

# IAB “250 Brands to Watch” Identifies the Most Disruptive U.S. Direct-to-Consumer Brands and Services

Feb. 10, 2020

**NEW YORK, NY and PALM DESERT, CA – February 10, 2020** – Now in its third year, IAB has unveiled the most disruptive, influential DTC brands. More than 3,500 brands were analyzed before IAB narrowed the list to the most important 250 direct-to-consumer products. This year, for the first time ever, 100 service companies were added.

“These brands epitomize the growing disruptor brand economy, representing the leading edge of business development across the U.S. and globally,” says IAB CEO Randall Rothenberg. “We watch these brands because their business model, personalized relationships with consumers and go-to-market strategies are transforming how brands are born, how they are advertised, and what consumers expect. Traditional brands aspire to their nimbleness and engagement. If they want to understand the future of the consumer economy, there is no better model to follow than the IAB 250.”

New “to watch” in 2020 includes consumer brands such as Andie, BodyArmor and Wander Beauty, and services like ClassPass, Le Tote and Lyft.

“Consumers and distribution channels have changed. Brands go to market faster, with marketing that’s focused on stimulating conversation and ensuring powerful one-to-one customer experiences. At the core of everything is a continuous stream of first-party data. Brands that don’t adapt, will not survive,” explains Sue Hogan, SVP Research and Analytics, IAB.

## Top Insights From the Top Brands and Services

### VC Funding is Still Emerging

Despite all the talk of VC funding and news articles about VCs looking for ROI, IAB research data tells a different story.

A scant 11 percent of IAB 250 DTC brands are VC backed. There aren’t a lot of DTC brands on Sand Hill Road. Just 11 of the 87 companies on the list in California are VC backed. And 10 of the 62 in NYC are backed.

The implication? There are still plenty of funding opportunities out there. However, VC funding is not mandatory.

### Social Footprint and Media Diversification Correlates to Sales

For DTC brands, their social footprint is critical to driving business. If no brand is dominating the social conversation in a given category, there is significant room for a major DTC brand to take hold and thrive. There’s no question that digital spend and social footprint are correlated. But scaling social alone will not get a DTC to the next level of growth.

IAB research has identified many opportunities for media diversification, including exciting new advertising units.

In Q4 2019 Pinterest launched “Shop the Look mobile ads” enabling retailers to feature up to 25 products in a single ad on mobile devices and direct users to their own retail site. Other features for better UX and engagement are continually being created to ensure growth and relevancy in this growing Image Search space.

TikTok is beta testing shoppable short-form videos which will allow viewers to click on the in-app video and be taken directly to the creator’s store without leaving TikTok.

Small wonder that the referral share of traffic that social provides e-commerce sites grew 20% from 7.6% to 9.1%; this is the largest growth seen since 2016.

### Subscription and Customization

It’s impossible to overstate the role and impact data has on the way IAB DTC 250 brands do business. Data impacts not just how these brands sell, but what they sell. DTC is where the promise of mass customization gets real. For example, pet care brands combine specific educational information about a consumer’s pet with customized products created for the pet’s precise growth stage. Everything about the experience is customized—a consumer simply creates a profile and a care package arrives within 7 days.

A core part of the promise of DTC brands is that they can and will know consumers better, serve them better, and adapt to their needs better than any large-scale brand sold through mass retail.

### The Rise of the Mega DTCs

In the early days, you could be excused for dismissing DTC brands as minor niche players driving tiny amounts of revenue. No more.

No less than seven disruptor IAB 250 brands have revenues of over \$100M.

- Apparel/Fashion: Stitch Fix
- Food and Beverage: Home Chef
- Health/Wellness: Peloton
- Hobbies/Lifestyle: Loot Crate
- Home and Appliance: Casper
- Personal Care: The Honest Company
- Pet Care: Chewy

IAB research has also revealed that the verticals yielding the highest revenue in the shortest period of time are in categories like personal care, health/wellness, baby care/parenting, and pet care.

### More than Half of DTC Founders are Women

Among the many changes wrought by the rise of DTC: it appears to be democratizing entrepreneurship. More than half (53 percent) of DTC brands have female founders. The first wave of DTC brands with female founders included female apparel brands like ThirdLove and cosmetics brands like Glossier. In 2020, female DTC founders aren’t just competing in “women’s” categories, they are battling for share in nearly every category imaginable.

#### 250 Direct Brand Products to Watch 2020\*By Category; Sorted Alphabetically by Revenue Tier

##### Alcohol/Beer/Wine

1. Flaviar
2. Glass Vodka
3. Hopsy
4. MobCraft Beer
5. Rebel Coast Winery
6. Strike Brewing Co.
7. VineBox

##### Apparel/Fashion

1. Stitch Fix
2. Adore Me
3. Untuckit
4. Allbirds
5. Allume
6. Anatomie
7. Away
8. BaubleBar
9. Draper James
10. Eloquii

#### 100 Direct Brand Services to Watch 2020\*By Category; Sorted Alphabetically by Revenue Tier

##### Apparel/Fashion

1. Anomalie
2. Knot Standard
3. Le Tote
4. Poshmark
5. Wildfang

##### Baby Care/Parenting

1. Greenlight Financial Technology
2. Tinkergarten
3. Wonderschool
4. Bark Technologies

##### Education

1. Codecademy
2. Coursera
3. Duolingo
4. StudySoup
5. AdmitSee
6. Classkick

“Brands that rely on old supply chains, have a smaller social footprint, and are costly and perhaps already losing retail market share, have the most to lose – or the most to gain, depending on how you react to the changes,” says Sue Hogan, SVP Research and Analytics IAB. “Someone will take your category to the next level. It can be you, or a DTC founder. It all depends on how early or late you choose to react.”

### Methodology

IAB 250 Brands to Watch in 2020 are founded after 2010 in the U.S. After scraping the web to create a database of DTCs, additional data is aggregated using multiple sources, including Rival IQ for social footprint and velocity. IAB uses a weighted formula to create indices to rank Economic Efficiency (e.g., Revenue; # Employees); Financial Confidence (e.g., Revenue; Funding; Partners; Max Valuation); and social metrics. Companies are ranked by categories for presentation purposes.

### About IAB

The Interactive Advertising Bureau (IAB) empowers the media and marketing industries to thrive in the digital economy. Its membership is comprised of more than 650 leading media companies, brands, and the technology firms responsible for selling, delivering, and optimizing digital ad marketing campaigns. The trade group fields critical research on interactive advertising, while also educating brands, agencies, and the wider business community on the importance of digital marketing. In affiliation with the IAB Tech Lab, IAB develops technical standards and solutions. IAB is committed to professional development and elevating the knowledge, skills, expertise, and diversity of the workforce across the industry. Through the work of its public policy office in Washington, D.C., the trade association advocates for its members and promotes the value of the interactive advertising industry to legislators and policymakers. Founded in 1996, IAB is headquartered in New York City.

### IAB Media Contacts

Danielle DeVoren / Britany Tibaldi  
212-896-1272 / 347-487-6794  
ddevoren@kcsa.com / btibaldi@kcsa.com



**PREVIOUS CHAPTER**  
The 2020 IAB Annual Meeting: IAB Introduces Pro...

**NEXT CHAPTER**

IAB Unveils the Now and Future of Video, Audio,...

