

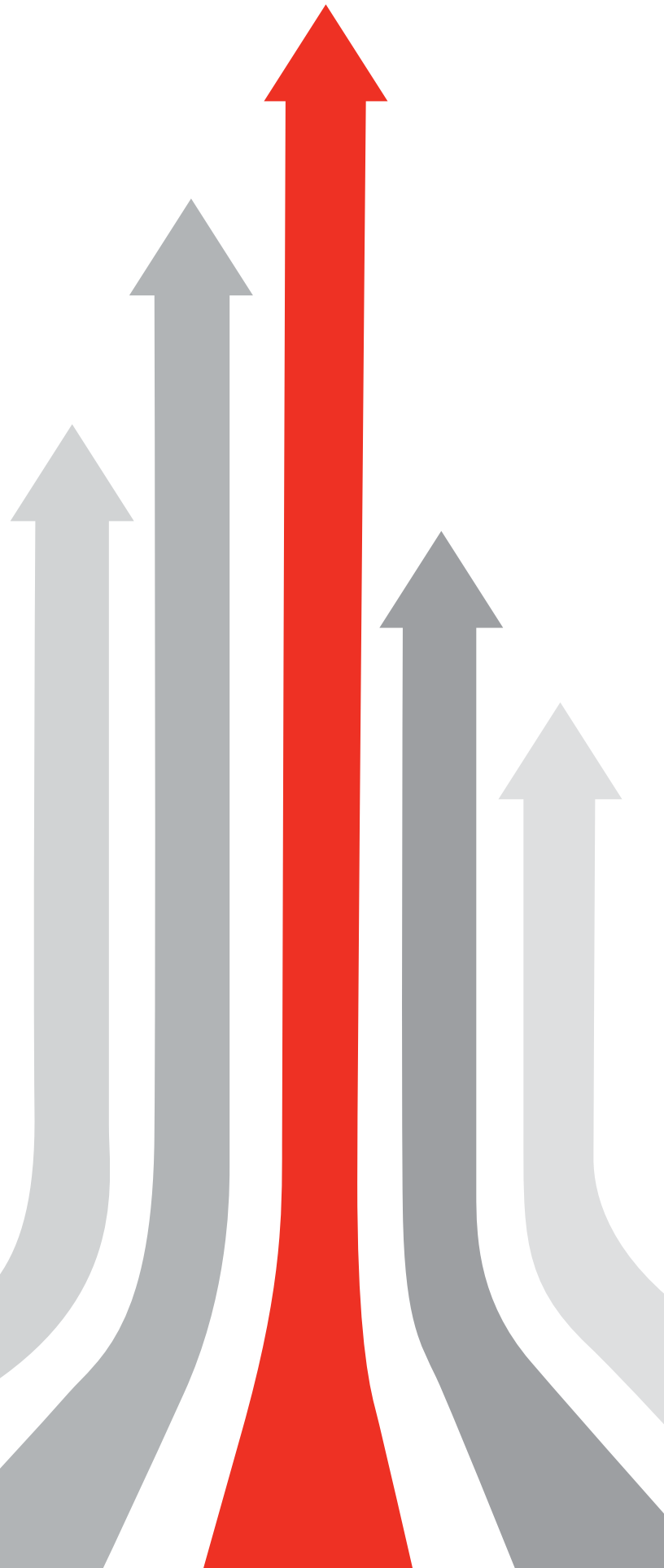


# PIVOTING TO GROWTH:

SELLING ADVERTISING &  
MARKETING IN THE  
DIRECT BRAND ECONOMY

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## Executive Summary:

In early 2018, IAB started an industry-wide conversation about the rise of the [Direct Brand Economy](#), made up of hundreds of companies across multiple verticals that are innovating in the creation and distribution of their products, taking share from incumbent brands while contributing to the evolution of business models and marketing tactics. The challenges and opportunities that these direct to consumer companies have created is an ongoing subject of discussion with our members and the focus of this whitepaper.

Our goal is to examine these trends, challenges, and opportunities, and to highlight initial suggestions for media sellers to better serve these marketers and help grow their business. A few of those key suggestions and takeaways include:

**Know the brand's mission and product story, and how they engage with their target consumer.** Use data, real time reporting, and attribution to help them personalize, respond to, and understand their customers more holistically.

**Enable speed to market via self-serve offerings.** Provide low-friction media buying, data targeting, and do-it-yourself (DIY) creative tools for direct brands that are used to being "hands on."

**Be their omni-channel guru.** Provide insights on performance economics. Offer a consultative approach to branded content, shopper marketing solutions and storytelling. Use A-B testing, dynamic creative, and addressable audience segments that can be tracked for performance.

**Create unique (portable) offerings with your data.** Package opportunities for direct brands to engage in uniquely targeted ways with your audience and align your data capabilities with others in the ecosystem to enable scale and attribution.

**View the shift to DTC as an opportunity to find and service [new prospects](#).** While direct brands start with smaller budgets, they are often growing faster than their incumbent brethren.

Given how quickly this space is evolving, our hope is that this paper provides a useful snapshot of the direct brand landscape today. In the coming months we can expect the rise of more "challenger brands" as digitally native consumers use their buying power to drive their proliferation and growth. Understanding where we are in this moment, and how to make the most of it is a key for media sellers to pivot and grow in the future.



## Marketing Evolved in the Direct Brand Economy

Over the past few years, we have witnessed a record rise of direct brands—companies that create value through low-barrier, capital-flexible, leased or rented supply chains, with value creation accomplished primarily through the direct relationships between the company and its end consumers. There are hundreds of these innovative companies emerging, taking share from incumbent brands, while contributing to the evolution of business models and marketing tactics.

Direct brand startups have innovated not only in the way they create and distribute their products, but also in their performance-oriented approach to marketing, tailored to individuals, based on first-party data and optimized for lifetime value, all of which illustrate the reshaping of a market, and a hyper-focused, direct-to-consumer approach.

These new approaches are applicable not only for direct brands. Larger, more traditional brands are also experimenting with innovative, direct brand inspired tactics based on these new models, pivoting for instance from “mass reach” to “precision reach” techniques, and in some cases acquiring direct brand startups to inject new thinking and capabilities into the organization.

## Selling advertising in the direct brand economy

Marketing organizations as a whole are also following the trends seen in the direct brand space. Brands large and small are increasingly in-housing portions of the media buying process, and developing more sophisticated CRM and audience data practices. In addition, they have greater expectations for measuring the effectiveness of their media spend and gaining a more holistic view of the consumer journey.

However, while marketing organizations and the types of companies that are buying advertising are changing, the models for selling advertising have remained largely the same. Over the past few years, sales organizations have modified their approach to break down online / offline silos and introduced more automated and scalable programmatic capabilities, but these solutions have—up until now—been built to serve large, indirect brands and the intermediaries that buy their media.

Throughout this whitepaper, we will explore the most pertinent direct brand marketing trends for media sales organizations to be aware of as well as how they can adjust and cater to these trends to better serve a wide spectrum of clients and ultimately, grow their business.

## What Makes Direct Brands Different?

First, the marketplace needs to understand what makes direct brands different. At a high level, these “digitally native” companies sell products directly to consumers (as opposed to leveraging the services of supply chain intermediaries and retailers to put products in the hands of consumers). Digging in further though, a few key points of differentiation emerge compared to traditional marketers:

- With nearly 2/3 of digital revenue coming from mobile, digitally native means adopting a mobile first strategy.
- These brands are data-driven to their core and hyper-focused on customer experiences designed to maintain an ongoing conversation with users.
- The “keys to the castle”, their first-party data, isn’t something direct brands see as a sellable asset but rather, something to be used to grow audience and propel better products and services.
- Operating with much smaller budgets than their incumbent brethren, direct brands typically don’t send out RFPs and they don’t plan their media spend a year in advance.
- Because they own their relationship with their consumers, they expect total control over the path and performance of every ad dollar spent.

DIRECT BRAND MARKETING TRENDS	
 <p><b>CUSTOMER KNOWLEDGE</b></p>	<p><b>Deep understanding of the customer</b>, their needs, and how to personalize and optimize their journey.</p>
 <p><b>CUSTOMER EXPERIENCE</b></p>	<p><b>Every touch point matters</b> to build ongoing customer relationships that extend beyond each transaction. Requires end to end, mobile-centric customer experiences that reduce buyer friction and become the total product</p>
 <p><b>BRAND COMMUNICATION</b></p>	<p><b>Content marketing and storytelling enables direct brands to differentiate and avoid commoditization.</b> Consumers are co-creators and communicators of direct brand trust and authenticity.</p>
 <p><b>BRAND AND PRODUCT CREATION</b></p>	<p><b>Rapid Brand and Product Creation:</b> Smaller brands can develop and launch products at a rapid pace. These brands are growing quickly and diversifying their media spend.</p>

Over the past year, companies including Hulu, NBC, Simulmedia, and Viacom have recognized these important points of differentiation and have organized new efforts to sell to direct brands. As marketing, consumer engagement, and overall business approaches evolve quickly in the direct brand era, what should all media sales organizations be doing to keep pace?



“ The old model of selling is not in sync with the new model of marketing. That is, more than anything, the driving force behind the innovation we’re seeing in the publishing world. ”

–Bryson Gordon, Viacom

## A Survival Guide for Selling Advertising in the Direct Brand Economy

IAB spoke to members and leaders in the market—publishers, tech enablers, brands, and agencies—to understand how companies are pivoting to growth and creating new sales, monetization and consumer engagement models to address needs of the direct brand economy. Our purpose with this guide is to share insights that will enable media and advertising sellers of all stripes to organize for success, adopting the new self-serve, omni-channel, data-driven approaches that are becoming table stakes for working with any company selling direct to today’s consumers. We analyzed business models already in place—and those beginning to take shape—highlighting best practices and learnings in order to provide a roadmap for the key elements needed to sell media and advertising designed to connect with today’s consumer.

### Direct Brand Marketing Trends and What They Mean for Media and Ad Sales

	DIRECT BRAND MARKETING TRENDS	IMPLICATIONS FOR MEDIA ORGANIZATIONS
<b>CUSTOMER KNOWLEDGE</b>	<b>Deep understanding of the customer</b> , their needs, and how to personalize and optimize their journey.	<b>Know the marketer, their product and target audience</b> and use data, real time reporting and attribution to help them engage, personalize, respond to and understand their customers better
<b>CUSTOMER EXPERIENCE</b>	<b>Every touch point matters</b> to build ongoing customer relationships that extend beyond each transaction. Requires end to end, mobile-centric customer experiences that reduce buyer friction and become the total product	<b>Speed to Market rules! Reduce buyer friction through self-serve media buying, data targeting and DIY creative tools</b> tailored for lower budget Direct Brand marketers.
<b>BRAND COMMUNICATION</b>	<b>Content marketing and storytelling enables direct brands to differentiate and avoid commoditization.</b> Consumers are co-creators and communicators of direct brand trust and authenticity.	<b>Be consultative, offer best practices, A-B testing, dynamic creative and audience segments.</b> Assist with low-cost, scalable creative (partner for agile execution, including TVCs).
<b>BRAND AND PRODUCT CREATION</b>	<b>Rapid Brand and Product Creation:</b> Smaller brands can develop and launch products at a rapid pace. These brands are growing quickly and diversifying their media spend.	There are <b>more prospects than ever before for publishers.</b> Prospect for new business with IAB <a href="#">Direct Brand 250 list</a>

## Customer Knowledge: Direct Brands Have a Deep Understanding of their Customer

Direct brands have deep knowledge about their customers enabled through ongoing connectivity and data captured at every touchpoint. They know, through A-B testing, their customer’s product preferences and how to personalize and optimize their journey. As a result, any partner working with these direct brands must implicitly understand the brand, its product offerings and be able to offer data and attribution solutions that will help them gain a more holistic understanding of their customers.

## Direct Brands and In-House Agencies: Understand the Brand through Direct-to-Brand Selling

Just as direct-to-consumer sales models are on the rise, there are structural changes taking place in marketing organizations and agencies that began with the rise of programmatic and the goal to achieve greater efficiencies, and are now accelerating further in response to the direct-to-brand economy. One of the major trends is in-housing driven by brand’s need for scale, speed and control. 78% of brands now have some form of in-house agency; for lean operating direct brands, “in-house” is the default

(Source: ANA, [The Continued Rise of the In-House Agency](#), Oct 2018).



“ We do all our video and photo shoots internally, and then work with a company that spins up the necessary number of creative variants. It’s all about Cost per acquisition (CPA) and product-driven creative. ”

– Jesse Horwitz, Hubble

As a result of these trends, it has never been more important for media sellers to understand the marketer’s organizational structure and how functions such as brand communications and media buying are executed in shops where a total of 20 full-time employees (FTE) is common and where the CEO may also be the media buyer, optimizing campaigns from their smartphone. Sales organizations of the future will need to:

- Develop specialist teams focused on direct brands’ need for scale, driving conversation with consumers and linking their marketing efforts to business growth
- Offer sales models designed to support lower cost “test and learn” campaigns.
- Evolve their sales conversations to be more focused on the needs of the DIY marketer vs. a media agency-centric conversation
- Help brands—who especially at the start up stage—will never be able to recruit enough talent to do it all in-house.
- Be nimble, prepared and skilled in selling in a more complex buying environment where the client and agency relationship may vary by client



“ Keeping lines of communication open with direct-to-consumer brands is especially important in Connected TV. Part of that communication is sharing insights into the types of campaigns and creatives that are most successful on the platform. At Hulu, we work hand-in-hand with our direct-to-consumer partners to ensure all elements of their campaign – targeting, frequency, creative – will help them achieve to their desired ROI. ”

– Michaela Giovengo, Hulu

Here are three key themes for succeeding in this changing market:

**1. Focus on what the marketer cares about—business outcomes and return on investment (ROI).**

- Salespeople need to be able to deliver performance-based solutions and talk about how they’ll measure and prove results.



“ I have to drive the most effective results – even if your platform is the greatest thing, if it doesn’t help me prove it out - it’s not a smart business decision. ”

– Josh Palau, Bayer

**2. Map what you’re selling in terms of the client’s customer journey.**

- Understand all of your assets and how they can be used together to accomplish a marketer’s goal.



“ We strive for partnerships that drive mutual business growth. First is understanding a brand’s business goals. This is followed by mapping a publisher/ media assets along the consumer journey/path to purchase that provides real consumer value to motivate brand consideration and purchase. ”

– Carl Fremont, WPP

**3. Understand if/how an agency is involved in a deal and partner for the brand’s success.**

- For many direct brand clients with in-house capabilities, external agencies may still play a key or supporting part of the media buying or creative process, especially as these brands begin to grow. Understand the role each person in the buying process plays and establish ongoing communications to ensure the client’s success.



“ We do use agencies to augment our media buying skills and develop ad creative...they work with our in-house media buyers and operate more like a freelance. ”

– Gautam Gupta, NatureBox



“ We had a case where a partner tried to sell us a solution that didn’t support the way we were managing a particular tactic. They later shared a version of this capability with the agency that aligned more closely with what we needed, however it was never presented to us and the partner never reached back out. We would have likely reconsidered had they come directly to us. ”

– Josh Palau, Bayer



## Enabling Your Data to Help Brands Understand Their Customer Better

Not only do sales teams need to know the marketer’s goals and KPIs but they have to play a consultative role to help the marketer gain a deeper understanding of their audience. Personalized, two-way, social experiences are expected by today’s consumers and are a core focus for direct brands. However, this effective two-way, personalized interaction with consumers can be challenging. According to a Forrester report, understanding customer interactions across all touchpoints is the #1 challenge for marketers.

(Source: <https://www.v12data.com/blog/25-data-driven-stats-2018/> Forrester, DMA, Forbes)

Media organizations are assessing how they can enable their data strategy for direct brand marketers to not only buy on, but to help them understand their customer better. Modern sales organizations can do this by:

- 1. Understanding that data security and brand safety are top priorities.** The first step with any data strategy is to make sure everything you do, and the partners you work with, are in compliance with the latest consumer data and privacy laws and industry norms. Additionally, training your sales and support teams to be fluent in understanding how your data is secure is critical to instilling confidence with the partners you share data with.
- 2. Assessing what you have in terms of scale, and get more if you can.** Assess whether you have enough data to make it scalable and importantly, to support statistically relevant attribution. As Francois Lee from Assembly points out: “Scale is still the biggest challenge, especially in Advanced TV attribution”. For media sellers and advertisers who don’t have enough customer data, offer some clear consumer benefit and value exchange (content, newsletter, etc.) to encourage opt-ins for email addresses or another unique identifier.



“ Our aim with OpenAP was to give advertisers a way to buy audiences across the TV ecosystem in a consistent and transparent way. Bringing together some of the largest sellers of TV inventory enables this to occur at scale. ”

– Bryson Gordon, Viacom

- 3. Making your data portable:** Being able to align your data with the rest of the ecosystem is important for activation.



“ Find a partner who can match ID’s – consolidating your data and resolving it with a consistent ID that’s recognizable and used by the rest of the ecosystem ”

– Paul Turner, LiveRamp

**4. Creating unique offerings with your data.** What unique touchpoints with consumers do you have that might be leveraged by marketers?



“ Our data-enabled solutions allow us to deliver the most contextually relevant ads to fans at the most meaningful moments of a live game. Ad receptiveness is influenced by the emotional state of the fan. Data, combined with fan preferences, enables ESPN to deliver (to a Lakers fan for example) a message after a win that is different than if the Laker’s lost. The right message to the right fan at the right time. ”

– Travis Howe, Disney Advertising Sales



“ Data and insights should be a part of every sales meeting. We use it to develop ideas, drive creative, inform the media plan and even impact the client’s product development. ”

– Alysia Borsa, CMO, Meredith Corporation

**Customer Experience: Every Touch Point Matters**

Direct brands understand the importance of providing an omni-channel experience for their consumers. Consumers are used to viewing media on-demand and increasingly purchasing products directly on mobile and in social, shoppable ad experiences. The actual numbers are telling, especially in terms of mobile, as we saw record-breaking revenues over Thanksgiving when US consumers [spent a record](#) \$3.7 billion with smartphones driving 54% of traffic to retail sites and 37% of all e-commerce. Direct brands inherently understand the crucial role that mobile plays in a marketing campaign and know that in order to support this omni-channel strategy (that includes mobile), buying, selling, and marketing need to move fast while reducing transactional friction.



“ Consumers today live on multiple devices across multiple screens. Yet, we still receive briefs that have no mobile component on them. Given the huge shift in consumer behavior to mobile, it’s hard to believe we are still in a world where mobile is not listed on a creative brief. ”

– Matthew Corbin, Facebook

## Creating a Better Buying Experience: Self-Serve and Automation in Advertising

In order to enable this speed to market, leading marketers and publishers are thinking about the consumer experience in different ways to create advertising that is agile, responsive and drives conversions and visits that lead directly to purchase.

To keep pace, media sales organizations are offering self-serve and automated touchpoints and tools through the entire media journey. This strategy has a history of proven success. For example, enabling self-serve capabilities and focusing on smaller businesses has allowed Facebook to scale to [over 5 million advertisers](#).

### Self-Serve Solutions Across the Media Journey

Self-serve solutions are not only relevant for buying media through a programmatic manner. Brands can benefit from self-serve solutions that assist with creative, data/analytics and more. Through our interviews, we saw evidence of publishers and other marketer partners experimenting with self-serve solutions throughout the entire media journey.

**1. Self-Serve Buying Solutions:** As mentioned previously, the most obvious way to support with self-serve solutions is with media buying. However, one crucial decision that sales organizations need to make with self-serve buying solutions is whether they can build their own platform, partner with another company or create a consortium with like-minded companies.

- a. Build or buy your own platform: If you're big enough and/or have enough exclusive inventory you can launch your own self-serve capabilities
  - i. Example: Cadent (self-serve workflow and analytics)
- b. Partner: Allow access to your inventory via existing programmatic pipes or other marketplaces.
  - i. Examples: Simulmedia, The Trade Desk
- c. Develop multi-partner consortia: Offer buyers consistency and scale across similar ecosystems to close the activation gap
  - i. Example: Open AP (joint audience activation venture with Fox, NBCU, Turner, Viacom, provides self-serve data upload, segment selection/ creation and editing tools)



“Take a rational approach to your self-serve ambitions. Before you go hard at building a self-serve product, talk to advertisers to figure if they will take on another technology. If not, it's best to partner with a platform.”

– Matt Collins, Simulmedia

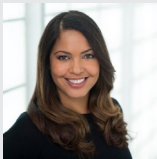
**2. Self-Serve Creative:** With self-serve creative solutions, sales teams, marketers and agencies are able to take control of creative and enable faster testing, optimization, etc.

- a. Examples: Celtra’s Creative Management Platform , Innovid’s OTT Composer, and Spotify’s Ad Studio (for audio ads)



“ **Storytelling always been a key part of advertising. As television moves to a connected world, marketers need to create personalized, engaging, interactive, sequential stories in order to capture attention and deliver value. We’ve created the OTT Composer as a self-service creative platform to bring those capabilities to the masses. »**

**– Tal Chalozin, Innovid**

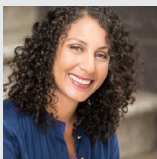


“ **Self-serve tools level the playing field for advertisers of all sizes to reach new audiences and develop relationships with consumers. We’re really excited about unlocking the power of our streaming intelligence and digital audio for an expanded set of brands with Spotify Ad Studio. »**

**– Danielle Lee, Spotify**

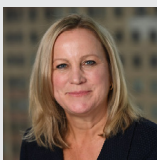
**3. Self-serve Data & Analytics:** Real time dashboards and access to analytics help marketers measure their spend in real time and encourage them to invest more. Again, partner for these capabilities if you can’t build internally.

- a. Examples: Foursquare’s Location Attribution, Nudge Analytics for content, Spectrum Reach’s AudienceApp



“ **We like the flexibility to make optimizations and see results in real time. It allows us to turn spend up or down based on business needs. »**

**– Gina Gorman, Rocksbox**



“ **Clients are looking for tools that quickly and easily build audiences and they want a way to match our unique platform data with information from their existing CRM. Our innovative AudienceApp tool provides marketers the opportunity to leverage our anonymized television viewing data combined with 3rd party data so they can precisely identify and reach the right consumers for their brand. »**

**– Kim Norris, Spectrum Reach**

### Future Trends:

1. Marketing departments will continue to increase focus on analytics and ROI measurement across their omni-channel efforts. Partnerships will grow or stall based on the ability to prove tangible value.
2. Removing friction from the sales process with self-serve solutions will exponentially increase the number of advertisers that a sales organization can work with.
3. Having self-serve touch points with marketers will improve communication and feedback through the sales process.

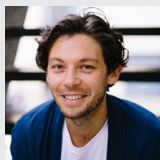


“ Marketers were asking us questions through our self-serve interface that they may not have been comfortable asking in person. It has provided a way for us to build a different kind of relationship with a new kind of customer. ”

– Matt Collins, Simulmedia

### Brand Communication: Content Marketing and Storytelling Enables Direct Brands to Differentiate and Avoid Commoditization

For direct brands, differentiation doesn't happen just through product imagery but also through the overall brand experience, co-created and communicated with consumers. We are seeing more and more that communication and content are colliding with commerce as direct brands think about content as a core part of the commerce experience. Brands that can seamlessly and authentically integrate commerce with their content marketing can build devoted communities while also growing their bottom lines.



“ We just want to work with companies who are going to help us build community authentically. Authenticity is everything to us, if whatever we're buying doesn't feel authentically us, we'll never do it again. ”

– Sebastian Bryers, Ora Organic



“ The strength of our community matters. We don't buy our followers. We build our community by going to where our customers live and being in a direct relationship with them. We facilitate conversations based on shared affinities, listen to what matters most to them, and spotlight them. Most importantly, we treat people like people, with respect and kindness. We know our customers are principled and value oriented and are more likely to buy from companies that share their values. ”

– Tina Sharkey, Brandless

Direct brands can't only rely on their own channels to build this communication though. They are increasingly leveraging publishers' trusted narrative voice to help move people down the funnel. As a result, media companies are offering direct-to-consumer products via affiliate and ecommerce, creating additional revenue streams alongside advertising and subscriptions. For example:

- At Hearst, multiple affiliate commerce strategies are playing out on digitally native sites like [Best Products](#), as well as venerable magazine brands like [Runner's World](#) and [Bicycling](#) which combine affiliate revenue, ecommerce, subscription and advertising designed to help people figure out what they should buy.
- Another example is Food52, a hybrid content + commerce company that generates 2/3 of revenue from commerce, but 60% of their shoppers engage in a content related activity before purchasing.

Brands in the direct brand economy and marketing departments of the future will increasingly look for ways to develop more immersive forms of content, including mobile ads that leverage augmented reality ([AR](#)) and [shoppable video](#) ads that put the store in front of the consumer and can help enable commerce directly within the ad. Media sellers who offer mobile story formats that drive ecommerce with less friction for consumers will find willing customers among direct brands seeking high-quality, well-lit environments with data and third-party measurement to prove attribution and results. Sales organizations should:

- Be consultative and help marketers develop unique, brand specific ways to innovate and communicate with their audiences through your platform. For example, Spotify worked with Warner Bros. to create a [video ad with 3D sound](#) and Condé Nast created [The Beauty Studio](#) which provides services from creative ideation, strategic planning, and onsite production for advertisers looking to reach beauty enthusiasts across platforms.
- Understand the advertiser's content marketing assets and think about how to enhance your consumer content experience and strategy to support tie-ins to commerce for brands
- Test collaborations and affiliate tie-ins to maximize yield and ROI



“Knowing whether a creative is right for the platform and whether it will resonate with the audience is critical to any campaign's success. From the look and feel of a creative to the message and call-to-action, we are continually testing what is most effective across the marketing funnel for direct-to-consumer brands on Hulu. It's these learnings that help to inform the creative consultation we offer to brands. ”

– Michaela Gioveno, Hulu

## RAPID BRAND AND PRODUCT CREATION:

As direct brands proliferate and grow, so do their advertising budgets and their need to expand their reach (beyond just search and social platforms).



“There's a certain stage when you reach between \$50-\$70 MM in revenue that you start needing to build more of a brand presence. That's when you start pivoting to broader media and telling more of a story. ”

– John Denny, CAVU Venture Partners

This shift in focus opens the door to a wider range of publishers and more traditional mediums including television (where according to VAB, direct brands invested \$1.7 billion in 2017) and Out-of-Home as well as data-driven converged mediums such as Advanced TV and Over-The-Top-Video (OTT).

(Source: VAB, Direct Impact: How TV Drives Outcomes for Direct-Disruptor Brands, 2018).



“ We’re always looking for ways to diversify our marketing...looking for new and interesting ways to access the customer. ”

– Brian Berger, Mack Weldon



“ 6-10 years ago, it used to be traditional media was for dinosaurs. Direct to consumer startups were relying on digital marketing and word of mouth. But in the last year, we’ve had a handful of early-stage clients who are investing in testing a wider array of interesting channels like TV, outdoor, installation, direct mail, etc. ”

– JB Osborne, Red Antler

While the top 200 National Advertiser spending is relatively flat, new brands and smaller advertisers are growing their advertising investment providing sales teams a plethora of new opportunity. Two attractive buckets of opportunity are:

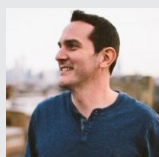
### Where to Find Your Next 5,000 Customers

ADVERTISER VERTICAL	HOW TO FIND THE RIGHT CUSTOMERS?	HOW BIG IS THE ADVERTISING MARKET?
Direct Brands / D2C	<ul style="list-style-type: none"> <li>Prospect with IAB’s <a href="#">Direct Brand 250</a> list</li> <li>VAB’s Direct Impact <a href="#">Report</a> which identifies direct brand TV buyers</li> </ul>	\$2BN+* and growing fast
Small and Medium Sized businesses advertising locally and nationally	Winmo, MediaRadar, AdSpending.com	\$151 Billion+*

Source: VAB \*\* Source: [eMarketer](#), “Local Ad Spending to Surpass \$151 Billion in 2018”

Be aware that the needs and budgets of direct brands will differ from incumbent brands in the same categories. Sales teams need to ensure that they can accommodate them by:

- Building multiple sales channels and models to serve customers of various size
- Considering offering smaller minimum “test and learn” packages. If you are able to provide strong proof of performance, direct brands will continue to invest
- Develop packages that accomplish brand Key Performance Indicators (KPIs) while leveraging the right level of targeting to reach audience scale



“ We aren’t interested in spending \$250,000 on a channel only to discover it doesn’t work. OTT is useful for us when we can test and learn at lower budgets and then scale spend based on performance. ”

– Shane Smith, Home Chef

## SUMMARY:

The direct brand revolution and fundamental shift that it brings in terms of how brands go to market and the individual connectedness between companies and consumers that it requires, is just beginning. In the coming months, we can expect to see the rise of more challenger brands as digitally-native consumers, with less attachment to traditional brands, continue to invest more of their buying power with these new omni-channel, mobile-first brands. At the same time, larger brands will experience more pressure to keep up with the newcomers, seeking more innovative, data-driven approaches to fuel their own CRM and 1st party data enterprise. Serving these incumbent brands as they adapt also represents a growth opportunity for ad sales organizations.

Ultimately, direct brands are illuminating the path to new business approaches that will spread to all marketing organizations, representing an enduring shift in the way the consumer economy operates. The sellers who learn how to modernize their sales approach and use data and attribution to directly link their media and advertising solutions to the business growth of direct brands will not only find growth from new advertisers, but will be best positioned and prepared to sell and service all of their customers as the market continues to modernize into the 21st century.

## Tips for Media Organizations and Tech Enablers to survive and thrive in the direct brand economy

### Know the brand, their product story, and how they engage with their target audience:

- Use data, real time reporting and attribution to help them engage, personalize, respond to and understand their customers more holistically

### Enable speed to market via self-serve offerings:

- Provide low-friction media buying, data targeting and DIY creative tools for direct brands that are used to being “hands on” keyboard

### Be the omni-channel guru:

- Provide insights on performance economics and how to balance cost of acquisition and profitable consumer engagement with your content and audience that increases the brand’s customer lifetime value (LTV).
- Offer a consultative approach to grow their business with branded content, shopper marketing solutions and storytelling best practices
- Provide A-B testing, dynamic creative and addressable audience segments that can be tracked for performance against brand KPIs.

### Create unique (portable) offerings with your data:

- Package opportunities for direct brands to engage in uniquely targeted ways with your audience
- Align your data capabilities with others in the ecosystem to enable scale and attribution.

### View the shift to the direct brand economy as an opportunity to find and service new prospects:

- While direct brands start with smaller budgets, they are often growing faster than their incumbent brethren

Our hope in offering this guide, is that publishers and tech enablers of all stripes will be better equipped for success and positioned to thrive as the media and marketing industry continues to evolve.

We invite you to join the conversation by becoming a [member of IAB](#) and participating in our [committees and working groups](#)! For more information contact: [committees@iab.com](mailto:committees@iab.com)





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Wave	Brian Verne	CEO
WPP	Carl Fremont	President



## Additional IAB Resources:

- [Ad Receptivity and the Ad-Supported OTT Video Viewer](#)
- [Building 21st Century Brands: Video Creative Innovation](#)
- [Data Maturity Model](#)
- [IAB Direct Brand 250 list](#)
- [Programmatic In-Housing: Benefits, Challenges and Key Steps to Building Internal Capabilities](#)
- [The Data-Centric Organization 2018](#)
- [The IAB Dynamic Content Ad Standard](#) – Ushering in a New Era of Content and Data-Driven Advertising
- [The Interactive Ad Effect: CTAs in Mobile Video Shoppable Ads](#)
- [The Rise of the 21st Century Brand Economy](#)