

VAB - MARKETER'S GUIDE - 2019

Direct Outcomes

Analyzing The 'Big Bets' DTC Brands Are Making On TV

Contents

1 Overview

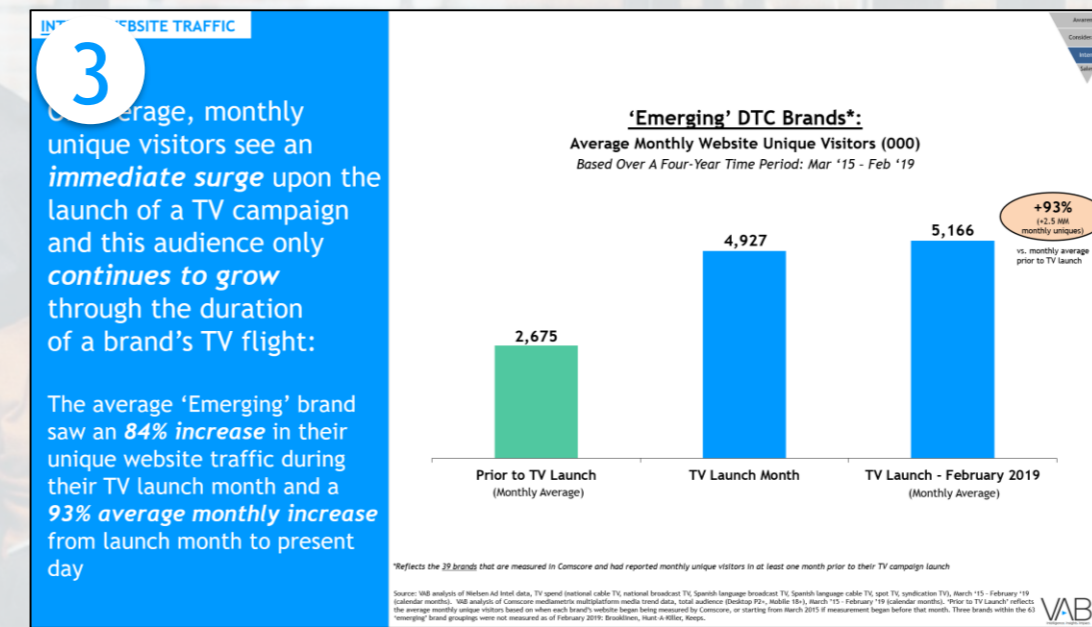
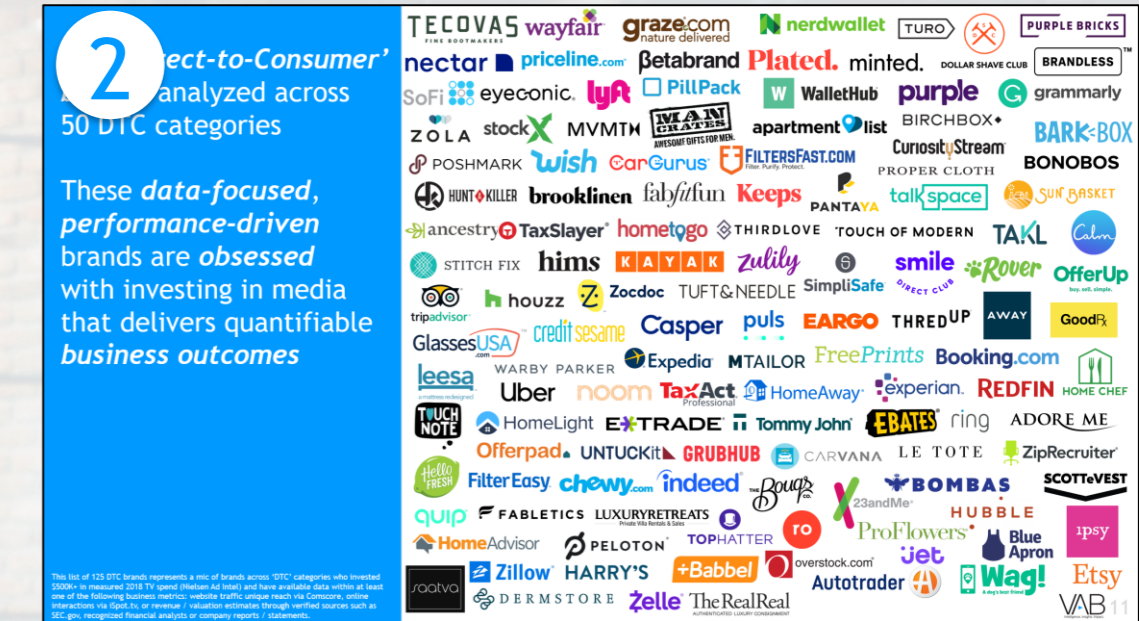
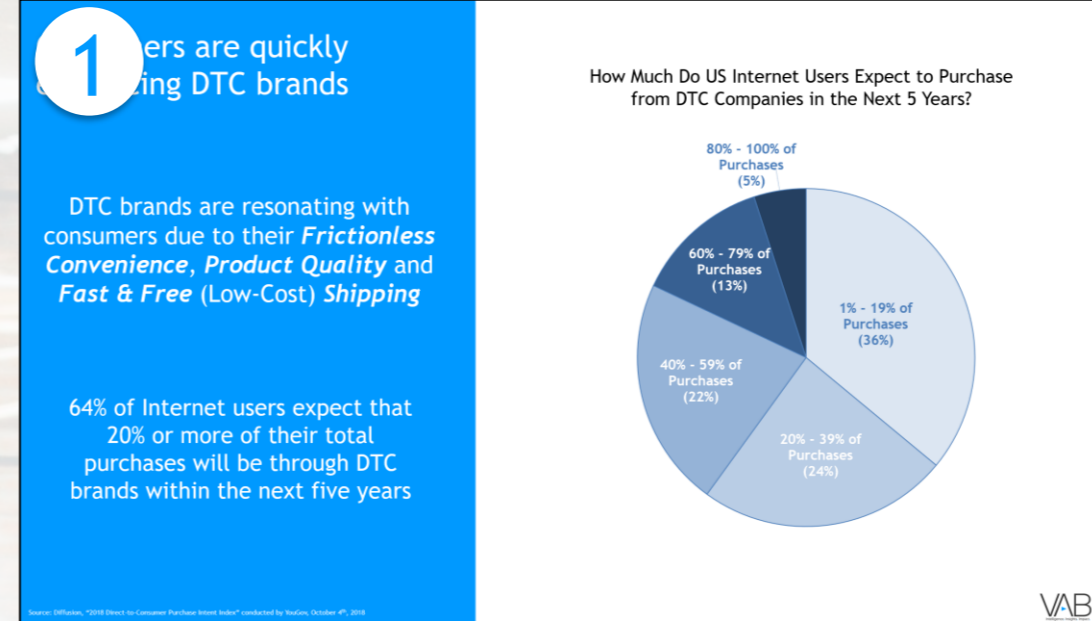
2 Direct-to-Consumer Analysis Summary

3 'Emerging' DTC Brand Segment

4 'Expanding' DTC Brand Segment

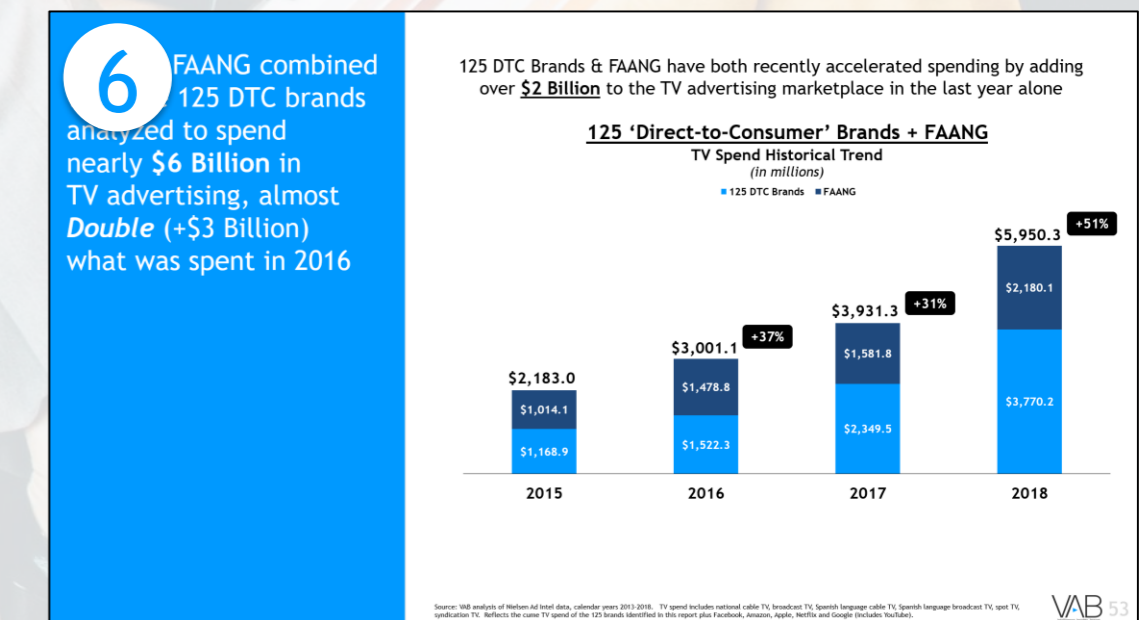
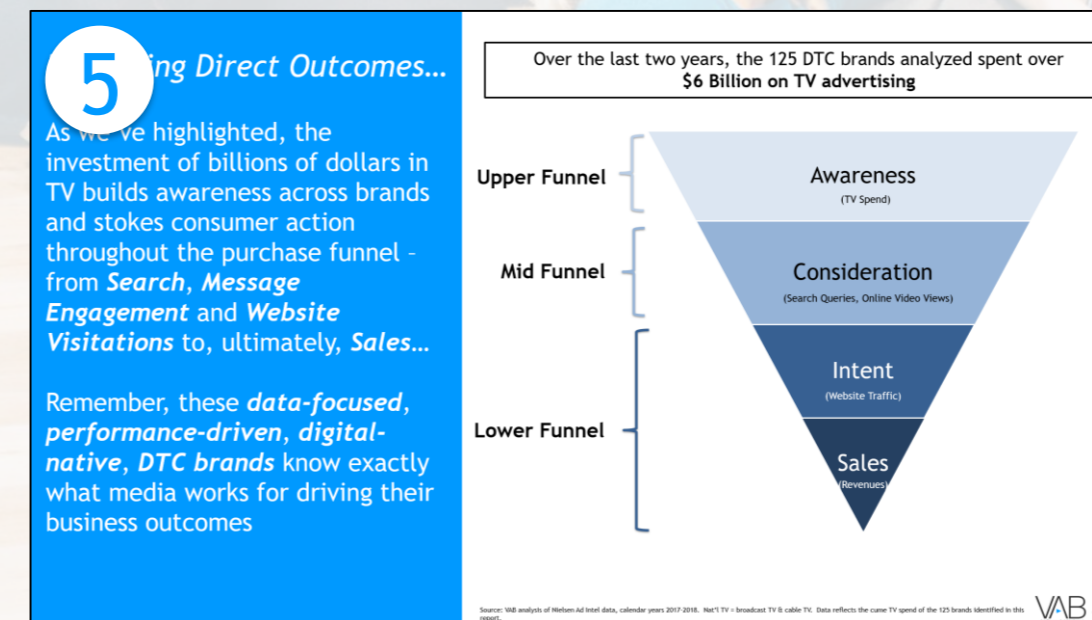
5 Unboxing The Outcomes

6 Additional Set of Digital-Native, Data-Focused, Outcomes-Obsessed Brands



4 'Expanding' DTC Brands Often See Their Revenues Spike When They Increase Their TV Investment

Brand	Year Founded	Year TV Launch	TV Spend (000)	2016 Revenue (000)	2017 Revenue (000)	2018 Revenue (000)	'17 vs. '18 YoY Diff
PELOTON	2012	2014	\$34,051	\$170,000	\$340,000	\$700,000	+552,560 (+106%)
CARVANA	2013	2013	\$15,833	\$365,148	\$31,791	\$65,442	+533,651 (+128%)
indeed	2004	2014	\$20,812	\$1,075,000	\$75,693	\$1,954,000	+576,000 (+65%)
HomeAway	2004	2015	\$12,244	\$689,000	\$16,238	\$1,171,000	+265,000 (+29%)
GRUBHUB	2004	2008	\$1,953	\$12,054	\$12,054	\$35,868	+523,814 (+47%)



We're passionate about identifying growth brands within the U.S. economy which is why for the last six years we've been tracking TV spending from *data-focused, performance-driven, digital-native* DTC brands.

Over the last three years alone, we've developed the following reports on brands within growing DTC categories:

2017

35 Category Disruptor Brands



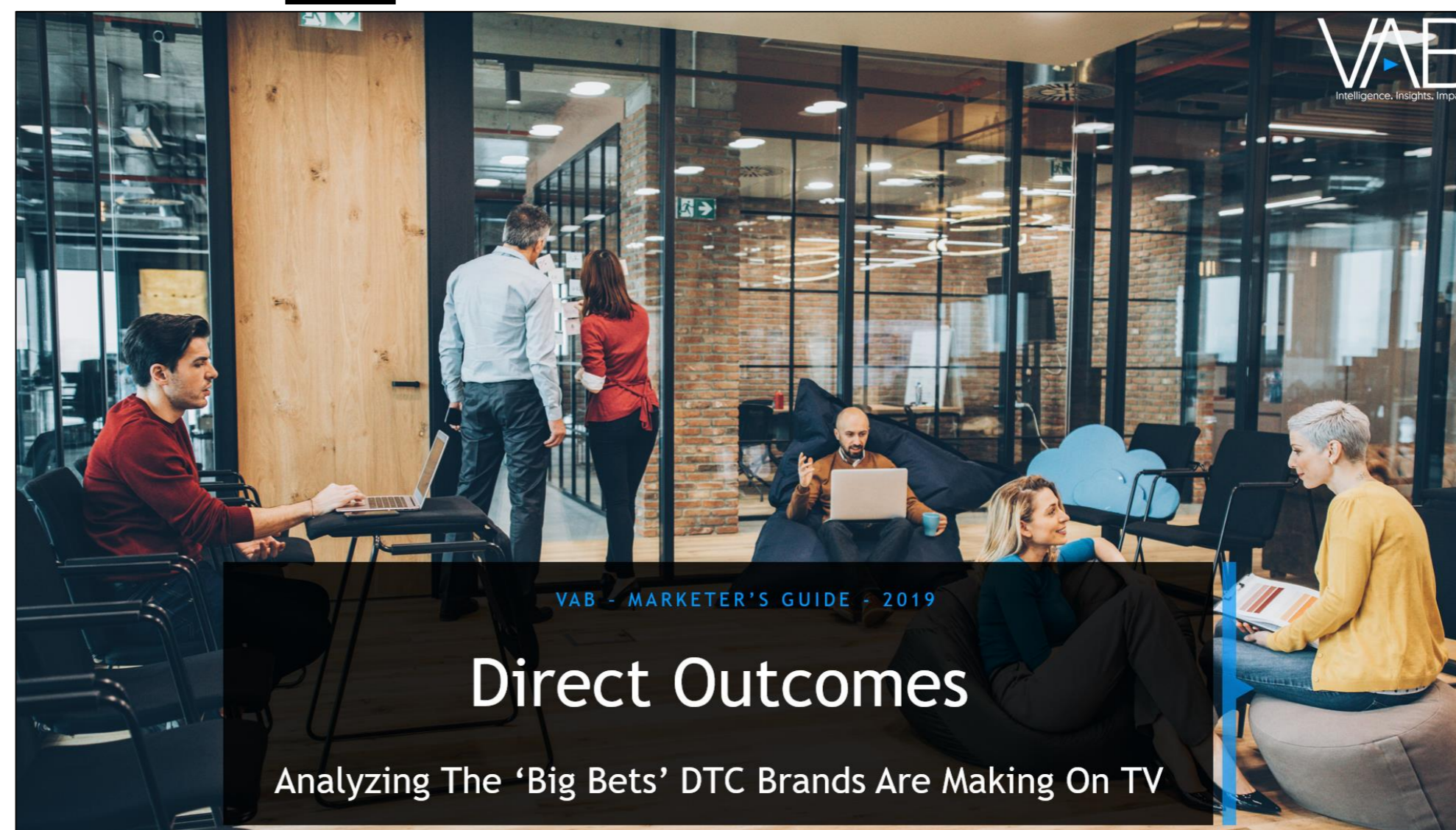
2018

50 Direct-Disruptor Brands



2019

125 Direct-to-Consumer Brands



Brand list reflects a mix of **65** 'first timers' in our analysis along with updates to **60** brands analyzed in previous reports

In regards to this year's guide, *Direct Outcomes*, we're focused on highlighting how TV has been instrumental in driving consumer action across each stage of the purchase funnel for a robust set of Direct-to-Consumer brands

Today, not only are categories of all shapes and sizes being disrupted by Direct-to-Consumer brands, but now the original disruptors are being disrupted by new 'direct' brand entrants.

Case in point, in the 'mattress-in-a-box' category alone there are over 150 brands competing with the likes of *Casper* and *Leesa* for consumers' attention and, more importantly, their share of wallet.

These hypercompetitive business environments have sparked a need for marketers to **focus on both customer retention and acquisition** as brands look to reach a wider, new audience to expand their customer base.

While DTC brands typically launch with a social media-dominant strategy, many **brands have evolved and are going big into TV** as rising digital costs, difficulties in effectively scaling their audience and advertising saturation present challenges to achieving further growth.

These brands have effectively employed TV to drive both **short- and long-term success** through the purchase funnel - from **skyrocketing website traffic that brings in millions of new prospective customers** immediately after a TV campaign launches to **significant lifts in sales** seen during sustained TV campaigns.

The proof of success is highlighted by the DTC brands themselves. With their cutting edge analytic tools and team of data scientists at their disposal, DTC brands **know exactly what media works for driving their business** which is why this set of 125 companies have bet big on TV, collectively investing **\$3.8 Billion in TV advertising** during 2018, a **60% increase** from just the year prior.

You Innovate. TV Elevates.

What Are Direct-to-Consumer (DTC) or ‘Direct Brands’?

Direct-to-Consumer (DTC) means the company is selling their product directly to end customers without third-party retailers, wholesalers or other middlemen.

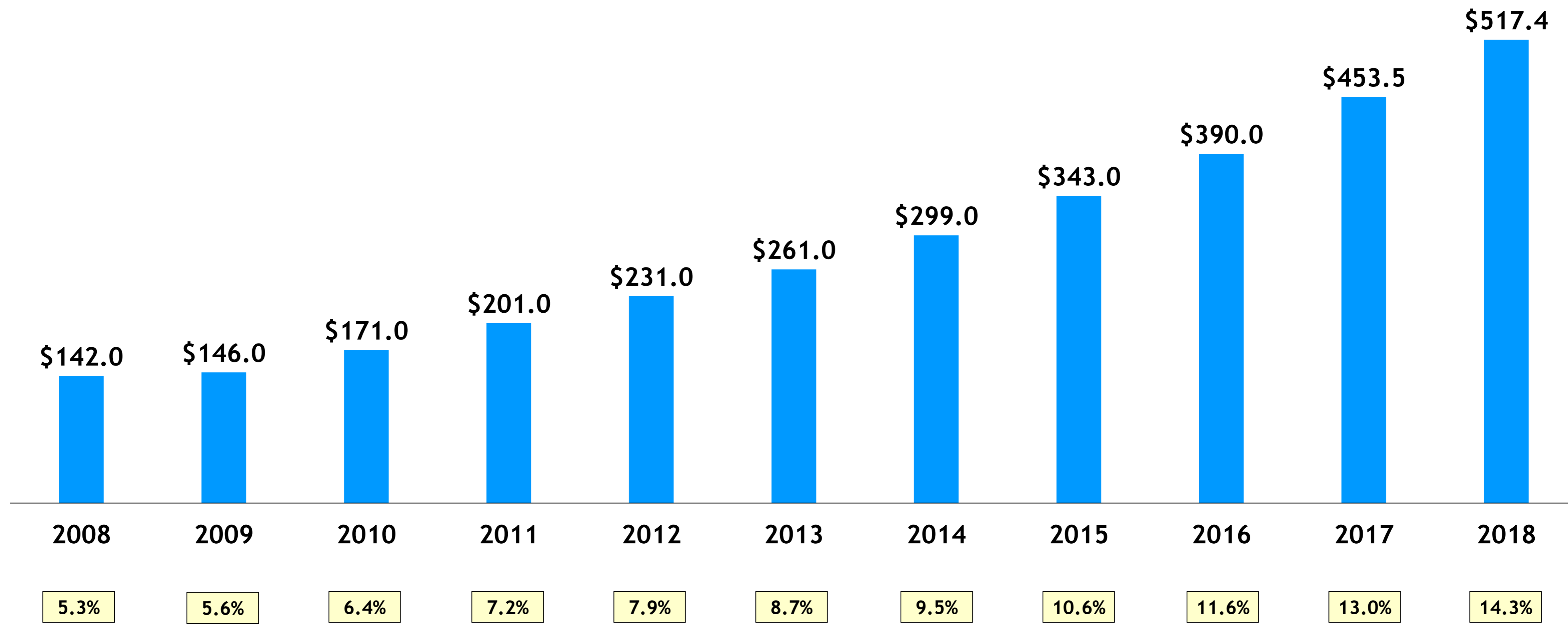
First-party data collection as well as performance measurement and analytics are core competencies of these companies.

An influx of new DTC brands is helping drive growth within ecommerce...



Ecommerce Now Accounts For Over \$500 Billion In Sales Within The U.S., Double What It Was Only Five Years Ago

U.S. Ecommerce Sales (in billions)



Ecommerce Sales as a % of Total Retail Sales* (in billions)

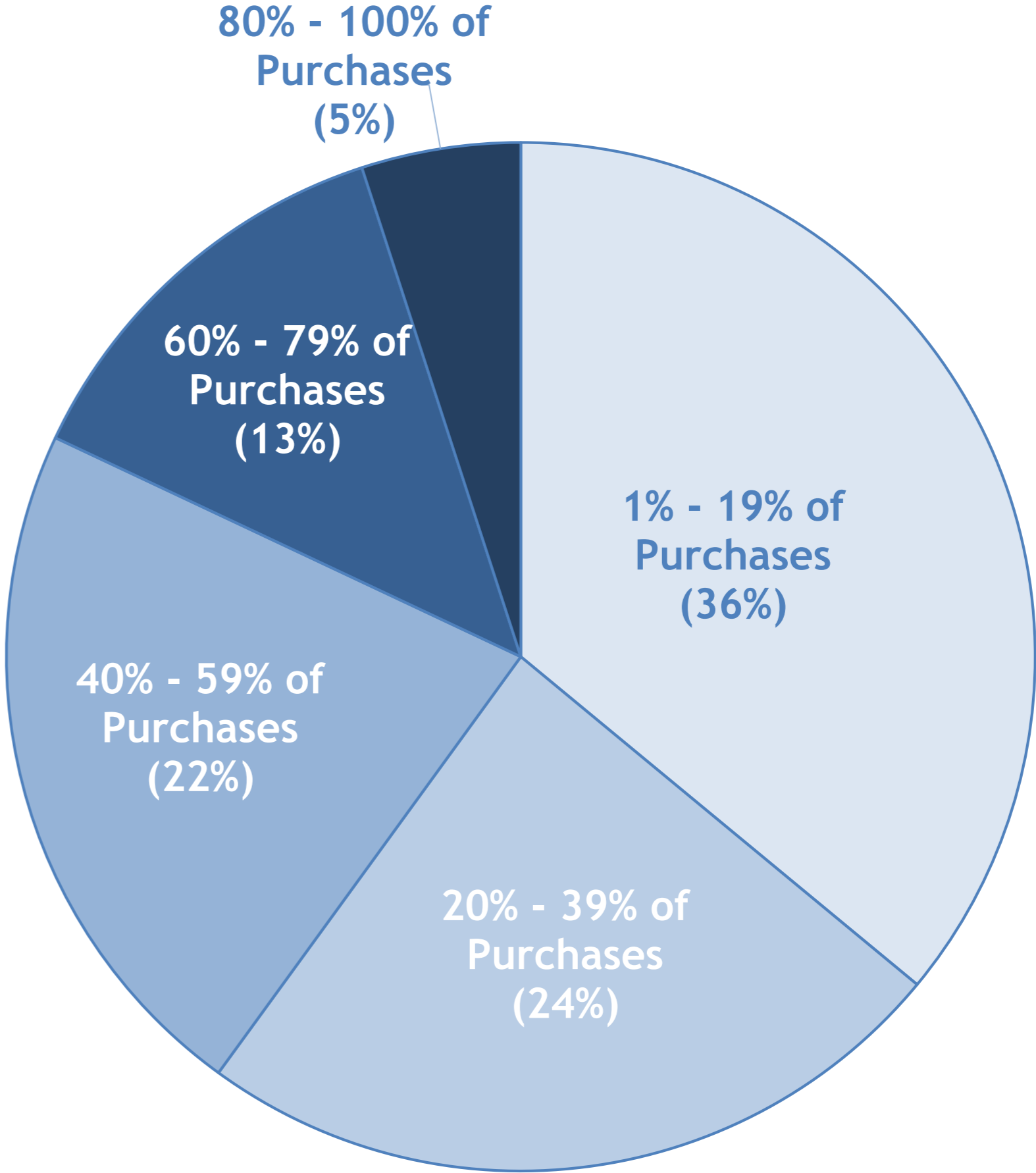
*Total Retail Sales - Total factors out the sale of items not normally purchased online, such as fuel, automobiles and sales in restaurants.

Consumers are quickly embracing DTC brands

DTC brands are resonating with consumers due to their *Frictionless Convenience, Product Quality* and *Fast & Free (Low-Cost) Shipping*

64% of Internet users expect that 20% or more of their total purchases will be through DTC brands within the next five years

How Much Do US Internet Users Expect to Purchase from DTC Companies in the Next 5 Years?



Source: Diffusion, "2018 Direct-to-Consumer Purchase Intent Index" conducted by YouGov, October 4th, 2018

DTC Brands Are Obsessed With Utilizing Data & Technology To Improve The Consumer Experience And Maximize Sales & Profitability



“When you see **our data making a direct impact on a customer’s happiness**, it really shows that using data isn’t cold or impersonal. It’s the best way to get to know our customers and figure out how we can give them exactly what they want - a perfectly fitting bra.”

- Heidi Zak, Co-Founder & CEO, *ThirdLove*



“Internally, **we are a tech company first and foremost**. Outwardly, we focus on the product, the experience and the community, but everything comes together because of serious technology we have behind the scenes.”

-Graham Stanton, Co-Founder & SVP Global Marketing & Sales, *Peloton*

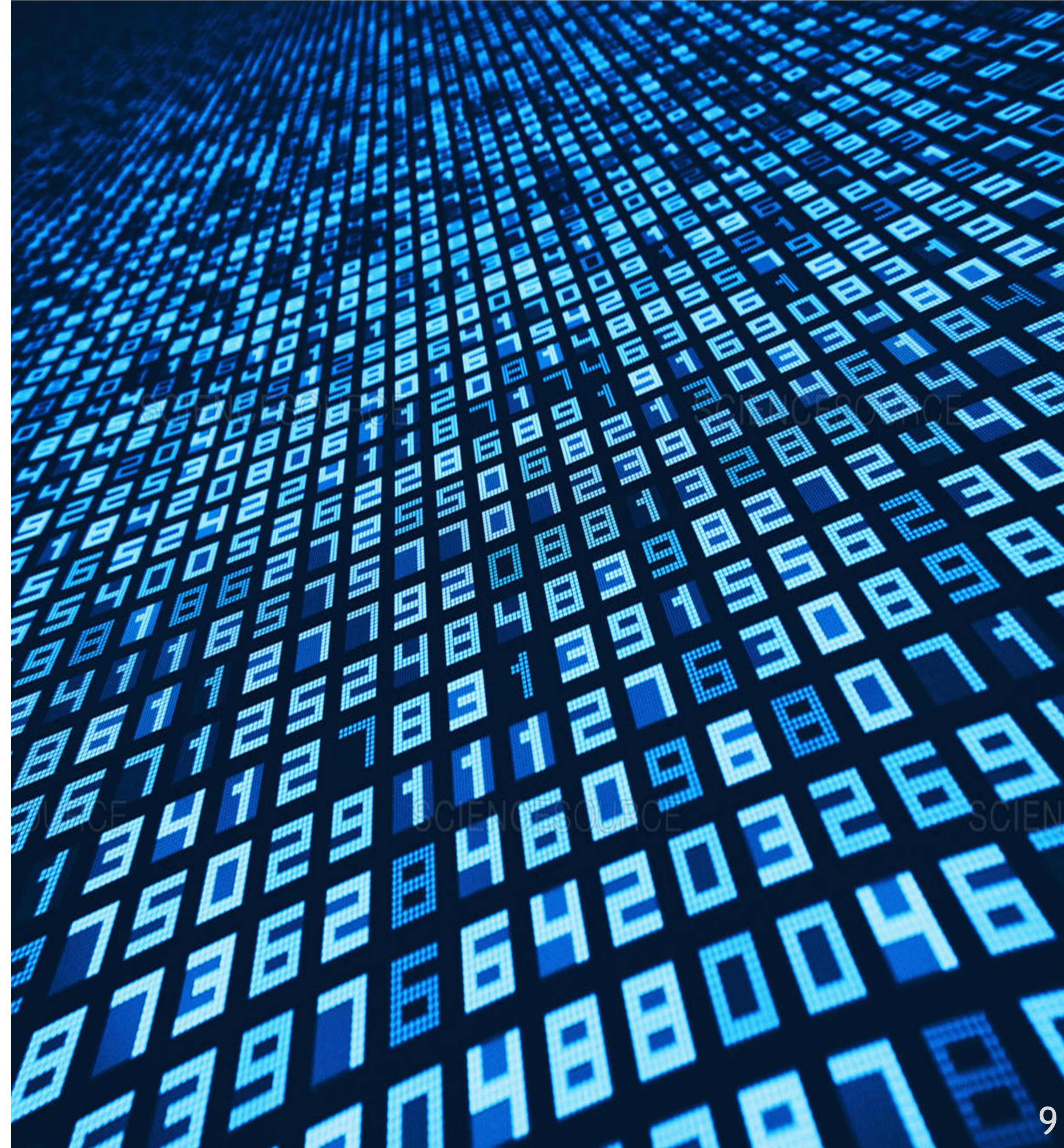


“We understand online very well, we also understand consumer behavior and **we’re a very data driven company**. Those are all advantages we have, because that is basically where we came from.”

- Constantin Eis, Co-Founder & Global Managing Director, *Casper*

With cutting edge analytic tools & *a team of data scientists* at their disposal, media channels are scrutinized and optimized on a *real-time* basis...

Simply put, DTC companies know *exactly what media works* for driving their business

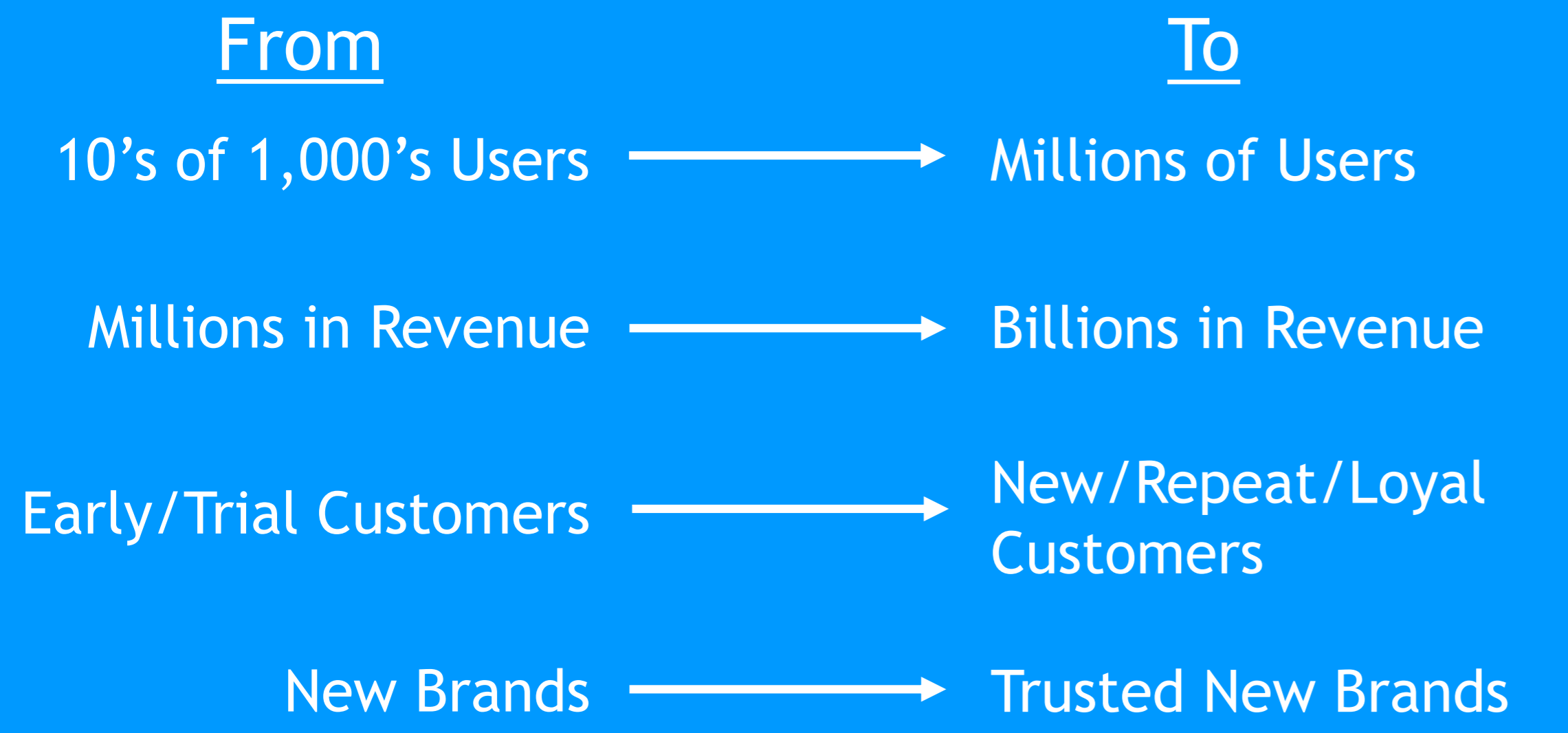




Direct-to-Consumer Analysis Summary

125 Brands Across 52 Unique DTC Categories

When challenged to grow big and increase their customer base and build revenues...



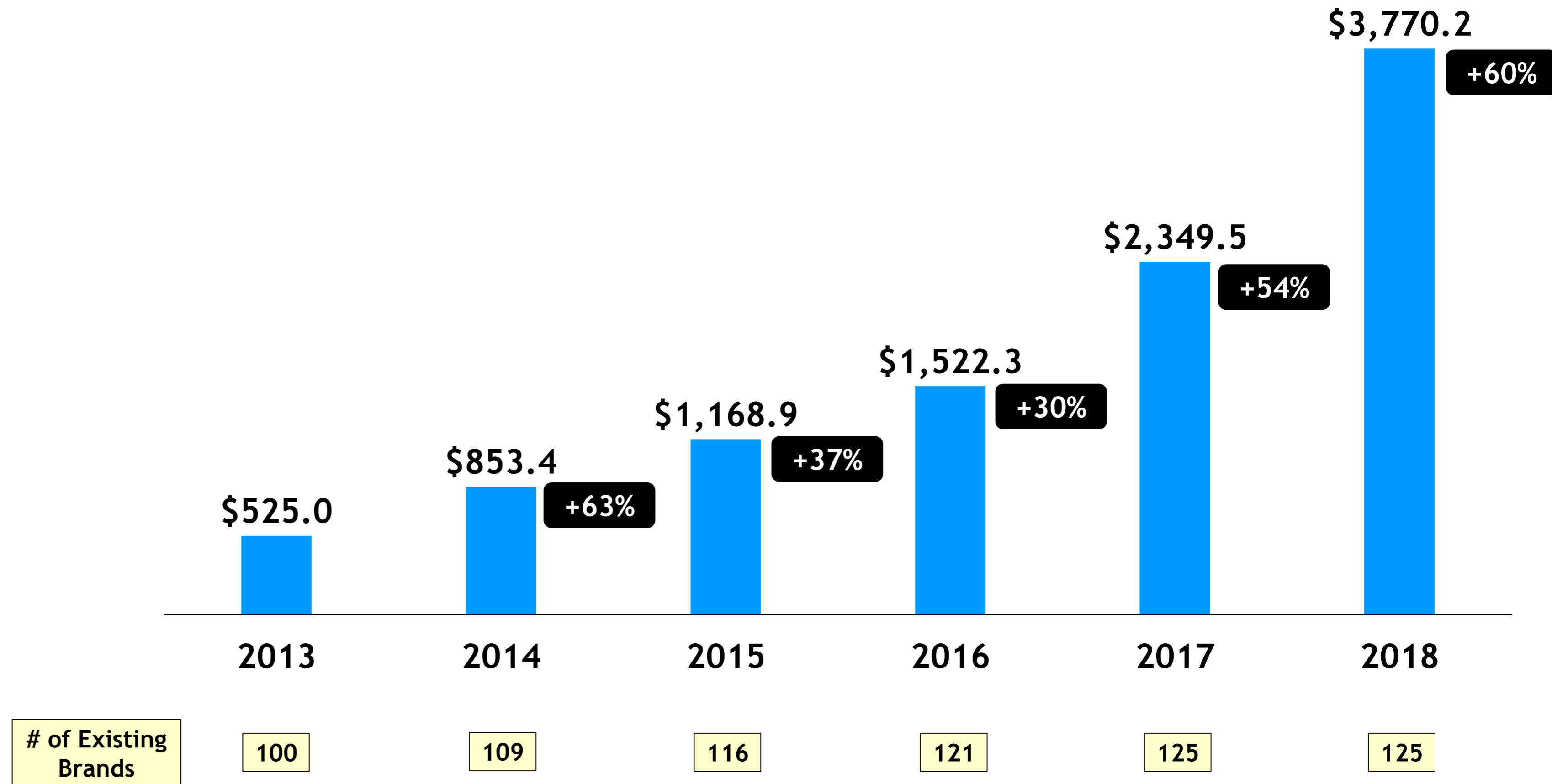
...they all made the 'Big Bet' on TV

In fact, these 125 Direct-to-Consumer brands collectively spent almost **\$3.8 Billion** on TV in 2018, **2.5x** what was invested in 2016

DTC brands have accelerated spending recently - these 125 brands alone added **\$1.4 Billion** to the TV advertising marketplace over the last year

125 'Direct-to-Consumer' Brands

TV Spend Historical Trend
(in millions)



Source: VAB analysis of Nielsen Ad Intel data, calendar years 2013-2018. TV spend includes national cable TV, broadcast TV, Spanish language cable TV, Spanish language broadcast TV, spot TV, syndication TV. Reflects the cume TV spend of the 125 brands identified in this report. Not all companies existed since 2013 as reflected at the bottom of the chart. Existing brands = the number of brands that had launched publicly by that year out of the 125 brand grouping.

During this six-year time period, the vast majority of spending is from organic growth by brands that were launched in 2013 or before...

...the balance is due to newer brands entering the marketplace and launching TV campaigns

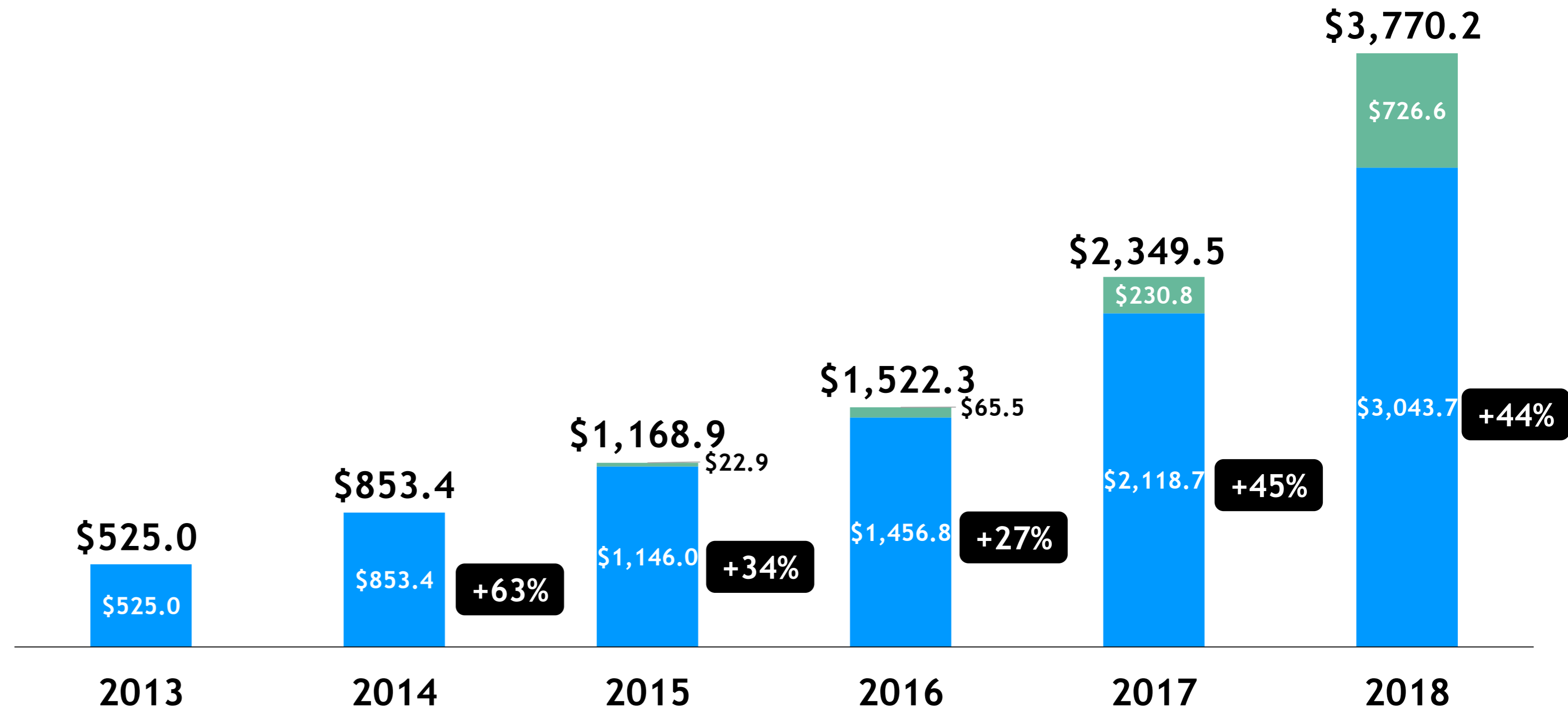
Brands that launched several years ago and are active on TV continue to increase their investment - adding over **\$900 Million** in TV advertising last year

125 'Direct-to-Consumer' Brands

TV Spend Historical Trend

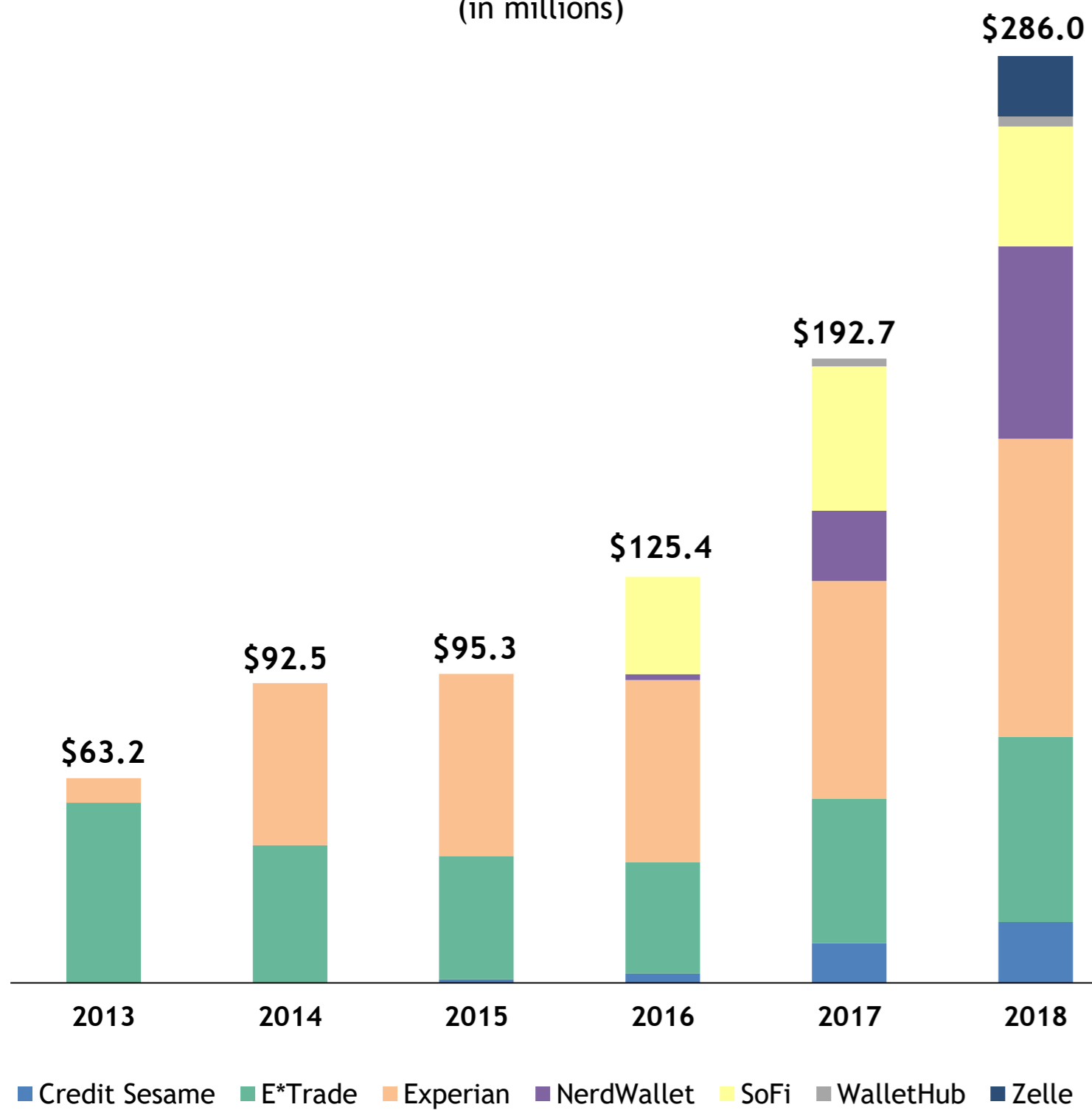
(in millions)

■ Existing Brands (2013 or before) ■ New Brands (btwn '14-'18)

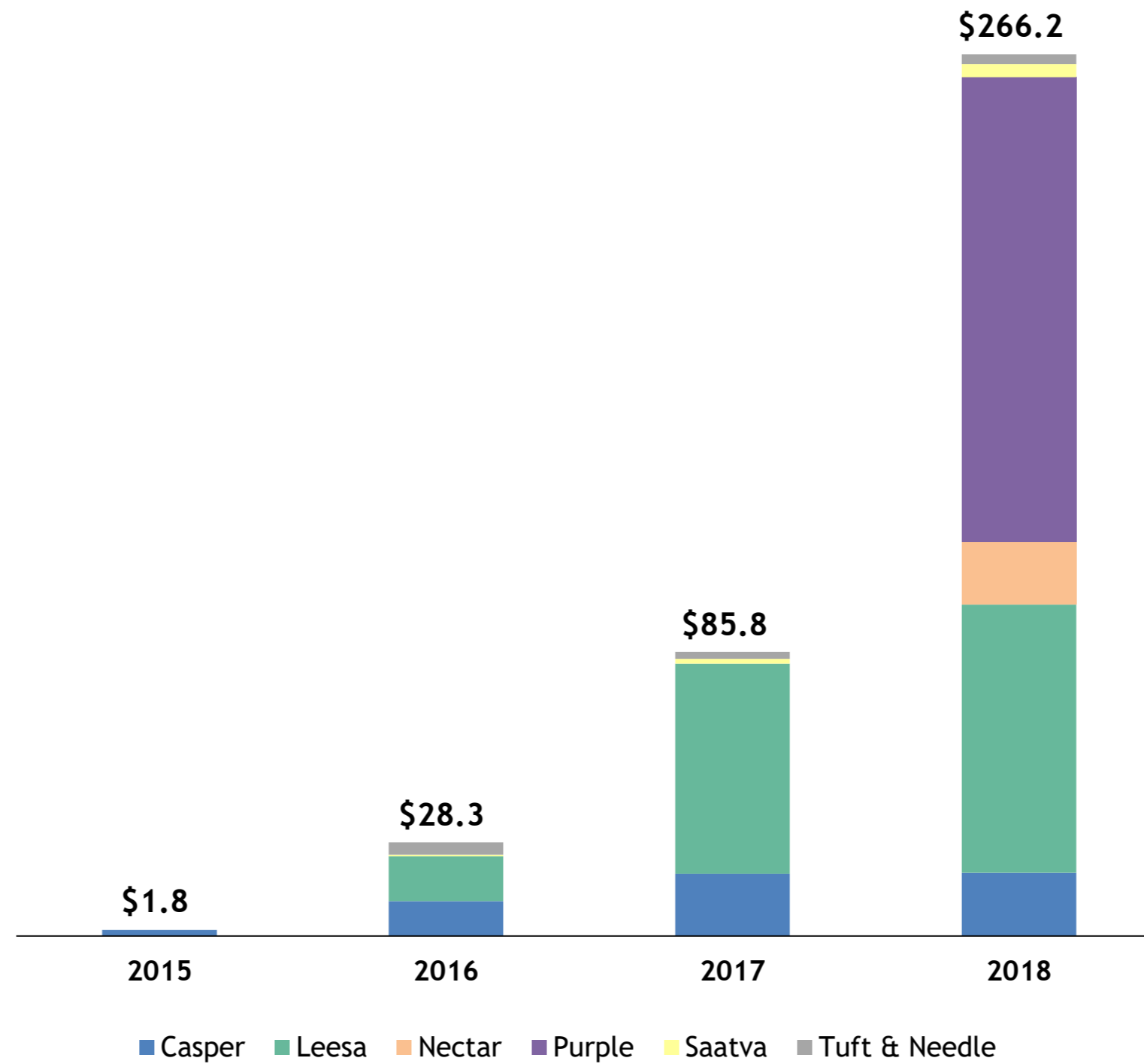


Several Traditional Categories Have Become Hypercompetitive With The Recent Influx Of Multiple DTC Brand Entrants

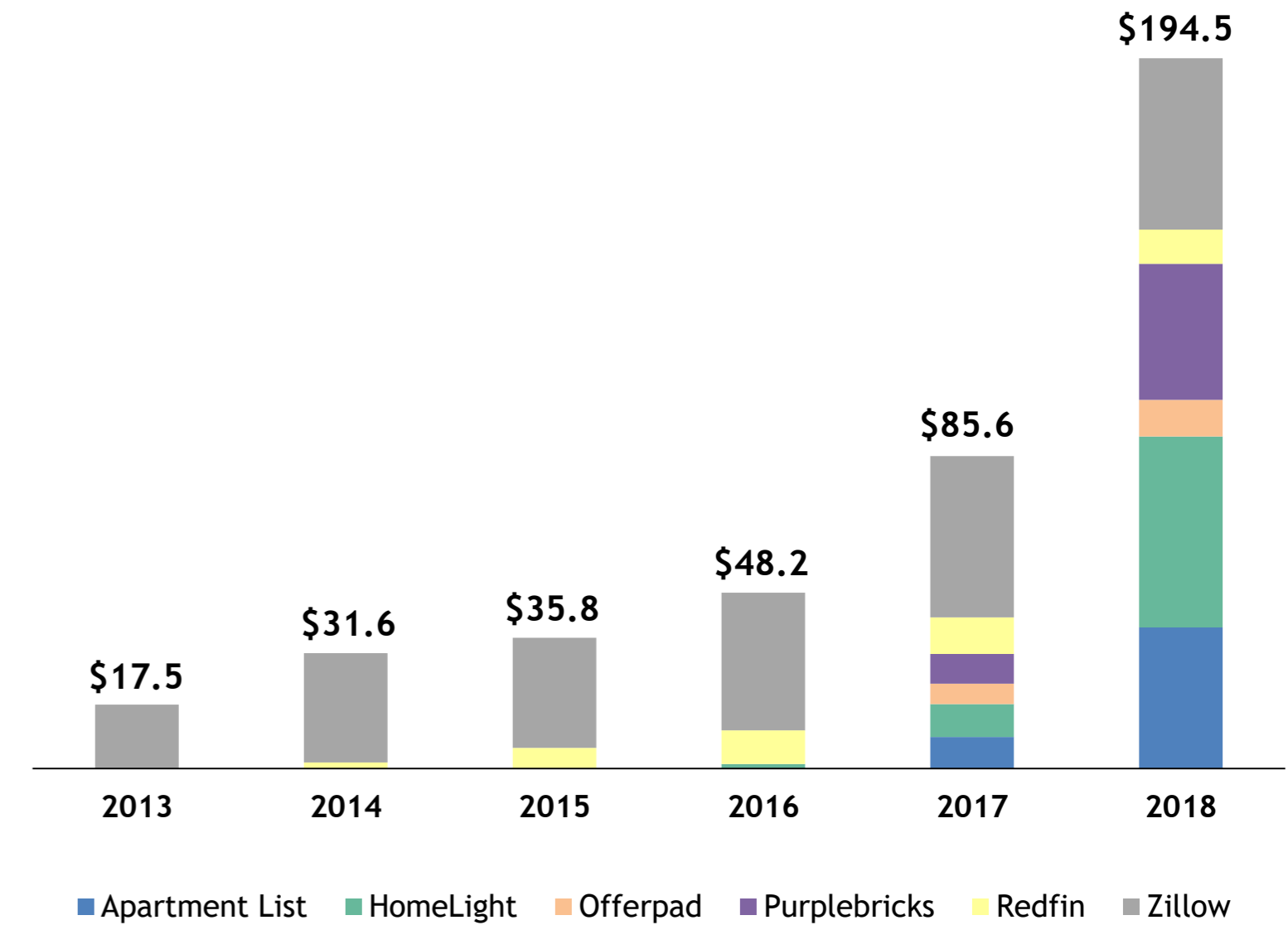
Personal Finance
TV Spend Historical Trend
(in millions)



Mattresses
TV Spend Historical Trend
(in millions)



Real Estate
TV Spend Historical Trend
(in millions)



Source: VAB analysis of Nielsen Ad Intel data, calendar years 2013-2018. TV spend includes national cable TV, broadcast TV, Spanish language cable TV, Spanish language broadcast TV, spot TV, syndication TV. Zillow excludes Trulia.

In Fact, ‘Direct-to-Consumer’ Brands Are Now Some Of The Biggest TV Evangelists



“A lot of people oftentimes don’t understand the economics of TV and how to measure it. TV can be less expensive and more beneficial than digital. It just takes more to get an initial test off the ground, but from a CPM basis, it’s comparable, if not better, in some places, especially now that people are buying for these hyper-targeted custom audiences in digital.”

David Webb, Director of Growth & Analytics, *HelloFresh*
(Digiday, 6/20/18)



“If I were advising another company, I would tell them to test TV. But, as a competitor, I would tell them not to.”

Jerry Hum, Co-Founder & CEO, *Touch of Modern*
(May 2019)



“We see the benefits of using it (TV) early. It’s not a small investment in terms of developing the creative and media costs, but it’s a channel that enables you to tell a story.”

Steven Gutentag, Co-Founder, *Keeps*
(Digiday, 1/22/19)



“Television is definitely a growing channel for us. There is something physical about TV...Something physical that someone touches. In some ways, it’s just more real.”

Heidi Zak, Co-Founder & CEO, *ThirdLove*
(Digiday, 1/22/19)



“Increasingly, TV provides you with just as much analytics and ability to attribute where customers are coming from.”

Malcolm Scovil, Head of Marketing, *Tophatter*
(Digiday, 6/20/18)




“The Wayfair brand is only a little over six years old and we’ve been able to build it as a household brand very quickly over just the last few years. Without using television, I don’t think we would be where we are today.”

Niraj Shah, Co-Founder, *Wayfair*
(2018)

Across the DTC brands analyzed, Television has been instrumental in many business successes including:

- Subscriber Growth
- Sales / Revenue Growth
- Increased Valuations / Achieving ‘Unicorn’ Status
- Additional Funding Raised
- IPO Issuances
- Acquisitions

BUSINESS INSIDER 

Calm, the 7-year-old meditation app, says it's now valued at \$1 billion
 (\$9.1 MM cume TV spend since 2018)

CNBC 

GoodRx, a service for finding the best price on prescription drugs, is in sale talks for up to \$3 billion
 (\$117.7 MM cume TV spend since 2014)

The New York Times 

Peloton's New Infusion Made It a \$4 Billion Company in 6 Years
 (\$310.9 MM cume TV spend since 2014)

TE 

Wedding startup Zola just received a lavish gift: \$100 million in fresh funding
 (\$27.4 MM cume TV spend since 2017)

TE 

Teeth-straightening startup SmileDirectClub is now worth \$3.2 billion
 (\$274.7 MM cume TV spend since 2016)

BUSINESS INSIDER 

8 'Shark Tank' companies that didn't land a deal but are still doing incredibly well



(\$9.1 MM cume TV spend since 2014)

GeekWire 

Once a startup runt, Rover laps up \$155 million for tech-fueled pet care marketplace
 (\$43.1 MM cume TV spend since 2013)

CNN BUSINESS 

More than 1 million people subscribe to this electric toothbrush startup
 (\$6.2 MM cume TV spend since 2018)

Forbes 

Stitch Fix Shares Pop In IPO, With Retailer Raising \$120 Million
 (\$38.8 MM cume TV spend since 2017)

TE 

Wellness startup Hims enters the unicorn club with \$100M investment
 (\$18.2 MM cume TV spend since 2018)

Bloomberg 

TPG-Backed Makeup Startup Ipsy Is Considering a Sale or IPO
 (\$2.8 MM cume TV spend since 2015)

Source: VAB analysis of Nielsen Ad Intel data, calendar years 2013-2018. TV spend includes national cable TV, broadcast TV, Spanish language cable TV, Spanish language broadcast TV, spot TV, syndication TV. (\$\$\$) = cume TV spend between TV launch - 2018; MM = millions; (year) = TV launch year

DTC Segment Definitions

‘Direct-to-Consumer’ brands exist across a multitude of categories, serve a myriad of consumer purposes and can be at a different business lifecycle / maturity level relative to other DTC brands

Because of this, developing one overarching ‘like-for-like’ analysis comparison across all 125 brands can be challenging

For the purposes of this guide, we designated each DTC brand analyzed into one of two groups based on similar characteristics:

125 Direct-to-Consumer Brands Analyzed

‘Emerging’ Brands

(63 Brands)

Newer brands with an average age of 8 years old who only began investing in TV within the last three years (last two years on average)



‘Expanding’ Brands

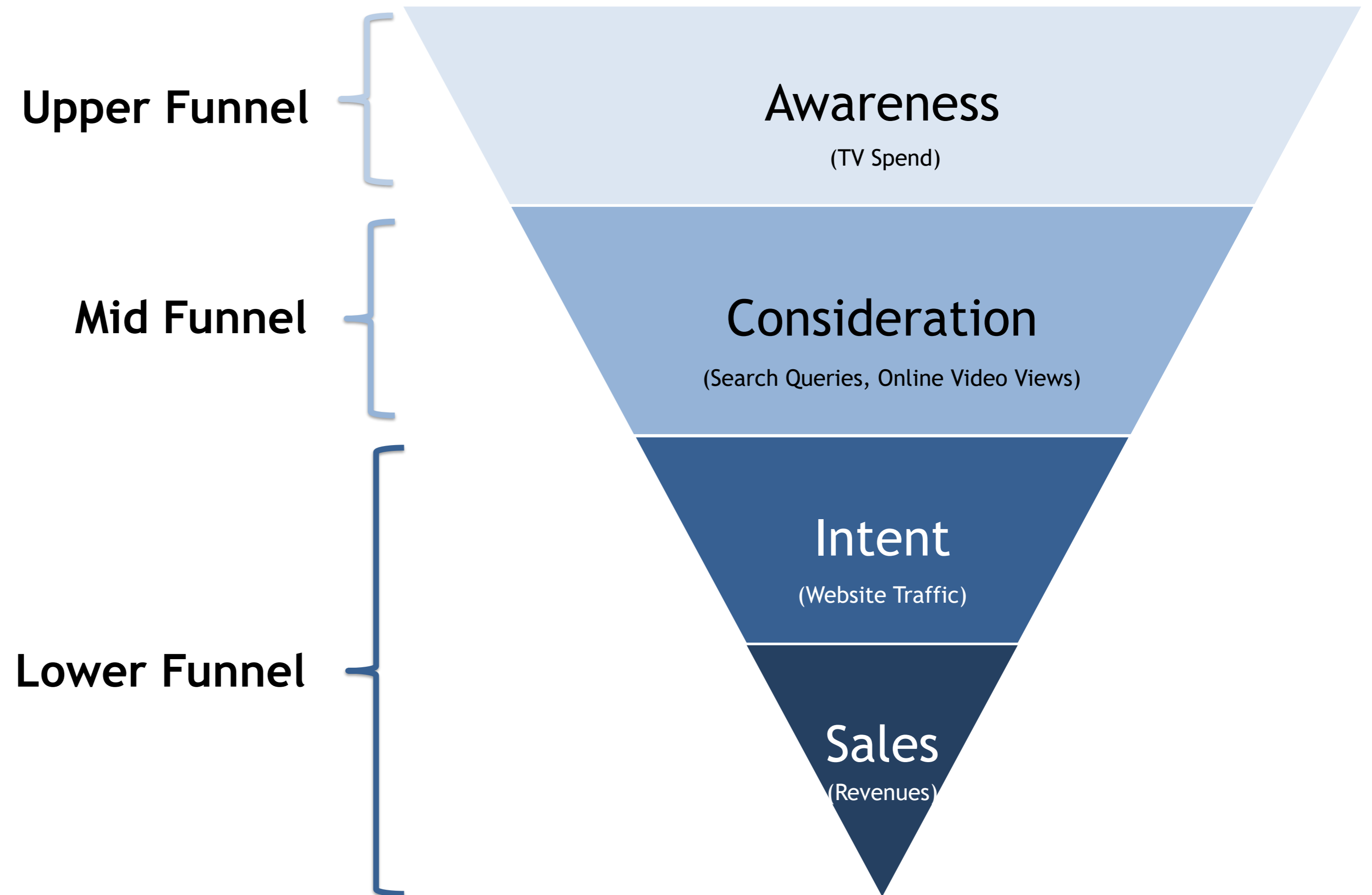
(62 Brands)

Brands with an average age of 13 years old who have been investing in TV for at least the last four years (eight years on average)



As we'll showcase in this analysis, TV advertising *drives consumer action* through the purchase funnel for both the younger 'Emerging' brands and the more mature 'Expanding' brands

We analyzed the TV spend and individual key metrics (where available) including digital interactions, website traffic and revenues across brands



A woman with long blonde hair, wearing a blue and white striped shirt, is standing at a white table in a warehouse or storage room. She is looking at a silver laptop on the table, with her hand on the keyboard. To her right is a large cardboard box with a shipping label. In the background, there are racks of clothing and stacks of cardboard boxes. The scene is lit with soft, natural light from a window on the left.

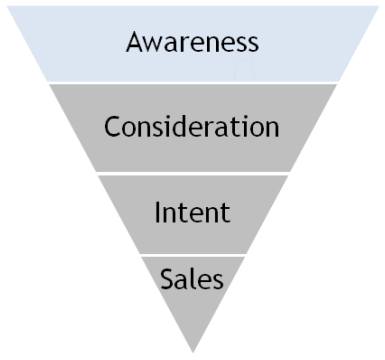
‘Emerging’ DTC Brands

We analyzed the TV spend and individual key metrics (where available) like digital interactions, website traffic and revenues of 63 brands across 34 categories

63 'Emerging' Direct-to-Consumer Brands

These 63 'emerging' DTC brands are an average of eight years old and only began investing in TV within the last three years (last two years on average)

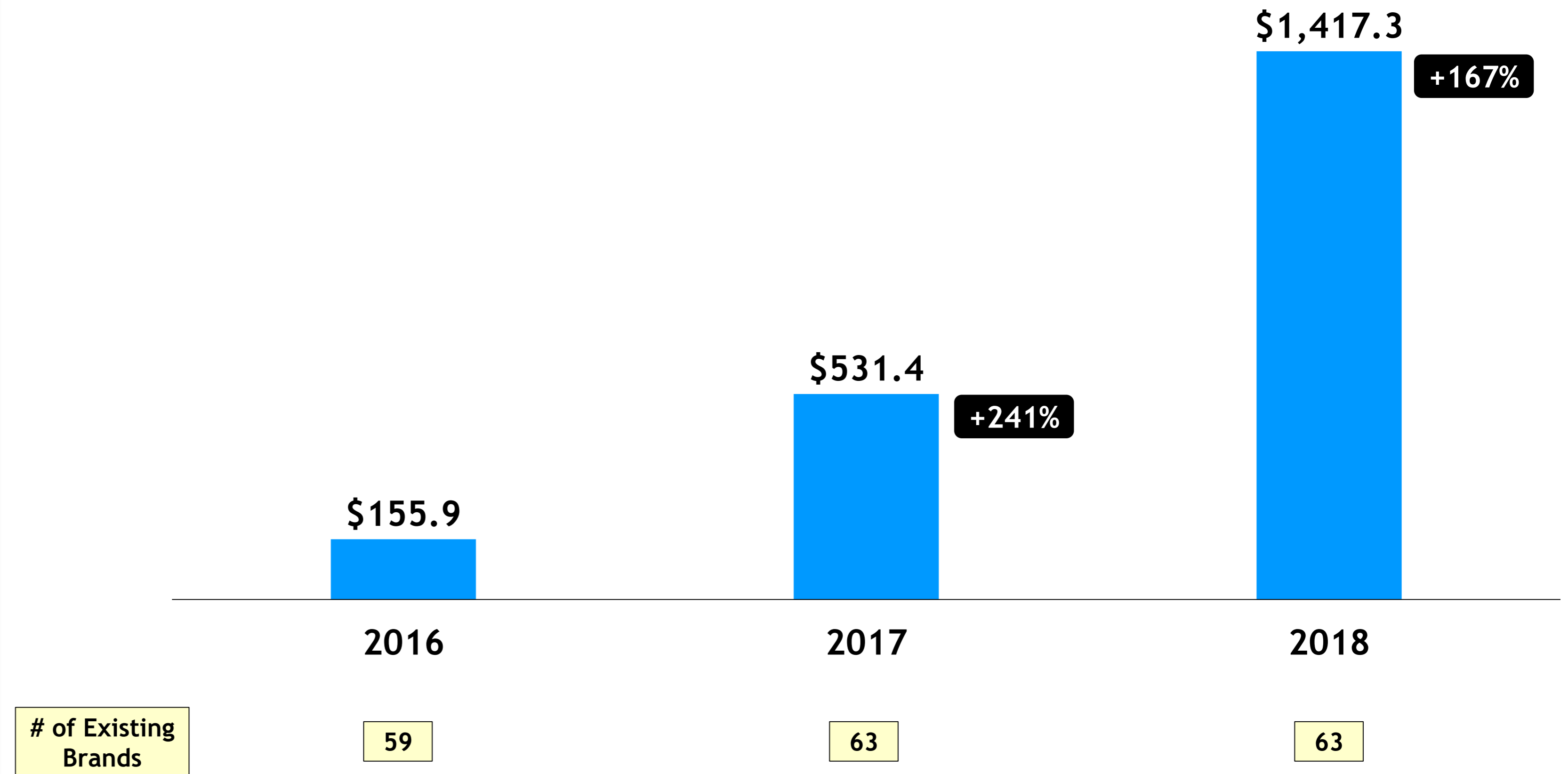
<u>Personal Finance</u>		<u>Mattresses</u>		<u>Marketplace</u>		<u>Transportation</u>		<u>E-Commerce</u>		<u>Pet Products</u>	
nerdwallet, WalletHub, SoFi, Zelle		leesa, nectar, rootvo, TUFT&NEEDLE, purple		TheRealReal, TOPHATTER, POSHMARK, stockX		lyft		BRANDLESS™, wish		chewy.com	
<u>Real Estate</u>		<u>Automotive</u>		<u>Men's Clothing</u>		<u>Food Delivery & Meal Kit Subscription</u>		<u>Eyewear</u>		<u>Craft Supplies / Vintage Items</u>	
PURPLE BRICKS, Offerpad, apartment list		CarGurus, TURO		BONOBOS, PROPER CLOTH		HOME CHEF, SUN BASKET		eyeconic, GlassesUSA.com		Etsy	
<u>Men's Health / Personal Care</u>		<u>Apparel</u>		<u>Skin Care & Beauty</u>		<u>Vacation Rentals</u>		<u>Women's Clothing</u>		<u>Wellness & Fitness</u>	
hims, ro, Keeps		SCOTTeVEST, LE TOTE, STITCH FIX, Betabrand		DERMSTORE		LUXURYRETREATS, hometogo		fabfitfun		Calm, noom	
<u>Bedding</u>		<u>Wedding Registry</u>		<u>Pharmacy</u>		<u>Luggage</u>		<u>Murder Mystery Game (Subscription)</u>		<u>Men's Lifestyle</u>	
brooklinen		ZOLA		PillPack		AWAY		HUNT & KILLER		TOUCH OF MODERN	
<u>At-Home Services</u>		<u>Contact Lenses</u>		<u>Filters</u>		<u>Dental</u>		<u>Writing Assistant</u>		<u>SVOD</u>	
puls, TAKL		HUBBLE		Filter Easy, FILTERSFAST.COM		smile DIRECT CLUB, quip		grammarly		CuriosityStream, PANTAYA	
						<u>Boots</u>		<u>Watches</u>		<u>Underwear / Lingerie</u>	
						TECOVAS FINE BOOTMAKERS		MVMTM		THIRDLOVE	



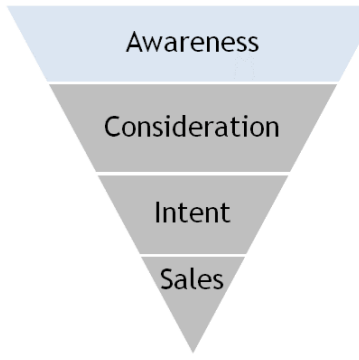
New TV advertisers and existing advertisers who increased their spend combined to invest almost **\$900 million** more in TV over the last year

These 63 ‘Emerging’ DTC brands collectively spent over **\$1.4 Billion** on TV in 2018, a **167% Increase** over the prior year

63 ‘Emerging’ DTC Brands
TV Spend Historical Trend
(in millions)



Source: VAB analysis of Nielsen Ad Intel data, calendar years 2013-2018. TV spend includes national cable TV, broadcast TV, Spanish language cable TV, Spanish language broadcast TV, spot TV, syndication TV. Reflects the cume TV spend of the 63 ‘emerging’ brands identified in this report. Existing brands = the number of brands that had launched publicly by that year out of the 63 brand grouping.



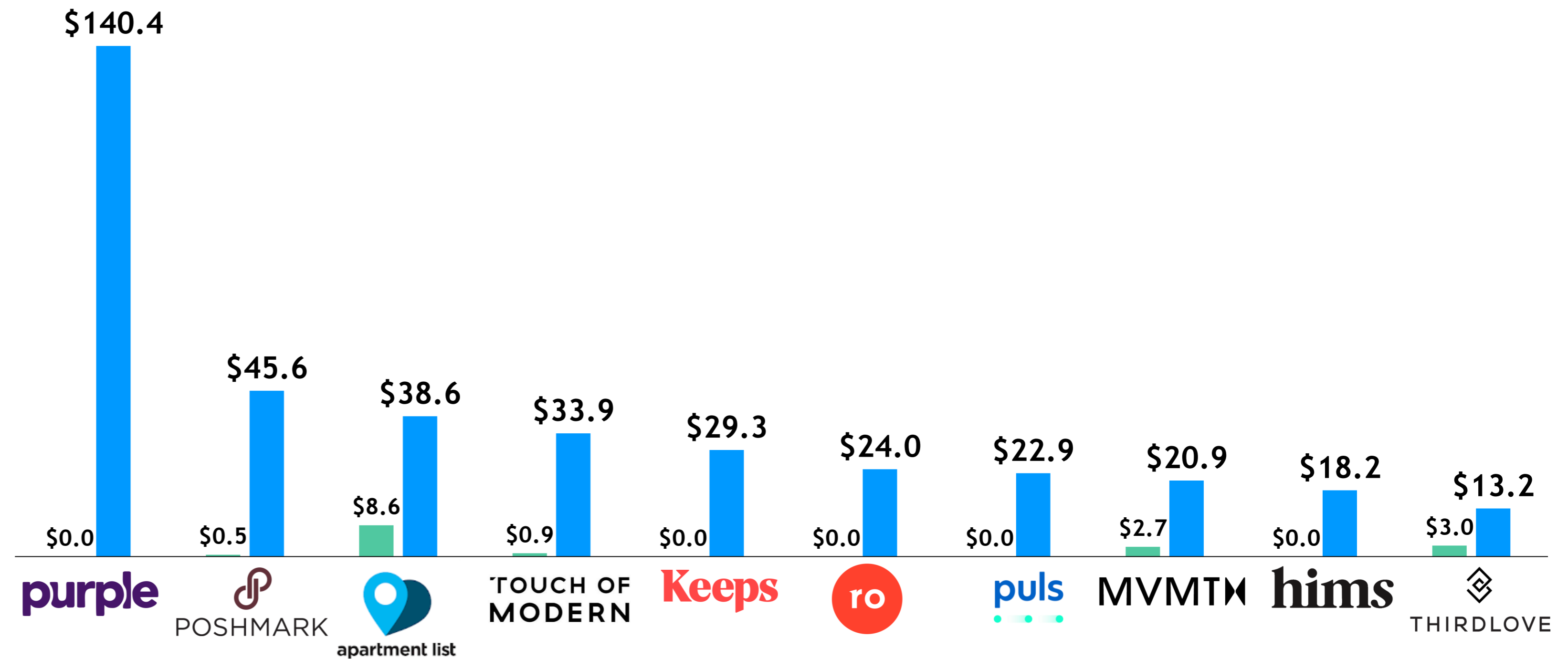
Many 'Emerging' DTC brands across categories have made a *Big Investment* in TV over the past year...

In fact, 65% of 'Emerging' brands (41 out of 63) were either new TV advertisers in 2018 or they were existing advertisers who more than doubled their TV investment YoY

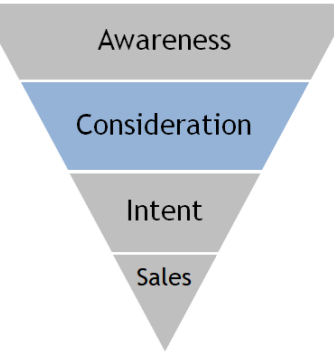
Sampling: 10 'Emerging' DTC Brands That Went Big Into TV

Two-Year TV Spend Comparison
(in millions)

■ 2017 ■ 2018



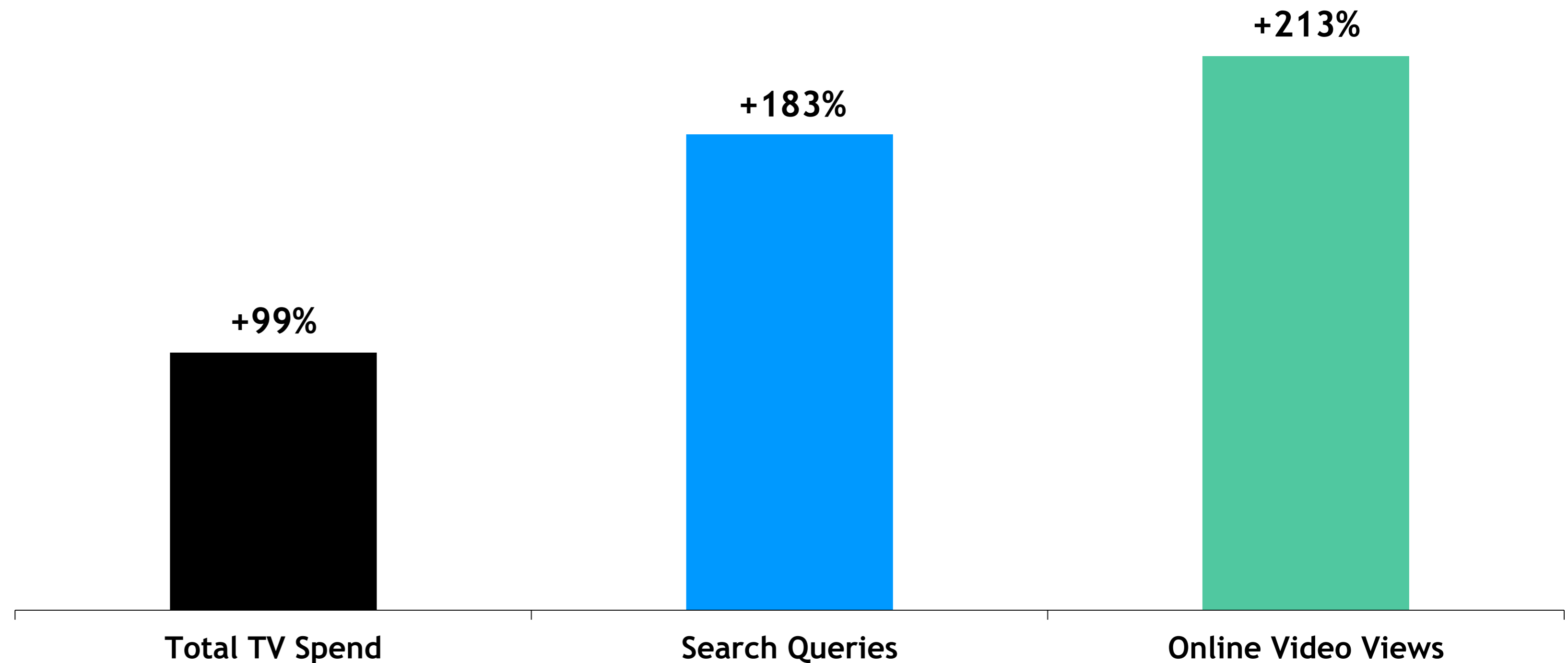
Source: VAB analysis of Nielsen Ad Intel data, calendar years 2013-2018. TV spend includes national cable TV, broadcast TV, Spanish language cable TV, Spanish language broadcast TV, spot TV, syndication TV. Chart reflects a sampling of brands across various categories.



TV is the catalyst that jumpstarts consideration around a brand in the form of more exploration and additional viewing of their advertising online

These digital actions far outpace the collective increase in TV spend across the 38 measured brands











'Emerging' DTC Brands*:
TV Spend vs. 'Digital Actions' YOY % Increase
2017 vs. 2018



**Reflects the 38 brands that are measured in iSpot.tv and had TV spending in both 2017 & 2018 for comparison purposes.*

Sampling of Brands: TV Spend vs. Search Queries

YOY % Increase: 2017 vs. 2018
















<u>Brand</u>	<u>TV Spend</u>	<u>Search Queries</u>
 apartment list	+350%	+585%
 CarGurus	+225%	+480%
 chewy.com	+38%	+99%
 HOME CHEF	+149%	+119%
LE TOTE	+64%	+136%
MVM™	+682%	+1,125%
 nerdwallet	+173%	+119%
 PillPack	+1,637%	+1,456%
 POSHMARK	+8,426%	+6,929%
saatva	+184%	+163%
 smile	+105%	+197%
 THIRDLOVE	+337%	+160%
TOUCH OF MODERN	+3,874%	+3,398%
TUFT&NEEDLE	+38%	+66%
 ZOLA	+783%	+762%

Increased TV spend prompts a greater number of potential customers to seek out more information about a brand online...

In fact, most ‘Emerging’ brands saw *Double-* or *Triple-Digit Lifts* in search queries related to their ads as they increased their TV investment

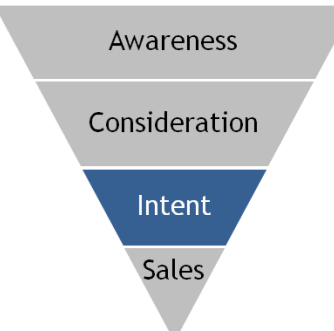
Sampling of Brands: TV Spend vs. Online Video Views

YOY % Increase: 2017 vs. 2018

<u>Brand</u>	<u>TV Spend</u>	<u>Online Video Views</u>
 CuriosityStream	+527%	+285%
 GlassesUSA.com	+25%	+321%
 HOME CHEF	+149%	+4,478%
 hometogo	+27%	+445%
 HUNT & KILLER	+706%	+2,663%
 leesa <small>a mattress redesigned</small>	+28%	+36%
 MVMTR	+682%	+387%
 PillPack	+1,637%	+2,075%
 POSHMARK	+8,426%	+1,102%
 PURPLE BRICKS	+361%	+283%
 smile	+105%	+122%
 TAKL	+74%	+431%
 TheRealReal	+90%	+264%
 TOUCH OF MODERN	+3,874%	+3,172%
 TURO	+8,635%	+5,096%

Unlike most advertising, the storytelling nature and visceral connection of TV advertising compels people to go online to re-watch ads again...

In fact, most ‘Emerging’ brands saw *Double-* or *Triple-Digit Lifts* in non-paid online video views of their TV ads as they increased their TV investment



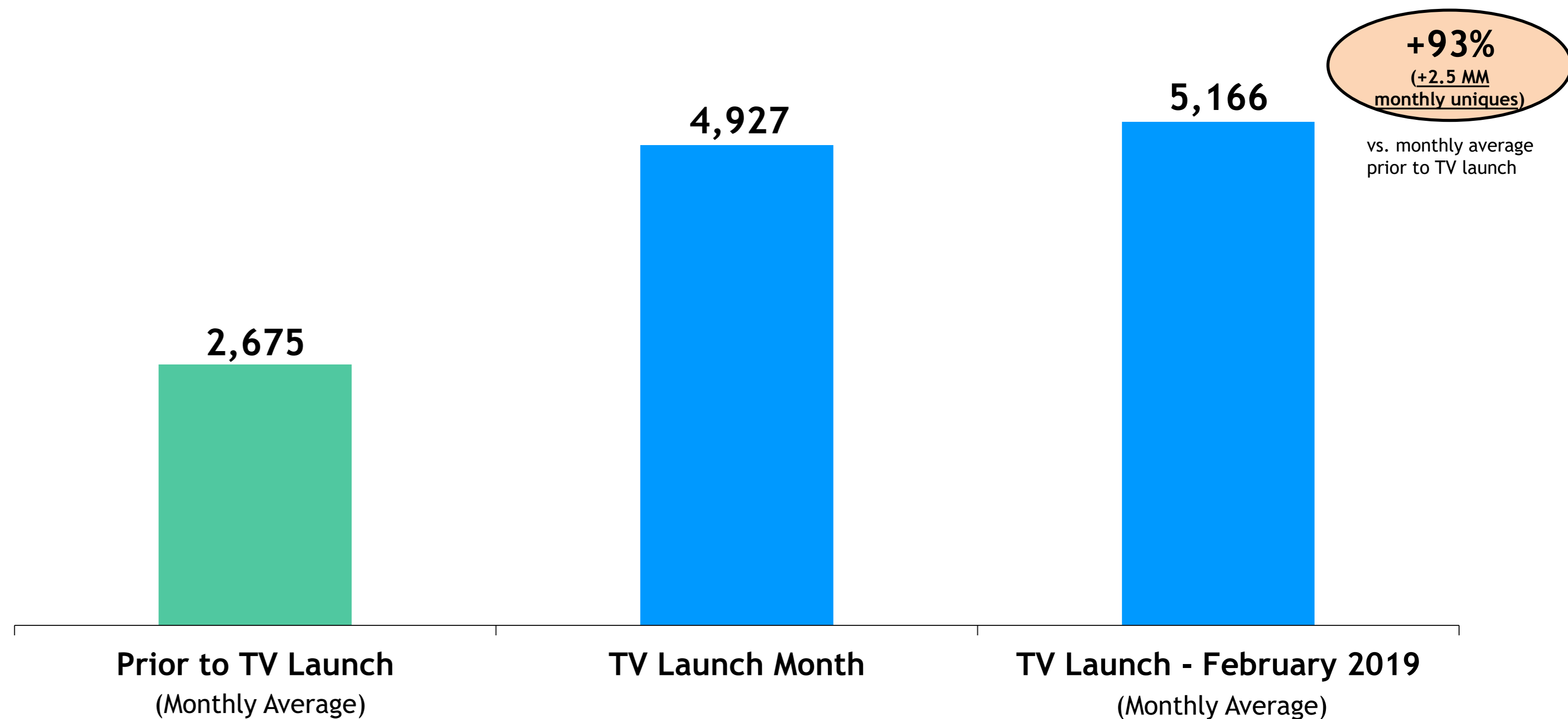
On average, monthly unique visitors see an *immediate surge* upon the launch of a TV campaign and this audience only *continues to grow* through the duration of a brand's TV flight:

The average 'Emerging' brand saw an *84% increase* in their unique website traffic during their TV launch month and a *93% average monthly increase* from launch month to present day

'Emerging' DTC Brands*:

Average Monthly Website Unique Visitors (000)

Based Over A Four-Year Time Period: Mar '15 - Feb '19



*Reflects the 39 brands that are measured in Comscore and had reported monthly unique visitors in at least one month prior to their TV campaign launch

Source: VAB analysis of Nielsen Ad Intel data, TV spend (national cable TV, national broadcast TV, Spanish language broadcast TV, Spanish language cable TV, spot TV, syndication TV), March '15 - February '19 (calendar months). VAB analysis of Comscore mediametrix multiplatform media trend data, total audience (Desktop P2+, Mobile 18+), March '15 - February '19 (calendar months). 'Prior to TV Launch' reflects the average monthly unique visitors based on when each brand's website began being measured by Comscore, or starting from March 2015 if measurement began before that month. Three brands within the 63 'emerging' brand groupings were not measured as of February 2019: Brooklinen, Hunt-A-Killer, Keeps.

Sampling of Brands: Monthly Website Unique Visitors (000) Comparison

Based Over A Four-Year Time Period (Mar '15 - Feb '19)

While most DTC brands start with a social media-dominant strategy (Facebook, Instagram, etc), website traffic *skyrocketed* for many 'Emerging' brands once they launched a TV campaign

Brand	Monthly Average: Prior To TV Launch	Monthly Average: TV Launch - Feb '19	# Diff	% Diff
apartment list	1,190	2,000	+810	+68%
betabrand	188	377	+189	+101%
BONOBOS	33	88	+55	+165%
CarGurus	12,142	20,862	+8,720	+72%
chewy.com	1,791	8,338	+6,547	+366%
Etsy	35,314	48,192	+12,878	+36%
FILTERSFAST.COM	149	247	+98	+66%
grammarly	1,835	5,199	+3,365	+183%
LUXURYRETREATS	98	205	+107	+109%
lyft	2,471	10,549	+8,078	+327%
nerdwallet	4,430	10,363	+5,932	+134%
noom	1,245	3,006	+1,761	+141%
POSHMARK	5,978	13,812	+7,833	+131%
purple	1,309	1,630	+321	+25%
SoFi	260	606	+346	+133%
stockX	1,113	2,254	+1,141	+102%
TECOVAS	549	1,013	+464	+85%
wish	18,307	40,463	+22,156	+121%
zelle	1,584	3,008	+1,424	+90%
ZOLA	254	1,324	+1,070	+422%











Source: VAB analysis of Nielsen Ad Intel data, TV spend (national cable TV, national broadcast TV, Spanish language broadcast TV, Spanish language cable TV, spot TV, syndication TV), March '15 - February '19 (calendar months). VAB analysis of Comscore mediametrix multiplatform media trend data, total audience (Desktop P2+, Mobile 18+), March '15 - February '19 (calendar months). 'Prior to TV Launch' reflects the average monthly unique visitors based on when each brand's website began being measured by Comscore, or starting from March 2015 if measurement began before that month.

TV also helps build brand recognition while driving new consumers to brand websites...

In fact, there were 21 'Emerging' DTC brands whose website traffic was not measured until they began airing a TV campaign





Sampling of Brands: Monthly Website Unique Visitors (000) Comparison

Based Over A Four-Year Time Period (Mar '15 - Feb '19)






Brand	Monthly Average: Prior To TV Launch	Monthly Average: TV Launch - Feb '19
AWAY	N/A	283
 BOMBAS	N/A	176
 Calm	N/A	465
 FilterEasy	N/A	136
hims	N/A	835
 hometogo	N/A	783
HUBBLE	N/A	600
LE TOTE	N/A	102
 nectar	N/A	317
 ro	N/A	396
 SCOTTteVEST	N/A	28
 smile	N/A	438
 TAKL	N/A	35
 THIRDLOVE	N/A	1,306
TUFT&NEEDLE	N/A	150

Source: VAB analysis of Nielsen Ad Intel data, TV spend (national cable TV, national broadcast TV, Spanish language broadcast TV, Spanish language cable TV, spot TV, syndication TV); March '15 - February '19 (calendar months). VAB analysis of Comscore mediametrix multiplatform media trend data, total audience (Desktop P2+, Mobile 18+), March '15 - February '19 (calendar months). 'Prior to TV Launch' reflects the average monthly unique visitors based on when each brand's website began being measured by Comscore, or starting from March 2015 if measurement began before that month. N/A = not enough traffic for Comscore to measure.











In Regards To Sales, 'Emerging' DTC Brands Often See Their Revenues Take Off When They Launch Their First TV Campaign

<u>Brand</u>	<u>Year Founded</u>	<u>TV Launch</u>		<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>'17 vs. '18 YoY Diff</u>	
TOUCH OF MODERN	2009	2017	TV Spend (000):	---	\$852	\$33,871	+\$33,019	
			Revenue (000):	\$118,000	\$150,000	\$200,000	+\$50,000	+33%
	2006	2017	TV Spend (000):	---	\$15,538	\$50,560	+\$35,022	
			Revenue (000):	\$171,302	\$282,664	\$405,780	+\$123,116	+44%
	2011	2016	TV Spend (000):	\$85,433	\$99,405	\$137,282	+\$37,877	
			Revenue (000):	\$880,000	\$1,500,000	\$2,600,000	+\$1,100,000	+73%
	2013	2017	TV Spend (000):	---	\$3,023	\$13,195	+\$10,172	
			Revenue (000):	\$20,000	\$80,000	\$160,000	+\$80,000	+100%
	2005	2018	TV Spend (000):	---	---	\$7,662	+\$7,662	
			Revenue (000):	\$276,537	\$317,755	\$425,841	+\$108,086	+34%

More Specifically, Several New TV Advertisers In 2018 Saw A Near Immediate & Significant Sales Lift After Their TV Launch

<u>Brand</u>	<u>Year Founded</u>	<u>TV Launch</u>		<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>'17 vs. '18 YoY Diff</u>	
	2015	2018	TV Spend (000):	---	---	\$10,548	+\$10,548	
			Revenue (000):	\$12,000	\$48,000	\$150,000	+\$102,000	+213%
	2016	2018	TV Spend (000):	---	---	\$18,782	+\$18,782	
			Revenue (000):	N/A	\$35,000	\$315,000	+\$280,000	+800%
	2012	2018	TV Spend (000):	---	---	\$9,093	+\$9,093	
			Revenue (000):	\$7,000	\$22,000	\$100,000	+\$78,000	+355%
	2014	2018	TV Spend (000):	---	---	\$1,906	+\$1,906	
			Revenue (000):	\$25,000	\$47,900	\$60,000	+\$12,100	+25%
	2014	2018	TV Spend (000):	---	---	\$3,815	+\$3,815	
			Revenue (000):	\$1,000	\$10,000	\$30,000	+\$20,000	+200%

'Emerging' Brands That Recently Launched TV Campaigns Have Also Become Attractive Acquisition Targets By 'Incumbent' Companies Looking To Own A Disruptor

<u>Acquired Brand</u>	<u>Year Founded</u>	<u>TV Launch</u>	<u>Cume TV Spend*</u>	<u>Buyer</u>	<u>Acquisition Date</u>	<u>\$\$\$</u>
	2011	Jun '16	\$117.5MM		Apr '17	\$3.35B
	2013	Aug '17	\$5.5MM		Jun '18	~\$1.0B
	2013	Sep '16	\$25.0MM		May '18	\$200MM
	2013	Oct '17	\$10.6MM		Aug '18	\$100MM
	2012	Jan '16	\$7.9MM		Aug '18	N/A**



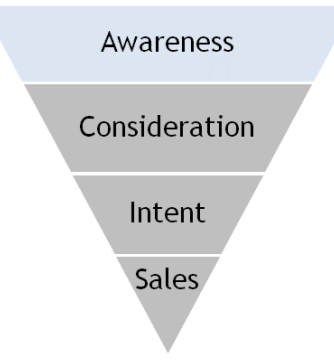
‘Expanding’ DTC Brands

We analyzed the TV spend and individual key metrics (where available) like digital interactions, website traffic and revenues of 62 brands across 31 categories

62 'Expanding' Direct-to-Consumer Brands

These 62 'expanding' DTC brands are an average of 13 years old and have been investing in TV for at least the last four years (eight years on average)

<p><u>Personal Finance</u></p> <p>credit sesame experian. EXTRADE</p>	<p><u>Mattresses</u></p> <p>Casper</p>	<p><u>Marketplace</u></p> <p>THREDUP minted. OfferUp jet <small>buy. sell. simple.</small></p>	<p><u>Transportation</u></p> <p>Uber</p>	<p><u>Home Goods</u></p> <p>wayfair zulily overstock.com</p>	<p><u>Pet Products</u></p> <p>BARK-BOX</p>
<p><u>Real Estate</u></p> <p>HomeLight Zillow REDFIN</p>	<p><u>Automotive</u></p> <p>CARVANA Autotrader</p>	<p><u>Men's Clothing</u></p> <p>UNTUCKit MTAILOR</p>	<p><u>Food Delivery & Meal Kit Subscription</u></p> <p>Plated. graze.com <small>nature delivered</small> Blue Apron Hello FRESH GRUBHUB</p>	<p><u>Eyewear</u></p> <p>WARBY PARKER</p>	<p><u>Therapy</u></p> <p>talkspace</p>
<p><u>Medical Care</u></p> <p>Zocdoc GoodRx</p>	<p><u>Women's Clothing</u></p> <p>FABLETICS</p>	<p><u>Beauty-Related Subscription</u></p> <p>BIRCHBOX♦ ipsy</p>	<p><u>Vacation Rentals</u></p> <p>HomeAway</p>	<p><u>Travel Search Engine</u></p> <p>KAYAK Booking.com tripadvisor Expedia priceline.com</p>	<p><u>Flower Delivery</u></p> <p>ProFlowers THE Bouqs CO.</p>
<p><u>Shaving & Grooming Products</u></p> <p>DOLLAR SHAVE CLUB HARRY'S</p>	<p><u>Language</u></p> <p>+Babbel</p>	<p><u>Exercise Equipment</u></p> <p>PELTON</p>	<p><u>Tax Filing</u></p> <p>TaxAct Professional TaxSlayer</p>	<p><u>Dog Walking</u></p> <p>Rover Wag! <small>A dog's best friend</small></p>	<p><u>Home Security</u></p> <p>SimpliSafe ring</p>
<p><u>Home Improvement</u></p> <p>HomeAdvisor houzz</p>	<p><u>Photography</u></p> <p>FreePrints TOUCH NOTE</p>	<p><u>Job Search</u></p> <p>ZipRecruiter indeed</p>	<p><u>Shopping Rewards</u></p> <p>EBATES</p>	<p><u>Hearing Aids</u></p> <p>EARGO</p>	<p><u>Underwear / Lingerie</u></p> <p>Tommy John ADORE ME</p>
			<p><u>Genealogy</u></p> <p>ancestry 23andMe</p>		

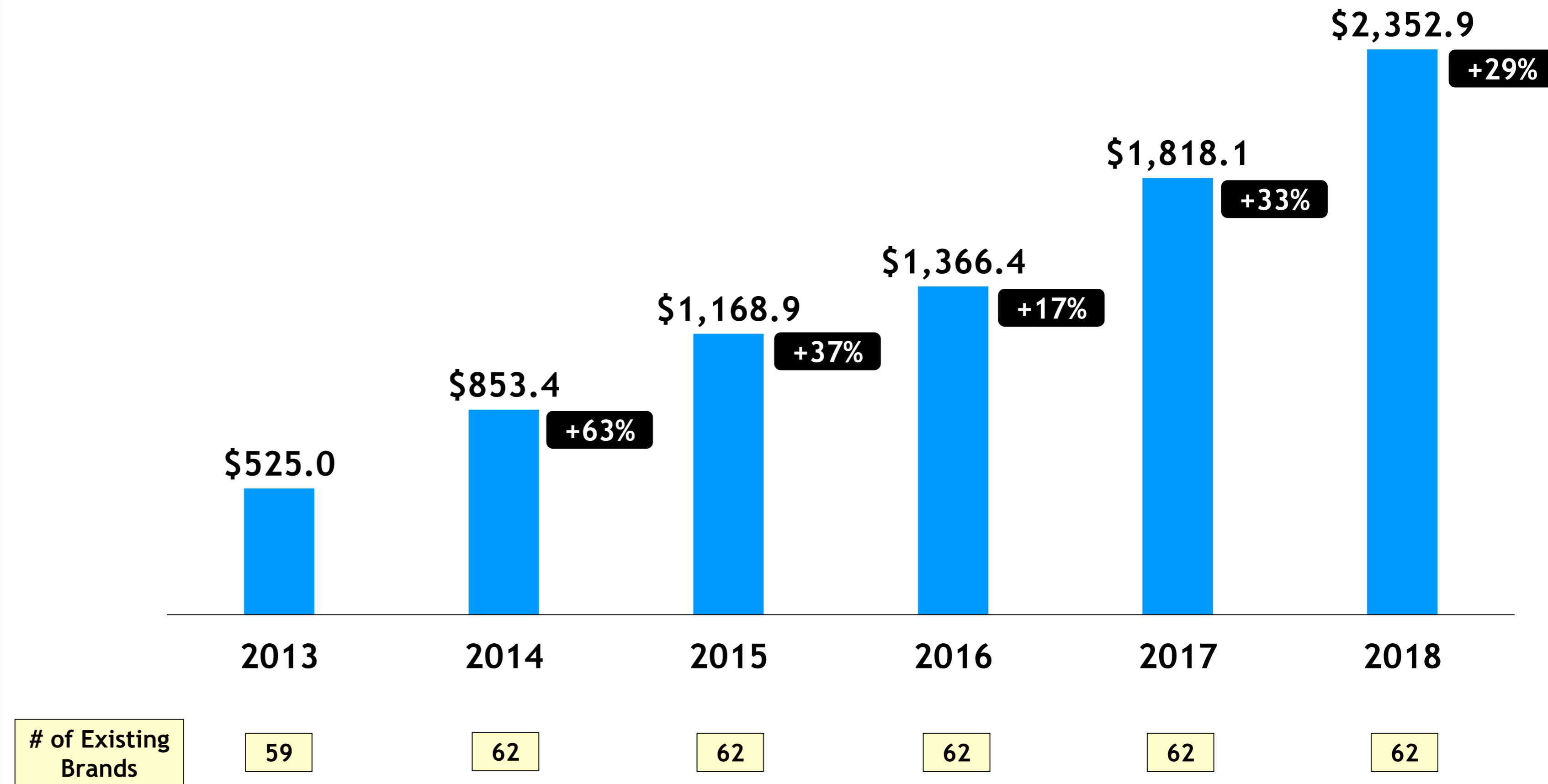


Organic TV advertising growth through existing brands led to an increase spend over **\$500 million** vs. the prior year

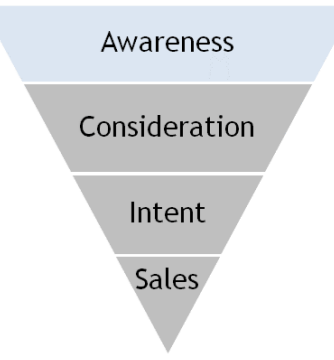
Even though these 62 'Expanding' DTC brands are more established and have higher brand recognition, they continue to steadily grow their TV investments...

These brands collectively spent almost **\$2.4 Billion** on TV in 2018

62 'Expanding' DTC Brands
 TV Spend Historical Trend
(in millions)



Source: VAB analysis of Nielsen Ad Intel data, calendar years 2013-2018. TV spend includes national cable TV, broadcast TV, Spanish language cable TV, Spanish language broadcast TV, spot TV, syndication TV. Reflects the cume TV spend of the 62 'expanding' brands identified in this report. Not all companies existed since 2013 as reflected at the bottom of the chart. Existing brands = the number of brands that had launched publicly by that year out of the 62 brand grouping.



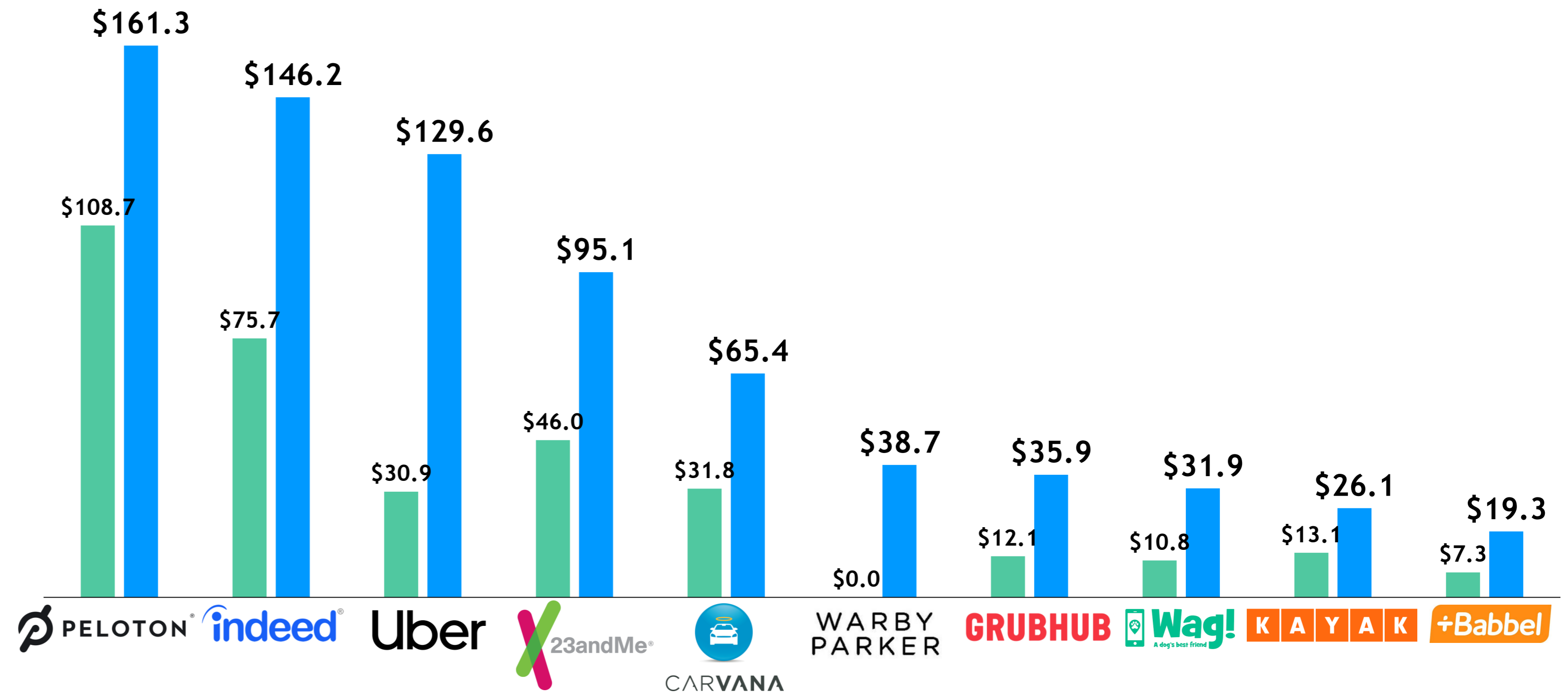
TV has proven to be so effective in expanding their customer bases that many ‘Expanding’ DTC brands have increased their TV investment by *Double- or Triple-Digits* over the last year

Sampling: 10 ‘Expanding’ DTC Brands That Went Big Into TV

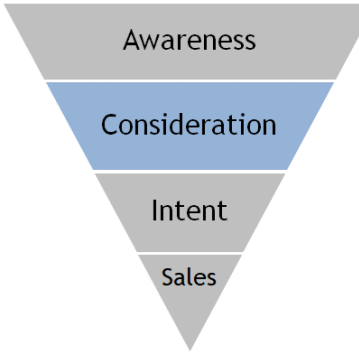
Two-Year TV Spend Comparison

(in millions)

■ 2017 ■ 2018

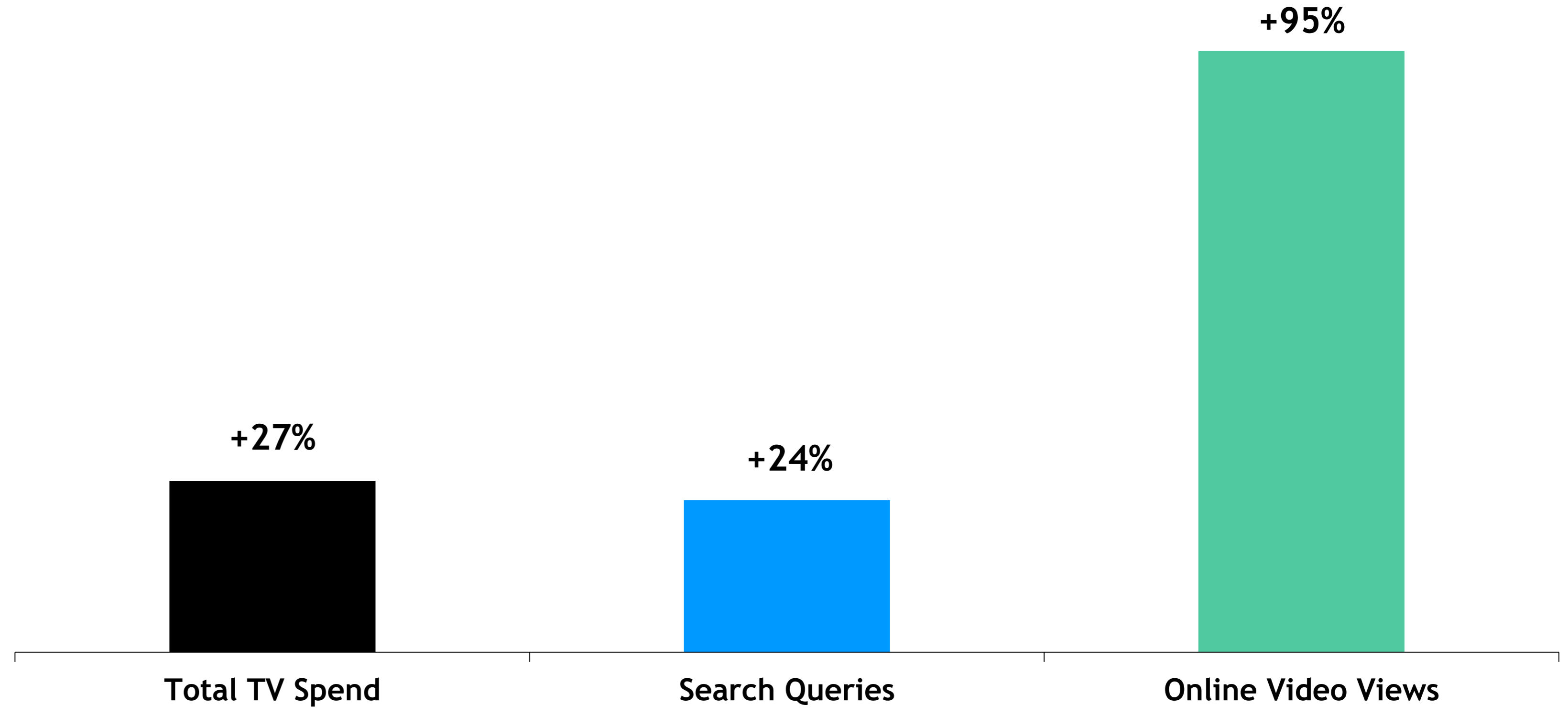


Source: VAB analysis of Nielsen Ad Intel data, calendar years 2013-2018. TV spend includes national cable TV, broadcast TV, Spanish language cable TV, Spanish language broadcast TV, spot TV, syndication TV. Chart reflects a sampling of brands across various categories.



For these more established DTC brands, increased TV activity drives greater consideration around a brand in the form of more searches and additional viewing of the TV ad online

'Expanding' DTC Brands:
TV Spend vs. "Digital Actions" YOY % Increase
2017 vs. 2018

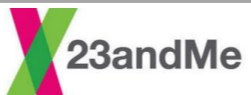





















**Reflects the 58 brands that are measured in iSpot.tv and had TV spending in both 2017 & 2018 for comparison purposes.*

Source: TV spending based on VAB analysis of Nielsen Ad Intel data, TV spend (national cable TV, national broadcast TV, Spanish language broadcast TV, Spanish language cable TV, spot TV, syndication TV), calendar years 2017 & 2018. Digital actions based on VAB analysis of iSpot.tv data and reflects TV commercial-related searches (Google, Bing, Yahoo!) and earned, not promoted, online video views of TV ads (YouTube, iSpot.tv). Digital actions are correlated to TV ad airing data.

Sampling of Brands: TV Spend vs. Search Queries

YOY % Increase: 2017 vs. 2018

<u>Brand</u>	<u>TV Spend</u>	<u>Search Queries</u>
 23andMe	+107%	+85%
 BARK-BOX	+726%	+824%
 CARVANA	+106%	+126%
 credit sesame	+53%	+14%
 EARGO	+345%	+60%
 EXTRADE	+28%	+44%
 FreePrints	+101%	+285%
 GoodRx	+673%	+90%
 GRUBHUB	+198%	+256%
 indeed	+93%	+237%
 MTAILOR	+74%	+103%
 overstock.com	+36%	+157%
 PELOTON	+48%	+167%
 ring	+49%	+51%
 SimpliSafe	+74%	+85%
 TOUCHNOTE	+91%	+108%
 tripadvisor	+58%	+78%
 Wag! <small>A dog's best friend</small>	+196%	+710%
 Zillow	+6%	+23%
 zulily	+68%	+287%

Increased TV spend prompts a greater number of potential customers to seek out more information about a brand online...

In fact, most 'Expanding' brands saw *Double-* or *Triple-Digit Lifts* in search queries related to their ads when they increased their TV investment

Sampling of Brands: TV Spend vs. Online Video Views

YOY % Increase: 2017 vs. 2018

Because DTC TV ads tend to be more unique, creative & engaging, viewers seek them out online to experience them again...

In fact, most ‘Expanding’ brands saw *Double-* and *Triple-Digit Lifts* in non-paid online video views of their TV ads when they increased their TV investment

<u>Brand</u>	<u>TV Spend</u>	<u>Online Video Views</u>
23andMe	+107%	+104%
Autotrader	+46%	+381%
CARVANA	+106%	+280%
credit sesame	+53%	+130%
EARGO	+345%	+257%
experian	+37%	+436%
FreePrints	+101%	+417%
GRUBHUB	+198%	+1,093%
indeed	+93%	+514%
KAYAK	+100%	+91%
MTAILOR	+74%	+604%
ring	+49%	+267%
SimpliSafe	+74%	+186%
TOUCHNOTE	+91%	+914%
Uber	+319%	+423%

Source: TV spending based on VAB analysis of Nielsen Ad Intel data, TV spend (national cable TV, national broadcast TV, Spanish language broadcast TV, Spanish language cable TV, spot TV, syndication TV), calendar years 2017 & 2018. Digital actions based on VAB analysis of iSpot.tv data and reflects earned, not promoted, online video views of TV ads (YouTube, iSpot.tv). Digital actions are correlated to TV ad airing data.

Since 'Expanding' brands are more established, we are able to compile a TV Spend vs. Website Traffic correlation analysis across four years of available data...

Based on this analysis, our findings show a **Definitive Correlation (80%)** between TV spend & website traffic of the 'Expanding' brands

47 of the 59 Measured 'Expanding' DTC Brands (80%)
Analyzed Exhibited a Direct Correlation Between TV Spend & Brand Website Traffic

Brands With A Definitive Correlation between TV Spend & Monthly Unique Visitors



*analysis excludes TouchNote, FreePrints and Tommy John which weren't measured in Comscore during the time period

TV Drives Website Traffic For ‘Expanding’ DTC Brands That Have A Continual Advertising Presence

TV Spend Up, Website Traffic Up (24-Month Vs. 24-Month Comparison: Mar '15 - Feb '17 vs. Mar '17 - Feb '19)

<u>Avg Monthly TV Spend (000):</u>	PELOTON®	Rover	Casper	Uber	HomeAdvisor	23andMe®
Mar '15 - Feb '17:	\$2,495	\$567	\$915	\$2,957	\$5,499	\$3,755
Mar '17 - Feb '19:	\$12,094	\$1,575	\$1,493	\$6,474	\$7,835	\$5,847
% Difference:	+385%	+178%	+63%	+119%	+42%	+56%
<u>Avg Monthly Unique Visitors (000):</u>						
Mar '15 - Feb '17:	58	843	397	22,771	4,337	751
Mar '17 - Feb '19:	500	3,606	777	40,662	6,903	2,756
% Difference:	+766%	+328%	+96%	+79%	+59%	+267%
<u>Avg Monthly Unique Visitors Increase (000):</u>	+442	+2,763	+380	+17,891	+2,526	+2,005

Source: VAB analysis of Nielsen Ad Intel data, TV spend (national cable TV, national broadcast TV, Spanish language broadcast TV, Spanish language cable TV, spot TV, syndication TV), March '15 - February '19. VAB analysis of Comscore mediametrix multiplatform media trend data; total audience (Desktop P2+, Mobile 18+), March '15 - February '19 (calendar months).

In Fact, Tight Correlations Exist Between TV Spend And Website Traffic For ‘Expanding’ DTC Brands That Have A Continual Advertising Presence

TV Spend Up, Website Traffic Up
 (24-Month Vs. 24-Month Comparison: Mar '15 - Feb '17 vs. Mar '17 - Feb '19)

<u>Avg Monthly TV Spend (000):</u>						
Mar '15 - Feb '17:	\$337	\$1,138	\$3,202	\$3,036	\$3,185	\$2,995
Mar '17 - Feb '19:	\$1,254	\$1,980	\$5,935	\$4,286	\$3,997	\$3,899
% Difference:	+272%	+74%	+85%	+41%	+25%	+30%

<u>Avg Monthly Unique Visitors (000):</u>						
Mar '15 - Feb '17:	413	10,983	11,572	1,862	1,623	64,325
Mar '17 - Feb '19:	1,454	19,992	20,766	2,599	2,155	83,496
% Difference:	+252%	+82%	+79%	+40%	+33%	+30%

<u>Avg Monthly Unique Visitors Increase (000):</u>	+1,041	+9,009	+9,194	+737	+532	+19,171
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Source: VAB analysis of Nielsen Ad Intel data, TV spend (national cable TV, national broadcast TV, Spanish language broadcast TV, Spanish language cable TV, spot TV, syndication TV), March '15 - February '19. VAB analysis of Comscore mediametrix multiplatform media trend data; total audience (Desktop P2+, Mobile 18+), March '15 - February '19 (calendar months).













'Expanding' DTC Brands Often See Their Revenues Spike When They Increase Their TV Investment

<u>Brand</u>	<u>Year Founded</u>	<u>TV Launch</u>		<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>'17 vs. '18 YoY Diff</u>	
PELOTON®	2012	2014	TV Spend (000):	\$34,051	\$108,708	\$161,268	+\$52,560	
			Revenue (000):	\$170,000	\$340,000	\$700,000	+\$360,000	+106%
CARVANA	2013	2013	TV Spend (000):	\$15,833	\$31,791	\$65,442	+\$33,651	
			Revenue (000):	\$365,148	\$858,870	\$1,955,467	+\$1,096,597	+128%
indeed®	2004	2014	TV Spend (000):	\$20,812	\$75,693	\$146,166	+\$70,473	
			Revenue (000):	\$1,075,000	\$1,186,000	\$1,954,000	+\$768,000	+65%
HomeAway®	2004	2015	TV Spend (000):	\$12,244	\$16,238	\$27,338	+\$11,100	
			Revenue (000):	\$689,000	\$906,000	\$1,171,000	+\$265,000	+29%
GRUBHUB	2004	2008	TV Spend (000):	\$1,953	\$12,054	\$35,868	+\$23,814	
			Revenue (000):	\$493,331	\$683,067	\$1,007,257	+\$324,190	+47%

'Expanding' DTC Brands Often See Their Revenues Spike When They Increase Their TV Investment

<u>Brand</u>	<u>Year Founded</u>	<u>TV Launch</u>		<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>'17 vs. '18 YoY Diff</u>	
Zillow®	2004	2012	TV Spend (000):	\$37,749	\$44,180	\$46,938	+\$2,758	
			Revenue (000):	\$846,589	\$1,076,794	\$1,333,554	+\$256,760	+24%
EXTRADE®	1982	1993	TV Spend (000):	\$34,339	\$44,522	\$57,203	+\$12,861	
			Revenue (000):	\$1,941,000	\$2,366,000	\$2,873,000	+\$507,000	+21%
Casper	2014	2015	TV Spend (000):	\$10,555	\$18,777	\$19,073	+\$296	
			Revenue (000):	\$200,000	\$300,000	\$400,000	+\$100,000	+33%
BARK-BOX	2011	2014	TV Spend (000):	---	\$630	\$5,205	+\$4,575	
			Revenue (000):	\$100,000	\$150,000	\$250,000	+\$100,000	+67%
experian™	1996	2013	TV Spend (000):	\$56,268	\$67,267	\$91,971	+\$24,704	
			Revenue (000):	\$2,294,000	\$2,452,000	\$2,646,000	+\$194,000	+8%

'Expanding' DTC Brands Who Launched TV Campaigns Have Also Become Attractive Acquisition Targets By 'Incumbent' Companies Looking To Own A Disruptor

<u>Acquired Brand</u>	<u>Year Founded</u>	<u>TV Launch</u>	<u>Cume TV Spend*</u>	<u>Buyer</u>	<u>Acquisition Date</u>	<u>\$\$\$</u>
 HomeAway®	2004	Mar '15	\$7.7MM	 Expedia®	Dec '15	\$3.9B
 jet	2014	Sep '15	\$58.8MM	 Walmart	Aug '16	\$3.3B
 ring	2012	Feb '15	\$96.7MM	 amazon	Feb '18	~\$1.0B
 DOLLAR SHAVE CLUB	2011	Jan '13	\$142.3MM	 Unilever	Jul '16	\$1.0B
 Plated.	2012	Dec '14	\$57.8MM	 Albertsons®	Sep '17	\$300MM
 graze	2007	Nov '13	\$78.9MM	 Unilever	Feb '19	N/A***

A person is shown from a high-angle, over-the-shoulder perspective, sitting on a patterned rug and unboxing a cardboard box. They are wearing a blue denim shirt and white sneakers. Their hands are reaching into the box, which is filled with clear packing peanuts and a red, textured knit sweater. The sweater is being held up by one hand, while the other hand is near the bottom of the box. The background shows a wooden floor and a blue and white geometric patterned rug.

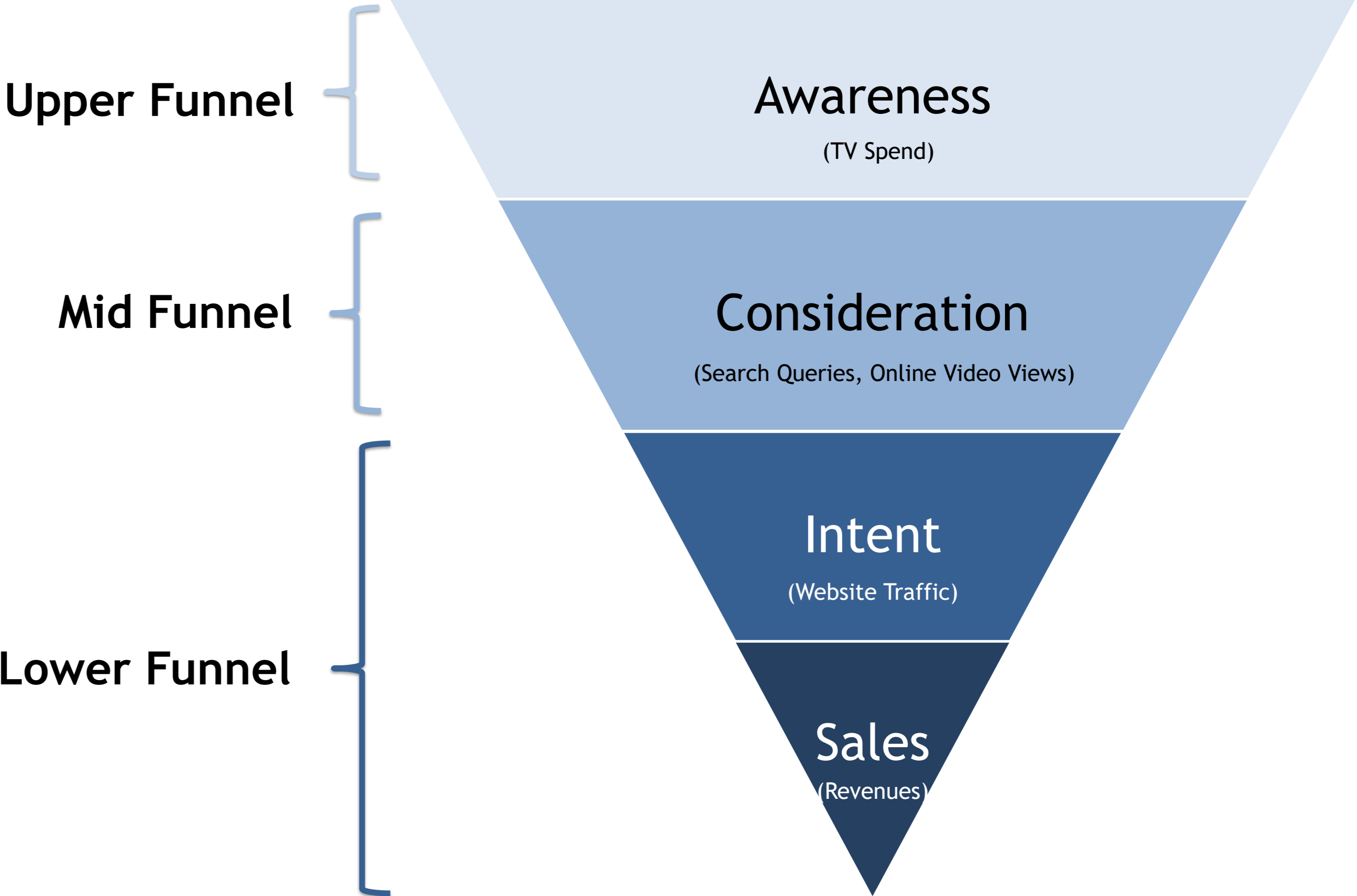
Unboxing The Outcomes

Delivering Direct Outcomes...

As we've highlighted, the investment of billions of dollars in TV builds awareness across brands and stokes consumer action throughout the purchase funnel - from *Search, Message Engagement* and *Website Visitations* to, ultimately, *Sales*...

Remember, these *data-focused, performance-driven, digital-native, DTC brands* know exactly what media works for driving their business outcomes

Over the last two years, the 125 DTC brands analyzed spent over **\$6 Billion on TV advertising**



Source: VAB analysis of Nielsen Ad Intel data, calendar years 2017-2018. Nat'l TV = broadcast TV & cable TV. Data reflects the cume TV spend of the 125 brands identified in this report.

3 Key Takeaways

1

DTC brands know exactly what media works for driving their business which is why they have collectively increased their TV spend **+60% YoY to \$3.8B**

2

A brand's website traffic continues to grow during their TV flight after seeing an immediate surge **(+84% UVs)** during the TV campaign launch month

3

Brands often see their annual revenues increase **double- or triple-digits** when they make a 'Big Bet' on TV (new campaign launch or heavy-up investment)

By the way, there is another set of digital-native, data-focused, outcomes-obsessed brands pouring money into TV





FAANG (Facebook, Amazon, Apple, Netflix & Google) collectively spent over \$2 Billion On TV in 2018, more than double their annual investment vs. only three years ago



FAANG's TV Spend Has Increased Rapidly As They Roll Out New, Mass Market Products & Services

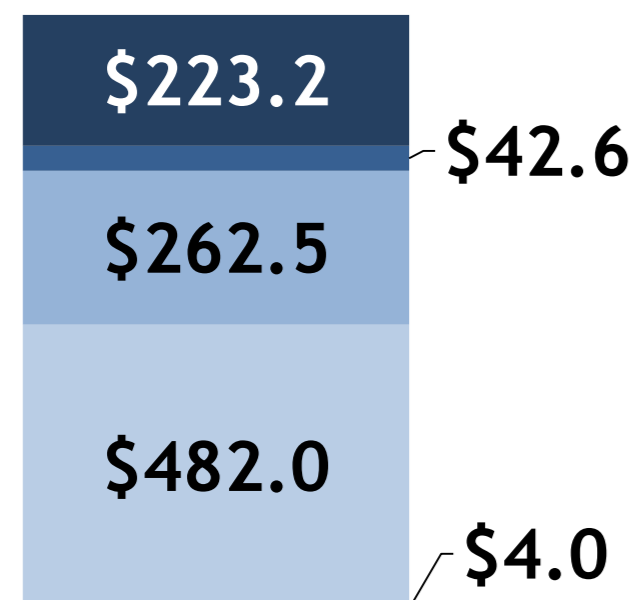
FAANG U.S. TV Spend
(\$\$\$ in Millions)

Facebook Apple Amazon Netflix Google



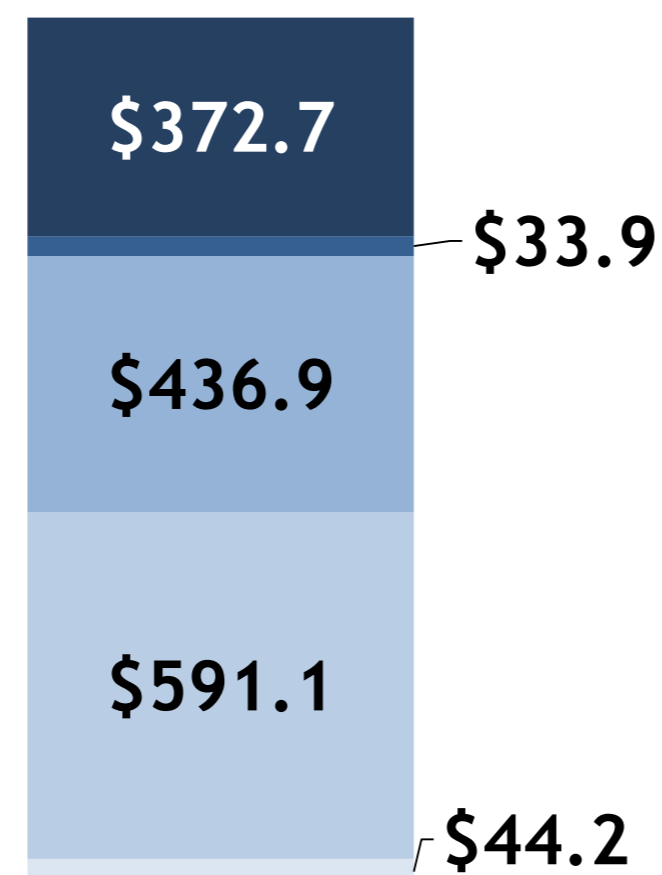
+38%

\$1,014.1



2015

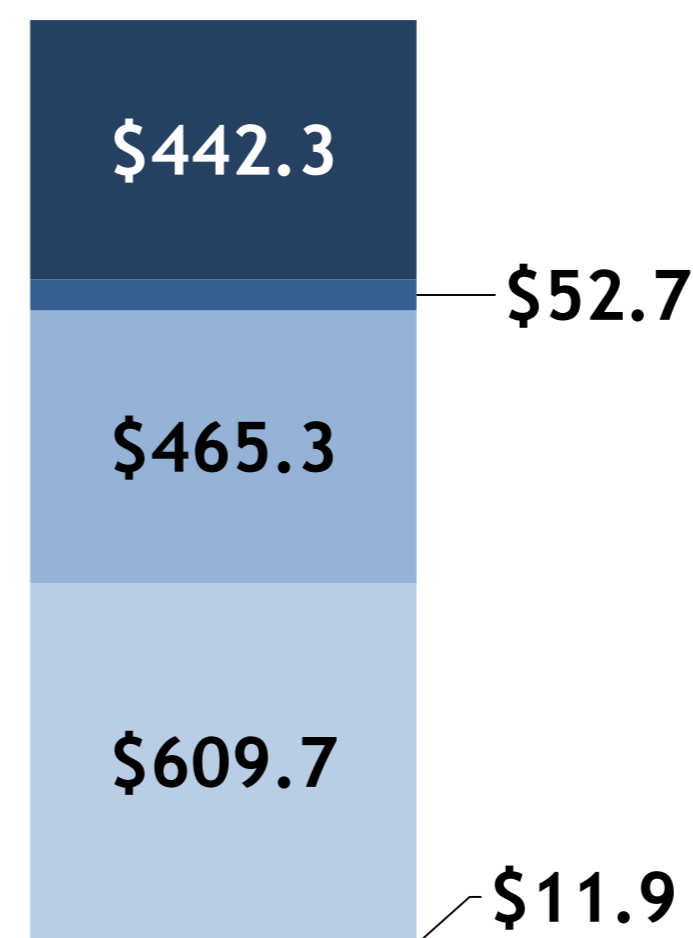
\$1,478.8



+46%

2016

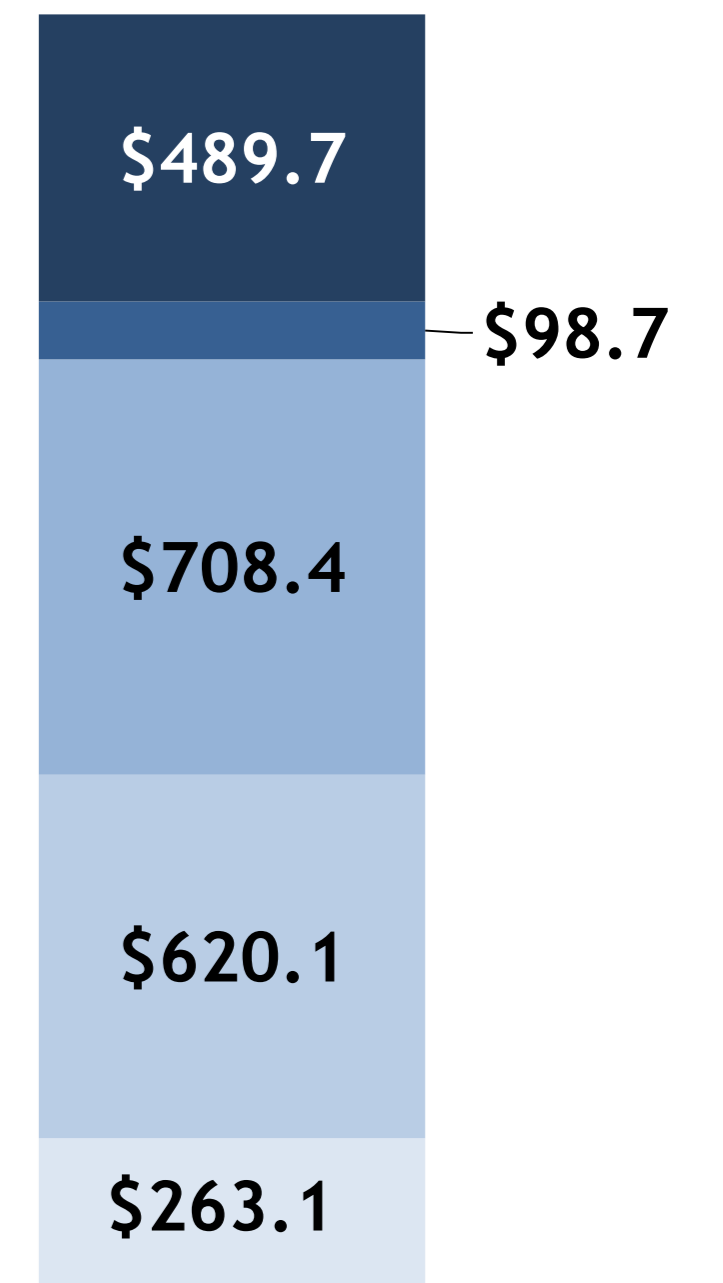
\$1,581.8



+7%

2017

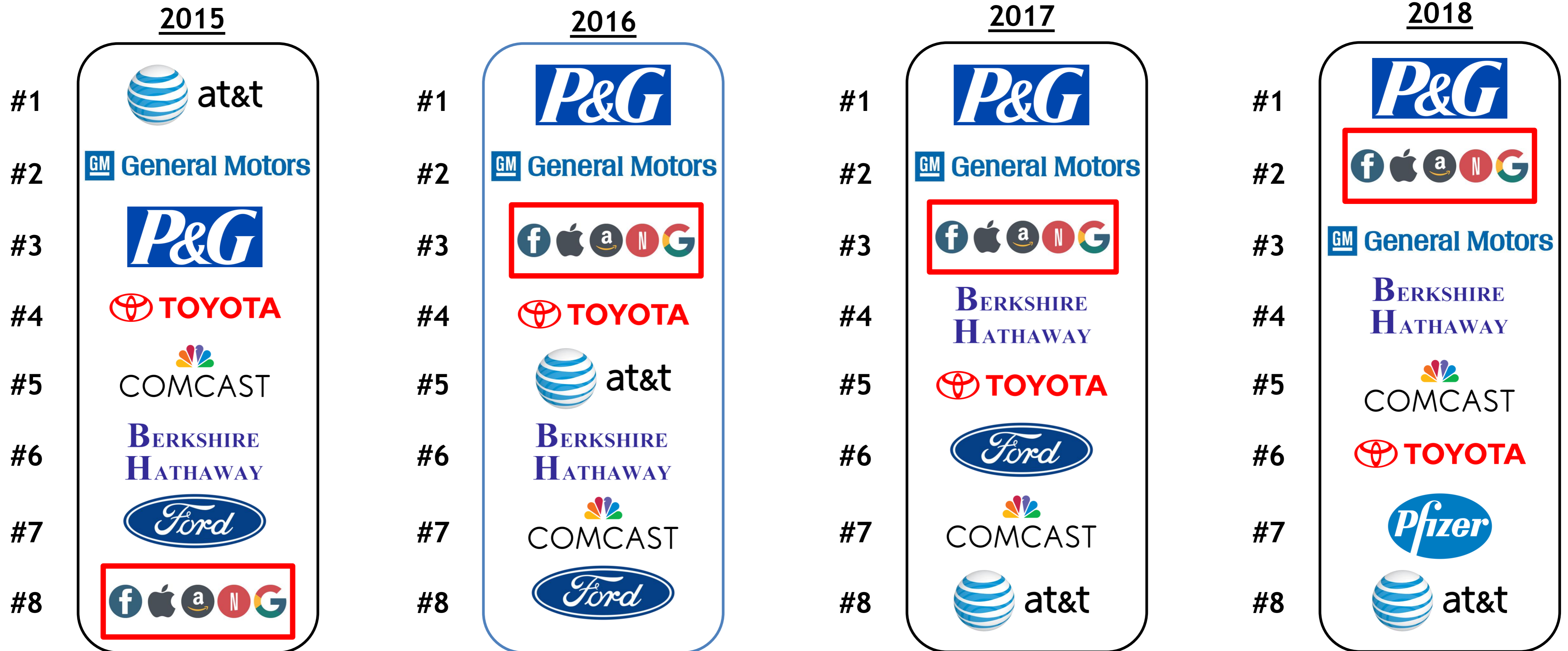
\$2,180.1



2018

FAANG Collectively Now Ranks As The #2 TV Spender In The U.S., Surpassing Top Auto Markers And Just Behind P&G

TV Spenders Ranked By Parent Companies



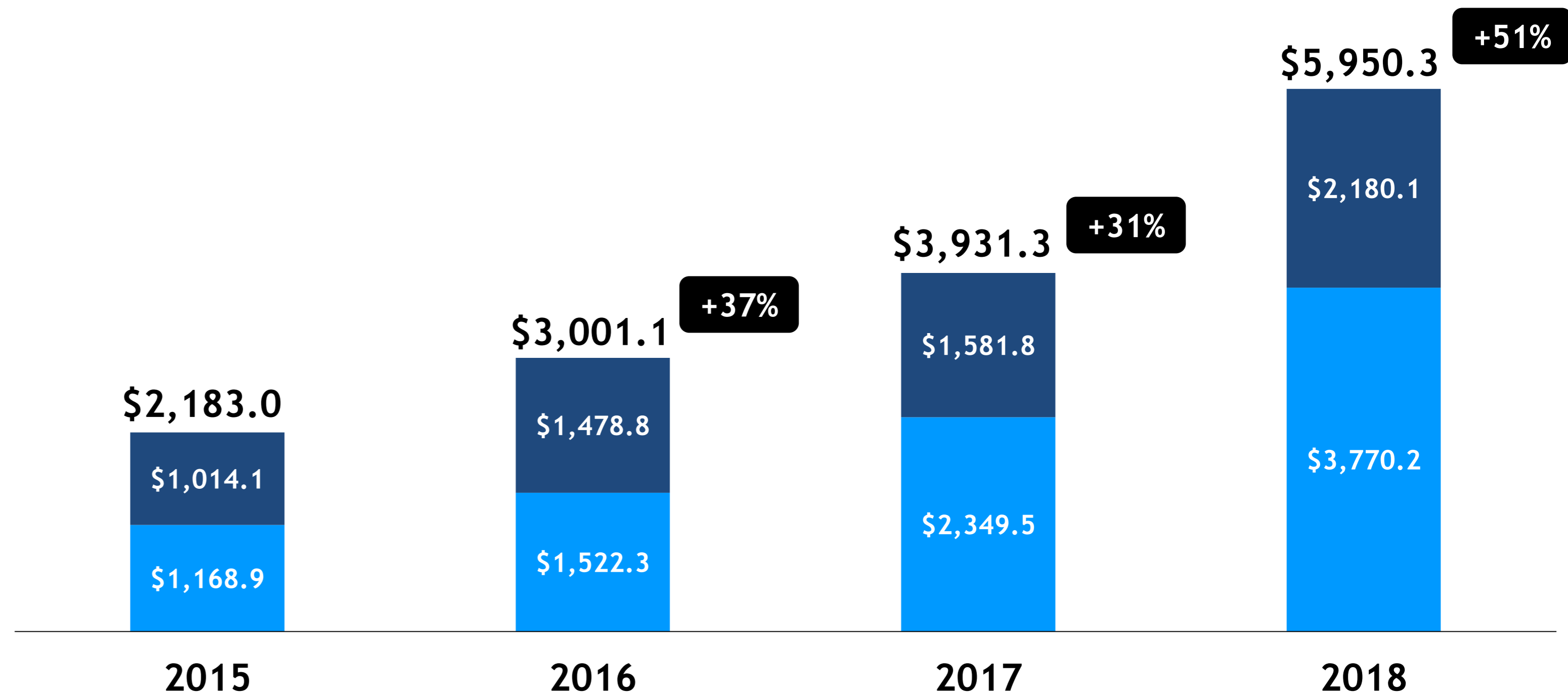
In 2018, FAANG combined with the 125 DTC brands analyzed to spend nearly **\$6 Billion** in TV advertising, almost **Double** (+\$3 Billion) what was spent in 2016

125 DTC Brands & FAANG have both recently accelerated spending by adding over **\$2 Billion** to the TV advertising marketplace in the last year alone

125 'Direct-to-Consumer' Brands + FAANG

TV Spend Historical Trend
(in millions)

■ 125 DTC Brands ■ FAANG



Source: VAB analysis of Nielsen Ad Intel data, calendar years 2013-2018. TV spend includes national cable TV, broadcast TV, Spanish language cable TV, Spanish language broadcast TV, spot TV, syndication TV. Reflects the cume TV spend of the 125 brands identified in this report plus Facebook, Amazon, Apple, Netflix and Google (includes YouTube).



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