

Consumer Goods Brands Hope to Fend Off Amazon by Investing in D2C

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As retail store [closures continue at an alarming rate](#), consumer goods brands have fewer channels to sell their products outside of retail and ecommerce behemoths like Amazon, Walmart and Costco. This reality has many in the consumer goods industry looking to sidestep retail and online marketplaces altogether by selling to their customers directly.

An overwhelming 99% of consumer goods leaders surveyed by [Salesforce](#) in February 2019 said that they were investing in direct-to-consumer (D2C) strategies of some kind, leaving 1% who said it was not a priority.

In the current retail and ecommerce climate, it's no surprise that brands are seeking alternatives to the limited options they have now. Some 42% of consumer goods leaders polled said the challenges of brick-and-mortar retailers were negatively affecting their business. This is perhaps because the same companies that are putting smaller retailers out of business also sell private-label brands online and in-store—leaving consumer goods brands not only with fewer options, but increased competition within search results and on the shelves next to them.

Nearly half of consumer goods leaders said that retailers' private-label products were seen as a threat to their business, Salesforce found. Amazon in particular has hundreds of private-label brands across virtually every product category, according to a March 2019 study by ecommerce research firm [Marketplace Pulse](#).

Share of Amazon's Private-Label Products, by Product Category, March 2019

% of total and number of brands

	% of total	Number of brands
Clothing, shoes & jewelry	47.7%	188
Home & kitchen	11.1%	72
Grocery & gourmet food	8.4%	56
Health & household	8.0%	110
Sports & outdoor	5.7%	71
Electronics	3.3%	18
Beauty & personal care	2.9%	51
Industrial & scientific	2.9%	36
Baby	2.6%	25
Tools & home improvement	2.4%	17
Office products	1.5%	13
Pet supplies	0.9%	19
Video games	0.6%	4
Patio, lawn & accessories	0.5%	8
Automotive	0.4%	7
Cellphones & accessories	0.4%	6
Appliances	0.2%	7
Musical instruments	0.2%	2
Toys & games	0.1%	9
Arts, crafts & sewing	0.1%	3

*Note: numbers may not add up to 100% due to rounding
Source: Marketplace Pulse, "Amazon Private Label Brands.," March 18, 2019*

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In the Salesforce survey, 51% of respondents saw Amazon's Marketplace (where products are purchased through Amazon, rather than purchased by Amazon at wholesale cost) as a critical threat, and 68% believed that consumers were more loyal to Amazon than their own brands.

Traditional consumer goods brands face another hurdle: competition from native D2C brands that have already won over a large online audience. US brands said that D2C competitors were a bigger ecommerce challenge than private-label brands and Amazon's growing influence, according to a September 2018 survey conducted by [Feedvisor](#) and [Morning Consult](#).

What Is the Biggest Ecommerce Challenge Facing US Brands?

% of respondents, Sep 2018



Note: numbers may not add up to 100% due to rounding
Source: Feedvisor, "Brands & Amazon: Insights, Opportunities, and Concerns in the Age of E-Commerce" conducted by Morning Consult, Jan 23, 2019

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For some larger consumer goods companies, the idea of investing in a D2C strategy has manifested as acquisitions of the successful startups that disrupt their industry. The recently announced **purchase of razor company Harry's** by Schick owner Edgewell Personal Care evokes the age-old business adage: If you can't beat them, acquire them.