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...

<table>
<thead>
<tr>
<th>Myth #1</th>
<th>Myth #2</th>
<th>Myth #3</th>
</tr>
</thead>
<tbody>
<tr>
<td>DTC brands have mostly millennial customers</td>
<td>DTC brands only focus on sales</td>
<td>DTC brands only advertise on digital &amp; social platforms</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fact</th>
<th>Fact</th>
<th>Fact</th>
</tr>
</thead>
<tbody>
<tr>
<td>51% of their consumers are over 38 years old</td>
<td>For Brand Objectives, <strong>Customer Satisfaction</strong> (40%) beats <strong>Acquisition</strong> (29%), <strong>Leads</strong> (31%), and <strong>Loyalty</strong> (30%)</td>
<td><strong>42% of Brands advertised primarily on TV</strong> in Q1’20, spending <strong>$2.0B</strong>, up <strong>+16%</strong> vs. Q1’19</td>
</tr>
</tbody>
</table>

Source: IAB Direct Brands Media & Customer Acquisition, 2019-2020
Online survey executed by Ipsos among 330 direct-to-consumer brand media professionals; To the best of your ability, what share of your customers can be attributed to the following generations? Media Radar
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

**Shopping goes beyond utilitarian purposes. It is tied to meeting needs and connecting with values.**

- Casper
- Everlane
- Slice
- Lemonade
- Venmo
- Robinhood
- Acorns
- Warby Parker
- Smile Direct Club
- Glossier
- Bonobos
- The Hummers
- Soylent
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.

DTC BRANDS

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

2. More targeted methods are then used to drive consideration and purchase decision.

ESTABLISHED BRANDS

Awareness

Consideration

Purchase Decision

PELOTON  WAYFAIR  CASPER

NBCUniversal
The Shift to TV Begins when the Brands Start to Mature…

Phase I: Emerging

Phase II: Maturing

Typically Begin TV investment here

Phase III: Scale

Transformational Growth Mode

Transactional 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
NBCU Brings the Knowledge of a Diversified Portfolio of DTC Brand Partnerships

spindrift  ro  talkspace  chewy.com

Calm  Rothy's  MeUndies  acorns

TheRealReal  WarbyParker  DOLLAR SHAVE CLUB  Daily Harvest

quip  Casper  ThirdLove  billie  wayfair

ZOLA  ZipRecruiter  Hippo  Stitch Fix

chime  THE FARMER'S DOG  GRUBHUB  ELYSIUM  minted

Squarespace  fabfitfun  headspace  Square
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
   - Business Objective
   - KPIs
   - Target Audience

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

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

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

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

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

**Brand Lift**
+170%

**Site Visitation Lift**
+21%

**App Usage Lift**
+30%

**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

<table>
<thead>
<tr>
<th>Brand Impact</th>
<th>Auto</th>
<th>CPG</th>
<th>Finance</th>
<th>Insurance</th>
<th>Healthcare &amp; Pharma</th>
<th>Movie Studios</th>
<th>QSR &amp; Food Services</th>
<th>Retail</th>
<th>Wireless</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>YouGov</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>dynata</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>KANTAR</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Nielsen</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>PHOENIX</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Site Traffic</th>
<th>Auto</th>
<th>CPG</th>
<th>Finance</th>
<th>Insurance</th>
<th>Healthcare &amp; Pharma</th>
<th>Movie Studios</th>
<th>QSR &amp; Food Services</th>
<th>Retail</th>
<th>Wireless</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>comscore</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>DOM Data Plus Math</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>iSpot.tv</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Foot Traffic</th>
<th>Auto</th>
<th>CPG</th>
<th>Finance</th>
<th>Insurance</th>
<th>Healthcare &amp; Pharma</th>
<th>Movie Studios</th>
<th>QSR &amp; Food Services</th>
<th>Retail</th>
<th>Wireless</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DOM Data Plus Math</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NinthDecimal</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Foursquare</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>PlaceIQ</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sales Impact</th>
<th>Auto</th>
<th>CPG</th>
<th>Finance</th>
<th>Insurance</th>
<th>Healthcare &amp; Pharma</th>
<th>Movie Studios</th>
<th>QSR &amp; Food Services</th>
<th>Retail</th>
<th>Wireless</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IHS Markit</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>IRI</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Numerator Nielsen Buyer Insights</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Crossix</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Fandango</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Numerator Nielsen Buyer Insights</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Epsilon</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>1st Party</th>
<th>Auto</th>
<th>CPG</th>
<th>Finance</th>
<th>Insurance</th>
<th>Healthcare &amp; Pharma</th>
<th>Movie Studios</th>
<th>QSR &amp; Food Services</th>
<th>Retail</th>
<th>Wireless</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1st PARTY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*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