

Why invest in Brand

What gets measured, gets managed.

A lack of visibility into top of funnel metrics (like awareness) leads to short-term thinking and over-investment in performance marketing.

As a result, marketers are experiencing:

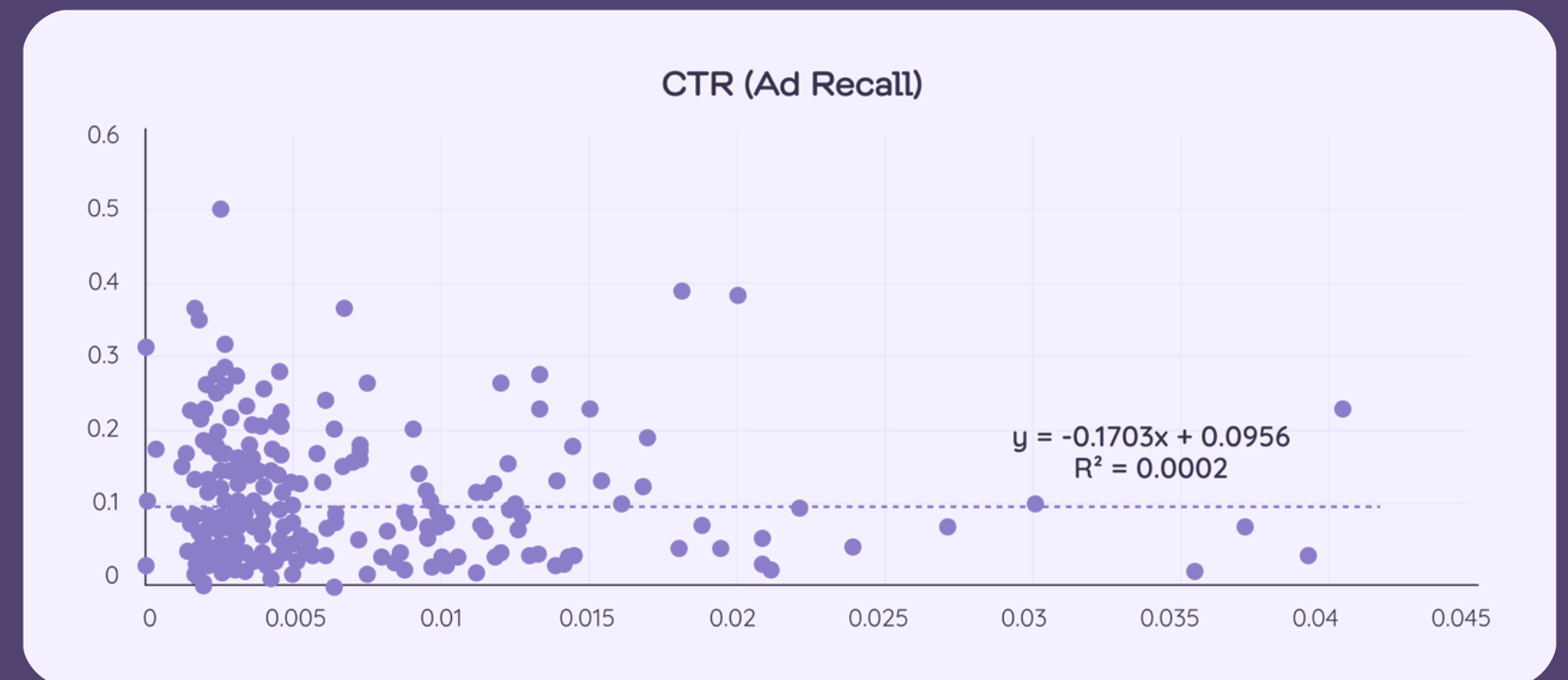
- ✓ massive increases in customer acquisition cost (CAC)
- ✓ worsening ad measurement
- ✓ slow growth and small customer bases

“Companies without a strong brand eventually exhaust their existing demand, and because they haven’t created any future demand by growing their awareness, their success plateaus.”

Any brand can make content that drives vanity metrics

Zero correlation between brand awareness and click-through rate

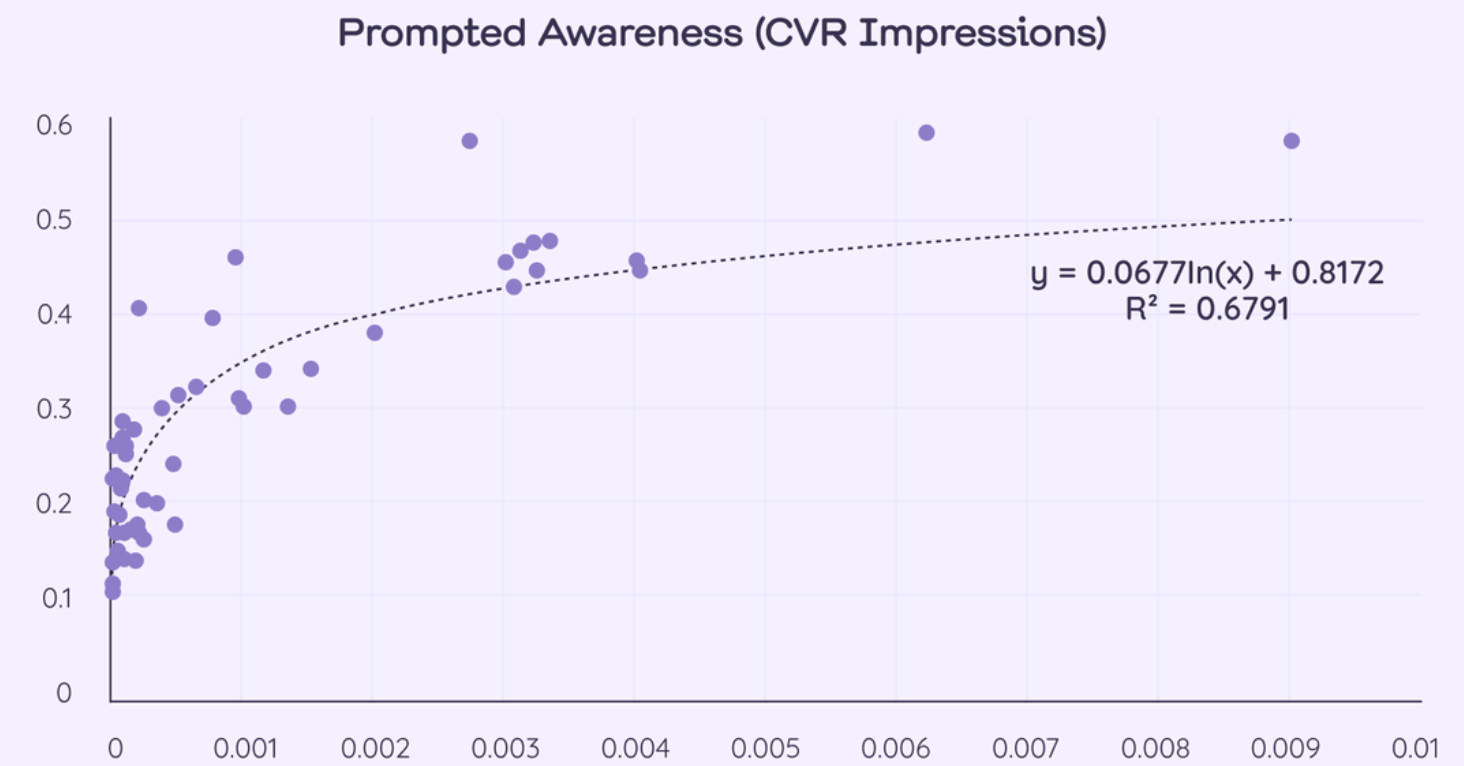
Source: The Awareness Advantage



But if you want to
drive business metrics,
brand matters

Strong correlation between brand
awareness and conversion rate

Source: The Awareness Advantage



There's two broad types of marketing

Performance marketing focuses on the 5-15% of category buyers who are currently in the market.

Brand marketing speaks to the 85-95% who will come into the category at some point in future.

Source: James Hurman



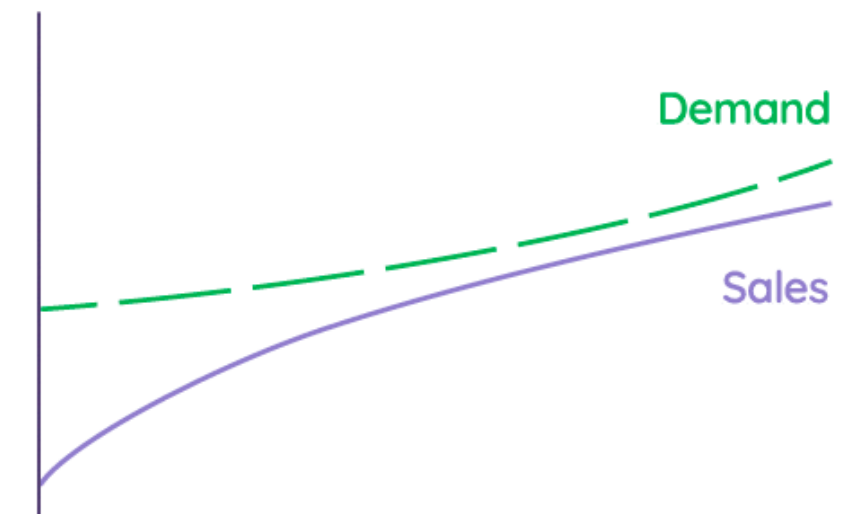
Both performance and brand are equally important

It's essential to be building for both and long and short term to create sustainable business growth.

Source: James Hurman



No future demand creation



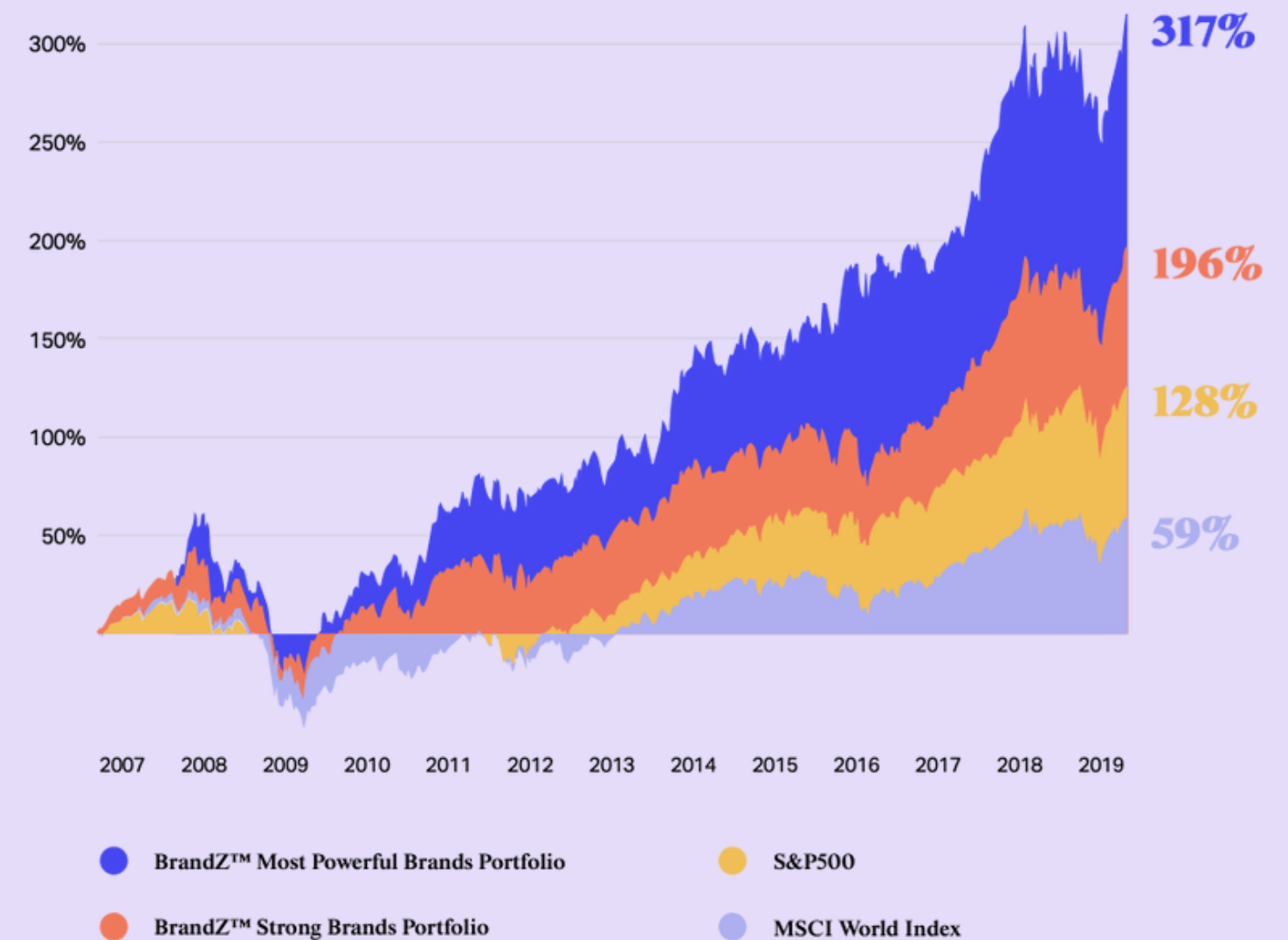
Consistent future demand creation

Brand Building

- ✓ Strong brands acquire customers easier.
- ✓ Strong brands have higher LTVs (lifetime value of customers).
- ✓ Strong brands provide a moat against competition and downturns.

Source: James Hurman

BrandZ™ Portfolios vs the S&P500 and MSCI World Index



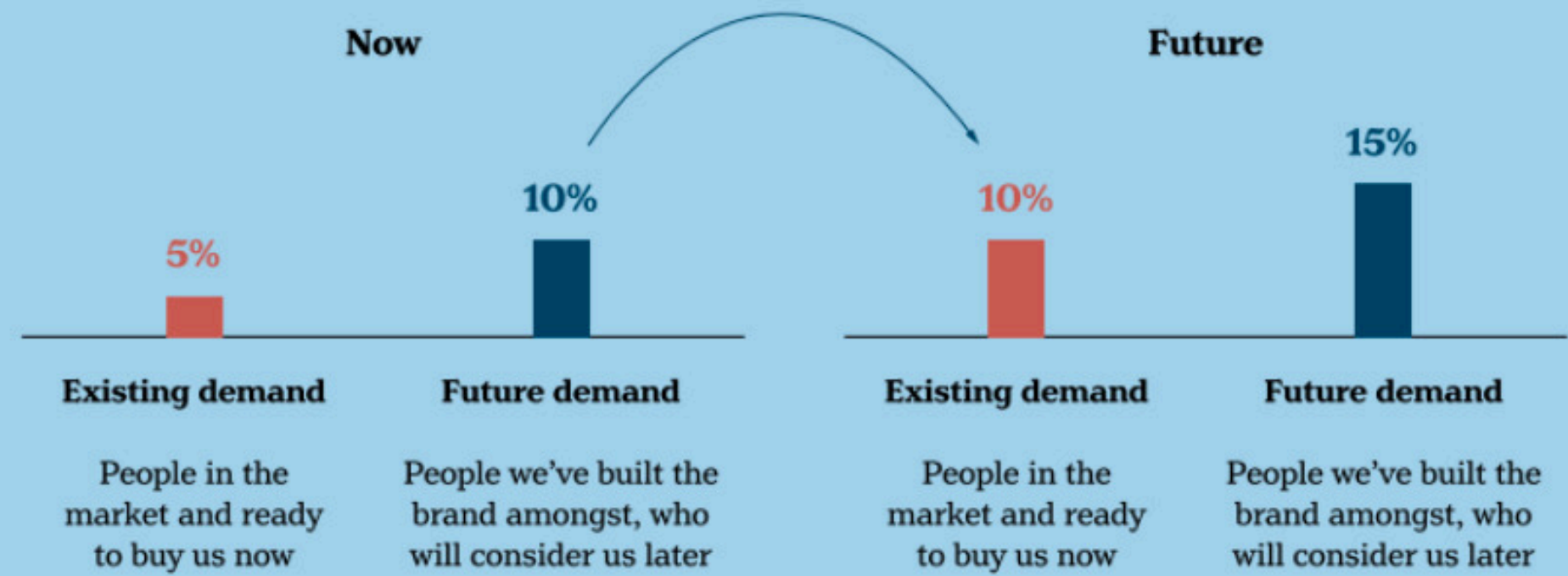
Brand Building

- ✓ High awareness brands generate more than twice the sales lifts of low awareness brands as they increase their spend.
- ✓ At a 10% spend increase, high awareness brands yield an average 13% sales increase, while low awareness brands yield just a 6% sales increase.



Today's future demand is tomorrow's existing demand

If we build a big pool of future demand today, we'll have a bigger pool of existing demand to convert tomorrow, meaning more efficient performance marketing and more sales.



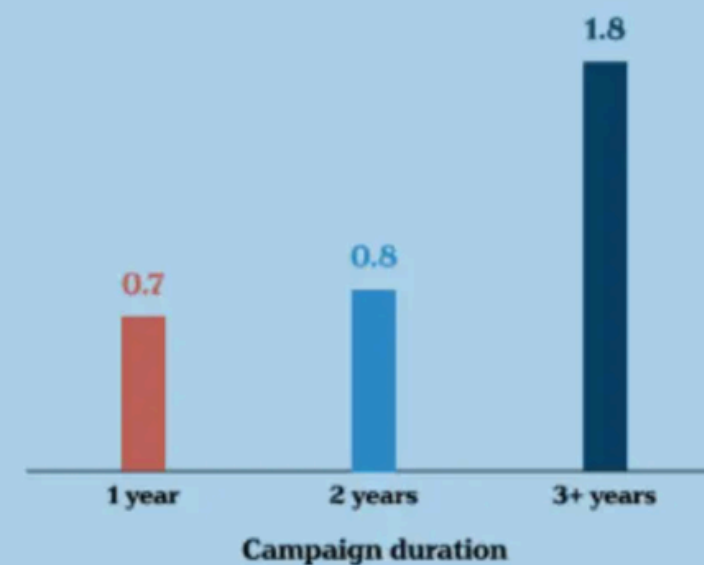
Brand Building

- ✓ Longer-term campaigns can drive sustainable growth through excess share of voice (ESOV)
- ✓ “Campaigns that maintain ESOV for 3 years or more see a much greater market share gain from that ESOV investment, [which is] more likely to drive large market share increases.”

Source: Field/Binet The Long and Short of It, 2013

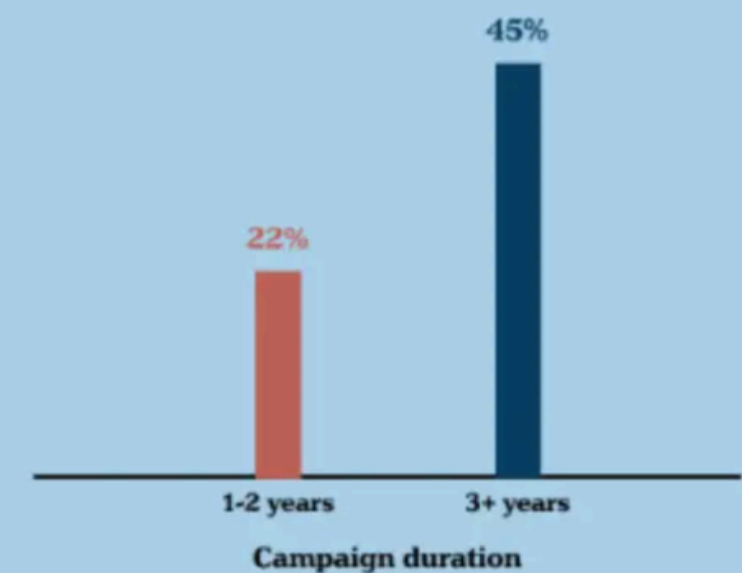
ESOV effects accumulate over time

Points of market share growth at 10 points of excess share of voice



Market share effects accumulate over time

% of brand campaigns reporting very large market share growth

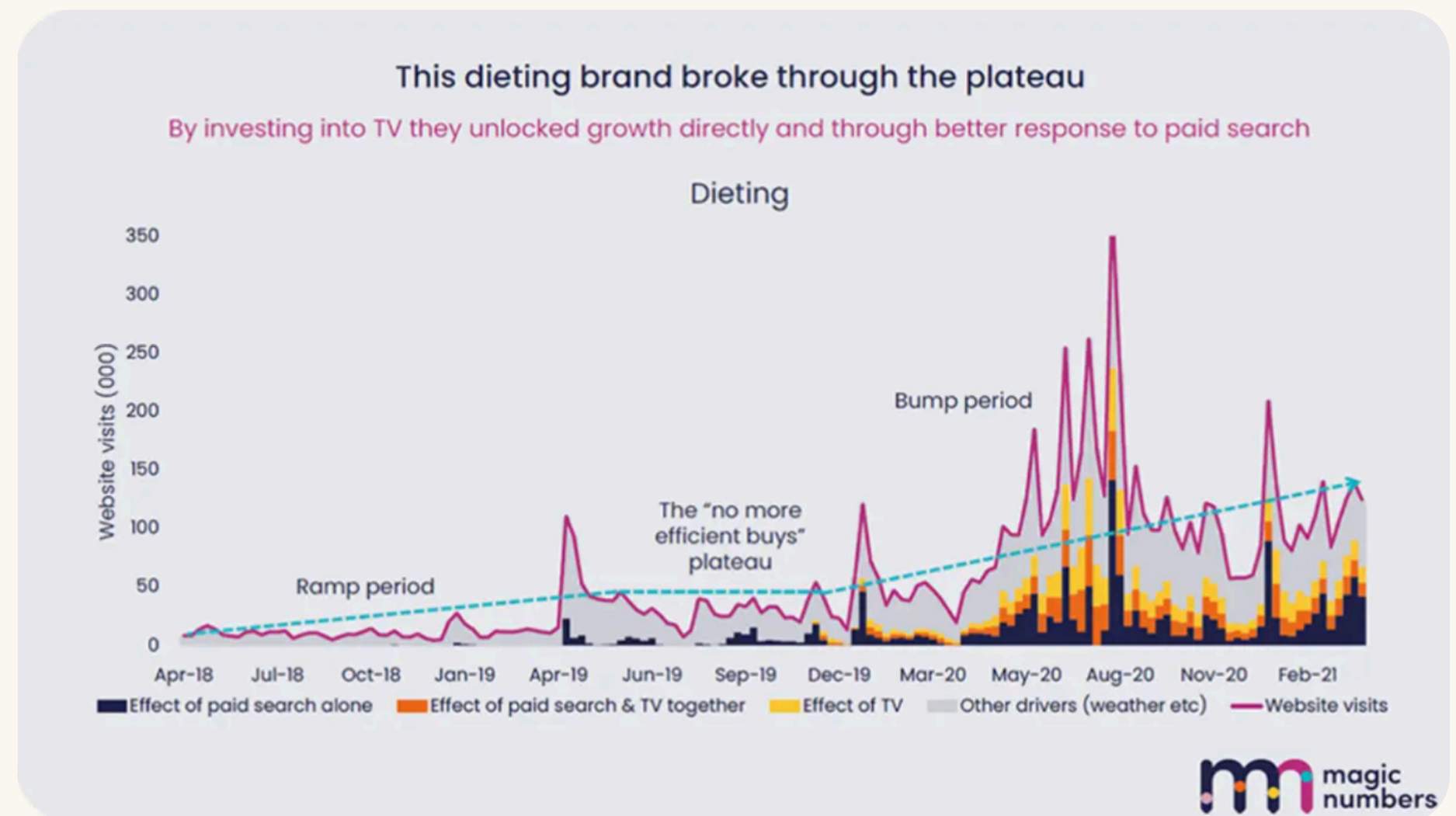


Brand Building

Magic Numbers research showed that there's a growth ceiling for brands that rely solely on performance marketing.

They highlighted a case study of a dieting brand that reached a plateau in terms of web visits through paid search, but then broke through that plateau by investing in TV.

Source: Magic Numbers



FELLR

“As well as helping to unlock strategic partnership opportunities, Tracksuit has helped give us a read on whether our strategy is working via the brand health metrics, which pre-empt sales.”

Zoe Wendland, Marketing Director at FELLR

Brand Awareness

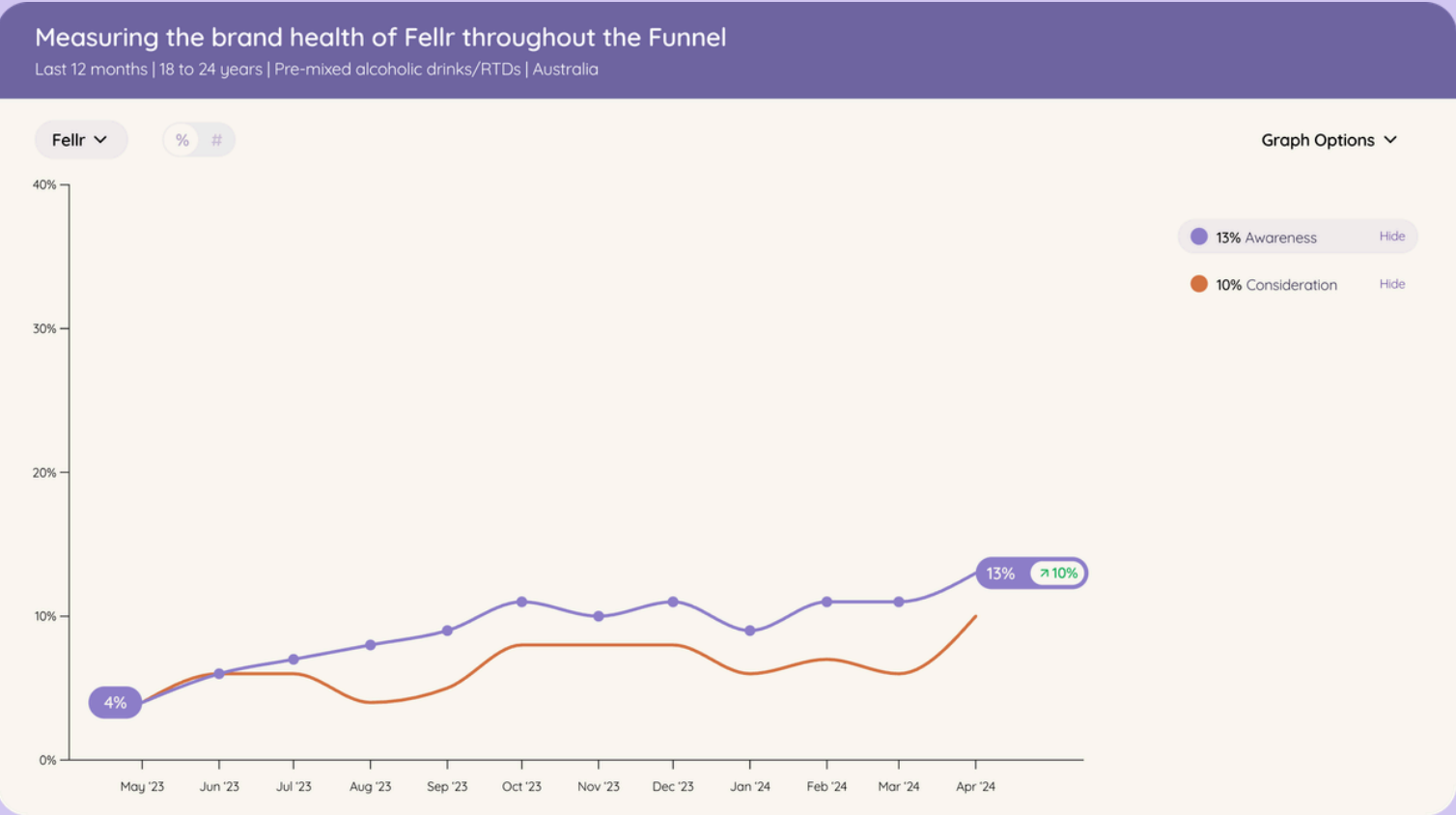
+10%

Between May 2023 and April 2024
between 18-24 year olds.

Consideration

+6%

Between May 2023 and April 2024
between 18-24 year olds.



Get in touch!

Tracksuit

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