Direct-to-Consumer (D2C) Strategies of Established Consumer Goods Manufacturers: A Dynamic Capability Perspective

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St.Gallen, October 24, 2022

The President:

Prof. Dr. Bernhard Ehrenzeller

Preface

Entering the Institute for Marketing and Customer Insight was a leap into the cold water for me. As the child of a non-academic family, it was difficult to imagine what writing a dissertation would actually entail. The time was characterized by many positive moments, but also with times when I felt I was freefalling. But this Ph.D. journey, which has been full of ups and downs, has taught me much—not only on a professional, but also on a personal, level.

My supervisor, *Prof. Dr. Marcus Schögel,* has played a central role in this. First, I would like to thank him for giving me, as a person interested in practice, the chance to start with him in the team. Shortly thereafter, I suggested a list of possible dissertation topics. The fact that he immediately approved D2C paved the way for me to dedicate myself to a topic that continues to interest me to this day. On my subsequent Ph.D. journey, he supported me consistently, especially through projects lying outside my dissertation. These projects were extremely instructive and provided benefits for the writing of my dissertation. A big thank you also goes to *Prof. Dr. Dr. h.c. Torsten Tomczak.* To this day, I remember his tips in the research seminar, where he heard about my topic for the first time and enthusiastically debated it with me from a practical perspective. For making a stay at SDA Bocconi possible, I would like to thank *Prof. Dr. Marcus Schögel* again, who trusted in me and the concept of "New Work" so that you can also dutifully carry out your tasks from Milan. At the same time, of course, I am grateful for the whole team of the Commercial Excellence Lab and above all for *Prof. Dr. Paolo Guenzi,* who provided me an incredibly exciting exchange in a new environment.

I would also like to take this opportunity to thank all *interview partners* who gave me open and in-depth insights into their companies and D2C strategies. These insights formed the basis for the different findings that comprise this dissertation.

As a Research Assistant at the Institute for Marketing and Customer Insight, I was able to operate in an environment that supports the writing of a dissertation in the best possible way. A big thank you goes to my core team. They supported me professionally and, above all, emotionally. Thank you, *Mauro, Felix, Martin S, Martin B, Iris, Gioia,* and *Susanna* for always being there for me. Even if only part of our core team for a short time, a big "thank you" goes to *Esther, Claire* and *Laura-Eve*. I would also like to thank everyone else at the Institute who lightened my time there and with whom I shared many good conversations. In particular, *Arlette* and *Doris* took an interest in my emotional well-being.

However, I did not only spend my time in St. Gallen at the Institute; I also lived with two friends. I am very grateful to *Marco* and *Fabian* for your open ear, the intensive discussions, and your emotional support.

Last but not least, I would like to thank my family. In particular, deep thanks go to my parents, *Edith* and *Roland*, who made it possible for me to go to university and, in particular, to write this dissertation. The same applies to my sisters, *Larissa* and *Nadine*. Further, I would especially like to highlight my girlfriend, *Olivia.* She was my closest companion through my entire time as a doctoral student. Due to her own experiences as an excellent researcher, she was always able to support me not only emotionally but also through her academic expertise. In addition, it should be added that she was the one who encouraged me to send in my application even though the job posting was outdated.

Even though the flight phase of my jump was not quite as controlled as I had hoped for, the final entry into the water—thanks to all these people and their support—was splash less and vertical!

Bassersdorf, June 2022 Severin Lienhard

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Abbreviations

B2B	business-2-business
B2B2C	business-2-business-2-consumer
B2C	business-2-consumer
CEO	chief executive officer
CIP	continuous improvement process
CMO	chief marketing officer
CPG	consumer packaged goods
CRM	customer-relationship-management
C2M	consumer-2-manufacturer
D2C	direct-to-consumer, DTC / DtC
KPI	key performance indicator
LEH	food retail (Lebensmitteleinzelhandel)
LMH	food manufacturers (Lebensmittelhersteller)
FMCG	fast-moving-consumer-goods
IoT	internet of things
P&G	Procter & Gamble
RBT	resource-based theory
RBV	resource-based view
VRIO	valuable, rare, imperfectly imitable, and organised

Executive Summary (English)

Direct-to-Consumer (D2C) strategies are among the key trends and growth opportunities currently employed for established consumer goods manufacturers. However, in order to achieve the desired success in D2C, established consumer goods manufacturers need new skills. This is because developing this sales channel is fundamentally different from selling through intermediaries. Therefore, the author addressed the following overarching research question: *How can established consumer goods manufacturers build D2C capabilities to achieve success in D2C strategies?*

For this purpose, a systematic literature review was carried out in a first step, compiling the literature on D2C and classifying it into four categories. In the first article, the authors Severin Lienhard, Prof. Dr. Marcus Schögel, and Angela Boppart examined the prerequisites for D2C strategies of established consumer goods manufacturers. The results showed that commitment, capabilities, and customer transformation management and culture are the central prerequisites. In the second article, the authors Marcel Härtlein, Pascal Mühlheim, Dominic Bolliger, and Severin Lienhard addressed the phenomenon that D2C strategies cannot necessarily be used only for selling, but also for learning. In the third article, the authors Severin Lienhard, Martin Berger, and Prof. Dr. Marcus Schögel explored the strategic options for dealing with D2C. Four options (engage, expand, build, buy) are possible, with further design levels within these four strategic options as well. In the fourth article, Severin Lienhard focused on the dynamic capabilities of own D2C brands of established consumer goods manufacturers, demonstrating that these D2C brands can pursue different goals. In addition, the similar and different dynamic capabilities of the different cases were shown. In the fifth article, Severin Lienhard examined the dynamic capabilities of established manufacturers and existing brands. Ten overarching dynamic capabilities along sensing, seizing, and reconfiguring capacities could be defined as well as propositions derived. In the sixth article, Prof. Dr. Marcus Schögel and Severin Lienhard investigated the implementation of offline store concepts in the context of the emerging cashierless stores. The authors identified four purchase stages.

Finally, the author has compiled the findings from the literature and the six articles in the form of detailed conclusions. To this end, he developed the D2C Strategy Excellence Guide that enables managers to build and further develop D2C strategies.

Executive Summary (Deutsch)

D2C Strategien gehören zu den zentralen Trends und Wachstumsopportunitäten für etablierte Konsumgüterhersteller. Doch um im D2C den erwünschten Erfolg zu erreichen, benötigen sie neue Kompetenzen. Denn der Vertrieb über Intermediäre funktioniert anders, als im direkten Kundenkontakt zu stehen und diesen Absatzkanal zu erschliessen. Daher widmete sich der Autor folgender übergreifender Forschungsfrage: *Wie können etablierte Konsumgüterhersteller D2C dynamische Fähigkeiten aufbauen, um in D2C Strategien erfolgreich zu werden?*

In einem ersten Schritt wurde eine systematische Literaturanalyse durchgeführt. Dabei wurde die D2C Literatur analysiert und in vier Kategorien eingeordnet. Im ersten Artikel untersuchten die Autoren Severin Lienhard, Prof. Dr. Marcus Schögel und Angela Boppart die Voraussetzungen für D2C Strategien von etablierten Konsumgüterherstellern. Die Ergebnisse zeigten, dass Verbindlichkeiten, Fähigkeiten, Kundentransformationsmanagement und Kultur die zentralen Voraussetzungen sind. Im zweiten Artikel widmeten sich Marcel Härtlein, Pascal Mühlheim, Dominic Bolliger und Severin Lienhard dem Phänomen, dass D2C Strategien nicht zwingend nur für das Verkaufen genutzt werden können, sondern auch um zu lernen. Im dritten Artikel tauchten Severin Lienhard, Martin Berger und Prof. Dr. Marcus Schögel in die strategischen Optionen für den Umgang mit D2C ein. Es konnte gezeigt werden, dass vier Optionen (engagieren, erweitern, bauen, kaufen) und innerhalb dieser unterschiedliche Gestaltungsstufen möglich sind. Im vierten Artikel widmete sich Severin Lienhard den dynamischen Fähigkeiten für eigene D2C Marken von Konsumgüterhersteller. Es zeigte sich, dass diese eigenen D2C Marken verschiedene Ziele verfolgen können. Darüber hinaus wurden die ähnlichen und unterschiedlichen dynamischen Fähigkeiten der Fälle aufgezeigt. Im fünften Artikel untersuchte Severin Lienhard die dynamischen Fähigkeiten für die bestehenden Marken von etablierten Herstellern. Dabei konnten zehn übergreifende dynamische Fähigkeiten entlang der Kapazitäten Erkennen, Erfassen und Umgestalten definiert und Vorschläge abgeleitet werden. Im sechsten Artikel untersuchten Prof. Dr. Marcus Schögel und Severin Lienhard die Umsetzung von Offline-Ladenkonzepten im Kontext der aufkommenden kassenlosen Läden. Die Autoren identifizierten vier Kaufphasen.

Abschliessend hat der Autor die Erkenntnisse aus der Literatur und den sechs Artikeln zusammengetragen. Dafür baute er den D2C Strategie-Exzellenz Leitfaden. Dieser befähigt Manager, D2C Strategien aufzubauen und weiterzuentwickeln.

„Eine Eiche und ein Schilfrohr stritten über ihre Stärke. Als ein heftiger Sturm aufkam, beugte und wiegte sich das Schilfrohr im Wind, um nicht entwurzelt zu werden. Die Eiche aber bleib aufrecht stehen und wurde entwurzelt."

Aesop, griechischer Sklave und Fabeldichter, um 550 v. Chr.

"Give me six hours to chop down a tree and I will spend the first four sharpening the axe."

Abraham Lincoln (1809–1865), the 16th President of the United States

1 Introduction

"First of all, the B2B business is based on a completely different mindset than the D2C business. A good salesperson in the B2B setting is far away from being a good salesperson in a stationery store. Of course, this means cultural change and at the same time is also the prerequisite for playing in this omnichannel setting. The second aspect is systems, processes and structures. As a B2B-oriented company, I have neither the experience nor the skills, structures or processes to run D2C."

Dr. Oliver Pabst, 2021, Marketing Review St. Gallen, 06/2021

1.1 Academic Problem Orientation: D2C Strategies in the Consumer Goods Landscape - A Demanding Endeavor

Established consumer goods manufacturers, who have traditionally sold their products to consumers through intermediaries such as retailers, have increasingly begun to build up an additional direct channel (Gielens & Steenkamp, 2019; Kahn et al., 2018; Pasirayi & Fennell, 2021). These so-called Direct-to-Consumer (D2C)[1] strategies allow manufacturers to generate sales (Kahn, 2018; Pasirayi & Fennell, 2021) but also to interact directly with the customers (Gielens & Steenkamp, 2019). The chosen building blocks that shape the D2C strategy and the direct channels differ. Some manufacturers and their brands have implemented D2C subscriptions, such as Nike's Adventure Club or HP Insta (Pasirayi & Fennell, 2021). Others operate flagship stores as part of the D2C strategy, for instance, in electronics, automotive (Jones et al., 2010), fashion (Dolbec & Chebat, 2013), luxury (Doyle et al., 2008) or, more recently, fast-moving consumer goods (FMCG) manufacturers such as Ritter Sport or Nivea (Nierobisch et al., 2017a). In recent years, turning one's website into a sales channel in the form of an online shop (Gielens & Steenkamp, 2019) also became more widespread as a frequent D2C strategy building block (European Commission, 2017). Some manufacturers have even combined online and offline direct channels such as the sporting goods manufacturer Nike (Ivanov & Ivanov, 2021). The goals of the D2C approaches vary along with the selected D2C building blocks. For instance, flagship stores stage the brand better than traditional brick-and-mortar stores (Dolbec & Chebat, 2013; Kozinets et al., 2002; Nierobisch et al., 2017a) and create brand experiences that strengthen the consumer-brand relationship (Borghini et al., 2009). In an online D2C setting, learning through gathering data

[1] D2C strategy working in Chapter *2.4.3 D2C Strategy Working Definition*

(Härtlein et al., 2021) and creating customer insights rather than a single sales focus can form the major goal too (Bashkin et al., 2017; Gielens & Steenkamp, 2019).

Enabled through technological advancements, D2C strategies have affected the traditional market structures for consumer goods manufacturers (Pasirayi & Fennell, 2021). The ease of launching one's own brand and distributing it through an online shop has led to a boom of D2C start-ups (Schlesinger et al., 2020). Moreover, the increasing assimilation of marketing instruments has forced manufacturers and their brands to identify new competitive strategies such as forward integration in the form of D2C strategies (Nierobisch et al., 2017a). Some manufacturers increase their D2C revenue share significantly and move towards a D2C-led revenue distribution (Becker et al., 2021; Ivanov & Ivanov, 2021). The vast majority are not able to generate enough traffic and do not possess top-of-mind awareness to establish the D2C channel(s) as a relevant sales driver (Gielens & Steenkamp, 2019). Especially online, in an environment of infinite shelf space (Steenkamp, 2020), the competition between established consumer goods manufacturers and D2C start-ups is strong (Gielens & Steenkamp, 2019; Schlesinger et al., 2020). The manufacturers lack the necessary D2C capabilities (Smith et al., 2019) since new distribution capabilities are required to build and scale the D2C strategies (Lüdtke et al., 2021). Incumbents such as established consumer goods manufacturers, lack successful digital business cases in general (Verhoef & Bijmolt, 2019). Recent studies suggest that if traditional firms such as consumer goods manufacturers implement new digital channels, new channel capabilities are required (Verhoef, 2012). Moreover, there is a general need for research addressing questions about, for example, the capabilities firms should invest in regarding digital transformation (Verhoef & Bijmolt, 2019).

Prior channel management literature, in addition to the previously outlined focus on required competencies and especially success mechanisms, emphasizes three further angles. Researchers investigated the consequences of channel additions on firm value (Geyskens et al., 2002). A broad and strong body of literature has shed light on how direct channels affect the manufacturer-retailer relationship (Kadiyali et al., 2000; Tsay & Agrawal, 2004). A fourth angle in the literature is strongly linked to the vertical integration literature and looks at the determinants to go direct and to forward integrate (Casali et al., 2018).

To address the gap in success mechanisms and capabilities for D2C strategies, the author applies the dynamic capability approach. This approach is particularly suitable for rapidly changing environments such as the consumer goods landscape (Kahn et al., 2018) as it helps to explain how organizations can quickly adapt to it and create competitive advantages (Bitencourt et al., 2020; Schilke et al., 2018). Moreover, this approach aligns with the need to understand success mechanisms and capability research in marketing. Teece et al. (1997) define dynamic capabilities as "the firm's ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments" (Teece et al., 1997). Dynamic capabilities explain how companies—in this case, consumer goods manufacturers—can respond to market changes quickly (Eisenhardt & Martin, 2000; Teece et al., 1997). Accordingly, dynamic capabilities contain three broad clusters: (a) *sensing* opportunities and threats, that is, understanding emerging opportunities, threats, and the environment in general; (b) *seizing* opportunities, that is, making strategic choices among business models and investment opportunities; and (c) *transforming / reconfiguring*, that is, transforming the organization's capabilities, structure, and resources (Schilke et al., 2018; Teece, 2007). Despite some research on the micro-foundations on building dynamic capabilities for innovation purposes (Dixon et al., 2014), digital transformation (Warner & Wäger, 2019), and dynamic capabilities and platform life cycles (Teece, 2017), there is a lack of research on how consumer goods manufacturers build dynamic capabilities for D2C strategies.

D2C strategies require a forward integration (Kahn et al., 2018; Nierobisch et al., 2017a; Watson et al., 2015). The concept of forward integration is well established in the literature and highlights that new capabilities are required if a manufacturer wants to downstream integrate (Harrigan, 1986). Consequently, these capabilities often go beyond the existing core business. Consumer goods manufacturers struggle to build up the necessary capabilities; moreover, these companies lack experience in direct distribution (Reve, 1990; Richardson, 1996). Therefore, the author formulates the following overarching research question:

How can established consumer goods manufacturers build D2C capabilities to achieve success in D2C strategies?

1.2 The Practical Relevance of D2C in the Consumer Goods Landscape

Operating direct channels besides an intermediary focused distribution setup used to be associated with the causation of channel conflicts or cannibalization issues (Bodley et al., 2021). Moreover, many products used to be bought by consumers exclusively in stores (Bashkin et al., 2017); consequently, the fear of going direct remained high, and large manufacturers were reluctant to take up the challenge of selling direct. However, new digital tools and platforms have facilitated the process of setting up a direct connection (Deloitte, 2014); for instance, Shopify has accelerated the demand for direct approaches (Shopify, 2019). Such technologies have enabled everyone from private individuals to large consumer goods manufacturers to build new brands—as the Economist stated in a headline: “It has never been easier to launch a new brand” (The Economist, 2020a). For instance, Heinz managed to set up an online shop within seven days (The Economist, 2020b). Such an approach helps to reduce reliance on grocery retailers as gatekeepers for customers (Harald et al., 2019). In addition to new technologies that work as enablers, developments in the consumer goods market have fostered direct approaches as well. For instance, the increasing share of private label products in grocery retail outlets reduces the shelf space for manufacturers and their brands (Aiolfi, 2019; Oracle, 2019). Not only has the share increased, but the retailers have also invested tremendously in the product quality of their private label products. This development has been observed in the U.S. as well as in many European countries. Large consumer goods giants are struggling to reinvent their traditional value-creating model (Kelly et al., 2018).

Consumer behaviour has started to shift in addition to the channel landscape, forcing manufacturers to adapt to create value in this changing marketplace. A major role in this new marketplace is also played by the so-called D2C start-ups. Casper, Harry’s, Allbirds, and the Dollar Shave Club are well-known examples (CB Insights, 2019) of companies that started purely online (Schlesinger et al., 2020). Each of these companies scaled their business via social media. Since the market entry barriers are so low, the market today is crowded with D2C start-ups, and many of them are expected to be out of business soon (Kosoff, 2020; Schlesinger et al., 2020). Nevertheless, they have attacked the incumbent players and secured market share. Moreover, these D2C start-ups are aware of the high level of competition and have started to implement four initiatives for growth (Rangan et al., 2021): (a) deepen the direct customer relationships, (b) support the customer in the post-purchase stage beyond the initial transaction, (c) go omnichannel and consider it as a value addition, and (d) focus on and strengthen the core first. The D2C start-ups are highly experienced when it comes to the usage of tools and the newest technologies (Fuel by McKinsey, 2019). The ones that matter the most are social media, email usage, and customer onboarding or the use of omnichannel data to generate insights.

In addition to different forces that encourage manufacturers to go direct, advantages and disadvantages have to be balanced. The potential upsides of D2C strategies range from financial factors up to the usage of data (The Economist, 2020b). Financially, bypassing intermediaries should lead to higher margins (Deloitte, 2014). Alongside the entire customer journey, a D2C strategy enables a manufacturer to control various touchpoints and the entire customer experience. Compared to the traditional retailer environment which offers limited control, this is a major upside. A D2C strategy offers the opportunity to gather customer data (Bovensiepen et al., 2017; Gerth, 2019; The Economist, 2020b). These datasets can be used for personalized direct communication or to test new products.

The major disadvantage and most prevalent issue are channel conflicts (Deloitte, 2014). Threatening the major revenue sources and established partnership can prevent manufacturers from going direct. Moreover, there is frequently the need to differentiate the product offering to drive enough traffic on the direct channel. This can be costly and risky because success is far from guaranteed. Since manufacturers are well aware of the D2C trend, some have initiated different approaches in the past (Bashkin et al., 2017). Unfortunately, many of them failed and were partially removed from the market. Unexpected negative surprises and half-successes are therefore a part of the D2C journey (Oliver Wyman, 2019).

Even though D2C strategies come with certain disadvantages, the technological developments in the market advantages have convinced managers to take this approach. These developments have led to a shift from a “choose between direct and indirect” mindset to the operation of both (Bodley et al., 2021). These authors go on to claim that operating a D2C strategy is a necessity today even for large brands.

The importance of D2C strategies in today’s consumer goods environment was highlighted in a study by (Schögel & Lienhard, 2021b). The authors surveyed 58 managers of consumer goods manufacturers (mainly FMCG) in Switzerland. The main purpose of the study was to determine the current state of D2C strategies. The findings revealed that 31% did not even have a D2C strategy in place, while 34% considered themselves to be in the start-up phase. By contrast, 84% claimed that the importance of D2C will grow beyond the pandemic; similarly, almost all of them expected that D2C sales will grow after COVID-19. In contrast to these high expectations regarding the D2C development, the vast majority of the manufacturers heavily rely on intermediaries like Coop when it comes to revenue streams. This means that the D2C revenue share at the time of the survey was mainly low.

Implementing a D2C strategy forces manufacturers to build the competencies that previously belonged exclusively to retailers. A major decision in that regard is the question of whether a certain competency should be "made or bought" (Bashkin et al., 2017). Since D2C is new to manufacturers, many decide to acquire D2C start-ups; for instance, Unilever has acquired 29 D2C start-ups since 2015 (Retail Week, n.d.). Especially in the D2C e-commerce space, the D2C capabilities need to be customer-centric (Arora et al., 2020). These capabilities are based on four different pillars: (a) a technology such as a Customer-Relationship-Management (CRM) integration or a shopping platform; (b) data and analytics that contain different tools and compliance issues; (c) operations, which means inventory management, for instance, the entire fulfilment; (d) the operating model, which means the organizational structure or agile ways of working.

In addition to the necessary capabilities to make D2C work, a major focus should lie on financial key performance indicators (KPIs). Especially during COVID-19, many brands have grown their revenues; however, profitability remained low in online direct channels (Chapple et al., 2021). In this regard, major issues are customer acquisition costs and the relation to the customer lifetime value (Arora et al., 2020); the ratio for this should ideally be 2 to 1. To increase profitability, special focus should be placed on the cost of returns, promotional allowances, trade merchandising, on-site advertising, or shipping. The remaining margin varies between different online and offline direct channels. To improve the ultimate margin in online settings, an emphasis on e-commerce marketing investment, e-commerce revenue management, and omnichannel supply chains should be pursued.

1.3 The Three Dissertation Pillars, Research Questions and Goals

D2C strategies are embedded in the different facets of the consumer goods landscape; in order to visualize this, Figure 1 maps the different components that surround D2C strategies (Schögel & Pernet, 2010). Technology, as previously outlined in more depth, has enabled and even accelerated the importance of going direct; significant examples of this include Shopify and Salesforce (Salesforce, 2018, 2019; Shopify, 2021a). The market contains all the players that compete in the consumer goods landscape for the consumers' attention and wallets. Instead of following the traditional manufacture–intermediary–customer route, the manufacturers bypass the different intermediaries and reach out directly to the customers.

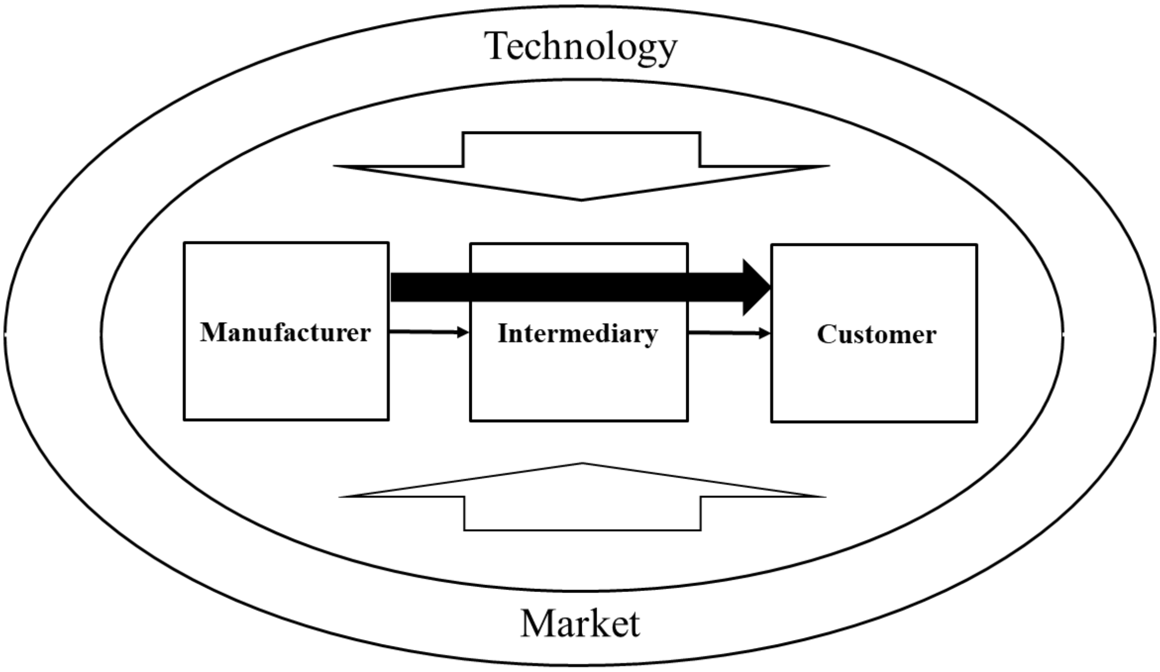

Figure 1: D2C strategies in the consumer goods market (based on Schögel & Pernet, 2010).

Within the D2C phenomenon, the author has formulated the overarching research question as follows: How can established consumer goods manufacturers build D2C capabilities to achieve success in D2C strategies?

This dissertation consists of three pillars (Figure 2). Pillar A, "Description of the D2C Landscape," contains the state-of-the-art literature about D2C strategies. Pillar B, "The Explanation of D2C Strategies and Capabilities," contains six academic articles. Pillar C, "Designing D2C Managerial Levers," assembles the findings of the previous two pillars and encompasses the managerial levers and actions for managers of established consumer goods manufacturers.

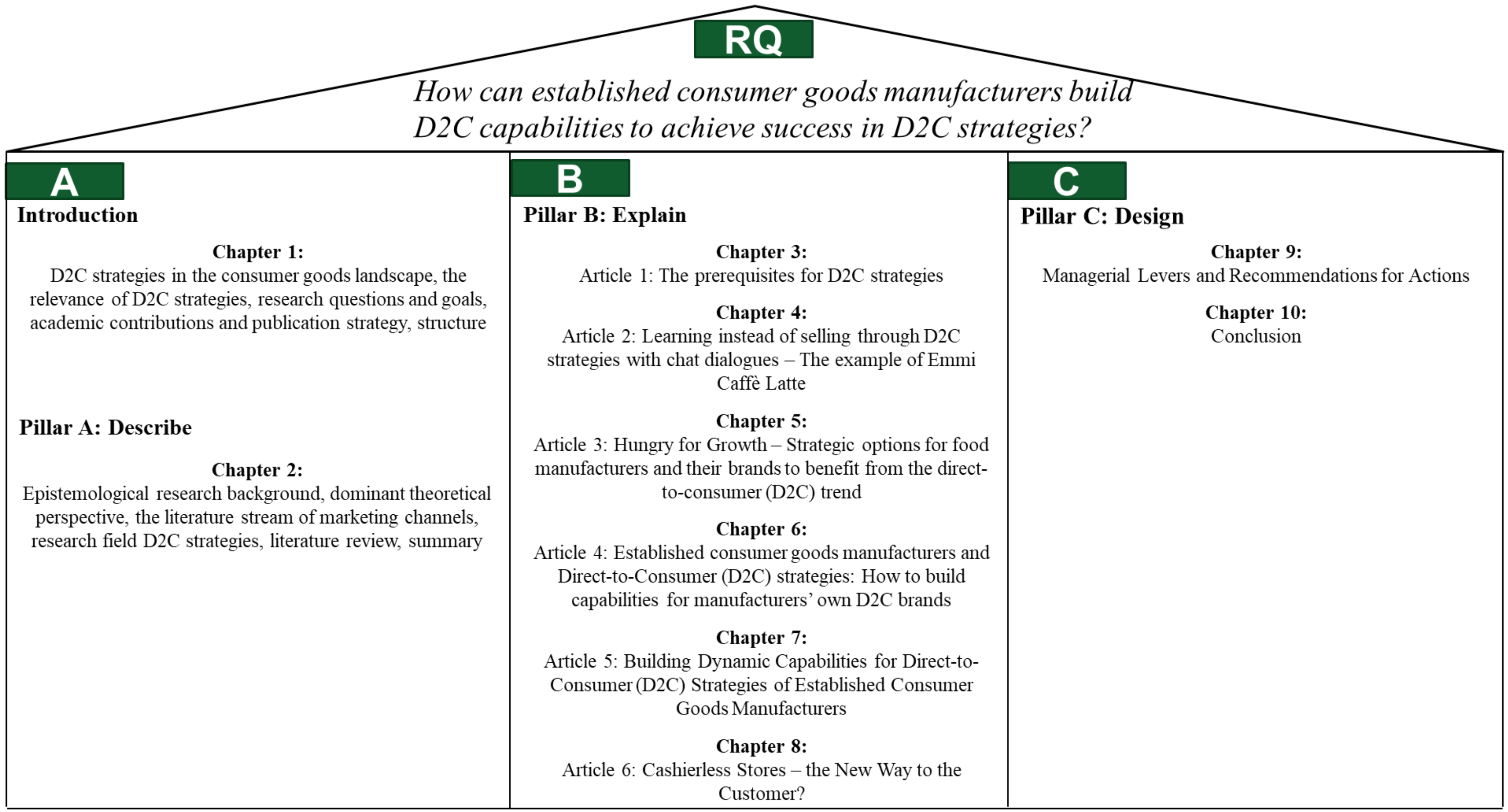

Figure 2: The three pillars of the dissertation (author illustration).

Pillar A: Description of the D2C Landscape

Research Question:
How are D2C strategies embedded in the academic literature?

Direct-to-consumer strategies are an emerging trend in the consumer goods landscape, particularly over the last decade. This trend has been driven by a large number of D2C start-ups (Schlesinger et al., 2020) Established manufacturers are aware of the trend and the potential threat to their business. These manufacturers and their brands are approaching this challenge in different ways. For example, Oreo recently set up its online shop, Henkel strengthened its competencies through the acquisition of D2C brands, and Dr. Oetker did the same through the purchase of Flaschenpost (Campillo-Lundbeck, 2020; Henkel, 2020; Kolf & Terpitz, 2020).
From an empirical perspective, this development is often seen as a trend toward vertical integration or disintermediation (Gielens & Steenkamp, 2019; Kahn et al., 2018). The functions that intermediaries (often well-established retailers) assume is well documented (Oberparleiter, 1930). Academic marketing literature has also addressed the issues of vertical integration and channel management (Watson et al., 2015). The functioning and use of vertical distribution strategies by established consumer goods manufacturers are also discussed in the literature (Westphal, 2013).. The research question of Pillar A is addressed through the research literature regarding the various theoretical backgrounds and embedding omnichannel D2C strategies into the current market environment.

Goal: Understanding the theoretical concepts behind D2C strategies of established consumer goods manufacturers and their embedding into the consumer goods landscape.
Chapter: 2

Pillar B: Explanation of D2C Strategies and Capabilities
Pillar B contains six academic articles. For each article, the author has outlined the abstract, research question, and goals. To answer the overarching research question, the author has formulated six sub research questions that illuminate different aspects.
The first three articles look at the entire “D2C strategy formulation.” The first article investigates the prerequisites for D2C strategies. The second emphasizes the fact that the goal does not necessarily have to be selling; learning can also be a major purpose.

The third article outlines the four strategic options for how managers and their companies can approach D2C. Articles four and five explore the "dynamic capabilities" for D2C strategies. Article four focuses exclusively on the "own D2C brands" of established consumer goods manufacturers, while article five sheds light on the dynamic capabilities for D2C strategies based on the existing brands of manufacturers. Finally, article six looks at the implementation of offline retail concepts—specifically, on the different purchase stages that must be considered and how they can be designed in a cashierless store. The six research articles and main topics are presented in figure 3.

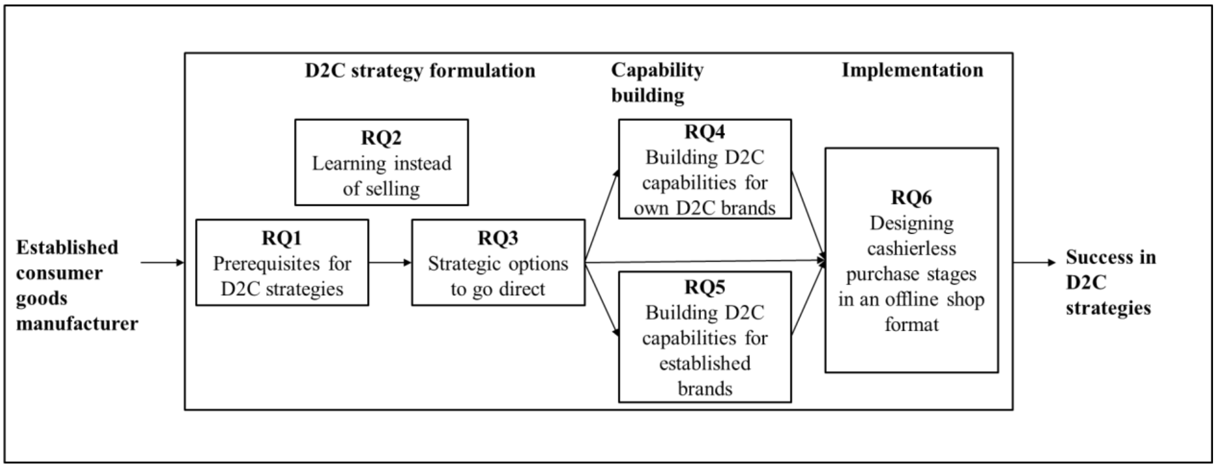

Figure 3: Overview of the research questions (author illustration).

Abstract Research Question 1

Various drivers are currently encouraging established consumer goods manufacturers to start exploiting the D2C growth opportunity. Semi-structured interviews were used to explore the different facets and angles of D2C drivers and prerequisites. The results show that for traditionally intermediary-focused manufacturers the launching of D2C strategies demands four prerequisites: commitment, capabilities, customer transformation management and culture.

Research Question 1

What do the managers of established manufacturers consider to be necessary prerequisites for selling directly to consumers in addition to selling through intermediaries?

Goal 1

To outline the prerequisites that managers must consider when it comes to the launch and development of D2C strategies.

Abstract Research Question 2

D2C strategies are becoming increasingly important for consumer goods manufacturers. However, for a large number of the brands of these companies, such as Emmi Caffè Latte, direct sales are not considered effective. Instead, the company wants to collect data through direct customer contact and learn directly from the customer. In theory and practice, the learning potential of D2C strategies is considered high, but concrete examples and analyses around learning through D2C strategies are missing. The authors therefore use a campaign by Emmi Caffè Latte to investigate how a consumer goods manufacturer can learn through a D2C strategy. The analyzed campaign links the physical product sold in retail with digital chatbot interactions. The results show that customers actively expressed feedback in chats and participated in the competition via QR code, and then even became brand ambassadors via social sharing. This rich data enables Emmi to build up and refine the customer database and enrich it with other attributes such as leisure interests or event visits. In addition, the chosen approach helps Emmi AG, a company focused on B2B2C, to gradually demystify the topic of D2C and to explain the rich opportunities. For consumer goods manufacturers, this case study exemplifies how D2C helps with a structured approach to data collection and use.

Research Question 2

How can Emmi AG learn directly from the customer from the Emmi Caffè Latte product brand campaign and what insights can it draw from it in order to increase efficiency in (digital) brand activation?

Goal 2

Explain how D2C strategies can be learned directly from the customer.

Abstract Research Question 3

Direct-to-consumer (D2C) strategies are among the key trends for food manufacturers. Different approaches can be observed, but there is often a lack of an overview of the key strategic options that food manufacturers have to benefit from the D2C trend. Through an exploratory study of several food manufacturers in the DACH region, four strategic options (Engage, Expand, Buy, Build) and design stages for food manufacturers were identified.

Research Question 3
What strategic options do established food manufacturers have to benefit from the D2C trend?
Goal 3
Showing the different options for dealing with D2C based on the food industry.

Abstract Research Question 4

Increasingly, consumer goods manufacturers sell their products directly to consumers and bypass retailers. They set up Direct-to-Consumer (D2C) strategies. Instead of using existing brands to sell directly, the manufacturers have started to build their own D2C brands. Prior research has not adequately studied how manufacturers build their dynamic capabilities for their own D2C brands. To address this gap, the author used a multiple case study design among six different own D2C brands possessed by large consumer goods manufacturers. The author finds that the manufacturers launch their own D2C brands to reduce retailer dependency and gather customer data. Seizing this D2C opportunity requires a new to the company iterative way of working and a lot of media investments to create brand awareness. Additionally, they benefit from company-wide expertise such as legal services. Regarding the reconfiguration of resources, the manufacturers need new technologies and to enlarge the D2C teams.

Research Question 4
How do established consumer goods companies build dynamic capabilities for their own D2C brands?
Goal 4
To develop the micro foundations of dynamic capabilities for a company's D2C brands.
To compare similar and different practices across cases.

Abstract Research Question 5

Direct-to-Consumer (D2C) strategies offer a promising avenue for growth for established consumer goods manufacturers that used to sell through intermediaries. However, most of these companies would struggle to benefit from D2C since they do not possess the competencies to sell directly. They are specialized and streamlined, selling to intermediaries such as retailers. Furthermore, research has not addressed the question of how to build the dynamic capabilities required for D2C strategies, especially in terms of organizational actions, which are the micro-foundations of dynamic capabilities. Under the lens of dynamic capabilities, the present authors conducted nine case studies, which used primary data (e.g., interviews) as well as secondary data (e.g., newspaper articles).

The results revealed that 10 micro-foundations are required to build the dynamic capabilities required for D2C strategies. Further, three D2C triggers were detected. The cases suggested three micro-foundations for D2C sensing, three for seizing the D2C opportunity, and four for reconfiguring. In addition, nine propositions were derived. This paper contributes to the emerging academic literature stream about D2C strategies and further advances the concept of dynamic capabilities. Managers will benefit from the 10 applicable micro-foundations as they will enable them to build D2C strategies for their established brands.

Research Question 5
How can established consumer goods manufacturers build D2C capabilities?
Goal 5
To develop the micro foundations of D2C dynamic capabilities for a company's established brands.

Abstract Research Question 6

The check-out process is one of the biggest pain points in shopping. While Apple is the pioneer in cashierless shopping, several other corporations have initiated first concepts during the last months. Innovative, IoT-driven businesses like Amazon, Go or Avec Box are trying to improve the process. The recently established concepts vary and a deeper understanding of the underlying functionality is still missing. Our qualitative desk research and store visits give a first overview of the design dimensions, challenges and opportunities for cashierless stores.

Research Question 6
Which cashierless store concepts exist in the market?
What are the purchasing phases in cashierless stores?
Goal 6
To provide an overview of the different cashierless concepts in the market.
To chart the building blocks of the different purchase stages in cashierless concepts.

Chapter: 3, 4, 5, 6, 7, 8

Pillar C: Designing D2C Managerial Levers

Pillar C consists of the managerial levers for D2C strategies. Managers of established consumer goods manufacturers must increasingly deal with D2C strategies. Most of them are not too familiar with D2C strategies; therefore, the author states that they lack the required tools, competencies, and a leading framework for how to approach D2C.

Based on the findings of Pillars A and B, the author derives the “D2C Strategy Excellence Guide.” This chapter assembles the core findings of the previous pillars and summarizes the main managerial levers and recommendations.
Goal: Determination of managerial levers to achieve D2C strategy excellence.
Chapter: 9

1.4 Academic Contributions of the Author and Publication Strategy

Pillar B encompasses the major component of this dissertation, namely the academic articles. All six articles in this dissertation are intended to be published in leading international journals, whereby the author aims to bridge the gap between theory and practice. D2C strategies are an emerging topic and are strongly driven by companies that have still not entirely figured out how to do it right. Therefore, the author has chosen journals that place great emphasis on the relevance of managers.

Table 1 presents all the articles that have been published or are under review at different outlets. It should be noted, however, that only academic articles are included. Additional articles that were published in, for instance, *Gesellschaft für Marketing*, posters for conferences such as the AMA winter conference 2022, or monitors are not included.

Article 1, "The Prerequisites for D2C Strategies," was published in 2021 in the *Marketing Review St. Gallen*. It was included in the issue that explored D2C strategies. Written in collaboration with Prof. Marcus Schögel and Angela Boppart, the article focused on the prerequisites for D2C strategies.

Likewise, Article 2, "Learning instead of selling through D2C strategies with chat dialogues – The example of Emmi Caffè Latte" was published in the same issue; however, this was written together with two companies. The authors addressed the question of how D2C can be used to learn through D2C strategies instead of just focusing on sales. Two of the other authors were employees of Emmi: Marcel Härtlein, Chief Digital Officer, and Pascal Mühlheim, Head Global Brand Experience. The other co-author was Dominic Bolliger from DiALOGiFY, who accompanied and carried out the entire project from a technological point of view.

Article 3, "Hungry for Growth – Strategische Optionen für Lebensmittelhersteller und ihre Marken um vom Direct-to-Consumer (D2C)-Trend zu profitieren," was published in the journal *Transfer*: *Werbeforschung und Praxis* in 2022 and focused on dialogue marketing. In this article, the author and his co-authors, Martin Berger and Prof. Marcus Schögel, addressed different strategic options for food manufacturers and their brands.

Article 4, "Established Consumer Goods Manufacturers and Direct-to-Consumer (D2C) Strategies: How to Build Capabilities for Manufacturers' Own D2C Brands," was submitted and published as a competitive paper for the European Marketing Academy Conference (EMAC) 2022 in Budapest, as a part of Track Retailing and Omni-Channel Management. This single-author paper examined the dynamic capabilities of the D2C brands of established consumer goods manufacturers.

Article 5 is submitted to the journal Long Range Planning. It is written by Severin Lienhard. The author aims to explore the building of dynamic capabilities for the established brands of consumer goods manufacturers.

Article 6, “Cashierless Stores—The New Way to the Customer?” was published in 2020 in the *Marketing Review St. Gallen*. This issue was dedicated to topics related to “Marketing in the Internet of Things.” The author and his co-author, Prof. Marcus Schögel, investigated the design and implementation of offline cashierless stores. Further, the article was selected by the Harvard Business Manager.

The overview of these articles, along with the publication strategy and current status, are summarized in Table 1.

Table 1: Article publication strategy (author illustration).

	Article 1	Article 2	Article 3	Article 4	Article 5	Article 6
Title	The Prerequisites for D2C Strategies	Learning instead of selling through D2C strategies with chat dialogues – The example of Emmi Caffè Latte	Hungry for Growth – Strategic options for food manufacturers and their brands to benefit from the direct-to-consumer (D2C) trend	Established consumer goods manufacturers and Direct-to-Consumer (D2C) strategies: How to build capabilities for manufacturers' own D2C brands	Building Dynamic Capabilities for Direct-to-Consumer (D2C) Strategies of Established Consumer Goods Manufacturers	Cashierless Stores—The New Way to the Customer?
Research Question	What do the managers of established manufacturers consider to be necessary prerequisites for selling directly to consumers in addition to selling through intermediaries?	How can the company Emmi AG, based on the campaign of the product brand Emmi Caffè Latte, learn directly from the customer and which lessons can be gained from this in order to improve efficiency in the (digital) brand activation?	What strategic options do established food manufacturers have to benefit from the D2C trend?	How do established consumer goods companies build dynamic capabilities for their own D2C brands?	How can established consumer goods manufacturers build D2C capabilities?	Which cashierless store concepts exist in the market? What are the purchasing phases in cashierless stores?
Authors	Severin Lienhard Marcus Schögel Angela Boppart	Marcel Härtlein Pascal Mühlheim Dominic Bolliger Severin Lienhard	Severin Lienhard Martin Berger Marcus Schögel	Severin Lienhard	Severin Lienhard	Marcus Schögel Severin Lienhard
Journal	*Marketing Review St. Gallen*	*Marketing Review St. Gallen*	*Transfer: Werbeforschung & Praxis*	*Proceedings European Marketing Academy Conference (EMAC)*	*Long Range Planning*	*Marketing Review St. Gallen Selected by Harvard Business Manager*
Status	Published (2021)	Published (2021)	Published (2022)	Published (2022)	Submitted	Published (2020)

1.5 Structure of the Dissertation

The dissertation begins with an introduction, the aim of which to discuss the core research gaps and how these gaps can be filled. This is followed by Chapter 2 that provides the necessary conceptual background. Chapters 3 to 8 contain six articles. The final two chapters present the managerial levers, recommendations, and conclusions.

Chapter 1:
D2C strategies in the consumer goods landscape, the relevance of D2C strategies, research questions and goals, academic contributions and publication strategy, structure

Pillar A

Chapter 2:
Epistemological research background, dominant theoretical perspective, the literature stream of marketing channels, research field D2C strategies, literature review, summary

Pillar B

Chapter 3:
Article 1: The prerequisites for D2C strategies

Chapter 4:
Article 2: Learning instead of selling through D2C strategies with chat dialogues – The example of Emmi Caffè Latte

Chapter 5:
Article 3: Hungry for Growth – Strategic options for food manufacturers and their brands to benefit from the direct-to-consumer (D2C) trend

Chapter 6:
Article 4: Established consumer goods manufacturers and Direct-to-Consumer (D2C) strategies: How to build capabilities for manufacturers' own D2C brands

Chapter 7:
Article 5: Building Dynamic Capabilities for Direct-to-Consumer (D2C) Strategies of Established Consumer Goods Manufacturers

Chapter 8:
Article 6: Cashierless Stores – the New Way to the Customer?

Pillar C

Chapter 9:
Managerial Levers and Recommendations for Actions

Chapter 10:
Conclusion

Figure 4: Structure of the dissertation (author illustration).

2 Conceptual Background

The following chapter encompasses the core literature about D2C strategies. In the first section, the author explains the epistemological research background. This is followed by the dominant theoretical perspective in the form of the resource-based view and dynamic capabilities. The third section stresses the literature stream of marketing channel research. In the fourth section, the author outlines the research field D2C strategies. The fifth section contains the systematic literature review of D2C strategies. The final section summarizes the chapter.

2.1 Epistemological Research Background

The starting point for this dissertation is a highly relevant management issue. D2C strategies are a highly relevant strategic option for established manufacturers and play an important role in today's consumer goods market environment. To ensure the highest possible research quality, the author must follow a scientific approach; therefore, a brief overview of the epistemological approach is therefore necessary and target-oriented. This dissertation pursues a reality-oriented research approach. Therefore, a management problem serves as the starting point, which is in line with the principles of the reality-oriented research approach (Ulrich, 1981). This approach helps the author describe, explain, and tackle challenges that are highly relevant to marketers (Tomczak, 1992). Moreover, the complete research process is based on theoretical reflection and empirical, iterative data analysis. To deliver relevant and rigorous research, the crucial measures are clarity, criticality, verifiability, and utility (Dossabhoy & Berger, 2002; Shrivastava, 1987; Thomas & Tymon Jr, 1982; Varadarajan, 2003). The dissertation aims to create value for managers and organizations in practice and to analyze the empirically correct phenomena as a key challenge of the dissertation (Reutterer & Schnedlitz, 1999).

To summarize, this study addresses a relevant practical phenomenon in the current market environment. The researcher follows the reality-oriented research paradigm and aims to meet both scientific standards and the needs of marketing managers. To this end, the author uses an iterative process and constantly challenges the findings.

2.2 Dominant Theoretical Perspective: Resource-Based View and Dynamic Capabilities

For the present study, dynamic capabilities that emerged from the resource-based view (RBV) serve as the underlying theoretical background. To address the rapidly changing consumer goods environment and the emergence of D2C strategies (Gielens & Steenkamp, 2019; Kahn, 2018; Kahn et al., 2018), dynamic capabilities are the suitable approach. This approach helps to clarify the actions that are taken by manufacturers to change their resources in terms of their D2C strategies, with the ultimate goal of adapting to the changes in the dynamic consumer goods environment (Eisenhardt & Martin, 2000; Teece et al., 1997).

RBV is a well-known theoretical framework that explains how companies can create a competitive advantage and maintain it over time (Barney, 1991). It has its origins and foundations in an article by Penrose published in 1959 (Penrose & Penrose, 2009). (Wernerfelt, 1984) and (Barney, 1991) completed the introduction stage to this approach, which then grew over the next ten years and achieved maturity in 2001 (Barney et al., 2011). The approach is derived both from economics and management (Penrose & Penrose, 2009; Wernerfelt, 1984). Today, RBV has further evolved and achieved the state of a theory: the resource-based theory (RBT; (Barney et al., 2011).

RBT contains an inside-out perspective, which means that companies put emphasis on resources and capabilities first, followed by the environment (Henderson & Cockburn, 1994; Wernerfelt, 1984). The internal focus differs (Henderson & Cockburn, 1994) from the more traditional perspective regarding industry structures as a determinant of how a company can create a competitive advantage within these structures (Porter, 1980).

RBT enables researchers to explain a company's performance and how competitive advantages are created from a theoretical perspective (Newbert, 2007). The overall goal of RBT is to create a sustainable competitive advantage. Barney and Clark (2007) have provided a well-known definition of competitive advantage: "When it is creating more economic value than the marginal firm in its industry and when other firms are unable to duplicate the benefits of this strategy" (Barney & Clark, 2007).

Linking resources to competitive advantages is the core logic of RBT (Barney & Hesterly, 2012; Kozlenkova et al., 2014; Sirmon et al., 2011). In particular, an organization's resources play a key role in RBT. These resources can be either tangible or intangible assets (Barney & Arikan, 2001) and are categorized as physical, financial, human, and organizational (Barney & Hesterly, 2012). Companies always own different types of resources; this is the case even if the company mainly sells products or services in a single industry (M. A. Peteraf & Barney, 2003). Resources should be both heterogeneous and immobile. Certain resources cannot be easily transferred to another enterprise to create a sustainable competitive advantage (Barney & Hesterly, 2012; M. A. Peteraf & Barney, 2003). To assess whether a resource has the potential to create a sustainable competitive advantage, four assessment criteria, designated by the acronym VRIO, have been developed: valuable, rare, imperfectly imitable, and organized (Barney & Hesterly, 2012; Kozlenkova et al., 2014). The O-criteria depend on the author and are sometimes replaced by N, which means "non-substitutability" (Sirmon et al., 2011). Aiming to achieve a sustainable competitive advantage, VRIO provides conditions and circumstances that separate resources into those that have this potential and those that do not (Kozlenkova et al., 2014). Consequently, a firm's VRIO resource can generate a sustainable competitive advantage. In addition, the organization needs to be able to exploit the potential of these resources. Only when a firm can exploit resources better way than competitors do can a sustainable competitive advantage be realized (Barney & Clark, 2007; Barney & Hesterly, 2012).

Capabilities are another core component of RBT. They are subsets of the firm's resources (Makadok, 2001). Usually, capabilities are information-based processes. They can be separated into tangible or intangible characteristics. The goal of capabilities is to empower an organization to make use of and deploy its resources to be more target-oriented and efficient. Moreover, the right capabilities should improve the productivity of other kinds of resources within an organization.

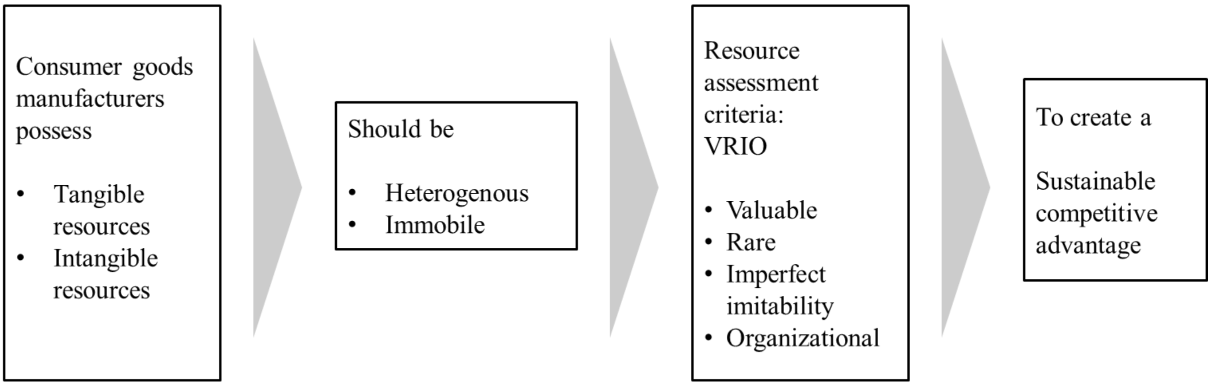

Figure 5: Resource-based theory (author illustration based on Barney et al., 2011; Kozlenkova et al., 2014; Ovidijus, 2013).

To summarize, RBT is often used as a practical framework for strategic analysis. In order to use it as a practical framework, the following five steps must be executed (Grant, 1991):

1. The organization's resources must be identified and classified.
2. The organization's capabilities must be identified and classified.
3. The potential of the identified and classified resources and capabilities of a company must be assessed.
4. Based on the organization's capabilities and resources, a suitable strategy must be selected.
5. Resource gaps must be identified.

As with most theories, RBT theory also faces criticism. For example, one potential drawback is the lack of focus on the resource-related actions of managers (Kraaijenbrink et al., 2010). The importance of manager actions is, consequently, one of the components of RBT which still offers potential for research, as it is not strongly developed (Sirmon et al., 2011). Critics claim that the strategic choices of managers regarding what is done with resources are as important as the resources possessed by a company (Crook et al., 2008; Hansen et al., 2004). The research orchestration approach addresses the role of marketing managers, highlights how resources are used, and emphasizes individual actions (Sirmon et al., 2011). This approach enables researchers to understand the actions of managers in detail as well as and the kind of actions managers take to create value for customers and the organization.

A further extension of RBT comes from the observation that the theory is not able to explain how a company can create competitive advantages in a dynamic environment of rapid change (Eisenhardt & Martin, 2000). Compared to the static RBT, the dynamic capabilities help to explain how a manager of a firm can address these changing environments and become the driver of competitive advantage for a firm (Eisenhardt & Martin, 2000; Teece et al., 1997). This extension is the so-called “dynamic capabilities” (Teece et al., 1997). These enable organizations to maintain and extend resources and asset bases so that the organization remains relevant even if market conditions are dynamic and constantly changing (Teece, 2007). Dynamic capabilities are consistent with RBT (Kozlenkova et al., 2014; M. A. Peteraf & Barney, 2003). Therefore, they can be applied and evaluated within the RBT framework. Some authors even consider it to be another kind of resource, addressing the question of how companies can deal with dynamic and changing environments (Barreto, 2010).

Firm capabilities are usually divided into two categories (Schilke et al., 2018). The first, *ordinary capabilities*, aim to maintain the current status and leverage the existing status. The second, *dynamic capabilities*, are strongly linked with strategic change, such as D2C strategies.

Dynamic capabilities arise from the observation that some companies can maintain a sustainable competitive advantage in a dynamic environment by adjusting their resources, knowledge, and competencies. Others are unable to do so and leave the market or face a decline. This is because they are unable to adjust to the latest dynamics and changes in the market environment (Teece et al., 1997; Teece & Pisano, 1994). The concept of dynamic capabilities emerged in 1990 and became established as a relevant research stream in strategic management (Barreto, 2010; Warner & Wäger, 2019). There is no overall consensus, however, on the exact definition of dynamic capabilities; Barreto (2010) even claims that there are ten main definitions. These definitions ones that are long: “The firm’s processes that use resources—specifically the processes to integrate, reconfigure, gain, and release resources—to match and even create market change. Dynamic capabilities thus are the organizational and strategic routines by which firms achieve new resource configurations as markets emerge, collide, split, evolve, and die” (Eisenhardt & Martin, 2000). Others are much more succinct: “The capacity of an organization to purposefully create, extend, or modify its resource base“ (Helfat et al., 2009).

Dynamic capabilities can be divided into sensing, seizing, and reconfiguring. Moreover, they are undergirded by micro-foundations, among which the author primarily investigates the distinct skills, organizational activities and processes (Teece, 2007). Dynamic capabilities are usually embedded in a firm’s routines or organizational processes. Therefore, quantitative measures do not seem to be target-oriented (Khan et al., 2020).

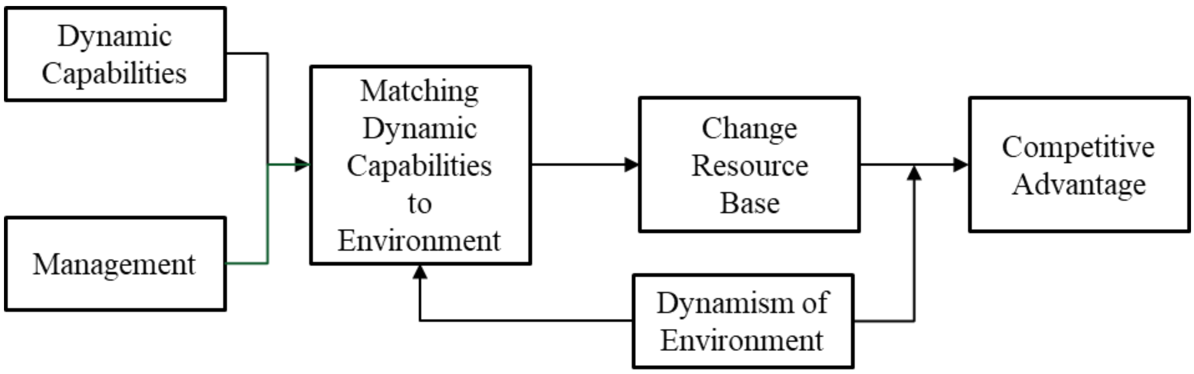

Figure 6: The concept of dynamic capabilities (Arend & Bromiley, 2009; Eisenhardt & Martin, 2000).

The latest research around digital transformation shows that the concept of dynamic capabilities is still relevant and can be applied to current practical and academic trends in the market environment. For instance, Warner and Wäger (2019) have run studies around dynamic capabilities for the digital transformation of incumbent players (Warner & Wäger, 2019). They developed a process model that encompasses nine micro-foundations for digital transformation that enable building dynamic capabilities for digital transformation purposes. Another study in retailing has outlined how innovation can be implemented through social media (de Oliveira et al., 2020). The key finding emphasizes a dynamic capabilities framework that should enable and guide researchers and retailers to spur innovation in retailing. The conceptual framework points out how social media can be used more successfully by building the appropriate dynamic capabilities.

The study also applied sensing, seizing, and transforming clustering to delineate the different dynamic capabilities in their framework. Another paper used the dynamic capabilities approach to investigate how the sporting goods manufacturer Hummel added a digital strategy to its previous B2B sales focus (Yeow et al., 2018). The findings point out that tensions arise during that process and can be shaped through strategic aligning actions. The tensions can also occur between strategy and resources which forces the manufacturer Hummel to adapt to them. The ultimate aligning process model is built on the dynamic capabilities framework.

The environment for consumer goods manufacturers is rapidly changing, spurred on recently by COVID-19 (Schögel & Lienhard, 2021b) and even before D2C gained already strategic importance (Gielens & Steenkamp, 2019). Challenged by D2C start-ups (Schlesinger et al., 2020), manufacturers are looking for ways to reach out to the consumer directly, either through their own website stores (European Commission, 2017; Kahn et al., 2018) or their own physical locations such as flagship stores (Nierobisch et al., 2017b). Therefore, the dynamic capability lens is the suitable theoretical approach to answer the research question of this dissertation. Furthermore, the latest research suggests that if traditional firms such as consumer goods manufacturers implement new digital channels, then new channel capabilities are required (Verhoef, 2012). Moreover, there is a general need for research addressing, for example, which capabilities firms should invest in regarding digital transformation (Verhoef & Bijmolt, 2019).

To sum up, the author considers the dynamic capability approach to be the suitable theoretical lens to determine how a manufacturer can rapidly adapt to changes in the consumer goods environment and ultimately strengthen the dynamic capabilities necessary to boost the D2C strategy. The dynamic capabilities approach is frequently associated with strategic change (Helfat & Peteraf, 2009) and researchers looked at the micro-foundations that are required to design it (Bendig et al., 2018; Dixon et al., 2014; Helfat & Peteraf, 2015; Prange et al., 2018). This matches with D2C strategies that are considered a strategic change for traditionally intermediary focused manufacturers (Pasirayi & Fennell, 2021). If manufacturers are able to build up the required dynamic capabilities, they are able to persist in a dynamic and rapidly changing environment.

2.3 The Literature Stream of Marketing Channel Research

The target-oriented design and determination of the channels to bring products to the consumer is a core part of the entire marketing mix (Jeuland & Shugan, 1988). Accordingly, a manufacturer can choose between two options. On the one hand, a manufacturer can sell directly to consumers, which means that the channel responsibilities lie on its side. On the other hand, a manufacturer can make use of channel intermediaries and sell through them. A combination of both is also possible. D2C strategies belong to the first option—selling without any intermediaries directly to the consumer. In the following section, the author outlines the underlying body of the literature stream that has shaped the marketing channel literature, aiming to pinpoint where D2C strategies are located.

2.3.1 The Research Domain of Marketing Channels

Different authors define "marketing channel" in slightly different ways. One fairly common definition states that "Marketing channels are sets of interdependent organizations or 'intermediaries' engaged in the process of making manufacturers' products or services available to their end-users" (Kumar et al., 1995). A more recent definition considers marketing channels to be "a set of interdependent organizations involved in the process of making a product or service available for use or consumption" (Palmatier et al., 2016). Both definitions highlight the role of the channel in making the product or service available to consumers.

The role of marketing channels is crucial in today's economy. Wholesalers, franchisors, retailers, agents, brokers, and distributors offer paths to bring the products to the end consumers by connecting manufacturer and consumer (Palmatier et al., 2016). Channel systems are of great importance for the global economy and are a core pillar of any value chain (Krafft et al., 2015). Due to the highly dynamic business environment, these channel systems are forced to constantly adjust themselves to the latest trends. The consolidation of intermediaries such as wholesalers or retailers or the emergence of new channel formats in a globalized world requires the constant evolution of channel systems such as the development of new channel formats (Palmatier et al., 2016).

Scholarly articles and books that explore the channel management phenomena have grown steadily since the first publications of the core contributors Louis Stern and Louis Bucklin (Krafft et al., 2015). During the years before 1980, research mainly flowed from the field of economics (Coase, 1995), while non-economic factors were not taken into account (Gattorna, 1978). The books published by Bucklin (*A Theory of Distribution Structure*) and Stern (*Distribution Channels: Behavioral Dimensions*) indicated a change toward focusing on non-economic factors (L. P. Bucklin, 1966; Stern, 1969). These two books emphasized and opened entirely new areas around organization patterns of channel systems—namely, behavioral elements that influence channels or interfirm relations within channel systems. For example, academic work emphasized the organization of successful co-marketing alliances (L. P. Bucklin & Sengupta, 1993), the perception of power and its usage in franchise channels (Frazier & Summers, 1986), and conflict management during franchise expansions (Kaufmann & Rangan, 1990). This important progress was followed by an era that was still based on the work of Bucklin and Stern; however, the channel research began to use approaches from sociology (Emerson, 2019), social psychology (Thibaut, 2017), and even political science (Zald, 1970). Moreover, behavior-based research such as inter-organizational relationship performance (Palmatier et al., 2007) was complemented by substantial contributions from transaction cost (Heide & John, 1988) and agency theory (Anderson, 1992). Recently, interfirm relationships have become more dynamic; consequently, the models provided by academia (Palmatier et al., 2013) regarding, for example, relationship marketing (Palmatier et al., 2006) were emphasized. The latest additions highlight the maturity and high diversification of the work around marketing channels. Similarly, the ongoing disruption of marketing channels through e-commerce and internationalization affect the marketing channel literature (R. Grewal et al., 2013).

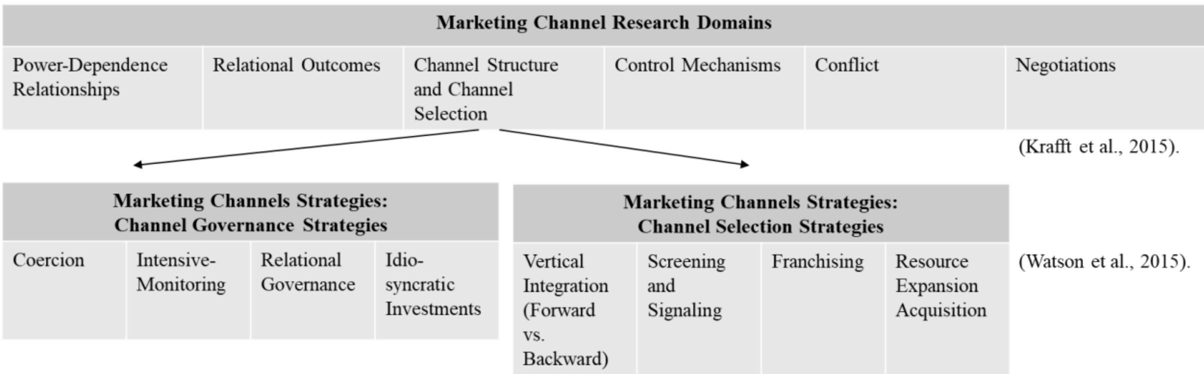

Figure 7: Marketing channel research (author illustration based on Krafft et al., 2015; Watson et al., 2015).

The entire marketing channel literature and its articles today consist of six research streams: power-dependence relationships, relational outcomes, channel structure and channel selection, control mechanisms, conflict, and negotiations (Krafft et al., 2015). The issue of power and relationships has shaped the marketing channel literature since its beginning (Alderson & Shapiro, 1957). Understanding the issue of power and relationships enables researchers to develop explanations in terms of specific channel strategy outcomes (El-Ansary & Stern, 1972). Power comes from the dependency of one player on another—for instance, a manufacturer or a retailer (Emerson, 2019). Accordingly, a manufacturer is able to control the decisive variables of the strategy of someone on a different distribution level, such as the retailer (El-Ansary & Stern, 1972). Power enables a channel member to convince another player to do something that he would not have done otherwise, ultimately altering the behavior of the other (Gaski, 1984; Wilemon, 1972). Seen through a conceptual lens, the elements “channel member dependence” and “sources of power” cannot be separated in a marketing channel (Gaski, 1984).

Another research domain involves the outcomes of channel member relationships. The exchange within a specific channel setting is characterized by a transfer of value between the involved members (Frazier, 1999). Different research articles have shed light on different types of outcomes. In 1999, an article investigated through a meta-analysis the matter of satisfaction in marketing channel relationships (Geyskens et al., 1999). Another study emphasized the effects of supplier fairness and how it affects vulnerable resellers (Kumar et al., 1995), whereas Mohr and Nevin (1990) examined the communication strategies within relationships (Mohr & Nevin, 1990). Understanding the outcomes enables researchers to grasp the relationships (Frazier, 1999).

The research domain channel structure and channel selection deal with the question of which channels, types, and number of channels a manufacturer should strategically use to sell its products or services (Coughlan et al., 2006).

Control mechanisms build another domain of marketing channel research. The potential to execute control on channel members is largely determined by the power of a channel member (Lucas Jr & Gresham, 1985). The issue of channel control first emerged in the late nineteenth century in response to the emerging practice whereby manufacturers sold branded drugs through middlemen. The manufacturer then came under pressure to find ways to control the retail price (L. P. Bucklin, 1973). Over the decades, the need to create powerful buyer-seller relationships remained, but conflicts among powerful suppliers and channel members were not avoided. Therefore, control mechanisms attracted the attention of those who were researching the life cycles of relationships (Jap & Ganesan, 2000). Even in the current century, control mechanisms are being investigated, and researchers are creating new control mechanism taxonomies researchers (Luo et al., 2011).

The research domain of conflicts is continually important (Stern & Anderson, 2001). The various definitions of conflicts can be categorized as behaviors, perceptions, antecedent conditions, and emotions (Pondy, 1967). Five modes to handle conflicts among channel members can be distinguished: avoiding, accommodation, compromise, competition, and collaboration (Thomas, 1992). To preserve strong distribution channels, it is crucial to understand that perceived unfairness in channel relationships can cause conflicts and, consequently, damage the relationships (Samaha et al., 2011). Dealing with conflicts is a highly complex phenomenon because different variables within causes, consequences and the management of conflicts exist in a dynamic process that builds on previous episodes (Rosenberg & Stern, 1970).

In the last research domain, negotiating is particularly important when it comes to price setting or general contract agreements. Manufacturers and their distributors mainly negotiate prices and margins with a major impact on the profits of the involved parties over the time of a specific business relationship (Srivastava et al., 2000).

The research domain of channel structure and channel selection is directly linked with the overarching topic of D2C strategies. To manage marketing channel strategies such as a D2C strategy, it is crucial to deal with two core directions. In the first case, a company must manage the exchange with external partners and must determine how the company does it. This is usually referred to as the matter of channel governance. Companies can govern the exchanges in one of two ways: (a) using informal measures that may include, for instance, verbal agreements; and (b) settling and governing exchanges based on formal documents such as contracts (Heide, 1994). Four types of channel governance strategies exist: coercion (Gaski & Nevin, 1985), incentives and monitoring (Gilliland & Kim, 2014; Kashyap et al., 2012), relational governance (Arnold & Palmatier, 2012; Lusch et al., 2011), and idiosyncratic investments (Ganesan, 1994). Governing relationships with a partner usually happen within a certain channel structure (Watson et al., 2015). Therefore, the determination of the channel selection strategy and structure is crucial. Four different viewpoints have been distinguished by researchers.

The first channel selection strategy is resource expansion acquisition. The base of this strategy builds the resource-based theory. In terms of this channel selection strategy, the core goal of the firm is to focus on the VRIO resources of a firm and how to manage them in the most appropriate way (Barney & Clark, 2007). Thereby, company-specific or unique structures and capabilities can allow companies to create a sustainable competitive advantage. For example, brick-and-mortar experience, catalogue experience, and firm size can serve as a firm-specific resource and determine the success of the timing and the order of store-based retailers regarding their online entry strategy (Pentina et al., 2009). A second quite popular channel selection strategy is franchising. The basic is idea is that a firm assumes all the responsibilities of a certain business model; with a franchise, however, a franchisor (the firm) sells the right to benefit and use the business model of that firm to a franchisee (Kashyap et al., 2012). A franchisee can even operate different stores or restaurants within the same franchise system. These are so-called multi-unit franchisees, as compared to single-unit ones (Dant et al., 2013). The advantages on the side of the franchisor are mostly financially and risk driven. Usually, the franchisee has to bring its capital and share a part of its profits with the franchisor. Ultimately, the franchisee is forced to successfully compete in the market and work as efficiently as possible (Lal, 1990). It is crucial for the long-term success of a franchising system that both parties, franchisor and franchisee, benefit and create a sustainable long-term relationship. The perceived value—namely social, emotional, quality or monetary—play the major role (Grace & Weaven, 2011).

The third channel selection strategy of screening and signaling address the issue of incomplete information or asymmetrically distributed information between channel members, such as manufacturer versus retailer (Soberman, 2003). Screening refers to the process whereby a company (e.g., a manufacturer) tries to determine, among other things, the competence of a potential channel partner, such as a retailer. To that end, the screening process aims to gather as much information as possible. Signaling is the exact opposite. An organization (e.g., the manufacturer) proactively tries to showcase its unique qualities and characteristics to ultimately demonstrate its competencies. One common situation in which signaling and screening are employed are new product introductions, as the demand uncertainty is most acute during product introductions. The manufacturer attempting to sell the product to a retailer signals its demands through means like advertising or wholesale price (Chu, 1992). Moreover, a manufacturer can also try to signal product quality to a retailer (Chu & Chu, 1994; Davis & Rao, 1991). The screening from the retailer angle is usually executed using slotting allowances (Chu, 1992)—that is, fixed fees paid by manufacturers to retailers to stock new products only to try them out (Sullivan, 1997). Slotting allowances are controversial (Chu, 1992) but

are growing in usage, which is mainly attributable to the increasing power of retailers (R. E. Bucklin & Schmalensee, 1987).
The fourth channel selection strategy is vertical integration, which stems from, and is the most common application of, transaction cost analysis. The core focus in studies on vertical integration lies with manufacturers that integrate either backward or forward. If a manufacturer integrates forward, it moves into the area of distribution and sales (Rindfleisch & Heide, 1997).
Increasingly, manufacturers are moving toward hybrid structures by creating and delivering their products and offers directly to end users. Research has followed these partially vertical integrated structures (S. K. Kim et al., 2011), and a general trend toward vertical integration—especially in the apparel and consumer packaged goods market—has been observed. New questions have emerged regarding ideal channel selection among fully vertically integrated players, brand manufacturers, and retailers (Watson et al., 2015). Weaker brands, in particular, face pressure from retailers and are often not stocked any longer. Consequently, these weaker brands have started to build their own distribution networks through a verticalization of the sales channel, namely forward integration (Meffert et al., 2019). But also strong brands like Adidas for example, sells its products through a variety of indirect and direct channels.

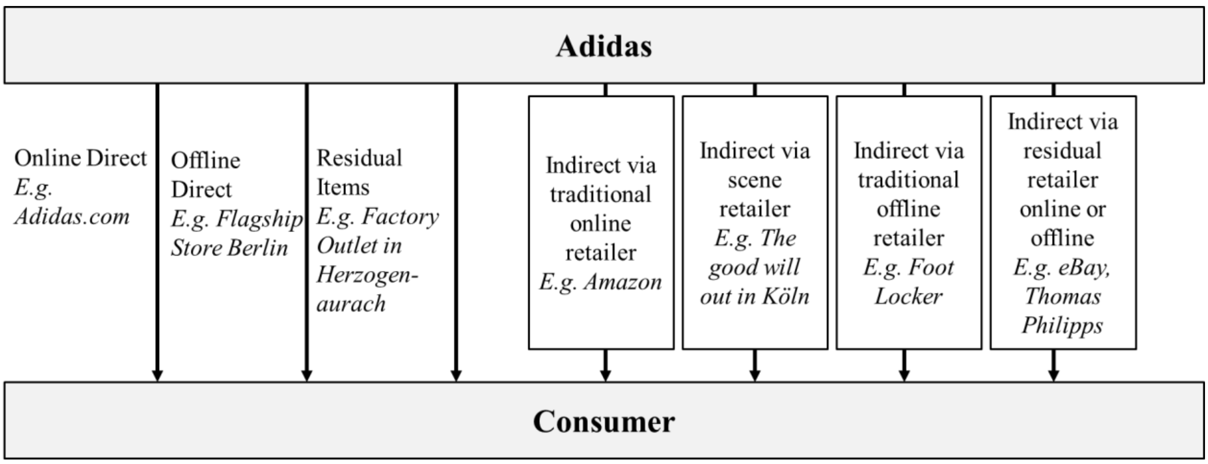

Figure 8: Mini case Adidas: Multi-channel landscape (based on Meffert et al., 2019).

2.3.2 The Concept of Vertical Integration

When it comes to vertical integration, Zara is frequently mentioned as an example of a vertically integrated manufacturer (Guan & Rehme, 2012). Compared to companies such as The Gap or Benetton, which relied on outsourcing (Ferdows et al., 2004), Zara owns the entire supply chain from design and production to distribution through their stores worldwide (Guan & Rehme, 2012). As previously discussed, D2C strategies are directly linked with the well-known concept of vertical integration. As Meffert (2019) or Kahn et al. (2018) pointed out that they use the term "vertical integration" instead of D2C strategies (Kahn et al., 2018; Meffert et al., 2019); therefore, a brief overview of the concept is required.

The channel selection strategy of vertical integration is derived from transaction cost economics (Watson et al., 2015). The transaction-cost theory itself serves as a theoretical framework for investigating the boundaries of an organization, focusing mainly on making, buying, or allying decisions (Geyskens et al., 2006). Transaction costs can be classified into sources and types. The source is considered the nature of a governance issue; usually, it means something like performance evaluation, safeguarding, or adaptation. The types of costs are either direct or opportunity costs. These costs can also be separated into ex ante and ex post costs. The first ones, ex ante costs, involve crafting safeguards and specific actions such as negotiating, communicating, and general coordination between actors. Ex post costs are mainly measurement costs. Opportunity costs can also be divided into ex ante and ex post costs. Ex ante costs are failures to invest in further productive projects or assets, failures to adapt to business partners, or choosing the wrong alternatives. Ex post costs are mainly productivity losses (Rindfleisch & Heide, 1997).

Vertical integration is a well-established concept in academic research with an extensive literature. Vertical integration is considered the extension of the economic activities of a manufacturer toward upstream or downstream stages (Tomczak et al., 2017). A common definition of vertical integration is "a variety of decisions concerning whether corporations through their business units should provide certain goods or services in-house or purchase them from outsiders instead" (Harrigan, 1985b). Another definition is "the combination of two or more stages of production within a single firm" (Watson et al., 2015). Two forms of vertical integration can be identified: upstream integration of ownership of suppliers and downstream integration of distributors or retailers (Watson et al., 2015). Some authors have labelled the same mechanisms backward or forward integration (Joskow, 2010).

Two ways enable companies to achieve vertical integration: through vertical financial ownership or vertical contracts (Guan & Rehme, 2012). Vertical integration comes with advantages and disadvantages (Harrigan, 1984). The first advantage involves the internal benefits that are frequently mentioned: integration economies reduce costs, improve

coordination of activities, and avoid time-consuming tasks. Furthermore, competitive benefits play a role in avoiding foreclosure to inputs, improving marketing and technological intelligence, creating opportunities to create product differentiation, increasing market power (which enables the company to have superior control of the environment), creating credibility for new products, and creating synergies. The advantages of vertical integration also include better coordination of activities at different value-added stages: lower transaction costs, higher quality standards, protection of a company's products or process technologies, and security in the availability of key materials.
However, the disadvantages of vertical integration are also numerous, including higher coordination costs, higher capital requirements, higher fixed costs, risk of concentration of additional non-central tasks, reduced flexibility and market entry barriers, and a focus on non-core competencies (Kaiser & Obermaier, 2020). Internal costs can be a key disadvantage as well (Harrigan, 1984). These include the need for overheads to coordinate, too much-unused capacity, and—if poorly organized—synergies that do not compensate for higher costs. In addition, the following competitive dangers may occur: unnecessary processes are not abolished, exit barriers are created, companies are linked to adjacent businesses, information of distributors or suppliers is lost, synergies may be overrated, managers act too quickly, and businesses integrate before fully reflecting on it. For instance, it has been claimed that costs increase due to mobility and exit barriers that foster strategic inflexibility (D'aveni & Ravenscraft, 1994; Harrigan, 1985a). Managerial inefficiencies can also emerge due to control and coordination problems among interdependent activities. In addition, the risk of bankruptcy is higher for vertically integrated companies than for non-integrated ones (D'Aveni & Ilinitch, 1992).

Why is vertical integration so demanding for companies?	• High risk and cost • Difficult to undo • For successful implementation, it is difficult to find the optimal level of vertical integration, among other things. • Many companies have already gained both positive and negative experience with vertical integration over the last few decades.

Figure 9: Difficulties of vertical integration (author illustration).

It is apparent, therefore, that vertical integration goes hand in hand with advantages and disadvantages (Kaiser & Obermaier, 2020). Vertical integration is a gradual and dynamic concept that provides considerable creative freedom for companies. The key lies in helping managers to understand how the dimensions should be designed, given the specific company and competitive situation (Harrigan, 1985b). Vertical integration is among the most demanding strategies that can be pursued as an organization. It is complex, hard to reverse, and expensive (Stuckey & White, 1993).

By contrast, the possibility of disintegration also exists. Especially in manufacturing industries, disintegration has been common since 1990, with the focus on concentrating on core competencies and not outsourcing key competencies. Cost savings and increased competitiveness have prevailed. The advantages mentioned are to be understood as vice versa for vertical (dis)-integration (Kaiser & Obermaier, 2020).

Vertical integration can be described in the form of four different dimensions. The first is the number of stages that a company covers. A company can only be active one stage like in the actual procurement of raw materials but even take over every stage until the way to the end consumer. The second dimension is the breadth of integration. This refers to the number of activities that companies carry out internally at a certain level of the value chain. The third dimension is the degree of integration, which is characterized by the share of the total output that a business unit buys or sells from its neighboring one. The fourth dimension is the form of integration. This means that while companies like to own vertically integrated units, this would not be a necessity. For example, quasi-integrated companies share ownership with other companies. All vertical integration strategies include number, width, degree, and shape—but in quite different combinations. The decision to adjust one dimension also influences the other three (Harrigan, 1985b).

Vertical integration research has principally investigated two types of questions: "What type of transactions are best bought inside or outside the firm?" and "What are the consequences of vertical integration on economic outcomes?" (Lafontaine & Slade, 2007). Despite the large body of literature on vertical integration, a consensus about the determinants of vertical integration is lacking. In particular, the relationship between technological change and vertical integration remains a highly controversial field (Acemoglu et al., 2010).

The following factors incentivise companies or organizations to vertically integrate (D'aveni & Ravenscraft, 1994): the general type of production or business, the transaction costs, how specialised the assets of an organization are (and their costs), the distribution of power at the different stages of production, whether an organization's activity is even separable, and how certain the prices and costs are. Other authors have claimed that contracting costs and financial development do not affect vertical integration. By contrast, the higher the contracting costs and the greater the financial development, the greater the vertical integration in a country (Acemoglu et al., 2009). Other researchers claim that vertical integration drivers encompass four components: transaction cost considerations, uncertainties in costs and prices, output and/or input price advantages, and strategic considerations (Mahoney, 1992). Additional determinants as to whether to vertically integrate are linked to manufacturers and retailers in the market: The amount of demand from the retailer side, whether a manufacturer aims to set up its own position along the supply chain (Guan & Rehme, 2012), and how the demand variability influences vertical integration (Lieberman, 1991).

Even though the determinants remain unclear and without consensus in the academic literature, schemes to evaluate whether to integrate vertically do exist (Stuckey & White, 1993). Four criteria need to be evaluated: general set-up costs (including the number of capital investments, the need for training, and the systems to be developed), transaction costs (including the collection and processing of information, legal issues and incidents, sales costs, and purchasing costs), transaction risks (the possibility and degree of illogical price changes, ruling out of supply or outlet, and general isolation from the market), and the effectiveness of the coordination (including the amount of inventory, general quality issues, the use of basic capacity, and the entire performance delivery). These criteria should be considered during the decision process.

In the field of marketing, vertical integration arises especially in the areas of distribution strategies, the management of the sales force, and advertising (Anderson & Weitz, 1986). Many decisions made in the field of marketing and vertical integration fall into a grey area. This means that the decisions are usually not on the one end or the other of the vertical integration continuum but somewhere in the middle in a so-called hybrid system.

	Guiding Framework to Vertically Integrate or not in the Field of Marketing						
Key Variables	Competition in the Supplier Market	Company and Sales Person Specific Capabilities	Economies of Scale	Environmental Uncertainty	Inability to Monitor Performance	Freeriding Potential	Potential Size of Transaction
Decision to Integrate or not	If competitions is high → integrate	If the capabilities are high → integrate	If the economies of scale are high → integrate	If the uncertainty is high → integrate	If the inability is high → integrate	If the potential is high → integrate	If the size of transaction is high → integrate
Underlying Elements of the Variable (A Selection)	Switching costs from one agent to a new one Availability of agents	Similarity of products / services in the market Marketing offering (standard vs. differentiated) Direction of the customer loyalty (towards company vs.. Salesperson)	Utilization of personnel and facilitates Ability to obtain quantity discounts Ability to gain entry and develop relationships	Accuracy of sales forecasts Rapidity of the changing business environment Sales variance from year to year	Requirement of team effort Evaluation of the performance of the marketing activity	Importance of the channel member vs. reputation of the brand Purchase from salesperson that presents or not	Average order size Ordering many products per once or not Sales per square mile Amount of new advertising campaigns

Figure 10: Guiding framework to assess whether an activity should be vertically integrated or not in the field of marketing (based on Erin Anderson & Weitz, 1986).

To successfully navigate through the vertical integration decision, the authors developed a framework to help marketers reach the appropriate decision (Anderson & Weitz, 1986). Hence, they suggest that seven key variables exist: competition in the supplier market, company and salesperson specific capabilities, economies of scale, environmental uncertainty, inability to monitor performance, freeriding potential, and the potential size of the transaction. To decide as a manager, different subfactors help to assess whether or not an activity should be integrated.

To summarize, different external driving forces (technological complexity, customer demands) and potential benefits lead to the decision to vertically integrate the distribution downstream (Guan & Rehme, 2012). The potential benefits can be split into strategic benefits (differentiation, learning, strategic partnership with customers) and economic benefits (higher margin, synergies, better service, lower costs). The consequences of vertical downstream integration can occur in the area of positioning (business focus, required resources, competitive advantage) in addition to the strategic and economic benefits.

2.4 The Research Field D2C Strategies: Terms and Concepts

The construct of going direct to consumer, which follows the idea of bypassing intermediaries (Pasirayi & Fennell, 2021), holds great importance in today's consumer goods environment. Even though the concept of D2C has become more common in research and academia (Gielens & Steenkamp, 2019; Kahn et al., 2018; Pasirayi & Fennell, 2021), no consensus has emerged regarding terms and linked concepts in the literature. A common terminology and scope for D2C strategies cannot be recognized to the best of the author's knowledge. While some authors and academic articles make use of terms such as "D2C strategies" (Calder et al., 2018), others label it "D2C models" (Gielens & Steenkamp, 2019), "D2C channels" (Pasirayi & Fennell, 2021), "D2C business model" (Schlesinger et al., 2020), and as a trend to vertical integration (Kahn et al., 2018). A unified consensus about the concept, scope, and terminology is lacking.

Therefore, this section aims to define a field of investigation and especially a suitable working definition of D2C strategy. In a first step, the author looks at the history and evolution of direct selling. Second, the author investigates the different conceptual perspectives on D2C before arriving at a D2C strategy working definition suitable for the purpose of this dissertation.

2.4.1 The History and Evolution of Selling without Intermediaries

Before diving into the D2C terminologies and concepts, it is crucial to understand the history of direct selling, as this supports the understanding of the landscape today. Direct selling belongs the oldest form of distribution (Gassmann et al., 2020; Peterson & Wotruba, 1996); in the Middle Ages, for example, farmers sold directly to consumers at markets or close to their stalls.

A closer look at the term "direct selling" reveals that the literature stream of direct selling has a long history and was not a new form of distribution even in 1992 (Albaum, 1992). Nevertheless, until that year there was not a lot of academic research on direct selling; however, during that time direct-selling companies were experiencing phenomenal growth. Around the same time (1988), direct selling began to attract the interest of researchers. They considered direct selling as a non-store retailing form of distribution through purchasing means such as telephone, computer, or catalogues from home (Peterson et al., 1989). Consequently, direct selling is defined as "personal contact between a salesperson and a consumer away from a fixed business location such as a retail store" (Bernstein, 1984; Peterson et al., 1989). The modes of direct selling are primarily one-to-one interactions such as sales parties at a home or at a workplace or even in a church (Albaum, 1992). Tupperware is well-known example of direct selling (Albaum, 1992; Gassmann et al., 2020).

Mini-Case Tupperware
Tupperware belongs among the most famous direct-selling companies. In particular, the so-called Tupperware parties were well known among consumers and led to great success for the company. When the internet and the option of e-commerce emerged, the company decided to sell directly to consumers via the internet as well, at the same time that other direct-selling companies were rejecting selling via the internet. Not surprisingly, this strategic move caused internal conflicts. The salespeople considered the internet as a competitor and were afraid of losing sales against the online channel. This was an early lesson that a company that relies on personal sales must proceed carefully when adding an e-commerce channel. In 2001, Tupperware even started selling beyond the internet and traditional direct-selling methods and was stocked in the retail chain SuperTarget in the U.S. (Albaum, 1992; Alturas, 2003; Day, 2001; Gassmann et al., 2020).

Figure 11: Mini case Tupperware (author illustration).

The salespeople for these direct-selling companies are usually independent contractors, not company employers (Brodie et al., 2002). These job opportunities are open to individuals from a broad range of backgrounds, experience levels, and personality characteristics. Direct selling is a significant business activity both in financial and human terms. The salesperson plays a decisive role in a direct-selling model in terms of customer satisfaction (Berry, 1997). A further important characteristic of a direct-selling company is that it does not necessarily have to be the producer of the product itself (Peterson & Wotruba, 1996).

Research on direct selling has focused mostly on either the selling side or the consumer side (Albaum, 1992). In line with the emergence of the internet, the consequences on direct-selling models became relevant for academics but remained unclear at first (Peterson et al., 1997). Nearly all firms have tried to benefit from the internet by creating websites (De Wulf et al., 2002). Through this online adaption, direct-selling organizations began to rely not only on one-to-one demonstrations at home or offices but also the internet (Bellin, 2016). This development was also applicable to direct-selling companies, but the role of the websites for direct-selling companies differed and covered functions such as communicating with salespeople and promoting products and the business (Alturas, 2003). Over time, the relationship between technology and direct selling remained an interesting research angle, possessing great practical importance as a distribution approach in the business-to-Consumer (B2C) as opposed to the Business-to-Business (B2B) segment (Crittenden & Albaum, 2015). On the one hand, technology as a facilitator of a personal salesperson's job was of interest because it offered an avenue for growth (Harrison & Hair, 2017). On the other hand, developments such as social media challenged the direct-selling model. Based on the fact that direct selling is the leverage of a salesperson's network, it can be considered the original social network business (Ferrell & Ferrell, 2012). Therefore, social media posed the challenge of how to convey the benefits of face-to-face selling online via social media.

Today, direct selling represents a business model, a distribution channel, or an activity (Brockett et al., 2020). This triple role of direct selling may explain why research on the scope of direct selling a research gap around the year was 2000 (Peterson & Wotruba, 1996) and why the term is still used outside the common definition of "Direct selling, defined as a sales channel without a fixed retail location" (Ferrell & Ferrell, 2012; Peterson & Wotruba, 1996).

In today's market environment, the term "direct selling" is still used in different contexts and created confusion. One explanation may be the triple role of direct selling (Brockett et al., 2020). In a recent paper, for instance, the authors defined direct selling as a distribution channel "where the manufacturer sells his products directly to consumers" (Yi et al., 2018). These authors mention company examples such as Zara. Moreover, luxury brands like Chanel or Dior rely on direct selling as well through selling exclusively through their own stores. This direct selling lens is contradictory to the common direct selling emphasis expressed by the phrase "without a fixed retail location" (Ferrell & Ferrell, 2012; Peterson & Wotruba, 1996).

Further research even looks at companies like Zara through a different lens: vertical integration (Lin et al., 2014; Watson et al., 2015). The apparel industry in particular encompasses a variety of vertically integrated manufacturers, and some of these organizations use forward integration (Gertner & Stillman, 2001; Lin et al., 2014). While some of them sold directly entirely through their own physical stores to consumers in 2001, others relied mainly on intermediaries while also operating at least a few stores (Gertner & Stillman, 2001). From 1995 onward, these manufacturers were adapting to the online world and exploring e-commerce sales approaches through their own online shops or retail intermediaries. Moreover, the latest research claims that manufacturers today are vertically integrated and sell through their own stores and websites (Kahn et al., 2018).

The picture becomes even more blurry because the opposite of vertical integration players, such as traditional brand manufacturers (Watson et al., 2015), have increasingly started to go direct as well. They bypass intermediaries and still rely substantially on intermediaries while also tapping into the direct selling field (Gielens & Steenkamp, 2019) and the D2C start-ups (Schlesinger et al., 2020).

2.4.2 The Different Conceptual Perspectives on D2C

The previously outlined overlaps between different concepts and terms underpin and also explain why the different direct-selling concepts and terms are mixed. In order to create clarity regarding the underlying D2C concepts, in this step, the author sheds light on the terms used and the linked concepts. Different concepts may encompass D2C business models, D2C models, D2C channels, and a D2C strategy. It is crucial to look at the term and linked concept at the same time because they are often directly interlinked, and separation does not seem target-oriented or is not feasible at all.

To provide an overview of the terms and concepts used in academia, the author consolidated numerous recent articles that focused on the D2C term and concept, D2C goal, the underlying concept in-depth, and that mentioned company examples, authors, and year. By exploring the goals of D2C strategies, the author aims to understand the term and its related concept in greater depth because the concept itself does not automatically determine clearly what the goals are. Moreover, company examples are presented. This practical perspective helps to illustrate how different terms and concepts are used in these articles even though the authors refer to the same manufacturers' brands.

Table 2: The broad array of lenses on D2C strategies (author illustration).

D2C term and concept	D2C goals	The underlying concept in-depth	Company examples	Author	Year
Marketing channel selection strategy vertical integration	Competitive advantage	Trend to vertical integration in apparel and consumer packaged goods Vertically integrated players possess a competitive advantage over non-vertical retailers and brand manufacturers	Zara, H&M	Watson, Worm, Palmatier & Ganesan	2015
Direct-to-consumer strategy	Sales Feedback mechanisms New business models	D2C strategies as a means to bypass traditional distributors and unlock further growth while financial motives as well as, for example, direct feedback can play a role	Volvo, Lincoln, BMW, and Mercedes	Calder, Parvarandeh & Brady	2018
Vertical integration	Sales Creating brand experience	Selling directly through stores and website Combining direct and indirect channels (e.g., Apple)	Nespresso, Apple	Kahn, Inman & Verhoef	2018
Direct selling business model	Sales Eliminating intermediary channels such as retail and the retail profit margins Better understanding customer needs Idea generation	Facilitates personal sales experience, improves understanding of customer needs	Nespresso, Nestlé Special T., Nestlé BabyNes, Vorwerk, Tupperware, Hilti	Gassmann, Frankenberger & Choudury	2020
E-commerce D2C models Disintermediation D2C transaction channels	Sales Personalizing experiences Test market Platform to voice opinion Big data	Top-of-mind brands generate sales Most brand websites lack resources to drive traffic	Apple, Dell, Dollar Shave Club	Gielens & Steenkamp	2020
Direct-to-consumer business model	Scaling Sales	D2C start-ups created new business models Established players launch own D2C lines	Procter & Gamble (Native)	Schlesinger, Higgins & Roseman	2020
Direct-to-consumer (distribution) channels / Subscription-based direct-to-consumer (SBDTC)	Sales	D2C channels as an addition to selling through intermediaries	Nike, Dollar Shave Club, Stitch Fix, Schick, Honest Company, Volvo, HP	Pasirayi & Fennell	2021

Starting from 2015, Watson et al. (2015) reviewed the entire channel management literature of previous decades (Watson et al., 2015), highlighting how vertically integrated players like Zara and H&M had gained a competitive advantage over brands manufacturers. They consider vertical integration as a channel selection strategy. Three years later, Kahn et al. (2018) emphasized that manufacturers increasingly sell their products directly from the factory to the consumer (Kahn et al., 2018). They defined this trend as vertical integration as well, but they refer to examples like Nespresso or Apple. The well-known Nespresso example has also been mentioned by different authors, referring to it, by contrast, as a direct-selling business model (Gassmann et al., 2020). Similarly, the paper by Calder et al. (2018) points out the opportunity to tap into new business models through D2C strategies (Calder et al., 2018). They use the term “D2C strategy” and showcase the opportunity by referring to car manufacturers, especially in the digital world. Limiting D2C strategies to an exclusively online phenomenon is the approach taken by further (Gielens & Steenkamp, 2019). They refer to the Apple example, as others do (Kahn et al., 2018), but they limit D2C to a so-called D2C model. During the same year, other researchers emphasized that D2C business models are driven by D2C start-ups; however, established consumer goods players such as P&G are also following the trend and developing their own D2C business models (Schlesinger et al., 2020). More recently, the article by Pasirayi and Fennell (2021) combined D2C channels with subscriptions and therefore comes from a channel perspective (Pasirayi & Fennell, 2021). Interestingly, these authors refer to several company examples such as Volvo that were considered to be examples of D2C strategy three years earlier by Calder et al. (2018) (Calder et al., 2018). The different terms and underlying concepts overlap and are not clearly distinguishable from each other. To enlighten this fuzzy bubble of terms and concepts around D2C strategies, the author tries to consolidate these different distribution perspectives.

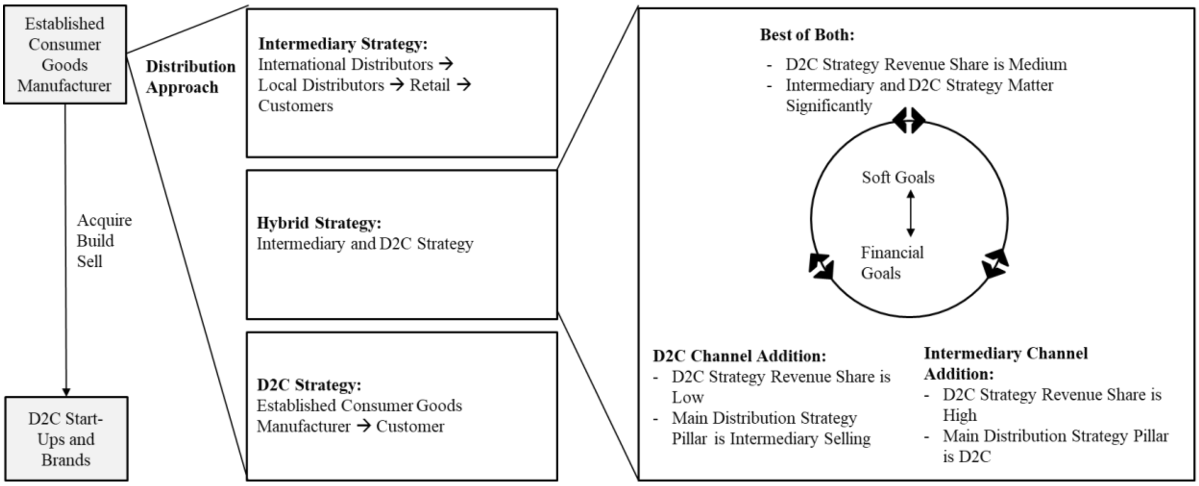

Figure 12: D2C strategy orientation map (author illustration).

Two distinct angles are apparent when looking through the lens of an established consumer goods manufacturer (Gielens & Steenkamp, 2019). The first angle involves the distribution approach of the established manufacturer, while the second involves the observation that D2C start-ups and brands attack the market shares and revenues of established players (Schlesinger et al., 2020). The established players have three options to deal with the D2C start-ups. The simplest way is to acquire them (Pasirayi & Fennell, 2021). Secondly, they can be sold if they do not fit for a variety of reasons. According to Schlesinger et al. (2020), a third option exists—namely building one's own D2C brands.

Focusing on the distribution approach of the existing manufacturer, the author distinguishes among three major strategies: the intermediary, hybrid, and D2C strategy. The intermediary strategy consists of the traditional way of selling goods and/or services through intermediaries. The products are distributed through international distributors and local distributors, and retail is the location where the consumer can purchase the products (Gassmann et al., 2020).

The opposite approach is the pure D2C strategy. This strategy, also labelled "vertically integrated" such as Zara (Watson et al., 2015) or the "direct selling business model" (Gassmann et al., 2020), means that an established consumer goods manufacturer only sells directly without relying on any intermediaries.

These two contrasting options can also be combined, which means that a manufacturer has both a D2C and intermediary strategy in place. The hybrid strategy is marked by three different types. It is important to describe the hybrid strategy in more detail because it is necessary to delineate the different states and revenue distributions (i.e., intermediary vs. direct). The first type aligns with the previously described direction: namely, coming from an intermediary strategy and adding a D2C channel, which is frequently an online shop. This type is referred to as “D2C channel addition”. It is characterized by a low share of D2C revenues. The second type is considered the “best of both” as it is a distribution approach that aims to benefit both strategies in a significant way. This means that the D2C strategy matters much more and is highly relevant in terms of the entire manufacturer’s revenues. The third type lies in the opposite direction from the first. The manufacturer basically sells direct. This pillar remains the core revenue driver even as the manufacturer operates an indirect channel as well, for example, by selling some leader products through certain retailers.

The three types do not have to apply to the same manufacturer over a specific time. For instance, after having added a web shop, a manufacturer could decide to reduce the intermediary channels and allocate more resources to the D2C strategy. In this way, it constantly aims to increase the D2C strategy revenue share of the total revenues. Hence, it switches from the type D2C channel addition to the type best of both. Similarly, a manufacturer that operates both an intermediary and D2C strategy at the same time can decide to completely prioritize the D2C strategy and move towards the type intermediary channel addition. By contrast, a manufacturer can move in the other direction as well, depending on the strategic orientation. Lastly, shifting from intermediary channel addition to D2C channel addition is a more radical process compared to the previous ones. For instance, if the type intermediary channel addition decides to be stocked in the largest retail chain, the likely result is that the entire focus will switch from D2C toward intermediary. Consequently, the D2C strategy can simply be left as a D2C channel addition (for instance, an online shop), but it does not matter anymore in terms of revenues.

In order to clearly delineate the three hybrid types, the percentage share of D2C sales of the entire revenues would be the ideal criteria. So far, to the best of the author’s knowledge, such a criterion does not exist in the literature.

As Table 2 showcases, the stated goals vary author by author. On the one hand, sales, higher margins, increased profitability by keeping the retailer margin on the manufacturer side are fairly clear financial goals. Thus, the author summarizes these hard facts as financial goals. On the other hand, gathering feedback, big data collection, a platform to hear the opinion of the consumers or delivering personalized experiences (Gielens & Steenkamp, 2019) are summarized as soft goals of D2C strategies.

To summarize, the D2C strategy orientation map helps to clarify the broad variety of perspectives by different authors on the topic. The author has developed an exhibit that allows the reader to fully grasp the phenomena of D2C strategies and how these build out part of the distribution model of an established manufacturer in different ways. This hybrid approach of established consumer goods manufacturers can also be considered as the main focus of the publications surrounding the D2C trend: that is, manufacturers that convert their information website into a sales channel (Gielens & Steenkamp, 2019). Figure *13* illustrates the three different types within the hybrid approach. Oreo, which sells its cookies primarily through intermediaries has added a direct channel in the form of an online shop. Adidas pursues the best-of-both type and has greatly increased its D2C revenue share. Finally, Oswald, which only sold directly has started to operate an intermediary channel as well.

Mini cases: D2C strategy orientation map			
Type	D2C Channel Addition	Best of Both	Intermediary Channel Addition
Exemplary Manufacturer	Oreo	Adidas	Oswald AG
Description	In 2020, Oreo launched an online shop during COVID-19. The traditional distribution approach of Oreo, a brand of Mondelez, is an intermediary strategy consisting of different retailers that sell its products. The online shop is considered a test lab, a so-called test-learn-scale approach. The core idea is not just selling, but rather improving the understanding of customer behavior and needs and creating Oreo brand experiences (Campillo-Lundbeck, 2020).	The sporting goods manufacturer Adidas generated 33% of its total revenues through the D2C strategy in 2019. In 2021, the D2C strategy revenues already accounted for 41% of total revenues (Richter, 2021). Adidas operates online and offline stores and even aims to increase the D2C share by up to 50% by 2025. The goal is to move from a wholesale-driven model toward a D2C-led one (Salpini, 2021).	The spice manufacturer Oswald relies on a D2C strategy since its founding in 1951. Selling directly without any intermediaries and personal contact builds the core of its distribution approach and success story (Oswald, 2021). In 2016, the pure D2C strategy shifted toward a hybrid one. The manufacturer added an intermediary channel (Manor) but still operated physical direct selling and its e-commerce shop as well (Marks, 2016). In addition, the company tries to get in touch with physical customers in new ways; for instance, it sold its products via the retail concept lab in the Shopping Center Glattzentrum (Pop Up; (Glattzentrum, 2021b, 2021a).

Figure 13: Mini cases - D2C strategy orientation map (author illustration).

The vast majority of consumer goods companies come from a pure intermediary strategy. After adding a D2C strategy, they still run their core distribution revenue shares through the intermediary strategy (Calder et al., 2018; Gielens & Steenkamp, 2019). Nevertheless, some companies such as Nike even decide to increase the share of direct revenues, moving from D2C channel addition to best of both (Ivanov & Ivanov, 2021), which is also part of the D2C trend; however, fewer companies pursue this approach compared to the D2C channel addition type (European Commission, 2017; Pasirayi & Fennell, 2021). The D2C start-ups spur the D2C hype and put pressure on the established manufacturers (Gielens & Steenkamp, 2019; Schlesinger et al., 2020). In any event, the author focuses on established players, because there is a general need for research on digital business cases of incumbent players such as established consumer goods manufacturers (Verhoef & Bijmolt, 2019). Since many of the D2C strategies of these players start digitally, this is a relevant angle.

2.4.3 D2C Strategy Working Definition

As discussed in the previous chapter, different authors refer to different concepts when it comes to D2C strategies. Moreover, when exploring the term "D2C strategy" itself, it becomes apparent that a generally valid definition is lacking. Are D2C strategies a pure online phenomenon (Gielens & Steenkamp, 2019)? Is it a face-to-face sales-driven approach (Gassmann et al., 2020)? Or is it an omnichannel phenomenon (Schlesinger et al., 2020)?

In order to provide a clearly delineated understanding of D2C strategies and what types of channels and design approaches are included, the author develops a definition of D2C strategies. First, it must be acknowledged that different definitions of D2C strategies already exist (Table 3); therefore, the prospective definition of D2C strategy is outlined first. In the second and third column of the table, a qualitative estimation of the strengths and limitations is conducted. In the final columns, the author and year are outlined again. Therefore, the primary purpose of this section is the review (strengths and limitations of existing definitions) and the derivation and proposition of a D2C strategy definition.

Table 3: Existing definitions around D2C (author illustration).

Definition	Strengths	Limitation	Author	Year
"A form of selling without retail outlets, distributors, wholesalers or any type of middlemen."	Excludes any type of intermediary such as retail.	It highlights the "without" in a clear way, but what it exactly includes remains unclear.	Baker	1984
"(D]irect selling commonly refers to such activities as telephone sales, door-to-door selling, or in-home parties."	Strong focus on an operational understanding (e.g., telephone sales, door-to-door).	"commonly" and "such activities as" leave open whether there are further activities, and (if so) which ones.	Ostrow & Smith	1988
"A sales approach characterized by personal product explanations and demonstrations, often in the consumer's home or retailer's establishment."	Combines the unique aspects of direct selling and the possible locations.	The author adds retail establishments but does not define whether it has to be one's own one (e.g., brand store) or can also take place in a supermarket.	Clemente	1992
"Direct selling is face-to-face selling away from a fixed retail location."	It clearly defines the used channels and contrasts differentiation.	Reduces direct selling on a personal face-to-face activity.	Peterson & Wotruba	1996
"Companies increasingly use digital technologies to circumvent distributors and enter into direct relationships with their end-users. These relationships can create efficient new sales channels and powerful feedback mechanisms or unlock entirely new business models. But they also risk alienating the longstanding partners that companies count on for their core business."	The authors acknowledge that many manufacturers mainly rely on intermediaries such as dealers. Moreover, they use the term "strategy" which fits with the author's view.	The definition is strongly driven and focuses on digital only.	Calder, Parvarandeh & Brady	2018
"Brands like Nespresso and Apple sell directly to consumers in their brand stores and through their brand websites. These brands have developed a direct channel to deliver their brands to consumers and have combined that with indirect channels as well."	The direct channels are clearly defined. Moreover, the authors mention that indirect channels can be used as well.	The authors label the trend as vertical integration, whereas the dissertation author considers it as the emerging term of D2C.	Kahn, Inman & Verhoef	2018
"Direct-to-Consumer (D2C) models allow brands to directly engage with their customers using social, mobile, and digital channels."	The authors recognize that D2C models contain different online channels.	The authors limit the phenomena to "online only," whereas the dissertation author claims that D2C can take place online and/or offline.	Gielens & Steenkamp	2019
"Direct-to-consumer (DTC) companies were defined by borrowed supply chains, web-only retail, direct distribution, social media marketing, and a specific visual brand identity (the now ubiquitous blanding;) that favored sans-serif type, pastel color palettes, and scalable logos that were easily adapted to a variety of digital media."	The authors explore the business model itself and come up with in-depth characteristics of the D2C business model.	The author uses the business model lens and focuses on the characteristics of D2C companies whereas the dissertation author focuses on established consumer goods manufacturers.	Schlesinger, Higgins & Roseman	2020
"The traditional retail model is transforming whereby manufacturers are bypassing intermediaries in pursuit of direct-to-consumer channels."	The authors consider D2C as bypassing traditional retailers and highlight that different D2C channels exist.	The authors look at D2C strictly from a channel perspective, whereas the dissertation author takes on the perspective of a channel selection strategy.	Pasirayi & Fennell	2021

Direct selling belongs to the oldest means of distribution (Gassmann et al., 2020). Therefore, previous authors have already developed definitions of direct selling; these definitions, however, were contradictory or ambiguous (Peterson & Wotruba, 1996). The selected definitions aim to highlight these inconsistencies but do not include all definitions over the past decades regarding direct selling because that would go beyond the purpose of this thesis. The author selected two core components of definitions, the first one addresses the definitions of direct selling before the development of online shopping and continues with more recent definitions regarding D2C strategies. It is critical to understand the source of the term and its evolution, because it can help in the formulation of a definition—one that is based on the large literature base while aligning with the current market environment. Moreover, the recent and well-known perspective of Gassmann et al. (2020) of selling without intermediaries uses the same term (direct selling) as previously. Therefore, evaluating these definitions is a valuable step in finding a proper working definition. It should be considered that the definitions do not always use the term "D2C strategies" as discussed in the previous chapter. For the purpose of finding a proper working definition, the author does not distinguish the different terms and concepts any further as this field was addressed in Section 2.4.2.

In 1984, Baker (1984) considered direct selling to be a form of distribution that cuts out any middlemen such as retail outlets, wholesalers, or other types of distributors (Baker, 1984). Four years later, Ostrow and Smith (1988) placed a different lens on direct selling and narrowed it down to selling through telephone sales, door-to-door, or home parties (Ostrow & Smith, 1988). Clemente (1992) complicated the matter by emphasizing the aspect of personal explanations at home—but also in a retailer's environment (Clemente, 1992). Peterson and Wotruba (1996) addressed and acknowledged this confusion of direct selling definitions and aimed to propose another. These researchers claim that "direct selling is face-to-face selling away from a fixed retail location" (Peterson & Wotruba, 1996).

The second type of definition encompasses the latest D2C definitions and therefore helps to outline the current phenomenon of D2C strategies in the consumer goods market environment. Calder et al. (2018) assumed the perspective of D2C strategies as a circumvention of intermediaries utilizing digital technologies (Calder et al., 2018). By contrast, the research team of Kahn et al. (2018) not only mentioned the digital aspect, but also stated that it could be a part of a D2C strategy. Moreover, their perspective points out that the D2C strategy can be operated among other channels as well (Kahn et al., 2018). Gielens & Steenkamp (2019) focused on a purely online approach as did Calder et al. (2018). They considered it to be a top-down and disintermediation concept. Schlesinger et al. (2020) were also approaching the subject through an online-driven definition. Interestingly, they argued in the article that to succeed in the future offline channels (omnichannel approaches) are required (Schlesinger et al., 2020). Pasirayi and Fennell also characterized D2C strategies as a bypassing of intermediaries and highlighted that different direct channels exist (Pasirayi & Fennell, 2021).

Analyzing the unique features and angles on D2C strategies, the author concludes that three core components stand out, as discussed below.

A) **Bypassing intermediaries**. In both the older definitions (Baker, 1984) and more recent ones (Calder et al., 2018; Gielens & Steenkamp, 2019; Pasirayi & Fennell, 2021), the bypassing of intermediaries—namely, the disintermediation character of D2C strategies—is crucial.

B) **Broad continuum in terms of channels and means of selling through D2C strategies**. The included channels vary remarkably between different authors. While stationary retail outlets are a component of D2C strategies (Baker, 1984; Kahn et al., 2018), other researchers do not mention this channel. When the internet did not yet exist, the direct-selling approach was defined as face-to-face (Peterson & Wotruba, 1996); today, however, many articles narrow down D2C strategies to an online phenomenon (Calder et al., 2018; Gielens & Steenkamp, 2019). Nevertheless, the most recent definitions place considerable emphasis on the online channel in which physical channels can play a role but do not have to.

C) **The market environment changes the term as well**. Apparently, the unique features of direct selling more than 20 years ago overlap with the perspective today. Nevertheless, the term has evolved and differs in the current market environment compared to the past. Therefore, the author states that definitions can evolve and emphasizes that D2C strategy as a term is strongly linked to the developments in the consumer goods market environment.

The author considers these three core components to be critical in terms of a proper working definition of D2C strategy from a macro-level. At first, he develops a D2C definition based as closely as possible on existing definitions. In a final step, the major components are used to refine the final working definition and help to do a “sanity check”.

The micro-level D2C strategy definition development

Direct-to-consumer (D2C). As Gielens & Steenkamp (2019) use the term D2C, as published in the *International Journal of Research in Marketing*, the author relies on that term as well.

Strategy. Watson et al. (2015) consider vertical integration to be a marketing channel selection strategy. Therefore, the author makes use of that lens as well.

Allow. Similar to other authors’ (Gielens & Steenkamp, 2019) usage, the author considers the term “allow” as target-oriented because it focuses on the possibility that a direct approach stands for an established consumer goods manufacturer.

Established consumer goods manufacturer. The author sheds light on the D2C strategy of established consumer goods manufacturers. It is important to add this lens to the definition to delineate the focus from D2C start-ups.

Interact. As shown in article 2 of this dissertation, D2C allows manufacturers to achieve various goals apart from just selling directly. Therefore, it is crucial to integrate this perspective.

Sell directly to consumers. Kahn et al. (2018) clearly outline the two D2C channels: online and offline. But some authors even add D2C marketplaces (Gielens & Steenkamp, 2019). Due to this inconsistency in the literature, the author does not mention specific direct channels.

Initial Working Definition. Direct-to-consumer (D2C) strategies allow established consumer goods manufacturers to interact or even sell directly to consumers.

Macro-Level Refinement

As previously described, the suggested working definition, which is close to existing definitions, will be refined through a macro-level lens. A first improvement is to add the phrase “in the current market environment”. As previously described, terms in a highly dynamic consumer goods environment can change over time. Currently, D2C strategy is the appropriate lens. Second, the author would like to highlight the missing intermediaries in the definition. It helps to improve the clarity while showcasing leading academic publications (Gielens & Steenkamp, 2019) that the disintermediation aspect fits with the latest top-level research. Therefore, the final working definition of the purpose of this thesis is as follows:

Direct-to-Consumer (D2C) strategies allow established consumer goods manufacturers to bypass intermediaries in the current market environment and interact or even sell directly to consumers.

2.5 Literature Review

In the following section, the author has compiled the most recent academic literature on D2C strategies. He used a systematic literature review as an approach to summarize the current state of research (Fisch & Block, 2018), following which the results were classified into four categories. These are derived from the general research on marketing channel research (see Section 2.3) and are based on this distinction. The four categories are channel selection strategy determinants, relationship outcomes (conflicts, synergies, coordination), consequences on firm value, and success mechanisms.

2.5.1 A Systematic Literature Review

A systematic literature review uses a more rigorous and well-defined approach than traditional literature review techniques (Cronin et al., 2008). This approach required a specific time frame for the selected literature and precise criteria (Parahoo, 2014). The entire process is carefully described (Cronin et al., 2008), and it should be transparent and reproducible (Fisch & Block, 2018). This process is based on a high degree of transparency (Tranfield et al., 2003). Therefore, the author must outline the definition of keywords and search terms, the applied selection criteria (for instance, the time frame or the language used), the selection of the database, the description of the identified literature, and a clearly explained review strategy.

Identification of the keywords and search terms

To systemically review the literature, the author has executed a systematic literature review. A systematic literature review requires the first step of identifying the keywords and search terms (Tranfield et al., 2003). The previously outlined practical and especially empirical literature, the experience of the author in the field, as well as discussions within the research team helped to determine the appropriate keywords. The author has defined the following keywords: direct to consumer, direct to consumer strategy, direct to consumer model, direct to consumer business model, D2C, and DtC. Moreover, the author looked up all the keywords at the same time and used the “OR” variable in EBSCOhost to avoid redundancies.

Selection criteria

Various selection criteria were necessary to carry out the literature review. Initially, the author only included peer-reviewed journals. The second criterion was related to the time frame; the author investigated only the research on D2C over the past six years (January 2015 to June 2021). He limited the scope and time frame since he aims to create a current state the art. The third criterion was to include papers from all over the world and not to exclude certain countries. English was the main language, but the author was willing to include German papers as well. To ensure a high quality of the literature review, the author added the ranking of the journals according to the VHB-JOURQUAL. Due to the limited number of papers, he did not exclude lower-ranking papers.

Selection of the database

EBSCOhost with “Business Source Premier” was selected as the database for the systematic literature review. The results were displayed only with a title, author, and abstract.

Identification of the literature

EBSCOhost discovered 15,020 articles for the selected time frame (State: 15.06.2021). After excluding non-scholarly papers (no peer-reviewed journals), 4599 remained. As a next step, the author read the title and abstract to decide which ones fit the overall topic and might address the overarching research question—leaving 82 remaining. In a further step, the findings of these articles were evaluated to determine whether they fit with the purpose of this thesis or not. In the end, 51 articles were included in the thesis.

Review strategy

To outline the selected papers, the author created a table in the appendix *A) Systematic Literature Review* and presented the following elements of every article: authors, year, title, the purpose of the paper, key findings, suggestions for further research, D2C domain, search process, journal, ranking (VHB 2021), source (APA). It must be mentioned that the articles are partly located at the interfaces between D2C domains. The author then decided which domain or content was predominant and classified them accordingly.

Moreover, due to the different terminologies (see Section 2.4.3) that are applied by different papers, the author went through Google Scholar and the papers to detect missing papers from the systematic literature (that is, a forward and backward sampling). He added an extra column in the table to mark these outsiders. The papers were classified according to relevant dimensions that fit into previous literature debates in the field of marketing channels followed by the year and the authors.

2.5.2 Channel Selection Strategy Determinants

The first selection of D2C articles is classified in the D2C domain of channel selection strategy determinants. This domain covers all articles that look at factors that determine whether a manufacturer adds and operates a direct channel or not.

Going direct is an increasing trend in the consumer goods environment (Watson et al., 2015). Among all the significant trends of omnichannel, e-commerce or big data issues in the field of shopping regarding consumer goods, the addition of a direct channel and integration forward is a major trend within that setting (Kahn et al., 2018). Launching one's own web shops is on the rise globally and also belongs to the global sales channels trends (Steenkamp, 2020). The specific determinants can be differentiated from four angles: retailer–manufacturer relationship, consumers, manufacturer, and the characteristics of the product itself.

Channel preferences are influenced by the relationship with retailers and manufacturers (Cai, 2010). For instance, if an online retailer operates an online store, the manufacturer has an incentive to add a direct channel in the form of an online store as well (Y. Xia et al., 2017). If the retailer does not have one, the manufacturer should not go direct because it may increase the wholesale prices. It is not surprising that retailers can even proactively implement measures to stop the launch of a direct channel by the manufacturer and discourage it (Hamamura & Zennyo, 2021).

When not online, the retailer can work as a determinant to go direct or not; the consumers' attitude is also significant. An investigation by the team of Yi (2018) states that if the consumers' fairness concerns are weak, going direct seems to be the appropriate option for the manufacturer (Yi et al., 2018). Moreover, if consumers have channel preference gaps or significant differences between direct and indirect channels exist, a direct channel besides an indirect one makes sense for the manufacturer (Yu et al., 2020). In terms of pure D2C brands, several determinants exist from a consumer perspective in the literature: co-creation, cost-effectiveness, website attractiveness, brand uniqueness, social media engagement, and the innovativeness of D2C brands significantly influence consumers' attitudes (N. L. Kim et al., 2021).

Additional papers point out that the products themselves can work as a determinant. The investigation of Liu (2019) et al. concludes that for basic products, selling direct and through intermediaries such as retailers is the appropriate solution. They claim that for many luxury products the demand seems to be too low to sell directly in addition to the intermediary sales channel (C. Liu et al., 2019). Another study in the field of electronic goods reveals that a pure direct selling strategy was never chosen (C. Zhang et al., 2021). Instead, the channel configuration depends on channel competition intensity and transaction fees, leading to different configurations of direct and indirect channels.

From a manufacturer's perspective, determinants such as channel operating costs (C. Wang et al., 2018), consumers' channel preferences, and competitors' channel strategy matter the most (Y. Zhang & Hezarkhani, 2021). Further determinants are factors such as channel base demand, channel operational costs, and channel substitutability (Cai, 2010). Going direct is the better solution if the operating costs of the direct channel are remarkably lower than via indirect channels such as resellers or agents (Pu et al., 2020). Another core determinant is the fact that a direct channel should only be launched if actual revenues can be generated and occur in this channel (Nie et al., 2021). This can be linked with the question of how popular the brand is.

2.5.3 Relationship Outcomes

To address a wider range of customers, manufacturers frequently combine direct and indirect channels (Modak & Kelle, 2019). This combination leads to conflicts and synergies with the partners, frequently in the form of retailers. In this section, the interplay between manufacturers and retailers is the focus. It remains unclear which setting between manufacturer and retailer is the best and under which conditions, and the missing consensus is outlined in the next sections.

Power is a key factor in the relationship between manufacturers and retailers. A study even found that the higher share of power is linked with higher channel profits for this organization (Kadiyali et al., 2000). Connected to the question of power is who shares or possesses the information (Dong et al., 2018). One study shows that a direct channel improves the information flow and increases information transparency between retailers and manufacturers if a direct channel is added by the manufacturer (Hao & Jiang, 2019). Some authors claim that from a manufacturer's perspective, a dual-channel setting compared to a pure indirect one is preferable (Dumrongsiri et al., 2008). This is the case when the marginal costs of the retailer are high while wholesale price, demand variability, and consumer valuation remain low. Selling as a manufacturer through indirect and direct channels can lead to a win-win situation for both the retailer and the manufacturer.

One condition is thereby crucial, namely the pricing on the manufacturer's side (Tsay & Agrawal, 2004).
Another perspective points out that the direct channel outperforms the traditional retail channel in terms of profits improvements, as claimed by(T.-H. Chen, 2015). This is accelerated by the tendency of manufacturers to invest in cost reductions if the direct channel is efficient (Sun et al., 2019). The retailer and manufacturer benefit from cost reductions by the manufacturer without a direct channel; but if a direct channel is added, only the manufacturer benefits.
In the offline world, when retailers and manufacturers' stores compete physically co-located, retailers typically demand higher prices and are more willing to engage in marketing initiatives from the manufacturer (Y. Wang et al., 2009). Naturally, this relationship can cause channel conflicts. The management of direct and indirect channels is a complex management issue (Q. Li et al., 2017). The retailer and profit of the manufacturer depends on manufacturers' per unit selling costs and the degree of risk aversion of the retailer. Channel conflicts can even cause two different effects if a manufacturer adds a direct channel: between the online and offline channels of the manufacturer and between the manufacturer and the retailer (J.-C. Kim & Chun, 2018).
To deal with channel conflicts in a dual-channel setting, different authors suggest different measures. Some authors claim that the implementation of revenue-sharing contracts can resolve conflicts (T.-H. Chen, 2015). Another measure is to differentiate the branding activities (Yan, 2011) or to form a retailer-side alliance if a manufacturer adds a direct channel (H. Liu et al., 2017). Other authors have developed different strategies that enable manufacturers to go direct without causing conflicts: (a) embracing stealth (e.g., focusing on customer segments that have been underserved by traditional distributors), (b) creating hooks (e.g., bundling different products); and (c) minimizing pain for downstream business partners (Calder et al., 2018). Another paper also developed three types of strategies to launch an online direct sales strategy and minimize channel conflicts (Wölfle & Leimstoll, 2019): an online direct sales strategy, a multi-touch-point strategy, and a platform strategy. The second strategy—multi-touch-point—can be implemented in four different types. Even though the relationship can cause conflicts and create synergies, win-win situations, lose-lose situations, or even Pareto zones are feasible. To create a win-win situation, different conditions have to be met (J. Xia & Niu, 2020). The authors claim that sales efficiency of the online channel, channel power of

the manufacturer, positive spillover effect from retail on the online channel all play a role. Moreover, they are contingent on market uncertainty, multi-sourcing and capacity constraints.

However, adding a direct channel can also create a lose-lose situation (Pan, 2019). A paper by Pan (2019) states that direct channel always reduces the profits of the retailer. Moreover, a direct channel can even reduce the manufacturer's profit and ultimately create a lose-lose situation. Nevertheless, under certain conditions and settings, also Pareto zones between manufacturer and retailer are possible (Lei et al., 2020).

2.5.4 Consequences on Firm Value

The domain of consequences on firm value sheds light on channel additions and how they can affect the value of a firm in respect to a manufacturer.

Adding a direct and additional channel that can cause cannibalization is a popular belief. Deleenrsnyder et al. (2002) challenged this view and came to the conclusion that the addition of an internet channel does not produce a cannibalization effect as expected (Deleersnyder et al., 2002). Rather internet channel addition improved the stock market performance of these companies (Geyskens et al., 2002). The benefits of going direct as manufacturers outweigh the risks and costs, such as an increasing information asymmetry, because profits increase (P. Chen et al., 2017). If a company announces it is adding an e-commerce channel, this will affect the company's accumulative abnormal returns, EVA, and MVA value (Cheng et al., 2007). The authors conclude that from a financial performance perspective, channel addition has a positive impact on financial performance. Homburg and colleagues (2014) investigated two forms of additional channels: (a) the establishment of a new channel, and (b) the increase of distribution intensity and their impacts on firm value (Homburg et al., 2014). The consequences on firm value differ. While a new additional channel affects the firm value in a positive way, the increase of the distribution intensity sharply relies on different contingencies.

Nevertheless, other research calls this into question. A direct offline channel can work as a cannibalization factor. Avery et al. (2012) determined that an offline store supports the revenues of indirect channels but remarkably reduces sales through catalogues (Avery et al., 2012).

By contrast, a recent study that shed light on D2C subscription channel addition discovered negative effects on firm value (Pasirayi & Fennell, 2021). This finding is attributed to the fact that conflicts emerged due to this channel addition. The authors uncovered firm-specific characteristics and strategic execution as influencing factors. Moreover, they found that channel power markedly helps to reduce the negative impact of conflicts.

2.5.5 Success Mechanisms

The D2C domain success mechanisms encompass measures and approaches that boost the direct channels and lead to the desired success for manufacturers. Understanding this aspect is particularly important because D2C success is far from guaranteed. Many of these D2C brand websites, for instance—apart from the top-of-mind brands such as Apple—do not yet generate significant revenue (Gielens & Steenkamp, 2019). These manufacturers lack the resources, scale, and awareness to drive traffic to their websites. It should be noted that research has shown figured out that, depending on the country, different characteristics of website shops such as privacy, customization, or pleasure are preferred and therefore vary by the consumers (Steenkamp & Geyskens, 2006). This is in line with an article that claims that there is only one factor that supports the selection of the direct channel, namely the information provided (Múgica & Berné, 2019). The basket size and the assortment speak for the indirect channel. Given this challenging initial situation, manufacturers try to take root in the field and look for success mechanisms.

The first pillar is internal success mechanisms. Successfully transitioning to a D2C channel requires a different mindset and opens up the question of whether sales and operations planning is the right approach to execute rapidly and deliver in an agile way (Bower, 2016). Strongly connected to this is how technology can help the transition. Technology certainly can support direct channels, particularly helping less experienced salespeople to create relationships (Harrison & Hair, 2017); however, it is a limited success mechanism. Additional mechanisms are linked with the D2C offering of manufacturers (Gielens & Steenkamp, 2019), selling a broad assortment, unique assortment, offering exclusives, and premium products. The strong focus on the assortment is in line with previous research that states that assortment is among the most important factors affecting channel or retail choice (Hoch et al., 1999; Verhoef et al., 2007). Larger assortments can be offered online and linked with low costs (Emrich et al., 2015; J. Zhang et al., 2010). Moreover, manufacturers make use of personalization options, relating these to special service offerings so as to differentiate themselves from retailers (Gielens & Steenkamp, 2019). The greatest opportunity lies in direct engagement to facilitate choice and deliver personalized experiences. Internally, the process regarding the transitions that many former B2B-focused companies go through is critical for the success of the new direct strategy (Yeow et al., 2018). One research team conducted an extensive case study on the sporting goods manufacturer Hummel that added a digital strategy when launching an online shop in addition to its traditional wholesale channels. The authors applied the dynamic capability lens and built on the fact that tensions between the new strategy and resources emerge. Based on that, the case study revealed that an aligning process model consisting of three phases emerged from the results. Different aligning actions shape the organization's sensing, seizing, and reconfiguring capacities. These actions allow manufacturers to respond to internal tensions as well as to the dynamic environment.

Looking at the customer side is a second pillar when considering success mechanisms. In particular, it is vital to understand the different customer segments. In the winery industry, for instance, the D2C channel is on the rise, but not every customer segment is attractive for this channel (Higgins et al., 2015). The findings suggest that the typical customer is an older, married man with a high income and usually a wine connoisseur. By contrast, millennials do not seem to be a promising customer segment. Looking at the demand and customers to successfully create D2C strategies was also pursued by another research team (W. G. Zhang et al., 2017). The findings highlight that different demand distribution structures exist; if they are considered, this helps manufacturers to understand the channel choices by customers and, consequently, to allocate their marketing efforts toward the most profitable customers.

The third pillar is D2C channel issues. Besides various online D2C approaches, certain players try to launch offline concepts as well (Nierobisch et al., 2017b). FMCG players increasingly operate offline flagship stores. The authors' results demonstrate that in the low-involvement FMCG environment, flagship stores reinforce brand experience but do not automatically cause positive consumer reactions. The effect of flagship stores on future purchases is mediated by factors such as brand attachment or brand equity. In addition, online-only D2C start-ups launch offline concepts (Bell et al., 2017). Showrooms of online-first D2C start-ups / online-first retailers (e.g., Warby Parker) that are introduced can increase overall demand as well as for the online channel. Moreover, spill over effects on other channels occur and improve the general efficiency by, for instance, reducing returns. Furthermore, showrooms contribute to and improve brand and channel awareness. In the view of Schlesinger et al., only going offline is not enough to save the D2C models (Schlesinger et al., 2020). There is a need for omnichannel approaches, but also for community as differentiator, margin expansions through vertical integration, and the usage of voice marketing.

2.6 Summary of the Literature

The conceptual background contains the most relevant literature and underlying literature streams to describe the D2C strategy trend. Based on this literature, the author derives three conclusions that summarize the existing literature.

Conclusion 1: Direct selling comes in different forms and has evolved over time.

As the literature illustrates, especially in Section 2.4, a wide variety of terms and lenses have been applied to D2C. On the one hand, this can be explained by the long history of direct sales. Well-known companies such as Nespresso or Tupperware have been on the market for a long time and have been investigated from various perspectives. On the other hand, in the current market environment, the importance of D2C has been greatly accelerated and D2C start-ups are fighting for market share. In this way, the old world of direct selling has met the new D2C start-ups, mixing the old and the new. It should be noted that the different perspectives cannot be considered conclusively from a research point of view and that the topic will continue to develop. Nevertheless, it should be noted that the underlying mechanisms should not be regarded as completely new. Rather, a rich literature on forwarding integration can be used.

Conclusion 2: D2C strategies offer various interesting practical and academic problems.

The systematic literature review shows that different facets of D2C strategies can be investigated. First, the well-known if-question or the search for determinants for D2C strategies can be mentioned. Second, an important branch of D2C literature is certainly the topic of relationships. In particular, it is important to focus on conflicts and synergies with intermediaries. Third, the consequences on firm value through direct channels must be considered. Fourth, the focus can be placed on the direct channel itself. The focus here is on how the direct channel leads to the desired success.

Conclusion 3: Established consumer goods manufacturers lack the familiarity to deal with end consumers.

The literature illustrates that classic consumer goods manufacturers are strong in areas such as brand management. However, for many, direct contact with end customers has not so far been the focus; this has been left instead to the classic retailer. Due to a wide variety of determinants such as the simplicity of setting up online shops, however, direct sales are now increasingly coming back into focus. The D2C strategy requires the development of competencies that the intermediary originally held. Acquiring these and interacting with end consumers is one of the major challenges in D2C.

3 Article 1: The Prerequisites for D2C Strategies

3.1 Abstract

Various drivers are currently encouraging established consumer goods manufacturers to start exploiting the D2C growth opportunity. Semi-structured interviews were used to explore the different facets and angles of D2C drivers and prerequisites. The results show that for traditionally intermediary-focused manufacturers the launching of D2C strategies demands four prerequisites: commitment, capabilities, customer transformation management and culture.

3.2 Introduction

Bypassing intermediaries and selling directly to consumers (D2C strategy) is amongthe major trends for consumer goods manufacturers (Y. Xia et al., 2017). While some manufacturers tap into the direct-to-consumer (D2C) field by acquiring D2C start-ups,such as the well-known Dollar Shave Club example (Pasirayi & Fennell, 2021), otherscreate their own D2C brands (Schlesinger et al., 2020). Yet, the vast majority of manufacturers, such as Estée Lauder or Hewlett Packard, add a direct channel and still strongly rely on intermediaries (Y. Zhang & Hezarkhani, 2021).

These companies, which come from an intermediary focus and increasingly tap into direct channels, are the focus of this article. Prior literature has shed light on the management of the channel configurations of these manufacturers that sell directly and through intermediaries. A high number of research articles has been published on channel conflicts (Pan, 2019; Samaha et al., 2011; D. Sharma et al., 2018.; Tsay & Agrawal, 2004) between manufacturers and retailers, on pricing aspects (Cattani et al., 2006; Choi, 1991; Matsui, 2020; Zhou et al., 2019) or on determinants for going direct or buying direct from a consumer perspective (N. L. Kim et al., 2021; J. Li et al., 2017; Múgica & Berné, 2019; Yu et al., 2020).

Yet, literature with an exclusive focus on the manufacturers' perspective is limited. For instance, flagship stores were investigated (Nierobisch et al., 2017a), as well as the appeal of manufacturers' online channel websites and how to drive traffic (Gielens & Steenkamp, 2019; Steenkamp & Geyskens, 2006). Further authors investigated how to allocate the marketing efforts (W. G. Zhang et al., 2017) and conducted an analysis of the consumers who buy directly (Higgins et al., 2015; N. L. Kim et al., 2021). The existing literature on missing D2C strategy success (Gielens & Steenkamp, 2019; Schlesinger et al., 2020; C. Zhang et al., 2021) combined with the observation that by far not all manufacturers embark on the D2C strategy journey (European Commission, 2017; Schögel & Lienhard, 2021b) prompt the question what prerequisites (defined as prior conditions) are required for launching and developing a D2C strategy. Research so far has mainly focused on conditions that help the retailer and manufacturer to benefit financially from a direct channel (Dumrongsiri et al., 2008; Nie et al., 2021; Tsay & Agrawal, 2004) or to create a Pareto zone (Lei et al., 2020). Thus, the research question of this article is: What do the managers of established manufacturers consider to be necessary prerequisites for selling directly to consumers in addition to selling through intermediaries?

The article starts with a brief literature review of D2C strategies of establishedmanufacturers. In contrast to de-novo brands or D2C start-ups, these brands have been well known to consumers for years or even decades (Gielens & Steenkamp, 2019).In this context, the authors dive into the underlying concept of direct selling. The subsequent section outlines the methodological approach of the investigation, followed by a sectionon the results of the study. Finally, the authorsdevelop managerial implications for consumer goods manufacturers and their managers.

3.3 Literature Review

Different authors put different lenses on D2C strategies in terms of definition and scope (Gielens & Steenkamp, 2019; Kahn et al., 2018; Pasirayi & Fennell, 2021; Schlesinger et al., 2020). Based on this variety, the authors derived their own D2C definition: "Direct-to-Consumer (D2C) strategies allow established consumer goods manufacturers to bypass intermediaries in the current market environment and sell directly to consumers through means of offline or and online brand stores." D2C strategies belong to the channel selection strategies and are also frequently investigated through the lens of vertical integration (Gertner & Stillman, 2001; Harald et al., 2019; Kahn et al., 2018; Watson et al., 2015). If a manufacturer begins to bypass intermediaries and sell through online or offline direct channels to the consumer, these channels take over the functions of the downstream retailers (Watson et al., 2015). Especially in the apparel industry, some players like Zara or H&M have been vertically integrated for decades. Before the advent of the internet, brand stores served as their distribution channel, and with the emergence of the internet they started to also adopt e-commerce (Gertner & Stillman, 2001). In addition to vertically integrated companies like Zara, there are direct selling organizations which are characterized by "face-to-face selling away from a fixed retail location"

(Peterson & Wotruba, 1996). Moreover, the established manufacturers have been challenged by so-called D2C start-ups that sell mostly through online channels (Schlesinger et al., 2020).

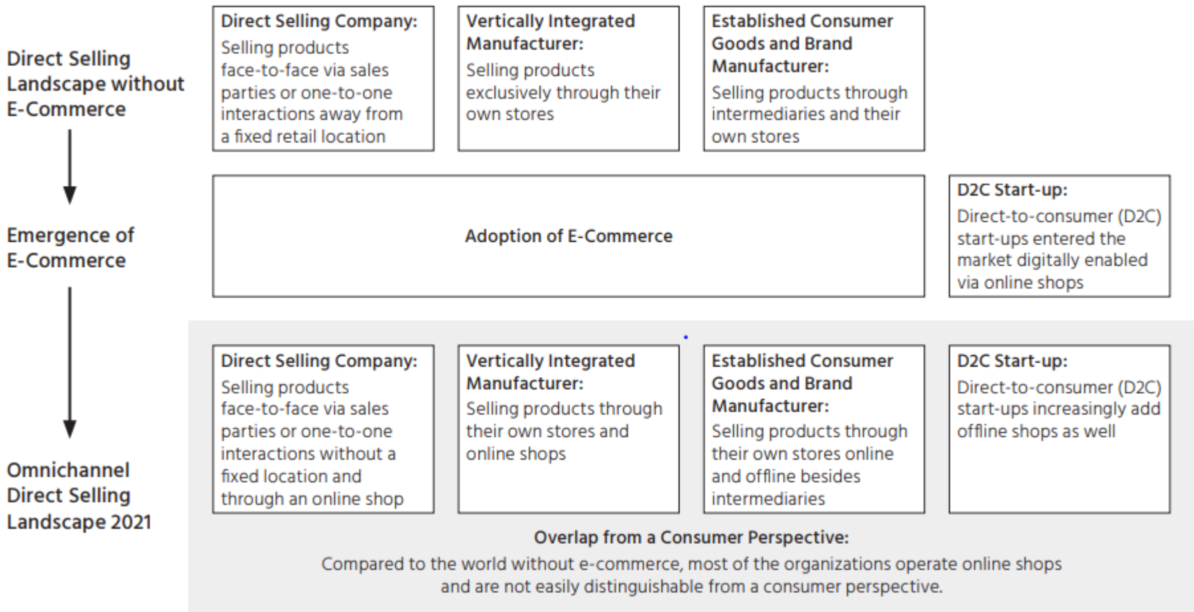

Figure 14: Evolution and development of the direct selling landscape (based on Gertner & Stillman, 2001; Nierobisch et al., 2017; Peterson & Wotruba, 1996; Schlesinger et al., 2020; Watson et al., 2015).

The evolution of the different D2C approaches is summarized in Figure 14. Before the adoption of e-commerce, direct selling companies sold away from a fixed retail location, vertically integrated players like Zara sold in fixed retail locations and some established consumer goods and brand manufacturers sold through their own stores besides their focus on intermediaries. Due to the ease of selling directly via e-commerce channels, all of these organizations adopted e-commerce (only a few of them have not). Moreover, D2C start-ups entered the market since it became very easy to set up an online store with a new brand and to sell directly (Gielens & Steenkamp, 2019; Schlesinger et al., 2020). Nowadays, this omni-channel direct selling landscape encompasses four different types of organizations that operate online and offline channels. From a consumer perspective, the different evolutionary roots of these companies are not easily distinguishable in their online shops.

In the current market environment, enabled by digital technology, going online and bypassing intermediaries in the form of D2C strategies has become a major trend (Pasirayi & Fennell, 2021). Manufacturers have increasingly started to turn their information website into an online shop to create an additional sales channel (Gielens & Steenkamp, 2019). In addition, manufacturers still have the option to also sell directly via offline stores. New outlet forms such as flagship stores or showrooms have gained in attractiveness and can also be part of a D2C strategy, besides the online shop (Kahn et al., 2018; Nierobisch et al., 2017a).

The advantages of a D2C strategy are numerous. Forward integration is linked with a decrease of transaction-related costs (D'aveni & Ravenscraft, 1994), can lead to higher profits for manufacturers (Chiang et al., 2003; Tsay & Agrawal, 2004), and addresses the double marginalization problem (Kumar & Ruan, 2006). D2C strategies also provide a direct channel for consumers to voice their opinions, thus helping the manufacturer better understand consumers and their behavior. Facilitating choice, improving consumer satisfaction, opportunities to deliver personalized experiences or to gather data, and the potential usage as a test market for product development are further benefits of a D2C strategy (Gielens & Steenkamp, 2019).

However, D2C strategies also come with some disadvantages. First of all, going direct while also maintaining indirect channels via intermediaries may lead to channel conflicts (D. Sharma & Parida, 2018) since the intermediary will lose benefits such as market coverage or opportunities for gathering information (Choi, 1991) when manufacturers andretailers turn into horizontal competitors. Some retailers even start to invest voluntarily to reduce the threat of a manufacturer going direct (Hamamura & Zennyo, 2021). As soon as the direct channel is in place, further obstacles may arise. For example, many manufacturers are not able to generate enough traffic on the website and, thus, sufficient revenues (Gielens & Steenkamp, 2019).

Even though a D2C strategy is challenging for the manufacturer and the retailer in different ways, different authors suggest that a Pareto zone exists where both players can benefit from the introduction of a direct channel (Chiang et al., 2003; Tsay & Agrawal, 2004). Further research suggests that this zone depends on different factors like wholesale price, demand variabilities and marginal costs (Dumrongsiri et al., 2008). So far, however, studies shedding light on the role of the manufacturer in the current market environment and on the prerequisites for launching and developing D2C strategies are missing.

3.4 Method

Due to the complexity of the phenomena and the limited literature on the current D2C strategy trend in the retailing and consumer goods environment, the authors decided to conduct a qualitative study. Semi-structured interviews (Silverman, 2015) with a threephased approach were used to explore the different facets and angles of D2C drivers and prerequisites. In the first round, eight marketing managers responsible for the D2C strategy of an established consumer goods manufacturer were interviewed. The transcripts were coded with Atlas.ti, and a qualitative content analysis according to Mayring and Fenzl (Mayring & Fenzl, 2014) allowed the authors to organize the data into different prerequisites. Based on those, the first draft of a prerequisite framework was developed. In a second round, the authors discussed this draft with eight different managers working with established consumer goods manufacturers and involved in the development of the D2C strategy within their companies. During these interviews, further components were developed, especially the drivers to go direct, because the interviewees highlighted the need for a holistic understanding of how manufacturers decide to go direct and the role of the prerequisites. The adjustments and areas of (dis-)agreement were adapted into the framework. Lastly, the second draft was discussed in another round with the same participants to challenge the ultimate framework and especially the areas of disagreement. After 24 interviews with 16 interview partners in total, theoretical saturation was reached and no additional prerequisites could be identified (Strauss & Corbin, 1994).

3.5 Results

The results encompass two aspects of D2C strategies: drivers and prerequisites. First, the underlying drivers for developing a direct channel, besides the intermediary channel, are briefly outlined. Next, the prerequisites are elaborated.

As explained above, during interview rounds two and three the interviewees emphasized the linkage between the D2C drivers and the prerequisites, which enhances the understanding of the prerequisites.

The D2C drivers may be classified into three categories which represent different types of reasons (Figure 14).

Figure 15: D2C drivers (author illustration).

The first category includes the manufacturers' **internal reasons**. In line with previous literature, the financial attractiveness (removing the double marginalization problem) due to retaining the retailer margin is a strong driver. Moreover, many of these manufacturing companies have at least some experience with D2C due to their factory stores. Hence, they can assess what it means to have direct contact with customers. Here is an exemplary quote:

"Historically, we already had a D2C solution by running a factory shop (...). There was already access to the end consumer, but the shop offered mostly niche products. The added value was very small." (Manager 1)

The second category encompasses the so-called **market reasons**. Here, the strongest and most frequently discussed reason is the dependency on retail. It is well known that the relationship with intermediaries like retailers can be challenging and comes with certain business risks. If the revenues of a manufacturer in a certain market depend on just one or two domestic retailers, a purchasing stop by the retailer would endanger the entire unit. The following quote underpins this:

"We want to gain more direct access to the consumers and collect feedback from them. In addition, our dependency on the retail trade is very high. There is only one major player and that is Coop. Through D2C we can open up further distribution channels and minimize our dependency." (Manager 2)

Moreover, D2C strategies enable manufacturers to expand and open up new markets fairly quickly, especially online. Further reasons are price control and the fear of missing out because D2C is a big trend.

The last category consists of **customer-driven reasons**. First of all, a D2C strategy enables manufacturers to create a relationship with customers and better conveys the emotionality of products. Another strong driver is the opportunity to gather first-party data. Especially in Switzerland, receiving or buying data from retailers is difficult or fairly expensive. Accessibility is improved by D2C strategies: *"We also want to get data and try out different things." (Manager 8)*

Besides these various drivers to go direct, four different prerequisites could be identified in the course of the interviewing process.

The first prerequisite is **commitment**. The approval of the board and the CMO or CSO is required for launching and developing a D2C strategy. Various factors are associated with that prerequisite. Thus, perseverance is required to run a D2C strategy successfully in the mid and long term. Only if the board believes in D2C strategies and allows for their development over time, can the strategy grow: *"I would say thatit is slowed down*

when there is no commitment" (Manager 4). Especially when it comes to financial support: *"Support means that a higher budget is allocated, which drives D2C forward" (Manager 7).* The interviewees also mentioned that a dedicated D2C team should comprise various members of the management since D2C involves many different functions like marketing, sales or logistics.
A second prerequisite are the right **capabilities**. Taking on the retailer's functions means that manufacturers have to execute these functions on their own.Developing these capabilities, from search engine optimization and search engine advertising to logistics, is crucial as the following quote suggests: *"Fulfilment is critical to success. Beautiful pictures can be uploaded very quickly into the online store, but if the processes in the background do notwork, it is bad for the image" (Manager 3).* Furthermore, the interviewed managers highlighted that capabilities linked with the D2C-related customer journey have to be developed.
A third prerequisite is **customer transformation management**. This means that the initial situation of a manufacturer has to be understood and taken into account. If a manufacturer sells exclusively through intermediaries, their usual customer is a "B"-customer – typically purchasing managers of retailers: *"In B2B distribution, the employees have a very long-term relationship with the key accounts. In D2C, however, every customer has to be newly acquired and accompanied on the customer journey from start to finish" (Manager 2).* While in intermediary settings the managers face a limited amount of customers, in D2C the managers are forced to cope with thousands of customers on a daily basis. If a D2C strategy is implemented, the customers shift and are end customers ("C"-customers). Managing this transition and understanding the differences is crucial. Community management is a key attribute mentioned in this context: *"But what is very important is community management. It requires resources to create a commitment between customer and company" (Manager 1).*
The fourth prerequisite is an appropriate **culture**. This element is mostly driven by benchmarking with D2C leaders like Nespresso. The interviewees claim that these companies have a distinctive culture which is required for launching and developing D2C strategies, especially if a manufacturer intends to establish D2C as a relevant revenue pillar. This implies, for instance, the trialand error principle: *"It takes a certain sense of security to try something new and be prepared to fail" (Manager 6).* Another element that was mentioned in this context is the usage of new tools like the continuous improvement

process (CIP).

After the first round of interviews, the picture was unclear and blurry, but it seemed that commitment is a top-level prerequisite, capabilities and customer transformation management are a middle management prerequisite, and culture a company-wide one. Thus, in the first draft the authors tried to link the prerequisites to the various hierarchical levels. The interviewed managers of rounds two and three, however, challenged this view. They claimed that D2C is a topic that is very frequently middle management-driven and a strict correspondence of the prerequisites to certain levels is not appropriate. Often, middle-level managers initiate D2C and pitch it internally. Project teams that also include middle managers are formed to organize D2C projects. Therefore, middle managers are not the only ones involved, but they possess a decisive role in terms of internal enablers. The following exemplary quote highlights their crucial role: *"The top management should support and assist the introduction of D2C, but the implementation should be the responsibility of the middle management" (Manager 2).*

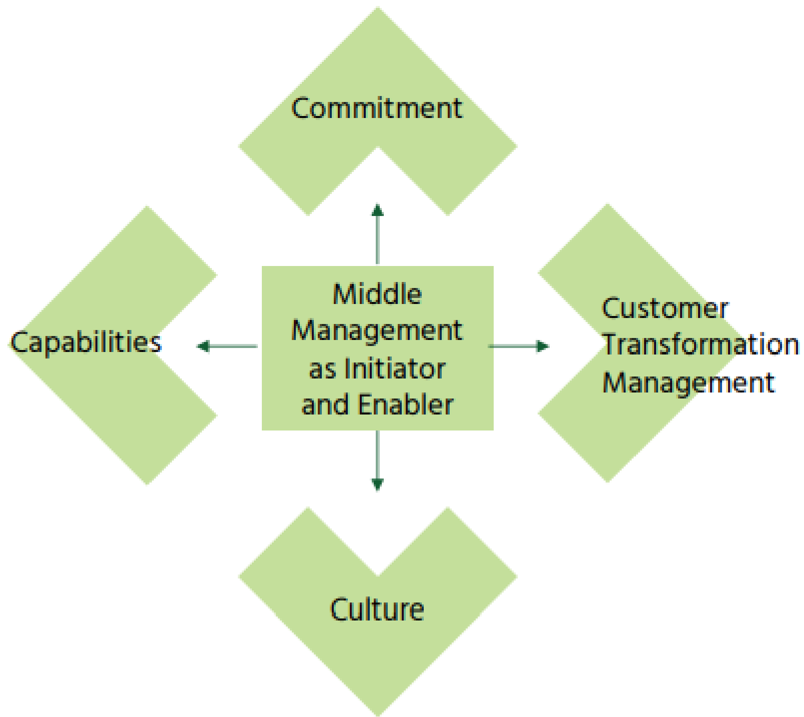

Figure 16: D2C prerequisites for established consumer goods manufacturers (author illustration).

3.6 Discussion and Implication

Based on the results of the investigation regarding prerequisites, the authors draw three conclusions for established consumer goods manufacturers that want to launch and develop a D2C strategy. The relevant managerial implications are outlined below, introduced by an appropriate quote from the data set.

Build on your factory store tradition to bring D2C internally forward

"The processes of the factory stores have long been running autonomously. There is a normal standard process there." (Manager 2)

A vast number of consumer goods companies have a long tradition of selling directly through factory stores. Building on these experiences helps to extend the required D2C competences and to overcome internal barriers or skepticism.

Adapt your working mode: keep testing and improving your offering

"We work with a trial-and-error principle and try to find out what works and what doesn't. I also try to convince different people internally to do new projects and celebrate the small successes." (Manager 6)

Since established consumer goods manufacturers do not have a lot of experience whenit comes to direct channels, especially e-commerce, they have to adapt their working mode. The fact that every click in an online store is directly attributable leads to constant opportunities for testing and improving the shop.

Allocate sufficient resources and maintain a long-term focus

"D2C is extremely expensive and most manufacturers don't want to spend that much money." (Manager 4)

Many managers of consumer goods companies underestimate the efforts and resources required for setting up an appealing D2C strategy. Even though financial attractiveness is a key driver to go direct, when it comes to the implementation, a remarkable amount of resources is required. As the quote highlights, many manufacturers are still relying entirely on their intermediary revenues and do not believe that D2C can add as much value as it costs. The intense competition spurred by D2C start-ups ((Schlesinger et al., 2020) makes it tremendously hard to succeed with a D2C strategy without allocating a large amount of resources.

Conclusion

To summarize, the interplay of different drivers encourages many manufacturers to launch D2C strategies. These are usually driven by the middle management that works as an enabler. Four prerequisites for launching a successful D2C strategy were identified by the present study:commitment, capabilities, culture, and customer transformation management. These prerequisites seem to be familiar and are also applicable to other topical issues and trends in the field of management. This, in fact, is an additional learning: even if established consumer goods manufacturers do not intend to use D2C channels, the prerequisites for launching D2C strategies are similarto those required for other issues they are currently confronted with.

Furtherstudies could double check the results with additional managers or use quantitative measures to disentangle the relative importance of the various D2C prerequisites.

4 Article 2: Learning instead of selling through D2C strategies with chat dialogues – The example of Emmi Caffè Latte

4.1 Abstract

D2C strategies are becoming increasingly important for consumer goods manufacturers. However, for a large number of brands of these companies, such as Emmi Caffè Latte, direct sales are not considered effective. Instead, the company wants to collect data through direct customer contact and learn directly from the customer. In theory and practice, the learning potential of D2C strategies is considered high, but concrete examples and analyses around learning through D2C strategies are missing. The authors therefore use a campaign by Emmi Caffè Latte to investigate how a consumer goods manufacturer can learn through a D2C strategy. The analyzed campaign links the physical product sold in retail with digital chatbot interactions. The results show that customers actively expressed feedback in chats and participated in the competition via QR code, and then even became brand ambassadors via social sharing. This rich data enables Emmi to build up and refine the customer database and enrich it with other attributes such as leisure interests or event visits. In addition, the chosen approach helps Emmi AG, a company focused on B2B2C, to gradually demystify the topic of D2C and to explain the rich opportunities. For consumer goods manufacturers, this case study exemplifies how D2C helps with a structured approach to data collection and use.

4.2 Introduction

D2C is not (only) direct sales:

In July 2020, The Economist magazine headlined: "The world's leading brands jump on the direct-selling bandwagon - they are after not just sales but data too" (The Economist, 2020). D2C strategies can therefore be used in addition to the sale of products, as well as for marketing, collecting data, generating insights or creating engagement (Bashkin et al., 2017; Oliver Wyman, 2019).

Vertically integrated companies such as Zara or H&M have been practicing direct sales to the end customer for a long time (Gertner & Stillman, 2001; Watson et al., 2015). In the Fast Moving Consumer Goods (FMCG) segment, the Nespresso example is often referred to (Gassmann et al., 2020; Kahn et al., 2018), but also companies such as Nahrin or Oswald sell mainly without intermediaries online (Wait, 2019) or even face-to-face directly to the end customer (Peterson & Wotruba, 1996). For a large number of consumer goods manufacturers, especially in the FMCG segment, D2C strategies have only become increasingly important in recent years (European Commission, 2017; Gielens & Steenkamp, 2019). Reinforced by Corona, companies such as PepsiCo, Oreo or Heinz launched D2C strategies in 2020 in addition to their core channel, retail (Campillo-Lundbeck, 2020; Schögel & Lienhard, 2021b; Slashgear, 2020; White, 2020; Yan, 2011). Heinz U.K., for example, quickly realized that many of its consumers were struggling to physically access their products and launched a D2C offering (Shopify, 2021a). Lindt & Sprüngli, which has been using D2C strategies in some countries such as Switzerland for some time, strengthened its D2C efforts in Canada after the closure of its brick-and-mortar stores with an online shop (Shopify, 2021b).

The previous academic literature on D2C strategies is strongly devoted to the topic of channel conflicts, but also possible synergies between direct approaches and distribution via intermediaries such as retailers (Pan, 2019; A. Sharma & Mehrotra, 2007; Tsay & Agrawal, 2004). In addition, the so-called "IF" question was increasingly examined, which developed determinants that speak for or against direct sales strategies (Casali et al., 2018; N. L. Kim et al., 2021). Channel extensions have also been in the interest of researchers (Geyskens et al., 2002) or D2C subscriptions and their consequences on company value (Pasirayi & Fennell, 2021). Likewise, success mechanisms for D2C strategies were the focus of investigations (Gielens & Steenkamp, 2019; Watson et al., 2015) or the general management of direct and indirect channels within a manufacturer (P. Chen et al., 2017; Yang et al., 2017).

However, D2C strategies are also considered to have a high potential to learn from the customer (Gielens & Steenkamp, 2019). This should lead to a better understanding of the customer and his behavior. This view of D2C strategies is also underpinned by executives: "Going forward, this [direct-to-consumer] channel will be incredibly powerful for getting closer to our consumers, gaining insights and transferring the insights to the rest of our business." Jean-Phillipe Nier, Head of E-Commerce UK&I, The Kraft Heinz Company (Shopify, 2021a).

This opportunity of learning through D2C strategies, rather than pure selling, is repeatedly emphasized in literature and practice. Especially for FMCG companies, learning through D2C strategies is an exciting field as selling is often very difficult due to low product prices, shelf life and freshness requirements, quality assurance or the need for shopping carts of customers. (Lebensmittelzeitung, 2021a, 2021b). However, the literature remains unclear and lacks concrete examples and analyses to what extent direct customer contact can be used to learn concretely.

Using the example of Emmi AG, the authors therefore address the question: How can Emmi AG learn directly from the customer on the basis of the Emmi Caffè Latte product brand campaign and what insights can it draw from this in order to increase efficiency in (digital) brand activation?

The article begins with a brief overview of the underlying technology of the analyzed campaign and follows with an introduction to the campaign by Emmi Caffè Latte. Finally, the findings for the product brand will be elaborated on the extent to which Emmi can approach the topic of D2C and what lessons other consumer goods manufacturers can draw from this.

4.3 Literature Review

Prerequisite for learning: The right technology for the sold product. Emmi Caffè Latte is mainly sold through intermediaries such as retail or convenience shops. These are often impulse purchases by consumers who want to treat themselves to a delicious refreshment. In order to get into contact with consumers and to be able to collect additional data, meaningful networking of the physical product with the digital instruments is required. It should be noted that the majority of private website visits are made via smartphone (Park & Cho, 2021). The numerous Emmi brands have also seen a dramatic increase in website visitors via mobile devices in recent years, which is why Emmi has developed the most important product websites with a "mobile first" approach.

Figure 17: Chat Dialogue with Wendy Holdener (author illustration).

In order to connect the physical Emmi Caffé Latte cups with the digital world, QR codes were used on the cup. Playful elements and rewards act as triggers to start a dialogue with consumers. The Dialog Engagement & Automation software from DiALOGiFY (formerly Scoutsss) offers these comprehensive functionalities and services for personalized marketing & sales communication. Conversational marketing prides itself on communicating more personally and relevantly, very suitable for smartphones. WhatsApp, WeChat and, most recently, the combined messenger for Facebook and Instagram are proof of this. Accordingly, the automated and web-based chat dialogues have arrived in the mainstream, rely on smartphones as constant companions and were used in this example of Emmi. The company thus serves the segment of the mobile "to-go generation" to which Emmi Caffè Latte's core target group belongs.

Emmi's brand managers can use a dashboard to carry out reports and segment analyses during the live campaign. This also supports the development of additional data competencies in the marketing team. In addition, DiALOGiFY allows the analysis of the dialog flow and graphically evaluates drop-outs on an ongoing basis. Adjustments and thus optimization of the dialogue are possible at any time.

The power of dialogues in customer communication with the flexible dialogue bridge from touchpoint (product with QR code) to call-to-actions lies in the acquisition of profiles and attributes as well as communicative commitment. They deliver personalized and more relevant content and help gather valuable context about behavior. In addition,

dialogs can be continued automatically at a later time, e.g. in connection with emails or SMS. For example, product feedback can be separated from the first onboarding dialog. Emmi's chosen approach puts the consumer at the cent$
ére and reduces the jumps that prospects might consider at the various stages of the funnel. As already mentioned, the authors do not see D2C as an exclusive sales channel, but also under the aspect of direct consumer contact and above all also with regard to the enrichment of buyer data and the acquisition of consumer insights.

4.4 Method

The "Emmi Caffè Wendy" campaign:

Emmi Caffè Latte has been active as a brand in ski sponsoring for years and has been the main sponsor of Swiss top athlete Wendy Holdener since 2019. During two seasons, two campaigns were implemented as part of this partnership. The core of these campaigns was the temporary renaming of a variety from Emmi Caffè Latte to Emmi Caffè Wendy combined with an eye-catching packaging design. For this initiative, online and offline measures were combined. This article discusses the second campaign in 2020/21. The most important offline measures consisted of adapting the brand name and packaging design, POS activation and classic communication measures (TV, out-of-home). A competition was also prominently advertised on the cup, where the QR code represented the central interface to the digital world. This interface represented the transition to the web-based chatbot solution provided by DiALOGiFY. In a direct conversation with the virtual Wendy Holdener as a chatbot avatar, the required information was queried in intuitive dialogue form analogous to WhatsApp or similar and transferred directly to Emmi's SAP Marketing Cloud together with campaign-specific attributes (Wendy Holdener, Skiing, Emmi Caffè Latte, Double Zero). In addition to the QR code on the cup, the chatbot could also be reached via other channels. In the Emmi Marketing Cloud, for example, existing contacts with suitable attributes (Emmi Caffè Latte consumer, interest in skiing) were encouraged to participate by means of e-mail activation, and customers were reached via the website and social media (organic and paid). The touchpoints and instruments are shown in the subsequent consumer journey.

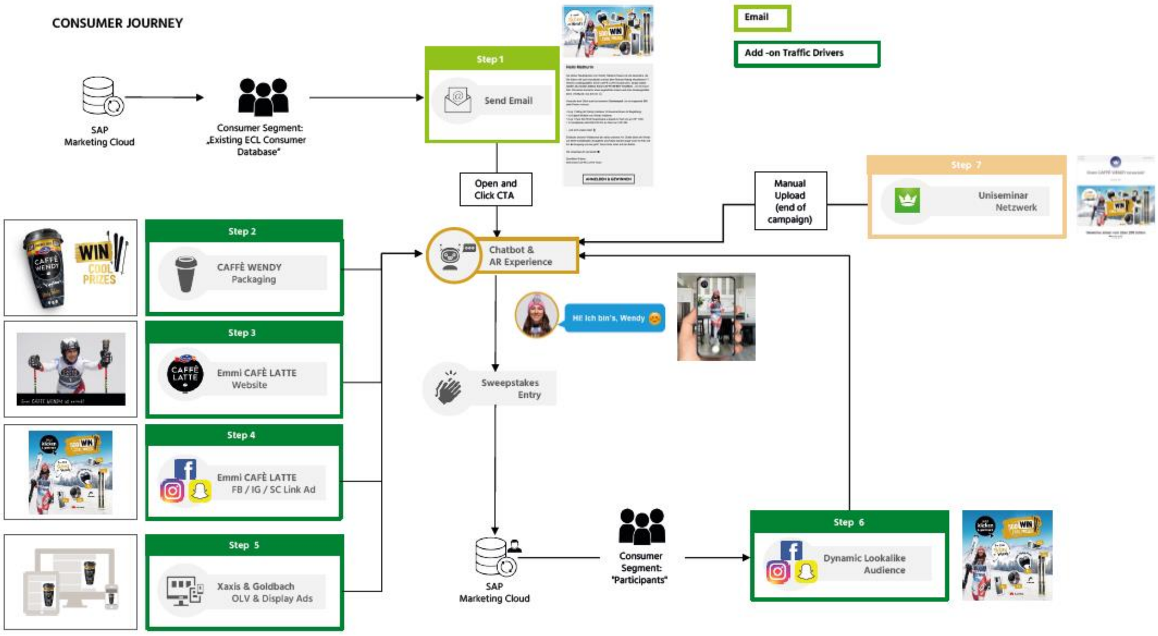

Figure 18: The structure and consumer journey of the Emmi Caffè Latte campaign (author illustration).

In order to expand the dialogue brand experience for consumers, the opportunity to take a photo with Wendy with the help of an AR lens was offered after participating in the competition. This enabled the brand commitment to be enriched and extended and the innovative strength of the brand to be demonstrated.

The Emmi Caffè Wendy campaigns were intended to focus on different target dimensions, therefore it is obvious that the activities were also based on a promotional intention. In the following, the focus is on digital consumer activation and its effects.

4.5 Results

The first campaign in 2019/20 was very successful with around 20'000 newly generated data sets. The decision for a second, further developed campaign was based, among other things, on a random survey of the competition participants of the first campaign, which had been carried out. Emmi was surprised by the high response rate of 35%. The willingness of consumers to express an opinion about their favourite brand is surprisingly high. Participants are therefore much more willing to share personal information in a chat conversation. This is probably due to the perception as rather private and natural entertainment in dialogue with the brand. People who came into contact with the Wendy chatbot as part of the Emmi campaign were visibly interested in and enjoyed the interactive form of dialogue with the ski star. The results also show that consumers remain above average engaged in chat dialogue revealing their profile data and other feedback more readily than with a classic input format such as a website form. At least the results that could be achieved with the introduction of the chatbot (in the previous year a landing page with a form had been used) can be evaluated. The number of participants in the competition increased by around 75% compared to the previous season, with an increase in Emmi Caffè Wendy's product sales of 50% compared to the same period last year. This leads to the conclusion that the digital activities were implemented more purposefully than in the previous season. In addition, the dialogue funnels can deal with a wide variety of topics depending on marketing goals. Wendy turns users into micro-influencers by inviting users to take a photo selfie which is then shared via social media. With 40’000 AR experiences executed by around 25’000 unique users, over 700 hours of additional brand engagement were achieved.

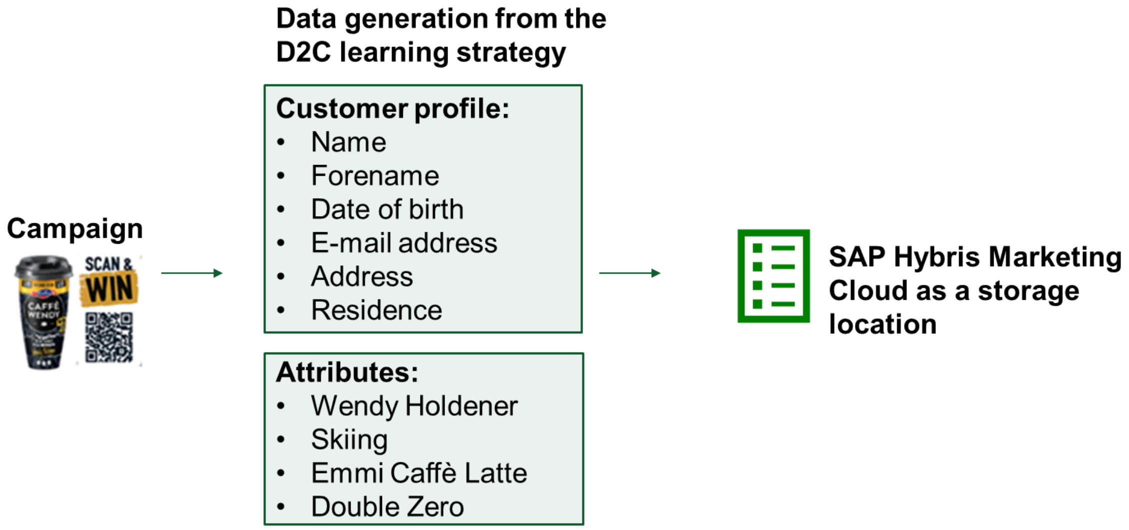

Figure 19: Learning through the D2C strategy (author illustration).

This approach made it possible to collect additional data profiles (surname, first name, date of birth, e-mail address, address, place of residence) in direct consumer contact with the brand. It is therefore one of the most efficient variants for consumer goods companies to enrich data with valuable attributes and as a result, beyond the former purchase from an intermediary, to communicate (almost) free of charge within the D2C strategy directly with the target group in a relevant and personalized way.

4.6 Discussion and Implication

The use of findings from direct contact:

The presented campaign shows how the learning aspect is part of the D2C strategy and is concretely designed. Where in the past there was more of a separation and manufacturers such as Emmi left the retail partner in contact with consumers, successful FMCG brands have now discovered the value of direct contact.

Benefits for the Emmi Caffé Latte brand:

Especially for the Emmi Caffè Latte brand, which is not ideal for direct sales due to its product and purchase characteristics, a D2C strategy with a holistic focus on learning and understanding can be effective. The understanding of the buyers of the product and the extension of the brand experience is seen as a great advantage. The generation and refinement of consumer data is a strategic goal to improve personalized marketing via the preferred touchpoint. Attributes such as leisure interests or preferred taste are used, for example, in e-mail campaigns and their content is adapted to user groups/personas. The opening and click rates for content-adapted addressing (vs. general content) have clearly developed positively. Segmentation has also enabled test users to be recruited to try out innovations before market launch and to give Emmi feedback. Adapting marketing communications to a person's individual needs is a compelling goal in times of information overload.

Benefits for Emmi AG:

As a food producer, Emmi sees a further advantage in the gradual approach to direct customer contact across the entire company. Consumers leave behind a lot of information along the consumer journey. Emmi uses this data to develop a comprehensive understanding of needs and wishes for building the relationship of trust between consumers and the company. In addition, the approach helps to focus on better understanding and gradually approach the topic as a B2B2C specialized company. Instead of starting through sales, which is not easy in a B2B2C model and requires high investments, the company can still gradually approach D2C through the chosen approach. Especially in companies that primarily have little or no contact with the direct end customer, many assumptions are associated with D2C. Access via this D2C learning strategy helps to show the reality and opportunities well. In the following graphic, these internal myths were contrasted with the actual reality:

Table 4: Demystification of D2C through a gradual approach such as the Emmi Caffè Latte campaign – adaptation instead of reinvention (author illustration).

Company internal assumptions	The reality
With D2C, we very quickly open up a significant additional source of income.	With D2C, we have better control over our brand, can interact directly with consumers and can generate valuable insights along the consumer journey.
D2C requires a completely new business model for the company.	We use new and digital technologies to better serve customer needs and improve our personalized marketing.
D2C will replace physical stores.	A meaningful combination of physical and digital channels enables a better customer experience.
D2C is a technology project.	D2C is essentially about the buyers of our products and their needs.
D2C is all about selling.	D2C offers the opportunity to learn from consumers and to understand them better. Nevertheless, it can make sense for a brand not to sell directly.

At Emmi, the newly generated data is also being used step by step for other areas of application. Examples include market research, data analytics, product development or customer satisfaction surveys. The potential for marketing automation and the merging of operational data (O-Data) and experience data (X-Data) is also rated as very high by the authors, even if the typical FMCG company like Emmi still has numerous challenges to master here and, above all, has to fully integrate its system landscape.

Benefits for consumer goods manufacturers:

As already shown at the beginning, a D2C strategy can be implemented to collect data from direct contact or primarily to sell. For companies that cannot sell in direct contact, for example due to product properties or other challenges, the approach presented may be suitable. When purchasing the physical product, direct contact can be established via QR code and customer data collected. In this way, the topic of D2C and in particular the understanding of data in the company can be established. Of course, it is still conceivable that Emmi will sell certain product categories via direct channels in the future.

The presented approach is intended to show that manufacturers can learn a lot in direct contact with consumers. However, a structured and thoughtful approach is an absolute necessity. As can be seen with Emmi Caffè Latte, the packaging design was adapted and chatbot software was used to make the campaign possible at all. This requires crossdepartmental cooperation and a significant use of resources. The presented project therefore serves as an example for consumer goods manufacturers of how customer data can be generated, even if no direct sales option is available in the form of an online shop. The enrichment of customer data on the side of the manufacturer allows them to learn directly from customers.

5 Article 3: Hungry for Growth – Strategic options for food manufacturers and their brands to benefit from the direct-to-consumer (D2C) trend

5.1 Abstract
Direct-to-consumer (D2C) strategies are among the key trends for food manufacturers. Different approaches can be observed, but there is often a lack of an overview of the key strategic options that food manufacturers have to benefit from the D2C trend. Through an exploratory study of several food manufacturers in the DACH region, four strategic options (Engage, Expand, Buy, Build) and design stages for food manufacturers were identified.

5.2 Introduction
In Germany, food, after clothing, represents the second largest product group which is sourced directly from the manufacturer (KPMG, 2021). It is therefore not surprising that direct-to-consumer (D2C) strategies are highly relevant in the consumer goods environment (Bashkin et al., 2017; Schögel & Lienhard, 2021b). Food manufacturers (LMH) are therefore jumping on the bandwagon in many ways and want to benefit from the trend. Since these LMH often sell a large number of different brands, they have a wide variety of possible approaches:

At the end of 2020, Nestlé acquired a majority stake in Mindful Chef (Nestlé UK, 2020). In the USA, Beyond Meat began selling directly to customers via an online shop in 2020 (Reuters, 2020). Likewise, companies such as MyLocalMeat enable the direct online purchase of meat. Since 2020, established brands and their products such as Oreo can also be purchased directly via an online shop in Germany (Campillo-Lundbeck, 2020). Furthermore, Dr. Oetker acquired Flaschenpost in order to reach the customer directly by means of verticalization (Kolf & Terpitz, 2020).

The current literature on D2C approaches consists of four different strands. The first strand is linked to the question of whether and when a direct channel should be launched. Determinants are established in various studies (N. L. Kim et al., 2021). Another strand focuses on channel conflicts and synergies when direct channels are added to indirect channels (Kumar & Ruan, 2006). The third strand determines the consequences of direct channels on, for example, the goodwill (Pasirayi & Fennell, 2021). The fourth strand examines success mechanisms so that direct channels lead to the desired result. For example, four prerequisites for D2C strategies have been identified (Lienhard et al., 2021). The concrete options available to LMH are hardly discussed. This challenge is examined below on a strategic brand level. Therefore, the following research question is formulated:

What strategic options do established food manufacturers have to benefit from the D2C trend?

5.3 Literature Review

When an LMH launches direct channels in the form of an online shop or brick-and-mortar stores, this is referred to as forward or vertical integration (Kahn et al., 2018; Nierobisch et al., 2017a). The topic of verticalization was already very dominant in the 1980s and is still associated with great challenges (Harrigan, 1984; Stuckey & White, 1993).

For LMH, establishing direct channels in the current market environment therefore means that they have to take over the competencies of the downstream value creation stage, the classic food retailer (LEH), or build on them. In addition, it is important to build up an assortment capability from the current product portfolio (Schögel & Lienhard, 2021a). For this, there is a need to understand the customer expectations to which the product range must be adapted in depth and breadth.

In summary, launching a D2C strategy therefore means that LMH must acquire the skills of traditional retailers. This process is challenging, which also explains why great success stories in the D2C sector are rather rare so far (Gielens & Steenkamp, 2019).

5.4 Method

After an intensive analysis of the scientific literature and practical publications on D2C strategies, the authors contacted various LMH from the DACH region which are currently active in the direct distribution of food, and requested an interview with the responsible managers. The authors conducted twelve interviews with D2C managers with a duration of between 35 and 93 minutes each. The interviews were conducted between April and May 2021 and took place either online via Microsoft Teams or over the phone.

5.5 Results

The results of the expert discussions and the literature analysis can be divided into two categories. On the one hand, it is explained to what extent the product characteristics of food and the associated solutions affect D2C strategies. On the other hand, it is shown how the four developed options and possible design levels can be combined with each other.

The following six characteristics of food have proven to be particularly relevant for the

D2C business:

- High demands on ensuring freshness and cooling
- Large number of low involvement products
- Impulse purchases
- Shopping cart business
- High pressure on margins
- Low prices per item

Four strategic options are proposed for dealing with LMH from a brand perspective: "Engage", "Expand", "Build" and "Buy". They are described below.

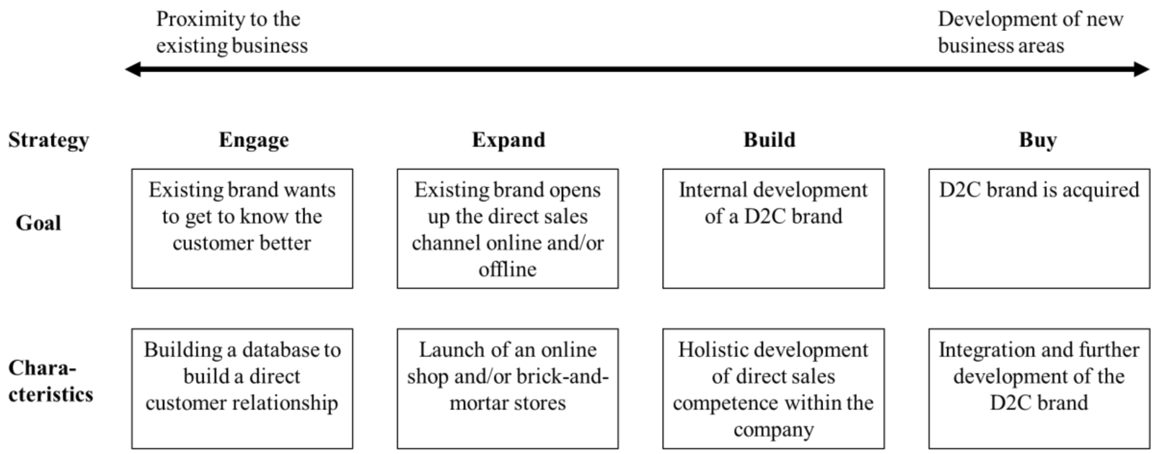

Figure 20: Strategic options for food manufacturers in dealing with D2C (author illustration).

«Engage»: No direct sales, but getting to know the customer

LMH can use D2C strategies without having to sell directly (Härtlein et al., 2021). In doing so, they consciously build a direct customer relationship. Loyalty programs or clubs can be launched or personalized promotions. The linchpin is a database that allows the manufacturer to systematically collect and analyze customer data. Because exactly this is only possible to a very limited extent via classic food retailing, but in the digital environment via D2C strategies an attractive option for LMH.

«Expand»: Add a direct sales channel

Especially during the COVID-19 pandemic, this option became noticeably more important. Various large and well-known brands launched online shops within a very short time. But even before this external shock, such D2C approaches were increasingly being observed in the market. From Ovomaltine to beer, various products have been available directly from LMH for some time. The big challenge of this D2C option is channel conflicts (D. Sharma & Parida, 2018). Especially in the food sector, sales are heavily

dependent on retail. However, it is not only conflicts that are to be feared, but rather to proactively consider synergies (Gielens & Steenkamp, 2019).
«Build»: Building your own D2C brand
LMH is developing its own D2C brand. An example of this is Rivella in Switzerland. Using the company's internal innovation platform "cin cin", the company has developed its new product Eau & Moi. This is a new beverage system, which for the first time is sold exclusively via its own online shop (Foodaktuell, 2019).
The "Build" option can also be used to describe the merger of several internal or external individual brands. PepsiCo's PantryShop is an example of the bundling of several in-house brands, while the CFP Brand Shop unites brands such as Ricola, Fisherman's or Center Shock (CFP Brands, 2020).
«Buy»: Acquire an existing D2C brand
When buying shares or entire D2C start-ups and their brands, LMH can quickly gain the necessary skills and data. In addition, this option makes it possible to minimize the potential for conflict with trade (IESEInsight, 2020). Well-known examples of such investments are Nestlé with the integration of Freshly or Coca-Cola with the purchase of Iris Nova (Hungry Ventures, 2020; Kolf & Terpitz, 2020). In summary, it can be stated here that the "Buy" option in most cases acquires competencies that have not yet been available in the company's brand portfolio (logistics, customer data, customer contact, online or stationary stores, etc.).
The four options presented are dynamically applicable, depending on the LMH's market situation. For example, you can switch from an expand option back to an engage option by abandoning direct sales. At the same time, additional brands can be purchased in expand mode (=buy) or even additional ones can be built up (=build).
Within these four strategic options, it is also evident that seven design levels can be distinguished. Which design level can be applied for which strategic option can be seen in the lower part of Figure 21. The first design stage follows the idea of getting to know the customer via the D2C strategy. The second one contains the sale of products, which a respective LMH already offers. Furthermore, D2C can be increasingly used to test new products, e.g. flavors or packaging: "The information helps to test certain things before you pay 300’000 CHF listing fee in food retailing (...)." (Manager 2). Subsequently, the LMH can start to develop exclusive products for the D2C channel. Even further, the LMH can begin to list the products of other manufacturers following the platform idea,

and thus increase the attractiveness of the shop. Conversely, products launched via D2C can of course also be listed again in a classical LEH. Finally, a firm can also try to change the brand positioning. The interviewed managers emphasize the possibility of "premiumization", which makes it possible to charge higher prices per article and thus achieve a sufficient shopping cart size.

Design stages	Get to know the customer	Sale of existing assortments	D2C as a test vehicle	Building exclusive D2C products	Listing of products from other manufacturers	Listing of D2C products in food retailing	Change in brand positioning: Premium-ization
Application in the 4 strategic options	Engage Expand Build Buy	Expand Build Buy	Engage Expand Build Buy	Expand	Expand Build Buy	Build Buy	Engage Expand

Figure 21: Design stages and application in the four strategic options of D2C strategies for food manufacturers (author illustration).

5.6 Discussion and Implication

The previous analyses show that D2C strategies are seen as a growth opportunity by various LMH and companies are tempted to benefit from the D2C trend. Three main implications can be formulated.

- **Think of the challenging peculiarities of food as a D2C opportunity!**

As mentioned, the shopping cart issue is one of the biggest challenges for LMH in terms of D2C strategies: "It is still difficult to offer the entire range to the consumer in a good way. From freshness to frozen food to sweets. One is used to doing the weekly shopping, in every village there is a shop» (Manager 10). But it is precisely this assortment heterogeneity that allows companies to develop particularly innovative and creative D2C approaches. Think, for example, of Hello-Fresh boxes, which offer fresh products as an attractive shopping cart.

- **Choose a strategic D2C option that fits the company's situation**

"They will be punished, even if it is only in the annual appraisal! And then the conflict is already there. (...) Sales will remain homeopathic for a few years. Do they want to engage in these discussions now, with their best sales channel?" (Manager 5). This quote vividly shows the reservations in the industry about potential conflicts between food retailing and LMH. Therefore, it is imperative to coordinate the chosen strategic option internally. At the same time, however, there is no one-size-fits-all solution. For example, different actions can be taken depending on the country and a renunciation of the direct-to-consumer strategy may be the most promising approach. KitKat are sold in Japan, for example, via their own stationary shops. Contrary, KitKat does not even operate an online shop**.**

- **Vary the composition of the design levels**

Companies can choose from different design levels. This composition may vary and evolve depending on the strategic option chosen. As an example, the following quote shows that focusing on the design stage "D2C as a test vehicle" can be the appropriate approach: "The information helps to test certain things before you pay 300’000 CHF listing fee in food retailing (...)". (Manager 2).

Management Take-Away

Managers have four strategic options with which a brand can build D2C strategies: Engage, Expand, Build, Buy. It should be noted that seven different design levels can be selected.

6 Article 4: Established consumer goods manufacturers and Direct-to-Consumer (D2C) strategies: How to build capabilities for manufacturers' own D2C brands

6.1 Abstract
Increasingly, consumer goods manufacturers sell their products directly to consumers and bypass retailers. They set up Direct-to-Consumer (D2C) strategies. Instead of using existing brands to sell directly, the manufacturers have started to build their own D2C brands. Prior research has not adequately studied how manufacturers build their dynamic capabilities for their own D2C brands. To address this gap, the author used a multiple case study design among six different own D2C brands possessed by large consumer goods manufacturers. The author finds that the manufacturers launch their own D2C brands to reduce retailer dependency and gather customer data. Seizing this D2C opportunity requires a new to the company iterative way of working and a lot of media investments to create brand awareness. Additionally, they benefit from company-wide expertise such as legal services. Regarding the reconfiguration of resources, the manufacturers need new technologies and to enlarge the D2C teams.

6.2 Introduction
There has been increased attention paid to forward integration in the form of Direct-to-Consumer (D2C) strategies for established consumer goods manufacturers. These strategies have greatly affected the retailing and consumer goods landscape (Meffert et al., 2019). Either through online and/or offline concepts, manufacturers try to build direct relationships with consumers, sell their products directly, and bypass traditional retailers (Kahn et al., 2018). Forward integration calls for new capabilities that often extend beyond the existing core business (Harrigan, 1986). Moreover, these companies lack experience in direct distribution. Despite popular examples such as Nike, who has increased its D2C revenue share tremendously over the past years (Pasirayi & Fennell, 2021), a broad array of manufacturers struggles to build online shops for their existing brands and drive enough traffic to these websites (Gielens & Steenkamp, 2019).
Instead of going direct with existing brands of manufacturers or to acquire D2C start-ups (Schlesinger et al., 2020), such as the famous example of the acquisition of the Dollar Shave Club by Unilever (Pasirayi & Fennell, 2021), manufacturers have started to build their 'own D2C brands' (Lüdtke et al., 2021; Schlesinger et al., 2020). For instance, Henkel has conceptualised the own D2C M:ID, Beiersdorf AG has launched My

O.W.N., and Rivella AG has developed Eau&Moi. Launching their own D2C brands enables manufactures to build their D2C competencies, diversify from the current dominant business model, and avoid channel conflicts with intermediaries (Lüdtke et al., 2021). Even though launching D2C brands seems to be an attractive option for manufacturers, there are only a few successes to date, and it is unclear how intermediary manufacturers can build the competencies for their own D2C brands.

Prior research on the D2C strategies of established consumer goods manufacturers has primarily highlighted four different areas (Watson et al., 2015). First, various studies have investigated the determinants to launch a direct channel. Another major research stream has emphasised the relationship with intermediaries and issues such as how to set up a D2C strategy without alienating intermediaries. Other studies have examined the consequences of additional direct channels on firm value (Pasirayi & Fennell, 2021). The final research pillar has developed mechanisms that foster success for these direct channels through strategies such as selling exclusive products and personalised offerings (Gielens & Steenkamp, 2019).

This paper draws on emerging forms of D2C strategies, the D2C brands of consumer goods manufacturers. The author argues that the large body of literature around channel conflicts has highlighted the appeal of manufacturers building their own D2C brands that do not affect their relationships with existing intermediary partners. Since there have only been a few successful cases in this area, the author aims to investigate the organisational actions that consumer goods manufacturers need to undertake to build own D2C brands.

The lens of dynamic capabilities is the most useful approach for investigating this research gap. Dynamic capabilities emphasise organisational actions that change the resource base to ultimately adapt to the changing consumer goods environment (Eisenhardt & Martin, 2000; Teece, 2007). The strategic change of manufacturers directly creating their own D2C brands suits the dynamic capabilities approach (Helfat et al., 2009). The focus of this article is to examine the underlying organisational actions for how to design this change.

Therefore, the author formulates the following research question: How do established consumer goods companies build dynamic capabilities for their own D2C brands?

In the next section, the author outlines the theoretical background of dynamic capabilities, which is followed by the methodology section. The final two sections outline the results and implications.

6.3 Literature Review

Dynamic capabilities represent a popular approach in marketing research since they help explain how companies such as consumer goods manufacturers can respond to rapid market changes and create strategic change through their own D2C brands. Dynamic capabilities enable manufacturers to create, modify, and extend a resource base (Helfat et al., 2009). Dynamic capabilities can be defined as 'the firm's ability to integrate, build, and reconfigure internal and external competencies to address a rapidly changing environment' (Teece, 2014). The concept of dynamic capabilities is frequently split into three capacities: sensing, seizing, and reconfiguring.

The sensing capacity is defined as 'identification, development, co-development and assessment of technological opportunities in relationship to customer needs' (Teece, 2014). Sensing mainly supports consumer goods manufacturers to identify new opportunities or threats and gain a deep understanding of the environment. Three organisational actions enable companies to enact the sensing capacity (Yeow et al., 2018). First, the scanning action supports companies to explore opportunities and assemble information. Second, the learning action evaluates potential opportunities. Third, the calibrating action deepens and refines prior actions and enhances their sensemaking.

The seizing capacity is defined as the 'mobilisation of resources to address needs and op- opportunities and to capture value from doing so' (Teece, 2014). This capacity can be enacted through three organisational actions (Yeow et al., 2018). The designing action involves the planning of new processes and structures. The scanning action selects different designs to capture opportunities. The committing action helps make decisions regarding how the designs should be implemented.

The transforming, or reconfiguring, capacity is defined as 'asset alignment, co-alignment, realignment, and redeployment' (Teece, 2007). This capacity reconfigures the capabilities, structures, and resources of a manufacturer and is enabled through four actions. The leveraging action uses existing resources and harnesses them for new uses. The creating action refers to the creation of a new competence through new resources and processes. The organisational action accessing enables companies to use external

resources (Eisenhardt & Martin, 2000). The releasing action dismantles the manufacturer's existing resources that no longer fit with the new strategy.
This framework serves as the leading theoretical background to determine how manufacturers can build their capabilities for their own D2C brands. There are three main capacities, namely sensing, seizing and reconfiguring, that support manufacturers. These capacities are enacted through different organisational actions. This research framework serves as a coding frame to analyse the different cases.

6.4 Method

Since D2C strategies and especially manufacturers' own D2C brands are emerging topics in the retailing and consumer goods landscape (Gielens & Steenkamp, 2019; Kahn et al., 2018; Schlesinger et al., 2020), the author has chosen a multiple case study method. This method is especially appropriate for emerging topics (Eisenhardt & Graebner, 1989). The cases in a multiple case study are selected for theoretical reasons rather than being based on a statistical sample (Yin, 2009). Since dynamic capabilities are located in a manufacturer's processes and structures, the author has chosen a qualitative rather than quantitative design (Eisenhardt & Graebner, 1989). The ideal sample size to build theory is four to ten cases.
The case selection is linked with the initial problem statement. The author selected established consumer goods manufacturers' own D2C brands. During the case selection, the author selected D2C brands that are built to sell directly to end consumers through online and/or offline direct channels. Drawing on the different case selection techniques, the author chose the 'most similar' cases. All cases come from established companies that are headquartered in the DACH region (Gielens & Steenkamp, 2019).
The author gathered data from different sources since data triangulation is decisive in case study research until theoretical saturation was reached. The author ran semi-structured interviews with the leaders of these D2C brand projects. Moreover, the author gathered news articles through the WISO data base and a Google News search. Moreover, the author examined press releases and the own D2C brand websites. An overview of the data sources is compiled in Table 5.

Table 5: Data sources of the multiple case study (author illustration).

Case / Document	A	B	C	D	E	F
Interviews	2	2	1	1	2	1
News Articles	6	6	4	8	10	1
Press Releases	1	9	1	2	0	0
Websites	5	3	3	4	4	6

The data analysis was mainly supported through the software Atlas.ti. All interviews were transcribed and together with the other three data sources (news articles, press releases, websites) analysed. The software facilitated the coding process and ensured additional rigor (Yin, 2009).

The author analysed the data in a five step approach and followed a clear process (Eisenhardt & Graebner, 1989). Since dynamic capabilities are rarely context-independent, the author first described the D2C brand profiles. The second step involved deductive coding. The coding manual based on the three capacities (sensing, seizing, reconfiguring) for dynamic capabilities served as a clear coding frame and guideline. The different organisational actions related to these capacities were the main analytical units (Yeow et al., 2018). After the initial coding, the author described statements in the form of first-order concepts, followed by aggregated dimensions in form of second-order concepts (see results in Table 6). This deductive approach enabled the author to compare the cases. After the coding of the different data sources (interviews, news articles, press releases, websites) the dynamic capabilities per own D2C brand case became clear. This step was followed by a within-case analysis and a cross-case analysis (Eisenhardt & Graebner, 1989). The fifth step was the identification of a logic behind the dynamic capabilities.

The cross-case analysis, careful case selection and the description of the firm and its circumstances contributed to the ensuring of the external validity of the study (Eisenhardt & Martin, 2000). To maintain the reliability of the study, the author used a case study protocol and a database to store all documents.

6.5 Results

The initial step of the analysis process, the firm respectively own D2C brand description has revealed a first remarkable outcome.

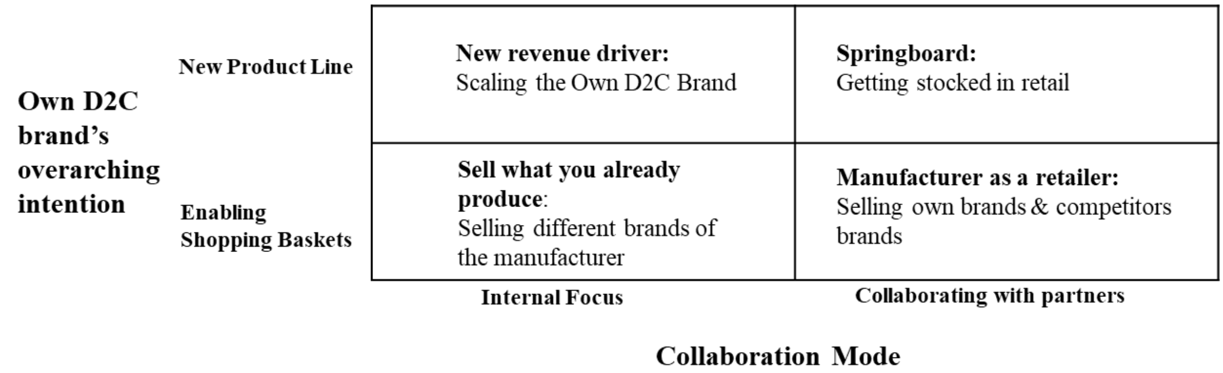

Figure 22: Description of manufacturers' own D2C brands (author illustration).

Manufacturers' own D2C brands possess two main intentions and two different approaches towards collaboration. First, some manufacturers intend to launch the D2C brand to introduce a new product line that caters to a new segment, such as personalised and information-intensive products. This approach of creating a new product line can take two forms. First, the D2C brand aims to increase in scale and become an attractive *revenue driver.* The results also highlight the new product line intention can be linked with the goal to get stocked in retail. This different collaboration mode is called *springboard*. The second intention is to offer shopping baskets for the consumers. This allows manufacturers to sell different brands in one shop, called *sell what you already produce.* Moreover, this approach can be extended to include the collaboration mode, where the manufacturers start to purchase competitors' products to be able to offer an attractive assortment. This is summarised as *manufacturer as a retailer.*

The main findings of the multiple case study regarding the dynamic capabilities that are necessary to build manufacturers' own D2C brands are presented in Table 6. The table encompasses the different dynamic capability capacities. In the second column, the author presents the similar dynamic capabilities among the different manufacturers. In contrast, the third column outlines the different capabilities that have emerged from the study.

Table 6: Dynamic capabilities for own D2C brands of established consumer goods manufacturers (author illustration).

Dynamic capability capacity	Similar dynamic capabilities	Different dynamic capabilities
Sensing	Benefiting the digital and e-commerce trend Reducing retailer dependency Building a direct relationship with the customer and understanding the customer through gathering data Defining the purpose and goals of the own D2C brand	Solving a customer pain point and satisfying emerging personalised customer needs Ease to test new products or ideas Exploiting R&D or incubator developments that fit with direct channels Bringing products to the market that the retail partners do not want to stock Avoiding conflicts with retailers
Seizing	Large investments into media to create and increase the brand awareness of this new D2C brand Adapting to a new working mode Committing to internal resource allocation and the selection of new structures Using company-wide infrastructure to mobilise certain D2C building blocks	Defining a governance mode for the new D2C brand within the company Incubator or innovation team building the D2C brand alone Building on the B2B direct selling web shop and competencies
Reconfiguring	Creating new technological competencies to shape the direct contact Developing D2C maturity and deciding on the future in terms of investments and goals for the D2C brand Enlarging the D2C team and reconfiguring the structures to fit with the intended future development	Leveraging the built D2C building blocks and knowledge for other company-wide brands Developing new D2C-specific KPIs Accessing products from competitor manufacturers Building retailer relationships Building separate structures and leaving the manufacturers

The findings for the sensing capacity stressed four major dynamic capabilities. All surveyed managers and additional data sources revealed that established consumer goods manufacturers want to benefit from the digital and e-commerce trend. This is linked with the current situation of these manufacturers as they aim to reduce their dependency on retailers. Since manufacturers generally do not know who their customers are, learning through data gathering is a key opportunity sensed by the companies. This is illustrated by the following quote: ‘the goal was to generate learning from this, how we work with personalisation, how we work with D2C, how we work with other direct consumer interactions, because these are all fields that we didn't have before’ (Case D). Furthermore, regarding the calibration of the D2C opportunity, the derivation and definition of the goals of the D2C brand is crucial. Looking at different dynamic capabilities, some mentioned that own D2C brands enable them to easily test ideas or new products in the market. One company has tried to solve a specific customer pain point, whereas another has developed products in R&D or an incubator that eventually fit perfectly with the D2C brand. Lastly, the manufacturer can even build its own D2C brand if the product line does not get stocked in retail or to avoid any conflicts with retailers at all.

The seizing capacity encompasses the need to invest a lot into media to create brand awareness for this new brand. Another capability is the working mode. The D2C brand requires an iterative approach and quick responses, which are new facets for an established consumer goods manufacturer. The following quote demonstrates this radical change: ‘The entire management is quite different from traditional sales management. That is live tracking of the orders, that is certain activities are done in the morning at 9 o'clock gather around the table and determine what is our goal for the day, what exactly do we want to do today, what do we want to try out?’ (Case B). Internally, getting the commitment of core stakeholders is required to be allowed to select the necessary structures or new competencies. An advantage that the manufactures exploit is the usage of a company-wide infrastructure that supports the building of a D2C brand. Different capabilities also emerged in terms of new governance modes that are necessary to use. Two cases reported that the entirely separate incubator team was responsible for the D2C brand. This contrasts with another manufacturer that mobilised the resources from its B2B web shop and transferred relevant ones to the D2C approach.

The reconfiguring capacity encompasses the creation of new technological competencies which have not been necessary in the traditional intermediary business. A further capability refers to the fact that at a certain point these D2C models become mature. At this point, the manufacturers are forced to take action and decide how to proceed: e.g. scaling it massively which requires large investments, getting stocked in retail or stopping the project. This is linked with the requirement to enlarge the D2C teams and equip them with resources that allow them to accomplish the desired goals. Regarding the different capabilities, one company reported that the D2C brand created new capabilities for them, such as a subscription service on the website. They noted that this can also be internally leveraged for other brands. Another manufacturer claimed that D2C required the creation of new KPIs to sustain the brand in the long term, as the entire D2C brand works differently than the traditional business. Lastly, accessing other competitors' products and contacting retailers are also capabilities that certain D2C brands have built. Companies also mentioned that releasing resources and leaving the traditional manufacturer structure enabled the brand to grow independently, as the following statement reveals: 'There has certainly been too much of an attempt in the past to somehow push us completely into the structures of the parent company. But it is just a different business model! That simply has to be said very clearly' (Case A).

6.6 Discussion and Implication

The established consumer goods manufacturer is streamlined to sell through intermediaries, and all processes and structures are dedicated towards the best possible performance in the retail channels. Consequently, these manufacturers heavily, or almost exclusively, rely on these partners to generate revenues. Launching their own D2C brand offers interesting options for manufacturers to avoid channel conflicts and exploit new revenue streams. The results of this study are highly topical and address recent and emerging phenomena. Moreover, these findings have implications for both managers and researchers.

Managers benefit from the current study in two ways. First, the similar dynamic capabilities can be used as a guideline for successfully launching and implementing a D2C brand. The different dynamic capabilities can also serve as a toolbox to individualise the approach.

For researchers, this investigation serves as a starting point for future studies in the D2C field. Academia is well aware of the channel conflicts that may occur through direct channels. The approach of manufacturers building their own D2C brands opens to new research areas. Further research might focus on single cases and observe them in the long term to see how the importance of the dynamic capabilities vary. Another promising angle poses the question of how well manufacturers' own D2C brands can be used as a 'go-to-market strategy' which means aiming for getting stocked in retail.

7 Article 5: Building Dynamic Capabilities for Direct-to-Consumer (D2C) Strategies of Established Consumer Goods Manufacturers

7.1 Abstract

Direct-to-Consumer (D2C) strategies offer a promising avenue for growth for established consumer goods manufacturers that used to sell through intermediaries. However, most of these companies would struggle to benefit from D2C since they do not possess the competencies to sell directly. They are specialized and streamlined, selling to intermediaries such as retailers. Furthermore, research has not addressed the question of how to build the dynamic capabilities required for D2C strategies, especially in terms of organizational actions, which are the micro-foundations of dynamic capabilities. Under the lens of dynamic capabilities, the present author conducted nine case studies, which used primary data (e.g., interviews) as well as secondary data (e.g., newspaper articles). The results revealed that 10 micro-foundations are required to build the dynamic capabilities required for D2C strategies. Further, three D2C triggers were detected. The cases suggested three micro-foundations for D2C sensing, three for seizing the D2C opportunity, and four for reconfiguring. In addition, nine propositions were derived. This paper contributes to the emerging academic literature stream about D2C strategies and further advances the concept of dynamic capabilities. Managers will benefit from the 10 applicable micro-foundations as they will enable them to build D2C strategies for their established brands.

7.2 Introduction

Digitalization has exposed the retail and consumer goods industry to a variety of changes (Hagberg et al., 2016). The emergence of the Internet has led to new roles, actors, and relationships. One major development has been the changing role of intermediaries (Bakos, 2001). Early predictions assumed that disintermediation would lead to the replacement of retailers through direct manufacturer-to-consumer relationships (Alba et al., 1997). Over the last decade, this so-called Direct-to-Consumer (D2C) strategy trend has gained importance (Gielens & Steenkamp, 2019). Manufacturers have turned their websites into sales channels or set up offline stores (Gielens & Steenkamp, 2019; Nierobisch et al., 2017a). A well-known example is Nike, which has steadily increased its D2C revenue share (George-Parkin, 2019; Ivanov & Ivanov, 2021). Some authors claim that selling through multisided platforms that connect buyer and seller are a form of direct selling too (Hagiu & Wright, 2014). The author excludes this form and look at D2C strategies only in the forms of online and or offline shops.

Going direct as an established consumer goods manufacturer is an example of forward verticalization (Amrouche & Yan, 2012; Kumar & Ruan, 2006; Nierobisch et al., 2017a). Forward verticalization is a costly move (Langdon & Shaw, 2000) and requires competencies that go beyond the existing ones (Harrigan, 1986). Moreover, many of these manufacturers lack experience in this field. As recent research has suggested, established manufacturers struggle to achieve the desired success from D2C strategies (Bashkin et al., 2017; Gielens & Steenkamp, 2019; Lienhard et al., 2021; McKinsey, 2020). Other than some top-of-mind brands like Dell, Apple (Gielens & Steenkamp, 2019), and Nespresso (Kahn et al., 2018), D2C success stories remain rare. Equally, general successful digital business cases of incumbents lack (Verhoef & Bijmolt, 2019). Launching such digital projects (Svahn et al., 2017) as part of a company's digital transformation journey, such as D2C strategies, requires new capabilities (Verhoef et al., 2021). Even though new capabilities are required for D2C strategies and D2C success is rare, scholars have paid limited attention to the building of D2C capabilities. Despite the increasing importance of D2C, how traditionally intermediary-oriented consumer goods manufacturers can build them remains unclear.

To address this research gap, the author relied on one of the most active research streams – namely dynamic capabilities (Warner & Wäger, 2019). This theory is especially suitable for rapidly changing environments (Di Stefano et al., 2014; Eisenhardt & Martin, 2000), such as those of retail and consumer goods (Souiden et al., 2019). The dynamic capabilities approach helps to explain how manufacturers can respond to technological and market changes (Teece, 2007; Teece et al., 1997), and it is usually considered an extension of the resource-based view (Helfat & Peteraf, 2003). Dynamic capabilities have attracted much attention because they offer a route to a competitive advantage while an organization like a consumer goods manufacturer's marketing and sales activities are changing (Helfat et al., 2009).

This study aimed to determine how established consumer goods manufacturers can build capabilities for D2C strategies. Thus, the author explored the micro-foundations of D2C strategy dynamic capabilities using the following research question: How can established consumer goods manufacturers build D2C capabilities?

This study makes several contributions to the literature. First, it brings different literature streams and lenses on D2C strategies together. A systematic literature review was conducted on D2C strategies, which summarized the current state of research as well as major academic papers in the field. Furthermore, the author has applied many different terms to investigate D2C strategies. For instance, one paper has used the term business model (Schlesinger et al., 2020), and others have considered it a D2C model (Gielens & Steenkamp, 2019). To provide a consistent understanding, the author has analysed these different approaches.

The second contribution of this study is related to the main research question. The academic literature is well aware of the need for new capabilities for incumbents if they embark on new (digital) adventures (Verhoef et al., 2021). Additionally, forward verticalization, the underlying principle for D2C strategies (Kahn et al., 2018), also calls for new capabilities (Harrigan, 1986). Dynamic capabilities were the selected approach since they help to respond to market and technological changes, such as the emergence of D2C strategies.

The remainder of this paper is organized as follows. In the second section, the literature review is presented, which outlines D2C strategies on the one hand and the dynamic capability approach on the other. The third section presents the methodological approach. Specifically, the author performed a multiple case study on nine established consumer goods manufacturers and their brands. The fourth section presents the results, which summarize the core outcomes of the case studies and outlines the building of dynamic capabilities for D2C strategies. The fifth section presents the discussion, including the study's major propositions. The conclusion chapter encompasses implications for scholars and practitioners.

7.3 Literature Review

This literature review section consists of three subsections. First, the author outlines and compare the various terms and underlying concepts that researchers have used to investigate the D2C trend. Second, the current state of the art regarding D2C strategies in the literature is provided. The D2C terms and D2C literature section are based on a systematic literature review. The third and final subsection provides the theoretical background of dynamic capabilities.

Systematic literature review

A systematic literature review is a well-defined approach (Cronin et al., 2008). It is characterized by different steps that have to be carried out. To secure a high degree of transparency, the author has to outline the definition of the search terms, selection criteria for the time frame and database, a description of the identified literature and a clear review strategy (Tranfield et al., 2003).

The author has used the following keywords and search terms “Direct to consumer”, “Direct to consumer strategy”, “Direct to consumer model”, “Direct to consumer business model”, “D2C”, “DtC”.

The author stuck to four selection criteria: peer-review journals only, time frame starting in January 2015 to June 2021, papers stemming from all over the world, and lower journals (according to the VHB ranking) were not excluded due to the limited number of papers.

The used and selected database was EBSCO Host "Business Source Premier".

The author identified literature through the EBSCO Host database 15020 articles within the corresponding time frame (State: 15.06.2021). After the exclusion of non-peer-review journals, 4599 articles were left. After having read the abstract, the author decided whether the articles fit with the research goals or not which led to 82 articles. These were read in-depth and excluded again if they don’t match the author’s goals of the paper. Finally, 51 articles were included.

The review strategy consisted of a table that encompasses for every article the authors, year, title, purpose of the paper, key findings, suggestions for further research, D2C domain, search process, journal, and ranking. In addition, the author conducted a forward and backward sampling. If such a paper was included, a further column included the information on whether the article is based on the systematic literature review or the forward and backward sampling.

During the systematic literature review and forward and backward sampling, the author recognized that various terms were used to describe the direct selling phenomena. Therefore, the first section encompasses an overview of D2C terms.

To describe the state of the art of D2C literature, the author classified the articles into four different streams. These four streams are leant on marketing channel reviews (Watson et al., 2015). Further, it is tailored to the D2C phenomena by the author.

The first stream of literature has elaborated on the determinants that encourage and convince manufacturers to go direct. A second extensive stream has investigated channel conflicts that can be caused through direct strategies. Similarly, synergies may occur, which are also part of this relationship stream. A third stream has drawn attention to the consequences that direct channels may have, such as firm value. Lastly, a fourth stream has examined the success mechanisms of direct strategies. This stream is also the one that offers promising gaps, which the present study contributes to.

D2C terms

To explain the different terms and perspectives used for the phenomenon of bypassing intermediaries, the author created Table 7. The table presents the terms, definitions used by the authors from the respective papers, explanations of the underlying concept by the authors of this paper, company examples, authors and years. The author considered a proper understanding and clear definition to be a necessary base for answering the research question. This is because the understanding that author has of D2C strategies must be delineated. The papers are ordered according to their year of publication.

Table 7: Literature perspectives on D2C strategies (author illustration).

Term	Definition / description	Underlying concept	Company examples	Authors	Year
Marketing channel selection strategy vertical integration	"The combination of two or more stages of production within a single firm."	The trend for vertical integration in apparel and consumer packaged goods. Vertically integrated players possess a competitive advantage over non-vertical- retailers and brand manufacturers.	Zara, H&M	Watson, Worm, Palmatier & Ganesan	2015
Vertical integration	"Brands like Nespresso and Apple sell directly to consumers in their brand stores and through their brand websites. These brands have developed a direct channel to deliver their brands to consumers and have combined that with indirect channels as well."	Selling directly through stores and websites. Combining direct and indirect channels (e.g. Apple).	Nespresso, Apple	Kahn, Inman & Verhoef	2018
Direct Selling Business Model	"In the direct selling business model, a company's products are made available directly by the manufacturer or service provider, rather than via an intermediary channel such as retail outlets."	Facilitates personal sales experience, and improves understanding of customer needs.	Nespresso, Nestlé Special T., Nestlé BabyNes, Vorwerk, Tupperware Hilti	Gassmann, Frankenberger & Choudury	2020
Ecommerce D2C models	"Direct-to-Consumer (D2C) models allow brands to directly engage with their customers using social, mobile, and digital channels."	The authors focus on an online-only perspective. They highlighted the emergence of D2C start-ups.	Apple, Dell, Dollar Shave Club	Gielens & Steenkamp	2020
Direct-to-Consumer Business Model	"Direct-to-consumer (DTC) companies were defined by borrowed supply chains, web-only retail, direct distribution, social media marketing, and a specific visual brand identity (the now ubiquitous "blanding") that favoured sans-serif type, pastel colour palettes, and scalable logos that were easily adapted to a variety of digital media."	D2C start-ups created new business models. Established players launch own D2C lines.	P&G (Native)	Schlesinger, Higgins & Roseman	2020
Subscription-based Direct-to-Consumer (SBDTC)	"The traditional retail model is transforming whereby manufacturers are bypassing intermediaries in pursuit of direct-to-consumer channels"	D2C channels as an addition to selling through intermediaries in form of subscriptions.	Nike, Dollar Shave Club, Stitch Fix, Schick, Honest Company, Volvo, HP	Pasirayi & Fennell	2021
Direct-to-Consumer Strategy	"Direct-to-Consumer (D2C) strategies allow established consumer goods manufacturers to bypass intermediaries in the current market environment and sell directly to consumers through means of offline or and online brand stores."	D2C strategies are considered as a channel selection strategy. Manufacturers operate it besides intermediary channels online and or offline.	Estée Lauder, Hewlett Packard	Lienhard, Schögel & Boppart	2021

In a review of marketing channel research over the past decades, Watson et al. (2015) shed light on channel selection strategies. One of these strategies is vertical integration. Through downstream integration through the ownership of distributors or retailers, manufacturers can sell directly to consumers. The authors defined vertical integration as a "combination of two or more stages of production within a single firm", mentioning Zara and H&M as well-known examples.

A similar lens was employed by Kahn et al. (2018), who also used the term vertical integration. By contrast, they focused on different company examples, such as Apple, defining vertical integration as follows: "Brands like Nespresso and Apple sell directly to consumers in their brand stores and through their brand websites. These brands have developed a direct channel to deliver their brands to consumers and have combined that with indirect channels as well" (Kahn et al., 2018). The authors highlighted that brands can sell directly through online and offline direct channels. Compared with the aforementioned study, they mentioned different companies; for example, Apple is a company that sells directly and indirectly, which does not apply to fully vertically integrated players such as Zara.

Gassmann et al. (2020) applied a business model perspective to direct selling, which they defined as follows: "In the direct selling business model, a company's products are made available directly by the manufacturer or service provider, rather than via an intermediary channel such as retail outlets." They mentioned a broad variety of brands, even including B2B brands such as Hilti. Furthermore, they mentioned that selling directly leads to a better understanding of customers through the lack of an intermediary.

Gielens and Steenkamp (2019) studied branding in the era of disintermediation, drawing attention to D2C models in an e-commerce context only. They delineated the scope of D2C as follows: "Direct-to-Consumer (D2C) models allow brands to directly engage with their customers using social, mobile, and digital channels." They mentioned Apple and Dell as well-known examples.

In a paper that emphasized the high bar to success in D2C strategies, Schlesinger and colleagues (2020) used the term D2C business models. They defined it as follows: "Direct-to-consumer (DTC) companies were defined by borrowed supply chains, web-only retail, direct distribution, social media marketing, and a specific visual brand identity (the now ubiquitous "blanding") that favored sans-serif type, pastel color palettes, and scalable logos that were easily adapted to a variety of digital media." They highlighted the concept of launching one's own D2C brands as an established manufacturer and investigated D2C start-ups.

Another paper, (Pasirayi & Fennell, 2021) linked D2C channels with subscriptions. The authors investigated subscription-based D2C strategies and defined them as follows: "The traditional retail model is transforming whereby manufacturers are bypassing intermediaries in pursuit of direct-to-consumer channels." They especially investigated online direct subscription approaches.

A recent study by Lienhard et al. (2021) examined the prerequisites of D2C strategies for consumer goods manufacturers. The authors defined D2C strategies as follows: "Direct-to-Consumer (D2C) strategies allow established consumer goods manufacturers to bypass intermediaries in the current market environment and sell directly to consumers through means of offline or and online brand stores." As exemplary companies, they referred to Estée Lauder and Hewlett Packard.

The different terminologies and concepts related to D2C strategies listed above highlight the diversity of perspectives on the topic. Notably, authors are not always in complete agreement. Sometimes, the same company examples are used but linked with different terminologies. In the present study, the definition of Lienhard et al. (2021) was used. This is because this study focused on established brands and how they can open up the direct route in addition to the business through an intermediary. This research focus is aligned with the definition of Lienhard et al., who also looked at established manufacturers. Moreover, the authors did not limit D2C to online or offline as the definition. This clear focus further enables the author to be very specific in the data sampling.

D2C literature

The first stream contains the so-called "IF" question and search for determinants which are dominant in the literature. Thus, many researchers have determined a broad variety of determinants of direct channels. For instance, the form of coordination between retailers and manufacturers may affect this decision (Cai, 2010). Moreover, factors such as channel-based demand, channel operational costs, and substitutability influence channel selection (Y. Xia et al., 2017). Furthermore, costs were identified as a major determinant by (Pu et al., 2020), who suggested that if the operating costs are lower than through the reseller, for instance, then direct selling is the way to go. Similarly, other authors reported that a direct channel only makes sense if it generates revenues (Nie et al., 2021).

Channel conflicts are strongly linked with D2C strategies. Since going direct can offend the retailer relationship, various studies have been conducted on this prevalent issue (Calder et al., 2018; Tsay & Agrawal, 2004). An investigation in the automotive industry emphasized three strategies that help to go direct without harming the distributor relationship (Calder et al., 2018). One strategy is to focus on customer segments that were neglected by intermediaries. Another approach was developed by Chen, who claimed that revenue-sharing contracts may help to avoid conflicts (T.-H. Chen, 2015). Further leverage for reducing risk would be to differentiate the branding to reduce channel conflicts (Yan, 2011). Instead of deciding to go directly from a company perspective, a manufacturer could argue from the perspective of customers and their needs (Modak & Kelle, 2019). Ultimately, creating a win-win situation for the retailer and the manufacturer requires the incorporation of numerous different criteria (J. Xia & Niu, 2020). Factors that matter in this regard are channel power, the sales efficiency of the channel, and positive spillover effects for the retailer.

The consequences of direct channels on the company and different key performance indicators (KPIs) have been investigated in another stream of literature. In 2002, the cannibalization potential of a direct Internet channel was investigated (Deleersnyder et al., 2002). The study's results revealed that these fears are overestimated. In another study, researchers even found positive effects of the implementation of electronic channels (Cheng et al., 2007), which increased financial performance. This was supported by a study from 2014, which also revealed that channel expansions have a positive effect (Homburg et al., 2014). By contrast, D2C subscriptions can reduce the firm value (Pasirayi & Fennell, 2021) since they cause channel conflicts.

Regarding the success of direct channels themselves, various studies have contributed and devised various approaches, which represent a further stream of literature. To increase traffic and revenues in direct channels, one study revealed that offline showrooms help (Bell et al., 2017). By contrast, a study in the fast-moving consumer goods (FMCG) environment suggested that adding flagship stores as a manufacturer will not automatically lead to positive consumer reactions (Nierobisch et al., 2017b). A further study highlighted measures such as personalization options, unique assortments, exclusive assortments, and premium products, which help to attract consumers to the websites of manufacturers (Gielens & Steenkamp, 2019). Since manufacturers are not familiar with D2C strategies, another mindset and different planning tools are required to achieve success (Bower, 2016). Another success mechanism is to identify and target the most attractive customer segment (Higgins et al., 2015). Furthermore, it is crucial to understand the channel choices of consumers (W. G. Zhang et al., 2017) as it should lead to an appropriate allocation of the marketing budget.

Building dynamic capabilities

The concept of dynamic capabilities is defined as a “firm's ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments” (Teece, 2007). This concept is particularly interesting for research in the field of strategic change (Barreto, 2010; M. Peteraf et al., 2013). The present author states that moving from an intermediary-driven distribution approach toward D2C is a strategic change for these manufacturers. Therefore, dynamic capabilities fit the purpose of the present study.

Dynamic capabilities can be split into three major capacities: sensing, seizing and reconfiguring (Teece, 2007). Sensing is defined as the “identification, development, co-development and assessment of technological opportunities in relationship to customer needs” (Teece, 2014). It follows the idea of comprehending the business environment, especially emerging opportunities and threats (Schilke et al., 2018). The sensing capacity is defined as the “mobilization of resources to address needs and opportunities and to capture value from doing so” (Teece, 2014). This capacity covers the processes that make strategic choices among these opportunities (Schilke et al., 2018). The reconfiguring or transforming capacity is defined as “continued renewal (transforming)” (Teece, 2014) and involves the reconfiguration of capabilities, structures, or resources (Schilke et al., 2018).

Sensing is especially critical when a manufacturer must search for new opportunities and navigate through an environment characterized by high uncertainty (Teece et al., 1997). To implement sensing, three types of organizational actions can be employed. The first is scanning, which encompasses the exploration of markets and opportunities or the collection of information through internal and external sources (Teece, 2007). The second organizational action is learning, which means learning and evaluating potential opportunities (Nonaka, 1994; Teece, 2014). Exemplary companies can monitor performance or search for further insights to check whether areas for action exist. The third and final organizational action is calibrating, which refers to further sensemaking after having probed certain opportunities and ultimately refining prior actions (Weick, 1995; Weick & Sutcliffe, 2006).

Seizing enables companies to act if they have identified certain opportunities and capture them (Teece, 2007, 2014; Yeow et al., 2018). Seizing involves three organizational actions. The first is designing, which means acting to plan new processes and structures (Teece, 2007; Yeow et al., 2018). The second organizational action is selecting between different available options to capture opportunities (Yeow et al., 2018). Such options can refer to choices of suppliers, products, or business models (Teece, 2009). The third organizational action is committing, which encompasses decisions made to implement designs or is related to different options, such as business models.

Reconfiguring can mean restructuring, implementing governance measures, or changing routines, which ultimately means reconfiguring organizational resources (Teece, 2007, 2009; Yeow et al., 2018). Reconfiguring can be divided into four organizational actions: leveraging, creating, accessing, and releasing (Danneels, 2011; Eisenhardt & Martin, 2000; Rindova et al., 2016). Leveraging refers to organizational actions that put existing resources to new uses (Danneels, 2002, 2007), although these resources must be fungible for application to new products to ultimately build a new capability (Teece, 1982). Creating refers to creating new processes and resources that can form a new competence (Danneels, 2002, 2011). Accessing refers to using external resources that complement existing ones (Danneels, 2002, 2011; Eisenhardt & Martin, 2000), such as using Amazon web hosting services to complement an existing infrastructure (Markus & Loebbecke, 2013). Lastly, releasing refers to getting rid of existing resources, such as employee dismissal (Eisenhardt & Martin, 2000). Table 8 categorizes dynamic capabilities and the underlying organizational actions.

Table 8: Categorization of dynamic capabilities and underlying organizational actions (based on Jantunen et al., 2012; Teece, 2007; Yeow et al., 2018).

Dynamic capability capacity	**Function**	**Organizational action to enact the respective capacity**	**Definition of the organizational action**
Sensing	Identification of new ideas and monitoring of the consumer goods environment	Scanning	Scanning action refers to organizational efforts to explore opportunities and markets, gather information from internal and external sources e.g., customers, and vendors, and to filter relevant information to detect potential opportunities
		Learning	Learning that refers to actions undertaken by organizations to learn and evaluate potential opportunities by monitoring performance or gaining more insights so to assess and identify specific areas for further actions
		Calibrating	Calibrating action where organizations engage in further sensemaking after organizations have probed specific opportunities and attempt to refine their prior actions and figure out implications
Seizing	Integrating knowledge and using it to commercial ends	Designing	Designing refers to organizational action undertaken to plan and design its new structures and processes
		Selecting	Selecting refers to the organizational action of selecting among different options available in terms of its designs and other potential solutions for capturing the opportunities
		Committing	Committing action refers to the decisions taken by the organization on how to implement the designs as well as decisions concerning specific options of partners, services, processes, or business models
Reconfiguring	Aligning the firm's resources and capabilities	Leveraging	Leveraging – involves putting existing resources, specifically fungible resources, to new uses
		Creating	Creating action refers to the creation of new resources and processes, which are combined to form a new competence
		Accessing	Accessing is the use of external resources, e.g., from vendors or partners that are complementary to existing resources in the organization
		Releasing	Releasing involves dropping existing resources, such as reducing the workforce or removing resource combinations that may not be optimal for a new digital strategy

Dynamic capabilities have been applied in different settings. For instance, scholars investigated how incumbents can build dynamic capabilities for digital transformation (Warner & Wäger, 2019). Similarly, other researchers examined the micro-foundations for the circular economy (Khan et al., 2020). However, how manufacturers can build dynamic capabilities for D2C strategies remains unclear, which is a crucial question for managers of manufacturers as well as scholars. To contribute to this theoretical framework, the present author investigated the sensing, seizing, and reconfiguring capacities for D2C strategies. The next section presents the method employed to conduct the present study.

7.4 Method

Research context

A multiple case study approach allows replication. The cases are selected for theoretical reasons rather than based on statistical sampling (Yin, 2009). Moreover, scholars argued that dynamic capabilities are in a firm's routines and processes (Khan et al., 2020). Using quantitative measures would make it difficult to discover D2C dynamic capabilities and a single case study would have limitations, so a multiple case study was selected (Eisenhardt & Graebner, 1989). Cases support researchers in obtaining insights and rich descriptions of dynamics within unique manufacturer settings to build theory (Best et al., 2021; Eisenhardt & Graebner, 1989; Yin, 2018). Thus, the author aimed to collect 4-10 cases as this sample size is considered ideal (Eisenhardt & Graebner, 1989).

Sample

To narrow the focus of the investigation, the author selected the sample according to the following two criteria: (1) the manufacturers had to be well-known in the market; and (2) setting up a D2C strategy had to be considered "new to the company." All of the manufacturers were highly experienced in the field of selling through intermediaries. The selected cases can be considered the most typical (Seawright & Gerring, 2008), which means that all are representative of the overarching phenomena.

Table 9: Case study sample (author illustration).

Case	**Primary data**	**Secondary data**			**Atlas.ti codes**
	Interviews	News articles	Press releases	Websites	
Alpha	2	8	1	5	169
Beta	2	13	0	3	111
Gamma	2	17	0	4	99
Delta	2	5	6	2	113
Epsilon	2	12	2	6	80
Zeta	2	6	1	5	110
Eta	2	3	1	7	94
Theta	2	8	3	3	117
Iota	1	7	7	3	63

The author analyzed the nine different cases, which are described as follows. The first company, *Alpha*, is a global sweet manufacturer. Its D2C strategy contains direct offline and online channels. The revenue share and importance of the channels varies from country to country. The main revenue share still comes from intermediary channels. The second company, *Beta*, is an international watch maker based in Switzerland. The company started selling its watches through retailers and shifted rapidly toward a D2C-first-led revenue model. Offline direct channels play a major role, whereas online is of minor revenue importance. The third company, *Gamma*, is a sporting goods manufacturer that operates stores and an online shop. The company is also accelerating its D2C approaches. The fourth company, *Delta*, is one of the world's largest food manufacturers and operates offline stores. The fifth company, *Epsilon*, is another sporting goods company that used to rely on intermediaries. It has operated an online shop for many years, and just recently it also launched offline concepts. For the sixth company, *Zeta*, online and offline concepts play a crucial role across the globe. It sells a broad array of accessories, such as bags and knives. The seventh company, *Eta*, is based in Switzerland and sells sweets and chocolate products. It operates an online shop. The eighth company, *Theta*, is a global grill producer that has accelerated its D2C business, both online and offline, tremendously in the past years. The D2C strategies are tailored to the different markets. Lastly, the ninth company, *Iota*, is an Austrian biscuit manufacturer that has opened various stores over the past years across Europe. An online shop should follow in various countries in 2022.

Data collection

The author aimed to gather data from four types of data sources. Since ensuring construct validity is crucial in case study research, the triangulation of different sources and perspectives is also critical (Gibbert & Ruigrok, 2010). Primarily, the authors conducted semi-structured interviews (usually one or two per case because of the small D2C team sizes) with the D2C managers. Depending on the company, the specific job profile may vary. Some companies have their D2C division while others work on D2C in form of project managers.

The author prepared an interview guide that supported the interviewer in leading the conversations and covering all relevant aspects. The guideline contained the relevant building blocks in terms of D2C. To gather authentic insights from the interviewees, the interviews maintained a narrative nature (P. Eriksson & Kovalainen, 2015).

The interview structure consisted of three major building blocks. In the first part, the interviewees were asked to elaborate on the history of D2C in their company and how they assess its state today, in the industry in general, and within their corporation. The second part drew on the company-specific D2C approach. For instance, either core goals were discussed or how D2C strategies were embedded into the entire channel management system of the company. The third part delved into the competencies that the manufacturers have built up and how the interviewees assessed them. Finally, a brief outlook closed the interviews. This process enabled the author to gain an understanding of the processes and actions taken in the past as well as the adjustments they made, not only in the past but also in the current situation, to build and improve their D2C strategies. In total, 17 interviews were conducted. Moreover, newspaper articles, newspaper interviews, and the websites of the companies were examined, which are presented in Table 9.

Data analysis

To analyze the data collected in the forms of interviews, newspaper articles, press releases, and websites, the author used a five-phase approach. Before the data analysis began, they used the Atlas.ti software package to assemble the different data sources, facilitate the coding process, and ultimately ensure additional rigour throughout the process (Yin, 2009).

The author relied on a previous theory, namely dynamic capabilities (and therefore derived the codes), to analyze the data from the theory, which can be categorized as a deductive approach (Potter & Levine-Donnerstein, 1999). This deductive approach enabled the author to compare the cases at a later stage (Jantunen et al., 2012). The core goal of this analysis was to extend the conceptual framework of dynamic capabilities (Mayring, 2001). Based on the initial codes, the author followed the Gioia method (Gioia et al., 2012), which enabled them to create first- and second-order categories. Finally, they aggregated them into ultimate dimensions. This entire procedure is described in more detail in Table 10 and the following section.

Table 10: Phases of the case analysis (based on Eisenhardt & Graebner, 1989; Jantunen et al., 2012; Laamanen & Wallin, 2009).

Phase	Goal	Outcome
1	Understanding the context and evolution of the case	Description of the case
2	Categorization of the dynamic capabilities	Deductive coding according to the coding manual
3	Development of the dynamic capabilities within the case	Gaining familiarity with the dynamic capabilities per case (within-case analysis)
4	Comparing dynamic capabilities across cases	Cross-case analysis to identify similar patterns
5	Derivation of first-order concepts and combination into second-order themes	Micro foundations and dynamic capabilities of D2C strategies

The first phase drew on the fact that capabilities are rarely context-independent (Laamanen & Wallin, 2009). Based on the collected data set, which consisted of primary and secondary data, the author built case descriptions. The coding manual (see Table 8) enabled the author in the second phase to categorize the different dynamic capability capacities and micro-foundations through a deductive coding approach (Fereday & Muir-Cochrane, 2006). The author worked with codes previously defined in the literature and focused on granular organizational actions as the analytical unit (Yeow et al., 2018). The coding frame helped to organize the different fragments as well as the data sets (Miles & Huberman, 1994). During the third phase, the authors executed a within-case analysis. Through data reduction, the author assembled similar dynamic capabilities and their micro-foundations into broader categories (Miles & Huberman, 1994). This step was followed by the fourth phase, namely cross-case analysis, which revealed differences across the cases (Eisenhardt & Martin, 2000). Finally, the author combined the different organizational activities into first-order concepts (Gioia et al., 2012). Similar first-order concepts were consequently combined into second-order themes, which were aggregated according to the sensing, seizing, and reconfiguring actions of established consumer goods manufacturers. The final data structure is presented in Table 11.

Table 11: Data structure and first-order concepts (author illustration).

Case	**Trigger to push D2C**	**Sensing capabilities**	**Seizing capabilities**	**Reconfiguring capabilities**
Alpha	Competitors push D2C The difficult market situation with retailers Benefiting of digital commerce growth Increasing the brand experience for customers	Taking the company's priorities, history, processes, goals and market situation into account Carving out a reason to buy direct from a customer perspective Assessing the role and reaction of intermediaries Understanding the D2C trend in the market	Selecting the operational building blocks to sell directly Designing a D2C strategy that is economically attractive with a long-term vision and board support Tailoring the D2C offering to the country's needs and differentiating it to the intermediary	Allocating the D2C department internally, hiring D2C specialists and assigning responsibilities Creating a digital-driven and agile organisation Acquiring the necessary tools to implement the strategy on an operational level
Beta	Higher profitability through direct channels Bringing the customer closer to the brand	Understanding the USP in a market and requirements for direct channels Identifying which direct channel (online vs. Offline) provides the best fit for which exclusive product Creating awareness that intermediaries built up the brand Assessing the brand strength regarding D2C	Selecting the necessary tools like CRM systems Getting the CEO on board and training employees for direct contact Designing the assortments across direct and indirect channels Selecting between franchise concepts, distributors and own boutiques	Evolving the distribution system and reducing intermediary channels Leveraging companywide D2C competencies Allocating resources to boost the brand awareness
Gamma	The philosophic – core asset of a company is knowledge about the customer Higher profitability in the long run	Understanding the state of the current distribution system and related KPIs and changes through D2C pushes Dealing with resistance internally and with intermediaries through the D2C push Taking the company's legacy into account Developing a D2C mindset and getting to know the customers	Segmenting the different B2B and B2C customers and adjusting the assortment Committing to the core success factors, IT; people and extensive distribution understanding Merging and governing the new D2C and old B2B world Developing D2C KPIs, systems, processes and cultural change	Reducing selling to certain B2B segments and forming new forms of B2B partnerships Hiring manpower in form of D2C, end consumers, data specialists and the position of Chief Commercial Officer Building up IT maturity Leveraging B2B profits to finance the D2C push
Delta	Reducing reliance on intermediaries Gathering direct customer insights and maintaining a direct relationship Capturing additional revenue growth	Learning that D2C is an entirely different business with different KPIs Benefiting from internal D2C approaches globally and understanding the internal company legacy Using D2C as a learning and testing tool through gathering customer data Creating direct customer contact	Committing and daring to the necessary high resource investment Governance approaches that allow a long term vision accompanied by top-down priority Designing systematic learning processes and operational processes to run D2C Differentiating the D2C offering	Acquiring D2C start-ups or management buy out Creating innovative products Leveraging generated insights for the development of products Accessing and collaborating with D2C benchmarks
Epsilon	Higher margins Controlling the experience	Assessing the role and reaction of intermediaries Creating a community and controlling the brand experience Understanding the distribution system of the company	Segmentation of the different B2B and B2C customers Governing the direct channels and defining the role and the role of B2B channels Designing organizational structures Differentiation of the D2C offering	Monitoring D2C through appropriate tools and operating operational D2C tools Accessing a stock listing to generate liquidity Shaping the role and development of online vs. Offline direct channels Allocating the D2C department

Zeta H	Controlling and delivering a consistent brand experience Gathering customer data	Calibrating the offline vs. Online affinity by customers for the assortment and carving out a reason to buy direct Strengthening the brand awareness and delivering a consistent brand experience through direct channels Taking the legacy and history of the company into account and assessing the role and reaction of intermediaries Getting the commitment from the board	Differentiating the D2C offering and selecting the price strategy Committing to the allocation of enough resources and reducing the fear of cannibalization Governing the B2B and D2C departments and adjusting the organizational set-up to run D2C Selecting the major building blocks like committing to build the D2C building blocks of systems, culture, mindset, CRM tools	Adjusting the IT and retail systems Creating the organizational form to scale D2C and allocating D2C departments internally Creating a customer insight team, data team and a new distribution centre Leveraging the D2C competencies through the launch of franchise concepts
Eta	Replacing the old selling mean of “cards” Selling products that are rarely sold from retailers Every product should be distributed in every (intermediary) channel	Understanding the distribution and IT system of the company Offering the full assortment and selling non-retail assortment Calibrating the fear of channel conflicts Balancing the leverage of D2C compared to intermediaries Taking the company's legacy into account	Formulating D2C goals Allocating resources and prioritizing to further develop D2C Allocating D2C to the appropriate department with enough resources and accurate building blocks Enabling a convincing brand experience with a differentiated D2C offering	Leveraging end consumer knowledge of employees to run D2C from direct marketing Accessing new software to run the shop Leveraging the Swiss capabilities to expand to Germany Releasing the old shop to set up a new one and Making Make or Buy decisions
Theta	Gathering first customer data Reducing dependency on intermediaries	Gathering and using data is the major priority Learning from D2C benchmarks Managing tensions with retailers and internally and avoiding cannibalization with intermediaries Carving out a reason to buy direct from a customer perspective and increasing brand loyalty Understanding the brand positioning and the related pricing strategy	Developing governance mechanisms to further develop the intermediary relationship Committing to D2C as a highly strategic important Differentiating the D2C offering Determination of the role of D2C internally Strengthening the brand positioning Building operational D2C structures and tools to run a D2C business	Leveraging D2C gained knowledge to intermediaries Releasing D2C out of the marketing department and creating D2C departments in form of a sales unit Creating a position as D2C vice president Creating a D2C KPI driven process and own P&L for all D2C teams D2C gets the first stock allocation of every product
Iota	The trend in the market Premiumization of the brand is a promising revenue growth angle that is supported by D2C approaches offline Revenue growth comes from direct channels Difficult intermediary relationship	Understanding the manufacturer's market situation and distribution system Benefiting from the general digital e-commerce trend Investing in the brand Reducing the reliance on the partnership with intermediaries	Allocating enough resources to the D2C approach through showing endurance in the middle management to convince the board Defining the assortment prices for direct channels and differentiating the direct channel offering Setting up the internal structures, IT, reducing hierarchies and becoming more agile.	Leveraging D2C competencies of one brand to go direct with other brands Accessing resources internally to build an online shop Creating business models that allow attractive ROI's Releasing direct channels and acknowledging D2C failures

7.5 Results

The directions of D2C strategies

Alongside this investigation, the author detected a further basic condition that must be considered when building dynamic capabilities for the D2C strategies of established consumer goods manufacturers. During the semi-structured interviews, the formulation of D2C goals was repeatedly raised as a crucial issue. Therefore, the author briefly mapped the different cases and the directions in which they were heading.

Table 12: D2C directions (author illustration).

	D2C on top	Towards D2C-led	Unclear
Description	The direct channels generate additional revenues. The core intermediary channels remain the same.	The company aims to increase the D2C share and become D2C-led. Thereby, some even reduce intermediary channels on purpose.	Some manufacturers operate direct channels and intermediary ones. A decision by the management on where to go is not made.
Cases	Alpha Delta Eta Iota	Beta Gamma Epsilon	Zeta Theta

During the interviews, the author was able to distinguish three major directions. Notably, these directions can shift. For instance, a new CEO may reprioritize D2C and hence pursue another direction. The first direction was defined as “D2C on top”, which means that cannibalization must not occur. The additional direct channels, online and/or offline, add revenue. Four cases in this study’s sample followed this direction. The second direction was to move from an intermediary revenue base toward a D2C-led one. One famous example is Nike (Statista, 2021). In the current sample, three cases followed this direction. A further distinction within this direction is the question of whether cannibalization or intermediary channel reductions are part of the direction. Some attempt to become D2C-led without reducing intermediary channels, while others claim that it is necessary to reduce intermediary channels. Two cases reported that there is currently no clear direction. An unclear direction means that the company operates direct channels and generates revenues, but the board has not decided on where to go with D2C. Two cases in the present sample were currently in that state.

Building dynamic capabilities for D2C strategies

After determining the first-order concepts, the next step was to combine them into second-order topics and embed them into the dynamic capability capacities of sensing, seizing, and reconfiguring. The path to second-order themes is described in Table 25. In addition, based on the primary and secondary data, D2C triggers were identified and outlined at first. The overview of second-order concepts of D2C triggers, D2C sensing, D2C seizing and D2C reconfiguring is summarized in Figure 2323.

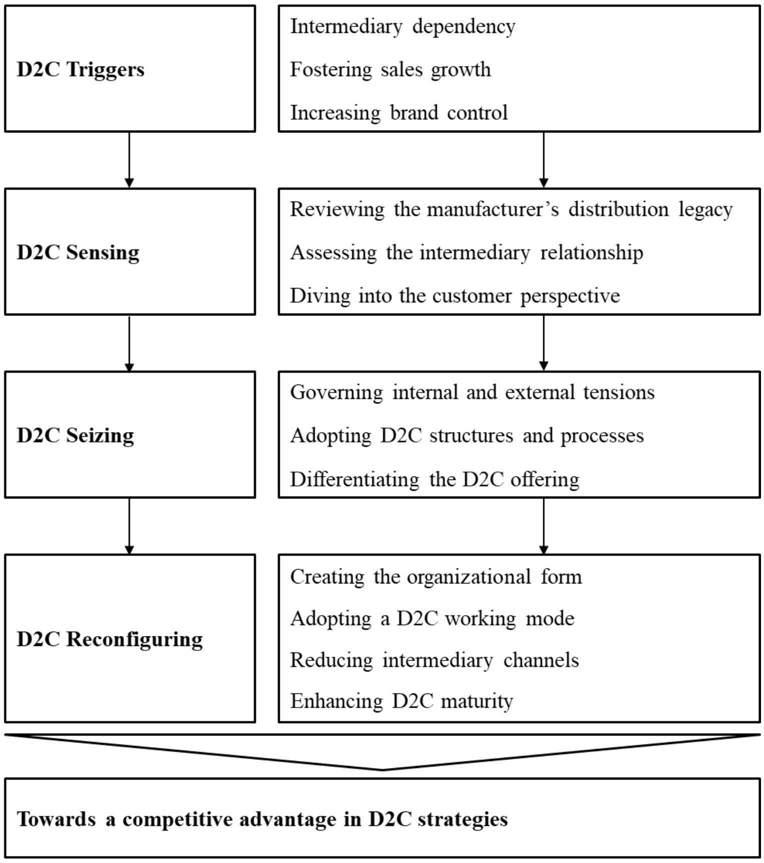

Figure 23: Dynamic capabilities for D2C strategies (author illustration).

D2C triggers

Three different D2C triggers that occurred in almost all cases were identified, namely being dependent on intermediaries, fostering sales growth, and increasing brand control. The first D2C trigger is the high dependency on intermediaries. This dependency is seen by managers as a challenging partnership. In addition, the share of private label products, such as in the FMCG area, is constantly increasing (Oracle, 2019). Therefore, established manufacturers and their brands continue to lose shelf space. The following statement from the interviewee in the Iota case illustrates this difficult situation:

> "The company is extremely focused on B2B. In Austria, it is a very special symbiosis between retail and manufacturer. You try to manage that with various gentlemen's agreements. Of course, they all no longer exist. So it is a difficult market situation, (…) and it is consolidated to a few large players" (Manager, Iota).

Another D2C trigger is the search for sales growth. Many companies find it difficult to grow through traditional retailers. Therefore, direct channels are an effective way to generate growth of at least a few percentage points. One of the managers in the Delta case stated the following:

> "[T]he turnover is just nice and that brings us a few percentage points of growth in addition. So you see, the third keyword is actually growth via possible paths, and if you directly make 1.5 to 2 million, then you still have your 1%, 1.5% growth" (Manager 2, Delta).

In addition, sales through direct channels have a different weight for a manufacturer. Both sales and the margin are factored in by a factor of two. One of the managers in the Delta case stated the following:

> "Turnover is clear: B2B makes the wholesale turnover, D2C makes the retail turnover, which is approximately a factor of two. The same applies to the margins in the B2B channel which is about the average profit margin of 45–48%, in the D2C channel 75–78%" (Manager 2, Gamma).

Moreover, a general boost of online sales in various categories has forced manufacturers to rethink how they can benefit from that growth.

The third D2C trigger is the need or opportunity to increase control over the brand. Since customer experience is an emerging and critical topic, D2C allows manufacturers to control what happens at the point of sale. Linked with this fact is the opportunity to control communication since manufacturers can gather their own data. One of the managers in the Epsilon case stated the following:

> "So, first of all, we can control our channels 100% ourselves, and then if there's a pandemic coming in, online is already the channel when the other stores are closed. Then you have wonderful data that you can collect when you buy online. These are then points that you can manage, the customers you know exactly which shoe they have bought, how long they need it, what color they have and you can send newsletters again" (Manager 2, Epsilon).

D2C sensing

The D2C sensing capacity consists of three major themes, namely reviewing the manufacturer's distribution legacy, assessing the intermediary relationship, and diving into the customer perspective.

Manufacturers carefully review their current distribution setup and legacy. Since many of the investigated cases have been on the market for decades, they entail a certain history. For instance, one manufacturer opened its first store in 1968 (case Delta). In addition, the internal setting is frequently fully focused on intermediaries and direct channels do not fit there. This is stressed in the following quote:

> "Then they have aligned everything in the organization to that [B2B]. There the organization is just streamlined. So they have aligned production to serve the mass market. The logistics are aligned to that, the marketing is aligned to that, the sales are aligned to that, that's again all aimed at that point, so, because in the industries or in the industry that we're talking about, so consumer goods, FMCG and food in certain places, of course, a driver is also the issue of cost leadership" (Manager 1, Alpha).

Therefore, various managers noted that it is crucial to map and fully understand the distribution from the past until today. This activity supports managers in determining how the D2C opportunity could fit their company.

Assessing the intermediary relationship is another crucial factor in building D2C strategies. This is underscored by the fact that the investigated manufacturers come from selling through intermediaries. Thus, risking the relationship would immediately risk their revenues. Consequently, a careful assessment of the different intermediaries and how to treat them is necessary. If such an assessment is not conducted, the intermediaries will fight back immediately. One of the managers in the Zeta case stated the following:

> "Some called our boss, why did you make such a product again? Why can't I have this? You are destroying us. Now I've helped you for years and so on" (Manager 1, Zeta).

Without an assessment of the intermediary partnerships, the D2C opportunity cannot be pursued with the necessary focus and resources.

Sensing the D2C opportunity also requires the customer perspective to be adopted. The managers need to answer the question of why a customer should buy directly. Many customers expect shopping baskets or prefer an assortment that consists of different brands. Therefore, one manager claimed that understanding customers' buying motives is crucial:

> "The reason for the visit is quite different for Alpha online store than a retailer online. Because there I want to buy yogurt, milk and other things for everyday use and maybe something to snack on, while at Alpha I know more consciously, I buy the brand and I'm looking for special products or a special promotion that I've seen and I think that the reason is quite different" (Manager 2, Alpha).

Consequently, this understanding is fostered by customer insights teams or data experts who analyze customer behavior in, for instance, the online shop. Management must derive the major pain point to be met through a direct manufacturer shop as well as consider how to solve it.

D2C seizing

D2C seizing consists of three major themes, namely governing internal and external tensions, adopting D2C structures, and differentiating the D2C offering.

Governing internal and external tensions to seize the D2C opportunity requires a great deal of effort from management. D2C is a topic that does not fit the setup of a typical manufacturer. In addition, many employees are not convinced by the benefit of a D2C strategy. Similarly, some may fear losing their jobs due to the new focus. This internal situation is described in detail in the following quote:

> “The D2C issue hangs strategically higher, operationally lower. This is a classic conflict in the structure. So everyone says yes, we have to do it, but not now. Or not so much, please! You can already see the conflict, we can hire for the sales force today, no problem, but if you want to hire e-commerce managers then, moment yes, why? What is the added value?” (Manager 1, Theta).

As previously described, during the seizing phase it remains crucial to govern external relationships, especially with intermediaries.

Adopting D2C structures and processes is another core component in seizing the D2C opportunity. Since dealing with end consumers and selling directly are such different businesses, manufacturers must design the entire structure from scratch. Furthermore, they must select the building blocks they want to invest in. The following are example questions that need to be considered: Does the CRM tool matter more than a new live chat on the website? Who handles customer complaints? How should the processes in the customer service center be designed? How complex the decision can be is outlined in the following quote:

> “I think our D2C business is too small to divide our sales by channel, so to speak. We could have said like Adidas or Nike: there is wholesale and retail or D2C. But it's still too small for that, or the wholesale business is too big. On the other hand, I think it's always important to involve the country managers. So it's not a case of saying that in Switzerland there's a retail team and a wholesale team, but

> that they work together and not against each other. And for that reason, I think the matrix structure is right" (Manager 2, Zeta).

Differentiating the D2C offering is essential for driving traffic to the website or store. Thus, the underlying concept of customer segmentation is decisive. One of the managers in the Gamma case stated the following:

> "The topic of segmentation should not be underestimated; how difficult such segmentation is. But then I say that is the core of all this: What characterizes a customer for a service, to the end consumer or for an assortment, which we provide him?" (Manager 2, Gamma).

The entire differentiation alongside the different segments can therefore be observed from a customer perspective. The manager in the Beta case stated the following: "We have already brought out some pretty cool products, with sapphire cases, rainbow stones, which are relatively expensive, we're talking about 65'000 to 200'000. That an intermediary customer has such a product in stock is rather unlikely because it is also a very big risk. But in the boutique, he finds it of course, because they want to show the whole range. Only there, in the higher-priced assortment, the customer automatically has an advantage in the boutique" (Manager, Beta). To conclude, designing a differentiated offering for the end consumer requires numerous resources and creative approaches.

D2C reconfiguring

D2C reconfiguring consists of creating the organizational form, adopting a D2C working mode, reducing intermediary channels, and enhancing D2C maturity.

Creating the organizational form should be tailored to every company individually. Whether it is integrated into sales units, digital marketing teams, or entirely separate, different advantages and disadvantages accompany this decision. Nevertheless, this reconfiguration must be performed. One of the managers in the Eta case stated the following:

> "D2C is located with the digital team and the person who takes care of e-commerce is now sitting in there. As before, however, from the commercial side, key account managers have no interfaces to the online store. It's marketing sided with the brand managers. They take care of it, we perform the activities that push e-commerce sales. I don't think there's a right or wrong, I like that at the moment.

> Because in the commercial team, I would be afraid that they would look at it as a competitor, a little bit step-motherly" (Manager 1, Eta).

The adoption of a D2C working mode originates from the fact that selling through intermediaries is such a different business. Consequently, the working mode must be adjusted as well. One of the managers in the Alpha case stated the following:

> "In the digital environment, you certainly need an agile organization that thinks agilely, that makes quick decisions, that thinks digitally. And in the end, it is also very interface-driven, because e-commerce business is interface-driven and not silo-driven across departments. And dealing with data is not just owning the data in SAP, that is a fallacy. I have to read and analyze the data and, above all, interpret it" (Manager 2, Alpha).

The reduction of intermediary channels is an activity that applied only to a few cases. Some manufacturers do not dare to do it or it does not make any sense to them, such as if a manufacturer aims to distribute its products in every channel possible. Nevertheless, moving towards D2C over time requires intermediary channels to be reduced at a certain point. In particular, if the aim is to tremendously increase the D2C revenue share, then reducing intermediaries is almost a necessity. Executing such activity is highly challenging and risky, as the following statement proves:

> "There is certainly no internal resistance [against D2C]. All those who are regionally responsible are interested in this because sales are increasing and there are no conflicts. But of course, there are big discussions about how we achieve this and to what extent management is prepared to take certain steps to achieve this. Because distribution cuts are also risky, if you suddenly decide, I say something: we have no one in Basel and Schaffhausen anymore, yes maybe the customer comes to Zurich, maybe not, those are risk steps that you have to go through and maybe the first few years you experience a sales cut until it really works and the customers have adapted and go to Zurich" (Manager, Beta).

Enhancing D2C maturity is an essential process to maintain pace with the market and competition. Usually, if a manufacturer starts to go direct, many bucks remain:

> "Yes, we have many construction sites, system, culture, mindset. We don't have a CRM system yet, we are just introducing it. A lot is still fixing the basics. Also, the e-commerce platform is not as fast as it could be, what can be improved?" (Manager 1, Zeta).

Increasing the maturity and emphasizing success factors to boost the D2C strategy in the long run is crucial. As an example, the following quote highlights how maturity can be enhanced as well as where the focus should be:

> “People, IT and existing distribution, which if you put it on key success factors or so like at the end of the day determine your success and of course take longer and are in time even more costly and the transformation more difficult. If you have a huge legacy in the three areas and you have to convince the people. You have to completely turn IT around and you have to convince your retail landscape that you will break their business if you don't transform” (Manager 2, Gamma).

The developed dynamic capabilities for D2C strategies enable manufacturers to create a competitive advantage (Helfat & Peteraf, 2009). Dynamic capabilities offer a route to achieving a competitive advantage under change, such as strategic change, to benefit from the D2C trend.

7.6 Discussion and Implication

In the present study, the author has identified the dynamic capabilities for D2C strategies of established consumer goods manufacturers. The dynamic capabilities are categorized into D2C triggers, D2C sensing, D2C seizing and D2C reconfiguring. The author proposes nine propositions to highlight major outcomes from their point of view in Figure 24. In particular, these propositions contribute theoretically (E. Eriksson et al., 2022) and apply to D2C managers.

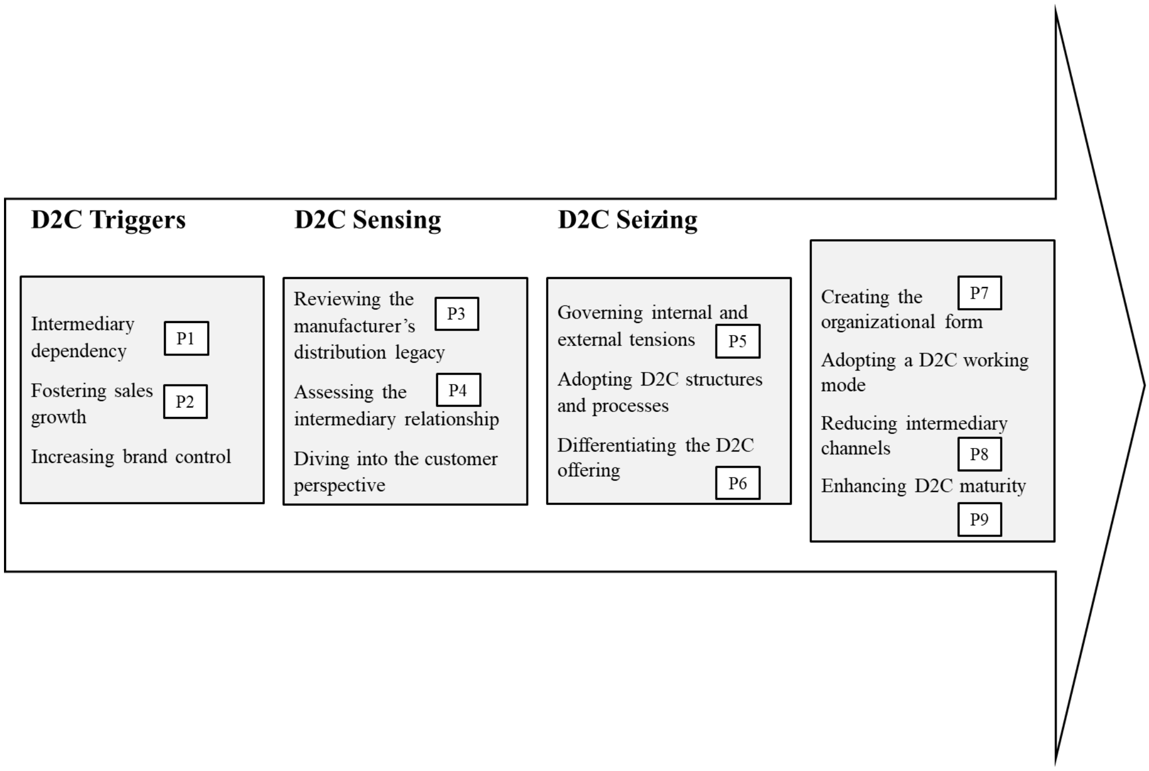

Figure 24: Propositions to enable the building of D2C strategies along with the D2C dynamic capabilities (author illustration).

Different D2C triggers can lead to the establishment of direct channels. Very often, however, a high dependency on intermediaries, or the will to reduce it, plays a role. For instance, cases Delta and Iota couldn't exist without these revenues. This problem is amplified by the fact that in their markets there are only a few intermediaries which leads to high negotiation power. Therefore, the author suggests:

P1: The higher the manufacturer depends on a small number of intermediaries in terms of revenue, the more difficult it is to achieve enough priority internally to be able to build D2C strategies.

A large number of manufacturers such as cases Alpha or Iota are hoping for additional sales growth through direct channels. It may also be envisaged that the increased brand presence through D2C channels can also lead to synergy effects. This was made clear by an interview in case Gamma, which the manager of offline stores sees as primarily an investment in the brand. As a result, the turnover of intermediaries can also be strengthened. It can also be mentioned that data collection in particular can build a stronger customer relationship and use it (Härtlein et al., 2021).

P2: Through D2C strategies, the revenue growth can not only be increased in the D2C channels but also through synergies with the intermediaries.

In D2C sensing, manufacturers and their managers were found to work on different levels. A critical point lies in understanding the distribution concerning the company. Companies must know how D2C could be integrated into this established process and system. This applies to all cases. In addition, dealing with intermediaries should not be neglected in D2C sensing. This special feature is particularly relevant for established consumer goods manufacturers. D2C strategies encounter clear processes and relationships that are geared towards the intermediary. The following two propositions are proposed:

> P3: The more bad experiences the company has made with D2C strategies and the more focused the distribution is on intermediaries, the more difficult it will be to launch a new D2C project.
>
> P4: The communication of D2C approaches must be chosen depending on the relationship with the respective retailer, but the risk of conflicts decreases; the more manufacturers also sell directly.

D2C seizing emphasizes that D2C strategies are a topic that is often associated with tensions. Conflicts can arise, not only externally but also internally, such as when B2B profits are used to finance D2C approaches.

> P5: The management of internal tensions associated with D2C strategies is decisive since D2C approaches often affect various divisions.

The assortment and supply via the direct channels play a central role. This is confirmed, for example, by Gamma or Epsilon, which work with customer segments in B2B and include D2C goals. Beta even actively prefers the D2C channels compared to the intermediaries. Premium products are a popular approach (Gielens & Steenkamp, 2019). However, not only the company view but especially the customer should be brought into focus. What does which customer segment want to buy where?

> P6: The offer via the D2C channels should be tailored to the customer segments because simply distributing the same thing across all channels is often too short.

In D2C reconfiguring, the choice and organizational setup play a critical role; for example, where will D2C be located and who will take care of it? For instance, managers of case Eta reported, that the D2C channels had to be relocated several times. For instance, if the D2C revenue share is very low, an allocation in the sales department could be counterproductive since the sales team put most emphasis on the major revenue streams.

P7: Careful allocation of the D2C project is crucial to secure enough attention from the employees towards it.

Certain cases even started to redirect intermediary channels. According to cases Beta or Gamma, this has to be carried out and communicated carefully. Further, it comes with a lot of risks which have to be assessed.

P8: The dismantling of intermediary channels usually only becomes an issue when the D2C channels have established themselves in the market.

Last but not least, building D2C maturity is key. It can be helpful to define certain success factors and develop them thoroughly. After all, the D2C environment is competitive with a lot of D2C start-ups (Schlesinger et al., 2020), and succeeding in it is therefore also demanding. For instance, case Delta reported that D2C strategies simply need time and constant dedication and commitment by the management.

P9: Reaching D2C maturity is only possible through a consistent belief in D2C even though management teams change.

The propositions and insights based on the study highlight that the following characteristics are decisive to build D2C capabilities:

A) Expectation management: D2C strategies can be triggered for various reasons, but these should follow realistic expectation management.
B) Blending: Merging the manufacturer’s legacy with partnership concerns and the customer perspective to identify the D2C sweet spots.
C) Arrangement: Not only considering formal D2C processes, but also the informal tensions and incentives internally and externally.
D) Fixation: To bring D2C alive requires accurate ways of working and structures which differ from the traditional structure of a manufacturer.

Conclusion

This study sought to answer the following research question: *How can consumer goods manufacturers build D2C capabilities for their established brands*? The literature indicates that D2C is greatly hyped in the practical field (Calder et al., 2018; European Commission, 2017; Schlesinger et al., 2020), but building it up as an established consumer goods manufacturer is highly challenging (Gielens & Steenkamp, 2019). Consequently, only a few companies have mastered this challenge and built up the necessary competencies.

This study's literature review consisted of three major parts. In the first part, the author shed light on the underlying concepts of D2C strategies. Furthermore, they explained the various lenses that scholars have applied to D2C. In doing so, the author selected a definition that they used as the orientation and delimitation for this study. In the second part of the literature review, it became clear that D2C strategies have been studied from four angles. One was dedicated to the question of determinants for D2C strategies, where scholars have answered the so-called IF question. Furthermore, numerous past studies have been dedicated to the question of conflicts and synergies with intermediaries, while another strand examined the consequences of direct channels on variables such as firm value. Last but not least, the success mechanisms that enable manufacturers to operate D2C successfully have been investigated. The current study ties into this strand. Dynamic capabilities were chosen as the theoretical basis as they are ideal for explaining how a strategic change such as D2C strategies can be executed. They were the focus in the third part of the literature review.

The methodological approach that the author used was a multiple case study (Yin, 2009). Dynamic capabilities are often found in the routines and processes of companies (Eisenhardt & Martin, 2000). A qualitative approach was therefore chosen in the form of a multiple case study since a quantitative approach would make it difficult to detect routines and processes (Khan et al., 2020). Thus, nine cases were examined and evaluated. First-order concepts were formed for each case, and second-order concepts were derived from them. These were aggregated in a model of dynamic capabilities for D2C strategies (author illustration).

Theoretical implications

The goal of this study was to address the research gap on how to build dynamic capabilities for D2C strategies. Through analyzing nine different cases, the author enhanced the understanding of D2C sensing, seizing, and reconfiguring, thereby contributing to two different literature streams. On the one hand, this study alludes to the dynamic capability literature as it applied the concept of the micro-foundations of dynamic capabilities (Teece, 2014) to D2C strategies. On the other hand, this study enhances the literature stream of D2C strategies. In particular, the findings contribute to the stream of the success mechanisms for direct channels.

Managerial implications

The model in Figure 2324 will enable managers to build D2C strategies. The model consists of the following: being dependent on intermediaries, fostering sales growth, increasing brand control, reviewing the manufacturer’s distribution legacy, assessing the intermediary relationship, diving into the customer perspective, governing internal and external tensions, adopting D2C structures and processes, differentiating the D2C offering, creating the organizational form, adopting a D2C working mode, reducing intermediary channels, and enhancing D2C maturity. These actions will support managers in building D2C strategies successfully.

Limitations

Despite the aforementioned merits, this study does have some limitations. Since D2C strategies are an emerging phenomenon, the number of employees who work only as Head of D2C was low per case. Therefore, the author had to rely on two managers and their perspectives per case. Furthermore, as outlined throughout this paper, D2C strategies are a delicate topic. Risking channel conflicts with intermediary partners must be avoided. Consequently, only a limited number of newspaper articles and press releases have drawn on the D2C strategy.

The author believes that research in the D2C area is a highly promising angle. To advance this research stream and based on this paper, scholars could conduct a long-term single case study. While this multiple case study is not industry-specific, diving deeply into one company that places must emphasis on the direct approach could reveal further insights. The author examined D2C from a management perspective. Doing the opposite and investigating customers' motives for buying direct could also advance the D2C research stream.

8 Article 6: Cashierless Stores – the New Way to the Customer?

8.1 Abstract

The check-out process is one of the biggest pain points in shopping. While Apple is the pioneer in cashierless shopping, several other corporations have initiated first concepts during the last months. Innovative, IoT-driven businesses like Amazon, Go or Avec Box are trying to improve the process. The recently established concepts vary, and a deeper understanding of the underlying functionality is still missing. Our qualitative desk research and store visits give a first overview of the design dimensions, challenges and opportunities for cashierless stores.

8.2 Introduction

The first store providing an Internet of Things (IoT) shopping experience has recently been opened to the public. The Amazon Go store, using an app, cameras and sensors, provides IoT-based shopping that mainly aims to reduce queuing times at the cashier desks (Dougall, 2018; NZZ, 2018). Besides this US concept, a variety of cashierless stores is currently emerging worldwide, like "Habitat by Honestbee" in Singapore or the "Avec Box" in Switzerland (Valora, 2019). Currently, large sums are being invested in the expansion of these new cashierless concepts. Amazon plans to open 3'000 cashierless stores by 2021 (Soper, 2018). Practitioners suggest that tech companies are already offering their products and services to retailers for test runs (Tank, 2019). Therefore, it can be concluded that this is just the beginning of a bigger trend.

8.3 Literature Review

The traditional check-out process plays a central role in retail. Currently, it is still mostly done through a combination of human contact with the cashier and machine-assisted services such as self-checkout stations or through electronic service solutions like pick-up stations (Fitzsimmons, 2003). Nowadays, a variety of new technologies that have never existed before enables retailers to establish cashierless concepts (Capgemini, 2019). In the present paper, cashierless concepts are defined as stores that abolish traditional physical cashier desks and apply the newest technology in their check-out process. The general need of streamlining the paying process has existed for some time, as waiting at the check-out has always been perceived as one of the least satisfying parts of a shopping experience (Caballero et al., 1985; Kahneman et al., 1997; Scholz, 2017; Verhoef et al., 2004). To pay special attention to the check-out process also makes sense from the company's perspective. First, the peak-end rule highlights the importance of the check-out because it states that what customers tend to remember most is the way an experience ended (Bouraoui et al., 2019). Second, automation in retail enables companies to save up to 81 % of the time currently needed for cashier activities (Begley et al., 2019).

Therefore, it is an appropriate step for retail companies to work on the enhancement of the check-out process. Since retailers approach this problem in highly different ways, an investigation into the merits of these emerging solutions is necessary. The development on the part of the companies themselves as well as the strong media coverage of cashierless shops show the importance of the topic. Yet it remains an open question how exactly the existing concepts differ or what forms they take. Therefore, the following research questions are formulated:

- Which cashierless store concepts exist in the market?
- What are the purchasing phases in cashierless stores?

8.4 Method

To examine the different concepts in more detail and to answer the research questions, the form of a multiple case study was used, which is one of the most commonly applied qualitative research methods (Yazan, 2015). A multiple case study allows the researcher to discern differences between and within the cases (Baxter & Jack, 2008; Robert, 2003). For the present article, desk research served as the first source for the evaluation, store visits by the research team as a second one. A wide range of literature was reviewed for all the concepts. In order to achieve a deeper insight and understanding, several stores such as Avec Box in Zurich, Amazon Go in the US, Habitat by HonestBee in Singapur and the Apple store in Zurich were visited by the research team. This allowed the research team to answer the questions regarding processes and procedures.

The various cashierless stores were categorized into four industries: consumer electronics (Apple Store, Saturn Express), convenience/kiosk (Amazon Go, Avec Box, Bingo Box, Migrolino), grocery stores (Habitat by HonestBee, Sam's Club Now, Hema Store, Albert Heijn) and merchandising (Alibaba Futuremart, TaoCafé).

In order to analyze the different store concepts, a set of criteria had to be developed. The entire purchase process in cashierless stores was defined based on the insights gained by the research team during their visits in the stores. In order to define this process, the article by Lemon and Verhoef (Lemon & Verhoef, 2016) was used as the basis. These two authors divided the purchase process into the stages pre-purchase, purchase and post-purchase. Through mystery shopping, the stages were specifically broken down for cashierless shops. The mystery shopping included: a) the purchase of a soft drink or some cheap gadget, b) an investigation of the applied technologies and the store design elements. Thus, the pre-purchase stage equaled check-in, purchase equaled product selection and post-purchase equaled check-out. In addition, the research team realized that quite often some app installation or customer card ownership was required in advance. Therefore, this was added as a preparatory phase. To summarize, the first phase encompasses the actions that the customer must take before purchasing, while the second phase equals the check-in, meaning how the customer gets access to the store. In the third phase, the product selection is checked more closely, and the final phase includes the check-out, with the focus on the process of paying and leaving the store. Over all phases, the proportion of user interaction to store interaction was examined. The technology used in each case was investigated as well. In addition, a fact sheet was created for each concept and related challenges were listed. Furthermore, the concepts were classified on a continuum on four scales:

- assortment: kiosk vs. department store,
- development stage: prototype vs. on the market,
- integration level: standalone vs. part of an experience,
- geographic spread: local vs. global.

Different sources per store concept were used in order to be able to apply the criteria listed above. The data analysis was conducted in three steps. First, the store concepts were evaluated individually according to the defined criteria. Second, the data were compared across concepts revealing differences and similarities. Finally, the key findings were summarized and brought together in Table 13.

8.5 Results

Differences Between the Store Concepts

The cashierless shops of these four industries were established by different-sized companies, ranging from multinationals (Alibaba, Amazon, Valora) to SMEs (Migrolino) to start-ups (Bingo Box). Geographically, the spread extends from local (e.g. Saturn Express) to global (e.g. Apple Store). The formats also differ according to how well they are established on the market. Some have largely been rolled out, such as the Hema or Apple Store, others serve only as innovation labs (Sam's Club Now) or are in their first project stages (Saturn Express). Their product ranges also differ widely. Some focus on

a rather small and specified product range (e.g. the Alibaba Futuremart), others are complete department stores (e.g. Hema Store).
When it comes to initiating a purchase, some of the concepts require the installation of an app in advance (e.g. Amazon Go, Habitat by Honestbee or the Avec Box). Others can be accessed without requiring an app (like the Apple Store). After having fulfilled these requirements prior to the purchase, the customer has different ways of access to the store. One option is via barcode scanning (e.g. Amazon Go, Avec Box), another one is face recognition (Alibaba Futuremart). Some stores, however, are accessible without any barriers (e.g. Saturn Express, Apple Store).
As soon as the customer is in the store, product selection is the next step. Some concepts require the customer to scan a barcode (e.g. Avec Box) or tap a screen (Albert Heijn). Yet this task can also be skipped completely, as can be seen in the example of Amazon Go. Amazon's concepts eliminate the entire check-out process by using instore technologies like computer vision, sensor fusion and deep learning so the purchase is automatically completed once the customer leaves the store (Pocket Lint, 2019). Other concepts use face recognition (Hema Store), completion of the transaction in an app (Avec Box), scanning corridors (Tao Café) or scanning scales (Bingo Box) in order to complete the purchase.

8.6 Discussion and Implication

Design Dimensions of Cashierless Stores

Technology is a game-changer in retailing (D. Grewal et al., 2017). This is in line with the findings regarding design dimensions of cashierless stores. At each stage of the purchase, the stores use a variety of technologies which can be combined in different ways. For example, before the purchase, most of the concepts make use of an application that has to be installed in advance. For check-in, the application can be used to open a door or barrier by scanning a barcode. Free access can also be provided, as in the Saturn Express store. As soon as the customer wants to select products, however, the app might become a necessity. In the Avec Box, for example, the customer has to scan the product's barcode (scan-and-go). In the Amazon Go store, on the other hand, customers do not have to use their smartphones at all, they can just grab what they want to buy and leave the store. For the check-out, face recognition is used at the Hema Store. At the TaoCafé you just walk out through scanning corridors and the purchase will be automatically completed. All these combinations highlight the opportunities that these technologies provide. The consumer shopping experience is revolutionized and the application of various design dimensions plays a great part in cashierless stores (D. Grewal et al., 2017).

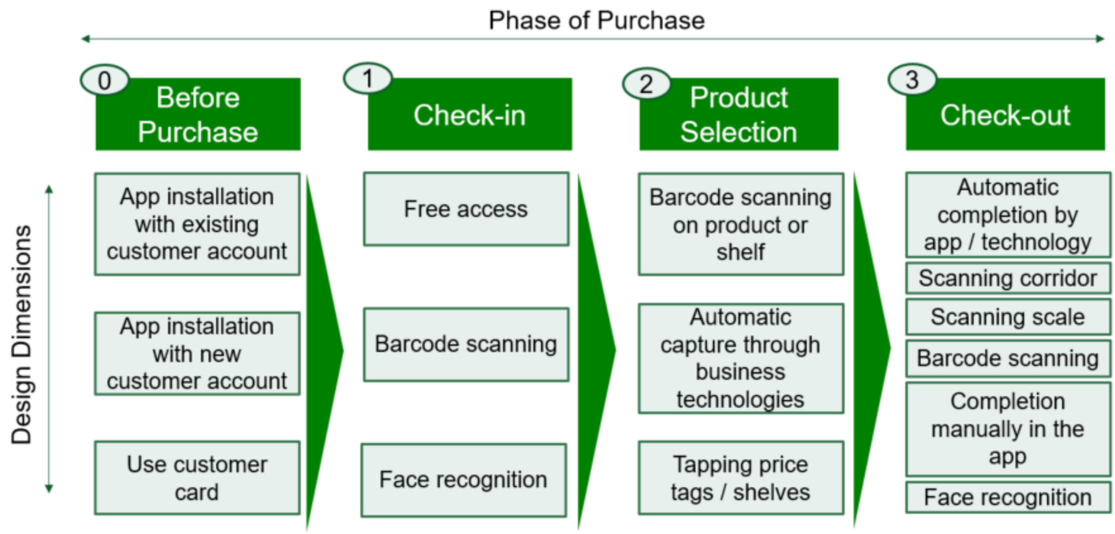

Figure 25: Design dimensions for each phase of the purchase (author illustration).

Advantages and Disadvantages of Cashierless Stores

The results of the present study show that cashierless shops have certain advantages and disadvantages. Financial considerations play an important role. The investment in such a concept can be relatively high, depending on the selected design dimensions. Especially the well-known example of Amazon Go is mentioned again and again. It is controversial whether the advantages of this concept outweigh the costs (Kelso, 2018). Many concepts, like Amazon Go, are based on an app. Research has shown, however, that the usage frequency of retail apps is relatively low (Ericson et al., 2014). Therefore, it should be checked whether using an app is really target-oriented.

Another exciting aspect is the influence of missing cashiers on store design. Without cash registers, additional square metres become available which can be used for sales and thus increase turnover per square metre. At the same time, the opportunity for impulse purchasing around the check-out desk disappears. Therefore, the question arises whether the elimination of the check-out desk or automatic check-out will definitely increase the average shopping basket of the customer. A key benefit for retailers is that new data volumes are generated and can be used in a targeted manner. Manufacturers, on the other hand, are forced to ensure that their products are suitable for the respective concepts, by providing, for example, RFID chips on their products.

	Advantages	Disadvantages
Costs	Reduced labor costs	High implementation costs
Revenue	Higher earnings per m²	No impulse purchases at the cashier desk
Customer Experience	Check-out pain point is removed	Does not automatically address all customer needs
Retailer	Gathering (live) customer data	The more products are purchased the less time the check-out takes proportionally
Manufacturer	More space for products available in the store	Products must fit with the cashierless store system

Figure 26: Selected advantages and disadvantages of cashierless stores (author illustration).

Key Takeaways for Managers

Goals of the cashierless concept

From the retailer's point of view, there are a variety of objectives cashierless concepts can help achieve. Some of these goals translate into lower product costs and rapid expansion (BingoBox), higher investment in the experience (Hema, Habitat by Honestbee) or increasing customer centricity at the PoS (Saturn Express). Cashierless stores may provide increased convenience for the customer or enable the refocusing on customer needs. Without a cash register, more time can be spent advising the individual customer (seller can continuously stay with the customer). On the other hand, opening hours can be extended in the case of non-staffed shops.

Feasibility of cashierless formats

Depending on the combination of the design dimensions, feasibility can vary considerably. First of all, it has to be taken into account that big retailers, for instance Coop, nowadays own different formats that work in different ways, meet different customer needs, and have different sizes and assortments (Coop, 2019). At the same time, cashierless concepts require huge investments and do not automatically lead to a competitive advantage. Therefore, it is crucial for retailers to define why they want to launch cashierless formats (Tank, 2019). As soon as the goal is clear, the companies can figure out which design dimensions best suit their stores. Simply programming an app in which the customer can scan the products and pay directly might already meet certain customer needs.

Customer journey and customer experience in cashierless stores

Cashierless concepts have their own pre-purchase, purchase and post-purchase stages that represent the customer journey (Lemon & Verhoef, 2016). In order to improve the customer experience, the relevant touchpoints along the customer journey must be identified (Bouraoui et al., 2019). When a retailer is thinking about implementing a cashierless store, the design should aim to provide the most memorable experience possible (Tank, 2019). In order to achieve that, the design dimensions are a good starting point. Over all four phases (including the preparatory stage), the retail company must figure out which dimension can lead to the best possible customer experience. It is important to understand that technology itself does not automatically meet customer needs (Tank, 2019). Rather, the customer journey has to be as satisfying as possible. Even if this means that the store has to provide a cash payment option.

Impact of technology and opportunities for cashierless stores

IoT is transforming retail. In concepts like Amazon Go as well as in other concepts, cashiers are replaced (Paul, 2018). Computer vision, sensor fusion and deep learning technologies enable the automatic detection of products and the IoT Amazon Go shopping experience is completed by cameras, sensors, AI and its applications (Benjamin, 2018; Dougall, 2018; D. Grewal et al., 2017). Retailers increasingly rely on IoT to automate manual processes. IoT is currently driving the increase in cashierless stores all around the world (TrendforceOne, 2019). The Amazon approach of radically removing the check-out is enabled by asking the right questions. Instead of just improving the check-out, Amazon eliminates it. Time will tell If the applied technology is appropriate. What really matters is the correct focus of a company, and this should be on technology (Herring et al., 2017).

Success factors of cashierless stores

The topic of cashierless shops is strongly associated with the trend towards convenience (KPMG, 2018). And today's customers particularly value convenience (Breuer et al., 2019). Therefore, simplicity of the concept, low entry barriers and a seamless customer experience are key success factors. For example, integration with existing customer accounts can significantly simplify initial registration. Accessibility, however, is not the only decisive factor; the overall customer benefit must be high, especially in comparison to already established concepts such as self-check-out and self-scanning, e.g. "passa-bene" by Coop or "subito" by Migros.

Outlook

The development of cashierless stores is only just beginning. As established in the results and key takeaways of our research, retailers are in a process where they are considering launching cashierless stores but are still faced with questions regarding how to proceed. IoT plays a key role in this new type of shopping experience (Dougall, 2018). The design dimensions serve as a tool to create a cashierless store. But all companies must be aware that success does not only depend on the dimensions used but also on the overall customer experience.

This field provides many opportunities for future research. Generally, IoT in retailing is one of the emerging forces and presents a wide range of research gaps (D. Grewal et al., 2017). Giving up the cashier desk has an impact on store design, for example. The question arises how to use this empty space efficiently. And the new technologies that are used raise questions about adoption or optimal technology design.

Table 13: Characteristics of and key findings for the examined stores (author illustration).

Industry	Company	Store	Required in Advance of the Purchase	Check-in	Product Selection / Recognition	Check-out	Key Findings	Selected Sources
Consumer Electronics	Apple	Apple Store	Apple-Store App (Easy-Pay)	Any time during opening hours (no barriers)	Barcode scanning or just take it out of the shelf	Completion of the purchase in the app or payment to an employee	Customer experience has the highest priority The concept is established and rolled out in several countries	Maclife (2008). No more cash registers. Retrieved from https://www.maclife.de/news/betriebssystem/andere/apple-ladengeschaefte-auch-kuenftig-keine-kassen-mehr Itplatz (n.d.). How to buy stuff in the Apple Store without a checkout. Retrieved from http://www.itplatz.net/wie-man-sachen-im-apple-store-ohne-kasse-kauft/
	Media Markt/ Saturn	Saturn Express	Saturn Express App (MishiPay Technology)	Any time during opening hours (no barriers)	Barcode scanning	Completion of the purchase in the app	First cashierless store project of the company Focus is more on consulting and connection of online and offline	Computer image (2018). Saturn Express. Retrieved from https://www.computerbild.de/artikel/cb-News-Internet-Saturn-Express-Check-Test-19720137.html MediaMarkt/Saturn (2018). Saturn Express balance sheet. Retrieved from https://www.mediamarktsaturn.com/press/press-releases/saturn-express-%E2%80%93-bilanz-zum-pilotprojekt-innsbruck-85-prozent-der-kunden
Grocery Store	Honest Bee Ltd.	Habitat by HonestBee	BeePay, digital in-app wallet	Barcode scanning opens the barriers	Just take the products, the company packages and recognizes the products	Store puts the purchase into a bag, customer scans the barcode and pays in the app	Freshness is the key element in this grocery store A lot of pain points are transferred from the consumer to the company	HonestBee (2019). What are the modes of payment in habitat by honestbee? Retrieved from https://honestbeehelp-sg.zendesk.com/hc/en-us/articles/360018051052-What-are-the-modes-of-payment-in-habitat-by-honestbee- Lim (2018). Habitat Honestbee Singapore – Is This High-Tech Supermarket Worth Visiting? Retrieved from https://blog.moneysmart.sg/shopping/habitat-honestbee-singapore-review/
	Walmart	Sam's Club Now	Sam's Club Now membership & app installation	Any time during opening hours (no barriers)	Barcode scanning	Completion of the purchase in the app by scanning a QR code with the help of an employee	The store serves as an innovation lab for Walmart, therefore a lot of different new features are tested	Sam's Club (2018). Reimagining the Future of Retail. Retrieved from https://corporate.samsclub.com/blog/2018/10/29/sams-club-now-reimagining-the-future-of-retail The Dallas Morning News (2018). Sam's Club Now. Retrieved from

								https://www.youtube.com/watch?v=juwul7Y0DvM
	Alibaba	Hema Store	Hema Store app and Alipay	Any time during opening hours (no barriers)	Barcode scanning	Check-out station that allows you to pay on the mobile or by face recognition	The store serves as a fulfilment centre and robot restaurant, completely digitalized grocery purchase	CNBC (2018). Hema Store. Access at https://www.youtube.com/watch?v=UDI-vWdwVZMg Vice News (n.d.). Alibaba's new store. Retrieved from https://video.vice.com/id_id/video/chinese-tech-giant-alibaba-goes-offline-with-new-super-markets/5beb1836be407770a17813f5
	Albert Heijn B.V	Albert Heijn	Albert Heijn customer loyalty card or app	Any time during opening hours (no barriers)	Tapping at the shelf with customer card or via app	Just walk out (automatic)	Tap'n'Go is the applied technology and can be used either by smartphone or by card	Bandoim (2018). Cashierless Shopping. Retrieved from https://www.forbes.com/sites/lanabandoim/2018/09/26/cashierless-shopping-with-tap-to-go-technology-is-coming-to-more-grocery-stores/#554601425f05 Elm (2019). Cashierless Checkout. Retrieved from https://www.stores-shops.de/technology/checkout/cashierless-einkauf-ohne-kasse/
Convenience / Kiosk	Amazon	Amazon Go	Amazon Go App	Barcode scanning opens the barriers	Store technology recognizes which products are bought	Just walk out (automatic)	The store takes over a lot of tasks from the consumer Consumers can just select their products and walk out	Hilpert (2018). Israelis compete with Amazon Go. Retrieved from https://www.handelszeitung.ch/unternehmen/kassenlos-israelis-wetteifern-mit-amazon-go Langer (2019). Queues were yesterday. Retrieved from https://www.nzz.ch/wirtschaft/warteschlangen-waren-gestern-ld.1442339
	Valora AG	Avec Box	Avec Box App (identity card necessary)	Barcode scanning opens the door of the store	Barcode scanning	Manually in the app	First cashierless store project in Switzerland The customer opens the door, scans the barcodes of the products and manually completes the purchase	Valora (2019). Media Release Avec Box. Retrieved from https://e3.marco.ch/publish/valora/561_2367/20190404_avecBox_Medien.jpg Avec (2019). Explanation Avec Box. Retrieved from https://handmade.avec.ch/de/#avecbox

	Migrolino AG	Migrolino	–	–	–	–	Main idea: Launching micro shops (50-80 m^2) that are open 24/7 Selling alcohol will be possible	Blick (2019). Migrolino Opens the First Staff-free Store. Retrieved from https://www.blick.ch/news/wirtschaft/nach-valora-zieht-die-migros-nach-migrolino-lanciert-mikro-shops-ohne-personal-id15356417.html Horizont (2019). Migrolino launches the unmanned shop. Retrieved from https://www.horizont.net/schweiz/nachrichten/migros-auch-migrolino-lanciert-personalfreier-shop-175279?utm_source=%2Fmeta%2Fnewsletter%2Fswiss&utm_medium=newsletter&utm_campaign=nl34743&utm_term=70693a1075541206dd61999d79c0164f
	Bingo Box (Start-up)	Bingo Box	Bingo Box app (WeChat profile obligatory)	Barcode scanning opens the door of the store	Automatic RFID scanning on a desk	Place goods on scanner, scan QR code and pay, then an automatic door opens	Unmanned concept in an automated container 24/7 access with a specific app	Retail Insight (2019). BingoBox. Retrieved from https://www.retail-insight-network.com/comment/bingobox-cashierless-stores/ Sander (2018). Bingobox. Retrieved from https://www.youtube.com/watch?v=1gFKDweZ_jM
Merchandising	Alibaba	Alibaba Futuremart	App of Taobao, Tmall or Alipay	Face recognition or barcode scanning open barriers	RFID recognizes the products	Face recognition recognizes the customer, who can just walk out	Test store of Alibaba, selling mostly merchandise Check-in and check-out make use of the newest technologies	Brandchannel (2018). Alibaba. Retrieved from https://www.brandchannel.com/2018/04/23/alibaba_facial_recognition_shopping_china/ Altaviawatch (2018). Alibaba. Retrieved from http://www.altaviawatch.com/en/retail-innovations/alibabas-futuremart-high-tech-cashierless-store-china
	Alibaba	Tao Café	Tao Café app	Barcode scanning opens the barriers	Store technology recognizes what the customer buys	Customer walks through a scanning corridor, automatic debiting in the app	When ordering at the bar, the face recognition technology automatically deducts the amount from the underlying account Products bought are recognised when walking through a scanner	CGTN (2017). TaoCafe. Retrieved from https://www.youtube.com/watch?v=p6hik-DMxRE Synced (2017). Amazon Go vs Alibaba Tao Cafe. Retrieved from thttps://medium.com/syncedreview/amazon-go-vs-alibaba-tao-cafe-staffless-shop-showdown-3f3929393d62

9 Managerial Levers and Recommendations for Actions

> **"I started the business with a simple question: How can we make the process of buying a computer better?**
> **The answer was: Sell computers directly to the end customer.**
> **Eliminate the reseller's markup and pass those savings on to the customer." ~ Michael Dell (Magretta, 1998)**

The introductory quote by Michael Dell highlights a discrepancy. The idea of selling directly sounds convincing, conclusive, and simple. But as has shown in the preceding articles, the process is actually far more complex than the quote suggests.
The different articles have shown how managers can build D2C strategies. The focus was on prerequisites, learning through D2C strategies, four strategic options and design dimensions, capability building for one's own D2C brands and established brands, and an analysis of the design of purchase stages in stationary concepts. However, what is still lacking is a broad view or guideline that summarizes the findings and thus enables managers to understand D2C strategies holistically and become successful in the D2C area. Based on the research carried out, implications for managers are therefore derived in the following chapter through the introduction of the "D2C Strategy Excellence Guide." The derived implications are based on the Literature Review and the six research articles. Section 9.1 explains and introduces the general structure of the D2C Strategy Excellence Guide. It consists of three core components, with the six steps to D2C excellence representing the core. In addition, the first core component ("Familiarization") explains the approach to the topic of D2C for classic consumer goods manufacturers. This is dealt with in Section 9.2. Section 9.3 presents the second core component, the six steps to D2C excellence. The third and final component deals with the various outcomes of this process. This corresponds to Section 9.4. This guide enables managers to approach the topic of D2C strategies in a structured way, thus acting as a highly valuable tool.

9.1 D2C Strategy Excellence Guide

The primary purpose of the D2C Strategy Excellence Guide is to equip managers of established consumer goods manufacturers with a guide that enables them to deal with the D2C trend and ultimately benefit from it. Based on the previous literature review and six articles, the author has derived three major components that form the basis for the guide: Familiarization, Path toward D2C Excellence, and Outcome.

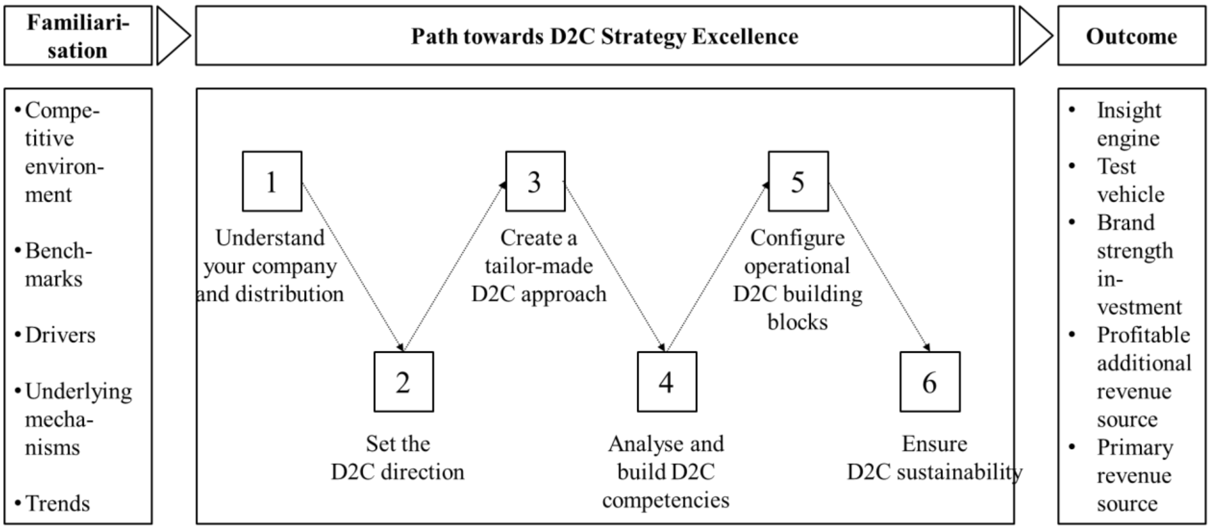

Figure 27: D2C strategy excellence guide (author illustration).

Traditionally, a consumer goods manufacturer used to sell through intermediaries. Consequently, all their structures, processes, competencies, and orientation were directed toward their business partners (i.e., retailers). Accordingly, key account managers of manufacturers regularly negotiated with the product and purchasing managers of the retailers. The end customer played a role in various processes, but contacting them directly was not part of the business. Over the past few years, the D2C trend has gained importance across different product categories. It was spurred by the strong growth of digital channels in general and D2C start-ups that have challenged market shares (CB Insights, 2016; Schlesinger et al., 2020). Nevertheless, the D2C trend does not fit with the existing structures and processes of an established consumer goods manufacturer. Therefore, the first component of the D2C Strategy Excellence Guide involves familiarization with D2C. This means, investigating the competitive environment, examining D2C benchmarks, understanding the drivers of the D2C trend, the underlying mechanisms, and the recent trends within D2C development.

The second component contains six different steps. It is called The Path toward D2C Strategy Excellence. The purpose of these six steps is to walk managers through the process of building a D2C strategy. The first step requires a deep dive into one's own company and distribution. It is crucial to understand the existing distribution model and the development over the previous years to estimate how D2C could be a fit. The second step is to set the D2C direction. Many different strategic choices can be made when it comes to D2C strategies. For instance, should it be launched with an existing brand or should the manufacturer simply start to acquire D2C start-ups? (See Article 3: Hungry for Growth – Strategische Optionen für Lebensmittelhersteller und ihre Marken um vom Direct-to-Consumer (D2C)-Trend zu profitieren.) Step three draws attention to the need for a tailor-made approach for every brand of the manufacturer. So far, the customers have purchased all of the products via indirect channels. The challenge of bringing them into the direct channels should not be underestimated (Gielens & Steenkamp, 2019). With the D2C approach having been conceptually designed, the groundwork is laid for step four: the analysis of existing competencies and what is needed on top of the designed D2C approach. Step five follows this closely as managers are required to investigate the operation building blocks—for example, CRM tool → yes or no? If yes, which features should be included? Who should use it? This step should lead to a D2C approach that can be operated and implemented. To close the Path toward D2C Strategy Excellence, managers should undertake step six: Ensure D2C sustainability. Even though D2C is a trend that has been hyped, it is a real challenge to benefit from D2C in the long run. The popular D2C Nespresso best practice example was founded before 2000 (Gassmann et al., 2020). Therefore, D2C requires constant improvements and a long-term vision which is strongly linked with the need for D2C commitment.

Lastly, the third component covers the outcome. This element should highlight that after having built up the D2C strategy along the six steps, different outcomes are possible. Sometimes, the final outcome cannot be expected at the beginning by the manufacturer; the outcome may even change. For instance, the venture started as an insight engine but further evolved D2C toward an additional profitable revenue source—or even the primary revenue source.

9.2 Familiarization with the Phenomenon of D2C Strategies

The first component covers familiarization with the phenomenon of D2C strategies in general. Since D2C strategies are a topic that established consumer goods manufacturers have not dealt with in the past, a general orientation regarding the phenomenon is necessary. Four issues should be considered: the competitive environment, D2C benchmarks, drivers for D2C strategies, and understanding the underlying mechanism of vertical integration and the future trends within D2C.

D2C strategies belong to the major trends in the consumer goods environment (Bodley et al., 2021; Chapple et al., 2021; Gielens & Steenkamp, 2019; Pasirayi & Fennell, 2021). Established consumer goods manufacturers, as well as D2C start-ups, compete among customers that are willing to buy directly. Hundreds of D2C start-ups have entered the market in both the U.S. and Europe (Schlesinger et al., 2020). The ease of launching a brand and selling online has led to the tremendous growth of D2C start-ups, as described in the title of *The Economist* article: "It has never been easier to launch a new brand" (The Economist, 2020a). While D2C start-ups such as Dollar Shave Club show that D2C can offer a promising growth approach (Pasirayi & Fennell, 2021), the established consumer goods manufacturers have joined the D2C trend as well (The Economist, 2020b).

Established consumer goods manufacturers, consequently, want to benefit from the D2C growth. The pressure comes from three sides. It is fostered by the attack on market shares by the D2C start-ups (CB Insights, 2016). Furthermore, the general emergence of digital marketplaces forces manufacturers to deal with end consumers (Hagiu & Wright, 2014) and adapt to the changing environment. Finally, manufacturers lose shelf space as private label retail products acquire more space (Oracle, 2019). In addition, the demands on D2C from managers of established consumer goods companies are extremely high: "D2C revenues will grow" (Schögel & Lienhard, 2021b). This was reflected in the survey conducted among FMCG managers when asked: How do you estimate the sales development of your D2C strategy (pre, during, after COVID-19).

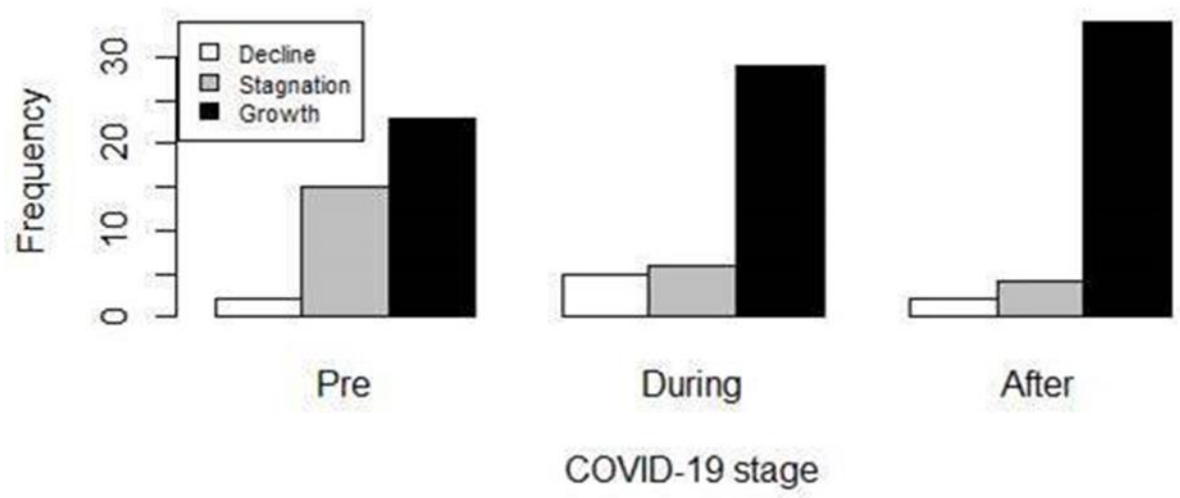

Figure 28: D2C strategy growth expectations among three COVID-19 phases (Schögel & Lienhard, 2021b).

The results indicate that some D2C strategies were already stagnating before COVID-19. Since COVID-19, the sales expectations go only in one direction—toward growth.

All these developments in the market lead to a competitive environment for established manufacturers and their brands when it comes to D2C. The customers have a broad variety of brands that they can buy directly from the manufacturer.

Even though the environment is highly competitive, many D2C benchmarks are available and can inspire manufacturers to consider what a successful D2C strategy could look like. One frequently mentioned D2C best practice example is Nespresso (Gassmann et al., 2020). Even though different components shape the success of Nespresso, such as a lock-in effect or razor and blade, it remains a great D2C example. It was also highlighted during one of the interviews that such a benchmark can support the building of one's own D2C approach: "The passion in the end, if you want so, Nespresso does that from A to Z. I say, when I see the stores, the boutique, really an incredible program of training for the employee to carry the essence of the brand to the end as possible. I was able to benefit from that very much because that's not given, that's really not given" (Article 5, case Delta, interview 2). This quote highlights how differently Nespresso operates its business. At the same time the interviewee stated that a manufacturer can benefit from it if the benchmark and its secrets are fully understood. For instance, the interviewee highlights the great investment needed to train employees so that they can deal with end consumers. Furthermore, this can also be a major difference compared to selling through a retailer: "Try asking an employee at Coop: I would like to buy Starbucks capsules, can you recommend me something?" (Article 5, case Delta, interview 2). Further benchmarks are brands such as Nike or Apple (Gielens & Steenkamp, 2019). It can be argued that D2C only works for top-of-mind brands. This argument, however, does not apply to every brand. During the investigation in Article 5, one interviewee of a non-top-of-mind brand explained: "In my eyes, we are profitable. We look at this holistically. I even assume all brands are profitable (in D2C). We don't have all deliveries for free, only from 80.-. What helps us is, first of all, we didn't have to start from 0 with this direct marketing" (Article 5, case Eta, interview 1). This example shows that even rather unpopular measures such as minimum order values can pay off. In addition, the company benefits from the fact that it was already possible to order directly via "paper" as an end customer before the internet was invented.

Another aspect to consider is the question of the drivers that convince a manufacturer to go directly. Here one can start with the customer perspective: What convinces a customer to buy directly from the manufacturer? The results according to Statista clearly show that customers want “benefits.” The list of reasons (sorted by importance) is as follows: free shipping, lower price, product sample, free gift with purchase, coupons, and so forth (Statista, 2019). From a manufacturer’s perspective, the drivers are entirely different. The investigation of Article 1 revealed that internal reasons, market reasons, and customer-driven reasons matter. The customer-driven reasons that the interviewed managers outlined do not fit with the expectations of the consumers. Managers want, for instance, first-party data, to achieve added value, or access to customers. The market-driven reasons include the high dependency on retailers, the need for internal expansion, and control over pricing. Interestingly, some managers claimed that they want to go direct because it is a trend. The internal reasons were mainly that many of them already operate a factory store. Profit was another important reason, given the missing intermediaries.

To become familiar with D2C, it is imperative to understand the underlying mechanism. As stated in Article 5, forward integration is the underlying principle. Therefore, it is valuable for managers to look at the characteristics of this concept (see Section 2.3.2). This is especially the case since forward integration is a highly challenging concept (Schögel & Lienhard, 2021a):

- Internal complexity: planning difficulties and coordination problems.
- Lack of willingness to cooperate between internal departments.
- Lack of (core) competencies for the “new” tasks (“Retail Business”).
- Investments in new areas to generate added value.
- Vertical integration is gradual and must be learned!
- Difficult to undo.
- Negative experiences with previous approaches to vertical integration.

The last aspect revolves around the fact that D2C is an ever-evolving field. The approaches are changing, and a manager must deal with these developments and trends within D2C.

Considering the trends, a first one is: “Going Offline.” D2C is strongly related to the online environment. Especially through the simple interface of players such as Shopify, it is easy to gain a foothold online (Shopify, 2021b). For example, Lindt set up an online shop in Canada within five days. However, due to the sharp rise in social media ad prices, it is becoming increasingly difficult to carve out room on the internet as a purely online brand (Schlesinger et al., 2020). Therefore, established manufacturers are increasingly looking for a way into the offline world. For example, this has been observed for a while in the FMCG range (Nierobisch et al., 2017b) with the opening of flagship stores.

"Going Back to Retail." One interesting phenomenon is the development of own D2C brands by established consumer goods manufacturers (see Article 4). Pure D2C brands are being developed so that it is possible to start on a greenfield site, but also to prevent channel conflicts, test new product lines, or open up new customer segments. Interestingly, however, they get stocked in retail. This has much to do with the fact that management demands sales figures that are difficult to achieve directly. This is why one goes into retail—to achieve rapid sales growth. This is illustrated by the following quote: "But the problem is also (...) with the investors (...) they say yes okay, but so after year 1 you are profitable (...) and then you are always faced with the decision that you go into retail because they just want to see growth and D2C just doesn't go fast, because as I said, you just need time until people get you on your side at all. And yes, they are now also in retail. And the brand is only 1.5 years old" (Article 5, case E, interview 2).

Based on this quote, it can be argued that this is a somewhat contradictory trend, because the D2C drivers indicate that you want to get out of the retailer dependency (see Article 1: The Prerequisites for D2C Strategies). If you are now listed there again, this contradicts the original idea. However, it can be concluded that this is a D2C approach that brings new product lines or brands to market.

9.3 The Path toward D2C Strategy Excellence

The second component covers the path toward D2C Strategy Excellence, which consists of six consecutive steps. The first step is creating an understanding of the company and its distribution. The second step establishing the D2C direction. Next, is the creation of a tailor-made D2C approach. Step four consists of the analysis and building of D2C competencies. Step five is the configuration of the D2C building blocks. The final step entails ensuring D2C sustainability.

9.3.1 Step 1: Understand Your Company and Distribution

Step one encompasses four aspects: history of the channels of the company, revenue structures of the channels today, dependencies among the channels, and the perception of the brand from a customer perspective.

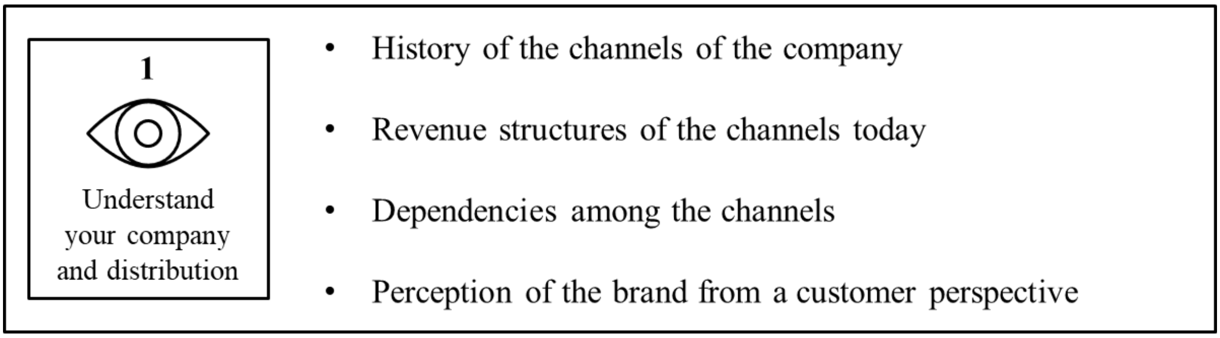

Figure 29: Overview components of step 1 (author illustration).

The first aspect that has to be considered by the managers is the history of the channels. Many companies are used to searching out alternative distribution channels. For instance, around the year 2000, factory outlet centers were on the rise (Tomczak et al., 1999). The same applies for direct channels with companies such as Dell that began selling directly 20 years ago (Magretta, 1998). For certain reasons, this approach initially failed, leading to a negative internal view about selling direct. In addition, the relevance of the D2C strategy may vary over time. This can be due to several market-related reasons or simply due to different Chief Marketing Officers (CMOs) who set different priorities. The author claims that the historical analysis should include hard facts such as revenues, margins, and the number of indirect and direct channels; however, soft factors should be viewed as equally important. Understanding internal politics, especially in large organizations, is key. For example, it should not be underestimated that D2C is frequently just a Chief Executive Officer (CEO) priority. If he or she believes in D2C, enough resources will be allocated to push it. One interviewee summarized this issue: “But the CEOs always have a lot of ego. And if you get into these positions with a lot of ego, then what was before was of course not so good and what you do yourself is good. And in the end, the customer, then there are price changes, strategy changes, product changes, design changes. And then at the end, the customer who thought it was great for 20 years can’t get out of it” (Article 5, case Beta, interview 1).

Another aspect is the revenue structure today. This in-depth knowledge about revenues and the importance and roles of different channels is decisive when it comes to the launch of D2C strategies. For example, the D2C monitor by Schögel and Lienhard (2021) also investigated this issue (Schögel & Lienhard, 2021b). One question highlighted the revenue distribution of the manufacturers: How are the revenues distributed over the following three channels? The authors differentiated on the X-axis between three major distribution channels. The traditional retailers versus the online marketplaces were considered intermediary approaches. The third one encompassed D2C strategies. On the Y-axis, the surveyed managers had to indicate the share of total revenue.

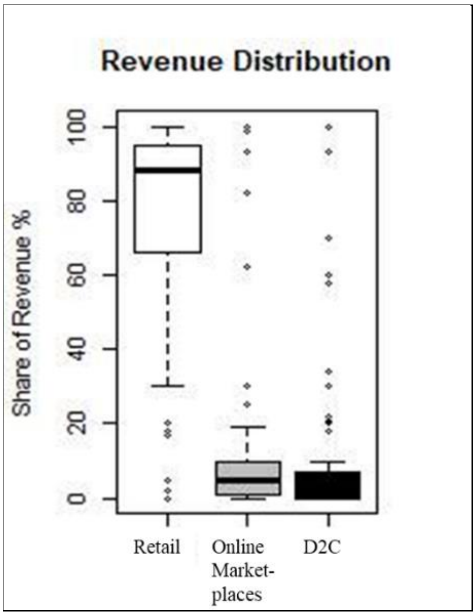

Figure 30: Revenue distribution among three main distribution models (Schögel & Lienhard, 2021b).

The results revealed that D2C strategies play a minor role for most manufacturers. The major source of revenues comes from intermediary channels such as retailers. Some companies achieve a remarkable share, but these are the exception rather than the rule. The vast majority are not able to generate a D2C revenue share over 20%. These findings highlight that for most managers D2C strategies are of minor significance in terms of sales. Most generate only a small share through D2C strategies. Nevertheless, some managers do generate a high share which means that some manufacturers strive to maintain a significant D2C strategy in terms of revenues. One example that moves in the opposite direction of the FMCG players is Nike. Nike today generates almost 40% of its revenues through D2C strategies (Statista, 2022). The so-called wholesale revenues account for only a little more than 60%.

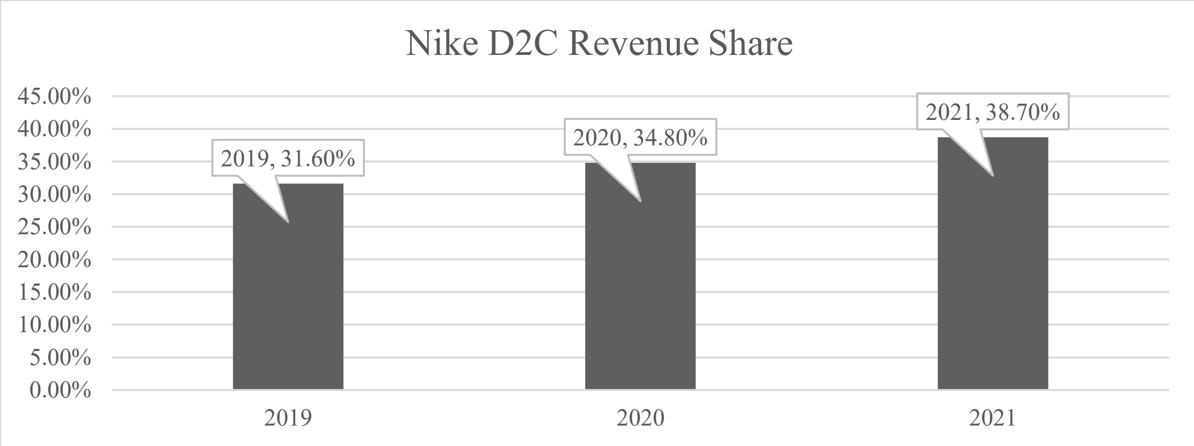

Figure 31: D2C revenue share Nike (author illustration based on Statista, 2022).

A third aspect of the understating of the company is the so-called dependencies among the channels, which involves two major issues. First, as previously discussed, the threat of conflicts with intermediaries is an ongoing issue (Pan, 2019; Samaha et al., 2011). Second, the author wants to highlight that many manufacturers heavily rely on retailers not only to sell their products but also as a producer for private label products. Emmi was the focus of Article 2*: Learning instead of selling through D2C strategies with chat dialogues – The example of Emmi Caffè Latte.* Emmi produced 2014 all private-label ice cream for Coop (Sulc, 2014). This is an important consideration because risking this private label business is not what every manager agrees on. In a large organization these business units can be far away from each other, and there may not be as much awareness of risk as there should be.

The last aspect covers the understanding of the perception of the brand from a customer perspective. Since it is repeatedly argued that brand awareness may be a crucial factor in terms of D2C success, understanding the perception of the brand from a consumer perspective is key. For instance, the D2C monitor revealed that the managers are well aware of the differences in brand awareness. They regarded their brands in the following ways: Top-of-Mind Brand 41%, Unaided Recall 38%, Aided Recall 12%, Niche brand 9% (Schögel & Lienhard, 2021b). Pure brand awareness, however, is not the only important consideration, but also factors such as the image of the brand from the customer's point of view. The fact that this can have a major impact was shown in the following interview statement: "The Nestlé brand itself hardly exists in Switzerland or is not necessarily a brand where people have a great trust. People trust Thommy, Cailler, Nespresso and Purina rather than in the Nestlé brand. It's not the same in Spain, the people trust Nestlé" (Article 5, case Delta, interview 2). The interviewee emphasizes something important by noting that customers in another country do not have to share the brand perception. This links back to the D2C drivers (see Article 1: The Prerequisites for D2C Strategies) and how some want to use D2C for international expansion. The different perceptions of the brand should therefore be considered. This is linked with the fact that brand communities can exist. Understanding these in relation to the sales channels is necessary, because communities come along with risks and benefits (Schögel et al., 2005).

Based on the different findings assembled from the articles of the dissertation and further sources, the author derives principles to understand the company and its distribution.

Table 14: Principles to understand your company and distribution (author illustration).

Principles to understand your company and distribution	**Explanation**
Do not neglect the D2C history of your company.	Various companies have made attempts in D2C in the past. It is therefore central to differentiate and understand these prior reasons and analyze these previous approaches.
Clarify the revenue streams and assess the D2C impact on them.	A complete overview of the revenue streams within the company is necessary. For example, a high dependency on the retailer may not necessarily come only through the sales of the brand product itself, but much more through the production of private-label brands for this retailer.
Emphasize the customer's perception.	From the company's point of view, it is also important to understand how the customer perceives the company. Precisely because the brand plays an enormously important role in D2C approaches, this must be taken into account.

9.3.2 Step 2: Set the D2C Direction

Step two draws attention to aspects such as the setting of the D2C direction and covers the formulation of D2C goals, addressing the customer pain points, and dealing with intermediaries and channel conflicts.

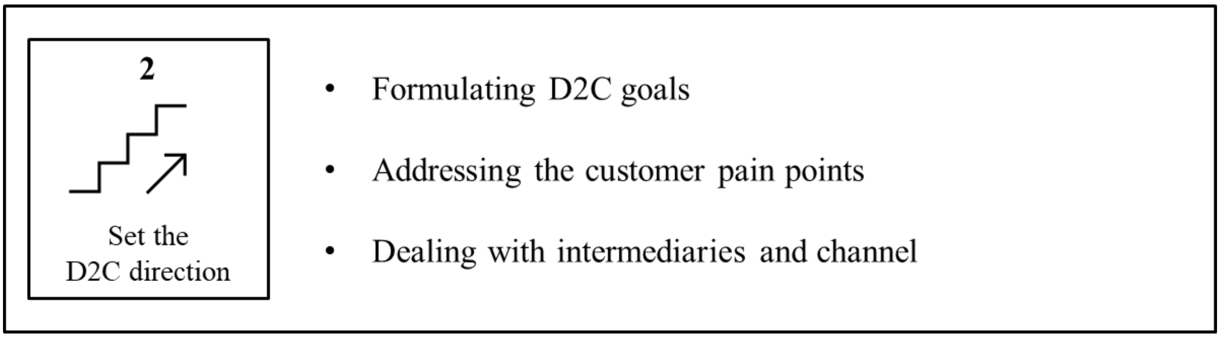

Figure 32: Overview components of step 2 (author illustration).

The formulation of D2C goals is by no means executed automatically. As the following interview illustrates: "What I think is good, they also have sales targets now. This has not been the case in the past. (...) one has to achieve Coop goals, the other the online shop goals. So there is some push and pull between marketing and e-commerce" (Article 5, case Eta, interview 1). This formulation of clear goals not only helps as a general point of reference for where you want to go, but it also strengthens the relevance of D2C internally. A compilation of D2C targets in the current market environment can be as presented in following figure (Bodley et al., 2021).

Direct own data collection from the customer to create feedback loops	It helps companies to not only optimize the customer journey but also allocate resources correctly in order to drive innovation and production. The D2C channel can even become the primary source of consumer insights.
Personalisation of omnichannel experiences	Personalize omnichannel experiences to drive incremental revenues from customers and exercise more control over the user experience.
Usage of personalised marketing	Using personalized marketing to reduce customer acquisition costs, improve retention, and maximize customer lifetime value.
Managing a D2C portfolio and shifting from category to portfolio management	Manage a portfolio of D2C offerings and reinvent the demand model by shifting from category management to portfolio management. Using data gathered from consumers, create new products to fulfill niches in demand and differentiate the D2C channel from mass retail.
Launching an testing products on a smaller scale	Launch and test new innovative products on a smaller scale with a faster time to market, and then adjust on the basis of consumer feedback.
Moving beyong just selling products	Move beyond just selling products and incorporate services into a broader, more holistic offering to customers.
Combating price pressures through owning the storefornt	Own the storefront to combat pricing pressures because, in the DTC model, there are no adjacent shelves with private labels that drive down prices. A consumer brand can set package sizes, product offerings, and pricing as it sees fit to serve the customer.
Waste reduction and freeing up working capital	Free up working capital and reduce waste by shifting the supply chain from "design-make-sell" to "sell-design-make." When companies communicate with customers directly to understand what they want before making the product, they can carry much less inventory and produce only what customers will actually purchase.

Figure 33: D2C goals (author illustration based on Bodley et al., 2021).

Bodley et al. (2021) formulated eight goals for D2C strategies. The first goal focuses on the extraction of customer data from direct contact and thus developing feedback loops. The second goal is the creation of personalized omnichannel experiences. The third goal illustrates the change from category management to D2C portfolio management. Furthermore, specific products can be tested on a small scale. Another possible direction is to build a holistic offer for the customer, which involves much more than the pure transaction of a product. Another goal can be to secure the price. The eighth goal includes the reduction of waste through a sell-design-make approach, in which less inventory may be necessary, thus freeing up working capital.

The concrete formulation of D2C goals is, of course, also dependent on the access to D2C that is chosen as a company. Three can be distinguished. The first is the so-called Start-up Access. Innovative forms of business models supported by venture capital are disrupting established brands in their core markets (Schögel & Lienhard, 2021a) Second, business model innovation can be chosen, which opens up new markets and customer groups. The third possible access is the sales channel approach, which adds an additional sales channel to the omnichannel concept.

The second aspect of setting the direction is the emphasizing that a customer pain point should be addressed by D2C strategies. The question arises as to the added value from the customer's point of view, which can be created through a direct channel. The following quote illustrates this aspect: "What does the consumer want? What kind of consumer problem do I solve? And with the drink it's easy! I don't have to lug it, it will be delivered to the door, done. And that's it. And I take drinks back again. This means that I dispose of all the waste, I take the empties back. This is service! Which is important for the consumer. And out there you often have to assume it, I have doubts for instance with personalized chips. I don't know, should I go there now and have it pack of chips? It is de facto an impulse article, where D2C does not work. And that's why these are nice marketing attempts, where you say, okay, now we also have to be digital, but I would always start from the consumer. What kind of problem do I solve for the consumer? Is there a need at all? Most people forget because they say I just have to play along in the digital realm" (Article 4, case B, interview 2).

This quote clearly shows with its examples what focusing on the customer looks like. Here, however, it must be added that the example and the doubts by these managers would certainly be questioned by the chips company.

The third aspect emphasizes that a strategy must be defined from the outset concerning how to deal with channel conflicts—not only with intermediaries but also internally.

Internally, the interaction of the channels must also be accompanied by management. One approach here can be, for example, that you consciously promote competition internally: “The thinking cannot be that we are not allowed to compete with the individual customers internally. Rather, you have to compete with them, because otherwise, I won’t generate any competition within the company” (Article 4, case B, interview 2).
External channel conflicts, of course, refer to the frequently mentioned conflicts with intermediaries. This was already evident in the D2C Monitor (Schögel & Lienhard, 2021b). In the survey, managers were asked how important they consider the management of channel conflicts. The mean value was 3.9 on a scale of one to five, indicating that this is a central issue.

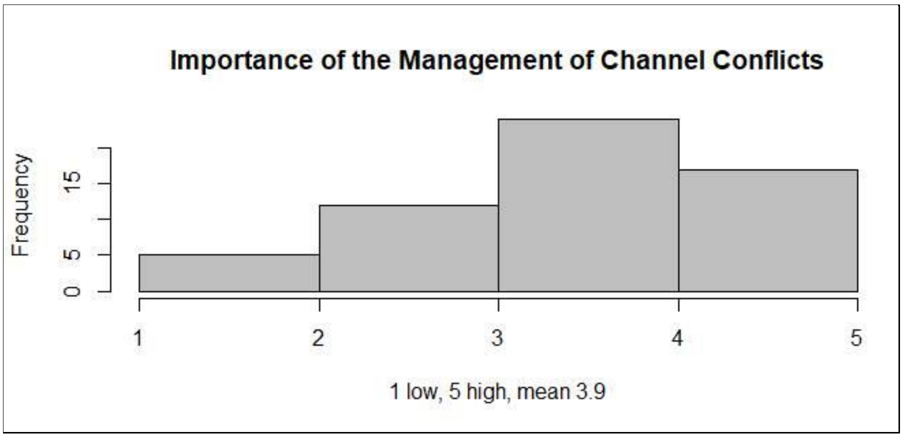

Figure 34: Importance of channel conflicts (Schögel & Lienhard, 2021b).

However, some managers assign relatively low priority to this. One reason may be that some may have always operated a previously irrelevant (from a sales point of view) direct channel: “And our big advantage is that we already had our own shop at the start in 2010. But if you started in 2000, it wasn’t so easy then similarly as in 2004. And that’s why we did it from the beginning. But at the beginning we generated almost no sales made" (Article 5, case Epsilon, interview 2).
The author derives the following principles for the setting of the D2C direction.

Table 15: Principles to set the D2C direction (author illustration).

Principles to set the D2C direction	**Explanation**
Emphasize a D2C goal that serves as a north star metric company-wide.	Emulating clear D2C goals from the beginning helps the manager to give the still unknown D2C area a clear direction. In addition, sales targets can have the effect of strengthening the relevance of D2C internally.
Carve out a customer pain point that your D2C strategy alludes to.	The customer should be a high priority, particularly when added value for the customer is created. For this, both the customer and the customer behavior must be understood and the D2C direction must be linked to it.
Craft communication scenarios to maintain the desired relationship with intermediaries.	Management is central, both internally and externally, to preventing conflicts. However, retailers react differently depending on the brand and market. Scenarios can help to skillfully deliver the most suitable message to the respective stakeholder.

9.3.3 Step 3: Create a tailor-made D2C Approach

Step 3 involves the creation of a tailor-made D2C approach. This step consists of three major aspects: the definition of the roles of the direct channels, the creation of a D2C assortment, and the development of communication measures among the major touchpoints.

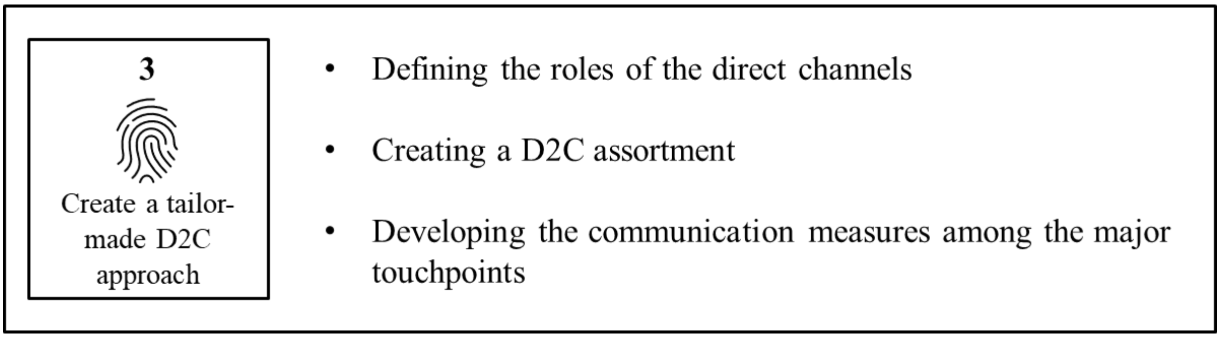

Figure 35: Overview components of step 3 (author illustration).

The first part of this step covers the role of the direct channels within the company; this is based mainly on the question regarding the role of the D2C approaches in general. One approach can be to distinguish four major roles (Schögel & Lienhard, 2021a) as distinguished in the following figure.

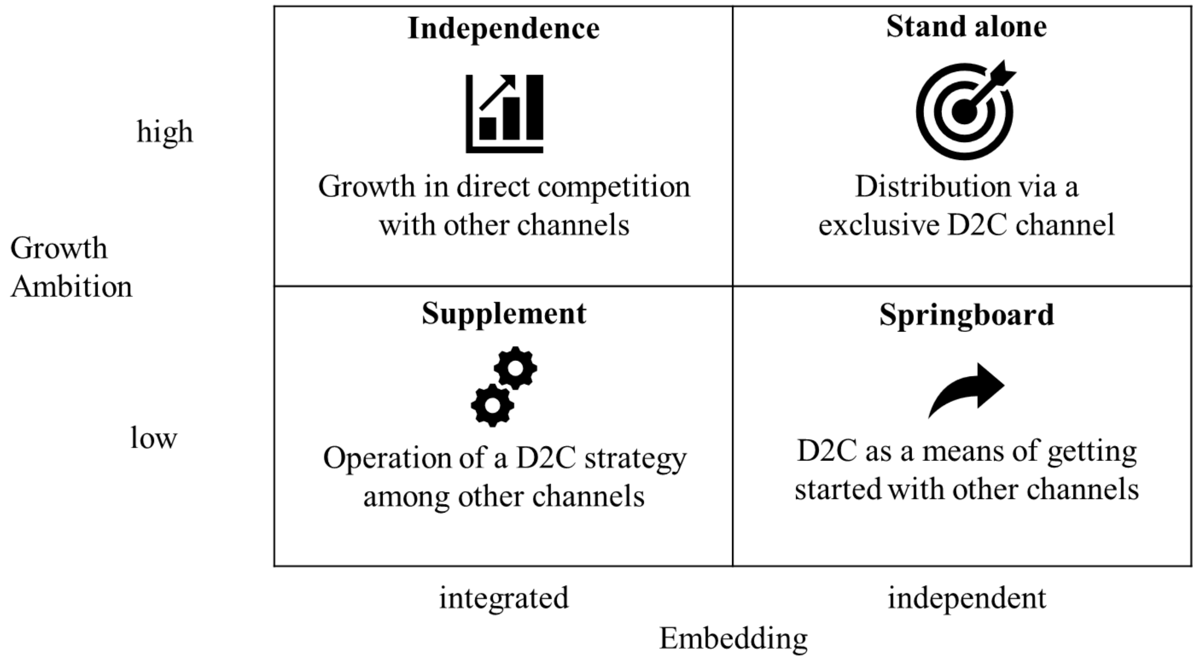

Figure 36: Roles of D2C approaches (Schögel & Lienhard, 2021a).

As indicated on the Y-axis, the growth ambition of the D2C approach can be different. Either a strong growth can be intended or rather an operation of the direct channels next to the intermediaries. On the X-axis, the concepts differ in terms of embedding. The D2C approach can be integrated into a channel setting, which consists of indirect and direct channels. The D2C concept can also be completely independent, which results in four types. The Independence type is aiming for strong growth while at the same time operating indirect channels. Depending on the design, these can also be dismantled. An example of this would be Nike or other players from the Sporting Goods sector (Becker et al., 2021; Richter, 2021) The Supplement type also operates the direct channel. This occurs frequently in the FMCG industry, where sales largely depend on intermediaries (Schögel & Lienhard, 2021b) The Stand-alone type refers to concepts that are intended to grow strongly and only work independently via direct channels. An example of this is Läderach. This company has been operating brick-and-mortar stores for a long time and has also built up an online direct channel in recent years. The last type is the Springboard, whereby a new brand is created—but only to be listed ultimately with intermediaries. This phenomenon of a company's own D2C brands has already been described in more detail in Article 4. The brand question is another aspect to consider when defining the role of direct channels. The choice of brand is, of course, a decisive factor here. As Article 4 has shown, four different intentions can be pursued with one's own D2C brands. These are often not possible when choosing the existing brand in this form. Therefore, the difference between the existing brand and the new D2C brand should be taken into account. In addition, a D2C brand can also be easily purchased, as Article 3 showed. This, in turn, involves other considerations. To finally determine the role of the direct channels—online or offline—the author suggests the following criteria to be able to easily define this role:

Value creation logic of the channel: costs, margin, turnover

Dependencies: internal, external

Future development: customer needs, prioritizations

Horizontal analysis: number of direct channels, assortment

Vertical analysis: customer segments, suppliers

The second aspect of this step of creating a tailor-made approach is the creation of a D2C assortment. For D2C concepts, assortment plays a central role. In order to bring traffic to the websites, many companies try to win customers for direct purchase through exclusive (Gielens & Steenkamp, 2019) This factor is illustrated by the following quotations, which show that this exclusivity of products via the D2C channel is not desired by this company itself. However, since many products cannot be listed in retail, they still act as a traffic generator via the website. At the same time, the second quote shows clearly how products can be tested via the direct channel, which the retail had rejected. (It must be added here that it turned out that the calendar was sold out within a short time via the website.)

"When we talk about products, we don't have exclusives. When we develop a product it is always the goal to achieve 100% distribution everywhere. But we try with offers, sets, gadgets, backpacks. So to make sets that have a certain exclusivity. But yes, then there are products where they do not prevail, or e.g. The Brand Z Topping in the restaurants. The Brand A Crunchy topping was developed and runs under a different brand internally. We launched this as a pure gastronomic format. Listed in the online shop became a huge success, but is not even really a consumer product" (Article 5, case Eta, interview 1).

"There was no interest in the retail sector in the calendar. But we believed in it as a firm, because we always have customer inquiries, for an Advent calendar. That we said we would do this in a small edition and have it distributed via online shop and factory shop. The year we probably put almost money on it because of the small quantity. It is a test object, but if in the best case it is sold out before the first of December and we have nothing more, then next year you can make other plans or prove to the retail, hey, that works! And these are ways to test things with small runs" (Article 5, case Eta, interview 2).

Of course, there are also companies that consciously let exclusivity play through direct channels. This can even be taken so far that the direct channels compete with each other:

"In some cases, we have also launched watches that are initially exclusively available online. This worked partially very well and we could push the sales a bit. I'm not so happy because I think you shouldn't force the customer where to buy the watch so that he can get it. You have to imagine, if we have loyal customers who come to us in the boutique, have seen something on Instagram, come to the boutique because they know everyone there and then there is always a bit of an internet conflict between online and retail" (Article 5, Hublot 1).

The last aspect of step 3 is the focus on communication along the major touchpoints. It should be added that the original development of the D2C start-ups and the D2C boom was triggered in particular by social media (Schlesinger et al., 2020) Initially, the ads on social media platforms were underpriced; however, the success of these first brands and other social media developments drove up the price. Today, this so-called social media arbitrage is no longer possible. As a result, customer acquisition costs increased greatly. Therefore, the author suggests that in the field of communication, in-depth thought must be given to which messages are used to reach which customer segments via which channels.

Table 16: Principles to succeed in creating (author illustration).

Principles to succeed in creating a tailor-made D2C approach	**Explanation**
Clarify the roles of the direct channel (s) is decisive.	Direct channels can take on quite different roles, especially the online vs. the stationary direct channel. These roles should therefore be clearly defined.
Be open to experimenting with exclusivities.	Exclusivity is a commonly chosen means of generating traffic. This can be done out of necessity, because products were not listed in retail, or as a deliberate strategy.
Do not underestimate the need for communication cleverness.	Due to the high prices for social media ads, other communication channels must be found in order to win customers for shops.

9.3.4 Step 4: Analyze and Build D2C Competencies

Step 4 encompasses the analysis and the building of the D2C competencies, including detecting current competencies, outlining the necessary competencies, and addressing the corresponding competence gaps.

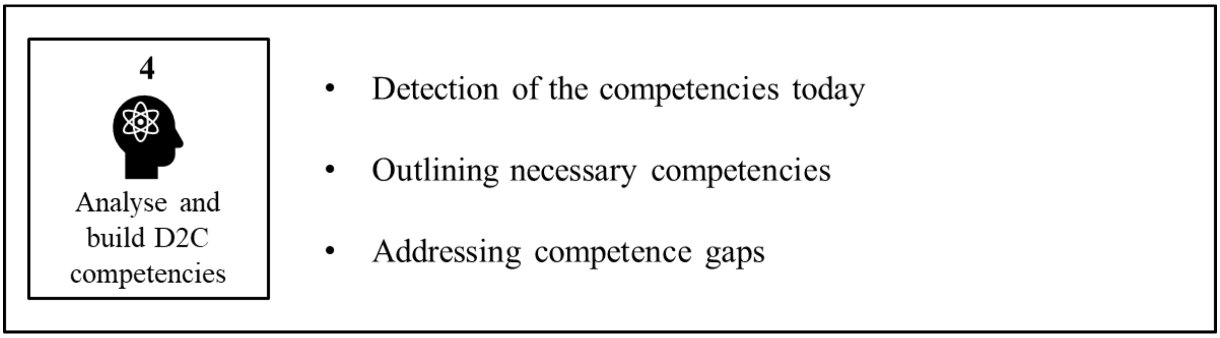

Figure 37: Overview components of step 4 (author illustration).

The first aspect focuses on the detection of the competencies today. Creating this understanding is crucial. Reference can be made to the initial quotation of the dissertation: “First of all, the B2B business is based on a completely different mindset than the D2C business. A good salesperson in the B2B setting is far away from being a good salesperson in a stationery store. Of course, this means cultural change and at the same time is also the prerequisite for playing this omnichannel setting. The second aspect is systems, processes and structures. As a B2B-oriented company, I have neither the experience nor the skills, structures or processes to run D2C" (Pabst, 2021). Within this strongly B2B-oriented competence, further aspects must be considered. One FMCG executive showcases the situation as follows: "Everything in the organization is focused on it (intermediaries). The organization is streamlined. Our focus is on the production on serving the Mass Market. The logistics are on it, marketing is geared towards this, sales are geared towards this, all is aimed at this point. Since in the industries or in the industry we are talking about, i.e. consumer goods, FMCG and food in certain places, of course, a major driver is also the topic of cost leadership. So there are reasons, I'm now consciously going to a competitor, they know Toffifee from Storck. Have you ever seen a Metoo by Toffifee?" (Article 5, case Alpha, interview 1). The executive stresses again that the entire organization is entirely focused on intermediaries and keeping costs low can be a competitive necessity as the Storck example reveals.

But even such companies should not overlook that there is already knowledge from direct customer contact. As already mentioned, the tradition of a factory story can be a small foundation (Lienhard et al., 2021), as can also be the earlier direct marketing channel, whereby the customer had ordered directly via forms: "The shop was then created in this way, digitization, people also order online, we can not only send out cards. It was always operated by us with a certain size, not extreme, but everything that was direct marketing was in there" (Article 5, case Eta, interview 1).

The second aspect of Step 4 is outlining the necessary competencies. If a manufacturer executes a D2C strategy, it adopts tasks that were previously and traditionally performed by the intermediary; for instance, customer acquisition, assortment, vendor management, fulfilment, delivery, and customer engagement are key functions that shift toward the manufacturer (Bashkin et al., 2017). Therefore, an understanding of the functions and competencies of these intermediaries is required. If a manufacturer goes direct, it must execute these competencies. Traditionally, the roles of intermediaries such as retailers include room function, time function, quantity function, quality function, credit function, and advertising function (Oberparleiter, 1930). Other authors have distinguished between main functions and secondary functions. Main functions include merchandise functions (quality functions, the sorting function, and the assortment-shaping function), quantity functions (the splitting function and collection function), anticipation functions (market search, advertising and market design, and pre-disposition), and mediation according to the number of market partners (overcoming the discrepancy of several suppliers and demanders). Auxiliary functions, which are optional, include room override and rating of credit (Leitherer, 1974). In the primary market function of matching buyers and sellers, the subfunctions of product offerings, searching, and price discovery were executed by intermediaries. In the marketing function of the facilitation of transactions, logistics, settlement, and trust were operated by intermediaries. The marketing function of institutional infrastructure was performed by intermediaries and regulatory bodies (Bakos, 1998; Giaglis et al., 2002). In the view of another author, the functions of intermediaries can be summarized as logistics, assortment, information, payment and service (Reinartz & Imschloß, 2017). More recent and contemporary sources have outlined the role of intermediaries in an omnichannel world. During the last decade, the term multichannel was in vogue (Verhoef et al., 2015). Multichannel retailing was considered to be a series of activities used to sell products or services to the end consumers. Accordingly, this entire process is carried out through more than only a single sales channel (J. Zhang et al., 2010). Since around 2015, the perspective has been much broader. Therefore, the omnichannel retailing environment offers a more suitable perspective on how shoppers move through channels in today's market. Two selected differences are channel focus and scope. The focus has moved from purely interactive channels to mass communication and interactive channels. The scope element has grown and become enriched by channels such as social media, mobile channels, direct marketing, and various customer touchpoints. Channel management is measured by cross-channel objectives instead of goals per channel. The introduction of omnichannel reduced the separation of channels even more. This new perspective has integrated channels to provide a seamless experience, while in a multichannel setting no overlaps occur (Verhoef et al., 2015). Various omnichannel frameworks aim to summarize the components of omnichannel strategies. Most of these come from the retailing literature and either help build and implement omnichannel strategies or evaluate existing ones. In an omnichannel setting, a key goal is to create a holistic experience for consumers and digitize physical stores. Organizations should not underestimate the need for developing human capabilities to improve omnichannel operations (von Briel, 2018). A primary framework helps to build and implement omnichannel strategies. It lists the required elements of these strategies: loyalty programs, the use of big data, analytics, the creation of exclusive products, the integration of channels and management of their CRM, niche product strategies, and the setting up of pick-up points. Another omnichannel framework is used in personal selling and sales management (Cummins et al., 2016). It consists of the following components: tools/platforms, the sales context, the impact of technology, the firm's financial performance, the impact on relationships, and the selling process. A framework that also enables companies to develop an omnichannel approach separates channel interfaces and core services (Belu & Marinoiu, 2014; Sealey, 2012). Core services are warehouse management, order management, finance management, payment service, customer relationship management (CRM), and enterprise resource planning (ERP). The channel interfaces are stores (EPOS, retail management), online (analytics optimization, e-commerce), telephone (call center and telemarketing), social (Facebook, Twitter, etc., and community management), mobile (mobile apps, mobile web, and geo. From a distribution perspective, other authors have created an appropriate omnichannel framework. This framework claims that three ways of distribution are possible: store delivery (in-store buying by the consumer), home delivery (distribution center, drop or store shipment), and store pickup (click and collect or click and reserve; (Hübner et al., 2016).

Some authors have only focused on the e-commerce websites of intermediaries, claiming that four dimensions define the quality: the design of the website, fulfilment, customer service, and security (Blut et al., 2015).

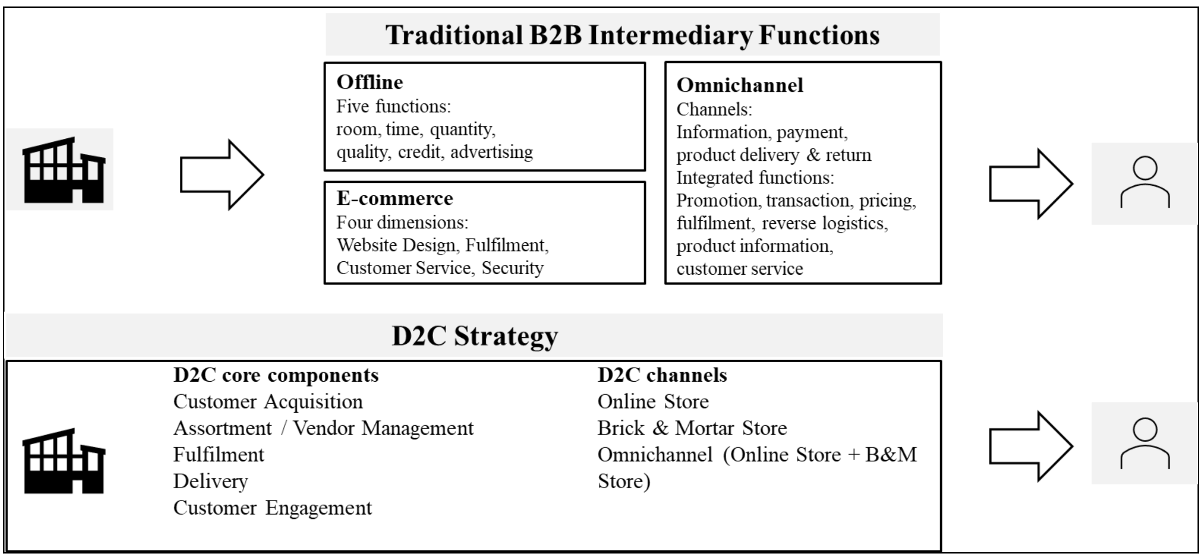

Figure 38: Manufacturers overtaking the role of intermediaries (author illustration based on Bashkin et al., 2017; Blut et al., 2015; Oberparleiter, 1930; Saghiri et al., 2017; Verhoef et al., 2015).

To sum up, if a manufacturer chooses to launch a D2C strategy, it will take over the e-commerce and brick-and-mortar functions. The literature reveals that a D2C strategy requires new competencies and functions to deliver the required performance (Kumar & Ruan, 2006). Therefore, manufacturers should carefully look at the competencies that retailers assume and determine what is significant for their D2C strategy.

The final aspect of this step addresses the gap—what is necessary versus what the manufacturer needs. Of course, this is to be viewed individually for each company, where the so-called “white spots” exist on a conceptual level. As already shown, a certain amount of direct sales experience can be used in some cases. Of course, this can also be a hindrance if the new D2C approach must integrate into the old system. Figure 39 presents a guideline, which shows the fundamental challenges in D2C construction (Schögel & Lienhard, 2021a).

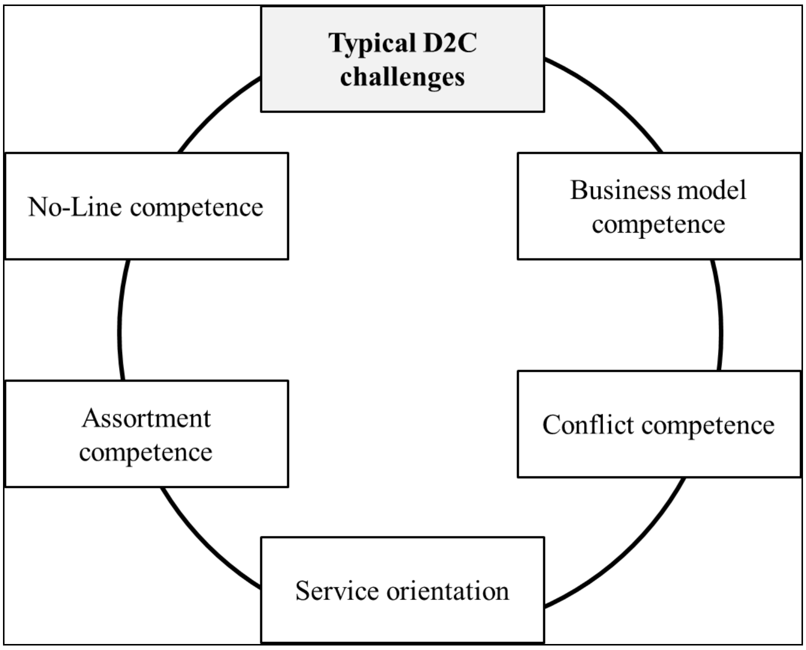

Figure 39: Typical D2C challenges for established consumer goods manufacturers (author illustration based on Schögel & Lienhard, 2021a).

Central to Step 4, the D2C Strategy Excellence Guide is certainly the topic of no-line competence. This ties in with the omnichannel retail competencies outlined above, which must be acquired. The same applies to the traditional assortment function of retail because manufacturers often have a product portfolio and brands that do not necessarily result in an attractive assortment from the customer’s point of view. For a D2C strategy, however, the product range must be attractive so that the customer buys there. When it comes to service orientation, it can certainly be emphasized that the competence to interact directly with the end customer is often lacking. This is evidenced by an inability to differentiate oneself through outstanding customer service. The fields of “business model competence” and “conflict competence” can certainly be viewed again in Step 4, but they have been discussed several times in previous steps.

Again, the following principles are presented in Table 17 to successfully master this step.

Table 17: Principles to succeed in analysis and building D2C competencies (author illustration).

Principles to succeed in analyzing and building D2C competencies	**Explanation**
Be honest when you analyze your current competence set.	The analysis of what the company can or cannot do today must take place openly and without blinkers. It is also crucial that you choose the right reference point because D2C is highly competitive.
Map in detail the functions and competencies that retailers have.	It is important to understand what functions and competencies retailers have. It is also important to analyze which online, offline or omnichannel are decisive or may not be relevant for the company.
Detect the white spots that need to be addressed.	This principle once again underlines the importance of discovering the white spots and making it a priority. Often the resources for the D2C approaches are poorly equipped, which makes prioritization central.

9.3.5 Step 5: Configure Operational D2C Building Blocks

Step 5 looks at the configuration of the different D2C building blocks. First, the author highlights the general awareness of the make or buy question. Second, the author explores the selection of the building blocks. Lastly, it should be emphasized that the people alongside these building blocks are crucial.

5

Configure the operational D2C building blocks

- Make or buy awareness
- Picking the building blocks
- People and culture management

Figure 40: Overview components of step 5 (author illustration).

The first aspect of Step 5 focuses on the fundamental issue of whether the manufacturer should build the individual building blocks or buy them. In simplified terms, the following building blocks for D2C strategies can be mentioned: customer acquisition, assortment, online store, brick and mortar store, fulfilment, delivery, customer engagement (Bashkin et al., 2017). In principle, each own building block can be built in-house (= Make). Of course, the entire building block can also be bought (= Buy). In addition, manufacturer can also deliberately examine each component to see whether Make or Buy is the better approach. Especially in the current market environment, Shopify for example, allows one to buy different modules for a corresponding approach.

	Procedure		
D2C Building Blocks	Make	Mix	Buy
Customer Acquisition	Building up inhouse		Acquiring D2C companies
Assortment			
Online Store			
Brick & Mortar Store			
Fullfilment			
Delivery			
Customer Engagement			

Figure 41: D2C make or buy decisions (author illustration based on Bashkin et al., 2017).

This part of the process is closely related to aspect two—the actual selection. For each D2C concept, it is important to consider what the approach should look like. This can look quite different within a company, depending on the setting, as illustrated by the following quote:

"How would you like to have that? And that's just a bit different from what you have with normal D2C projects because what they just do is create a hardcoded shop, the logistics behind it and it is offered and then media is switched on it. In our case, we chose a setup, which was a low code setup, so that we can easily iterate the features quickly, change them, try them out and then use something very modular for the tech part. So just these modular platforms that exist today, a bit like Shopify, if you like, plus personalized front and back end. And to do this testing, that simply leads to the fact that we are much faster in testing, so in the core business, they need a relatively long time to start up something like this, because the shop just a lot of the investment in the infrastructure itself in the technology behind the processes and we do it differently. We put a lot more effort into it, which is the desirability of the whole thing. And only at the end of the whole thing do we deal with which infrastructure has to be handled" (Article 4, case F, interview 1). The interviewee believes that it should not fail because of the actual building blocks, since everything can be purchased modularly today: "Because now it is the case that you can easily get these skills" (Article 4, case F, interview 1).

In this aspect, it is also important to bear in mind that not every single module for the shop must be procured immediately. A classic example is CRM. A D2C strategy can be launched, even if there is no CRM yet, as Eta illustrates: "Now there are investments. That was also the case with the new shop. Thanks to Corona, for example, we have now grown much better than expected, without the new shop we would certainly not have grown so much. But it's the same, now comes the next big investment, CRM, Marketing Automation" (Article 5, case Eta, interview 2).

In addition to the building blocks, the last part of this aspect to consider is people and culture. As noted in Article 1, it became clear from the interviews that the best tools and partners are not enough if the culture is not suitable. This is also illustrated by the following two quotes: "What do you do if you want to start as a manufacturer Ecom and Market Places: you hire people who come from Amazon, who come from all the big ones, pure players in doubt who know how to do it. The seats are virtually in the hinge and consumers and brand. But now the challenge is that this person works with exactly the examples you just mentioned, so fast testing, agile testing, what works, they come up with such ideas and talk to an IT boss who has been doing B2B for 20 years? And who had a really great life with the B2B set up. He doesn't understand what they're talking about" (Article 5, Gamma 2). In the same way, however, a suitable culture and collaboration can accelerate D2C: "Yes, this is very flat structured, which makes the decisions extremely fast. So with us, I ask today, I get within 5 minutes an answer. And sometimes I think ok, maybe you lack the position that keeps track of everything. Or the quick decisions are not always the best or oh so, there is a bit of a lack of strategic distribution between boutiques and retailers" (Article 5, case Beta, interview 2).

As with the previous steps, the principles to succeed in configuring the operational D2C building blocks are summarized.

Table 18: Principles to succeed in configuring operational D2C building blocks (author illustration).

Principles to succeed in configuring operational D2C building blocks	**Explanation**
Analyze each building block whether make or buy is more effective	The offer of players like Shopify is huge, which makes it easy to put together a store. However, it must be analyzed where Buy is the more promising approach and not internal construction is more suitable.
Allow a step-by-step construction of different building blocks	It is not necessary to set up all possible building blocks immediately. It makes sense to start with the most necessary first and later prioritize which ones are considered most important.
In addition to the purely building block focused on hard structure, the people-related aspect must not be neglected	Along the entire structure, the rather soft topic of people and culture must not move into the background, because the best shop is of no use if people do not want to work with it.

9.3.6 Step 6: Ensure D2C Sustainability

Step six stresses the need to ensure D2C sustainability. It consists of a management commitment to D2C over the long run, iterative improvement cycles, and keeping the customer at the core of D2C.

6

Ensure D2C sustainability

- Management commitment over the long run
- Iterative improvement cycles
- Customer remains at the center of D2C

Figure 42: Overview components of step 6 (author illustration).

Nespresso is frequently mentioned as the benchmark and, in addition to the success factors that have already been discussed (Gassmann et al., 2020), the long-term focus of Nespresso was decisive. This became clear in the following interviewee quote: "At that time, no one believed in this Nespresso concept in principle (...). And I tell you today, those who make a Nespresso again today, it is not possible. Because Nespresso has lost money for 12 years" (Article 5, case Delta, interview 2). This statement shows that the long-term horizon is central to D2C approaches. A build-up, especially in the offline area, takes time. For example, it takes time for the customer to even notice the new store when taking a stroll in the city. Moreover, the time it takes for the company to acquire the expertise and to determine that the concepts work should not be underestimated either. Another study highlighting the importance of a long-term focus on the D2C approach is presented below (Schögel & Lienhard, 2021b). The authors of this study asked managers in which life cycle stage the D2C strategy is located. These answers were combined with the question of which channel (D2C strategies vs. Marketplaces vs. Retail) could generate the highest margin. It should be added again that the main driver for many companies should be the higher margin by eliminating intermediaries (Lienhard et al., 2021). The results are shown in the following figure. The life-cycle stages are on the X-axis while the margin attractiveness is on the Y-axis. The dark green fields mark the highest number.

Margin / Stage	No D2C Strategy (18)	Start Up Stage (20)	Growth Stage (17)	Maturity Stage (2)	Decline Stage (1)
	100%	100%	100%	100%	100%
D2C Strategies (23)	28% (5)	50% (10)	29% (5)	100% (2)	100% (1)
Online Market-places (10)	11% (2)	15% (3)	29% (5)		
Retail (21)	50% (9)	30% (6)	35% (6)		
Unkown (4)	11% (2)	5% (1)	6% (1)		

Figure 43: Most attractive margin per stage (Schögel & Lienhard, 2021b).

The results suggest that the margin attractiveness varies depending on the stage. Manufacturers without a D2C strategy believe that the retail channel strategy would offer the highest margins. Manufacturers that have launched a D2C strategy believe that this strategy is also the most attractive one. The ones that have achieved the growth stage show a quite evenly distributed evaluation. The interpretation of this result offers interesting perspectives on the topic of margin attractiveness over the life cycle. It is reasonable that the manufacturers that do not operate a D2C strategy consider the traditional retail channel as the most attractive one. This could also explain why they do not go direct. It can be questioned why the manufacturers that do not have a D2C strategy consider it the most attractive one. During the start-up stage, it is understandable that the ones that recently launched a D2C strategy evaluate it as quite attractive from a margin perspective. Interestingly, this picture shifts when the managers of the growth stage answered the question. They do not strongly believe any longer that the D2C strategy is so attractive. The picture is more blurred, and there is no consensus. One possible explanation could be that to scale the strategy, the necessary resource is costly. Manufacturers in the maturity stage strongly believe in the margin attractiveness of the D2C strategy. The author wonders whether the growth stage is the decisive one, because the D2C strategy benefits suffer at that point; only if a manufacturer makes it to the maturity stage, are the benefits of D2C strategies in terms of no margin being lost to intermediaries realized its full extent. Therefore, the author concludes that this is another signal that managers need endurance for D2C strategies.

In addition to the management commitment over the long run, the aspect of an iterative way of working is central. It is essential that constant learning is carried out and further improved. This way of working is in stark contrast to the traditional approach in retail: “Because that’s a different way of working. I can’t mess them up, so the whole organization. Because the other side, retail is otherwise a very reflective approach. Where you have to think about how much I invest in these customers, how much do I do that, while that’s just a trial and error. A trial and error, we are learning, and that’s clear, they also have a very strong link to the content studio. The content studio is located in marketing and that is the integration of all social media. This means that we create our posts and there we can of course make posts about our brands, where you can then link directly to our website. And so we also have certain experiences and try to play the different consumer touchpoints and accompany them on this journey. In addition, we are of course also building a consumer database so that we can get as much information as possible about our customers” (Article 4, case B, interview 2).

These remarks illustrate well that D2C must involve ongoing development.

The last aspect emphasizes that the customer must continue to be at the center of D2C efforts, because the further development of D2C will give even greater weight to the needs of the customer. It is foreseeable that manufacturers from “design-make-sell” to “sell-design-make” could evolve (Bodley et al., 2021) Reference can also be made to the emerging topic in academic literature (Fan et al., 2022) C2M (customer to manufacturer) refers to models in which individualized products are developed for customers.

Finally, principles to ensure D2C sustainability are outlined in Table 19.

Table 19: Principles to ensure D2C sustainability (author illustration).

Principles to ensure D2C sustainability	**Explanation**
Enforce long-run management commitment.	In most cases, D2C does not become a pure success concept overnight. Best practice cases such as Nespresso suggest that a long-term perspective is unavoidable.
Adapt the company to the new iterative working mode.	The way of working in D2C differs strikingly from traditional sales via intermediaries. This new way of working must be fully adapted.
Ensure that customers remain at the core of the D2C concept.	The latest developments such as C2M place the consumer even more in focus. Therefore, D2C concepts must be continuously adapted to changing customer behavior.

9.4 The D2C Strategy Outcomes

This section covers the different D2C strategy outcomes. The author claims that established consumer goods manufacturers that have embarked on the D2C journey pursue a highly demanding adventure. This guide equips managers with six steps to reach D2C excellence. The outcome of the journey should be formulated as part of the D2C goals (see Section 9.3.2 concerning Step 2). Nevertheless, the outcome cannot always be expected or goes in another direction than expected. Lastly, the author wants to emphasize that highly distinct outcomes are possible.

Figure *44* illustrates the five main outcomes. The so-called "hard outcomes" are those driven by financial indicators. Is D2C an additional or main source of sales? Companies must choose one or the other. On the right of the figure, the "soft outcomes" are listed. A distinction can be made between insights engine, test vehicle, and brand strength investment. It should be noted that further outcomes are possible even in the soft part, but the author identifies these three major ones. The soft outcomes can also be combined with the hard ones, or with other soft outcomes.

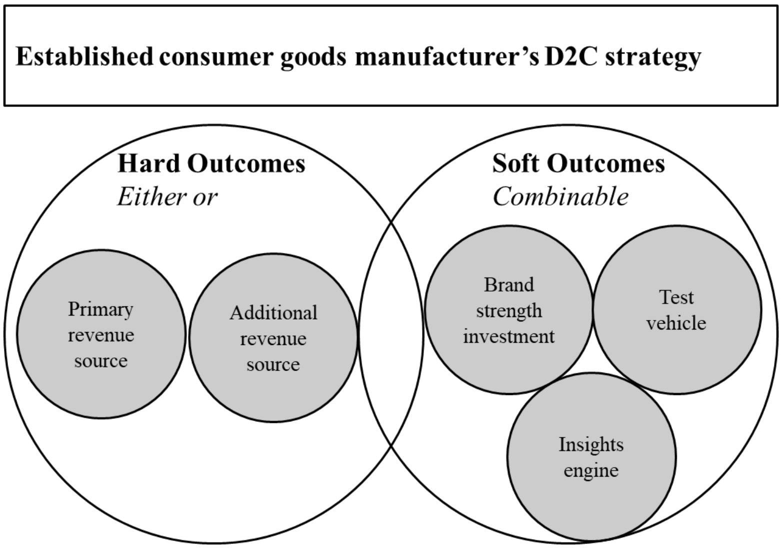

Figure 44: D2C strategy outcomes (author illustration).

The previously mentioned Nike example highlights that one outcome of the D2C journey is that D2C revenues become the primary revenue source of the company. For instance, the sporting goods industry contains other companies besides Nike that aim for this outcome (Richter, 2021). Whether all of these sporting goods giants will achieve the outcome of "primary revenues source" is a different question. To reach that outcome, many manufacturers have to reduce intermediary channels. For instance, Nike stopped selling via Amazon (T., 2019). This so-called "streamlining of the distribution network" was also highlighted in an interview: "What is certainly an issue and you will also hear that with other luxury brands, the streamlining of the distribution network. That means that say, for example in Zurich, instead of having a boutique and two retailers, you take away a retailer, which means that the volume does not come 100% to the boutique. But maybe you can take over a large part of it right away. This is certainly part of it, the consolidation of the distribution network with a greater focus that the customer has no choice but to buy either in the boutique or online. That will certainly be a part that helps" (Article 5, case Beta, interview 1).

The second outcome, "profitable additional revenue source," refers to the status whereby the intermediary business remains the same with D2C revenues additionally generated. Cannibalization is therefore not allowed (Yeow et al., 2018). Many brands, especially in the FMCG sector, are pursuing this approach (Gielens & Steenkamp, 2019). The website will be converted into a shop, and there may be a few flagship stores. However, the business will continue to operate through the intermediaries to the same extent and generate growth there. It should be noted that this outcome also requires

highly professional management of the D2C channels: “This has simply become an economic factor and not fun and games, there are serious business models behind it, which let ROIs be calculated. And now we’ve been out there online too since April. And I already have 35% of the total ROI for this year” (Article 5, case Iota).
The first soft outcome emphasizes that direct customer data can be collected through D2C strategies; therefore, the third outcome is called the “insight engine.” As clearly shown in Article 2, D2C can be used for effective data collection and use. This knowledge about the customer is valuable for consumer goods manufacturers as virtually nothing can be learned about customers directly by selling via intermediaries. The high-quality data is usually kept by the retailer, or it can be purchased (expensively) from the retailer. In this outcome, analytics skills, in particular, are central, as well as social listening approaches (Bashkin et al., 2017).
Separately, but it goes in a similar direction, the outcome of D2C as a test vehicle points to. The core idea is that before the effective launch and development of products, D2C is used to test product ideas; however, this does not have to be limited to products. The advantage behind this is illustrated in the following quote: “Especially before new products are launched expensively in retail, D2C can be used as a test vehicle to test whether the article is purchased by the customer or for instance in which regions. The information you collect in a development process can help very early to test certain things before you pay the 300’000 CHF listing fee at Coop before you have no access there because you don’t get access there, if you launch in the retail - then you are launched” (Article 5, case Delta, interview 2).
The fifth outcome is the brand strength investment. Again and again, it is mentioned that D2C only works for top-of-mind brands (Gielens & Steenkamp, 2019) However, the argument can be viewed the other way as well in that D2C strategies strengthen brand equity or awareness. Therefore, a D2C strategy outcome can be that this is simply an investment in the brand. This can, for example, replace other classic marketing campaigns such as a TV spot. This way of thinking seems to predominate at the beginning, but it can also be used heavily in online-offline thinking. The following quote illustrates this idea: “And he told me about their store opening. This flagship store, of course, you can forget that it will ever be profitable. They then sink money with everyone there, which is as safe as the Amen in the church. But why do they do that? They have to pay less performance marketing on brand.com and so they come cheaper in performance

marketing" (Article 5, case Gamma, interview 2). This example illustrates that the mentioned offline D2C approach is a pure investment in the brand and, in return, the performance marketing is reduced.
The five D2C strategy outcomes are intended to make it clear once again that every company can look for and find an individual outcome for itself. In this way, the two hard outcomes function as an either-or. However, they can also be combined with soft outcomes. The soft outcomes can be combined with hard ones or with other soft outcomes. Furthermore, depending on the perspective and definition of D2C, even more soft outcomes can be integrated.
Even almost 25 years after Michael Dell's quote, it is clear how difficult this "direct" way to the customer is and how the ways to get there, as well as the outcomes, are diverse. Therefore, overarching pure success factors are, of course, always dependent on the individual D2C approach. However, the path to D2C Strategy Excellence can be summarized with the following interview quote.

> **"People, IT and existing distribution, which I would determine as key success factors at the end of the day and of course it takes longer and is expensive over time and the transformation difficult. If you have a huge legacy in the 3 areas and must convince the people. You have to completely turn IT upside down and you have to convince your retail partners that you're destroying their business even if you transform to D2C now." (Article 5, case Gamma, interview 2)**

10 Conclusions

10.1 Summary

This dissertation is dedicated to the phenomenon of D2C strategies. In recent years, consumer goods manufacturers have increasingly dealt with the bypassing of intermediaries and built up their own D2C approaches. Apart from a few successful and well-known examples such as Nike, many manufacturers are faced with the challenge of how to build a D2C strategy. There are many failed attempts to observe, but also a distinct lack of achievement in this field. This strategic change from the distribution of products purely through intermediaries and retailers to the development of direct channels forces companies to acquire new competencies. Therefore, in this work, the author devoted himself to the following overarching research question.

How can established consumer goods manufacturers build D2C capabilities to achieve success in D2C strategies?

All the different research questions which were answered in the form of articles contributed to the overarching research question.

In a first step, *Pillar A,* the theoretical background and the current state of the literature were described to answer the research question: *How are D2C strategies embedded into the academic literature*? The author addressed the theoretical basis of RBT and dynamic capabilities. Following this, the literature in the field of marketing channels and its development was outlined. In addition, a working definition for D2C strategies was developed. Since different authors have labelled the phenomenon of D2C differently, clarity was brought to the topic with a working definition. Finally, the current state of the literature on D2C strategies was brought together using a systematic literature review.

Pillar B of the dissertation contained six different academic articles. These six articles were used to shed light on various aspects of D2C strategies to contribute to answering the overarching research question.

In the first article, the authors addressed the phenomenon of the prerequisites of D2C strategies. The research question was:

What do the managers of established manufacturers consider to be necessary prerequisites for selling directly to consumers in addition to selling through intermediaries?

Employing 24 interviews, the authors were able to develop four central prerequisites for D2C strategies: commitment, capabilities, customer transformation management, and

culture. In addition, D2C drivers could be identified that convince manufacturers to build D2C.
Following the establishment of the prerequisites, the author was able to investigate the question of whether D2C is just about selling or can also pursue other goals. Through an article which was written together with the consumer goods manufacturer Emmi he outlined the D2C learning aspect. Using the example of Emmi AG, the following question was formulated:
How can Emmi AG learn directly from the customer from the Emmi Caffè Latte product brand campaign and what insights can it draw from it in order to increase efficiency in (digital) brand activation? The study shows that Emmi only sells through intermediaries for the Emmi Caffè Latte brand. Nevertheless, those responsible wanted to establish direct customer contact and collect customer data. For this purpose, they printed QR codes on the products that were sold in retail. Customers were then able to communicate with Wendy Holdener via a live chat. In the background, Emmi enriched its cloud with valuable data about its customers. It became clear that D2C is not only about sales but also allows for valuable information to be acquired.
The third paper looked at the different strategic options that manufacturers have when it comes to dealing with D2C. The food industry served as a highly interesting example and the following research question was posed:
What strategic options do established food manufacturers have to benefit from the D2C trend? The results of 12 interviews uncovered that the food industry at first possesses individual characteristics that should be taken into account such as the low price per item or high requirements regarding quality. To deal with D2C, the authors identified four strategic options: engage, expand, build, and buy. In addition, there are six different design dimensions: getting to know the customer, selling existing assortments, D2C as a test vehicle, building exclusive D2C products, stocking products of other manufacturers, getting stocked products in retail, and changing the positioning towards premiums.
The fourth article looked at the phenomenon of own D2C brands of established consumer goods manufacturers and how they can build up the necessary capabilities. Therefore, the following research question was formulated:
How do established consumer goods companies build dynamic capabilities for their own D2C brands?

Through a multiple case study approach among six D2C brands, the author derived similar and different dynamic capabilities. Moreover, the findings uncovered that the manufacturers pursue four different directions with their D2C approaches.
The fifth article shed light on the existing brands of established consumer goods manufacturers and how they can build the dynamic capabilities for D2C strategies for them. The following research question was formulated: *How can established consumer goods manufacturers build D2C capabilities?*
A multiple case study approach supported the author to identify ten micro foundations to build D2C dynamic capabilities. Furthermore, propositions that foster the building of D2C dynamic capabilities were derived.
While the first five papers examined the topic of D2C strategies on a more conceptual level, the last paper took more of an implementation approach. Many manufacturers launch offline concepts. The sequence of the sales process and in particular check-outs represent a highly current phenomenon in the market. The authors of this paper, therefore, addressed the following two questions:
Which cashierlesstore concepts exist in the market? What are the purchasing phases in cashierless stores? The study showed that, in principle, four phases in the purchasing process can be distinguished in stationery stores. Along with these phases, different tools can be used. There is no single best solution, but the adaptation to the respective concept is crucial. This applies to classic retailers as well as to consumer goods manufacturers and their brick-and-mortar stores.
Pillar C assembled the different findings based on *Pillars A* and *B*, from which the author derived a D2C Strategy Excellence Guide. This guide contains three major components: familiarization, the path towards D2C excellence, and outcome. The main part of the guide—the path toward D2C excellence—consists of six consecutive steps that managers can walk through to build a D2C strategy: understand your company and distribution, set the D2C direction, create a tailor-made D2C approach, analyze and build D2C competencies, configure operational D2C building blocks, and ensure D2C sustainability.

10.2 Theoretical Implications

The present work and articles contribute to several research fields: the fundamental handling of established companies with digitization, the theoretical concept of dynamic capabilities, and the D2C literature.

First, the work ties in with the question of digital transformation for established companies (Verhoef et al., 2021; Verhoef & Bijmolt, 2019) The various articles show how established consumer goods manufacturers can deal with the D2C topic emerging in the course of digitization. Based on various cases and approaches, it becomes clear how established consumer goods manufacturers build D2C. Especially in Article 3, for example, basic strategic options available to companies to deal with D2C are described precisely.

Second, Articles 4 and 5 go into greater detail about the dynamic capabilities that are necessary. Furthermore, Articles 4 and 5, in particular, as well as the Conceptual Background, tie in with the resource-based view and dynamic capabilities. The focus of both articles is on the micro-foundations (Teece, 2007) along with the three capabilities of sensing, seizing, and reconfiguring. These are used as a basis and are used for D2C strategies. In Article 4 the author examined the similar and different practices across cases. Only company's own D2C brands were examined. On the other hand, article 5 focused on the identified ten micro-foundations for the building of D2C dynamic capabilities (second-order themes).

Third, the dissertation contributes to the D2C literature stream. Both *Pillar A,* based on the conceptual background and the systematic literature review, as well as the six articles, expand the academic literature on D2C strategies. The different research questions and aspects already described shed light on many facets of D2C strategies.

10.3 Managerial Implications

For decades, direct distribution has provided a way for managers of established consumer goods manufacturers to bring their products to customers. In recent years, this approach has become more significant through D2C strategies. D2C start-ups, in particular, have shown established managers of established companies that the intermediary is not the only way to success. Since the acquisition of the Dollar Shave Club from Unilever (Pasirayi & Fennell, 2021; Techcrunch, 2016) D2C has become one of the most important topics for established consumer goods manufacturers and their managers.

In every article, various managerial implications were related to that particular study. Chapter 9 also explains the managerial levers and recommendations for actions in detail. Subsequently, the most important managerial implications are once again summarized as follows.

Analyze how the different D2C prerequisites affect the launch and implementation of the D2C strategy.

The author identified four prerequisites: commitment, capabilities, customer transformation management, and culture. Further, managers should build on the tradition of a factory store. This enables managers to push D2C forward and it serves already as a familiar base. Adjusting the working mode is another important implication for managers. An iterative testing and constant improvement of the D2C strategy helps the plan to succeed. The factory store tradition helps to bring D2C internally forward at the beginning. Finally, the allocation of sufficient resources is decisive. D2C is a costly strategy since it contains so many different components that managers must build up. Linked with this is the long-term focus that managers should have when it comes to D2C.

Emphasize learning through D2C besides or in addition to selling.

To learn from D2C strategies, manufacturers should provide the necessary resources so that this can be achieved on an ongoing basis. Various approaches are conceivable here to communicate directly with the customer and get to know them, for example, through dialogue. The requirements for a good D2C learning strategy are high and should not be treated as less than any sales targets. This approach helps companies gradually reduce internal D2C hurdles step by step.

Be aware of your industry product characteristics and derive the accurate strategic choice.

Managers should be aware of the characteristics of their products and what this means for a D2C strategy. A car offers completely different possibilities than chocolate. But regardless of the category, the properties should be considered opportunities. As a result, a strategic option (engage, expand, build, buy) should be chosen, which fits the respective goals and the company. In addition, the design levels can be selected differently and can also be varied. Even if D2C is hype, the expectation of management should be right.

A company's own D2C brands are a promising angle for going direct.

Launching one's own D2C brands is an emerging phenomenon. Managers can pursue different goals through the launch of their own D2C brand. Thereby, regardless of the individuality of a company's own D2C brand, similar dynamic capabilities exist across cases. They can be used as a guideline to launch and implement one's own D2C brand approach.

The building of D2C dynamic capabilities is a demanding process

As established consumer goods manufacturers are focused on intermediaries, building dynamic capabilities for D2C strategies is highly challenging. The companies are not used to this and have no experience. At the same time, D2C requires a large investment of resources, which must be gained internally mostly at the expense of the indirect channels.

Use technology wisely to enable a seamless shopping experience.

Four phases can be distinguished for cashierless concepts. It is important to first clarify the objectives of the format. At the same time, it should be clarified relatively quickly whether this is even feasible as cashierless stores are still under construction. The entire customer journey should remain in view and every phase should be designed and linked with each other.

10.4 Limitations and Research Opportunities

The present articles were dedicated to different highly relevant issues from an academic and practical angle along with D2C strategies. All questions shed light on aspects that answered the overarching research question and provided relevant insights. The theoretical basis for each article was provided by the concepts and articles explained in the literature review. The methodical approach differs, depending on the article. One purely conceptual article was Article 2. Article 1 referred to 24 expert interviews, as well as Article 3, which was based on 12 interviews. Articles 4, 5, and 6 were based on multiple case studies. Based on this methodical approach and selection of partners, various promising research opportunities are limited or were not addressed in these articles.

Industry specific deep dives

Except in Article 3, the author has not focused on a specific industry. However, Article 3 showed that peculiarities of the respective industry can influence the D2C strategy. Therefore, deep dives are suitable for individual industries. For example, in the luxury sector the proportions between online vs. offline direct channels look quite different than, for example, with consumer electronics. The consequences of these different direct share revenues on the entire D2C strategy could be highly intriguing.

Role of offline stores

The author has deliberately examined online shops and brick-and-mortar stores, viewing both as possible components of a D2C strategy. In the investigations, the consideration was always present that brick-and-mortar stores should play a role. Many insights are provided in the research on traditional retail. However, it seems that these insights are either too few in practice or there remains much to explore.

Longitudinal approaches

Furthermore, all studies were carried out as cross-sectional studies. It is therefore a good idea to accompany individual companies along this entire transformation cycle. In this way, various areas of tension could be illuminated in detail. Attention could be paid to the relationship with retail, the change in an assortment or shifts internally. Such a shift also changes the internal priorities and causes drastic changes in tasks.

Learning and data management deep dives

Learning has been emphasized time and again as a central goal. Article 2 in particular made it clear what a learning strategy can look like. Nevertheless, no effective sales data was available in the Emmi Caffè Latte case. These learning strategies and data use could be significantly deepened with larger datasets. For example, questions arise as to how the product ranges can be improved from the data or the promotions for the D2C shop.

From D2C to Direct to Business

From the author's point of view, the most exciting area opens up in the entire B2B area. More and more companies are also building their e-commerce platforms there, partly in response to Amazon. Furthermore, jumping along the value stages is also a large issue. This can occur strictly between business partners, but also when previously pure business-oriented companies have to take over fulfilment to end consumers. From the author's point of view, various open areas open up. On the one hand, the question of segmentation is central here. Which business customers should order via their own online shop? For which, however, I use my offline salesforce, which sells the products through personal or hybrid contact. However, not only segmentation but also the effects on the often-large sales departments, in general, must be investigated; this is because, as in the D2C, the shop will probably also undergo internal criticism and fears of job losses. The cannibalization issue should not be underestimated at this point either. To shape this transformation in such a way that ultimately the customers, as well as employees, benefit from direct channels is highly demanding. Further, another aspect should not be forgotten. The shift to generating revenue through services purely alongside products is particularly important in B2B. If direct channels are now launched, this not only influences pure product sales but also service topics or general information flow.

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Appendix

A) **Systematic Literature Review**

Table 20: Channel selection strategy determinants of D2C strategies (author illustration).

Authors	Year	Title	Purpose of the Paper	Key Findings	Suggestions for Further Research	D2C Domain	Search Process	Journal	Ranking (VHB. 2021)	Source (APA)
Cai	2010	Channel Selection and Coordination in Dual-Channel Supply Chains	The authors investigate the influence of channel structures and channel coordination on retailers and manufacturers.	The results highlight that the channel preferences of suppliers and retailers differ with and without coordination and depend on factors like channel based demand, channel operational costs, and channel substitutability.	Further research should integrate further marketing factors like guarantees (service& quality). Moreover, the different online strategies differ, the question arises how they affect channel distribution decisions.	Channel Selection Strategy Determinants	Forward and backward sampling	Journal of Retailing	A	Cai, G. G. (2010). Channel selection and coordination in dual-channel supply chains. *Journal of Retailing*, *86*(1), 22-36.
Watson, Worm, Palmatier & Ganesan	2015	The evolution of marketing channels: Trends and research directions	Review of the marketing channel literature and identification of current and future trends respectively needs for research.	Increasing trend towards vertical integration e.g. in apparel or consumer packaged goods. Vertical integration is a channel selection strategy derived from transaction cost economics.	Further investigations could put emphasis on the mechanisms that foster success of vertical integration strategies, e.g. firm-level or contextual factors that spur success.	Channel Selection Strategy Determinants	Forward and backward sampling	Journal of Retailing	A	Watson IV, G. F., Worm, S., Palmatier, R. W., & Ganesan, S. (2015). The evolution of marketing channels: Trends and research directions. Journal of Retailing, 91(4), 546-568.
Xia, Xiao & Zhang	2017	The impact of product returns and retailer's service investment on manufacturer's channel strategies.	Investigation of the channel decision to add an online direct channel as a manufacturer to its indirect brick and mortar retail channels.	If the retailer has an online store, the manufacturer should add one too. If the retailer doesn't have an online store, a direct channel by the manufacturer can increase wholesales prices, can hurt the retailer and is unattractive if the service costs of retailers are low. If the retailer operates an online store, it serves as an incentive to add one too as a manufacturer.	Shedding light on competition between manufacturers and retailers. Analysing the channel decision if a manufacturer owns outlet stores. Effects of retaielr0s cost structure on the channel decision of manufacturers.	Channel Selection Strategy Determinants	Systematic Literature Review	Decision Sciences	B	Xia, Y., Xiao, T., & Zhang, G. P. (2017). The impact of product returns and retailer's service investment on manufacturer's channel strategies. *Decision Sciences*, *48*(5), 918-955.
Kahn, Inman, & Verhoef	2018	Introduction to special issue: Consumer response to the evolving retailing landscape	The authors look at the rapidly changing consumer goods and retail environment. They analyze the developments and outline the macro trends.	Among e-commerce, omnichannel shopping, technological changes, era of big data, digitally native customers, the trend of vertical integration in the consumer goods market is increasingly being reinforced. Products can be brought directly from the manufacturer to the customer. Thereby, various layers are eliminated from the distribution's channels.	Research is required among these important trends that shape the retailing and consumer goods industry.	Channel Selection Strategy Determinants	Forward and backward sampling	Journal of the Association for Consumer Research	No VHB Rating	Kahn, B. E., Inman, J. J., & Verhoef, P. C. (2018). Introduction to special issue: Consumer response to the evolving retailing landscape. *Journal of the Association for Consumer Research*, *3*(3), 255-259.
Yi, Wang, Liu, & Chen	2018	The impact of consumer fairness seeking on distribution channel selection: Direct selling vs. agent selling.	Impact of fairness-seeking behavior by consumers on the manufacturer's channel decision to sell the products directly to consumers (direct selling) or via middleman retailer (agent selling)	The authors claim that if a consumer's fairness concern is weak, going direct is the preferred option.	Influence of information asymmetry on fairness perceptions, pricing strategies (manufacturer, retailer).	Channel Selection Strategy Determinants	Systematic Literature Review	Production and Operations Management	A	Yi, Z., Wang, Y., Liu, Y., & Chen, Y. J. (2018). The impact of consumer fairness seeking on distribution channel selection: Direct selling vs. agent

										selling. *Production and Operations Management*, *27*(6), 1148-1167.
Liu, Lee & Leung	2019	Pricing Strategy in Dual-Channel Supply Chains with Loss-Averse Consumers	The paper looks at loss-averse consumers and the linked channel selection decision to go direct or not by a manufacturer.	The findings suggest that for basic products, a manufacturer should sell through retailers and direct. For risk-avers consumers the double marginalization effect is reduced. Contrastingly, the authors suggest not to go direct as a manufacturer (in addition to intermediary selling) with luxury products because the demand seems too low.	Further research should investigate the collaboration between retailer and manufacturer if a direct channel is implemented by the manufacturer.	Channel Selection Strategy Determinants	Systematic Literature Review	Asia-Pacific Journal of Operational Research	C	Liu, C., Lee, C. K., & Leung, K. H. (2019). Pricing Strategy in Dual-Channel Supply Chains with Loss-Averse Consumers. *Asia-Pacific Journal of Operational Research*, 36(05), 1950027.
Pu, Sun & Shao	2020	Direct Selling, Reselling, or Agency Selling? Manufacturer's Online Distribution Strategies and Their Impact	Investigation of the manufacturers three options to sell its products online: Direct, reselling via e-tailer, agency selling (besides offline options)	The results show that direct selling is ideal if operating costs are substantially lower than via reseller or agents. Consumers benefits of the optimal online distribution strategy because of high quantities and low prices.	Diving into more complex channel structures. Impact of different forms of contracts with retailers.	Channel Selection Strategy Determinants	Systematic Literature Review	International Journal of Electronic Commerce	B	Pu, X., Sun, S., & Shao, J. (2020). Direct Selling, Reselling, or Agency Selling? Manufacturer's Online Distribution Strategies and Their Impact. *International Journal of Electronic Commerce*, *24*(2), 232-254.
Steenkamp	2020	Global brand building and management in the digital age	The spread of the internet changes the way how global brands are managed. The author aims to identify the core underlying trends.	Rise of digital global sales channels is a key trend. Three options for brands in digital age (distribution focus): own website store, brand store on e-marketplace, e-retailer.	Brand stores on online marketplaces in the international context.	Channel Selection Strategy Determinants	Forward and backward sampling	Journal of International Marketing,	B	Steenkamp, J. B. E. (2020). Global brand building and management in the digital age. *Journal of International Marketing*, *28*(1), 13-27.
Yu, Sun & Guo	2020	Dual-channel decision in a shopping complex when considering consumer channel preference.	Commonly, manufacturer adopt dual channel structures (indirect & direct selling). The paper investigates this complex channel choice.	The findings of the study suggest that a dual channel structure should be implemented if significant channel preference gaps from the consumers exist. This also helps to reduce substitution effects.	Future research should include more characteristics like agency fees into the complex manufacturer's channel selection.	Channel Selection Strategy Determinants	Systematic Literature Review	Journal of the Operational Research Society	B	Yu, Y., Sun, L., & Guo, X. (2020). Dual-channel decision in a shopping complex when considering consumer channel preference. *Journal of the Operational Research Society,* 71(10), 1638-1656.
Hamamura & Zennyo	2021	Retailer voluntary investment against a threat of manufacturer encroachment.	The authors look at the voluntary strategic investments of retailers in order to reduce the marginal costs for the manufacturer. These retailer investments are used as a mean to deter the launch of a direct channel by the manufacturer.	The retailer's strategy to stop the launch of direct channels is working if the cost reduction technology by the retailer is effective enough. This strategy encourages retailers to invest more but reduces the amount of channels for consumers.	Further research should not only look at the voluntary investments but also at other forms of cooperation (e.g. advertising, demand forecasting, logistics)	Channel Selection Strategy Determinants	Systematic Literature Review	Marketing Letters	B	Hamamura, J., & Zennyo, Y. (2021). Retailer voluntary investment against a threat of manufacturer encroachment. *Marketing Letters*, 1-17.

Kim, Shin & Kim	2021	Determinants of consumer attitudes and re-purchase intentions toward direct-to-consumer (DTC) brands	The authors look at the emergence of D2C brands. They aim to identify the determinants of repurchase intentions and consumer attitudes towards these market entering D2C brands.	The authors outline a bunch of determinants of consumer attitudes regarding D2C brands: co-creation, cost-effectiveness, website attractiveness, brand uniqueness, social media engagement, and innovativeness of D2C brands significantly influence consumers' attitudes. Thereby, cost-effectiveness, brand uniqueness, social media engagement, and brand innovativeness impact the consumers re-purchase intentions.	A better understanding of the values of D2C brands.	Channel Selection Strategy Determinants	Forward and backward sampling	Fashion and Textiles	No VHB Rating	Kim, N. L., Shin, D. C., & Kim, G. (2021). Determinants of consumer attitudes and re-purchase intentions toward direct-to-consumer (DTC) brands. *Fashion and Textiles*, *8*(1), 1-22.
Nie, Wang, Shi & Zhou	2021	The dark side of bilateral encroachment within a supply chain.	Manufacturer encroachment (selling direct as a manufacturer) is a way to increase profits. The authors look at the conditions of the encroach decision.	A manufacturer should not go direct until actual revenues occur in that channel.	The authors did not take into account prices that could change. Further research should incorporate changing prices.	Channel Selection Strategy Determinants	Systematic Literature Review	Journal of the Operational Research Society	B	Nie, J., Wang, Q., Shi, C., & Zhou, Y. (2021). The dark side of bilateral encroachment within a supply chain. *Journal of the Operational Research Society*, 1-11.
Zhang & Hezarkhani	2021	Competition in dual-channel supply chains: The manufacturers' channel selection	Manufacturers are struggling whether to use direct or indirect channels to sell their products.	The findings of this study show that the channel preference of a manufacturer depends on channel operating costs, consumers channel preferences and competitor's channel strategy.	Further studies could analyse the impact of different pricing schemes on the channel preference.	Channel Selection Strategy Determinants	Systematic Literature Review	European Journal of Operational Research	A	Zhang, Y., & Hezarkhani, B. (2021). Competition in dual-channel supply chains: The manufacturers' channel selection. *European Journal of Operational Research*, *291*(1), 244-262.
Zhang, Li & Ma	2021	Direct selling, agent selling, or dual-format selling: Electronic channel configuration considering channel competition and platform service.	Different electronic channels are available for manufacturers to sell their products. The optimal configuration of channels (direct, agent, dual) are investigated.	The findings suggest that channel competition intensity and transaction fees are decisive regarding channel configuration. If they are high or low, the dual-format is the preferred option. If not, agent selling is chosen. Pure direct selling is never chosen.	-	Channel Selection Strategy Determinants	Systematic Literature Review	Computers & Industrial Engineering	B	Zhang, C., Li, Y., & Ma, Y. (2021). Direct selling, agent selling, or dual-format selling: Electronic channel configuration considering channel competition and platform service. *Computers & Industrial Engineering*, 157, 107368.
Wang, Leng & Liang	2018	Choosing an online retail channel for a manufacturer: Direct sales or consignment?	The authors investigate the decision of a manufacturer to add a direct sales channel or a third party consignments one to its existing physical retail channel.	The manufacturer has an incentive to launch a direct sales channel if the operating costs are sufficiently small. If a manufacturer announces his pricing decision before the physical retails, its profits are higher.	-	Channel Selection Strategy Determinants	Forward and Backward Sampling	International Journal of Production Economics		Wang, C., Leng, M., & Liang, L. (2018). Choosing an online retail channel for a manufacturer: Direct sales or consignment?. *International Journal of Production Economics*, *195*, 338-358.

Table 21: Relationship outcomes of D2C strategies (author illustration).

Authors	**Year**	**Title**	**Purpose of the Paper**	**Key Findings**	**Suggestions for Further Research**	**D2C Domain**	**Search Process**	**Journal**	**Ranking (VHB. 2021)**	**Source (APA)**
Kadiyali, Chintagunta, & Vilcassim	2000	Manufacturer-retailer channel interactions and implications for channel power: An empirical investigation of pricing in a local market.	The authors look at the issue of power in marketing channels.	The results highlight that if control rights shift from retailers to manufacturers it influences the distribution of channel power of the retailer-manufacturer relationship. Thereby, the share of power is linked with higher channel profits.	Further inclusion of more factors that determine the construct of channel power.	Relationship (Conflicts, Synergies)	Forward and backward sampling	Marketing Science	A+	Kadiyali, V., Chintagunta, P., & Vilcassim, N. (2000). Manufacturer-retailer channel interactions and implications for channel power: An empirical investigation of pricing in a local market. *Marketing Science*, *19*(2), 127-148.
Tsay & Agrawal	2004	Channel conflict and coordination in the e-commerce age	Internet-based commerce has led to an increase of direct channels which can lead to channel conflicts. The authors investigate the consequences on the distribution strategy.	The findings of the study suggest that reseller and manufacturer can benefit of a direct channel among reseller channels. It does not have to damage the reseller under the condition that the manufacturer adjusts its pricing.	Further research could outline the customers' channel preferencies and diving into micro components like delivery time, ease of returns.	Relationship (Conflicts, Synergies)	Forward and backward sampling	Production and operations management	A	Tsay, A. A., & Agrawal, N. (2004). Channel conflict and coordination in the e-commerce age. *Production and operations management*, *13*(1), 93-110.
Dumrongsiri, Fan, Jain & Moinzadeh	2008	A supply chain model with direct and retail channels	The authors investigate a market where the direct sales of a manufacturer and retailer share an equilibrium.	The results reveal that the manufacturer benefits of a dual channel setting compared to a single channel one under the condition when the marginal costs of the retailer are high while wholesale price, demand variability and consumer valuation are low.	-	Relationship (Conflicts, Synergies)	Forward and backward sampling	European Journal of Operational Research	A	Dumrongsiri, A., Fan, M., Jain, A., & Moinzadeh, K. (2008). A supply chain model with direct and retail channels. *European Journal of Operational Research*, *187*(3), 691-718.
Wang, Bell & Padmanabhan	2009	Manufacturer-owned retail stores	Manufacturers increasingly sell through own stores which are in direct competition with retail. The authors examine how these stores affect the retailer market.	When retailers and manufacturers stores compete (physically co-located), retailers demand higher prices and are more willing to engage in marketing initiatives from the manufacturer. If they compete in the same market, the story of the manufacturer charges higher prices compared to the retailer.	Various other aspects among the competition between retail and manufacturer stores.	Relationship (Conflicts, Synergies)	Forward and backward sampling	Marketing Letters	B	Wang, Y., Bell, D. R., & Padmanabhan, V. (2009). Manufacturer-owned retail stores. *Marketing Letters*, *20*(2), 107-124.
Yan	2011	Managing channel coordination in a multi-channel manufacturer–retailer supply chain	Manufacturers increasingly apply dual channels enabled by the internet. The author investigate the branding and profit sharing strategies by retailers and manufacturers to improve channel coordination.	The study highlights that differentiated branding can eliminate or at least reduce channel conflicts. Nevertheless, it is not enough and further coordination mechanisms (like profit sharing) are necessary.	Further coordination mechanisms should be examined like information sharing, buyback or return policies.	Relationship (Conflicts, Synergies)	Forward and backward sampling	Industrial Marketing Management	B	Yan, R. (2011). Managing channel coordination in a multi-channel manufacturer–retailer supply chain. *Industrial Marketing Management*, *40*(4), 636-642.

Chen	2015	Effects of the pricing and cooperative advertising policies in a two-echelon dual-channel supply chain	Price schemes and cooperative advertising and its impacts in a dual channel setting are investigated by these authors.	The results show that a direct channel outperforms the traditional retail channel in terms of profit improvement. In order to avoid channel conflicts, revenue-sharing contracts should be applied.	More complex channel structures and channel leaderships are not part of this study which offers potential for further investigations.	Relationship (Conflicts, Synergies)	Systematic Literature Review	Computers & Industrial Engineering	B	Chen, T. H. (2015). Effects of the pricing and cooperative advertising policies in a two-echelon dual-channel supply chain. *Computers & Industrial Engineering*, 87, 250-259.
Li, Li, Chen & Hou	2017	Dual-channel supply chain decisions under asymmetric information with a risk-averse retailer	Retailers risk-aversion and manufacturer per unit selling costs affect the ideal decision regarding dual channel supply chains. The authors investigate how this occurs.	The findings suggest that the utility of the retailer and profit of the manufacturer depend on manufacturer's per unit selling costs and the degree of risk aversion of the retailer.	Further research could alternate the assumptions (e.g. variances of the distributions)	Relationship (Conflicts, Synergies)	Systematic Literature Review	Annals of Operations Research	B	Li, Q., Li, B., Chen, P., & Hou, P. (2017). Dual-channel supply chain decisions under asymmetric information with a risk-averse retailer. *Annals of Operations Research*, 257(1), 423-447.
Liu, Sun, Lei, Deng & Leong	2017	The impact of retailers' alliance on manufacturer's profit in a dual-channel structure	If a manufacturer adds a direct channel to existing retail channels, they may cooperate with each other. The author investigate these formed alliances.	The results of this paper suggest that forming alliances is not always beneficial for the retailer. Various conditions can influence this decision, an option would be to just form a partial alliance.	Future research could include the bargaining power of retailers. Moreover, retailers also sell online or even sell purely online which offers research potential.	Relationship (Conflicts, Synergies)	Systematic Literature Review	International Journal of Production Research	B	Liu, H., Sun, S., Lei, M., Deng, H., & Leong, G. K. (2017). The impact of retailers' alliance on manufacturer's profit in a dual-channel structure. *International Journal of Production Research*, *55*(22), 6592-6607.
Calder, Parvarandeh & Brady	2018	Building a Direct-to-Consumer Strategy Without Alienating Your Distributors	Car manufacturers increasingly bypass traditional dealers enabled by digital technology to build end-user relationships. These strategies risk the longstanding partnerships because the dealers (e.g. Porsche) fight back. The paper develops strategies to overcome these risks.	Three strategies help: A) Embracing stealth (e.g. focusing on customer segments that have been underserved by traditional distributors), B) creating hooks (e.g. to bundle different products), C) minimizing pain for downstream business partners.	-	Relationship (Conflicts, Synergies)	Forward and backward sampling	Harvard Business Review	C	Calder, N., Parvarandeh, S., & Brady, M. (2018). *Building a Direct-to-Consumer Strategy Without Alienating Your Distributors*. https://hbr.org/2018/12/building-a-direct-to-consumer-strategy-without-alienating-your-distributors
Dong, Yang & Zhao	2018	Dynamic selling strategy for a firm under asymmetric information: Direct selling vs. agent selling.	The paper sheds light on the dynamic selling strategy linked to the question of selling through agents or directs.	The findings show that in the first period of the launch, agent and direct selling are optimal due to the market and customer's fit uncertainty.	Further papers could incorporate more periods or a larger number of interaction effects.	Relationship (Conflicts, Synergies)	Systematic Literature Review	International Journal of Production Economics	B	Dong, C., Yang, Y., & Zhao, M. (2018). Dynamic selling strategy for a firm under asymmetric information: Direct selling vs. agent selling. *International Journal of Production Economics*, 204, 204-213.

Kim & Chun	2018	Cannibalization and competition effects on a manufacturer's retail channel strategies: Implications on an omni-channel business model.	Investigation of two effects caused by the issue of channel conflicts: A) intra-cannibalization effect (online vs. offline), B) inter-competition effect (retailer vs. manufacturer).	The results suggest that manufacturers use different channel strategies: Manufacturer implement a multi-channel strategy if the customer base is very heterogenous regarding online shopping adaption. Manufacturers implement increasingly an omnichannel strategy, if the customers become more homogenous. Brick and Mortar strategy is used if the customers are neither very similar nor different.	Further studies should analyze the intra-cannibalization and inter-competition effects under the condition of market power.	Relationship (Conflicts, Synergies)	Systematic Literature Review	Decision Support Systems	B	Kim, J. C., & Chun, S. H. (2018). Cannibalization and competition effects on a manufacturer's retail channel strategies: Implications on an omni-channel business model. *Decision Support Systems*, *109*, 5-14.
Hao & Jiang	2019	Direct selling by suppliers improves system-wide information flow	The authors investigate the impact of direct selling in the complex relationship with retailers and how it affects the information flow.	The study shows that a direct channel improves the information flow and increases information transparency between retailer and manufacturer if a direct channel is added by the manufacturer. The effects on profits of both players are mixed.	-	Relationship (Conflicts, Synergies)	Systematic Literature Review	Operations Research Letters	B	Hao, Z., & Jiang, L. (2019). Direct selling by suppliers improves system-wide information flow. *Operations Research Letters*, 47(4), 305-310.
Modak & Kelle	2019	Managing a dual-channel supply chain under price and delivery-time dependent stochastic demand	The authors investigate the management of manufacturers that combine the retail channel with a direct one to address a wider range of customers.	The findings suggest that price and delivery time play a crucial role. The demand uncertainty forces manufacturers to operate inventories that are able to affect the optimal lead time and price. Moreover, the customer's channel preference influence the optimal operations of this dual channel set up.	Papers in the future could extend the investigation from a single period to a multi period approach.	Relationship (Conflicts, Synergies)	Systematic Literature Review	European Journal of Operational Research	A	Modak, N. M., & Kelle, P. (2019). Managing a dual-channel supply chain under price and delivery-time dependent stochastic demand. *European Journal of Operational Research*, 272(1), 147-161.
Pan	2019	Manufacturer's direct distribution with incumbent retailer's product line choice	The authors investigate how a retailer is challenged by a manufacturer's direct channels.	The findings highlight that a direct channel always reduces the profits of the retailer. Moreover, a direct channel can even reduce the manufacturer's profit and ultimately create a lose lose situation.	-	Relationship (Conflicts, Synergies)	Systematic Literature Review	Economics Letters	B	Pan, C. (2019). Manufacturer's direct distribution with incumbent retailer's product line choice. *Economics Letters,* 174, 136-139.
Sun, Tang, Chen, Li & Zhang	2019	Manufacturer encroachment with production cost reduction under asymmetric information.	The authors investigate manufacturer encroachment (direct selling) in regards to cost reductions and asymmetric information.	The results demonstrate that manufacturer invest in cost reductions if the direct channel is efficient. The retailer and manufacturer benefit of cost reduction without a direct channel, but if a direct channel is added, only the manufacturer benefits. Moreover, if direct selling costs are low, the manufacturer benefits if they are high, the retailer.	Future studies could use nonlinear pricing or to take the cost learning effect into account.	Relationship (Conflicts, Synergies)	Systematic Literature Review	Transportation Research Part E: Logistics and Transportation Review	B	Sun, X., Tang, W., Chen, J., Li, S., & Zhang, J. (2019). Manufacturer encroachment with production cost reduction under asymmetric information. *Transportation Research Part E: Logistics and Transportation Review*, 128, 191-211.

Lei, He, Ma & Jin	2020	The impact of consumer behavior on preannounced pricing for a dual-channel supply chain	The authors investigate the interplay between a manufacturer selling normal price through dual channels and overstocked products directly to consumers.	The authors figured out that there is a pareto zone under certain conditions where the manufacturer and the retailer can outperform counterparts in terms of profits.	Future research could investigate the timing of pricing announcements by manufacturers and retailers.	Relationship (Conflicts, Synergies)	Systematic Literature Review	International Transactions in Operational Research	No VHB Rating	Lei, Q., He, J., Ma, C., & Jin, Z. (2020). The impact of consumer behavior on preannounced pricing for a dual-channel supply chain. *International Transactions in Operational Research*, *27*(6), 2949-2975.
Xia & Niu	2020	A perspective on supplier encroachment in the era of e-commerce	Conventional wisdom claims that going direct harms the relationship with the retailer from a manufacturer's perspective.	The results suggest that in order to create a win win situation, different conditions have to be met. The authors claim that sales efficiency of the online channel, channel power of the manufacturer, positive spillover effect from retail on the online channel play a role. Moreover, they are contingent on market uncertainty, multi sourcing and capacity constraints.	Plenty of research opportunities can be detected in this field, e.g. examining conditions like market uncertainty or looking at the retailers and how they deal with different manufacturers and their directc	Relationship (Conflicts, Synergies)	Systematic Literature Review	Electronic Commerce Research and Applications	C	Xia, J., & Niu, W. (2020). A perspective on supplier encroachment in the era of e-commerce. *Electronic Commerce Research and Applications*, 40, 100924.
Leimstoll & Wölfle	2021	Channel Selection Strategy Determinants	Many brands of manufacturer exploit the opportunity to sell directly to consumers. Nevertheless, the majority of revenues stem from traditional distribution partners like retailers. The authors investigate what types of e-commerce strategies are target-oriented and don't harm the relationship with retailers.	The findings of the investigation of D2C online (e-commerce) channels suggest that brand engagement in communication and to interact with them is increasing. Moreover, three strategies were identified to avoid channel conflicts with retailers: a online direct sales strategy, a multi-touch-point strategy, and as a third option a platform strategy. The second one, multi-touch-point strategy, can be implemented in four different types.	Increasing the sample of the same study (expert interviews). A need for the analysis of the success of online D2C strategies.	Relationship (Conflicts, Synergies)	Forward and backward sampling	New Trends in Business Information Systems and Technology	No VHB Rating	Leimstoll, U., & Wölfle, R. (2021). Direct to Consumer (D2C) E-Commerce: Goals and Strategies of Brand Manufacturers. In New Trends in Business Information Systems and Technology (pp. 237-250). *Springer*, Cham.

Table 22: Consequences on firm value of D2C strategies (author illustration).

Authors	**Year**	**Title**	**Purpose of the Paper**	**Key Findings**	**Suggestions for Further Research**	**D2C Domain**	**Search Process**	**Journal**	**Ranking (VHB. 2021)**	**Source (APA)**
Deleersnyder, Geyskens, Gielens & Dekimpe	2002	How cannibalistic is the Internet channel? A study of the newspaper industry in the United Kingdom and the Netherlands	The authors examine the cannibalization effects of the internet.	The general cannibalization fears have been mainly overestimated. Therefore, the internet channel does not need to work as disruptor to established enterprises or channels.	A need for more analysis of how firms can achieve positive spillover effects from an Internet channel.	Consequences on firm value	Forward and backward sampling	International Journal of Research in Marketing	A	Deleersnyder, B., Geyskens, I., Gielens, K., & Dekimpe, M. G. (2002). How cannibalistic is the Internet channel? A study of the newspaper industry in the United Kingdom and the Netherlands. *International Journal of Research in Marketing*, *19*(4), 337-348.
Chen, Li, Jiang & Hou	2017	The impact of manufacturer's direct sales and cost information asymmetry in a dual-channel supply chain with a risk-averse retailer	Investigation of the advantages and drawbacks if a manufacturer adds an online direct channel to its existing retail channels (manufacturer encroachment).	Going direct (respectively to encroach) advantages outweigh the downsides because it brings greater profit than information asymmetry.	Further research is required regarding circumstances of manufacturer encroachment.	Consequences on firm value	Systematic Literature Review	International Journal of Electronic Commerce	B	Chen, P., Li, B., Jiang, Y., & Hou, P. (2017). The impact of manufacturer's direct sales and cost information asymmetry in a dual-channel supply chain with a risk-averse retailer. *International Journal of Electronic Commerce*, *21*(1), 43-66.
Geyskens, Gielens & Dekimpe	2002	The market valuation of internet channel additions	The authors assess the impact of an internet channel on firm's stock market performance.	Basically, investments in internet channels have a positive effect. Thereby, powerful companies with only a few direct channels are expected to achieve greater progress in terms of financial success and performance than less powerful enterprises with a broader number of direct channels.	To quantify the different performance enhancing respectively destroying factors separately from each other.	Consequences on firm value	Forward and backward sampling	Journal of Marketing	A+	Geyskens, I., Gielens, K., & Dekimpe, M. G. (2002). The market valuation of internet channel additions. *Journal of marketing*, *66*(2), 102-119.
Cheng, Tsao, Tsai & Tu	2007	Will eChannel additions increase the financial performance of the firm?—The evidence from Taiwan.	Implementing eChannels to the existing channel systems was forced due to the internet. It is still questionable whether an eChannel enhances financial performance of the firm or not.	The announcement of electronic channel additions may increase the company's accumulative abnormal returns, EVA value and MVA value. Therefore, additions of electronic channels support companies to increase the financial performance.	Further industries and countries.	Consequences on firm value	Forward and backward sampling	Industrial Marketing Management	B	Cheng, J. M. S., Tsao, S. M., Tsai, W. H., & Tu, H. H. J. (2007). Will eChannel additions increase the financial performance of the firm?—The evidence from Taiwan. *Industrial Marketing Management*, *36*(1), 50-57.

Avery, Steenburgh, Deighton & Caravella	2012	Adding bricks to clicks: Predicting the patterns of cross-channel elasticities over time	The authors investigate when and whether a new retail store channel hurts or helps sales in existing direct channels.	The findings reveal that adding an offline retail store impacts other channels in different ways over time, new vs. repeated customers. Especially the sales of catalogs are cannibalized. Direct channels benefit.	Elaborating further contingencies regarding the prediction of cannibalization effects.	Consequences on firm value	Forward and backward sampling	Journal of Marketing	A+	Avery, J., Steenburgh, T. J., Deighton, J., & Caravella, M. (2012). Adding bricks to clicks: Predicting the patterns of cross-channel elasticities over time. *Journal of Marketing*, *76*(3), 96-111.
Homburg, Vollmayr & Hahn	2014	Firm value creation through major channel expansions: Evidence from an event study in the United States, Germany, and China	Channel decision belong to the most important decisions. The authors investigate channel expansions and how they affect firm value.	Channel expansions have an impact on firm value. While the implementation of a new channel affects the firm value in a positive way, the reactions to a surge in distribution intensity depend highly on contingencies.	Further research could shed light on potential saturation points as well as boundary conditions of channel systems.	Consequences on firm value	Forward and backward sampling	Journal of Marketing	A+	Homburg, C., Vollmayr, J., & Hahn, A. (2014). Firm value creation through major channel expansions: Evidence from an event study in the United States, Germany, and China. *Journal of Marketing*, *78*(3), 38-61.
Pasirayi, & Fennell	2021	The effect of subscription-based direct-to-consumer channel additions on firm value	The authors investigated the subscription based D2C channel additions and its impact on firm value.	Basically, they cause complications in channel relationships and conflicts which in consequence reduces firm value. Thereby, company specific characteristics as well as channel power can mitigate the losses in terms of firm value. Therefore, channel power reduces the negative impact of channel conflicts and companies with greater channel power benefit from subscription based D2C channels.	Further research could examine channel expansions by looking in-depth at the complexity of channels, conflict or also the cannibalization.	Consequences on firm value	Systematic Literature Review	Journal of Business Research	B	Pasirayi, S., & Fennell, P. B. (2021). The effect of subscription-based direct-to-consumer channel additions on firm value. *Journal of Business Research*, 123, 355-366.

Table 23: Success mechanisms of D2C strategies (author illustration).

Authors	**Year**	**Title**	**Purpose of the Paper**	**Key Findings**	**Suggestions for Further Research**	**D2C Domain**	**Search Process**	**Journal**	**Ranking (VHB. 2021)**	**Source (APA)**
Bell, Gallino & Moreno	2017	Offline showrooms in omnichannel retail: Demand and operational benefits	The authors investigate D2C start-ups (they use the term online first retailers) that started online selling only and dive into the role of offline showrooms for them.	Showrooms of online first D2C start-ups / online first retailers (e.g. Warby Parker) which are introduced are able to increase demand over all as well as of the online channel. Moreover, spillover effects on other channels occur and improve the general efficiency through for instance reducing returns. Furthermore, showrooms contribute and improve brand and channel awareness.	-	Success Mechanisms	Forward and backward sampling	Management Science	A+	Bell, D. R., Gallino, S., & Moreno, A. (2017). Offline showrooms in omnichannel retail: Demand and operational benefits. *Management Science*, *64*(4), 1629-1651.
Bower	2016	Consumer Goods, Direct-to-Consumer, and S&OP--A Doomed Marriage?	Consumer goods manufacturers increasingly go direct to consumer. But this transition poses some challenges for them because they are unfamiliar with it.	The author's results claim that it requires a different mindset and opens up the question whether a sales and operations planning is the right approach to execute rapidly and deliver agile.	-	Success Mechanisms	Systematic Literature Review	Journal of Business Forecasting	No VHB Rating	Bower, P. (2016). Consumer Goods, Direct-to-Consumer, and S&OP--A Doomed Marriage?. *Journal of Business Forecasting*, *35*(4).
Gielens & Steenkamp	2019	Branding in the era of digital (dis) intermediation	The authors investigate conceptually how branding changes in an era of dis-intermediation. One type are D2C models.	Many of these D2C brand websites, apart from top of mind brands like apple, don't generate a lot of revenue so far. They don't have the resources, scale, awareness to drive traffic to their website. In order to overcome these challenges, selling a broad assortment, unique assortment, offering exclusives, premium products, and making use of personalization options and linking these aspects with special service offerings to differentiate from retailers. The biggest opportunity lies of direct engagement is to facilitate choice and deliver personalized experiences.	Limited amount of knowledge is available about the impact of these websites of manufacturers and their brands on the brands.	Success Mechanisms	Systematic Literature Review	International Journal of Research in Marketing	A	Gielens, K., & Steenkamp, J. B. E. (2019). Branding in the era of digital (dis) intermediation. *International Journal of Research in Marketing*, *36*(3), 367-384.
Harrison & Hair	2017	The use of technology in direct-selling marketing channels: Digital avenues for dynamic growth	Sales agents of direct selling companies are increasingly supported by technology. The authors investigates how technology supports the salespeople.	The findings suggest that technology supports the salespeople to create and maintain relationships, especially for less experienced employees.		Success Mechanisms	Systematic Literature Review	Journal of Marketing Channels	No VHB Rating	Harrison, D. E., & Hair, J. F. (2017). The use of technology in direct-selling marketing channels: Digital avenues for dynamic growth. *Journal of Marketing Channels*, *24*(1-2), 39-50.

Higgins, Wolf, Bitter & Amspacher	2015	Winery distribution choices and the online wine buyer	D2C sales channel is becoming increasingly important for wineries. The paper investigates and profiles the online winey customer.	The findings suggest that the typical customer is an older, married man with a high income and usually a wine connoisseur. By contrast, millennials don't seem to be a promising customer segment.	Further examinations should apply experimental design to understand the buyer and process even better.	Success Mechanisms	Systematic Literature Review	Journal of Food Distribution Research	No VHB Rating	Higgins, L. M., Wolf, M. M., Bitter, R., & Amspacher, W. (2015). Winery distribution choices and the online wine buyer. *Journal of Food Distribution Research*, *46*(856-2016-58188), 32-49.
Múgica & Berné	2019	Analyzing channel choice: Direct and indirect e-Tourism distribution.	This study examines how direct and indirect channels are chosen by consumers in the tourism industry.	There is only one factor that supports the selection of the direct channel, information provided. The basket size and the assortment clearly speak for the indirect channel.	Further research should look at omnichannel consumer behaviour especially the interplay with offline channels.	Success Mechanisms	Systematic Literature Review	The International Review of Retail, Distribution and Consumer Research	C	Múgica, J. M., & Berné, C. (2019). Analyzing channel choice: Direct and indirect e-Tourism distribution. *The International Review of Retail, Distribution and Consumer Research*, *29*(5), 537-548.
Nierobisch, Toporowski, Dannewald & Jahn	2017	Flagship stores for FMCG national brands: Do they improve brand cognitions and create favorable consumer reactions?	FMCG brands increasingly forward integrate and open flagship stores. The paper investigates the effects of flagship stores.	The authors' results demonstrate that in the low-involvement FMCG environment flagship stores reinforce brand experience but does not automatically cause positive consumer reactions. The effect of flagship stores on future purchases is mediated by factors like brand attachment or brand equity.	Future research should shed light on the brand experience vehicles in stores rather than linking the stores with revenue streams or loyalty.	Success Mechanisms	Systematic Literature Review	Journal of Retailing and Consumer Services	C	Nierobisch, T., Toporowski, W., Dannewald, T., & Jahn, S. (2017). Flagship stores for FMCG national brands: Do they improve brand cognitions and create favorable consumer reactions?. *Journal of Retailing and Consumer Services*, 34, 117-137.
Schlesinger, Higgins & Roseman	2020	Reinventing the Direct-to-Consumer Business Model	The authors look at the hype around D2C business models and how they can evolve into the future.	The authors advise to reconsider the exinging D2C approaches. In doing so, they propose the following directions for further development: Need for omnichannel approaches, community as differentiator, margin expansions through vertical integration, voice marketing. The current models seem to be outdated and not sustainable.		Success Mechanisms	Forward and backward sampling	Harvard Business Review	C	Schlesinger, L., Higgins, M., & Roseman, S. (2020). Reinventing the Direct-to-Consumer Business Model. *Harvard Business Review*, *31*.
Steenkamp & Geyskens	2006	How Country Characteristics Affect the Perceived Value of Web Sites	The author investigates brand manufacturer's website by looking at the different country characterstiscs and how they influence the percevied value.	The investigation highlights the fact that the websites of consumer brands are used for the exchange of information. It turns out that cultural differences in the perception of the value of a website. People from more individualistic countries give more importance to, for example, privacy, customization or pleasure, than those from collectivistic countries.	Examine websites that pursue other goals, such as online sales channel.	Success Mechanisms	Forward and backward sampling	Journal of Marketing	A+	Steenkamp, J. B. E., & Geyskens, I. (2006). How country characteristics affect the perceived value of web sites. *Journal of marketing*, *70*(3), 136-150.

Yeow, Sohn & Hansen	2018	Aligning with new digital strategy: A dynamic capabilities approach	The authors investigate the new digital strategy of Hummel. The company moved from a single B2B focus towards B2B and enacted an additional B2C (online) shop.	The results reveal that digital strategies are complex and the aligning process is crucial. This process consists of three phases and different aligning actions (sensing, seizing, reconfiguring).	Further research could investigate how different dynamic capabilities and its alignment actions differ in other industry settings or non-digital set ups.	Success Mechanisms	Forward and Backward Sampling	The Journal of Strategic Information Systems	A	Yeow, A., Soh, C., & Hansen, R. (2018). Aligning with new digital strategy: A dynamic capabilities approach. *The Journal of Strategic Information Systems*, 27(1), 43-58.
Zhang, Zhang, Mizgier & Zhang	2017	Integrating the customers' perceived risks and benefits into the triple-channel retailing	Manufacturers like Nike sell directly, via retailer or platforms (triple channel retailing). The authors analyse this channel selection issue by taking into account customer's risks and benefits perception in triple channel retailing	The findings highlight that different demand distributions structures exist and if they are considered it helps manufacturers to understand the channel choices by customers and in consequence allocate the marketing efforts towards the most profitable customers.	Further studies could be focusses on helping the firms alternating the channel design as quick as possible.	Success Mechanisms	Systematic Literature Review	International Journal of Production Research	B	Zhang, W. G., Zhang, Q., Mizgier, K. J., & Zhang, Y. (2017). Integrating the customers' perceived risks and benefits into the triple-channel retailing. *International Journal of Production Research,* 55(22), 6676-6690.

B) Overview Data Sets

Table 24: Overview data sets of the dissertation (author illustration).

Article	Methodological Approach	Sample
1	Three rounds of expert interviews	24 interviews
2	Conceptual article based on various campaign data provided by Emmi Caffè Latte	-
3	Expert interviews among food manufacturers	12 interviews
4	Multiple case study (interviews, news articles, press releases, websites)	9 interviews, 35 news articles, 13 press releases, 25 websites
5	Multiple case study (interviews, news articles, press releases, websites)	17 interviews, 79 news articles, 21 press releases, 40 websites
6	Multiple case study (desk research, store visits)	12 stores

C) Article 1

Semi-Structured Interviews First Round Interview Guideline

Version_v20-30‘

Interviewer:

Datum

Ort:

Befragter:

Informationsphase

(2‘)

- Dank für Gesprächsbereitschaft
- Vorstellung des Interviewers
- Zeitlicher Interviewrahmen (ca. 20-30min.)
  (Uhr für Zeitmanagement)

- Ziele der Arbeit
- Erwünschte Antwortformen (ausführliche Schilderungen)
- Erwähnung Aufnahme bzw. Notizen machen abklären
- Einverständniserklärung

1. Welche Kanäle gehören für Sie ins D2C?
2. Welche Rolle übernimmt der Kanal?
3. Welche Vorteile und Nachteile sehen Sie pro Kanal?
4. Welche Probleme und Herausforderungen haben / hatten Sie?
5. Welche Lösungswege haben Sie gefunden?
6. Wie schaffen Sie es dort auf diesen Kanal Traffic zu bringen?

Kanal	Rolle des Kanals	Vor-Nachteile	Probleme / Herausforderungen	Lösung-swege	Traffic Herkunft
Website App Subscription					

Mass-personalized products					
Offline Stores Shop in Shop Pop Up Stores					
Marketplaces - Amazon, Tmall, Zalando - MSP, Digitec, Brack					

7. Ist für Sie D2C eher ein Branding Ansatz, oder klar eine Vertriebsstrategie?
8. Capabilities: Welche Capabilites sind notwendig für ihre D2C Strategie?
9. Make or Buy Aspekte

Ausklang

(1'-5')

Kommt Ihnen sonst noch etwas in den Sinn, was sie vielleicht vergessen haben?

Besten Dank für das interessante und wertvolle Gespräch und dass Sie sich Zeit genommen haben.

Semi-Structured Interviews Second and Third Round
Based on Master Thesis Angela Boppart

APPENDIX

Interview Guides

Interview Guide First Round

1. D2C General

- *What aspects/arguments ultimately lead to the decision to introduce D2C as an additional distribution channel? (=determinants)*
- *Which D2C channels have you introduced? (online shop, owned store, shop in shop, flagship stores, factory outlets, pop up stores, apps etc.)*

2. Dimension Commitment of the Board
Do you consider "commitment" as a prerequisite for D2C strategies? ☐
If yes, which of the following subcomponents do you consider as relevant?

What others come to your mind?

Core subcomponents:

- *Costs ➡ High costs require commitment* ☐
- *Channel conflicts* ☐
- *Long-term focus ➡ perseverance is required* ☐
- *Individualism ➡ Case by Case Evaluation (brand/country)* ☐

Deepen Understanding:

- *Was the decision to introduce D2C made by the top management?*
- *Do you think full commitment of the top management is crucial to the success of D2C strategy?*
- *Who was (were) the decision maker(s)?*
- *How would you describe the characteristics of the decision maker(s)? (Impact on the success of D2C)*

3. Dimension Capabilities (manufacturer internal focus)
Do you consider "capability" as a prerequisite for D2C strategies? ☐

If yes, which of the following subcomponents do you consider as relevant?

What others come to your mind?

Where would you classify them? (human or non-human related)

Core subcomponents:

- Human related:
  - Customer journey / CX management ☐
  - Marketing automation ☐
  - Website management ☐
  - Offline store management ☐
  - Logistics management ☐
  - Data management ☐
  - Performance marketing ☐
- Non -Human related:
  - Organisational structure ☐
  - Processes automation ☐
  - Software (CRM, ERP) ☐

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4. Dimension Customer transformation management (Manufacturer external focus)

Do you consider "customer transformation management" as a prerequisite for D2C strategies? ☐

If yes, which subcomponents do you consider as relevant?

What others come to your mind?

Core subcomponent:
Going from B to C customers ☐

Deepen Understanding:
What does it mean for a manufacturer to change / add the focus from B to C?

5. Dimension Culture (explorative approach)

Do you consider "company culture" as a prerequisite for D2C strategies? ☐

If yes, which of the following subcomponents do you consider as relevant?

What others come to your mind?

Core subcomponents:
A change in company culture required ☐

Deepen Understanding:
- *How did you implement a customer focused culture in your company?*
- *What measures did you take to implement the change?*
- *Did you use certain kind of change management?*

6. Further development of the dimensions / diamond
- *Which dimensions would you add / remove?*
- *What kind of subcomponents related to the new dimensions do you consider as relevant?*

7. Matching hierarchical levels
- *Do the dimensions fit with the hierarchical levels?*
- *Alternative: Launch (=commitment), establish (=capabilities, customer transformation management), excellence (=culture)*
- *Further ideas of "levels"?*

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D) **Article 3**

Halb-standardisiertes / Leitfaden Interview

Version_v20-30‘

Interviewer:

Datum

Ort:

Befragter:

Informationsphase

(2‘)

- Dank für Gesprächsbereitschaft
- Vorstellung des Interviewers
- Zeitlicher Interviewrahmen (ca. 20-30min.)
  (Uhr für Zeitmanagement)

- Ziele der Arbeit
- Erwünschte Antwortformen (ausführliche Schilderungen)
- Erwähnung Aufnahme bzw. Notizen machen abklären
- Einverständniserklärung
- Definitionsklärung (D2C = online und oder offline durch Webseite / eigene Stores)

Teil 1 generell alle Optionen:

1. Wie schätzen sie den D2C Trend in Bezug auf Ihre Marke bzw. Unternehmen generell ein?
2. Welches sind die zentralen Chancen und Herausforderungen in der Lebensmittelbranche für eine D2C Strategie?
3. Was sind die Charakteristiken von Lebensmittel, welche speziell für die D2C Strategie beachtet werden müssen?

Teil 2 D2C Unternehmensspezifisch:

4. Erklären Sie kurz die Entwicklungen im Bereich D2C in ihrem Unternehmen / Marke.
5. Welche Ziele stehen für ihr Unternehmen / Marke im Zentrum?

Teil 3 Vertiefung in die strategischen Optionen:

1. Warum verfolgen Sie die Option (Stick, Buy, Build oder Expand)? Zählen Sie die relevanten Kriterien auf und erläutern sie diese kurz.
2. Erläutern sie die Gründe, welche gegen die restlichen 3 Optionen sprechen aus ihrer Sicht.
3. Wie ordnet sich die gewählte Option in den Kanalmix ein?

Ausklang

(1'-5')

Kommt Ihnen sonst noch etwas in den Sinn, was sie vielleicht vergessen haben?

Besten Dank für das interessante und wertvolle Gespräch und dass Sie sich Zeit genommen haben.

E) Article 4 & 5 Method

Multiple Case Studies Overview

Experteninterview D2C

Halb-standardisiertes / Leitfaden Interview

Version_v20-30‘

Interviewer:

Datum

Ort:

Befragter:

Informationsphase

(2‘)

- Dank für Gesprächsbereitschaft
- Vorstellung des Interviewers
- Zeitlicher Interviewrahmen (ca. 20-30min.)
  (Uhr für Zeitmanagement)

- Ziele der Arbeit
- Erwünschte Antwortformen (ausführliche Schilderungen)
- Erwähnung Aufnahme bzw. Notizen machen abklären
- Einverständniserklärung
- Definitionsklärung (D2C = online und oder offline durch Webseite / eigene Stores)

Teil 1: generelle Einschätzung D2C

6. Wie schätzen sie den D2C Trend in Bezug auf Ihre Marke bzw. Unternehmen generell ein? Insbesondere auch die geschichtliche Entwicklung des Themas.
7. Wie sieht die Strategie aktuell aus? (bspw. Kanäle)
8. Wie erklären Sie sich den allgemeinen Hype um D2C?
9. Welche Modelle von D2C Strategien betreiben Sie im Markt?
10. Welches sind die zentralen Chancen und Herausforderungen für Ihr Unternehmen für eine D2C Strategie?

Teil 2: D2C Unternehmensspezifisch:

11. Erklären Sie kurz die organisatorische Einbettung von D2C in ihrem Unternehmen / Marke bzw. die Vertriebsstrategie?
12. Viele Hersteller wollen D2C fördern, wo findet dann die Differenzierung statt?
13. Welche Ziele stehen für ihr Unternehmen / Marke im Zentrum?
14. D2C wird häufig ja nicht nur als Verkaufskanal gesehen, sondern ermöglicht auch die Sammlung von Daten, Produkte zu testen, Ideengenerierung oder mit den Kunden direkt zu interagieren. Wie spielen solche «D2C soft goals» eine Rolle bei Ihnen und können erreicht werden?

Teil 3: Kompetenzen (Sensing, Seizing, Reconfiguring)

Generelle Aspekte:

4. Kompetenzen
5. Strukturen und Prozesse
6. Nationale Unterschiede
7. Pricing Fragestellungen
8. Widerstände intern
9. Organisationalle Actions und Umsetzungen
10. Kanalkonflikte – Umsatzverteilung
11. Differenzierung der Kanäle direkt vs. Indirekt wie – Services, Sortimentierung, Logistikfragen
12. Rolle von Events
13. Soft Goals
14. Unternehmensweite Perspektive auf D2C
15. Welches sind die zentralen Kompetenzen, welche Sie aktuell aufbauen?
16. Man könnte jedoch argumentieren, dass die Kund:innen Warenkörbe und Auswahl von verschiedenen Marken wünschen und daher lieber in einem klassischen Retail – Sportgeschäft (online oder stationär) einkaufen wollen: die Hose von Mammut, den Rucksack jedoch von einem Konkurrenten? Welche Argumente überzeugen ihr Kund:innen dennoch, direkt bei Ihnen zu kaufen?
17. Hierbei wird häufig angefügt, dass D2C funktioniert, wenn die Marke sehr bekannt ist, sonst nicht – also nicht doch alles eine Frage der Markenstärke?
18. Wenn wir nun aus interner Sicht auf D2C blicken. Wie unterscheiden sich die notwendigen Kompetenzen für D2C Strategien vs. Dem klassischen Wholesale Geschäft?
19. Wie gehen Sie mit Kanalkonflikten um?
20. Was ist und war notwendig, um intern diese auch in vollem Umfang aufbauen und nutzen zu können?

21. Im Zuge von D2C wird auch häufig die Wichtigkeit von einem nahtlosen Zusammenspiel zwischen online und stationären Geschäften hervorgehoben, welche Massnahmen sind hierfür notwendig?

Teil 4: Ausblick

22. Zum Abschluss werfen wir einen Blick in die Zukunft, welche Entwicklungen werden die D2C Strategien in den nächsten Jahren prägen?

Ausklang

(1'-5')

Kommt Ihnen sonst noch etwas in den Sinn, was sie vielleicht vergessen haben?

Besten Dank für das interessante und wertvolle Gespräch und dass Sie sich Zeit genommen haben.

F) **Article 5 Results**

Table 25: Dynamic capabilities (second-order themes) per case (author illustration).

Second-order theme / Case	Alpha	Beta	Gamma	Delta	Epsi-lon	Zeta	Eta	Theta	Iota
Intermediary dependency	X	X		X			X	X	X
Fostering sales growth	X	X	X	X	X		X		X
Increasing brand control	X	X	X	X	X	X		X	
Reviewing the manufacturer's distribution legacy	X	X	X	X	X	X	X	X	X
Assessing the intermediary relationship	X	X	X		X	X	X	X	X
Diving into the customer perspective	X	X		X	X	X			
Governing internal and external tensions	X	X	X	X	X	X	X	X	X
Adopting D2C structures and processes	X	X	X	X	X	X	X	X	X
Differentiating the D2C offering	X	X	X	X	X	X	X	X	X
Creating the organizational form	X		X	X	X	X		X	
Adopting a D2C working mode	X						X		
Reducing intermediary channels		X	X						
Enhancing D2C maturity		X	X	X	X	X	X	X	X

G) CV Severin Lienhard

Education

PhD Management, University of St. Gallen 2019 - present
Building dynamic capabilities for Direct-to-Consumer (D2C) strategies of incumbent CPG manufacturers
Publications in international academic journals (e.g. Harvard Business Manager, Marketing Review St. Gallen) and practical outlets (e.g. Gesellschaft für Marketing Switzerland)
Visiting Scholar, SDA Bocconi School of Management 2022
CAS Higher Education Didactics, University of St. Gallen 2020 - 2021
M.Sc. Business Administration, University of Bern 2017 - 2018
Master thesis: Developing flexible pension models for Rychiger AG (6.0/6.0)
Study trip India & Specialization in marketing & sales, management (5.5/6.0)
Education Abroad
Language schools in Aix-en-Provence (F), Portsmouth (GB), Cape Town (ZAF) 2016 - 2017
B.Sc. Sports Science & Business Administration, University of Bern (5.0/6.0) 2013 - 2016
High School, Kantonsschule Oerlikon, Zurich 2006 - 2012

Work Experience

University of St. Gallen, Institute of Marketing and Customer Insight, St. Gallen 04.2019 - present
Research Associate

- Research projects with companies: Collaborations with e.g. Accarda AG – Cashierless stores & Future of retail, Car manufacturer - Future of mobility, Global bank – Customer centricity wealth management
- Co-editor Marketing Review St. Gallen: Issue “After the Hype” & Issue “D2C Strategies”
- Leading executive presentations with Promarca or workshops with executives
- Executive education: Seminar leader CAS Communication & Management, Customer Experience Masterclass, Digital Marketing Academy
- Writing and publishing case studies about companies like Microsoft, Nike, Airbnb or Best Buy
- Organization and supervision of study trips, lectures, bachelor and master thesis

Skills used: Scientific work, problem-solving, stress resistance

Coop, Trainee Retail, Bern 10.2018 - 02.2019
Dotpulse AG (40%), Intern Online Marketing, Zurich 10.2017 - 03.2018
Markus Ryffel's GmbH (40%), Assistant Sports Events, Worb 02.2017 - 08.2017
SportXX and Ryffel Running (40%), Customer Advisor, Bern 01.2015 - 06.2017
Sportamt Stadt Zürich, Life Guard, Zurich 06.2013 - 08.2013
Mövenpick Int. Marché Restaurants, Team Member, Zürich Airport 09.2012 - 05.2013

Extra-curricular Achievements

ETH Zurich & Swimsports.ch, Lecturer in the Sport of Diving (Bachelor Level Courses) 02.2017 - present
Federal Office of Sport BASPO, Diving Expert (Highest Trainer Education) 10.2016 - present
Swiss Diving National Association, Member of the Board & Head of Education 04.2016 - present
Swiss Olympic, Representative of Switzerland at the Int. Olympic Academy in Greece 07.2017
Good Hope Volunteers, Volunteer as a butcher in a Wild Cat Parc South Africa 01.2017

Additional Skills

Languages: German, (mother tongue), **English** (CAE), **French** (B2), **Spanish** (B1)
Programs: R, Atlas.ti, MS Office
Hobbies: Diving (formerly member national squad), Skiing

H) **Publication List**

2022	Lienhard, S. (2022). *Established consumer goods manufacturers and Direct-to-Consumer (D2C) strategies: How to build capabilities for manufacturers' own D2C brands* [Competitive Paper]. European Marketing Academy, Budapest.
2022	Lienhard, S., Berger, M. & Schögel, M. (2022). Hungry for Growth Strategische Optionen für Lebensmittelhersteller und ihre Marken um vom Direct-to-Consumer (D-to-C)-Trend zu profitieren. *Transfer: Zeitschrift für Kommunikation und Markenmanagement, (1),* 46-50.
2022	Lienhard, S. (2022). *Developing a Direct-to-Consumer (D2C) Strategy Phase Model for Incumbent Manufacturers* [Poster]. American Marketing Association (AMA) Winter Conference, Las Vegas.
2021	Härtlein, M., Mühlheim, P., Bolliger, D. & Lienhard, S. (2021) Lernen statt verkaufen durch D2C-Strategien mit Chat-Dialogen Das Beispiel Emmi Caffè Latte. *Marketing Review St. Gallen, 6,* 38-45.
2021	Lienhard, S., Schögel, M. & Boppart, A. (2021) The Prerequisites for D2C Strategies - A Close View at Established Consumer Goods Manufacturers. *Marketing Review St. Gallen, 6,* 10-17.
2021	Schögel, M., Gotsch, M. & Lienhard, S. (2021). Wie wird das «New Normal»? *SWA-Jahresbericht*, *1*, 12-15.
2021	Schögel, M. & Lienhard, S. (2021). Der direkte Draht zum Kunden. *Gesellschaft für Marketing* (*GfM*) *– Forschungsreihe, 2,* 1-16.
2021	Lienhard, S. (2021). The Premises for Managers to Develop and Implement Direct-to-Consumer (D2C) Strategies as Incumbent Consumer Goods Manufacturers [Poster]. *Global Marketing and Sales Management*, Amsterdam.
2020	Schögel, M., Gotsch, M. & Lienhard, S. (2020). Growth Hacking – eine neue Methode für das Marketing? *Gesellschaft für Marketing* (*GfM*) *– Forschungsreihe, 8,* 1-20.
2020	Schögel, M. & Lienhard, S. (2020). Cashierless Stores – the New Way to the Customer? *Marketing Review St. Gallen*, *1*, 38-47. In Höhmann, I. (2020). App statt Kasse. Harvard Business Manager, 4. https://www.manager-magazin.de/harvard/digitalisierung/app-statt-kasse-die-vor-und-nachteile-neuer-ladenkonzepte-a-00000000-0002-0001-0000-000170007733?context=issue
2020	Schögel, M. & Lienhard, S. (2020). Cashierless Stores – the New Way to the Customer? *Marketing Review St. Gallen*, *1*, 38-47.
2019	Lienhard, S. (2019). *Wandel in der direkten Kundenbeziehung Entwicklung erfolgreicher Direct-to-Consumer Strategien* [Presentation]. Marketingtagung, Berlin.
2019	Lienhard, S. (2019). *Wandel in der direkten Kundenbeziehung – Direct to Consumer ist mehr als nur ein Absatzkanal* [Presentation]. Marketingtagung, Bremen.