



Due diligence of an apparel brand

For private equity firm

Analyzed historical growth drivers to better understand the sustainability of growth. Performed cohort analysis and benchmarked against the Customer Acquisition Cost (CAC) to evaluate profitability. Additionally, identified the top-performing customer segments by analyzing the customer journey.

Private equity firm needs to performs due diligence for an apparel brand

Picture this...

You're looking to perform due diligence on the target firm by analyzing the sustainability of the historical growth through customer behavior and journey analyses.

You turn to Accordion.

We partner with your team to analyze historical growth drivers to better understand the sustainability of growth. Additionally, identifying the top-performing customer segments by analyzing the customer journey, including:

- 1) Analyzing the revenue trends to identify the key drivers of growth i.e., growth through customer acquisition, better revenue contribution, or both
- 2) Performing cohort analytics and benchmarking against the customer acquisition cost (CAC) to evaluate profitability and the customer spend trends over time
- 3) Analyzing the product sales mix to understand the evolution of basket mix and sales performance of product categories across time
- 4) Performing a customer segmentation analysis to identify the premium customers and analyzed the key attributes of these customers to help in sizing the potential opportunity by optimizing marketing spend

Your value is enhanced.

- Based on the insights shared from the analysis on the due diligence work, you are able to evaluate the sustainable growth and acquire the apparel brand
- You have identified key initiatives that could improve the top-line and bottom-line growth and sized the potential \$ opportunity
- You have also highlighted the historical growth drivers and underperforming aspects of the business to help make an informed decision

DUE DILIGENCE OF AN APPAREL BRAND

KEY RESULT

- Acquisition of apparel brand

VALUE LEVERS PULLED

- Customer Acquisition Cost (CAC) benchmarking
- Cohort Analysis
- Customer segmentation analysis

Due diligence of an apparel brand for a consumer-focused PE firm

Situation

- Client was evaluating a Direct to Consumer (DTC) apparel brand and there was an opportunity to better understand historical growth drivers and customer behavior of the target B2C firm
- Partnered with the client to perform due diligence on the target firm by analyzing the sustainability of the historical growth through customer behavior and journey analyses.

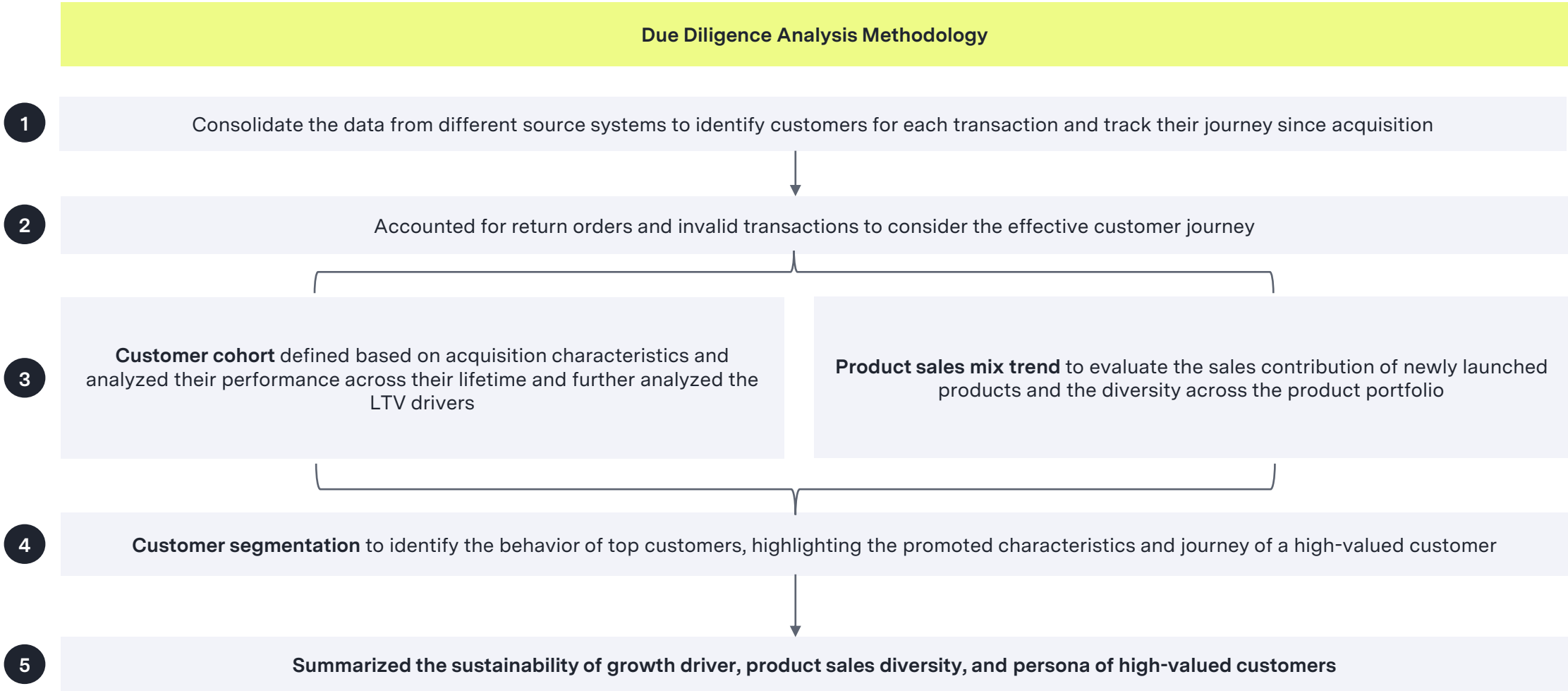
Accordion Value Add

- Analyzed the revenue trends to identify the key drivers of growth i.e., growth through customer acquisition, better revenue contribution, or both
- Performed cohort analytics to understand the acquisition characteristics of customers and analyzed the customer spend trends over time
- Analyzed the product sales mix to understand the evolution of basket mix and sales performance of product categories across time
- Performed a customer segmentation analysis to identify the premium customers and analyzed the key attributes of these customers. This helped sizing the potential opportunity by optimizing marketing spend.

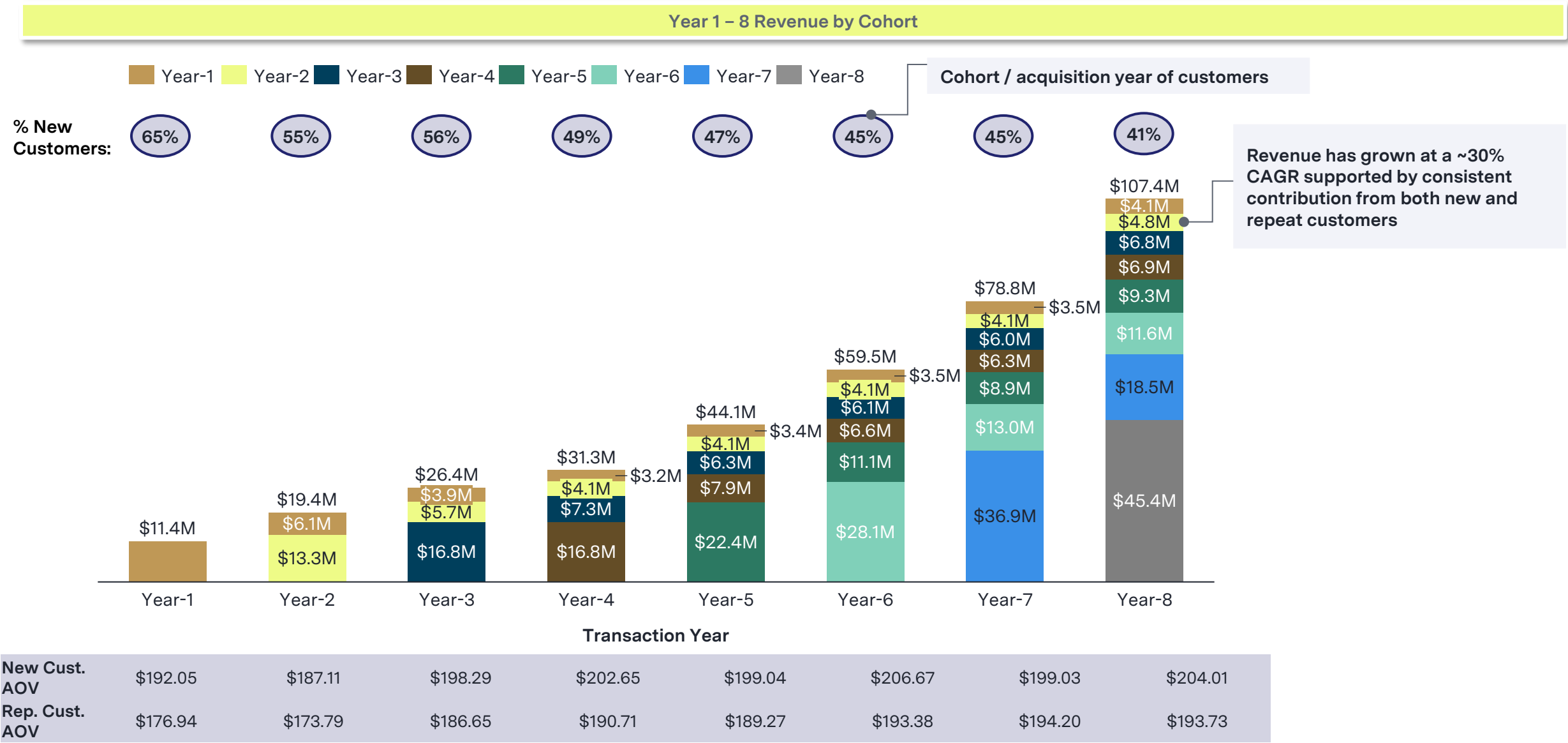
Impact

- Based on the insights shared from the analysis on the due diligence work, PE firm was able to evaluate the sustainable growth and acquired the apparel brand
- Identified key initiatives that could improve the top-line and bottom-line growth and sized the potential \$ opportunity
- Highlighted the historical growth drivers and underperforming aspects of the business to help make an informed decision

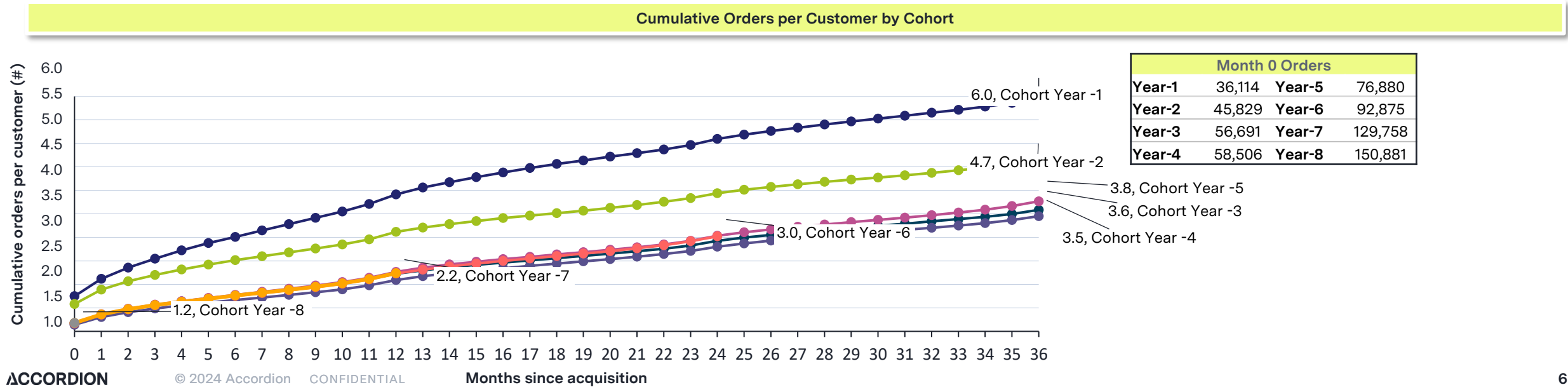
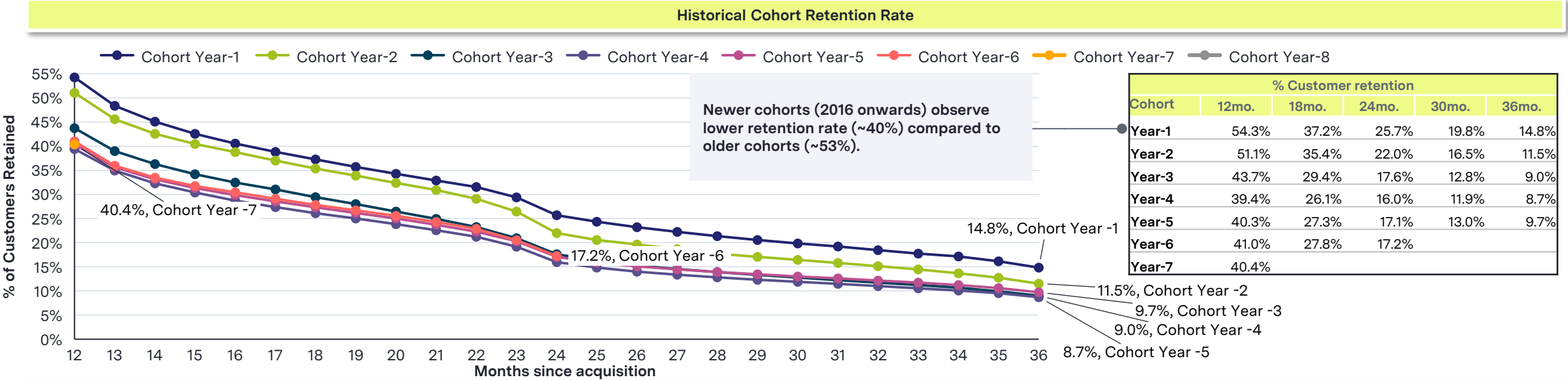
Methodology/ Approach



Yearly revenue trend by customer cohort

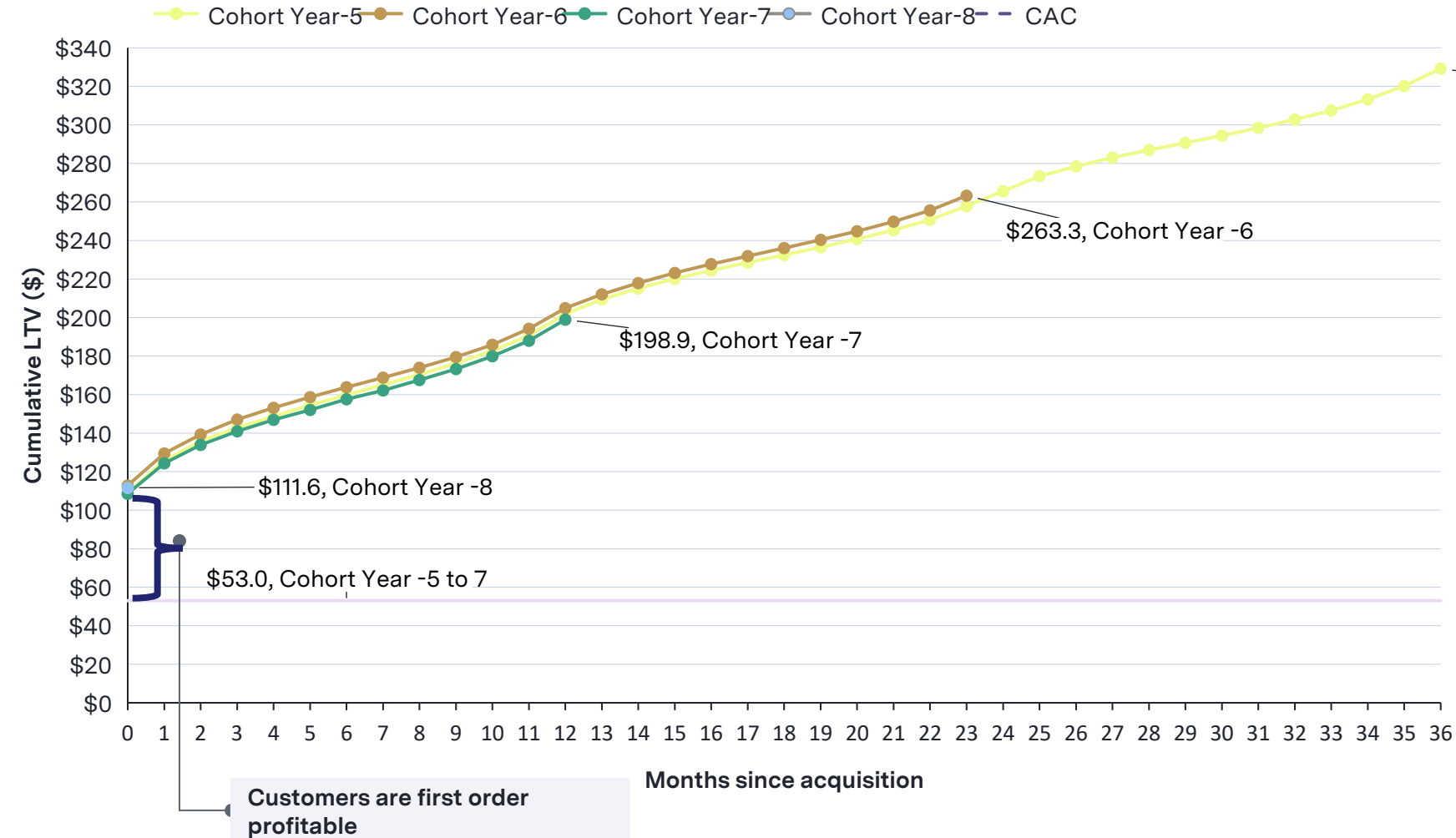


Customer retention across acquisition cohorts



Customer retention across acquisition cohorts

Cumulative LTV / CAC by Cohort



LTV / CAC Ratio							
Cohort	CAC (\$)	1 mo.	3mo.	6mo.	12mo.	18mo.	36mo.
Year-5	\$53	2.93x	3.32x	3.71x	4.64x	5.33x	6.60x
Year-6	\$53	2.86x	3.25x	3.62x	5.02x	4.63x	
Year-7	\$53	2.47x	2.80x	3.12x	3.92x		

Customers are first-order profitable with an average of LTV/CAC ratio of 2.54x