TRENDS REPORT

State of Retail Ecommerce
Tools & Home Improvement Category

Month Ending October 2023
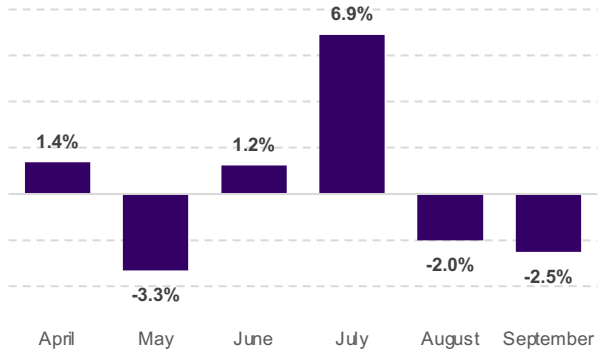
CommerceIQ

Overall Executive Summary

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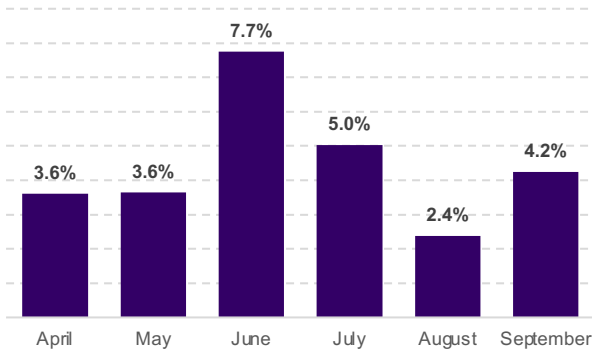
Source: Internal data from CommerceIQ's REM Platform for its users for the 18 months leading up to and including September 2023.

CommerceIQ

Across all categories there is a much more pronounced growth in ad spend outside of summer, with a slight decline in glance views, signaling an overall more competitive landscape for brands.
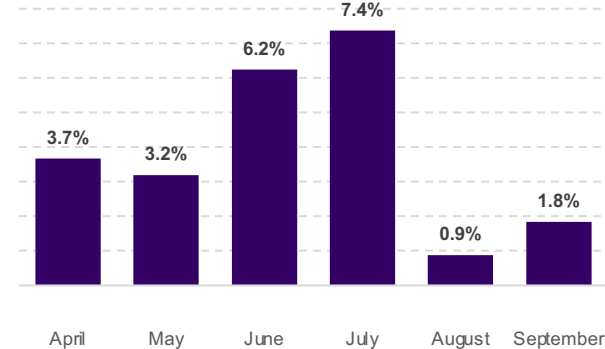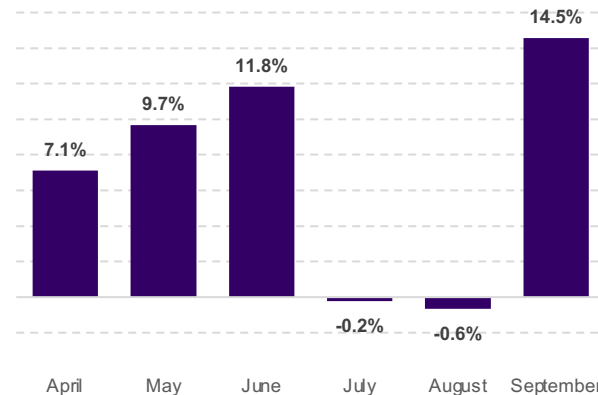
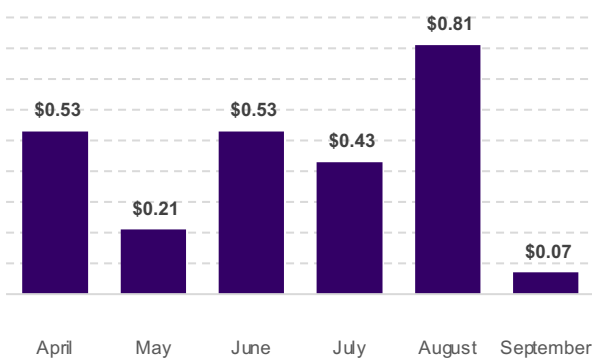**Change in Glance Views (Overall)**
2023 v 2022

April	May	June	July	August	September
1.4%	-3.3%	1.2%	6.9%	-2.0%	-2.5%

Change in ASP (Overall)
2023 v 2022

April	May	June	July	August	September
3.6%	3.6%	7.7%	5.0%	2.4%	4.2%

Change in OPS (Overall)
2023 v 2022

April	May	June	July	August	September
3.7%	3.2%	6.2%	7.4%	0.9%	1.8%

Change in Ad Spend (Overall)
2023 v 2022

April	May	June	July	August	September
7.1%	9.7%	11.8%	-0.2%	-0.6%	14.5%

Change in CPC (Overall)
2023 v 2022

April	May	June	July	August	September
$0.53	$0.21	$0.53	$0.43	$0.81	$0.07

Change in ROAS (Overall)
2023 v 2022

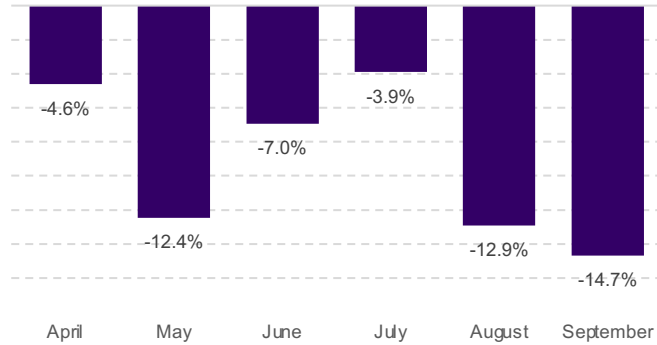| April	May	June	July	August	September
-$0.12	$0.08	$0.16	$0.06	$0.04	$0.17
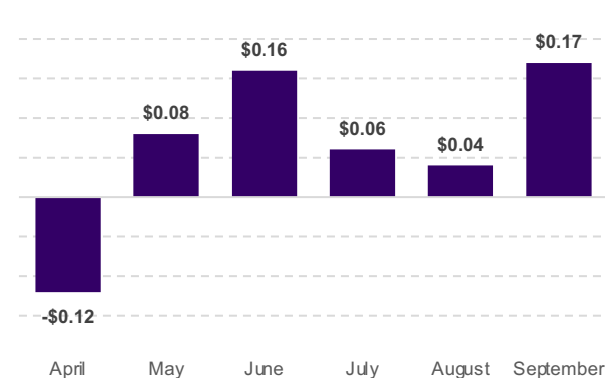
Source: Internal data in aggregate from CommerceIQ's REM Platform for its users on Amazon for the 18 months leading up to and including September 2023.
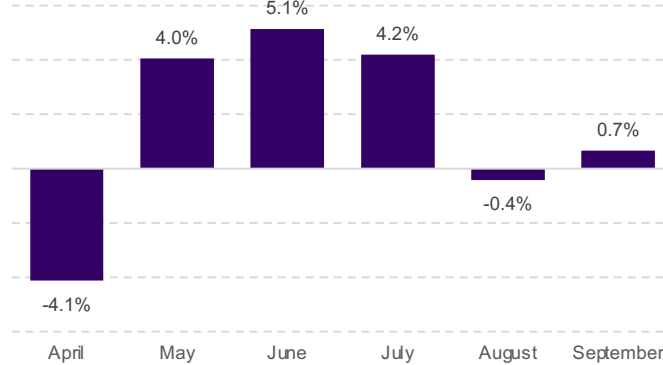
CommerceIQ

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
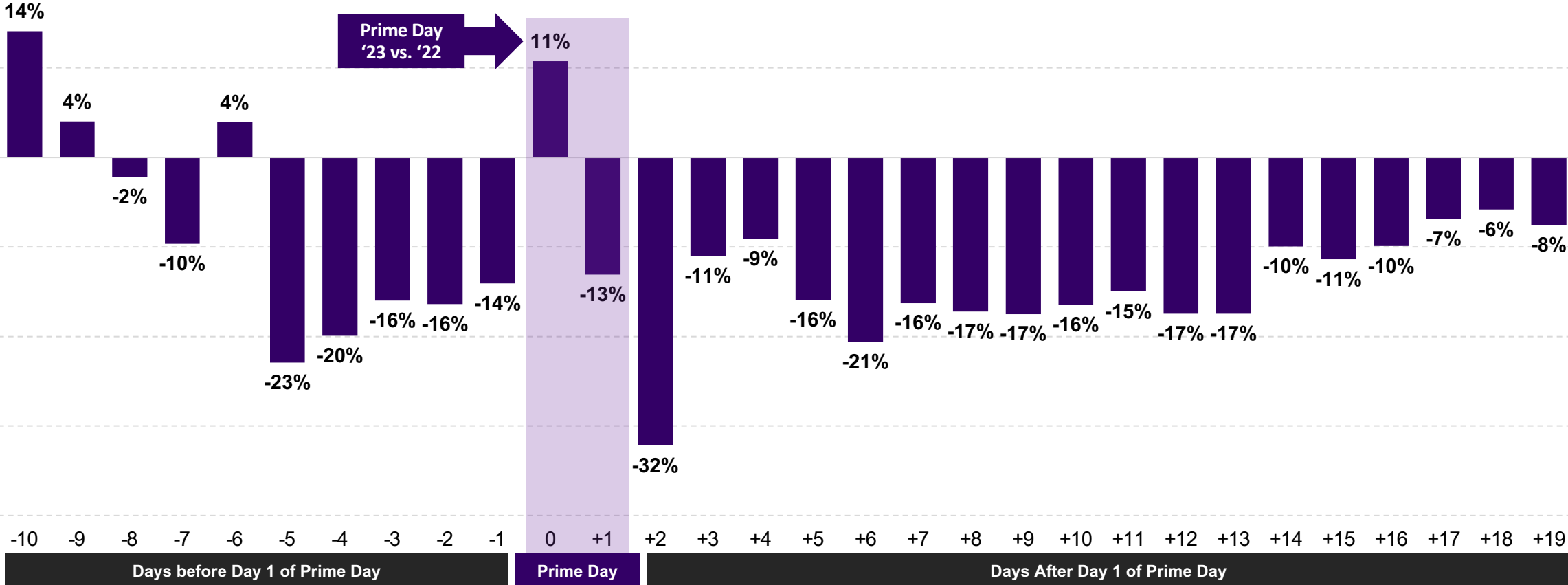
Prime Day '23 vs. '22

Days	Value
-10	14%
-9	4%
-8	-2%
-7	-10%
-6	4%
-5	-23%
-4	-20%
-3	-16%
-2	-16%
-1	-14%
0	11%
+1	-13%
+2	-32%
+3	-11%
+4	-9%
+5	-16%
+6	-21%
+7	-16%
+8	-17%
+9	-17%
+10	-16%
+11	-15%
+12	-17%
+13	-17%
+14	-10%
+15	-11%
+16	-10%
+17	-7%
+18	-6%
+19	-8%

Days before Day 1 of Prime Day | Prime Day | Days After Day 1 of Prime Day

October 2023

CommerceIQ

Key Category Metrics

CommerceIQ

The category faces strong headwinds with declining traffic, OPS and ROAS.

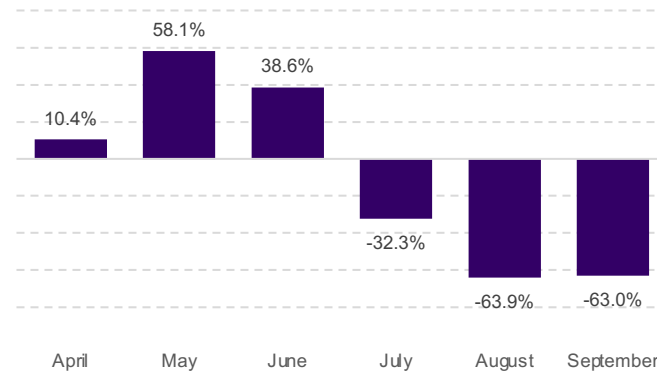### Change in Glance Views (Overall)
2023 v 2022

April: -4.6%
May: -12.4%
June: -7.0%
July: -3.9%
August: -12.9%
September: -14.7%

Change in ASP (Overall)
2023 v 2022

April: -4.1%
May: 4.0%
June: 5.1%
July: 4.2%
August: -0.4%
September: 0.7%

Change in OPS (Overall)
2023 v 2022

April: -2.4%
May: -2.0%
June: -0.5%
July: -1.0%
August: -5.3%
September: -9.2%

Change in Ad Spend (Overall)
2023 v 2022

April: 10.4%
May: 58.1%
June: 38.6%
July: -32.3%
August: -63.9%
September: -63.0%

Change in CPC (Overall)
2023 v 2022

April: $0.77
May: $0.96
June: $1.19
July: $0.70
August: -$0.07
September: -$0.10

Change in ROAS (Overall)
2023 v 2022

April: $(1.33)
May: $(1.36)
June: $(1.89)
July: $(0.85)
August: $(0.49)
September: $(0.69)
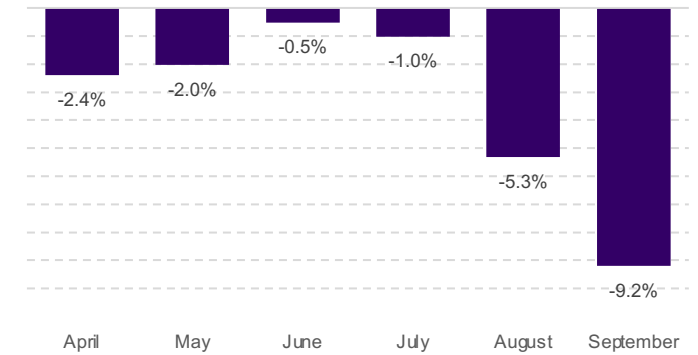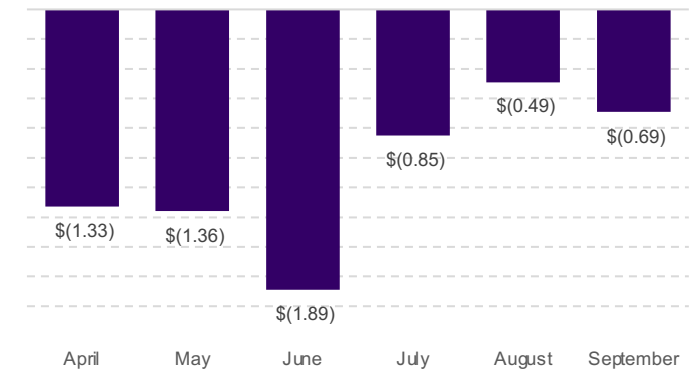
CommerceIQ

Category Summary: Top 3 Takeaways for October 2023

1 RepOOS% has started to climb September, with a continued pull back on inventory on hand. This could present supply chain challenges going into Q4.

2 The category is facing strong headwinds with declining revenues, ROAS, traffic and gross margins.

3 Ad Spend and discounting has declined, indicating an overall focus on profitability for the category.
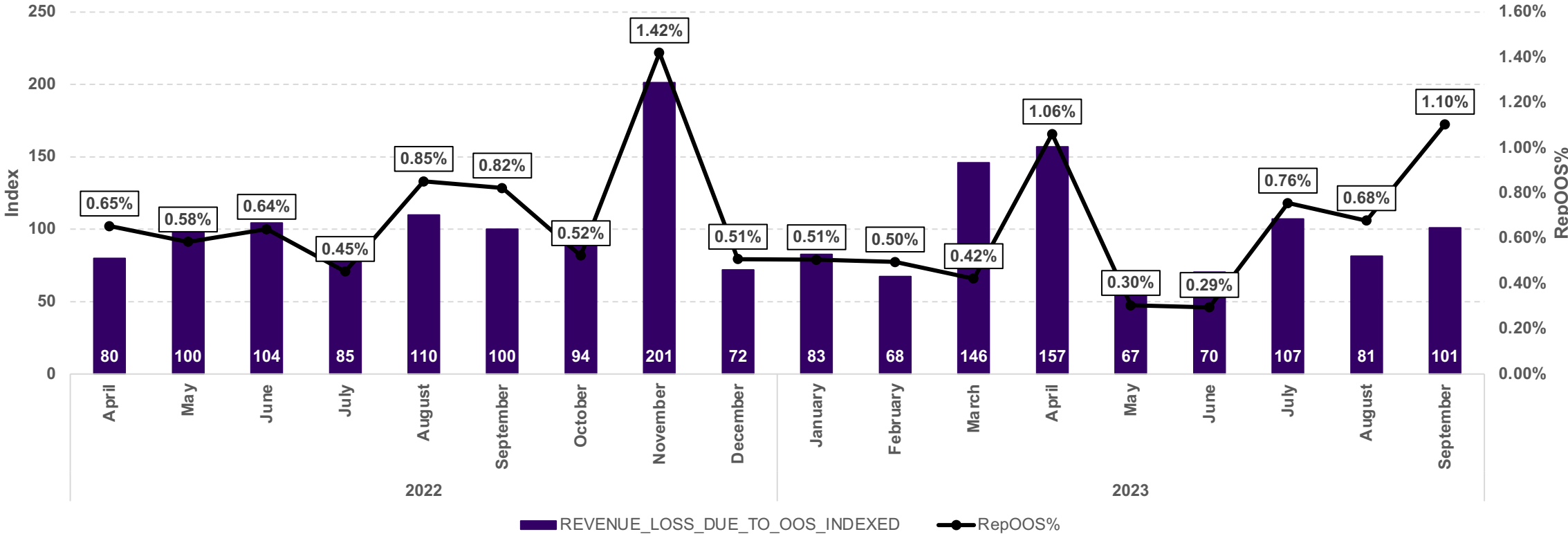
Source: Internal data from CommerceIQ's REM Platform for its users for the 18 months leading up to and including September 2023.

CommerceIQ

The category is facing some challenges within the supply chain, with increasing RepOOS% MoM as well as slightly elevated revenue losses due to OOS vs. September 2022.

Out of Stocks for Units and Revenue

Legend: ■ REVENUE_LOSS_DUE_TO_OOS_INDEXED — ● RepOOS%

RepOOS% values by month:
- April 2022: 0.65%
- May 2022: 0.58%
- June 2022: 0.64%
- July 2022: 0.45%
- August 2022: 0.85%
- September 2022: 0.82%
- October 2022: 0.52%
- November 2022: 1.42%
- December 2022: 0.51%
- January 2023: 0.51%
- February 2023: 0.50%
- March 2023: 0.42%
- April 2023: 1.06%
- May 2023: 0.30%
- June 2023: 0.29%
- July 2023: 0.76%
- August 2023: 0.68%
- September 2023: 1.10%

Revenue Loss Due to OOS Indexed values by month:
- April 2022: 80
- May 2022: 100
- June 2022: 104
- July 2022: 85
- August 2022: 110
- September 2022: 100
- October 2022: 94
- November 2022: 201
- December 2022: 72
- January 2023: 83
- February 2023: 68
- March 2023: 146
- April 2023: 157
- May 2023: 67
- June 2023: 70
- July 2023: 107
- August 2023: 81
- September 2023: 101

October 2023

CommerceIQ

After a spike in revenue losses, the category has relatively recovered from a supply chain perspective.

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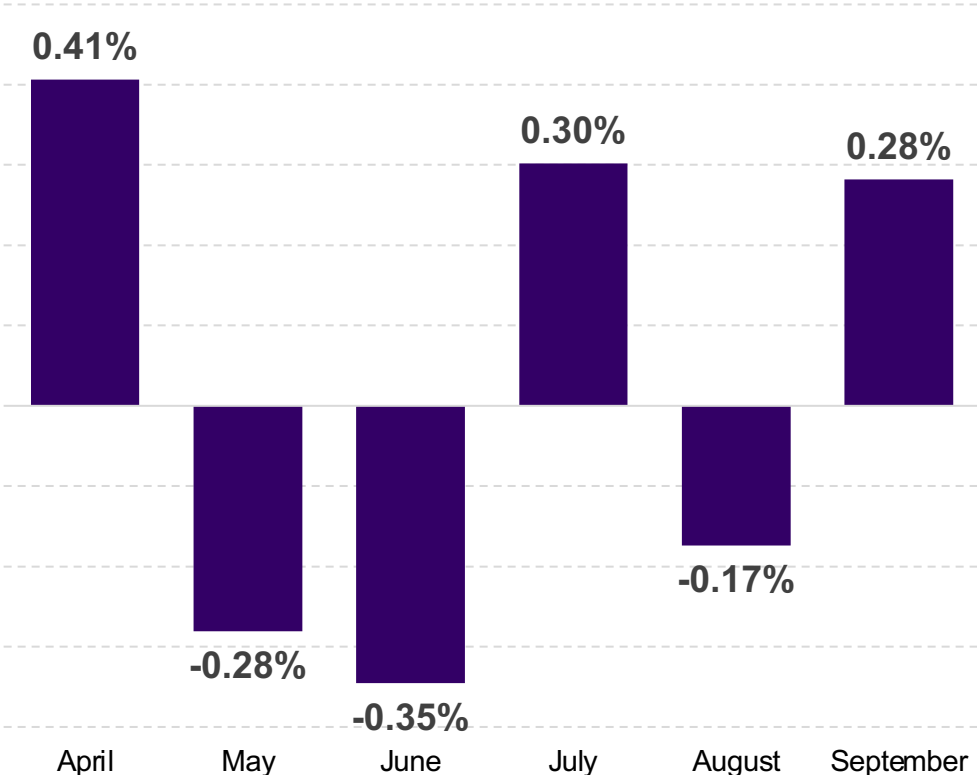
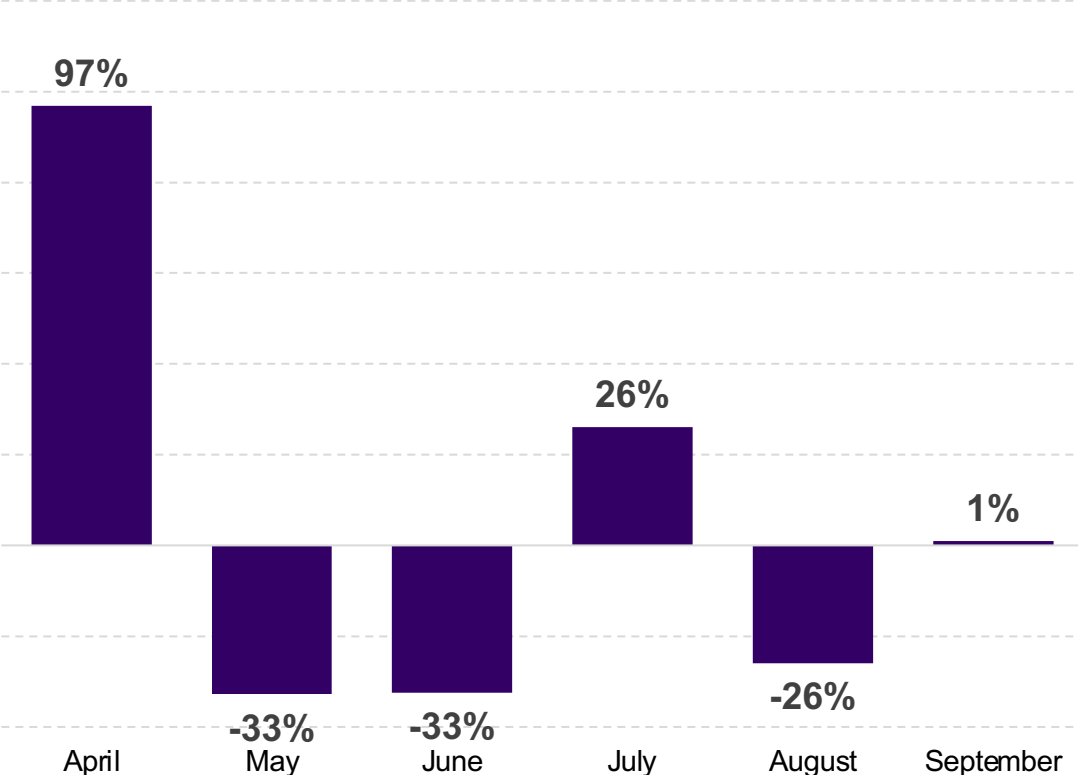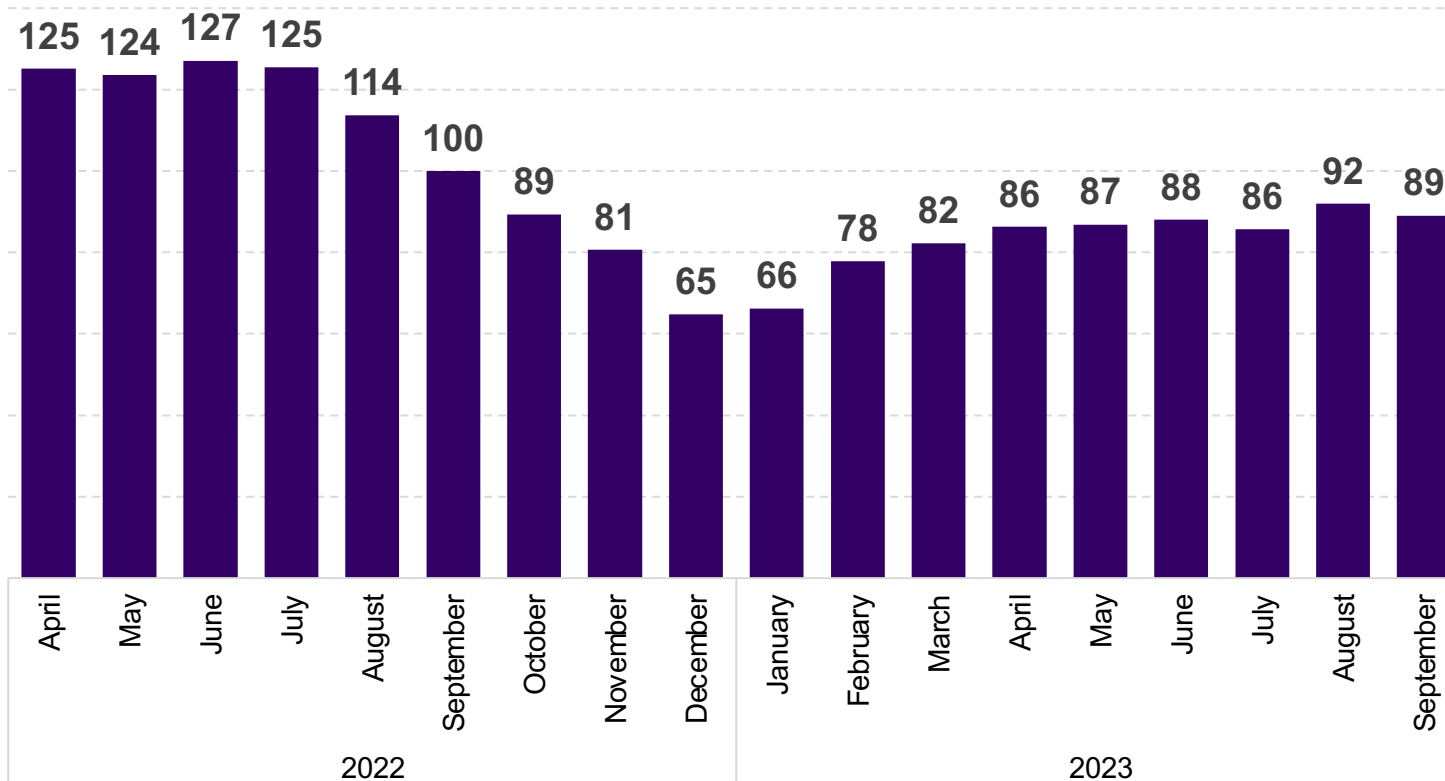
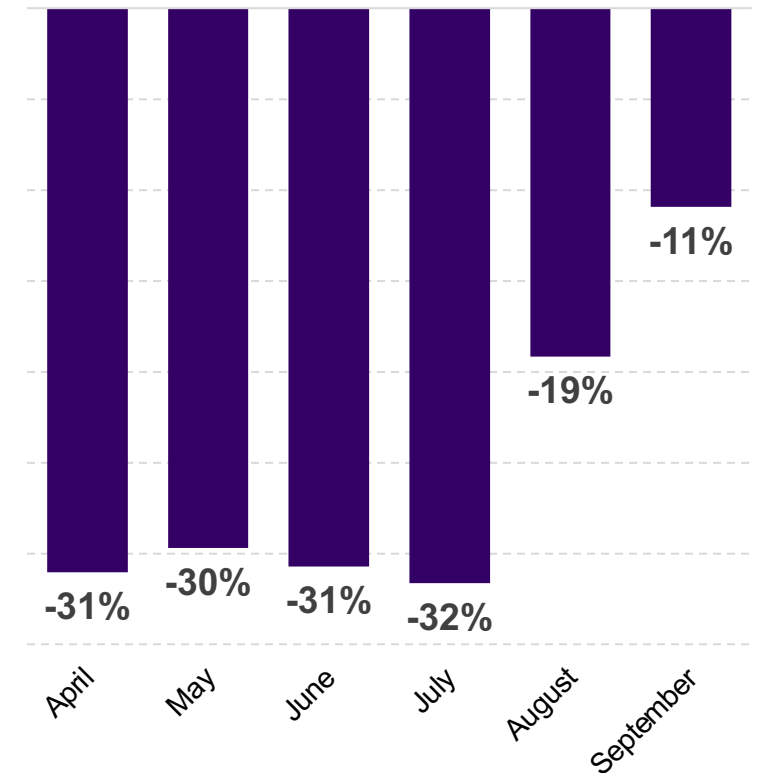**Change in Revenue Lost due to OOS (2023 vs 2022)**

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.

CommerceIQ

Inventory levels have steadily decreased month over month and are below 2022 levels, which could indicate pent up supply chain deficiencies leading into Q4, and potential spikes in revenue losses.

On Hand Inventory Index

Month	Index
April (2022)	125
May (2022)	124
June (2022)	127
July (2022)	125
August (2022)	114
September (2022)	100
October (2022)	89
November (2022)	81
December (2022)	65
January (2023)	66
February (2023)	78
March (2023)	82
April (2023)	86
May (2023)	87
June (2023)	88
July (2023)	86
August (2023)	92
September (2023)	89

2022 / 2023

Change in On Hand Inventory (2023 vs 2022)

Month	Change
April	-31%
May	-30%
June	-31%
July	-32%
August	-19%
September	-11%

CommerceIQ

Fill rates have slowly increased, while ordered units are substantially above 2022 levels.

Fill Rate % vs. Ordered Unit & Fulfilled PO Units Indices
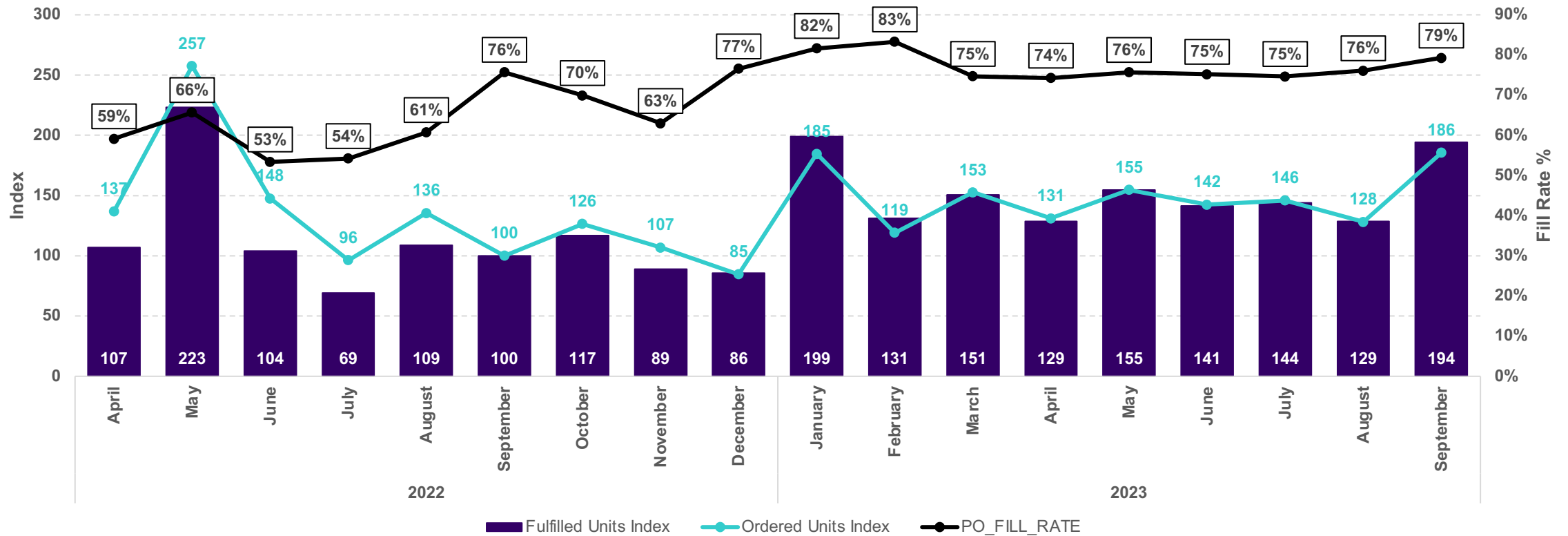
Legend: Fulfilled Units Index — Ordered Units Index — PO_FILL_RATE

CommerceIQ

# Price Levels are consistent with 2022 while discount levels have fallen month over month.
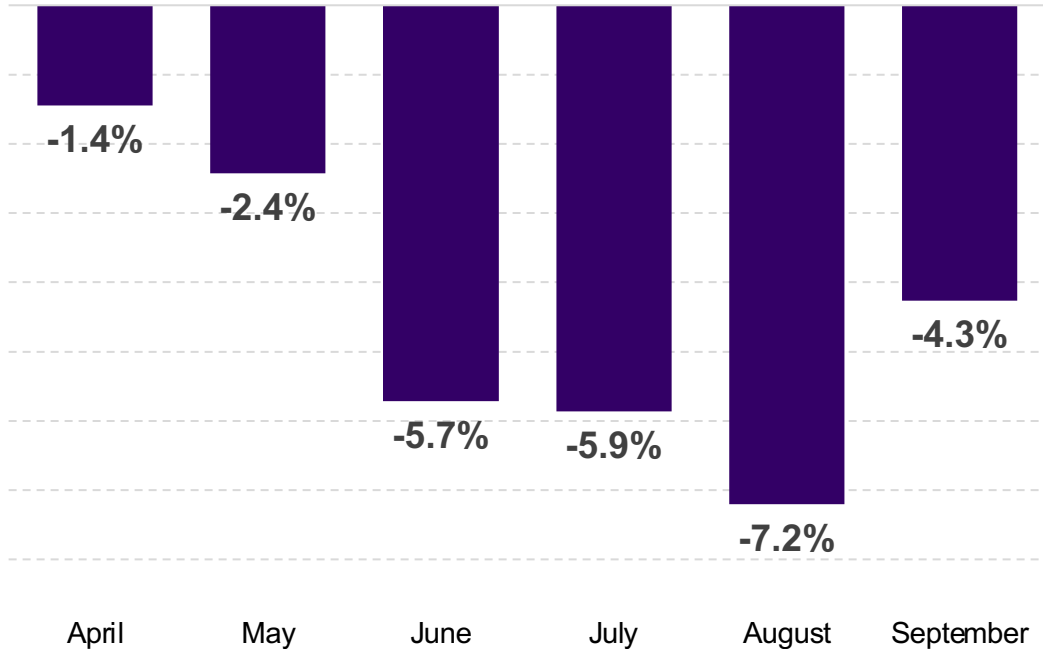
Price Index vs. Discount Percentage
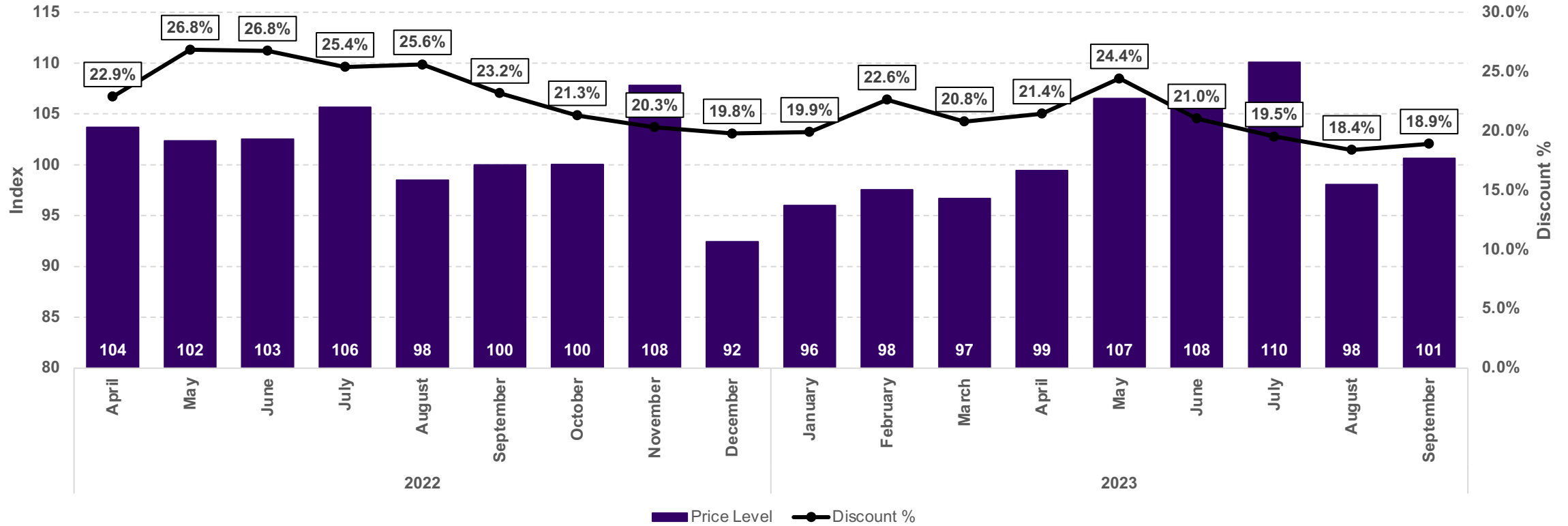
Source: Internal data in aggregate from CommerceIQ's REM Platform for its users on Amazon for the 18 months leading up to and including September 2023. Index set to 100 for September 2022 to create simpler comparisons for September 2023.

CommerceIQ

The pullback on discounting signals an increased focus on profitability in the category.

Change in Price Level (2023 vs 2022)

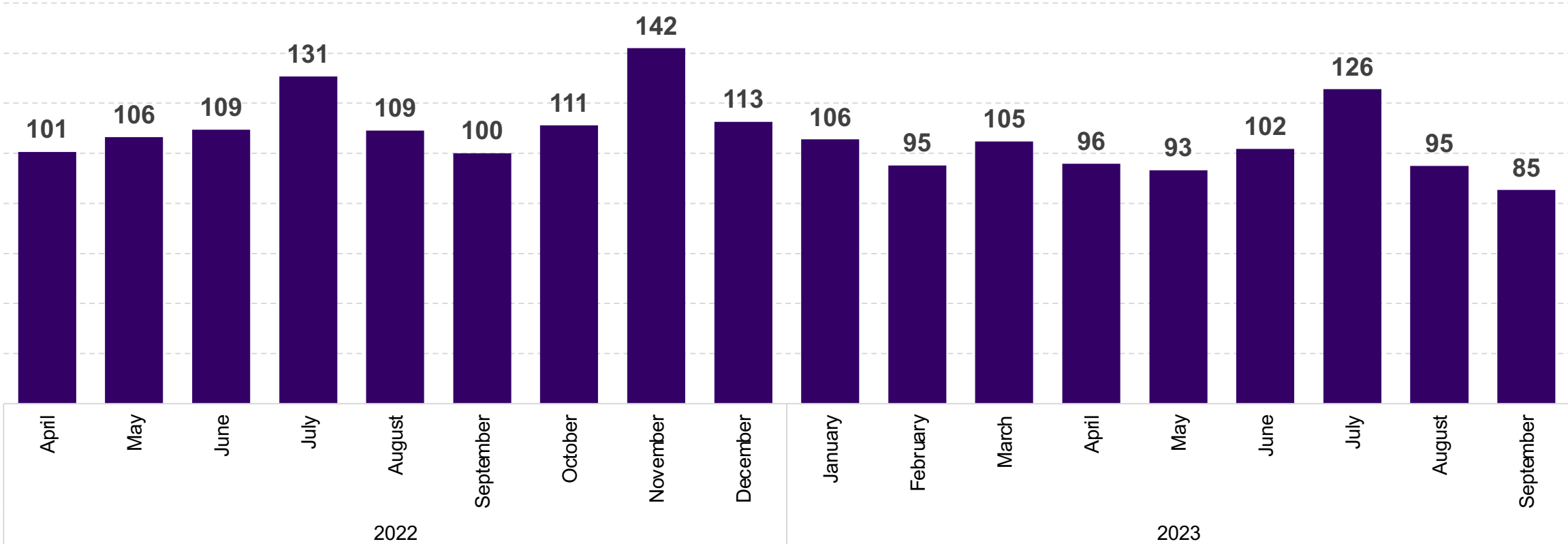- April: -4.1%
- May: 4.0%
- June: 5.1%
- July: 4.2%
- August: -0.4%
- September: 0.7%
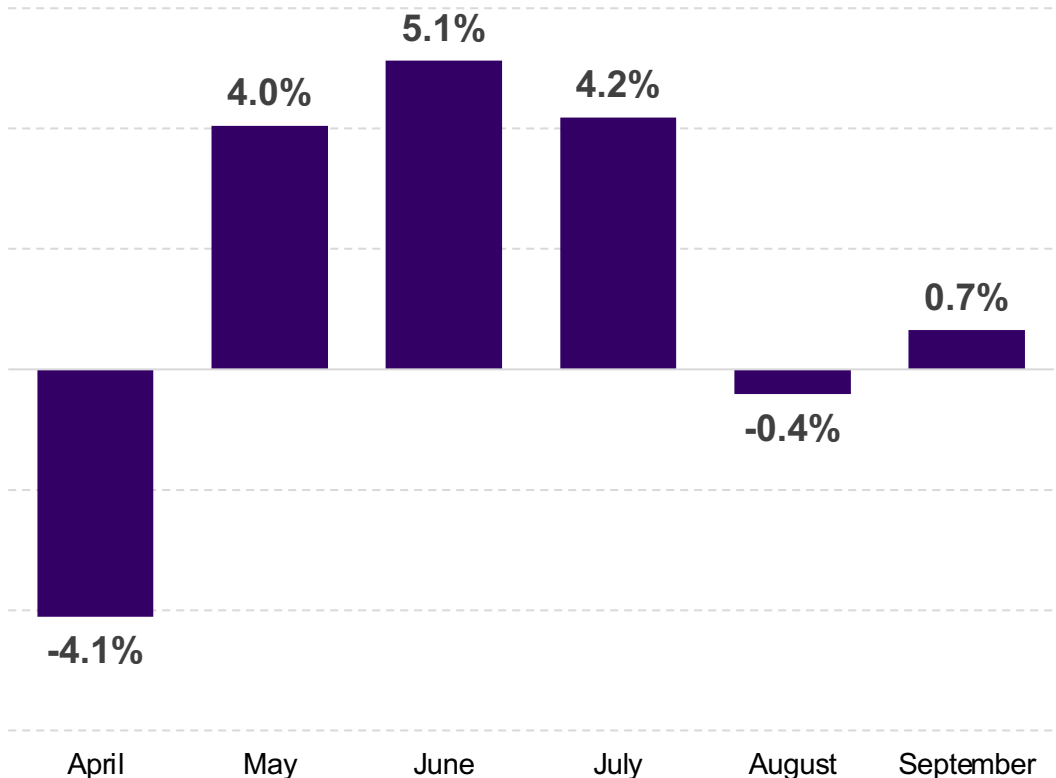
Change in Discount % (2023 vs 2022)

- April: -1.4%
- May: -2.4%
- June: -5.7%
- July: -5.9%
- August: -7.2%
- September: -4.3%

CommerceIQ

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

Glance Views Index

Bar chart values:

Month	Index
April (2022)	101
May (2022)	106
June (2022)	109
July (2022)	131
August (2022)	109
September (2022)	100
October (2022)	111
November (2022)	142
December (2022)	113
January (2023)	106
February (2023)	95
March (2023)	105
April (2023)	96
May (2023)	93
June (2023)	102
July (2023)	126
August (2023)	95
September (2023)	85

2022   2023

October 2023

CommerceIQ

OPS and unit margins have fallen below 2022 levels, indicating a tougher climate for growth.

OPS Index vs. Unit Margin %
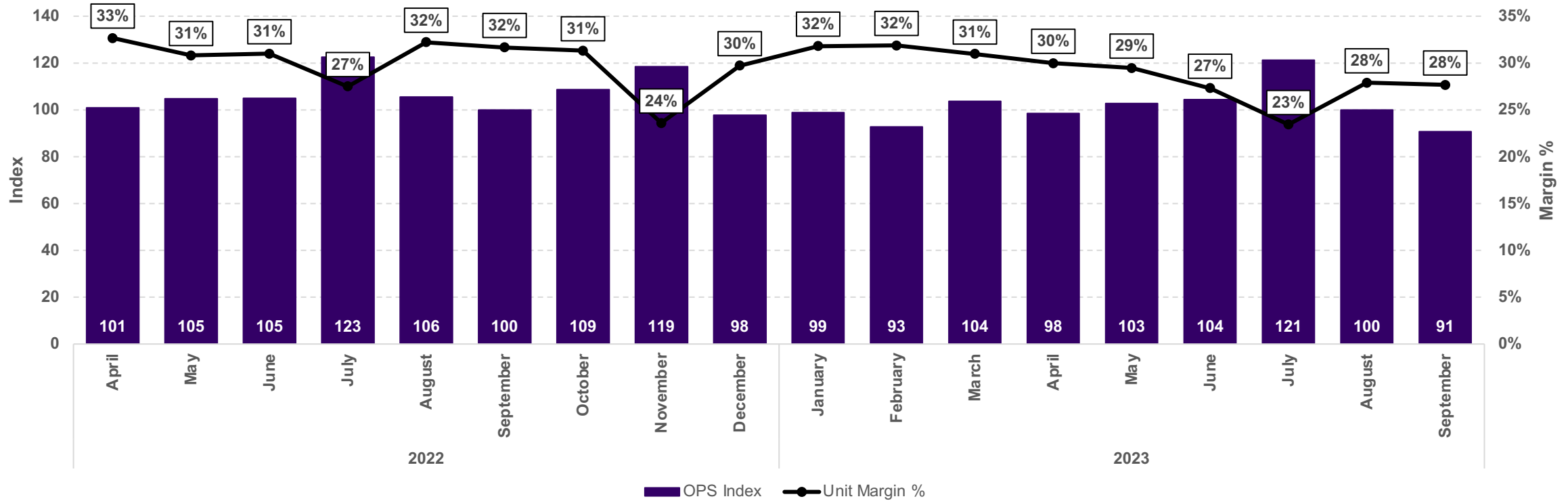
Legend: ■ OPS Index ●— Unit Margin %

| Month	OPS Index	Unit Margin %
April (2022)	101	33%
May	105	31%
June	105	31%
July	123	27%
August	106	32%
September	100	32%
October	109	31%
November	119	24%
December	98	30%
January (2023)	99	32%
February	93	32%
March	104	31%
April	98	30%
May	103	29%
June	104	27%
July	121	23%
August	100	28%
September	91	28%

CommerceIQ

Ordered Revenues and margins are also down year over year, further emphasizing the challenges in the category

Change in Ordered Revenue (2023 vs 2022)

-2.4%	-2.0%	-0.5%	-1.0%	-5.3%	-9.2%
April	May	June	July	August	September
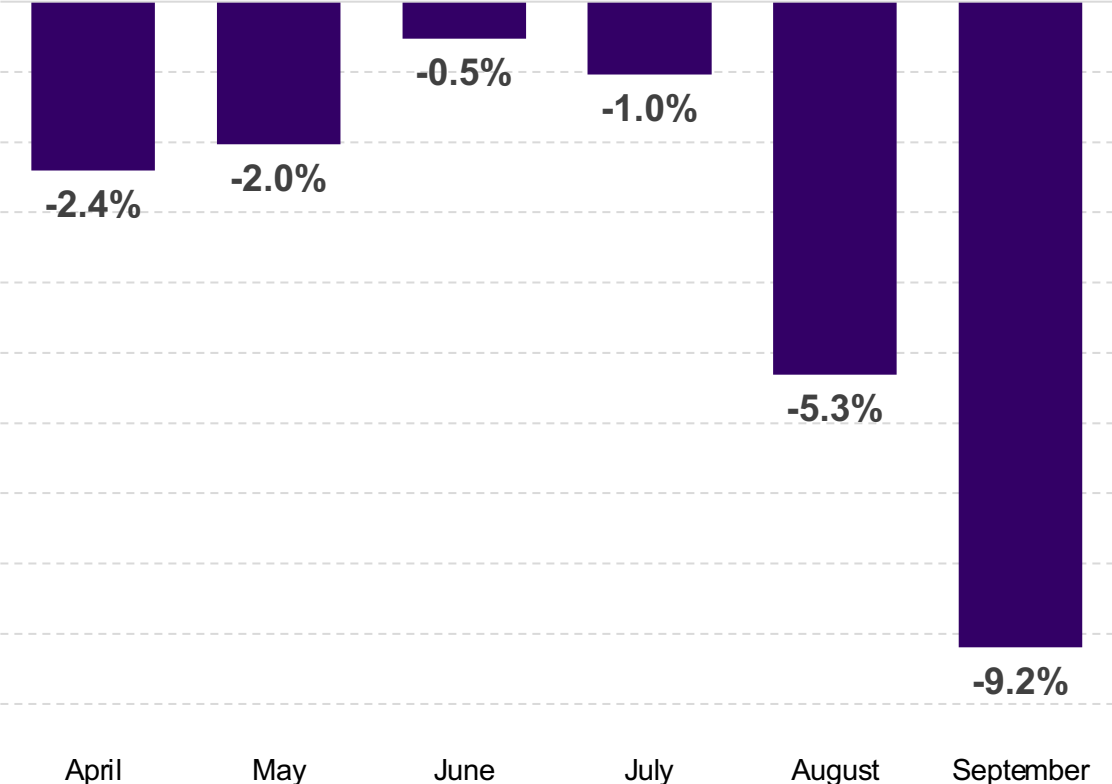
Change in Unit Margin % (2023 vs 2022)
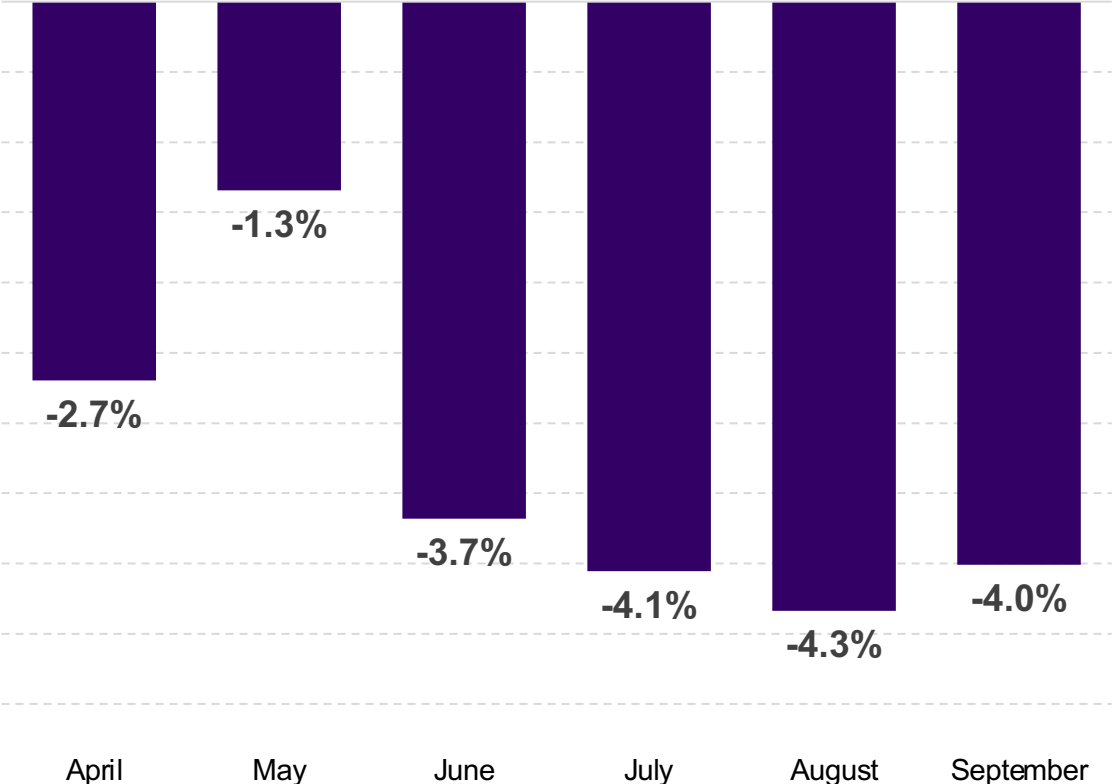
-2.7%	-1.3%	-3.7%	-4.1%	-4.3%	-4.0%
April	May	June	July	August	September

Commerce**IQ**

Traffic and ROAS has fallen Year over Year, supported by a minor decline in CPCs in the last 2 months.

Change in Glance Views (2023 vs 2022)

- April: -4.6%
- May: -12.4%
- June: -7.0%
- July: -3.9%
- August: -12.9%
- September: -14.7%
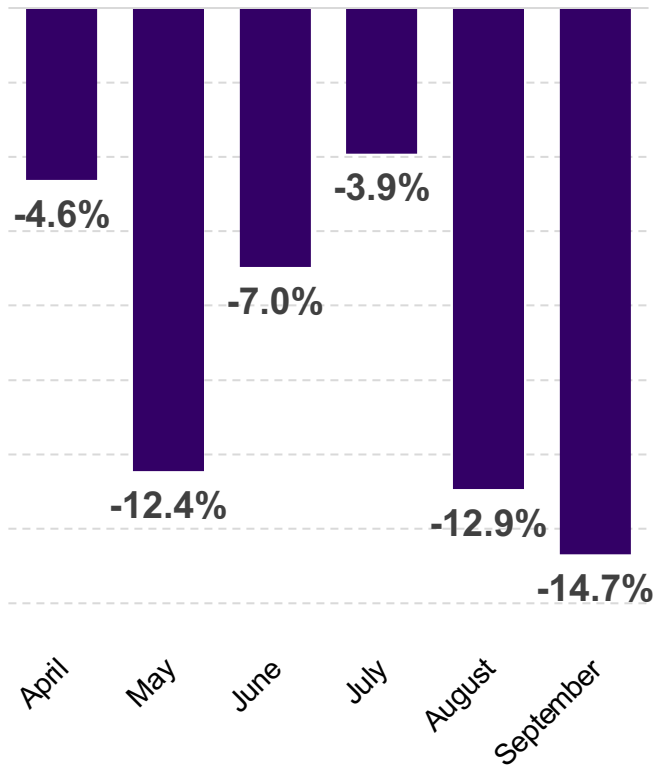
Change in ROAS (2023 vs 2022)

- April: $(1.33)
- May: $(1.36)
- June: $(1.89)
- July: $(0.85)
- August: $(0.49)
- September: $(0.69)
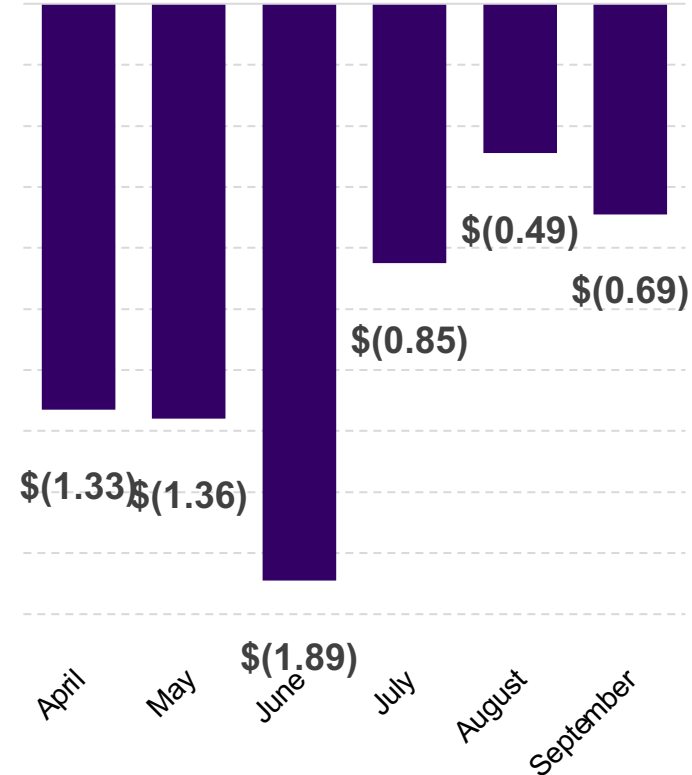
Change in CPC (2023 vs 2022)
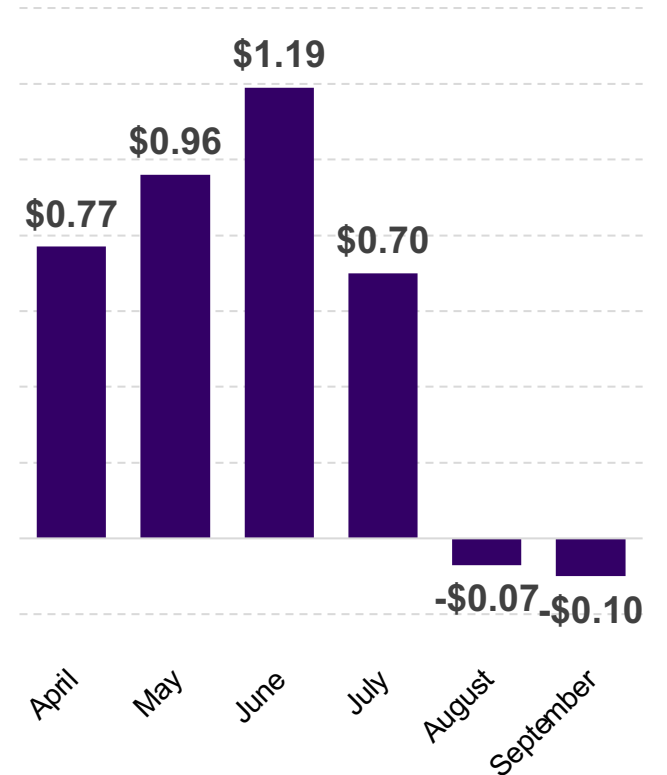
- April: $0.77
- May: $0.96
- June: $1.19
- July: $0.70
- August: -$0.07
- September: -$0.10

CommerceIQ

Ad spend has fallen dramatically versus 2022, correlating with an improvement in ROAS and CPCs.

Ad Spend Index vs. ROAS and CPC
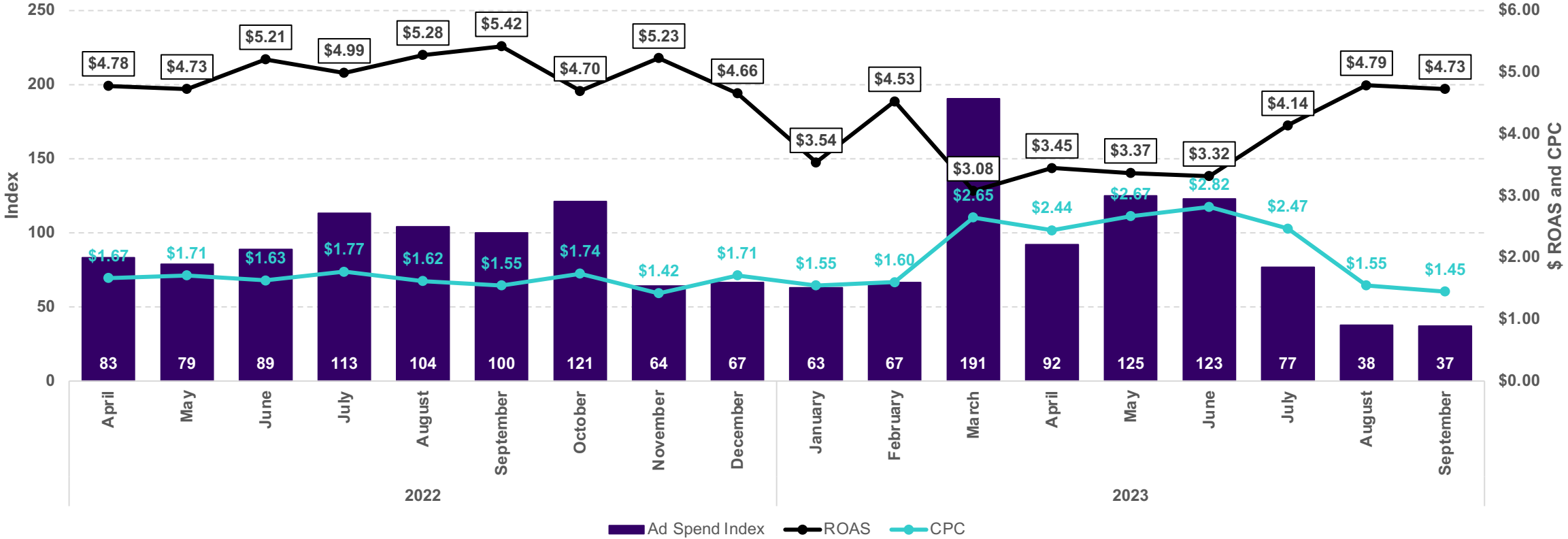
ROAS values (black line): $4.78, $4.73, $5.21, $4.99, $5.28, $5.42, $4.70, $5.23, $4.66, $3.54, $4.53, $3.08, $3.45, $3.37, $3.32, $4.14, $4.79, $4.73

CPC values (teal line): $1.67, $1.71, $1.63, $1.77, $1.62, $1.55, $1.74, $1.42, $1.71, $1.55, $1.60, $2.65, $2.44, $2.67, $2.82, $2.47, $1.55, $1.45

Ad Spend Index (bars): 83, 79, 89, 113, 104, 100, 121, 64, 67, 63, 67, 191, 92, 125, 123, 77, 38, 37

Months 2022: April, May, June, July, August, September, October, November, December
Months 2023: January, February, March, April, May, June, July, August, September

Legend: ■ Ad Spend Index —●— ROAS —●— CPC

October 2023

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

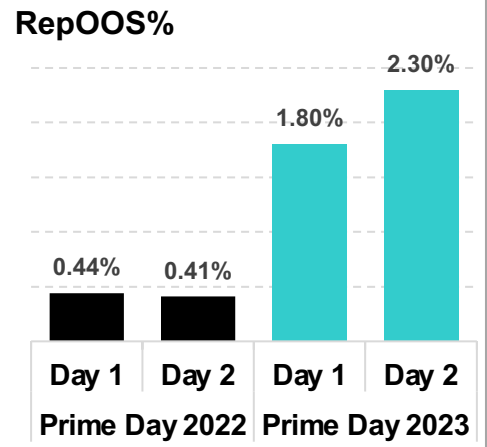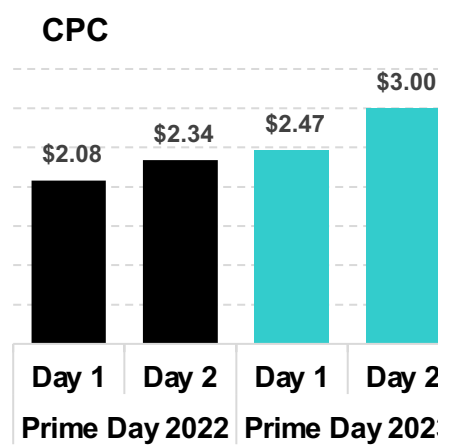|	Prime Day 2022		Prime Day 2023	
	Day 1	Day 2	Day 1	Day 2
	$2.07	$2.89	$2.80	$3.51
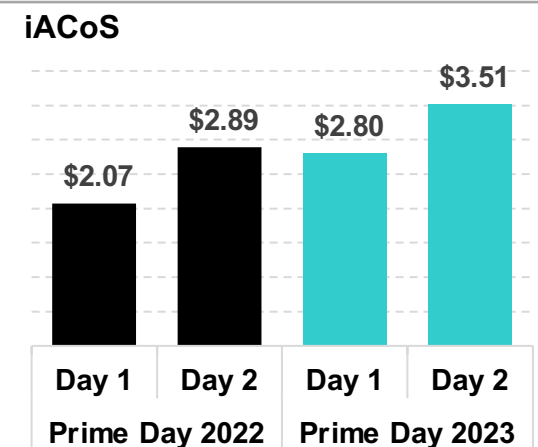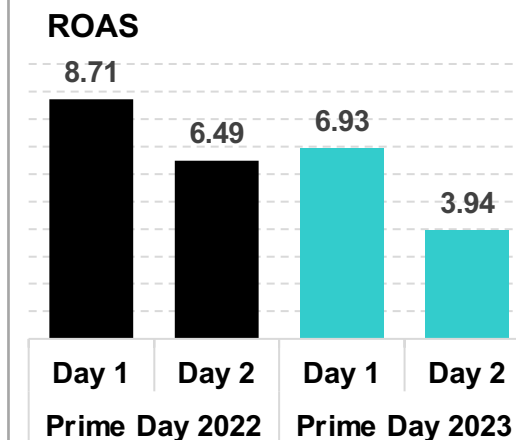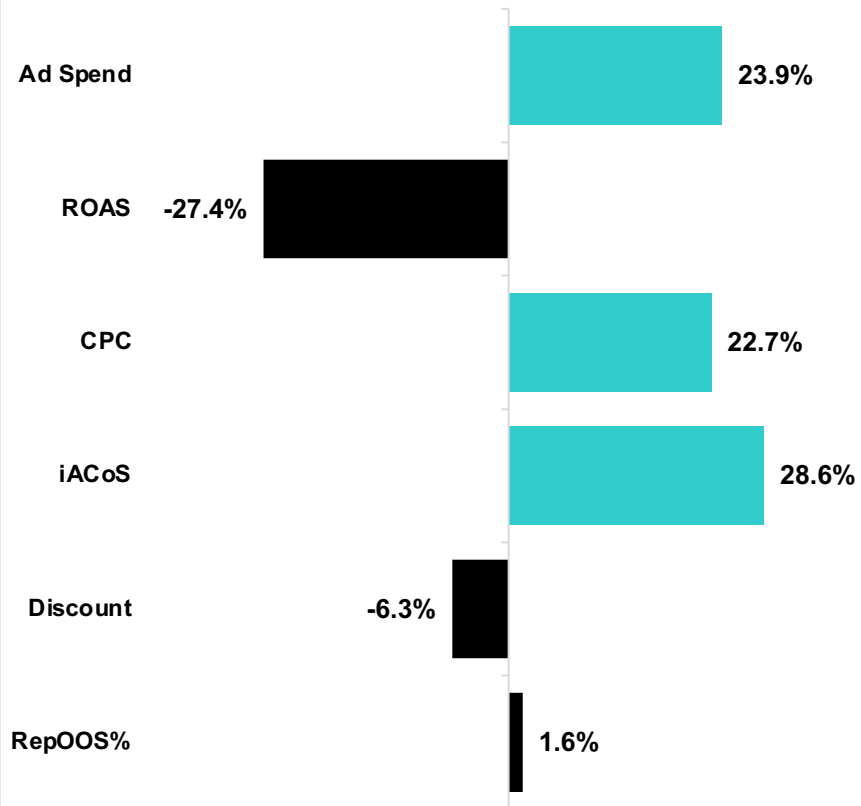
Advertising became less efficient in '23, likely due to lower discount rates, higher CPCs and higher RepOOS%
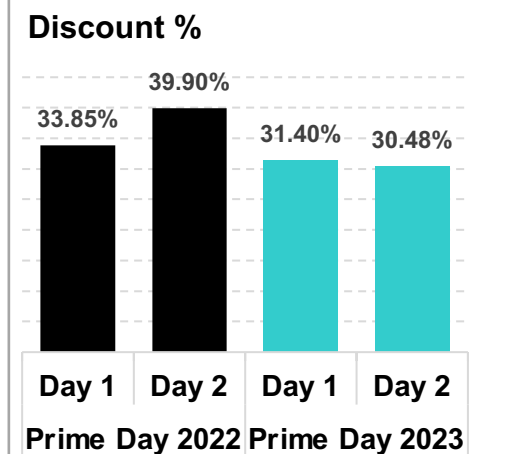
Discount %

	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%

October 2023

CommerceIQ

Tools & Home Improvement had a surge in sales, glance views and conversion in the waning hours of Prime Day.

7:00 PM PST
July 12 (Day 2)

Highest % of Prime Day Glance Views

8 & 9 PM PST
July 12 (Day 2)

Highest % of Prime Day Ordered Revenue

9:00 AM PST
July 11 (Day 1)

Highest Unit Conversion % Time

Hourly View of Prime Day Glance Views, Ordered Revenue and Unit Conversion % for Tools & Home Improvement
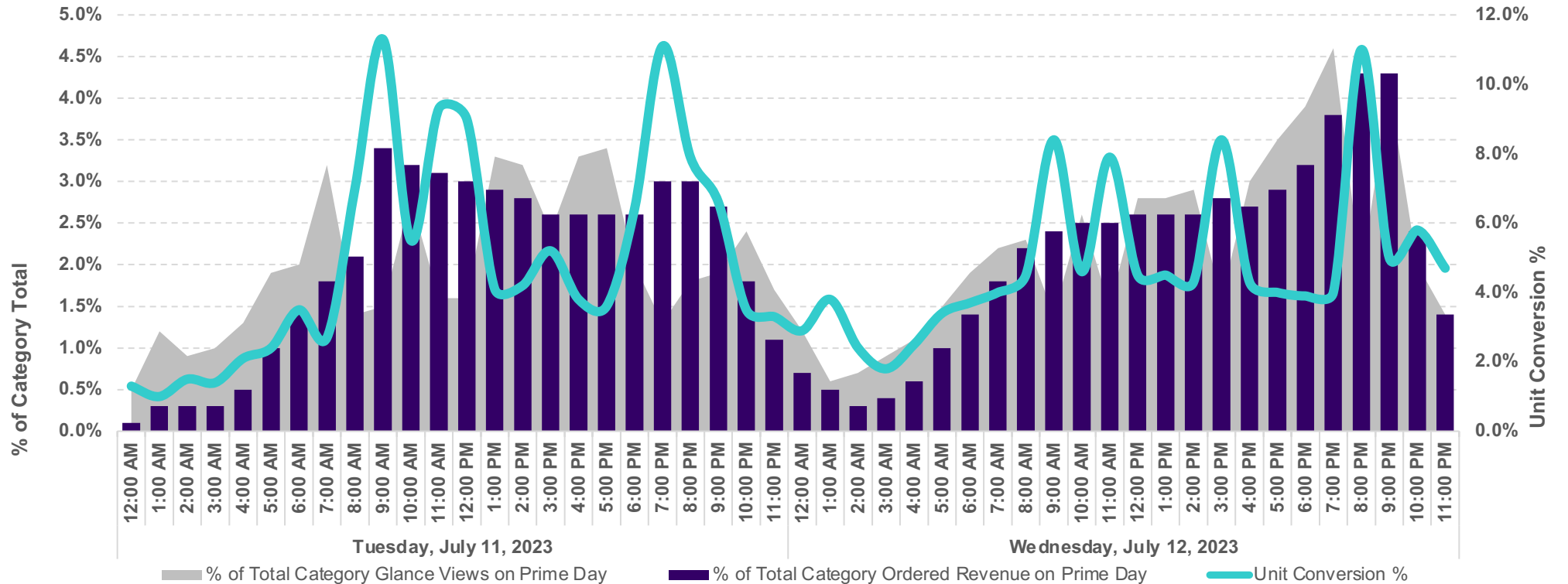
Tuesday, July 11, 2023 | Wednesday, July 12, 2023

- % of Total Category Glance Views on Prime Day
- % of Total Category Ordered Revenue on Prime Day
- Unit Conversion %

CommerceIQ

Change in Volume Share for Tools & Home Improvement: Prime Day 2023 compared to Prime Day 2022   **-3%**

Category	Change
Nails	-45%
Compressor	-19%
Buffing	-16%
Planer	-16%
Drill	-8%
Grinder	-7%
Saw	1%
Sander	1%
Screwdriver	2%
Impact	3%
Tools	23%
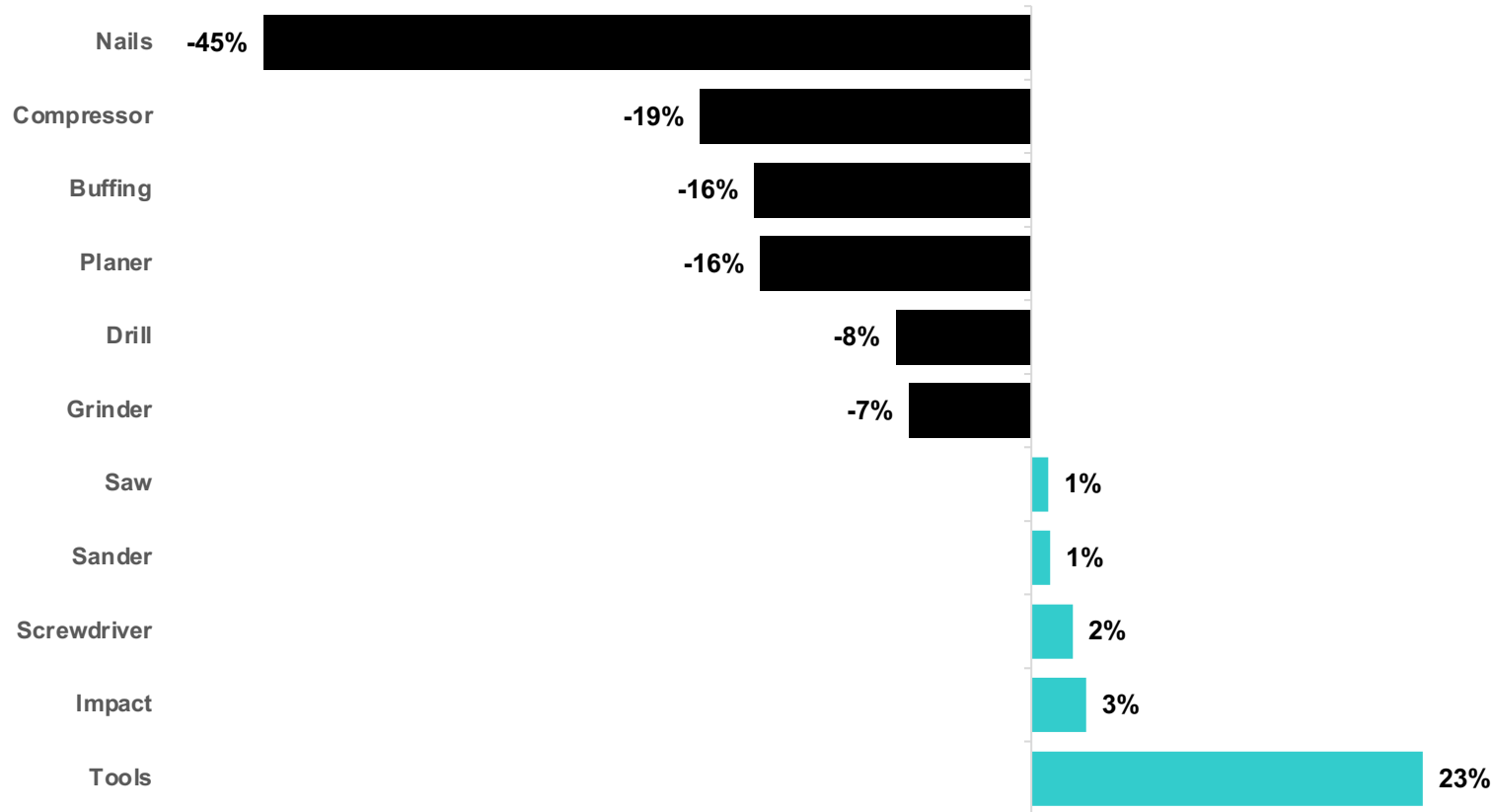
Tools & Home Improvement
Biggest Rising Terms vs. Prime Day 2022

Search Term	% Change
tincon wet dry floor cleaner	1560%
dremel tool accessories	389%
1/2 impact driver	294%
oscillating tool blade	194%
sandpaper sheets	166%
power tool set	87%
pocket hole jig kit	70%
electric screwdriver rechargeable	62%
1/2 impact wrench	56%
grinder tool	46%

Tools & Home Improvement
Biggest Falling Terms vs. Prime Day 2022

Search Term	% Change
jointer	-25%
power screwdriver	-26%
drills	-27%
polisher for car detailing	-30%
oscillating saw blades	-33%
air tools	-34%
sander tool	-40%
dust collector	-42%
nails	-45%
die grinder	-45%

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

CommerceIQ

Higher discounts generally correlated with a higher retention of glance views post-Prime Day, especially for 30%+ discounts which correlated with a substantial increase in Glance Views post-Prime Day hinting at people likely engaging on deals they wish they purchased but didn't purchase.

Average Daily Glance Views as % of Average Daily Glance Views for L28 Days Prior to Prime Day 2023 in Tools & Home Improvement

Prime Day 2023: 285%, 255%, 793%, 1793%, 2897%, 1756%

Prime Day '23 +3 Days: 91%, 85%, 114%, 119%, 121%, 170%

Prime Day '23 +7 Days: 96%, 87%, 111%, 109%, 106%, 161%

Prime Day '23 +10 Days: 93%, 85%, 109%, 103%, 96%, 153%

Legend: ■ 0% ■ 0.1% to 5% ■ 5.1% to 10% ■ 10.1% to 20% ■ 20.1% to 30% ■ 30.1%+

DISCOUNT PERCENTAGE

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Larger discounts correlated with higher ordered revenue on Prime Day for Tools, and had a slight positive impact on post-Prime Day revenues. 30%+ discounted ASINs appeared to have the strongest boost to post-Prime Day revenues.

Average Daily Ordered Revenue as % of Average Daily Ordered Revenue for L28 Days Prior to Prime Day 2023 in Tools & Home Improvement

Chart 1 — Prime Day 2023:
- 0%: 354%
- 0.1% to 5%: 298%
- 5.1% to 10%: 728%
- 10.1% to 20%: 1390%
- 20.1% to 30%: 2671%
- 30.1%+: 1877%

Chart 2 — Prime Day '23 +3 Days:
- 0%: 83%
- 0.1% to 5%: 74%
- 5.1% to 10%: 90%
- 10.1% to 20%: 99%
- 20.1% to 30%: 89%
- 30.1%+: 189%

Prime Day '23 +7 Days:
- 0%: 95%
- 0.1% to 5%: 88%
- 5.1% to 10%: 100%
- 10.1% to 20%: 100%
- 20.1% to 30%: 90%
- 30.1%+: 168%

Prime Day '23 +10 Days:
- 0%: 95%
- 0.1% to 5%: 90%
- 5.1% to 10%: 102%
- 10.1% to 20%: 97%
- 20.1% to 30%: 92%
- 30.1%+: 163%

Legend (DISCOUNT PERCENTAGE): 0% | 0.1% to 5% | 5.1% to 10% | 10.1% to 20% | 20.1% to 30% | 30.1%+
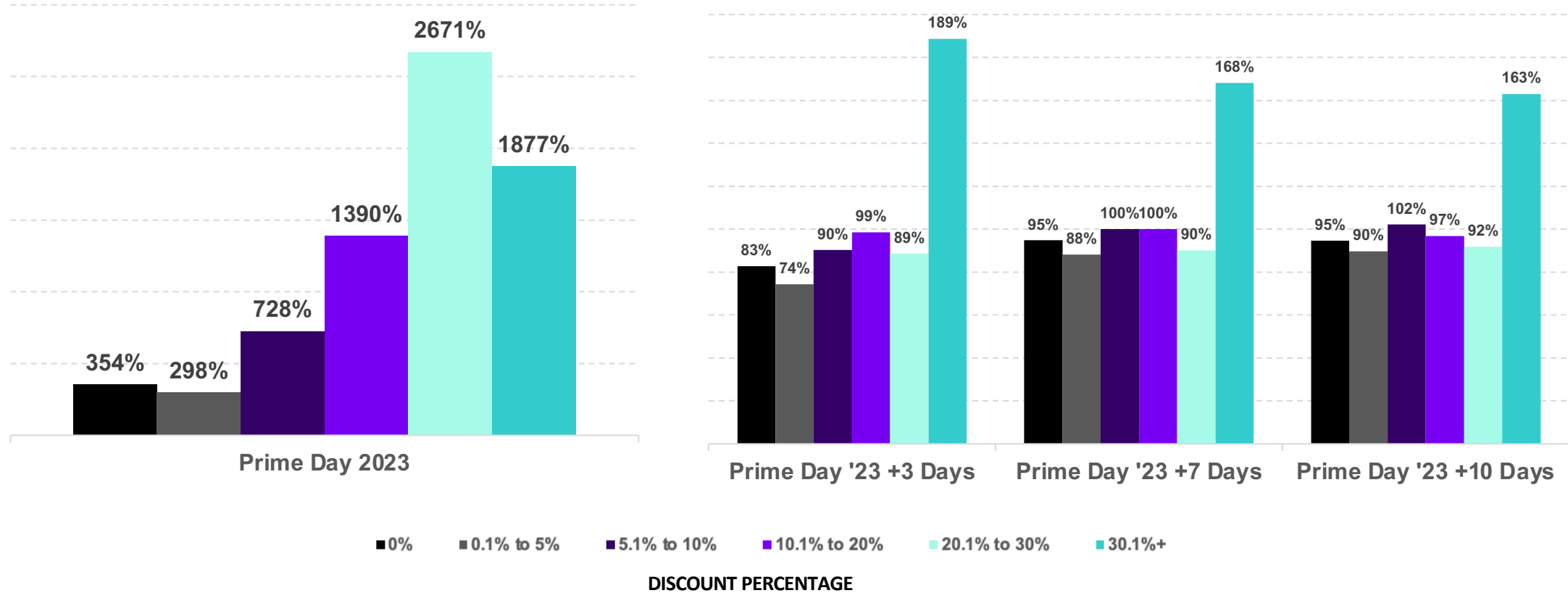
Source: Internal data from CommerceIQ's REM Platform for its users from the hours of 12:00AM PST to 11:59PM PST on July 11, 2023 and July 12, 2023 vs 12:00AM PST to 11:59PM PST on July 11, 2022 and July 12, 2022, compared to the 28 days prior average, and the daily average +3, +7 and +10 days post Prime Day.

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Contact Us

Contact CommerceIQ at https://www.commerceiq.ai/demo/

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