



## E-Commerce Sector Brief

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Harris Williams | Q1 2024

# Q1 2024: Key Trends Observed

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

## Happening in E-Commerce Market Right Now



### Digital Privacy Efforts Expected to Continue Placing Pressure on Customer Acquisition Cost

Ongoing reduction of sales attribution measurements driven by tech companies disabling cross-app tracking. Google is continuing to deprecate third-party cookies, and plans to completely phase them out in Q3 2024 in a privacy-minded effort to make customer data more ethically sourced.

### Macroeconomic Pressure

*“Our customer demographic faced increased macro pressures in 2023, which we believe contributed to the normalization of spending levels from the significant apparel spending in 2021 and 2022 coming out of COVID lockdowns.”*

– Mike Karanikolas, CEO of Revolve  
February 2024 Earnings Call



### Gross Margin Contraction

*“[A] primary driver of the decrease in gross margin was ... higher merchandise return rates. We took some hard actions in Q4 to find the appropriate levels of inventory across brands... We believe there is an opportunity to be less promotional... which, long term, will help gross margins.”*

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



### Increased Discounting

*“We also leveraged conversion-driven marketing, including [discounting] to move through our inventory. We believe this may have contributed to the lower frequency and active customer trends we are now seeing.”*

– Trina Spear, CEO of FIGS  
February 2024 Earnings Call



### Premium on Brand-Building Efforts

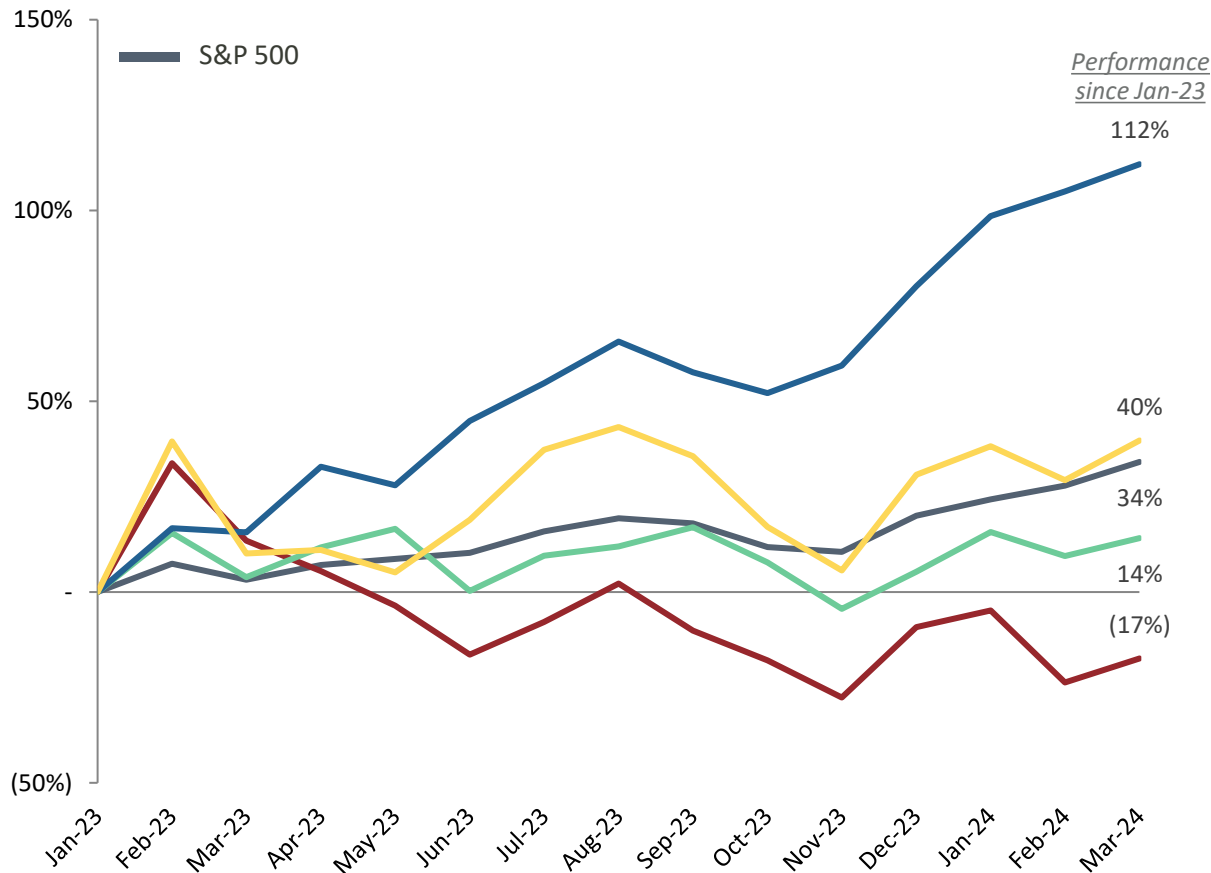
*“Our Net Promoter Score in Q3 improved meaningfully compared to the same period last year, and on an already high basis. We saw a significant increase in the percentage of shoppers, indicating that our in-store brand and product storytelling is positively impacting their perception of the brand.”*

– Dani Reiss, CEO of Canada Goose  
February 2024 Earnings Call

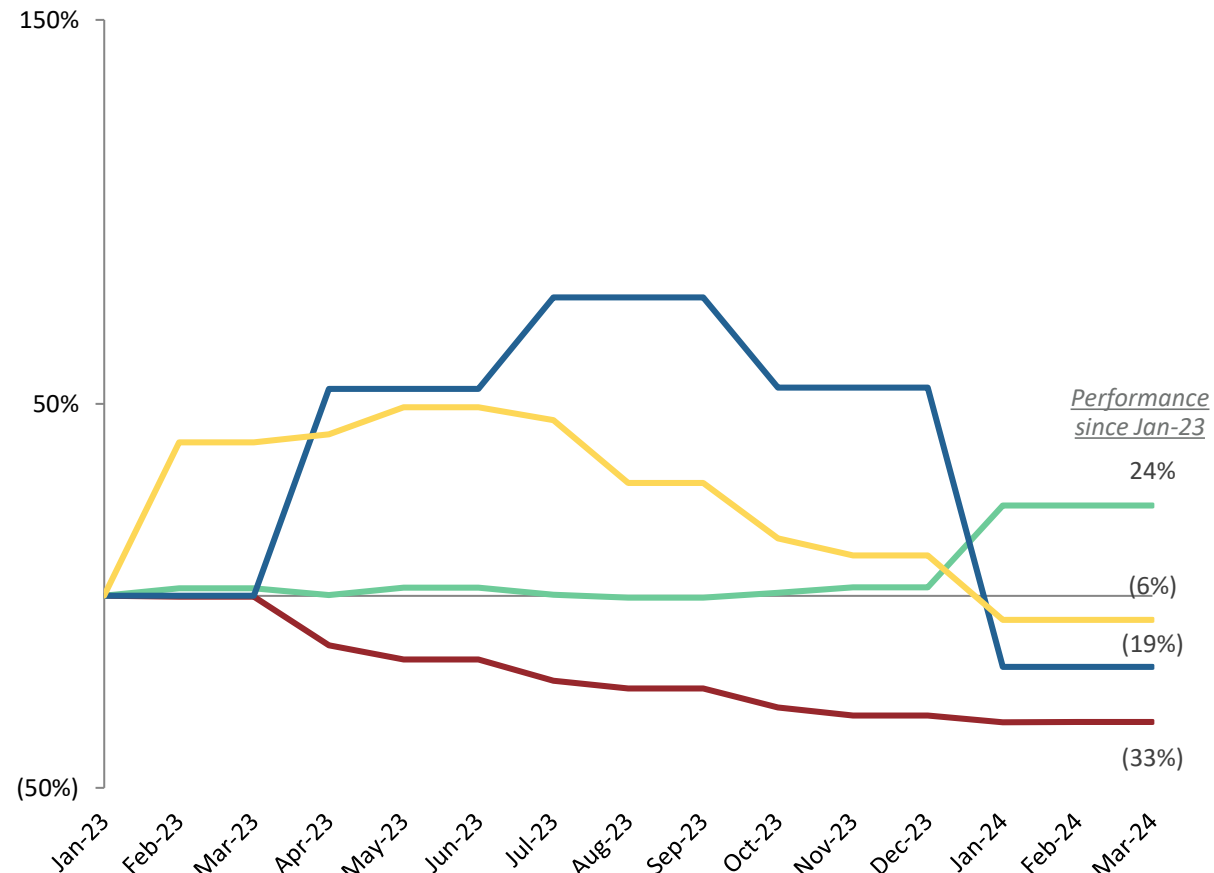


# Recent Public Company Market Performance<sup>1</sup>

## 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

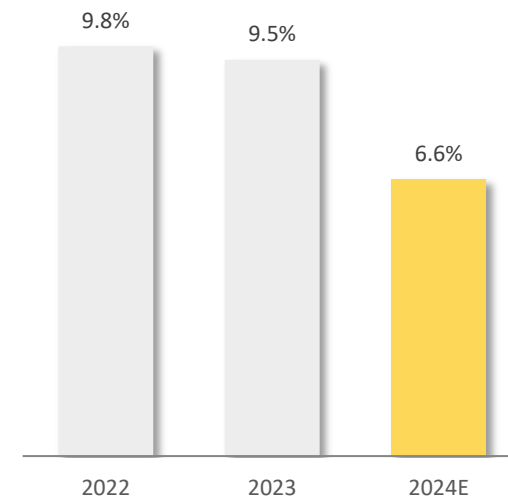
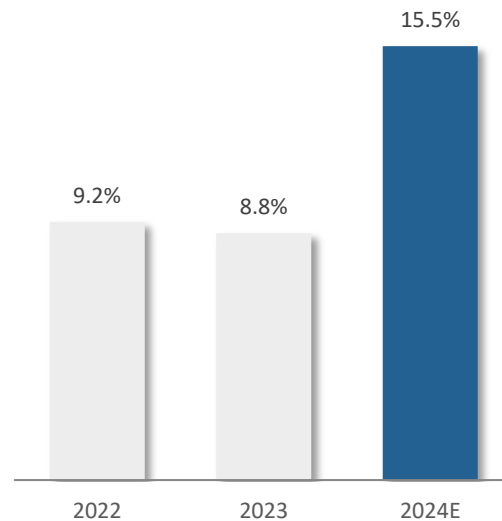
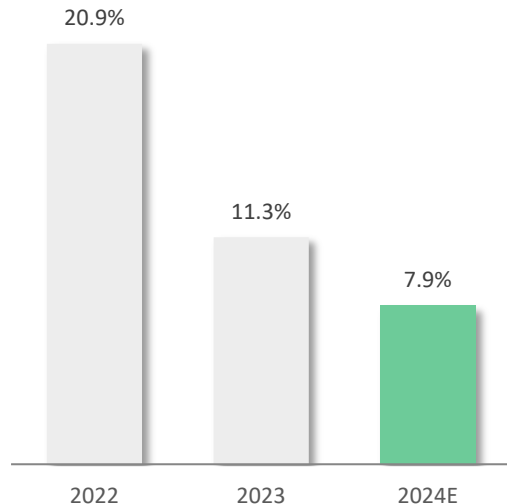
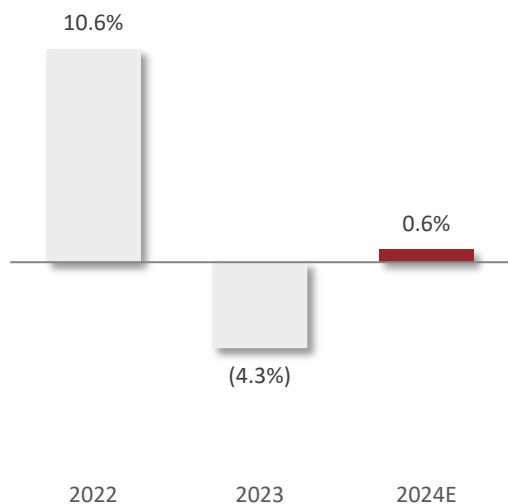
# Public Company Revenue Growth Trends

## Digitally Native Brands<sup>1</sup>

## Omnichannel<sup>1</sup>

## Marketing Channels<sup>1</sup>

## Marketplaces<sup>1</sup>



**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<sup>1</sup>

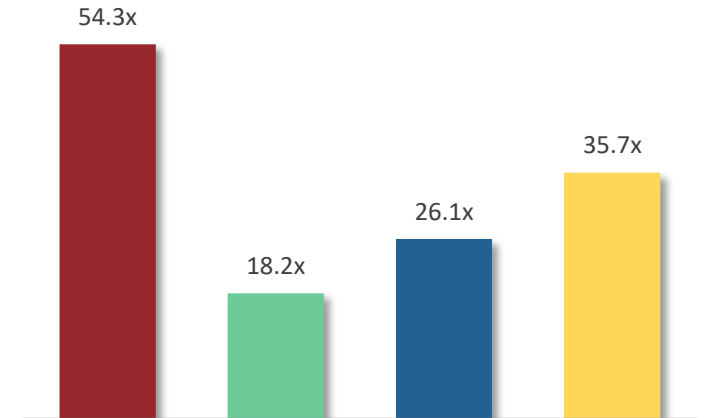
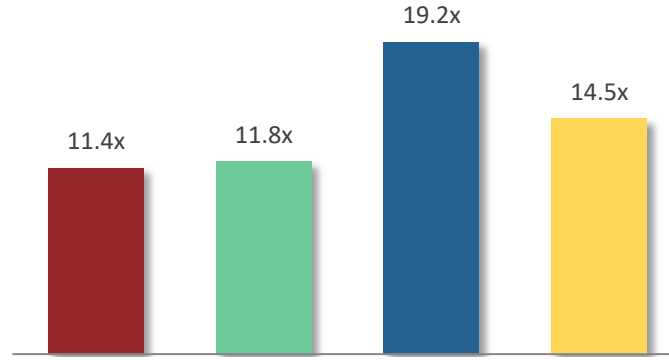
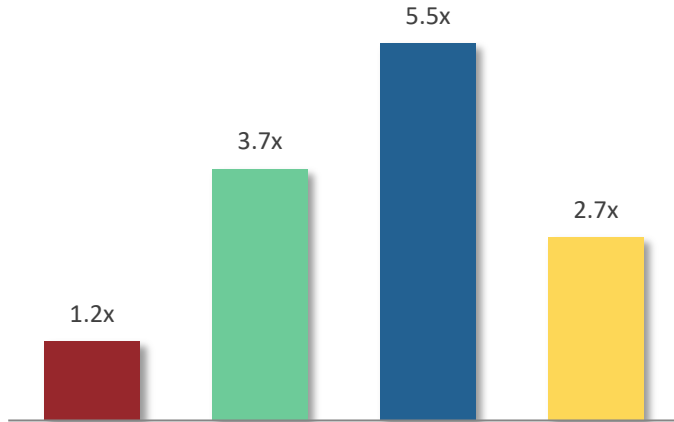
Median EV / NTM EBITDA<sup>1</sup>

Forward P/E Multiple<sup>1</sup>

Overall Median: 2.0x

Overall Median: 13.7x

Overall Median: 27.9x



**Digitally Native Brands**

a.k.a. *allbirds*, FIGS, REVOLVE

solo brands, WARBY PARKER, STITCH FIX

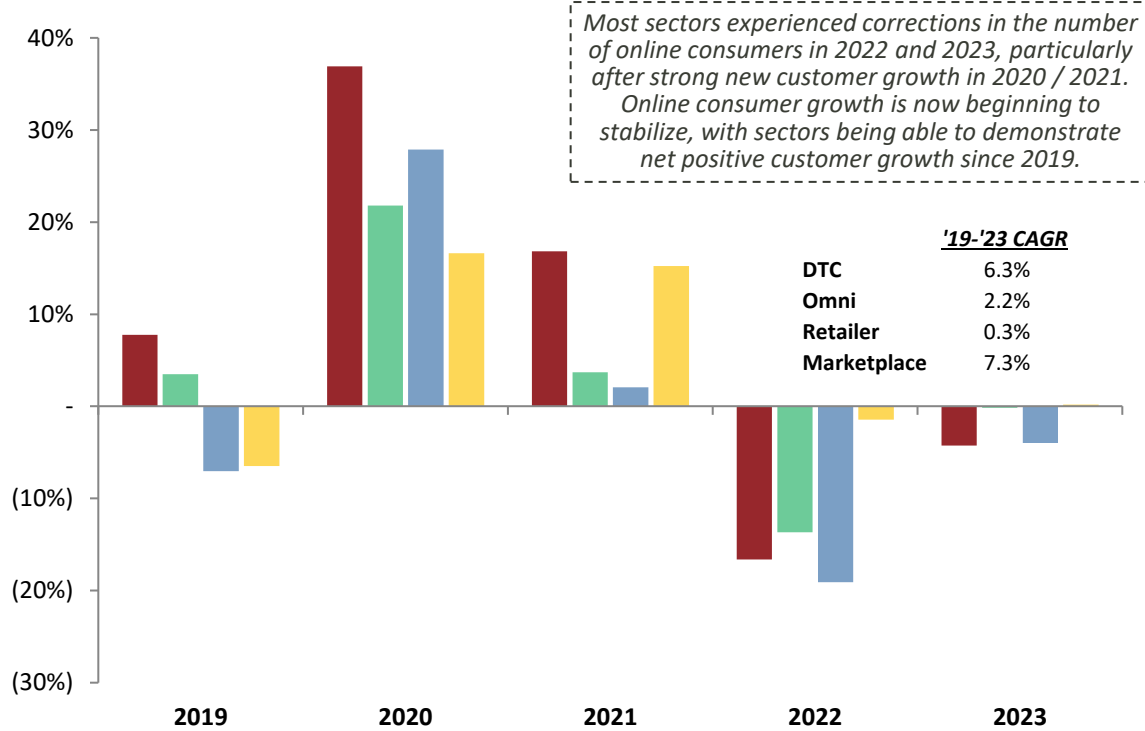
**Omnichannel Brands**

**Marketing Channels**

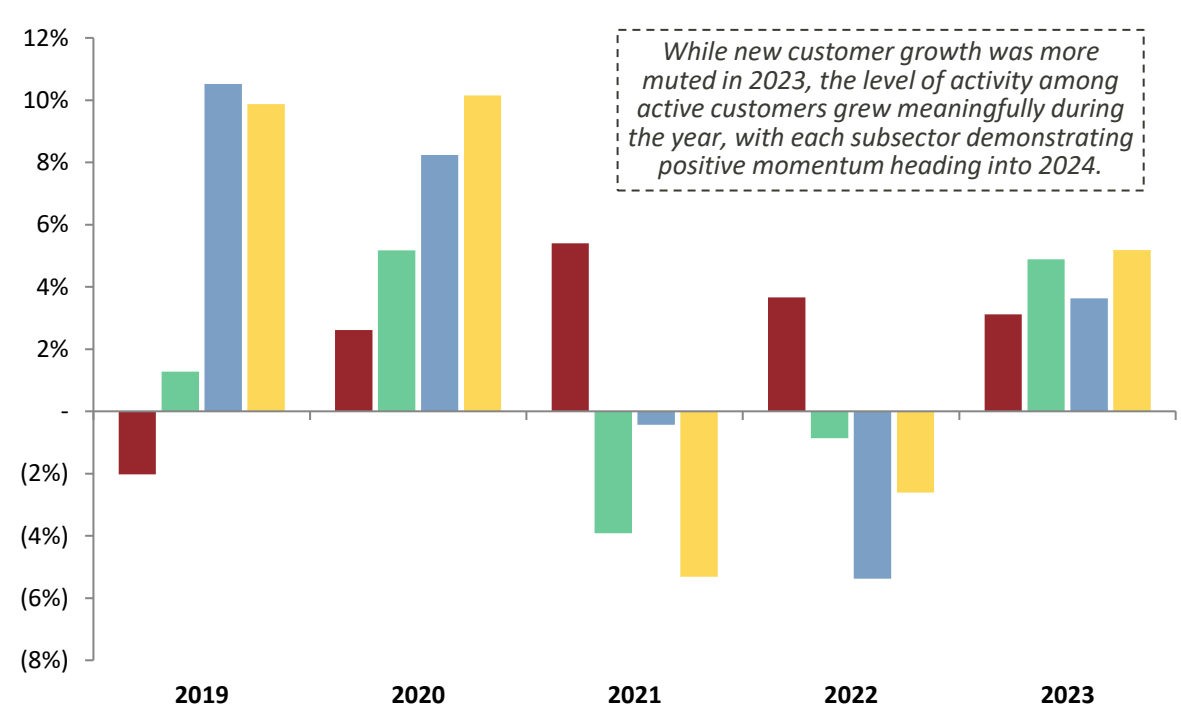
**Marketplaces**

# Web Traffic Analytics by Channel

### Growth in Active Digital Consumers (% Change YoY)



### Growth in Digital Consumer Activity<sup>1</sup>












#### Digitally Native Brands

#### Omnichannel Brands

#### Retailer Websites

#### Marketplaces

Select recent transactions in the sector:

 <p>has received a significant investment from</p>  	 <p>a portfolio company of</p>  <p>has been acquired by</p> 	 <p>has received a strategic investment from</p>  
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Learn more about our experience in the space:



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# Harris Williams: Deep DTC and E-Commerce Sector Experience

## Select DTC / E-Commerce Clients

### DIGITALLY NATIVE BRANDS



### OMNICHANNEL BRANDS



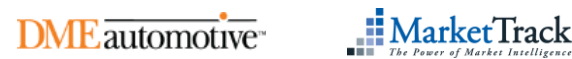
### CONSUMER-FACING TECHNOLOGY



### MARKETING & DATA ANALYTICS



### E-COMMERCE ANALYTICS



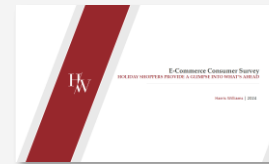
## Insightful Sector Content

- Industry Update: Pet Food: Hungry for Premium, Innovative Products | January 2024



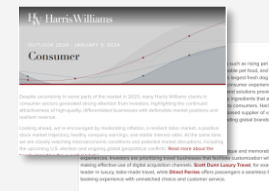
[Link to Read](#)

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



[Link to Read](#)

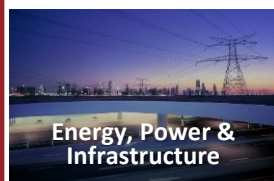
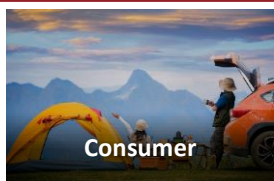
- Outlook Report: Consumer 2024 Outlook | January 2024



[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

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