

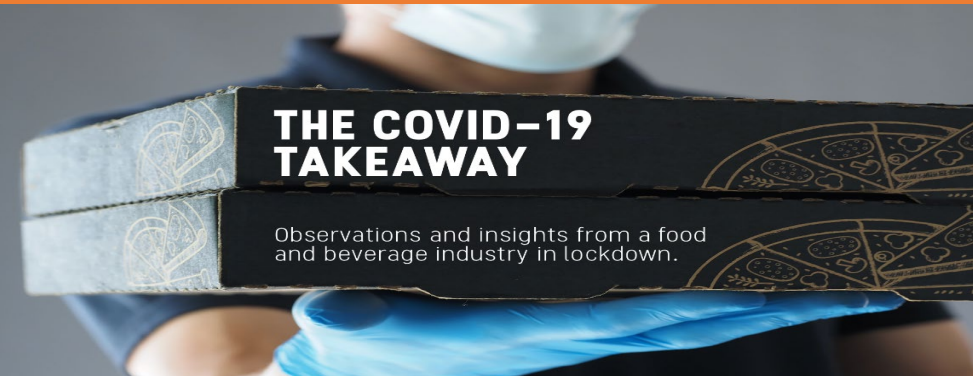


CAN YOU DO D2C?



An **EPiK** report

LESSONS FROM LOCKDOWN



After what we've been through, life will never be the same. No matter how relieved we are at the world coming out of lockdown, we can't pretend it's going to be the same old routine. But that's not necessarily a bad thing.

Throughout the lockdown we were tracking trends and responses to the pandemic and produced a number of lockdown reports. It never ceased to amaze us how quick companies were to adapt and reimagine their businesses and products.

More recently we've tracked how some habits and trends adopted in lockdown seem to have become permanent fixtures in our lives and changed our attitudes to what we buy and how we buy it.

Our latest report analyses the D2C market that has significantly grown during lockdown. We showcase brands from around the world that have really taken off during lockdown as well as revisit ones that have been around for a few years. The report provides our D2C brand lessons that will hopefully help brands decide whether or not they can be evolved to succeed as a D2C player.

WHAT'S DRIVING YOUR D2C?



As a 2019 report from Barclays stated – 73% of UK manufacturers said they were already selling some or all of their products directly to consumers.

A chicken and egg question is the demise of the retail store and the rise of e-commerce.

3D printing and manufacturing technology is making mass personalisation of products a reality.

Nike and Adidas are already making good business producing bespoke trainers. The pandemic pushed many people to try channels they hadn't tried before and they are sticking with them.

AN ABC OF D2C

Direct-to-consumer goods and services were already on the rise before lockdown. D2C was one of several trends that lockdown simply accelerated.

Here we look at a brief history of direct sales, and give some of the reasons that D2C has really come of age. We show case brands from around the world that have really taken off during lockdown as well as revisit one's that have been around for a few years.

We look at some of the successful strategies for D2C selling and the often inventive ways people have adapted their offerings for this market. It poses some of the key questions you need to ask of your own brand, products and services if you want to capitalise on this growing sales channel.



AVON CALLING
with fragrance news

Here's my Heart in a new fragrance family...
and a preview of Avon's Christmas gifts

A heavenly blend of flowers, mosses and sandalwood, Avon's Here's My Heart is a love story in scent, in packaging that expresses its warm fragrance. Your Avon Representative will show you this complete new fragrance family... together with Avon's vast and wonderful new Christmas Gift selection.

AVON cosmetics
MONTREAL

AVAILABLE ONLY THROUGH YOUR AVON REPRESENTATIVE WHO CALLS AT YOUR HOME

THE HISTORY OF SALESMANSHIP



Traded flints 2700 BC
and 2350 BC



The Pedlar by Hieronymus
Bosch 1494



The Knickknack Peddler: 12th Century China

Direct selling techniques are nothing new. We have probably been perfecting our sales methods since we first traded flint and obsidian as far back as 2700 BC.

The concept of the Peddler (also known as a chapman, hawker, higler, huckster, monger, colporteur or solicitor) developed in many cultures around the world. Peddlers brought goods to isolated communities and also called on consumers who found it difficult to attend local markets.

Peddlers played an important role in linking these consumers and regions to wider trade routes. Some peddlers were agents or travelling salesmen for larger manufacturers, and were the origins to the modern travelling door-to-door salesman.

SELLING ON AN INDUSTRIAL SCALE



Marshall's flax-mill 1790's



Harrods Food hall late 1800s

The Industrial revolution brought the first mass produced goods to people around the world. Naturally it also brought the beginnings of marketing and advertising.

During the late 1800's Harrods started to deliver D2C with their hampers.

THE FIRST PIZZA DELIVERY

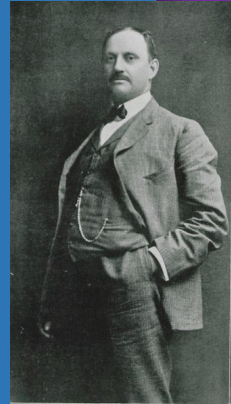


Queen Margherita of Savoy who later become the namesake for the pizza pie.

REPUTEDLY The first recorded instance of pizza comes appropriately enough from Italy in 1889.

King Umberto and Queen Margherita called upon a chef to deliver a pizza to them at their palace in Naples. The pizza was the famous Margherita in its patriotic red white and green from tomatoes, cheese and basil.

DING DONG... BUSINESS CALLING



David H. McConnell

David H. McConnell sold books as a door-to-door salesman and as part of a sales incentive he gave samples of perfumes. He soon realised the perfume was more popular than his books. In September 1886, he gave up bookselling to create the California Perfume Company. In 1939 he changed its name to Avon Products Inc.

The first Avon lady was Persis Foster Eames Albee.

Avon uses door-to-door sales people and brochures.

Avon supports 6 million representatives worldwide however revenues have been declining continuously over the last decade, from \$10 billion in 2008 to \$3.63 billion in 2020. The revenue declines can be attributed to improved availability of affordable beauty products, the rise of e-commerce, and an outdated marketing model



CPC Chain Trademark 1910-1933 from the now Avon Products company

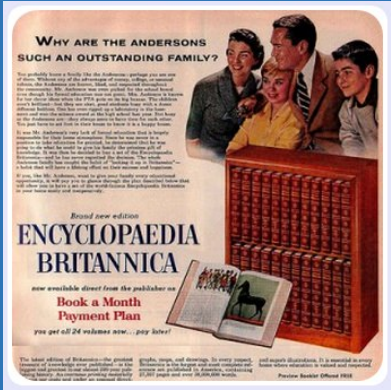


Persis Foster Eames Albee dressed professionally as a saleslady

ENCYCLOPAEDIA BRITANNICA



Andrew Bell




Founded in 1768 in Scotland, Britannica was the brainchild of Colin Macfarquhar, a printer, and Andrew Bell, an engraver. They also had an editor, William Smellie.

Running for 244 years, The Britannica was the longest running printed encyclopaedia in the English language. It was first published between 1768 and 1771 as three volumes.

In 1996 and after 60 years of door-to-door sales, Encyclopaedia Britannica laid off its entire sales force in the US/Canada — at its peak they had 2,300 employees

From 2012 they focus on the online edition and educational tools.



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ENCYCLOPEDIA CATEGORIES

Entertainment & Pop Culture

Geography & Travel

Health & Medicine

Lifestyles & Social Issues

Literature

Philosophy & Religion

TODAY IN CONTEXT, MAY 21, 2021

SEE WEEK IN REVIEW

Female Outlaws

On May 23, 1934, Bonnie and Clyde were shot and killed by police. Their sensational 21-month crime spree made Bonnie Parker one of the most infamous women criminals. Here are a few others.

Britain's most prolific female serial killer?

This 18th-century nurse and

Pietà Damaged in Hammer Attack

On May 21, 1972, a man took a hammer to Michelangelo's *Pietà* in St. Peter's Basilica. The sculpture, which dates to 1500, is a moving depiction of the Virgin Mary mourning Jesus, whose body has just been taken down from the cross. Blows from the hammer shattered Mary's left arm and chipped her nose, left eye, and forehead. The sculpture was taken to the Vatican Museums and later moved to the Sistine Chapel. The attack was a major scandal and the sculpture was later restored. The attacker, a man named John Gotti, was later deported. After several months of restoration, the artwork returned to its original location behind a thick shield of glass and set back 25 feet from viewers.

Ring in the new year with a Britannica Membership

TUPPERWARE



Tupperware home party 1950s/1960s



Earl Tupper developed in 1942 the first bell-shaped container. The brand products were introduced to consumers in 1946. He developed plastic containers used in households to contain food and keep it airtight – featuring a then-patented “burping seal”.

Their direct marketing approach created the ‘Tupperware party’ which allowed women of the 1950s to earn an income while keeping their focus at home.

ANN SUMMERS



Annice Summers



Jacqueline Gold

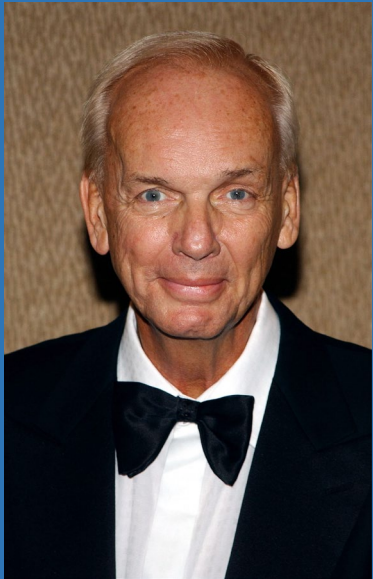


Ann Summers is a British multinational retailer company specialising in sex toys and lingerie. They have over 140 high street stores in the UK, Ireland, and the Channel Islands

Party Plan

Jacqueline Gold created the Party Plan idea in 1981. At first the Ann Summers parties were a way to circumvent regulations restricting the display of sex toys. But their popularity quickly grew and Ann Summers now employs over 7,500 Party Organisers. There are around 4,000 Ann Summers Parties every week in the UK.

SHOPPING CHANNELS



Lowell Paxson



Shopping Channels took off in US in the 1980s, when Lowell Paxson and Roy Speer launched the Home Shopping Club (a local cable channel). This later became the Home Shopping Network. It gained competition from QVC, who in 2017 acquired HSN.

Home shopping channels used telephone ordering, but now have moved to online shopping to compete with online-only competitors (using their on-air pitches and offers to attract customers).



THE K-TEL WAY TO SELL



K-tel was founded in 1962 and specialized in selling consumer products using infomercials and live demos. Its main products are compilation music albums and consumer products including the Record Selector, the Veg-O-Matic, the Miracle Brush, and the Feather Touch Knife. K-tel has sold more than half a billion units worldwide.

K-tel now earns profits from its catalogue of charting hits, by the original artists – mainly songs from the 1950s to 1980s.

THE DIRECT TO CONSUMER QUESTION...WHY?

WITH LOTS OF ONLINE DELIVERY PLAYERS ALREADY ESTABLISHED...WHY DO YOU THINK YOUR BRAND CAN SUCCEED?



⚡ CASE STUDY

SHAVING BRAND NICKS RETAIL SPACE



BRAND LESSON: Proof that you can build a traditional retail brand through a D2C model when you build trust ...and if you have lots of investment!

Harry's dollar shave club built a community of disgruntled razor buyers with its promise of cheaper shaves through subscription. Their ads were promoted non-stop on social media.

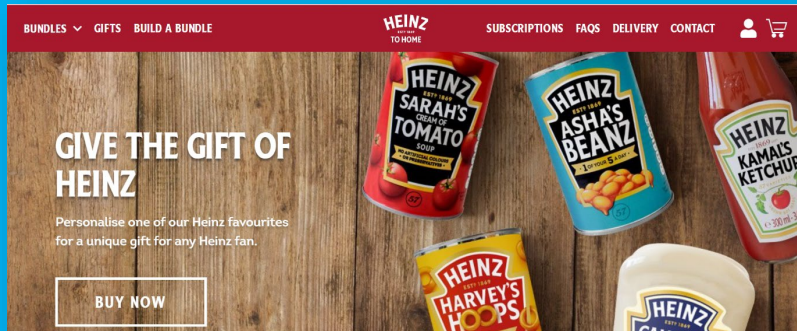
By 2017 they had 3 million subscribers and \$200 million dollars in revenue. With increasing injections of Venture Capital they have been able to negotiate space in big retail chains.

They now stand as a mainstream shaving brand in their own right and challenge the once dominant market share of Gillette.

A rare brand evolution that started in D2C and has found space on the shelf in big retailers.

CASE STUDY

HEINZ TO HOME



BRAND LESSON: D2C is not always driven by direct revenue...it can deliver real insights and be a testing ground for new products.

In April, Kraft Heinz launched a direct-to-consumer (D2C) service in the UK to cater to shoppers reluctant to go into stores or unable to secure delivery slots with the country's major supermarkets.

'Heinz to Home' was such a success the US giant plans to make it a permanent fixture.

They kicked off with baked beans and tomato soup bundled as a package and expanded into ketchup, salad cream, mayonnaise and barbecue sauce.

Meals and snacks for toddlers were then introduced and for Father's Day introduced a personalised service whereby individual names could be displayed front-of-pack.

The long-term window of this platform is for Heinz to get closer to their consumers. To create more bespoke products and for D2C to be an insight and data channel where they can test and learn before, for example, scaling new products/initiatives to market.

⚡ CASE STUDY

COCA-COLA... SHARE A COKE



BRAND LESSON: Coca-Cola still counts on distribution as a core competency.

2011 in Australia, Coca-Cola started D2C with personalized bottles through its Share a Coke program and then brought it to the U.S.

Cokestore.com has grown to include personalized bottles, apparel, stuffed animals and gifts – an exercise in branding as well as selling.

⚡ CASE STUDY

FINDING THE CREAM OF YOUR CUSTOMERS

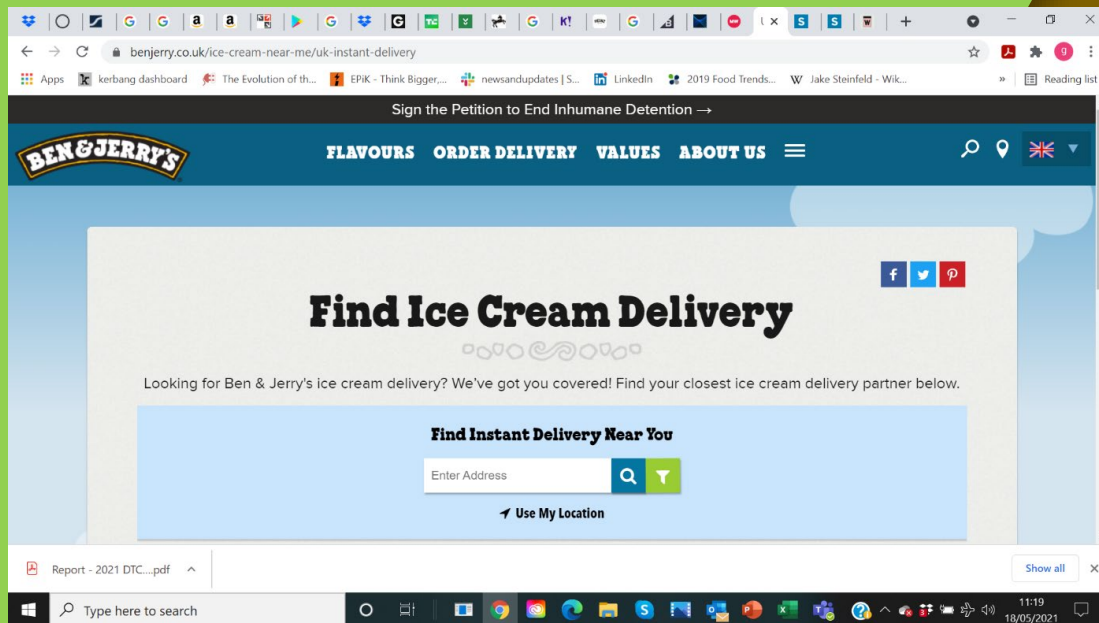


BRAND LESSON: Give your loyal fans a scoop with exclusive product variations, merchandise and unique offers.

Ben & Jerry's customers can scoop up not just ice-cream but also sundae bowls and apparel. During lockdown Ben & Jerry's were on hand to bring ice cream to homes.

At the same time they saw the market for ice-cream related merchandise and accessories and were able to build a community of their most loyal fans.

- In-home sales rose 17% last year – offsetting the 20% decline seen in out-of-home sales.



FASTEST GROWING COMPANIES

NEWAGE



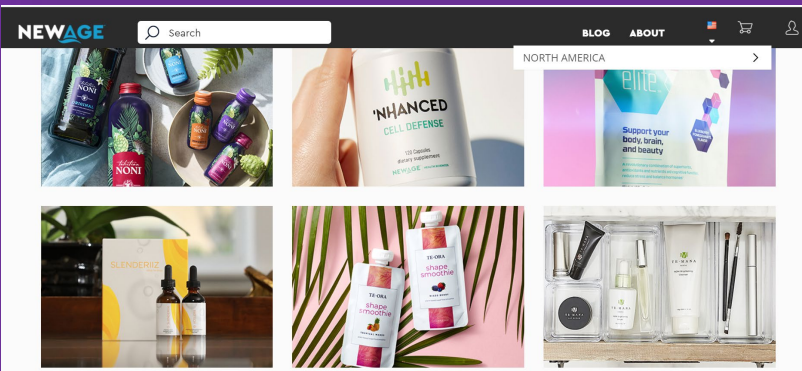
BRAND LESSON: A single-minded ambition can embrace many products and a single distribution model makes it all work together beautifully.

A health and wellness portal that creates its own brands and is built on a worldwide distribution network. NewAge is driven by its mission to elevate the human spirit through organic and health-giving products.

"The story of Noni by NewAge is the story of a small, knobby, unassuming fruit which grows in abundance on the island of Tahiti. The fruit's name is noni, and inside it lay limitless potential and promise".

Growth Q ON Q – 128.6%

www.noninewage.com



FASTEST GROWING COMPANIES

OLIPOP – A NEW KIND OF SODA



BRAND LESSON: Take a serious health proposition but make it a lot more fun.



OLIPOP is a deliciously fizzy tonic that combines the benefits of prebiotics, plant fibre and botanicals to support your microbiome and benefit digestive health.

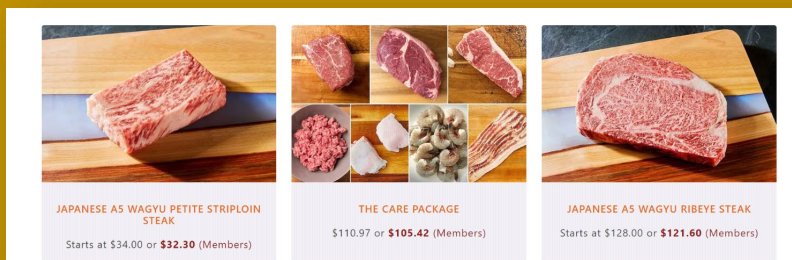
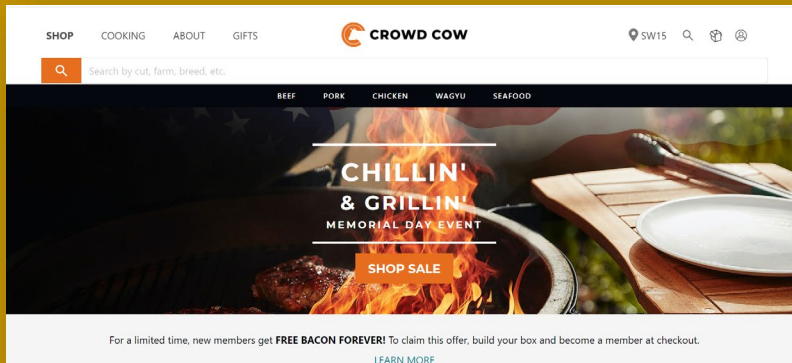
Growth Q ON Q – 139.0%

www.drinkolipop.com



FASTEST GROWING COMPANIES

CROWD COW



BRAND LESSON: Find products/categories that can benefit from greater trust & transparency. Where is there the potential to create new communities of customers?

Our Mission

To create an alternative to the current meat commodity system, and to create a meaningful connection between the farmer and the customer, so people can know and appreciate exactly where their food comes from.

Growth Q ON Q – 111.4%

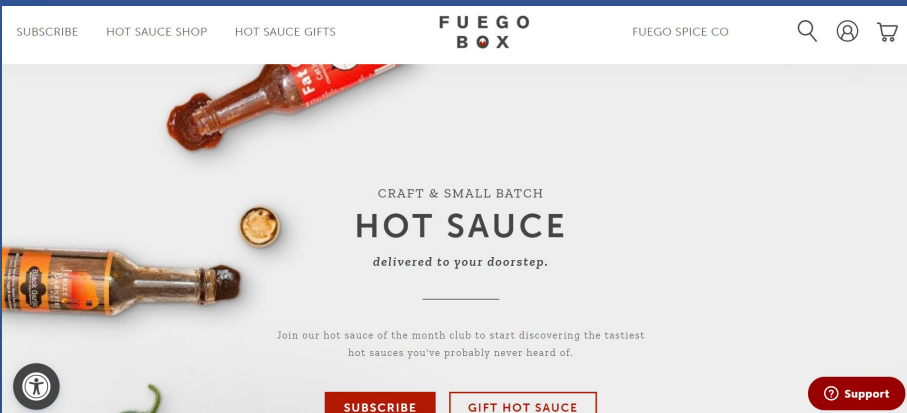
www.crowdcow.com

FASTEST GROWING COMPANIES

HOT ON YOUR DOORSTEP



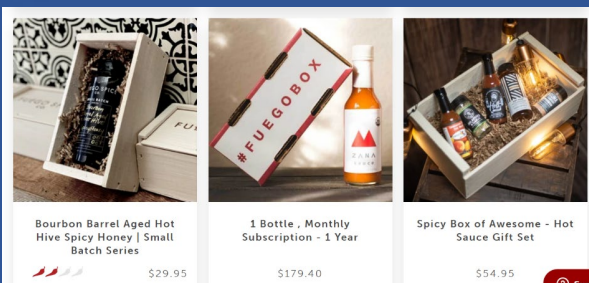
BRAND LESSON: Promote products that have scope for plenty of variation and customization. Explore the potential or gifting.



Fuego Box adds a subtle touch of craft to the hot sauce market. It spices up the market with small batch varieties beautifully packaged to keep your curiosity burning. Ideal for gifting, the range is perfectly designed to share your love of everything chilli.

Growth Q ON Q – 111.4%

www.fuegobox.com

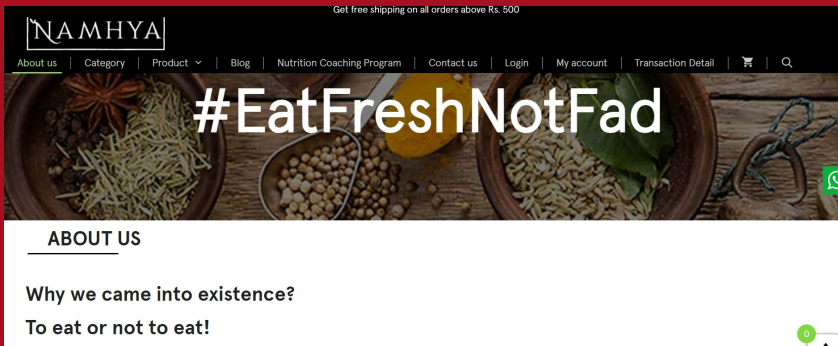


FASTEST GROWING COMPANIES

NAMHYA FOODS



BRAND LESSON: You don't have to create something that is radically different or unique. Simplify elements of a trend for people. Make it easy for them to follow.



Created by a brand manager who saw the potential for better guidance in dieting products. Instead of following health fashions and fads, Namhya advocates a range of healthy products following the well-tested traditional principles of Indian Ayurveda.

“At Namhya Foods, we carefully craft foods on the basis of Ayurveda that can blend in your natural diets and can become a way of living rather than finding a new diet every time, all the time. It not only proves to be unsustainable over a longer period of time but also leads to health struggles and frustrations”

www.namhyafoods.com



FASTEST GROWING COMPANIES

CHINA... THREE SQUIRRELS



BRAND LESSON: Repackaging and rebranding commodity products can build a new business.

A marketing company changed nut sales in China...

Three Squirrels is a Chinese snack company that started as an online shopping business on Alibaba and JD.com. It was founded in 2012 by Zhang Liaoyuan – with IPO in 2019.

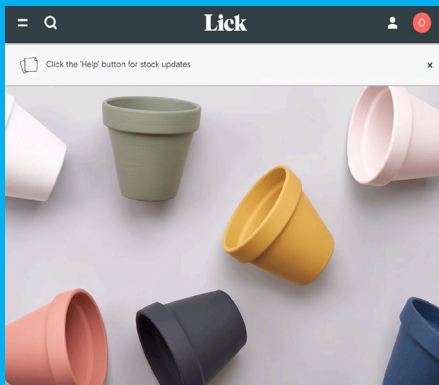
Three Squirrels also became a legend by selling \$14 million nuts within 20 mins.

Three Squirrels runs its own brand with a unique business model.

So when a new snack rises, Three Squirrels finds the corresponding manufacturer to place an order, and then packages it with its own brand and marketing.

FASTEST GROWING SECTORS

HOMEWARE



BRAND LESSON: Simply demonstrate how a product can transform your life.

Not surprisingly spending so much time at home helped people start to pay more attention to their surroundings and how they might improve them.

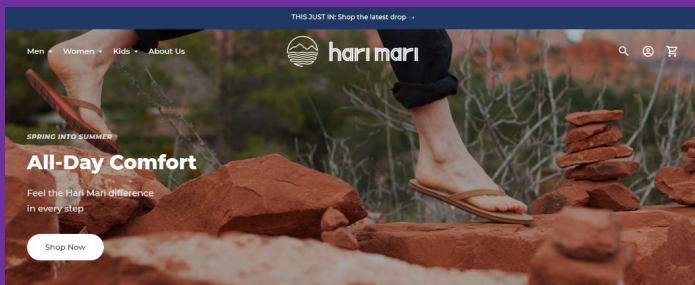
Reports show that global eCommerce web traffic for homeware peaked at 318% in Q2 2020, with 2/3's of adults shopping online for their homes at least once a month.

Brands that capitalised include Lick, Bloom & Wild, Great Jones, Dormify.

www.dormify.com

FASTEST GROWING SECTORS

NICHE & SUSTAINABLE FASHION



BRAND LESSON: Can you spot niche sales in other categories? Where is there opportunity for replacing materials or adding another sustainable element.

Retail fashion crashed, but D2C Niche & Sustainable fashion brands have performed really well. Perhaps it was because people had the time to explore online more and look at smaller brands and take note of their sustainability credentials.

4 of the top 10 fastest growing brands by web traffic were either footwear or apparel or – E.g. Hari Mari, Draper James, Cubcoats, and For Days.

FASTEST GROWING SECTORS

SUBSCRIPTION BEVERAGES



BRAND LESSON: Blurred lines between retail and D2C subscriptions...Grind shows both can work hand in hand.

D2C subscription brands offering home delivery excelled throughout lockdown and consumers are still thirsty for more as normal life slowly returns. Brands built new communities of loyal customers

Wine List built a new customer database around customers wanted to treat themselves during lockdown.

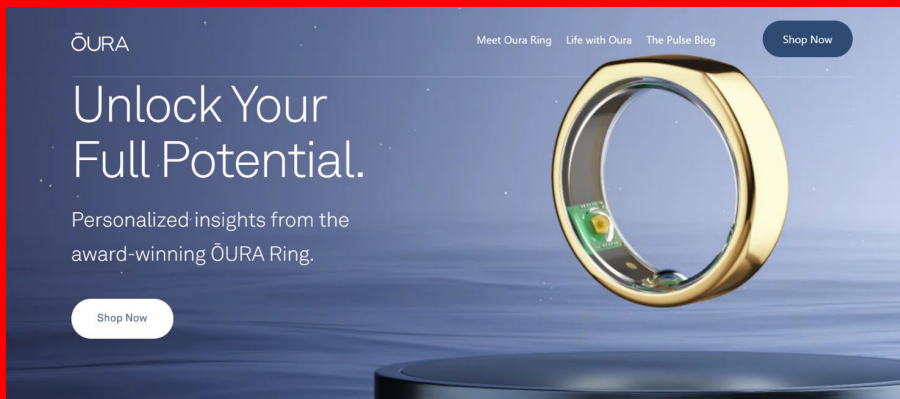
And Grind, the artisan coffee company quickly changed their business to sell their products through a D2C subscription model.

FASTEST GROWING SECTORS

HEALTH TECH



BRAND LESSON: Brands that can build trust with customers are beginning to encroach on traditional relationships like that between doctors and patients.



As more people took an interest in their health, brands took advantage.

A new industry has grown up around personalised self-testing opening up communities with closer, trusted connections.

Technology that tracks health issues is booming from Fitbits to sleep monitors. Brands that hit the market include Whoop, Velieve and Impress... and Oura (the smart ring), who recently raised \$60m.

FASTEST GROWING SECTORS

NATURAL PET FOOD



The holy grail of dog food.

BRAND LESSON: What other growing trends can we reimagine in other sectors?

We treat our pets as one of the family. As health has taken centre stage for our own diets, it is no surprise that the trend is transferred to our four-legged friends.

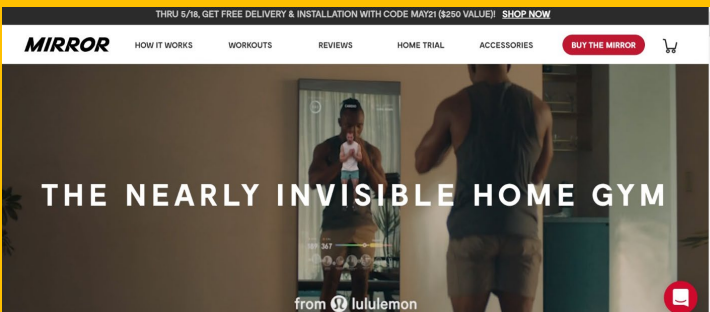
The new players like Finn, Maev, Cat Person and Jinx and Yumwoolf have used been able to create loyal audiences for products which are perfect for subscription.

Bigger brands have been slower to capitalise, but some existing brands such as Harringtons and Republic of Cats have also performed well.



FASTEST GROWING SECTORS

HOME FITNESS



BRAND LESSON: Can you build a sense of community and connection via home exercising?

The pandemic drove us off the sofa to exercise at home and outdoors. Outdoor activities saw the biggest rise globally with 59% of active adults seeing it as the best way to stay fit in 2021.

The biggest trend, at the expense of gyms, is the growth of at-home fitness equipment. Globally 49% more people saw this as the best way to stay fit. We didn't go it all alone though.

The demand for personal trainers and nutritionists was up by 47.5% and 16% more of us looked to fitness programmes online .

FASTEST GROWING SECTORS

WELLNESS BEAUTY & SKINCARE

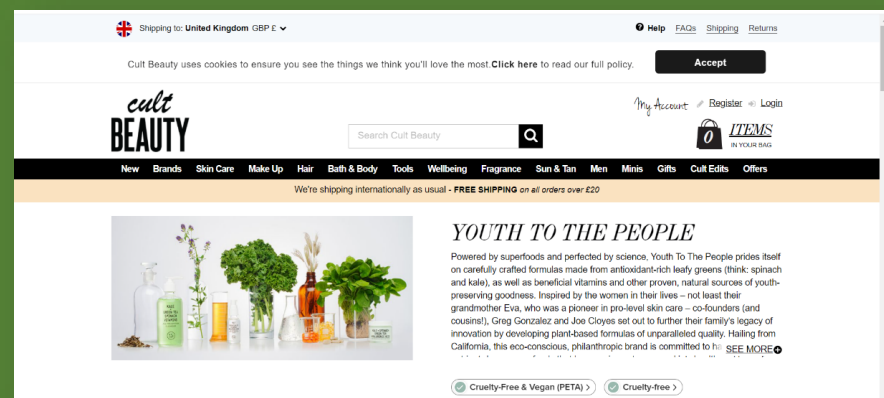



BRAND LESSON: Beauty can be more than skin deep... people looking for ingredients that make them 'look and feel good'.

With more time on our hands it's no surprise to see a surge in self care this is more than cosmetic... people looking to add long term health benefits to their beauty regimes through proven functional ingredients.

Powered by superfoods and perfected by science... Youth to the People, was the fastest growing D2C brand by web traffic globally.

And Tula (Probiotic skincare) enjoyed a 400% year on year sales increase during April 2020.





STEPS FOR BUILDING A WINNING D2C STRATEGY

There are lots of D2C strategic frameworks helping to create the best model for a business entering this space.

Most start by convincing the core business stakeholders to sign off on a model that has direct revenue and indirect benefits from having owned channels, data collection and personalized experiences.

At EPiK, we believe the starting point for any brand is to discover your D2C story that can drive all marketing, innovation, advertising required to enter this new channel. Understanding what your brand can create for this space first will make the other steps a lot easier to build and sell in to the core stakeholders.



BRAND LESSON: Before embarking on your D2C journey first find your WHY?

**1: CREATE A BUSINESS
MODEL THAT IS NOT
JUST BUILT AROUND
DIRECT REVENUE**

**4: WORK OUT HOW TO
OVERCOME SUPPLY
CHAIN/ AND MARGIN
ISSUES**

**2: FIND/BUILD NEW
OPERATING MODELS**

**5: MAKE SURE YOU
BALANCE
RELATIONSHIPS WITH
EXISTING
RETAILERS/CHANNELS**

**3: FIND THE RIGHT
TECHNOLOGY
PLATFORM PARTNER**

**6: APPLY DATA FOR
PERSONALIZATION**

OUR WORKSHOPS WILL HELP YOU UNCOVER YOUR D2C WHY...AND HOW

For more information about our D2C workshops please contact:
Greg Watson
greg@thinkepik.com
www.thinkepik.com

D2C launch then retail



Limited to D2C



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Merchandise



Bundles



Activate your Carlsberg Shop account

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Gifting packs

THANK YOU FOR THE PHOTOS!

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Page 3

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Page 5

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Page 10

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Page 11

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