

TRENDS REPORT

State of Retail Ecommerce Beauty Category

Month Ending October 2023

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CommercelQ

Overall Executive Summary

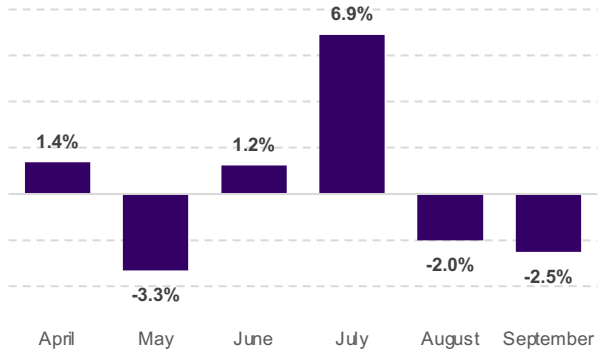
Executive Summary: Top 3 Takeaways for October 2023

- 1 Out of Stock levels are continuing to rise month over month and have surpassed 2022 levels in September.
- 2 There is a general increase in competitiveness with a growth in ad spend and reduction in glance views.
- 3 Price Levels rising steadily along with slight increase in conversion rates. This likely explains a continued increase in ROAS despite rising CPCs over the last 3 months.

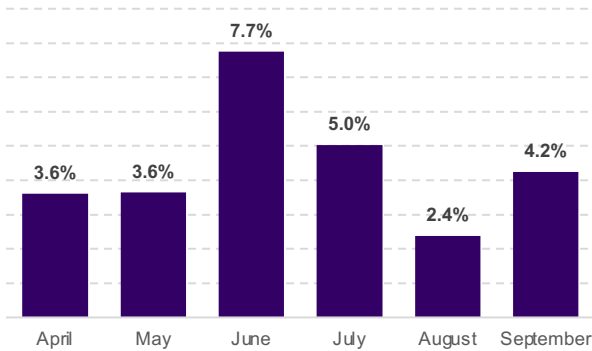
Source: Internal data from CommerceIQ's REM Platform for its users for the 18 months leading up to and including September 2023.

Across all categories there is a much more pronounced growth in ad spend, with a slight decline in glance views. This correlates with minor growth in revenue and improvement in ROAS.

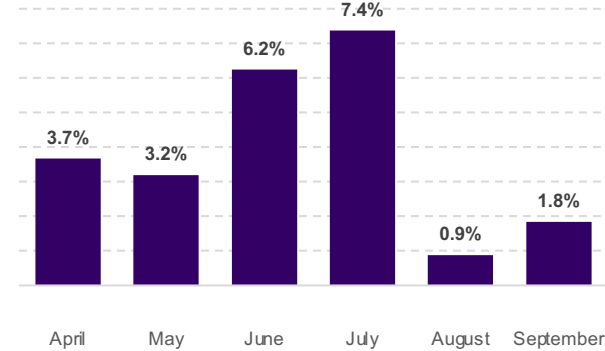
Change in Glance Views (Overall)
2023 v 2022



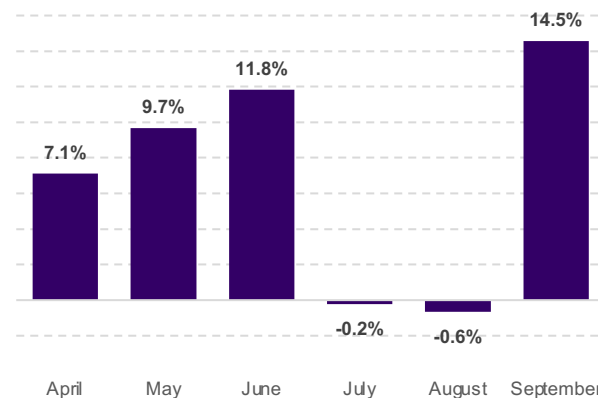
Change in ASP (Overall)
2023 v 2022



Change in OPS (Overall)
2023 v 2022



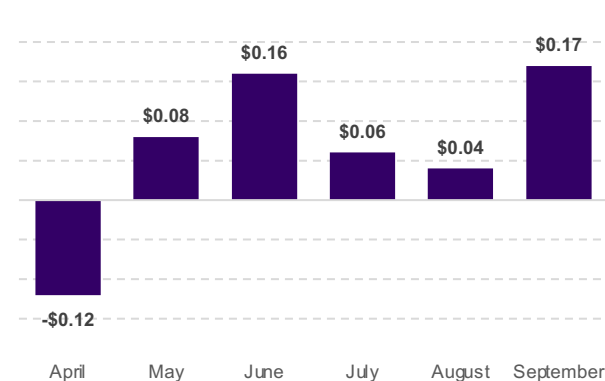
Change in Ad Spend (Overall)
2023 v 2022



Change in CPC (Overall)
2023 v 2022



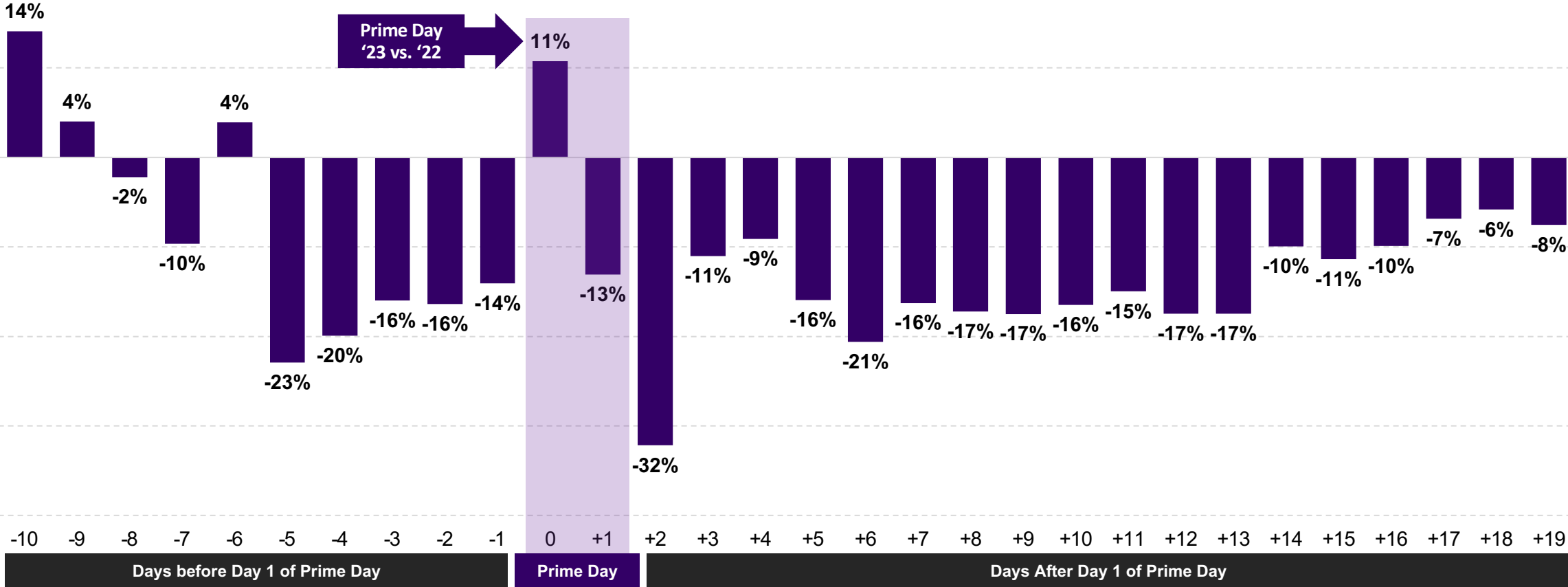
Change in ROAS (Overall)
2023 v 2022



Source: Internal data in aggregate from CommerceIQ's REM Platform for its users on Amazon for the 18 months leading up to and including September 2023.

Despite an +11% increase in ad spend during Day 1 of Prime Day 2023, brands pulled back ad spend throughout the rest of July, resulting in relatively flat ad spend compared to July 2022.

Ad spend by Day in July 2023 compared to July 2022

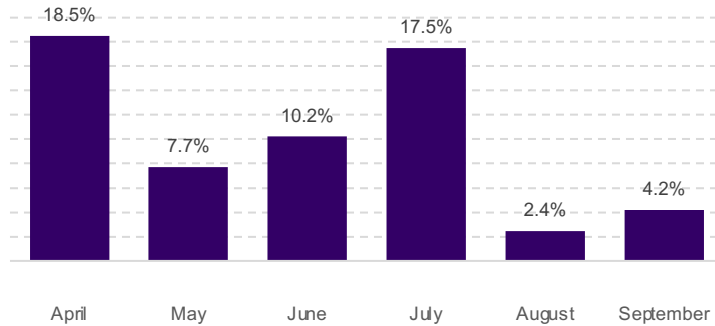


Source: Internal data in aggregate from CommerceIQ's REM Platform for its users on Amazon for the 18 months leading up to and including September 2023.

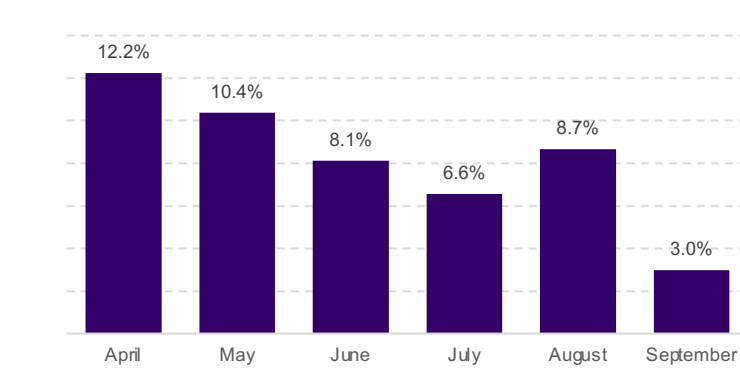
Key Category Metrics

The Beauty category has strong tailwinds, with overall growth in price levels and revenue, as well as improvements in ROAS and a reduction in CPCs. Ad spend levels remain below 2022 levels.

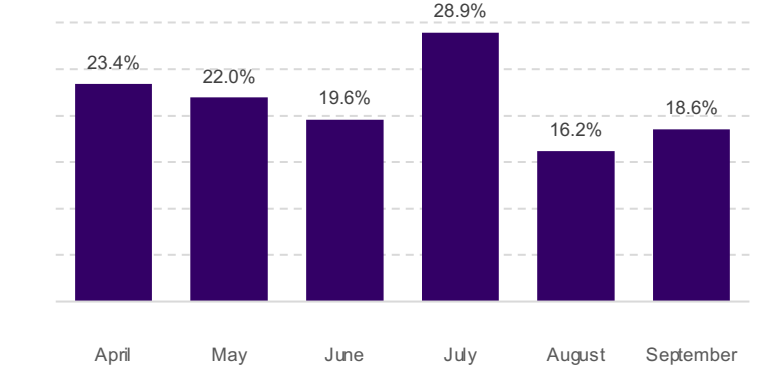
Change in Glance Views (Overall)
2023 v 2022



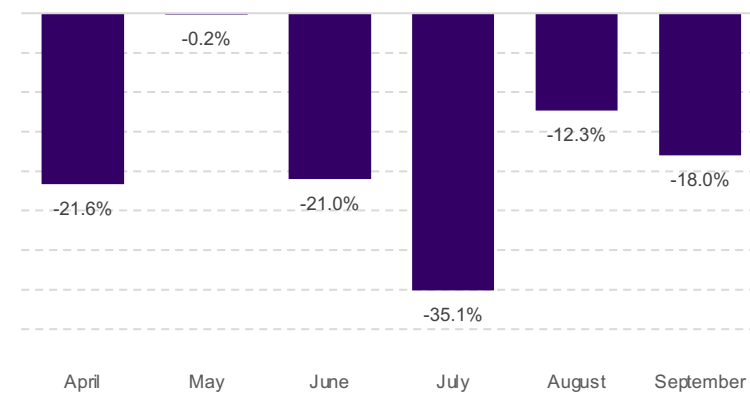
Change in ASP (Overall)
2023 v 2022



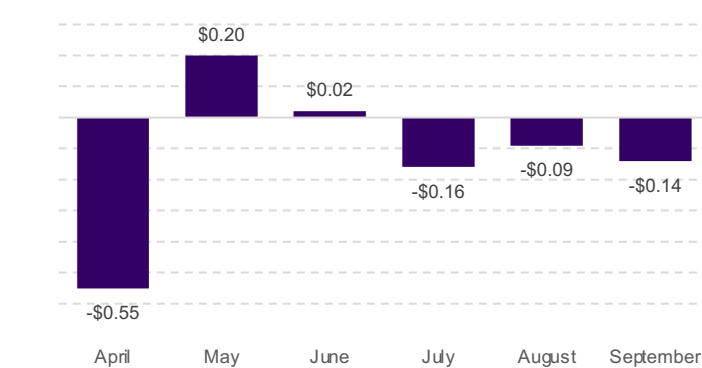
Change in OPS (Overall)
2023 v 2022



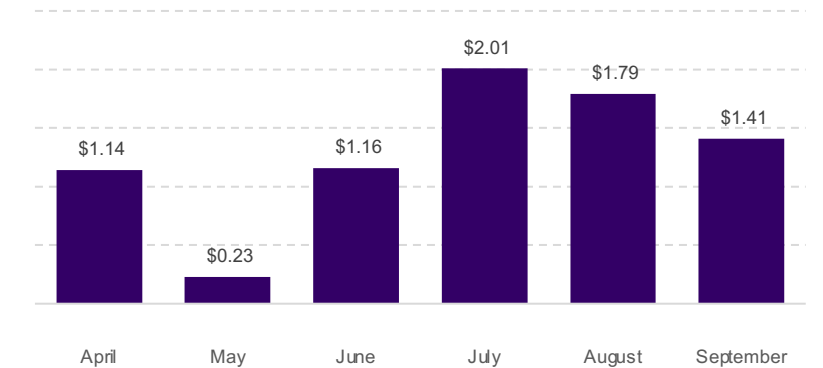
Change in Ad Spend (Overall)
2023 v 2022



Change in CPC (Overall)
2023 v 2022



Change in ROAS (Overall)
2023 v 2022



Source: Internal data in aggregate from CommerceIQ's REM Platform for its users on Amazon for the 18 months leading up to and including September 2023.

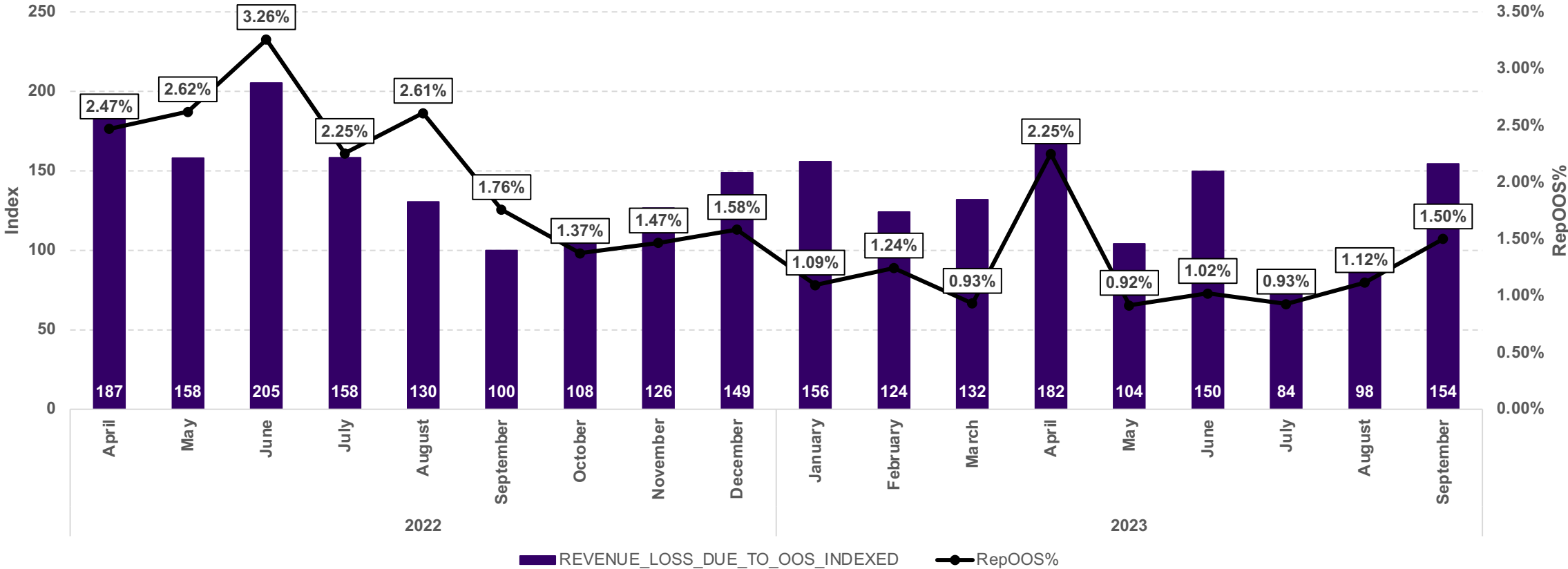
Category Summary: Top 3 Takeaways for October 2023

- 1 Revenue lost due to out of stock has spiked in September, potentially driven by a reduction in inventory on hand in the 5 months preceding September.
- 2 The category is facing strong tailwinds with growing revenues, ROAS and traffic with stable gross margins.
- 3 ROAS has improved, likely supported by decreased ad spend and decreased CPCs.

Source: Internal data from CommerceIQ's REM Platform for its users for the 18 months leading up to and including September 2023.

Beauty is facing some challenges within the supply chain, with increasing RepOOS% MoM as well as a 54% higher loss of revenue due to OOS vs. September 2022.

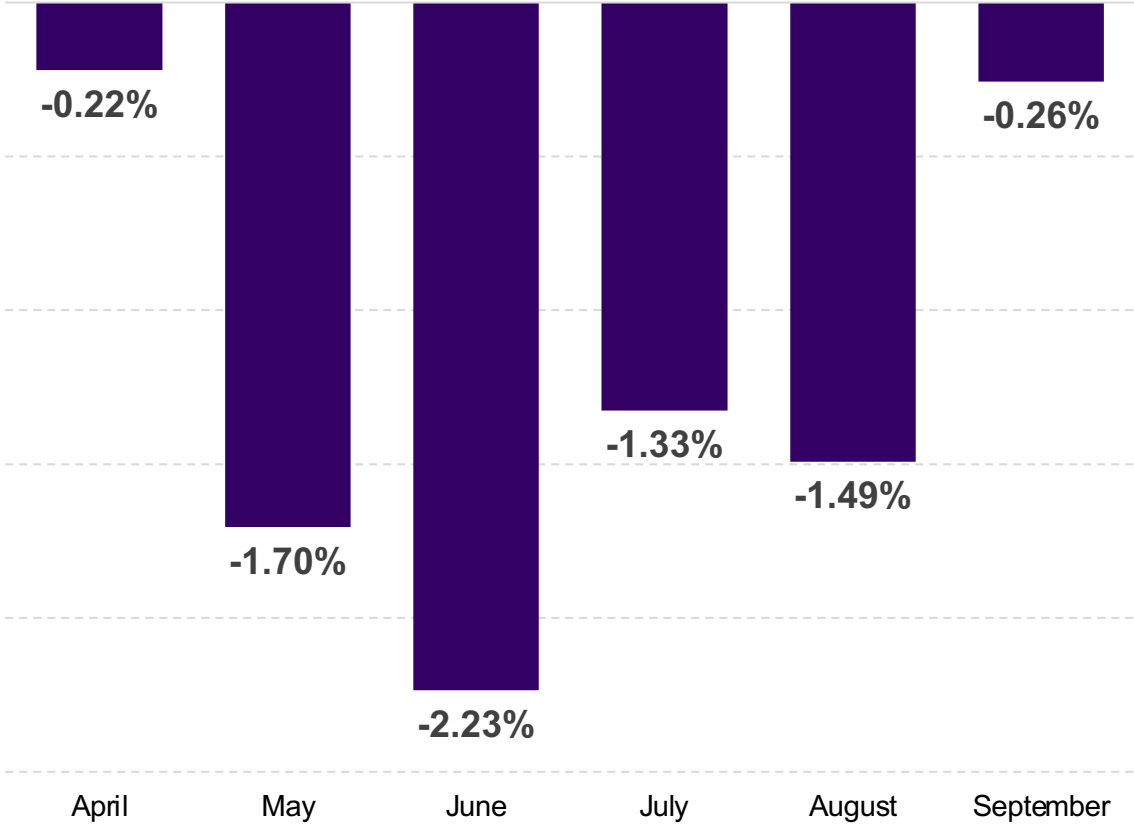
Out of Stocks for Units and Revenue



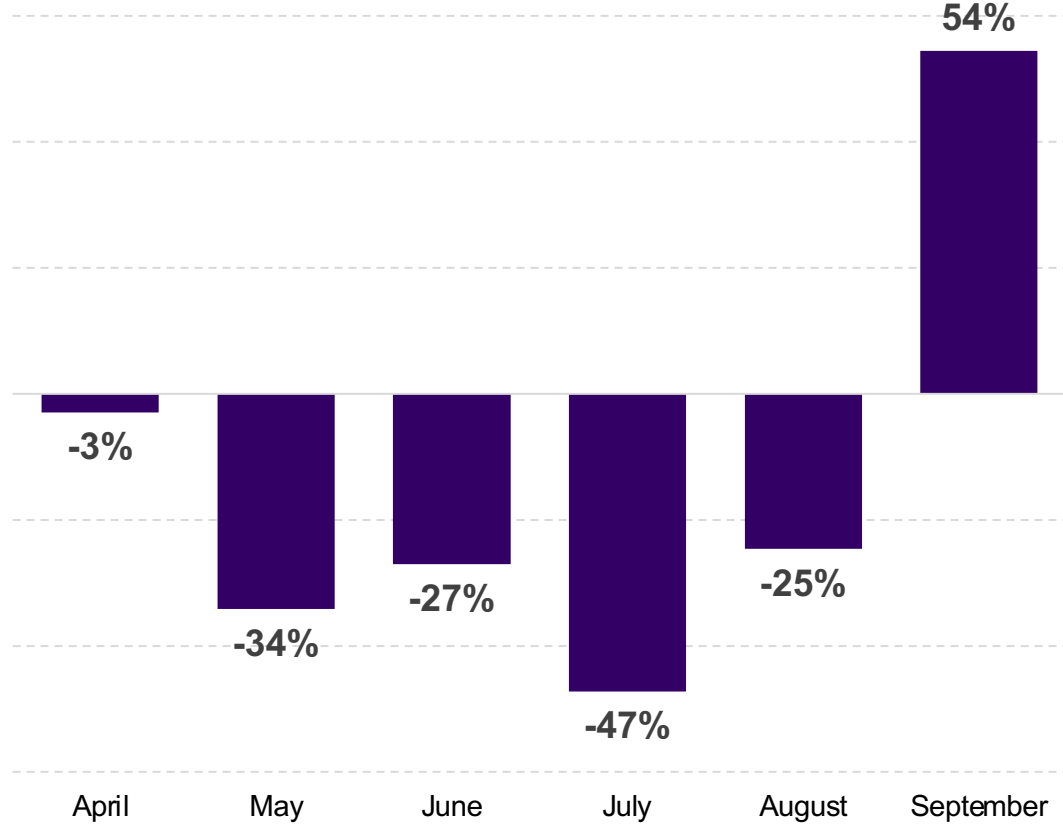
Source: Internal data in aggregate from CommerceIQ's REM Platform for its users on Amazon for the 18 months leading up to and including September 2023. Index set to 100 for September 2022 to create simpler comparisons for September 2023.

September 2023 is the root cause of this negative trend as month over month the industry overall has seen improvements on both RepOOS% and Revenue lost due to OOS prior to Sept 2023.

Change in RepOOS% (2023 vs 2022)



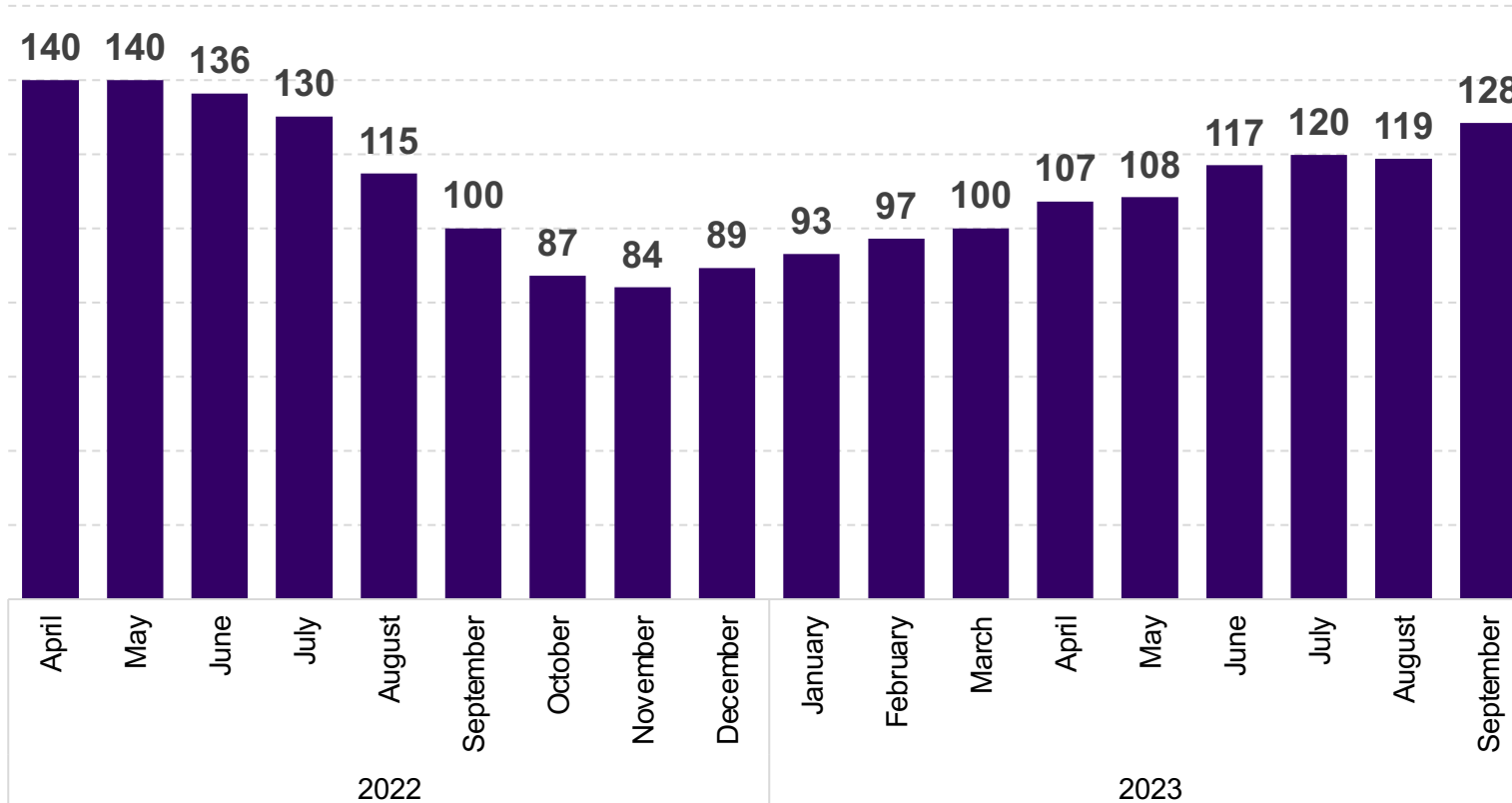
Change in Revenue Lost due to OOS (2023 vs 2022)



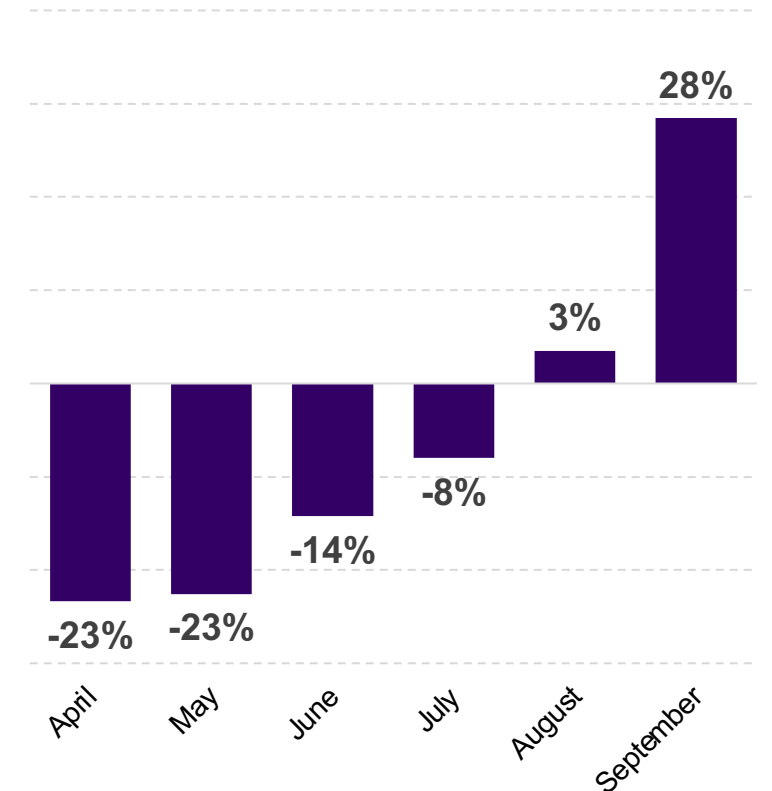
Source: Internal data in aggregate from CommerceIQ's REM Platform for its users on Amazon for the 18 months leading up to and including September 2023. Index set to 100 for September 2022 to create simpler comparisons for September 2023.

Inventory levels have steadily increased month over month but are below 2022 levels, which could indicate pent up supply chain deficiencies leading into September, resulting in the spike in revenue lost due to OOS.

On Hand Inventory Index



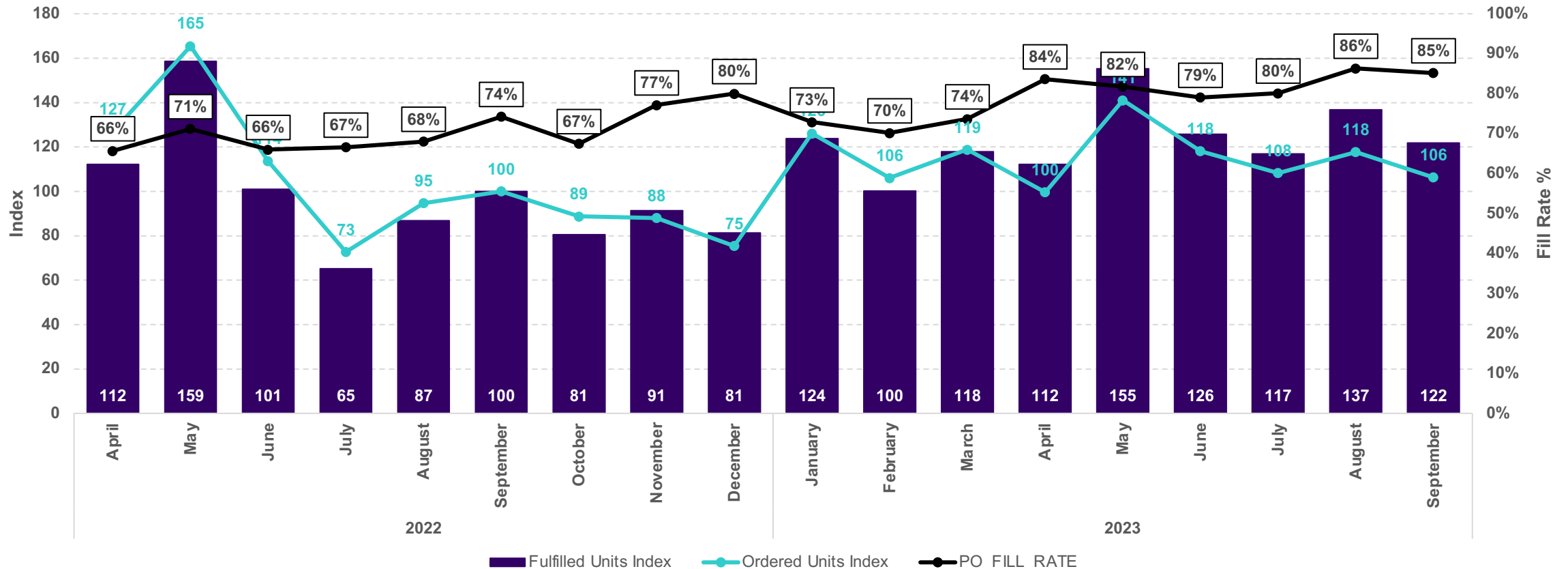
Change in On Hand Inventory (2023 vs 2022)



Source: Internal data in aggregate from CommerceIQ's REM Platform for its users on Amazon for the 18 months leading up to and including September 2023. Index set to 100 for September 2022 to create simpler comparisons for September 2023.

Fill rates have remained relatively consistent. Ordered units are slightly above 2022 levels.

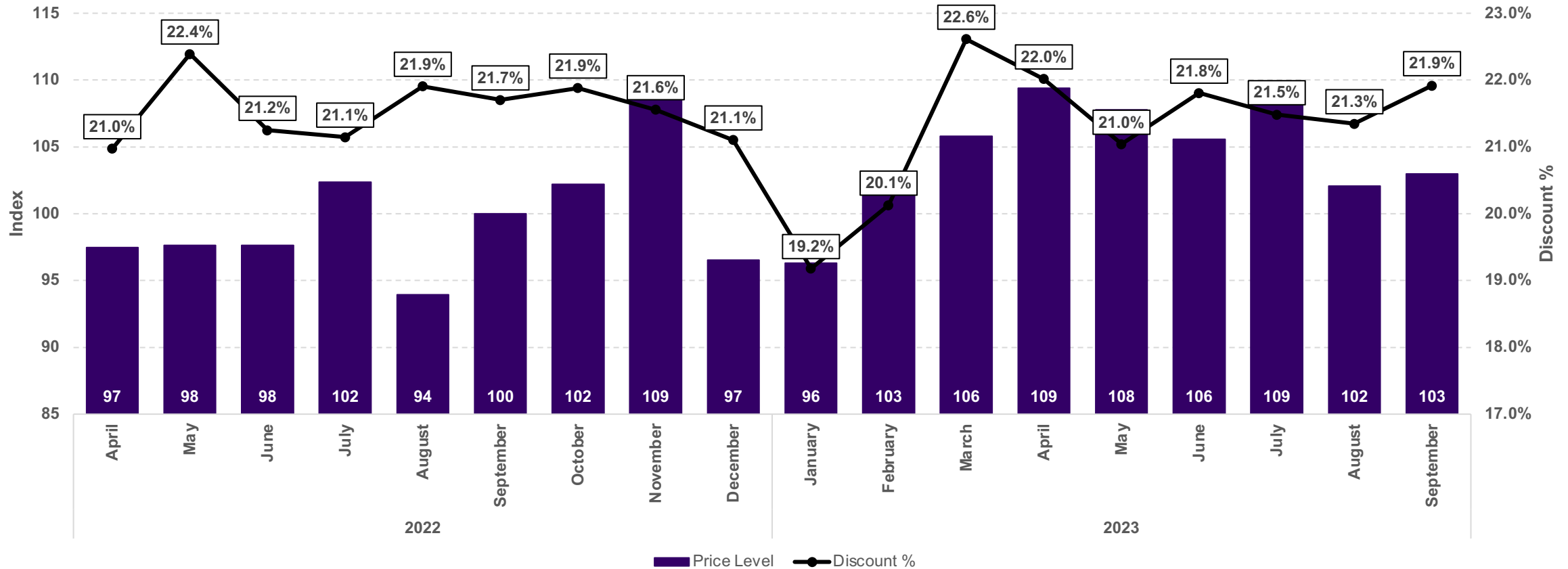
Fill Rate % vs. Ordered Unit & Fulfilled PO Units Indices



Source: Internal data in aggregate from CommerceIQ's REM Platform for its users on Amazon for the 18 months leading up to and including September 2023. Index set to 100 for September 2022 to create simpler comparisons for September 2023. Fulfilled PO Units Index = Ordered Unit Index X Fill Rate %

Price Levels and discount levels have also remained slightly elevated versus 2022.

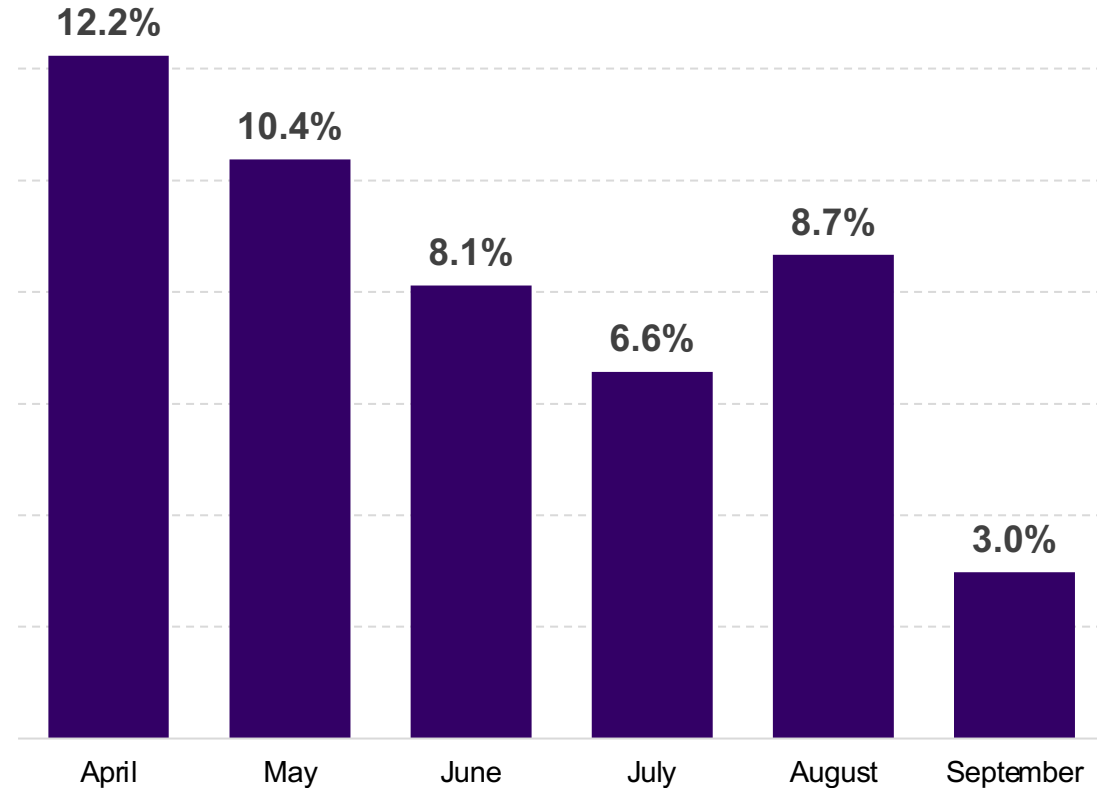
Price Index vs. Discount Percentage



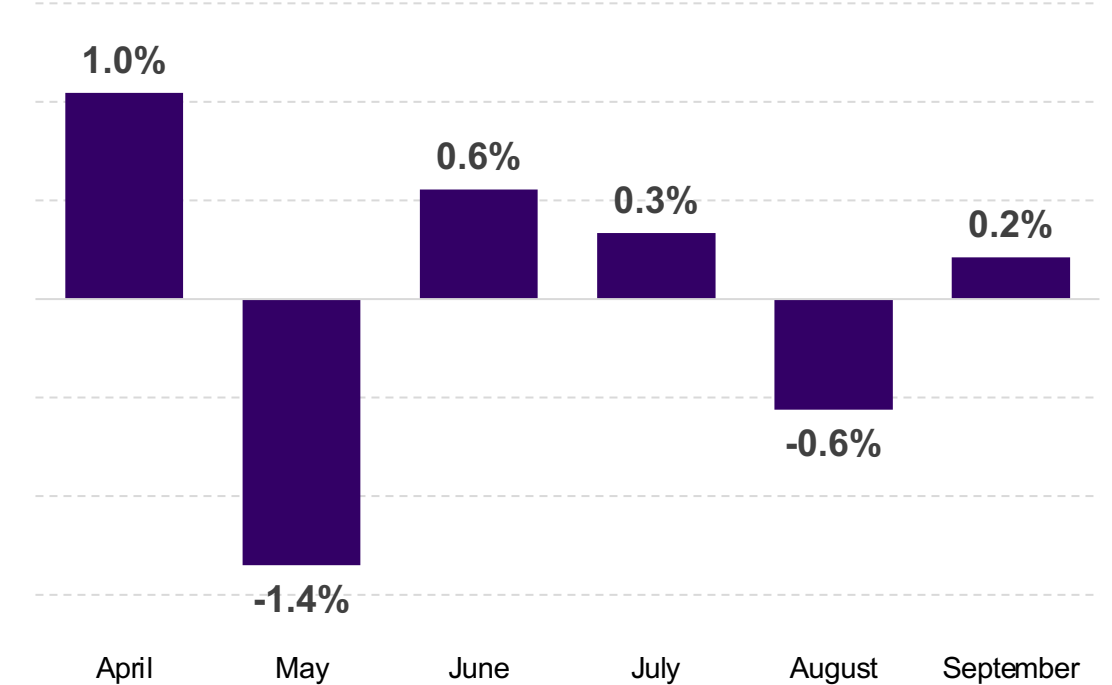
Source: Internal data in aggregate from CommerceIQ's REM Platform for its users on Amazon for the 18 months leading up to and including September 2023. Index set to 100 for September 2022 to create simpler comparisons for September 2023.

Price levels are generally up versus 2022, with discount percentages varying month to month.

Change in Price Level (2023 vs 2022)



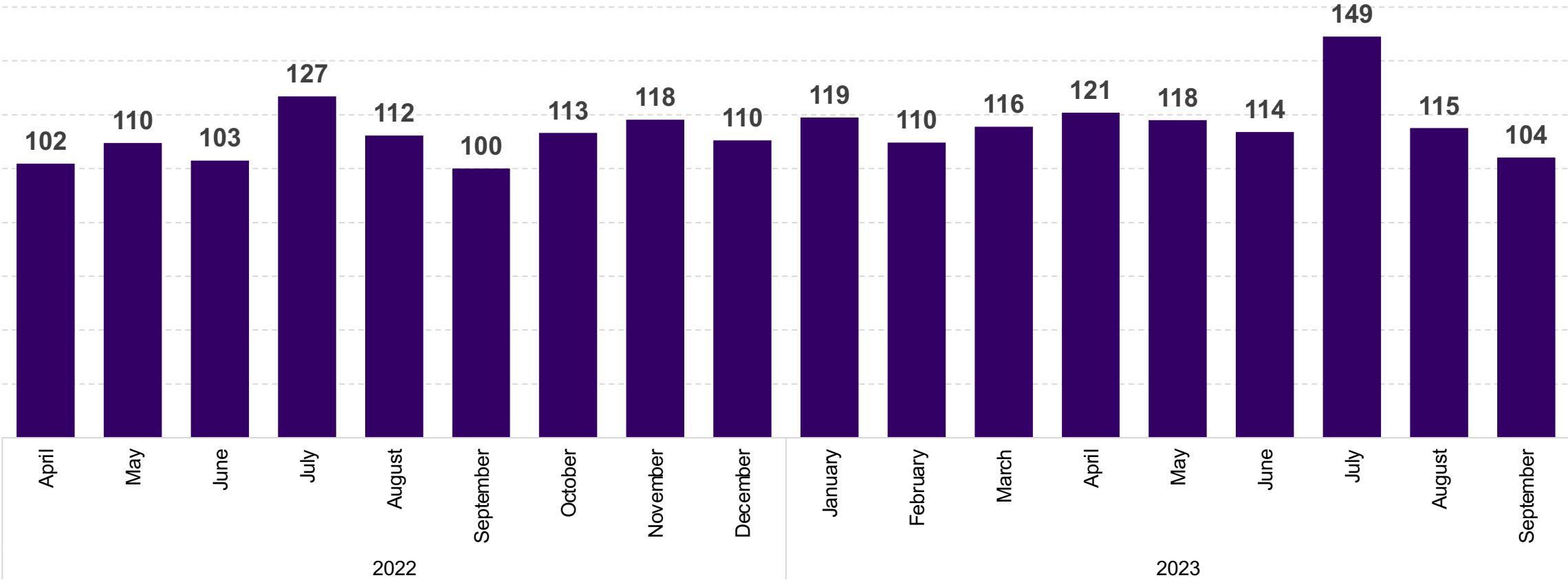
Change in Discount % (2023 vs 2022)



Source: Internal data in aggregate from CommerceIQ's REM Platform for its users on Amazon for the 18 months leading up to and including September 2023. Index set to 100 for September 2022 to create simpler comparisons for September 2023.

After a spike in Glance Views during Prime Day, glance views have settled slightly above 2022 levels.

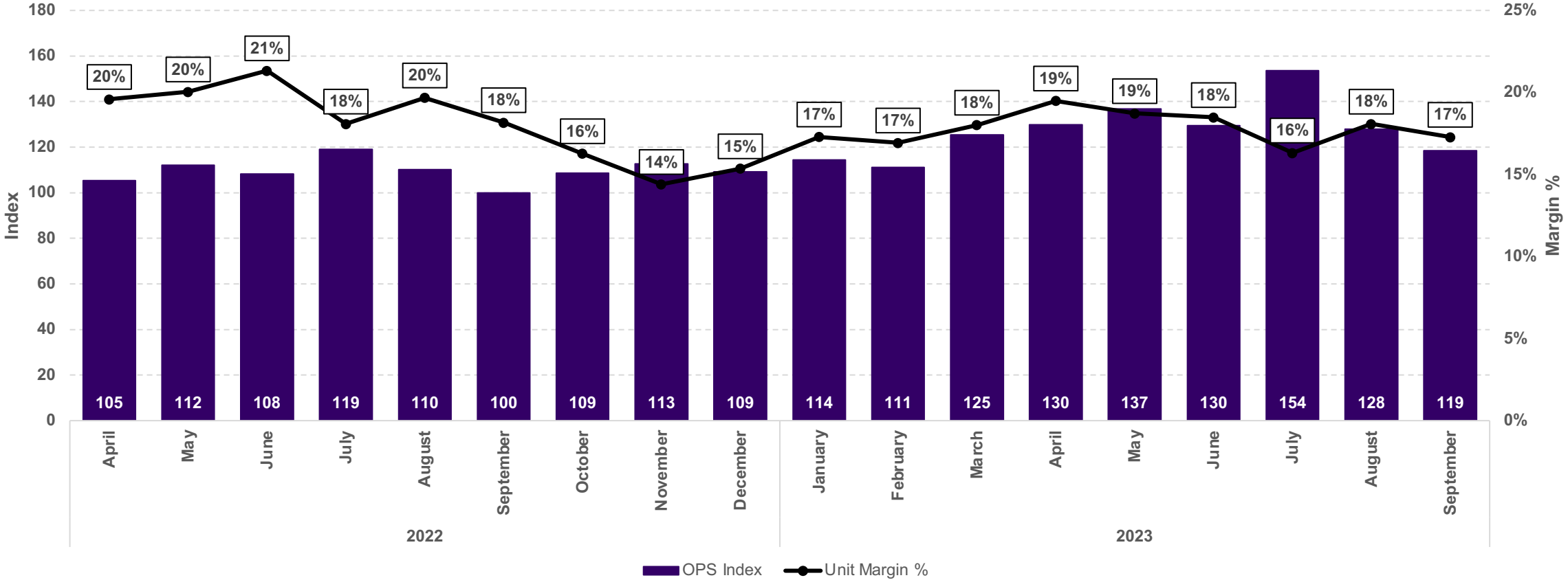
Glance Views Index



Source: Internal data in aggregate from CommerceIQ's REM Platform for its users on Amazon for the 18 months leading up to and including September 2023. Index set to 100 for September 2022 to create simpler comparisons for September 2023.

OPS are above 2022 levels while Unit Margin % is slightly below 2022. Overall the category remains relatively healthy and poised for continued profitable growth.

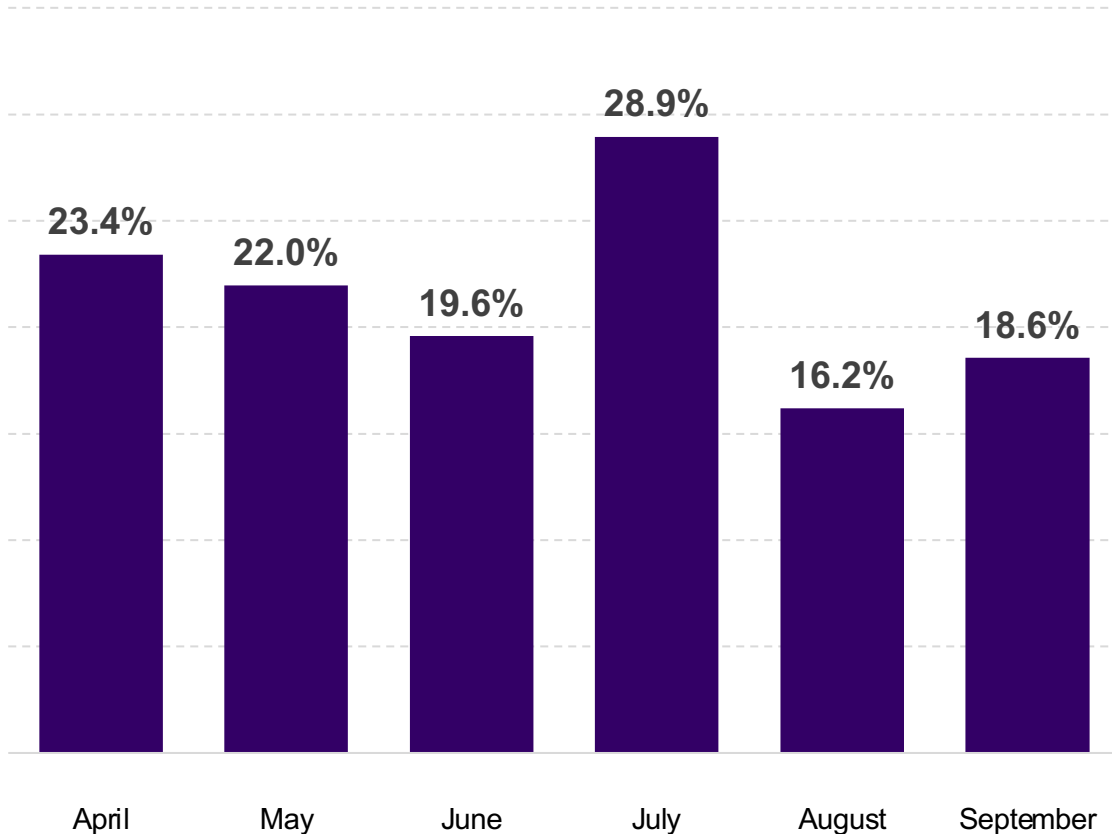
OPS Index vs. Unit Margin %



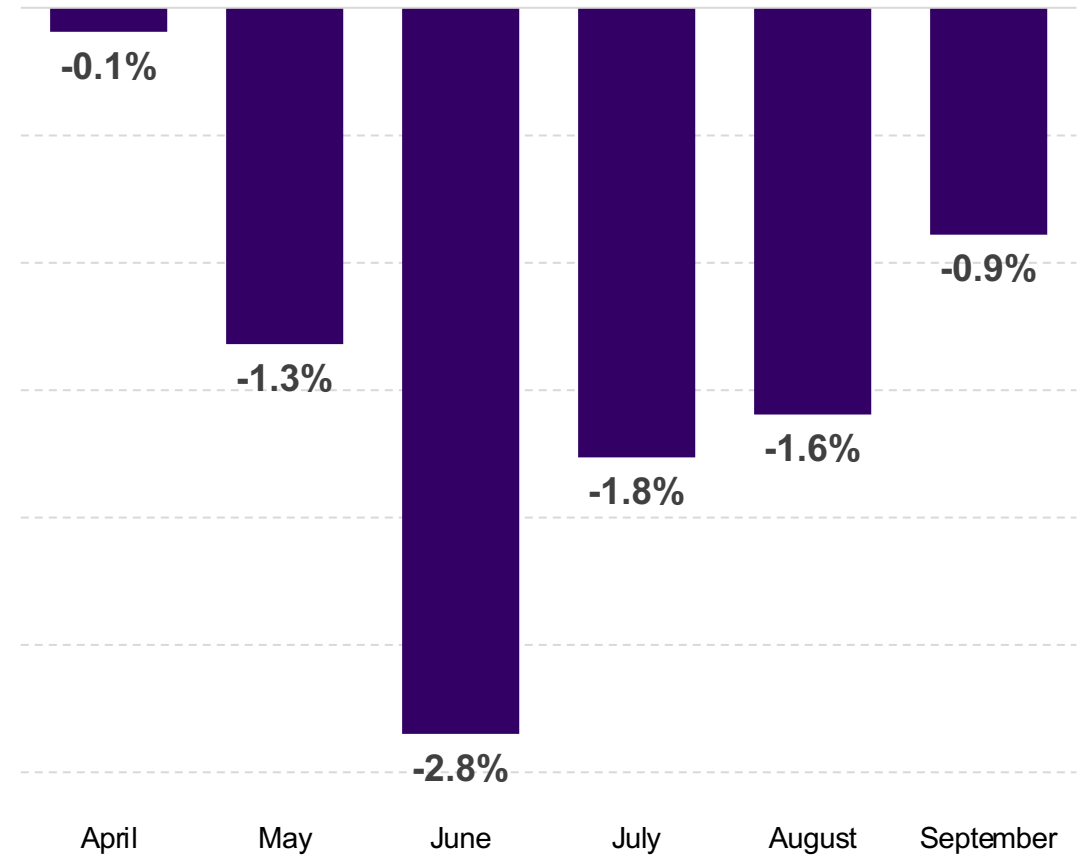
Source: Internal data in aggregate from CommerceIQ's REM Platform for its users on Amazon for the 18 months leading up to and including September 2023. Index set to 100 for September 2022 to create simpler comparisons for September 2023.

Ordered Revenues are up year over year, and unit margin % declines are relatively minor in comparison.

Change in Ordered Revenue (2023 vs 2022)



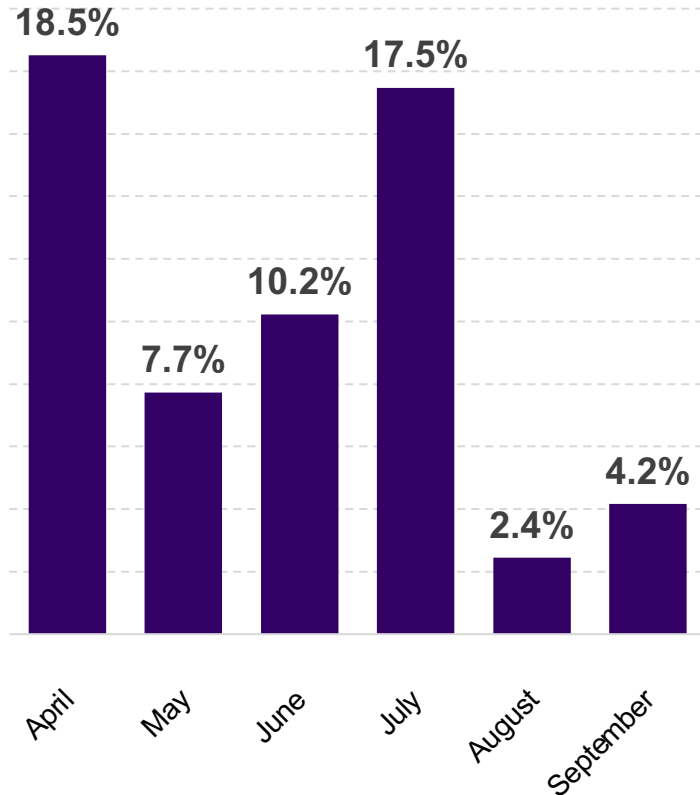
Change in Unit Margin % (2023 vs 2022)



Source: Internal data in aggregate from CommerceIQ's REM Platform for its users on Amazon for the 18 months leading up to and including September 2023. Index set to 100 for September 2022 to create simpler comparisons for September 2023.

Traffic and ROAS has remained up Year over Year, supported by a steady decline in CPCs in the last 3 months.

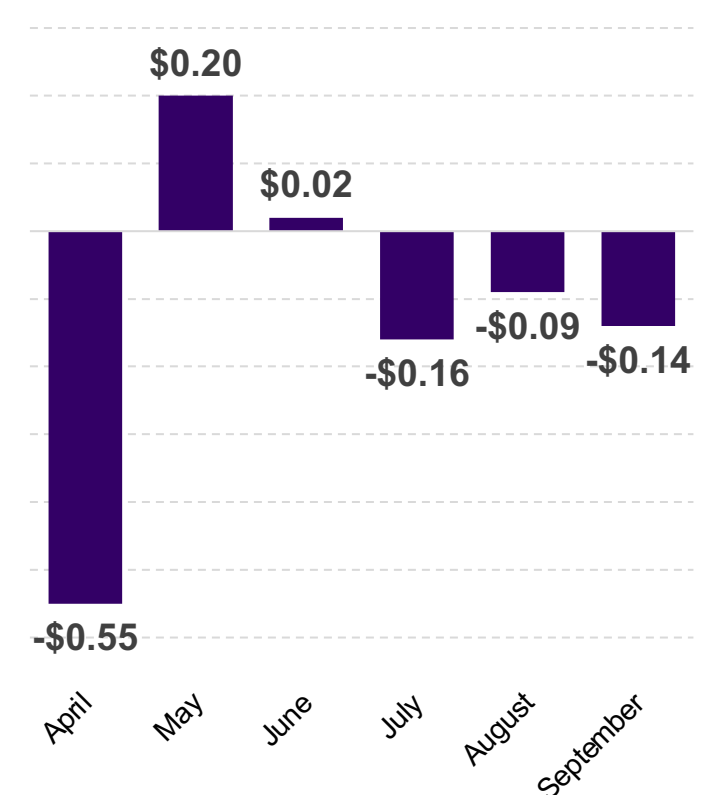
Change in Glance Views (2023 vs 2022)



Change in ROAS (2023 vs 2022)



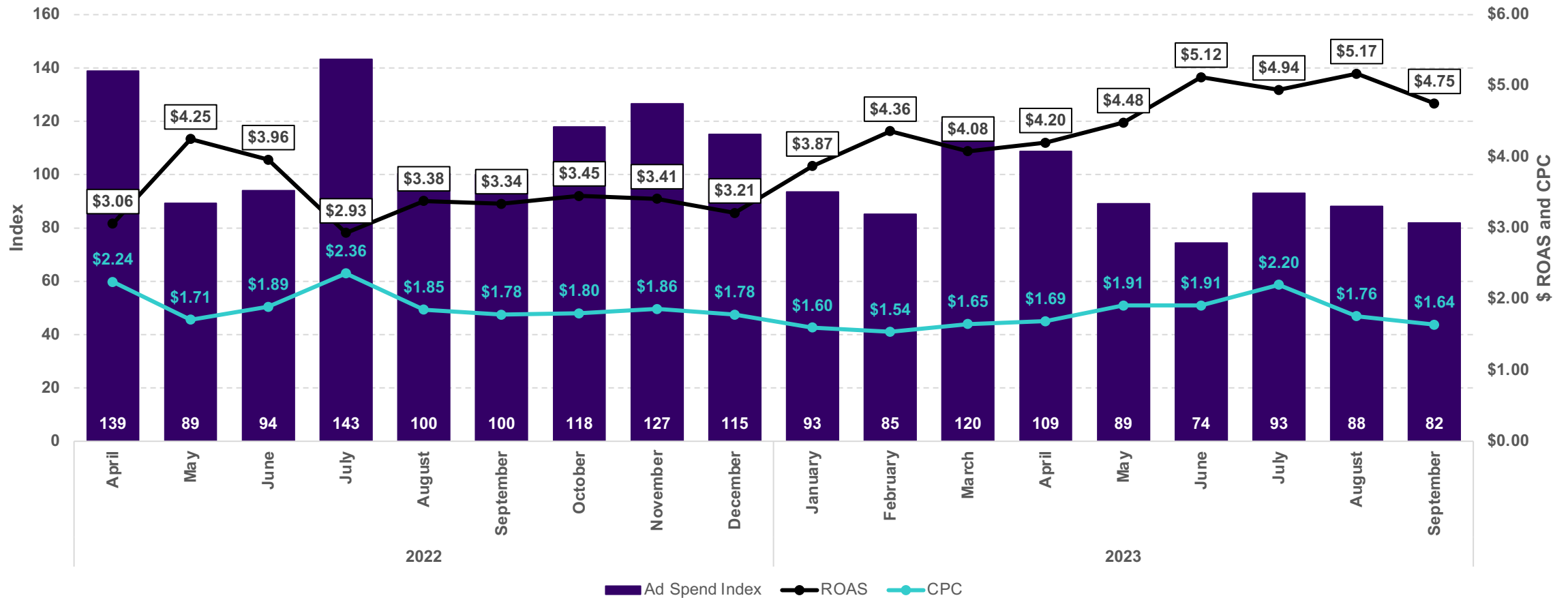
Change in CPC (2023 vs 2022)



Source: Internal data in aggregate from CommerceIQ's REM Platform for its users on Amazon for the 18 months leading up to and including September 2023. Index set to 100 for September 2022 to create simpler comparisons for September 2023.

In face of increased CPCs and Ad spend, ROAS has seen steady overall improvement after a substantial decline in October 2022.

Ad Spend Index vs. ROAS and CPC



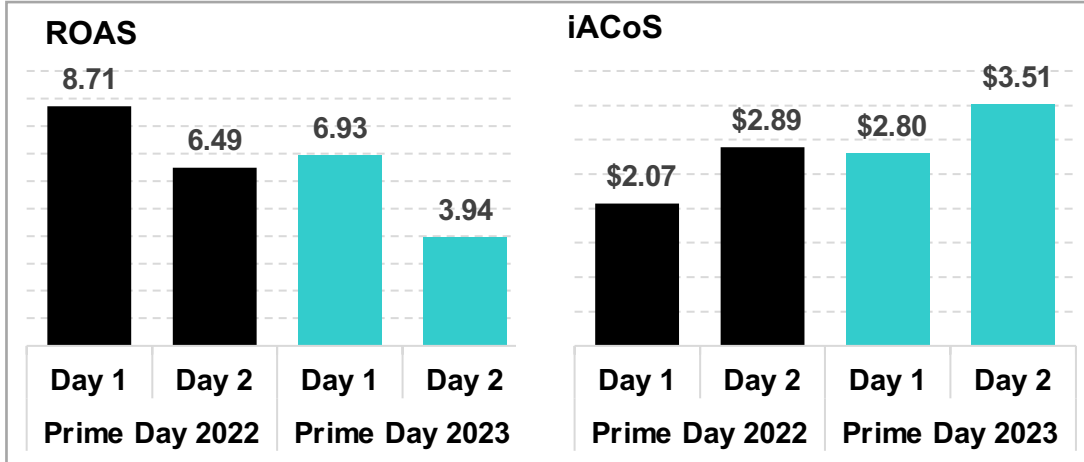
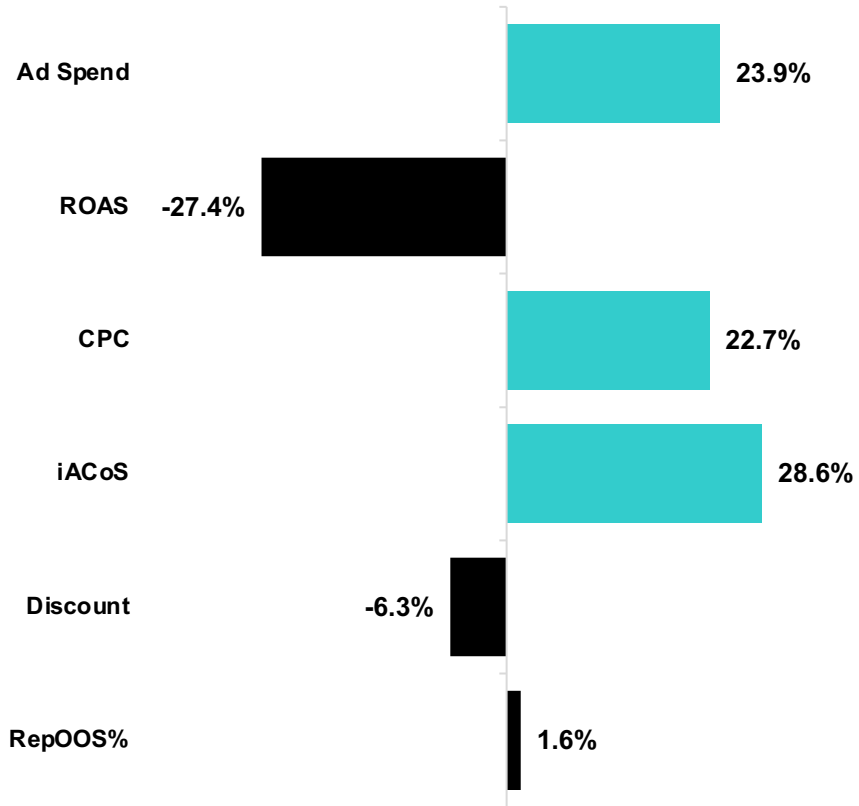
Source: Internal data in aggregate from CommerceIQ's REM Platform for its users on Amazon for the 18 months leading up to and including September 2023. Index set to 100 for September 2022 to create simpler comparisons for September 2023.

Prime Day 2023 Summary

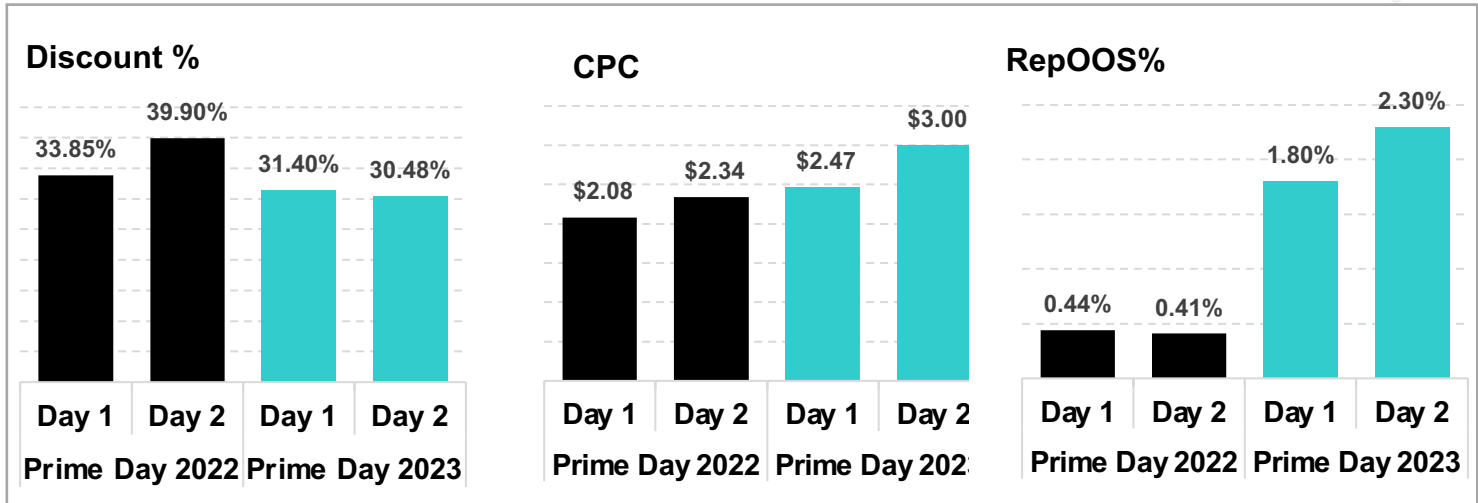
Beauty Category

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



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



Source: Internal data from CommerceIQ's REM Platform for its users from the hours of 12:00AM PST to 11:59PM PST on July 11, 2023 and July 12, 2023 vs 12:00AM PST to 11:59PM PST on July 11, 2022 and July 12, 2022

Beauty & Personal Care was relatively balanced between both days, with spikes in conversion towards the end of each day

7:00 AM PST
July 11 (Day 1)

Highest % of Prime Day Glance Views

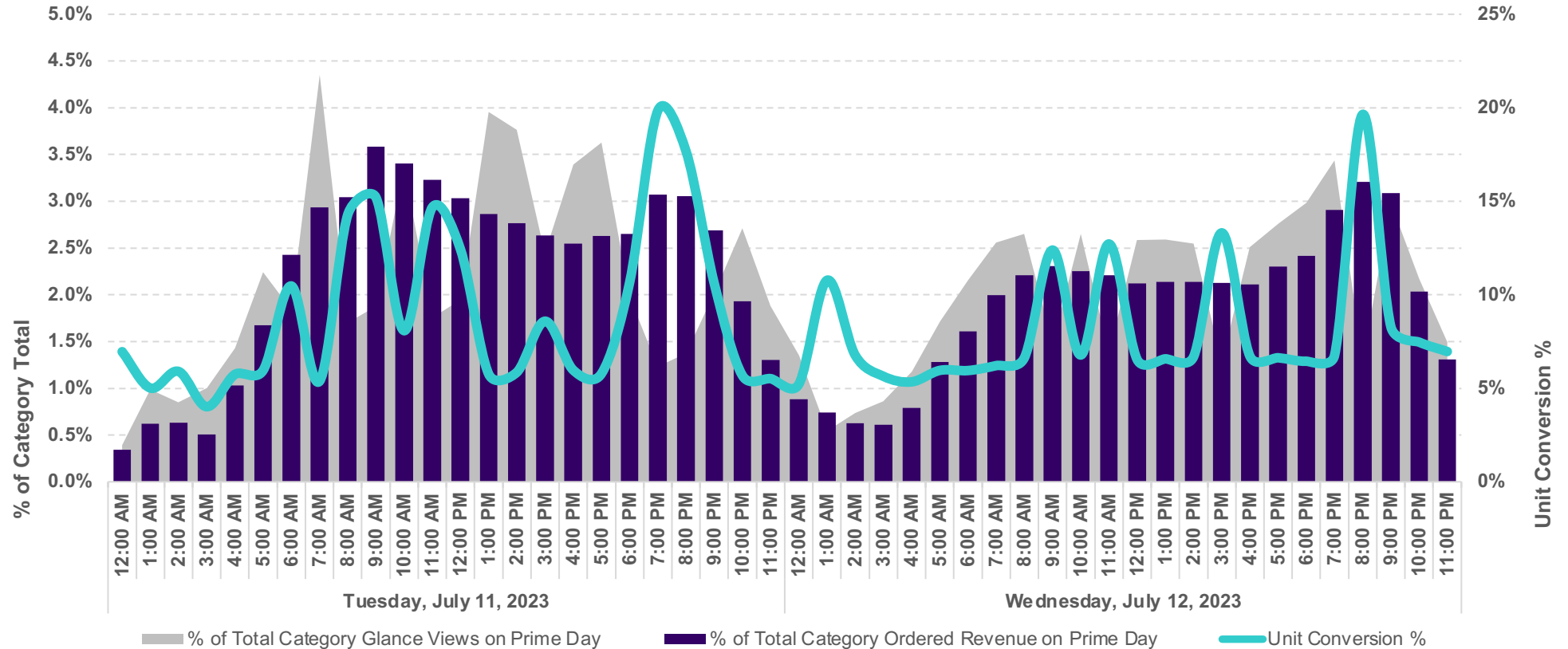
9:00 AM PST
July 11 (Day 1)

Highest % of Prime Day Ordered Revenue

7 / 8 PM PST
July 11 / 12

Highest Unit Conversion % Time

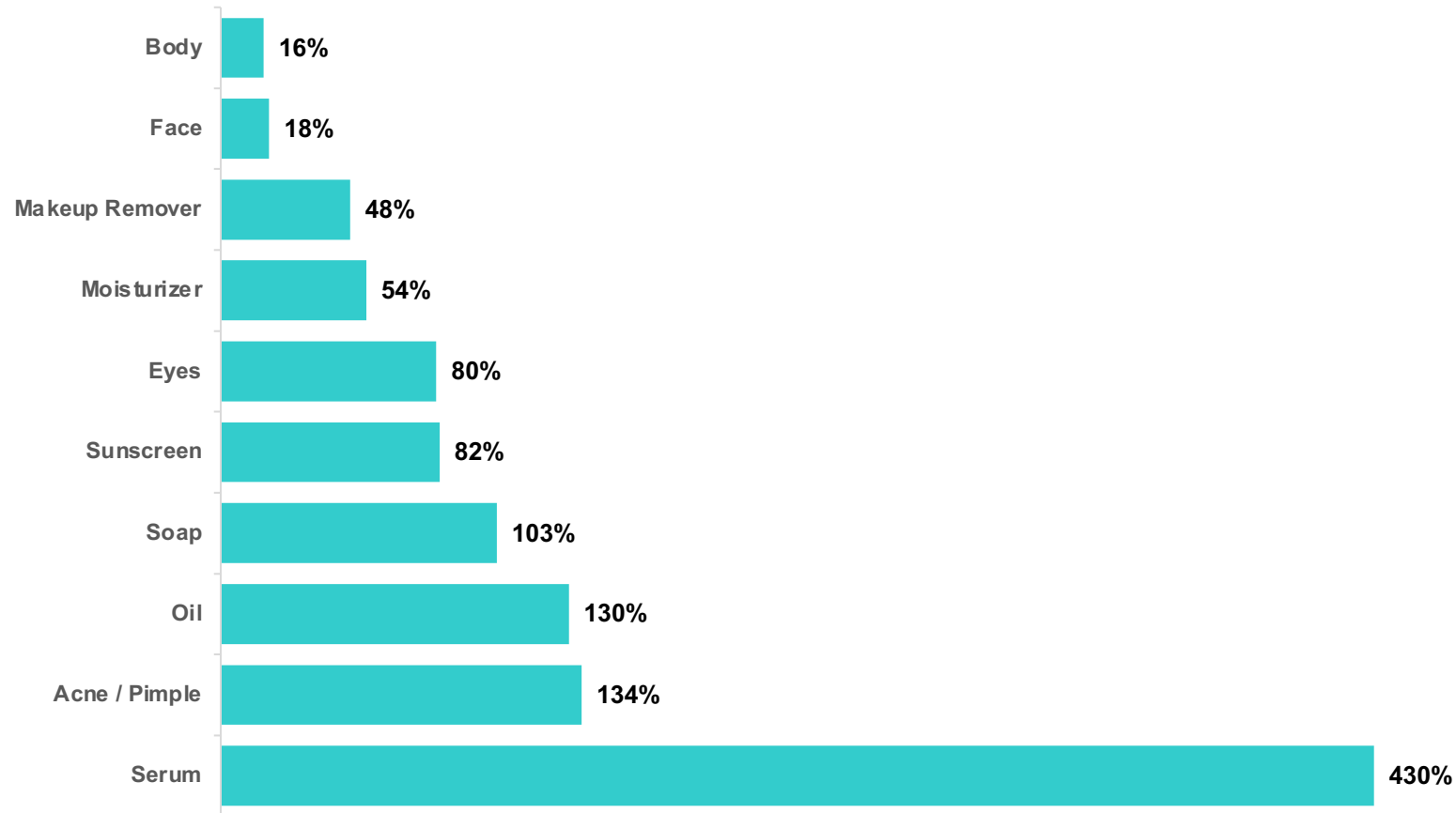
Hourly View of Prime Day Glance Views, Ordered Revenue and Unit Conversion % for Home & Kitchen



Source: Internal data from CommerceIQ's REM Platform for its users from the hours of 12:00AM PST to 11:59PM PST on July 11, 2023 and July 12, 2023 vs 12:00AM PST to 11:59PM PST on July 11, 2022 and July 12, 2022

Change in Volume Share for Beauty & Personal Care: Prime Day 2023 compared to Prime Day 2022

+77%



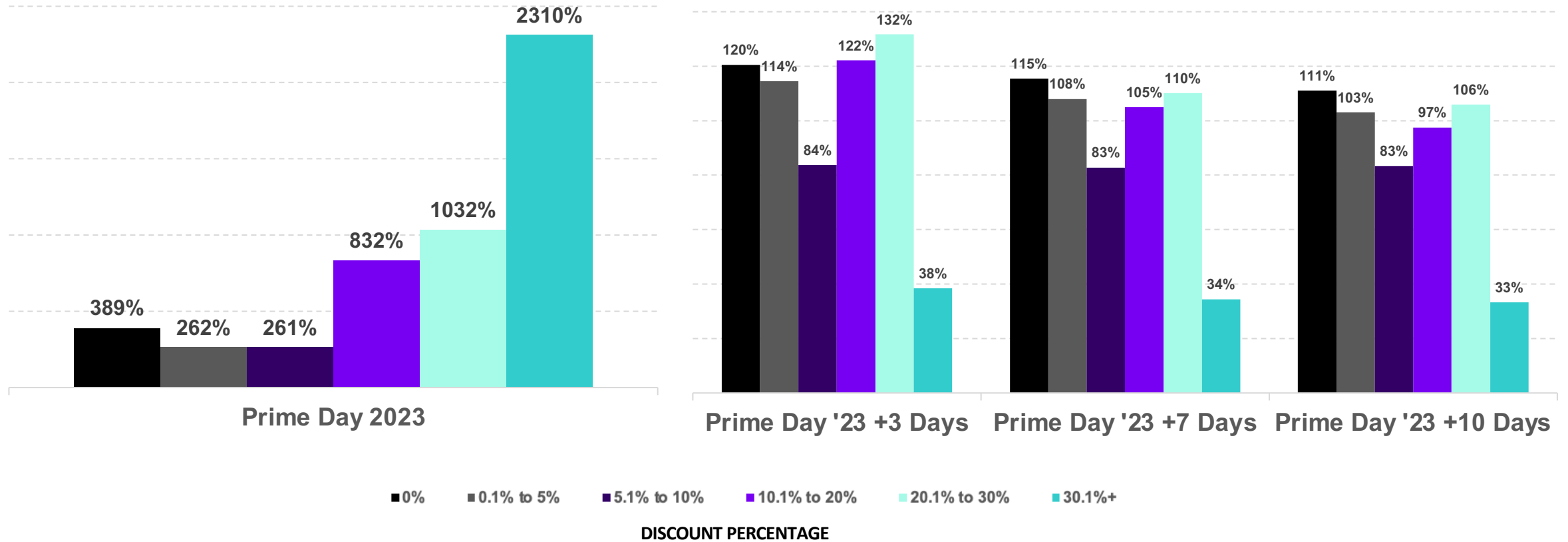
Beauty & Personal Care Biggest Rising Terms vs. Prime Day 2022	
Search Term	% Change
snail mucin serum	19825%
beauty of joseon sunscreen stick	2071%
skin care products preppy	1713%
vitamin c face serum	1711%
under eye patches for puffy eyes	1522%
hero pimple patch	1461%
make up remover wipes for face	1381%
snail mucin moisturizer	1186%
juno skin cleansing balm	907%
acne patches for face	761%

Beauty & Personal Care Biggest Falling Terms vs. Prime Day 2022	
Search Term	% Change
exfoliating face wash	-18%
face massager	-20%
shower gel	-21%
facial mask	-24%
face cream	-24%
body soap	-26%
acne	-27%
vitamin c serum for face	-40%
facial skin care products	-42%
face mask skin care	-72%

Source: Internal data from CommerceIQ's REM Platform for its users from the hours of 12:00AM PST to 11:59PM PST on July 11, 2023 and July 12, 2023 vs 12:00AM PST to 11:59PM PST on July 11, 2022 and July 12, 2022

Higher discounts generally correlated with a higher retention of glance views post-Prime Day, except for extreme 30%+ discounts which correlated with a substantial decline in Glance Views post-Prime Day hinting at those extreme deal seekers being out of market.

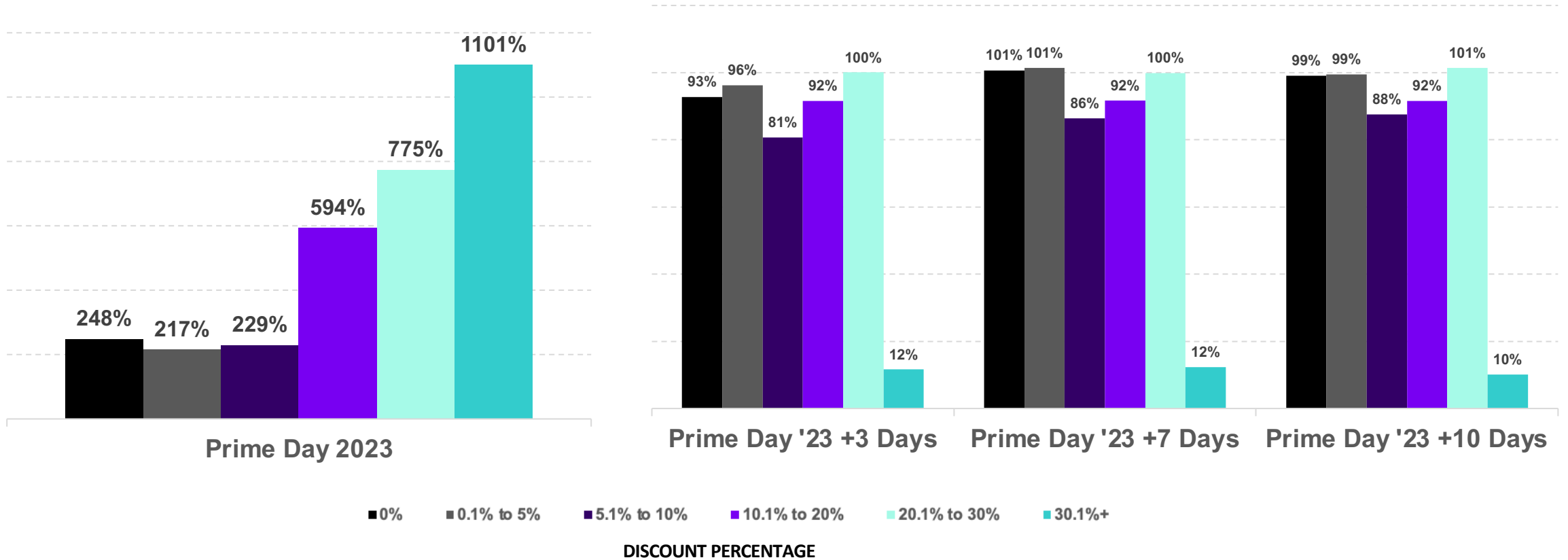
Average Daily Glance Views as % of Average Daily Glance Views for L28 Days Prior to Prime Day 2023 in Beauty



Source: Internal data from CommerceIQ's REM Platform for its users from the hours of 12:00AM PST to 11:59PM PST on July 11, 2023 and July 12, 2023 vs 12:00AM PST to 11:59PM PST on July 11, 2022 and July 12, 2022, compared to the 28 days prior average, and the daily average +3, +7 and +10 days post Prime Day.

Larger discounts correlated with higher ordered revenue on Prime Day for Beauty, but generally correlated with lower ordered revenues post Prime Day, including a steep drop off of Ordered Revenue post-Prime Day on 30%+ discounted ASINs.

Average Daily Ordered Revenue as % of Average Daily Ordered Revenue for L28 Days Prior to Prime Day 2023 in Beauty



Source: Internal data from CommerceIQ's REM Platform for its users from the hours of 12:00AM PST to 11:59PM PST on July 11, 2023 and July 12, 2023 vs 12:00AM PST to 11:59PM PST on July 11, 2022 and July 12, 2022, compared to the 28 days prior average, and the daily average +3, +7 and +10 days post Prime Day.

Contact Us

Contact CommercetQ at <https://www.commerceiq.ai/demo/>

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