

# **Redefining D2C & eCommerce Customer Experience With Conversational Messaging**

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# Introduction

Consumer preferences and behaviours are evolving faster than ever. As businesses across the world seek new avenues for growth, eCommerce continues to open opportunities to meet consumer demands, forever changing the way we transact. The COVID-19 pandemic has facilitated that trend through 2020.

When the pandemic first hit globally, brands were looking at alternative routes to reach consumers amid the disruption in supply chain and logistics, where no brands were able to reach end-consumers. With retail outlets closed for protracted periods because of the pandemic, retail brands have had to increasingly re-examine their online direct to consumer (D2C) strategies.



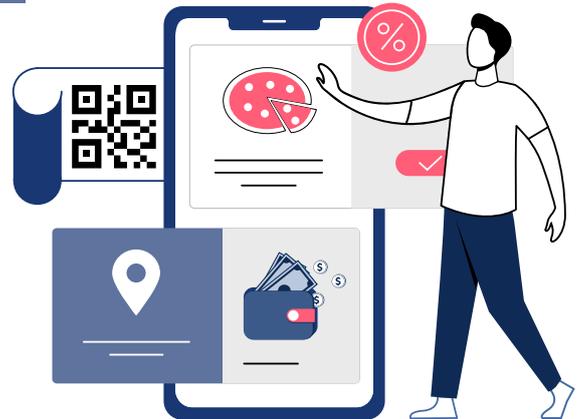
2020 was the year when digital-first brands with a strong brand identity, better tech-savviness, better access to consumer data and stronger operational efficiencies came into their own - 2021 is the year they consolidated their market share. Their agility enabled them to move from product testing to market launch in record time, while their customer-centric approach has quickly garnered a loyal following. The D2C approach enables brands to reach their target customers directly, removing the innate part of the traditional business model, i.e., the middlemen and retail stores. This is mainly done through the online medium.

With the strong uptake of eCommerce and the D2C models across regions, a key element that has also gained traction is conversational commerce. Today consumers don't just want products, they want services, experiences, and relationships with brands. To provide this, brands have to understand much more about who their shoppers are, what they enjoy, and where they want to checkout to further personalise the customer experience. Hence, brands need to be where their customers are, talk to them in a language that they're comfortable interacting in, understand their doubts and problems, and innovate how they provide solutions to their customers.

This ebook will take a deeper look at how conversational messaging is playing an increasingly important role in D2C and eCommerce and how this new way of communication can benefit brands. But let's first understand the eCommerce landscape before the COVID-19 and how the pandemic has changed consumer behaviour in the last one year.

# eCommerce Landscape: A Year Into The Pandemic

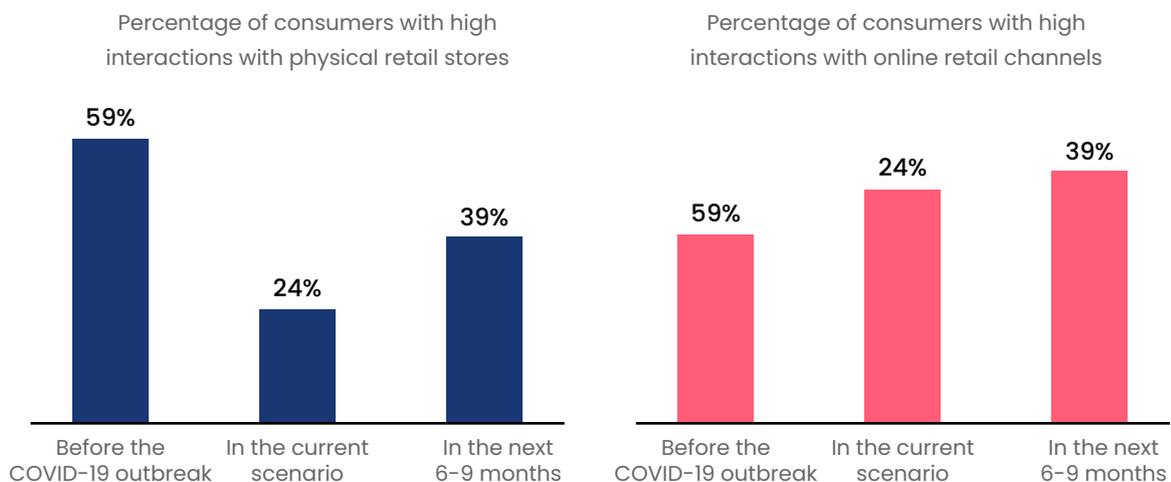
The shift towards eCommerce is nothing new; traditional retail has been under extreme pressure for years. Before the pandemic, there was always talk about how retailers needed to create in-store experiences to slow down the tide. But many consumers have resolutely disagreed - they want choice and convenience. The pandemic has caused online retail to step into the spotlight and become a necessity for many brands. At present, India has approximately [90 million shoppers](#), of whom many are first-timers.



The COVID-19 pandemic has accelerated the significance of online channels. Today, consumers consider online as their primary shopping channel, and this will persist in the immediate future. With more and more cities and urban areas under lockdown, non-essential businesses closing, and customers avoiding public places in general, interaction with physical stores has taken a heavy toll, and online interaction is accelerating.

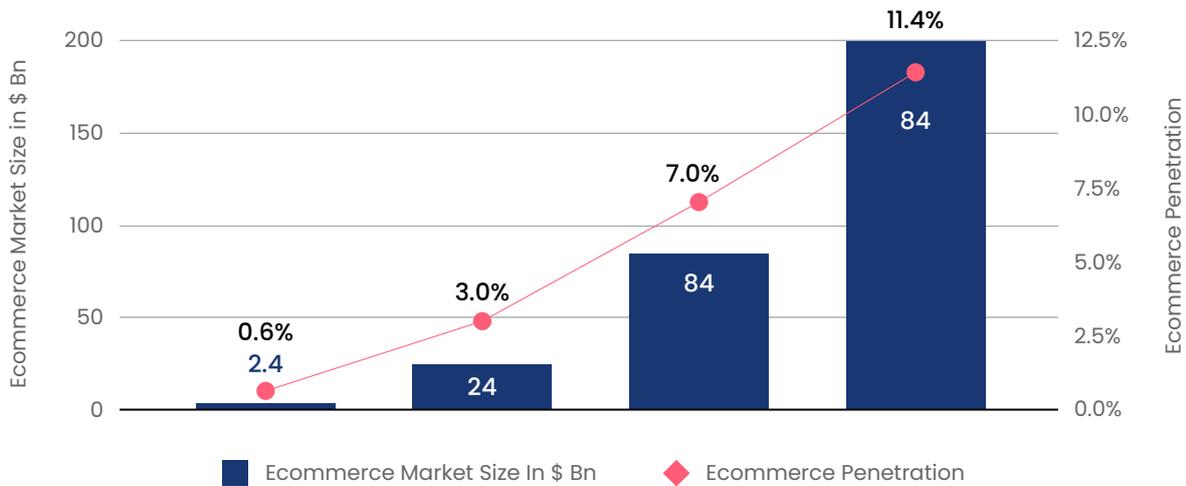
According to [Capgemini](#) research of consumer sentiment, most Indian consumers' appetite for online shopping is expected to increase from 46% in the current scenario to 64% over the next six to nine months. The report further suggested that in the next 6-9 months, Indian consumers would decrease their shopping at physical retail stores, and over 46% of Indians will shop at physical retail stores compared to 59% of Indian consumers who shopped at physical retail stores before the pandemic.

## Consumer appetite for online shopping is growing



Source: [Capgemini Research Institute, Consumer Behaviour Survey](#)

Driven by the rise in digital infrastructure, eCommerce in India is poised to grow and reach \$200 billion by 2026, according to a [Deloitte report](#). eCommerce is expected to capture 11.14% of the total Indian retail market by 2026, the report added.

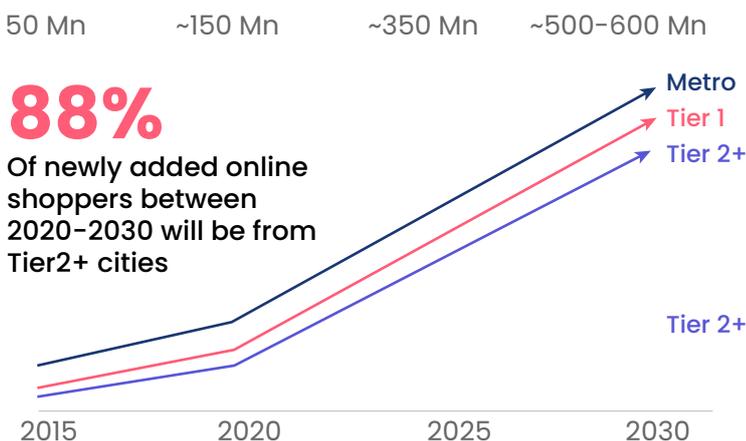


The pandemic is changing consumer behaviour, altering purchasing patterns and engagement touch-points. A [Deloitte report](#) consumer survey revealed that 51% of consumers feel unsafe in going to physical stores, and over 80% are concerned for their family’s health while shopping for groceries. Consumers are increasingly adopting the digital modes of commerce and it is expected to continue. Internet and smartphone penetration, digital payment is further driving change in consumer behaviour, leading to record growth of eCommerce channels and tremendous disruption in the D2C market. Fuelled by over 700 million internet users, online shopping in India is at an all-time high, showing a 24% y-o-y growth. eCommerce platforms, combined with better logistics operations and increased internet users, are enabling Indian companies to reach out to customers easily.

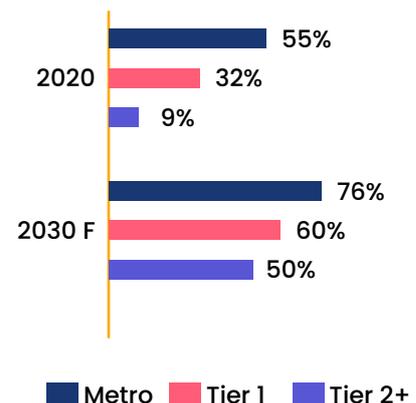
## D2C: The New Business Imperative On Rise

In the last few years, India has witnessed the rise of a new ‘non-linear’ world which offers disruptive opportunities. Today, consumers can find inspiration, browse and research, purchase and pay, share and engage across multiple channels. According to a [Deloitte report](#), online shoppers are expected to constitute 50% of the online population in 2026, with significant demand from tier 2 and 3 cities.

### Pan India annual online shoppers(Mn)



### Online shoppers as % total population

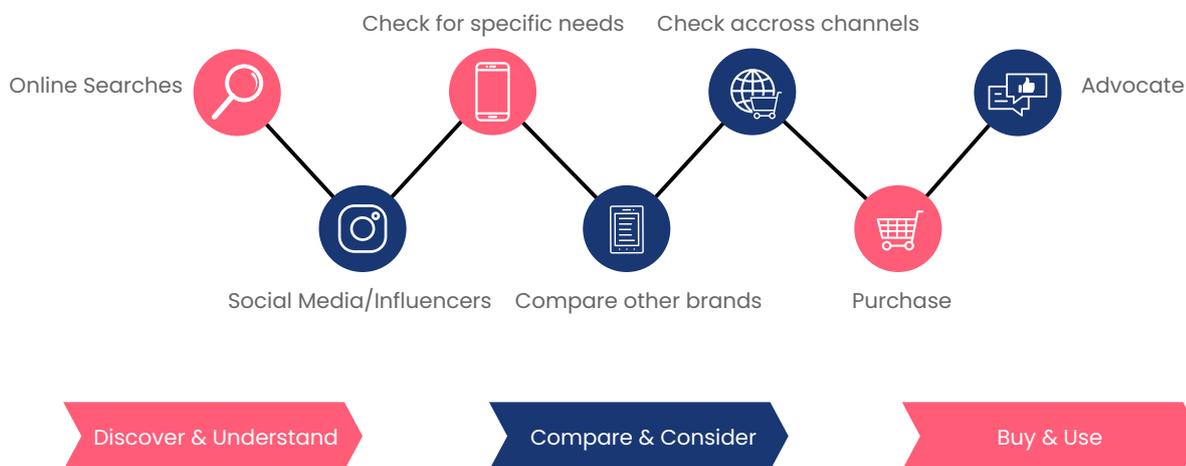


Source: Redsheer data

Evolving digital infrastructure has led to the rise of consumers, who are aware, willing to experiment with new products and prefer personalised and direct engagement with brands. Into this arena, a whole host of D2C brands have entered to disrupt the traditional retail model and their impact has been felt across categories such as Food & Beverages, Beauty & Personal care, and Lifestyle.

One of the biggest retail trends influenced by the pandemic is the increasing popularity of the D2C model. The D2C ecosystem is at an inflection point of rapid growth in India. In addition, factors such as access to cheap data connectivity, rapid urbanisation, innovative fulfillment models, and easy to set-up tech platforms have created avenues to reach customers easily which never existed before. With customers now being exposed to digital commerce, fast delivery, wide product variety, readily available information, it has become imperative for businesses to embrace digital to stay relevant.

### The New Consumer Journey



Source: MMA Report, 2021

A D2C model enables brands to directly reach their customers by eliminating the use of distributors, retailers, wholesalers, or other intermediaries. The D2C brands manufacture, market, sell and ship their products to customers without relying on middlemen. The channel provides the best results with an ideal platform for messaging and helps them show substantial reasons to purchase directly - as it offers differentiation and a wider audience, a unique shopping experience, and desirable pricing. All such factors have made D2C a significant part of eCommerce in the coming years.

According to [Avendus, a financial services firm](#), India is witnessing the rise of D2C brands across categories. India is estimated to have a \$100 billion addressable market by 2025. There are around 800+ D2C brands in India. The number is expected to grow significantly in the next five years. The report added that more than 16 D2C brands in India have an annual turnover of more than \$60 million.



# 80 Mn+

Online shoppers added in the last 3 years



# 200 Mn+

Online shoppers expected to be added in the next 5 years

**2025**



# 376 Mn

Active social media users  
52% are millennials

**2020**



# 500 Mn

Active social media users

**2025**



# \$0.44 Bn

Combined Revenue Of 10 D2C Brands in FY 20

**2020**



# \$100 Bn+

Addressable market size for D2C brands

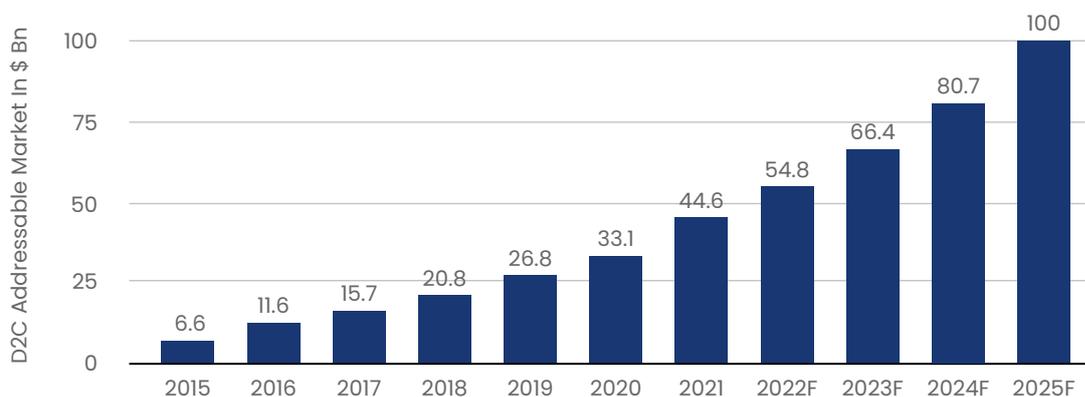
**2025**

Source: [Aventus Capital report](#)

From WhatsApp-based selling and taking orders via Google forms, brands started setting up their own storefronts to connect with customers - a trend all set to continue next year. The D2C market will be growing at a CAGR of 25% during 2020-2025, suggests an Inc42 Plus analysis.

## Total Addressable Market Under D2C Is Expected To Reach \$100 Bn In 2025

The D2C market will be growing at a CAGR of 25% during 2020-2025



Source: Inc42 Plus Analysis

# Challenges Faced By D2C Brands

In the last year, D2C adoption in India has been on the rise as more and more retailers are tapping the potential to grow their business. However, one of the most exciting yet scary aspects of running a D2C brand is that the company must directly interface with customers at every touchpoint. Moreover, this is a great opportunity for D2C brands to leverage the power of online shopping platforms and tools that come with them to invest in their customer relationships. If leveraged optimally, it can result in increased revenue stream, broader customer outreach, increased profits and improved financial performance.

But what brought on these changes in the first place? What were the inherent problems faced by the eCommerce industry in the traditional medium? Could it be:

## > **Cost of acquisition:**

Website and app-based acquisition workflows are complex for customers to navigate through.

## > **Varied shopping experiences:**

A digital shopping experience is lacking a key component – conversations.

## > **Lack of customer engagement:**

Web and mobile app experiences haven't proven adequate replacements, especially for more complex transactions.

## > **Secure payment options:**

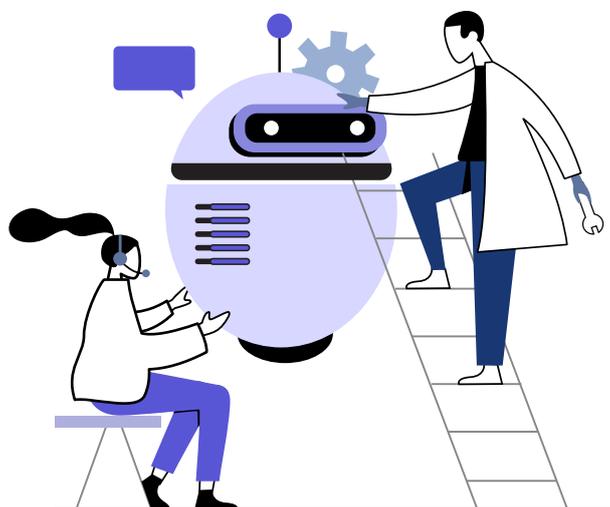
Customers are cautious of making online payments due to trust issues and fear of security breaches, especially D2C.

## > **Customer retention:**

Since the D2C customers are price-sensitive, it is challenging to keep them hooked for long periods.

Conversational AI tools like intelligent chatbots and virtual assistants help brands to indulge customers in the way they expect. Using a chatbot-based interface, customers can quickly discover products, place orders, pay for the orders and track purchases, all on one messaging interface.

From building brand awareness, nurturing user engagement, optimising customer acquisition, and providing post-sales services, the entire funnel calls for out-of-box thinking and excellent execution. To do this, one needs to master the art of communication for meaningful interactions with the target customer base. Gone are the days when high-volume advertising brought in more sales. Instead, D2C companies need technology solutions that help them process massive amounts of customer data and pull insights for improving the customer journey. With [conversational messaging](#) solutions, D2C marketers are better equipped to solve these challenges the industry faces.



# Conversational Messaging Is The Solution For D2C Commerce

[Conversational messaging](#) is a new customer engagement paradigm that brings businesses and consumers closer by enabling human-like conversations in commerce, marketing and sales. This happens on messaging channels that customers are already comfortable with. [Conversational messaging](#) solves the problem of engaging meaningfully with customers in real-time with tools like chatbots.

[Chatbots](#) are a form of artificial intelligence (AI) powered computer software programs. They assist in stimulating online chats via any platform they are embedded on, such as a website, messaging app, etc. They help customers with their queries by resolving them faster. Recent studies have shown that close to 85% of today's consumers would like to get solutions via chatbots compared to visiting sites and scrolling for answers.



People today look for personalised dialogues via their most preferred channels. They want a conversation with D2C brands to be as convenient as chatting with a friend. Consumers often make small purchases from a variety of brands for everyday requirements. However, they may not have too many apps on their phones due to storage, memory constraints, or other issues. So, unless a brand is among 10 in its category, people are not likely to download the app and make purchases. That's the reason why app-first approach may not boost conversion rates.

In a digital-first era ruled by smartphones and the tech infrastructure built around it, consumers mostly prefer a mobile-first approach, and they are typically heavy users of messaging apps like [WhatsApp](#), [Facebook Messenger](#), [Instagram Messaging](#), [Telegram](#) and the like. Suppose a brand communicates with its customers on these platforms instead of usual marketing channels like [SMS](#) and cold calling. In that case, it will have an instant advantage of meeting customers in their comfort zone. Nevertheless, if a messaging app allows customers to inquire about the product and purchase without additional downloads or extra clicks, it should result in higher conversions.

Furthermore, every conversation on a [messaging app](#) is a one-to-one interaction that enables a brand to personalise its communication for a better customer experience and offer customised discounts, thus driving customer loyalty and retention.

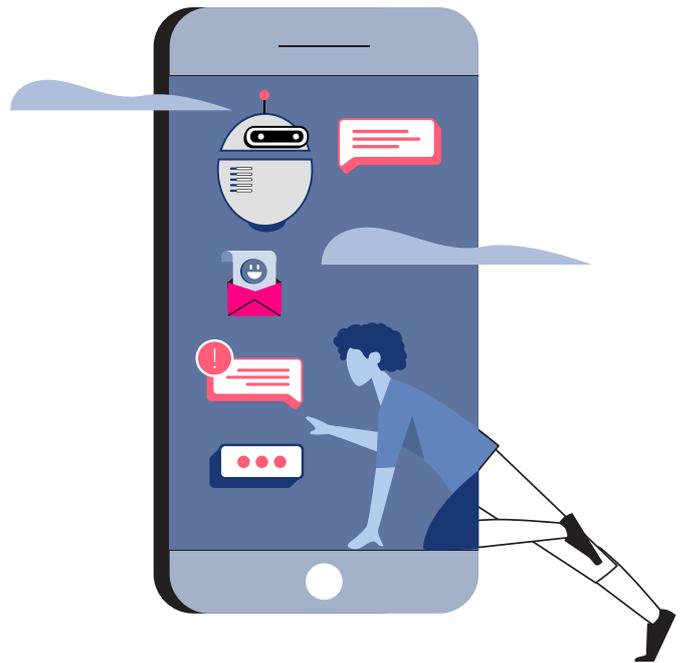
Integrating the entire in-app experience with a messaging platform will require developing an [API](#) tech stack. But instead of developing it in-house and using up valuable resources, brands can approach third-party service providers like Gupshup for project evaluation and process development.

# Benefits Of Conversational Messaging In D2C & eCommerce

Shoppers want nothing more than a seamless shopping experience that helps them find their favorite products, get recommendations, and get pampered with deals and offers regularly. For brands, it's a win-win situation. The ROI for brands offering shoppers personalised experiences increases proportionately with increased sales.

Here are some benefits of integrating conversational messaging solutions:

- Provide 24×7 business operations, even during lockdowns and holidays
- Consistent cash flow, regardless of seasonality spikes
- Convert 'digital' workflows on websites and apps to 'conversational' workflows
- Build trust and get a higher conversion rate compared to website and app-based checkout workflows
- Empower your customers with a convenient shopping experience on a conversation-based interface
- Provide a consistent experience across 30+ [messaging channels](#) and do not miss out on channel-specific audiences
- Integrate with existing enterprise suites and IT infrastructure



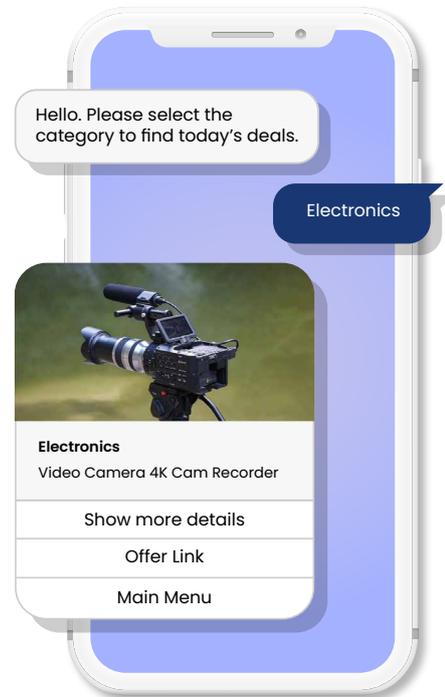
# Use Cases

Consider some use cases across the three key business categories - marketing, commerce and support, transformed by conversational messaging.

## > Marketing

- **Lead generation**

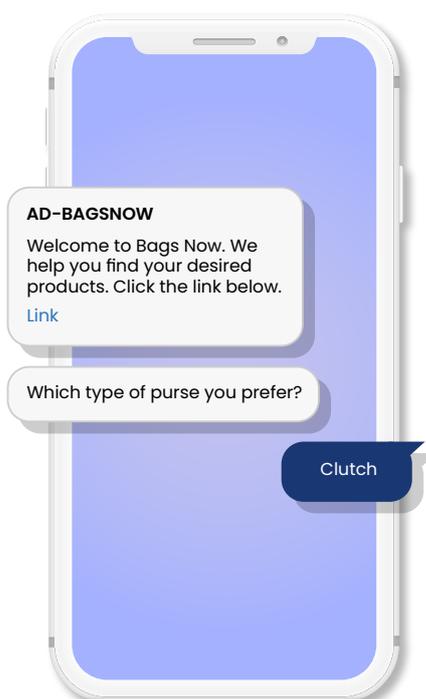
On collecting details and contact information from prospects while taking them through a conversational journey, D2C and eCommerce brands can get a higher chance at improving lead generation and follow-ups.



- **Scope for remarketing**

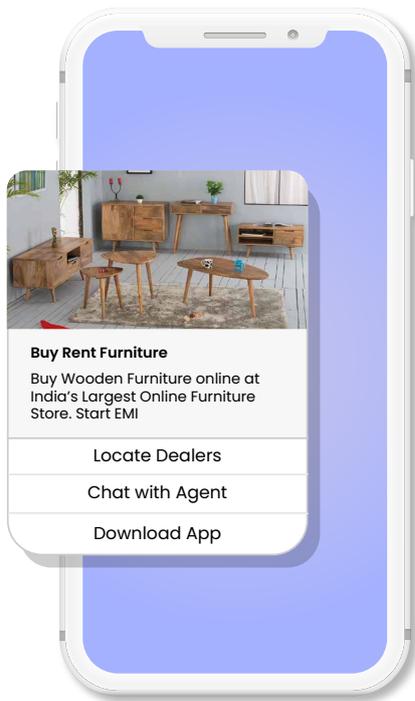
Brands can launch campaigns on 30+ messaging channels, including [SMS](#), [WhatsApp](#), [Instagram](#), [GIP](#), [RCS](#).

## > Commerce



- **Personalised deals**

Brands can easily understand each customer's interest and create specific deals to drive buying decisions with a data-driven approach. Brands can make suggestions and customize deals based on customers' past purchases, preferences, shopping behaviour, and demographics.



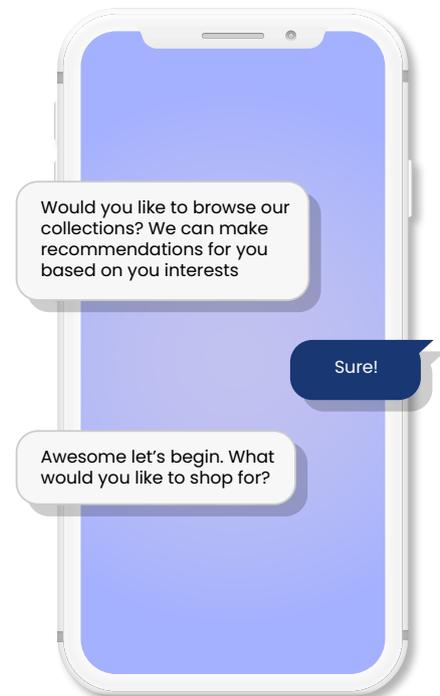
- **Product discovery**

Understand customers' requirements better and help suggest relevant products.

## > Support

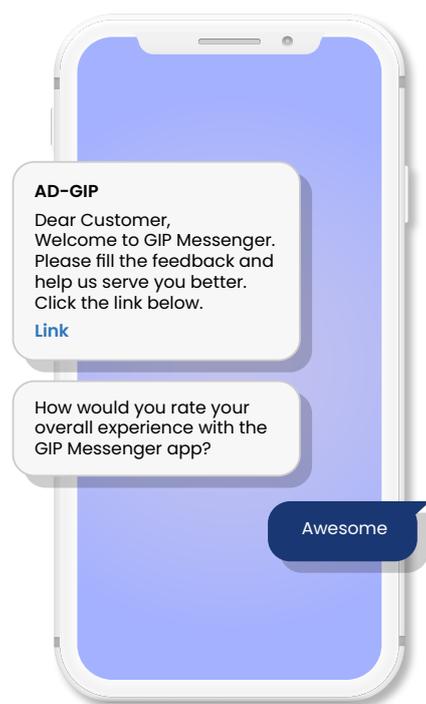
- **Live chat support**

Reduce the load on live agents by using support bots to answer frequently asked questions and generic queries. This is a crucial feature that may turn prospects into paying customers. Most people prefer to have a thorough understanding of the product before making a purchase. So, real-time conversations with customers for answering their queries are bound to make a difference for a brand.



- **Collect customer feedback**

Deploy chatbots that can run surveys, capture NPS, and record customer feedback for further processing by human agents.

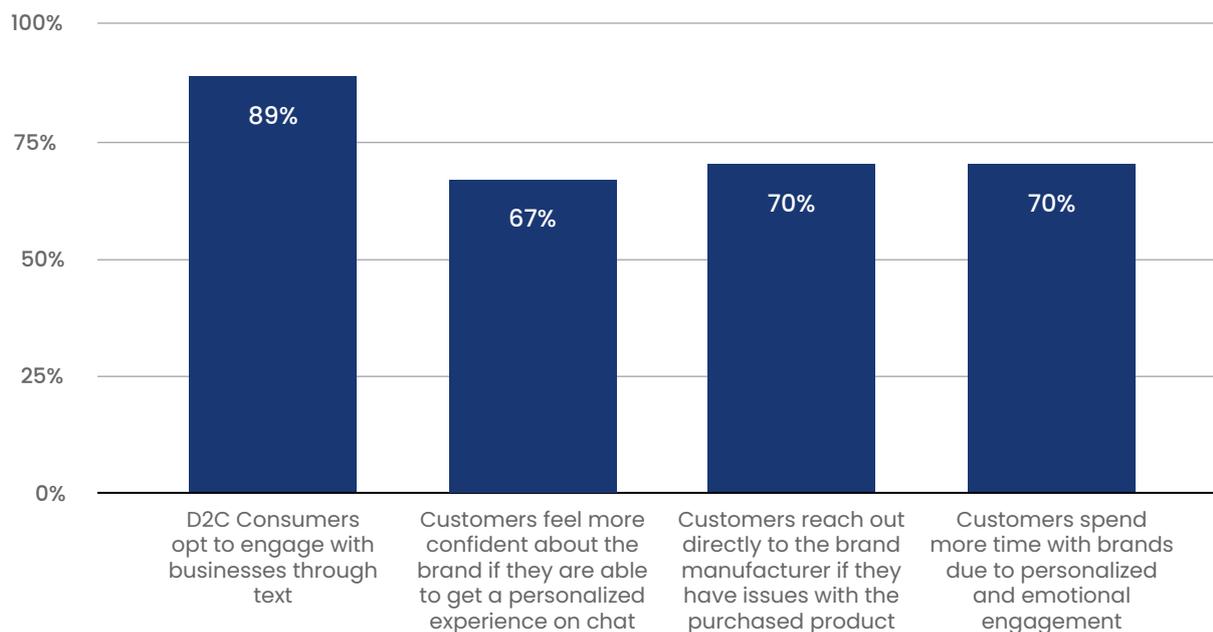


## **Conversational Commerce: The Next Big Trend In D2C & eCommerce**

Digital-first D2C brands will continue to emerge next year, with large brands also launching their digital-first arms. D2C brands aim to outstay the competition and will need to leverage insights from customers data to amp up their traffic, engagement and conversations. Conversational commerce will play a key part in this and will continue to grow.

Conversation commerce in the D2C and eCommerce space is a perfect mix of human brand specialists with artificial intelligence (AI) chatbots, to deliver a personalized shopping experience for consumers on the online stores and social media platforms. Conversational commerce helps brands use interactive media to communicate with customers. This isn't restricted to just customer service; conversational commerce also aids brands in generating sales. Platforms such as messaging apps ([WhatsApp](#), Facebook messenger, etc), [chatbots](#), etc work with customers' needs and provide them with a seamless, on-demand shopping interface. Customers can engage with sales or support associates (both live and virtual), have their questions answered, preview items, and complete the transaction – all in one application.

## D2C Customer Say



[Conversational commerce](#) further enhances the messaging experience by swapping in a real person to provide recommendations when the chatbot is faced with a more open-ended or subjective question. Brands with existing direct-to-consumer channels, such as their retail stores, can lower their overall cost structure with the help of conversational commerce. Brands can connect with their end customers directly and develop meaningful relationships with them. Other benefits include using the data they collect to refine their products and offerings and better meet customers' needs and demands. They can expand their reach across the country or around the world and sell goods more profitably.

The scope of conversational commerce is immense as D2C and eCommerce brands look for unclogged routes to reach customers and build a strong communication channel to accelerate their growth. According to a research by [Forrester](#), brands with superior customer experience bring in 5.7 times more revenue than those lacking in specialised customer experience.

The pandemic has accelerated businesses to create an online store and indulge in D2C initiatives. Leverage technology and leverage the power of conversations in your D2C and eCommerce business with Gupshup. We enable better customer engagement through conversational messaging. We are the leading conversational messaging platform, powering over 6 billion messages per month. Our carrier-grade platform provides a single messaging API, a rich conversational experience-building tool kit for any use case, and a network of emerging market partnerships across messaging channels, device manufacturers, ISVs, and operators. With Gupshup, businesses have made conversations an integral part of their customer engagement success. Join the success story!

# Sources

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