



# **MegaTrends** *Holiday* *Shopping*

*December 2020*



# A Letter From Our Founders

Every year we take a hard look at infamous “Black Friday” retail sales. This year, along with almost everything else in our lives, things are different.

Macro trend and company-specific data revealed three main takeaways. And these takeaways are propelling five major winners.

- 1. November is the new “Black Friday.”** We watched our purchase intent data begin spiking for “Black Friday” sales weeks ago. This pull-forward effect was also noted in a [McKinsey report](#): “about one-third of consumers already started their holiday shopping in October, and most of them expect to finish it in November.”
- 2. eCommerce is King.** According to [Adobe Analytics](#): Consumers spent an estimated \$9 billion on U.S. retail websites on Black Friday, a 22% increase over the previous record of \$7.4 billion set in 2019.
- 3. Omnichannel offerings are allowing “traditional” physical retailers to thrive.** We used to talk about Amazon stealing market share from traditional box retailers. Now, it’s the other way around. Looks like a *massive physical presence CAN pay off in the long-run.*

The data is undeniable...

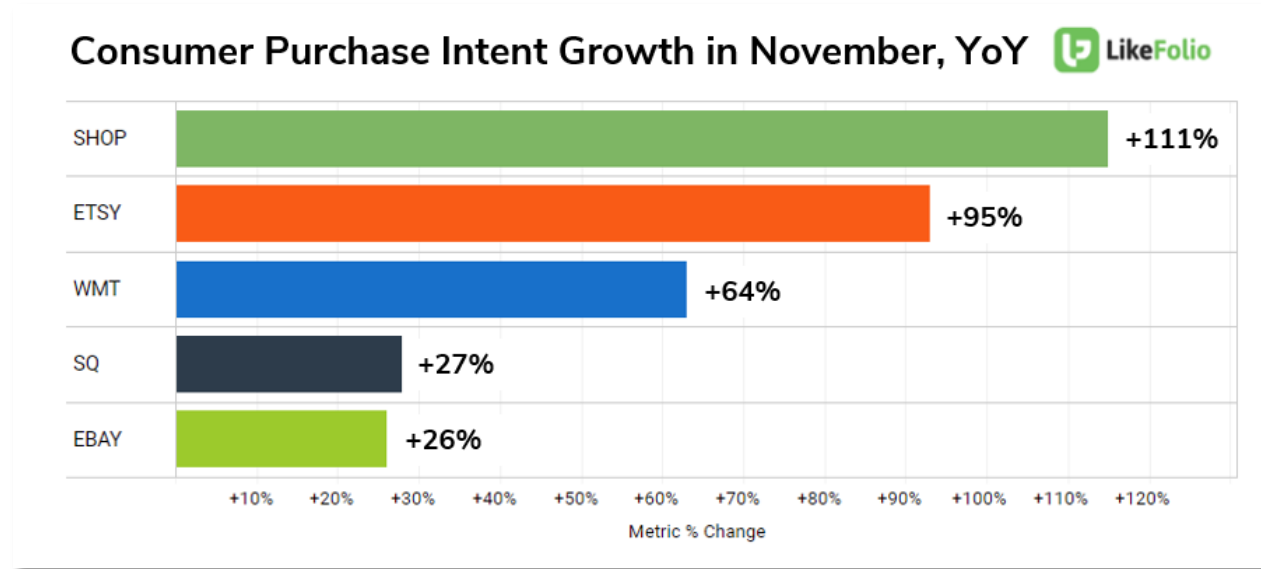
And the names in this report exhibited double-digit (or more) growth in consumer demand in the last month.

Enjoy,

Andy and Landon Swan



# Holiday Shopping Winners - Overview



- **SHOP** – **remaining bullish** as the “undercover” third party connects more brands directly to consumers than ever.
- **ETSY** – **remaining bullish** as demand booms, merchants flock to this eCommerce platform, and happiness registers at unmatched levels.
- **WMT** – **leaning bullish** thanks to increasing purchase intent mentions driven by a slew of digital offerings including curbside pickup, delivery, and a robust third-party seller platform.
- **SQ** – **remaining bullish** as platform power, payment systems, and increased adoption of services in its entire ecosystem rocket. Even excluding cryptocurrency implications, this name is poised for continued growth.
- **EBAY** – **officially neutral** but watching a potential divergence unfold in rising consumer demand and a stock off all-time highs. Sentiment improvement and sustained user growth may push this company over the edge.

**SHOP**  
*Shopify*



***shopify***

***Purchase Intent: +111% YoY***

***Trend Watch: eCommerce:***

*+57% last 30 days vs. prior year*

***Sentiment: 83% Positive, +11% YoY***

# Swans Say...

Have you ever bought anything on Shopify? No?

Chances are, you *have* — and you don't even know it.

Shopify operates **behind the scenes** as a platform for brands to reach consumers directly, and powers some of the [hottest names](#) around. Think Rebecca Minkoff, Heinz, Lady Gaga, and even **Walmart's** [third-party merchant platform](#).

But the beauty of Shopify is that it doesn't just help the big guys – it's helping the little guys make the switch from brick-and-mortar to a successful omnichannel presence. In fact, its platform supports **more than a million independent businesses**, many of which are [small startups](#).

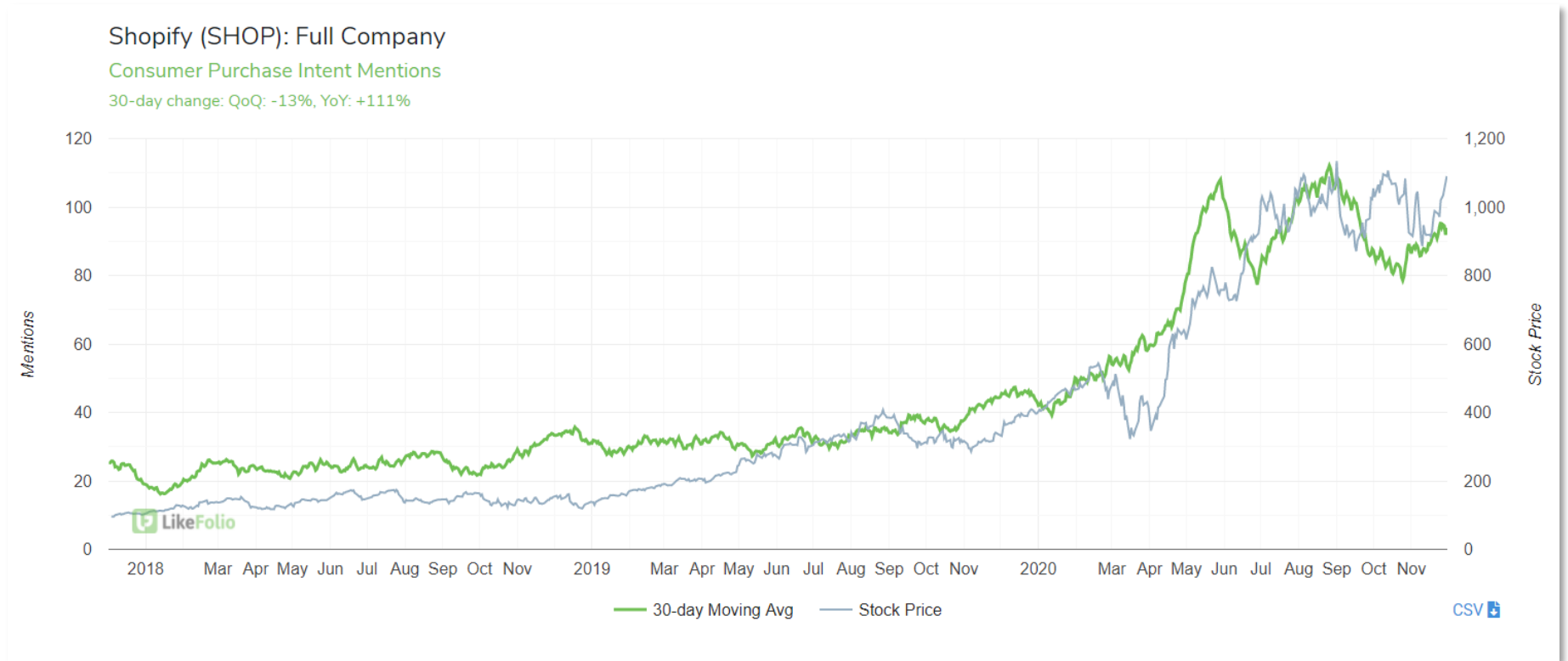
This versatility is what helped for our initial bullish thesis a year ago... around this time. Long-time members may recall our initial “[Next Wave eCommerce](#)” report delivered in December 2019... SHOP shares have gained nearly 200% since then. And the platform is still growing.

COVID-induced lockdowns were an adoption spark for Shopify's platform as brands hustled to build out digital ecosystems. And LikeFolio eCommerce mentions show the tide is continuing to rise. Couple Shopify's positioning alongside recurring revenue from its subscription-based model, and you can see why our long-term outlook is so bullish.

## Consumer Demand:

- Purchase Intent (mentions of users using Shopify's platform to build out an eCommerce platform) increased 111% in the last 30 days vs. prior year.

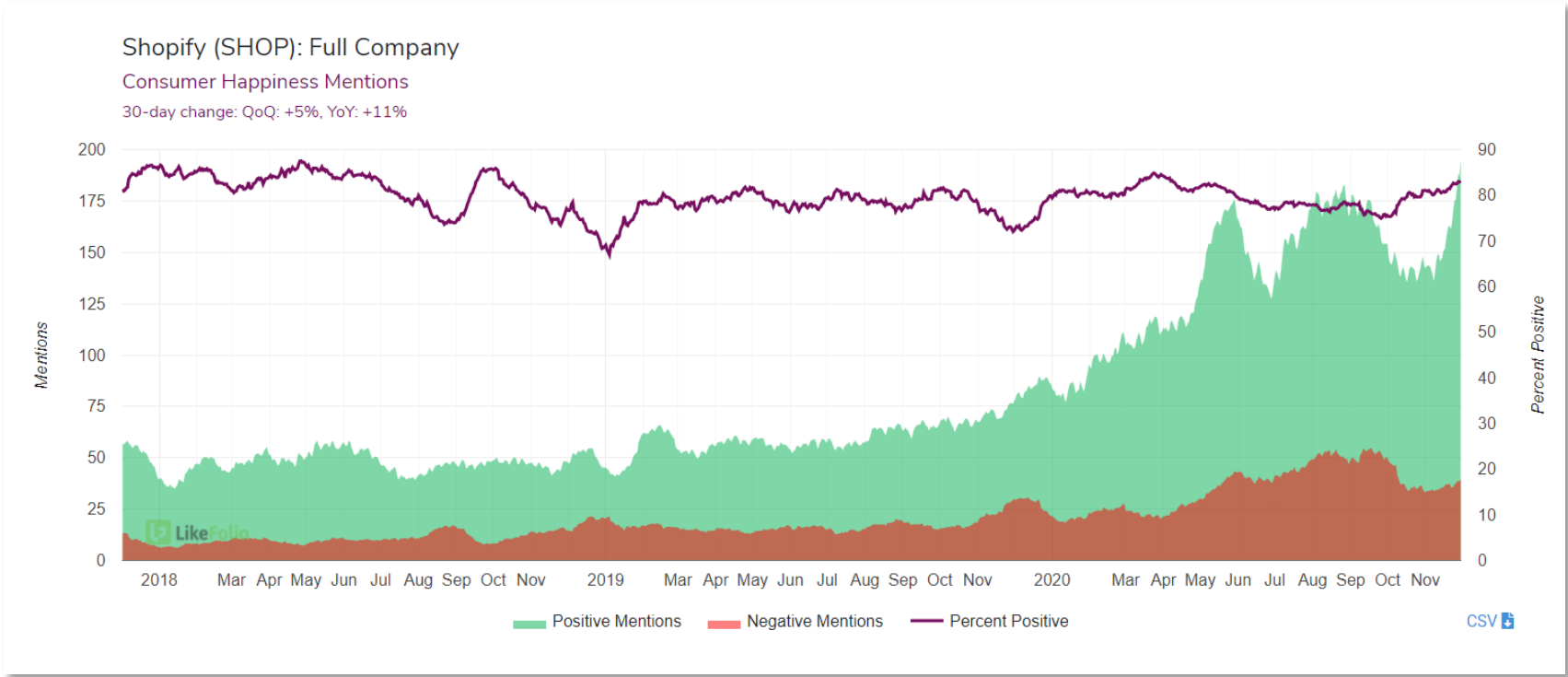
# SHOP: Sustained, Triple-Digit User Growth



## Consumer Happiness:

- Consumer Happiness sits at an impressive 83% positive and has actually increased as more and more brands adopt the platform: +11% YoY.

# SHOP: More Customers, Happier than Ever

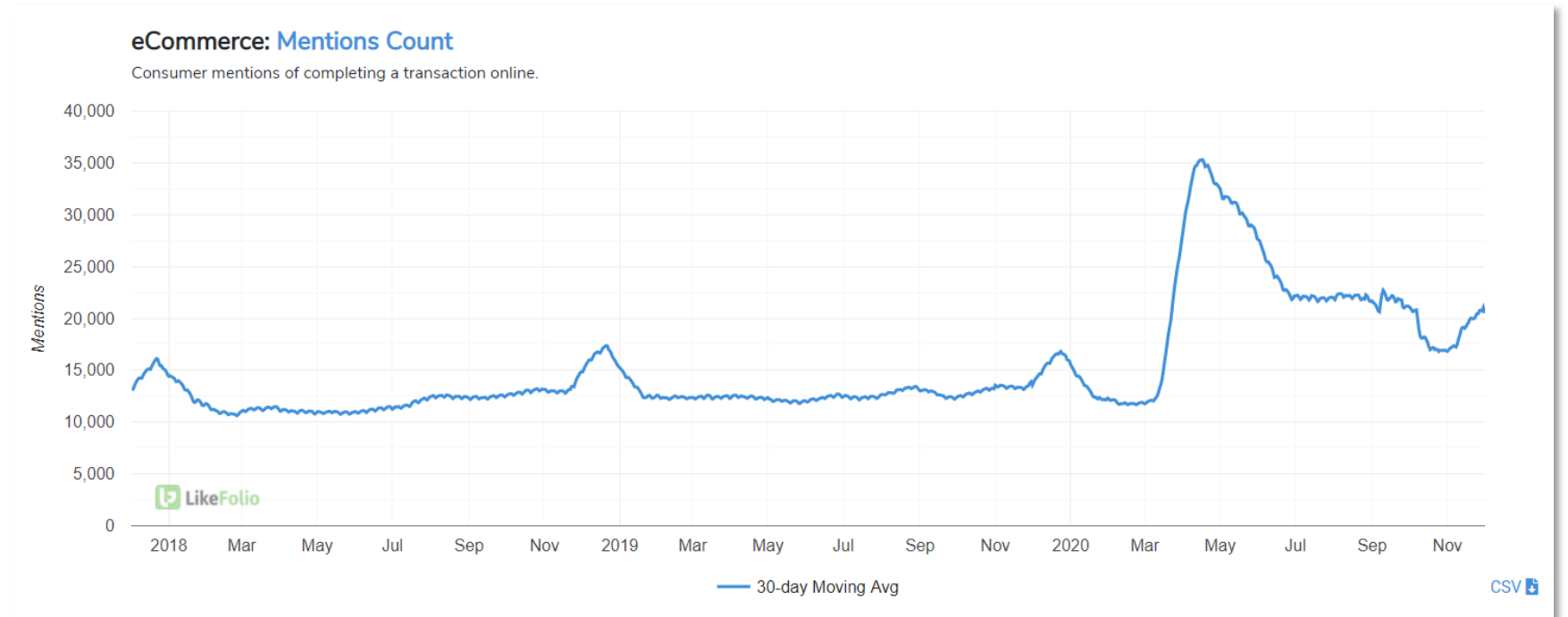




## Macro Tailwind:

- eCommerce mentions are picking up again after a massive COVID-induced surge. Mentions increased 57% in the past 30 days vs. prior year.
- Shopify is exceling in bringing all brands to the direct-to-consumer (DTC) table and remains an unobtrusive third-party supporter.

# Trend Watch: eCommerce





# SHOP: Reports and Business Updates

- In 2019, Shopify [passed eBay in sales volume](#), placing it second in eCommerce behind Amazon.
- Shopify's [dominance continued](#) through Black Friday weekend: “**Shopify’s merchants collectively made \$5.1 billion in sales from Nov. 27 to Nov. 30, up 76% from last year’s totals** for the Black Friday-Cyber Monday stretch.”
- Last quarter, Shopify posted a [significant earnings beat](#):
  - **Revenue grew 97% YoY**
  - Gross Merchandise Volume increased 109% YoY, meaning Shopify-supported brands are making more sales. This is a promising sign for brand retention and continued recurring revenue.
- Shopify’s growth story may only be beginning. Shopify’s [Fulfillment Network and Point-of-Sale initiatives](#) are positioning this name for long-term success.



# Etsy

***Purchase Intent:*** +95% YoY

***Trend Watch:*** Personalization: +27% YoY

***Sentiment:*** 83% Positive

**ETSY**

***Etsy***

# Swans Say...

Etsy is one of our favorite stories of the year. We saw consumer demand surging in March when shares were trading near \$33. Since then, shares have rocketed, gaining more than 385% in value in about the last eight months.

We tripled down on our initial “[COVID Shopping List](#)” report call, with two bullish notes since then.

The crazy part? We’re STILL bullish.

If the past few months have taught us anything, it’s that eCommerce is the future. And ETSY is another platform (like Shopify) enabling “smaller” brands... and artists... to meet a captive audience of buyers.

The added layer of rising demand for personalization only fans the flames for this online marketplace. We are watching for accumulation opportunities as demand continues to rise.

## Consumer Demand:

- Consumer mentions of completing a purchase on Etsy's platform increased 95% in the past 30 days vs. prior year.

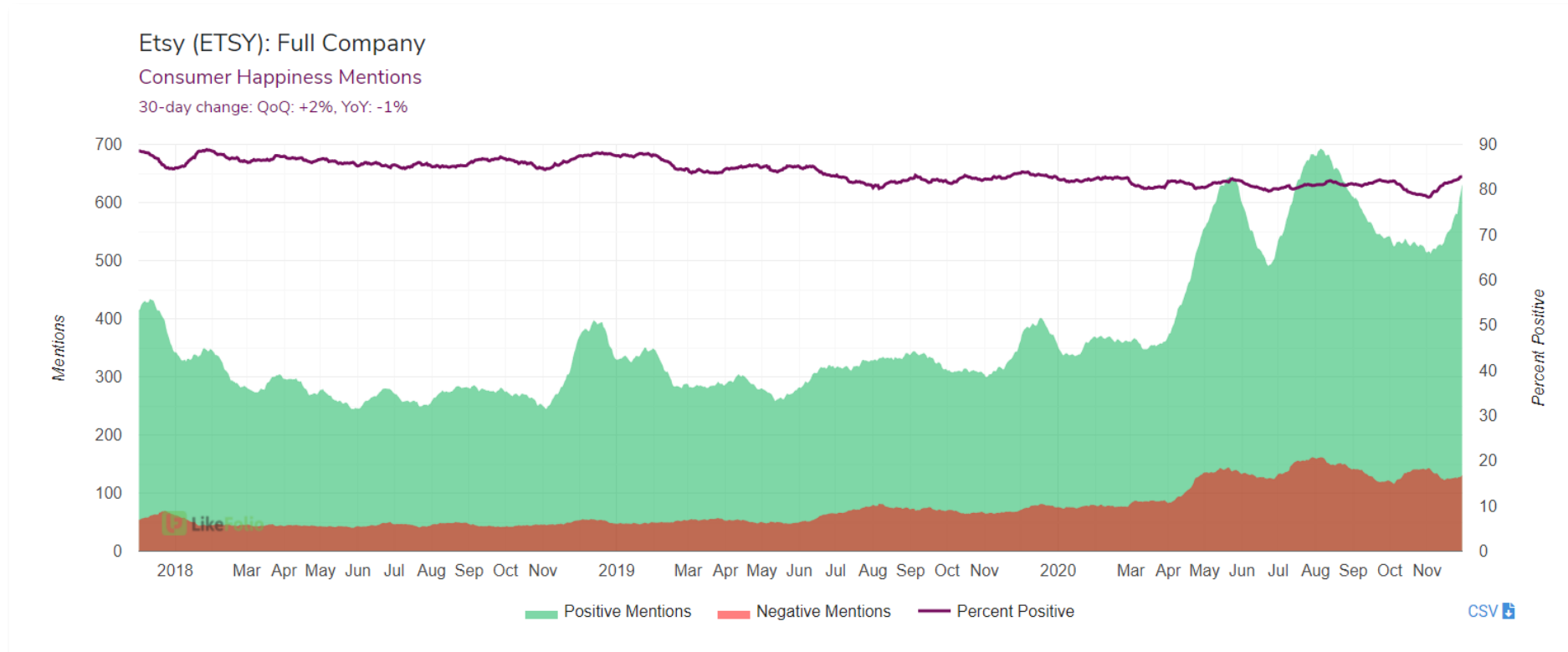
# ETSY: Consumer Demand Resurgence



## Consumer Happiness:

- Consumer Happiness for Etsy is impressive. As demand SURGED (check the mention volume on the left of the chart), consumer happiness was unphased.
- In the past month, consumer happiness sustained 83% positive mentions.

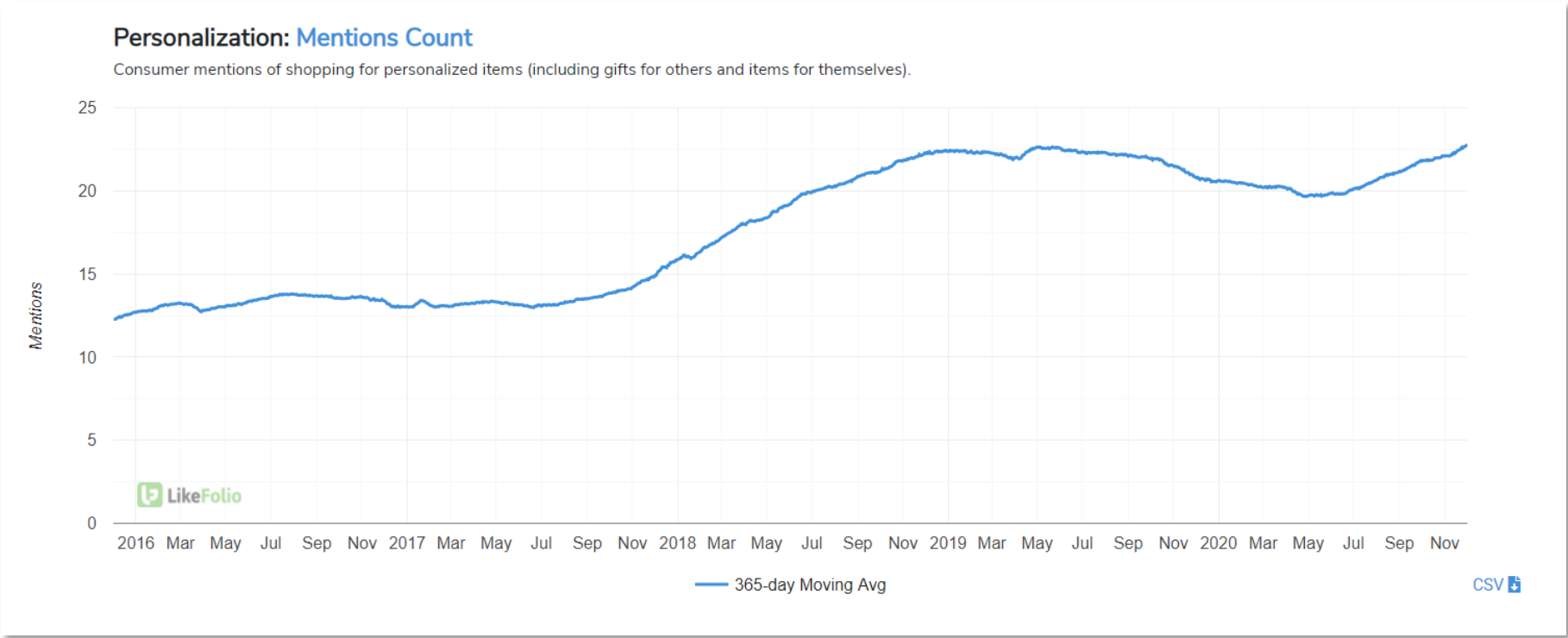
# ETSY: Consumer Happiness is Unmatched



# Macro Tailwind:

- The ability to personalize gifts for others (or items for yourself) is increasingly important to consumers.
- Mentions of purchasing a personalized item or gift increased 27% in the past quarter vs. prior year.

# Trend Watch: Personalization



# ETSY: Demand Drivers

 **wwx chaotic bicon**  
@yingwangj

Replying to @y1ling

right!!! i love etsy you can find the cutest/coolest stuff there!!! also i have the actual worst impulse control i just bought it hfjdbfjd mainly bc it has the option for 1 day shipping and the acrylic one i got won't get here for another full week 😞

1:11 AM · Sep 7, 2020 · Twitter for iPhone

 **jules**  
@\_thejuliashow

so this year, for christmas, i told my mom i wanted to do a small business christmas. i found small businesses through etsy and tik tok and made a word document with links so my mom knows what to buy. i think everyone should support small businesses this holiday season

3:40 PM · Dec 1, 2020 · Twitter for iPhone

 **imani**  
@imanievonna

I love giving thoughtful gifts that i put together or something that i got personalized for the person. That means so much to me 😂 like ugh so much better than just buying sum clothes or sum

10:39 PM · Aug 24, 2020 · Twitter for iPhone

 **Chloe**  
@ChloeMorello

I already did all my gift shopping for this year, Etsy had it all

4:29 PM · Nov 28, 2020 · Twitter for iPhone

2 Retweets 261 Likes

 **Casandra Newman** @cnsunshine15 · Nov 28

Replying to @ChloeMorello

I feel like a lot of people are doing more of it this year. My Etsy shop is still decently small, but it's had way more traffic this year, specifically this month than any year before!

   3 



# ETSY: Reports and Business Updates

- **ETSY recorded tremendous growth on its [last report](#)** but sold off as investors wondered if growth was sustainable.
  - Revenue: +128% YoY
  - Gross Merchandise Sales: +93% YoY (excluding mask sales)
  - New and Reactivated Buyers: +112% YoY
- **Etsy is creating a [loyal customer base](#).**
  - The company is increasing its number of active buyers (+55% YoY), and these buyers are spending more. Gross Merchandise Volume (GMV) per active buyer increased +8.2% YoY in the last quarter, compared with +4.2% in the quarter before. How many active buyers are we talking? More than 69 million.
- **ETSY's push for merchants to require free shipping amplified the platform's competitiveness.**
  - At the end of 2019, [Etsy announced new shipping policies](#) to incentivize merchants to compete with the Amazons of the world by matching delivery expectations. While controversial for sellers, the decision proved to be one of the catalysts for Etsy's growth. Consumer demand increased more than 85% YoY since the policies were implemented, and demand for free shipping continues to increase: the number of consumers indicating they "expect free shipping" or "refuse to pay for shipping" increased 24% in the last quarter.

# Walmart

**Purchase Intent:** +64% YoY

**Trend Watch:** Curbside Pickup: +1,488% YoY

**Sentiment:** Fell 13 points in the past month  
(due to heightened “Black Friday” demand)

**WMT**  
**Walmart**

# Swans Say...

When Amazon entered the scene, investors clamored, “This is BAD news for Walmart.” Turns out that sometimes, stiff competition is just what the doctor ordered.

It’s taken some time, but Walmart responded to Amazon’s turf advances, listened to customers, and now its offerings are better than ever. And the timing couldn’t have been better.

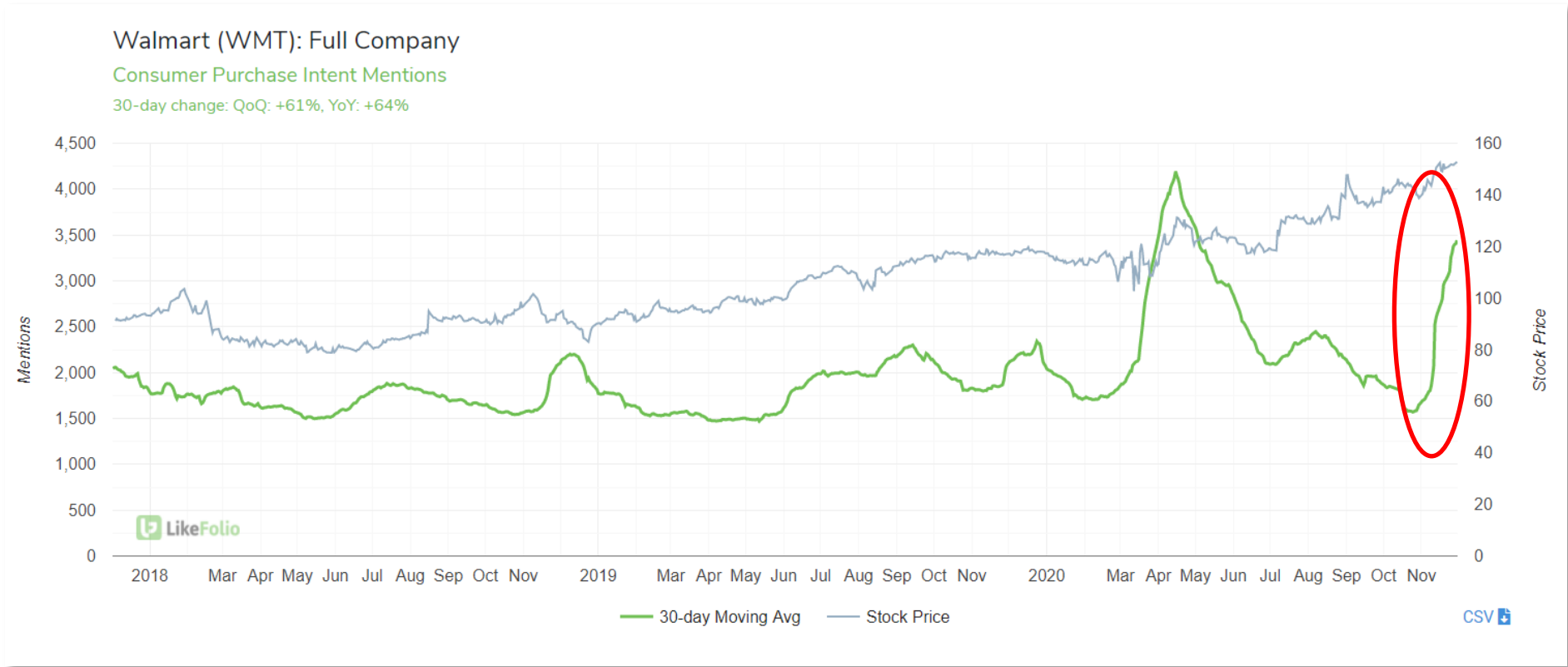
Thanks to strategic leverage of its massive physical presence and tech partners, Walmart has successfully established a top-notch omnichannel offering.

As curbside pickup, delivery, and online purchases become the norm, we’re increasingly bullish. We've got our eye on declining sentiment. However, it is also a sign of extremely high demand.

## Consumer Demand:

- Purchase Intent is being bolstered by month-long “Black Friday” deals.
- Consumer mentions of making a purchase via one of Walmart’s retail platforms increased 64% in the past month vs. prior year.
- Sam’s Club is exhibiting similar success. Demand increased 73% YoY in the same time frame.

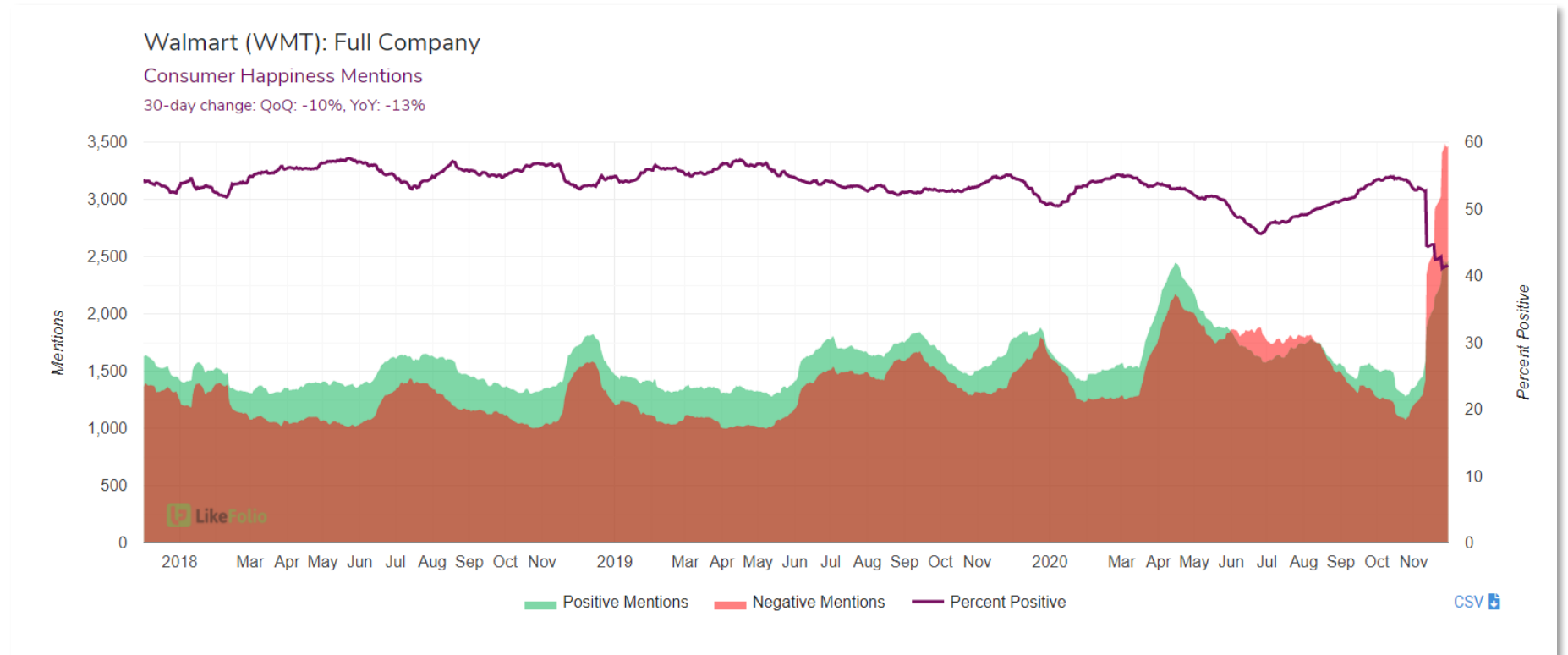
# WMT: Demand Bump in November



## Consumer Happiness:

- The only point of contention in Walmart data is Happiness.
- Consumer Happiness fell 13 points in the past month. On the flip side, mentions reveal frustrations stemmed from eager consumers trying to get their hands on Walmart merchandise... not all bad.

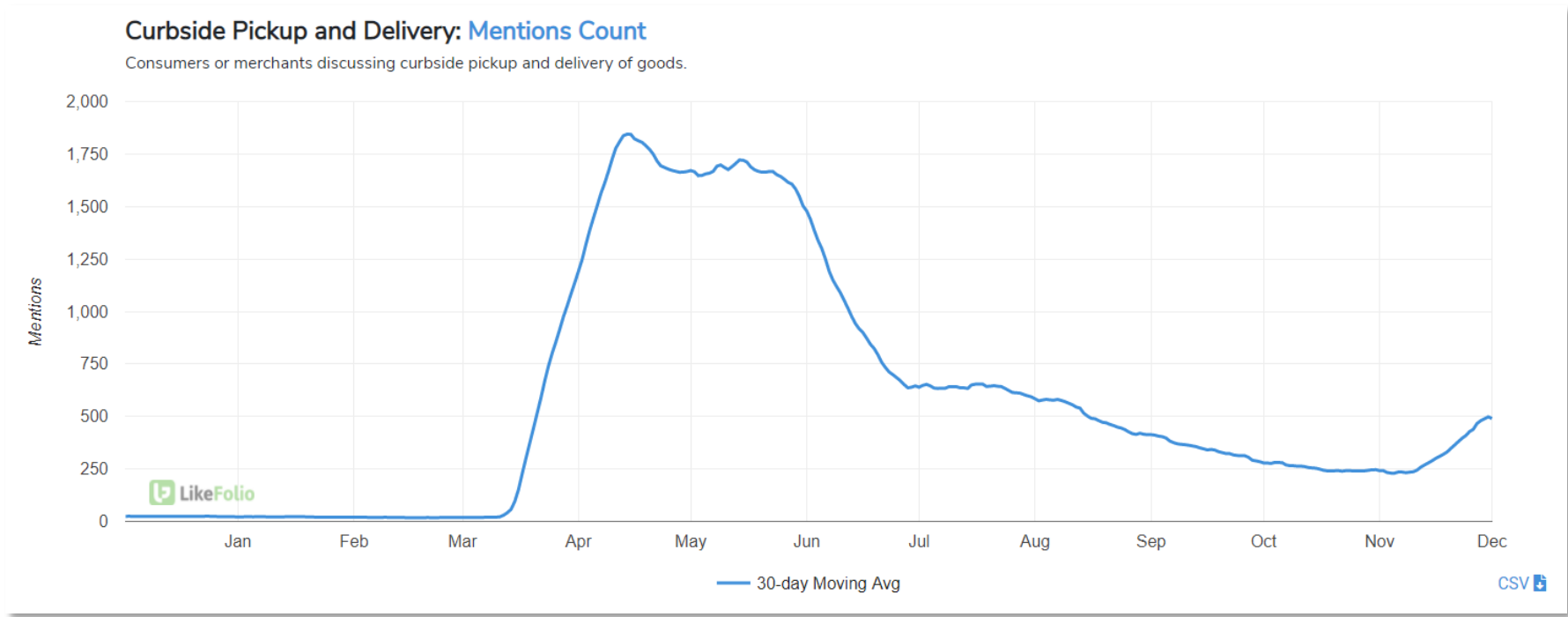
# WMT: Demand Surge Checks Happiness



## Macro Tailwind:

- Walmart's expansive physical presence is allowing it to capitalize on a budding trend: curbside pickup and delivery.
- Mentions of consumers using this fulfillment method increased ten-fold in the past month.

# Trend Watch: Curbside Pickup & Delivery



CSV

# WMT: Reports and Business Updates

- **Walmart is effectively leveraging its physical stores as fulfillment and pickup locations.** On its last report, U.S. eCommerce sales increased 79% while same-store sales increased 6.4%.
- **Walmart+ is gaining traction with consumers.** Walmart+ is a membership program and direct competitor to Amazon Prime. For a \$98 annual fee, consumers receive unlimited free deliveries and fuel perks. *LikeFolio data confirms robust adoption.* Signup mentions increased 16% in the last 30 days vs prior quarter, which included the service launch date.
- **Groceries are driving Walmart digital purchases.** Earlier this year, Walmart passed Amazon in digital grocery sales, comprising 30% of total market share. On its Q3 report, WMT's grocery category saw comp sales increase by mid-single digits amid strong demand for pickup and delivery services.





# Square

***Purchase Intent:*** +27 % YoY

***Trend Watch:*** eCommerce: +57% YoY  
Investing in Crypto: +61% YoY  
Investing in Stocks: +111% YoY

***Sentiment:*** 70% Positive, +3% YoY

**SQ**  
***Square***

# Swans Say...

When you think of a product ecosystem, “Apple” may be the first name that comes to mind. This makes sense. Just make sure “Square” is on the top of your list, too.

Consumer demand for Square has rocketed as it has expanded product offerings beyond credit card readers and into peer-to-peer payment, digital store building, stock trading, and even Bitcoin purchasing.

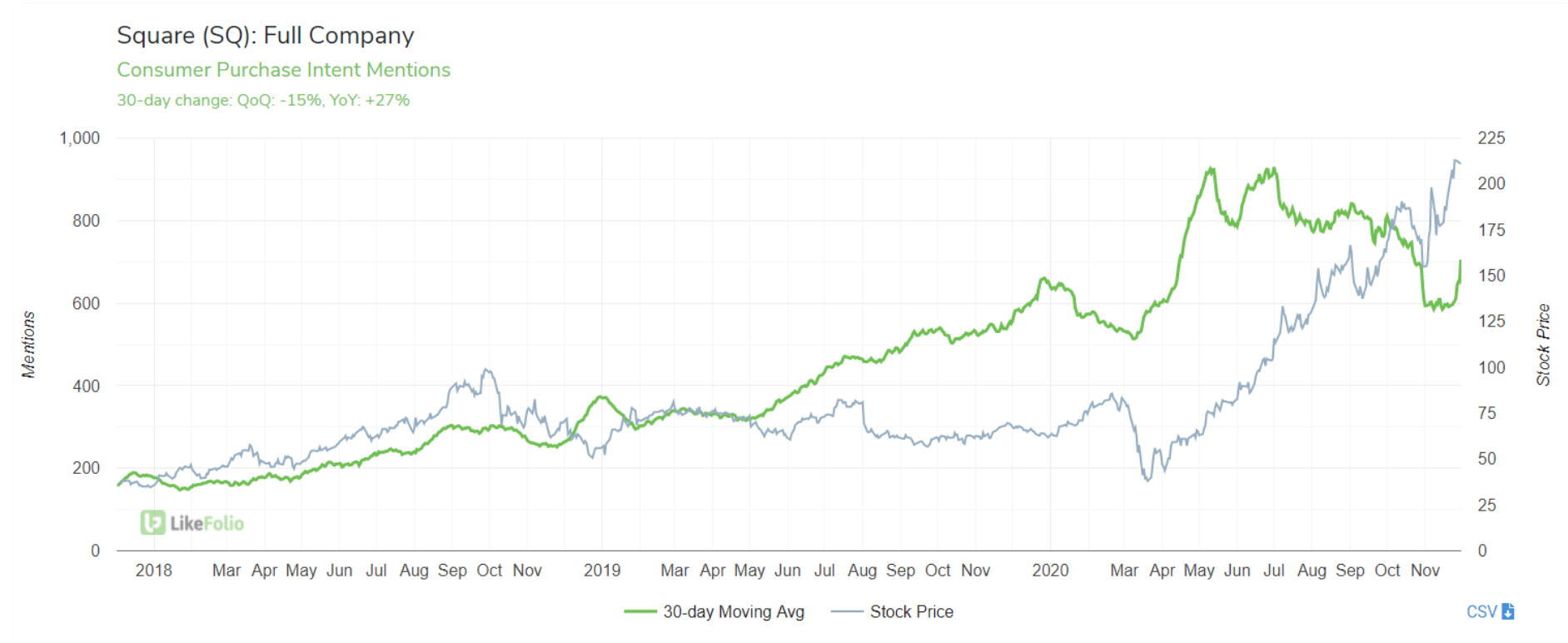
Square realized that **once consumers latched on to ONE of its offerings, they were more inclined to adopt others** – on both sides of the dollar spend.

An increasingly digital environment is Square’s bread and butter, and data shows it’s helping small businesses succeed. Bullish.

## Consumer Demand:

- Consumer mentions of downloading or using one of Square's service platforms increased 27% in the past month vs. prior year.
- SQ's Cash App brand is driving growth. Demand increased 32% YoY in the last quarter.

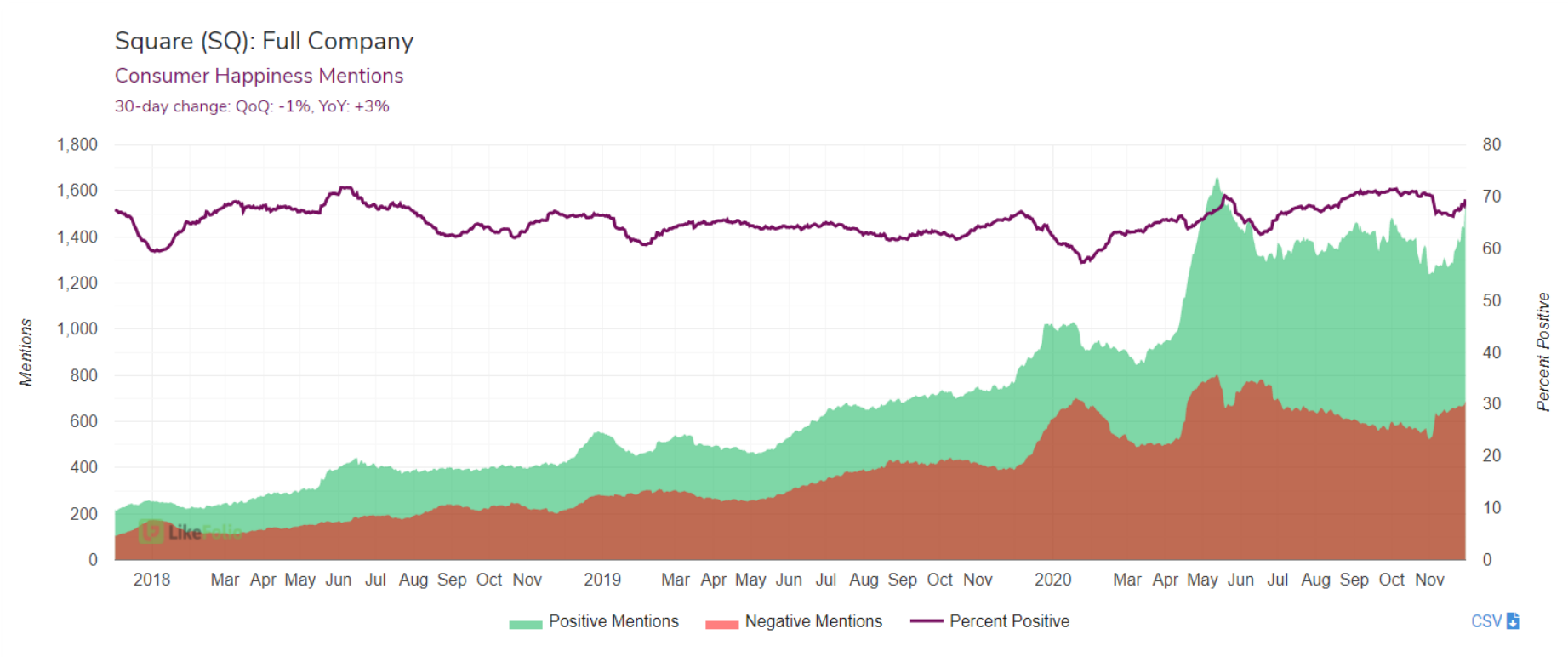
# SQ: Multi-Platform Demand Growth



# Consumer Happiness:

- Square boasts increasingly happy customers. Consumer Happiness currently sits at 70% positive, an improvement of 3 points YoY.

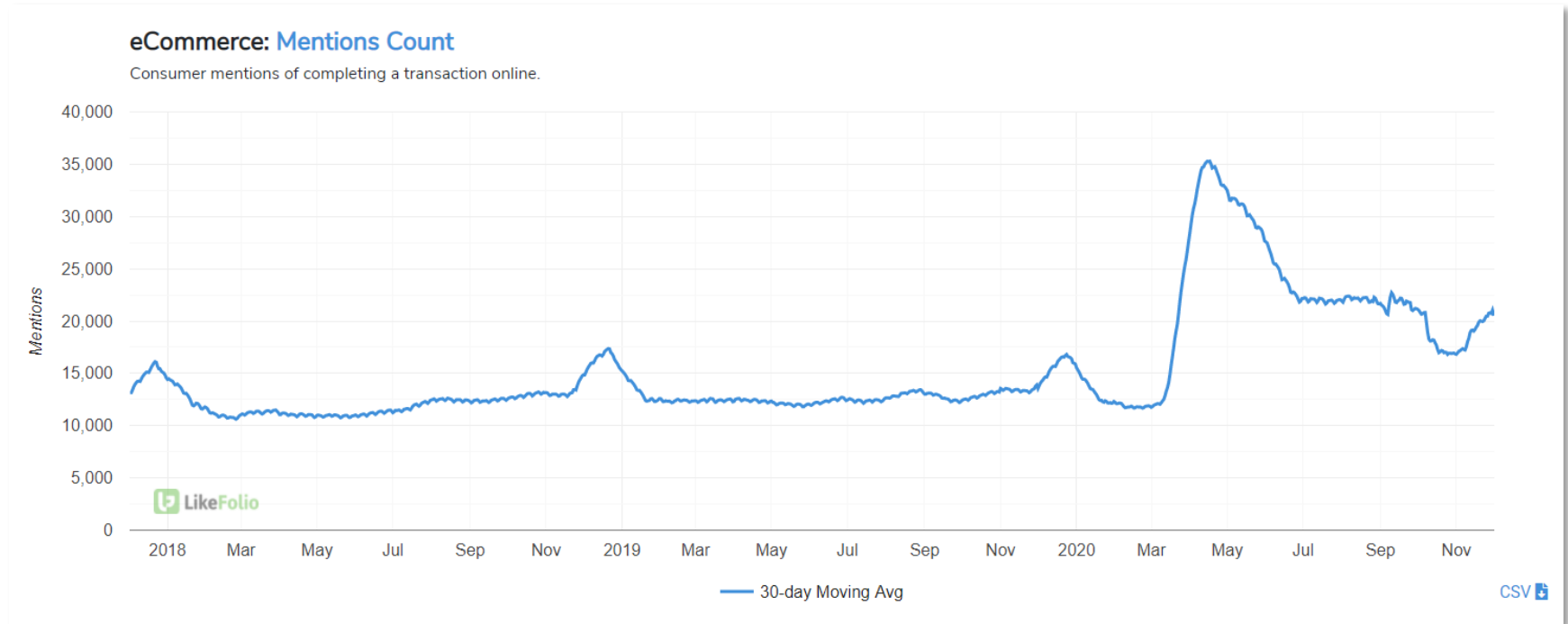
# SQ: Happiness is High and Rising



## Macro Tailwind:

- eCommerce mentions are picking up again after a massive COVID-induced surge. Mentions increased 57% in the past 30 days vs. prior year.
- SQ provides small businesses with digital store-building tools from web design (weebly) to payment processing.

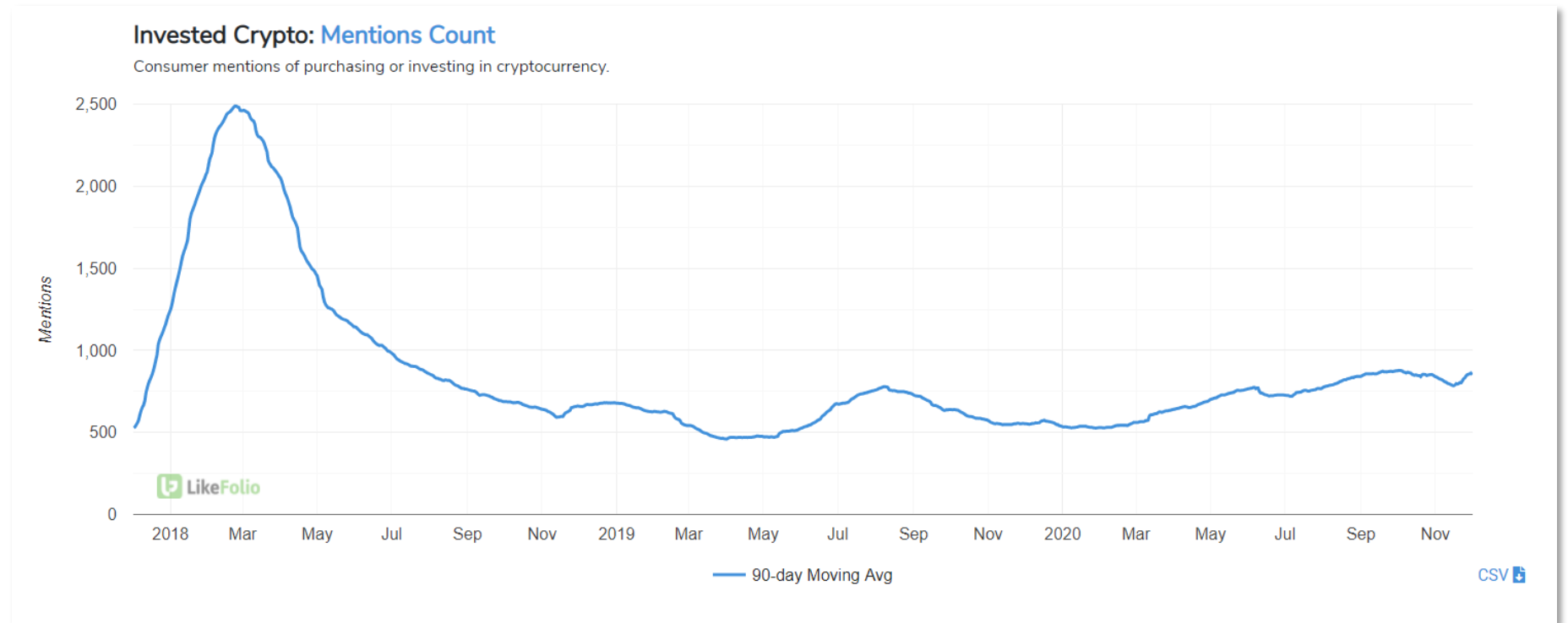
# Trend Watch: eCommerce



## Macro Tailwind:

- Consumer mentions of investing in cryptocurrency continue to rise in 2020: +61% YoY.
- Cash App users can purchase Bitcoin in the app, and mentions of consumers using the platform to complete this transaction continue to rise.

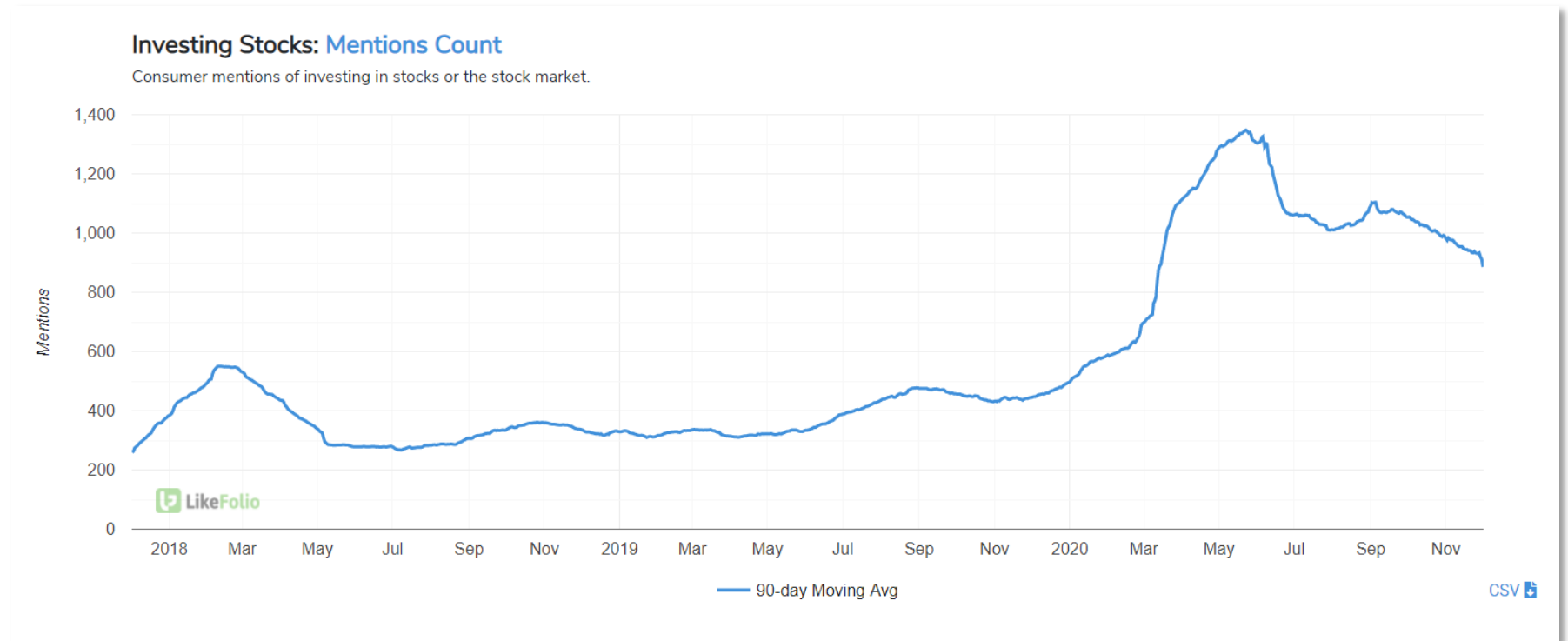
# Trend Watch: Investing in Crypto



## Macro Tailwind:

- Consumer mentions of investing in stocks surged during quarantine and are currently pacing **+111%** in the past 30 days vs. prior year.
- Square introduced commission-free, fractional stock trading in October 2019 and it has proven to be a major driver of ecosystem growth.

# Trend Watch: Investing in Stocks





# SQ: Reports and Business Updates

- **Cash App is driving profits and expanding Square's ecosystem.**

Cash App gross profit increased 212% YoY in 20Q3 and the company noted ripple effects: “We continue to efficiently cross-sell our broader ecosystem, increasing the adoption of higher-value products such as cash card, Bitcoin, and direct deposit. **We saw that customers who adopted two or more products tend to have three to four times more gross profit compared to those who only use peer-to-peer payment**, and this adoption allowed customers to find growing daily utility within Cash App.

- **Square is committed to cryptocurrency.**

On its [last earnings call](#), the company noted a \$50 million investment into Bitcoin, “which we believe will be the native currency of the Internet and help people around the world better participate and thrive in the economy.”

Aside from this investment, the [company noted](#) Cash App generated **\$1.63 billion of Bitcoin revenue and \$32 million of Bitcoin gross profit during the third quarter of 2020, up approximately 11x and 15x year over year, respectively.**

- **Digital transactions are enabling growth in the seller ecosystem.**

Overall seller gross payment volume (GPV) increased 8% YoY, while seller GPV from card-not-present transactions was up 23%.

**EBAY**  
**eBay**



***Purchase Intent:*** +26% YoY

***Trend Watch:*** eCommerce: +57% YoY

***Sentiment:*** 61% Positive, -4% YoY

# Swans Say...

EBAY has transformed well beyond a public auction place for new and used goods.

While the 25-years-young, self-proclaimed “technology experiment” blew a multi-year eCommerce lead against a baby Amazon, it is beginning to gain traction with consumers again.

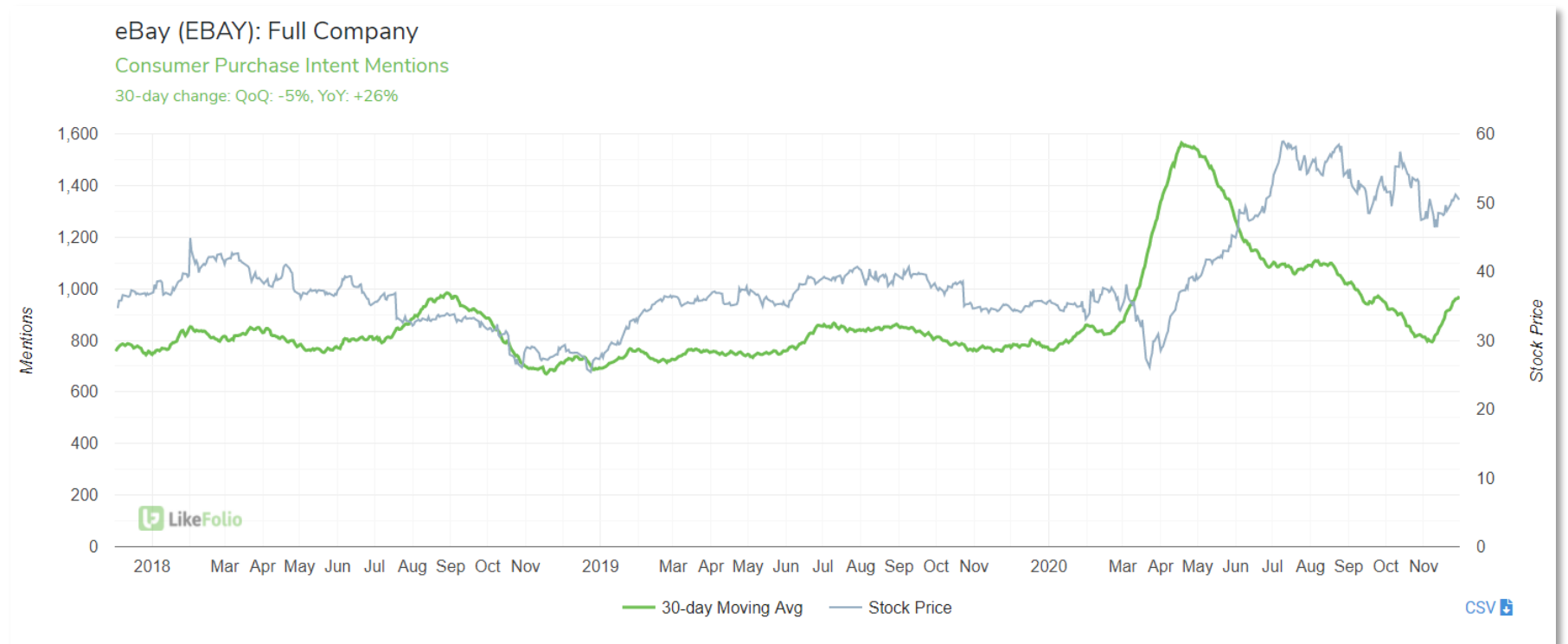
LikeFolio data reveals significant improvement YoY in the holiday season while shares trade around \$8 below July highs.

We’ve got a close eye on consumer sentiment as well. If the company can continue executing and keep customers happy through the holiday shopping season, this could shape up to be a bullish opportunity for investors to get ahead of the market.

## Consumer Demand:

- EBAY consumer demand began to fall off in July of this year, and this had us a bit concerned.
- However, we're watching a resurgence in mentions of users turning to eBay for holiday shopping. Purchase Intent increased 26% YoY in November 2020 vs. November 2019.

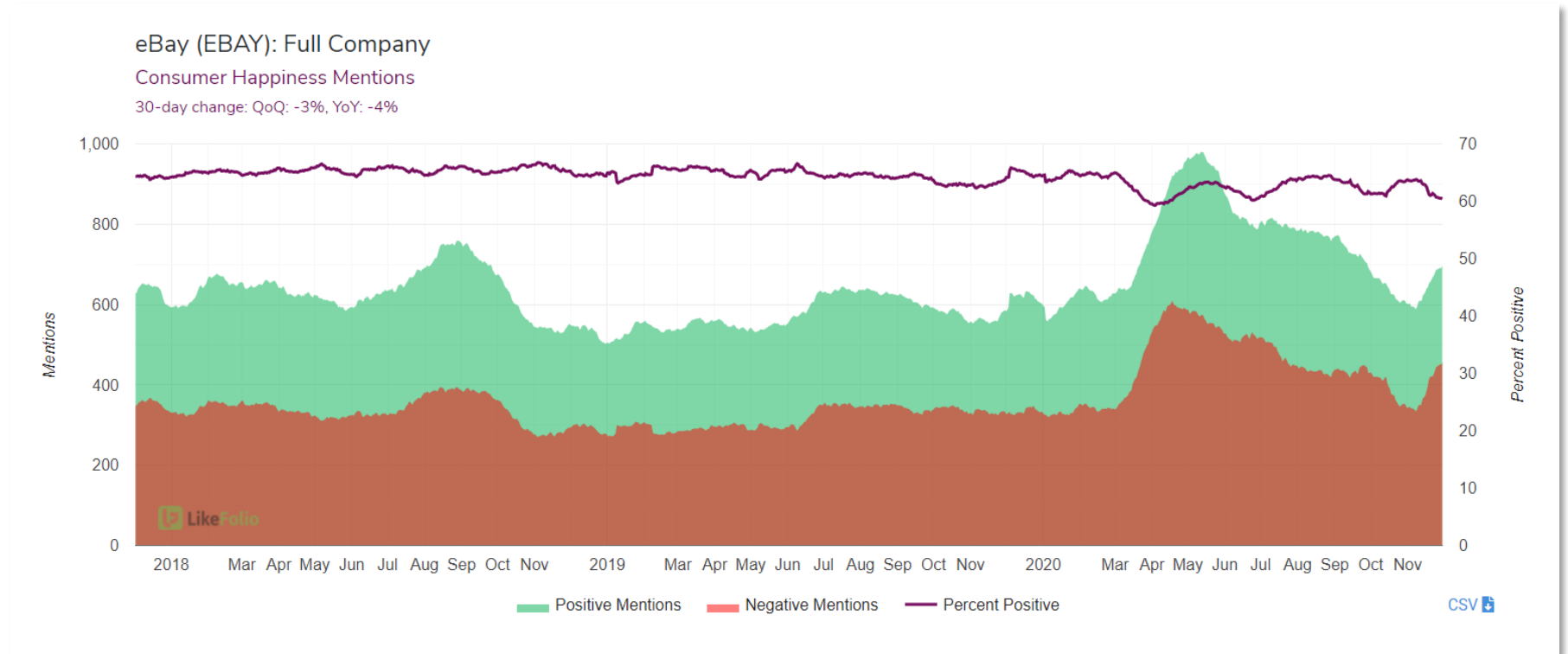
# EBAY: Significant Holiday Shopping Demand Growth



## Consumer Happiness:

- eBay sentiment has fallen slightly in the past month: -4 points, landing at **61% positive**.
- While its sentiment is higher than that of Walmart, the platform is settling notably lower than other major players including ETSY and TGT.

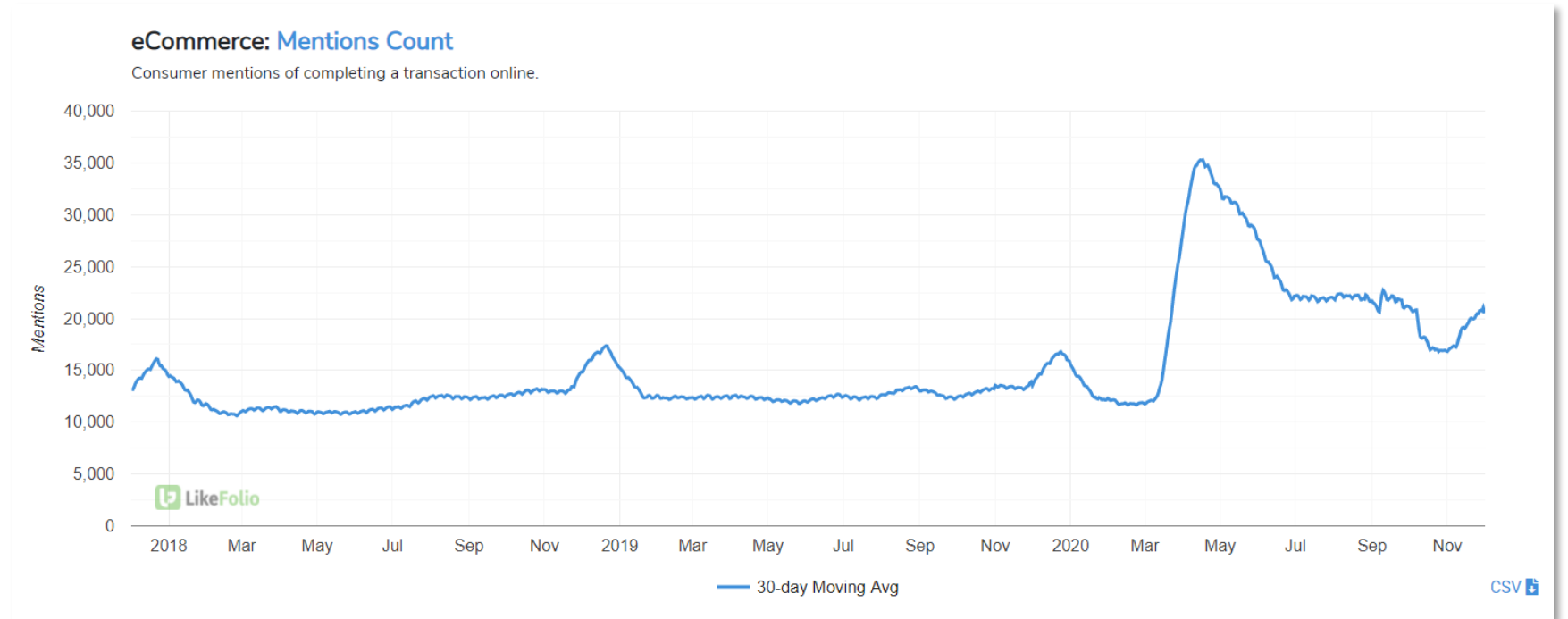
# EBAY: Monitoring Sentiment



## Macro Tailwind:

- eCommerce mentions are picking up again after a massive COVID-induced surge. Mentions increased 57% in the past 30 days vs. prior year.
- Don't dismiss eBay's reach. eBay has a substantial number of platform users: 183 million active buyers worldwide.

# Trend Watch: eCommerce



# EBAY: Report and Business Updates

- **On its last report, Gross Merchandise Volume increased 21% YoY:** “To put that in perspective, we added over \$4 billion in volume in Q3 versus last year, more than many businesses do annually.”
- **eBay is revamping its authentication process to provide legitimacy to buyers and tap into budding markets** (such as [an increasingly popular sneakers segment](#)). This makes eBay more competitive with platforms like StockX and GOAT that already provide authentication.
- **EBAY sees significant growth potential in the [certified, refurbished market](#).** It recently announced the launch of a “new elevated experience for certified, refurbished product. We see tens of billions of dollars in untapped potential in the global refurbished market. Through our new certified, refurbished program, buyers can save up to 50% unlike new branded inventory with all the assurances of buying new including a two-year warranty, eBay money-back guarantee and hassle-free 30-day returns.”



# MegaTrend Summary: Holiday Shopping Winners

By now it's clear — eCommerce is here to stay.

This holiday season, platforms and retailers that **are meeting consumers where they are** – be it on the curb or on the web – are thriving.

Consumer demand boomed in November for the companies in this report as shoppers got ahead of Black Friday and cashed in on “deals” taking place the entire month.

Trends in **personalization** alongside **increased digital accessibility** revealed a major shift (and adoption spark) to platforms allowing smaller merchants to shine.

Long-term, this could be a win for the little guys... and big guys who increase their offerings.

We've got our eyes peeled, and as we add companies to our “naughty” and “nice lists,” you'll be the first to know.

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**LikeFolio**

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