The **Advan Buysider** | **Investor Themes Monthly** | **Issue #1** **April 2025**

	Ticker	**Synopsis** + latest update
#1	**SFM** Demo Deck	SFM continues to drive separation from the industry's woes. Moving into 2025, value-retailers like Aldi, Walmart, Costco, and others with strong private-label offerings are pulling ahead and gaining more share-of-stomach; by contrast, many traditional grocers are seeing fewer households shopping (i.e. visits and visitors down). Idiosyncratically, SFM has established itself as part of many households' routine because of a unique merchandise offering. Advan shows that visitors, frequency, and hours shopped all are outperforming the industry. SFM intends to build on that success by expanding its footprint by 10% per year. FL and CA are important markets for that expansion; there we show that both comp-stores and new stores are performing strongly. **Mar 27th:** See our Mar 27th rpt.

Sprouts Outperforming

Per Location Activity in Grocery

	Sprouts	**Albertsons**	**Industry**
	CQ1 '25 YoY % Ch		
Visitors	1.6%	-0.2%	
Visits	6.6%	-0.1%	-1.4%
Frequency	1.7%	0.2%	

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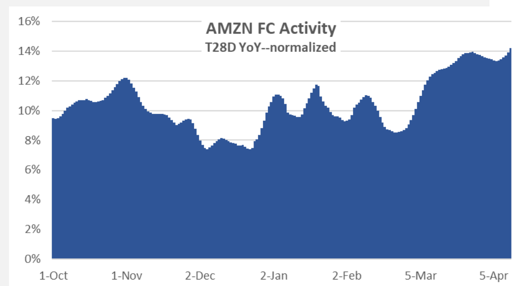
#2	**AMZN** Demo Deck	Activity at AMZN's US FCs picked up appreciably during March, ahead of tariffs, accelerating by roughly +320 bps. That acceleration is likely the result of a pull-forward of demand, like what Costco, Apple, etc. have experienced. The increased activity could also be from pulling in more inventory ahead of the tariffs, especially from international 3P sellers. By contrast, the rate of activity for the business in Germany has slowed by 900 bps from Q4, is that slowdown boycott and / or macro related? Canada too.



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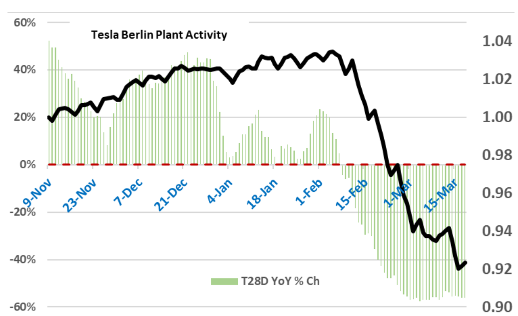
#3	**TSLA** Demo Deck	Given TSLA's DTC model, it has a fast read on inflection points in demand and that gets immediately fed into the production pace to manage inventory levels; and so, the trend in shifts worked at Fremont and Austin have worked as a leading indicator for Tesla sales in the US (per 3P est). **April 11th:** How is Tesla reacting to the decline in brand and sales this year? It hit the brakes hard in February and March, both in the US and EU. However, the "pressure on the brakes" didn't intensify in March which suggests that it is finding some new outlets / markets for its production. Moreover, it also implies that there was a "limit" to the negativity, allowing for a "second derivative inflection." See our last report here.



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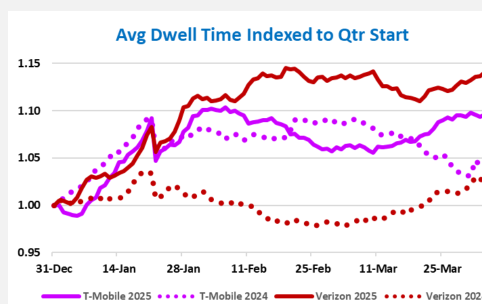
#4	**TMUS / VZ / AT&T** Demo Deck	Changes in traffic, dwell time, and cross-visitation provide insight into which telco is more active in the market and the +/- in gross additions for the quarter. Changes in the cadence also show when a brand is pulsing promos. **April 8th:** In our quarterly preview, we show how we derive estimates for gross and net phone additions. For Q1, the data suggests more gross adds than Street expectations and how VZ was forced to defend its position and stem sub declines. We suspect that VZ's churn originates **more** from a weaker brand / service proposition **than** from any increased competitive activity by TMUS and T. In terms of net adds, it looks like TMUS will beat, VZ should be in-line on lowered expectations, and T a slight miss. The lack of a compelling new i-Phone was also a factor on quarterly activity mostly, but a burst of activity in late March shows that consumers went for upgrades ahead of any potential tariff impact.

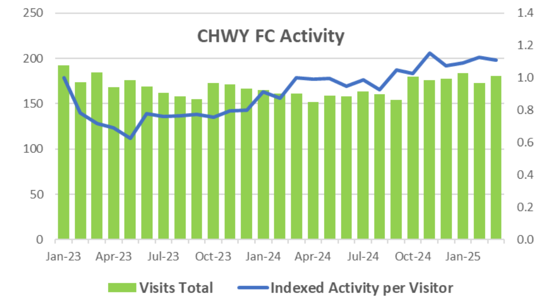


#5 **CHWY**

CHWY is increasing its FC utilization. If it can sweat its assets more, SG&A rate (which houses FC costs) will continue to move lower and profit margins, higher. Additionally, the compounding benefits of last year's rapid adoption of auto-replenishment seems, plus more marketing, looks to be driving Q1 revenue ahead of plan.

Demo Deck

Excluding Leap Day, CQ1 FC activity ran +440 bps faster than CQ4. April MTD is running +280 bps faster than CQ1. This suggests that fiscal Q1 is currently running above the +5-6% revenue guidance level. The outperformance isn't a better macro; it's the result of taking more share from pet specialty retail; we estimate that CHWH took 6 pts of growth (consumables) from Petco / PetSmart in '24.



What changed over the past year is more households utilizing CHWY's Autoship which is now over 80% of sales. The contribution from Autoship is increasing due to an "accumulation benefit" resulting from the accelerating adoption over the past year; Q1'24 saw +6.4% in Autoship customer growth and that accelerated to 13.3% in Q4. (The acceleration in FC activity that Advan shows also implies and acceleration in overall new customer counts and Autoship adoption.) Management also noted on the last call that advertising ROI was improving and churn was moderating. Based upon those, they significantly increased marketing spend (+14% adj. from +2-3% earlier) which will also benefit FQ1 sales growth.

#6 **SBUX**

SBUX's dwell time has improved nicely so far when using Caribou as a benchmark, suggesting that progress is being made in reclaiming its role as that "third place" in consumers' lives. Yes, SBUX's in-store coffeehouse visits are down on a 1-year basis; however, on a 2-year basis, visits have trended around flat. That 1-year trend reflects the planned reduction in discounted transactions which CEO Niccol mentioned on the last earnings call. As such, based upon Advan's signal, Niccol's plan for the US looks to be working as intended. See our story here.

Demo Deck