

Belief Branding:

Hi, performance.

A six part, six pillar series on impactful marketing from your Friends & Neighbors.

By Mark Bubula and Tom Fugleberg

Part I:

Demand Capture vs.
Demand Generation

Introduction

The topic of performance in marketing has become associated with efforts that result in immediate, measurable impact. But is this truly the best way to assess success? As good Friends & Neighbors, we're committed to providing the best intelligence on effective marketing programs to our community. Our new series – Hi, Performance – will explore six pillars of impactful marketing programs to help our clients and collaborators better understand how to design, implement, and measure efforts.

Six Pillars of Performance

Long-term commitment.

Consistent presence.

Strong coverage.

Relevant context.

Meaningful connections.

Memorable moments.

Long-term commitment. *There's no question short-term sales activations can be effective, but long-term branding cannot be ignored. This pillar will explore how to think about, plan, and measure long-term branding efforts.*

Consistent presence. *Turbulent markets make it tempting to scale back on costs, and marketing is no exception – yet pulling back on investment comes with a cost of its own. This pillar focuses on the importance of consistent messaging over time.*

Strong coverage. *Growing a brand means going big, getting your message in front of an increasingly broader audience. This pillar explores the impact of reach in marketing efforts.*

Relevant context. *A meaningful message is only as impactful as the space it appears. This pillar covers an essential ingredient in the marketing mix: media and activation.*

Meaningful connections. *The power of creativity in branding is well understood to be a critical driver of effectiveness. This pillar will explore the latest research and insights related to creating meaningful, memorable connections with people.*

Memorable moments. *As we learn more about how advertising works, we more deeply understand that its primary role is to create future buyers by making brands and products memorable. This one is all about how a memorable message contributes to the future success of brands.*

Every quarter, our team will produce a thought leadership piece that more deeply explores one of these six pillars. We're excited to share our neighborly wisdom with you.



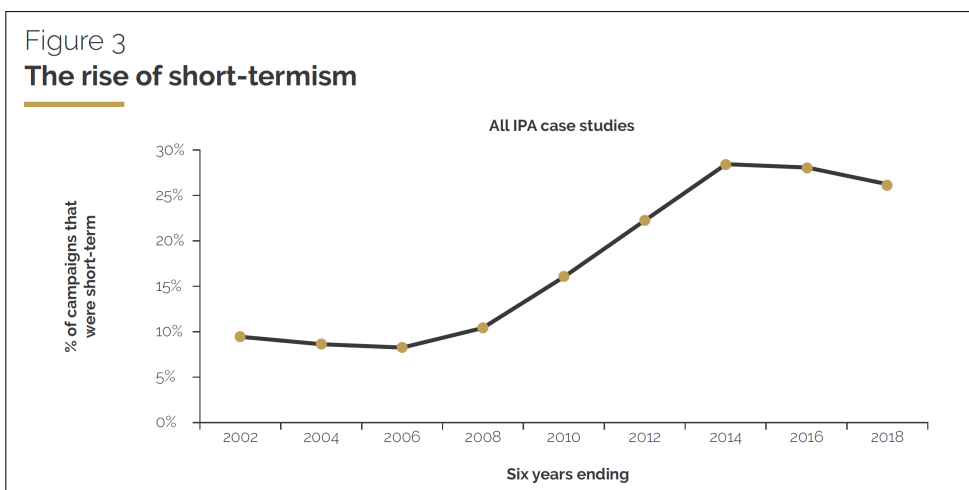
Pillar One: Long-term Commitment

Demand Capture vs. Demand Generation

Finding 1: As more marketers shift dollars away from brand-building to performance-based tactics¹, our desire for instant gratification may hurt ambitions for long-term, sustainable growth.

However, years of research from leading experts in marketing science support the importance of long-term, brand-building marketing efforts in creating future demand for sales and sustainable growth. Brilliant marketing minds are studying this phenomenon and have learned over time that growth is driven by investing in long-term campaigns and acquiring more light buyers across most categories.²

This phenomenon was reported by Les Binet and Peter Field in their seminal paper *The Long and The Short of It*, first published in 2013 which documented years of intensive data review on campaign effectiveness. They found that campaigns seeing bigger impact on price, sales, and growth tended to have longer campaign durations.



Short-term campaigns have become more common over the past two decades. *Source: Peter Field, The crisis in creative effectiveness, IPA, 2019 from WARC.*



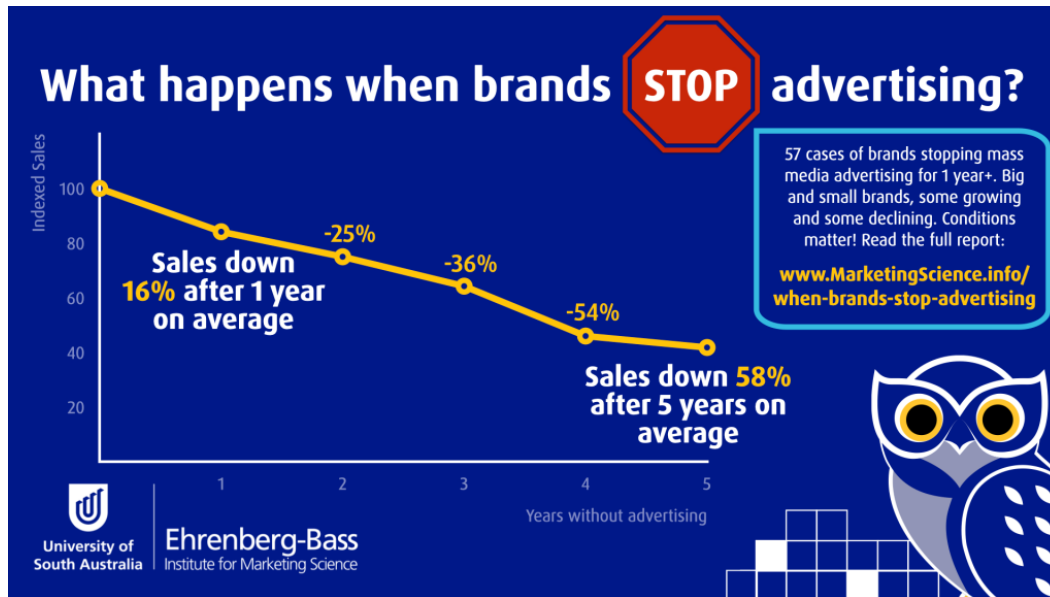
A snapshot of profit growth over time by campaign duration. *Source: The Long and the Short of It, Les Binet & Peter Field for the IPA.*

Sources: 1: Does brand matter in digital commerce? WARC 2: "How Brands Grow," Ehrenberg-Bass Institute

Finding 2: When advertising stops, demand drops.

Around the same time, The Ehrenberg-Bass Institute published pioneering research on the importance of reach in attracting light buyers to a brand. Their data reveals that most buyers across categories are light buyers, which means

that brands grow primarily through household penetration. What's more, is they revealed critical insights on what happens when brands stop advertising—to put it simply, pausing advertising means pausing demand generation.

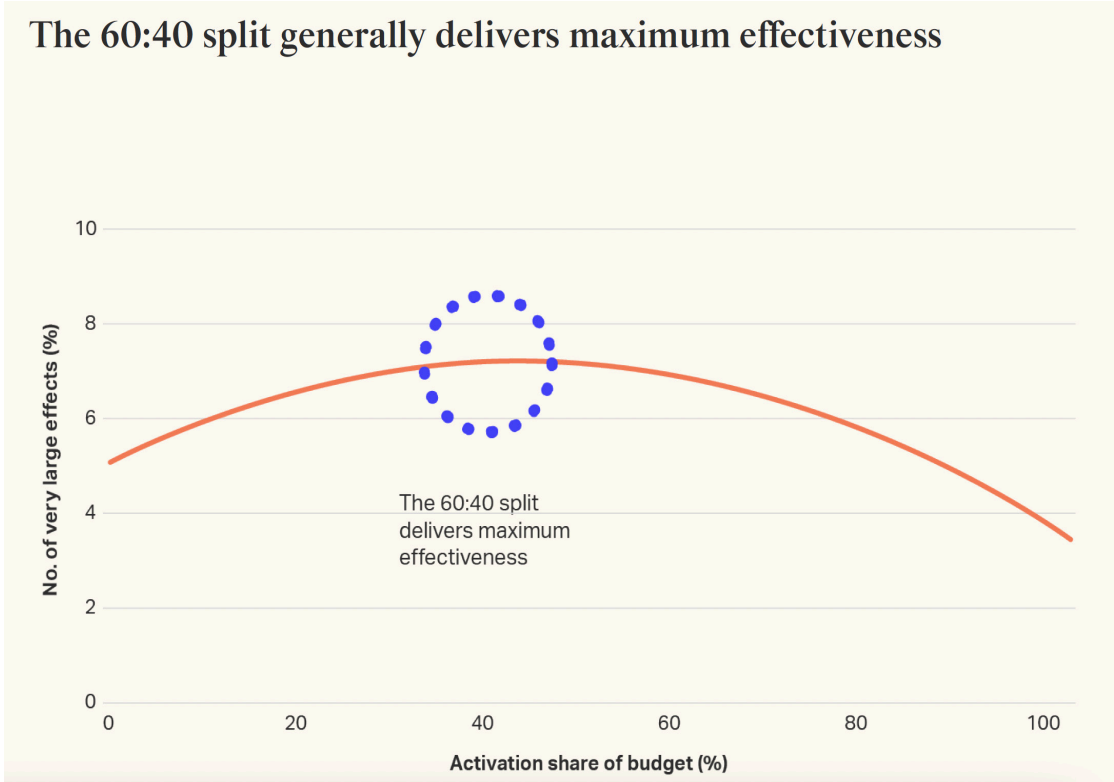


Data on brand impact to sales when advertising stops from the Ehrenberg-Bass Institute for Marketing Science.

Finding 3: Long-term success requires a balance of brand building and sales activation.

Attracting light buyers requires being easy to remember and easy to buy, building mental availability for brands over time. Companies who have found success balance their marketing mix by including brand-building efforts alongside shorter-term sales activations.

The Les Binet and Peter Field research shows that the optimum split in marketing investment is 60% for long-term brand building and 40% for short-term activation. However, this can vary by category and life stage.



Visualization of the 60:40 split from Les Binet and Peter Field, *The Long and the Short of It*, IPA, 2013.

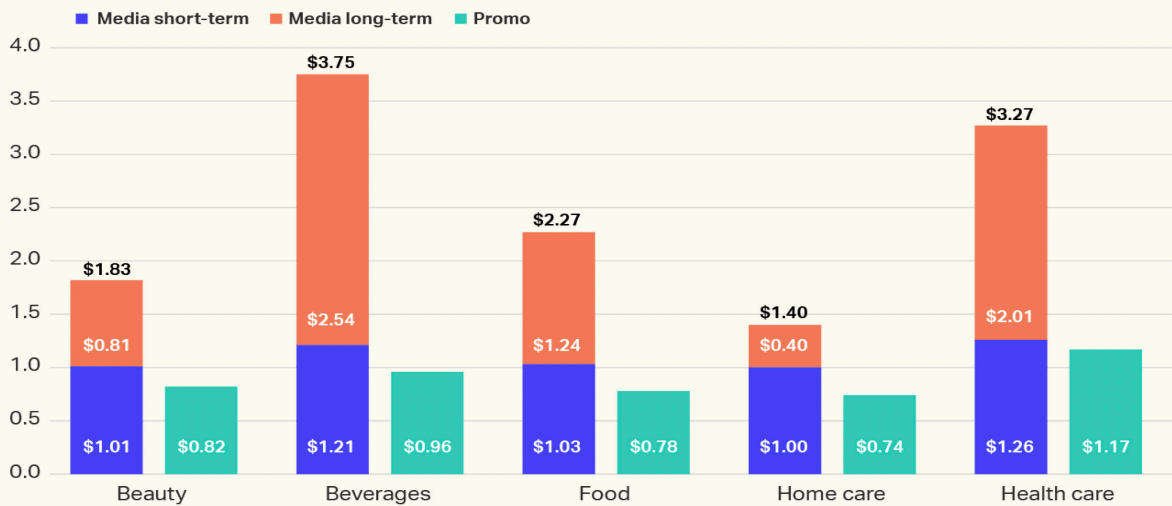
As we understand the importance of brand-building over time, there are three important advantages for brands that invest in the long-term.

Strong brands get better returns.

Return on media spending outperforms promotional spending ROI consistently

across categories, as evidenced in a study published by The Advertising Research Foundation.

ROI for different categories, showing higher ROI for those investing more long-term



ROI for investment in long-term media activation compared to short-term from The Anatomy of Effectiveness, WARC, 2022.

Sources: 1: Does brand matter in digital commerce? WARC 2: "How Brands Grow," Ehrenberg-Bass Institute 3: How B2B brands grow: Insights from The B2B Institute and the Ehrenberg-Bass Institute for Marketing Science 4: Kantar "Why pricing power is a brand's greatest asset"

Strong brands command a price premium.

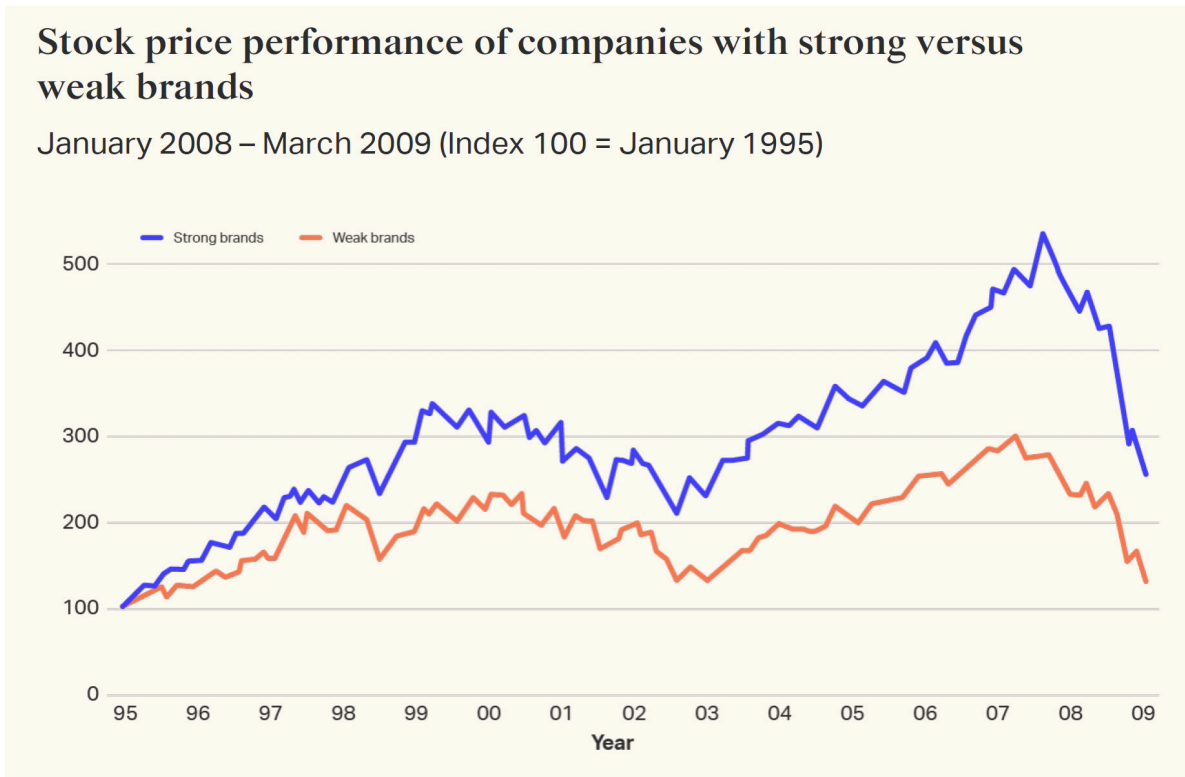
A compelling study from UK-based insurer Direct Line Group compared results among two brands: Churchill, who had invested in years of brand-building advertising, and Privilege, who had not invested in advertising. They found that the Churchill brand supported modest price premiums over Privilege.

But perhaps the best, most simple representation of this is comparing the price of an iconic brand like Apple to a comparable model such as the One Plus, as Kantar did two years ago³:

The OnePlus has more storage, more RAM and a bigger screen size and the same rating from users but sells for 40% less. You would think that the “rational” phone buyer would choose the OnePlus and save some money, but the iPhone dominates in most countries where they come head to head.

Strong brands perform better in the market.

Advertising research giant Millward Brown shows that over time, strong brands outperform the market compared to weak brands.



Source: Proprietary WPP BrandZ brand strength data; Bloomberg MB Optimor analysis, Millward Brown Optimor 2009. [Joanna Seddon, Firms that build brand value will be recession survivors, 2009](#)



Conclusion

A multitude of studies show over and over that growth-oriented marketers cannot think of brand-building efforts as optional or secondary to demand-generating marketing. In fact, brand building is in fact simply future demand generation. With only a portion of buyers in the marketplace at any given time, and without brand marketing to build awareness and preference, marketers will begin to “fish the pond dry”. It’s time to embrace a new balanced mindset to marketing.

Our next installment of Hi, Performance will unpack the ingredients of how successful brands build the mental availability necessary to fuel success over time. Subscribe to our newsletter for quarterly installments of Hi, Performance as we explore the six pillars of effectiveness.