Rise Of The Microbrands

Every big brand started as a microbrand...

April, 2019
death by a thousand paper cuts
the new brand paradigm:
the rise of the microbrands
The New Brand Paradigm

The Evolution of DTC

“DTCVA”
= Direct-to-consumer- via-Amazon

Rise of The Microbrands

Consumers care less about traditional brands and more about what other consumers say about products

The New Paradigm

The microbrand co-branded with the Prime logo

Important: Microbrands may start on Amazon, but can quickly grow into other channels like Shopify, Ebay, Walmart, Etsy & physical wholesale
two thirds of Amazon’s sales come from microbrands
FBA is powering microbrands - and Amazon’s growth

- The explosion of high growth microbrands is powering Amazon’s overall growth
- 68% of AMZN unit volume is now FBA
  - Up from 40% in 2015
- TAM = $250B+ GMV
- FBA provides microbrands max operating leverage

FBA = AWS for retail
the rebel alliance

vs

the death star
follow the money
The international opportunity

- 80% of AMZN’s growth will come from int’l expansion 2019-2023.
- 101 founded & structured with int’l in mind:
  - acquired entities in UK & Germany;
  - hired experienced EU seller to run int’l.

13 marketplaces
175 fulfillment centers
Loyal AMZN customers in 180+ countries
one last thought...
every big brand started
as a microbrand
thank you

richard jalichandra
rj@101-commerce.com
appendix
### The DTCVA model vs traditional ecommerce

<table>
<thead>
<tr>
<th></th>
<th>Traditional Ecommerce</th>
<th>DTCVA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic Traffic</td>
<td>Must generate own</td>
<td>200m consumers</td>
</tr>
<tr>
<td>CAC</td>
<td>Likely 10-40%</td>
<td>15%</td>
</tr>
<tr>
<td>Conversion Rate</td>
<td>2-3%</td>
<td>35%</td>
</tr>
<tr>
<td>Customer Experience</td>
<td>Paid: 2-10 days</td>
<td>2-day free shipping</td>
</tr>
<tr>
<td>Fulfillment &amp; Shipping</td>
<td>$2.50 - $10 / order</td>
<td>13-18%</td>
</tr>
<tr>
<td>Credit Card Fees</td>
<td>2%</td>
<td>Free</td>
</tr>
<tr>
<td>Advertising</td>
<td>Multiple systems</td>
<td>Fully integrated</td>
</tr>
<tr>
<td>Customer Service</td>
<td>Multiple systems</td>
<td>Fully integrated</td>
</tr>
</tbody>
</table>