

Internet/e-Commerce

Online spending up 1% in February

Industry Overview

Slow recovery continues for Online spending; Feb +1%

Adjusting for the Leap Year, BAC aggregated credit and debit card data indicates Online spending through Feb 28 increased 1% y/y, a 1pt deceleration from January (we note that the y/y growth in spend in BAC aggregated card data has been trending below other eCommerce data that suggests the industry could be growing 5-10%). Brick-and-mortar sales declined 3% y/y, a 1pt improvement vs. January. Online penetration expanded 70bps y/y to 27.7% in Feb, also a slight deceleration from 90bps y/y in Jan. Medium-term, we expect Online spend to benefit from a shift back to goods, with penetration expanding at a normalized rate of approx. 100bps y/y vs. an average of +20bps in 2023. On an income cohort basis, lower-income cohort spending increased 2% y/y and continued to outperform higher-income spend that was flat y/y.

Trends remain constructive for Amazon

For Amazon, the Street projects 11% y/y North America revenue growth in 1Q'24, a 2pt decel vs 4Q, while BAC card data suggests stable QTD trends thus far. Also, Amazon guided 1Q total revenue to decelerate 1-4pts, and commentary indicating improving AWS trends suggests retail deceleration, though 1QTD y/y data appears stable. We remain constructive on Amazon given eCommerce share gains (see [4Q eCommerce recap](#)), margin expansion enabled by regionalization and strong ad growth (new Prime ads could be upside), and 2024 AWS acceleration. Maintain Buy on Amazon.

Gig platforms: strong February for Transit spending

Following a weak January, BAC card data indicated Transit spend accelerated 7pts to 6% y/y in Feb. 1QTD data now suggests Transit is growing 3% y/y (2pt decel), more in line with our 28% projection for **Uber** Mobility bookings (1pt decel). Uber has consistently grown faster than the Transit growth rate as the company continues to take share and scale New Vertical products. Maintain Buy on Uber. For **DoorDash** we est. 1Q GOV to grow 19% y/y (3pt decel), which compares to BAC card data indicating a 2pt deceleration for Online Restaurant in 1Q thus far. We note DoorDash has historically outperformed the industry, and the company's mix-shift towards New Verticals should continue to fuel growth above Online Restaurant industry. Maintain Buy on DASH. For **Instacart**, Online Grocery trends are stable at -1% y/y QTD, per BAC card data, vs. Street projecting 2pts of GTV acceleration. Improving cohort trends is leading to accelerating GTV trends but we continue to prefer faster-growing delivery platforms like Uber & Dash.

Transit and Department Stores improve most in February

The Online categories that accelerated the most on a y/y basis in February were: 1) Transit up 7pts; 2) Department Stores up 3pts; and 3) Restaurant Delivery up 1pt. The categories that decelerated most were: 1) General Merchandise down 15pts; 2) Sporting Goods down 5pts; and 3) Health & Personal Care down 4pts. Online furnishing declined 12% y/y in February (1pt decel vs. Jan) though we project above-industry trends for Wayfair US revenue at -4% y/y in 1Q. Maintain Buy on Wayfair.

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

B&M – Brick & Mortar

N.A. – North America

GMV – Gross Merchandise Value

GOV – Gross Order Value

GTV – Gross Transaction Value

Online and B&M spending

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 1% y/y in February, adjusted for the Leap Year

	eCommerce Overall	Restaurant Food Grocery	Food Delivery	Transit	Auto Parts & Services	Dept. Stores	Clothing	Home Furnishing	Health & Personal Care	Sporting Goods	Electronics	General Merch.	B&M Total Retail	B&M Restaurant	B&M Home Furnishing
Y/Y Annual															
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%	-1%	3%	3%	-2%	-13%	-4%	-12%	11%	-8%	-7%	7%	-2%	-2%	-17%
Quarterly															
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%	-1%	3%	3%	-2%	-13%	-4%	-12%	11%	-8%	-7%	7%	-2%	-2%	-17%
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	-14%	-2%	-1%	-5%	0%	-41%	-32%	-16%	-8%	-26%	-15%	-13%	-12%	-6%	-10%
Monthly															
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%
02/28/24	1%	-2%	3%	6%	-2%	-11%	-5%	-12%	9%	-10%	-6%	0%	-3%	-1%	-16%
Feb-24	5%	2%	7%	10%	3%	-8%	-1%	-8%	14%	-5%	-2%	3%	1%	2%	-14%
Week ending															
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%
02/10/24	0%	0%	3%	8%	-3%	-20%	-3%	-16%	8%	-8%	-5%	-3%	-2%	-2%	-17%
02/17/24	1%	-1%	4%	2%	-2%	-8%	-3%	-10%	11%	-8%	-8%	-2%	-3%	-2%	-15%
02/24/24	2%	-1%	4%	6%	0%	-4%	-5%	-9%	10%	-9%	-5%	2%	-2%	-1%	-17%
03/02/24	0%	-4%	2%	9%	-2%	-5%	-7%	-11%	9%	-12%	-10%	0%	-4%	-2%	-15%

Source: BAC Internal Data

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



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

In February, spending on overall eCommerce grew 13% on a 4-Yr CAGR basis

	eCommerce Overall	Restaurant Food Grocery	Food Delivery	Transit	Auto Parts & Services	Dept. Stores	Clothing	Home Furnishing	Health & Personal Care	Sporting Goods	Electronics	General Merch.	B&M Total Retail	B&M Restaurant	B&M 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	13%	15%	27%	2%	11%	-1%	10%	6%	17%	7%	5%	24%	2%	2%	-6%
Monthly															
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%
Feb-24	13%	14%	26%	3%	11%	0%	10%	6%	17%	7%	5%	22%	2%	2%	-6%
Week ending															
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%
02/10/24	13%	15%	26%	3%	10%	-2%	10%	5%	16%	7%	5%	21%	3%	2%	-5%
02/17/24	12%	14%	27%	2%	10%	-1%	9%	4%	17%	5%	4%	22%	1%	1%	-10%
02/24/24	13%	14%	27%	3%	11%	0%	10%	8%	16%	7%	6%	24%	4%	4%	-1%
03/02/24	12%	11%	26%	3%	10%	2%	9%	6%	17%	6%	4%	20%	1%	3%	-8%

Source: BAC Internal Data

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

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

Online Total Retail spending in February increased 2% for low-income cohort (<\$50,000) vs. flat y/y for high-income cohort (\$125,000+)

Y/Y	Online Total Retail			Online Restaurant			Online Grocery		
	<\$50k	\$50-\$125k	>\$125k	<\$50k	\$50-\$125k	>\$125k	<\$50k	\$50-\$125k	>\$125k
Annual									
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	2%	1%	0%	5%	4%	2%	0%	0%	-1%
Quarterly									
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	2%	1%	0%	5%	4%	2%	0%	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	-12%	-15%	-16%	1%	-1%	-3%	0%	-2%	-4%
Monthly									
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%
02/28/24	2%	1%	0%	5%	3%	2%	-2%	-2%	-2%
Feb-24	6%	5%	5%	8%	7%	5%	2%	2%	2%
Week ending									
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%
02/10/24	1%	0%	-1%	5%	4%	2%	0%	0%	0%
02/17/24	2%	1%	0%	6%	4%	2%	0%	-1%	-1%
02/24/24	3%	2%	3%	6%	4%	3%	-1%	-1%	-1%
03/02/24	1%	0%	0%	3%	3%	1%	-3%	-3%	-3%

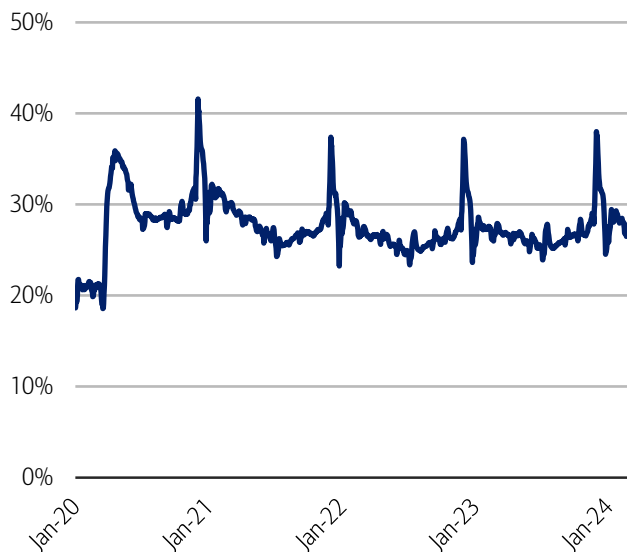
Source: BAC Internal Data

*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 Online retail penetration was 27.7% in February



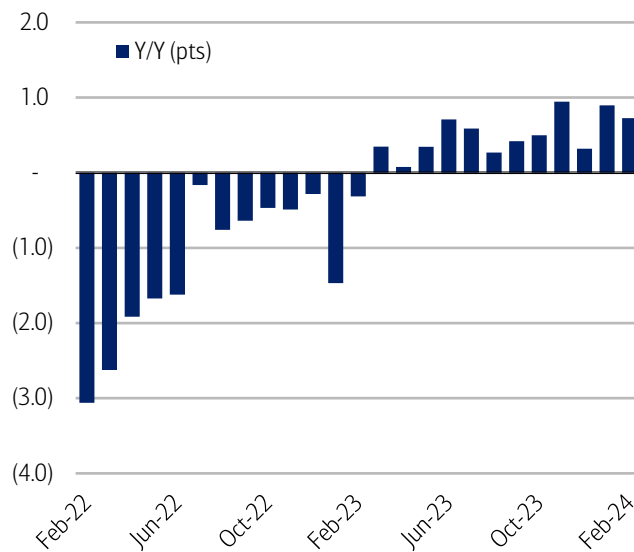
Source: BAC Internal Data

*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 70bps y/y in February



Source: BAC Internal Data

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

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Disclaimer

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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 (Jan 1, 2024 is matched to Jan 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: Companies mentioned

Companies mentioned in this report

BofA Ticker	Bloomberg ticker	Company name	Price	Rating
AMZN	AMZN US	Amazon.com	US\$ 175.39	B-1-9
DASH	DASH US	DoorDash	US\$ 130.45	C-1-9
UBER	UBER US	Uber Technologies	US\$ 78.32	C-1-9
W	W US	Wayfair	US\$ 62	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 \$139 is based on a Total Revenue multiple based on a comp group consisting of FANG stocks + Uber. Our Comp group trades at 4.8x 2025E Revenue, with a 21% Average EBITDA Margin and 14.5% average Revenue growth for 2024+2025. With DASH at an 18% margin and 17.5% growth, we select a multiple that is at a slight premium to the peer group average, given the above average growth (DASH at 17.5% avg during 2024-2025, comps at 14.5%). Our multiple implies an EV of \$59bn, or \$62bn Market Cap inc. Cash, and we get to \$139 PO based on 440mn shares (reduced by 10mn shares for incremental buybacks).

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.

Uber (UBER)

Our \$91 PO is based on 25x FCF. We think a 25x 2025 FCF multiple is reasonable vs FANG average (per Bloomberg ests) of 23x, given Uber's superior 39% 3-year EBITDA growth outlook (vs 20% for FANG 2-year avg). Our Uber PO price would represent 23x 2025 EV/EBITDA and 40x GAAP earnings, we think some premium to the FANG group is warranted due to lower capex and faster growth expectations for 2026.

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 \$75 is based on 0.8x 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

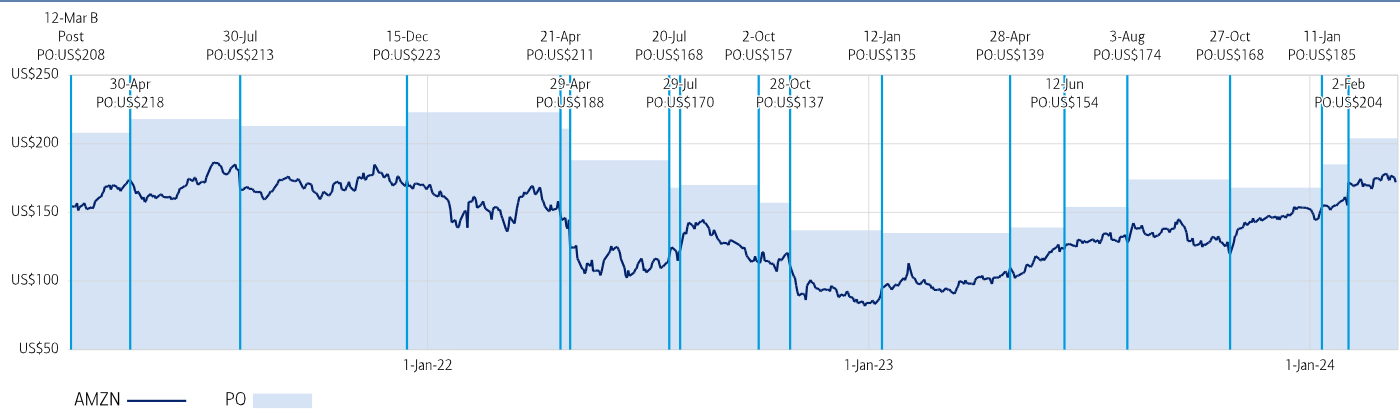
We, Justin Post, Curtis Nagle, CFA and Michael McGovern, hereby certify that the views each of us has expressed in this research report accurately reflect each of our respective personal views about the subject securities and issuers. We also certify that no part of our respective compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

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
	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
	Expedia	EXPE	EXPE US	Justin Post
	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

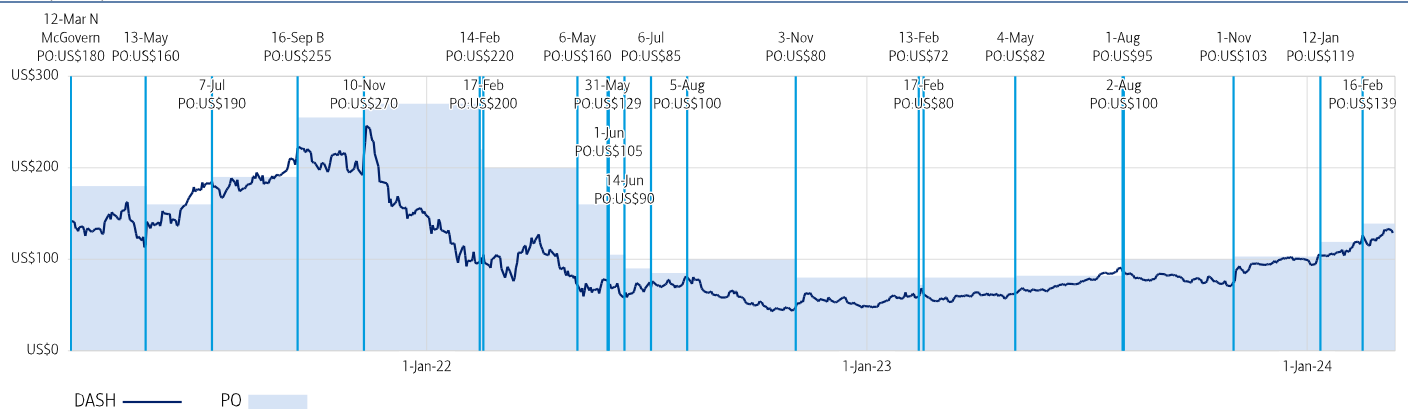
Disclosures

Important Disclosures

Amazon.com (AMZN) Price Chart

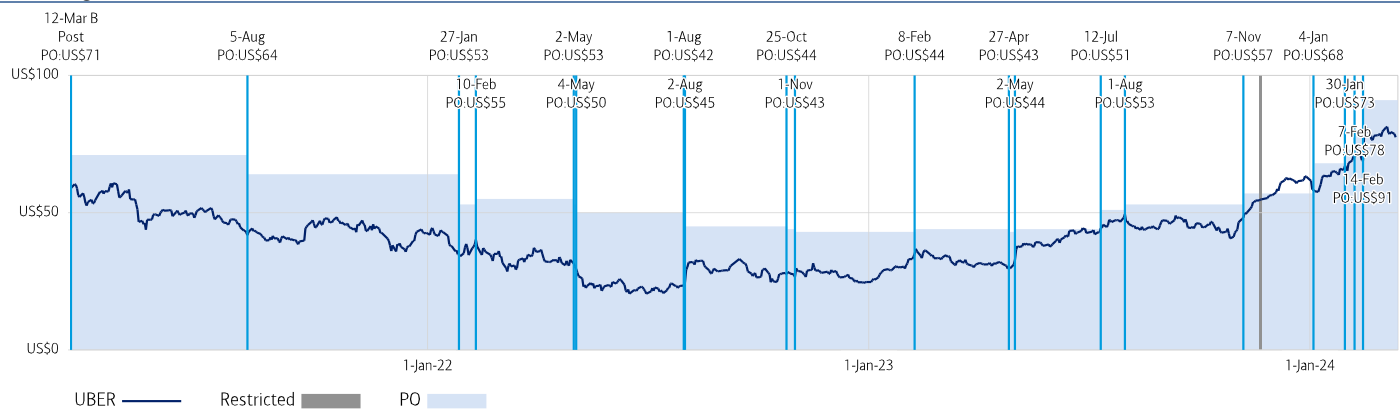
B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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

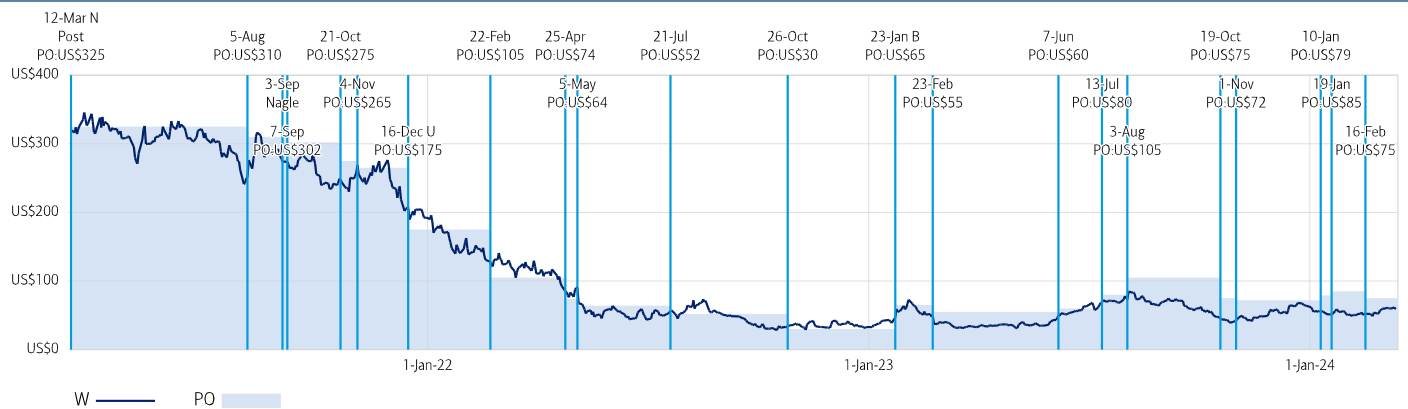
The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey 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.

Uber Technologies (UBER) Price Chart

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

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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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