

**AMP**

# The 2025 DTC Mega Report

The Definitive Financial Analysis of Direct-to-Consumer

This is not another trends report filled with vague platitudes and recycled wisdom. This is the definitive, data-driven truth about what separates the winners from everyone else in Direct-to-Consumer.

**\$10.1B+**

Revenue Analyzed

**107M**

Orders Analyzed

**77M**

Customers Analyzed



## EXECUTIVE SUMMARY

# The Numbers That Matter

Four metrics that define the state of DTC in 2025

**\$54**

Median CAC

**2.4X**

Median LTV:CAC

**48%**

Contribution Margin

**14.7%**

90-Day Repurchase



The difference between brands that scale and brands that stall isn't marketing spend or product quality alone. **It's the fundamental unit economics that compound over time.**



### Key Finding #1

**37% of DTC brands don't recover CAC on the first order.** They're betting everything on repeat purchases that may never come.

### Key Finding #2

**31% operate in the danger zone** with contribution margins below 10%. At these levels, there's no room for experimentation or growth.

## PART I

# The 3 Immutable Laws of DTC

The fundamental truths that govern every successful direct-to-consumer business

### 1

#### CAC is Gravity

You cannot escape it. You can only build stronger engines to overcome it.



Top performers acquire customers for **7x less** than the bottom quartile.

### 2

#### Contribution Margin is Oxygen

Revenue is vanity.  
Contribution margin is sanity. Cash is king.

# 48%

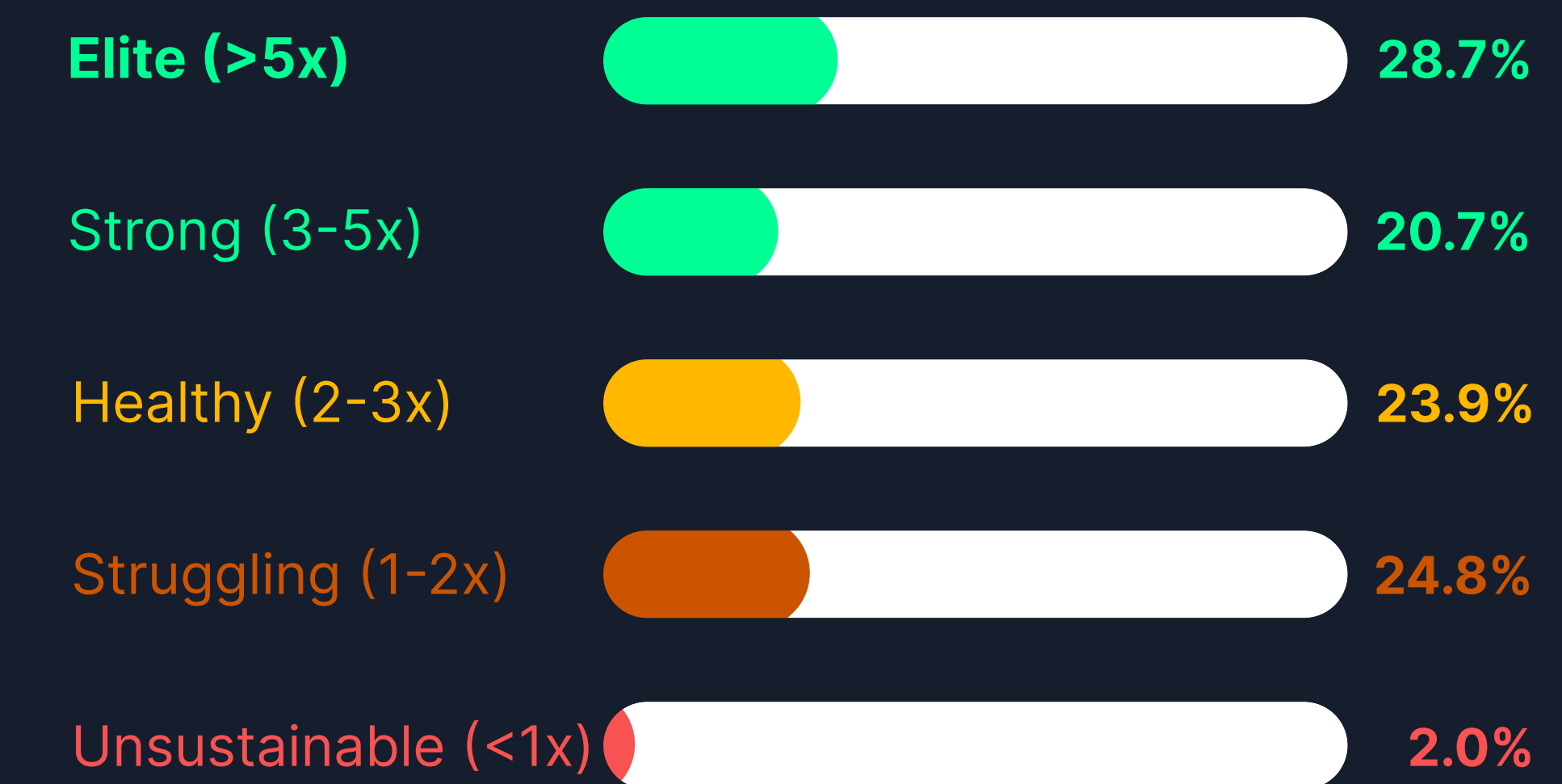
Median Contribution Margin

**31%** of brands operate with CM below 10%

### 3

#### LTV:CAC Determines Your Destiny

If it's under 1, congrats-you've invented paid masochism.



## PART II

# The Cost Structure That Kills

Marketing spend is the #1 predictor of margin compression

# 63%

Contribution Margin  
Brands with <25% Marketing Spend

# 18%

Contribution Margin  
Brands with 50%+ Marketing Spend

### The Marketing Cliff

Brands spending 50%+ of revenue on marketing have 3.5x worse margins than disciplined spenders. **12% of brands** are trapped in this danger zone.

INDUSTRY	COGS%	SHIPPING %	MARKETING %	CONTRIBUTION MARGIN %
Fashion & Apparel	10.3%	8.1%	22.1%	60.5%
Health & Wellness	14.3%	11.2%	24.2%	49.0%
Home & Garden	14.0%	12.0%	22.6%	47.5%
Food & Beverage	17.4%	13.5%	17.6%	47%
Sports & Outdoors	11.0%	8.1%	37.1%	45.3%
Pet Supplies	13.1%	9.8%	34.6%	44.3%
Jewelry & Accessories	10.7%	7.4%	31.9%	44.3%
Automotive	11.6%	8.6%	35.6%	43.4%
Beauty & Cosmetics	12.4%	9.5%	32.8%	41.0%

## PART II CONTINUED

# Marketing Spend by Industry

Visual breakdown of where each industry allocates revenue

### Marketing Spend as % of Revenue



### Best Overall Structure

#### Fashion & Apparel

Leads with **60.5% CM** due to low COGS (10.3%), low shipping (8.1%), and disciplined marketing (22.1%).

### Most Efficient Marketing

#### Food & Beverage

Wins on marketing efficiency at just **17.6%** despite having the highest COGS and shipping costs.



COGS and shipping are hard to change - they're structural to your product. Marketing is a choice. The brands that win choose discipline over scale-at-all-costs.



## PART III

# The Retention Reality

You don't have an acquisition problem. You have a retention problem that makes acquisition feel impossible.

**14.7%**

New Customer  
90-Day Repurchase

**33%**

Returning Customer  
90-Day Repurchase

**51.4%**

Returning Customer  
365-Day Repurchase

## The Retention Timeline: When Every Day Counts

0-30 Days  
**89%**  
Optimal

31-45 Days  
**74%**  
Strong

46-60 Days  
**56%**  
Moderate Risk

61-90 Days  
**41%**  
High Risk

91-120 Days  
**26%**  
Critical

120+ Days  
**12%**  
Likely Lost

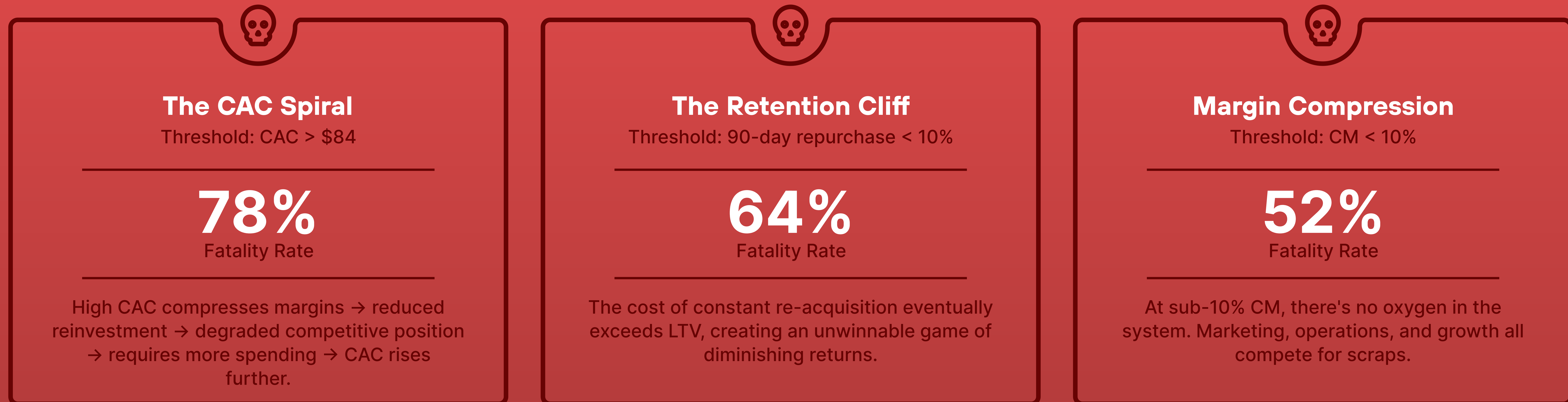
### Critical Insight

The difference between a customer who repurchases in 30 days vs 120+ days is a **77 percentage point** drop in likelihood of becoming a loyal customer. Speed to second purchase is everything.

## PART IV

# The Death Zones

Understanding what kills DTC brands is just as important as understanding what makes them thrive



**The Death Cascade**

Brands showing **2+ death zone warning signals** have a **6x higher failure rate** within 18 months.

## PART V

# The Counter-Intuitive Truths

What the data reveals that defies conventional wisdom

# 37%

### Don't Recover CAC on First Order

Over a third of DTC brands have a first-order contribution margin that doesn't cover their customer acquisition cost. They're betting everything on repeat purchases.

#### The High CAC Paradox

## 16.9%

High CAC Retention

## 13.3%

Low CAC Retention

Brands with higher CAC have **27% better 90-day retention**. They're often acquiring through channels that attract more committed customers.

#### The Low AOV Advantage

## 15.6%

Low AOV Retention

## 13.4%

High AOV Retention

Lower AOV brands see **16% higher retention**. Lower friction to purchase leads to habit formation.



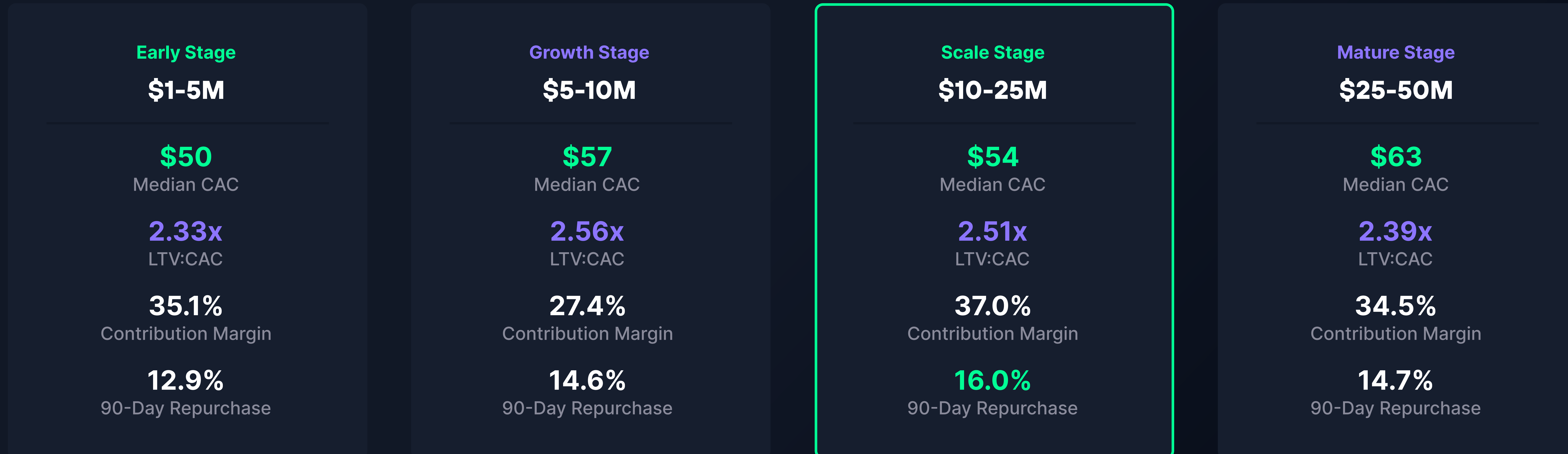
The data doesn't lie. What feels intuitive often isn't. The brands winning in 2025 are the ones who follow the numbers, not their instincts.



## PART VI

# Revenue Band Analysis

How metrics evolve as brands scale from \$1M to \$50M+



### The Scale Flywheel

As brands scale, 90-day repurchase rates improve from **12.9% to 16.0%**. This is the compounding effect of brand equity - proof that retention is the engine that powers sustainable growth.

## PART VII

# The 3 Questions Every DTC Owner Asks

Answered with data, not opinions

### How long until I'm profitable on a customer?



### What should I fix first?



#### What's the actual dollar impact?

Impact of 10% improvement on \$10M revenue:

INDUSTRY	IMPROVEMENT	DOLLAR IMPACT
Retention Rate	+10%	\$1.4M
AOV	+10%	\$1.0M
Conversion Rate	+10%	\$1.0M
CAC	-10%	\$0.6M

## PART VIII

# Profit Health Scorecard

Use this framework to grade your brand's health

### The 5 Metrics That Matter

METRIC	ELITE	STRONG	HEALTHY	AT RISK	CRITICAL
LTV:CAC Ratio	>3.0x	2.5-3.0x	2.0-2.5x	1.5-2.0x	<1.5x
Contribution Margin	>50%	40-50%	30-40%	20-30%	<20%
90-Day Repurchase	>25%	20-25%	15-20%	10-15%	<10%
CAC Payback	Order 1	Order 1-2	Order 2	Order 2-3	Order 3+
Marketing % of Rev	<20%	20-25%	25-30%	30-40%	>40%



Retention is the only metric that compounds. A 10% improvement in retention is worth 2.3x a 10% improvement in CAC.





## The Bottom Line

The brands that win in 2025 aren't the ones with the biggest budgets or the flashiest campaigns. They're the ones who understand their numbers, optimize relentlessly, and build systems that compound.

1

Know your numbers. CAC, LTV, and Contribution Margin aren't just metrics - they're your compass.

2

Retention beats acquisition. Every time. The math is unforgiving to brands that ignore this.

3

Avoid the death zones. One warning sign is a problem. Two is a crisis. Three is fatal.

Powered By  Amp AI

Track your LTV, CAC, and retention metrics in real-time. Join thousands of DTC brands making data-driven decisions.

