

Internet/e-Commerce

Healthy start to 2024, with online spending increasing 2% y/y in January

Industry Overview

eCommerce spending grows 2% in Jan, 2pt acceleration m/m

BAC aggregated credit and debit card data indicates that online spending increased 2% y/y in January, a 2pt improvement from a soft December (we note that the y/y growth in spend in BAC card data has been trending below other eCommerce data that suggests the industry could be growing 5-10%). Weather may have helped online spending, as online spending outpaced brick-and-mortar sales, which declined 4% y/y (4pt deceleration), boosting online retail penetration by 90bps y/y to 28.3% (vs. +30bps y/y in December). We think that online spend in 2024 should benefit from lower inflation and a shift back to goods, with online penetration expanding at a normalized rate of approximately 100bps y/y vs. an average of +20bps in 2023. On an income cohort basis, lower-income cohort spending increased 3% y/y and continued to outperform higher-income spending at 1% y/y.

For Amazon, the Street projects 10% y/y North America revenue growth in 1Q'24, a 3pt decel from 4Q, while BAC card data suggests stable QTD trends thus far. Amazon's total revenue guide for 8-13% sales growth (vs. 14% in 4Q) and accelerating AWS suggests retail deceleration, though 1QTD data appears stable for now. We remain constructive on Amazon given ongoing share gains, margin expansion, and 2024 AWS acceleration. We maintain our Buy rating on Amazon.

Delivery/Transit decelerate in Jan, Grocery improves

For DoorDash (which reports 4Q results on February 15), we expect 4Q standalone GOV to grow 20% y/y (2pt deceleration), which compares to BAC aggregated credit and debit data indicating that restaurant spend was stable in 4Q. January trends decelerated 4pts (on a 3pt tougher comp) to 2% y/y, but trends were better than brick-and-mortar restaurant spend, which decelerated 10pts to -5% y/y. We note that Dash has historically outperformed the industry. We maintain our Buy rating on DoorDash.

For Uber, BAC aggregated card data indicated that Transit spend is trending flat y/y 1QTD (5pt deceleration), below our 28% y/y projection for Mobility bookings growth (1pt decel). Uber has consistently grown faster than the Transit growth rate as the company continues to take share and scale New Vertical products, which we expect to grow 75% y/y in 1Q. We maintain our Buy rating on Uber.

For Instacart (which reports 4Q results on February 13), y/y online grocery trends improved 2pts in 4Q on a 7pt tougher comp. Management guided to 5-6% GTV growth in 4Q, stable with 3Q, while BAC aggregated credit and debit card data suggests an improvement for the industry. Trends continued to improve in January, accelerating 1pt to flat y/y, as pressure from COVID cohorts moderates. We maintain our Neutral rating on Instacart.

General Merchandise and Electronics improve most in Jan

The categories that accelerated the most on a y/y basis in January were 1) General Merchandise up 10pts; 2) Electronics up 7pts; and 3) Health & Personal Care up 6pts. The categories that decelerated most were 1) Transit down 5pts; 2) Restaurant down 4pts; and 3) Auto Parts & Services down 1pt. Online furnishing declined 11% y/y in January (1pt acceleration from December), and we project above-industry growth for Wayfair, at 2/3% y/y for US in 4Q/1Q. We maintain our Buy rating on Wayfair.

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Equity

United States

BofA

Data Analytics

**Justin Post**

Research Analyst

BofAS

+1 415 676 3547

justin.post@bofa.com

Michael McGovern

Research Analyst

BofAS

+1 415 676 3520

mmcgovern@bofa.com

Curtis Nagle, CFA

Research Analyst

BofAS

+1 646 855 2939

c.nagle@bofa.com

Steven McDermott

Research Analyst

BofAS

+1 646 855 4472

steven.mcdermott@bofa.com

B&M – brick & mortar

bps – basis points

CAGR – compound annual growth rate

GMV – gross merchandise value

GTV – gross transaction value

GOV – gross order value

MTD – month to date

N.A. – North America

pt(s) – percentage point(s)

Q/Q – quarter over quarter

QTD – quarter to date

vs. – versus

Y/Y – year over year

See the [BofA on USA](#) report for an explanation of the methodology, disclaimers, and limitations of BAC aggregated credit and debit card data.

BAC aggregated credit and debit card data

Exhibit 1: Y/Y trends for Online* and B&M spending by category, per BAC aggregated credit and debit card data

Spending on overall eCommerce increased 2% y/y in January

	eCommerce Overall	Restaurant Food Grocery	Delivery	Transit	Auto Parts & Services	Department Stores	Clothing	Home Furnishing	Health & Personal Care	Sporting Goods	Electronics	General Merchandise	B&M Total Retail	B&M Restaurant	B&M Home Furnishing
Y/Y															
Annual Y/Y															
2021	13%	7%	33%	33%	16%	7%	19%	16%	14%	4%	-8%	31%	17%	37%	23%
2022	-1%	-15%	6%	14%	5%	-9%	-2%	-7%	2%	-13%	-13%	3%	5%	11%	-14%
2023	0%	-5%	5%	5%	5%	-13%	-4%	-12%	7%	-8%	-6%	-1%	-1%	4%	-14%
2024	1%	0%	3%	0%	-2%	-15%	-4%	-12%	12%	-6%	-7%	14%	-2%	-3%	-18%
Quarterly Y/Y															
1Q22	-3%	-22%	4%	30%	5%	-5%	1%	-5%	-1%	-19%	-15%	9%	10%	28%	-9%
2Q22	-4%	-18%	4%	17%	2%	-8%	-5%	-8%	-2%	-15%	-16%	4%	5%	10%	-16%
3Q22	2%	-11%	8%	11%	8%	-7%	-1%	-5%	6%	-8%	-9%	6%	5%	7%	-13%
4Q22	-1%	-4%	7%	4%	5%	-13%	-3%	-9%	6%	-11%	-13%	-3%	1%	5%	-16%
1Q23	-1%	-8%	6%	8%	5%	-12%	-4%	-14%	7%	-11%	-5%	-2%	1%	9%	-14%
2Q23	-1%	-5%	5%	3%	5%	-14%	-4%	-12%	8%	-8%	-3%	-3%	-3%	3%	-14%
3Q23	1%	-3%	5%	3%	7%	-13%	-2%	-12%	5%	-8%	-8%	-1%	-1%	3%	-15%
4Q23	1%	-1%	5%	5%	3%	-13%	-5%	-10%	9%	-5%	-8%	2%	-2%	2%	-15%
1Q24TD	1%	0%	3%	0%	-2%	-15%	-4%	-12%	12%	-6%	-7%	14%	-2%	-3%	-18%
Quarterly Q/Q															
1Q22	-12%	3%	3%	-5%	7%	-41%	-29%	-9%	-9%	-21%	-22%	-18%	-8%	-2%	-10%
2Q22	1%	-7%	2%	12%	4%	3%	3%	-1%	0%	-2%	-9%	0%	11%	12%	-2%
3Q22	-3%	-6%	-2%	3%	-4%	-10%	-5%	-3%	-5%	-8%	1%	-5%	-2%	0%	-1%
4Q22	15%	7%	4%	-6%	-3%	59%	39%	4%	24%	25%	22%	22%	1%	-4%	-3%
1Q23	-12%	-2%	3%	-1%	7%	-40%	-30%	-13%	-8%	-21%	-16%	-16%	-8%	2%	-8%
2Q23	1%	-4%	0%	7%	4%	1%	3%	1%	1%	1%	-7%	-1%	7%	6%	-2%
3Q23	-1%	-4%	-2%	3%	-1%	-10%	-3%	-3%	-8%	-8%	-4%	-3%	-1%	-1%	-3%
4Q23	16%	9%	3%	-5%	-6%	59%	36%	7%	29%	29%	22%	26%	1%	-5%	-3%
1Q24TD	-16%	-3%	-5%	-10%	-4%	-43%	-34%	-19%	-9%	-28%	-18%	-11%	-15%	-11%	-17%
Monthly Y/Y															
Dec-22	-1%	-4%	7%	5%	4%	-13%	-3%	-10%	3%	-10%	-15%	-4%	1%	7%	-15%
Jan-23	-2%	-12%	4%	17%	9%	-8%	-3%	-13%	4%	-12%	-7%	-5%	5%	16%	-12%
Feb-23	0%	-7%	7%	6%	6%	-12%	-3%	-13%	9%	-10%	-3%	2%	1%	6%	-13%
Mar-23	-1%	-6%	8%	3%	1%	-15%	-6%	-16%	8%	-12%	-6%	-3%	-2%	5%	-16%
Apr-23	-2%	-7%	6%	4%	0%	-16%	-5%	-16%	6%	-11%	-3%	-4%	-2%	3%	-16%
May-23	0%	-5%	4%	4%	8%	-12%	-2%	-9%	11%	-7%	-4%	-3%	-3%	2%	-14%
Jun-23	0%	-4%	6%	2%	6%	-14%	-5%	-12%	6%	-7%	-2%	-3%	-3%	5%	-11%
Jul-23	2%	-4%	6%	4%	8%	-15%	0%	-12%	6%	-7%	-8%	-1%	-2%	4%	-13%
Aug-23	0%	-3%	5%	3%	8%	-13%	0%	-13%	4%	-8%	-8%	-2%	-1%	2%	-18%
Sep-23	1%	-2%	6%	2%	5%	-12%	-5%	-12%	4%	-9%	-8%	0%	0%	3%	-15%
Oct-23	1%	-2%	4%	6%	6%	-16%	-8%	-11%	8%	-4%	-8%	-1%	-3%	-1%	-19%
Nov-23	3%	-1%	5%	3%	4%	-7%	-2%	-7%	12%	-3%	-2%	1%	-1%	2%	-14%
Dec-23	0%	-1%	6%	4%	1%	-17%	-5%	-12%	7%	-7%	-14%	5%	0%	5%	-13%
Jan-24	2%	0%	2%	-1%	0%	-14%	-3%	-11%	13%	-5%	-7%	15%	-4%	-5%	-20%
Week ending Y/Y															
11/04/23	1%	-1%	6%	6%	3%	-9%	-5%	-12%	10%	-3%	-4%	0%	-1%	1%	-13%
11/11/23	2%	-1%	4%	8%	5%	-13%	-6%	-10%	7%	-5%	-1%	0%	-2%	2%	-13%
11/18/23	2%	-1%	5%	5%	5%	-14%	-5%	-8%	10%	-10%	1%	-1%	-1%	2%	-14%
11/25/23	9%	-2%	0%	-5%	6%	4%	11%	4%	24%	11%	5%	7%	-2%	1%	-13%
12/02/23	-1%	-2%	9%	4%	3%	-13%	-7%	-12%	9%	-10%	-13%	-3%	1%	3%	-16%
12/09/23	-1%	-2%	4%	1%	4%	-19%	-5%	-12%	0%	-7%	-10%	-2%	0%	2%	-15%
12/16/23	0%	-1%	3%	9%	3%	-14%	-5%	-12%	11%	-6%	-12%	0%	-2%	1%	-16%
12/23/23	3%	0%	6%	4%	5%	-12%	-2%	-9%	13%	-2%	-20%	12%	-2%	2%	-15%
12/30/23	2%	1%	7%	4%	1%	-16%	-5%	-9%	10%	-5%	-8%	18%	0%	6%	-10%
01/06/24	1%	0%	6%	2%	-1%	-19%	-6%	-11%	14%	-6%	-9%	14%	1%	5%	-13%
01/13/24	1%	3%	3%	1%	-2%	-17%	-2%	-11%	12%	-6%	-13%	17%	-2%	-5%	-20%
01/20/24	0%	0%	2%	-6%	-7%	-13%	-4%	-12%	6%	-4%	-3%	14%	-6%	-8%	-25%
01/27/24	4%	0%	4%	-3%	-1%	-5%	-1%	-14%	13%	-6%	-5%	19%	-2%	-2%	-16%
02/03/24	0%	-4%	1%	4%	0%	-23%	-7%	-12%	12%	-8%	-4%	8%	-4%	-2%	-16%

Source: BAC internal data

*Card not present is largely online but could include purchases made over the phone

Exhibit 2: 4-year CAGRs for Online* and B&M spending by category, per BAC aggregated credit and debit card data

eCommerce 4-year CAGR in January was 13%

	eCommerce	Restaurant		Auto	Department		Home	Health	Personal	Sporting	General		B&M	B&M	B&M
	Overall	Grocery	Food Delivery	Transit	Services	Stores	Clothing	Furnishing	Care	Goods	Electronics	Merchandise	Retail	Restaurant	Home Furnishing
4-YR CAGR															
Quarterly															
1Q23	16%	19%	36%	1%	12%	2%	12%	15%	15%	9%	9%	26%	3%	3%	-2%
2Q23	15%	18%	33%	1%	11%	0%	11%	13%	14%	10%	8%	23%	3%	3%	-3%
3Q23	15%	17%	30%	2%	11%	-1%	11%	8%	15%	9%	6%	23%	3%	4%	-4%
4Q23	13%	17%	27%	2%	11%	-2%	10%	7%	16%	8%	3%	19%	3%	3%	-5%
1Q24TD	14%	15%	27%	1%	11%	-1%	11%	6%	18%	7%	6%	27%	2%	2%	-6%
Monthly															
Jan-23	17%	20%	38%	2%	12%	3%	13%	15%	15%	9%	10%	27%	4%	4%	-1%
Feb-23	16%	19%	36%	1%	12%	1%	12%	16%	15%	9%	10%	27%	3%	4%	-1%
Mar-23	16%	18%	34%	1%	11%	0%	11%	14%	15%	10%	9%	24%	2%	2%	-4%
Apr-23	15%	18%	35%	1%	10%	1%	11%	13%	15%	9%	9%	23%	3%	4%	-1%
May-23	15%	18%	33%	1%	10%	0%	11%	13%	12%	8%	7%	22%	2%	3%	-3%
Jun-23	16%	18%	31%	1%	12%	0%	11%	13%	15%	13%	9%	23%	3%	3%	-3%
Jul-23	15%	18%	33%	1%	10%	-1%	11%	10%	14%	9%	7%	22%	3%	4%	-3%
Aug-23	15%	17%	30%	2%	11%	-2%	12%	8%	13%	10%	6%	23%	2%	2%	-6%
Sep-23	14%	17%	29%	2%	12%	-1%	10%	8%	16%	9%	6%	23%	4%	4%	-3%
Oct-23	14%	16%	28%	1%	11%	-1%	9%	7%	16%	10%	7%	22%	3%	4%	-4%
Nov-23	16%	18%	27%	2%	12%	3%	16%	12%	20%	14%	7%	22%	2%	2%	-5%
Dec-23	9%	16%	27%	2%	10%	-8%	5%	3%	13%	2%	-3%	13%	2%	4%	-7%
Jan-24	13%	16%	27%	1%	11%	-1%	11%	5%	17%	7%	5%	27%	2%	2%	-7%
Week ending															
11/04/23	14%	17%	28%	3%	12%	1%	11%	8%	15%	10%	7%	22%	3%	4%	-4%
11/11/23	14%	17%	27%	3%	12%	-3%	11%	8%	13%	10%	5%	20%	3%	3%	-5%
11/18/23	15%	17%	28%	3%	11%	0%	12%	8%	16%	10%	8%	23%	4%	4%	-3%
11/25/23	18%	19%	25%	-1%	8%	10%	25%	14%	28%	19%	13%	28%	4%	3%	-1%
12/02/23	13%	16%	31%	3%	14%	-2%	10%	10%	20%	7%	-3%	14%	0%	3%	-10%
12/09/23	7%	15%	26%	1%	9%	-12%	2%	-1%	8%	-2%	-7%	5%	2%	3%	-5%
12/16/23	10%	16%	26%	2%	10%	-5%	7%	5%	15%	4%	-1%	14%	1%	2%	-8%
12/23/23	11%	18%	27%	1%	10%	-4%	7%	5%	15%	5%	1%	20%	2%	3%	-9%
12/30/23	15%	19%	29%	2%	12%	-2%	11%	10%	19%	10%	4%	26%	3%	3%	-5%
01/06/24	13%	16%	27%	2%	11%	-4%	10%	7%	19%	7%	4%	23%	2%	2%	-8%
01/13/24	13%	16%	27%	1%	10%	-1%	12%	4%	18%	7%	4%	28%	2%	2%	-6%
01/20/24	13%	16%	27%	0%	9%	0%	11%	5%	16%	8%	5%	27%	1%	1%	-8%
01/27/24	14%	16%	27%	1%	11%	1%	10%	5%	18%	6%	6%	29%	3%	3%	-6%
02/03/24	13%	15%	26%	2%	12%	0%	10%	7%	16%	8%	6%	26%	3%	3%	-5%

Source: BAC internal data

*Card not present is largely online but could include purchases made over the phone

BoFA GLOBAL RESEARCH

Exhibit 3: Online spending* by income cohort, per BAC aggregated credit and debit card data

Online total retail spending in January increased 3% for low-income cohort (<\$50,000) vs. 1% y/y for high-income cohort (\$125,000+)

	Online Total Retail			Online Restaurant			Online Grocery		
	<\$50k	\$50-\$125k	>\$125k	<\$50k	\$50-\$125k	>\$125k	<\$50k	\$50-\$125k	>\$125k
Y/Y									
Annual Y/Y									
2021	18%	11%	10%	36%	32%	28%	11%	6%	4%
2022	-3%	-1%	1%	5%	5%	7%	-18%	-16%	-9%
2023	1%	1%	-1%	7%	6%	4%	-4%	-4%	-5%
2024	3%	2%	0%	5%	4%	2%	1%	0%	-1%
Quarterly Y/Y									
1Q22	-4%	-3%	0%	4%	3%	4%	-26%	-23%	-17%
2Q22	-6%	-3%	0%	2%	4%	6%	-24%	-20%	-11%
3Q22	1%	3%	6%	7%	8%	11%	-15%	-12%	-4%
4Q22	-1%	-1%	-1%	7%	7%	7%	-4%	-5%	-3%
1Q23	0%	-1%	-3%	7%	7%	5%	-7%	-8%	-10%
2Q23	0%	0%	-2%	6%	6%	3%	-5%	-5%	-6%
3Q23	2%	1%	0%	7%	6%	3%	-2%	-3%	-3%
4Q23	3%	2%	1%	7%	5%	3%	-1%	-1%	-1%
1Q24TD	3%	2%	0%	5%	4%	2%	1%	0%	-1%
Quarterly Q/Q									
1Q22	-11%	-13%	-13%	5%	2%	3%	3%	1%	3%
2Q22	0%	1%	1%	1%	2%	2%	-6%	-7%	-9%
3Q22	-3%	-2%	-3%	-2%	-2%	-2%	-6%	-5%	-6%
4Q22	14%	16%	16%	3%	4%	5%	4%	7%	10%
1Q23	-10%	-13%	-15%	5%	3%	0%	1%	-2%	-4%
2Q23	0%	1%	2%	0%	1%	1%	-4%	-4%	-5%
3Q23	-1%	-1%	-1%	-1%	-1%	-2%	-3%	-3%	-4%
4Q23	14%	16%	18%	2%	3%	5%	6%	9%	13%
1Q24TD	-15%	-17%	-18%	-3%	-5%	-6%	-2%	-3%	-5%
Monthly Y/Y									
Dec-22	-1%	0%	-1%	7%	7%	6%	-3%	-4%	-5%
Jan-23	-1%	-2%	-4%	4%	4%	3%	-10%	-12%	-13%
Feb-23	1%	0%	-2%	8%	7%	5%	-5%	-7%	-9%
Mar-23	0%	-1%	-3%	9%	9%	6%	-4%	-5%	-7%
Apr-23	-2%	-2%	-3%	6%	6%	4%	-6%	-6%	-9%
May-23	1%	1%	-1%	5%	4%	2%	-5%	-4%	-5%
Jun-23	1%	0%	-2%	8%	7%	4%	-3%	-3%	-4%
Jul-23	3%	2%	1%	8%	6%	4%	-3%	-4%	-5%
Aug-23	2%	1%	-1%	6%	5%	3%	-2%	-3%	-4%
Sep-23	3%	1%	-1%	8%	7%	4%	-1%	-2%	-2%
Oct-23	3%	2%	1%	6%	5%	3%	-1%	-1%	0%
Nov-23	4%	3%	3%	6%	5%	3%	-1%	-1%	-1%
Dec-23	2%	1%	-1%	8%	6%	4%	0%	-1%	-2%
Jan-24	3%	2%	1%	4%	2%	0%	1%	0%	0%
Week ending Y/Y									
11/04/23	3%	2%	1%	7%	6%	4%	-1%	-1%	-1%
11/11/23	3%	2%	2%	5%	4%	2%	-1%	-1%	0%
11/18/23	3%	2%	1%	7%	6%	4%	0%	-1%	0%
11/25/23	9%	10%	10%	1%	1%	-2%	-1%	-2%	-1%
12/02/23	0%	0%	0%	10%	9%	7%	-2%	-2%	-2%
12/09/23	1%	0%	-2%	5%	4%	2%	-1%	-1%	-2%
12/16/23	1%	1%	-1%	5%	4%	1%	-1%	-1%	-2%
12/23/23	5%	4%	3%	8%	6%	4%	1%	0%	-1%
12/30/23	3%	2%	0%	8%	8%	6%	2%	2%	0%
01/06/24	2%	2%	1%	7%	6%	5%	2%	1%	-1%
01/13/24	2%	1%	0%	6%	3%	1%	4%	3%	2%
01/20/24	1%	0%	-1%	5%	2%	0%	1%	0%	-1%
01/27/24	5%	4%	3%	6%	4%	2%	0%	0%	0%
02/03/24	1%	1%	-1%	3%	1%	-1%	-4%	-3%	-4%

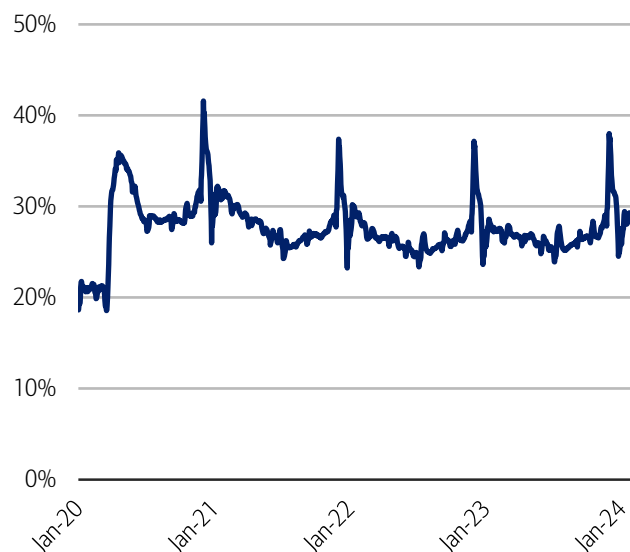
Source: BAC internal data

*Note: Card not present is largely online but could include purchases made over the phone



Exhibit 4: Online* retail penetration, per BAC aggregated credit and debit card data

BAC card data indicates 28.3% online retail penetration for January



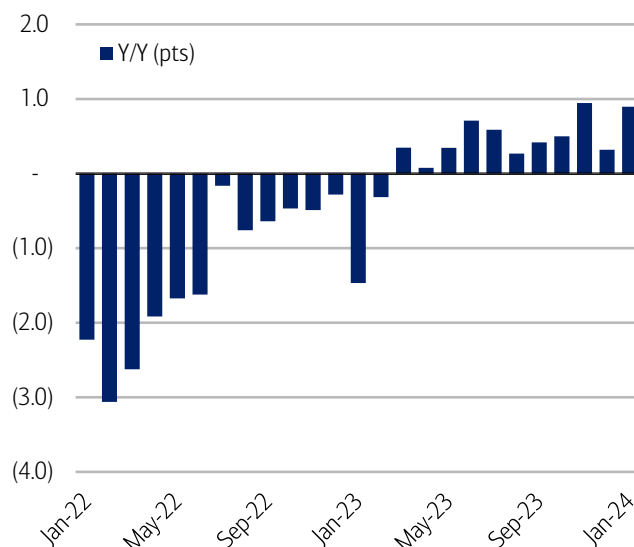
Source: BAC internal data

*Note: Card not present is largely online but could include purchases made over the phone

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Exhibit 5: Online* retail penetration, per BAC aggregated credit and debit card data (monthly, Y/Y)

BAC card data indicates online penetration increased 90bps y/y in January



Source: BAC internal data

*Note: Card not present is largely online but could include purchases made over the phone

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Selected Bank of America ("BAC") transaction data are used to inform the macroeconomic views expressed in this report and should be considered in the context of other economic indicators and publicly available information. In certain instances, the data provide directional and/or predictive value. The data used are not comprehensive; they are based on aggregated and anonymized selections of BAC data and reflect a degree of selection bias and limitations on the data available.

Methodology explained

Readers should be aware that although the BAC datasets utilized in our analysis represent a significant number of data points, they nevertheless present a degree of selection bias, including but not limited to income levels and geographies. In addition, the data is limited to debit and credit cards and does not include other payment methods such as cash or checks.

Data regarding merchants who receive payments are identified and classified by the Merchant Categorization Code (MCC) defined by financial services companies. The data are mapped using proprietary methods from the MCCs to the North American Industry Classification System (NAICS), which is also used by the Census Bureau, in order to classify spending data by subsector. Spending data may also be classified by other proprietary methods not using MCCs.

BAC data used in this report include spending from active US households (HHs) only. Spending from corporate cards are excluded.

Our methodology for calculating the growth rates for daily data: we calculate the %y/y growth rate by matching calendar days (January 1, 2024 is matched to January 1, 2023). The % change is calculated based on the 7-day moving average of spending levels. Unless otherwise noted, the monthly subsector data are adjusted to control for seasonality and other factors.



Exhibit 6: Stocks mentioned

Prices and ratings for stocks mentioned in this report

BofA Ticker	Bloomberg ticker	Company name	Price	Rating
AMZN	AMZN US	Amazon.com	US\$ 169.84	B-1-9
DASH	DASH US	DoorDash	US\$ 118.30	C-1-9
CART	CART US	Instacart	US\$ 26.07	C-2-9
UBER	UBER US	Uber Technologies	US\$ 71.61	C-1-9
W	W US	Wayfair	US\$ 51.59	C-1-9

Source: BofA Global Research

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Price objective basis & risk**Amazon.com (AMZN)**

Our PO of \$204 is based on our SOTP analysis that values the 1P retail business at 1.1x 2025E Revenue (including subscription/Prime membership fees), 3P retail business at 2.6x 2025E Revenue, AWS at 8.0x 2025 Sales, and the advertising business at 5.0x 2025 Sales. For 2025E, our 8.0x AWS multiple is relatively below our SaaS comps at 8.9x, our 1.1x GMV multiple is a slight discount to our retail comps at 1.2x, and our 5.0x advertising multiple is a slight discount to our digital advertising comps at 5.2x. We think some conglomerate discount is warranted with elevated regulatory/antitrust risk, but long-term we believe that in-line to discount multiples are warranted given growth rates in-excess of peers.

Our PO of \$204 for Amazon implies 3.0x P/Sales, a multiple toward the high end of Amazon's historical range of 1.0-3.5x. With improving margins long-term, we expect the revenue multiple should trend upward over time.

Downside risks to our price objective are increasing competition from offline and local retailers, AWS client cost optimization impact on revenues and margins, and regulatory pressure on the 3P marketplace. The stock has been subject to heavy volatility in the past, based on margin trends, and this volatility could increase due to economic uncertainty.

DoorDash (DASH)

Our PO of \$119 is based on our Core US Restaurant analysis, which estimates \$3.2bn in Core US Restaurant EBITDA in 2025E (vs. \$2.6bn prior, for 2024E). We apply an EBITDA multiple of 14x to Core US Restaurant EBITDA (down from 16x prior, given higher uncertainty with forward estimates) given DASH's higher restaurant growth and profit profile vs. Peers, which gives us an Enterprise Value of \$49bn. Adding 0.3x New Verticals GOV (at \$19bn for 2024E) and \$2bn in cash gets us to \$53bn Market Cap, and divided by 450mn shares gets us to our PO of \$119.

Risks are 1) slowing industry growth in 2021, which puts premium valuations at risk, 2) DASH potentially facing tougher comps than competitors, 3) entrenched incumbents in adjacent categories (including Amazon), 4) regulatory battle, which is not over yet, despite Proposition 22.

Instacart (CART)

Our PO of \$31 is based on a 50/50 weighting of 3.5x EV/Gross Profit and 11x EV/EBITDA, multiples which are at a discount to the eCommerce and Gig Economy peer group given lower relative growth expectations. Our PO is based on a fully diluted share count of 337mn and is supported by our DCF analysis.

Downside risks are 1) potential that reopening impact on cohorts (returning to in-store shopping) continues for longer than expected, 2) loss of any grocery partners, 3) grocery share gains by Walmart and Amazon impact Instacart's growth/market share, 4) new regulations and changes in driver employment legislation.

Uber (UBER)

Our SOTP applies an EV/2025E Revenue valuation of 3.6x for Mobility, 3.0x revenue for Delivery (implies 0.6x bookings), and 0.7x revenue for Freight, which are slight premiums to peers given potential network effects. Our SOTP valuation implies segment values of \$106bn for Mobility, \$48bn for Delivery, and \$4.2bn for Freight, which implies a Total Enterprise Value for Uber of \$158bn. Based on Net Debt of \$0.6bn and a realizable value of investments of \$8.2bn we estimate a target market cap of \$166bn. Our Price Objective of \$78 is based on 2.1bn shares outstanding. Our PO implies 20x 2025E EBITDA.

Downside risks are 1) multiple compression given macro economic exposure, 2) slowing user/revenue growth due to competitive initiatives from Lyft or DoorDash, 3) new competition from self-driving technology companies, and 4) new regulations, fees, and/or minimum wages.

Wayfair (W)

Our PO of \$85 is based on 0.9x 2025E EV/sales, which is below the historical average multiple of approx. 1x. We believe this is warranted given a significant improvement in EBITDA and a return to revenue YoY growth, though below prior periods of expansion. If Wayfair were to achieve its target of mid-single digit EBITDA margins over the next few years, this would likely drive additional multiple expansion in our view.

Upside risks are 1) a larger-than-expected acceleration in sales post tough COVID compares in 2022, 2) better inventory availability as supply chain disruptions eases, 3) higher-than-forecast online growth for the industry as a whole, 4) stronger growth from newer initiatives including Wayfair Professional and, 5) EBITDA margin upside from COGS efficiencies, OPEX reductions and fixed cost leverage.

Downside risks are 1) High industry competition which could drive higher than expected investment in marketing or promotions, 2) brand complexity (five brands), 3) weaker than expected international segment performance, and 4) A softer than anticipated recovery in US furnishings in 2024/25.

Analyst Certification

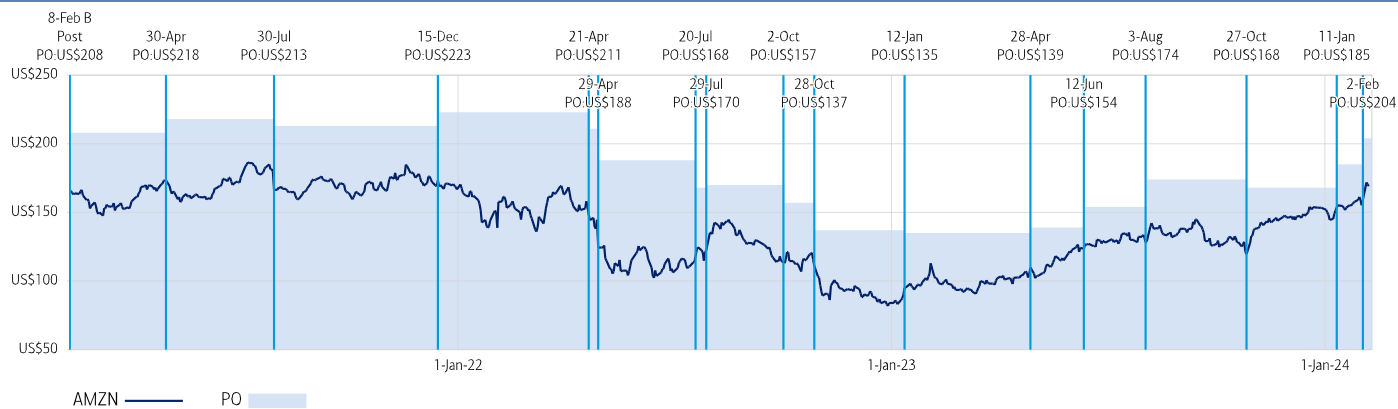
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US - Internet Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Alphabet	GOOGL	GOOGL US	Justin Post
	Alphabet	GOOG	GOOG US	Justin Post
	Amazon.com	AMZN	AMZN US	Justin Post
	AppLovin	APP	APP US	Omar Dessouky, CFA
	DoorDash	DASH	DASH US	Michael McGovern
	DoubleVerify Holdings, Inc.	DV	DV US	Omar Dessouky, CFA
	Electronic Arts	EA	EA US	Omar Dessouky, CFA
	Expedia	EXPE	EXPE US	Justin Post
	Integral Ad Science Holding Corp.	IAS	IAS US	Omar Dessouky, CFA
	LegalZoom	LZ	LZ US	Michael McGovern
	Match Group	MTCH	MTCH US	Curtis Nagle, CFA
	Meta Platforms Inc	META	META US	Justin Post
	Pinterest	PINS	PINS US	Justin Post
	RH	RH	RH US	Curtis Nagle, CFA
	Roblox Corp. Class A	RBLX	RBLX US	Omar Dessouky, CFA
	Squarespace, Inc.	SQSP	SQSP US	Michael McGovern
	Uber	UBER	UBER US	Justin Post
	Udemy Inc	UDMY	UDMY US	Curtis Nagle, CFA
	Vivid Seats	SEAT	SEAT US	Curtis Nagle, CFA
	Wayfair	W	W US	Curtis Nagle, CFA
	Wix.com	WIX	WIX US	Michael McGovern
NEUTRAL				
	ACV Auctions	ACVA	ACVA US	Curtis Nagle, CFA
	Airbnb	ABNB	ABNB US	Justin Post
	Beyond Inc	BYON	BYON US	Curtis Nagle, CFA
	Booking Holdings Inc	BKNG	BKNG US	Justin Post
	Bumble	BMBL	BMBL US	Curtis Nagle, CFA
	Digital Turbine, Inc	APPS	APPS US	Omar Dessouky, CFA
	Duolingo	DUOL	DUOL US	Curtis Nagle, CFA
	eBay	EBAY	EBAY US	Justin Post
	Etsy, Inc.	ETSY	ETSY US	Curtis Nagle, CFA
	Instacart	CART	CART US	Justin Post
	Magnite, Inc.	MGNI	MGNI US	Omar Dessouky, CFA
	Snap	SNAP	SNAP US	Justin Post
	Take-Two Interactive	TTWO	TTWO US	Omar Dessouky, CFA
	Zillow	ZG	ZG US	Curtis Nagle, CFA
	Zillow	Z	Z US	Curtis Nagle, CFA
UNDERPERFORM				
	Chewy Inc	CHWY	CHWY US	Curtis Nagle, CFA
	Lyft, Inc.	LYFT	LYFT US	Michael McGovern
	Opendoor Technologies	OPEN	OPEN US	Curtis Nagle, CFA
	Peloton	PTON	PTON US	Curtis Nagle, CFA
	Playtika	PLTK	PLTK US	Omar Dessouky, CFA
	Redfin Corp	RDFN	RDFN US	Curtis Nagle, CFA
	Shutterstock	SSTK	SSTK US	Curtis Nagle, CFA

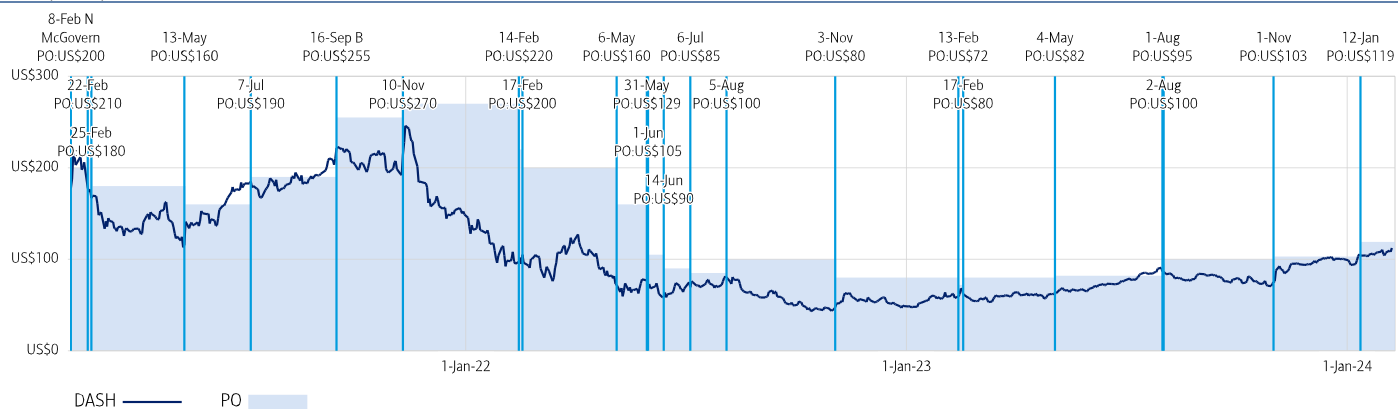
Disclosures

Important Disclosures

Amazon.com (AMZN) Price Chart

B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

DoorDash (DASH) Price Chart

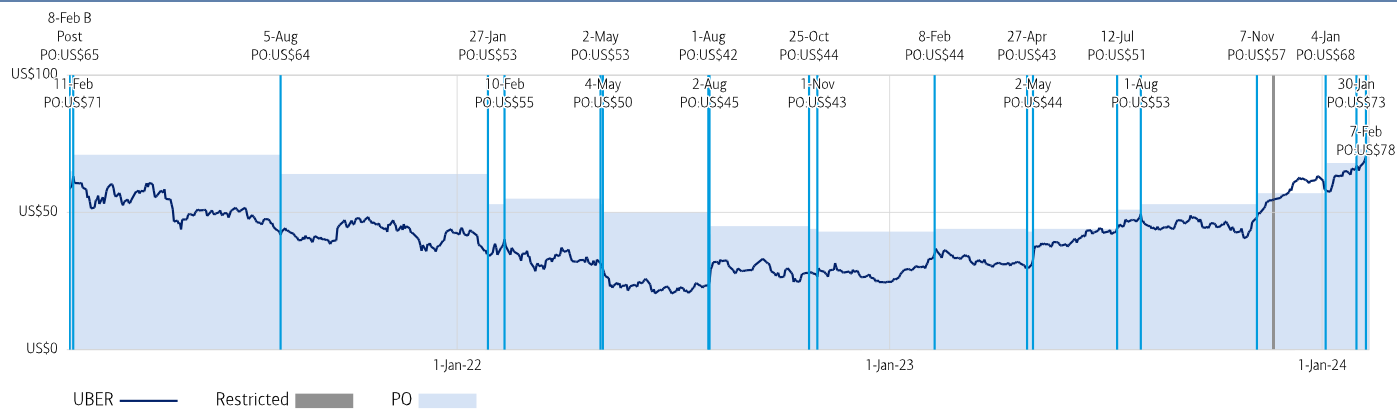
B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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Instacart (CART) Price Chart

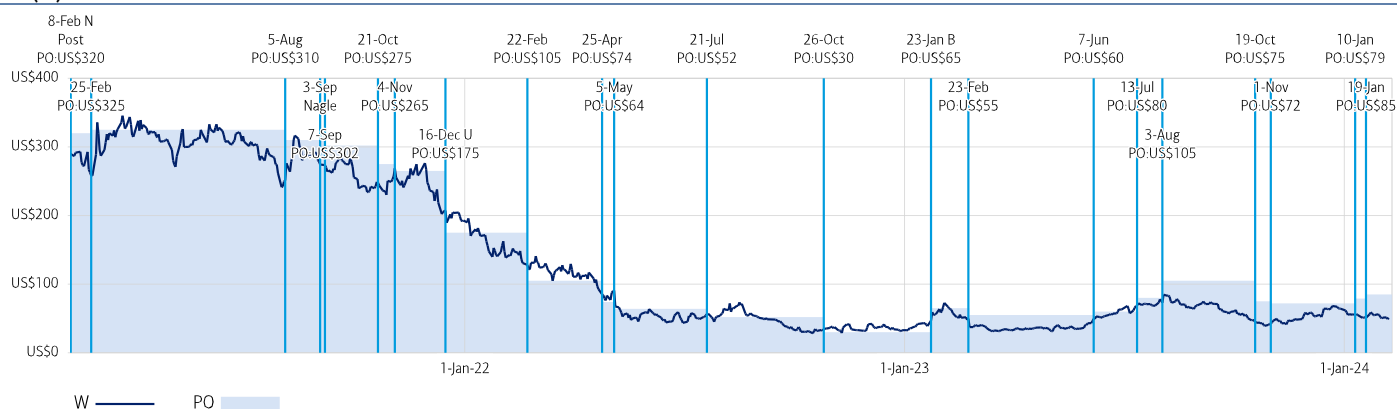
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Uber Technologies (UBER) Price Chart

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Wayfair (W) Price Chart

B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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Equity Investment Rating Distribution: Technology Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	215	53.09%	Buy	111	51.63%
Hold	97	23.95%	Hold	45	46.39%
Sell	93	22.96%	Sell	24	25.81%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R2}Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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