



E-Commerce Sector Brief

Harris Williams | Q3 2024

Q3 2024: Key Trends Observed

The e-commerce landscape continues to experience sector disruption, prompting companies to adapt their playbooks.

Happening in E-Commerce Right Now



Budget-Constrained Consumers are Reevaluating Purchasing Decisions

Inflation is squeezing consumer budgets, driving trade-down activity as well as a shift to cheaper channels. Value-driven marketplaces, such as Temu and Shein, have become more popular alternatives, with Amazon recently launching a low-cost shopping experience for customers willing to wait longer for items to be delivered.

Increase in Wholesale Revenues

“The robustness of our wholesale channel underscores the high demand for our products and the strengthening of the relationships we’ve built with our retail partners.”

– Chris Metz, CEO of Solo Brands
May 2024 Earnings Call



Expansion in Retail / Brick & Mortar

“We acknowledge that we’re early in our retail journey, and we’re learning more each day. We remain committed to our test, learn, apply, and win approach with locations and formats, and do not currently plan to meaningfully accelerate new hub openings until we can achieve key proof points.”

– Trina Spear, CEO and Co-Founder of FIGS
May 2024 Earnings Call



Gaining Brand Awareness

“We’re prudently managing our expenses while continuing to strategically advance our Power of Three x2 road map with investments in marketing and brand-building aimed at increasing our awareness and acquiring new guests, international growth and market expansion, and technology infrastructure and data analytics capabilities.”

– Meghan Frank, CFO of Lululemon
May 2024 Earnings Call



Focus on Sustainable Inventory Levels

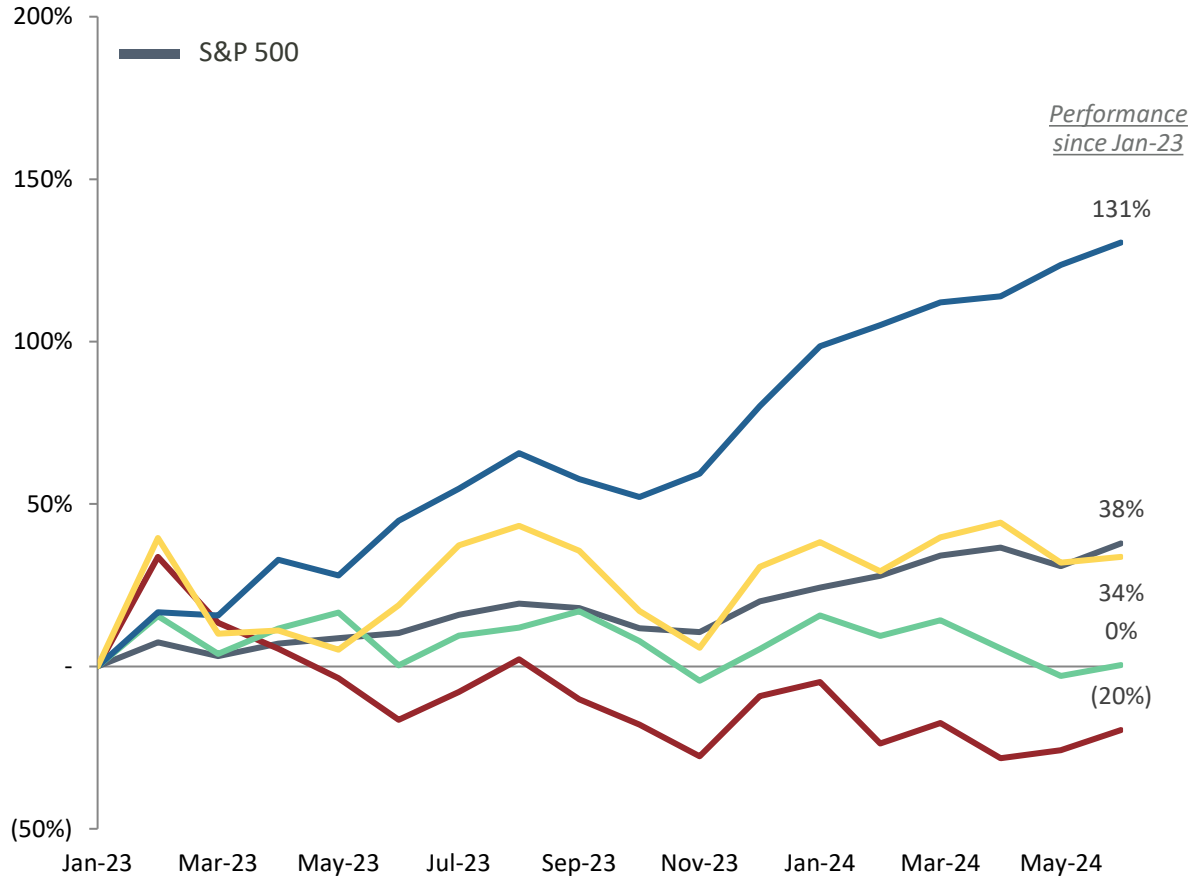
“The composition and quality of our inventories, particularly in the U.S., are in excellent shape, and we are chasing into many winning styles...we continue to focus on rightsizing our inventory position and...we are pleased with the progress we have made rightsizing ...inventory in preparation for the full transition to the test-and-repeat model in the back half of 2024.”

– Ciaran Long, CFO of a.k.a. Brands
May 2024 Earnings Call

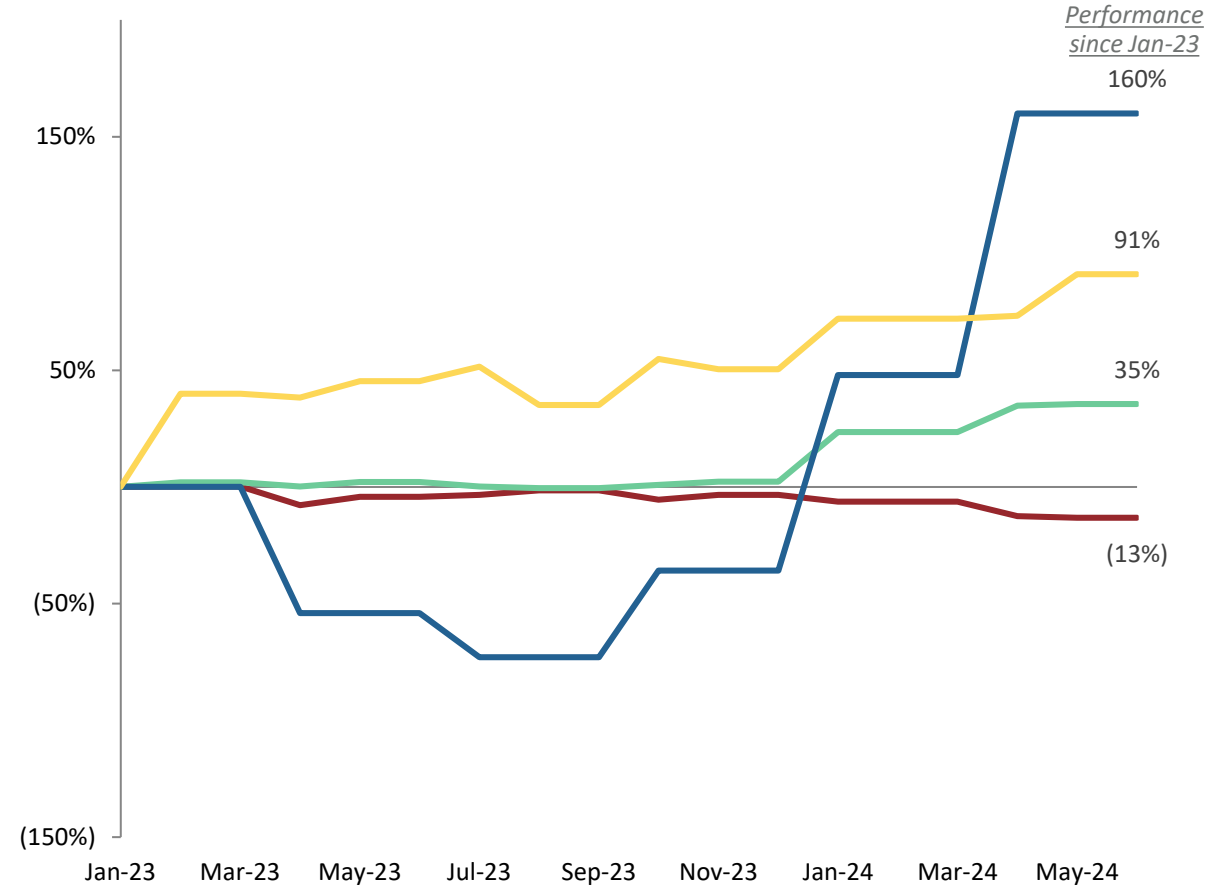


Recent Public Company Market Performance

Market Price Performance



LTM EBITDA Performance



Digitally Native Brands

a.k.a. *allbirds*

FIGS REVOLVE solo brands
STITCH FIX WARBY PARKER

Omnichannel Brands

MONCLER lululemon YETI

Marketing Channels

Google Meta Pinterest Snapchat

Marketplaces

amazon chewy ebay
Etsy wayfair

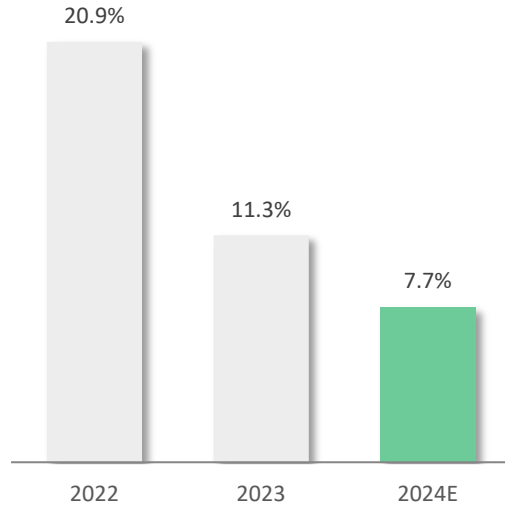
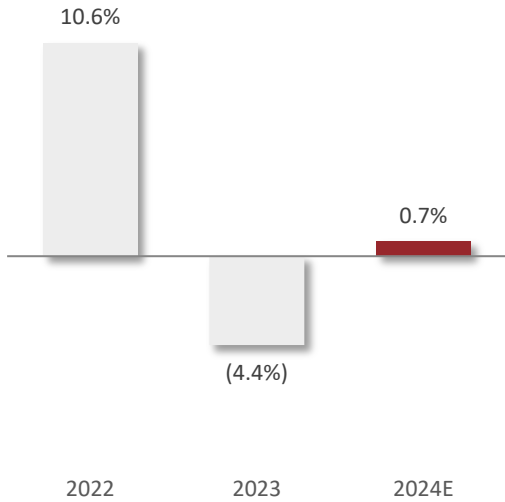
Public Company Revenue Growth Trends

Digitally Native Brands

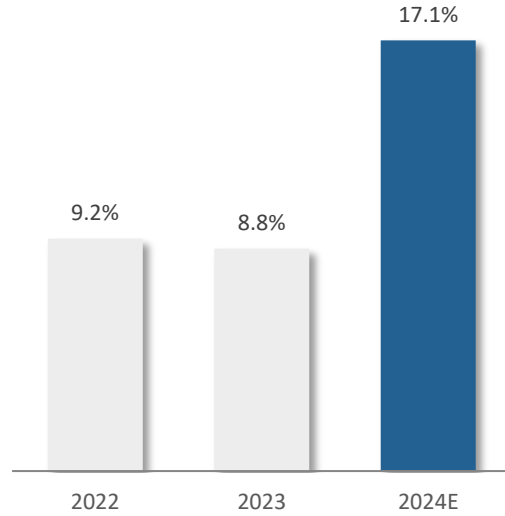
Omnichannel

Marketing Channels

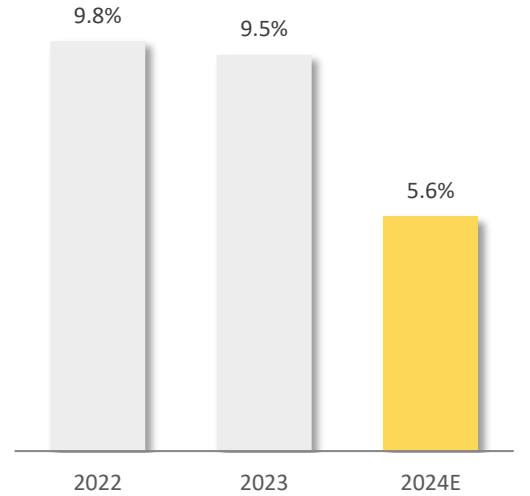
Marketplaces



2024E revised upward from +15.5%



2024E revised downward from +6.6%



Digitally Native Brands

a.k.a. *allbirds* FIGS REVOLVE

solo brands WARBY PARKER STITCH FIX

Omnichannel Brands

lululemon YETI

Marketing Channels

Google Meta Pinterest Snap Inc.

Marketplaces

amazon chewy ebay

Etsy shopify wayfair

Public Company Valuation Metrics

Median EV / NTM Revenue

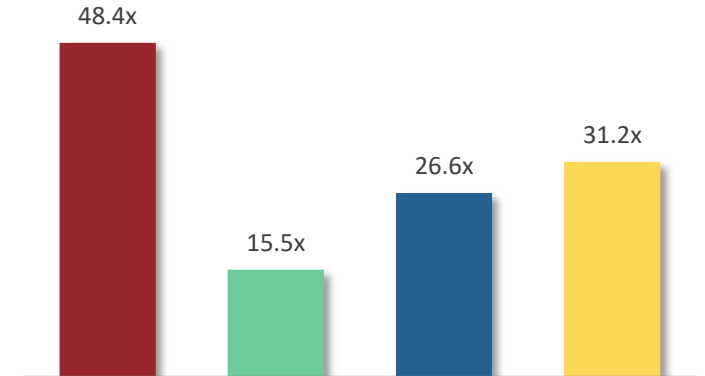
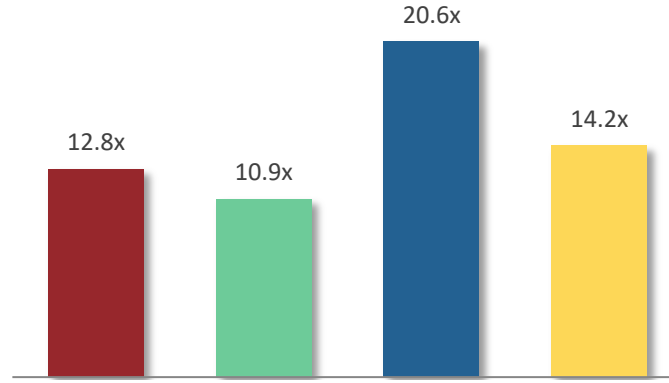
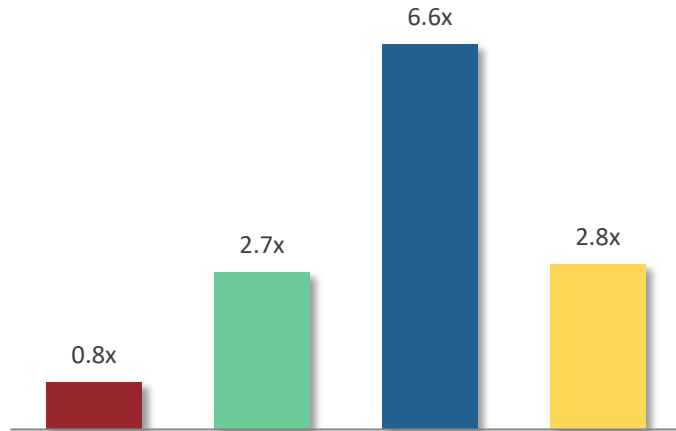
Median EV / NTM EBITDA

Forward P/E Multiple

Overall Median: 2.3x

Overall Median: 12.9x

Overall Median: 26.3x



Digitally Native Brands

a.k.a. *allbirds*, FIGS, REVOLVE
solo brands, WARBY PARKER, STITCH FIX

Omnichannel Brands



Marketing Channels

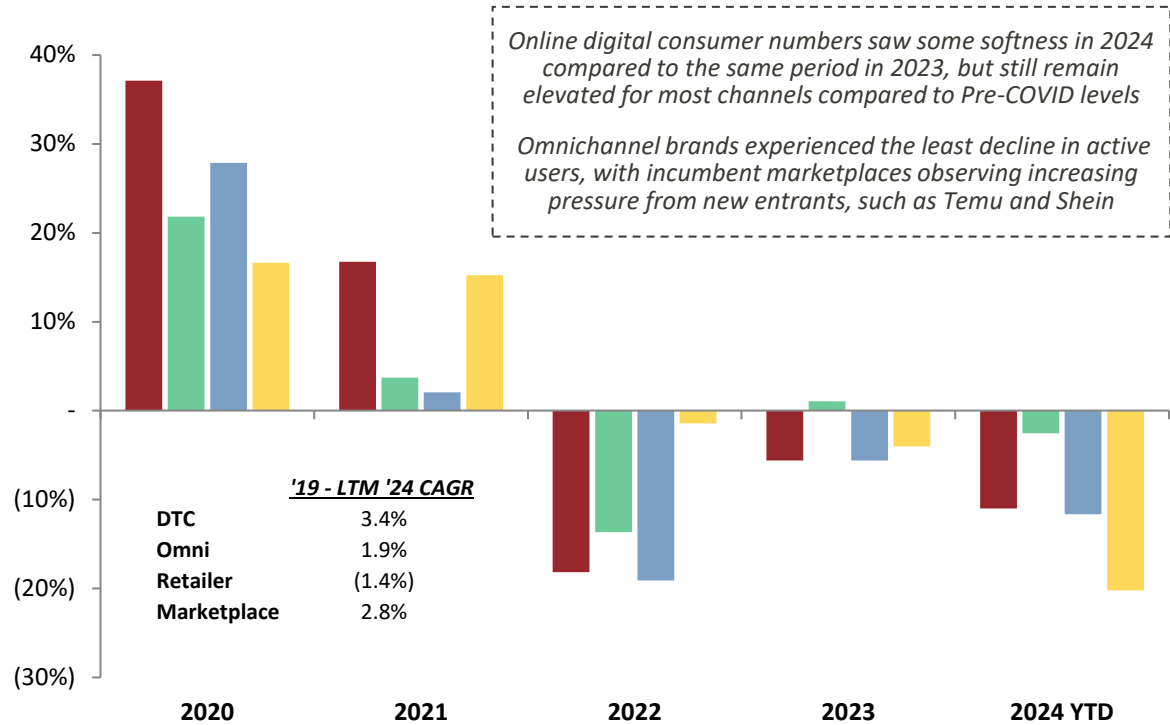


Marketplaces

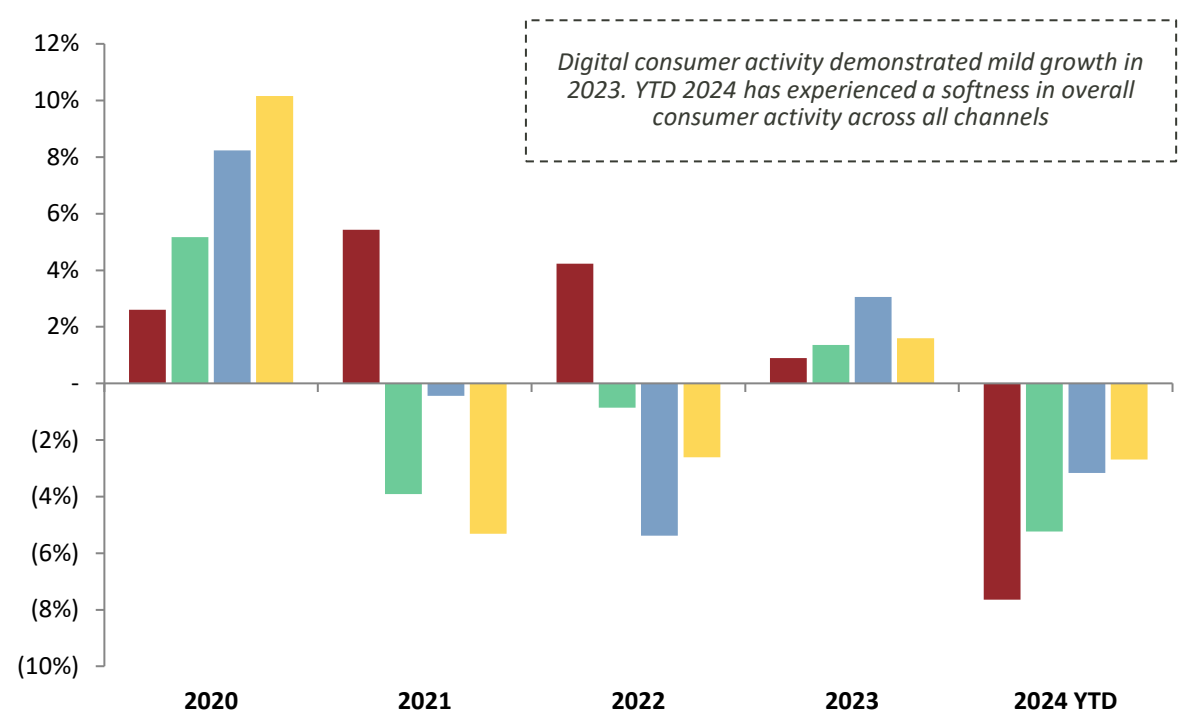


Web Traffic Analytics by Channel

Growth in Active Digital Consumers (% Change YoY)



Growth in Digital Consumer Activity¹



Digitally Native Brands

Omnichannel Brands

Retailer Websites

Marketplaces

Select recent transactions in the sector:

<p>PENDING Lintbells YUMOVE</p> <p>a portfolio company of</p> <p>inflexion</p> <p>is being acquired by</p> <p>Vetnique</p> <p>a portfolio company of</p> <p>GREYBON</p>	<p>Butternut Box</p> <p>has received a significant investment from</p> <p>GENERAL ATLANTIC</p> <p>CATTERTON</p>	<p>Melissa & Doug</p> <p>a portfolio company of</p> <p>A E A</p> <p>has been acquired by</p> <p>SPIN MASTER</p>	<p>BELLAMI</p> <p>has been acquired by</p> <p>BEAUTY INDUSTRY GROUP</p> <p>a portfolio company of</p> <p>CATTERTON</p> <p>HGGC</p>
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Harris Williams: Deep DTC and E-Commerce Sector Experience

Select DTC / E-Commerce Clients

DIGITALLY NATIVE BRANDS



OMNICHANNEL BRANDS



CONSUMER-FACING TECHNOLOGY



MARKETING & DATA ANALYTICS



E-COMMERCE ANALYTICS



Insightful Sector Content

- Harris Williams Pet Sector Update | May 2024



[Link to Read](#)

- E-Commerce: 5 Key Themes Driving Growth | March 2024



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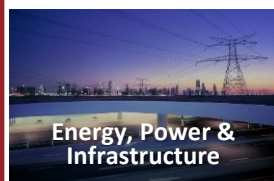
- E-Commerce Consumer Survey: A Glimpse Into What's Ahead | January 2024



[Link to Read](#)

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Deep Industry Experience



Unique Multi-Sector Coverage of E-Commerce

Proven Expertise

MERGERS & ACQUISITIONS

PRIVATE CAPITAL SOLUTIONS

PRIMARY FUND PLACEMENT

Core Values That Drive Success



75% Revenue from repeat clients

87% Managing Directors promoted from within

30+ Year history

Sources and Disclosures

Sources

1. S&P Capital IQ
2. PitchBook
3. Semrush

Disclosures and Disclaimers

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