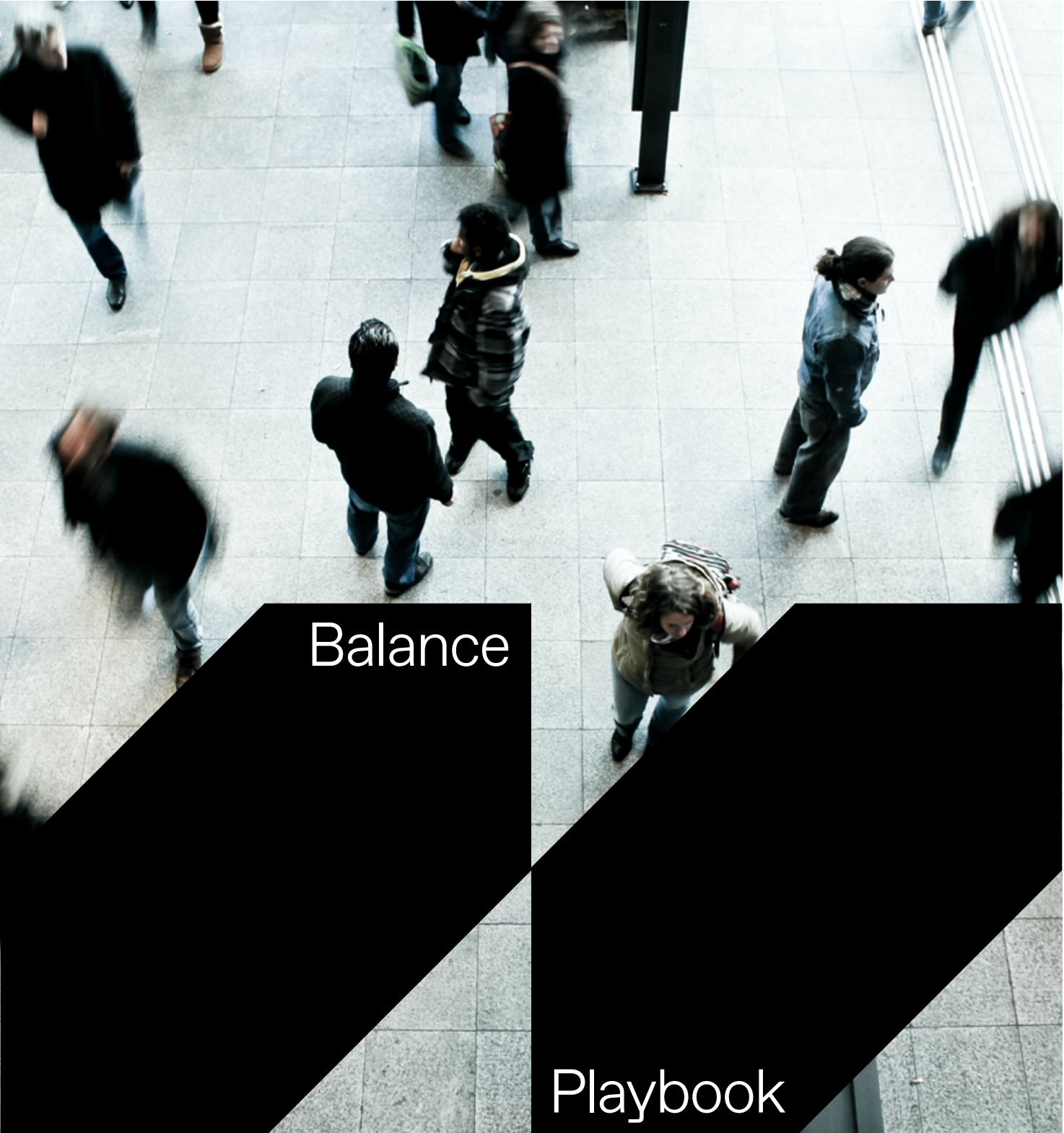# How to overcome the common challenges of D2C Commerce

Experts in digital commerce

Balance

Playbook

Foreword

Welcome to the updated edition of our playbook:
How to overcome the common challenges of Direct-to-Consumer (D2C) Commerce.

This is Version 2.0 of the playbook, and it's not just an update — it's a testament to the growing potential of D2C Commerce. We've revisited and refined our strategies, taking into account the recent growth and transformation the industry has seen since the first edition. The reason behind this update is simple: to empower businesses like yours to harness the full potential of D2C Commerce.

From the outset, our mission has been to equip you with the knowledge, insights, and strategies necessary to thrive. Within these pages, you'll find six plays, each crafted to overcome common challenges.

D2C Commerce is more promising than ever before, and this playbook is your trusty guide to navigating the journey. We hope you'll find it useful.

Aaron Chidley

Commercial Director, Balance
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Summary

Setting the Scene:
The Rise of D2C Commerce

In recent years, the D2C Commerce landscape has seen significant growth and transformation. Online purchases have played a pivotal role in shaping the global retail landscape, accounting for nearly 20 percent of total global sales in 2021, this is projected to escalate to nearly a quarter of all global sales by 2025. The rise of D2C Commerce is not just a trend but a shift in how businesses engage with their customers. Understanding the scale and impact of this transformation sets the stage for the strategies outlined in this playbook.

Version 2.0:
Evolving to Meet Industry Demands

The release of Version 2.0 signifies our commitment to staying ahead of the curve in D2C Commerce solutions. Together with Adobe, we've revisited and refined our strategies to align with the industry's recent growth and transformation since the first edition. Version 2.0 reflects our dedication to empowering businesses with the most up-to-date and effective solutions for D2C Commerce.

What Is This Playbook All About?

At its core, this playbook is a valuable resource for leaders and decision-makers in the D2C space. It offers strategies and insights from industry experts to overcome the common challenges faced by businesses. CEOs, CMOs, CTOs, and eCommerce Managers will find actionable guidance to revitalise or kick-start their D2C strategy.

Overview of Key Plays

Harness the Power of First-Party Data

Data is the currency of success. Understanding your customers intimately, engaging in meaningful conversations, and catering to various audience segments are essential components of a thriving D2C strategy. However, the challenge lies in deciphering the scattered data sources, hindering the extraction of valuable insights and real-time decision-making. We discuss the pivotal role of data in D2C Commerce, emphasising the need to embrace a first-party data strategy. By leveraging data directly from customer relationships, ensuring its accuracy, and using it for crafting personalised experiences, brands can unlock D2C growth.

Unified Multi-Brand Experiences

Managing multiple brands and facets effectively can be daunting. The challenge often stems from using a patchwork of disconnected systems that cater to various audiences and brand aspects. We explore the concept of unified multi-brand experiences, where brands can create and manage content, products, and digital experiences within a single, cohesive platform. Whether you're dealing with multiple brands, international operations, or various business models, this can streamline your efforts providing the flexibility and efficiency necessary to create unified brand experiences and reach a broader audience.

Balance Operations with CX

Achieving a delicate balance between operational efficiency and exceptional customer experiences is paramount. Customer expectations are high, and their loyalty often hinges on the quality of interactions, especially when it comes to order processing and fulfilment. We address the challenge of optimising these processes to ensure a smooth and satisfying customer journey. Further highlighting the significance of efficient order processing systems, versatile inventory management, and flexible shipping solutions. By maintaining this balance and refining operations based on data-driven insights, brands can provide exceptional customer experiences while driving revenue growth.

Experiential Commerce

Repeatable purchases are the lifeblood of D2C success. Beyond technology, infusing a personal touch into every interaction can set you apart in a crowded market. We discuss the importance of creating experiential eCommerce, online-only bundles, and dynamic subscriptions. It's not just about personalisation; it's about crafting memorable moments for your customers. To thrive, brands need to go beyond conventional shopping and create emotional connections with customers through experiential commerce, driving loyalty and growth in the digital era.

Deliver Unparalleled Customer Service

Exceptional customer service is a cornerstone of D2C excellence. We explore how leveraging your commerce solution, brands can provide concierge support, virtual assistance, and AI-powered solutions, fostering genuine care and support. Negative customer service experiences can lead to customer attrition, making it crucial to actively listen to customers and respond to their needs. With the use of AI-powered chatbots, virtual assistance, and concierge support, brands can enhance their customer service capabilities, retain customers, and cultivate a sense of community and loyalty.

Expand Into New Borders

D2C Commerce knows no boundaries, offering opportunities for global expansion. However, succeeding in international markets requires more than just being a brand; you need to be a cultural chameleon. We emphasise the importance of understanding local markets, cultural nuances, and customer behaviours. Further, addressing the challenges of entering new markets and delivering localised digital experiences seamlessly within a single platform. By prioritising markets, adapting to cultural differences, and tailoring strategies to regional maturity, brands can successfully expand their reach, catering to diverse audiences and driving global growth.

Now that you've seen an overview of the strategic plays ahead, it's time to get started. Dive right in and begin your journey toward overcoming the common challenge of D2C Commerce.

Harness the Power of First-Party Data: Leverage D2C data to propel insights and growth.

In the ever-shifting landscape of D2C Commerce, data is the currency that can buy success. Understanding your customers on an intimate level, joining conversations already in progress, and catering to both the broad and niche segments of your audience are vital components of your D2C strategy. The struggle brands have is to make sense of scattered data, hindering the extraction of valuable insights and real-time decision-making.

In today's digital age, technology has enabled us to map customer journeys. Despite this, **Adobe** findings suggest that many brands fall short of harnessing the full potential of customer data and digital technology in customer engagement.
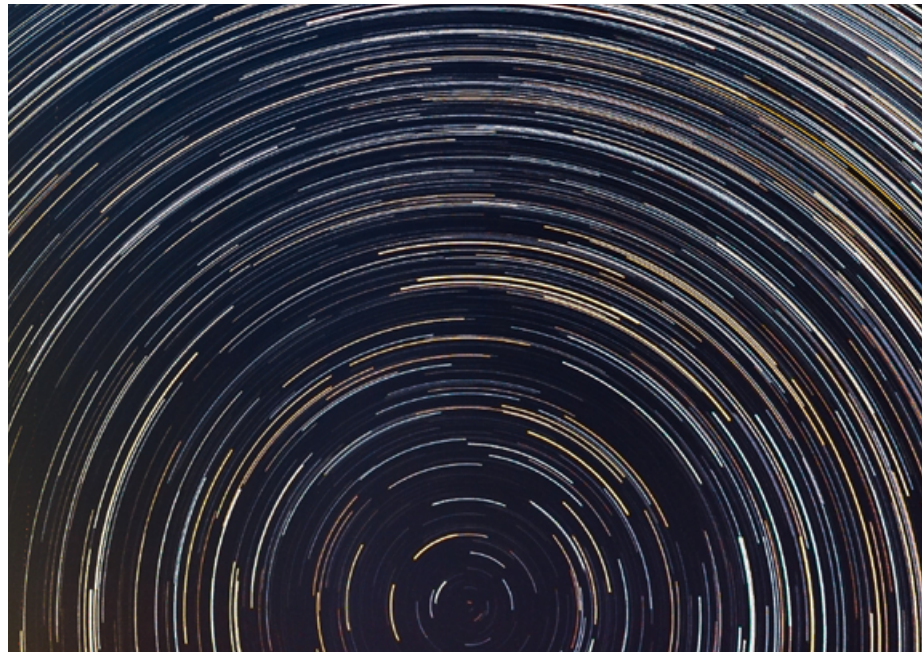
The Burning Issue

Disparate data sources and complex systems have become formidable barriers, obscuring the path to understanding customer intent and acting swiftly on data-driven insights. This hinders the delivery of exceptional customer experiences, a challenge brands are desperate to overcome.

How to Overcome It

To stay relevant and maintain effective customer tracking and targeting, a paradigm shift is necessary — for brands, the essential first step is embracing a first-party data strategy.

This involves leveraging data obtained directly from customer relationships and ensuring the insights are not only accurate but also current - from intent data, to transactional data and action-based data. Doing so can set the stage for crafting D2C customer experiences that leave a lasting impact.

"By strategically harnessing first-party data, we can unlock profound insights into our customers' behaviours and preferences.

This invaluable data reveals transactional nuances and intent signals, essential ingredients for crafting personalised experiences and precise commerce strategies.

Success hinges on practical strategies: taking ownership of insights through direct data collection, respecting user choices to establish trust, ensuring transparent data handling for empowerment, and creating a holistic view of customer journeys for sharper targeting.

The shift from third-party dependence to a first-party data strategy is paramount. Strengthening data foundations, optimising the funnel, and leveraging first-party data to enhance experiences and refine targeting can result in exponential growth.

Remember, success is built on principles of intelligent data collection, privacy preservation, user empowerment, and the pursuit of excellence in customer journeys. Embracing industry trends and prioritising first-party data exceeds retention goals and harmonises privacy and value. It's not just about data; it's about rewriting the narrative of D2C success."

Elise Morris

Audience and Data Strategy Director,
Digitas Australia

Connect on Linkedin

Unify Brand Experiences: Build multiple brand experiences on a single platform.

D2C Commerce is a channel where every detail matters. In D2C, your brand wears multiple hats, each playing a strategic role in your overall success. But here's the secret: You don't need a patchwork of disconnected systems to manage it all. Instead, brands can harness a multi-brand eCommerce approach on a single platform.

Research from **Adobe** shows that up to 86% of APAC consumers demand that brands see the world from their unique perspective, understand their frustrations, and prioritise what matters to them. Moreover, a study conducted by **Stripe** revealed that 73% of customers prefer a blend of channels when shopping, prompting businesses to reimagine their commerce experiences.

The Burning Issue

The challenge at hand is the labyrinth of managing multiple systems, each catering to different audiences and facets of your brand.

How to Take Action

Enter the unified multi brand eCommerce platform, a game-changer for D2C. It empowers brands to seamlessly create and manage content, products, and digital experiences, all within one unified hub. Whether you own multiple brands, operate internationally, or manage diverse business models, this solution offers a harmonious path forward. Whether you're targeting B2B, B2C, D2C, or a mix of these, a multi-brand solution eliminates the need for platform-switching, extra hires, or partner juggling.

What Makes a Multi-brand Experience Work?

- **Multi site management:** Handle content and products for D2C consumers, businesses, or a combination, encompassing various brands and product lines on a single platform.

- **Merchandising:** Elevate sales with merchandising and content management features to craft many compelling sites, tailored to provide in-depth brand specific information.

- **Customer segmentation:** Target diverse buyers (across B2C, B2B and D2C) with personalised product recommendations, promotions, and content.

- **Global expansion:** Support local currencies, payment methods, and languages with ease.

"At REDARC Electronics, we've harnessed the power of a single, unified Adobe Commerce platform to deliver exceptional B2C and B2B experiences seamlessly.

This approach has streamlined our global operations and empowers us to create personalised, engaging journeys for our retail and trade customers.

With a single platform as our foundation, we've achieved the agility to navigate the ever-evolving digital landscape. It's about more than just efficiency; it's about unlocking the full potential of customer relationships.

We've been able to elevate experiences and redefine what success looks like for REDARC in commerce."

Taylor Boyley

Marketing Manager ANZ,
REDARC Electronics

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Streamline Order Processing, Management and Fulfilment: Seamlessly manage B2B and D2C processes.

In the realm of D2C Commerce, where knowing your customer is key, a crucial challenge arises: balancing operational efficiency with exceptional customer experiences. As we venture forward, it's imperative to master the art of seamlessly managing both B2B (carton, pallet, container) and D2C (single unit) processes.

'Excellent customer experiences and efficient operations go hand in hand' the Adobe APAC Digital Trends 2023 Report found, underscoring the need to harmonise operational efficiency with customer-centric strategies.

Consider this: Research from **ShipStation** shows 81% of Australian consumers are unlikely to make repeat purchases after encountering a negative delivery experience. Further, high shipping costs deter 71% of Australian consumers from becoming loyal customers. Conversely, the quality of the delivery experience is a driving force for 41% of Australian consumers who regularly buy from the same brand online.

To bridge the gap between operational efficiency and customer satisfaction, businesses must optimise their order processing and fulfilment systems. This strategic alignment not only elevates the customer experience but also nurtures brand loyalty and drives revenue growth.

The Burning Issue

The primary hurdle for brands is the temptation to become engrossed in daily operational tasks, inadvertently sidelining the broader customer experience and strategic vision.

How to Take Action

To succeed in D2C selling, you must consider how your commerce solution and channel strategy impact your bottom line while maintaining a delicate balance between bulk and individual orders. This entails implementing efficient order processing and fulfilment systems that cater to both B2B and D2C customers seamlessly.

Embrace technology solutions that can bridge this gap, from versatile inventory management systems to flexible shipping solutions. Establish clear metrics and key performance indicators that assess the effectiveness of your dual-process management. Regularly refine your operations based on data-driven insights to ensure a harmonious blend of efficiency and exceptional customer experiences across both spectrums.
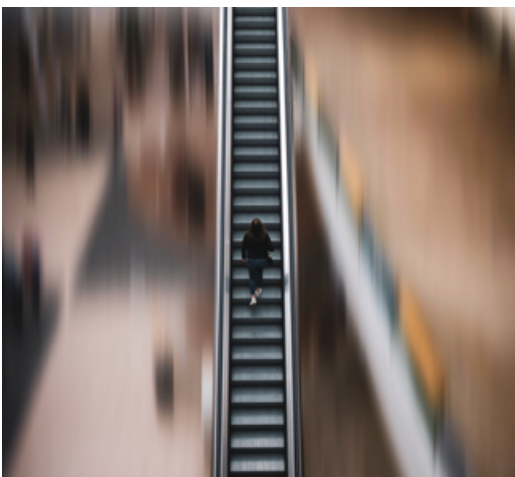
"Mastering the coordination of both B2B and D2C processes isn't just a strategic choice; it's a must for sustainable success.

It's not just about operational efficiency; it's the foundation for your brand's future.

To excel, businesses should prioritise three critical factors: integration, adaptability, and data-driven decision-making. By aligning these disparate processes, you gain the resilience to swiftly adapt to market dynamics and meet the ever-evolving demands of your customers. The decisive action here is to make a strategic investment in a unified commerce solution that seamlessly bridges these realms, facilitating streamlined operations while maintaining customer-centricity.

Commence with a thorough examination of your existing order processes, pinpointing bottlenecks and areas ripe for enhancement. Then, identify a commerce solution that aligns with your strategic objectives, integrating B2B and D2C functions. Your success starts with these moves."

Sebastian Klett

Director of Strategy and Solution Architecture, Balance

Connect on Linkedin

Elevate the Customer Journey: Create experiential eCommerce, online-only bundles, and subscriptions to differentiate your D2C channel.

In the ever-evolving landscape of D2C Commerce, one thing remains constant: repeatable purchases are the lifeblood of this channel. However, achieving success goes beyond technology; it's about infusing a human touch into every interaction. There is significant potential to elevate the D2C customer journey through experiential eCommerce, online-only bundles, and dynamic subscriptions.

McKinsey suggests that to fuel eCommerce revenue growth, brands should employ tactics like offering channel-specific products to discourage direct price comparisons. This emphasises the need for differentiation in the D2C space.

In the near future, customer experiences will be heavily influenced by new and innovative encounters, according to Adobe's 'The Future of Digital Experiences' report. Brands are recognising the importance of infusing digital magic into CX to stand out.

Here's the catch: a significant majority (93%) of APAC organisations currently lack the ability to target customers based on prediction and intent, further research from **Adobe** shows. This highlights the untapped potential for personalised and dynamic customer journeys.

What's more, according to **dotdigital**, customers today are 'more in-the-moment than ever before' when shopping online, emphasising the need for real-time, experiential interactions on D2C channels.

The Burning Issue

The primary challenge faced by brands is blending into the commerce channel crowd without offering a distinct point of difference.

How to Take Action

Begin by building credibility through tangible improvements in your customers' lives as they use your products. Consider how your solution contributes to a better future state for them.

To thrive in the D2C space, focus on creating unforgettable experiential moments, exclusive bundles, and flexible subscriptions that resonate with your audience's evolving expectations. These strategies will not only set you apart but also foster brand loyalty and sustainable growth in the digital era.

"In the world of digital commerce, the journey embarked upon by Krispy Kreme ANZ illustrates the transformative power of leveraging online-exclusive offerings.

Take, for instance, our Baby Shower Mixed Dozen, exclusively available through online pre-orders. For us, this product range isn't about anticipation; it embodies a shift in how we harness the digital commerce channel.

At its core is the concept of 'Digital Celebration.' It goes beyond offering unique products; it's about curating bespoke collections tailored for specific customer groups.

Through our D2C channel, we've harnessed the digital era's potential for celebration, creating several offerings tailored for joyous occasions. Our customers recognise that these special treats are accessible solely through our online platform, enhancing their celebratory experiences.

D2C differentiation isn't just a strategic choice; it reflects our dedication to crafting moments of delight that resonate deeply in the dynamic digital commerce landscape."

Carolina Figueiredo

eCommerce & Digital Marketing Manager, Krispy Kreme ANZ

Connect on Linkedin

Deliver Unparalleled Customer Service: Utilise your commerce solution to offer concierge support, virtual assistance, and AI-powered solutions.

Customers hold the keys to your success. The journey to D2C excellence begins with delivering exceptional customer service — harnessing your commerce solution to provide concierge support, virtual assistance, and AI-powered solutions. The mission: to address the pivotal challenge of fostering genuine connections in the digital domain.

Consider this: If you listened to your customers, how would it influence how you service them? Seek to understand their problems. These words emphasise the importance of actively listening and responding to customer needs.

Customer service stands as one of the foundational pillars of business. However, **Zendesk** reports that 66% of B2B customers and 52% of B2C customers stopped buying from a brand after a negative customer service experience.

Zendesk's customer experience trends for 2023 unveiled that 73% of consumers are ready to switch to a competitor after multiple subpar interactions, with more than half leaving after just one unsatisfactory experience.

On a brighter note, customer service significantly influences repeat purchases, accounting for 22.2% of answers, as revealed by **Yotpo's** State of Loyalty and Retention 2023 report. Additionally, 36.5% of global survey respondents expressed

their readiness to continue purchasing from a brand that consistently delivers outstanding customer service experiences.

The Burning Issue

To transform D2C customer service into a pillar of your success story, building authentic connections in a world where digital interactions can often lack a personal touch.

How to Take Action

Harness AI-powered chatbots, virtual assistance, and concierge support to amplify your customer service capabilities. An impressive 65% of customers find chatbots convenient, and their popularity is set to soar as brands refine their effectiveness, found **LivePerson**.

By actively listening to your customers and utilising AI-driven solutions to provide personalised support, you can not only retain customers but also cultivate a sense of community and loyalty in the digital era.

"In today's hyper-connected world, customer experience is the true differentiator, and your commerce solution is at the heart of delivering it.

It's no longer enough to provide standard support; you must strive to exceed expectations at every turn.

The customer service landscape has evolved, and embracing this transformation is imperative. Self-service portals empower customers with instant answers, and concierge support offers a premium touch for high-value relationships. 24/7 virtual assistance ensures accessibility at all times, and AI-powered solutions deliver efficiency and personalisation at scale.

The critical action here is to view customer service as a strategic asset, not just a cost centre. Leverage your commerce solution to create proactive, personalised, immediate support experiences. By harnessing technology, you can not only meet but anticipate and exceed customer expectations. This is the path to fostering lasting loyalty, driving advocacy, and securing your position as a customer-centric D2C leader in your industry.

Remember, in the age of digital-first consumers, exceptional service isn't a luxury; it is a necessity for sustainable performance and growth."

Scott King

Principal Strategist, Industry for Asia Pacific – Digital Strategy Group, Adobe

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Expand into new Borders: Accelerate international growth through your commerce solution.

In D2C Commerce, your journey isn't confined by borders; it can be an expedition into global markets. But to succeed, you must be more than just a brand—you need to be a cultural chameleon.

Consider this: "Feeling like a brand knows them influences 82.5% of customers across the globe to buy again from a brand" found **Yotpo**.

The Burning Issue

The primary challenge brands face is the complexity of entering new markets and delivering localised digital experiences seamlessly within a single platform.

How to Take Action

By prioritising the right markets, cultural adaptation, and tailoring your strategies to regional nuances, you can successfully expand your brand's reach across international borders.

– **Prioritise markets for profitable growth and define clear channel roles:**

Successful brands approach new markets with clear intent. Each website should serve specific complementary roles to support your overarching digital commerce strategy. **McKinsey** advises brands to prioritise online channels and markets where they can excel, investing with a purpose.

– **Navigate cultural differences:**

Cultural nuances are pivotal. You must assess how well your product or service, which may thrive in one country, translates across international borders. It's not just about language barriers; it's about changing your go-to-market strategy to make your brand feel like an insider, not an intruder, according to **Forbes**. This can be achieved in-part, with Adobe Commerce's capability to create and manage content for each region's website.

– **Tailor strategies to regional maturity:**

Understand that each region has a unique level of eCommerce maturity. On achieving growth in Europe, **McKinsey** writes, 'while the US consumer goods e-commerce market is relatively well understood, European regions vary in maturity' demonstrating the need to tailor a unique strategy to each region.

"Expanding borders with ease and accelerating international growth through your commerce solution requires more than just a platform;

It demands a customer-centric approach. We work with a client who is well-known for its expertise in producing high-quality optical and imaging equipment. Customer-centricity was central to their strategy for launching a D2C Commerce solution.

By enriching the customer experience, they have been able to broaden their reach and foster direct relationships with customers across the Asia-pacific. Their scalable solution has supported D2C storefronts in seven distinct regions, with each region currently supporting multiple languages.

Emerging D2C solutions should focus on two key aspects to achieve this: personalised engagement and seamless integration. Tailor your D2C offerings to resonate with local markets, and use data-driven insights to craft experiences that transcend borders. Invest in an agile, integrated platform that adapts to region-specific needs while maintaining a unified brand identity.

Expanding internationally is about more than transactions; it's about creating lasting connections. Solutions like Adobe Commerce can empower brands to achieve this, delivering value beyond geographical boundaries."

Alex Lawson

Director of Growth,
Balance.

Connect on Linkedin

Where to from here?

The Digital Commerce Innovation Lab at Balance

Through our digital commerce innovation lab, Balance provides a clear pathway to integrate commerce into your digital ecosystem. If you're eager to explore the next steps in your commerce journey and harness commerce's power for D2C growth, reach out to our team of experts in digital commerce. Together, we'll work to:

Harness the power of first-party data: Leverage D2C data to propel insights and growth.

Unify brand experiences: Build multiple brand experiences on a single platform.

Streamline order processing, management and fulfilment: Seamlessly manage B2B and D2C processes.

Elevate the customer journey: Create experiential commerce journeys, online-only bundles, and subscriptions to differentiate your D2C channel.

Deliver unparalleled customer service: Utilise commerce to offer concierge support, virtual assistance, and AI-powered solutions.

Expand into new borders: Accelerate international growth through your commerce solution.

Get in touch to activate this opportunity for your organisation.

Call us on
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Send an email
hello@balanceinternet.com.au

Visit our website
www.balanceinternet.com.au

Experts in digital commerce

Go smarter and faster, go Direct-to-Consumer.
Simplify the digital commerce journey with D2C solutions.

Founded in 2008, Balance specialises in designing, developing, and supporting high-performing, fully integrated, digital commerce solutions. We partner with leading brands (B2C, B2B & D2C), educational institutions, corporations and government departments to drive growth through digital-lead innovation.

Our people bring passion, expertise, and creativity to every project, and our capabilities enable us to deliver exceptional results that drive growth for our clients.

As a Platinum Adobe Solution Partner, holding a specialisation certification in Adobe Commerce,

our organisation is one of the longest standing and most experienced Adobe partners in the APAC region

Balance is part of Publicis Groupe, a global leader in communication. Through our unified and fluid organisation, our clients have facilitated access to all its expertise in every market.

Speak to a Strategist

Adobe Commerce

The experience makes all the difference. Grow with Adobe Commerce.

Businesses count on Adobe to help them meet the challenges of digital transformation. With Adobe Commerce, as part of the Adobe Experience Cloud they can harness their data and deliver personalised experiences that drive business growth and customer loyalty.

Adobe Commerce is a flexible and scalable commerce platform that lets you create uniquely personalised B2B, B2C and D2C experiences, no matter how many brands you have.

Adobe was named a Leader in the 2023 Gartner Magic Quadrant for Digital Experience Platforms report. Adobe was further named a Leader in the 2022 Gartner Magic Quadrant for Digital Commerce report.

Is Adobe right for your business? Let's find out.

Schedule a Demo

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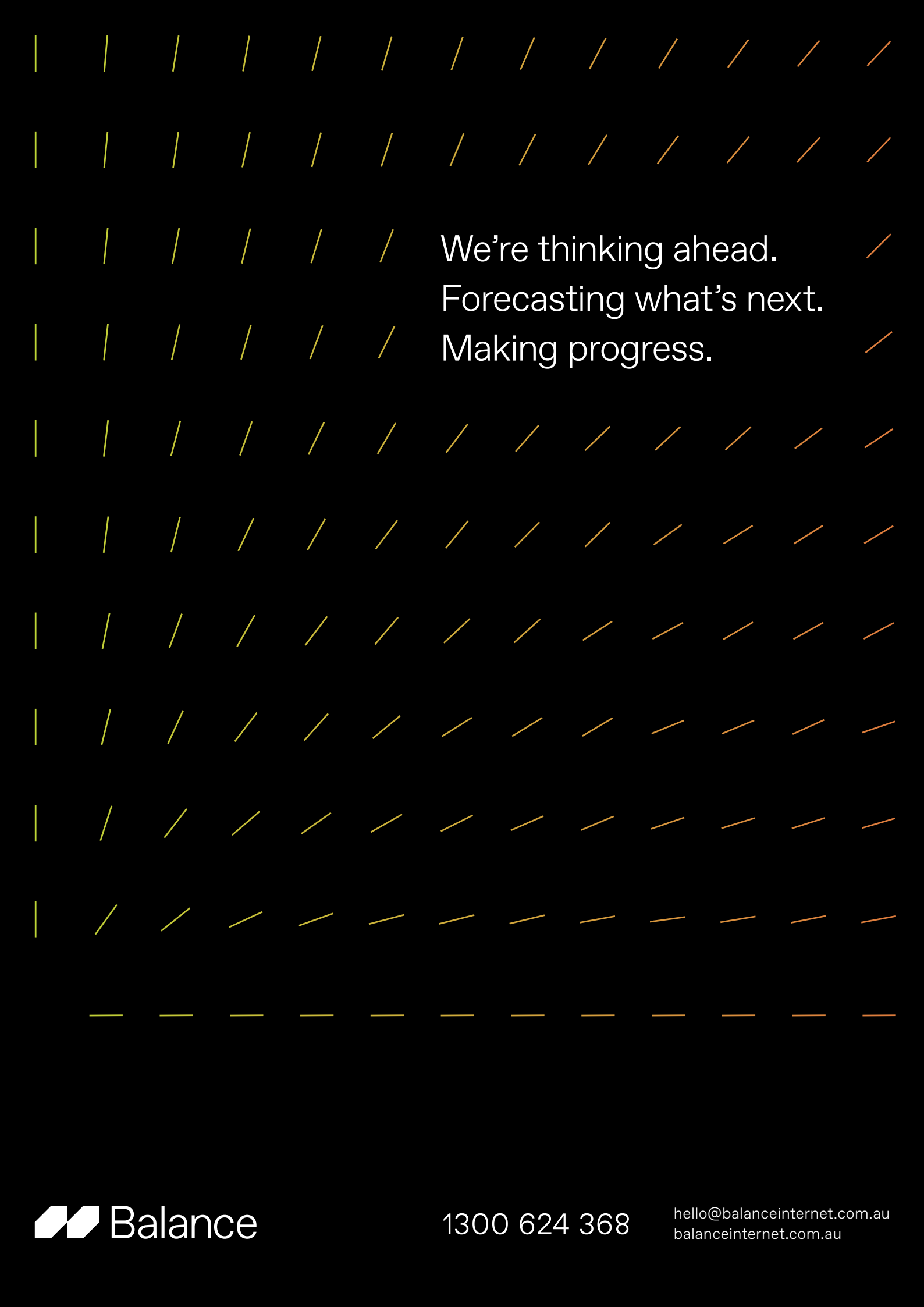**How efficient customer service affects your bottom line (2021) Zendesk.** *https://www.zendesk.com/au/blog/efficient-customer-service-affects-bottom-line/*

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We're thinking ahead.
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Making progress.

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