

# **How Digital Disruptors are Transforming D2C with Best-in-Class Tech Stacks**





As the D2C landscape matures, marketers are struggling to get new customers efficiently and then keep them around. Deeply personalized customer experiences are now table stakes. Meanwhile, most marketing teams are still cobbling together systems and tools that weren't designed to handle complex, cross-platform tactics.

The way D2C firms understand and measure success needs fundamental transformation.

The path to purchase for consumers/customers is complex. Most brands have limited tools to understand the motivations of customers, and the digital touchpoints that lead up to their transactions. Many of these critical touchpoints are captured via a brands supporting stack of 'digital products' — websites, mobile apps, social media, learning center, videos and emails. There are millions of individual actions a customer can take on their buyer journey, and brands need a legion of business intelligence tools to make sense of this valuable data so it is actionable.

The problem: if brands can't understand the path to purchases, they can't optimize it.

Enter a tech stack that connects and optimizes all the pieces. As a unified, best-in-class system these platforms deliver digital analytics and personalization design, deployment, and continuous optimization of digital products and customer experiences. An ecosystem of interconnected tools brings light to every aspect of the digital customer experience. And the continuous feedback loop of shared data shapes how you learn from, communicate with, and serve your customers going forward.

The leading brands of tomorrow are already using this interconnected ecosystem of digital tools to transform the customer experience into one that carries greater value for both brands and customers.

## The tech stack to beat these challenges

Four tools together create a best-in-class tech stack that lets D2C marketers collect and use data to acquire, engage with, and retain customers better than ever before.

## mParticle: Customer Data Platform (CDP)



[mParticle](#) consolidates all data inputs to a single point of collection, creating a centralized data pipeline that eliminates data silos and reduces engineering time spent managing third-party code. mParticle validates data and assigns it to customer profiles as it's collected so growth teams can gain an accurate and complete understanding of engagement.

## Iterable: Cross-Channel Messaging



[Iterable](#) delivers cross-channel messaging experiences personalized to each customer. With the platform's flexible data structure and machine-learning capabilities, marketers can more effectively nurture at all stages of the customer journey and make smarter decisions on content, channel, and cadence.

## AppsFlyer: Attribution and Deep Linking



[AppsFlyer](#) provides cross-channel measurement and multi-touch marketing attribution, as well as a deep linking solution for seamless user experiences across all platforms including web, apps, email, social, and SMS. Consolidate data from every channel with advanced privacy and security measures that protect customer data to enable compliance.

## Amplitude: Product Analytics and Personalization



[Amplitude](#)'s Digital Optimization System combines product analytics and automated machine learning to make personalizing every touchpoint possible without tapping technical resources. The platform offers integrations, targeting, and a recommendation engine.

This combination of a customer data platform with engagement and analytics tools creates a true omnichannel presence. Marketers can understand the end-to-end customer journey and interpret and analyze the various data fed through each part of the tech stack. Growth teams can scale personalized interactions with automation.

Let's look at how this tool stack overcomes cost of acquisition and improves retention and personalization for D2C brands.

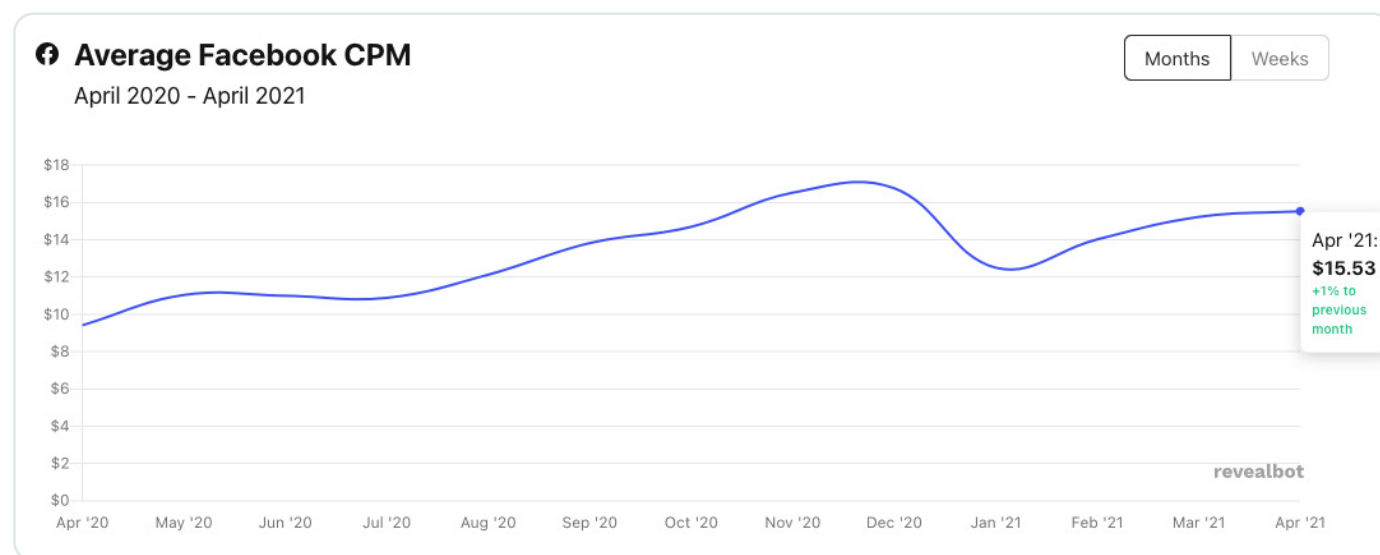
# 1 Cost of Acquisition: Become Profitable Faster

The rising [cost of acquiring new customers \(CAC\)](#) has caused many D2C brands to struggle to operate profitably.

*AppsFlyer noted a [spike in the cost-per-install](#) for apps during the second half of 2020. Apps play an important role in acquiring customers for many D2C companies.*

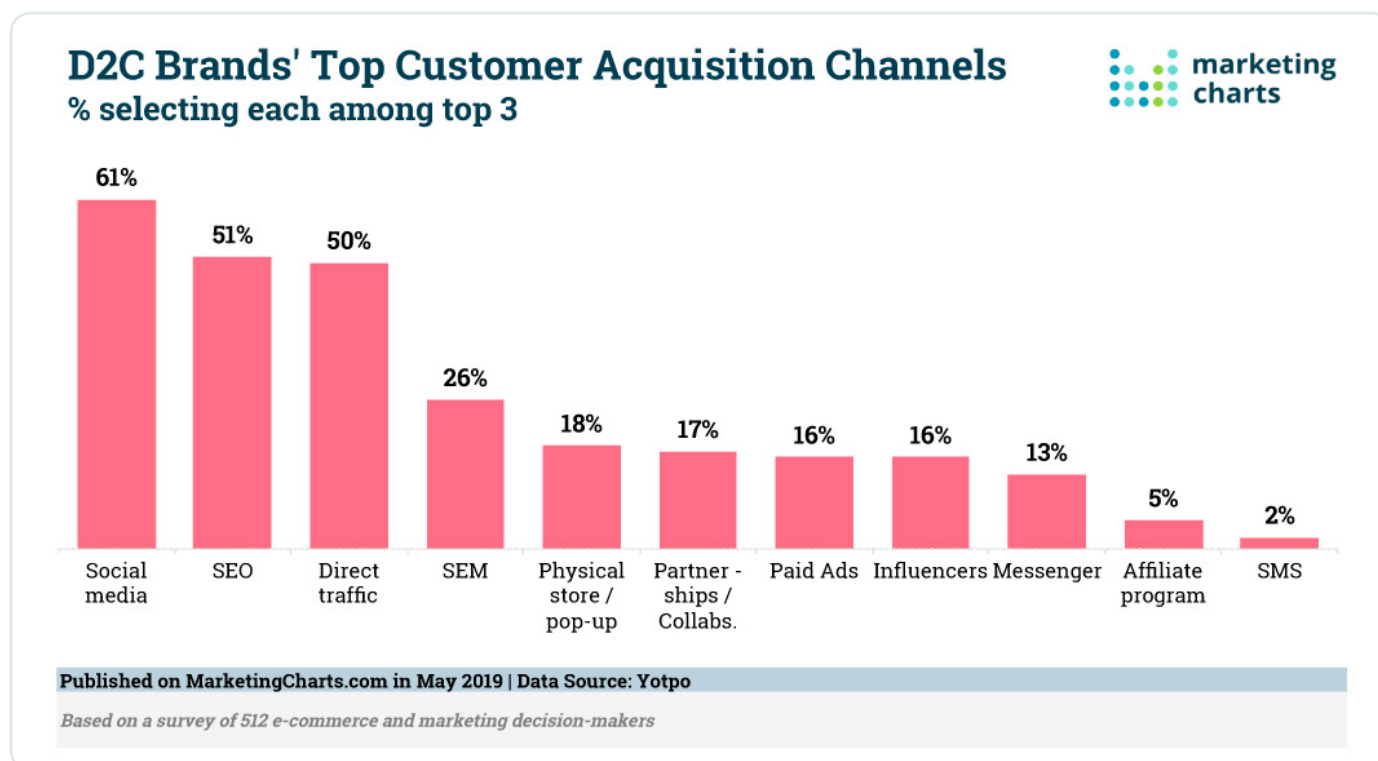
D2C brands get in trouble when the cost of acquiring a new customer is higher than their average order value. This means it may [cost more to acquire the customer than the brand makes back](#) over the customer's lifetime since many customers only make one purchase.

An influx of brands advertising on social media is driving up acquisition costs. As more players compete for the same ad impressions, [social media platforms are charging more](#). The cost of advertising on Facebook in April 2021, for instance, increased over 50% from April 2020. Ad spending on US social networks as a whole is projected to increase from \$40 billion in 2020 to [\\$49 billion](#) in 2021.



Facebook advertising CPM increased over 50% from 2020 to 2021. ([Source](#))

For digital native D2C brands, social media is the [top channel for acquiring new customers](#). But it's just one of the many channels that they use to interact with customers. Conversion touchpoints take place across a fragmented, complex ecosystem of platforms like apps, web, social, SMS, and email. How can brands get an accurate picture of CAC when there are so many touchpoints and these platforms don't share data uniformly?



*Social media is the top channel that D2C brands rely on for acquiring new customers.*

Fortunately for D2C marketers, there's a tech stack that unifies customer data to help you understand costs—and engage with consumers more efficiently.

## Reducing CAC: What D2C Brands Need To Do

To lower their CAC and operate profitably, D2C brands need to navigate this fragmented landscape more efficiently and engage with customers more deeply.

**Gain a full understanding of touchpoints.** To measure the true costs of acquiring a customer, you first have to understand which networks and platforms contributed to the purchase. To do this, your tech stack must pull together data from all the places where customers interact with your brand, so you can see the role of each touchpoint and attribute it appropriately.

**“** *There has never been a time when understanding a user’s journey has been more critical or detailed. A savvy technical marketer can work with a much narrower budget and acquire more users than marketers could 10-20 years ago, and with extreme confidence know which channels drove this volume, how, and even why.*

**- Jasper Radeke**

Senior Director, Marketing, North America at AppsFlyer



**Unify customer data to individual profiles.** Create a single view of each customer that includes data from every touchpoint, no matter the platform. Then you can understand what each individual customer wants and engage them directly to keep marketing efficient. This helps brands convert customers faster, with fewer resources.

**Cut waste before it happens.** Predictive optimization makes it possible to drop with certainty those advertising expenditures that will not contribute to growth before your team puts in too much effort. Today’s tools can highlight for marketers those campaigns that are more likely to result in a positive ROI—even across different media channels—so brands can acquire customers much more efficiently.

**Maximize customer referrals.** The [cost of acquiring customers via referrals can be very small](#), and it’s usually a byproduct of the same activities that increase LTV. Improving the brand experience by deeply personalizing the way you interact with customers on an individual level can create strong, loyal users who want to tell others about you.

**Determine your target CAC.** Examining customer acquisition costs against lifetime value can help lead brands toward sustainable profitability. The higher the LTV, the higher the CAC a brand can sustain. If LTV is low, then you can take steps to reduce and offset acquisition costs. A standard LTV:CAC benchmark to aim for is 3:1, meaning the [LTV of a customer should be 3x the cost of acquisition](#).

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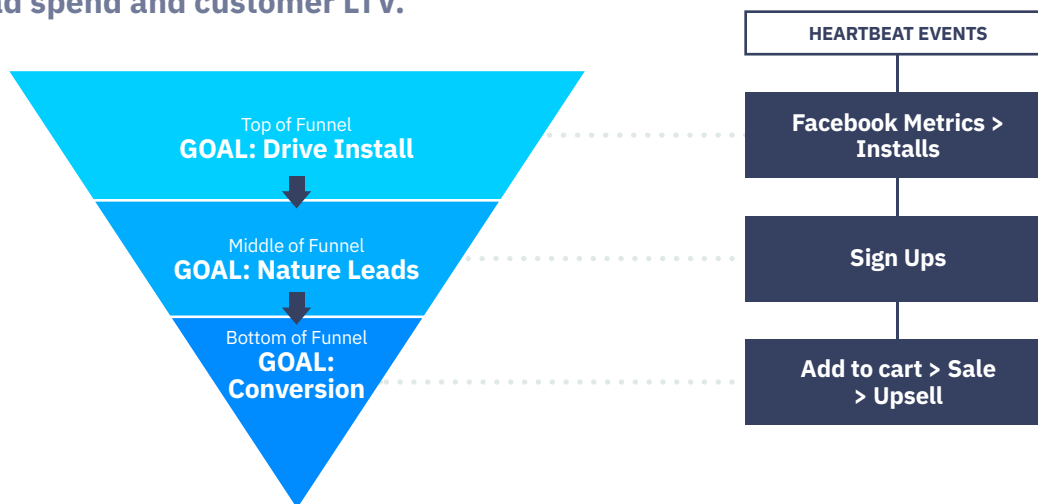
## Reducing CAC: The Tools for the Job

These tools work together to lower cost of acquisition by helping D2C brands see which tactics drive purchases, so they can focus on those activities. By analyzing how potential customers interact with your brand, your business can find ways to show the value of your product more quickly.

### mparticle

mParticle enables you to collect, segment, and connect customer data to your marketing and analytics tools in real-time without developer support. By connecting mParticle to a customer engagement tool, for example, you can more deeply personalize your marketing by leveraging data across all platforms.

Iconic sneaker and apparel retailer [GOAT](#) used heartbeat events to track customers through its funnel. But they needed granular control over campaign execution to get the right message to the customer at the right point. With mParticle, they were able to gather data that updated in real-time from across different channels and tie it to individual customer profiles. By forwarding profiles to media systems for personalized advertising, GOAT was able to generate a **higher return on ad spend and customer LTV.**



*mParticle helped GOAT tie together data from different channels for each customer so the brand could market more efficiently and reduce their CAC.*



Iterable's AI measures sentiment and the likelihood of churning, so marketers can nurture intelligently at all stages of the customer journey. Cost savings arise from using AI to personalize how a brand interacts with the customer based on context. This personalization builds the relationship faster, thereby reducing CAC.

[SingleCare](#), a prescription savings service, grew **from 25,000 to 150,000 users in six months** using Iterable. The company used the tool to trigger engagement actions based on what customers did on the brand's website. If the customer seemed interested in booking an appointment with a dentist, say, then Iterable sent them an email to help them book the appointment. These targeted efforts enticed people to subscribe sooner, so fewer advertising resources were needed to convert customers.



AppsFlyer helps marketers connect their marketing investment to business outcomes. It provides one platform to measure marketing effectiveness across paid and owned media and attribute customer engagement back to these channels.

AppsFlyer measures engagement with marketing touchpoints—such as viewing an ad on Facebook, clicking on a Google search ad, scanning a QR code, or interacting with a banner on a brand's website. It shows the order of customer interactions, so marketers can see the role that each touchpoint plays in the user journey and scale acquisition more efficiently.

*AppsFlyer measures engagement with marketing touchpoints—such as viewing an ad on Facebook, clicking on a Google search ad, scanning a QR code, or interacting with a banner on a brand's website.*

When bakery and restaurant [Panera](#) started to see that more and more sales were coming from its mobile app, they ran campaigns on paid and owned media as well as email to increase app downloads. But the team realized they had limited visibility into how effective each campaign

was. AppsFlyer provided the attribution data they needed to understand campaign performance in each channel, so they could scale activities efficiently. Panera could **see precisely which campaign was responsible for every signup** and know the cost of acquiring each customer.

## Amplitude

Amplitude builds efficiency into marketing activities with centralized, behavior-based audience management. Amplitude lets brands analyze their customer data to understand which segments are most important to growth and where to reach those customers best. It predicts future behavior using machine learning and then syncs audience data to marketing automation tools. The efficient personalization that results helps D2C marketing teams reduce CAC.

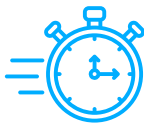
Delivery service [Postmates](#) used Amplitude to measure how customers responded to messaging, so they could view the effects of personalization and adjust on the fly. Its marketing team conducted an experiment around a campaign and monitored results in real-time. As behavioral insights from Amplitude rolled in, the team could see what was contributing to the highest conversions and **improve how they engaged customers immediately**.



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## **Retention: Build Loyal Customers to Sustain Growth**

Customer [loyalty has been key to survival](#) for many D2C brands— but several factors are eroding that loyalty.

D2C brands have to work harder than traditional B2C brands to make customers want to

continue to buy from them. It's easier for a customer to do all their shopping at one source, like a department store or Amazon, than to buy from multiple D2C brands that each offer a narrow selection of products. And not all D2C products lend themselves to frequent repeat purchases. How often do you really need to replace your mattress? Or buy socks, for that matter?

It's not hard to find multiple D2C brands that offer similar value propositions now, too, which makes it easy for customers to switch among brands when the product they want is out of stock. During the coronavirus pandemic, consumer loyalty dipped low, with as many as [53% of consumers purchasing a brand other than the one they set out to buy](#).

**“** *Today's customers crave brands that understand their unique needs and expectations, with many of them willing to jump ship to a new brand if they feel like that brand is meeting their needs.*

**- John Cutler**

Head of Research and Education at Amplitude

This fluidity shows up in how people engage with brands' apps. AppsFlyer noted that although people are engaging more with apps than ever before (30% YoY growth in-app sessions), retention rates have dropped 12% from 2020 to 2021.

D2C brands seek to [build loyalty in a variety of ways](#), including through deep personalization. Meanwhile, expectations for the customer experience are increasing as consumers get used to higher standards in personalization.

**“** *Customers' expectations for the customer experience are increasing, and switching costs are lower than ever before. Successful customer retention, therefore, is imperative to growth.*

**- Lyndi Thompson**

VP of Marketing at mParticle

## Retention: What D2C Brands Need To Do

Before D2C brands can improve customer loyalty, they need to first understand their customers better. Then they can see which actions will create greater long-term engagement.

**Create a unified view of each customer.** An omnichannel view of customer data is the first step to serving up an experience that will keep customers returning to your brand. You need to integrate all your customer data from different platforms to understand individual customers and their priorities and how to act on them.

*“ You need a solid foundation of understanding when, why, and how your customers are either retained or churned before you can start figuring out how to improve your retention.*

*- John Cutler*

Head of Research and Education at Amplitude

**Optimize onboarding.** Reexamine how you onboard customers to help them realize value quickly. This builds loyalty at a stage when customers are looking for validation that they made a good choice. Meeting or exceeding their expectations at this point sets them up for a favorable impression that gets them “hooked” and can lead to [revenue increases over their lifetime](#).

**Craft a seamless experience.** You can leverage data across channels and campaigns to improve the experience for customers. For example, let’s say a user installs your app in response to a certain offer you posted in an ad, social post, or email. Once they install your app, you should take care to automatically direct them to that offer.

**Use remarketing.** Advertising goes beyond acquiring new customers and helps improve retention by building your brand. This retention can show up in better long-term engagement with your app. AppsFlyer noted that apps with remarketing campaigns see an 85% higher week-12 retention rate than apps that do not. This is likely due to reinforcement from exposure to your ads that the customer made a good choice.

## Retention: The Tools for the Job

Retention requires you to continually delight and engage your customers. These tools work together to support customer retention with omnichannel data, engagement, and analytics.

### mparticle

mParticle provides access to high-quality customer data from every channel to help D2C growth teams provide better customer experiences. mParticle lets marketers track website/app visit, purchase, and other engagement data by each user that has provided consent for data tracking. This data offers a powerful foundation to build target audiences. You can connect the data to downstream engagement tools and then deploy retention campaigns based on count and frequency of purchases, for example.



### ITERABLE

Iterable lets brands see which segments respond best to different channels like SMS and email and then match their brand communications to the customer's preferred channel. This targeted approach helps keep customers engaged longer.

**“ It’s crucial for D2Cs to meet customer expectations of value and service with each interaction across every touchpoint to foster brand preference and loyalty.**

**- Garin Hobbs**

Principal Product Marketing Manager at Iterable



With Iterable's true omni-channel capabilities, Curology has improved customer engagement by 26% and increased revenue by 10%.



Custom skincare provider [Curology](#) **improved customer engagement by 26% and revenue by 10%** using Iterable. Previously, Curology used two separate platforms to manage email and SMS campaigns. Now the company's user engagement campaigns are much more cohesive, which helps improve retention. When someone subscribes, the new user is invited to join a 21-day challenge with daily reminders via SMS to use the product. This helps to build the habit and makes it more likely that the user will see the desired results quickly.



AppsFlyer helps remove friction to create a seamless, customer-pleasing experience among channels. It also [prevents fraud](#) in mobile ad campaigns, which lets marketers use data with confidence.

One common challenge AppsFlyer solves is getting users to the right in-app content (and routing users through the right app store first, if they need to install the app). Say you want to offer a 10% discount when a user purchases an item in-app rather than on your mobile website. To avoid frustrating the customer, the link needs to take users to the same step in the checkout process on the app and save any data they might have already entered on your site. It must also apply the discount—even when the user goes through the app store before opening your app.

*To avoid frustrating the customer, the link needs to take users to the same step in the checkout process on the app and save any data they might have already entered on your site.*

[Pizza Hut](#) knew that rewards program members using the brand's mobile app were highly valuable. To scale this success, they wanted to **convert more offline customers into app users**. The company placed QR codes at physical locations and on other physical materials to encourage customers to download the Pizza Hut app. AppsFlyer powered the QR codes so the Pizza Hut team could measure the impact of this offline campaign without depending heavily on developers.

The company was able to access robust attribution and analytics while giving customers a seamless experience. The team confirmed that those who activated the QR code had higher engagement and order volume and were able to **replicate their success on a larger scale**.

*AppsFlyer provides deep linking technology to drive users to the right in-app experience, as well as privacy-centric campaign optimization solutions that can use early signals of engagement to predict long-term performance using an LTV value scaled from 1-10 after only one day of a user installing the app.*

## Amplitude

Amplitude contributes powerful analytics that let you see where you can take action to improve retention. The tool also offers the [Retention Lifecycle Framework](#), which gives companies a structure to continuously improve retention. It breaks active users into three groups—new, current, and resurrected—so you can experiment and move them to highly engaged power users.

[Calm](#) used Amplitude to uncover user behavioral insights that helped it increase retention by 3x. The key was buried in one of the app's features that fewer than 1% of subscribers used, a daily reminder to meditate. After experimenting, the Calm team found that users who set a daily reminder stayed actively engaged with the app longer—in fact, 3x longer than those who didn't. With these insights from Amplitude, Calm built in a prompt to encourage users to set reminders, and 40% of users who saw it did so. These invaluable insights led to product updates for improving user retention.

[Rappi](#) also increased retention with Amplitude. The company discovered that the more orders a user placed within the first 20 days, the higher the customer retention. Rappi used Amplitude to set a goal around increasing initial orders. Likewise, personal finance app [Dave](#) used Amplitude to revamp its onboarding process. The company incorporated factors that Amplitude helped it discover and increased retention by 5.7x.

### 3 Personalization: Power Up the Customer Experience

As customers' [personalization expectations grow](#), D2C retailers need more and better data upon which they can base their personalization efforts.

Basic data like app installs, product signups, and pageviews are readily available but [don't provide enough context](#). Marketers need to know how each customer feels about them at that very moment. And that information lives in a variety of different platforms and networks.

It's impossible to create a complete picture of the customer without consolidating data from different platforms. Typically, centralizing this data is difficult without heavy support from developers. On top of the technical challenges involved in creating a complete picture of each customer, privacy requirements and expectations mean that brands have to be diligent in managing their customer data with care. Even companies with deep pockets are recognizing it doesn't make sense to develop these data capabilities in-house anymore.

*“Effective personalization means putting the customer at the center of the narrative and contextualizing the product or service to the priorities, wants, needs, and emotions of the individual.”*


**- Garin Hobbs**

Principal Product Marketing Manager at Iterable

### Personalization: What D2C Brands Need To Do

Personalization is most powerful when you have a centralized view of individual customers. D2C brands need to use specialized tools to unify data and move toward meaningful, individualized conversations.

**Collect and unify data from across channels.** Gather data from every platform, channel, or



network that you use to interact with customers so you can build a complete, centralized profile for each person. Maintain up-to-date information on every customer, so the messages you deploy are those that are right for that moment.

**Tap into a build-measure-learn cycle.** Measure the effects of personalization and adjust tactics as you learn what works. Build a marketing tech stack that automates this for you. With machine learning, you can evolve your communications with each customer to provide a meaningful one-to-one experience.

**Create behavior-based audiences.** Segment users by their past and anticipated actions. This behavioral data lets you build personalized campaigns, offers, and engagement strategies that perform better than those based on demographics.

**Pay close attention to data privacy.** As you scale personalization efforts, you need to be mindful of how customers wish to have their personal information used and carefully adhere to their preferences. Your efforts will impact how your customers view your brand as well as compliance with data governance regulations.

*“ In 2021, striking the balance between personalization and privacy should be top-of-mind for every marketer.*

*- Jasper Radeke*

Senior Director, Marketing, North America at AppsFlyer

## Personalization: The Tools for the Job

Collecting and acting on the data needed for deeper personalization has proven difficult for many growth teams. The tools in this best-in-class tech stack work together to help D2C companies continually optimize their personalized interactions with customers. Perhaps best of all, they require minimal engineering resources.



mParticle simplifies the customer data pipeline for D2C brands by giving growth teams access to the data they need without ongoing developer support.

mParticle collects comprehensive data and ties it to user profiles to give a complete, real-time view of the customer. It then forwards this data to the tools and systems being used to drive growth, where it can be used to power personalization. Real-time data forwarding enables marketers to build downstream campaigns that are based on the most recent customer information. To support responsible data usage, mParticle allows you to manage data based on user consent (to support data governance) and create rule-based audiences and attributes.

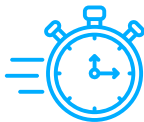
The D2C delivery platform [Postmates](#) used mParticle to centralize its mobile data collection from 14 different tools. The team then fed the data into marketing and analytics tools, like AppsFlyer and Amplitude. Thanks to streamlined data collection and forwarding, the Postmates team were able to run tests faster while saving thousands of hours of engineering work.



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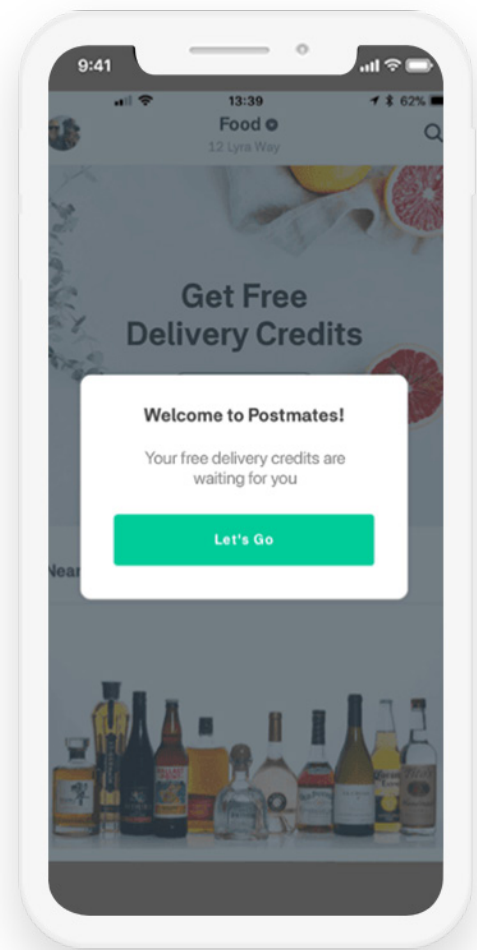
*mParticle improved data capabilities and created efficiencies for delivery platform Postmates.*



Measuring marketing engagement and pre-install user journeys on mobile requires a dedicated attribution solution. AppsFlyer gives D2C companies advanced personalization capabilities based on app install campaigns.

[Postmates](#) used AppsFlyer to welcome customers from different app install campaigns with a custom pop-up depending on where they came from and which ad unit they responded to. This personalization was only possible with an advanced, connected tech stack.

AppsFlyer measured the initial ad unit interactions. The tool used deferred deep linking to pass the URL the user clicked on to the app after install, which let Postmates initiate a custom pop-up. (Events in the app that allowed this to happen were powered by mParticle.)



*Postmates delivered a personalized welcome experience based on where users came from and what they did.*



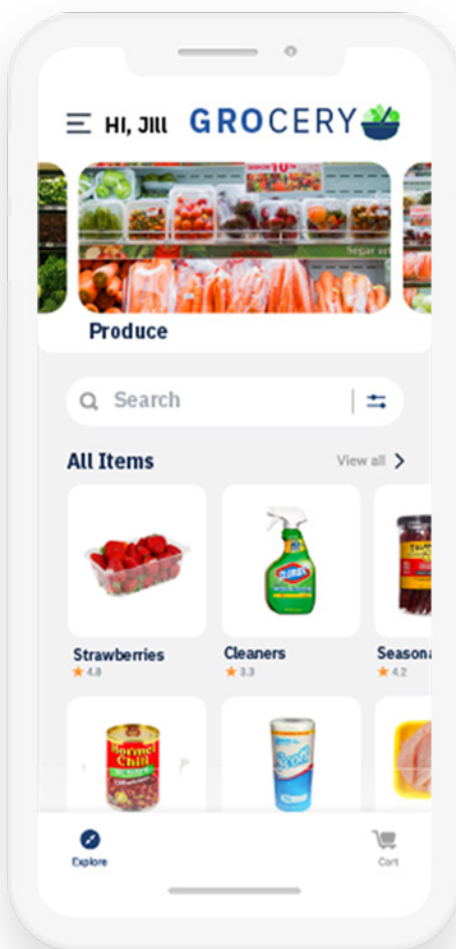
Iterable uses automation, AI, and machine learning to let D2C brands continually deploy and improve their personalization efforts. The tool sifts data for insights, personalizes and sends cross-channel messages, and tests and optimizes customer journeys.

With Iterable, the [Calm](#) meditation app used progressive profiling in their welcome program to discover why customers were interested in meditation. Then, the brand used personalized messaging to tap into each subscriber's motivations and keep them engaged. Testing let Calm improve its mix of messages, segments, and channels to show value to customers faster and decrease onboarding time by 44%. The brand used cross-channel messaging to synchronize alerts and messages across email and mobile, which led to a **4x increase in conversion from free to paid subscription**.

Amplitude creates one-to-one experiences at scale with the [Amplitude Recommend](#) tool. Machine learning determines the best selections for each individual customer, so you can rank order assortments, carousels, and email content.

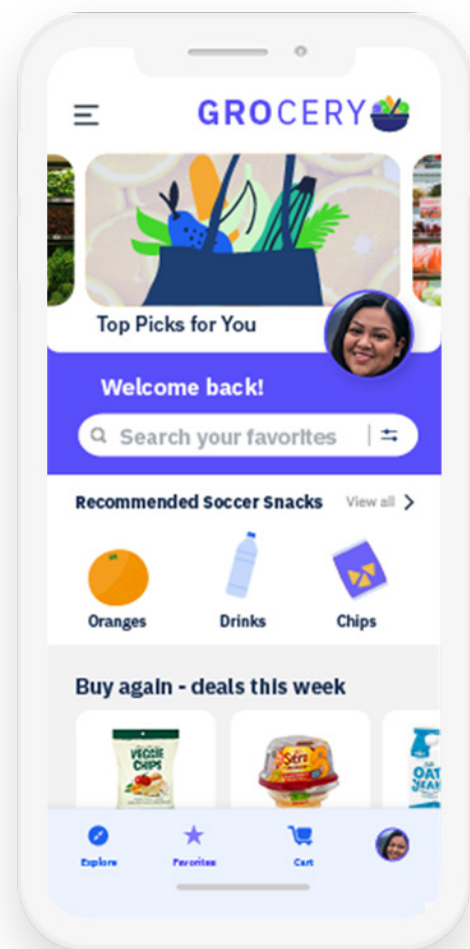
## BEFORE

Demographic Personalization



## AFTER

Demographic Personalization



*Example of personalization using Amplitude Recommend*

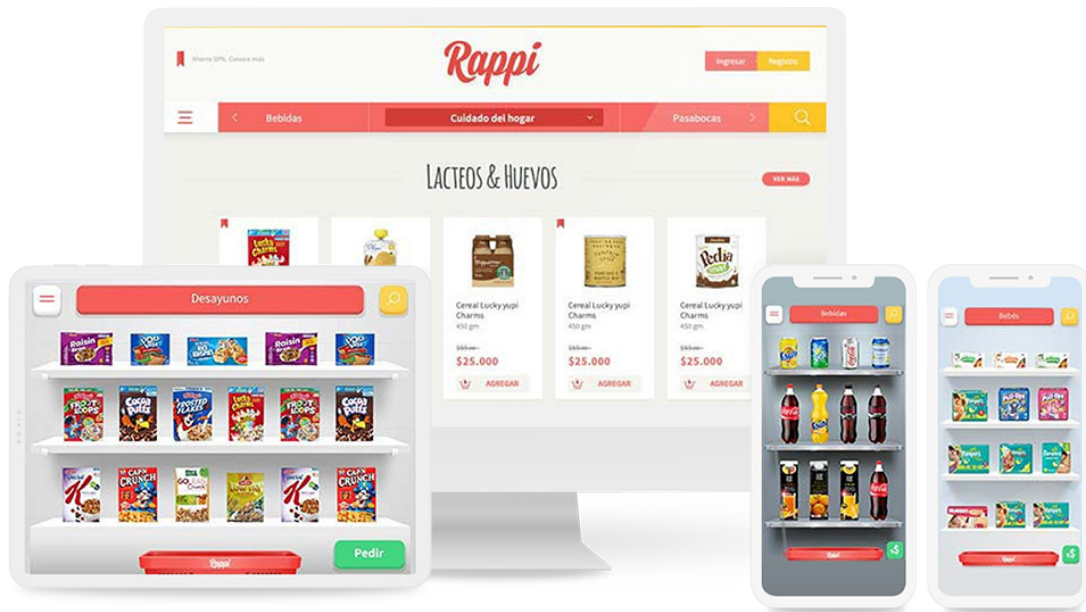
Amplitude also lets you segment users by things like last item viewed, average order value, number of video completes, or any combination of behaviors and traits you track. In addition, you can tailor campaigns based on anticipated future behavior.



Example of funnel analysis in Amplitude

Delivery service [Rappi](#) used Amplitude to automatically identify their most important user segments and improve conversions through personalized experiences. Previously, the team couldn't see which users were converting in which funnels, and they used an inefficient, manual process to target messaging.

With Amplitude, the Rappi team pushes audiences of new users on an hourly basis to its engagement platform, segmented by the types of services they are likely to use. Each audience is then served an email with content that matches their interests. Rappi was able to **decrease CAC by 30% and increase revenue from first-time orders by 10%**.



*Delivery service Rappi reduced CAC by 30% by tying together its data from different campaigns and programmatically personalizing its messaging to customers.*

This best-in-class tech stack empowers D2C companies like Rappi to reduce customer acquisition costs, increase retention rates, and personalize customer experiences more than ever before.

## The New D2C Formula for Agile Growth

As the direct-to-consumer market evolves, brands that want to win must seek out ways to stay agile and build more efficient engines for growth. This means tapping into advanced data using the digital disrupter's tech stack.

The tightly integrated system we've presented here—comprised of mParticle, AppsFlyer, Iterable, and Amplitude—shortens tasks that previously took thousands of hours of development time to engineer. Together, these tools will empower you to offer the brand experience that your customers are hoping for. It's time to deliver it to them.

**Do you want to know more about how Amplitude and our partners can help you with your tech stack?**

**[Click here to find out more.](#)**