

Building Direct-to-Consumer Capabilities in India: A Qualitative Study of Strategy, Scale, and Acquisition

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Abstract

Direct-to-consumer (D2C) brands have become central to India's consumer economy, reshaping how firms build brand equity, collect consumer data, and compete across digital and physical channels. Recent estimates place India's D2C market in the US\$10–12 billion range in FY26, with forecasts toward US\$60 billion by 2030, while Tier 2 and Tier 3 cities now account for a large share of new orders. At the same time, large FMCG firms are increasingly acquiring D2C brands to enter premium categories, access younger consumers, and obtain digital-first capabilities more quickly than they could build internally. This qualitative study draws on journal articles, annual reports, corporate press releases, and media coverage to examine how Indian D2C brands such as Minimalist, Wakefit, and Yoga Bar have scaled, and why incumbents are buying them. The paper argues that D2C should be understood as an organisational capability system rather than a simple sales channel, and that the current Indian market is entering a consolidation phase in which successful D2C brands are becoming strategic acquisition targets.

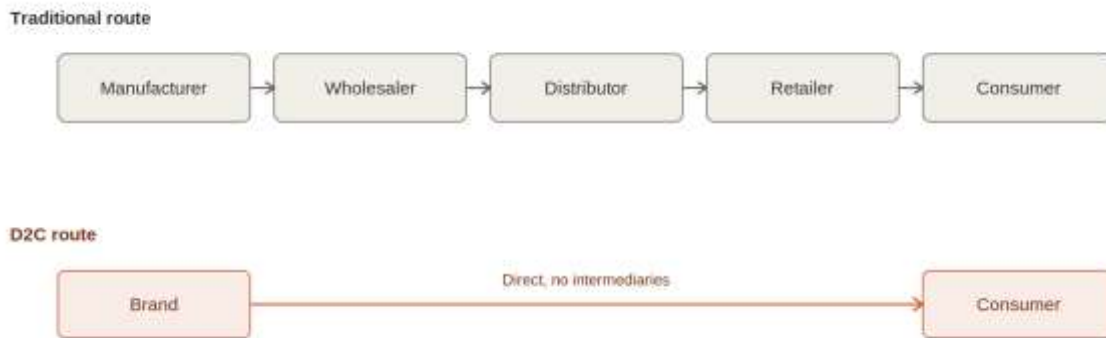
Keywords: D2C, India, FMCG acquisition, Minimalist, Wakefit, Yoga Bar, marketing strategy, qualitative study

Introduction

The direct-to-consumer model has moved from being a niche digital strategy to a major force in Indian consumer markets. D2C allows brands to interact directly with end customers, manage the customer experience, and collect first-party data without relying entirely on intermediaries. In India, the model has been especially visible in beauty, nutrition, home, and lifestyle, where digitally native firms can build trust quickly and scale through content, performance marketing, and community-driven branding. This paper examines D2C as a strategic transformation in India and asks: How do Indian D2C brands build scale, and why are large FMCG firms acquiring them? The question is timely because the Indian D2C ecosystem is entering a consolidation phase in which acquisitions, omnichannel expansion, and portfolio renewal are becoming central.

Figure 1

Traditional vs D2C Business Model



Note. This figure shows the traditional route from manufacturer to wholesaler, distributor, retailer, and consumer, alongside the shorter D2C route from brand to consumer. The figure is original and created for this paper (Schacker & Stanoevska-Slabeva, 2023).

Figure 2

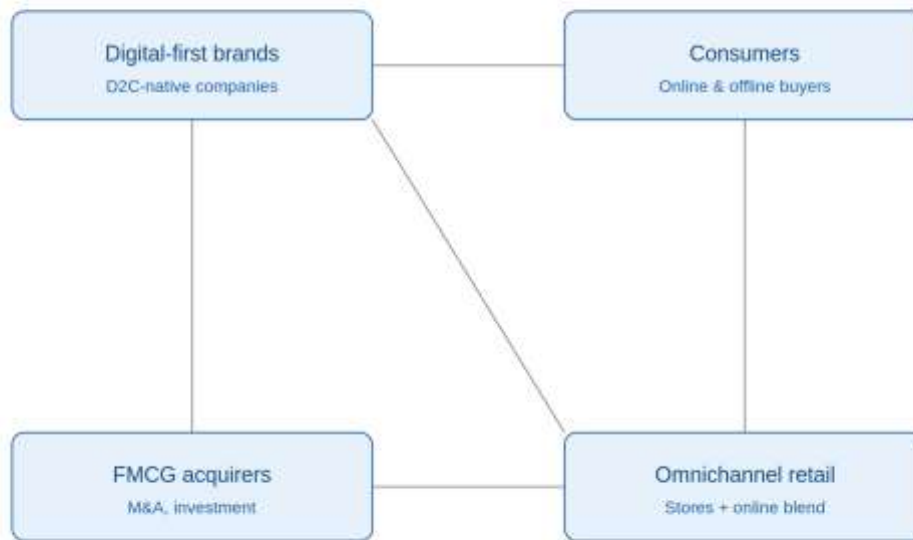
D2C Customer Journey



Note. This figure shows the journey from discovery to consideration, direct purchase, and retention, with a referral loop back to awareness. The figure is original and created for this paper.

Figure 3

India D2C Ecosystem



Note. This figure shows the interaction among digital-first brands, consumers, FMCG acquirers, and omnichannel retail. The figure is original and created for this paper.

The figures above help frame D2C as a structural shift in market design rather than only a digital commerce tactic. Figure 1 shows how the traditional channel passes through intermediaries, while D2C creates a shorter path between brand and consumer. Figure 2 illustrates the customer journey from discovery to retention. Figure 3 captures the Indian ecosystem connecting digital-first brands, consumers, FMCG acquirers, and omnichannel retail.

Literature Review

Direct-to-consumer (D2C) strategy has emerged as one of the most significant developments in contemporary consumer marketing because it enables brands to interact directly with end customers, control the brand experience, and collect first-party consumer data. In the academic literature, D2C is increasingly treated not as a narrow e-commerce tactic but as a strategic business model that reshapes channel structure, organisational capabilities, and customer relationships. This is particularly relevant in India, where digital adoption, changing consumer expectations, and the rise of digitally native brands have made D2C a major growth route across beauty, wellness, food, electronics, and lifestyle.

A key stream of research frames D2C through dynamic capabilities theory. This perspective argues that firms must sense opportunities, seize them through investment and execution, and reconfigure internal resources to remain competitive (Teece, 2007; Eisenhardt & Martin, 2000). Studies of manufacturers' own D2C brands show that success depends on capability building rather than simply opening a direct sales channel (Lienhard, 2022). Similarly, work on established consumer goods manufacturers identifies four core prerequisites for D2C adoption: commitment, capabilities, customer transformation management, and culture (Lienhard, Schögel, & Boppart, 2021). These findings are useful for the Indian context because they explain why some brands scale quickly while others struggle to move from digital experimentation to sustainable direct-channel growth.

Recent empirical work also demonstrates that D2C affects consumer behavior through loyalty and perceived value. Mu and Yi's (2024) study shows that cost-effectiveness and social media marketing directly and positively influence consumer loyalty, while product attributes and multi-channel integration contribute indirectly through perceived emotional value. Another recent study on digital D2C versus multi-brand operations suggests that consumers choose brand-owned webstores when they perceive stronger trust, convenience, or value relative to other channels, particularly for categories with deep assortments, extensive product information needs, or a high degree of personalization (Kalayci,

Becker, & Barrot, 2024). Together, these studies show that direct selling succeeds when the brand can create a compelling reason for consumers to buy directly rather than through a marketplace or retailer.

The Indian D2C market has expanded rapidly. Industry reports suggest that the sector was around US\$10–12 billion in FY26 and may grow toward US\$60 billion by 2030, while earlier reports projected similar scale by FY27 depending on market definition (Shiprocket, CII, & Praxis Global Alliance, 2022; Unicommerce, 2026). Statista and related summaries also note that the number of D2C brands in India has climbed sharply (Statista, 2024). A notable recent trend is that Tier 2 and Tier 3 cities are now driving a large share of new demand, accounting for roughly 66% of new orders in FY26 (Unicommerce, 2026). This is important because it shows that Indian D2C is no longer limited to metro consumers; the model is now expanding into smaller cities where digital adoption and aspirational consumption are both rising.

Minimalist illustrates how a premium D2C brand can scale by combining transparency, efficacy, and science-led branding. In 2025, HUL announced the acquisition of a 90.5% stake in Minimalist at a valuation of around INR 2,955 crore (Hindustan Unilever Limited, 2025). Yoga Bar provides another relevant example: ITC announced its plan to acquire the healthy snacking brand Sproutlife Foods to strengthen its presence in nutrition-led products, beginning with a 47.5% stake and moving toward full ownership over several years (ITC Limited, 2023). Wakefit demonstrates how D2C can work in a high-consideration category such as mattresses and home furnishings, with growth supported by product education and omnichannel expansion.

The literature and market evidence suggest five major reasons why FMCG companies are acquiring D2C brands. First, they seek faster access to high-growth or premium categories such as skincare, healthy foods, and wellness. Second, they want direct consumer insight and first-party data. Third, they value brand freshness and authenticity, especially when targeting younger consumers. Fourth, they want digital and community-building capabilities that are difficult to build quickly inside legacy organizations. Fifth, they can use their scale, distribution, sourcing, and operational strengths to accelerate the acquired brand's next phase of growth.

The literature still leaves several gaps. First, more research is needed on the internal processes through which Indian D2C brands move from founder-led growth to scalable organizations. Second, the relationship between direct-channel capability and acquisition readiness is still underexplored. Third, there is limited qualitative work integrating journal evidence with annual reports, press releases, and current media coverage to explain the Indian D2C ecosystem holistically. These gaps justify a qualitative study that combines academic and industry sources to understand how D2C brands scale and why incumbents buy them.

Methodology

This study uses a qualitative, case-based design (Eisenhardt, 1989; Eisenhardt & Graebner, 2007). The objective is to explain how Indian D2C brands build scale and how FMCG incumbents respond strategically, not to estimate a statistical causal effect. The study draws on journal articles, company reports, press releases, and media coverage to build a triangulated understanding of the phenomenon.

The cases are selected purposively from Indian D2C brands across beauty, home, and nutrition categories, with particular focus on Minimalist, Wakefit, and Yoga Bar. The analysis uses thematic coding to identify recurring patterns around consumer insight, brand differentiation, omnichannel execution, and acquisition logic. Cross-case comparison is then used to distinguish category-specific strategies and common scaling mechanisms.

Findings and Discussion

One of the most consistent findings across the literature and Indian market examples is that D2C success depends on trust creation. Minimalist built trust through ingredient transparency and science-led positioning, Yoga Bar through health credibility, and Wakefit through product education and customer reassurance. In all three cases, the brand created a clear reason for consumers to buy direct rather than through a marketplace or retailer.

A second pattern is that successful Indian D2C brands tend to become omnichannel over time. Digital-first growth remains important, but offline stores, experience centres, or retail partnerships often become necessary to reduce

uncertainty and improve conversion, especially in higher-consideration categories such as home and furnishings. This confirms the argument in the literature that D2C is not a pure digital model but a broader market architecture (Schacker & Stanoevska-Slabeva, 2023).

A third finding is that acquisition often follows successful D2C scaling rather than replacing it. HUL's acquisition of Minimalist and ITC's phased move into Yoga Bar show that once a D2C brand establishes category credibility, it can become a highly strategic asset for large FMCG firms. The acquisition era in India therefore reflects not the failure of D2C, but its success in creating attractive brands that incumbents want to own.

For FMCG firms, acquiring D2C brands offers faster entry into premium, health-led, and youthful segments. It also provides direct consumer data and digital expertise that legacy firms often lack. At the same time, the acquisition strategy only works if the incumbent preserves the acquired brand's authenticity and does not dilute the qualities that made it attractive in the first place.

Conclusion

The Indian D2C market is moving into a new phase characterized by growth beyond metros, rising omnichannel complexity, and acquisition-led consolidation. Minimalist, Wakefit, and Yoga Bar illustrate three distinct paths to scale: premium transparency, category education, and health-led differentiation. Large FMCG firms are acquiring these brands because they offer access to premium categories, consumer insight, and digital capability that is difficult to build quickly in-house.

For marketing scholars, the paper shows that D2C in India is best understood as a capability system, not just a sales channel. For managers, it suggests that brands must build trust, manage omnichannel execution, and create a strategic identity that remains attractive both to consumers and to potential acquirers.

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