

# Direct to Consumer - UK - 2022

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## This report looks at the following areas:

- The size of the online retailing market and the position of D2C within this
- Profiles of leading D2C categories across a range of consumer-facing product categories
- Awareness levels of these leading D2C brands
- Purchasing levels from D2C brands across a range of consumer-facing product categories
- Where consumers find information on D2C brands
- What would encourage more/consumers to start purchasing from D2C brands
- Attitudes towards shopping with D2C brands

Some 75% of consumers are aware of at least one direct-to-consumer (D2C) brand, and 64% of this group have made a purchase from a D2C brand. This is a surprisingly high number for what is often viewed as a niche element of the retail sector, but the reality is the rise of ecommerce across the past decade has broken down barriers for the D2C model and has blurred the lines between what it means to be a D2C or a 'traditional' brand.

63% of consumers believe brands should offer lower prices when purchasing their products from them rather than retailers; however, there are only a handful of fully vertically integrated D2C brands that can achieve this price differential. Many brands within the D2C market are small and/or start-up in nature and, therefore, they are more exposed to supply chain disruption and inflation, with their smaller scale less able to mitigate the impacts of both factors on their prices to consumers.

The biggest threat to a D2C brand is that it does not create the purchasing frequency and loyal early adopter customer base that allows the foundations for more mass-market led growth. Online growth has democratized access to consumers and meant that innovative products and ideas could quickly find a niche audience. However, current D2C buyers skew significantly younger and



"Selling directly to consumers is not a new concept, but the rise of ecommerce over the past decade has provided for the foundations for it to be a more disruptive concept across all sectors, from automotive to media distribution."

– Nick Carroll, Category Director – Retail Insights

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more affluent and, as such, are more promiscuous and can quickly move purchasing to a new brand. To guard against this, many of the recent success stories have built subscriptions into their models to create a more stable stream of income.

The pandemic is expected to give a significant legacy boost to online purchasing, and as such, this will bring greater opportunities for D2C brands operating in this space, particularly if, as we expect, transactional capability becomes baked into social platforms. While some D2C brands may create businesses on a pure D2C model, for most, the ability to sell directly to consumers is an opportunity to show retailers that their brand has proof of concept and make it easier for them to find partners in this space to find an even greater audience.

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