

# Having Established an Online Presence, Many D2Cs Eye Physical Retail

## Article

**M**ore direct-to-consumer (D2C) brands are moving away from their digitally native foundations and experimenting with physical retail locations in the form of pop-ups, showrooms or fully fledged brick-and-mortar stores.

“D2C brands with a demonstrated aptitude for selling online are now expanding to physical retail,” said Andrew Lipsman, eMarketer principal analyst and author of the report published

earlier this year, “[Direct-to-Consumer Brands 2019: How Digital Natives Are Disrupting Traditional Brands and Retailers](#).” “Brick-and-mortar isn’t always the most hospitable environment, particularly for brands targeting the more elusive millennial shopper, but D2C brands nevertheless feel confident about their prospects.”

The retail real estate market is evolving, but with smaller footprints and shorter-term leases. Take Dagne Dover, for instance. The retailer unveiled its pop-up store in New York City’s SoHo area in June 2018 to see how much space is necessary if they were to open a permanent location.

“It’s also a place for us to see how customers react to our products, what people who have never heard of us like and what they want to see and why,” said Vadim Grinberg, vice president of consumer growth and insight at Dagne Dover [Editor's Note: Grinberg has since joined Hatch Collection as vice president of digital].

ThirdLove, another D2C darling, also ventured down the pop-up route. The retailer unveiled its concept store in SoHo earlier this summer after customers said they wanted to connect with the brand in person.

Smaller footprints are a popular starting ground for many D2C brands that want to test the waters before launching brick-and-mortar options. Mattress brands Casper, Leesa and Purple are other good examples. Leesa featured its products within several West Elm locations, Casper featured a "sleep-in" pop-up in Nordstrom and Purple partnered with Mattress Firm and Macy's to leverage their retail spaces.

"We're building a brand and trying to showcase the difference of our brand—and it is about our technology and our innovation," [said Joe Megibow, CEO of Purple](#). "We have launched a couple of showrooms that really allow us to bring the technology and the experience to life. And it's a lot of interactive and experiential displays where we can really show how and why [our products] work, and give the broader story across our assortment."

And we expect this trend to continue as more D2C brands emerge.

October 2018 data from Activate—the most recent research we have on the topic—found that a plurality of D2C brands, including Fabletics, Warby Parker and Glossier, opened or announced a store opening worldwide last year. That figure is significantly higher this year as other brands such as Allbirds, Casper and Burrow continue to expand their physical footprints.

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**Direct-to-Consumer (D2C) Brands that Opened or Announced Store Openings Worldwide in 2018, Oct 2018**

*number of stores*

Fabletics	75
UNTUCKit	50
Warby Parker	36
Indochino	17
Outdoor Voices	7
Interior Define	2
Koio	2
Parachute	2
Cotopaxi	1
Everlane	1
Glossier	1
Tommy John	1

Source: Activate Inc., "Tech & Media Outlook 2019," Nov 13, 2018

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"One of the benefits of having retail locations is we can use it to build awareness," said Mark Simmons, executive vice president of marketing at Burrow. "A lot of the events and partnerships we do are to help bring people in, so they can experience the product firsthand."