
12 RULES OF BRAND DIGITAL COMMERCE



ADWEEK
INSIGHTS
BRANDWEEK
RESEARCH AND WHITE PAPERS

INTRODUCTION

Adweek and Brandweek are the leading news, events and insights platforms serving the brand marketing ecosystem. Our Adweek/Brandweek Insights Group regularly publishes thought leadership reports on the most critical trends and developments affecting marketers today.

As the digital retail revolution accelerates, consumer goods brands are increasingly asking: “What do we need to do right now about digital commerce—particularly direct-to-consumer—to be ready for the next decade?”

To answer that question, we conducted the most comprehensive and authoritative study of Brand Digital Commerce published to date. Our methodology included:

THE MOST COMPREHENSIVE, AUTHORITATIVE STUDY OF DIGITAL COMMERCE FOR BRANDS

Largest quantitative study of marketers & e-commerce professionals

Interviews with Brand Marketers and P&L Owners



Secondary Research



Official “Contributing Partners”



The detailed results of our findings will be published in an upcoming report entitled, *The Marketer's Guidebook to Brand Digital Commerce*, which will come out in Q4 2018. As an exclusive preview to that report, we are releasing this publication – **The 12 Rules of Brand Digital Commerce** – which highlights the dozen most critical success factors and learnings we found common to brands who have successfully transitioned to selling direct to consumer on their websites.



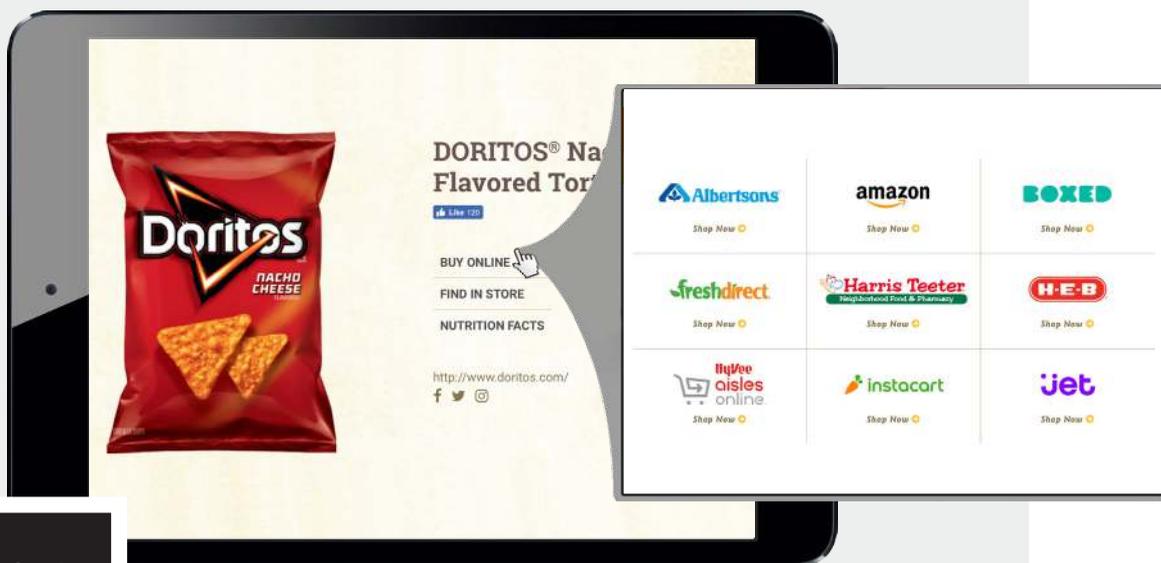
FIVE KEY TAKEAWAYS FROM THE STUDY:

- 1 Consumers are in control and want to shop directly with brands.** The rise of online shopping, driven by advances in mobile technology and powerful new commerce channels, has created a new digital path to purchase where consumers are in control. Consumers now expect to be able to buy products directly from their favorite brands' website. Brands who fail to offer this will continue to lose ground to digital native upstarts (e.g., Casper, Harry's, etc.)
 - 2 Brand Digital Commerce unlocks critical data and insights.** Brand Digital Commerce opens the door to new revenue streams but also critical data and insights, which can be leveraged to improve the effectiveness of a brand's overall marketing effort, as well as product development, supply chain and other related operational areas
 - 3 The rules for brands and online retailers are not the same.** Brands that are already engaged in digital commerce should focus on creating a distinctive offering for consumers and not simply copy the tactics of online retailers. They must also ensure their organizations are set-up for success with the right talent, teams, "continual and non-stop improvement" of the site and use of data to drive better outcomes
 - 4 Brands must select partners wisely to manage their digital commerce operation.** Selecting the right platform technologies and professional services partners are critical decisions for any brand. Brands relatively new to digital commerce should seriously consider a full service partner who can bring the full range of capabilities and manage the day-to-day complexities of a direct-to-consumer site
 - 5 Brands should set realistic expectations and the right KPIs for their digital commerce initiatives.** A brand should expect it to take a brand at least three years for it to become net profitable and aim for a minimum level of total brand revenues to come from this channel. Beyond the hard dollar returns, it is equally important to factor-in the strategic benefits such as increased consumer loyalty and insights from data captured
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RULE 1 >>

AMAZON IS NOT YOUR BRAND DIGITAL COMMERCE CHANNEL

Many brands redirect consumers to a retailer when they are shopping a brand's website. However, upon reaching the retailer's website, the on-line shopper is predictably faced with a host of competing brands from which to choose (including a private label products). By ceding control of the consumer experience, the loyal consumer maybe lost to a competitor and the brand does not get any of the revenue or data that could have been collected by completing the transaction on its own website.



Brands that redirect shoppers to retailer sites can lose loyal customers to a competitor.

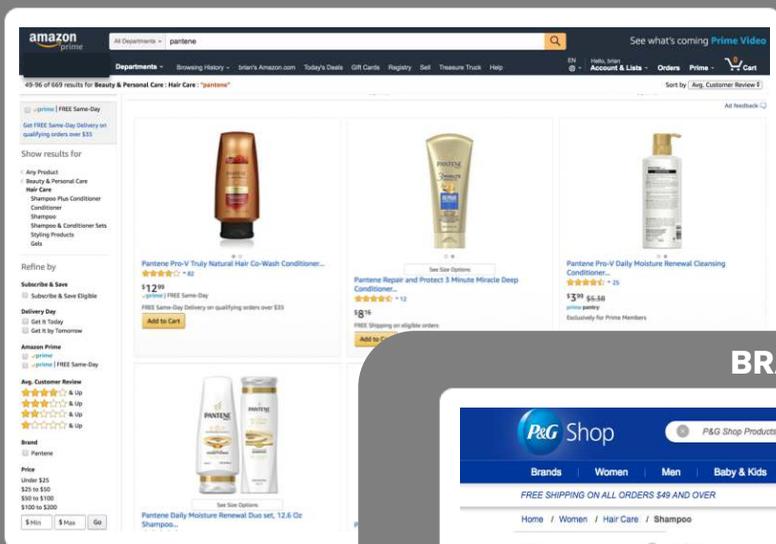


RULE 2 >>>

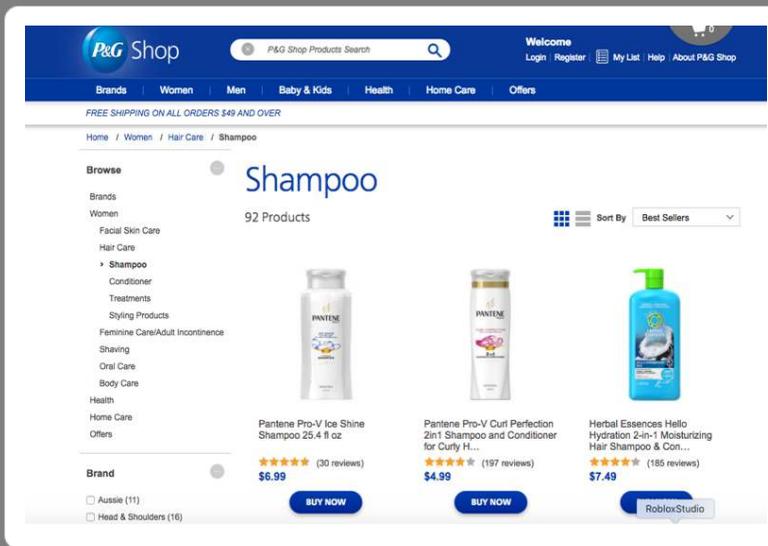
DON'T MODEL YOUR BRAND DIGITAL COMMERCE SITE AFTER A RETAILER

Online retailer sites are great at delivering a convenient shopping experience but do not inspire consumers or create a lasting brand impact. Consumer goods brands that model their online store after a retailer, such as Amazon, forget that consumers do not shop with brands to save money or for convenience, but because they are looking to create an emotional connection with a brand.

RETAILER SITE



BRAND SITE



Consumers look to retail sites for convenience but they expect more from brand websites.

RULE 3 >>

YOU MUST OFFER AN IMMERSIVE BRAND EXPERIENCE

To build a lasting emotional connection with consumers, a brand must create shopping experiences that reflect the culture of the brand and what its fans love about it. A consistent experience must extend from the point of entry on the website, all the way to packaging and the unboxing experience when the product arrives on the doorstep.

FROM CLICK



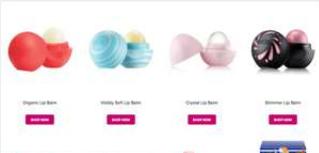
TO HOME



RULE 4 >>

CREATE UNIQUE REASONS TO BUY DIRECTLY FROM YOUR SITE

To be successful, brands must differentiate their offering from the convenience afforded by an online retailer. Therefore, they should create a compelling value proposition for shoppers which is appropriate to their product category, aligned with their brand strategy and cannot be found elsewhere.

	
FULL ASSORTMENT	SUBSCRIPTION
	
SPECIAL OFFERS	UNIQUE BUNDLES
	
CUSTOMIZATION	LOYALTY PROGRAM
	
EXCLUSIVE PRODUCTS	PERSONALIZED CONTENT

Six ways to create unique value proposition on the consumer website.

RULE 5 >>

LEVERAGE THE RIGHT DATA, ANALYTICS AND DASHBOARDS TO INFORM OVERALL BRAND STRATEGY

Retailers typically do not share transactional consumer information with brands. So, for many brands, digital commerce offers a new line of sight into first party shopping data. 98% of marketers we surveyed agreed this data can “improve the effectiveness of the brand’s overall marketing strategy.” So brands need to make sure they are leveraging the right data, analytics and dashboards to allow them to take advantage of the opportunity afforded by this valuable and proprietary information.

98% AGREE

that data collected through a transaction on a brand's website
“improve the effectiveness of the brand's overall marketing strategy”

How can a brand benefit from first party data?

- Media buy
- Product development
- Supply chain
- Pricing
- Etc.



RULE 6 >>>

CONSTANTLY TEST AND LEARN ON YOUR SITE TO OPTIMIZE BRAND EXPERIENCE AND DRIVE CONVERSION

Continual A/B testing on the site provides an obvious benefit of improving the overall performance of the site and driving transactions and ROI. In this way, small, low cost experiments on the Brand Digital Commerce site can optimize site performance and the ability of brands to monetize it. Brands should also consider rolling out products digitally first to get critical feedback and insight before placing on store shelves.

USER EXPERIENCE

CART OPTIMIZATION

SITE DESIGN AND MESSAGING



PRODUCT PLACEMENT

DIGITAL-FIRST LAUNCHES

RULE 7 >>>

A BRAND NEEDS EXPERTISE IN ALL AREAS OF DIGITAL COMMERCE

Standing up a Brand Digital Commerce offering is a significant operational endeavor. There are numerous related technologies and systems that need to be implemented and made to work together and new capabilities that must be developed. Brands cannot run a successful digital commerce business without having expertise in all of the areas below.



MERCHANDISING



TAX



FRAUD



OMS



FULLFILLMENT



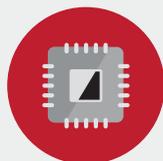
INVENTORY
MANAGEMENT



SITE
OPTIMIZATION



PAYMENTS



TECHNOLOGY



CONTENT / CREATIVE



DATA AND
ANALYTICS



CALL
CENTERS

According to a report by Forrester, brands that “fail in any one of these capacities ... risk damaging the brand and stifling business growth.”

RULE 8 >>

USE DIGITAL COMMERCE SPECIALISTS TO SHORE UP CAPABILITIES GAPS

Those brands who are new or evolving in their Brand Digital Commerce efforts will often be more effective starting out with a full service solution provider to implement the platform and get them up and running quickly. As companies mature along their digital commerce journey, they may seek partner solutions that can provide specific, high-powered expertise. For example, Blue Acorn is an award winning systems integrator, with user experience and optimization capabilities.

DIGITAL COMMERCE MATURITY MODEL

	NEW	EVOLVING	SCALING
ONLINE SALES	NONE	\$1-15 MILLION	\$15+ MILLION
KNOW HOW	STILL LEARNING	KNOWLEDGE	CORE TO BUSINESS
INTERNAL CAPABILITIES	NO DEDICATED RESOURCES	SMALL INTERNAL TEAM	STRONG INTERNAL TEAM
TECHNOLOGY & TRANSACTION COMPLEXITY	LOW	LOW-MIDDLE	MIDDLE-HIGH
RECOMMENDED LEVEL OF VENDOR SUPPORT	HIGH VENDORS MANAGE MOST FUNCTIONAL AREAS	MEDIUM-HIGH VENDORS MANAGE KEY CAPABILITIES	MEDIUM-LOW SELECT CAPABILITIES IN-HOUSE

RULE 9 >>

REDIRECT A PERCENTAGE OF MARKETING SPEND TO BUILD THE CHANNEL

Digital marketing has come under fire over the last 12-18 months as marketers are increasingly frustrated with the level of waste/fraud, low transparency and weak brand safety. Therefore, brand should redirect a percentage of their total digital marketing spend to build their digital commerce channel where there's a direct and measureable nexus to revenue and the brand is in complete control of the consumer experience.

DIGITAL MARKETING

- WASTE / FRAUD
- LOW TRANSPARENCY
- WEAK BRAND SAFETY

VS.

BRAND DIGITAL COMMERCE

- DIRECT REVENUE
- MEASURABLE ROI
- STRONG BRAND CONTROL

RULE 10 >>>

YOU MUST CREATE UNIQUE KPI'S FOR BRAND DIGITAL COMMERCE

The teams that govern the Brand Digital Commerce channel should have some independence from those governing the brand's wholesale or online retailer channels, to eliminate potential misalignment of interest. Brands also need to make sure they are measuring the right outcomes with their digital commerce site – with an eye towards the value of the insight from the data and the consumer experience that's created.

RETAILERS



ONLINE RETAILERS



BRAND DIGITAL COMMERCE

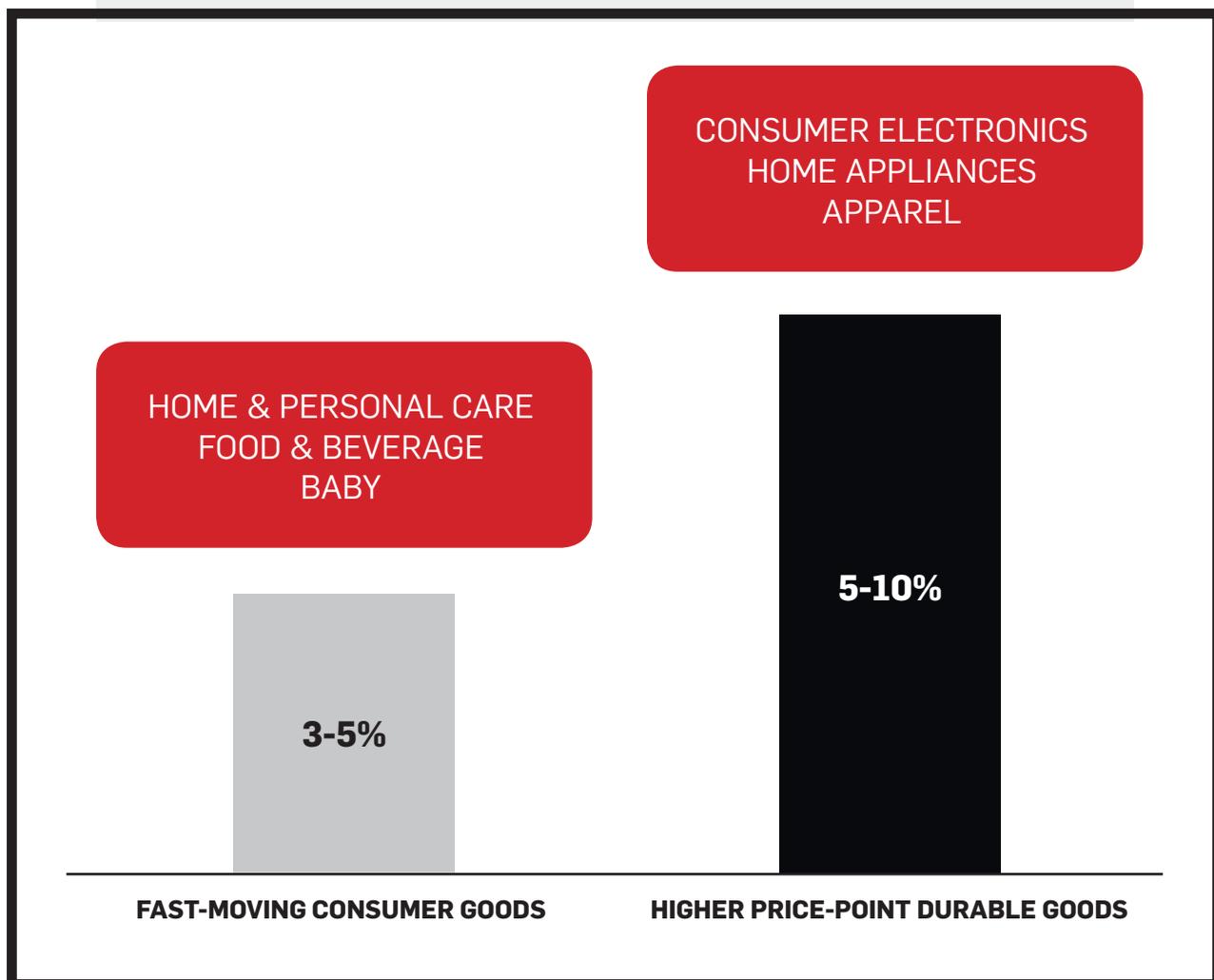


Ideally Brand Digital Commerce should have unique KPI's, P&L's as well as independent teams.

RULE 11 >>

SET A MINIMUM REVENUE TARGET FROM BRAND DIGITAL COMMERCE

To maximize the strategic benefits of the data, insights and enhanced consumer loyalty afforded by Brand Digital Commerce, brands who traditionally sell through wholesale channels, should target a minimum threshold of revenue from direct-to-consumer sales on their website. The threshold percentage should be higher for durable goods vs. FMGC because those categories (with their higher average order value) tend to lend themselves more to direct online sales.



RULE 12 >>>

BRAND DIGITAL COMMERCE REQUIRES A MULTI-YEAR INVESTMENT TO ESTABLISH THE CHANNEL

Brands spent many years and many millions of dollars building their positions in traditional as well as emerging classes of trade. However, many brands put their digital commerce efforts on a short leash and expect near instant results and ROI. The fact is consumer behavior has shifted online and if brands want to be where consumers shop, and stave off competition from an online upstart, they will require the same long-term investment to build their brand digital commerce channel.

AS DID...



FOOD



MASS



CLUB



DRUG



DEPARTMENT

COMING SOON...

**THE MARKETER'S
GUIDEBOOK TO
BRAND DIGITAL
COMMERCE**



**ADWEEK
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RESEARCH AND WHITE PAPERS

Readers who downloaded this report will automatically be sent a copy of "The Marketer's Guidebook to Brand Digital Commerce" when it is published.