State of Retail Ecommerce Baby Category

Month Ending October 2023

CommerceIQ

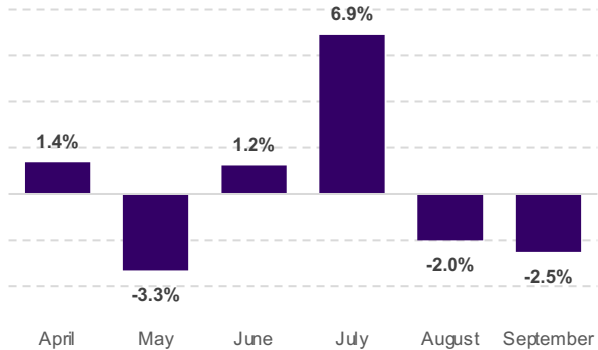# Overall Executive Summary

CommerceIQ

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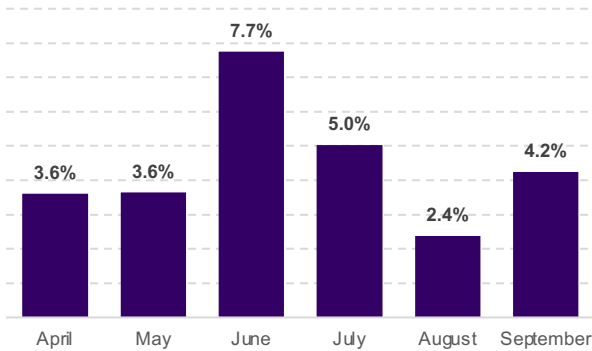
Source: Internal data from CommerceIQ's REM Platform for its users for the 18 months leading up to and including September 2023.

CommerceIQ

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.
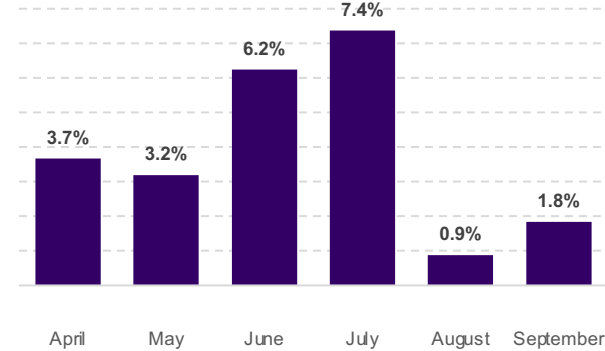
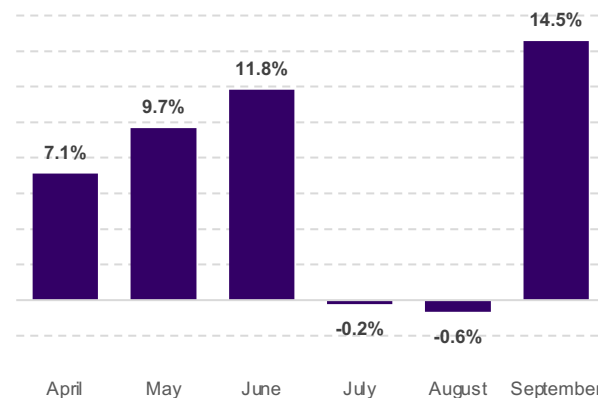**Change in Glance Views (Overall)**
2023 v 2022

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

Change in ASP (Overall)
2023 v 2022

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

Change in OPS (Overall)
2023 v 2022

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

Change in Ad Spend (Overall)
2023 v 2022

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

Change in CPC (Overall)
2023 v 2022

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

Change in ROAS (Overall)
2023 v 2022

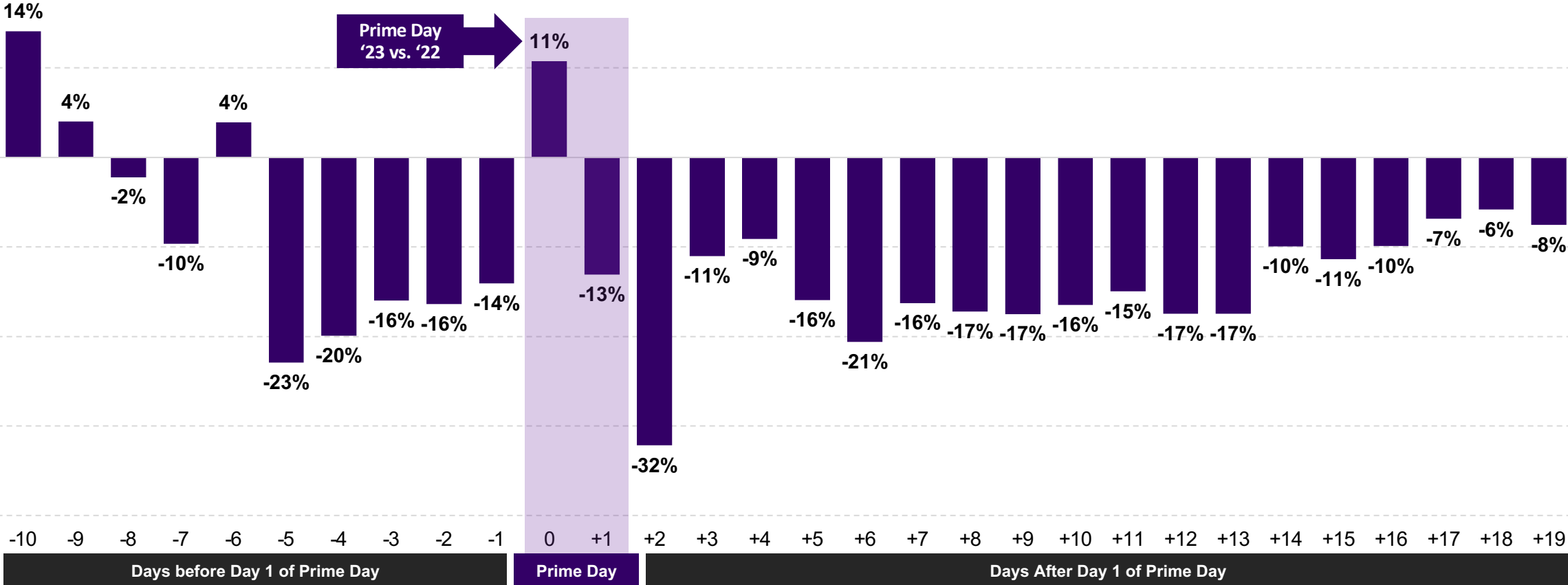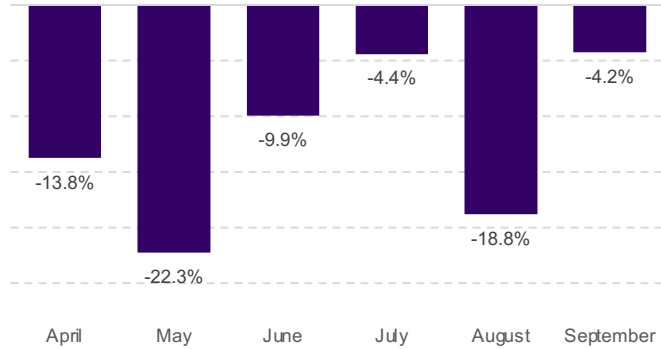| Month	Value
April	-$0.12
May	$0.08
June	$0.16
July	$0.06
August	$0.04
September	$0.17
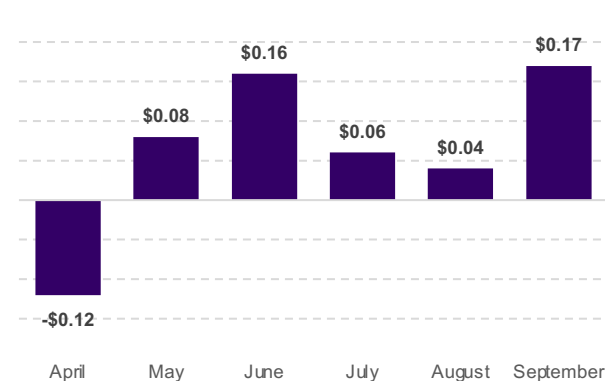
Source: Internal data in aggregate from CommerceIQ's REM Platform for its users on Amazon for the 18 months leading up to and including September 2023.
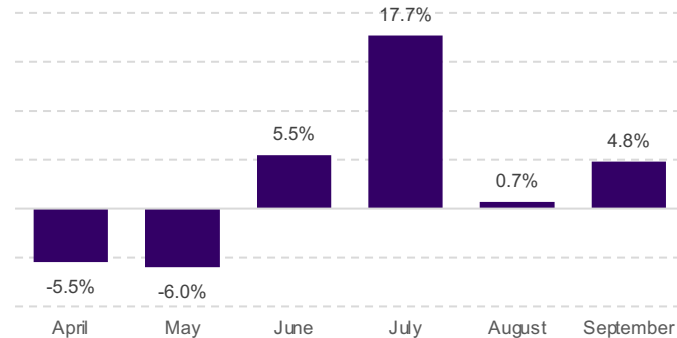
CommerceIQ

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	%
-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

The Baby category is becoming more competitive and facing compressed profitability. This is driven by falling Glance Views and rising ad spend. This correlates with reduced OPS and decreased ROAS.
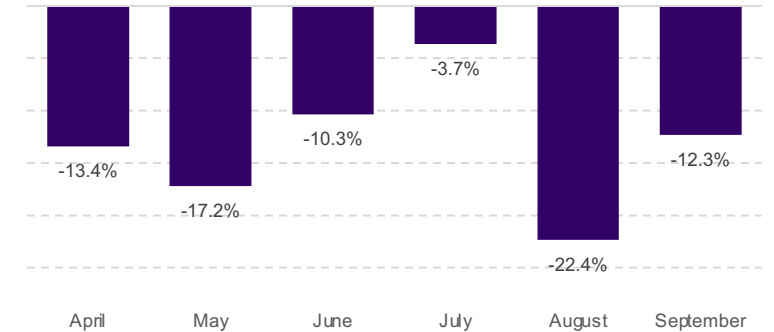
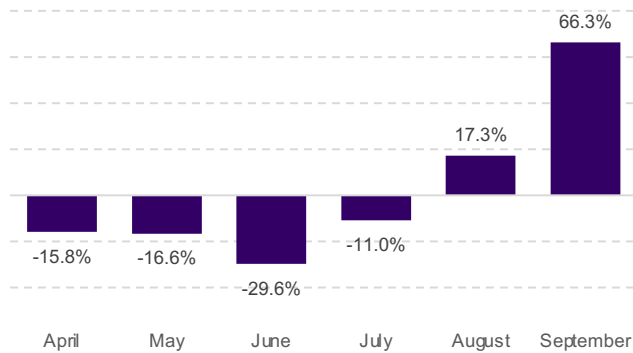**Change in Glance Views (Overall)**
2023 v 2022

April: -13.8%
May: -22.3%
June: -9.9%
July: -4.4%
August: -18.8%
September: -4.2%

Change in ASP (Overall)
2023 v 2022

April: -5.5%
May: -6.0%
June: 5.5%
July: 17.7%
August: 0.7%
September: 4.8%

Change in OPS (Overall)
2023 v 2022

April: -13.4%
May: -17.2%
June: -10.3%
July: -3.7%
August: -22.4%
September: -12.3%

Change in Ad Spend (Overall)
2023 v 2022

April: -15.8%
May: -16.6%
June: -29.6%
July: -11.0%
August: 17.3%
September: 66.3%

Change in CPC (Overall)
2023 v 2022

April: $0.26
May: $(0.06)
June: $0.90
July: $0.13
August: $0.16
September: $(0.80)

Change in ROAS (Overall)
2023 v 2022

April: $0.26
May: $(0.06)
June: $0.90
July: $0.13
August: $0.16
September: $(0.80)
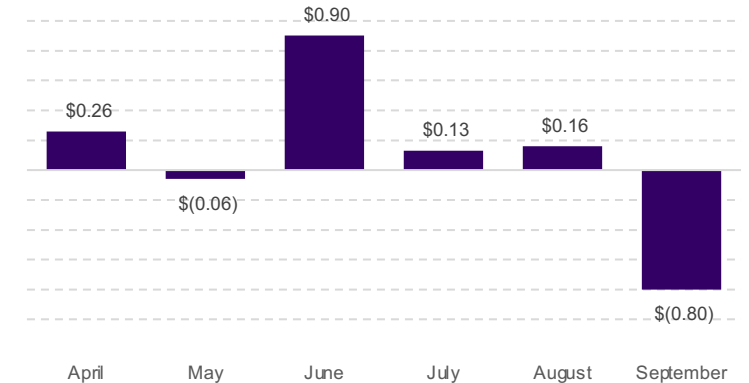
Source: Internal data in aggregate from CommerceIQ's REM Platform for its users on Amazon for the 18 months leading up to and including September 2023.
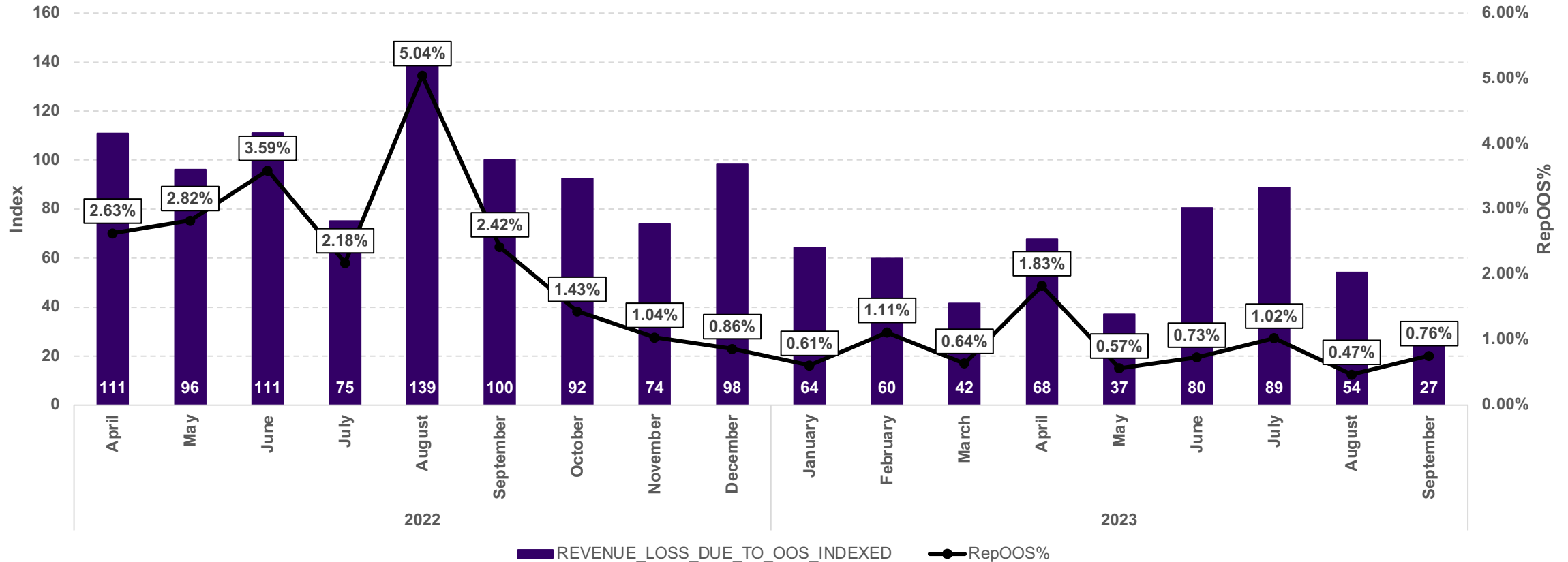
CommerceIQ

1 Out of Stock levels have fallen inspite of decreased inventory on hand, signaling improved overall supply chain efficiencies within the baby category.

2 The category is struggling with a decrease in glance views, ordered revenue, and unit margin %

3 ROAS has improved despite increased ad spend and rising CPCs, highlighting that advertisers are finding creative methods to drive profitable growth despite headwinds.

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

CommerceIQ

RepOOS% and revenue lost due to OOS is well below 2022 levels, signaling an improvement in inventory management across the category.

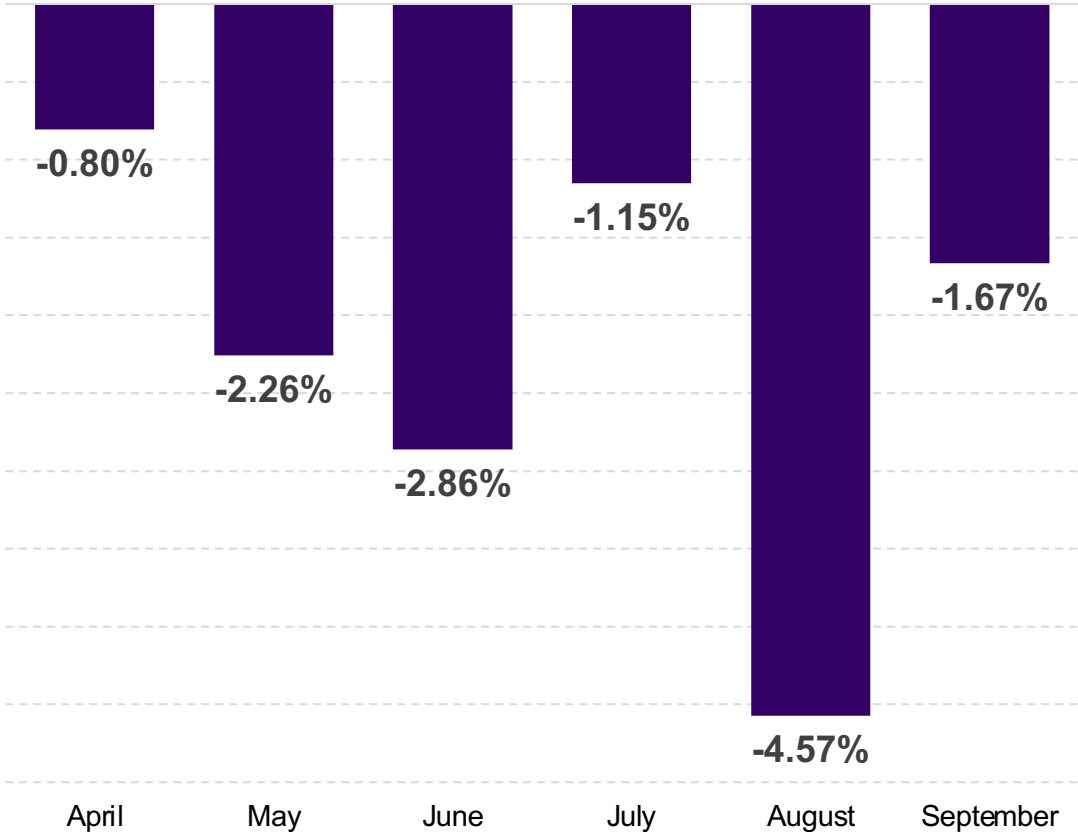**Out of Stocks for Units and Revenue**

Legend: REVENUE_LOSS_DUE_TO_OOS_INDEXED ■ ; RepOOS% ●—●

Bar values (Index), left to right:
- April: 111
- May: 96
- June: 111
- July: 75
- August: 139
- September: 100
- October: 92
- November: 74
- December: 98
- January: 64
- February: 60
- March: 42
- April: 68
- May: 37
- June: 80
- July: 89
- August: 54
- September: 27

RepOOS% line values:
- 2.63%, 2.82%, 3.59%, 2.18%, 5.04%, 2.42%, 1.43%, 1.04%, 0.86%, 0.61%, 1.11%, 0.64%, 1.83%, 0.57%, 0.73%, 1.02%, 0.47%, 0.76%
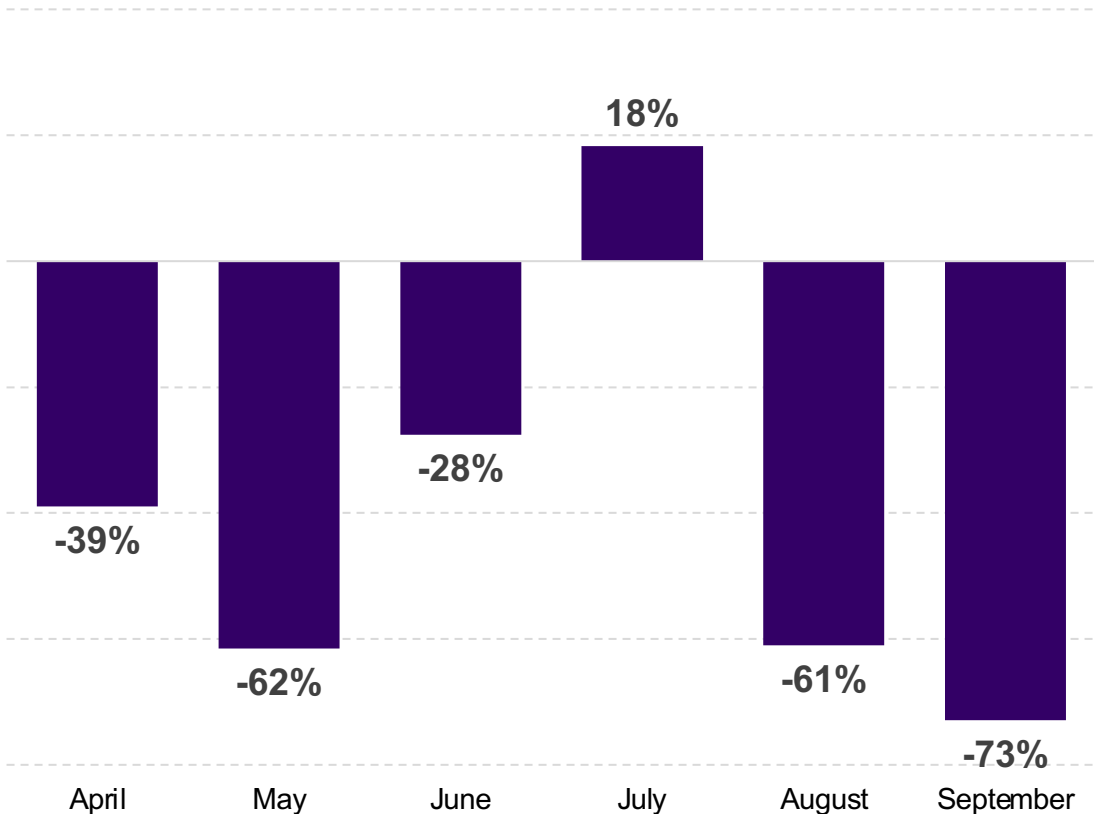
2022 | 2023

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.

October 2023

CommerceIQ

August and September saw substantial improvements with a -61% to -73% reduction in revenue lost due to OOS.
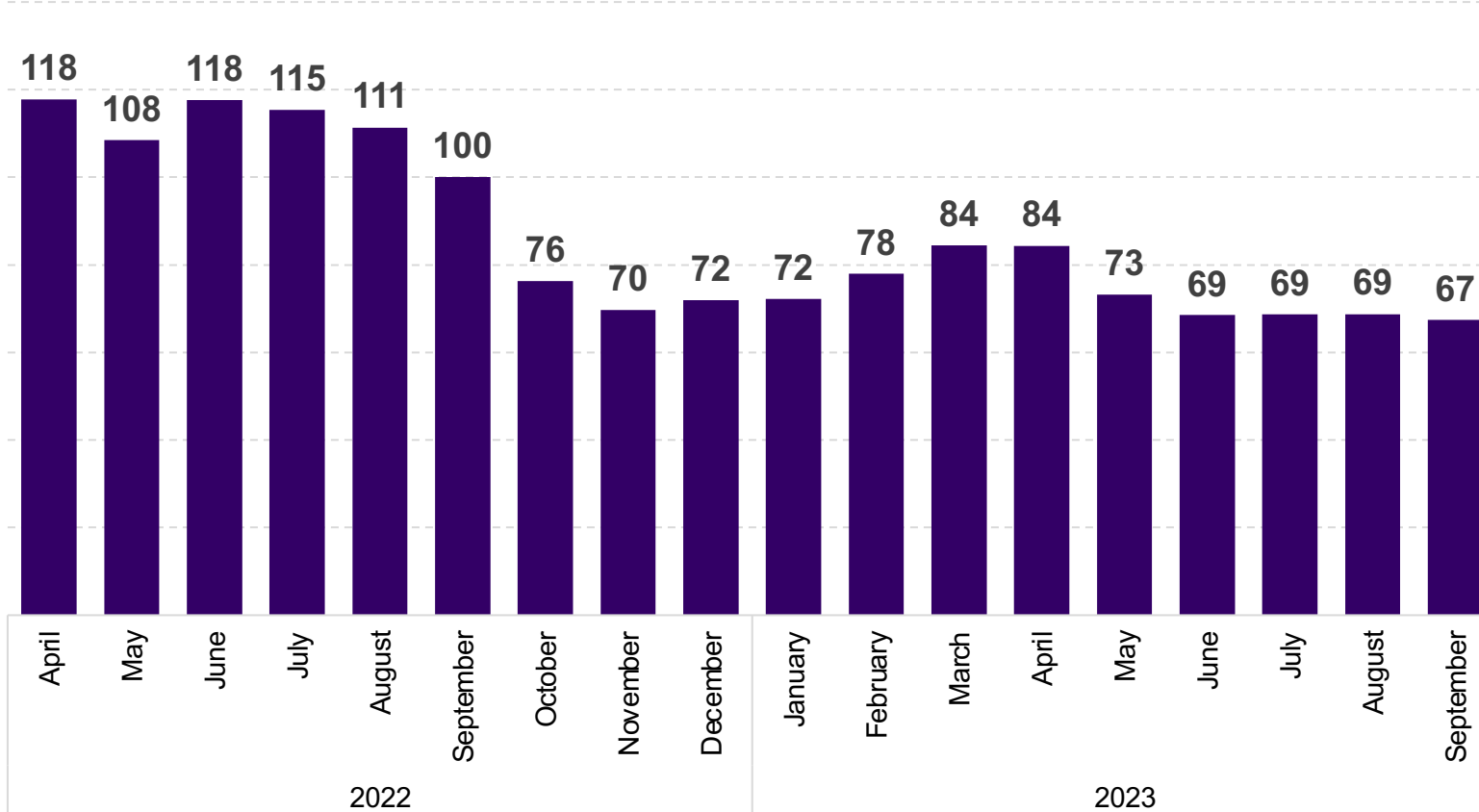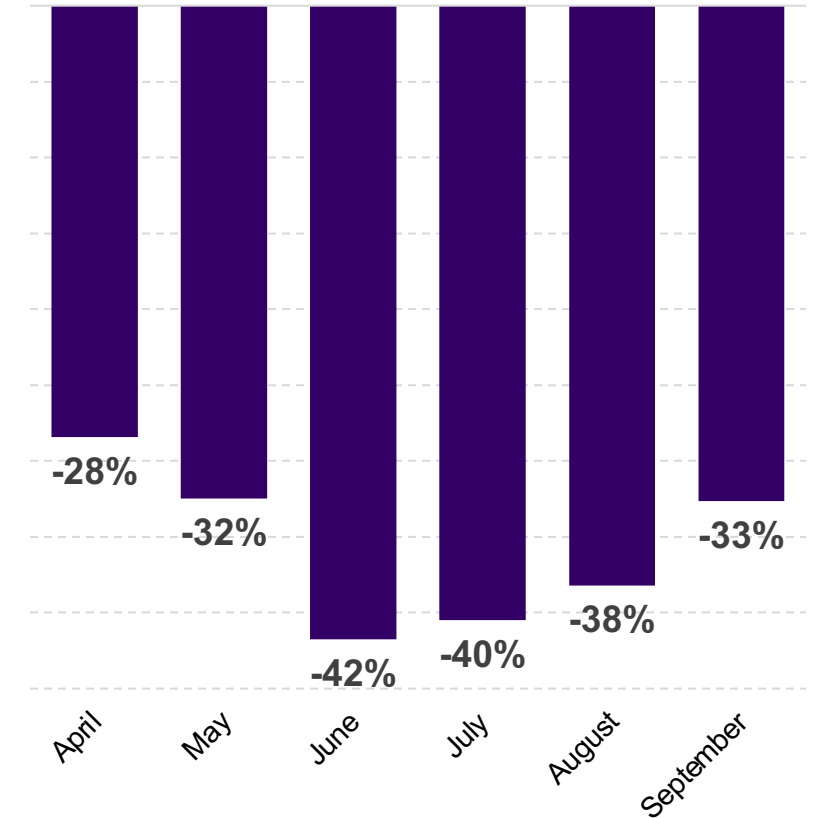
Change in RepOOS% (2023 vs 2022)

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

Left chart (Change in RepOOS%):
- April: -0.80%
- May: -2.26%
- June: -2.86%
- July: -1.15%
- August: -4.57%
- September: -1.67%

Right chart (Change in Revenue Lost due to OOS):
- April: -39%
- May: -62%
- June: -28%
- July: 18%
- August: -61%
- September: -73%

October 2023

CommerceIQ

Even though RepOOS% is below 2022, this has been achieved with reduced on hand inventory.

On Hand Inventory Index

| Month	Index
April (2022)	118
May (2022)	108
June (2022)	118
July (2022)	115
August (2022)	111
September (2022)	100
October (2022)	76
November (2022)	70
December (2022)	72
January (2023)	72
February (2023)	78
March (2023)	84
April (2023)	84
May (2023)	73
June (2023)	69
July (2023)	69
August (2023)	69
September (2023)	67

2022   2023

Change in On Hand Inventory (2023 vs 2022)

Month	Change
April	-28%
May	-32%
June	-42%
July	-40%
August	-38%
September	-33%

October 2023

CommerceIQ

Fill Rates have started to rise after 10 months of declines since November 2022.
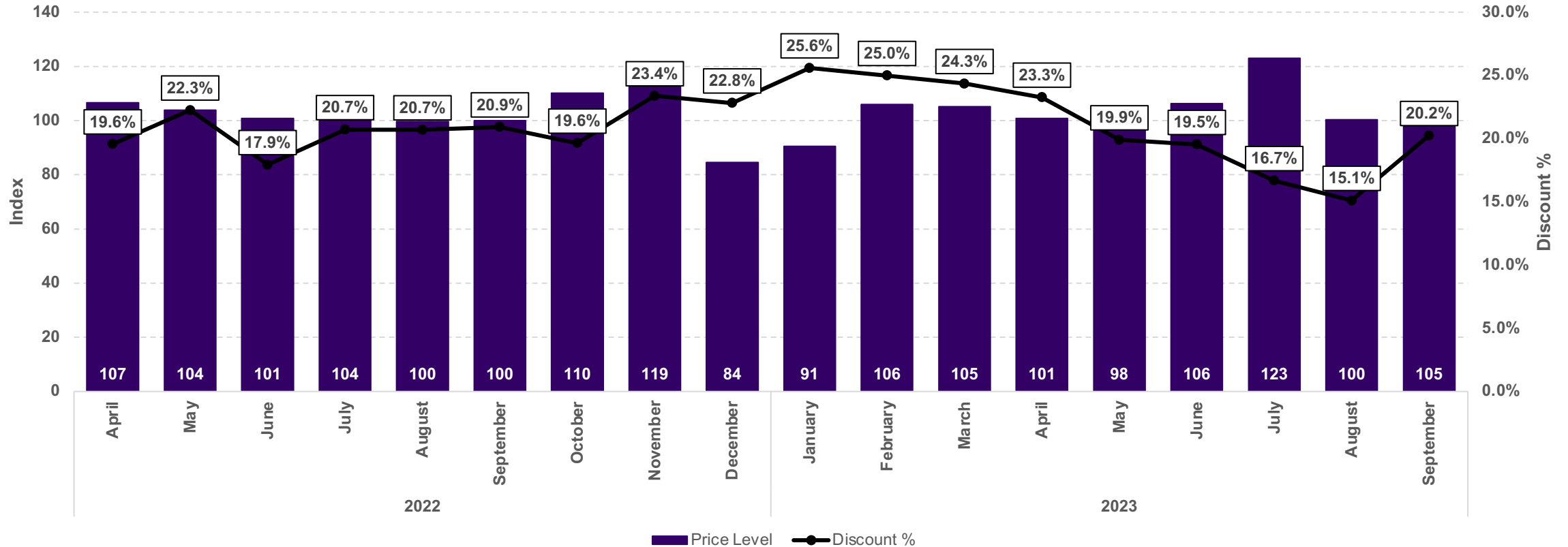
Fill Rate % vs. Ordered Unit & Fulfilled PO Units Indices
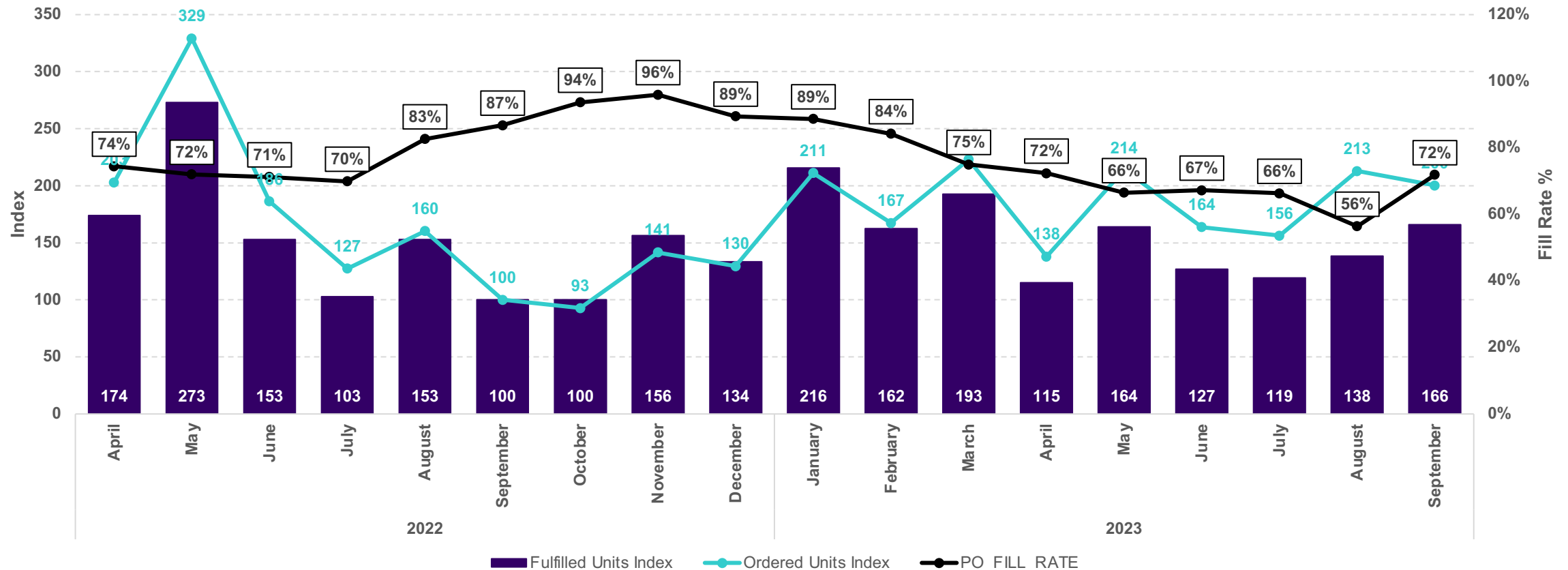
Source: Internal data in aggregate from CommerceIQ's REM Platform for its users on Amazon for the 18 months leading up to and including September 2023. Index set to 100 for September 2022 to create simpler comparisons for September 2023. Fulfilled PO Units Index = Ordered Unit Index X Fill Rate %

CommerceIQ

# Price levels are slightly elevated, with discount levels declining slightly over the past 6 months.

Price Index vs. Discount Percentage

	April	May	June	July	August	September	October	November	December	January	February	March	April	May	June	July	August	September
Discount %	19.6%	22.3%	17.9%	20.7%	20.7%	20.9%	19.6%	23.4%	22.8%	25.6%	25.0%	24.3%	23.3%	19.9%	19.5%	16.7%	15.1%	20.2%
Price Level	107	104	101	104	100	100	110	119	84	91	106	105	101	98	106	123	100	105

2022   2023

Legend: ■ Price Level   ●— Discount %

October 2023

CommerceIQ

When comparing to 2022, price levels are rising and discount levels are falling versus last year.
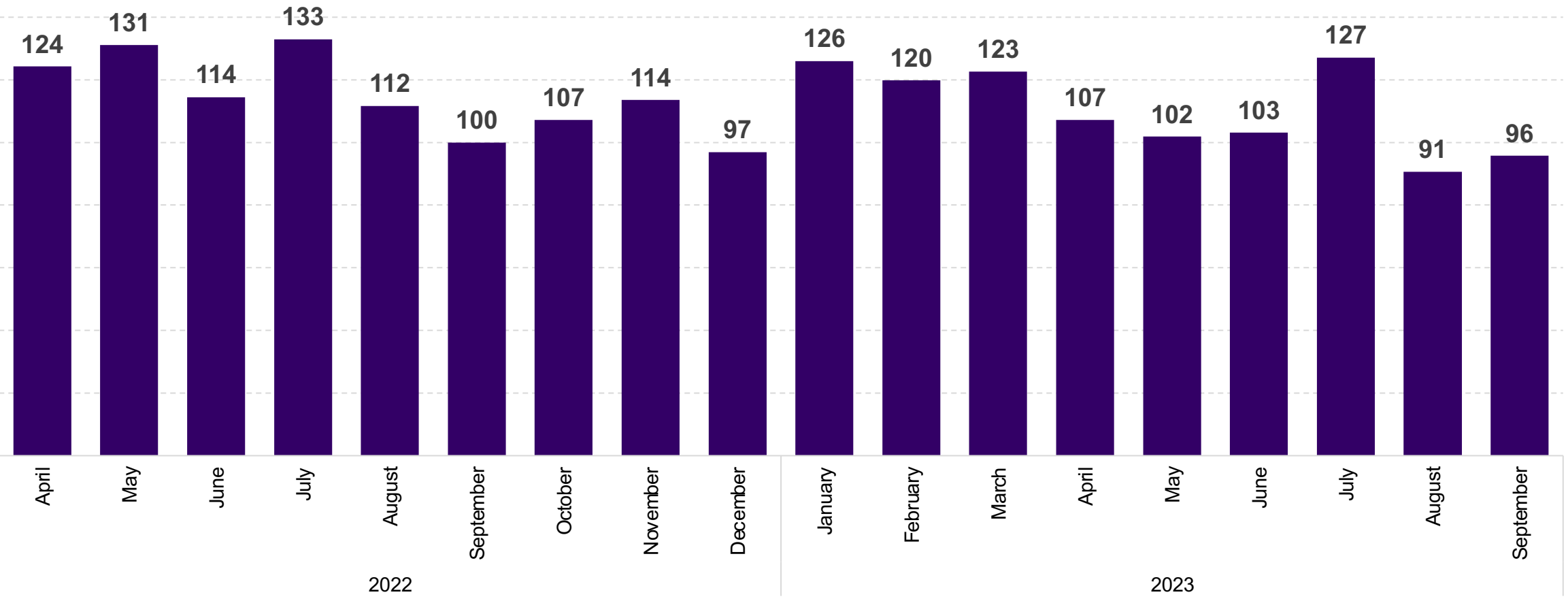
Change in Price Level (2023 vs 2022)

	April	May	June	July	August	September
	-5.5%	-6.0%	5.5%	17.7%	0.7%	4.8%
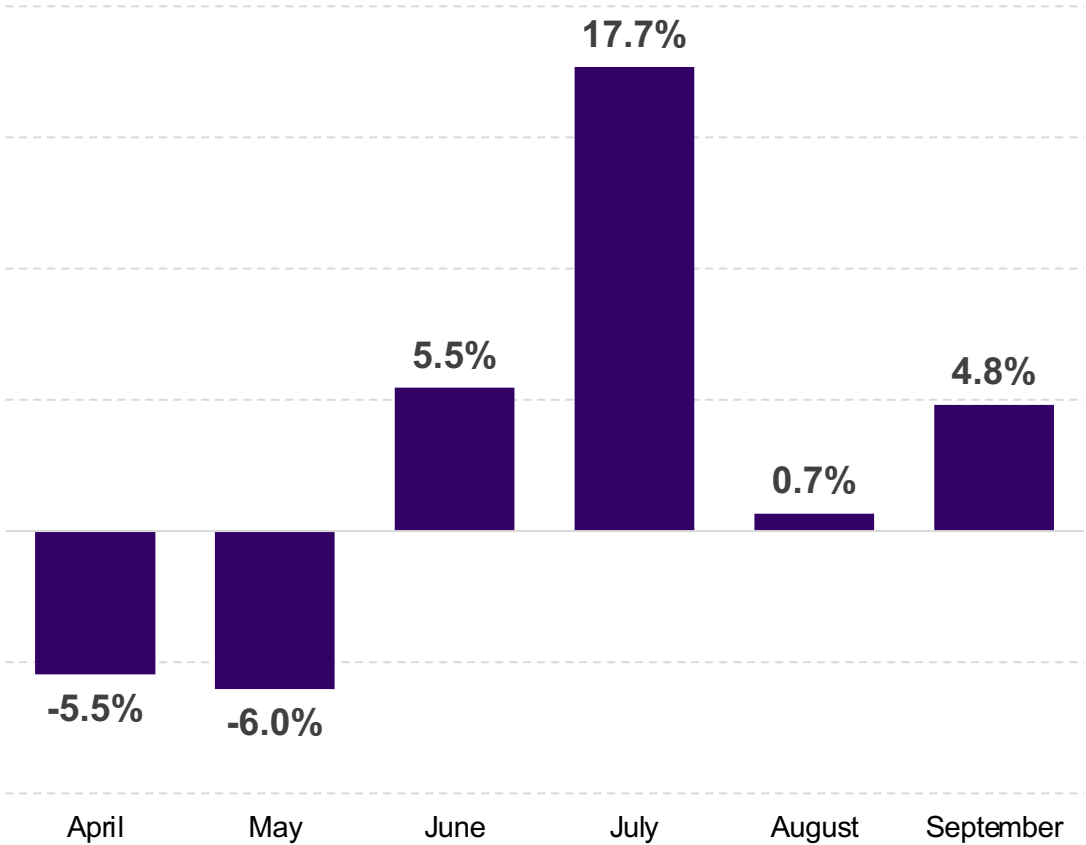
Change in Discount % (2023 vs 2022)
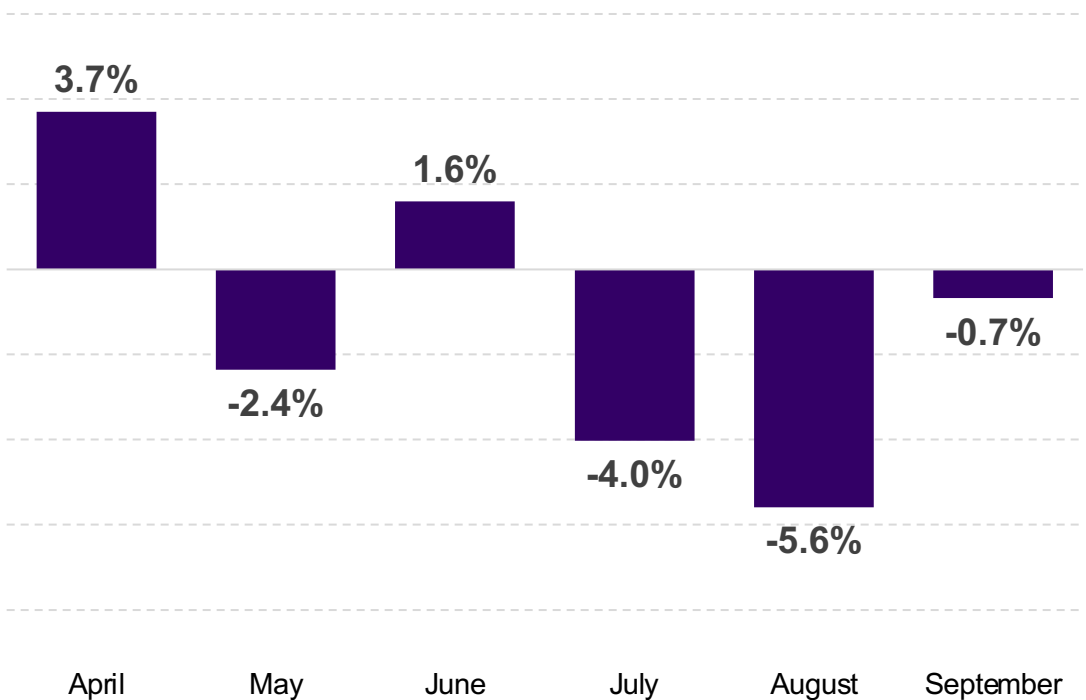
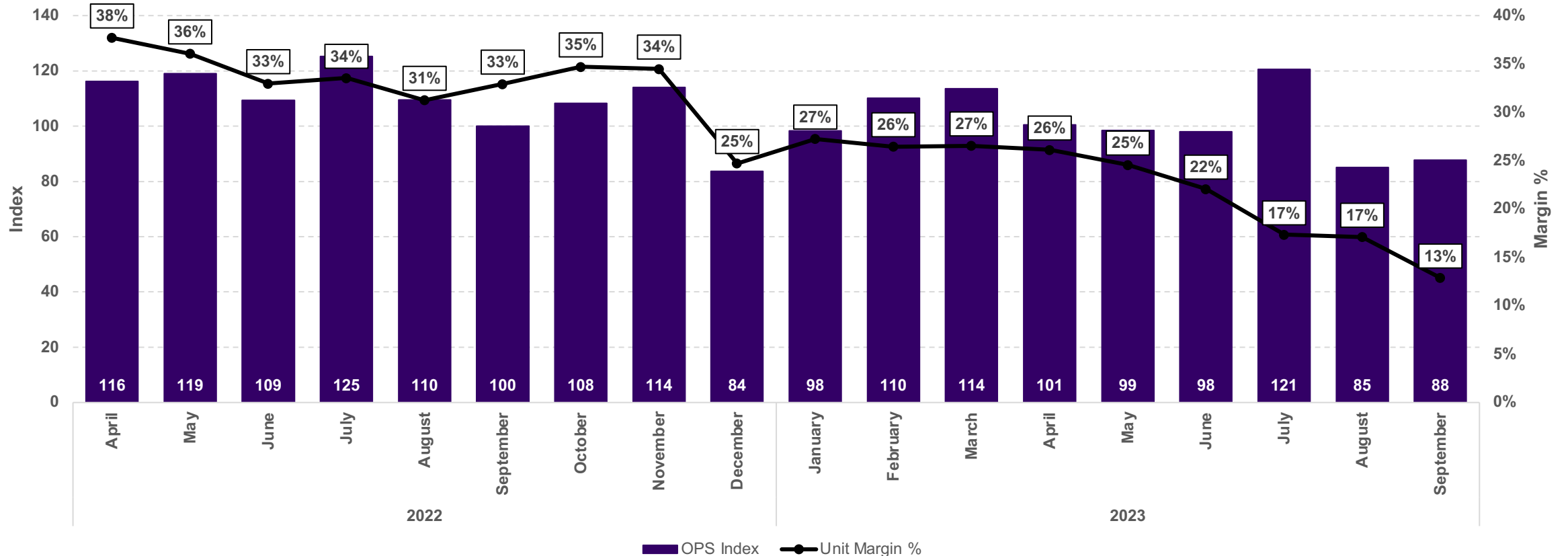|	April	May	June	July	August	September
	3.7%	-2.4%	1.6%	-4.0%	-5.6%	-0.7%

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.

October 2023

CommerceIQ

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

Glance Views Index

	2022									2023								
April	124																	
May	131																	
June	114																	

Values: April 124, May 131, June 114, July 133, August 112, September 100, October 107, November 114, December 97, January 126, February 120, March 123, April 107, May 102, June 103, July 127, August 91, September 96

October 2023

CommerceIQ

OPS and Unit Margin % are both well below 2022 levels, signaling a challenging environment to grow a profitable business in the baby category.
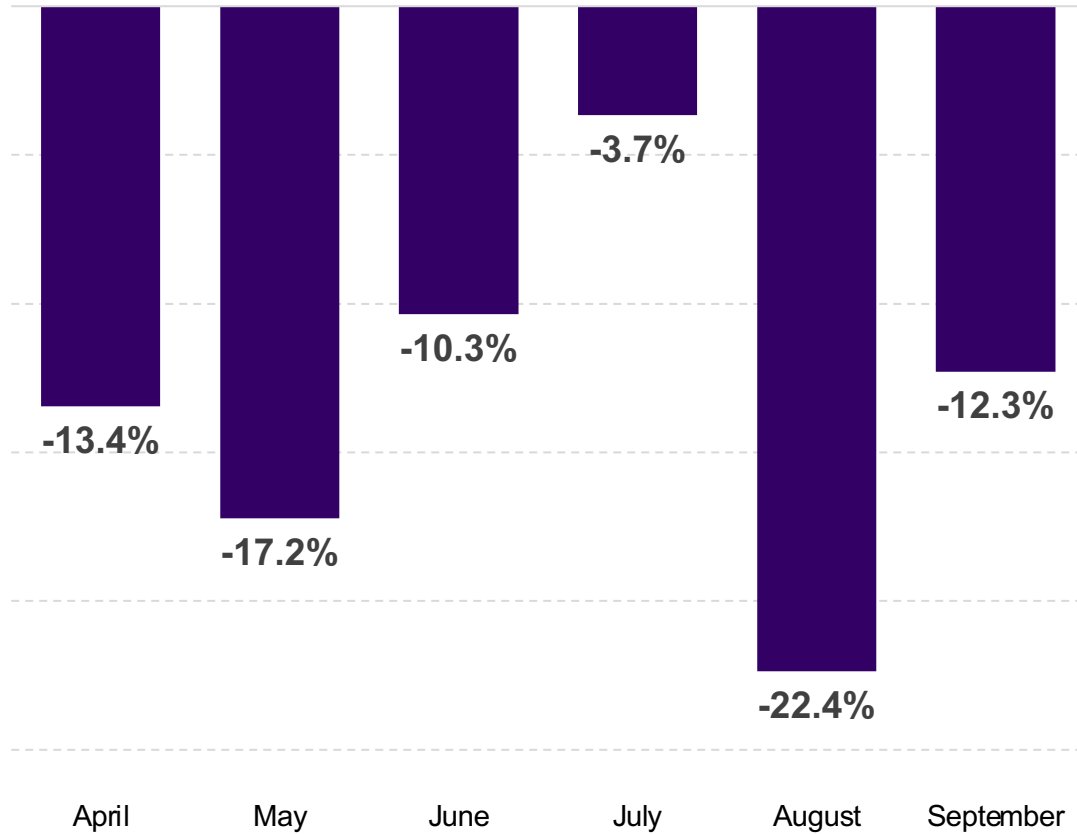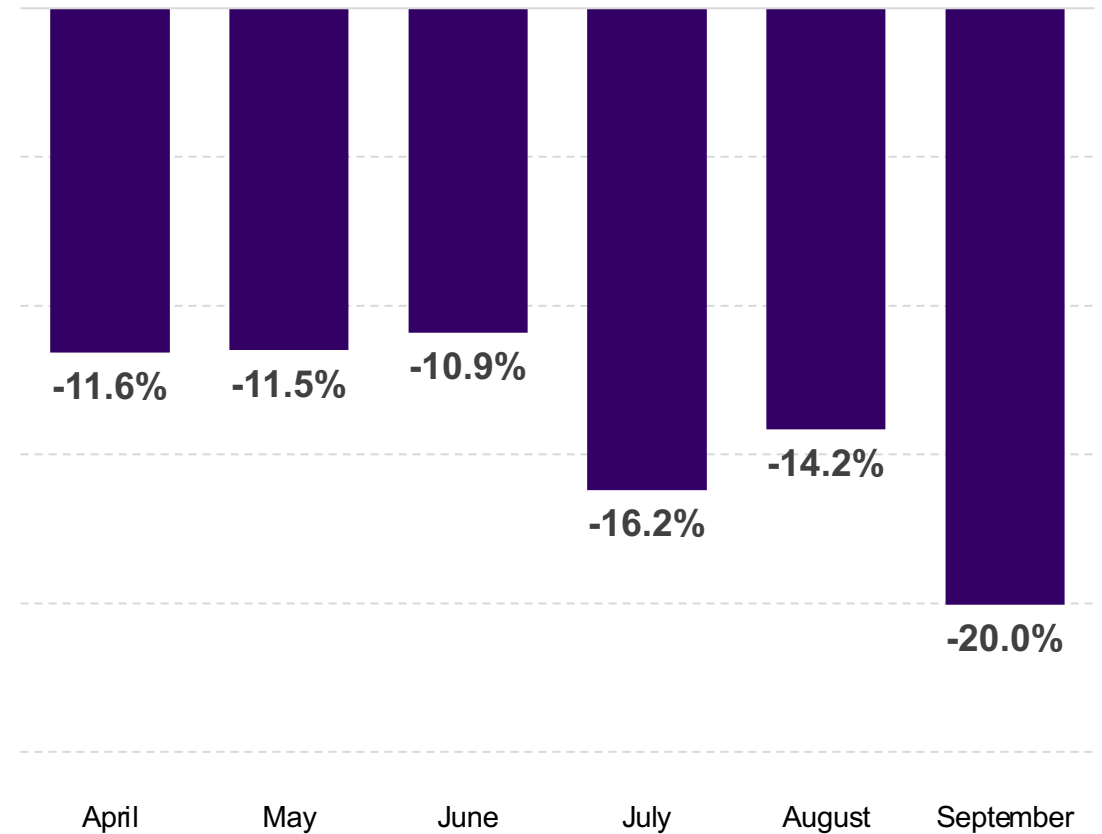
OPS Index vs. Unit Margin %

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.

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The unit margin declines are consistent and growing and exacerbated by substantial decreases in ordered revenue.
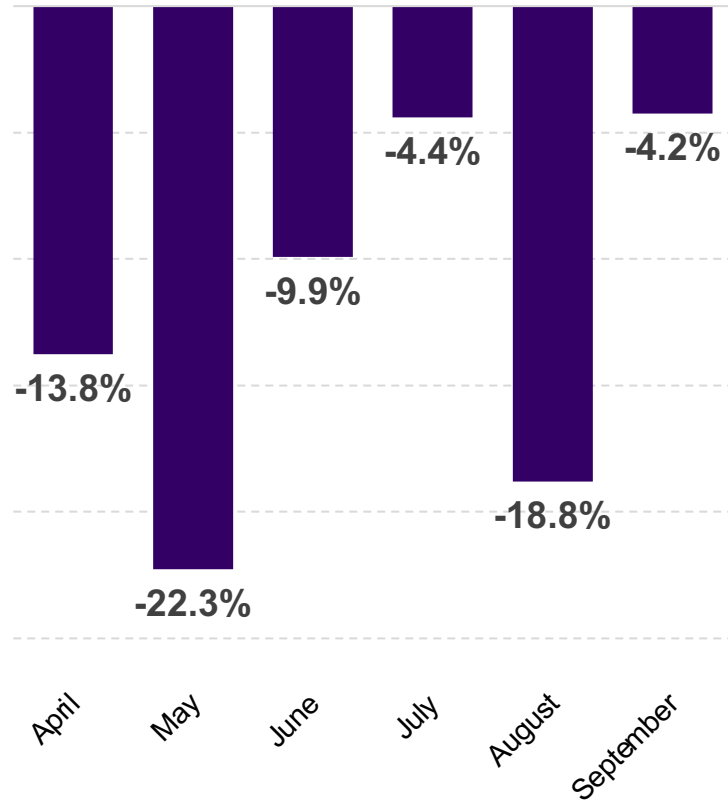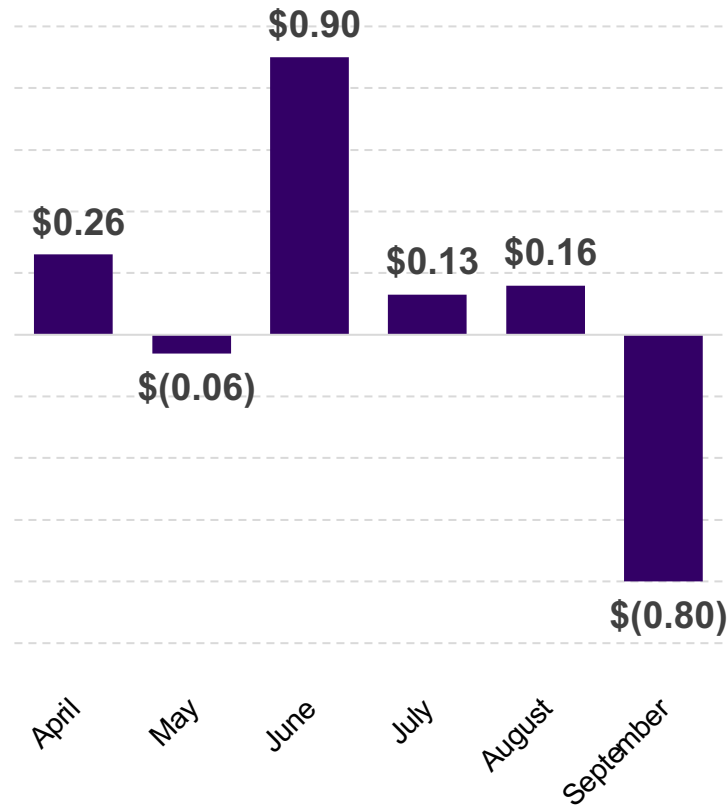
Change in Ordered Revenue (2023 vs 2022)

April	May	June	July	August	September
-13.4%	-17.2%	-10.3%	-3.7%	-22.4%	-12.3%

Change in Unit Margin % (2023 vs 2022)

April	May	June	July	August	September
-11.6%	-11.5%	-10.9%	-16.2%	-14.2%	-20.0%

CommerceIQ

Post-Prime Day Traffic has fallen but has been supported by an improvement in ROAS, despite rising CPCs.

Change in Glance Views (2023 vs 2022)

- April: -13.8%
- May: -22.3%
- June: -9.9%
- July: -4.4%
- August: -18.8%
- September: -4.2%

Change in ROAS (2023 vs 2022)

- April: $0.26
- May: $(0.06)
- June: $0.90
- July: $0.13
- August: $0.16
- September: $(0.80)

Change in CPC (2023 vs 2022)
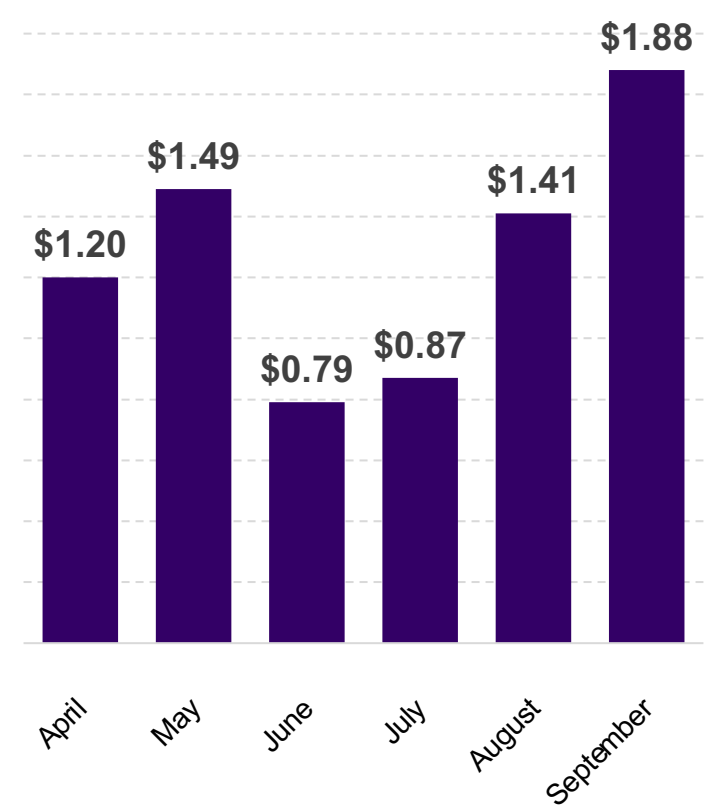
- April: $1.20
- May: $1.49
- June: $0.79
- July: $0.87
- August: $1.41
- September: $1.88

CommerceIQ

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

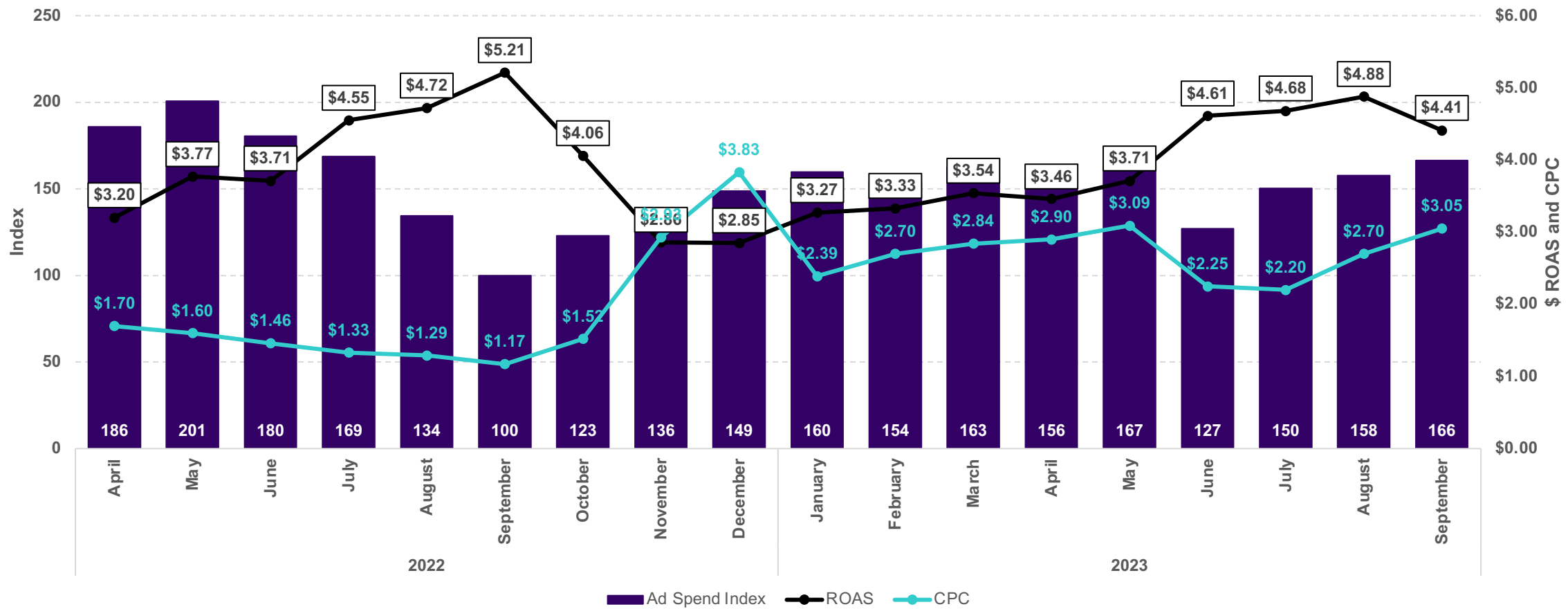**Ad Spend Index vs. ROAS and CPC**

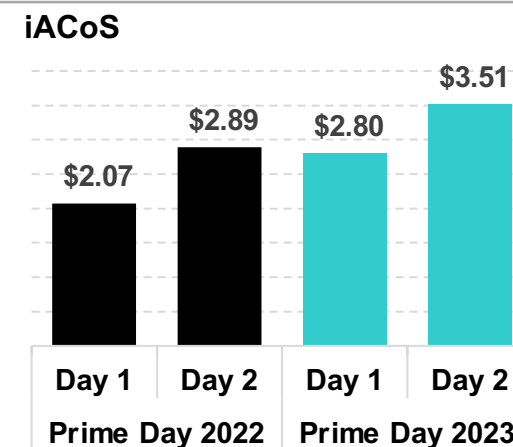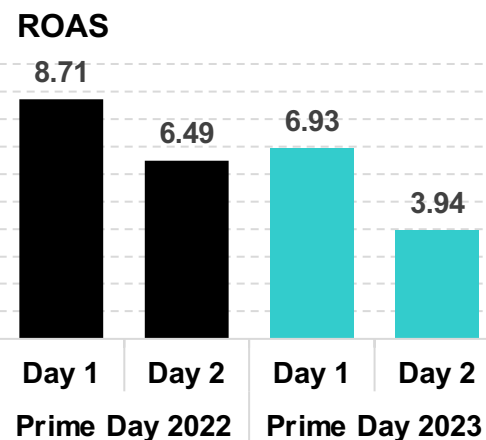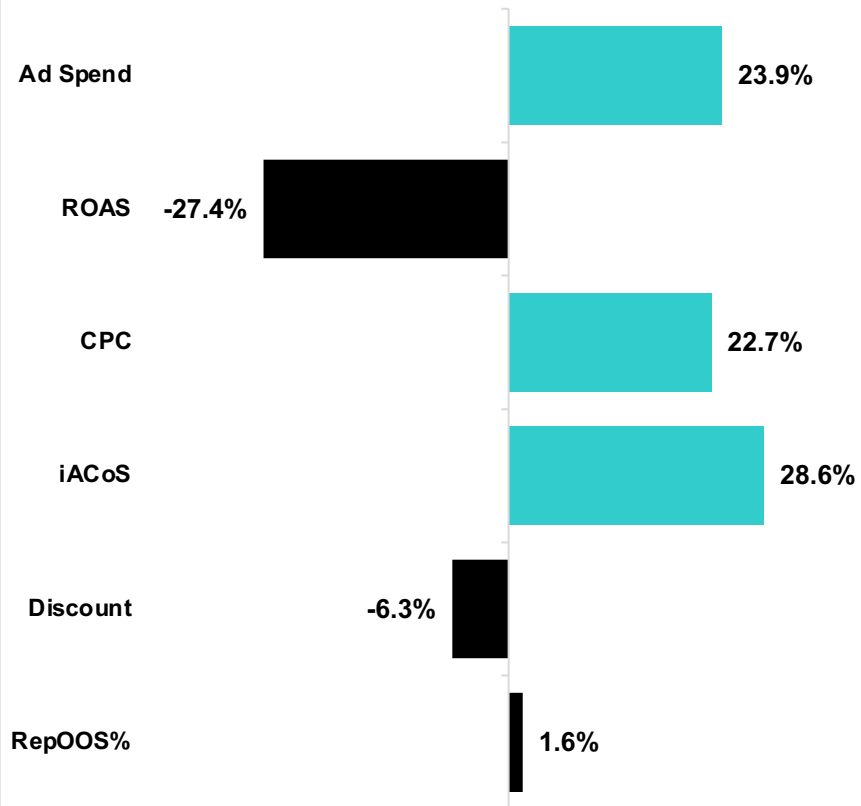|	Ad Spend Index	ROAS	CPC

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.
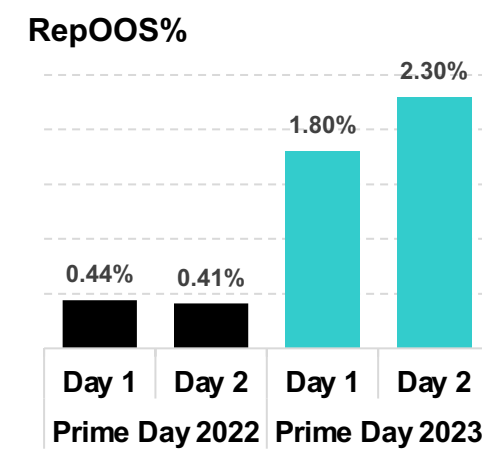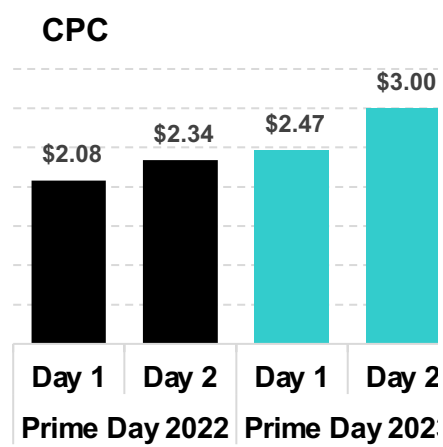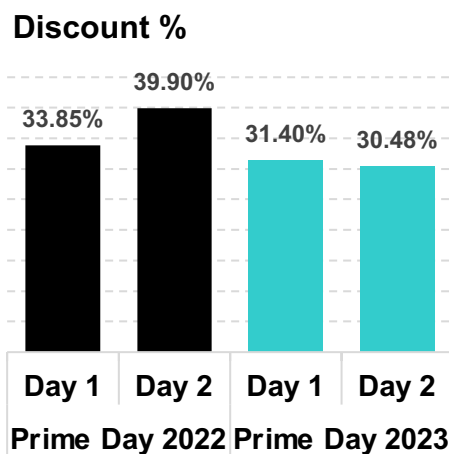
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Prime Day 2023 Summary
Baby Category

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

50%+ of Revenue was generated before 9PM PST, with the highest Unit Conversion % happening at 7 to 8PM both days

7:00 AM PST
July 11 (Day 1)
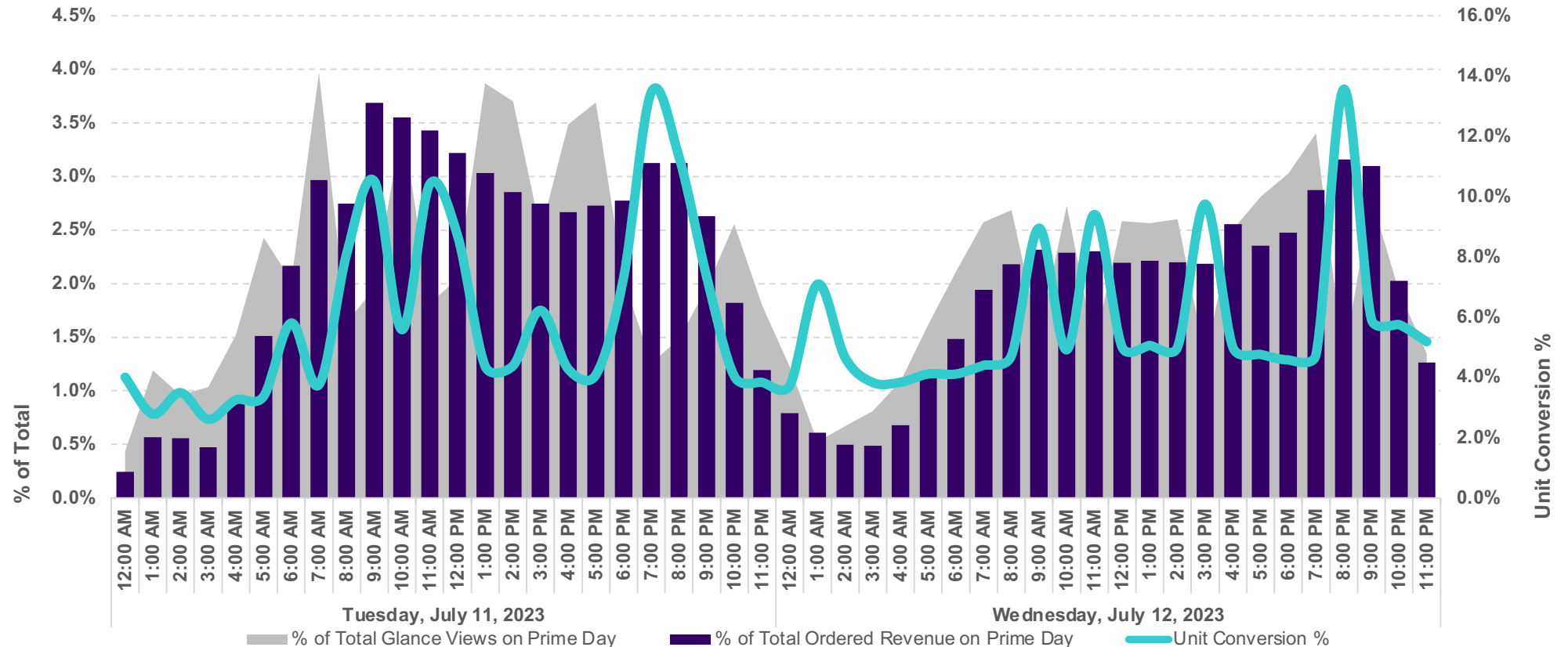
Highest % of Prime Day Glance Views

9:00 AM PST
July 11 (Day 1)

Highest % of Prime Day Ordered Revenue

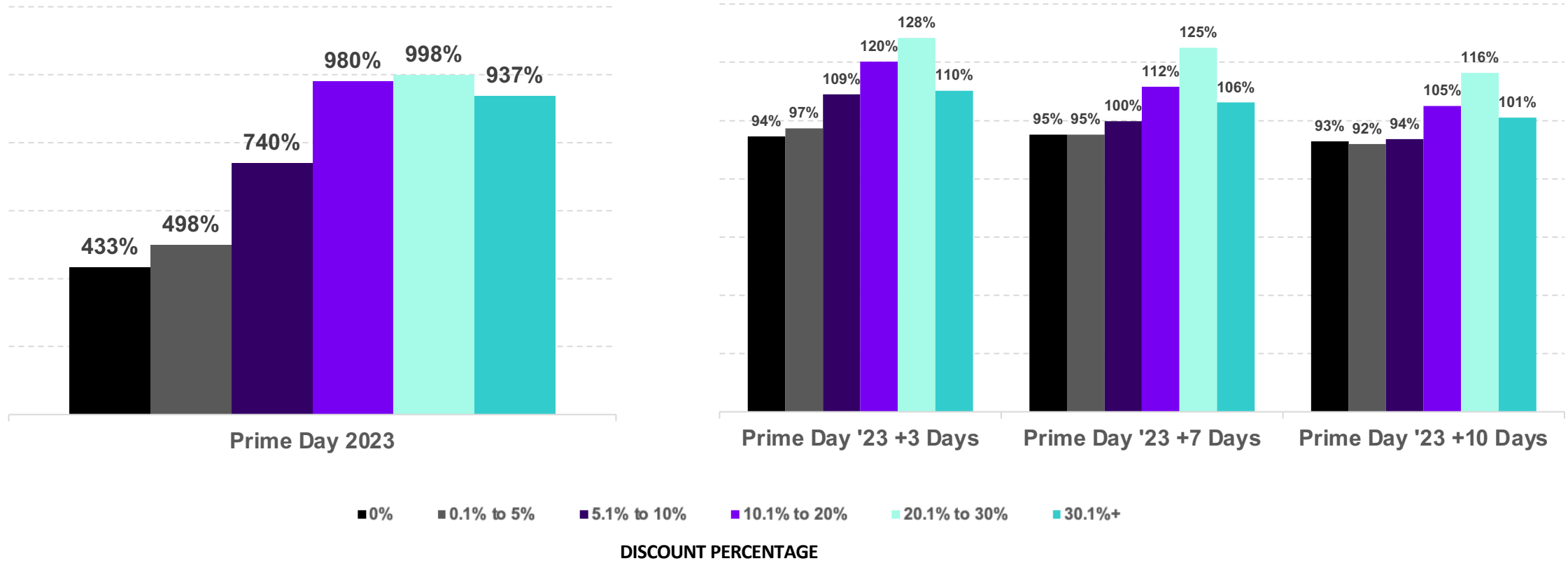**7/8 PM** PST
July 11/12

Highest Unit Conversion % Time

Hourly View of Prime Day Glance Views, Ordered Revenue and Unit Conversion % Across All Categories

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

Tuesday, July 11, 2023 | Wednesday, July 12, 2023

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

October 2023

CommerceIQ

Discounting has value beyond Prime Day itself: Higher Discount Percentages correlated with a generally higher retention rate of glance views Post-Prime Day as compared to Pre-Prime Day levels.
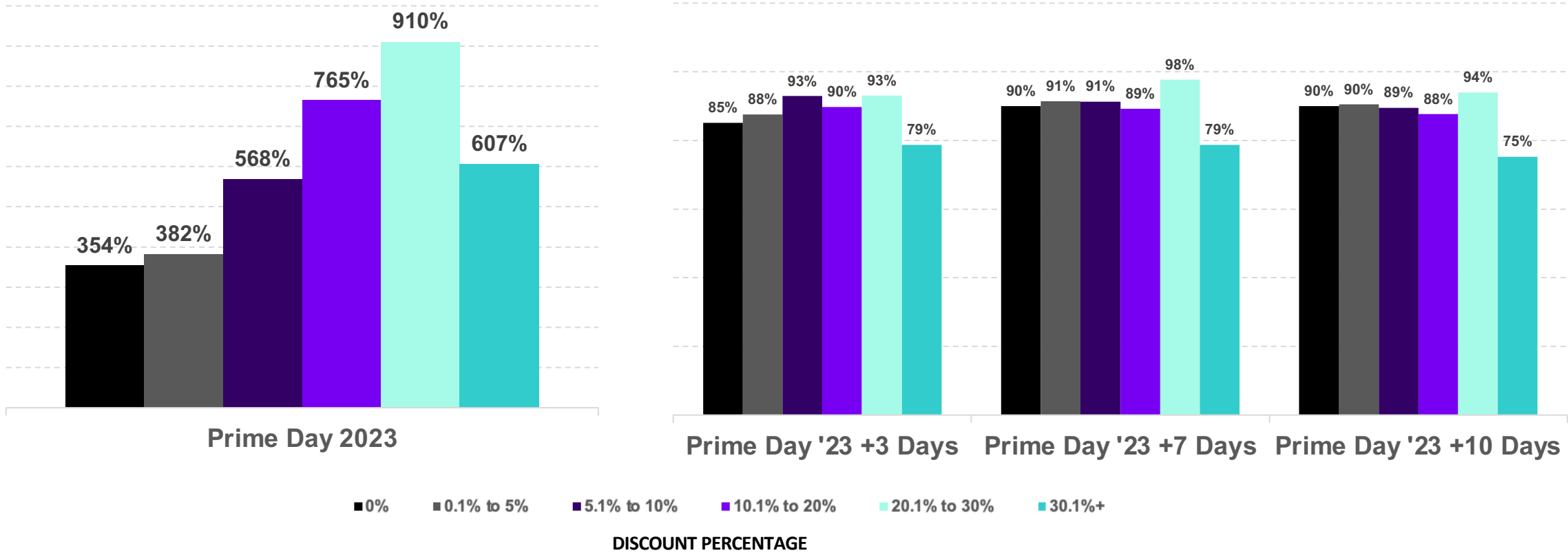
Average Daily Glance Views as a Percentage of Average Daily Glance Views for L28 Days Prior to Prime Day 2023

Prime Day 2023
- 433%
- 498%
- 740%
- 980%
- 998%
- 937%

Prime Day '23 +3 Days
- 94%
- 97%
- 109%
- 120%
- 128%
- 110%

Prime Day '23 +7 Days
- 95%
- 95%
- 100%
- 112%
- 125%
- 106%

Prime Day '23 +10 Days
- 93%
- 92%
- 94%
- 105%
- 116%
- 101%

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

DISCOUNT PERCENTAGE

October 2023

CommerceIQ

Across all discount levels, Ordered Revenue is lower post-Prime Day as compared to Pre-Prime Day. Discounting had a minor positive effect in retaining some revenues, except at the extreme end of 30%+ discounts.

Average Daily Ordered Revenue as a Percentage of Average Daily Ordered Revenue for L28 Days Prior to Prime Day 2023

Prime Day 2023: 354%, 382%, 568%, 765%, 910%, 607%

Prime Day '23 +3 Days: 85%, 88%, 93%, 90%, 93%, 79%

Prime Day '23 +7 Days: 90%, 91%, 91%, 89%, 98%, 79%

Prime Day '23 +10 Days: 90%, 90%, 89%, 88%, 94%, 75%

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

DISCOUNT PERCENTAGE

October 2023

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