

# **End-up or Startup—Disrupt or be Disrupted.**

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## EXECUTIVE SUMMARY

A new generation of direct-to-consumer (DTC) brands and marketers are rapidly disrupting the retail landscape leaving many established brands having to reevaluate their commerce strategy. By effectively removing the so-called middle man (aka retailer) from the sales equation, these DTC brands are able to establish, foster and grow their relationship with customers in ways many product-led organizations were not easily able to do in the past.

In today's speed to please economy, consumers expect exceptional customer support across all channels, speedy (and often free) delivery, and not to be sold to but rather listened to and understood before offering recommendations and suggestions to make their lives easier.

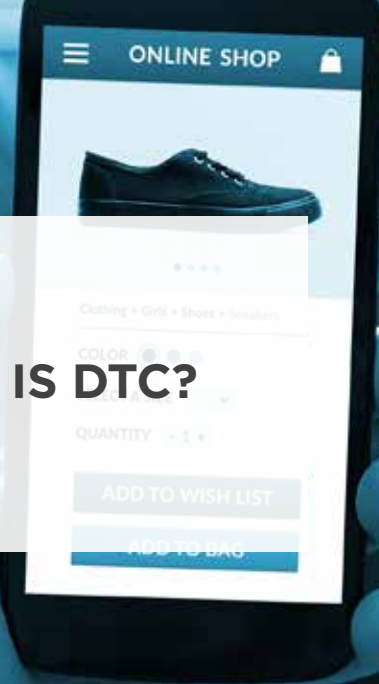
Those brands who can most effectively align to this new order or quickly pivot to stay in lock-step with consumers' demands will become the next wave of household names.

**This white paper explores 3 key areas:**

- 1. DTC explained**
- 2. DTC is actively disrupting the commerce landscape**
- 3. Brand and relationship building vs. transaction generating**

# 1

## WHAT IS DTC?



*The best DTC brands aren't just about pushing their products, but rather cultivating their brand in everyday culture.*

Direct-to-consumer is generally defined as a company or brand promoting a product or service straight from the seller to the consumer, without partnering with a retailer to distribute their product or service. Modern DTC brands are using a myriad of digital and traditional advertising strategies, channels, and tactics to identify, connect, and foster brand-to-consumer relationships. The best DTC brands aren't just about pushing their products, but rather cultivating their brand in everyday culture. The prolific use of social media, especially among younger brands and consumers, has shifted the nucleus of a brand from its website to a web of interconnected spokes linking highly targeted communications to a given individual.

One of the primary advantages of DTC is the ability to customize, monitor, and track consumer responses, allowing for increased marketing effectiveness and a stronger return on investment. This commerce model also increases the amount of knowledge a brand has about its customers to develop hyper-targeted communications that drive acquisition costs down and retention up over the lifetime value of the consumer.





## 2

## DTC COMPANIES ARE ACTIVELY DISRUPTING THE COMMERCE LANDSCAPE.

*Nearly every industry is under siege from well-funded startups looking to cultivate their own relationships with their consumers.*

Long before the likes of Amazon, Jingdong, Alibaba, and eBay dominated the E-Commerce landscape, the conventional supply chain left many businesses selling their products at a retailer who owned the customer relationship.

Today, however, 1 in 3 purchases are done on Amazon, and brick and mortar retailers are aggressively developing strategies to balance the bricks and the clicks to remain in business. Nearly every industry is under siege from well-funded startups looking to cultivate their own relationships with their consumers.

The following briefly outlines a few of the seismic E-Commerce shifts in the direct-to-consumer speed to please economic landscape. Each builds on a blueprint of disruption, mass-personalization, and the belief of a better deal by buying direct.

A person is sitting on a mattress in a showroom. The person is wearing a light-colored long-sleeved shirt and dark jeans. They are sitting on a dark-colored mattress. In the background, there are other mattresses and a person standing. The image has a blue tint.

## MEET THE DISRUPTERS

# Mattresses

Casper, Purple, Leesa, and Nectar are just a few of the box mattress firms waking this sleeping giant of an industry. Their year-over-year growth is said to have contributed to the largest U.S. mattress retailer, Mattress Firm — makers of Tempur Sealy International — to file for Chapter 11 bankruptcy protection. While not for everyone, they've made their price, shipping and often 100-day sleep trial very appealing to a generation of shoppers not interested in going to or paying more at a mattress company retailer.

# Say hello to the new Hybrid Mattress Collection

The best of spring meets the best of foam.

Shop mattresses

**GOOD  
HOUSEKEEPING**  
Good Housekeeping  
2018 Lab Pick

**Google**  
Customer Reviews  
★★★★★

**ARCHITECTURAL  
DIGEST**  
"The perfect mattress,  
according to science."

\*Awards and reviews for our Original Foam Collection



## CASPER

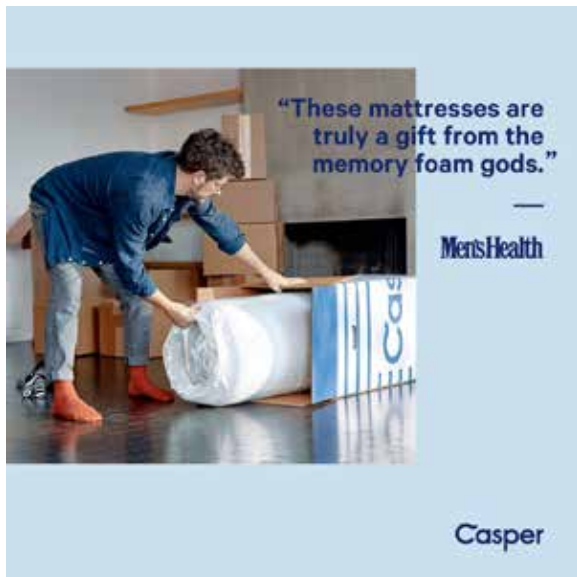
Ten years ago it was normal to drive to a mattress store, spend a lot of money and struggle to get that big bulky mattress through the door, around the corner and up the stairs.

It's obvious now that Casper changed everything about that process. For starters, you buy online and the mattress ships directly to you directly with a 100-day free return policy. They've replaced the coils with foam and packed it in a cardboard box that is easily moved to your bed. Cut the plastic and you have an instant mattress-in-a-box without the middleman retailer markup. Adding to their success, is a robust omnichannel content ecosystem across their site, social media, blog (Pillow Talk), print/digital publication (Woolly — content focused on tips to promote comfort, wellness, and improving rest and relaxation), as well as pop-up stores designed more like bedroom lounges to promote conversations about sleep mindfulness.



## Two mattress collections designed for your dreams

Show me prices for a [select size](#) mattress to call my own.



All content drives curious consumers to their website, Casper.com, to buy. In their first three years of business, they made \$300+ Million in revenue and finished 2018 with about \$370 Million in revenue. Today, they are valued at \$1.1 Billion.

## Takeaway

Traditional claims of craftsmanship, material usage, and the draw of a free box spring haven't been enough to put this disruption to rest. While Casper has had some hiccups of their own, we're likely to see firms like this more aggressively use digital media and advertising to generate awareness, and social media to foster engagement and buzz among a growing generation of first-time mattress buyers. They made a conscious decision to design a brand that could be heavily googleable while generating enough of the right pieces of content to get someone's attention and keep it throughout the consideration and purchase process. Lastly, they made buying a mattress fun, affordable, and have an element of badge value among a generation of buyers living with FOMO (fear of missing out).





## Luggage

In the last few years luggage companies like Away, Raden and Tortuga are soaring as they've managed to pro actively disrupt longtime travel and luggage leaders Samsonite, Pierre Cardin, and American Tourister. At the time, most luggage brands emphasized their functionality and features without establishing an authentic connection with the consumer or the brand. Away changed that.





Thoughtful standards  
for modern travel

SHOP NOW



## AWAY

Before Steph Korey launched Away in 2015, she spent time at Casper and Warby Parker mastering the DTC landscape. Today, Away — the perfect luggage for the modern traveler — is one of the most trusted and talked about lifestyle brands in the travel category. By developing a compelling content marketing strategy, Away has been able to establish themselves as a symbol of travel for everyone's journey of exploring the world.

Unlike the category leaders using department stores to merchandise their products, Away zagged the competition by first launching a very robust social media content marketing strategy. It was created to establish a relationship with consumers and be a part of their audience's life by posting travel tips, travel destinations, and travel guides, to promote interest and brand appeal. It resulted in the successful launch of the brand's website where they were selling a travel book with a redemption coupon for one luggage — similar to pre-order but offering more value and incentives for the consumer.



## Traveling Well

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An episode dedicated to travel that leaves you feeling good. Jilly Hendrix of the Lady Lovin' podcast chats wellness; professional trainer and matcha connoisseur Stephen Cheuk offers tips for healthier travel; and the founder of Reset Travel explains how travel can improve your mental state.

### Marrakech

Riad Africa

Jemaa el Fna Square

Atlas Mountains

Ouirika Valley

### Maui

Sheraton

Andaz

Fred's Mexican Cafe

West Maui Forest Reserve

### Thailand

Nahm Restaurant

Ratchamankha Hotel

Thai Elephant Home



Away continues to engage their growing consumers by giving them highly relevant content designed to provide value while promoting Away as a symbol of modern travel across their brand ecosystem — including digital, podcasts, print/magazines, and social content.

## Takeaway

To stand out in the highly competitive, feature-forward luggage landscape, Away harnessed their community to help establish brand appeal. By positioning themselves as an editorial lifestyle brand, they've successfully proven DTC brands can and should use the knowledge and insights generated from consumers to share highly relevant content that is a part of culture opposed to being independent.

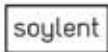


## Food & Beverage

You don't have to turn your head very far before you'll see someone (often a Millennial-ish aged person) nibbling or sipping on a product or brand you've probably never seen or heard of. Don't worry, you're not alone. Every year there are hundreds, if not thousands, of new food and beverage companies starving for attention. They seek to blanket our taste buds with culinary delights so we can work harder, live better all while feeling good about what we're putting in our bodies. It's no surprise this phenomenon is being fueled by a generation, or two, of culinary curious, FOMO social media posts, and living or working in an environment that supports food tech innovation and meal-in-a-box delivery options.

Over the last few years, we've been fortunate enough to collaborate with DTC companies including Soylent, KeVita, ZICO Beverages, and OXIGEN water. Each in their own right has either disrupted the category or created new categories of products that are transforming the way people think of food, sustainability, and food-tech innovation.





SHOP

ABOUT

GET \$10

STORE LOCATOR



THE FIRST 100 CALORIE MINI MEAL

## New Soylent Squared.

Small in size, big nutrition. Each bar is engineered with 5g of plant protein and 36 essential nutrients. Fuel Good. Fuel Complete.

FUEL GOOD NOW



Customize and control Google Chrome



## SOYLENT

Soylent is a complete meal — affordable, sustainable, and satisfying. They engineer their ever-evolving products to deliver convenient nutrition when you need it. If you've ever missed a meal, eaten something regrettable in the throes of hangry, or had no time to eat, Soylent is for you. In a world with a rapidly growing population, and rapidly diminishing resources, we all need access to nutrition that is cost-effective and easy to consume. Soylent is pro-GMO, pro-sustainability, and ready to change how the world thinks about food.

Created as a DTC brand, they initially focused their marketing efforts targeting techies and gamers with their ready to drink products. For nearly the last 2-years, together we've helped Soylent develop, execute, and amplify a robust omnichannel strategy. Our communications strategy is rooted in transforming Soylent from a product-based company for a specific audience, to a lifestyle brand for ambitious people looking for a better alternative when they don't have the time to have a full meal or snack.



## Takeaway

Throughout this journey, we learned first hand it isn't enough to just sell a brand online, or on Amazon — we needed to communicate why Soylent exists and how the brand fits into people's lives. Only then have they been able to attract and grow demand online and at thousands of retailers nationwide.

For more information about Soylent's latest ready to drink flavors and launch of Soylent Squared, visit <https://soylent.com/>



# 3

## BRAND & RELATIONSHIP BUILDING VERSUS TRANSACTION GENERATING

*The once linear centralized site to store model is being replaced by decentralized and distributed networks where consumers are guiding how, where, and when they want to engage with brands.*

By now, you've noticed a theme in these case studies. Direct-to-consumer brands who have figured out how to delicately balance their product acceptance with brand recognition have found themselves on a successful trajectory. Inversely, companies who've focused on only their products often struggle to remain topical, culturally relevant, and in demand (online and on-shelf).

We believe the very essence of traditional and digital marketing is being disrupted. The once linear centralized site to store model is being replaced by decentralized and distributed networks where consumers are guiding how, where, and when they want to engage with brands. Whether online, social media or at a point-of-sale, younger tech-savvy consumers are likely to continue to evolve the consumer/brand relationship to become more collaborative, always 100 (authentic), and iterative in their product cycle development.





*Time will only tell  
whether this will  
transform every  
established industry  
we track and  
buy today.*

Companies like Shopify and the new Instagram eCom offerings are making it easier for brands to have high-fidelity digital storefronts without sacrificing the brand story and essence. Coupled with more millennial-aged employees joining the labor market, it's likely we'll continue to see the blurring of brand pages and commerce pages.

Direct-to-consumer isn't just an economic shift. Its effects will continue to alter how and why new businesses are created. Time will only tell whether this will transform every established industry we track and buy today. My bet is on a complete evolution to the ways which we do business.



# WE BELIEVE IN IDEAS THAT SPARK GROWTH.

## About Ignited

Founded in 1999, [Ignited](#) is a modern marketing consultancy – experts in sparking growth. Ignited is committed to helping clients evolve at start-up speed to drive measurable growth. At the core, Ignited combines strategic consulting and digital communications expertise to create a competitive advantage for clients.

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