

DTC to DX Whitepaper

DTC to DX: welcome to the age of relevance

Direct-to-consumer marketing
must evolve - here's why
disintermediation is the next
step for legacy brands



fractal

DX: reach, rapport, results

At a time when direct-to-consumer (DTC) seems to be becoming stale, legacy brands and services are crying out for innovation as they seek to build mutually relevant and beneficial relationships with their consumers.

The fact is, there's far more to disintermediation than just building an e-commerce site and optimizing offline channels - it presents a real opportunity to offer consumers a memorable experience, creating a genuine rapport between brands and an increasingly digital consumer base.

Today, meaningful conversations are happening on social media. Platforms like TikTok are driving consumer discussion and it's getting tougher to have a say in how your consumers experience your brand as a manufacturer. So, who's to say brand experiences can't be delivered by consumers themselves, in the age of social commerce?

Director E-commerce

Personal Care Consumer Goods Multinational

Whether the experience is on an app, on the web or just a shopping moment, you have to be relevant with the right product portfolio and the right proposition to support the consumer's need-state and expectation. We are up against every platform that sells our products, so how else can you differentiate?

SVP Information Technology

Health, Hygiene & Nutrition Consumer Goods Multinational

While DTC has been seen as a low value proposition for legacy brands, it's actually gaining in market share, accounting for \$17.75bn¹ of the e-commerce market in 2020, and there's no reason why they shouldn't see similar results to the niche brands that are using such strategies to their advantage. But they need a different route-to-value, while leveraging these untapped digital opportunities to match evolving consumer needs.

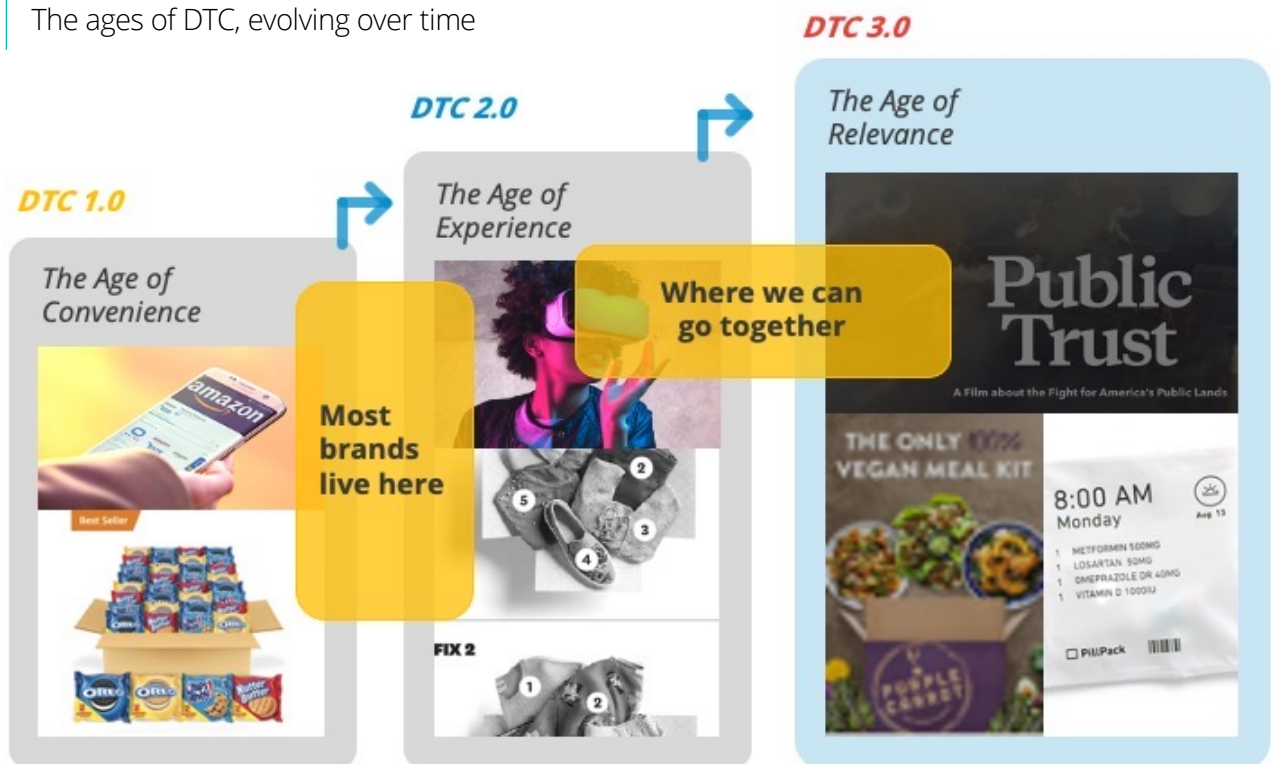
1. *Direct-to-Consumer Statistics: Need to Know Numbers about the Brands Disrupting Retail* | [Payability](#)



Evolving Direct-to-Consumer experience

We're seeing a shift in e-commerce. What started as convenience and developed into experience, is now evolving further; we're heading towards the age of relevance.

The ages of DTC, evolving over time



Consumers have become fans, brand ambassadors and influencers with considerable digital reach. So how do legacy brands make the most of this new breed of customer?

Emerging Models of DTC

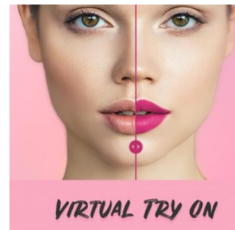
Category Reinvention



MyMuesli

- Addressed latent need
- Transformational Service Innovation — mass customization through building a fully automatic mixing machine capable of 566 quadrillion different combinations

Brand Experience



L'Oreal + ModiFace

- Achieved its goals for digital transformation by reaching a fifth of group sales and by spending half of its marketing dollars online
- ModiFace has provided a big competitive advantage in the Covid crisis time

Consumer-Centric Innovation



P&G Native

- Smoothly-operating feedback loop — constantly collected customer opinions and changed the formulas to fit
- Focused on finding scalable channels that bring the right customers in; partnerships with retailers

Incremental Channel



Nespresso

- Clear focus on tapping incremental / different consumers vs. Amazon
- Creating Loyalty & Recurring Revenue Streams

Stories of success in DTC

Disintermediation of brand experiences

Disintermediation (DX) is the next step for legacy brands. More than just an e-commerce play, DX provides a wealth of opportunities to take control of how consumers experience a brand, and how to inspire them to pass the message on. Done well, DX can increase reputation, commerce and loyalty.

DX comes in many forms; delivery, exploration, experimentation, innovation and more. It offers the chance to create branded moments, and use disintermediated platforms to gather feedback to fuel innovation. All of this, while enabling fulfilment, not just enticement.

It's this move from simply driving a purchase, to creating a fruitful, lifelong brand-consumer relationship that makes DX so important for the future. From building a community, to engaging that community, DX can be central to brand loyalty and, ultimately, improved transactions for both parties.



DTC needs to be about DX; brand experiences that provide mutual value and lead to long-term patronage.



The principles of disintermediation



Meet the consumers where they are

Reaching consumers in meaningful ways means identifying their needs in context, and using their digital footprint to go beyond basic personalization.



Lead with experiences, follow up with transaction

Experience is now essential in commerce, and consumers expect not only seamless technology along the purchase journey, but also shared values and ideals.



Create sociable value

Consumer's offline and online identities are enmeshed. Help consumers be fans, and fans be influencers. Be shareable and relevant to consumer communities.



Listen, learn & live online

Use social as a natural source of learning about your brand ecosystem, and a playground to test and iterate along with your consumers.

Making DX work for your brand

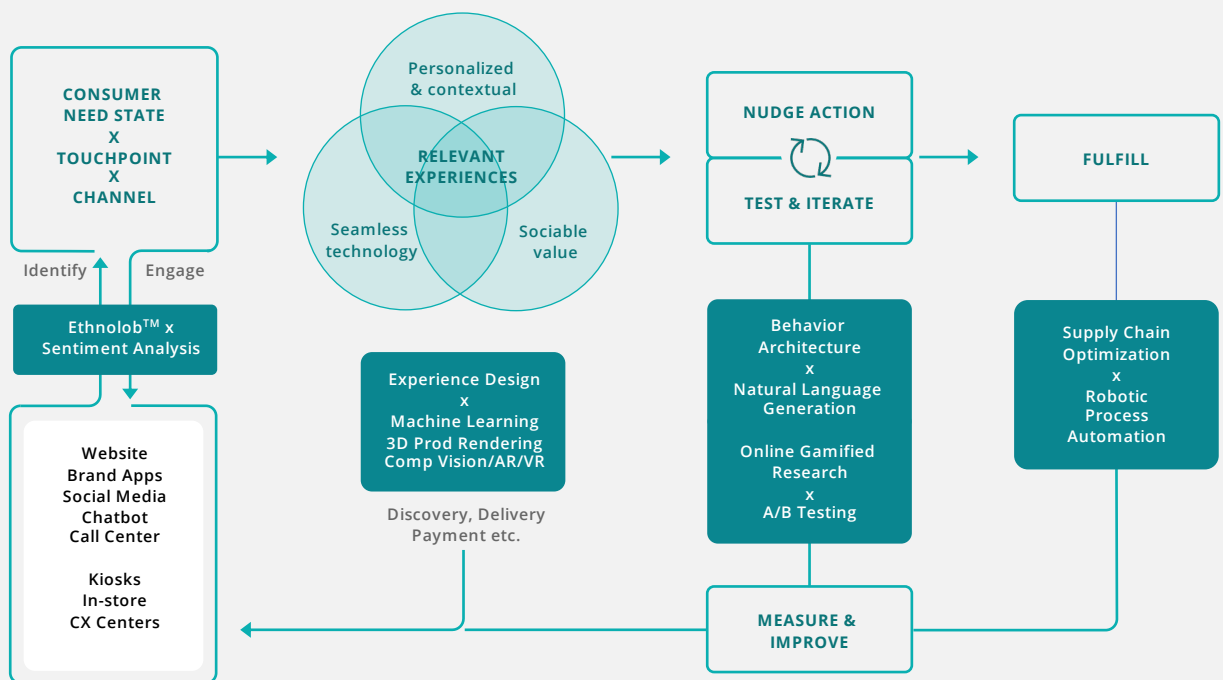
It all starts with a simple question:

What aspect of your brand's experience do you want to disintermediate?

From product discovery to payment, there are many ways to make DX work for you. Whether you want to know how fan communities can become co-creators, how loyal customers can become influencers, or the right moment to reach a consumer with your latest brand messaging, DX can do the hard work for you.



Making the most of the DX engine



The DTC Engine

With the Member 360 platform, appointments, and claims can be made seamlessly, along with online activity, customer service interactions and more.

With these data pipelines in place, clients can accelerate and scale personalization of communications across their marketing channels.

Deep Sync Lab

What are we disintermediating?

Use cases such as: Innovation, purchase journeys, delivery, launch.

How are we disintermediating?

1. Business goals

Articulate the business motivation to disintermediate (thriving, reviving, exploring).



5. Risks

What risks do we need to beware of to existing/parent/sister brand?



2. Consumer goals

Articulate what present and pervasive goals this would achieve for consumers.



6. Experience

How can the consumers experience our brand product and/or offering in a differentiated way afforded by this disintermediation?



3. Opportunities

Where and how can we make business and consumer goals align?



7. Channels, touchpoints

What channels and touchpoints in the consumer journey do we need to design for. Where could friction lie, how can we make it seamless?



4. Value

What does the business gain if this succeeds?



8. Partners, investment

Infrastructure internal and external, tech readiness to fully leverage relationship with consumers, enablers/partnerships.



The DTC Canvas

To help you get the best experience as you set out on the DX journey, our innovation workshop helps you discover the most valuable and worthwhile DX solutions for your brand. The session evaluates the needs of your business, working out the benefits and risks before settling on a solution.

The chosen DX innovation is then run through the matrix of digital signals, emotional segments, digital touch point, engagement styles and fulfilment methods. This then generates the business revenue model, while developing a monitoring cycle that will work for you.



We believe complex problems need to be looked at through multiple lenses simultaneously to be grasped. With the new lens, new dimensions emerge, thus making complexity more evident and solvable.

How is Fractal Dimension set up to do it?

We identify complex and unstructured problem themes in the industry that are relevant. We invest in building expertise and a dimensionalized point of view around it.

We engage clients via 'slow-thinking' workshops and co-creation jams to curate our perspective for their problem. We invest in architecting an end-to-end state-change program.

We partner with client teams at Fractal to deploy cross-functional solutions and support them in helping clients realize value ROI.



If you are looking to leverage the power of emotion with intelligence in your enterprise, connect with us at dimension@fractal.ai

Our experts



Sagar Shah
Client Partner,
Fractal Dimension



Sourabh Agrawal
Lead Engineer,
AI@scale, Machine Vision



Kautuk Trivedi
Senior Design Consultant,
Qure



Shivani Gupta
Behavioral Science Lead,
Fractal Dimension

Enable better decisions with Fractal

Fractal is one of the most prominent players in the Artificial Intelligence space. Fractal's mission is to power every human decision in the enterprise and bring AI, engineering, and design to help the world's most admired Fortune 500® companies.

Fractal product companies include Qure.ai, Crux Intelligence, Theremin.ai, Eugenie.ai & Samya.ai.

Fractal has more than 2,300 employees across 16 global locations, including United States, UK, Ukraine, India, and Australia. Fractal has consistently been rated as India's best company to work for, by The Great Place to Work® Institute, a 'Leader' by Forrester Research in its Wave™ on Specialized Insights Services, Computer Vision & Customer Analytics and as an "Honorable Vendor" in 2021 Magic Quadrant™ for data & analytics by Gartner.



Corporate Headquarters

Suite 76J,
One World Trade Center, New York,
NY 10007

[Get in touch](#)

fractal

