# Navigating success: insights from marketers on channel diversification

The goal of any marketer is to drive revenue, acquire and retain customers, and hit CPA and ROAS goals through a well-rounded marketing strategy. But in the state of ecommerce today—with costs skyrocketing and fierce competition—those initiatives are proving to be more difficult than ever, and your bottom line is suffering.

Marketers have many strategies to consider to overcome these challenges, but the focus should be on channel diversification and testing.

Channel diversification is proven to fuel business growth and drive revenue, which is why **74% of DTC marketing leaders plan to market on more than 5 channels to hit CPA goals.**

This ebook will provide insights and strategies for effective channel diversification so DTC and retail marketers can adjust their strategy to drive more revenue and achieve their CPA, ROAS, and acquisition goals.
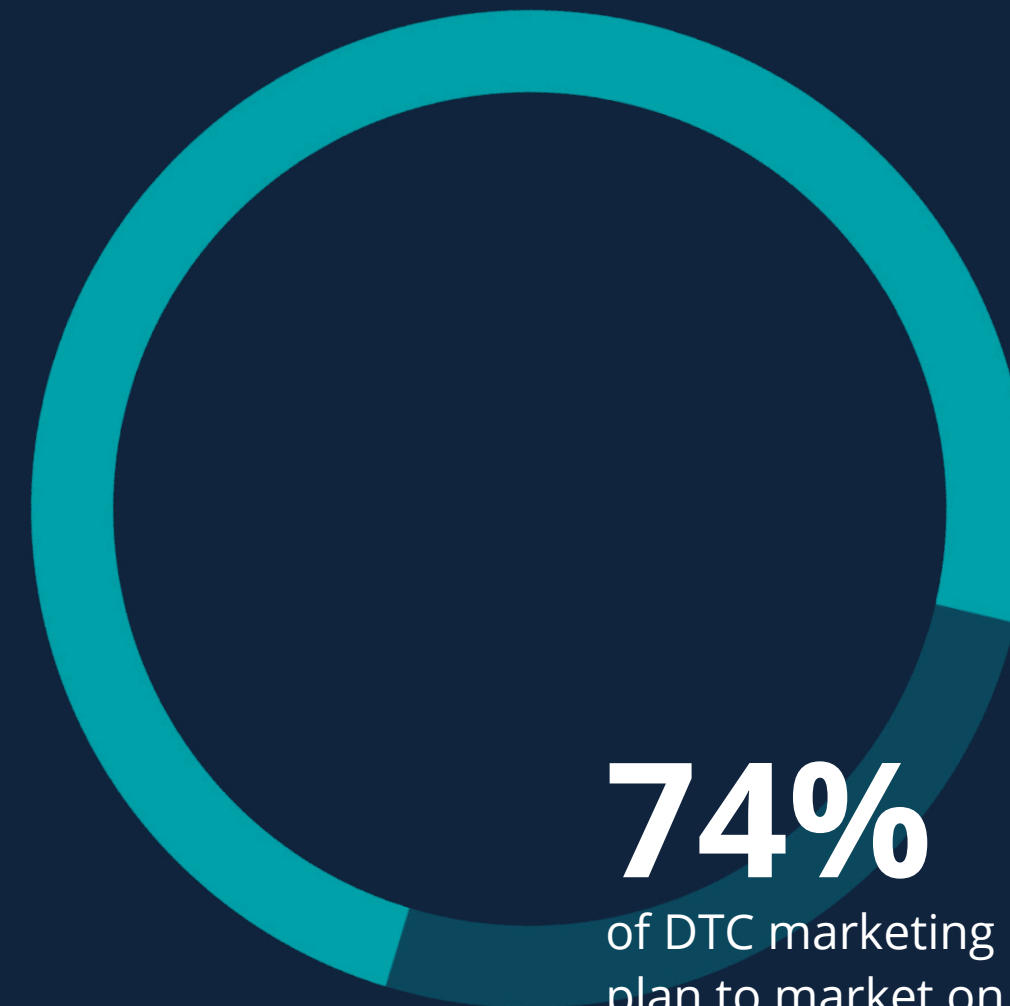
74%
of DTC marketing leaders plan to market on more than 5 channels to hit CPA goals

What you'll discover in this report

We surveyed 150 DTC marketing leaders* on diversifying and testing new marketing channels so DTC and retail brands can utilize real-world data to scale to new heights. The insights in this report extend beyond buzzwords—it's real data from real marketing leaders, just like you.

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In this ebook, you'll learn about:

✓ **Trends in channel diversification**

✓ **Challenges DTC and retail brands are facing**

✓ **Testing, optimization, and first-party data**

✓ **The rise of alternative marketing channels**

✓ **3 critical KPIs you need to measure**

✓ **5 future trends in DTC marketing**

The margin of error for this study is +/- 8% at the 95% confidence level.

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CHAPTER 1

The state of channel diversification in 2024

Channel diversification is the foundation of any solid growth plan, but striking the right balance of marketing channels is easier said than done. Performance marketing is shifting away from over-reliance on dominant channels like Meta (Facebook & Instagram) and Google toward a broader, more balanced mix that includes emerging platforms, alternative growth channels, owned channels, and offline strategies.

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Revenue:

89% of DTC marketers consider channel diversification critical for revenue growth.

89%
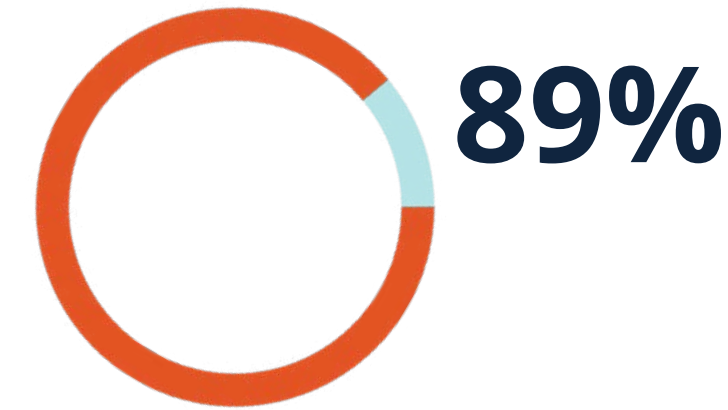
Only 28% of DTC marketers are confident their ROAS is above average.

28%
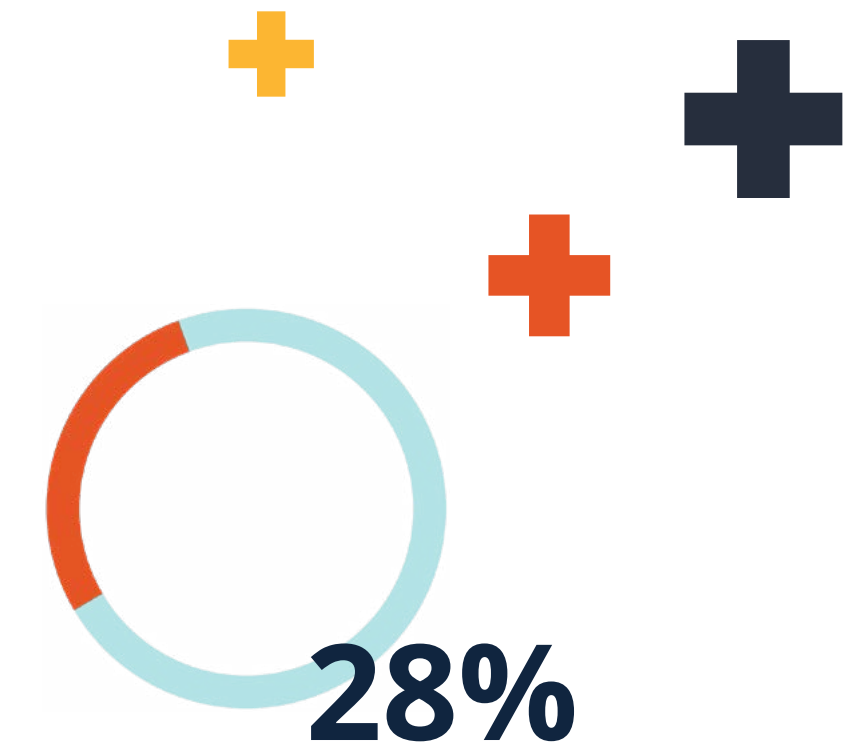
On average, DTC marketers advertise on 8.5 channels, but only 54% are highly confident they know which channels perform best.

DTC marketers are exploring and utilizing other channels, but many aren't sure how it's impacting their bottom line.

75%
80%

Revenue is growing, but it comes at a cost. **On average, 75% of DTC marketing leaders report higher revenue growth in 2024 compared to 2023, but 80% are also facing rising and inconsistent acquisition costs.**

5 Key Trends in Channel Diversification

1 Experiment with emerging technologies and channels

2 Explore alternative marketing platforms for better targeting and ROAS

3 Integrate digital and physical channels

4 Implement tailored strategies (no more one-size-fits-all)

5 Invest in growth, data, and acquisition

CHAPTER 2

# Challenges in channel diversification

Channel diversification offers significant growth opportunities for brands but presents several challenges. Emerging brands and established enterprises alike face the same obstacles regarding channel diversification:

- Skyrocketing customer acquisition costs
- Lack of confidence in channel performance
- Insufficient diversification
- Difficulty in testing channels against one another
- Over-reliance on channels you don't own

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89% of DTC marketers consider channel diversification critical for revenue growth, **but only 34%** always test channels against one another for performance.

34%

89%
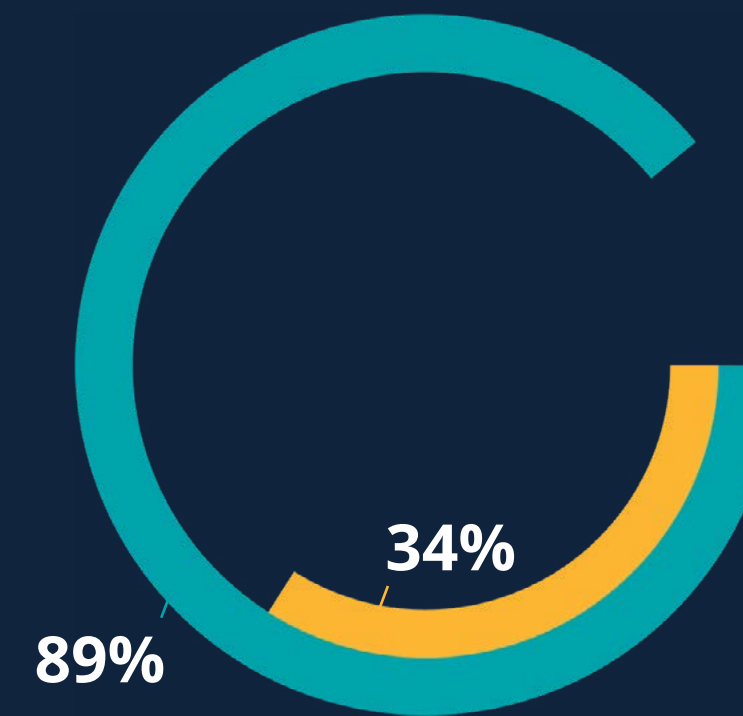
Social media first, everything else second: did Glossier's hyper-focus on social media impact future sales?

Glossier initially built its brand heavily relying on social media, particularly Instagram. The brand showcased its passion for inclusivity, community, and authenticity, with each post expertly crafted and thoughtfully curated. However, as competition on these platforms grew and customer acquisition costs increased, Glossier—like many DTC brands— faced the challenge of diversifying its channels while maintaining its community-driven brand ethos.

Glossier has since moved into physical retail, including Sephora, and invested in owned channels like email and SMS to reduce reliance on paid social media. However, scaling these initiatives while remaining authentic to its core community has been a delicate balancing act.

The lesson is clear: The most successful DTC and retail brands stay ahead of the competition by constantly finding new and innovative ways to reach new audiences and boost performance.

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CHAPTER 3

Strategies for effective channel diversification: testing, optimization, and cookies

What's the key to maximizing ROAS? Testing and optimization. By constantly adjusting your channel diversification strategy based on data, you can optimize each channel for performance, ensuring you get the most value from your marketing investment.

While 89% of DTC marketers consider channel diversification critical for revenue growth, only 34% always test channels against one another for performance.
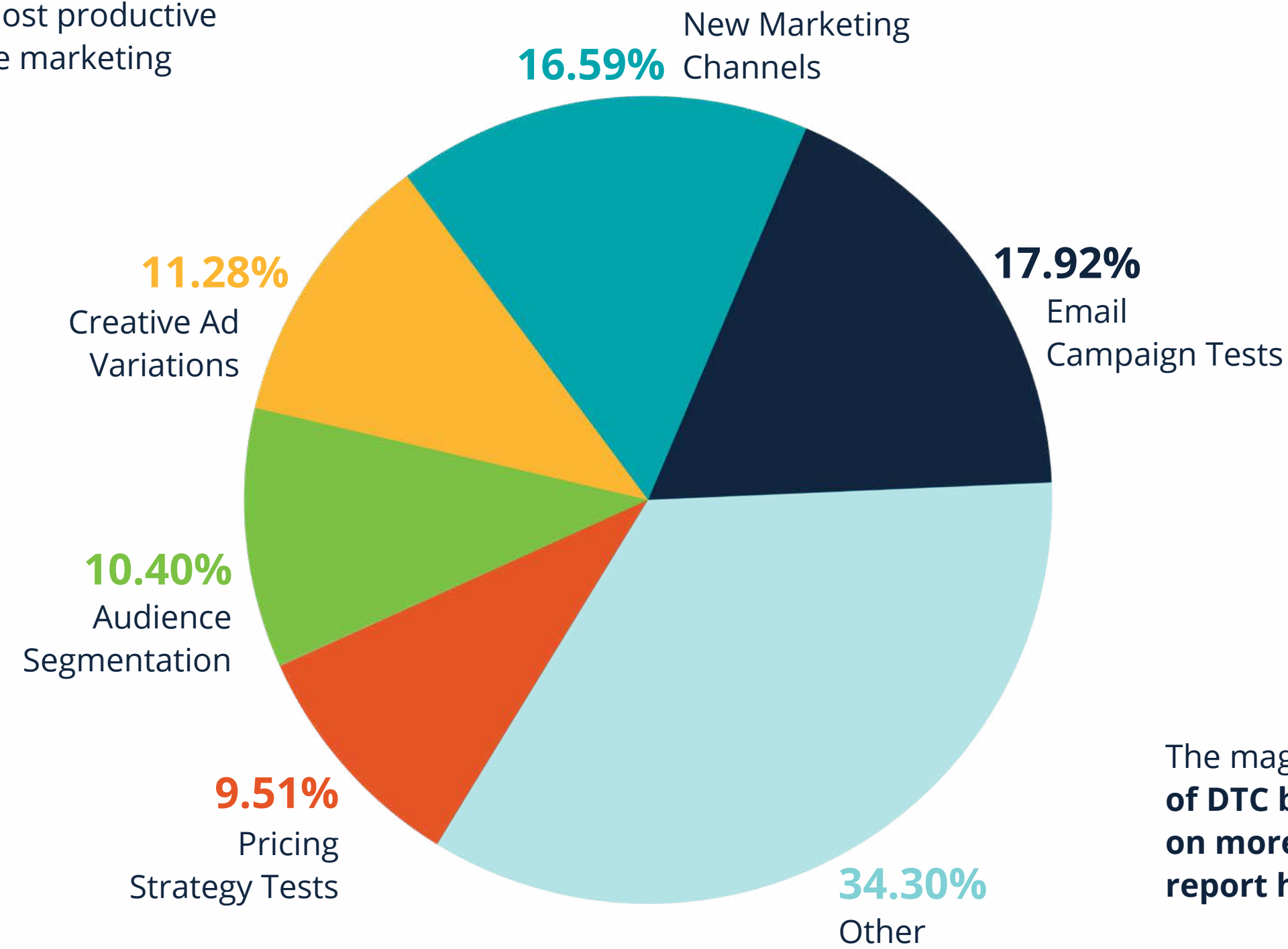
89%

34%

On average, DTC marketing leaders dedicate 11% of their budget to testing channels, but 63% aren't sure that's enough. And they're right. Marketers must continuously run A/B tests and experiments across different channels to identify what works best.

11%

63%

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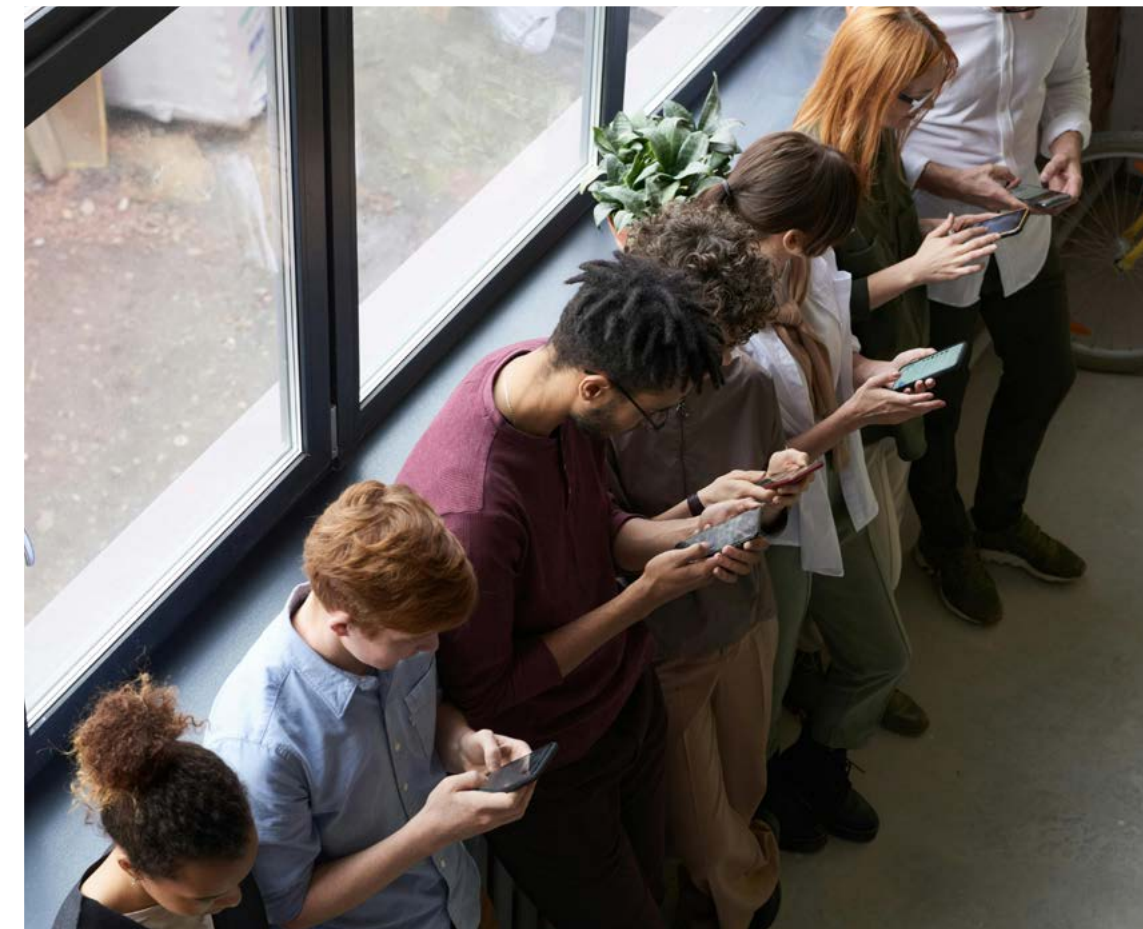
Which tests are more productive in increasing marketing performance?

DTC marketers agree that these are the most productive tests to increase marketing performance:

New Marketing Channels
16.59%

17.92%
Email Campaign Tests

11.28%
Creative Ad Variations

10.40%
Audience Segmentation

9.51%
Pricing Strategy Tests

34.30%
Other

The magic number: **73% of DTC brands that test on more than 3 channels report higher ROAS**

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No cookies? Cue the problems.

First-party data, including prospective customers' names, emails, and mobile numbers, is crucial to brand success.

81% **of DTC marketing leaders say the ability to receive first-party data is essential in their decision-making for testing alternative channels.**

Marketers have traditionally relied on platforms like Meta (Facebook & Instagram) and Google Ads as their primary acquisition channels. However, recent changes have prevented brands from tracking and owning the first-party data they need to reach their target audience. Brands need ownership of contacts and emails to remarket and engage with their customers effectively.

No access to first-party data is a top obstacle for 83% of DTC marketing teams.

83%
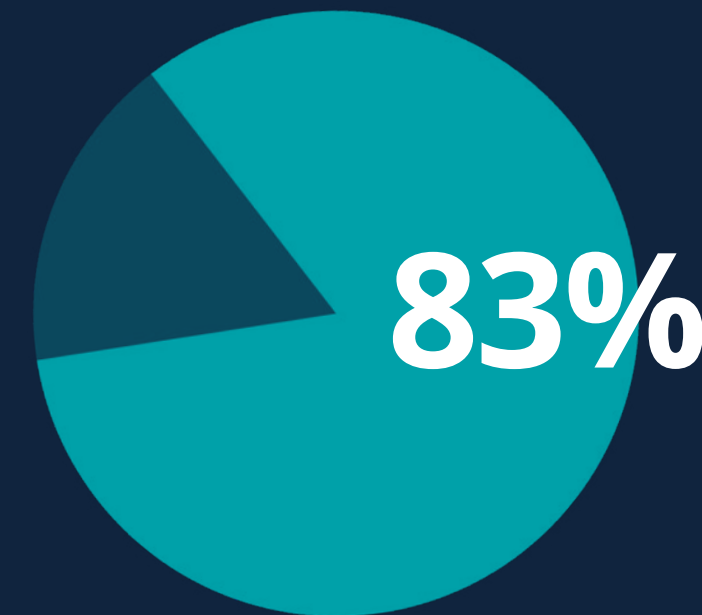
80% **of marketing leaders say they would hit their revenue goals with more first-party data.**

However, DTC marketers want freedom from traditional marketing channels.

89% of marketers want to escape walled gardens like Amazon and Meta by using first-party data, but only 40% are sure they have enough first-party data.

The solution: Alternative marketing channels that collect first-party data, including emails and mobile numbers, legally, without the high price tag.

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CHAPTER 4

Alternative marketing channels

Meta and Google hold significant value, but increased competition, rising ad costs, and changing algorithms force DTC marketing leaders to add additional channels to meet their ROAS and CPA goals and diversify their audiences.

Most Popular Alternative Marketing Channels

Channel	Total	%
Email Marketing	89	11%
Amazon PPC	87	11%
TikTok Ads	70	9%
Influencer Marketing	65	8%
Pinterest Ads	58	7%
Connected TV Ads	53	7%
Snapchat Ads	52	7%
Referral & Gift Platforms	51	7%

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Aside from major platforms like Google, Meta, and YouTube, DTC marketing teams currently utilize the following alternative marketing channels:

Email marketing

Pros: High ROI, Personalization, Segmentation, Owned Channel

Cons: Crowded Inboxes, Spam Filters, Deliverability, Open Rates, List Management

Referrals and gifts (i.e., Nift & Rokt)

Pros: High-Quality Leads, More Revenue, Cost Effective, Increase Customer Engagement, Easily Measured

Cons: Risk of Misuse, Audience Limitations, Oversight Requirements

Amazon PPC

Pros: Increased Visibility, Access to Purchase-Ready Consumers, Automated Targeting Solutions

Cons: Rising Costs, Cutthroat Competition, Complex Campaign Management

TikTok ads

Pros: Access to Younger and Global Audiences, Creative and Engaging Ad Format, Increased Brand Reach

Cons: Rising Costs, Video-Focused Content, Fast-Paced Trends, Short Content Lifespan

Influencer marketing

Pros: Niche Targeting, Creative Collaboration, Growth Hacking Potential, Increased Brand Awareness

Cons: High Costs, Brands Unable to Handle Quick Growth, Lack of Trust In Influencers From Users, Measuring ROI

Pinterest ads

Pros: Extensive User Base, High Engagement, Search Engine Optimized, Evergreen Content Cons: Increased Competition, Limited Demographic, User Intent

Cons: Increased Competition, Limited Demographic, User Intent

Operating across multiple channels results in data silos, where customer insights are dispersed across platforms. Without a centralized view of customer behavior and performance metrics, optimizing marketing efforts, understanding ROI, and delivering a consistent customer experience is challenging.
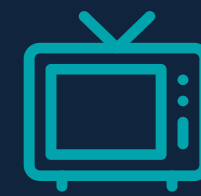
Snapchat ads

Pros: Reach Younger Audience, Creative and Engaging Ad Format, Authenticity

Cons: Limited Reach, Short Content Lifespan, Difficulty Measuring ROI, High Media Saturation

Connected TV ads

Pros: Increase Brand Reach, Large User Base, Innovative Ad Format

Cons: High Costs, Intrusive To Audiences, Minimal Scalability

Operating across multiple marketing channels results in data silos, where customer insights are dispersed across platforms. This fragmentation makes it difficult for marketers to gain a holistic view of their marketing efforts.

In fact, **74% of DTC marketing leaders say it's challenging to correlate their results from alternative channel testing to the actual channel. Additionally, 77% find it challenging to accurately attribute results from alternative channels.**

Optimizing marketing efforts, understanding ROAS, and delivering a consistent customer experience is nearly impossible without a centralized view of customer behavior and performance metrics. Marketers need integrated data solutions to break down these silos and achieve a comprehensive understanding of their campaigns' effectiveness.

CHAPTER 5

3 KPIs for measuring marketing success

As DTC brands and consumer apps continue to explore alternative performance marketing channels to diversify marketing strategies, the challenge lies in accurately measuring success across these platforms. Whether your team invests in email marketing, influencer collaborations, Amazon PPC, or alternative growth channels, understanding the right metrics and techniques is crucial.

Marketers need to focus on three key performance indicators (KPIs): Return On Ad Spend (ROAS), Cost Per Acquisition (CPA), and Net New Customer Acquisition.

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WHY THESE KPIS MATTER:

ROAS: ROAS quickly indicates whether a channel drives profitable growth, but each channel measures ROAS differently. To avoid data discrepancies or missing values that impact ROAS results, marketers must integrate a standardized data collection system to consolidate data from various channels.

73% of DTC brands that test on more than 3 channels report higher ROAS.

CPA: As you test new channels, CPA will be one of the most critical metrics to track. CPA indicates whether your content engages and resonates with prospective customers enough to make a purchase. However, you can easily hit a CPA number yet fail to drive incremental results when adding a new channel.

To hit their ROAS & CPA targets, marketers must focus on several key components:

1 **Target the right audience**: Ensure your ads reach the people most likely to be interested in your product or service.

2 **Excellent creative**: Use high-quality visuals and compealling copy to capture attention.

3 **Tailor messaging**: Customize your message to resonate with your audience's needs and preferences.

4 **Strong offer**: Provide an attractive offer that encourages action.

5 **Clear call to action (CTA)**: Include a straightforward and persuasive CTA to guide users toward the desired action.

6 **Optimize landing pages:** Make sure your landing pages are relevant, fast-loading, and user-friendly.

7 **User journey:** Create a seamless journey that increases purchase intent and guides customers from awareness to conversion.

The DTC industries most often hitting their CPA goals:

Home Goods   Health   Electronics

Food   Fitness

Net new customer acquisition: Repeat customers are valuable, but sustainable growth requires continuously acquiring net new customers. This KPI measures the effectiveness of your campaigns in reaching new audiences (excluding upsells or cross-sales to active customers). Brands must expand their marketing efforts beyond the traditional, saturated channels like Google and Facebook Ads and explore emerging platforms.
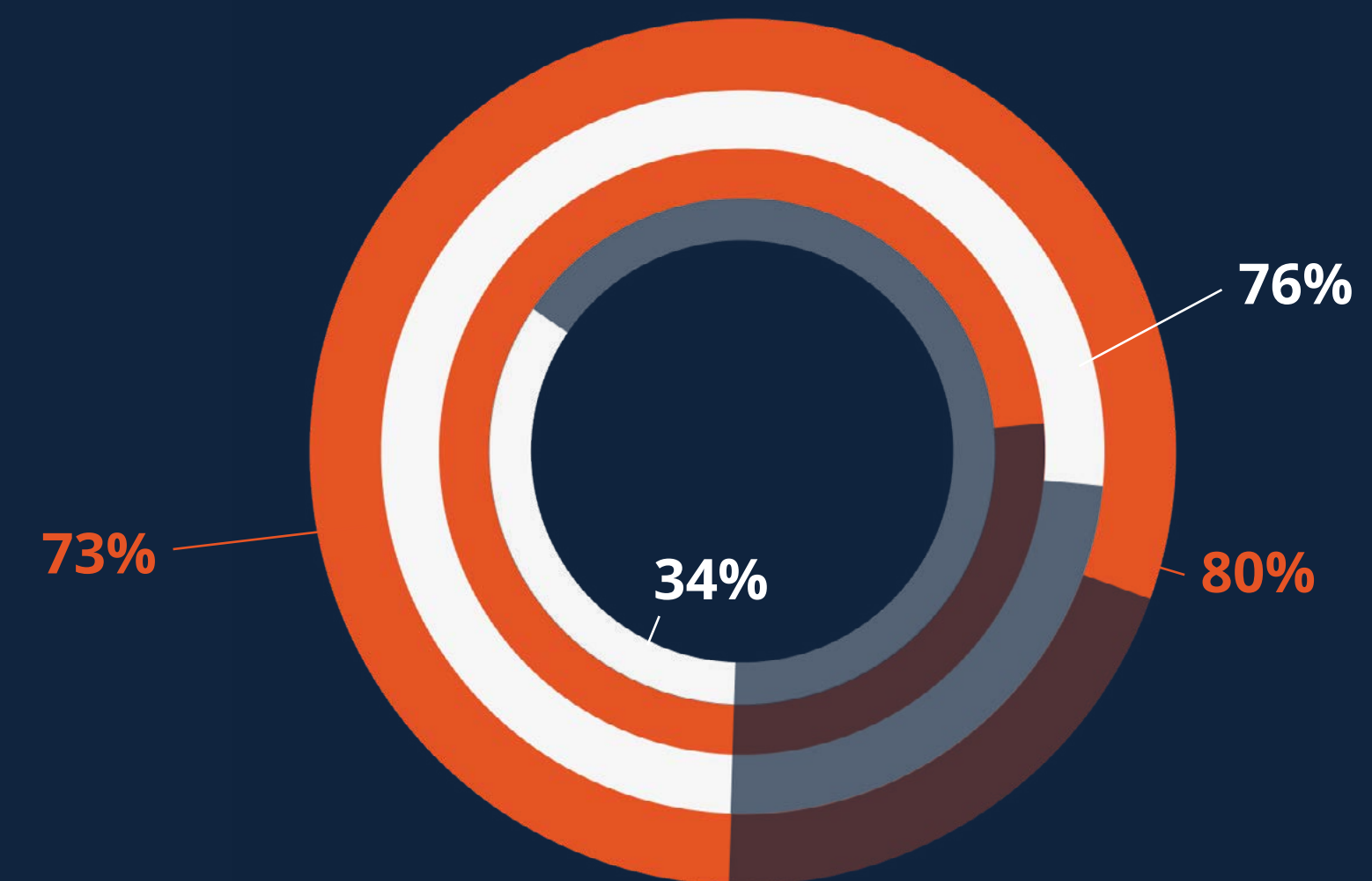
80% of DTC marketers face rising and inconsistent acquisition costs.

KPIS REQUIRE DIVERSIFICATION

Only 34% of DTC marketing teams hit their ROAS goals across all channels.

74% of DTC marketing leaders plan to market on more than 5 channels to hit CPA goals.

76% of DTC marketers experience consistent ROAS with diversified channels.

76%

73%   80%

34%

CHAPTER 6

5 future trends in DTC marketing

The future of DTC marketing is about creating deeper customer connections, adopting innovative technologies, and staying agile in a fast-changing environment. However, marketers must consider rising and inconsistent acquisition costs and media saturation.
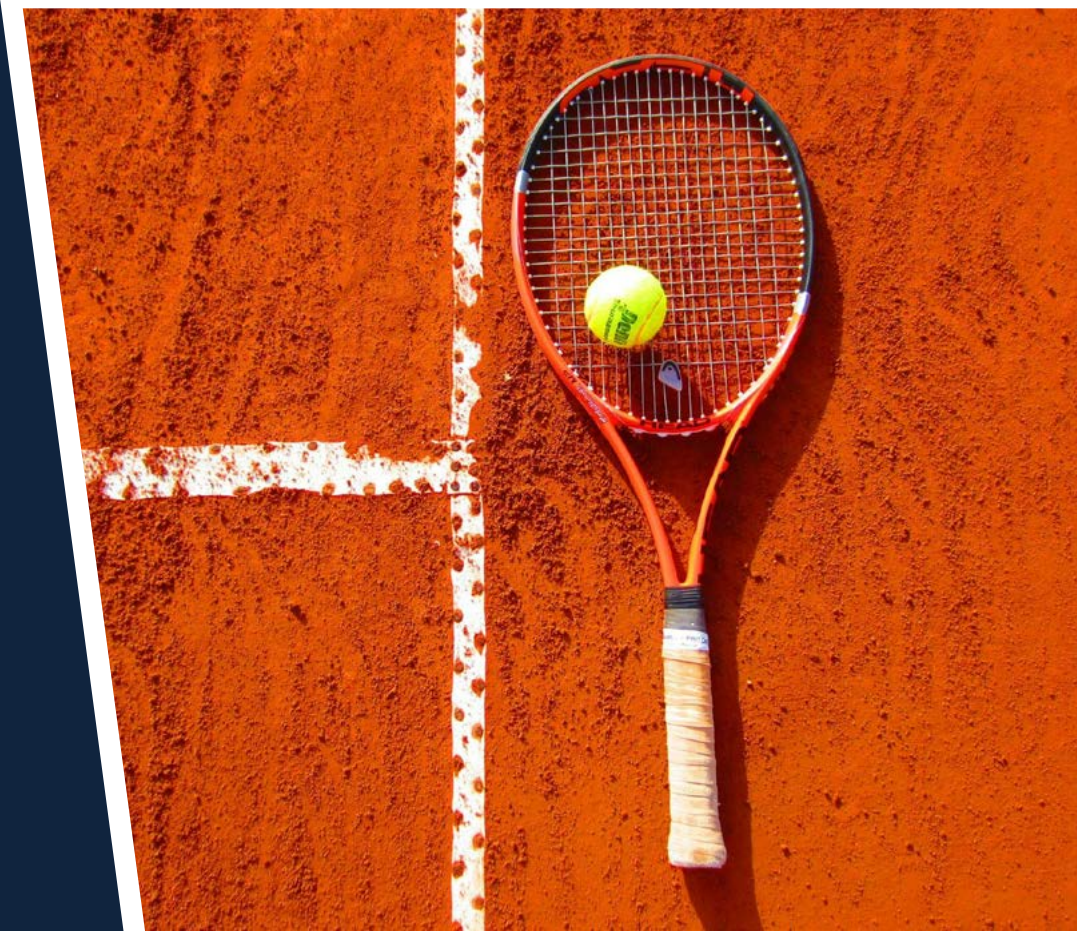
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So, where do you go from here? Pay close attention to the following emerging trends:

- **AI-optimized channels**
- **Hyper-personalization**
- **Community-centered growth**
- **Omnichannel commerce**
- **Purpose-driven marketing**

77%

77% observe better performance with AI-optimized channels

Conclusion

CONCLUSION

Tackle channel diversification with a fast-growing alternative performance marketing channel, Nift

Acquiring net new customers in today's fiercely competitive performance marketing landscape presents many challenges. Rising marketing and customer acquisition costs are causing brands to experience declining performance and increased CPAs. Reaching the right customers has become increasingly complex, and traditional marketing channels are not cutting it anymore.

Enter Nift Advertising for Brand - a game-changing alternative channel to help your brand unlock net new customer acquisition.

Leading brands, including HelloFresh, Bj's Wholesale Club, and Blenders Eyewear, use Nift as a 100% trackable performance marketing channel to meet their CPA and ROAS targets while growing their database with first-party data collection, including emails for remarketing.

Here's how Nift Advertising works for brands:

Nift partners with top apps like TripAdvisor, ParkMobile, and Mindbody that want to "surprise and delight" their users at key lifecycle moments with exclusive gifts that can be used to discover and try your brand.

When the app users complete an action, like leaving a review or paying for parking, they receive one-of-a-kind gifts from select Nift Network advertisers.

Consumers discover your brand's product or service using Nift's proprietary A.I. technology and receive unique incentives to purchase that keep them coming back for more.

Learn more about Nift Advertising for Brands today and discover a new path to acquiring net new customers at GoNift.com/Business.

Visit us at GoNift.com/Business or book a demo today.

"25% of our customer acquisition is now coming from Nift" — *Louis Amoroso, CEO, Full Glass Wine Co.*