



HOW D2C STREAMLINES PROFITS, SUPPLY CHAINS, AND INFORMATION

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ITQ Digital is an experienced UK-based e-commerce agency delivering growth and support that is underpinned by a detailed understanding of business pain points and goals through regular consultation with business owners.

What is D2C?



E-commerce is founded on the idea that commerce doesn't have to be face-to-face and that businesses don't necessarily need a physical middleman to market their products to consumers.

In a way, D2C is the next logical step in that process.

D2C stands for direct-to-consumer, which is a model of service where a company handles distribution, as well as production. D2C lets you be the agent that handles getting products and services to consumers, instead of relying on an outside source.

Lots of e-commerce businesses have jumped on the opportunity to cut out the middleman yet again with D2C, but how do you know if your business would benefit from this model? What are the pros and cons of changing the way you manage distribution?

B2B vs D2C

The model that D2C is most comparable to is B2C and so we'll cover the differences to get a better idea of what D2C actually means.

B2C

B2C shouldn't be too unfamiliar to you because it's the traditional sales model that many think of when starting a business. In this model, a manufacturing company sells its products to consumers through an intermediary – this can be a retail facility, a wholesaler, or any other distribution network that takes charge of getting the product to customers.

This model means that there's a long supply chain, with multiple agents at every step. Managing inventory, warehousing, and delivery involves outsourcing different steps of the process to different intermediaries, so the production company has limited control over how, where, and how fast a product is moving.

D2C

D2C offers the company a comparatively large degree of control. This model requires the manufacturer to handle all the steps that are traditionally outsourced to other companies, so storage, movement, and delivery all fall to the manufacturer.

This means that the manufacturer has a lot of control over the process, but that also entails a lot of responsibility. In a D2C model, the manufacturer needs to be ready to deal with supply chain issues, customer concerns, and other challenges in getting products from Point A to Point B.

The 5 Benefits of D2C

However, comparing those two models isn't enough of an overview, so we will also highlight 5 reasons businesses should consider a D2C approach.



HIGHER PROFIT MARGINS

With intermediaries removed from the sales chain, there are no costs involved in maintaining an outsourced distribution network. Because everything is kept in-house, you have control over how storage, sales, and delivery take place.

You also choose how much to spend on each step of the delivery process, meaning that you can take your company's specific circumstances and business model into account when making decisions.



FLEXIBLE SUPPLY CHAIN

Because the supply chain model is under your control, you can implement changes to your model as you see fit.

If you receive market information that suggests a change in strategy would be beneficial, you can make those changes in real-time, instead of waiting on agreements from the other players in the supply chain.



MORE BRAND CONTROL

If your business relies on middlemen to get products to the consumer, then there's a huge window of time when you have little to no control over how your brand is coming across.

A manufacturer using D2C has complete control over how its products are presented to the consumer. They can decide what information to include, what images to use, what page design will work best for their products, how the products are packaged, and more.



INCREASED ACCESS TO CONSUMER DATA

Managing your sales and product pages means that you can break down who's spending what kind of time on your website, and in what way.

Understanding how consumers are interacting with product pages lets you strategise changes. You can gain a clearer understanding of how to adapt your pages to your consumer's interests, as well as which products aren't getting the traction you're looking for.



STRONG CONSUMER RELATIONSHIP

This model keeps you in touch with your consumers every step of the way. Your team will be in charge of handling orders, questions, reviews, complaints, and more.

Every interaction you have with a customer has the potential to tell you about how you can improve your business model. These messages become invaluable sources of information that can help you make the best decisions for your consumer base.

Conclusion

Making the change to a D2C model can change the game for an e-commerce business that wants to save money, have direct relationships with consumers, and control its distribution at every step along the way. However, making this change isn't something you can do on a whim. You need to have a clear understanding of the hurdles that come with D2C, as well as the increased need for targeting customers through online channels.

Like all e-commerce strategies, it's a great choice for anyone willing to put in the effort needed to get the rewards.

If you think D2C would be a good fit for your business but you aren't sure how to get started making this switch, the best thing you can do is ask the experts. ITQ Digital has the experience to ensure that your e-commerce business is built to succeed. We can help you set up an online presence that optimises your D2C model, helping you to achieve your business goals.



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