How DTC Brands are Reshaping the Media Landscape

JULY 2020
While established brands have existed for decades and have large, loyal customer bases, emerging DTC brands are disrupting the marketplace through more direct relationships with customers and a focus on customer centricity.
Many Myths Have Emerged About DTC Brands and their Path to Success...

Myth #1
DTC brands have mostly millennial customers

Myth #2
DTC brands only focus on sales

Myth #3
DTC brands only advertise on digital & social platforms

Fact
51% of their consumers are over 38 years old

Fact
For Brand Objectives, Customer Satisfaction (40%) beats Acquisition (29%), Leads (31%), and Loyalty (30%)

Fact
42% of Brands advertised primarily on TV in Q1'20, spending $2.0B, up +16% vs. Q1’19
Some Keys to Their Success
DTC Success has Been Driven by Fulfilling Consumer Needs

- **Simplify** the buying process
- **Provide transparency** on fees and other business practices
- **Eliminate barriers** to entry by removing or lowering fees
- **Provide value** without compromising quality
- **Enable self-expression** by sharing consumer values

Casper
Blue Apron
BONOBOS

**EVERLANE**
Slice
Lemonade

**Venmo**
Mint
Robinhood
Acorns

**WARBY PARKER**
Smile
Metromile
Soylent

Shopping goes **beyond utilitarian purposes**. It is **tied to meeting needs and connecting with values**.
DTC Will Continue to Grow Share of Wallet

**Today**

48% of consumers purchase DTC brands today

**In Five Years**

~67% of consumers expect that 20% or more of their total purchases will be through DTC brands

Source: IAB July 2019 Study “Disrupting Brand Preference”, VAB Study (*consumers = internet users)
The DTC Approach Has Flipped the Funnel...

1. Brands often launch with lower funnel tactics like Social and Digital.

2. In order to get the scale they need to grow, broader touchpoints, like TV, become a part of their media mix.

1. Brands “fill the funnel” with broad, awareness driving tactics.

2. More targeted methods are then used to drive consideration and purchase decision.
The Shift to TV Begins when the Brands Start to Mature…

… And Continues to Drive Impact at Scale

Phase I: Emerging
Phase II: Maturing
Phase III: Scale

Typically Begin TV investment here

Transformational Growth Mode

2019
178 brands spent an estimated $2.61 billion on television commercials, a 13.43% increase in spend from 2018

2020
Many brands entered TV in Q2 to capture marketplace demand due to COVID

Source: iSpot.tv
TV Spending Drives DTC Brand Impact

41% of consumers discover “disruptor” brands through TV advertising

+83% in search queries when emerging DTC brands increased TV spend

30% of consumers bought a DTC product after seeing a TV ad

Partnering with NBCU
Working with Both Established and DTC Brands Helps Us with Future Solutions for Our Partners

1. Needs Assessment
   - Current State of the Business and Brand
   - KPIs
   - Target Audience

2. One Platform Strategy & Solutions
   - Business Objective
   - Content
   - Audience
   - Cross-Platform
   - Commercial Innovation

3. Planning & Measurement
   - KPIs
   - Data
   - Testing
   - Learnings
These NBCU One Platform Solutions Deliver DTC Impact

**Awareness**
Our 211M P18+ monthly reach drives higher awareness than any other platform

**Brand Lift**
+170%

**Consideration**
Consumers actively connect with brands and that sparks consideration

**Site Visitation Lift**
+21%

**App Usage Lift**
+30%

**Purchase Decision**
Consumers then decide to make the purchase...

**Registration Lift**
+36%

Source: 4 non-AdSmart campaigns and 4 AdSmart Optimized linear campaigns (Q1 2019 to Q1 2020)
NBCU’s Full-Funnel Measurement Partners Across All Platforms

Best Providers by Category

* Sample list of partners

Brand impact, site traffic, & foot traffic partners the same across brands; sales impact partners selected from the best available per category

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<th>Brand Impact</th>
<th>CPG</th>
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<th>Insurance</th>
<th>Healthcare &amp; Pharma</th>
<th>Movie Studios</th>
<th>QSR &amp; Food Services</th>
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* Sample list of partners
Let’s work together to drive impact for your brand.

Our journey starts here.

Contact Brian Norris or your NBCU partner for more information.
Brian.Norris@nbcuni.com
(718) 679-3750