

HANDOUT

# B2B Manufacturers Are **Rushing to D2C**: Here's 12 Reasons Why

D2C lets you control your relationship with your customers from start to finish. Remove the need for middlemen and save time and money by selling directly online.



**Spryker**



# Introduction

Manufacturers all over the world are starting to realize that the **future of B2B sales is here**, and there's no looking back. As B2B buying habits have become more aligned with those of B2C in the wake of the pandemic, business buyers are switching their corporate purchases to online channels in a substantial, – and permanent – way.

Buyers are more likely than ever before to spend significant amounts on digital channels. This is illustrated in a recent study by McKinsey<sup>1</sup>, which revealed that 35% of B2B buyers are willing to spend \$500,000 or more in a single online transaction in December 2022 – up from 27% in February 2021.

Similarly, A Gartner survey of 725 B2B buyers from November through December 2021 found that **83% of B2B buyers already prefer ordering or paying through digital commerce**, in comparison to in-person or direct sales.

With customer preferences clearly changing, there is a breadth of benefits awaiting B2B manufacturers that aren't afraid to take the leap into D2C. Keep reading to find out about the biggest wins available if you decide to embrace a direct-to-consumer strategy.



<sup>1</sup>B2B sales: Omnichannel everywhere, every time, [mckinsey.com](https://www.mckinsey.com)



# 12 Benefits of D2C for B2B manufacturers

## 1 Shorter time-to-market

By having a more direct and shorter line of communication with your audience, you can launch new products at a significantly faster rate. Concurrently, **it's easier to test and bring iterations** to market, as well as to collect feedback from customers.

With the right e-commerce platform supporting your D2C strategy, you'll be able to test minimum viable products (MVPs), penetrate new markets, and test innovative products in existing markets without sacrificing resources communicating with third-party channels. Furthermore, you'll be able to trial new digital capabilities more seamlessly.

## 2 Higher profit margins

One of the most obvious advantages of going D2C as a manufacturer is improving margins. By selling directly to customers, you can **sell at a retail price rather than wholesale**, thereby increasing your profit margin. Your reach will also increase by adding new channels, which can help you access more customers in adjacent industries and new locations, thus unlocking more opportunities for revenue growth.

A 2021 study from McKinsey & Co states that "while in-person selling rebounded to pre-COVID-19 levels during 2021, more companies than ever before also began offering e-commerce as a sales channel". "We now see a tipping point, with e-commerce surpassing in-person selling as a sales channel, at 65% versus 53% earlier this year", McKinsey says.

## 3 Owning the customer experience

Manufacturers that employ D2C channels have the opportunity to decide what kind of touchpoints and interactions they want with their customers. By not relying on distributors and wholesalers, your manufacturing business will have considerably more governance over its marketing channels, sales process, social media presence, and the customer journey as a whole.

This means that you can create a much more high-level customer service experience for your customers by implementing features such as self-service purchasing or live shopping, all of which can vastly improve retention and brand loyalty.

A survey by Gartner found that only 24% of B2B buyers in primarily sales rep-led purchases completed a high-quality deal, versus 65% of B2B buyers who self-navigated the purchase process. D2C also provides you the chance to run your own customer service. This ensures you won't lose any customers due to mistakes from wholesalers or other factors that are out of your hands.

**“83% of B2B buyers already prefer ordering or paying through digital commerce, in comparison to in-person or direct sales.”**



#### 4 More control of prices

With a D2C sales strategy, you control the prices. As you won't need to partner with any distributors or external platforms, you'll have full command over the pricing of your products. This can make it much easier to adjust to market changes, and you can avoid prices being slashed by third parties – something which can dilute the value of your product and cut your profits. Additionally, due to the higher level of customer experience that you can provide in D2C, customers will be willing to pay a higher premium for the same offering. By implementing new touchpoints and improving the customer journey, you can increase prices without having to invest more in the quality of your products, which can often take much longer.

#### 5 Additional stock management control

Embracing an online D2C channel will enable you to gain newfound control over stock management. This has a two-fold effect: you'll be able to guarantee stock for your customers and decrease out-of-stock situations, while simultaneously increasing cost control – all of this leading to higher margins – it's a win-win.

#### 6 Enforce a high level of quality standards

One of the biggest benefits of integrating a D2C channel is that you can ensure more reliable quality standards for your product information and offerings. If you decide to integrate a commerce platform such as a marketplace, you can integrate extended catalogs from your network of distributors and dealers without compromising on quality and consistency. According to McKinsey, B2B customers actively look for another supplier if their main needs are not met – 80% of business buyers say that a performance guarantee, including a full refund, is critical for brand loyalty.



## 7 Curate a consistent brand story

Historically, manufacturers haven't needed to invest much in marketing, so it's easy to feel like a fish out of water when it comes to branding. Going D2C will force your business to direct its own branding and messaging, and while this can seem intimidating at first, it can bring enormous dividends in the long run. By having full control over your branding, you can create a consistent brand experience – alongside a world-class customer experience – which is an opportunity to strengthen your client relationships and develop traffic. As nurturing relationships is essential in B2B, manufacturers that develop a reliable brand will quickly stand out from the pack.

## 8 Increased customization

As a manufacturer, you're acutely aware of the need for personalization when selling to B2B customers. With digital D2C channels such as e-commerce platforms and marketplaces, you'll have far more routes to tailor your offering, buyer experience, rebuying, site search, and pricing on a per-customer basis. When selling directly to your audience through e-commerce, you can customize your products according to the needs of each customer, thereby creating better relationships and increasing sales in the long term. A one-size fits-all-approach to B2B sales is in the rear-view mirror, and winning in modern manufacturing means providing shoppers with custom-made options to meet their individual preferences. Furthermore, by combining digital and human-led channels, you can tremendously improve sales success. Gartner found that B2B buyers feel a 17% lift in customer confidence when sales reps effectively use technology to facilitate buying group discussions.

## 9 Implementing new solutions

A variety of digital solutions and channels can be used to support a D2C approach. Marketplaces are one such example of this, and their momentum in the B2B sector is racing forward. By implementing a marketplace channel, you can take advantage of many of the benefits of D2C without undermining your existing dealer network. Your manufacturing business would be the marketplace operator, and your resellers would be the merchants. To get to the nuts and bolts of how this would look like, have a read of our expert guide: [Marketplaces for B2B Manufacturers as Fast Lane to D2C Without Compromising Resellers](#).







## 10 Scaling your product offering

D2C channels can help your business grow your product offering and expand to new markets at a faster rate, as you won't need to rely on third-party retailers to sell your products. Once a product has been created, you can immediately launch it on your e-commerce site or marketplace, gather user feedback and test new iterations.

## 11 Enhancing the power of data

Manufacturers who sell through third-party marketplaces and wholesalers are missing out on an almost endless hoard of customer data. The more direct touchpoints you have with your customers, the more data analytics you can use to inform business decisions related to pricing, distribution, sales, marketing, innovation, production, management, and much more. As you learn more about your customer base and their buying behavior, you will be able to target them more successfully. Increased knowledge from data also allows you to offset fluctuations in existing channels, such as limited on-site inventory and localized store closures.

## 12 Leveling up your marketing strategy

As mentioned, switching to D2C can uncork a breadth of opportunities to access more customers and tell your brand story. Creating an improved customer experience and online presence can overhaul your status in the industry, and having more influence over marketing is the first step to achieving this. Not only that, but relying less on distributors and retailers lets you forge relationships directly with customers, which allows for far more direct marketing opportunities and nurturing initiatives. Online content such as videos, social media posts, and blogs can also be used more effectively when directly communicating with your audience.

# The D2C trend is not a temporary one

In comparison to B2C and wholesalers or distributors, manufacturers have lost time in switching to digital commerce. However, what once used to be a nice-to-have, has become a must-have.

Today, end-users want to purchase products directly from the manufacturer's site as quickly and easily as possible; and they're willing to pay a premium for a seamless customer experience. More and more manufacturers have now understood that this is a permanent change in B2B purchasing, and they're quickly shifting to D2C to not fall behind the curve.

However, incorporating a D2C strategy can be a daunting task for B2B manufacturers that have historically used a more conventional approach. So how should you go about adopting this new strategy? If we had a simple answer, we'd give it to you, but the truth is that it depends on the type of manufacturing business and the market being targeted. But we're here to help.



To learn more about D2C, read our [professional guide](#) to optimizing your D2C business.







## About Spryker

Spryker Systems GmbH is a privately held technology company headquartered in Berlin, Germany and New York, USA. Founded in 2014, Spryker enables companies to build sophisticated transactional business models in unified commerce including B2B, B2C, and Enterprise Marketplaces. Spryker is the most modern, fully composable platform-as-a-service (PaaS) solution with headless & API-based architecture that is cloud and enterprise-ready and loved by developers and business users worldwide. Spryker customers extend their sales reach and grow revenue with a system that allows them to increase operational efficiency, lower the total cost of ownership, expand to new markets and business models faster than ever before: Spryker solutions have empowered 150+ companies to manage transactions in more than 200 countries worldwide and is trusted by brands such as Aldi, Siemens, Hilti, and Ricoh. Gartner® recognized Spryker as a Visionary in the 2021 Magic Quadrant™ for Digital Commerce, just one year after it first appeared (2020), and has also been named as a major player in B2B e-Commerce by IDC. Finally, it is the only commerce platform to provide full B2B, B2C, D2C, and Marketplace capabilities out of one stack. Find out more at [spryker.com](https://spryker.com)



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