

A large, stylized graphic on the left side of the slide features several orange arrows. One arrow points straight upwards, while others are angled upwards and to the right, creating a sense of movement and progress. The arrows are composed of multiple layers of orange and red, with black outlines.

D2C

How to Leverage the Potential of a
Direct Customer Relationship

About the Author

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Chloe Thomas

Chloe is a globally recognised eCommerce marketing problem solver. She's the author of several bestselling books, a keynote speaker, advisor, and host of both the award-winning eCommerce MasterPlan Podcast, AND the brand new Keep Optimising marketing podcast.

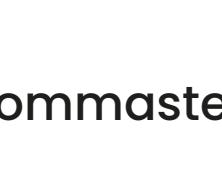
Her podcasts feature regularly within the most popular eCommerce and marketing podcast charts globally; she's listed as one of Scurr's Top 30 eCommerce influencers.



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Why Now?

What Is D2C?

D2C has been the big eCommerce story of the last few years, the bright shining term used to describe a plethora of sexy new brands like BrewDog, Made.com, and countless mattress businesses.

Whilst these new eCommerce stores steal the headlines, the opportunity that D2C presents is far bigger for wholesalers and manufacturers than it is for a new startup.

You have a proven product, consumers who already buy your product, and the systems and team in place to make it all happen.

For example brewers ABInBev were able to launch eCommerce sites in 10 countries in just 12 months, creating a new D2C channel that's already driving \$5.5bn in annual sales.

No startup can match that.

At its simplest a D2C business does two key things:

1. Create their own products – they might outsource manufacturing but every single unit sold of their product passes through their hands; and
2. Control their route to the end consumer – not just selling to a distributor or retail chain, but selling direct to the user of the product.

They might also sell via wholesale and distributors, and via marketplaces such as Amazon. They might also sell other people's products to flesh out their product range, but the above are the two core differentiators.

Creating a D2C channel is a huge opportunity for businesses that have their own products but have historically outsourced the selling to the end consumer to retailers.

Opportunity



Why Is D2C Such a Big Opportunity Right Now for Manufacturers and Wholesalers?

Embracing the D2C route to market is the easiest way to overcome several challenges and a great way to take advantage of changing consumer behaviour.

Challenges D2C Can Help You Overcome:

- Lack of connection to the end consumers of your product. Why do they buy? What else do they expect to buy from you? What about the product do they love? How do you get more of them? Your wholesale customers own all this data, not you.
- Margins under pressure. Cutting out the middle-men and selling direct means more margin for you.
- Decline in wholesale customer numbers. As the role of physical¹ retail continues to evolve, fewer outlets mean you're dealing with a decreasing number of wholesale customers.

“Where we're going is this world of an experiential high street, far more fun, far more experiential. But if you're wholesaling only there's not as much product per square foot going to be in there.

Simon Wharton, PushON

¹Decline of physical retail in the UK

2012 - 290,000 shops compared to 2030 - 120,000 shops: The Centre for Retail Research

How Changing Consumer Behaviour Presents an Opportunity:

- Greater desire to buy online¹. This trend has been ongoing for more than a decade now, but events of 2020 sped up the migration to online buying by 5-10 years.
- Direct connection and transparency. Consumers want to know where their products are coming from. Buying directly from creators makes it easier to understand the provenance of a product, and the sustainability and ethical nature of purchases. Adobe's Consumer Preferences Study 2021 found that 7 out of 10 consumers (69%) rate it as "important" or "very important" that retailers have a good environmental record. Half of them (49%) are even willing to pay more for a product if a retailer is for a product if one retailer is more sustainable than another.
- Emotional Connection. As well as understanding more about the nuts and bolts of a product's origins, consumers want to feel an emotional connection to the product creators, and the story behind them.

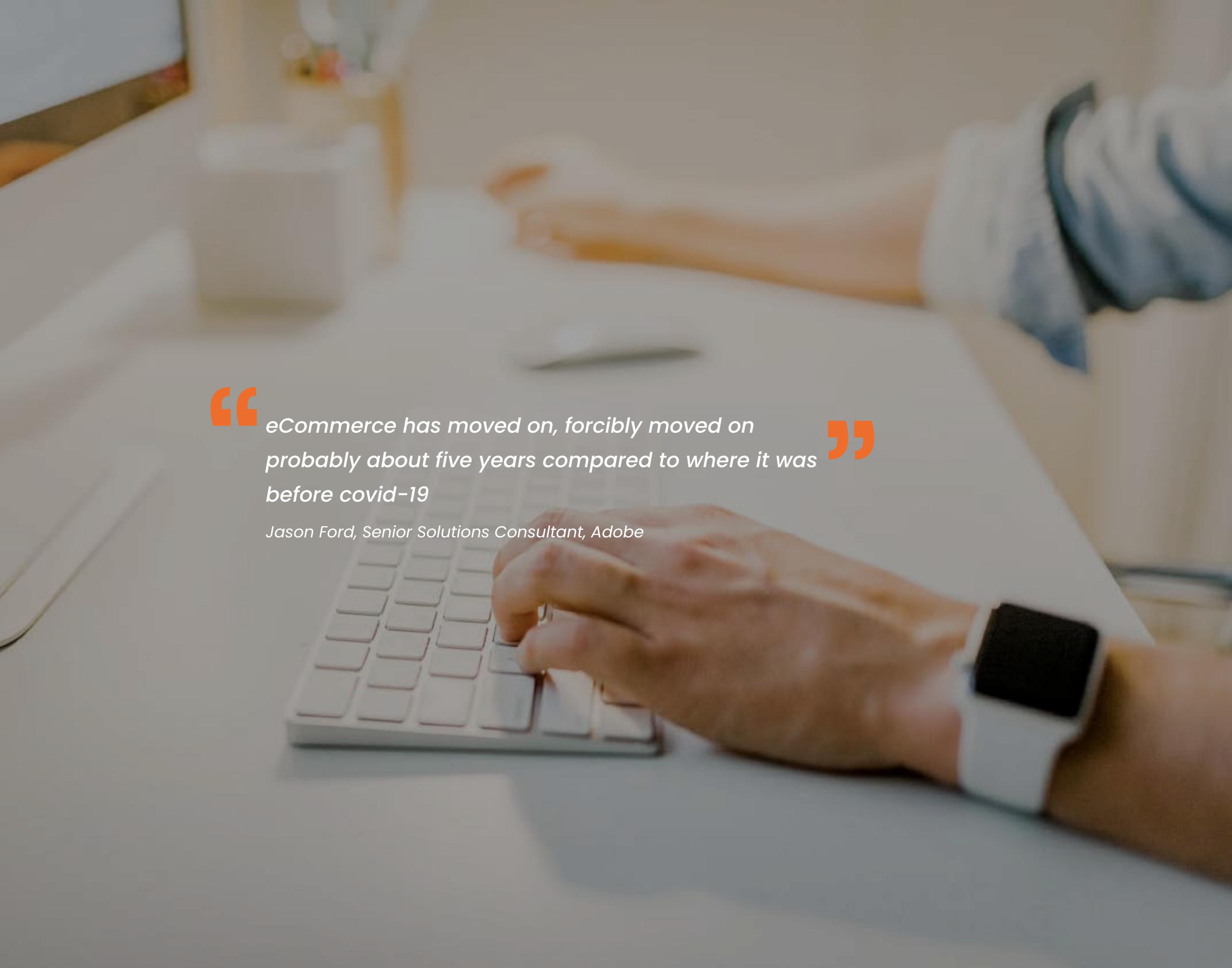
These are trends we've seen growing for several years, but the impact of the pandemic and lockdowns around the globe has led to huge accelerations of these trends. Most of these behavioural changes are, almost certainly, permanent.

“ *Customers seek out Status Stories not Status Symbols.*

Mary Portas

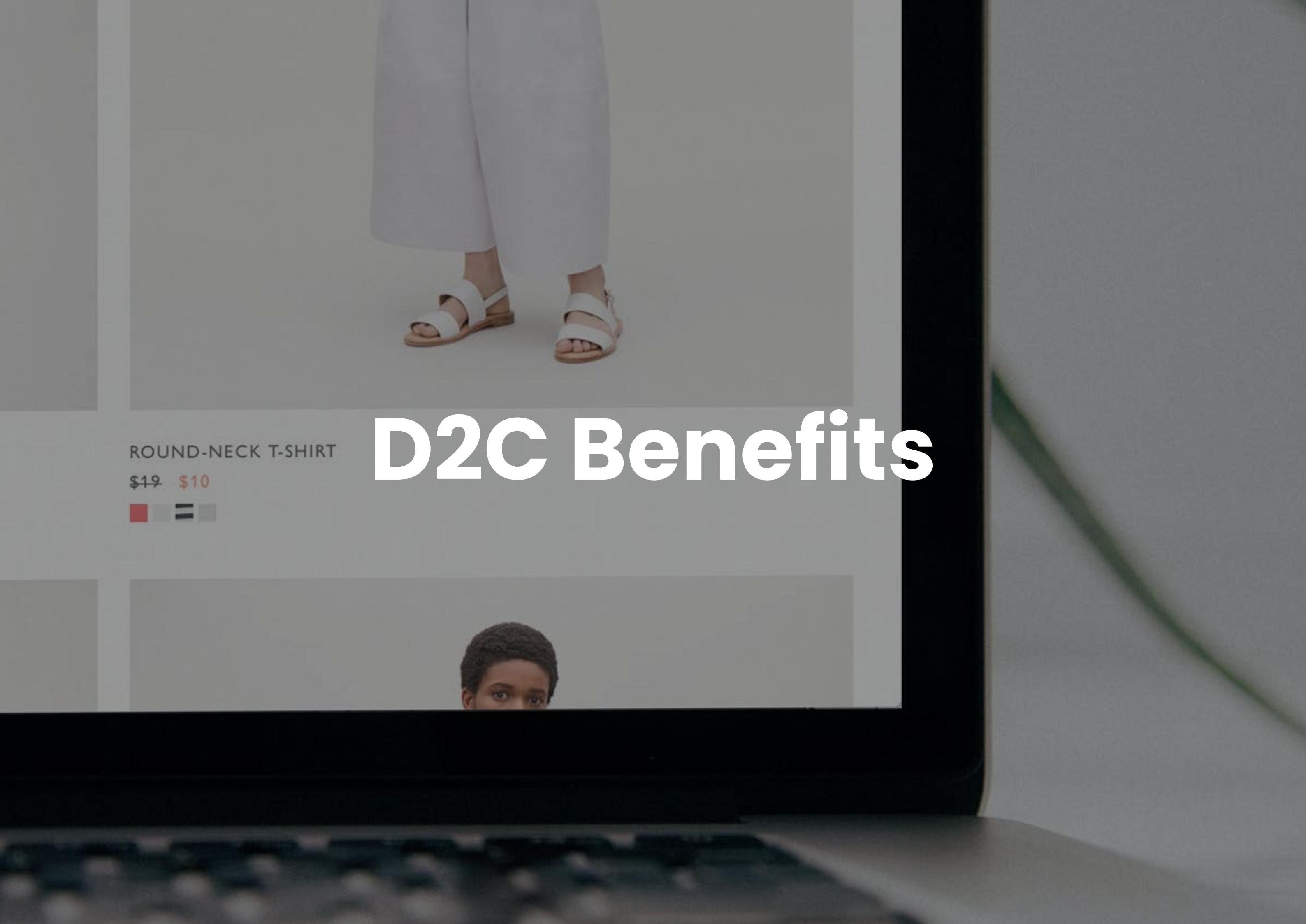
¹ UK Online Retail Sales in November 2020

39% up year on year - electricals up 73%



“ *eCommerce has moved on, forcibly moved on probably about five years compared to where it was before covid-19*

Jason Ford, Senior Solutions Consultant, Adobe



D2C Benefits

There are multiple ways in which a direct customer relationship brings benefits.

Manufacturers and wholesalers who take the step of building their own B2C channel find that the biggest benefit of the new channel is finally having a direct relationship with their customers.

Data

You own the sales data. You know who bought what, when they bought, and what offers, and marketing led to the purchase.

This provides huge potential for improving products, expanding product ranges and adjusting your marketing strategy to bring in even more customers.

Own the Customer Journey

A customer's experience of your brand and products is now in your hands. From their initial research through to the product arriving in their homes and any communications they receive afterwards – it is all done by you.

This provides the opportunity to improve messaging, systems and marketing at various stages to increase sales.

Attract the Right Customer

Owning the early stages of the customer journey means you can put your product in front of the right customer – to be seen by all relevant customers, not just those your retail customers are interested in.

Remove your Competition from the Purchase Journey

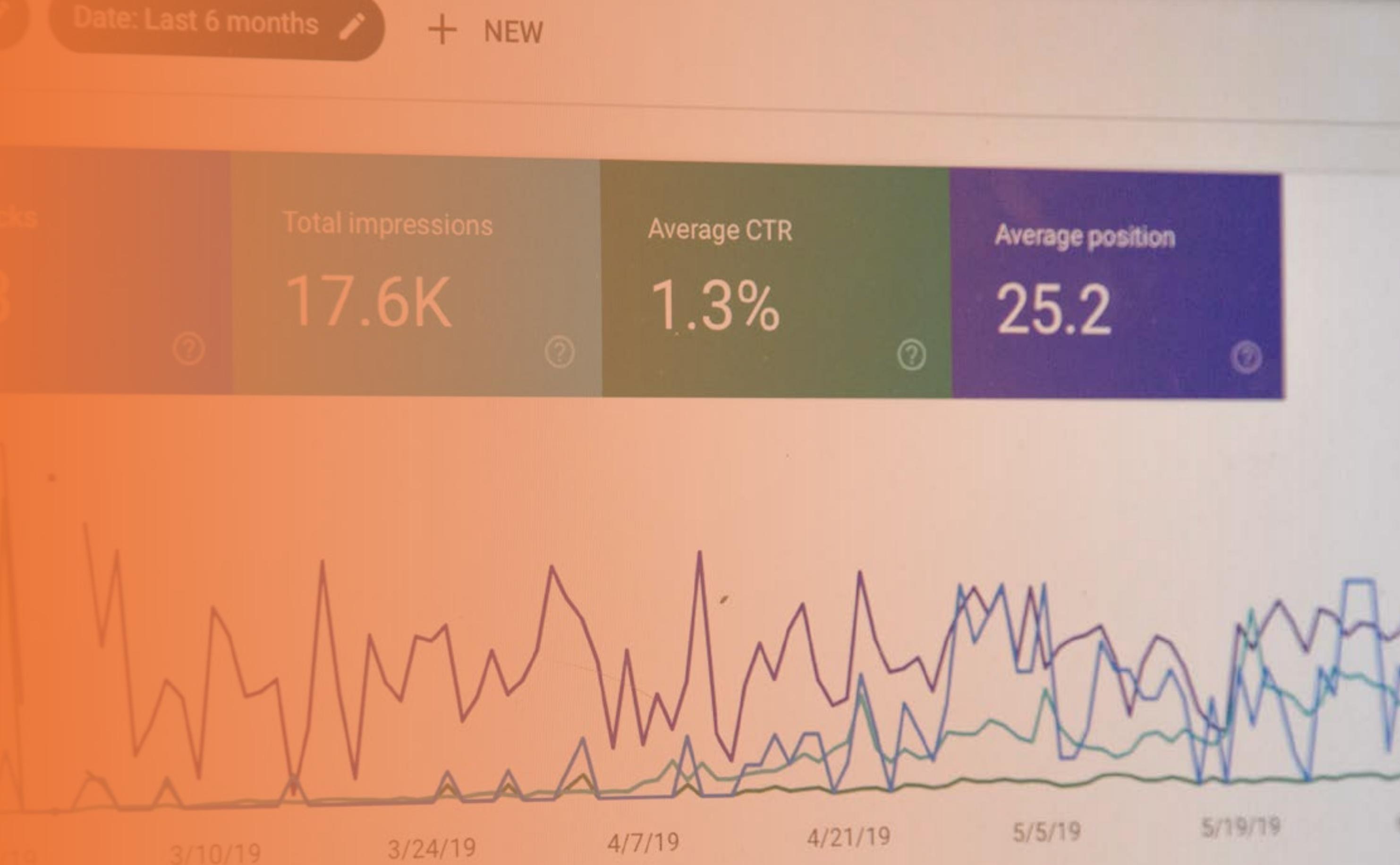
When on sale in a retail outlet, your products are displayed alongside competing products. On your website, only your products are shown, with key features and benefits being presented to the customer.

Capitalising on all these benefits of a direct customer relationship will increase the lifetime value of your customers, bring new customers to you, and help you develop better products for the future.

Is It All Too Good to Be True?

In short, no. However taking advantage of D2C is not just a case of switching on a new sales channel.

There will be new technology and systems to put in place, and you will need to learn a lot about your customers and how to supply them. Plus, you (probably) want to avoid alienating your existing distributors and retailers.



Case Study

How PureTec Went D2C

PureTec Fitness is part of Impex Fitness, the largest strength brand in the world with decades of success selling wholesale in the US. It brought them to Europe and the UK in the early 2000s.

The original approach in the UK was to sell to distributors, who then sold to regional wholesalers, who then sold to the retailers, who finally sold to the customer.

The Problems

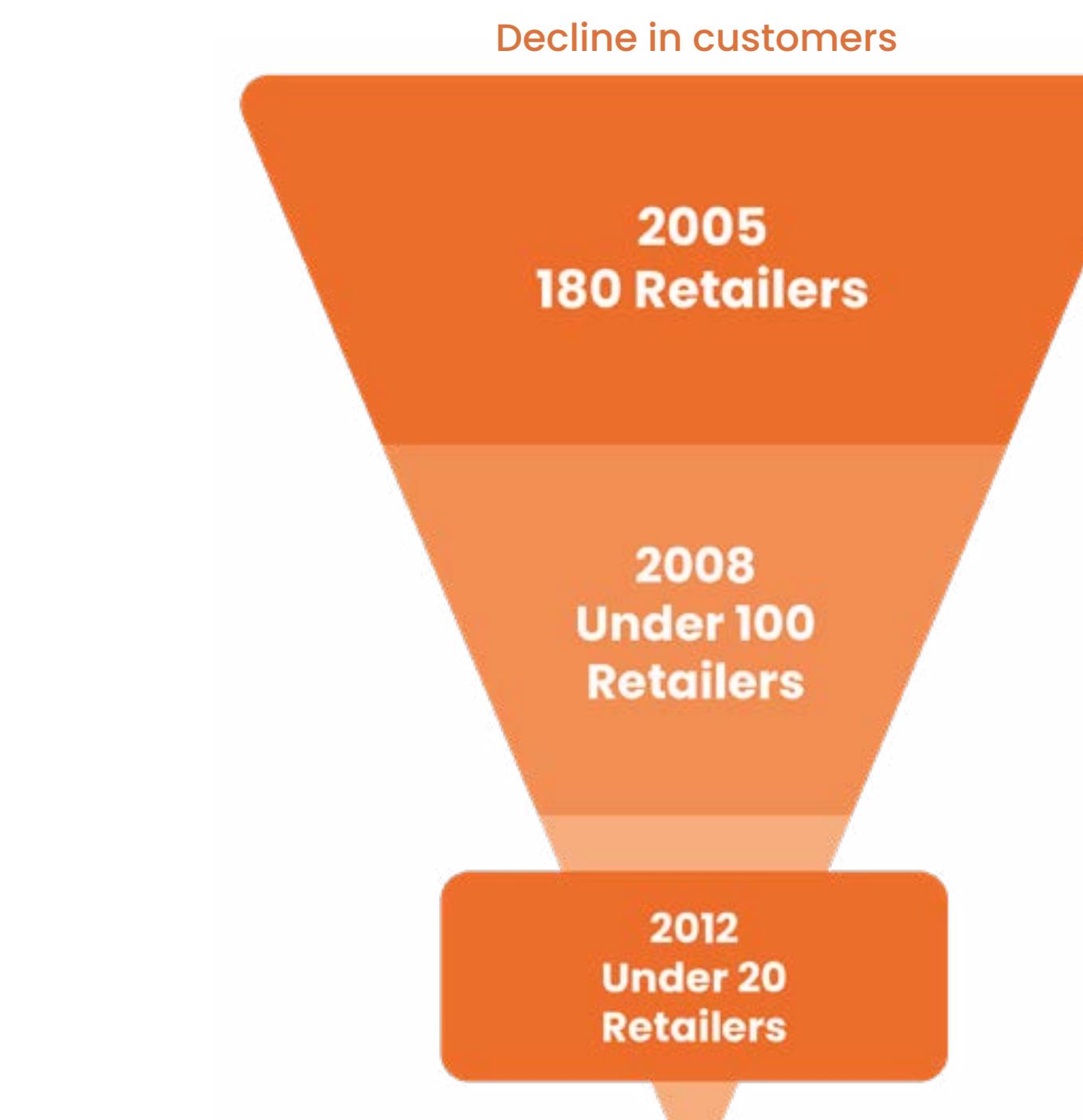
Two factors led to the realisation that the existing sales channels were no longer the best way to run the business in the UK.

1. Fewer Retail Stores

The 2008 recession put many of their retail customers out of business, in the North East of England the number of retailers they sold to shrank from 180 to under 100 by the end of 2008 and under 20 by 2012.

This focused consumer spending into fewer retailers, giving those retailers more buying power.

Fewer retail customers also increased the risk.



2. Retailers & Factories

The retailers started forming connections with the brand's factories in China to create own-brand ranges.

This in turn led to the factories starting to tout for more business direct from retailers – they even attended trade shows.

Both PureTec's customers and suppliers were trying to cut them out of the game.

The Silver Lining

One of the ways the retailers had leveraged their power was to make PureTec hold the stock, create the product information, and operate as direct despatch suppliers.

This turned out to be a silver lining as it meant multiple areas of the business were already adapted to deliver directly to the end customers.



Selling Direct to Consumers and Owning the Customer Relationship

PureTec's team could see the potential to sell directly to the customer from their website, but they realised that, to fully take advantage of the opportunity, they needed to have a website that stood out and offered the customer more than just the ability to buy an exercise bike.

Content is Key...

3 years ago they hired [PushON](#) to help them build their eCommerce website to sell the product AND give the customers the advice and guidance they needed to get fit and buy the right product for them.

Content was going to be key, making up at least 50% of the site. Writing the articles was the first part of the new site project to get underway.

... as is the Customer Experience

They also knew they had to make it easy for the customer to buy.

Gym equipment is a considered purchase and the content would help make sure the website was top of the options list, but to get the sale they also needed to remove as many barriers as possible.

They launched their website with useful content to help the customer decide on the right product, whilst providing multiple payment options, and clear delivery messaging to deliver a frictionless user experience.

Gathering Connections as well as Sales

As home gym equipment is deemed a considered purchase, many customers will research products before they buy.

By using clear email sign-up and social media profile links, they were able to capture customer interest and encourage them back to buy when they were ready.

The Results

Putting the customer experience at the heart of the D2C plan meant that, in the first 12 months the site was live (pre-lockdown), they achieved over £1m in sales.

Year 2 sales are on track to surpass £2m (and would be even higher if more stock was available – lockdown in 2020 was both kind and unkind to them).

Having their own route to market has put PureTec back in control of the future of their business.

They now control the customer experience pre and post-purchase, creating them a growing audience of consumers who will come back to buy again.

“The number of people that we could actually sell to was diminishing at an alarming rate... It was just obvious that the only way we could survive long term was going directly to the consumer”

David Gilson, Managing Director



Shifting to D2C



How to Successfully Shift to D2C

Selling direct to tens of thousands of consumers is very different to selling to hundreds of retailers.

There are obvious differences like payment methods, delivery, warehousing, websites and other software. Getting these right gives you a foundation to build upon but, if you fail to understand what the customer wants and how to serve them, your D2C project will not be successful, no matter how much cash you invest.

Success relies on building strong foundations, understanding the customer journey, and putting place the right marketing and purchase offers to make it easy and appealing for the consumer to buy from you.

Getting the Foundations Right

Internal Skills and Systems

Selling to thousands of consumers via your website is a very different set of systems and processes to selling to a handful of retailers over the phone.

The three key areas that need to work are:

- processing an order for a single unit;
- dealing with customer queries (pre-and post-purchase); and
- picking, packing and despatching individual orders to consumers.

When looking into making these changes, it often transpires that you already have more of what you need than you think. Particularly if, like our exercise brand, you're already handling direct despatch and customer enquiries for your retail customers.

This could include:

- Software systems that can easily be adapted.
- A credit card payment system in use by smaller wholesale customers.
- Key team members who have previously worked for consumer-facing businesses.

Getting these foundations right starts with bringing your teams and key people on board. At a minimum include the accounts department, warehouse team, IT and customer services.

The PushON team regularly help our clients get to grip with this side of going D2C so give us a call today - 0161 8207628

Managing Your Retailer and Distributor Relationships During the Shift to D2C

The other key stakeholders in your shift to D2C are your existing customers, the retailers and distributors you sell to already.

It is highly unlikely you are going to shift 100% to D2C overnight, and in most cases that is not the end goal. This means that it is important to maintain good relationships with wholesale customers throughout the process.

You need to understand what their key fears are and put in place procedures and promises that will mitigate those.

What that looks like varies from sector to sector, and business to business. Here are some examples that have worked for others:

- If they make 80% of their sales on products less than 6 months old then they will agree to sell all new products at RRP for the first 6 months after release.

- Sell all the ancillary products that your retail customers hate having to keep in stock and enable them to earn a commission on such customers they send your way.

- Create a range that will be exclusive to your online site.
- List all your physical retailers on the website.
- Help drive traffic to the stores with click & collect or repairs.

Owning the Customer Relationship

The reasons why the move to a D2C focused strategy fails because the company gets obsessed with the nuts and bolts of the selling process and forgets that the key to success is building a relationship with the customer.

Putting the Customer at the Heart of Your Plans

To ensure the success of your D2C channel you need to put the needs of the customer at the heart of the whole project.

The See Think Do Care model is a clear and simple way to think of your different customer groups, identify their needs and consider them throughout the project and beyond.

To build the model for your business, start with what you already know about your customers. Ask your sales team for product sales data and information received from your wholesale customers.

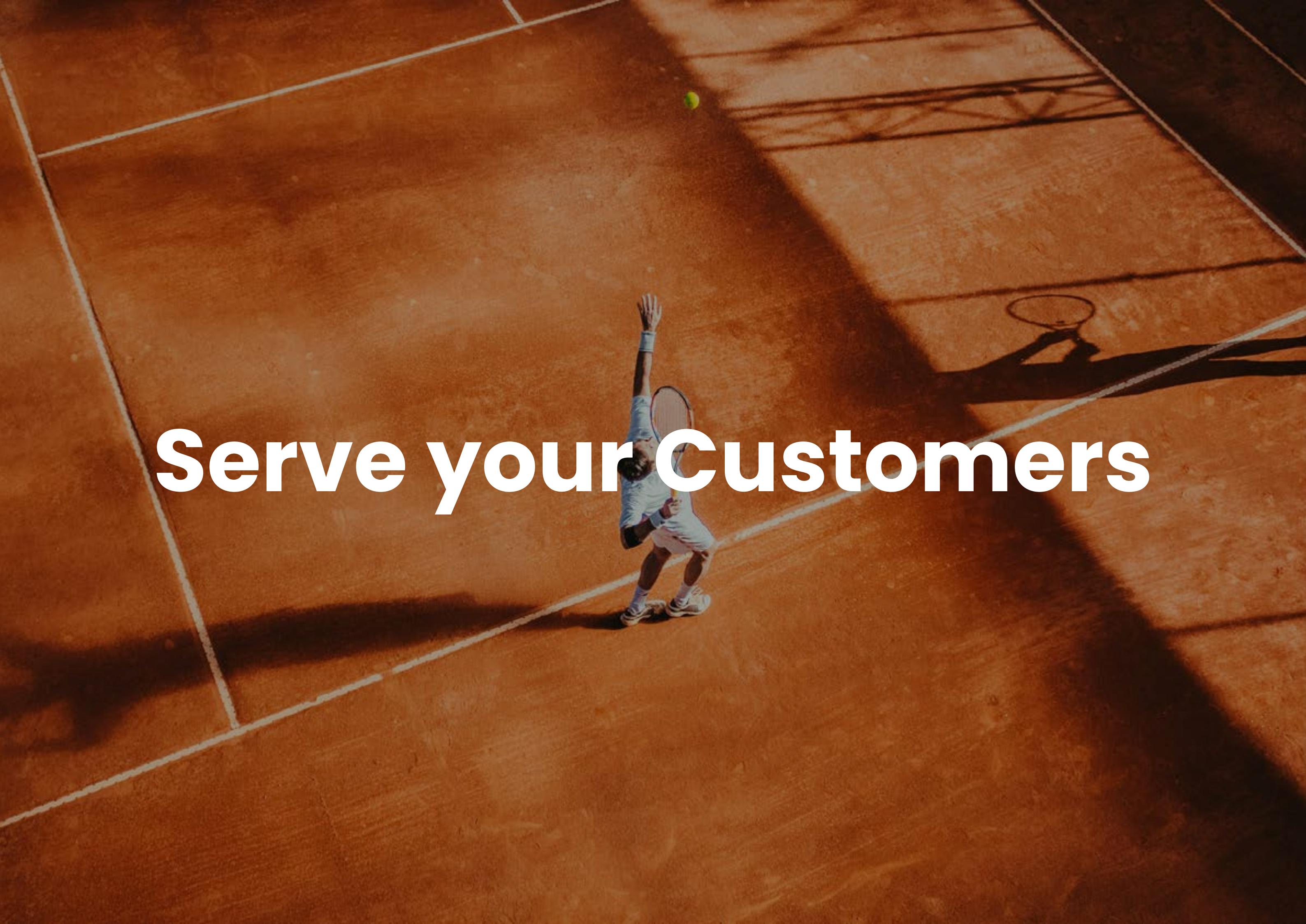
If you have some customer data then you can run customer surveys or focus groups.

It's also useful to study what your competitors are doing and how they're selling similar products.

Not only does the STDC model enable you to start understanding the customer, it also highlights areas you need to take into account in building the site, the customer service systems, your social media profiles and other marketing channels.

The next page outlines how the STDC model works.

Stage	What is happening?
See	Largest addressable qualified audience. People who have the need your product satisfies. These people might not be in a buying phase right now, but they're interested in what you offer.
Think	Largest addressable qualified audience with some commercial intent . People who have the need your product satisfies AND some current motivation to purchase.
Do	Largest addressable qualified audience with loads of commercial intent . People who have the need your product satisfies, have done their research and are ready to buy. They probably have a couple of options on their shortlist and are making the final decision.
Care	Current customers with two commercial sales Your existing customers. They've engaged and converted with your brand more than once and are receptive to more engagement.



Serve your Customers

How PureTec Put the Customer at the Heart of Their Business

The key to the success of D2C for our case study is that from day one of the project they were focused on creating a site that served the customers well. This is how PureTec adopted the STDC model to that end:

See

People who have the need your product satisfies. These people might not be in a buying phase right now, but they're interested in what you offer.

Think

People who have the need your product satisfies AND some current motivation to purchase.

PureTec's Approach:

No exercise equipment site is serving these customers needs. We need to create articles that will keep them on their journey to fitness.

From the practical "Which exercise machine to buy if you have a bad back" to more general nutrition and fitness advice.

Clear reason to sign up to email marketing.

PureTec's Approach:

Active responsive social media profiles. Detailed product pages including downloadable manuals, and lots of images.

Do

People who have the need your product satisfies, have done their research, and are ready to buy.

They probably have a couple of options on their shortlist and are making the final decision.

PureTec's Approach:

A great post-purchase experience in order to generate a lot of positive reviews that will demonstrate we're a business to be trusted.

Option to spread payments over time to enable easier purchasing. With 0% finance.

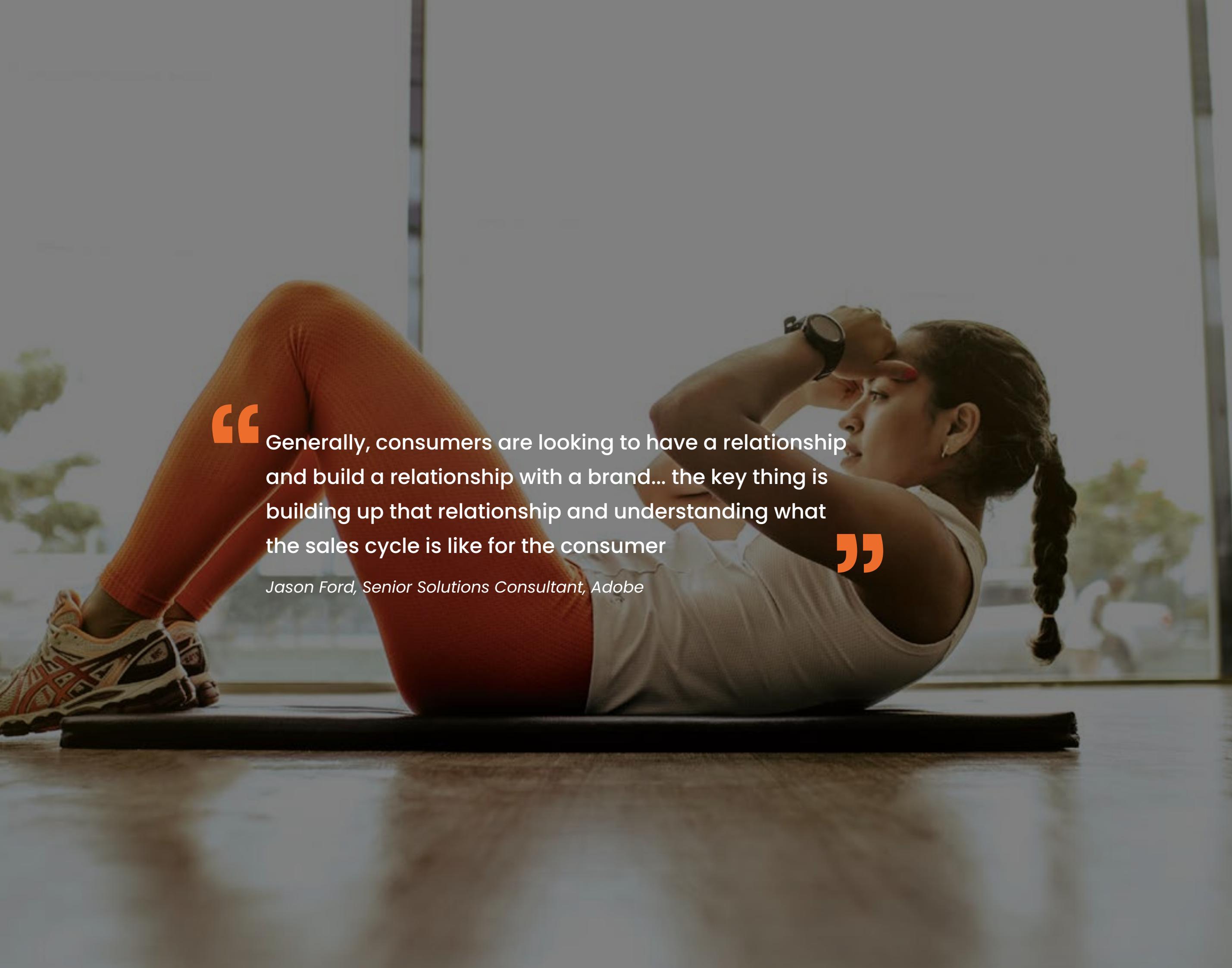
Free Delivery.

Care

Your existing customers. They've engaged and converted with your brand more than once and are receptive to more engagement.

PureTec's Approach:

Great post purchase experience from the product delivery through to the post purchase marketing messages.



“

Generally, consumers are looking to have a relationship and build a relationship with a brand... the key thing is building up that relationship and understanding what the sales cycle is like for the consumer

Jason Ford, Senior Solutions Consultant, Adobe

”

How to Successfully Shift to D2C

The STDC model helps you build the customer profile at the heart of your new D2C channel.

So, ask yourself the question, do you have the right infrastructure in place for delivering the experience customers expect?

For example, do you have a robust eCommerce platform which can deliver personalisation (customer segmentation, product recommendations etc), returns management, social media integration, paid media integration, intelligent search, loyalty programmes, live chat, and more?

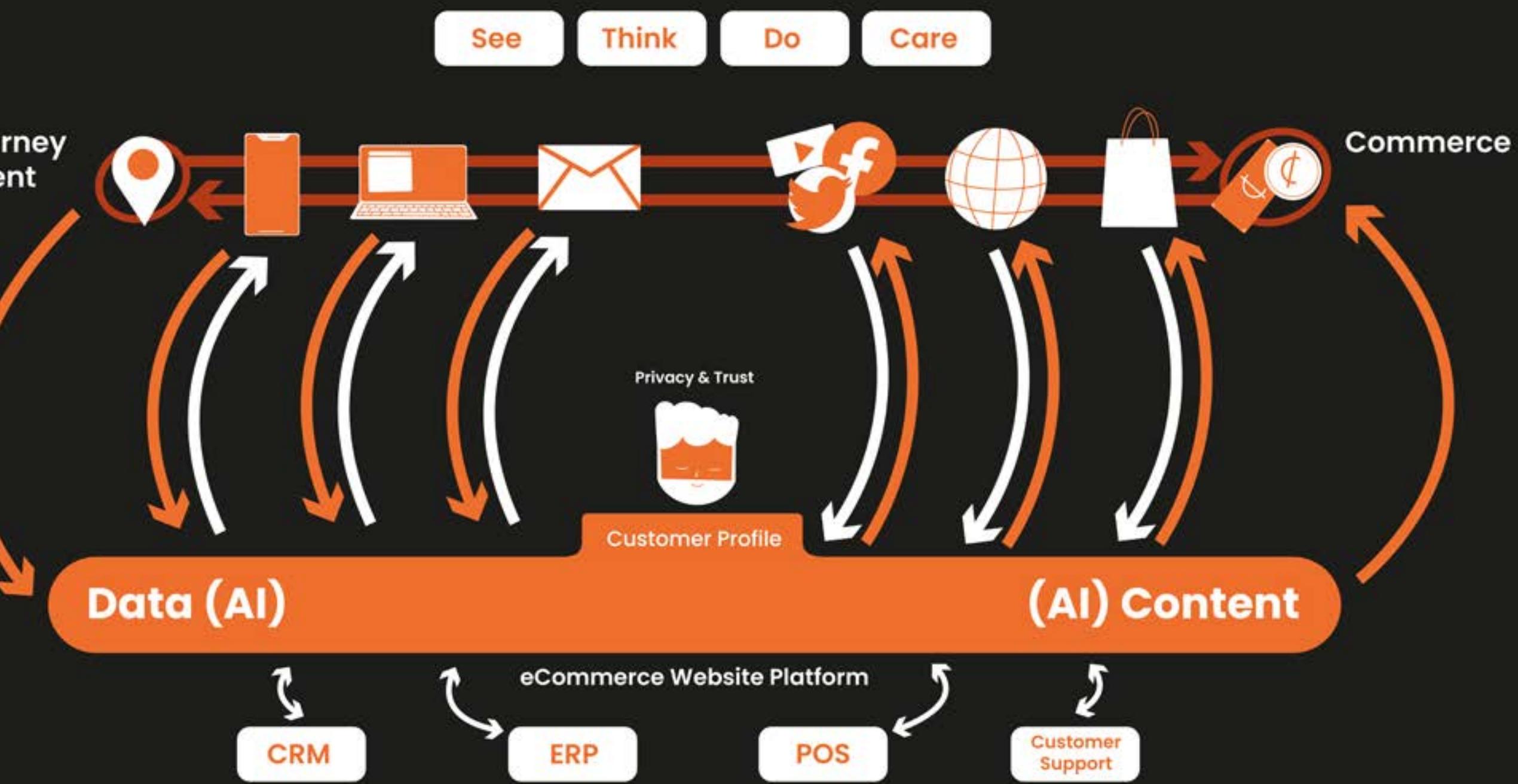
Then there's the supporting architecture behind it such as - CRM (Customer Relationship Management), ERP (Enterprise Resource Planning), WMS (Warehouse Management System), PIM (Product Information Management) systems, Business Intelligence.

These are but a few ingredients to providing that experience and driving loyalty.

There are many eCommerce platforms you can choose from. For example, Magento Commerce is well positioned to deliver the D2C experience required, and allows you to run several stores on the same infrastructure courtesy of its 'multi-store' functionality - a useful tool when maintaining your B2B and D2C stores simultaneously, and without the need to build both from scratch.

On the next page you can see a Customer Experience Management diagram which represents the moving parts involved in this process, centred around the customer, using the STDC approach.

Customer Experience Management (CXM)



Using STDC to Help Build Your Marketing Plans

Once you've got to grips with what the customer needs with your business (and you've built that into your D2C plans) you can use it again to build your marketing activity.

Many eCommerce businesses fail to meet their potential because they put all of their planning and budget into the site and the systems, forgetting that they need to market their website to customers.

Marketing is simply putting the right message in front of the right person via right marketing channel.

The STDC model helps you identify the right person, and you can extend the model to identify and deliver the right message, and the right marketing channel to use for each stage. This can be both via digital and above- the- line (such as TV, Print, and Outdoor).

“ New customer acquisition is nice, treasuring your existing customers is even better.

Simon Wharton, PushON **”**

Stage	Key Messages	Marketing Channels
See	Helpful useful content that solves their problems.	SEO GoogleAds Facebook Ads Social Media Content PR TV, Print, Outdoor
Think	Key factors about why your product is great.	SEO GoogleAds Facebook Ads Social Media Content PR TV, Print, Outdoor
Do	Trust building content (customer reviews). Remove barriers to purchase – payment methods, delivery information.	Email Marketing GoogleAds Facebook Ads Social Media
Care	Help them make the best use of the product. Encourage them to share what they think of and how they use the product. Other products to buy.	Loyalty Programme Email Marketing Social media / UGC GoogleAds / Remarketing Facebook Ads

Your Next Steps

Taking your business D2C can provide added resilience to your business and capitalise on changing consumer behaviours.

If you're considering adding a D2C channel your business here are the three key things you need to think about now.

How adaptable are your existing systems and teams?

Does your team have D2C skills you've not tapped into? Are you already creating a lot of the content you're going to need? Can your existing wholesale technology be easily adapted to D2C selling?

What will the role of wholesale be for your business in 5 years?

You can't just switch off the distributors and switch on a consumer-facing website and expect it go brilliantly - you're going to need your existing wholesale network for at least the short term. So, how are you going to bring them on the journey with you?

How will it change how you work with them? How will it define your D2C channel?

What is going to make your D2C business stand out?

To make a success of your D2C channel you're going to need to give the consumers a reason to come to you. That's where the STDC model is going to help you, and where eCommerce specialists such as PushON can assist help deliver it.

“It’s about finding what’s right for the consumer first, and then suppliers and the company after that.”

Jason Ford, Senior Solutions Consultant, Adobe

Your D2C Checklist

What's next then? Well, here are some questions to ask yourselves when thinking about taking the steps towards a more focused D2C strategy:

1

Think about your relationship with retailers/distributors/wholesalers. The journey to D2C won't happen overnight.

2

How will you attract, convert and retain customers directly, and own the relationship with them?

3

Do you have a marketing plan/framework in place (such as STDC) to deliver the customer experience?

4

Is your team suitably structured and skilled to deliver this new customer experience and service?

5

Do you have the right systems infrastructure in place to deliver the customer experience, i.e. website, payment methods, warehouse, delivery, customer service etc.

If you want to explore these questions further, and need answers, you can speak to eCommerce specialists such as PushON who can help you take the journey towards D2C.

About PushON

PushON is an award-winning full-service eCommerce agency that provides a complete range of web development and marketing services. We push clients' sales through optimisation, outreach, social media and content marketing. As a Silver Adobe Solutions Partner, PushON offers impeccable standards of ingenuity, design and commerciality.

[Visit PushON](#)

About Magento Commerce

Magento Commerce, part of Adobe Experience Cloud, is a flexible, scalable commerce solution with integrated tools for managing, measuring, and optimizing every aspect of the commerce experience.

Adobe Experience Cloud gives you access to the world's most comprehensive suite of solutions across three clouds—Adobe Analytics Cloud, Adobe Marketing Cloud, and Adobe Advertising Cloud.

PushON ▶



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