

Internet/e-Commerce

eCommerce spend slows to flat y/y in Dec.; finishes 4Q up 1%, stable with 3Q

Industry Overview

eCommerce growth slows in Dec following strong Nov

December growth decelerated 2.6pts vs November to 30bps y/y as heavy promotional activity around Cyber Five may have pulled forward some December sales (we note that the y/y change in spend in BAC aggregated credit and debit card data has been trending below other eComm data that suggests eCommerce industry could be growing 5-10%). Online spending for the month outpaced brick-and-mortar, which declined 20bps y/y, boosting Online penetration to 30.1%. For 4Q, eCommerce spending finished up 1%, stable with 3Q, but ahead of 1H'23 spend that was -1%. Looking forward to 2024, we believe Online spend will benefit from lower inflation and a shift back to goods, with Online penetration expanding at a normalized rate of approx. 100bps annually. See our [2024 eCommerce Year Ahead](#) for more.

For Amazon, Street projects 10% y/y North America revenue growth in 4Q'23, 1pt deceleration vs 3Q, while BAC aggregate card data suggesting stable 1% growth in 4Q. Industry sales also increased 16% Q/Q in 4Q, 1pt more than last year, and with Amazon's Black Friday release suggesting share gains (see [BF note](#)), we think Amazon's N.A. retail sales can beat 4Q estimates. Maintain Buy on Amazon.

Online Transit and Grocery accelerates 2pts in 4Q

For 4Q, BAC aggregated card data indicates that Online Restaurant spending grew 5% y/y, stable vs 3Q, though trends accelerated intra-quarter from 4% y/y in Oct to 6% in Dec. Online trends outperformed B&M restaurant spending by 3pts in 4Q, which decelerated 1pt vs 3Q. For DoorDash, we estimate 4Q standalone GOV to grow 20% y/y (2pt deceleration), which compares to BAC aggregated data indicating restaurant spend was stable in 4Q.

For Uber, BAC aggregate card data indicates Transit spending rose 5% y/y in 4Q (2pt accel), compared to our 29% y/y estimate for 4Q Mobility bookings growth (2pt deceleration). We note Uber has consistently outgrown Transit and the platform continues to take share from Lyft. We think Mobility could be trending modestly above estimates. Maintain Buy.

Though Online Grocery spend declined 1% y/y in 4Q, trends improved 2pts q/q on a 7pt tougher comp. Instacart guided to 5-6% GTV growth in 4Q, stable with 3Q, while BAC data suggests a modest improvement for the industry. Maintain Neutral on Instacart.

General Merchandise and Transit improve most in Dec

The categories that accelerated the most on a y/y basis in December were: 1) General Merchandise (4pts); 2) Transit (1pt); and 3) Restaurant Delivery (1pt). The categories that decelerated most were: 1) Electronics (12pts); 2) Dept. Stores (10pts); and 3) Health & Personal Care (5pts). Online furnishing declined 12% y/y in December, a 5pt deceleration vs Nov, though for the quarter, y/y sales improved to -10% vs -12% in 3Q. We project above-industry growth for Wayfair at 3.5% y/y. 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

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Glossary

B&M – Brick & Mortar
bps – basis points
CAGR – Compound Annual Growth Rate
GMV – Gross Merchandise 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
Unch'd – Unchanged
Y/Y – Year over Year

BAC aggregated 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 was flat y/y in December

Trends	eCommerce	Spending by Category											B&M		
	Overall	Grocery	Restaurant Food Delivery	Transit	Autoparts & Services	Department Stores	Clothing	Home Furnishing	Health & Personal Care	Sporting Goods	Electronics	General Merchandise	Retail	B&M Restaurant	B&M Home Furnishing
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%
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%
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%
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%
Week ending Y/Y															
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%
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%

Source: BAC Internal Data

*Note: 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

eCommerce 4-YR CAGR for December was 9%

Trends	eCommerce Overall	Grocery	Restaurant Food Delivery	Transit	Autoparts & 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
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%
4Q23	13%	17%	27%	2%	11%	-2%	10%	7%	16%	8%	3%	19%	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%
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%
Week ending 4-YR CAGR															
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%
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%

Source: BAC Internal Data

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

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

Online Total Retail spending in December increased 2% for low-income cohort (<\$50,000) vs -1% y/y for high-income cohort (\$125,000+)

Trends	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%
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%
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	14%	16%	18%	2%	3%	5%	6%	9%	13%
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%
Week ending Y/Y									
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%
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%

Source: BAC Internal Data

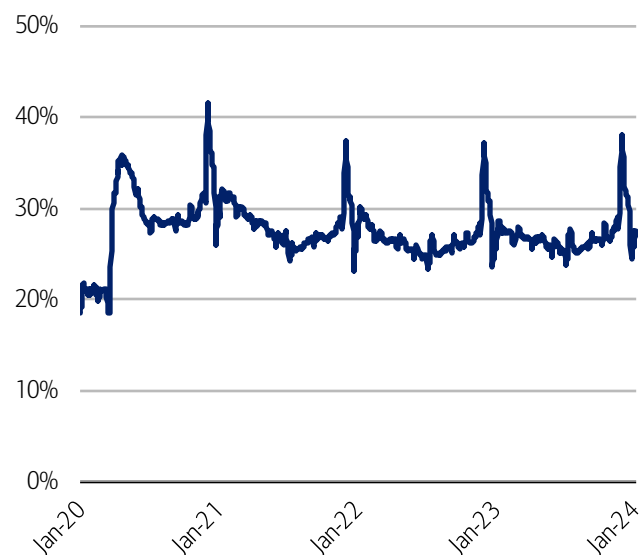
*Note: Card not present is largely online but could include purchases made over the phone

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

BAC card data indicates 30.1% Online penetration for December



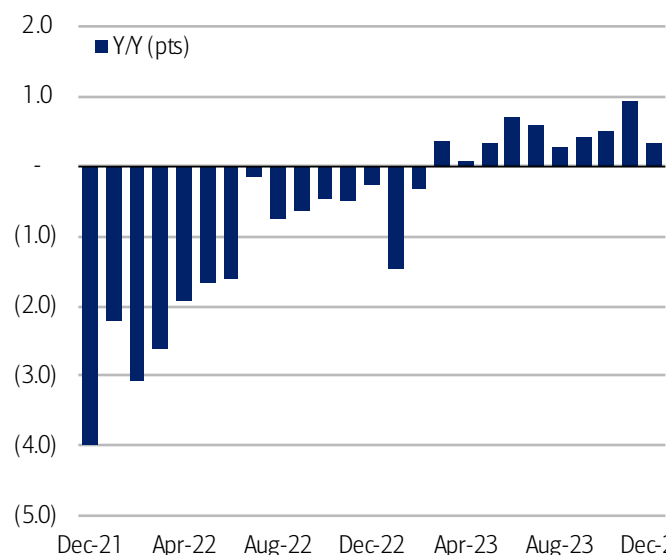
Source: BAC Internal Data

*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 30bps y/y in December



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 (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.



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\$ 153.73	B-1-9
CART	CART US	Instacart	US\$ 23.4	C-2-9
UBER	UBER US	Uber Technologies	US\$ 62.41	C-1-9
W	W US	Wayfair	US\$ 56.43	C-1-9

Source: BofA Global Research

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

Our PO of \$185 is based on our SOTP analysis that values the 1P retail business at 1.0x 2025E Revenue (including subscription/Prime membership fees), 3P retail business at 2.5x 2025E Revenue, AWS at 7.5x 2025 Sales, and the advertising business at 4.0x 2025 Sales. For 2025E, our 7.5x AWS multiple is relatively below our SaaS comps at 8.4x, our 1.0x GMV multiple is a discount to our retail comps at 1.1x, and our 4.0x advertising multiple is a discount to our digital advertising comps at 5.3x. We think some conglomerate discount is warranted given current elevated regulatory/antitrust risk, but long-term we believe that in-line multiples are possible given growth rates in-excess of peers. Our PO of \$185 for Amazon implies 2.8x P/Sales, a multiple in the upper half of Amazon's historical range of 1.0-3.5x.

Downside risks to our price objective are increasing competition from offline and local retailers, elevated P/E multiple, AWS investments and/or price cuts 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.

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 3.0x for Mobility, 3.0x revenue for Delivery (implies 0.6x bookings), and 1.0x revenue for Freight, which are slight premiums to peers given potential network effects. Our SOTP valuation implies segment values of \$88bn for Mobility, \$48bn for Delivery, and \$6.1bn for Freight, which implies a Total Enterprise Value for Uber of \$141bn. Based on Net Debt of \$1.1bn and a realizable value of investments of \$3.9bn we estimate a target market cap of \$144bn. Our Price Objective of \$68 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 \$79 is based on 0.8x 2025E 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

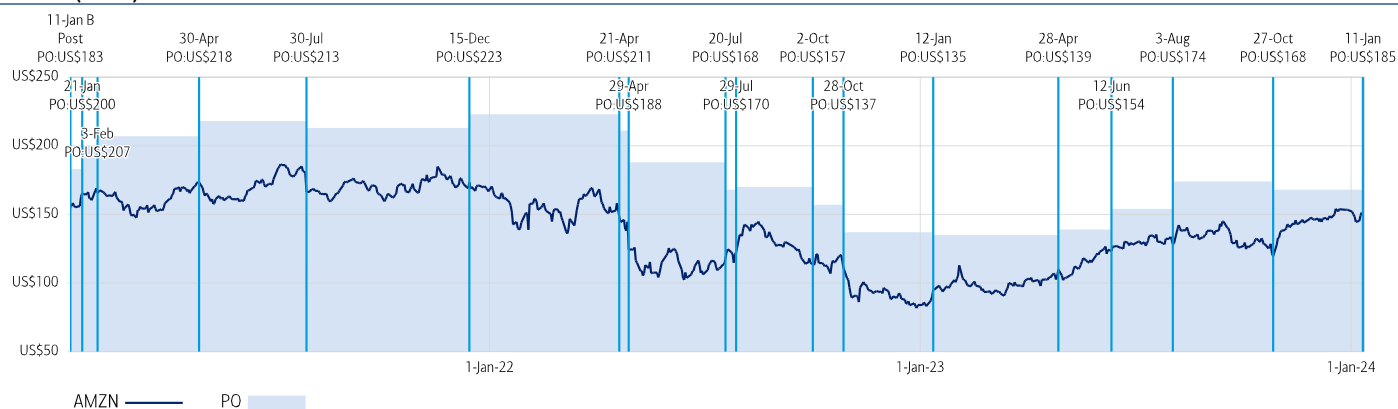
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US - Internet Coverage Cluster

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
	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
	Playtika	PLTK	PLTK 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
	Redfin Corp	RDFN	RDFN US	Curtis Nagle, CFA
	Shutterstock	SSTK	SSTK US	Curtis Nagle, CFA

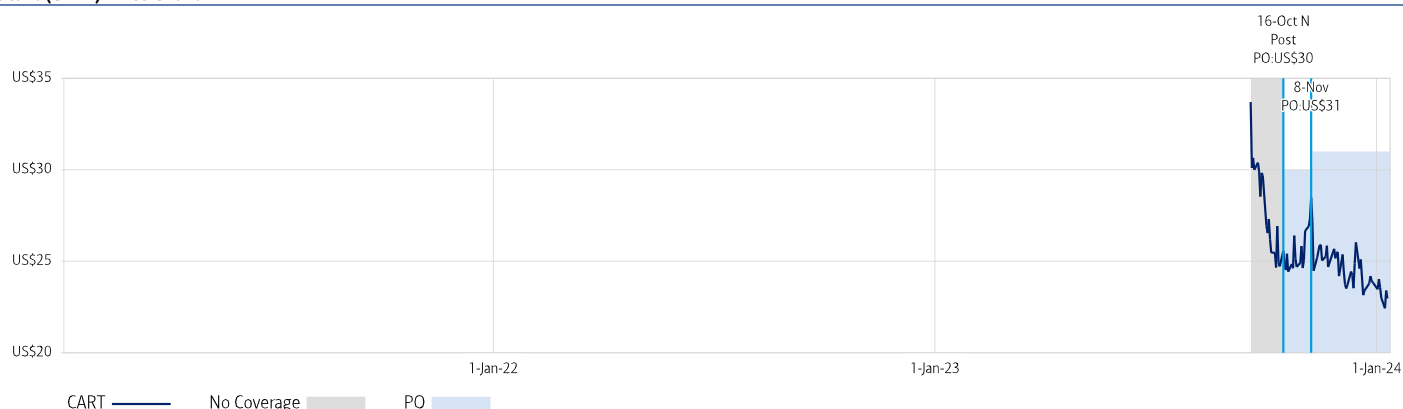
Disclosures

Important Disclosures

Amazon.com (AMZN) Price Chart

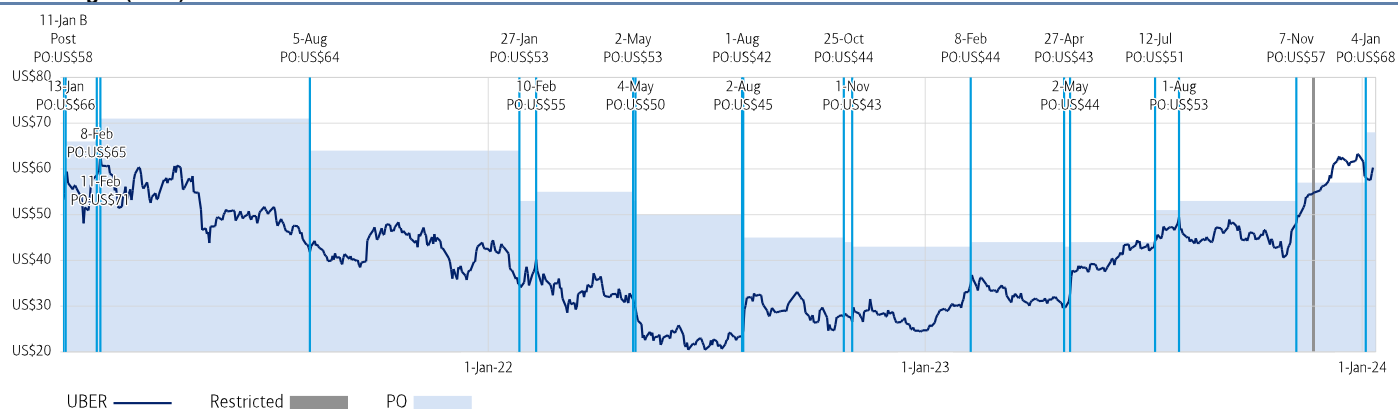
B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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Instacart (CART) Price Chart

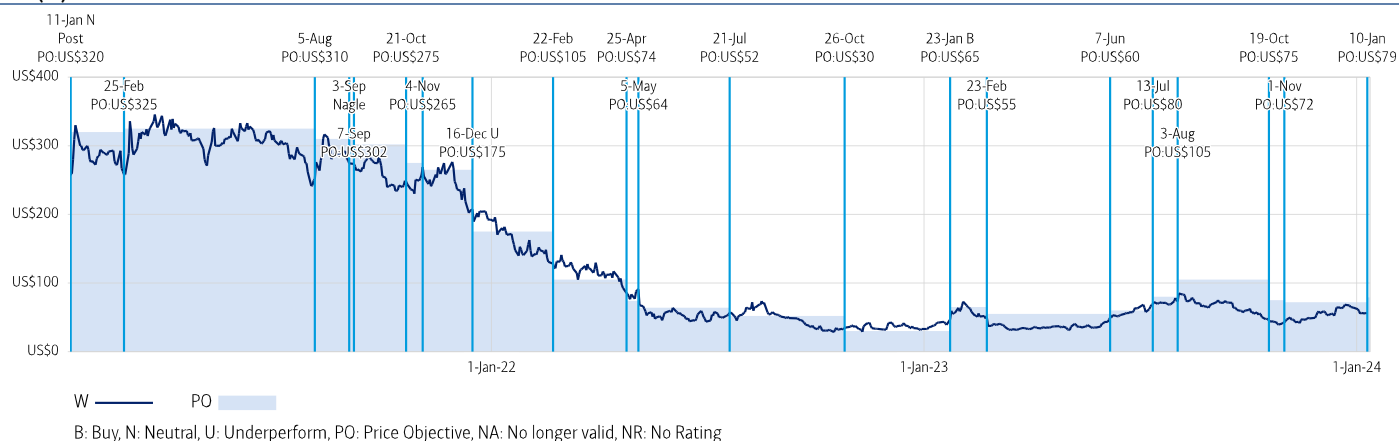
B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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Uber Technologies (UBER) Price Chart

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

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Wayfair (W) Price Chart

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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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