



# Marketing Futures

INNOVATE. ACCELERATE. GROW.

2019 Edition

## CMO Trend Brief

# Direct-to-Consumer

**ANA Marketing Futures** focuses on the innovations and trends that will shape the future of marketing to prepare brands for the challenges and opportunities that lie ahead.

### **What is Direct-to-Consumer?**

D2C is a type of e-commerce that removes all middlemen, or retailers. Brands that adopt the D2C business model circumvent traditional stores by selling directly to consumers online. This approach streamlines the buying journey and allows brands to retain full control of the manufacturing, marketing, and distribution of their products.

## **Why Should Marketers Care?**

D2C brands innovate at a rapid pace and excel at creating seamless experiences for consumers. At a time when shopping preferences and expectations are swiftly changing, D2C emphasizes satisfying consumer needs.

Not only are D2C brands disrupting the traditional retail landscape and transforming how consumers shop, but they are challenging legacy brands as they gain popularity and market share.

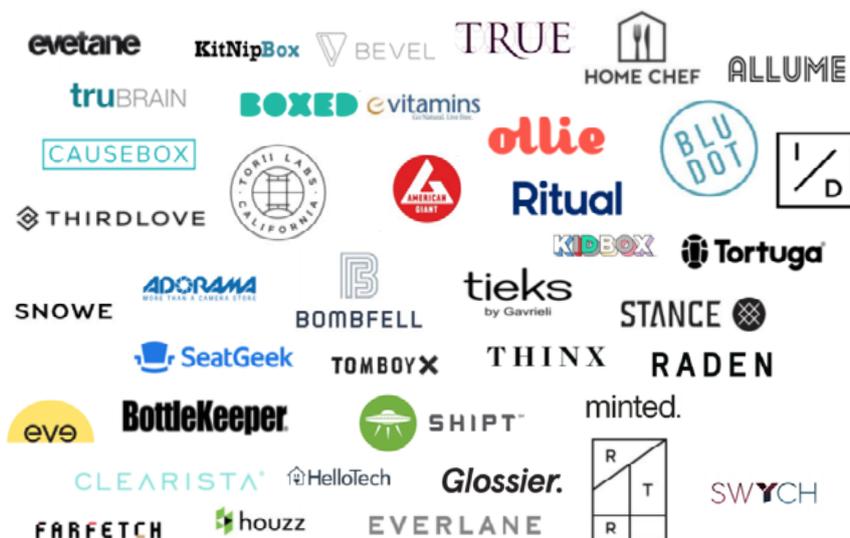
## **How Can It Help Your Business?**

The D2C approach can help a brand disrupt a market, rather than be disrupted, in a highly cost-effective way. Through speed, flexibility, and agility, D2C brands build share by selling directly to their target customers.

Adopting the D2C model has many advantages, including but not limited to low barriers to market entry, no physical footprint requirement, a favorable cost structure, direct ownership of customer relationships, access to first-party customer and transaction data, and the aptitude for hyper-target marketing.



eMarketer reports that 40% of U.S internet users expect Direct-to-Consumer (D2C) brands to account for at least 40% of their purchases within the next five years.



# Seven Characteristics of Direct Brands

Selling online, directly to consumers, is not the only characteristic that distinguishes D2C brands.

Patrick Dolan, President of and Chief Operating Officer at the Interactive Advertising Bureau, shared these key differentiators of D2C brands at the 2019 ANA Advertising Financial Management Conference:



## Patrick Dolan

### **Direct brands are centered around individual consumer relationships and the data they provide.**

Data is at the center of everything, allowing brands to connect directly with consumers. More traditional models do not offer this advantage. For instance, when customers go into retail stores, a direct connection is not established.

### **Direct brands are web-native.**

A direct brand's core DNA is digital, despite whether brands are moving into physical spaces.

### **Direct brands are socially closer to the consumer.**

Direct brands are very connected in social media and savvy at using social media tools.

**Direct brands are “maniacally focused” on consumer experience.**

This includes the shopping experience, the style of advertising, how you get the product, and its look and feel. Direct brands are focused on creating a great experience.

**Direct brands use content as a differentiator.**

Content includes a website or the product itself, but it is based off of customer feedback.

**Direct brands define content more broadly than incumbent brands and partners.**

When creating content, outside-the-box thinking is the rule of thumb for direct brands.

**A direct brand’s mission is central to its story.**

Direct brands’ stories serve as a powerful center of gravity that pulls customers to the brand and keeps them connected.

**Want to learn more?**



ANA Members have access to the *CMO Concierge Research Service*, where our experts can help you get started on innovation by helping you find the right partners, identify industry benchmarks, and learn about consumer behavior around this and other emerging trends.

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