

# THELOOK: CASE STUDY

November 2023

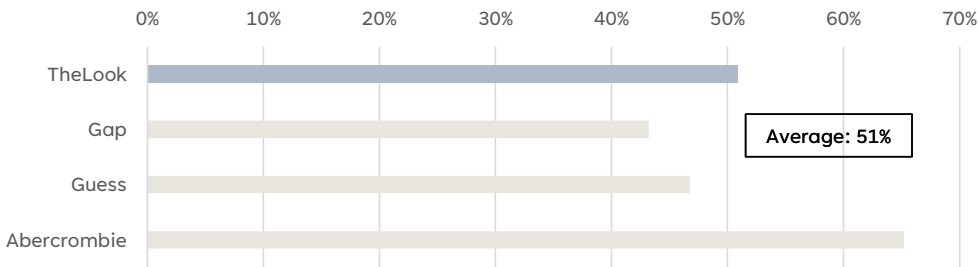
# NOTES TO CONSIDER

1. Mostly hypothesis driven and SCR framework.
2. Outside references included, did best to keep to reputable sources.
3. Chosen recommendations are data driven, while balanced with way of thinking.

# TheLook's overall profitability compares to well-known brands in industry

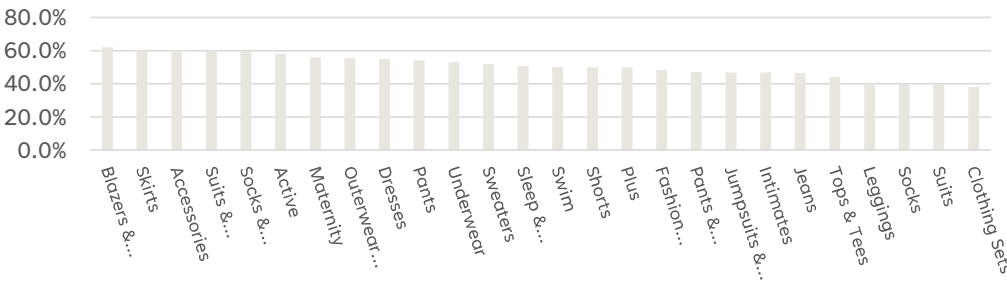
## Margin Percentage By Brand

TheLook: Product Mix Average, Others: Q2 2021



## Average Margin Ratio By Category

TheLook Product Mix



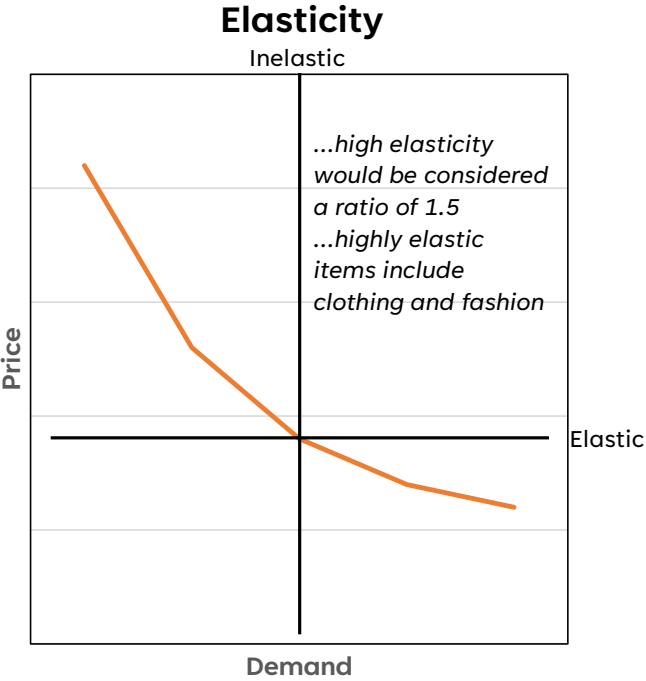
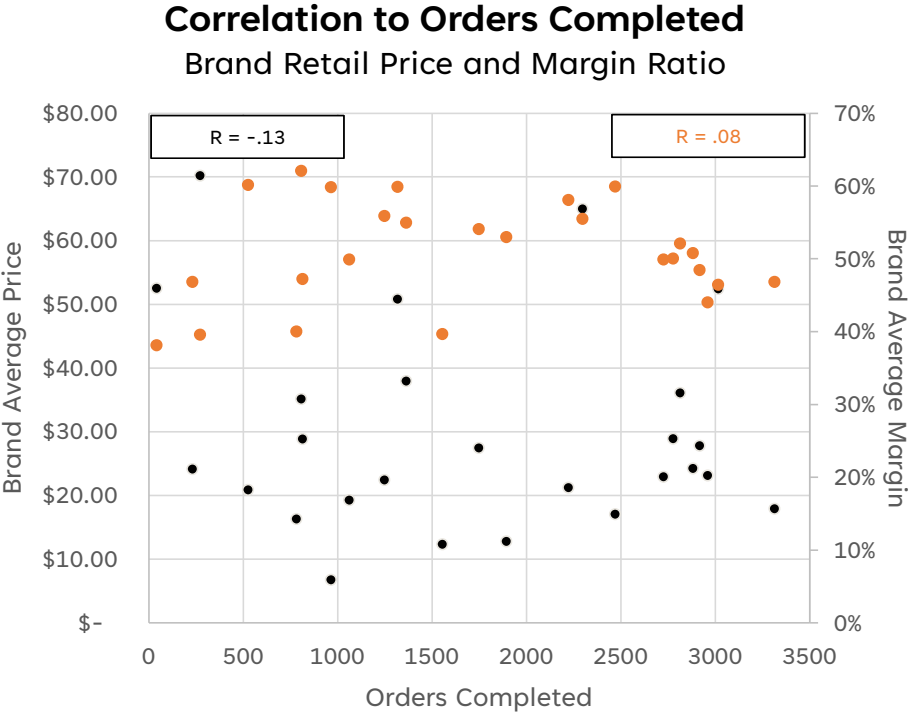
### Summary

- Our product mix averages 50.9% under current retail prices.
- This includes 26 different categories in our current inventory system.
- All with varying degrees of margin, ~30% to ~60%

Notes: Margin for TheLook assumes no other discounts and is before shipping  
Comparisons to other brands is not a direct timeseries comparison  
Source: Wall Street Journal <https://www.wsj.com/articles/clothing-retailers-boost-profit-margins-by-offering-fewer-markdowns-11630488600>  
Google BigQuery: TheLook

The current mix has an array of margin ratios, with no correlation to price or frequency; consider optimizing retail prices in a highly elastic market

Indicative



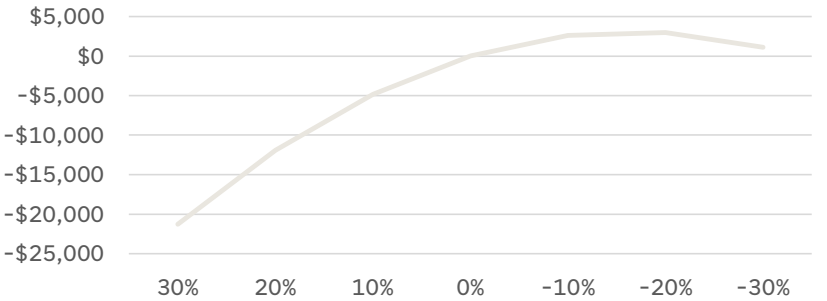
Notes: R values -1 to 1, closer to 0 meaning little to no correlation  
Source: Global Journal of Pure and Applied Mathematics [https://www.ripublication.com/gjpam17/gjpamv13n7\\_69.pdf](https://www.ripublication.com/gjpam17/gjpamv13n7_69.pdf)  
Consumer Interest <https://www.consumerinterests.org/assets/docs/CIA/CIA2000/cheng2.pdf>  
Google BigQuery: TheLook

# Applying varying discounts could increase overall contribution, keeping in mind discounts will eventually diminish returns

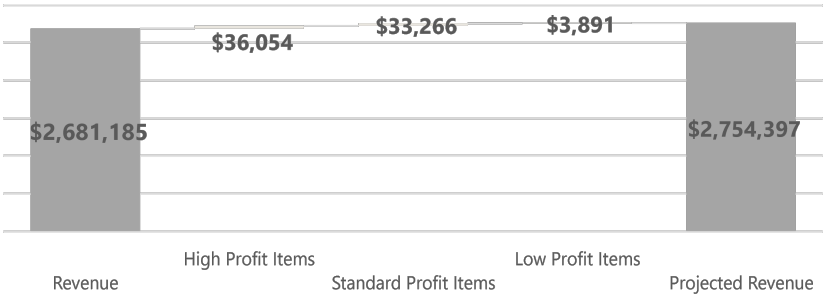
Brand Price Change Strategy  
Profitability vs. Frequency

		Profitability		
		High	Standard	Low
Frequency	High	Discount 20%	Discount 10%	Flat
	Proportional	Discount 20%	Discount 10%	Flat
	Low	Discount 20%	Discount 10%	Discount 10%

Gain/Loss vs. Discount  
Blazers & Jackets



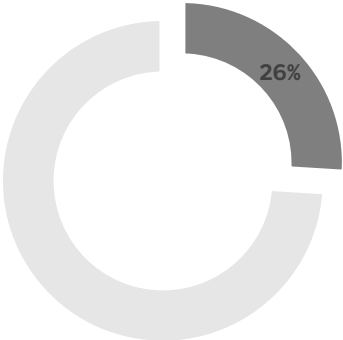
Gain/Loss Walk  
By Item Type



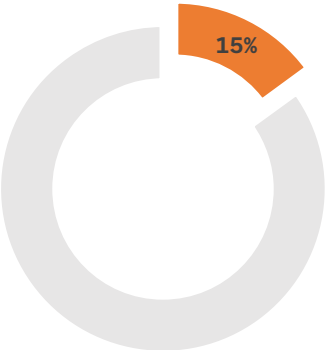
Notes: Assuming price/demand ratio of 1.5  
Source: Global Journal of Pure and Applied Mathematics [https://www.ripublication.com/gjpam17/gjpamv13n7\\_69.pdf](https://www.ripublication.com/gjpam17/gjpamv13n7_69.pdf)  
Consumer Interest <https://www.consumerinterests.org/assets/docs/CIA/CIA2000/cheng2.pdf>  
Google BigQuery: TheLook

# Meanwhile return rates remain below industry average

Industry  
Return  
Rate



TheLook  
Return  
Rate



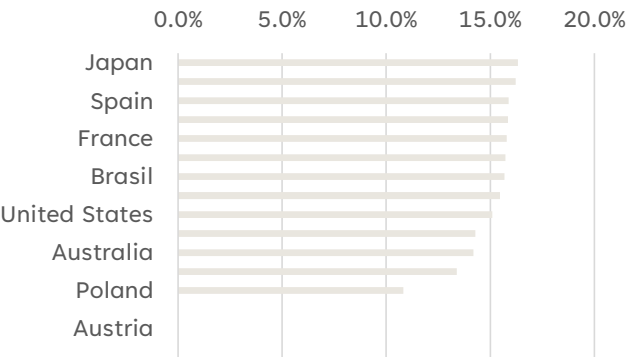
Return Rates  
By Category



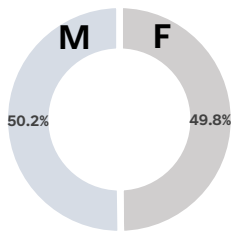
Notes Return rate calculated based on only Completed, Shipped, and Returned items.  
Source: Shopify <https://www.shopify.com/enterprise/ecommerce-returns>  
Google BigQuery: TheLook

**Rates remain evenly distributed across location and buyer demographics. Performance has continued to improve Post-COVID**

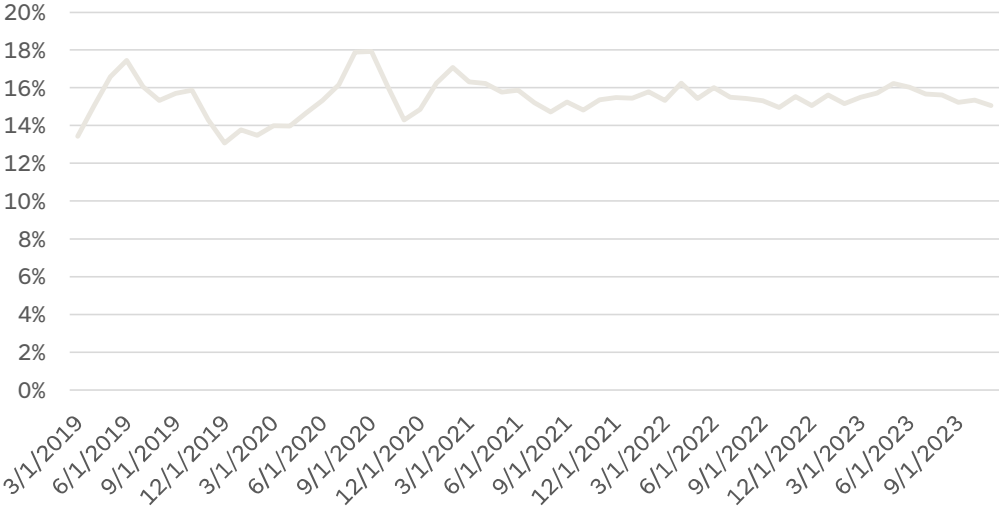
**Return Rate By Country**



**Return Rate By Gender**  
% of Total Returns



**Return Rates**



Notes: Return rate calculated based on only Completed, Shipped, and Returned items.  
Source: Google BigQuery: TheLook

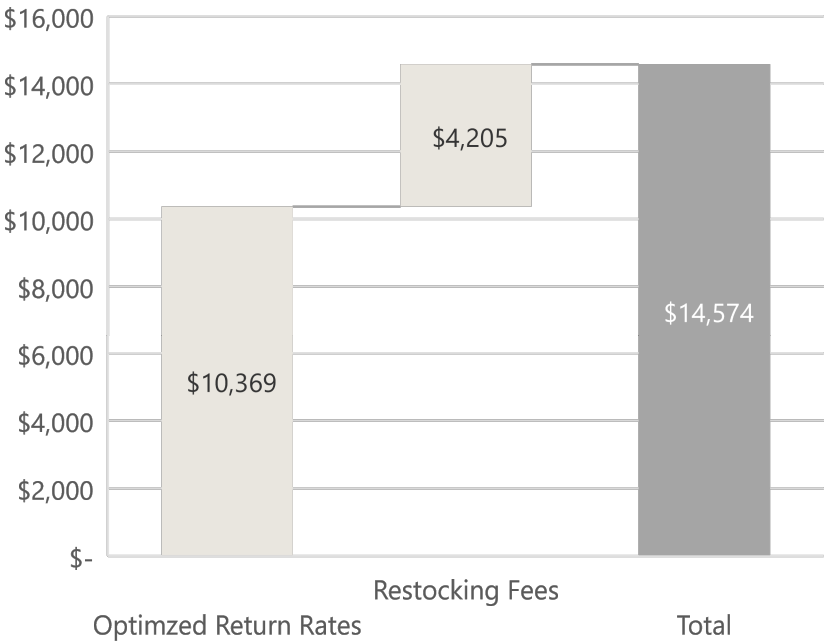
# Creating a restocking-chargeback policy could flush out quality control issues and recapture loss revenue

Brand	Return Rates
Lilyette	40.7%
Squeem Magical Lingerie	36.4%
Cutter & Buck	34.8%
Botany 500	33.3%
KAVU	32.0%
Evolution by Cyrus	31.8%
Merry Modes	31.4%
DAVID Seeds	30.8%
Level 99	30.6%
Fresh Laundry	29.0%
Freya	28.6%
Alivila.Y Fashion	28.6%
Naturally by Derek Rose	28.3%
Flying Tomato	28.0%
Prego	28.0%
Storus Corporation	28.0%
Kawasaki	28.0%
Dearfoams	27.9%
K. Alexander	27.8%
Universal Textiles	27.7%
Maple Clothing	27.5%
TEXTILE Elizabeth and James	27.5%
Goodhew	27.3%
JAG Jeans	27.3%
IGIGI by Yuliya Raquel	27.3%
Everjune	27.3%
Ramonti	27.3%
LAT Sportswear	27.3%
Electric	27.0%
Dosh	26.8%
Red Kap	26.7%
What Goes Around Comes Around	26.1%

Summary

- 32 unique brands have return rates above industry average (26%)
- Considered only where number of items sold was 20 or larger.
- Accounts for 5% of overall returned items.

Return Optimization Contribution  
Projections Assuming 15% Return Rate

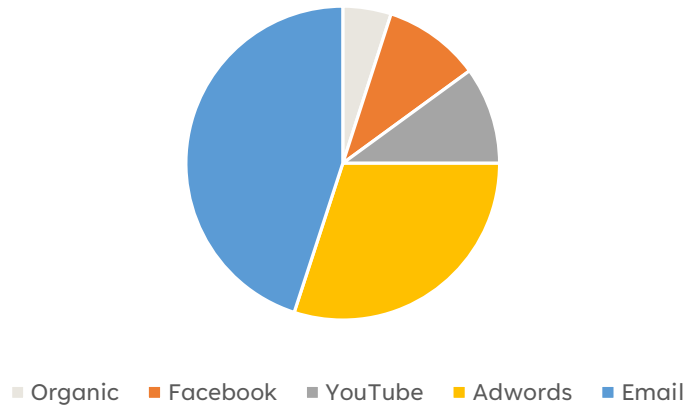


Notes: Return rate calculated based on only Completed, Shipped, and Returned items.  
Source: Google BigQuery: TheLook



## Largest cost to bottom line likely to inflated marketing budgets

**Traffic Source Distribution**  
% of Total Events



Traffic Source	Conversion Rate	Method Total Cost*	Cost Per Conversion
Organic	7.40%	\$ -	\$ -
Facebook	7.50%	\$241,684	\$13.32
YouTube	7.49%	\$1,704	\$0.09
Adwords	7.45%	\$3,038,244	\$56.11
Email	7.49%	\$500	\$0.01
<b>Total/Average</b>		<b>\$3,282,132</b>	<b>\$18.13</b>

Notes: \*Estimated cost of traffic

Source: (Email cost), <https://themeisle.com/blog/best-mass-email-senders/#gref>

Shopify (Facebook ads), <https://www.shopify.com/blog/facebook-ads-cost#:~:text=an%20ad%20auction.-,How%20much%20does%20Facebook%20advertising%20cost%3F,as%20cost%20per%201%2C000%20impressions.>

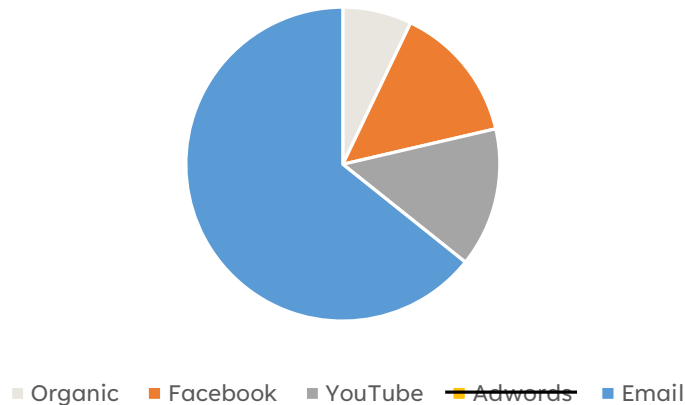
(Youtube Ads) <https://localiq.com/blog/youtube-advertising-cost/#:~:text=YouTube%20ads%20are%20measured%20in,views%20of%20your%20YouTube%20ad.>

(Adwords), <https://www.wordstream.com/blog/ws/2019/08/19/conversion-rate-benchmarks#:~:text=The%20average%20cost%20per%20conversion,%2490.80%20on%20the%20display%20network.>

Google BigQuery: TheLook

# Removing highest cost traffic source, while redistributing events, still provides large net decrease in marketing costs

**Proposed Traffic Source Distribution**  
% of Total Events, Redistributed



Traffic Source	Conversion Rate	*Method Total Cost	Gain/Loss
Organic	7.40%	\$-	\$-
Facebook	7.50%	\$345,333	\$ (103,649)
YouTube	7.49%	\$2,435	\$ (731)
Adwords	-	\$-	\$3,038,244
Email	7.49%	\$715	\$ (215)
<b>Total/Average</b>		<b>\$348,482</b>	<b>\$2,933,650</b>

Notes: \*Estimated cost of traffic

Source: (Email cost), <https://themeisle.com/blog/best-mass-email-senders/#gref>

Shopify (Facebook ads), <https://www.shopify.com/blog/facebook-ads-cost#:~:text=an%20ad%20auction.-,How%20much%20does%20Facebook%20advertising%20cost%3F,as%20cost%20per%201%2C000%20impressions.>

(Youtube Ads) <https://localiq.com/blog/youtube-advertising-cost/#:~:text=YouTube%20ads%20are%20measured%20in,views%20of%20your%20YouTube%20ad.>

(Adwords), <https://www.wordstream.com/blog/ws/2019/08/19/conversion-rate-benchmarks#:~:text=The%20average%20cost%20per%20conversion,%2490.80%20on%20the%20display%20network.>

Google BigQuery: TheLook