

# When to invest in brand marketing (not just performance!)

Tashan Nicholas, Director



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Time to change

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But there's resistance

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direction

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Measuring Brand Building

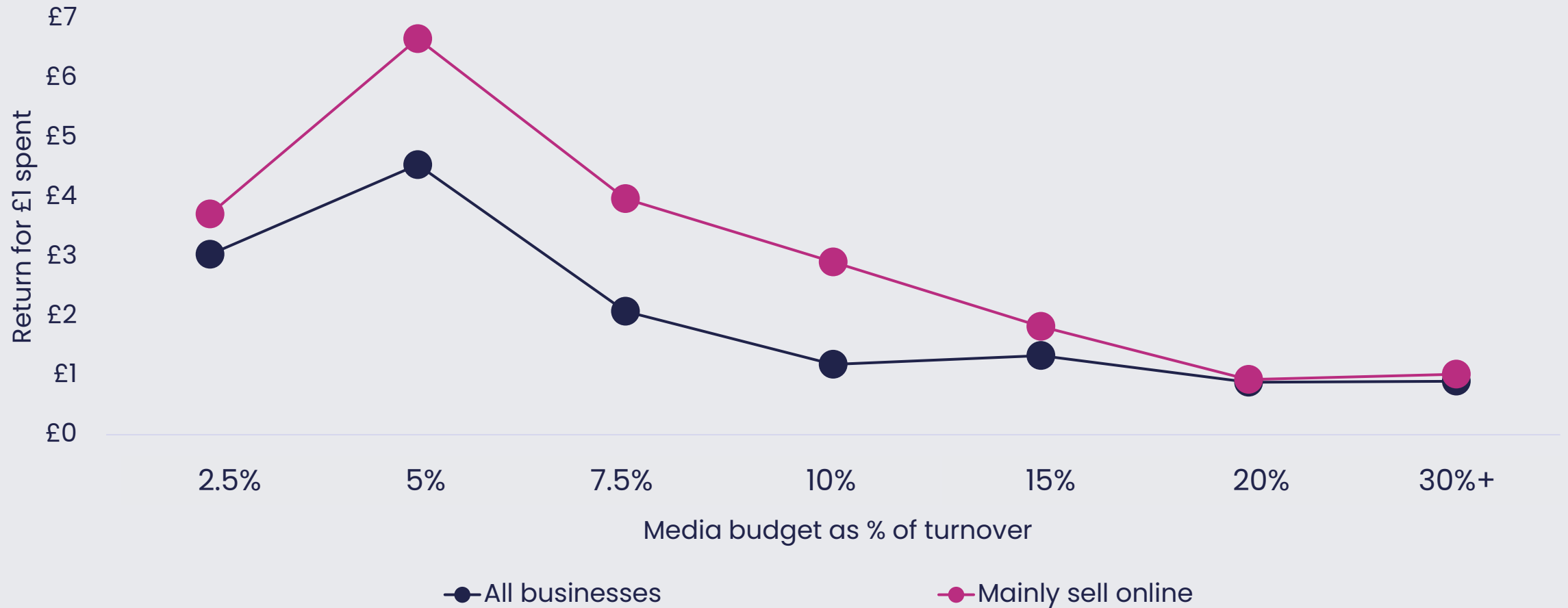


Time to change

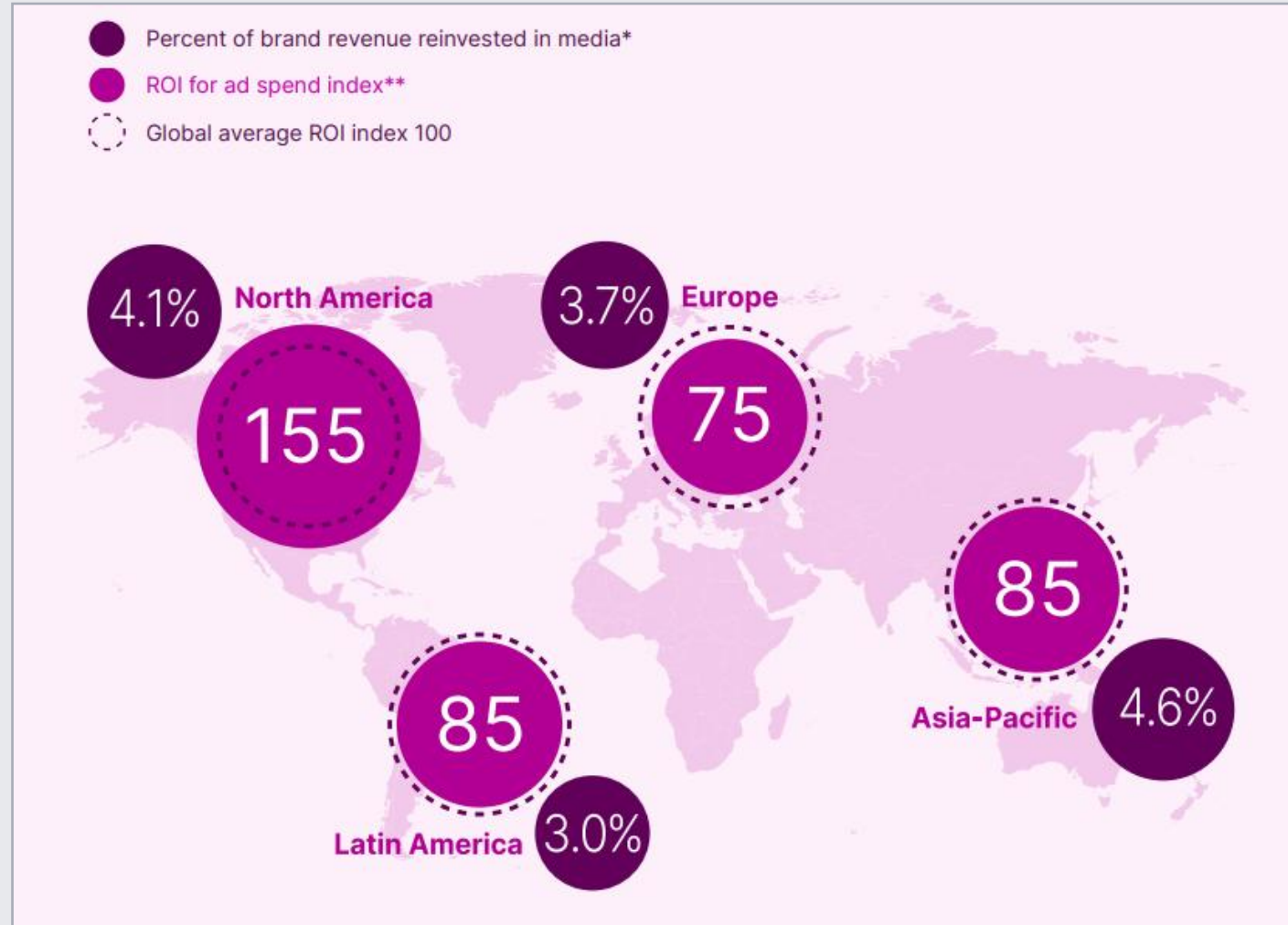
Our data suggests that optimal spend is around 5%

Data points to value for money peaking at around 5%

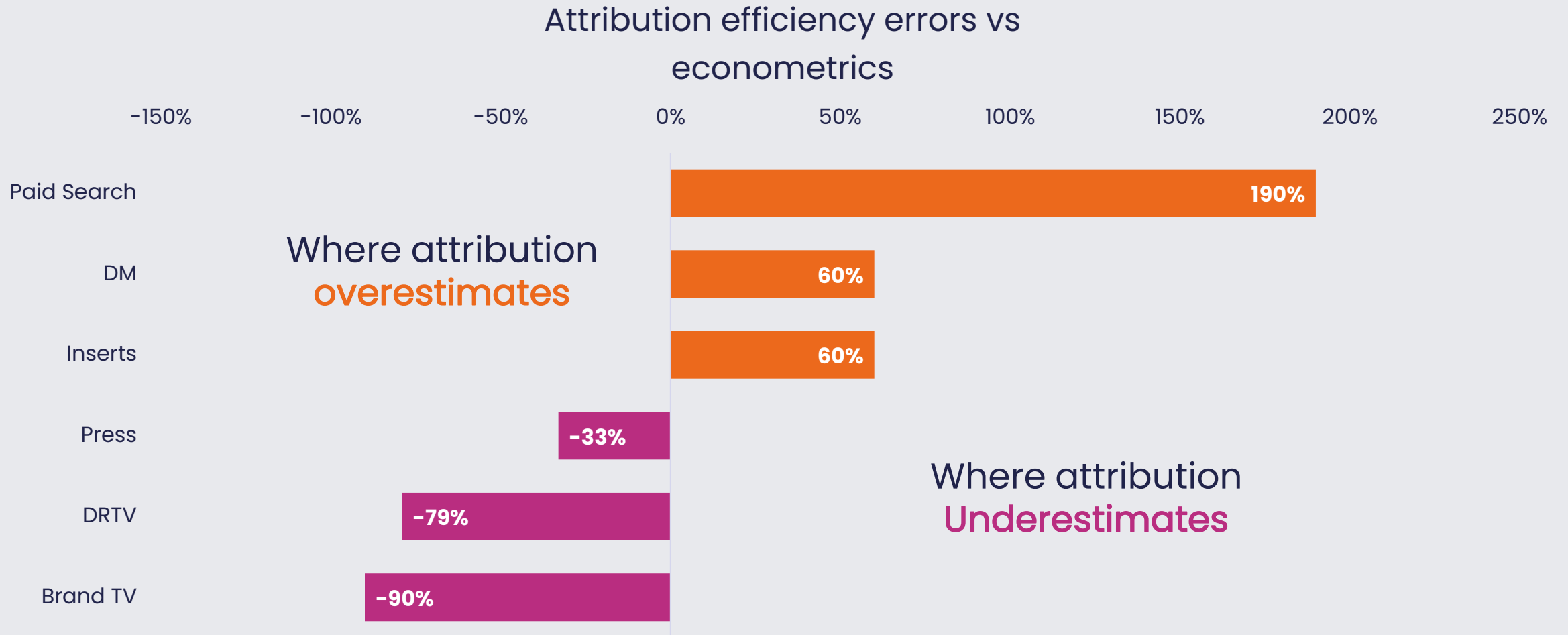
Revenue returned per £1 of advertising spent vs % of turnover spent on media



## Around the world, most advertisers don't spend enough



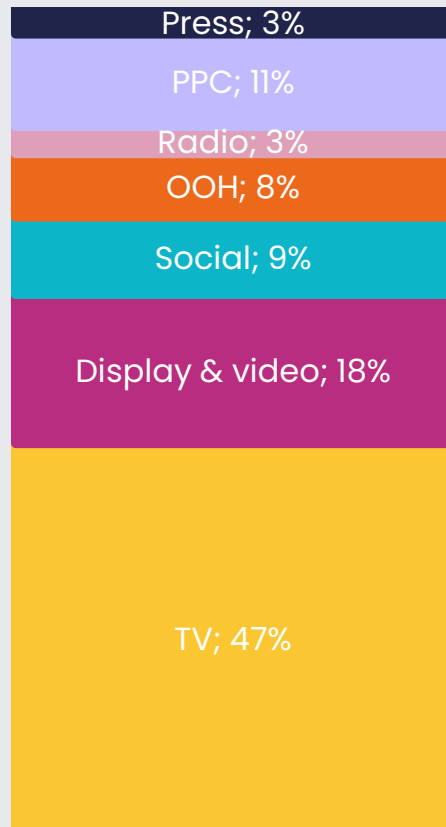
# Last-click attribution can overestimate the impact of short-term drivers



# Smaller businesses get high ROI using performance media

When you're relatively small, these are the channels that pack the most punch

Smaller businesses, ROI < £1.5  
(106 advertisers)

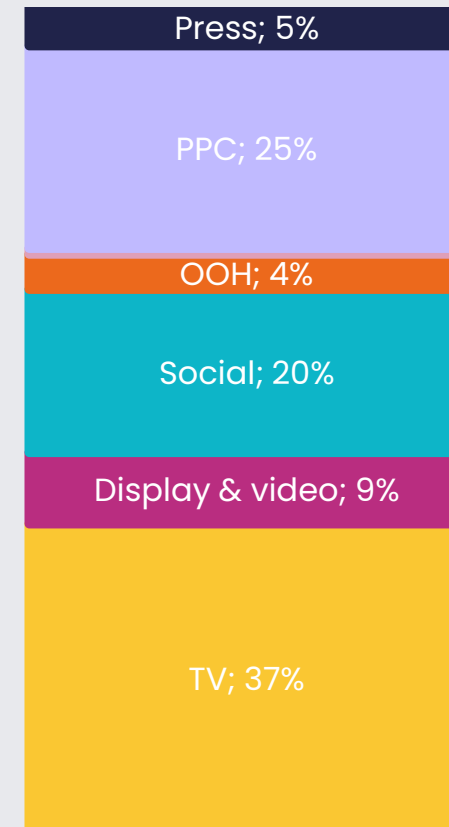


Lots more PPC

Lots more social

Less TV

Smaller businesses, ROI > £1.5  
(18 advertisers)





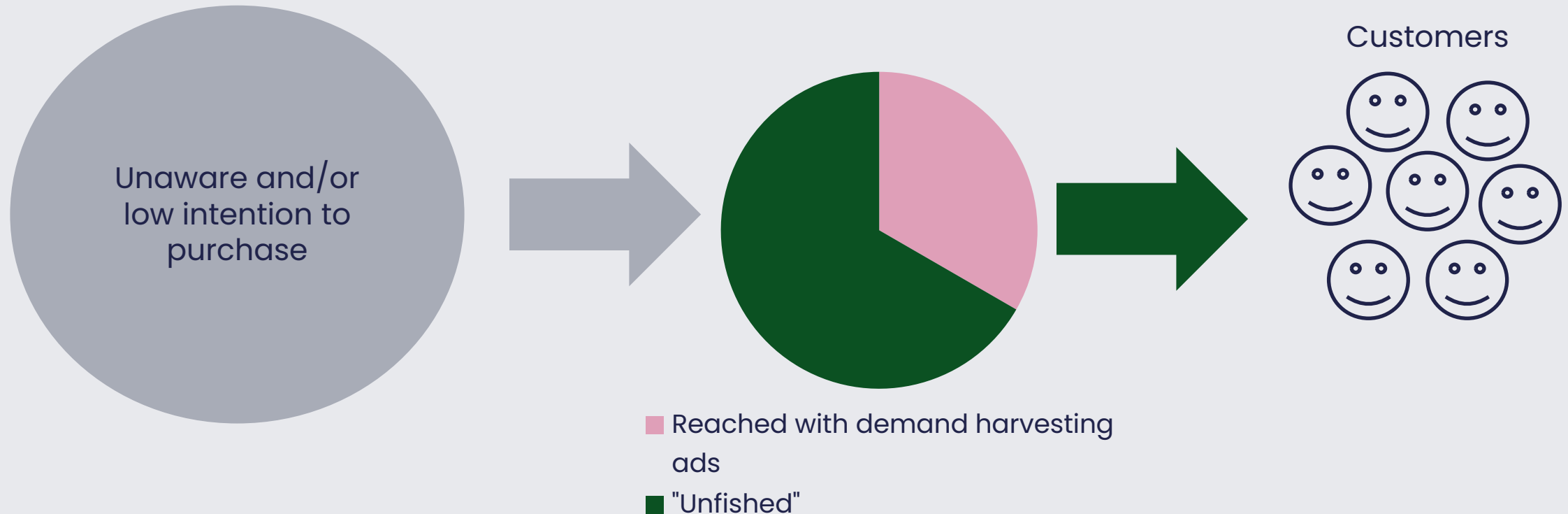
# When you're small, you can grow a lot via your own "demand pool"

Demand pools model is a way of categorising purchases that might happen in the category



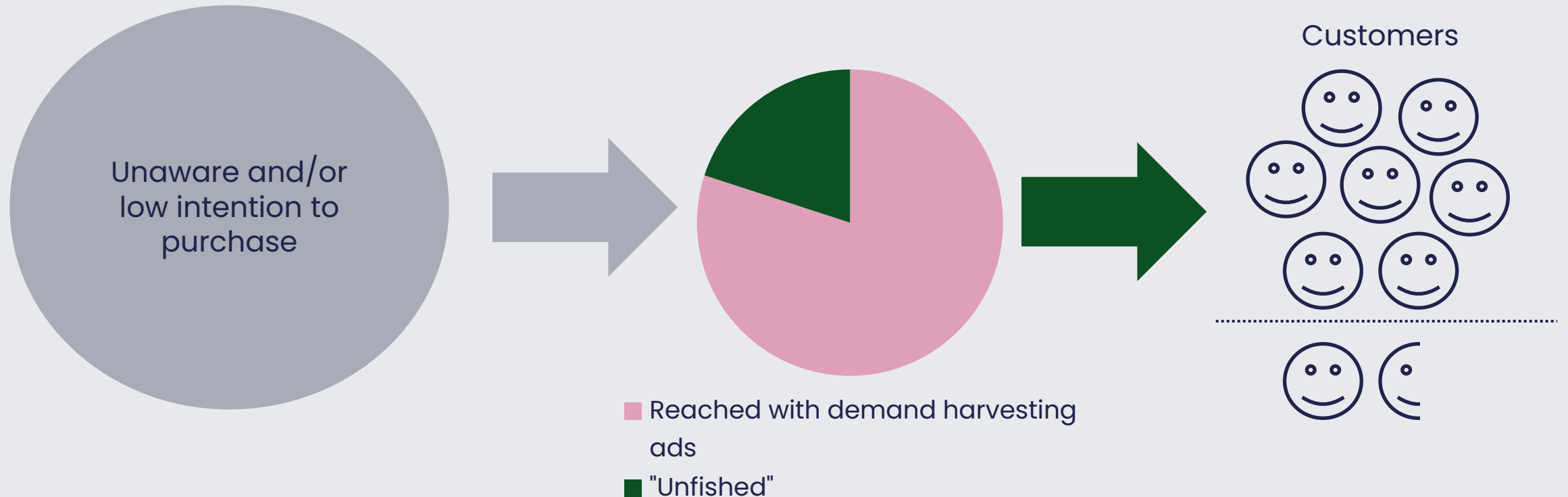
# Your pool of demand can be “fished” more or less

Depending on how much you spend



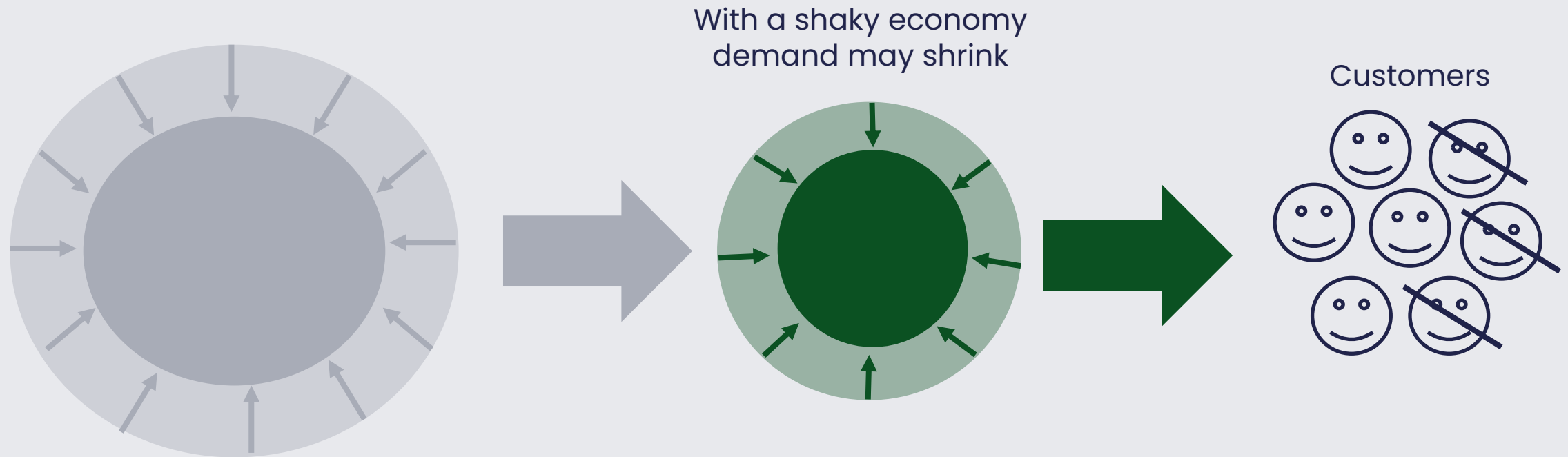
# Spending more means reaching ever more of the pool

Eventually you've reached almost everyone, the remainder are the least likely to convert



# The pool can also shrink in ways that are not in your control

e.g. in 2024 consumers budget crunch is causing pools for luxuries to shrink

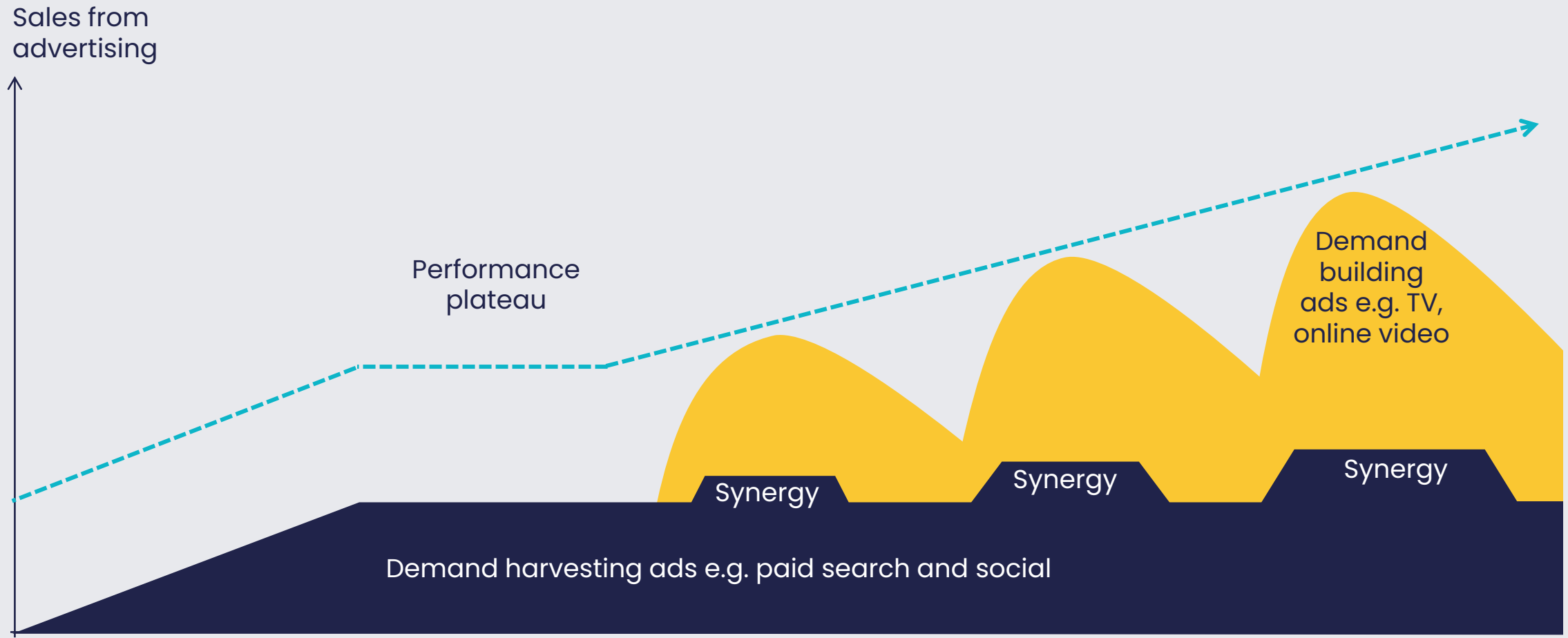


“Your CPC goes up significantly, so your cost per engagement goes up significantly. And you’re getting over what your target CPA is. Everything's become inefficient”

(Tom Beardmore, Owner of Chamber, an Independent Measurement Agency)

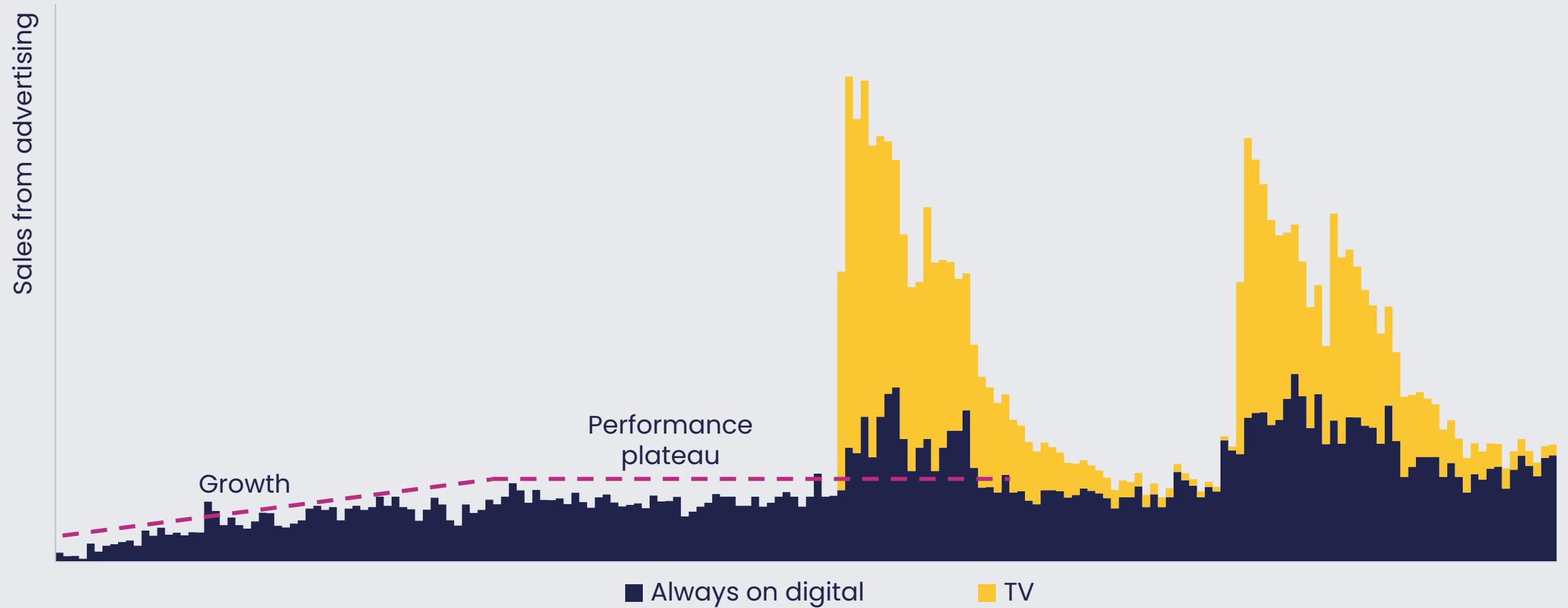
# It is a typical stage in the life of a business

It's a consequence of success, when you've already reached everyone that's easy to convert



# A real life example

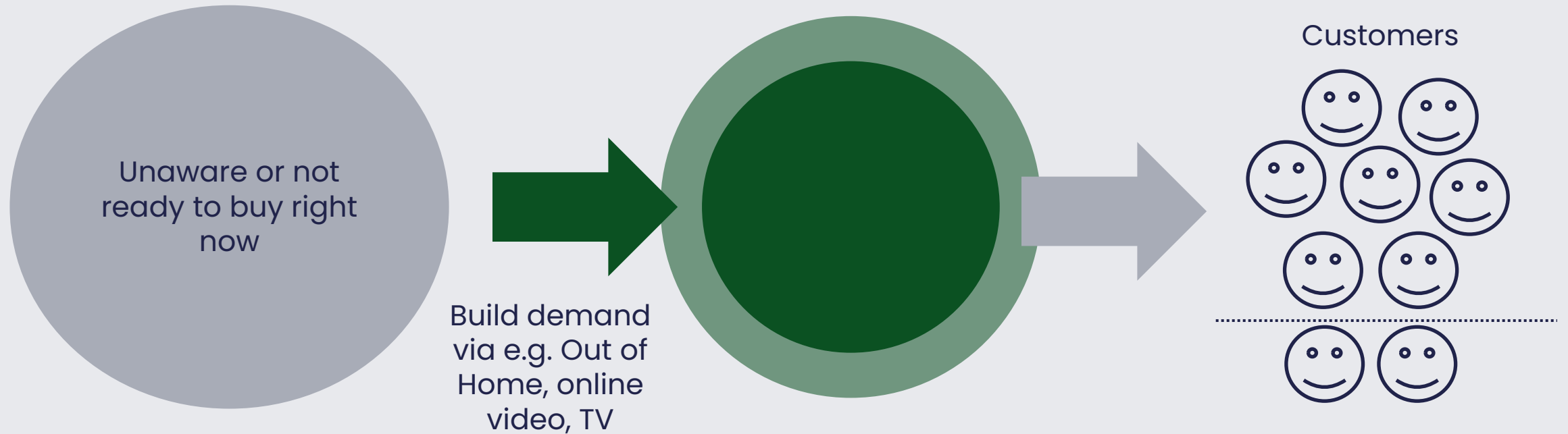
It happens time and time again



Source: Magic Numbers econometrics, taken from the experience of several real life scale ups

# Demand building advertising fills your pool

Producing new demand for your social and search to harvest







But there's resistance

“I spoke to him about brand building. He was like, ‘yeah, I’m not trying what you want to do. I don’t want to become a household name and be famous. I just want to put a £1 in and get £50 back””

(Most senior marketer in UK scale up)

## 3 wins for your performance marketing team

Demand building is for them too – it's easier to harvest demand if there is more demand there to harvest

01:

Lots of visits, many with a free or cheap journey to you

02:

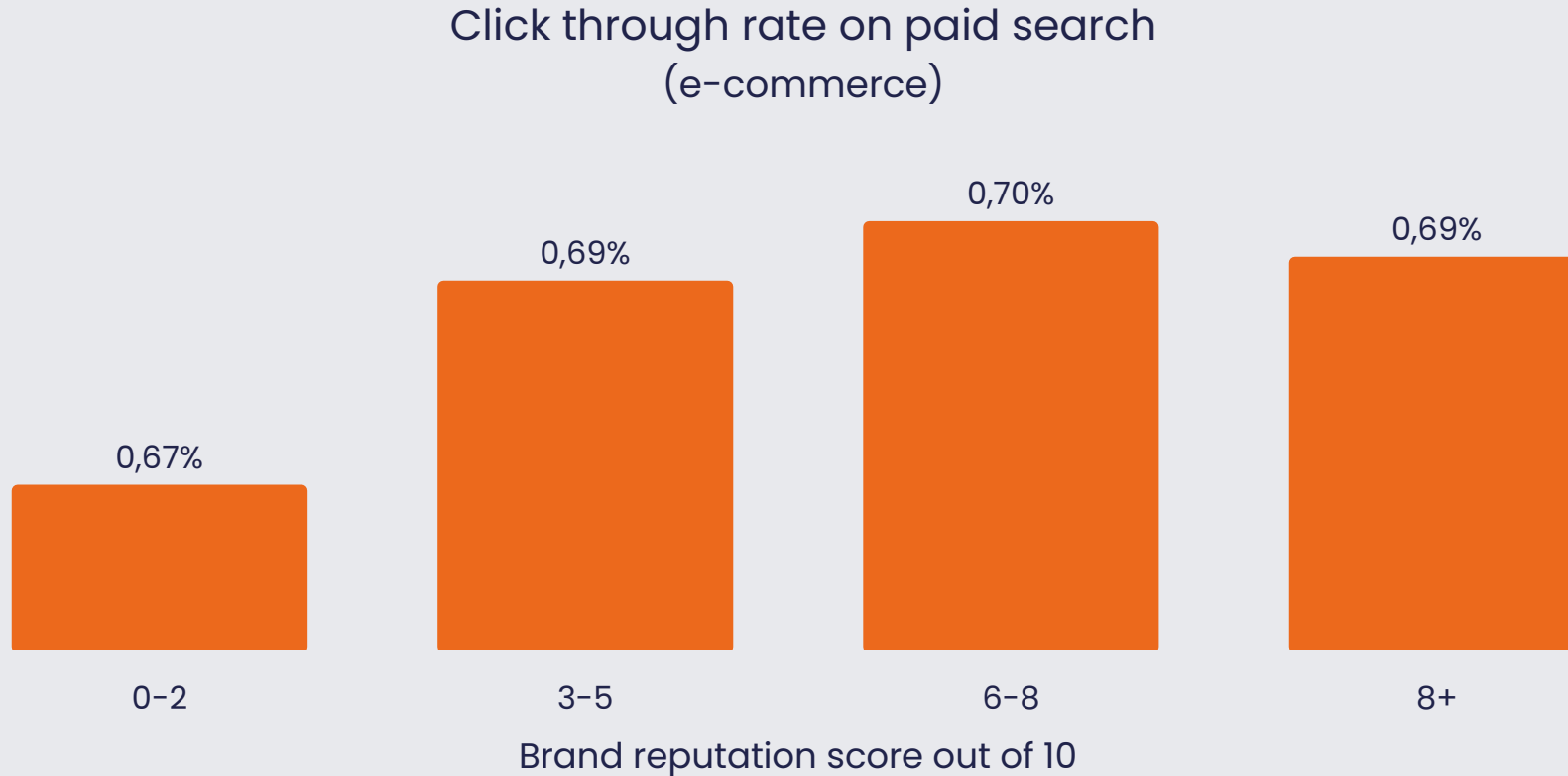
Gets you off the plateau – growth from harvesting demand can continue again

03:

Search marketing works better, higher rankings, lower CPC, more efficient

# Demand building makes your search work better

It improves click through rates on paid search



# The algorithms respond

via organic rankings, quality score and cost per click available to you

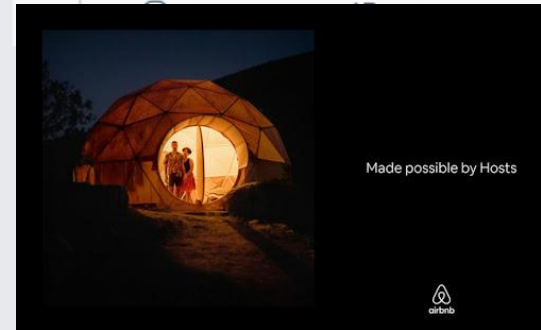


# Airbnb case study

An example of what happens when you do demand building



“search engine hits are the priority”



“we made that shift and it has turned out to be the right shift”



**2008**  
Launch with shared stays idea

**2019**  
Switch to demand building from search-led strategy

**2021**  
IPO was successful  
  
First large scale brand campaign  
  
Web traffic +20%, 90% direct

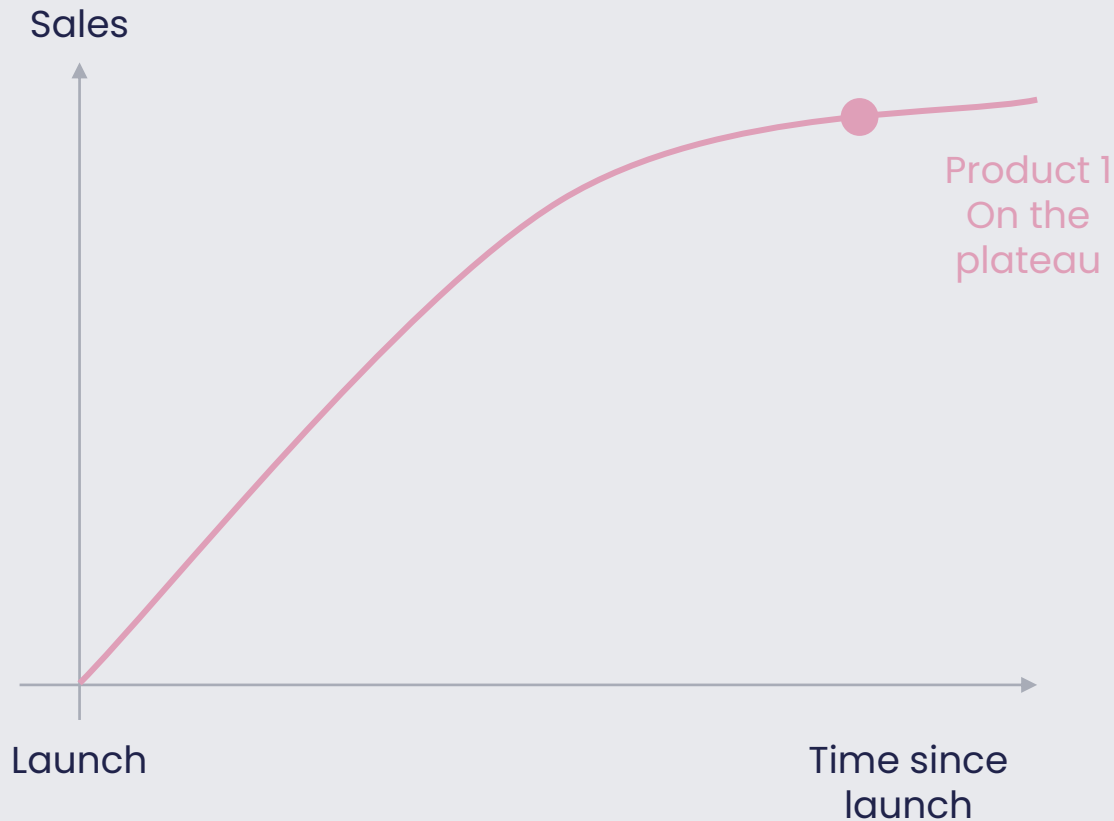
**Today**  
Profit surge  
  
Marketing costs down 44%

Is brand the only way?

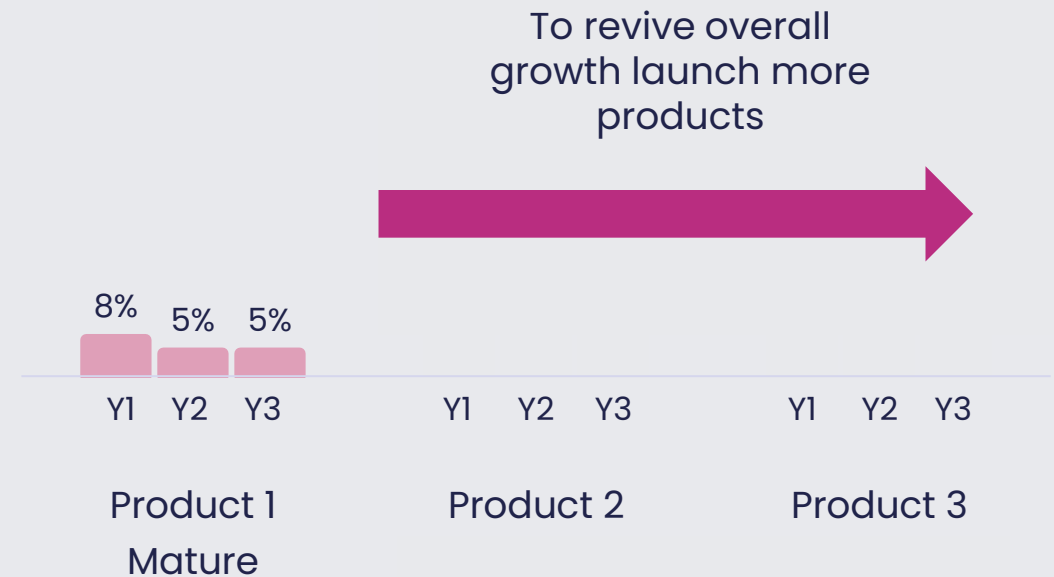
# Another way to get off the plateau is to widen your range

To access adjacent pools and so continue to use demand harvesting tools for growth

Sales by product  
(vs. time since launch)



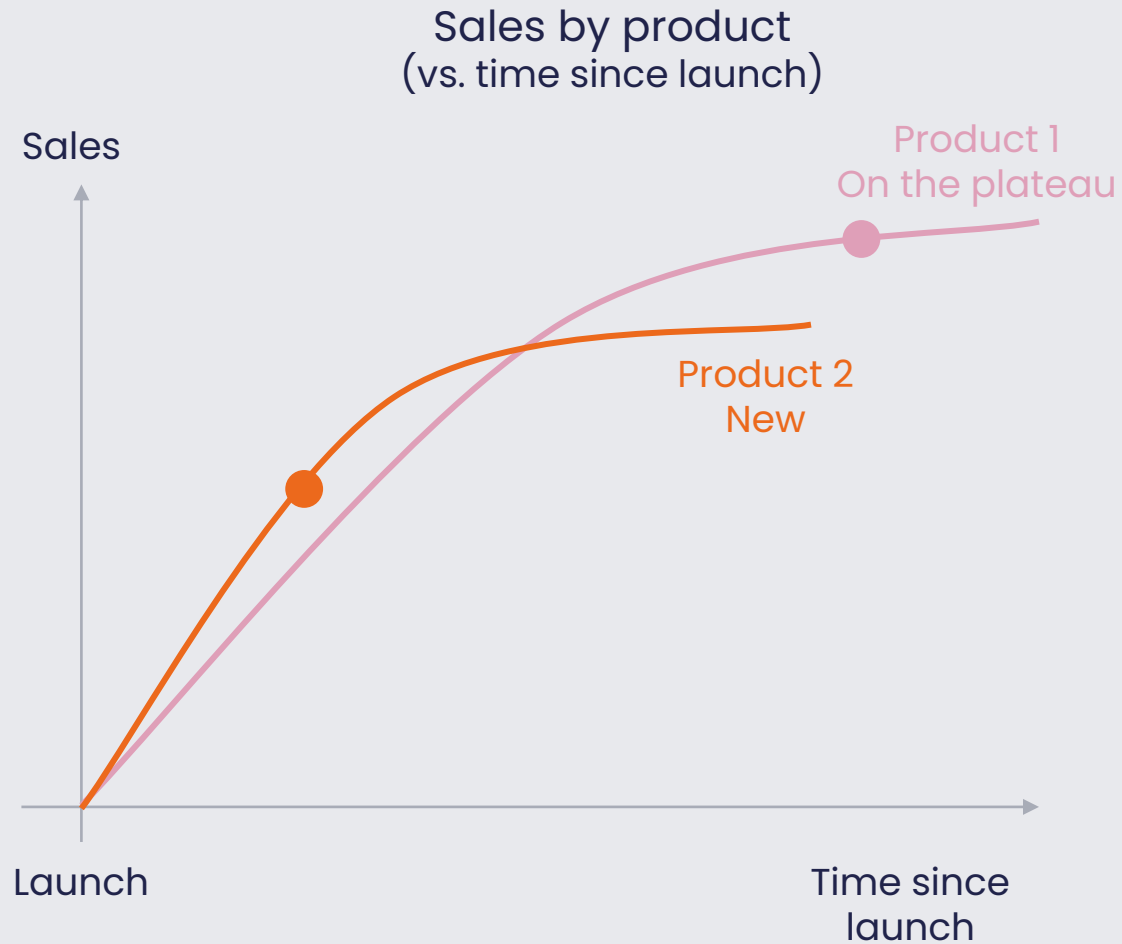
Sales growth by product  
(%)





# The 2<sup>nd</sup> product grows faster

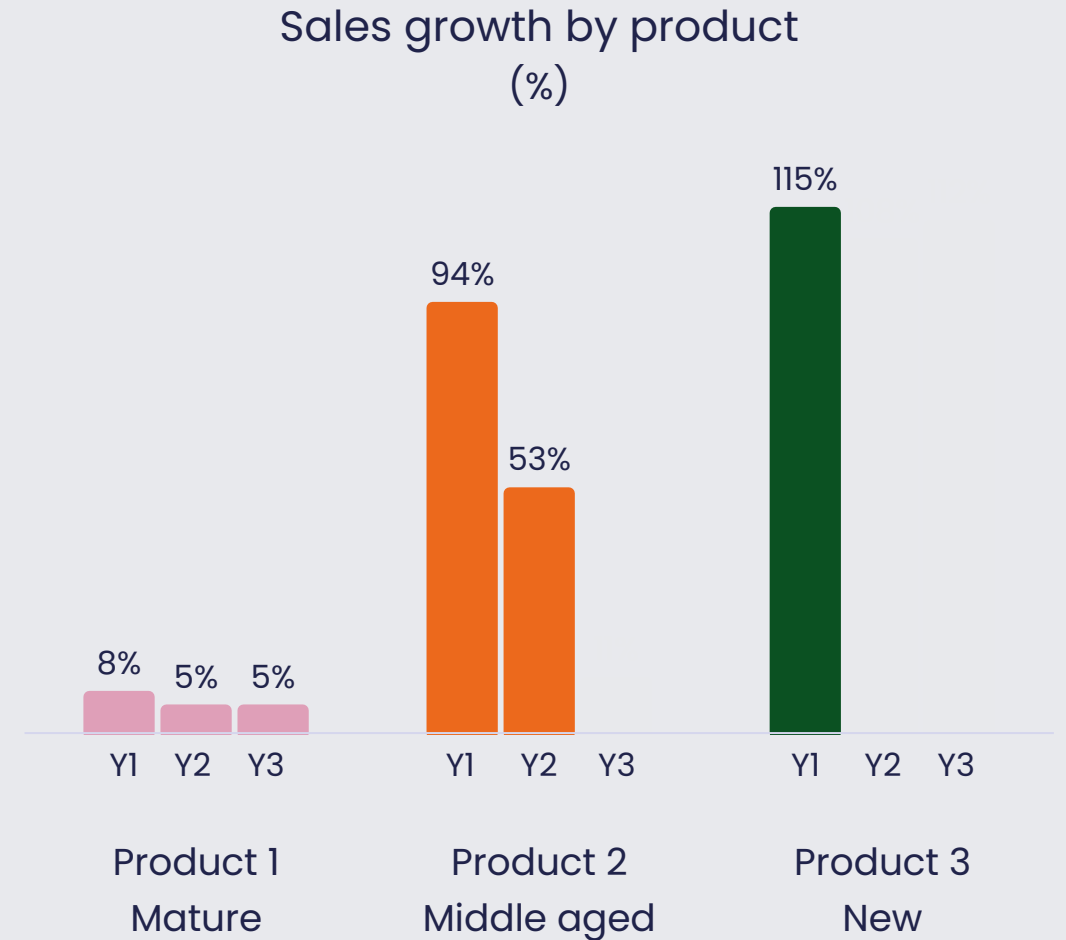
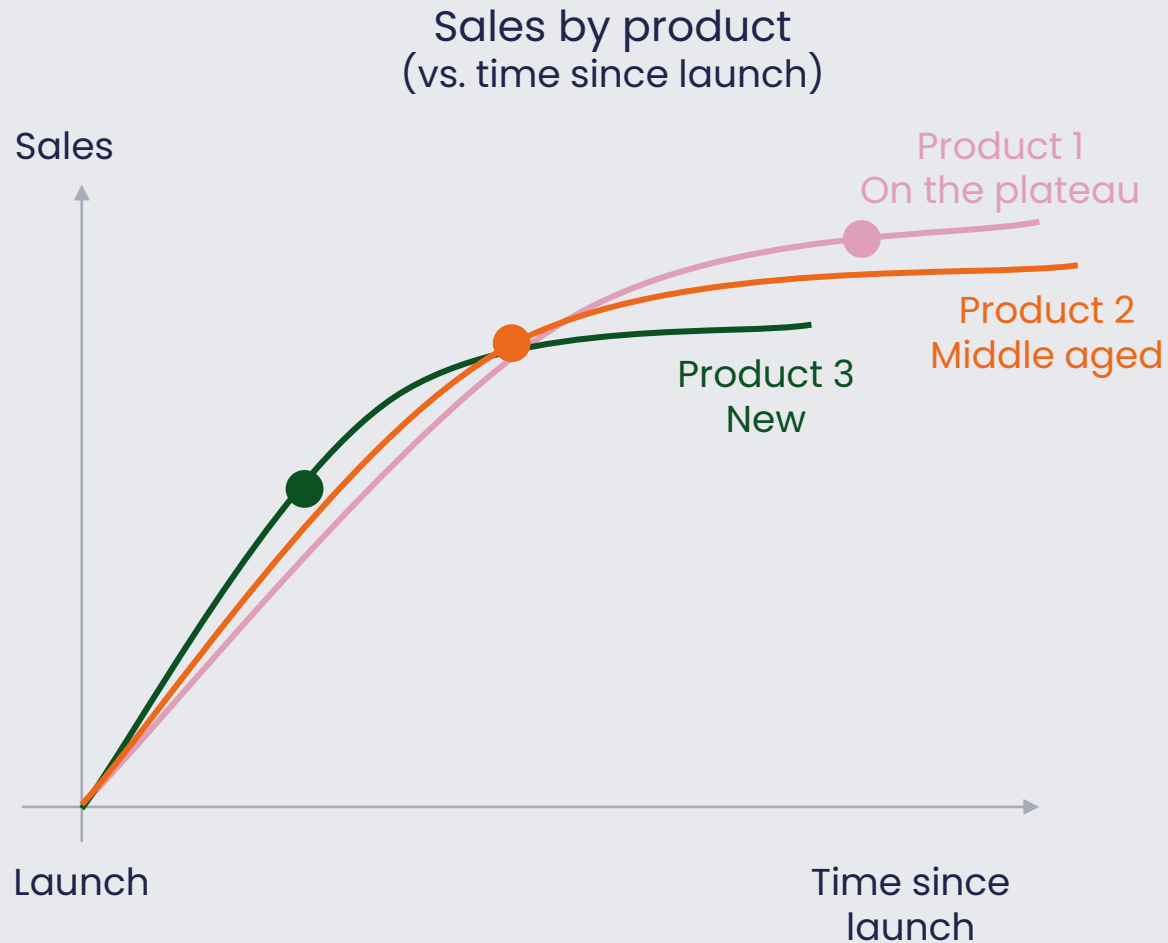
Because there is a new pool of warm prospects online to harvest from



Source: Magic Numbers econometrics, taken from the experience of several real life scale ups

# Mature e-commerce businesses have products at all stages

Some in the high growth phase, some just reaching the plateau now, some on it



Source: Magic Numbers econometrics, taken from the experience of several real life scale ups

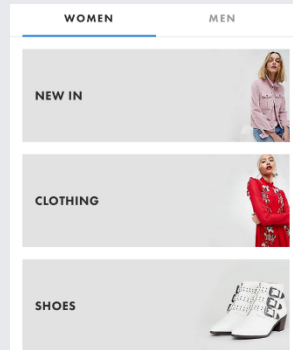
# ASOS case study

Rebalancing after years of under-investment in brand, and learning the hard way

As seen on screen



Everything



More geographies



2009

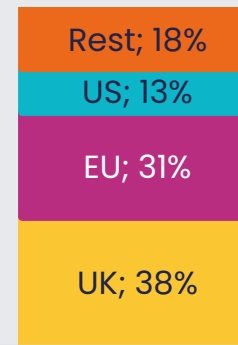
Buying demand



Building demand

**Asos is investing £30m in brand building as it eyes a move away from 'seductive' performance marketing**

*The online retailer wants to be profitable by the end of its 2025 financial year, as it looks to 're-invent' its marketing efforts.*



2019

**2000**  
Launch  
"as seen  
on screen"

**2005**  
Range now  
includes all  
kinds of  
clothes,  
shoes,  
beauty  
products

**2010**  
Launch in  
USA,  
Germany,  
France

**2015**  
Profit  
warnings  
  
Price cuts  
  
Demand  
build  
experiments

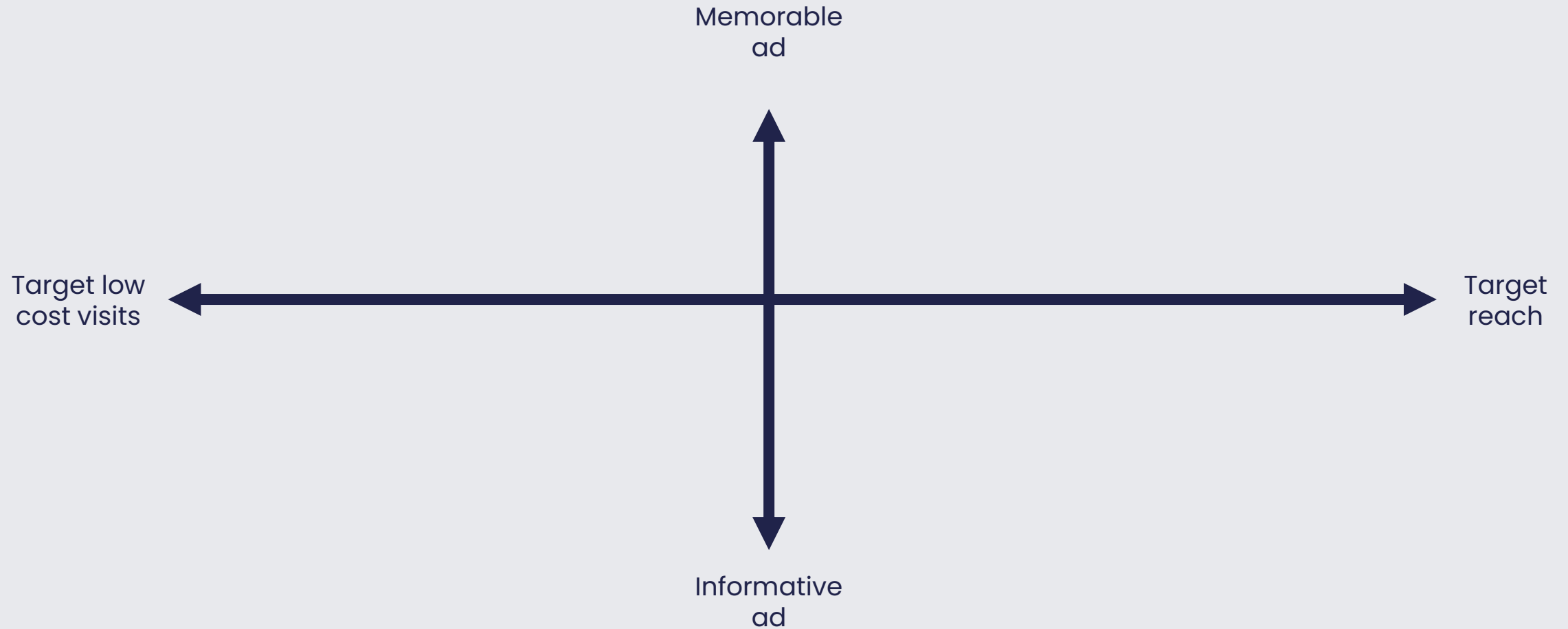
**2020-2023**  
More profit  
warnings  
  
2021 bought  
Topshop  
  
Inefficient  
search

**2025**  
Rebalancing  
in favour of  
brand

Good first steps in a new direction

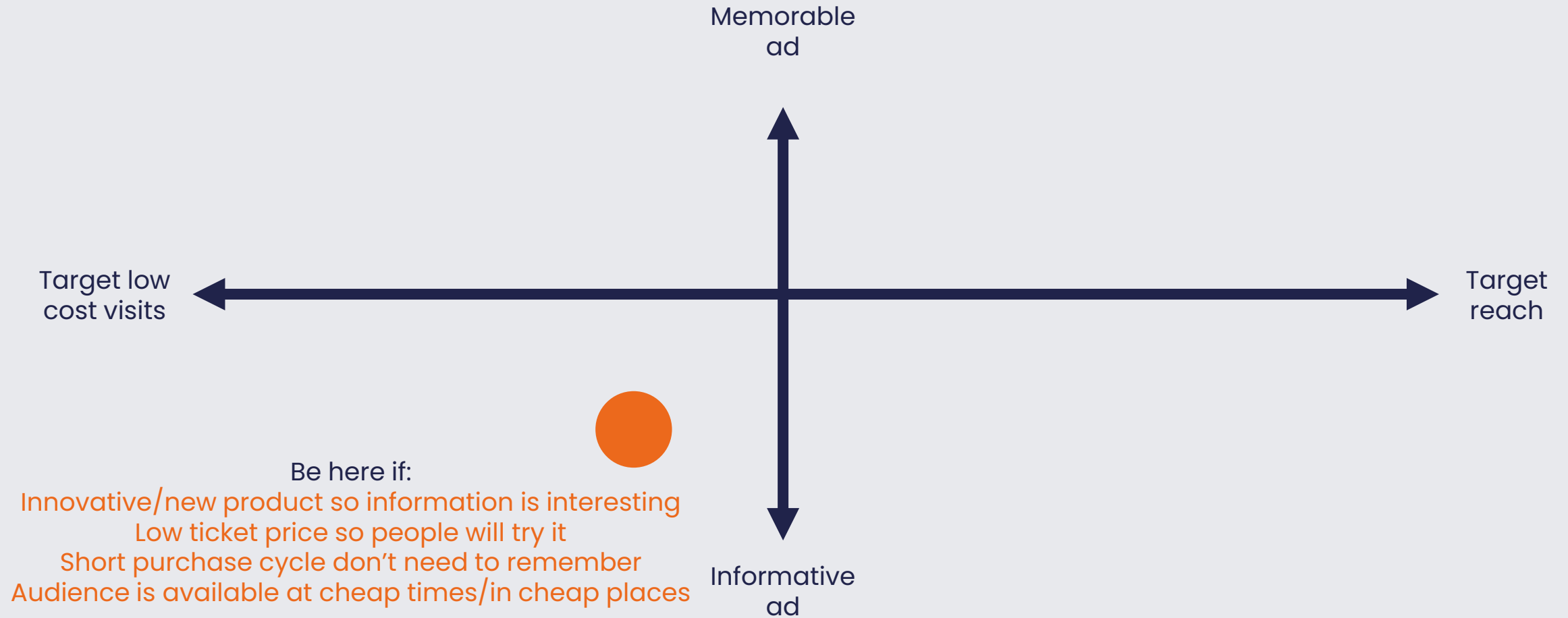
# The right strategy depends on your circumstances

Decide whether to target low cost visits or reach & what kind of messaging is right for you



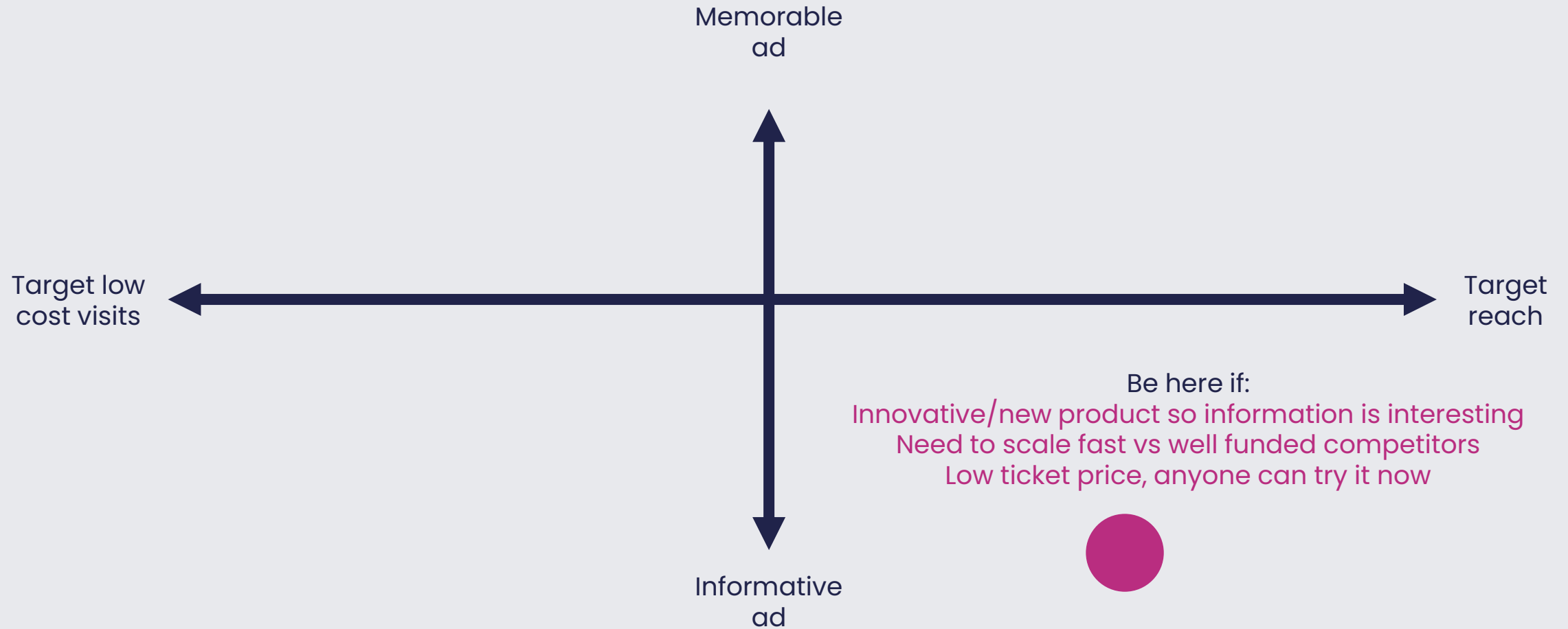
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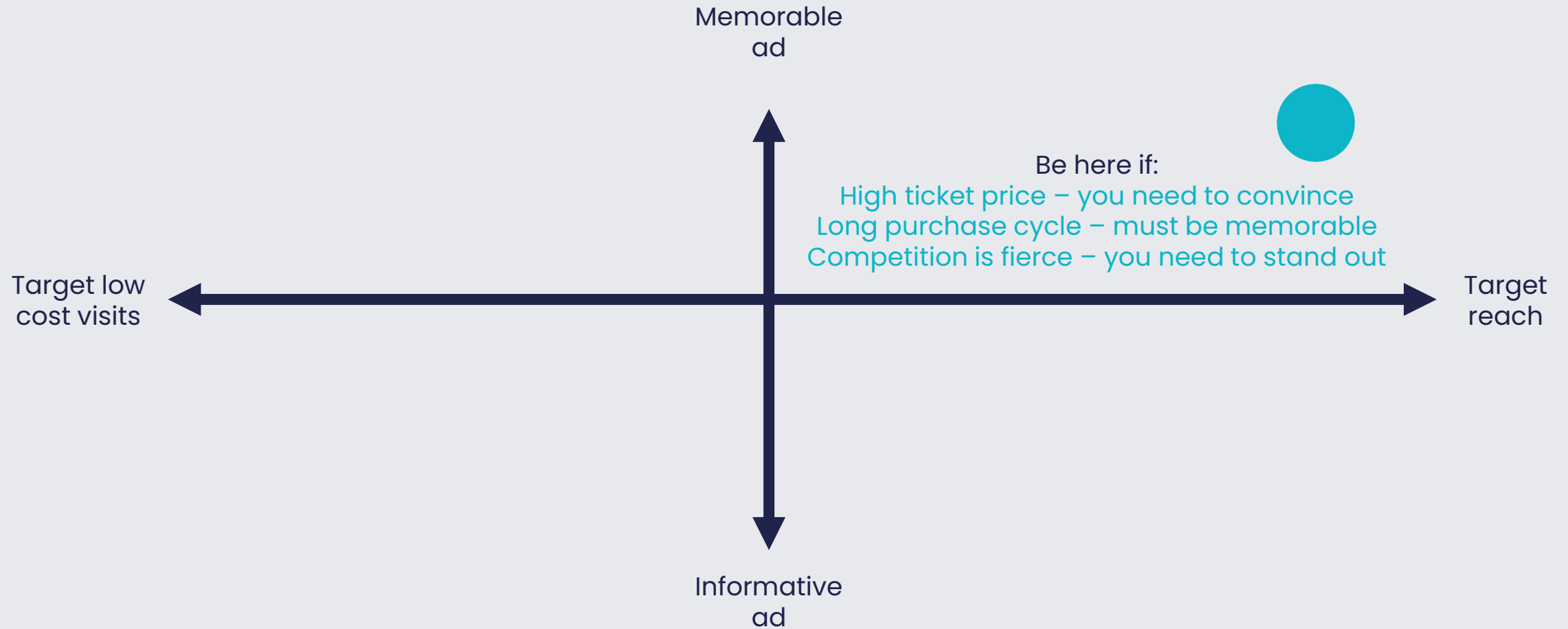
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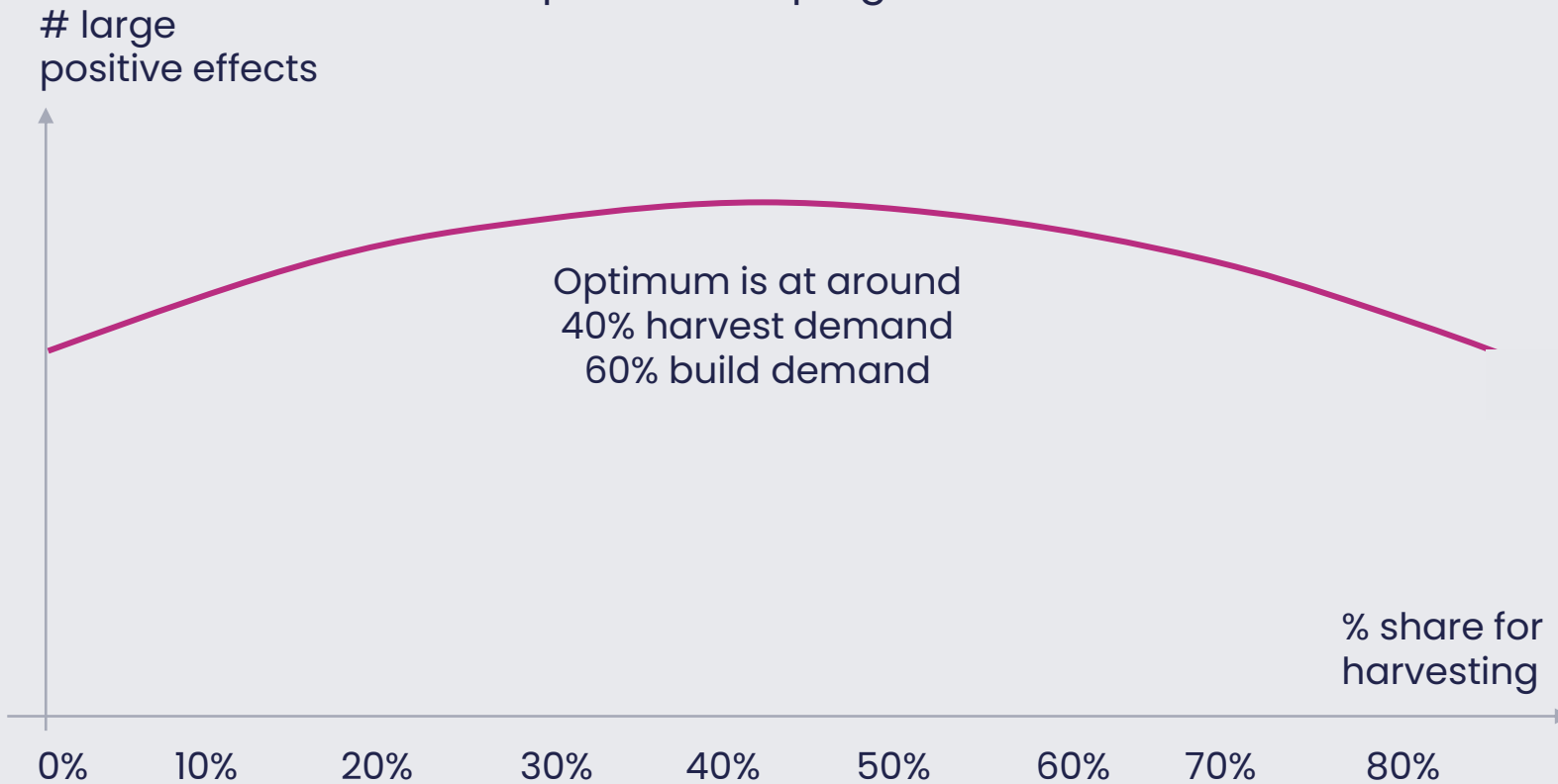




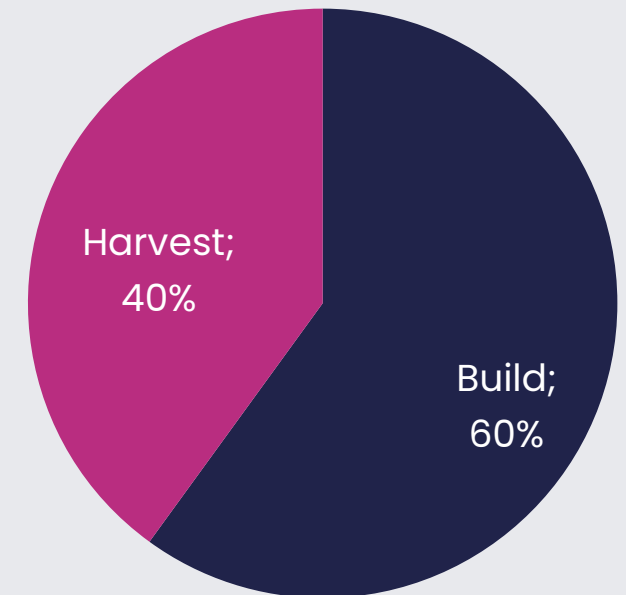
# The build vs harvest split in a study of award winning campaigns

Binet & Field's classic the long and the short of it suggested 60:40

Comparing Demand vs Harvest splits to campaign outcomes



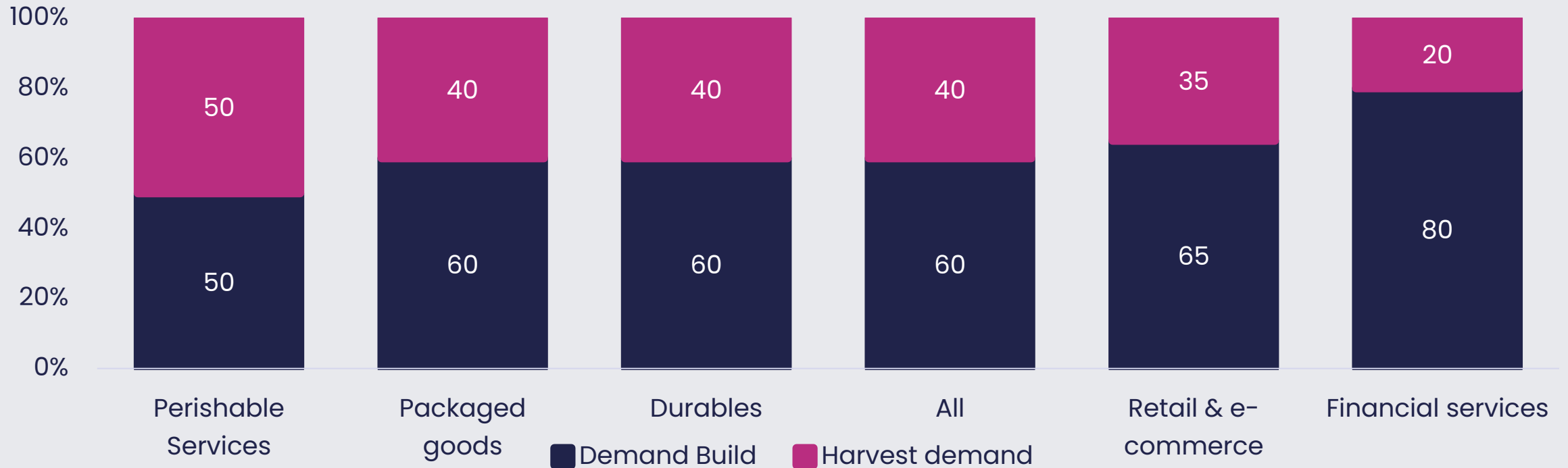
Binet & Field's optimal split



## It depends on your category

In particular, on how much time people spend considering their purchase in your category

Optimal budget split across demand build vs harvest demand



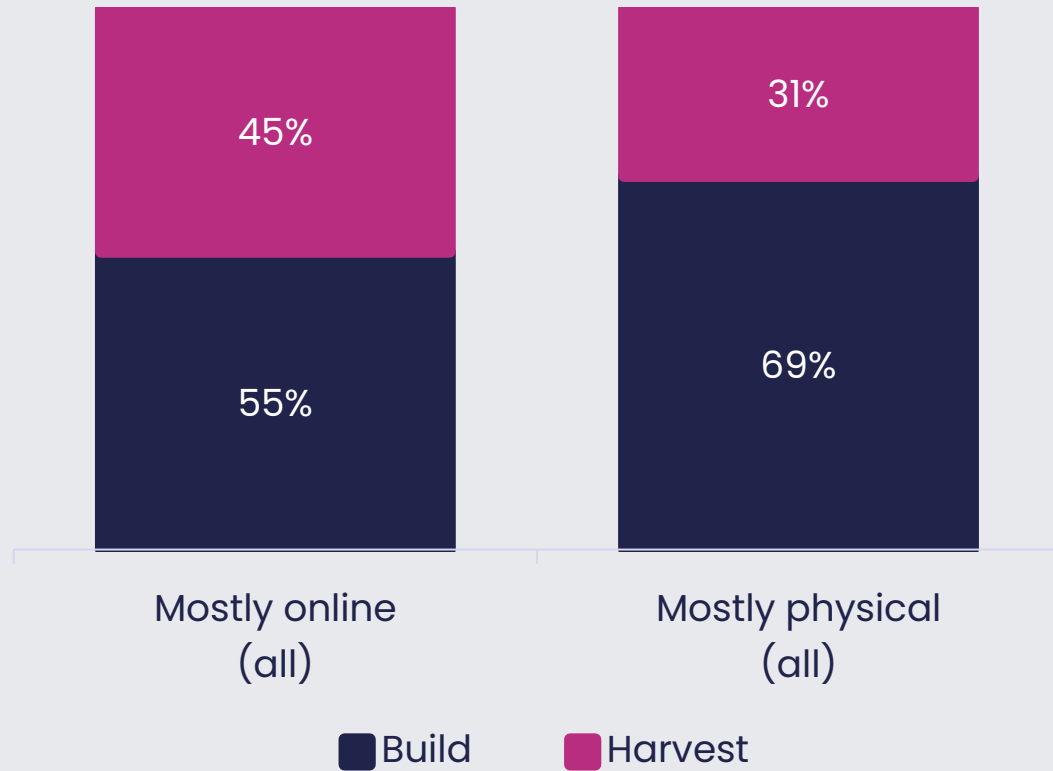
Harvesting is easier when people research the purchase online, so you need to spend less on it

# In normal campaigns the highest ROI budget splits are 65:35

Most businesses that mainly sell online spend too much on harvesting

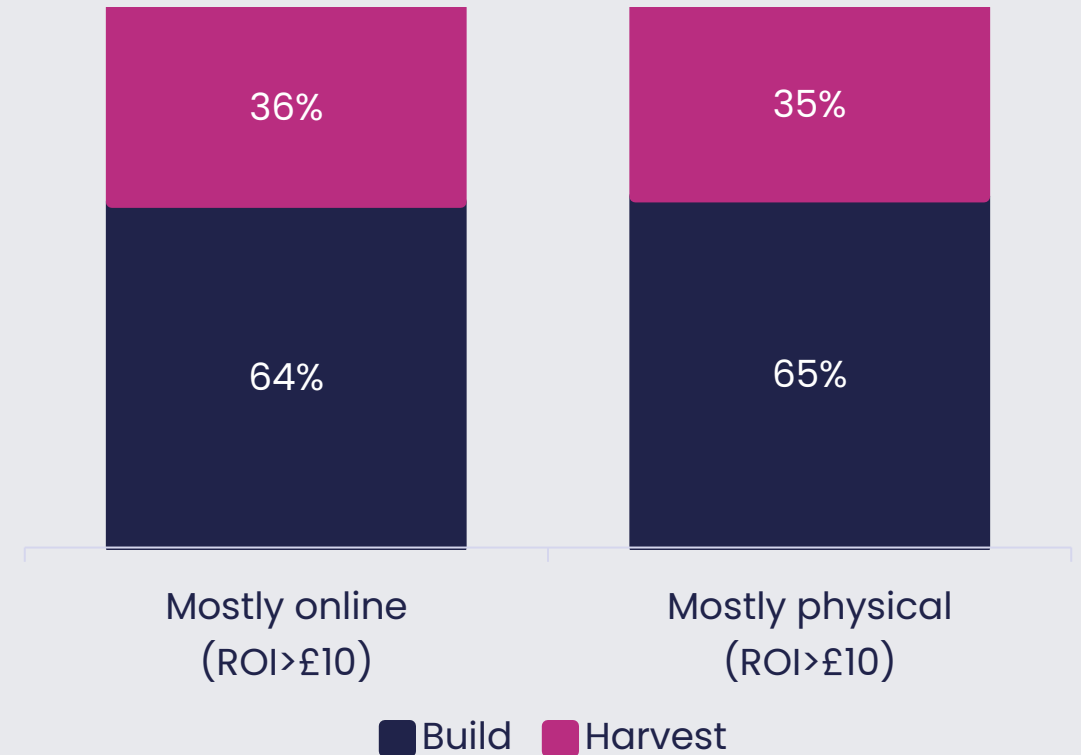
## Harvest vs build split for ordinary campaigns

(572 UK advertisers 2015-2022)



## Harvest vs build split for good value for money campaigns

(24 UK advertisers with ROI > £10)



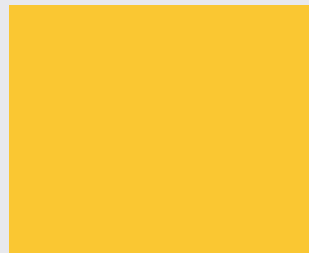
# Brand that invest more in brand equity have higher ROI

Brands with the highest ROI have at least 30% of their budget into equity marketing efforts

## Total Media ROI by Campaign Support

90%

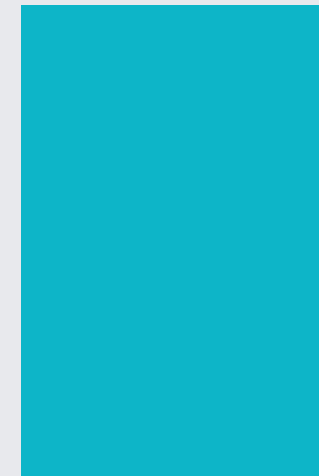
Median ROI increase when moving from a performance strategy to a mixed approach



Performance Only



Equity Only



Performance and Equity

■ Performance Only

■ Equity Only

■ Performance and Equity

Brand building is changing

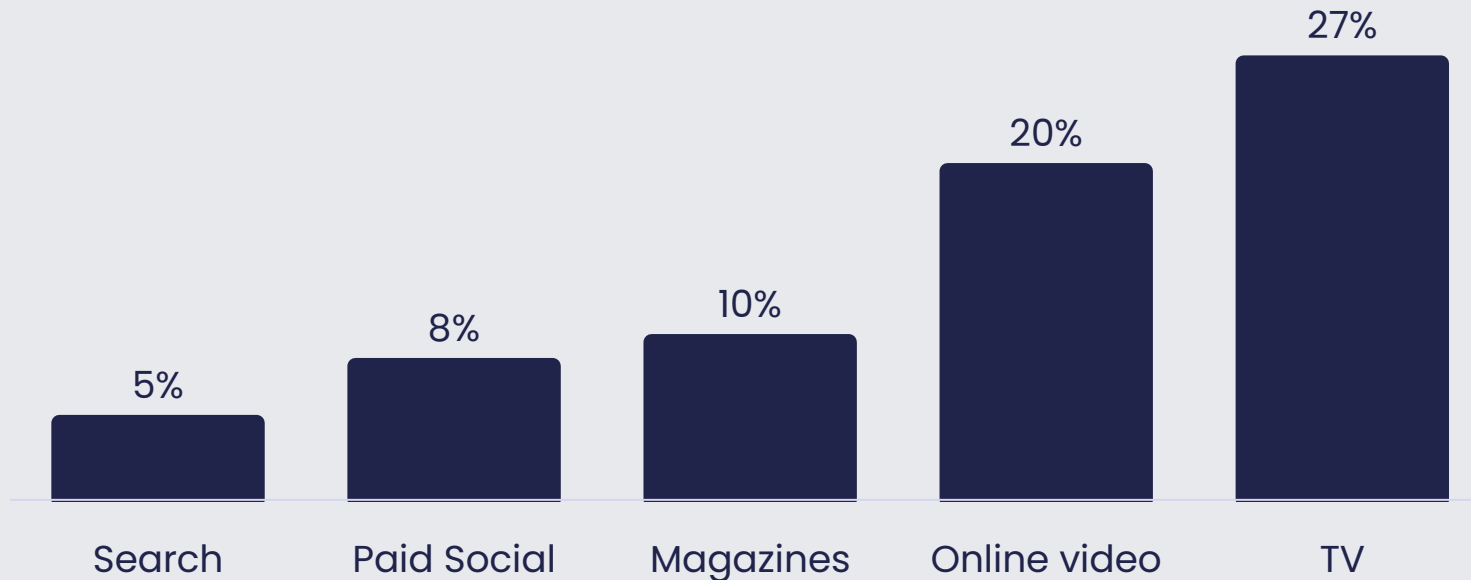




# There is a new version of the old route to brand building

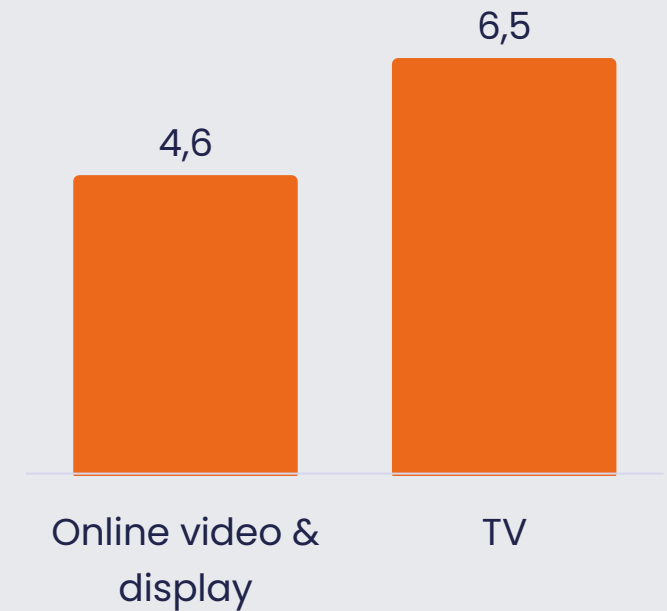
Because video with default sound on is good for brand building wherever it airs

% of time sitting with a visible ad spent actually looking at it



More capable of holding people's attention

Longevity of sales effect (months)

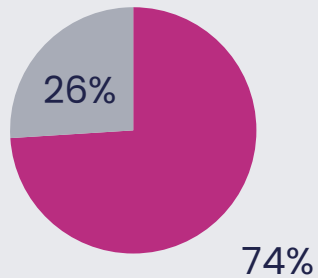


## But there are also new routes

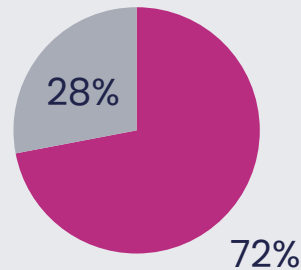
One is to work with influencers and creators

People trust product/brand recommendations from the creators they follow

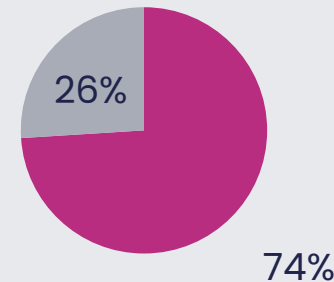
Promote in my best  
interest



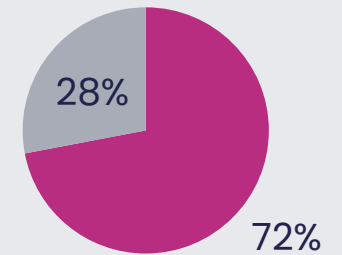
Promote reliable  
products/brands



Promote affordable  
products/brands



Promote good quality  
products/brands



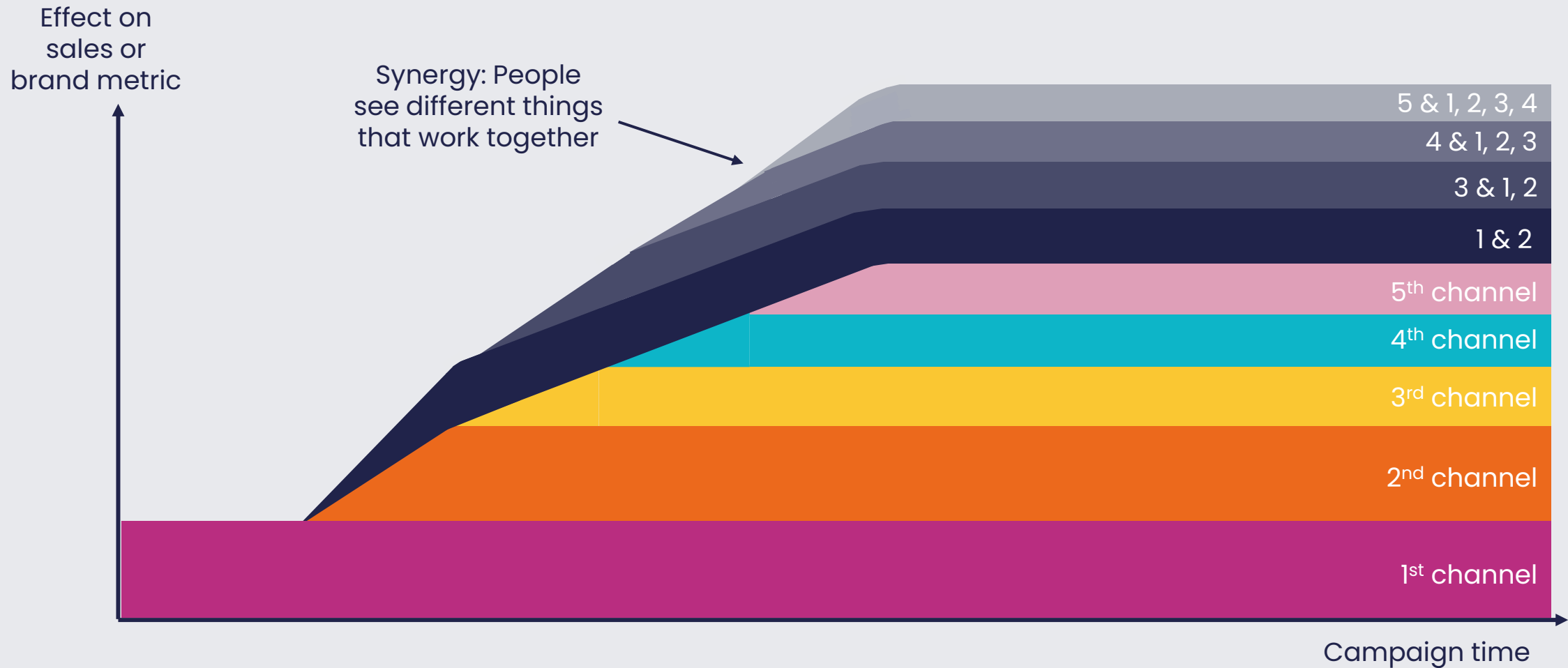
Agree

Disagree



## Another new route is the “lot of little” campaign

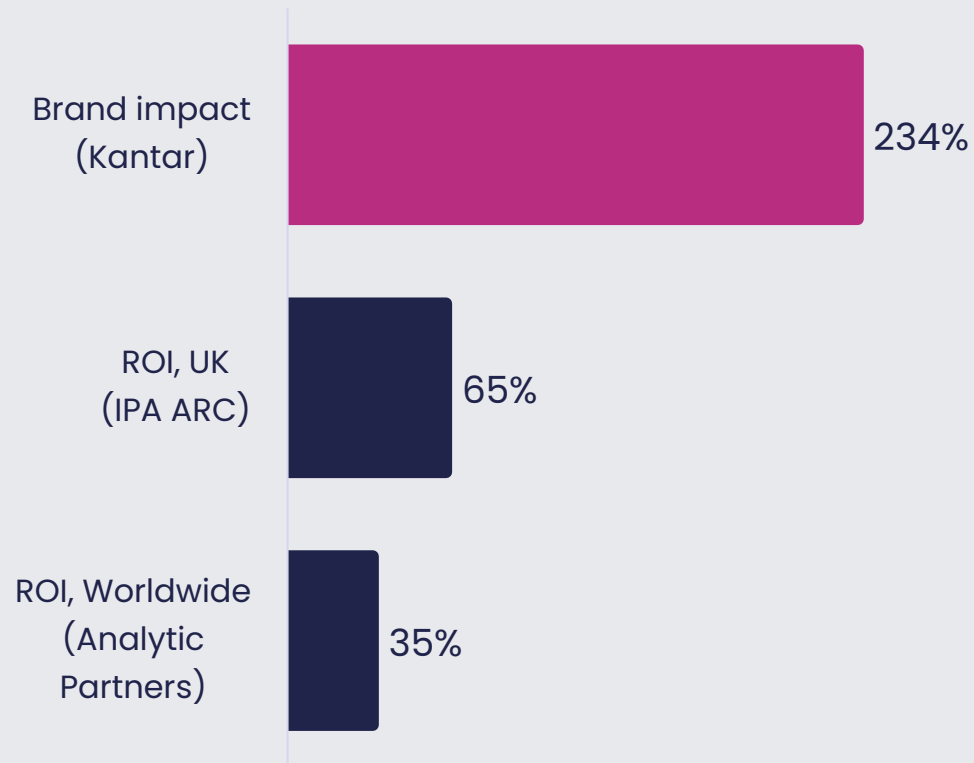
Where no single channel gets everyone for 30 seconds, but the stack delivers enough small exposures



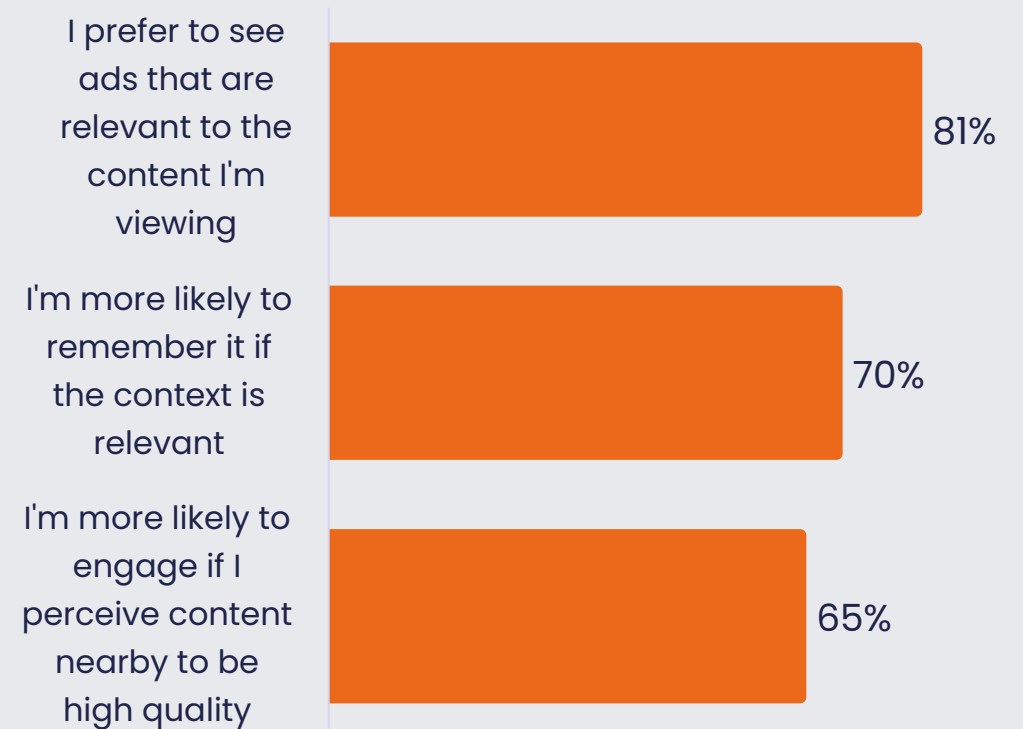
# This strategy gets the benefit of synergies

And the benefit of appearing next to relevant content

Additional payback for the same budget across 5 channels vs. 1



% agreement, statements about content your ad appears with



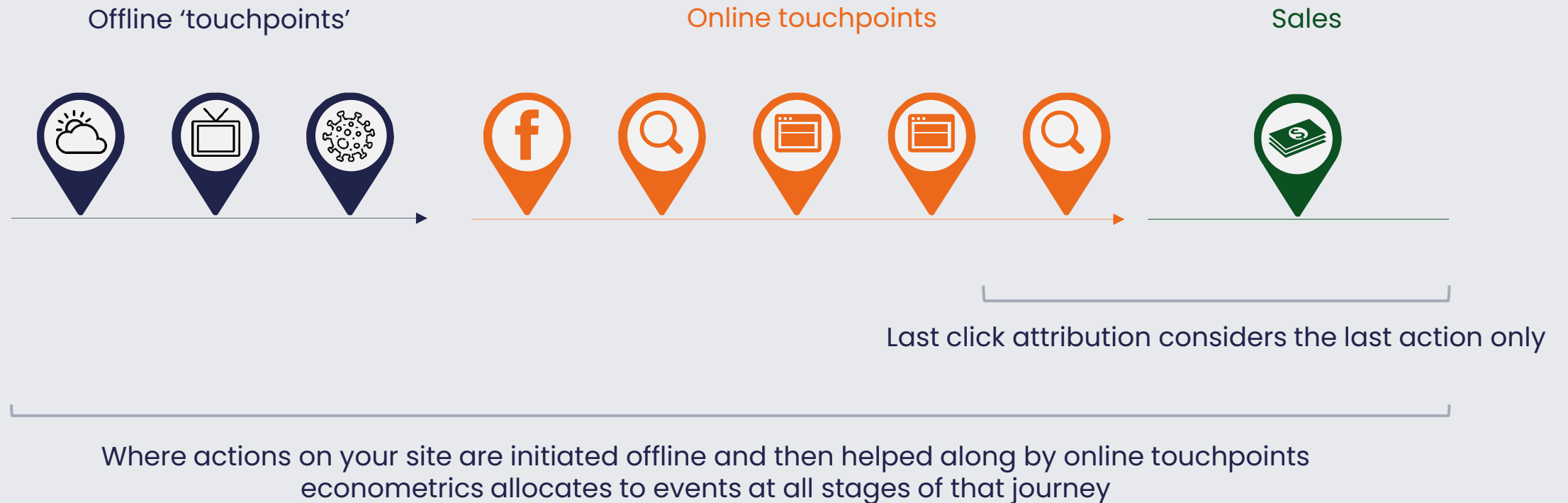




# Measuring Brand Building

# Next step, measurement: Econometrics includes all influences throughout the journey

And can untangle incremental sales from online ads vs sales caused by other things



# Econometrics can quantify the short and longer-term impact of advertising

As well as answering your key questions on marketing and non-marketing factors



Typical output

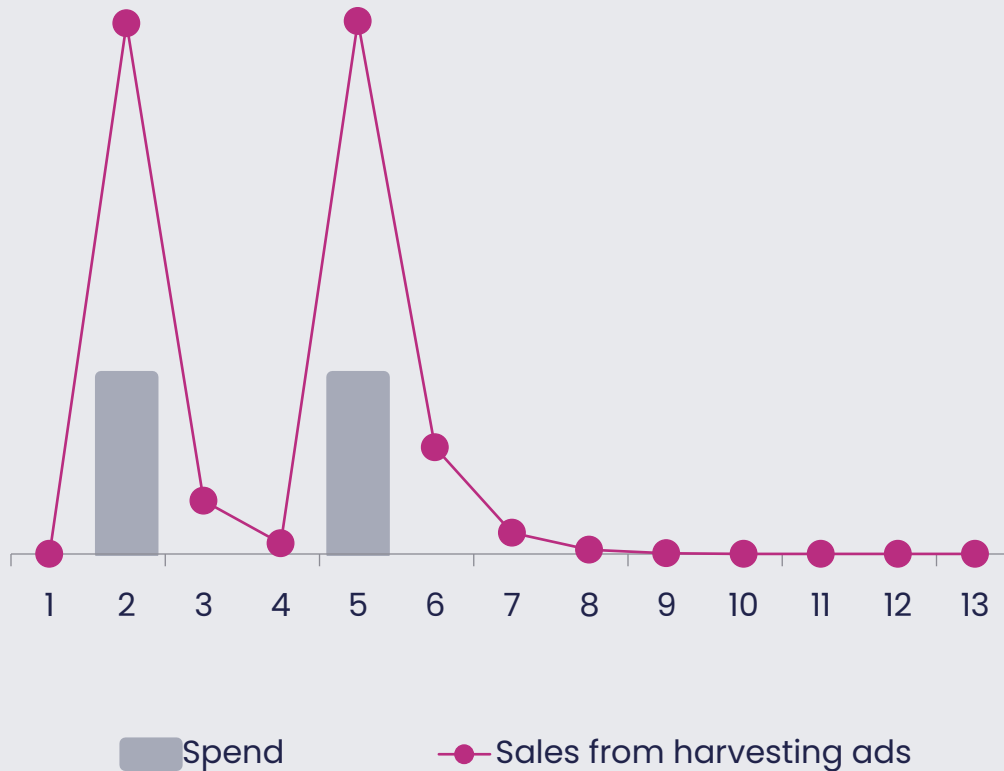


Hidden useful relationship

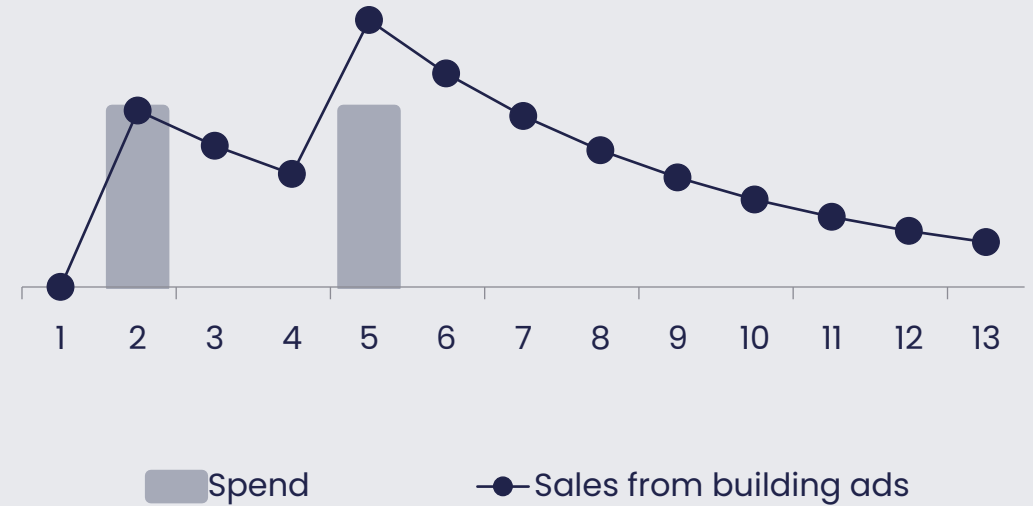
# Analysts test the shape of response over time in models

If its generally a big but short-lived effect its harvesting; if its a smaller but long-lasting its building

Sales effect of spending on demand harvesting, by weeks since airing



Sales effect of spending on demand building, by weeks since airing



There are some media channels that are generally better at building demand

And some that are generally better at demand harvesting

A large grey double-headed arrow points left and right. In the center of the arrow are two rounded rectangular boxes. The left box is pink and contains the word 'HARVESTING'. The right box is dark blue and contains the words 'DEMAND BUILDING'. Below the 'HARVESTING' box is a vertical stack of five pink rounded rectangular boxes, each containing a media channel name. Below the 'DEMAND BUILDING' box is a vertical stack of five dark blue rounded rectangular boxes, each containing a media channel name.

HARVESTING

DEMAND BUILDING

Paid search

Paid Facebook

Paid Instagram

DRTV

Radio

Brand TV & sponsorship on TV

YouTube & online video

Broadcaster video on demand

Press (paper and digital)

Out of home (posters)



# Video, especially on the TV screen, is brilliant for building demand

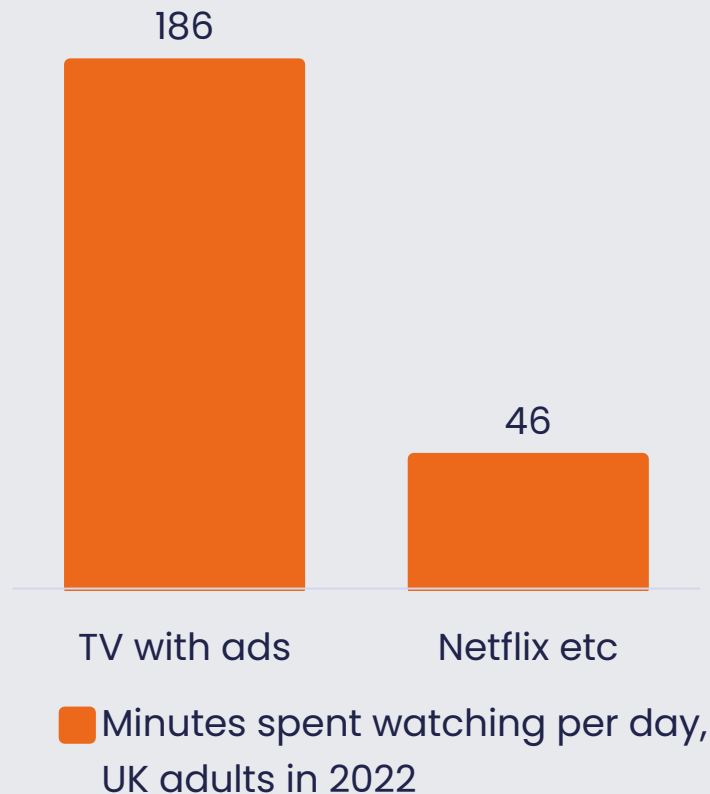
## 1. The nature of it

Sound on, un-skippable video advertising is well placed to be convincing and memorable because it uses **sight, sound, and motion**

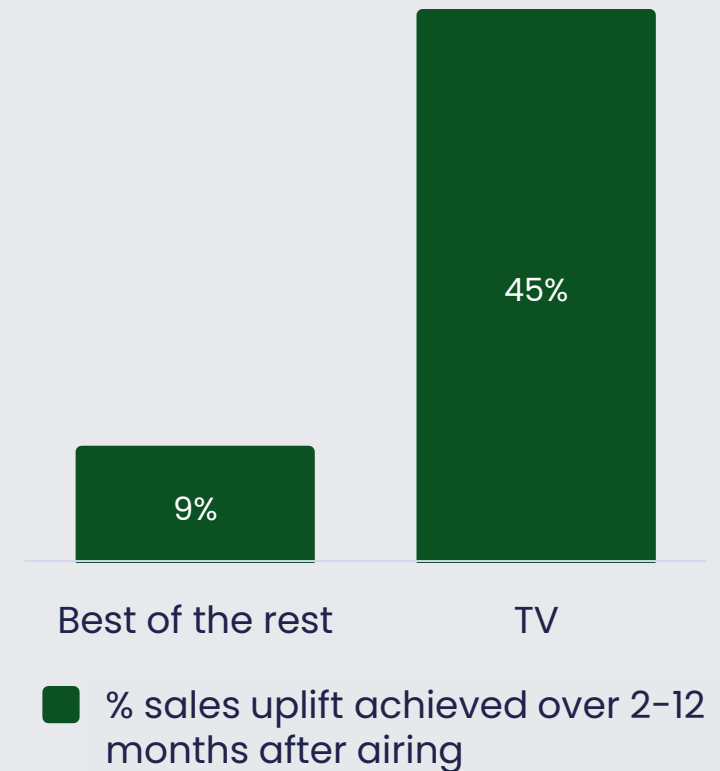
If it's on the TV screen, people might **talk about it** which will make it even more memorable

Being on TV signals you're big and that you have money, and so in turn, that **other people must like it**

## 2. If you don't watch TV ads you're not normal



## 3. Meta studies show it works for demand building





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