

D2C brands must seize new digital ad opportunities

Article

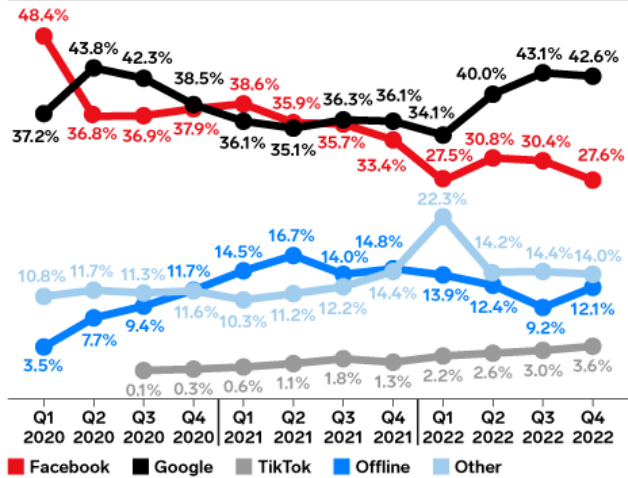
Apple's AppTrackingTransparency (ATT) initiative has kneecapped D2C brands' ability to efficiently target ads and attribute sales on many digital media channels—especially social media. As D2C ad dollars shift away from Facebook, Google has been the primary beneficiary. Facebook's share of ad spending plummeted from 48.4% in Q1 2020 to 27.6% in Q4 2022, per Rockerbox data. But Google climbed from 37.2% to 42.6% over the same time frame.

D2C brands facing the declining effectiveness of search and social ads must use new strategies outside of the traditional D2C growth playbook.

- **Retail media search is a new performance ad play.** D2C brands will need to become adept at the cost-effective buying of sponsored product ads on retail media networks (RMNs) as they look to retailers and marketplaces for sales growth. With Amazon's ad marketplace becoming increasingly competitive, D2C brands should look to fast-evolving RMNs like Walmart Connect and Roundel (Target) to deliver improved ROAS.
- **Retail media off-site ads can efficiently grow brands while driving performance.** D2C brands can use demand-side platforms (DSPs) like Amazon DSP and The Trade Desk for this purpose. These offerings help D2C brands efficiently reach valuable audiences—including existing brand and category buyers—and can grow brand awareness and measure attribution simultaneously.
- **Streaming TV is a pricier but effective means of growing brand sales.** The recent expansion of ad-supported connected TV (CTV) inventory on networks like Hulu, Peacock, and Disney+ gives D2C brands a means of driving branding and performance at the same time. Although these ads often carry high CPMs, the rapid increase in supply should create near-term opportunities for high-growth brands with adequate marketing budgets.
- **The clock is ticking to figure out TikTok.** Social ads are still key for growing D2C brands—especially digitally native vertical brands (DNVBs). Now is the time to lean into TikTok ads before other brands figure out their creative and data-driven marketing strategies on the fast-gaining platform.

US Direct-to-Consumer (D2C) Brands' Share of Ad Spending, Q1 2020-Q4 2022

% of total



Note: numbers may not add up to 100% due to rounding
Source: Rockerbox, April 6, 2023

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D2C Brands 2023

