

D2C home goods brands Brooklinen and Parachute vie for market share

Article

The news: Direct-to-consumer (D2C) home goods retailers **Brooklinen** and **Parachute** are both aggressively **expanding their physical presences** as part of their broader efforts to gain a larger piece of the home goods market.

- Brooklinen, which operates two stores in New York City, plans to triple its retail presence by the end of the year. It aims to have **30 stores** by the end of 2024, per Bloomberg.

- Parachute, which has 15 stores, plans to **open 30 new locations** by year-end, according to Modern Retail.

More on this: Beyond stores, the two retailers are embarking on a number of other initiatives to broaden their reach.

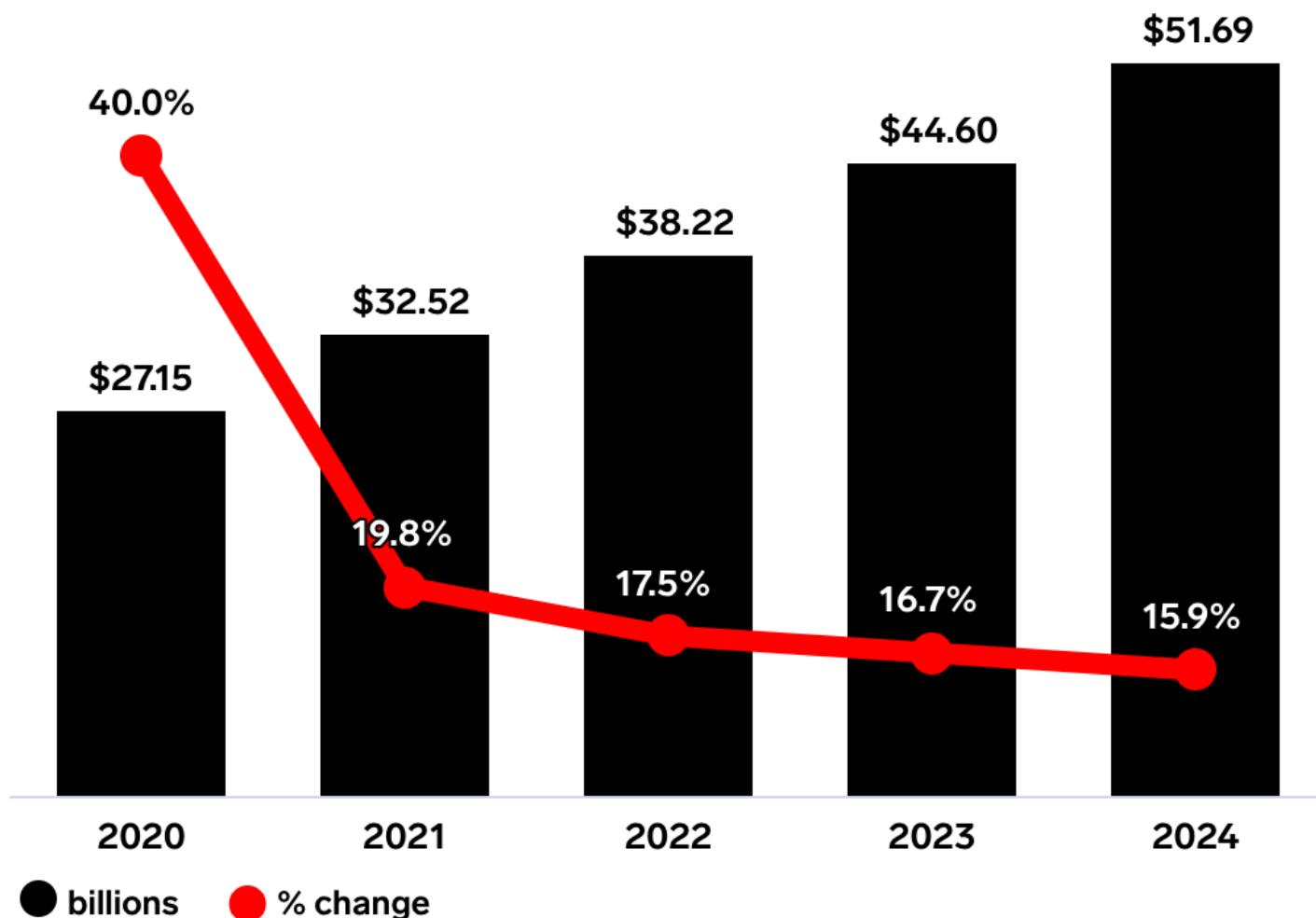
- Brooklinen launched a collection, Brooklinen for Business, that's aimed at boutique hotels. The retailer's hospitality business has doubled in size over the last three years, according to Retail Dive.
- It is also opening a Canadian warehouse later this year to help it grow its business in that country.
- Parachute recently began selling furniture such as bed frames and nightstands.
- It also embarked on an executive hiring spree, adding its first chief financial officer, chief merchandising officer, and chief commercial officer.

The trend line: The two retailers' efforts come at a time when digitally native brands' D2C ecommerce sales are decelerating. We estimate their growth will slow to **17.5%** this year, which is down from 19.8% last year, and 40.0% in 2020.

- D2C brands such as **Warby Parker**, **Away**, and **Casper** grew rapidly by leveraging inexpensive digital ads to reach consumers with a message that by cutting out retailers and selling directly to shoppers, they could sell goods at lower prices. But **many brands have seen their growth slow** due to a host of factors, including rising digital ad costs, increasing shipping costs, and Apple's iOS privacy changes.

Digitally Native Brand D2C Ecommerce Sales

US, 2020-2024



Source: eMarketer, March 2022

eMarketer | InsiderIntelligence.com

Focusing on profitability: While many D2C brands have viewed their stores as showrooms, Brooklinen has been careful to ensure they can turn a profit.

- “The store should serve as a billboard to help marketing, but at the end of the day we need people to come in and transact,” co-founder **Rich Fulop** told Bloomberg.

The big takeaway: Brooklinen and Parachute's initiatives represent the two brands' efforts to evolve from upstart D2C brands into traditional brands.

- That may mean the days of massive growth rates are over: Brooklinen's revenues more than doubled in 2021 and it experienced more "outsized ecommerce sales" last year, and Parachute's grew 58% last year, per Modern Retail.
- But their efforts should help them weather the evolving retail landscape.