

In Western Europe, a D2C shakeout is underway

But several obstacles loom

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eMarketer Editors

The emergence of new companies selling direct online has been a big story for some time. Mattress brands Casper and Emma, luggage maker Away, beauty company Glossier, and garment retailer Happy Socks were among the first highly successful direct-to-consumer (D2C) firms, many of them based in Europe.

Like several other digital retail trends, D2C has been further propelled by market conditions during the coronavirus pandemic.

[Shopify's](#) Q1 2020 earnings report noted that the number of new stores set up on its platform rose by 62% between March 13 and April 24, compared with the prior six weeks, while the number of new stores created in less than three days jumped by 85%. During the same period, 45% of consumers made purchases from a merchant they'd never shopped with previously. And according to [SimilarWeb](#), discretionary spending boosted many D2C firms in the UK during the country's first lockdown, especially those in the hobbies and lifestyle category.

Data from [The Direct Selling Association UK](#) in late 2020 found that its member companies had seen average sales growth of 45.5% through the direct channel for the year to date.

D2C channels enable brands to differentiate themselves, freeing them from rules imposed by marketplaces or third-party partnerships, for example.

In Spain, a little more than two-thirds (67%) of marketing and communications professionals polled by **Good Rebels** said that direct selling gave them more control and knowledge of user data, and 57% said it provided more opportunities to personalize customer experience.



Some 46% of the same professionals thought D2C would be big in the following 12 months.

But several obstacles are looming.

D2C in its original form may be running out of road. "D2C was an insight 10 years ago," said Ben Lerer, managing partner at venture firm Lerer Hippeau and an early investor in Casper and Warby Parker, as quoted in the online edition of the **Harvard Business Review** in March 2020. "There's still a lingering idea that D2C is innovative. That simply isn't the case anymore. ... It's about how you do it now that's innovative."

Big brands are moving beyond physical stores to direct sales. According to a November 2019 report by **Barclays Corporate**

Banking, 73% of UK manufacturers said they were already selling some or all of their products directly to end users—a sharp increase from 56% in 2014. Of those sellers, 55% reported that this approach had increased their overall sales. In addition, 77% of the manufacturers polled aimed to invest in D2C during the next year.

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Report by Karin von Abrams Jan 14, 2021

Western Europe Retail Trends 2021

