

RECURVED

COHORT ANALYSIS

**Unlock Customer Behavior
and Build Predictable Growth**



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MESSAGE FROM THE CEO



I've been exactly where you are. In my early days leading companies, I thought I understood my customers—until I realized I was tracking them the wrong way. I was looking at surface-level metrics that painted a flattering picture but completely missed what was really happening underneath.

That painful lesson taught me the power of Cohort Analysis. It revealed why customers stayed—or quietly slipped away. Once I started measuring behavior over time, I could finally see which strategies worked, which failed, and where growth was leaking through the cracks.

That's why I built this resource for you: a practical, step-by-step way to use Cohort Analysis as your growth compass. If you're not digging into how different groups of customers behave, you're running blind—and your competitors could outlearn you fast.

I've pulled together a free guide to show you how to harness cohort analysis, enabling you to build real retention, predictable growth, and make smarter decisions. Take a look—it might completely change the way you see your business. And of course, I'm here if you'd like a hand applying it.



Sandra Gault

"A Geek In Heels"



CEO/Founder - [Recurved](#)



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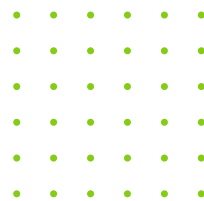
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CHAPTER 01

Introduction to Cohort Analysis



WHAT IS COHORT ANALYSIS?

Cohort	Month 0	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8
Jan 2025	100%	66.7%	55.5%	44.9%	39.6%	34.4%	23.8%	18.5%	8.0%
Feb 2025	100%	88.0%	75.5%	69.2%	56.6%	44.1%	31.5%	19.0%	--
Mar 2025	100%	85.0%	72.0%	65.0%	48.2%	39.6%	36.8%	--	--
Apr 2025	100%	75.3%	65.4%	55.6%	35.7%	25.6%	--	--	--
May 2025	100%	88.2%	80.5%	76.6%	72.4%	--	--	--	--
Jun 2025	100%	62.6%	45.3%	28.6%	--	--	--	--	--
Jul 2025	100%	79.6%	61.4%	--	--	--	--	--	--
Aug 2025	100%	82.3%	--	--	--	--	--	--	--
Sep 2025	100%	--	--	--	--	--	--	--	--

Introduction

Cohort analysis is a powerful method that can transform how you view your business. It helps you ask better questions to gather the information you need, such as:

- Are the new users you're gaining each month leaving faster than those from last quarter?
- Are your onboarding improvements truly effective, or are loyal customers just hiding a growing problem?

Aggregate metrics won't reveal this, but cohort analysis will.

When businesses focus only on top-line figures (e.g., total users, average order value, revenue), they can overlook important details. Cohort analysis fills these gaps by showing how customer behavior changes over time and which groups are thriving or dropping off.

By using cohort analysis, you are examining your customer base by specific groups - cohorts - over time and observing how their vital signs change as they use your product or service, rather than as an aggregated total.



Imagine running a relay race with different teams starting at staggered intervals; cohort analysis reveals hidden strengths and weaknesses in your business, marketing, or product strategy by seeing which teams slow down or accelerate after each handoff.

Just as a relay coach reviews each team's performance after each leg, cohort analysis helps you precisely identify when and why customers become loyal or decide to leave. This enables you to step in at the right moments for maximum impact.

This lead magnet will show how mastering cohort analysis puts you in control; providing clarity, confidence, and a proven framework for growth that surpasses gut instinct or averages.

Using cohort analysis, Dropbox discovered that users who shared a file were much more likely to become long-term customers-an insight that helped shape product strategy and lead to rapid growth.

Similarly, HubSpot analyzed cohorts to determine how customer onboarding affects retention rates and lifetime value.



What is a Cohort?

A "cohort" is simply a group of individuals who share a common characteristic or experience within a defined time period (e.g., day, month, quarter, or year). In business and data analytics, this most often refers to a group of customers or users who were acquired during the same period, such as a month or a quarter.

Instead of looking at all your customers as a single, undifferentiated group (which can hide important trends), cohort analysis breaks them down into these smaller, more specific groups. This allows you to track and compare their behavior over time, providing a much clearer picture of your business's health.

Customer Retention Rate								
Cohort	Month 0	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7
Jan 2025	100%	66.7%	55.1%	44.9%	39.6%	34.4%	23.8%	18.5%
Feb 2025	100%	88.0%	75.5%	69.2%	56.8%	44.1%	31.5%	19.0%
Mar 2025	100%	85.0%	72.0%	65.0%	48.2%	36.0%	36.8%	---
Apr 2025	100%	75.3%	65.4%	56.6%	35.7%	25.6%	---	---
May 2025	100%	88.2%	80.5%	76.6%	72.4%	---	---	---
Jun 2025	100%	62.6%	45.1%	28.6%	---	---	---	---
Jul 2025	100%	79.6%	65.4%	---	---	---	---	---
Aug 2025	100%	82.3%	---	---	---	---	---	---
Sep 2025	100%	---	---	---	---	---	---	---

Churn Rate	Month 0	Month 1	Month 2	Month 3	Month 4	Month 5
Jan 2025	0%	10%	15%	18%	20%	20%
Feb 2025	0%	11%	16%	19%	21%	---
Mar 2025	0%	28%	42%	50%	---	---
Apr 2025	0%	12%	18%	---	---	---
May 2025	0%	28%	---	---	---	---
Jun 2025	0%	---	---	---	---	---

Example

For example, a company might have a **"January 2025 Cohort"** consisting of all customers who made their first purchase in January 2025. By analyzing this group, they can see how their retention rates, spending habits, and overall customer lifetime value (CLTV) evolve over the following months and years. They can then compare this to the **"February 2025 Cohort"** to see if a new marketing campaign or product update had a positive or negative effect on customer behavior.

Thus, instead of looking at all customers together as one large, blended average, you look at them in distinct slices. This allows you to see patterns that are often obscured in aggregate data.

For instance, a stable customer retention rate might hide the fact that new customers are leaving quickly while older cohorts are keeping the average afloat. Cohort analysis lets you zoom in and see what's really happening inside the average.

HOW DOES COHORT ANALYSIS WORK?

In practice, cohort analysis means grouping customers by a shared characteristic and tracking how their behavior unfolds over weeks, months, or quarters.

For example, you might group customers by the month they signed up, then measure how many of them are still active or spending each period after that. This creates a behavioral timeline for each cohort that shows when engagement drops off, when it holds steady, and how long different groups tend to stick around.



That structure lets you ask more specific questions than would be possible with aggregate data, such as:

- Are customers who joined in March more likely to leave than those who joined in February?
- Did that onboarding redesign in April improve retention in the first week?
- Are users who joined during a summer promotion turning into long-term or short-term customers?

Cohort analysis helps you reconstruct what happened when, to whom, and why. Instead of focusing on a single blended average, you can see how each group behaves over time. That provides essential context to your decisions.

Cohort Analysis Allows You To:



Isolate the downstream effects of a product change.



Measure the true quality of a marketing campaign by both how many customers it brought in and how long those customers stuck around.



Separate seasonal or promotional bumps from durable improvements in retention or revenue.

Cohort analysis shifts your view from static summaries to time-aware narratives, deepening your understanding of how your business grows or leaks across time, one group at a time.

Key Characteristics of Cohort Analysis

Cohort analysis offers several key characteristics that make it a valuable tool for business owners:

Permanent Membership:

Once a customer is assigned to a cohort, they remain part of that group indefinitely. This means all their future actions, such as purchases or engagement, are linked to the cohort they were originally part of.

Behavior Tracking:

By keeping customers permanently tied to their cohort, you can analyze their behavior over time. This includes tracking metrics such as spending habits, purchase frequency, and return rates. These insights are essential because the timing of their first purchase can significantly influence their future behavior. This approach allows you to understand customer retention, engagement patterns, and the long-term impact of acquisition strategies.

Performance Insights:

Cohort charts allow you to analyze several aspects, such as

01

Direct Cohort Comparison:

Compare different customer groups directly by aligning their start dates and analyzing their performance over set intervals (e.g., 90 days, 6 or 12 months) to spot overall trends or differences in metrics like average lifetime revenue.

02

Identify Problems and Wins:

Pinpoint successful strategies and areas needing improvement by observing how cohorts perform and their purchasing patterns over time.

03

Uncover Group Characteristics:

Reveal traits of your best and worst-performing customer groups, often linked to acquisition methods or specific promotions.

04

Analyze Specific Metrics:

Cells display crucial purchasing patterns and performance characteristics, such as average lifetime revenue, repurchase rates, and order frequency.

05

Deeper Segmentation Insights:

Add layers of segmentation to delve deeper into specific purchasing behaviors and attributes (e.g., comparing the spending of customers acquired via different campaigns for the same product).

06

Track Progression and Behavior:

See how individual cohorts evolve, revealing if metrics like average lifetime revenue are growing or flattening, indicating changes in customer spending or order frequency.

07

Reveal Seasonal Trends:

Observe patterns in the chart to identify seasonal impacts, such as increased sales during holiday months due to recurring purchases from existing customer cohorts.

How Cohort Analysis Data Is Structured

Cohort	Month 0	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8
Jan 2025	100%	66.7%	55.5%	44.9%	39.6%	34.4%	23.8%	18.5%	8.0%
Feb 2025	100%	88.0%	75.5%	69.2%	56.6%	44.1%	31.5%	19.0%	--
Mar 2025	100%	85.0%	72.0%	65.0%	48.2%	39.6%	36.8%	--	--
Apr 2025	100%	75.3%	65.4%	55.6%	35.7%	25.6%	--	--	--
May 2025	100%	88.2%	80.5%	76.6%	72.4%	--	--	--	--
Jun 2025	100%	62.6%	45.3%	28.6%	--	--	--	--	--
Jul 2025	100%	79.6%	61.4%	--	--	--	--	--	--
Aug 2025	100%	82.3%	--	--	--	--	--	--	--
Sep 2025	100%	--	--	--	--	--	--	--	--

Cohort reports often look like a grid. Each row is a cohort (e.g., “users who signed up in July”). Each column represents a time interval (e.g., “Week 1,” “Week 2,” “Week 3” or “Month 1,” “Month 2,” “Month 3”). The values in the cells show the metric that you are tracking with a specific cohort, such as the percentage of customers that remain active, subscribed, or generating revenue. You can create a cohort to track anything that you feel is important to your business. That layout tells you where things are improving or worsening.

READY TO BUILD YOUR OWN COHORT ANALYSIS?

Download our free Recurved tool to structure your cohorts easily.

[Download Here](#)

HOW TO READ COHORT ANALYSIS CHARTS



Cohort analysis charts are read by considering the dual progression of time: horizontally (left to right) as each cohort progresses through its lifecycle, and vertically (top to bottom) as new cohorts are added over time, and finally diagonally (from earliest to latest).

However, there are two key things to keep in mind:

1. Younger cohorts should perform better than older ones due to product improvements (e.g. Dec vs Jan).
2. Cohorts should stabilize over time with lower churn as customers adopt the product.

Charts typically display metrics in rows (cohorts) and columns (time periods), with cells showing values like retention percentages. But the key is how you read and interpret these reports

Horizontal line:

Tracks sequences like first-time purchases and subsequent ones, showing acquisition and retention by month, for the same cohort.

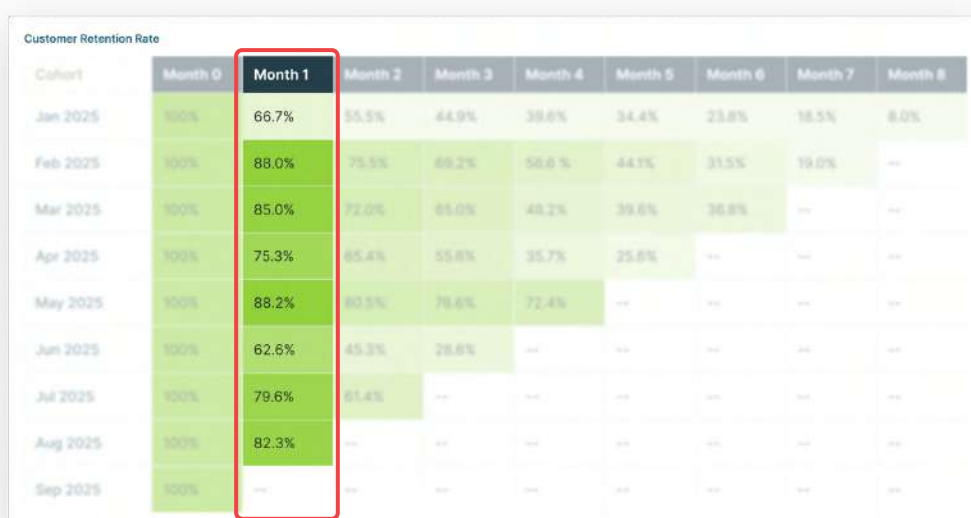
Customer Retention Rate									
Cohort	Month 0	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8
Jan 2025	100%	66.7%	55.5%	44.9%	39.6%	34.4%	23.8%	18.5%	8.0%
Feb 2025	100%	88.0%	75.5%	69.2%	56.8%	44.1%	31.5%	19.0%	...
Mar 2025	100%	85.0%	72.0%	65.0%	48.2%	39.6%	36.8%	...	...
Apr 2025	100%	75.3%	65.4%	55.8%	35.7%	25.8%	...	...	...
May 2025	100%	88.2%	80.5%	76.8%	72.4%	...	...	...	...
Jun 2025	100%	62.6%	45.3%	26.6%	...	...	...	...	...
Jul 2025	100%	79.8%	61.4%	...	...	...	...	...	...
Aug 2025	100%	82.3%	...	...	...	...	...	...	...
Sep 2025	100%	...	...	...	...	...	...	...	...

In this case, the retention data for the January 2025 customer cohort provides a clear benchmark for engagement. We observed a strong initial Month 1 retention rate of 66.7%, which shows a steady transition, settling at 8.0% by Month 8.

This retention curve is a critical point for strategic discussion: Does this performance align with our long-term business model, and what targeted initiatives can we launch to significantly improve customer lifetime value over the next quarter?

Vertical line:

Analyzes drops over time to identify critical periods across multiple cohorts (e.g., how do all the cohorts compare in Month 1 to each other?).



Cohort	Month 0	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8
Jan 2025	100%	66.7%	55.5%	44.9%	39.6%	34.4%	23.8%	18.5%	8.0%
Feb 2025	100%	88.0%	75.5%	66.2%	56.6%	44.1%	31.5%	19.0%	NA
Mar 2025	100%	85.0%	72.0%	65.0%	48.2%	39.6%	36.8%	NA	NA
Apr 2025	100%	75.3%	65.4%	55.8%	35.7%	25.8%	NA	NA	NA
May 2025	100%	88.2%	80.5%	76.6%	72.4%	NA	NA	NA	NA
Jun 2025	100%	62.6%	45.3%	28.8%	NA	NA	NA	NA	NA
Jul 2025	100%	79.6%	61.4%	NA	NA	NA	NA	NA	NA
Aug 2025	100%	82.3%	NA	NA	NA	NA	NA	NA	NA
Sep 2025	100%	NA	NA	NA	NA	NA	NA	NA	NA

Looking at the January 2025 customer cohort provides valuable insights. While the initial retention was 66.7%, the rate showed significant improvement from February through May 2025. This is where analysis must begin: **What drove this positive trend, and what steps are necessary to ensure its continuation?**

The immediate drop in June 2025 to 62.8% is a clear signal that demands attention. You would want to determine the cause of this downturn—**was it seasonality, a product change, or another factor?** Understanding if this is an expected part of the business cycle is crucial. The subsequent increase in July and August 2025 is encouraging, but the underlying drivers still need to be understood.

The real power here lies in **cohort analysis**: by aligning retention data by month, you reveal specific, actionable patterns that are hidden when data is aggregated. Cohort analysis provides a deeper, more granular understanding of your customers, directly leading to greater competitive advantage and profitability.

Diagonal line:

Reading & understanding your cohort from a diagonal line is vital when analyzing aggregate performance over real time. When you move diagonally, you are looking at different cohorts at different stages, but all in the same calendar month.

Cohort	Month 0	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8
Jan 2025	100%	96.7%	95.5%	44.9%	39.6%	34.4%	23.8%	18.5%	8.0%
Feb 2025	100%	88.0%	75.5%	66.2%	56.6%	44.1%	31.5%	19.0%	
Mar 2025	100%	85.0%	72.0%	65.0%	48.2%	39.8%	36.8%		
Apr 2025	100%	75.3%	65.4%	55.8%	35.7%	25.6%			
May 2025	100%	88.2%	80.5%	76.6%	72.4%				
Jun 2025	100%	62.6%	45.3%	28.6%					
Jul 2025	100%	79.6%	61.4%						
Aug 2025	100%	82.3%							
Sep 2025	100%								

So in this case, the overall average customer retention rate is 48.23%:

$$\frac{100\% + 82.3\% + 61.4\% + 28.6\% + 72.4\% + 25.6\% + 36.8\% + 19.0\% + 8.0\%}{9} = 48.23\%$$

Also, shading (darker to lighter) can highlight drops, signaling areas for retention focus.

While the table currently shows the retention rate, you could also **track the number of orders**. By reading the data diagonally, you can determine where your total sales for the current month originated across all cohorts. More importantly, this diagonal view allows you to **see patterns across past months** that help you predict the average number of orders you can reasonably expect in the following month.

This illustrates the crucial forecasting power gained by reading your cohort analysis from a diagonal perspective.

Next are examples tailored to key metrics. Each includes a table representation of a chart, with numbered insights referencing explanations.

Example 1: Retention Chart

Netflix

A fantastic real-world example of using retention cohort analysis is Netflix. Higher the retention rate the better.



The Scenario:

Imagine Netflix launches a major new original series, like a highly-anticipated season of **"Stranger Things."** Their marketing team wants to know if this show is just getting people to sign up, or if it's actually helping them retain subscribers long-term.

So Netflix creates a chart looking at the percentage of customers who stay subscribed after the announcement:

Customer Retention	Month 0	Month 1	Month 2	Month 3	Month 4
Jan 2025	100%	80%	60%	50%	45%
Feb 2025	100%	85%	65%	55%	--
Mar 2025	100%	82%	62%	--	--
Apr 2025	100%	81%	--	--	--
May 2025	100%	--	--	--	--

Insights:

Horizontal:

Jan cohort drops to 45% by Month 4, showing a typical churn curve for Netflix.

Vertical:

Feb cohort retains better (55% vs. 50%), shown in Month 3, possibly due to another series that was announced in Feb.

Diagonal:

Their current overall average is 60.75% (45% for Jan, 55 % for Feb, 62% for Mar, 81% for Apr), and this is 5% higher than what they have seen in the last 3 months (Oct - Dec cohorts).

This analysis confirms that the launch of the new original series was a success, leading to a **5% increase in the overall retention rate**. Critically, it also shows that each active cohort experienced **improved retention rates** compared to previous cohorts at the same time point (e.g., Month 3 retention for the current cohorts is higher than for past cohorts).

Example 2: Churn Rate Chart



SaaS Company

A great example for a churn rate cohort is a SaaS (Software as a Service) company like Dropbox. Churn rate is the percentage of customers leaving. Lower is better.

The Scenario:

The company notices their overall monthly churn rate is increasing, but they don't know why. A simple, overall churn rate doesn't give them the full picture because it averages out everyone. A churn rate cohort analysis, however, can provide specific, actionable insights.

The company creates a **monthly acquisition cohort chart**, which groups users based on the month they signed up. The chart tracks the **percentage of customers that have churned** for each cohort over time.

Churn Rate	Month 0	Month 1	Month 2	Month 3	Month 4	Month 5
Jan 2025	0%	10%	15%	18%	20%	20%
Feb 2025	0%	11%	16%	19%	21%	--
Mar 2025	0%	28%	42%	59%	--	--
Apr 2025	0%	12%	16%	--	--	--
May 2025	0%	28%	--	--	--	--
Jun 2025	0%	--	--	--	--	--

Key Insights from the Chart:

Spotting the "Leaky Bucket":

By looking at the chart, they immediately see a major red flag: *the March 2025 cohort has an unusually high churn rate*. It's significantly worse than the months before and after it. This tells them that something happened in March that caused that specific group of customers to leave at a much faster rate.

Pinpointing the Cause:

The company now has a specific timeframe to investigate. They check their internal records and discover that in March, they launched a major **new onboarding flow** that was meant to simplify the user experience.

However, they didn't test it properly and their customer service department mentioned they were seeing more issues than normal. So the company reverted back to their original onboarding flow in April. The cohort chart confirmed that the new flow actually confused new users, causing them to leave quickly.

Making a Data-Driven Decision:

Armed with this insight, they can make smart decisions:

- They were correct to revert the new onboarding flow back to the original flow
- They create a new retention campaign specifically for the "at-risk" March cohort, perhaps offering a personalized walkthrough or a special discount to win them back.
- They learn from this mistake and implement a better A/B testing process for all future onboarding and product updates.

Without the cohort chart, the company might have only seen a slight increase in their overall churn rate, assumed it was normal, and missed the underlying problem with their new onboarding flow.

Example 3: Repeat Rate Chart

E-Commerce Company

A repeat rate cohort analysis is most useful for an e-commerce company that sells consumable goods or products that customers are likely to buy again. Think of a brand that sells coffee, pet food, skincare products, or clothing. The goal is to understand how many customers come back to make a second, third, or fourth purchase.



The Scenario:

Let's imagine an online coffee company, "**The Daily Grind**," that sells various coffee beans. They want to know if their marketing campaigns and product quality are encouraging customers to make repeat purchases.

1. The company groups its customers by the month of their very first purchase. The "January 2025 Cohort" includes every new customer who made their first order in January.
2. The company then creates a chart that tracks the percentage of customers from each cohort who have made a second purchase within a specific timeframe (e.g., within 30, 60, or 90 days).

Repeat Purchases Over 90 Days	Total Customers	% Who Made A 2nd Purchase	% Who Made A 3rd Purchase	% Who Made A 4th Purchase
Jan 2025	1,540	22%	15%	10%
Feb 2025	2,820	20%	14%	9%
Mar 2025	3,642	35%	38%	41%
Apr 2025	5,126	23%	16%	11%

Key Insights from the Chart:

Identifying Success:

The chart immediately highlights that the March 2025 cohort has a significantly higher repeat purchase rate across the board. The percentage of customers who came back for a second, third, and fourth order is much higher than for other cohorts.

Connecting Cause and Effect:

The company can now investigate what made March so successful. They look back at their activities and discover:

- They ran a successful email campaign in March, only offering a "free coffee scoop" with the second order.
- They launched a new, highly-rated "limited edition" coffee blend that month.
- They introduced a new loyalty program that gave bonus points for a customer's second purchase.

Making Smarter Decisions:

Armed with this data, they know exactly what's working. They can now:

- Replicate the success by running similar email campaigns for future cohorts.
- Promote the limited edition blend more heavily to new customers, knowing it encourages repeat purchases.
- Double down on the loyalty program and make it a key part of their marketing strategy.

By analyzing repeat rates by cohort, "The Daily Grind" can move beyond general assumptions and pinpoint which specific initiatives are creating loyal, repeat customers. This is far more valuable than a simple, overall repeat rate, which would have simply gone up in March without explaining why.

Example 4: Multi-Metric Cohort Chart



CAC vs CLTV

This chart tracks a company's customer acquisition cost (CAC) against their customer lifetime value (CLTV) and the resulting ratio over time. This analysis reveals the long-term profitability and efficiency of customer cohorts, allowing for a deeper understanding than a simple, overall average.

		Month 1		Month 6		Month 12	
	CAC	CLTV	CLTV:CAC	CLTV	CLTV:CAC	CLTV	CLTV:CAC
Jan 2025	\$25	\$100	4:1	\$200	8:1	\$300	12:1
Feb 2025	\$30	\$95	3:1	\$120	4:1	\$225	8:1
Mar 2025	\$20	\$190	10:1	\$310	16:1	\$425	21:1
Apr 2025	\$22	\$115	5:1	\$220	10:1	\$399	18:1
May 2025	\$28	\$130	5:1	\$265	9:1	\$385	14:1
Overall	\$25	\$126	5:1	\$223	9:1	\$347	14:1

Key Insights and Business Impact:

Profitability Improves Over Time (Horizontal Analysis):

A clear trend across all cohorts is that the CLTV and the CLTV:CAC ratio consistently improve over time. This confirms that the business model is inherently profitable and that the value of a customer grows significantly beyond their initial purchase. For example, the January cohort's CLTV tripled from Month 1 to Month 12 (\$100 to \$300), demonstrating a healthy, long-term customer relationship.



Identifying Star Performers (Vertical Analysis):

By comparing cohorts vertically at specific points in time, we can pinpoint which acquisition efforts were most effective. The **March '25 cohort** is a standout success.

Its initial CLTV:CAC ratio of 10:1 is double that of most other cohorts, and it maintains its lead with a phenomenal 21:1 ratio by Month 12. This suggests that a specific campaign or product launch in March was exceptionally effective at attracting high-value customers.

Spotting Areas for Improvement (Vertical Analysis):

The chart also highlights underperforming cohorts, providing a clear call to action. The **February '25 cohort** has the highest CAC and the lowest CLTV:CAC ratio at every interval.

This is a crucial red flag. The company should immediately investigate what happened in February—whether it was a less effective marketing channel, a poor-performing ad, or a different sales strategy—to avoid similar mistakes in the future.

Forecasting & Strategic Planning:

The overall company data shows strong and consistent growth. By understanding the performance of individual cohorts, the company can make more accurate predictions about future growth and profitability.

The insights gained from the top-performing March cohort can be used to optimize future marketing spend, ensuring that resources are allocated to the strategies that attract the most profitable customers.

Other Use Cases

Cohort analysis can be applied to a wide range of business metrics. Below is a list of other valuable customer behaviors and outcomes you can track, categorized by use case.

01

Product & Engagement Metrics

- **Feature Adoption:** Track the percentage of a cohort that uses a new feature within a specific timeframe (e.g., "What percentage of the March cohort used the new 'Export to PDF' feature within 30 days of sign-up?"). This helps gauge the success of new product rollouts.
- **Time to First Action:** Measure how long it takes a new user cohort to complete a key action, such as making their first purchase, uploading their first file, or completing an onboarding tutorial. A decreasing time to action suggests a more effective user experience.
- **Session Frequency/Length:** Analyze how often customers from a specific cohort log in or use your product and for how long. This reveals patterns of active usage and can signal a healthy, engaged user base.
- **Event Completion Rate:** For products with specific funnels or workflows, track the percentage of a cohort that completes a key event, like finishing a course, inviting a team member, or setting up a profile.

02

Financial Metrics

- **Subscription Upgrades/Downgrades:** Track the percentage of a cohort that upgrades or downgrades their subscription plan over time. This helps you understand customer lifecycle stages and potential for revenue expansion or contraction.
- **Cost of Goods Sold (COGS):** For product-based businesses, track how COGS changes for a cohort over time. For example, if a new customer cohort is purchasing more expensive items, this will be reflected in a higher average COGS.

03

Marketing & Sales Metrics

- **Conversion Rate:** Track the percentage of a cohort that converts from a free trial to a paid subscription, or from a lead to a paying customer. Comparing conversion rates across cohorts can show the effectiveness of different marketing campaigns.
- **Channel Performance:** Segment cohorts by the marketing channel they came from (e.g., Google Ads, social media, organic search). This allows you to compare the retention, CLTV, and churn rates of customers from different sources to find your most valuable channels.
- **Customer Referrals:** Measure the percentage of a cohort that successfully refers a new customer. This is a key indicator of customer satisfaction and loyalty.
- **Time to Close:** For sales-driven businesses, analyze how long it takes to close a deal for customers within different cohorts. This can reveal trends in sales cycle efficiency.

04

Customer Support & Satisfaction

Support Ticket Volume: Track the average number of support tickets submitted by a cohort over its lifetime. An unusually high number of tickets for a new cohort could signal issues with a recent product update or a confusing onboarding process.

Net Promoter Score (NPS): Segment NPS scores by cohort. If your newest cohorts are consistently rating you lower, it could be a sign that a recent change has negatively impacted customer satisfaction.

Refund/Return Rate: For e-commerce, track the percentage of a cohort that requests a refund or makes a return. A sudden spike in this metric for a new cohort could point to a quality issue with a product batch or misleading advertising.

CHAPTER 02

Who Needs Cohort Analysis



WHAT TYPES OF BUSINESSES NEED COHORT ANALYSIS?



Any company seeking to understand and improve customer behavior over time can benefit from cohort analysis, particularly for businesses with recurring revenue models or those that rely heavily on repeat customers. This methodology is universally applicable, delivering deep performance insights whether the company operates in a Direct-to-Consumer (D2C) or Business-to-Business (B2B) business model. The bottom line: **Cohort analysis works for both types of channels.**

01. SaaS (Software as a Service) Companies:

This is the classic use case. SaaS companies thrive or falter based on their retention and churn rates. Cohort analysis enables them to determine if a product update, pricing change, or onboarding flow affects a specific group of customers.

02. E-commerce Businesses:

Companies that sell products online, especially consumable goods (e.g., coffee, skincare, pet food) or subscription boxes, use cohorts to track repeat purchase rates and customer lifetime value (CLTV).

03. Mobile App & Gaming Companies:

These businesses need to understand how user engagement and monetization change after a new feature is released or a marketing campaign is launched. Cohort analysis is key to tracking daily active users (DAU) and in-app purchase behavior.

04. Media & Publishing:

Online media companies can use cohorts to track how different groups of readers consume content over time. For example, they can see if a cohort of readers acquired via a specific social media campaign is more likely to become a paid subscriber.

05. Media & Publishing:

Financial service apps can utilize cohorts to track customer engagement with features such as savings tools, investment portfolios, or credit card usage, segmented by the month of sign-up.

06. Manufacturing:

Cohort analysis can be used by manufacturing companies just like the above examples. But cohort analysis can also help a manufacturer improve efficiency by tracking groups (cohorts) based on raw material source or production batch/line. This allows them to quickly pinpoint the origin of quality issues—for instance, identifying if products from a March batch have a higher defect rate. This data drives better decisions on process improvement, equipment maintenance, and supplier selection, moving beyond guesswork to manage risks effectively.



WHICH TEAM MEMBERS SHOULD CARE ABOUT COHORT ANALYSIS?

Any company that wants to understand and improve customer behavior over time can benefit from cohort analysis, but it is particularly crucial for businesses with recurring revenue models or those that rely heavily on repeat customers.

1. Product Team:

Any company that wants to understand and improve customer behavior over time can benefit from cohort analysis, but it is particularly crucial for businesses with recurring revenue models or those that rely heavily on repeat customers.

2. Marketing & Growth Team:

To assess the effectiveness of different acquisition channels, ad campaigns, and promotions. By tracking CLTV and CAC by cohort, they can optimize their budget to focus on the most profitable channels.

3. Executive Leadership (CEO, CFO, COO):

To get a high-level view of the company's health, understand customer profitability, and make strategic decisions about funding, expansion, or a pivot in the business model.



4. Sales Team:

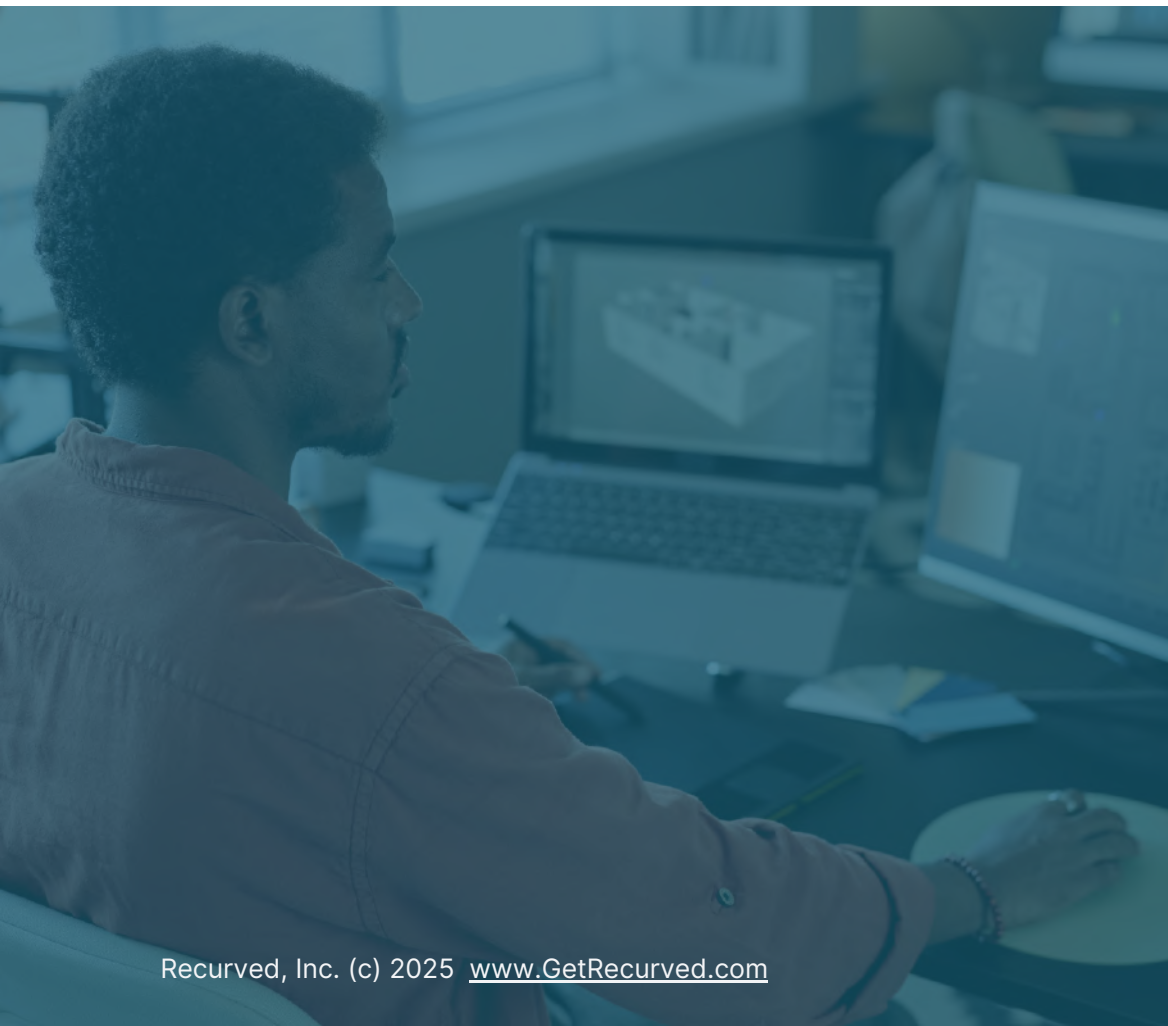
To understand the quality and long-term value of the leads they are generating. They can determine if specific types of deals or customer segments yield more profitable cohorts.

5. Customer Success Team:

To identify at-risk cohorts and proactively reach out to them. If they notice a recent cohort has a higher-than-average churn rate, they can focus their efforts on retaining those customers.

CHAPTER 03

Building Cohort Analysis



HOW TO BUILD A COHORT ANALYSIS: STEP-BY-STEP PROCESS

Building a cohort analysis from scratch can be broken down into four key steps



1 Define Your Cohort:

What is the defining event?

This is the action that groups your customers. The most common is the "acquisition event," such as a sign-up date, first purchase date, or app installation date. But it can be any event that is important to your business success (e.g. CAC, CLTV, Downloads, Time spent in app)

What is the time frame?

Decide on the time buckets for your cohorts. This could be daily, weekly, or monthly, quarterly or annually depending on your business's customer volume and sales cycle. For most businesses, a monthly cohort is a good starting point.

2 Select Your Metric:

Choose the single key metric you want to measure. This could be retention rate, churn rate, repeat purchase rate, or average revenue per user (ARPU). You decide which metric is most essential and track this metric for each cohort over time.

3 Gather the Data:

Pull the raw data from your analytics or database. This data should include a user ID, the cohort date (based on your chosen event), and a timestamp for every subsequent event you want to track (e.g., purchases, logins, uninstalls).

4 Visualize the Chart:

- Organize the data into a table or spreadsheet. The rows should represent your cohorts, and the columns should represent the time periods since the cohort's defining event (e.g., Day 1, Week 2, Month 3).
- Fill in the cells with the metric you are measuring. A color-coded heatmap is an excellent way to make trends instantly visible. For example, a retention chart will often have cells that go from dark to light as time passes.

Example

1. Define Your Cohort

- **Defining Event:** Repeat Rate % - Number of customers who rebuy after 1st purchase
- **Time Frame:** Monthly Jan to YTD (Aug).

2. Select Your Metric

Metric: Repeat Rate – the percentage of customers from each cohort who made another purchase within the next months.

3. Gather the Data

For each cohort (month), capture:

- Total new customers that month (e.g., Jan-2025: **80**, Feb-2025: **88**, Mar-2025: 105, Apr-2025: **123**, May-2025: **169**, Jun-2025: **109**, Jul-2025: **147**, Aug-2025: **121**).
- Number of these customers who made at least one additional purchase in each subsequent month.

Data	Month 0 *	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7
Jan 2025	80	75	72	70	69	67	66	66
Feb 2025	88	86	82	78	77	76	73	--
Mar 2025	105	103	98	94	92	90	--	--
Apr 2025	123	106	102	99	97	--	--	--
May 2025	169	112	105	98	--	--	--	--
Jun 2025	109	112	105	--	--	--	--	--
Jul 2025	147	99	--	--	--	--	--	--
Aug 2025	121	--	--	--	--	--	--	--

* Month 0 = **Month when you captured the customers.**

4. Visualize the Chart

- Repeat Rate Calculation: For each cohort and period:

$$\text{Repeat Rate} = \frac{\text{Number bought again}}{\text{Total in cohort}}$$

- Build the table of repeat rates:

Data	Month 0	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7
Jan 2025	100%	93.8%	90.0%	87.5%	86.3%	83.8%	82.5%	82.5%
Feb 2025	100%	97.7%	93.2%	88.6%	87.5%	86.4%	82.9%	--
Mar 2025	100%	98.1%	93.3%	89.5%	87.6%	85.7%	--	--
Apr 2025	100%	86.2%	82.9%	80.5%	78.9%	--	--	--
May 2025	100%	66.3%	62.1%	57.9%	--	--	--	--
Jun 2025	100%	102.8%	96.3%	--	--	--	--	--
Jul 2025	100%	67.3%	--	--	--	--	--	--
Aug 2025	100%	--	--	--	--	--	--	--



CHAPTER 04

How Recurved Helps

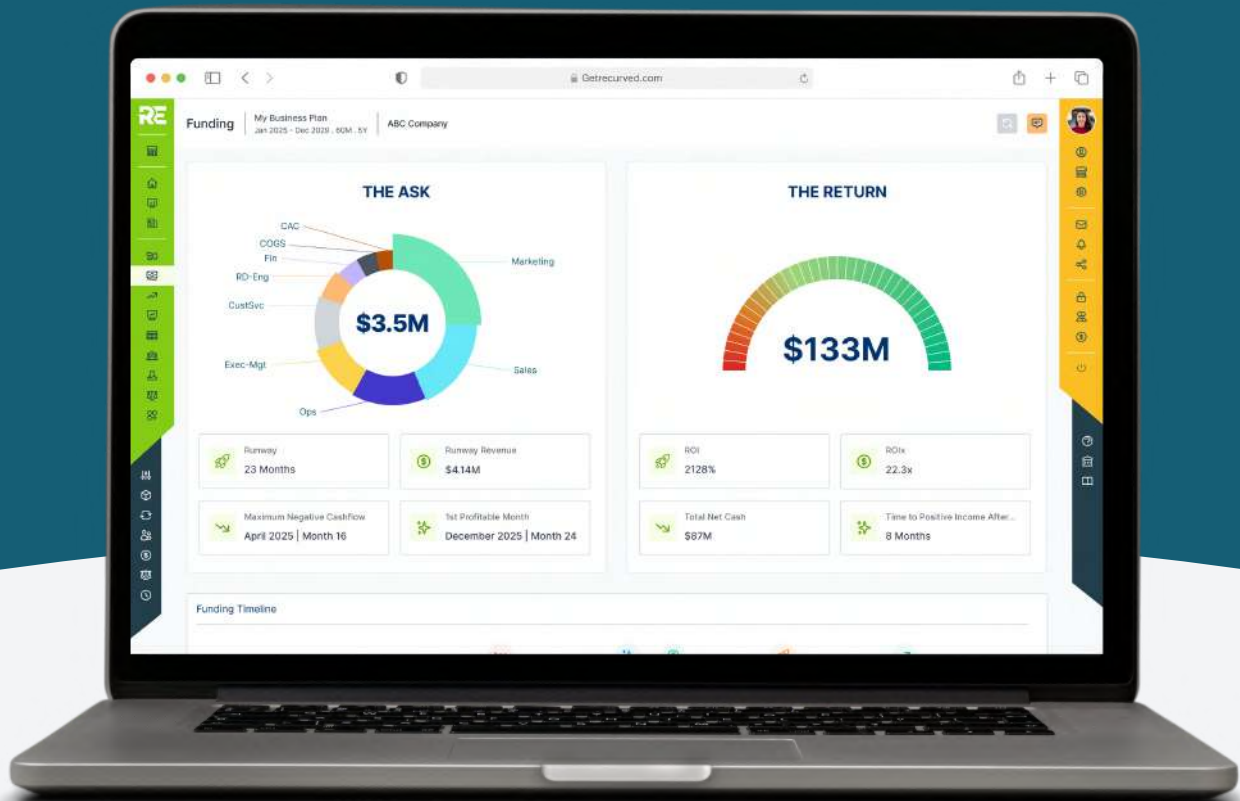


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Unleash Profitability: Build a Future-Proof Business with Our
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RECURVED



A “living, breathing” plan that adjusts in real time and drives smarter decisions, faster execution, and predictable profit.

Build & Maintain A Dynamic Business Plan

Seamlessly integrates your live business plan with actuals to provide real-time plan vs actual results.

Team Collaboration & Stakeholder Alignment

Full Transparency across the organization and keep investors/ providers/ stakeholders with real-time updates.

Financial Forecasting & Cash Management

Gain precise insight into the necessary amount to raise, the timing for fundraising, and the strategic allocation.

Resource Optimization

Let Recurved connect you with the right resources at the right time and ensure smooth execution by staying focused on your core goals.

WHO IS RECURVED FOR?



Tech & SaaS Startups
Pre & Post-launch



Established SMBs
Non-tech



E-commerce & DTC
Brands Pre & Post-launch

(Pre-revenue to Series A)

What Recurved Offers to Business Owners



A Smarter System For Modern Business

We replace outdated, disconnected tools with an AI-powered business operating system that unifies adaptive forecasting, live benchmarking, dynamic business planning, and a smart marketplace matching businesses with the right resources at the right time.



From Static Spreadsheets To Living, Breathing Plans

Recurved turns rigid, manual spreadsheets into real-time, auto-updating plans that evolve with the business. Our system continuously “**recurves**” based on actual results—offering dynamic, shareable, and actionable insights that reflect your current path to profitability.



Unlock Smarter Decisions Across The Board

By breaking the barriers of traditional planning, we empower CXOs, business owners, and investors to allocate resources more effectively, benchmark KPIs with real-world data, and make high-impact decisions that directly improve outcomes.



Shift Focus From Admin To Execution

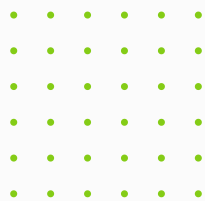
Recurved does the heavy lifting—so leaders spend less time tracking and more time growing. Financial planning becomes accessible, actionable, and easy to understand enabling every business to stay agile, confident, and focused on what truly moves the needle.

Book a Demo Now



CHAPTER 05

Additional Resources



YOUR FREE COHORT ANALYSIS TOOL



Introduction

The Recurved Cohort Analysis Tool gives business leaders a clear lens into customer behavior—from their very first interaction to retention, repeat purchases, and lifetime value.

By grouping customers into “cohorts” based on when they joined, this tool makes it easy to visualize key metrics like repeat rate, churn, engagement, CAC vs CLTV, and payback period across different acquisition periods.

What Does This Tool Do?

This sheet guides users on how to use and interpret the Cohort Analysis Tool and its resulting charts.

It explains the logic behind each cohort metric, outlines data input areas, and summarizes how the model automatically calculates insights.

Use it as your quick reference to understand:

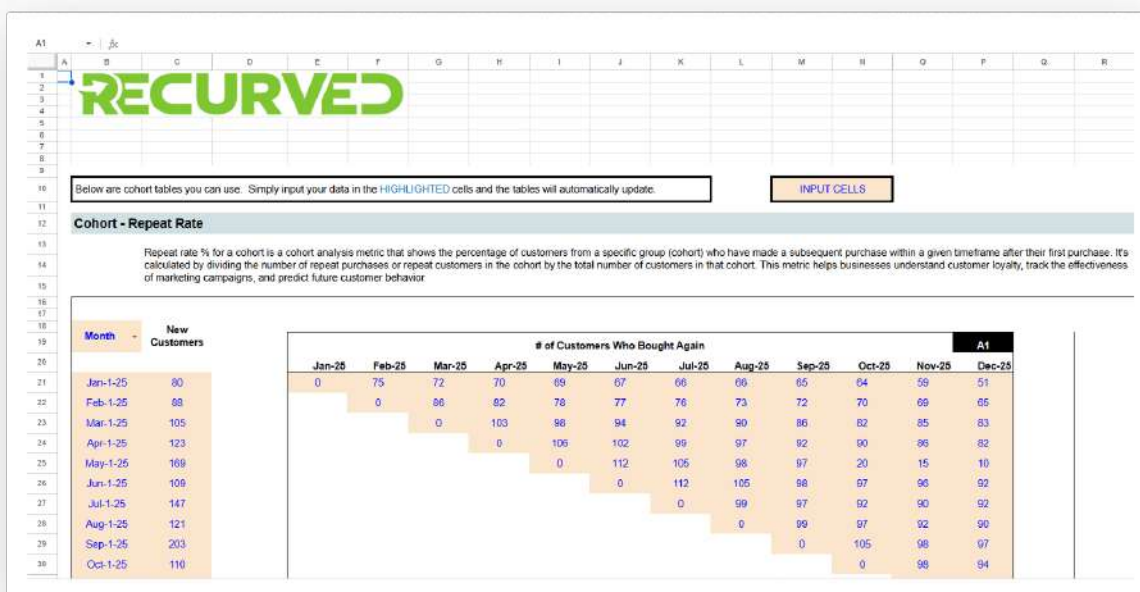
- Where to enter your data.
- How the metrics are derived.
- What each analysis reveals about your customers and business performance.

Example Cohort Included:

- **Cohort Data:** Input areas for new and retained customers or revenue.
- **Repeat Rate %:** See what share of each cohort returns, signaling loyalty.
- **Churn Rate:** Track when and where departures spike to catch retention risks.
- **Engagement/Retention:** Monitor ongoing interaction and product stickiness.
- **CAC vs CLTV:** Evaluate whether acquisition costs are justified by customer value.
- **CAC Payback:** Measure how quickly your marketing pays off for each group.

Note: Once you get the hang of creating your Cohorts, you can create additional versions for different metrics you want to keep track of.

Recurved's Cohort Analysis Tool



The **FREE** Recurved Cohort Analysis Tool comes with all the instructions you need and 5 different Cohort charts you can start using right away.

Use the **Recurved Cohort Analysis Tool** to immediately help you understand customer behavior over time, from their initial purchase to their retention, repeat activity, and profitability. Just add your data and the charts will automatically be generated.

GET THE FREE RECURVED COHORT ANALYSIS TOOL

Discover what drives your best customers.

Explore the Recurved's Cohort Analysis Tool today and unlock insights on retention, repeat purchases, CAC vs CLTV, and more

[Download Free Analyzer](#)

FAQs



Frequently Asked Questions About Cohorts Analysis

We've gathered and answered some of the most common questions cohort analysis. This section is designed to clear up confusion, provide practical guidance, and help you apply Cohorts Analysis insights more effectively in your business.

01

What is the difference between cohort analysis and retention rate?

Cohort analysis is a powerful methodology for gaining deeper insight into your business metrics. While the retention rate tells you how long customers stay, cohorts break this down by specific groups over time, giving you the "why" behind the number. By tracking these distinct customer groups, you can clearly see which ones are performing well and which are falling short.

02

What is a good retention rate?

This varies dramatically by industry. For a SaaS company, a monthly retention rate of 95% or higher is considered excellent. For an e-commerce company, a 20-30% repeat purchase rate within 60 days is often a good benchmark.

03

How often should I run a cohort analysis?

It depends on your business cycle. For a high-frequency business like a mobile app, you might look at daily or weekly cohorts. For a business with a longer sales cycle, monthly analysis is sufficient. More importantly, it should be a regular, recurring part of your data review process.

04

Can I use cohorts to analyze marketing campaigns?

Yes, this is one of its most powerful applications. You can create cohorts based on the specific campaign or channel that acquired the customer (e.g., "Facebook Ads Cohort" vs. "Google Ads Cohort") to see which one brings in the most valuable customers.

05

What is the "payback period" in a cohort chart?

The payback period is the time it takes for the customer's lifetime value (CLTV) to exceed the cost of acquiring them (CAC). On a cohort chart, this is the point where the CLTV:CAC ratio becomes greater than 1:1.

06

How is a retention cohort different from a churn cohort?

They are two sides of the same coin. A retention cohort shows the percentage of customers who remain after a certain period, while a churn cohort shows the percentage who have left during that period. The data is the same; it's just presented differently.

Churn cohorts are used in subscription-based businesses, and Retention Cohorts can be used by subscription and product-based businesses.

07

Is cohort analysis only for new customers?

No. While acquisition cohorts are the most common, you can also create "behavioral cohorts." For example, you could group all customers who used a new feature in a specific month to see if that behavior leads to higher retention.

08

What is the most common mistake in a cohort analysis?

The biggest mistake is drawing conclusions from a small or unrepresentative cohort. If a new cohort has very few customers, its data may not be statistically significant, and any trends you see might be misleading.

09

Can I perform cohort analysis without expensive software?

Yes. While advanced business intelligence tools make it easier, you can perform basic cohort analysis using a spreadsheet program like Google Sheets or Microsoft Excel if you have the raw data. But don't worry we've included a free tool to use. **Check out the section on "Your FREE Cohort Calculator".**

10

How do I know if my cohorts are doing better or worse over time?

Look at the chart vertically. If the Month 3 retention rate for the March cohort is higher than the Month 3 retention rate for the February cohort, your newer customers are "stickier," which is a sign of a healthier business.

CONCLUSION

Choosing to ignore your cohorts is like sailing aimlessly while competing companies chart a course to victory. By segmenting, analyzing, and acting on cohort data, you unlock predictable retention and scalable revenue.

Cohort analysis is a vital growth tool that groups customers by acquisition date to reveal retention patterns, churn risks, and lifetime value trends. By tracking how these groups behave over time, you gain actionable insights to refine your strategies, boost customer loyalty, and maximize long-term profitability.

TAKE THE NEXT STEP

Download your **Free Cohort Analysis Template** and Book a **Free 45-Minute Consultation** to discover how our AI-powered platform can supercharge your forecasting and growth playbook; before unchecked metrics sinks your hard-won gains.

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COHORT ANALYSIS

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