

2021 DTC Hype Report

FOREWARD

DTC brands have spent the last decade grooming themselves to become the golden child of the retail industry, using their digitally-native DNA to change the way consumers interact with brands and shop for everything from razors and mattresses to house plants.

However, after a year of immense uncertainty, consumers have found comfort with more familiar brands. Traditional retailers and brands were able to shift to an online market on a colossal scale – taking over the format with all the power of the industry heavyweights – to the point where nearly one in three (30%) Americans see no difference between buying from a DTC company and a traditional retailer.

With the pandemic still dictating the future of retail, brands have tremendous opportunities to leverage their reliability to attract and retain customers. Our 2021 DTC Hype Report proves that online marketplaces, traditional retailers, and branded manufacturers have the power to position themselves for success no matter what the next year has in store.



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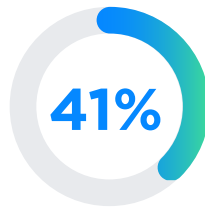
DIGITALLY NATIVE DTCS STRUGGLE WITH RELIABILITY

Only seven percent of Americans felt that DTC brands were the most reliable over the past six months. Our research shows that DTC brands have improvements to make to enhance their perceived reliability.

In past 6 months



Americans found online marketplaces like Amazon and Walmart.com most reliable



Found traditional retailers most reliable



Found local businesses most reliable



Found branded manufacturers (like Apple and Nike) most reliable

Pre-pandemic, DTC brands were viewed as the digitally savvy retail category of the future. Today, traditional retailers and branded manufacturers have integrated valuable lessons from DTC brands to compete for the future of eCommerce. With the successful expansion of direct-to-consumer channels, today's traditional retailers deliver an engaging experience that borrows heavily from the DTC playbook to attract and retain customers.

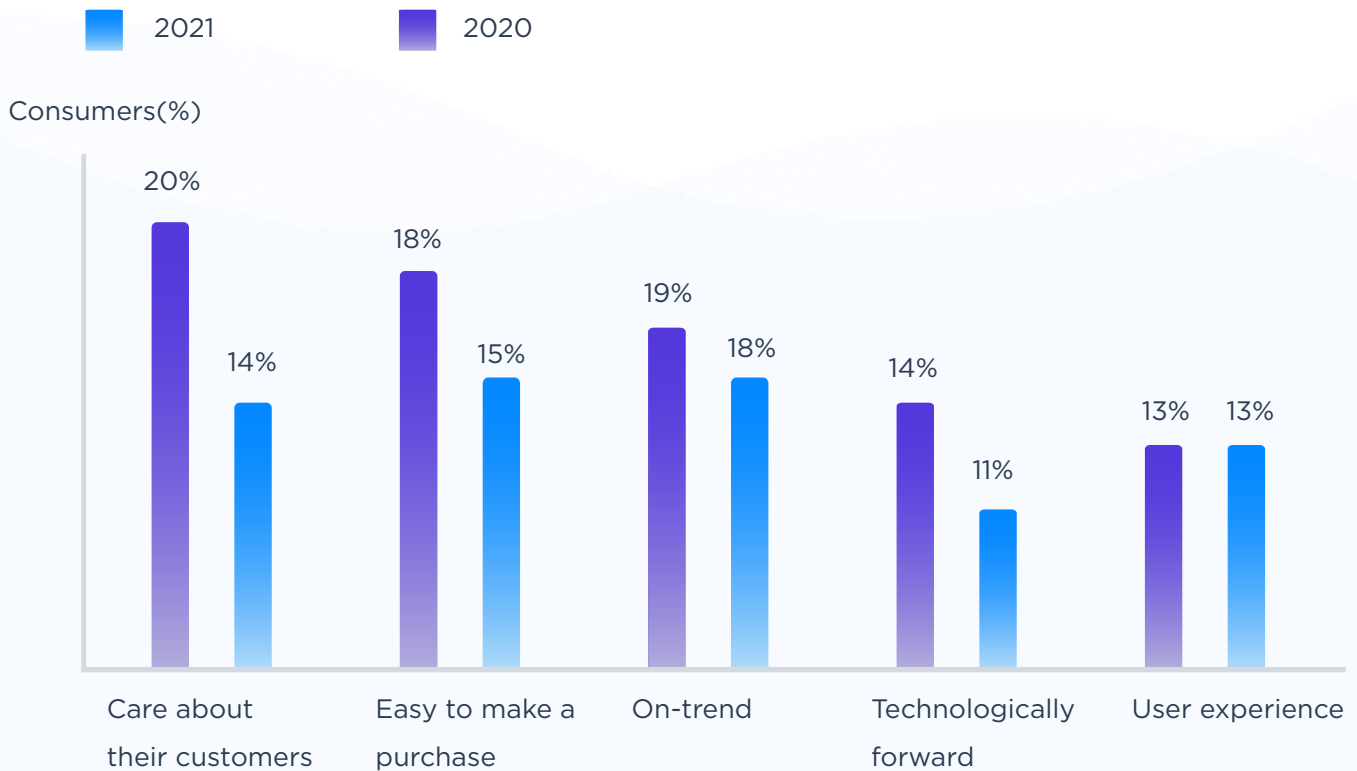
DTC: 2020 VS. 2021 CONSUMER PERCEPTIONS

With supply chains still heavily impacted, customers want what they have always wanted – fast shipping, seamless experiences, and a decent price point. While DTC brands fight to survive and deliver on these simple promises, experienced branded manufacturers have started to catch up. The fight for customer attention has never been more fierce.

The data reveals that DTC companies were unable to advance consumer commitment to their respective brands, and thus gave traditional retailers and branded manufacturers an opening to catch up heading into 2021.

Digitally native DTCs are losing favor with shoppers.

DTC Companies Compare to Traditional Retailer



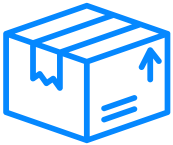
BUILDING A ROBUST DTC CHANNEL

Brands have spent the last few years accelerating their eCommerce efforts to position themselves as innovative as their digitally savvy DTC counterparts. From building creative sales models to securing influencer endorsements, traditional retailers have jumped headfirst into designing new strategies designed to attract the modern consumer. However, these techniques may only be a distraction from the key benefits shoppers truly expect.

A successful DTC sales channel needs to focus on:

Delivery: Make it fast

As shipping delays have plagued the retail industry, consumers turn to brands, retailers, and online marketplaces that can promise fast and free shipping as many companies struggle to meet delivery timelines.



42% of Americans would purchase directly from a branded manufacturer over a third-party seller if they promised free & fast shipping.

46% of Americans would be more likely to buy from a DTC brand, specifically if the shipping is free.

Promotions: Make it affordable

With so many options available for each purchase shoppers make online, shoppers are searching for the most budget-friendly options, making exclusive sales and promotions a considerable incentive.



42% of Americans would purchase directly from a branded manufacturer if they received a promotion or discount from the brand.

41% of Americans would be more likely to buy from a DTC brand if it is a cheaper option.

Convenience: Make it easy

In a high-stress time, each step in the buying process creates an extra hurdle that shoppers are not willing to jump over – in fact, **almost 1 in 5 (19%) made a purchase based solely on convenience for the first time in the past six months.** Brands need to create a seamless experience from the first point of contact through to customer interactions and even returns.



26% of Americans would be motivated to purchase directly from a brand if they could easily reach customer service for help/if there is an issue.

24% of Americans would be encouraged to buy direct from a brand if they had superior customer service.

RESEARCH METHODOLOGY

All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 1223 adults. Fieldwork was undertaken between January 22 - 25, 2021. and the survey was carried out online. The figures have been weighted and are representative of all U.S. adults (aged 18+).

ABOUT SCALEFAST

Scalefast has vast global eCommerce knowledge, with an enterprise platform equipped with the elements brands need to expand and scale their direct-to-consumer sales channel. Recently, Scalefast was recognized in the Inc. 5000 list as one of the fastest-growing companies and won Red Herring's 2019 Top 100 North America award.

Scalefast is the modern way for brands to sell online, empowering them to regain the control and simplicity they need to create an exceptional shopping experience directly from their digital storefront. Its full-stack enterprise solution brings together a cloud-based eCommerce platform and global business services in an ecosystem where brands can join forces to leverage volume and data.

As a partner to L'Oréal, Logitech, and FLIR, among others, Scalefast is the fastest-growing eCommerce platform in the U.S. and holds multiple awards for client success and results. Brands benefit from its modern approach to direct-to-consumer eCommerce that combines an enterprise eCommerce cloud with a global footprint of logistics, payment and business partners, allowing for the rapid delivery of localized and personalized shopping experiences. For more information, visit www.scalefast.com.

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