

D2C Shopping Gains a Significant, Dedicated Audience

Article

The rise of digitally native, direct-to-consumer (D2C) businesses is one of the most transformative movements shaping the ecommerce landscape. In the coming years, many consumers intend to make a significant percentage of purchases with D2C brands, but there may be a ceiling.

An October 2019 **Diffusion** study conducted by YouGov asked US internet users how much they expect to purchase from D2C companies in the next five years. More than one in five respondents said they plan to make 40% or more of their purchases from D2C companies.

What Share of Their Purchases Do US Internet Users Expect to Buy from Direct-to-Consumer (D2C) Companies in the Next 5 Years?

% of respondents, Oct 2019



Source: Diffusion, "2020 Direct-to-Consumer Purchase Intent Index" conducted by YouGov, Nov 24, 2019

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Conversely, a quarter of respondents said they would make less than 20% of purchases from D2C brands—and 40% don't plan to shop D2C at all.

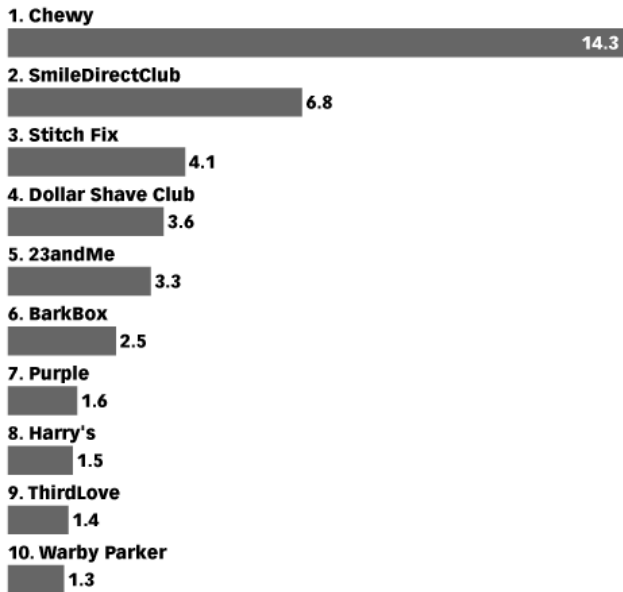
More consumers could become dedicated D2C shoppers if those companies expand to different areas. But right now, many of the most popular D2C companies exist within the same categories.

The Diffusion/YouGov survey also asked consumers where they were currently cutting down on traditional purchases in favor of D2C brands. More than one-third of respondents said they were buying less from traditional retailers for personal health, wellness and beauty products (35%), as well as clothing and apparel (34%). A number of respondents also said they had cut down on buying tech and gadgets (26%), bags and accessories (21%) and furniture and home products (20%) from traditional retailers in favor of D2C brands.

According to data from **Comscore**, three of the top 10 D2C brands with the largest average number of monthly unique visitors between November 2018 and October 2019 were personal health, wellness or beauty products (SmileDirectClub, Dollar Shave Club and Harry's). Three of the top brands were clothing and apparel (StitchFix, ThirdLove and Warby Parker) and one company, mattress brand Purple, fell in the furniture or home products category.

Top 10 US Direct-to-Consumer Brands, Ranked by Average Monthly Unique Visitors, Nov 2018-Oct 2019

millions



Note: activity on desktop ages 2+, activity on mobile ages 18+; based on 32 direct-to-consumer brands

Source: Comscore Media Metrix Multi-Platform, Dec 6, 2019

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Many D2C companies are operating in the same market and competing for the same customers. For example, The New York Times **recently noted** that many newcomers in the D2C eyewear market are “copycats with essentially the same business model as Warby Parker.” Even as new D2C companies come to prominence, it may not result in more shoppers shifting from traditional retail unless D2C brands start growing in untapped markets.

Marketers have echoed this sentiment. A December 2019 survey conducted by **Epsilon** and **The CMO Club** asked (non-D2C) brand marketers worldwide which challenges D2C brands might not foresee, to which 58% answered “copycat competitors.”