

# D2C brands Harry's and ThirdLove look for new paths for growth

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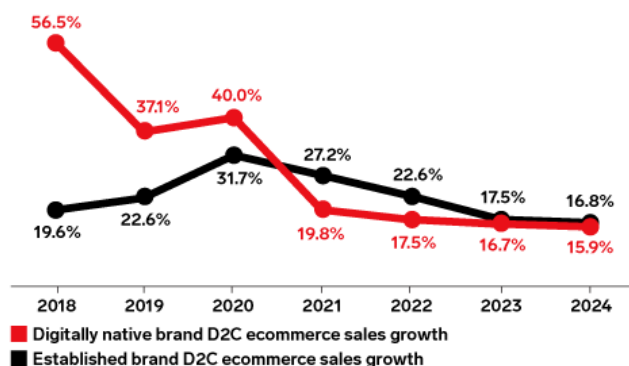
**The news:** Direct-to-consumer (D2C) brands are looking for new levers to pull to drive growth.

- **Harry's** aims to serve “unmet consumer need” by entering new categories such as women's shaving, haircare, deodorant, and even cat products, per Bloomberg.

- **ThirdLove** bought **Kit Undergarments**, the “cult favorite intimates brand” founded by celebrity stylists **Jamie Mizrahi** and **Simone Harouche**, and is opening up a number of physical stores, per Retail Dive.

#### US D2C Ecommerce Sales Growth for Established Brands vs. Digitally Native Brands, 2018-2024

% change



*Note: includes products sold by consumer brand manufacturers that sell their products directly to consumers online via their owned and operated sites, bypassing standard distribution channels through a retailer, wholesaler, or third-party platform such as a marketplace; includes digitally native brands and established brands; excludes traditional retailers' private-label brands; excludes travel and event tickets and food or drink services*  
 Source: eMarketer, March 2022

274277 eMarketer | InsiderIntelligence.com

**More on this:** There's no escaping the reality that the longer a retailer is in business, the harder it is for that company to maintain massive growth rates.

- That's particularly true in the current environment due to rising ad costs, among a host of other complicating factors.

**Broadening the reach:** Recognizing the need to diversify, Harry's has long sold its products to traditional retailers such as **Target** and **Walmart**, expanded to overseas markets, and broadened its brand portfolio to include cat essentials brand **Cat Person** as well as hair care line **Headquarters**.

- In December, **Harry's** made its first acquisition when it bought deodorant startup **Lume**.
- The efforts have helped balance the company's portfolio. **43% of Harry's revenue came from non-shaving categories** last year.
- The company's 2021 sales grew **47%** to \$547 million (including the Lume acquisition), with **54%** of that total coming from brick and mortar.

- Those results have helped keep investors optimistic in the company's model. Harry's raised **\$140 million** earlier this year at a valuation around **\$2 billion**.

**Finding new customers:** ThirdLove added the fashion-focused Kit Undergarments to help it attract a younger customer base.

- **Kit Undergarments' typical customer base is 18- to 34-year-olds** who are more likely to live in urban areas than the typical ThirdLove customer who skews older.
- **Kit Undergarments also has a lower price point than ThirdLove.** Most of its products range in price from \$18 to \$55. ThirdLove sells items such as its Bloom Demi Bra for \$79 and a Washable Silk Deco Robe for \$199.
- While ThirdLove's core product remains T-shirt bras, it has **expanded into a number of other categories**, such as sleepwear, leggings, and tank tops. It is eyeing sports bras as a major growth opportunity this year.
- The retailer, which had no physical presence outside of a pop-up, also plans to open up to **10 stores this year**.

**The big takeaway:** While the days of near-exponential growth for digitally native D2C brands is likely in the past, there's still reason for optimism given the model's inherent advantages.

- D2C brands are able to gather first-party data on their customers, which enables them to better understand their customers—and potential customers. That offers them a road map they can use to expand their product and brand mix in new ways, as well as to offer a personalized experience.