

E-Commerce

QUARTERLY SECTOR BRIEF | Q4 2025

What's Included:

- 01** **Insights:** Successful integration of AI and focusing on enthusiast-driven categories continues to be top of mind for e-commerce brands, platforms, and marketplaces
- 02** **Sector Activity:** Generally positive financial trends across the e-commerce space, with digitally native and omnichannel brands seeing increases in active customers and customer activity
- 03** **Connect With Us:** Contact information for the Harris Williams team

01

E-COMMERCE
Q4 2025

Insights

Key themes driving trends in the sector and relevant articles we are reading.



Q4 2025: Key Trends Observed

The e-commerce landscape continues to evolve and incorporate AI personalization amidst macroeconomic trends, prompting companies to tailor their playbooks

Happening in E-Commerce Right Now



Supply Chains Continuing to Adjust to "New Normal"

"While we remain cautious about the potential impact of tariffs and trade restrictions, especially on consumer discretionary expenditures, we are encouraged by Etsy's resilience and responsiveness thus far. We believe we have benefited from the massive amount of inventory on the marketplace and a very high replacement rate on disruptive items. As we've mentioned, we have an abundance of U.S.-based supply including over 60 million active U.S. listings. And we've been highlighting domestic inventory to U.S. buyers for some time."

– Charles "Lanny" Baker, CFO of Etsy
November 2025 Earnings Call

AI-Powered Personalization and Discovery

"We're enhancing our capabilities by equipping our teams with new tools that provide them with AI-enabled consumer insights at their fingertips. Our merchants now have real-time access to advanced data from what is currently trending on social media to which products and styles are resonating with consumers at Target and across the industry today, to what future trends our guests are most likely to care about, helping our team forecast needs, anticipate trends and buy both smarter and faster."

– Michael Fiddelke, COO of Target
November 2025 Earnings Call



Outperformance of 3PL Marketplaces and Retail Media Networks

"The number of sellers on the [Marketplace and Walmart Fulfillment Services] platform continued to grow double digits, and SKU count is approaching 700 million items with a broader assortment of brands and items customers want. Marketplace sales in beauty, toys, hardlines and home all grew more than 20%... More sellers are using our marketplace fulfillment services with WFS sales penetration reaching record highs at more than 40%."

– John Rainey, CFO of Walmart
November 2025 Earnings Call



Expanding Revenue Opportunities Across Europe

"International monetization represents one of our largest, most durable growth vectors... Today, we have roughly 500 million MAUs outside of UCAN or 83% of our global users... However, these users represented just 25% of global revenue in Q3 2025... Q3 shopping ad revenue in both Europe and the Rest of World grew over 2x faster than the overall revenue growth of their respective regions."

– Bill Ready, CEO of Pinterest
November 2025 Earnings Call



Focus on Premium and Enthusiast-Driven Sales

"Focus category GMV growth accelerated to over 15% in Q3, outpacing the remainder of our marketplace by roughly 11 percentage points. This growth was broad-based as all of our focus categories grew positively year over year with most accelerating sequentially... We've added new ways to buy and connect with other enthusiasts through eBay Live."

– Jamie Iannone, President and CEO of eBay
October 2025 Earnings Call

Going Direct: Three E-Commerce Tactics Driving D2C Growth

While geopolitical and economic uncertainty have dominated headlines, consumer spending behavior shows an encouraging degree of resilience. With that long-term resilience in mind, M&A investors have continued to show interest in a range of high-performing consumer industry subsectors.

Within those areas, direct-to-consumer brands with exemplary e-commerce capabilities are especially sought after.

According to the 2025 Harris Williams E-Commerce Consumer Survey, 88% of consumers used online channels for at least half their purchases in 2024, up from 84% in 2023. D2C brands are also typically better positioned in a dynamic global trade environment, says Will Bain, a managing director: “D2C brands can react more quickly to supply chain and cost changes, have greater flexibility in pricing decisions, and can enact pricing changes more readily. That capability, combined with more direct communication and messaging to the consumer, positions D2C brands to succeed during uncertain times.”

1. Adopt a Consumer-First, Omni-Channel Strategy

With continued pressure on customer acquisition costs, building a comprehensive brand presence is key, including a

strong presence in third-party marketplaces. Our 2025 E-Commerce Consumer Survey shows 62% of consumers visited online marketplaces during the 2024 holiday season, up from 42% in 2023. Thirty-three percent made purchases from those marketplaces, compared to 19% in 2023.

“The top marketplaces and retailer websites continue to further break down the barriers to shopping online, registering resilient growth during times of uncertainty,” says Ryan Budlong. “They’ve proven to be a critical source to drive brand awareness and customer conversion.”

At the same time, having a physical presence in the right retail location allows consumers to see, touch, and try items in person, helping overcome some of the limitations of the D2C model while exposing new customers to digitally native brands. Consumers say a physical presence is as impactful as strong consumer reviews online—in fact, physical stores were consumers’ preferred places to research and discover new brands for the second year in a row. This trend is building: 68% of consumers said they preferred to buy products available through multiple channels versus 59% in the previous year.

2. Supply Chain Management

With global trade dynamics continuing to threaten to disrupt many consumer subsectors, many companies are investing in their supply chains and inventory management. According to a recent Harris Williams survey of purchasing and pricing

executives, 90% of companies are expecting to make investments in supply chain adaptability, with nearly half making significant investments in these areas. Freight optimization is the leading tactic for offsetting tariffs, followed by order optimization.

[READ MORE](#)

CONTACTS



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Managing Director



Ryan Budlong
Managing Director

FEATURED ENGAGEMENTS

DUDE WIPE

— has received a strategic growth investment from —

TSG CONSUMER

TANGLE TEEZER

— a portfolio company of —

MAYFAIR EQUITY PARTNERS

— has been acquired by —

BIC

Lintels YUMOVE

— a portfolio company of —

inflexion

— has been acquired by —

Vetnique

— a portfolio company of —

GREYHORN

02

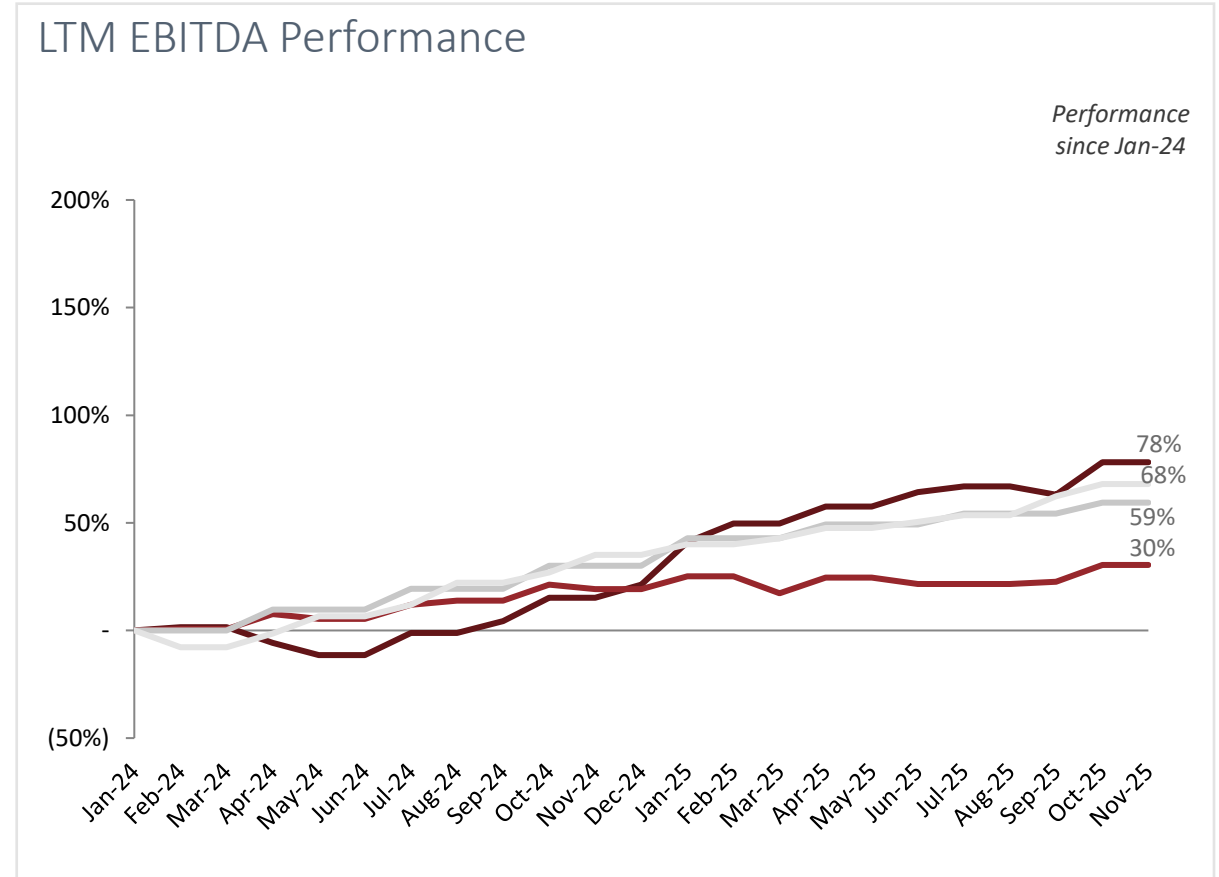
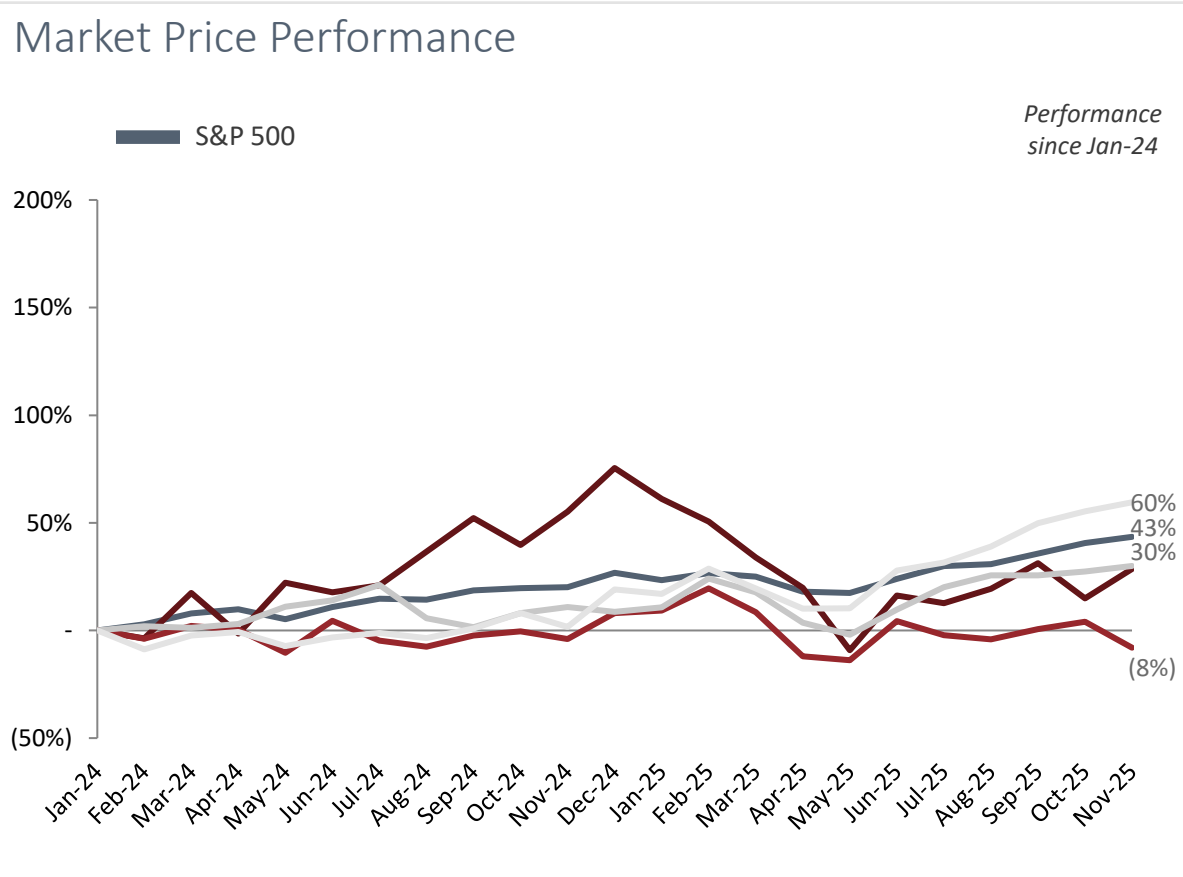
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Q3 2025

Sector Activity

Update on public market valuations, company trends,
and digital consumer activity.



Recent Public Company Market Performance



Digitally Native Brands

a.k.a. **FIGS**
REVOLVE **STITCH FIX**

Omnichannel Brands

MONCLER **DULUTH TRADING CO.** **lululemon**
WARBY PARKER **YETI**

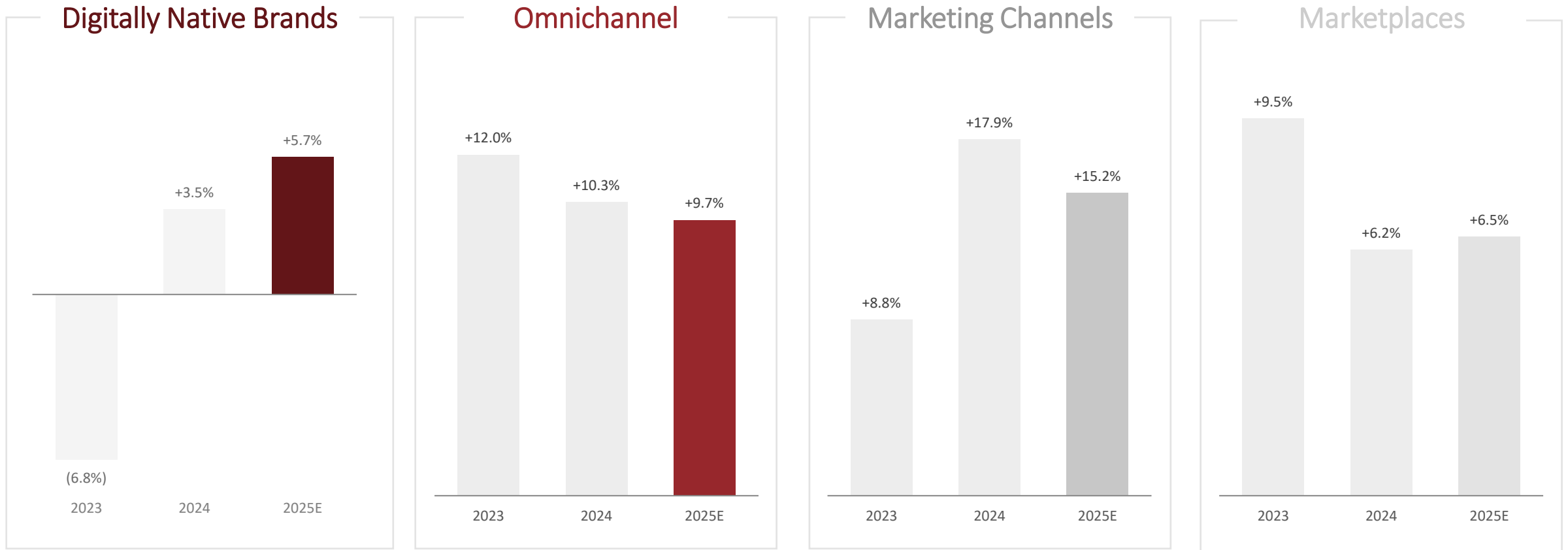
Marketing Channels

Google Meta Pinterest

Marketplaces

amazon **chewy** **ebay**
Etsy **wayfair**

Public Company Median Revenue Growth Trends



Digitally Native Brands

a.k.a. **FIGS**

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Marketing Channels

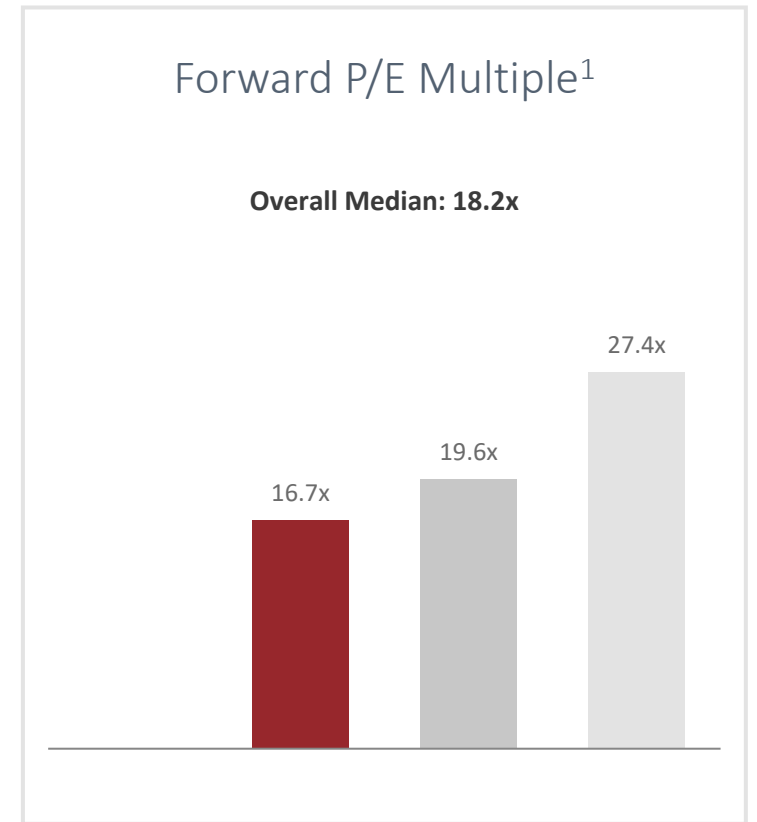
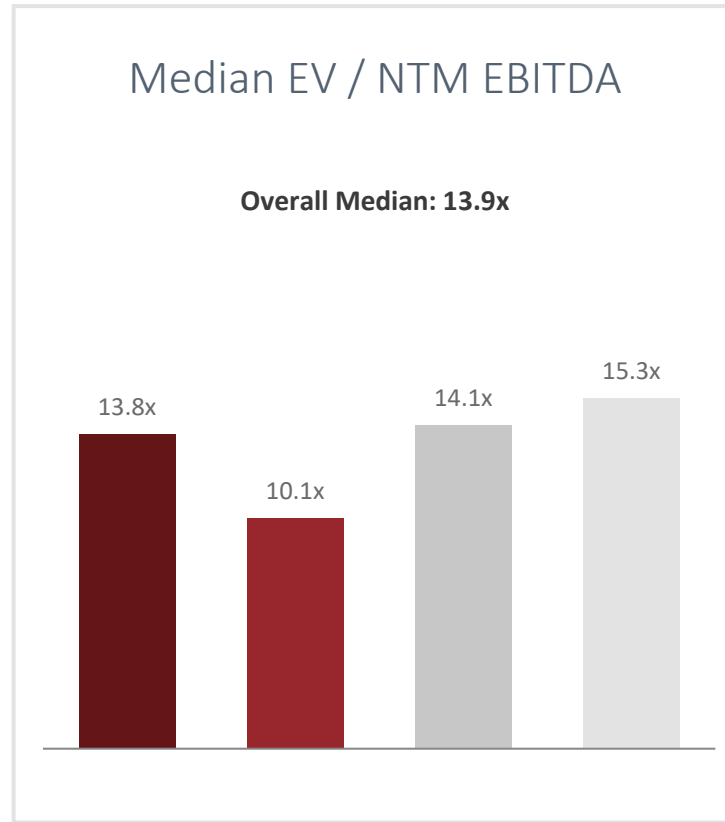
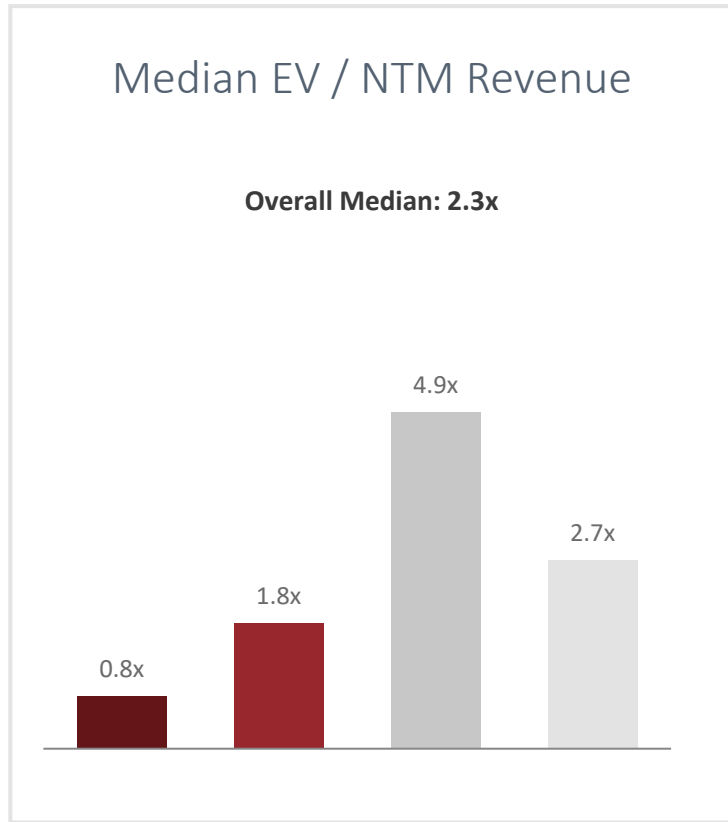
Google **Meta** **Pinterest** **SNAPCHAT**

Marketplaces

amazon **chewy** **ebay**

Etsy **shopify** **wayfair**

Public Company Valuation Metrics



Digitally Native Brands

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Marketing Channels

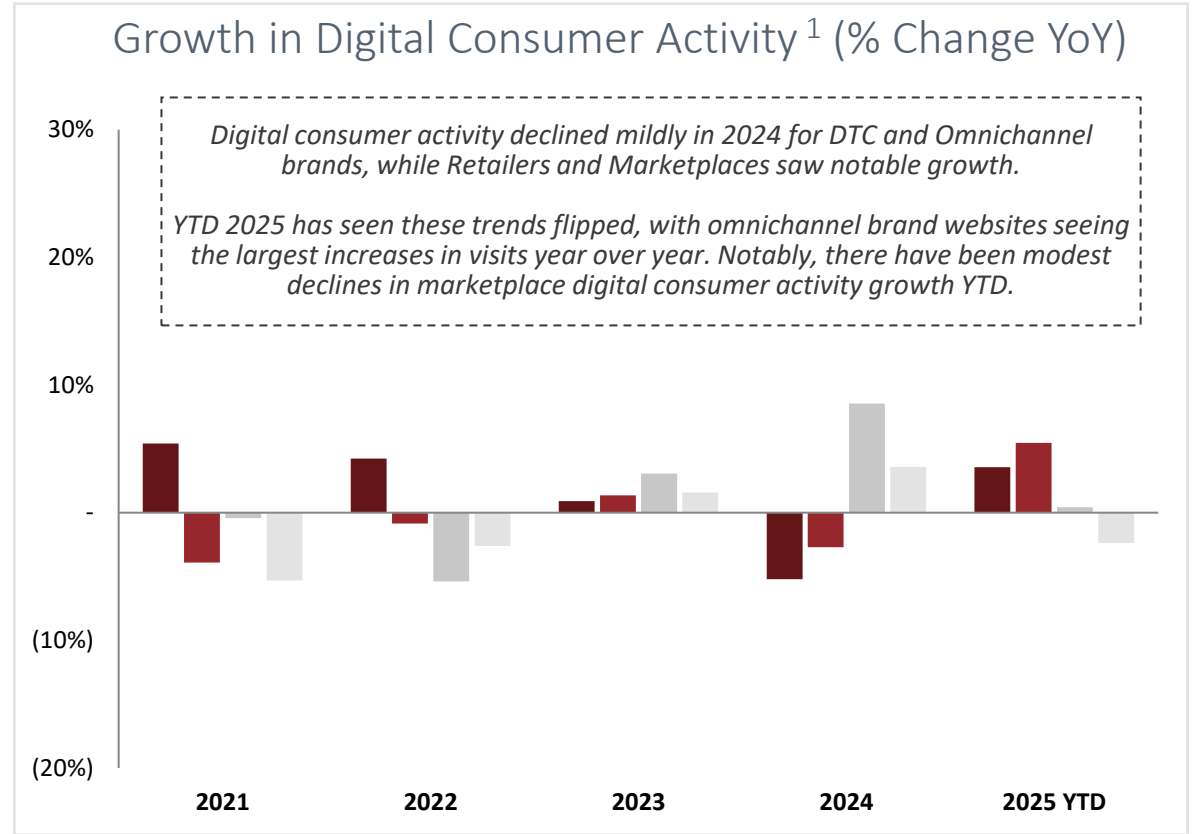
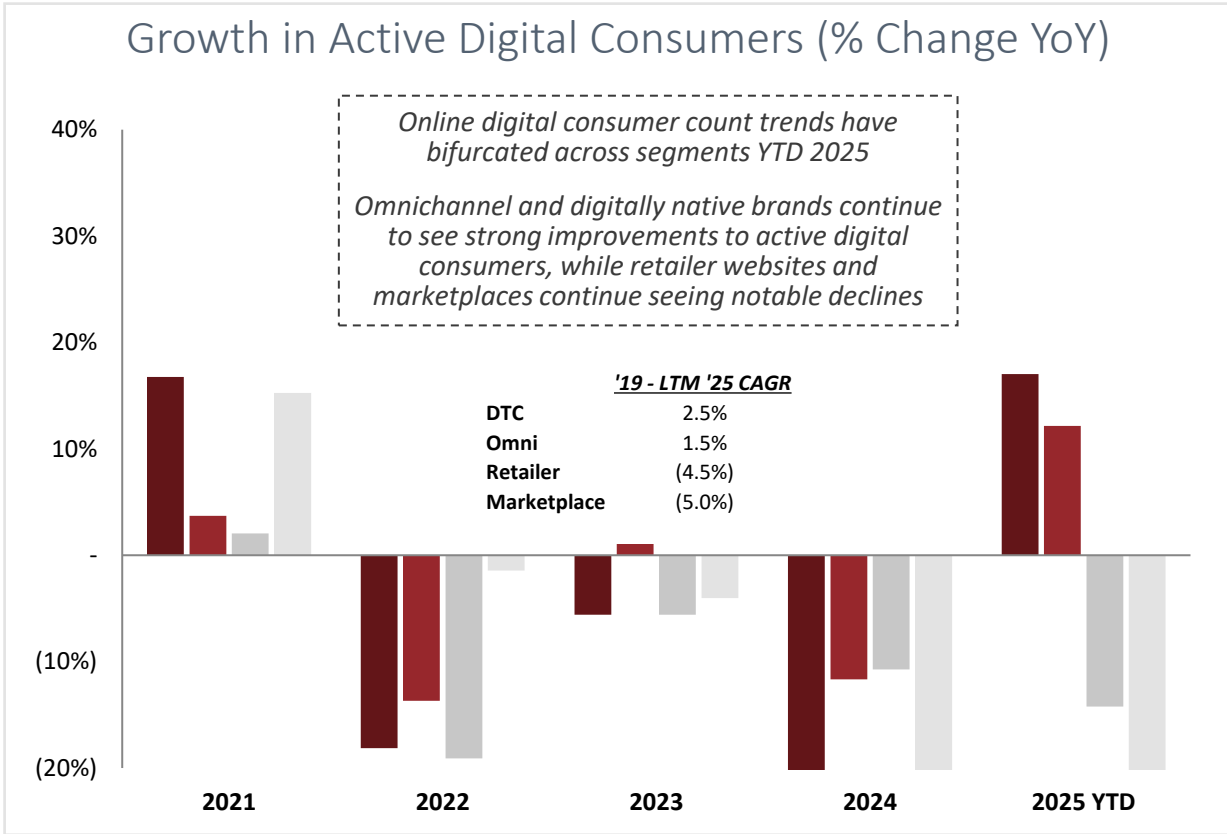
Google **Meta** **Pinterest** **SNAPCHAT**

Marketplaces

amazon **chewy** **ebay**

Etsy **shopify** **wayfair**

Web Traffic Analytics by Channel



Digitally Native Brands

Omnichannel Brands

Retailer Websites

Marketplaces



Source: Harris Williams proprietary data analysis via Semrush analytics; YTD 2025 compares YTD Oct-25 to YTD Oct-24; CAGR time period of 5.83 years

(1) Total Visits / Unique Visitors

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Q3 2025

Connect With Us



Our Team

Connect With Our Team

Learn more about our deep expertise unlocking value for great businesses in the e-commerce sector:



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DUDE WIPES
has received a strategic growth investment from
TSG CONSUMER

CARBON 6
has been acquired by
SPS COMMERCE

TANGLE TEEZER
a portfolio company of
MAYFAIR EQUITY PARTNERS
has been acquired by
BIC

Lintbells YUMOVE
a portfolio company of
inflexion
has been acquired by
Vetnique
a portfolio company of
GRYPHON

Melissa & Doug
a portfolio company of
AEA
has been acquired by
SPIN MASTER

Butternut Box
has received a significant investment from
GENERAL ATLANTIC
CATTERTON

HW Harris Williams / GLOBAL INVESTMENT BANK

Mergers & Acquisitions • Private Capital Solutions • Primary Fund Placement

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83% Managing Directors promoted from within the firm

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