A young man and woman are looking at a smartphone together. The woman, on the right, has dark curly hair and is wearing a yellow sweater. She is smiling and looking at the phone. The man, on the left, has short dark hair and is wearing a blue and white striped shirt. He is also looking at the phone. The background is a blurred indoor setting.

What is direct-to-consumer (D2C)?



FULL SERVICE ECOMMERCE AGENCY

Helping brands with online growth and digital transformation for over 20 years



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What is direct-to-consumer (D2C)?

Recent data reveals that 40% of internet users predict direct to consumer brands to make up 40% of their total purchases within the next five years. – [Bynder.com](https://www.bynder.com)

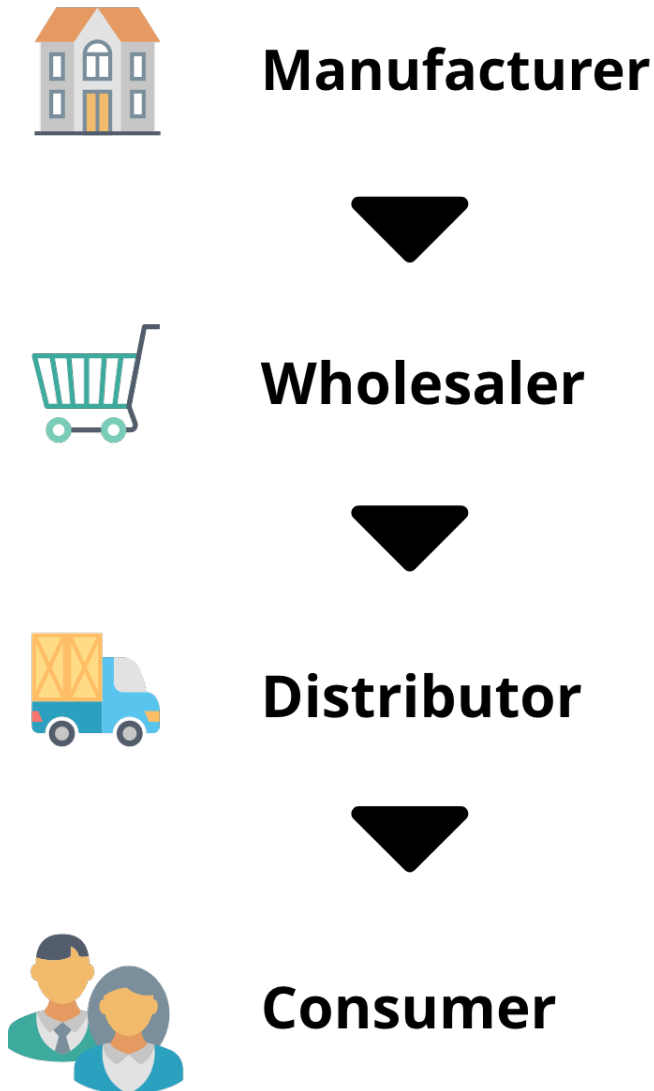
D2C, or Direct to Customer, is an eCommerce strategy that allows businesses to act as both manufacturer and distributor of their product. The pre-Internet life of a small retail brand was very different. If you weren't on supermarket shelves, you didn't stand a chance. In other words, business was dictated by the distributors. Business today is different. It belongs to producers, as they can also be their own distributors. With a low barrier-to-entry, and the fact that it can work in almost every industry, brands are turning to D2C to produce, pack, distribute and ship their products directly to their customers.

Going D2C has many advantages, like more control over margins and more competitive pricing for your consumers. Other advantages include having direct contact with consumers, allowing you to access all the data that comes with that, as well as being able to freely experiment with and personalise new products. Although going D2C can be the right move for your business, it requires careful planning and expertise. You must ensure you have a strategy and the right future-proof technologies to accompany it.



Direct-to-consumer diagram

TRADITIONAL RETAILER



DIRECT-TO-CONSUMER



Why should brands consider it?

The fact is that the profile of the modern customer is changing in ways that some wholesalers can benefit from greatly if they shift to D2C. Consumers expect ease and value trust. That means they prefer to shop directly from brands that they feel represent their values.

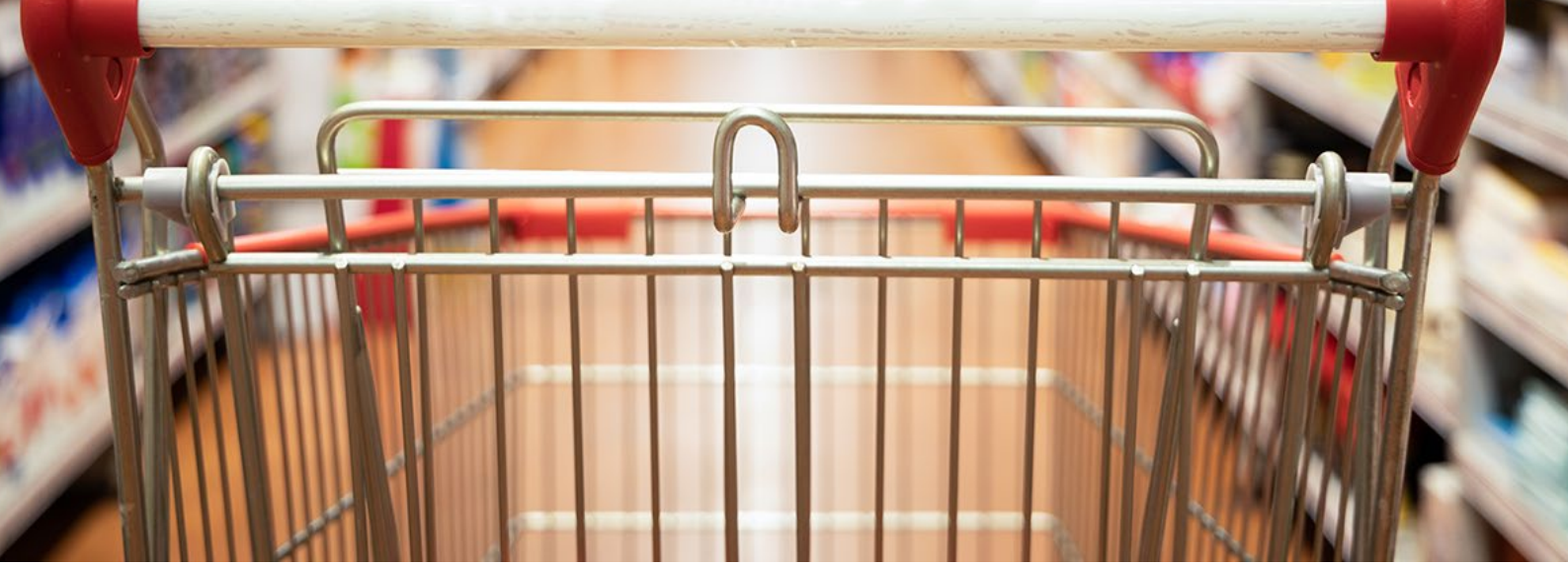
For example, if a customer is researching motorised golf carts online, they are more likely to check out the website of a leading motorised golf cart manufacturer, like Motocaddy, for more information or to make a purchase than to go to one of their resellers' sites

For the sake of argument, imagine if Motocaddy didn't provide the information this customer is looking for on its website. Needless to say, this customer will likely be a bit aggravated and may end up choosing another brand of cart altogether.

The wholesale business model involves selling your products to retailers in bulk and manufacturers of all kinds have traditionally used this method to sell their stock—which is precisely why most manufacturing companies aren't D2C by default.

However, consumer expectations and shopping habits are changing rapidly and more and more manufacturers are adopting an omnichannel approach to address this shift.





Is it appropriate for big FMCG brands?

With COVID-19 having catalysed the 'death of the High Street', more and more traditional retailers are looking for new and effective ways to reach customers. A few examples of this are Nike, Under Armour and Gillette who have all invested heavily in D2C over the past couple of years. But, while going D2C certainly may work for some big brands, others might not necessarily experience the same level of success.

A few key questions to consider when deciding if going D2C is right for your business:

1. Does your company have the means to implement a hybrid business model and ensure both sides of the business run effectively and efficiently?
2. Does your company have profitable and mutually beneficial agreement with retail partners, as well as a plan for how to put the agreement into action?
3. Is the company prepared to take full control and ownership of their end-user's experience with their products?

Can I sell to both consumers and retailers successfully?

The answer is yes. One thing to consider, however, is that a shift to consumer selling may mean needing to adapt your business to new technologies. Nowadays, B2C consumers have come to expect great user experiences when shopping online. This has also affected their expectations when purchasing for the companies they work for. The standard has been set by the experiences they have on B2C websites like Amazon, Wayfair, Ocado, etc. This is one of the reasons why you should consider a D2C platform that will also cater for B2B eCommerce if you don't have one already in house. Magento (an Adobe company) is one great example of an eCommerce platform that can easily be adapted to cater for both.



New commissioned research conducted by Forrester Consulting finds that only 26% of B2B companies have fully implemented best practices that correlate with greater success in achieving these goals. You can access this research [here](#).



Every part of your company needs to be adequately prepared for a shift to D2C, from the aforementioned technology you invest in to how you train your staff and update your processes. To ensure that your company is able to operate efficiently and profitably under the D2C model, you also need to have a clear strategy that you can communicate to your team, customers, and partners. By being open with your team and customers, you can prepare everyone that will be impacted by the switch. It may be particularly important to handle your partner relations with care. The fact that you will start selling D2C essentially makes you a competitor to retailers selling your products. While you don't want to steal business from your retail partners, you need to do what's best for your business. It may be a good time to re-evaluate which partnerships to maintain and build up and which ones no longer serve their purpose. Make sure your trade customers understand that a hybrid omnichannel strategy can benefit them as well by generating awareness and demand for your products that could result in additional footfall instore.

Is D2C here to stay, or a passing fad?

Will consumers continue to flock to D2C companies as they have in recent years? Will retail companies bounce back? Is going D2C actually worth it for your company in the long run, or is it just a passing fad?

Although there has been an undeniable surge in businesses going D2C in recent years, we don't believe this is a passing trend nor a coincidence. Consumers want to engage with brands directly and get personalised, authentic experiences – that's not a fad. It's something that technology has made possible and has now become the standard in eCommerce. Consumer experience and convenience are becoming increasingly important, in some cases more so than price. Brands that want to stay ahead of the competition need to ensure that they are catering to these expectations. So, the question becomes less about D2C being a fad and more about which companies will embrace the digital transformation required to bridge the gap with their customers effectively. While the way in which D2C businesses will need to operate might change with time, the opportunities presented by D2C will not go away.



How do direct-to-consumer companies approach marketing?

One of the biggest differences between operating as only a wholesaler or as a D2C business is the added responsibility, and control, over how you market your products. If you have never sold direct to consumers before, you will need to invest in marketing training as your business will need to decide:

- How you want to build relationships with your customers
- Who your customers are and what pain points they have
- How you deliver value to your customers

One sure advantage of taking the reigns of your marketing is that you can glean information directly from your end customers and tailor your strategy accordingly. Whether this means:

- Sharing top-quality, engaging content on topics relevant to your products/services
- Treating them to more personalised website experiences
- Inviting them to participate in marketing research
- Encouraging them to review your product(s)

If done right, D2C will give you the chance to engage in a more direct way with your customers while providing you with valuable data which you can use to further optimise the customer experience.

Successful Examples of D2C brands

- Helly Hansen
- Nike
- Majestic and Naked Wines
- Gillette





11 tips to get started with D2C

1. Find your customers' pain point(s) and start addressing them

As mentioned above, nowadays it's not all about having the lowest price. If you can communicate the solutions to customer pain points in your product and brand marketing, you will stand out from the crowd.

Foodway.qa was founded in 2020 by Abu Khalif Trading, the leading wholesaler of fresh fruit and vegetables in Qatar. When they launched, they set out to achieve a very simple objective: to make it easy to get your weekly fruit and vegetables delivered to your home.

Prior to launching Foodway.qa, ABK identified that consumers wanted to order fresh fruit and vegetables direct to their door, despite the fact that supermarkets were remaining open during lockdown.

Speed to market was essential so the company started out with a very, simple, easy to use, mobile first ecommerce site which can be viewed [here](#).

Since the brand was launched, they have expanded to selling other home groceries to their customers who like the ease of convenience of home delivery and are planning to invest further in their D2C offering online by offering their customers a subscription based model and recipes which will launch online in 2021.

2. Consider a subscription-based model

"If it's suitable for your business, the subscription model could help to save your customers time, effort, and money - and help you achieve a better customer retention rate.

The Dollar Shave Club was started in 2011 by Mark Levine and Michael Dubin and their business model was based on providing a subscription service for razor blades. By 2016, Dollar Shave Club had around 15% of [US Razor Cartridge market Share](#).

Technical considerations for this model should include selecting the right platform (e.g. Order Groove) and whether your payment gateway provider can support recurring payments."



3. Take a content-first approach

Creating and sharing stellar content will only work wonders for your brand. Whether you choose to share a monthly newsletter, occasional blog posts or engage daily on social media (ideally all 3!), content can give your customers a better idea of your brand and build up its credibility. These can also provide a platform to engage with your target market, to gain new product ideas and consumer insights.



When beauty-brand Glossier posted “What’s your dream face wash?”, it garnered over 400+ comments, which was then categorised by ingredients and concepts. Even if your brand does not receive as many comments, any engagement and feedback from your customers will be a good start.

4. Offer easy and free returns

Having a good returns policy provides new consumers with reassurance and confidence to purchase from you. Many consumers will hesitate to buy a product from a brand they have not purchased from before so ensuring a money-back guarantee or free returns can put their mind at ease.

Your returns process is an area that merits considerable thought. Some merchants (especially in the Fashion sector) can experience up to 50% returns so ensuring you

have the right processes and technologies in place to support your returns process is essential. Ecommerce platforms like Magento Commerce Cloud and ERP solutions such as Netsuite and SAP offer returns management functionality out of the box. You might also want to consider specialist platforms like [12 Return](#).



The World's #1 Storefront
Shipping Management System

5. Use loyalty and rewards programmes to turn customers into advocates

Encourage your customers to spread the word about your brand by incentivising them to invite friends and get rewards in return. Even better, combine rewards with UGC (user-generated content) and take advantage of the best free advertising!

6. Get your SEO and ads in order

Search Engine Optimization continues to be one of the best ways of getting widespread recognition and generating web traffic. [Organic, paid and offline SEO](#) are all key to generating the best traffic to your website and building up your site relevance. It may take some investment but, if done well, this will help your business grow substantially.

Ads on social media can also be highly effective. For example:

- Facebook ads: With over 30 million Facebook Business pages, many brands have taken advantage of the Facebook eCommerce feature. A case study by Facebook showed how ASOS saw their orders triple and they also saw their outreach increase by 35 percent.
- Instagram ads: With over a billion users and more than 25 million business profiles, Instagram cannot be ignored. The platform also provides several advertising features, such as the "Shop Now" button, the "Swipe Up" feature found in stories and IGTV that directs the consumer straight to the site.

- YouTube ads: There are several ad formats at your disposal, from skippable ads (can be skipped after 5 seconds) to non-skippable ads (videos of less than 30 seconds) or bumper ads (non-skippable and are up to 6 seconds in length), you can choose how and when to advertise your products and services while sticking to your budget.



7. Create engaging content (It's meme time)

[Good content is king](#) – but different channels require different types of content.

Long-form content like research would not do well on social media, where users are most likely viewing on a smaller screen (mobile) and have shorter attention spans. In this context, visual content like infographics and memes can help engage your audience while also giving your brand character.

8. Maintain strong customer relations

After acquiring new customers, it's important to deliver on your promises and give them reasons to keep choosing you.

In observing the growth of Zappos, Bonobos founder Andy Dunn realized that their growth had very little to do with the products they sold, and more with delivering an excellent service.

Bonobos developed a culture of ultra-responsive customer support that delivered

- 90 percent success rate of responding to calls within 30 minutes
- 90 percent success rate of "great" email ratings
- Sub-24 hour average response time for email

Bonobos saw their direct traffic rate increase by 53.5% — which is an industry best, and the company also won the Multichannel Merchant's Customer Experience Leader award in 2015 and 2016.

What is direct-to-consumer (D2C)?



9. Start or join a community

"It's a long game to build community around your brand, but it creates an authentic, long-lasting connection between your brand and customers," says Corri Smith, owner of Black Wednesday, a marketing and public relations company. "The best brands fill voids in their customers' lives and as a result become friends and trusted resources."

If you want to build a community around your brand, start by creating a community internally with your employees. To extend that to your customers, UGC is one of the faster ways to start building up customer relationships. Being consistent and present on social media, email and in your customer service will lay the foundations for you to develop on your shared values.

10. Utilise fulfilment companies

Last year, Amazon invited CPG brands to a three-day event in Seattle to promote their Amazon fulfilment center. Selling D2C requires logistics, storage, and fulfilment capabilities.

For most D2C brands, this will involve having to incur a high capital cost. But by utilizing a fulfilment company such as Amazon, you gain access to their logistics and distribution facilities in exchange for the percentage of your sale or for a fixed monthly price.

Plus, since Amazon has a huge number of monthly visitors, placing your product on their platform will give your brand excellent exposure.



11. Reach consumers everywhere on any device

The way consumers are making their purchases online is changing. With the proliferation and sheer range of different devices customers are accessing the internet from, and their expectation of a seamless, fast, reliable, usable shopping experience irrespective of connectivity, it is crucial to adopt a solution that will allow you to cater for all cost effectively.

By investing in a [Progressive Web App](#) — you will have the capabilities of reaching out and engage with your consumers on various devices and channels through one platform.

	Native App	Responsive Website	Progressive Web App
Functions offline	✓	✗	✓
Push notifications	✓	✗	✓
Home screen icon	✓	✗	✓
Full screen experience	✓	✗	✓
Indexable by search engines	✗	✓	✓
One place to enter content	✗	✓	✓
Works across all devices	✗	✓	✓
No download required	✗	✓	✓
Doesn't require updates	✗	✓	✓

Conclusion

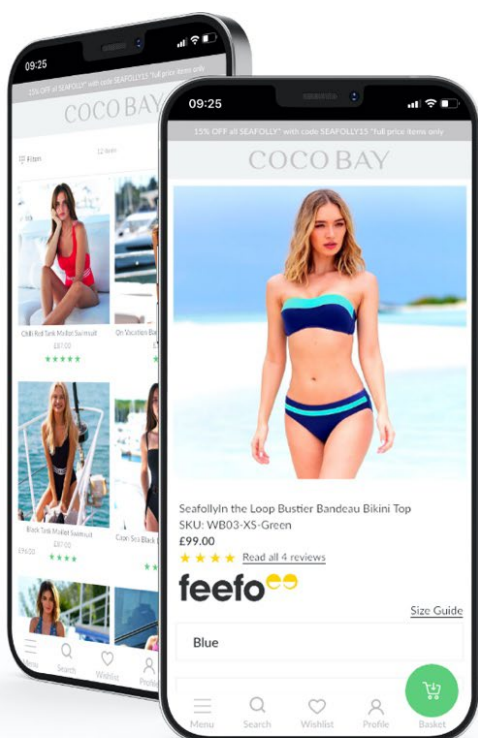
Going D2C isn't some "magic bullet" that will automatically spur any business to greatness. In fact, implementing a D2C model without really knowing what that entails is a sure recipe for disaster.

Being a D2C brand means a lot of coordination between various business areas. The biggest challenge for every D2C company is the shift of responsibility in distribution. Without large resellers to support your brand, you have to work harder on making your brand stand out.

Selling direct to consumer online isn't always easy. Building your online presence is difficult and it requires a lot of knowledge, dedication and the right infrastructure and software.

But, as long as you know exactly what you intend to provide your customers—and you've determined that using the D2C model is the best way to give it to them—then you should start planning to make the shift as soon as you possibly can.

For expert advice, call us on +44 1932 359160 or email info@screenpages.com



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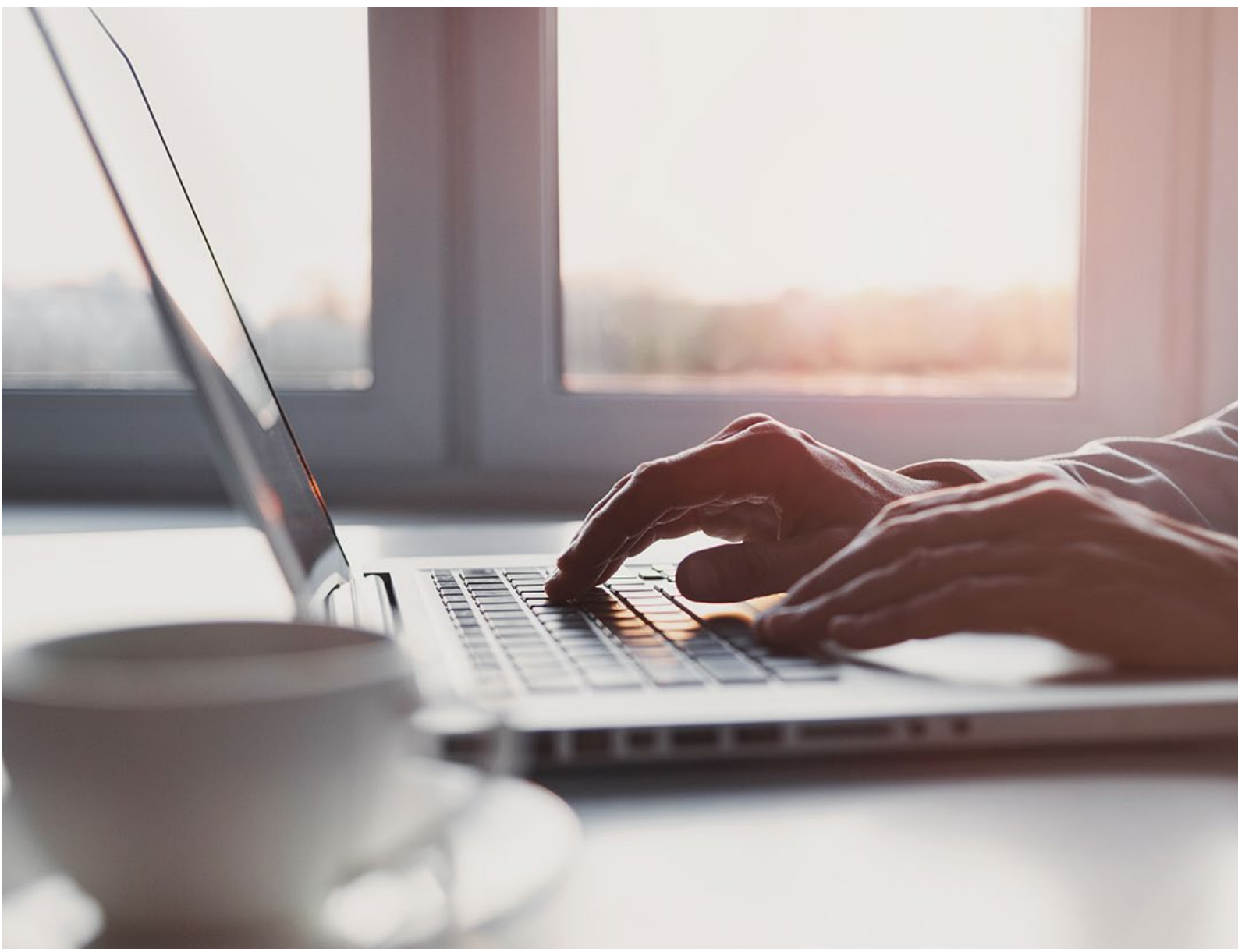
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