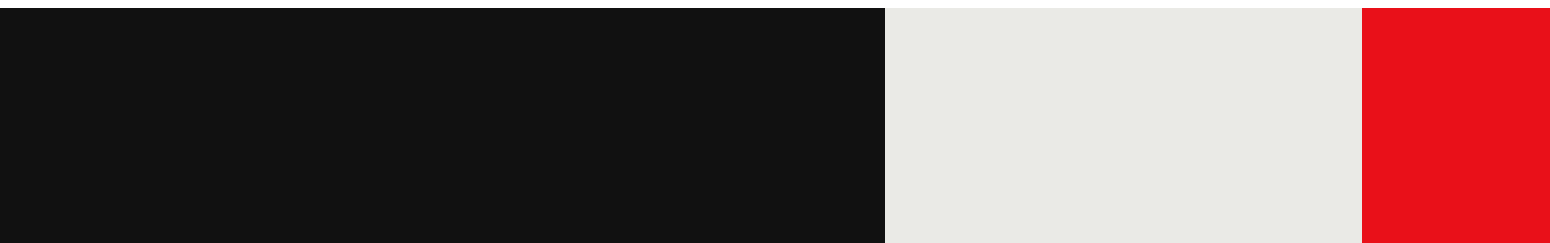



5 charts showing D2C's shift toward established brands

Article



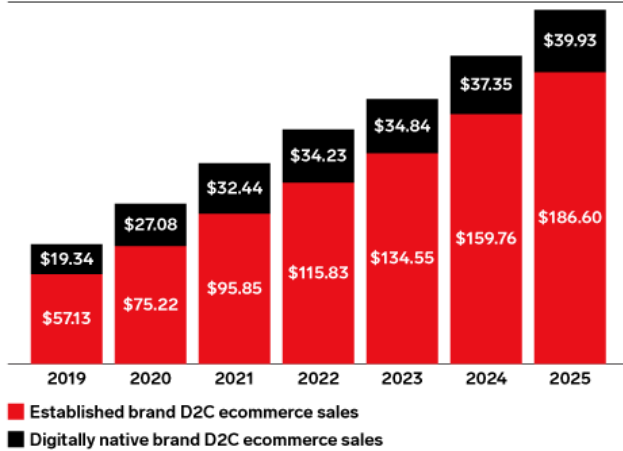
Established brands are beating digital natives at their own D2C game. As marketplace and wholesale opportunities obfuscate what it means to sell D2C, brands need to keep up with both their retail and marketing playbooks—or risk falling behind.

Here are five charts showing D2C growth, ad strategies, and category dynamics.

1. Established brands have digital natives beat

US D2C Ecommerce Sales for Established Brands vs. Digitally Native Brands, 2019-2025

billions



Note: includes products sold online by established consumer brand manufacturers that sell directly to consumers via their owned and operated sites or apps, bypassing standard distribution methods through a retailer, wholesaler, or third-party platform such as a marketplace; excludes travel and event tickets; excludes food services and drinking place sales; established brands includes brands that did not start as online retailers and those that traditionally sold their products to wholesalers or retailers; digitally native includes products sold online by digitally native vertical brands founded since 2010; includes only brands that started as independent online retailers
Source: eMarketer, March 2023

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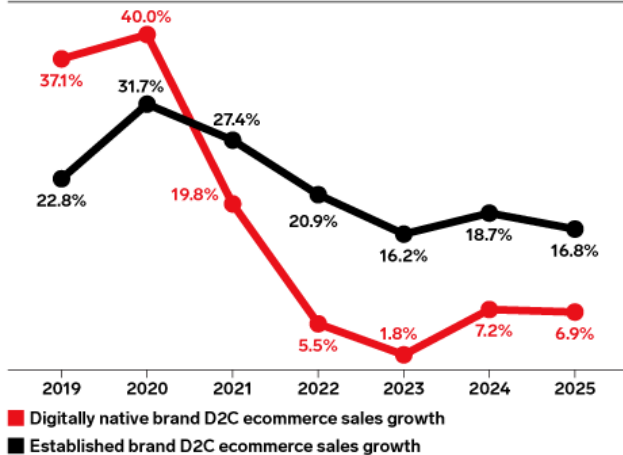
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Established brand D2C ecommerce sales in the US will see \$134.55 billion in sales this year, while digitally native vertical brands (DNVBs) will make \$34.84 billion, according to our forecast. Established brands like Nike and lululemon athletica have adopted the D2C playbook from digital natives like Dollar Shave Club and Warby Parker with greater momentum, especially as **VC funding dries up**.

2. Here's another look at that comparison

US D2C Ecommerce Sales Growth for Digitally Native Brands vs. Established Brands, 2019-2025

% change



Note: includes products sold online by established consumer brand manufacturers that sell directly to consumers via their owned and operated sites or apps, bypassing standard distribution methods through a retailer, wholesaler, or third-party platform such as a marketplace; excludes travel and event tickets; excludes food services and drinking place sales; digitally native includes products sold online by digitally native vertical brands founded since 2010; includes only brands that started as independent online retailers; established brands includes brands that did not start as online retailers and those that traditionally sold their products to wholesalers or retailers

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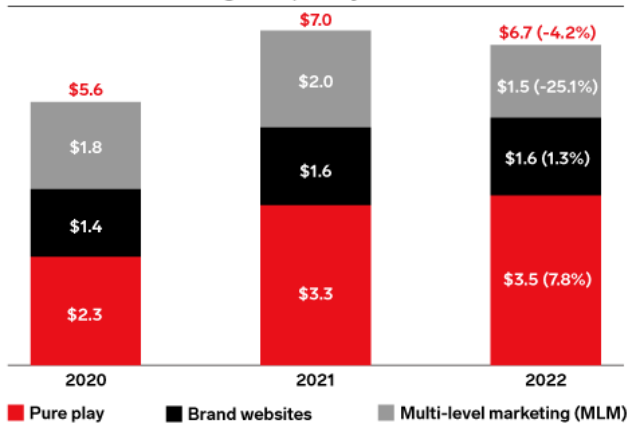
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Established brands' D2C ecommerce sales in the US will grow by double digits through the end of our forecast period in 2025, while DNVBs will grow by just 1.8% this year and single digits through 2025. DNVBs are working to overcome this downturn by opening physical retail locations, selling wholesale, and working with third-party marketplaces.

3. For beauty, pure-play D2Cs are doing well

US Beauty D2C Ecommerce Sales, by Retailer Type, 2020-2022*

billions and % change vs. prior year



Note: *12 months ending October 30 of each year
Source: NielsenIQ and Rakuten Intelligence, "Can the DTC beauty model survive 2023?"; Insider Intelligence calculations, Dec 20, 2022

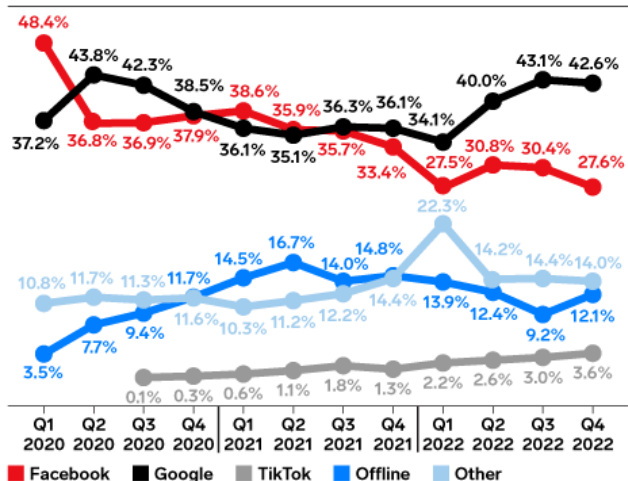
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Beauty and consumer packaged goods DNVBs are doing better than DNVBs at large. US pure-play beauty D2C ecommerce sales grew by 7.8% last year, according to NielsenIQ and Rakuten Intelligence. Two of the top three D2Cs in 2022 were beauty brands, according to our **D2C Brands 2023** report. Health and wellness DNVBs like Athletic Greens are also still thwarting the overall DNVB downturn.

4. Most D2C ad spend goes to Google and Facebook, but trends are shifting

US Direct-to-Consumer (D2C) Brands' Share of Ad Spending, Q1 2020-Q4 2022

% of total



Note: numbers may not add up to 100% due to rounding
Source: Rockerbox, April 6, 2023

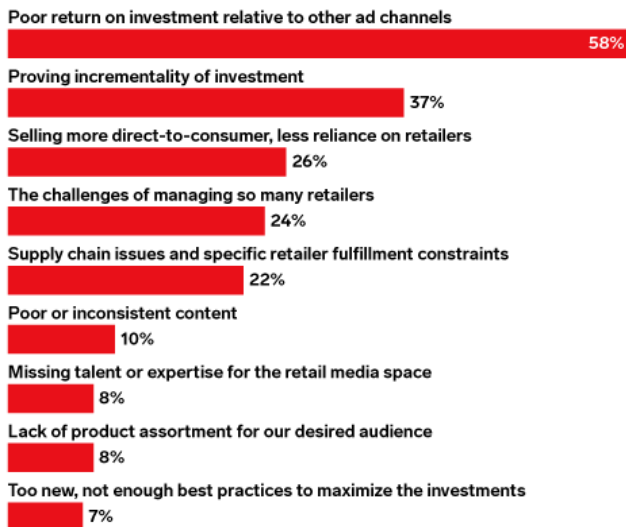
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US D2C brands were moving ad spend away from Facebook in H2 2022, according to Rockerbox, but Google and Facebook still made up around two-thirds of all US D2C ad spend. Spend on TikTok was growing slowly, but its share of overall spend is still minimal in comparison to the tech giants.

5. D2C could threaten retail media

Leading Challenges That Could Slow Investment Growth to Retail Media According to Retail Media Decision-Makers in North America, Jan 2023

% of respondents



Note: n=167

Source: Skai and BWG Strategy, "The State of Retail Media: 2023," March 29, 2023

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Some 26% of retail media decision-makers in North America say selling more D2C could limit their retail media spending, according to Skai and BWG Strategy. But retail media networks need not panic yet. Retail media ad spend will increase by 19.7% this year, and growth is accelerating, according to our forecast. **Retail media presents an opportunity for D2Cs** selling in digital marketplaces—one that D2Cs should not shy away from.

This was originally featured in the Retail Daily newsletter. For more retail insights, statistics, and trends, [subscribe here](#).