WARC

The *Multiplier* Effect

A CMO's guide to *brand building* in the *performance era*

Analytic Partners BERA.ai PROPHET System1

Building brands as a multiplier for growth

This report makes a data-driven case for effective advertising. It argues that many businesses are missing out on significant revenues and profits through an incomplete approach to advertising.

It is incomplete because ad budgets are either ignoring or siloing what is often termed "brand" investment.

To some, this might feel counterintuitive. There is a strong narrative against the idea of "brand" in modern business A case in point: marketing professor Scott Galloway has argued we have seen the "end of the brand era". In his view, brand building is associated with a bygone age of broadcast-led advertising.

At the same time, advertising has entered the performance era, dominated by data-rich, algorithm-driven platforms. This "dollar in, dollar out" approach largely views advertising as a directly measurable customer acquisition and sales tool. But the distinction between brand and performance in advertising is a **false choice**.

As this report demonstrates, the biggest returns come when marketers see brand equity as an accelerant of commercial performance. This leads to a clear series of actions that CMOs can take to turn their investments into true growth levers.

This is **the Multiplier Effect**, where equity-led advertising drives sales for today and in the future, and performance advertising reinforces the brand while operating as efficiently as possible.

Contents

The brains behind the report

This report is based on insights and data from a first-of-its-kind coalition of marketing effectiveness experts. What they share is a commitment to ensuring that advertising delivers the best possible returns by building equity while also driving sales today.

Analytic Partners

Analytic Partners is the leader in Commercial Analytics, providing adaptive solutions for deeper business understanding, right-time planning and optimization for marketing and beyond.

Its ROI Genome® research is based on data from over 1,000 brands, 50+ nations and hundreds of billions in spend. The data used for this report is representative of US advertising performance.

BERA.ai

BERA.ai is the leading online platform for optimizing the sustainable ROI of brand building and research. It provides the only brand metrics that have been independently validated for their predictive connection to business KPIs.

Powered by continuous, census-matched data from over ten billion brand equity points, BERA.ai delivers always-on tracking, predictive analytics and global benchmarking across 5,000+ brands.

PROPHET

Prophet is a growth and transformation firm that redefines what growth can mean. With deep expertise and bold strategies, Prophet helps clients thrive amid disruption and turn their ambitions into measurable impact.

In support of this study, it surveyed more than 300 senior marketing leaders in North America, and spoke with over 30 of these executives individually.

System1

System1 is The Creative Effectiveness Platform that quickly harnesses the power of emotion to drive profitable growth for the world's leading brands.

It helps the world's largest advertisers make confident creative decisions that lead to transformational business results. Its research for this study included analyzing 40,000+ US ads broadcast on TV from June 2018 to May 2024.

WARC

For over 35 years, WARC has been powering the marketing segment by providing rigorous and unbiased evidence, expertise and guidance to make marketers more effective.

Its services include 100,000+ case studies, best practice guides, research papers, special reports, advertising trend data, news and opinion articles, as well as awards, events and advisory services.

TL;DR

1 Key arguments

- The distinction between "brand" and "performance" advertising is a **false choice**. Advertising is most effective when it pursues both of these jobs – but CMOs are increasingly failing to do this.
- The relationship between the two is x not +. Stronger brand equity acts as a **multiplier**, driving extra impact and greater efficiency from performance advertising.
- Shifting budget out of equity-led advertising into performance techniques may be superficially attractive but leads to **diminishing returns** as the "multiplier" wanes.
- CMOs should avoid viewing brand and performance as binary techniques needing siloed teams. They are better planned together as an **integrated growth strategy**.
- Equity-driving work needs to be seen to perform. And performance advertising needs to reinforce brand equity.

2 The data you need to know

- There is a **"performance penalty"**, where overinvesting in performance advertising reduces revenue returns in the range of 20% to 50%.
- Shifting from a performance-focused to a more balanced advertising investment portfolio can lift overall revenue returns by between 25% to 100%, with a **median uplift of 90%**.
- For budgeting purposes, CMOs should be allocating **at least 30%** to equity-driving ads, or the "brand baseline", with 40% to 60% a typical "best practice" range.
- CMOs should understand the **"media multiplier"** between short and long term for their media investments. This can vary by channel, but is generally between 1.1x and 2x.

3 Rules for success

- **Avoid thinking in silos** when it comes to campaign planning; a more consumer-first approach is to think in terms of full-funnel creative platforms, where different types of assets reinforce each other. The ideal is to "go deep" by integrating all creative assets within a platform.
- Then "go long" by using strong brand assets and a brand idea broad enough to be surfaced in different ways across different platforms; this will help build **compound effects over time**.
- Performance-led techniques such as promotions should still tie back to the brand idea.
- Use measurement techniques able to **capture the full range of impacts** of advertising, including revenue returns beyond the initial campaign period, pricing effects and the impact of strengthening brand equity on commercial performance.
- Build a "measurement stack" that can identify a brand's "baseline" revenues and the incremental impact of advertising beyond it.

What we mean by... brand

This paper uses a few terms that need to be defined up front...

Let's start with the big one.

"Brand" is one of the most used (and abused) terms in marketing. It's also one of the most important.

At its simplest, a brand is the sum total of the associations people have about a company, product or service.

It is about what people remember, and how those memories interact with potential buying decisions when a consumer is "in-market".

Once you realize it is about memory, a couple of things become clear.

First, the act of building a brand is much bigger than advertising.

Brands are built from your product, your pricing, your distribution, your customer experience – anything that could leave a lasting (or even a fleeting) impression on a potential customer. They are also built by the commercial communications, or advertising, a company puts into the world.

Second, claims in some parts of the business world that brand is somehow "dead" are wide of the mark.

That argument ignores the importance of pricing power to a business (which reflects people's willingness to pay based on their perceptions of a product) and the correlation of brand equity and advertising strategy to stock valuations.

What has changed, of course, is the nature of advertising as the media world has evolved and fragmented. In the age of performance, "brand" as a concept is often positioned as fluffy, unaccountable and old-fashioned.

But, as we will show, a smarter approach to advertising, with brand thinking at its heart, can supercharge performance.

What we mean by...

Advertising in this report covers all forms of marketing communications. In a 4Ps model, it is Promotion.

Brand equity is a measure of the strength of consumer attachment to a brand or the associations consumers have with it, and the ease with which these come to mind when a consumer is ready to buy.

While different definitions of consumer brand equity abound, there is consensus that it reflects the "added value" a brand name gives a product (versus an unbranded version).

Brand/equity-led advertising leads with creative designed to build equity for the brand. It is generally targeted at a broad range of category buyers, whether they are in-market or out-of-market. This type of advertising typically favors creative that can develop and maintain lasting resonance and memory structures among a sizable audience of potential category buyers. Emotional appeals – including humor – will be prominent in order to gain and hold attention.

Performance advertising looks to drive specific outcomes – like clicks and purchases – among in-market shoppers. It typically uses more rational, functional messaging to nudge consumers toward a desired result.

The strictest definition of performance advertising is based on the buying mechanism – advertisers pay based on the ads' performance at achieving a pre-set goal. Increasingly, performance advertising is moving toward programs driven by artificial intelligence (AI) on the major tech platforms, where the advertiser decides what outcome they want to optimize for.

Short-term impact describes advertising's immediate return (a matter of days); it also points to returns within the current "purchase cycle" (weeks). Combined, these are the short-term impacts of advertising. A strict definition is difficult due to the variation in purchase cycles of different brands and categories.

Long-term impact refers to delayed effects beyond the current purchase cycle, including commercial impacts caused by strengthened brand equity.

The CMO Briefing

Convincing the CFO

At Cannes Lions 2024, Ian Borden, the chief financial officer of McDonald's, declared that marketing had become one of the most powerful growth drivers for the company.

Marketing's contribution to McDonald's US topline, he said, had grown 2.5x since 2019 thanks to platforms like "Famous Orders" – some achievement in a business turning over $50 billion a year.

What had unlocked this change? Borden explained that the leaders of the business had aligned around creativity and brand equity as core growth drivers. "Brand value is the moat around our business," he said.

"As you grow your brand value and your equity, that's what gives you the confidence that the future momentum of your business is going to stay strong."

It's not often that the CFO from one of the world's best-known companies acknowledges equity-led advertising as a growth lever.

But, in the current US business environment, it may become more important. That is because, for many organizations, brand building is making a comeback as an advertising priority.

Aside from the McDonald's example, we have seen:

- A high-profile crisis at sporting goods titan Nike after the company's DTC strategy – which included a step back from its investment in equity-led advertising – stumbled.
- A growing number of marketers at America's new-economy brands – like Instacart, Airbnb and smaller players like Saatva and DUDE Wipes – investing in brand equity as part of their advertising mix.
- An expanding body of business-to-business (B2B) and business-to-consumer (B2C) research that sees brand building as fundamental to growth.
- The decline of targeting data available to advertisers due to privacy moves by legislators and tech companies such as Apple, creating what has been described as "signal loss."

Turning this momentum into a credible case for a brand-skeptic C-suite is one of the biggest challenges facing senior marketers.

Ian Borden, the chief financial officer of McDonald's, speaking at the Cannes Lions International Festival of Creativity 2024

Two big questions

This introductory briefing for CMOs summarizes the findings of this project and outlines the actionable steps marketers can take to close two major knowledge gaps.

1 Can we build an evidence base from the United States proving how investment in advertising can be the most effective?

2 How can CMOs apply this evidence to their own initiatives in order to supercharge the results delivered by their businesses?

Why this is the "performance era"

The past decade has seen three big trends that changed the game for CMOs and the ways they advertise.

1. **The rise of digital-native businesses** with a different business playbook – direct-to-consumer (DTC) brands, for example, or software-as-a-service (SaaS) brands in the B2B category.

   Their approach to advertising is data-driven and, as startups or scale-ups, geared toward quick customer acquisition. These businesses emerged alongside data-rich tech platforms and vendors that grew on the promise of easily-measured, and optimizable, performance outcomes.

   Such an approach has practical utility for smaller, fast-growth businesses. But, as we'll see in this report, it also has profound limitations.

2. **Pressure on legacy players to maintain growth** amid a bumpy economy and a fragmenting media landscape. Their focus has been on efficiency and accountability of spend – and, in many cases, trying to manage or mimic tech-driven disruption. This business environment is increasingly short-termist, with a focus on quarterly returns.

3. **Consumer media usage has transformed**, with more time spent in digital spaces designed for quick hits of attention. The big tech players have created powerful ad products built to locate demand and connect it to commerce.

The result of these trends has been a steady shift of investment into channels where short-term customer acquisition is, on the face of it, highly measurable.

This shift is continuing as more digital channels open up near the point of purchase (retail media, for example), artificial intelligence creates new buying options (like Meta's Advantage+) and more legacy channels and operators offer data-informed digital formats (like connected TV).

This is the "performance era", where advertising must show how it drives immediate returns.

Avoiding the “doom loop”

Performance advertising holds out the promise of immediate returns and near-endless optimization. The reality is very different.

There are two main dangers CMOs need to be aware of in this performance era.

1. **Misleading metrics:** Attribution-based measurement routinely overestimates the contribution of channels close to the point of purchase, which means it fails to give a holistic view of what actually works.
2. **Diminishing returns:** Scale-up brands, built on the back of digital performance ad techniques, frequently report a “performance plateau,” where performance metrics start to decline and growth becomes harder to achieve as the “easy wins” in a category are maxed out.

The main risk of over-investing in performance is entering the “doom loop”.

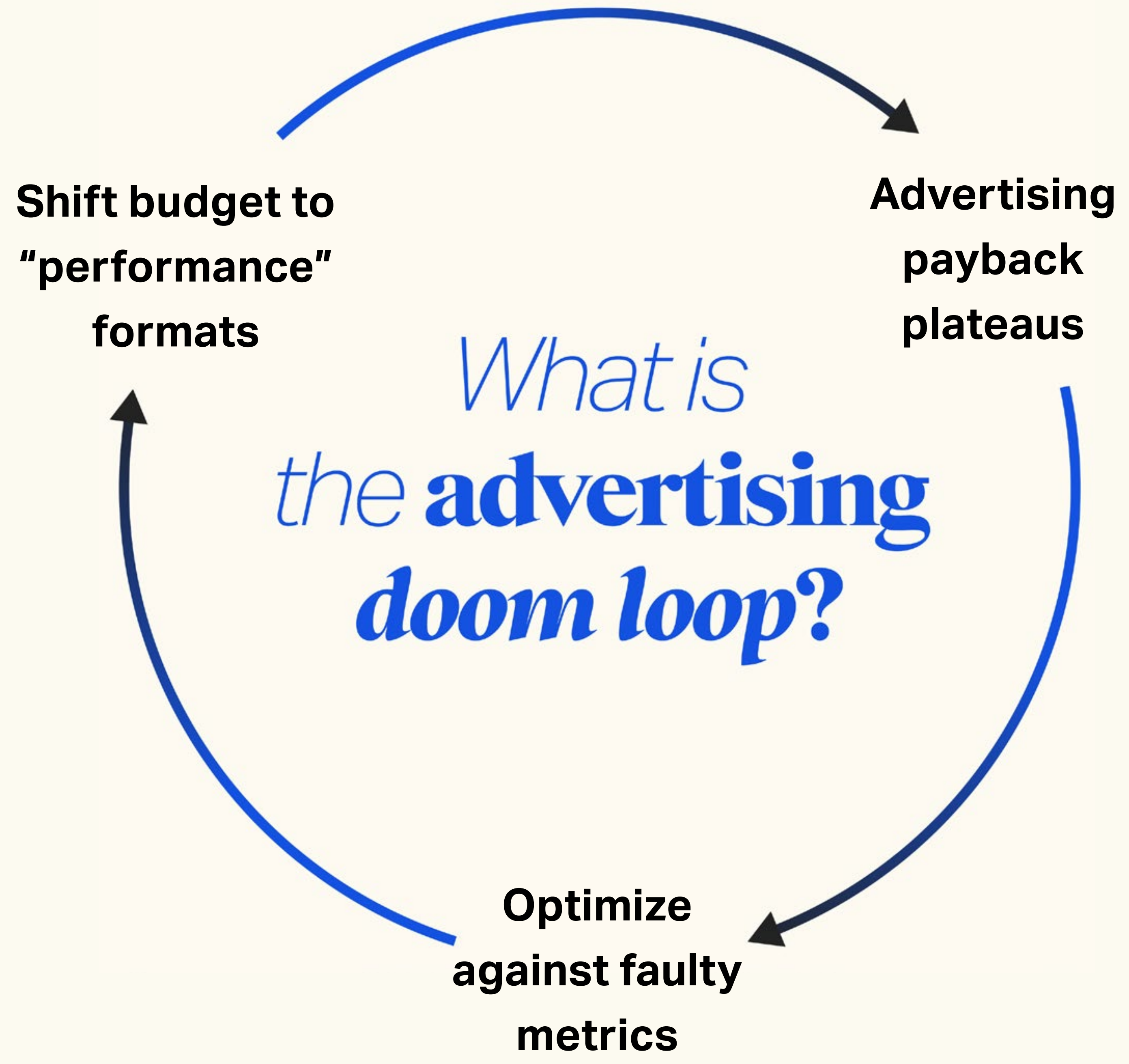
In simple terms, this negative spiral takes shape when slowing growth encourages advertisers to optimize their spend against the wrong data and metrics.

That approach, in turn, contributes to a further slowdown in growth before the cycle begins anew.

Such an issue is, arguably, of most relevance to scale-up businesses. But it is also a very real situation at many larger, more established businesses that have followed a similar approach.

And, as this report will show, it ignores the reality that:

- the payback of performance advertising is only as strong as the equity of a brand;
- shifting budgets to performance usually means reduced budgets for building equity;
- and this outcome, in turn, weakens the brand context of performance advertising, causing the payback of such formats to stall.



Unlock the brand advantage

The evidence is clear that advertising effectiveness is highest when it fulfills two jobs.

1. It needs to nudge people who are actively shopping in a category toward purchasing a brand by reminding them of reasons to buy and connecting them with places they can make a purchase. These in-market buyers are sometimes referred to as "current demand."
2. It needs to build favorable and relevant associations among potential category buyers so that, when they do come into the market, the brand comes to mind easily. These buyers are sometimes referred to as "future demand."

At any one time, the vast majority of consumers will be out of market. In B2B, this has been called the 95/5 rule, as just 5% of consumers are in-market at any given time.

This means performance techniques that depend on identifying purchase signals will only ever reach a tiny fraction of the market.

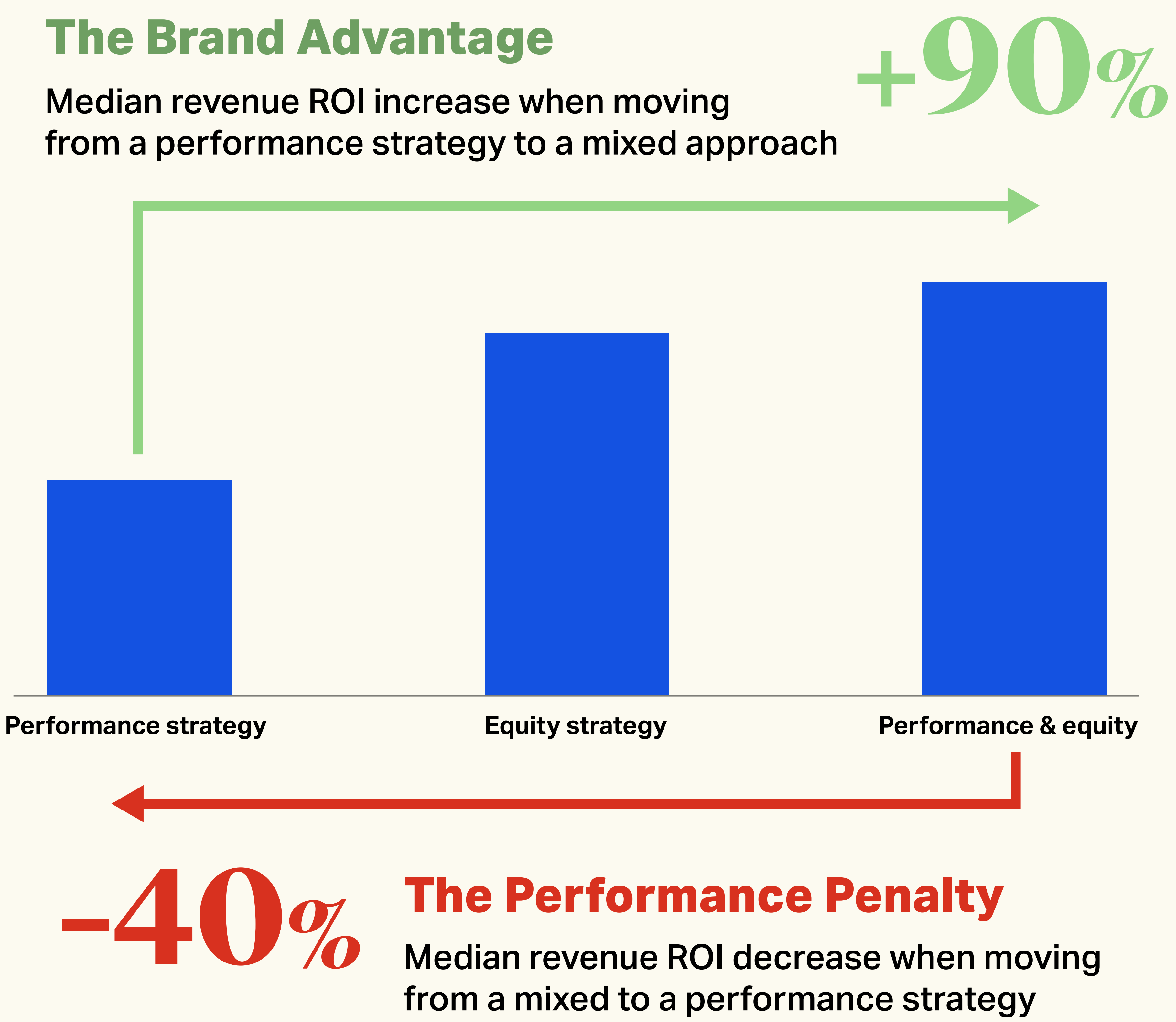
There are enormous benefits in reaching people before they are ready to buy (a much larger group) and, over time, making them more likely to choose a brand through powerful, resonant creative messaging.

In fact, when the creative work is strong, it can have a powerful impact on immediate sales and brand metrics, as long as it reaches both in-market and out-of-market consumers.

The evidence is clear here: switching from a performance strategy to a combined approach can boost total revenue returns by somewhere in the range of 25% to 100%. **The median is an incredible 90% uplift.**

The key here is to consider the timeframe of effects. A combined approach should still pay off in the short term (a matter of weeks), drive success over a longer timeframe and be less likely to suffer from diminishing returns.

The benefits of doing both



Source: Analytic Partners ROI Genome

It's not brand + performance; it's brand x performance

If the evidence is so clear, why have more brands not gone down this route?

While it looks straightforward on paper, in practice there are several hurdles to operationalizing these ideas.

First, defining what in practice is "brand" or "performance" messaging is difficult.

How you define it might vary depending on whether you are looking at the creative message, the media channel, the media buying mechanism or how tight the targeting is. And remember: from a consumer's point of view, it's all just advertising.

Second, selling in the prospect of long-term results is a challenge in organizations that prioritize short-term wins – and, indeed, in dynamic markets where change feels constant.

But perhaps the biggest operational issue is when the idea of advertising having "two jobs" leads to a siloed "two workstreams" approach.

Some organizations even have separate brand and performance teams.

This leads to suboptimal performance when:

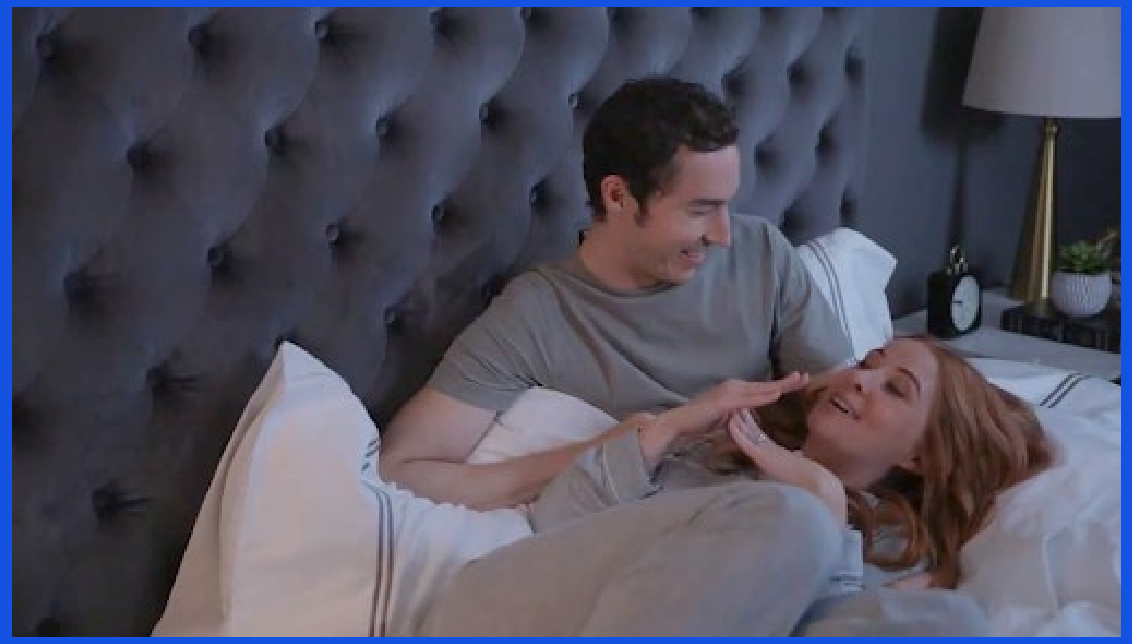
1. **Brand teams become divorced from commercial impact** – they are seen only as driving brand metrics, the "upper funnel" or "long-term" sales.
2. **Performance teams become divorced from brand thinking** – they have a separate agenda that is not connected to the core equity-building programs.
3. **Performance advertising is still seen as the core revenue driver** – this makes investment in brand equity vulnerable to cutbacks and marginalization over time.

This is a key point. The best way to achieve the two "jobs" is not to divide them into two separate strategies.

A better way to approach this is to see brand and performance as part of an **integrated growth strategy**, led by the CMO.

Case study

Saatva breaks the "performance plateau"



Saatva, the direct-to-consumer mattress brand, found its reliance on paid search was becoming increasingly cost prohibitive. It decided to focus more on brand-led advertising (from a basis of zero dollars) and, in the last couple of years, revenue and margins have increased, even as the wider category has been in decline.

See chapter two of this study for more details on the the importance of building brands.

This reflects some key principles that came through in the hard evidence:

1. **Stronger brands drive stronger performance.** This is a fundamental finding: strengthening brand equity leads to better ability to convert through performance advertising.

   These results should show up in improved performance metrics – it is becoming increasingly common, for example, for CMOs to report reduced customer acquisition costs (CAC) as brand effects strengthen.

2. **Media investment is largely "double duty"**. Most media investment has both a short-term and a prolonged, longer-term impact – this can vary by channel, but is generally between 1.1x and 2x. Understanding how media channels work together to impact both the short and long term, and both brand and commercial growth, is the key to maximizing the payback of all advertising.

   This blurring of the lines will only increase as digital platforms look to operate across the entire "funnel" (Amazon's blending of TV, search and e-commerce is an example) and channels such as TV and audio become increasingly digital.

3. **The modern funnel has to take account of a "messy middle".** The reality is that consumers do not go through a series of stages leading to a purchase. In an age where they can jump from a post in their social media feeds to an instant sale with same-day delivery, marketers need to work harder than ever to join the dots between touchpoints.

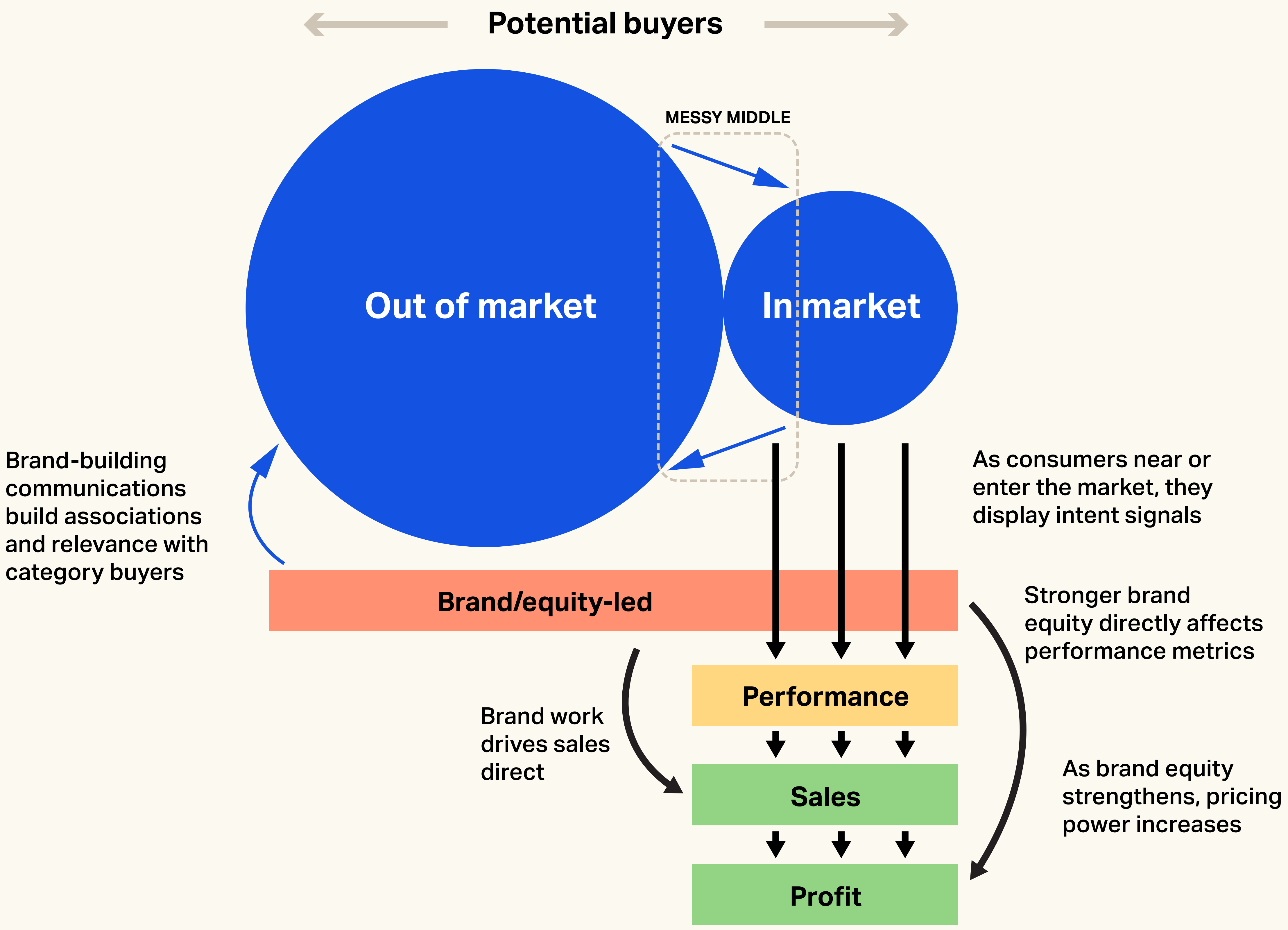
   Distinct workstreams for "top of funnel" and "bottom of funnel" do not match the way consumers buy.

4. **Strong brands have pricing power.** New research underlines the role of strong brands as a way to reduce consumers' price sensitivity.

That should mean less reliance on performance-led discounting. In short, the Multiplier Effect rests on *brand x performance*, not *brand + performance*.

They must be planned, implemented and measured together to harness this effect.

The Multiplier Effect model

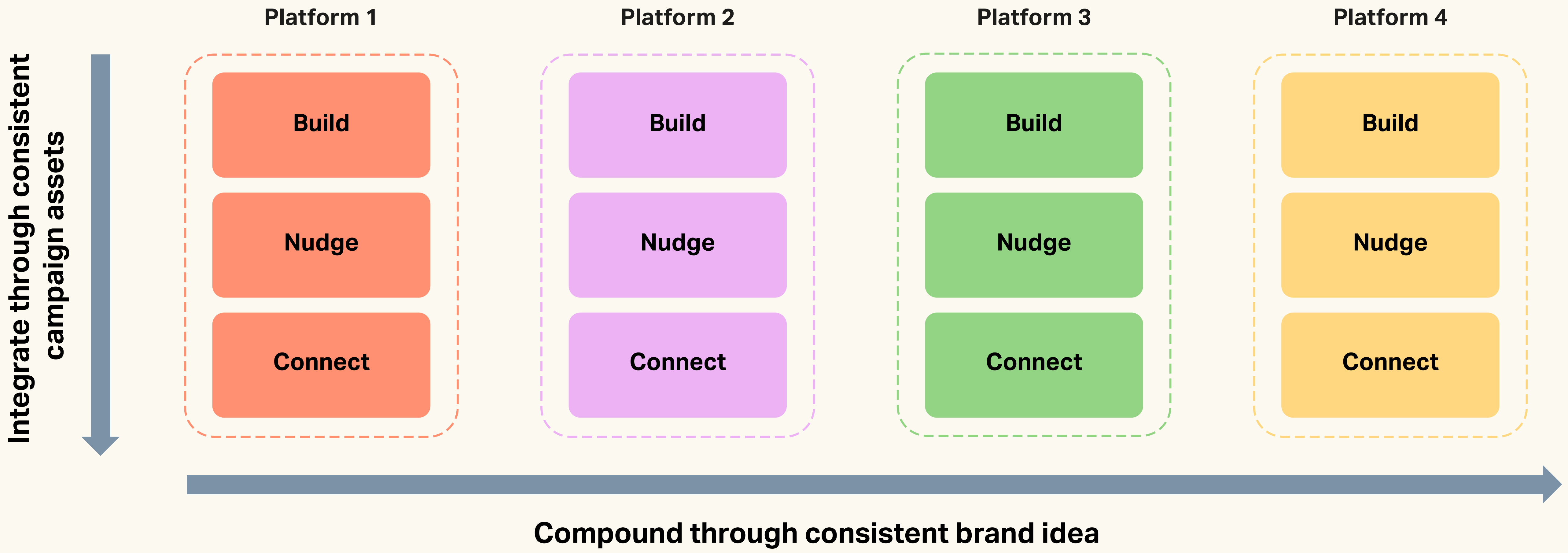


The work: From "campaigns" to platforms

The advice in this report is to focus advertising investment on expansive creative platforms that integrate brand and performance messaging.

- Build creative platforms that use a range of executions for different goals, and map the ways they need to work together.
- Avoid "brand campaigns" that are not mapped to the broader commercial agenda or that run in isolation from performance advertising.
- Use distinctive brand assets to help consumers see the link between all types of advertising. Ideally, a guiding brand idea will drive some consistency from one platform to the next and help mitigate the threat of creative fragmentation.
- Make sure performance work reinforces equity-led activity. Also, when using promotions, try to inject creativity so they tie back to the brand idea.
- Look for smart media combinations that reinforce each other – for example, TV and search.

McDonald's embodied this idea with Famous Orders. This platform asked various celebrities what menu items they usually ordered from its restaurants, then applied this idea right through from advertising to the point of sale.



Case study

Snickers builds an iconic advertising platform

Snickers, the candy bar, developed a hugely successful advertising platform with You're not you when you're hungry.

This platform tapped a deep insight, turned it into an expansive idea and deployed it across countless light-hearted iterations over time. And it drove substantial growth in sales.

See chapter three of this study for further insights into this type of approach.

Budgeting: The brand investment spectrum

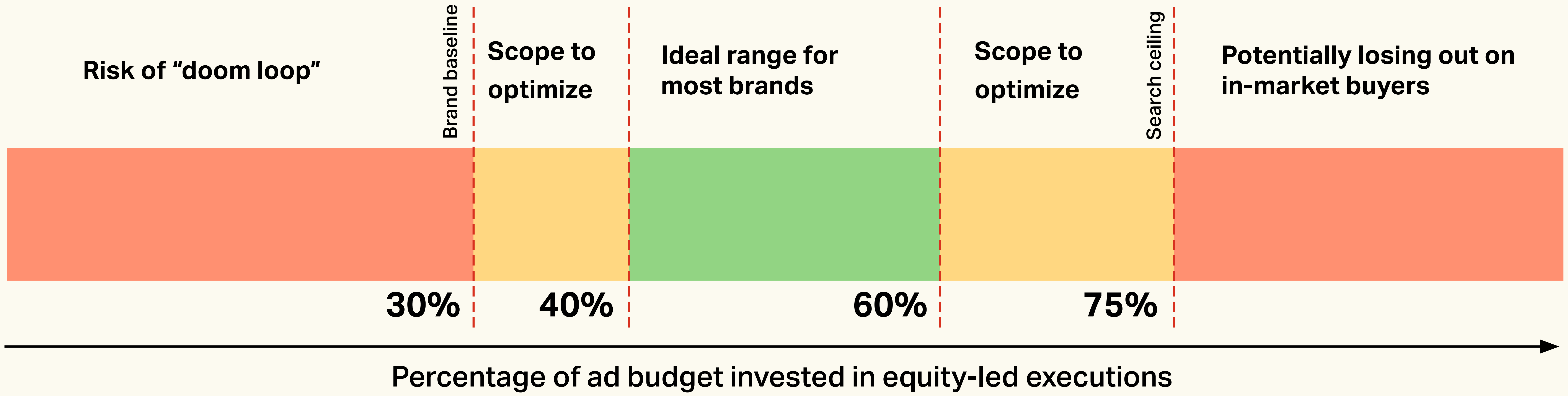
There is no magic formula for investing across brand building and performance work.

Each budget plan needs to reflect a brand's starting point. But there are some guidelines that can help:

- When allocating budgets, aim for a minimum 30% of spend to go against equity-led executions – this is the "brand baseline". For most companies, however, that figure will need to be nearer 50%; for many, that number will be around 70%.
- Review spend on search to ensure it matches the reality of how advertising works, not the results of overly-simplistic measurement techniques.
- Search investment will vary by brand and category, but, for most brands, spending more than 25% of budgets on search should be a red flag. We call this the "search ceiling".
- The final allocation of resources depends on a number of variables, including a brand's existing levels of equity.
- "Balance" is only part of the equation. Advertisers also need to drive integration between the different investments to harness the Multiplier Effect.

Instacart, the online delivery platform, is an example of this, as it combined brand and performance budgets after taking the journey from being largely focused on performance to becoming a truly full-funnel advertiser. (See chapter three for more details of how Instacart proved the value of brand building.)

The brand investment spectrum



Measurement: Six key principles

Capturing the full impact of the Multiplier Effect will require a sophisticated approach to proving returns.

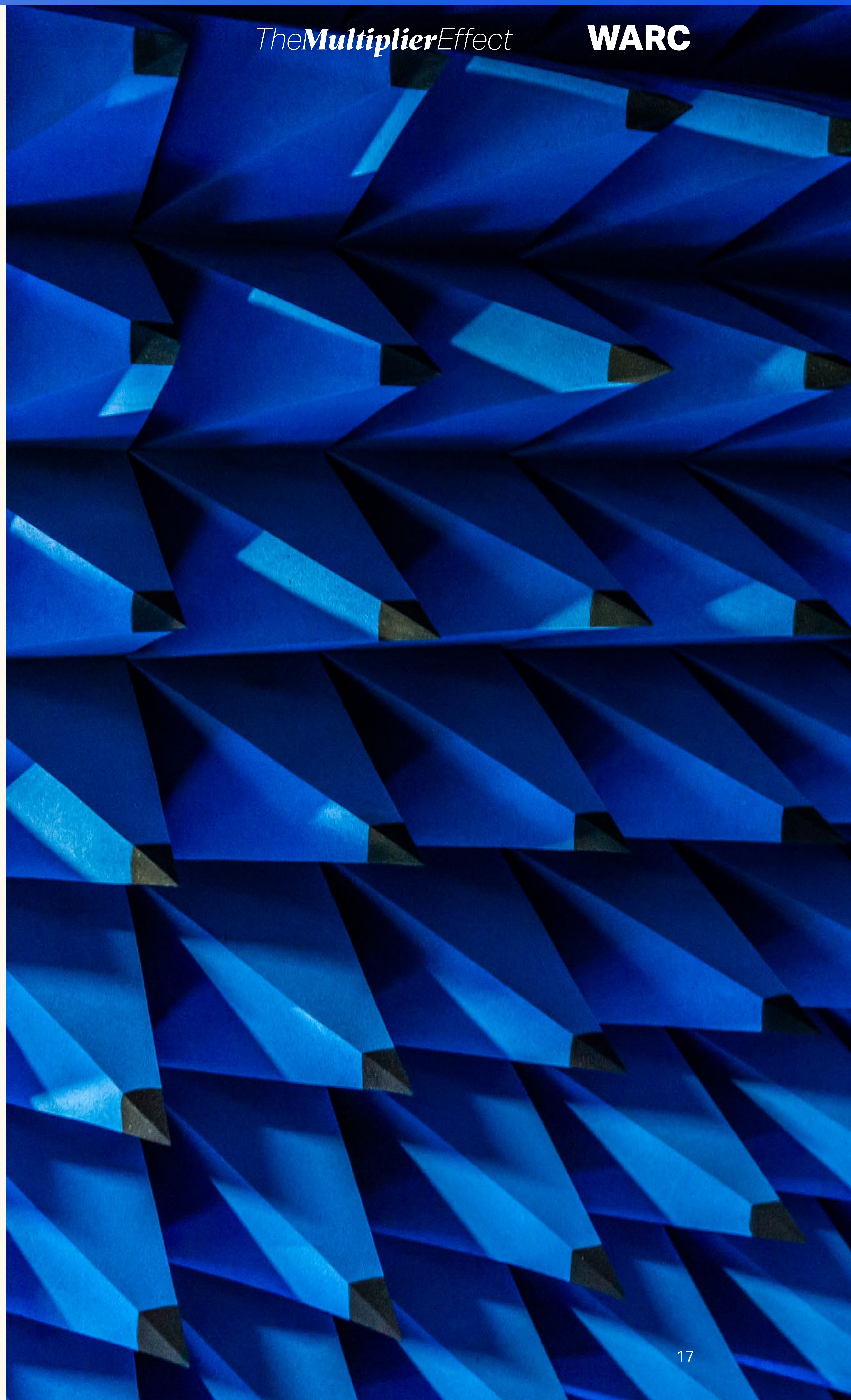
CMOs who want to achieve this goal should aim for a "measurement stack" that is capable of fulfilling six key principles:

1. It is incrementality-first and able to show that advertising is bringing new customers into a brand, rather than trying to take credit for base sales that would have happened anyway.
2. It combines paid, owned and earned media touchpoints in a single framework.
3. It recognizes prolonged media and brand effects, like long-term ad impacts and diminishing returns.
4. It recognizes multiple routes to impact, meaning that advertising effects are measured across the entire business, including all sales channels and customer groups.
5. It controls for the 4Ps (product, price, place and promotion) and includes the impact of advertising and all other factors that influence results.
6. It influences forward-looking decisions, instead of only providing a view of what has already happened, which leaves value on the table.

Marketing mix modeling (MMM) is likely to be the measurement cornerstone for most advertisers, as it is invaluable to identifying baseline sales and incrementality.

Techniques like in-market experiments and multi-touch attribution can be used to supplement models or provide tactical guidance when used wisely.

One useful idea is that equity-led advertising has a "half life" of around six weeks – this timeframe can be a useful rule-of-thumb when trying to ascertain the impact of advertising.



1. The rise of the *“doom loop”*

Over the past decade, advertising investment has increasingly become focused on performance advertising. The data clearly shows that marketers are diminishing the impact of their advertising by taking this trend too far.

The two jobs of advertising

If a marketing team is to be a genuine growth driver for their business – as opposed to a sales support function – then advertising has two important jobs.

Advertising's first job is nudging people who are currently in-market toward buying a brand.

This short-term goal is achieved, in theory, by prompting them with timely reasons and reminders about why a brand is the right choice, then guiding them to an opportunity to buy.

Its second job is making potential category buyers more predisposed toward a brand over time.

It does this through building equity, and so fostering the kinds of positive perceptions that cause a brand to spring to mind in purchase situations.

Because memories fade, the job is not just to build them, but to refresh them.

This two-part model aligns with the classic purchase funnel – the first job is "bottom of funnel"; the second is "top of funnel". It also reflects research that most potential customers are not in-market at a given moment.

The 95/5 rule, for example, states that only 5% of total B2B customers are looking to buy at any one time.

This has become a key piece of thinking; most of your potential customers are simply not looking to buy right now, so are unreceptive to sales-led messaging.

Brand/equity-led

- Reach a wide range of category buyers
- Attract attention
- Build and maintain relevant memory structures, particularly through emotional appeals

Performance

- Locate potential demand among the few active buyers
- Provide timely reasons to buy
- Connect to a purchase opportunity

The shift to performance

While advertising has two jobs, actual investment has become skewed toward one job with the rise of performance advertising.

Performance advertising is focused on serving ads to in-market consumers. These are the people who are ready to buy. And, in many marketing organizations, it is now the default investment approach. They are "performance-first".

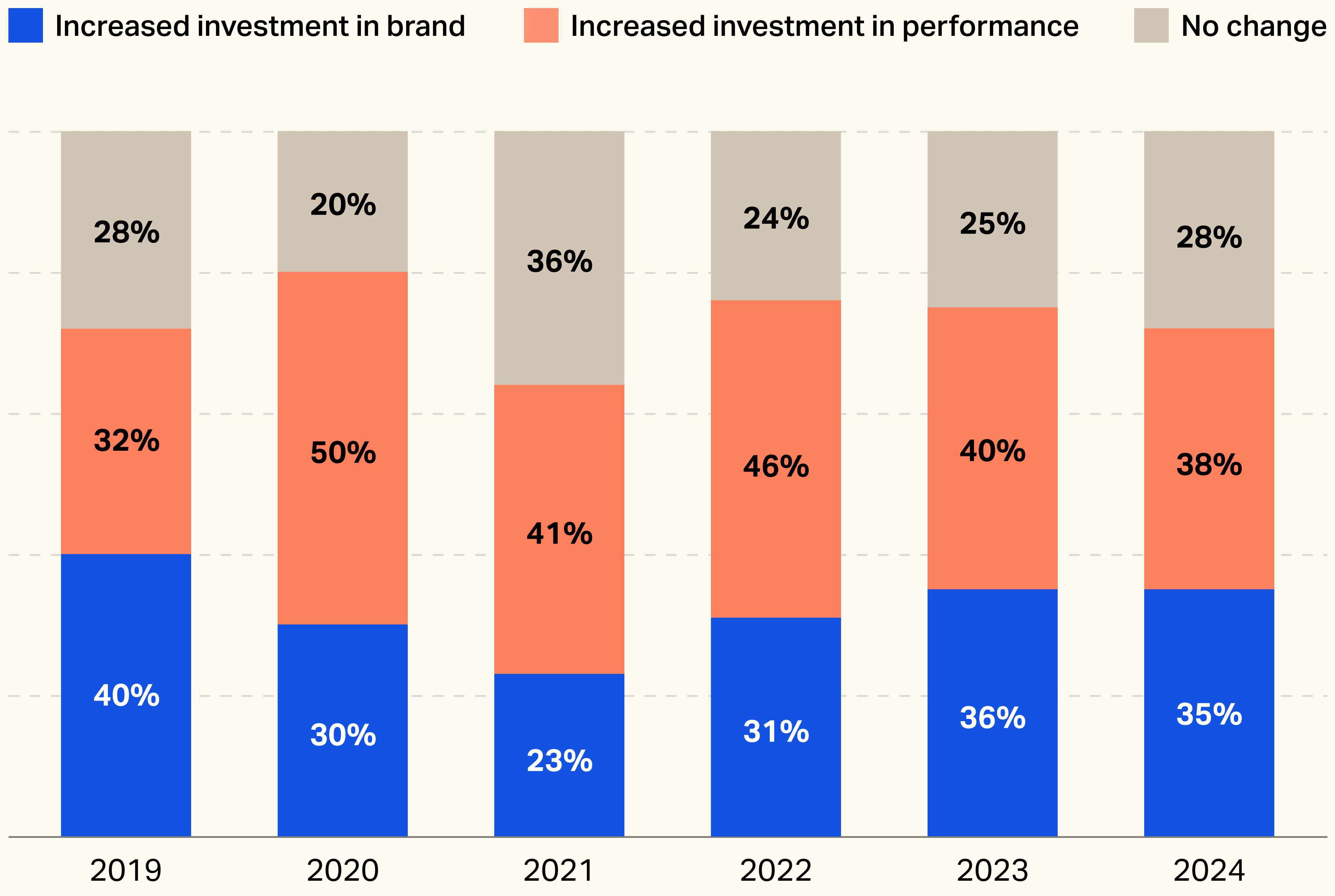
The bias toward performance reflects a belief that this activity can easily be tied to commercial outcomes, as costs and returns are easily visible. Advertisers pay for "performance," after all.

A laser-like focus on in-market shoppers also reflects the priorities of the big tech platforms, which championed narrow targeting, quick wins and siloed measurement based on their own interests.

As global events like COVID-19 and rising inflation left marketers needing to drive immediate returns, performance spending accelerated further.

Equity-led advertising, by contrast, is often seen as depending on fuzzy metrics – and thus as being harder to justify to senior management.

Marketing budgets skew toward performance



Source: WARC Marketer's Toolkit 2025

Performance problem #1:

Misleading metrics

A major problem with performance advertising is a reliance on misleading metrics. This has led to confusion about how advertising actually works – and missed revenue opportunities.

Performance advertising is often seen as the best way to convert current demand using channels like paid search, social and retail media.

Given it can deliver near-instant results (clicks, views, and so on), it is also seen as enabling real-time optimization to maximize returns.

One problem: much of the data supporting this optimization is faulty, incomplete or inaccurate.

This is shown by modeling based on simplified attribution, which gives credit for a conversion to the touchpoints a shopper interacts with before buying.

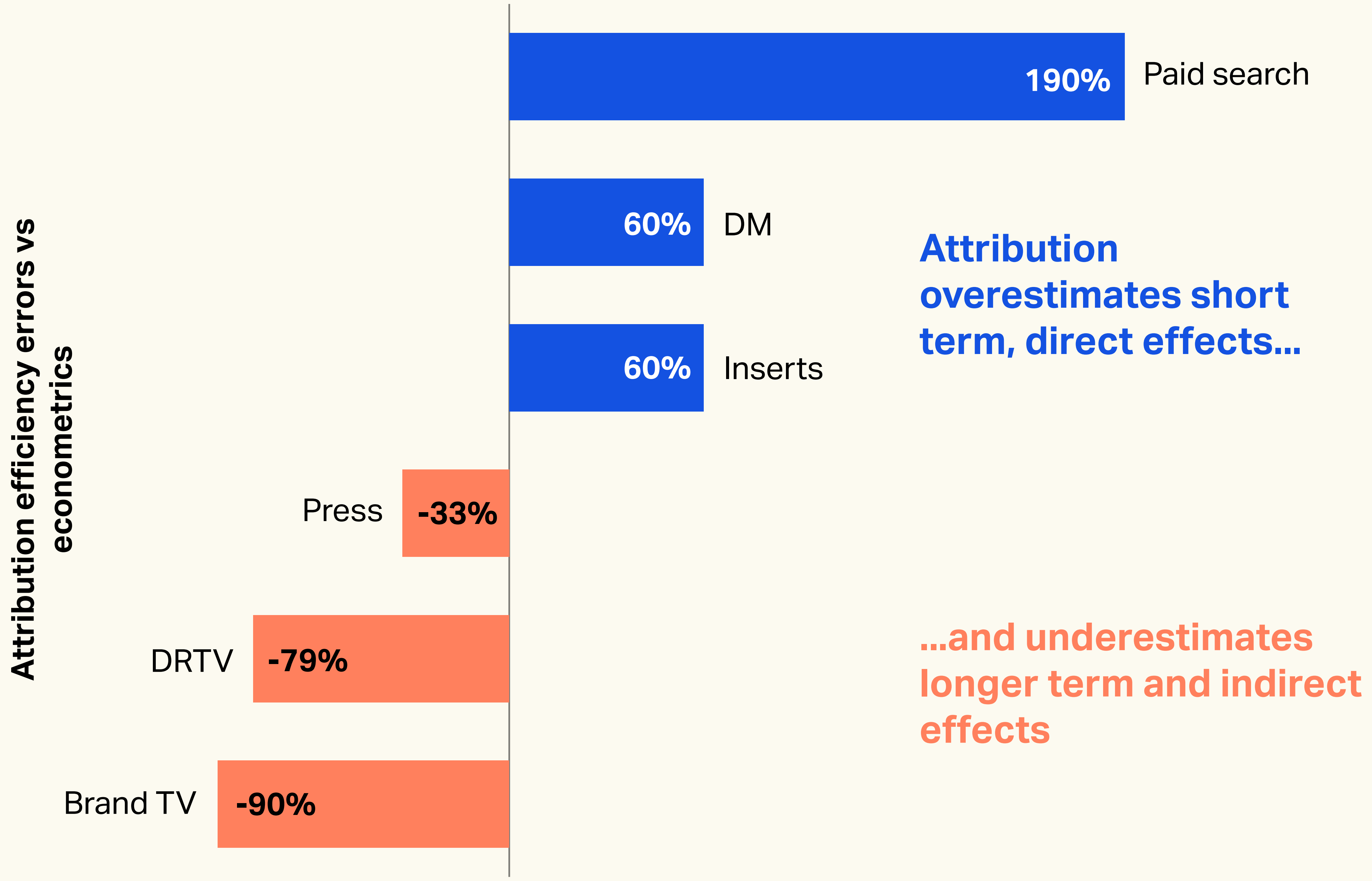
This typically ignores other influences on the shopper journey that can't easily be tracked. Analytic Partners has shown last-click attribution can overestimate the impact of paid search by 190% while underplaying the impact of equity-led TV advertising by 90%.

This means there are two blind spots for CMOs:

1. demonstrating incrementality (that is, would a sale have happened without advertising);
2. and truly understanding the various influences that built up to that moment, with faulty data leading to a misallocation of budgets.

How bad is the attribution problem?

Last-click attribution can overestimate the impact of channels like paid search by as much as 190%



Source: Analytic Partners

Performance problem #2:

Diminishing returns

Startups often reject equity-led advertising as they believe a good product, supported by performance messaging, is enough – a mindset that leads to the "performance plateau."

Many data-rich startups initially grow using a "performance-first" mindset.

For them, the role of advertising is to convert in-market demand into revenue, and the emerging targeted ad systems of the big digital platforms allowed them to do just that. And, for many, it worked.

This approach was first championed by a generation of buzzy, direct-to-consumer companies led by e-commerce giant Amazon, where founder Jeff Bezos suggested advertising was the price for having a sub-par product. Many startups (and, indeed, investors) quickly embraced this thinking.

While highly effective in a company's early days, when performance advertising has a lot of initial headroom, this approach ultimately leads to what is called a "performance plateau".

This term refers to a point where growth stalls, performance advertising costs rise and results trail off as a scale-up company hits a sales ceiling. Essentially, the techniques it has been using to grow run out of power to drive additional growth.

And, on its part, Amazon is today regularly among America's biggest-spending (and, according to System1's data, one of the best) brand advertisers.

Falling into the optimization "doom loop"

The result of today's performance myopia can be a "doom loop", where advertising is optimized against metrics that can overstate the impact of specific channels by as much as 3x.

The issue of diminishing returns is not confined to startups.

Larger advertisers that prioritize performance metrics risk optimizing themselves out of growth.

Analytic Partners' ROI Genome research – based on data from over 1,000 brands, 50+ nations and hundreds of billions in spend – has found that depending on performance metrics results in 35 cents of lost opportunity per dollar spent.

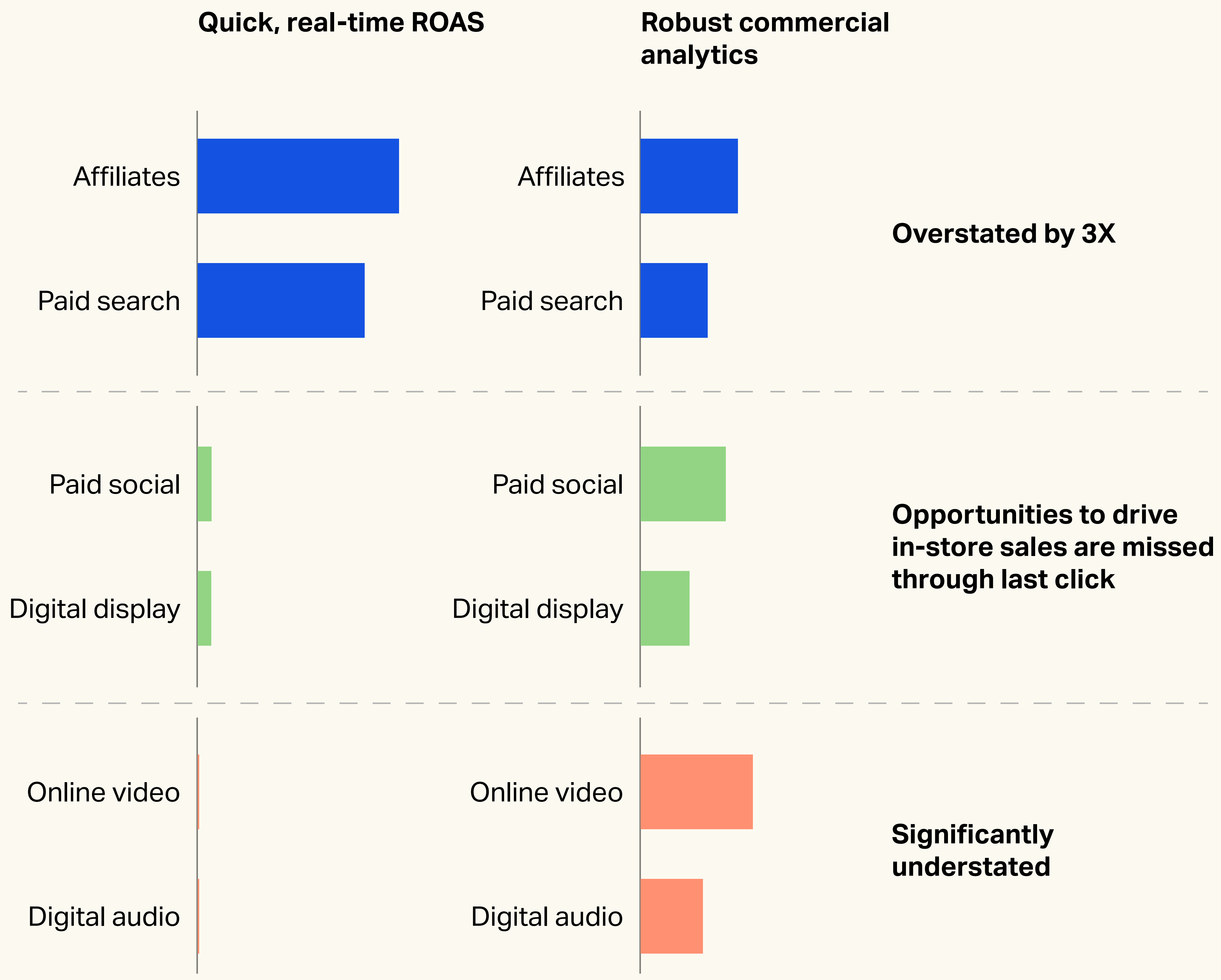
Looking at an omnichannel apparel retailer, for example, showed these metrics overestimate the importance of paid search or affiliate marketing – where third parties (like publishers) promote goods or services and are remunerated for actions like clicks or conversions – by 3x while equally understating the role of channels like paid social and online video.

Using this information to optimize campaigns means advertisers make ongoing investment decisions based on inaccurate data.

At its fullest extension, that leads them into a "doom loop" of wasted spend, falling returns from advertising and a profound loss of C-suite confidence in this activity. This leaves budgets highly vulnerable to being cut.

Optimizing away from effectiveness

Focusing on the wrong metrics can lead to missed opportunities, as shown by this impact assessment for an apparel retailer



Source: Analytic Partners

Only 12% of the best short-term ads deliver in the long term

It might be assumed a series of strong performance-led executions will have an accretive effect. In reality, that is not the case.

System1 tests consumers' emotional responses to ads, as forming positive associations to recognizable brands is a proven route to creative success. It has correlated this data with likely sales growth on two dimensions:

- Long-term growth, ranked on a five-star system to rate growth potential over 12 months: 1.0 (Low); 2.0 (Modest); 3.0 (Good); 4.0 (Strong); 5.0 (Exceptional).
- Spike Ratings, predicting short-term sales in the eight-to-ten weeks after airing on a scale between 1.00 (Low) and 1.33+ (Exceptional).

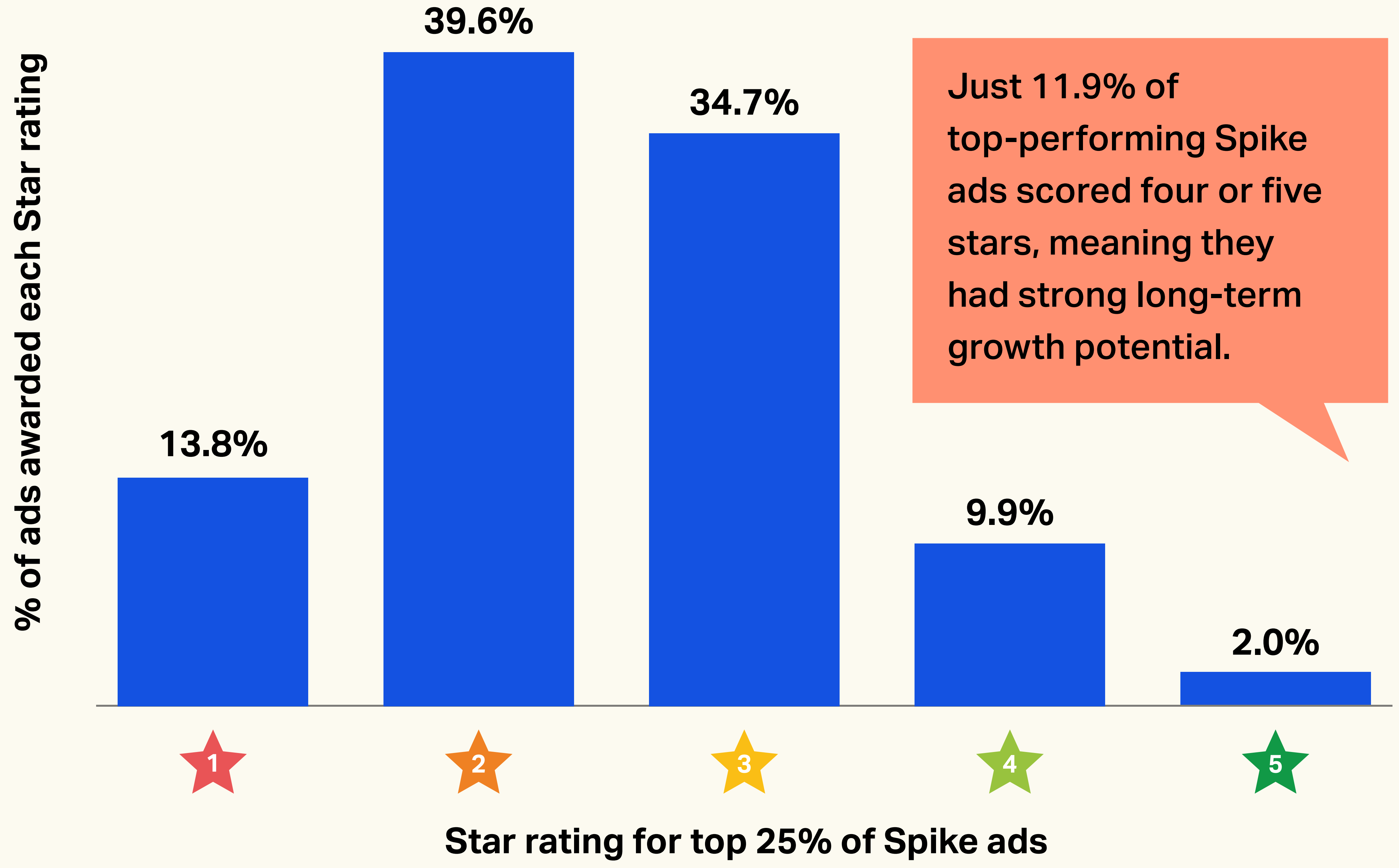
Based on a study of over 41,000 ads (dating from June 2018 to May 2024), System1 found short-term, performance-led creative usually falls short when contributing to lasting market-share gains.

Looking at the top 25% of ads in terms of their Spike Ratings, 53.4% recorded one or two stars, meaning their impact was limited to just a few weeks.

Such ads typically relied on creative elements like voiceovers, fast-paced rhythmic soundtracks and freeze-frame effects at the expense of equity-led storytelling.

Short-term winners rarely drive long-term growth

The top 25% of TV ads for short-term impact under-perform in the long term



Source: System1

Losing strategies hurt sporting giants

The perils of the performance trap have been in full view in the sporting goods industry, where several major players have leaned too heavily on performance.

Kevin Plank, Under Armour's CEO, recently revealed it has a $500 million marketing budget, but "it doesn't feel like we're spending it" in terms of its impact. Plank laid the blame, in part, on an overfocus on "the logo and a price tag" rather than fostering deep connections. The new aim, he said, is to "reconstitute brand strength" with storytelling aligned to merchandizing.

Similar tensions have been observable at Nike, which, amid revenues struggles, faced severe criticism for putting undue emphasis on performance as part of a shift toward direct-to-consumer sales. While Nike's issues are about more than advertising, its corrective efforts included a big-budget, equity-led initiative coinciding with the 2024 Olympics, plus upgrading its brand equity measures to help evaluate the ROI of its retooled strategy.

In a similar fashion, a few years ago adidas conceded it had over-invested in performance. While this expression of advertising contrition was made in 2019, the company's CEO has acknowledged it still has work to do to wean itself off discounts and rebuild equity by increasing its brand "heat", with positive steps now being made in this direction.

Takeaways:

1

The two main “jobs” of advertising are: 1) **engage** a broad range of potential buyers with messaging that strengthens and reinforces brand equity; 2) **nudge** in-market consumers toward purchase.

2

Advertising investment has shifted dramatically toward performance techniques, based on flawed assumptions and inaccurate data. The result is that advertising returns often fall into a **“doom loop”** of decline.

3

Performance myopia is an issue for large organizations as well as startups and companies leaning into e-commerce. They are all at risk of **overcorrecting** their investment strategies, with highly negative outcomes.

The Brand Advantage

The next task in this project was to investigate whether we could demonstrate that shifting from a performance-led advertising strategy to a "brand and performance" approach would deliver greater returns. The evidence is clear that it does.

The benefits of "bothism"

One way to escape the doom loop is to "layer in" equity-led advertising once performance returns begin to moderate.

The "layer" approach can perhaps best be described as an example of "bothism" or "two-speed advertising" – namely, the idea that performance advertising and brand building both need to happen to achieve better results.

An illustrative framework has been developed by Dr. Grace Kite of Magic Numbers, an Analytic Partners company, and Tom Roach of Jellyfish.

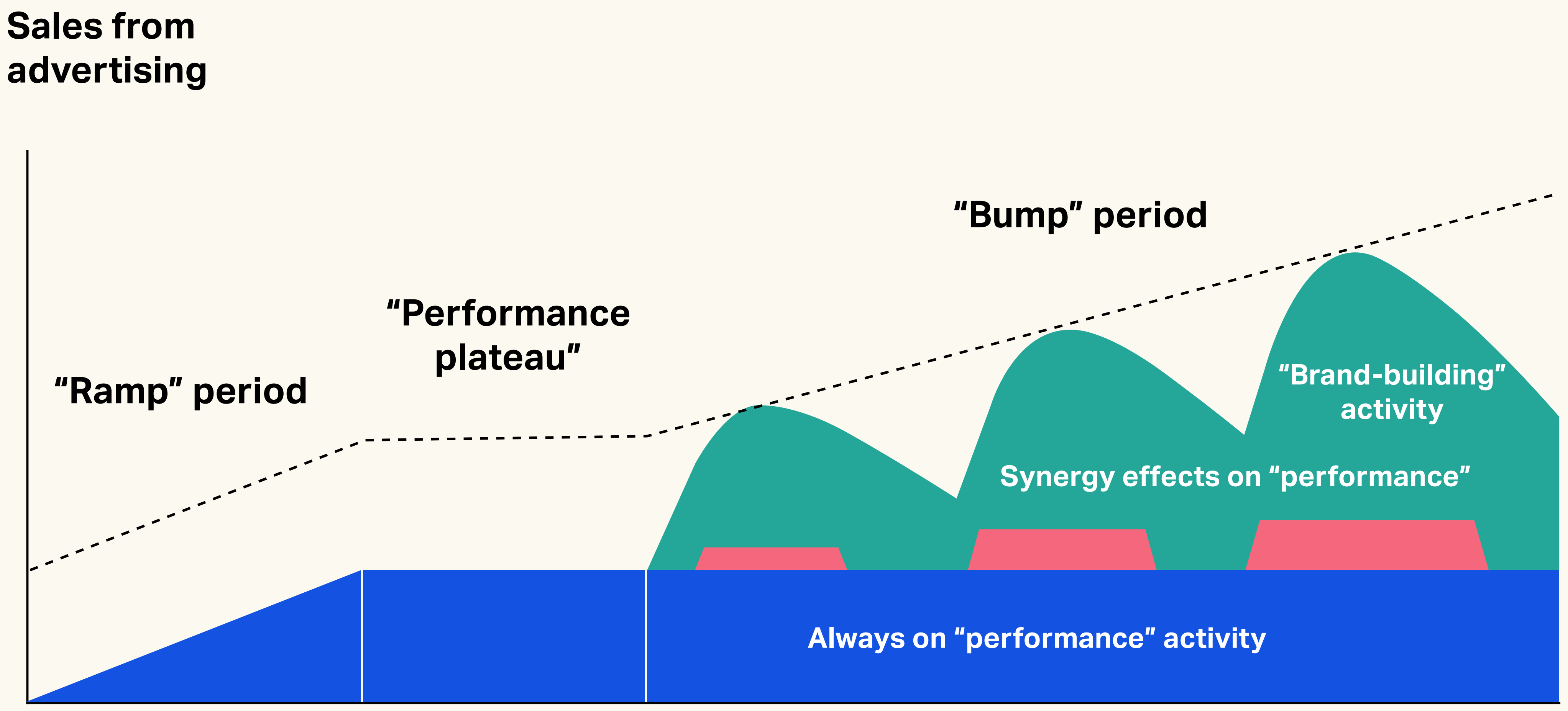
It is built on the example of a digital-first enterprise which wants to maintain growth as its performance advertising starts to hit the "performance plateau".

In this "scale-up" phase of growth, startups have worked through most potential early adopters and current in-market consumers – and, typically, also face tougher competition from other brands. In combination, these forces lead to the "performance plateau" as performance results tail off.

"Layering" in equity-led advertising helps escape this situation, as a stronger brand drives fame, mental availability and salience, making out-of-market consumers are more likely to buy when they are in-market. And this marks a giant step forwards compared with a rigid focus on performance advertising.

Indeed, a survey of 300 marketers by Prophet found the top performers were far more focused on brand goals like awareness and loyalty; nearly six in ten of the under-performers, by contrast, were directionally focused on the tasks of selling and conversion.

Getting off the plateau is about getting to a more balanced approach



Source: Dr. Grace Kite & Tom Roach

The evidence: Performance and brand advertising work better together

In line with the "bothism" hypothesis, a combination of brand and performance advertising does generate stronger returns.

Analytic Partners' ROI Genome reveals the greatest payback comes when performance-led and equity-led advertising are both part of the mix.

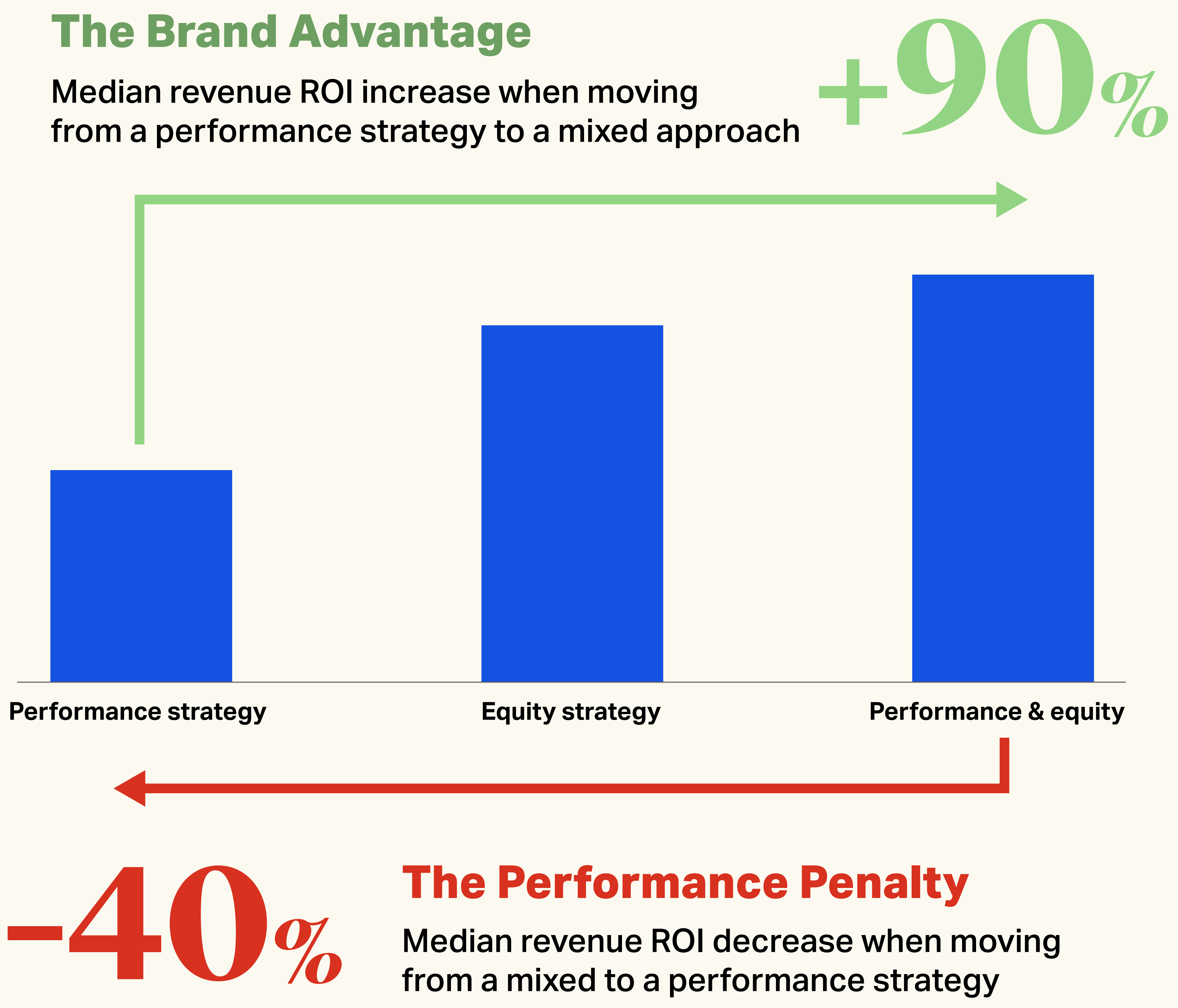
If we remember the two jobs of advertising, it becomes clear why: marketers that combine the two are fulfilling both tasks of building brands and driving sales.

This is a crucial point: moving from a performance strategy to a mixed approach can deliver an improvement in total revenue ROI in the range of 25% to 100% – with the median uplift coming in at 90%.

Moving to a performance strategy from a mixed approach, by contrast, results in a 40% median decline in ROI.

Prophet's survey of 300 leading marketers further reinforced the need to do both things well. The proof? It found that 90% of businesses that out-perform their competition stated they had either fully or mostly integrated their brand and performance advertising.

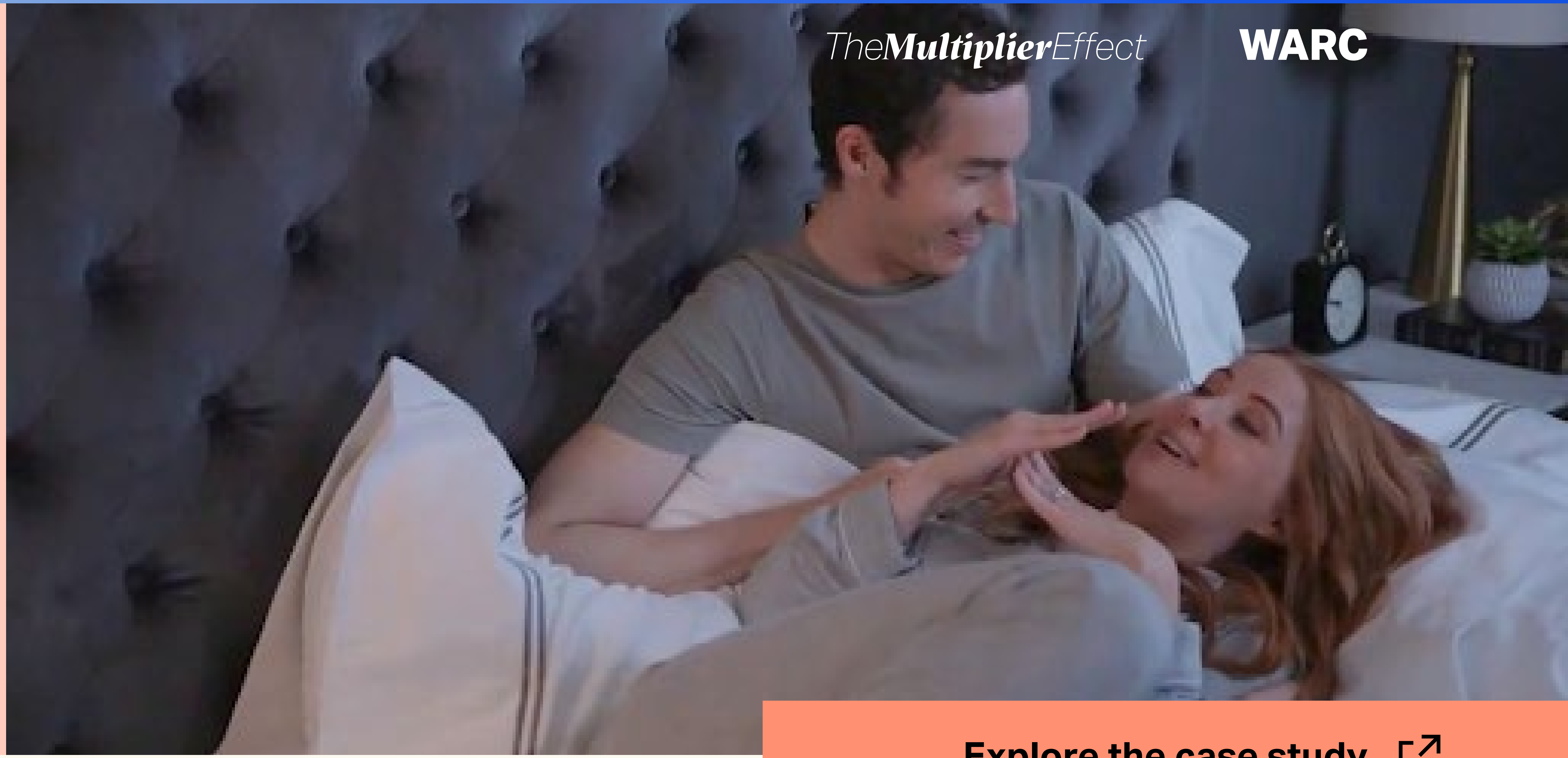
The benefits of doing both



Source: Analytic Partners ROI Genome

Case study

Saatva breaks through the "performance plateau"



Explore the case study

Saatva, the luxury direct-to-consumer mattress brand, faced challenges in 2018 after an over-reliance on paid search grew increasingly cost-prohibitive.

It thus decided to focus more on equity-led advertising – from a basis point of zero dollars – based on the insight that having an advertising share of voice that is greater than a brand's market share correlates with growth.

This journey started with radio and podcast advertising, with these channels taking a small part of its budget in 2021.

An initial cue for success was that its share of search, an indicator of market share growth, rose in 2022. And, by November 2022, the brand took a chunk of money out of search and redirected it to TV ads.

Results

- In the last couple of years, Saatva's branded search volume, revenue and margins have increased, even as the industry has been in decline.
- Marketing mix models are now used to inform the brand's spending decisions in more nuanced ways.
- Research around consumer and purchase intent is today a core element of its approach, where performance metrics were once king.

Timescale matters for understanding returns

Analysis from BERA.ai shows the importance of truly understanding the timeframe of advertising payback.

When combining media mix modeling with its internal data for a durable goods client in the business-to-consumer space, BERA.ai demonstrated that equity building has a higher overall return on spend than performance across both online and offline channels.

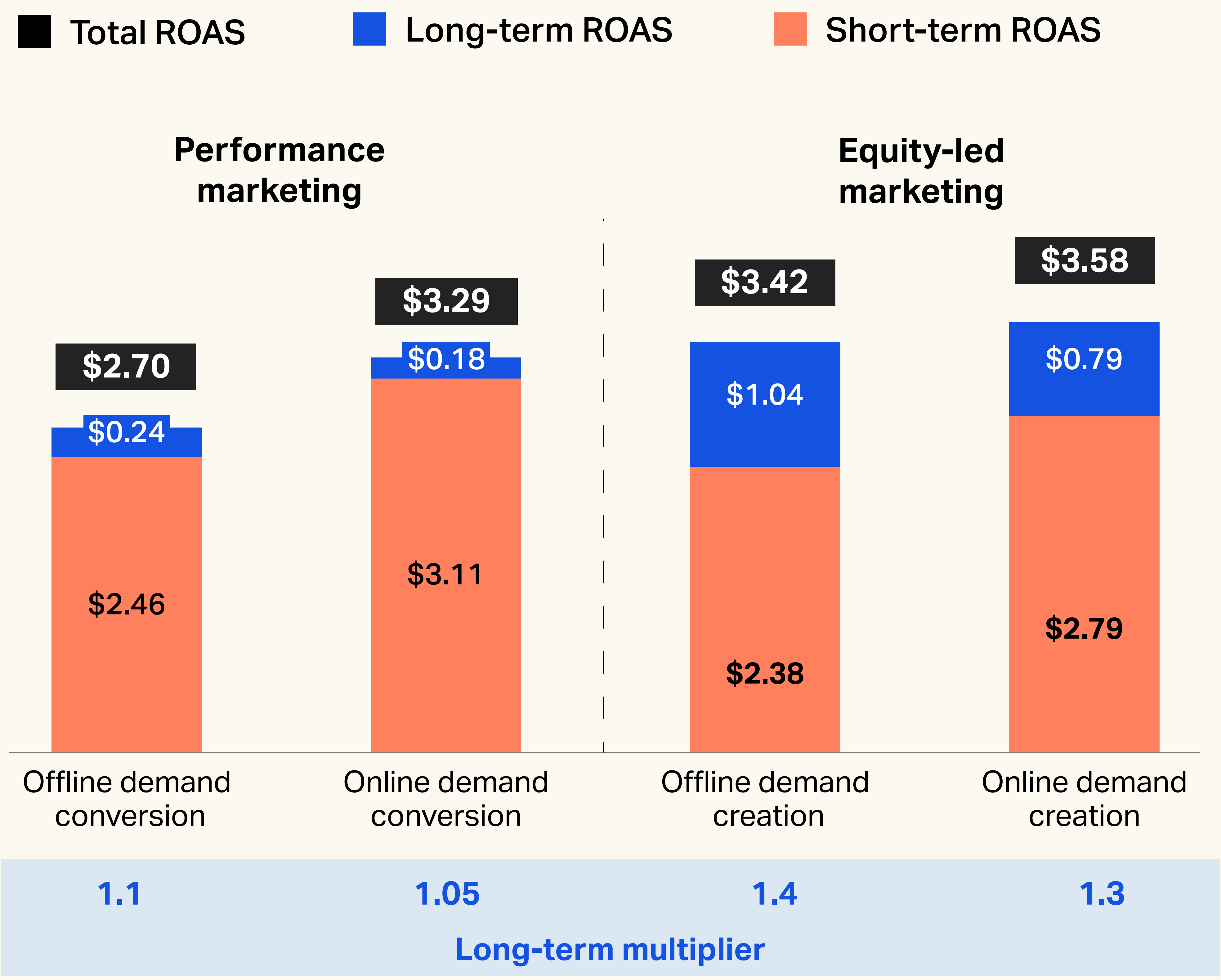
However, the timescale of this payback is important.

That is because equity building not only has an effect on current customers but also on people who are not yet in-market, increasing the chances that they will consider a brand when the time does come to make a purchase. The payback can be profound when the timeframe for measurement is prolonged.

Adding a layer of equity building to performance activity, therefore, seeks to get the best of both worlds. In short, equity-building has a significant short-term payback and not just a long-term one, while performance efforts contribute to long-term payback, too.

This confirms that equity-led advertising is not just for the long term, and that performance advertising does not only have short-term effects.

ROAS over time: brand vs. performance



Long-term multiplier = Total ROAS ÷ Short-term ROAS

Source: BERA.ai

Better creative has a “double impact”

The strongest equity-led messages have a potent impact on short-term sales, meaning this creative has a dual payoff.

Looking at Star Ratings (predicting long-term growth) and Spike Ratings (measuring short-term sales potential), System1 found that 92.1% of strong equity-building ads performed well in the short term, too.

How? By creating demand among those consumers who are ready to buy and also building long-term equity.

Such ads typically employ storytelling devices like narrative, strong characters, meaningful dialogue, melodic music and cultural resonance.

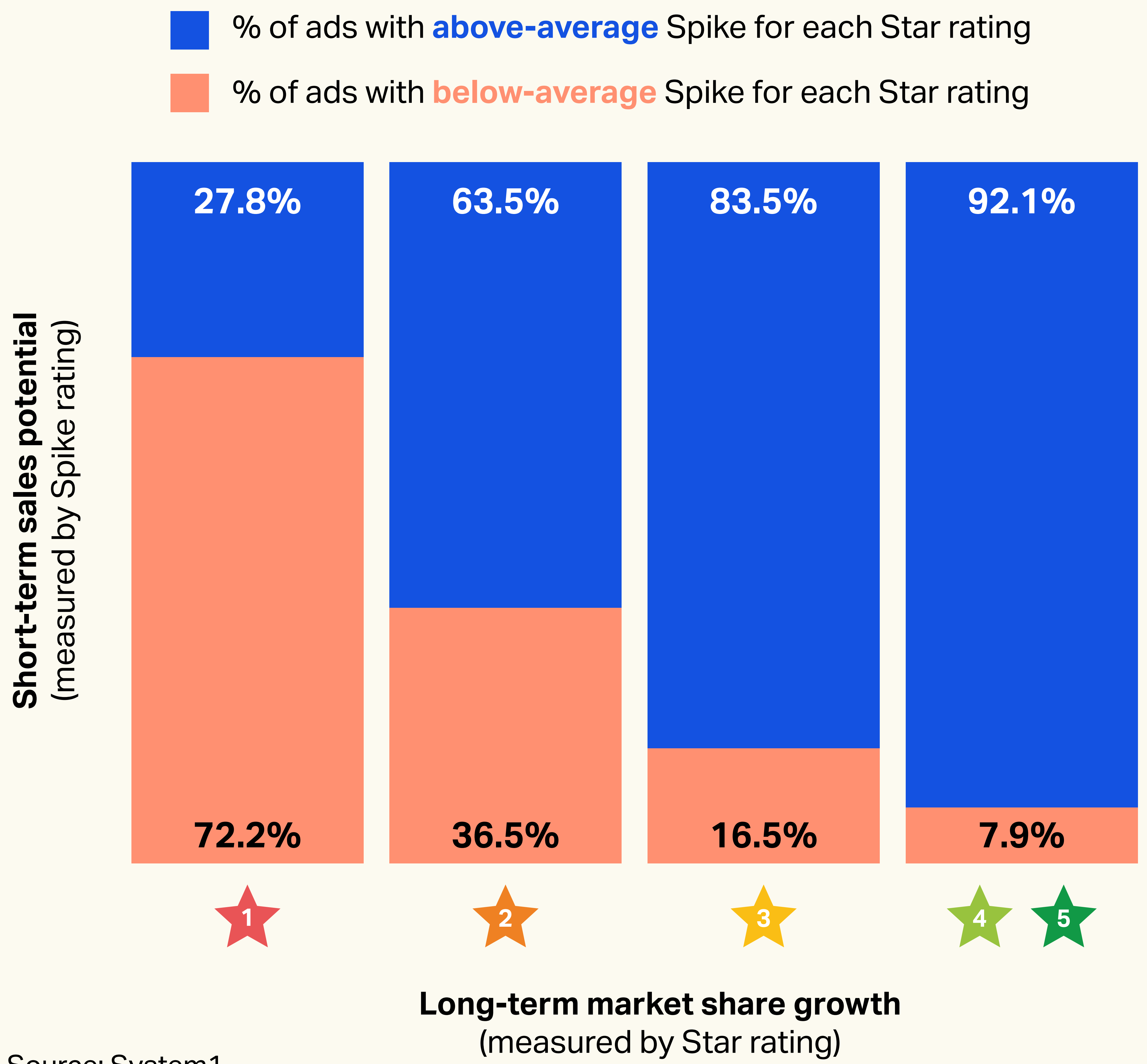
Improving an ad’s creative impact by just a single star in terms of its likely long-term impact also increased the probability it would match System1’s short-term sales averages.

In fact, looking at return on investment in terms of revenue, Analytic Partners’ ROI Genome research offered further support for creative that builds brands.

It found equity-led advertising beats performance advertising 80% of the time when the full impact of a brand’s purchase cycle is taken into account.

Long-term winners drive short-term growth

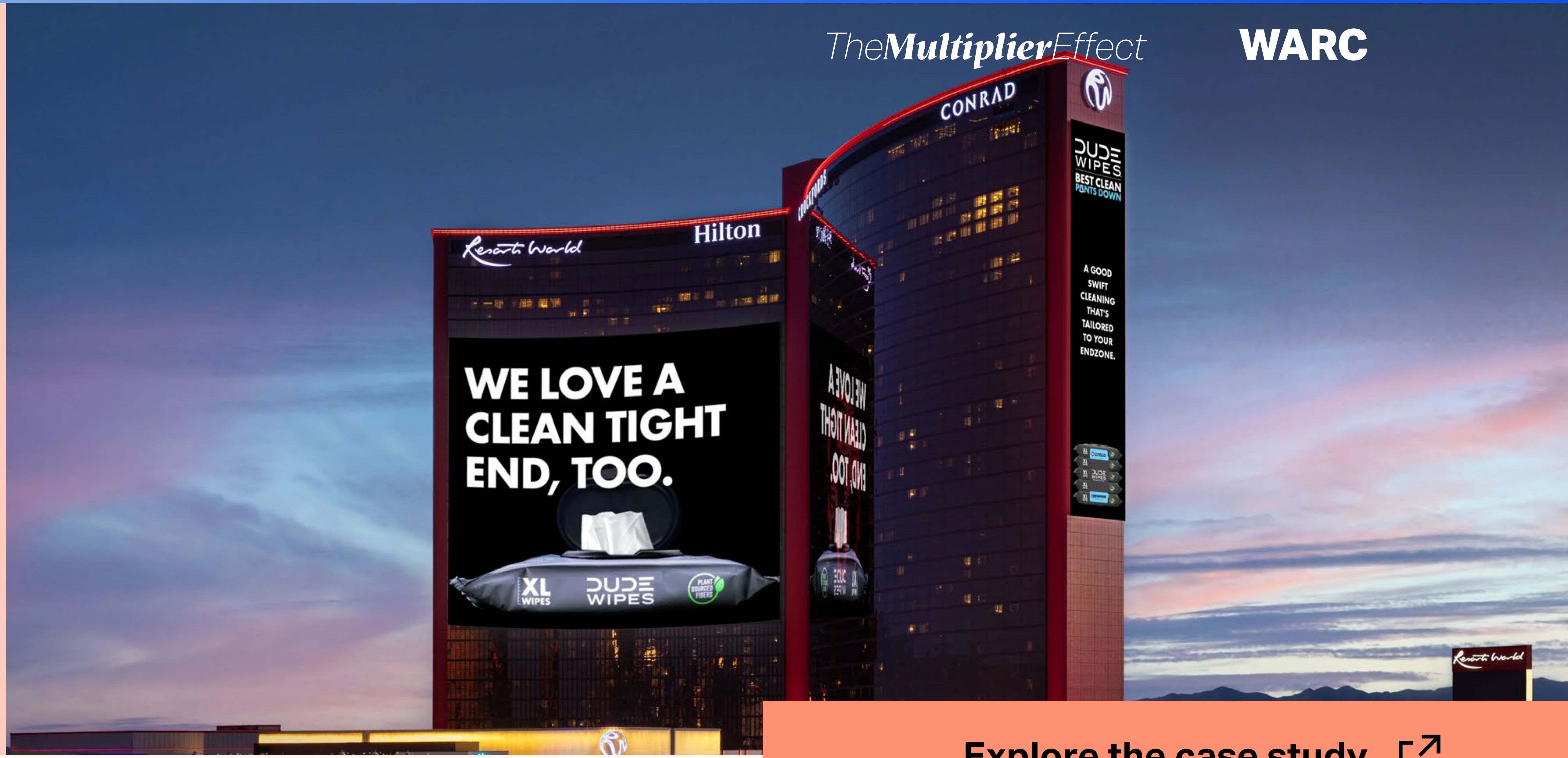
The best equity-led advertising delivers immediate returns



Source: System1

Case study

DUDE Wipes uses brand to scale a startup



Explore the case study

DUDE Wipes, a manufacturer of flushable toilet wipes, launched in 2012 – and has deliberately adopted a "brand-first, punchy mentality".

In a competitive industry dominated by major toilet paper brands, DUDE Wipes had to stand out. It achieved that by connecting with pop culture – from sponsoring the back side of shorts worn by mixed martial arts star Tyron Woodley in 2014 to a "Super Bowel" campaign around the NFL season-closer – in humorous ways.

This approach has led to numerous viral moments. But it does not exist in isolation from demand. Its "DUMPkin Spice" wipes, for instance, fed off the autumnal fever around pumpkin spice lattes and generated huge PR.

The product also sold 20,000 units on Amazon.com – a channel where DUDE Wipes has tapped best practices, as is also the case for Walmart.com.

Results

- DUDE Wipes revenues now stand at an estimated $150 million, with considerable upside remaining.
- Brand-building efforts assisted in boosting physical availability – namely, the brand's retail presence – which, in turn, further augmented equity and trust among consumers.
- A 2020 brand extension, in the form of a deodorant, sold 75,000 units, but was discontinued so its focus could remain solely on disrupting the toilet paper category.

In B2B, brand equity helps shape outcomes

Research from WARC, LinkedIn and Stein IAS demonstrated how brand equity plays a critical role in business-to-business purchase decisions.

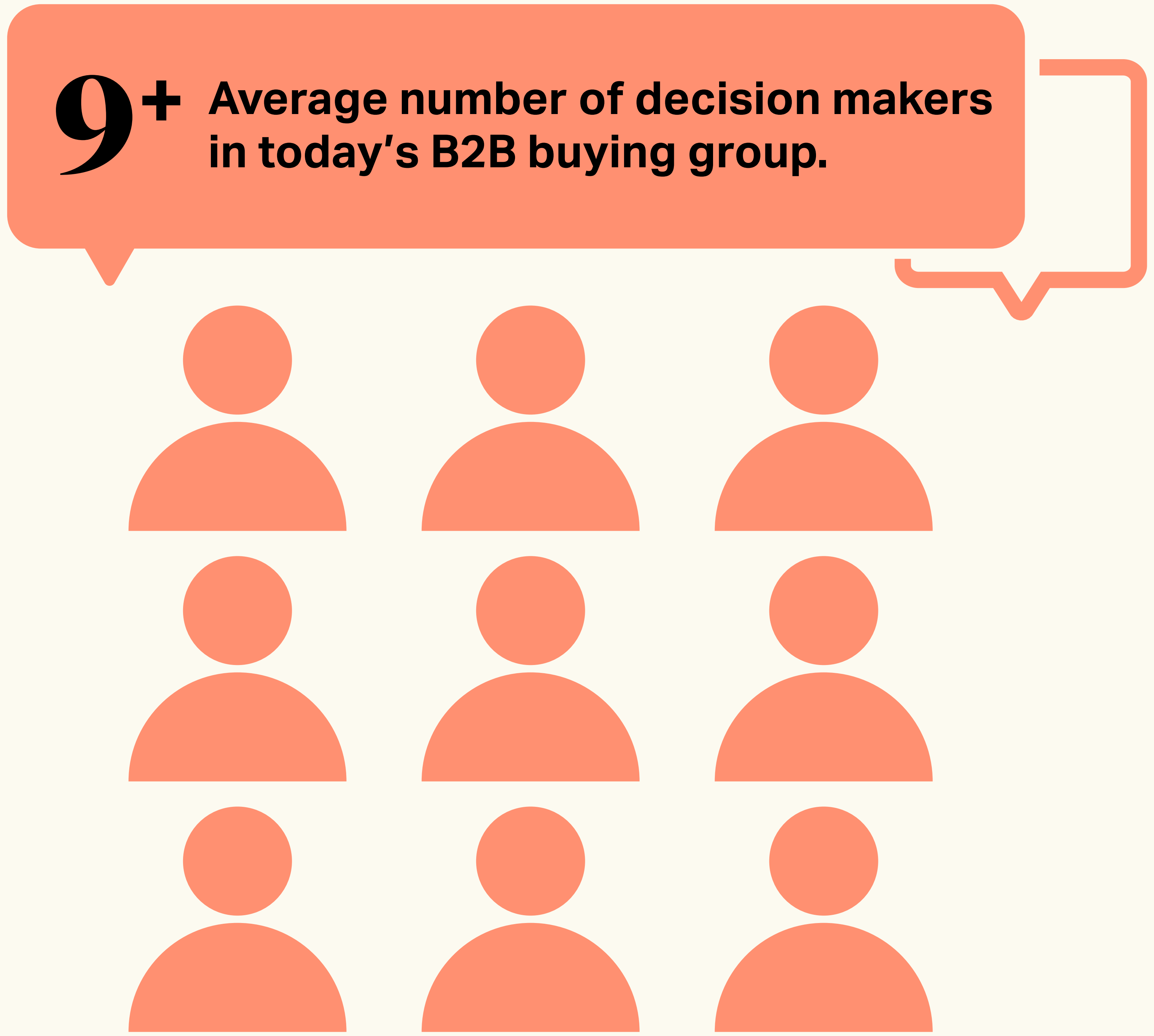
The study found that advertising has a critical role before the B2B buying process starts.

When buyers move from out-of-market to in-market, their ultimate purchase decision usually comes from the list of brands on their "day one" list – that is, the vendors they already know and would consider. Some estimates have suggested 90% of B2B purchases ultimately come from this initial list.

Simply trying to convert buyers using performance tactics, therefore, is less likely to pay off than a more balanced approach. Indeed, a study by LinkedIn estimated that audiences exposed to both brand and acquisition messages on LinkedIn were 6x more likely to convert.

A second important finding is that B2B decisions are often made by "buying groups," which generally feature anywhere from nine to 23 people (and often more).

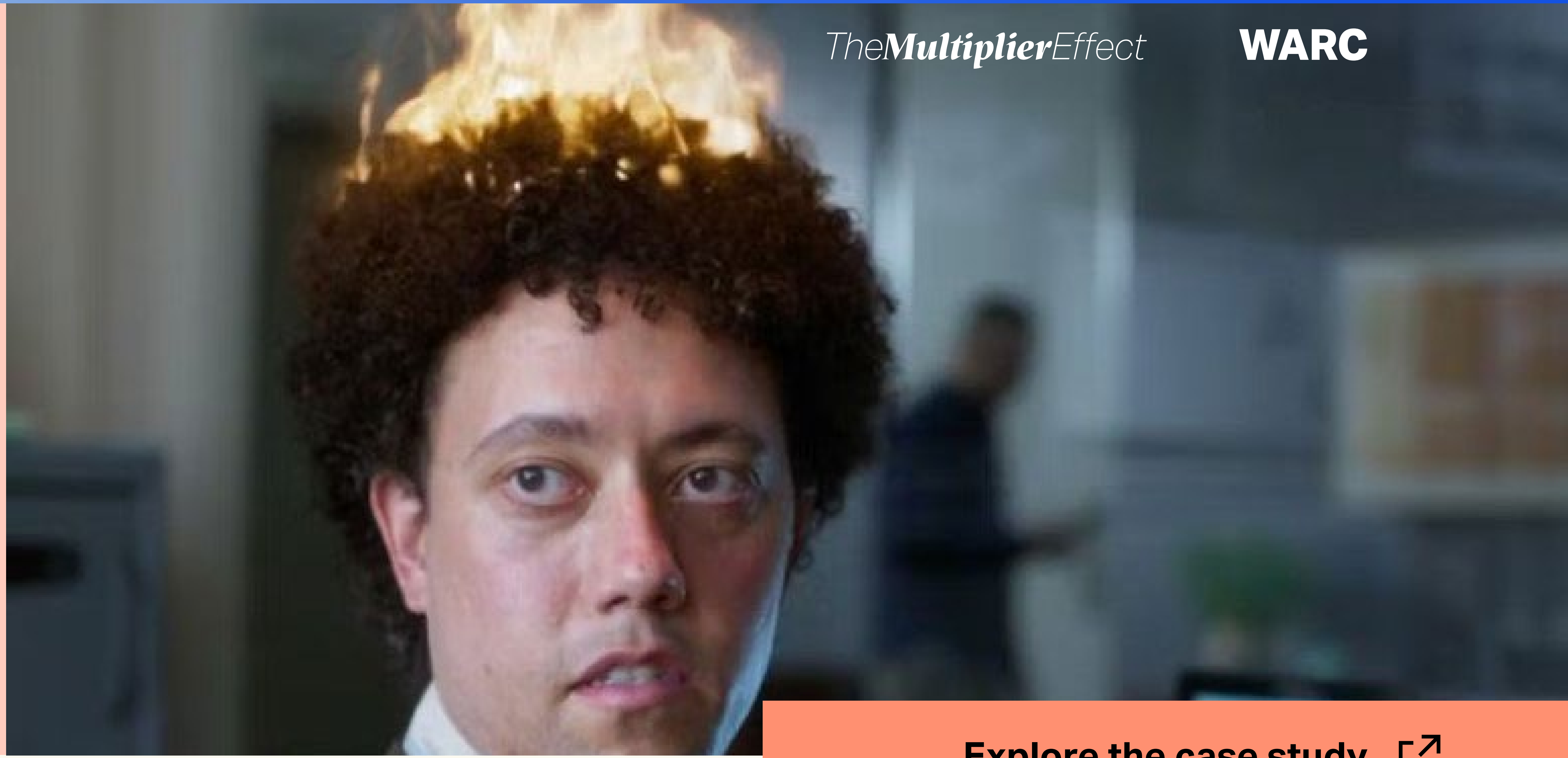
Building brand equity across these groups can help B2B vendors reassure these broader groups that they are not a "risky" choice.



Source: 6Sense

Case study

Juniper Networks goes full funnel



Explore the case study

Juniper Networks, a network technology provider, was introducing new solutions which tapped into the power of artificial intelligence (AI).

While the company boasted impressive demand generation capabilities, it decided to launch a first-ever equity-led campaign that could feed into this performance machine.

Its media spending rose by 3x, with Juniper making its debut on both linear and connected television.

Sponsorship of the Aston Martin Aramco racing team in Formula 1 also gave it high visibility.

Creatively, the brand leaned on humor and empathy to bring a human touch to the kind of complex technical issues that it can help solve.

It thus avoided the kind of functional messaging and strictly rational appeals that are often a characteristic of business-to-business advertising.

Results

- Over the period from 2022 to 2023, brand sentiment rose by 74% while consideration jumped by 69%.
- Positive impacts were seen elsewhere in the funnel, too, as demand conversion rose 73%. Conversion from marketing qualified leads to sales qualified leads also climbed by 120%.
- In all, enterprise revenue increased by 51% over 15 months.

Takeaways:

1

Moving from a performance strategy to a mixed approach can lead to a significant increase in revenue ROI – **with a median lift of 90%**.

2

The strongest equity-led creative has a **significant effect on sales on a short-term timescale** as well as in the long term.

3

One key strength of equity building is that it has positive impacts on both **in-market and out-of-market consumers**.

The Multiplier Effect

The evidence shows that the key to unlocking the power of brand building is to combine it with performance advertising in an integrated growth strategy. This leads to what we call the Multiplier Effect.

The challenge: "Two jobs" can lead to silos

The "brand + performance" approach can be hard to operationalize when the two operate as if they are independent.

The key problem emerges when the two jobs of advertising are interpreted as two different workstreams.

In theory, it stands to reason that you would need two different teams:

1. A specialist brand group dedicated to broad reach, creative, engaging campaigns measured by their impact on brand metrics.
2. A specialist performance group dedicated to identifying and converting in-market demand.

That is a common approach in digital scale-up brands that are adding a brand "layer" to their existing performance advertising.

It is also an approach that has been adopted by some major advertisers.

Hyundai Motor America is one illustrative case in point, as the automaker recently announced a new structure that featured a "marketing creative" function and a "marketing performance" function, with each of these teams possessing a set of distinct responsibilities.

Why silos undermine advertising impact

Separating brand and performance into two distinct teams and approaches can have a number of unintended consequences.

1

The brand team is divorced from commercial results.

That reinforces the perception that equity-led advertising's impact is hard to measure, and ultimately makes it harder to win budgets for equity building or justify this spend when times are tough.

2

The performance team is divorced from brand.

That means their activity is not connected to the work potential customers might already have seen, and there is little (or no) expectation on the performance team to use creativity to fuel better results.

3

Commercial returns are only attributed to performance.

As we will see, that is a misunderstanding of how different styles of advertising need to work together to drive the biggest returns.

The answer is to recognize, and organize for, what we call the "Multiplier Effect" – that is, to move from brand + performance to brand x performance.

It's not
brand
+
performance

It's... **brand**
×
performance

Advertisers should move away from conceptualizing brand and performance as separate activities, and instead base their efforts on the fundamental codependency between these tasks.

The closer you look at the data, the more it becomes apparent that the "two jobs" of advertising do not translate into two independent tasks.

The key to achieving both jobs effectively is to bring every element of equity-led and performance advertising much closer together.

So that equity-led advertising can help drive sales today as well as in the future.

And so that performance advertising can reinforce the brand while operating as efficiently as possible.

This is the Multiplier Effect.

Codependency driver #1:

Equity-led ads impact performance returns

Changes in brand and performance investment have a direct impact on the results of these activities – both individually and together.

A customer case study from Analytic Partners demonstrates the codependency effect in action.

The marketer in question increased its equity-led advertising by 72% and saw a 76% lift in profits.

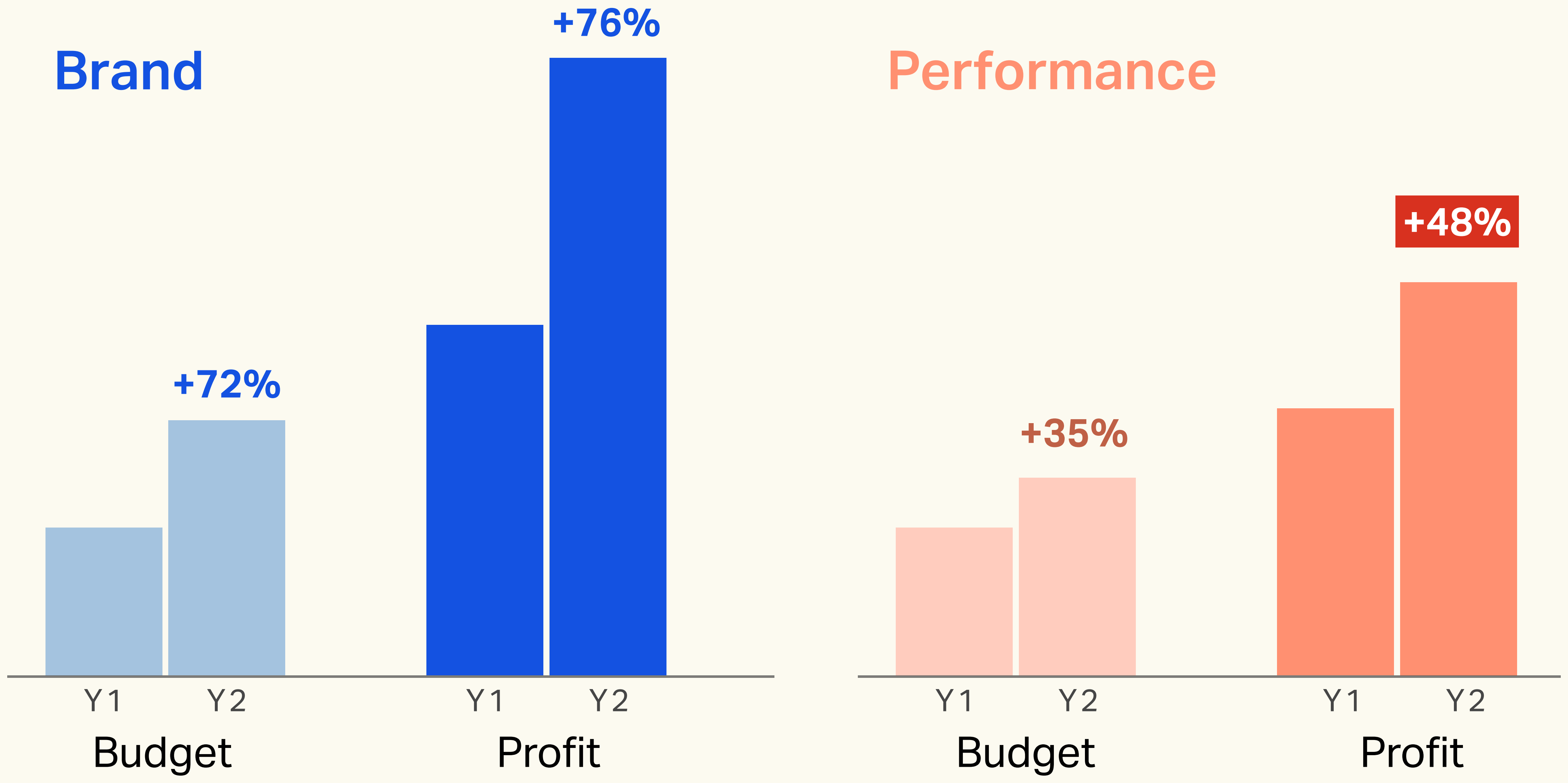
Over the same period, this marketer boosted its performance spend by 35% – and saw incremental profits from this activity rise by 48%.

A separate Analytic Partners' client, by contrast, reallocated 61% of its brand spending to performance advertising. The result? A 22% decline in performance ROI and a 16% decrease in total return on investment.

The upshot: brand investment has a direct impact on performance returns, in terms of better outcomes and/or greater efficiency.

Case study: Brand amplifies performance

Increased spend on equity building leads to an uptick in profits from both brand and performance advertising



Source: Analytic Partners

TV and search show codependency in action

Analytic Partners' ROI Genome looked at channel interactions to see how codependency operates at the media level.

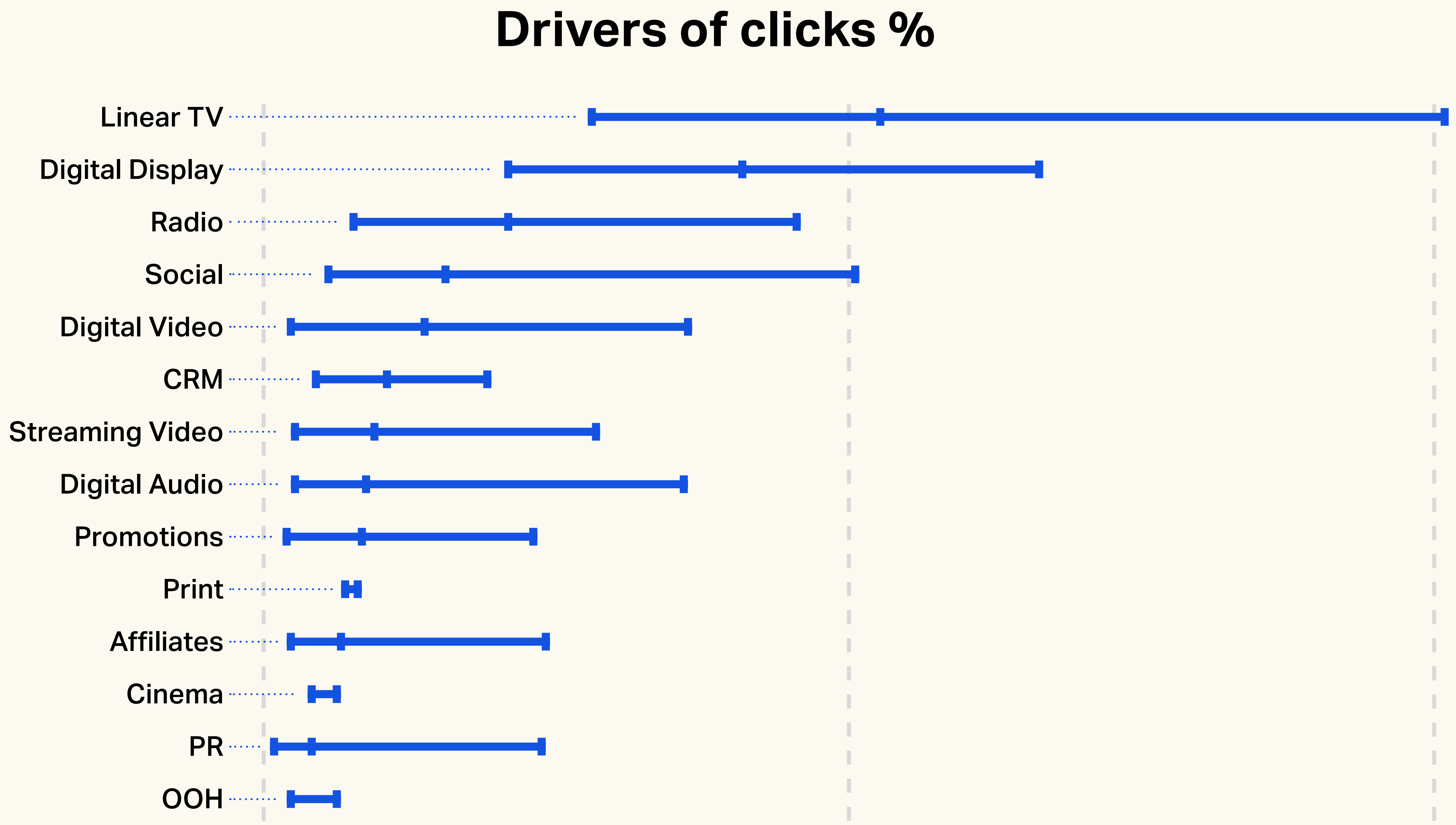
Search is often perceived as the ultimate performance channel, and given outsized credit for business outcomes by last-click attribution and similar methodologies.

But 30% of paid search interactions are due to other marketing efforts, according to Analytic Partners.

Another 30% to 60% should be credited to factors like seasonality, loyalty and category trends – meaning performance attribution overestimates the role of "clickable activities" by 2x to 10x.

Linear television led the charts for other media that initiate search clicks.

Everything from PR to streaming video and outdoor had a role, too, showing media that is straitjacketed as being for "brand" or "performance" contribute both individually and in combined effect.



Source: Analytic Partners ROI Genome

Case study

Brand focus delivers performance wins for Airbnb

Explore the case study

Airbnb, the online accommodation platform, announced in 2019 that it would place more focus on its brand.

Having previously relied on paid search, the company opted instead for a full-funnel approach that blends performance, public relations and brand building – with the latter two activities very much taking the lead role.

It has focused in large part on using equity-led advertising to provide education about the services and benefits it offers numerous stakeholders – including travelers, hosts and communities.

And this equity-led approach left the company in a strong position as the travel industry has bounced back after the COVID-19 pandemic – as well as serving as a "moat" against criticism and helping it attract hosts over an extended timeframe.

One key success indicator for Brian Chesky, Airbnb's Founder/CEO, is that it has now become a "noun and a verb" in popular culture.

Results

- Airbnb has seen a "very high" return on investment from its performance advertising even though this channel is not its primary focus.
- It has secured more direct traffic, meaning users input its URL into a browser instead of arriving via a search engine or other intermediary.
- Financial metrics have consistently improved without a major increase in ad spend, showing that brand advertising delivers accretive benefits over time.

“Performance marketing is a laser. It can light up a corner of a room. You don’t want to use a bunch of lasers to light up an entire room. **You should use a chandelier. And that’s what brand marketing is.**”

Brian Chesky
Founder/CEO,
Airbnb

Strong brands enjoy a "growth efficiency" premium

A study by WARC and brand tracking company Tracksuit, using data from e-commerce software provider Perpetua, showed the link between awareness, ad spend and sales growth.

The research assessed over 100 brands, representing more than $1 billion in sales on e-commerce platform Amazon.com over an eight-month period. It divided these brands into three groups:

- Low awareness (less than 10%)
- Medium awareness (11% to 50%)
- High awareness (51%+)

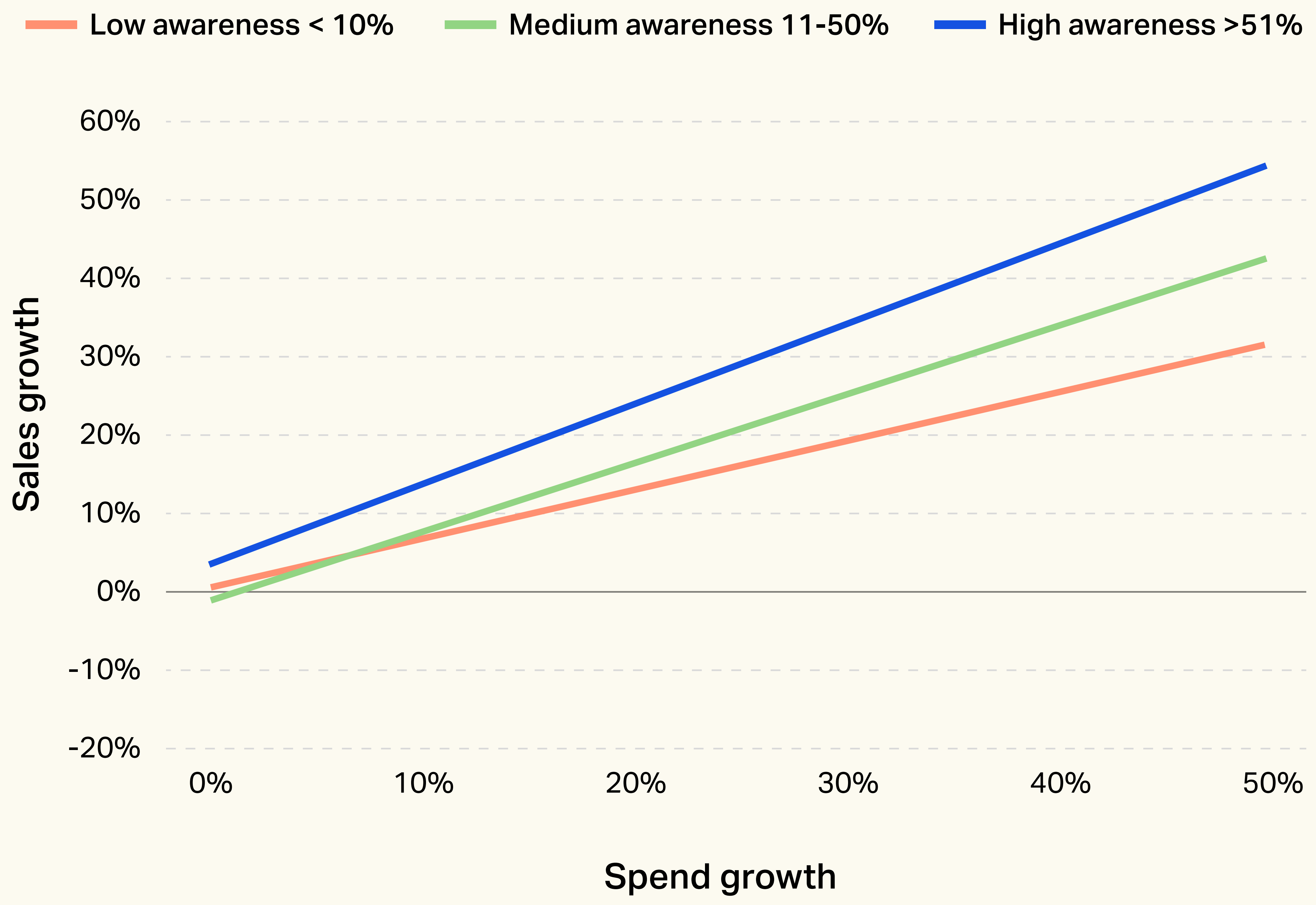
Brands with higher awareness logged higher growth for every incremental dollar of performance ad spend. When increasing this spend by 10%, high-awareness brands saw a 13% sales increase, versus a 6% increase for low-awareness brands.

There was an exception for brands with awareness of 1% to 5%, which saw very high "growth efficiency" when increasing ad spend.

And this was because they are picking up those in-market shoppers who do not need to be familiar with a brand to buy.

That trend, in line with the performance plateau, diminishes when these brands reach a certain awareness level.

Growth efficiency at different levels of brand awareness



Source: WARC/Tracksuit/Perpetua

Joining the dots between brand and demand

Prophet's survey of marketers found the top performers consider equity-led activities as important drivers of short-term impact.

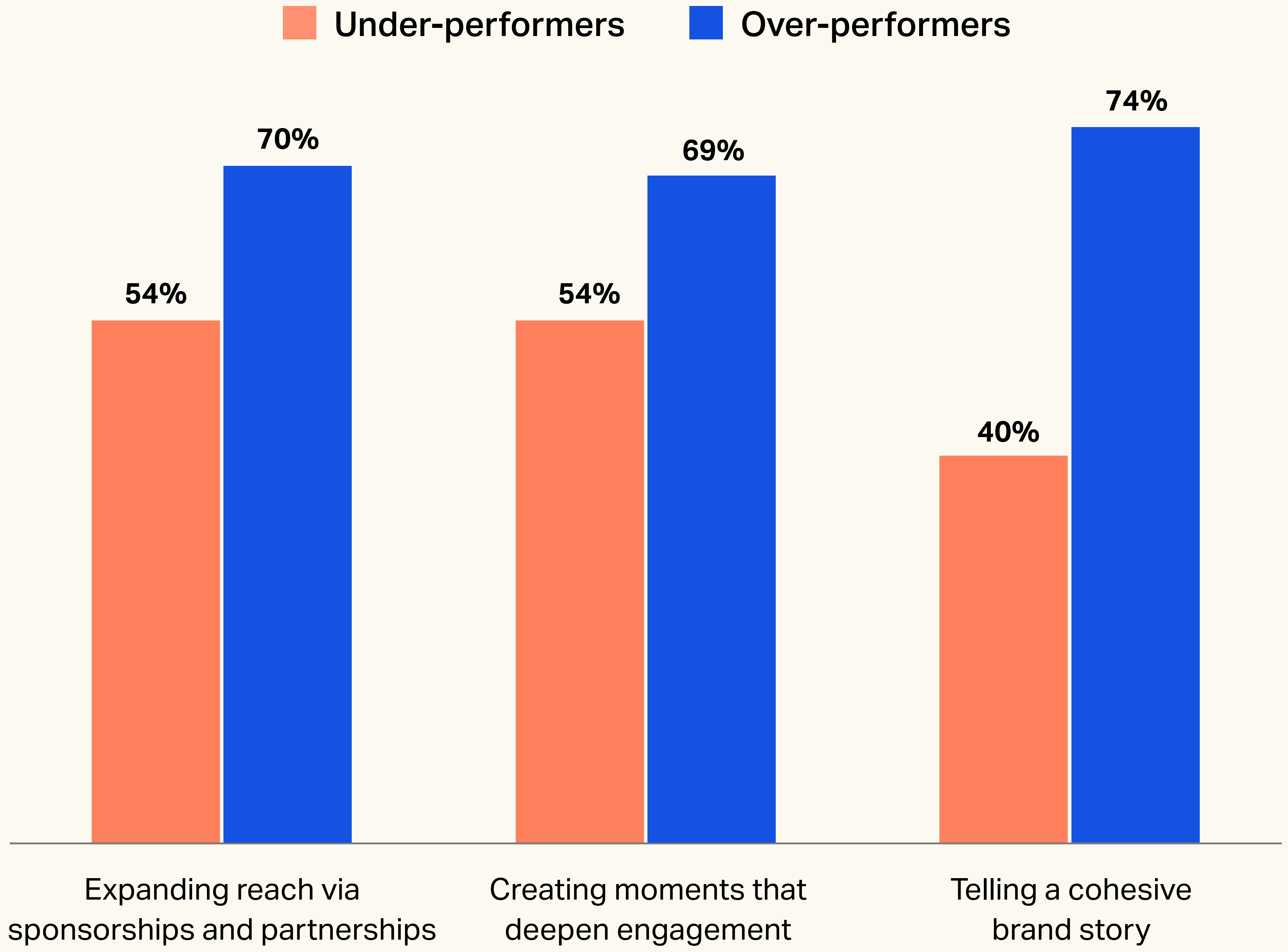
Around seven in ten of the over-performers identified in the research reported that telling a cohesive brand story and creating "moments that deepen engagement" were responsible for driving short-term actions among their target audience.

These figures came in well ahead of the study's under-performers.

This also held true for sponsorships and partnerships, an approach once dominated by logo placement and badging exercises.

But analysis has revealed that sponsorship is most impactful when it incorporates multiple channels, from advertising and experiential activations to sales promotion.

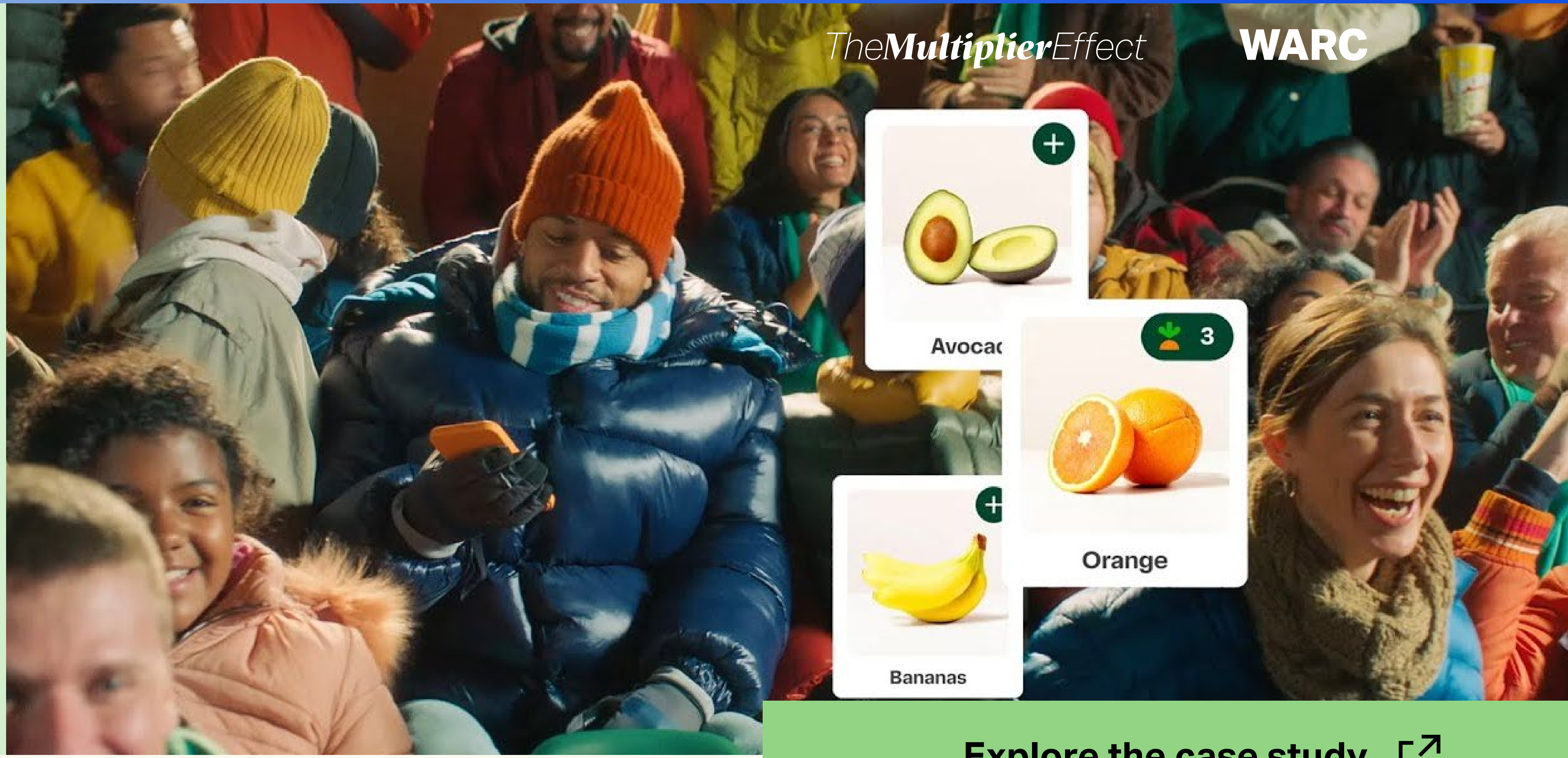
How important are the following activities in driving action immediately over the short term?



Source: Prophet

Case study

Instacart unites brand and performance



Explore the case study

Online delivery service Instacart has successfully unified its brand and performance budgets.

Three years ago, when Laura Jones became Instacart's CMO, it had no formal brand strategy, meaning Jones had to pitch for "seed" money to support investment in brand building through advertising.

In March 2022, a "shop and savor" positioning captured Instacart's functional and emotional benefits; in August 2022, an equity-led campaign yielded strong results, but only lasted a few weeks due to budget limitations. Jones decided the way ahead involved pooling brand and performance budgets, coupled with enhancing its measurement frameworks.

A recent Instacart campaign demonstrates how saving time on grocery shopping gives people more time to spend on what they love. A centerpiece spot, aired in NFL games, saw ad recall (a brand metric) rise 10% as the cost per incremental activation (a performance metric) fell 20%.

Results

- Ads that aired during the NFL season generated a 10% lift in ad recall, while the cost per incremental activation fell by 20%.
- In a three-year period, Instacart's unaided awareness has increased by 140%+ while brand consideration has grown 66%.
- During this period, it has witnessed a "double-digit impact on our company's top-line growth," Jones said.

Codependency driver #2:

Media channels are "double duty"

Media channels are often "double duty", paying back across both short- and long-term timescales. Channels should rarely be thought of as being just for "brand" or "performance" advertising.

Analytic Partners' ROI Genome shows most media work in both the short term and the long term. The multiplier from short to long can vary – but is generally between 1.1x and 2x in terms of revenue ROI.

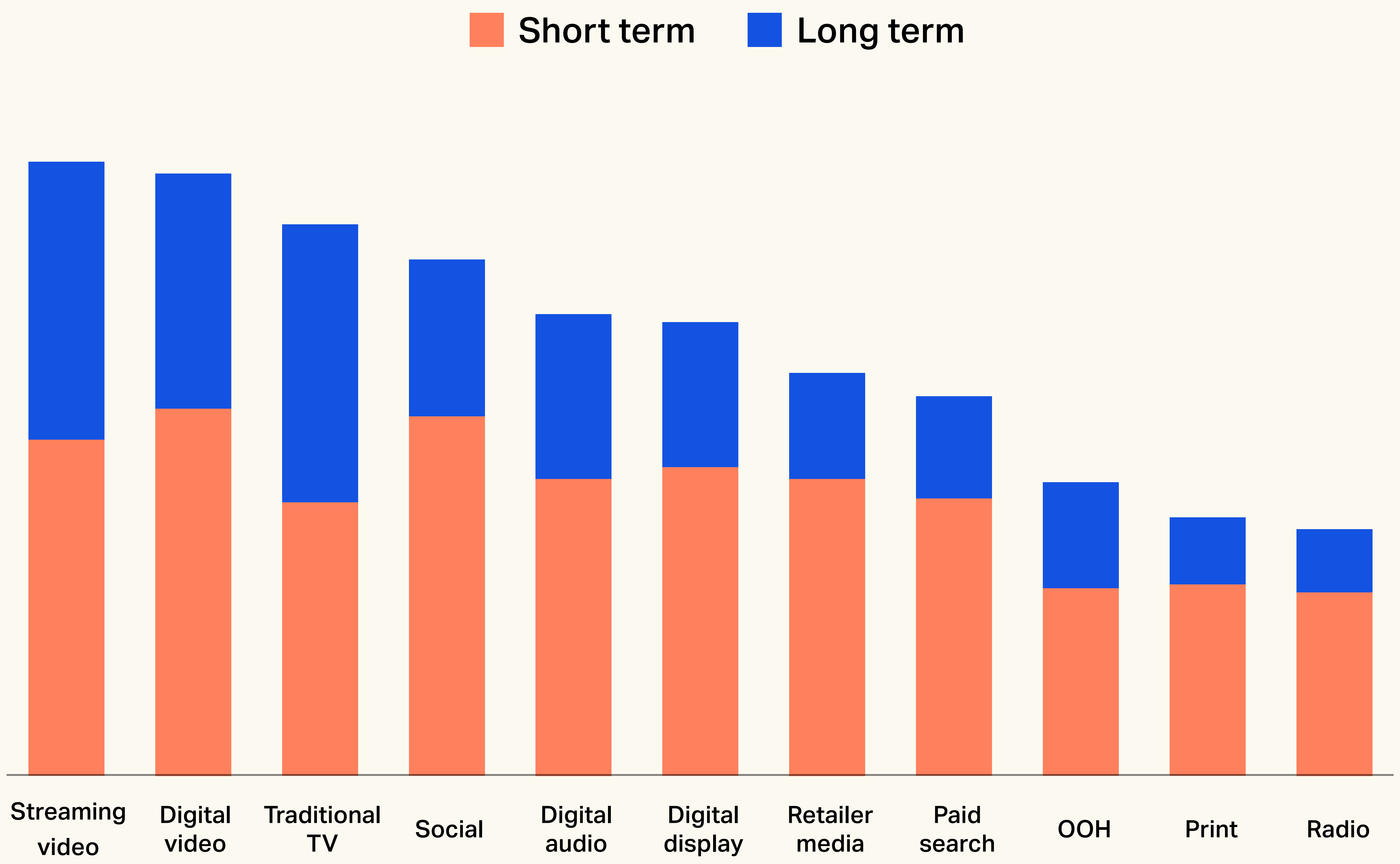
Digital video, streaming video and linear television, for instance, were among the top performers for short-term revenue ROI, even though they are usually perceived as "long-term" channels for building brands.

And their strengths in terms of future growth means they can help be used to fuel equity and tap in-market demand alike.

Elsewhere, social media, a channel that is closely associated with the performance advertising revolution, was a healthy driver of long-term advertising results.

Even paid search, arguably the ultimate performance channel in the minds of marketers, yielded a small uplift when judged against lengthier timeframes.

Long-term vs. short-term revenue ROI by channel



Source: Analytic Partners ROI Genome

Building an ROI profile for each channel

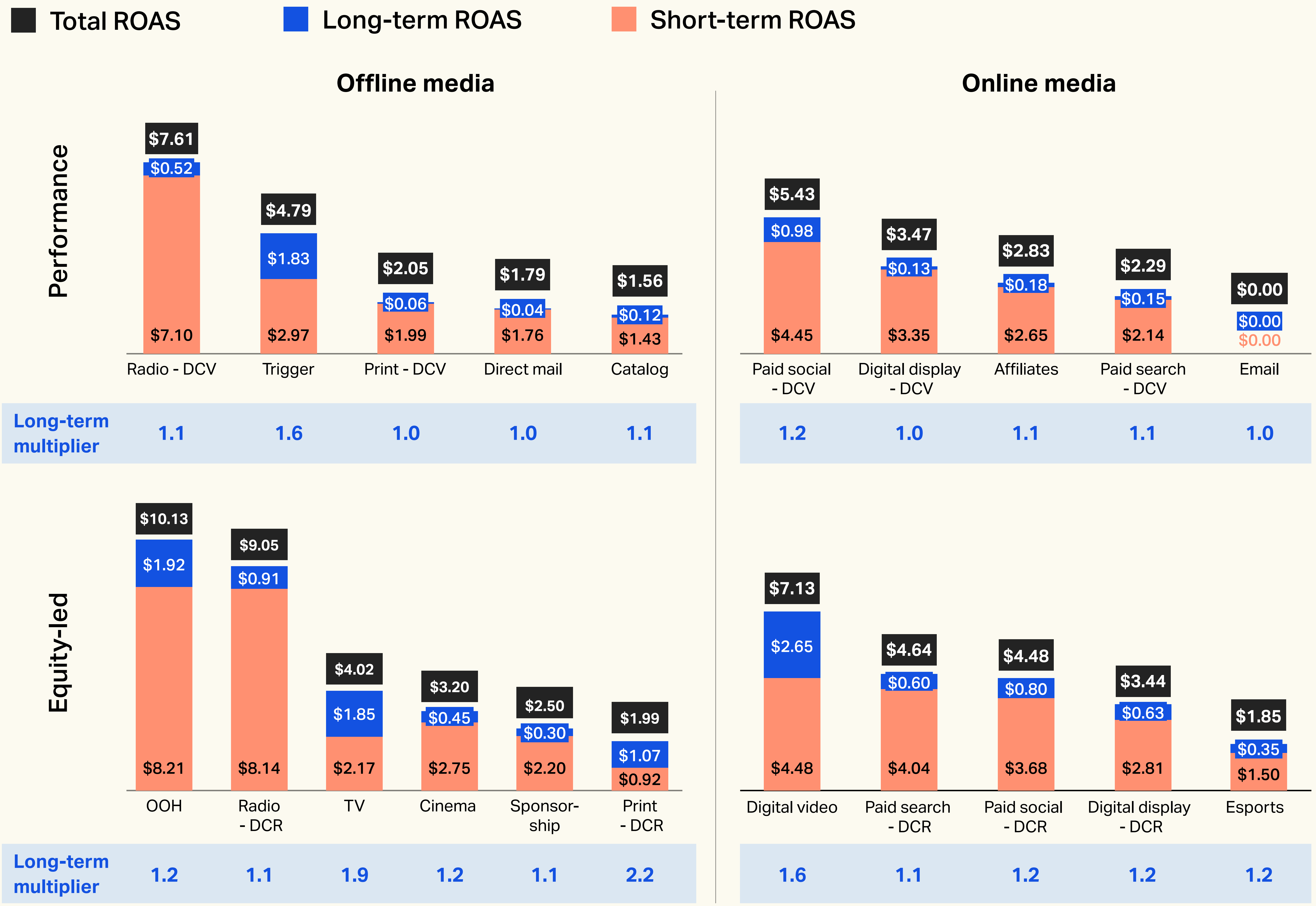
Advertisers must establish a payback profile for their own channel mix to understand the impact of their work.

BERA.ai broke out the return on ad spend from different media channels for a durable goods manufacturer.

In line with the research outlined in this study, it found equity building generated a higher overall payback when looking at online and offline channels. But the returns generated by various media channels – including television and outdoor – did not fall as neatly in line with the cross-industry norms.

This demonstrates that every advertiser will need to undertake granular research to understand the distinct ROI profile from their paid media. Achieving that goal will rest on measurement strategies (see the final chapter of this report) that capture the total payback of their work.

Sample brand: ROAS over time by channel



Long-term multiplier = Total ROAS ÷ Short-term ROAS

Source: BERA.ai

Retail media shows the limits of linearity

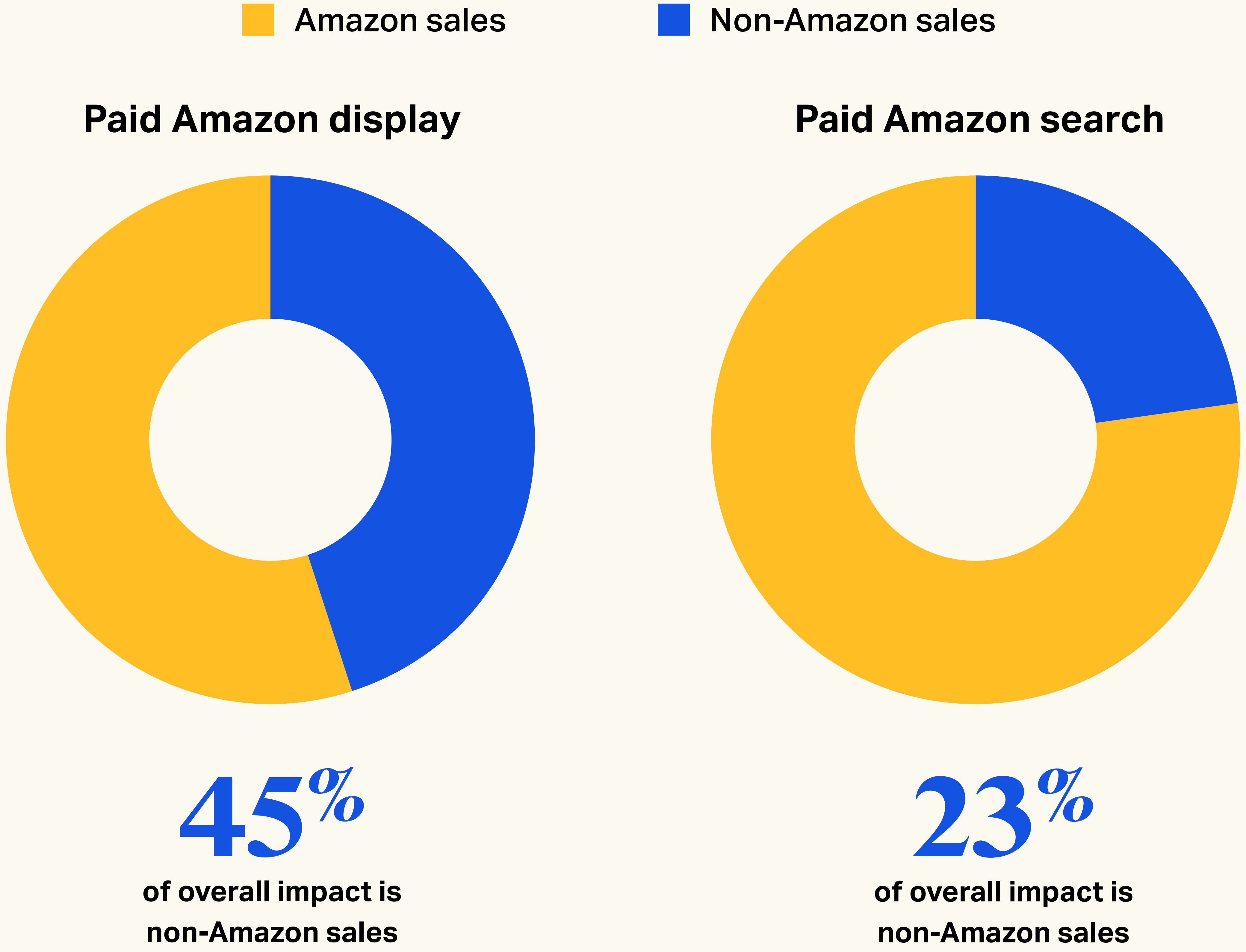
Retail media has grown dramatically as marketers seek to reach in-market consumers on specific platforms, but it has brand effects, too.

Analytic Partners' ROI Genome looked at paid-for display and search ads on Amazon's e-commerce site, a key player in the burgeoning retail media space.

It found that 45% of incremental purchases from these display ads – usually seen as a performance tactic close to the online point of purchase – were ultimately not made on Amazon.com; for search ads alone, that figure stood at 23%.

This points to the effects performance ads can have on sales beyond their original location, and outside the linear idea of a funnel.

Impact of Amazon advertising efforts on Amazon and non-Amazon sales



Source: Analytic Partners ROI Genome

Codependency driver #3:

The modern funnel has a "messy middle"

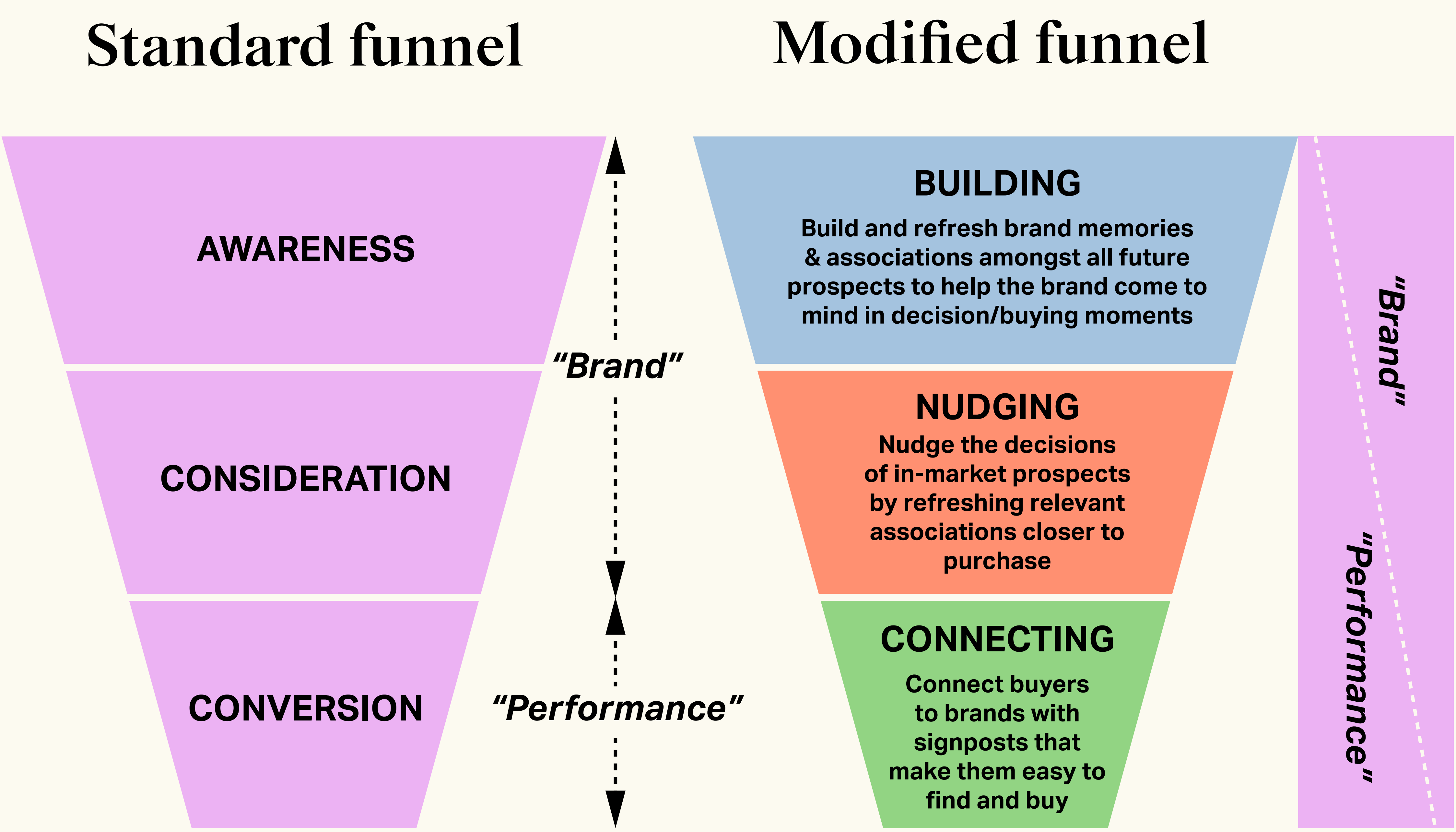
The modern funnel has to account for the messy nature of today's purchase journeys, and move beyond simplistic thinking in the process.

Recent attempts to reconceptualize the funnel – like this framework developed by Jellyfish's Tom Roach – recognize that consumers do not go through a neat series of stages before purchase. At a time when consumers can move from seeing an ad to making a purchase in a few clicks, marketers need to plan around complex purchase journeys.

Such a model can incorporate concepts like the "messy middle," a term coined by tech giant Google for the muddled journey between an initial trigger and an actual purchase.

In this "messy" phase, consumer intent ramps up and down in hard-to-predict ways. Some consumers go directly to the bottom of the funnel and engage with performance advertising without having been exposed to equity-led advertising; equally, equity-led advertising can nudge other shoppers to buy at the end of their purchase journey.

In short, marketers need to be joining the dots between these activities, rather than siloing between upper- and lower-funnel work.



Source: Tom Roach

Strong brands expand the entire funnel

Strong brands see benefits at every point of the traditional funnel, showing that increased equity improves performance at each stage.

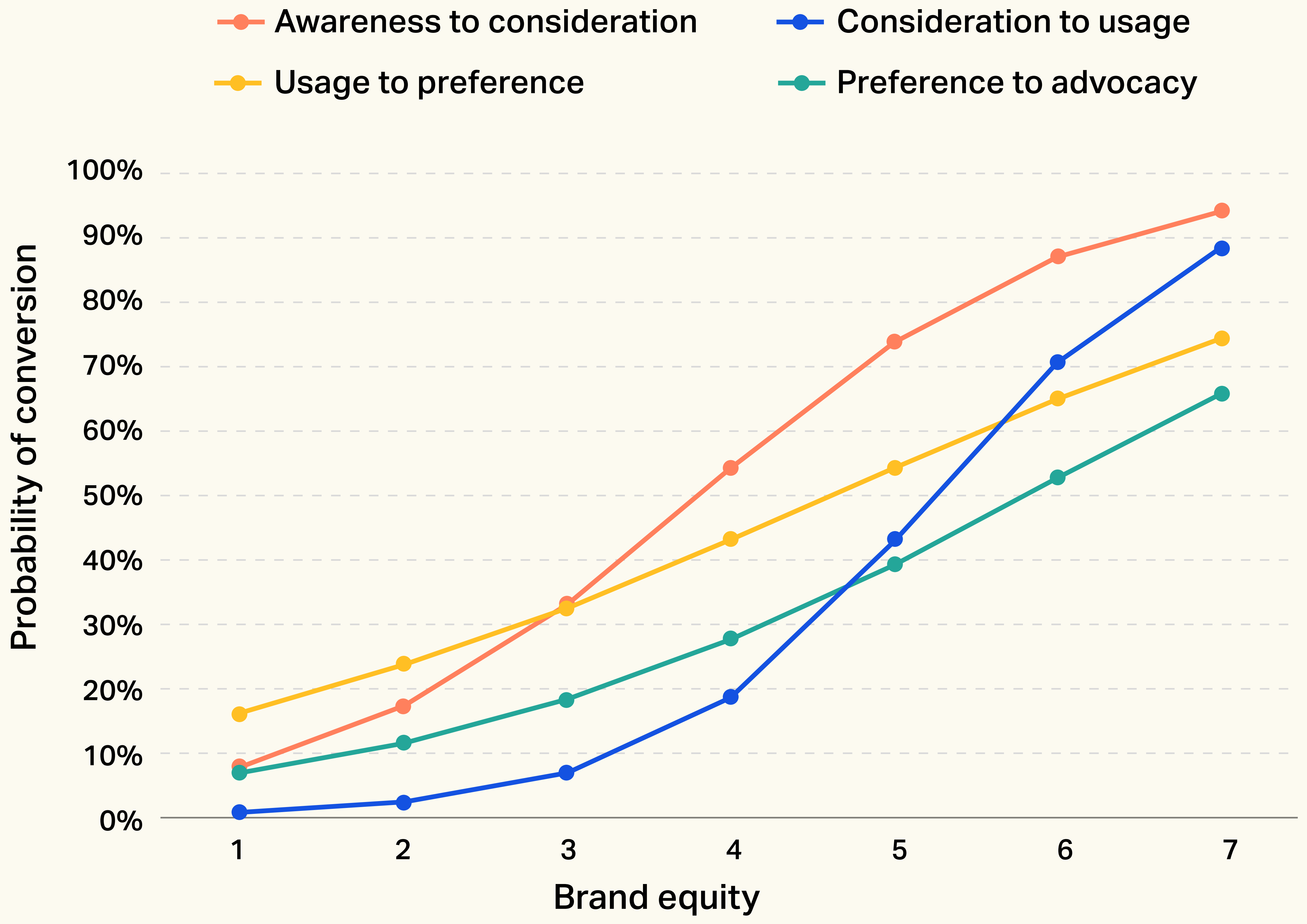
High brand equity scores, according to BERA.ai, improve a brand's ability to pull consumers through every point of the funnel, from awareness to usage, preference and advocacy.

In short, strong equity gives brands an advantage at every stage of the purchase journey. It makes advertising spend more efficient while increasing effectiveness. Equity building, therefore, should not be seen exclusively as a "top of funnel" endeavor.

As a case study, BERA.ai analyzed client-supplied brand equity and advertising expenditure data across four years for a client, then measured brand equity against account activations.

And it discovered that cost-per-conversion rates were approximately 23% lower in the months where equity was at its highest versus when it was lowest.

Brand equity impact on funnel conversion



Source: BERA.ai

Case study

Ally Financial leans in to favorability

Explore the case study

Ally, the financial services provider, discovered that consumers with favorable views of its brand were six times more likely to open one or more accounts than non-favorables.

More specifically, it learned that 73% of the people with favorable views and who were exposed to its equity-led advertising ultimately went on to convert.

This insight provided a useful starting point in mapping out how its brand ads can support the process of new customer acquisition.

Brand creative was also found to boost favorability among non-customers by approximately 7%, whereas performance creative did not yield an uptick on this same metric.

Favorable consumers, however, were positively influenced by brand and performance creative, indicating that the two modes of advertising have a shared role in facilitating demand.

Results

- Brand-focused activity played a role in approximately 70% of Ally's account acquisitions.
- While favorables converted at a higher rate in the short term, incremental conversions from brand building were more significant in the long term.
- Focusing performance ads on favorable non-customers promised to reduce Ally's customer acquisition costs.

B2B brands struggle to make the connection

Having siloed workstreams means that advertisers struggle to reach the same people with their brand and performance advertising in a cohesive way.

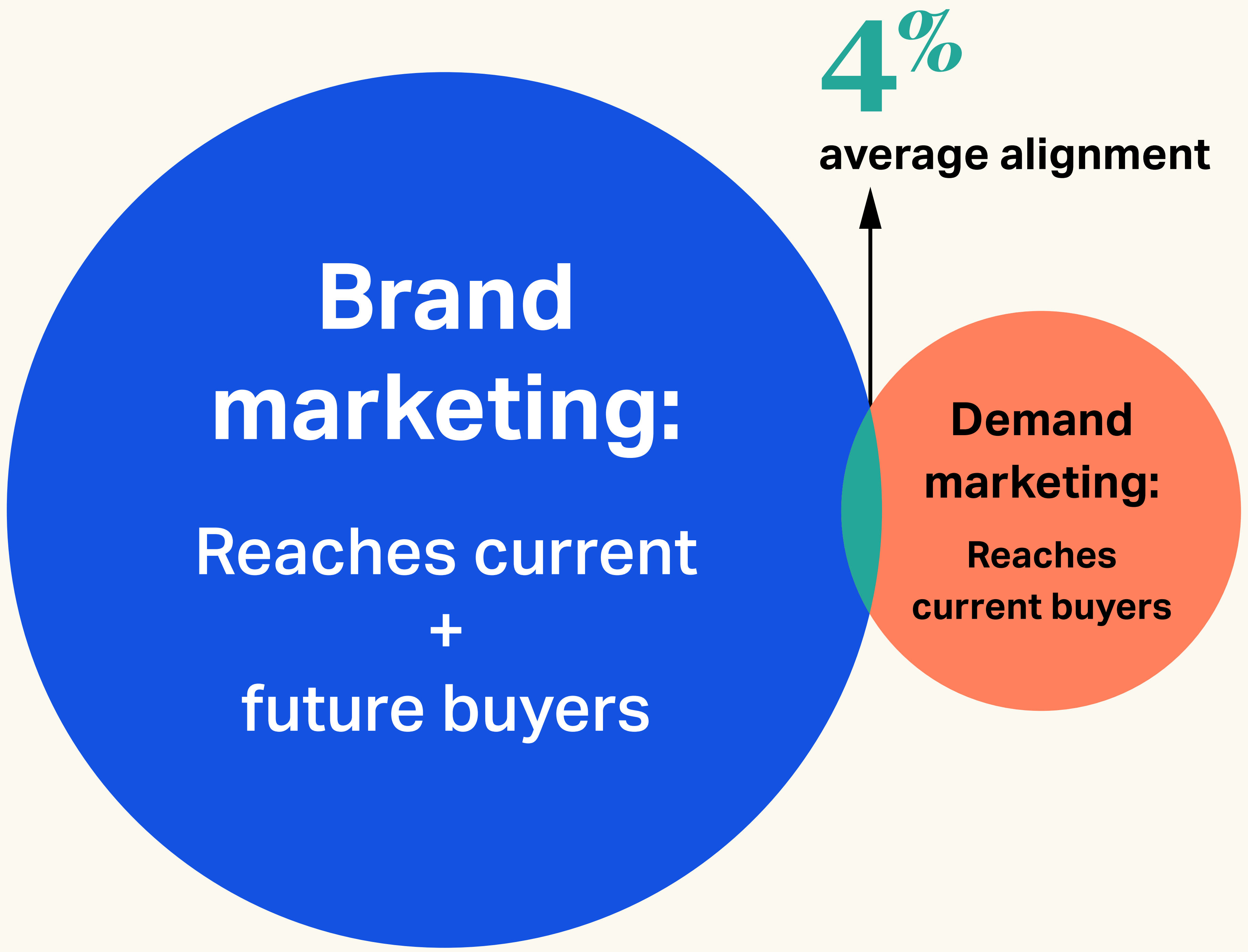
A siloed approach to "top of funnel" and "bottom of funnel" does not appear to be optimal in B2B.

In an ideal world, performance advertising would reach an in-market audience that was previously exposed to brand messaging when they were out of market.

A recent B2B-focused study by WARC, Stein IAS and LinkedIn, however, showed that reality only held true 4% of the time.

This means the vast majority of the audience for performance ads have not built a tangible connection with a brand, and are thus unlikely to buy.

There is low alignment between the audiences reached across the B2B funnel



Source: LinkedIn

Codependency driver #4:

Strong brands have greater pricing power

Most advertising measurement focuses on sales impact. But to understand the full Multiplier Effect, we also need to look at pricing power – and, therefore, profit.

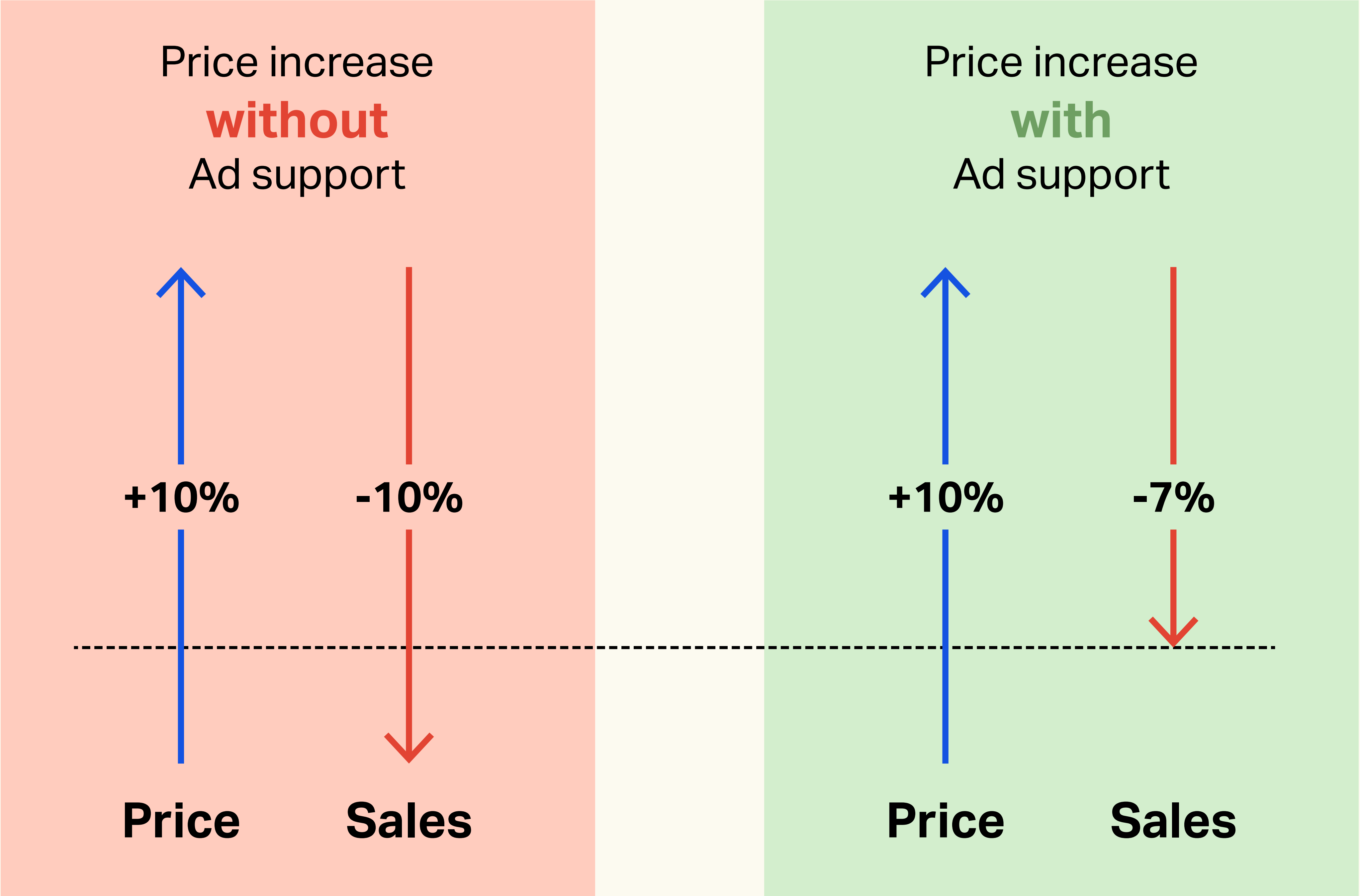
The impact of advertising on pricing is a fast-growing area of effectiveness research.

Analytic Partners' ROI Genome has found that strong advertising can help soften the impact of on sales that comes from raising prices.

This confirms the findings of prior research which has shown that a consistent investment in equity-led advertising leads to a reduction in price sensitivity among consumers. And that can be especially important during periods of inflation, when the decision to raise prices may not be an optional one for marketers.

Increased pricing power also means less need to offer discounts via performance advertising –and, indeed, more profitable customer acquisition.

For a billion-dollar brand taking a pricing action, $33 million in opportunity is gained if the business is also supported with strong advertising



Source: Analytic Partners ROI Genome

Certain metrics have an outsized pricing impact

Multiple factors influence how much consumers are willing to pay for brands, but certain metrics have an outsized role.

BERA.ai analyzed 1,600 brands from over 140 product categories across a period from January 2019 to June 2024, using its composite formula for measuring brand equity that includes:

- Familiarity: The extent to which people believe they know and understand a brand.
- Regard: How much consumers respect a brand.
- Meaning: How relevant a brand is seen as being in people's lives.
- Uniqueness: The differentiation people associate with a brand.

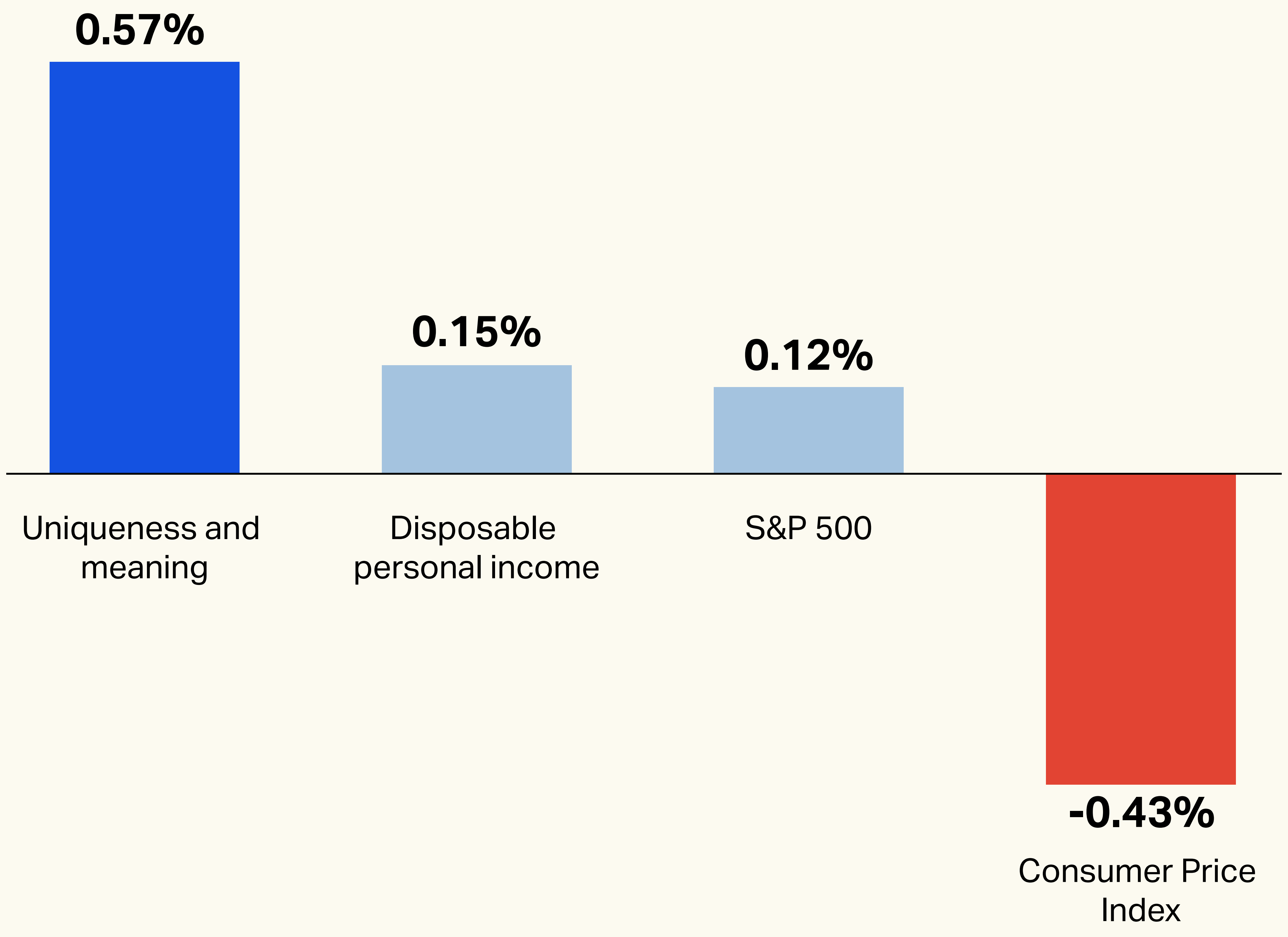
Its dataset incorporated marketing factors plus economic indicators like public sentiment, consumer prices, savings and disposable income, the unemployment rate, the S&P 500 and even COVID mortalities.

On average, a 1% increase in uniqueness and meaning drove a 0.6% lift in pricing power when controlling for other factors. A 10% increase on these measures would thus lead to a 6% lift in pricing power.

Similar upticks in familiarity and regard, by contrast, only had a tangible impact in around 25% of categories. Even in these cases, they were far less impactful than meaning and uniqueness, BERA.ai found.

Brand equity is a critical source of pricing power

How a 1% shift in equity, disposable income, wealth and aggregate prices impact consumer willingness to spend

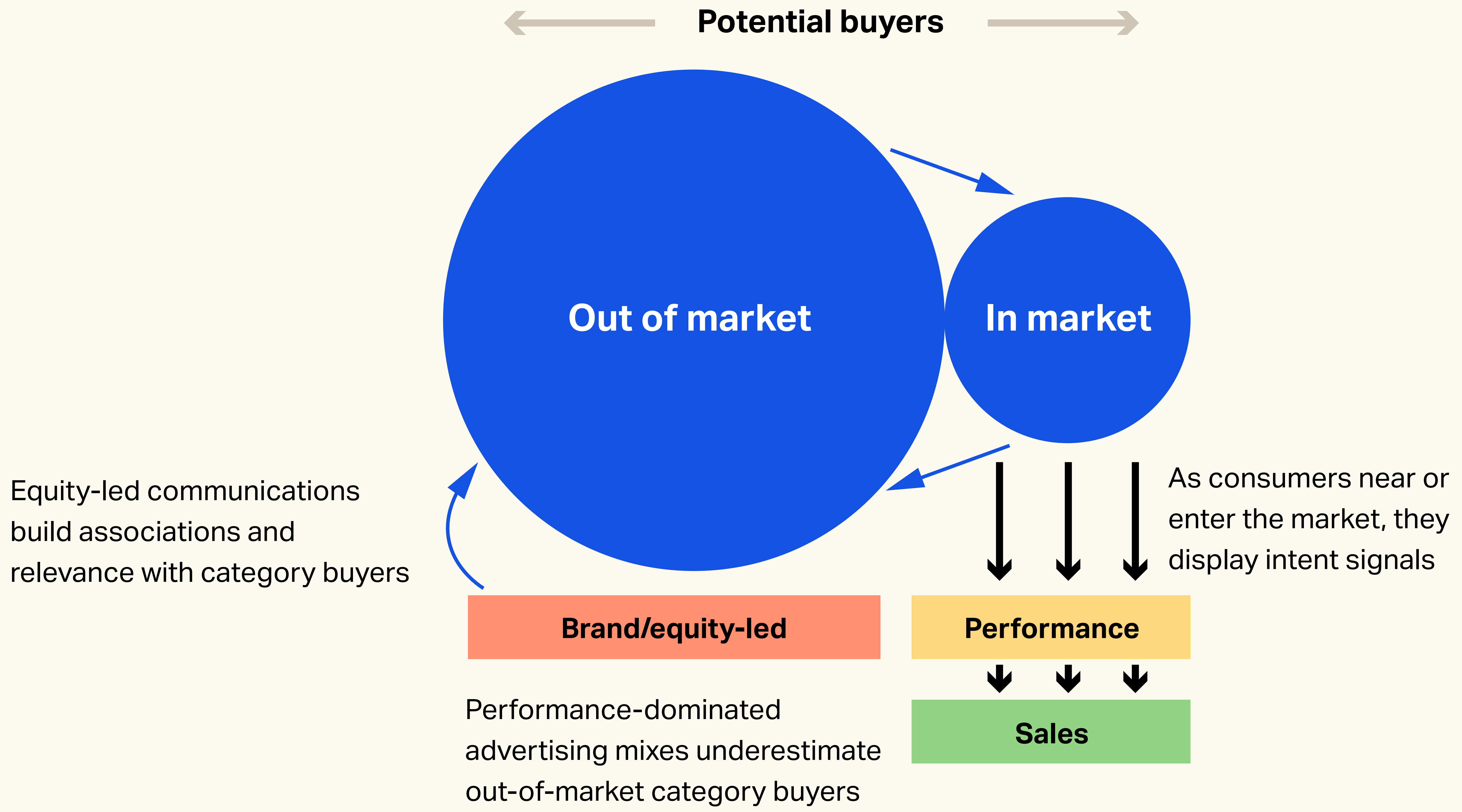


Source: BERA.ai

In conclusion: Building a Multiplier Effect model

A simplistic approach to "brand and performance" sees them as two separate endeavors at either end of the funnel...

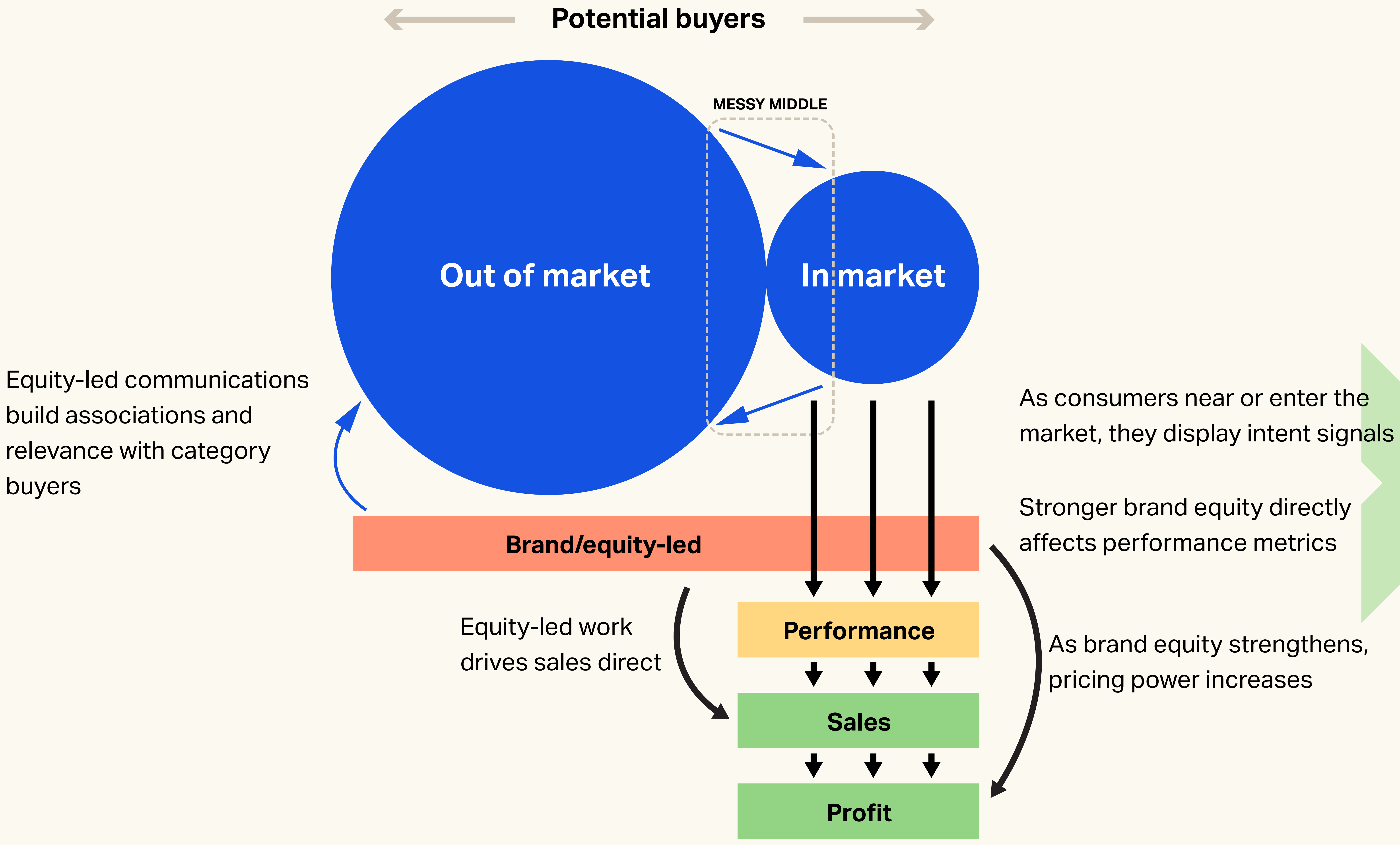
Simplistic "brand + performance" model



In conclusion: Building a Multiplier Effect model

... but the Multiplier Effect recognizes that brand and performance work best as part of an integrated growth strategy

Full Multiplier Effect model



Synergies, not silos

Moving from a siloed approach to a codependent approach has implications for the way we think about brand and performance.

	Siloed view: Brand/equity-led	Siloed view: Performance	Codependency POV
Audience	• Out-of-market consumers • Building future demand	• In-market consumers • Harvesting current demand	• Equity-led advertising converts in-market consumers, sometimes as well as performance activity does • Performance techniques can still reinforce brand equity and assets
Creative	• Emotion/storytelling around the product or service. • Creativity needs to grab attention • Creative builds core associations with the brand, including when and why you might buy it	• Rational or functional • Reasons to buy now	• Ditch the standalone “brand campaign”. All advertising should reinforce brand equity and reinforce performance impact • Creative assets should work as integrated platforms rather than in siloed campaigns • There is evidence that “double duty” ads which try to do both struggle to work, so a range of assets is required. The key is how to connect them
Media	• Broad reach • Broad targeting • Channels like radio, television, online video, social video • Payment for reach • AV content prioritized	• Highly-targeted, based on customer data and focused on signals of intent • Payment based on customer action • Channels like search/social	• Most media can be “double duty” for “brand” and “performance” purposes – there are few specific “brand”-only and “performance”-only channels • Certain channels (e.g., digital/streaming video) perform well for both • Role of search, an important channel, can vary by category • Careful media planning required to support different styles of execution within a single creative platform

Synergies, not silos

Moving from a siloed approach to a codependent approach has implications for the way we think about brand and performance.

	Siloed view: Brand/equity-led	Siloed view: Performance	Codependency POV
Measurement	• Brand equity measures • Associations with certain buying occasions • Reduced price sensitivity • Long-term incremental sales uplift, as measured by MMM	• Instant clicks, views, etc. • Attributable sales in short-term timeframes	• A basket of measurement techniques is required to understand both incrementality and timescale of effect • Brand strength and performance efficiency are linked, so the two need to be understood together • Every CMO should be able to tell their CEO, "If we increase brand equity by X%, sales will increase by Y% and pricing power will rise by Z%"
Timeframe of effect	• Long term – works over months	• Short term – immediate effect, plus attributable impact over course of purchase cycle	• Understanding how effects compound over time is crucial • Equity-led activity works across the short and long term, as it will be seen by current and future buyers • Performance advertising can still be used to reinforce brand equity as part of a bigger platform
Ways of working	• Brand team focus on building "upper funnel"	• Performance team focus on "lower funnel"	• Collaboration and coordination between teams is crucial to drive impact across the funnel. Brand and performance KPIs for every team is essential. So is having alignment on brand strategy across all teams

Takeaways:

1

Equity-led advertising affects the impact of performance advertising (and, to a degree, vice versa). **The two are codependent**, not independent, activities.

2

The modern funnel includes a "messy middle" – consumers **do not move neatly from one stage to the next**. Siloed advertising approaches for "upper funnel" and "lower funnel" cannot reflect the ways customers actually buy.

3

The impact of equity-led advertising on **price sensitivity** is an emerging area that further supports an integrated approach.

How to harness *the Multiplier Effect*

The next step for marketers is to consider the implications of the codependency between brand and performance on their advertising. We conclude with practical guidance that marketers can use to make sure their advertising is benefiting from the Multiplier Effect.

Part 1:
In the work

1. Build creative platforms that use a range of executions for different goals; avoid "brand campaigns" isolated from performance advertising.

2. Make performance reinforce equity-led advertising and tie promotions back to a bigger brand idea.

3. Look for smart combinations of media to maximize reach and full-funnel impact.

4. Use creativity to boost returns and maximize the efficiency of media spend.

5. Use distinctive brand assets to help consumers see the link between ads and between platforms. Maintain consistency over time.

Build platforms, not campaigns

Tapping the Multiplier Effect requires creative platforms with the breadth to work across multiple types of execution.

Many advertisers think in terms of "campaigns" – short-term bursts of activity with a particular goal in mind.

A standalone "brand campaign", for example, might be used to drive what marketers traditionally perceive as top-of-funnel metrics like awareness, without being connected to bottom-of-funnel metrics.

Fully leveraging the Multiplier Effect between brand and performance, however, means we need to match an integrated growth strategy with an integrated messaging approach.

We call this a "platform" approach – that is, a creative platform that can be adapted to different styles of execution, from emotionally-engaging, memory-creating work through to "reasons to buy now" that drive conversion.

“One of the biggest own-goals of the advertising industry is the invention of the ‘brand building’ campaign.”

Jenni Romaniuk
Research Professor of Marketing and Associate Director (International), Ehrenberg-Bass Institute

Three key types of messaging

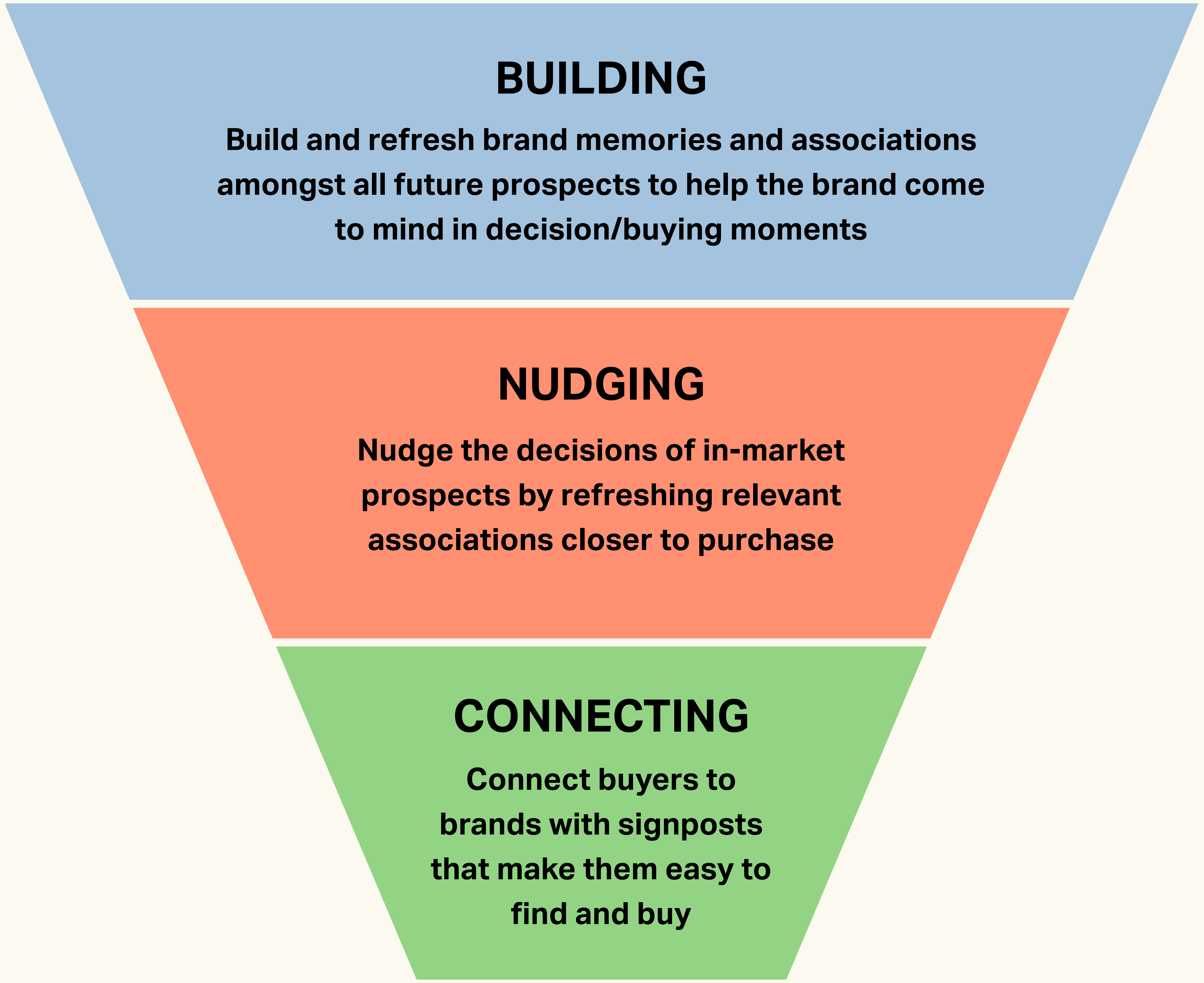
Creative is vital to advertising success. Three distinct, but interconnected, kinds of messaging will be needed to engage different audiences.

If we return to the "modified funnel" from page 51, we can see that the creative messages we put out have three broad functions, which reflect whether their principal audience is out-of-market or in buying mode.

In general, each type of execution will need to be optimized to match its objective:

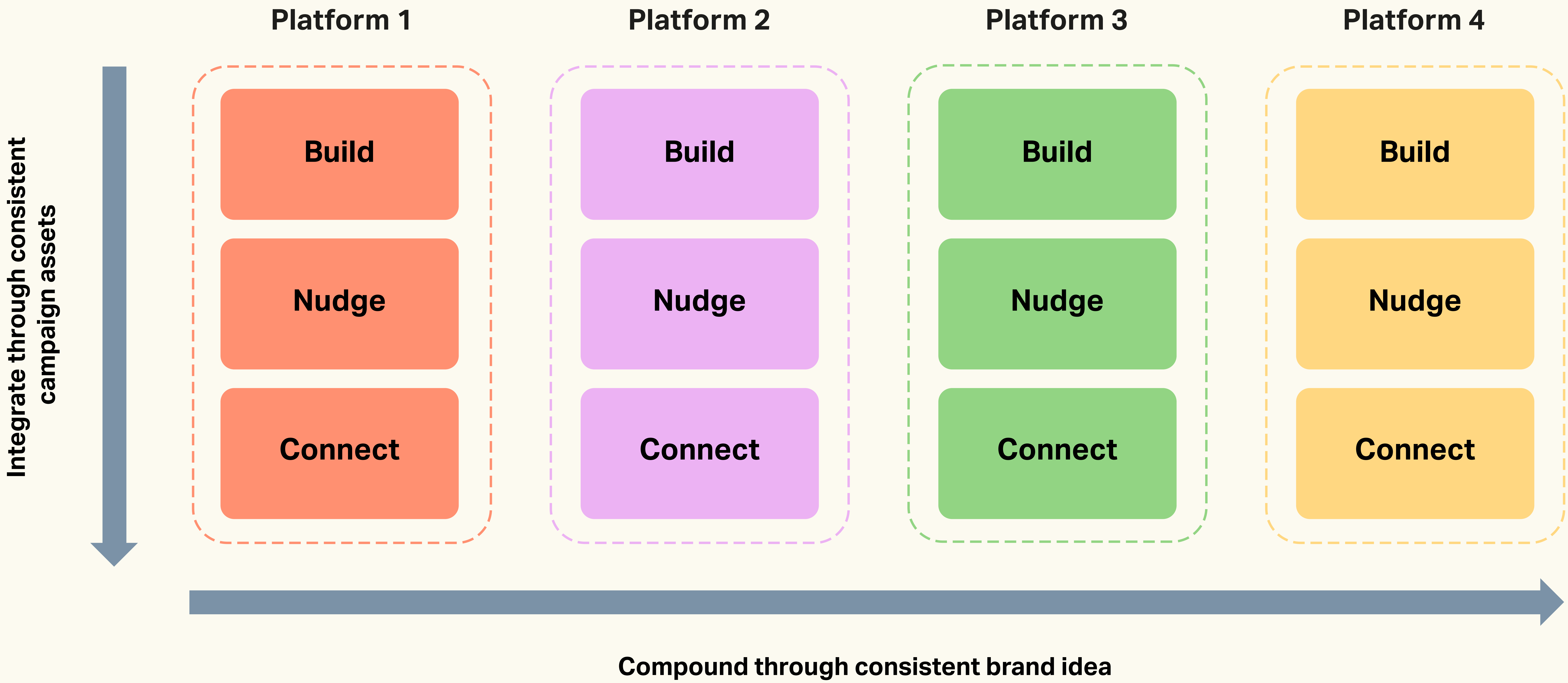
1. **Build:** Emotionally-resonant creative that builds or refreshes key messaging about the product or service.
2. **Nudge:** Refresh associations and supply reasons to buy now.
3. **Connect:** Respond to buying intent by directing customers to purchase opportunities.

The key is to make it as easy as possible for customers to connect assets together regardless of what assets they see.



The ideal: Go deep *and* go long

As the impact of brand building compounds over time, the best creative platforms stem from a long-term brand idea that can evolve over time, rather than change with every campaign.



Case study

Platforms in action: McDonald's

Explore the case study

McDonald's, the restaurant chain, revitalized its brand with Famous Orders, a platform that tapped into its core equity and product offerings in a compelling, replicable way.

Having lost relevance with younger consumers, the brand looked to deep "fan truths" that could be rolled out on a broader level to re-engage consumers.

Its resultant Famous Orders platform launched in 2020, and asked various celebrities – like rapper Saweetie and boy band BTS – to reveal their favorite McDonald's order. This idea linked back to its menu, as these meals were made available in-store. It also used a consistent media strategy that included: pre-launch social and PR; paid and owned media to launch each meal; and post-launch merchandise.

Famous Orders spanned everything from advertising to the point of sale, built equity in ways that could be tied to performance and deployed an idea that was compelling enough to be repeatable.

Put simply, McDonald's went deep in terms of advertising integration and went long in its commitment to a culturally-resonant, impactful platform.

Results

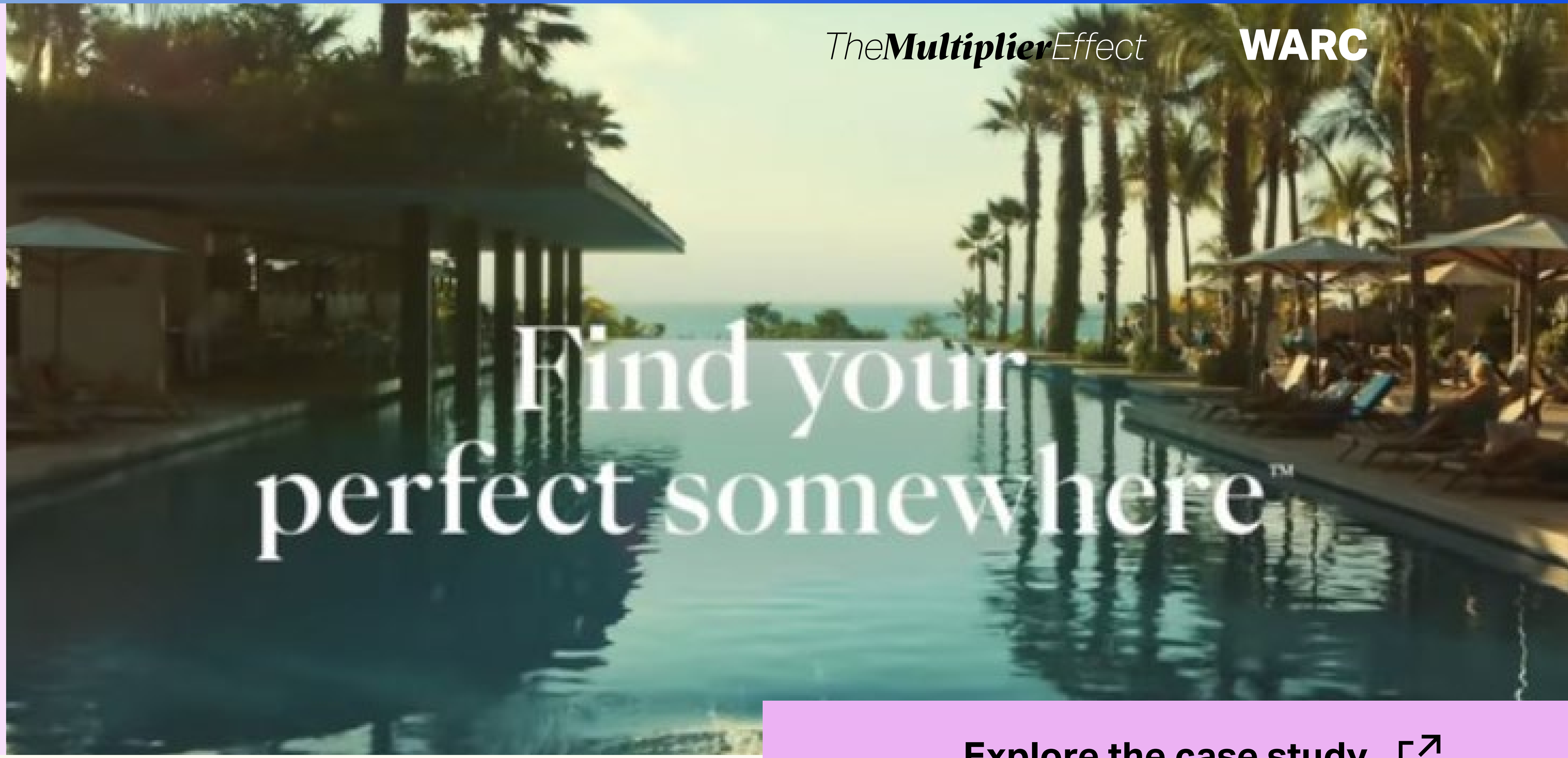
- Famous Orders delivered $280 million in incremental sales, with demand upticks occurring beyond the specific celebrity meals.
- The brand served over 1.2 million more people in the 18–24-year-old demographic per month after the launch of this platform.
- Without supply chain issues, the returns could have reached an even higher level.

We don't have a conversation about brand versus performance. Everything we do from a brand perspective should 'perform'. And, last time I checked, no customer simply wants to be 'acquired.'

Tariq Hassan
Chief Marketing and Customer Experience Officer,
McDonald's

Case study

Platforms in action: Hotels.com



Explore the case study

Travel booking site Hotels.com was struggling against a bigger competitor post-pandemic. Its value-focused proposition, plus a heavy reliance on performance advertising, were failing to cut through.

Consideration scores were low, and the brand also needed to drive an immediate revenue uplift.

Through customer research, Hotels.com landed on a fresh idea: it could play the role of hotel curation experts, and be the matchmaker between the traveler and their ideal hotel.

Hotels.com released "Flings", a series of films matching potential guests with their perfect destination. It deliberately kept targeting broad, looking to reach the whole travel category (including those out of market) with emotionally-engaging TV, outdoor and cinema ads.

At the same time, it identified a younger consumer segment, called "spontaneous travelers", who could drive short-term sales.

It used adaptations of the Flings work in digital video, social retargeting and audio.

Results

- Hotels.com saw a 4.2% uplift in net booking value, alongside strong returns in the longer term.
- Consideration scores increased among "spontaneous travelers" and the broader category.
- The company built on the same brand idea of "matchmaking" with follow-up work called "Perfect 10", then "Introductions".

Use consistent assets to build platforms

Distinctive brand assets can be audiovisual or conceptual in nature. They are a key part of the glue connecting advertising platforms together.

Examples of distinctive brand assets include: the Golden Arches of McDonald's logo; Geico's gecko mascot; Mastercard's association with the term "Priceless"; Intel's five-note sonic logo; and the recurring scenario of Snickers' "You're Not You When You're Hungry" platform.

They serve as a brand trigger, without having to mention a brand's name, in the mind of consumers, helping people quickly (and accurately) identify an advertiser.

Such assets also tie different executions together, building consistency from one platform to the next.

System1 rates ads in terms of the "fluency" – or the accuracy and speed of brand recognition – and has found that advertisers are often not connecting their assets together to facilitate that outcome.

This is perhaps most evident at US advertising's biggest showpiece, the Super Bowl.

Looking at 70 ads from the 2024 Super Bowl, it found only a quarter used brand assets to drive recognition in the most effective way. Given the high price of airtime, having an ad misattributed to a rival is potentially costly.

This finding also hints at the overuse of celebrities and gimmicks in Super Bowl ads, instead of leveraging this blue-chip advertising occasion to entertain and engage as part of a compelling long-term platform.

Inject brand thinking into performance messaging

Performance advertising should capture underlying brand equity drivers, even as it looks to convert customers.

In reality, few communications plans are as neat as a model. Many marketers need to run tactical promotions or tie-ins to specific moments. However, building on an established platform can help. The best performance advertising taps into the emotional underpinnings of brand building in ways that effectively capture demand.

An example: ZenBusiness, an online provider of business registration and related services to startups. The brand's goal is to democratize entrepreneurship; one example saw it offer free LLCs to moms, many of whom had to leave work during the COVID-19 pandemic. This "activist" approach transformed the "free promotion" and yielded record-breaking results for the brand, with:

- 450 million earned impressions;
- 20,000+ leads, with these users 3x more engaged than the norm;
- 1,100+ incremental conversions;
- a 78% increase in sign-ups;
- an almost 50% decline in the cost of acquisition;
- a 972% lift in social comments.

Source: ZenBusiness

Chubbies redefines "direct response" in advertising

Chubbies, the online men's apparel company, used brand-building to become a fast-growing, profitable firm.

Key to this shift was a transition to judging all of its advertising in terms of short- and long-term financial impact. In effect, Chubbies redefined "direct response" to include near-term conversion, or "purchase ROAS", and longer-term "Brand ROAS".

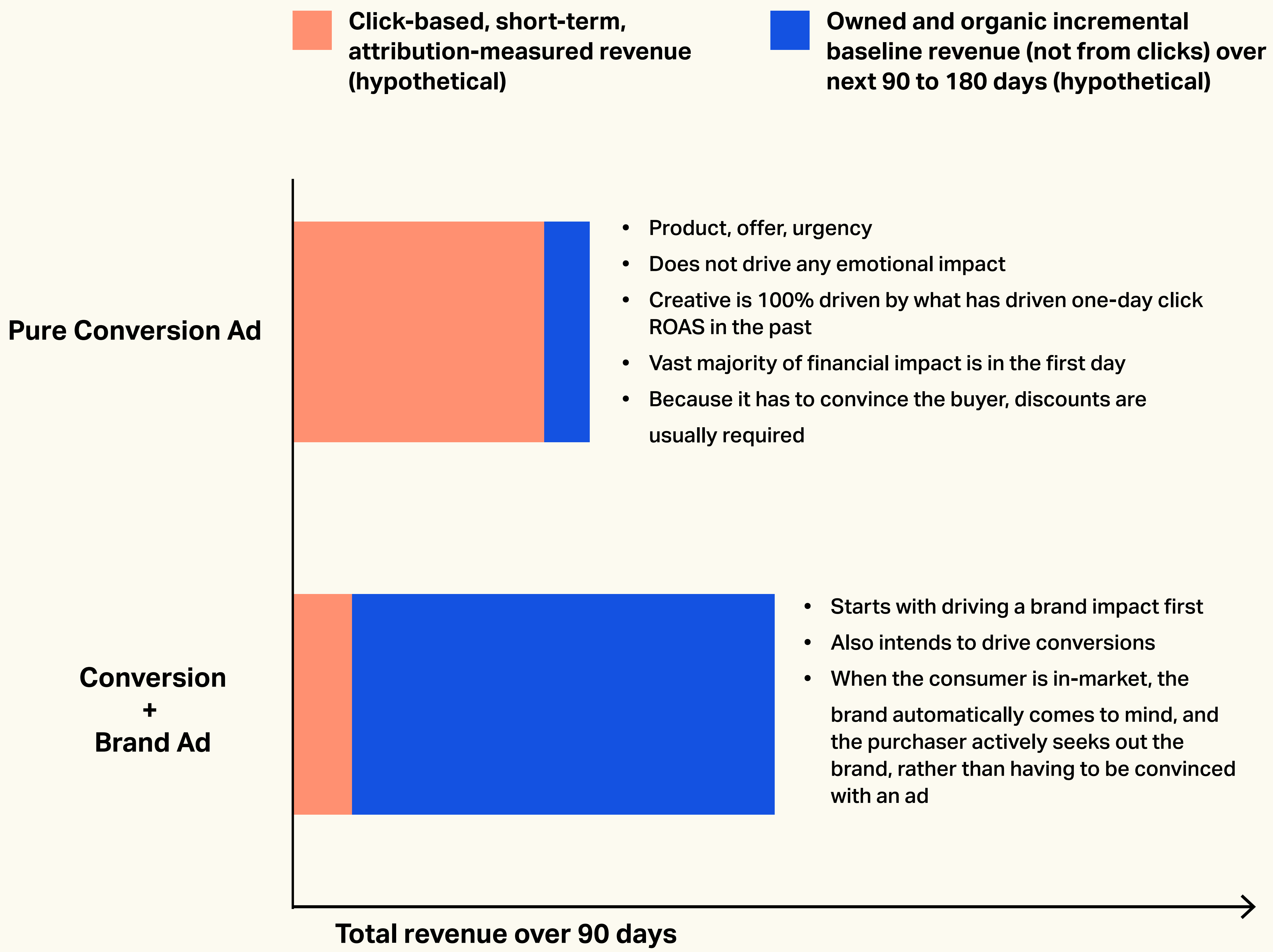
A key lesson from Chubbies is that brands in transition – in this case, from startup to scale-up – can do both jobs of advertising effectively.

Its "pure conversion ads" were more rational, product-led and targeted at the 5% of in-market shoppers. Its "conversion and brand ads" were equity-led, typically measured over 90 to 180 days, and assessed using metrics like the volume of, and revenues associated with, branded organic search and direct web traffic.

The audience, and the goal, shaped which ads were deployed. Chubbies also grew more confident over time in reaching out-of-market shoppers who had not engaged with its brand before. It thus, for example, used equity-led ads to build the kinds of positive memory structures that would pay off when these shoppers were eventually in-market.

Its strategy delivered increases in direct traffic, branded search and lifetime value profits. Branded search was also associated with higher-margin purchases, lower price sensitivity and future demand trends.

How Chubbies reconceptualized brand and performance ROAS



Note: Data is for illustrative purposes
Source: Preston Rutherford/LinkedIn, republished with permission

Plan for creative fragmentation

A major tension in advertising exists between consistency in brand building and creative fragmentation in the digital space.

Building equity now relies on many types of exposure across multiple media. But this makes it harder to coordinate a tightly-woven group of messages across channels. This trend has been called creative fragmentation.

One driver of this shift are the AI-driven advertising systems from big digital players like Google and Meta. These require diversity of content – new cuts, new takes and, increasingly, the ability to optimize content using AI to attract niche audiences.

In this world, a cut-down TV ad is less likely to work than a bespoke ad for a given platform. For performance-led work, multiple exposures may be needed to drive desired actions.

Second, the rise of the creator economy means more budget is going toward partnerships and sponsorships where ads are (at best) co-produced with the brand.

There are no easy answers, but the odds of success can be increased by:

1. Understanding and applying **key brand assets** across all work.
2. Developing **brand ideas** able to span multiple creative platforms, and multiple "stories", over time.
3. Interpreting brand ideas in ways **native to different channels**;
4. Identifying **creators** who reinforce this brand idea – and ensuring this work tracks back to the core advertising platform.

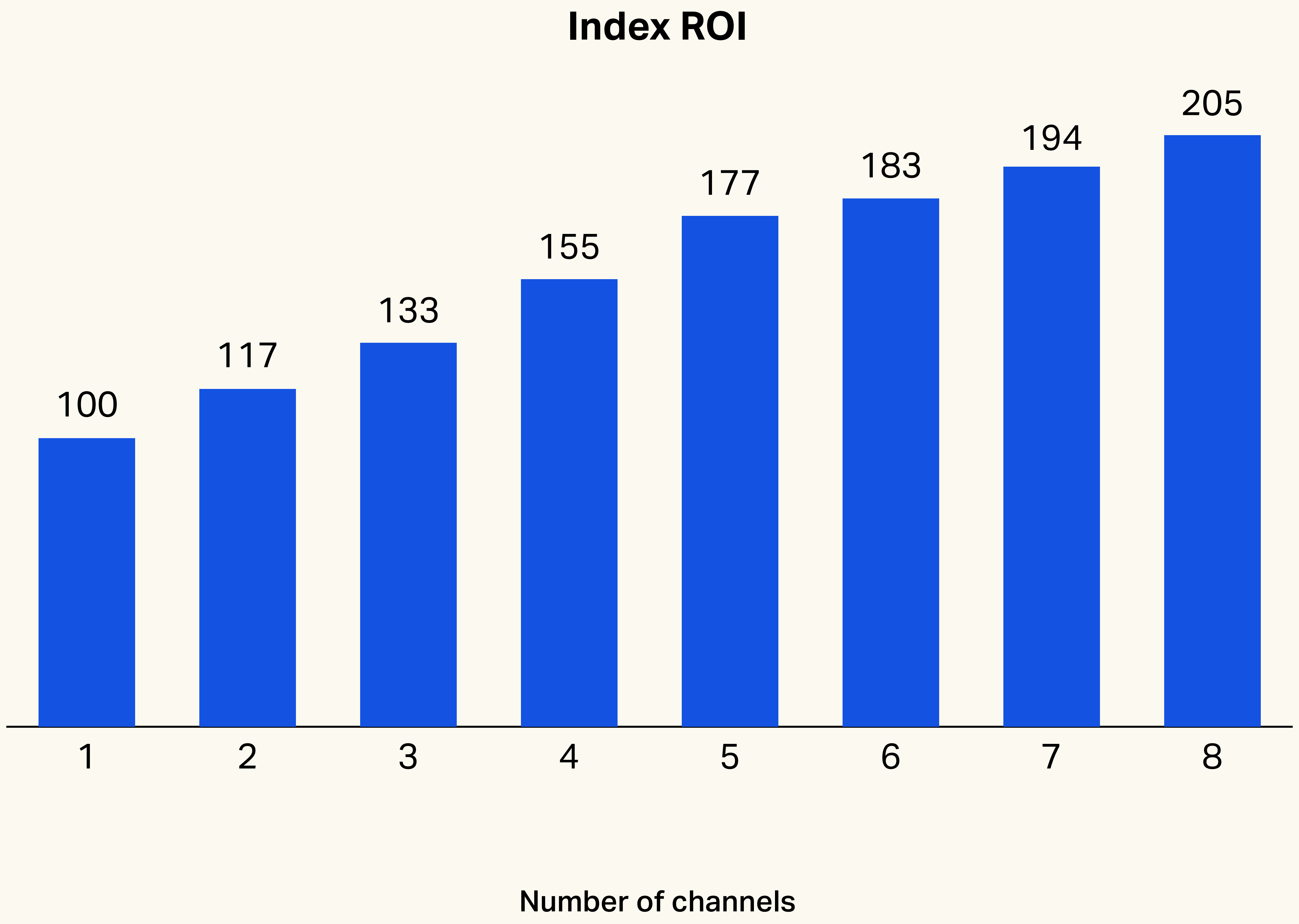
Look for smart media combinations

Advertisers typically benefit from adopting a multi-channel approach that keeps the strength of each medium in mind.

While detailed media guidance is beyond the scope of this paper, there are a number of principles for investment in the current landscape:

- Reach strategies for equity-led advertising work best across multiple channels for most advertisers of any scale, particularly as audiences fragment. Using more channels drives increased ROI, per Analytic Partners' ROI Genome data, by enabling incremental reach.
- Plan around media's "double duty" impact – many channels, and in particular video-based channels, can be effective over both the short and long term.
- Targeting parameters will be different for equity-led (broad targeting) and performance-led (in-market targeting) executions.
- Media works best in combination – for example, TV or video with search; mobile with outdoor.
- Matching the right combinations to a brand's specific scenario and objectives remains a key role of media planning.

Each additional media channel drives an additional 11% improvement in revenue ROI



Source: Analytic Partners ROI Genome

Case study

Platforms in action: Cupcake Vineyards

Explore the case study

Many drinkers of Cupcake Vineyards' premium wine were trading up to the "super-premium" segment.

In response, the brand used a full-funnel program to reach new customers on top of its current base.

Its media plan included video, connected TV (featuring a call to action), YouTube ads, custom rich media and display ads. QR codes under bottle caps then offered a post-purchase augmented reality experience and sweepstakes.

Targeting was used to reach segments like "joy-seeking" older millennials, "sweet-seeking" younger millennials, Gen Z and "health-seeking" Gen X-ers.

Hispanic and LGBTQIA+ consumers in the 21–34-year-old cohort were among the other points of focus.

Geographic and demographic parameters, and predictive modeling, were also used to engage the most likely buyers.

Results

- Media overlap impact analysis showed that consumers exposed to rich media and display ads, versus only one of these, converted at a 132.5% higher rate.
- This figure stood at 154.5% for consumers exposed to both video and display ads.
- Sales rose by 18% and household penetration jumped by 37.3%, while the brand acquired 125,000 buyers.

The role of creativity: greater returns

Stronger, more emotionally-resonant creative drives higher ROI regardless of the type of execution involved.

Creativity is generally associated with equity-led advertising – primarily as it underpins the kinds of ads needed to capture attention and build lasting memories among out-of-market consumers.

But research from WARC and System1 shows that higher-quality creative has a powerful effect on performance-led work, too.

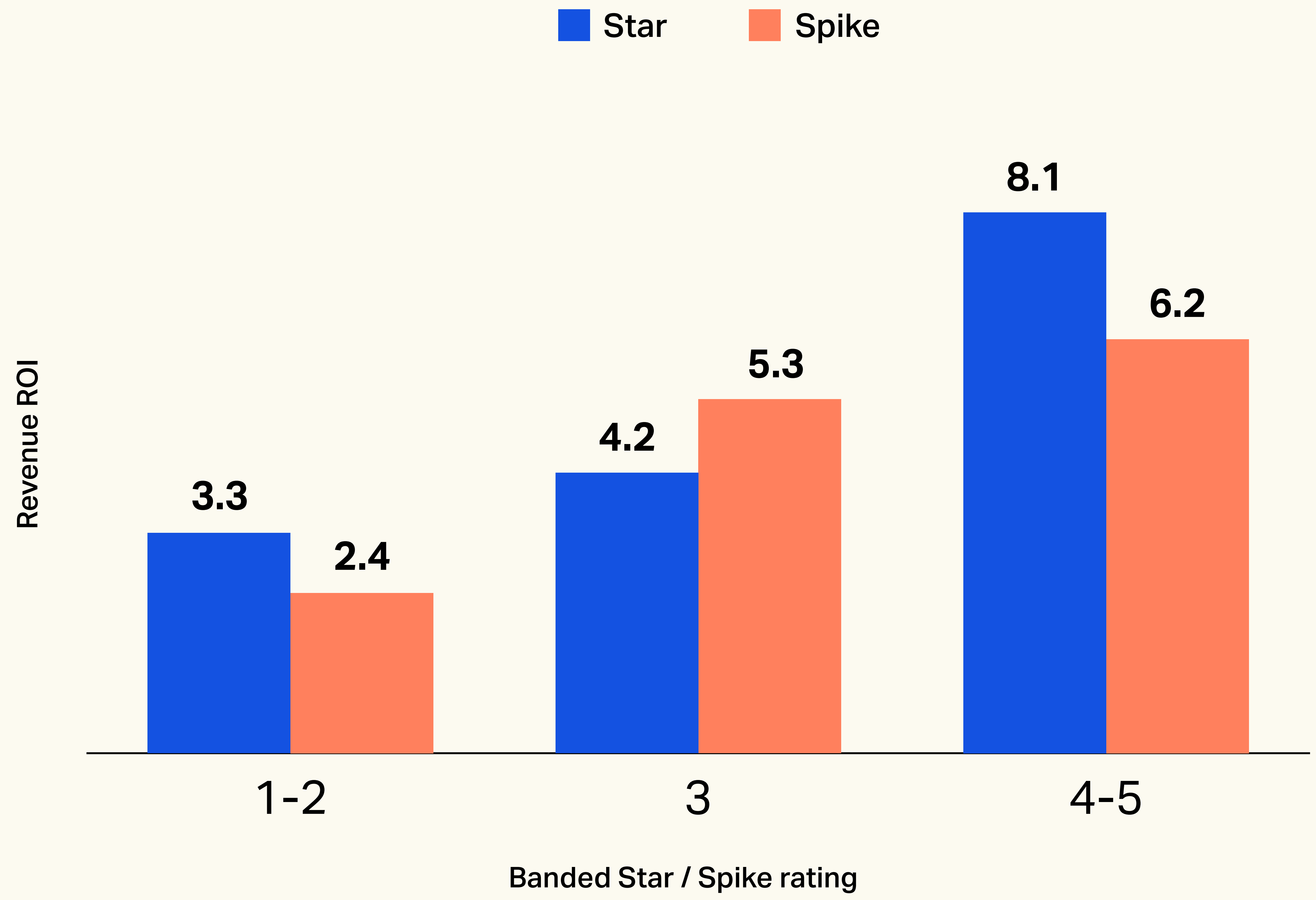
This was seen when looking at the "Revenue ROI" – incremental sales divided by campaign spend – for 300+ ads tested by System1 and featured in WARC's ROI database, which collates return on investment data from a large set of case studies.

Strong creative, it found, yields higher incremental sales.

And that outcome held true whether this creative is associated with more rational messages (typically associated with performance ads, and scoring better on System1's Spike ratings) or more emotional messages (which generally skew toward equity-led ads and receive higher Star ratings).

When looking at Profit ROI – that is, net profit divided by campaign investment – the data revealed a similar trend, with an especially strong payback for equity-led advertising.

Average revenue ROI against Star and Spike ratings



Source: WARC/System1

Creativity is efficient as well as effective

In quantifying the cost of TV ads that fail to stimulate favorable emotions, System1 took part in a study analyzing the "cost of dull".

The study drew on the emotional reactions – contempt, disgust, anger, fear, sadness, neutrality, happiness and surprise – of US consumers to 57,000 TV ads.

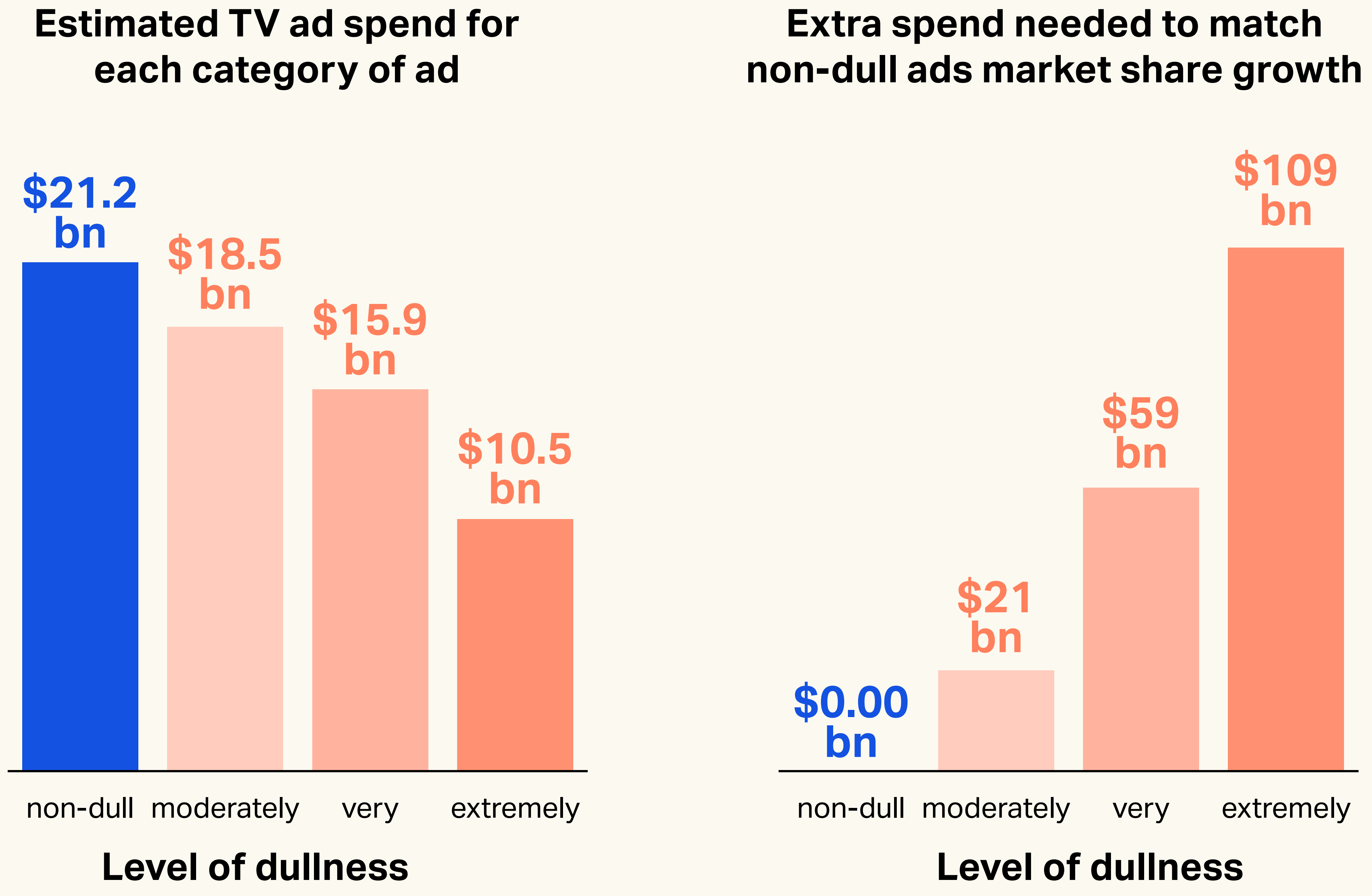
Favorable emotional responses were correlated with market share growth; neutral responses served as a proxy for dullness, and were correlated with ads that failed to achieve such an impressive impact on market share.

The analysis split the ads tested into four buckets – non-dull, moderately dull, very dull and extremely dull – based on viewers' emotional reactions.

Leveraging ad spend estimates for its various categories, the study then estimated the additional expenditure needed for dull ads to match the share growth of the top-performing spots.

And the research – conducted with strategic consultancy eatbigfish and marketing effectiveness expert Peter Field – pegged that figure at a truly staggering $189 billion.

The cost of dull TV advertising to US brands



Notes: To calculate dullness, System1's database was split into equal quartiles based on levels of neutrality among ad testing respondents: extremely dull (average 62% neutrality); very dull (51%); moderately dull (44%); non-dull (39%).

Average estimated TV ad spend for all (n>55,000) US TV ads tested by System1 since 2017 was based on ad spend projections from Vivvix extrapolated to total US TV ad expenditure in 2022.

Extra spend over current levels estimates additional expenditure needed by dull ads to match forecast growth potential of non-dull ads. Estimates are based on annualized market share gains for brands with a 15% share of voice and 5% market share.

Source: System1/eatbigfish/Peter Field

Part 2: **In the budget**

When allocating budgets, aim for a minimum 30% of spend to support equity-led executions. Most brands will need to be nearer 50%, and some closer to 70%.

1

Search spend will vary by brand and category, but for most companies spending more than 25% on search should be a red flag.

2

The final allocation of budgets depends on a number of variables, including a company's existing brand equity. It is important to budget based on a brand's "starting point", rather than just a cross-category norm.

3

"Balance" is only part of the equation. Marketers also need to drive integration between their different investments.

4

The 30% "brand baseline"

To be effective, brand-led advertising needs some scale. That means a significant portion of the budget needs to be directed to this activity.

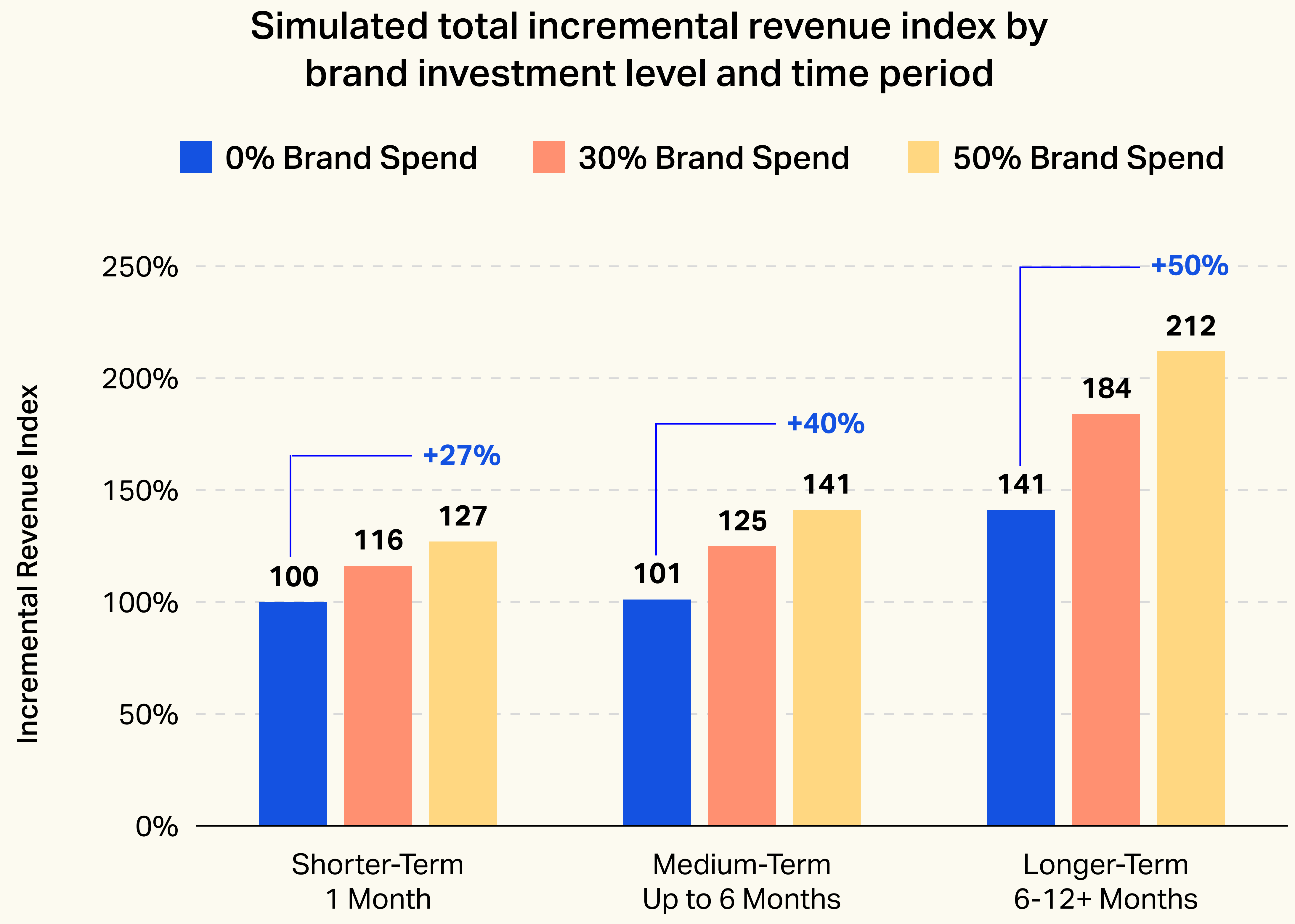
There is no single "correct" level of investment in equity-led executions.

But the evidence is clear: it needs to have scale to succeed, as it must be seen by a broad range of potential future buyers, as well as current "in-market" customers.

Analytic Partners' ROI Genome research has shown that a minimum of three out of every ten dollars invested in advertising should be directed toward equity-led advertising.

The company also discovered the most impactful advertisers dedicate no less than 50% of their investment to brand – and often allocate a greater proportion of their outlay to this activity.

Scaling equity-led investment increases incremental revenue driven by media in the short and long term



Note: Incremental revenue figures are cumulative across time periods (i.e., the longer term also includes shorter- and medium-term impacts

Source: Analytic Partners ROI Genome

The 25% "search ceiling"

Search remains the "base layer" of performance spend. The rise of retail media is creating new options; investment should reflect brand and category buying behavior.

Analytic Partners' ROI Genome suggests more than half of brands overspend on search relative to its impact on their business.

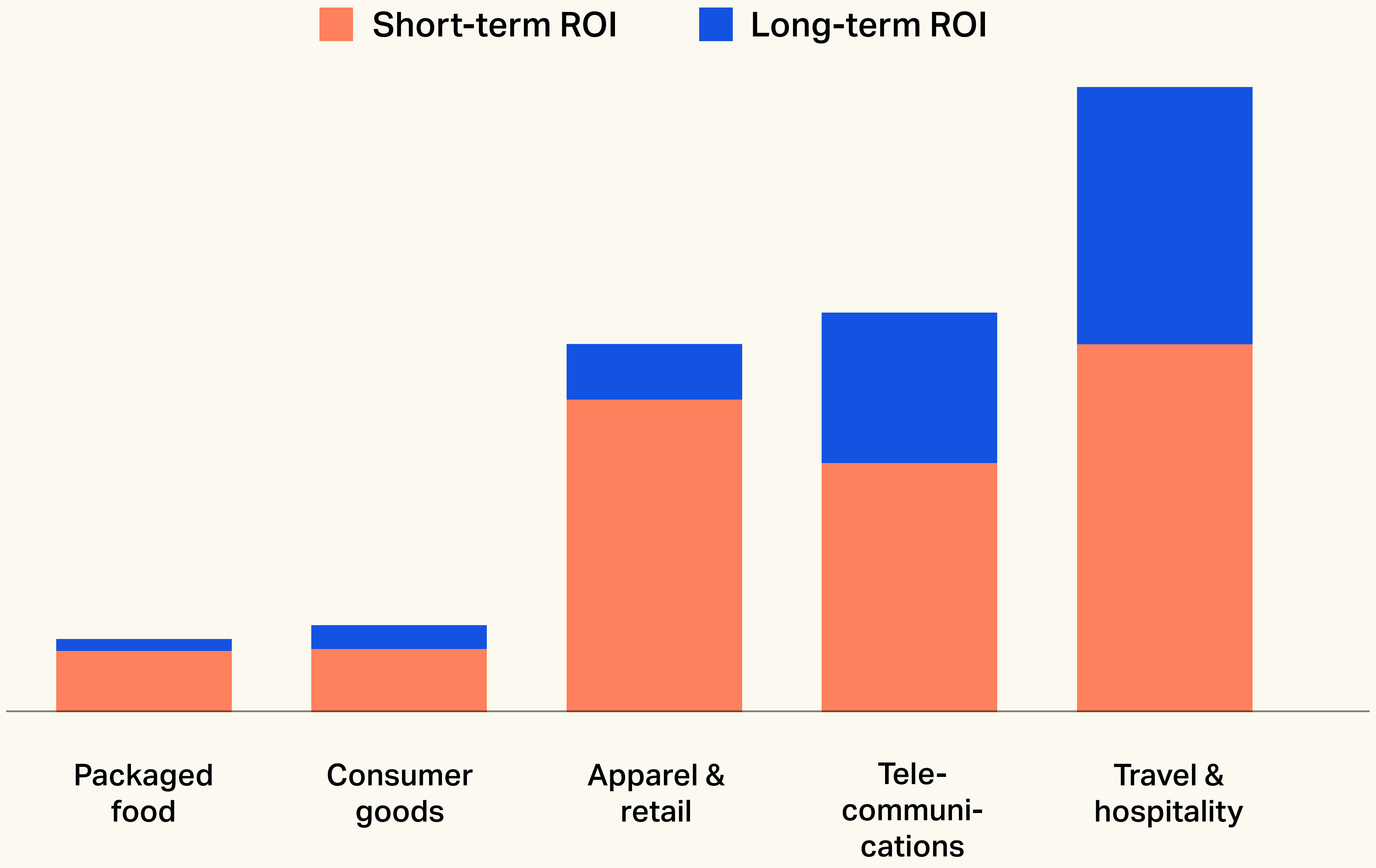
Most companies, according to its data, should not spend more than 25% of their investment on search. This is worth using as a rule of thumb for a "ceiling" on search spend.

Within that, however, there is broad variation. There is, for example, a large variance in search payback by category. Companies with high e-commerce levels, for example, will tend to need to invest more as search is key to their distribution strategies.

For this reason, packaged and consumer goods, which still lean toward offline sales, tend to see relatively low payback.

Categories where search plays a large role in the discovery/consideration phases of the purchase cycle – travel, for example – may, by contrast, see higher payback from their search investment.

Paid search: Short- and long-term revenue ROI by example industries

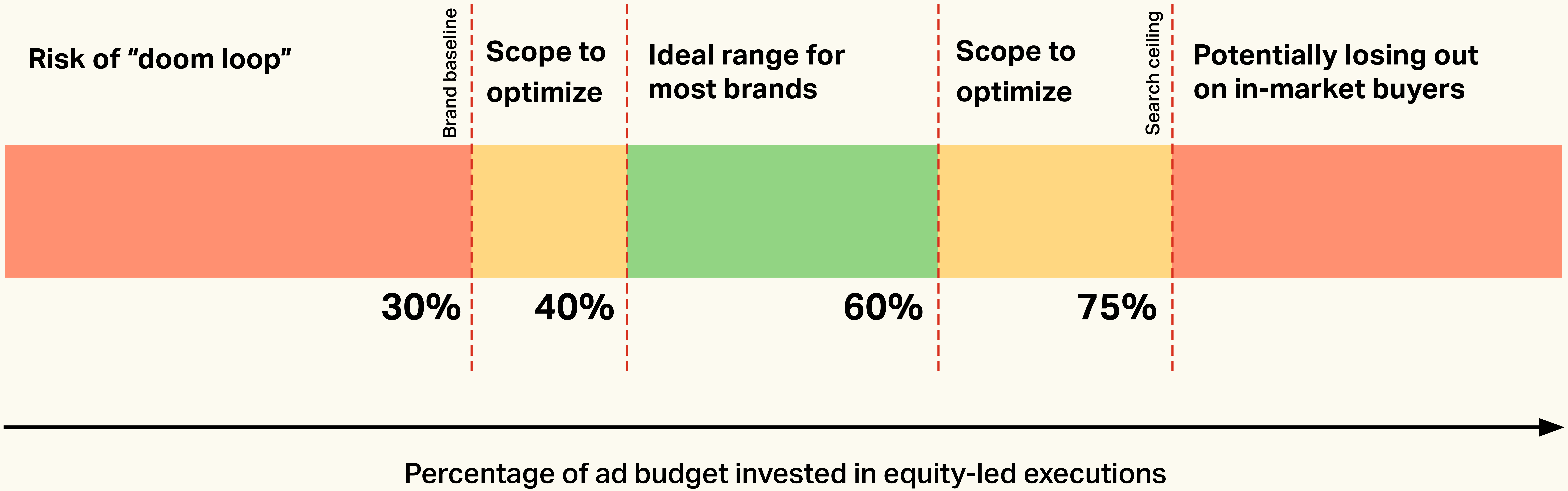


Source: Analytic Partners ROI Genome

Building an investment framework

By putting the pieces together, we can build a suggested framework to help marketers benchmark their spend.

The brand investment spectrum



Your starting point matters #1

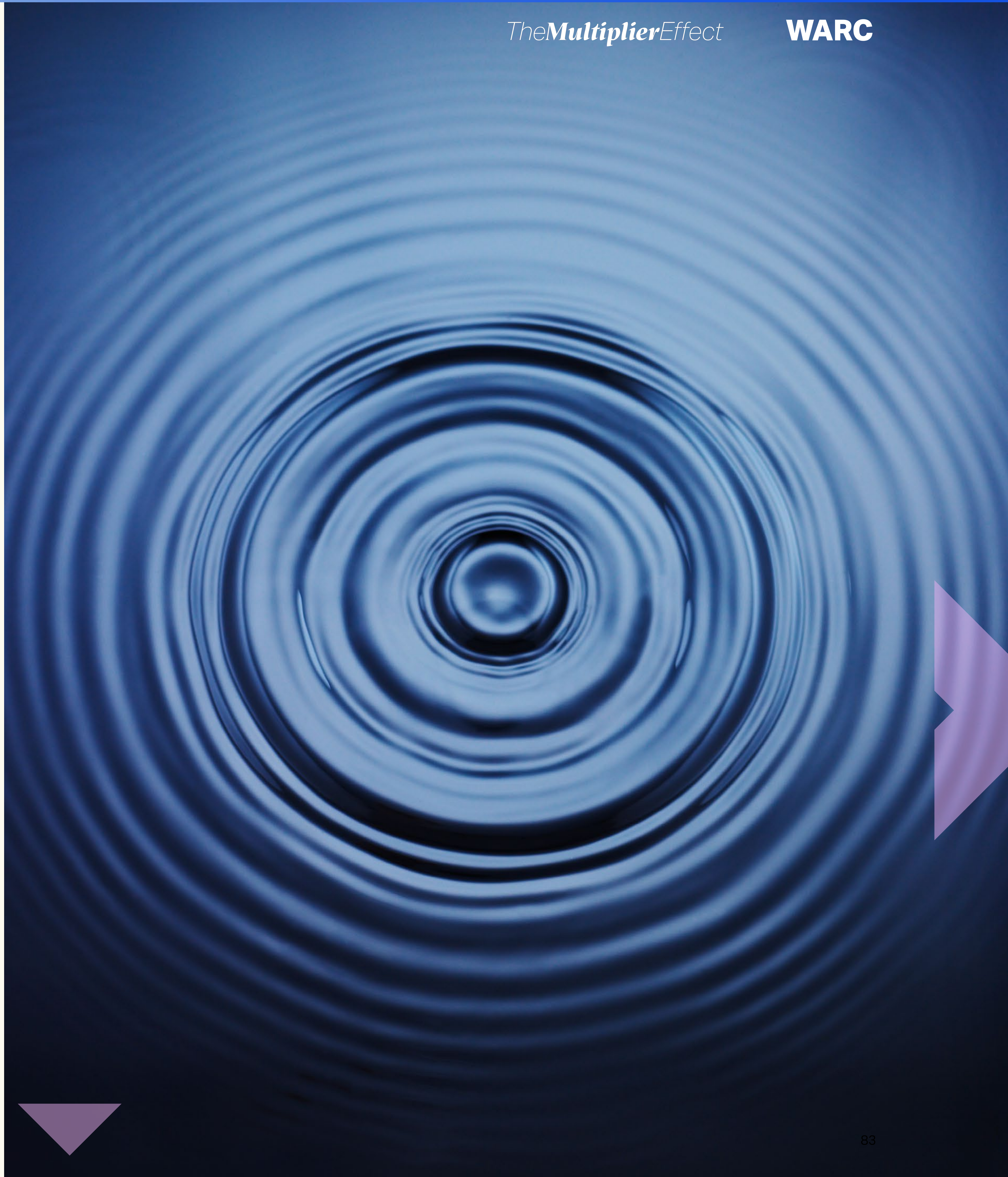
Optimizing within this framework depends on a number of variables and circumstances that could be facing brands.

Some questions to ask include:

1. **Are you a value or a volume player?** Brands with a premium positioning, or needing to maintain pricing power, will need investment to grow and sustain brand equity. Performance will use limited discounting and focus more on reminding people of reasons to buy, pointing them to the places they can do so.

2. **Where in the brand lifecycle are you?** Early-stage brands usually emphasize fewer channels with low upfront costs and relatively clear payback, meaning performance dominates. Key decisions include at what point in that growth cycle to invest more in equity-leaning techniques and how to create platforms that unite the two.

3. **What is the nature of your purchase journey?** Discretionary and impulse purchases may lean harder toward performance; considered purchases need equity-led advertising to keep a brand in the consideration set. Some questions to answer: how important is search as a consideration tool (in travel, for example)? And how important is e-commerce as a sales and fulfilment channel for a brand?



Your starting point matters #2

Advertising investment on brand or performance should also be based on a marketer's pre-existing equity, according to BERA.ai.

1. **Stable, successful brands**, like electronics manufacturers Apple and Bose, can adopt a 50/50 equity and performance split. An always-on strategy for building and sustaining equity is vital to generating the best returns.
2. Brands with **high familiarity, but lacking or losing relevance** with consumers, should lean further into brand investment, spending 60% on equity building as a rule of thumb.
3. Companies with a smaller, **dedicated audience of passionate fans**, but which lack broader familiarity, should direct 60% to 90% of ad budgets to efforts to help them become more known, respected, relevant and special at a wider scale.
4. Brands with unaided awareness of 70%+ but **battling for existence** – say, the retailer Sears – should allocate over 90% of ad spend to brand to revitalize equity. Performance will mostly be wasted money and risk kickstarting the "doom loop."

Integration matters as much as balance

Tapping into the Multiplier Effect is not simply a matter of balancing expenditure between performance and brand.

Based on its survey of marketers, Prophet identified the qualities which set over-performing companies apart – and it was not their spending patterns, which remained largely even across the "winners" and "losers".

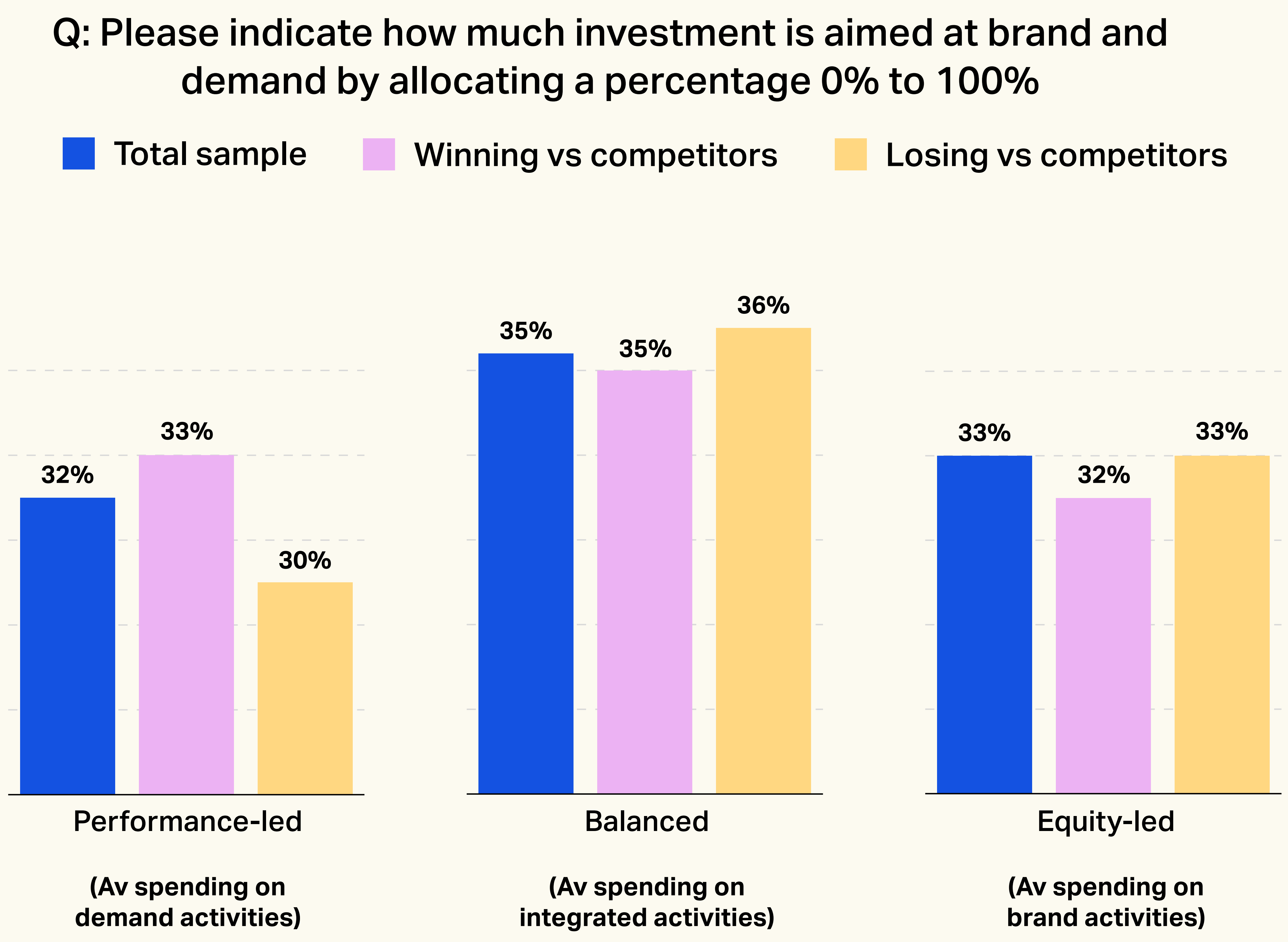
A critical insight, however, was that 90% of winning companies are at least somewhat integrated when it comes to connecting brand and demand. And 39% percent were fully-integrated, versus 12% on average.

The aim among the winners is to make sure that outcomes are leveled up to co-owned, commercial and customer (or consumer) outcomes:

- 89% of out-performers had a clear growth strategy in place, versus 68% of under-performers;
- 86% have a shared understanding of the customer across the entire organization, versus 63% of under-performers;
- and 62% were involved in strategic leadership, versus 30% of under-performers.

This type of alignment means all activity, whether leaning toward brand or performance, is driving toward the same outcome. Codependency becomes a multiplier toward these common goals.

There is no difference in how spend is allocated between over- and under-performers



Source: Prophet

Part 3: **In the metrics**

1. Demonstrating the Multiplier Effect requires a "measurement stack" capable of fulfilling six key principles.

2. MMM is likely to be the cornerstone of this stack, as for most advertisers it will be the best way to identify baseline sales and incrementality.

3. Other techniques, such as in-market experiments and multi-touch attribution, can be used to validate models or provide tactical guidance when used wisely.

4. Equity-led advertising has a "half life" of around six weeks – this can be a useful rule-of-thumb when trying to assess the full impact of advertising.

Six principles for a "measurement stack"

There is no easy measurement solution for Multiplier Effect, as the impacts are felt in different ways across different timescales. CMOs need to aim for a "measurement stack" able to meet the following requirements:

Incremental

It is incrementality-first

Any approach to measuring impact should have incrementality at its core. Can you show advertising is bringing new customers into a brand, and is not simply taking credit for sales that would have happened anyway?

This means no double counting – and also no reliance on inaccurate metrics from simplistic attribution methods such as ROAS.

1

Integrated

It combines paid, owned and earned

Measurement stacks need to pull all forms of media touchpoints into a single framework. This is a growing challenge as media fragments.

Siloed metrics – for example, measures specific to a single digital platform – will not give a truly comprehensive view.

2

Immediate + sustained

It recognizes prolonged effects

Measurement stacks need to:

1) look beyond immediate impacts to judge full short-term effects within a purchase cycle;

2) incorporate known media and brand effects, such as diminishing returns and long-term impacts.

3

Six principles for a “measurement stack”

Measurement is key to demonstrate the Multiplier Effect in action. While each company will build its own range of measures, there are a number of core principles all should follow.

Interconnected

It recognizes multiple routes to impact

Advertising returns are measured across the full business, all sales channels and all customers (i.e., not just existing customers).

That includes the impact of strengthening brand equity on ROI and incremental revenue.

4

Isolates

It controls for the 4Ps

Measurement recognizes all factors, controllable or non-controllable, that influence the business.

This includes all marketing levers beyond advertising (the 4Ps), plus non-marketing factors.

5

Improves + informs

It influences forward-looking decisions

Backwards-facing report cards leave too much value on the table.

Measurement techniques should allow for scenario planning and detailed conversations with the CFO.

6

Leading marketers can measure across timeframes

Prophet's survey of marketing executives found that winning CMOs build out scorecards of leading and lagging metrics as part of more sophisticated measurement.

According to Prophet's poll, more than 80% of out-performing marketers emphasize long-term metrics, as compared with just 56% of the "laggards" in its study.

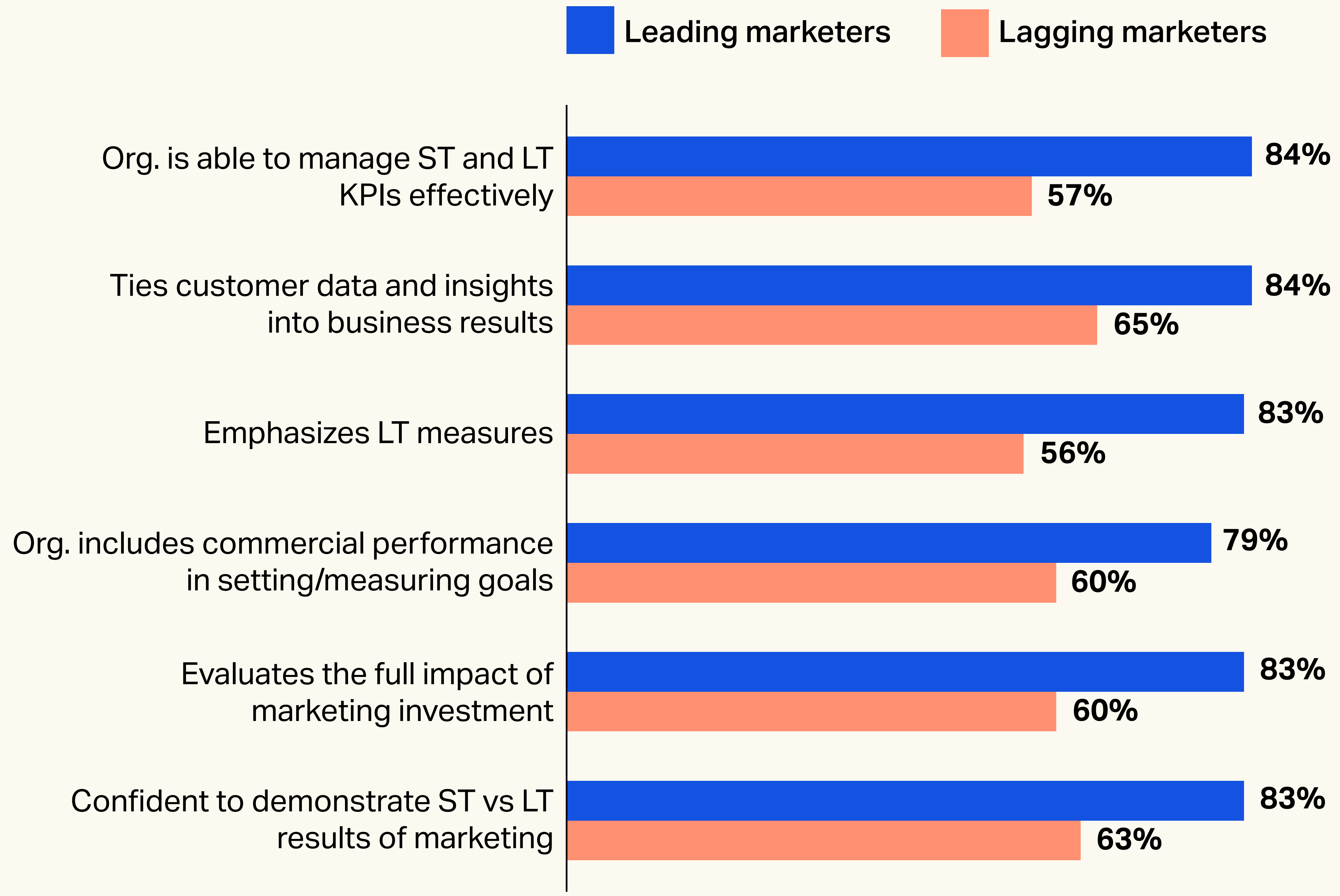
Similar gaps were observable when it came to managing short- and long-term KPIs and demonstrating the impact of marketing across both of these timeframes – and, indeed, for the critical task of evaluating the full impact of marketing.

Holistic understanding of this kind enables them to accrue an expansive picture instead of relying on siloed or disconnected metrics.

These advantages were built on the underlying strengths of out-performers, too, including their much greater likelihood of including commercial performance when setting and measuring their goals, and in their ability to link customer data with business outcomes.

Top-performing organizations can integrate short- and long-term metrics

Q: To what extent do you agree or disagree with the following statements?



Source: Prophet

Use MMM to determine baseline sales

MMM, or econometric modeling, is increasingly used as the "starting point" of a modern measurement stack.

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A key concept that MMM helps to illustrate is baseline sales – that is, sales that would happen organically if no marketing communications activity took place.

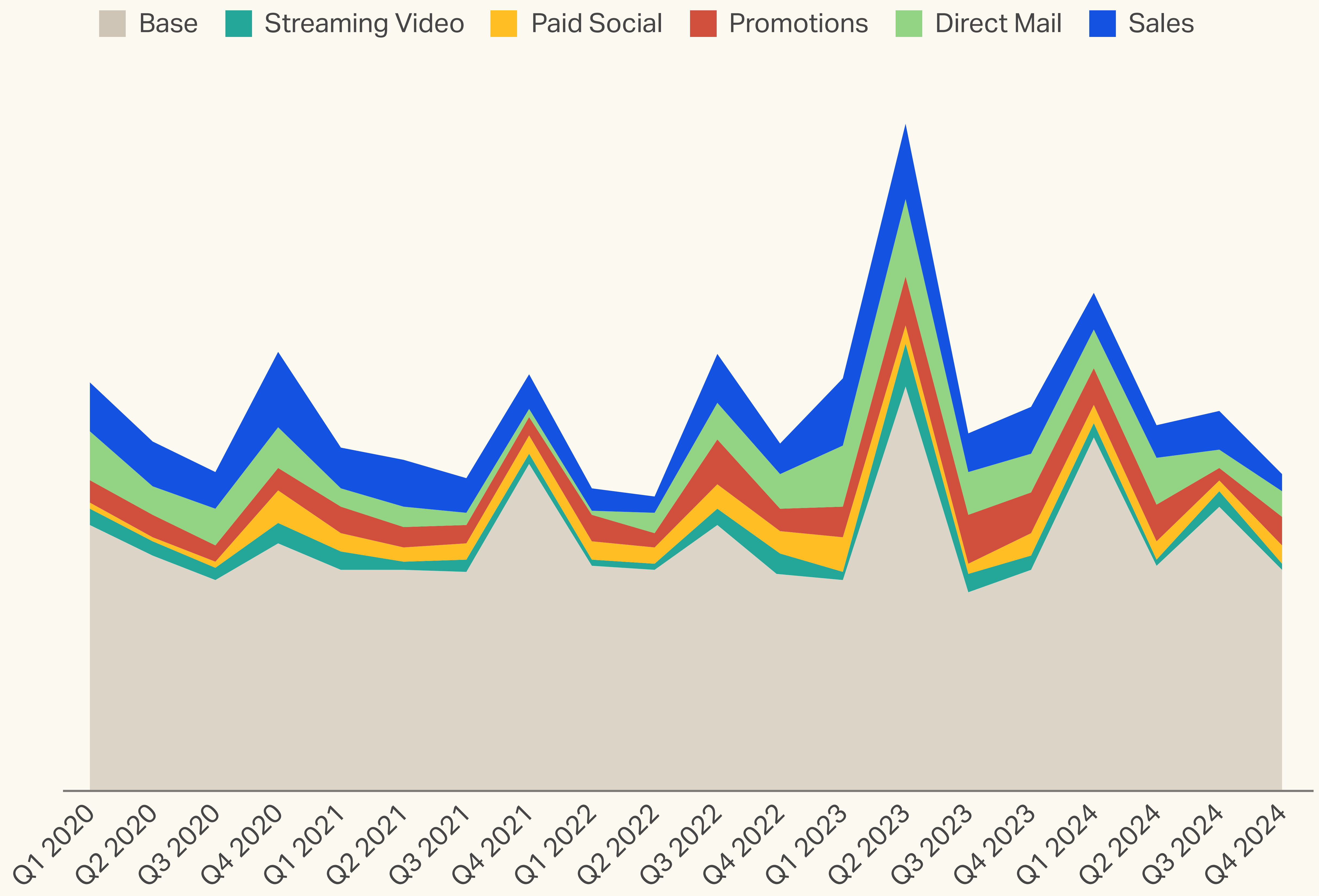
This is key to determining true incrementality, and also helps CMOs make forward-looking recommendations.

At a more granular level, it can also help marketers understand drivers of brand equity.

BERA.ai's MMM analaysis of data from 12 clients, for example, found that paid media drove 14% of near-term changes in brand equity.

That means all other touchpoints across the "4Ps" of product, price place and promotion – including the long-term impact of advertising – were responsible for the other 86% of near-term equity shifts.

Example of separating baseline from advertising-led sales



Understanding key business drivers

According to Analytic Partners, MMM should incorporate non-marketing/baseline business drivers in the same measurement framework as marketing factors to determine the true impact of each dynamic in influencing business performance.

1

Externally-influenced

- Consumer trends
- Weather
- Seasonality
- Holidays
- Macroeconomic factors
- Competition

2

Business-owned and Influenced

- Omnichannel availability
- Pricing
- Product assortment/new product launch
- Operational factors

3

Marketing communications

- Online media
- Offline media
- Sponsorships
- Promotions & incentives

4

Existing brand sentiment

Plan experiments with care

In-market testing can be used to validate incrementality, but only if the test is well-designed and decontaminated.

Randomized, controlled experiments typically compare audiences who are, and who are not, exposed to ads. The main use cases for this approach include tests around:

- scaled shifts in media spend;
- leveraging a new type of media or execution;
- and adjustments to non-marketing revenue drivers, like reducing retailer staff hours.

One challenge with experimentation are test designs that yield misleading or non-scalable results. Aligning test and control environments, for example, means factoring in differences across penetration levels, brand and category development, existing media support, pricing, household income levels, and so on.

Analytic Partners found two-thirds of experiments are "contaminated" by inaccurate or misleading data. Think, for example, of test-market studies where final conditions do not match the initial plan – say, due to surprise weather events or national media exposure skewing results.

Ideally, these factors would be controlled for. But, according to Analytic Partners, 40% of experiment results are misleading, as they rely on siloed or partial datasets that do not control for contamination.

Use performance metrics wisely

Commonly-used performance metrics are typically narrow and siloed, but can serve some useful functions, according to Analytic Partners.

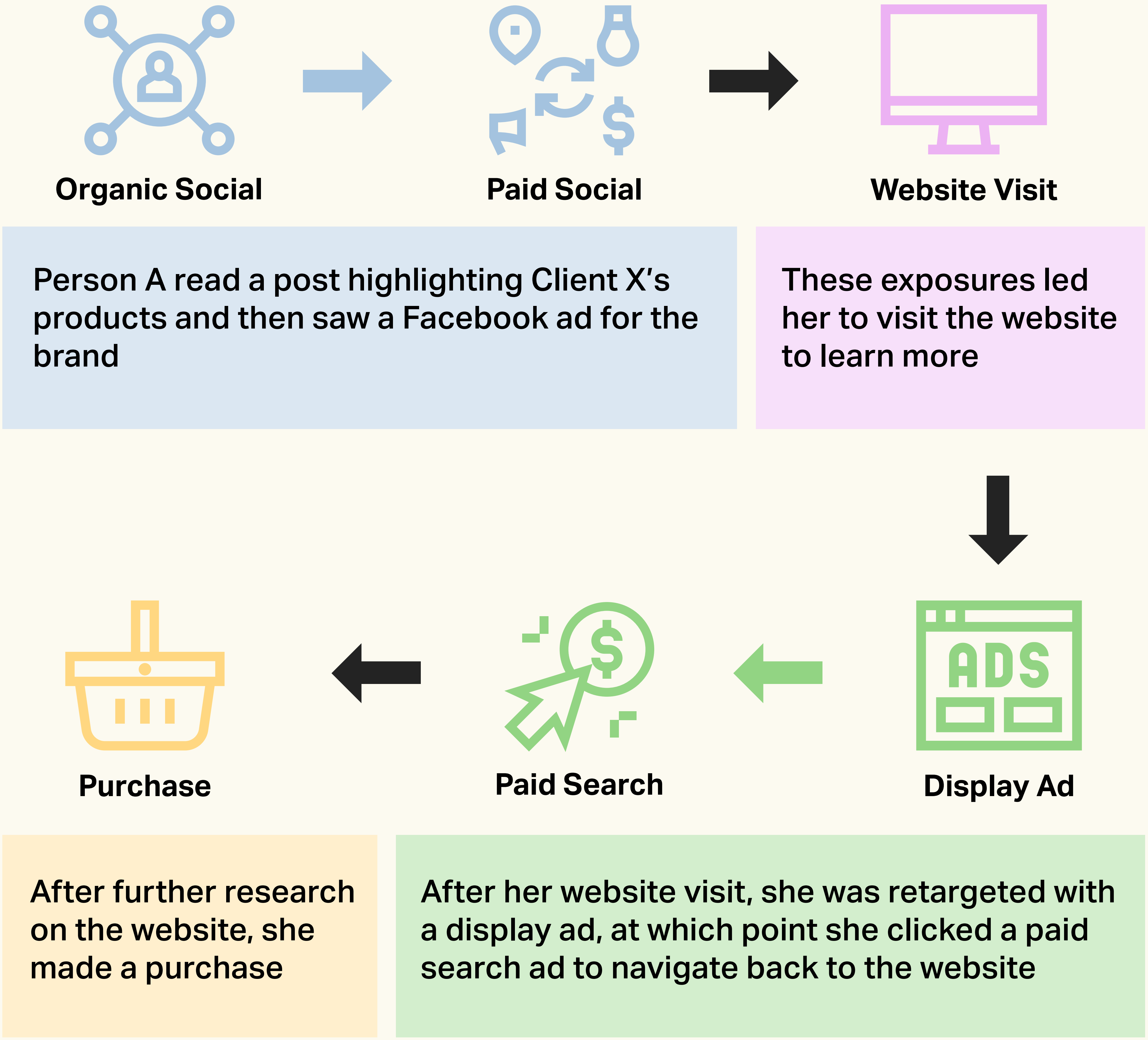
Some, such as digital clicks and return on ad spend (ROAS), can be useful for certain tasks. They include:

- proving which creative iterations are performing best for a given campaign and channel;
- identifying which paid-search terms are delivering the right blend of conversion and cost effectiveness;
- and optimizing in-flight advertising in walled gardens like Amazon and Facebook.

But these metrics cannot be used to make business-critical decisions like:

- choosing which media and tactics to use, as they encourage over-investment in strategies with a lower long-term impact;
- delineating the contribution of equity-led advertising to revenue, because these indicators typically underplay its role;
- and projecting sales, as digital views and retail metrics typically over-emphasize lower-funnel tactics and digital sales versus brand equity and offline sales.

Customer journey example



Source: Analytic Partners ROI Genome

Use a six-week "half-life" to check the work is on track

Equity-led advertising should be judged on its immediate commercial impact and its impact over time as consumers come into the market. Understanding its "half-life" can help.

ROI Genome data indicates that two-thirds of advertising's impact happens after the week that the ad was delivered, or after the week that consumers were exposed to an ad. The majority of the impact occurs within the first few months.

So how long does it take to make a call on the impact of a new advertising platform?

As a rule of thumb, the "half-life" of equity-led advertising is around six weeks after launch (or after exposure) – that means it will have delivered about half its sales impact across the purchase cycle.

That is a reasonable benchmark for understanding how a platform is performing and its likely trajectory.

Of course, caveats apply. This "half-life" can depend on the type of marketing channel, with some channels (such as branded paid search and retargeting display) having little half-life. Video executions, on the other hand, can have a more significant impact in the weeks following execution.

The "half life" idea can be particularly useful in comparing the impact of activities with similar creative and media approaches.

Five ways to link brand and business

Brand metrics must be tied to commercial results so CMOs can understand the impact of their work and make forward-looking decisions. BERA.ai has a measurement framework encompassing five stages of deepening insight and intelligence.

1. Consumer cross-sectional analysis

(Three months of data)

Modeling links consumer survey data on brand metrics to self-reported product usage and share of wallet.

2. Incrementality testing

(Three months of data)

Target digital media at test cohorts – usually focused on non-customers and projected to the total population – with high and low brand ratings. This approach can link respective "lifts" in conversion rates with brand metrics.

3. Geo cross-sectional

(Six months of data)

Correlate business KPIs and brand metrics at the regional level to estimate linkage between the two. Broad audiences are preferable due to limited sample sizes.

4. Time-series analysis

(Two years of data)

Correlate monthly national business KPIs and brand metrics. This can be used to understand causal relationships – preferably with multiple different audiences to determine the points of greatest value.

5. MMM

(Three years of data)

Modeling is used to correlate weekly brand and business metrics to determine the impact of brand equity on commercial results and of marketing activity on brand equity. Again, the analysis should focus on broad audiences to reach the necessary sample size.

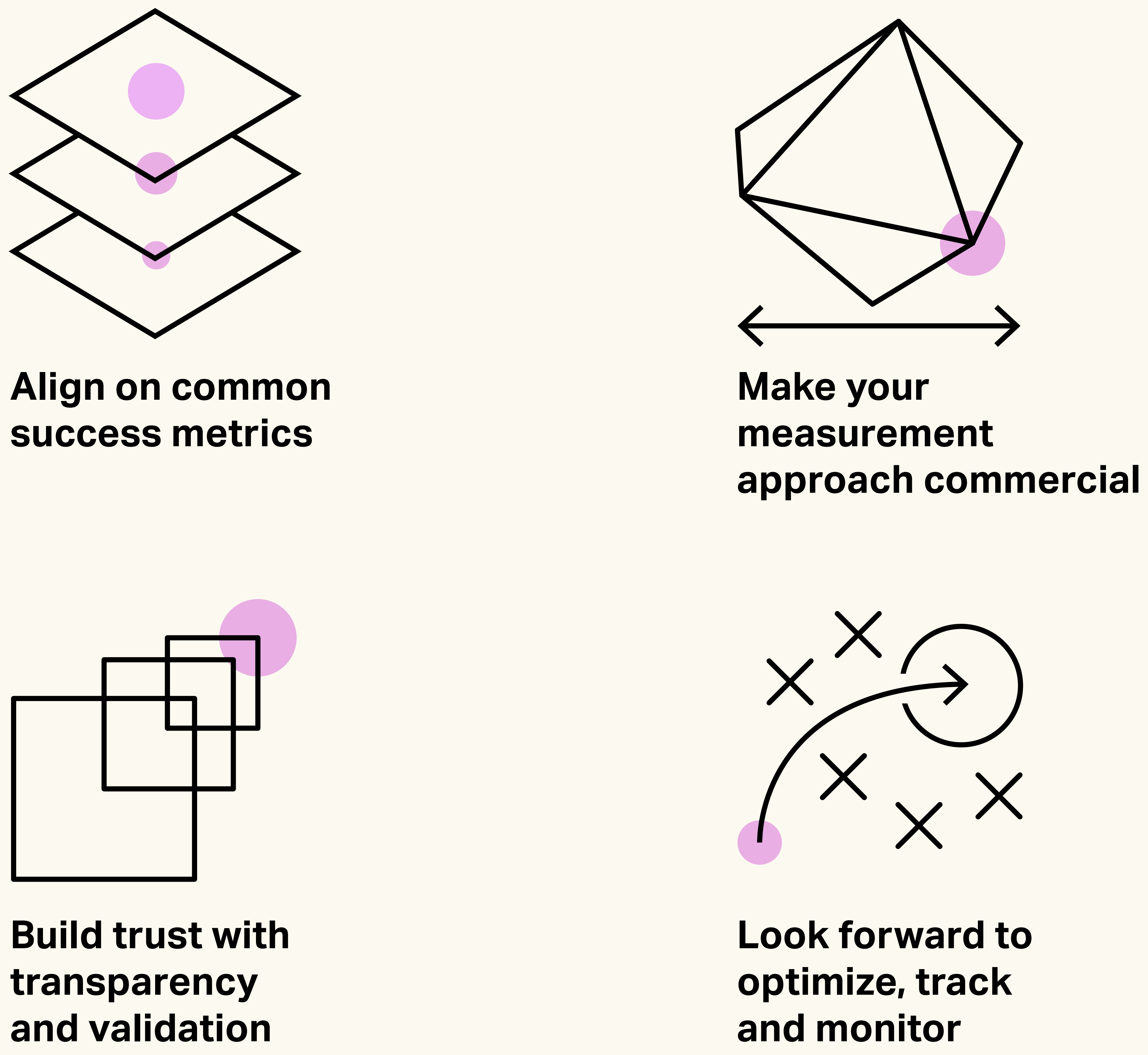
Low — **Volume of data required** — High

Connect measurement with the CFO agenda

Analytic Partners identified four ways that marketers can develop a joint plan of action with chief financial officers, who typically control the purse strings.

1. **Identify common success metrics:** This will ensure advertising and finance teams have a clear, consistent view on what needs to be measured and what good looks like. That will require connecting equity-led and performance advertising results to sales, profit, customer lifetime value, and so on.
2. **Adopt commercial measurement:** Gain a clear and holistic understanding of all business drivers – controllable and non-controllable – to realistically evaluate what advertising alone can, or has, contributed.
3. **Trust and validate:** Regular business reviews – say, monthly or quarterly – should be held with advertising, finance, retail sales, operations and other relevant teams. Real-time data can help identify risks and opportunities; longer-term data can validate advertising's business impact.
4. **Optimize, track, monitor:** Demand simulation and forecasting based on real-time data and marketplace trends are key. Scenario planning with finance teams can prepare for various eventualities and show how advertising might impact results under each scenario.

Four actionable steps to collaborate and drive growth



Source: Analytic Partners

Conclusion

The 21st-century case for brand building

The coalition behind this report set out to show that an understanding of brand building, and the equity created as a result, leads to a far more effective approach to advertising.

In fact, the data was clear: revenue returns are significantly higher – up to 100% higher – when the two "jobs" of advertising (that is, building equity and nudging in-market buyers) are integrated, not siloed.

One of the biggest sources of confusion, it turned out, was how best to do both those jobs. The codependency between brand and performance techniques means they need to be planned and executed together, not in silos. And, in reviewing the evidence, it was clear that the terminology marketers use is becoming a barrier to success.

It is still too easy to dismiss brand building techniques as something old-fashioned, as something that belongs in an age of broadcast media, as something that is a "side project" to the proper job of building a business.

That is why the industry needs a 21st-century case for brand – one where the Multiplier Effect of brand equity is recognized and integrated into commercial planning. As the CFO of McDonald's noted at the beginning of the report, building equity is an indicator of future success and an accelerant of commercial performance.

The guidance in this document is designed for modern advertisers who want to harness this effect through the growing array of media and creative outlets available to them.

As marketing enters the next phase of change, driven by algorithm-driven media and AI-generated creative, the techniques will continue to change. But the underlying philosophy and fundamentals, rooted in buyer behavior, will not.

As we look to continue the project through further rounds of research, there are still a number of questions to answer:

1. How does advertising, the focus of this report, combine and align with other forms of activity to build the equity that drives the Multiplier Effect? That could mean distribution, partnerships, pricing or the product/service itself.

2. How do advertisers retain their ability to "go deep and go long" at a time when they are asked to deliver ever more creative assets – and asked to optimize creative against micro-audiences?

3. Finally, how do we present this argument to the CFO using language with less stigma?

Ultimately, we need a model for building brands that is fit for the future of marketing. Recognizing the Multiplier Effect is an important first step.

Who we are

WARC

The global authority on marketing effectiveness

For nearly 40 years, WARC has been powering the marketing segment by providing rigorous and unbiased evidence, expertise and guidance to make marketers more effective. Across several platforms – WARC Strategy, WARC Creative, WARC Media, – its services include 100,000+ case studies, best practice guides, research papers, special reports, advertising trend data, news and opinion articles, as well as awards, events and advisory services.

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