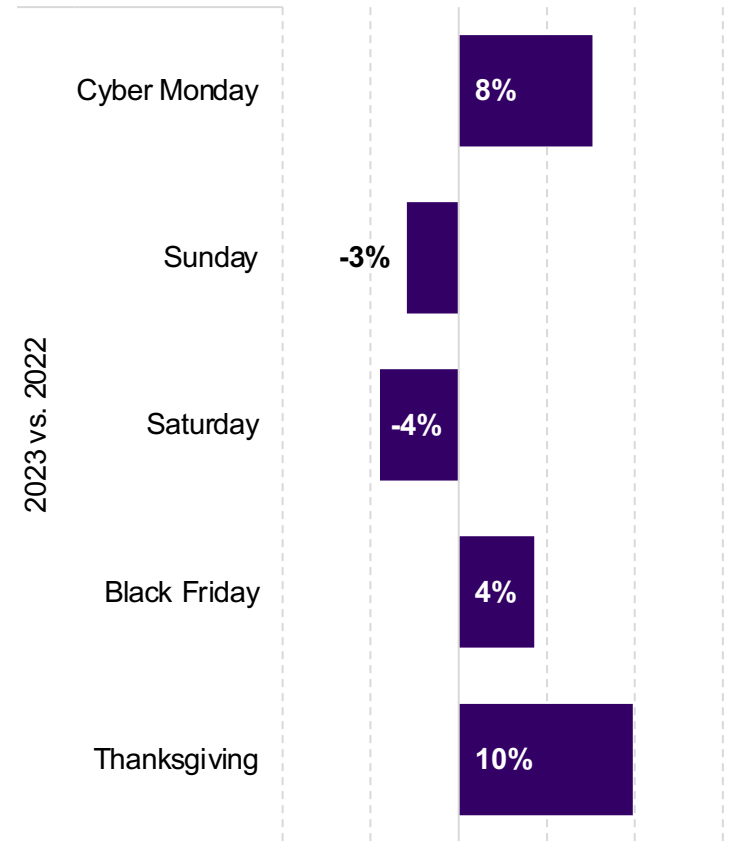
Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users who were from January 2022 to December 2023

CommerceIQ

Brands saw a consistent degradation in Gross Margins going into Q4, declining upwards of 14.3% by December 2023 vs. 2022. With price levels rising and discount levels falling, the only explanation is a dramatic increase in COGS going into 2024.

YoY % Change in Gross Margins*, ASP and Discount Percentage (2023 vs 2022)
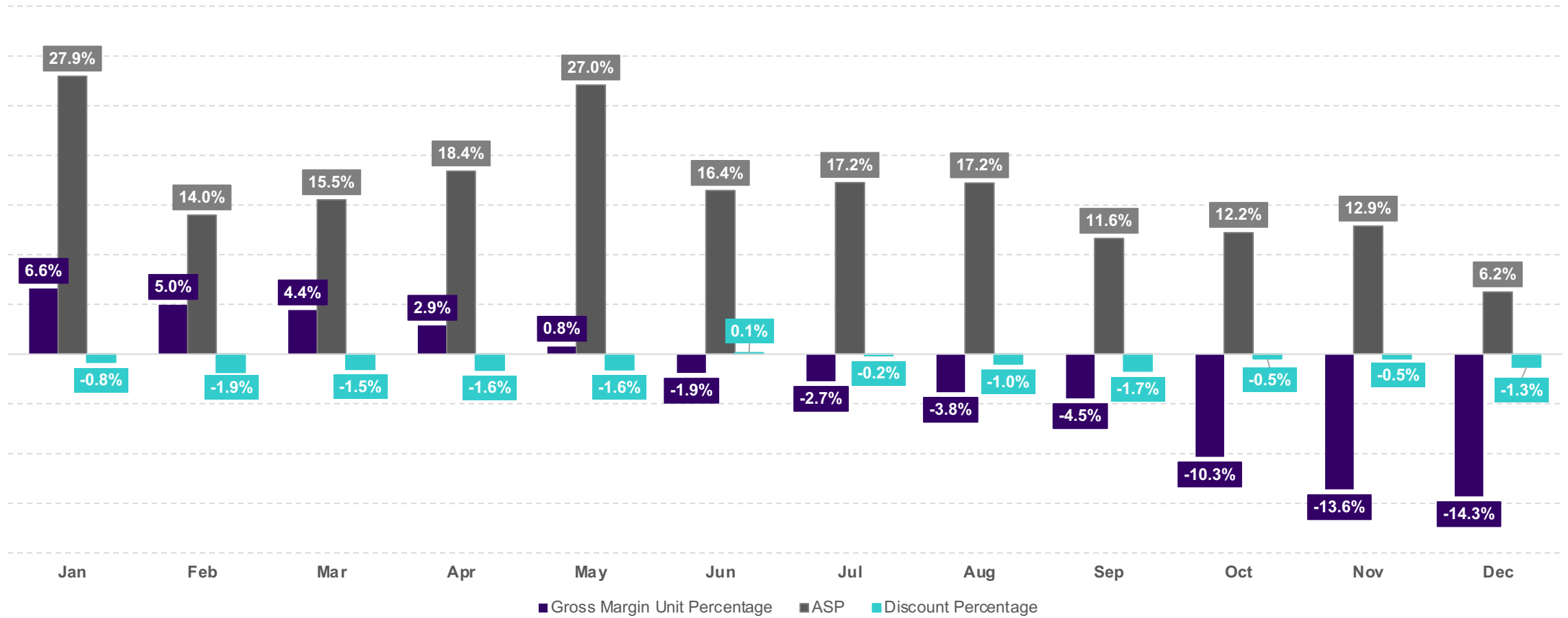
Legend: ■ Gross Margin Unit Percentage ■ ASP ■ Discount Percentage

CommerceIQ

Conversion rates fell by 11.6% while glance views grew by 1.9% in 2023 as compared to 2022, with most of the growth happening in the front half of the year, signaling a softening going into 2024.

YoY % Change in Glance Views and Unit Conversion % (2023 vs. 2022)
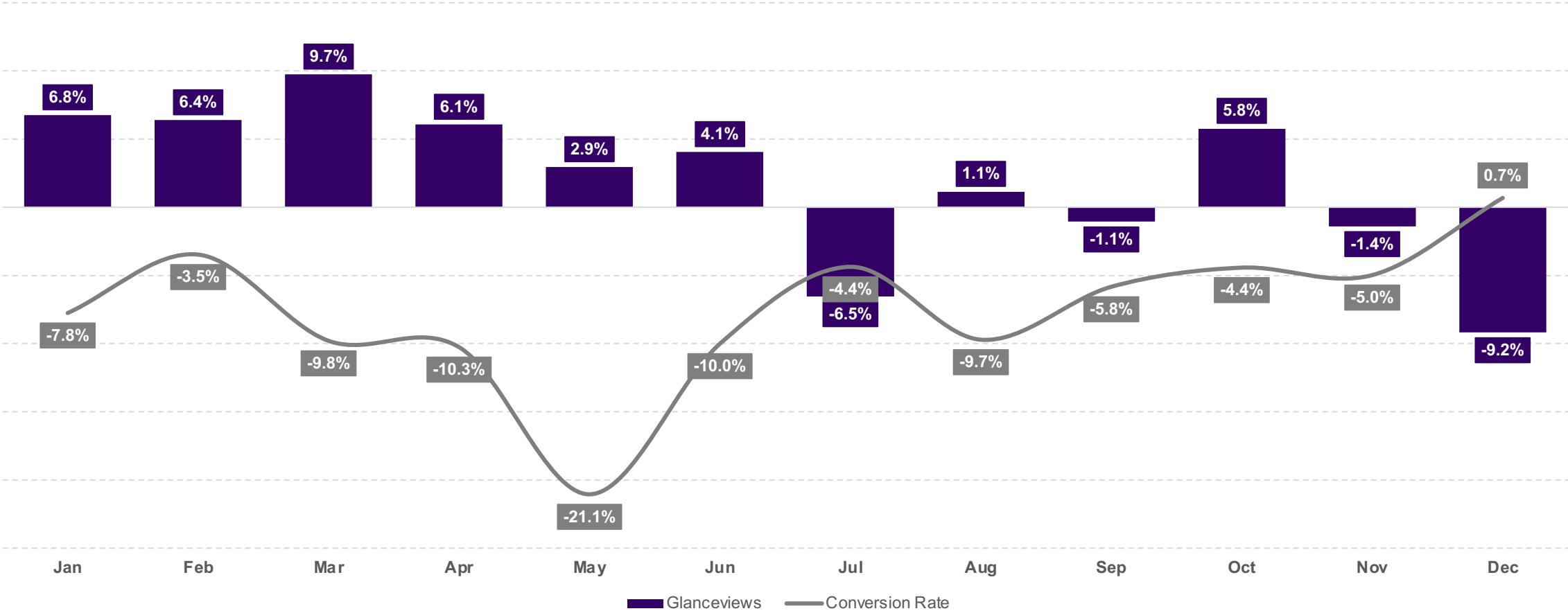
Legend: ■ Glanceviews — Conversion Rate

Glanceviews values: Jan 6.8%, Feb 6.4%, Mar 9.7%, Apr 6.1%, May 2.9%, Jun 4.1%, Jul -6.5%, Aug 1.1%, Sep -1.1%, Oct 5.8%, Nov -1.4%, Dec -9.2%

Conversion Rate values: Jan -7.8%, Feb -3.5%, Mar -9.8%, Apr -10.3%, May -21.1%, Jun -10.0%, Jul -4.4%, Aug -9.7%, Sep -5.8%, Oct -4.4%, Nov -5.0%, Dec 0.7%

CommerceIQ

Ad spend grew by 52.7% in 2023 vs. 2022, correlating with a degradation in ROAS throughout the year until a recovery in Q4. To thrive in the category, brands will have to shift to an incrementality-focused ad strategy to drive growth without harming overall profitability.

YoY % Change in Ad Spend, and YoY $ Change in ROAS and CPC (2023 vs. 2022)
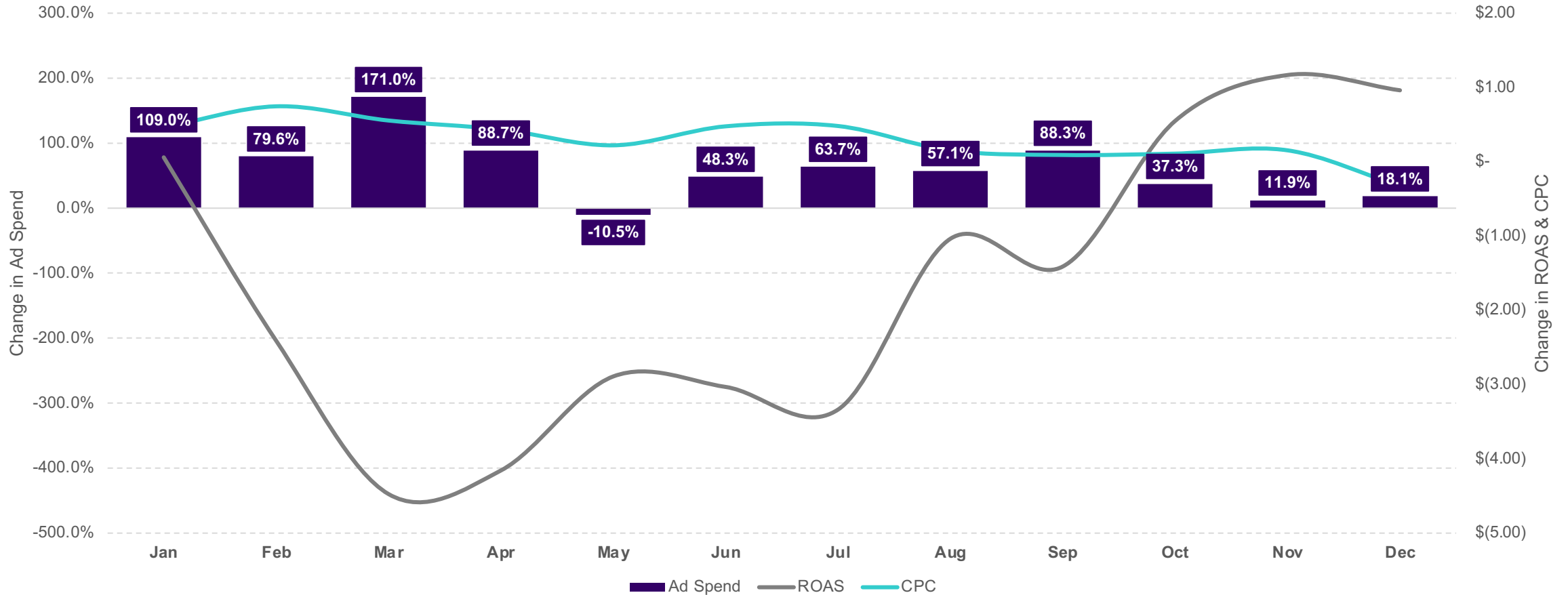
Legend: Ad Spend, ROAS, CPC

CommerceIQ

T5 2023 slightly more revenue versus T5 2022, but was unable to match the effect Big Deal Days and Prime Day had on the grocery category. This may be explained by a shift in spend other retailers during T5.

Change in Daily Average Ordered Revenue versus L14 Day Average
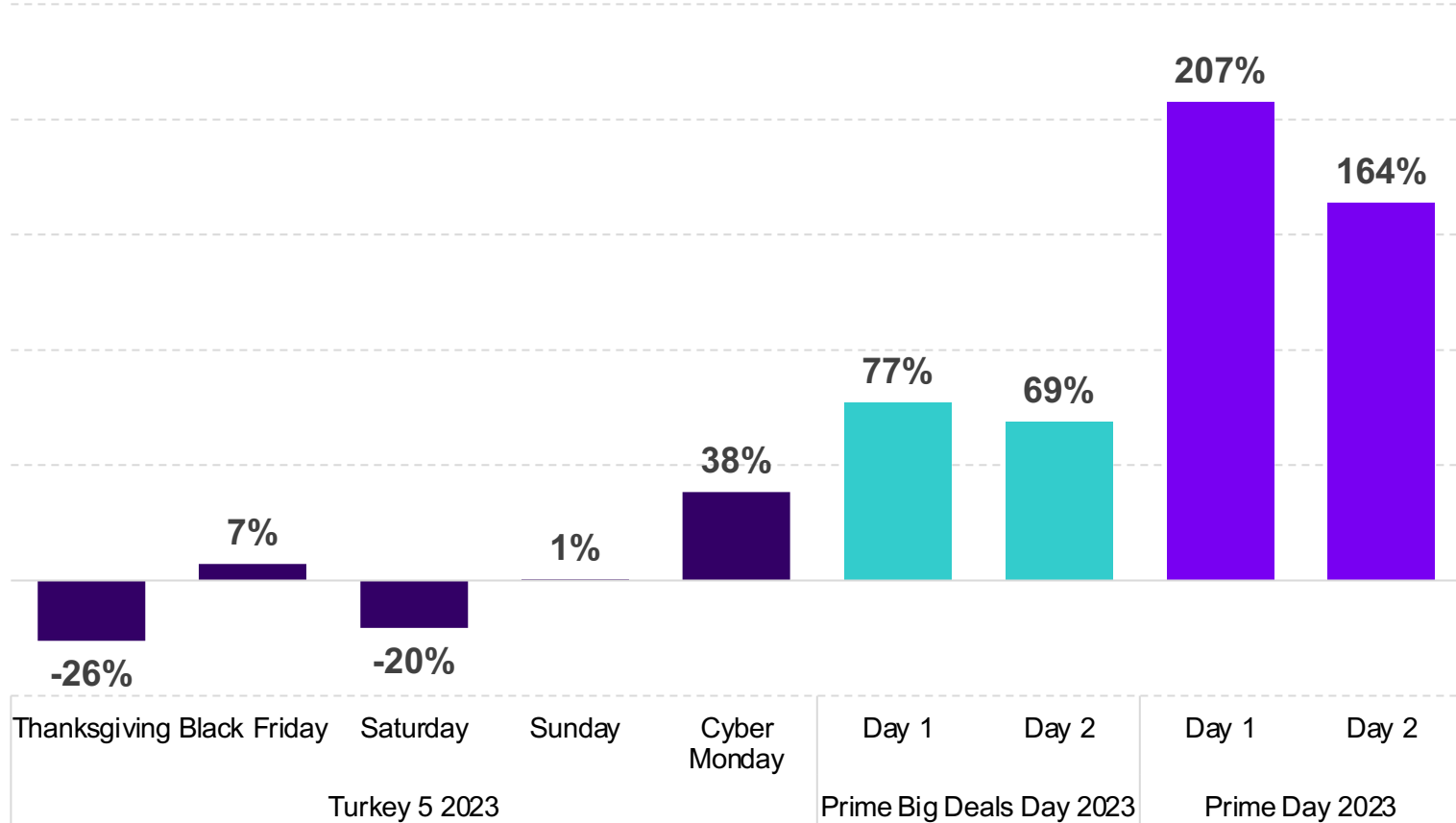
% Change in Ordered Revenues of T5 2023 compared to T5 2022

December 2023

CommerceIQ

Health & Personal Care Category

2023 Year End Recap

CommerceIQ

Ordered Revenue increased by 4% in 2023 with the increase in revenue explained primarily by an increase in ASP of 3% in 2023. Majority of growth was observed in the back-half of the year, signaling a potential recovery going into 2024.

YoY % Change in Ordered Revenue, Ordered Units and ASP (2023 vs. 2022)
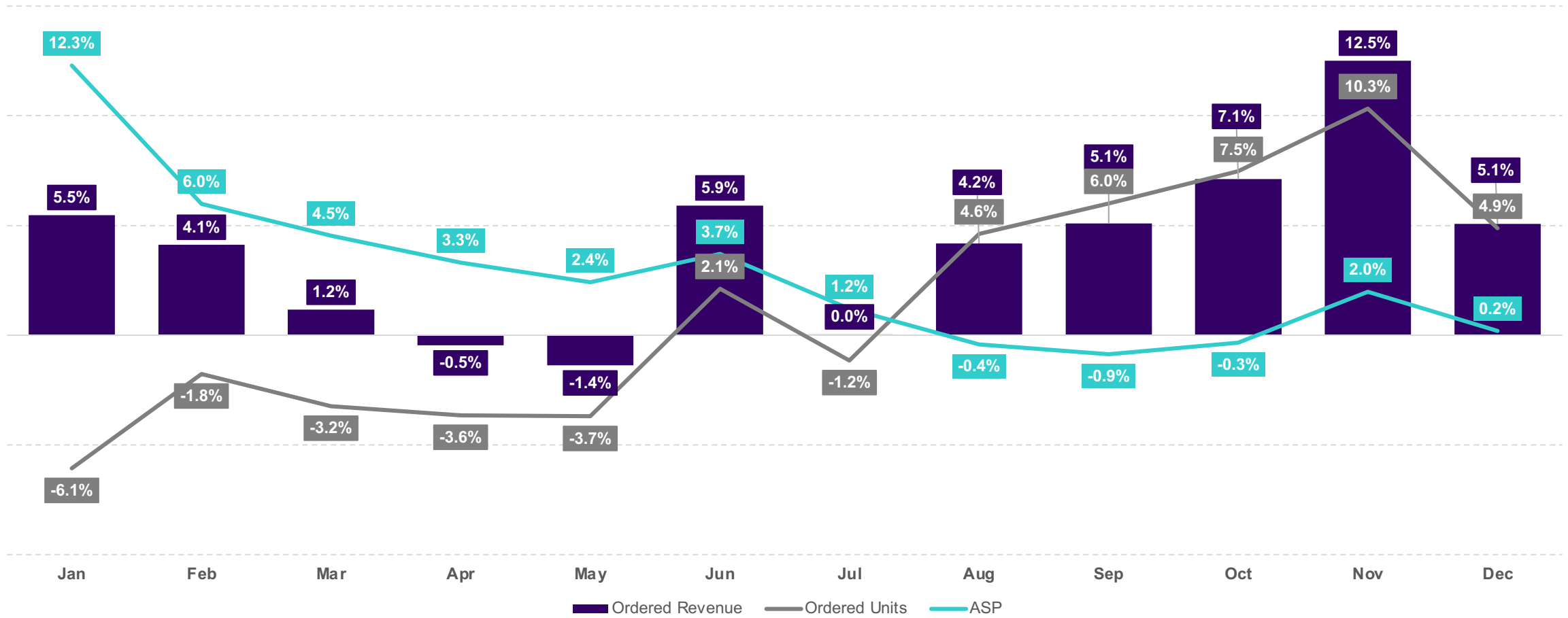
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Ordered Revenue	5.5%	4.1%	1.2%	-0.5%	-1.4%	5.9%	0.0%	4.2%	5.1%	7.1%	12.5%	5.1%
Ordered Units	-6.1%	-1.8%	-3.2%	-3.6%	-3.7%	2.1%	-1.2%	4.6%	6.0%	7.5%	10.3%	4.9%
ASP	12.3%	6.0%	4.5%	3.3%	2.4%	3.7%	1.2%	-0.4%	-0.9%	-0.3%	2.0%	0.2%

■ Ordered Revenue ── Ordered Units ── ASP

CommerceIQ

Subscribe and Save was not a key growth driver in 2023, growing only by 1.6% YoY and facing revenue declines specifically in the back half of the year. Consumers likely capitalized on Prime Day SnS sales before pulling back demand throughout the rest of the year, signaling a likely need for continued promotions and discounts to grow SnS revenue.

YoY % Change in Subscribe and Save Ordered Revenue (2023 vs. 2022)
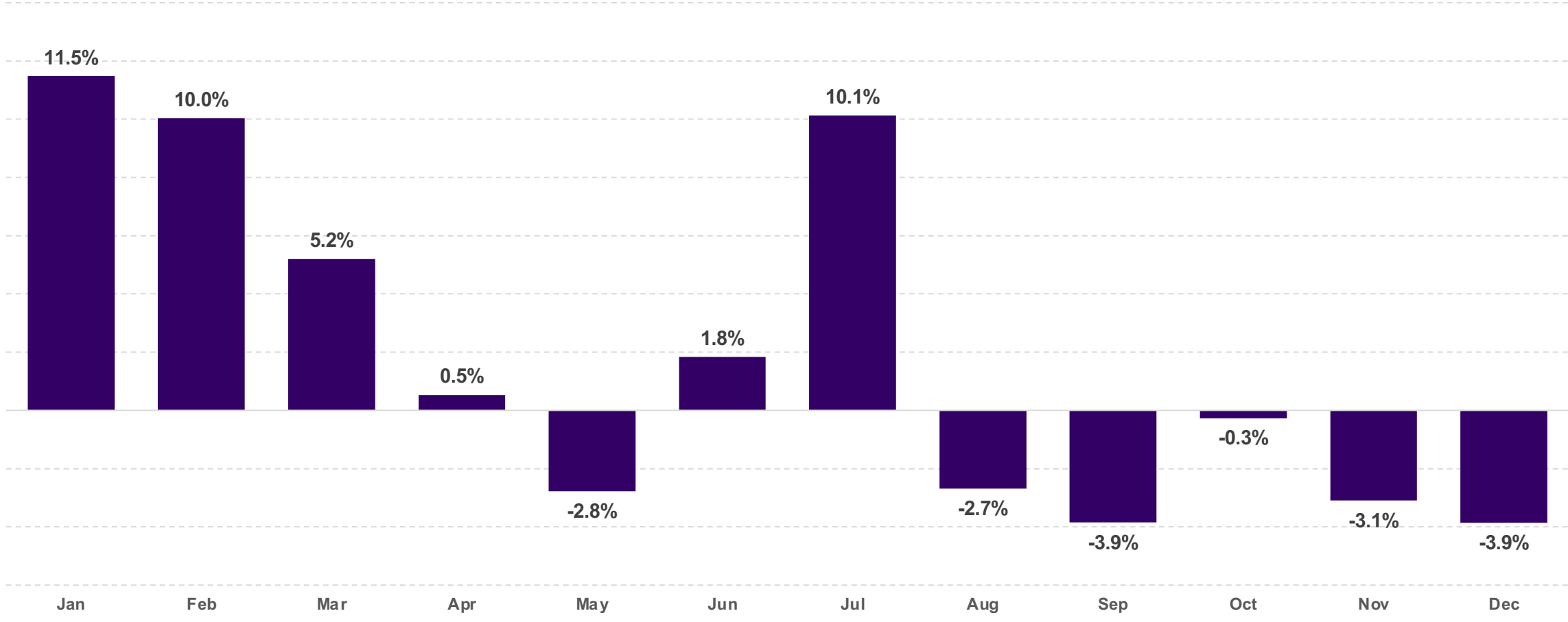
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
11.5%	10.0%	5.2%	0.5%	-2.8%	1.8%	10.1%	-2.7%	-3.9%	-0.3%	-3.1%	-3.9%

Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users who were from January 2022 to December 2023

CommerceIQ

Brands spent the entire year to build back stock levels in time for Q4, and were able to reduce overall losses due to out of stocks by 27% in 2023 despite a reduction in on hand inventory of 19%, indicating a much better handle of supply chain forecasting tied to ad strategy which closely matched consumer demand.

YoY % Change in On Hand Inventory and Revenue Losses due to Out of Stocks (2023 vs. 2022)

Legend: On Hand Inventory — Revenue Loss Due to OOS

Y-axis left: Change in Ad Spend (40.0% to -50.0%)
Y-axis right: Change in Revenue Loss due to OOS (200.0% to -250.0%)

On Hand Inventory values:
Jan: -35.6%, Feb: -39.1%, Mar: -38.9%, Apr: -30.2%, May: -30.3%, Jun: -27.8%, Jul: -20.7%, Aug: -12.1%, Sep: -4.3%, Oct: 16.0%, Nov: 28.0%, Dec: 12.5%

Revenue Loss Due to OOS values:
Jan: -17.7%, Feb: 155.7%, Mar: 100.4%, Apr: 53.4%, May: -71.0%, Jun: -39.5%, Jul: -31.2%, Aug: 3.6%, Sep: -8.0%, Oct: -63.4%, Nov: -69.2%, Dec: -44.4%
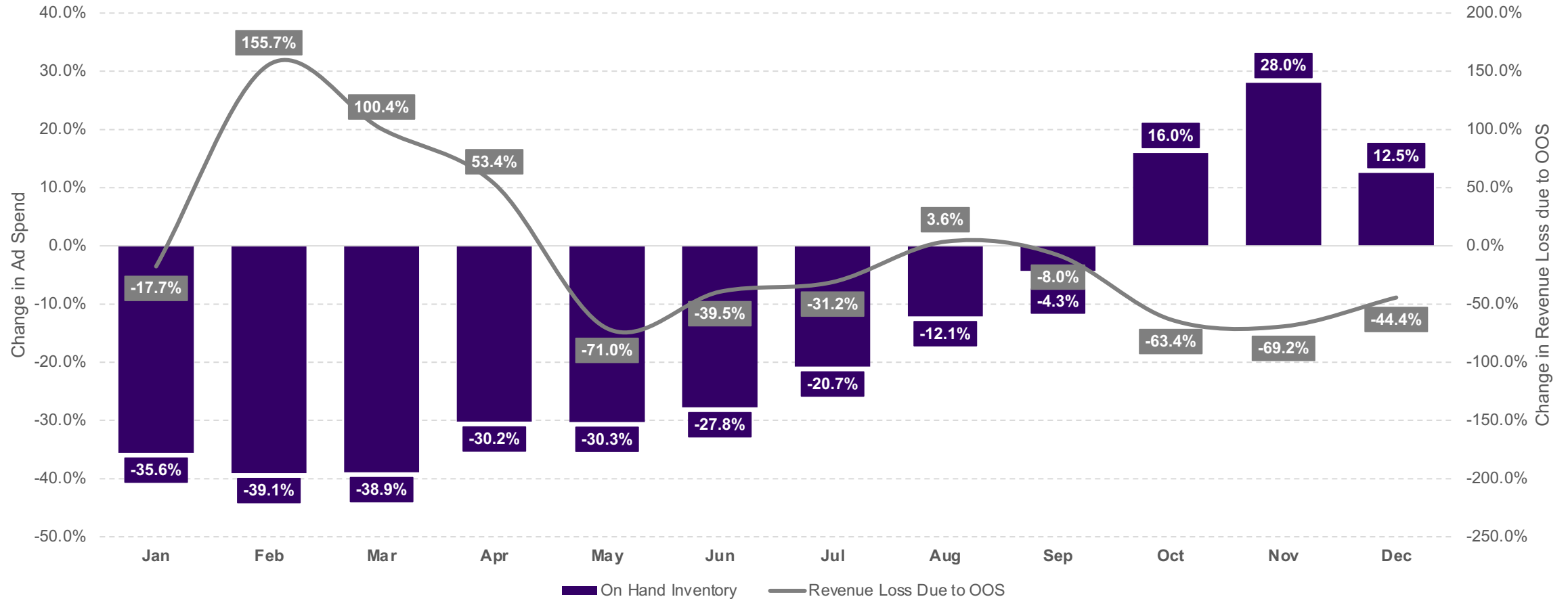
CommerceIQ

Brands saw a consistent degradation in Gross Margins, declining upwards of 7.6% in 2023 vs 2022. With price levels growing slightly, and discount percentages remaining relatively constant, the margin degradation is likely due to an increase in COGS in 2023.

YoY % Change in Gross Margins*, ASP and Discount Percentage (2023 vs 2022)
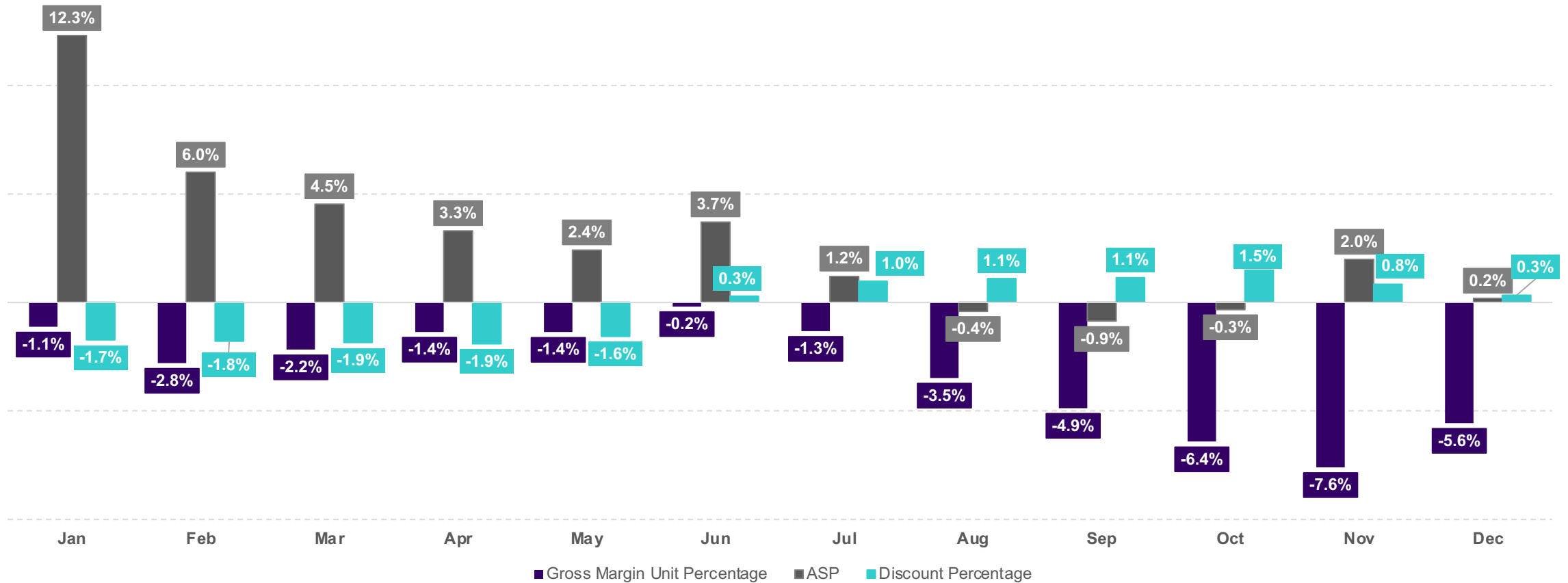
Legend: ■ Gross Margin Unit Percentage ■ ASP ■ Discount Percentage

Month	Gross Margin Unit Percentage	ASP	Discount Percentage
Jan	-1.1%	12.3%	-1.7%
Feb	-2.8%	6.0%	-1.8%
Mar	-2.2%	4.5%	-1.9%
Apr	-1.4%	3.3%	-1.9%
May	-1.4%	2.4%	-1.6%
Jun	-0.2%	3.7%	0.3%
Jul	-1.3%	1.2%	1.0%
Aug	-3.5%	-0.4%	1.1%
Sep	-4.9%	-0.9%	1.1%
Oct	-6.4%	-0.3%	1.5%
Nov	-7.6%	2.0%	0.8%
Dec	-5.6%	0.2%	0.3%

CommerceIQ

Conversion rates rose by 6.4% while glance views fell by 5.1% in 2023 as compared to 2022, signaling brands in the category have put increased efforts to improve PDP quality to grow in a profit constrained environment.

YoY % Change in Glance Views and Unit Conversion % (2023 vs. 2022)
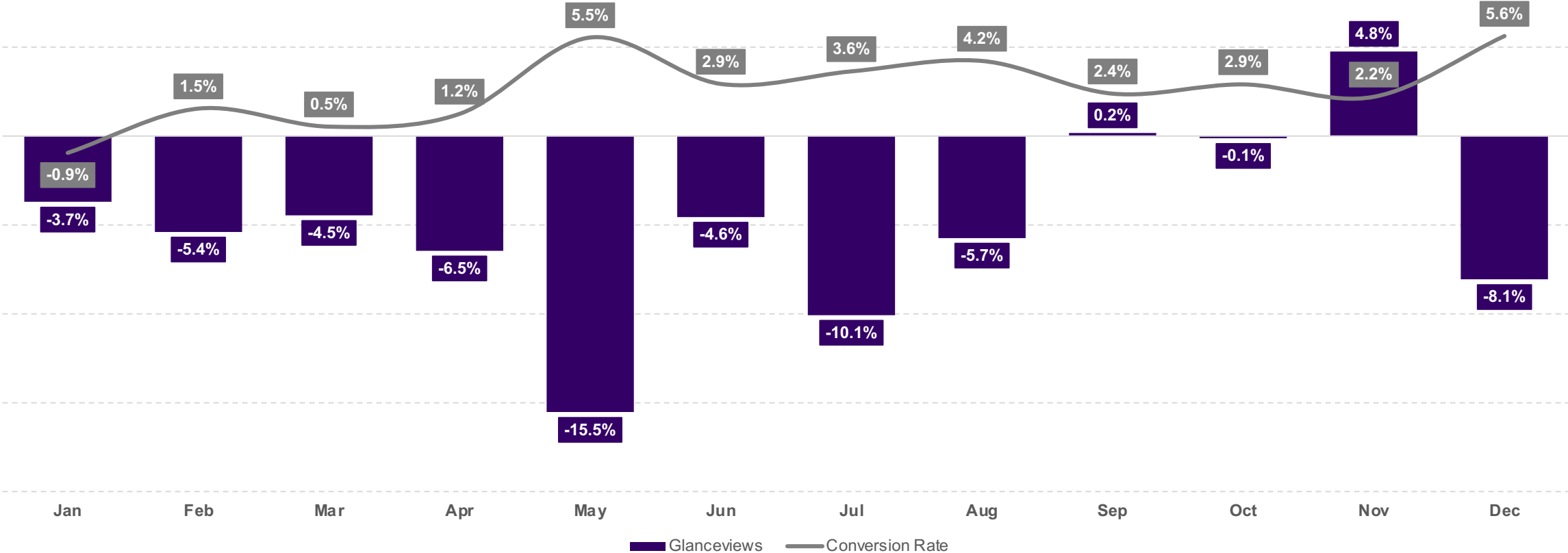
Legend: ■ Glanceviews — Conversion Rate

CommerceIQ

Ad spend grew by 5.5% in 2023 vs. 2022. This correlated with a steady increase ROAS and decrease in CPCs, as well as improved conversion rates, likely indicating brands within the category are investing in improving fundamentals such as PDP quality, and incrementality-focused ad strategies to drive growth as opposed to simply increasing ad investments.

YoY % Change in Ad Spend, and YoY $ Change in ROAS and CPC (2023 vs. 2022)
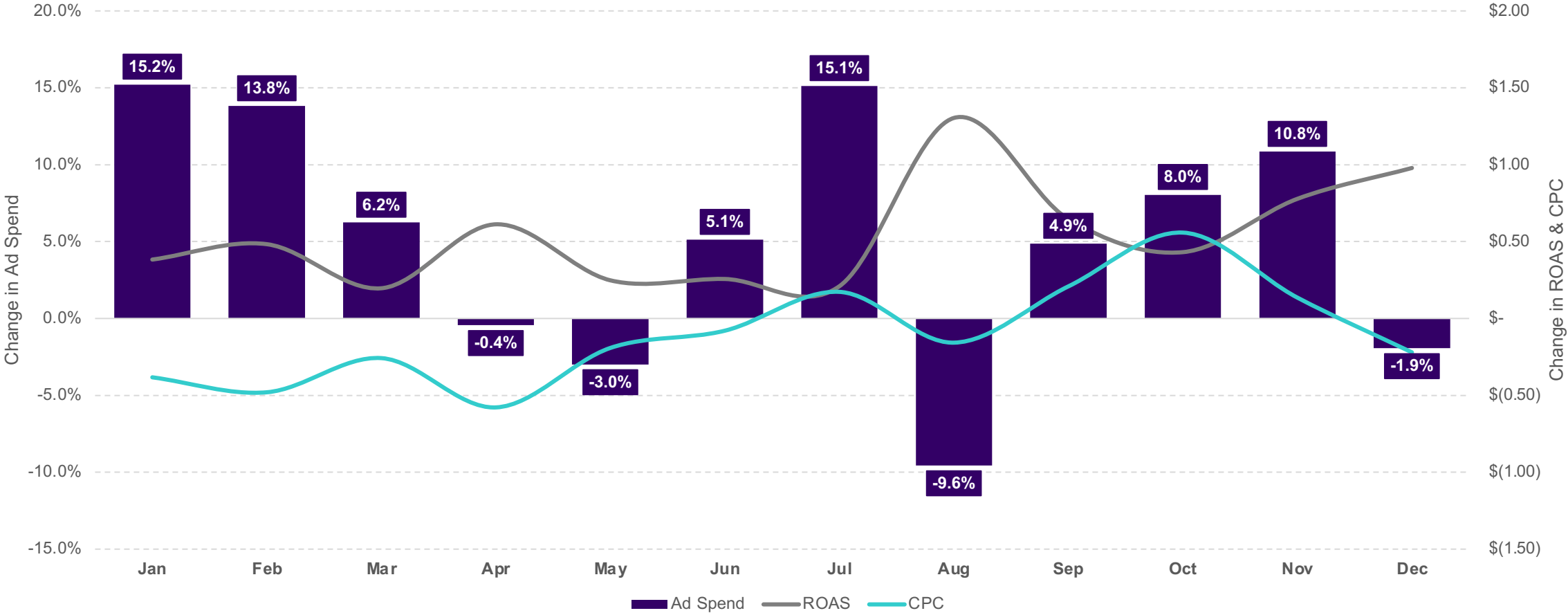
Legend: Ad Spend, ROAS, CPC

CommerceIQ

Sponsored Display was the predominant ad format that saw the most growth in 2023 vs 2022. The slight growth in Sponsored Brand with a pull back from Sponsored Display at the end of Q4 is likely an effort to build awareness leading into 2024.

YoY % Change in Sponsored Display, Sponsored Product and Sponsored Brand Ad Spend (2023 vs. 2022)

Legend: —— Ad Spend SD —— Ad Spend SP —— Ad Spend SB

January 2024

CommerceIQ

T5 2023 drove more revenue versus T5 2022. BFCM drove a smaller impact on revenues as compared to Prime Big Deal Days and Prime Day 2023 within the Health & Personal Care category.

Change in Daily Average Ordered Revenue versus L14 Day Average
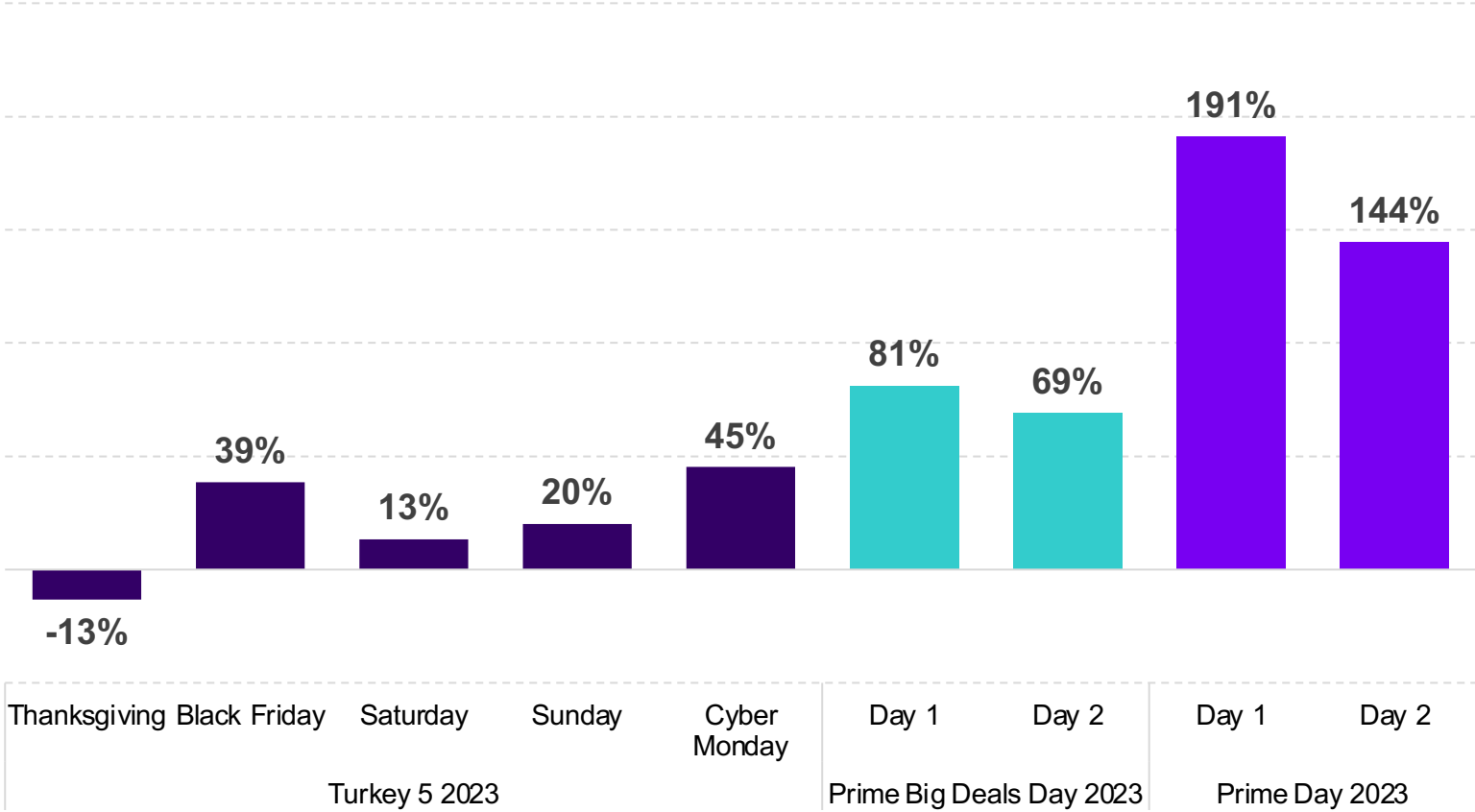
Thanksgiving	Black Friday	Saturday	Sunday	Cyber Monday	Day 1	Day 2	Day 1	Day 2
-13%	39%	13%	20%	45%	81%	69%	191%	144%
Turkey 5 2023					Prime Big Deals Day 2023		Prime Day 2023	

% Change in Ordered Revenues of T5 2023 compared to T5 2022

2023 vs. 2022

Cyber Monday	2%
Sunday	6%
Saturday	23%
Black Friday	11%
Thanksgiving	-2%
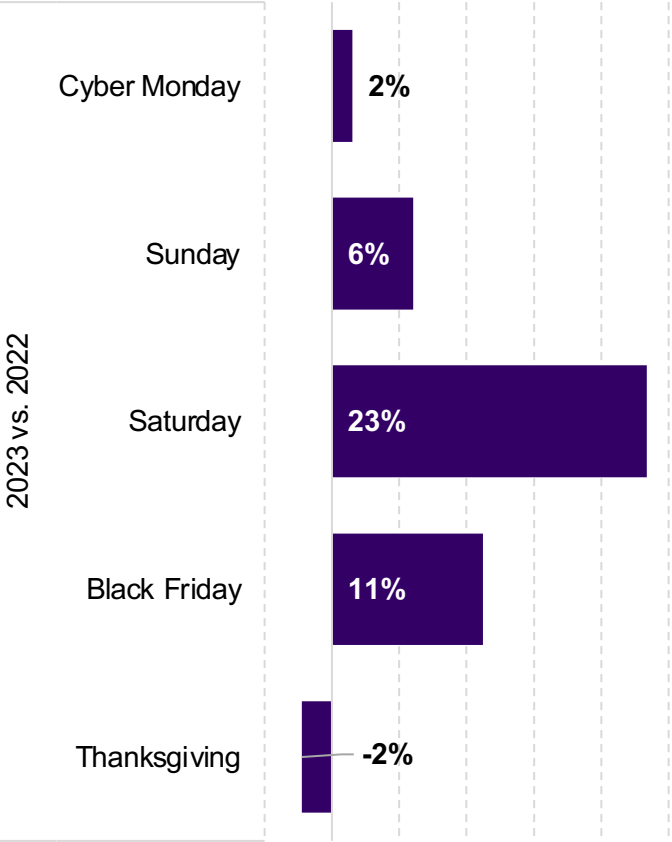
CommerceIQ

Home and Kitchen Category

2023 Year End Recap

CommerceIQ

Ordered Revenue increased by 4.4% in 2023. Ordered units increased 4% over the same time period, while ASP grew only by 0.3% indicating revenue growth is fully explained by an increase in consumer demand.

YoY % Change in Ordered Revenue, Ordered Units and ASP (2023 vs. 2022)
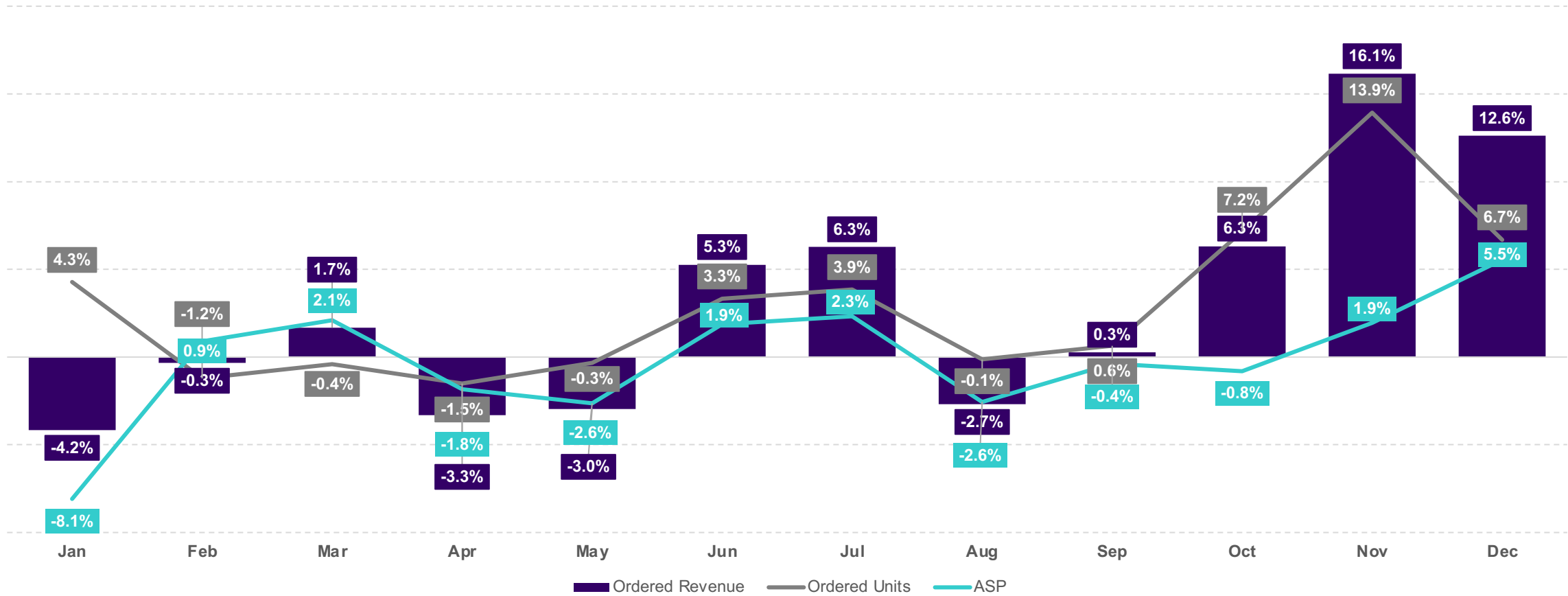
Legend: ■ Ordered Revenue — Ordered Units — ASP

CommerceIQ

Subscribe and Save was a key growth driver for brands early in 2023, growing 74.7% in 2023 vs. 2022, with a strong pull back in the last third of the year.

YoY % Change in Subscribe and Save Ordered Revenue (2023 vs. 2022)
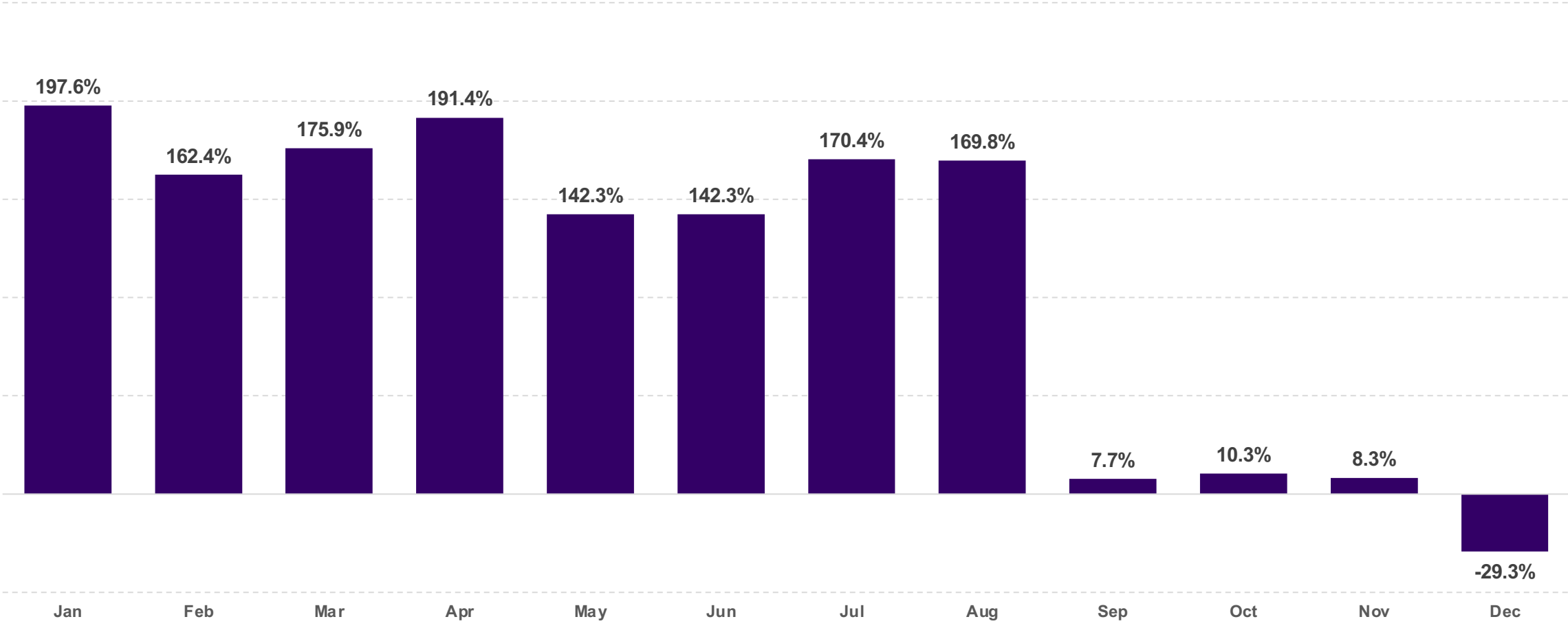
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
197.6%	162.4%	175.9%	191.4%	142.3%	142.3%	170.4%	169.8%	7.7%	10.3%	8.3%	-29.3%

CommerceIQ

Brands saw an increase in revenue losses due to out of stock by 55% while reducing on hand inventory by 15%, in line with the overall trend of brands facing an inventory constrained environment likely correlated with Amazon's efforts to optimize their inventory levels and FCF.

YoY % Change in On Hand Inventory and Revenue Losses due to Out of Stocks (2023 vs. 2022)

Legend: On Hand Inventory ■ (purple bars) | Revenue Loss Due to OOS — (gray line)

Data labels:
- Jan: On Hand Inventory 5.3%, Revenue Loss -32.2%
- Feb: On Hand Inventory -7.6%, Revenue Loss 27.0%
- Mar: On Hand Inventory -15.6%, Revenue Loss 56.4%
- Apr: On Hand Inventory -17.6%, Revenue Loss 94.8%
- May: On Hand Inventory -19.0%, Revenue Loss 98.9%
- Jun: On Hand Inventory -18.7%, Revenue Loss 194.0%
- Jul: On Hand Inventory -21.2%, Revenue Loss 86.6%
- Aug: On Hand Inventory -25.8%, Revenue Loss 196.1%
- Sep: On Hand Inventory -25.1%, Revenue Loss 80.0%
- Oct: On Hand Inventory -11.2%, Revenue Loss 78.4%
- Nov: On Hand Inventory -7.7%, Revenue Loss -9.3%
- Dec: On Hand Inventory -11.1%, Revenue Loss 73.8%

Y-axis (left): Change in Ad Spend
Y-axis (right): Change in Revenue Loss due to OOS
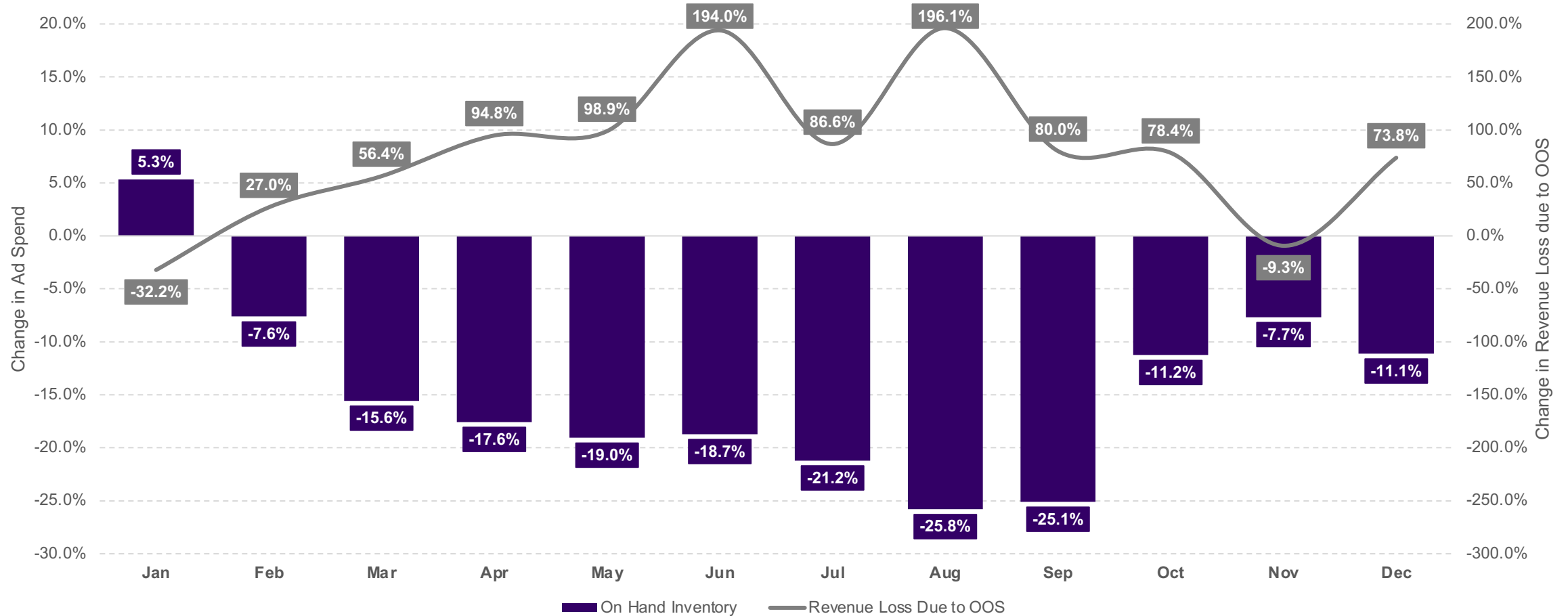
CommerceIQ

Brands saw a consistent degradation in Gross Margins, declining upwards of 23.5%. With consistent price levels and a decrease in discount levels, this can be fully explained by a substantial increase in COGS across the category.

YoY % Change in Gross Margins*, ASP and Discount Percentage (2023 vs 2022)
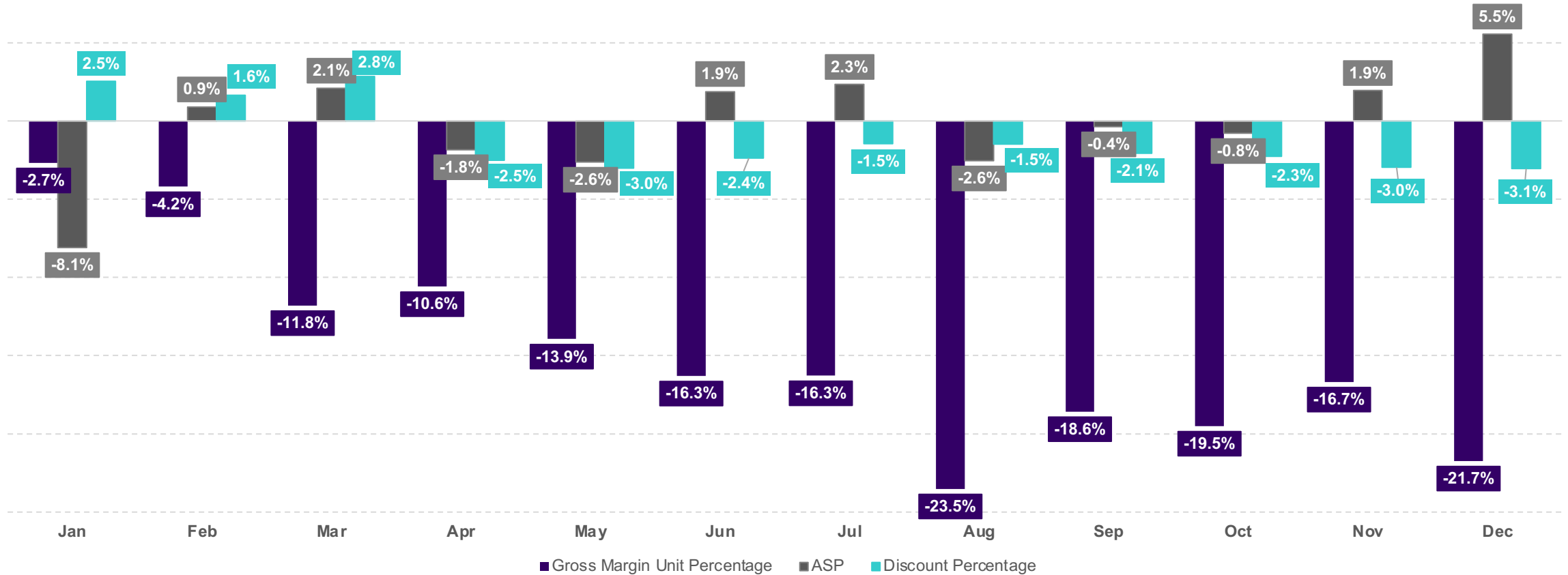
Legend: ■ Gross Margin Unit Percentage ■ ASP ■ Discount Percentage

Month	Gross Margin Unit Percentage	ASP	Discount Percentage
Jan	-2.7%	-8.1%	2.5%
Feb	-4.2%	0.9%	1.6%
Mar	-11.8%	2.1%	2.8%
Apr	-10.6%	-1.8%	-2.5%
May	-13.9%	-2.6%	-3.0%
Jun	-16.3%	1.9%	-2.4%
Jul	-16.3%	2.3%	-1.5%
Aug	-23.5%	-2.6%	-1.5%
Sep	-18.6%	-0.4%	-2.1%
Oct	-19.5%	-0.8%	-2.3%
Nov	-16.7%	1.9%	-3.0%
Dec	-21.7%	5.5%	-3.1%

January 2024

CommerceIQ

Conversion rates fell slightly by 1.9% while glance views grew by 6% in 2023 as compared to 2022, driven primarily by increased interest during Prime Day, Big Deals Day and Black Friday/Cyber Monday.

YoY % Change in Glance Views and Unit Conversion % (2023 vs. 2022)

Glanceviews (bars): Jan -1.2%, Feb 0.8%, Mar 4.8%, Apr 3.1%, May -3.2%, Jun 2.2%, Jul 11.3%, Aug -2.4%, Sep -0.2%, Oct 12.2%, Nov 16.1%, Dec 11.9%

Conversion Rate (line): Jan 0.3%, Feb -0.1%, Mar -0.3%, Apr -0.3%, May 0.2%, Jun 0.1%, Jul -0.4%, Aug 0.1%, Sep 0.1%, Oct -0.3%, Nov -0.1%, Dec -0.4%

■ Glanceviews ── Conversion Rate
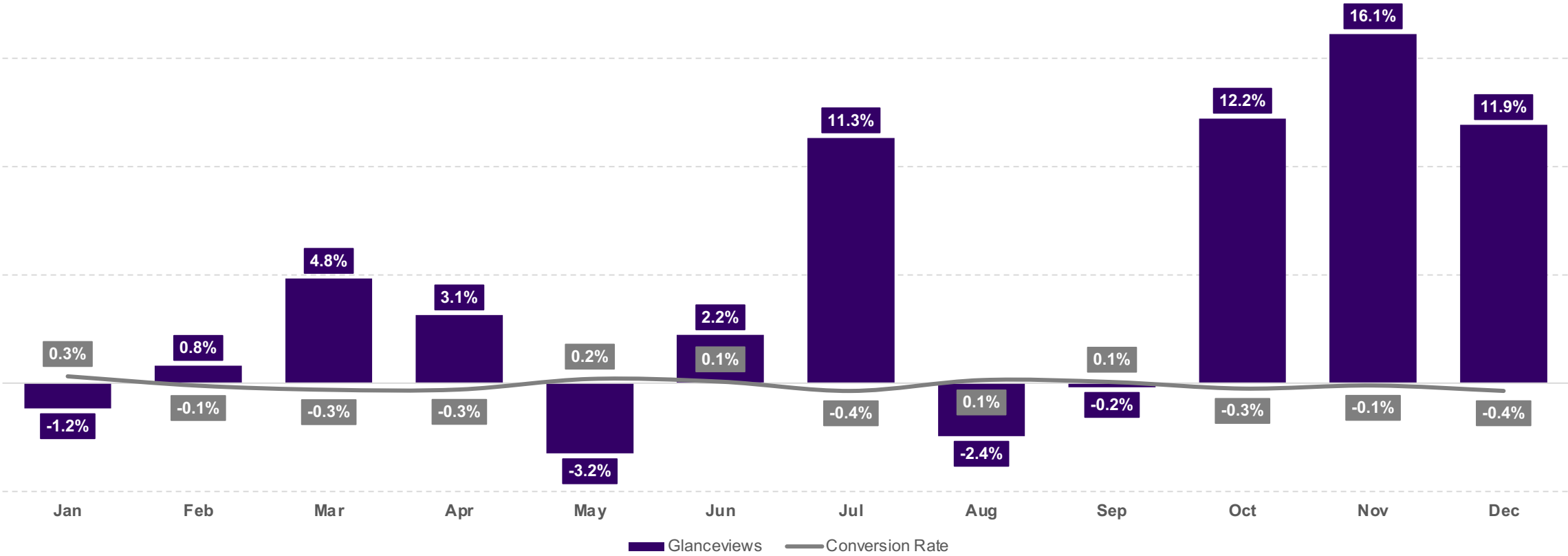
CommerceIQ

Ad spend grew by 5.5% in 2023 vs. 2022, with a big pull back in the back half of the year. This correlated with a decline in ROAS, likely indicating brands began pulling back on spend in response to reduced ad efficiency in the Summer. The increase in ROAS in November and December could correlate with a steady increase in ad spend in 2024 as brands begin to see better return on their ad dollars.

YoY % Change in Ad Spend, and YoY $ Change in ROAS and CPC (2023 vs. 2022)
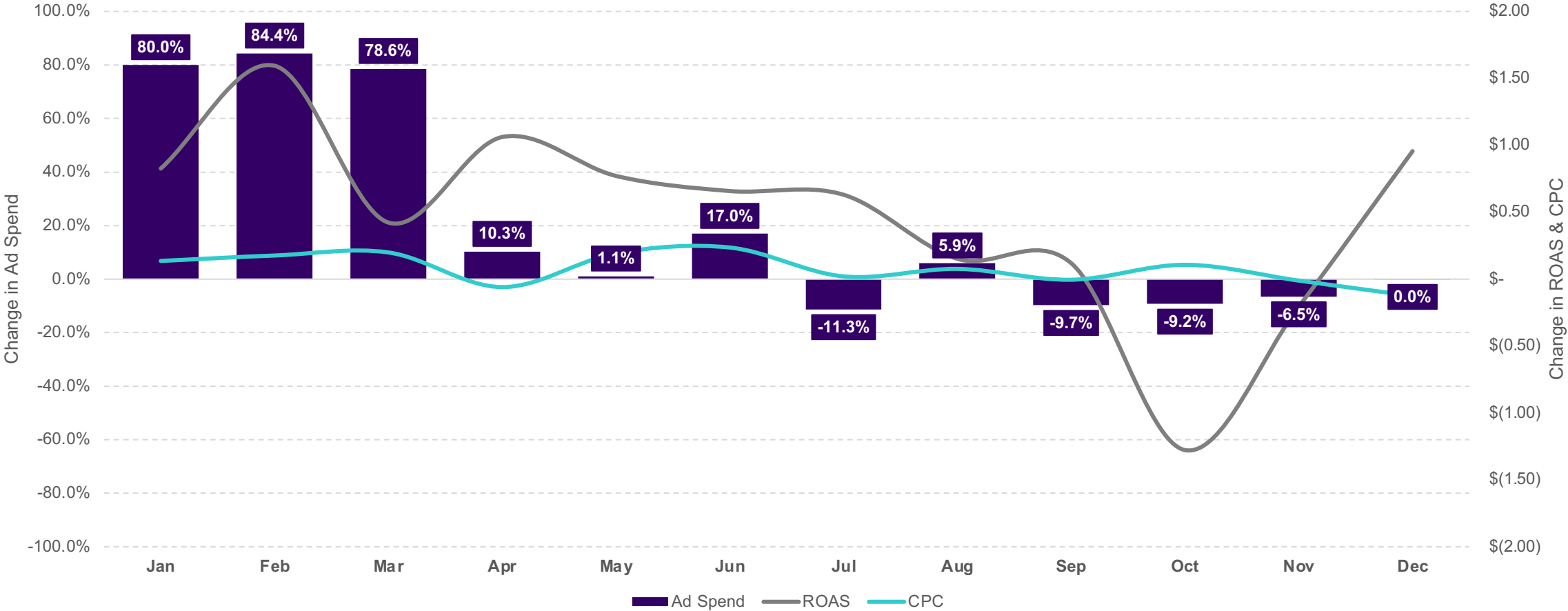
CommerceIQ

Sponsored Display was the predominant ad format that grew in the early and late parts of 2023, correlating with a general pull back on Sponsored Product and Sponsored Brand.

YoY % Change in Sponsored Display, Sponsored Product and Sponsored Brand Ad Spend (2023 vs. 2022)
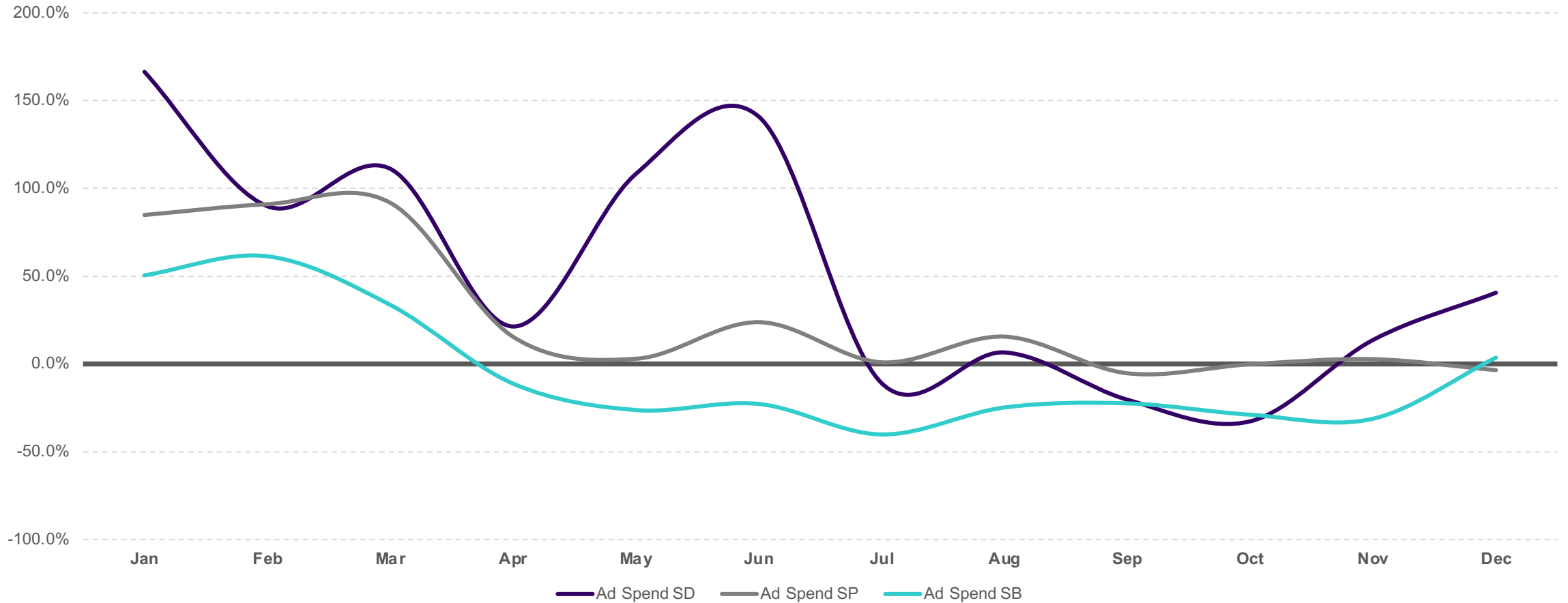
Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users who were from January 2022 to December 2023

CommerceIQ

T5 2023 drove more revenue versus T5 2022, but underperformed Prime Big Deal Days and Prime Day 2023 on total revenue impact on core shopping days for the Home & Kitchen Category.

Change in Daily Average Ordered Revenue versus L14 Day Average
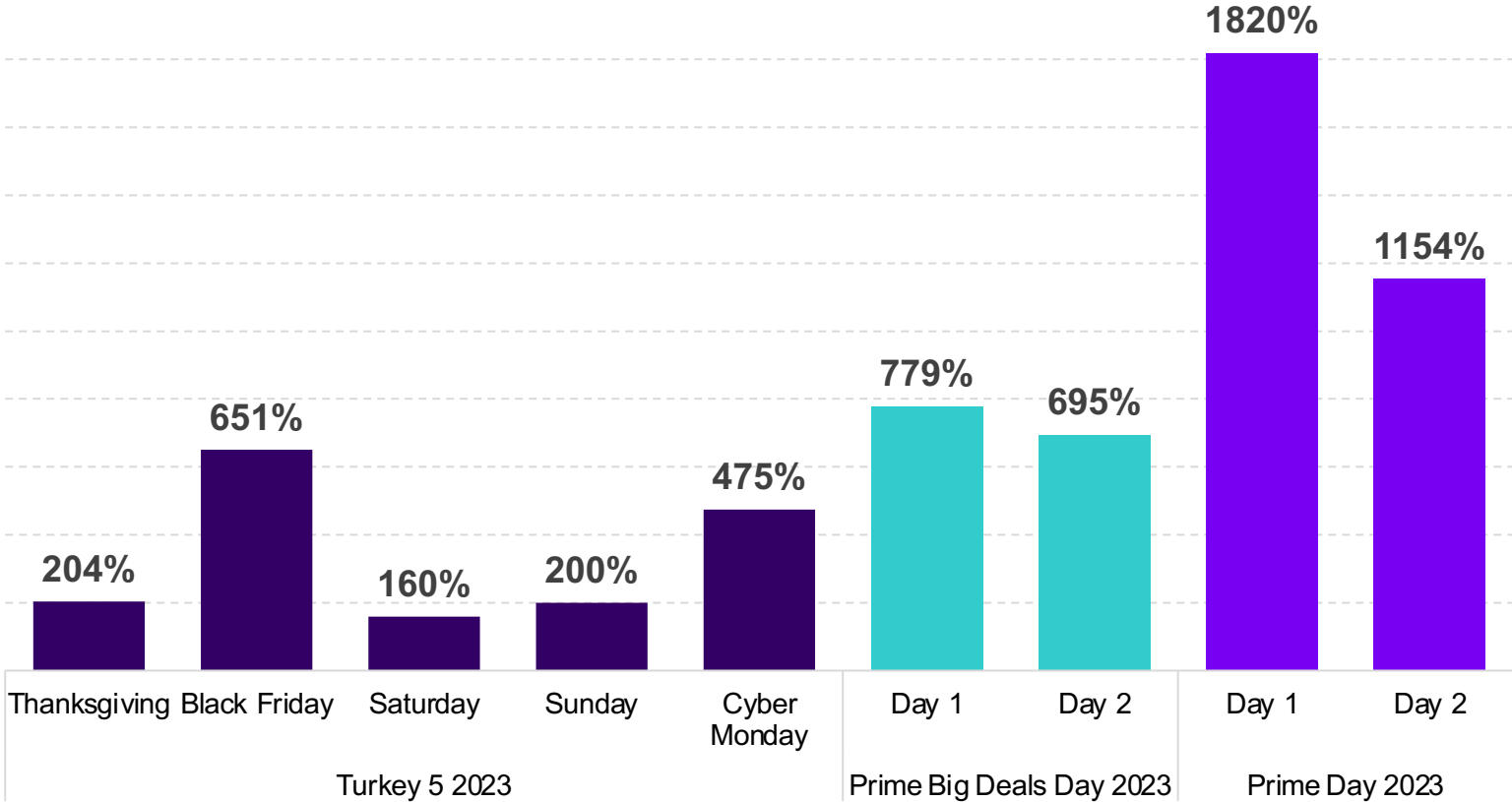
% Change in Ordered Revenues of T5 2023 compared to T5 2022
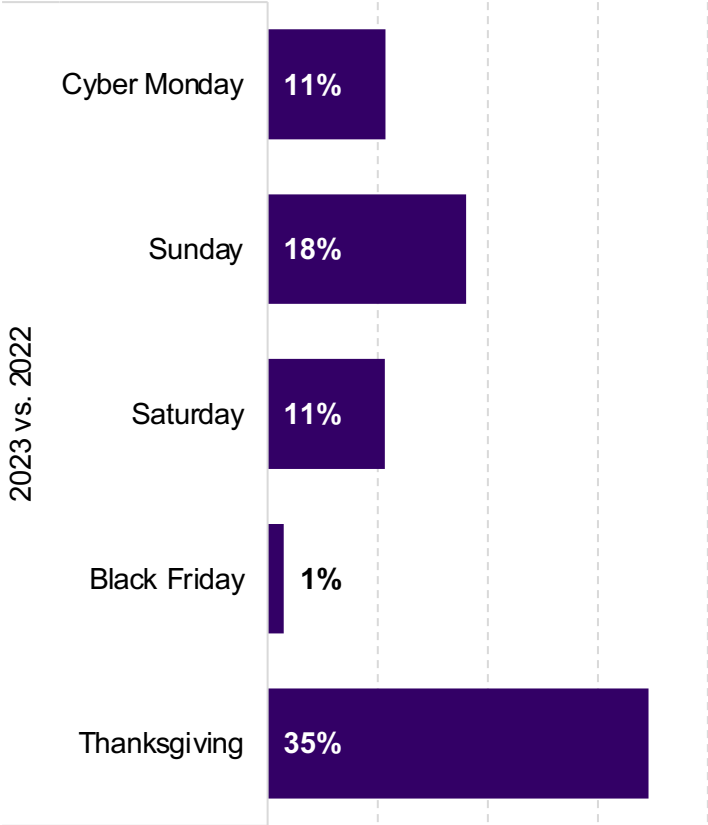
Source: Internal data in aggregate from CommerceIQ's REM Platform for its active users on Amazon from June 2022 to November 2023

CommerceIQ

Office Products Category

2023 Year End Recap

Commerce**IQ**

Ordered Revenue decreased by 2.5% in 2023, while ordered units fell by 3% over the same time period. The decrease in revenue is explained fully a softening of consumer demand as ASP rose slightly by 0.4% in 2023.

YoY % Change in Ordered Revenue, Ordered Units and ASP (2023 vs. 2022)
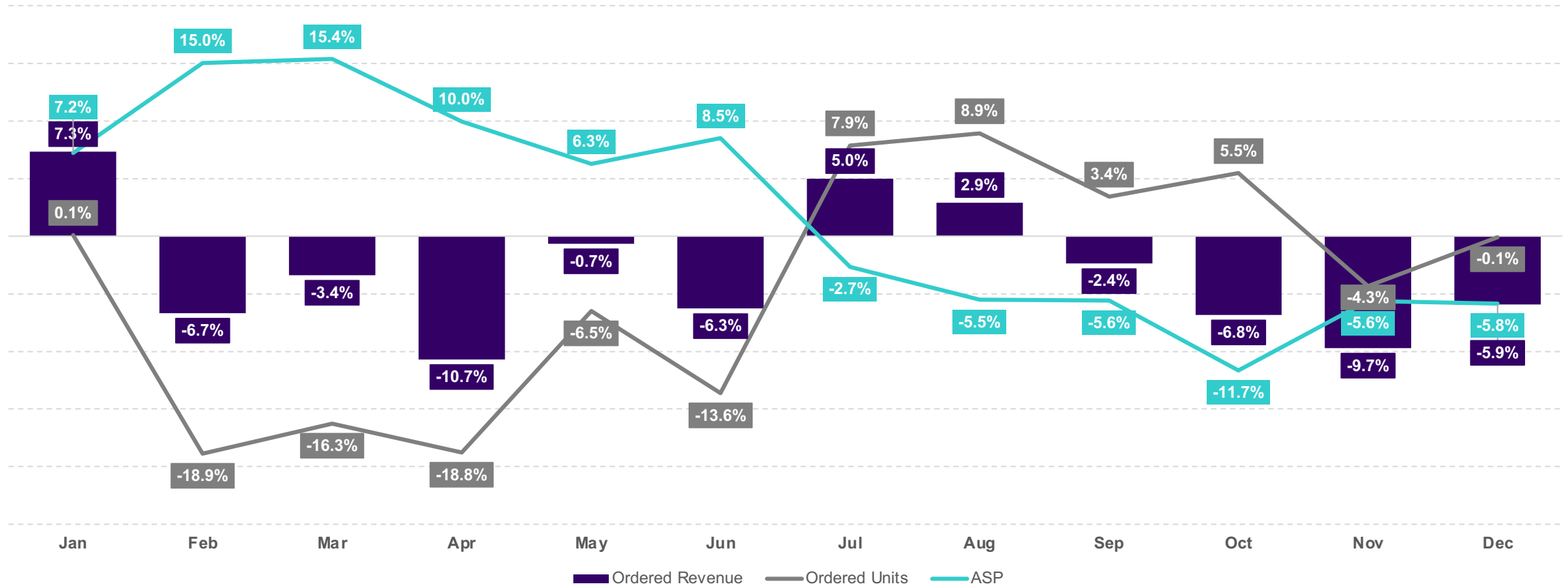
Ordered Revenue | Ordered Units | ASP

CommerceIQ

Brands saw an increase in revenue losses due to out of stock by 12.7% while reducing on hand inventory by 14.9%. This is in line with the overall trend of brands facing an inventory constrained environment likely correlated with Amazon's efforts to optimize their inventory levels and FCF.

YoY % Change in On Hand Inventory and Revenue Losses due to Out of Stocks (2023 vs. 2022)

On Hand Inventory values (left axis):
Jan -17.2%, Feb -27.5%, Mar -30.1%, Apr -31.0%, May -33.4%, Jun -22.5%, Jul -7.3%, Aug 4.3%, Sep 0.4%, Oct -2.8%, Nov -8.5%, Dec -7.3%

Revenue Loss Due to OOS values (right axis):
Jan 5.1%, Feb 224.3%, Mar 67.7%, Apr 53.4%, May 64.8%, Jun -45.6%, Jul 2.7%, Aug -39.1%, Sep -41.1%, Oct 34.1%, Nov -19.2%, Dec 50.9%

Legend: On Hand Inventory | Revenue Loss Due to OOS
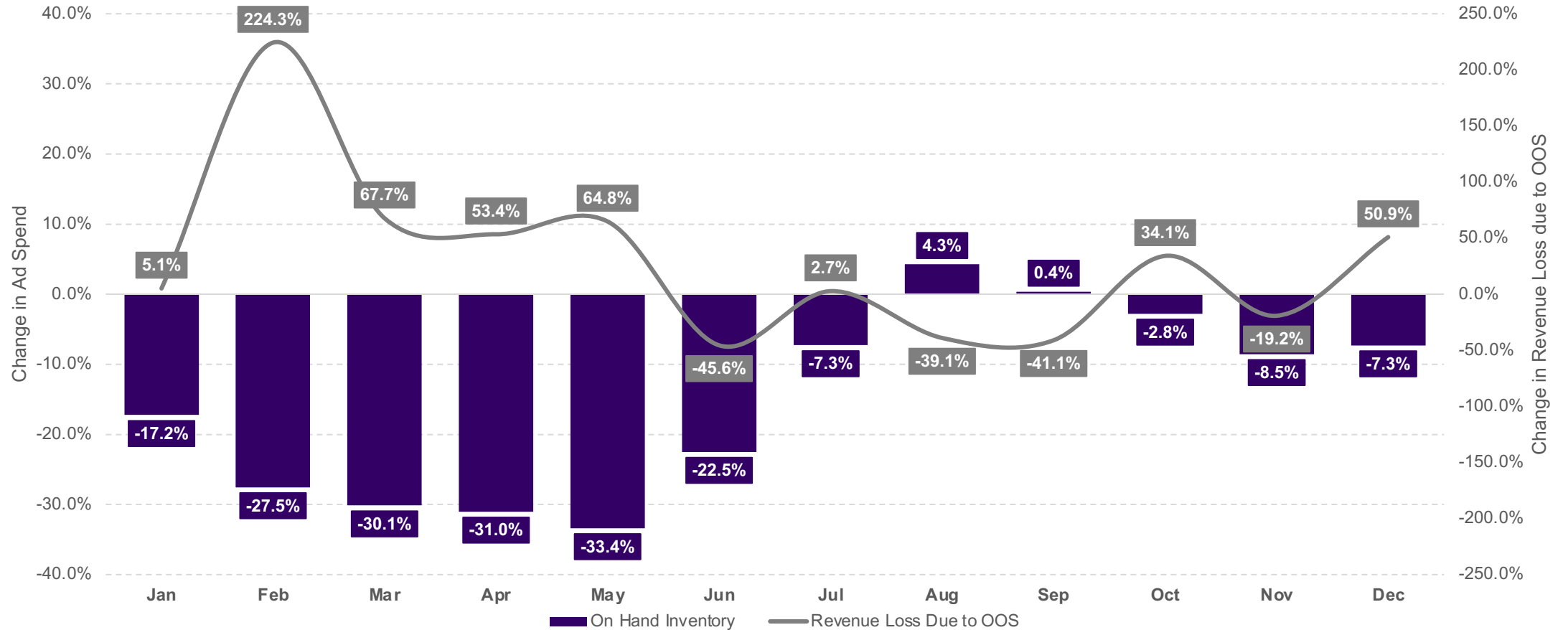
CommerceIQ

Brands saw a consistent degradation in Gross Margins, declining upwards of 13%. This did correlate with a decline in ASP in the back half of 2023, likely being a key driver of reduced margins along side a likely increase in COGS within the category.
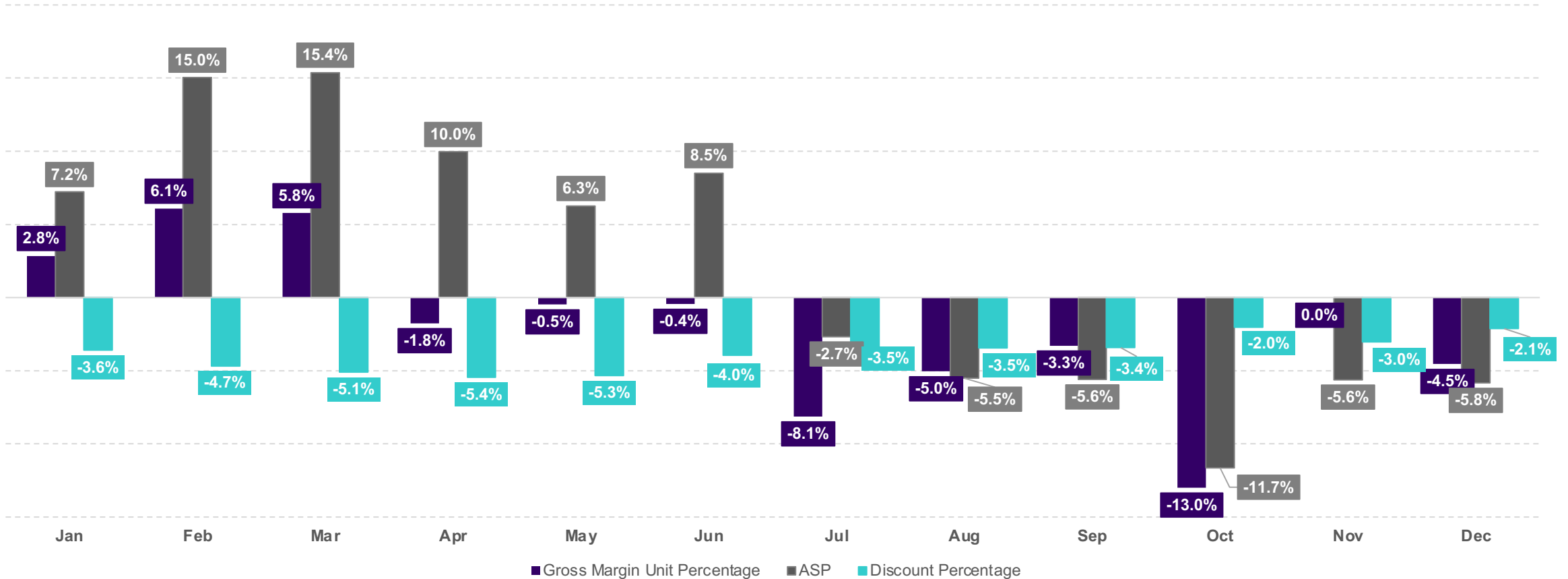
YoY % Change in Gross Margins*, ASP and Discount Percentage (2023 vs 2022)

■ Gross Margin Unit Percentage ■ ASP ■ Discount Percentage

CommerceIQ

Conversion rates rose slightly by 1.5% while glance views fell by 4.4% in 2023 as compared to 2022, signaling a much more competitive environment for brands within the category going into 2024.

YoY % Change in Glance Views and Unit Conversion % (2023 vs. 2022)

Chart showing monthly YoY % Change in Glance Views (purple bars) and Conversion Rate (gray line):

Month	Glanceviews	Conversion Rate
Jan	5.6%	-1.2%
Feb	-12.9%	-1.5%
Mar	-7.8%	-2.2%
Apr	-13.7%	-1.4%
May	-8.7%	0.5%
Jun	-16.7%	0.8%
Jul	12.2%	-0.9%
Aug	13.0%	-1.0%
Sep	-3.9%	1.8%
Oct	-5.0%	2.3%
Nov	-17.4%	2.7%
Dec	-10.6%	2.3%

■ Glanceviews ── Conversion Rate
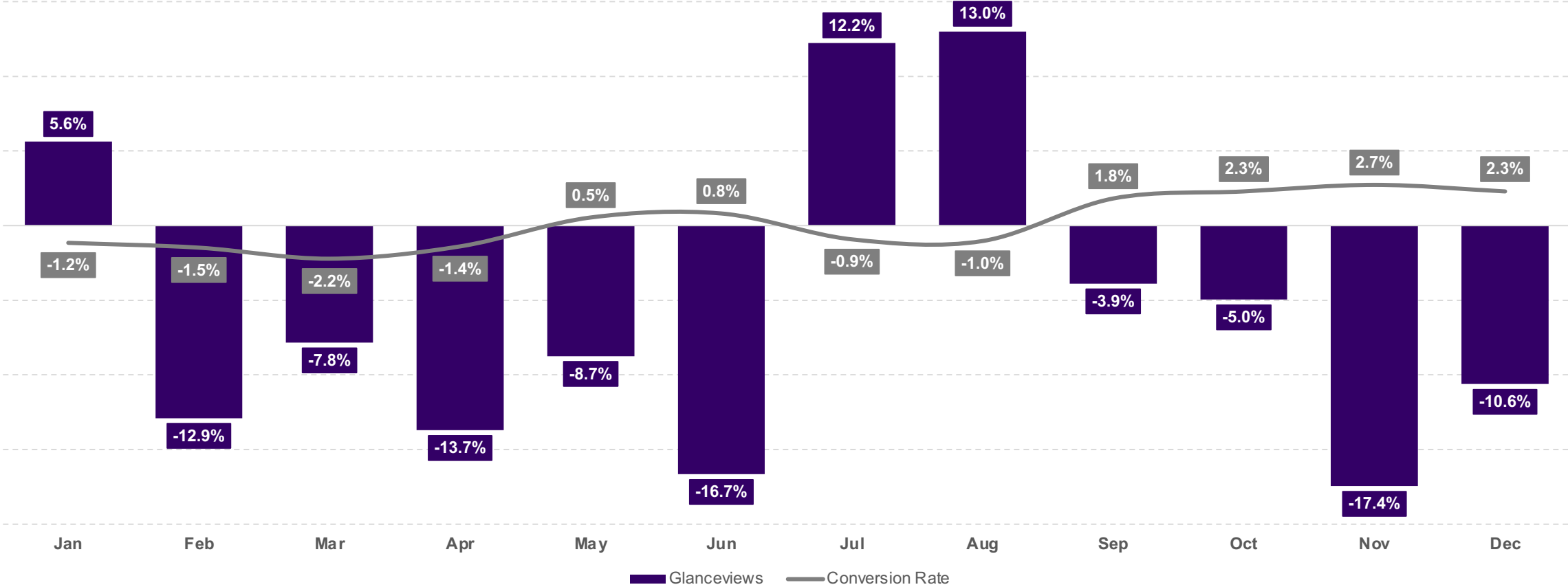
CommerceIQ

Ad spend fell by 33% in 2023 vs. 2022, which correlated with a steady increase in ROAS and decrease in CPCs, signaling brands shifting focus to profitability versus growth within an environment of reduced consumer demand.

YoY % Change in Ad Spend, and YoY $ Change in ROAS and CPC (2023 vs. 2022)
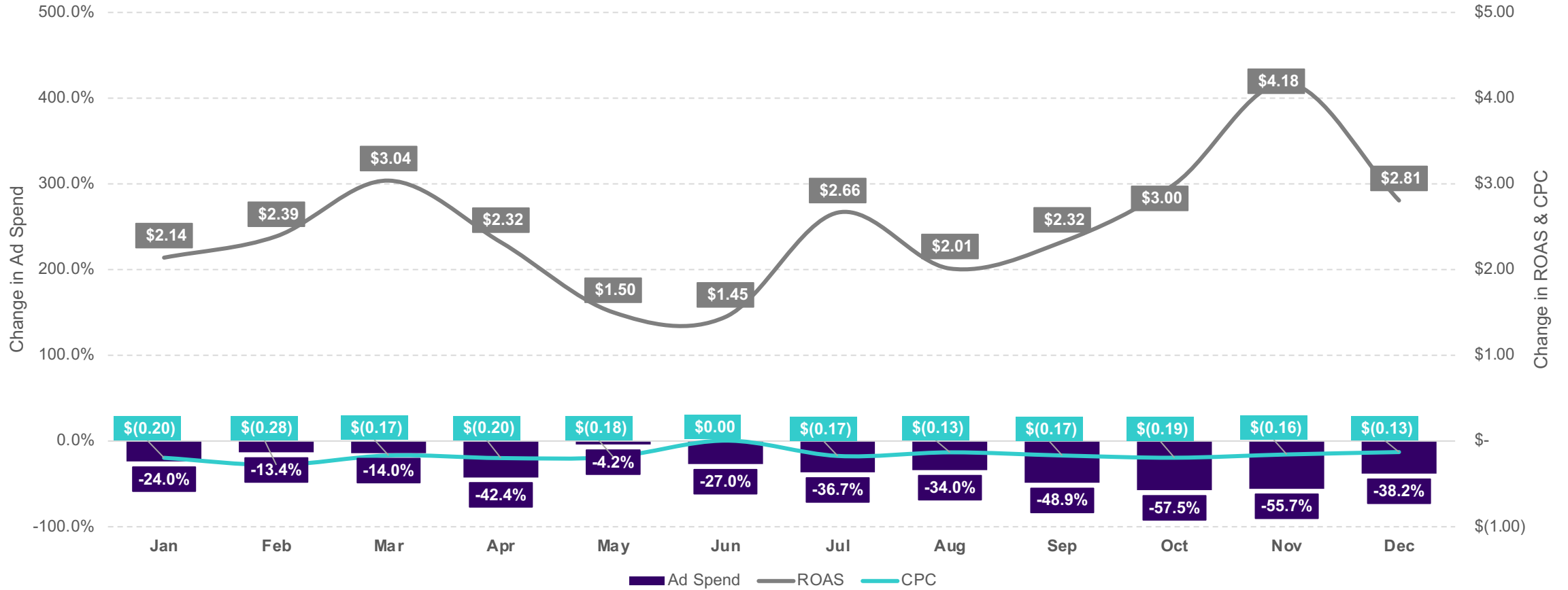
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
ROAS	$2.14	$2.39	$3.04	$2.32	$1.50	$1.45	$2.66	$2.01	$2.32	$3.00	$4.18	$2.81
CPC	$(0.20)	$(0.28)	$(0.17)	$(0.20)	$(0.18)	$0.00	$(0.17)	$(0.13)	$(0.17)	$(0.19)	$(0.16)	$(0.13)
Ad Spend	-24.0%	-13.4%	-14.0%	-42.4%	-4.2%	-27.0%	-36.7%	-34.0%	-48.9%	-57.5%	-55.7%	-38.2%

Legend: Ad Spend, ROAS, CPC

CommerceIQ

Sponsored Display was the predominant ad format that saw the most growth in 2023 amidst a pull back of ad spend within the category.

YoY % Change in Sponsored Display, Sponsored Product and Sponsored Brand Ad Spend (2023 vs. 2022)

Legend: Ad Spend SD — Ad Spend SP — Ad Spend SB
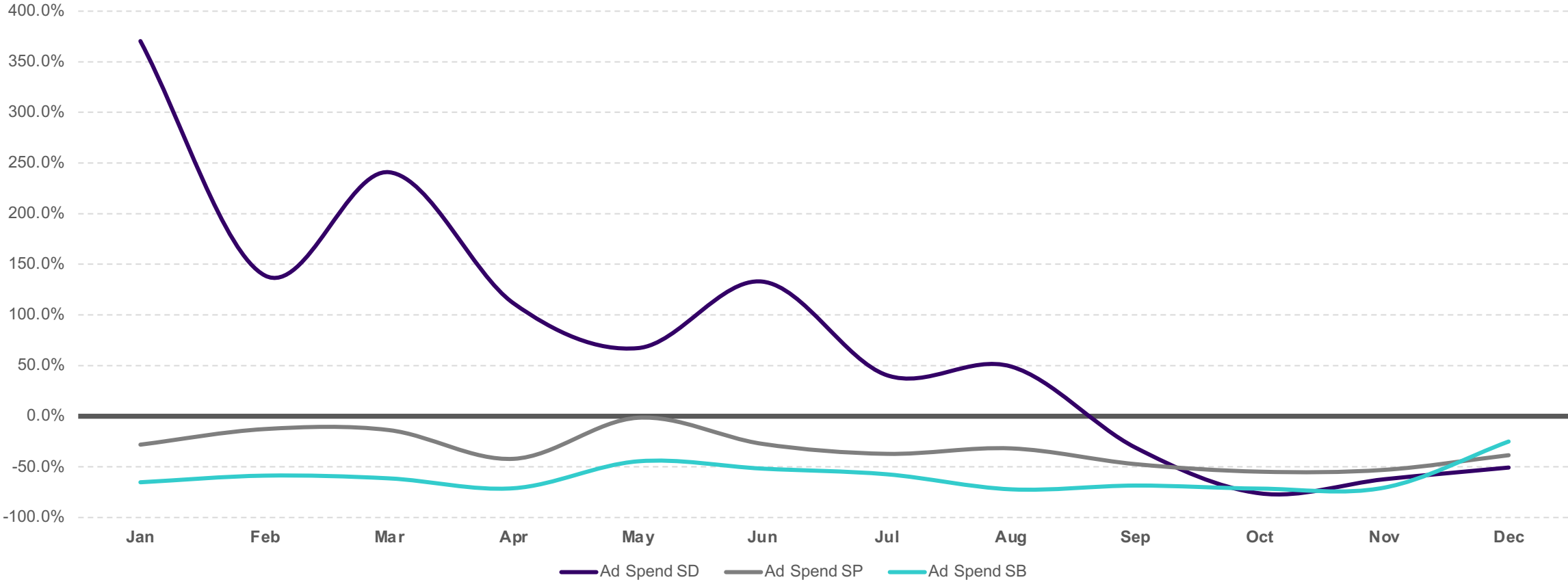
Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users who were from January 2022 to December 2023

CommerceIQ

Within Office Products, T5 2023 drove less revenue versus T5 2022. BFCM slightly outperformed Prime Big Deal Days, but was dwarfed by Prime Day 2023.
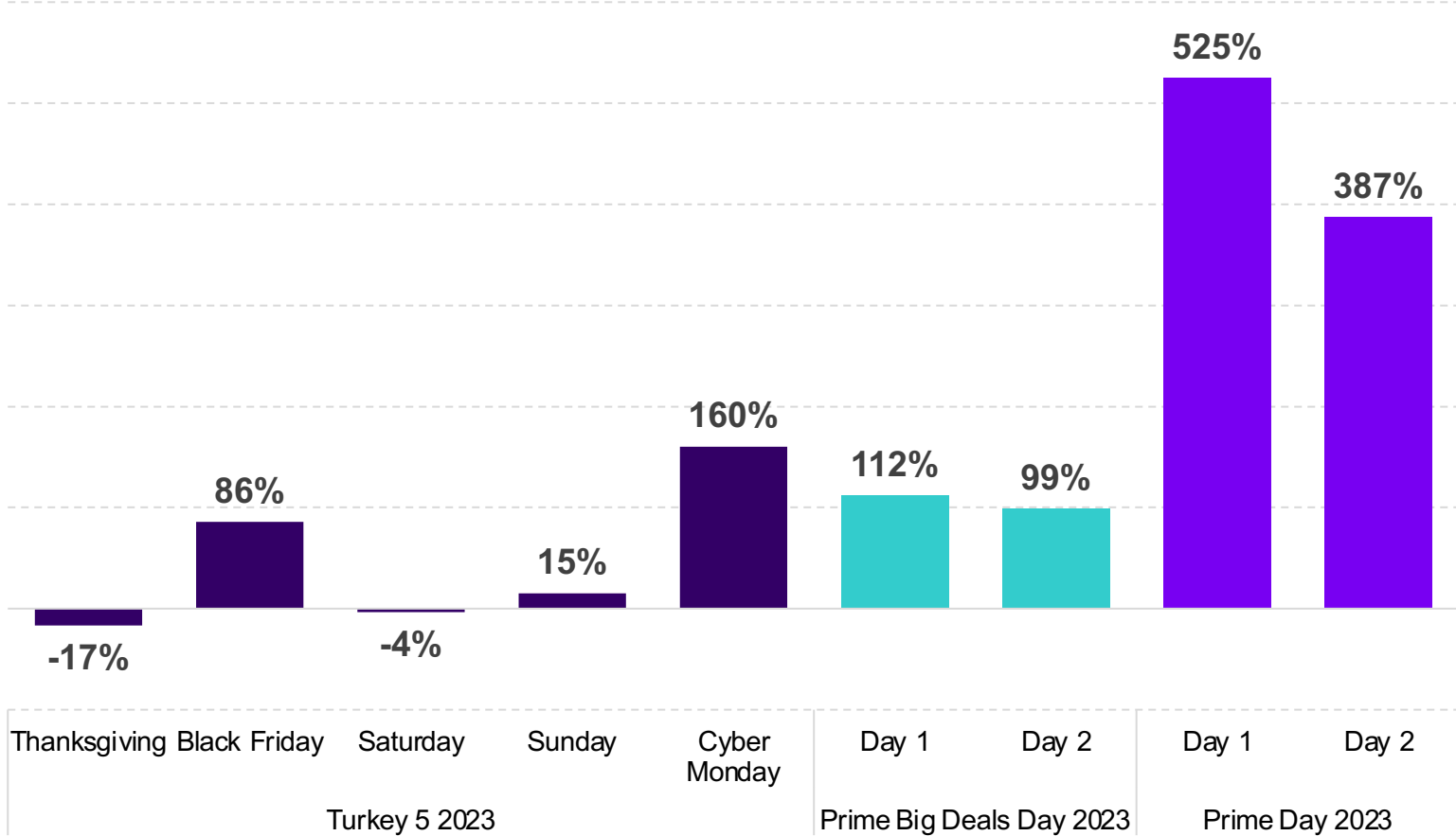
Change in Daily Average Ordered Revenue versus L14 Day Average

-17%	86%	-4%	15%	160%	112%	99%	525%	387%
Thanksgiving	Black Friday	Saturday	Sunday	Cyber Monday	Day 1	Day 2	Day 1	Day 2
		Turkey 5 2023			Prime Big Deals Day 2023		Prime Day 2023	

% Change in Ordered Revenues of T5 2023 compared to T5 2022

2023 vs. 2022

Cyber Monday	-27%
Sunday	-17%
Saturday	-16%
Black Friday	-26%
Thanksgiving	-22%
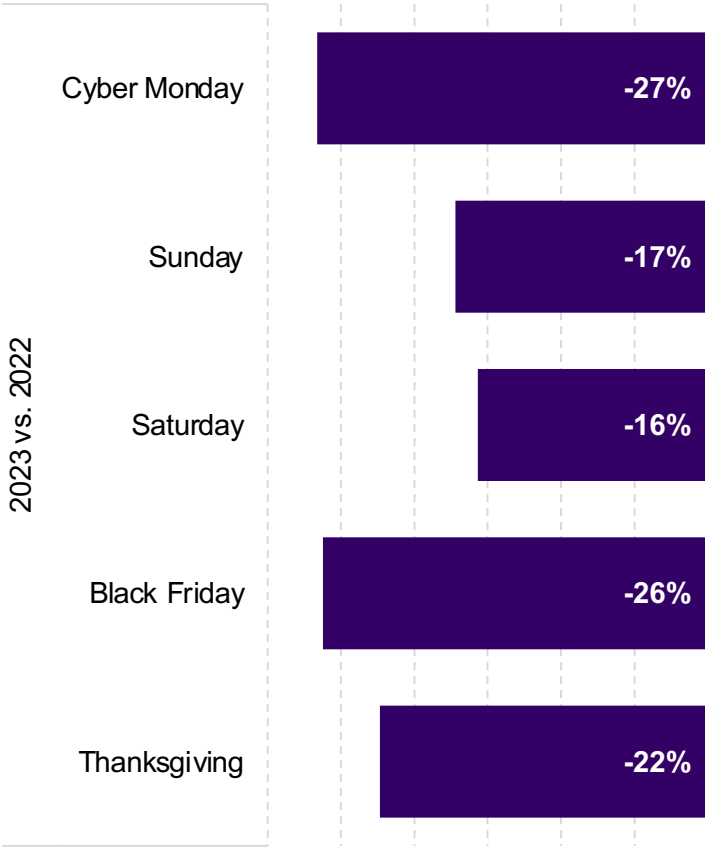
CommerceIQ

Patio, Lawn & Garden Category

2023 Year End Recap

Commerce**IQ**

Ordered Revenue fell by 4.1% in 2023, while ordered units increased by 11.7% over the same time period. The decrease in revenue is explained fully by a decrease in ASP of 14.2% in 2023, likely due to consumers shifting demand to lower priced items within the category.
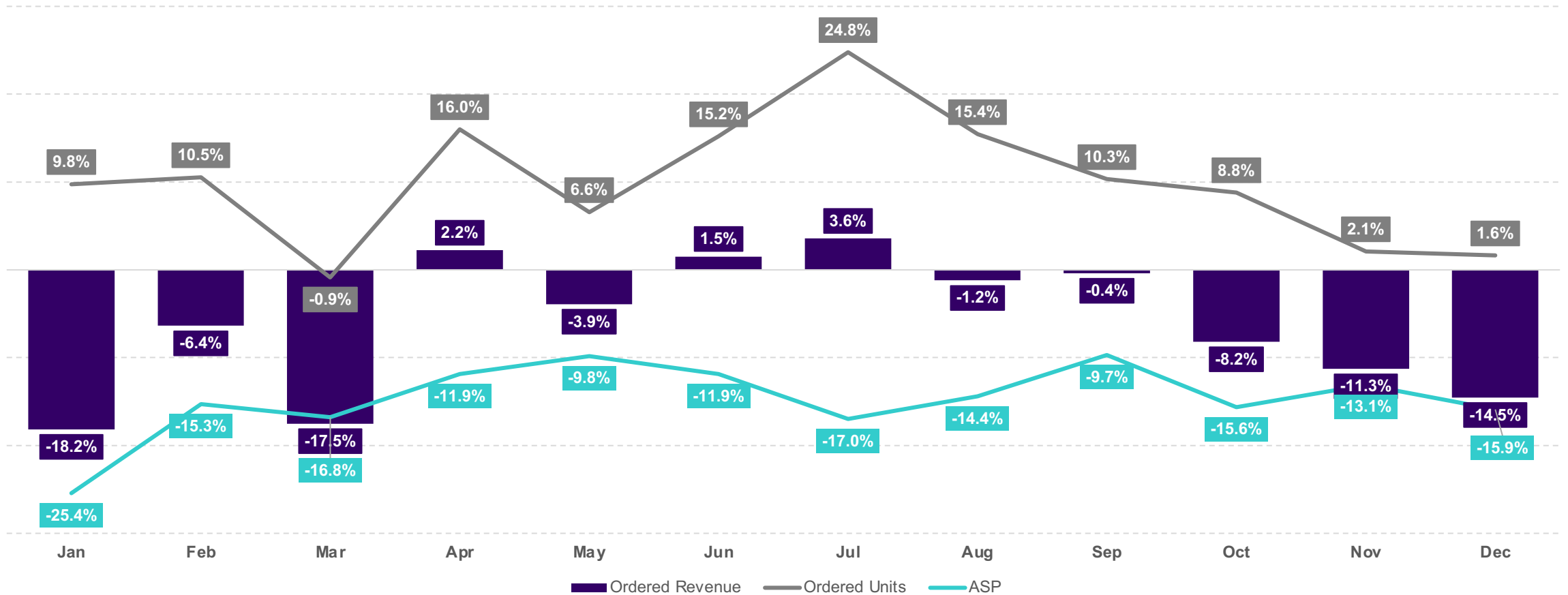
YoY % Change in Ordered Revenue, Ordered Units and ASP (2023 vs. 2022)

CommerceIQ

Brands spent the entire year to build back stock levels, but despite growing on hand inventory by 5.5% in 2023, brands still saw an increase in revenue losses due to out of stocks of 54%, likely indicating a SKU-level mismatch in inventory planning and consumer demand.

YoY % Change in On Hand Inventory and Revenue Losses due to Out of Stocks (2023 vs. 2022)

On Hand Inventory | Revenue Loss Due to OOS
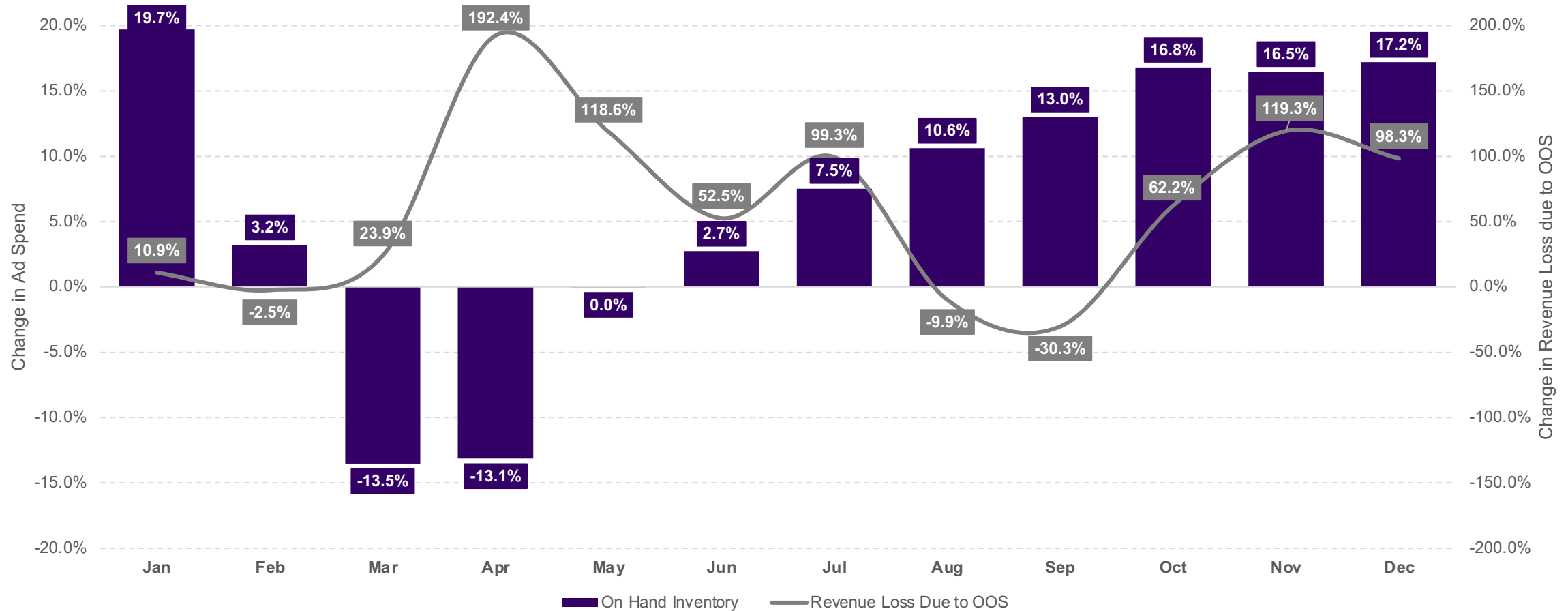
CommerceIQ

Brands saw a consistent degradation in Gross Margins, declining upwards of 12.7%. This likely is explained by a reduction of ASP, and a slight increase in discounts. The impact of COGS is therefore unclear.

YoY % Change in Gross Margins*, ASP and Discount Percentage (2023 vs 2022)
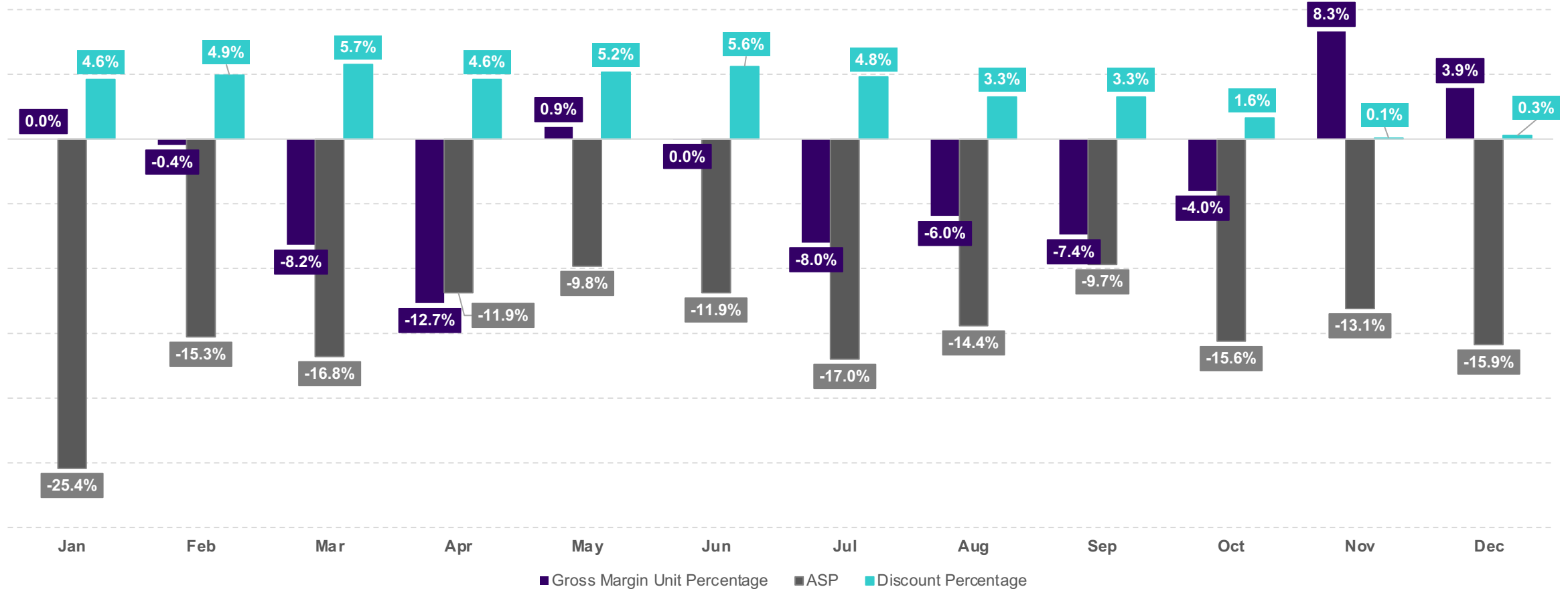
■ Gross Margin Unit Percentage   ■ ASP   ■ Discount Percentage

January 2024

CommerceIQ

Conversion rates grew by 13.7% while glance views fell by 1.8% in 2023 as compared to 2022, likely indicating brands have shifted efforts to improve fundamentals like PDP quality in response to softening margins.

YoY % Change in Glance Views and Unit Conversion % (2023 vs. 2022)
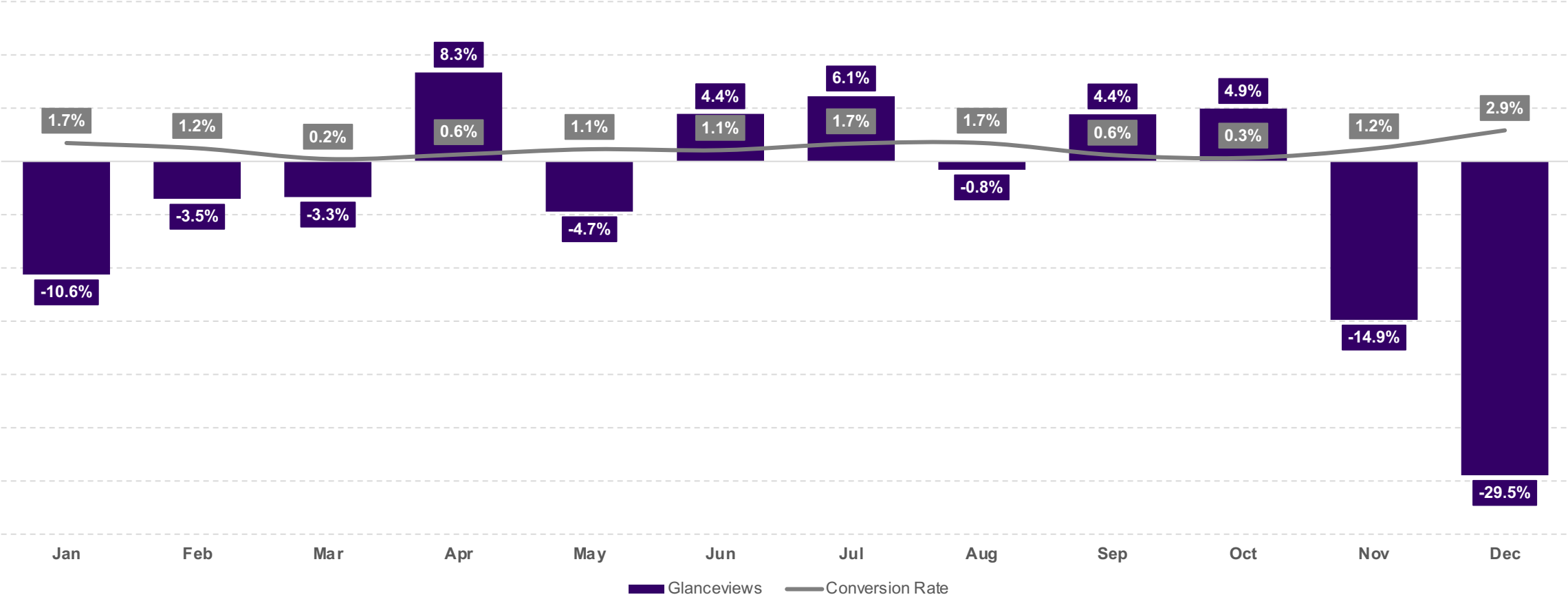
Month	Glanceviews	Conversion Rate
Jan	-10.6%	1.7%
Feb	-3.5%	1.2%
Mar	-3.3%	0.2%
Apr	8.3%	0.6%
May	-4.7%	1.1%
Jun	4.4%	1.1%
Jul	6.1%	1.7%
Aug	-0.8%	1.7%
Sep	4.4%	0.6%
Oct	4.9%	0.3%
Nov	-14.9%	1.2%
Dec	-29.5%	2.9%

Legend: Glanceviews, Conversion Rate

CommerceIQ

Ad spend grew by 13.3% in 2023 vs. 2022. This correlated with a steady decline in ROAS for most of the year, especially during Prime Day and Prime Big Deal Days, highlighting brands investing to win share despite the profitability pressure.

YoY % Change in Ad Spend, and YoY $ Change in ROAS and CPC (2023 vs. 2022)
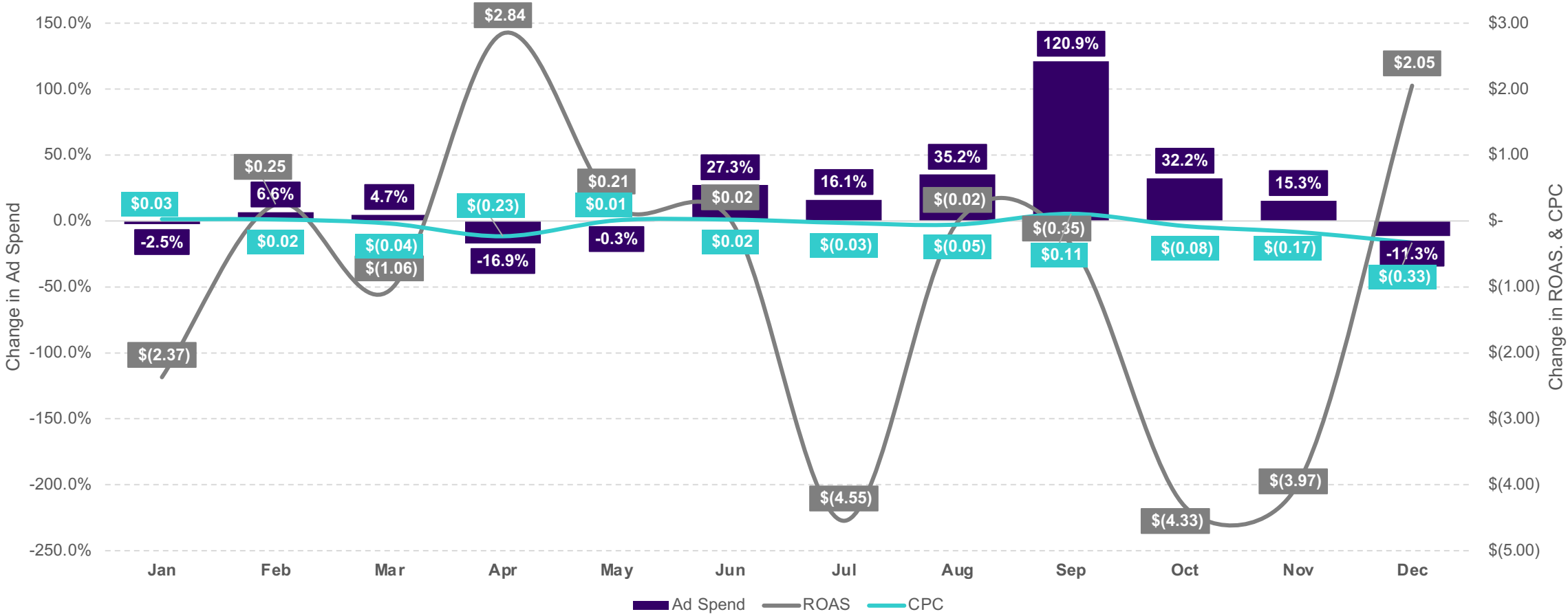
Legend: ■ Ad Spend — ROAS — CPC

CommerceIQ

Sponsored Display was the predominant ad formats that saw the most growth in 2023 vs 2022, with some investment increases in Sponsored Product and Brand going into Q4.

**YoY % Change in Sponsored Display, Sponsored Product and Sponsored Brand Ad Spend (2023 vs. 2022)**

Legend: Ad Spend SD — Ad Spend SP — Ad Spend SB
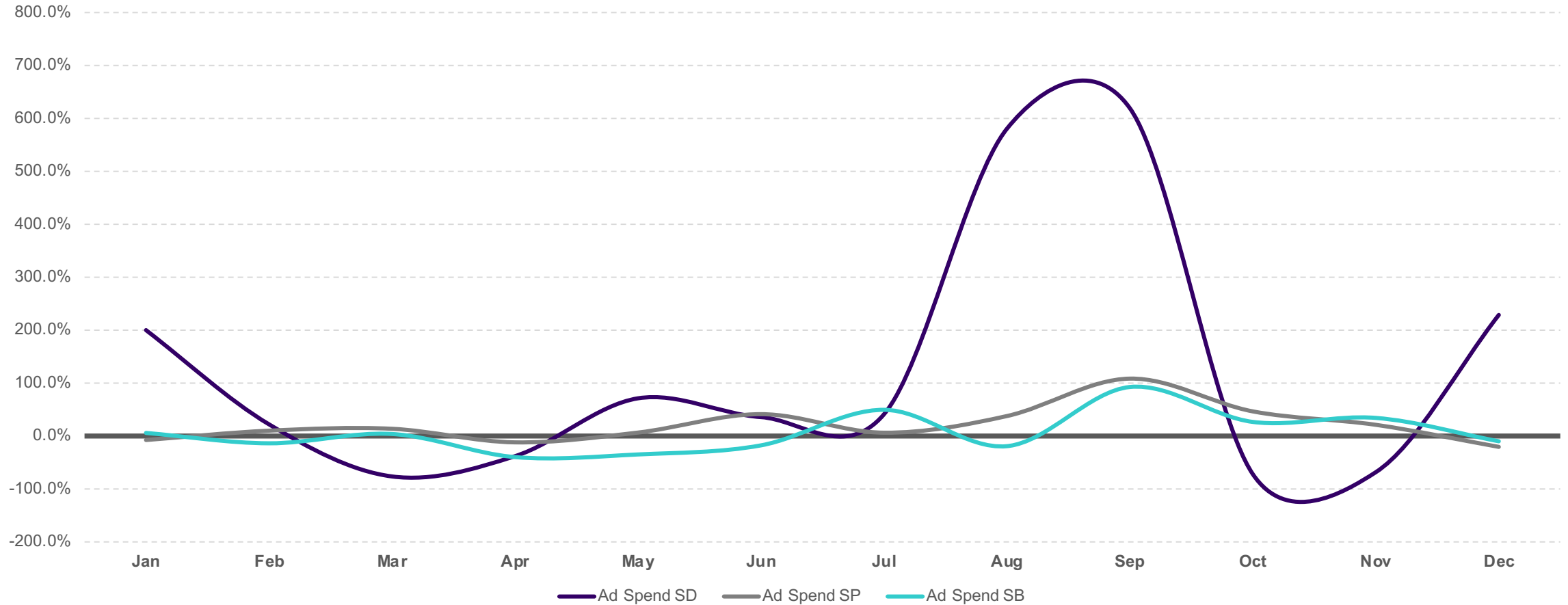
Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users who were from January 2022 to December 2023

CommerceIQ

T5 2023 drove less revenue versus T5 2022 within Patio, Lawn & Garden category. BFCM slightly beat Big Deals Days but underperformed versus Prime Day 2023.

Change in Daily Average Ordered Revenue versus L14 Day Average
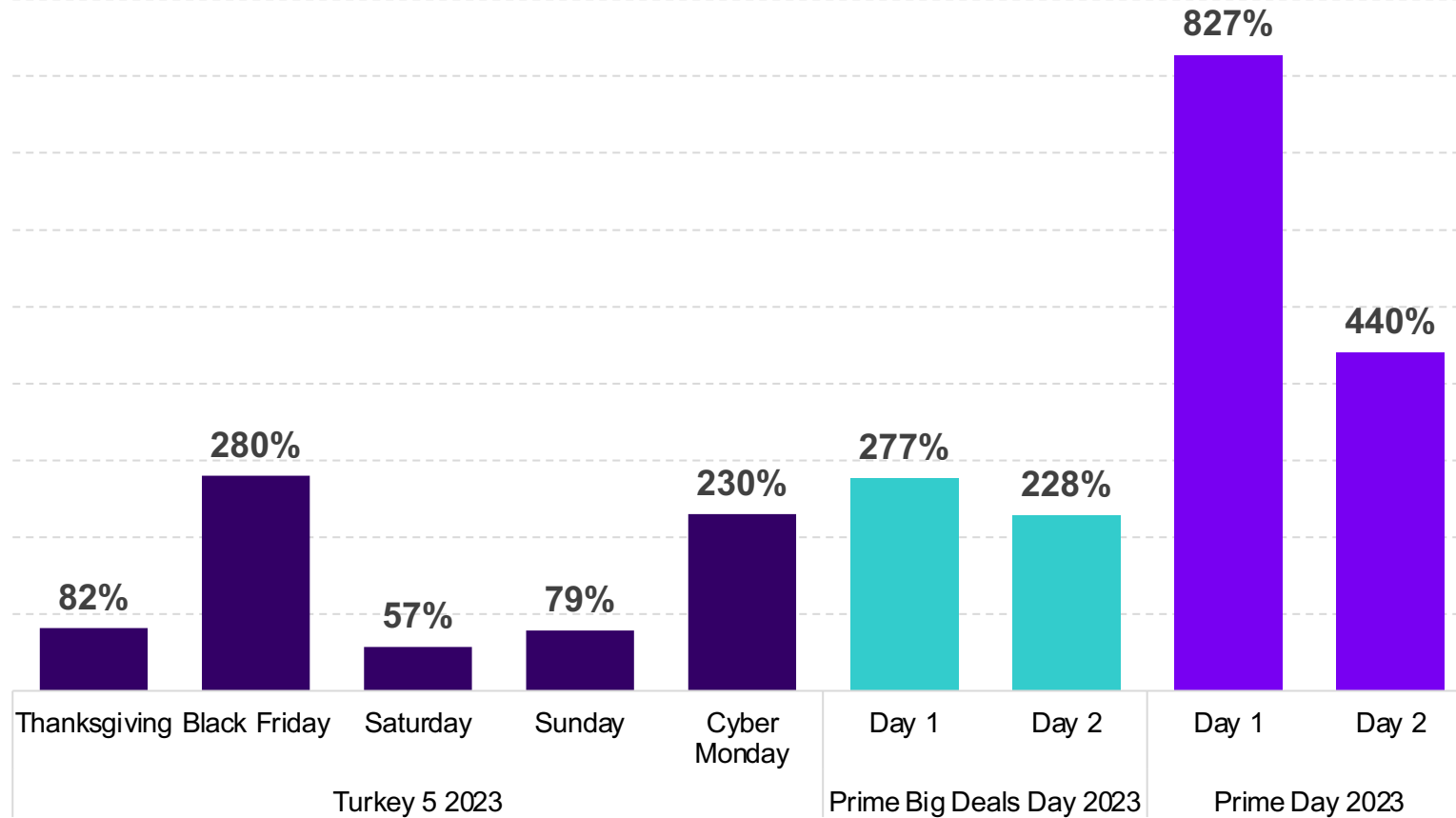
**% Change in Ordered Revenues of T5 2023 compared to T5 2022**
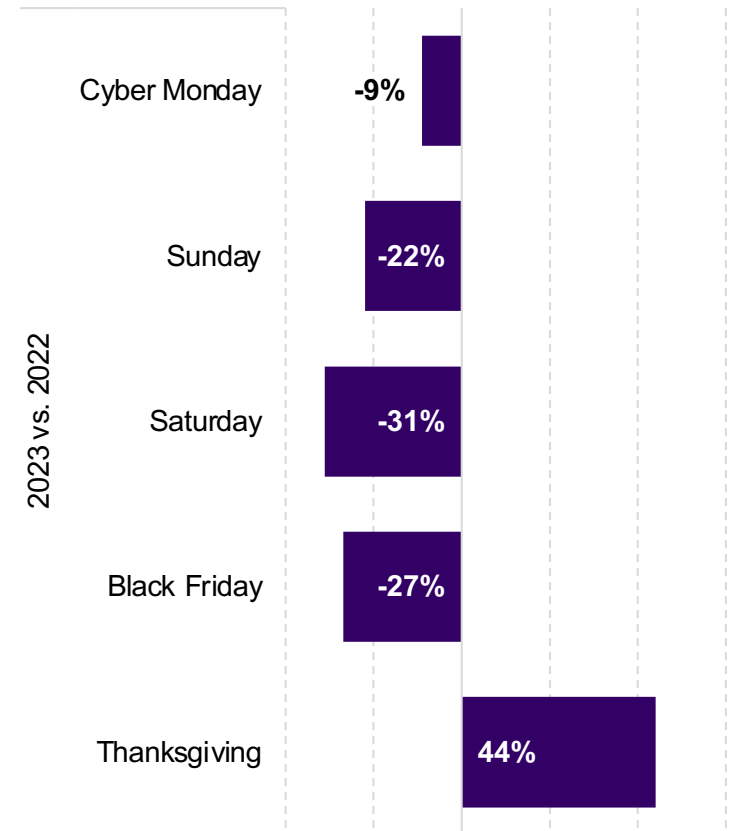
December 2023

CommerceIQ

Tools & Home Improvement Category

2023 Year End Recap

Commerce**IQ**

Ordered Revenue fell by 2.2% in 2023, while ordered units fell by 4.6% over the same time period. The decrease in revenue is explained fully by a reduction in consumer demand as ASP actually rose by 2.6% over the same time period.
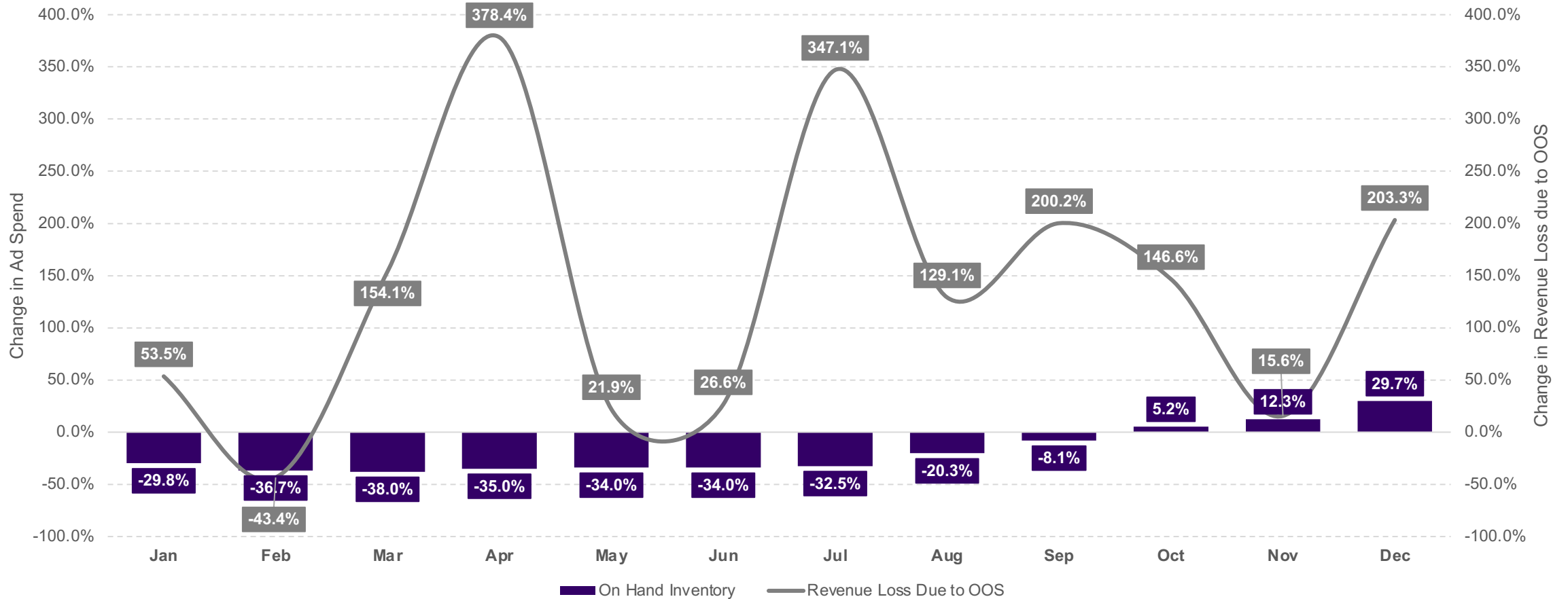
YoY % Change in Ordered Revenue, Ordered Units and ASP (2023 vs. 2022)
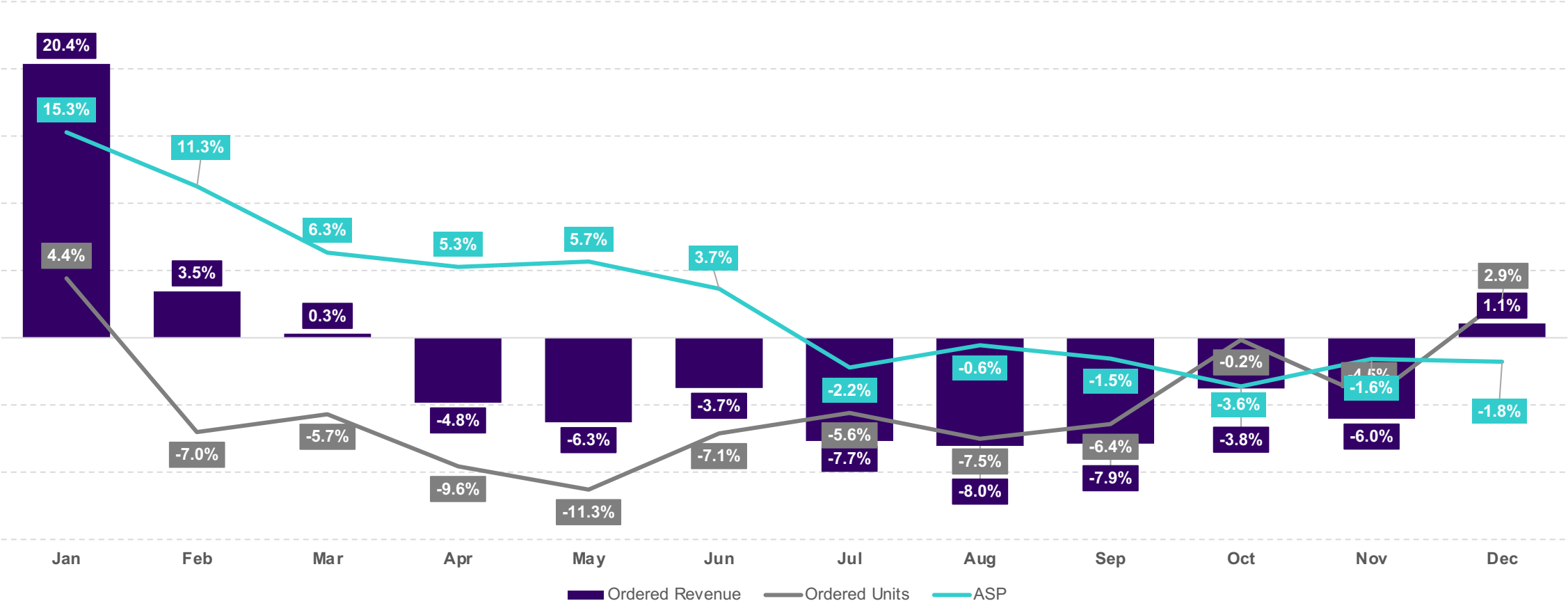
■ Ordered Revenue — Ordered Units — ASP

Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users who were from January 2022 to December 2023

CommerceIQ

Brands were unable to build back stock levels in 2023, reducing inventory on hand by 22.4%, correlating with an increase in revenue losses due to out of stocks by 105.4%. The slight improvement in Q4 on inventory levels may correlate with an improvement in losses going into 2024.

YoY % Change in On Hand Inventory and Revenue Losses due to Out of Stocks (2023 vs. 2022)

Legend: On Hand Inventory | Revenue Loss Due to OOS

Data labels visible:
- Jan: 53.5% / -29.8%
- Feb: -43.4% / -36.7%
- Mar: 154.1% / -38.0%
- Apr: 378.4% / -35.0%
- May: 21.9% / -34.0%
- Jun: 26.6% / -34.0%
- Jul: 347.1% / -32.5%
- Aug: 129.1% / -20.3%
- Sep: 200.2% / -8.1%
- Oct: 146.6% / 5.2%
- Nov: 15.6% / 12.3%
- Dec: 203.3% / 29.7%

Left axis: Change in Ad Spend
Right axis: Change in Revenue Loss due to OOS

CommerceIQ

Brands saw a consistent degradation in Gross Margins, declining upwards of 13.6% by December 2023 vs. 2022. Price levels grew and discount percentages fell, indicating that an increase in COGS was the main driver of gross margin declines.
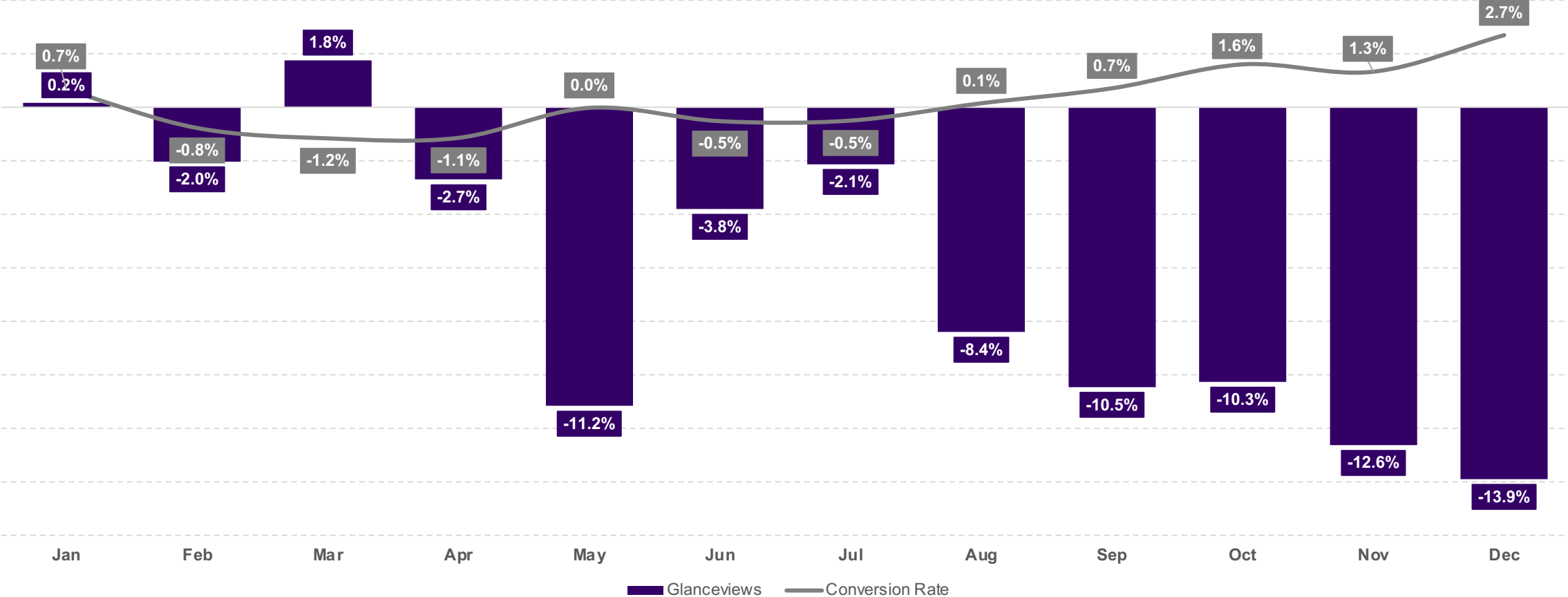
YoY % Change in Gross Margins*, ASP and Discount Percentage (2023 vs 2022)

■ Gross Margin Unit Percentage   ■ ASP   ■ Discount Percentage
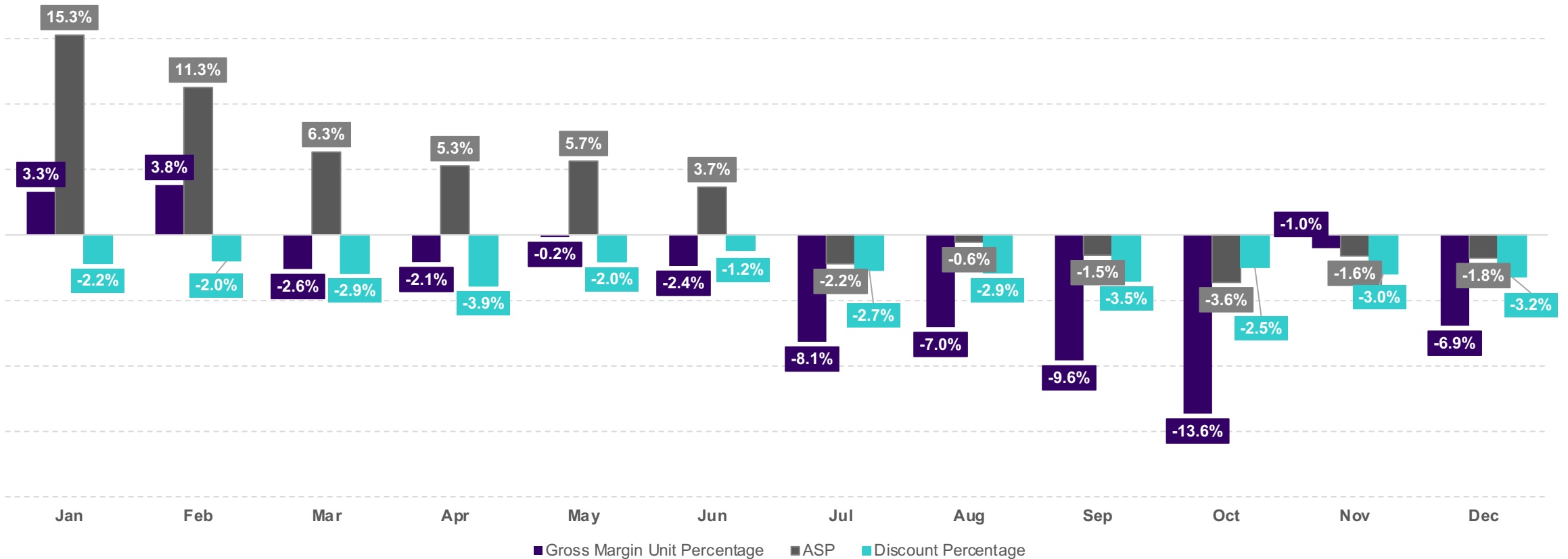
CommerceIQ

Conversion rates grew slightly by 1.8% while glance views fell by 6.4% in 2023 as compared to 2022, correlating with a likely softening of demand as indicated by reduced ordered units in 2023.

YoY % Change in Glance Views and Unit Conversion % (2023 vs. 2022)

Legend: ■ Glanceviews —— Conversion Rate

Month	Glanceviews	Conversion Rate
Jan	0.2%	0.7%
Feb	-2.0%	-0.8%
Mar	1.8%	-1.2%
Apr	-2.7%	-1.1%
May	-11.2%	0.0%
Jun	-3.8%	-0.5%
Jul	-2.1%	-0.5%
Aug	-8.4%	0.1%
Sep	-10.5%	0.7%
Oct	-10.3%	1.6%
Nov	-12.6%	1.3%
Dec	-13.9%	2.7%

CommerceIQ

Ad spend grew by 5.8% in 2023 vs. 2022, which correlated with a steady decline in ROAS, and in glance views, indicating a highly competitive category where brands are fighting for share of a declining market in 2023.
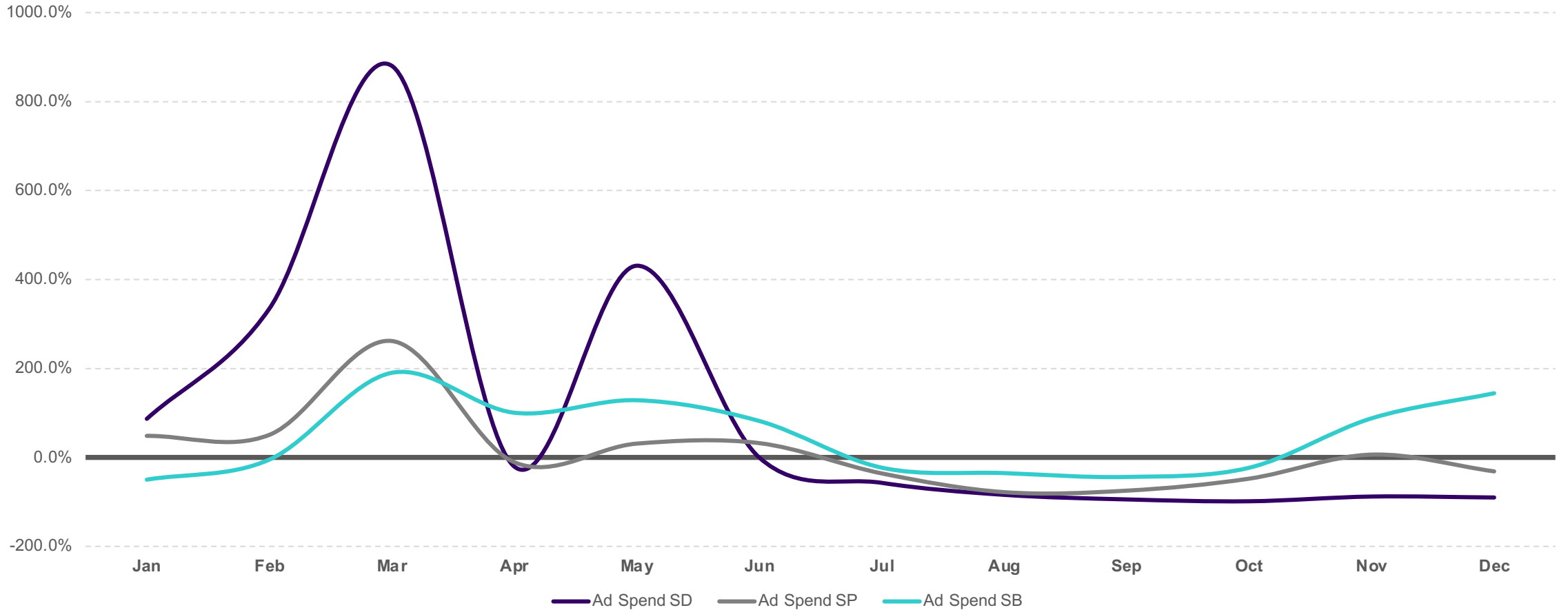
YoY % Change in Ad Spend, and YoY $ Change in ROAS and CPC (2023 vs. 2022)
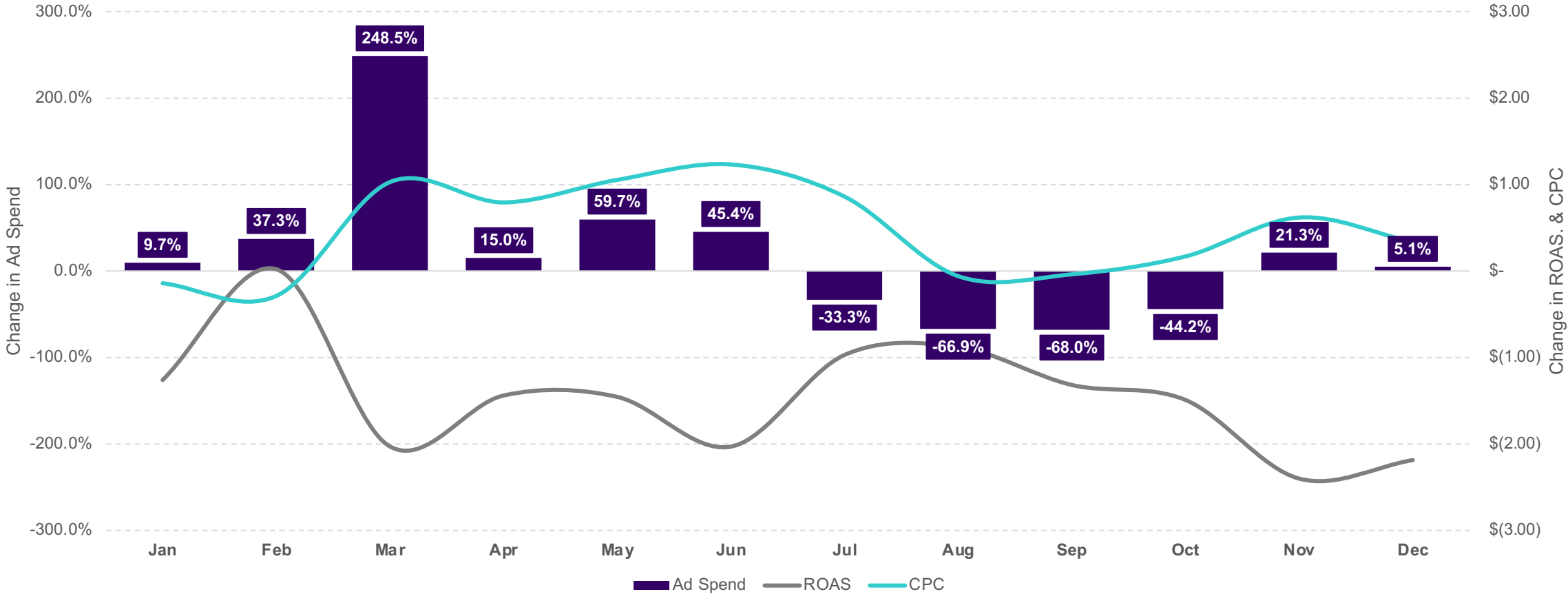
Legend: Ad Spend, ROAS, CPC

Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users who were from January 2022 to December 2023

CommerceIQ

Despite early investments into Sponsored Display, brands pulled back on all ad spend formats going into the back half of 2023. The slight growth in Sponsored Brand into Q4 is likely an effort to build awareness leading into 2024.
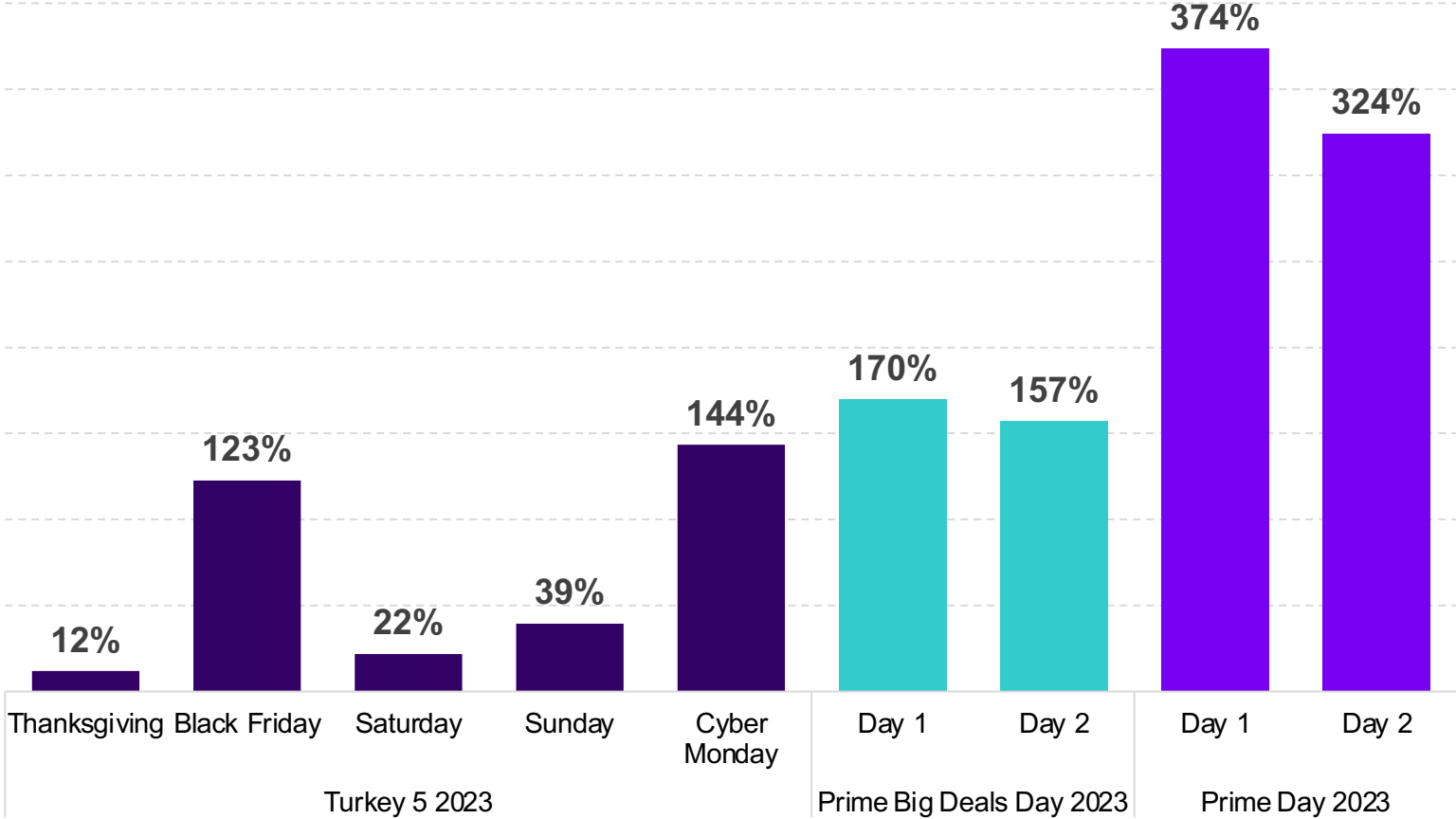
YoY % Change in Sponsored Display, Sponsored Product and Sponsored Brand Ad Spend (2023 vs. 2022)
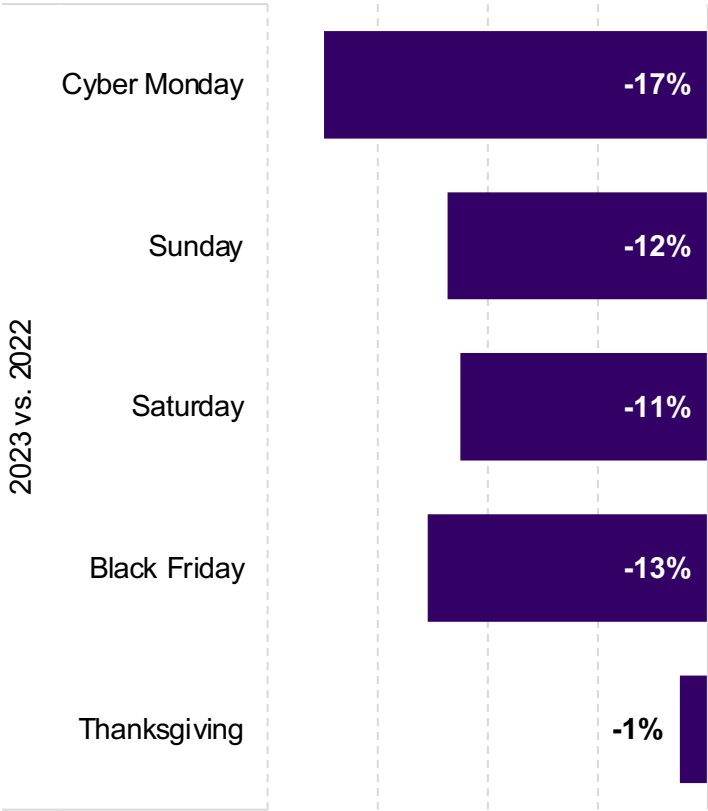

Ad Spend SD — Ad Spend SP — Ad Spend SB

CommerceIQ

Within Tools & Home Improvement, T5 2023 drove less revenue than T5 2022. It was also outperformed by Prime Big Deals Days and Prime Day 2023.

Change in Daily Average Ordered Revenue versus L14 Day Average

	Turkey 5 2023					Prime Big Deals Day 2023		Prime Day 2023	
	Thanksgiving	Black Friday	Saturday	Sunday	Cyber Monday	Day 1	Day 2	Day 1	Day 2
	12%	123%	22%	39%	144%	170%	157%	374%	324%

% Change in Ordered Revenues of T5 2023 compared to T5 2022

2023 vs. 2022

Cyber Monday	-17%
Sunday	-12%
Saturday	-11%
Black Friday	-13%
Thanksgiving	-1%

CommerceIQ

Toys Category

2023 Year End Recap

Commerce**IQ**

Ordered Revenue increased by 1.1% in 2023, while ordered units fell by 6.3% over the same time period. The increase in revenue is explained fully by an increase in ASP of 7.9% in 2023, with a slight recovery on unit sales going into Q4.
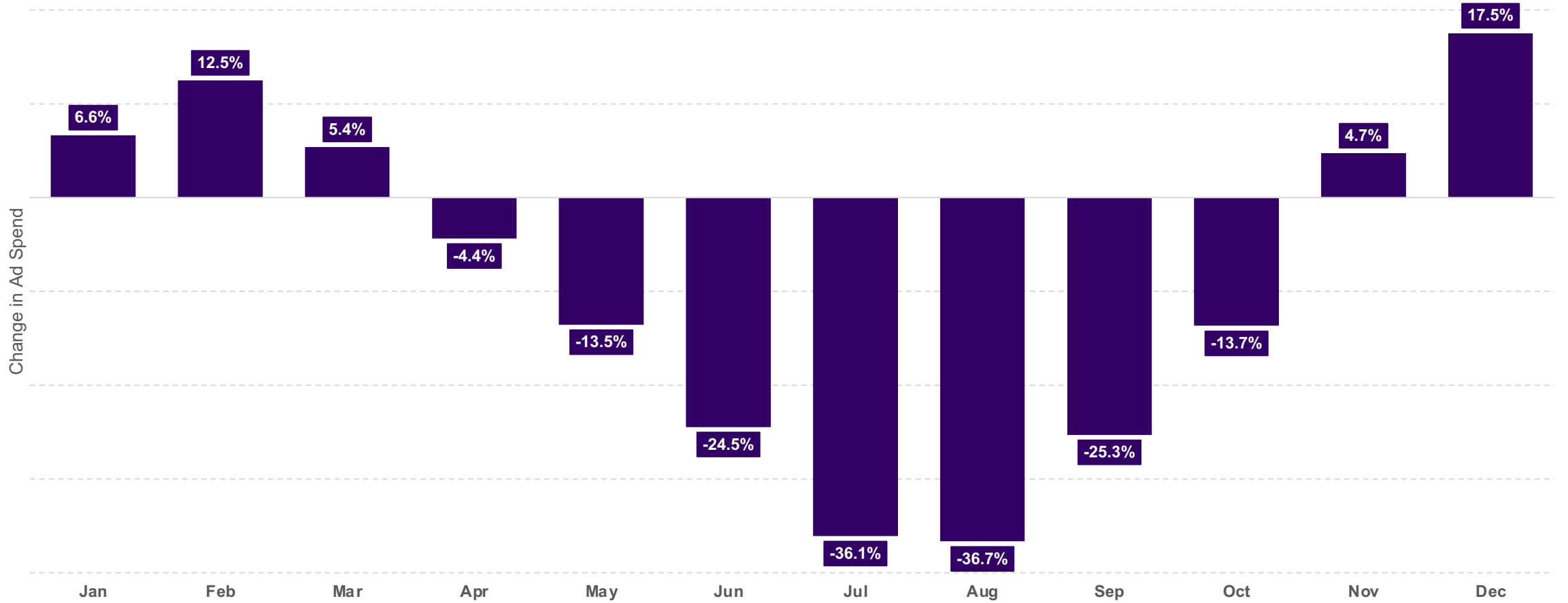
YoY % Change in Ordered Revenue, Ordered Units and ASP (2023 vs. 2022)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Ordered Revenue	0.7%	5.7%	2.2%	-13.1%	-7.4%	-4.2%	3.4%	-2.4%	-5.3%	-10.8%	4.4%	15.3%
Ordered Units	-7.3%	-1.8%	-10.6%	-26.4%	-19.6%	-12.2%	-10.0%	-12.0%	-19.4%	-10.0%	4.5%	10.1%
ASP	8.7%	7.6%	14.3%	18.1%	15.1%	9.2%	14.9%	11.0%	17.5%	-0.9%	-0.1%	4.7%

Legend: ◼ Ordered Revenue — Ordered Units — ASP

CommerceIQ

Brands spent the entire year to build back stock levels in time for Q4, but brands still faced an increase in revenue losses due to out of stocks by 26.6% and ended 2023 with 11.2% lower inventory on hand than 2022.
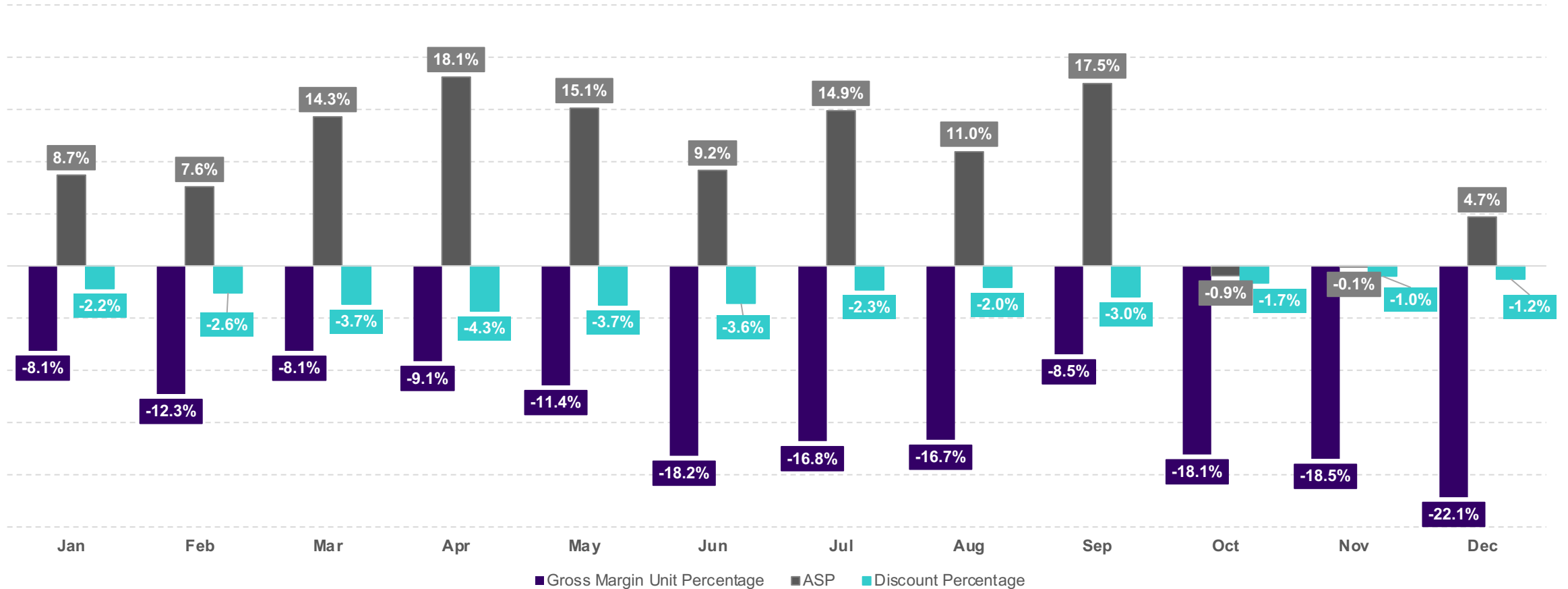
YoY % Change in On Hand Inventory (2023 vs. 2022)

Change in Ad Spend

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
6.6%	12.5%	5.4%	-4.4%	-13.5%	-24.5%	-36.1%	-36.7%	-25.3%	-13.7%	4.7%	17.5%

CommerceIQ

Brands saw a consistent degradation in Gross Margins, declining upwards of 22.1%. Price levels grew and discount percentages fell, indicating that an increase in COGS was the main driver of gross margin declines.

YoY % Change in Gross Margins*, ASP and Discount Percentage (2023 vs 2022)

Legend: ■ Gross Margin Unit Percentage ■ ASP ■ Discount Percentage

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Gross Margin Unit Percentage	-8.1%	-12.3%	-8.1%	-9.1%	-11.4%	-18.2%	-16.8%	-16.7%	-8.5%	-18.1%	-18.5%	-22.1%
ASP	8.7%	7.6%	14.3%	18.1%	15.1%	9.2%	14.9%	11.0%	17.5%	-0.9%	-0.1%	4.7%
Discount Percentage	-2.2%	-2.6%	-3.7%	-4.3%	-3.7%	-3.6%	-2.3%	-2.0%	-3.0%	-1.7%	-1.0%	-1.2%

Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users who were from January 2022 to December 2023

CommerceIQ

Conversion rates fell 8.9% while glance views grew by 2.8% in 2023 as compared to 2022, driven primarily by increased interest during Summer and Holidays.
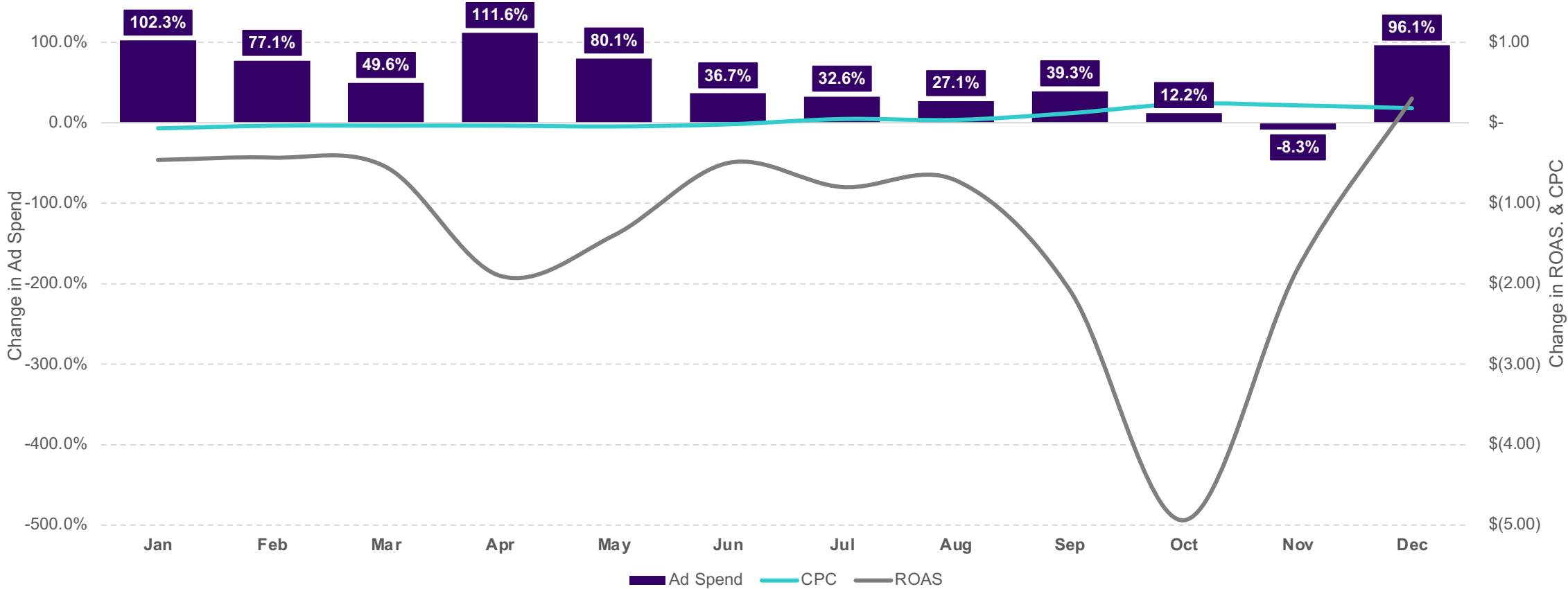
YoY % Change in Glance Views and Unit Conversion % (2023 vs. 2022)
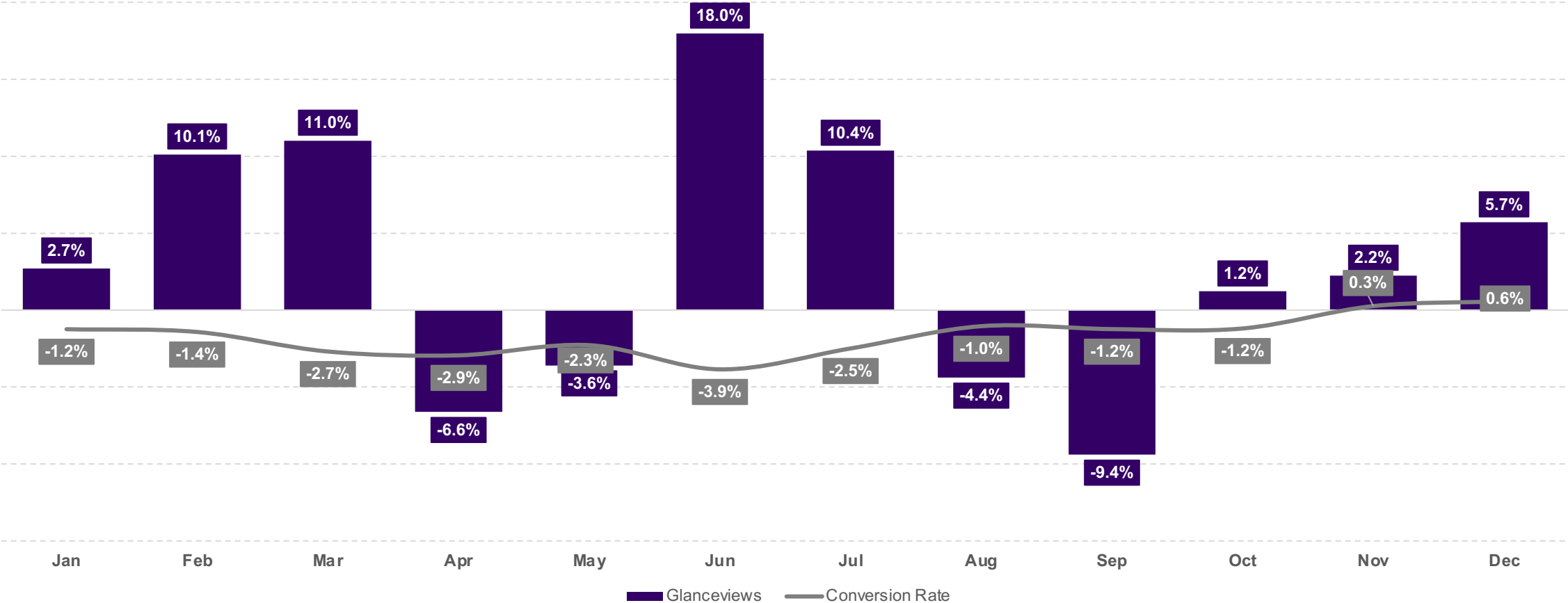
Legend: ■ Glanceviews — Conversion Rate

CommerceIQ

Ad spend grew by 32.8% in 2023 vs. 2022. This correlated with a steady decline in ROAS, signaling brands in the category willing to invest to win share despite it being a less profitable investment.

YoY % Change in Ad Spend, and YoY $ Change in ROAS and CPC (2023 vs. 2022)

Legend: Ad Spend, CPC, ROAS

CommerceIQ

Sponsored Brand and Sponsored Product were the predominant two ad formats that saw the most growth Q4, with a pull back on Sponsored Display in the back half of the year after it being the key driver of spend in Q1 and Q2.
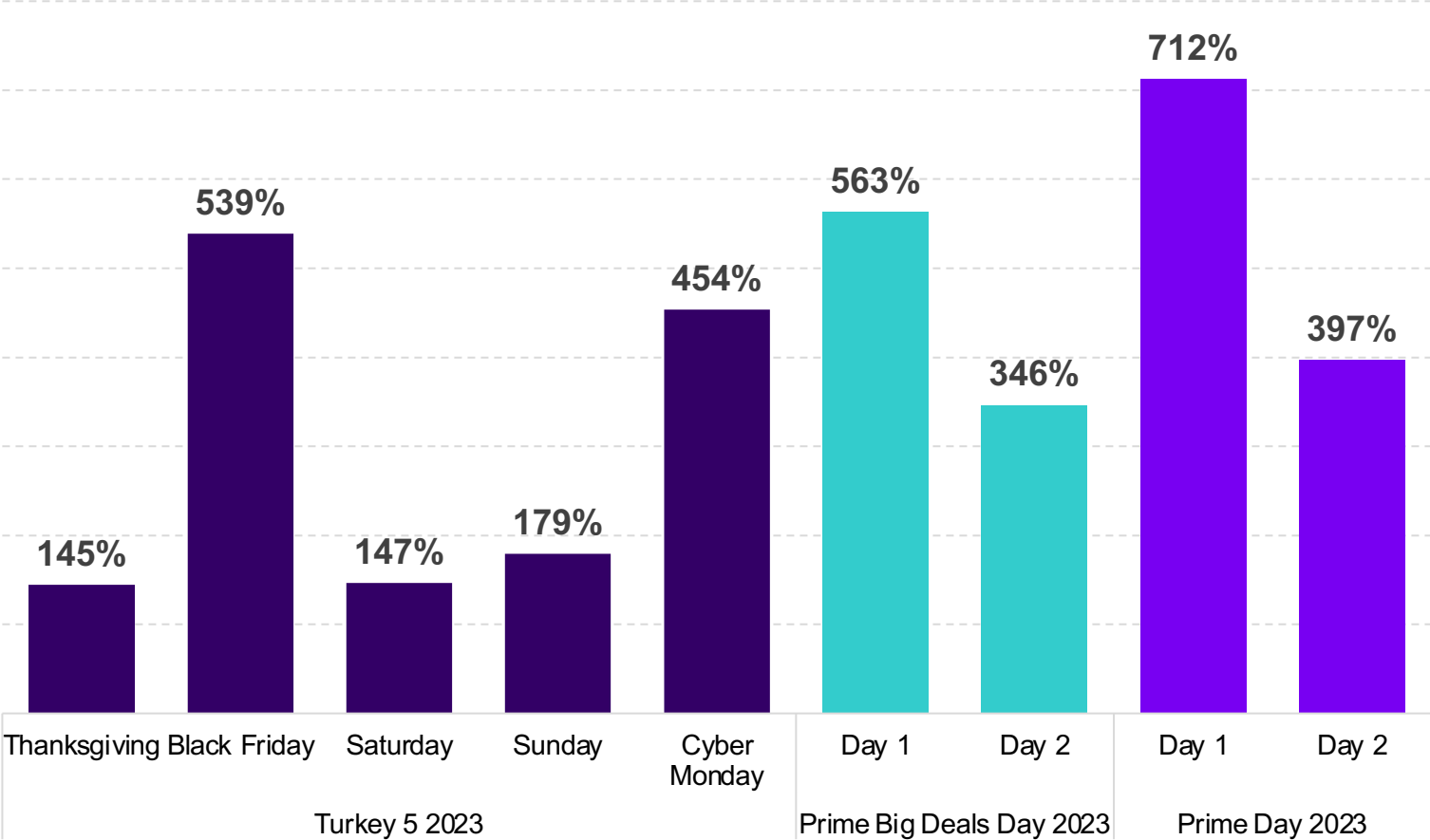
YoY % Change in Sponsored Display, Sponsored Product and Sponsored Brand Ad Spend (2023 vs. 2022)
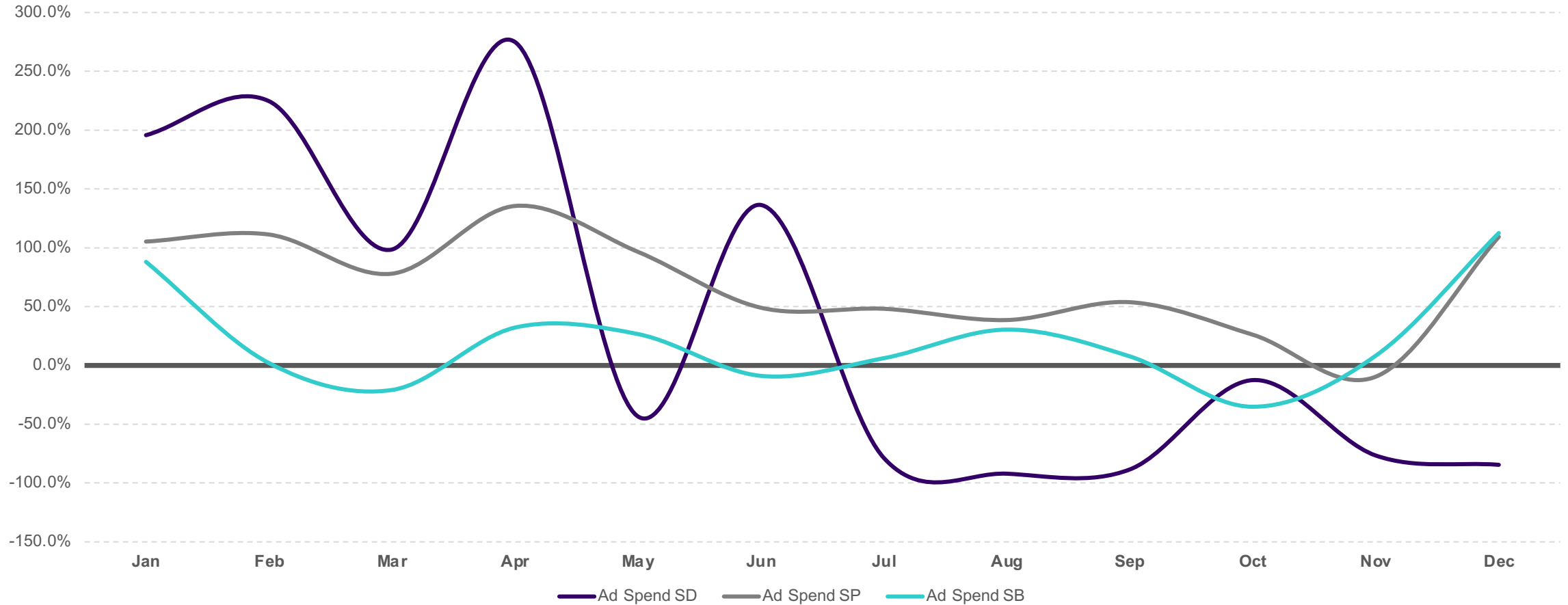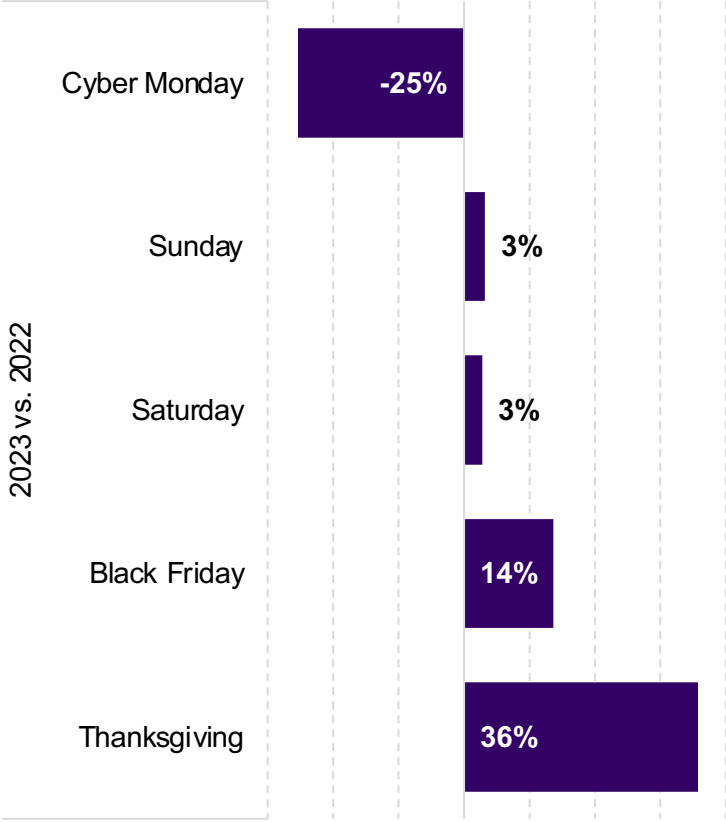

Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users who were from January 2022 to December 2023

CommerceIQ

Within Toys, T5 2023 drove similar revenue to T5 2022, with BFCM delivering slightly lower revenues than Prime Big Deal Days. Both events are dwarfed by Prime Day 2023.

Change in Daily Average Ordered Revenue versus L14 Day Average

Turkey 5 2023
- Thanksgiving: 145%
- Black Friday: 539%
- Saturday: 147%
- Sunday: 179%
- Cyber Monday: 454%

Prime Big Deals Day 2023
- Day 1: 563%
- Day 2: 346%

Prime Day 2023
- Day 1: 712%
- Day 2: 397%

% Change in Ordered Revenues of T5 2023 compared to T5 2022

2023 vs. 2022

- Cyber Monday: -25%
- Sunday: 3%
- Saturday: 3%
- Black Friday: 14%
- Thanksgiving: 36%

CommerceIQ

Contact Us

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