

Internet/E-Commerce

AMAZON

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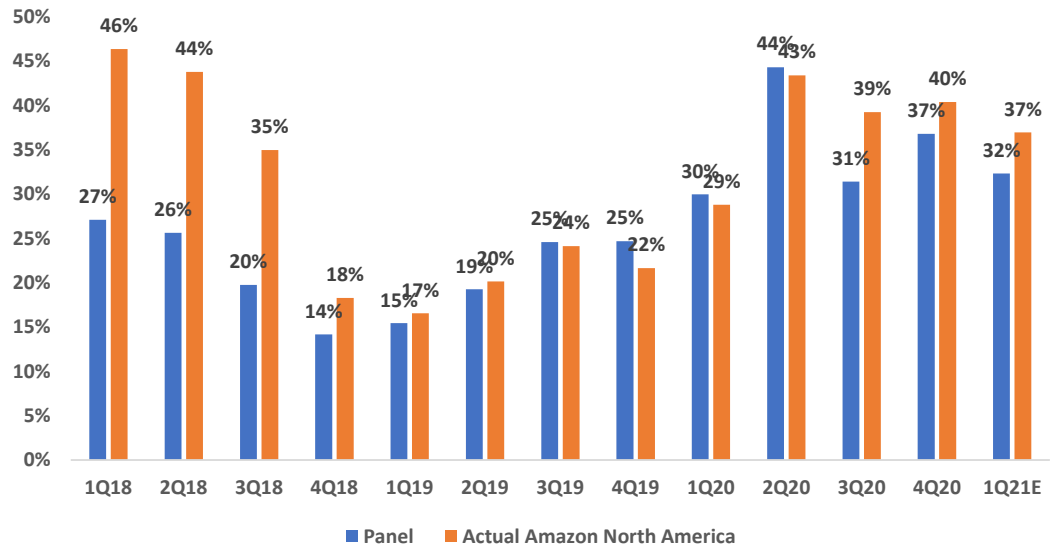
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Related Companies
Amazon
AMZN, \$3,044.51

AMZN: TOUGH COMPS IN 3/21 SHOWS WEAKNESS IN GMV GROWTH OF ESSENTIAL PRODUCTS

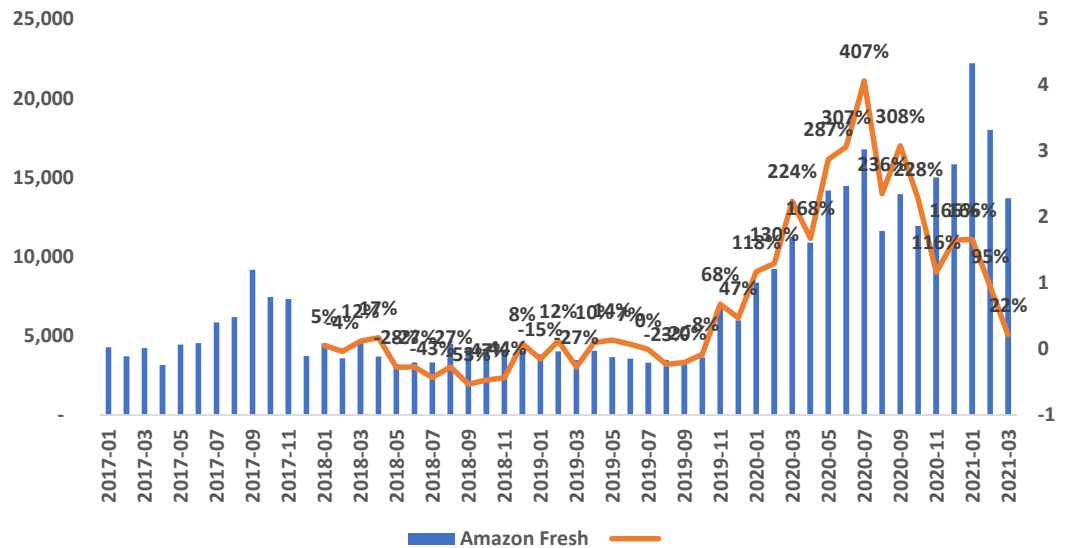
- **Essentials Seeing Weakness During March 21 On Tough Comps.** We believe our proprietary Amazon SKU level data indicates that difficult comparisons over March 2020 are causing sales of essential products to decrease Y/Y or decelerate growth significantly. ***We've attached raw category-level data on Amazon for clients in order to run their own analysis on the data.*** We adjusted the panel very slightly from the last report we sent out, excluding a small number of panelists that installed and uninstalled their Amazon apps from time to time. As we published previously, we believe the data indicates that Amazon should report North American GMV in-line with expectations, with a small chance for a slight miss. Specifically:
- **March Saw A Slight Deceleration In Y/Y Growth, Particularly Amazon Fresh.** U.S. GMV in our panel grew 29% Y/Y in March 21, in-line with 28% in Feb 21 and a deceleration from 40% in Jan 21. Overall U.S. GMV grew 32% Y/Y in 1Q21. Amazon Fresh saw even stronger deceleration, growing 22% Y/Y in March following a very strong 95% in Feb 21 and 106% in Jan 21. **See Figures 1 & 2**
- **Amazon Basics Had A Strong January On Stimulus Payments, But March Was Down Y/Y.** GMV for Amazon Basics grew 53% Y/Y in January 2021, in-line with the highest growth we saw during the pandemic, when Amazon benefitted from consumer buying essential goods online. However, March GMV decreased -22% Y/Y despite a second stimulus check being distributed to consumers. 365 by Whole Foods saw a similar 1Q21 trend. GMV grew 66% Y/Y in January, a significant acceleration over 22% in 12/20 and 40% in 11/20. However, March GMV decreased -39% Y/Y. **See Figure 3**
- **Happy Belly Sees Strong Growth In March 2021, But At A Steep Deceleration.** Happy Belly, Amazon's brand of dairy products grew 160% Y/Y in 3/21, impressive but down significantly from pandemic peaks. For example, happy Belly GMV grew over 1000% Y/Y for 4 of the 10 months between 2/20 and 12/20.
- **Amazon Leveraged The Pandemic To Boost Private Label Sales, But 1Q21 Levels Comparable To Pre-Pandemic Norms.** As demand for essential goods increased significantly during 1Q20, Amazon's private label products benefitted as supply chains for products from other manufacturers were impacted by COVID restrictions. For example, the top 20 selling Amazon private label brands represented 1.8% of all Amazon products sold to our panel during March 2020, up from 1.3% in March 2019. Beginning in 3Q20 this % began to revert back to historical norms, with 1Q21 indicating that 1.3% of total GMV on our panel was from these top private label brands, including 1.2% in March 2021.
- **Groceries Category Down Y/Y, Health & Beauty Flat.** Our category level data indicates that Health & Beauty GMV grew 2% Y/Y in 3/21, down from 17% in 2/21. Health & Beauty was a top performing category during the pandemic, with peak growth of 61% during 3/20 as it also benefitted from the online boom in purchases of essential products. Groceries was also a top performing category during the pandemic (growing 102% Y/Y in 3/20). Groceries GMV decreased -6% Y/Y during 3/21 following 24% Y/Y growth during 2/21.

Figure 1: Hillside Panel GMV Vs. Amazon North America Reported



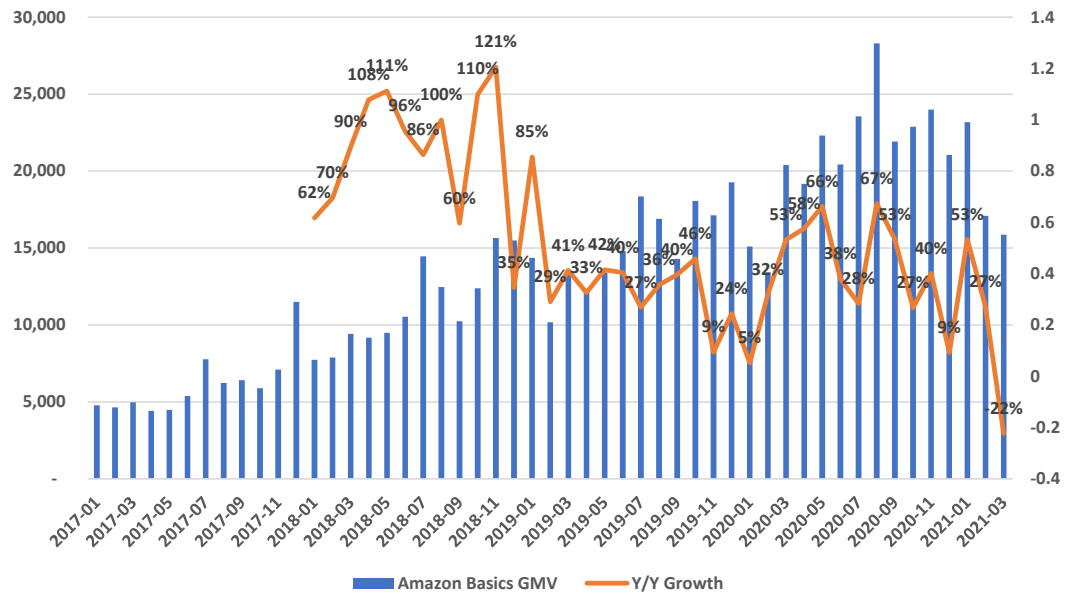
Source: Hillside Partners

Figure 2: Amazon Fresh GMV, Hillside Panel



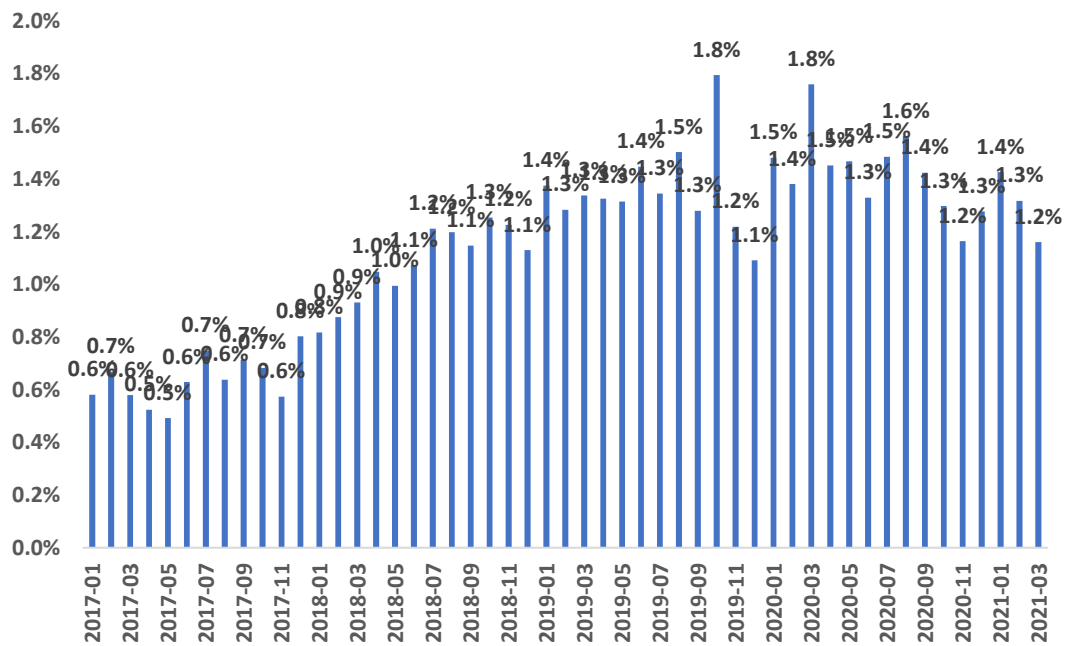
Source: Hillside Partners

Figure 3: Amazon Basics GMV, Hillside Panel



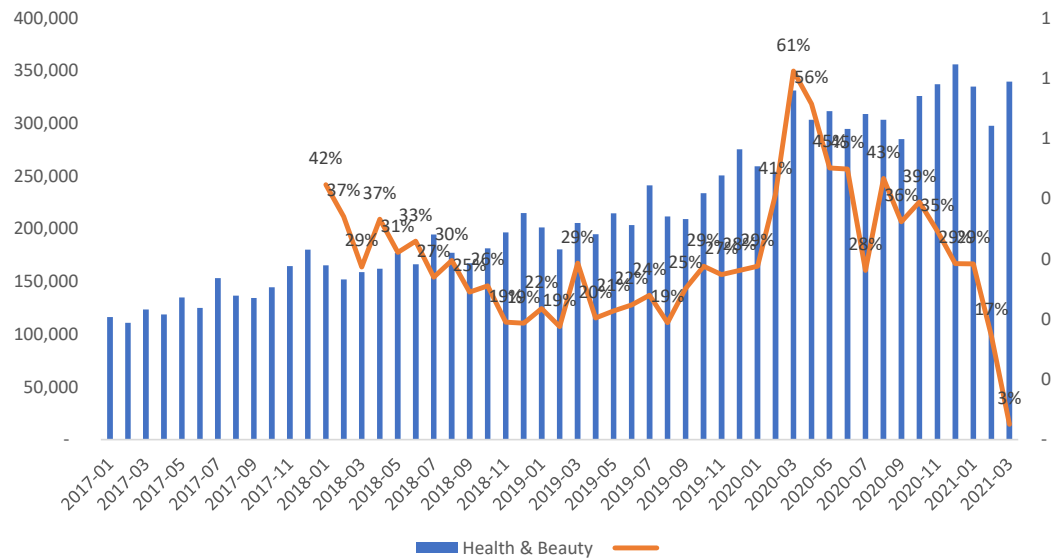
Source: Hillside Partners

Figure 4: Amazon Private Label As A % Of Total GMV



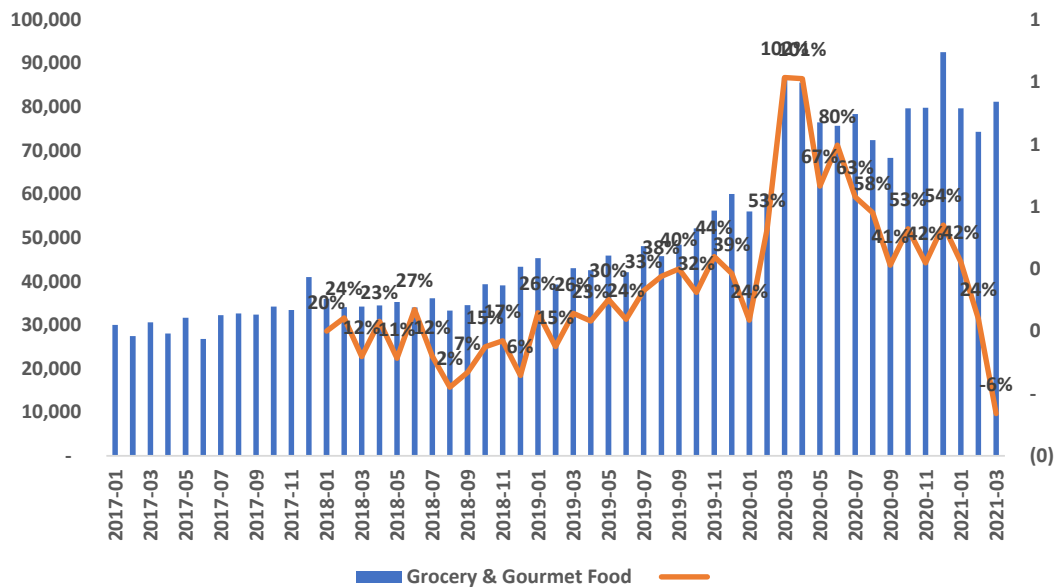
Source: Hillside Partners

Figure 5: Amazon Health & Beauty Category GMV, Hillside Panel



Source: Hillside Partners

Figure 6: Amazon Groceries Category GMV, Hillside Panel



Source: Hillside Partners

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