State of Retail Ecommerce

Quarter Ending March 2024

CommerceIQ

1 | Key Takeaways Going into Q2 2024: Increasingly Tough Unit Economics

WHAT HAPPENED IN Q1 2024: CONTINUED PROFIT COMPRESSION

Growth in Q1 2024 was driven primarily by an increase in consumer demand, evidenced by a general increase in ordered units of +10.4% and a general decline in ASP of -0.9%.

This increase in prices further drove shrinking gross margins, which fell by an average of -7.4%, likely due to higher COGS and discounts in Q1 2024 vs. Q1 2023.

ROAS fell by $0.40 YoY, further compressing profitability across the board.

WHAT TO DO IN Q2 2024: REDUCE COGS

Unlike 2023, we have now entered a flat-to-declining ASP environment, compounded by likely increasing COGS and falling ROAS.

Similar to our recommendations ending 2023, brands can continue to capitalize on the increase in general consumer demand, by focusing on strategies to continue to reduce COGS and discounts.

Tactics such as altering pack sizes, focusing on ingredient or input innovations to lower costs, changing SKU mix towards more profitable SKUs or bundles are some ways to improve gross margins.

From an ad strategy perspective, shifting ad strategies to optimize for incrementality over raw growth is the only way to offset further pressure on ROAS. The increase in ordered units presents an opportunity for outsized growth for brands that invest optimizing for incrementality.

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2 | Key Takeaways Going into Q2 2024: Stay in Stock

WHAT HAPPENED IN Q1 2024: IMPROVEMENT IN INVENTORY

Amazon's main goal in 2023 was to drive Free Cash Flow, and one of the main drivers of this was optimization of inventory across their warehouses. This impact seemingly reversed in Q1, with brands Inventory levels increasing year over year by 10.4% and Revenue Losses due to out of stock falling by 22.5%.

Brands in Beauty, Tools & Home Improvement and Patio, Lawn and Garden increased stock levels but still saw increasing revenue losses due to out of stocks, indicating a mismatch in demand planning and inventory planning throughout the year.

WHAT TO DO IN Q2 2024: MONITOR AVAILABILITY & RUN DEMAND TESTS

Leading into the back-half of the year which has a number of tentpole events like Prime Day and Black Friday Cyber Monday, brands should use Q2 to run SKU-level promotion simulations to determine the optimal discount and inventory strategies during Q2.

For brands within the Beauty, Tools & Home Improvement and Patio Lawn & Garden Categories, there is room for improvement in inventory forecasting and maintaining inventory levels on key SKUs which match consumer demand.

Having a real-time DSA solution which helps you monitor availability at granular level will support forecasting efforts and help these brands in particular to optimize their inventory allocations.

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Total Industry Overview

Q2 2023 to Q1 2024 Recap

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Ordered Revenue has steadily increased by 9.5% in Q1. The core driver has been driven by an increase in Ordered Units as Average Selling Price has fallen over the same time period.

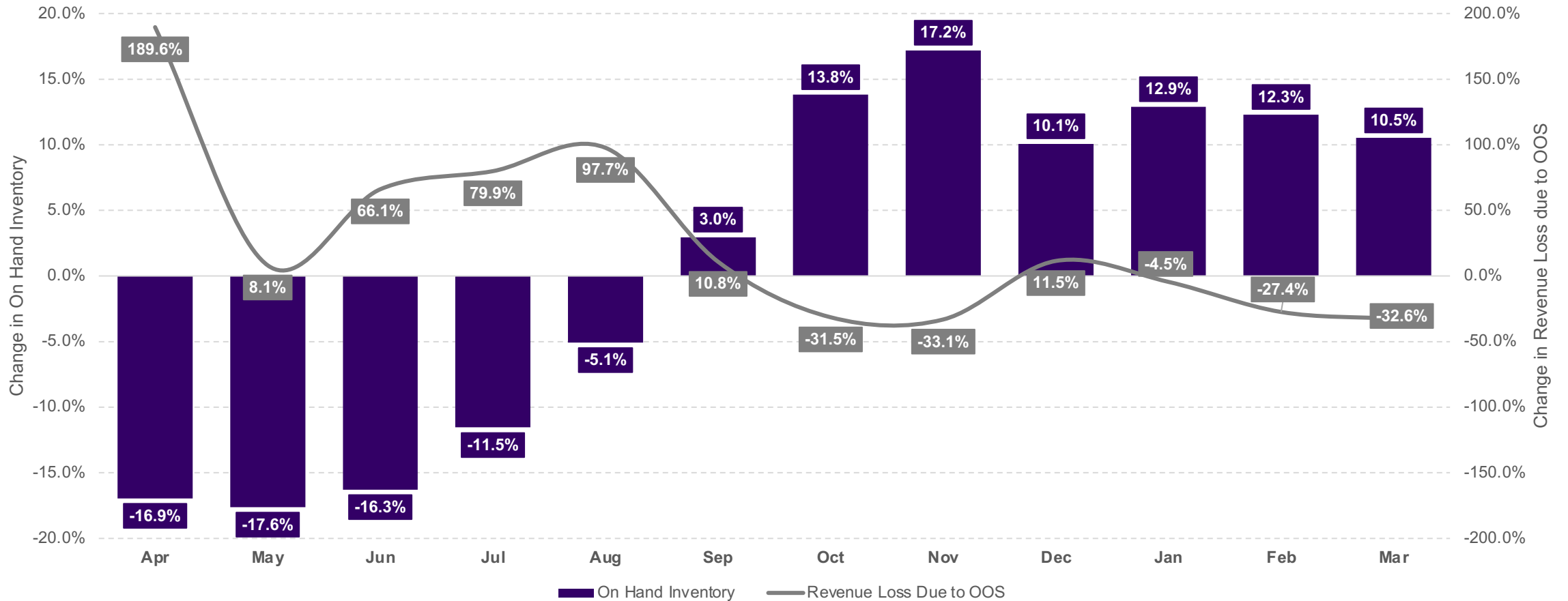**YoY % Change in Ordered Revenue, Ordered Units and ASP (Q2 '23 to Q1 '24)**
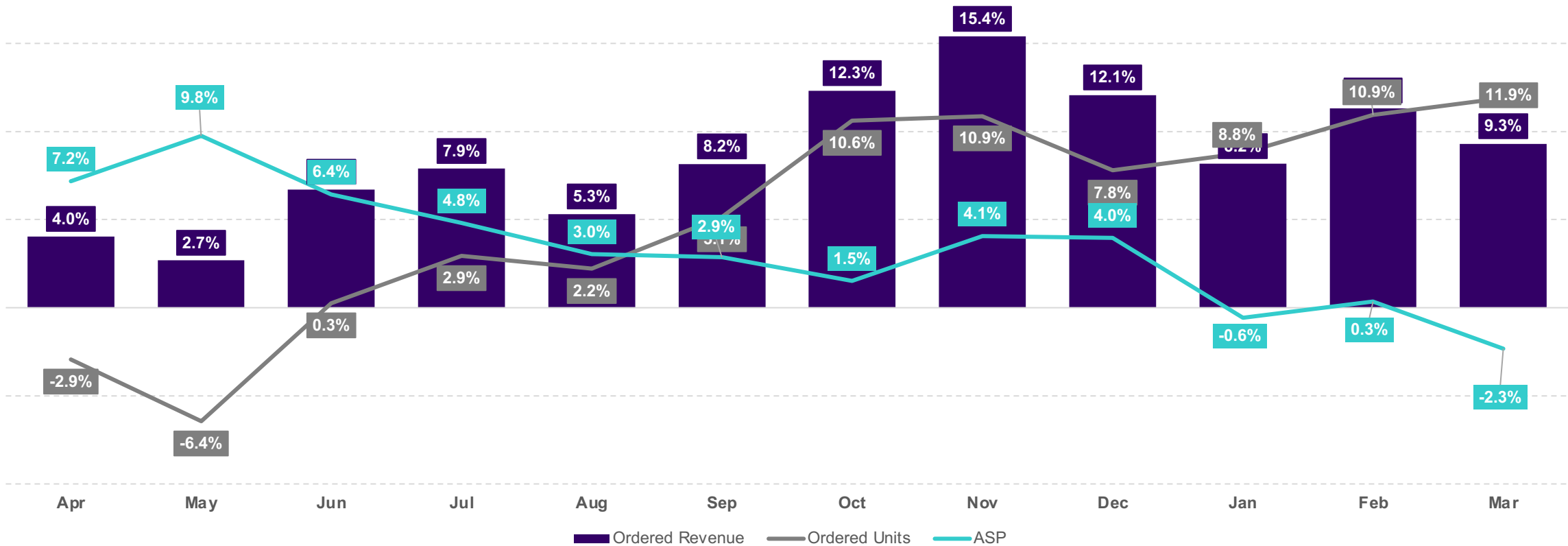
Legend: Ordered Revenue, Ordered Units, ASP

Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from January 2022 to March 2024

CommerceIQ

The build up of stock levels continued into Q1, reducing overall losses due to out of stock.
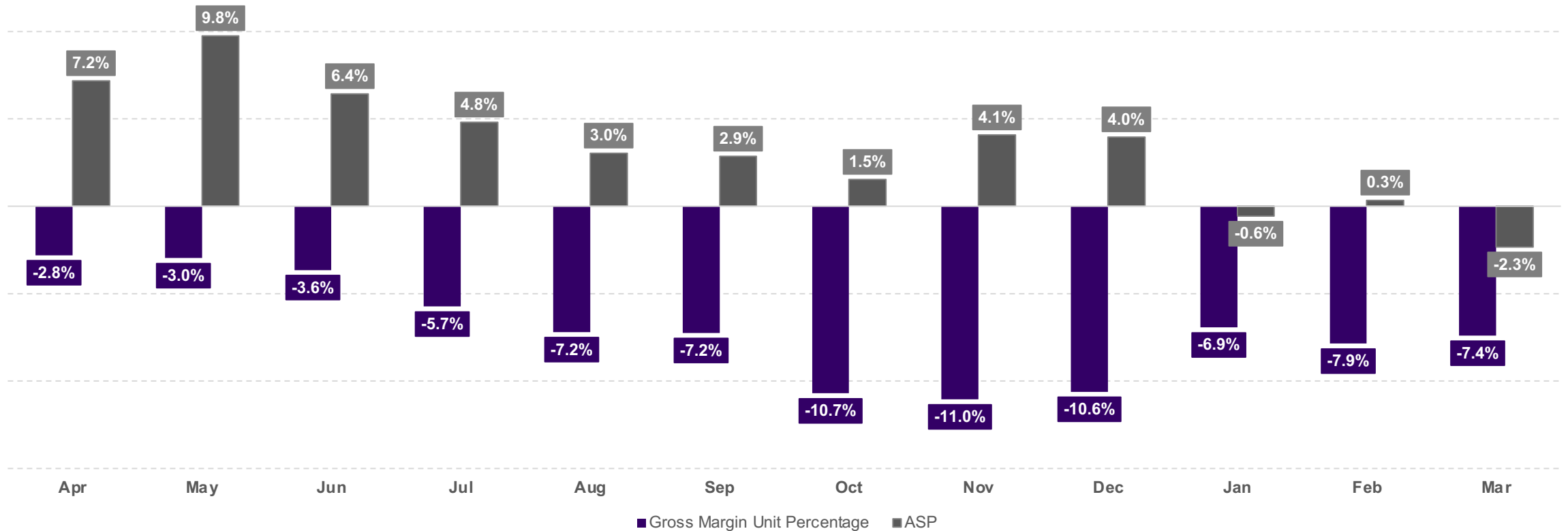
YoY % Change in On Hand Inventory and Revenue Losses due to Out of Stocks (Q2 '23 to Q1 '24)

Legend: On Hand Inventory | Revenue Loss Due to OOS

On Hand Inventory values: Apr -16.9%, May -17.6%, Jun -16.3%, Jul -11.5%, Aug -5.1%, Sep 3.0%, Oct 13.8%, Nov 17.2%, Dec 10.1%, Jan 12.9%, Feb 12.3%, Mar 10.5%

Revenue Loss Due to OOS values: Apr 189.6%, May 8.1%, Jun 66.1%, Jul 79.9%, Aug 97.7%, Sep 10.8%, Oct -31.5%, Nov -33.1%, Dec 11.5%, Jan -4.5%, Feb -27.4%, Mar -32.6%

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Brands continued to face a steady degradation of gross margins*, likely driven by an increase in discount percentages, as ASP levels remained relatively constant.
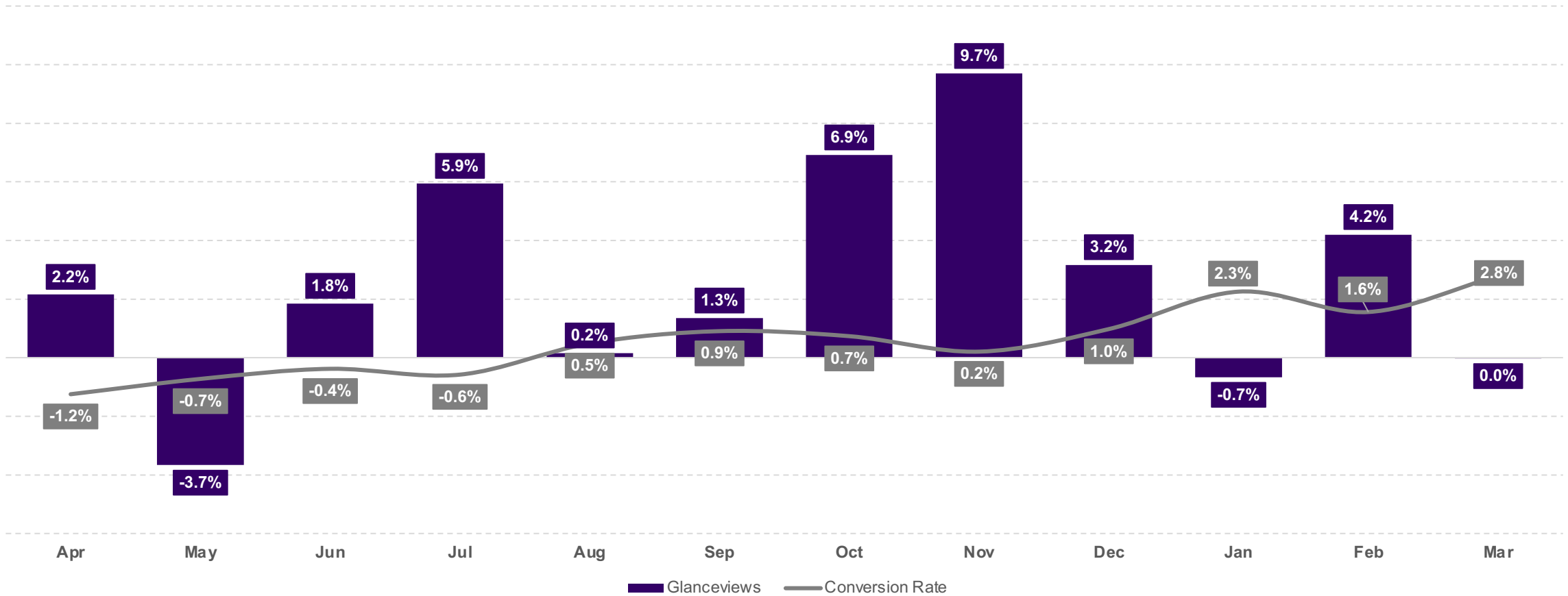
YoY % Change in Gross Margins* and ASP (Q2 '23 to Q1 '24)

Legend: ■ Gross Margin Unit Percentage ■ ASP

Month	ASP	Gross Margin
Apr	7.2%	-2.8%
May	9.8%	-3.0%
Jun	6.4%	-3.6%
Jul	4.8%	-5.7%
Aug	3.0%	-7.2%
Sep	2.9%	-7.2%
Oct	1.5%	-10.7%
Nov	4.1%	-11.0%
Dec	4.0%	-10.6%
Jan	-0.6%	-6.9%
Feb	0.3%	-7.9%
Mar	-2.3%	-7.4%

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Glance Views were relatively flat YoY, with an increase in unit conversion likely driving the increase in ordered units and overall increase in ordered revenues.

YoY % Change in Glance Views and Unit Conversion % (Q2 '23 to Q1 '24)

Legend: ■ Glanceviews — Conversion Rate

Bar values (Glanceviews): Apr 2.2%, May -3.7%, Jun 1.8%, Jul 5.9%, Aug 0.2%, Sep 1.3%, Oct 6.9%, Nov 9.7%, Dec 3.2%, Jan -0.7%, Feb 4.2%, Mar 0.0%

Conversion Rate values: Apr -1.2%, May -0.7%, Jun -0.4%, Jul -0.6%, Aug 0.5%, Sep 0.9%, Oct 0.7%, Nov 0.2%, Dec 1.0%, Jan 2.3%, Feb 1.6%, Mar 2.8%

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Ad Spend in Q1 dropped substantially as compared to Q4 and remained relatively flat YoY. Amazon's Q1 tentpole sales event appeared to have minimal impact on brands spend levels.
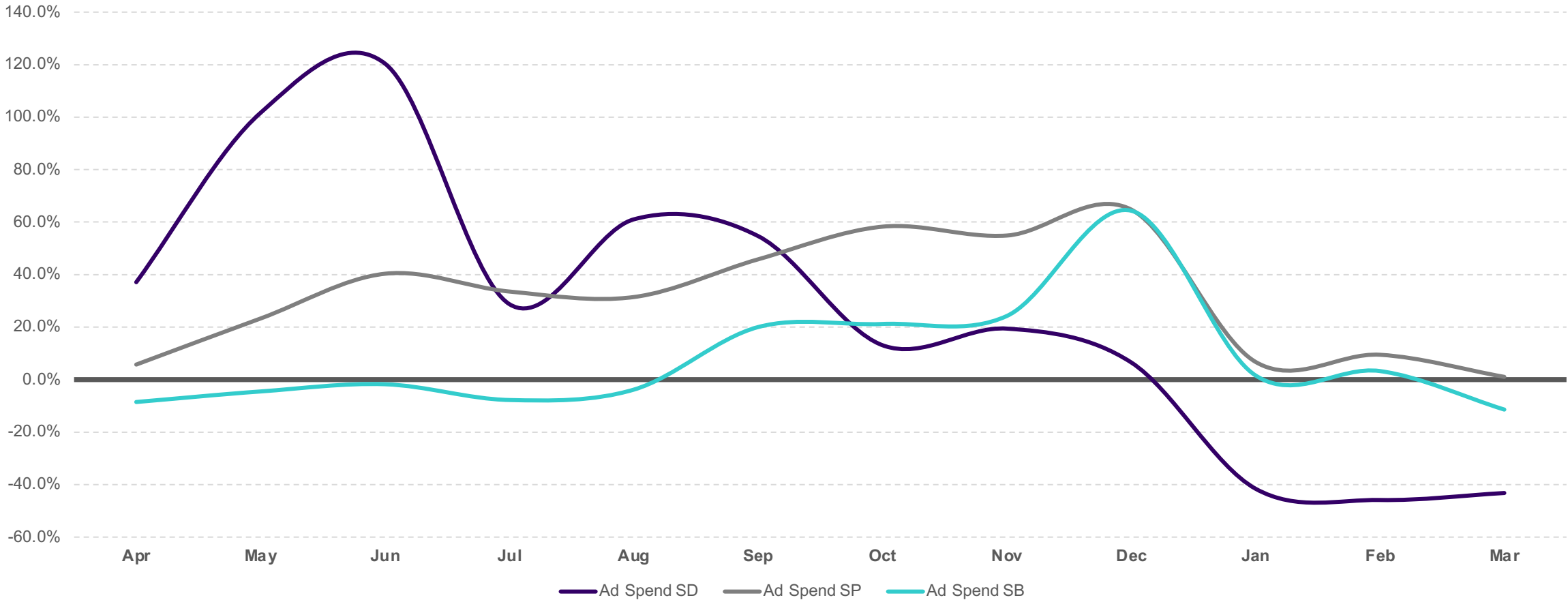
YoY % Change in Ad Spend, and YoY $ Change in ROAS and CPC (Q2 '23 to Q1 '24)
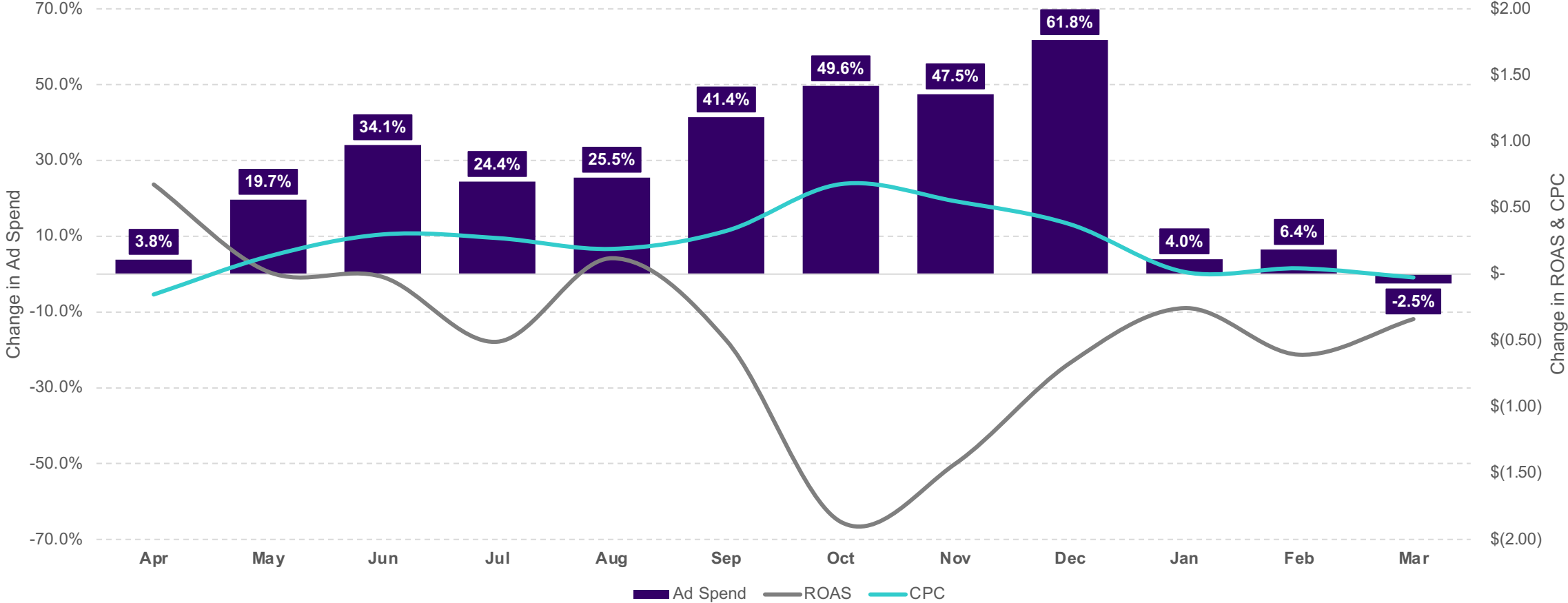
Ad Spend — **ROAS** — **CPC**

Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from January 2022 to March 2024

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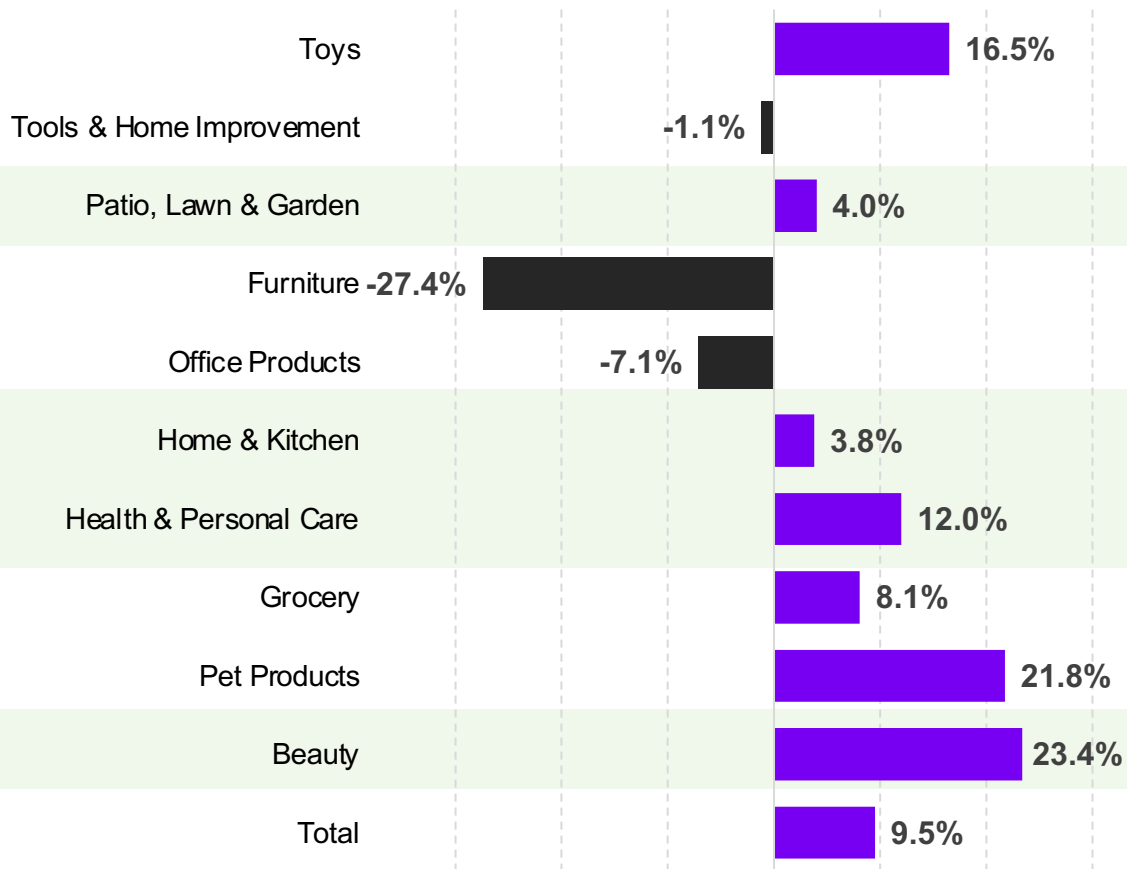# The reduction in Ad Spend relative to Q4 was observed across all ad types.

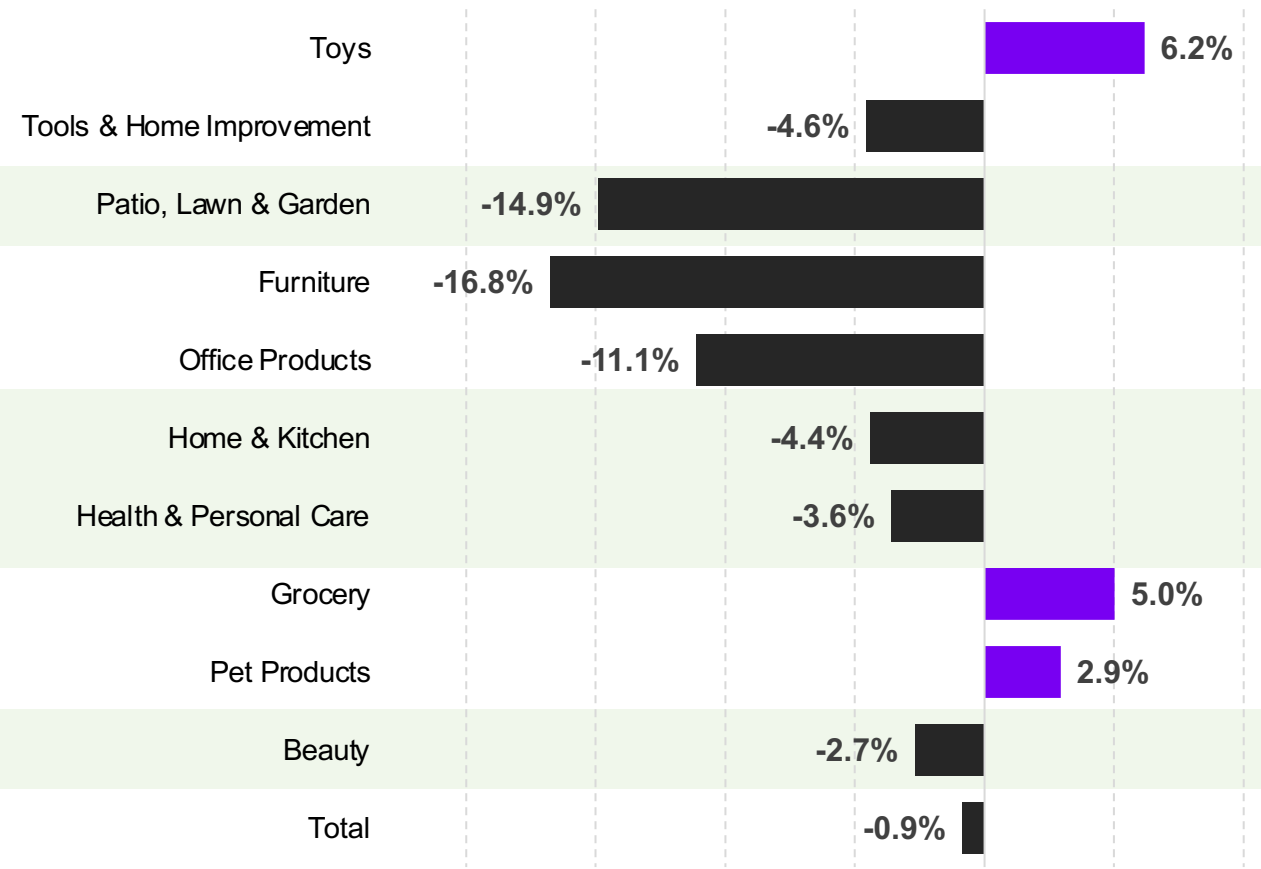**YoY % Change in Sponsored Display, Sponsored Product and Sponsored Brand Ad Spend (Q2 '23 to Q1 '24)**

Legend: ━ Ad Spend SD ━ Ad Spend SP ━ Ad Spend SB

Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from January 2022 to March 2024

April 2024

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Patio, Lawn & Garden, Home & Kitchen, Health & Personal Care and Beauty all grew revenue despite reduction in ASP, signaling true growth in consumer demand within these categories.

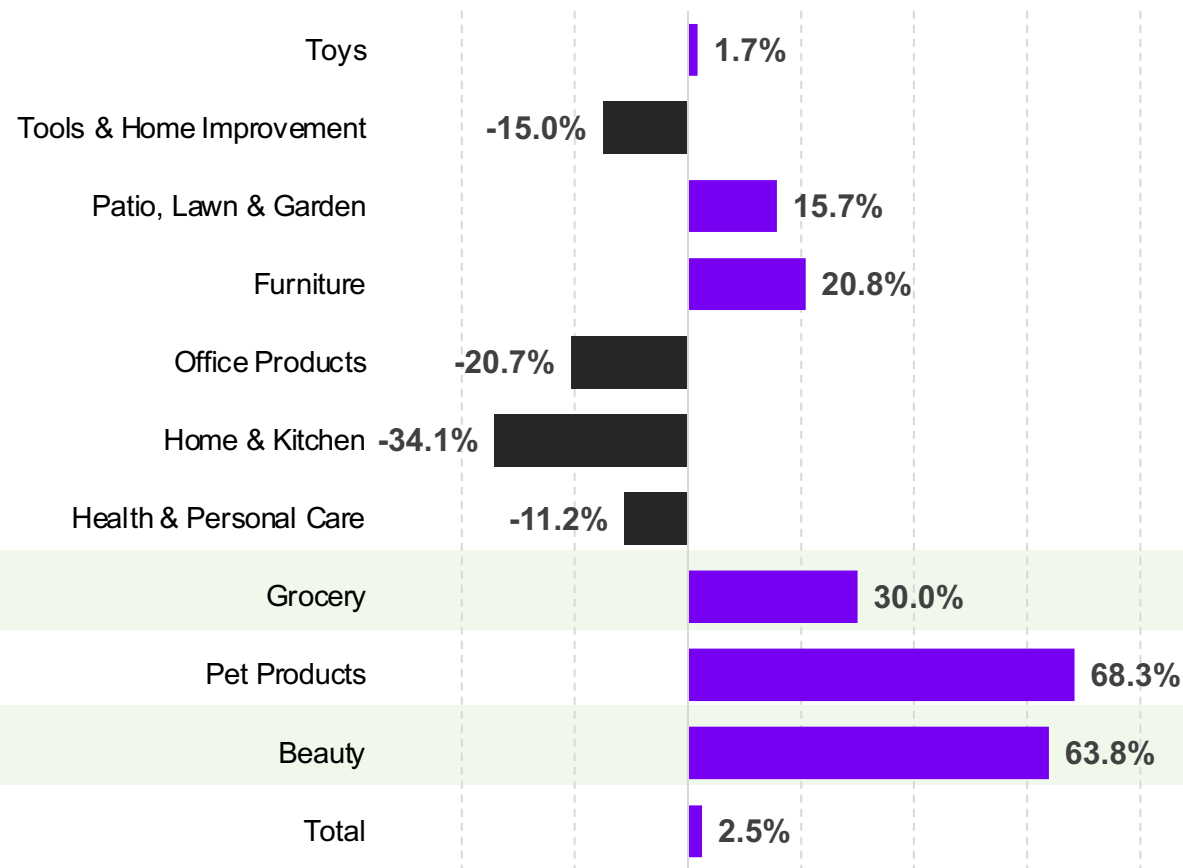## YoY % Change in Ordered Revenue (Q1 '24 vs Q1 '23)

Category	Value
Toys	16.5%
Tools & Home Improvement	-1.1%
Patio, Lawn & Garden	4.0%
Furniture	-27.4%
Office Products	-7.1%
Home & Kitchen	3.8%
Health & Personal Care	12.0%
Grocery	8.1%
Pet Products	21.8%
Beauty	23.4%
Total	9.5%

YoY % Change in ASP (Q1 '24 vs Q1 '23)

Category	Value
Toys	6.2%
Tools & Home Improvement	-4.6%
Patio, Lawn & Garden	-14.9%
Furniture	-16.8%
Office Products	-11.1%
Home & Kitchen	-4.4%
Health & Personal Care	-3.6%
Grocery	5.0%
Pet Products	2.9%
Beauty	-2.7%
Total	-0.9%

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Grocery and Beauty were able to improve ROAS while increasing Ad Spend, signaling brands within these categories have likely shifted their spend patterns to optimize for "incremental" sales and ad spend.
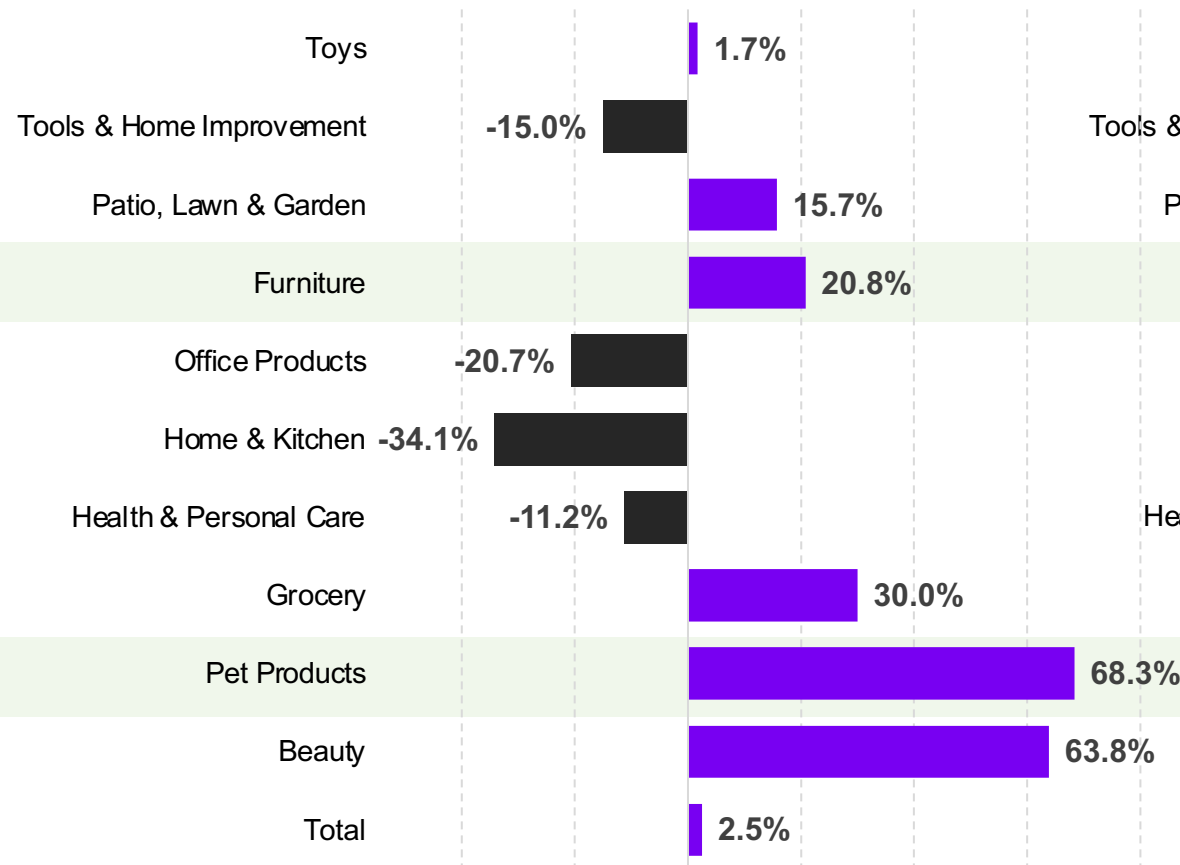
YoY % Change in Ad Spend (Q1 '24 vs Q1 '23)

Category	Value
Toys	1.7%
Tools & Home Improvement	-15.0%
Patio, Lawn & Garden	15.7%
Furniture	20.8%
Office Products	-20.7%
Home & Kitchen	-34.1%
Health & Personal Care	-11.2%
Grocery	30.0%
Pet Products	68.3%
Beauty	63.8%
Total	2.5%

YoY $ Change in ROAS (Q1 '24 vs Q1 '23)
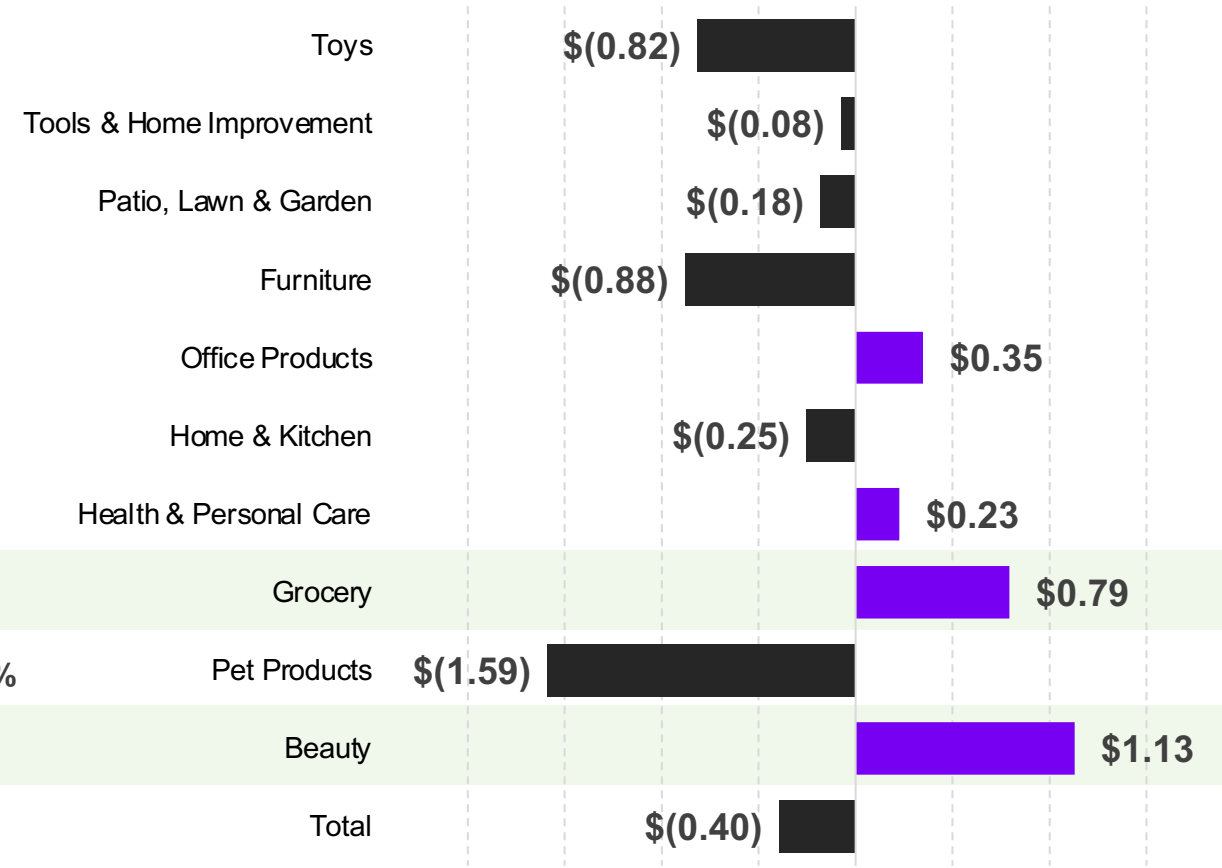
Category	Value
Toys	$(0.82)
Tools & Home Improvement	$(0.08)
Patio, Lawn & Garden	$(0.18)
Furniture	$(0.88)
Office Products	$0.35
Home & Kitchen	$(0.25)
Health & Personal Care	$0.23
Grocery	$0.79
Pet Products	$(1.59)
Beauty	$1.13
Total	$(0.40)

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Pet Products & Furniture continue to be the most competitive categories, with increasing ad spend and decreasing glance views.

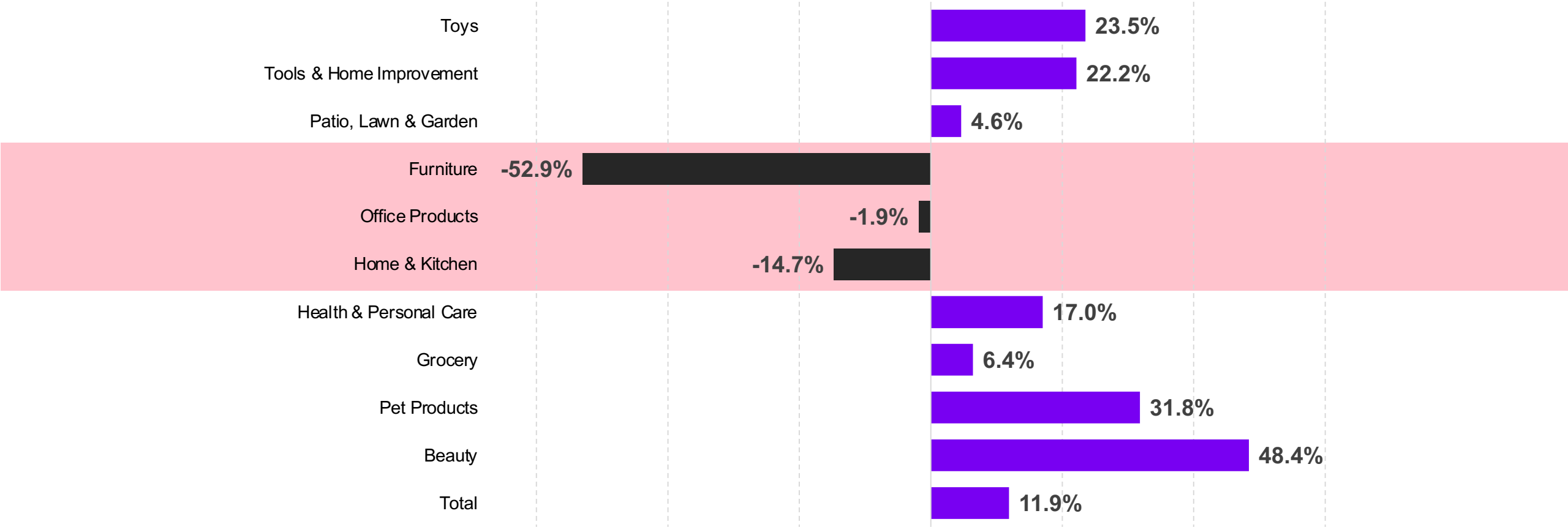## YoY % Change in Ad Spend (Q1 '24 vs Q1 '23)

Category	Value
Toys	1.7%
Tools & Home Improvement	-15.0%
Patio, Lawn & Garden	15.7%
Furniture	20.8%
Office Products	-20.7%
Home & Kitchen	-34.1%
Health & Personal Care	-11.2%
Grocery	30.0%
Pet Products	68.3%
Beauty	63.8%
Total	2.5%

YoY % Change in Glance Views (Q1 '24 vs Q1 '23)
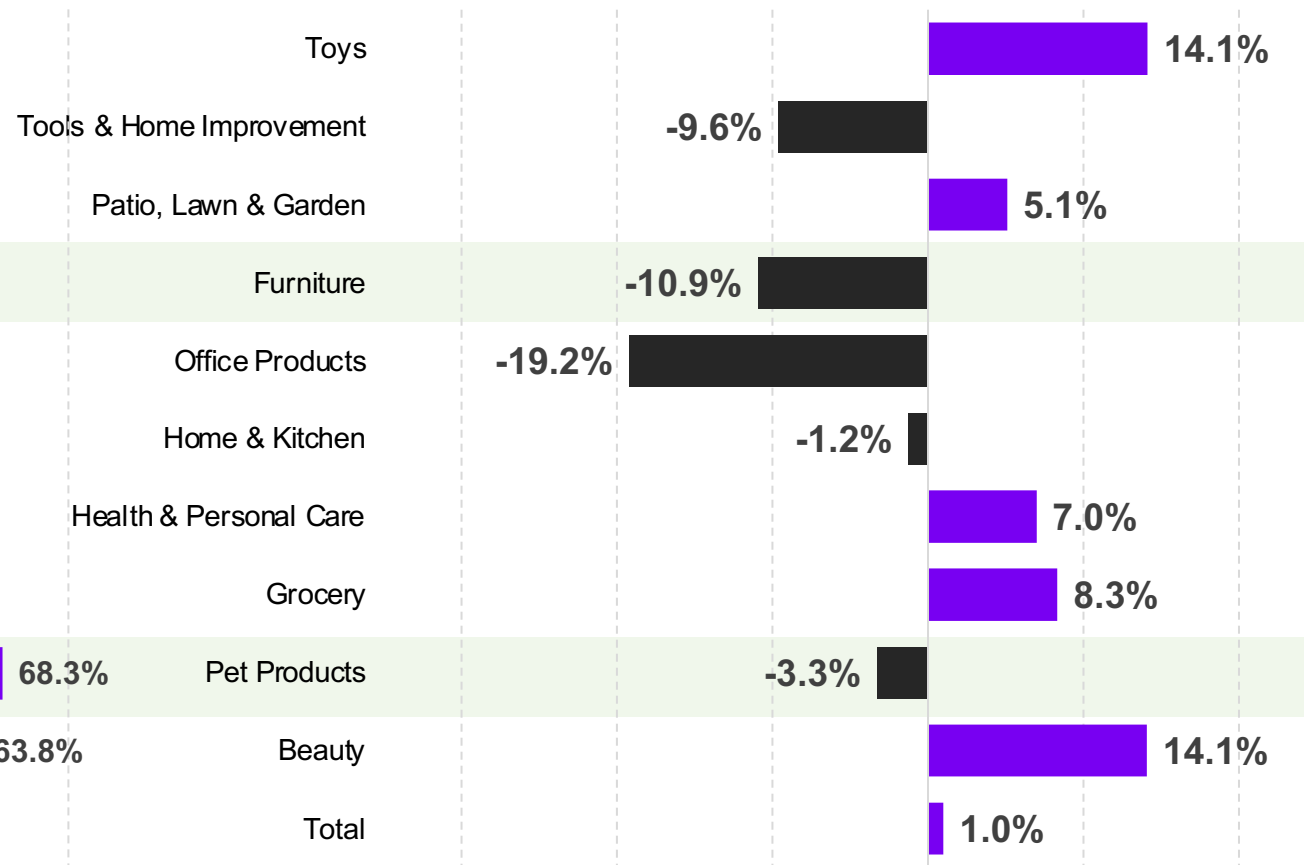
Category	Value
Toys	14.1%
Tools & Home Improvement	-9.6%
Patio, Lawn & Garden	5.1%
Furniture	-10.9%
Office Products	-19.2%
Home & Kitchen	-1.2%
Health & Personal Care	7.0%
Grocery	8.3%
Pet Products	-3.3%
Beauty	14.1%
Total	1.0%

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Furniture, Office and Home & Kitchen were the only categories that reduced inventory levels, which will likely correlate with future availability and stock level challenges in 2024.
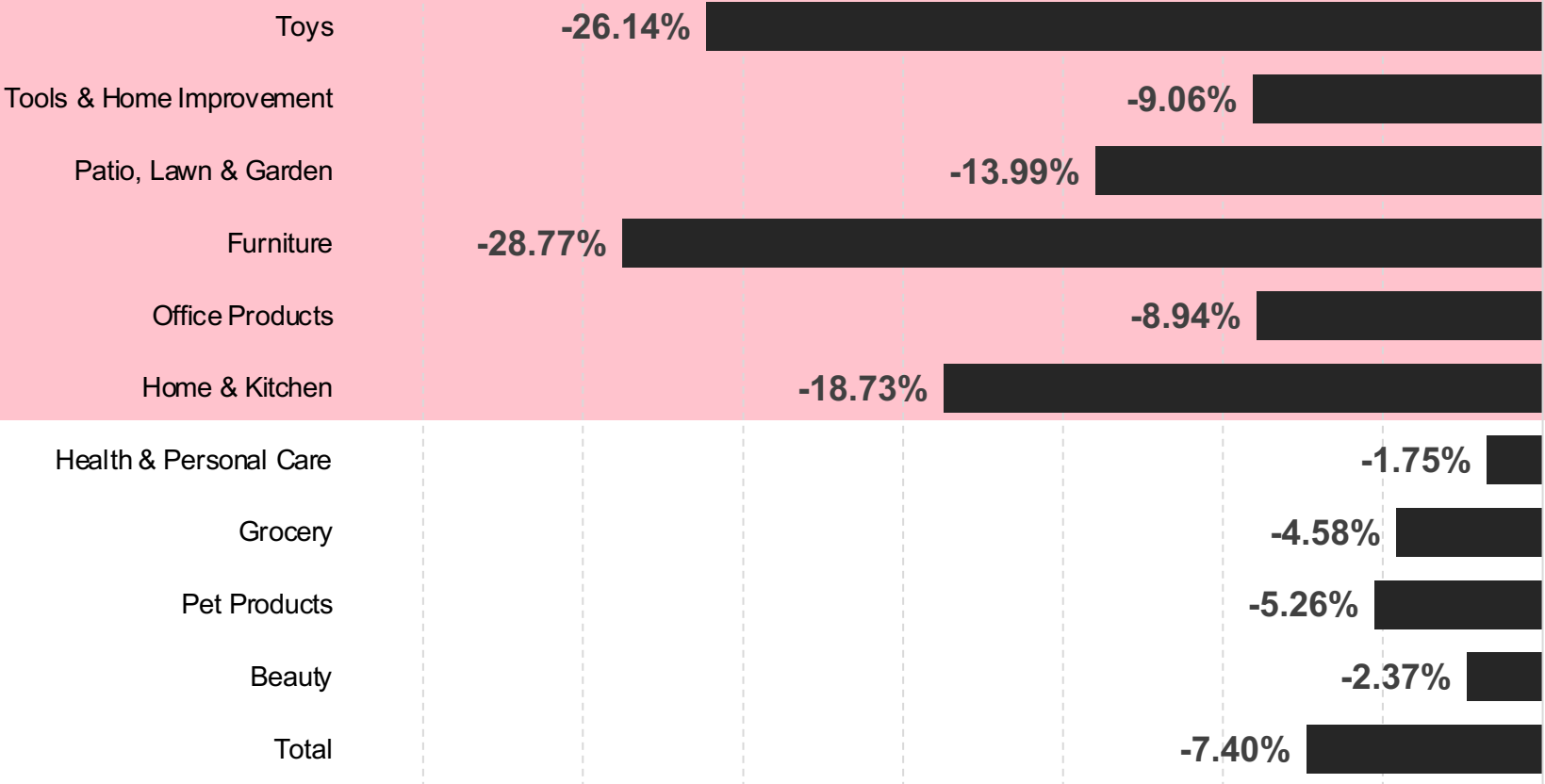
YoY % Change in Inventory On Hand (Q1 '24 vs Q1 '23)

Category	YoY % Change
Toys	23.5%
Tools & Home Improvement	22.2%
Patio, Lawn & Garden	4.6%
Furniture	-52.9%
Office Products	-1.9%
Home & Kitchen	-14.7%
Health & Personal Care	17.0%
Grocery	6.4%
Pet Products	31.8%
Beauty	48.4%
Total	11.9%

April 2024

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Six of the Ten Categories tracked saw greater than average decline in Average Gross Margins.
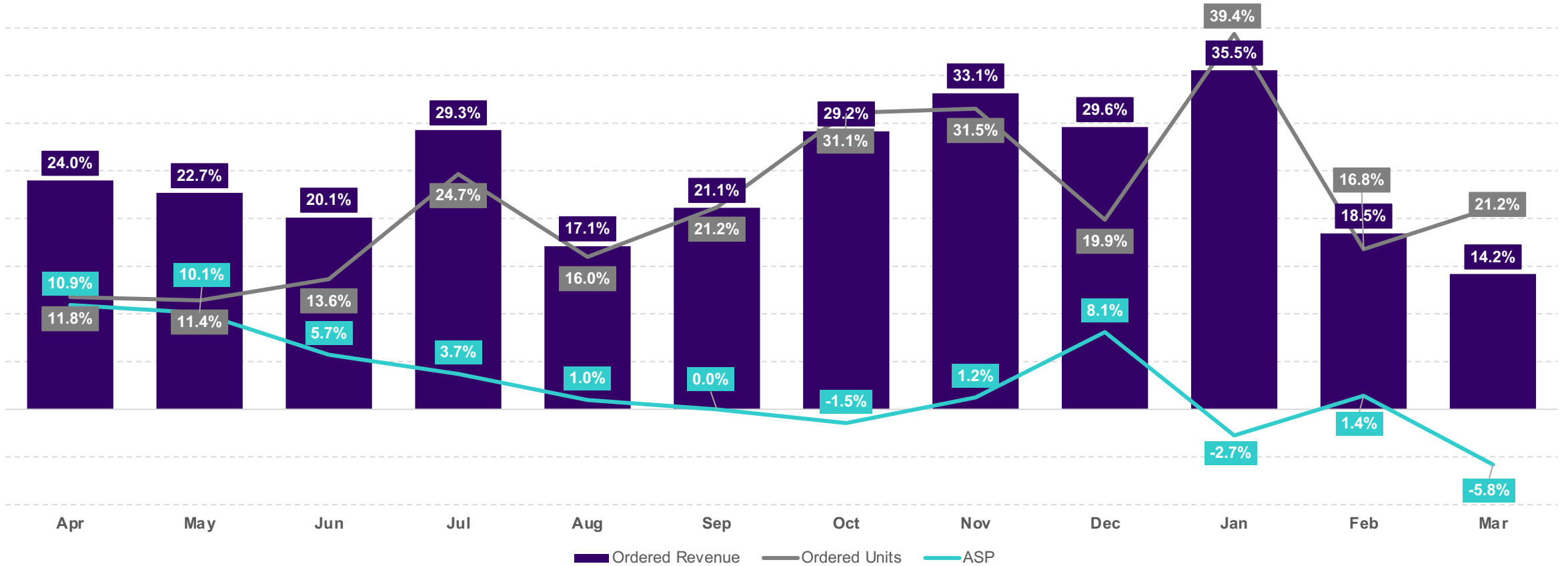
YoY % Change in Average Gross Margin %* (Q1 '24 vs Q1 '23)

Category	YoY % Change
Toys	-26.14%
Tools & Home Improvement	-9.06%
Patio, Lawn & Garden	-13.99%
Furniture	-28.77%
Office Products	-8.94%
Home & Kitchen	-18.73%
Health & Personal Care	-1.75%
Grocery	-4.58%
Pet Products	-5.26%
Beauty	-2.37%
Total	-7.40%

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Beauty Category

Q2 2023 to Q1 2024 Recap

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Ordered Revenue was driven purely by an increase in Ordered Units, signaling a genuine increase in consumer demand in Q1.
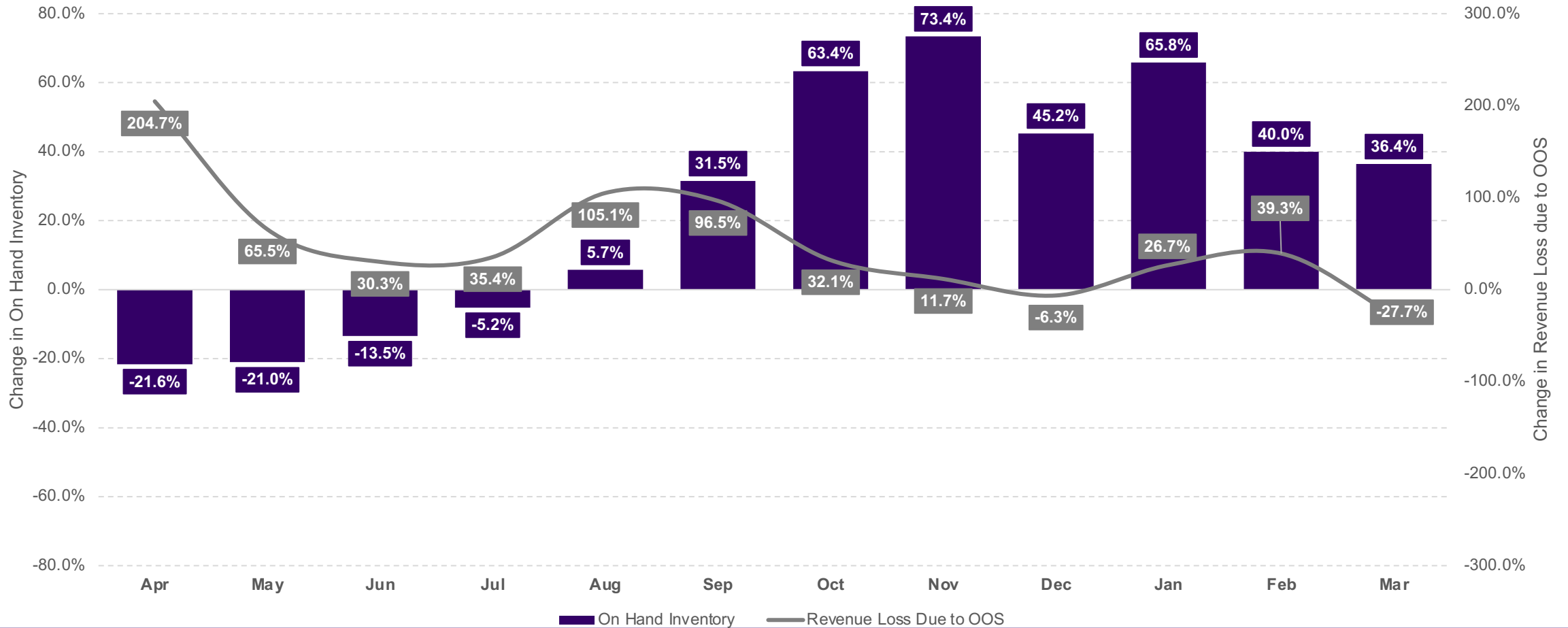
YoY % Change in Ordered Revenue, Ordered Units and ASP (Q2 '23 to Q1 '24)

Legend: ■ Ordered Revenue — Ordered Units — ASP

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Ordered Revenue	24.0%	22.7%	20.1%	29.3%	17.1%	21.1%	29.2%	33.1%	29.6%	35.5%	18.5%	14.2%
Ordered Units	11.8%	11.4%	13.6%	24.7%	16.0%	21.2%	31.1%	31.5%	19.9%	39.4%	16.8%	21.2%
ASP	10.9%	10.1%	5.7%	3.7%	1.0%	0.0%	-1.5%	1.2%	8.1%	-2.7%	1.4%	-5.8%

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Despite Beauty brands improving stock levels, it has still faced increases in revenue losses due to out of stock, signaling challenges in forecasting appropriate demand for SKUs which are truly in demand by consumers.
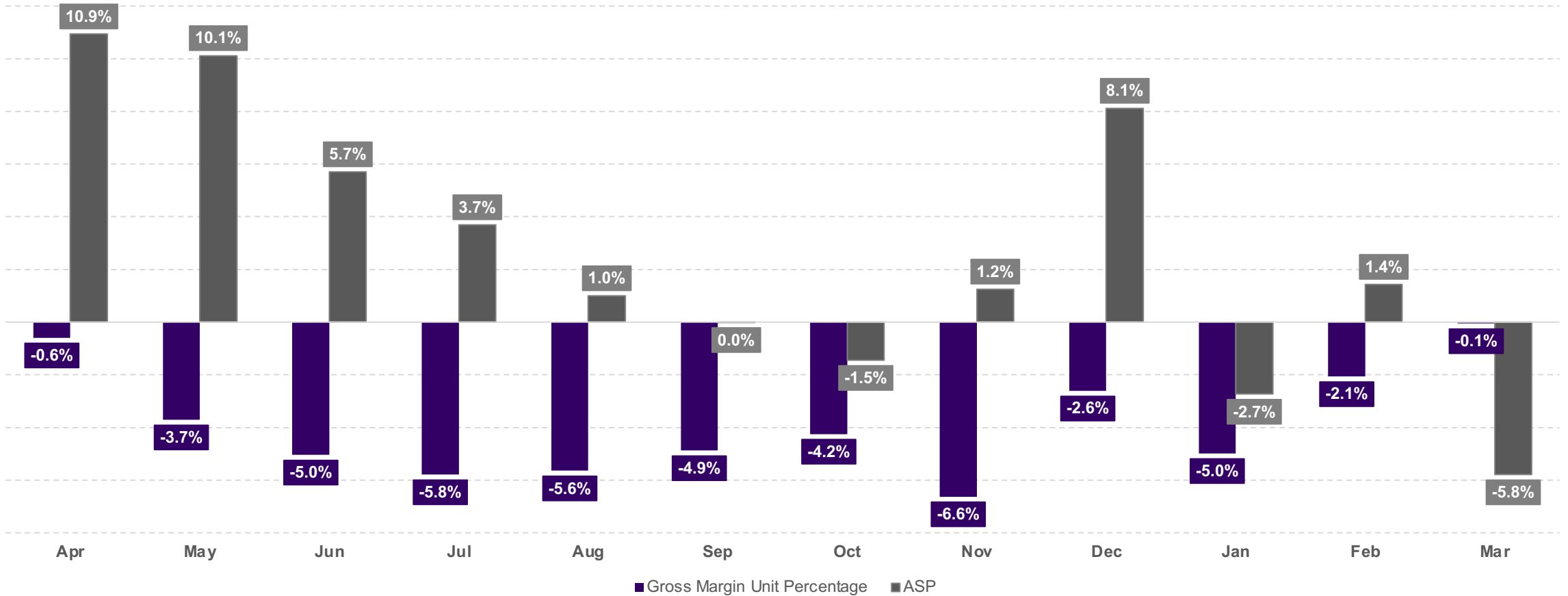
YoY % Change in On Hand Inventory and Revenue Losses due to Out of Stocks (Q2 '23 to Q1 '24)

On Hand Inventory values:
- Apr: -21.6%
- May: -21.0%
- Jun: -13.5%
- Jul: -5.2%
- Aug: 5.7%
- Sep: 31.5%
- Oct: 63.4%
- Nov: 73.4%
- Dec: 45.2%
- Jan: 65.8%
- Feb: 40.0%
- Mar: 36.4%

Revenue Loss Due to OOS values:
- Apr: 204.7%
- May: 65.5%
- Jun: 30.3%
- Jul: 35.4%
- Aug: 105.1%
- Sep: 96.5%
- Oct: 32.1%
- Nov: 11.7%
- Dec: -6.3%
- Jan: 26.7%
- Feb: 39.3%
- Mar: -27.7%

Legend: ■ On Hand Inventory — Revenue Loss Due to OOS

Y-axis (left): Change in On Hand Inventory
Y-axis (right): Change in Revenue Loss due to OOS

CommerceIQ

# Brands continued to see a decline in Gross Margins, driven primarily by a reduction in Average Selling Price.

YoY % Change in Gross Margins* and ASP (Q2 '23 vs. Q1 '24)

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
ASP	10.9%	10.1%	5.7%	3.7%	1.0%	0.0%	-1.5%	1.2%	8.1%	-2.7%	1.4%	-5.8%
Gross Margin Unit Percentage	-0.6%	-3.7%	-5.0%	-5.8%	-5.6%	-4.9%	-4.2%	-6.6%	-2.6%	-5.0%	-2.1%	-0.1%

■ Gross Margin Unit Percentage ■ ASP

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Glance Views and Unit Conversion percentages grew, signaling a true improvement in consumer interest and demand in the beauty category.

YoY % Change in Glance Views and Unit Conversion % (Q2 '23 to Q1 '24)
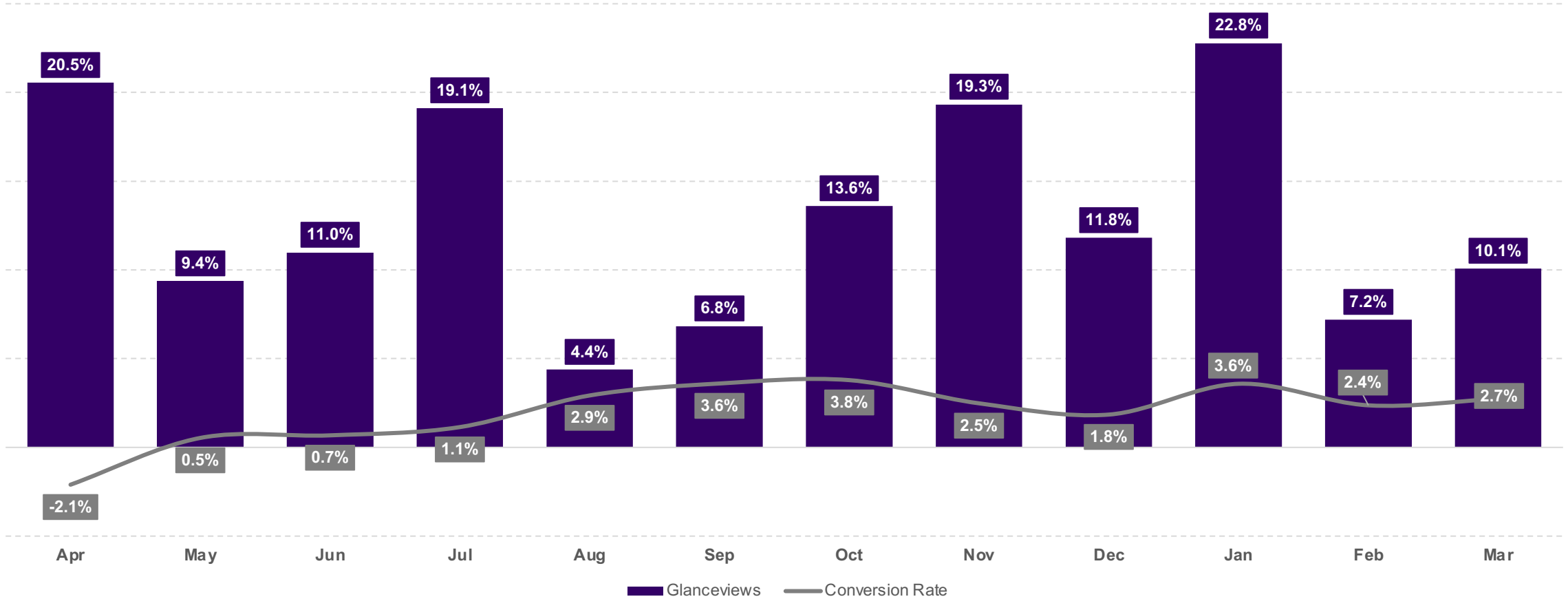
		Glanceviews	——— Conversion Rate

CommerceIQ

Ad Spend grew alongside an improvement in ROAS, signaling brands in the category have likely begun optimizing spend on an "incremental" basis to gain these efficiencies.
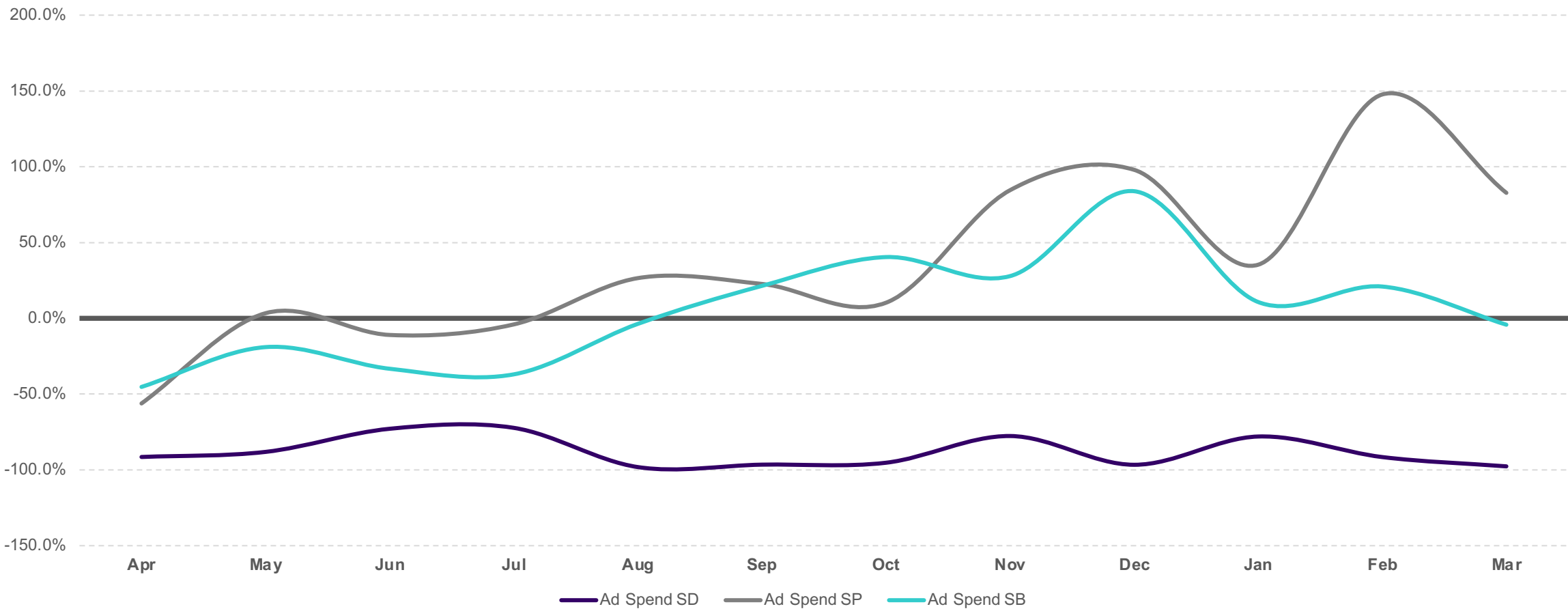
YoY % Change in Ad Spend, and YoY $ Change in ROAS and CPC (Q2 '23 to Q1 '24)

April 2024

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The Increase in Ad Spend has been driven primarily by a growth in Sponsored Product and Sponsored Brand.

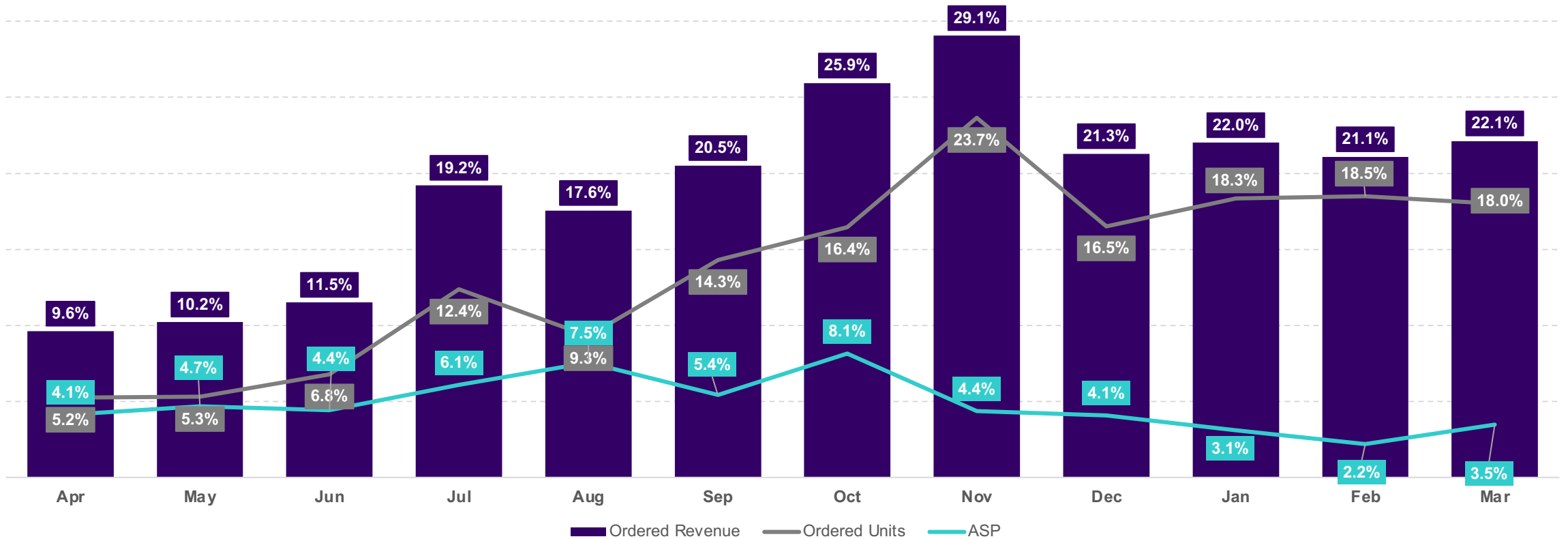**YoY % Change in Sponsored Display, Sponsored Product and Sponsored Brand Ad Spend (Q2 '23 to Q1 '24)**

Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from January 2022 to March 2024

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Pet Products Category

Q2 2023 to Q1 2024 Recap

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Ordered Revenue continued its increase into Q1, driven by a growth of ordered units, signaling growth in consumer demand.

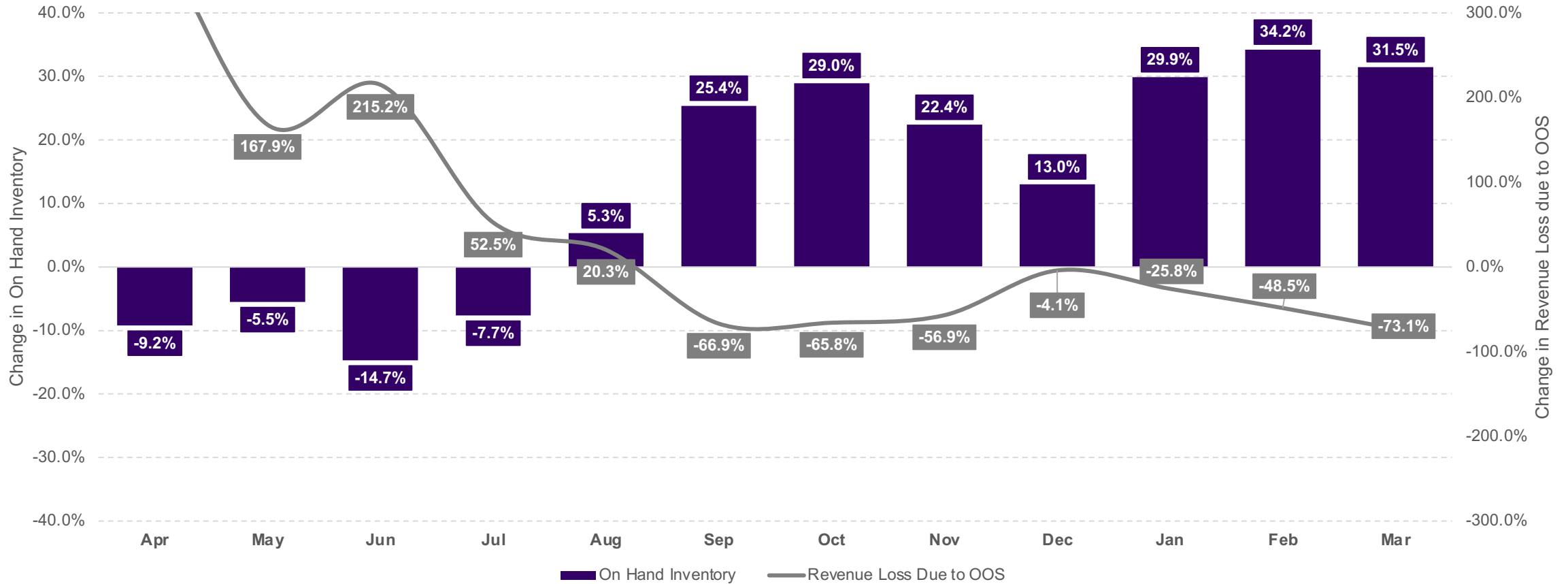## YoY % Change in Ordered Revenue, Ordered Units and ASP (Q2 '23 to Q1 '24)

Ordered Revenue: Apr 9.6%, May 10.2%, Jun 11.5%, Jul 19.2%, Aug 17.6%, Sep 20.5%, Oct 25.9%, Nov 29.1%, Dec 21.3%, Jan 22.0%, Feb 21.1%, Mar 22.1%

Ordered Units: Apr 5.2%, May 5.3%, Jun 6.8%, Jul 12.4%, Aug 9.3%, Sep 14.3%, Oct 16.4%, Nov 23.7%, Dec 16.5%, Jan 18.3%, Feb 18.5%, Mar 18.0%

ASP: Apr 4.1%, May 4.7%, Jun 4.4%, Jul 6.1%, Aug 7.5%, Sep 5.4%, Oct 8.1%, Nov 4.4%, Dec 4.1%, Jan 3.1%, Feb 2.2%, Mar 3.5%

Legend: Ordered Revenue | Ordered Units | ASP

CommerceIQ

Pet brands continued to build back stock levels, dramatically reducing losses due to out of stock.

YoY % Change in On Hand Inventory and Revenue Losses due to Out of Stocks (Q2 '23 to Q1 '24)

Legend: ■ On Hand Inventory — Revenue Loss Due to OOS

Y-axis (left): Change in On Hand Inventory
Y-axis (right): Change in Revenue Loss due to OOS

On Hand Inventory values:
Apr -9.2%, May -5.5%, Jun -14.7%, Jul -7.7%, Aug 5.3%, Sep 25.4%, Oct 29.0%, Nov 22.4%, Dec 13.0%, Jan 29.9%, Feb 34.2%, Mar 31.5%

Revenue Loss Due to OOS values:
May 167.9%, Jun 215.2%, Jul 52.5%, Aug 20.3%, Sep -66.9%, Oct -65.8%, Nov -56.9%, Dec -4.1%, Jan -25.8%, Feb -48.5%, Mar -73.1%

CommerceIQ

Brands continued to see a degradation in Gross Margins despite an increase in ASP, signaling increasing discounting in Q1.

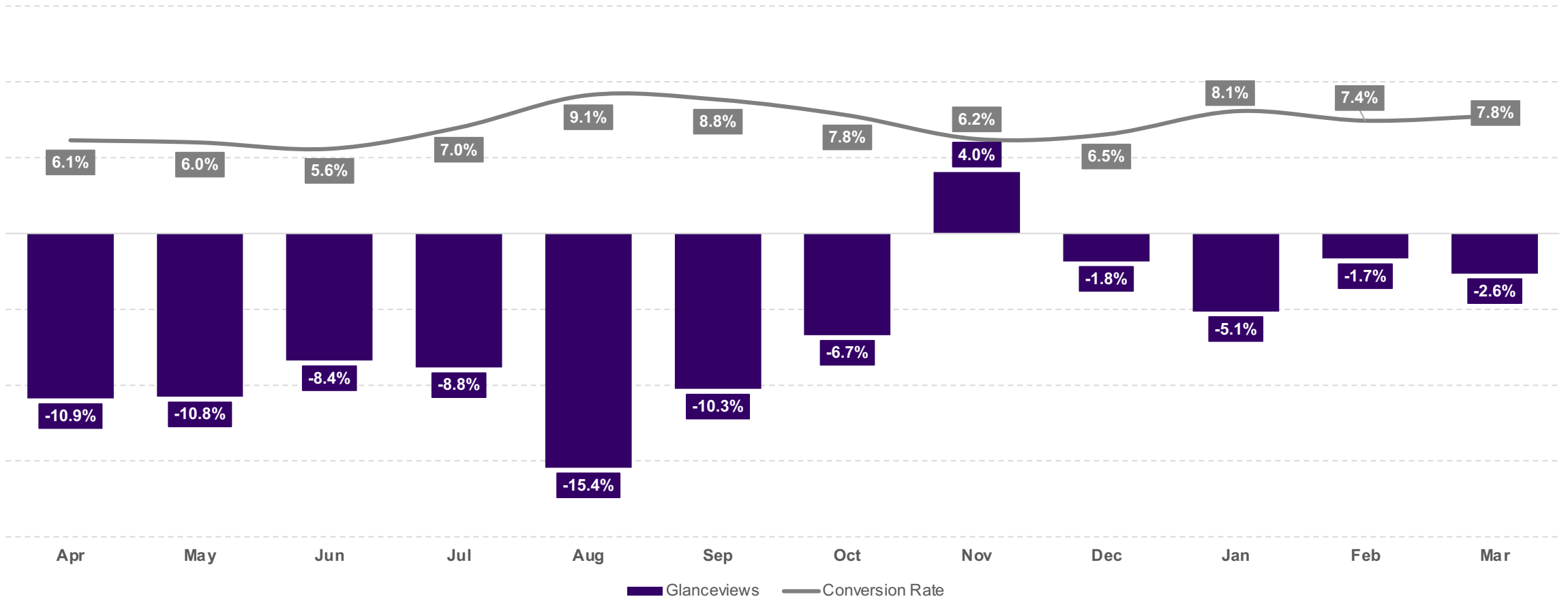## YoY % Change in Gross Margins* and ASP (Q2 '23 vs. Q1 '24)
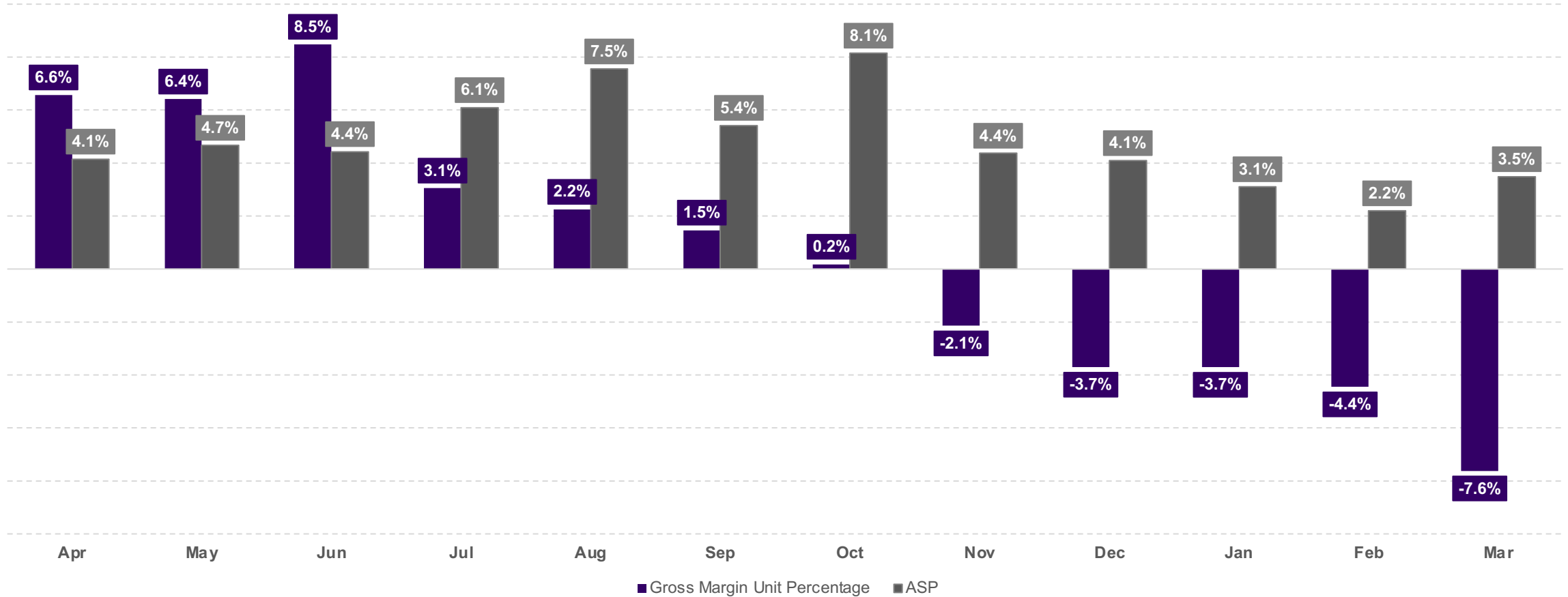
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Gross Margin Unit Percentage	6.6%	6.4%	8.5%	3.1%	2.2%	1.5%	0.2%	-2.1%	-3.7%	-3.7%	-4.4%	-7.6%
ASP	4.1%	4.7%	4.4%	6.1%	7.5%	5.4%	8.1%	4.4%	4.1%	3.1%	2.2%	3.5%

■ Gross Margin Unit Percentage ■ ASP

CommerceIQ

Pet brands have driven demand amidst declining glance views by improving unit conversion %.

YoY % Change in Glance Views and Unit Conversion % (Q2 '23 to Q1 '24)

Glanceviews (%):
- Apr: -10.9%
- May: -10.8%
- Jun: -8.4%
- Jul: -8.8%
- Aug: -15.4%
- Sep: -10.3%
- Oct: -6.7%
- Nov: 4.0%
- Dec: -1.8%
- Jan: -5.1%
- Feb: -1.7%
- Mar: -2.6%

Conversion Rate (%):
- Apr: 6.1%
- May: 6.0%
- Jun: 5.6%
- Jul: 7.0%
- Aug: 9.1%
- Sep: 8.8%
- Oct: 7.8%
- Nov: 6.2%
- Dec: 6.5%
- Jan: 8.1%
- Feb: 7.4%
- Mar: 7.8%

Legend: Glanceviews — Conversion Rate

April 2024

CommerceIQ

The Pet category remains incredibly competitive, with increased ad spend and declining glance views. This competitiveness correlates with a continued decline in ROAS across the category.
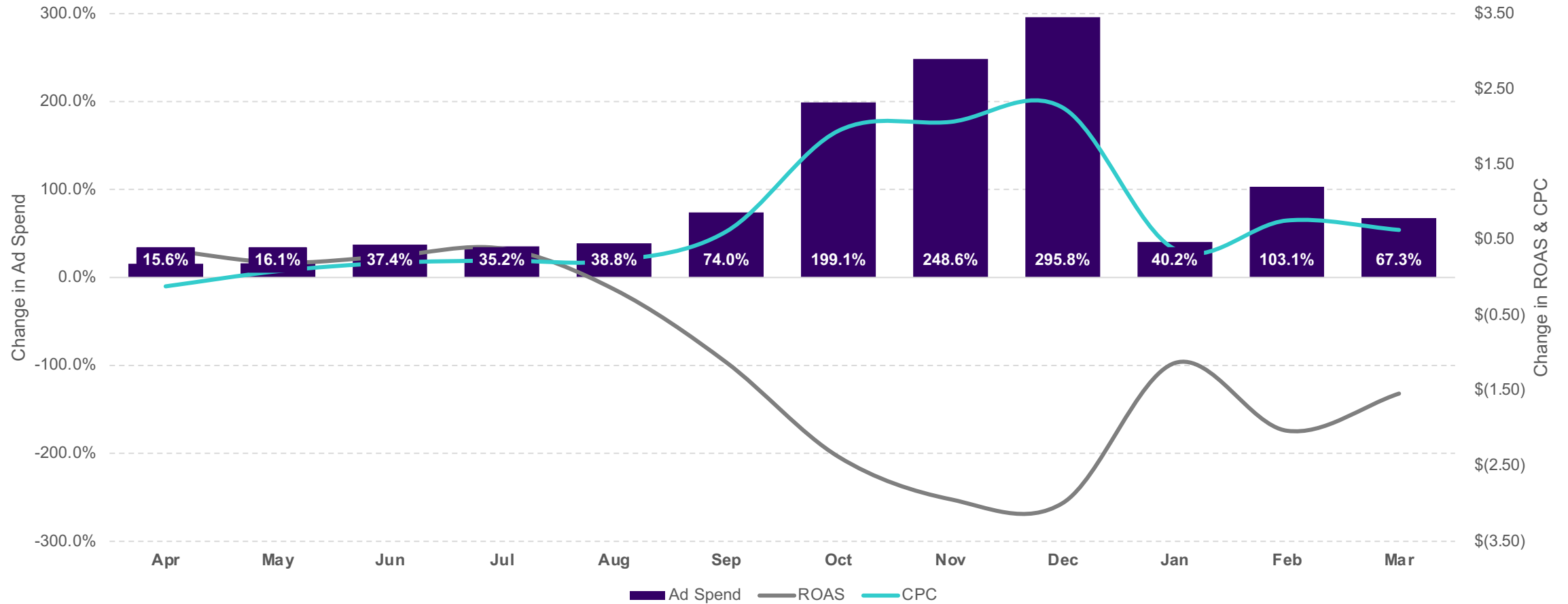
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YoY % Change in Ad Spend, and YoY $ Change in ROAS and CPC (Q2 '23 to Q1 '24)

Legend: Ad Spend — ROAS — CPC

Ad Spend values by month: Apr 15.6%, May 16.1%, Jun 37.4%, Jul 35.2%, Aug 38.8%, Sep 74.0%, Oct 199.1%, Nov 248.6%, Dec 295.8%, Jan 40.2%, Feb 103.1%, Mar 67.3%

CommerceIQ

Sponsored Display has been the key driver of ad spend growth in Q1.

YoY % Change in Sponsored Display, Sponsored Product and Sponsored Brand Ad Spend (Q2 '23 to Q1 '24)

— Ad Spend SD   — Ad Spend SP   — Ad Spend SB

Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from January 2022 to March 2024

April 2024
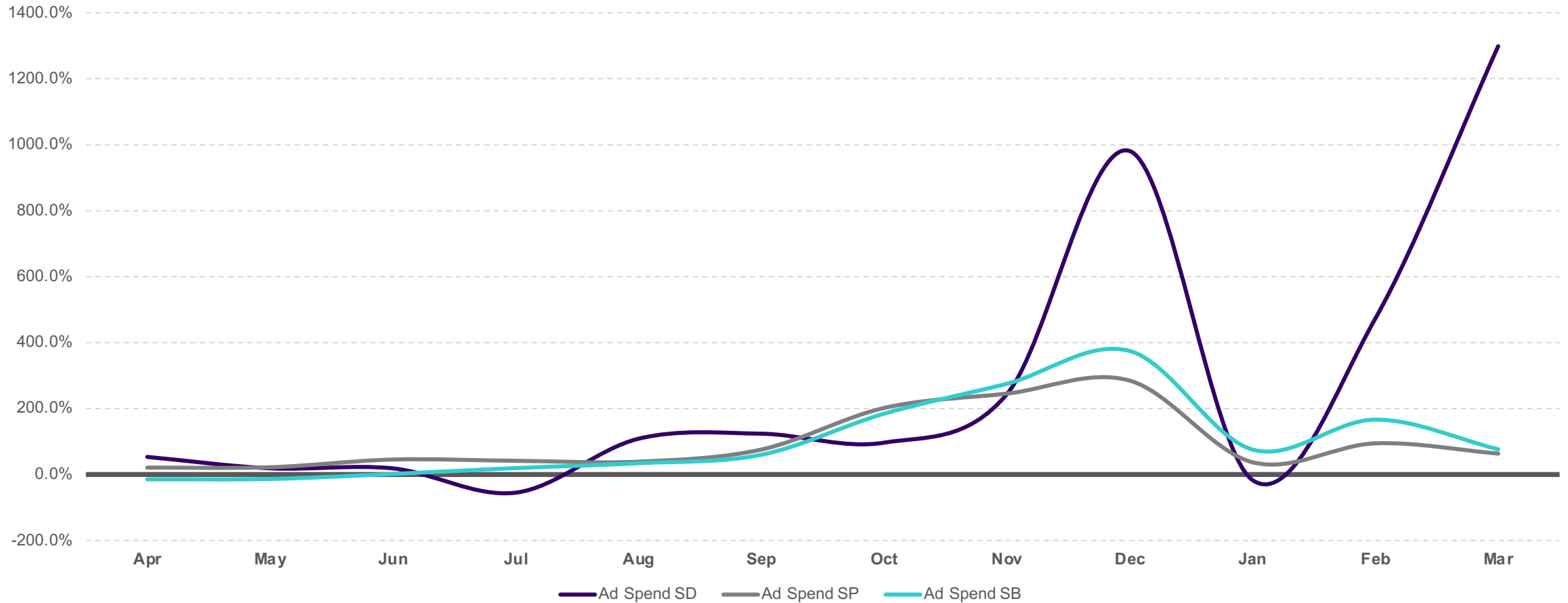
CommerceIQ

Grocery Category

Q2 2023 to Q1 2024 Recap

Ordered Revenue growth has been driven by a combination of ASP growth and Ordered Unit Growth.

YoY % Change in Ordered Revenue, Ordered Units and ASP (Q2 '23 to Q1 '24)
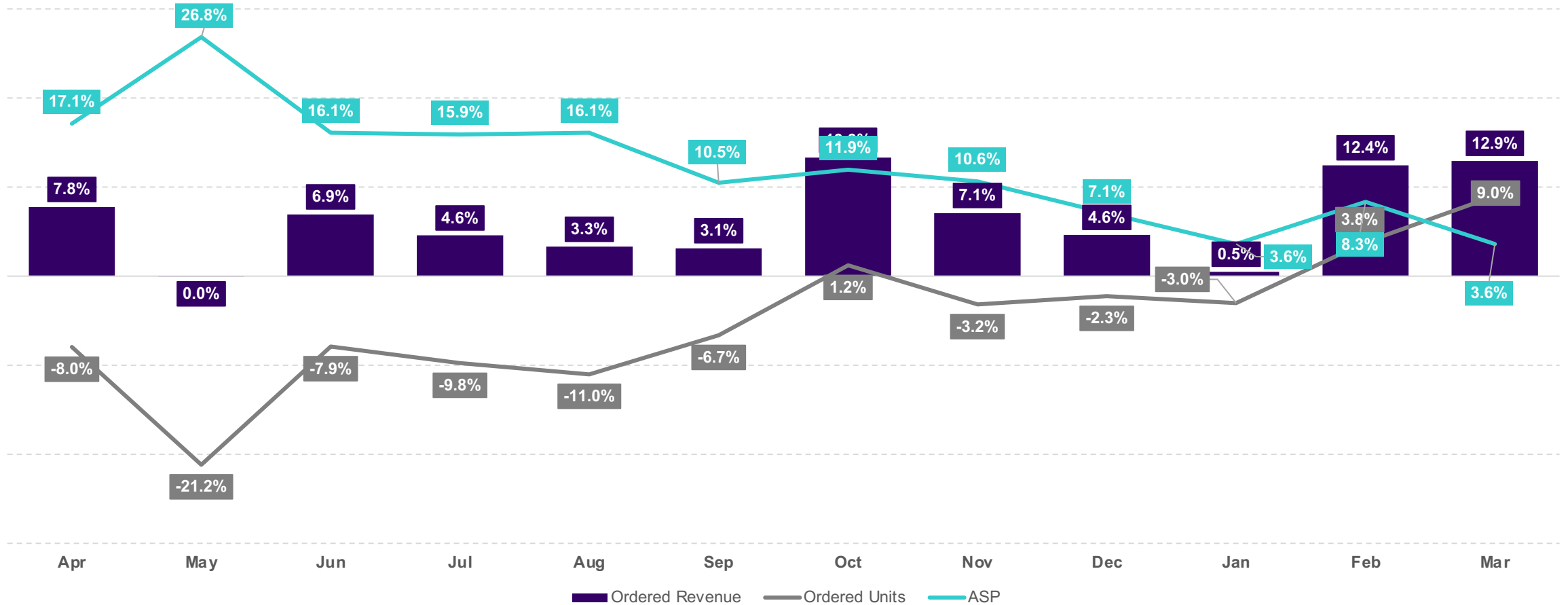
Ordered Revenue values: 7.8% (Apr), 0.0% (May), 6.9% (Jun), 4.6% (Jul), 3.3% (Aug), 3.1% (Sep), 11.9% (Oct), 7.1% (Nov), 4.6% (Dec), 0.5% (Jan), 12.4% (Feb), 12.9% (Mar)

Ordered Units values: -8.0% (Apr), -21.2% (May), -7.9% (Jun), -9.8% (Jul), -11.0% (Aug), -6.7% (Sep), 1.2% (Oct), -3.2% (Nov), -2.3% (Dec), -3.0% (Jan), 3.8% (Feb), 9.0% (Mar)

ASP values: 17.1% (Apr), 26.8% (May), 16.1% (Jun), 15.9% (Jul), 16.1% (Aug), 10.5% (Sep), 10.6% (Nov), 7.1% (Dec), 3.6% (Jan), 8.3% (Feb), 3.6% (Mar)

Legend: Ordered Revenue, Ordered Units, ASP

April 2024

CommerceIQ

Grocery has continued to build back stock levels, correlating with a continued reduction in revenue losses due to out of stocks.

YoY % Change in On Hand Inventory and Revenue Losses due to Out of Stocks (Q2 '23 to Q1 '24)

On Hand Inventory values (purple bars):
- Apr: 1.2%
- May: -6.4%
- Jun: -4.4%
- Jul: -14.4%
- Aug: -13.5%
- Sep: -6.0%
- Oct: 8.5%
- Nov: 15.7%
- Dec: 4.0%
- Jan: 0.8%
- Feb: 6.5%
- Mar: 12.6%

Revenue Loss Due to OOS values (gray line):
- Apr: 147.1%
- May: 29.1%
- Jun: 66.6%
- Jul: 141.0%
- Aug: 267.8%
- Sep: 93.9%
- Oct: -6.5%
- Nov: -13.7%
- Dec: 27.8%
- Jan: -11.4%
- Feb: -34.9%
- Mar: -22.5%

Legend: On Hand Inventory ■ — Revenue Loss Due to OOS

Left axis: Change in On Hand Inventory (-20.0% to 20.0%)
Right axis: Change in Revenue Loss due to OOS (-300.0% to 300.0%)
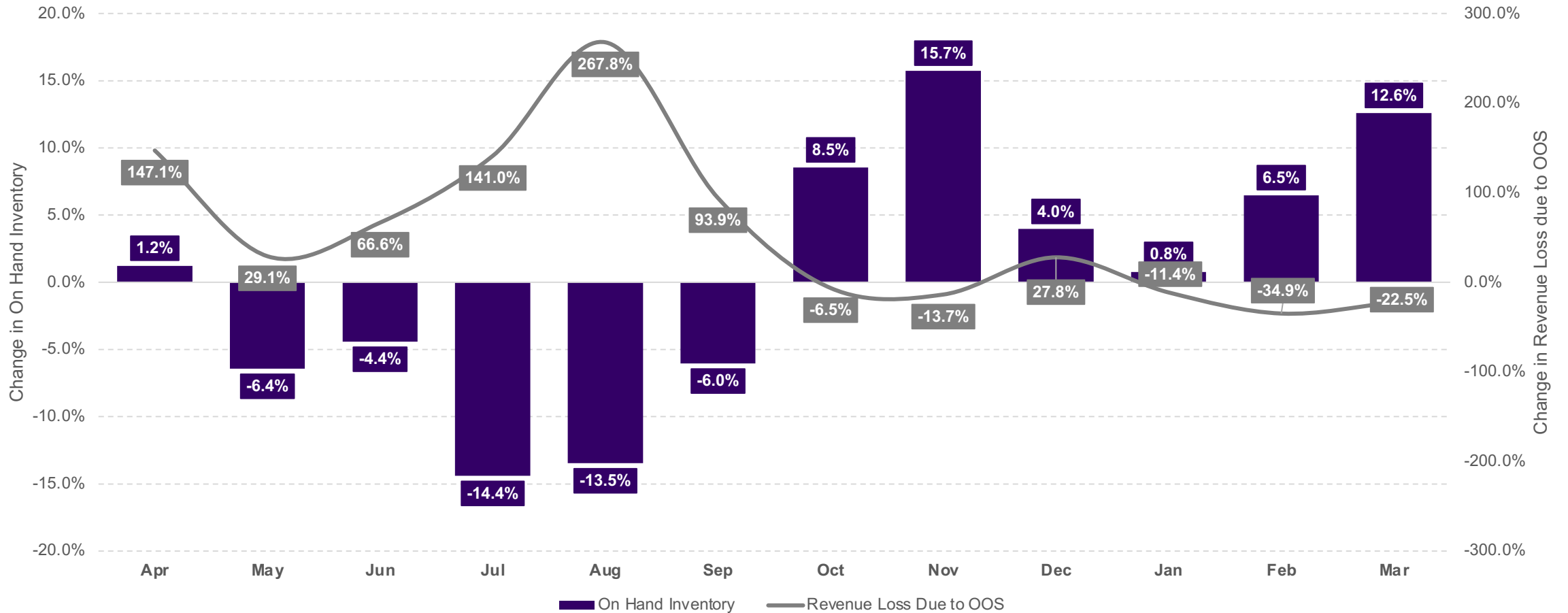
CommerceIQ

Brands saw a consistent degradation in Gross Margins despite an increase in ASP, likely driven by an increase in discounts.

YoY % Change in Gross Margins* and ASP (Q2 '23 vs. Q1 '24)
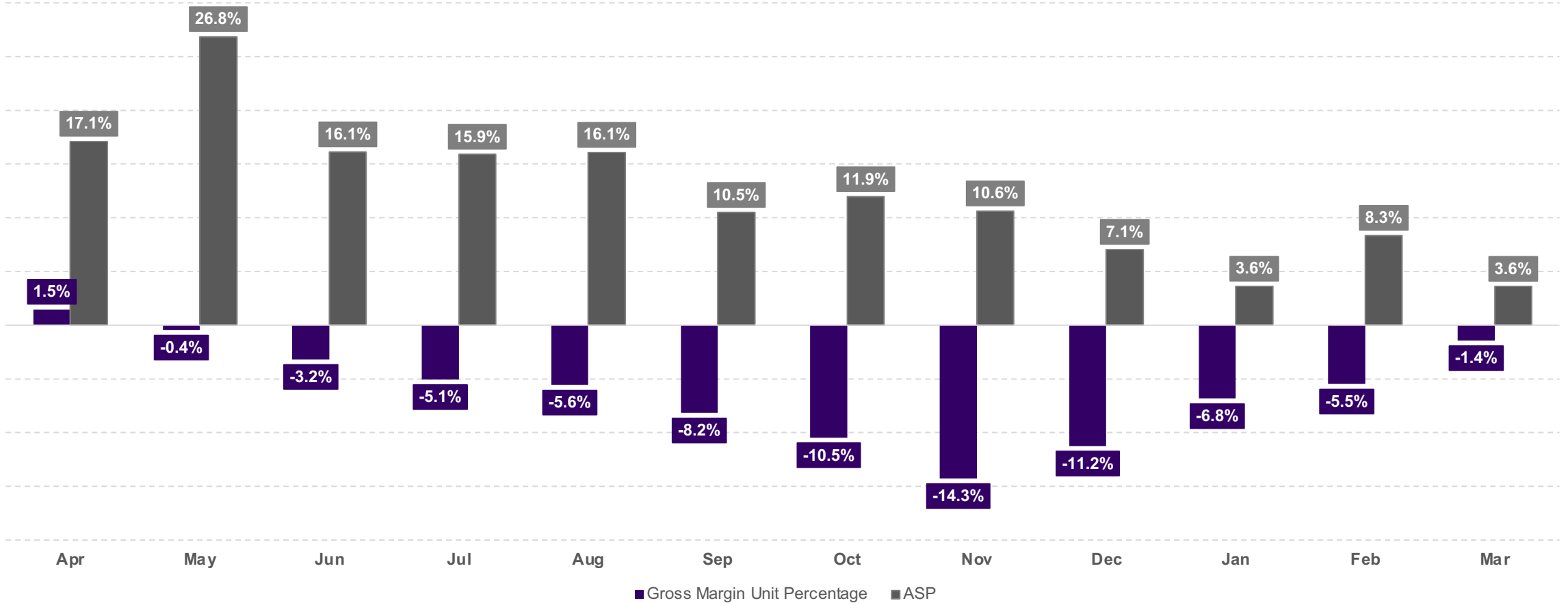
Legend: ■ Gross Margin Unit Percentage ■ ASP

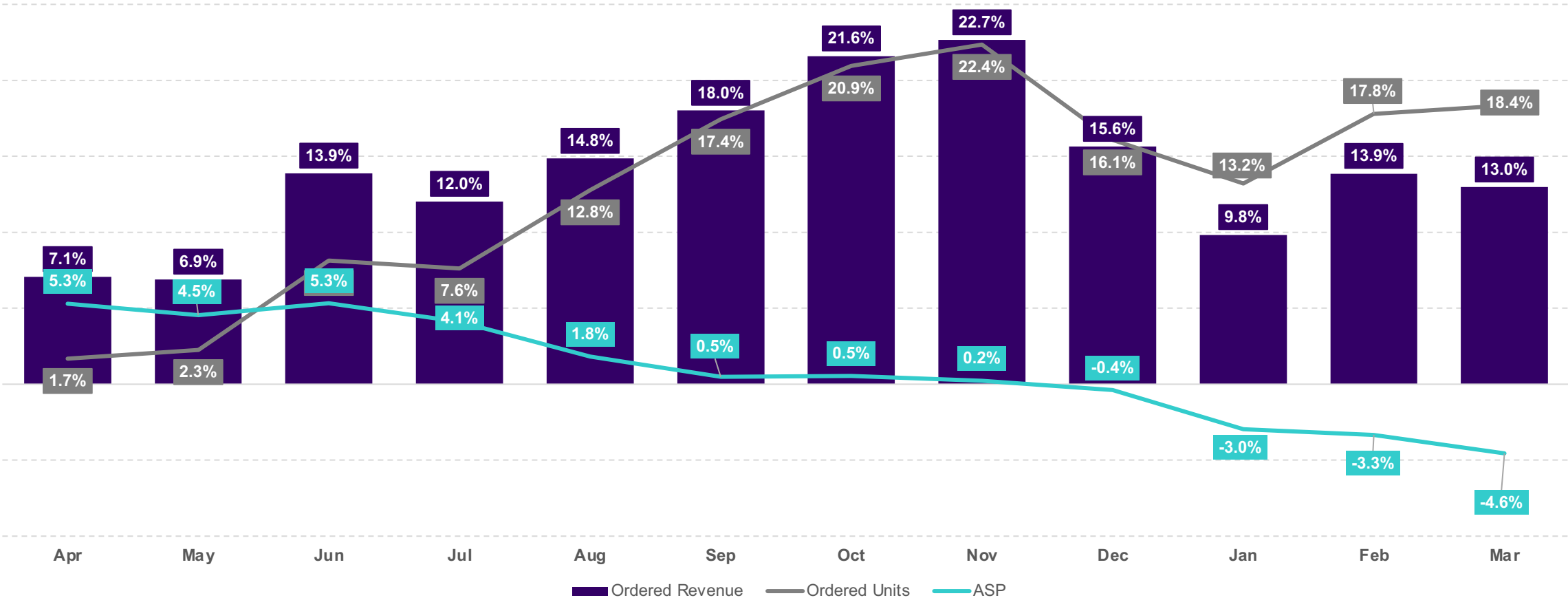| Month	Gross Margin Unit Percentage	ASP
Apr	1.5%	17.1%
May	-0.4%	26.8%
Jun	-3.2%	16.1%
Jul	-5.1%	15.9%
Aug	-5.6%	16.1%
Sep	-8.2%	10.5%
Oct	-10.5%	11.9%
Nov	-14.3%	10.6%
Dec	-11.2%	7.1%
Jan	-6.8%	3.6%
Feb	-5.5%	8.3%
Mar	-1.4%	3.6%

Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from January 2022 to March 2024. *Amazon Gross Margins.

April 2024

CommerceIQ

Conversion rates have continued to fall into Q1, being offset by an increase in glance views.

YoY % Change in Glance Views and Unit Conversion % (Q2 '23 to Q1 '24)
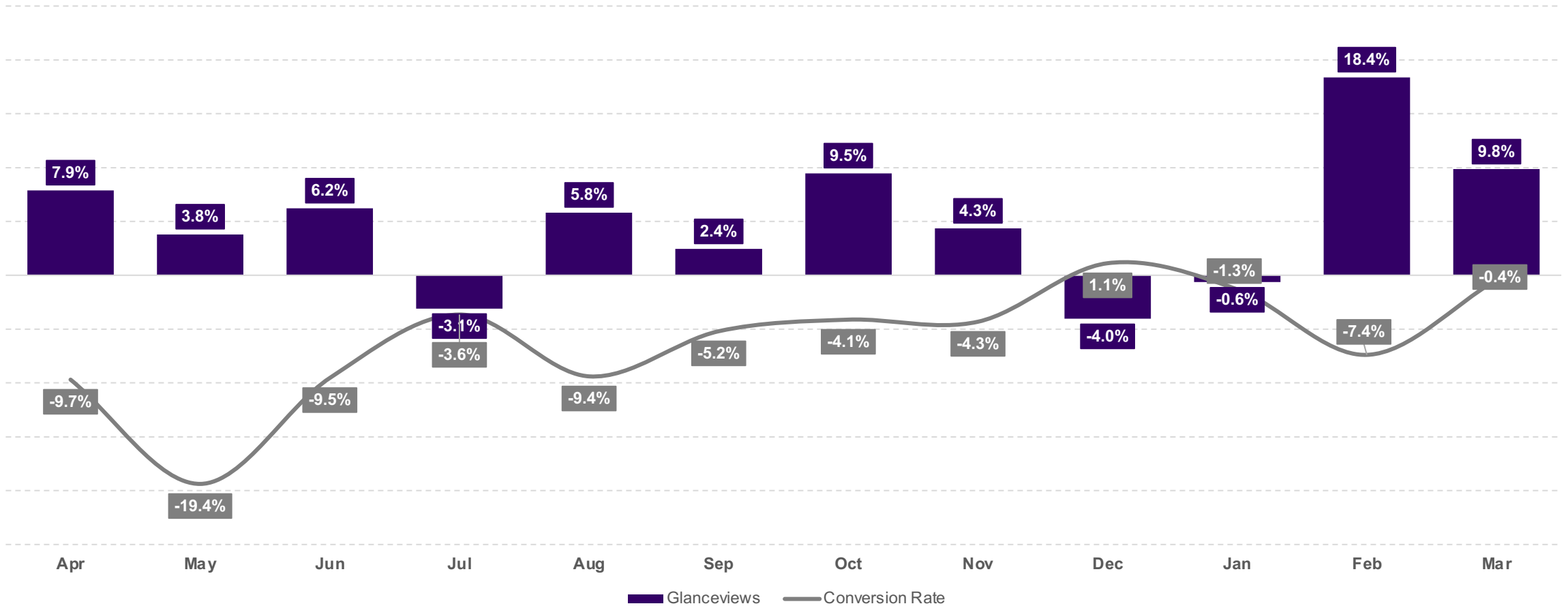
Legend: Glanceviews | Conversion Rate

CommerceIQ

Ad Spend grew alongside an improvement in ROAS, signaling brands in the category have likely begun optimizing spend on an "incremental" basis to gain these efficiencies.

YoY % Change in Ad Spend, and YoY $ Change in ROAS and CPC (Q2 '23 to Q1 '24)

Legend: Ad Spend | ROAS | CPC

Data labels on bars: 162.3%, 70.2%, 113.4%, 100.0%, 86.7%, 140.7%, 44.7%, 7.3%, 17.3%, 17.1%, 56.5%, 24.7%

X-axis: Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar

Left axis (Change in Ad Spend): 200.0%, 150.0%, 100.0%, 50.0%, 0.0%, -50.0%, -100.0%, -150.0%, -200.0%

Right axis (Change in ROAS & CPC): $4.00, $3.00, $2.00, $1.00, $-, $(1.00), $(2.00), $(3.00), $(4.00)

CommerceIQ

Sponsored Brand and Product were the core drivers of the increase in Ad Spend in Q1.

YoY % Change in Sponsored Display, Sponsored Product and Sponsored Brand Ad Spend (Q2 '23 to Q1 '24)

Legend: Ad Spend SD — Ad Spend SP — Ad Spend SB
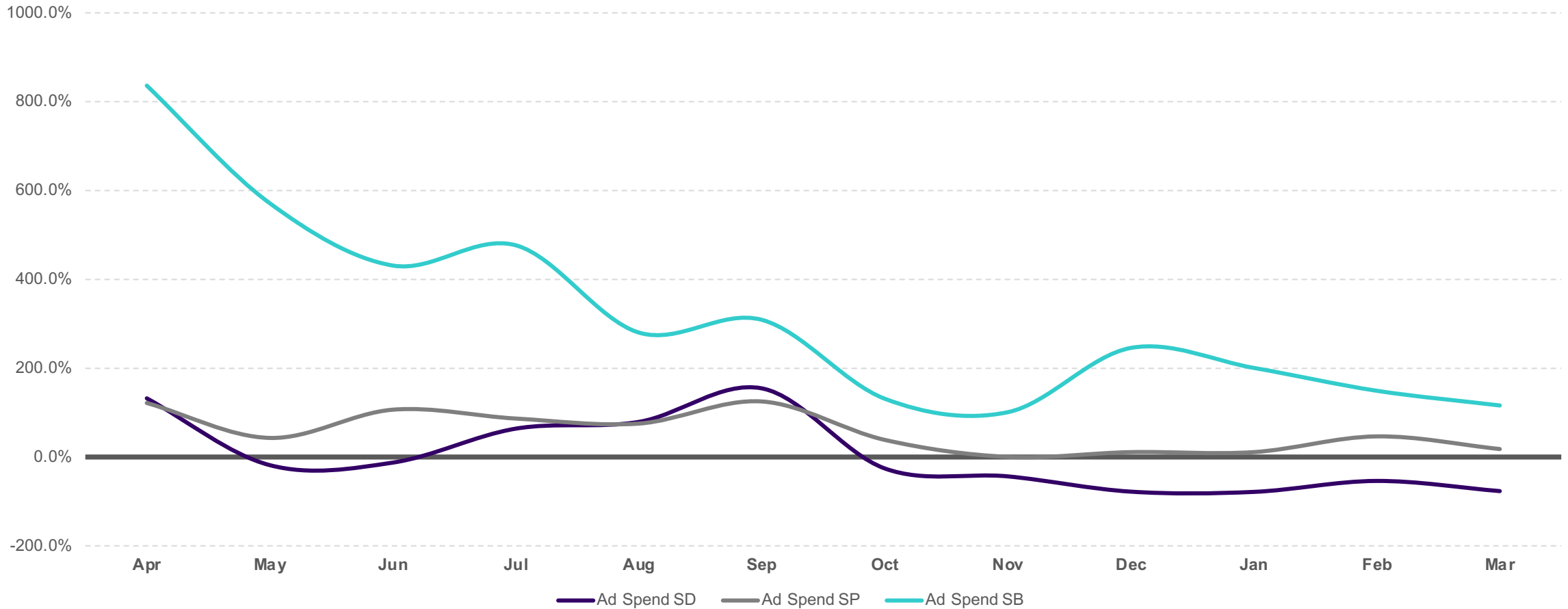
Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from January 2022 to March 2024

CommerceIQ

Health & Personal Care Category

Q2 2023 to Q1 2024 Recap

Commerce**IQ**

Ordered Revenue increased has been driven by an increase in Ordered Units, with the increase in consumer demand offsetting the decline of ASP in Q1.

YoY % Change in Ordered Revenue, Ordered Units and ASP (Q2 '23 to Q1 '24)

Legend: Ordered Revenue, Ordered Units, ASP

| Month	Ordered Revenue	Ordered Units	ASP
Apr	7.1%	1.7%	5.3%
May	6.9%	2.3%	4.5%
Jun	13.9%	5.3%	5.3%
Jul	12.0%	7.6%	4.1%
Aug	14.8%	12.8%	1.8%
Sep	18.0%	17.4%	0.5%
Oct	21.6%	20.9%	0.5%
Nov	22.7%	22.4%	0.2%
Dec	15.6%	16.1%	-0.4%
Jan	9.8%	13.2%	-3.0%
Feb	13.9%	17.8%	-3.3%
Mar	13.0%	18.4%	-4.6%

Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from January 2022 to March 2024

CommerceIQ

Brands have continued to improve stock levels, correlating with a reduction in revenue losses due to out of stocks.

YoY % Change in On Hand Inventory and Revenue Losses due to Out of Stocks (Q2 '23 to Q1 '24)

Legend: On Hand Inventory (purple bars) | Revenue Loss Due to OOS (grey line)

Data values:
- Apr: On Hand Inventory -23.6%, Revenue Loss 67.5%
- May: Revenue Loss -69.0%
- Jun: On Hand Inventory -17.9%, Revenue Loss -35.9%
- Jul: Revenue Loss -7.9%
- Aug: Revenue Loss 55.5%
- Sep: On Hand Inventory 15.6%, Revenue Loss 32.2%
- Oct: On Hand Inventory 34.2%, Revenue Loss -47.3%
- Nov: On Hand Inventory 48.1%, Revenue Loss -46.5%
- Dec: On Hand Inventory 32.6%, Revenue Loss 3.4%
- Jan: On Hand Inventory 21.2%, Revenue Loss -6.0%
- Feb: On Hand Inventory 17.1%, Revenue Loss -17.9%
- Mar: On Hand Inventory 12.6%, Revenue Loss -20.6%
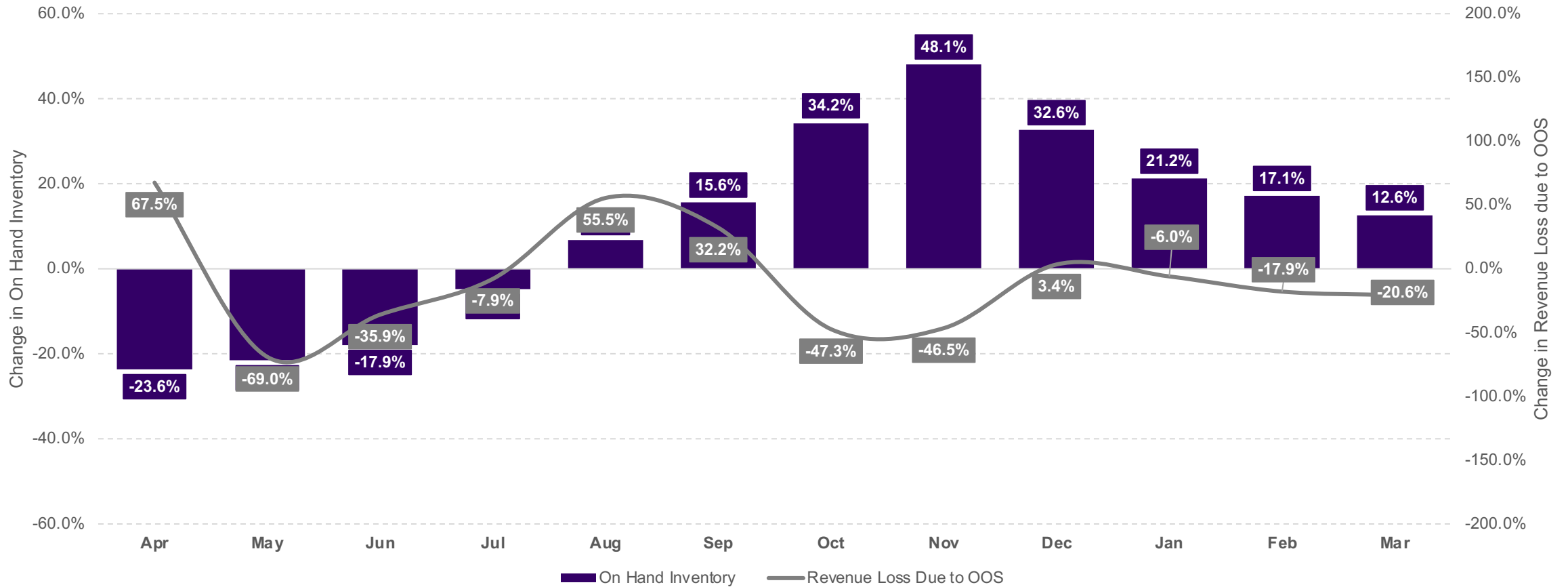
CommerceIQ

Brands saw a consistent degradation in Gross Margins, correlating with a reduction in ASP as one of the core drivers of the decline.

YoY % Change in Gross Margins* and ASP (Q2 '23 vs. Q1 '24)
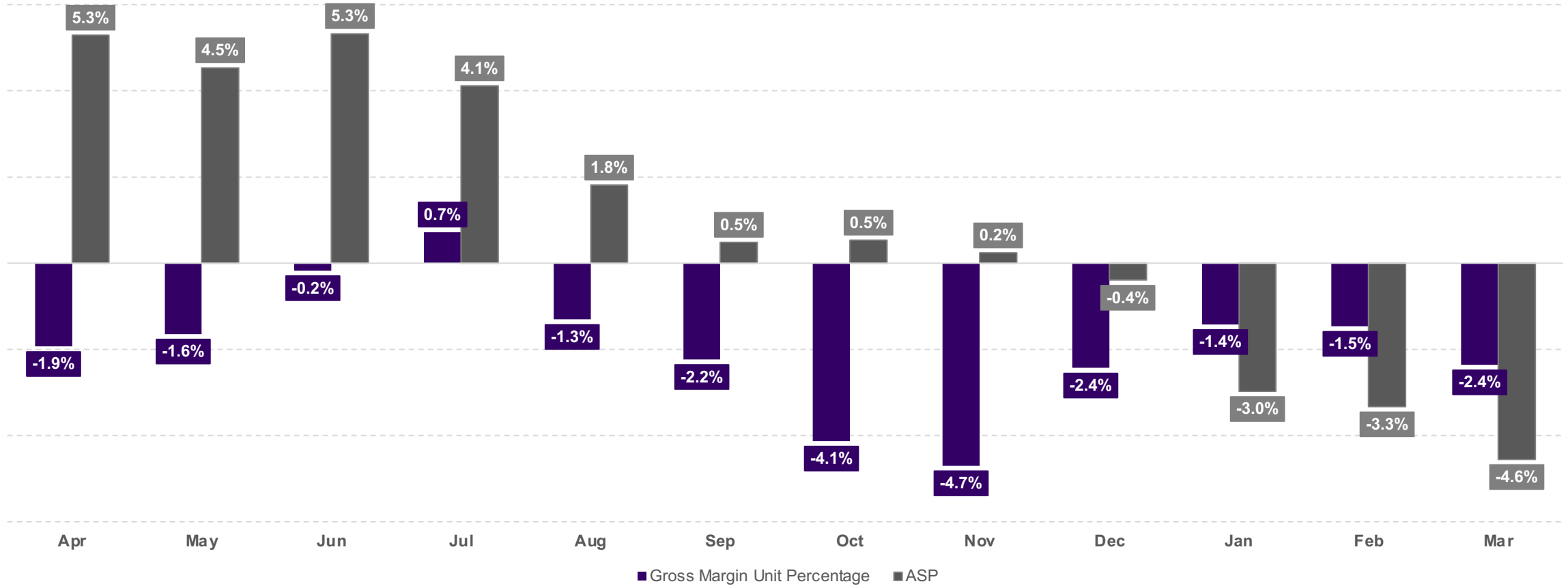
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Gross Margin Unit Percentage	-1.9%	-1.6%	-0.2%	0.7%	-1.3%	-2.2%	-4.1%	-4.7%	-2.4%	-1.4%	-1.5%	-2.4%
ASP	5.3%	4.5%	5.3%	4.1%	1.8%	0.5%	0.5%	0.2%	-0.4%	-3.0%	-3.3%	-4.6%

■ Gross Margin Unit Percentage ■ ASP

April 2024

CommerceIQ

Conversion rates continue to improve, alongside an increase in glance views, jointly driving the increase in revenue.

YoY % Change in Glance Views and Unit Conversion % (Q2 '23 to Q1 '24)
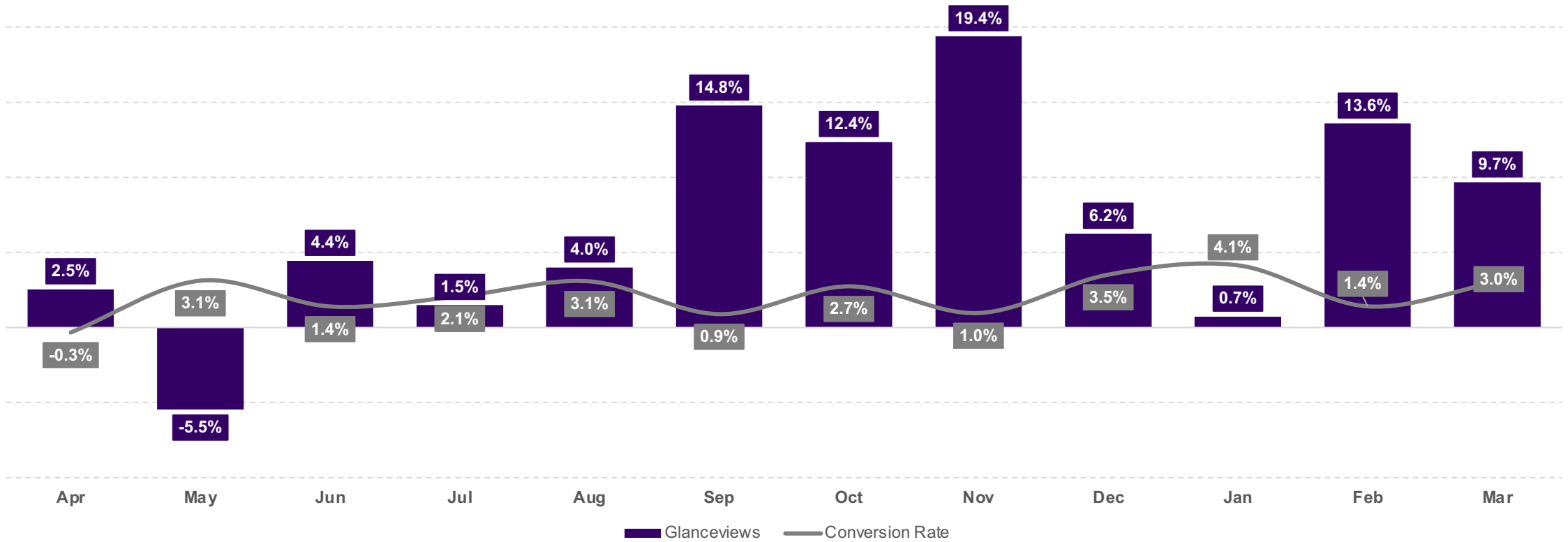
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Glanceviews	2.5%	-5.5%	4.4%	1.5%	4.0%	14.8%	12.4%	19.4%	6.2%	0.7%	13.6%	9.7%
Conversion Rate	-0.3%	3.1%	1.4%	2.1%	3.1%	0.9%	2.7%	1.0%	3.5%	4.1%	1.4%	3.0%

■ Glanceviews ── Conversion Rate

CommerceIQ

Ad Spend decline has correlated with an improvement in ROAS and glance views, signaling a reduction in competitiveness in the category.

YoY % Change in Ad Spend, and YoY $ Change in ROAS and CPC (Q2 '23 to Q1 '24)

Legend: Ad Spend — ROAS — CPC

CommerceIQ

Ad Spend declined across all ad format types.

YoY % Change in Sponsored Display, Sponsored Product and Sponsored Brand Ad Spend (Q2 '23 to Q1 '24)

Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from January 2022 to March 2024

April 2024
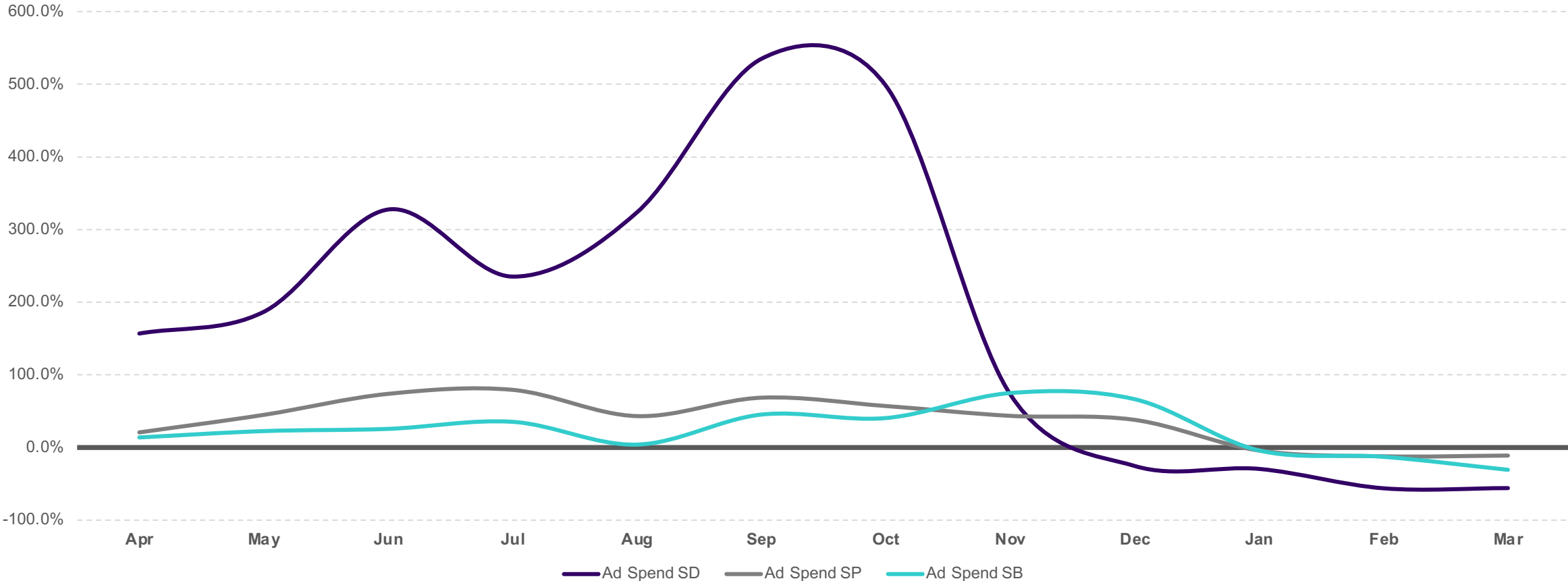
CommerceIQ

Home and Kitchen Category

Q2 2023 to Q1 2024 Recap

Commerce**IQ**

Ordered Revenue increased despite a reduction in ASP, driven by an increase in ordered units.

YoY % Change in Ordered Revenue, Ordered Units and ASP (Q2 '23 to Q1 '24)
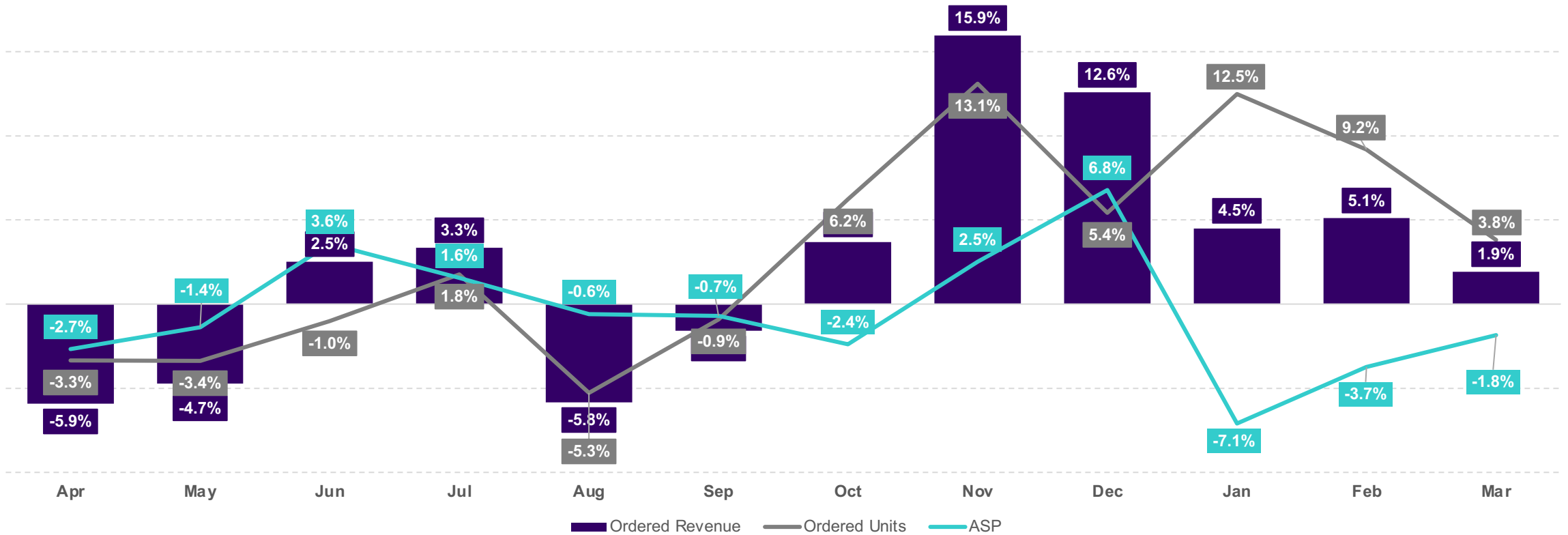
Legend: Ordered Revenue | Ordered Units | ASP

Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from January 2022 to March 2024

CommerceIQ

Brands have continued to reduce their levels of on hand inventory, correlating with an increase in revenue losses due to out of stocks.

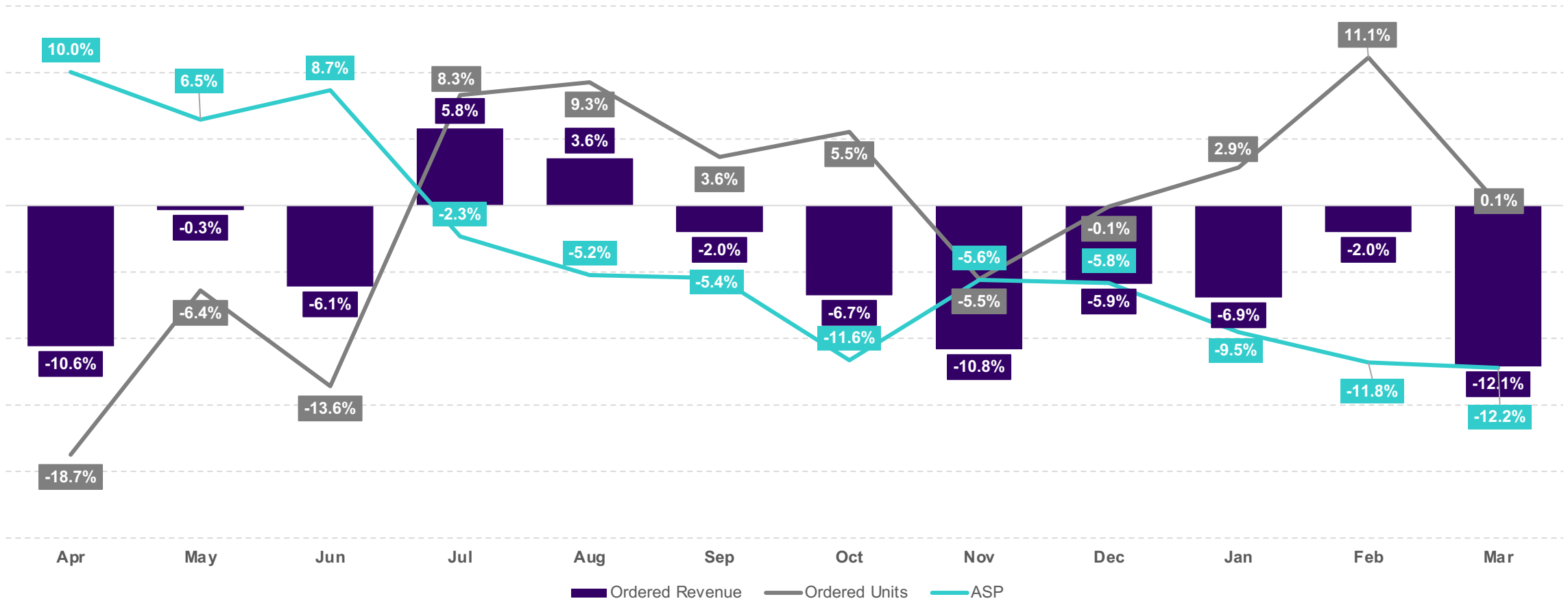**YoY % Change in On Hand Inventory and Revenue Losses due to Out of Stocks (Q2 '23 to Q1 '24)**
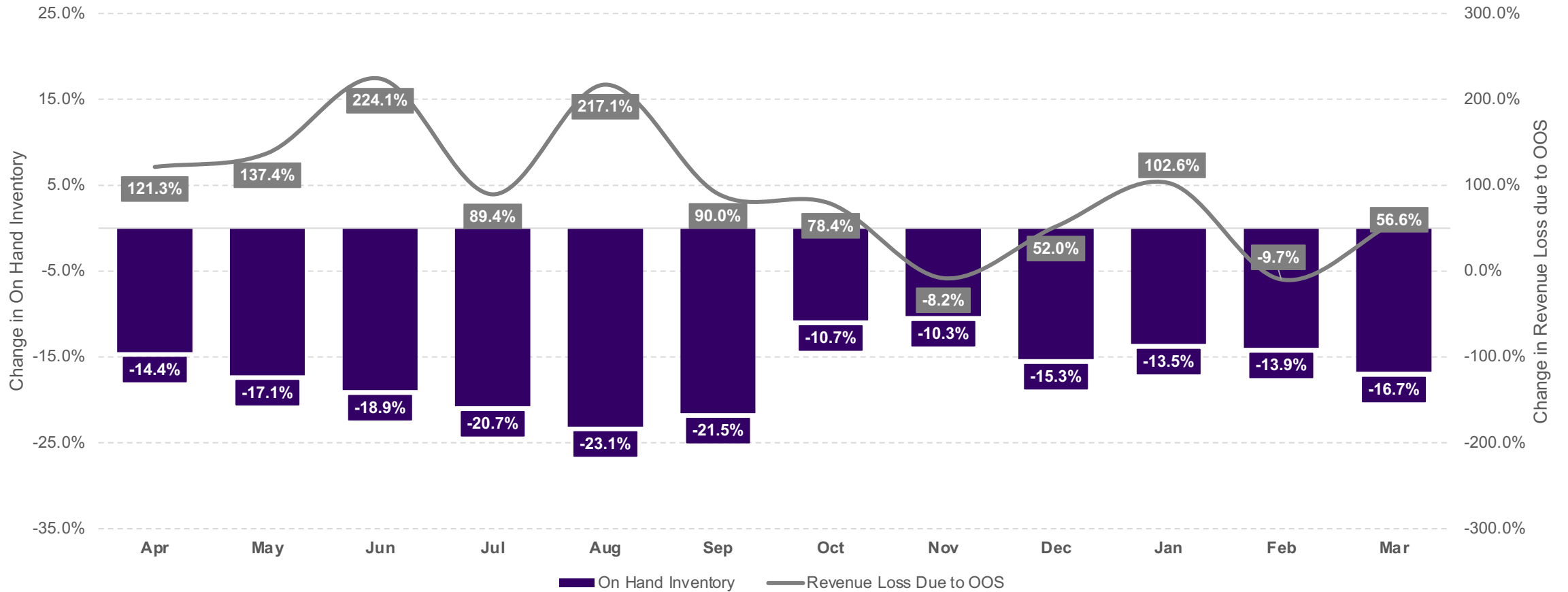
Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from January 2022 to March 2024

CommerceIQ

Brands saw a consistent degradation in Gross Margins, correlating with a decrease in ASP. The decline in gross margins is likely driven by a further increase in discounts and COGs.

YoY % Change in Gross Margins* and ASP (Q2 '23 vs. Q1 '24)
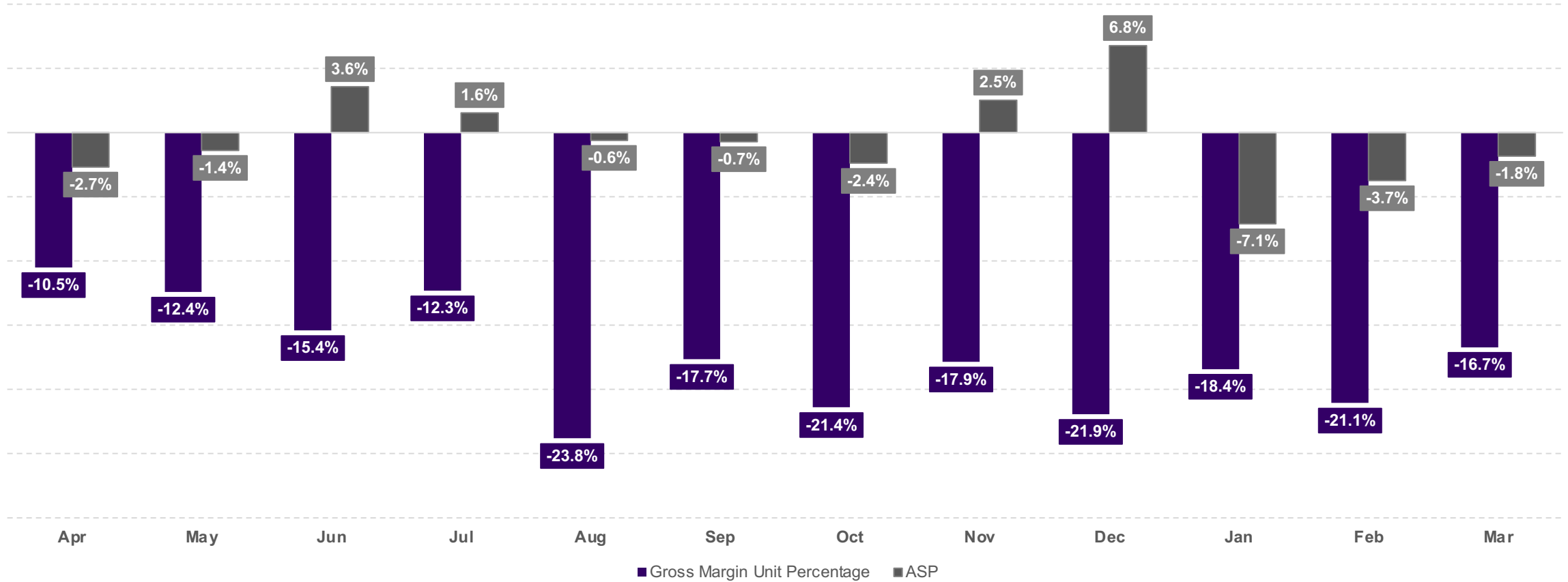
■ Gross Margin Unit Percentage ■ ASP

CommerceIQ

Conversion rates have remained relatively consistent, with a decline in glance views.
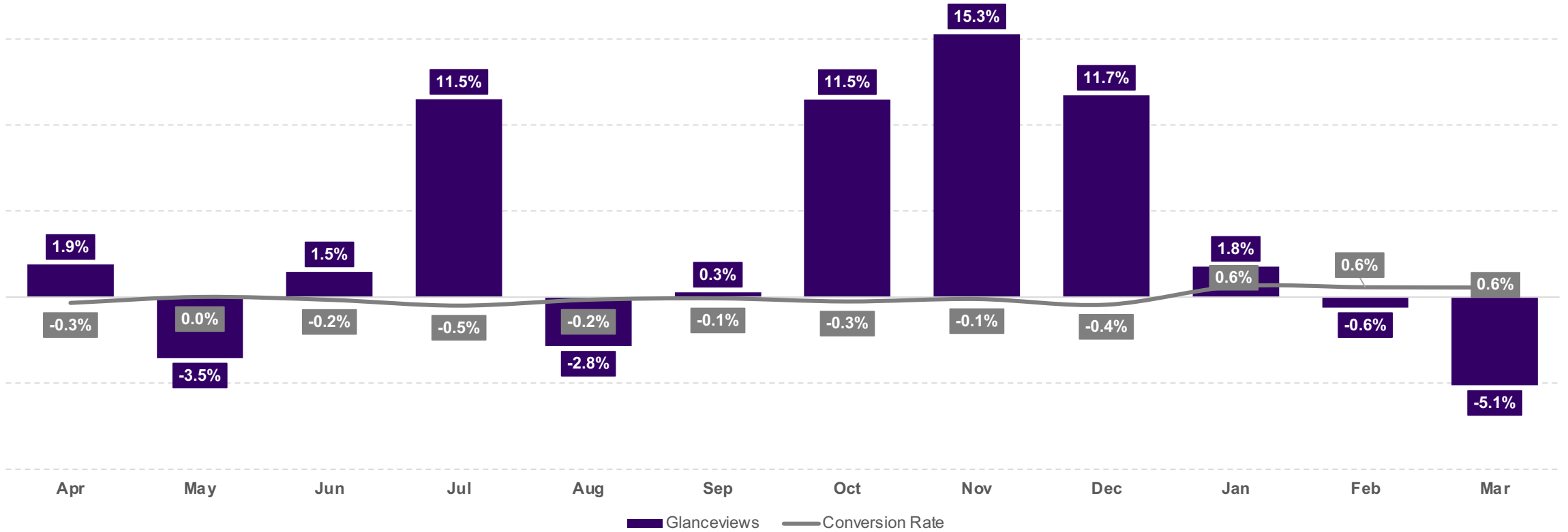
YoY % Change in Glance Views and Unit Conversion % (Q2 '23 to Q1 '24)

Legend: Glanceviews (bars), Conversion Rate (line)

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Glanceviews	1.9%	-3.5%	1.5%	11.5%	-2.8%	0.3%	11.5%	15.3%	11.7%	1.8%	-0.6%	-5.1%
Conversion Rate	-0.3%	0.0%	-0.2%	-0.5%	-0.2%	-0.1%	-0.3%	-0.1%	-0.4%	0.6%	0.6%	0.6%

CommerceIQ

Ad Spend fell in Q1, correlating with an improvement in ROAS.

YoY % Change in Ad Spend, and YoY $ Change in ROAS and CPC (Q2 '23 to Q1 '24)
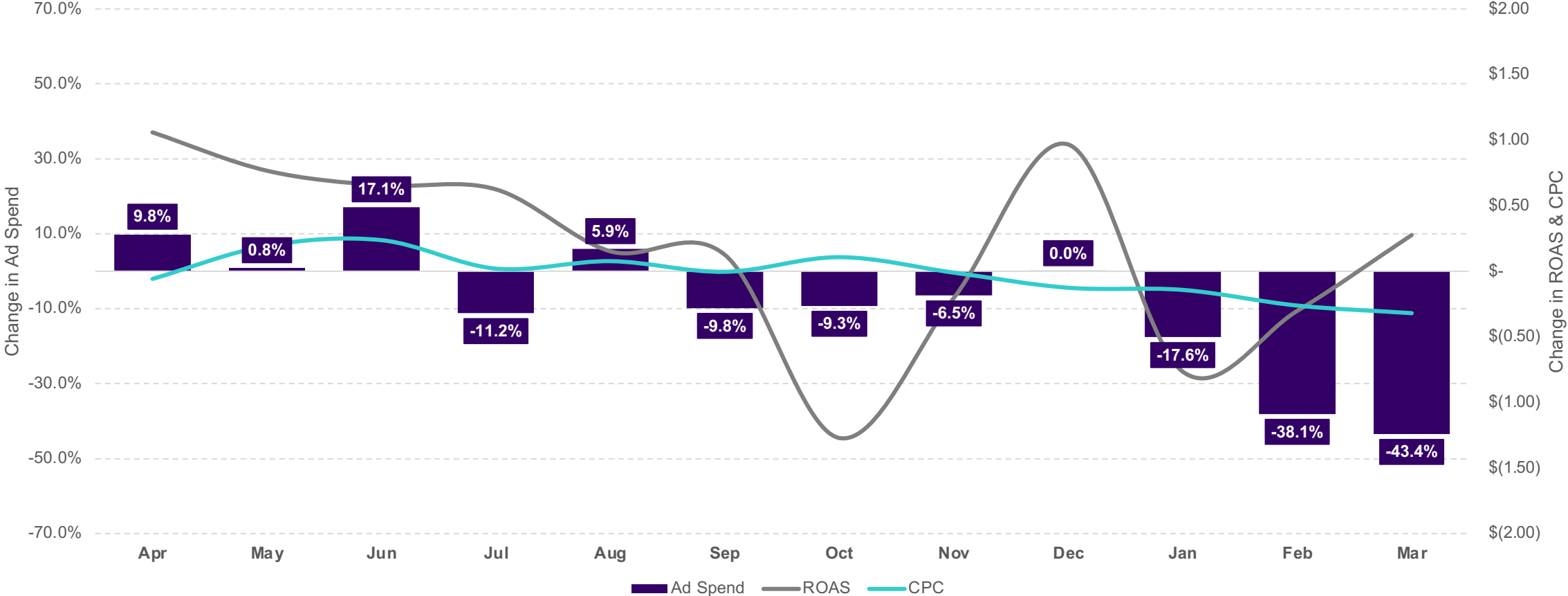
Legend: Ad Spend | ROAS | CPC

CommerceIQ

Ad Spend declined across all ad format types.

YoY % Change in Sponsored Display, Sponsored Product and Sponsored Brand Ad Spend (Q2 '23 to Q1 '24)

Legend: Ad Spend SD — Ad Spend SP — Ad Spend SB
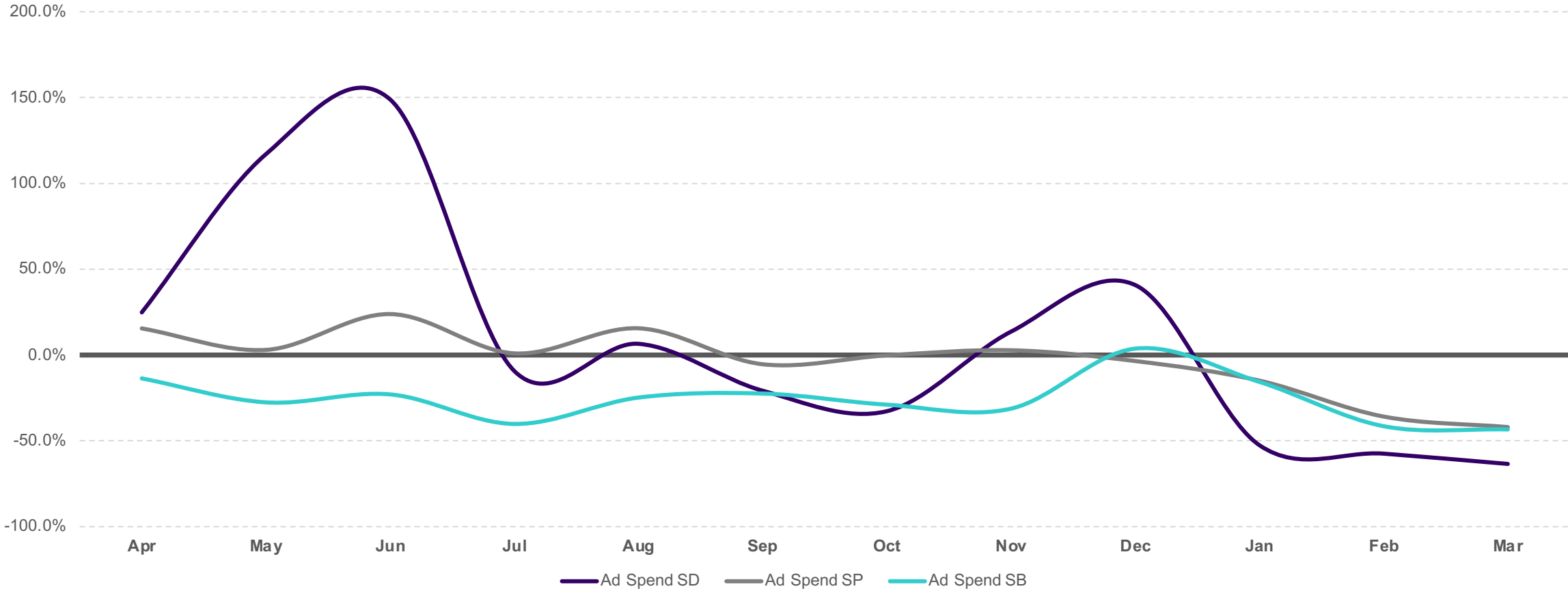
Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from January 2022 to March 2024

CommerceIQ

Office Products Category

Q2 2023 to Q1 2024 Recap

Commerce**IQ**

Ordered Revenue decreased, driven primarily by a reduction in ASP.

YoY % Change in Ordered Revenue, Ordered Units and ASP (Q2 '23 to Q1 '24)

Ordered Revenue   **Ordered Units**   **ASP**

Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from January 2022 to March 2024

CommerceIQ

Brands were able to reduce revenue losses due to out of stocks by continuing to maintain inventory levels.

YoY % Change in On Hand Inventory and Revenue Losses due to Out of Stocks (Q2 '23 to Q1 '24)
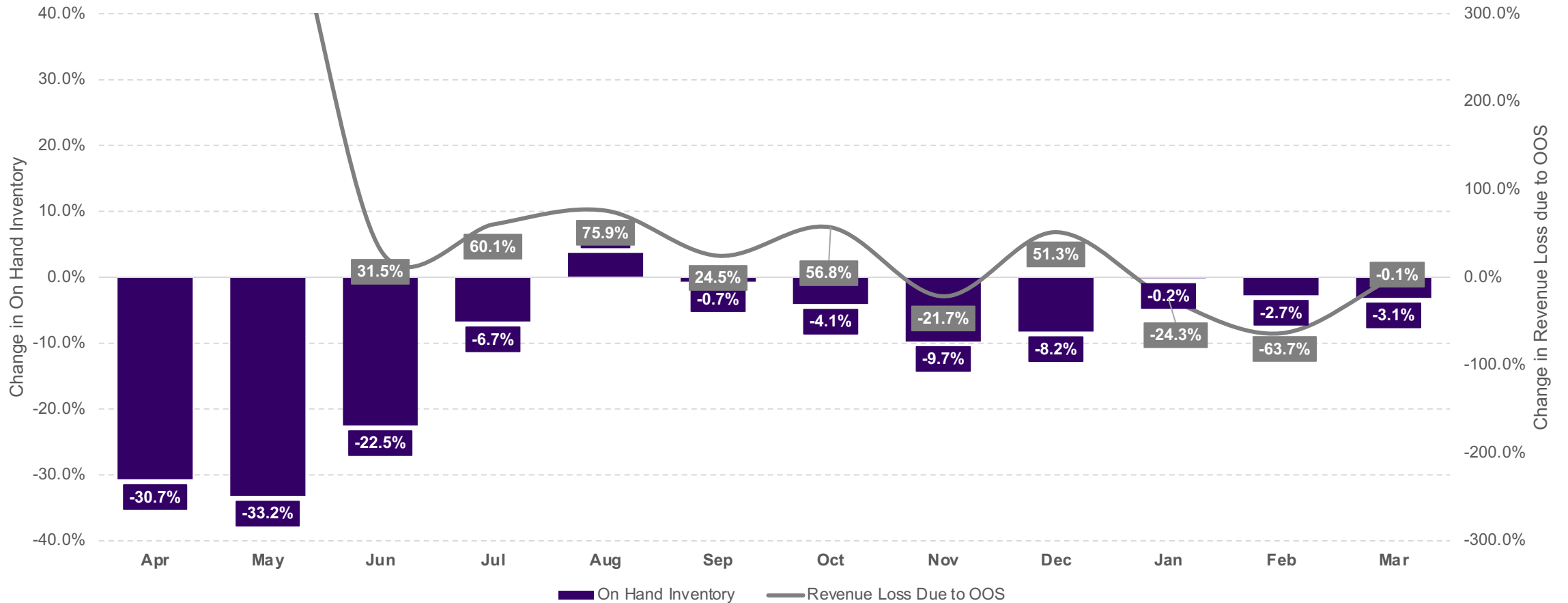
On Hand Inventory values (purple bars):
- Apr: -30.7%
- May: -33.2%
- Jun: -22.5%
- Jul: -6.7%
- Sep: -0.7%
- Oct: -4.1%
- Nov: -9.7%
- Dec: -8.2%
- Feb: -2.7%
- Mar: -3.1%

Revenue Loss Due to OOS values (gray line/labels):
- Jun: 31.5%
- Jul: 60.1%
- Aug: 75.9%
- Sep: 24.5%
- Oct: 56.8%
- Nov: -21.7%
- Dec: 51.3%
- Jan: -24.3%
- Feb: -63.7%
- Jan: -0.2%
- Mar: -0.1%

Legend: ■ On Hand Inventory ── Revenue Loss Due to OOS

CommerceIQ

Brands saw a consistent degradation in Gross Margins, driven likely by the continued decline in ASP.

YoY % Change in Gross Margins* and ASP (Q2 '23 vs. Q1 '24)
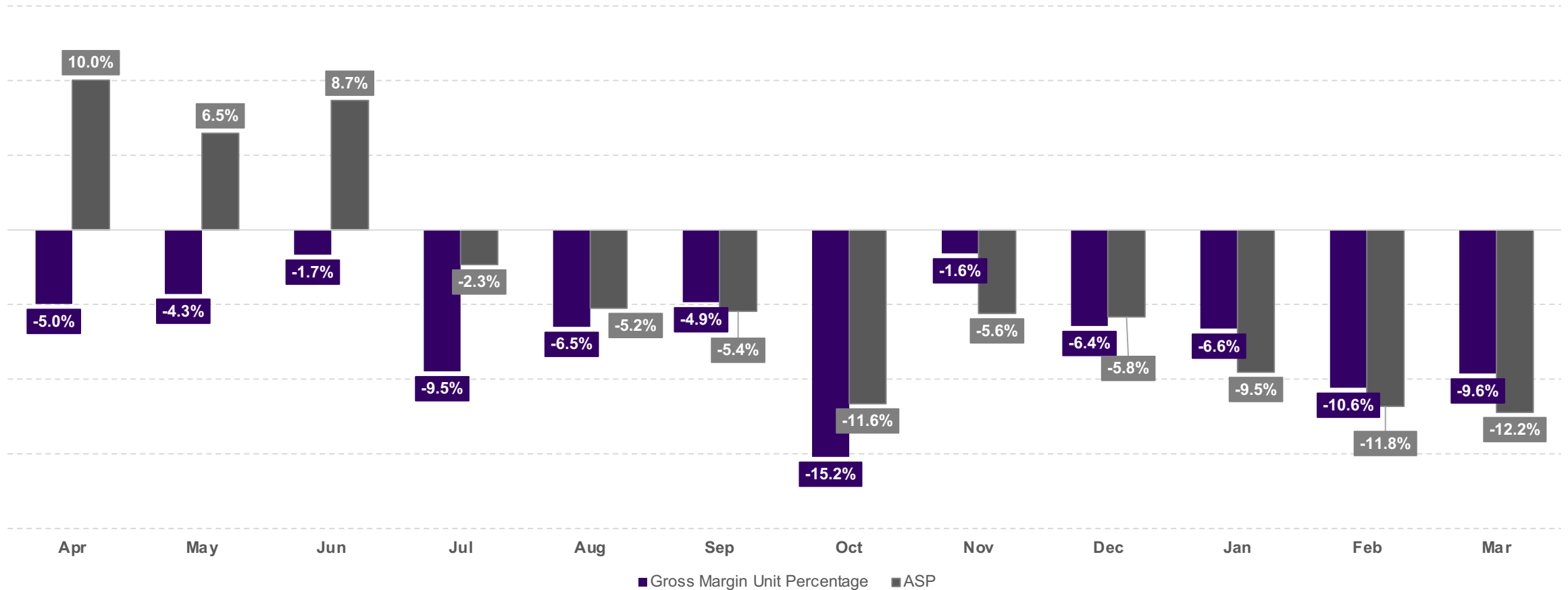
Legend: ■ Gross Margin Unit Percentage ■ ASP

Month	Gross Margin Unit Percentage	ASP
Apr	-5.0%	10.0%
May	-4.3%	6.5%
Jun	-1.7%	8.7%
Jul	-9.5%	-2.3%
Aug	-6.5%	-5.2%
Sep	-4.9%	-5.4%
Oct	-15.2%	-11.6%
Nov	-1.6%	-5.6%
Dec	-6.4%	-5.8%
Jan	-6.6%	-9.5%
Feb	-10.6%	-11.8%
Mar	-9.6%	-12.2%

Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from January 2022 to March 2024. *Amazon Gross Margins.

CommerceIQ

Conversion rates rose in Q1, offsetting the decline in Glance Views but not by a sufficient amount to offset the reduction in ASP and improve revenue levels.

YoY % Change in Glance Views and Unit Conversion % (Q2 '23 to Q1 '24)
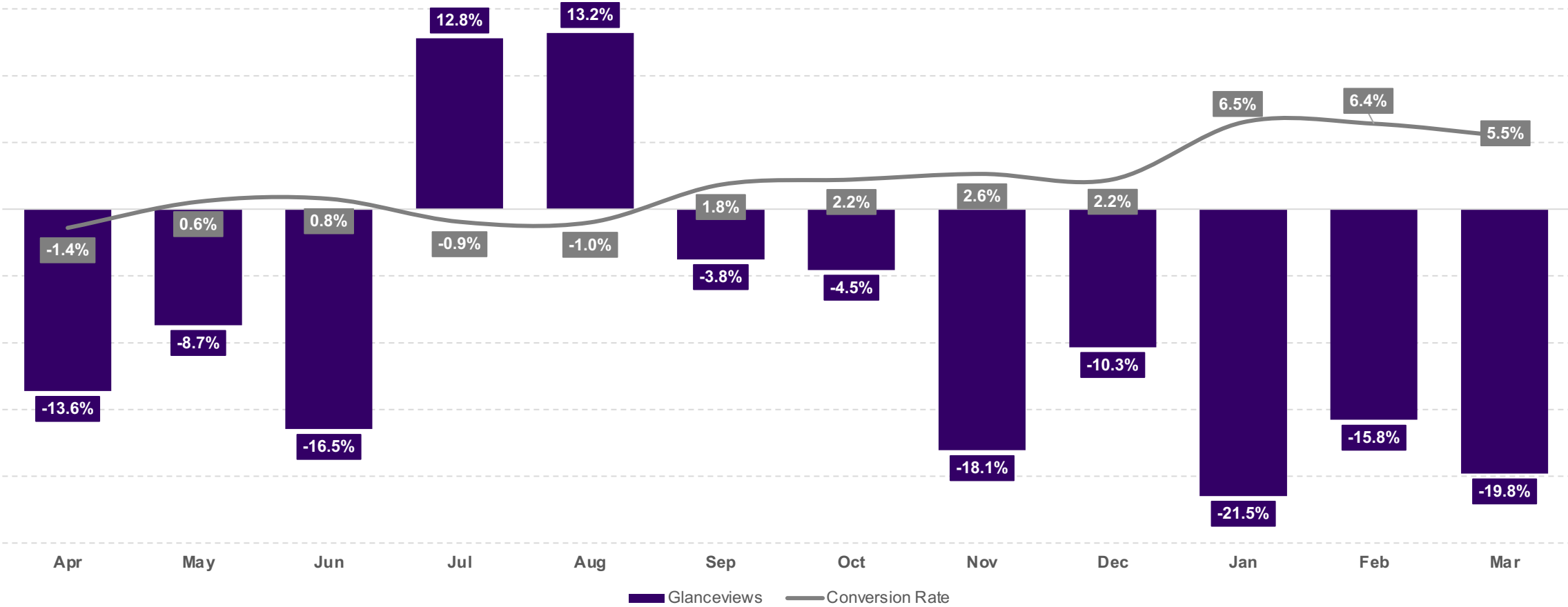
Glanceviews ━━ Conversion Rate

CommerceIQ

Ad spend continued to fall quarter over quarter, inline with a degradation in ROAS, indicating the reduction in glance views has had an outsized impact on increasing the overall competitiveness of the category.
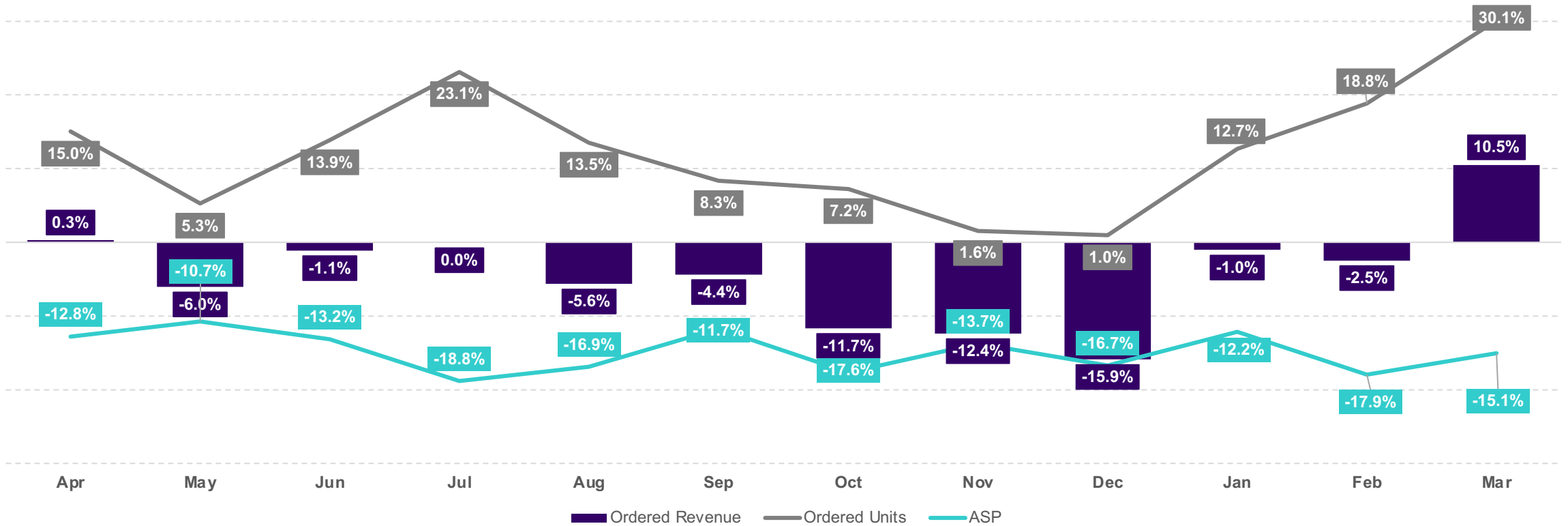
YoY % Change in Ad Spend, and YoY $ Change in ROAS and CPC (Q2 '23 to Q1 '24)
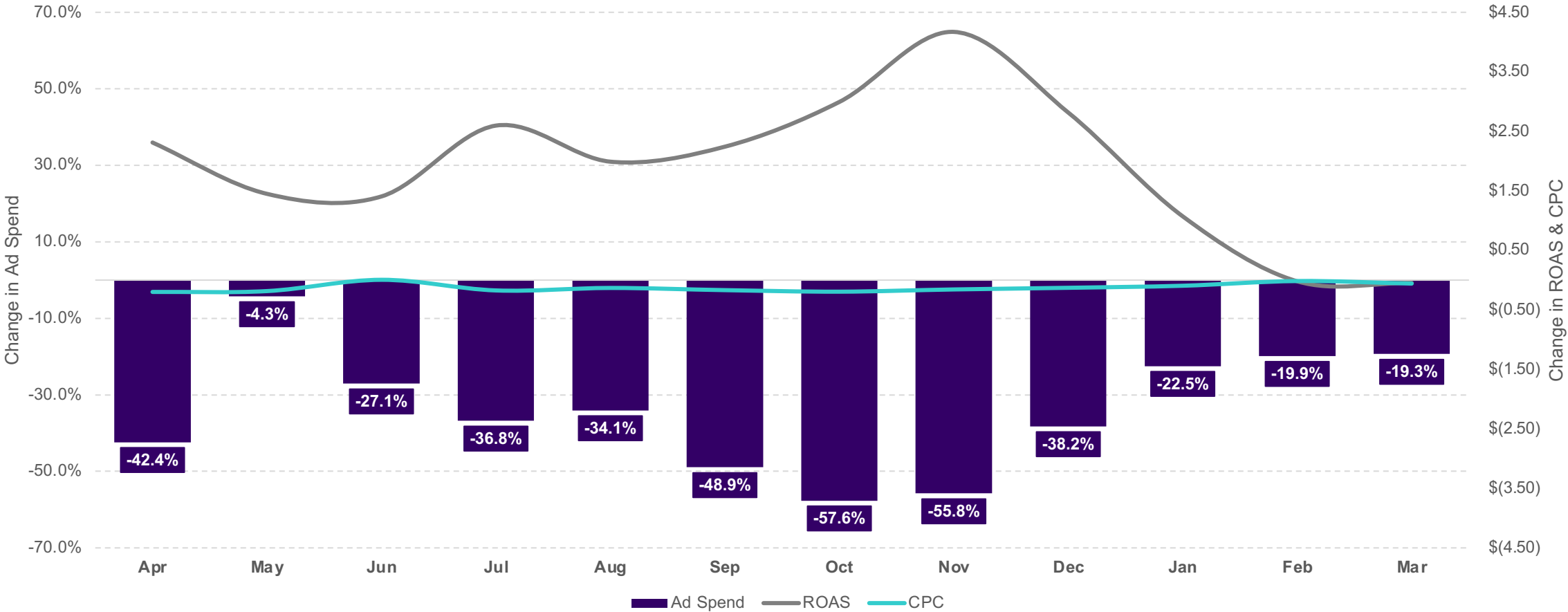
Ad Spend values: Apr -42.4%, May -4.3%, Jun -27.1%, Jul -36.8%, Aug -34.1%, Sep -48.9%, Oct -57.6%, Nov -55.8%, Dec -38.2%, Jan -22.5%, Feb -19.9%, Mar -19.3%

Legend: Ad Spend, ROAS, CPC

CommerceIQ

Sponsored Brand was the predominant ad format that saw the most growth in Q1 amidst a pull back of ad spend within the category.

YoY % Change in Sponsored Display, Sponsored Product and Sponsored Brand Ad Spend (Q2 '23 to Q1 '24)

Legend: Ad Spend SD — Ad Spend SP — Ad Spend SB
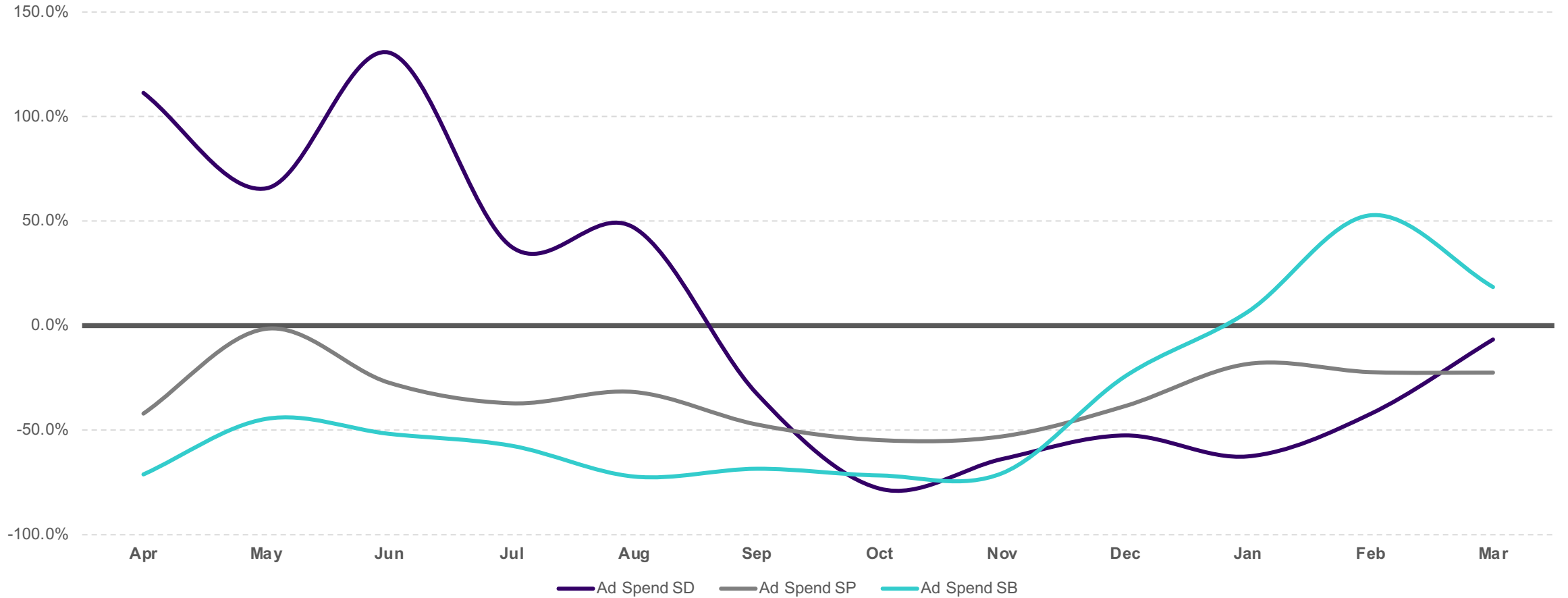
Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from January 2022 to March 2024

CommerceIQ

Patio, Lawn & Garden Category

Q2 2023 to Q1 2024 Recap

Commerce**IQ**

Ordered Revenue grew in Q1, driven by a steady increase in ordered units that offset the reduction in ASP.

YoY % Change in Ordered Revenue, Ordered Units and ASP (Q2 '23 to Q1 '24)

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Ordered Revenue	0.3%	-6.0%	-1.1%	0.0%	-5.6%	-4.4%	-11.7%	-13.7%	-15.9%	-1.0%	-2.5%	10.5%
Ordered Units	15.0%	5.3%	13.9%	23.1%	13.5%	8.3%	7.2%	1.6%	1.0%	12.7%	18.8%	30.1%
ASP	-12.8%	-10.7%	-13.2%	-18.8%	-16.9%	-11.7%	-17.6%	-12.4%	-16.7%	-12.2%	-17.9%	-15.1%

Ordered Revenue   Ordered Units   ASP

CommerceIQ

Until March 2024, brands were able to consistently build back stock levels which provided temporary relief for the reduction in revenue losses due to out of stock. There still appear to be challenges on SKU-level forecasting as losses did correlate with an increase in inventory in Q4.

YoY % Change in On Hand Inventory and Revenue Losses due to Out of Stocks (Q2 '23 to Q1 '24)
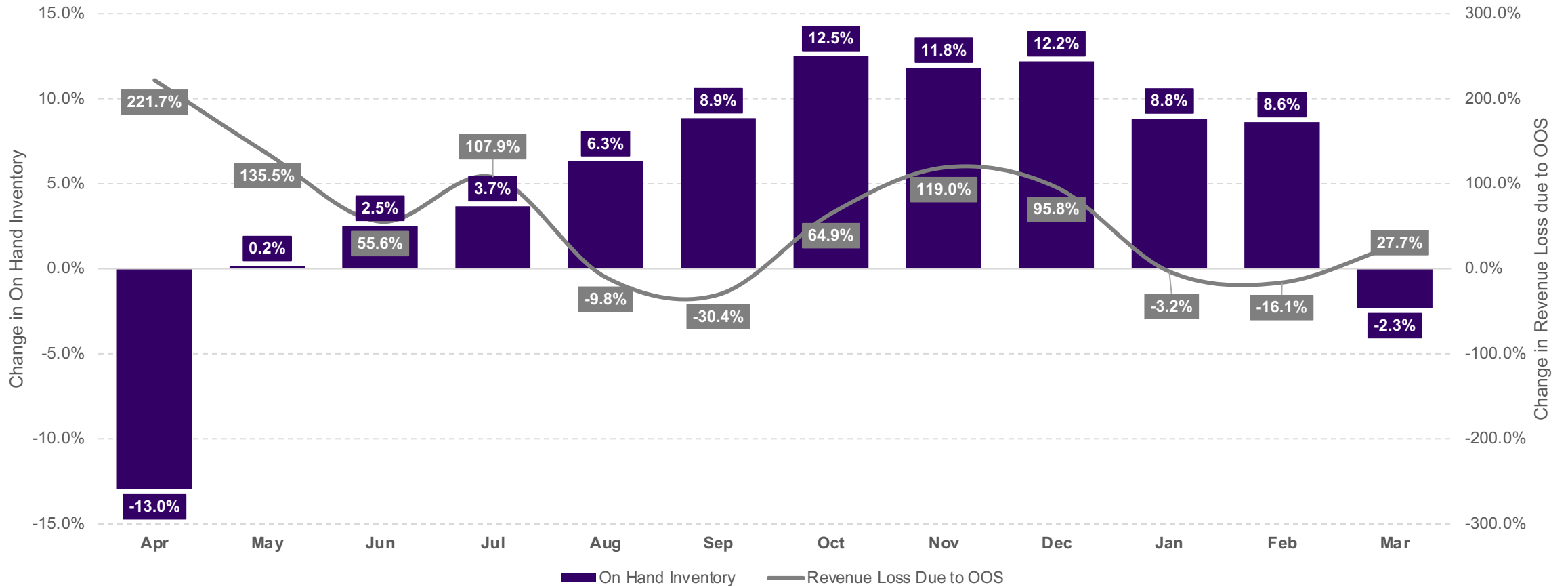
On Hand Inventory | Revenue Loss Due to OOS

CommerceIQ

Brands saw a consistent degradation in Gross Margins, correlating directly with a reduction in ASP as the likely core driver.

YoY % Change in Gross Margins* and ASP (Q2 '23 vs. Q1 '24)
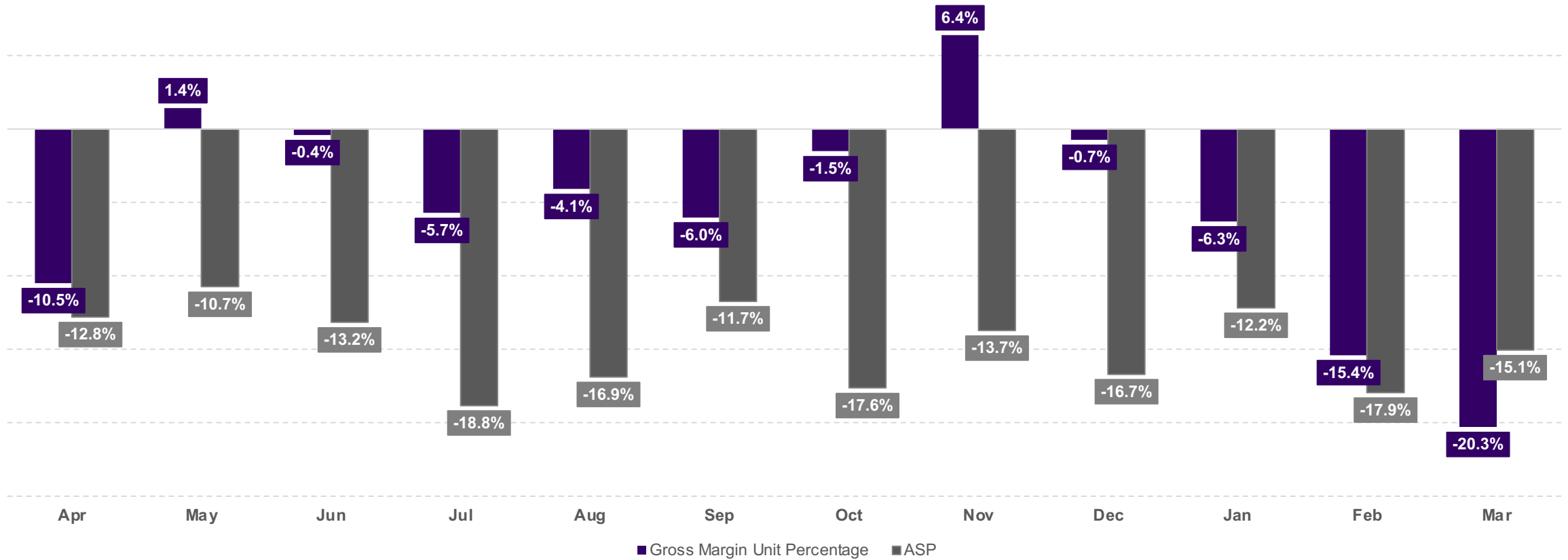
Legend: ■ Gross Margin Unit Percentage ■ ASP

Month	Gross Margin Unit Percentage	ASP
Apr	-10.5%	-12.8%
May	1.4%	-10.7%
Jun	-0.4%	-13.2%
Jul	-5.7%	-18.8%
Aug	-4.1%	-16.9%
Sep	-6.0%	-11.7%
Oct	-1.5%	-17.6%
Nov	6.4%	-13.7%
Dec	-0.7%	-16.7%
Jan	-6.3%	-12.2%
Feb	-15.4%	-17.9%
Mar	-20.3%	-15.1%

April 2024

CommerceIQ

Conversation rates and glance views improved slightly in Q1 offsetting a massive decline in Dec 2023.

YoY % Change in Glance Views and Unit Conversion % (Q2 '23 to Q1 '24)
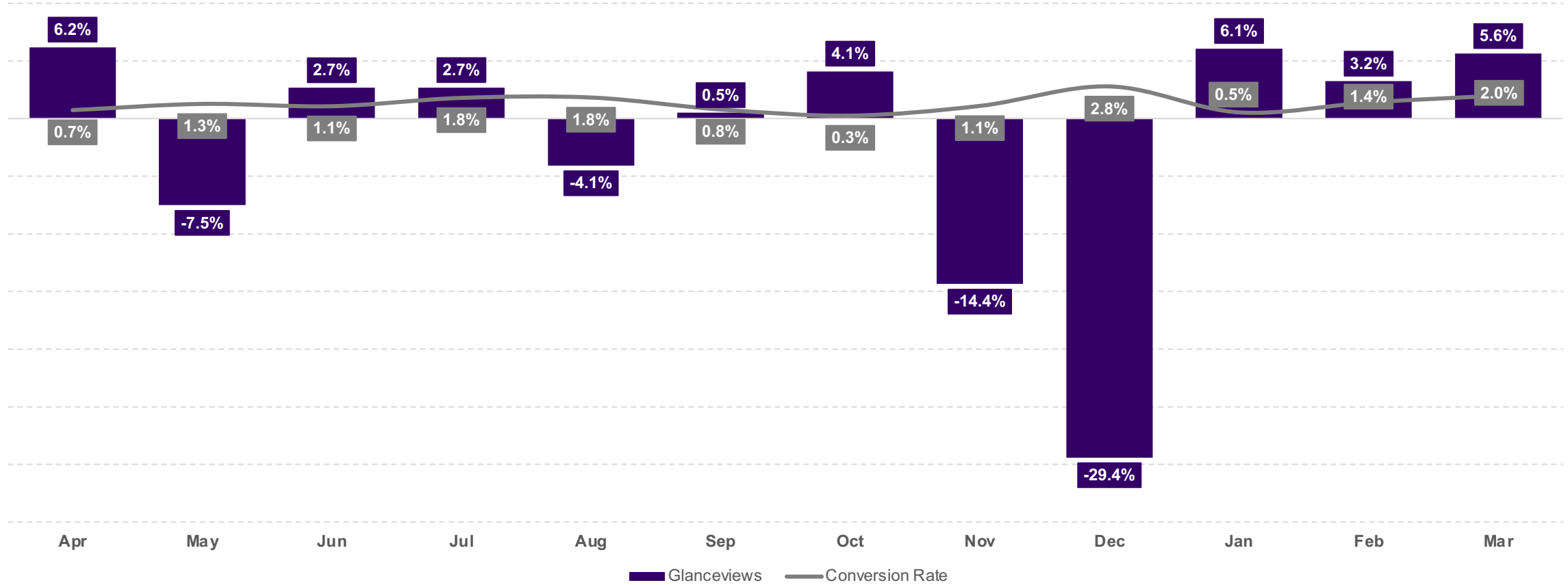
Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
6.2%	-7.5%	2.7%	2.7%	-4.1%	0.5%	4.1%	-14.4%	-29.4%	6.1%	3.2%	5.6%
0.7%	1.3%	1.1%	1.8%	1.8%	0.8%	0.3%	1.1%	2.8%	0.5%	1.4%	2.0%

■ Glanceviews ── Conversion Rate

CommerceIQ

Ad Spend steadily grew towards the end of Q1, correlating with a slight decrease in ROAS and CPCs, presenting an opportunity for further profitable growth through increased advertising investment.

YoY % Change in Ad Spend, and YoY $ Change in ROAS and CPC (Q2 '23 to Q1 '24)
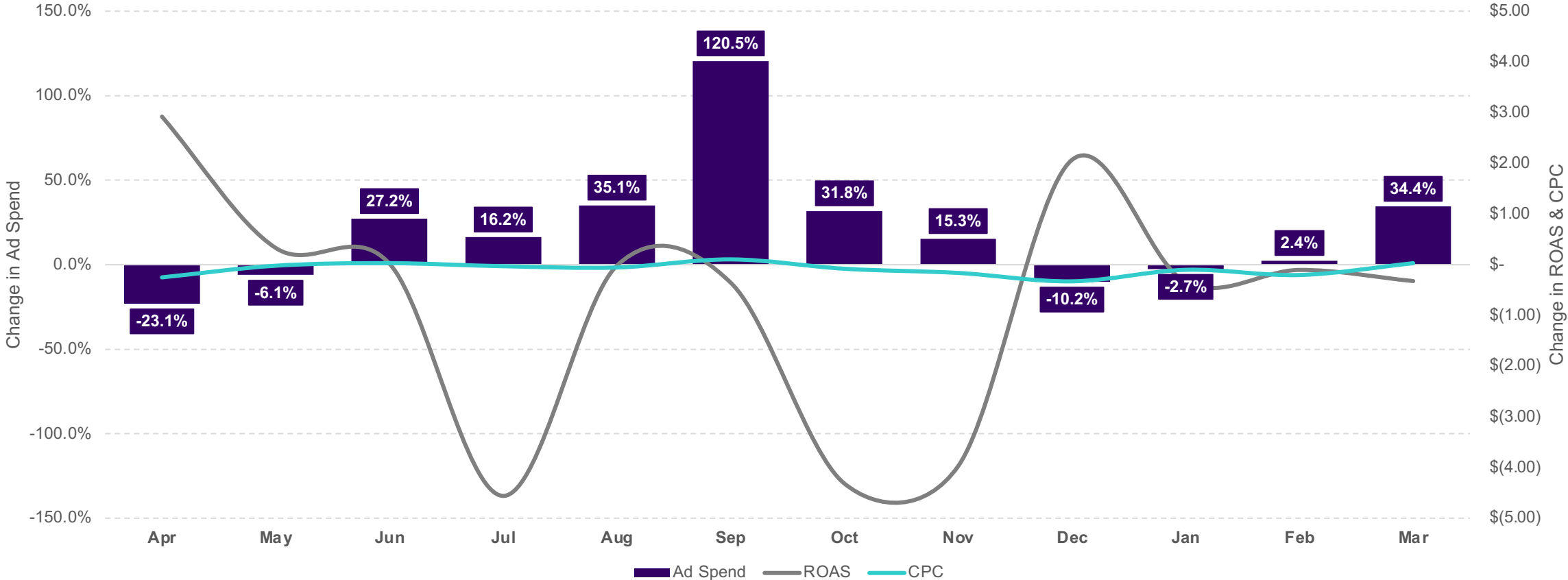
Legend: Ad Spend, ROAS, CPC

Data labels (Ad Spend): Apr -23.1%, May -6.1%, Jun 27.2%, Jul 16.2%, Aug 35.1%, Sep 120.5%, Oct 31.8%, Nov 15.3%, Dec -10.2%, Jan -2.7%, Feb 2.4%, Mar 34.4%

Left axis (Change in Ad Spend): 150.0%, 100.0%, 50.0%, 0.0%, -50.0%, -100.0%, -150.0%

Right axis (Change in ROAS & CPC): $5.00, $4.00, $3.00, $2.00, $1.00, $-, $(1.00), $(2.00), $(3.00), $(4.00), $(5.00)

CommerceIQ

Sponsored Brand was the predominant ad formats that saw the most growth in Q1 2024.

YoY % Change in Sponsored Display, Sponsored Product and Sponsored Brand Ad Spend (Q2 '23 to Q1 '24)

Ad Spend SD — Ad Spend SP — Ad Spend SB
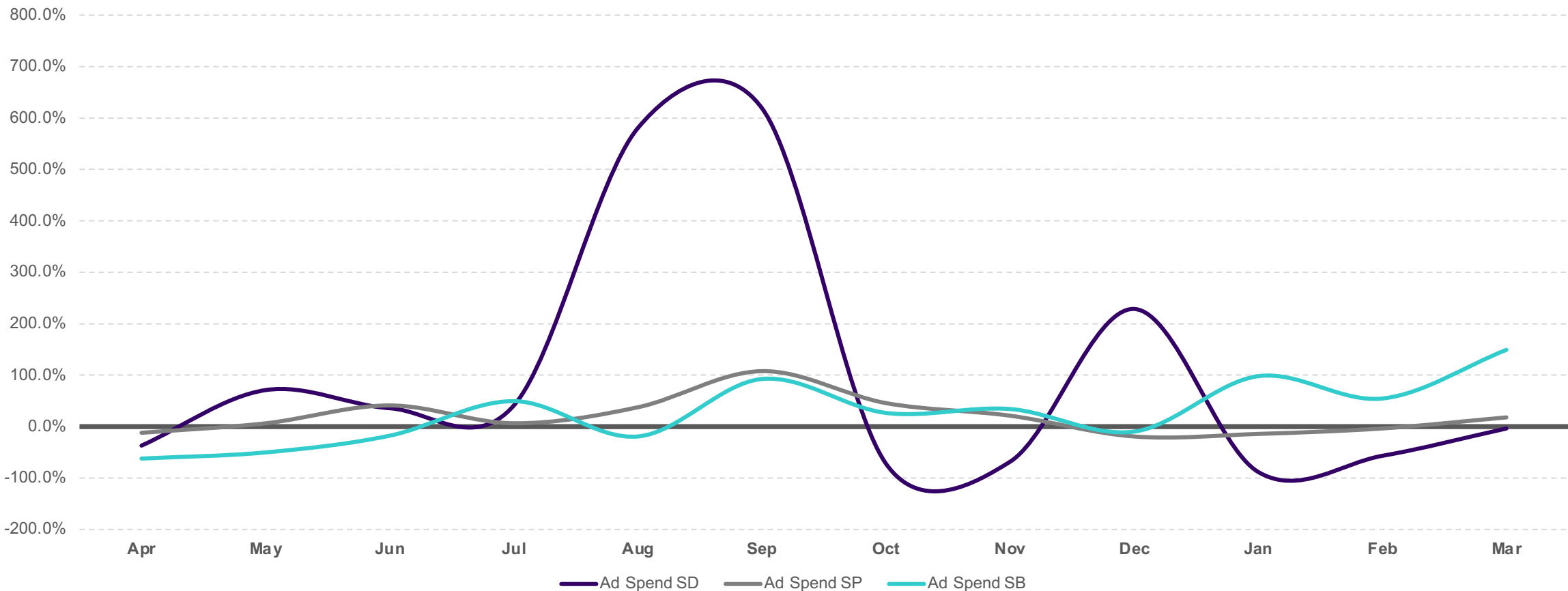
CommerceIQ

Tools & Home Improvement Category

Q2 2023 to Q1 2024 Recap

CommerceIQ

Ordered Revenue declined in Q1, driven primarily by a decline in ASP that offset Unit growth.

YoY % Change in Ordered Revenue, Ordered Units and ASP (Q2 '23 to Q1 '24)
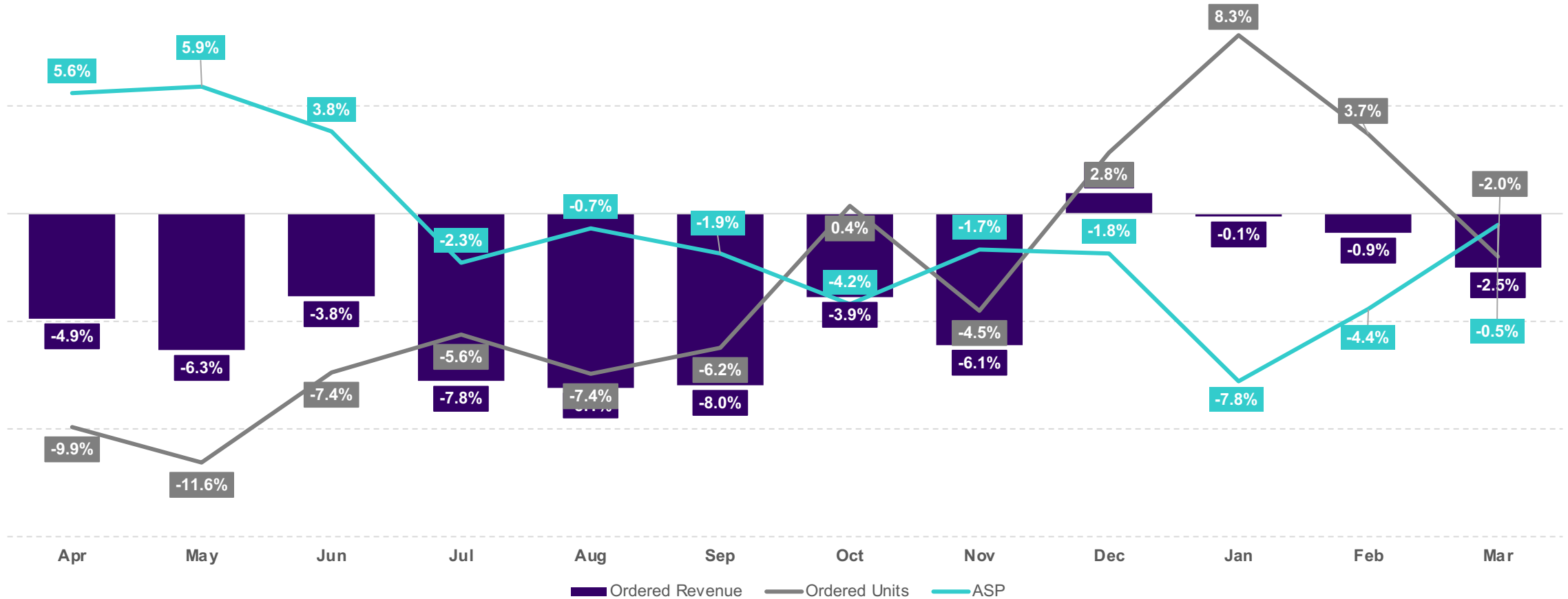
Legend: Ordered Revenue, Ordered Units, ASP

Months: Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar

ASP values: 5.6%, 5.9%, 3.8%, -2.3%, -0.7%, -1.9%, -4.2%, -1.7%, -1.8%, -7.8%, -4.4%, -0.5%

Ordered Revenue values: -4.9%, -6.3%, -3.8%, -7.8%, -7.4%, -8.0%, -3.9%, -6.1%, 2.8%, -0.1%, -0.9%, -2.5%

Ordered Units values: -9.9%, -11.6%, -7.4%, -5.6%, -3.4%, -6.2%, 0.4%, -4.5%, -1.8%, 8.3%, 3.7%, -2.0%

Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from January 2022 to March 2024

Brands were able to build back stock levels in Q1, but not by a sufficient amount to reduce losses due to out of stocks which continue to have a substantial impact on the overall categories' performance.

YoY % Change in On Hand Inventory and Revenue Losses due to Out of Stocks (Q2 '23 to Q1 '24)

Legend: On Hand Inventory ▬ Revenue Loss Due to OOS

CommerceIQ

Brands saw a consistent degradation in Gross Margins, correlating directly with a reduction in ASP.

YoY % Change in Gross Margins* and ASP (Q2 '23 vs. Q1 '24)

■ Gross Margin Unit Percentage   ■ ASP
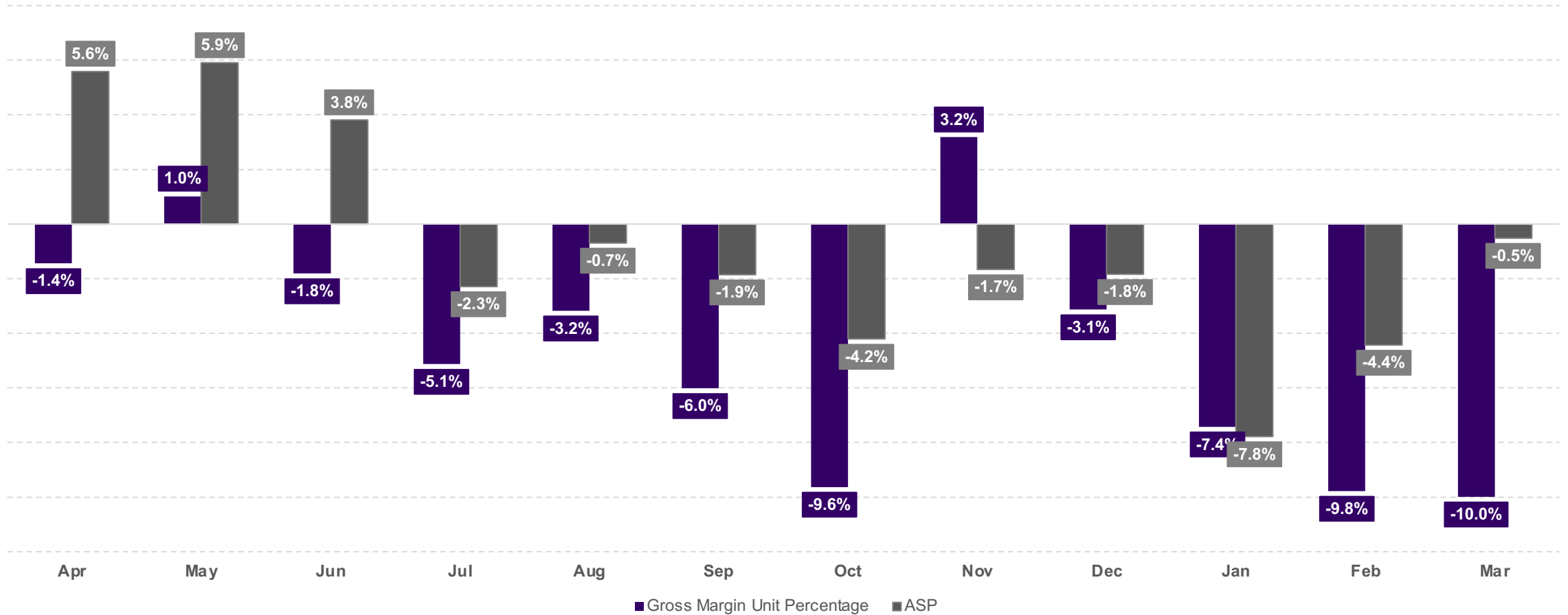
Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from January 2022 to March 2024. *Amazon Gross Margins.

CommerceIQ

Conversion rates continued to improve steadily, helping offset the continued decline in glance views.
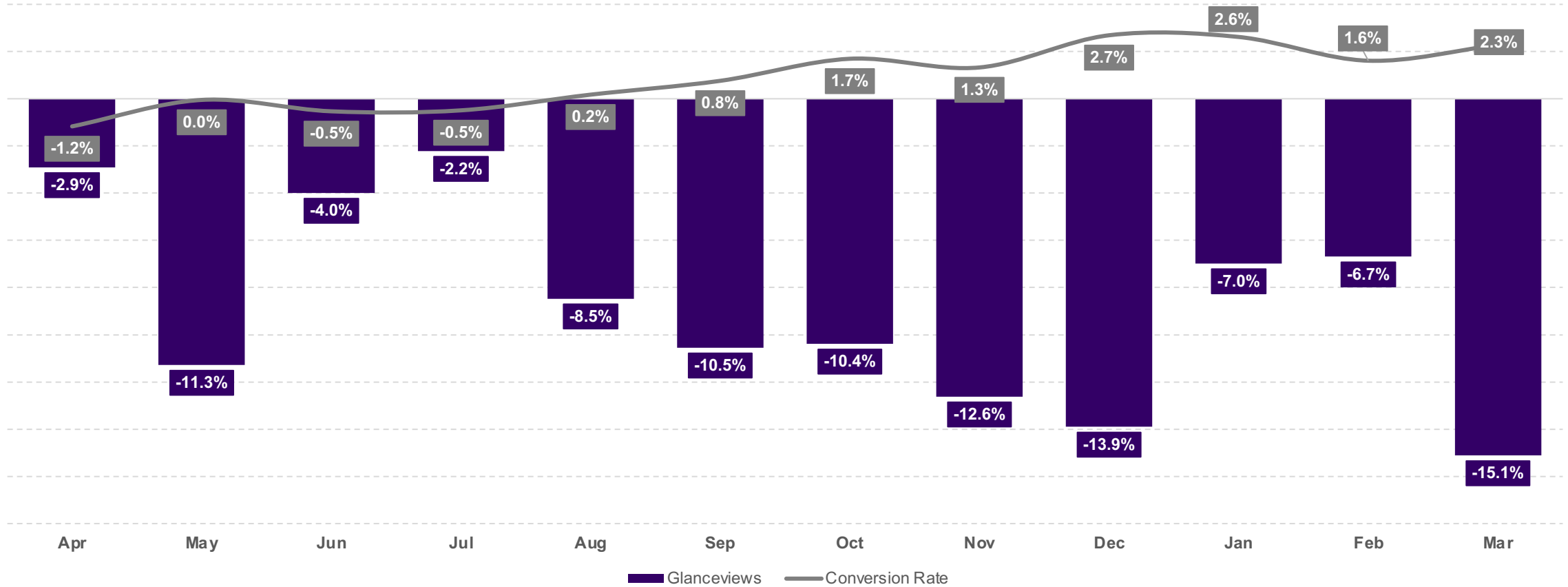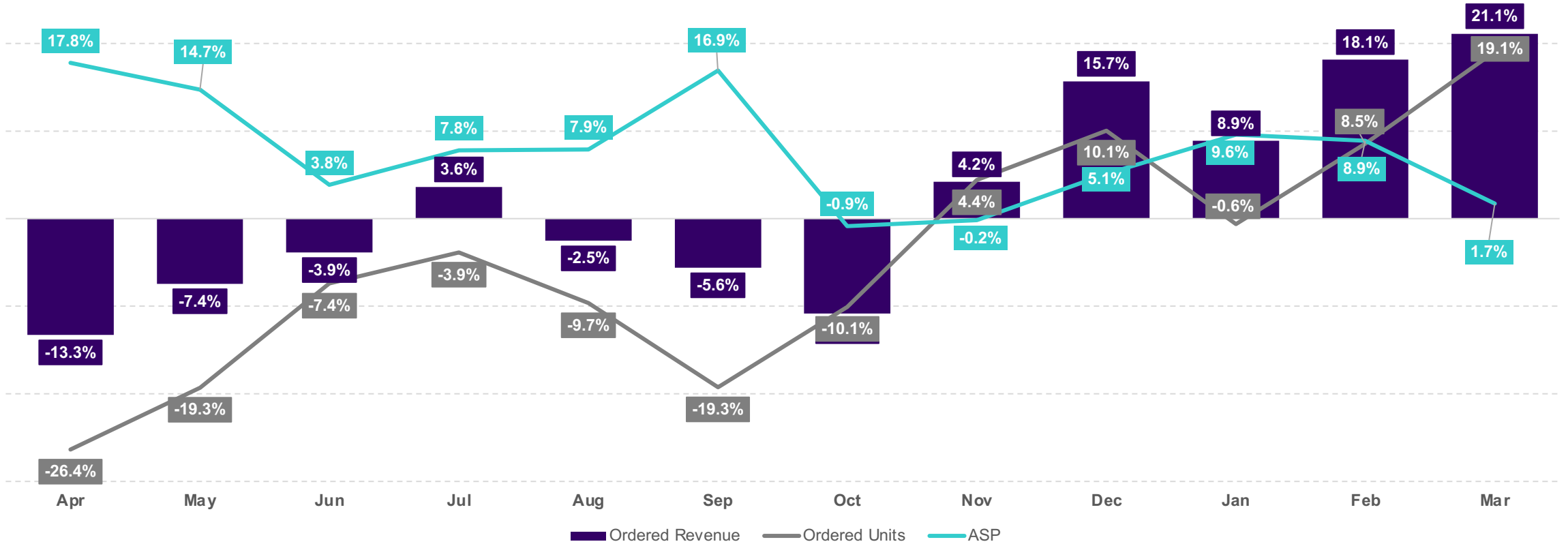
YoY % Change in Glance Views and Unit Conversion % (Q2 '23 to Q1 '24)

Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from January 2022 to March 2024

CommerceIQ

Ad spend grew slightly to start Q1 before falling in March, correlating with a substantial improvement in ROAS. This presents a potential opportunity to invest in profitable growth going into Q2.

YoY % Change in Ad Spend, and YoY $ Change in ROAS and CPC (Q2 '23 to Q1 '24)
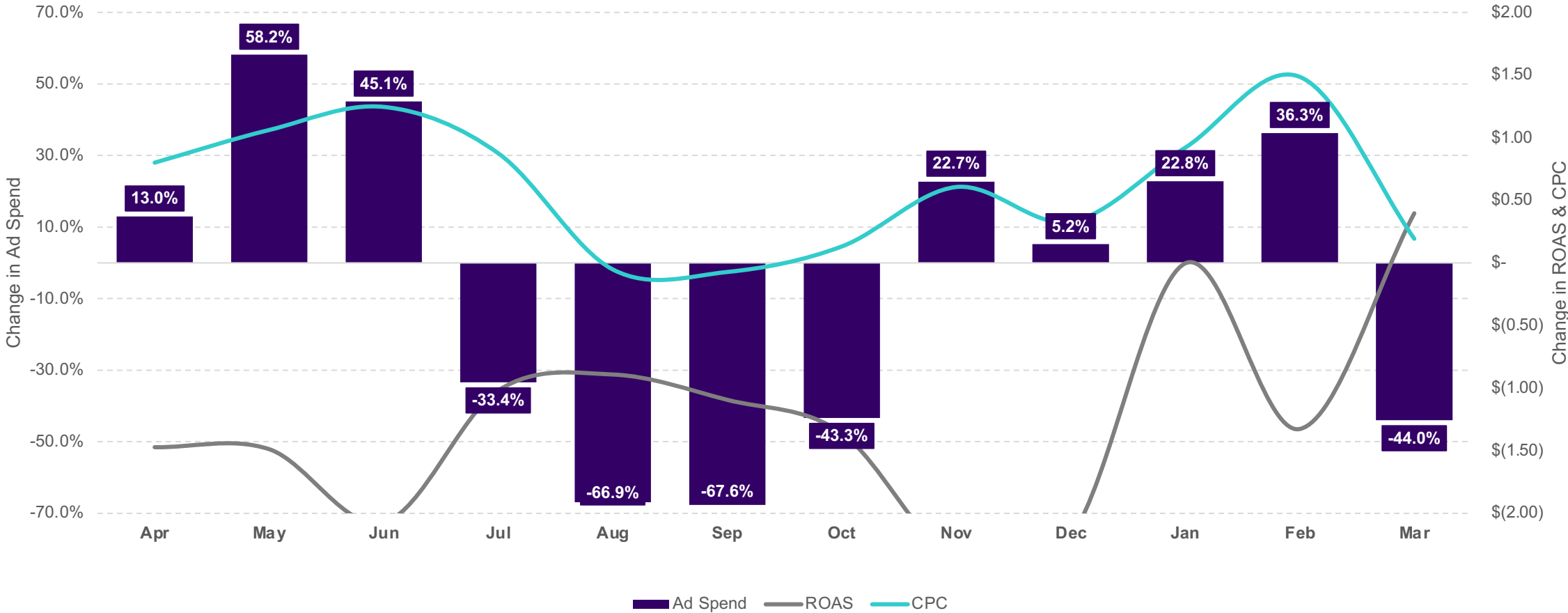
Legend: Ad Spend | ROAS | CPC

Data labels (Ad Spend): Apr 13.0%, May 58.2%, Jun 45.1%, Jul -33.4%, Aug -66.9%, Sep -67.6%, Oct -43.3%, Nov 22.7%, Dec 5.2%, Jan 22.8%, Feb 36.3%, Mar -44.0%

CommerceIQ

The fall in ad spend in March 2024 correlated with a decline across all ad types.

YoY % Change in Sponsored Display, Sponsored Product and Sponsored Brand Ad Spend (Q2 '23 to Q1 '24)

— Ad Spend SD   — Ad Spend SP   — Ad Spend SB
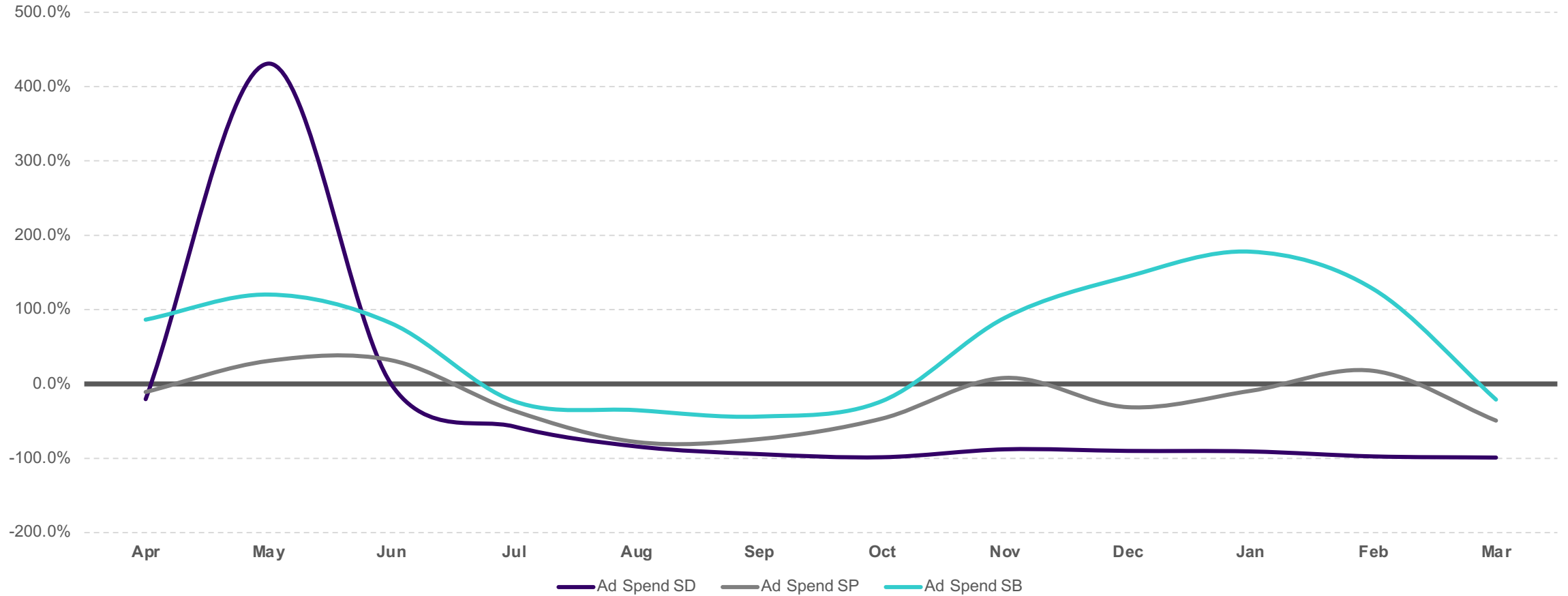
CommerceIQ

Toys Category

Q2 2023 to Q1 2024 Recap

Commerce**IQ**

Ordered Revenue increased in Q1, driven primarily by a combination of an increase in ordered units and ASP.
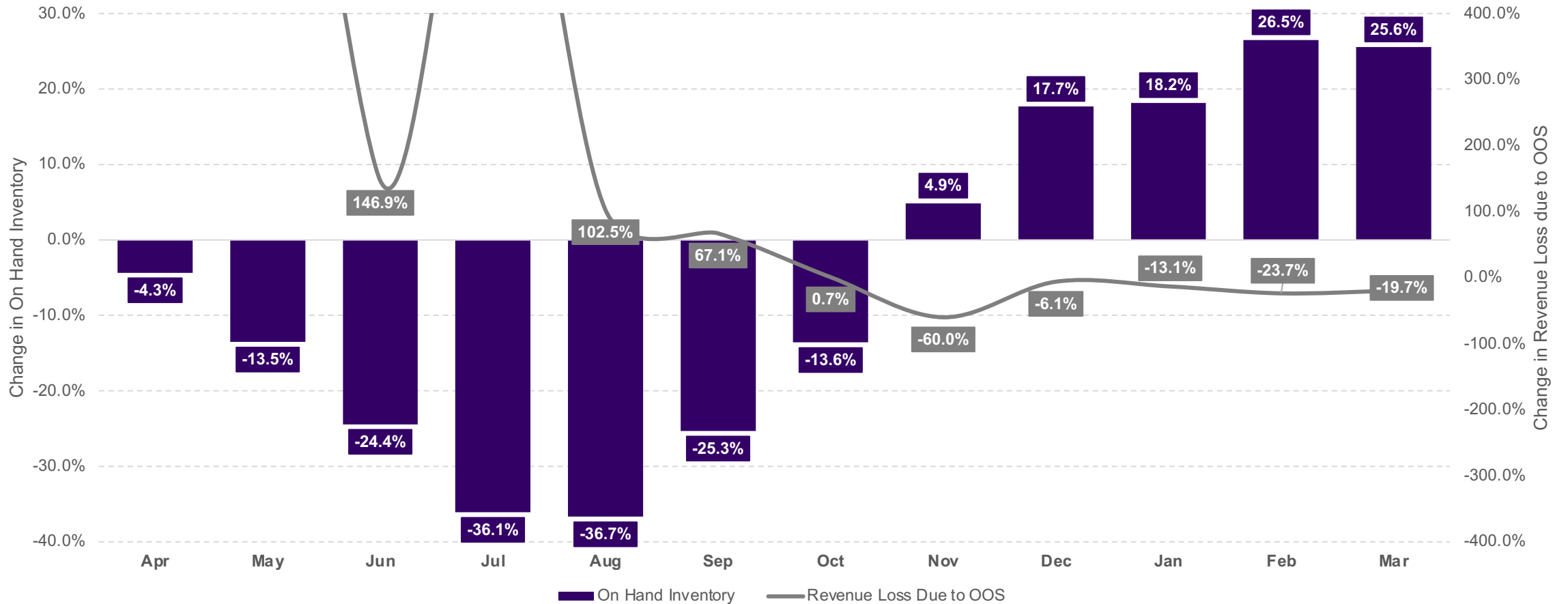
YoY % Change in Ordered Revenue, Ordered Units and ASP (Q2 '23 to Q1 '24)

Legend: Ordered Revenue | Ordered Units | ASP

CommerceIQ

Brands continued to grow inventory levels, which correlated with a decline in revenue losses.

YoY % Change in On Hand Inventory (Q2 '23 to Q1 '24)

Legend: On Hand Inventory | Revenue Loss Due to OOS

Data points:

Month	On Hand Inventory	Revenue Loss Due to OOS
Apr	-4.3%	
May	-13.5%	
Jun	-24.4%	146.9%
Jul	-36.1%	
Aug	-36.7%	102.5%
Sep	-25.3%	67.1%
Oct	-13.6%	0.7%
Nov	4.9%	-60.0%
Dec	17.7%	-6.1%
Jan	18.2%	-13.1%
Feb	26.5%	-23.7%
Mar	25.6%	-19.7%

CommerceIQ

Brands saw a consistent degradation in Gross Margins, despite an increase in ASP. This indicates the decline in Gross Margins is likely due to an increase in COGS or discount levels.

YoY % Change in Gross Margins* and ASP (Q2 '23 vs. Q1 '24)
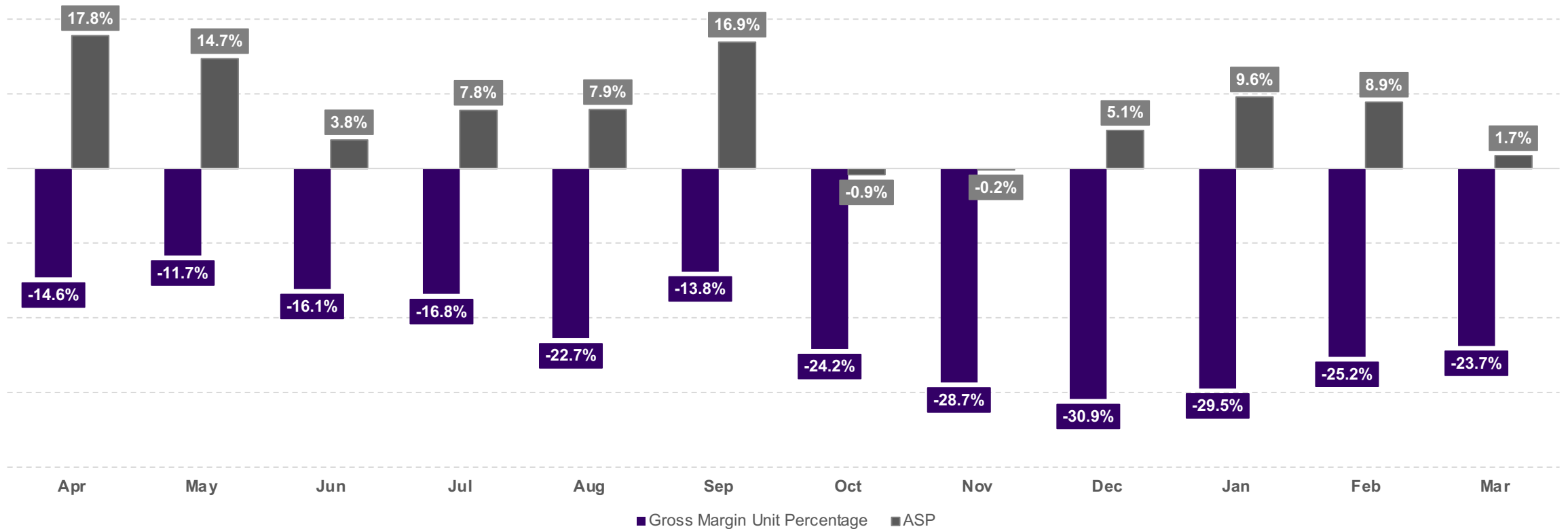
Legend: ■ Gross Margin Unit Percentage ■ ASP

Month	ASP	Gross Margin Unit Percentage
Apr	17.8%	-14.6%
May	14.7%	-11.7%
Jun	3.8%	-16.1%
Jul	7.8%	-16.8%
Aug	7.9%	-22.7%
Sep	16.9%	-13.8%
Oct	-0.9%	-24.2%
Nov	-0.2%	-28.7%
Dec	5.1%	-30.9%
Jan	9.6%	-29.5%
Feb	8.9%	-25.2%
Mar	1.7%	-23.7%

Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from January 2022 to March 2024. *Amazon Gross Margins.

CommerceIQ

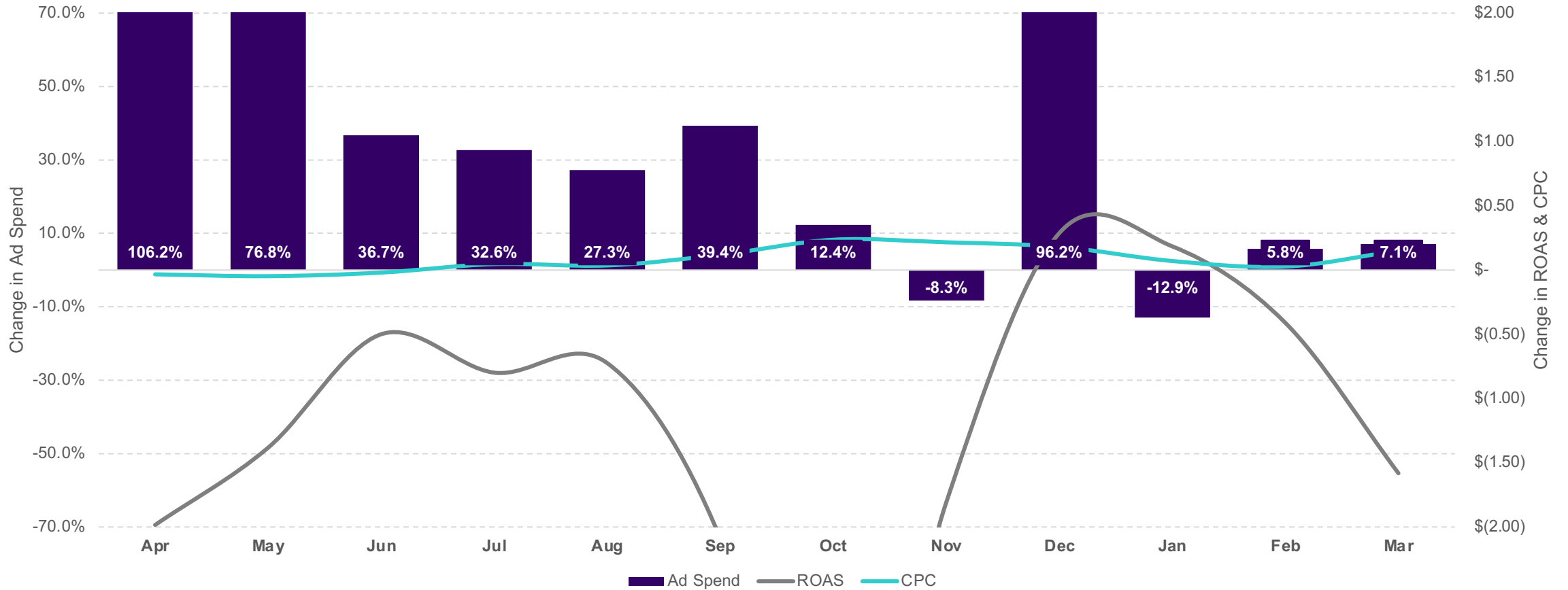# Conversion rates remained relatively constant while glance views continued to grow steadily in Q1.

YoY % Change in Glance Views and Unit Conversion % (Q2 '23 to Q1 '24)
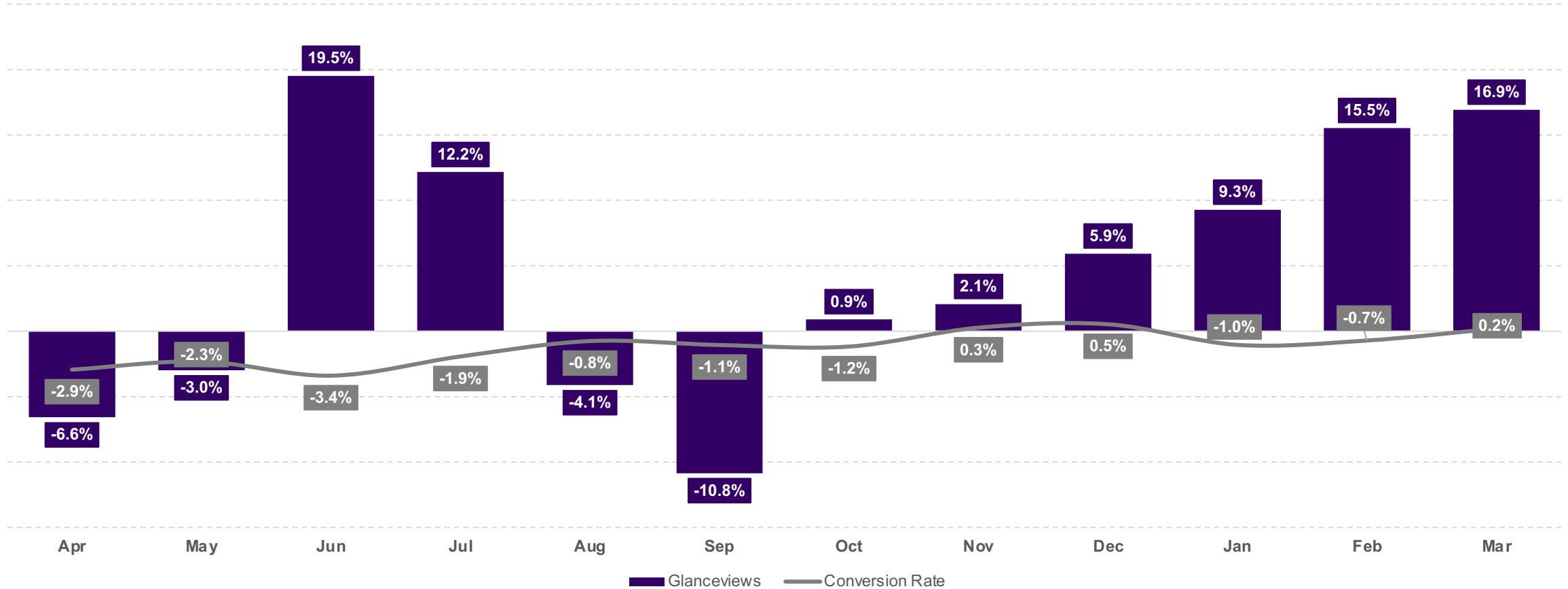
| | Glanceviews | Conversion Rate |

CommerceIQ

Ad spend held relatively constant in Q1, correlating with a decline in ROAS. Combined with an increase in glance views, this likely indicates reduction in performance is due to individual brands ad strategies versus an increase in competitiveness in the category.

YoY % Change in Ad Spend, and YoY $ Change in ROAS and CPC (Q2 '23 to Q1 '24)

Ad Spend values by month:
- Apr: 106.2%
- May: 76.8%
- Jun: 36.7%
- Jul: 32.6%
- Aug: 27.3%
- Sep: 39.4%
- Oct: 12.4%
- Nov: -8.3%
- Dec: 96.2%
- Jan: -12.9%
- Feb: 5.8%
- Mar: 7.1%

Legend: Ad Spend — ROAS — CPC

CommerceIQ

Sponsored Brand was the primary ad type that grew, offset by a decline in Sponsored Product and Display.

**YoY % Change in Sponsored Display, Sponsored Product and Sponsored Brand Ad Spend (Q2 '23 to Q1 '24)**

Ad Spend SD — Ad Spend SP — Ad Spend SB
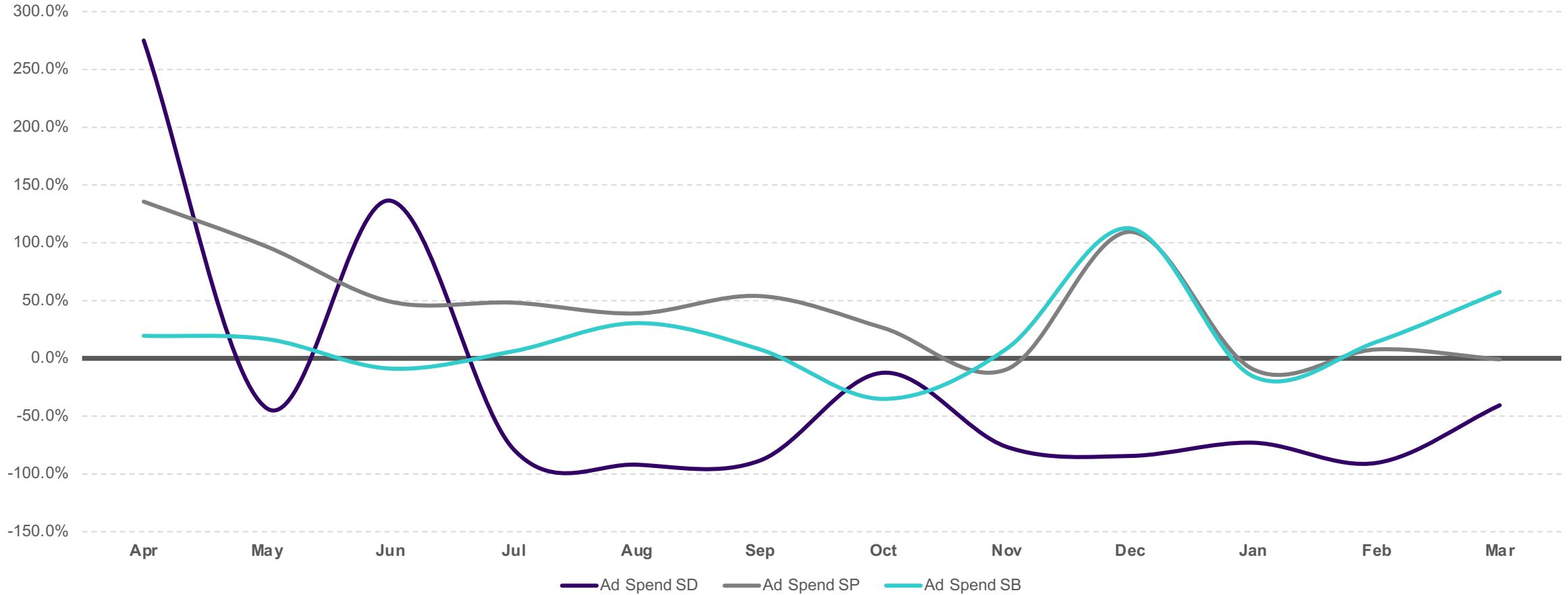
CommerceIQ

Furniture Category

Q2 2023 to Q1 2024 Recap

CommerceIQ

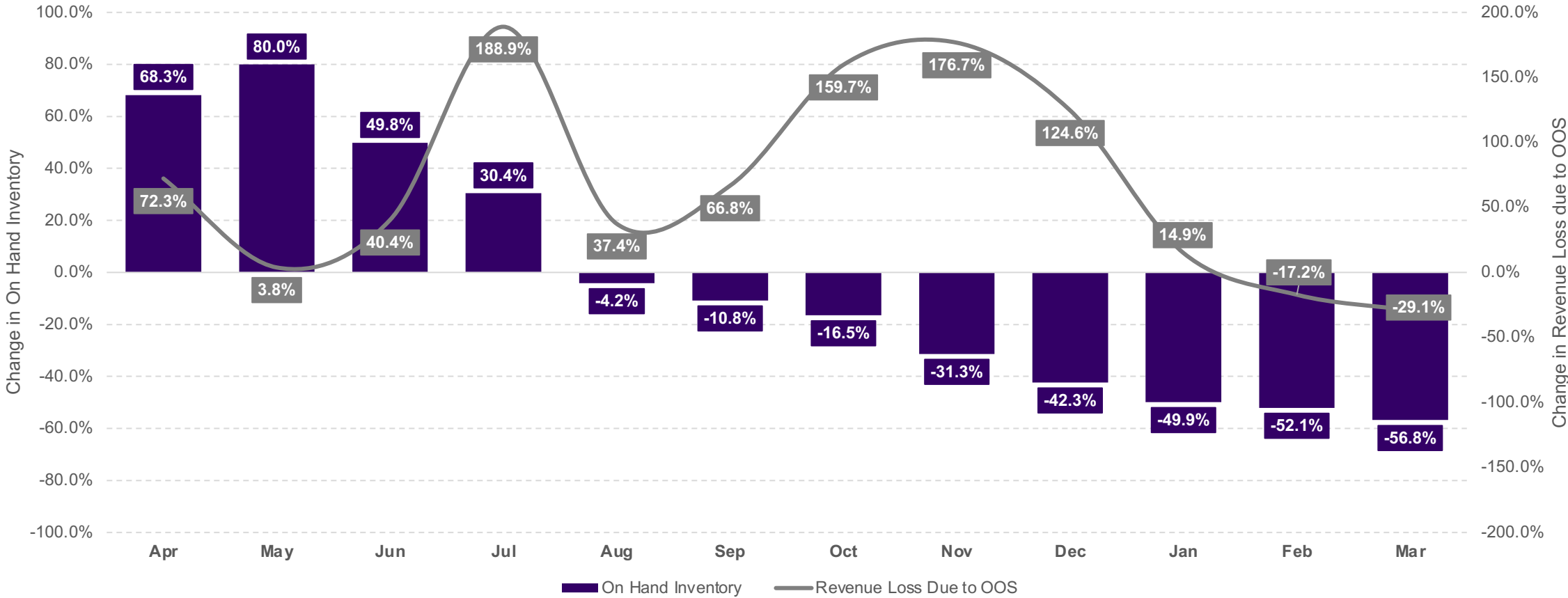# Ordered Revenue has continued to fall YoY, driven by a combination of an decrease in ordered units and ASP.

YoY % Change in Ordered Revenue, Ordered Units and ASP (Q2 '23 to Q1 '24)

Legend: Ordered Revenue, Ordered Units, ASP

April 2024
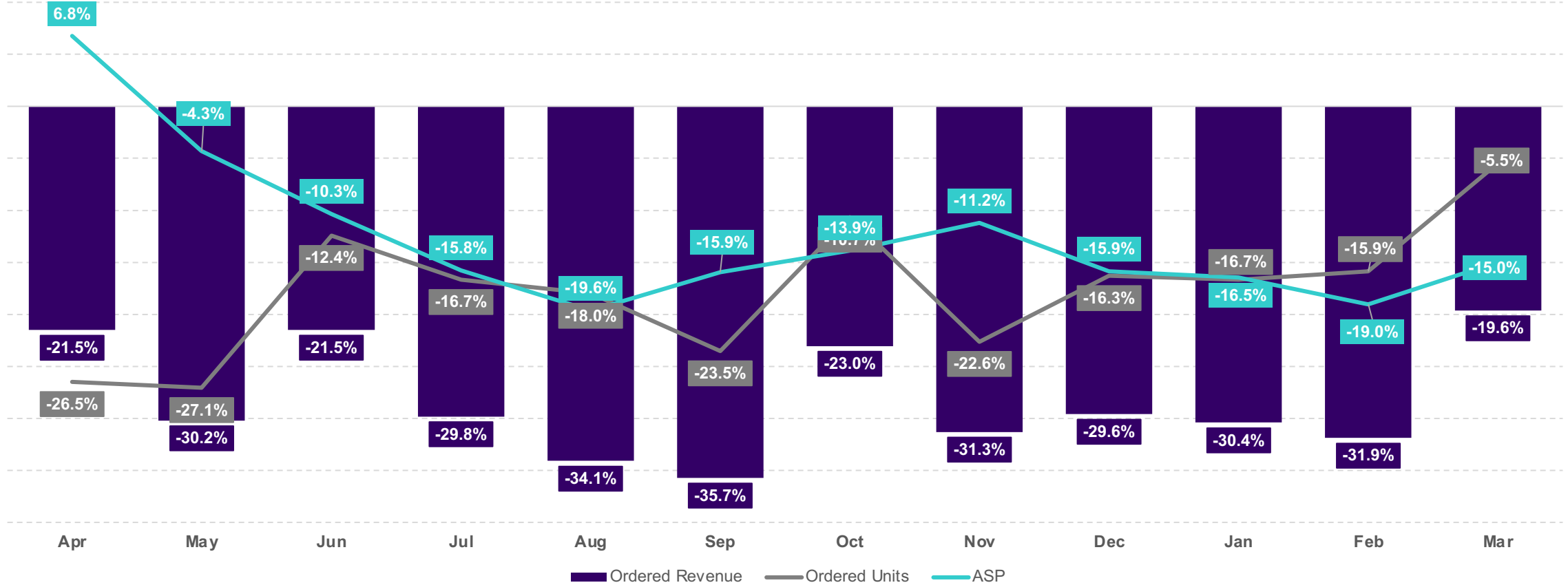
CommerceIQ

Inventory levels continue to fall, however brands within the category have been able to stem revenue losses due to out of stocks in Feb / March, likely due to better inventory mix and SKU-level forecasting.

YoY % Change in On Hand Inventory (Q2 '23 to Q1 '24)

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
On Hand Inventory	68.3%	80.0%	49.8%	30.4%	-4.2%	-10.8%	-16.5%	-31.3%	-42.3%	-49.9%	-52.1%	-56.8%
Revenue Loss Due to OOS	72.3%	3.8%	40.4%	188.9%	37.4%	66.8%	159.7%	176.7%	124.6%	14.9%	-17.2%	-29.1%

Legend: ■ On Hand Inventory — Revenue Loss Due to OOS

CommerceIQ

Brands saw a consistent degradation in Gross Margins, which is driven primarily by a decline in ASP. In March, there is a large gap between ASP and the Margin decline, likely indicating a massive increase in COGS or discounts.
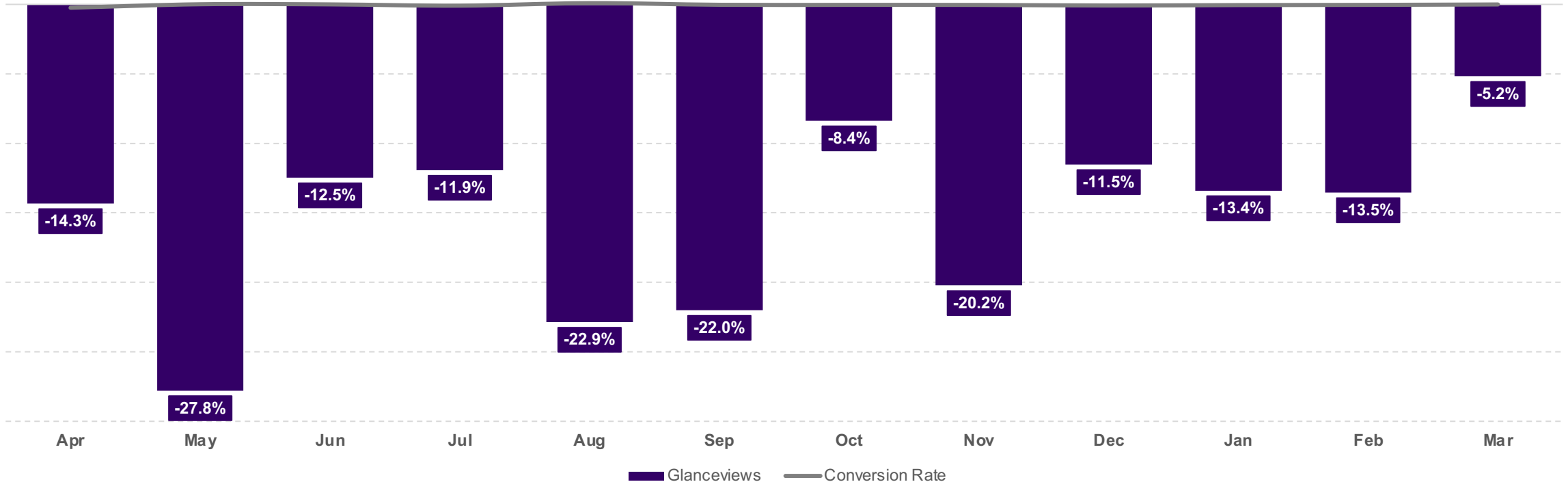
YoY % Change in Gross Margins* and ASP (Q2 '23 vs. Q1 '24)
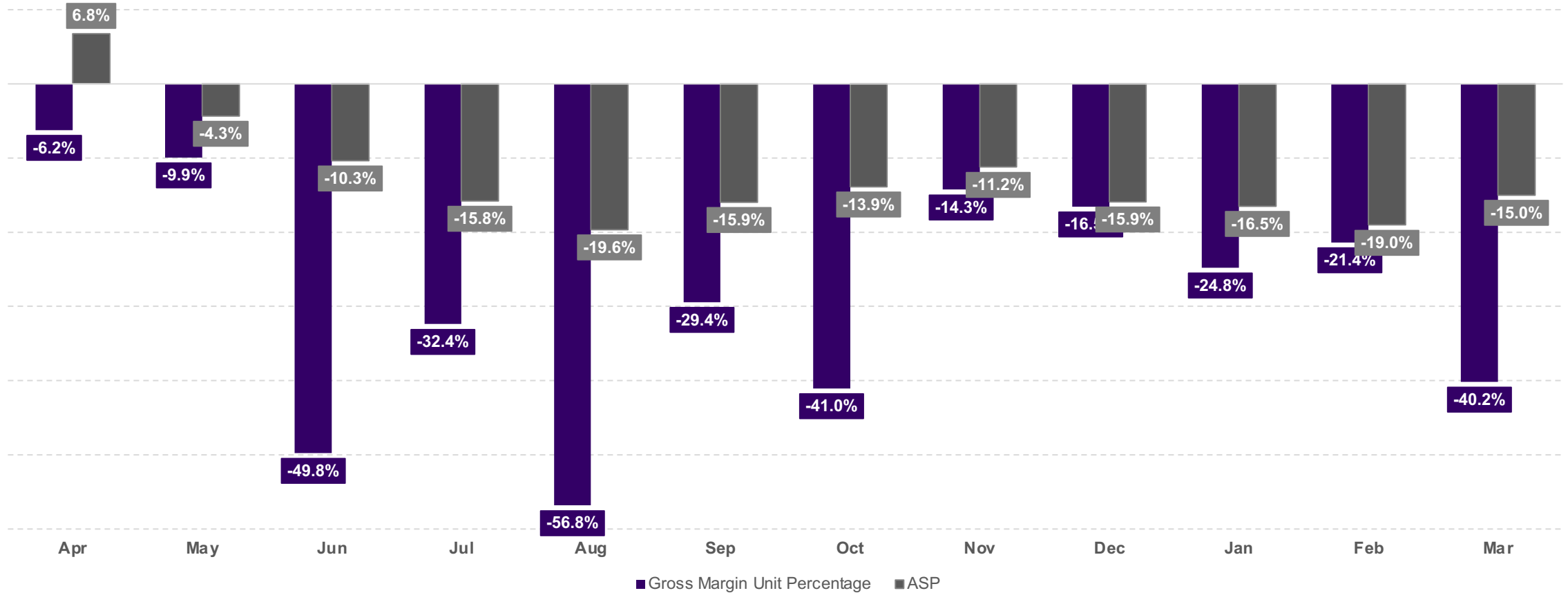
■ Gross Margin Unit Percentage ■ ASP

CommerceIQ

Glance Views across the category continue to be down YoY, with some slight trend towards recovery in March.

YoY % Change in Glance Views (Q2 '23 to Q1 '24)

Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
-14.3%	-27.8%	-12.5%	-11.9%	-22.9%	-22.0%	-8.4%	-20.2%	-11.5%	-13.4%	-13.5%	-5.2%

■ Glanceviews —— Conversion Rate

CommerceIQ

Ad Spend has risen YoY across the category, which combined with depressed glance views and reduced ASP has resulted in an incredibly competitive category. ROAS continues to suffer as a result, sitting well below previous years figures.

YoY % Change in Ad Spend, and YoY $ Change in ROAS and CPC (Q2 '23 to Q1 '24)
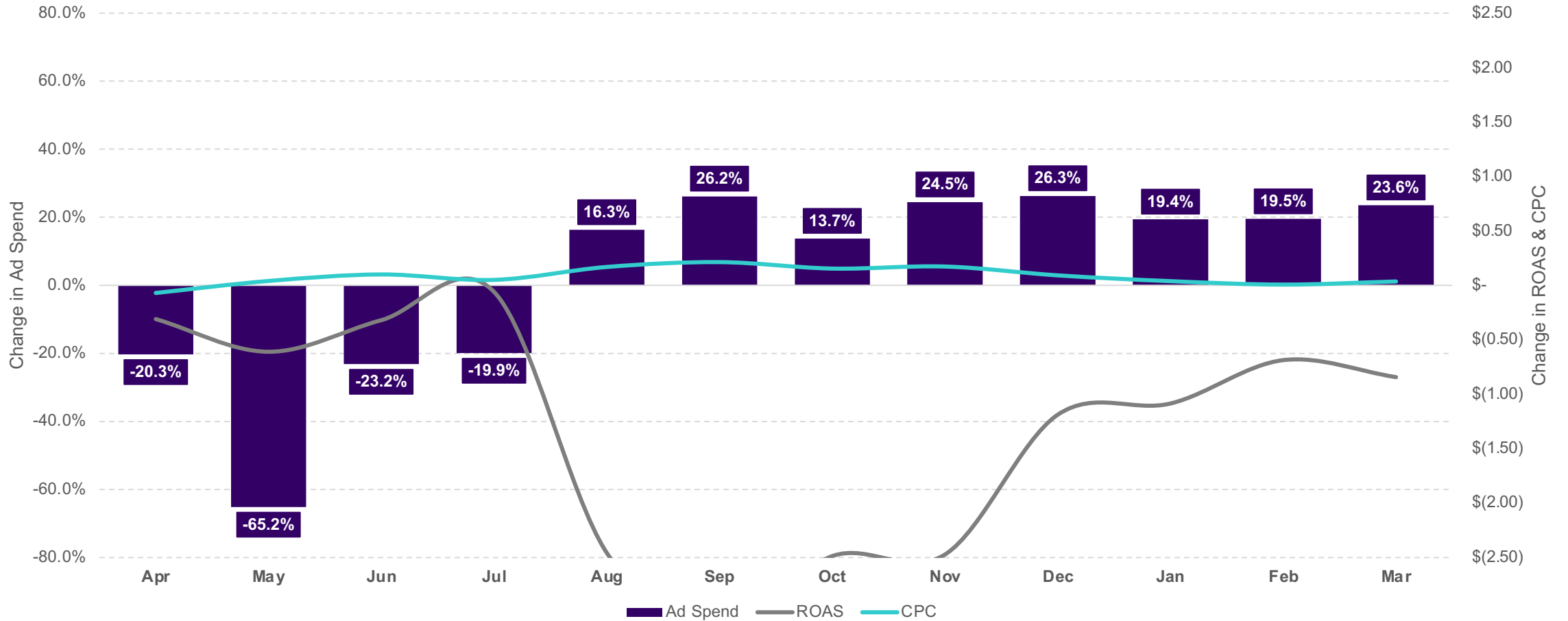
Ad Spend values by month:
- Apr: -20.3%
- May: -65.2%
- Jun: -23.2%
- Jul: -19.9%
- Aug: 16.3%
- Sep: 26.2%
- Oct: 13.7%
- Nov: 24.5%
- Dec: 26.3%
- Jan: 19.4%
- Feb: 19.5%
- Mar: 23.6%

Legend: Ad Spend, ROAS, CPC

CommerceIQ

Starting in Q4, we saw a significant change in strategy, with brands trading investment and reducing spend in Sponsored Display, and instead investing into Sponsored Brand, with a slight increase in Sponsored Product.

YoY % Change in Sponsored Display, Sponsored Product and Sponsored Brand Ad Spend (Q2 '23 to Q1 '24)

Ad Spend SD — Ad Spend SP — Ad Spend SB
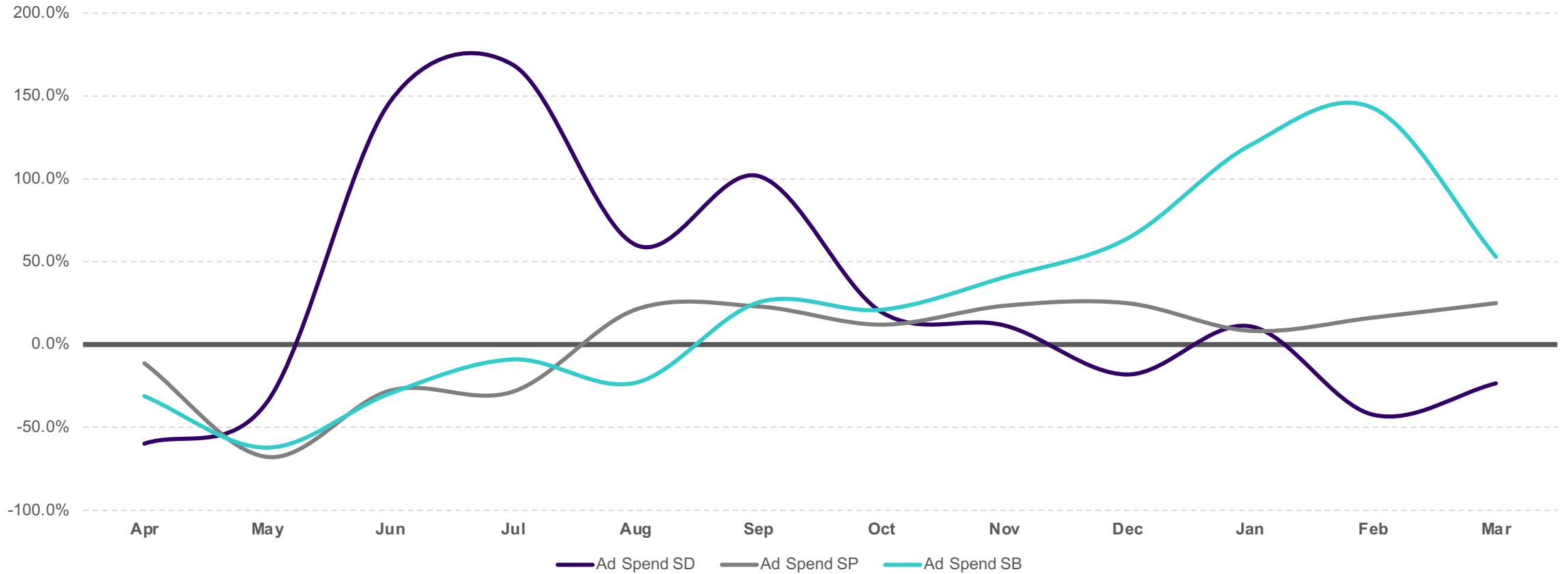
Source: Internal data in aggregate from CommerceIQ's REM Platform for Amazon users from January 2022 to March 2024

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Contact Us

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