

# Lowering U.S. and Global eCommerce Growth

2Q23 eCommerce Recap

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US Internet

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**Key takeaway:** eCommerce volumes continue to be stable but reported growth (both from public companies and U.S. government data) do not support the view for reacceleration that we previously held. With that said, we continue to see healthy high single digit growth and continued improvement in eCommerce penetration across all markets.

- We lower 2023 U.S. ecommerce growth to 8.0% from 14.0%, while Global ex-China growth for 2023 goes to 12.6% from 14.1%. For 2024, we now see 8.0% growth in the U.S. (versus 15.2% previously), while we now forecast Global ex China growth of 10.1% (versus 14.7% previously).

**Adding MELI to Pureplay eCommerce:** we've integrated data for MercadoLibre from our colleague Soomit Datta and you can find his recent upgrade to Buy [HERE](#).

**AMZN Accelerate is next week:** the company's annual third-party seller conference takes place on September 13-14, with 1000s of sellers expected in attendance in Seattle. See [HERE](#) for highlights from last year's event.

In the report, we review performance across 4 sub-sectors and 15 companies (details below).

1. **Pureplay eCommerce:** AMZN, EBAY, MELI, ETSY, W
2. **Omnichannel:** COST, BBY, HD, KR, TGT, WMT
3. **eCommerce platforms:** BIGC, SHOP
4. **Package delivery and logistics:** FDX, UPS

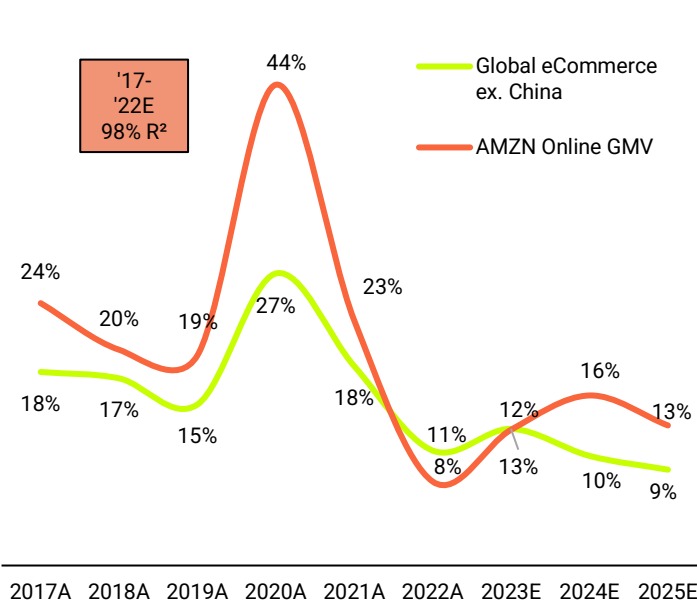
**Part III of III:** Please see our 2Q23 Online Dating recap [HERE](#) and 2Q23 Digital Ads recap [HERE](#), which includes our detailed review of strong Retail Media trends that continue to support eCommerce margins.

## AMZN in Focus: GMV and revenue share gains driven by third party sellers

- After global eCommerce growth fell to +11% in 2022, we continue to see a slight reacceleration to +13% in 2023 and before slowing to +10% in 2024.
- We expect AMZN online GMV growth to hold steady at +12% in 2023 and then accelerate to +16% in 2024.
  - +12% online GMV growth in 2023 is comprised of both accelerating 1P GMV growth (-1% growth in 2022 to +7% growth in 2023) and even more so 3P GMV growth (+13% in 2022 to +15% in 2023).

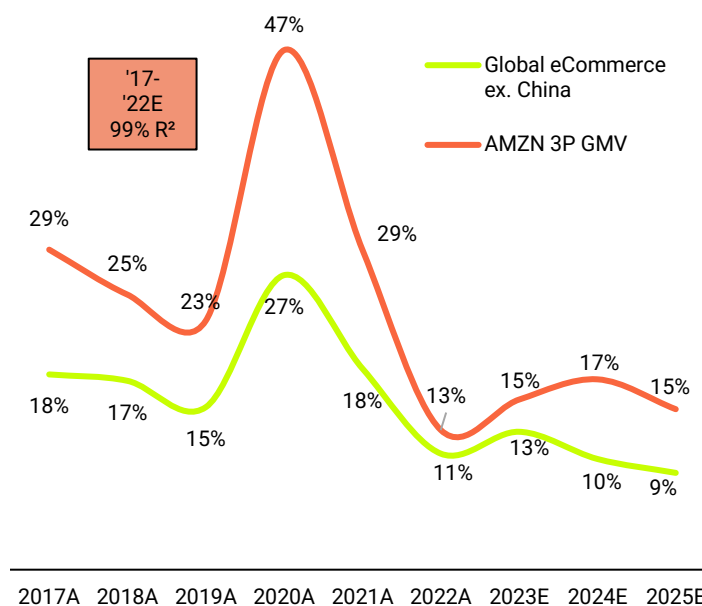
### Online GMV vs. Industry ex. China

Global eCommerce and AMZN online GMV growth estimates



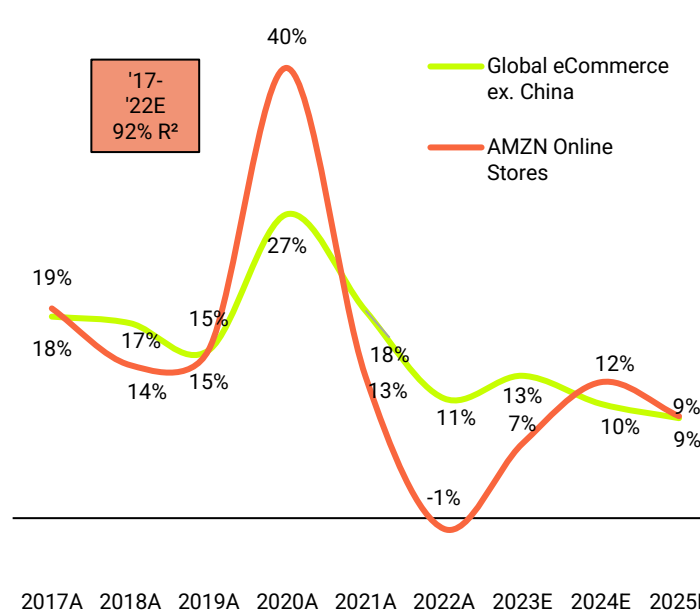
### Estimated 3P GMV vs. Industry ex. China

Global eCommerce and AMZN 3P GMV growth estimates



### Online Stores vs. Industry ex. China

Global eCommerce and AMZN 1P GMV growth estimates



## Table of contents

<b>1</b>	<b>eCommerce industry growth, penetration &amp; shipping volumes</b>	<b>4</b>
<b>2</b>	<b>GMV quarterly trends by company</b>	<b>10</b>
<b>3</b>	<b>eCommerce revenue trends by sub-sector</b>	<b>13</b>
<b>4</b>	<b>Take rate breakdown and trends</b>	<b>20</b>
<b>5</b>	<b>Appendix: detailed eCommerce industry model</b>	<b>23</b>



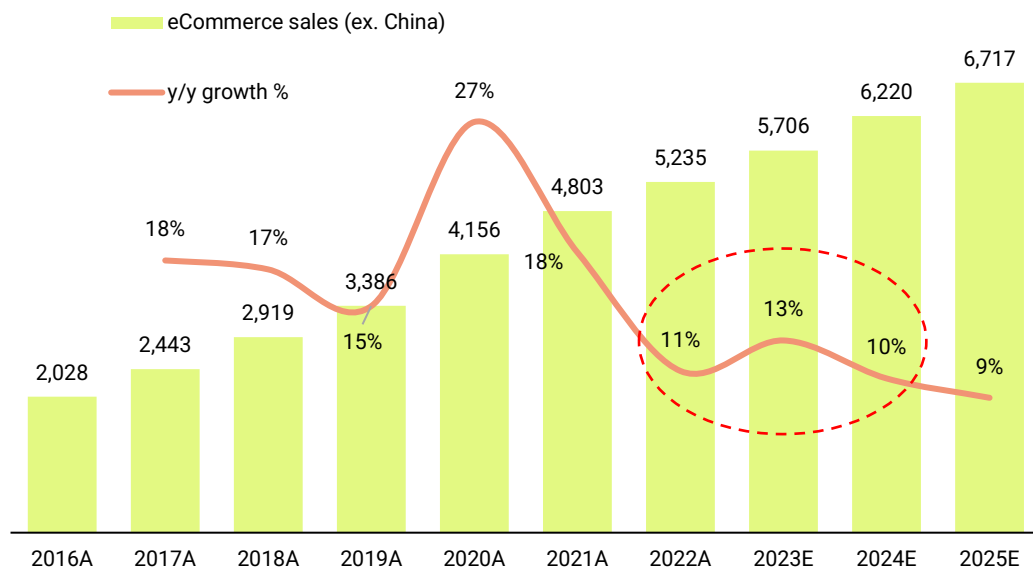
## eCommerce Industry Growth & Package Shipping Volumes

## eCommerce Outlook: We see eCommerce growth reaccelerating in 2H23 before slowing down

- The pandemic drove and acceleration of eCommerce growth from +15% in 2019 to +27% in 2020 and +18% in 2021.
- U.S. growth showed a sharper acceleration, from +14% in 2019 to +32% in 2020, and then decelerated to +11% in 2022, while international growth accelerated from +15% in 2019 to +25% in 2020 and troughed at +10% in 2022.

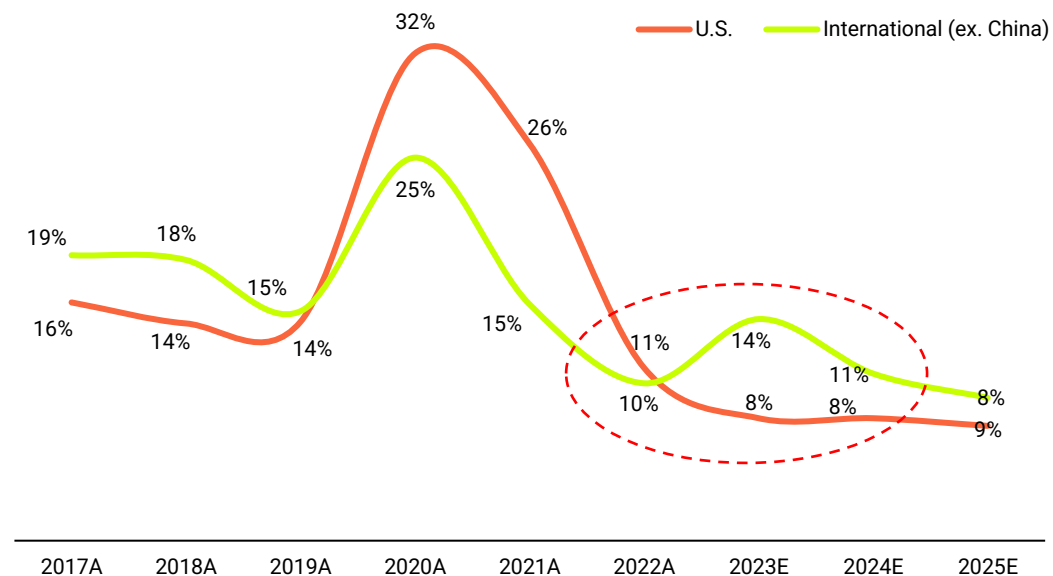
### We see eComm growth accelerating to +13% in 2023 and then slowing...

Global eCommerce ex. China sales and growth



### ...mostly due to the U.S. reaching a steady state of growth

U.S. and International ex. China eCommerce growth

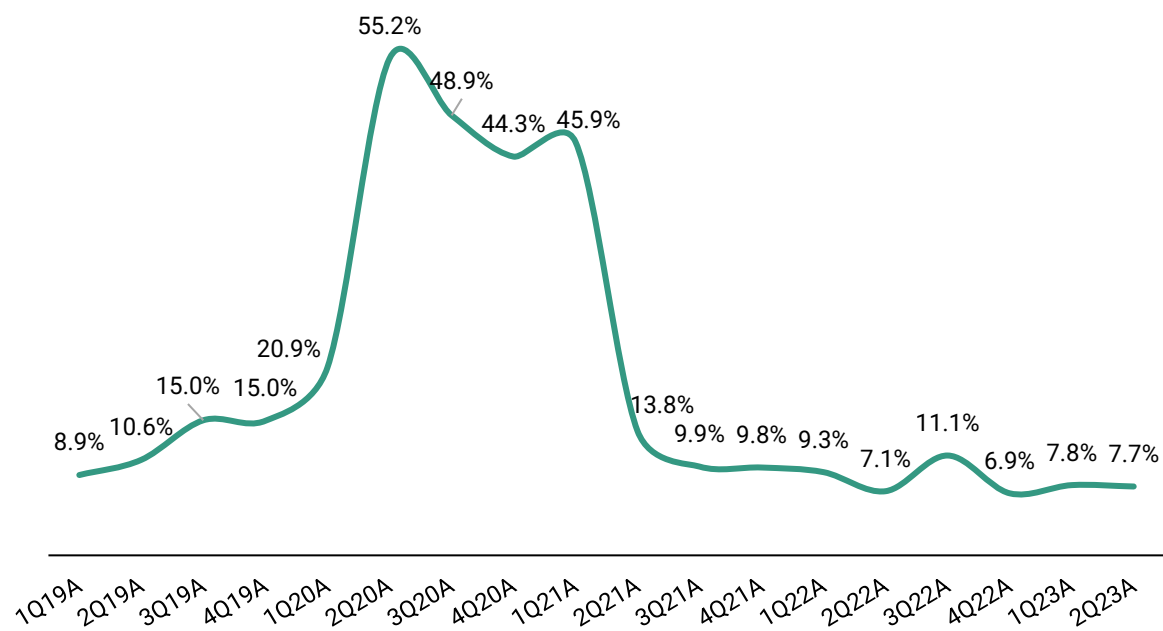


## US Quarterly eCommerce: Continues to grow at a slower pace

- After the COVID step change, Department of Commerce data shows eCommerce growth rates have settled into a high single digit growth range the past couple years, and per our industry forecasts on the prior slide, we generally expect this to continue.
- eCommerce penetration of total retail sales is slowly beginning to recover per the Commerce Department

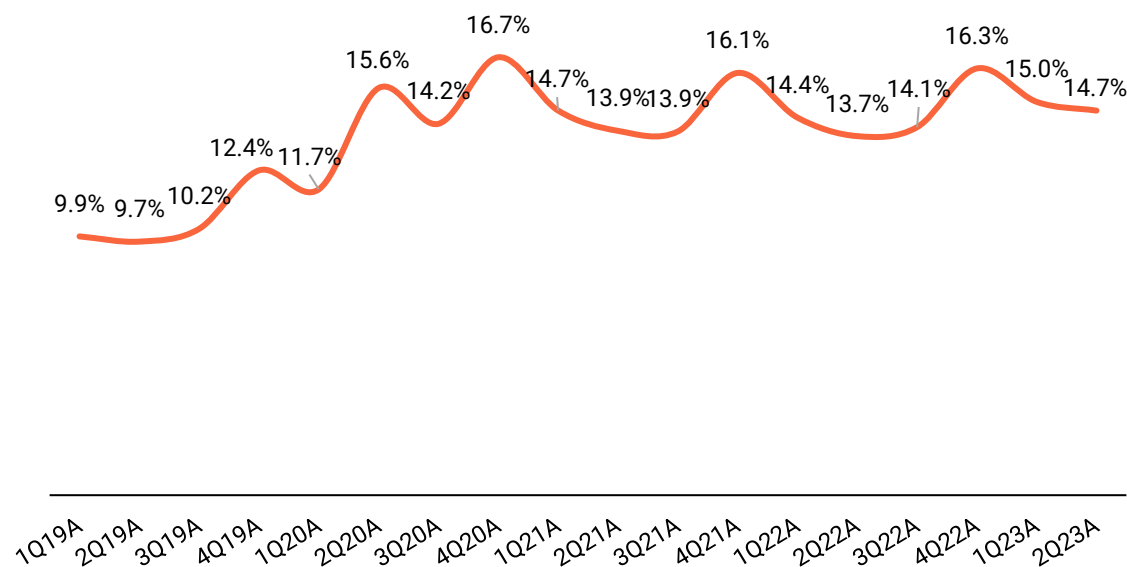
### eCommerce growth has stabilized at high single digit growth rates...

U.S. eCommerce sales y/y growth %



### ...and is now more slowly growing as a percentage of total retail sales

U.S. eCommerce % of U.S. retail sales

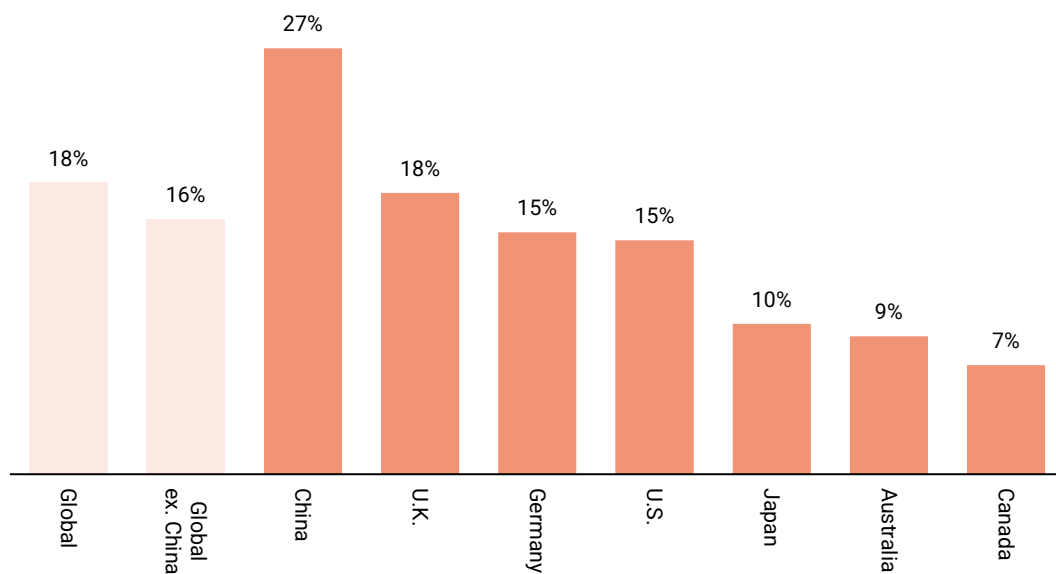


## eCommerce Penetration: taking share of retail sales again after post COVID lull

- The pandemic rapidly accelerated the global shift to eCommerce as the ~100bps per year mix shift from 2016-2019 increased to ~300bps in 2020.
- With global ex. China eCommerce penetration estimated to be at ~16% in 2022, we see a slower but steady future growth and expect eCommerce to rise to ~21% of retail sales in 2030

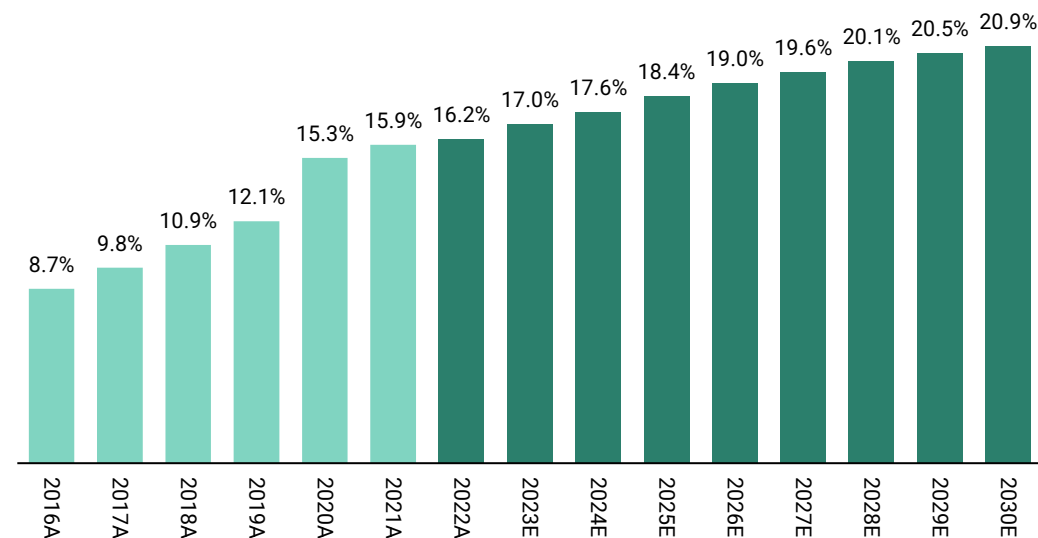
**We estimate that global ex. China eComm penetration was at ~16% in 2022...**

*2022 eCommerce penetration of retail sales by country*



**...and will continue to grow, reaching ~21% in 2030**

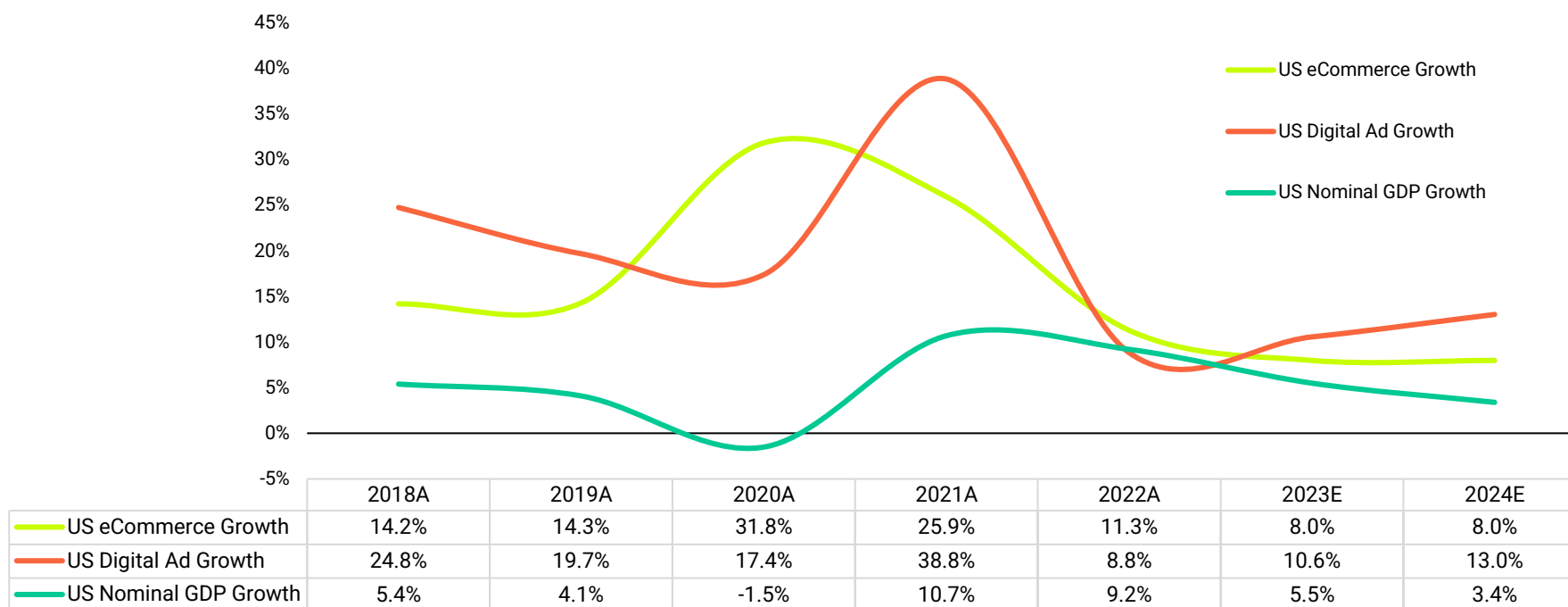
*2016-2030 global eCommerce ex. China penetration of retail sales*



## Macro: As GDP growth slows through 2024, eComm stabilizes and digital ad growth accelerates

- A deep consumer recession (especially in the U.S.) remains the largest risk to the bullish outlook we generally took for U.S. Internet stocks in our [January initiation](#).
- Our U.S. GDP assumptions reflect OECD’s latest U.S. economic outlook.
- Under this scenario, unemployment is expected to tick up, but remain manageable.

**We see U.S. eCommerce and digital ad growth reaccelerating relative to GDP growth coming out of 2023**





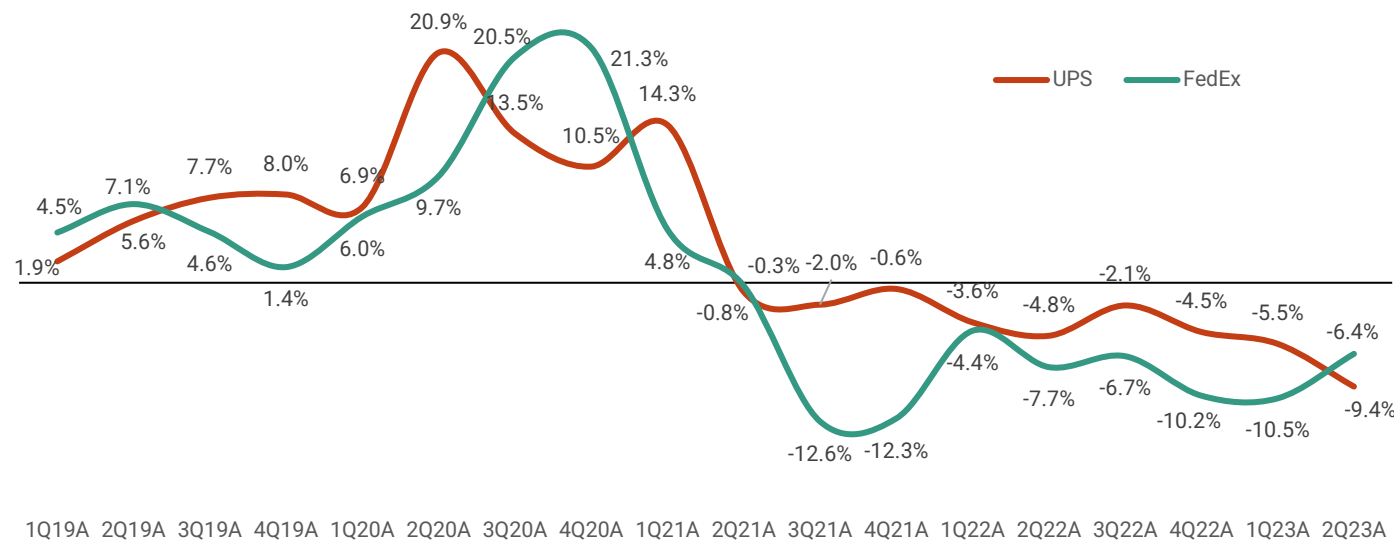
## Package Shippers: FDX and UPS package volume growth rates are still facing headwinds

- Weak average daily package volumes continue for FDX and UPS as consumers shift spending towards services and away from discretionary items, while commercial trade volumes drive declines. UPS further declined in Q2 due to a diversion of package volume from uncertainties around the impact of contract negotiations and the possibility of a work stoppage. FedEx was a partial beneficiary of this diversion.
- We believe that UPS and FDX volumes are significantly weaker than our eCommerce forecast due primarily to their higher mix of discretionary goods, and AMZN bringing more shipping and logistics in-house. AMZN continues to represent a declining % of UPS revenue, i.e. 11.3% in 2022, 11.7% in 2021 and 13.3% in 2020.

### Management Commentary

- “We do expect external business conditions to remain challenging near term and **there remains significant uncertainty with respect to the timing of demand recovery** particularly in the back half of our fiscal year.” – *FedEx CFO Michael Lenz, 2Q23 Earnings Call*
- “The key external factors that will determine the FY 2024 outcome are broader economic activity in North America, Europe, and in Trans-Pacific trade, inventory re-stocking and the development of e-commerce activity as we continue to differentiate our offering.” – *FedEx CFO Michael Lenz, 2Q23 Earnings Call*
- “We expected volume to decline in the second quarter, and it did. But **we saw more volume diversion than anticipated** as noise levels around our labor negotiations increased.” - *UPS CFO Brian Newman, 2Q23 Earnings Call*
- “Moving to mix, in the second quarter **we saw lower volumes across all industry sectors** with the largest declines from retail and high tech.” - *UPS CFO Brian Newman, 2Q23 Earnings Call*

FDX (Express and Ground) and UPS average package daily volumes y/y growth





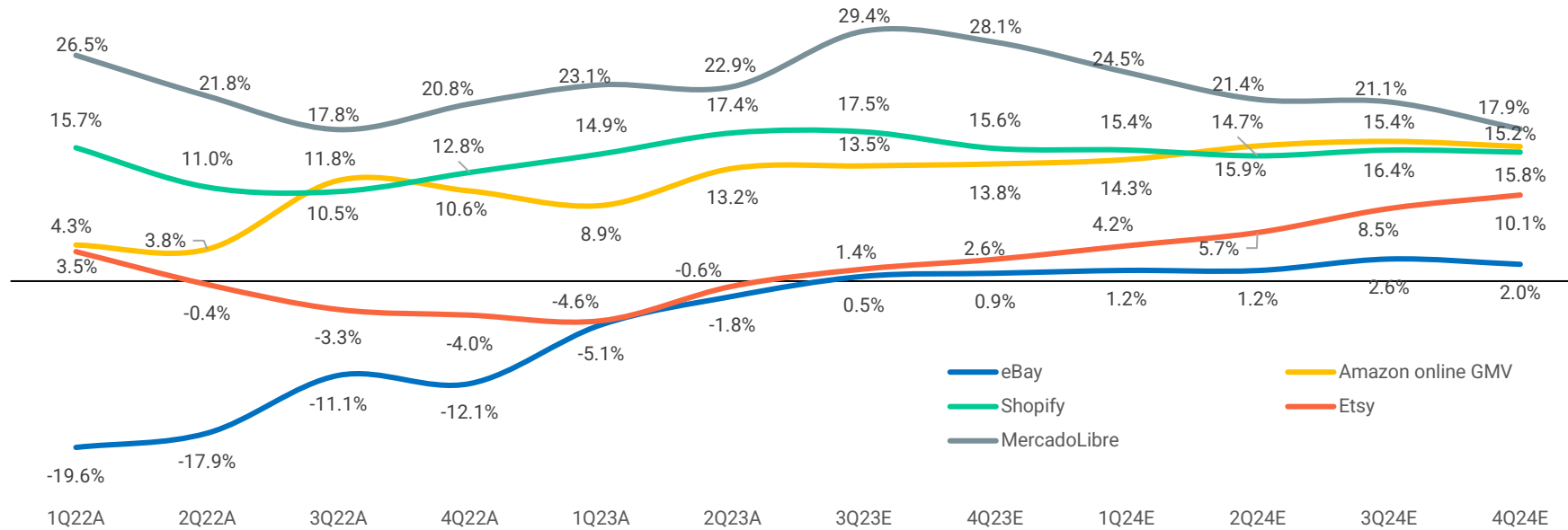
## GMV Trends by Company

## GMV Growth: Market leaders (AMZN, SHOP, MELI) see double digit increases

- eCommerce GMV trends continue to stabilize as pandemic hangover abates and comparisons ease. Despite a still unstable macroeconomic backdrop, eCommerce management commentary has been positive recently, highlighting resilient consumer spending.
- In 2Q23, AMZN 1P GMV returned positive while 3P seller services revenue grew 18%+ CC. Other notable trends included accelerating GMV for EBAY, SHOP & ETSY. Looking ahead, consensus sees EBAY and ETSY's GMV returning to growth, while AMZN and SHOP keep growing at in the mid double-digit range.

### eCommerce GMV trends are stabilizing as the pandemic hangover abates and compares ease

eCommerce GMV y/y growth %



Source: Company reports, FactSet, New Street Research analysis  
 Note: AMZN online GMV (1P + 3P) is a NSR estimate  
 MercadoLibre figures are provided by NSR analyst Soomit Datta

## Management Commentary & Quarterly GMV Details

- “During the quarter, we also saw **improvements in macroeconomic indicators across our North America and International segments** but continue to see **customers trading down and seeking value** in their purchases.” – *Amazon CFO Brian Olsavsky, 2Q23 Earnings Call*
- “I think we're doing **better in Europe than others are**. So, I think that is one spot of particular strength for us. And what we're seeing in North America continues as it was last quarter to be a **good mix in terms of same-store sales growth** for our existing merchants as well as a strong merchant acquisition model.” – *Shopify CEO Jeff Hoffmeister, 2Q23 Earnings Call*
- “We also saw our average order values remain largely unchanged on a year-over-year basis. Data suggest that Etsy marketplace **GMS remains pressured by consumer wallet share shifts from goods to services and headwinds to consumer discretionary spending**, particularly for lower household incomes.” – *Etsy CEO Joshua Silverman, 2Q23 Earnings Call*
- “In Q2, MercadoLibre's GMV surpassed the \$10 billion mark for the first time. **This growth was driven mainly by Brazil and Mexico**, which overtook Argentina to become our second-largest commerce geography for the first time.” – *MercadoLibre CFO Pedro Dornelles, 2Q23 Earnings Call*

### Selected eCommerce GMV y/y growth rates

\$ in millions	CY22A	1Q23A	2Q23A	3Q23E	4Q23E	CY23E	CY24E	CY25E
eCommerce GMV								
<b>Amazon online</b>	<b>653,332</b>	<b>158,951</b>	<b>176,054</b>	<b>178,235</b>	<b>221,702</b>	<b>734,943</b>	<b>849,877</b>	<b>959,373</b>
y/y growth %	7.7%	8.9%	13.2%	13.5%	13.8%	12.5%	15.6%	12.9%
<b>eBay</b>	<b>73,900</b>	<b>18,410</b>	<b>18,214</b>	<b>17,812</b>	<b>18,392</b>	<b>72,827</b>	<b>74,100</b>	<b>72,242</b>
y/y growth %	-15.4%	-5.1%	-1.8%	0.5%	0.9%	-1.5%	1.7%	-2.5%
<b>Shopify</b>	<b>197,167</b>	<b>49,658</b>	<b>55,012</b>	<b>54,259</b>	<b>70,464</b>	<b>229,393</b>	<b>264,169</b>	
y/y growth %	12.4%	14.9%	17.4%	17.5%	15.6%	16.3%	15.2%	
<b>Etsy</b>	<b>13,318</b>	<b>3,101</b>	<b>3,012</b>	<b>3,045</b>	<b>4,138</b>	<b>13,297</b>	<b>14,277</b>	
y/y growth %	-1.3%	-4.6%	-0.6%	1.4%	2.6%	-0.2%	7.4%	
<b>MercadoLibre</b>	<b>34,449</b>	<b>9,434</b>	<b>10,506</b>	<b>11,150</b>	<b>12,316</b>	<b>43,406</b>	<b>52,521</b>	
y/y growth %	21.5%	23.1%	22.9%	29.4%	28.1%	26.0%	21.0%	



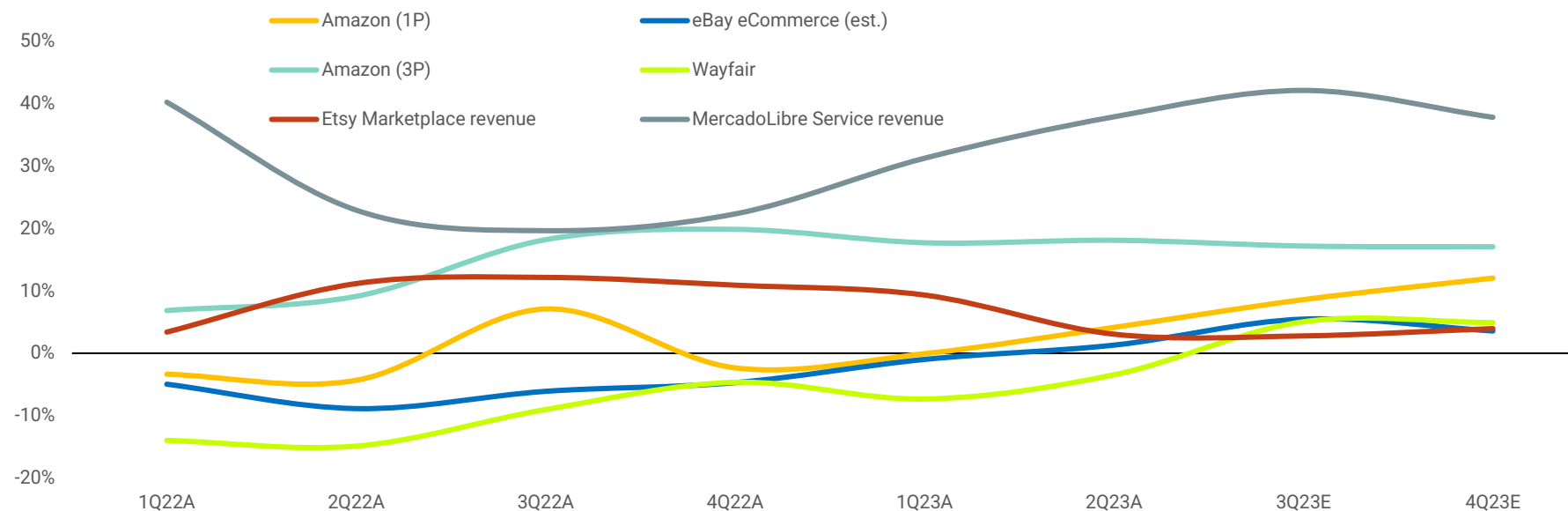
## eCommerce Revenue Trends by Sub-sector

## Pureplay eCommerce Growth: MercadoLibre & Amazon 3P dominates the pack

- MELI & AMZN's 3P channels are forecast to lead revenue growth across the group for the remainder of 2023. Consensus sees both W and EBAY picking up and W, EBAY and ETSY expected to converge around mid-single digit growth by the end of the year.
- In 2Q23, AMZN 1P revenue accelerated +200bps to +5% CC y/y and 3P decelerated -200bps to +18%. ETSY growth decelerated again in part due to weaker consumer spending, W declines stabilized and EBAY's growth returned positive to +1% y/y.

### We expect pureplay eCommerce companies to continue to stabilize in 2023

eCommerce revenue y/y growth %



## Management Commentary & Quarterly Revenue Details

- **“Third-party unit mix increased to 60% during the quarter, the highest level we have ever seen, and we're continuing to see good growth in the number of sellers and the units sold per seller.” – Amazon CFO Brian Olsavsky, 2Q23 Earnings Call**
- **“Our improving growth trends continue to be led by our focus categories, which grew roughly 7 points faster than the remainder of our marketplace during Q2. This outperformance continued to be led by Motors Parts and Accessories, or P&A, where GMV grew mid-single digits year-over-year for the second straight quarter, which we believe is in line with market rates of growth for this segment of e-commerce” – eBay CEO Jamie Iannone, 2Q23 Earnings Call**
- **“Wayfair meaningfully outperformed the competition this spring with net revenue down 3% year-over-year in Q2 compared to a category that continues to be down 10% to 20% for widely tracked estimates like credit card and email receipt data.” - Wayfair CEO Niraj S. Shah, 2Q23 Earnings Call**

\$ in millions	CY22A	1Q23A	2Q23A	3Q23E	4Q23E	CY23E	CY24E	CY25E
<b>Amazon 1P revenue</b>	<b>220,004</b>	<b>51,096</b>	<b>52,966</b>	<b>58,089</b>	<b>72,302</b>	<b>234,453</b>	<b>262,589</b>	<b>286,222</b>
y/y growth %	-0.9%	-0.1%	4.2%	8.6%	12.0%	6.6%	12.0%	9.0%
<b>Amazon 3P revenue</b>	<b>117,716</b>	<b>29,820</b>	<b>32,332</b>	<b>33,590</b>	<b>42,540</b>	<b>138,282</b>	<b>161,926</b>	<b>186,215</b>
y/y growth %	13.9%	17.7%	18.1%	17.2%	17.1%	17.5%	17.1%	15.0%
% of 3P GMV	27%	28%	26%	28%	28%	28%	28%	28%
<b>3P GMV (est.)</b>	<b>433,328</b>	<b>107,855</b>	<b>123,088</b>	<b>120,147</b>	<b>149,400</b>	<b>500,490</b>	<b>587,288</b>	<b>673,151</b>
y/y growth %	12.7%	13.7%	17.6%	16.1%	14.6%	15.5%	17.3%	14.6%
<b>Wayfair total revenue</b>	<b>12,218</b>	<b>2,774</b>	<b>3,171</b>	<b>2,983</b>	<b>3,253</b>	<b>12,182</b>	<b>13,080</b>	<b>14,843</b>
y/y growth %	-10.9%	-7.3%	-3.4%	5.1%	4.9%	-0.3%	7.4%	13.5%
<b>Etsy total revenue</b>	<b>2,566</b>	<b>641</b>	<b>629</b>	<b>634</b>	<b>854</b>	<b>2,757</b>	<b>3,012</b>	<b>3,290</b>
y/y growth %	10.2%	10.6%	7.5%	6.6%	5.8%	7.5%	9.3%	9.2%
% of GMS	19%	21%	21%	21%	21%	21%	21%	
<b>Etsy Services</b>	<b>655</b>	<b>173</b>	<b>176</b>	<b>175</b>	<b>235</b>	<b>759</b>	<b>937</b>	
y/y growth %	12.3%	14.4%	20.8%	15.9%	13.5%	15.9%	23.3%	
% of GMS	5%	6%	6%	6%	6%	6%	7%	
<b>Etsy Marketplace</b>	<b>1,911</b>	<b>468</b>	<b>453</b>	<b>456</b>	<b>624</b>	<b>2,000</b>	<b>2,081</b>	
y/y growth %	9.5%	9.3%	3.1%	2.8%	4.0%	4.7%	4.0%	
% of GMS	14%	15%	15%	15%	15%	15%	15%	
<b>Etsy GMS</b>	<b>13,318</b>	<b>3,101</b>	<b>3,012</b>	<b>3,045</b>	<b>4,138</b>	<b>13,297</b>	<b>14,277</b>	
y/y growth %	-1.3%	-4.6%	-0.6%	1.4%	2.6%	-0.2%	7.4%	
<b>MercadoLibre eComm revenue</b>	<b>5,807</b>	<b>1,676</b>	<b>1,936</b>	<b>2,082</b>	<b>2,289</b>	<b>7,983</b>	<b>9,961</b>	
y/y growth %	25.3%	31.2%	37.9%	42.1%	37.8%	37.5%	24.8%	
% of total GMV	17%	18%	18%	19%	19%	18%	19%	
<b>Total eCommerce GMV</b>	<b>34,449</b>	<b>9,434</b>	<b>10,506</b>	<b>11,150</b>	<b>12,316</b>	<b>43,406</b>	<b>52,521</b>	
y/y growth %	21.5%	23.1%	22.9%	29.4%	28.1%	26.0%	21.0%	

Source: Company reports, FactSet, New Street Research analysis  
 EBAY's eCommerce revenue is a NSR estimate (net transactions revenue minus advertising)  
 MercadoLibre figures are provided by NSR analyst Soomit Datta

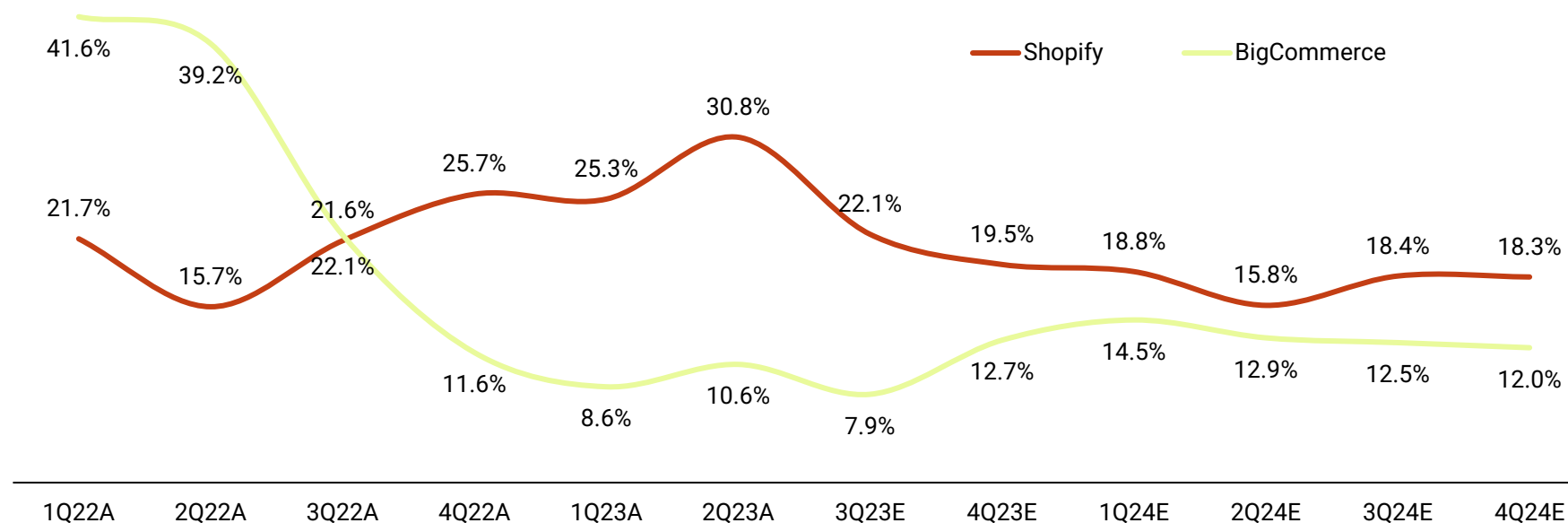
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## eCommerce Platforms Growth: SHOP decelerates slightly, consensus expects gap with BIGC to narrow

- eCommerce platforms continue to have strong secular tailwinds as companies are increasingly opting to control their own customer relationships and shopping experiences with better economics. While SHOP's revenue model consists of both Subscription Solutions (software) and variable Merchant Solutions (payments, shipping fees, etc.), we note that BIGC is largely a tiered software subscription model.
- AMZN launched its [Buy with Prime](#) program in April 2022, which enables eCommerce businesses to leverage AMZN's consumer-friendly Buy with Prime button and fast delivery service for their own customers. Both SHOP and BIGC are integrated with the program.

**We expect eCommerce platform tailwinds to become stronger as they leverage their direct customer relationships**

Total revenue y/y growth %





## Management Commentary & Quarterly Revenue Details

- “Key contributors to our revenue growth included the **GMV strength** just discussed, the **growth in our Merchant Solutions business** which was itself driven by a combination of increased penetration of Payments and **continued growth across a broad number of solutions**, including Capital and Installments. – *Shopify CFO Jeff Hoffmeister, 2Q23 Earnings Call*
- “Revenue in the second quarter outperformed our expectations, primarily driven by two things, **stronger adoption of higher attach rates across our Merchant Solutions** product suite, including Payments penetration and Capital, and **more robust merchant retention after our recent pricing change.**” – *Shopify CFO Jeff Hoffmeister, 2Q23 Earnings Call*
- “And we had said going into the year, if we had to make some trade-offs here and there, maybe marginally less growth in exchange for an outsized improvement in quality that would show up in margins and cash flow, we would do that, and I think we're seeing that in the results.” – *BigCommerce CFO Daniel Lentz, 2Q23 Earnings Call*

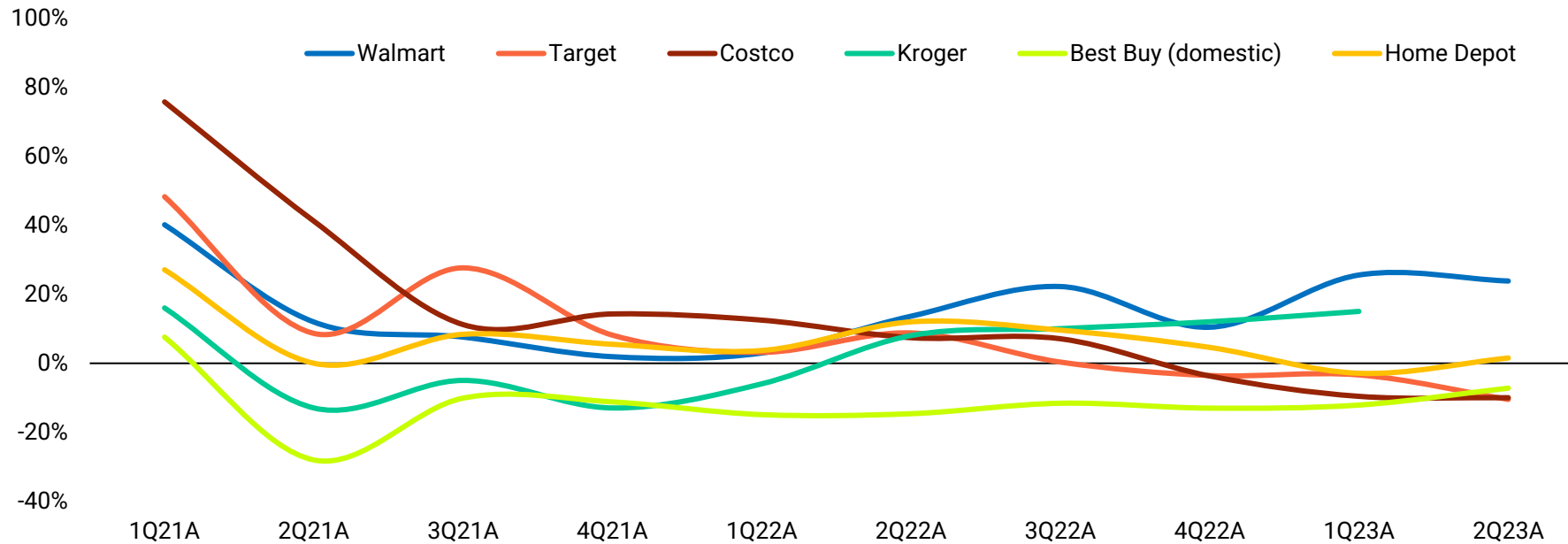
\$ in millions	CY22A	1Q23A	2Q23A	3Q23E	4Q23E	CY23E	CY24E	CY25E
<b>Shopify total</b>	<b>5,600</b>	<b>1,508</b>	<b>1,694</b>	<b>1,669</b>	<b>2,073</b>	<b>6,943</b>	<b>8,183</b>	<b>9,650</b>
y/y growth %	21.4%	25.3%	30.8%	22.1%	19.5%	24.0%	17.8%	17.9%
% of GMV	2.8%	3.0%	3.1%	3.1%	2.9%	3.0%	3.1%	
<b>Shopify Subscriptions Solutions</b>	<b>1,488</b>	<b>382</b>	<b>444</b>	<b>473</b>	<b>494</b>	<b>1,793</b>	<b>2,096</b>	
y/y growth %	10.8%	10.8%	21.2%	25.8%	23.3%	20.5%	16.9%	
% of total company sales	27%	25%	26%	28%	24%	26%	26%	
% of GMV	0.8%	0.8%	0.8%	0.9%	0.7%	0.8%	0.8%	
<b>Shopify Merchant Solutions</b>	<b>4,112</b>	<b>1,126</b>	<b>1,250</b>	<b>1,195</b>	<b>1,577</b>	<b>5,148</b>	<b>6,063</b>	
y/y growth %	25.8%	31.1%	34.6%	20.7%	18.1%	25.2%	17.8%	
% of total company sales	73%	75%	74%	72%	76%	74%	74%	
% of GMV	2.1%	2.3%	2.3%	2.2%	2.2%	2.2%	2.3%	
<b>Shopify GMV</b>	<b>197,167</b>	<b>49,658</b>	<b>55,012</b>	<b>54,259</b>	<b>70,464</b>	<b>229,393</b>	<b>264,169</b>	
y/y growth %	12.4%	14.9%	17.4%	17.5%	15.6%	16.3%	15.2%	
<b>BigCommerce total</b>	<b>279</b>	<b>72</b>	<b>75</b>	<b>78</b>	<b>82</b>	<b>307</b>	<b>347</b>	
y/y growth %	26.9%	8.6%	10.6%	7.9%	12.7%	9.9%	13.0%	
<b>BigCommerce Subscription Solutions</b>	<b>206</b>	<b>54</b>	<b>56</b>	<b>57</b>	<b>60</b>	<b>227</b>	<b>252</b>	
y/y growth %	32.8%	12.1%	9.4%	7.8%	11.7%	10.2%	11.0%	
% of total company sales	74%	75%	74%	73%	73%	74%	73%	
<b>BigCommerce Partner and Services</b>	<b>73</b>	<b>18</b>	<b>19</b>	<b>20</b>	<b>21</b>	<b>78</b>	<b>88</b>	
y/y growth %	12.9%	-0.9%	14.1%	4.0%	9.8%	6.6%	12.8%	
% of total company sales	26%	25%	26%	26%	26%	25%	25%	

## Omnichannel Growth: Grocery & drive-up yield positive results while discretionary continues to struggle

- A mix of inflation and shift of spend to out of home experiences continues to crowd out some omnichannel discretionary spending in the quarter, especially on bigger-ticket items. Resumption of student loan payments could be an additional headwind to omnichannel in the upcoming quarters.
- Weakness in discretionary eCommerce spending can be seen in the disparity between grocery heavy companies Walmart and Kroger's y/y eCommerce growth versus declines for big ticket ecommerce in Costco, Best Buy and Target.
- Omnichannel eComm growth will continue to be reliant on retailer's large store footprint in lieu of local distribution networks.

### In 2Q23, omnichannel sales mix has largely determined growth trends

eCommerce revenue y/y growth %



Source: Company reports, New Street Research analysis

Note: COST eCommerce growth rates are based on comparable eCommerce sales, BBY eCommerce growth is based on domestic online sales, TGT, eCommerce growth is based on digitally originated sales, and Kroger eCommerce growth is based on digital sales

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## Management Commentary & Quarterly Revenue Details

- “...the biggest component of our eCommerce growth has been the online pickup and delivery. We're really pleased with not only how that's doing, but the persistence of the strength there. This is an area that has not gone back to pre-pandemic trends. I mean, it's continued. Like, the **compounded annual growth over the last three years is 50%...**” – *Walmart CFO John Rainy, 2Q24 Earnings Call*
- “Our industry **continues to experience lower consumer demand due to the pandemic pull forward of tech purchases and the shift back into services spend outside the home**, like travel and entertainment. In addition, of course, persistent inflation has impacted spending decisions for a substantial part of the population.” – *Best Buy CEO Corie Burry, 2Q23 Earnings Call*
- “Conversely, **discretionary categories softened further from recent trends** with Apparel, Home and Hardlines, all seeing comp declines in the low-double digits to mid-teens in the second quarter, several percentage points softer than in the first quarter.” – *Target EVP Christina Herrington, 2Q23 Earnings Call*
- “**Big-ticket comp transactions or those over \$1,000 were down 5.5% compared to the second quarter of last year....**we continue to see softer engagement in big-ticket discretionary categories...” – *Home Depot EVP William Bastek, 2Q23 Earnings Call*

\$ in millions	CY21A	1Q22A	2Q22A	3Q22A	4Q22A	CY22A	1Q23A	2Q23A
<b>Walmart eCommerce</b>	<b>73,200</b>	<b>17,600</b>	<b>19,200</b>	<b>20,900</b>	<b>24,400</b>	<b>82,100</b>	<b>22,100</b>	<b>23,774</b>
y/y growth %		2.9%	13.6%	22.2%	10.4%	12.2%	25.6%	23.8%
% of total company sales	13%	12%	13%	14%	15%	13%	15%	15%
Walmart U.S. eCommerce	47,800	11,400	12,500	12,900	16,600	53,400	14,500	15,500
y/y growth %		0.9%	11.6%	16.2%	16.9%	11.7%	27.2%	24.0%
Walmart Int'l eCommerce	18,500	4,300	4,600	5,900	5,500	20,300	5,400	5,796
y/y growth %		0.0%	12.2%	37.2%	-5.2%	9.7%	25.6%	26.0%
Sam's Club eCommerce	6,900	1,900	2,100	2,100	2,300	8,400	2,200	2,478
y/y growth %		26.7%	31.3%	23.5%	9.5%	21.7%	15.8%	18.0%
<b>Home Depot online sales</b>	<b>20,729</b>	<b>5,564</b>	<b>6,087</b>	<b>5,170</b>	<b>5,452</b>	<b>22,273</b>	<b>5,402</b>	<b>6,180</b>
y/y growth %		3.7%	12.0%	9.6%	4.6%	7.4%	-2.9%	1.5%
% of total company sales	14%	14%	14%	13%	15%	14%	15%	14%
<b>Target digitally originated</b>	<b>19,763</b>	<b>4,519</b>	<b>4,603</b>	<b>4,477</b>	<b>6,450</b>	<b>20,050</b>	<b>4,366</b>	<b>4,121</b>
y/y growth %		3.2%	8.8%	0.3%	-3.6%	1.5%	-3%	-10%
% of total company sales	19%	18%	18%	17%	21%	19%	18%	17%
Comparable DO y/y growth %	21%	3%	9%	0%	-4%	2%	-3%	-11%
<b>Costco eCommerce</b>	<b>14,999</b>					<b>15,873</b>		
Comparable y/y growth %	36%	13%	7%	7%	-4%	6%	-10%	-10%
% of total company sales	8%					7%		
<b>Kroger</b>								
Digital sales y/y growth %	-3%	-6%	8%	10%	12%	4%		
<b>Best Buy domestic online</b>	<b>16,430</b>	<b>3,059</b>	<b>2,975</b>	<b>3,037</b>	<b>5,141</b>	<b>14,212</b>	<b>2,688</b>	
y/y growth %		-14.9%	-14.7%	-11.6%	-13.0%	-13.5%	-12.1%	
% of total segment revenue	34%	31%	31%	31%	38%	33%	31%	



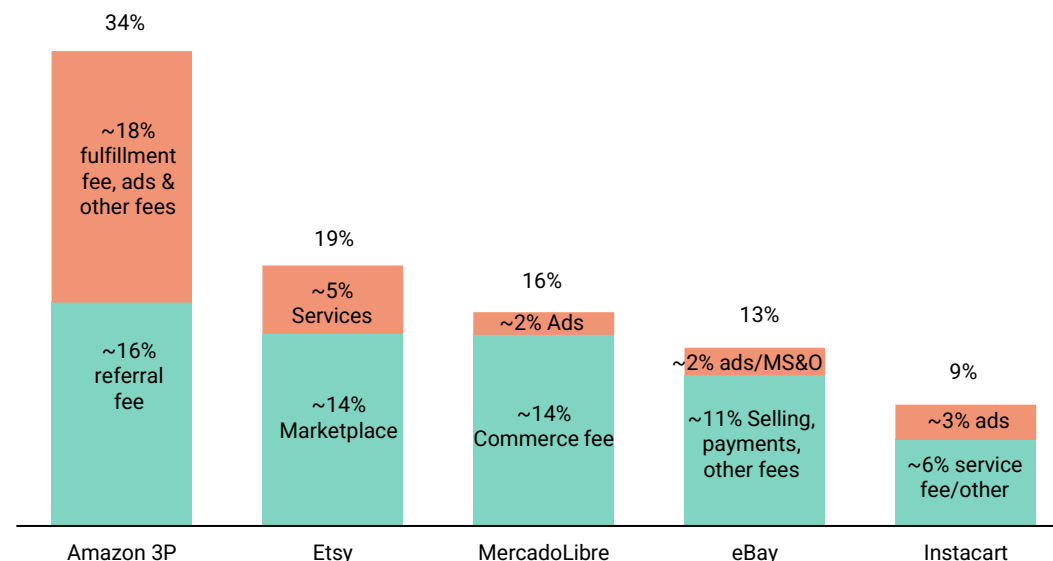
## Take Rate Breakdown and Trends

## Take rate: Value-add services and ads will feed expansion

- A significant trend for eCommerce marketplaces is increasingly monetizing GMV through advertising and other optional value-added services. For more on recent retail media advertising trends, please see our [2023 Digital Ads Recap](#).
- For example, ~53% of AMZN's 3P seller services revenue is generated from fulfillment and other fees, ~25% of ETSY's revenue is from services such as on-site ads, shipping labels, etc., 15% of EBAY's revenue is from advertising and other fees and ~33% of Instacart's revenue is from advertising.
- For **AMZN**, we estimate a 2022 take rate of ~34% by dividing its 3P seller services revenue (\$118B) and the majority of our ad revenue into our estimated 3P GMV (\$433B). Moreover, the 34% can be broken down into referral fees (est. ~16%, but it varies by [category](#)), advertisements, [selling plan](#), [fulfillment fees](#) (e.g. FBA), and other selling service fees (e.g., inventory fees).
- **ETSY's** 2022 revenue / GMS = ~19% and can be broken down into ~14% for Marketplace and ~5% for Services. Marketplace revenues are comprised of [listings fees](#) (6.5%), transaction fees, payments processing fee, and offsite ads fees (12%-15%) while Services revenues are optional value-added services such as on-site ads, shipping labels, and other fees.
- **MELI's** 2Q23 take rate of ~16% is comprised of ~14% from Commerce fees and subscriptions and ~2% from ads.
- **EBAY's** ~13% take rate (\$9.8B of revenue / \$73.9B) is comprised of ~11% from [selling fees](#), payment fees, and other revenue and ~2% from ads/marketing services and other fees.
- **Instacart's** 2022 take rate of ~9% (\$2.5B of revenue / \$28.8B) is comprised of ~6% from service fee and subscriptions and ~3% from ad services and other fees.

### eComm marketplaces are monetizing their GMV with ads and other services

CY22 revenue / GMV breakdown\*



## Take Rate Quarterly Details and Composition

\$ in millions	CY21A	1Q22A	2Q22A	3Q22A	4Q22A	CY22A	1Q23A	2Q23A	3Q23E	4Q23E	CY23E	CY24E	CY25E
Revenues / GMV													
<b>Amazon 3P (est.)</b>	<b>26.9%</b>	<b>26.7%</b>	<b>26.2%</b>	<b>27.7%</b>	<b>27.9%</b>	<b>27.2%</b>	<b>27.6%</b>	<b>26.3%</b>	<b>28.0%</b>	<b>28.5%</b>	<b>27.6%</b>	<b>27.6%</b>	<b>27.7%</b>
<i>y/y change (bps)</i>		(50)	22	88	35	28	94	10	26	60	46	(6)	9
<b>eBay</b>	<b>11.9%</b>	<b>12.8%</b>	<b>13.1%</b>	<b>13.4%</b>	<b>13.8%</b>	<b>13.3%</b>	<b>13.6%</b>	<b>13.9%</b>	<b>14.1%</b>	<b>14.2%</b>	<b>13.9%</b>	<b>14.1%</b>	<b>13.9%</b>
<i>y/y change (bps)</i>		186	125	88	116	133	84	89	62	40	69	19	(19)
Ebay Selling, payments, other fees	9.9%	10.8%	10.9%	11.1%	11.3%	11.0%	11.2%	11.2%	11.7%	11.6%	11.4%	11.6%	11.1%
<i>y/y change (bps)</i>		165	108	59	87	108	47	35	55	31	42	12	(42)
Ebay ads/MS&O	2.0%	2.0%	2.2%	2.3%	2.5%	2.2%	2.4%	2.7%	2.4%	2.5%	2.5%	2.6%	2.8%
<i>y/y change (bps)</i>		21	17	29	29	24	37	54	6	9	27	7	23
<b>Shopify attach rate</b>	<b>2.6%</b>	<b>2.8%</b>	<b>2.8%</b>	<b>3.0%</b>	<b>2.8%</b>	<b>2.8%</b>	<b>3.0%</b>	<b>3.1%</b>	<b>3.1%</b>	<b>2.9%</b>	<b>3.0%</b>	<b>3.1%</b>	
<i>y/y change (bps)</i>		14	11	27	29	21	25	32	12	10	19	7	
Subscription solutions attach rate	0.8%	0.8%	0.8%	0.8%	0.7%	0.8%	0.8%	0.8%	0.9%	0.7%	0.8%	0.8%	
<i>y/y change (bps)</i>		(6)	(1)	1	1	(1)	(3)	2	6	4	3	1	
Merchant solutions attach rate	1.9%	2.0%	2.0%	2.1%	2.2%	2.1%	2.3%	2.3%	2.2%	2.2%	2.2%	2.3%	
<i>y/y change (bps)</i>		20	12	26	29	22	28	29	6	5	16	5	
<b>Etsy</b>	<b>17.3%</b>	<b>17.8%</b>	<b>19.3%</b>	<b>19.8%</b>	<b>20.0%</b>	<b>19.3%</b>	<b>20.7%</b>	<b>20.9%</b>	<b>20.8%</b>	<b>20.6%</b>	<b>20.7%</b>	<b>21.1%</b>	
<i>y/y change (bps)</i>		29	192	266	294	200	285	157	98	62	146	37	
Etsy Marketplace	12.9%	13.2%	14.5%	14.8%	14.9%	14.3%	15.1%	15.0%	15.0%	15.1%	15.0%	14.6%	
<i>y/y change (bps)</i>		(1)	151	204	200	141	192	53	20	19	69	(47)	
Etsy Services	4.3%	4.7%	4.8%	5.0%	5.1%	4.9%	5.6%	5.8%	5.7%	5.6%	5.7%	6.6%	
<i>y/y change (bps)</i>		30	42	62	95	60	93	103	66	51	77	87	
<b>Instacart</b>	<b>7.2%</b>		<b>8.7%</b>			<b>8.6%</b>							
<i>y/y change (bps)</i>			113			143							
Selling fee/other	4.9%					6.1%							
<i>y/y change (bps)</i>						115							
Advertising	2.3%					2.6%							
<i>y/y change (bps)</i>						27							



## Appendix

# Global eCommerce Annual Estimates Changes



New Estimates		2023	2024	2025	2026	2027	2028	2029	2030	Old Estimates		2023	2024	2025	2026	2027	2028	2029	2030	Delta		2023	2024	2025	2026	2027	2028	2029	2030
China		1,628	1,731	1,833	1,932	2,038	2,148	2,263	2,382	China	1,704	1,811	1,900	1,984	2,072	2,162	2,254	2,349	China		-76	-81	-67	-52	-35	-14	8	33	
% growth		1.0%	6.3%	5.9%	5.4%	5.4%	5.4%	5.4%	5.3%	% growth	5.7%	6.3%	4.9%	4.4%	4.4%	4.3%	4.3%	4.2%	Growth in bp		(470)	0	100	100	100	110	105	110	
United States		1,154	1,247	1,340	1,434	1,534	1,642	1,757	1,880	United States	1,218	1,404	1,577	1,759	1,908	2,060	2,214	2,369	United States		-64	-157	-237	-325	-373	-418	-458	-490	
% growth		8.0%	8.0%	7.5%	7.0%	7.0%	7.0%	7.0%	7.0%	% growth	14.0%	15.2%	12.3%	11.5%	8.5%	8.0%	7.5%	7.0%	Growth in bp		(600)	(720)	(483)	(454)	(148)	(98)	(50)	0	
UK		177	193	210	228	247	267	288	311	UK	177	204	233	263	295	330	367	406	UK		0	-11	-24	-36	-48	-64	-79	-95	
% growth		8.0%	9.0%	8.5%	8.5%	8.5%	8.0%	8.0%	8.0%	% growth	8.0%	15.0%	14.4%	12.9%	12.1%	11.8%	11.2%	10.5%	Growth in bp		0	(600)	(590)	(441)	(362)	(380)	(320)	(250)	
Japan		123	133	144	154	162	171	180	189	Japan	123	137	151	166	175	185	195	205	Japan		0	-4	-8	-13	-13	-14	-15	-16	
% growth		8.0%	8.0%	8.0%	7.0%	5.4%	5.4%	5.3%	5.3%	% growth	8.0%	11.0%	10.7%	10.0%	5.4%	5.4%	5.3%	5.3%	Growth in bp		0	(300)	(273)	(296)	0	0	0	0	
Germany		169	186	203	221	235	248	262	277	Germany	174	198	216	235	250	264	279	294	Germany		-5	-12	-13	-14	-15	-16	-17	-18	
% growth		10.0%	10.0%	9.2%	8.9%	6.1%	5.8%	5.6%	5.5%	% growth	14.4%	13.9%	9.2%	8.9%	6.1%	5.8%	5.6%	5.5%	Growth in bp		(440)	(390)	0	0	0	0	0	0	
Canada		44	48	52	55	59	62	66	70	Canada	44	49	53	56	60	64	68	72	Canada		0	0	0	0	-1	-1	-2	-2	
% growth		9.8%	9.5%	8.0%	6.2%	6.0%	6.0%	6.0%	6.0%	% growth	9.8%	10.0%	8.5%	6.2%	6.8%	6.5%	6.2%	6.1%	Growth in bp		0	(50)	(45)	0	(81)	(50)	(20)	(10)	
Australia		34	37	40	44	47	51	55	59	Australia	39	47	57	68	80	93	108	125	Australia		-5	-10	-17	-25	-33	-42	-54	-66	
% growth		8.5%	8.5%	8.5%	8.0%	8.0%	8.0%	7.5%	7.5%	% growth	22.8%	21.5%	21.4%	19.0%	17.2%	16.8%	16.2%	15.6%	Growth in bp		(1,430)	(1,302)	(1,294)	(1,096)	(920)	(880)	(870)	(810)	
Other Markets		2,376	2,645	2,896	3,120	3,369	3,603	3,812	3,992	Other Markets	2,346	2,688	2,940	3,217	3,486	3,747	3,993	4,221	Other Markets		30	-43	-44	-98	-117	-145	-181	-229	
% growth		15.9%	11.3%	9.5%	7.7%	8.0%	6.9%	5.8%	4.7%	% growth	15.0%	14.6%	9.4%	9.4%	8.4%	7.5%	6.6%	5.7%	Growth in bp		86	(326)	11	(170)	(35)	(56)	(73)	(101)	
Global (ex. China)		4,078	4,489	4,884	5,255	5,653	6,043	6,419	6,777	Global (ex. China)	4,121	4,725	5,227	5,765	6,254	6,743	7,224	7,692	Global (ex. China)		-43	-236	-342	-510	-601	-700	-804	-915	
% growth		12.6%	10.1%	8.8%	7.6%	7.6%	6.9%	6.2%	5.6%	% growth	14.1%	14.7%	10.6%	10.3%	8.5%	7.8%	7.1%	6.5%	Growth in bp		(154)	(458)	(180)	(271)	(90)	(92)	(90)	(92)	
<b>Global eComm Sales</b>		<b>5,706</b>	<b>6,220</b>	<b>6,717</b>	<b>7,187</b>	<b>7,691</b>	<b>8,190</b>	<b>8,682</b>	<b>9,159</b>	<b>Global eComm Sales</b>	<b>5,825</b>	<b>6,537</b>	<b>7,127</b>	<b>7,749</b>	<b>8,326</b>	<b>8,904</b>	<b>9,478</b>	<b>10,041</b>	<b>Global eComm Sales</b>		<b>-119</b>	<b>-317</b>	<b>-409</b>	<b>-562</b>	<b>-636</b>	<b>-714</b>	<b>-796</b>	<b>-882</b>	
% growth		11.5%	9.0%	8.0%	7.0%	7.0%	6.5%	6.0%	5.5%	% growth	11.5%	12.2%	9.0%	8.7%	7.4%	6.9%	6.4%	5.9%	Growth in bp		0	(321)	(103)	(174)	(44)	(44)	(44)	(44)	



## NSR eCommerce Industry Model

	2016A	2017A	2018A	2019A	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
<b>Global</b>															
eCommerce Sales	2,028.0	2,442.7	2,918.7	3,385.8	4,156.1	4,802.7	5,235.0	5,706.1	6,219.7	6,717.2	7,187.4	7,690.6	8,190.5	8,681.9	9,159.4
y/y growth %		20.4%	19.5%	16.0%	22.8%	15.6%	9.0%	9.0%	9.0%	8.0%	7.0%	7.0%	6.5%	6.0%	5.5%
% of Retail Sales	10.2%	11.5%	13.0%	14.4%	17.8%	18.2%	18.5%	18.8%	19.3%	20.0%	20.5%	21.0%	21.5%	21.9%	22.2%
<b>Global (ex. China)</b>															
eCommerce Sales	1,377.6	1,622.6	1,901.7	2,183.3	2,769.2	3,276.4	3,622.6	4,077.7	4,488.7	4,884.5	5,255.0	5,652.9	6,042.8	6,419.3	6,776.9
y/y growth %		17.8%	17.2%	14.8%	26.8%	18.3%	10.6%	12.6%	10.1%	8.8%	7.6%	7.6%	6.9%	6.2%	5.6%
% of Retail Sales	8.7%	9.8%	10.9%	12.1%	15.3%	15.9%	16.2%	17.0%	17.6%	18.4%	19.0%	19.6%	20.1%	20.5%	20.9%
<b>China</b>															
eCommerce Sales	650.5	820.1	1,016.9	1,202.4	1,386.9	1,526.3	1,612.3	1,628.5	1,730.9	1,832.8	1,932.5	2,037.6	2,147.7	2,262.6	2,382.5
y/y growth %		26.1%	24.0%	18.2%	15.3%	10.1%	5.6%	1.0%	6.3%	5.9%	5.4%	5.4%	5.4%	5.4%	5.3%
% of Retail Sales	15.5%	17.7%	20.2%	22.0%	26.3%	25.9%	26.9%	25.5%	25.7%	26.0%	26.2%	26.5%	26.7%	27.0%	27.3%
<b>U.S.</b>															
eCommerce Sales	383.5	443.2	506.1	578.5	762.7	960.4	1,068.8	1,154.3	1,246.6	1,340.1	1,433.9	1,534.3	1,641.7	1,756.6	1,879.6
y/y growth %		15.6%	14.2%	14.3%	31.8%	25.9%	11.3%	8.0%	8.0%	7.5%	7.0%	7.0%	7.0%	7.0%	7.0%
% of Retail Sales	7.9%	8.8%	9.6%	10.7%	13.7%	14.6%	14.8%	15.2%	15.8%	16.4%	17.0%	17.5%	18.1%	18.8%	19.4%
<b>UK</b>															
eCommerce Sales	69.0	79.8	91.3	100.8	148.0	170.2	164.2	177.3	193.3	209.7	227.5	246.9	266.6	287.9	311.0
y/y growth %		15.8%	14.4%	10.4%	46.7%	15.0%	-3.6%	8.0%	9.0%	8.5%	8.5%	8.5%	8.0%	8.0%	8.0%
% of Retail Sales	9.5%	10.6%	11.6%	12.4%	19.2%	19.9%	17.8%	18.2%	19.0%	19.8%	20.7%	21.7%	22.7%	23.7%	24.8%

## NSR eCommerce Industry Model (cont'd)

	2016A	2017A	2018A	2019A	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
<b>Japan</b>															
eCommerce Sales	59.2	64.7	70.3	74.8	93.6	101.9	113.9	123.0	132.9	143.5	153.6	161.9	170.6	179.7	189.2
y/y growth %		9.3%	8.6%	6.4%	25.1%	8.9%	11.8%	8.0%	8.0%	8.0%	7.0%	5.4%	5.4%	5.3%	5.3%
% of Retail Sales	5.5%	5.9%	6.3%	6.7%	8.3%	8.8%	9.5%	10.1%	10.7%	11.4%	12.0%	12.5%	12.9%	13.4%	14.0%
<b>Germany</b>															
eCommerce Sales	71.3	76.7	85.0	95.9	119.8	134.2	153.5	168.9	185.8	203.0	221.1	234.6	248.2	262.1	276.5
y/y growth %		7.7%	10.8%	12.8%	24.9%	12.0%	14.4%	10.0%	10.0%	9.2%	8.9%	6.1%	5.8%	5.6%	5.5%
% of Retail Sales	9.3%	9.5%	10.2%	11.0%	13.3%	14.3%	15.3%	15.9%	16.9%	17.9%	18.8%	19.3%	19.7%	20.1%	20.5%
<b>Canada</b>															
eCommerce Sales	9.8	12.3	14.4	17.8	31.2	36.5	40.2	44.2	48.4	52.2	55.4	58.8	62.3	66.0	70.0
y/y growth %		25.0%	17.4%	23.6%	75.1%	17.3%	10.1%	9.8%	9.5%	8.0%	6.2%	6.0%	6.0%	6.0%	6.0%
% of Retail Sales	2.3%	2.6%	3.0%	3.6%	6.5%	6.8%	6.9%	7.1%	7.5%	7.7%	8.0%	8.3%	8.5%	8.8%	9.1%
<b>Australia</b>															
eCommerce Sales	8.8	10.5	12.0	13.3	23.4	29.1	31.6	34.3	37.2	40.3	43.6	47.0	50.8	54.6	58.7
y/y growth %		19.5%	14.8%	10.5%	76.4%	24.3%	8.4%	8.5%	8.5%	8.5%	8.0%	8.0%	8.0%	7.5%	7.5%
% of Retail Sales	3.2%	3.6%	4.0%	4.4%	7.4%	8.4%	8.7%	9.2%	9.8%	10.2%	10.5%	10.9%	11.3%	11.6%	11.9%
<b>Other Markets</b>															
eCommerce Sales	776.1	935.4	1,122.5	1,302.2	1,590.5	1,844.0	2,050.4	2,375.7	2,644.6	2,895.6	3,119.8	3,369.5	3,602.6	3,812.3	3,991.9
y/y growth %		20.5%	20.0%	16.0%	22.1%	15.9%	11.2%	15.9%	11.3%	9.5%	7.7%	8.0%	6.9%	5.8%	4.7%
% of Retail Sales	10.2%	11.5%	13.0%	14.4%	17.8%	18.2%	18.5%	19.5%	19.9%	20.9%	21.5%	22.0%	22.4%	22.7%	22.7%

## Comparable valuation multiples

Company	Ticker	9/7/2023			Shares Out (M)	Market Cap (M)	EV/Rev			EV/EBITDA			P/E			2023E	2023E	FCF Yield		
		Price	Target	Rating			2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E	PEG	vs S&P	2022	2023E	2024E
Amazon	AMZN	\$137.85	\$175	Buy	10,347	\$1,426,334	2.8x	2.4x	2.0x	19.5x	13.0x	10.4x	nm	60.8x	41.7x	0.1x	3.0x	-0.8%	3.3%	4.7%
Alibaba	BABA	\$89.97	\$150	Buy	2,648	\$238,253	1.5x	1.4x	1.2x	7.6x	6.8x	5.8x	11.6x	10.0x	9.5x	nm	0.5x	4.1%	10.3%	11.7%
JD.com	JD	\$32.34	\$70	Buy	3,220	\$104,135	0.6x	0.6x	0.5x	19.7x	15.1x	12.0x	12.7x	11.1x	9.5x	0.3x	0.5x	15.3%	11.8%	13.1%
Mercado Libre	MELI	\$1,436.35	\$1,650	Buy	51	\$73,373	6.9x	5.2x	4.2x	50.4x	29.3x	22.9x	nm	69.8x	49.4x	nm	3.4x	nm	nm	nm
eBay	EBAY	\$43.12	NR	NR	532	\$22,947	3.0x	2.7x	2.6x	8.8x	8.7x	8.3x	10.5x	10.4x	9.5x	7.8x	0.5x	9.1%	9.1%	9.4%
Wayfair	W	\$70.97	NR	NR	127	\$9,001	0.9x	0.9x	0.9x	nm	45.6x	24.9x	nm	nm	nm	nm	nm	-14.9%	-1.3%	0.5%
Etsy	ETSY	\$69.09	NR	NR	125	\$8,620	3.8x	3.4x	2.9x	13.7x	12.5x	10.6x	nm	28.9x	25.1x	nm	1.4x	7.5%	7.7%	8.3%
Z Holdings	4689-JP	¥444	¥585	Buy	7,634	¥3,387,102	2.2x	2.0x	1.7x	11.0x	9.7x	8.2x	18.6x	29.8x	27.2x	nm	1.5x	35.5%	-1.7%	6.1%
Rakuten	4755-JP	¥575	¥440	Sell	2,139	¥1,229,771	0.8x	0.5x	0.4x	nm	13.6x	3.1x	nm	nm	nm	nm	nm	-34.7%	-19.5%	-12.9%
<b>eCommerce</b>						<b>Mean</b>	<b>2.5x</b>	<b>2.1x</b>	<b>1.8x</b>	<b>18.7x</b>	<b>17.2x</b>	<b>11.8x</b>	<b>13.3x</b>	<b>31.5x</b>	<b>24.5x</b>	<b>2.7x</b>	<b>1.6x</b>	<b>2.6%</b>	<b>2.5%</b>	<b>5.1%</b>
<b>Comps</b>						<b>Median</b>	<b>2.2x</b>	<b>2.0x</b>	<b>1.7x</b>	<b>13.7x</b>	<b>13.0x</b>	<b>10.4x</b>	<b>12.1x</b>	<b>28.9x</b>	<b>25.1x</b>	<b>0.3x</b>	<b>1.4x</b>	<b>5.8%</b>	<b>5.5%</b>	<b>7.2%</b>

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# Disclosures

*Full 12-month historical recommendation changes are available on request.*

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