Investing in Direct-to-Consumer and Wholesale eCommerce

How a single platform can supercharge growth and loyalty across business models
Introduction

B2C and B2B are experiencing digital disruption at the same moment, and one group has a unique opportunity to take advantage: consumer brands.

Today’s consumers leverage the ease and accessibility of the Internet to their full advantage... but few brands are. Whether your brand is planning a consumer-facing site or already have a growing direct business, now is the time to increase your efforts.
Consumers, manufacturers, and partners all gain from easier ways to buy direct from brands.

Marketing, distribution, and product walls have come down.¹ Now, suppliers can interact with end users at scale for the first time, and it’s changing how brands develop, manufacture, and advertise their products. Years of overbuilding paired with digital disruption has retailers focused on adjusting their own strategies, not the success or the individual success of hundreds of supplier brands they carry. As such, many brands are now uneasy about relying solely on traditional distribution channels, and are looking to expand their options to higher-margin direct sales.

Retailers can also benefit from brands looking to sell directly to the consumer. When a brand has a better direct site, it’s been shown that both sales and customer satisfaction improves across channels.² Additionally, new technology advancements are revolutionizing the supplier-retailer sales model. Modernizing wholesale sales with eCommerce streamlines the retail buyer’s experience, creates greater transparency, and opens new opportunities for data-driven purchasing that benefits all involved.

Instead of prioritizing investment in direct or B2B, brands should invest in new technology that allows them to invest simultaneously in both – allowing for optimal growth.

Investing in both direct-to-consumer and B2B eCommerce creates efficiencies and intelligence that helps the brand create better products as well as gives them more selling options – while also benefiting their manufacturers and retail partners with increased agility and profitability.

Oracle helps brands deliver efficiency with a single SaaS eCommerce platform, unified tooling, and single subscription pricing.

Disruption Turns into Opportunity for B2C and B2B relationships

Why go direct? Retail disruption brings opportunity

Change is hard, but brand success cannot be beholden to legacy models.

Retail stores are in the process of right-sizing: finding an optimal balance of store locations, store footprints, and product inventory. In 2017, 105 million square feet of retail space shuttered, and 2018 is set to break those records.³ Concentration of sales to fewer distributors is weakening supplier negotiation and creating more risk for brands.⁴ Retailers have to manage brands on store floors, but also on their websites - where brand messages and value can become diluted from constant sales promotions and crowded sites.

³CNBC, "The amount of retail space closing in 2018 is on pace to break a record," Lauren Thomas, April 2018
⁴Deloitte, "Going Digital, Going Direct," 2017
These disruptions are fueling a bold shift for brands to invest in direct digital shopping channels. Retailers are rethinking the store and what it means to the consumer. Stores certainly aren’t dead, but their traditional role is.

The relationship between brands and retail stores are still critical, as 73% of consumers are omnichannel shoppers.

Digital and digitally-influenced sales continue to grow at 16% year-over-year, whereas retail sales are flat.

eCommerce now represents 13% of total retail sales and 49% of the growth.

Brands now have the opportunity to showcase their entire offering on their direct website and point to stores for inspiration, convenience, and special events. Consumers love the spontaneity, “touch and feel” and instant gratification of the in-store experience, primarily relying on mobile to bridge physical and digital shopping.

While traditional retailing continues to evolve, manufacturers should look to bring win-win solutions to their partners; delivering lucrative experiences that consumers are asking for, and offering new, intelligent ways to make the B2B buyer more effective and efficient.

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5. Deloitte, “Going Digital, Going Direct,” 2017
Become the Supplier of Choice: Make the Buyer’s Life Easier

There is often reluctance towards building a direct channel generated by the fear of alienating wholesale and retail partners with what could be seen as a “competing” channel.9

In reality, brands investing in their own direct channel is a good thing for distribution partners because it empowers consumers with more information which helps them make confident buying decisions. Statistics show limited adverse effects on retailers, with more than half (50%) of the manufacturers who sell direct-to-consumer reporting a positive impact on other sales channels. Only 9% reported a negative effect while 36% reported the effect was neutral.10

To calm partner nerves about re-routing consumer spending or losing faith in their business, brands increase interest by showing investment in the partnership and dedication to joint success.

Modernize wholesale purchasing

As a manufacturer, chances are your wholesale purchasing process is dated. Whether buying is still done at trade shows, over the phone, via fax, paper POs, or through a basic EDI portal, it’s time that brands give their partners a better buying experience.

B2B is inherently more complex than consumer eCommerce and requires a greater number of systems and processes to sell and fulfill orders. Manufacturing brands should seize this opportunity to streamline operations and scale their businesses as B2B eCommerce matures.

A buyer’s primary role is to anticipate needs and purchase products that will sell. Based on their personal consumer B2C experiences, buyers have also come to expect those seamless, intelligent experiences in their B2B role.

To add value to the buyer’s experience, brands can provide personalized experiences, data-driven suggestions, streamlined ordering and tracking processes, and transparent reporting.

More than half of brands selling direct to consumer reported a positive effect on other sales channels.

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Five ways to modernize the wholesale buyer’s experience:

1. **Inspire and Engage.** Give buyers confidence with tools that simplify ordering. A modern buying experience should surface more of the catalog, accurate inventory, manufacturing timelines, and relevant cross-sell all in context. To do this requires pulling from multiple backend systems across the enterprise, and the commerce platform must allow for that. Engage buyers by presenting the same rich content you would for a consumer site (i.e., video, hi-res imagery, accurate colors and sizing, product reviews and data).

2. **Make buying easier.** Cut cycles. Make it simple for buyers to order and re-order. Streamline cumbersome processes like POs and approvals with simple online workflows and the ability to accept instant payments. Make sure these partner-customers can access their order history and current order status at any time. Display the status of products across the supply chain, so distributors have complete visibility, can manage expectations, and can access status at any time without calling the manufacturer for updates.

3. **Be relevant.** Leverage the buyer’s account profile and preferences to customize their experience. From suggested products to AI-powered sales insights, and account terms, invest in a scalable platform that makes it easy to manage custom catalog assortments, pricing, volume pricing and custom payment terms for every channel partner. Have past orders and volumes easily accessible, and any relevant data to help with forecasting.

Brands: Empower wholesale buyers and make them heroes at work.
4. **Treat buyers like VIP customers.** Digital programs open up the opportunity to continually keep in touch with buyers as customers. Send them targeted messages with a mix of account-related alerts and inspirational content to increase sales. To keep buyers engaged, send them exclusive content. Give them a sneak peek of a product line to garner excitement, share a Q&A with a company executive, promote price drops for excess inventory, or openly share positive product feedback from direct customers and industry experts. Digital experience platforms help you do just that – eCommerce integrated with marketing orchestration triggers personalized reminders, alerts, and workflows. Staying top of mind with relevant, useful information will drive sales and strengthen relationships with your buyers and manufacturers.

5. **Share data to optimize retailer efforts.** Fewer intermediaries = better data = happier customers = better products.

Retail partners don’t have the resources to invest in in-depth product intel for each brand they carry. Direct-to-consumer programs make manufacturing brands more savvy about the market, providing a window into the consumer that’s clearer than ever before. Sharing that information with retail partners helps to increase sales for both parties.

Brands who share insights gleaned from direct efforts improve the health of the brand and products in other channels. Manufacturers who are transparent with their channel partners about their direct program data usage can impact products faster, forecast more accurately, and respond to customer feedback. Making better products faster results in higher customer satisfaction and fewer returns – which will benefit all parties involved.

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Manufacturers and retailers are partners – not competitors. To most brands, it doesn’t matter how consumers choose to buy their products. Traditional distribution models will not disappear and will likely continue to sell the highest volume of merchandise for some time. Successful direct-wholesale brands understand that their direct site must cater to various goals and consumers – who may choose to purchase their products in a number of places.

Together, brands and distributors can determine how to share data, lighten workloads, and partner to deliver unique experiences to shoppers, deriving the following benefits:
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- **Consumers can buy and fulfill however they please.** Brands who show accurate local retail store inventory drive more foot traffic and allow same-day shoppers to fulfill their order easily. To achieve this, brands and channel partners must connect their eCommerce and inventory systems.

- **Stores share their inspiration, exclusivity, and convenience.** Brands who think of innovative ways to capitalize on retail partner’s stores and what shoppers love about them benefit. Brands can partner with retailers for pop-up shops with exclusive products available in their store for a limited time. Retailers can host flash sales of a joint-developed product or limited colors or styles available only on their website and in store.

- **Communicate, and spend wisely.** When it comes to spending money to drive online traffic, manufactures and retailers must be in sync. Brands and channel partners should work together so they’re not competing against one another in the market, such as buying similar search terms or limited advertising space. Communicating marketing or social campaign plans with the retailer avoids conflicting efforts that confuse consumers.

- **Lower partner risk with pre-tested products.** Brands can also use direct channels as a way to test new products in the market, gauging interest among different buyers to minimize the risk to other channels of taking on new inventory. Brands can make retailers feel like valued partners who get to reap the benefits of their efforts with improved products that yield more sales and fewer returns.

Nike, Disney, and Apple are all brands that have combined traditional distribution channels with direct-to-consumer self-branded stores and websites.\(^\text{12}\)

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\(^{12}\)Deloitte, “Going Digital, Going Direct,” 2017
Advantages of a single platform for direct and wholesale eCommerce

Efficiencies are gained if different eCommerce business models can leverage the same underlying structure, tools, and content. Whether manufacturers focus more heavily on consumer or B2B sales initially, being able to leverage existing work and vendor agreements enables agility and lowers total cost of ownership.

Why manufacturers should leverage the same eCommerce platform for B2C and B2B:

• **Simplify – get more from less.** A single platform simplifies technology ecosystems, vendor relationships, cost, and creates a single source of truth for customer and company data for better visibility and informed decisions.

  Having teams use a single toolset cuts down on training and specialized skills and allows eCommerce merchandisers and developers to reuse work from other programs to move faster. Manufacturers can deliver a cohesive brand experience across programs, and deliver features all shoppers, whether B2B buyers or consumers want when shopping online.

  B2B programs can leverage content, promotion, and segmentation data from the direct program and direct programs can leverage B2B work done around integrations and advanced account management.

• **Innovate – move faster with the cloud.** Having a reusable infrastructure allows brands to pivot more quickly, so they can focus on adding and expanding without starting from scratch.

  In regards to direct, brands can get to market in a new country or test a new brand without significant CapEx investment. From the B2B perspective, manufacturers can onboard new accounts easily and get them purchasing quickly.

  When innovation doesn’t require substantial budgetary or people investments, manufacturers can deliver on what their consumer and B2B customers want, faster.
Shifting to a direct model requires business transformation, not a better website.\textsuperscript{13}

Companies that get digital transformation right win market share, and those that don’t have a negative ROI for their investments.\textsuperscript{14}

The digital transformation process includes adding new technologies and roles that have previously not existed. For a direct to consumer business, brands with product-centric roles in design, manufacturing, sales, and merchandising now need to add digital functions like eCommerce merchants, developers, and digital marketing professionals. Supply chain will be impacted, distribution centers may be added, and there are likely more warehouse, distribution and quality control jobs needed. There will need to be a more significant customer service organization trained on different technology platforms and new types of end-customer issues.


If also modernizing B2B eCommerce, solution integrators will be necessary to map and integrate complex systems across internal and partner organizations. eCommerce merchants and developers will need to be hired, and the entire supply chain will need to be optimized to handle the faster, greater volume of business that eCommerce enables.

Additionally, all of these new people and processes need to work in concert.

This level of organizational change requires executive sponsorship, the right technology partners, and clear goals.

CIOs now have critical roles and responsibility as much of a company’s future relies on digital growth and reliance on IT systems.

The CMO has evolved from being responsible for branding and advertising to be involved with the entire product development and customer lifecycle.

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When executives guide teams through successful digital transformation, decisions are bold, change happens quickly, and the organization is able to focus on execution.16

McKinsey found that companies who evolve in a staged manner tend to hit more pitfalls than those who swiftly move towards significant change.17

The three biggest pitfalls of digital transformation are siloed mindsets and behaviors, lack of a common culture across business units, and no common view of the customer across the organization.18

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15The Enterprises Project
Cloud technologies are the choice of companies looking for speed, execution, and more agility as they evolve. Brands can get their direct-to-consumer and wholesale B2B eCommerce programs up and running fast by leveraging the cloud, and linked to other applications across marketing, service, loyalty, CRM, fulfillment, and analytics.

With advancements in technology and the right experts added to the organization, digital transformation can prove successful with focus and execution. Investing in people, technology and new systems is critical for success. Brands need to start by closely examining their processes to identify opportunities for improvement, and auditing their systems to target interdependencies and weak links. Without these steps, new technology won’t make a meaningful difference.19

Conclusion

Direct-to-consumer eCommerce will continue to be a disruptive force as well as a unique opportunity to grow. Consumers increasingly want to know who’s behind the products they’re buying, and brands have the opportunity to stand out from their competitors if they create stellar customer experiences for consumers. Brands who can leverage the power of cloud-based technology will be the ones who will be able to quickly scale for significant growth.

There are clear opportunities for brands who invest in both direct and B2B eCommerce simultaneously, as programs can reuse assets and provide insights greater than the sum of their parts. Brands who make it easy and enjoyable for consumers and B2B buyers to get to know them and buy their products are usually the brands to come out on top.
Oracle customers reimagine how they sell to consumers and partners

Top-rated Oracle Commerce Cloud is the only unified B2C and B2B enterprise SaaS commerce platform on the market. With a single platform, single toolset, and single subscription; brands can ignite growth, sell direct, modernize wholesale purchasing, and deliver experiences to every device and every region of the world.

However, eCommerce should not stand alone.

Third party data suggests that brands who successfully transform their digital operations have linked systems, tools, and teams for consistent data, a single view of the customer, and lowered cost of ownership. Oracle powers digital transformation with a unified platform for greater agility, efficiency, and visibility.

Oracle is the #1 analyst-rated Digital Experience Platform that is unique in its ability to power B2C and B2B eCommerce experiences.

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Oracle offers a modern architecture which makes it simple to leverage any Oracle, third-party or homegrown system to scale and grow in the market and build a stronger customer experience.

Oracle customers can select from a wide variety of unified, AI-driven SaaS applications to grow as they go, across all of CX, from service to marketing, CPQ, sales, loyalty and more.

Additionally, modern development requires a robust portfolio of cloud services to choose from, so Oracle offers award-winning PaaS, IaaS to quickly integrate, test, develop, and impact the business in a secure, cost-effective manner.

From ERP, supply chain, manufacturing, retail, and HCM, Oracle has got you covered,

Learn more at
