

# The D2C model is evolving as wholesale, physical retail regain prominence

Article

**The trend:** Brands are rethinking their D2C strategies as momentum shifts from digital natives to established brands and more traditional retail channels, like wholesale and brick-and-

mortar stores, become key growth drivers.

**Wholesale on the rise:** With the heady days of rapid growth behind them, digitally native D2C brands are embracing wholesale as an opportunity to grow sales, boost brand awareness, and quickly enter new markets.

- One-third (33%) of brands are seeing a shift from D2C to wholesale, with the latter taking up a larger share of overall sales, per a report by wholesale management platform Joor.
- Jewelry brand **Aurate**, skincare company **Bubble**, and fragrance producer **Snif** are among the D2C brands establishing wholesale partnerships with prominent retailers like **Macy's** and **Ulta** as they look to reach more consumers and gain a foothold in brick-and-mortar retail.
- Even established brands like **Nike**, **adidas**, and, most recently, **LL Bean** are expanding their wholesale efforts to capitalize on shoppers' affinity for multibrand shopping experiences and keep competitors from gaining market share.

**Looking for growth:** Some highly successful D2C brands are finding it difficult to achieve profitability even with wholesale partnerships, raising the possibility of selling on marketplaces like **Amazon** to achieve greater scale or acquisition by an established player with the requisite expertise and resources.

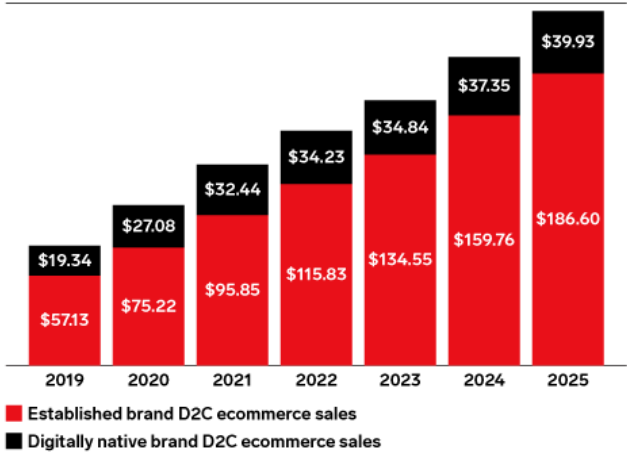
- Underwear company **Parade** is reportedly in talks to be acquired by **Ariela & Associates International**, which manufactures products for **Fruit of the Loom** and other brands, per The Information. If the deal goes through, Parade would become the latest lingerie startup—joining brands **Cuup** and **Adore Me**—to be acquired this year.
- Fellow underwear company **ThirdLove** is taking a different tack by making its products available on Amazon, a move the company hopes will endear it to customers looking for speed and convenience.

**The big takeaway:** While there are still opportunities available in D2C ecommerce, as the successful IPO of beauty brand **Oddity Tech** demonstrates, the lion's share of growth in the space will come from established players expanding their ecommerce reach.

- To avoid crashing out, digitally native brands will have to embrace wholesale and physical retail, as well as third-party marketplaces (which don't have to be Amazon).

**Go further:** Read our latest [report on D2C Brands](#) for strategies that established and digitally native brands can use to drive D2C growth.

**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