



Ecommerce & DTC Financial Benchmarks

2026

Contribution Margin, CAC Payback, LTV:CAC, ROAS, Inventory Turns
& Return Rates for DTC and Multi-Channel Brands

\$1.1T

U.S. ECOMMERCE SALES

2.5M+

SHOPIFY MERCHANTS

Updated

QUARTERLY

EXECUTIVE SUMMARY

The 5 Numbers That Matter

These are the financial benchmarks that separate profitable ecommerce brands from ones burning cash. Know these cold.

15–20%

true contribution margin after all variable costs

Most DTC brands quote 60–70% gross margin. But after shipping (8–12%), payment processing (2.9%), returns (6–10%), and ad spend (20–30%), the real contribution margin is 15–20% at the median. Bottom-decile brands are contribution-margin negative — they lose money on every order. Track contribution margin by SKU and by channel, weekly.

2.8×

median LTV:CAC ratio

The 3:1 benchmark exists because you need margin to cover fixed costs. Below 2:1, you are structurally unprofitable unless you are in a land-grab. Above 5:1 usually means you are under-investing in growth. The most common mistake: using gross-margin LTV instead of contribution-margin LTV, which overstates the ratio by 40–60%.

27%

median repeat purchase rate (12 months)

Klaviyo data across 100K+ stores: food & beverage runs 30–35%, health & beauty 25–30%, apparel 20–25%, home goods 15–20%. Every 5-point increase in repeat rate drops your effective CAC by ~15% because returning customers cost 5–7× less to convert than new ones.

4–6×

median inventory turns (annual)

Fashion/apparel turns 3–5×. Consumables turn 8–12× (Chewy turns ~12×). Every dollar sitting in unsold inventory is a dollar you cannot spend on growth. At \$5M revenue with 4 turns, you need \$400K+ permanently in stock. At 8 turns, you need \$200K. Dead stock and markdowns are the silent killer of DTC margins.

>50%

of brands depend on a single channel for revenue

Median single-channel concentration is 55% of revenue. Amazon-dependent sellers (90%+ concentration) have seen margins compressed 3–5 points annually as Amazon raises fees and competes with Amazon Basics. Diversification is not a luxury — it is insurance against platform rent-seeking.

AT A GLANCE

The Median vs. Top Quartile Gap

Every point between median and top quartile is real money. On a \$5M DTC brand, closing these gaps is worth \$200K–\$800K annually.

Contribution Margin (after all variable costs)

BOTTOM
< 10%

MEDIAN
15–20%

TOP
> 28%

THE number for DTC. After COGS, shipping, fees, returns, and ad spend. Triple Whale 2025 data across thousands of Shopify stores.

CAC Payback Period

BOTTOM
> 12 months

MEDIAN
6–9 months

TOP
< 3 months

First-order payback at contribution margin. Above 12 months is a red flag in PE diligence.

Inventory Turns (annual)

BOTTOM
< 3×

MEDIAN
4–6×

TOP
> 8×

Fashion/apparel runs lower; consumables higher. Amazon FBA brands average 6–8× because Amazon penalizes slow movers.

Return Rate (online)

BOTTOM
> 15%

MEDIAN
8–10%

TOP
< 5%

NRF 2024: overall online average 17.6%. Apparel runs 20–30%. Each 5% increase wipes 2–3 margin points.

Shipping Cost % of Revenue

BOTTOM
> 14%

MEDIAN
8–12%

TOP
< 6%

Free-shipping threshold optimization is the biggest lever. Set threshold 15–20% above current AOV.

Ad Spend % of Revenue (TACOS)

BOTTOM
> 30%

MEDIAN
18–25%

TOP
< 15%

All paid channels. TACOS above 30% is a red flag — means the brand cannot grow without spending.

Repeat Purchase Rate (12-mo)

BOTTOM
< 18%

MEDIAN
25–30%

TOP
> 38%

Klaviyo 2024 data. Category-dependent. The great divide: 30%+ separates brands that compound from brands that churn.

LTV:CAC Ratio

BOTTOM
< 2:1

MEDIAN
2.5–3.5:1

TOP
> 5:1

Use contribution-margin LTV, not gross-margin. Gross-margin LTV overstates the ratio by 40–60%.

Gross Margin

BOTTOM
< 45%

MEDIAN
55–65%

TOP
> 70%

Before shipping, fees, and ad spend. This is NOT the number you manage to — contribution margin is.

Average Order Value (AOV)

BOTTOM
< \$35

MEDIAN
\$55–\$85

TOP
> \$120

Higher AOV absorbs fixed shipping and fulfillment costs. The AOV floor for viable DTC is roughly \$40.

Sources: Triple Whale 2025 Ecommerce Benchmarks, Klaviyo 2024 Ecommerce Benchmark Report, NRF / Apriss Retail Returns Survey 2024, Jungle Scout 2024 State of the Amazon Seller Report, Shopify merchant data, public DTC filings (Warby Parker, Solo Brands, Figs, Chewy). Ranges reflect blended DTC and marketplace data.

Five Pillars of Ecommerce Financial Health

Every metric in this report maps to one of five pillars. Together they give you a complete picture of where money is made, lost, stuck, or at risk.



Cash Inventory-to-cash speed, return reserves, processor holds

Cash conversion cycle in ecommerce is an inventory game. DTC brands that dropship can run negative CCC; inventory-heavy brands tie up 60–120 days of cash in product sitting in a 3PL. Payment processor holds (Shopify Payments, Stripe) can lock 5–15% of revenue for 2–8 weeks. Return reserves are the overlooked cash trap — if you are not reserving 6–10% of revenue for returns, your cash position is an illusion.

Metrics: Cash Conversion Cycle · Inventory Days Outstanding · Return Reserve % · Payment Processor Hold Rate



Labor Warehouse, CS, creative — the team behind the brand

The most efficient DTC brands run \$800K–\$1M+ revenue per FTE by outsourcing fulfillment, automating customer service (chatbots handle 40–60% of tickets), and keeping creative lean via freelancers. In-house warehouse operations dramatically lower revenue per employee. Above \$5M revenue, the warehouse-vs-3PL decision is the biggest labor leverage call you will make.

Metrics: Revenue per Employee · CS Tickets per 1,000 Orders · 3PL vs. In-House Fulfillment · Creative Cost as % of Revenue



Earnings Contribution margin, unit economics, channel profitability

True contribution margin after all variable costs is 15–20% — not the 65% gross margin on your pitch deck. After COGS, shipping (8–12%), payment processing (2.9%), returns (6–10%), and ad spend (20–30%), the real economics are much thinner. Bottom-decile brands are contribution-margin negative. Track by SKU and by channel, not just in aggregate.

Metrics: Contribution Margin by SKU · ROAS by Channel · CAC as % of First-Order Revenue · Gross Margin



Accounts Customer acquisition, retention, lifetime value

An LTV:CAC ratio below 3:1 means you are buying customers you cannot afford. Repeat purchase rate is the great divide: 30%+ separates brands that compound from brands that churn. Every 5-point increase in repeat rate drops effective CAC by ~15%. Email/SMS at 8× ROAS is the cheapest growth lever most brands under-invest in.

Metrics: LTV:CAC Ratio · Repeat Purchase Rate · Email/SMS Revenue % · CAC Payback Period



Risk Channel concentration, supplier dependency, platform risk

If one channel is >50% of your revenue, you do not have a business — you have a dependency. Amazon sellers averaging 90%+ concentration have seen margins compressed 3–5 points annually as Amazon raises fees. Shopify-only brands face Meta CPM volatility (up 40% since 2021). The Thrasio bankruptcy proved that commodity products on a single platform have no moat.

Metrics: Single-Channel Revenue % · Supplier Concentration · Platform Fee Trend · Ad Channel Dependency

How to use CLEAR: Score yourself on each pillar. If you are below median on any two pillars, you likely have five-figure (or six-figure) upside in financial optimization. The deep dives on pages 5–7 break down the biggest levers.

DEEP DIVE

Unit Economics: Where Your Gross Margin Actually Goes

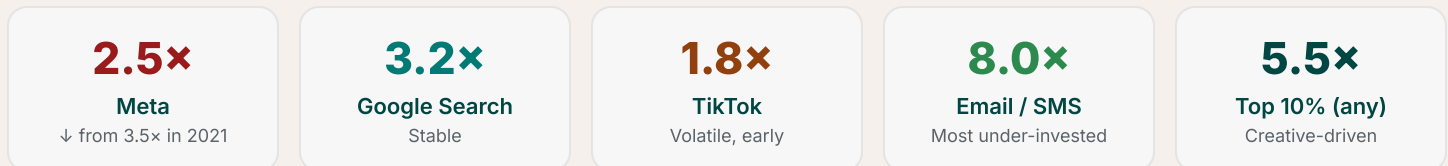
Most DTC brands report 60–70% gross margin. After all variable costs, the real contribution margin is 15–20%. Understanding each layer is the difference between scaling profitably and scaling into bankruptcy.

The DTC Cost Stack (as % of Revenue)

Cost Component	% of Revenue	Detail
COGS (product cost)	30–45%	Raw materials, manufacturing, packaging. DTC apparel/beauty typically 30–40%. Consumables/food 40–55%. This is the only cost most brands track accurately.
Shipping & Fulfillment	8–15%	Outbound shipping, 3PL pick/pack fees, packaging materials. Chewy spends ~12–14%. Lightweight high-AOV brands (cosmetics, jewelry) run 4–6%.
Payment Processing	2.5–3.5%	Shopify Payments 2.9% + \$0.30, Stripe similar. Amazon payment processing baked into referral fees. Non-negotiable cost of doing business.
Returns & Reverse Logistics	3–10%	Return shipping, restocking labor, inventory write-downs. Apparel runs 8–10%+. NRF 2024: real cost is 2–3× the refund amount.
Ad Spend (TACOS)	15–30%	Meta, Google, TikTok, Amazon PPC, influencers. Median DTC brand spends 18–25%. Growth-mode brands push 30–45%.
Platform Fees	2–15%	Shopify ~3% of GMV. Etsy ~22% all-in. Amazon 30–40% all-in (referral + FBA + ads). The hidden margin compression most sellers underestimate.

The contribution margin reality: A DTC apparel brand with 65% gross margin, 10% shipping, 3% processing, 8% returns, and 22% ad spend has a true contribution margin of 22%. Cut ad spend and revenue drops. Raise prices and conversion drops. The only sustainable levers are repeat purchase rate (reduce blended CAC), AOV optimization (absorb fixed fulfillment costs), and return rate reduction (fit guides, AR try-on). Everything else is a band-aid.

ROAS by Channel (Median)



Sources: Triple Whale 2025 Ecommerce Benchmarks, Klaviyo 2024 Email Marketing Benchmarks, NRF Returns Survey 2024. ROAS figures reflect median across thousands of Shopify merchants. Channel-level contribution margin varies with product margin.

DEEP DIVE

Acquisition & Retention: The CAC Treadmill

Post-iOS 14.5, customer acquisition cost has risen 30–50% across Meta and Google. The brands winning are not spending less — they are converting organic traffic at higher rates.

Acquisition & Retention Benchmarks (Percentile Distribution)

Metric	Bottom 10%	P25	Median	P75	Top 10%
CAC as % of First-Order Revenue	55%	38%	28%	18%	10%
LTV:CAC Ratio	1.0×	1.8×	2.8×	4.2×	6.5×
Repeat Purchase Rate (12-mo)	10%	18%	27%	38%	52%
Email/SMS Revenue %	5%	12%	20%	30%	42%

Customer Acquisition

Median CAC (DTC)	\$30–\$80
Meta CPM Increase (2021–2024)	+40–60%
Google Shopping CPC Increase	+30%+
Median Blended ROAS	3–4×
Email Revenue per \$1 Spent	\$36 (Klaviyo)

Customer Retention

Repeat Purchase Rate (median)	27%
Food & Beverage	30–35%
Health & Beauty	25–30%
Apparel	20–25%
Home Goods	15–20%

The retention premium: It costs 5–7× more to acquire a new customer than to retain an existing one. A brand with a 40% repeat rate is fundamentally more valuable than one with 15% — the first can grow profitably by investing in retention, while the second must perpetually spend on acquisition just to maintain revenue. Chewy's 78% Autoship rate earns it a 19.5× EBITDA multiple despite 5.8% margins. That is the subscription premium in action.

Sources: Triple Whale 2025, Klaviyo 2024 Ecommerce Benchmark Report, Jungle Scout 2024 State of the Amazon Seller Report. Repeat rates are 12-month windows. CAC includes all paid acquisition channels.

PUBLIC COMPANY COMPARISONS

Five Public Ecommerce Companies, Side by Side

These are not your peers — they are what scale looks like. PE firms and acquirers use their financials as the starting comp set when they value your DTC brand.

Ticker	Revenue	Growth	Gross Margin	EBITDA Margin	EV/EBITDA	FCF Margin	Notes
SHOP	\$8.9B	26%	51.1%	18.5%	82×	18.7%	Platform — earns fees on merchant transactions
ETSY	\$2.8B	1.2%	72.4%	27.5%	9.5×	22.4%	Marketplace — 22% all-in take rate
BIGC	\$330M	5.0%	77.5%	-1.5%	N/A	0%	SaaS platform — unprofitable, high S&M
GLBE	\$735M	28%	38.5%	12.0%	96×	15.0%	Cross-border enabler — logistics-heavy
CHWY	\$11.9B	4.5%	29.3%	5.8%	19.5×	4.0%	DTC retailer — 78% Autoship (subscription)

Valuation Bridge: Public to Private

Public Platforms & Marketplaces

20–80× EBITDA

Capital-light toll booths with network effects. Irrelevant to merchants on the platforms.

Scaled DTC Brands (\$50M+)

8–15× EBITDA

Diversified acquisition, strong repeat rates, proven unit economics, subscription models.

Mid-Market DTC (\$5M–\$50M)

4–8× EBITDA

Product-market fit but still dependent on paid acquisition. Multiple depends on LTV:CAC and organic %.

Small / Early-Stage (\$1M–\$5M)

2–4× SDE

Valued on seller's discretionary earnings. Key risks: founder dependency, single-channel reliance.

The great correction: During 2020–2021, DTC brands sold for 6–12× revenue. By 2024, the market reset to 3–6× EBITDA (not revenue). The Thrasio bankruptcy — \$10B peak valuation to Chapter 11 — is the defining cautionary tale. Today's PE acquirers want positive unit economics, LTV:CAC above 3:1, and at least 15% EBITDA margins.

Sources: SEC 10-K filings (FY2024), company earnings releases, PitchBook PE deal comps. All financials as reported by each company for their most recent completed fiscal year. Market valuations reflect publicly available data as of Q1 2026.

Major Ecommerce & DTC Deals Since 2023

Who is buying, what they are paying, and what it means for the industry. The dominant theme: the 2020–2021 bubble has fully deflated.

Buyer	Target	Deal Value	Implied Multiple	Date	Key Insight
Amazon	iRobot (terminated)	\$1.4B (terminated)	~1.0× revenue	Jan 2024	EU antitrust blocked. iRobot laid off 31%, CEO resigned.
Thrasio	200+ Amazon FBA brands	Ch. 11 restructuring	Written to 1–2× SDE	Feb 2024	Raised \$3.4B. Peak \$10B valuation. Equity wiped out.
Solo Brands	Chubbies, Oru, Isle	\$250M+ cumulative	~2–3× revenue	2021–2023	Public DTC rollup. Stock crashed 90%+, delisted.
Roark Capital	Subway	\$9.6B	~3.5× revenue	May 2024	50%+ digital sales. Shows PE appetite for digital-first brands.
Shein	Forever 21 (stake)	~\$300M	N/A	Aug 2023	Online-to-offline convergence. Access to U.S. retail locations.
Shopify	Logistics → Flexport	~13% equity stake	Strategic	May 2023	Divested fulfillment to refocus on software. Preceded return to profit.
Various PE	DTC brand acquisitions	\$5–50M each	3–6× EBITDA	2024–2025	Volume down 40%+ from 2021. Multiples compressed 40–60%.

The Remaining Arbitrage Opportunity

The arbitrage that still works: buying a single-channel Amazon brand at 3× SDE, diversifying to Shopify + wholesale + retail, adding subscription revenue, and building toward 6–8× EBITDA on a larger base. The key drivers PE firms pay premiums for: recurring/subscription revenue (Chewy model), LTV:CAC above 3:1, channel diversification (no single channel >40% of revenue), gross margins above 50%, and EBITDA margins above 15%.

40–60%

multiple compression from 2021 peaks

3–6×

EBITDA — what PE actually pays for DTC now

15%+

EBITDA margin threshold for buyer interest

Sources: SEC filings, Thrasio Ch. 11 docket, Bloomberg, PitchBook, Dealogic, Solo Brands IR releases, WSJ, Marketplace Pulse. Deal values as publicly disclosed. Implied multiples are estimates based on reported or estimated financials.

SELF-ASSESSMENT

Your Ecommerce Brand Scorecard

Fill in your numbers. Compare to benchmarks. The metrics you cannot fill in are the most important finding.

Financial Health Scorecard

Metric	Your Number	Bottom Quartile	Median	Top Quartile
Contribution Margin	_____	< 10%	15–20%	> 28%
Gross Margin	_____	< 45%	55–65%	> 70%
CAC Payback Period	_____	> 12 months	6–9 months	< 3 months
LTV:CAC Ratio	_____	< 2:1	2.5–3.5:1	> 5:1
Repeat Purchase Rate (12-mo)	_____	< 18%	25–30%	> 38%
Inventory Turns (annual)	_____	< 3×	4–6×	> 8×
Return Rate	_____	> 15%	8–10%	< 5%
Shipping Cost % of Revenue	_____	> 14%	8–12%	< 6%
Ad Spend % of Revenue (TACOS)	_____	> 30%	18–25%	< 15%
Average Order Value	_____	< \$35	\$55–\$85	> \$120
Top Channel % of Revenue	_____	> 70%	50–60%	< 40%
Email/SMS Revenue %	_____	< 10%	18–22%	> 30%

1

Count your reds

How many metrics fall in the bottom quartile? More than 3 means there is significant upside.

2

Find the blanks

Metrics you cannot fill in are your blind spots. You cannot improve what you do not measure.

3

Prioritize by dollar impact

Contribution margin and LTV:CAC have the biggest P&L impact. Start there.



How does your ecommerce brand compare?

We will benchmark your contribution margin, CAC payback, inventory turns, and channel economics against the industry. Free, no strings attached.

See Your Benchmarks

levelcfo.com/benchmarks/ecommerce

Email

sam@levelcfo.com

Web

levelcfo.com

Sources: Triple Whale (2025 Ecommerce Benchmarks), Klaviyo (2024 Ecommerce Benchmark Report), NRF / Appriss Retail (Consumer Returns in the Retail Industry 2024), Jungle Scout (2024 State of the Amazon Seller Report), eMarketer / Insider Intelligence (U.S. Ecommerce Market Data), Shopify (Commerce Trends + Merchant Data), U.S. Census Bureau (Quarterly E-Commerce Report), Level Index (operating data across 2,200+ service businesses + ecommerce engagements). Data reflects industry-wide benchmarks compiled from public reports, surveys, and proprietary financial data.