



TT TRAUB

THE NEW DAVIDS: THE TRAUB LABS 200

MAY 2017



THE NEW DAVIDS: THE TRAUB LABS 200⁺

AND THEN THERE WERE 200⁺...

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We have spent the last few months revisiting our study of the *New Davids* that was done two years ago in light of the continued escalation of the struggle in traditional retail. Consumers are time and again choosing to allocate more of their spend to experience and in many cases, e-commerce driven businesses provide just that: a more intimate conversation, a compelling product, a close-knit community and outstanding service. The consumer is quick to change and so are the *Davids*, nimble and agile without the stress of years of battle and the weight of heavy armor.

Online sales are projected to nearly triple the year-over-year growth rate for the entire retail industry in 2017, according to the National Retail Federation. We believe a meaningful share of this growth, aside from the more obvious players, is coming from those brands that are founded and launched online as their impetus for growth, the *Davids*. As more of the retail industry spend shifts online, the *Davids* will only continue to erode share from the majors.

Our second look at the *Davids* focuses on a curated selection of over 200 brands across five key categories: fashion, accessories, beauty, wellness and home. By definition, our *Davids* were founded, launched and nurtured online and our curation is centered on those which we believe are ones to watch. The 200⁺ are at varying stages of maturity and scale, but on average, through anecdotal evidence, we believe they are each generating an estimated \$10 million in sales or \$2 billion in total. By driving their businesses online, the *Davids* are disintermediating traditional retailers by selling products at what effectively could be deemed wholesale prices (vs. full retail) direct to consumer. By using a traditional wholesale/retail markup c. 2.2x, the *Davids* are effectively taking more than double their volume out of traditional retail channels, a cool \$4 billion. They are small but mighty in their numbers, and their fleet is only growing.

What sets the *Davids* apart? How is the little guy not only standing a chance but poking devastating holes in the armor? While their products, customers and strategies may vary, the *Davids* are thriving by producing exceptional product, finding a need that is unmet, delivering an experience, developing a direct relationship with the customer and modernizing old retail practices and products. In short, the *Davids* are winning with quality product, outstanding service and by bringing value to the customer, all of which is communicated through simple, pointed messaging and engagement. By launching online, the *Davids* develop a

direct relationship with the customer and can make informed, data-driven decisions about their businesses. In many cases, they've been able to achieve meaningful scale in a short amount of time without, at least initially, the added stress of capex spent on brick and mortar growth or the margin impact of a wholesale business.

The amplified benefit to this strategy is the cultivation of a fervently loyal customer base, a tribe of like-minded people which make up and are bound by the brand itself. Consumers have a more powerful voice than ever before through social media and these brands use their consumers to their advantage. Rather than pushing the brand onto the customer, they pull inspiration, feedback and data from the customer and integrate it into the brand itself. The *Davids* can swiftly move with the tides of consumer sentiment.

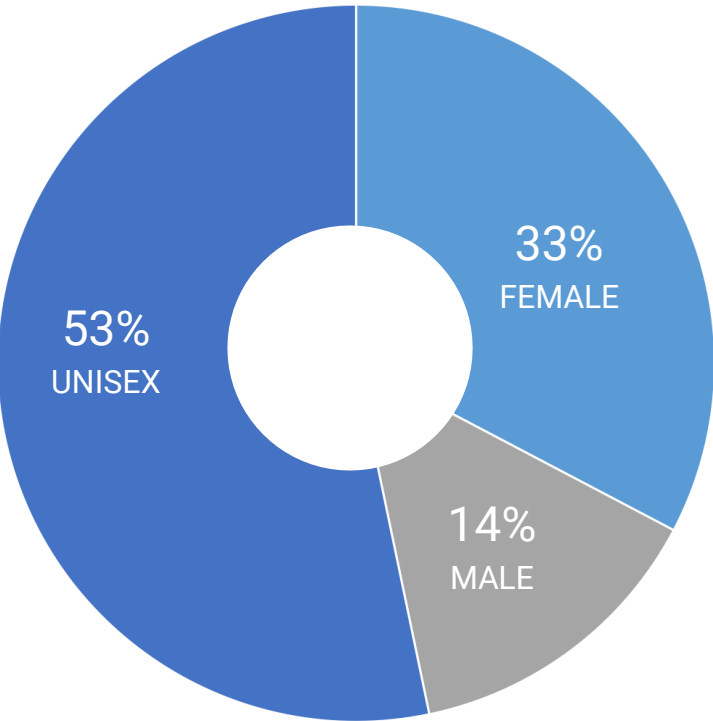
While this is all well and good, the fact remains that the cost of customer acquisition online is high. Eventually, the *Davids* need to seek new channels through which to reach customers and drive engagement. Once they hit a certain scale, many of the *Davids* expand to physical retail where they deliver a fun, engaging shopping experience based upon the strength and knowledge of their direct customer relationships. There is still a place and a need for physical retail and the consumer craves the offline experience too. The battle ensues. The *Davids*, once a small fleet, have become a major force.



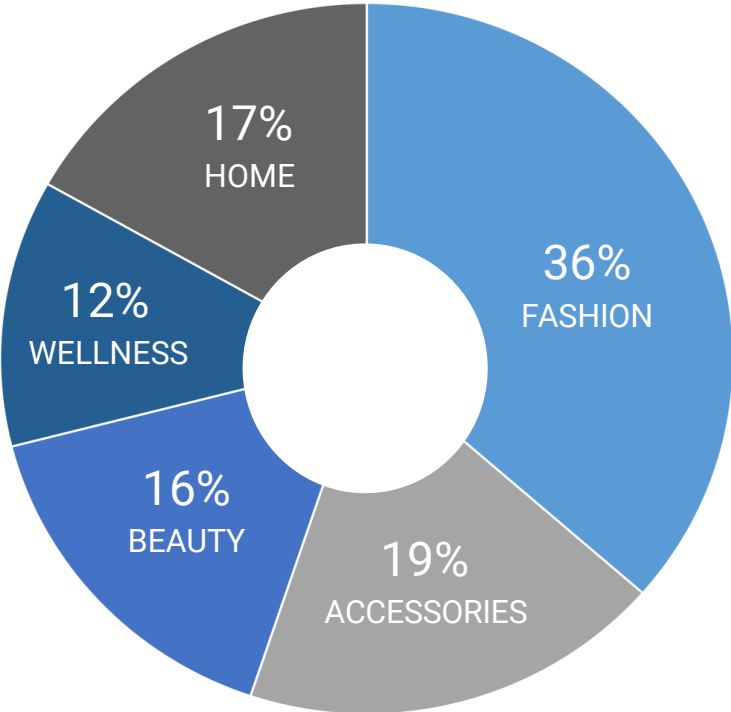
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KEY FACTS & FIGURES

GENDER DISTRIBUTION



CATEGORY DISTRIBUTION



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THE NEW DAVIDS 2017 | THE TRAUB LABS 200+

FASHION

WOMENSWEAR

CUYANA GENUINE PEOPLE ModCloth
A Y R MODERN CITIZEN RENT THE RUNWAY
LE TOTE WEDDINGTON WAY Draper James MM.LAFLEUR
BRASS LA LIGNE ZADY AMOUR VERT ELOQUII
BOW & DRAPE ARMARIUM UNIVERSAL STANDARD

MENSWEAR

PROPER CLOTH MIZZEN+MAIN GRAND FRANK STOCKHOLM
ISAORA HUGH & CRYE BONOBOs Bespoke Post Frank +Oak
J. HILBURN UNTUCKit

UNISEX

MINISTRY OF SUPPLY GRANA
Kenny Flowers NAADAM
DSTLD SALTWATER COLLECTIVE
EVERLANE
THE ARRIVALS BODA SKINS
AMERICAN GIANT MOTT & BOW

CUSTOM SUITING

THE BLK TUX KNOTSTANDARD
COMBATANT GENTLEMEN
BLACKLAPEL TRUMAKER
KIDS
monica + andy primary .com
ROCKETS OF AWESOME
plae KIDBOX

ACTIVEWEAR

Girlfriend Collective ALMA
ROKA Outdoor Voices
alo yoga RHONE
CARBON38 CORY VINES

FAST FASHION

MISSGUIDED JUSTFAB
boohoo.com BlackMilk
asos TOBI Lulus

UNDERWEAR

ADORE ME THINX
MACK WELDON
LIVELY TRUE MeUndies .com

SWIM

II SOLID & STRIPED II chubbies
TRIANGl Prince & Bond New York

SOCKS

BOMBAS STANCE
LUNYA SLEEPY JONES

ACCESSORIES

FOOTWEAR

M. G E M I JACK ERWIN
mahabis BROTHER THURSDAY BOOT CO.
allbirds GREATS
BECKETT SIMONON Shoes of Prey
GRAND VOYAGE ROTHY'S

BAGS

VON HOLZHAUSEN ESPEROS
Koio Collective
POPSUKI The Cambridge Satchel Company
L&S LO & SONS FUTURE GLORY DAGNE DOVER
PARKER CLAY MADE IN ETHIOPIA STATE
BEMBIEN MANSUR GAVRIEL

EYEWEAR

WESTWARD LEANING KREWE du optic
WARBY PARKER EPONYM
eyewear

JEWELRY

BAUBLEBAR AU RATE
THE MRS BOX THE:5TH
wedding heirlooms olive + piper RINGLY

LUGGAGE

ARLO SKYE AWAY
bluesmart RADEN

ACCESSORIES

SPREZZABOX
THE TIE BAR BELTOLOGY

BEAUTY

NATURAL

BEAUTYCOUNTER TULA
WANDER CONTEXT
URSA MAJOR KOPARI
Meant frank body
DRUNK ELEPHANT HERBIVORE BOTANICALS

SKIN TREATMENT

CUROLOGY
Onomie NERD

HAIRCARE

OUAI function of beauty

FRAGRANCE

PINROSE PHLUR

COLOR

Glossier. TATTLY
JULEP COLOURPOP
trèStique KARITY
KYLIE MAKEUP GEEK

SUBSCRIPTION BOX

LOLI living organic loving ingredients
ipsy BIRCHBOX

MEN'S GROOMING

HARRY'S BEVEL
ERNEST SUPPLIES
DOLLAR SHAVE CLUB SHAVE TIME. SHAVE MONEY.
Beardbrand ADMIRAL

WELLNESS

FITNESS

BALLET BEAUTIFUL PELOTON
DAILY BURN
barre3 Kayla Itsines

NUTRITION

platejoy DIRTY LEMON
DAILY HARVEST
Blue Apron SUN BASKET
MODEL MEALS SAKARA EAT CLEAN EAT WHOLE
PURPLE CARROT
NATUREBOX ALOHA

SUPPLEMENTS

care/of
Ritual VITAL PROTEINS

TECH TOOLS

INSCAPE Aaptiv
HEADSPACE fitbit

ACCESSORIES

S'well bkr
PERSONAL HEALTH
HUBBLE QUIP

GENERAL WELLBEING

goop

HOME

HOME DECOR

SERENA & LILY furbish
KAUFMANN MERCANTILE THE CITIZENRY
hayneedle
Barn & Willow ONE KINGS LANE

INTERIOR DEFINE

ARTICLE. W&P DESIGN
LULU & GEORGIA SNOWE

BEDDING

PARACHUTE
BOLL & BRANCH
brooklinen
CRANE & CANOPY

MATTRESSES

purple Casper
saatva
HELIX TUFT&NEEDLE

PET GOODS

BarkBox
öbe Cody and Bella

FAMILY

U moms THISTLE

ACCESSORIES

ban.dō POKETO
Packed Party LEIF SHOP
poppin.

LIFESTYLE

urbanstems the Bouqs
Book of the Month SAND CLOUD