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BRANDS ARE MISSING OUT ON REVENUE AND MARKET SHARE GROWTH BY NOT ENGAGING EFFECTIVELY WITH DIVERSE COMMUNITIES & MEDIA PROPERTIES, ACCORDING TO RESEARCH FROM DIRECT DIGITAL HOLDINGS

Nearly 90% of Diverse / Multicultural Consumers Report Taking Positive Action as a Result of a Marketer Purposefully Investing in Their Communities, Including Switching Brands

Majority Cite More Favorable Feelings About Brands That Advertise in Diverse / Multicultural Media; 4 in 10 More Likely to Notice Ads on Those Properties Compared with Mainstream Media

HOUSTON, Feb. 14, 2023 /PRNewswire/ -- Direct Digital Holdings, Inc. (Nasdaq: DRCT) ("Direct Digital Holdings" or the "Company"), a leading advertising and marketing technology platform operating through its companies Colossus Media, LLC ("Colossus SSP"), Huddled Masses LLC ("Huddled Masses") and Orange142, LLC ("Orange142"), today released a new whitepaper, *Dollars & DEI: Multicultural Consumers' Insights on Brands' Media Buying and Marketing Practices*. The findings reveal that brands, at a time of economic uncertainty, are currently missing out on significant revenue and market share growth opportunities – and jeopardizing future growth – due to a lack of appropriate and purposeful focus on the Black, Hispanic / Latin, AAPI and LGBTQIA+ communities.

The whitepaper centers on exclusive research, commissioned by Direct Digital Holdings and conducted by Horowitz Research. An in-depth survey, the results spotlight the perspectives of diverse / multicultural consumers, a group that comprises two-fifths of the American consumer market, yet has not had proportionate attention from the advertising business.

The research tapped 1,342 U.S. adults 18+ from the Black, Hispanic / Latin, AAPI and LGBTQIA+ communities to share their attitudes and behaviors in light of the marketing world's scattershot diversity efforts.

According to the findings, almost 90 percent of diverse / multicultural consumers report *taking action* because of a company investing in their community, including telling others about the brand, sharing their support on social media – or even switching to a brand, away from a competitor that does not invest in their community.

Other takeaways have major implications and offer guidance to brands, including:

- 8 out of 10 diverse consumers said they feel more positively about brands that live up to promises to make a concerted effort of support to their communities, and alternatively, 8 in 10 say they feel negatively about brands that don't live up to their promises.
- The large majority of diverse consumers, about 8 in 10, feel more positively about brands that advertise in targeted diverse/multicultural media.
- Nearly 7 out of 10 said that purposely investing ad dollars with media that is owned or focused on their respective communities strongly demonstrates support.
- 4 out of 10 of respondents said they notice ads more when they appear on targeted diverse / multicultural media channels versus mainstream media.

In addition, while ad spending was found to be one of the most impactful ways for marketers to demonstrate a commitment to these audiences, creating ads and content that are inclusive of diverse communities was cited as another strong demonstration of support. To put the findings into sharper focus, both came out ahead of simply sharing social posts.

"Given this compelling data for a growing U.S. economic market segment, there should be no more reason for brands to move slowly in diversifying their media allocations," said Mark D. Walker, CEO and Co-Founder of Direct Digital Holdings, who penned the introduction to the whitepaper. "If we put aside all the rhetoric and platitudes, this is an industry that has always been and should still be about reaching customers and driving revenue."

Alongside the survey findings, the paper includes insights from brand leaders from HP, McDonald's and Visa; media and marketing agency executives from Mediahub Worldwide and One50One; publishers of diverse properties such as Black Enterprise, Glitter Magazine, ODK Media, NGL Collective and Pink Media; the architect behind the new DEI trade group BRIDGE; the chairman and CEO of MediaLink; and the head of Colossus SSP.

"Siloing multicultural and diverse audiences into a separate line item in marketing plans needs to be a thing of the past," added Alejandro Clabiorne, EVP, Executive Director, New York, Mediahub Worldwide. "This whitepaper not only makes clear that these groups are critical to marketers' bottom lines, but also provides the types of insights that will show brands how to effectively reach and resonate with these prospective customers, building traction and brand loyalty that can fuel growth."

"The research demonstrates that across the board, diverse and multicultural consumers recognize, appreciate and have the disposable income to spend on brands that target their communities either through authentic ad messages or media," said Lashawnda Goffin, CEO, Colossus SSP, the sell-side technology company within Direct Digital Holdings. "Brands that have intentionally and sincerely engaged with these audiences have seen the benefit – and those looking to grow their customer base need to follow suit."

"Making the right consumer connections is about to take on factorial proportions and while values and outlook may hold groups of targets together, beliefs and aspirations will splinter them, requiring, as the research confirms, much deeper considerations for message tone, creative and of course media placement," said Sheryl Daija, Founder and CEO, BRIDGE. "It's time for our industry to move from DEI as a philosophy to inclusion as a core business practice and growth driver."

To download the whitepaper: *Dollars & DEI: Multicultural Consumers' Insights on Brands'*

Media Buying and Marketing Practices, go to <https://directdigitalholdings.com/whitepaper>.

Methodology

This study included qualitative and quantitative research conducted by Horowitz Research (www.horowitzresearch.com). The online surveys were conducted September – December 2022 among 1,342 U.S. adults 18+, including over 300 respondents each from the Black, Hispanic / Latin, AAPI and LGBTQIA+ communities.

About Direct Digital Holdings

Direct Digital Holdings (Nasdaq: DRCT), owner of operating companies Colossus SSP, Huddled Masses and Orange 142, brings state-of-the-art sell- and buy-side advertising platforms together under one umbrella company. Direct Digital Holdings' sell-side platform, Colossus SSP, offers advertisers of all sizes extensive reach within general market and multicultural media properties. The company's subsidiaries Huddled Masses and Orange 142 deliver significant ROI for middle market advertisers by providing data-optimized programmatic solutions at scale for businesses in sectors that range from energy to healthcare to travel to financial services. Direct Digital Holdings' sell- and buy-side solutions manage approximately 90,000 clients monthly, generating over 100 billion impressions per month across display, CTV, in-app, and other media channels. Direct Digital Holdings is the ninth Black-owned company to go public in the U.S and was named a top minority-owned business by The Houston Business Journal.

Forward-Looking Statements

This press release may contain forward-looking statements within the meaning of federal securities laws, including the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and which are subject to certain risks, trends and uncertainties.

As used below, "we," "us," and "our" refer to Direct Digital Holdings. We use words such as "could," "would," "may," "might," "will," "expect," "likely," "believe," "continue," "anticipate," "estimate," "intend," "plan," "project" and other similar expressions to identify forward-looking statements, but not all forward-looking statements include these words. All statements contained in this release that do not relate to matters of historical fact should be considered forward-looking statements.

All of our forward-looking statements involve estimates and uncertainties that could cause actual results to differ materially from those expressed in or implied by the forward-looking statements. Our forward-looking statements are based on assumptions that we have made in light of our industry experience and our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. Although we believe that these forward-looking statements are based on reasonable assumptions, many factors could affect our actual operating and financial performance and cause our performance to differ materially from the performance expressed in or implied by the forward-looking statements, including, but not limited to: our dependence on the overall demand for advertising, which could be influenced by economic downturns; any slow-down or unanticipated development in the market for programmatic advertising campaigns; the effects of health epidemics, such as the ongoing global COVID-19 pandemic; operational and performance issues with our platform, whether real or perceived, including a failure to respond to technological changes or to upgrade our technology systems; any significant inadvertent disclosure or breach of confidential and/or personal

information we hold, or of the security of our or our customers', suppliers' or other partners' computer systems; any unavailability or non-performance of the non-proprietary technology, software, products and services that we use; unfavorable publicity and negative public perception about our industry, particularly concerns regarding data privacy and security relating to our industry's technology and practices, and any perceived failure to comply with laws and industry self-regulation; restrictions on the use of third-party "cookies," mobile device IDs or other tracking technologies, which could diminish our platform's effectiveness; any inability to compete in our intensely competitive market; any significant fluctuations caused by our high customer concentration; any violation of legal and regulatory requirements or any misconduct by our employees, subcontractors, agents or business partners; any strain on our resources, diversion of our management's attention or impact on our ability to attract and retain qualified board members as a result of being a public company; our dependence, as a holding company, of receiving distributions from Direct Digital Holdings, LLC to pay our taxes, expenses and dividends; and other factors and assumptions discussed in the "Risk Factors," "Management's Discussion and Analysis of Financial Conditions and Results of Operations" and other sections of our filings with the SEC that we make from time to time. Should one or more of these risks or uncertainties materialize or should any of these assumptions prove to be incorrect, our actual operating and financial performance may vary in material respects from the performance projected in these forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made, and except as required by law, we undertake no obligation to update any forward-looking statement contained in this release to reflect events or circumstances after the date on which it is made or to reflect the occurrence of anticipated or unanticipated events or circumstances, and we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.



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