

How B2B Manufacturers Can Address **Channel Conflict** While Going **Direct-to-Consumer**

Reap the rewards of D2C while maintaining good relationships with your dealer network by transforming your conflict into a partnership

Status quo

Today's B2B buyer is more demanding than ever before, **expecting a digital 'Amazon-like' experience** wherever they shop. They want a comprehensive overview of information and offers, delivery, and payment choices, and they want the ability to order **straight from the source** - the manufacturer. Companies, in return for selling D2C, gain hugely **valuable customer insights** that were previously only available to the resellers. B2B manufacturers, therefore, **have no choice** but to instigate a direct-to-consumer sales channel. Ignoring this fact will send customers straight to your competitors - eventually putting you out of business.

While **the need to go D2C is crystal clear**, the solution for doing so without disturbing your well-established business relationships with your dealer network is not so simple. Your **dealer network is a vital piece of the puzzle** for your business success, with the infrastructure and processes to help you to reach a larger customer base, as well as handling last-mile delivery and return management etc. In order to keep your dealer network sweet, you shouldn't position D2C as a way of cutting out the middle man, but rather as **an opportunity for partnership and collaborative digitization**.



D2C Challenges for Manufacturers

- Going D2C creates **perceived channel conflict** and a sense of competition with the dealer network. They fear D2C is 'cutting out the middle man'.
- Good relationships with resellers will likely be based on many years of hard work, so businesses don't want to do anything to jeopardize them.
- While going D2C will open up a new sales channel, manufacturers still need to rely heavily on their dealer network to **provide essential services** and to **increase reach**.
- Manufacturers must therefore not alienate their dealer network in the process of establishing a D2C route.

Benefits & Values of Collaborative D2C Sales Channel for Manufacturers

New Digital Sales Opportunities

For Manufacturers

- Increase revenue by **gaining access to more customers** in new locations and adjacent industries.
- Access more distributors and resellers with complementary inventory to **increase product offering** and **spread inventory risk**.

For Resellers

- Digitization also benefits the resellers as the sophisticated marketplace technology will **streamline their own processes and sales**.
- Resellers can create an **extended aisle**, offering products that they wouldn't normally stock, because they can utilize drop-shipping via the manufacturer.
- They can leverage the manufacturer's brand reputation to **extend their reach** via the manufacturer's platform, accessing a greater pool of potential customers.

Brand and Customer Experience

- Maintain, curate and enforce a **consistent brand experience** and quality standards by controlling your entire catalog and product information.
- Customers benefit from the **simplicity and transparency of using a single site** provided by a trusted manufacturer, rather than multiple sites from the manufacturer and different distributors.
- Customers gain **site search across a full catalog** and numerous inventory sources.
- Manufacturers can **enforce quality standards** for extended catalogs from their resellers.
- **Increase customer convenience** by allowing customers to purchase online and see, test and pick up the product in-store.



Direct Communication & Insights From Customers

- Increase access to **customer and product insights**, including specific buyer needs, how exactly products are used, and which products are bought together.
- Customers will still be able to benefit from **specialized advice** from the reseller network.
- **Attract more customers** by promoting additional service offerings delivered through the resellers on your platform.
- Opportunity to develop traffic, **build relationships with customers**, and control the company's messaging.
- Opportunity to develop a world-class **customer service experience** for customers.

Improved Service of Complex B2B Needs

- **Offset fluctuations** in existing channels, such as localized store closures or limited on-site inventory by offering alternative channels.
- Merchandised rebuying, resulting in **fewer out-of-stock situations**.
- By including a dealer network in your commerce platform, you can **sell a full “solution”** rather than individual parts, by utilizing the adjacent products sold via resellers as merchants.

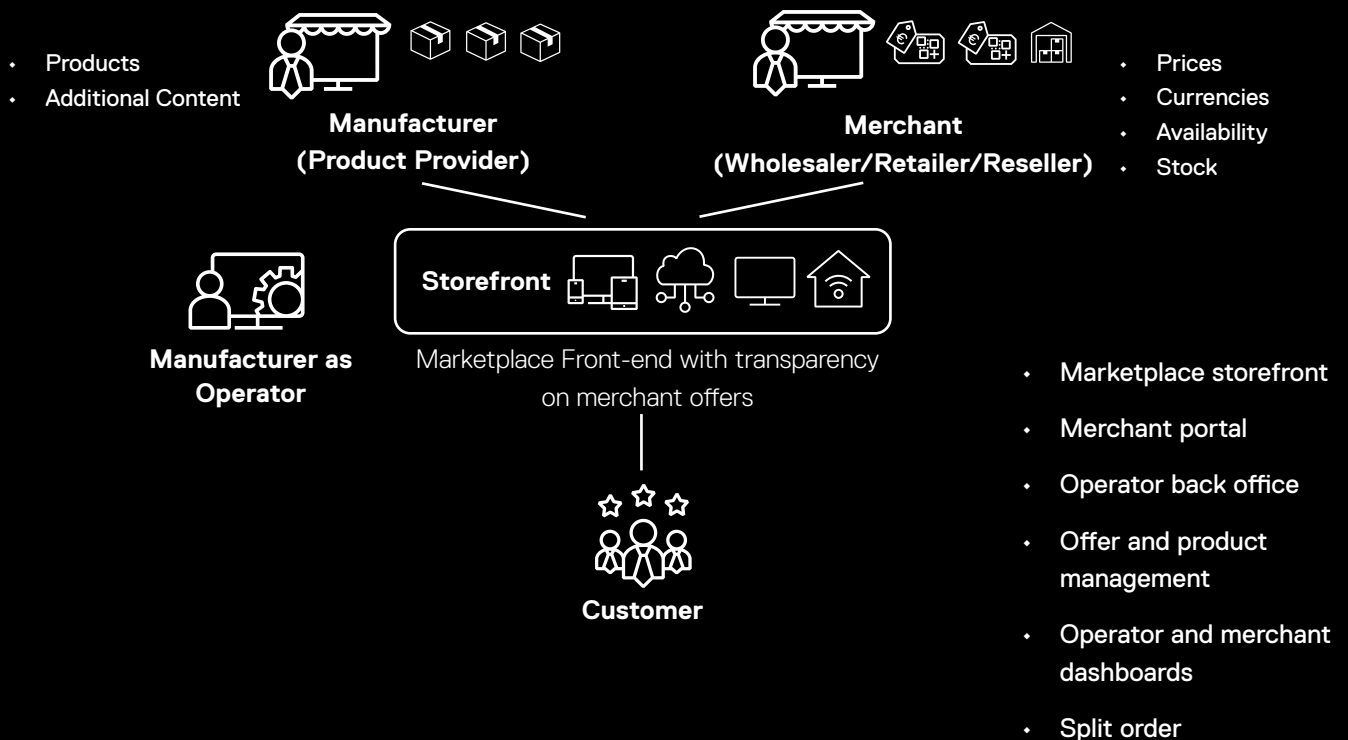


How Does it Work?

Manufacturers can establish this D2C route by utilizing marketplace technology where your **resellers are established as partners on your digital commerce platform**. New resellers are also able to sign up, and depending on your business model, certain resellers might get exclusivity in particular areas. Resellers are then able to manage inventory, pricing and promotions via the platform, and manage the orders associated with their business. **Manufacturers are ultimately in control** of the brand and able to sell directly to customers while continuing to collaborate with resellers.

Spryker Capabilities

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