


# Q2 OKRs

OBJECTIVE	TARGET	ACTUAL
Prove demand viability	5K members	3.9K members
Maintain reasonable burn	\$200K / mo	\$80K / mo
Acquire members efficiently	Blended CAC <\$90	Blended CAC \$30-50




## Q2 RECAP

	May 2020	June 2020	July 2020
New ARR	\$88,500.00	\$86,400.00	\$167,471.40
GMV	\$175,814.49	\$166,353.31	\$312,401.35
Orders	1,115	1,015	2,074
Members Added	849	868	1686
AOV	\$150.11	\$145.35	\$149.40
Add to Cart	2.15%	2.22%	1.38%*
CVR (Orders)	0.71%	1.08%	0.87%*
CVR (Members)	0.07%*	0.46%	0.67%
Adspend	\$29,466.52	\$14,533.89	\$24,123.46
Blended CAC (Members)	\$34.71	\$16.74	\$14.31
Blended CPO	\$26.43	\$14.32	\$11.63

# Product Launches (1/2)

	Zest Dutch Oven	Women's Ella Tote, Phoebe Bucket Bag	Sunglasses
			
<b>Launch Date</b>	5/7	7/13	7/16
<b>Net Sales</b>	\$9.7K, 95U	Ella Tote \$3.4K, 19U Phoebe Bucket Bag \$4.3K, 25U	Hancock \$5.3K, 107U Wilshire \$3.2K, 64U Melrose \$1.4K, 29U Point Dune \$1.1K, 21U Grove \$800, 16U
<b>Unit Sell Through %</b>	65%	Ella Tote \$3.4K, 10% Phoebe Bucket Bag 11%	Hancock 36% Wilshire 32% Melrose 20% Point Dune 10% Grove 10%
<b>Findings</b>	Quarantine has further fueled demand for kitchen items	Bags and Travel item demand still stalled due to quarantine	Sold over 200 pairs in 2 weeks; at \$50 this is a great product for entry into the brand/membership
<b>Action Steps</b>	Large reorder (4K units) placed, new colors and smaller 4qt size to be added to offering	Relatively conservative reorder (1,000U) placed given long lead time, gathering constructive product feedback	Large reorder (12K units) placed, beginning development on additional Men's styles

# Product Launches (2/2)

	<b>Women's Slumber Pajamas</b> 	<b>Zest Knife Set</b> 	<b>Slumber Eucalyptus Bedding</b> 
<b>Launch Date</b>	7/19	7/28	7/30
<b>Net Sales</b>	\$5.2K, 94U	\$7.6K, 95U	Sheets \$3.8K, 35U Duvet \$905, 10U Pillowcases \$372, 18U
<b>Unit Sell Through %</b>	47%	32%	Sheets 9% Duvet 5% Pillowcases 9%
<b>Findings</b>	Plays into current consumer lounge mindset, limited compelling offerings in market indicates white space opportunity	Unique magnetic design and photography combined with sharp price point sold over 50 sets on first day alone	Members still gravitate towards classic Sateen given previous press/reviews etc.
<b>Action Steps</b>	Large reorder (7.4K units) placed, including backup order on Men's set to be launched August	Large reorder (5K units) placed, expanding aggressively into new Kitchen items	Relatively conservative reorder (1500U) placed, opportunity for more product knowledge on fabric benefits

# Product Launch Reviews

"This Dutch Oven is stunning and comparable to Le Creuset."

5 stars

"These sunglasses are ...every bit as good of quality as my Oliver Peoples and in fact I like these better as they are more comfortable! I've now purchased 2 more pair of Italic sunglasses because I loved them so much!"

5 stars

"Love the set. It has exactly the knives I need. The knives are great quality; they have the weight of a good knife. I also love the storage system: elegant and convenient."

5 stars

I love my pajamas and have sets from manufacturers at all price points. These are hands down the best value I've seen, easily the equal of pajamas that cost 4x these"

5 stars

"The quality and look of this bag is fantastic...The minimalist hardware is just gorgeous...The construction is beautiful, looks like I paid a whole lot of money for this bag."

5 stars

# Top 10 Bestsellers - Overall

- Top 5 items all Home products with dual gender appeal
- Casual lounge and active apparel rounded out the Top 10

Top 10 Bestsellers by Net Sales \$										
Rank	1	2	3	4	5	6	7	8	9	10
Product	Slumber Cotton Sheet Set 	Serene Towels (TTL) 	Slumber Cotton Duvet Cover 	Scented Candle 	Zest Stainless Steel Triple-Ply Cookware Set with Ceramic Coating 	Cashmere Jogger Pant 	Recycled Jersey Vintage Wash SS Tee 	Cashmere Zip-Up Hoodie 	Lounge Cotton-Blend Bathrobe 	Aura Legging 
Net Sales \$	\$86,018	\$35,919	\$34,357	\$31,461	\$20,557	\$19,994	\$16,518	\$15,600	\$13,016	\$10,832
Net Sales U	1,015	1,110	517	1,362	158	201	1,003	152	274	353
Unit ST %	75%	94%	47%	92%	100%	67%	75%	33%	75%	19%

# Product Pricing Strategy

## Methodology

*Each product VCPU is comprised of fixed & variable costs*

### 1. Fixed Costs: an average based on total cost and total units

- Inbound freight forwarding
- Fulfillment line items - storage, pack & pick, packaging materials, etc.

### 2. Variable Costs: based on either product, subcategory, or category averages depending on available data for specific product

- Import duties into the US
- Outbound shipping cost - used average of 1.99 units/ shipment
- Returns cost

### 3. 10% Markdown Cushion to account for:

- Increase in peak season inbound & outbound shipping rates
- Varying range of product sizes & expanding SKUs

### 4. Supplier Payout

- Quoted product cost x 120%

-35%

AVG PRICE REDUCTION

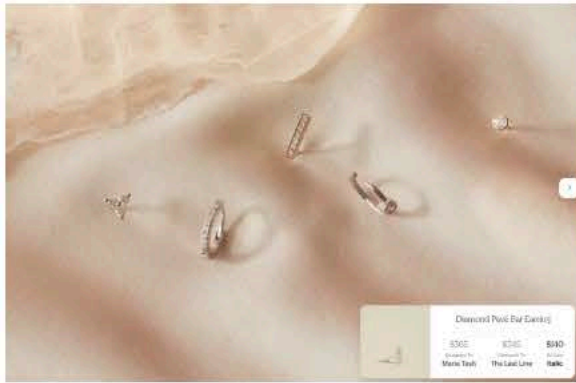
9.51%

CURRENT MEMBERSHIP CM

# Preview of upcoming category launches

- SKU count expected to double by year end (~800 -> ~1600)

FINE JEWELRY



ITALIAN FOOTWEAR



MEN'S BELTS



GLASSWARE



SKINCARE



LUGGAGE



# Growth Initiatives

- Convert ad campaigns to goal on membership conversions
- Built & optimized conversion funnel for converting existing & net-new users over to memberships
- Transitioning CAC, LTV, FTA/LTA reporting over to membership model
- Expanded team to include a part-time Growth Analyst (ex-Republic) and full-time Growth Marketing Manager (ex-RenRen)

# Customer Acquisition - Paid Channels

TRANSITIONED PAID CHANNELS TO GOAL ON MEMBERSHIP ACQUISITION

Paid Channel	Spend (Q2)	RoAS (Orders)	RoAS (Members)	CPA (Orders)	CPA (Members)	CTR
Facebook	\$63,478.41	2.08x	1.23x	\$75/ order	\$81/ member	3.06%
Google	\$4,650	2.01x	-	\$75/ order	-	1.82%

# Waitlist: Main Conversion Funnel

1127 OUT OF 1775 (63%) MEMBERS IN MAY-JULY WENT THROUGH OUR WAITLIST CONVERSION FUNNEL

1. Test value proposition before building membership product

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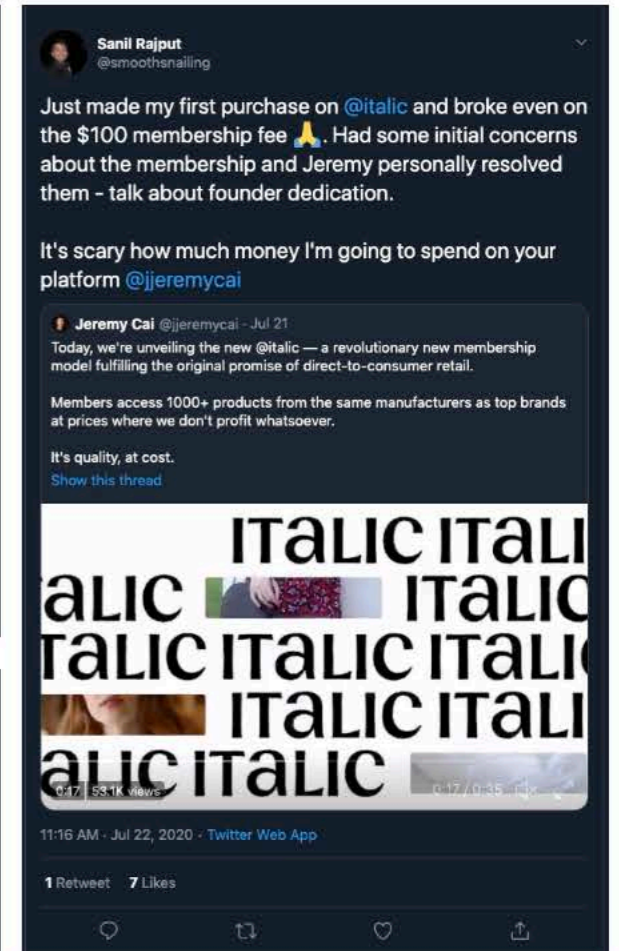
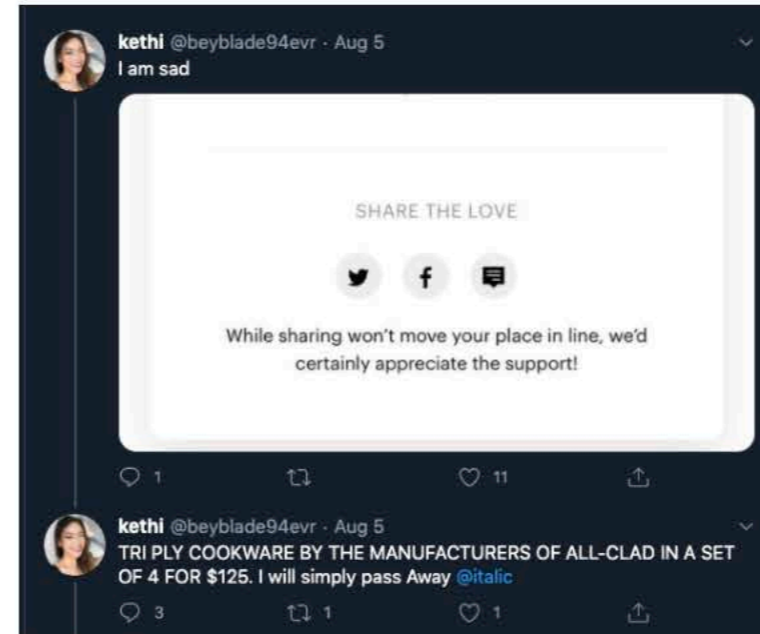
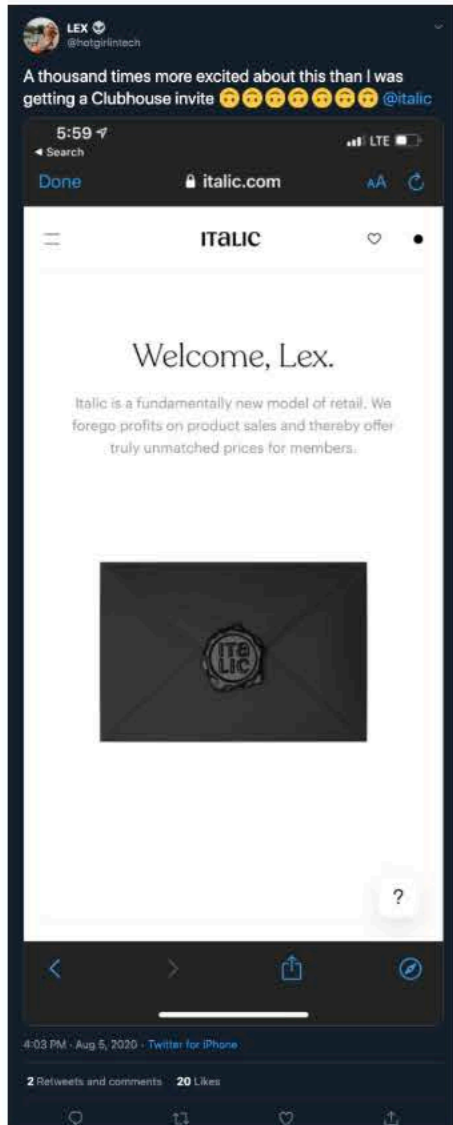
2. Regulate demand amidst supply uncertainty

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3. Create artificial scarcity & find early product champions

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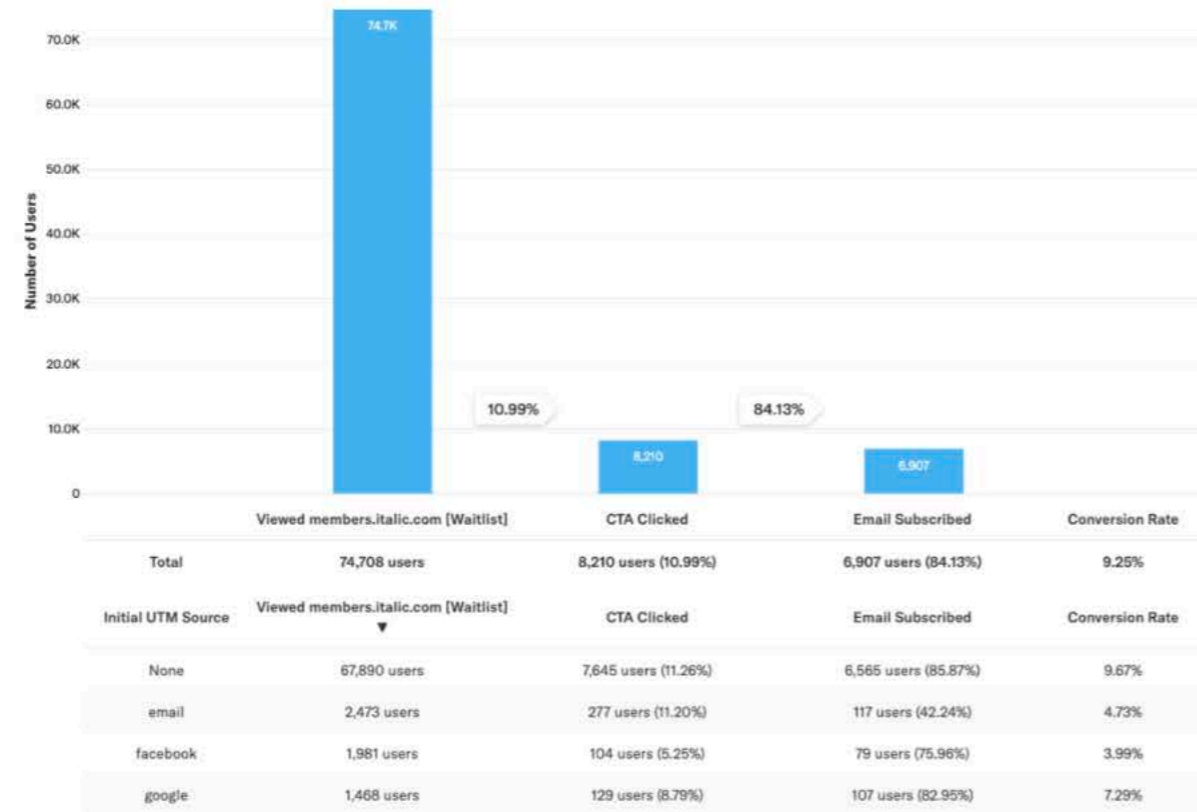
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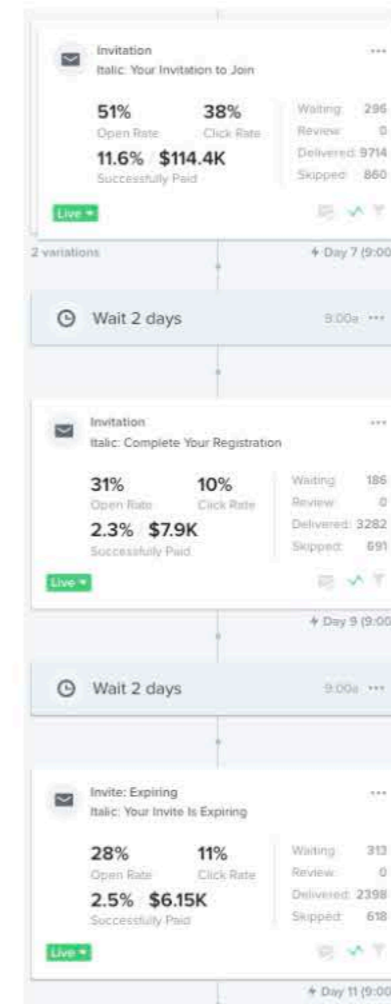
Optimize Landing Page & Increase Surfaces For Lead Capture



6/28/20-7/31/20

Nurture via Email & Invite 5/7 Days Later

AND THEN

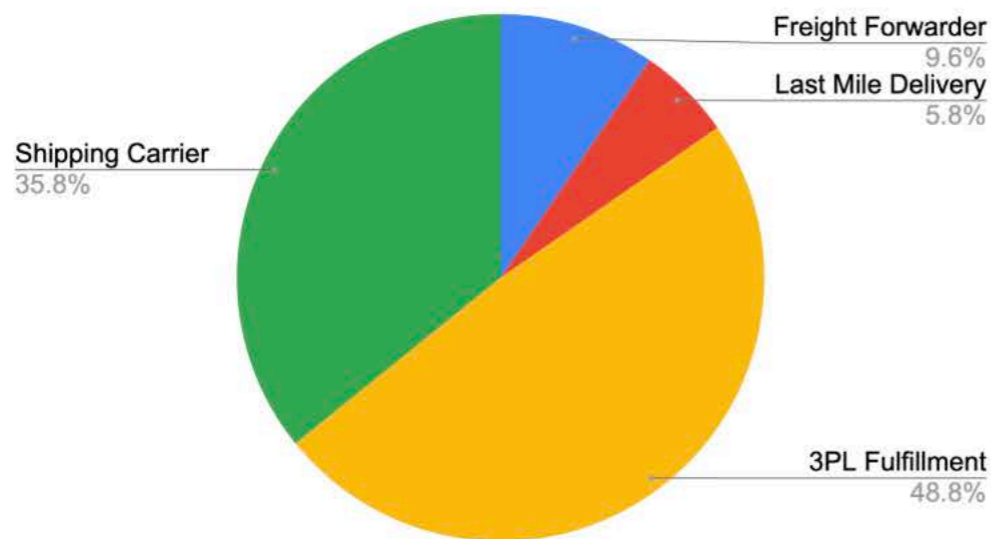


# VCPU & Contribution Margins

**Q2 VCPU\*: \$9.80 (-31.4% from Q1)**

*\*From April to June - data not yet available for July*

VCPU Breakdown



## Inbound Costs

### 1. Freight Forwarder

- Cost/Unit: \$0.92
- **+30%** from Q1

### 2. Last Mile Delivery

- Cost/ Unit: \$0.56
- *Note: Given carrier transition, no historical data*

## Outbound Costs

### 1. 3PL Fulfillment (Baja)

- Cost/Unit: \$4.70
- **-37%** from Q1

### 2. Shipping Carrier (UPS)

- Cost/Unit: \$3.45
- **-43%** from Q1
- Returns: 11.45%

\$9.80

AVG COST PER SHIPMENT

N/A

RETURN % BY REV

N/A

RETURN % BY ORDERS

98%

CSAT SCORE

4.58

AVG PRODUCT REVIEW

20 mins

AVG RESPONSE TIME

# Churn

	May	June	July
Opted Out First Month	5.2%	2%	4.5%
Cancellation Reasons	Product selection, Outside of US, and Email changes	Outside of US, Product selection	Out of stock products, Product selection, Outside of US

# Summarizing Q2 Efforts

## What went right

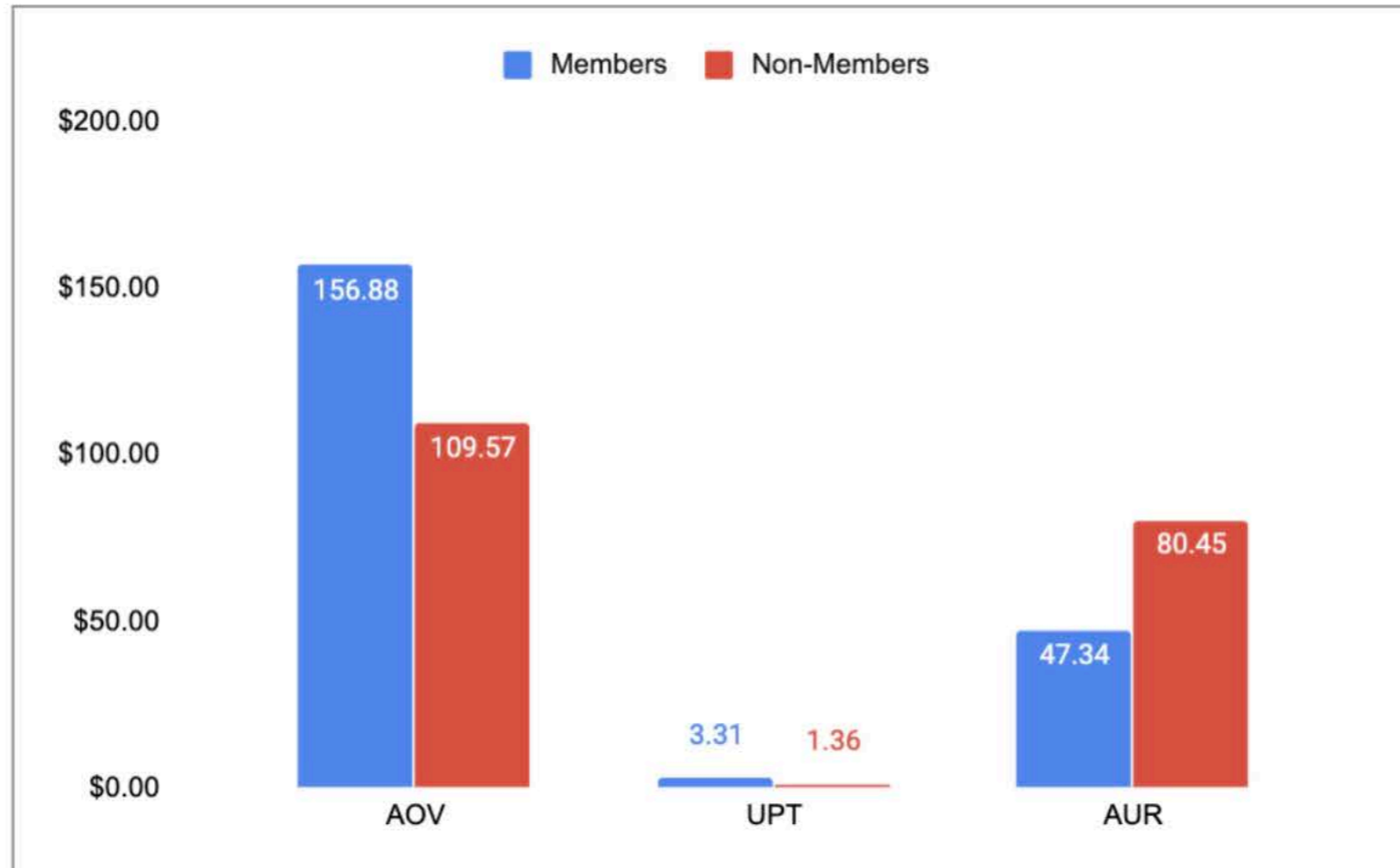
- Launched membership
- Responsibly grew team
- Reduced burn via new membership revenues
- Restructured product/retail team to reflect new growth and priorities
- Created excitement and momentum around the business

## What went wrong

- Low inventory ahead of membership surge (unavoidable, but now we know!)
- Still minimal high converting, performance driven creatives in our asset library
- Performance marketing spend very low, perhaps due to historical mindset

# Member vs. Non-Member Purchase Behavior

- Despite a 41% lower AUR, Members purchased over 2.4x as many items as Non-Members, resulting in a 43% higher AOV



# Top 10 Bestsellers – Members vs. Non-Members

- Non-Member Top 10 included more Women's and fashion items

Top 10 Bestsellers by Net Sales \$ - Members										
Rank	1	2	3	4	5	6	7	8	9	10
Product	Slumber Cotton Sheet Set 	Slumber Cotton Duvet Cover 	Scented Candle 	Serene Towels - TOTAL 	Zest Stainless Steel Triple-Ply Cookware Set with Ceramic Coating 	Recycled Jersey Vintage Wash SS Tee 	Lounge Cotton-Blend Bathrobe 	Cashmere Zip-Up Hoodie 	Full Length Legging Solid 	Pulse Performance Tee 
Net Sales \$	\$65,257	\$32,005	\$31,770	\$31,035	\$19,513	\$19,210	\$15,651	\$12,683	\$10,376	\$10,200
Net Sales U	859	465	1,221	1,062	145	896	242	128	341	375

Top 10 Bestsellers by Net Sales \$ - Non-Members										
Rank	1	2	3	4	5	6	7	8	9	10
Product	Slumber Cotton Sheet Set 	Cashmere Jogger Pant 	Boxy Cropped Cashmere Crewneck Sweater 	Serene Towels - TOTAL 	Recycled Terry Pullover Crew 	Stride Short 	Recycled Terry Sweatpants 	Remi Cashmere Shawl 	Miles Weekender Duffle Bag 	Recycled Terry Shorts 
Net Sales \$	\$20,761	\$15,399	\$5,772	\$4,884	\$4,749	\$3,842	\$3,624	\$3,350	\$3,170	\$2,980
Net Sales U	156	120	32	48	49	10	47	2	2	45

# Feels like we've hit PMF

## OBJECTIVE

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We need to stock inventory deeper to convert + retain

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We can profit off of GMV

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We can spend more to acquire growth, profitably

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\$8.33M

CASH BALANCE

\$79K

JULY BURN

>60

MONTHS RUNWAY

# Growth Scenarios

[LINK TO MODEL](#)

MACRO SCENARIOS (OUTSIDE OUR CONTROL)

POTENTIAL STRATEGIES (CAN CONTROL)

	0% Churn	2.5% Churn	5% Churn
20% MoM Growth	8612 EOY 17858 April '21	7588 EOY 14219 April '21	6664 EOY 11255 April '21
30% MoM Growth	12850 EOY 36702 April '21	11322 EOY 29224 April '21	9943 EOY 23132 April '21
40% MoM Growth	18614 EOY 71508 April '21	16401 EOY 56937 April '21	14403 EOY 45068 April '21
50% MoM Growth	26282 EOY 133052 April '21	23157 EOY 105941 April '21	20336 EOY 83856 April '21

# New Core Metrics

## Company-Wide KPIs

- Total ARR
- New ARR / mo
- GMV / mo
- Contribution margins on GMV
- Gross user churn
- CMGR / MoM growth
- CLTV / paid CAC

## Current

- Total ARR: \$346,100
- New ARR / mo: \$168,600
- GMV / mo: \$312,401.35
- Contribution margins on GMV: ~9%
- Gross user churn: ~4%
- MoM growth: 94.9%
- CLTV / paid CAC: TBD

#### PREVIOUS MINDSET

We need to find product market fit, and be as scrappy as possible until we do so.

#### NEW MINDSET

We need to be frugal, but demonstrating high-quality growth is the top priority.

# It's go time.

Everything we've been working on has been leading towards the opportunity we now have in our hands.

As a result, our culture will begin to shift as well.