

OCTOBER 2021 UPDATE

PROMOTIONAL ENSEMBLE UNCOVERS INFLECTIONS IN BBY, DKS

Greg Robin

Bed Bath & Beyond (BBY) Our system uncovers steep discounts, increased promotional campaigns, revealingly tepid demand foretelling, reduced earnings, guidance.

Dicks Sporting Goods (DKS) Promotional ensemble captured reduced significant incentive emails, steep discounts, translating into continued robust revenue growth, improved margins.

Promotional Index Our first data product has launched providing the most robust and quantitative view of nearly 300 brands promotional cadence dating back 4 years.

While most “home” related retailers were reducing their promotional campaigns and email sending volumes due to strong demand and supply chain constraints BBY’s was doing the opposite. For much of 2021 Bed Bath and Beyond crafted the narrative of a revamped, growing e-commerce platform and a turnaround with new in-house products.

While management sold the turnaround tale, our email intelligence detected they were ramping up “push” email offers to all-time highs in the face of stalling organic demand. With a long history of blasting out never ending 20% off coupons, our systems tracked an increase in the maximum discount implied and more frequent pushing of the same offers to leads.

BED BATH & BEYOND (BBY)

INCENTIVE PROMOTIONS 2W MA|YEARLY

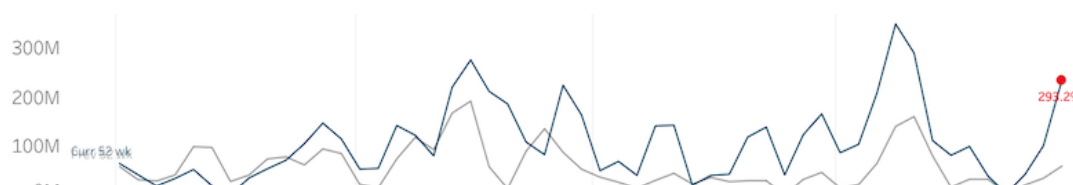
▲ **293.2%**

Total incentive email volume was 233.5M in the past 2 weeks up 174.1M (+293.2%) from a year ago.

Total Email Promotions: #19
 Significant Discounts: #12
 Steep Discounts: #47
 Storewide discounts: #260

KEY INDICATORS YTD (YoY)

	2021
Total Email Volume	+85%
Incentive Promotions	+148%
Steep Discounts	+53%
Storewide Discounts	-45%



Our promotional ensemble indicated nearly 300% rise in incentive promotions

The Random Walk Promotional Ensemble enables investors to quickly compare email discount campaign cadence on weekly basis with prior periods. As seen below both total promotional emails as well as our significant incentives category have been tracking at higher levels than any period over the past 3 years.

BED BATH & BEYOND (BBBY): PROMOTIONAL CADENCE BY YI



Left: BBBY July and August 2021 Promotional activity eclipse 2020, 2019 and 2018 volumes

Bed Bath & Beyond (BBBY): Steep promotional emails
2-week moving average YoY, 9/28/2020 - 9/26/2021



YoY Growth in 'steep discounts' or campaigns implying a 40% or more discount

For Dick’s Sporting Goods (DKS) our promotional ensemble revealed the opposite situation as Bed Bath. As demand for sporting goods and a return to youth team sports accelerated this summer, DKS dramatically reduced nearly every form of promotion. Our systems tracked a 65% reduction in incentive promotions.

DICK’S SPORTING GOODS (DKS)

INCENTIVE PROMOTIONS 2W MA|YEARLY

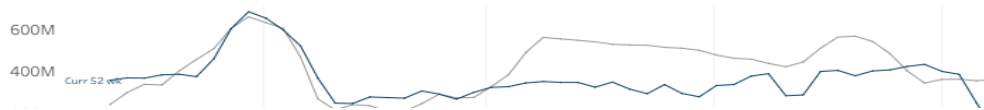
▼ (65.3%)

Total incentive email volume was 125.6M in the past 2 weeks down 236.6M (-65.3%) from a year ago.

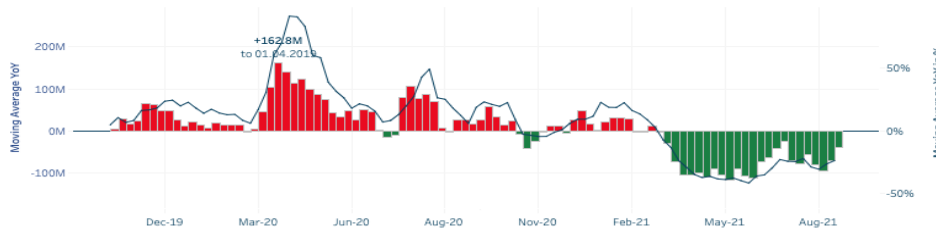
Total Email Promotions:	#77
Significant Discounts:	#220
Steep Discounts:	#231
Storewide discounts:	#4

KEY INDICATORS YTD (YoY)

	2021
Total Email Volume	-2%
Incentive Promotions	-21%
Steep Discounts	-28%
Storewide Discounts	-68%



DICK’S Sporting Goods (DKS): Significant promotional emails
2-week moving average YoY, 11/4/2019 - 8/22/2021



In both BBBY and DKS, investors focused on proxying revenues with expensive transactional failed to capture the extent of the inflections.

BBBY missed revenues by 3% with revenue guidance just 2% below expectations. The explosive 300% growth in promotional activity provided a clearer picture of the dramatic decline in organic demand consistent with the 25% drop in share price that ensued.

For DKS, while revenues did blast by consensus, our ensemble correctly tracked higher merchandize margins translating to bottom line improvements with a blowout \$2 earnings beat and a 25% increase in earnings guidance for the year.

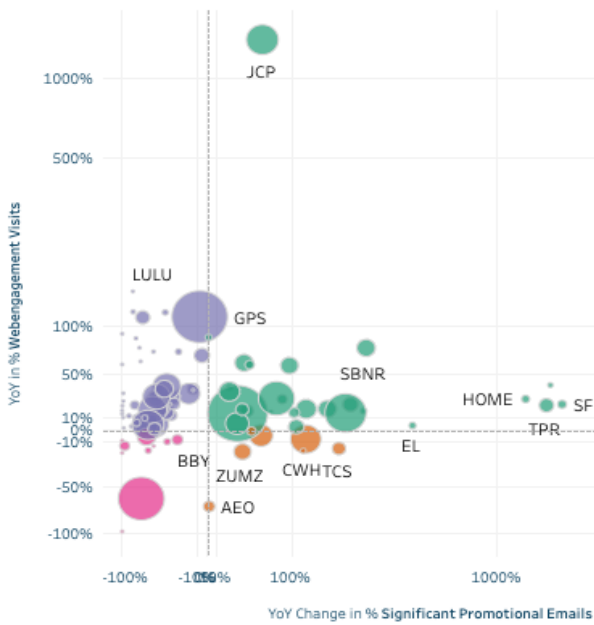
The newly launched Random Walk promotional index data product provides the most robust quantitative view of promotional cadence available. Uncover demand changes as management responds to them weekly.

OCT UPDATE: SINKING IN BED & RISING DICKS

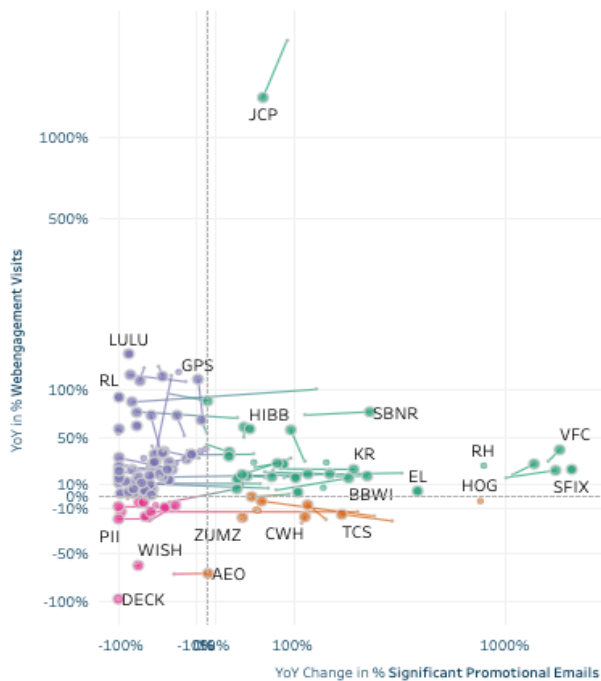
Our data visualizations allow quick identification of outliers within a specific sector. Find out which brands are losing organic demand and responding with increased “push” discounting campaigns to their leads.

Outlier Analysis Promotional Activity

2W MA YoY Change in % >= +/-30% | Bubbles sized by Signifi



2W MA YoY Change in % compared to last week



ier Analysis Promotional Activity: Sector: All

Increased/decreased 10 by Steep Promotional Emails
ng based of 2-week moving average YoY in %

	YoY (%)	Past 10w (YoY)
RISING PROMOTIONAL EMAIL VOLUMES		
Vistaprint (CMPR)	↗ 10076.2%	
Kroger (KR)	↗ 3564.3%	
Domino's Pizza (DPZ)	↗ 2563.1%	
Pottery Barn (WSM)	↗ 1377.7%	
Kohls (KSS)	↗ 339.2%	
Adidas (ADDYY)	↗ 329.8%	
Target (TGT)	↗ 306.6%	
Victoria's Secret (VSCO)	↗ 270.3%	
Zumiez (ZUMZ)	↗ 169.4%	
Kay Jewelers (SIG)	↗ 161.4%	
DECLINING PROMOTIONAL EMAIL VOLUMES		
Pandora (PNDRA)	↘ 100.0%	
Red Robin (RRGB)	↘ 100.0%	
Sally Beauty (SBH)	↘ 100.0%	
Six Flags (SIX)	↘ 100.0%	
The Home Depot (HD)	↘ 100.0%	
Vimeo (VME0)	↘ 100.0%	
Vitamin Shoppe (VSI)	↘ 100.0%	
Wayfair (W)	↘ 100.0%	
White House Black Market (CHS)	↘ 100.0%	
Wish (WISH)	↘ 100.0%	