

Fashion Retail Analytics Initiative

Board Summary

Scope: \$762.5M revenue | 1.27M customers | 6.28M transactions

Objective: Convert analytics into measurable revenue, retention, and operational gains

1. Executive Snapshot

- Net revenue analyzed: \$762.5M
- Active customers: 1.27M
- Revenue at risk from churn: \$227M
- High-risk customers identified: 103,495
- Churn model accuracy (ROC-AUC): 84%
- Year-1 retention net ROI: \$4.5M

2. Three Strategic Truths

Truth #1: Premium Execution Works — But Only in China

- China generates 75.8% of revenue with the same products and customer count as the U.S.
- Customer lifetime value: China \$1,993 vs U.S. \$242 (8.1× gap)
- Root cause: execution and positioning, not market demand

Opportunity: Replicating 50% of China's performance in U.S. stores unlocks \$221M

Truth #2: The First 180 Days Decide Everything

- 74.4% repeat rate (above industry average)
- 325K customers purchased once and churned
- Customer tenure explains ~80% of churn risk

Opportunity: Converting half of one-time buyers adds ~\$81M recurring revenue

Truth #3: Prediction Without Action Has No Value

- ML model identifies exactly who will churn, why, and who is worth saving
- 103K customers currently at high risk
- \$5.2M in targeted campaigns preserves \$9.6M in value

Net gain: \$4.5M in Year 1

3. Action Plan (12- Month Horizon)

Move 1: Clone Shanghai (Pilot 2–3 U.S. Flagships)

Investment: \$5–10M | Return: \$132–221M | ROI: 13–22×

- Premium masculine formalwear focus (84–95% margins)
- Luxury merchandising and service protocols

- Pilot, measure, then scale

Move 2: Fix the First 180 Days

Investment: \$3M | Return: ~\$98M | ROI: 33×

- Protect 235K 'Champion' customers (53% of revenue)
- Target 230K at-risk customers with personalized retention campaigns

Move 3: Reduce Revenue Volatility with Forecasting

Investment: \$2M | Return: \$15–25M | ROI: 8–13×

- Reduce monthly revenue volatility from 50% to <30%
- Improve inventory planning, staffing, and cash flow predictability

4. Investment Summary

Total Investment: \$10–15M

Expected Year-1 Return: \$245–344M

Even at 50% underperformance, ROI remains 8–11×

5. Recommendation

Approve Retention + Forecasting initiatives immediately (\$5M).

Use measured results to greenlight Shanghai playbook pilot next quarter.

This approach maximizes ROI while controlling execution risk.

Prepared By

Ruhama Israel 2025