

Babbage Spend Insights

July 2024



Nike 2024 Instore vs. Online Revenues Compared to Lululemon

- The following is a demonstration provided by Babbage Spend to show where the slowdown of Nike's 2024 Revenue growth is occurring and how that compares with Lululemon.



Exploring Babbage Spend:

- **Babbage Spend** is a proprietary curated data set, providing clients with insightful data on actual consumer spending and return behavior, both for physical and online retailers. Utilizing anonymized bank and credit card spending transactions, Babbage Spend offers meaningful insights into actual consumer behavior, helping our clients gain a deeper understanding of their markets and their tenants' performance both in-store and online.

Nike Stock Crashes: Unexpected Sales Forecast Slashes \$28 bn from Market Value

On June 28th, Nike's stock plummeted following an unexpected forecast predicting a decline in sales. Investors were caught off guard, leading to a staggering \$28 billion loss in market valuation, marking one of the worst days in the company's financial history.



I think when you have management missing key consumer shifts, there's a problem with your company ... something changed and they've missed the mark.

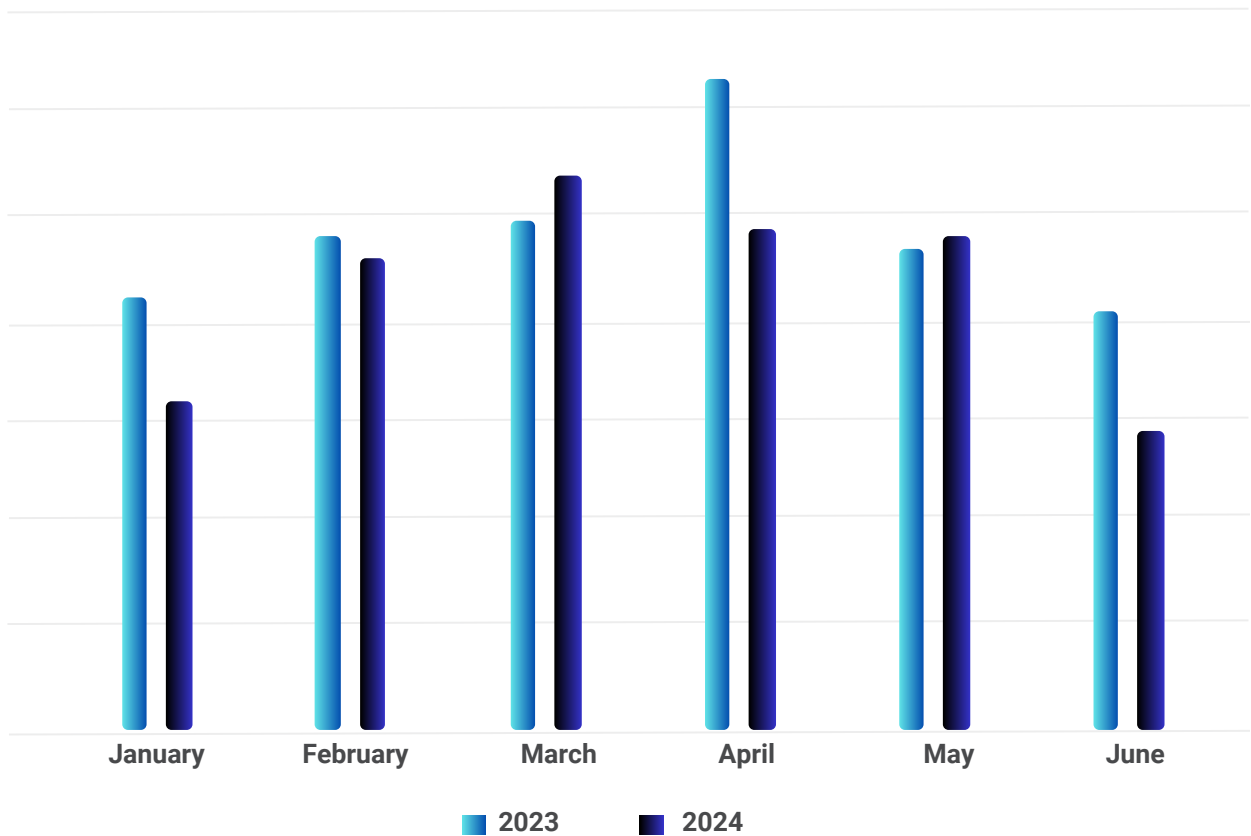
Kevin McCarthy, a senior research analyst at Neuberger Berman

Nike's 2024 vs. 2023 Revenue Trend

July 2024



National Total Revenue Trend : Nike



Babbage Spend demonstrates the slowdown of Nike Revenue in 2024 vs. 2023

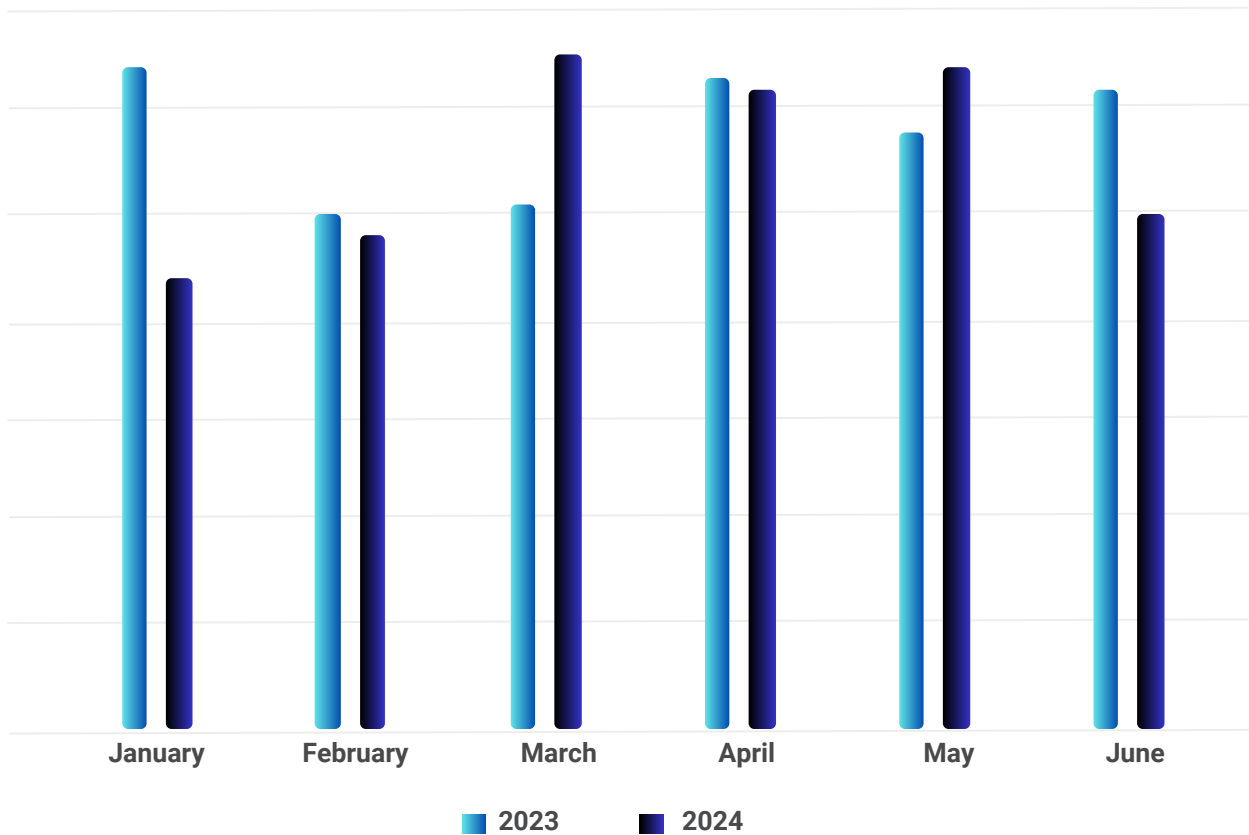
Note: To see the revenue numbers please reach out and we will share an example of the data in more detail.

Lululemon's 2024 vs. 2023 Revenue Trend

July 2024



National Total Revenue Trend : Lululemon



Babbage Spend demonstrates continued strong stable growth for Lululemon Revenues in 2024.

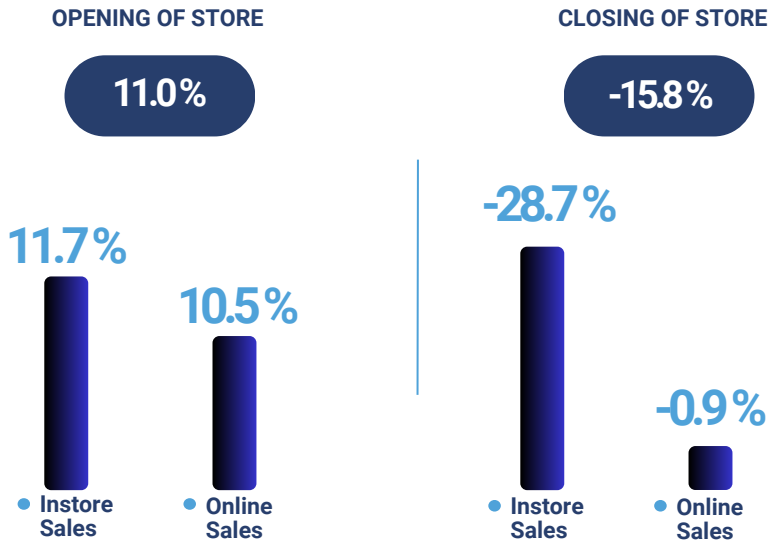
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The Halo Effect: How the opening and closing of physical stores affects online sales

July 2024

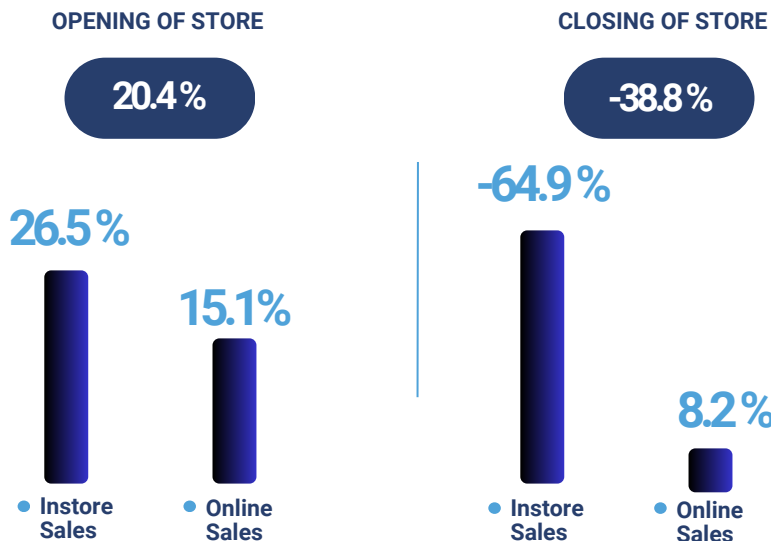


Impact on Total Spending (Purchases) : Nike



Opening of a Nike store drives an 11% revenue increase in a given trade area and a -15.8% decrease in the trade area when Nike closes a store.

Impact on Total Spending (Purchases) : Lululemon

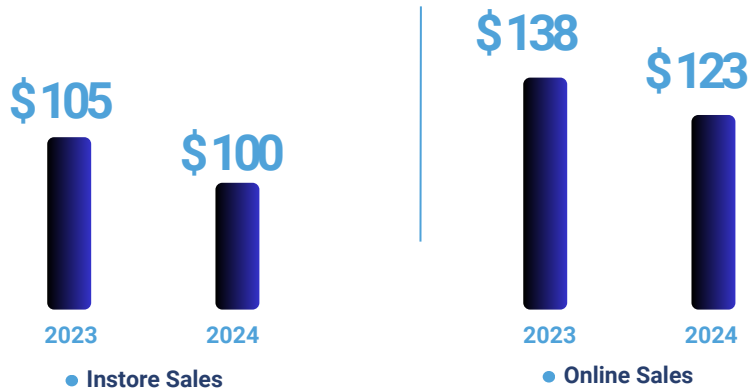


Opening of a Lululemon location drives a 20.4% revenue increase in a given trade area and a -38.8% decrease in a given trade area when Lululemon closes a store.

The Halo Effect: How the opening and closing of physical stores affects online sales

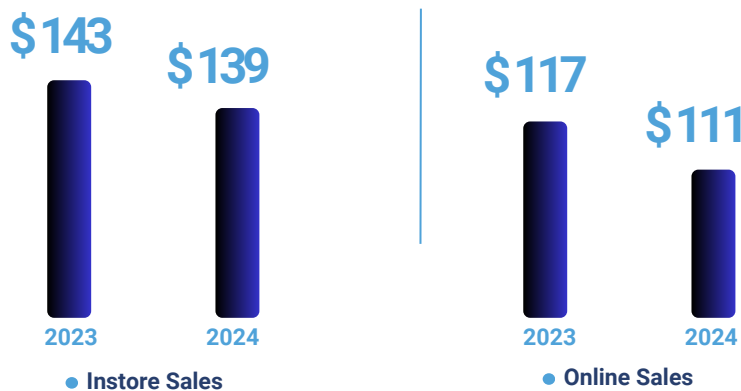
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Average Purchase In-store vs. Online : Nike



Babbage Spend shows that Nike sees higher Average Purchases when a customer shops Online vs. Instore. In 2024, Nike saw its Average Purchases to be 23% higher than it's Instore Sales.

Average Purchase In-store vs. Online : Lululemon



Contrasting with Nike, Lululemon sees higher Average Instore Purchases compared to their Online Sales.

Frequently Asked Questions



Babbage Spend

How do you know what they are spending?

We analyzed credit, debit and post-pay spending in-store and online for named retailers arising from US-based shoppers using Babbage Spend. The data is then compared to the national average covering key performance metrics including:

- Preference to shop in-store vs online (%-in-store purchases) by category or retailer
- Average Order Value (AOV or Average Purchase) by category or retailer
- Returns rate by channel by category or retailer

What is the coverage of the Babbage Spend data?

We see approximately 65% of Visa/Mastercard credit, debit and post-pay transactions in the U.S., organized by major retailer, category, consumer, and retailer ZIP by week. Data is available from January 2019 to present, with a 21-day lag. Data is sourced in a privacy-first manner and no Personally Identifiable Information (PII) is collected. A minimum of 30 transactions must be present for the smallest reporting unit to be published, for example one retailer across one channel in one ZIP must have 30 transactions.

Halo Effect Report

We started with a list of 187 retailers across seven categories. From this we identified a total of 82,447 locations. We then analyzed each location to determine if it had opened or closed between 2018 and June 2023. We excluded COVID-related closings/openings in 2020 from the analysis.

Prior to running any analysis, we applied a consistent methodology to select retailers in each category including observing at least 5 openings or 5 closings. We then selected retailers for each category to ensure that the overall findings were not overly weighted by an individual retailer, or an individual category .

The Apparel category contains many retailers at different stages of maturity that warranted treating as separate categories:

- Apparel - mostly opening stores - expanding their store footprint
- Apparel - mostly closing stores - shrinking their store footprint
- Emerging retailers were identified from a list of 140+ DTC brands across multiple categories from <https://www.extensiv.com/blog/direct-to-consumer-brands>

All retailers were included or excluded prior to studying the resulting analytics ensuring that retailers included were not “cherry picked” and that the analysis could be used to determine differences between consumer uses.

Our Products

Privacy Compliant - Curated, Discrete Data Sets



Measure Consumer Spending by retailer and ZIP, online and in-store by week.

- ✓ U.S Credit, Debit and post-pay card
- ✓ Online ad in-store sales and returns
- ✓ 40 million + U.S. households, >100 million cards, >33% of households, 50% of shopping center spending
- ✓ Over 1,400 merchants, 400, 000 doors
- ✓ Historic data from 2019



Quantify Who, When, and Where for location and your competitors.

- ✓ Location-aware apps continuously reporting their GPS location
- ✓ Accurate to - 10 feet
- ✓ 120M U.S Consumers
- ✓ Historic data from 2019



Identify What engages to consumer and how to reach them - social/online interests and digital media behaviors

- ✓ Analyze what your visitors like, follow, read, and engage with
- ✓ 60+ social networks and every major media outlet, blogging and public message platform



Questions about another retailer? Contact us!



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