

Internet/e-Commerce

Online spending up 1% Y/Y in October, stable with September despite concerns

Industry Overview

eCommerce spending grows 1% in Oct, stable m/m

BAC aggregated credit and debit card data indicates Online spending (card not present) grew 1% Y/Y in October, stable vs. September despite concerns of a slowdown. Weekly trends show softening throughout mid-late October, but with the first week of November improving to +1% Y/Y. Online spending outpaced B&M, which declined 3%, boosting Online penetration of retail 50bps Y/Y to 26.9%. On an income cohort basis, lower-income cohort spending increased 2.6% Y/Y in October and outperformed overall spending (little evidence of impact from student loan payments restarting in October for sector). We note that the Y/Y change in spend in BAC aggregated card data has been trending below other eCommerce data that suggests eCommerce industry could be growing 5-10%. Medium-term, we believe Online growth will benefit from a shift back to goods, with Online penetration expanding at a normalized rate of 100-200bps/year.

For Amazon, Street projects 10% Y/Y North America revenue growth in 4Q'23, 1pt decel vs 3Q, while BAC card data suggests stable trends thus far on an easy 4Q comp.

Amazon's revenue guidance could suggest the platform is maturing, but with share gains we think quarter, while still early, is trending in-line so far. We remain constructive on margin expansion and 2024 AWS acceleration. Maintain Buy on Amazon.

Softening restaurant trends in Oct, stable for grocery

For October, BAC card data indicates that Online Restaurant spending increased 4% Y/Y, a 2pt decel vs. September, but well above brick-and-mortar restaurant spending that decel'd 3pts to -1% Y/Y. Lower-income Online restaurant delivery growth at 6% Y/Y (2pt decel vs. Sept) exceeded 3% Y/Y growth for higher-income cohorts (1pt decel).

BAC aggregated card data indicated average Transit spend on a Q/Q basis is trending -1% QTD, below our +7% Q/Q projection for 4Q Mobility bookings growth for Uber. We note Uber has consistently grown faster than the Transit growth rate as the company continues to take share. For DoorDash, we project standalone GOV to grow 4% Q/Q, which is slightly above BAC aggregated card data trending at 3% Q/Q QTD, and DASH has historically outperformed industry. Maintain Buy on Uber and Dash.

Online grocery spend declined 2% Y/Y in Oct., a slight improvement vs -3% in Sept. Instacart guided to 5-6% GTV growth in 4Q, stable with 3Q, while BAC card data suggests a very modest improvement for industry. Maintain Neutral on Instacart.

Sporting Goods and Personal Care stand out in October

The categories that accelerated the most on a Y/Y basis in October were: 1) Sporting Goods up 5pts; 2) Health & Personal Care up 4pts; and 3) Transit also up 4pts. The categories that decelerated most were: 1) Department Stores down 4pts; 2) Clothing down 3pts; and 3) Food Delivery down 2pts. Online Home Furnishing declined 11% Y/Y in Oct (1pt accel vs. Sept) and we project above-industry growth for Wayfair at +3.5% Y/Y for US in 4Q. Maintain Buy on Wayfair.

See the [BofA on USA](#) note for an explanation of the methodology, disclaimers and limitations with BAC aggregated credit and debit card data. Some retailers were reclassified to Non-Store Retailers from Department Stores and Clothing to be more consistent with Census data, and historical trends may have changed.

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Refer to important disclosures on page 8 to 13. Analyst Certification on page 7. Price Objective Basis/Risk on page 6.

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MTD – Month to Date

QTD – Quarter to Date (through Nov 4)

B&M – Brick & Mortar

Unch'd – Unchanged

pt(s) – percentage point(s)

bps – basis points

Q/Q – Quarter over Quarter

Y/Y – Year over Year

N.A. – North America

GMV – Gross Merchandise Value

GOV – Gross Order Value

CAGR – Compound Annual Growth Rate

BAC aggregated card data

Exhibit 2: Y/Y trends for Online* and B&M spending by category per BAC aggregated credit and debit card data

Spending on overall eCommerce grew 1% Y/Y in October

Growth	eCommerce	Health & Personal Sporting General											B&M	B&M	B&M
	Overall	Grocery	Food	Transit	Services	Stores	Clothing	Furnishing	Care	Goods	Electronics	Merchandise	Retail	Restaurant	Home
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%	6%	5%	5%	-13%	-4%	-13%	7%	-9%	-6%	-2%	-1%	4%	-15%
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%
4Q23TD	0%	-2%	5%	6%	3%	-16%	-8%	-12%	7%	-5%	-8%	-2%	-2%	1%	-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%
4Q23TD	2%	2%	3%	-1%	-4%	8%	0%	-4%	8%	-5%	7%	2%	-3%	-4%	-9%
Monthly Y/Y															
Oct-22	0%	-6%	7%	3%	5%	-14%	-3%	-10%	7%	-15%	-9%	-3%	1%	4%	-17%
Nov-22	-2%	-2%	7%	4%	5%	-13%	-2%	-7%	8%	-7%	-14%	-3%	0%	3%	-15%
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%
Week ending Y/Y															
07/08/23	3%	-3%	10%	1%	8%	-14%	-2%	-10%	9%	-5%	0%	0%	0%	8%	-8%
07/15/23	3%	-4%	5%	6%	8%	-20%	0%	-11%	6%	-7%	-6%	-4%	-2%	5%	-14%
07/22/23	1%	-4%	5%	0%	9%	-14%	0%	-13%	4%	-8%	-11%	-3%	-1%	4%	-14%
07/29/23	0%	-5%	6%	5%	9%	-15%	0%	-13%	6%	-10%	-12%	-2%	-1%	4%	-15%
08/05/23	1%	-5%	5%	7%	11%	-13%	0%	-12%	8%	-15%	-7%	1%	0%	4%	-18%
08/12/23	0%	-5%	4%	6%	7%	-12%	0%	-12%	1%	-11%	-6%	-2%	-1%	2%	-17%
08/19/23	1%	-3%	5%	1%	8%	-14%	1%	-14%	4%	-4%	-10%	-1%	-1%	1%	-21%
08/26/23	-1%	-2%	5%	0%	7%	-15%	-3%	-15%	2%	-5%	-10%	-2%	-2%	0%	-17%
09/02/23	2%	-2%	5%	4%	6%	-8%	-1%	-9%	5%	-4%	-4%	-2%	-1%	1%	-13%
09/09/23	1%	-2%	4%	2%	7%	-13%	-4%	-11%	6%	-10%	-5%	1%	-1%	1%	-21%
09/16/23	-2%	-2%	5%	4%	9%	-13%	-6%	-14%	4%	-13%	-24%	-1%	-1%	1%	-17%
09/23/23	1%	-3%	4%	-1%	5%	-13%	-4%	-12%	4%	-7%	4%	-3%	-2%	0%	-18%
09/30/23	4%	-1%	7%	5%	8%	-8%	-4%	-9%	7%	-4%	-9%	3%	-2%	1%	-13%
10/07/23	-1%	-3%	7%	11%	3%	-20%	-11%	-12%	10%	-13%	-2%	1%	-1%	3%	-17%
10/14/23	2%	-1%	4%	12%	2%	-21%	-9%	-12%	7%	-3%	-2%	0%	-2%	0%	-18%
10/21/23	0%	-2%	5%	0%	1%	-17%	-9%	-12%	4%	-2%	-12%	-6%	-3%	1%	-18%
10/28/23	0%	-1%	5%	2%	8%	-11%	-9%	-12%	5%	-3%	-18%	-3%	-2%	1%	-17%
11/04/23	1%	-1%	6%	6%	3%	-9%	-5%	-12%	10%	-3%	-4%	0%	-1%	1%	-13%

Source: BAC Internal Data

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

Exhibit 3: 4-Yr CAGRs for Online* spending by category per BAC aggregated credit and debit card data

eCommerce 4-YR CAGR for October was 14%

		Growth											eCommerce Overall				
		Restaurant		Autoparts		Department		Home		Health &		General		B&M		B&M	
		Grocery	Food Delivery	Transit	& Services	Stores	Clothing	Furnishing	Personal Care	Sporting Goods	Electronics	Merchandise	Total Retail	B&M Restaurant	Home Furnishing		
4-YR CAGR																	
Quarterly 4-YR CAGR																	
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%		
4Q23TD	14%	16%	28%	2%	12%	-1%	9%	7%	16%	10%	7%	22%	3%	3%	-5%		
Monthly 4-YR CAGR																	
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%		
Week ending 4-YR CAGR																	
06/03/23	14%	17%	33%	1%	8%	0%	10%	15%	12%	12%	7%	22%	3%	4%	1%		
06/10/23	15%	17%	31%	1%	11%	-1%	10%	11%	15%	15%	7%	20%	2%	3%	-3%		
06/17/23	15%	18%	31%	1%	11%	-1%	12%	12%	16%	12%	9%	24%	3%	2%	-2%		
06/24/23	15%	19%	32%	1%	10%	-1%	9%	12%	15%	9%	8%	25%	3%	5%	-3%		
07/01/23	15%	17%	32%	3%	10%	-1%	10%	12%	13%	9%	8%	24%	3%	3%	-3%		
07/08/23	16%	19%	33%	0%	12%	1%	12%	16%	17%	11%	9%	21%	3%	4%	-3%		
07/15/23	17%	18%	32%	2%	11%	-1%	10%	12%	15%	9%	8%	23%	3%	3%	-3%		
07/22/23	13%	18%	32%	1%	11%	2%	11%	9%	15%	8%	5%	22%	3%	4%	-4%		
07/29/23	15%	19%	32%	2%	12%	-3%	13%	7%	16%	9%	7%	23%	3%	4%	-4%		
08/05/23	15%	17%	32%	1%	11%	-4%	12%	8%	13%	9%	6%	22%	3%	4%	-4%		
08/12/23	15%	17%	32%	2%	10%	-2%	13%	8%	16%	9%	7%	20%	3%	3%	-4%		
08/19/23	15%	17%	30%	2%	11%	-3%	12%	7%	17%	10%	5%	24%	3%	3%	-6%		
08/26/23	14%	16%	30%	1%	11%	-1%	12%	6%	8%	10%	5%	23%	3%	3%	-5%		
09/02/23	16%	18%	29%	3%	15%	0%	12%	9%	11%	12%	6%	25%	2%	2%	-8%		
09/09/23	13%	17%	29%	3%	9%	-3%	10%	9%	17%	9%	6%	20%	4%	5%	2%		
09/16/23	14%	16%	28%	2%	12%	-3%	10%	7%	17%	8%	3%	24%	3%	3%	-4%		
09/23/23	14%	17%	28%	1%	11%	-2%	10%	7%	16%	8%	9%	24%	3%	3%	-5%		
09/30/23	14%	17%	28%	1%	11%	3%	10%	7%	15%	9%	3%	25%	3%	3%	-5%		
10/07/23	14%	16%	28%	2%	12%	-1%	9%	7%	16%	8%	7%	21%	3%	4%	-4%		
10/14/23	16%	16%	27%	2%	12%	-4%	8%	7%	18%	11%	10%	24%	2%	3%	-5%		
10/21/23	14%	15%	27%	0%	11%	-2%	8%	7%	15%	10%	8%	22%	3%	3%	-4%		
10/28/23	14%	16%	27%	2%	13%	-1%	9%	7%	17%	11%	5%	22%	3%	3%	-4%		
11/04/23	14%	17%	28%	3%	12%	1%	11%	8%	15%	10%	7%	22%	3%	4%	-4%		

Source: BAC Internal Data

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

BofA GLOBAL RESEARCH



Exhibit 4: Online* spending by income cohort per BAC aggregated credit and debit card data

Online Total Retail spending in October was increased 1% Y/Y for the higher-income cohort (\$125,000+) vs. +3% for the lower-income cohort (<\$50,000)

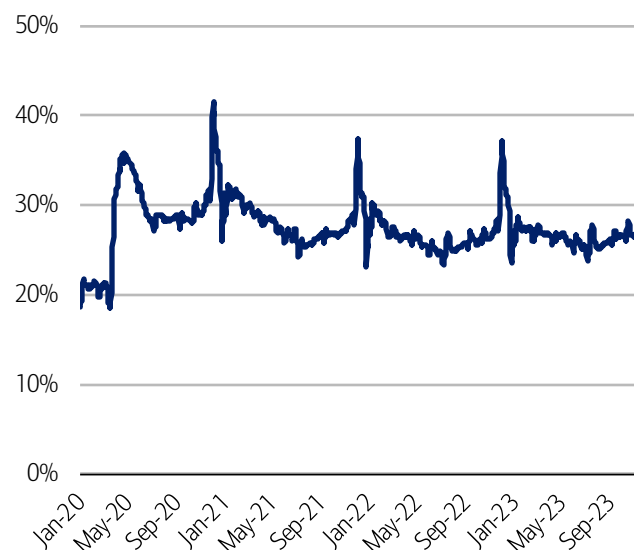
Online Growth	Online Total Retail			Online Restaurant			Online Grocery		
	<\$50k	\$50-\$125k	>\$125k	<\$50k	\$50-\$125k	>\$125k	<\$50k	\$50-\$125k	>\$125k
Y/Y									
Annual Y/Y									
2020	67%	55%	52%	118%	102%	90%	112%	119%	135%
2021	18%	11%	10%	36%	32%	28%	11%	6%	4%
2022	-3%	-1%	1%	5%	5%	7%	-18%	-16%	-9%
2023	1%	0%	-2%	7%	6%	4%	-4%	-5%	-6%
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%
4Q23TD	2%	1%	0%	7%	6%	4%	-1%	-1%	0%
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%
4Q23TD	2%	3%	3%	2%	3%	5%	1%	2%	4%
Monthly Y/Y									
Oct-22	-1%	-1%	1%	6%	6%	8%	-7%	-8%	-4%
Nov-22	-3%	-2%	-1%	6%	6%	8%	-3%	-4%	-1%
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%
Week ending Y/Y									
07/08/23	4%	3%	1%	12%	11%	7%	-1%	-3%	-4%
07/15/23	4%	3%	2%	7%	6%	3%	-3%	-4%	-4%
07/22/23	3%	2%	0%	7%	6%	3%	-3%	-4%	-5%
07/29/23	2%	0%	-1%	8%	6%	3%	-4%	-4%	-5%
08/05/23	3%	1%	-1%	7%	6%	3%	-4%	-4%	-5%
08/05/23	3%	1%	-1%	7%	6%	3%	-4%	-4%	-5%
08/12/23	2%	1%	-1%	6%	5%	2%	-3%	-5%	-5%
08/19/23	2%	1%	-1%	7%	6%	3%	-1%	-3%	-4%
08/26/23	1%	-1%	-2%	6%	5%	3%	-1%	-2%	-3%
09/02/23	3%	2%	1%	7%	5%	3%	0%	-2%	-2%
09/09/23	3%	2%	0%	6%	5%	3%	-1%	-2%	-2%
09/16/23	0%	-1%	-3%	7%	5%	3%	-1%	-1%	-1%
09/23/23	3%	1%	0%	6%	5%	2%	-2%	-2%	-2%
09/30/23	5%	4%	2%	10%	8%	4%	0%	-1%	-1%
10/07/23	2%	0%	-1%	9%	8%	7%	-2%	-2%	-2%
10/14/23	4%	3%	2%	6%	6%	4%	0%	0%	1%
10/21/23	2%	1%	0%	7%	6%	4%	-2%	-1%	0%
10/28/23	2%	1%	0%	7%	6%	4%	0%	0%	0%
11/04/23	3%	2%	1%	7%	6%	4%	-1%	-1%	-1%

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 26.9% Online penetration for October



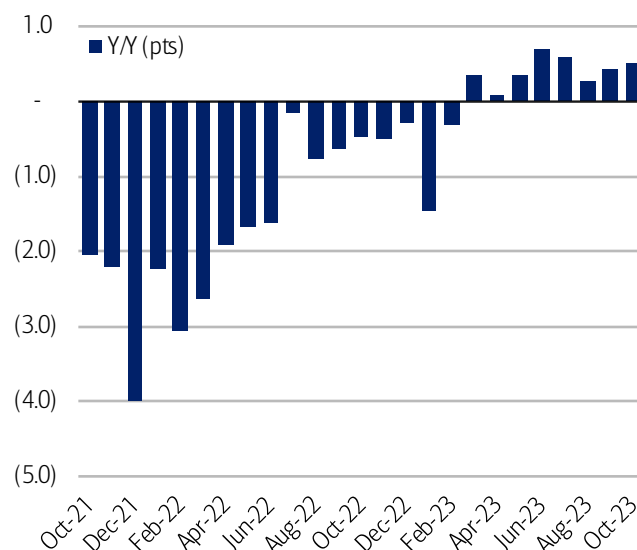
Source: BAC Internal Data

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

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

BAC card data indicates Online penetration increased 50bps Y/Y in October



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 2023 is matched to Jan 1 2022). 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.

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\$ 140.6	B-1-9
DASH	DASH US	DoorDash	US\$ 84.53	C-1-9
CART	CART US	Instacart	US\$ 24.48	C-2-9
UBER	UBER US	Uber Technologies	US\$ 50.05	C-1-9
W	W US	Wayfair	US\$ 42.84	C-1-9

Source: BofA Global Research

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

Our PO of \$168 is based on our SOTP analysis that values the 1P retail business at 0.9x 2024E Revenue (including subscription/Prime membership fees), 3P retail business at 3.0x 2024E Revenue, AWS at 7.5x 2024 Sales, and the advertising business at 3.5x 2024 Sales. For 2024E, our 7.5x AWS multiple is relatively in line with our SaaS comps at 7.9x, our 0.9x GMV multiple is a discount to our retail comps at 1.1x, and our 3.5x advertising multiple is a discount to our digital advertising comps at 3.6x. 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.

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 \$103 is based on our Core US Restaurant analysis, which estimates \$2.6bn in Core US Restaurant EBITDA in 2024E. We apply an EBITDA multiple of 16x, given DASH's higher restaurant growth and profit profile vs. Peers, which gives us an enterprise value of \$41bn. Adding 0.3x New Verticals GOV (at \$16bn for 2024E) and \$2bn in cash gets us to \$46bn Market Cap, and divided by 450mn shares gets us to our PO of \$103.

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/2024 Revenue valuation of 3x for Mobility, 3x for Delivery (implies 0.6x bookings), and 1x revenue for Freight, which are slight premiums to peers given potential network effects. Our SOTP valuation implies segment values of \$73bn for Mobility, \$42bn for Delivery, and \$5.3bn for Freight, which implies a Total Enterprise Value for Uber of \$121bn. Based on Net Debt of \$5.1bn and a realizable cash value of investments of \$3.9bn, we estimate a target market cap of \$119bn. Our price objective of \$57 is based on 2.1bn shares outstanding.

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 \$72 is based on 0.8x 2024E EV/sales, which is below with 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

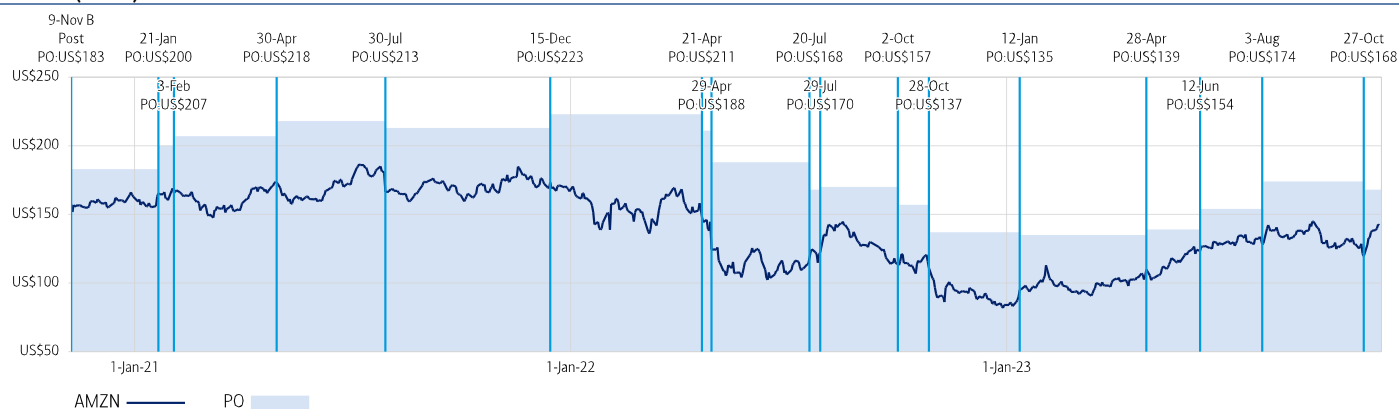
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US - Internet Coverage Cluster

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
	Electronic Arts	EA	EA US	Omar Dessouky, CFA
	Expedia	EXPE	EXPE US	Justin Post
	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
	Take-Two Interactive	TTWO	TTWO US	Omar Dessouky, CFA
	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
	Zillow	ZG	ZG US	Curtis Nagle, CFA
	Zillow	Z	Z US	Curtis Nagle, CFA
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
	Playtika	PLTK	PLTK US	Omar Dessouky, CFA
	Snap	SNAP	SNAP US	Justin Post
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
	Redfin Corp	RDFN	RDFN US	Curtis Nagle, CFA
	Shutterstock	SSTK	SSTK US	Curtis Nagle, CFA

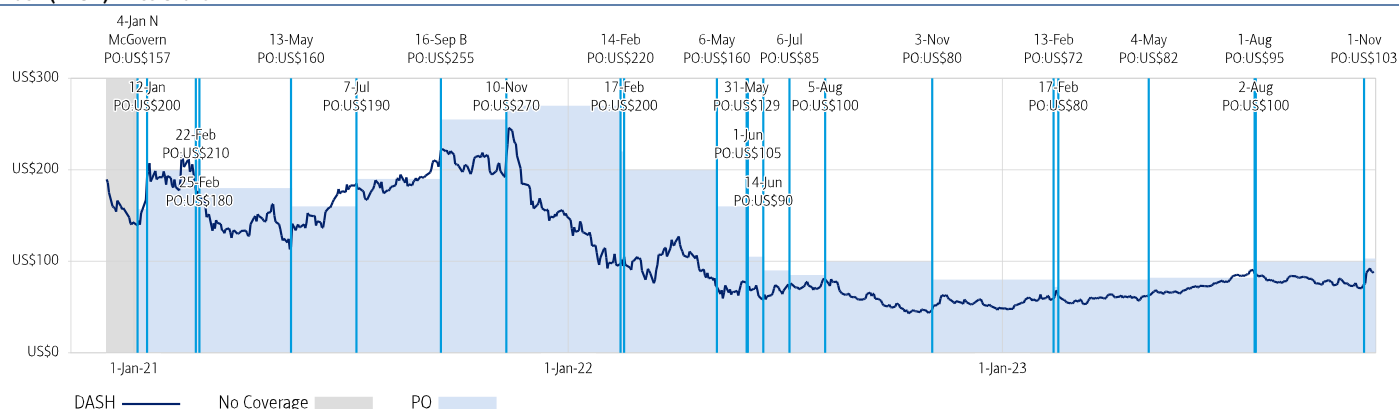
Disclosures

Important Disclosures

Amazon.com (AMZN) Price Chart

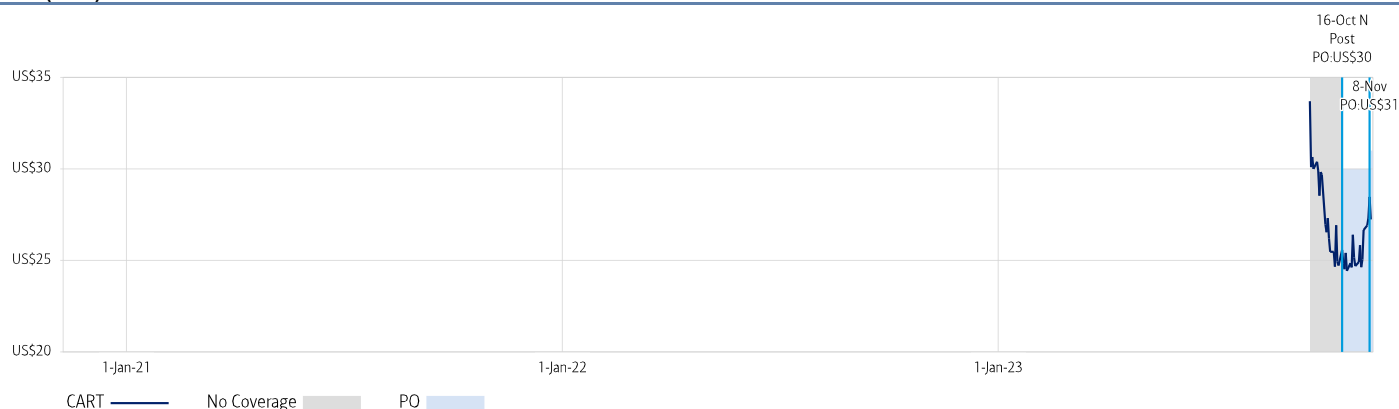
B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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

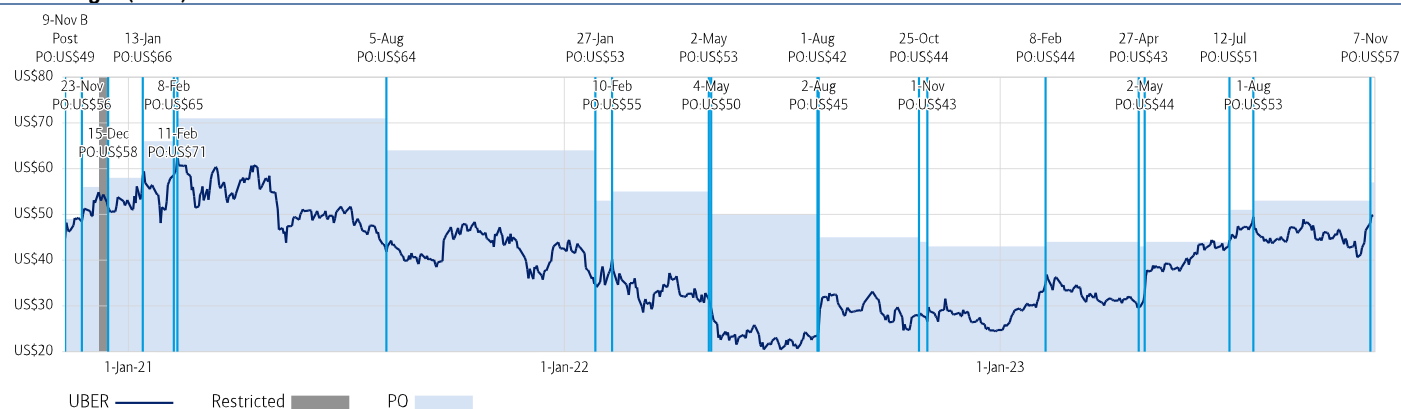
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Instacart (CART) Price Chart

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

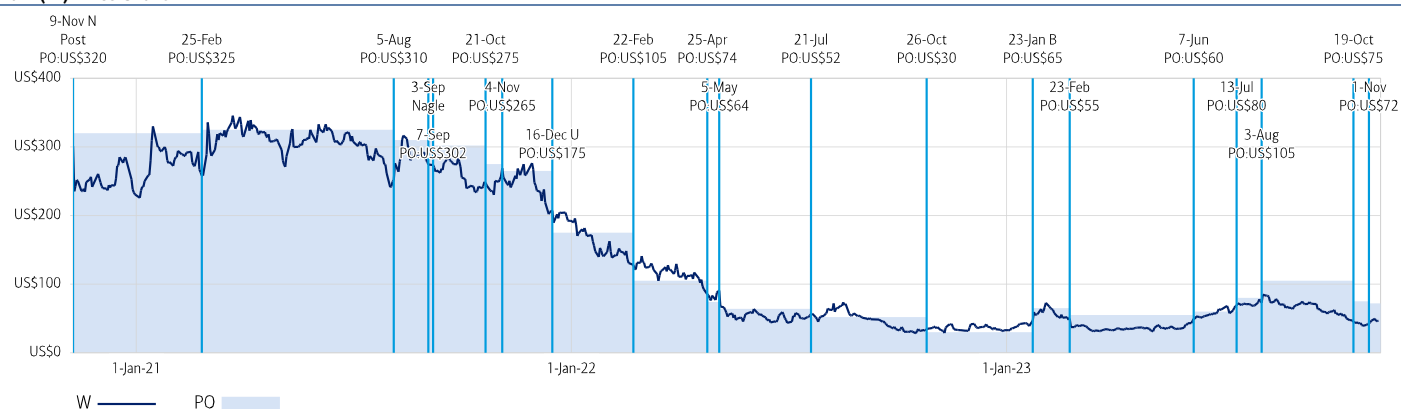
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Uber Technologies (UBER) Price Chart



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Wayfair (W) Price Chart



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Equity Investment Rating Distribution: Technology Group (as of 30 Sep 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	204	51.52%	Buy	104	50.98%
Hold	95	23.99%	Hold	45	47.37%
Sell	97	24.49%	Sell	27	27.84%

Equity Investment Rating Distribution: Global Group (as of 30 Sep 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1869	53.48%	Buy	1046	55.97%
Hold	828	23.69%	Hold	461	55.68%
Sell	798	22.83%	Sell	370	46.37%

^{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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