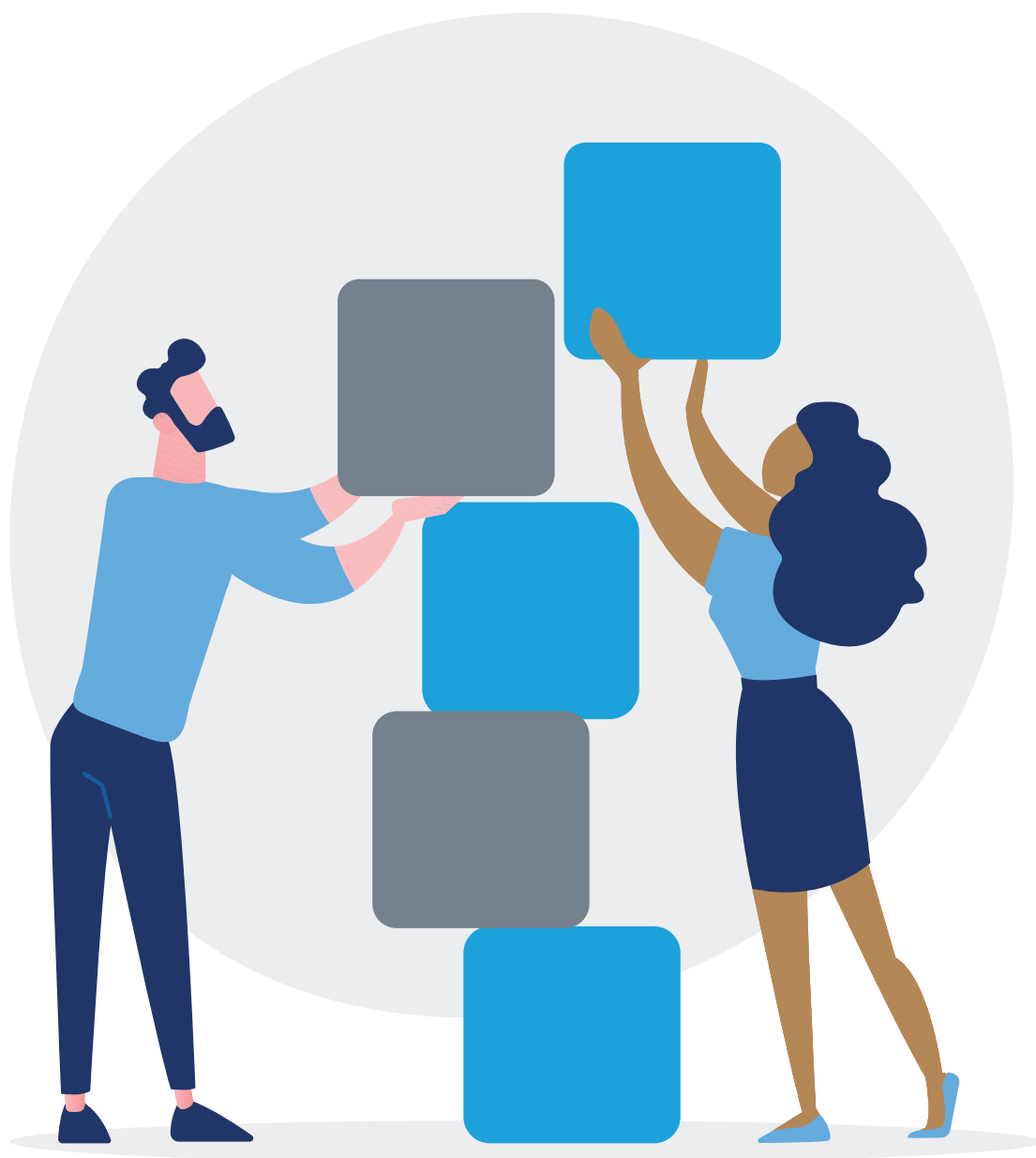




5 Key Steps to Optimizing Your Media Mix

The right media mix shapes the customer experience



Overcoming the Cost of Digital Device Fatigue



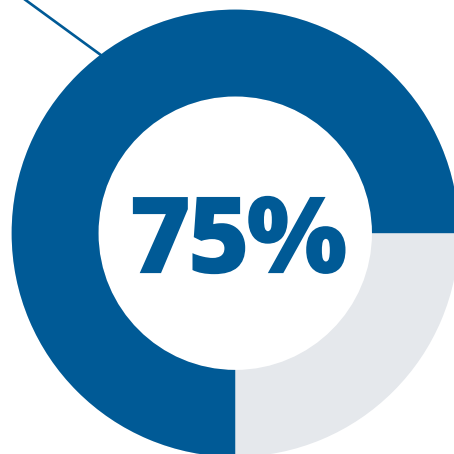
Challenged by the rapid pace of change in a post-pandemic world, the process of engaging (and converting) a DTC customer with your marketing message has never been more complicated...or costly. Data privacy measures continue to loom above the heads of marketers. New marketing media (TikTok, OTT advertising, shoppable video) means the rules keep evolving. What worked a year ago has now changed thanks to rising ad costs, increased competitive activity, and adapting consumer behaviors – all of which shifts the marketing playing field. As a result, your CAC is inevitably on the rise.

With all this noise and disintegration, it is more difficult than ever to know in which channels to invest and in which to scale back. Customer data shows that consumers are struggling with digital device

fatigue. **A recent Harris Poll indicated that 75% of consumers tune out digital device ads as a rule.**

Yesterday's best practices cannot be relied upon to serve your business tomorrow. For example, if you focus solely on paid social, your CAC will increase substantially, and the next sale will be harder to capture in this increasingly saturated digital advertising space.

Focused on the challenges of a growing business, the successful D2C marketing program is constantly changing, testing, and evolving. This requires a continuous evaluation as to how well each marketing investment is performing.



In order to evaluate how effective your spend is across channels and keep your CAC under control, you need to consider your full media mix across your customer journey. Successfully considered, you'll achieve well-rounded brand awareness, and you will communicate with the best prospects, converting them to customers – efficiently.

What is a Media Mix?



Let's start by defining what we mean when we say media mix.

“Media mix is a marketing term that describes all of the channels a brand uses to reach its audience and achieve its marketing objectives.”

These include all managed channels, including online and offline media as well as owned assets. Examples include websites, email, paid search, paid social networks, direct mail, OOH (e.g., billboards), newspapers, radio, television, and OTT marketing.

An effective media mix delivers the right marketing message to your customers and prospects at the lowest cost and with minimal waste. It delivers the right content to properly targeted customers and prospects at different stages of the purchase decision.

There are six steps to take when you are developing an optimized media mix.



1

Get Your Priorities Straight

The marketing environment is dynamic. It's changing all the time. In order to stay relevant, your business needs to adjust its marketing strategy to adjust to this dynamic environment.

This requires that you answer some key questions to ensure sales success today and to set you up for success tomorrow: What are your primary goals right now? Where is your brand in its journey?

Although every business needs to address all of these tasks in an ongoing manner, you need to give thought to your current priorities and the requisite media to accomplish each of the following – ensuring that you aren't missing key pieces of the pie.

6 Priorities Successful Brands Implement



BRAND AWARENESS

SPREAD BRAND AWARENESS

Get the word out to new customers and show your brand's value.

BRAND AWARENESS

OPEN YOUR MARKETING FUNNEL

Customer conversions are tough. So you need to reach as many qualified leads as possible.



CUSTOMER ACQUISITION / CONVERSION

KNOW YOUR CUSTOMER

Understand what makes your customer tick and talk about what matters to them.



CUSTOMER ACQUISITION / CONVERSION

REACH CUSTOMERS WHEN AND WHERE IT MATTERS

The right media mix is essential to engage people when they are thinking about your brand.



LIFETIME VALUE / RETENTION AND REACTIVATION

DON'T LET VALUABLE CUSTOMERS JUST WALK AWAY

If you don't work on growing the relationship, customers will leave for brands that make them feel important.



LIFETIME VALUE / RETENTION AND REACTIVATION

LOOK AT THE DATA AND ADJUST

Trends change. Customers evolve. Change your messaging and media mix with them.

The answers to these questions will influence the media you choose, its content, and the metrics you measure. And it's easy to lose sight of the need to constantly ask these questions in order to keep your media mix relevant and effective. For example, according to a recent Harris Poll, 60% of respondents said that their shopping habits are going to change coming out of the Pandemic. More than a third of those (21% overall) respondents indicated that their habits would be "very different." Assuming this to be even somewhat true, your marketing programs will need to evolve dynamically.

As mentioned above, an effective media mix delivers the right marketing message to different types of customers and prospects at different stages of the purchase decision.

The right media mix shapes the customer experience.

2



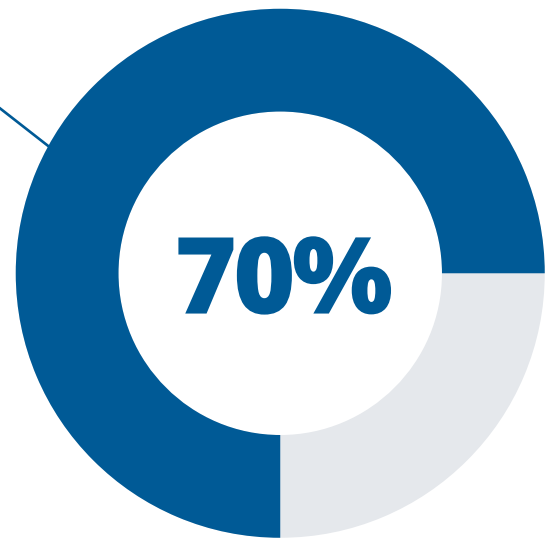
(Really) Know Your Customer

If your mix and your messaging are going to be optimized, you have to know your customer.

“Who are they? How are they consuming media? Who do they trust? What are their buying behaviors? Often, companies that think they understand their customers may find that their understanding represents only a small snapshot of the real picture.”

This is about more than demographics. It's about the demographic, psychographic, technographic, and behavioral tendencies of those customers.

Marketers who rely only on demographics to reach consumers risk missing as many as 70% of their potential customers. Let's consider a 2021 Google study on baby products. According to that study, 40% of baby product purchasers live in households without children. This is also true for 52% of baby product influencers. These people could be grandparents, cousins, friends, or co-workers. A baby products company which limits its media mix to houses with children is missing a huge stable of potential customers. (Any grandparent in 2021 can testify to the accuracy of this data!)



The key to success is data: zero-party and first-party data -- you need more!

First-party data is the information you collect directly from your customer and own. Zero-party data is even better. This data is willingly provided by a person and addresses such things as communication preferences. For example, a customer may fill out a survey stating they'd like to receive a weekly newsletter. Unlike the third-party data -- data sets collected and managed by organizations that do not directly interact with your customers -- first- and zero-party data is much more relevant to your business.

To make for an effective media mix, you have to understand your customer. To really understand your customer, you must have better data, and that requires a creative and intentional strategy for more zero-party and first-party data.

A robust zero- and first-party data set will enable you to find new customers efficiently and lower CAC. But more importantly, it will help you establish personal and more sustainable relationships with your customers.

3

Consider the (Entire) Customer Journey



Now that you better understand your customer, let's consider their place on the customer journey. As we already mentioned, different customers will respond differently to different media channels at different points in the consumer journey.

Of course, different media should be used to target those who are at different points in the consumer journey. Each part of the customer journey lends itself to different marketing vehicles and KPIs to review. And in the DTC space, we see successful brands exploring new vehicles. Let's come back to some of the key questions we started with, along with channels to consider and some emerging trends.

Are you building customer awareness & consideration?

How is the top of the funnel?

Brand awareness may be best served by banner ads, SEO, OOH, OTT, influencer marketing, PPC, and effective remarketing campaigns. 2021 saw successful DTCs make changes in channels for awareness, doubling down on OOH advertising as the country opened back up. And the surge in OTT marketing in 2020 continued. As you consider media placement, knowing the audience will put your brand message in

front of audiences in multiple vehicles. In addition to conversion, KPIs to consider as you evaluate brand awareness include marketing ROI, website engagements, social media engagements, branded searches, and mentions.

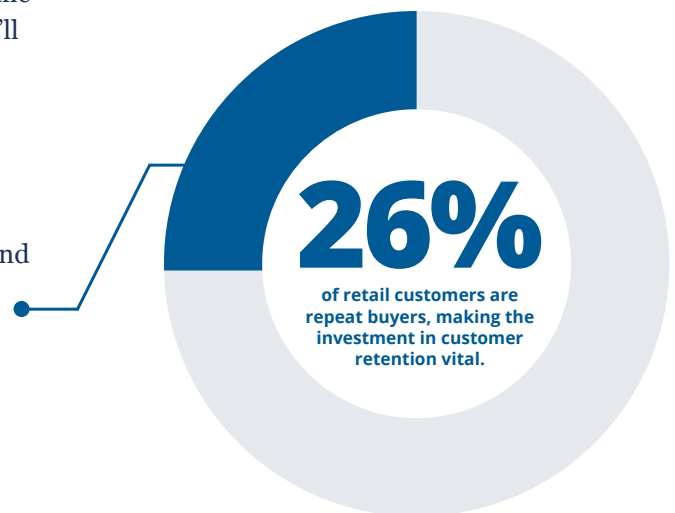
Is the primary goal customer acquisition?

Customer acquisition is best achieved through PPC, paid social, direct marketing, and email. Once again, your opportunity to convert this prospect to a sale improves with multiple touches through strategic remarketing campaigns (more below). A significant customer acquisition trend is the resurgence of direct marketing (both catalog and direct mail). With a 100% open rate, DTCs from Chewy to Untuckit to Hello Fresh have added direct marketing as a key channel. In addition to sales and CAC, consider other KPIs as well (including LTV, AOV, and marketing ROI). Although attribution can be difficult, the work to identify the performance of each channel will merit huge rewards. We'll discuss testing later.



How are you retaining and reactivating lapsed customers?

Used properly, you can turn your loyal customers into brand ambassadors, and since only **26% of retail customers are repeat buyers**, investment in customer retention is vital. Do that through strategic remarketing, loyalty programs, email, direct marketing, and social campaigns. Emerging trends here emphasize the importance of personalized remarketing in multiple channels. Successful brands are growing LTV through very targeted digital and direct marketing campaigns. Key KPIs to evaluate these campaigns include (of course) total sales, LTV, marketing ROI, and AOV.



This process may seem quite intimidating, but it is where the best agency partners prove their worth. They'll make recommendations relative to what is working for similar brands and help you determine ways to measure these KPIs. But most importantly, they will make sure that your strategy doesn't think about each stage of the funnel in isolation. If your agency partner isn't making recommendations to test new/different media types, or is only recommending one or two, consider why this may be the case.



04

Be Multidimensional



Your media mix will be more effective when all the components are integrated. An integrated media mix lowers CAC by lifting performance across all channels. If your brand is too reliant on one medium, it can leave your business vulnerable. If a channel goes down or changes its communication policies, or if there's a sudden increase in competition, it will lead to a steep drop in conversions.

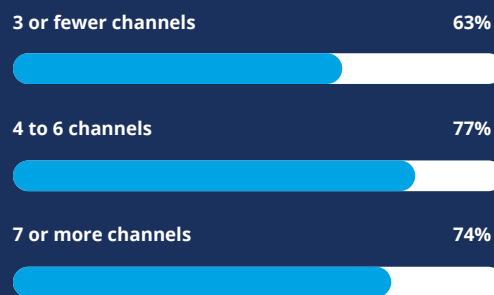
According to a recent study by Berkshire Hathaway's Business Wire, marketers who use 4-6 channels in their multichannel campaigns report the best response rates.

In other words, you shouldn't think about each stage of the funnel in isolation. Instead, craft a marketing strategy that plans ways to connect parts of the journey in a timely manner. Think of it as "multidimensional marketing." You'll create pathways to higher conversion rates. And your brand will benefit as you shape the customer's experience throughout their journey.

For example, brands could use PPC channels to present consumers with a sequence of ads that will take them from awareness to interest. Then, retargeting is a great way to take store visitors from interest to conversion. Once engaged, direct marketing and email might help conversion or grow LTV through additional engagements.

Marketers who use 4 to 6 channels in their multichannel campaigns report the best response rates.

Percentage of study participants who report good response rates and the number of channels in use.



Source: The State of Multichannel Marketing 2020

“Just make sure to use consistent messaging, themes, and design across your media mix because this will help build brand recognition and reinforce your message.”

That is why it is important to have a partner who will help ensure you are engaging with prospects across multiple touch points based upon where they are in the customer journey.

Test, Test, and Test Again



By now you're thinking, sure, a multidimensional approach to your marketing makes a ton of sense. But I'd wager that you're also thinking that it will be very difficult to accurately track the impact of each of these tactics in your planning. Media mix optimization can be quite complex, especially if you use a lot of different distribution channels as part of your marketing.

Analytical tools are available to assess your media mix and improve the results you achieve. These tools can identify the strengths and weaknesses of your marketing programs and your media mix but can require some expertise to fully understand.

Ultimately, the best strategy here is diligent and thoughtful testing. Again, here's where the best agency partners will help to curate a testing strategy that is appropriate to your market segment, and your business, based upon where you are in the brand journey.



Some things to consider as you explore testing are defined below:

Eliminate variables

There is often an advantage to being an early adopter of a new technology or consumer trend before others recognize it's important. But for any test, you need to define and limit variables and determine the correct progressive steps of implementation. If you can't define the A/B variables to a test, it isn't well defined.

A good A/B test, for example, might have two different and clear CTAs defined. That test would deliver the different CTAs in like-for-like delivery vehicles and evaluate their performance.

Test trends in the marketing landscape

Testing should be relevant to what's happening in the market and your sector. For example, the DTC space has uncovered a huge resurgence in direct marketing. The Berkshire Hathaway Business Wire study mentioned above found multichannel campaigns including direct mail reported an **ROI 18 percentage points higher than those without direct mail, and 84% of respondents indicated direct mail improves multichannel campaign performance.**

This evolution is specifically relevant in the DTC space and is a good indicator that a successful DTC campaign should be testing direct mail marketing. And a well-executed test should be able to gain insights to performance through items like trackable short links, QR/Flowcode, or unique landing pages.



Test in small, but meaningful, bites.

Progressive testing steps with clearly defined time limits will minimize risk and yield information to move on to the next phase with insights and speed — or allow for fail-fast-and-move-on learning. Your agency partner should be able to help you develop a clear, low risk, testing plan. Without ongoing testing or strategy evolution, programs can become stagnant and see lagging participation and revenue.



Execute, measure, and test again. That's the program that makes for the most effective CAC and marketing ROI.





Final Thoughts

Delivering a brand experience that breaks through the clutter is essential in today's digital-first world, leading to increased brand recognition, engagement and, most importantly, sales.

“Reaching the right people at the right time is more key than ever to driving those conversions. And having an effective multidimensional media mix is an essential part of doing this.”

Winning brands are narrowing down on performance and profitability and are doing so efficiently, in more formats and channels than ever before. Agility is critical, as the catalogue of digital tools and channels continues to grow.

D2C means shifting quickly from traditional marketing to analytical, performance-driven digital marketing. From branding to ROI-focused performance. From recognition to conversion. From online to offline. And back.

The more your brand can understand your customer, take control of your data, and embrace a multidimensional approach to marketing, the more you can deliver consistent, optimized campaigns and continue to refine efforts with an analytical, 360-degree approach.

One size doesn't fit all.

5 Key Steps to Optimizing Your Media Mix

Executive Summary

Questions to Set Your Priorities

Brand Awareness

1. Are you building brand awareness & consideration?
2. How is the top of your funnel?
3. Is the primary goal customer acquisition?
4. Are you engaging with prospects across multiple touch points to convert them? How are you doing it?
5. How are you retaining and reactivating lapsed customers?
6. How is your marketing mix adjusting to changing trends and consumers' evolving behavior?

Know Your Customer

- Be strategic about expanding your first-party data set
- Diligently mine and align that data set to the correct marketing message

Map the Customer Journey to the Right Media

Brand Awareness and New Customers

Staples:	Banner Ads, SEO, PPC, Influencer Marketing, Paid Social
Emerging Trends in DTC:	OOH, OTT
Key KPIs:	Conversion, Marketing ROI, Website Engagements, Social Media Engagements, Branded Searches

Conversion

Staples:	Email, PPC, Paid Social, Amazon
Emerging Trends in DTC:	Personalization, Direct Marketing
Key KPIs:	Sales, CAC, LTV, AOV, Marketing ROI

Engaging Existing Customers

Staples:	Strategic Remarketing, Loyalty Programs, Email, Direct Marketing, Social Campaigns
Emerging Trends in DTC:	Life Cycle Marketing
Key KPIs:	Total Sales, LTV, Marketing ROI, AOV

Be Multidimensional

- Multichannel campaigns using 4-6 channels report the best response rates
- Craft a marketing strategy that connects timely messaging to the customer journey
- Use consistent messaging, diverse content, and appropriate themes to reinforce the right actions

Test, Test, and Test Again

- Strategic testing is an absolute must to spend effectively
- Eliminate variables to develop clear metrics
- Ensure you are testing relevant trends in the marketing landscape
- Test in small, but meaningful, bites