HCLSoftware

How to optimize your D2C strategy from lessons learned in B2C/B2B2C

HCL Commerce Cloud

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Introduction

The shifting landscape of customer engagement has propelled retailers and manufacturers to reconsider their strategies, emphasizing direct and consistent interactions with customers to augment revenue and elevate lifetime customer value. In today's digital realm, online sales no longer follow the traditional e-commerce formulas, as factors influencing engagement have multiplied. Beyond mere revenue generation, strategic acquisition of customers necessitates a holistic consideration of acquisition costs and customer value. To thrive, brands must seamlessly engage customers across multiple channels, recognizing that an integrated approach significantly impacts the bottom line.

Historically, online engagement predominantly occurred through either a B2C or B2B model. However, evolving technology, heightened competition, and the ascendancy of direct brand loyalty have underscored the effectiveness of the direct-to-consumer (D2C) channel. This paper defines the D2C approach, elucidating how consumer brand manufacturers directly engage with consumers, bypassing conventional distribution channels. The rising preference for D2C over traditional retailers is rooted in factors such as better prices, free delivery, and hassle-free returns. Brands embracing this model are witnessing growth, as consumers actively opt to purchase directly from the brands they trust.

This paradigm shift challenges brands to focus on enhancing consumer value across three dimensions: experience, merchandise, and operations, to build a lasting relationship with their clientele and ensure sustainable growth. This whitepaper will explore three proven strategies, three unexpected examples from industry, and three platform models to consider. Through a thorough exploration of D2C strategies, this paper aims to equip brands with the knowledge to refine their offerings, tailor experiences, and cultivate brand loyalty, ultimately steering them towards long-term success and customer satisfaction.

Setting The Stage: Navigating The Landscape Of Direct-to-Consumer Strategies

As customer engagement evolves across different channels, there are strong signs that retailers and manufacturers who engage directly and consistently with their customers can drive increased revenue and significantly improve lifetime customer value.

In today's digital world, there are more factors impacting engagement for online sales than there were for the traditional e-commerce formulas of the past.

$$T \times CR \times AoV = R$$

Traffic | Conversion Rate | Average Order Value | Revenue (Growth)

Improve any of these and increase revenue

Revenue alone is no longer the simple formula it used to be, based on the volume of visitors and the ability to cross-sell and upsell. It is not enough simply to drive revenue without considering the cost of acquisition and customer value.

The strategic acquisition of customers must span multiple channels in a consistent, seamless experience. The more channels you use consistently to engage customers, the better your chances of improving your bottom line.

Historically, online engagement was driven through a B2C channel with consumers buying goods directly from retailers. For manufacturers and distributors, it was usually a question of amplifying their business through third parties using a direct B2B model.

However, the evolution of technology, increased competition, and the power of direct brand loyalty have made the direct to consumer (D2C) channel one of the most effective and profitable ways for brands to engage and sell to customers – a trend that analysts continue to present as necessary for growth and sustainability.

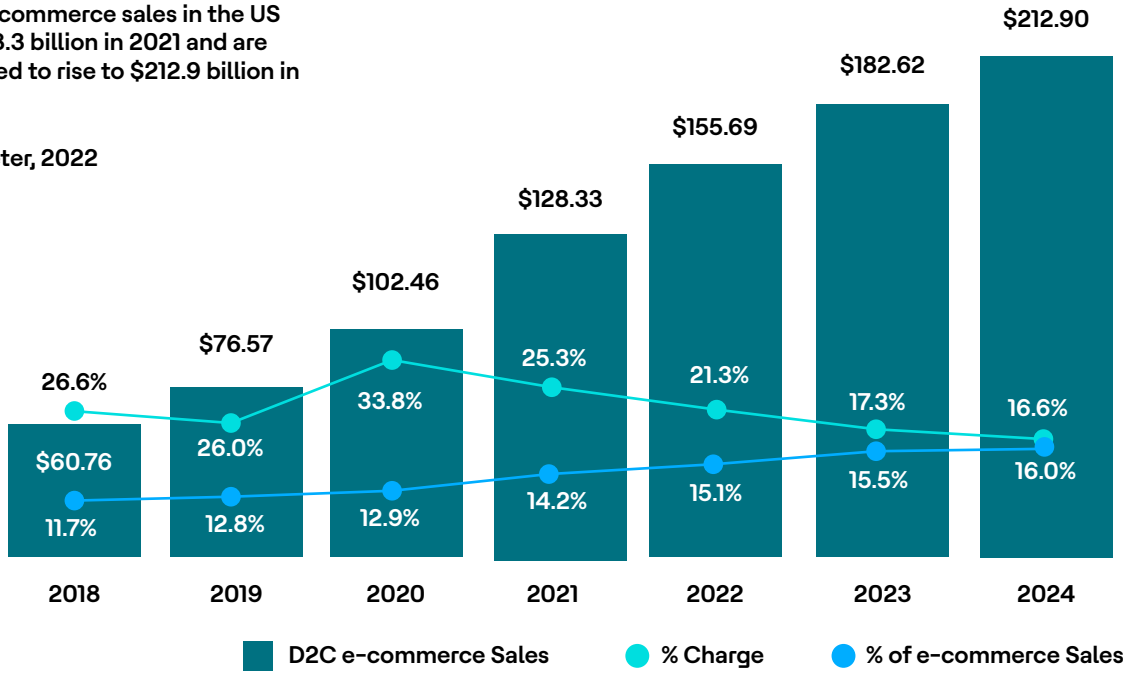
Direct to Consumer (D2C): A Definition

D2C products are sold by consumer brand manufacturers directly to consumers online via their owned and operated sites. They bypass conventional distribution channels such as retailers, wholesalers, or third-party platform markets.

D2C e-commerce is projected to grow faster than overall e-commerce

D2C e-commerce sales in the US hit $128.3 billion in 2021 and are expected to rise to $212.9 billion in 2024.

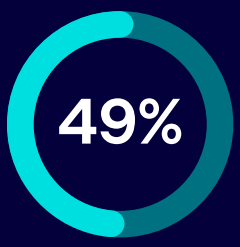
eMarketer, 2022



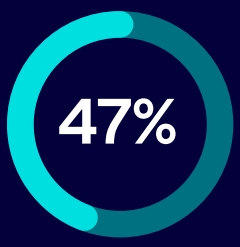
More and more consumers are choosing D2C over traditional retailers. Brands are seeing strong growth in their D2C channels because **people are intentionally choosing to buy directly** from the brands they trust.

The main factors driving consumers to choose D2C over retailers

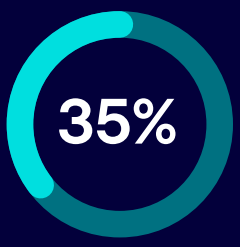
According to Statista, an online statistics, market research, and business intelligence platform, the top three reasons for choosing D2C channels over traditional retailers are clear:



Better prices



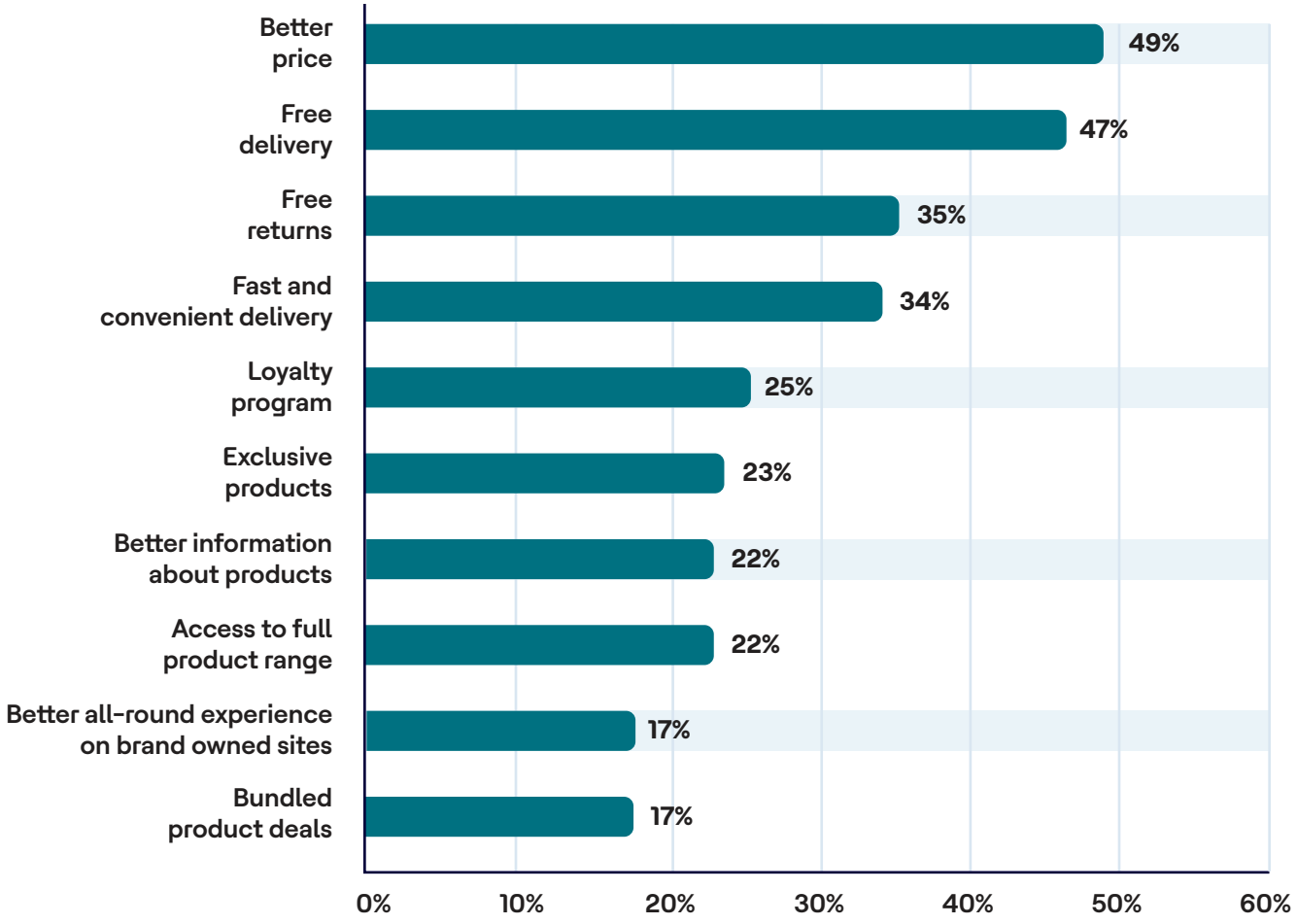
Free delivery



Free returns

Here's a breakdown of the latest predictions from a worldwide Statista study conducted in 2022:

D2C in 2023: Predictions, expectations & recommendations for new and established brands



Share of respondents

Sources:
Censuswide; Wunderman Thompson
©Statista 2022

Additional Information:
Worldwide; Censuswide; March 25 to April 7, 2022; 16 years and older; Online survey

Amazon had already made free delivery and returns "normal" even before the pandemic. Now many consumers expect these benefits when they shop online rather than at a store, which they do mostly for the sake of convenience and speed.

Despite many consumers' belief that they receive lower prices by buying directly from a brand, this isn't the sole criterion for delivering value to consumers. That's why brands need to focus on different dimensions of consumer value and provide a superior customer experience, nurturing and ensuring the continuous growth of their customer base.

3 Dimensions Of Consumer Value

In a direct-to-consumer (D2C) channel, value to a customer is enriched through three key capabilities:

Experience

Merchandise

Operations

By leveraging these capabilities, your D2C channels can deliver a comprehensive and compelling value that goes beyond mere transactions.

Experience

Consumers now expect a hyper-personalized and immersive experience, allowing them to connect with the brand on a deeper level. Tailored recommendations, interactive interfaces, and engaging content create a sense of belonging.

Customers need to feel connected every step of the way, so the demand for flexibility is high in both digital and mobile-friendly settings. And when the customer needs help, reliable and efficient customer service on demand is non-negotiable.

Merchandise

The merchandise facet offers a wide range of products, often with exclusive offerings that cater to specific preferences. Consumers are increasingly conscious of origins and ethical considerations behind their purchases, so merchandise in D2C channels should prioritize product transparency and traceability, extending to responsible sourcing and sustainability.

By providing detailed information about the sourcing of materials, production processes, and overall environmental impact, D2C brands build trust and empower consumers to make informed choices.

Operations

These same principles of transparency and sustainability extend seamlessly into D2C channel operations, enhancing the overall consumer experience. Customers benefit from convenient and easy ordering, fast product delivery, and overall affordability within competitive pricing parameters.

These features and functions all underscore your brand's dedication and commitment to customer satisfaction. Our holistic approach to operations not only aligns with consumer values, but also elevates their engagement, reinforcing the brand's reputation and fostering long-term brand loyalty.

Consumer perception

Consumers don't just expect personalization, convenience, and transparency from their D2C shopping experiences; they also anticipate tailored tools and interfaces that enable interactive engagement from A to Z. Consumers are looking to D2C channels not only to fulfill their product needs, but also to offer meaningful experiences that resonate with their values and lifestyle.

Here are some thoughtful considerations about customer perception:

01 They are most important for your core customers.

- For instance, what are your customers looking for from you as a manufacturer or retailer?
- Is it service, engagement, assortment, availability, quality? Or something else?

02 The are perceived as most aligned to your brands.

- Ask yourself what your brand values are and how you want to represent them in your digital engagement.
- How well do these align to the in-store/in-person experience?

03 They can establish legitimate differentiation.

- What uniquely separates your brand from your competitors?

A well-thought-out D2C strategy for engagement can unlock customer loyalty and build brand value. But you'll need to devise a strategy that aligns with customer behaviors and market trends.

Knowledge empowers brands to refine their offerings and enhance their customer experience. Keeping the customer experience in mind, it is important to:

- **Educate consumers** about products with innovative and exclusive capabilities and features. Educating customers is a key part of the sales cycle, and providing meaningful, accurate information can accelerate engagement.

- **Offer personalization** and customized recommendations. Personalized engagement with meaningful promotions or cross-selling/up-selling are proven ways to improve customer acquisition and retention.

- **Foster repeat purchases** through consumer loyalty programs, subscriptions, and tailored communications. Loyalty is a key means to ensure continued engagement with a brand.

3 Proven E-commerce Strategies For D2C

In a D2C e-commerce model, reliance on a set of core customers is fundamental to establishing a sustainable and thriving business. These core customers, often referred to as a brand's "loyal fanbase," play a critical role in driving consistent sales, fostering brand advocacy, and providing valuable feedback.

Engaging a broader range of customers helps in diversifying revenue streams and reducing over-reliance on a specific demographic. New customer acquisition broadens market reach, helping a brand to tap into new segments and gain fresh perspectives. This approach is crucial for mitigating the risks associated with relying heavily on a limited customer base.

McKinsey CPG research shows that **it costs up to five times less to keep a customer than to acquire a new one.**

In addition, increasing customer retention rates by just 5% could help increase profits by between 25% and 95%.

Core customers act as brand ambassadors, naturally advocating for the brand within their networks. Their positive experiences and endorsements hold weight and can significantly influence potential customers.

Creating an ownable customer experience hinges on three essential strategies: developing strategic brand partnerships, creating targeted loyalty programs, and generating consistent subscription business.

1. Communities and Strategic Brand Partnerships

Successful brand communities can be a great way to nurture an initially small D2C customer base. Brand communities are typically established through:

Brand recognition: A consistent visual identity across all touchpoints – from your websites to your social media posts – will reinforce your brand's image in the minds of customers.

Personalization: Tailored product recommendations, content, and offers make for a more enjoyable shopping experience, making customers feel understood and value.

Purchase frequency: Personalized, seamless immersive experiences will improve your conversion rates. Satisfied customers are also more likely to return for future purchases and become repeat buyers, contributing to long-term revenue growth.

Content affinity: Align with customer preferences and behaviors based on their individual needs and affinities. For example, a customer who interacts frequently with content related to health and fitness may benefit from product recommendations on activewear and home fitness equipment. Content can be curated to cater to the customer's personal interests.

Offering relevant activities: By analyzing customer interactions, browsing history, past purchases, and engagement patterns, brands can identify audience segments and deliver relevant recommendations that drive conversion.

Local community engagement: Engaging with the local community through events, sponsorships, or partnerships helps to establish your brand in a targeted region. Hosting local events or pop-up shops can encourage online customers to interact with your brand in person, creating a more comprehensive and memorable brand experience.

Partnership opportunities: From influencers to affiliates, strategic partners who align with your brand's values and target audience can help you reach a wider, more engaged audience.

Strategic partnerships can be critical for D2C growth and success, helping brands to identify and then focus on their unique strengths and differentiation. For instance:

- Channel partners can help navigate industry trends and inform product development.
- Logistics partners can help control costs and manage operations associated with shipping products to consumers individually or processing returns.
- Collaborating with complementary brands can lead to cross-promotion opportunities and marketing campaigns.

2. Targeted loyalty programs

A 2022 McKinsey study surveyed five billion loyalty program membership accounts in the US. Surprisingly, they found that 55% of loyalty members did not use the programs they had signed up for.

Engaged members of top-performing loyalty programs are:
• 80% more likely to choose that brand over competitors
• 2 times as likely to increase the frequency of their purchases

As consumers become increasingly discerning about the loyalty programs they engage with, experience shows that the key to success lies in providing appropriate rewards instead of fees, presenting a diverse range of experiences, and maintaining consistently high levels of engagement.

3. Subscription Business

According to Research and Markets, the global subscription e-commerce market, valued at $96.61 billion in 2022, is projected to surge to an estimated $2419.69 billion by 2028. This model involves customers signing up for recurring product or service subscriptions, delivered in regular intervals through subscription boxes, driving a forecasted CAGR of approximately 71% from 2023 to 2028.

Subscription businesses foster stable, predictable revenue growth and can deepen connections with a brand's most valuable consumers. Subscribers often spend more over time when compared with one-time purchasers. The recurring nature of subscriptions leads to a higher lifetime customer value and can help in managing inventory and in business forecasting.

Subscription models enable brands to offer consumers value in several ways, such as:

- **Refills.** "Subscribe and save" product refill subscriptions replenish items regularly, saving customers time and money.
- **Product trials.** Curated product assortments with different levels of customization. Sample new products receive seasonal offerings based on preferences and dietary requirements.
- **Membership subscriptions.** These are a great way to offer customers access to exclusive products, discounts, or perks.
- **New Insights.** Leverage consumer information (in a privacy-safe way) to provide usage insights and predict relevant new offerings.

The value of subscriptions is rich and compelling in D2C channels. They can offer predictable revenue streams, which lends to greater stability and financial predictability and can help with budgeting, planning, and scaling operations. Regular interactions through subscriptions can also create more touchpoints for engagement, and brands can better communicate with their subscribers, share updates, and gather feedback, further enhancing the overall customer experience.

3 Unexpected Examples For Inspiration

Caterpillar – Continuous innovation is the core

> Caterpillar is a stronger company,
> the stronger our digital solutions get.
> - **Ogi Redzic**
> **Chief Digital Officer, Caterpillar**

HCL Commerce Cloud customer Caterpillar, who is the world's largest manufacturer of construction and mining equipment, does more than $10 million of business in parts sales every day through its e-commerce channels – and that is expected to grow 50% over the next 3 years.

Caterpillar's automated IOT program collects information from 1400 data points and over 1.2 million assets in the field – every day!

Caterpillar's Chief Digital Officer Ogi Redzic often talks about the ongoing cycle of value, where Caterpillar teams collect data, generate information and then create services that correlate with the data. All of these helpful insights are passed back to the customers. That's the power of using HCL Commerce Cloud's data and analytics – built right into a single solution.

Caterpillar's loyalty program

Millions of customers and heavy equipment dealers use Caterpillar's platforms every day to predictively determine when to order parts and dispatch services. These data-driven insights help to minimize downtime and extend the life of their assets.

Remarkably, the data collected shows that digital-first customers buy an impressive 24% more than "traditional" customers. This phenomenon underscores the effectiveness of Caterpillar's strategic focus on digital channels, which leads to enhanced convenience, personalized experiences and streamlined interactions. The data further suggests that by prioritizing their digital presence and catering to the preferences of tech-savvy customers, Caterpillar has successfully tapped into a lucrative market segment that thrives in the digital landscape.

Caterpillar's subscription services

VisionLink is a next-generation asset management and fleet productivity solution that leverages telematics data to give equipment operators a more holistic view of their fleet, assets and site productivity for better decision-making.

This ground-breaking subscription service is an exemplar of the future of asset management and fleet productivity solutions. Their dynamic integration of cutting-edge technology and data-driven insights not only transforms the way operators manage their assets but also enhances their ability to identify potential issues, optimize asset allocation and ensure seamless workflow continuity.

Caterpillar's partnerships and community

Caterpillar engineers are developing machine learning models from 20 distinct data sources to generate insights which provide better leads for their dealers.

And that's not all. Caterpillar fosters strategic partnerships, as a testament to their fostering of innovation, expanding reach and delivering enhanced value to their customers. By collaborating with key industry players, Caterpillar showcases its proactive approach to addressing industry challenges by building bridges with like-minded partners.

In a digital world of interconnectedness, collaboration is becoming more paramount. Key partnerships signify a commitment to progress, innovation and ultimately, the success of your customers.

General Motors – shaping future strategies through granular level customer knowledge

General Motors, a long time HCL Commerce Cloud customer, currently has over 300 data scientists analyzing trends and forming insights about "what customers are interested in buying, when they're interested in buying it and how they're interested in buying it."

These scientists are diligently engaged in extracting insights from an intricate web of consumer behaviors, preferences and trends. This assembly of analytics reflects General Motors' commitment to understanding their customers on a deeply granular level and harnessing this knowledge to shape future strategies.

General Motors' CEO Mary Barra often speaks of four major trends that are affecting the way people move today: propulsion (electrification), sharing, autonomy, and connectivity. These four pillars are the cornerstone of General Motors' strategic direction and focus on pioneering vehicles that reduce environmental impact and promote sustainable mobility.

In 2021 General Motors launched Ultifi, the operating system for their Vehicle Intelligence Platform, which works like software on a smartphone. Ultifi provides regular updates and lets customers choose from a variety of over-the-air upgrades, personalization options, and apps. The creative tool is a linchpin of General Motors' strategy to facilitate safety, efficiency and convenience in one interconnected package.

General Motors' customer loyalty program

"My GM Rewards" is a loyalty program with three membership tiers, with and without a branded credit card option. Members can earn and redeem points for the purchase or lease of a new General Motors vehicle, as well as vehicle parts, accessories, paid Certified Service or select OnStar and Connected Services plans.

General Motors' member program demonstrates their dedication to fostering enduring relationships with their valued customers. That commitment goes beyond transactions and creates a sense of belonging and builds trust that can last for generations.

General Motors' subscription services

Since the inception of its new subscriptions service and loyalty programs in 2021, General Motors has worked hard to enhance their customer experience – and are rewarded with a healthy bottom line as a result.

In fact, General Motors aims to generate up to $25 billion in software and subscription revenue annually by 2030 – up from an estimated $2 billion in 2021. Emerging offerings include General Motors' auto insurance through OnStar and Super Cruise (hands-free driving technology that can be used on 400,000 miles of mapped roads in the U.S. and Canada).

Whirlpool Corporation – customer loyalty programs and subscription services are the new battleground

Whirlpool Corporation is a multinational manufacturer of home appliances and one of the largest appliance producers in the world. They are known for their other well-known brands widely recognized for their quality, innovation, and technological advancements, making them a household name around the globe.

But it's noteworthy that Whirlpool's own very definition of their product is changing, reshaping Whirlpool's fundamental perception of its products and communication.

According to Whirlpool themselves, they have been selling boxes that perform important tasks for consumers for over a hundred years . . .

- Boxes that get hot to cook meals
- Boxes that get cold to preserve food
- Boxes that spin water to clean

Today Whirlpool is becoming like Peloton – combining compelling content and analytics with world-class hardware to create amazing customer experiences. That commitment testifies to customer satisfaction and translates into brand prominence and sustainability. The company excels in catering to the evolving needs of customers in multiple home appliance sectors.

An example of this is the Whirlpool's Smart Ovens that solve an end-to-end food journey by integrating to popular recipe app Yummly (which helps find recipes, organize grocery shopping, and streamline meal preparation) and automatically synching temperature settings and cooking times. So instead of selling just an oven, they're selling a gourmet cooking service. This creates a feeling of partnership, build a community and ultimately boosts loyalty for the product.

Whirlpool's customer loyalty index

At the core of the change in perspective is their customer loyalty program. Whirlpool has developed a customer loyalty index that is objective, measurable, and correlated with long-term business outcomes. It analyses focus groups and customer behaviors to determine which product or service attributes to have the greatest impact on customer loyalty.

From a D2C perspective, the development of Whirlpool's customer loyalty index brings forth a multitude of advantages. This strategic approach is poised to revolutionize the consumer experience and strengthen brand-customer relationships.

First and foremost, the customer loyalty index empowers Whirlpool to gain deep insights into customer preferences and priorities. By meticulously analyzing focus groups and customer behaviors, the company can discern the specific attributes of their products or services that wield the most profound influence on customer loyalty. This invaluable knowledge enables Whirlpool to tailor their offerings according to what resonates most with their consumer base, ensuring that their products are aligned with customer desires and needs.

Furthermore, this approach promotes a heightened sense of customer satisfaction. By focusing on attributes that have a substantial impact on loyalty, Whirlpool can fine-tune their products and services to exceed customer expectations. This, in turn, fosters a stronger emotional connection between consumers and the Whirlpool brand, ultimately translating into enhanced customer retention and repeat business.

Additionally, the objectivity and measurability of the loyalty index confer a tangible means of assessing the efficacy of Whirlpool's initiatives. The ability to quantify the impact of various attributes on customer loyalty enables the company to make informed decisions and allocate resources more efficiently. This data-driven approach ensures that Whirlpool's endeavors are not only customer-centric but also backed by concrete evidence of their effectiveness.

Whirlpool's subscription services

Whirlpool offers unique subscriptions that further energy efficiency, smart technology, and cutting-edge design and create the feeling of partnership and community.

For instance:

"Smart Capable" Whirlpool and Maytag washers and dryers offer consumers the option to activate a connected subscription to unlock smart features, like remote start, cycle notifications, and stain guide.

Swash® Laundry Detergent can support an end-to-end laundry experience, which is digitally integrated for automatic replenishment.

Everydrop® Water Filter subscription offers delivery every 6 months with a 20% discount.

Overall, the customer loyalty index sand the subscription services stand as pivotal tools in Whirlpool's D2C strategy, elevating customer experiences, nurturing loyalty, and fortifying the brand's position in the competitive landscape.

3 D2C Platform Models To Consider

When you consider implementing a D2C strategy, we suggest that you carefully consider the diverse platform models available. Both internal and external models may come into play.

Leverage established third-party platforms

Prioritize third-party sellers

Select and develop your own D2C platform

1. Leverage established 3rd party platforms

Sell through Amazon

With its robust set of capabilities, Amazon presents a compelling platform for D2C ventures. Benefits of this approach include guaranteed traffic, simplified maintenance, and integrated shipping services.

However, challenges may arise in the form of high service costs, substantial fees, stringent process compliance, and the ever-present competition with other brands. Additionally, relying on Amazon could diminish brand ownership and restrict access to crucial consumer data, which could potentially hamper long-term growth and customer relationship development.

Sell through retailer online marketplaces

Retailers like Kroger, Walmart, Target, and emerging niche e-tailers offer diverse e-commerce avenues through click-and-collect methods and direct delivery services. Collaborating with these retailers provides an opportunity to engage with an existing consumer base and tap into trusted merchant relationships.

But setting up systems like ERP entails additional complexities. You might face fierce competition within the marketplace, necessitating effective product and brand information management. Similarly, access to consumer data remains limited, potentially constraining personalized marketing efforts.

Sell through Amazon Pros:

- Guaranteed traffic
- Easy maintenance
- Shipping services

Sell through Amazon Cons:

- High service costs
- High cold storage fees
- Demanding process compliance
- Competition with other brands
- Limited ownership of brand experience
- Limited access to consumer data
- Challenging to leave the program without losing market share as leads get redirected to competitors

Sell through retailer online marketplaces Pros:

- More ways to engage with current consumer base
- Trusted merchant
- Existing customer relationships

Sell through retailer online marketplaces Cons:

- Additional system set up (ERP, etc.)
- Competition between brands
- Product and brand information management
- Limited access to consumer data

2. Prioritize third-party sellers

Two different internal models stand out if your D2C strategy is to prioritize third-party sellers:

D2C Content Site

Operating without direct commerce functionalities, a D2C Content Site approach focuses on immersive content and social engagement, enabling you to educate your customer about your offerings and values while leaving the sales to third party sellers. While it may lack extensive segmentation and personalization, this model thrives for brands prioritizing other retail channels for conversions. Particularly fitting for those with lower current or anticipated DTC revenue and a subdued emphasis on driving loyalty, the D2C Content Site approach excels in amplifying brand presence and fostering connection through authentic storytelling and informative content.

D2C Product Catalog Site

Notably suited for brands keen on educating consumers about their products, this model shines in its capacity to guide your customers toward retail partners for the ultimate purchase journey. Particularly advantageous for those prioritizing other retail channels for conversions and boasting a high focus on enriching consumer knowledge, the D2C Product Catalog Site embodies a holistic strategy that merges engagement, education, and seamless retail integration.

3. Select & develop your own D2C platform

A simple transaction platform

A simple, internal D2C transaction platform facilitates basic D2C e-commerce functionality coupled with rudimentary content and social elements. Tailored for brands with high current or potential D2C revenue, this approach excels in scenarios involving relatively low-consideration purchases and a burgeoning product range. While engagement across the consumer life cycle remains limited, the focus on swift transactions proves advantageous for brands with a primary goal of driving sales.

D2C enabled basic e-commerce platform with transactional e-commerce capabilities and basic content and social

Typical business needs:

Limited need for engagement across the consumer life cycle

Primary focus on transaction / conversion

Most appropriate for brands with:

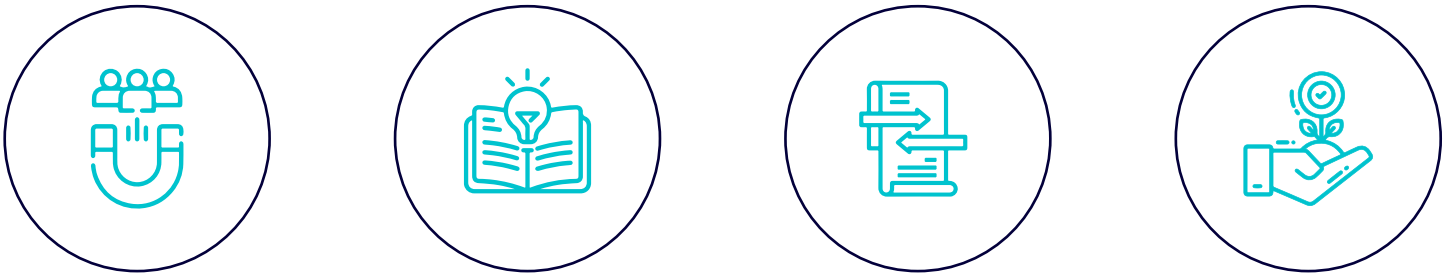
- High current/potential D2C revenue
- Relatively low-consideration purchases
- Growing product assortment
- Lower focus on brand loyalty and consumer engagement

The transaction platform that helps you sell more

Choosing a solution that will help you adapt to evolving standards, changing customer preferences, and ever-increasing expectations will help you sell more from day one. If you choose a platform like HCL Commerce Cloud, evolving your strategy into a new field, like D2C, is easy since you can do everything on the same platform – D2C, B2C, B2B, B2B2C, marketplace approach – all the capabilities you need to be successful.

Leveraging data-driven consumer segmentation and personalization, HCL Commerce Cloud aligns seamlessly with brands aiming to establish an enduring and loyal consumer base by orchestrating a holistic end-to-end consumer journey, encompassing attraction, education, transaction, and nurturing phases.

Particularly apt for brands with strong D2C revenue prospects, an expanding array of products, a curiosity to test out new strategies and the ambition to elevate engagement through education, HCL Commerce Cloud serves up a potent blend of search, marketing prowess, personalization, other out-of-the-box e-commerce capabilities, allowing you to create robust, loyalty creating consumer interactions.



Attract **Educate** **Transact** **Nurture**

We offer end-to-end consumer engagement with powerful content, marketing, personalization and e-commerce capabilities.

Typical business needs:

High consumer engagement potential

Own the end-to-end consumer life cycle across attract, educate, transact, and nurture

Most appropriate for brands with:

- Strong D2C revenue potential
- Growing product assortment
- Potential to increase engagement through education
- High potential for driving loyalty
- Data driven consumer segmentation and personalization

Critical Considerations You Can't Ignore: A Recap

As we've seen and explored, businesses must adopt capabilities that engage and deeply resonate with customers to capture future growth. The evolving D2C landscape includes in-house capabilities, retailer marketplace partnerships and strategic relationships.

Brick-and-mortar sales will still be critical for many brands, but it's crucial to build or integrate agile and flexible online platforms that make the consumer journey more seamless. Numerous insights can be extracted from existing e-commerce experiences within the B2B and B2B2C sectors, which any organization can benefit from.

The D2C approach presents a vital new avenue for manufacturers and distributors to enhance their interaction with customers across distribution channels and get to understand them better. However, choosing a D2C strategy is not as simple as choosing a single option. It requires aligning people, process, and technology. Successful brands understand their consumers' motivations and values, then integrate those into selling and loyalty strategies – which are tailored to brand, operations, business model, and of course customers.

Opting for a D2C strategy is a multi-faceted decision that extends beyond a single process or decision. The nature of the D2C approach necessitates a comprehensive alignment of people, processes and technology that will help the brand align with their customers' core values, motivations and behaviors.

The synchronization of these components must harmonize into one seamless composition that will allow brands to craft an authentic and compelling narrative that resonates deeply with their target audience.

Recommendation Outcomes

The recommendations outlined emphasize the strategic importance of diversifying customer engagement and acquisition beyond the core customer base. For readers in the e-commerce domain, these insights offer substantial value:

01. Diversification Strategy:

Understanding the necessity of diversifying customer engagement provides a roadmap for reducing dependency on a specific customer segment. Readers can apply this strategy to mitigate risks and enhance long-term business sustainability.

02. Market Resilience:

Recognizing the value of attracting a broader customer base helps readers prepare their businesses to adapt to market changes and challenges. It's a valuable insight for building resilience and future-proofing their ventures.

03. Competitive Advantage:

Gaining insights into tapping into varied customer demographics allows businesses to gain a competitive edge. By reaching untapped markets and addressing a wider audience, readers can position their brands strategically in the market.

04. Revenue Growth:

The expansion beyond core customers can lead to revenue growth through increased market share. Readers can use this understanding to plan their growth strategies and financial forecasts effectively.

05. Customer-Centric Approach:

Acknowledging the significance of customer feedback and brand advocacy highlights the importance of a customer-centric approach. Readers can leverage this knowledge to fine-tune their marketing, products, and services, ultimately fostering stronger relationships with their customer base.

Incorporating these recommendations can guide readers in shaping their e-commerce strategies, fostering growth, building resilience, and ultimately achieving sustained success in the dynamic and competitive landscape of modern commerce.

Connect With Us To Learn More About D2C E-commerce

At HCLSoftware, we hold the belief that software partners should exceed customer expectations and provide enhanced value for their customers' investments. That's why we're known as "the transaction platform that helps you sell more."

We welcome the opportunity to connect with you and discuss how to embark on your own transformative journey with **HCL Commerce Cloud.**

Schedule a demo today:

Sources

In this whitepaper, we've condensed all the latest research and compiled the most important considerations in creating a D2C customer engagement strategy. Here is a list of the sources we have used. We invite you to take a closer look at these to gain even more insight into the value of D2C e-commerce.

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https://www.bloomberg.com/news/audio/2022-09-27/making-use-of-digital-strategy-for-business-growth-podcast

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