



TRAUB

THE NEW DAVIDS

THE TRAUB 350+

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Goliath Found His Slingshot but David is Getting Stronger

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In the spirit of continuing a TRAUB tradition, this year we revisited our previous New Davids reports for our third annual study. When we published our first report in 2015, we highlighted the wave of digital-native businesses in the consumer and retail space. We named these businesses The New Davids and defined them as businesses founded, launched and nurtured online. Over the last few years they have taken significant market share from their incumbents, the retail Goliaths, by employing grassroots strategies such as communicating frequently and conversationally with consumers and applying data-driven principles to their online operations.

But in 2018 we saw brands which we had previously categorized as Davids or Goliaths beginning to work together and learn from one another. It is no longer about old versus young, big versus small, online versus offline. Across the board, it's the brands that are seen as authentic, as embracing and embodying a set of values and communicating directly with global consumers that are succeeding today.

While the David and Goliath titles imply that there can only be one winner, we believe the future will be determined by the best of both. To compete in this new consumer landscape, Goliaths have turned to both acquisitions and homegrown innovation. On the M&A front, we saw traditional retailers bring digital native companies in house. For example, Macy's acquired Story and invested in B8ta, both

innovative retailers, and Walmart acquired plus-sized brand Eloquii and online lingerie marketplace Bare Necessities. In doing so, they have merged the best of the infrastructure of the Goliath with the nimbleness and digital fluency of the David. Companies like Nordstrom, on the other hand, have adapted internally, tapping into some of the New David practices such as influencer partnerships. Nordstrom recently launched their second exclusive collection with influencer Something-Navy, after the first brought in one million in revenues within 24 hours. But the Davids too are learning from Goliaths. Particularly as they begin to recognize the value of using traditional retail for customer acquisition.

In our third look at the Davids we have curated a selection of over 350 brands across five key categories: fashion, accessories, beauty, wellness and home. The 350+ (up from 200+ in last year's report) are at varying stages of maturity and scale. As such, we can no longer view the New Davids as a single cohort. Taking into consideration revenues, total funding, store count and brand salience, we broke down these Davids into four key cohorts:

Cohort 1 - The Stars: These are the pioneers of the group including Warby Parker, Casper and Dollar Shave Club. These brands have raised \$100M+ in funding or sold to major consumer players (looking at you DSC) and are the "winners" in their respective product category. They have successfully launched into the stars and compete among the Goliaths.

Cohort 2 - The Stratosphere: The brands in this cohort have more than one retail store, and have achieved brand awareness in both urban and suburban market. This cohort includes brands such as Glossier, Everlane and Away.

Cohort 3 - The Clouds: These brands, such as Hims, Thinx and Lola, have survived their initial start up days and now have enough marketing dollars to have some physical retail presence and/or flood the subways with catchy marketing.

Cohort 4 - The Launchpad: These are the newcomers of the group who have either launched within the past year or don't yet sell in any physical space. This cohort includes brands like Prose, Recess and Lane Eight, to name a few.

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As the Davids and Goliaths continue to learn from each other, the brands that will be successful in the future will be those that are able to find the balance between the two philosophies.

As competition for attention online increases, so does the the cost of customer acquisition. The Davids, whose modus operandi was their belief that they could succeed online-only, now realize physical retail is an important piece of customer acquisition. A physical presence allows brands to provide experiences and connections a brand cannot achieve online. According to the 2018 ICSC survey, emerging brands experience an average 45% increase in web traffic following a store opening. In addition, physical retail leads to increased brand perception and consideration. Among emerging brands across all markets 51% of respondents were willing to consider the brands; that number jumped to 69% when brands had stores in specific markets

According to JLL Research, e-commerce retailers plan to open 850 new stores in the next five years. The New Davids in Cohort One have not only opened one or two stores but have made multi-city physical retail an integral part of their strategies. Warby Parker is at 87 stores and counting, with stores in cities from New York, New York to Birmingham, Alabama. Casper announced this year that it plans to open 200 stores over the next three years. But it is not just those in Cohort One and have reached a stage of maturity that are opening stores. Brands from Cohorts Two and Three have been quick to experiment with retail concepts including long-term pop-ups and permanent physical stores.

While New Davids are recognizing the power of retail, many (especially those in Cohorts Three and Four) do not have the financial and human resources to open physical retail on their own. A cottage industry of sorts has popped up to accommodate this need - "retail as a service". Companies that offer retail as a service provide solutions to emerging brands looking to open their own store or shared spaces to sell product that feels true to their ethos.

There are two primary types of retail as a service companies - those that work behind the scenes to help brands create their own stores and those that provide physical retail

space to New David brands within their own store. Companies like Storefront and Appear Here make it easy for brands to find and rent pop-up spaces in various cities. Appear Here has taken retail as a service a step further by offering "Additions", a selection of services from payments to staffing to fit-outs aimed at making it easier for brands to launch successful pop-up shops. Companies like Neighborhood Goods and Bulletin have reimaged the department store, allowing brands to rent sections of the store for a temporary amount of time. The stores themselves are emerging concepts and as such feel authentic to the culture and spirit of the brands they house.

As the Davids and Goliaths continue to learn from each other, the brands that will be successful in the future will be those that are able to find the balance between the two philosophies. We already see this phenomenon take hold as the original New Davids age into more mature companies. Brands like Warby Parker and Casper have broken through by successfully marrying the quality product, outstanding service and digital fluency of a New David with the physical retail of the Goliaths. The fleet of New Davids continues to grow - we added nearly 150 brands to our list this year alone - and the barriers to success have grown with it. The New Davids market is maturing with increased competition and decreased whitespace. Brands must be able to speak clearly and genuinely to their customers, provide superior product and address an otherwise untapped need both in the digital space but also in the real world. It is no longer enough to just be a New David, one must also learn from the Goliaths.

1

Casper

RENT THE RUNWAY

BONOBOS

WARBY PARKER



DOLLAR SHAVE CLUB



PELOTON

2

Outdoor Voices

AWAY

EVERLANE

chubbies

goop

Glossier.

allbirds

1 The Stars Cohort

2 The Stratosphere Cohort

3 The Clouds Cohort

4 The Launchpad Cohort

3

DIRTYLEMON

GREATS

Moon Juice

THIRDLOVE

PARACHUTE

hims

YEAR & DAY

LINGUA FRANCA

brooklinen

LOLA

cotopaxi

SNOWE

MADISON REED

M.GEMI

THINX

LUNYA

KNOTSTANDARD

heist

Recess

DADA

NO PLANS

LANE-EIGHT

HUBBLE

prose

4

DREAM POPS

OTHERLAND

SUMMERSALT

@COCOFLOSS

care/of

The Sill

Great Jones

flamingo BEAUTY SUPPLY

RITUAL

CLARE

HUM

Sunday Goods

billie

THE NEW DAVIDS 2018

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FASHION

WOMENSWEAR

11·HONORÉ A DAY AMOUR VERT **AL** ARMARIUM **AYR** BLANQI
 BOW & DRAPE **BRASS** choosy CUYANA Dia & Co DÖEN Draper James
 ELOQUII FAME PARTNERS GENUINE PEOPLE GOOD AMERICAN gwynniebee LA LIGNE
 LE TOTE LINGUA FRANCA M.LAFLEUR ModCloth MODERN CITIZEN
 OF/MERCER Réalisation Reformation RENT THE RUNWAY TUXE UNIVERSAL STANDARD

MENSWEAR

ALPHERMETS ASH & ERIE **BARBELL** Bespoke Post **BOMB FELL** BONOBOS **BUCK MASON** Frank + Oak
 GRAND FRANK HÆRFEST **Huckberry** **HUGH & CRYE** ISAORA J. HILBURN
KUUI MIZZEN+MAIN **Paragon** PROPER CLOTH Rowing Blazers FIERI UNTUCKit

UNISEX

ALPHERMETS BODA SKINS™ **cotopaxi**
 DSTLD EVERLANE **FIGS**
GRANA JAANUU **Kenny Flowers**
 MINISTRY OF SUPPLY MOTT & BOW NAADAM
 NAKEDCASHMERE **paskho** **prinkshop**
Marine Layer STITCH FIX

ACTIVEWEAR

ALMA aloyoga CARBON38
CORY VINES Girlfriend Collective **MYLES**
 OLIVERS **OROS** Outdoor Voices
RÖKA RHONE TEN THOUSAND
 VOLLEBAK **VUORI** **VX/**

UNDERWEAR

ADORE ME **Brayola** LIVELY
 HARPER WILDE MACK WELDON **McUndies**
 THINX **THIRDLOVE** TRUE

SOCKS

BOMBAS **CONSCIOUS STEP** **heist**
 Sheerly Genius STANCE **SLEEPY JONES**

CUSTOM SUITING

THE BLK TUX COMBATANT GENTLEMEN BLACKLAPEL
 KNOTSTANDARD INDOCHINO TRUMAKER

KIDS

monica + andy Cubcoats **KIDBOX**
primary.com
plae ROCKETS OF AWESOME

FAST FASHION

ASOS **BlackMilk** boohoo.com
JUSTFAB **Lulus**
MISSGUIDED TOBI

SWIM

chubbies Prince & Bond TRIANGL
SOLID & STRIPED SUMMERSVLT.

SLEEPWEAR

LUNYA **NO PLANS**
SLEEPY JONES

ACCESSORIES

FOOTWEAR

alibirds BECKETT SIMONON **BIRDIES** **BROTHER**
 GRAND VOYAGE **GREATS** JACK ERWIN
 Koio Collective **LABUCQ** **LANE EIGHT** M. GEM I
 mahabis **ROTHY'S** **SEAVEES**
Shoes of Prey **THURSDAY** **THIRD OAK**

BAGS

BABOON BEMBIEN caraa **DAGNE DOVER**
 ESPEROS FUTURE GLORY GO DASH DOT
L&S **MANSUR GAVRIEL** **PARKER CLAY**
LO & SONS **POPSUGI** SENREVE
STATE STUART LAU
 VON HOLZHAUSEN

EYEWEAR

BLENDERS **DIFF**
Felix Gray **KREWE** **SUNSKY**
WESTWARD LEANING WARBY PARKER **ZIENN**
 eyewear

JEWELRY

AU RATE BAUBLEBAR **THE:5TH**
 olive + piper **QALO**
THE MRS BOX

LUGGAGE

ARLO SKYE **AWAY** **bluesmart**
floatti **ROAM** STEAMLINE LUGGAGE
 VERY TROUBLED CHILD

ACCESSORIES

BELTOLOGY **SHINOLA**
DETROIT
SPREZZA BOX **TIE BAR**

BEAUTY

CLEAN SKINCARE

BEAUTYCOUNTER
 CONTEXT **DRUNK ELEPHANT**
 HERBIVORE BOTANICALS **KOPARI**
Meant TULA
 URSA MAJOR WANDER
 BEAUTY BY DESIGN **CUROLOGY**
Follain **frank | body**
Kat Burki **NERD**
 Onomie **TRUE BOTANICALS**
yes to

HAIRCARE

function — of beauty
 HAIRSTORY **Ouai**
 MADISON REED®
prose **VIRTUE**

FRAGRANCE

NEST **PHILUR**
 PINROSE

COLOR

COLOURPOP **Glossier**
inkbox **JULEP**
KARITY **Kosås**
KYLIE **MAKEUP GEEK**
 mented **Milk MAKEUP**
SHESPOKE **TATTLY**
 trèStique

WELLNESS

FOOD / SNACKING

ALOHA **DADA** **DAILY HARVEST**
 DIRTY LEMON DREAM POPS **Recess** **Sunday Goods**

SUPPLEMENTS

care/of **hers** **hims**
HUM **Keeps** **Moon Juice**
 NUTRAFOL® **Ritual** sundays
THE NUÉ **VITAL PROTEINS** **WelleCo**

TECH TOOLS

Aaptiv **CORE** **fitbit**
HEADSPACE **INSCAPE**
MIRROR **muse™** **PELOTON**

MEN'S GROOMING

ADMIRAL **AOS** **Beardbrand**
BEVEL **DOLLAR SHAVE CLUB**
ERNEST SUPPLIES **HARRY'S**

WOMEN'S HEALTH & GROOMING

billie **CORA** **damiva** **elvie**
Flamingo **Honey Pot** **LOLA**
Megababe **SPHYNX**

PERSONAL HEALTH

Bite **CANDID** @COCOFLOSS
GOBY **hello** **HUBBLE** **NATIVE**
 PUBLIC GOODS **QUIP** **TUSHY** **twice**

ACCESSORIES

bkr **LARQ** **Swell**

HOME

HOME DECOR

aalo **ARTICLE.** **BACK DROP**
 Barn & Willow **BURROW**
CLARE **FEATHER**
THE CITIZENRY **FRAMEBRIDGE** **farfetch**
Great Jones hayneedle INTERIOR DEFINE
KAUFMANN **LULU & GEORGIA** **nectar**
MERCANTILE **SERENA & LILY** **SNOWE**
ONE KINGS LANE **W&P DESIGN** **YEAR & DAY**

BEDDING

BOLL & BRANCH **brooklinen** **CRANE & CANOPY**
GRAVITY **PARACHUTE** **RILEY**

MATTRESSES

Casper **purple** **HELIX**
raatva **TUFT & NEEDLE**

PET GOODS

BarkBox **Cody and Bella** **THE FARMER'S DOG**
 max bone **ollie** **öbe**

FAMILY

l4moms **THISTLE**

ACCESSORIES

ban.do **homesick** **KEEP**
LEIF SHOP **OTHER LAND** **Packed Party**
poppin. **POKETO** **The Sill**

LIFESTYLE

Book of the Month *the Bouqs* **goop**
SAND CLOUD **urbanstems**