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WHAT IS THE DTC COLLECTIVE?

The DTC Collective is a community that brings together influential, global voices to realize the potential of digital retail. In the process, it seeks to establish a universal code of consumer engagement that all DTC retailers will abide by. By collectively establishing and following consumer-centric best practices, the DTC Collective aims to strengthen shoppers’ experiences while honoring their right to privacy.

The result would be a DTC landscape designed by retailers with consumers in mind—and the reduction of outside influence on retail practices.

The name itself is inspired by the DTC phenomena: the approach and business model of selling and marketing directly to consumers on digital channels, which is or soon will be the sole strategy for many brands.
Retail Executives Navigate a Forever-Changed Consumer and an All DTC World

INAUGURAL MEETING • Q2 2020

Bluecore and Google Cloud planned the inaugural meeting of the DTC Collective with the intention of addressing the demise of the third-party cookie. This was slated as a two-day event in New York City: a welcome cocktail reception with attendees and select members of the media, followed by a half-day think tank concluding with a group lunch.

Q2 VIRTUAL THINK TANK

With the onset of a national and global pandemic, supply chain crisis, and a hard-hit economy, the direction of the event quickly shifted to discuss specific COVID-related challenges direct-to-consumer retail is working to address right now.

Twelve industry executives virtually connected for two hours to unpack how retailers are approaching battling coronavirus and how they’re preparing for the future in this new normal. Click here to learn more about the data explored during this think tank.

DTC COLLECTIVE MEMBERS

Richard Spencer, Group VP IT, Ecommerce, Data and Applications, Belk
Mohit Gulrajani, SVP Omnichannel Strategy & Operations, Brooks Brothers
Doug Jensen, VP CRM & Corporate Marketing Analytics & Innovation Insights, Estee Lauder
Ann Marie Resnick, VP of Marketing, Hammacher Schlemmer
Nick DiMarco, GM, Hammacher Schlemmer
Tim McCue, VP Ecommerce and Digital Technology, Jockey
Eric Gohs, VP of Marketing Strategy, Lane Bryant
Bryan Elliot, VP of Growth Marketing, Tamara Mellon
Roshan Varma, VP of Digital, Tapestry
Carrie Tharp, VP Retail & Consumer, Google Cloud
Fayez Mohamood, CEO & Co-Founder, Bluecore
Sherene Hilal, SVP Marketing and Business Operations, Bluecore
Top Concerns for Executives

Brands, who are often accustomed to planning out strategy months in advance, have been forced to pivot in real-time to address unforeseen obstacles.

“COVID-19 is accelerating the shift to digital by 2-3 years.”

Today, about 15% of retail business happens via digital; in 3 years that was supposed to be closer to 50%. Now, retailers need to be ready to make that transition happen in 12 months and they are preparing for the shift to be permanent. This digital transformation will have an outsized impact on recovery and represents the start of a tipping point to digital-first commerce.

“We need cash to buy inventory for the Fall.”

Many brands are reliant on spring launches to support the next season’s inventory, but with widespread store closures, merchandise is either not moving as quickly as it should be or is selling too quickly and inventory is locked up in stores or channel partners. The liquidity and cash flow problem is the CFO’s primary concern right now. In conjunction with other business leaders, finance leaders are looking for efficiencies throughout the business to support cash preservation.

“We’re trying to represent our brand in a way that includes minimal discounting.”

The gross-margin pressure is undeniable. In addition to margins generally being compressed because of the hyper-competitive landscape, brands are trying to balance promotions to move merchandise for cash-flow purposes, without instilling a discount reputation for the brand and creating a surge of one-and-done buyers.
“Everyone has a critical list of partners that are going to get paid first. If you’re not on that list, there might be some consolidation.”

There is an overall consolidation of critical investments happening. Marketing, finance, and operations leaders are collaborating to re-evaluate investments. This includes creating a critical tech partners list to prioritize those that drive a second purchase and increase lifetime value and eliminating layers of decision-making to break down organizational silos hindering growth.

“Asking consumers where and how they’re going to spend is helpful.”

Brands do not have a comprehensive understanding of what consumers are doing right now. With complicated analytics tools preventing them from seeing insights quickly, a lack of resources to garner insights, or budget cuts for research, many brands are turning to publicly available consumer research to guide their strategy (e.g., learning that people are using face masks and lotions instead of makeup is a helpful insight for a Beauty brand).

“Typically, we compare performance to last year’s results, but now last year is not relevant! Yesterday and last week are more relevant.”

Brands are finding that year-over-year growth is no longer the most reliable benchmarking metric when judging their current performance. With consumer behaviors changing so quickly and unpredictably, brands are improvising on-the-fly to figure out the most effective approaches to measurement, tracking and optimizing their efforts. Brands have not yet reached the point where they can confidently say what the leading and lagging indicators of success are, so looking at the same thing every day and tracking those daily variations is key right now.

“How do we continue to meet customers where they are?”

The connection to the consumer is very top of mind. With shoppers staying home, retailers are forced to get creative in figuring out how to meet customers where they are. More focus has shifted toward keeping the pulse on social media channels to remain in tune with customers’ evolving needs. In the world of Zoom, knowing that customers want to look good from the waist up, but comfy down below, is helpful.
Long-Lasting Changes for the Consumer

As retailers scramble to reimagine the path to purchase from the lens of the consumer during COVID-19, they must also consider which of the new habits consumers are developing in the short-term will remain well after the crisis has passed.

“Nice-to-have experiences become everyday fixtures as the spectrum of expectations for the in-store experience changes.”

Consumer expectations of retail shopping experiences will shift as they become accustomed to new methods of learning about, engaging with or acquiring products that have been introduced to compensate for social distancing restrictions. What are now considered as perks or necessary adjustments to the shopping and marketing process (e.g., curb-side pick-up, virtual cosmetic demos) will inevitably become the norm in the experience. On the other hand, shoppers that choose to return to the store, may arrive with general concerns about health and cleanliness - shoppers may not want to try on clothes that have already been tried on by someone else.

“The app experience is going to be something consumers are much more comfortable with.”

With mobile app sales for some brands increasing from 3% to 17%, there is going to be increased usage of brands’ mobile apps and the demand for a superior experience from them will increase.

“We’re using mostly existing assets and user-generated content (UGC) to be clever about our content and execution.”

With limited access to models and merchandise for content shoots, brands are finding creative ways to promote merchandise to shoppers, like leveraging user-generated or organically produced content (e.g. associates taking photos at home with merchandise and sharing on social media). We will see brands leveraging this strategy with more regularity.

“Social listening and response is something we’re allocating more time to.”

Social media engagement has shot up with the bulk of many brands’ traffic coming from these channels. While brands are employing a more manual approach to engaging with audiences here (e.g., reallocating store employees to monitor social responses), brands will likely adopt a more scalable solution and consumers will come to expect the level of fast and direct engagement they are experiencing now.
Adjustments for the Work-from-Home Reality

Nearly two months into work-from-home scenarios, retailers continue to evaluate how to make the remote experience and processes as efficient, productive and pleasant as possible.

“We had a big concern we wouldn’t get the same level of productivity, but we’re getting more out of people! We had a buyer on the phone at 9pm trying to track down products from Portugal while holding her two-year-old - everyone is doing the best they can.”

Personal productivity per hour seems to have gone up and junior team members are stepping up to help advise on strategy, but the long-term implications of this is unclear. While there are clear conveniences in things like not having to commute, remote work life during this time often consists of blended days, an overload of Zoom meetings, and feelings of isolation during a time of high-stress.

“Our teams are paying more attention to the daily eCommerce dashboards.”

Entire businesses have turned their attention to eCommerce. As employees have less time to spend in the weeds, they more frequently share and turn to key metrics and goals. This gives them a birds-eye-view to be able to respond and pivot on-the-fly as they learn more about the current climate and its effect on their customers.

“Please don’t delete this Slack channel when we return to the office!”

Retail employees want the virtual community-building and support to extend into work life when things return to “normal.” Brands are replicating the value of in-office interaction and communication with virtual activities and happy hours, and quarantine-related Slack channels for entertainment.
“We’re eliminating layers of decision-making and finding a more nimble rhythm to the business out of necessity.

As bandwidth tightens, brands are finally letting the experts be the experts - not everyone needs to chime in on the main features of an email. Big meetings are shorter and more impactful even as leadership opens meetings up to junior staff to contribute to strategy.

“The hardest thing about being remote is the creativity.”

Retailers are finding creative projects the most difficult to collaborate on virtually and marketers miss the human connection aspect of brainstorming. In normal times, artists rely heavily on the in-person experience to create clothing and new products - this is now done almost entirely over Zoom and shared docs. Brands are additionally shifting the responsibilities of their store employees to help them with at-home photo shoots to promote merchandise and produce content.
Transitioning Back to the “Old Normal”

Society today is continuously adjusting to the “new normal” we’re currently operating in. Although nobody wants to remain in the uncertainty of today, DTC Collective members agree that dismissing the learnings and advancements they have made in the last two months would be a regression to the past (or, the “old normal”), and that their doing so is increasingly improbable.

DTC Collective members concluded the session by discussing how they plan to approach returning back to “normal” work. With many retailers working in seasons, each executive dove into key areas of focus moving forward and how they are preparing for the remaining quarters, 2021 and beyond.

“I’ve spent a lot of time reflecting. Our brand has been through world wars and the dust bowl; while this is unprecedented, there are parallels.”

Brands are looking to history to help inform the transition back to normalcy. When looking at the Great Depression, one can see to what degree brands dropped off and recovered, and in what timeframe. These types of benchmarks help to provide a starting point from which businesses can begin to forecast.

“We’re not a tech company, we’re a recipe company. How do we pick the right ingredients and mix them together the right way?”

As the digital transformation speeds up, technology is becoming the foundation brands rely on to move their businesses forward. Building technology may be part of some brands’ DNA, but bringing together the required capabilities necessary to foster that direct-to-consumer experience and meet business objectives is key.
“Typically, we would sell 150 units a month of hair clippers for men, and last month we sold 3000. There’s no way to forecast that!”

Brands will continue to hone their ability to provide agile solutions to be prepared for highs and lows in the forecast. In this vein, many retailers are taking old inventory that was once heavily discounted and making sales with much smaller promotions to bring in cash.

“The data we are now feeding our models is highly unusual. We need to figure out if we’re potentially training our models incorrectly to make sure predictions are accurate when the crisis is over.”

Data is the new currency – especially in a digital-first world. But the artificial intelligence and machine learning transforming that data into meaningful, profitable communications will distinguish the winners from the losers. The most transformative brands adopt technology that provides continuous learning through feedback loops to optimize performance over time, no matter what data is coming in.
For inquiries related to the DTC Collective and becoming a member, please visit our website.

DTC COLLECTIVE
est. 2020

• Bringing together influential, global voices to realize the promise of digital retail while establishing a universal code of consumer engagement
• BROUGHT TO YOU BY BLUECORE