

Direct-to-consumer Retailing - US - 2022

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This report looks at the following areas:

- Consumers' awareness of DTC brands
- Sources consumers seek for information on DTC brands
- What motivates consumers to shop DTC brands
- Barriers to purchasing DTC brands
- The role of physical stores in the DTC business model

Direct-to-consumer retailing is – and will continue to – evolve. The term direct-to-consumer itself is even starting to lose its luster as traditional brands incorporate DTC approaches and offerings and muddy the water. Two thirds of consumers feel that whether or not a brand is DTC has no impact on their choice to shop with the brand. This means that DTC brands have some work to do in order to stay differentiated in an increasingly crowded marketplace. It also indicates that the shopping experience a brand offers is more important than how it might label itself.

Rising prices of consumer goods will impact shoppers' discretionary spending and have them seeking greater value from brands. Value will need to be offered in both monetary and non-monetary forms. Brands can look to offer deals, discounts and promotions through their social media channels, a space where consumers are spending much of their time. Other forms of value can be provided by offering consumers access to experts, exclusive experiences, and help in best managing their budgets.

The lines that constitute a DTC brand from a traditional brand are becoming blurred. DTC brands face increasing challenges from traditional brands making a DTC play. Many digitally native DTC brands are also expanding into brick and mortar, with some seeking distribution in traditional retailers. As more traditional brands offer a direct-to-consumer path to purchase and DTC brands enter brick-and-mortar locations, brands need to be even more active about showing consumers how a DTC brand can more readily meet their specific



“The line between direct-to-consumer brand and traditional brand is becoming blurrier as more traditional brands shift toward the DTC model to a greater degree. This – combined with more brands entering the marketplace in general – means that DTC brands have their work cut out for them in order to stand out amongst the crowd.”

– Katie Hansen, Retail & eCommerce Analyst

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needs. Capitalizing on personalization and customization opportunities will be key in driving consumer preference for DTC brands.

One of the biggest areas of opportunity for DTC brands is to look for ways to grow with the changing lifestages of their shoppers. Millennials and Gen Z are big proponents of shopping with DTC brands, but as they age, their preferences and needs will evolve. To stay relevant, DTC brands will need to look toward ways to demonstrate they can be go-to brands for life and not just at a point in time – an example could be offering product packages that meet different household needs (eg single use versus family use).

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- Executive Summary
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