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What you can learn from disruptive D2C brands

Article

Join us to hear more from Jeremy Goldman, eMarketer principal analyst at Insider Intelligence, as he covers the lessons you can learn from winning D2C brands—and stay ahead of your competition in the process. Click here to reserve your seat.

There's a lot of attention paid to direct-to-consumer (D2C) brands right now, and for good reason: in addition to the pandemic-fueled 45.5% growth from 2019 to 2020, US digital D2C sales are expected to grow another 15.9% in 2021, reaching $175 billion by 2023, according to our estimates.

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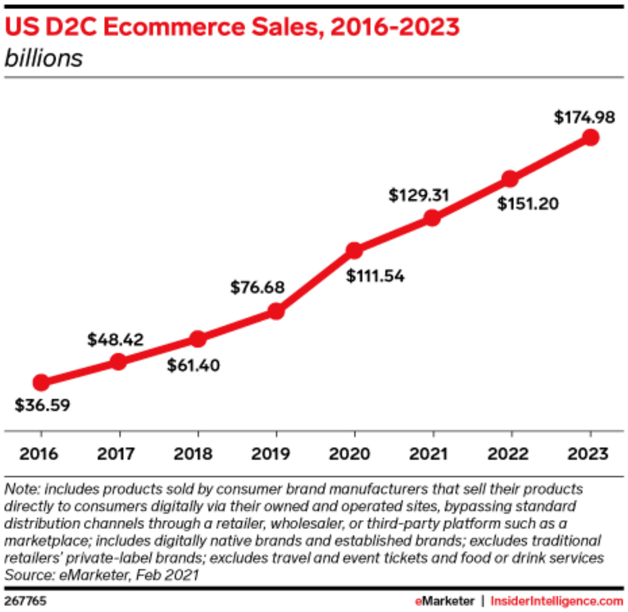

There are so many brands gravitating to the D2C model because it gives these brands greater control over all facets of their positioning and strategy, including brand messaging, marketing, and pricing. Moreover, by engaging with customers directly, these brands are able to collect a wealth of customer data, allowing them to improve their product and marketing on an ongoing basis.

There's a lot that the typical company can learn from these digitally-native vertical D2C brands. While not all of these brands have the same playbook, many have a few things in common, including:

- Hyperfocus: Rather than attempting to launch a line of products at once, these brands often launch with just a few skus—sometimes even just one. This discipline allows brands such as Casper to deliver the best possible experience before expanding their assortments.
- Customer-first approach: Glossier is just one of many digitally native D2C brands that have made responsiveness a key component of their strategy. In Glossier's case, its gTEAM is tasked with reading Instagram comments, website product reviews, comments in its 21,000 member-strong Into the Gloss Facebook group, posts on the r/glossier subreddit, and a number of other sources. This feedback is then synthesized and turned into new products and other brand programs.
- Recurring revenue-friendly model: Brands such as Dollar Shave Club, Peloton, Barkbox, and Scentbird have all realized the importance of recurring revenue, and have built their sales models around subscriptions and memberships.

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- Keen understanding of social media: Influencers, community-building, and word of mouth are typically how D2C brands continue their growth trajectories.

Of course, established legacy brands looking to create a D2C model may face a number of challenges unique to their own circumstances. These can include digital transformation, instituting the right organizational setup, a willingness to cannibalize existing revenue streams, and managing relationships with wary third-party retail partners.

My upcoming webinar, "Think Like a D2C Disruptor: Lessons for Legacy Brands and the Agencies that Support Them," will be focused on why so many digitally-native D2C brands are emerging and seemingly thriving, and how you can learn from their example. We'll be including actionable tips and takeaways, of course, and look forward to seeing you there.

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