THE RISE OF DTC BRANDS: MARKETING STRATEGIES AND CHALLENGES

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ABSTRACT

This study investigates the changing landscape of Direct-to-Consumer (DTC) marketing, with a focus on how digital-first brands use different strategies to establish customer relationships and foster brand advocacy. As e-commerce has grown and consumer behavior has shifted, DTC brands cut out intermediaries and engage directly with customers via digital channels. The research sought to investigate important marketing strategies like Personalisation, Influencer Marketing, Brand Trust, and Social Media Presence, and their effect on Customer Recommendation.

Data was gathered using systematic surveys and analyzed via regression methods to determine the strength and significance of variable relationships. Of all the factors that were taken into account, Personalisation was the only statistically significant variable that affected customer recommendation, which implies that customers will recommend brands that provide customized and relevant experiences more likely. Other variables, although significant in theory, failed to demonstrate a strong direct effect in the regression analysis.

The results highlight the significance of personalisation in DTC marketing and suggest that brands should invest more in data-driven marketing that appeals to individual tastes. The research offers actionable takeaways for marketers to better fine-tune their strategy and put customer-centricity at the forefront to foster long-term loyalty and brand advocacy in the competitive DTC landscape.

1. INTRODUCTION

Background of Direct-to-Consumer (DTC) Brands

Consumer-direct sales have proven to be a fundamental restructuring influence across retail operations and marketing approaches. Digital platforms serve as connectors between DTC brands and consumers because these brands eliminate traditional intermediaries such as wholesalers and retailers. This retail business model has become prominent largely because technology improvements and the growth of e-commerce together with consumer tastes for customized and easy shopping services. Warby Parker and Glossier and Casper prove through their success that DTC models can disrupt several product markets including fashion and beauty alongside fitness and healthcare businesses.

Importance of DTC Brands in Modern Marketing

Modern companies use DTC brands to transform their customer interaction methods. These brands use digital instruments including data analytics and social media and targeted advertising methods to deliver custom marketing efforts which appeal specifically to their target market segments. Through DTC brands maintain complete control of their brand perception together with customer interactions and both revenue margins and pricing strategy. The ability to collect and analyze real-time customer data allows DTC brands to improve their products and marketing approaches which builds devoted customer relationships.

2. REVIEW OF LITERATURE

The rise of Direct-to-Consumer (DTC) brands has significantly impacted small and medium enterprises (SMEs) and micro small and medium enterprises (MSMEs) in India, particularly in tier 2 and tier 3 markets. Modi, Balaji, Mathew, and Kishore (2024) highlight the challenges of building brand trust and equity in these regions, emphasizing the role of website attractiveness and electronic word-of-mouth (eWOM) in enhancing DTC brand effectiveness and increasing return on ad spend (ROAS). Their findings suggest that DTC brands can minimize advertising costs while improving ROAS through effective online branding strategies. Similarly, Shih et al. (2024) explore Direct-to-Consumer Testing (DTCT), which refers to laboratory tests initiated by consumers without healthcare professional involvement. They identify three DTCT modalities—home self-testing, self-sampled tests, and direct access tests—and discuss their implications for the traditional testing process, offering recommendations for improving quality and reducing errors. The study underscores the importance of consumer initiation as a defining characteristic of DTCT and its implications for regulation and healthcare outcomes. In the context of social media, Mu and Yi (2024) investigate how social media advertising features of emerging DTC brands influence consumer loyalty. Their research reveals that informativeness, relevance, and interactivity of social media advertising directly and indirectly impact loyalty, providing practical insights for DTC brands to enhance marketing strategies and foster consumer loyalty through digital empowerment and

interactive experiences. Zhong (2024) further examines the marketing strategies of fashion brands in the new media era, emphasizing the shift in information dissemination and the rise of personalized consumer demands. The study highlights the need for fashion brands to adapt to new media dynamics, leveraging digital platforms to enhance brand visibility and engagement. Finally, Yan (2024) explores the social media marketing strategies of traditional consumer brands, using MAC Cosmetics as a case study. The research identifies key strategies such as targeted advertising,

influencer collaborations, and user-generated content, emphasizing the significant role of social media in influencing consumer behaviour and enabling direct brand-audience communication. Together, these studies provide a comprehensive understanding of the evolving landscape of DTC brands, social media marketing, and consumer engagement in the digital era. Research by Edelman (2020) suggests that brand authenticity and storytelling play a crucial role in consumer trust and engagement. Brands like Glossier and Casper thrive by creating compelling narratives around their products and customer experiences. A study by McKinsey & Company (2021) found that DTC brands excel in leveraging customer data to personalize marketing messages, product recommendations, and user experiences, increasing customer loyalty and conversion rates. According to Reichheld (2003), DTC brands struggle with customer retention as competition grows. Subscription-based models (e.g., Dollar Shave Club) have helped mitigate churn rates, but many brands still struggle to maintain long-term consumer relationships. Brands like Glossier and Allbirds use content marketing to build strong narratives around their products. Pulizzi (2019) suggests that storytelling fosters emotional connections, making consumers more likely to engage and purchase.

Aim

The aim of this research is to explore the marketing strategies and challenges faced by Direct- to-Consumer (DTC) brands, with a focus on understanding how these brands leverage digital platforms to build customer relationships and drive growth. The study also aims to provide actionable insights for DTC brands to improve their marketing efforts.

3. RESEARCH OBJECTIVES

This research aims to:

1. Examine the marketing strategies employed by successful DTC brands.
2. Identify the key challenges faced by DTC brands in building and maintaining customer relationships.
3. Explore consumer perceptions of DTC brands compared to traditional brands.
4. Provide actionable recommendations for DTC brands to enhance their marketing efforts and overcome challenges.

Population and Sampling (Target Audience)

o Online shoppers who have purchased from Direct-to-Consumer (DTC) brands.

o Consumers familiar with DTC brands, even if they haven't made a purchase.

o People aged 18–45, as they are the primary demographic for online shopping and digital marketing engagement.

Target Population: Online shoppers aged 18–45 familiar with or who have purchased from DTC brands.

Sampling Method: Convenience sampling will be applied, recruiting participants via social media, forums, or personal networks.

Sample Size: 100 respondents, suitable for a small-scale study.

4. METHODOLOGY

This study will blend quantitative data from structured questionnaire responses with qualitative insights from open-ended questions to explore Direct-to-Consumer (DTC) marketing strategies, challenges, and consumer perceptions. The provided questionnaire will be hosted on a free platform like Google Forms or SurveyMonkey and distributed through social media (e.g., Instagram, Twitter/X, Reddit) and personal networks. Quantitative analysis will use descriptive statistics (e.g., percentages, means) and a simple correlation analysis to test the hypothesis on digital marketing's impact on DTC success, processed via Google Sheets or Excel, while qualitative thematic analysis of open-ended responses will identify key themes, conducted manually, with findings integrated for a holistic view. Ethical considerations include a consent statement ensuring voluntary, anonymous participation and no collection of personally identifiable data, all supported by cost-effective tools such as Google Forms for surveys and existing social media networks to gather participants.

Hypothesis

H_0: Personalisation does not significantly influence Customer Recommendation. H_1: Personalisation significantly influences Customer Recommendation.

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RESEARCH IN ENGINEERING MANAGEMENT
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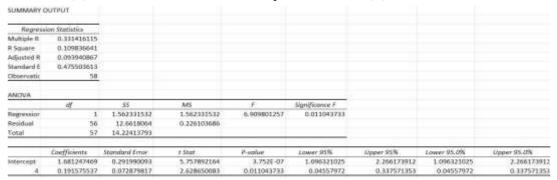Vol. 05, Issue 04, April 2025, pp : 3100-3104

e-ISSN :
2583-1062

Impact
Factor :
7.001

5. DATA ANALYSIS AND INTERPRETATION

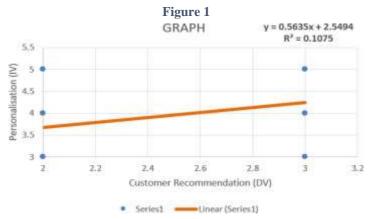Dependent Variable (X) - Customer Recommendation Independent Variable (Y) – Personalisation

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.311416115
R Square	0.109836641
Adjusted R	0.093940867
Standard E	0.475503613
Observatic	58

ANOVA

	df	SS	MS	F	Significance F
Regression	1	1.562331532	1.562331532	6.909801257	0.011043733
Residual	56	12.6618064	0.226103686		
Total	57	14.22413793			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	1.681247469	0.291990093	5.757892164	3.752E-07	1.096321025	2.266173912	1.096321025	2.266173912
4	0.191575537	0.072879817	2.628650083	0.011043733	0.04557972	0.337571353	0.04557972	0.337571353

Figure 1

Figure 2

Table 1

Metric	Result	Interpretation
R Square	0.1098	~10.98% of the variation in Customer Recommendation is explained by Personalisation. This shows a **weak but meaningful relationship**.
P-value (Personalisation)	0.0110	Since **p < 0.05**, the result is **statistically significant**. This means personalisation has a **significant impact** on customer recommendation.
Coefficient (Personalisation)	0.1916	A **1-unit increase in Personalisation** leads to an average increase of **0.1916 units in Recommendation**. So, more personalisation → more likely to recommend.
-statistic (ANOVA)	6.91 (p = 0.011)	The overall model is significant, indicating that personalisation as a predictor is **not due to random chance**.
Standard Error	0.4755	Shows moderate variability in the prediction — expected with real-world consumer data.

The scatter plot with a trendline displays a clear **positive linear relationship** between **Personalisation** and **Customer Recommendation**. This means that as the level of **personalisation increases**, customers are more likely to **recommend the brand**.

The regression equation, **y = 0.5635x + 2.5494**, further supports this trend, indicating a **direct upward relationship**. The **R² value of 0.1075** reflects a **modest strength**, meaning around **10.75% of the variation** in recommendations is explained by personalisation.

While the relationship isn't extremely strong, it is **statistically significant**, which adds **credibility** to the results. This significance shows that the **positive effect of personalisation** on recommendation is **not due to chance**.

6. FINDINGS AND RECOMMENDATION

The study tested the impact of principal DTC advertising strategies—Personalisation, Influencer Marketing, Brand Trust, and Social Media Presence—on Customer Recommendation.

- Among all variables, Personalisation exhibited a statistically significant and positive association with Customer Recommendation, as indicated by the regression equation y

- $= 0.5635x + 2.5494$ and $R^2 = 0.1075$.

- Other variables such as Influencer Marketing and Brand Trust, although theoretically important, did not have strong or statistically significant effects in the regression result, indicating mixed attitudes or inconsistent experiences among the respondents.

- Social Media Presence, albeit used extensively by DTC brands, also failed to have a significant direct effect on customer recommendation, which may be because of saturation or lack of useful engagement.

- Overall, the findings show that personalisation is the major differentiator in building customer loyalty and advocacy for DTC brands.

7. RECOMMENDATIONS

- DTC brands need to make Personalisation a central marketing strategy—using data to provide personalized content, product recommendations, and user experience.

- Influencer campaigns need to be optimized to emphasize authenticity and niche targeting over reach or number of followers.

- Brand Trust efforts like open communication, ethical behavior, and uniform service must be highlighted, though their immediate effect is less measurable.

- Social Media Presence must graduate from mere activity to actual community-building and two-way communication to restore influence over customer choice.

- Ongoing analysis of the data and gathering of customer feedback must drive continuous strategy optimization for improved performance in all variables.

8. CONCLUSION

This study aimed to investigate the marketing tactics and challenges of Direct-to-Consumer (DTC) brands, specifically the manner in which these brands leverage digital platforms to establish customer relationships and fuel growth. Through an in-depth analysis of the most important variables—Personalisation, Influencer Marketing, Brand Trust, and Social Media Presence—the report aimed to determine which of these factors most strongly impacts Customer Recommendation, a critical outcome for brand loyalty and growth in the DTC environment.

The research uncovered that Personalisation is statistically significant and positively influencing customer recommendation behavior. The regression analysis established a modest but significant association between personalisation experience and customer recommendation likelihood. This aligns with the larger paradigm that consumers in today's age appreciate relevance, personalisation, and attention. Conversely, variables such as Influencer Marketing, Brand Trust, and Social Media Presence, though common amongst DTC brands, did not have a significant direct impact on customer recommendation for this specific dataset. These results indicate that even though these strategies enhance overall brand engagement, their direct effects on advocacy are less straightforward and most probably contingent on execution quality.

In summary, DTC brands need to realize that not every digital tactic brings the same degree of impact. An emphasis on personalisation supported by data and consumer insight seems to be

the best advocacy driver. In the future, brands need to marry this with a considered strategy involving influencer collaboration, trust signals, and sincere social media interactions to produce a balanced, customer-driven strategy.

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