



6th Annual dotCommerce Day: introduction

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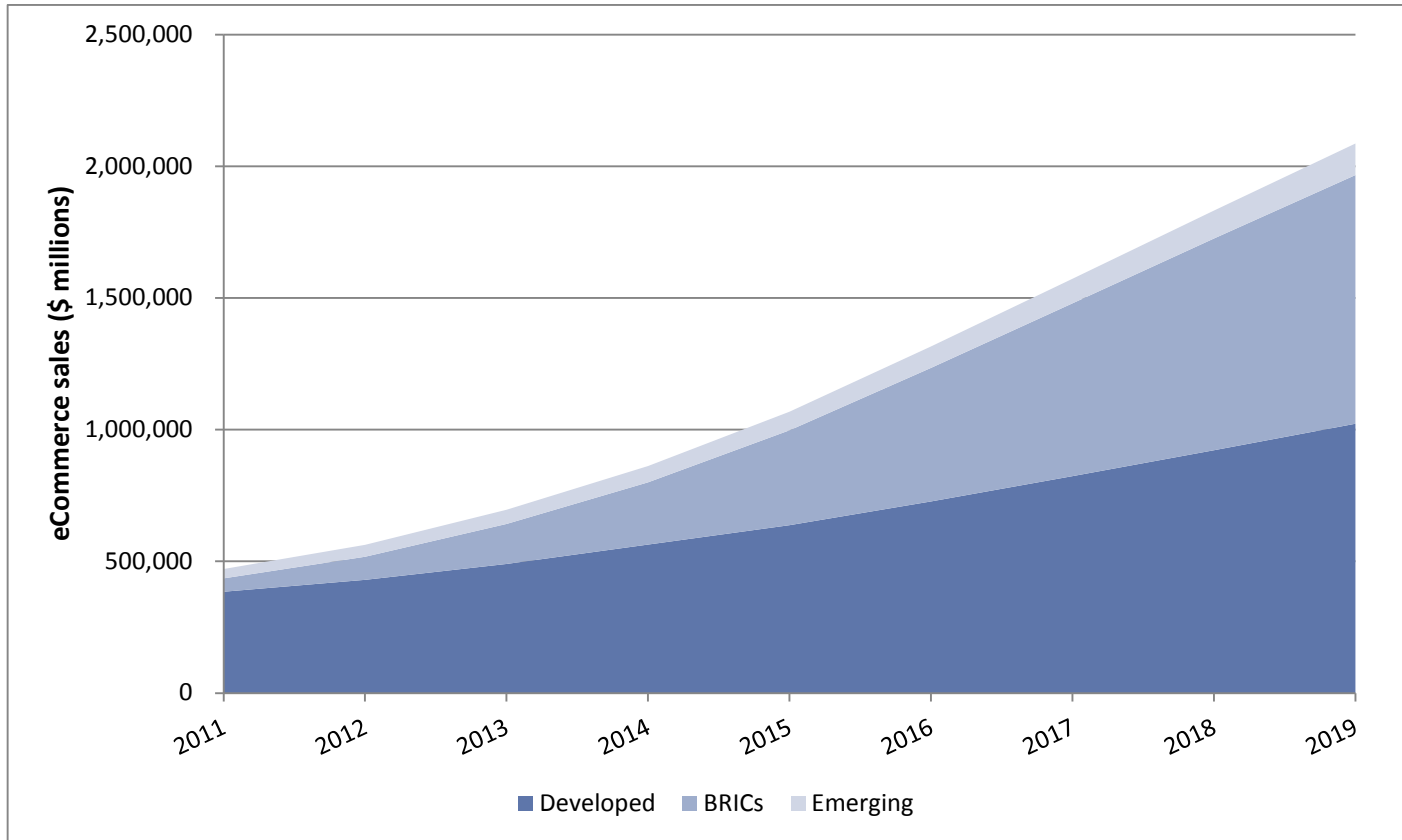
6th Annual dotCommerce Conference



- **The ONLY Wall Street conference focusing on the convergence of retail and e-commerce.**
- **Leading public multi-channel and online retailers – Wal-Mart, The Home Depot, Williams-Sonoma, Etsy, Wayfair, Truecar, Zulily.**
- **Fireside chat with Neil Ashe, President & CEO, Global eCommerce at Wal-Mart.**
- **VC panel with leading investors in retail and ecommerce.**
- **Panels on critical online themes including Beauty, Marketplace, OnDemand, Home, Fashion and Innovation.**
- **Private company panels with leading emerging e-commerce business models.**

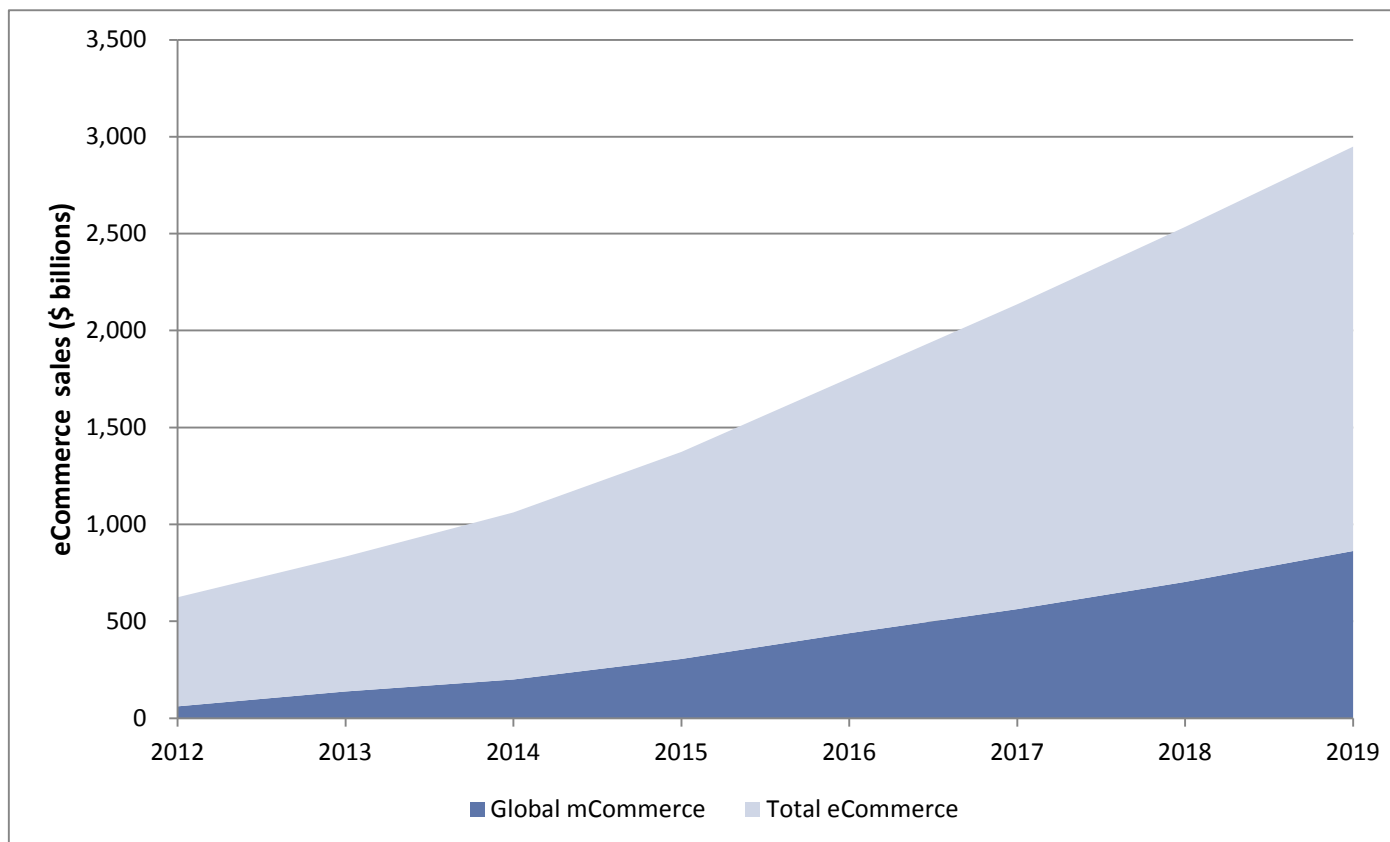
- **Growth is being driven by a variety of global factors**
 - Improved ecommerce fulfillment
 - Rapid growth of the ecommerce ecosystem in underdeveloped countries
 - Mobile internet access
 - Low shipping costs
- **The competitive environment is only expanding**
 - Traditional retailers invest more in their ecommerce capabilities, leveraging their brands, networks of stores, and, increasingly, third-party logistics networks to grow their share
 - Online native retailers continue to build their presence in both the online and offline worlds
 - Alternative models, including on-demand, are creating new use cases for consumers and sources of competition for existing models
- **Fulfilment and logistics investments are driving share growth as consumer use cases for online and mobile over traditional retail continue to grow**

Global ecommerce growth is accelerating



Source: Euromonitor, Goldman Sachs Global Investment Research

mCommerce continues to take share, reaching 41% globally by 2019



Source: Euromonitor, Goldman Sachs Global Investment Research

The set-up: retail still confronting e-commerce (and it's not always fun)

- **Ecommerce continues to take share from traditional, store-based retail at an consistent, and possibly accelerating, pace**
- **Leading store-based retailers continue to generate faster online sales growth than the market, but by a lesser degree than in prior years. Retailers are intensifying investment to keep pace**
- **Expansion into ecommerce remains intrinsically dilutive to store based retailers**
- **Few US ecommerce firms have proven the ability to execute “traditional” retail models**
- **Omnichannel efforts are likely to prove more successful than those that seek to replicate AMZN**

Ecommerce captures a percentage point a year of "core" retail sales

E-commerce as % of "core" sales

	<u>Penetration</u>	<u>YTY change</u>
2000	1.9%	
2001	2.2%	0.4%
2002	2.8%	0.6%
2003	3.4%	0.6%
2004	4.1%	0.6%
2005	4.8%	0.7%
2006	5.6%	0.8%
2007	6.6%	1.0%
2008	6.8%	0.3%
2009	7.4%	0.5%
2010	8.3%	1.0%
2011	9.3%	1.0%
2012	10.3%	1.0%
2013	11.3%	1.0%
2014	12.4%	1.2%

E-commerce sales are capturing about a percentage point a year of "core" retail sales .

Ecommerce sales growth of leading retailers have outpaced overall ecommerce growth

	Top-25 Store-based Retailers	YoY % change	Top-25 Online-only US retailers ex- AMZN, eBay	YoY % change	AMZN US GMV	YoY % change	eBay US GMV	YoY % change	Overall US e-commerce	YoY % change
2010	\$27.8	18%	\$15.9	18%	\$27.6	51%	\$24.7	8%	\$133.6	15%
2011	32.5	17%	17.9	13%	43.2	57%	27.5	11%	158.4	19%
2012	40.7	25%	20.4	14%	60.3	40%	30.2	10%	181.7	15%
2013	49.8	22%	24.1	18%	80.7	34%	33.3	11%	212.0	17%
2014	58.9	18%	28.9	20%	107.8	34%	32.4	-3%	244.7	15%

Based on GS estimates for WMT US sales, AMZN US GMV, US e-commerce market size. Categories may not add to total given slight differences in sourcing.
Source: Internet Retailer, Euromonitor, Goldman Sachs Global Investment Research

Multiple pure-play ecommerce retailers are making the move offline and experimenting with brick & mortar

<u>Company</u>	<u>Store type</u>	<u>Store count</u>	<u>First store location</u>	<u>First store opening</u>	<u>HQ location</u>	<u>DC locations</u>	<u>Company founded</u>	<u>Years to B&M</u>
Athleta	Permanent	>100	San Francisco, CA	Jan 2011	Petaluma, CA		1998	13
Bonobos	Permanent	17	Flatiron, NYC	May 2012	Flatiron NY		2007	5
Warby Parker	Permanent	9	SoHo, NYC	Apr 2013	SoHo, NYC		2010	3
Alton Lane	Permanent	7	Flatiron, NYC	Late 2009	New York City, NY		2009	0
Indochino	Permanent	5	Vancouver, Can	Oct 2014	Vancouver, Can		2007	7
Trunk Club	Permanent	5	New York City, NY	Oct 2014	Chicago, IL		2009	5
Empire Today	Permanent	3	Fairfax, VA	Feb 2015	Northlake, IL		1959	56
Blank Label	Permanent	2	Boston, MA	Jul 2014	Boston, MA		2008	6
Nasty Gal	Permanent	2	Los Angeles, CA	Nov 2014	Los Angeles, CA		2006	8
Birchbox	Permanent	1	SoHo, NYC	Jul 2014	NoMad, NYC		2010	4
Blue Nile	Permanent	1	Garden City, NY	Jun 2015	Seattle, WA		1999	16
Harry's	Permanent	1	SoHo, NYC	Oct 2013	New York City, NY		2013	0
JustFab	Permanent	1	Los Angeles, CA	Sep 2013	Los Angeles, CA		2010	3
Lil' Tulips	Permanent	1	Stillwater, MN	Mar 2015	Stillwater, MN		2007	8
Piperlime*	Permanent	1	SoHo, NYC	Sep 2012	San Francisco, CA		2006	6
Power Equipment Direct	Permanent	1	Chicago, IL	Mar 2011	Boilingbrook, IL	Chicago, IL	2002	9
PureFormulas.com	Permanent	1	Miami, FL	Jun 2015	Miami, FL		2007	8
Rent the Runway	Permanent	1	Flatiron, NYC	Sep 2014	New York City, NY		2009	5
Frank & Oak	Permanent & Pop up	7	Montreal, QC	Nov 2013	Montreal, QC		2012	1
Ministry of Supply	Permanent & Pop up	2	San Francisco, CA	Nov 2013	Boston, MA		2012	1
Combatant Gentlemen	Pop up	2	Los Angeles, CA	Dec 2013	Irvine, CA		2012	2
BaubleBar*	Pop up	1	New York City, NY	Oct 2012	NoMad, NYC		2011	1
Gemvara	Pop up	1	Boston, MA	Nov 2013	Boston, MA		2007	6
Gilt	Pop up	1	Louisville, KY	Jun 2013	New York City, NY	Louisville, KY	2007	6
Newegg	Pop up	1	Thousand Oaks, CA	Aug 2013	Industry, CA		2001	12
Zappos	Pop up	1	Las Vegas, NV	Nov 2014	Las Vegas, NV		1999	15
Shoes of Prey**	Store-in-store	6	Bellevue, WA	Nov 2014	Surry Hills, Australia		2009	5
Bluefly	Store-in-store	1	New York City, NY	Holiday 2003	New York City, NY		1998	5
Google	Store-in-store	1	London	Oct 2011	San Francisco, CA		1998	13

*store has since closed

** launched original stores in AUZ; store-in-store represents US penetration

Internet Exposure Index: branded businesses screen best

Sector	Score
Food retail	3.00
Athletic Footwear and apparel wholesale	2.67
Branded apparel and accessories	2.21
Auto parts retail	1.75
Department Stores	1.75
Home improvement retail	1.67
Off price retail	1.67
Specialty apparel retail	1.47
Furniture & furnishings retail	1.33
Dollar and convenience retail	1.33
Miscellaneous hardlines	1.25
Office supply	1.00
Toys	1.00
Footwear retail	0.25
Big-box discount	0.00
Supplements	-0.50
Electronics retail	-1.00

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