**Earnings call transcript**

**Financial Performance Overview:**

* **Gross Merchandise Volume (GMV):** Despite the challenging macroeconomic environment, NetMarket reported an improvement in organic GMV growth each quarter in 2023, with a slight full-year decrease of about 1% in GMV. The focus category GMV grew by nearly 4%, achieving 30% penetration by year-end.
* **Revenue Growth:** NetMarket's revenue increased organically by 3%, totaling over $10 billion. The growth was primarily fueled by first-party advertising, expansion of financial services offerings, and the introduction of NetMarket International Shipping.
* **Fourth Quarter Highlights:** The fourth quarter saw nearly flat GMV at $18.6 billion, with a revenue increase of 3% to $2.6 billion. The non-GAAP operating margin was reported at 26.7%, and non-GAAP earnings per share (EPS) were $1.07 for the quarter, contributing to a full-year EPS of $4.24.

**Strategic Achievements and Business Initiatives:**

* **Technological Advancements:** Significant investments were made in generative AI for eCommerce, enhancing both the buyer and seller experience. The company also introduced multi-warehouse shipping optimization and predictive maintenance features in key categories like Motors Parts & Accessories (P&A).
* **Organizational Changes:** In a move to streamline operations, NetMarket reduced its workforce by approximately 1,000 roles. This restructuring aimed to better align expenses with business growth and accelerate innovation.
* **Focus Category Strategy:** The focus category GMV outpaced other marketplace segments, with particularly strong performance in P&A. Initiatives like the NetMarket Guaranteed Fit program improved buyer trust and retention, contributing to incremental GMV growth.
* **Authenticity Guarantee Program:** Expansion to include loose gemstones and the opening of a new authentication center in Tokyo significantly enhanced marketplace trust. These moves were part of a broader strategy to increase confidence in high-value categories.

**Market-Specific Strategies and Performance:**

* **Investments in the German Market:** NetMarket adapted its approach to address the unique needs of German consumers, leading to improvements in language, search SEO, shipping, and local pickup experiences. These changes resulted in increased customer satisfaction and GMV growth in a challenging macro environment.
* **Global Expansion and Localization:** Efforts in local market optimizations, such as the introduction of a map-based browsing experience in Germany, have been instrumental in driving user engagement and regional growth.

**Advertising and Sustainability Efforts:**

* **Advertising Revenue:** The company’s total advertising revenue grew by 20% to $1.4 billion, with first-party ads outperforming the overall volume growth. Innovations like Promoted Listings Advanced and a Top Picks carousel for search contributed to this growth.
* **Environmental Impact and Recommerce:** NetMarket’s focus on recommerce led to nearly $4.9 billion in positive economic impact and significant reductions in carbon emissions and waste. The company remains committed to sustainable practices, sourcing over 90% of its energy consumption for controlled offices and data centers from renewable sources.

**Financial Outlook for 2024:**

* **Anticipated GMV Growth:** NetMarket expects positive GMV growth by Q3 or Q4 of 2024, with revenue growth projected to surpass GMV growth. This outlook is based on continued investment in focus categories, AI advancements, and improved country-specific experiences.
* **Strategic Investment and Cost Management:** The company plans to maintain a balance between strategic investments and cost efficiencies. Focus will be on expanding margins, driving robust earnings growth, and delivering healthy capital returns to shareholders.

**Corporate Social Responsibility and Community Engagement:**

* **Philanthropy and Grants:** The NetMarket Foundation’s contributions, including over $19 million in grants in 2023, demonstrate NetMarket’s commitment to supporting historically excluded entrepreneurs and addressing climate change.
* **Sustainability Milestones:** The company’s dedication to enabling more green energy on the U.S. electricity grid and its target to reach 100% renewable energy by 2025 highlight its commitment to environmental stewardship.

**Closing Remarks and Future Direction:**

* The CEO and CFO expressed optimism for 2024, emphasizing NetMarket's strategic focus on building a more resilient company. Despite global economic challenges, the company is well-positioned for sustainable growth and efficiency, leveraging its AI capabilities and strategic investments. The leadership team remains committed to delivering long-term shareholder value and navigating the dynamic operating environment with agility and foresight.