Introduction

We’re experiencing a notable transformation in U.S. retail where e-commerce is starting to displace physical retail.

Online sales in the United States are expected to reach $523 billion in the next five years, increasing by an average rate of 9.32% a year.¹

Yet no. 1-ranked Amazon is growing faster than the pace of e-commerce itself, forcing brands to rethink their online strategies to compete.

The digitally native vertical brands in this report are revolutionizing retail and becoming household names. Their digital innovation is chronicled in the Top 25 Digitally Native Vertical Brands of 2018.
The Rise of the Digitally Native Vertical Brand

Some analysts argue that the growth of online sales is a result of competitive market dynamics. E-commerce companies are more efficient in terms of real estate and labor costs and they have higher profit margins than their physical counterparts.²

As a result of the rising number of e-commerce companies and the growth of online sales, some physical retailers are dramatically downsizing or going bankrupt. The number of bankruptcy filings by U.S. retailers, with at least $250 million in liabilities, nearly doubled in 2016 and continued to take center stage in bankruptcy courts in 2017.³

But a secondary reason leading to this sea change is a renaissance in innovation among e-commerce players. Jeff Jones, managing partner at Andreessen Horowitz, refers to this as ‘e-commerce 2.0.’ However, the brands emerging in the retail sector that are seeing the greatest growth are quite different from their e-commerce predecessors.

These digitally native vertical brands (DNVBs) or v-commerce brands, for short, are trailblazing entirely new approaches to retail. Digitally native vertical brands, a term coined by Bonobos founder Andy Dunn, follow specific criteria.

“Digitally native vertical brands are maniacally focused on the customer experience and they interact, transact, and story-tell to consumers primarily on the web.”

ANDY DUNN, CEO @ BONOBOS

While v-commerce brands may ultimately expand offline through select partnerships or brick and mortar stores, they control their own distribution tightly.⁴

The differences between a digitally native vertical brand and an e-commerce brand are profound. In addition to differentiation in the unit economics of the businesses and their growth trajectories, there are subtleties in the ways that v-commerce brands shape their identities to inspire consumers.

While it’s still incredibly early in the history of digital vertically integrated brands, many are beginning to turn entire industries on their heads. This report explores some of the major trends that are allowing for digitally native brands’ explosive growth.
Major Trends in Digitally Native Brands’ Innovation

1. DIRECT SOURCING OF MATERIALS

One trend that we’re seeing in e-commerce innovation is a shift to direct sourcing.

Through a direct sourcing model, retailers can realize between a 2% and 4% average reduction in cost of goods sold, possibly netting millions of dollars in savings.⁵

Pressures on revenue and top-line contraction have created an intense focus on managing these costs.

Digitally native vertical brands are collapsing inefficient legacy supply chains by cutting out intermediate layers. Their direct relationships with suppliers not only allow them to vet the suppliers’ operating standards, but also to facilitate a rapid feedback loop so that they can quickly iterate on product design and demand.⁶

With direct sourcing, brands such as Warby Parker and Casper have bypassed antiquated industry standards and cost structures; both companies reaching over $100 million in sales in just a couple of years.⁷

Other companies, such as Everlane, have used their relationships with factories to better market their materials and to instate price transparency for customers on the true cost of their products.⁸

2. ENHANCED BRAND EXPERIENCE

Competing on retail alone is too commoditized an approach in the digital age. The number of channels that brands are expected to maintain in order to offer a seamless omnipresent customer experience has grown.

Today, a combination of product, shopper experience, and customer service collectively become the brand.

The digital vertically integrated brand is Internet enabled, born digitally, and interacts with customers primarily online. It seeks to build a strong brand lifestyle that speaks to people and shapes their choices. To build such a community, v-commerce brands present and design their products in a highly compelling way and in a consistent voice.
DNVBs’ products meticulously represent the brand identity and both their products and their packaging are designed to be shared on social media. These brands rely heavily on visual content displayed across a multitude of marketing channels. To scale content creation and to meet content needs, DNVBs often rely on user-generated content.

Take Glossier, for example. The beauty brand launched its product line on Instagram as part of its core promotion strategy. Glossier CEO, Emily Weiss, estimates that Glossier owes 90% of its revenue to its fans on Instagram. “It hasn’t been through paid or built marketing spend,” she said. “It’s been mostly word-of-mouth.”⁹

Glossier consumers are not outliers, 74% of consumers identify word-of-mouth as a key influencer in their purchasing decision.¹⁰ In 2014, Deloitte’s Digital retail practice started exploring which content drives consumer action. They found that the brand’s advertising drove the majority of consumer action. Two years later, with the rise of social media and user-generated content, the influence of retailer-generated content had declined to less than a third.¹¹

Why do digitally native vertical brands rely on real customer photos and videos to scale their marketing efforts?

User-generated content builds trust, increases conversion, amplifies the brand, and is an unlimited source of authentic content.¹²

V-commerce brands have a deep understanding of what inspires their community, and they curate user-generated content to further brand image and reach,
offer social proof for products, and welcome customers to engage with their brands.

3. ALTERNATIVE DISTRIBUTION METHODS

A third major trend that we’re seeing is a shift in retail distribution. In the past, e-commerce consisted mostly of retailers distributing other companies’ goods. However, the reality is that third party e-commerce companies today are forced to go head-to-head with Amazon, which has become increasingly fierce in leveraging its tremendous scale and cost advantage to offer the largest selection of low priced goods on the Internet.¹³

DNVBs have found an alternative route: direct-to-consumer (DTC) models that combine the growth of an e-commerce company with the controlled distribution of proprietary merchandisers. Across the e-commerce landscape, the DTC model is increasingly prevalent.

Direct-to-consumer sales will reach $16 billion by 2020—a massive increase from the $6.6 billion this channel generated in 2015.¹⁴

Investors have taken note, with 2015 and 2016 seeing the two largest direct-to-consumer funding deals ever. There were 64 financing rounds worth $708M in total.

For digitally native vertical brands, the e-commerce channel serves as an enablement layer, not the core asset. Take Harry’s, Dollar Shave Club, and Walker and Company as examples. By selling directly to consumers, these digitally native consumer packaged

---

![Number of Deals to Direct-to-Consumer Brands](chart.png)

This chart does not include direct-to-consumer food or beverage brands.¹⁵ — Source: CB Insights
goods brands are not only able to control their own distribution but are also able to better control their brand stories and relay messages directly to customers. As a result, they collect massive amounts of customer data that allows them to test and develop new products.¹⁶

Despite online and mobile sales’ continued growth, 94% of total retail sales still occur at brick-and-mortar stores.¹⁷ Nearly half of US shoppers still prefer to make purchases in-store rather than online.¹⁸

The importance of brick and mortar has not been lost on digital vertically integrated brands. As they mature, DNVBs more often than not extend offline: either through experiential physical retail or through exclusive partnerships.

However, these physical locations are deeply integrated with the overarching brand experience and their openings are heavily marketed with influencers, strategic content, and promotions.

Alo Yoga, founded in 2007, is one such brand. It was just this year that the company developed an offline presence and decided to open its flagship store in Beverly Hills. The 8,000 square foot location will house a yoga and fitness studio, kombucha on tap, and a lounge area—all very much on brand for the on-trend yoga retailer.¹⁹

4. INCREASED ENGAGEMENT ON SOCIAL MEDIA

Finally, digitally native brands place a tremendous amount of weight on community building through one-to-one marketing. Through strong presences on today’s leading social platforms, v-commerce brands bring their customer service and content to the platforms on which their customer base is active.

Bain Consulting found that 67% of consumers claim to use a company’s social media channel for customer service²⁰ and 72% expect a brand to respond within the hour.²¹ However, five out of six interactions go unanswered by the brand. When companies do engage and respond to customer service requests over social media, those customers spend 20% to 40% more money with the company than other customers do.²²

Digitally native brands attempt to stay highly engaged on social, but they go beyond the commerce transaction. They build digital experiences that customers can engage with and share their brand allegiance about. These experiences cater to Millennial and Gen Z customers in particular, who make up the majority of digitally native brands’ customer bases.

Millennials are the first generation to be truly open not only to receiving ads, but also to engaging and sharing them.²³ To optimize on this generational characteristic, digitally native brands do their best to reach out to these customers on social media and to encourage the creation of shareable content.
Take Instagram as a channel, for example. The average engagement rate per Instagram post stands at 0.8 percent.²⁴ However, the 25 digitally native vertical brands on this list have an average engagement rate 150% of that.²⁵

Conclusion

The rise of social media has opened the dialogue between people and brands. Retail is at a unique moment where brands can be scaled quickly thanks to technology but can still maintain a one-to-one connection that delivers an elevated customer experience.

Digitally native vertical brands have taken advantage of improved technology, social sharing, and shifts in consumer buying behavior to transform the future of retail.

But just like the vertical brands that shaped the era of offline retail (such as Zara, Ikea, and Gap), the digitally native vertical brands on this list will need to continue to watch for horizontal opportunities in order to succeed as the retail landscape continues to evolve.
Introducing the Top 25 Digitally Native Brands of 2018

The Top 25 Digitally Native Vertical Brands of 2018 are this year’s leaders in digital retail. On this list, you’ll find businesses that are redefining entire industries, bypassing antiquated supply chains, and developing cult-like social followings. Their focus on the customer experience is unparalleled, as evidenced by their high engagement rates, superior customer service, and levels of social activity.

Chronicled here are the digital exploits of the top v-commerce brands of 2018.
Alo Yoga

Unlike traditional Athletic Apparel companies such as PacSun and Sports Authority, that have most of their vertical orientation in brick and mortar, Alo Yoga's primary means of interacting with consumers happens online.

Founded in 2007, Alo Yoga built its brand on strong customer products and service. Its clothing is a big hit with social media stars and the brand hosts weekly and monthly Instagram giveaways as part of organized “challenges” to generate content from its pool of micro-influencers. Occasionally, Alo Yoga will partner with Instagram influencers such as Gypset Goddess on limited-time apparel collections. As a result, the brand's leggings have been seen on the likes of Gigi Hadid, Taylor Swift, Hailey Baldwin and more.

Just this year did the brand develop an offline presence and open its first flagship store in Beverly Hills. The 8,000 square foot shop features an organic coffee bar serving java, juice, and a relaxing rooftop deck ready for yoga classes. The brand plans on opening 20 stores in the U.S. over the next five years to scale awareness and sales.
Away Travel

Luggage isn't known for being particularly glamorous. Inflated margins in the industry are commonplace due to layers of licensing and wholesaling. Two Warby Parker alums sought to change that when they started Away.

Born from a desire for practical, quality luggage without a luxury price tag, Away created a simple and effective bag that narrowed in on customers’ needs. Away luggage gained immense popularity, in large part due to customer-delighting features such as a built-in phone-charger and a zipper designed to keep out of water and mud.

In 2016, the company opened its first brick-and-mortar location in SoHo. Away has raised over $11 million in venture capital funding from the likes of Jay Z, Andy Dunn (of Bonobos), and Brian Lee (of the Honest Company.)
Birchbox provides a solution for the customer who lacks the time and money to explore beauty brands at scale. In 2010, the year that it was founded, the company reported 1,200 subscribers. By 2016, it had gained more than a million subscribers.

The brand built its model by distributing new beauty products to subscribers, providing educational context around its products, and allowing subscribers to purchase full-size versions of their favorites on its e-commerce site. By leveraging customer data through reviews and feedback, Birchbox is able to personalize each subscription box while compiling massive amounts of customer data on each product.

In 2014, Birchbox opened its flagship location in New York City, bringing the entire Birchbox experience to life. In-store, customers can shop beauty, grooming, and lifestyle products; build their own Birchbox; receive hair, makeup, and nail services; and see live displays of user-generated content throughout the store.
Bonobos

Bonobos launched in 2007 to create pants with the perfect fit. The brand’s e-commerce experience is focused on helping men find a great fit and style while minimizing time and hassle. To do so, Bonobos’ online service representatives, Bonobos “ninjas,” are encouraged to take a liberal approach to customer service. The brand sees a direct correlation between customer service engagement and a person’s willingness to become a brand advocate.

Recognizing that people may want to touch and feel products before making a purchase, Bonobos introduced an innovative showroom called a "Guideshop." It provides a place for men to try on clothing with the help of an "in-store ninja," yet all purchases are done online. Today, there are over 30 Guideshops across the country.

In its 2012 exclusive deal with Nordstrom, Bonobos netted $14.6 million in cash and a presence in over 100 Nordstrom stores. In turn, Nordstrom saw the partnership as an opportunity to improve its own practices and to gain expertise on email marketing and online branding.
Casper Mattresses

There is an overwhelming number of brands and models of mattresses on the market. The $14 billion-dollar mattress industry was antiquated, and Casper was looking to redefine it. Casper’s business model took away the guesswork by creating one high-quality mattress at an affordable price and by giving buyers a 100-day trial period.

While most mattress brands have several models available, Casper decided to create one model. It simplified the choice for customers and took away much of buyer’s remorse. To improve the purchasing experience, Casper enables its mattresses to be delivered by traditional UPS service. If the customer decides that he or she does not like the mattress, Casper will pick it up and take it back for free within 100 days.

Customer feedback and testing plays an important role at Casper Labs. The company works with customers in its product-development process, including in testing prototypes. The tech aspect of its business allows it to forecast production materials and eliminate waste. With its direct-to-consumer model, Casper is able to be flexible with its cost structure and offer high-quality mattresses without sacrificing affordability.
Draper James

In the crowded field of celebrities-turned-entrepreneurs, Reese Witherspoon and her brand, Draper James, stand out. The vast majority of Draper James’ clothing and housewares is made in the United States.

Draper James’ goal is to bring itself to 100% domestic production. In particular, the brand is looking to partner with Southern artisans and designers. While many brands are focusing on high fashion in New York and overseas, Witherspoon decided to honor her Southern heritage and to build her line in a region that she saw as overlooked by the fashion industry.

Draper James launched online in 2015 and currently has two brick-and-mortar stores, one in Texas and the other in Tennessee. Its store openings have been described as “Instagrammable” and the stores themselves serve as extensions of the brand lifestyle.
Eloquii

In 2011, women’s clothing store The Limited launched plus size line Eloquii. When The Limited shut it down to focus on its core business a few years later, a handful of key members of the Eloquii team decided to take the brand and re-launch it.

With a target customer size of 14-24, Eloquii’s e-commerce site is filled with trend-forward clothing that most other plus size brands don’t offer its customers. Its expert fitter and CEO makes Eloquii’s focus about well-fitting, yet fashionable clothing.

Eloquii’s website community hub is filled with well-known fashion bloggers, industry events, and curated photos with the popular #XOQ hashtag from loyal Instagram fans.

In 2016, Eloquii closed a $15 million round of funding, enabling it to continue to focus on technology and marketing to grow its customer base.

<table>
<thead>
<tr>
<th>TOP DIGITALLY NATIVE VERTICAL BRAND</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>ELOQUII</td>
<td></td>
</tr>
<tr>
<td>INDUSTRY</td>
<td>Plus Size Clothing &amp; Apparel</td>
</tr>
<tr>
<td>DESCRIPTION</td>
<td>Online clothing store providing fashionable clothing and accessories for plus size women.</td>
</tr>
<tr>
<td>U.S. ALEXA RANK</td>
<td>20,286</td>
</tr>
<tr>
<td>MOZ RANK</td>
<td>4.85</td>
</tr>
</tbody>
</table>

**Eloquii**

In 2011, women’s clothing store The Limited launched plus size line Eloquii. When The Limited shut it down to focus on its core business a few years later, a handful of key members of the Eloquii team decided to take the brand and re-launch it.

With a target customer size of 14-24, Eloquii’s e-commerce site is filled with trend-forward clothing that most other plus size brands don’t offer its customers. Its expert fitter and CEO makes Eloquii’s focus about well-fitting, yet fashionable clothing.

Eloquii’s website community hub is filled with well-known fashion bloggers, industry events, and curated photos with the popular #XOQ hashtag from loyal Instagram fans.

In 2016, Eloquii closed a $15 million round of funding, enabling it to continue to focus on technology and marketing to grow its customer base.

**Eloquii**

In 2011, women’s clothing store The Limited launched plus size line Eloquii. When The Limited shut it down to focus on its core business a few years later, a handful of key members of the Eloquii team decided to take the brand and re-launch it.

With a target customer size of 14-24, Eloquii’s e-commerce site is filled with trend-forward clothing that most other plus size brands don’t offer its customers. Its expert fitter and CEO makes Eloquii’s focus about well-fitting, yet fashionable clothing.

Eloquii’s website community hub is filled with well-known fashion bloggers, industry events, and curated photos with the popular #XOQ hashtag from loyal Instagram fans.

In 2016, Eloquii closed a $15 million round of funding, enabling it to continue to focus on technology and marketing to grow its customer base.
Everlane

Everlane was founded in 2010 on the basis of customer transparency: the brand shares with its customers the exact amount that it costs to produce each of its products. When Everlane’s e-commerce site launched in 2011, each product page laid out the cost of materials and labor.

By cutting out the middleman (retailers and department stores) Everlane could reduce its margins and pass along its savings to consumers. Everlane displays its products’ traditional retail price alongside its actual cost manufacturing, to illustrate the brand’s commitment to producing affordable, well-made clothing.

Everlane’s prices continually adapt in response to the textile market, where the price of raw materials is in constant flux. Based on each year’s harvest and global demand, Everlane alters its prices.

Consumers today, especially millennials, prize transparency and are more likely to purchase from a company that they trust. Everlane exposes the extreme markups that come with many designer brands and builds relationships with customers based on good faith.
Glossier

Most major cosmetic and beauty brands have a presence in every department store. But, not Glossier. Glossier began as the online beauty blog Into The Gloss and gained a loyal following due to the expert, relevant advice from its writers and editors who tested other brands’ products.

In 2010, after years of testing top beauty brands and interviewing makeup icons, Glossier began building its own product line. The brand launched on Instagram as part of its online promotion strategy. It recruited existing Into The Gloss readers as brand evangelists and heavily engaged with followers on its Instagram and blog.

Sold entirely online, with the exception of a few recent pop-up stores, Glossier products have gained a cult following. In the summer of 2016, one of its newly released products (a brow pomade) had a 10,000-person waiting list. Glossier’s packaging begs to be photographed and the pink bubble-wrap bags that it uses for shipping have been copied by high-end designer Jimmy Choo.

In the two years since Glossier launched, the company has raised almost $10.4 million in venture capital financing and is on track to growing by several hundred percent in the next year.
Harry’s

Gillette and Schick have long dominated the men’s shaving industry and have held a century-long grip on the $17 billion men’s grooming category. Harry’s was launched to create a better-designed razor and shaving experience for a reasonable price.

Harry’s founders realized that the quality of razor blades is critically important so they contracted with German blade company, Feintechnik, for their first product launch in 2013.

Harry’s vintage style and competitive prices sent sales surging, giving the brand yet another challenge: keeping up with demand. The digitally native brand made a large bet and purchased Feintechnik for $100 million in 2014.

This year, Harry’s shave sets have started selling its best selling products in Target stores nationwide. Opting for great brand awareness, Harry’s will have four feet of shelf space next to Gillette.
Kopari

Kopari Beauty products are made of 100% organic coconut oil and leverage the natural benefits of coconut oil without sulfates, silicones, GMOs, and other harmful ingredients. Launched in 2015, the brand’s direct-to-consumer model allows it to harness digital and social media platforms to expand brand awareness and build a loyal network following.

As consumers increasingly demand products that are effective and environmentally friendly, Kopari stepped in to create cruelty-free products that are sustainably sourced from family farms in the Philippines. This transparency, bundled with Kopari’s direct-to-consumer presence and celebrity partnerships (including with Mila Kunis, Hillary Duff, and Karlie Kloss) has led the company’s growth.

Today, Kopari has expanded to national marketing partnerships with traditional retailers such as Sephora, Free People, and QVC. Kopari continues to grow in the US and abroad and will expand to nationwide brick-and-mortar locations this year.
M. Gemi

Handcrafted Italian leather shoes are well known for their impeccable quality and prohibitively high prices. Launched in 2015, M.Gemi’s shoes have developed a loyal fan base of women, with the average customer buying four pairs of shoes a year.

The brand works with small, family-run Italian cobblers—many of whom have been abandoned by luxury retailers in favor of cheaper Asian manufacturers. By undercutting traditional retail channels and excising middlemen, the brand is able to lose the luxury price tag often attributed to Italian shoes.

M.Gemi has opened several pop-up stores and has found that customers who have had positive in-store experiences eventually spend more online and return fewer products than digital-only customers.

This year, the brand plans to open a brick and mortar store in Boston and launch its men’s shoe collection.
MM.LaFleur

MM.LaFleur was launched in 2013 to create luxury clothing for women who don’t want to sacrifice fashion for the sake of business. Providing a line of versatile pieces that appeal to style and practicality, MM.LaFleur’s clothing has sophisticated silhouettes and inventive design details.

MM. LaFleur offers an alternative to brick-and-mortar with its Bento Box, curated and shipped to customers so that they can touch and feel a selection of products in the practicality of their home. After a customer’s initial introduction through a Bento, she can request further boxes to sample more products or shop directly from the MM.LaFleur website.

MM.LaFleur is on track to bringing in $30 million in revenue this year. The brand plans to expand its clothing line and is preparing to open a showroom in Washington D.C.
Morphe Cosmetics

Founded in 2009, Morphe Cosmetics recognized the power of digital advertising and influencers early on. By leveraging the reach and influence of industry voices, the brand quickly expanded its audience far beyond its core line of makeup brushes. Yet its professional quality brushes, which are sold at an affordable price, have won the loyalty of many customers.

Working with social-media influencers such as Jaclyn Hill, Kathleen Lights, and Jeffree Star, the brand drives sales and product awareness through multiple digital media platforms. Morphe has partnered with influencers to create new palette lines and makeup brushes that increase brand visibility. The brand offers promotions on visual channels such as Instagram, Pinterest, and YouTube.

Morphe’s popularity on Instagram led to a unique partnership with Ricky’s NYC. In 2015, Ricky’s launched its # (pronounced hashtag) store in Manhattan with a desire to showcase brands that were thriving on social media. Morphe Cosmetics also has a brick-and-mortar location in Burbank, California.
MVMT Watches

Founded in 2013, MVMT wanted to create watches that were both stylish and affordable. The brand rapidly gained fan support through its crowd funding initiatives and created brand awareness through massive amounts of engagement on social media.

The year MVMT launched, it was the second-most funded fashion brand on Indiegogo and generated over $1 million in revenue. A core part of the brand’s success is the result of its online branding. Unlike traditional watch brands, which tend to market to retailers and wholesalers, MVMT markets directly to customers. Early on, MVMT’s marketing spend focused on building a strong Instagram strategy and working with social influencers. The brand continues to create content and leverage real customer photos and videos on social media to create marketing buzz.

The company’s digital marketing efforts led it to enormous growth. By building the brand online, MVMT was able to allow for better profit margins and to reinvest savings back into the company. The company has since sold over 500,000 watches and it generated over $30 million in revenue in 2015. This year, MVMT is expanding its product line into eyewear.
Outdoor Voices brings a low-key approach to athletic wear. Its motto: "Doing Things" is a less competitive take on other athletic brands’ call to actions. Outdoor Voices aims to provide clothing that’s comfortable and practical for both working out and just hanging around.

Outdoor Voices’ social media presence has had a huge impact on its success. Since its launch in 2015, the business has grown 30% month-over-month. Its CEO attributes the brand’s growth to word-of-mouth marketing. Outdoor Voices has worked with celebrity influencers of the likes of Gwyneth Paltrow, Allison Williams, and Lena Dunham—and has also partnered with the founder of Man Repeller on a collection that sold out within three days.

After a brief collaboration with J. Crew, Outdoor Voices opened physical locations in New York, Austin, and Dallas.
Parachute

Home textile is a $26 billion industry, but comfort and high quality bedding without the luxury price tag is rare. Parachute was founded in 2014 to offer fine linen made out of the highest quality organic materials.

As more and more consumers express concern about the synthetic finishes that most mass bedding contain, Parachute developed sheets that leave out dyes and that are Oeko-Tex certified—an ever higher grade than organic.

The brand works directly with its Italian and Portuguese manufacturers so that it can maintain control and offer its customers price transparency. This also allows Parachute to quickly iterate its products based on feedback from its customer base—whether that is a request for a new color or different bundles of sheets.

Parachute’s adaptability to the wants and needs of its customers is a big piece of its success. The brand offers free shipping and free returns as well as a 30-day no-questions-asked trial on all of its products.

Parachute has seen a 4x year-over-year growth rate and a 40% repeat customer rate. Next year the brand plans to expand its collections, partner with hotels, and add additional retail space.
Perverse Sunglasses

Perverse recognized the giant gap between high-end and low-end sunglasses and saw an opportunity to step in and fill the void. With 15 years of experience turning NYX cosmetics into an affordable alternative to professional makeup and beauty products, Perverse founder, Toni Ko, wanted to shake up the sunglasses industry.

Perverse launched in 2016 and its bold colors and quirky frames quickly gained immense popularity. The brand even became the official eyewear sponsor of the Coachella music festival. A favorite among celebrities such as Kate Hudson and Kendall Jenner, Perverse Sunglasses nevertheless remains affordable for the average consumer.

In addition to filling the gap in the eyewear market with affordable and attractive sunglasses, Perverse prizes social responsibility. It follows a 1:1:1 ratio and contributes 1% each of its net sales, time, and inventory to charitable clauses.

Through select partnerships with Ulta and Nordstrom, Perverse Sunglasses can be found at a handful of select retailers. The brand opened its first brick and mortar store in Los Angeles this year and is hoping to open 125 more stores across the country.
Quay Australia

Sunglasses have become a popular accessory, but consumers want quality and fashion without the price tag that comes with many designer brands. Born on a festival circuit in 2004, Quay Australia launched online in 2009. Today, Quay sunglasses are not only sold online, but they are also available in over 35 countries and 2000 retailers worldwide.

Quay has a large and engaged social following that includes celebrity influencers from the Kardashians to Beyoncé. The brand has also collaborated on sold-out collections with both Too-Faced Cosmetics and YouTuber and makeup artist, Desi Perkins.

Quay has its own factory in Australia that is committed to adhering to the highest international regulations. Consumers today prioritize companies that are socially conscious and are committed to fair treatment of workers. Quay combines craftsmanship and fashion with ethical manufacturing while still bringing attractive sunglasses to the consumer at a comparatively low price.
Rockets of Awesome

Curated boxes of clothing aren’t just for grown ups. Rockets of Awesome aims to disrupt the kids’ clothing market while saving parents both time and energy with a seasonal subscription box. Kids are constantly outgrowing their clothes, so Rockets of Awesome delivers 12 pieces of clothing, four times a year.

Launched in 2015, Rockets of Awesome curates boxes based on data from customer buying patterns and kids’ style preferences. The brand enables kids to try on clothes at home, and with free shipping both ways, makes shopping for kids’ clothing significantly easier.

Rockets of Awesome delivers a personal shopping service, with its own vertical brand designed and produced in-house.

Since its launch, the kids’ clothing subscription service has shipped more 100,000 units, and, as of this year, there is a waiting list of over 3,000 prospective members.
Rothy’s Footwear uses water bottles, carbon-free recycled rubber, and recyclable foam to create fashionable and comfortable women’s shoes.

In the footwear industry, there is a tremendous amount of overproduction due to the many different sizes and styles that make it difficult to gauge demand. To combat this, Rothy’s uses a 3-D knitting process that eliminates waste. Its products have an environmental sensitivity that appeals to today’s consumers.

As an added customer service bonus, if and when Rothy’s shoes do finally wear out, the brand set up a program that enables customers to send their old shoes to be recycled again, free of charge.
SAXX Underwear

Men’s underwear has gone decades without innovation. Launched in 2006, SAXX sought to change that by designing patented underwear tailored for an active lifestyle. With its unique designs and innovative technology, SAXX not only built a product that is both highly functional and comfortable but also created a compelling lifestyle brand in the process.

Much of the company’s success ties back to its fan base. By leveraging word-of-mouth and micro-influencers, SAXX encourages its customers to share about the brand online. The brand also partners with several influential athletes, including Jake Arrieta, Mark Healey, and Kevin Love (the latter of whom the brand launched a signature underwear collection with).

SAXX’s revenue has grown 250% over the last two years and has become one of the fastest growing brands of men’s underwear in North America. Recently, the brand began shipping internationally and its underwear are currently available in a handful of Nordstrom stores.
Stance Socks

Stance Socks was founded in 2009 to transform socks from a boring wardrobe basic into something unique and fresh. The brand is focused on individuality and self-expression and its marketing campaigns give authentic voices a place to express themselves.

Stance has successfully cultivated partnerships with celebrity musicians and athletes alike, growing brand awareness and creating social proof for the brand. Stance also leverages micro-influencers to help build brand loyalty and reach.

Today, Stance partners with retailers such as Nordstrom, Macys, REI and the NBA Store and plans to expand its product offering to include underwear this year. Stance will also launch its “canvas” platform, which will allow fans to customize their own socks.

INDUSTRY Fashion Accessories
DESCRIPTION High quality sock brand that prizes expression and individuality.
U.S. ALEXA RANK 13,245
MOZ RANK 5.47
Finding a bra that is cute, comfortable, and provides the necessary support is a challenge for women, many of whom have no idea of their true bra size. Purchasing bras online can be especially difficult since the fit changes across both brand and style. ThirdLove stepped in with carefully designed bras, a try-before-you buy option, and an at-home sizing app to help women find their perfect fit.

While ThirdLove began as a bra-sizing app, its CEO soon realized that the bras themselves were the problem. After several years of raising capital, ThirdLove began to design bras that come in half-sizes. By bringing together cutting-edge imaging technology, big data analytics, and logistics and supply management, the company was able to more accurately predict demand.

In 2015, ThirdLove began selling its bras online and, within a year, the company was shipping approximately 50,000 bras a month. While ThirdLove primarily sells online, it has also partnered with offline retailers such as Bloomingdales and Nordstrom to boost its brand exposure.
### Top Digitally Native Vertical Brand

**Warby Parker**  
*eyewear*

<table>
<thead>
<tr>
<th>Industry</th>
<th>Fashion Accessories</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description</td>
<td>Eyewear company providing vintage-inspired frames at affordable prices, with the ease of at-home try-ons.</td>
</tr>
<tr>
<td>U.S. Alexa Rank</td>
<td>2,946</td>
</tr>
<tr>
<td>Moz Rank</td>
<td>5.38</td>
</tr>
</tbody>
</table>

---

**Warby Parker**

Warby Parker positioned its eyeglasses as an accessory, offering the ease of online shopping with at-home and virtual try-ons. It challenged the traditional eyewear industry, dominated by large companies, such as Luxottica, by bypassing retailers and middlemen who mark up lens prices 3-5x. Warby Parker passed these savings along to the consumer.

Maniacally focused on the customer service, the company ships glasses for free and allows users to try on multiple pairs with free shipping. Warby Parker also makes it its mission to give back: for every pair of glasses purchased, it donates a pair to someone in need.

Warby Parker has opened over 30 brick and mortar locations with mirrored-layouts and sales associates armed with tablets so that customers have an equally as great in-store experience as an online store.
About Pixlee

Powered by the belief that customer stories are the most powerful way to articulate the value of a product or service, Pixlee helps brands market and sell with real customer photos and videos.

The company works with more than 150 brands such as Kenneth Cole, Gaiam, Levi Strauss and Kimpton Hotels & Restaurants to develop a more authentic marketing experience and create stronger relationships with their most passionate customers.

If you want to learn more about Pixlee can help incorporate user-generated content into your marketing, REQUEST A DEMO today to speak to one of our specialists.

Pixlee’s visual marketing platform curates customer-generated content in real-time, manages permission rights and easily integrates the content directly into multi-channel browsing and shopping experiences.

The company’s approach has proven to impact sales profoundly: Shoppers that engage with Pixlee-managed content on a brand’s website are, on average, 2x more likely to make a purchase.

Pixlee is headquartered in San Francisco with offices in New York and Toronto.

Use Customer Stories to Market to Millennials

REQUEST A FREE DEMO