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Rachel Wolff

Brooklinen, Our Place are the latest D2C brands to turn to other retailers for growth

Article

The trend: The line between digitally native direct-to-consumer (D2C) and established brands is blurring as more of the former expand their retail partnerships and brick-and-mortar

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footprints, while more of the latter invest in D2C.

- **Brooklinen** is bringing its Marlow pillow brand to over 1,000 **Walmart** stores and as well as the retailer's website, while fellow digital native **Our Place** is now selling its distinctive kitchenware via **Amazon**.
- At the same time, established brands like Levi's and **Nike** are pumping more resources into their D2C businesses to take advantage of higher margins and offset weakness in the wholesale segment.

Digital natives look for opportunities: As sales growth slows and customer acquisition costs mount, many digitally native D2C brands are turning to wholesale and marketplace partnerships to boost awareness and sales opportunities.

- Unsurprisingly, Amazon is a popular choice, given that it's the first—and often only—port of call for many on their digital shopping journeys. Brands ranging from **Tupperware** to **Peloton** to **ThirdLove** have made the leap, while Brooklinen is expanding the assortment of items it sells on the marketplace after revenues grew 29% year-over-year (YoY).
- Underwear startup **Parade** estimated that selling on Amazon could net it $8 million in revenues by the end of 2025, equivalent to over one-quarter the company's net revenues in 2022, per The Information.
- While wholesale partnerships are also becoming more prevalent as D2C brands try to shift some of the burden of their marketing and logistics costs, success can take time. Just 3% of Parade's revenues last year came from retail and wholesale channels, despite tie-ups with **Urban Outfitters** and **Target**; the company expects that figure to rise to 10% this year.

Established brands soar: While digitally native D2Cs like **Allbirds** and Parade are quickly realizing the limits of a D2C-only strategy, established companies are taking advantage of their brand equities and deep pockets to push further into direct sales.

- Levi's is doubling down on D2C to make up for softness in its wholesale business, as well as develop deeper ties with shoppers and establish itself as a more premium brand. The company noted that direct sales grew in nearly all markets, including North America and China, during Q3, despite a significant slowdown in wholesale demand.
- While **Nike** recently restored wholesale ties with several retailers, its direct business continues to grow at a faster clip: Sales rose 6% YoY during its fiscal Q1, while wholesale revenues were

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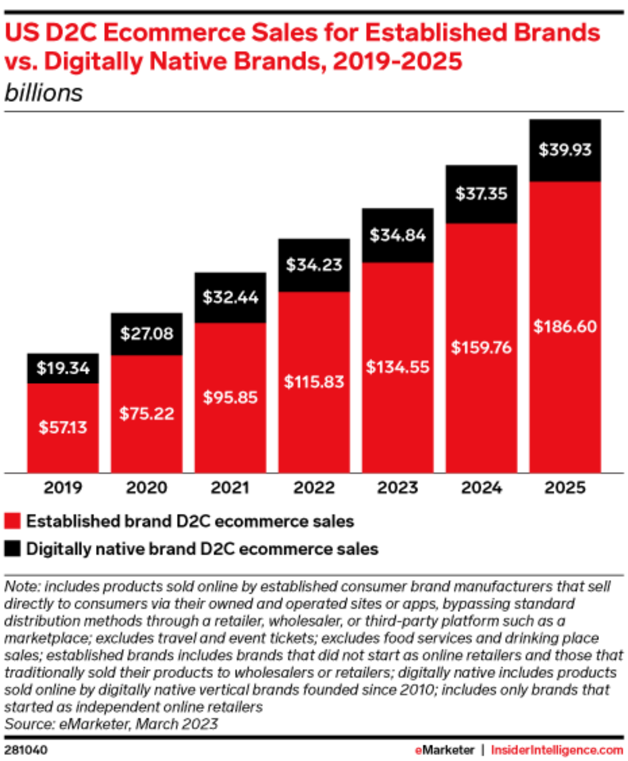
flat on a reported basis.

- Our forecast expects established brands' US D2C ecommerce sales to grow by 16.2% this year, compared with just 1.8% growth for digital natives.

The big takeaway: Finding new sales channels will be key for digitally native D2Cs to unlock their next stage of growth, whether that's expanding their own brick-and-mortar presence, relying on marketplaces like Amazon, or racking up wholesale partnerships.

- At the same time, brands have to stay attuned to the needs of their core consumers, as well as figure out how to appeal to a broader audience that may not be quite as receptive to millennial pink packaging.

Go further: *For more on D2C strategies, check out our reports on D2C Brands and D2C for CPG Brands.*



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