

Rethinking Performance Advertising

Why Brand Equity Is the Growth Engine
Marketers Can't Afford to Ignore



MINDSHAPE

Marketers today operate in a paradox: we've never had more data, channels, or tools to reach consumers—yet brand loyalty is declining, ad performance is deteriorating, and growth is stalling. Over \$309 billion USD was spent on digital ads in 2024, yet most brands are not seeing a meaningful return. Why? Because many marketers are optimizing for the wrong thing.

The era of digital-first, performance-only advertising has fostered a culture of short-termism—where success is measured in quarterly leads, not lifelong loyalty. But brands aren't built on clicks. They're built on consistency, emotion, trust, and relevance—qualities performance marketing alone cannot deliver.

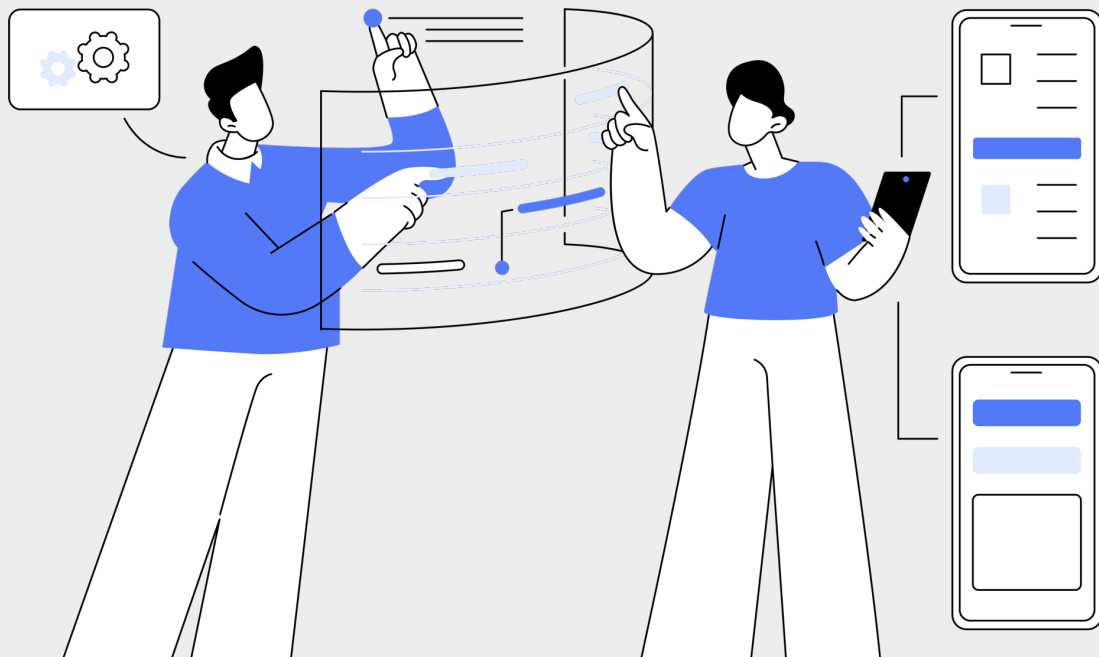
This paper challenges the false binary of “brand vs. performance” and presents a roadmap to strategic integration. It's time to rethink what “performance” really means.

THE PERFORMANCE TRAP: WHEN DATA DISTRACTS FROM GROWTH

Performance marketing is seductive. It offers immediacy, precision, and quantifiable metrics. Executives love it. Finance teams understand it. Algorithms reward it. But here's the problem: You can't performance-market your way to brand loyalty.

Short-term metrics often distract from long-term value creation. As more budgets shift to activation tactics (search, display, retargeting), we see a diminishing return: overexposure, rising cost-per-click, banner blindness, and consumer skepticism.

According to a recent study by The World Advertising Research Center (WARC) - *The Multiplier Effect*, brands that over-invest in activation see up to 50% ROI loss—whereas brands that apply a balanced strategy achieve up to 90% on average ROI improvement. Yet, CMOs remain under pressure to provide quick wins. This has led to a crisis in marketing: a fixation on attribution, and a neglect of emotion, identity, and value creation.



*The irony is what's easiest to
measure often matters least.*

CONSUMER BACKLASH: AD FATIGUE AND DISTRUST ARE GROWING

We live in a hyper-targeted world. But personalization has turned into surveillance. Consumers feel hunted by brands—not helped. The consequence is profound:

- **64% of people avoid ads (Nielsen)**
- **Gen Z—the most advertised-to generation in history—report record levels of ad fatigue**
- **Trust in social and digital ad platforms has eroded**
- **Many users associate data-driven ads with manipulation and intrusion**

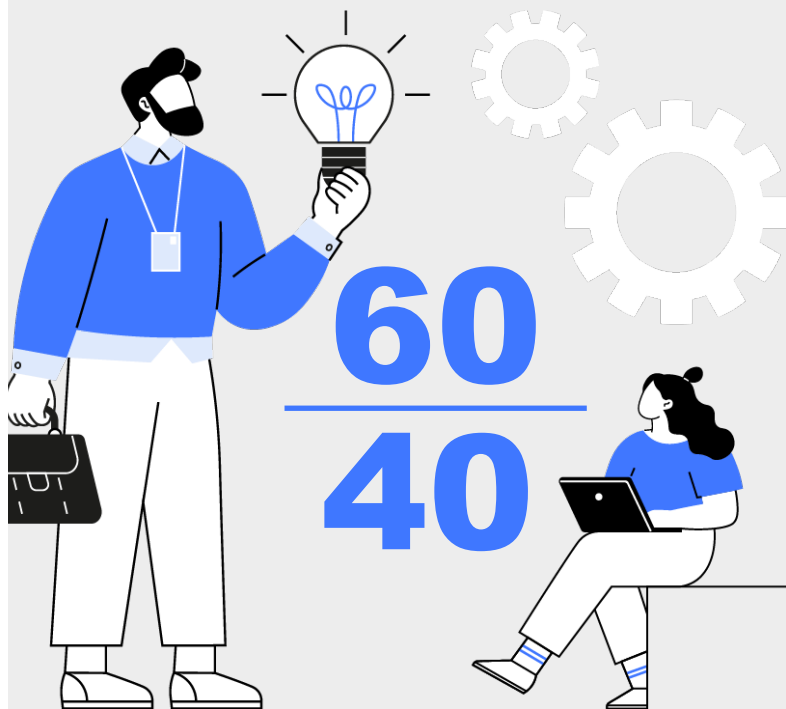
This isn't just about privacy. It's about value. Consumers reward brands that entertain, inspire, and inform—not those that interrupt, stalk, or chase. As Patagonia's famed "Don't Buy This Jacket" campaign proved, principle-driven messaging outperforms persuasion. They built loyalty through contradiction—by asking customers not to buy. And sales still surged.



64%
**OF PEOPLE
AVOID ADS**
(NIELSEN)

*Performance marketing
can tell people what to do.
Brand marketing tells
people who you are.*

THE POWER OF BALANCE: WHY 60/40 IS THE OPTIMAL GROWTH STRATEGY



A wealth of research supports a rebalanced approach to marketing strategy:

- An in-depth study conducted by Les Binet & Peter Field's demonstrated that emotion-driven brand campaigns delivered the strongest long-term profit growth.
- WARC and Kantar studies show that an investment in the 60% brand / 40% activation range often delivers the highest overall ROI, especially in competitive or recessionary markets.
- Brands with high brand equity consistently outperform the S&P 500 by up 88%.

Brand Building (Optimal Investment 60%)	Performance Marketing (Optimal Investment 40%)
Emotional	Rational
Long-Term	Short-Term
Mass Reach	Precision Targeting
Creates Demand	Converts Demand

So why 60/40?

- **Brand Building** grows mental availability—it shapes perception, creates preference, and primes action. Building deep brand associations and trust requires a long-term approach (60% of marketing budget).
- **Performance Advertising** drives physical availability—it captures short-term demand, closes sales, and fuels conversions. Motivating action or purchase is much more tactical and targeted (40% of marketing budget).

But one without the other is incomplete. Too much brand? You become invisible. Too much performance? You become forgettable. Integration—through a unified story, shared creative platform, and full-funnel planning—is the true growth strategy.

Done right, this model delivers compounding brand equity, stronger pricing power, higher margins, and sustained customer loyalty.

MEASURING WHAT MATTERS: BRAND AND PERFORMANCE SIDE BY SIDE



The myth that brand building is unmeasurable is outdated. In reality, both brand and performance marketing can be—and must be—measured. The key is using the right metrics for each role in the marketing ecosystem.

PERFORMANCE MARKETING METRICS

These capture the short-term, conversion-driven impact of your campaigns. They're essential for optimizing spend, improving targeting, and driving revenue today.

- **Click-Through Rate (CTR):** Are people engaging with your ad content?
- **Cost Per Acquisition (CPA):** What does it cost to gain a customer?
- **Return on Ad Spend (ROAS):** How much revenue is your media investment generating?
- **Conversion Rate:** Are landing pages and CTAs turning visitors into leads or buyers?
- **Attribution Modeling:** Which channels are driving the final conversion?

These metrics help marketers act with speed and precision. But on their own, they can lead to over-optimization and under-differentiation.

BRAND BUILDING METRICS

Brand strategies influence perceptions, loyalty, and long-term value creation. Their effects compound over time, making them essential for sustained growth.

- **Brand Awareness & Recall:** Are you top-of-mind when a customer enters the category?
- **Engagement & Sentiment Analysis:** Are people connecting emotionally with your content?
- **Share of Voice (SOV) & Mentions:** Are you being talked about more than competitors?
- **Customer Lifetime Value (CLV):** Are customers staying loyal, buying again, and spending more?
- **Net Promoter Score (NPS):** Will your customers advocate for you?

When tracked consistently, these indicators reflect the health, relevance, and stickiness of your brand—often serving as leading indicators for future sales performance.

A balanced strategy doesn't just measure clicks or recall—it measures conversion and conviction. By aligning both sets of metrics under a unified strategic framework, you unlock a clearer picture of what's driving short-term wins and long-term growth.



Nike's Strategic Pivot to Brand Building

In late 2024, facing declining revenue and concerns about long-term brand erosion, Nike made a decisive shift away from performance-heavy, lower-funnel marketing tactics.

Under the leadership of new CEO Elliott Hill, the company refocused on revitalizing its brand through bold, culturally resonant creative and a return to sport-driven narratives. Recognizing that an overemphasis on digital channels and direct-to-consumer sales had undermined its premium positioning, Nike deliberately pulled back on promotional discounting to reestablish its identity as a purpose-driven, full-price brand. This strategic move wasn't just about improving click-through rates or short-term sales—it was about reasserting the cultural relevance and emotional connection that have long defined Nike.

The result was renewed customer loyalty and strengthened pricing power, proving that brand equity is the key to sustainable growth that informs lower-funnel transactional marketing.



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Starbucks Returns to Its Roots.

Faced with declining sales, sluggish growth, and eroding consumer sentiment, Starbucks Chairman and CEO Brian Niccol made a bold commitment in late 2024 to "get back to Starbucks."

In an open letter to partners, customers, and stakeholders, he pledged to refocus on what made Starbucks iconic: a welcoming coffeehouse experience anchored in coffee craftsmanship and community connection. Moving away from promotion-driven messaging, Starbucks doubled its marketing spend to prioritize long-term brand building, emphasizing storytelling around its core pillars—coffee expertise, barista craft, and local communities. By simplifying product offerings, enhancing the in-store experience, and reasserting its authentic identity, Starbucks reignited its brand relevance.

The brand's renewed promise is a powerful, intentional narrative that acknowledges past missteps and pledges a commitment to quality, service speed, and customer delight—showcasing the importance of building and retaining long-term brand trust over an exclusive focus on short-term transactional tactics.



Airbnb's Brand Reimagination: From Digital Activation to Emotional Connection

Before the global pandemic, Airbnb's marketing strategy leaned heavily on digital performance channels to drive traffic and revenue. However, when global travel ground to a halt in late 2019, the company faced a crisis that exposed the limitations of an all-digital approach—out of sight, out of mind.

With consumers showing little brand loyalty, Airbnb's leadership recognized the urgent need to pivot from being a transactional brand to being an emotionally connected brand. Under the guidance of CMO Hiroki Asai, a former Apple executive, Airbnb reallocated its marketing spend towards brand-building initiatives, repositioning itself around the promise of unique experiences rather than just accommodations. Asai championed a creative renaissance, emphasizing simplicity, design, and storytelling to rekindle trust and affinity for the brand. This strategic shift yielded tangible results: Airbnb's annual revenue grew by 11.95% in 2024, reaching \$11.1 billion, up from \$9.9 billion in 2023.

Airbnb's post-pandemic resurgence proved that true performance is rooted not merely in digital activation, but in an integrated strategy grounded in purpose, experience, and emotion—creating a brand that can endure and grow.

BUILDING A COHESIVE BRAND SYSTEM

Your brand is more than a logo or tagline. It's the sum of every interaction, impression, and emotion your audience experiences. To win trust and attention in today's fragmented market, your strategy must be intentional, integrated, and insight-driven.

TO WIN TRUST AND ATTENTION IN TODAY'S MARKET:

Start with the Brand Positioning



Craft a Core Story



Design a Full-Funnel Strategy



Bridge Creative and Media



Test and Learn—Across Time Horizons

Clearly define who you are, what you stand for, and why it matters. A strong brand position anchors all creative, messaging, and media decisions. It ensures consistency across the organization and provides direction for both brand building and performance tactics.

Build a narrative that reflects your values, resonates emotionally, and remains consistent across channels. This story becomes the backbone of your marketing ecosystem.

Map the customer journey with both brand and performance goals in mind. Ensure every stage—from awareness to advocacy—reinforces your brand while driving action.

Align storytelling with targeting. Creative and media teams must work in unison to ensure the right message reaches the right audience in the right moment.

Balance short-term performance testing with long-term brand tracking. Optimization shouldn't just happen weekly—it should evolve quarterly and annually as the brand grows.



*Think of it this way: Performance marketing says, “Act now.”
Brand marketing says, “Come with us.” You need both.*

KEY TAKEAWAYS: ACTIONABLE STEPS TO BUILD A BALANCED BRAND STRATEGY



01 Audit Your Mix

Evaluate your current marketing spend. Are you over-indexing on bottom-funnel tactics? Reallocate toward long-term brand-building efforts.

02 Recenter Your Brand Purpose

Clarify your core promise to consumers. Make it culturally relevant, emotionally resonant, and simple enough to unify all marketing touchpoints.

03 Develop a Unified Story

Ensure brand and performance teams are telling the same story—just in different chapters, formats, and places.

04 Create Full-Funnel Journeys

Design customer paths that combine emotional engagement with performance triggers: storytelling at the top, action at the bottom.

05 Measure What Matters

Go beyond ROAS. Track brand health metrics like awareness, NPS, CLV, and Share of Voice. Tie brand equity to business outcomes.

06 Build in Testing and Flexibility

Pilot different 60:40 scenarios across regions or product lines. Use brand lift studies, not just performance dashboards.

07 Find the Right Partner

Work with an agency that understands how to orchestrate both—brand building and performance marketing—under one strategic umbrella.

THE BALANCED APPROACH

At Mindshape, we help growth-minded marketer's design balanced brand and performance strategies that perform today and endure tomorrow.

Let's unlock your brand's full growth potential.

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