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3 questions to ask before embarking on a direct-to-consumer approach

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Does the shoe fit? Image credit: CommerceHub

By Erik Morton

Brands are constantly on the hunt for new revenue opportunities. Those that have traditionally driven sales through retail partners only have likely considered going direct-to-consumer (D2C) at some point. After all, direct access to consumers gives brands another touch point and increases their control over product marketing and brand messaging.

In fact, a recent study by us found that 30 percent of brands believe that selling directly to consumers on their own Web sites is a growth opportunity in the year ahead. More specifically, many of the survey respondents considered D2C a good way to increase individual sales and brand awareness.

But despite the obvious benefits, selling D2C can be tricky even for large brands with name recognition.

Many brands lack the infrastructure necessary to fulfill and deliver orders at a pace that meets customer expectations, while others fear their D2C channel will conflict with retail partners.

Here are three important questions for brands to consider before embarking on a D2C approach:

Do I have the infrastructure necessary to support D2C?
First, selling D2C requires the ability to fulfill and ship products directly to customers. So for large brands that do have the ability to support an effective D2C program, selling direct might be a viable option.

But for those without the ability to fulfill orders on their own, it might be worth considering a partnership with third-party fulfillment providers that can ensure the fast and reliable shipping today's consumers demand.

Many brands work with technologies that connect them to available suppliers and provide full transparency into each shipment.

What inventory makes the most sense to sell D2C?
For brands that have decided that a D2C approach is right for them, a solid inventory strategy is required to avoid channel conflict with retail partners.

Retailers have traditionally been the biggest source of sales for most brands, so drawing traffic away from those sites would be counterproductive.

Typically, these strategies involve careful inventory planning and the use of data to determine which products sell best through retailers and which are best to sell solely D2C.

Some brands find that limiting the products they offer on their brand site can ensure that retailers do not miss out on sales.

Will I drive more revenue by expanding with retail partners?
Even for brands that have the right tools in place to manage fulfillment and delivery, it can be a daunting feat.

Additionally, many brands struggle to gain customer visibility or draw traffic to their own D2C sites. That is why expansion with retail partners is often a better option.

Product assortment expansion through current or new retail partners is the easiest and most effective way for brands to drive more sales.

Large retailers have visibility with millions of customers, all of whom are looking for wider product selections thanks to the growth of marketplaces such as Amazon.

But brands must strategize their assortment growth rather than approach it haphazardly consider customer need and competitor analysis before determining which products to add to your retail channels.

THE KEY TO growth for brands today is channel diversification.

So if you have chosen to expand channels you have made the right choice. But savvy brands will consider a technology partner that can help manage the nuances from channel to channel to maximize long-term sales.

The right partner can help brands tailor catalogs for each channel from marketplaces to retailers to owned D2C sites. And some tools even provide access to third-party fulfillment partners to ensure fast and efficient delivery process for those that take a D2C approach.

Even with the right infrastructure and channel strategy in place, it can be tough to execute a multichannel sales strategy alone.

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