

# Due Diligence Report

Project Company XYZ



<https://flippa.com/XXXXXXXX>

Prepared by: Flippa Due Diligence Team | 01 March 2022

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# LEGAL DISCLAIMER

## LIMITATION OF LIABILITY/INVESTMENT DISCLAIMER

**Important:** The attached report was prepared solely for informational purposes in connection with the potential acquisition of the business it describes, and should not form the basis of, or be relied on in connection with, any investment decision or any contract or commitment whatsoever with respect to a proposed acquisition, or otherwise.

Flippa is not in the business of providing legal or business advisory services. By producing this report, Flippa does not intend to promote a particular asset/s or encourage or suggest that you proceed to purchase it. Before proceeding with any business or investment decision, please use caution and seek the advice of an independent professional advisor, such as an attorney or accountant.

There are risks involved in any purchase. We are not responsible or liable for your investment or business decisions or results. Factual statements are made based on the data stated and are subject to change.

Flippa makes every effort to ensure that the information contained in this report is as accurate as possible however we make no claim, promise or guarantee as to the accuracy, completeness or adequacy of this report and its contents. We expressly disclaim liability for any errors or omissions in the contents of the report. Flippa also does not make any representation or warranty, express or implied or statutory, with respect to the contents of this report or the transactions contemplated.

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SAMPLE REPORT

# EXECUTIVE SUMMARY

## SUMMARY OF KEY POINTS



### WHAT WE LIKE

- ✓ Over \$2.3M sales in 3 years (2019-2021)
- ✓ Over 30K orders in 2 years
- ✓ 100K mailing list
- ✓ Increasing returning customer rate (18%)



### ADDED

### PRIORITIES

- ✓ Increase ad spend to boost sales
- ✓ Evaluate and streamline costs to improve profit margins



### GROWTH OPPORTUNITIES

- ✓ Developing product portfolio
- ✓ Adding sales channels
- ✓ Social media marketing
- ✓ SEO optimization

## PURPOSE OF THE REPORT

This Report aims to identify detailed risks and opportunities with the presentation of enhanced financial and traffic information. Report was purchased by the buyer to help gather information relative to the potential purchase of the business described in this report.

## METHODS USED

The Report was based on data provided by the seller, in particular, verification of sales and costs data. Data sources include access to Shopify and Google Analytics platforms of the seller and answers received from the Seller from questionnaire/interview as well as publicly available information.

## FINDINGS AND CONCLUSIONS

Company XYZ is an online jewelry e-commerce store, offering gold-and-silver plated jewelry at affordable prices.

- The business generated revenues of \$746K in 2021, with a net profit margin of 19%
- Revenue generation is largely through social media marketing and reseller program.
- The business is valued at \$350K, 2.5x the annual net profit of \$139.5K (FY 2021).
- Revenue has been decreasing in the 2nd half of 2021, mainly due to lower ad spend.
- Time spent to run the business should also be considered. Currently, the Seller spends about 3 hours a week running the store. However, the business may require more depending on the amount of scaling needed for the business.

## RECOMMENDATIONS AND INSIGHTS

Flippa has identified growth opportunities such as:

- Continuing to develop current product portfolio, riding on emerging trends
- Adding new online sales channels (e.g., Amazon)
- Improving SEO content within the website to increase site relevance and traffic
- Growing the Business to Business (B2B) market
- Increasing advertising efforts through:
  - Paid social media marketing
  - Partnering with resellers, influencers and running affiliate programs.

The new owner should also consider the impact of expenditures such as corporate tax expenses, the potential increase in ad spend as well as the cost of hiring new personnel, if needed.

We recommend working with the Seller to establish agreements with Suppliers and affiliate partners so that operations continue to run smoothly.

We also recommend that the buyer pursue further due diligence work before making the final purchase, upon mutual agreement.

# GENERAL OVERVIEW

## TERMINOLOGY, ASSESSMENT DESIGN AND METHODOLOGY

### METHODOLOGY

- We have used in the Report information provided by the seller to Flippa, including Profit & Loss Statement, answers received from the Seller, reports available through the merchant's Shopify and Google Analytics accounts, other information provided by the Seller and publicly available information.
- As not all analyzed aspects can be empirically verified, parts of the Report may include the subjective opinion of the Analyst, based on their own experience in the field.

### TERMINOLOGY

Throughout this document, the following terminology is used:

- **Client:** The person or company who commissioned Flippa to provide a risk assessment report on the Business.
- **Flippa.com or Flippa:** A Limited Liability Company.
- **Flippa, We:** Flippa as a whole or its employee(s) who were actively involved in completing the Report and carrying out the related research.
- **Report:** This risk assessment report, completed by Flippa for the Client.
- **Business, Website:** The Business being analyzed by Flippa for the Client.
- **XYZ.com, Company XYZ, Company XYZ:** Website, subject of sale.
- **Seller, Business Owner:** The current owner/s of the Business.
- **Public Information:** Any information that is available in the public domain, including but not limited to information made available publicly on the Internet or through service providers accessible to the general public.
- **Sale Agreement:** A document outlining the terms and conditions of the sale, which is signed by Buyer and Seller prior to sale completion.

### VERIFICATION PROCESS

- Flippa has made every effort to accurately verify the validity of any and all claims made by the Seller and/or presented by the Seller in the form of documentation or information.
- We have made the following efforts to achieve the highest degree of verification:
  - Accessed available merchant accounts and reviewed business reports.
  - Analyzed Profit and Loss Statement against source data available for review.
  - Reviewed publicly available data vs the Seller's statements, where possible.

**INFORMATION  
COLLECTED BY FLIPPA**

- Below is a breakdown of all documentation, information, and materials provided to Flippa.com by the Seller. All of the conclusions drawn throughout the Report are based on this information. Where references to attachments or appendices are made, these are added to the Report as-is and are not changed or otherwise manipulated by the Analyst.
- The following information has been provided to Flippa by the Seller:
  - Sales and Costs Data for January 2019-February 2022
  - View only access to the Seller's Shopify and Google Analytics accounts
  - Invoices to subscriptions and other expenses, etc.
  - Payment statements from Stripe and Paypal
- We have analyzed the following publicly available information sources:
  - Google search results for search terms related to the Business and the Seller
  - Content made available by the Business
  - Various publicly available tools
  - Various publicly available databases

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# BUSINESS OVERVIEW

## INFORMATION ABOUT THE BUSINESS

### DESCRIPTION

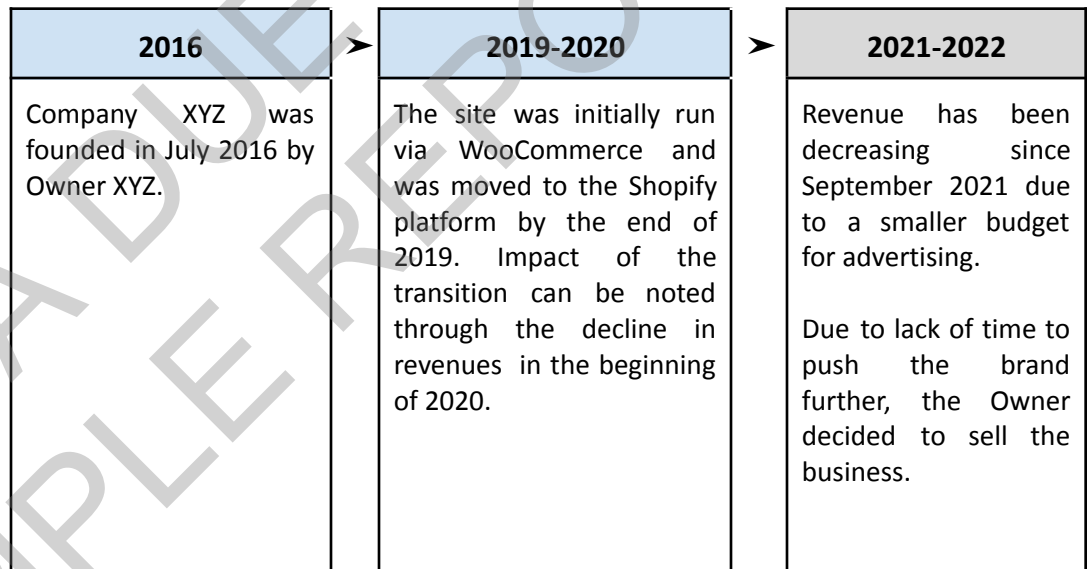
Company XYZ is an e-commerce luxury/fashion jewelry brand, offering gold and silver jewelry at affordable prices.

### BUSINESS MODEL/ MONETIZATION

The business is built on Shopify and acquires customers through paid advertising on social networks and freelance resellers paid on commission. Payments are received via Stripe and Paypal as well as bank transfers (for B2B purchases).

The products are designed in-house while they are ordered and made from Asia. From there they are shipped to the business' rented office in the US.

### HISTORY



# KEY FIGURES

NUMBERS AT A GLANCE

| REVENUE*                                 | NET PROFIT*           | ASKING PRICE          | TRAFFIC STATS**          | KEY LINKS  |
|--|-----------------------|-----------------------|--------------------------|--|
| \$746 K                                  | \$139.5 K             | \$350 K               | 220 K<br>page views/mo   | ✓ <a href="#">Company XYZ.com</a>                          |
| <i>with:</i>                             | <i>Equivalent to:</i> | <i>Equivalent to:</i> | <i>and</i>               | ✓ <a href="#">Facebook</a>                                 |
| \$46<br>ave. order<br>value <sup>a</sup> | 19%<br>profit margin  | 2.5x<br>annual profit | 50 K<br>unique visits/mo | ✓ <a href="#">Instagram</a><br>✓ <a href="#">Pinterest</a> |

\*based on P&L for the 12 months ending December 31, 2021

\*\*based on Google Analytics

<sup>a</sup> based on Seller's answer.

<sup>a</sup> Based on Shopify, ave. order value is €44

# ASSETS OVERVIEW

WHAT IS INCLUDED IN THE SALE

## ITEMS FOR TURNOVER

We have verified with the Seller that all company-related assets will be transferred over as part of the sale. Therefore it includes:

- Hosting Accounts: Shopify website
- Brand assets (logos, photo and video content)
- Inventory
- Customer contact list
- Supplier contacts
- Social networks
- Website files

## NOT INCLUDED IN THE SALE

Accounts that aren't transferable are Paypal and Stripe. The buyer's accounts can be connected on the Shopify dashboard and will not impact the operation of the site.

One regular employee, who is responsible for administrative tasks, will also not be available to continue services after the sale.



# FINANCIAL ANALYSIS

## PROFIT AND LOSS ANALYSIS

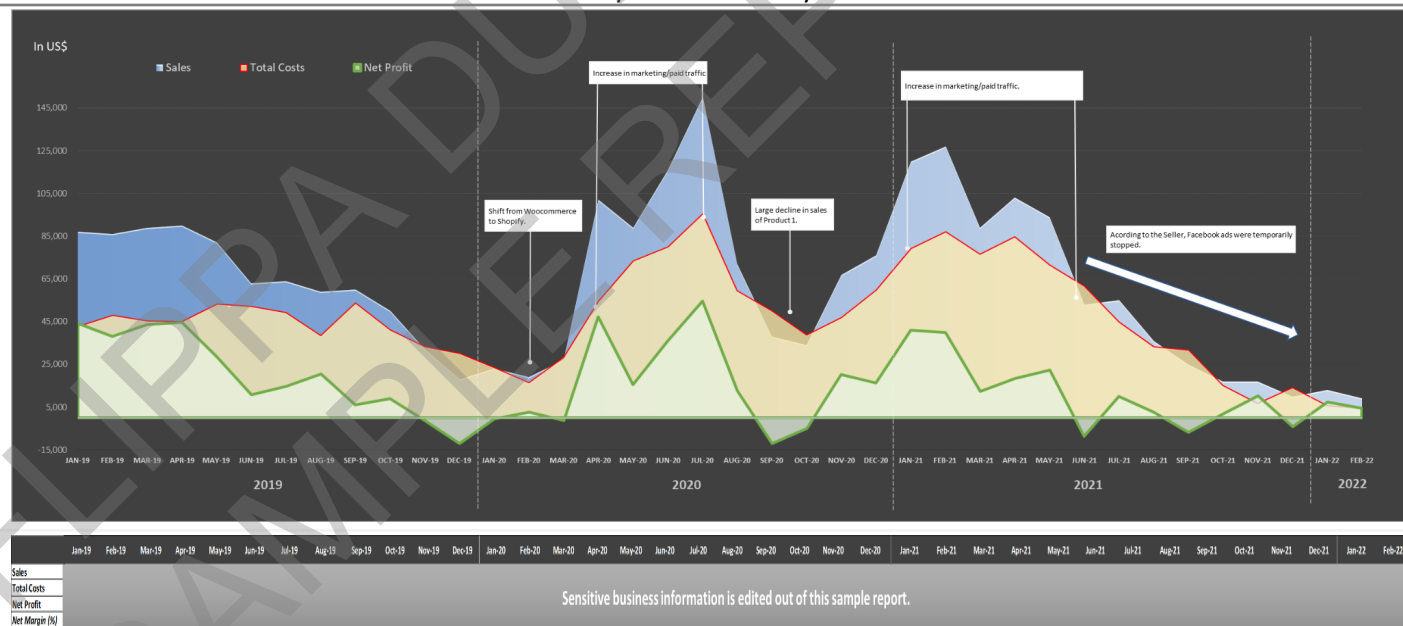
- For the 12 months ending December 31, 2021, the Business generated \$746,000 of revenue, with a net profit margin of 19% (\$139,500).
- Based on the information provided by the Seller, we understand that the normal level of monthly costs, excluding cost of the time spent by the owner, to maintain the current level of sales is \$50,542/mo. According to the Seller, he currently spends about 3 hours a week on the site. The Seller says they had reduced their advertising and had less to manage.

### Costs includes:

- Cost of Goods Sold (COGS), Shipping and Delivery, Transaction fees, Hosting and Subscription, Content Creation, Influencer/Reseller, Marketing, Employee Salary, Freelancers, Office rent and utility, Miscellaneous
- Revenue drop by the end of 2019 and the beginning of 2020 can be attributed to the migration of the business from WooCommerce to the Shopify platform.
- In 2020 towards the first half of 2021, the Seller had increased its marketing/ad spend for specific months which saw revenue peaks during this time.
- Revenues are largely generated from paid advertising on social networks and freelance resellers paid on commission.
- According to the Seller, the downtrend in the 2nd half of 2021 is mainly due to lower ad spend caused by an issue with Facebook Ad.

## PROFIT AND LOSS

January 2019- February 2022



### NOTES:

- PnL presented is based on Seller's data provided during the Due Diligence process.
- No tax expenses are accounted for in this P&L statement.

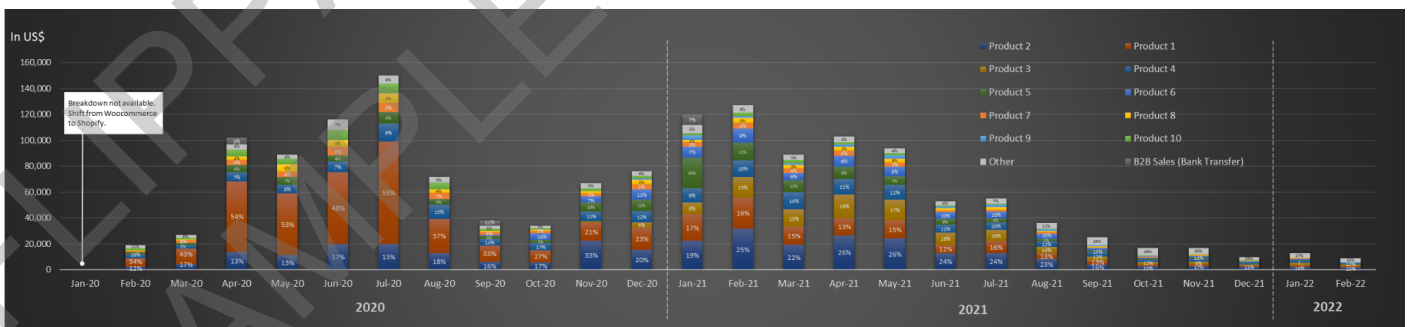
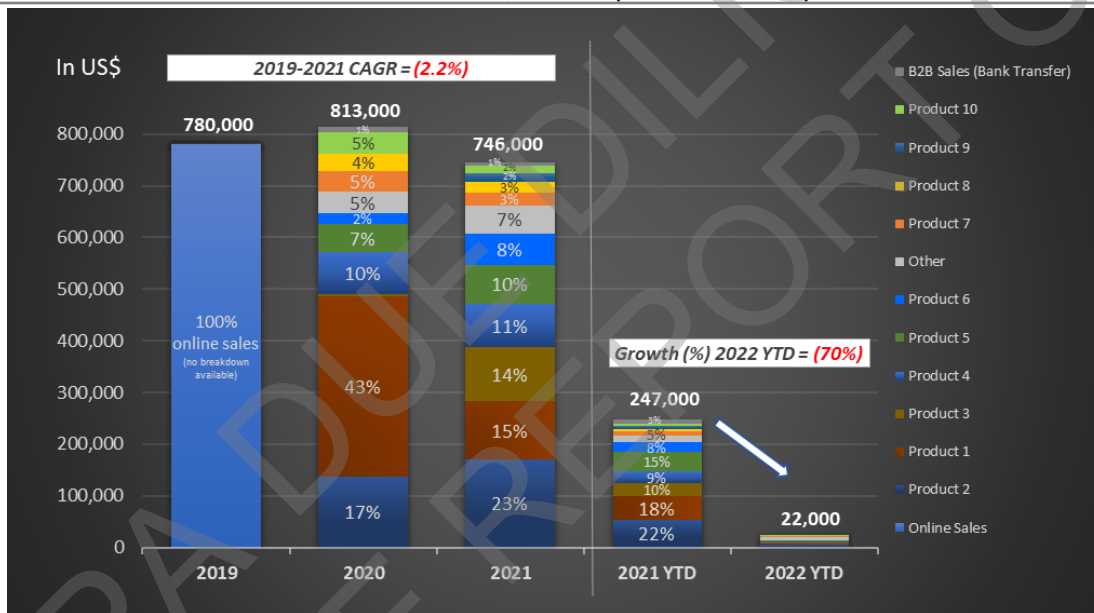
# FINANCIAL ANALYSIS

## HISTORICAL PERFORMANCE & REVENUE STRUCTURE ANALYSIS

- Sales in 2020 increased by 4% from 2019 backed by the growth (3%) of online jewelry sales and additional income outside of Shopify (B2B sales).
- Company XYZ revenues were initially driven by sales of Product 1. It accounted for 43% of sales in 2020.
- In 2021, revenues declined by 8% as Product 1 sales significantly dropped, which led to its share of revenues decreasing to 15%. This decline was slightly offset by the growth of the recently added Product 3, which contributed about 14% of sales and Product 2 which increased its revenue share to 23% in 2021 from 17% in 2020.
- Revenues in 2022 reached \$22,000 as of February YTD. At this rate, in order to be on par with 2021 revenue levels, Company XYZ would require a monthly average revenue of \$72,400/mo in the next 10 months.

## HISTORICAL PERFORMANCE & REVENUE STRUCTURE

2019-2021 & 2022 YTD; February 2020- February 2022



### NOTES:

- Please note that sales data presented in the report are based on financials provided by the Seller in excel format. Sales breakdown was based on the % share of products/collections sold on Shopify in Euro (€).
- Breakdown of Sales for FY 2019 and Jan 2020 was not available due to it being reported on a different platform (WooCommerce). January 2020 was the transition to the Shopify platform.

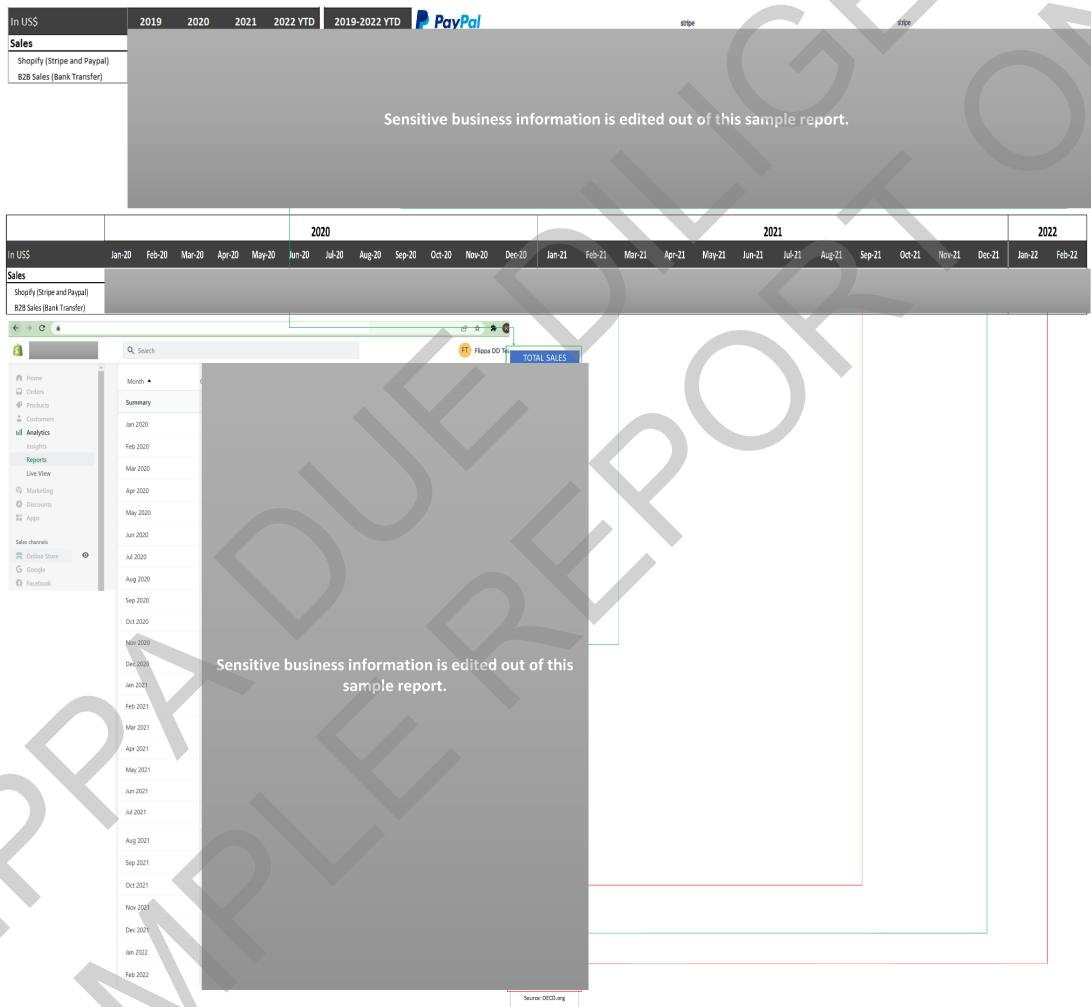
# FINANCIAL ANALYSIS

## REVENUE VERIFICATION

- The Seller provided us with access to view Shopify and Google Analytics platforms as well as payment reports from Paypal and Stripe. Please note that the Paypal account may include payments/revenues not related to Company XYZ.
- We were able to reconcile overall sales information for FY 2019-2021 and 2022 YTD provided to Flippa with the payment details from Paypal and Stripe. See illustration below.
- We were able to reconcile monthly sales information from November 2020-August 2021 and December 2021 with data from the Shopify account. Differences were noted in some months, potentially due to FX differences.

## REVENUE VERIFICATION

2019-2021 & 2022 YTD, January 2020 - February 2022



### NOTES:

- Please note that sales data presented in the report are based on financials provided by the Seller in excel format. Sales were verified by source/platform.
- **Green boxes** were verified against source data and may have immaterial differences. **Red boxes** were only partially verified or has a variance compared to the reported figure of 10% and above.
- For illustration purposes of revenue verification, exchange rates used were the average rates in the last 3 years (2019-2021) from oecd.org.

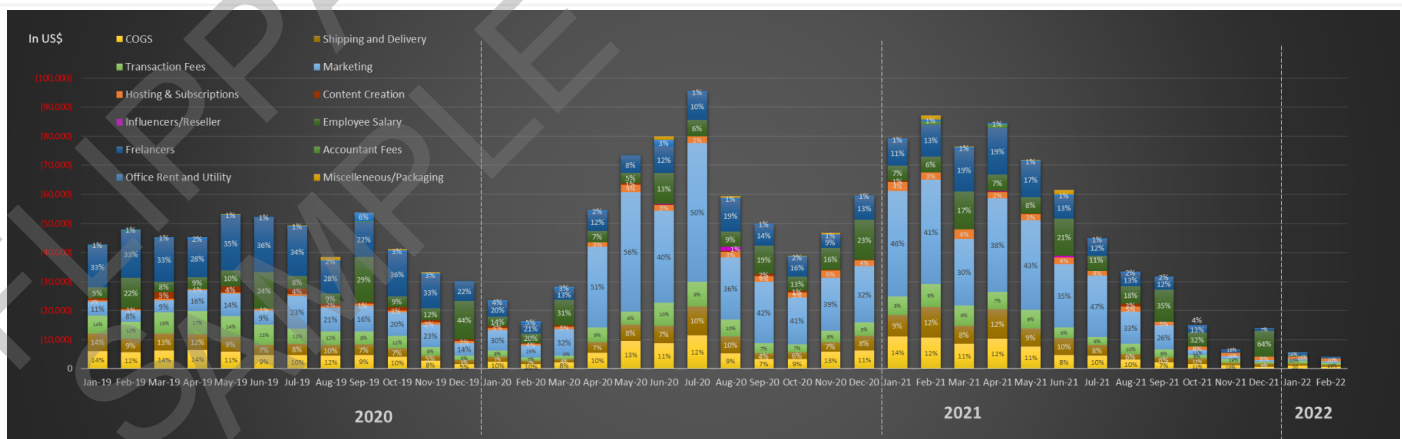
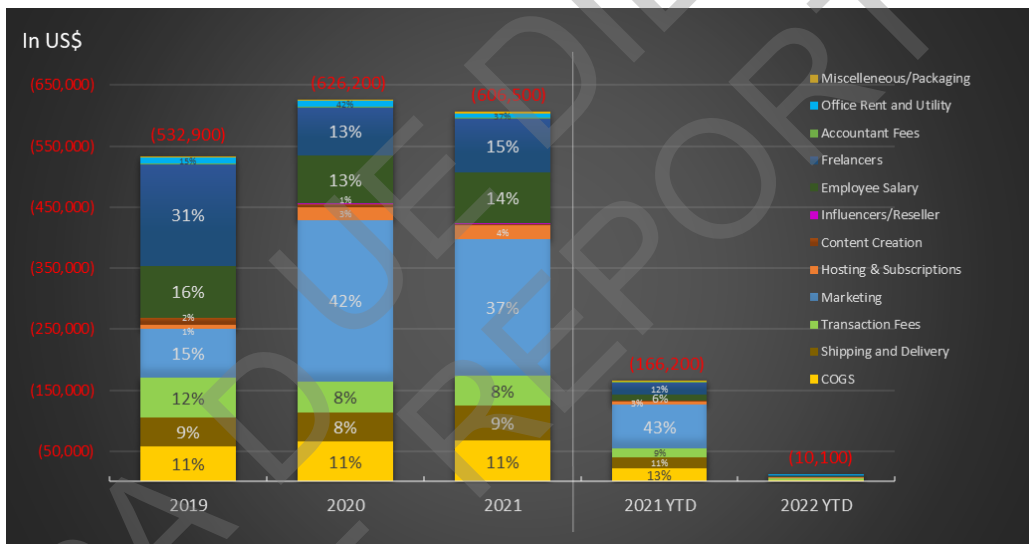
# FINANCIAL ANALYSIS

## COST STRUCTURE ANALYSIS

- Cost structure:
  - Fixed: Hosting and Subscription, Office rent and utility
  - Variable: Cost of goods sold, Shipping and Delivery, Transaction fees, Marketing, Content Creation, Influencer/Resellers, Freelancers, Miscellaneous/packaging, Employee Salary, Other miscellaneous
- Company XYZ has two regular employees but also has freelancers who intermittently provide services for the site.
- The largest cost mainly relates to ad and marketing, accounting for 43% and 37% of total costs in 2020 and 2021. The business has focused mainly on paid ads within social media. They have tried an agency in the past but had reportedly fluctuating results.
- Overall costs decreased by 3% in 2021 mainly due to lower marketing, content creation and photography costs.
- Shipping and delivery costs notably increased by 20% in 2021. Likewise, freelancers fees picked up by 12%.

## COST STRUCTURE

2019-2021 & 2022 YTD, January 2020 - February 2022



### NOTES:

- Please note that the costs data presented in the report are based on financials provided by the Seller.

# FINANCIAL ANALYSIS

## COSTS VERIFICATION

- The Seller provided a breakdown of monthly expenses and at least 3 months worth of invoices.
- We were able to reconcile monthly expenses information provided to Flippa, in particular, marketing and utility expenses for December 2021-February 2022, with the Seller's invoices. Please see the illustration below.
- We were able to partially verify costs for Hosting and Subscriptions, COGS and Employee Salary for December 2021 - February 2022.

## COSTS VERIFICATION

2019-2021 & 2022 YTD, January 2020 - February 2022

| Total Costs  | 2020  |        |        |        |        |        |        |        |        |        |        |        | 2021   |        |        |        |        |        |        |        |        |        |        |        | 2022   |        | TOTAL |      |          |  |
|--|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|------|----------|--|
|  | Jan-20  | Feb-20 | Mar-20 | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-21 | Jun-21 | Jul-21 | Aug-21 | Sep-21 | Oct-21 | Nov-21 | Dec-21 | Jan-22 | Feb-22 | 2019  | 2020 | 2021 YTD |  |
| COGS<br>Shipping and Delivery<br>Transaction Fees<br>Marketing<br>Hosting & Subscriptions<br>Content Creation<br>Influencer on Facebook<br>Dropshipping Costs<br>Freight Costs<br>Accountant Fees<br>Office Rent and Utility<br>Miscellaneous/Printing | Sensitive business information is edited out of this sample report. |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |       |      |          |  |
| Invoice no. 2 104 4<br>Concerns Invoice(s)<br>Recapitulation<br>Total subject to VAT<br>Total net subject to VAT<br>Grand total<br>Total in favor of<br>Please pay this invoice by   | COGS  |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |       |      |          |  |
| Invoice no. 2 104<br>Concerns Invoice(s)<br>Recapitulation<br>Total subject to VAT<br>Total net subject to VAT<br>Grand total<br>Total in favor of<br>Please pay this invoice by   | Hosting and Subscription,<br>Transaction Fees                       |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |       |      |          |  |
| Invoice no. 2 104<br>Concerns Invoice(s)<br>Recapitulation<br>Total subject to VAT<br>Total net subject to VAT<br>Grand total<br>Total in favor of<br>Please pay this invoice by   | Office Rent and Utility   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |       |      |          |  |
| Receipt<br>Amount €  | Salaries  |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |       |      |          |  |
| Invoice no. 2 104<br>Concerns Invoice(s)<br>Recapitulation<br>Total subject to VAT<br>Total net subject to VAT<br>Grand total<br>Total in favor of<br>Please pay this invoice by   | Marketing   |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |       |      |          |  |

### NOTES:

- Please note that expenses data presented in the report are based on financials provided by the Seller in excel format.
- **Green boxes** were verified against source data and may have immaterial differences. **Red boxes** were only partially verified or has a variance compared to the reported figure of 10% and above.
- For illustration purposes of revenue verification, exchange rates used were the average rates in the last 3 years (2019-2021) from oecd.org.

# TRAFFIC ANALYSIS

HOW DOES THE BUSINESS FARE IN TERMS OF WEB TRAFFIC

## ORGANIC SEARCH POSITION

Organic Search Positions 1 - 100 (273)

[+ To Keyword Manager](#)

[Manage columns](#) 12/16

[Exp](#)

| <input type="checkbox"/> | Keyword | Intent | SF                                     | Pos.    | Diff. | Traffic % | Volume | KD % | CPC... | URL |
|--------------------------|---------|--------|--|---------|-------|-----------|--------|------|--------|-----|
|                          |         | N      | <a href="#">+</a> <a href="#">-</a> ±2 | 1 → 1   | 0     | 34.78     | 140    | 35   | 0      | om/ |
|                          |         | I      | <a href="#">+</a> <a href="#">-</a> ±2 | 1 → 1   | 0     | 22.36     | 90     | 20   | 0      | ram |
|                          |         | N      | <a href="#">+</a> <a href="#">-</a> ±3 | 1 → 1   | 0     | 17.39     | 70     | 30   | 0      | om/ |
|                          |         | C      | <a href="#">+</a> <a href="#">-</a> ±2 | 1 → 1   | 0     | 7.45      | 30     | 22   | 0      | om/ |
|                          |         | C I    | <a href="#">+</a> <a href="#">-</a> ±2 | 1 → 1   | 0     | 7.45      | 30     | 21   | 0      | om/ |
|                          |         | N      | <a href="#">+</a> <a href="#">-</a> ±2 | 1 → 1   | 0     | 7.45      | 30     | 20   | 0      | om/ |
|                          |         | I T    | <a href="#">+</a> <a href="#">-</a> ±2 | 27 → 27 | 0     | 0.93      | 2,400  | 24   | 3.4    | ce  |
|                          |         | I      | <a href="#">+</a> <a href="#">-</a> ±2 | 2 → 2   | 0     | 0.62      | 90     | 20   | 0      | om/ |
|                          |         | I      | <a href="#">+</a> <a href="#">-</a> ±4 | 19 → 19 | 0     | 0.62      | 720    | 47   | 0      | -1  |
|                          |         | I      | <a href="#">+</a> <a href="#">-</a> ±4 | 23 → 23 | 0     | 0.31      | 720    | 34   | 0      | -1  |

Sensitive business information is edited out of this sample report.





















NOTES: Data sourced from SEMrush

- Based on the screenshot reflected above, the business currently has 273 keywords organically ranking on SERPs.
- 6 of the top keywords rank #1 in keyword position ranking on Google. Many of the top keywords are also highly relevant to the business and have great potential for further increase in organic traffic.
- The keyword "Company XYZ" generated 34.78% of the traffic and ranked at 1st place on SERPs, pulling in a high number of users to the website. It appears there is brand recognition to the site, given the top keyword is the store name itself. The affiliate/reseller program likewise seems to have some success bringing in traffic to the site given the top 2 and top 4 keywords ("Company XYZ ambassador" and "Company XYZ official partner").
- The buyer can use this keywords data to their advantage and improve on-page SEO by adding more of these good ranking keywords and further increase the website's rankings and increase traffic count.

# TRAFFIC ANALYSIS

HOW DOES THE BUSINESS FARE IN TERMS OF WEB TRAFFIC

## SESSIONS BY LOCATION

| Country  | Traffic Share ↑  | Traffic ↑ | Desktop ↑ | Mobile ↑ | Pages / Visit ↑ | Avg. Visit Duration ↑ | Bounce Rate ↑ |
|--|--|-----------|-----------|----------|-----------------|-----------------------|---------------|
|  Italy          |  41.94% | 97.1K     | 100%      | 0%       | 2.96            | 04:24                 | 29.79%        |
|  United States  |  18.73% | 43.4K     | 100%      | 0%       | 3.80            | 02:08                 | 33.14%        |
|  France         |  12.8%  | 29.6K     | 100%      | 0%       | 5.68            | 08:01                 | 27.66%        |
|  Russia         |  11.61% | 26.9K     | 100%      | 0%       | 1.68            | 05:41                 | 85.23%        |
|  Ukraine        |  2.65%  | 6.1K      | 100%      | 0%       | 3.83            | 07:21                 | 51.74%        |
|  Germany        |  2.41%  | 5.6K      | 100%      | 0%       | 2.85            | 01:07                 | 54.47%        |
|  Spain          |  1.7%   | 3.9K      | 100%      | 0%       | 4.84            | 02:49                 | 18.59%        |
|  United Kingdom |  1.4%   | 3.2K      | 100%      | 0%       | 6.25            | 08:25                 | 55.02%        |
|  Romania        |  1.4%   | 3.2K      | 100%      | 0%       | 3.70            | 04:37                 | 60.68%        |
|  Morocco        |  1.12%  | 2.6K      | 100%      | 0%       | 3.81            | 19:48                 | 34.13%        |

**NOTES:** Data sourced from SEMRush

- Data is based on the “Last 2 years” (2020 - 2022) accumulated data.
- 41.94% of the total sessions come from Italy.
- 58.06% of the total sessions are from the rest of the world.
- With 41.94% session share in Italy alone and 58.06% for the rest of the world, this implies that growth opportunities outside its target location can be developed.

# TRAFFIC ANALYSIS

HOW DOES THE BUSINESS FARE IN TERMS OF WEB TRAFFIC

## ORGANIC COMPETITORS

| Domain | Com. Level | Common Keywords | SE Keywords | Traffic | Costs (USD) | Paid Keywords |
|--------|------------|-----------------|-------------|---------|-------------|---------------|
|        | 34%        | 3               | 81          | 1       | 2           | 0             |
|        | 11%        | 1               | 40          | 1       | 0           | 0             |
|        | 11%        | 1               | 58          | 3       | 0           | 0             |
|        | 9%         | 1               | 1.2K        | 10      | 0           | 0             |
|        | 7%         | 2               | 7           | 0       | 0           | 0             |
|        | 7%         | 1               | 229         | 22      | 1           | 0             |
|        | 6%         | 1               | 70          | 85      | 135         | 0             |
|        | 6%         | 1               | 172         | 68      | 50          | 0             |
|        | 6%         | 1               | 23          | 18      | 16          | 0             |
|        | 5%         | 1               | 54          | 0       | 0           | 0             |

Sensitive business information is edited out of this sample report.

NOTES: Data sourced from SEMrush

- Company XYZ currently has top 5 organic competitors. Based on the data reflected on the screenshot above, they share 1-3 common keywords with Company XYZ. Only 1 of these top 5 competitors are closely related to what Company XYZ offers. CompetitorABC.com, which ranked 2nd, also sells jewelry, which makes it a direct competitor of Company XYZ.
- 4 out of the top 5 competitors highlight other content like lifestyle blogs, travel gears, IT and Marketing services which differ from what Company XYZ offers. With this knowledge, the buyer can improve on-page SEO through top keywords used by the direct competitor, to improve organic traffic.

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# TRAFFIC ANALYSIS

HOW DOES THE BUSINESS FARE IN TERMS OF WEB TRAFFIC

## ORGANIC PAGES

| URL                | Traffic | Traffic % | Keywords |
|--------------------|---------|-----------|----------|
| [REDACTED]         | 242     | 75.15     | 42       |
| [REDACTED] program | 72      | 22.36     | 3        |
| [REDACTED] lace    | 3       | 0.93      | 14       |
| [REDACTED] old-1   | 3       | 0.93      | 2        |
| [REDACTED] gold    | 1       | 0.31      | 6        |

Sensitive business information is edited out of this sample report.

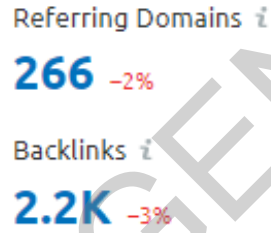
NOTES: Data sourced from SEMrush

- Of the listed top 5 organic pages from the screenshot above, the top page (home page) has the most traffic contribution with 75.15%.
- The buyer can use the 42 keywords from the top organic page of the site on the other pages of the website to further increase web traffic on all other pages that have a lower percentage of traffic.

# TRAFFIC ANALYSIS

## HOW DOES THE BUSINESS FARE IN TERMS OF WEB TRAFFIC

- Company XYZ currently has an Authority Score of 23 with 2,200 backlinks and 266 referring domains.
- With this knowledge, the buyer can use this to their advantage and only focus on building intentional backlink. High quality intentional backlinks play a huge part in increasing website metrics such as Authority Score and higher rankings on organic search.



NOTE: Data sourced from SEMrush

## BACKLINK ANALYSIS

| Page AS | Source page Title and URL | Ext. Links | Int. Links | Anchor and Target URL | First Seen | Last Seen |
|---------|---------------------------|------------|------------|-----------------------|------------|-----------|
| 51      | MC<br>19,<br>ent          | 26         | 270        |                       |            | 4 Nov'21  |
| 47      | Fas<br>fas<br>Bi          | 45         | 53         |                       |            | 21 Dec'21 |
|         |                           |            |            |                       |            | 21 Dec'21 |
|         |                           |            |            |                       |            | 21 Dec'21 |
| 46      | Act<br>M                  | 70         | 35         |                       |            | 1 Dec'21  |
|         |                           |            |            |                       |            | 1 Dec'21  |
| 29      | @C<br>M                   | 26         | 0          |                       |            | 14 Jan'22 |
| 25      | Loc<br>M                  | 7          | 21         |                       |            | 15 Nov'21 |

Sensitive business information is edited out of this sample report.

Sensitive business information is edited out of this sample report.

NOTE: Data sourced from SEMrush

- The top 3 backlinks of Company XYZ have authority scores ranging from 46 to 51. The buyer can look for backlinks with authority scores similar to these or higher to further improve its SEO.
- The 3rd backlink with a high authority score is considered lost. Reclaiming lost backlinks is one of the best ways to improve the website's backlink profile. It also helps with SEO and rankings.
- The top backlink of Company XYZ has few external links with 26 links. The buyer can add more external links with a high authority score to drive more traffic to the website.

## REFERRING DOMAINS

Referring Domains 1 - 100 (266)

All Active New Lost Time period Category Authority Score

Filter by referring domain Advanced filters

| AS | Root Domain / Category | Backlinks | Country / IP      | First Seen | Last Seen |
|----|------------------------|-----------|-------------------|------------|-----------|
| 55 |                        | > 1,084   | 🇮🇹 99.81.217.215  | 23 Jul'19  | 4h ago    |
| 5  |                        | > 84      | 🇺🇸 172.217.2.115  | 8 Dec'21   | 10h ago   |
| 38 |                        | > 66      | 104.21.73.31      | 2 Sep'21   | 2d ago    |
| 0  |                        | > 44      | 🇺🇸 192.0.78.153   | 5 Jul'21   | 13d ago   |
| 17 |                        | > 21      | 🇺🇸 170.249.195.51 | 8 May'21   | 2d ago    |

Sensitive business information is edited out of this sample report.

**NOTE:** Data sourced from SEMrush.

- With 266 referring domains, 21buttons.com is the top 1 referring domain with 1,084 backlinks and an authority score of 55.
- The other top 4 referring domains have backlinks ranging from 21 to 84. More external links with a high authority score can be added to these top referring domains to drive more traffic to the website and improve its SEO.

# SALES AND MARKETING ANALYSIS

## MARKETING

### Key potential growth drivers

According to the seller, this business can be further scaled through paid advertising on social networks (Facebook, Tiktok, Pinterest) and scale there quickly. It is also possible to optimize B2B by finding partners and resellers.

Focusing on B2B and paid ads could help relaunch the brand. It is also possible to optimize the affiliation to have resellers paid on commission in order to offer visibility and sales at low cost.

### Target Market

The business has clients all over the world but focuses more in France, Germany, Italy, Switzerland, and the USA.

### Customer Acquisition Plan

Customers are acquired through paid advertising on social networks but also through freelance resellers paid on commission that earn between \$6 and \$8 per sale, which is useful for low-cost sales and visibility.

### Marketing Spend

The business spent for ads last 2021 on the following:

Facebook Ads: \$200K in 2021, \$260K in 2020, and \$70K in 2019.

Google Adwords: \$5K in 2021, \$2K in 2020, and \$5K in 2019.

Pinterest: \$18K in 2021, \$2K in 2020, and \$6K in 2019.

Overall, total marketing spend amounted to \$223K in 2021, \$264K in 2020, and \$81K in 2019. On average, monthly spend reached \$18,608 per month in 2021, \$22,017 in 2020, and \$6,708 in 2019.

The average monthly ROAS, is 3:1 or \$XX in revenue to \$XX in ad costs.

### Sales Channel

Based on Seller's Google Analytics, sources of traffic for January 2019 - February 2022 include:

| Default Channel Grouping | Acquisition |           |          |
|--------------------------|-------------|-----------|----------|
|                          | Users       | New Users | Sessions |
| 1. Direct                |             |           |          |
| 2. Social                |             |           |          |
| 3. Paid Search           |             |           |          |
| 4. Organic Search        |             |           |          |
| 5. (Other)               |             |           |          |
| 6. Display               |             |           |          |
| 7. Email                 |             |           |          |
| 8. Referral              |             |           |          |

Sensitive business information is edited out of this sample report.

## PRODUCT

### Products/services offered

Company XYZ offers gold-and-silver-plated luxury jewelry at a fair price, while maintaining the high standards of premium quality and services. The quality of the jewelry is a priority for the business. The following are key features of the website:

- **Luxury jewelry** - designed in-house. Most of the jewelry is plated in fine 18K gold and priced between \$XX-\$XX.
  1. Bracelets
  2. Necklaces
  3. Earrings
  4. Rings
  5. Watches
  6. Wallets
- **Company XYZ Club Membership** - a monthly subscription service. Subscription costs \$XX and contains two surprise 18K gold-and-silver-plated jewels with a minimum value of \$XX. Each month, a Company XYZ Surprise Box will be delivered directly to the member's home.

**Company XYZ Membership Community**

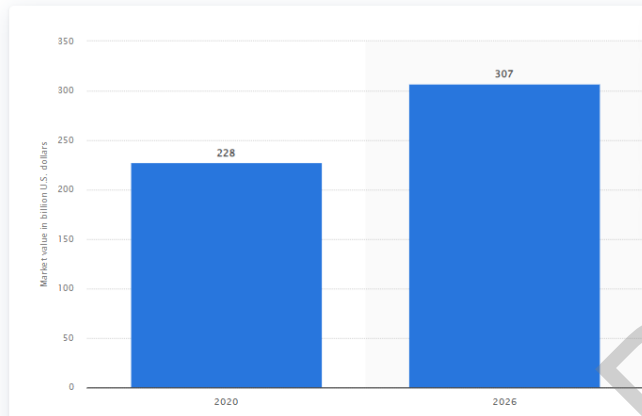
The member can join the private Company XYZ group on Facebook and offer an exchange with other clients.
- **Product Lifetime Guarantee** - Company XYZ offers a lifetime guarantee on all of its creations and the business has extended their offer to offer free delivery anywhere in the world.

# INDUSTRY AND COMPETITIVE ANALYSIS

OVERVIEW OF EXTERNAL FACTORS INFLUENCING THE PERFORMANCE OF THE BUSINESS

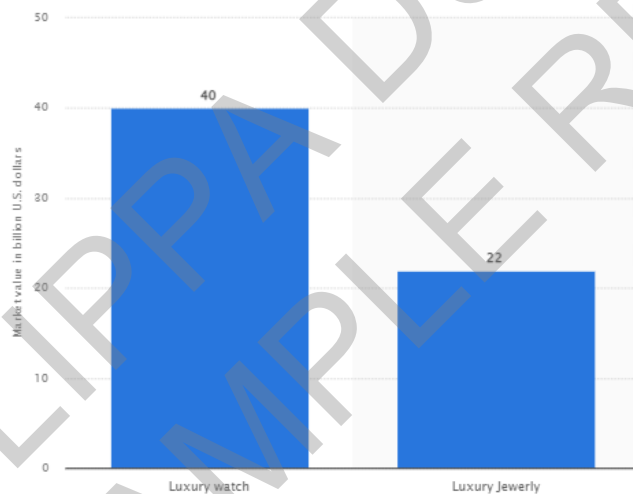
## INDUSTRY ANALYSIS

Value of the jewelry market worldwide in 2020 and 2026  
(in billion U.S. dollars)



Source: Statista

The value of the global jewelry market is expected to increase from about 228 B U.S. dollars in 2020 to 307 B dollars by 2026.



Details: Worldwide: 2021

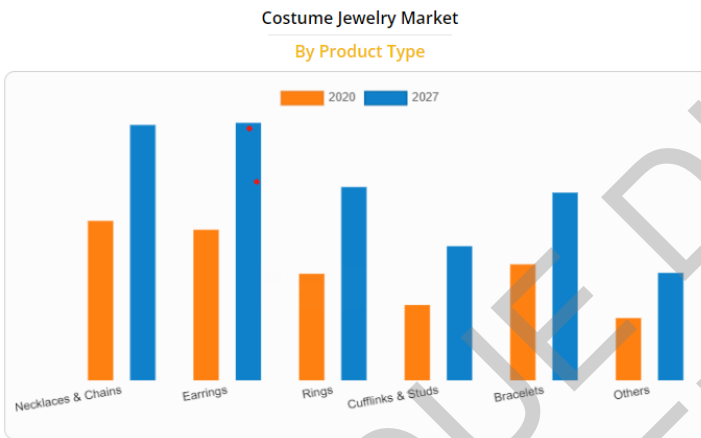
The global market value of luxury and premium watches is 40 B USD while luxury jewelry is 22 B USD in 2021.

Source: Statista

- It can be noted that Company XYZ has a lot of growth opportunities to explore and tap into in the coming years due to the positive growth prospects of the global jewelry market. The market is expected to rise from about \$228B in 2020 to \$307B by 2026. The global market value of luxury jewelry is also high with \$22B in 2021.
- The large market share of the jewelry and watch market revenue is attributed to China, followed closely by the United States and India.
- In 2020, the global online jewelry market was valued at \$21.5B, and was forecast to reach a value of about \$60B by 2027.
- In 2021, the demand for gold jewelry in China was 675 tons. The demand for gold jewelry in India was 610.9 tons in the same year. Together the two countries accounted for roughly half of the world's gold jewelry demand.
- According to recent trends, luxury watches have a higher global market value (\$40B) compared to luxury jewelry. This market may be further explored and tapped into by Company XYZ given it already has several watch items being offered on the website.



Source: Allied Market Research



Source: Allied Market Research



Male segment would witness the fastest growth, registering a CAGR of 8.2% during the forecast period.

- In another study on jewelry, this time the costume jewelry segment, it is reported that the market was valued at \$32.9B in 2019, and is estimated to reach \$59.7B by 2027, registering a CAGR of 7.8% from 2020 to 2027.
- In 2019, the necklaces & chains and bracelets segments held a combined share of 41.4% in the global costume jewelry market, owing to their increased demand. This can be attributed to the rise in the female as well as male fashion-conscious consumers across the globe.
- The rings segment would witness the fastest growth, registering a CAGR of 8.9% in 2020 to 2027.
- The female segment generated the maximum revenue in 2019, and is expected to continue this trend throughout the forecast. This can be attributed to changes in lifestyle and demographic dividend, rise in awareness on skin care & allergies caused due to metals, and customization of jewelry designs.
- The male segment is expected to grow at the highest CAGR, owing to rise in metro sexual men, increase in acceptance for men's jewelry, and rise in celebrity culture, with influencers such as Bollywood and Hollywood actors.
- In 2019, retail sales were the most prominent segment in the costume jewelry market. This is attributed to options such as discounts and trial before purchase as well as the benefit of immediate gratification. However, the online sale segment is expected to witness the highest growth, owing to increase in penetration of the internet and rise in use of smartphones for online shopping.
- Key players operating in the global costume jewelry market are The Colibri Group, Channel S.A., Gianni Versace S.p.A., Gucci Group NV, Swarovski Group, PANDORA A/S, H & M Hennes & Mauritz AB, Zara, PRADA, Swank, Inc., Cartier, Billig Jewelers, Inc., and BaubleBar Inc.
- Company XYZ is well in line with the industry's positive growth prospects for online sales.

## COMPETITION

- Seller did specify competitors namely: CompetitorABC.com has a large community based in Germany but seems to be selling less for a few months. It has a very particular clientele in Germany who like jewelry that has lower quality. CompetitorDEF likewise sells gold plated expensive jewelry and Competitor GHI, a Jewelry brand of popular jewelry makers sell more expensive products than Company XYZ.

Global competitors under jewelry search are the following:

1. GHIjewelers.com (luxury brands)
2. DEF.com
3. 123.com (mixed prices)
4. [Nordstrom.com](#) (not exclusively selling jewelry)
5. 456.com (higher priced, focuses on diamond jewelry)

Global competitors under gold-and-silver plated jewelry search are the following:

6. 89jewels.com
7. Thejewellery123.com (mixed prices)
8. Amazon.com

# OPERATIONS AND LEGAL ANALYSIS

OVERVIEW OF INTERNAL FACTORS INFLUENCING THE PERFORMANCE OF THE BUSINESS

## OPERATIONS ANALYSIS

### TIME SPENT TO RUN THE BUSINESS

- According to the Seller, time required to run the business depends on whether the new owner will manage the logistics. Currently the business has also reduced its paid advertising and currently has less to manage, hence, the Seller spends 3 hours per week.
- **Daily operations:** It takes about 20 minutes a day to process orders. Then the rest of the time is divided between social networks (posts, stories, responding to direct messages), management of paid advertisements, accounting, paying retailers and suppliers as well as the preparation of the documents for sending the orders and managing Paypal disputes, if any.

### SKILLS REQUIRED TO RUN THE BUSINESS

- The seller works with freelancers for technical tasks (i.e., Shopify developer). According to the Seller, the rest of the tasks are very easy to manage and will be explained in detail to the buyer.
- A general understanding of e-commerce and Shopify is recommended.

### INVENTORY MANAGEMENT

- As of December 31, 2021, they have 40,000 items in inventory, approximately worth \$82,926. The brand is sold with this running inventory.
- The products are the business' rented office. An employee currently manages the logistics and storage.
- Currently, depending on the country, the business has about 3-4% of lost parcels that the Seller offers to send back to customers free of charge.
- The business has limited refund requests (about 2% of total sales from February 2020-February 2022) mainly attributed to the quality of the products.



# OPERATIONS AND LEGAL ANALYSIS

## LEGAL & LICENSES

### TRADEMARKS AND COPYRIGHTS

- According to the Seller, there are no trademarks and copyrights held by the Business.

### LICENSES

- According to the Seller, there are no licenses or permits necessary to run the Business.

### VIOLATIONS & WARNINGS

- According to the Seller, there are no current or past lawsuits against the Business.

### POST-SALE SUPPORT

- The Seller offers 2 months of support via call, chat or e-mail. Otherwise the Seller is interested in keeping 10% of the shares of the company to remain involved in the brand and thus be able to help and guide the Buyer in the long-term.

FLIPPA DUE DILIGENCE ONLY  
SAMPLE REPORT

# SWOT ANALYSIS AND RECOMMENDATIONS

## IDENTIFICATION AND OF STRENGTHS

### HELPFUL FACTORS

| INTERNAL FACTORS | STRENGTHS   | LEVEL    | KEY POINTS   | RECOMMENDATIONS   |
|------------------|---|----------|--|---|
|                  | Tenured/established e-commerce store                | Moderate | Company XYZ has been around since 2016 and has built a strong following on social media and over 100K customer list. | Capitalize on this ready list for remarketing. Various marketing spiels and positioning can be employed in newsletters and or campaigns with catch phrases.   |
|                  | Relatively good and increasing customer return rate | High     | Returning customer rate of 18% in 2021 (increased by 50% from 2020).   | Continue current practice of lifetime warranty and free delivery. Monitor turnaround time for complaints and returns requests. Ensure prompt responses to customer queries. Launch recovery emails, regular newsletters as well as invites for product reviews. |
|                  | Good DA score                                       | Moderate | Good Domain Authority score of 23 in SEMrush, signifying the website's overall quality.                              | Improve current SEO efforts, continue building on backlinks. Capitalize on strong rankings to build backlinks and build a network of affiliates.  |

| EXTERNAL FACTORS | OPPORTUNITIES   |                      |   |  |
|------------------|---|----------------------|---|--|
|                  | Scaling the business by adding new product offerings and sales channels | Strongly Recommended | Currently, Company XYZ is run on one sales platform - Shopify.  | Evaluate if adding a new sales channel such as Amazon will help with scaling the business.<br>Continue developing/designing products for future launches.  |
|                  | Optimize B2B by finding partners and resellers                          | Strongly Recommended | There has been little or intermittent B2B sales in the past 3 years.                                      | Consider partnering with local retail stores.<br>Further tap into resellers, affiliates as well as social media influencers  |
|                  | Growth trend in jewelry industry  | Recommended          | Jewelry sales are seen to increase on the back of trends - men's jewelry, custom designs, and rings, etc. | Capitalize on this growth trend and make use of research information especially on emerging trends to capture a larger market share.   |
|                  | Improve SEO optimization and add SEO content                            | Recommended          |   | Increase online presence through search engine optimization efforts. Keep track of keywords that bring in traffic to the website and monitor. Reclaim lost backlinks by reaching out to these websites directly. |

# SWOT ANALYSIS AND RECOMMENDATIONS

## IDENTIFICATION AND DISCUSSION OF WEAKNESSES

| HARMFUL FACTORS  |  |                                      |   |  |   |
|------------------|--|--------------------------------------|---|--|---|
|                  |  | WEAKNESSES                           | LEVEL   | KEY POINTS   | RECOMMENDATIONS   |
| INTERNAL FACTORS |  | Decreasing revenue trend             | High Risk   | Revenue has been decreasing in recent months against the industry's growth trend.<br><br>The decline was largely attributed to limited ad spend.   | Create a monthly advertising plan on social media. Evaluate previous campaigns and identify those that brought good results and duplicate these strategies.<br><br>Consider investing in a marketing agency with a successful record.                             |
|                  |  | Decreasing profits and profit margin | High Risk   | Profits and profit margin have been decreasing in recent years, from 247K (32%) in 2019 down to \$139K (19%) in 2021.<br><br>There is a notable amount of lost parcels (3%-4%) that the business re-fulfills, incurring higher COGS. | Evaluate monthly spending and costs that could be eliminated - i.e., hiring freelancers would free the business of regular employee mandatory contributions.<br><br>This can be optimized by finding a 3PL or another way to send packages other than local mail. |
|                  |  | Key Personnel Risk                   | Low Risk  | According to the Seller, the employee who handles logistics can continue to prepare orders but for the graphic designer and admin multitasker, the employee will not be available to continue the services after the sale.           | Identify what the requirements are for this role and prepare to look for a freelancer who has a similar skillset.   |
| EXTERNAL FACTORS | THREATS                                |                                      |   |  |   |
|                  |  | Competition                          | Low Risk  | The industry is highly competitive albeit still accelerating.<br><br>However, it is only apt to stay ahead and continue its efforts so that it may grow to be a major player in the industry.  | Monitor emerging competitors.<br>Monitor traffic, organic competitors and common keywords used.<br>Strategize on a defense plan.  |
|                  | Non-binding arrangement with suppliers | Moderate Risk                        | Seller mainly works with a supplier who makes all their jewelry. They also have another supplier for Product 1. It has been mentioned that there are no defined contracts with these suppliers. | We recommend seeking a signed contract after sale to ensure continuity of services.  |   |

# SELLER DETAILS

YOUR KEY CONTACT

## COMMUNICATION WITH THE SELLER

Throughout our communication with the Seller, he demonstrated cooperation and willingness to comply with our requests.

Please refer to the Executive Summary with the list of important information not provided and comments provided by the Sellers in this respect.

## PERSONAL DETAILS

- Name: John
- Phone number: +XXXXXXXXXXXX
- Location: United States
- Email address: Supportlocal@XYZ.com
- Government-issued ID: Checked

## OTHER KEY EMPLOYEES

- There are two regular employees:
  - 1) Graphic Designer/Administrative Multitasker; and
  - 2) Logistics Manager
- There is also a freelancer in-charge of Customer Support

## DUPLICATED ACCOUNTS

- Location check: Passed
- Duplicate accounts check:
  - We did not find any duplicate Flippa.com accounts belonging to the seller.
  - We did not find any alternate billing addresses for the user.
  - We did not find any other users that share the same billing address.

## COMPETING BUSINESS INTERESTS

- Seller does not have other businesses which are considered competing interests.

**Thank you!**

Feel free to reach out to us if you have any questions.

**CONTACT**

[support@flippa.com](mailto:support@flippa.com)