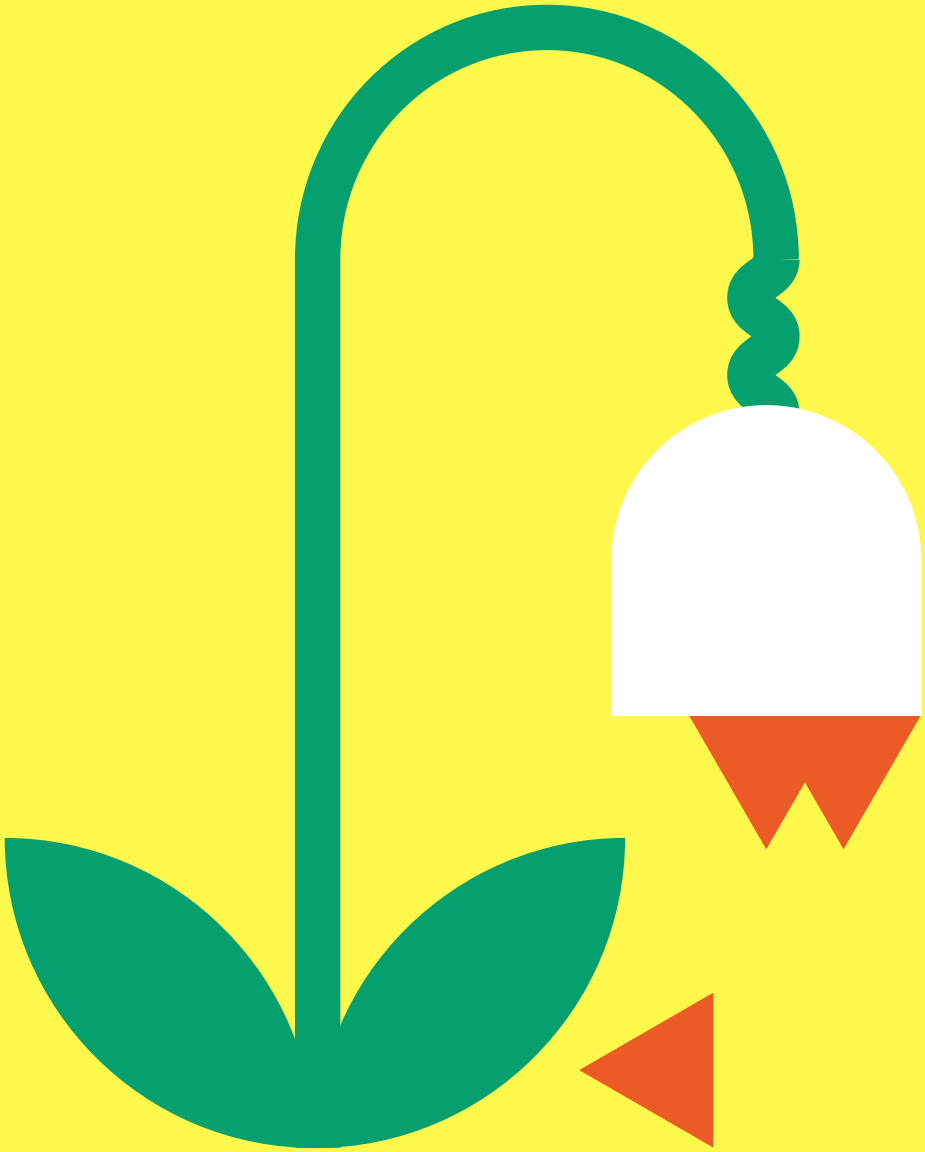
LBD Studio
An award-winning creative practice.

When performance ads don’t perform



Think Tank™

003

There are trends in our industry that rearrange the cushions.

And there are shifts that rearrange the room. The current rebalancing of the marketing mix falls into the latter.

There's an inherent tension between paid performance marketing and brand-led marketing, with brand usually losing out. You want to invest in long-term growth, but like many marketing teams, you've probably grasped performance with both hands.

It's long been revered as the shortest route to acquiring new customers and securing or increasing budget. Clicks, conversions, and sales are direct responses and measurable.

Performance-based metrics based on Cost vs Outcome are boardroom-friendly.

But (and it's a big but), brands have simply become too dependent on discount-driven marketing. Customers are tired of the deluge of ads. Acquisition costs are rising and the return on ad spend is going in the opposite direction.

This next bit might sting a little... the effectiveness of performance ads has halved since 2020.

Data & Marketing Association's Value of Creativity Report 2024 found that "substandard creativity" and too much focus on 'fancy metrics' were among the reasons why.

'The effectiveness of performance ads has halved since 2020.'

Source: Data & Marketing Association

There's a growing realisation that the most effective strategy for striking a better balance is to redirect ad spend back into brand.

Don't just take it from us. Digiday reports that agencies are seeing more requests coming in for brand development as marketers retool to take a more holistic approach. eMarketer found that just over a third (36%) of marketers planned to increase their investment in brand marketing at the turn of 2023, up 13% from 2022. It's not just the big players like ASOS that are recalibrating.

In 2024, Athleisure brand and TikTok viral superstar Halara launched its first brand campaign. This was new territory. The focus wasn't on a specific product, but building a story around the brand. According to global brand president Gabby Hirata, Halara wants to build a lasting brand narrative.

There's an opportunity to create a stronger identity brand image.

Performance marketing isn't everything.

There's a shift underway. The following pages show why.

'What do we really want to show to the world? What do we stand for?'

Gabby Hirata, Halara

36%
(+13% in 12 months)

Put simply, branding leans into places that performance marketing just can't reach.

How do you build a pipeline if you're only in front of the persuadable?

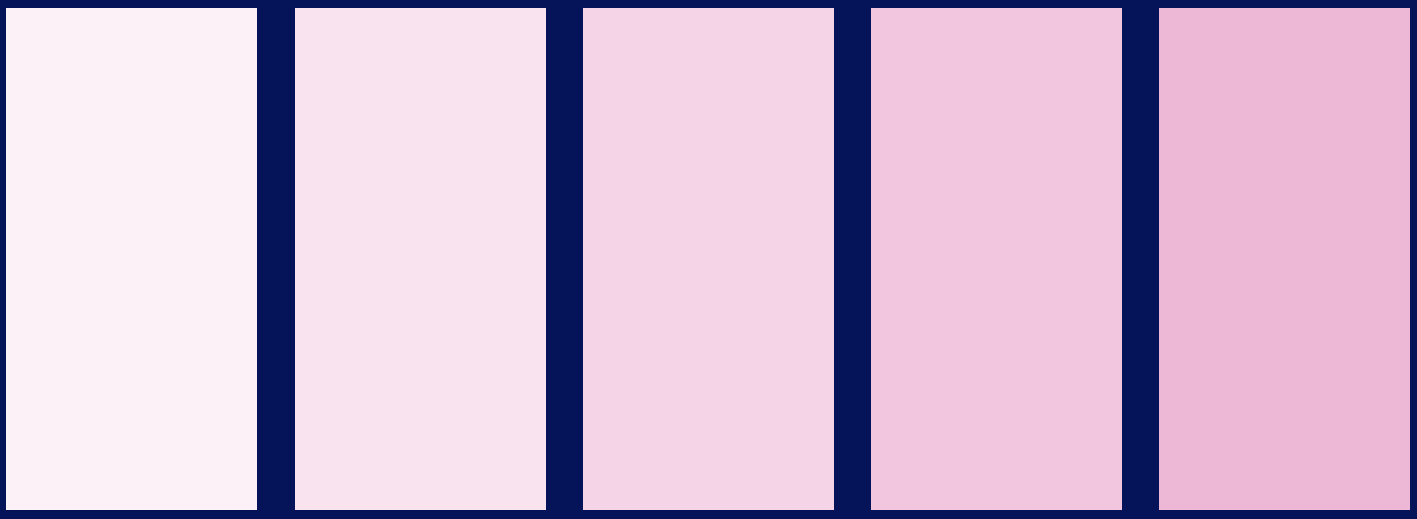
If you work in B2B, are you familiar with Professor John Dawes' 95/5 rule? This isn't a cast iron rule. There's nuance in every business and every sector. But it's a rule of thumb you need to be aware of. Let's recap here on the maths. Business clients change their service provider for banking, legal advice, etc., every five years. In any given year, only around 20% of clients are in the market — and just 5% are in buying mode in any given quarter. The other 95% are out-of-market.

As a marketer, should you solely focus your ads on that tiny pool that are persuadable? Or should you use brand building to reach your future customers — the 95%. They probably don't yet know you exist.

Building awareness and recall helps you make an imprint in the minds of buyers who get to know and trust you over time. Positive perceptions build, and your brand springs to mind when it's time to buy.

If you're overreliant on performance marketing at the expense of brand, you've weakened your ability to influence or change perceptions — the thoughts and feelings associated with your business.

These positive perceptions help build brand equity.



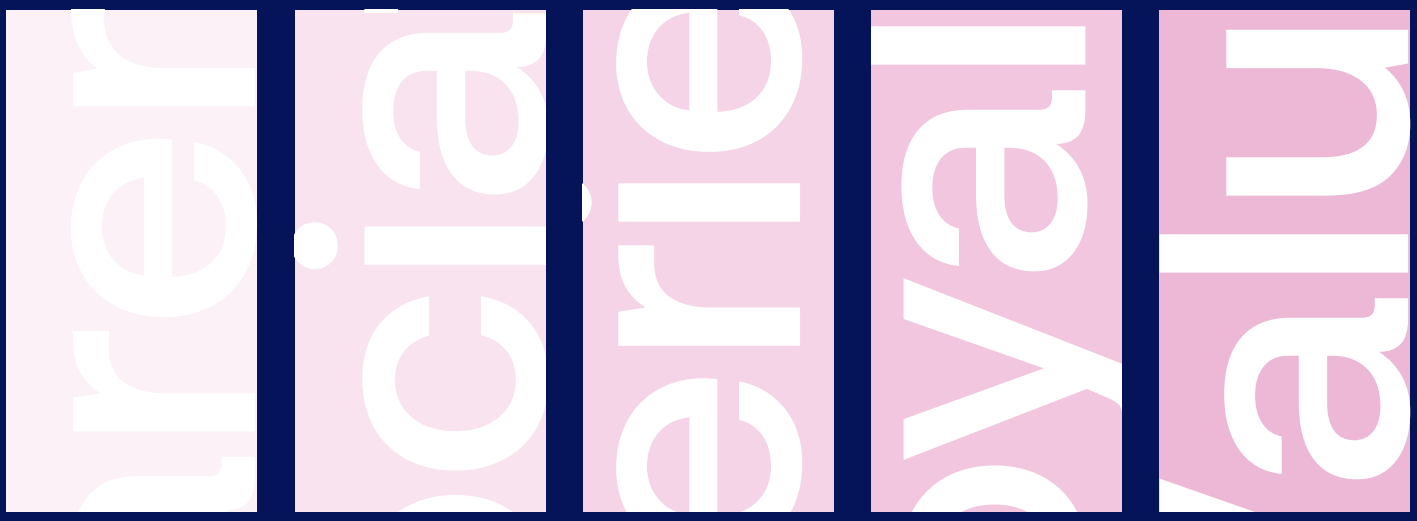
Every good business has brand equity. It's your pulling power — the value customers place on your business based on their perceptions of its quality.

Positive brand equity means elevating your brand in consumers' minds based on a reputation for being the best. You don't need to rely on price or promotions. Your brand-building work and messaging do the heavy lifting to keep you top of mind with consumers and build emotional connections. It gives you sway. Customers are willing to buy your branded product over a cheaper generic alternative.

Brand equity is built on five pillars

1. Awareness
2. Associations
3. Experience
4. Loyalty
5. Value

Misfire and you start losing capital with customers. Put the time, money and effort in and the reward will be worth it. Kantar found that in the two years to 2021, brands with growing equity increased their brand value by 72% compared to just a 20% increase for brands with declining brand equity.

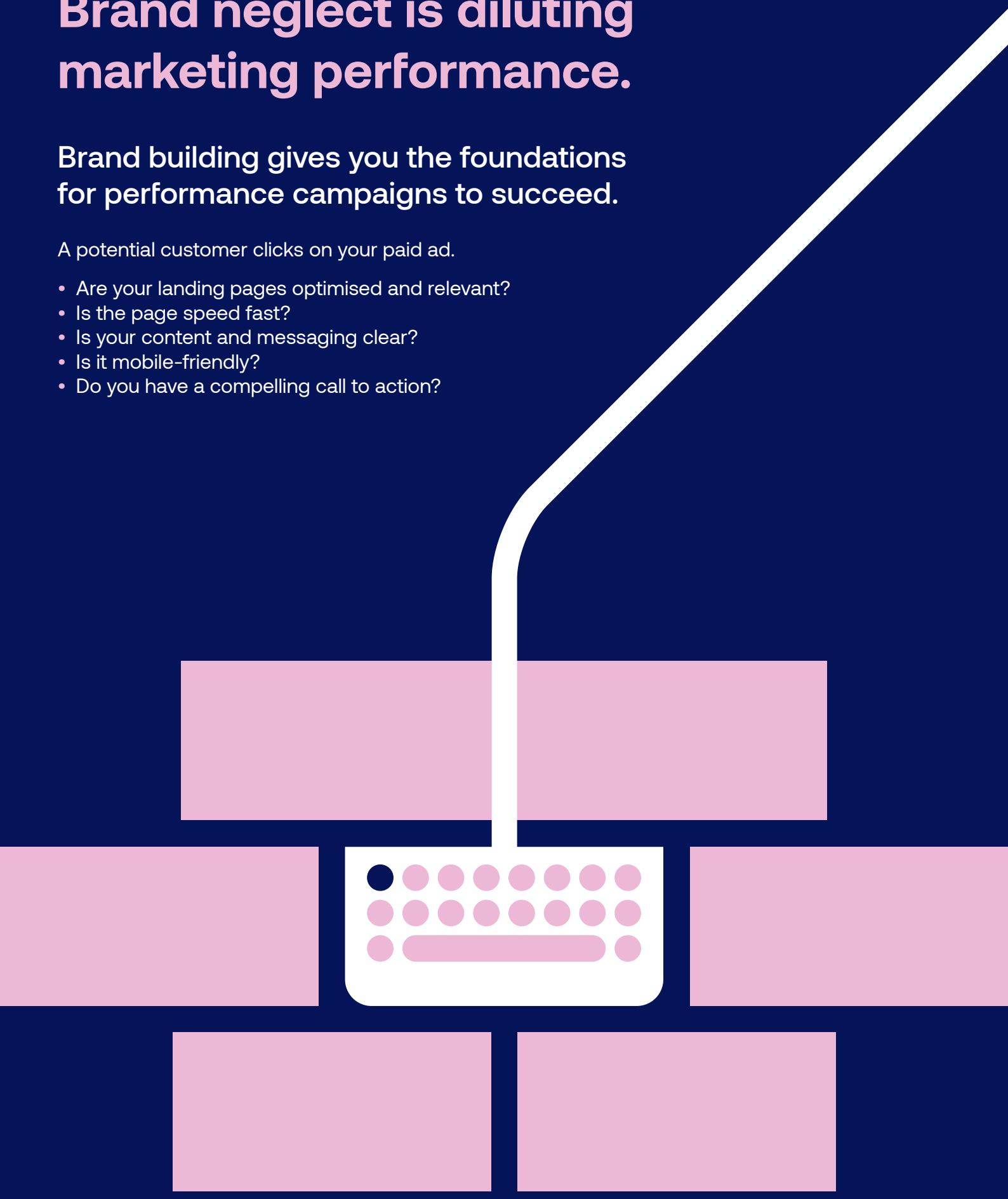


Brand neglect is diluting marketing performance.

Brand building gives you the foundations for performance campaigns to succeed.

A potential customer clicks on your paid ad.

- Are your landing pages optimised and relevant?
- Is the page speed fast?
- Is your content and messaging clear?
- Is it mobile-friendly?
- Do you have a compelling call to action?



Performance marketing alone restricts growth.

If you're heavily invested in performance marketing without brand input, you're almost certainly restricting business growth.

Kantar has run the slide rule over this many times and found that if marketers favour performance over brand, baseline volume sales will steadily weaken. As Kantar states, 'there is inalienable evidence that unbalanced brands won't win in the long term.'

The smart money is on building a stand out brand that wins hearts and minds and makes customers want to choose you next time. Over-reliance on performance marketing (and Google and Meta) is being scaled back.

But there's no dichotomy here. Do both. With a caveat.

Your true brand power is more than visual branding and a great-looking website. It's rooted in the intangible elements like your point of difference, purpose, narrative, culture and more. You can read about the new rules of brand building here.

So... where do you go from here?

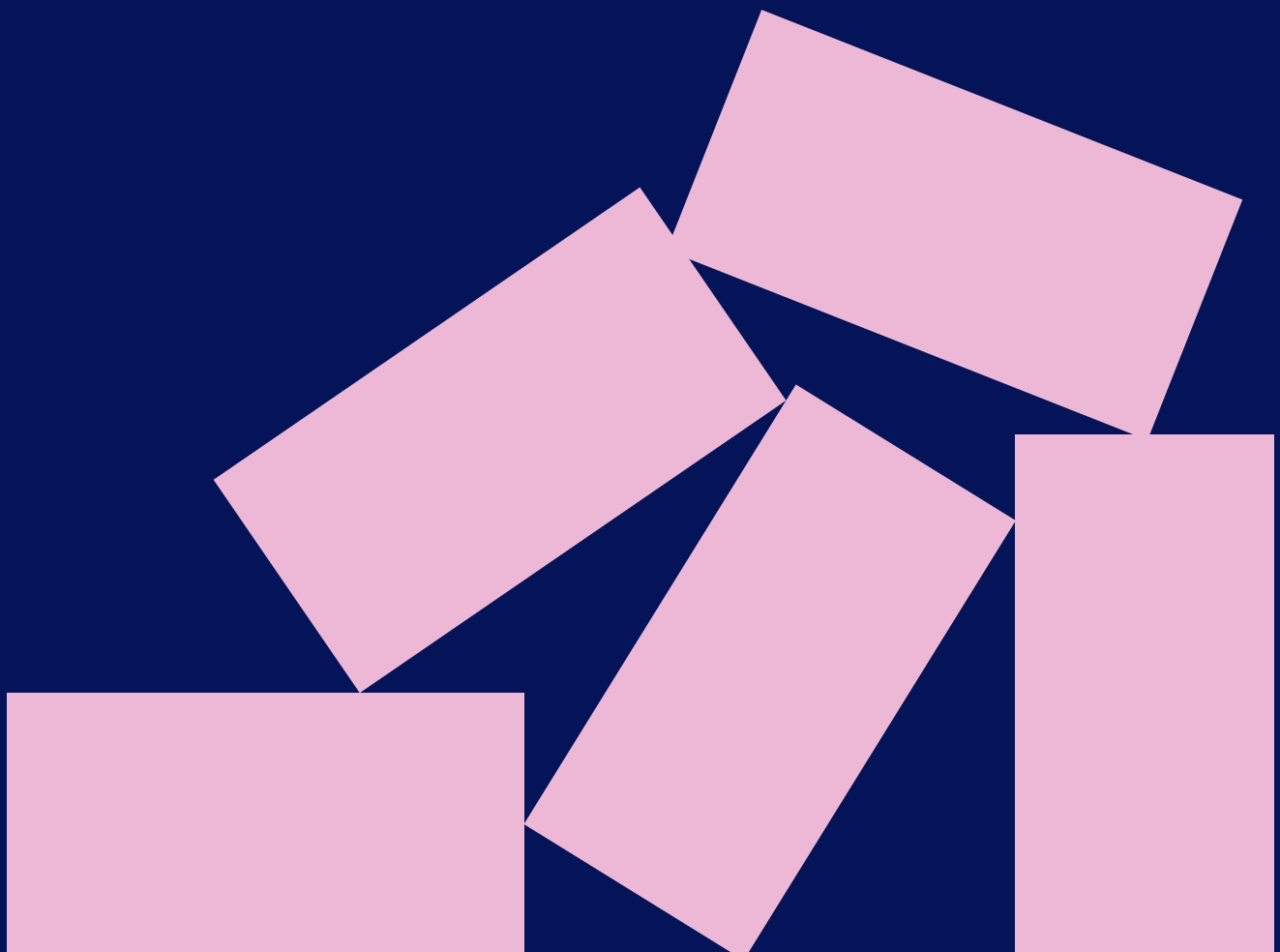
Brand building can be a painful process without proper advice and guidance. And it's very hard to find good people that really 'get it'.

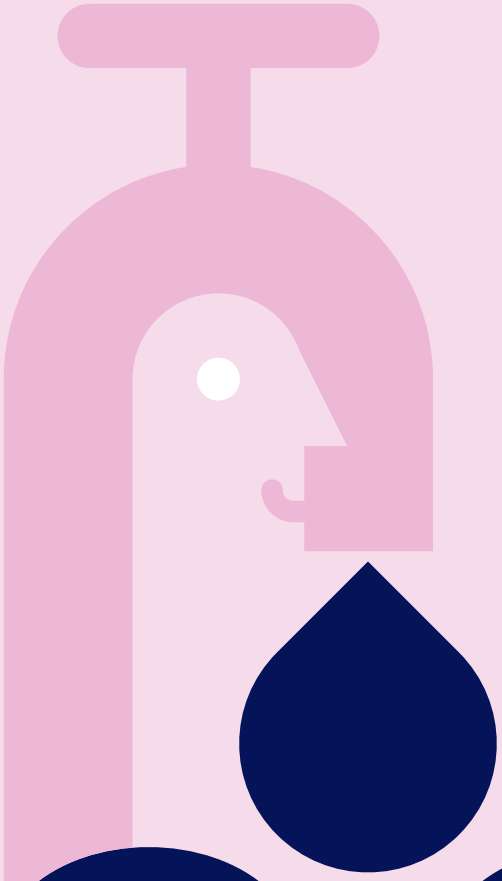
We do. We built LBD Studio to do things differently.

No cookie-cutter creative that your customers or clients barely notice. We work with marketing and comms leads to build brands and experiences that are creatively unique, strategically sound and technically robust.

We could carry on and tell you how brilliant we are. But we're on your journey. Not ours. Let's schedule some time together.

Let's get building!





LBD Studio

We are an award-winning design agency based in Edinburgh, UK. Our work connects business strategy with award-winning creative storytelling to build confidence throughout your brand.

Contact: **Liam Bonar**, Creative Director
liam@lbd.studio or 0131 235 1055.

www.lbd.studio

This report does not constitute legal advice and LBD Studio accepts no responsibility for loss occasioned to any person acting or refraining from acting as a result of material contained in this report.

Published March 2025. All content copyright LBD Studio.