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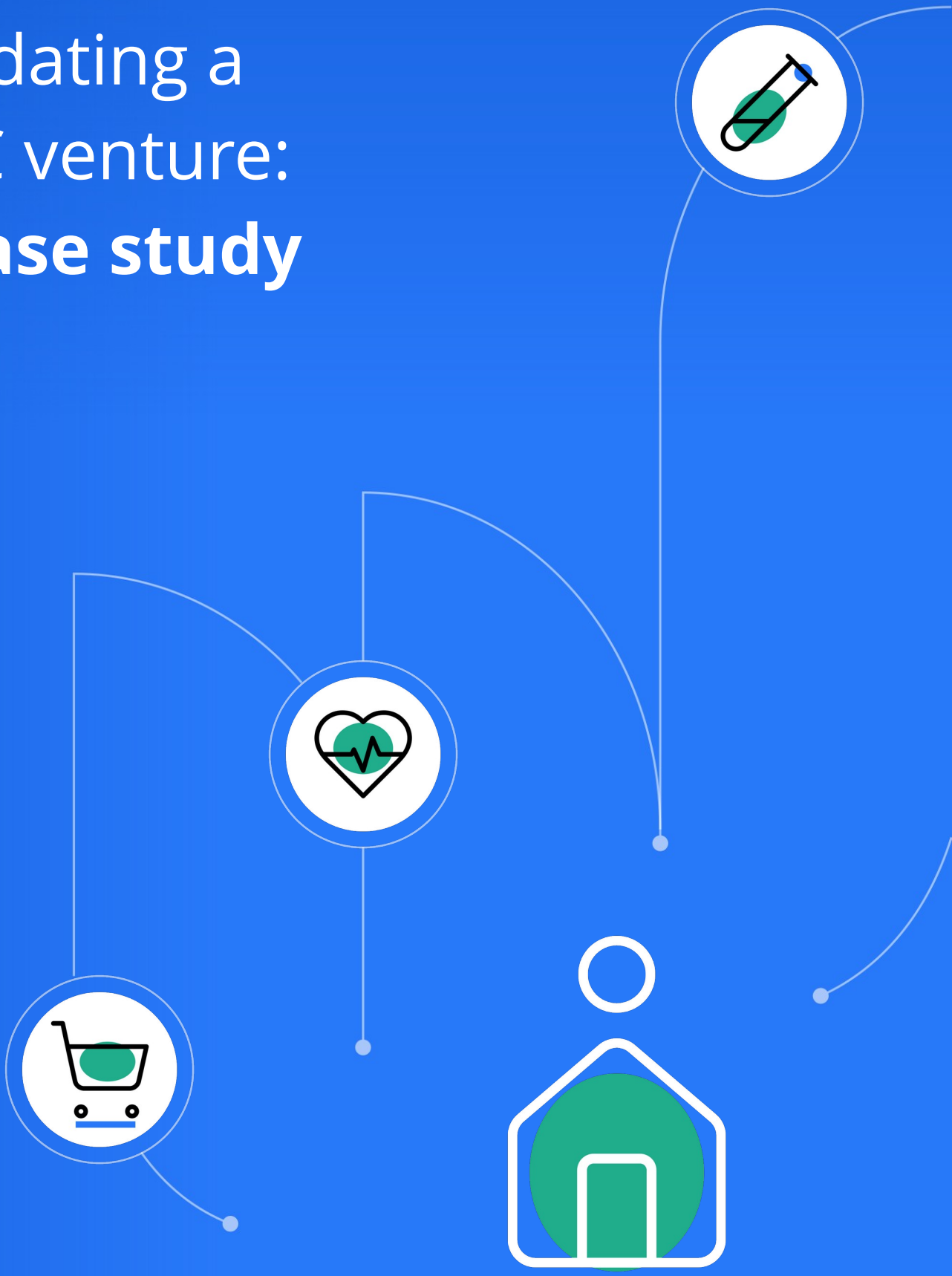
Validating a D2C venture: **A case study**



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Taking the pulse of D2C medical testing

Validating at-home health testing monetization opportunities to shape a financial case for D2C ventures post COVID

Our client, a top European provider of clinical laboratory testing services, had a bold vision – adding EUR 75–100 million in revenue to its core business by offering medical test kits directly to customers. Their hypothesis? There is an unmet need for convenient health care experiences; ones that cut out the GP middleman and deliver the "at your fingertips" practicality of direct-to-consumer (D2C) experiences or direct collaboration about results with doctors.

However, the D2C online approach was relatively new in the medical world, particularly in Europe. Uncertain whether this business model had the potential to reach the desired revenue target, or whether the organization was ready to pursue it, the client engaged us to evaluate its hypothesis and capabilities.

Project at a glance

CLIENT
Top European provider of clinical laboratory testing services (name confidential)

INDUSTRY
Healthcare

TARGET MARKETS
UK and Germany

PROJECT TYPE
Market and demand validation for a D2C venture

OBJECTIVE
Evaluate the potential to add EUR 75–100 million in revenue with D2C medical test kits

PROJECT TIMELINE
Seven phases, starting with a 4-week market screening

METHODS & TOOLS
Market sizing · Customer survey · Unit economics · Smoke tests

OUTCOME
Validated demand and a robust financial case for D2C ventures with lifestyle home test kits

The headline results: confidence to green light the project

Armed with robust validation of the D2C opportunity and a comprehensive financial model based on unit economics, the client is well-positioned to green light the project into the proof of concept and growth stage, with a clear understanding of the potential revenue and profit margins.

- ✓ **Validated demand with deep-dive, customer-confirmed analysis**
- ✓ **Found product-solution fit based on traction with target customers**
- ✓ **Built confidence that revenues could reach EUR 45–70 million within 4–5 years**

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Bringing health to the doorstep

Should we, and can we? Despite having D2C setups in Slovakia and the Netherlands, the client was uncertain about the model's potential in the non-COVID home-testing arena in its target markets of the UK and Germany. It needed evidence-based proof in three core areas before making heavy investments in time, money or resources:

Did customers want the concept?

Would customers want to purchase medical test kits directly, without the traditional intermediary of a general practitioner? With multiple test options on the table, our client needed to understand what consumers' unmet needs were, based on real customer data.

Would it be profitable for the business?

With big players entering the home health testing space post-COVID, our client needed data-driven insights on the size of the market and its potential share within it. How mature were competitors, and what potential barriers or risks could impact margins?

Was the company ready for D2C?

As structured and efficient as the organization was, its track record was in B2B quality-based value propositions, not the more convenience-focused direct-to-consumer market. The client needed clarity on how to adapt its current set-up to deliver a D2C proposition.

Our 6-step process for success

1 Market evaluation

Evaluated the size of the market and the client's share, confirming the potential to reach EUR 75–100 million in D2C sales.

2 Market traction

Surveyed target customers in the UK and Germany to understand willingness to pay, potential test menus, product features and pricing.

3 Validation

Analyzed unit economics to size the profit pool and ensure the D2C business model would sustain itself.

4 Value proposition & prototyping

Ran smoke tests to assess value propositions and demand for test types in two markets (Germany and the UK).

5 Regulatory compliance

Identified required governance for risk-mitigated market entry in key markets.

6 Business model development

Designed a roadmap for next steps, including investment volumes from first transactions through to scale-up.

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Validating the D2C opportunity

1 COMPETITORS AND COMPARABLES

Swabbing the market

We began with a deep dive into market demand for medical and lifestyle at-home testing kits, both worldwide and in Europe. Market trends, VC funding activity, and competitor analysis were all key to understanding the state of the market, technology developments on the horizon, and growth potential.

Based on three market sizing approaches (top down, bottom up and market signals), we were confident that EUR 75–100 million was a realistic goal within the next 4–5 years. Since home testing was not a winner-takes-all market, the client had an opportunity to capture significant market share.

3
sizing approaches

EUR 75–100m
realistic goal within 4–5 years

2 PROBLEM / SOLUTION EXPLORATION

Diagnosing customer needs

As this was a D2C model, it was crucial to get a healthy dose of feedback on customer pains, needs and preferences. We surveyed more than 1,000 people in two nations, getting insights into what tests they would be interested in, how much they would pay, and what features were important.

The results showed demand for the concept, especially lifestyle-related tests such as intestinal health, vitamin balance and weight optimization. We gained insight into unmet customer needs that could be solved by value-added services, formulating solid assumptions to test.

>1,000
people surveyed

2
nations: UK and Germany

3 UNIT ECONOMICS AND PROFIT POOL

Testing the self-sufficiency of the business model

To validate the viability of the D2C business model, we calculated a feasible pricing corridor per test and identified key factors that could impact the profit pool (COGS, repeat orders, average order volumes etc.).

The customer lifetime value reflected potential for a highly profitable business case, supporting a self-sustaining D2C offering.

- ✓ Pricing corridor per test
- ✓ COGS
- ✓ Repeat orders
- ✓ Average order volumes

› **Customer lifetime value**

4 RUNNING MULTIPLE SMOKE TESTS

Health checks in a live environment

During prototyping, we conducted two smoke test campaigns along with five test kit options and value proposition messaging.

Campaigns on Facebook and Instagram led to over 3,400 visitors, 142 transactions, and 171 orders from our ‘fake’ landing page, proving the hypothesis and confirming the possible winning formulation for the first tests to enter the market.

>3,400
visitors

142
transactions

171
orders

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From market screening to D2C business setup

Here's how we collaborated with our client to validate the market opportunity and feasibility for the client's entry into the D2C space.

1. **Market screening**
   In a 4-week investigation phase, we analyzed competitors, market trends and vertical investment against the backdrop of regulatory constraints.
2. **Roadmap design**
   Evolving Stryber's proven exploration model, we designed a roadmap for the project with clear decision gates and risk-mitigation strategies.
3. **Customer-centric validation**
   Through surveys and statistical analysis, we identified top consumer pain points, priorities and potential gatekeeping, including cultural preferences for speed, diversity and digital accessibility in two key markets.
4. **Business case development**
   Analyzing key drivers of the D2C business model (repeat purchases, COGS, average order value) helped validate the project's headline potential for long-term margins.
5. **Investment expectations**
   We used the high-level cost breakdown to signal the minimum investment needed to reach revenue and EBITDA goals in the four-year horizon.
6. **Real-world experimentation**
   We tested traction, product, and value proposition by deploying "smoke tests" using a placeholder brand. This included launching a fake webshop and running targeted social media campaigns to measure click-through rates, conversions and transactions.
7. **D2C business setup**
   Finally, we examined the client's operations, which were missing key competencies for a successful D2C business. Using Stryber's proven venture-building methodology, we recommended a phased approach to build an e-commerce culture, attract the right people, and minimize investment risk.

Selected Stryber methods & tools

- Exploration model
- Market sizing: top down, bottom up, market signals
- Customer surveys and statistical analysis
- Unit economics and financial model
- Smoke tests
- Venture-building methodology

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Outcomes & impact: a validated D2C case

Validated demand and robust financial case for D2C ventures with lifestyle home test kits

Stryber's analysis delivered strong validation of the market opportunity, showing positive traction with target customers, and building confidence that revenues could reach EUR 45–70 million within 4–5 years.

Execution was put on hold pending a sale of the company by its majority owner. One unintended-but-very-desirable consequence of the project's in-depth analysis was that it helped strengthen the client's position for the sale. The case has now been handed over to the acquirer to pursue with significant enthusiasm as a source of future revenue growth.

EUR 45–70m
revenue potential within 4–5 years

>1,000
people surveyed in two nations

>3,400
visitors from two smoke test campaigns

171
orders from the test landing page

What happened next

- Execution on hold pending a sale of the company by its majority owner
- In-depth analysis helped strengthen the client's position for the sale
- Case handed over to the acquirer as a source of future revenue growth

The case has now been handed over to the acquirer to pursue with significant enthusiasm as a source of future revenue growth.

About Stryber

Stryber builds and executes high-impact programs that create credible equity stories and scalable new businesses.

Looking for a strategic partner to validate new market opportunities? Reach out to Stryber: www.stryber.com





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