

Case Study #2

AMAZON AS A SOURCE OF GROWTH

NATIVE



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DISCLAIMER

This business case study has been independently researched and created for educational purposes only.

No Affiliation: I am not affiliated with Native or any of its subsidiaries.

No Endorsement: This analysis is not endorsed, authorized, or sponsored by Native in any way.

Educational Intent: The content is intended solely to provide insights into ecommerce strategies and trends and does not represent consulting, advice, or an official recommendation for Native or any other organization.

Sources: All information presented here is based on publicly available data and independent research.

PURPOSE OF THIS BUSINESS CASE

The purpose of this business case is to provide a brief overview of Native distribution strategy, highlighting key tactics, challenges, and opportunities that have shaped the brand's success, as well as ideas for improvement and optimization. This case aims to offer valuable, educational insights for businesses looking to improve their own digital retail strategies.

However, it's important to note that this analysis is based on publicly available data, as Native internal information was not accessible. As such, the conclusions drawn here are speculative and should be considered as general observations rather than specific, data-driven advice. The purpose is educational, intended to inspire ideas and discussions around ecommerce innovation, not to represent Native internal strategies.

— WHY NATIVE ?

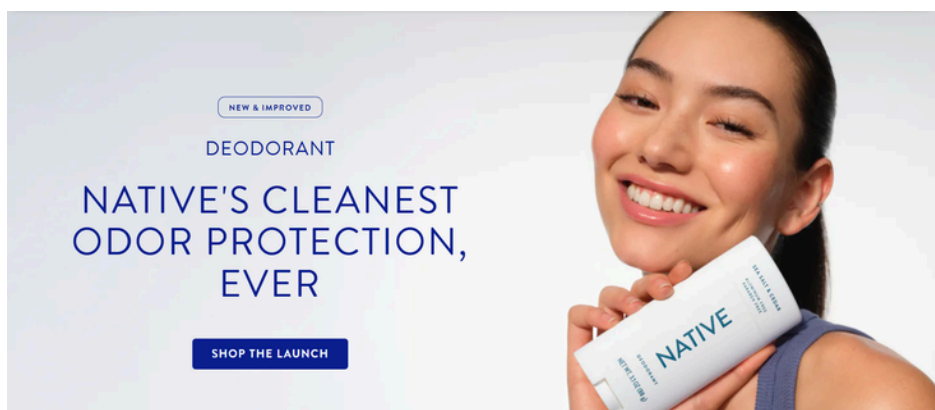
I chose to write a business case on Native for several reasons. First, and just like the company I chose for the first case study, I am myself one of their customers. I have experienced the brand from the customers point of view, across multiple channels. Working in the ecommerce space, I couldn't help but notice important aspects of my customer journey.

Second, I believe the brand story is a textbook example of ecommerce success, the kind of story millions of entrepreneurs dream of achieving. Inspiring stories are always more fun to write about.

Finally, I think it is important to understand that expanding from DTC-only to marketplaces and starting on a marketplace before going DTC are two completely different strategies, and not interchangeable. However, expanding from DTC to Amazon presents unique challenges that Native had to deal with.

ABOUT THE COMPANY

Native Deodorant is a leading natural personal care brand specializing in aluminum-free, paraben-free, and cruelty-free deodorants, with an expanding lineup that includes body wash, shampoo, conditioner, toothpaste, and whole-body deodorants.



nativecos.com homepage

Founded in 2015 by Moiz Ali in San Francisco, Native focuses on simple, transparent ingredients (such as coconut oil, shea butter, baking soda, and tapioca starch) to deliver effective, everyday personal care without harsh chemicals.

The brand stands out with its fun, uncommon scents (Coconut & Vanilla remains the bestseller), while maintaining vegan formulas and a cruelty-free culture.

The brand tone is lighthearted and relatable, positioning Native as an accessible alternative to traditional deodorants from big players like Secret or Old Spice.

WHY DTC MADE SENSE INITIALLY

Deodorant does not sound like the most exciting product to sell if I am being honest. However, Native was able to turn it into more than just a commodity, by selling a proposition that required a direct relationship with the customer to land properly.

Clean ingredients, uncommon scents, a brand tone built on trust and transparency. Interesting, but not the easiest thing to sell on a retail shelf where the product sits next to Degree and Old Spice with half a second to make an impression. Selling online through their own DTC channel gave Native the space to tell its story, control the customer experience, and charge a premium due to the product's unique positioning.

In terms of economics, we can imagine that CAC was the main challenge for the brand, competing not only with Amazon, but also with the shelves at customers' local grocery stores. On the other hand, personal care is a high-frequency, habitual category: once a customer converts, they repurchase with minimal prompting. That purchase frequency and habit is where the value comes from, through LTV and higher margins.

Native could build a subscription base, own the customer relationship, and capture the full margin without splitting it with a retailer. For an early-stage brand with a differentiated product and a compelling brand story, DTC was the highest-value channel available if the brand could offset the CAC.

My Channel Alignment & Strategy Model across 49 criteria confirms what the fundamentals suggest.

I would like to highlight here two specific criteria that show why DTC was the best starting point for a brand built on Native's model, especially compared to marketplaces.

CUSTOMER LTV POTENTIAL

RELEVANCE 9 / 10 STRATEGIC FIT · HIGHEST WEIGHTED CRITERION



1.7× Amazon

DTC SCORE ADVANTAGE ON LIFETIME VALUE CAPTURE

DATA OWNERSHIP

RELEVANCE 4 / 10 STRATEGIC FIT · COMPOUNDING ADVANTAGE



5.0× Amazon

DTC SCORE ADVANTAGE ON FIRST-PARTY DATA ACCESS

Customer LTV Potential

One of the highest-weighted criterion in the model with a high relevance scores DTC at 4.13 versus Amazon's 2.48. The gap reflects a structural reality: subscription economics compound a lot more through owned channels.

A customer acquired on Amazon buys at reduced margin, could be more tempted to buy from the competition, or may repurchase at a higher CAC if they click on sponsored listings for example. A customer acquired through DTC enters a relationship that Native controls, prices, and can more easily extend over time. For a consumable product in a category with high brand loyalty potential, that difference is key.

Data Ownership

Although weighted more modestly, data ownership remains a very important part of the equation. DTC scores 5× Amazon on this criterion, not because the data is more accurate, but because it exists at all.

Every DTC transaction produced a named customer, a purchase history, and a direct communication channel. That 1P data is necessary when building a relationship with the customer in attempt to maximize the LTV.

By the time Native was ready to scale beyond its core audience and main channel, it could make decisions based on hard data and facts. Amazon and other large marketplaces, on the other hand, return a transaction, not a customer.

THE ADVANTAGES OF AMAZON

DTC was the right starting point. However, after a few years, I assume Native had a different problem: the brand hit a ceiling. Growth through owned channels is structurally limited. You can only reach the customers who are already looking for you. Scaling beyond that audience requires either expensive paid acquisition (which sees diminishing returns) or access to a platform that brings the traffic. I believe this is why the brand started to look at Amazon. Let's also remember that Amazon in 2017 was even more favorable to brands like Native, as the competition was much weaker than today.

Again, a channel fit analysis through my model helps us understand this choice. Amazon scores below DTC on five of the model's six categories. At a first glance, this is an inferior choice. But on the criteria that matter for a brand ready to expand reach, it leads clearly.

FULLFILLMENT & LOGISTICS – CATEGORY SCORE

AMAZON'S ONLY CATEGORY WIN

17% OF TOTAL MODEL WEIGHT · AMAZON 8.11 VS DTC 3.89



Amazon's fulfillment score here shows the advantages of FBA or even 1P for small, light, high-frequency products with simple reverse logistics.

Fulfillment and Logistics

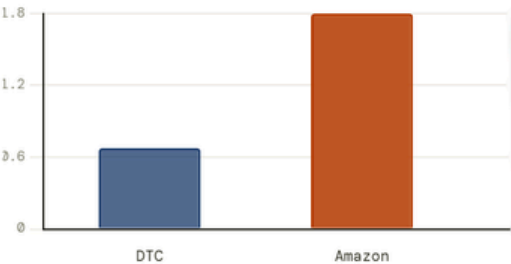
Fulfillment and logistics is Amazon's top (and only) category win, but it is a large one. My model gives it a 8.11 versus 3.89 for DTC. Deodorant is a well-positioned product for Amazon (FBA but also 1P. I don't know if Native went directly 1P or if they started with FBA): small, light, high purchase frequency, minimal return rate. These characteristics make its economics attractive. Native could also offload the physical complexity of shipping millions of small parcels and redirect these resources toward brand and product.

Financials

CAC EFFICIENCY

RELEVANCE 8 / 10

FINANCIAL FIT · DISCOVERY COST



Amazon acquires at lower cost, the traffic already exists

The financial argument comes from two criteria. First, CAC efficiency due to Amazon's existing traffic (about half of total US ecommerce traffic at its peak), and pre-paid by the platform itself (or at least it was at the time of Native move to Amazon). A customer searching "natural deodorant" on Amazon may cost Native a few contribution margin points, but the CAC is most likely lower than via DTC.

DIFFICULTY TO GENERATE ORGANIC

RELEVANCE 4 / 10

FINANCIAL FIT · TRAFFIC DEPENDENCY



DTC organic traffic is difficult to generate, Amazon removes that limitation

Generating organic DTC traffic at scale is costly, and Amazon makes it much easier. That difference means every incremental DTC customer beyond a certain threshold comes at a higher cost, while expanding to Amazon allows the company to go past this threshold.

Amazon was not chosen because it was the best fit for the brand. It was chosen because it solved some constraints of pure DTC: reach, fulfillment scale, and discovery efficiency. All this without requiring Native to rebuild its brand identity around a new channel, or to drastically alter their value proposition or product.

Sponsored	Overall Pick	Best Seller	Best Seller
Dr. Squatch Natural Men's Deodorant – Aluminum Free Natural Deodorant Men with... 4.4 ★★★★★ (5.5K) 1K+ bought in past month Limited time deal	Native Deodorant Contains Naturally Derived Ingredients, 72 Hour Odor Control ... 4.4 ★★★★★ (130.7K) 30K+ bought in past month \$13⁹⁷ (\$5.27/ounce) Save 50% on 1 when you buy 2	Native Deodorant Natural Deodorant for Men, Aluminum Free with Baking Soda,... 4.4 ★★★★★ (130.7K) 20K+ bought in past month \$13⁹⁷ (\$5.27/ounce) Save 50% on 1 when you buy 2	Native Deodorant, Unscented, Aluminum Free, Paraben Free, 2.65 OZ (75 g), Coconut Oil... 4.4 ★★★★★ (130.7K) 10K+ bought in past month \$13⁹⁷ (\$5.27/ounce) Join Prime to get FREE delivery

Top Amazon results for “Natural deodorant”

A STORY OF TWO CUSTOMERS

We can see Native's expansion via Amazon as a trade-off, basically gaining reach in exchange for margin and brand control. That view would be too simplistic. Native's customers on Amazon are not one single group of people. Two meaningfully different buyer types exist within it, and treating them as one would be a strategic mistake.

Amazon customers are not a monolith

The first segment is the search-driven buyer. Price-sensitive, cares about reviews, no awareness of Native before typing "natural deodorant" in Amazon's search bar. This buyer would never organically visit Native's DTC site, and very unlikely even through expensive traffic acquisition strategy. They are also likely to compare prices and offers, thus being less loyal. The only alternative for these customers is retail stores. For this segment, Amazon is often the only viable acquisition online channel. Potentially lower margins and lower LTV, but incremental revenues.

The second segment can be even more valuable: the relationship-eligible buyer. Maybe they are already paying a premium for clean products in other categories. They found Native on Amazon, tried the product, and liked it. This customer is willing to invest in a relationship with the brand, caring about the other product they sell, with the potential for high loyalty. This buyer is a DTC customer in waiting, they only need a good reason to make the switch.

SEARCH-DRIVEN BUYER



Very unlikely to ever buy outside of Amazon
Cares about pricing/value
Not very loyal - Low LTV

RELATIONSHIP-ELIGIBLE BUYER

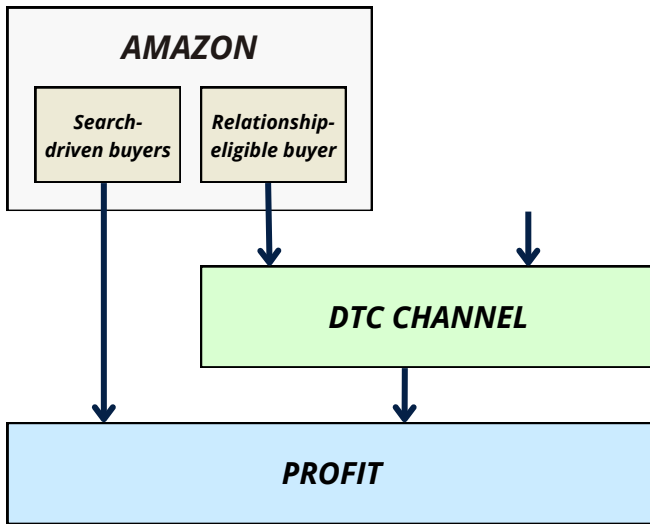


Could buy off-Amazon
Interested in the brand itself
Loyal customer - High LTV

Two channels complementing each other

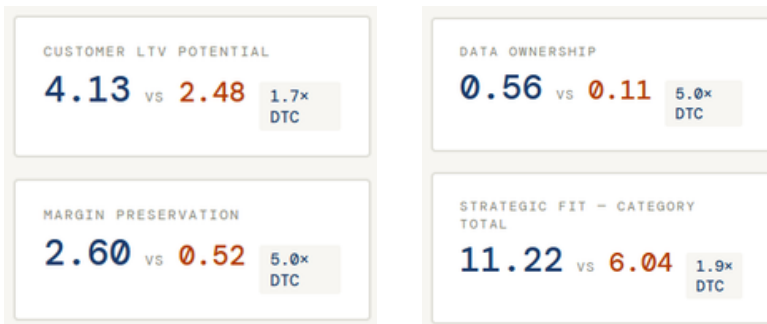
In the case of brands like Native, I see Amazon leading on CAC Efficiency compared to DTC: it acquires more cheaply because the platform supplies the traffic. But DTC leads on Customer LTV Potential and on Margin Preservation. The asymmetry is the key to understand the strategy here: Amazon can either capture incremental revenues of customers who would never buy DTC, or be seen as an entry point for a customer that can be taken elsewhere. The two channels are not necessarily competing with each other, they can be sequential stages of the same customer journey.

The strategy that follows is simple. Amazon fills the top of a funnel that DTC supercharges. The margin fee Native pays Amazon on a first purchase can be seen as a subsidised customer acquisition cost. For Native, the customer experience and value proposition could make it work. That is not a given for every brand. It is a specific condition worth testing before committing to the same model.



Amazon solves the acquisition problem. But solving acquisition is not the same as building a business. The question that follows is harder: once Amazon finds the customer, who captures their value over time?

For Native, my channel fit analysis highlights this LTV aspect. Across every criterion tied to long-term value creation, DTC leads by a significant margin across the scorecard.



Taken together, the Strategic Fit category scores DTC at 11.22 against Amazon's 6.04, the largest category gap in the model.

The dilemma is not that Amazon is a bad channel. It is that Amazon is a channel that performs its one (big) job, acquisition extremely well, while systematically limiting performance on everything that comes after. A customer who discovers Native on Amazon and stays on Amazon is a customer whose potential, full margin, and behavioural data are only partially captured. At small volumes that gap is manageable. As Amazon becomes a significant revenue channel, the cumulative cost of that partial capture becomes massive.

The brands that navigate this well are not the ones that avoid Amazon, they are the ones that treat it strategically. They invest in the product experience, the packaging, and the brand signals that make a customer want to find the source and stay loyal. They understand that the margin fee Amazon charges each purchase is an acceptable cost of acquisition only if the lifetime value of that customer is eventually captured elsewhere. Not to mention the incremental revenues of customers who would never buy off-Amazon.

THE RETAIL PRESENCE RISKS

Native's Amazon expansion was in my opinion the right move, especially at the time. However, let's not forget that at the same time, the retail expansion via P&G that created extra revenues comes with significant risks.

The mechanisms associated are complex, with no single decision that damages the initial DTC plan. It is more of an accumulation of factors, marketing budget reallocations, retail pricing conversations that compress margin, distribution agreements that create channel conflict with DTC, and the slow decline of the subscription base as customers find it easier to repurchase on Amazon or at Target. Each individual decision and shift is understandable, but together, they significantly affect the brand profile.

This may be a risk that Native faces post-acquisition, and it is the risk that any DTC-native brand faces when it scales into retail. The choice to invest defensively in the DTC channel (to protect subscription, deepen the brand story, and maintain the data assets) is relevant at the moment the expansion happens. The window does not stay open indefinitely and getting it right means treating retail expansion and DTC investment as parallel projects, not sequential.

WHY IS THE SEQUENCE OF DECISIONS KEY

At this stage, you may wonder why Native did not launch on Amazon first. The economics would have made sense on paper, especially for a completely new business: immediate access to millions of buyers, no need to build a DTC infrastructure, faster path to revenue. Many brands take exactly that route. It sometimes works, but can prevent them from ever reaching the desired results.

The advantage of DTC first

The reason sequence matters is that the assets built for your first channel become the foundation for every channel that follows. Native's decision to start DTC was not just a channel choice, it was a decision about what kind of company to build. Starting with Amazon can help generate cash flow, but the main risk in my opinion is not the selling fees or the risks of dependency. The real risk is to become another “Amazon brand” in the mind of customers. I am sure you have heard of them. “This product looks great, what brand is it? - Oh I bought it on Amazon.”

Three years of DTC operations gave them what Amazon could not have produced: a known customer base, a strong subscription model increasing LTV, 1P data on who is buying and why, and a brand story that matters and had a chance to evolve over time.

When Native launched on Amazon, they already had solid assets. They knew their customer and their price point. They knew how to increase conversion rates. Amazon became a distribution channel layered for a brand that already existed, not an attempt at brand-building on someone else's platform or an attempt at making a quick buck with an “Amazon brand”.

Why starting on Amazon can be problematic

The reverse sequence, Amazon first, DTC later, is often harder for three reasons.

Data acquisition

The first is data. A brand that builds its early customer base on Amazon owns very little data compared to a DTC brand. When the brand goes DTC, they start from scratch on audience, 1p data, and personalization, years behind where they would have been if they had started direct.

Pricing power and strategy

Amazon's comparison-shopping environment makes a brand's early customers evaluate the product on price and ratings (not to mention the algorithm that seems to favor lower priced items in organic results). This makes it a lot more difficult for premium brands like Native. The reference price has already been set when starting with DTC and positive reviews come from existing customers.

Brand story

The third reason is brand story. DTC forces a brand to communicate its value proposition and identity clearly, and early. If they fail to do so, why would a customer trust a completely new brand on their own channel when they can buy from a competitor? Brands that skip this stage and go to Amazon first often discover, when they eventually try to build a DTC presence, that they have a product but not a brand. Those are different things, and one is much harder to build retroactively.

Native's journey worked partly because the sequence was right. DTC built the asset. Amazon scaled it. The distinction sounds simple but this is part of what turned them into the powerhouse they are today, and much more than another "Amazon brand".

WHAT CAN BRANDS LEARN FROM NATIVE'S JOURNEY

Generating immediate revenues is tempting, but building assets matters in the long run

The temptation at launch is to go where the customers already are and where revenues will come fast. Amazon has them. But the channel that finds customers fastest is not always the channel that builds the most valuable business. Native's DTC years were slower and harder than an Amazon launch would have been, but they created assets Amazon could not: owned relationships, subscription economics, brand identity, and 1P data.

Know what you are protecting before you decide to sell on another channel

Every channel expansion involves a trade off. Amazon gives you reach and takes margin, customer relationship, and data. Retail gives you volume and takes brand control. TikTok gives you discovery and takes consistency. None of those trades are wrong, but they become wrong when a brand makes them without knowing what they cannot afford to lose. Native probably knew its customer base, its data asset, and its brand story were to be protected despite adding Amazon.

Amazon is not always the final destination

Amazon is one of the most efficient customer acquisition tools, but even more for brands that understand its limits. It finds buyers but does not build relationships. It processes transactions but does not create loyalty.

The brands that get the most out of Amazon are the ones that treat every Amazon customer as a potential DTC customer, and invest in the product experience, packaging, and brand signals that make the switch to more profitable channels possible.

Channel fit is not static

Brands must re-evaluate channel fit as the business evolves. The channel that is right at launch is rarely the right channel at scale, and the channel that is right at scale may not be the right channel after an acquisition.

The criteria that determine channel fit change as the brand grows, and the competitive landscape shifts: the strategy should change with them.

The sequence of channel expansion is a key strategic decision

Most brands treat channel expansion as a logistics question: can we fulfill here, can we afford the fees, do we have the inventory. Those are necessary questions, but there is more. As we have seen above, the order in which you enter channels shapes the customer expectations and perception, the pricing power you retain, and the brand identity.

TWO DIFFERENT TIMELINES

Year 1-2 - Launch

DTC

- ✓ IP data, Brand building and customer feedback loop from day one
- ✓ Pricing power established before competition
- ✗ High CAC, no platform traffic, every acquisition paid for
- ✗ Slower revenue growth, reach limited to owned channels
Works best when product has high word-of-mouth or repeat potential

Year 3-4 - Expansion

AMAZON ADDED

- ✓ Arrives with proven brand, Amazon becomes a discovery layer
- ✓ Pricing power pre-established, harder for Amazon to erode it
- ⚠ Amazon margin hit feels manageable if DTC already profitable

Year 5+ - Scale

MULTI-CHANNEL

- ✓ Two channels doing different jobs by design
- ✓ LTV and data asset owned, strategic value intact for acquirers
Retail dependency risk grows

Works best when the product has strong repeat purchase potential, a differentiated story worth owning, and enough margin to absorb early DTC CAC. Brand arrives on Amazon with leverage. Best suited for brands where the relationship and brand is a key part of the product.

Year 1-2 - Launch

AMAZON

- ✓ Low CAC, platform traffic exists
- ✓ Fast validation, real purchase data at scale immediately
- ✓ Fulfillment complexity offloaded via FBA from day one
- ✗ No customer data, or brand building
Amazon owns the relationship
- ✗ Reference price anchored in a comparison-shopping environment
Can work well for commodity or high-volume replenishment products

Year 3-4 - Expansion

DTC ADDED

- ✗ No owned audience to migrate, starting from scratch
- ✗ Customers trained on Amazon pricing and convenience
- ✗ High CAC with no subscription base or existing audience to amortize it yet
Brand story must be built retroactively, possible but costly

Year 5+ - Scale

MULTI-CHANNEL

- ⚠ Risk of DTC stalling, Amazon too convenient
- ⚠ Fully exposed to Amazon algorithm, fee changes, and competition
- ⚠ Revenue can look healthy while strategic position and risk profile remains fragile

Typical scenario when the product is commoditized, high-volume, or low-differentiation, where Amazon's search traffic is the primary discovery mechanism and brand relationship is not an important value driver.

FINAL WORDS

Finally, let's remember that this case study is independent analysis. I have no relationship with Native, P&G, or Amazon, and no access to internal data, financials, or strategic documents. Everything here is built on publicly available information.

Where judgment calls were required, for example on how to weight a criterion in my channel fit model, I made them with no input from the brand. Other analysts could make different calls and reach different conclusions. The specific scores I used are a tool for structured thinking, not a source of truth.

More importantly, the analysis leans toward DTC as a strategic asset, due to brand being studied and its unique characteristics. There are niches where starting on Amazon, or running both channels in parallel from day one is the optimal choice. Native should not be treated as a template that can be blindly duplicated, but more as a source of inspiration and learning.

Timing also matters in ecommerce distribution. Native launched DTC in 2015 and expanded to Amazon around 2017, a different environment than today. The principles described here still hold, but economics have partly shifted.