

10-Feb-2022

BARK, Inc. (BARK)

Q3 2022 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Hello and welcome to BARK's Third Quarter Fiscal 2022 Earnings Call. My name is Alex and I will be coordinating the call today. [Operator Instructions]

I will now hand over to your host, Mike Mougias, Vice President of Investor Relations. Over to you, Mike.

Michael Mougias

Vice President-Investor Relations, BARK, Inc.

Good afternoon, everyone, and welcome to BARK's third quarter fiscal 2022 earnings call. Joining me today are Matt Meeker, Co-Founder and CEO; and Howard Yeaton, Interim CFO. Today's conference call is being webcast in its entirety on our website and a replay of the webcast will be made available shortly after the call. Additionally, a press release covering the company's financial results was issued this afternoon and can be found on our Investor Relations website.

Before we begin, I would like to remind you of the following information regarding forward-looking statements. The statements made on today's call are based on management's current expectations and are subject to risks and uncertainties that could cause actual future results and outcomes to differ.

Please refer to our SEC filings for more information on some of the factors that could affect our future results and outcomes. Also, during today's call, we will discuss certain non-GAAP financial measures. Reconciliation to our non-GAAP financial measures is also contained in this afternoon's press release.

With that, let me now turn the call over to Matt.

Matt M. Meeker

Co-Founder, Executive Chairman & Chief Executive Officer, BARK, Inc.

Thanks, Mike, and good afternoon, everyone. I'm excited to join you today as we discuss our strong third quarter results, the significant opportunity ahead and why we believe BARK is in a great position to capitalize on this opportunity.

I founded BARK 10 years ago with a simple mission: to make all dogs happy. As many of you know, I served as CEO of the company through our first nine years. We started with BarkBox, which is an experience that creates great moments for dogs and their people to enjoy together, once a month, customized for every dog we serve. This changed the way millions of dog families consume toys and treats. Those great moments we created for our customers allowed us to build a category-defining brand serving millions of dogs with a predictable recurring revenue business and impressive 60% gross margins due to us exclusively selling our own products.

Our best-in-class products, deep customer relationships and recurring revenue model help us grow to \$378 million in annual revenue while raising only \$57 million of outside capital before going public. We were also very capital efficient, achieving adjusted EBITDA positive results for three out of four quarters in fiscal 2021.

Now, we are creating the same experience on a daily basis with food. Our strong foundation is one of many reasons why I'm excited to return to the CEO role at this important time for the company. In our first fundraising presentation back in 2012, we laid out our big vision. The last bullet point in that slide said, at scale with a trusted brand, we'll have endless opportunities to engage people. That's where we are today, big scale with the best brand for dogs opening huge, untapped opportunities in areas like food and health.

Put simply, I believe BARK is at an inflection point and we must now execute our roadmap and seize the immense opportunity ahead. Our overarching strategy and key priorities have not changed. However, I intend to accelerate the pace at which we deliver them. Our three strategic priorities, each of which I will discuss in more detail on today's call, are as follows: the first is food; the second is becoming BARK by combining all our activities into a single online offering; and the third is profitability.

Before I go into more detail on these priorities, I'm proud to provide some highlights from our strong fiscal third quarter, then I'll cover our strategy and road map for the next year before turning the call over to Howard, who will discuss our financial results in more detail. Last quarter, we delivered \$141 million of revenue, a 34% increase compared to the same period last year. Through the first nine months of fiscal 2022, our top line is up over 42% compared to the same period last year. We added an impressive 371,000 new subscriptions, bringing our total active users to 2.3 million, which is a 30% increase year-over-year. These results underscore the strength of our brand and our ongoing channel and category expansion.

Related to that, we ramped up our marketing spend last quarter, taking advantage of the holiday tailwinds we consistently enjoy. In addition to the seasonal trends, we continue to enjoy a very healthy return to our marketing investment as illustrated by this ongoing strength and consistency of our LTV-to-CAC ratio over the past six quarters. As you may recall, we target an LTV-to-CAC range of four to five times, meaning for every \$1 we spend in marketing, we target a \$4 to \$5 gross profit return. We came in at a very healthy 4.5 times last quarter, which is a seasonally expensive time of the year to advertise. Through the first nine months of fiscal 2022, our LTV-to-CAC was 4.7 times. We will continue to use this ratio to determine the rate at which we deploy marketing dollars. And we expect to end fiscal 2022 within our target range.

In addition to robust user growth, we've been increasingly successful at getting customers to buy more from us and it shows in the numbers. Our average order value was \$31.10, an increase of \$1.37 compared to fiscal Q2, and a \$2.12 increase compared to the same quarter last year, a 7% improvement without a price increase. Instead, our growing average order value illustrates the power of our strong customer relationships, our

proprietary data set, and our enhanced machine learning engine, which drives cross-selling and upselling opportunities. In my view, we are still very early in tapping into our capability to better understand our customers' interests and act upon those insights.

Overall, we see attractive opportunities to further increase our average order value as we unify the BARK experience and more effectively cross-sell products, particularly food and dental, to both new and existing customers. While we still have a ton of untapped opportunities in this area, we significantly increased our cross-sell and upsell revenue in the quarter. This past quarter, we delivered \$10.3 million of cross-sell and upsell revenue, a 55% increase to last year.

Please note, we previously referred to this revenue as out of the box. However, as we broadened our cross-selling opportunity, this line will begin to include a more robust collection of cross-sell and upsell items. Through the first nine months of fiscal 2022, this cross-sell and upsell revenue was \$23.2 million (sic) [\$23.3 million] (07:33), an increase of 84% year-over-year on the back of stronger conversion and engagement by our customers.

Moving on, we are seeing ongoing success in adding new retail partners. Today, we are thrilled to announce an exciting new partnership with Walmart; BARK products can now be found at Walmart.com and in nearly 2,800 Walmart stores across the country. In addition to Walmart, we also recently announced a partnership with REI. BARK products are currently available in all physical REI store locations as well as REI.com.

These recent additions expand upon the strong existing relationships we have with best-in-class retail partners including Target, Costco, Petco, PetSmart and Amazon, among others. From toys to dental chews, BARK products can now be purchased in over 33,000 brick-and-mortar doors across the US. These partnerships with top-tier retailers provide meaningful opportunities for us to introduce BARK products to new customers and gain brand awareness with hundreds of millions of consumers who visit these stores. Overall, this is an area that we remain focused on and expect to have additional good news to share throughout the year.

We've made great strides in the business and delivered strong financial results in our first three quarters as a public company. The BARK platform is unique with 2.3 million active subscribers, who are highly engaged, a vertically integrated model that consistently delivers gross margins in the high 50s and low 60s, and a recurring revenue e-commerce business with SaaS dynamics.

We are also benefiting from increased dog parenthood. Six million new households in the US welcomed a dog into their home last year, bringing the US total to 70 million households. That is a big opportunity for us and I believe we are well-positioned to capitalize on these exciting areas ahead. We also have \$229 million in cash in our balance sheet, which provides the company with additional flexibility.

Turning back to how we plan to execute on these opportunities faster and smarter, I'd like to go into more detail on the key strategic priorities I mentioned earlier which are food, becoming BARK and profitability. While these priorities each include unique milestones and objectives, they're complementary and compounding in nature. Meaningful progress in one area will have material spillover benefits across the others, allowing us to move quickly and efficiently.

Food is the largest growth opportunity for BARK. We are growing our market share and scaling our operation for faster growth. Dog food market in the US is a \$35 billion-plus industry and I believe we are well-positioned to capture a significant portion of it. By viewing each dog as an individual and focusing on creating a magical experience for those customers, BarkBox has been able to build relationships with millions of dogs every month.

Customized meals aren't currently accessible on retail shelves. There's just not enough shelf space for each dog and no one is approaching dogs with this personalized view of their daily experience. Leveraging our direct-to-consumer model, we can serve each individual dog as though they are our own in special ways. Coupled with our unparalleled level of data gathered over the past 10 years, this is powerful. We know the breeds, ages and more for over 6 million dogs across the US. This allows us to serve those dogs by age, by breed, by their flavor preferences and so much more and we are serving them in that way.

Last year, we started serving food to our customers on limited basis. We spent the year learning and [ph] iterating (11:42). We leveraged early customer feedback to optimize our user interface and journey, the branding and packaging, our fulfillment capabilities, and our unit economics. Considering these learnings, we will begin to roll out an updated customer experience that leverages our findings over the past 12 months as well as our unique capabilities as a relationship-driven dog brand. Overall, food is a huge opportunity for BARK, and I'm confident that this category will become a meaningful driver to our business.

Second area I would like to discuss is becoming BARK. In our current structure, BARK operates five satellite businesses and customer experiences: BARK Bright, Super Chewer, BarkBox, BARK Eats, and BarkShop. Each of these businesses have distinct websites, dashboards, and log-ins. Unifying our brand and customer experience is an initiative that will materially improve our cross-selling opportunities and ultimately improve the overall experience that customers have with BARK while increasing the average order value at an even faster pace.

So, going forward, we will make our current and prospective customers immediately aware of our full suite of products. We will incentivize them to buy more than one of our products with offers like free shipping, exclusive products, and other benefits to encourage them. In essence, becoming BARK means that all of our product categories live together on one website, and we expose all visitors to the full spectrum of our products.

So, to put that opportunity in perspective, in December, BarkBox had over 3 million people visit the site, and we told none of them about our products in the food and health categories. So, simply just making them aware is a huge opportunity, and that's the tip of the iceberg. On that note, we are refining the subscription funnel for prospective play customers in the coming weeks by adding an additional step in the signup process that introduces these new customers to our food and health products.

We also recently began leveraging our Happy Team to introduce food and other products to new and existing customers. Our Happy Team proactively engages over 250,000 customers a month. So, this represents a significant opportunity for us to cross-sell existing customers.

At the end of the day, cross-selling just a fraction of our millions of barkbox.com viewers and customers would drive meaningful growth to our business in the long term as these are high-value customers for BARK. This is something I'm pushing ahead rapidly now, and we will continue to roll out additional updates through the customer experience over the next couple of months.

In addition to improving cross-sell opportunity, this could create additional and very attractive efficiencies over time by grouping shipments from multi-line customers. Currently, a play and food customer will receive separate shipments on separate dates during the month. Sending all our products in a single shipment creates cost efficiencies in addition to improving the customer experience. The rollout of this initiative will also have positive implications for some of the key metrics we disclosed. For example, churn, retention, and average order value are currently disclosed on a product basis given the large share of the business is in the play category.

In the coming months, as our new categories scale, we intend to start focusing on customer level data, which we believe is a more insightful tool to analyze metrics like customer retention and value. The current view, which looks at subscription-level data, is a fine data point and something we will look at internally. But to become BARK and serve the individual customer, it is important that we measure and analyze the business on a customer level.

Finally, we are heading towards profitability. As I mentioned earlier, BARK has always taken a very disciplined approach to capital allocation, and I'm committed to remaining efficient with our capital going forward. We adhere to this philosophy during our first nine years having only raised \$57 million of outside capital, and I'm confident we will be in a position to achieve positive adjusted EBITDA much faster than previously planned. This will happen through a combination of improving our unit economics across each product category by prioritizing serving customers who bring a higher AOV and margin through category expansion and by streamlining our team efforts and spending behind the unified BARK approach.

Aiming to be profitable along with accelerating growth in new product categories require some short-term tradeoffs. We know absolutely we can sell a play customer an additional toy at incredibly high conversion rates. We've had 10 years to learn how to do it. But today, we will focus on acquiring higher quality customers, those who try food and dental along with toys. And we accepted that may leave some play-only customers behind. We must walk our talk on our priorities, so we will leave some of those lower value customers behind in favor of those who try food and dental products. This will slow our overall top-line growth while we accelerate our diversification into these new categories.

Related to this, we will slow our growth in marketing investment in the play category this year. Again, we know that we can add more play customers, but we will shift those marketing dollars to larger opportunities for the future, food and dental, and to those higher value customers. By the end of this coming fiscal year, I'm confident we'll have more diversified revenue across categories, stronger unit economics, and a more streamlined and effective team. We've achieved profitability before and I'm confident BARK will make significant progress on this front next fiscal year.

In conclusion, I cannot be more energized and excited to jump back into the CEO seat. We have so much opportunity ahead. Our robust holiday season and strong results underscore the power of our platform and our strong relationships with our customers. We have 2.3 million active customers on hand, \$229 million in cash on the balance sheet, robust data, and over 6 million dogs in the US, a vertically integrated recurring revenue model where we enjoy high-50% to low-60% gross margins, and a fantastic team.

BARK is the platform for dogs, with that trusted brand and scale that we talked about way back in 2012. We're now ready to take this to the next level. Executing this plan is our focus now and I'm confident this plan will deliver meaningful long-term shareholder value for all of us.

And with that, I will turn the call over to Howard.

Howard R. Yeaton

Interim Chief Financial Officer, BARK, Inc.

Thanks, Matt, and good afternoon, everyone. I am pleased to report our strong fiscal third quarter results, which were underscored by healthy growth in new subscriptions, subscription shipments and average order value. Beginning at the top of the P&L, total revenue came in at \$140.8 million, a 34% increase compared to the same period last year.

Direct to consumer revenue increased 31% to \$118.1 million in the quarter. The growth in our DTC business was driven by several factors, including a 22% increase in subscription shipments and a \$2.12 increase in average order value compared to the same period last year. These results reflect our growing customer base as well as some of the enhancements we continue to make to our machine learning engine, which helped drive record Add-to-Box revenue in the quarter.

Turning to the commerce side of the business, revenue was \$22.7 million, a 52% increase compared to last year. As Matt mentioned earlier, we continue to add new partners to the BARK ecosystem, including REI last quarter and most recently, Walmart.

In addition to the increase in the total number of retail partners, we also continue to increase the number of SKUs sold through these partners. For example, we expect to have additional apparel-related SKUs available through one of our key retail partners in the coming months. Total gross profit in the quarter was \$78.4 million, up 32% compared to last year. This resulted in a gross margin of 55.7% versus 56.6% in the same period last year. The slight decrease in gross margin was largely the result of increased container costs associated with macro supply chain congestion.

Both DTC and commerce gross profit were up 32% to \$70.2 million and \$8.2 million, respectively. Gross margins came in at 59.4% and 36%, respectively. Remember, we accept a lower gross margin in commerce as this revenue has significantly less associated marketing expense. All in all, our strong revenue growth and robust margins help illustrate the value proposition of our vertically integrated and digitally-native brand.

Moving to operating expenses, total G&A came in at \$78.6 million, an increase of roughly \$26 million compared to last year. The year-over-year increase was driven primarily by a \$16.4 million increase in shipping and fulfillment costs, which were largely the result of a 22% increase in subscription shipments. We also experienced increased third-party shipping rates as a result of the broader macro supply chain headwinds. The remainder of the increase was due to investments in head count and technology as we ramp up in areas like food and health, as well as additional expenses associated with being a public company.

Moving on, we added 371,000 new subscriptions last quarter, bringing our total active subscriptions to roughly 2.3 million, a 30% increase year-over-year. In total, advertising and marketing investment came in at \$26.8 million, in line with last year. This resulted in a customer acquisition cost of \$64.42 per share in the quarter, compared to \$60.50 last year. The third quarter is traditionally our highest CAC quarter given increased media cost associated with the holiday season. Nonetheless, we were pleased with our CAC relative to our strong customer acquisition.

Interest expense, which is associated with our outstanding convertible note, was \$1.3 million. Other income came in at \$15.1 million, which is primarily due to a \$14.5 million change in the fair value of our outstanding warrants during the period. Our resulting GAAP net loss for the quarter was \$13.2 million compared to a net loss of \$25 million in the same period last year. Our adjusted net loss, which excludes stock-based compensation, the impact of outstanding warrants and other onetime items, was \$20.7 million, which compares to \$19.7 million in the same period last year.

And lastly, adjusted EBITDA was negative \$18.3 million as compared to negative \$14.1 million in Q3 last year. We ended the quarter with a total cash position of \$229 million, which provides us with significant flexibility as we expand into exciting categories like food.

Turning to guidance for the remainder of this year, we expect total fiscal 2022 revenue to come in around \$505 million, which reflects us more formally baking in the 2% revenue risk, which was largely related to the ongoing

macro supply chain environment that we articulated on our previous earnings call. This reflects our expectation of roughly \$126 million in revenue in the current quarter. Overall, we are very pleased with how our top line has grown this year and this guidance implies a healthy 34% increase versus fiscal 2021.

On an adjusted EBITDA basis, we continue to expect a loss between \$38 million and \$40 million for fiscal 2022. As discussed on previous earnings calls, fiscal 2022 is an investment year for BARK. In addition to going public, we have made notable investments in people, technology and other operational assets, which we believe will enable BARK to capitalize on the exciting opportunities ahead.

Nonetheless, we are also making efforts to significantly reduce our burn next year as we increase our focus on profitability. We will provide more formal guidance on our Q4 call; however, we expect to make material progress towards profitability in fiscal 2023.

Overall, we are very pleased with our recent results. Through the first nine months of fiscal 2022, we added 922,000 new active subscriptions, we shipped 2.8 million more subscriptions compared to last year, and we meaningfully grew average order value as a result of strong cross-selling and upselling revenue.

We continue to believe our unparalleled customer relationships, coupled with our unique position as one of the largest digitally native dog brands, affords us a significant runway to meaningfully grow the business.

With that, I will turn the call over to the operator for Q&A.

QUESTION AND ANSWER SECTION

Operator: Thank you. We will now proceed with the Q&A. [Operator Instructions] Our first question for today comes from Maria Rippo of Canaccord. Maria, your line is now open.

Maria Rippo

Analyst, Canaccord Genuity LLC

Q

Great. Thanks so much for taking my questions. I just wanted to ask about sort of your supply chain headwinds impact in your guidance for the year. And can you talk about whether this macro factors are disproportionately impacting your fiscal Q4 versus Q3? And then, I know you're not providing guidance for next fiscal year yet, but how should we think about sort of this macro factors possibly impacting your revenue growth next year? And then, I have a quick follow-up.

Matt M. Meeker

Co-Founder, Executive Chairman & Chief Executive Officer, BARK, Inc.

A

Okay. Thank you, Maria. As it pertains to how does Q3 and Q4 move along, let's say, you should expect that it'll be fairly steady. We've done a lot of work throughout this entire fiscal year in stabilizing that part of it, accepting that the headwinds are what they are, and then putting really great leaders and great teams in place who have worked on the stabilization of that and the predictability of that part of the business. So, that's why I think when you see we updated our guidance last quarter, that we're sticking to it here, and we're maintaining that pace. And that will continue through. We feel like we've got a lot of good visibility and predictability around it for the upcoming year as well.

Maria Ripps

Analyst, Canaccord Genuity LLC

Q

Got it. And then, just wanted to follow up on your sort of Eats offering and the ability to cross-sell that product to your existing play subscribers. So now that you have Eats sort of launched in a few – for a few months, depending on the market and, Matt, I think you touched on this a little bit with your Happy Team, sort of what your Happy Team is doing, can you maybe talk about your ability to cross-sell this offer to your existing subscriber base?

Matt M. Meeker

Co-Founder, Executive Chairman & Chief Executive Officer, BARK, Inc.

A

Yes. There are so many opportunities to cross-sell it to the existing subscriber base, but also to new prospects who are coming in. And we've been experimenting with a lot of ways to sell to the existing subscriber base. So, as you know, the Add-to-Box system is performing extremely well. The numbers that we just posted in this past quarter are very, very strong.

And what we've proven there over and over and it's accelerating is that when we have a toy customer, we can sell them a lot more toys. And so, when we put that into our machine learning, the machine is going to promote more heavily toys. It's going to say, you're doing quite well with that, keep doing it. We need to override that machine and we have been, and we need to learn and teach the machine that the food is more valuable to us.

And so, we're in that process of learning how to do that with existing subscribers and getting better and better at it as we go forward. But the real opportunity to me is in presenting Eats to a prospect. When a prospect comes in and is going through the barkbox.com onboarding funnel and then they end up buying, oftentimes our Happy Team will engage with them immediately after they convert. And those interactions consistently have a 100% customer satisfaction score, 100%. It makes sense. That's when the customer is the most excited about who we are and what we're doing and then they run into a fabulous Happy Team member, who is there to make them even more excited and help them out.

At those points of interaction, when you're first going through the onboarding and when you're meeting that Happy Team member, we don't introduce food to you at all today. There are 3 million of those visitors going through that funnel, 3 million came through that funnel in the month of December, we told none of them about food. So, just making them aware that it exists, while they're most excited about BARK at that moment, is a huge opportunity, in addition to the existing subscribers.

Maria Ripps

Analyst, Canaccord Genuity LLC

Q

Great. Thank you so much for the color.

Matt M. Meeker

Co-Founder, Executive Chairman & Chief Executive Officer, BARK, Inc.

A

Thanks, Maria.

Operator: Thank you, Maria. Our next question is from Steph Wissink of Jefferies. Steph, your line is now open.

Stephanie Wissink

Analyst, Jefferies LLC

Q

Thank you. Good afternoon, everyone. I want to ask Maria's question in a slightly different way. And, Matt, I just want to make sure we're hearing you correctly that you're going to pull back on marketing to acquire customers that are play-only and emphasize customers that are more diversified BARK customers across your segments. But your play acquisition strategy has been so powerful to allow you to cross-sell. So, help us just think through the philosophy to pivot when you've had such a strong Add-to-Box features in your model, at the same time as you start seeking out higher value customers.

Matt M. Meeker

Co-Founder, Executive Chairman & Chief Executive Officer, BARK, Inc.

A

Yeah. You're right. And so, let me be really specific about what I mean there. Just as I was answering Maria's question saying there are millions of visitors coming through a play funnel, and we're taking them all the way through and converting them at very healthy rates. And we don't interrupt that journey at all by introducing food or dental or anything else. We say, you want to be a play customer and get through quick.

What we are actively planning to do is, while they're going through that funnel, to stop them and say, would you like some food? Would you like some – a dental product? Would you like something of these newer categories, where, in food and health, we have a \$50 billion addressable market opportunity. In toys, we have a \$3 billion opportunity and we've gobbled up a good amount of that. So, we are going to actively stand in their way and say would you like food or dental and give them incentives to buy food and dental. What we are, I'd say, very conservatively predicting will happen here is that in the short term, as this is a new step in our funnel, that we will experience a drop in conversion rate as people who came just for the toys and didn't want that interruption will go away.

So, what we're saying is we will actively be happy – well, we won't be happy, but we will accept that they will go away and that we will instead pick up people who are a toy customer and a food customer, or a toy customer and a dental customer. We're going to prioritize that, give them incentives to be that, and thereby raise that average order value, knowing that's going to lead to an overall aggregate number of new subscribers that's a little bit less in the short term, but that they are higher value and then they are in those multibillion dollar categories.

Stephanie Wissink

Analyst, Jefferies LLC

Q

Okay. That's helpful. And can we just talk a little bit about what you've done thus far? Have you implemented this interruption in the process or have you tested it? Is some of your commentary just based on hypotheticals or are you starting to really run tests and see that small rate of balance in that offset being higher AOV maybe even stronger LTV customers?

Matt M. Meeker

Co-Founder, Executive Chairman & Chief Executive Officer, BARK, Inc.

A

No, we have not – I'll say we have not put that added step in the funnel. Where we have lightly tested this is with our Happy Team post-purchase starting to mention this to select customers where it makes sense. We will shortly have that in the funnel. And so, have that interruptive or added step in the funnel shortly.

So, what we're predicting is somewhat informed by other tests that we've run that are not the same, but somewhat related. And like I said, I think we're probably being overly conservative expecting that the first time out that we do this, it won't be our best time. We'll put it there and then we'll learn and we'll adapt and get better at it, as we do with everything.

Stephanie Wissink

Analyst, Jefferies LLC

Q

That's great. My last question is actually a question we get a lot from investors. Your differentiation and your value proposition in food, I know your strategy has changed somewhat in terms of the commercial model and the delivery model. So, could you talk a little bit about where you think your value add is? You also mentioned, I think, some customer data analytics that might give you the ability to personalize in a unique way. Just talk a little bit about that. Thank you.

Matt M. Meeker

Co-Founder, Executive Chairman & Chief Executive Officer, BARK, Inc.

A

Yeah. Thank you. Absolutely. That's the differentiator for us and that we have the ability to know your dog and then serve that dog as an individual, that's core to who we are. So, with BarkBox and Super Chewer, we do that with hundreds of thousands of unique assortments every month across our entire subscriber base.

So, we've proven on the operation side we can do it. We've proven that we can collect relevant data about a customer and then reflect it right away and make their experience better and better and more personalized to that dog. It's bringing the same playbook to the food side of our house.

The trick for us is how do we engage that customer especially if they're a play customer. How do we get them into that conversation in the first place? And with our existing subscriber base, we have such rich information across those 6 million-plus people who we've served, that we have a lot of different entry points. And what I mean – an example of an entry point could be a breed.

If you put information in front of me that is Great Dane related, I will pay attention to it because I'm obsessed with Great Danes, because that's my dog. If you put a puppy-related message in front of someone whose dog is four months old, they're probably more responsive to it. So, we're looking for those entry points that's going to engage a customer at the right moment and get them started on that conversation.

Operator: Thank you. We have no further questions. That concludes today's conference call. Thank you for joining. You may now disconnect.

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