The DTC Collective is a community that brings together influential, global voices to realize the potential of retail.

The group was founded to give retail executives an opportunity to share otherwise behind-closed-doors strategies for managing rapid shifts in the industry, from mounting privacy regulations to macroeconomic shifts in spending and shopper behavior. The founding members saw a need for a community to come together and share knowledge on how to do things differently to help actively shape the trajectory of the retail industry.

Holiday planning is underway, but retailers find themselves in another uniquely challenging year. With inflation rising, shoppers’ dollars aren’t going as far as they used to, and discretionary spending is being reallocated. That shopper cash-crunch combined with the steadily rising costs of paid media, persistent inventory issues and marketing budget cuts have created some added stress for retail executives — all right before the holidays.

That’s why designing and activating strategies that protect your bottom line while driving revenue will be the key to a successful holiday season — whether it’s getting smarter about inventory data, optimizing channels for incrementality or getting reacquainted with lapsed shoppers.

Below, see a summary of key themes that surfaced during the conversation, with an exploration of tactics and strategies possible to implement right now for a stellar holiday despite macroeconomic factors.

The Push-and-Pull of Test-and-Learn

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There’s always a push-and-pull in how we’re measuring up, with test-and-learn strategies that we have to do and need to do to drive qualified customers. I’ve struggled when we work with finance, who work on aggregate to communicate not only the results that have a direct impact on revenue but results that will have an impact. It takes a lot of communication — whether internal or external — to demonstrate that it’s not intended as a business driver, but a learning tool. We need testing to grow as a business and keep pace with our shoppers.
With a variety of channels to leverage ahead of the holidays, it’s important to first understand which channel and which campaign is optimal for your needs. That means, developing a deep understanding of where your shoppers are responding. But it takes more than just aggregate metrics to prove out value, and with the new privacy changes it can be difficult to get a clear picture of ROI.

**Educate your finance team**

Part of the tension that comes from testing and learning is understanding how to relay critical customer-centric findings to different departments. How do you talk to finance? And what is it that they want to see? For them, aggregate metrics that demonstrate a channel as a strong business driver are the key. However, for retail marketers, metrics that offer insights and learnings into shopper behavior are key learnings for driving business outcomes including audience learnings and more. Opening dialogue cross-functionally for why these learnings are critical in driving business outcomes is key. One way to approach this is to have distinct awareness and ROI budgets to make sure that you’re investing in both.

**Incrementality and risky reporting**

Ensuring that your test-and-learn strategy is working means understanding the return from Facebook, Instagram and other paid channels. But with recent privacy regulations and the iOS15 update, truly understanding the incrementality coming from these channels can be difficult. Overall, retailers need testing available at their fingertips and results to satisfy both finance and marketing teams. When holdout testing is baked into your marketing tools, you can quickly and reliably run tests without burdening other teams or waiting for results.

> **Get Smarter with Paid Media**

> **MEMBERS OF THE COLLECTIVE STATED**

> Most social platforms have become more complex after iOS15 and privacy regulations. It’s asked us to be a lot smarter when it comes to testing, going into it knowing what you want — not just leads, but what makes those leads more promising.

With the rising cost of paid media, it’s become that much more important to get smart about how you’re leveraging paid platforms — tactically and philosophically. But there are strategies to satisfy both retargeting and prospecting efforts, that will make your efforts go further. And it’s all about driving the most promising leads while making your dollars go further.

**Finders, keepers**

Paid media is critical in acquiring new shoppers over the holiday season (and throughout the year), so leveraging paid media as an acquisition tool will never go out of style. However, with budget cuts, it’s important to get much smarter when it comes to who you’re serving those ads to.
Another critical lever to pull for paid media lies within your product catalog. By understanding which products are proven to drive the most first purchases, you can leverage those for more certainty that you’ll drive conversion. One brand leveraging this strategy saw a 45% increase in revenue compared to a holdout group.

**Incremental optimization**

Make your dollars go even further by optimizing paid media for incrementality. One strategy starts with onboarding suppression files to Facebook as a negative match. That way, customers who are already engaged with your brand and would likely convert through an owned channel won’t be delivered an ad.

Another strategy for protecting paid media spend is by increasing the visibility of your ads through Facebook’s creative value score. By leveraging those predictive audiences that have a high likelihood to engage with your ads, you can boost the creative value score that Facebook assigns to your ad — meaning it will have higher visibility by being designated as an ad that shoppers want to see. Then, transfer the creative to net-new audiences for the biggest reach.

**Save Spend and Drive Up Profits With Retention**

“MEMBERS OF THE COLLECTIVE STATED”

Customers will churn — we took them, so someone might take them from us. How can we cross loyal customers over if they’re only loyal to one product? What kind of messaging and creativity, regardless of an associated intervention, is getting the attention of new customers in a crowded space? This is a tightrope. Too much prospecting means less retargeting.

Repeat buyers are a huge opportunity for retail marketers. They make up the smallest group of shoppers in a retailer’s audience base, but drive the lion’s share of revenue. This holiday season, you can free up spend by focusing on those existing shoppers with your owned channels. There are a few different ways that retailers have focused on those repeat buyers.

**Send time optimization**

Each shopper is engaging at a different time. During the holidays, when shoppers are receiving more communication than ever — it’s important to strike when the iron is hot. Whether a shopper is checking their personal inbox at lunch or taking a look at the end of a workday could make that moment’s difference count.

**Cross-category is king**

The biggest priority for retail leaders right now is the strategy proven to increase loyalty — cross category buying. If your shoppers have more to engage with across your product catalog that they’re willing to purchase, you’re increasing lifetime value.
This strategy goes much further when you leverage predictive intelligence to recommend each shopper’s next best purchase. So rather than simply putting shoppers down a broad category journey, leverage signal to show shoppers their unique next best purchase to increase the chance that a shoppers will make that cross-category jump.

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Our focus area is keeping our loyal customers coming back with cross category selling... Trying to find motivating factors within the existing customer base with shrinking discretionary income to spend it with us. We’re even pivoting a little not just on cross category but into second or third purchase. We’re looking down at second and third to develop those lifecycle campaigns.

Activate shoppers across their lifecycle

When you’re engaging each shopper, it’s important not just to look at their next best purchase but to know the road ahead and their lifecycle status. Treating your shoppers differently based on whether they are at-risk, lapsed or active is how you can nurture them where they are and put them on the path back to active status, buying in their regular purchase cadence. One brand that scaled shopper lifecycle campaigns with 1:1 campaigns saw a 55% increase in repeat purchases.

For shoppers that are closer to lapsing, some retailers are spending markdown dollars at that moment to make sure they have an extra nudge to convert in that ‘pre-lapse’ lifecycle stage. But even shoppers who are lost are engaging and can be brought back into the fold.

The Never Ending Story of Inventory

Last year’s problem with inventory continues to persist for retailers. Whether it’s stock that takes longer than expected to arrive, or too much stock of certain products that’s difficult to move — it’s important to have a real-time feed of your product catalog to help support those merchandising priorities. And by activating that data, you can keep shoppers engaged with those stockouts and sell more of your surplus.

One of the most simple ways to avoid disappointing shoppers with out-of-stock products? Simply by promoting products based on inventory depth on paid media. That way, you’re surfacing those high-stock items for maximum visibility and avoiding the disappointment by promoting low or no inventory products.

“While You Wait” campaigns for understocked items

Other brands are employing “While You Wait” strategies for shoppers that encounter out-of-stock product pages, but are committed to the purchase. By offering a sign-up to be notified when the product comes back in shop, you can offer shoppers alternatives and recommendations while they
wait, including products those shoppers are most likely to buy based on their original interest and predictive recommendations for what they might be interested in next. By combining modeling data with inventory, one brand saw over a 40% increase on static back-in-stock messages.

Need for Speed

This season, the key to success will be a retailer’s ability to make quick pivots in strategy and intelligence to get and keep shopper engagement and dollars. Testing and learning that’s baked into your marketing to optimize quickly and drive conversion gives retailers laser-sharp focus. Finding new shoppers and acting on their in-the-moment needs and interests including offers, 1:1 recommendations, site actions and behavior, channel and timing preferences and more will create the edge you need to succeed in this retail environment.