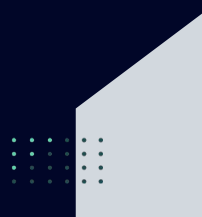




The Bottom Line of Brand Advertising

Understanding the Brand Funnel and Why Customers Should Be Above Sales



An Upwave Brand Advertising Measurement Playbook

Introduction

Brand advertising isn't about making sales – it's about acquiring customers. Yet many brand advertisers still design the majority of their campaigns around short-term sales activation. As noted in a recent Deloitte study, advertisers “recognize awareness campaigns are critical for brand equity development and value creation, but most focus on driving purchases, not building brands.”¹

It's an understandable mentality: legacy ad measurement options are designed for short-term sales measurement, and advertisers need to prove ROI.

But here's the thing: the heightened shift we've seen in recent years towards short-term sales activation and performance tactics is actually causing brands to underperform. One of the industry's most in-depth ad effectiveness studies revealed that media effectiveness and market share are maximized when 60% of ad budgets are spent on brand building and 40% on sales activation.²

While it's tempting to shift media spend toward short-term sales strategies – particularly over the past two years when budgets shrunk and economic uncertainty loomed – this analysis proves the need to invest in the entire customer journey.

The optimal media strategy for growth is 60% brand building and 40% sales activation.

Brand investment is especially crucial in today's crowded and fragmented media landscape, where “on average, US Internet users are exposed to over 1,700 digital ads per month – many in similar placements and within the same category.”³

As we'll explore in this Playbook, brand advertisers who prioritize brand building and focus on the customer journey – not just the quick conversion – will not only stand out from the noise; they'll see long-term growth that can withstand a changing media environment and drive measurable sales impact.

Table of Contents



- 1** Understanding Brand KPIs as a “Funnel”
- 2** Prevent Decay: Brand Investment as Offense *and* Defense
- 3** Customer Acquisition is the Goal of Brand Building

1



Understanding Brand KPIs as a “Funnel”

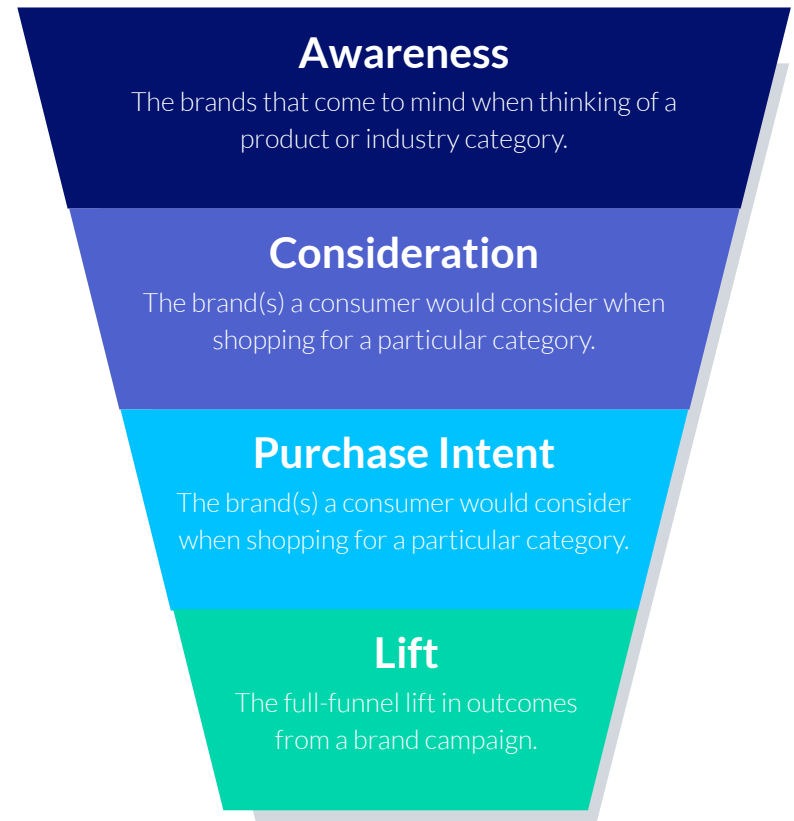
1

Brand KPIs as a Funnel

We can't talk about brand advertising measurement without brand KPIs — metrics used to gauge the success of a campaign and get a sense for consumers' perceptions and behaviors related to your brand. While it's easy to assume brand KPIs (awareness, consideration, intent, favorability, lift etc.) are equal peers, in reality, they work together as a funnel.

With this in mind, it's clear that advertisers shouldn't only push for bottom-funnel performance — you need to drive awareness in order to increase consideration, and you need to be in a consumer's consideration set in order to drive purchase intent. Improving upper-funnel brand KPIs is essential to achieving lower funnel results, particularly in a crowded market.

In fact, a 2020 industry survey showed that “70% of fashion marketers increased their upper-funnel ad spend and decreased their lower-funnel ad spend over the past 2-3 years, citing increased competition...and a need to focus on brand awareness as the main reason for this shift.”⁴



1

Brand KPIs as a Funnel

Not only do brand KPIs function as category-specific funnels, benchmarks for progress from each stage to the next are brand-specific and depend most significantly on brand maturity and baseline awareness.

New entrants in a category need to focus on driving brand awareness first and foremost in order to move more customers to the consideration stage. More mature category leaders, however, may have as high as 80% awareness, so their focus will be increasing purchase intent for a product in order to drive customer lift.

Measuring the entire funnel with Brand Lift

Lift offers a big-picture view of how your brand is driving outcomes across the entire funnel. The upper and mid-funnel outcomes are incremental lift in attitudes towards the brand such as awareness, consideration and favorability, while the lower-funnel outcome is incremental lift in customer acquisition. Measuring brand lift in real-time can signal whether or not your brand is top-of-mind, as well as how existing and potential customers perceive your brand in general – both of which are critical factors in long-term sales growth and retention.



Measuring what matters

Are you still relying on post-campaign brand lift metrics to measure the impact of brand campaigns, or is your organization aligned on driving progress through the brand KPI funnel?



Bottom Line Impact

A 1-point gain in brand metrics, such as awareness and consideration, drives a 1% increase in sales.⁵

2



Prevent Decay: Brand Investment as Offense *and* Defense

2

Preventing Brand Decay

Brand lift is a critical piece of the measurement puzzle: it signals how your advertising investments are impacting outcomes throughout the entire customer journey, and which tactics or channels you should optimize to enhance those KPIs even further.

But driving lift is only half the battle. Brand advertisers also need to focus on preventing brand decay – the decline of brand integrity over time.

Even the most iconic brands are not immune to brand decay. A recent Upwave analysis of household brands with 75-85% baseline awareness revealed that on campaigns where total digital media spend dropped from one quarter to the next, overall awareness levels dropped on average by 8 percentage points.⁶

The brand decay that occurs due to slowed or halted advertising can have long-term detrimental effects on both consumer perception and the bottom line.



Bottom Line Impact

On average, it takes three to five years to recover equity lost because of halted advertising, and long-term revenue can take a 2% hit for every quarter a brand stops advertising.⁷

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Preventing Brand Decay



Luckily, there are strategies to prevent brand decay. One early signal to look for is when brand lift is positive, but brand trackers remain flat. When a brand sees positive brand lift but static brand trackers, it's likely because the campaign isn't penetrating the brand's target audience, and non-reached consumers are experiencing brand decay.

If this is the case, brand advertisers should optimize targeting accuracy to ensure you're reaching the demographic and behavioral traits specific to your target audiences. This will ensure your brand stays top-of-mind with the customers who matter most.

Just like driving brand lift, preventing brand decay takes constant work. Consistent and targeted brand advertising will not only carry customers through the brand KPI funnel; it will foster positive long-term perceptions and customer retention.



Customers who have trusted a brand for a long time are twice as likely to purchase that brand first, stay loyal, and advocate for the brand.⁸



Measuring what matters

When making budgeting decisions, is your organization considering the long-term detrimental impact of brand decay or simply focusing on short-term results?

3



Customer Acquisition is the Goal of Brand Building

3

Customer Acquisition is the Goal

Despite spending \$560 billion annually on global advertising,⁹ marketers have long struggled to measure the impact of brand advertising on sales outcomes. In fact, nearly half of CFOs surveyed by McKinsey & Company said the reason marketing proposals had been declined or not fully funded in the past was that they didn't demonstrate a clear line to value.

This isn't because top-of-funnel brand investments don't connect to bottom-of-funnel outcomes; rather, it's because the connection is too far in the future for traditional measurement approaches designed for short-term sales measurement.

Bottoms-up methodologies like Sales Lift and MTA are immediate and helpful in determining short-term revenue impact at a granular level for optimization. However, they undervalue long-term revenue impact by ignoring the post-campaign outcomes that brand campaigns are specifically designed to drive.

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Effective brand advertising is designed to drive future customer growth and retention, not short-term sales spikes.

3

Customer Acquisition is the Goal

As Les Binet notes, activation effects will lead to sales spikes in the short term, but brand building is the primary driver of long-term sales growth and reduced price sensitivity.¹⁰

Upwave has validated this by analyzing sales and brand data over time across multiple CPG verticals. Our analysis shows that changes in customer propensity (the likelihood that a consumer will be a customer) today track to changes in sales 5 months in the future.¹¹

Ultimately, this finding means that if your goal is to optimize share of sales in the future, then optimizing your brand campaigns to create the maximum impact on customer lift today is the best way to achieve that goal. This further demonstrates that investing in brand is investing in customers, not short-term sales lift.



Bottom Line Impact

Upwave data reveals that changes in customer propensity today track to changes in sales 5 months in the future.



Measuring what matters

Is your organization still depending on sales spikes to defend the importance of brand advertising campaigns or have you taken a customer-focused approach to predicting long-term impact?



Takeaways



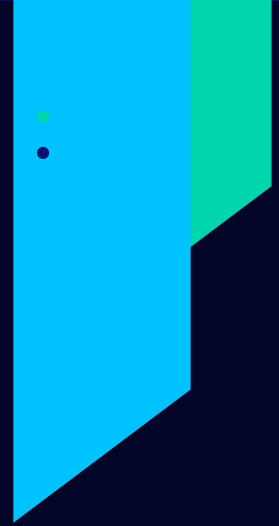
Brand KPIs function as category-specific funnels along which all customers travel on the path to purchase. Without awareness first, you can't have consideration, and without consideration, purchase intent doesn't exist.



When measuring the effectiveness of brand advertising, it is critical to consider not just the positive impact of driving KPIs but also the under-recognized negative impact of brand decay.



Focus on customers, not units of sales, because changes in average customer propensity today are a leading indicator of changes in share of sales 5-8 months in the future.



Upwave is the Analytics Platform for Brand Advertising.

We know your short-term metrics aren't proving the value of your brand investment. Upwave gives you a unified, cross-media platform to measure top-of-funnel, long-term brand advertising, *today*— for Digital, Social, Linear, Addressable and CTV.

For more information about Upwave, visit upwave.com

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⁸ https://www.edelman.com/sites/g/files/aatuss191/files/2019-06/2019_edelman_trust_barometer_special_report_in_brands_we_trust.pdf

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