

DISRUPTION 2020

By Anne Marie Soto, Retail Marketing Society



Today's consumer, informed and empowered by technology and access to real-time cultural intelligence, expects radical relevancy from brands. At a recent Retail Marketing Society meeting, four direct-to-consumer leaders discussed how they are transforming their industries by unlocking the power of extreme consumer-centricity.

How do you describe disruption and how do you bring it to life for the consumer?

Rachel Cohen, co-founder, Snowe (home): Disruption is a loaded term. With Snowe, we wanted to bring home essentials that are a luxury quality at an affordable price. So how do we change the way people shop for their home? How do we go back to basics and simplify things from product design to end user experience? Our response is minimal and aesthetic—quality, practicality and durability—design details that are often overlooked, so that we could revolutionize the way people live with the product.

Sarah Carson, founder & CEO, Leota (women's apparel): With comfortable, wear-everywhere fashion, other than yoga pants and jeans. We launched Leota with that in mind—to make super comfortable, wrinkle-free, washable clothing that feels as comfortable as it looks. We are one of the only companies to be size-consistent from day one. This is where the disruption comes in, in terms of the actual product. Women are an average of size 16 and I believe that fashion should be for every body.

Bjorn Bengtsson, CMO, UnTuckit (men's apparel): Consumers culture and behavior have changed, all fueled by digital media. Tremendous changes in the consumer landscape resulted in e-com. When we look at e-com, we must make a distinction between companies who are digitally native and companies who are trying to expand their digital business. UnTuckit is a good example; it was born as an e-com company. Companies who are ecom-born are more dangerous than the traditional e-com companies because the people starting these businesses do not necessarily come from fashion. These companies are consumer-driven companies. In fashion, we've always prided ourselves on knowing our customer, but these guys don't start with fashion; they start with the customer and they work their way up to find a solution that satisfies the needs of the market. UnTuckit has capitalized on this ability to define a problem: you like to look casual, but you also like to look dressed up. So, it made a shirt a little shorter and perfect. It never targeted a fashion customer. It went outside of fashion.

Ian Knowles, venture partner, LBE (beauty), Dunn's River Brands (non-alcoholic beverages) and Redwood Breweries (beer platform): We're in a period of hyper-change. If you stick too hard to your tried-and-true, you'll be left behind. I see change through two different lenses. I come from the investment world and I spent a lot of time talking to entrepreneurs about what's wrong with the process of raising capital, with partnering with individuals and private equity investors. Where can there be more value added? How can processes be more efficient? I went out and found all the different elements of business that I wanted to bring into an investment firm and started companies that are more operationally forward first and investment second. Money is only one part of the equation. There are many brands that were well funded but fell flat on their face. What that did was allow our management team to be far more efficient because they can focus on what is most important, which is building a brand, telling a story and making great product. That's all that matters.

How do you make sure you're not disrupted by the next shiny new object?

Carson: Anyone can make stuff these days. That's easy! But that's where the relationship with the customer is important. Test-and-learn

strategy is really important. One thing that fashion is bad at is technology. Supply chain has got to catch up. The goal is to keep that customer relationship—surprise and delight that person with your cool stuff, but create something for the long term.

Bengtsson: I am so tired of hearing about Amazon every day. I think they have yet to prove to us that they can be serious in fashion, that they can produce fashion products that the consumer will seek out. Most of the things that Amazon is really good at is buying and selling things like pre-pack Fruit of the Loom t-shirts. They're starting a lot of private label ideas; most of them fail. You cannot plan for people to take over your business. You just have to do what you do and do it better and better. That's the only way you protect yourself.

Cohen: For us, building the brand and the conversation with the customer is the defense. It's our strategic plan and everything else—from the business model to inventory planning—investor planning is table stakes. When people are copying our creative, we're on to six months from now and what that conversation is with the customer.

Knowles: On the beverage and the beauty side, the consumer really wants to try these products. There's a lot of value within brick-and-mortar. It's a very difficult place for us to play because it's expensive, there's a middleman. And the consumer doesn't care today about your cost structure. They just expect omnichannel. They want you to be where they are, regardless. If you're in the luxury space, there's value being exclusive and being very choosy about where you are. If you're a mass brand, you can be a little more open about where you sell. And that's where you start to look at omnichannel. And in beverage, you've got to figure out how to do it right, build a plan and build a staging process for how you enter new channels. As we build out our brands, we think about who our consumer is, and where they are likely to accept the product, be interested in the brand, be willing to try it and hear the story.

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