



Disposable to Consumer?

REPORT

A Revolt report to help DTC startups stand out.

DTC RISING

Over the past decade, traditional retail has experienced an unprecedented digital transformation. One that has only accelerated through the COVID-19 pandemic.

As consumer behaviour shifts, the rise of **direct-to-consumer** (DTC) continues. Search growth for DTC brands is exploding ¹ and in 2021 the market is predicted to grow by a further 19.2% ².

Businesses of all sizes are investing in DTC. From the creation of start-ups to the funding of scale-ups, and the increasing emergence of the corporate venture arm - DTC looks to be the hot new strategy for growth.

Source: ¹ Exploding Topics, 2021; ² The Drum, 2021

TECHNOLOGY	WYZE	7200%
	ŌURA	2500%
EARLY YEARS	little sleepies	6600%
	LOVEVERY	2500%
BEAUTY & WELLNESS	VERSED	8900%
	function — of beauty	5900%
FOOD & BEVERAGE	ATHLETIC BREWING CO NON-ALCOHOLIC BREWS	7900%
	gousto	1116%

DTC SEARCH GROWTH OVER THE PAST 5 YEARS (%)¹

NEW ERA NEW RULES

But as more businesses move to a DTC model, the market is beginning to saturate. Now for every new brand launched, hundreds of more lookalikes wait to follow closely in their footsteps.

It's clear that the novelty of DTC is wearing and so is the playbook that led to its early success.

“D2C was an insight 10 years ago - there’s still a lingering idea that D2C is innovative. That simply isn’t the case anymore...”

It’s about how you do it now that’s innovative.”

Ben Lerer, CEO Group Nine

As the game changes and new rules emerge, how will new brands overcome the growing challenge to cut through and succeed today?



GLOSSIER INSPIRED BRANDS IN 2021

THE DTC STATUS QUO

FROM SUCCESS TO EXCESS

It's undeniable that the current playbook for DTC brands has led to some of the greatest growth success stories of modern times. The ability to step and repeat an identity, acquisition strategy, and customer model has enabled new brands to go from idea to market at incredible speed.

But as the digital landscape changes and more brands try to replicate, a brand's ability to cut through on a start-up's marketing budget has become a far lesser reality.

Brands are paying for visibility instead of capturing it - heavily reliant on a frequent flow of advertising spend, due to a fundamental flaw in the playbook they've been sold.

MORE PLAYERS

With low barriers to entry and a clear playbook to follow, the DTC market is saturated with new entrants - in 2018, global companies launched over 400 DTC startups¹ and this number has been exploding rapidly ever since

HIGHER COST

Facebook advertising costs have jumped by 90% year on year²

AN AGING MODEL

"In a lot of cases, you shoehorn in something that the customer doesn't really want in order to make the model work - that won't last" - CEO of Sunday

Source: ¹ Inc., 2018; ² Forbes, 2019


FORGOTTEN BLANDS

Successful DTC brands of the past accelerated by acting as true digital natives - blending into social platforms in ways that wouldn't disrupt the feeds of advertising adverse millennials. It was an anti-disruptive technique that was in fact disruptive.


Now, this tried and tested formula of stripped-back, story-less brand building is starting to have the reverse effect. Brands that were once disruptive are becoming disposable - blended, interchangeable, and increasingly forgotten. A trend known as 'Blanding'.

TOOTHBRUSH DTC BRANDS TOP LEFT CLOCKWISE: BOKA, BRÜUSH, BURST, SHYN, GOBY, GLEEM





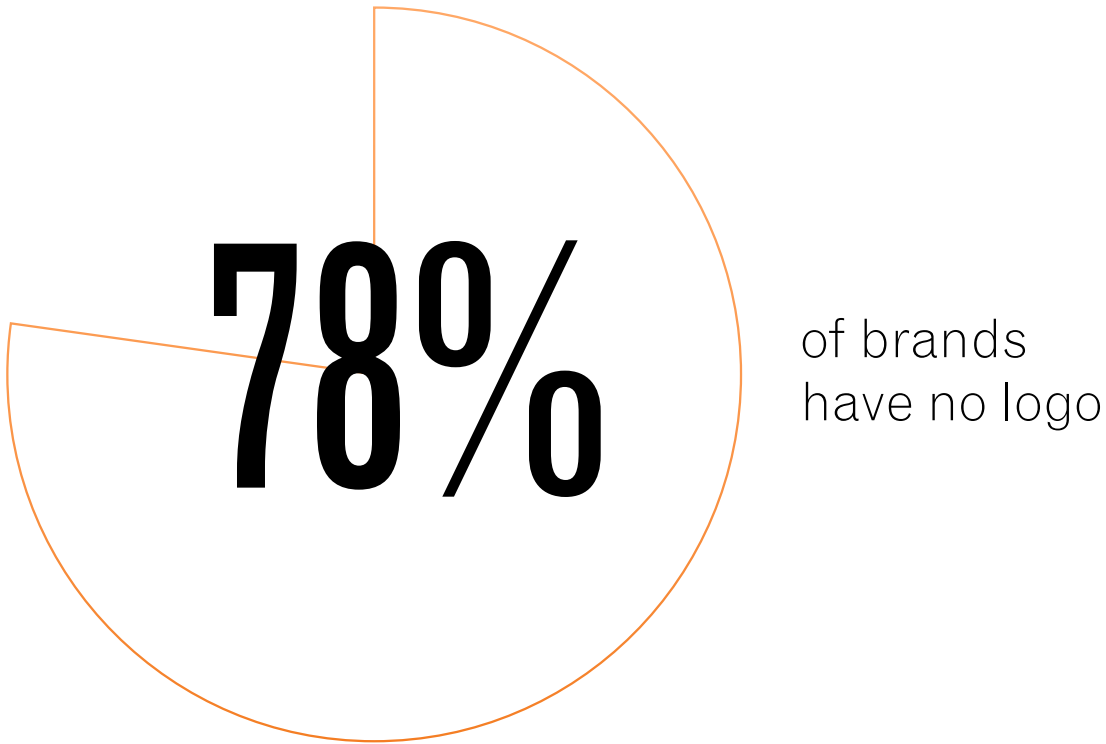
BLANDS ARE LIKE TEENAGERS. THEY DRESS THE SAME, TALK THE SAME, ACT THE SAME. THEY DON'T HAVE A DEFINED SENSE OF SELF OR, IF THEY DO, THEY LACK THE CONFIDENCE TO BE IT. IT'S A SCHOOL-OF-FISH MENTALITY WHERE THE COMFORT AND SAFETY OF THE FAMILIAR OUTWEIGH THE RISK OF ATTRACTING TOO MUCH ATTENTION.



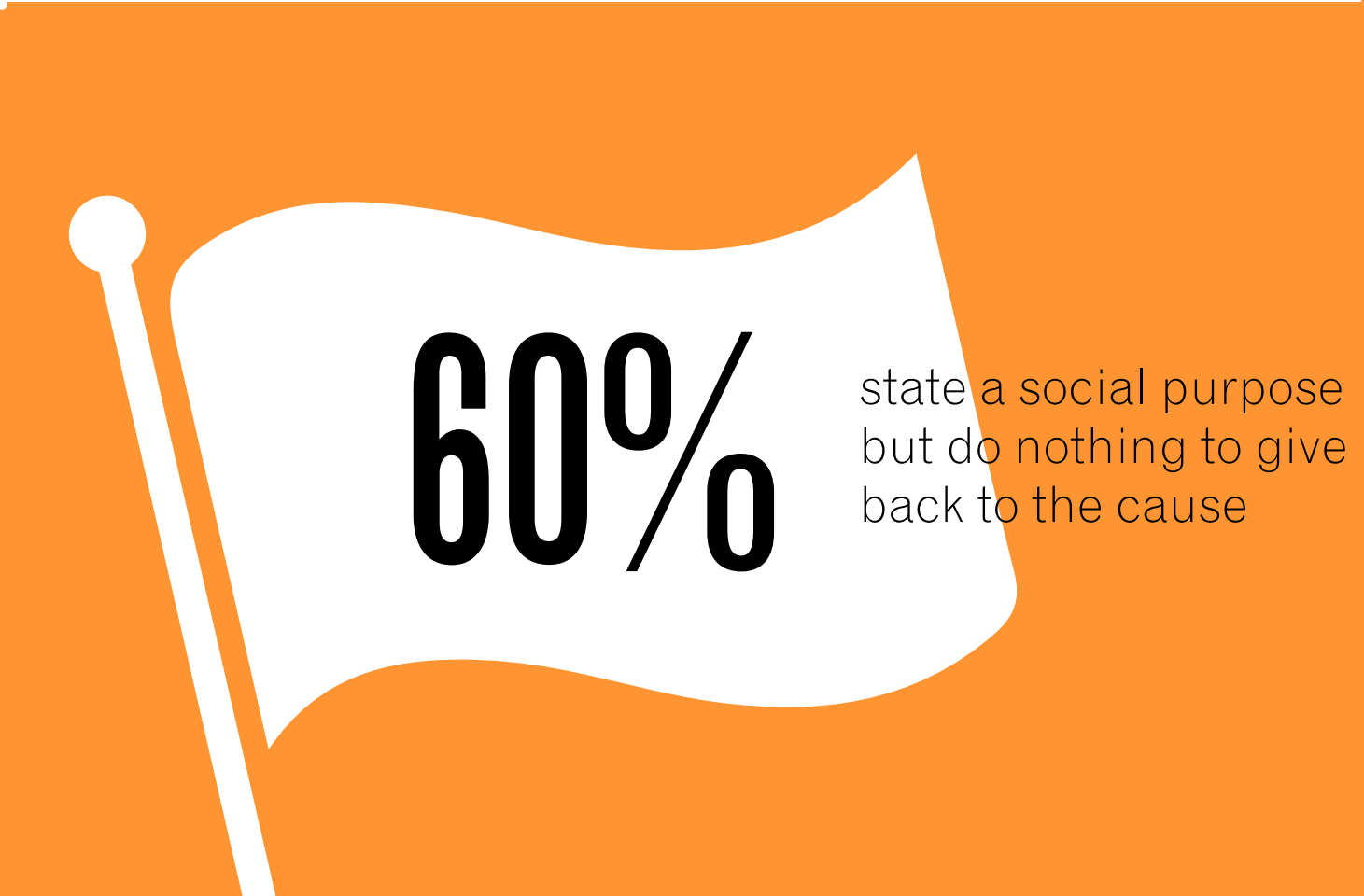
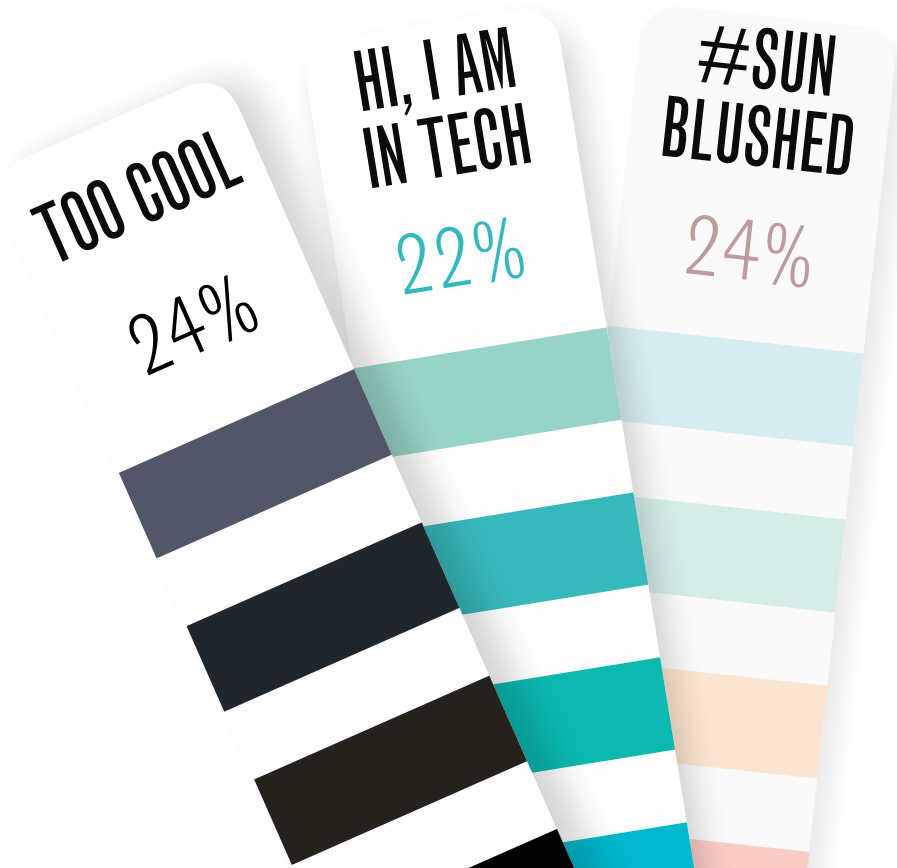
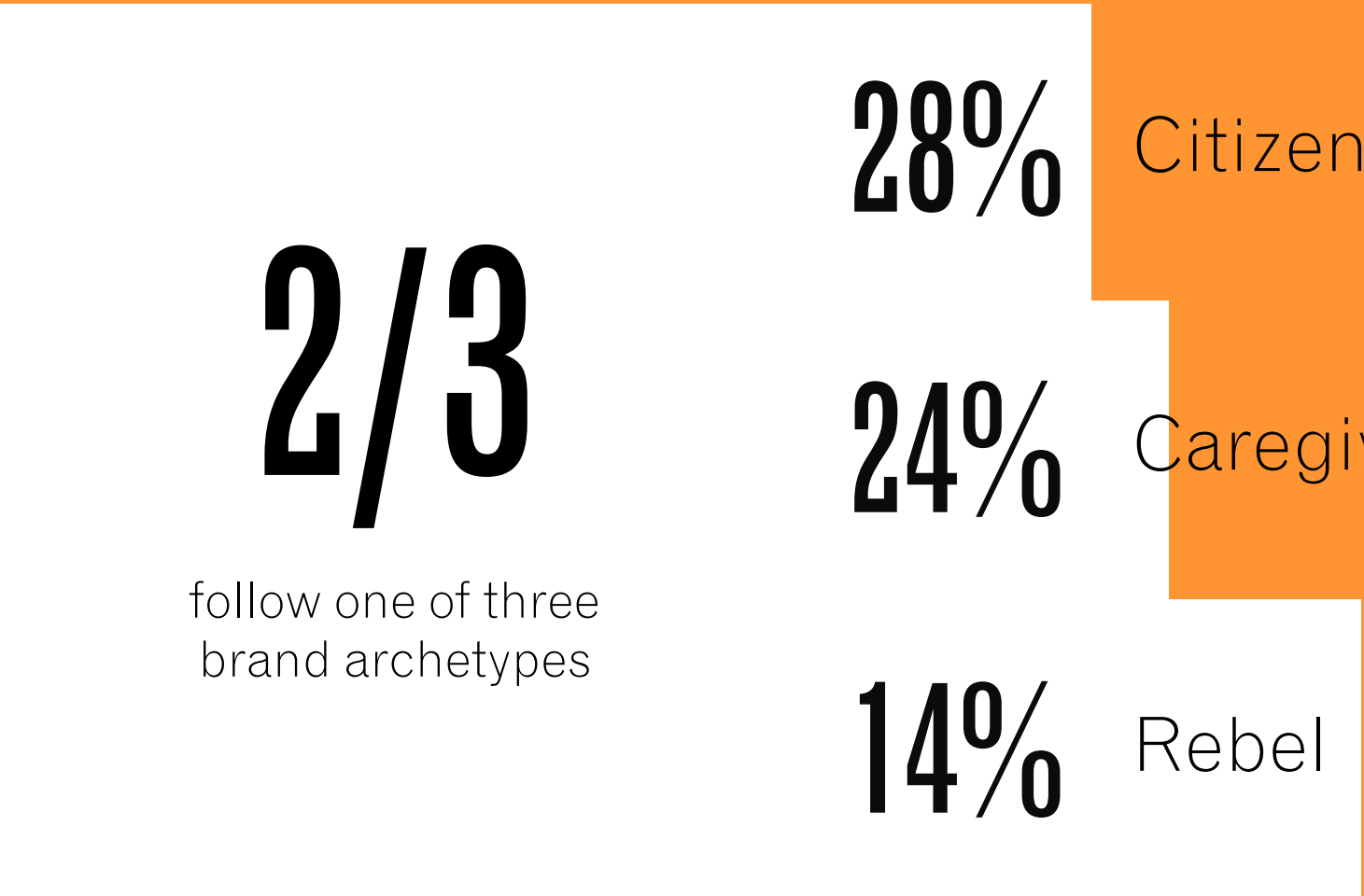
- FAST CO

A NEW BLAND TEMPLATE

By studying 50 of the top emerging DTC product brands in 2020, from a cross-section of categories, we see the commonalities of the blanding model.



BRAND
BRAND
BRAND



FROM DISPOSABLE
TO DISTINCTIVE

A BRAND TO REMEMBER

Looking at the most valuable and iconic brands in the world today, it is easy to see the commonalities that have been lost in the current DTC playbook.

Often founded by Quakers and philanthropists, these brands were born to serve a societal benefit, giving them a **distinctiveness** that stems directly from their **purpose**. These two qualities have enabled them to create a more meaningful and memorable relationship with their consumers - doing so in a way that's culturally and commercially lasting, not flippant ¹.

Going back to this form of purposeful brand building could help to modernise the DTC playbook.

Source: ¹ Fast.Co., 2019



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At the sign of the Black Horse

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Lloyds Bank Limited,
11 Lombard Street, London EC3P 1BS.

The Lloyds Bank logo, which consists of a black horse silhouette running to the right, enclosed within a white square.

LLOYDS BANK

EVOLVING THE DTC MODEL

FROM DISPOSABLE

REFRAME

A category or commodity modernised

REPLICATE

A DTC bland template

REPEAT

A rinse and repeat performance strategy,
that pushes the brand to consumers

TO DISTINCTIVE

DEFINE

A purpose-led commercial white space

DISTINGUISH

A memorable, distinctive identity

DISRUPT

A culturally connected strategy
that pulls consumers to the brand



DEFINE

BY STANDING UP TO STAND OUT

FOR DTC BRANDS, PURPOSE CAN OFFER THE ULTIMATE FORM OF DIFFERENTIATION.

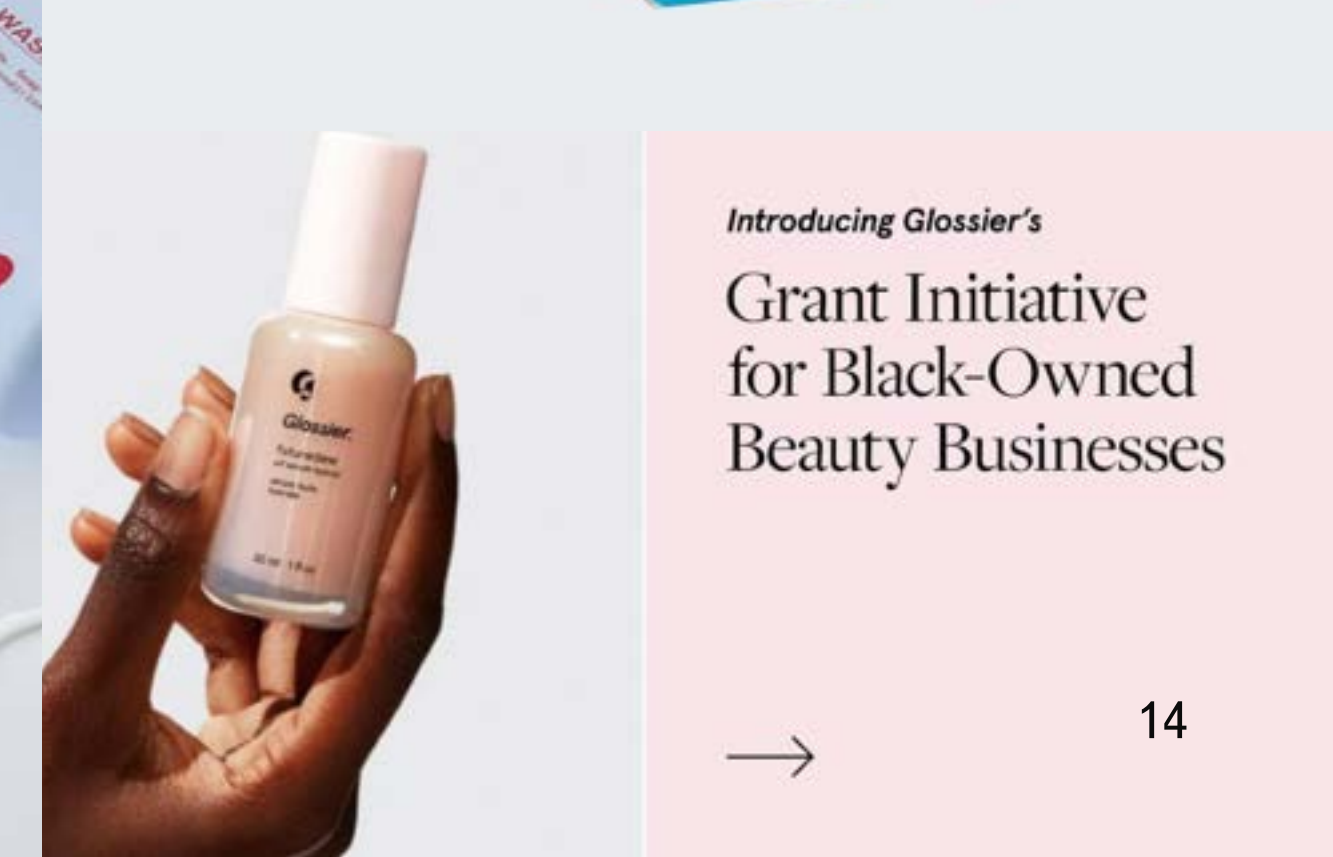
As brands look to 'fix broken categories' by making the experience cheaper, easier, or simply 'cool-er' for consumers, it is common for a brand's purpose to remain as exactly that - to be cheap, easy, or a bit more cool.


But with 77% of consumers buying from brands who share the same values as they do ¹ and 64% buying because of its position on a social or political issue ², 'cheap, easy and cool' will only go so far. Not least because every brand is doing it.

Purpose is the DTC differentiator, enabling brands to stand up with cultural relevance and stand out with real meaning - in design, communication, and importantly, innovation.

Consumers are 4-6x more likely to purchase, protect and champion purpose-driven companies ³

SOURCE: ¹Havas Group, 2019; ²Edelman, 2018; ³Forbes, 2020;





AS WE WORKED WITH HIGH-GROWTH COMPANIES, WE BEGAN TO RECOGNIZE THAT MANY OF THEM HAD MOVED PURPOSE FROM THE PERIPHERY OF THEIR STRATEGY TO ITS CORE—WHERE, WITH COMMITTED LEADERSHIP AND FINANCIAL INVESTMENT, THEY HAD USED IT TO GENERATE SUSTAINED PROFITABLE GROWTH, STAY RELEVANT IN A RAPIDLY CHANGING WORLD, AND DEEPEN TIES WITH THEIR STAKEHOLDERS.

- HARVARD BUSINESS REVIEW



DISTINGUISH
WITH DESIGN TO LAST

REFLECTING THIS PURPOSE THROUGH A DISTINCTIVE IDENTITY IS CRITICAL FOR MODERN CUT-THROUGH.

As the DTC market floods with like-for-like brands - or “blands” - their staying power is beginning to dwindle. Through indistinction and incoherence, these omnichannel brands are quickly forgotten, or worse, driving traffic to their competition.

Everything from the identity, form, motion, and sound, have the potential to communicate distinctive meaning and connection to consumers - something that's become increasingly critical for achieving brand recognition and extending the lifetime value of DTC customers.

77% of brands could disappear without consumers caring that they'd done so ¹, but 78% of consumers are more likely to remember a company with a strong purpose ²

SOURCE: ¹Havas: Meaningful Brands, 2019; ²Porter Novelli, 2021; ³University of Loyola, 2011;

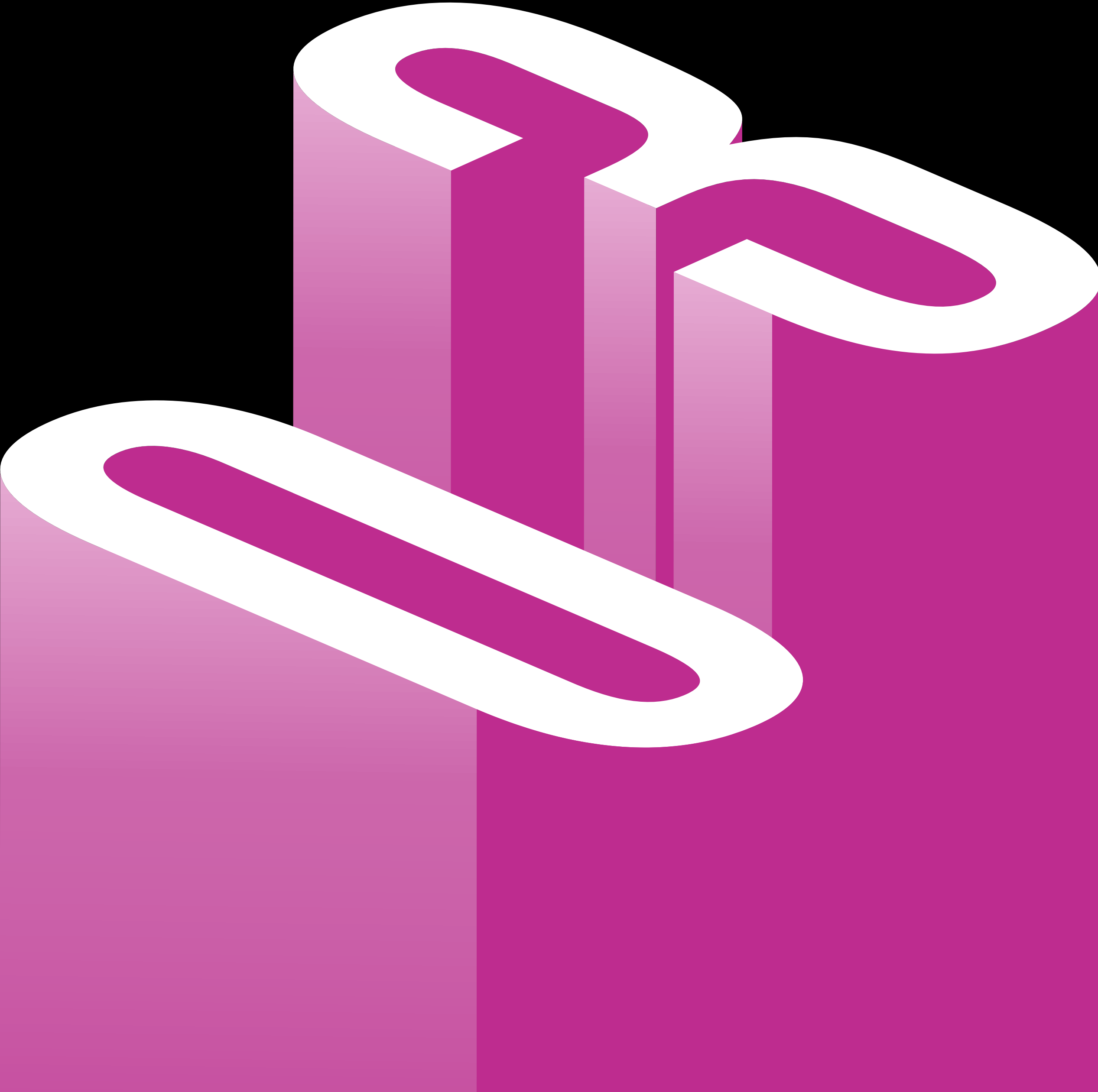


Using a signature colour can increase brand recognition by 80% ³



**“THE FACT OF THE MATTER IS DTC BRAND-BUILDING IS STILL
FUNDAMENTALLY BRAND-BUILDING, WHICH MEANS THE
STANDARD PRINCIPLES ALL STILL APPLY - CORE VALUES,
COHERENT ARCHITECTURE, A CULTURAL POINT OF VIEW,
SOCIAL RESPONSIBILITY, A DISTINCTIVE TONE OF VOICE,
GREAT DESIGN, MULTIVARIATE MESSAGING.”**

- NAZIA DU BOIS, HARRY'S



DISRUPT
TO ACCELERATE DEMAND

LEVERAGING BRAND PURPOSE IN CULTURE CAN DRAMATICALLY ACCELERATE ITS TRACTION.

Whilst pushing a brand to consumers plays a vital role - particularly in the early days - in growing a DTC's consumer base, the increasing cost of doing so is leaving brands in a chase. Many are missing out on the cultural and commercial benefits of a more holistic strategy.

For distinctive DTC brands with purpose, leveraging creativity and brand beliefs can dramatically accelerate visibility - pulling in the attention of consumers and making a mark on culture, without breaking the bank.

93% of 18-34-year-olds are influenced to make purchases based on word of mouth and see a story in the news as 40% more impactful than traditional advertising ¹

Source: ¹ 5W Consumer Culture Report, 2020



NOT APPROVED



APPROVED

Sport

Meditation app Calm pledges support for Naomi Osaka and will pay player fines

Osaka's refusal to carry out press conferences has become one of the main stories of the French Open





Hannah Marriott

THE GUT STUFF HAS A VERY CLEAR PURPOSE TO DEMOCRATISE GUT HEALTH, WHICH HELPS US CUT THROUGH THE DTC NOISE. OUR LATEST CAMPAIGN ‘HOW DO YOU POO?’ GOT PEOPLE TALKING ABOUT TOPICS THAT TRADITIONALLY ARE AVOIDED. IN DOING SO, WE GENERATED £1M PR FROM A £10K BUDGET AND SAW GREATER EFFICIENCIES IN OUR OTHER MARKETING ACTIVITY TOO.

- LISA MACFARLANE, THE GUT STUFF

WHERE TO NEXT

SUMMARY

There is no doubt that DTC is a growth strategy that's here to stay - and for good reason. DTC offers a more accelerated and dynamic path to success than any other traditional model.

But with the barrier of differentiation in the way of such success, brands must adopt the best of new practices with the everlasting principles of old in order to cut through with real results.

So what can you do?



DEFINE YOUR PURPOSE

Move beyond DTC as the sole value proposition towards a brand purpose that captures who you are and the impact you're here to create.

TO DISTINGUISH YOUR BRAND

Shape a brand experience that kicks back against 'blanding' to deliver memorability and meaning at every touchpoint.

AND MULTIPLY YOUR DISRUPTION

Leverage this newfound perspective to expand your visibility and impact in consumer culture and accelerate your growth.

The intelligence brands need on their
purpose transformation journey.

Revolt Intelligence

Find out more
newbusiness@revoltlondon.com
[@revoltlondon](https://www.revoltlondon.com)