Go Direct-to-Consumer and Prepare your Business for Success

The how, where, and why brands can maximize their direct to consumer programs.

ORACLE®

Brands: Understand Why Consumers Want to Buy Direct - and Deliver to Them

Consumers want direct access to goods and services. In fact, consumers asking for a direct relationship is a top driver of why brands have gone direct thus far.[1]

Brands must determine what value they will deliver to consumers, and how they, as a business, can differentiate from other channel fulfillment options. Whether brands are creating a direct channel for the first time or investing deeper in an existing program, it's imperative that brands first understand what consumers want from a direct relationship and build around these concepts:

[1] Forrester Research Inc., "Be Direct: Why A Direct-To- Consumer Online Channel Is Right For Your Business," 2014.

> Over a third of consumers reporting that they bought directly from a manufacturer's website in the last year.

1. Trust. Consumers trust brands and crave authenticity. Because a brand is interested in protecting their value and reputation in the eyes of their customers, brands will be more incentivized to move product quickly compared to a retail store.

The ability to select from more products with greater purchasing options is the principle reason consumers go to a brand as their source. Aside from the opportunity to browse and buy a full range of products, loyal customers may receive perks from their favorite brands, such as subscription ordering and flat or no shipping costs. When consumers stay within the same brand, the manufacturer receives additional opportunities to upsell or cross-sell additional or similar parts, accessories or even warranties.

Another critical element towards building trust is customer service. Brands should offer a variety of customer service resources and touchpoints for assistance pre, during, and post-purchase including chat, call center, self-service and co-browse service. For mutual benefit, brands can send customers how-to guides and other content about using, caring for, or styling their products.

The importance of social: Traditional branding has been replaced by access to subjective information on social media. Whether you have a social following or are a growing brand, have a team who can represent your brand to engage socially in building trust by publicly validating your accessibility and responsiveness. Engage consumers in active dialogue, and allowing consumers to serve as advocates for the brand and products.

> Consumers want to feel like they're getting the "real deal," with two-thirds of consumers willing to pay more for a better experience and service.[2]

> Consumers rate the ability to ask questions as high as getting a good price when shopping online.[3]

[2] "Consumers would pay more for a product if guaranteed a better experience," April 2017.

[3] Pew Research, Online Shopping and eCommerce Statistics, 2016.

Tips on how your brand can build trust:

Deliver expert service:

A great way brands can differentiate from retailers is product expertise. Have trained customer service professionals engage via proactive chat sessions, video chat, and in the call center. Engage on social to share expert concierge services, and resolve issues in a public forum.

Have generous policies:

Offer flexible payment options, returns, shipping speeds and deals, and even subscription services and loyalty clubs.

Support customers during the product lifecycle:

Have shoppers register their product, offer warranties (if applicable), and send beneficial information about caring for or using products. Not only will these value-add messages make the customer feel like they are receiving premium service, but it also opens up opportunities for cross-sells.

Engage socially:

Show potential customers that the brand is approachable and responsive to customer service issues. Promote new products, share authentic stories from founders or designers, and talk about corporate responsibility. Empower customers to serve as vocal brand advocates to build word of mouth trust.

Allow for peer reviews:

Consumers trust other consumers' perception of your brand. Allow for opportunities to highlight success stories.

2. Complete information. Consumers are hungry for information and are experts at consuming it. Direct-to-consumer sites need to share the complete picture and product expertise of their brand, providing the detail that lacks from crowded retail websites.

Delivering inspirational content woven into the purchase path should be a core focus of a direct site. This includes editorial and lifestyle content, rich imagery, video, complete product specs, user guides, user reviews, industry reviews and awards, and user-generated images coming from social media channels such as Instagram, Facebook, Twitter, and Pinterest. The goal of the content should be to drive confidence and sales – so be sure to include shoppable images and video.

For wholesale partners: Rich, easily accessible product content can help store associates who may be assisting shoppers in-store. Brands should urge retail partners to use online content as a sales resource. Manufacturers could then reuse the same rich content and resources from the direct-to-consumer site on the wholesale B2B eCommerce site to help buyers make confident purchases.

> Harnessing the power of mobile devices to sell direct-to-consumer is a necessity for brands as consumers do the vast majority of product research on mobile devices.[4]

[4]_Forbes, "How Retail Brands Should Reimagine DTC In A Mobile Only World," 2017._

Tips for delivering complete information:

Make content visual and mobile optimized:

Invest in video, 360° images, image zoom and scaling that is easily accessed on a mobile device. Show colors, fabrics, and finishes in action to cut down on disappointed customers and returns.

Promote editorial content:

Consumers crave insider knowledge. Include blogs from lead designers, experts, or executives to share a glimpse "behind the scenes" and the vision behind the brand.

Include aides:

Help consumers determine what product is right for them. Be sure to have accurate specs, recommended sizing tools, or shopper-supplied feedback on how products are sized, fit, or run. Whether selling clothing or electronics, including how-to guides for using, caring for, installing, or styling.

Let customers share:

Consumers trust other consumers. Include user reviews and a knowledgebase of common Q&A for self-service and research. Allow customers to leave feedback and show your brand proactively resolving issues or thanking customers for their product insights.

Promote content to channel partners:

Make sure partner web professionals, in-store associates, and buyers can all take advantage of your investment in product content to build knowledge and sales everywhere.

3. VIP treatment and exclusivity. Brands must ask what they can do to deliver an exclusive experience shoppers can't get anywhere else.

Part of delivering the right experience is understanding who the direct consumer is. They are likely brand loyalists – and brand loyalists crave authenticity and exclusivity. They tend to have a higher Customer Lifetime Value (CLTV), as they are willing to spend more to have their needs met. In many consumer categories, high-value customers drive 70% or more of the value for companies.[5]

Brands should look to showcase their complete product range, with exclusive "only available here" styles, colors and models in order to deliver to this profile of shopper. Selling products on a branded site that are not sold in retail helps to alleviate channel competition, and also serves as a platform to test new products, sell limited edition goods, and reduce excess inventory with special sales.

In the age of endless digital options, sellers need to stay top of mind with relevant content to get consumers to keep coming back. Instead of investing in broad acquisition strategies that have been expensive and challenging for retailers, brands can create a loyalty program to focus on building a targeted, valuable customer base for their direct site.

A loyalty program delivers on mutual goals: the perfect blend of what consumers want (exclusivity, trust, direct relationship) with what brands want (access to customer data, higher margin sales, low hanging fruit for targeted marketing campaigns). There has to be an inherent value for a customer to belong to a loyalty program. Whether the benefits are accruing savings or access to special events or products, brands should make sure their loyalty program is valuable to their distinct customer base and provides the brand with valuable data and ROI.

> Win-win: A loyalty program delivers on the access and exclusivity consumers want, with the data and high CLTV that brands want.

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[5] *BCG, "Profiting from Personalization," May 2017.*

Tips for delivering VIP treatment and exclusivity:

Sell exclusives and the full range of products:

Entice shoppers with colors, models, and sizes only available on direct channels. Create the ultimate exclusive experience by allowing shoppers to configure their custom, one-of-a-kind products.

Offer membership perks:

Offer sneak peeks and early access to newly launched or exclusive members-only products. Offer shipping memberships for fast and discounted yearly rates. Send members an annual birthday gift or thank you promotion. Push alerts and tailored promotions directly to their mobile devices. Point loyalists to exclusive in-store events with retail partners. Give incentives for greater loyalty with membership tiers that unlock savings, product, or experiences for dollars spent.

Make everything highly personalized:

Put valuable customer data to work by driving experiences that make the customer feel unique and valuable. When a customer logs in, use their profile to customize everything from featured products, to offers, and targeted content. They will thank you for your efforts – customers who frequently interact with personalized content spend more.[6]

Value their opinions:

Offer loyalists the ability to influence the brand by sending surveys on products, experiences, or what they want – it's a great way to source some free product insight as consumers love sharing their opinions.

A brand's most valuable customers shouldn't have to get in line. Specialized customer service is seen as an excellent perk for loyalists. Give VIPs a unique phone number for service or offer enhanced services like video chat or a concierge that can assist with recommending products.

[6]Forbes, "How Retail Brands Should Reimagine DTC In A Mobile Only World," 2017.

Where to go from here: How Brands Can Maximize Their Direct to Consumer Program.

A direct program allows manufacturers and suppliers to own the product and customer lifecycle. While there are challenges in setting up organizations to handle new roles, having a holistic view improves products and relationships with B2B and B2C customers.

Direct innovators report significant improvement across every measure of customer engagement: awareness, acquisition, satisfaction, mindshare, and profitability.

Of brands that have gone direct to consumer, 82% say selling directly to consumers has improved their customer relationships.

76% reported that it improved the customer experience and met or exceeded revenue targets.[7]

Going direct can limit channel concentration risks and advances in SaaS technology have made it simpler and lower-risk to go direct, test markets, and expand internationally.

With all the noise in the marketplace, it's more important than ever to own the conversation across their buying journey. Consumers want direct relationships with brand and, brands like total control and access to consumer data; not to mention the higher-margin sales benefit as well.

Gaining access to customer data, feedback, and insights for product enhancement was previously difficult to do at scale as customers primarily interacted with retailers. However, a direct program can directly impact marketing, product development, and manufacturing based on that customer data and feedback.

To go direct, you need to keep the following in mind:

- **Own the entire direct journey (and the data).** An eCommerce site hosts a massive hub of activity and growth going forward. Marketing orchestration, customer service, social, and content should all be linked and driven by the mobile-optimized website. Owning the entire journey, along with tracking and collecting the right data throughout, is vital for answering burning questions executives have had for decades.

Aside from manufacturers having branding and pricing control on a site, they can now manage points across the shopping journey that directly impact a customer's likelihood to buy. One of the most critical is the commerce-service link. One of the most significant benefits to shopping a direct program should be getting product expertise that retail generalists can't offer. Set up service to provide proactive chat and product experts in the call center. Provide a rich knowledge base of common questions for self-service, which can also be made available to direct and retail customer service associates to enable better quality information and product service.

> With so many companies outsourcing their customer service, it's easy to forget just how crucial consistent service is to growth.[8]

- **Invest in analytics.** To gain a fuller understanding of what's happening in a direct program, use the latest advancements in AI to automate most of it. Make sure the digital commerce platform can provide granular sales and customer data, in addition to A/B testing and integrations to web analytics to continually optimize the site experience and product assortment. When it comes to marketing, invest in social listening and data management platforms that can target and find new customers across the web, based on desirable attributes. Marry new direct data with retail partner data to help with customer acquisition, product improvement, customer service, and to hone forecasting and pricing.

> Tracking and collecting direct data can answering burning questions executives have had for decades.

- **Protect your value.** When consumers say they want direct access, it hinges on trust and quality. A direct program can help brands control how their products are seen, valued, and serviced. Direct programs remove retailer's often fluctuating cycles, price drops and shelf competition to protect the brand with more consistently set event sales and stable prices. In some cases, there may be products reserved for direct, and others that are only sold via distribution partners. Improve profits by supporting price with value and improving margins without a costly retail setup.

- **Know and reward loyal customers with sales and insights.** Invite shoppers to fill out robust online profiles that can be used to make their experiences better. Have them share their interests, location, age, and products they're interested in to hone segmentation and improve commerce, service, and marketing experiences. Follow their purchase history, ask for feedback or product insight and reward them for sharing socially. Have a loyalty program take basic customer data to the next level. Offer loyalists membership perks for participating in the program and sharing their opinions.

[8] *Forbes. Retailers Beware: More Companies Now Selling Direct," May 2017.*

- **Impact products faster.** A major challenge of working with traditional distribution partners is long sales cycles and the need to "lock" product development well in advance of order and delivery.[9] Then, product feedback is delayed, labeled as a general "SKU problem," or not even collected by the retailer. With too many cooks in the kitchen, there's an opportunity for much to go wrong or at least become muddied.

Better data and control means better products that improve sales and satisfaction in every channel

When manufacturers have distributional freedom, they can optimize products and get them in the hands of the consumer faster. Better data and control over the product development lifecycle results in better products – and that improves sales and customer satisfaction anywhere products are sold. Direct innovators are investing in world-class engineering, prototyping and testing capabilities to move as quickly as possible through the development process with the maximum level of control.[10]

Equip customer service agents to collect and record incoming product issues, allow customers to leave reviews, and invite them to share their experiences and suggestions for products. Analyze sales and return data to identify opportunities for improvement.

[9]*Forbes. Retailers Beware: More Companies Now Selling Direct," May 2017.*

[10]*Deloitte, "Going Digital, Going Direct," 2017*

Oracle customers reimagine how they sell to consumers and partners

Top-rated[11] 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.[12] Oracle powers digital transformation with a unified platform for greater agility, efficiency, and visibility.

> Oracle is the #1 analyst-rated Digital Experience Platform[13] that is unique in its ability to power B2C and B2B eCommerce experiences.

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.

[11]*Gartner research, Magic Quadrant for Digital Commerce, June 2018*

[12]*McKinsey Quarterly, "The Case for Digital Reinvention," February 2017.*

[13]*Forrester Research, "The Forrester Wave™: Digital Experience Platforms," Q3 2017.*

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 oracle.com/commerce

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