



Brand vs. Performance

A Modern Solution To Today's Marketing Dilemma

The background of the slide features a complex, abstract wireframe mesh. This mesh is composed of numerous thin, dark grey lines that intersect to form a grid-like pattern. The pattern is not uniform; it curves and flows across the frame, creating a sense of depth and movement. It appears to be a digital or architectural structure, possibly representing a globe or a large-scale framework. The mesh is most prominent in the corners and along the right edge, with some areas being more dense than others.

Mission

At Havas, **we make a meaningful difference** to brands, businesses, and people.

Balancing both long (top of funnel) and short term (lower funnel) strategies is crucial to ensure meaningful engagement, overall brand health and continuous growth.

This POV Will Help
You Plan For Today,
And Most Crucially,
**Tomorrow's
Successes**

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The objective of this presentation is to highlight key considerations in the **prioritization of brand vs. performance.**

Additionally, we will present our in-house tool, **Havas Balance**, that has been successfully adapted across our global clients to help solve how to balance these very problems.

A Brief Introduction: Brand vs. Performance

A brand’s communication strategy inadvertently ‘trains’ customers how to interact with them. A focus on upper funnel tactics tend to yield high customer acquisition cost (CAC) and high lifetime value (LTV) while the opposite is true if a brand solely focuses on lower funnel tactics. Hence, choosing the right balance is key to the success of your brand.

Depending on your brand’s business strategy,
fundamental points to consider include:

- ✓ Long Term Gain vs. Quick Wins
- ✓ Building Relationships vs. Initiating Contact
- ✓ Spontaneous vs. Incentivized Conversions
 - ✓ Quality vs. Quantity
 - ✓ Value vs. Profit

Brand marketing High CAC + High LTV	Performance marketing Low CAC + Low LTV
Long-term revenue	Short-term revenue
Relationship-based marketing	Lead generation
Unincented conversions	Incented conversions
Traffic quality	Traffic volume
Value creation	Arbitrage

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01

Setting The Scene: Brand vs. Performance

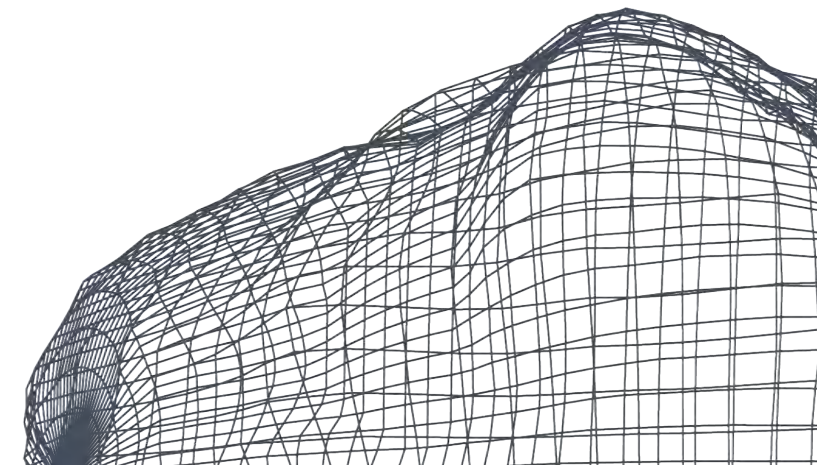




Current Reality:

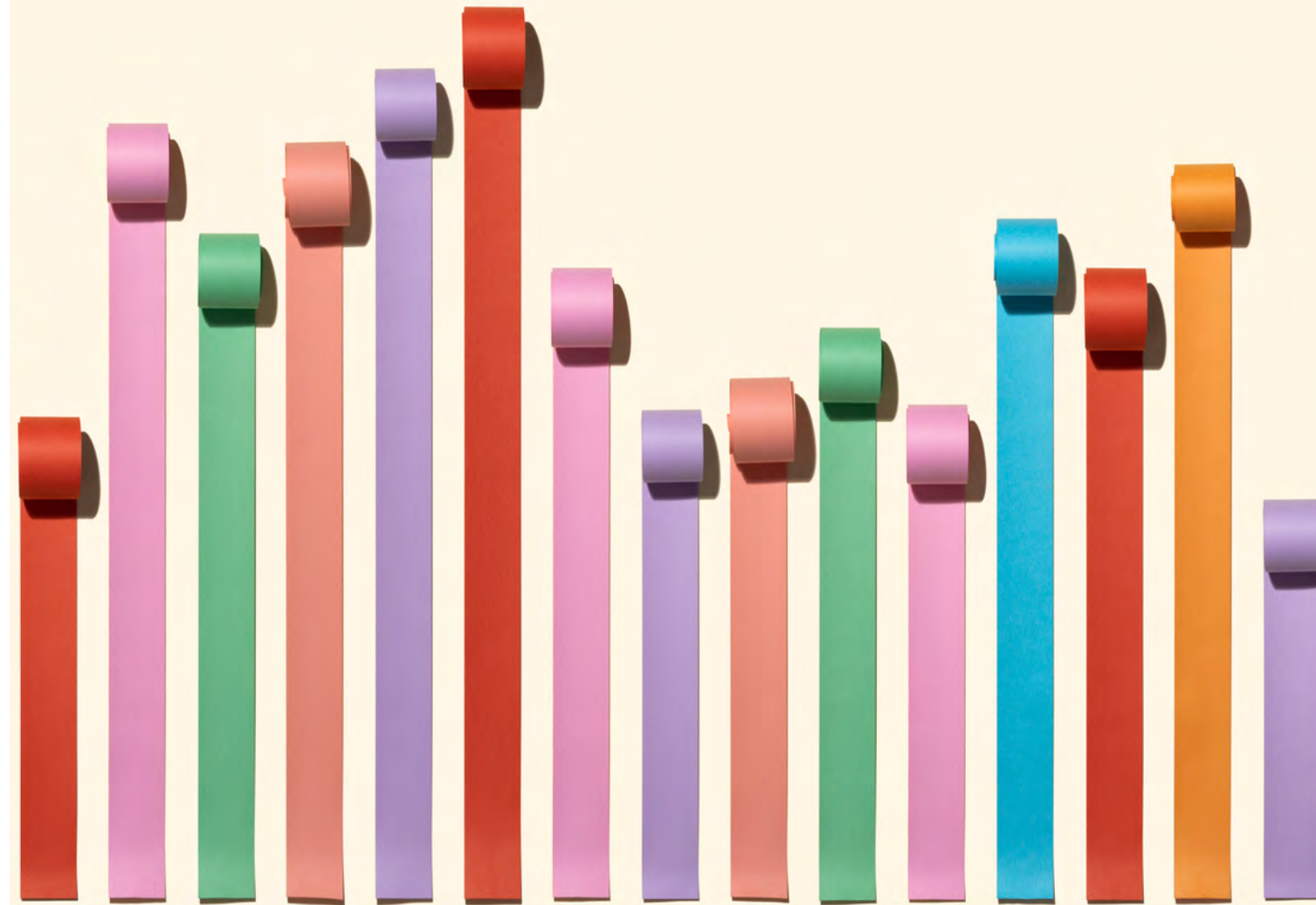
Upper Funnel Metrics Under Scrutiny

Increasingly, upper funnel metrics - and plans that build the brand - **are being challenged** by the demand for ROI and the promise of digital to solve the marketer's need to drive growth



Proving the Value of Upper Level Tactics is Difficult

Clients want to know how much upper level tactics contribute to direct response, and quickly. **But proving their value can be difficult without additional investment in MMM and advanced level analytics**



Marketplace Trends Favor Performance Over Brand Building

Fueled by rapid investment in data stacks, programmatic, as well as clients moving e-commerce and search in-house –marketplace dynamics favor performance and short-term sales

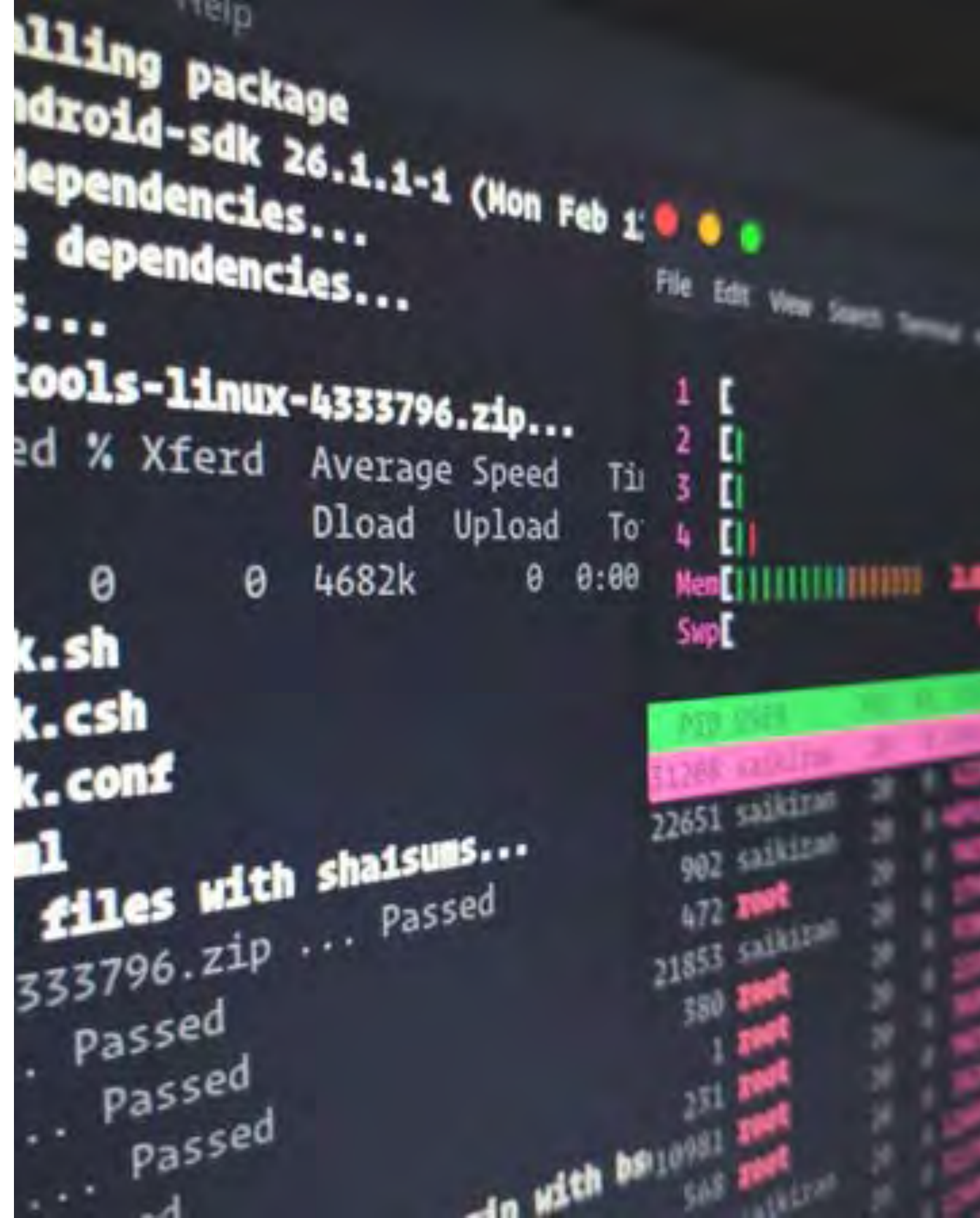
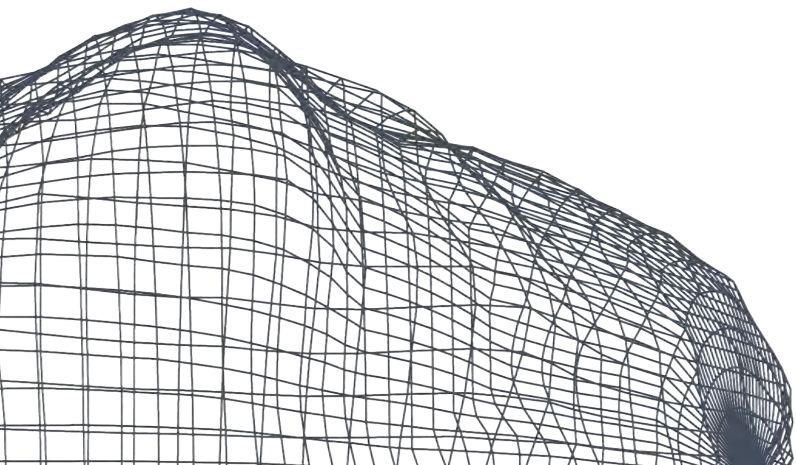


01.

Which has led to Martech Miosis

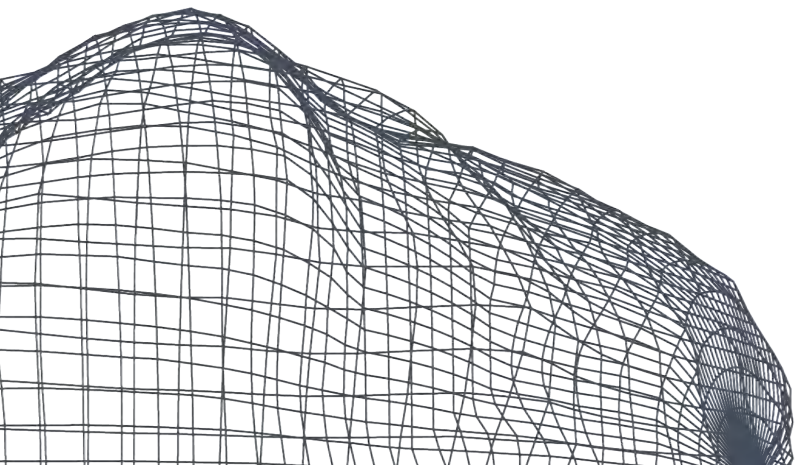
*The Business Of Media Planning And Buying Is Suffering From
“**Martech Miosis,**” A Near Sighted Blindness Where We’re Only
Able To Focus On ‘Platforms’, ‘Data’, ‘Ad Tech’, And ‘Analysts’.*
— Greg James

Due to the **over-emphasis on performance**,
brands are moving away from brand building,
harming the brand’s health



With the increased pressure from investors to deliver YoY gains, Brand Marketers have increased their **focus on short-term sales goals**, and in some effect are reinforced for doing so, with dividends and ROI.

This heightened focus on short-term ROI, has led to unfavorable consequences



01. Brands Feeling the Burn

KraftHeinz

Kraft Heinz **has been criticized** for focusing too much on **3G's hallmark cost-cutting and large-scale dealmaking**, instead of needed investment to combat against intensifying competition.

Under their past CEO Hees, Kraft Heinz cut some \$1.7 billion in expenses and laid off thousands of employees to give it industry leading profit margins.

Due to poor performance and criticism, with its stock careening with \$15B in losses, Hees was replaced by CEO Patricio in June 2019. **Patricio is now focusing on a combination of winning factors: speed, sales growth, and brand building.**



Brands Feeling the Burn

“We Targeted Too Much,
And We Went **Too Narrow**”

— Marc Pritchard
P&G GMO 2016

Over-emphasis On Digital Marketing Efforts Among
Today’s Leading Marketers Has Resulted In **Hyper-
targeting, Duplication And Poor Returns**



01.

Hence, many leading DTC brands are **turning back to reach drivers** in plans with long-term brand building, while holding true to their need to drive sales in the short-term.



Successful Brands Shifting Approach

Brand and performance teams work together alongside data analytics to fine tune storytelling

The company launched online before slowly experimenting with offline retail through pop-up stores and then opening permanent stores. Expanding to new markets has sparked evolution of media mix to extend to OOH, radio and digital video.

“What we try to do is take the things that new brands born now excel at, and then take the learnings from older brands...it’s important for young brands that the tried and true methods of the past aren’t lost on them.”

Josh Fell, chief creative officer at Anomaly agency

The image shows the logo for the brand 'allbirds'. The word 'allbirds' is written in a lowercase, black, cursive script font. The letters are connected and have a fluid, handwritten appearance. The logo is centered within a white rectangular box, which is set against a dark blue background.

01.

Successful Brands Shifting Approach

Old Navy, Adidas, Booking Holdings to Shift Back to Brand Building

“GAP CFO Teri List-Stoll says the company has been too dependent on discounts-driven marketing for Old Navy as opposed to brand messaging.

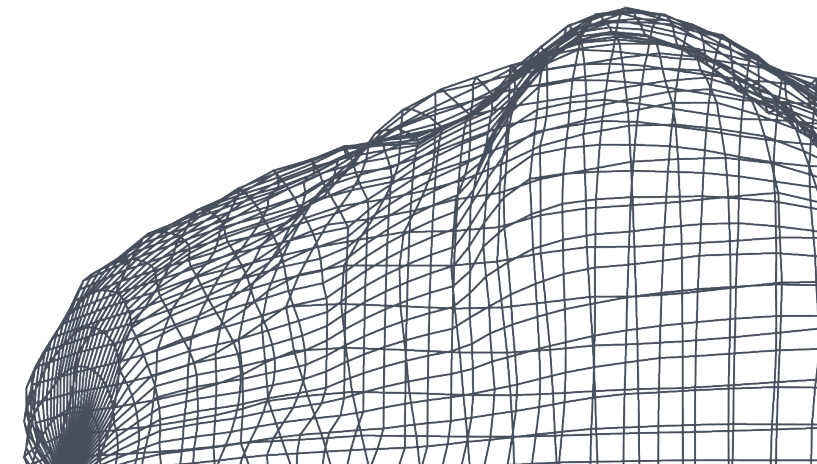
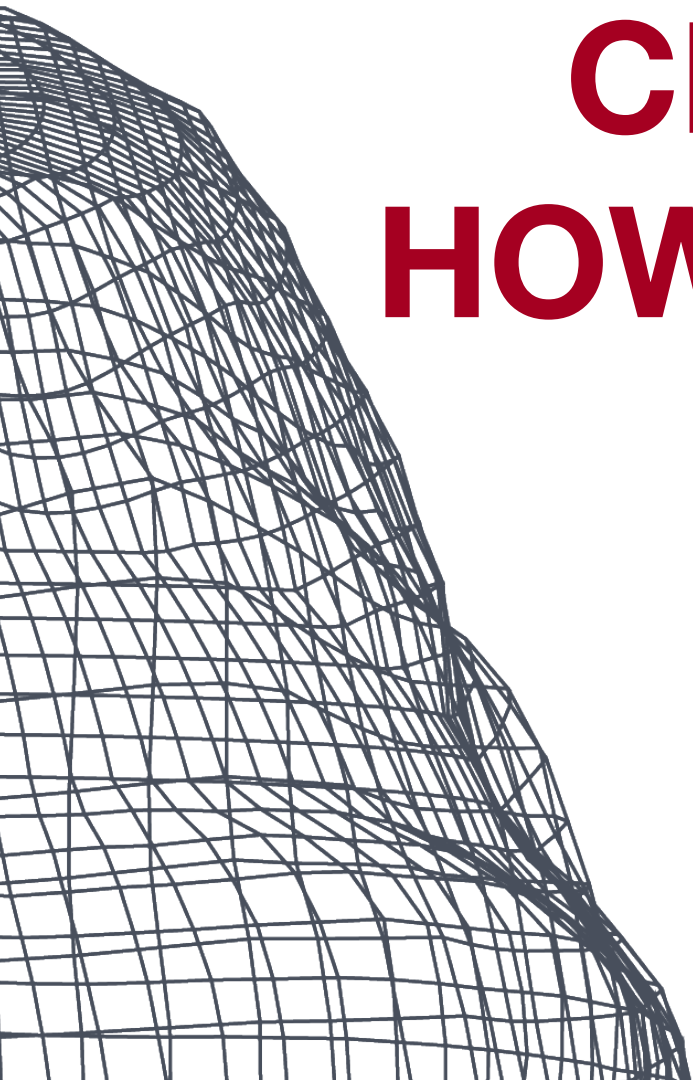
Other brands, including Adidas and Booking Holdings, have said in recent months they were course-correcting after realizing they hadn’t been doing enough with brand marketing.”

CNBC, Nov 22, 2019



Brand building is still the main driver of long-term growth, but marketers need to *balance branding with activation*. Firms that focus too narrowly on short-term sales suffer the long-term consequences

CHALLENGE FOR MARKETERS: HOW TO DO BOTH SUCCESSFULLY?



02

Foundational Thinking



5 Key 'Truths' Influencing Marketing

Definition of Growth
Salience
Price
Campaign Impact
Social Currency



At The Core Is How A Marketer
Defines Business Growth

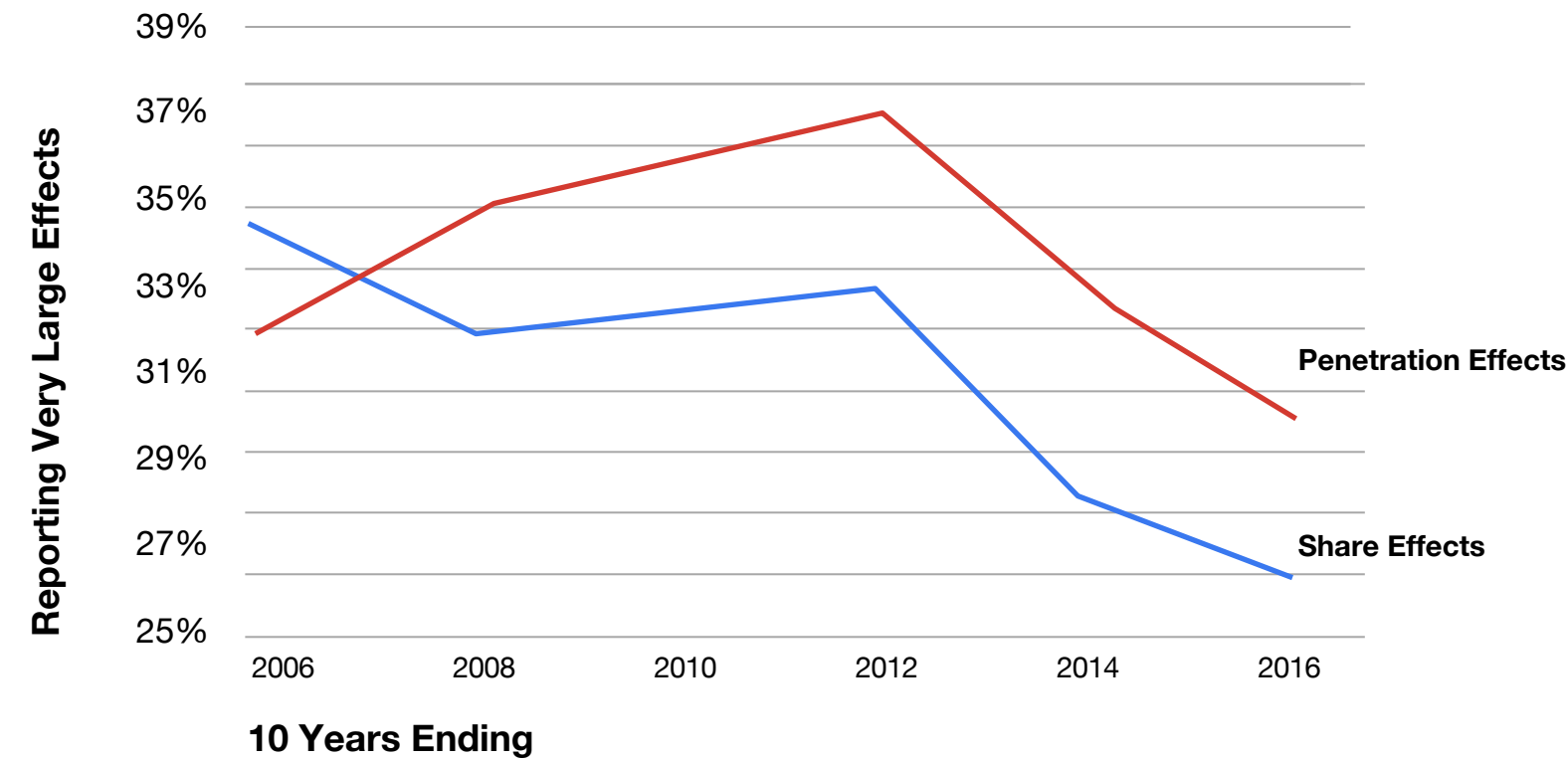
1.

Feeding The Funnel Has Been Paramount

Over the past 50 years, Marketers have held as a solitary truth that **Brand Penetration rules**.
If brand brought in new consumers to buy the brand, then growth was guaranteed



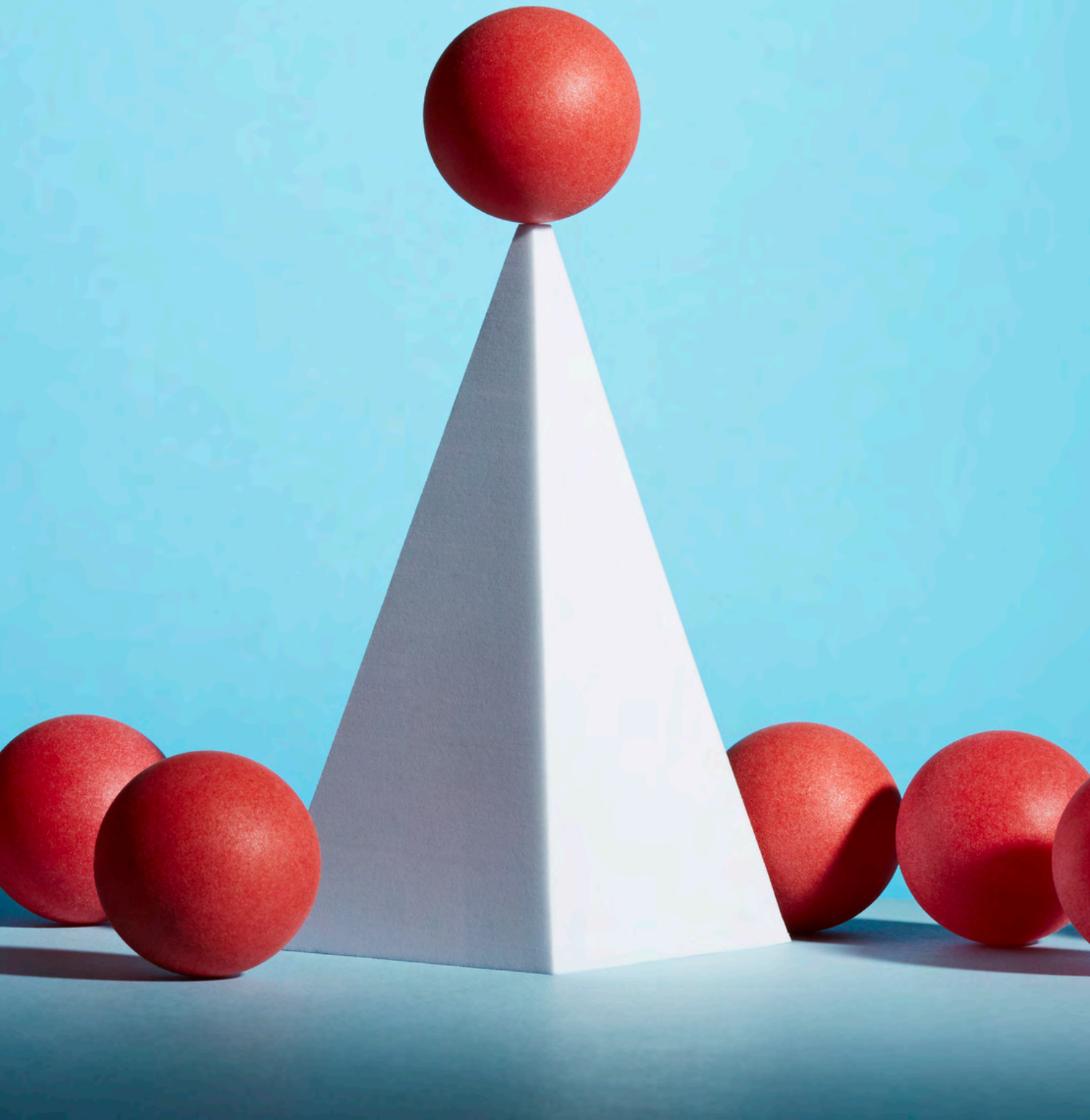
Loss of Effectiveness has been led by Weakening Share and Penetration Growth



Growth Drivers

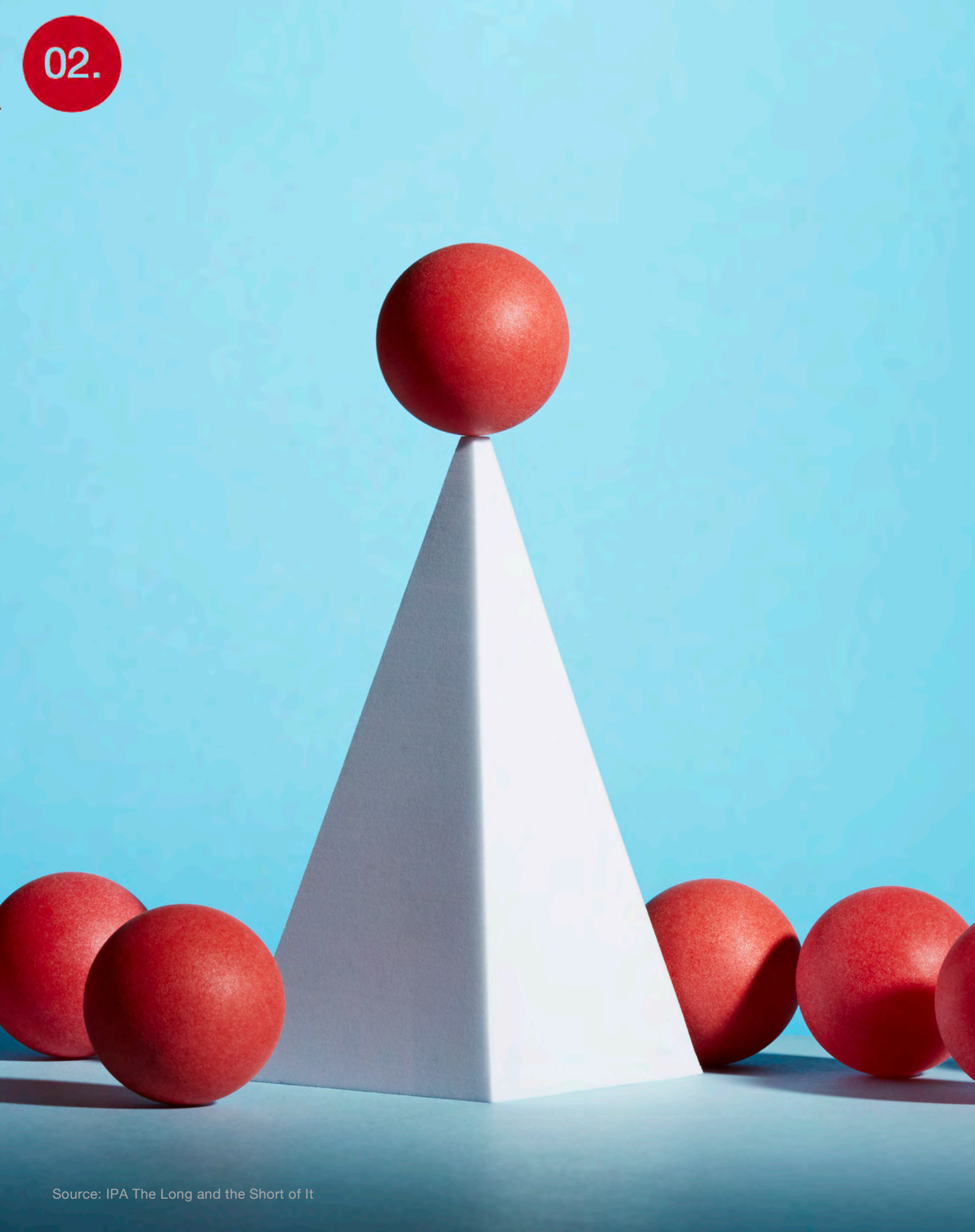
Declining campaign effectiveness has been associated with declining penetration growth and share.





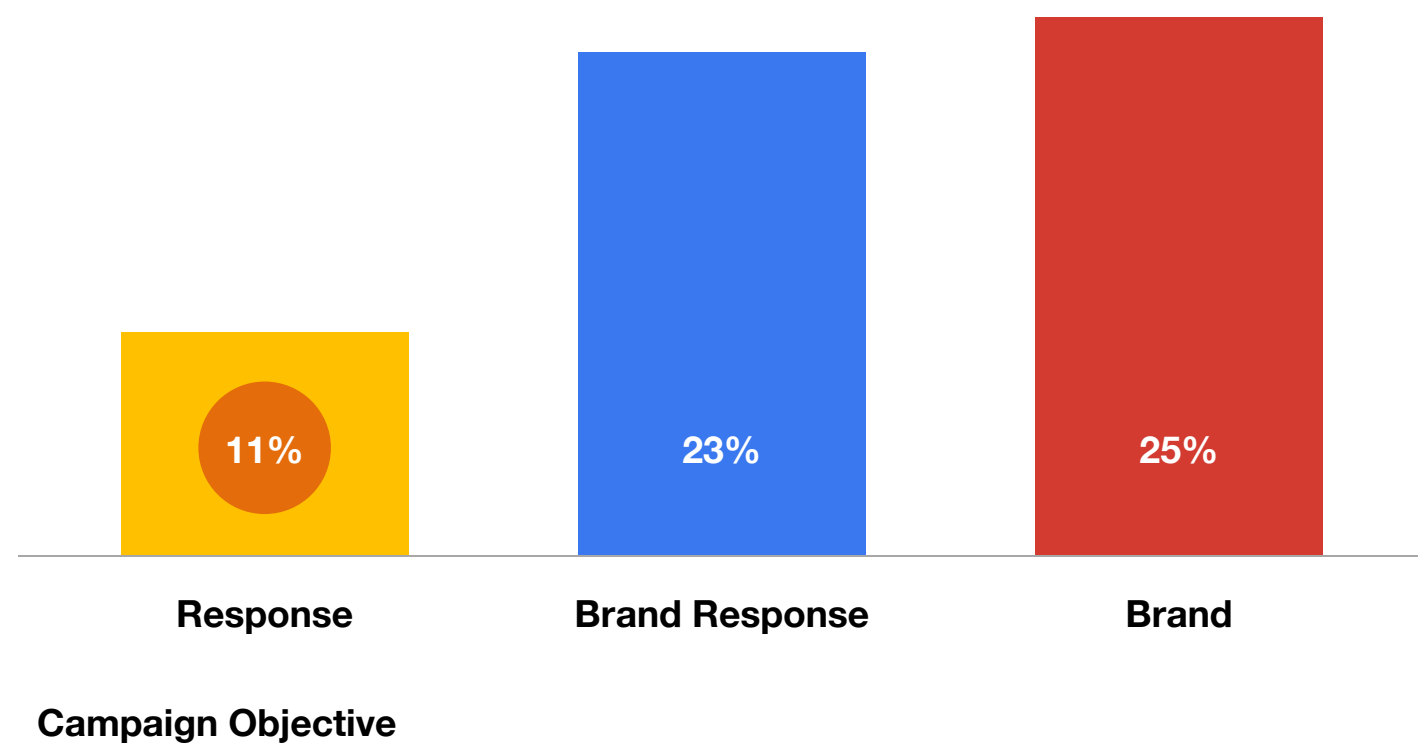
2. The Importance of Salience

Using creativity and cues, marketers have used **Salience to lead brand conversations**. This reliance on Top-of-Mind awareness has been a core predictor of purchase intent



Salience Effects

% Reporting Very Large **SALIENCE** Effects



Growth Drivers

Top-of-Mind awareness has been a pivotal KPI in marketing efforts to build Salience in consumers. Salience effects are more closely associated with brand building than response-driven marketing.

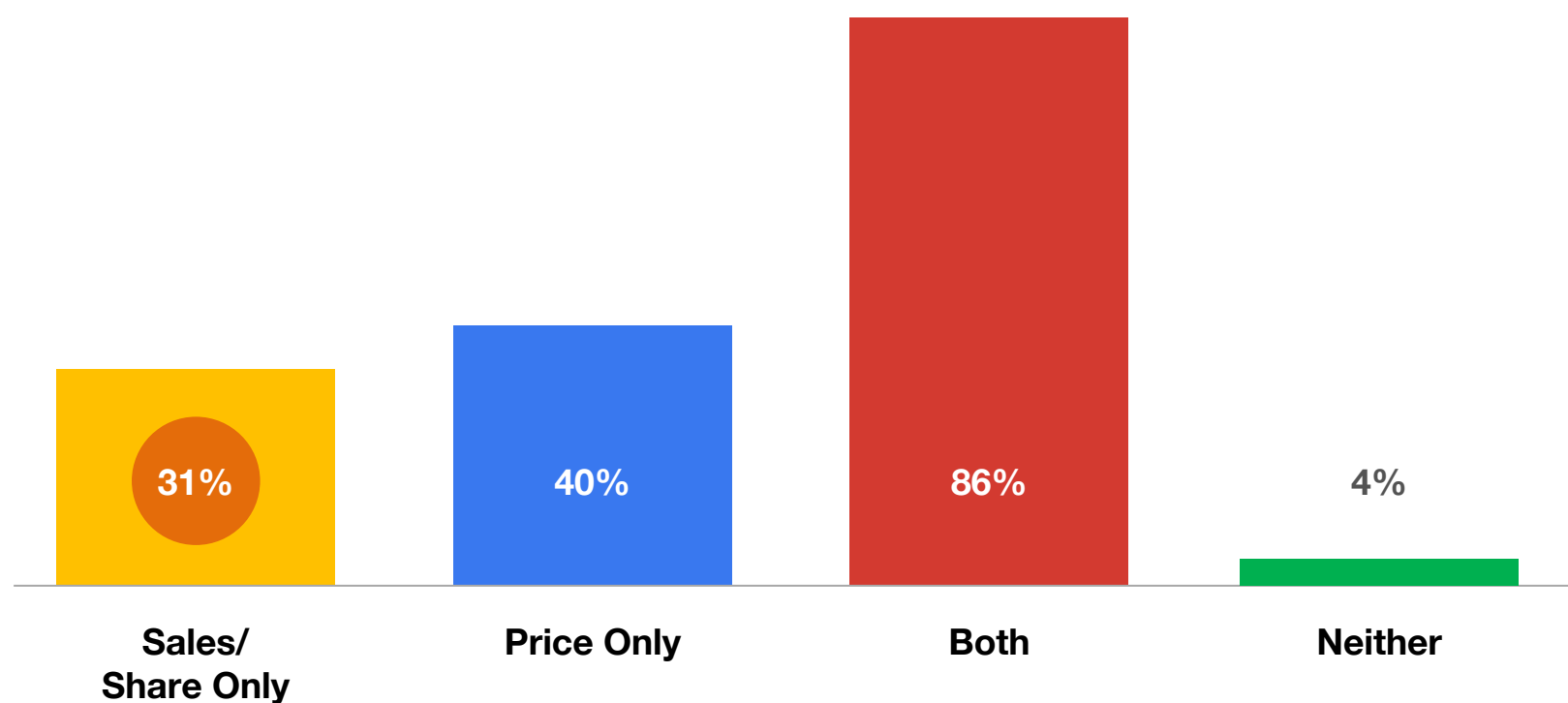
Another Key Growth Driver Is Price

One of the **most easily manipulated marketing levers is price**. Driving price is a common tactic in increasing profits. On the flip side, promotions are commonly associated with increased purchase frequency and short-term sales volume but at the cost of brand profit and equity



Profit Effect

% Reporting Very Large
PROFIT Effects



Growth Drivers

While Sales and Share drive profit, a larger proportion is due to Price alone or the combination of the two. Performance media can be quickly adapted to promotions based on price, and thus has dominated marketing efforts over the past years





4.

Campaign Impact Is Also Essential

Campaigns should target the persuadable, who are the individuals with the highest brand funnel impact to aim for a long-term impact.

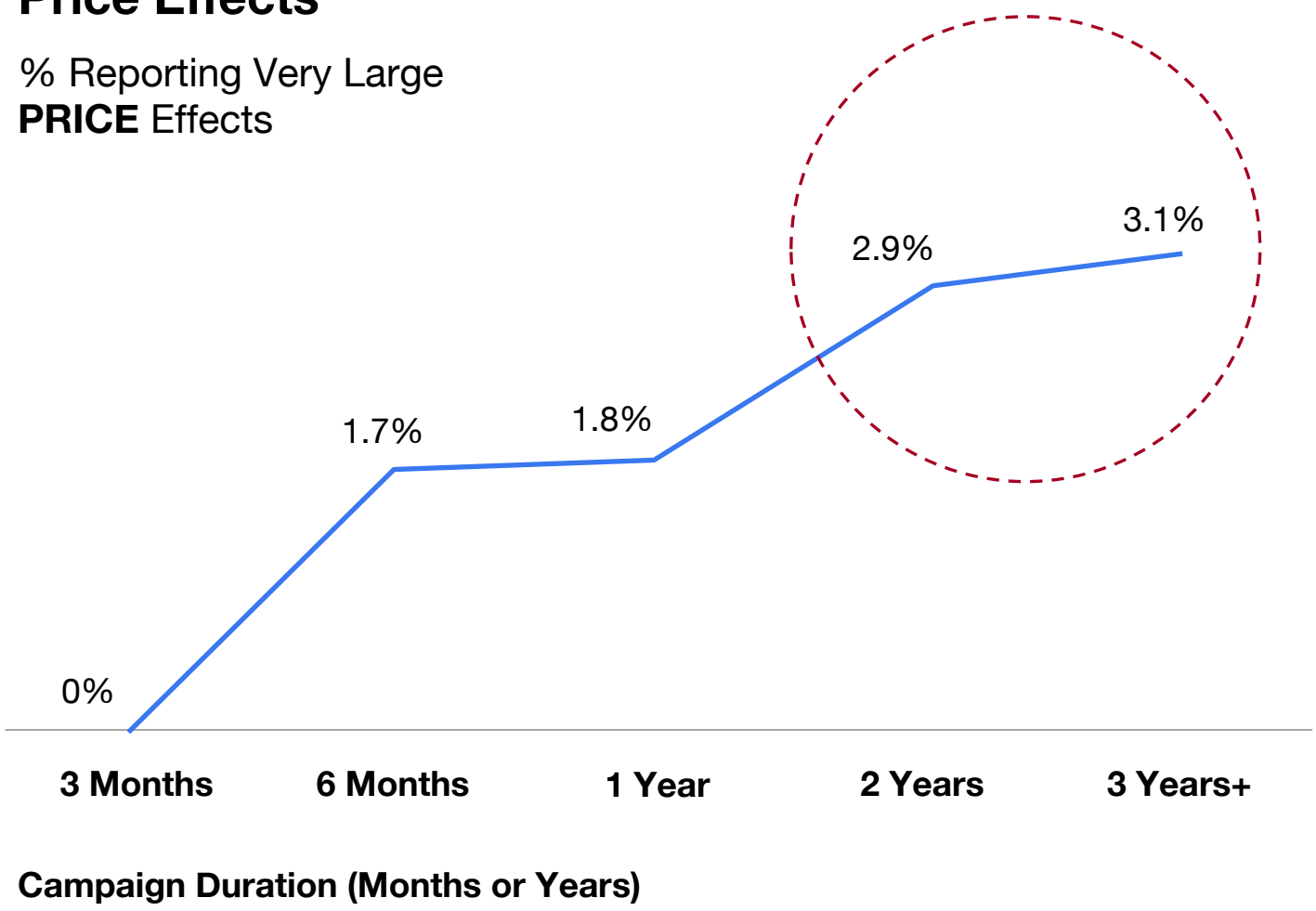
The long-term impact of brand campaigns are critical – and often forgotten – drivers of brand growth

The size and duration of the impact are determined primarily by the persuasiveness of the ad message, along with effective delivery and purchase reinforcement.



Price Effects

% Reporting Very Large
PRICE Effects



Growth Drivers

Effective brand campaigns are associated with key long-term impacts including the ability to demand higher Price.

The Importance Of Social Currency

With the **momentum behind WOM and social** over the past decade, Social Currency has been a critical growth driver





Growth Drivers

Social Currency and WOM are the new currency for brands over the past decade. But with increasing cynicism towards influencer marketing and brand placement in advertising, Marketers are now asking what is next

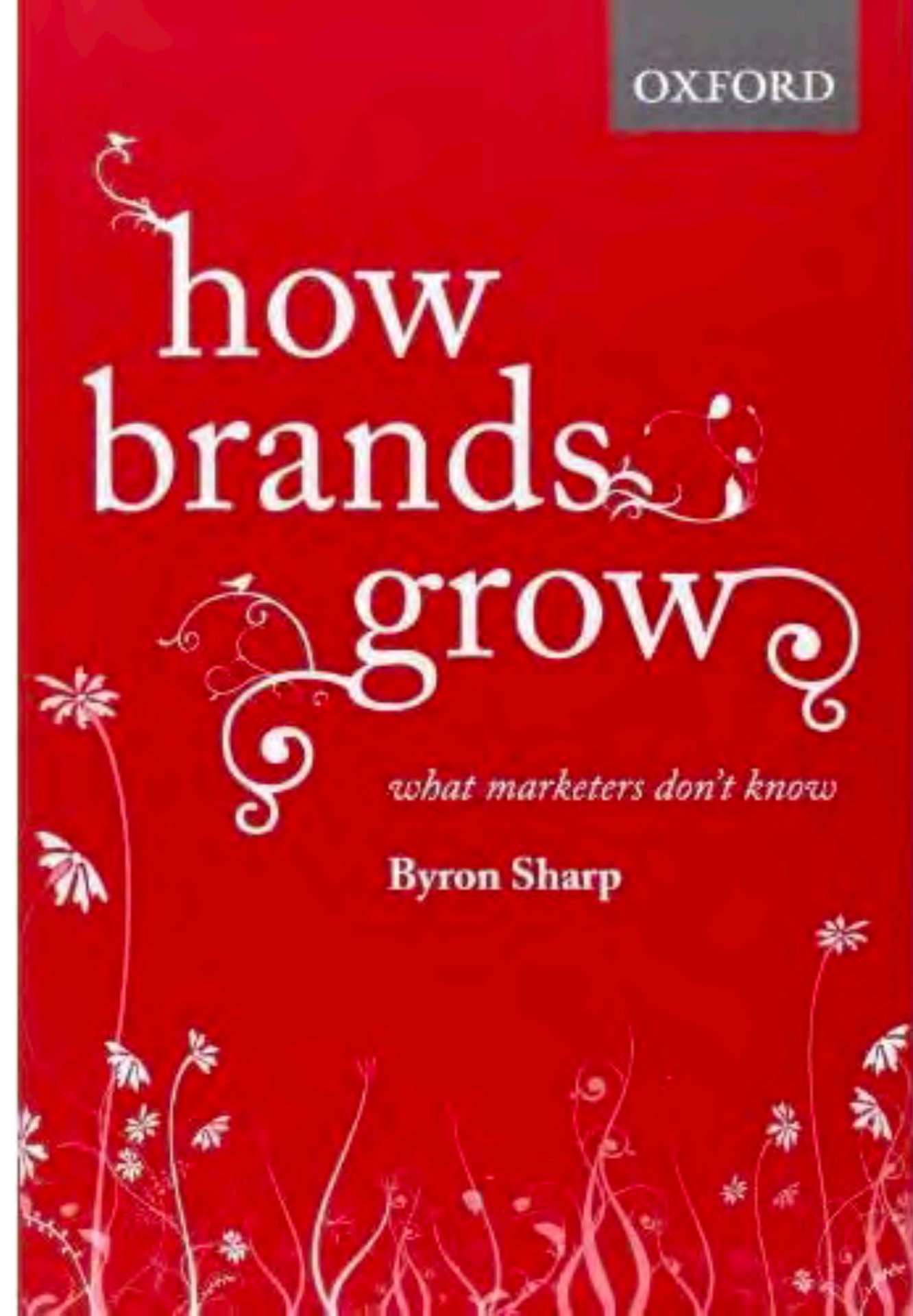




03

The Way Forward

In his pivotal work, “How Brands Grow,” Byron Sharp turned the five Marketing “truths” on its head, ultimately shifting the thinking behind how brands should go to market



These “New” Marketing Truths Are Based on 3 Key Principles



The “Impermanent” Heavy Buyer



Rethinking Loyalty



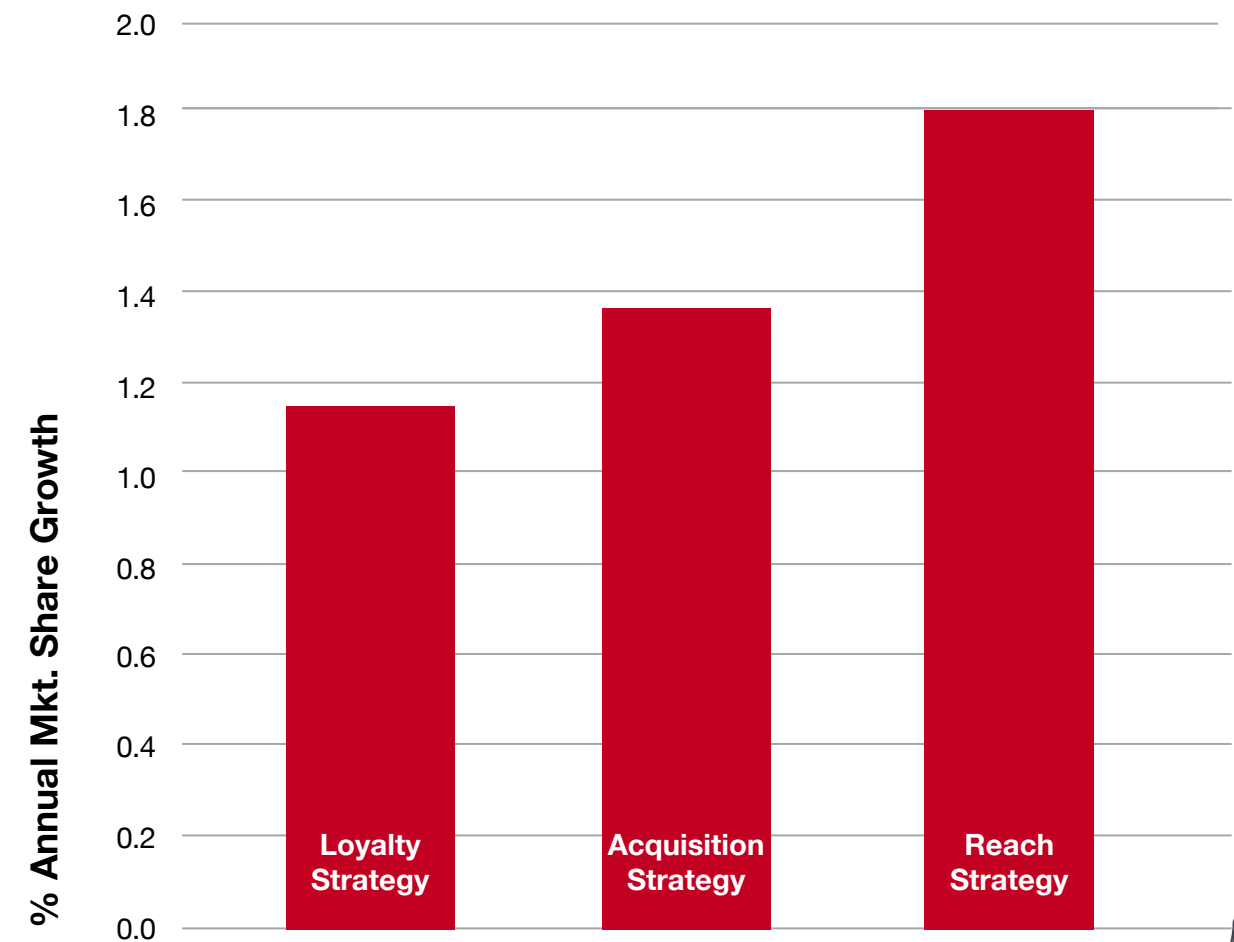
The Case For
“Meeting Someone New”

New Truths

Truth #1: The “Impermanent” Heavy Buyer:

Heavy buyers one year may not be the next

Penetration vs. Loyalty

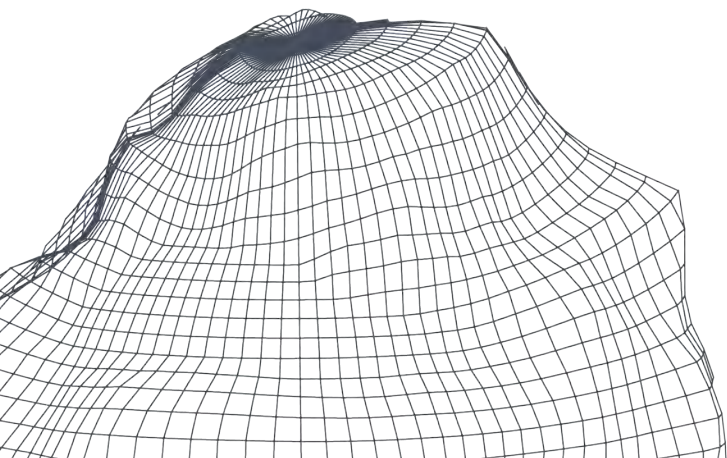


Penetration is *always* the main drive
Loyalty strategies always under-perform

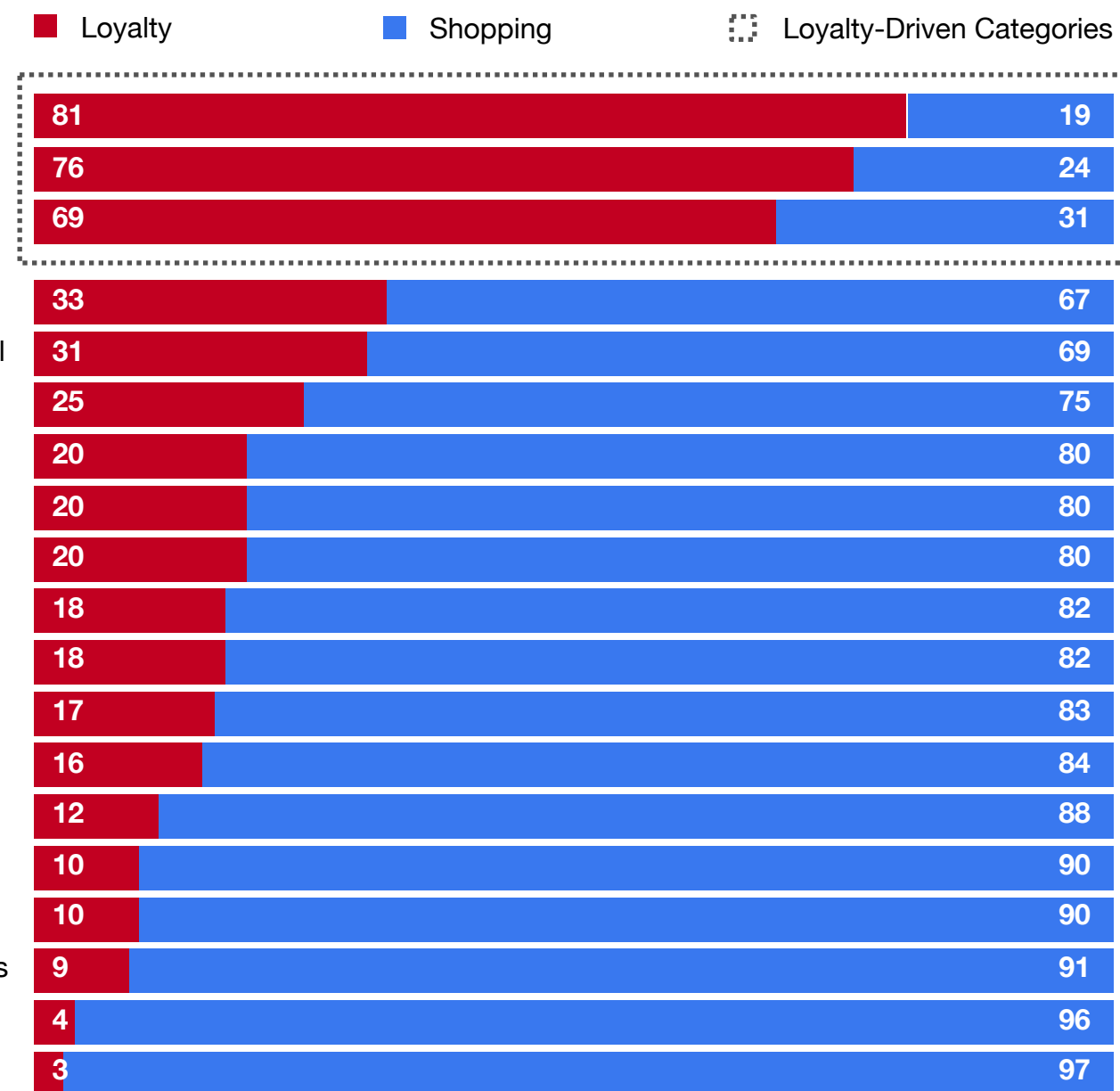
Shoppers And Light Buyers Are Of Increasing Importance

Brand Benefits

Shoppers and Light Buyers came into sharper focus for marketers as important drivers of brand growth, moving support from reliance on loyals only



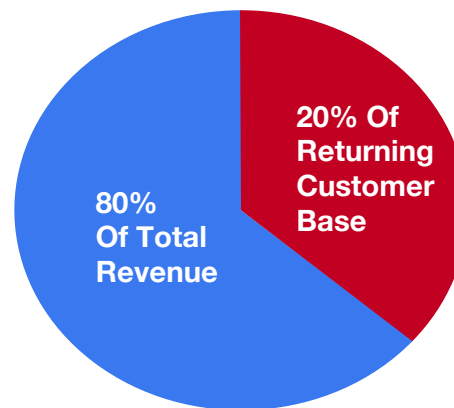
Share of purchases that are loyalty driven vs. shopping driven, selected categories, %



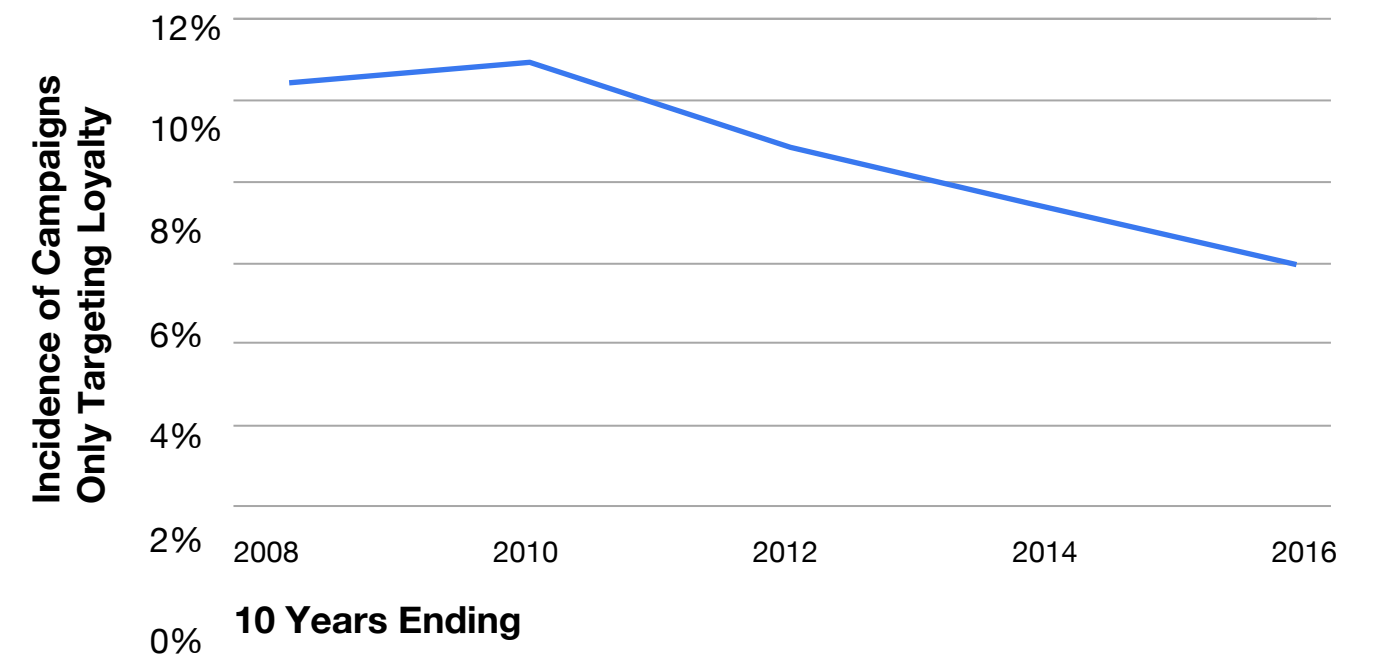
New Truths

Truth #2: Rethinking Loyalty's Importance: Loyalty relies on the Pareto Law (80:20) rule

(20% of loyal brand buyers make up 80% of a brand's revenue)



Pure Loyalty Campaigns Have
Been In Long-Term Decline

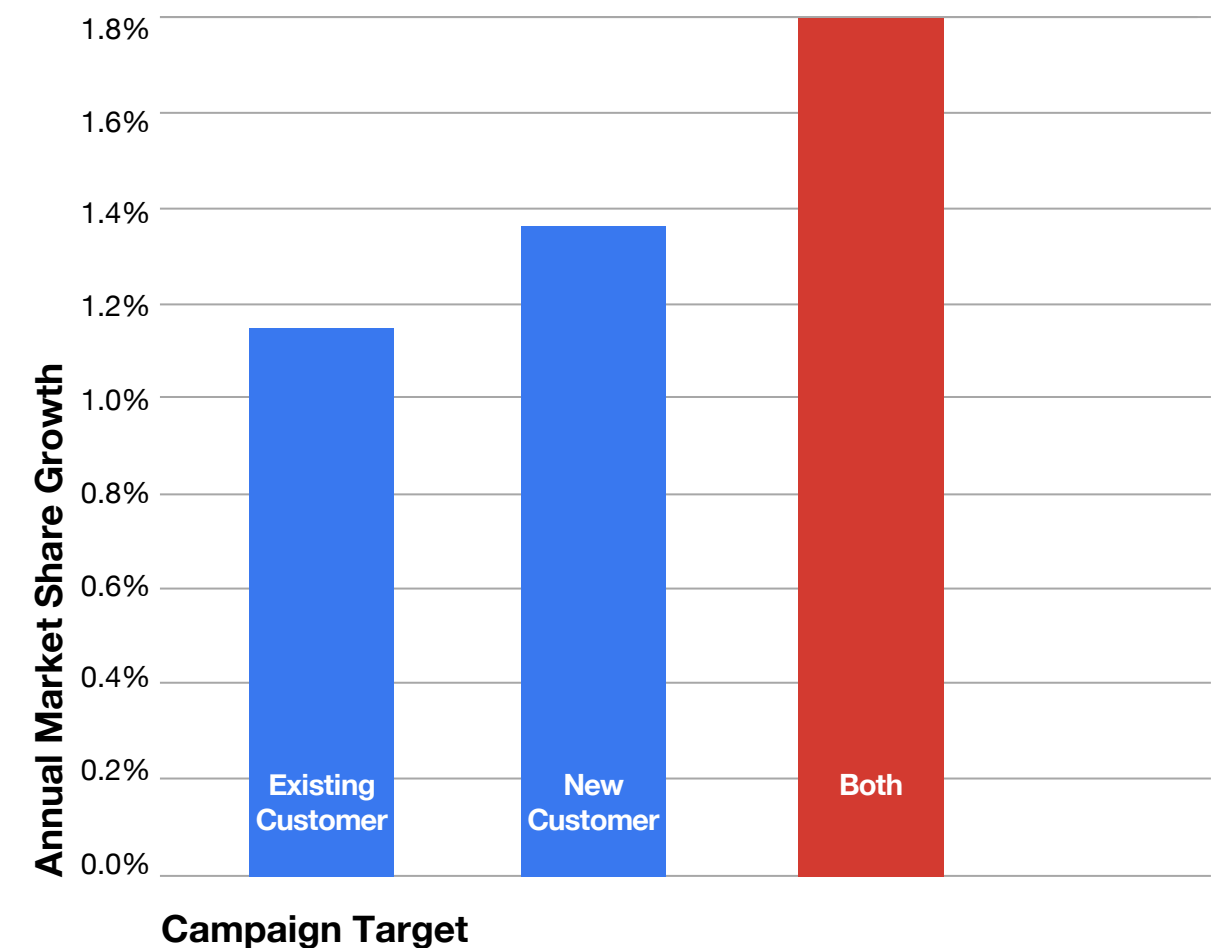


“There Is One Area Where Focusing On Existing Customers Does Produce Good Results: Activation”

Brand Benefits

Broad-Reach Campaigns targeting new or incremental buyers are associated with Top-Line Growth — those that combine a focus on both experience the greatest lift

Broad-Reach Campaigns That Target New Customers Are Best For Top-Line Growth



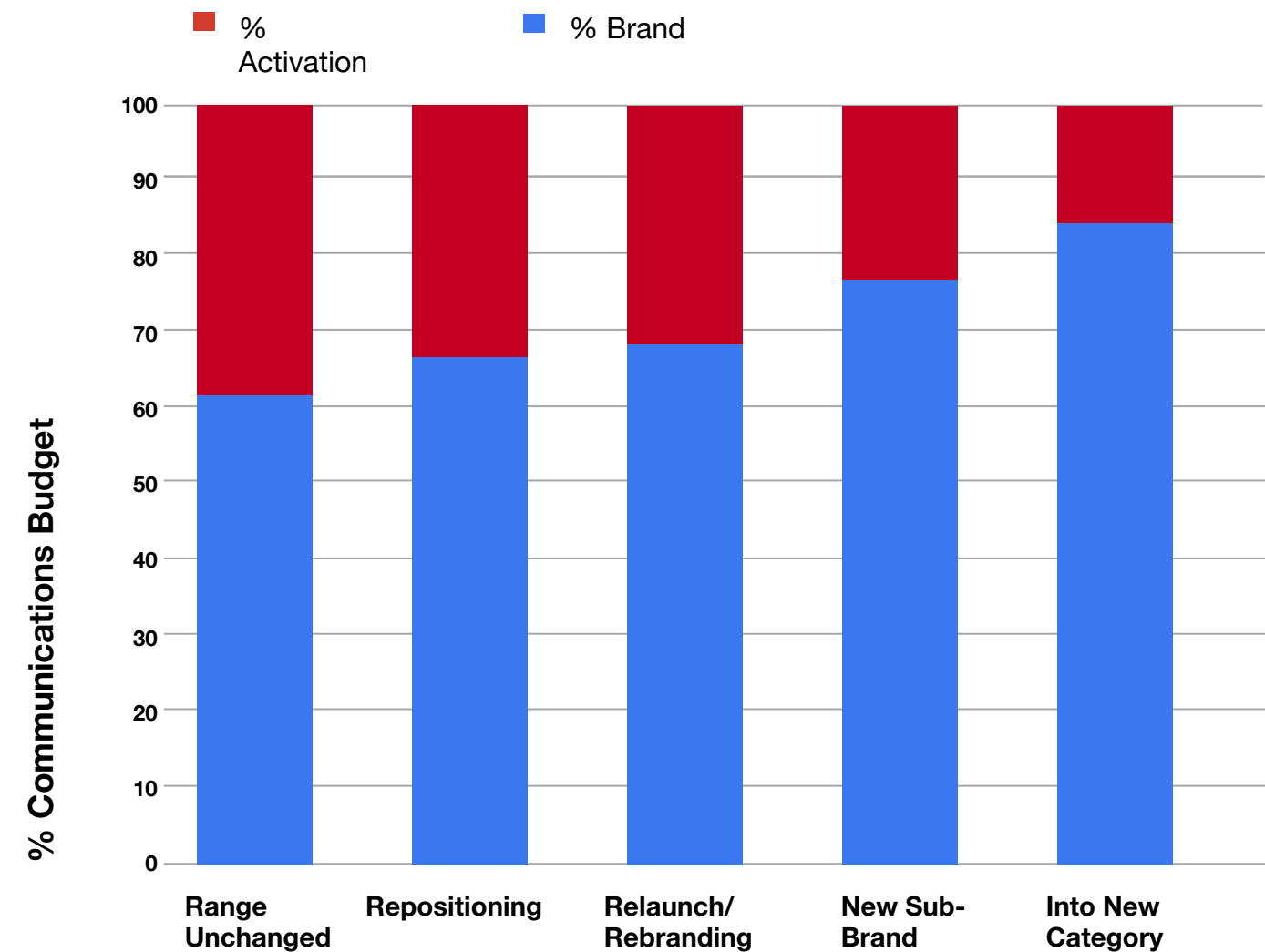
03.

New Truths

Truth #3: The Case for “Meeting Someone New”

Infrequent buyers becomes
so much more important

Brand Development

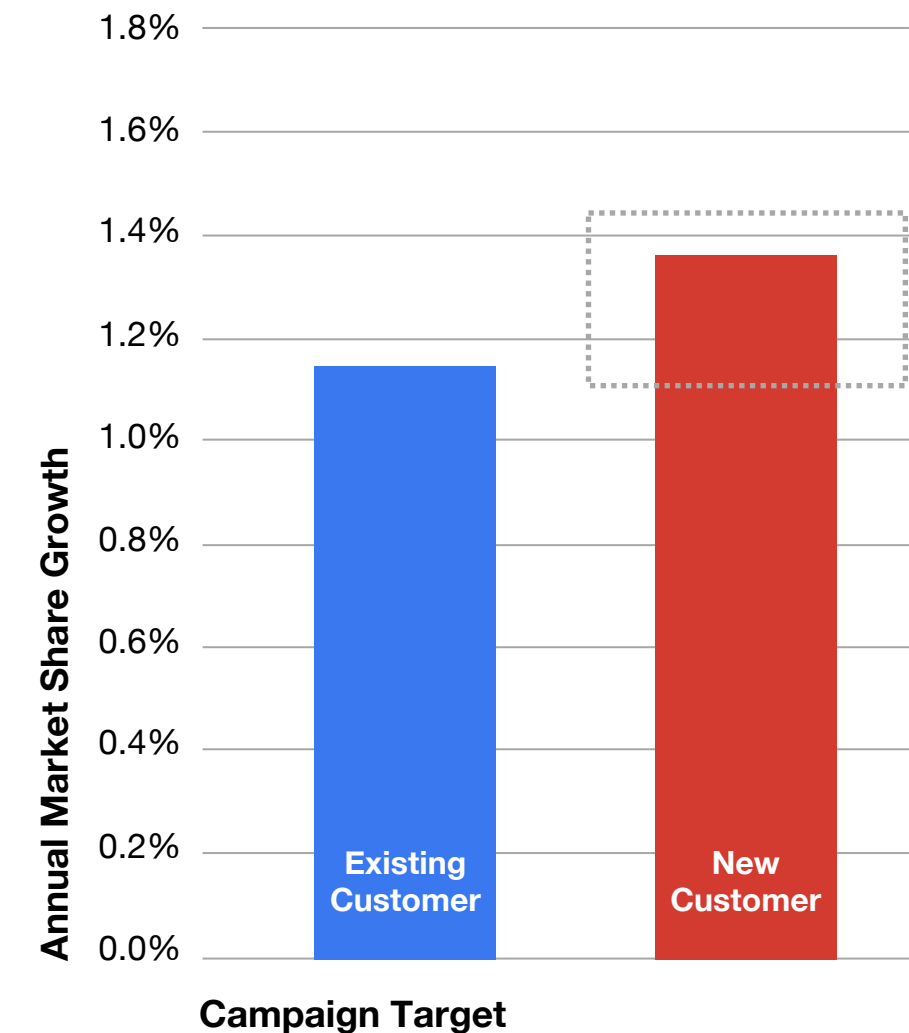


Most Successful Brand Campaigns Prioritize Penetration

Brand Benefits

While Broad Reach Campaigns that target both existing and new consumers are most impactful — Campaigns that prioritize Penetration win

Broad Campaigns That Target New Consumers Are Best For Top-Line Growth



Note:

New Consumers
Doesn't Mean All Consumers

Premium Brands
Would Naturally Have Smaller Overall Consumer Pool Based On Those Who Could Afford

People **expect more from brands**, they aim for interesting, useful or meaningful content.

Brands need to **go beyond the product**, by tangibly improving peoples' lives and playing a role in society.

The Best of Both Worlds

Binet Field underscored the need to **stop operating brand and performance separately**. Their findings support the need to combine both for impactful and effective campaigns that build the brand profitability long-term, while driving short-term sales

By their holistic nature, brand response campaigns (shaped around a brand idea driving both long-term preferences as well as short-term behavioral activation), **have the best of both worlds** from a profitability and sales perspective

04

Introducing the Balance Tool

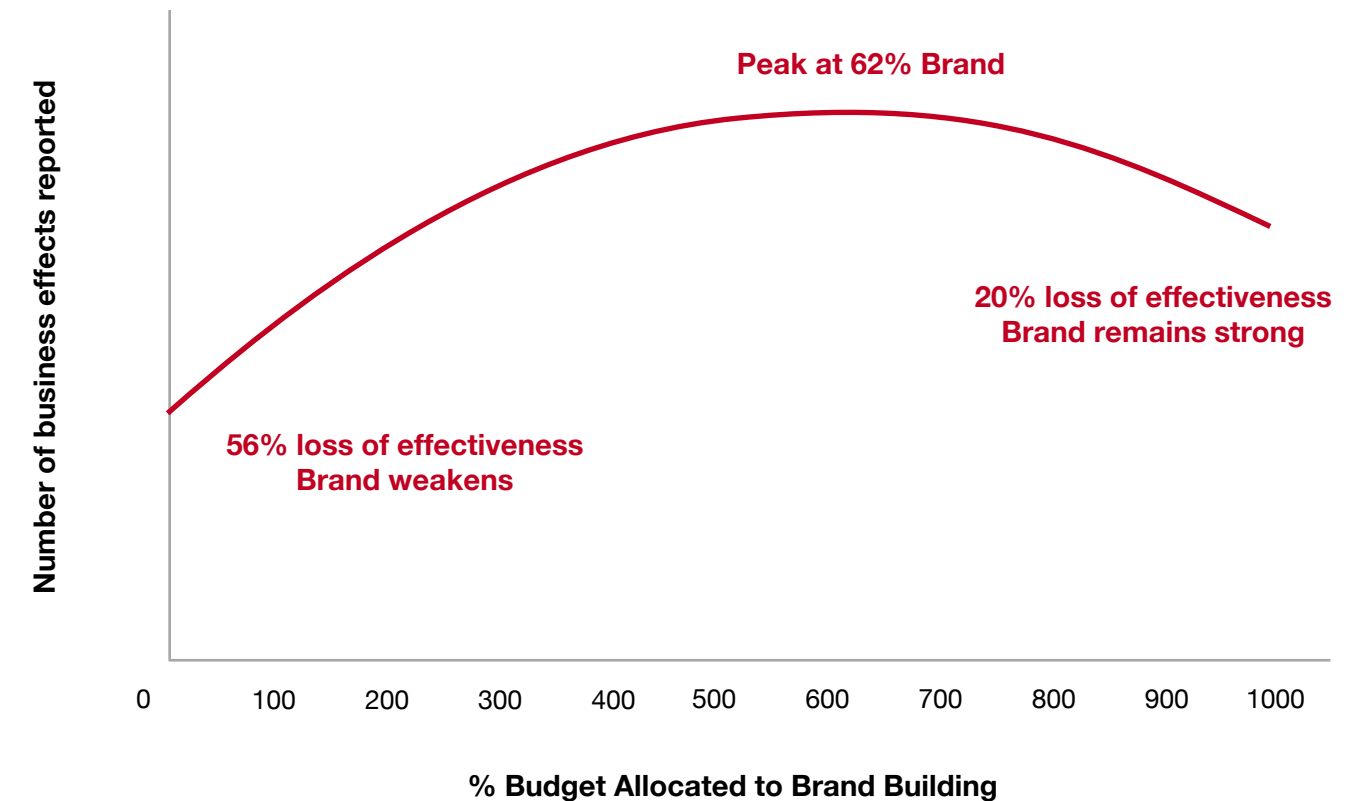
The Tools and Tricks



We Need Media Balance To Bring It To Life

Good Marketing Must Find A Balance Between Building The Brand And Sales Lift

A strong brand without a persuasive CTA will not turn its Equity into Sales effectively. In fact, branding makes conversion efforts more effective



Introducing:



Havas Balance Tool

We created the **BALANCE** tool after analyzing the business results of the case histories considered as a benchmark in the IPA UK databank.

Our **BALANCE** tool is used to balance the best communication efforts split between **brand building** and **sales activation**.

Our model is based on proven business results of the case histories considered as a benchmark in the IPA databanck.





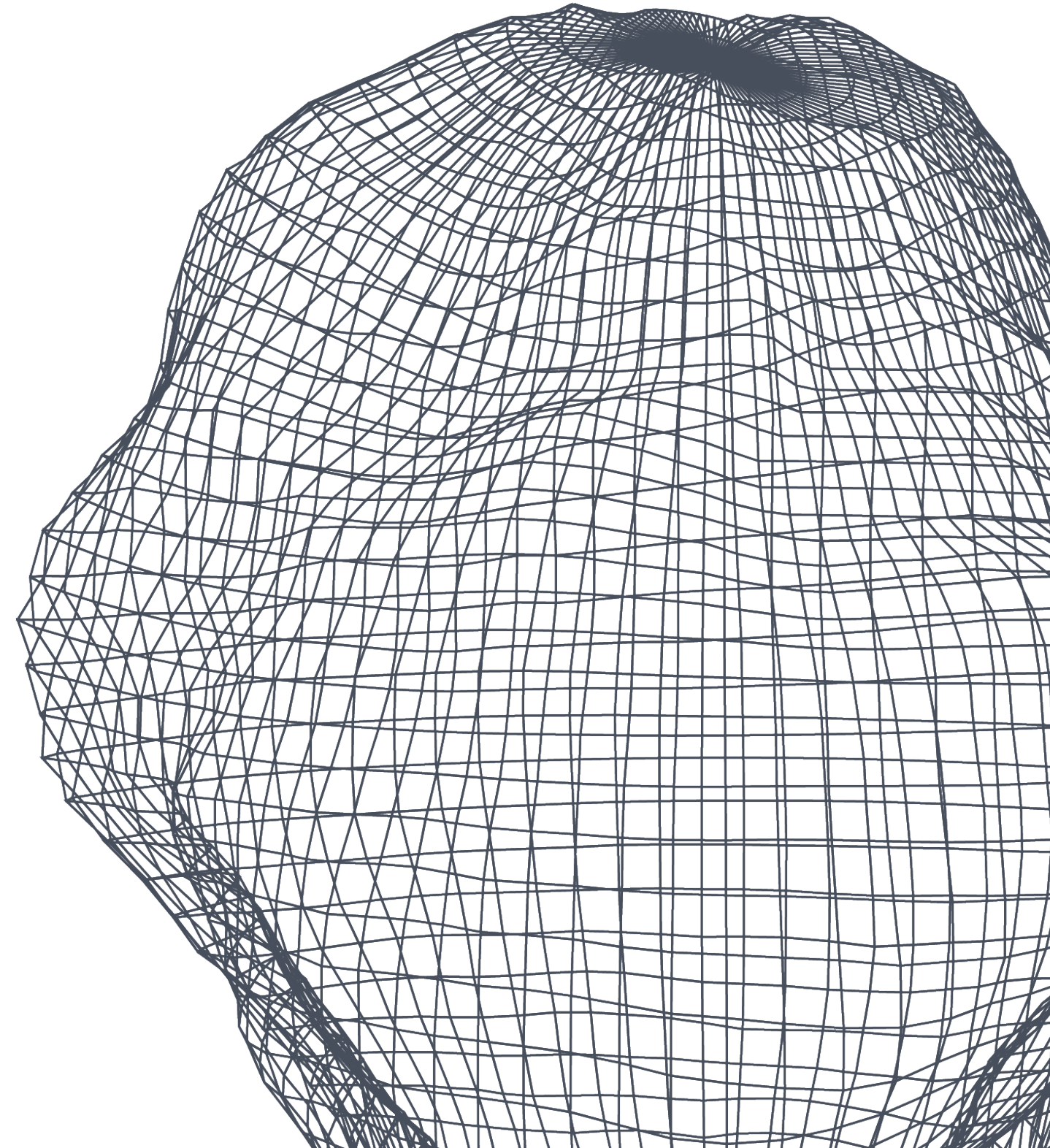
Havas Balance Tool is used to create scenario plans for client's strategy and new business pitches

Our Balance Tool Is Updated Regularly



Our easy to use tool provides marketers with a scenario plan against the following key inputs: seasonality engagement, the balance between offline and online media, as well as competitive pressures.

It relies on an objective, 3rd party set of media effectiveness benchmarks



6 Criteria Impacting The Best BALANCE Split

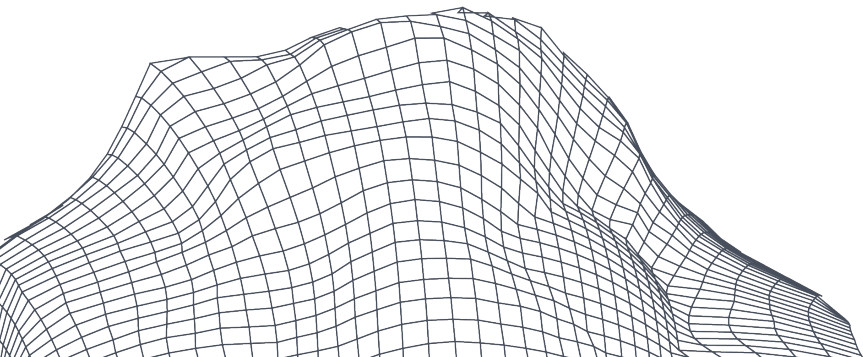
The Context Defines The Outcome



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1. High Engagement vs Low Engagement
2. Low relevance of Search Engine vs High relevance of Search Engine
3. Offline vs. Online purchases
4. Series purchases vs Subscription purchases
5. No Innovation vs. Relevant Innovation
6. Average Brand vs. Big Brand

**Impact on the final
balance between
Brand Building and
Sales Activation**





Applying Our Balance Tool To A Specific Brand

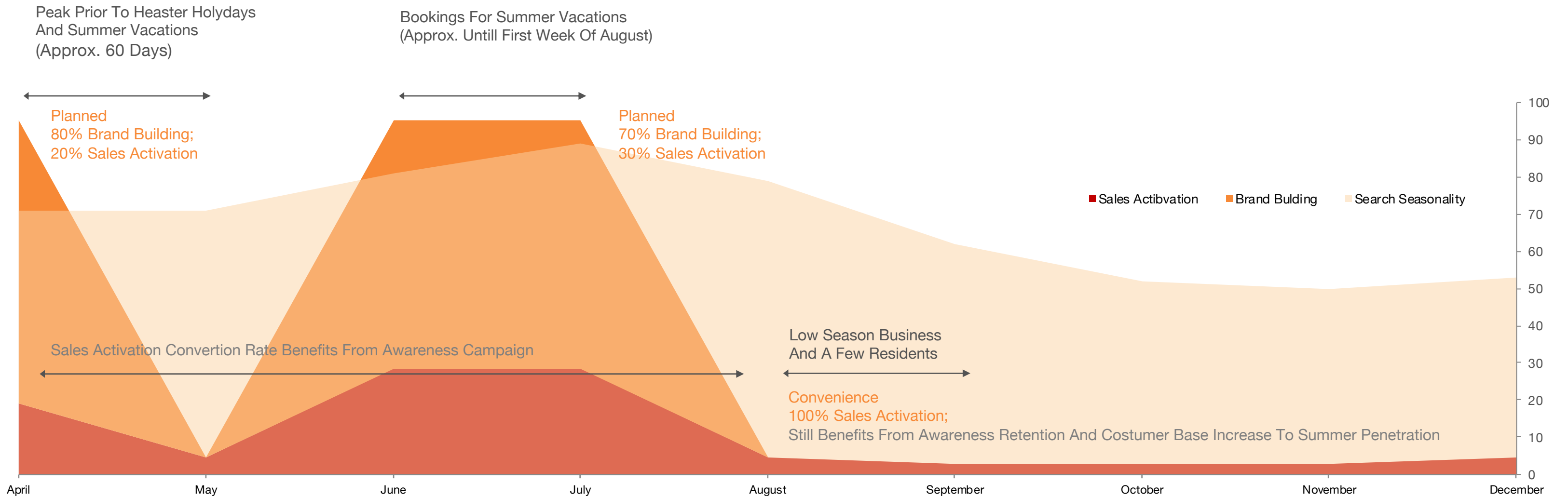
Custom model built to accommodate all “offsets” applicable.

Scoring each of the six criteria is specific to market situation: growth outlook, brand health, market size, engagement level



Flexing the Rule Dynamically

Be the owner of pre-season and seasonality peak to create a long lasting awareness, boosting conversion also in lower season



Local Markets can use the tool as a base scenario with a more comprehensive toolkit when determining the most effective balance split for brands

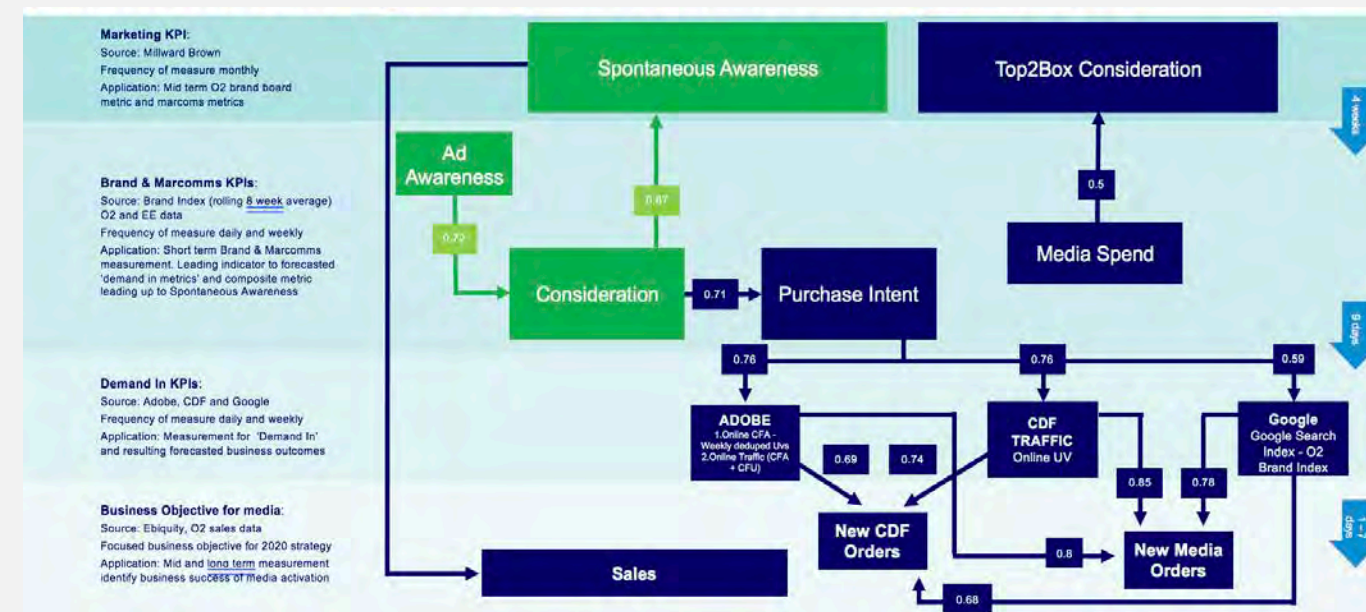
This tool is not meant to be the only solution. We encourage additional use of more advanced approaches to gain a deeper, more granular analysis, if available in your local market

Example 1 (France):

	Beats (UK)	Beats (FR)	Bose (UK)	Bose (FR)
Awareness	78%	42%	70%	58%
Awareness to Consideration	0.29	0.35	0.29	0.33
Consideration	9%	5%	20%	13%
Consideration to Purchase Intent	0.38	0.28	0.51	0.46
Purchase Intent	2%	1%	4%	3%
Search Index	25	10	38	33
Web Traffic*	177,000	TBC	607,000	TBC

Source: Brand Index.
*based on 12 months

Example 2 (UK):





Accessing The Balance Tool

The Balance Tool is live and accessible within MxSystem. Please click on the link below:

<https://mxsystem.havas.com/mxsystem/#/mx-development/do/balance>

CliffsNotes: What to Keep Top of Mind



4 Key Takeaways

01 Brand Marketers have increased their focus on short-term sales goals, **harming brand building**

02 Infrequent Buyers, New Consumers and a Focus on **Shopping Behaviors** and **Brand Preference** are Key

03 Achieving the **right balance** between Brand and Performance is critical: brand response plans **maximize sales and brand building**

04 Havas **BALANCE Tool** is a key foundation for defining the equilibrium of BvP to achieve optimal sales and brand growth

Thank You

Do you want to know more?

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Arantza Vargas Ruenes, Global Media Team

