

How to win in D2C: Four key questions

1 Take a step back—what role should D2C really play in your overall digital strategy?

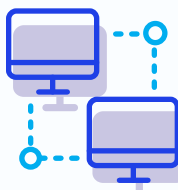
Choose your own adventure



Insights & innovation engine



Platform to control the user experience

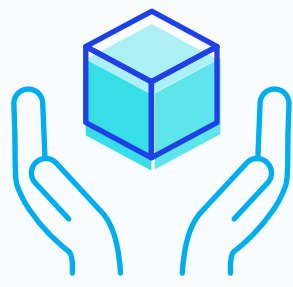


Omnichannel marketing & sales engine



Sales driver

2 What do you invest in to develop a successful D2C sales channel?



Delivery model differentiators

- Subscription
- Immediate delivery



Broad and unique assortment

- Premium products
- Exclusives
- Personalization



Pricing

- Competitive pricing
- Premium only if value-added services at play

3 How do you stand up your D2C play?

How	What	Why	Who
Build	Create an online store or omnichannel footprint	Able to pick, pack, ship, and deliver	Nestlé
Partner	Sell via e-tailer.com, “pop up shops” with key customers and drive to brand.com, drive front end engagement/sales to brand.com and partner for last mile	Seasonal product offerings or well-known consumer brand	amazon.com
Buy	Acquihire or acquire	Capital available to invest in D2C talent/ player with symbiotic offering	Unilever

4 How can you measure D2C success?

From the eyes of a venture capitalist...



General business indicators like revenue, margin, internal rate of return, cash flow

- Gross margin/customer should be 6x the customer acquisition cost
- YOY growth rate should equal at least 50%
- Capital investment should break even in 4 years or less
- Consistent cash flow regardless of seasonality spikes

Drivers of high lifetime value (LTV)

- Basket size > COGS
- Length customer commitments
- Low customer churn
- Frequent, repeat purchases

Low Customer Acquisition Cost (CAC)

- Diversified channels of customer acquisition (e.g., SEO, SEM, programmatic advertising, social, email)
- Virality indicators (e.g., 10% of customers acquired via existing customer referrals)
- Scalable customer acquisition channels (i.e., not all customers are coming from earned media/PR)
- Optimized campaign drivers and detailed analytics on cohorts