

PROPHET

2022

Brand and Demand Marketing: A Love Story

A GLOBAL RESEARCH REPORT

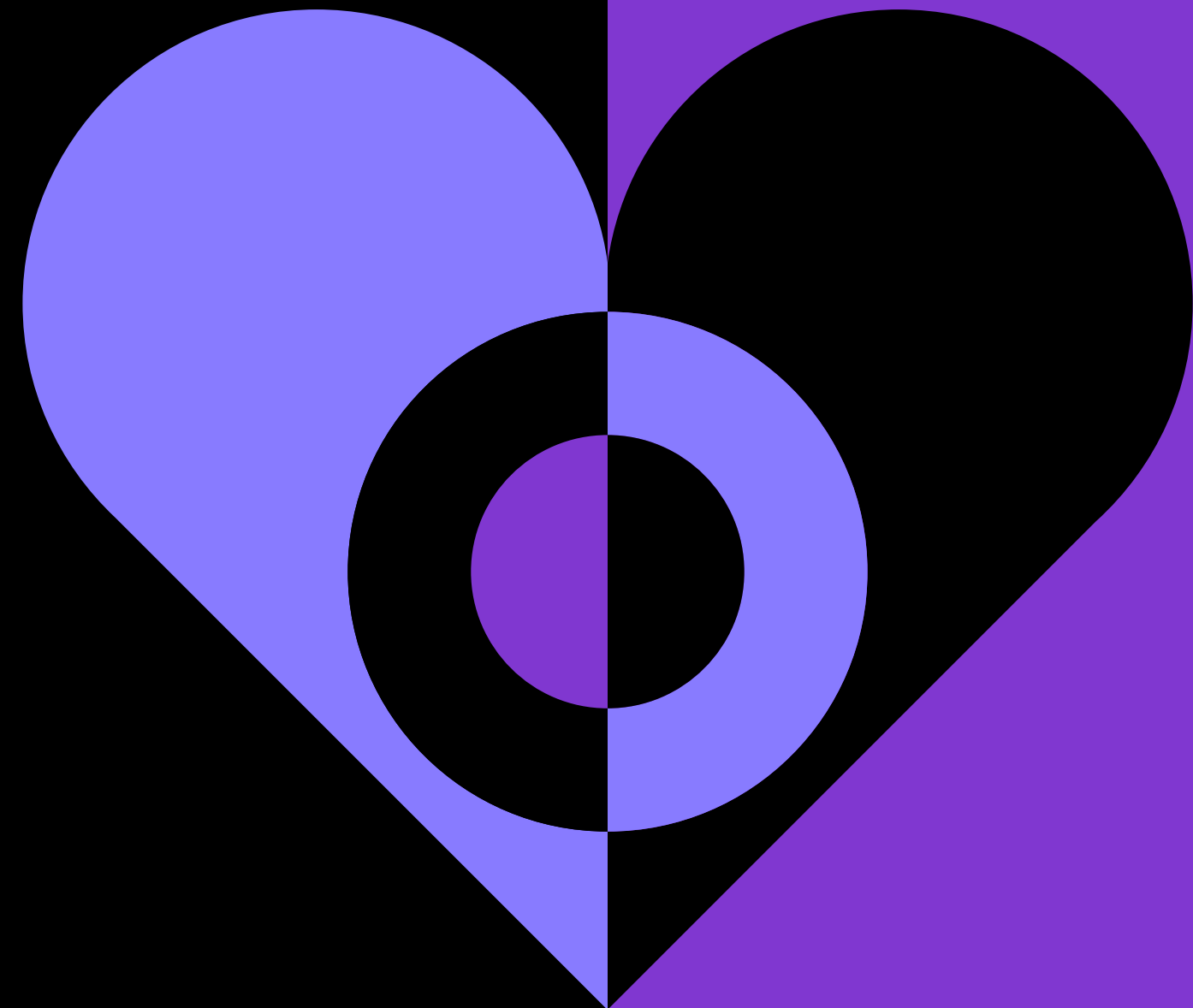


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Introduction

Proliferation of new communication channels, overabundance of customer data and rapidly evolving business models are pushing marketing organizations to create new value across the enterprise. Past decades have focused on product marketing, integrated marketing and digital marketing, which has transformed what marketing can do and the impact it can have. Today, marketing has the opportunity to be a growth engine and revenue driver while delivering exceptional customer experiences.

Still, marketers today are under intense pressure to make every dollar count, prove returns and drive impact. They are asked to deliver more with less, all while customer journeys are becoming increasingly complex, non-linear and personalized. New digital tools and tracking technologies have raised the bar for targeting customers and measuring marketing investment. Essentially, they've rewritten the rules for effective marketing strategy.

As a result, marketers and their partners in finance have been increasingly focused on demand marketing, or marketing with the goal of immediate action or conversion, given its ability to be measured and provide boardroom-ready results. However, experienced marketers also know that brand marketing, efforts to drive awareness and build equity, is still a requirement for long-term effectiveness. Brand needs to be an evergreen priority despite the temptation to prioritize short-term results.

At times, this tension between brand and demand marketing can feel like a fierce divide over which approach drives stronger, more measurable results. This struggle is only amplified by marketing organizations that are structured with two teams—one of brand and another of demand marketers. These teams often plan and invest in silos, further perpetuating this tension.

So, which side is more important? And why? Are the two actually in opposition, or can they live in harmony? And if so, what would that look like?

“One of the big barriers is how we are structured. There are the performance people and the brand people, and that gets in the way of doing what we need to do.”

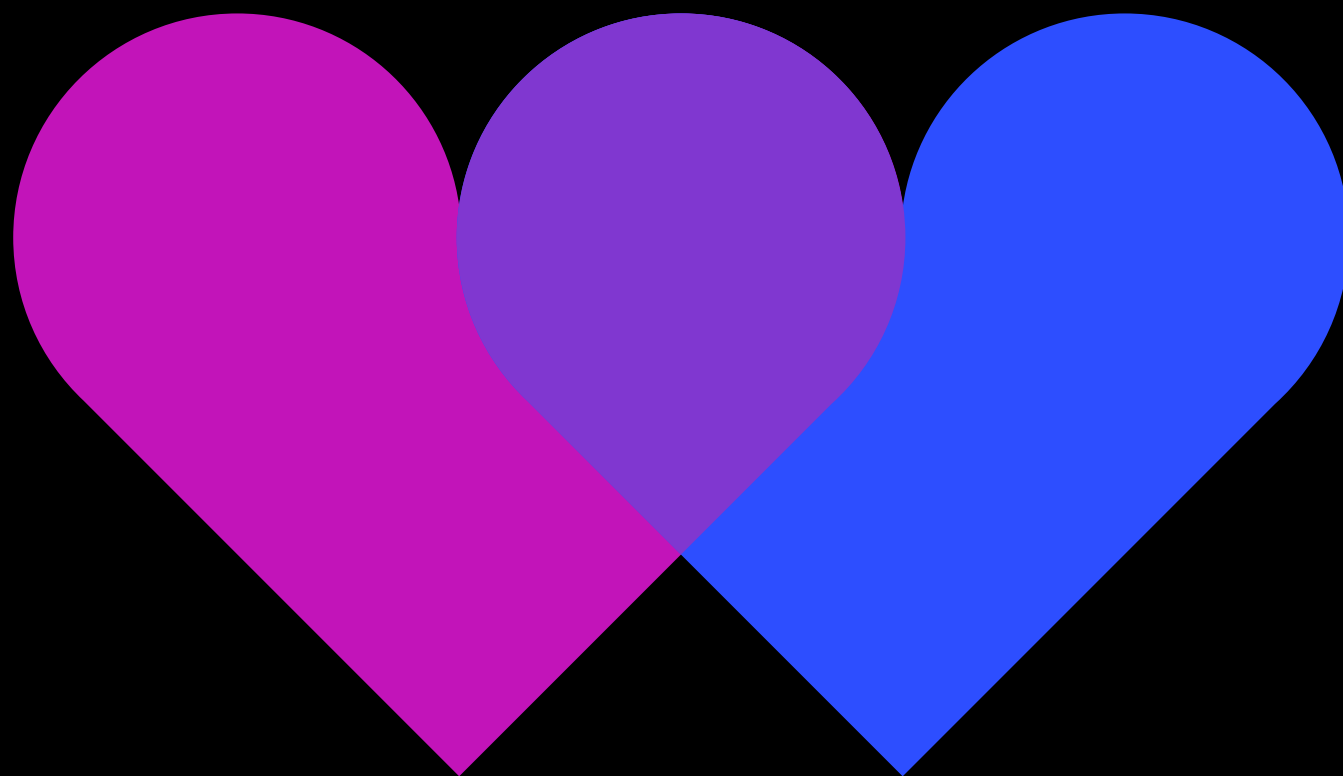
Jennifer Warren

Vice President, Global Brand Marketing
Indeed.com

Summary of Key Findings

Our research uncovers that the most successful marketers aren't forcing their organizations to pick between brand or demand. Instead, successful marketers establish a clear understanding of how the two tactics support and coordinate to deliver on shared outcomes. They also have unique operating models and capabilities to put the customer at the center and maximize experimentation—all in service of hitting their business objectives.

This is similar to maintaining successful personal relationships, which require support, collaboration and working together toward shared goals. Brand and demand do not have to be in opposition to each other. Instead, we believe this is a love story...a story about the ultimate power couple that can drive business performance and results, together.



Who We Spoke To

Prophet went directly to marketers to understand how they think about the relationship between brand and demand. We first explored the topic through interviews with 10 senior marketing leaders. We then took our learnings and hypotheses from those conversations and fielded a survey with 500+ global marketing and advertising professionals to further understand how they are thinking about the topic—and what separates those that are using brand and demand to successfully fuel business results.

10

senior marketing
leaders interviewed

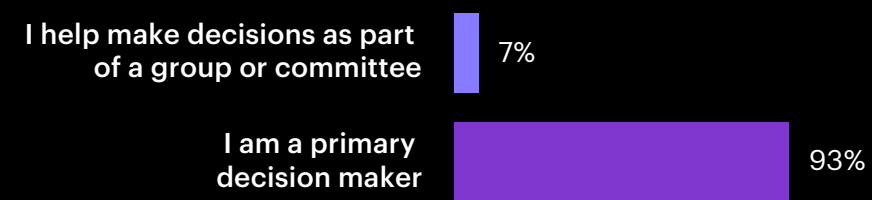
We included traditional marketers and agency advertisers in B2B and B2C industries. Respondents also needed to spend a minimum of \$1 million annually and have more than five years of experience. With 93% of respondents acting as the primary decision maker for their organization’s marketing investment strategy, the results represent seasoned marketers with sizable spend and leadership influence. We measured “business success” using a seven-point scale, gauging how well they feel their business was meeting its defined business objectives.

500+

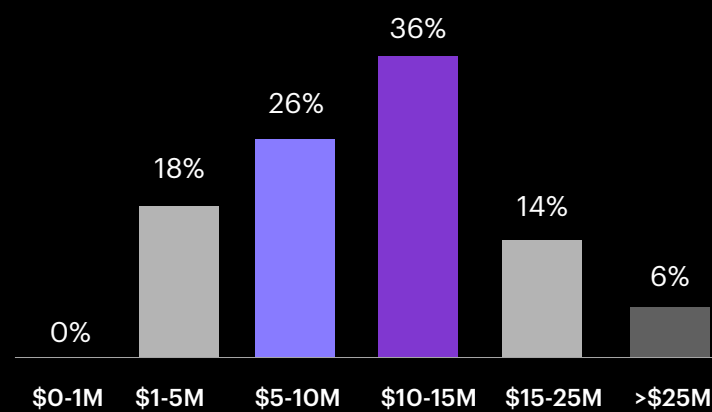
senior marketing
leaders interviewed

Methodology

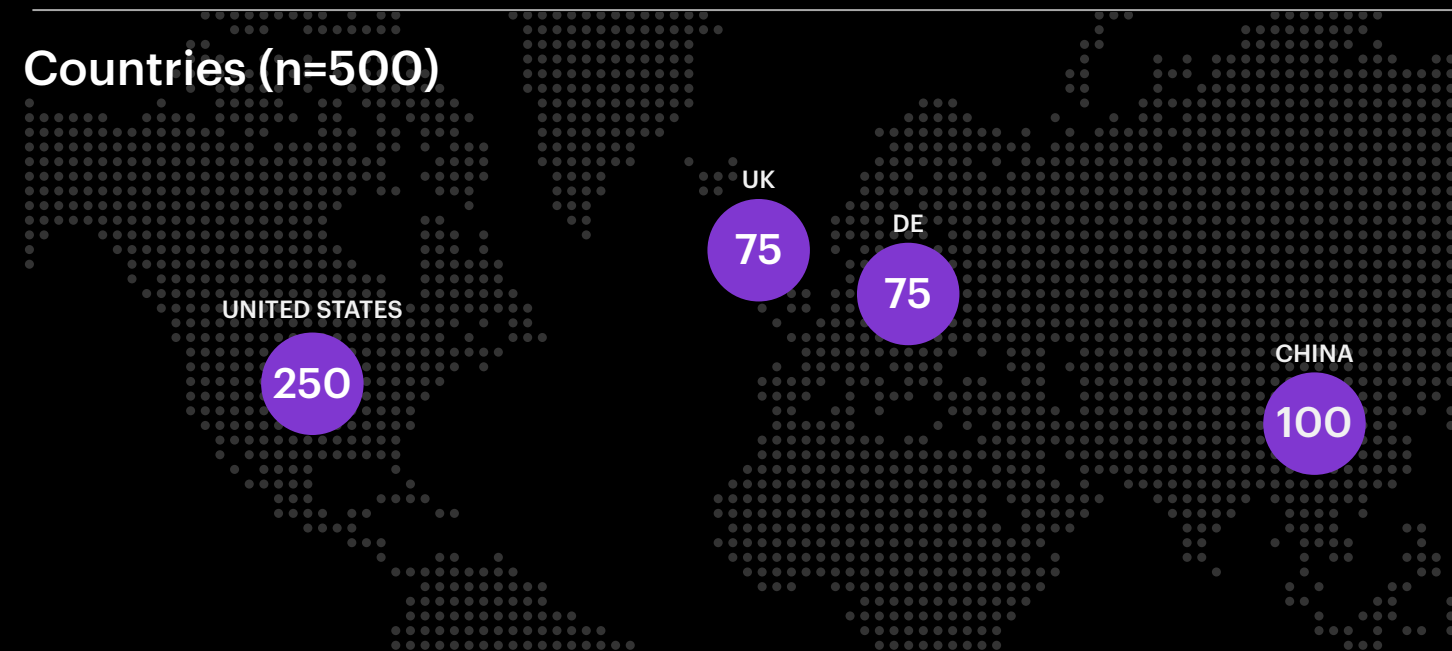
Ad Decision Influence



Annual Ad Spend



Countries (n=500)

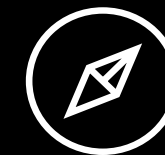


Top Industries Represented

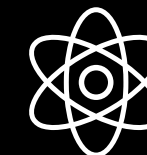


Four Guiding Principles of Brand and Demand Marketing

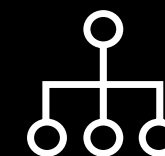
We wanted to know how the most effective organizations balance brand and demand, and uncover the factors influencing investment decisions and operating model set up. We also looked for ways the best marketers measure success of brand and demand. We found that the most effective marketers follow these four principles.



Anchor Marketing Investment in Business Objectives



Marketers That Experiment Win



Build an Agile, Modern Marketing Organization



Put the Customer at the Center



Anchor Marketing Investment in Business Objectives

Marketing objectives identified during the annual planning cycle often drive the decision to focus on brand or demand marketing. And what we found is that these marketing objectives and the business priorities they support need to be clearly linked. Our conversations with senior marketing executives reinforce the value of connecting marketing's investment to key business performance indicators. This makes a more compelling case for action and for reporting progress in terms of value versus oblique marketing metrics. Put simply: The board doesn't want to hear about clicks.

“Your job as a marketer is explaining what the impact to the business will be if we shut down brand or demand marketing. Marketers can get spiritually exhausted explaining value to the business... We look at pipeline and shadow metrics to connect back to our business agenda.”

Portia Mount
Vice President of Marketing
Trane Technologies

Marketing Objectives Linked to Business Success (% selected)



Our quantitative research reinforced these findings. Marketers that say they work for successful businesses are more likely to cite “customer lifetime value,” “improving brand loyalty” and “enhancing brand trust” as marketing objectives. Marketers at less successful businesses are more likely to focus on “creating a seamless customer experience,” “enhancing digital marketing support” and “coordination with channel partners” as objectives. While the latter are noble goals, they are less growth oriented and trickier to connect to business outcomes.

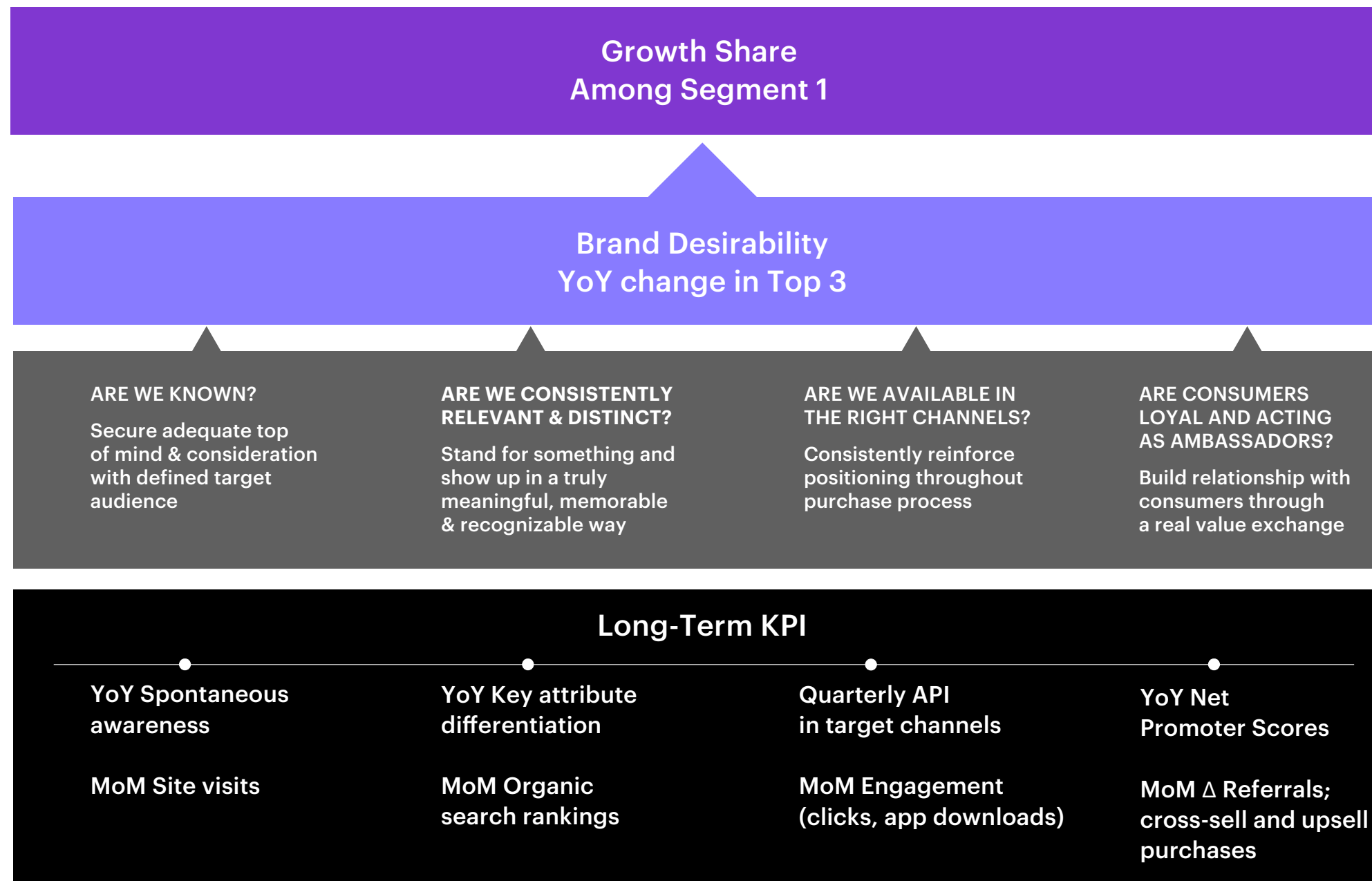
Elevating marketing objectives such as “customer lifetime value” that can connect back to and quantify impact on the business lead to more successful outcomes for marketers.

These shared outcomes become beacons for brand and demand marketers to coordinate activities to reach a common measurable goal.

Our research also finds that marketers are stretched across a wide range of marketing objectives. However, marketers may be able to simplify and organize their marketing spend by focusing on fewer key objectives. Using a factor analysis, we find that marketing executives should focus on:

Awareness, Perceptions, Partnership, Sales, and Lifetime Value.

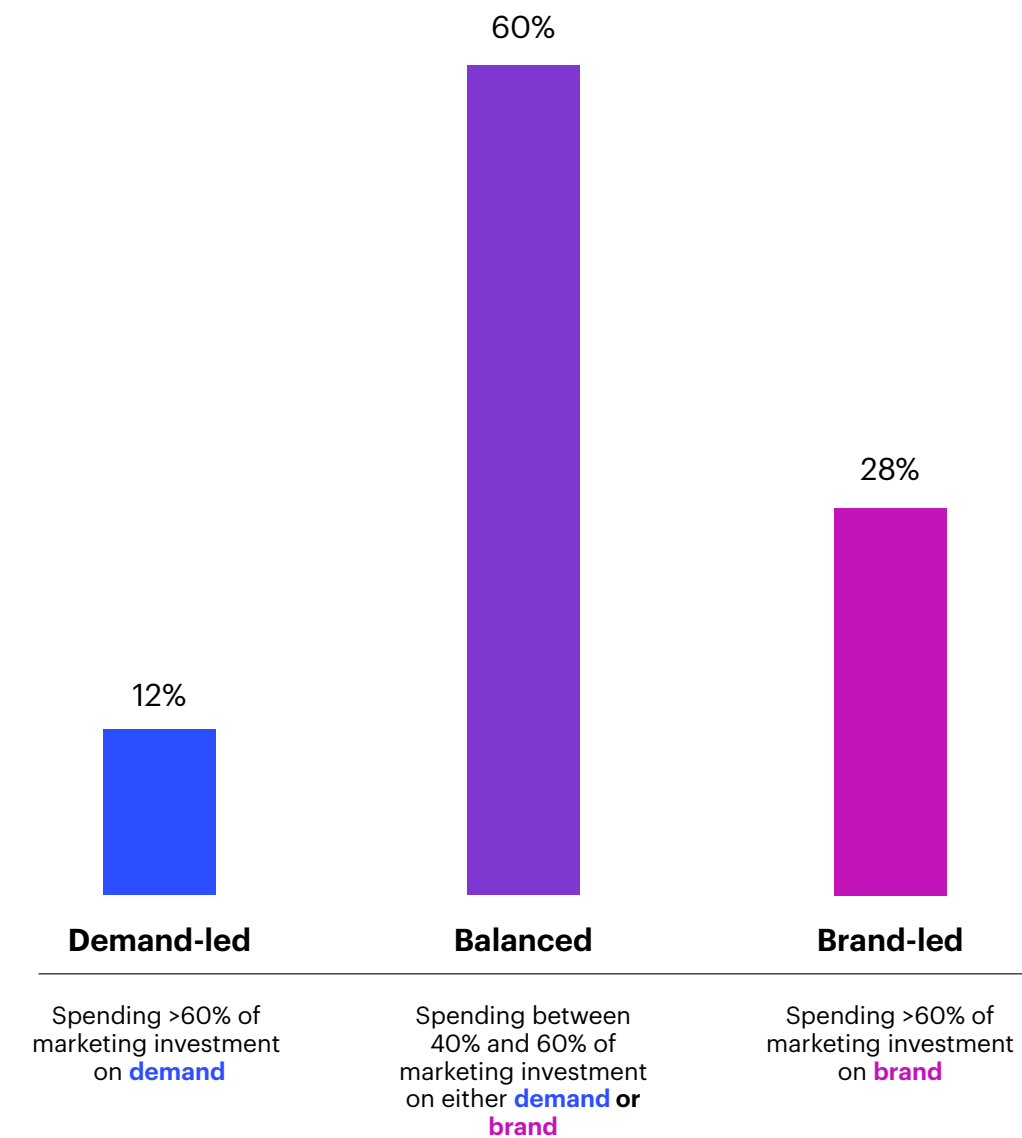
Creating a system that connects marketing objectives to business outcomes can help create enterprise-wide buy-in for the marketing agenda:



The Majority of Marketers Have a “Balanced” Approach to Brand and Demand

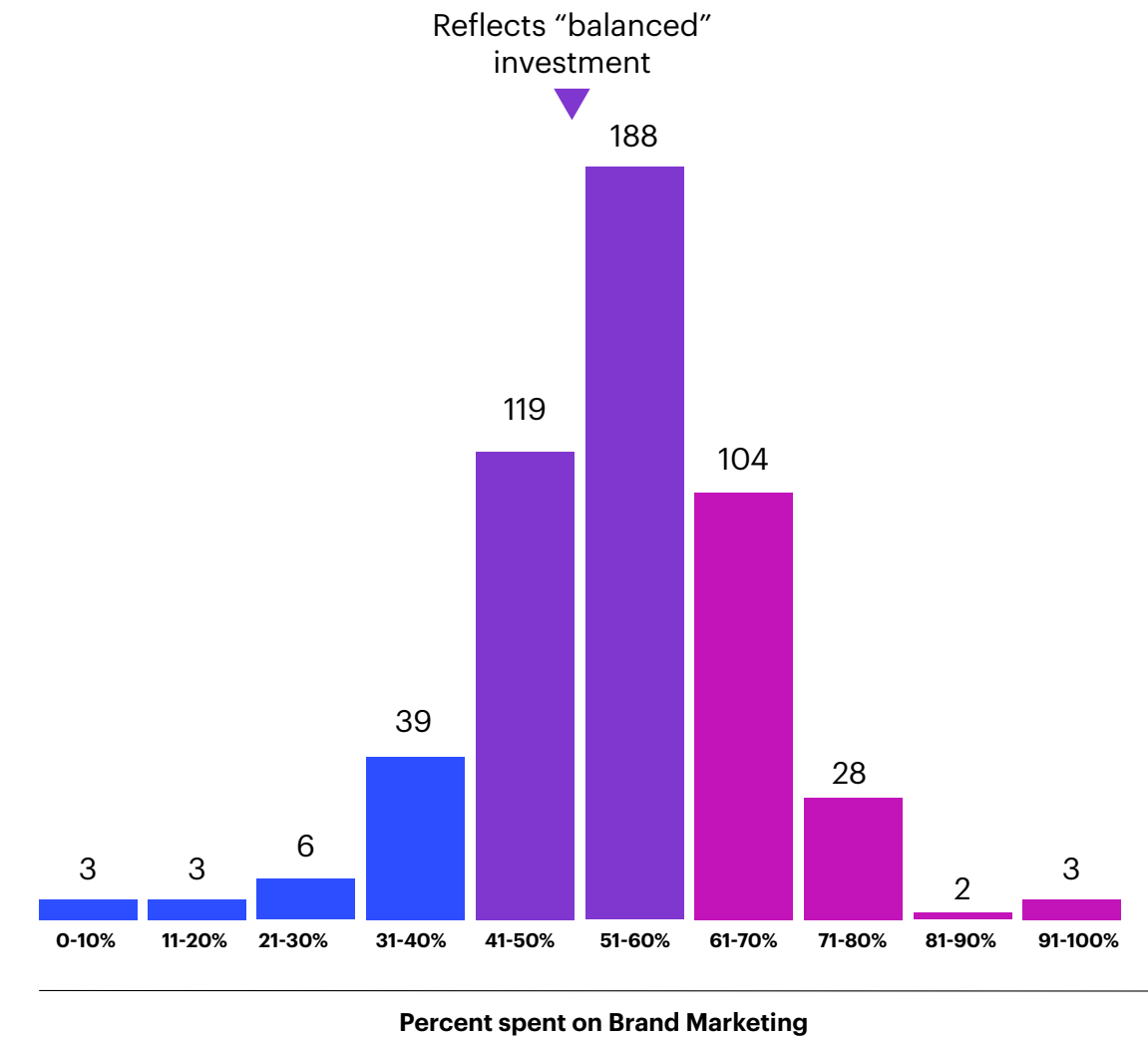
Annual Marketing Investment (Brand vs Demand)

Q: Please indicate how much investment is aimed at brand and demand by allocating a percentage 0-100%



A Closer Look: Brand Marketing Investment

Q: Please indicate how much investment is aimed at brand and demand by allocating a percentage 0-100% (results show brand only response)

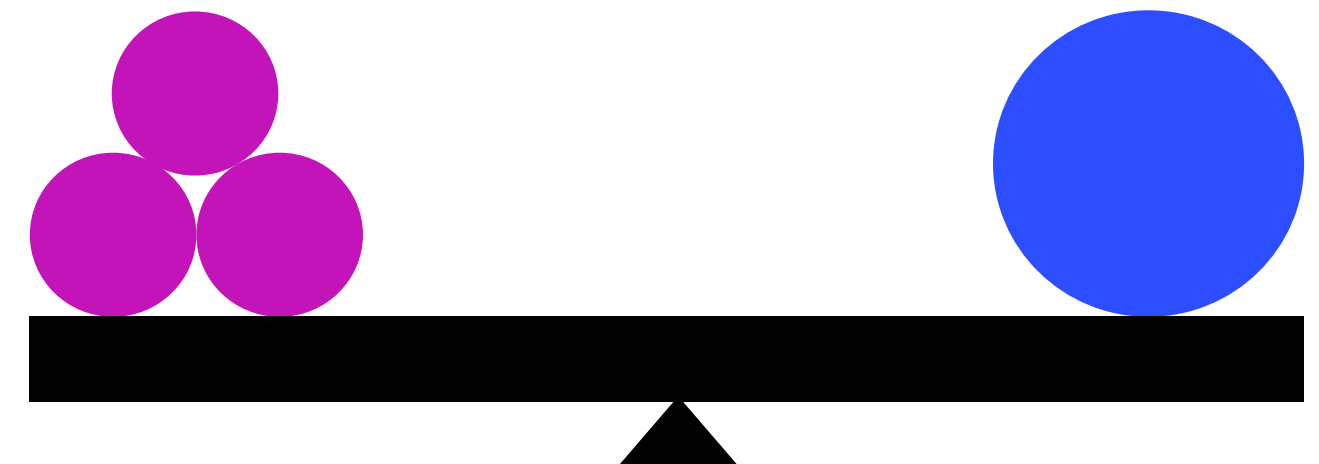


Balance and focus are also key in channel selection. Our research did not find that channels traditionally considered as brand-oriented (e.g., out of home), or demand-oriented (e.g., paid search), are heavily skewed toward brand or demand in terms of marketing spend. Nearly all channels are used evenly for brand and demand marketing. It's their orchestration that can often define their effectiveness.

For a large U.S. financial services provider that sought to quickly build its brand awareness and drive demand among new customers, a heavy digital display, video and social media buy was supplemented by pulsing broadcast TV,

direct mail and even local newspapers. It intentionally designed a cohesive and seamless handoff from brand-building awareness advertising to direct response units, based on need states. Additionally, it optimized paid social media ads, making it easier for customer experience teams to enable quotes and improve qualified leads. Within 18 months, the company earned a 30% gain in aided brand awareness, 100% or more improvements on each of five key equity measures, 74% increase in website traffic and 350%+ in new leads compared to the previous year. The coordinated effort, sustained over several quarters, worked by delivering measurable results.

While there may be a tendency to connect brand and demand marketing to specific channels, there is an opportunity to use the channel ecosystem more holistically to achieve key marketing objectives. We also see a growing trend in cross-channel coordination aligned to customer segments and business objectives versus teams focused on channel-centered optimization.



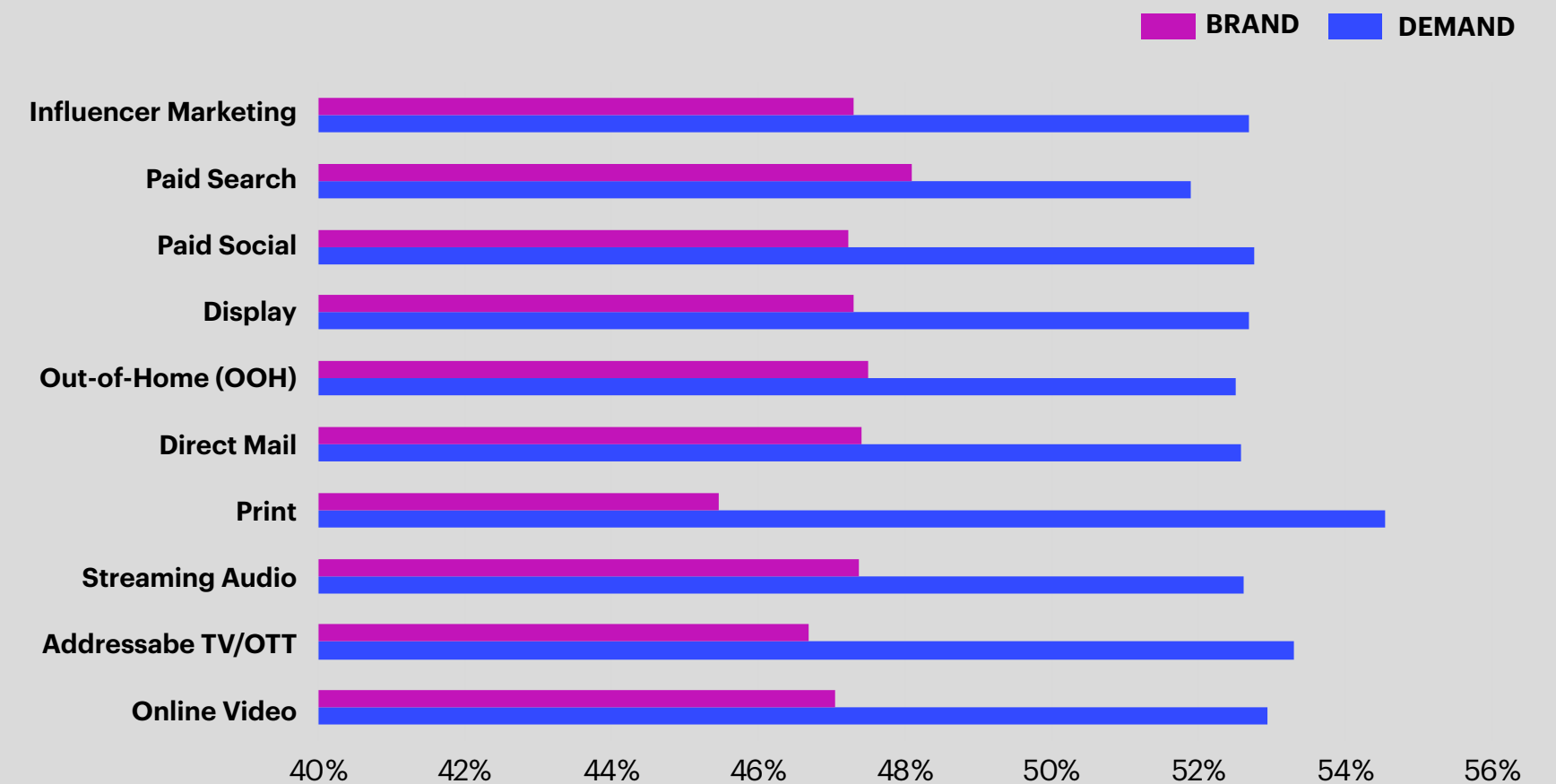
Most marketers know that traditional marketing channels are not dead, despite the popular narrative to the contrary. Marketers who strongly agree that their businesses meet defined business goals are, in fact, less likely to use digital display advertising than marketers businesses who see their companies as less successful.

Successful marketers are also slightly more likely to use direct mail than they are to use display as a channel.

While there may be a tendency to connect brand and demand marketing to specific channels, there is an opportunity to use the channel ecosystem more holistically to achieve key marketing objectives. We also see a growing trend in cross-channel coordination aligned to customer segments and business objectives versus teams focused on channel-centered optimization.

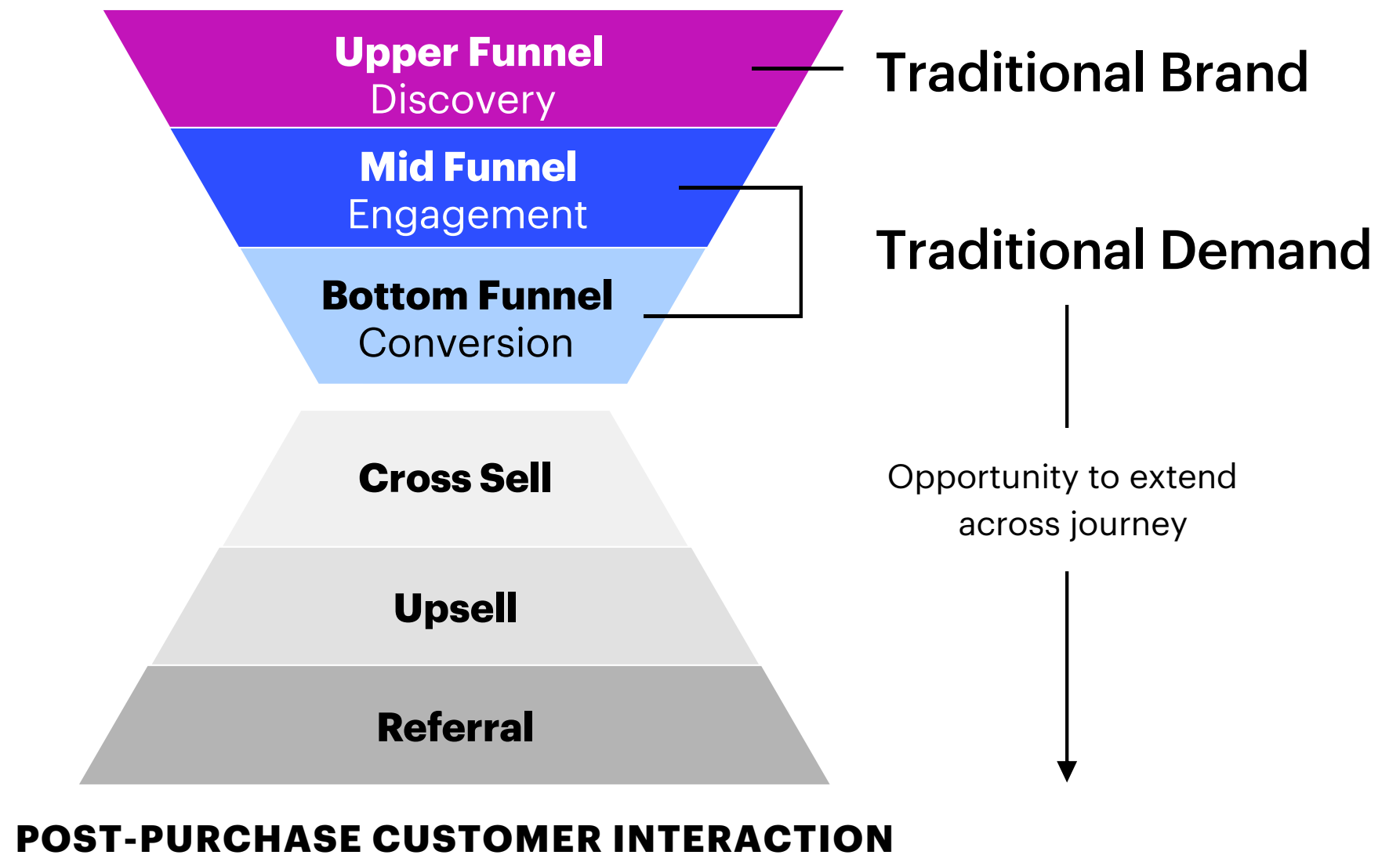
Marketing channels continue to evolve in how they're used - and how they can be used together to achieve key marketing objectives

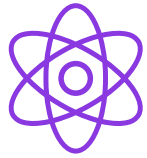
Q: When deciding where to allocate media budget, how much do you allocate across each?



Marketers are beginning to think beyond the funnel to achieve better outcomes in increasingly non-linear customer journeys and touchpoints

The marketing funnel assumes customers follow a linear journey, and often misses reaching customers at critical moments. To drive strong brand relationships, we must embed brand and demand principles at every marketing touchpoint.





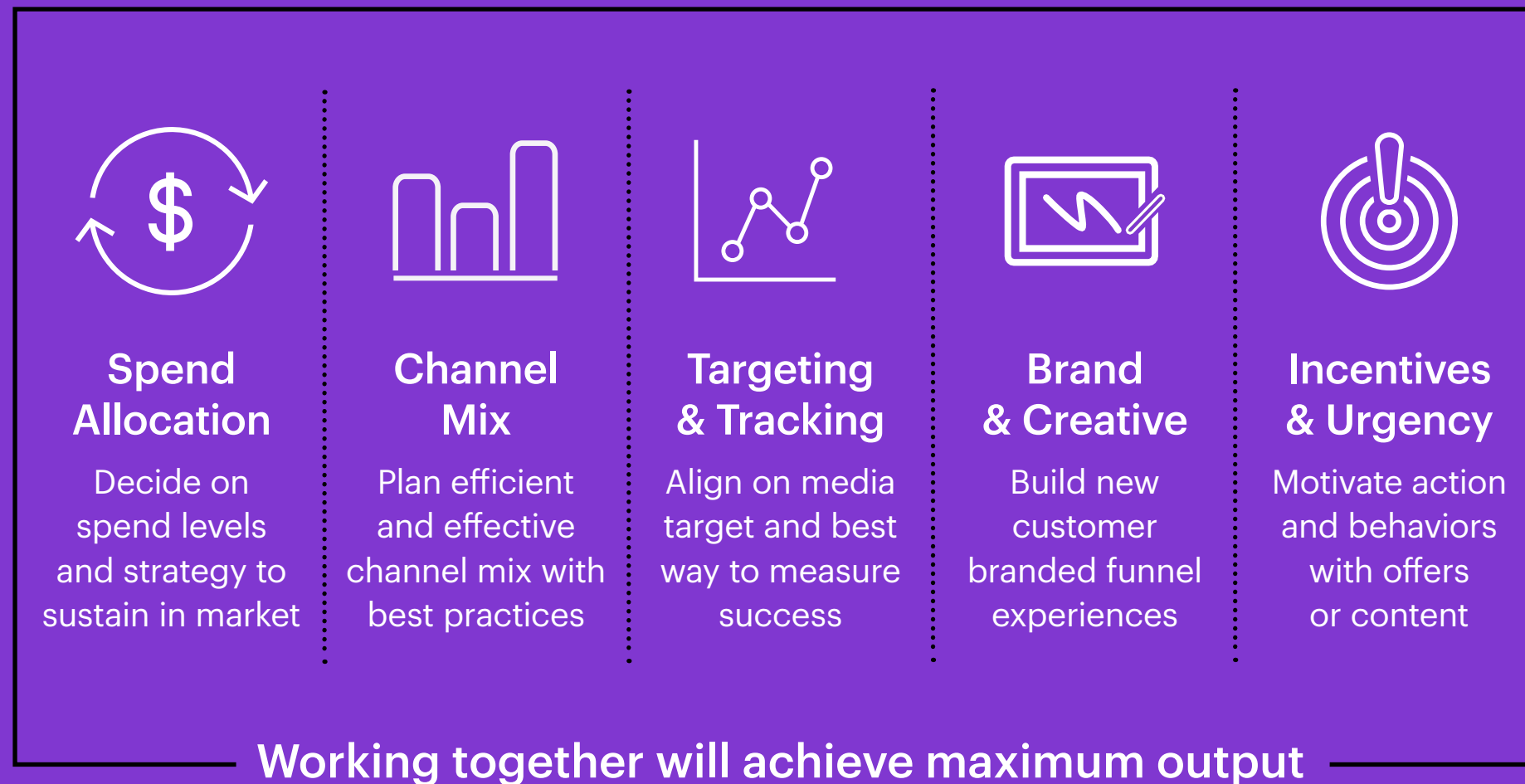
Marketers That Experiment Win

Focus and connection to business outcomes are essential to success, but marketers are no longer able to follow the same playbook year after year. The leaders we spoke to talked about the importance of agile test-and-learn approaches that help ensure they are optimizing results. They integrate the planning process to include both brand and demand functions so they can make more holistic and thoughtful bets.

“I like to think of my marketing investment like a financial portfolio. I make sure we are invested in bonds that will deliver returns in a predictable manner year-over-year and then I like to think about how we can take on new risk. We should think of our spend as a portfolio of risk deployment.”

Marissa Jarratt
Chief Marketing Officer
7-Eleven

Levers for Marketing Experimentation



In our survey, the most successful marketers are more likely to cite strategic experimentation as the predominant force guiding investment decisions. This goes beyond performance marketing and automatic optimization of digital campaigns. Experimentation, or a “learning agenda” as some marketers dub it, can take many forms. Companies with distinct brand and demand goals can categorize their experimentation levers around spend allocation, channel mix, targeting and tracking, brand and creative, incentive and urgency.

Taking an experimental approach suggests that shifting between brand and demand in a calculated way can be more advantageous than static, historical results-based approaches.

Measurement with both lagging and leading indicators is key in a test-and-learn environment:

Combining both leading and lagging indicators allows brands to predict both financial outcomes and consumer behaviors based on early responses, allowing them to course correct to achieve our business goals, if needed.

LEADING INDICATORS

Highly responsive measures of day-to-day activities and predictive of future outcomes (e.g., # of ad impressions will lead to increased brand awareness)

● EMPLOYEE ENGAGEMENT

Measure the impact of employee engagement on consumer behaviors and business performance

● BRAND PERCEPTIONS

Measures brand performance on key measures of brand equity

● MEDIA PERFORMANCE

Measures overall effectiveness of advertising and marketing media mix

● CUSTOMER TOUCHPOINTS

Measures overall effectiveness of touchpoints in driving key customer behaviors

LAGGING INDICATORS

Overall measures best used to assess impact because they follow a pattern or trend (e.g., an increase in brand awareness will result in higher total ANP)

■ FINANCIAL OUTCOMES

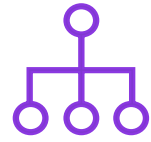
Performance on short-term financial metrics that reflect a business's near-term success

■ CUSTOMER BEHAVIORS

Performance on both stated and actual measures of consumer behavior

■ BRAND RELATIONSHIP

Performance on customer engagement metrics like NPS

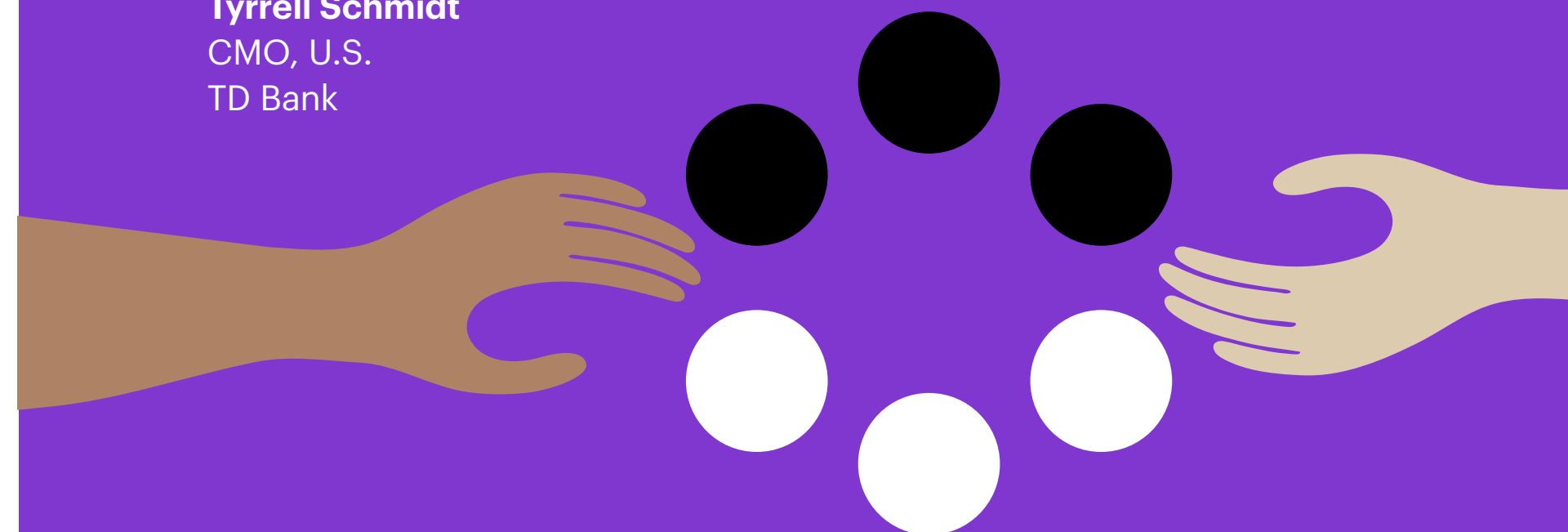


Build an Agile, Modern Marketing Organization

Creating the right team, operating model and planning function can transform a marketing organization from static and siloed to agile and integrated. In fact, marketers at successful businesses cite the organization's capabilities as a top driver of business outcomes. These companies are also more likely to work with agency partners, leveraging specialized talent to get the job done.

“The transition our organization needs to make is from a siloed, linear approach to a more agile, ‘brains in room’ format. We want to build a structure that puts the customer at the center... We also need an agency that’s really pushing us.”

Tyrrell Schmidt
CMO, U.S.
TD Bank



“This work with Prophet pushed us to think differently about our structure and what would serve us best, short- and long-term. It led to greater synergy and efficiency across our growing marketing program. And it did so in ways that benefit our teams, brand partners and ultimately our guests.”

Karla Davis

Vice President of Marketing
Ulta Beauty

Growing trends include building centralized teams to synthesize market insights, developing integrated go-to-market plans, creating or managing assets, and developing strategies (if not directly managing) digital channels. At the same time, they’re establishing linkages between enterprise or corporate teams, where brands are often managed, and the business and product teams accountable for demand.

From our experience with Ulta Beauty, the national beauty retailer, we know shifting to a more customer and business outcome focused marketing approach requires stronger collaboration across teams. The company developed a marketing operations capability to track, report, prioritize and redeploy resources in a more agile way to maintain focus on customer and business needs.



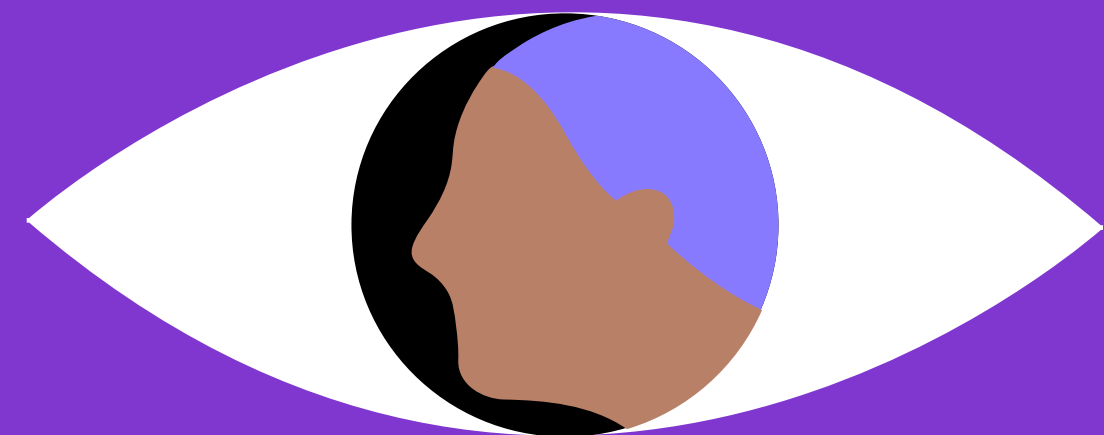
Put the Customer at the Center

We believe a deep understanding of the customer is what can help brands build relentless relevance and fuel uncommon growth. Senior leaders echoed this, stressing the value of deeply knowing their audience.

Jarratt, 7-Eleven's CMO, offers the example of how social immersion led to identifying a growing trend, with customers posting photos of their cars in 7-Eleven parking lots. That insight helped inform a new marketing campaign and brand experience, infused with similar images.

“Customers are telling us something that they believe about themselves and their relationship with 7-Eleven... and those are the insights we need to drive the business forward.”

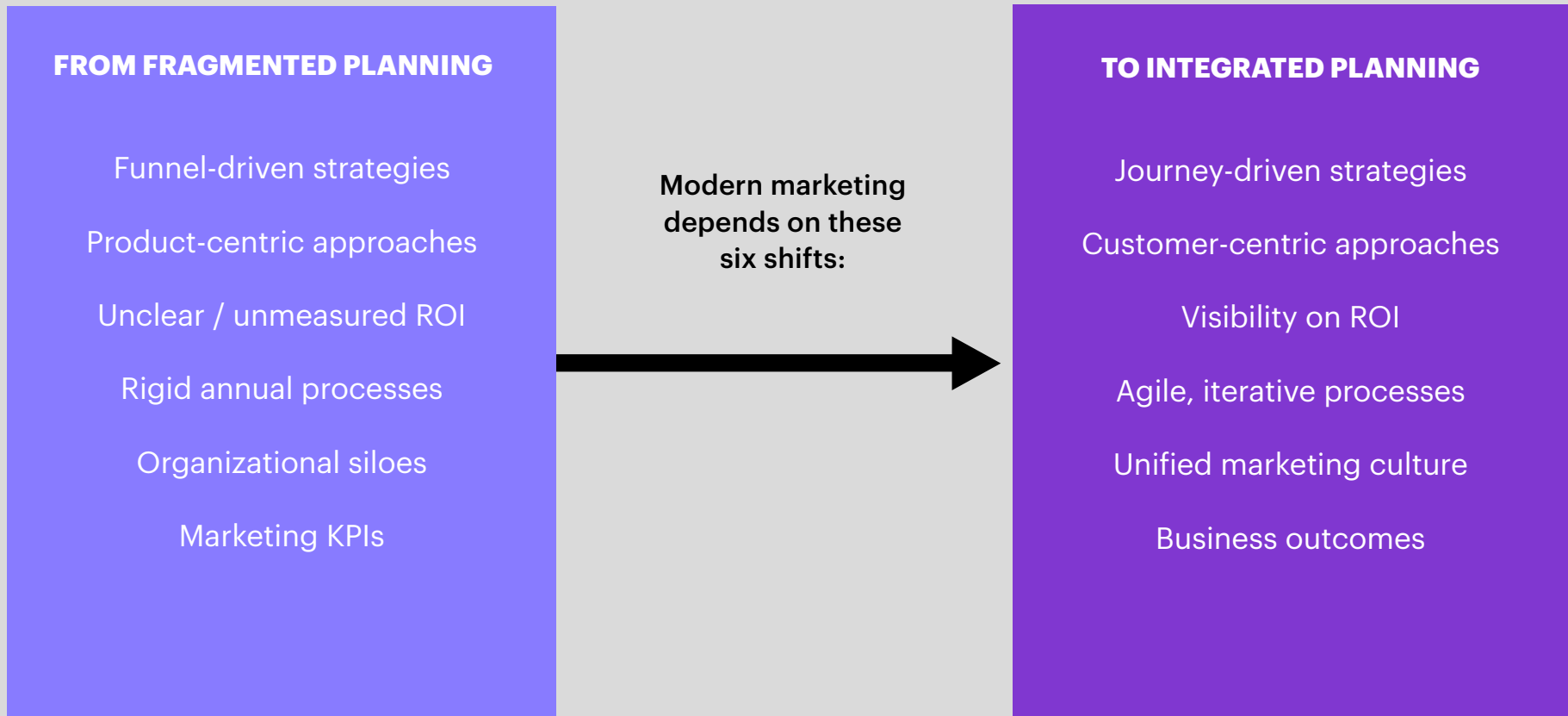
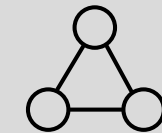
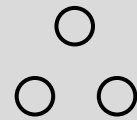
Marissa Jarratt
Chief Marketing Officer
7-Eleven



Brand and demand are both key ingredients to a successful marketing strategy. However, focusing on “one versus the other” misses the point. Organizations must be set up in an agile, integrated way to think holistically about how they can support priority business outcomes. With a bent toward experimentation, marketers can successfully balance the two to meet short and long-term needs.

To modernize the integrated marketing planning function, organizations must leverage agile ways of working that converge stakeholder interests on a more unified vision and target-state customer outcomes.

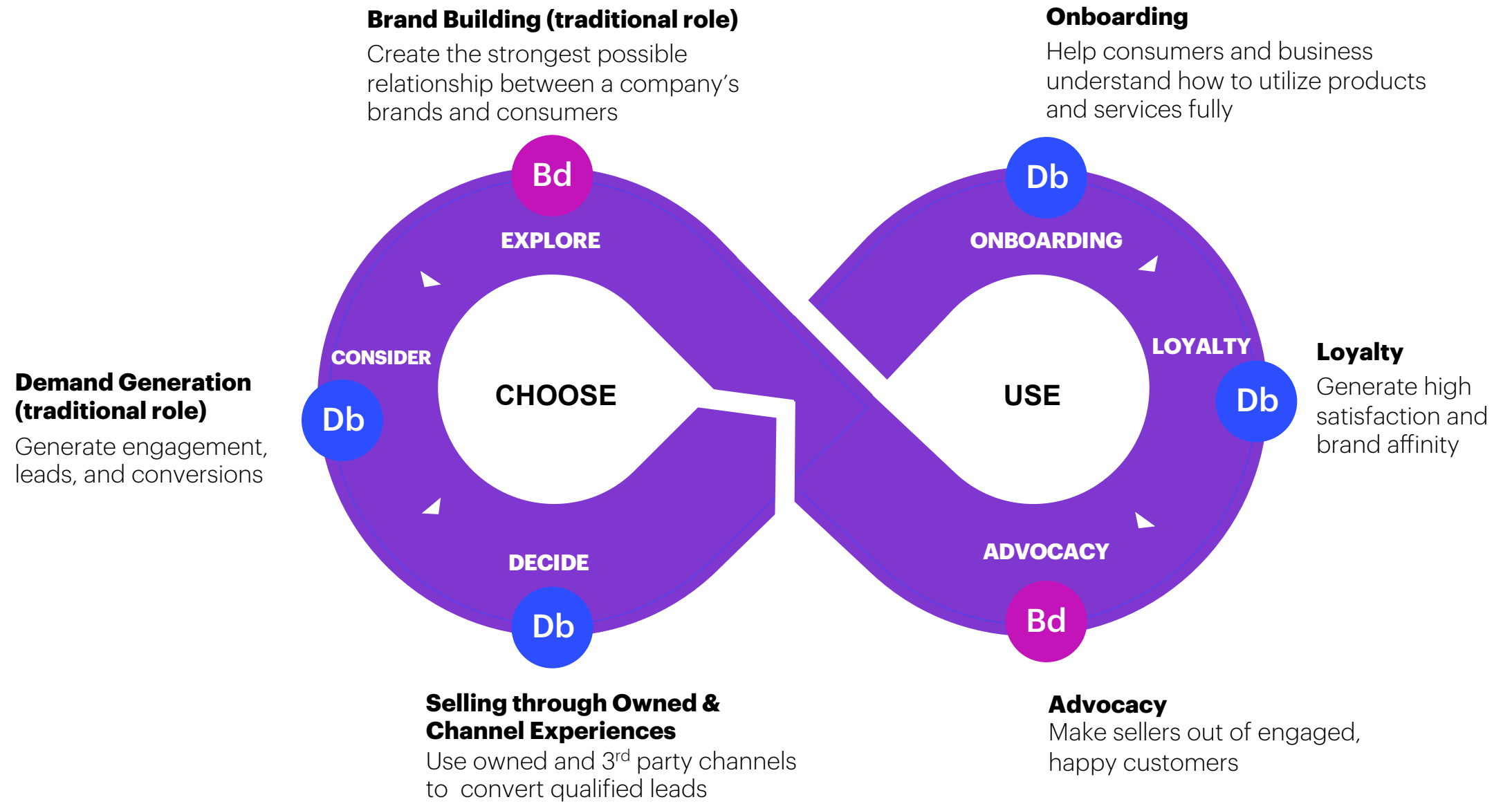
The Opportunity:



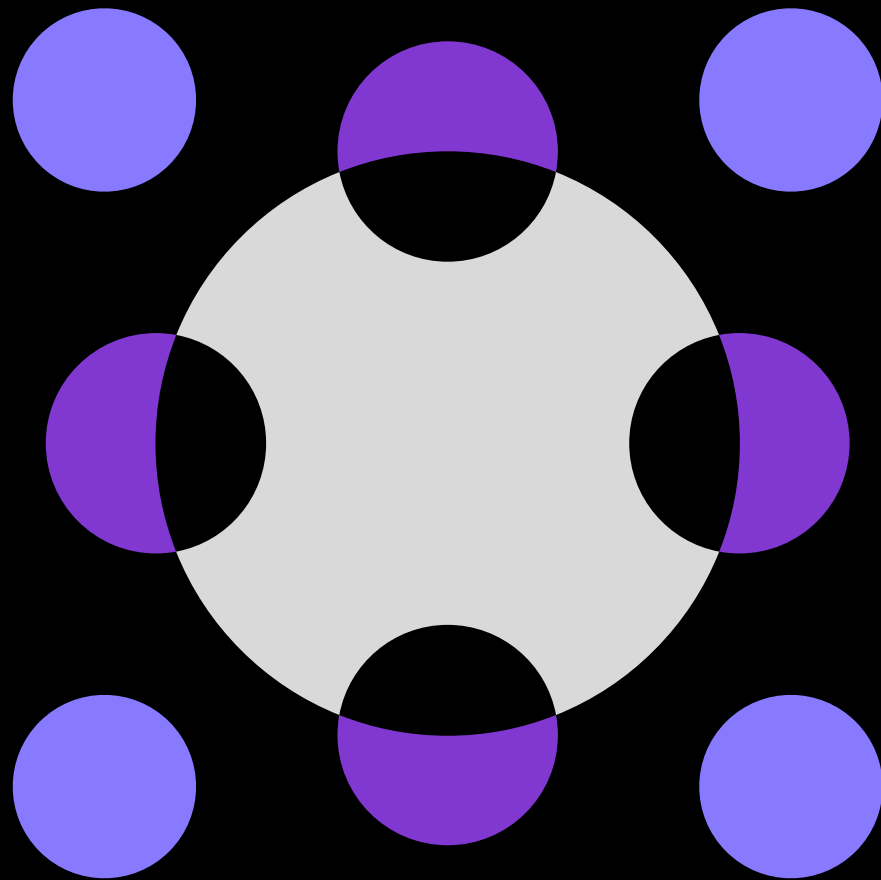
Different stages of a customer journey may lean more on brand or demand, but the opportunity is to show value in concert for each moment

Brand and Demand opportunity at each point in the customer journey

- Bd = Brand-led; Demand Secondary Benefit
- Db = Demand-led; Brand Secondary Benefit



Common Entry Points for Marketers



Marketers are confronting several internal and external headwinds when addressing the needs of their organization and customers. They are likely tackling one, if not all, of the following requirements to maximize success of brand and demand efforts:

- 1. Marketing transformation in service of customer transformation**
- 2. Linking the way brand and demand functions operate**
- 3. Improving overall capabilities**
- 4. Improving return-on-investment measurement across activities**

1. Marketing transformation in service of customer transformation

External market forces are compelling marketers to consider more customer-centric outcomes. Customers are faced with an increasing number of choices and have grown accustomed to personalized messaging and experiences. Marketers have to rethink how they're organized to meet the specific needs of customer segments, while also demonstrating how their activities directly serve the objectives of their organization.

3. Improving overall capabilities

A marketer's ecosystem of partnerships and alliances is key to deploying brand and demand tactics efficiently, and at scale. Whether it's complementing internal strategic resources with external activation partners or evolving adtech and martech capabilities to strengthen marketing maturity, marketers must ensure their partners are equipped to serve current and future needs.

2. Linking the way brand and demand functions operate

Organizations no longer have the luxury of subscribing to the legacy divide of brand and demand activities. Brand initiatives must demonstrate impact to business objectives while demand efforts continue to influence brand perception. Brand and demand functions must overcome these divides through integration and cross-functional collaboration.

4. Improving return-on-investment measurement across activities

Marketers face increasing pressure to demonstrate the efficacy of their brand and demand marketing efforts. In order to justify marketing budgets, leaders must ensure the appropriate measurement infrastructure is in place for all activities and tactics.

To integrate brand and demand in this new and future-focused way, marketers can take four action steps:



Design

Build a marketing organization that has the skills and capabilities for both brand and demand, with teams working together for a shared purpose.



Plan

Design marketing approaches in an integrated fashion starting with annual planning. Consider using the customer journey as a canvas versus the conventional channel.



Experiment

Build a learning agenda and provide an investment budget.



Measure

Track performance and progress with an integrated brand and demand view.

How To Work With Us



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This topic is close to everything we do at Prophet. We counsel global CMOs and senior marketing and business leaders on both the power of brand and demand marketing to transform businesses. After decades exploring the keys to brand marketing, we have evolved to deliver demand generation capabilities and campaigns with our clients as well. We have learned the two disciplines are becoming more closely linked. Figuring out the best ways to guide the relationship is a key ingredient in unlocking uncommon growth.

For some of our clients this growing complexity and pressure to perform may mean they need to rethink their overall **marketing agenda and vision**. For others, **marketing planning** needs a more customer-centric focus, to gain **alignment to business outcomes** and **integrate brand-to-demand activities**. And for some, it may be more about how teams **organize or improve ways of working together**.

Need to bring brand and demand closer together?
Get in touch. Prophet can help build the necessary support, collaboration and shared goals.

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Portia Mount, VP Marketing, Trane Technologies

Karla Davis, VP of Marketing, Ulta Beauty

Marissa Jarratt, Chief Marketing Officer, 7-Eleven

Paul Stoddart, Chief Marketing Officer, Customer Success, Salesforce

Jennifer Warren, VP Global Brand Marketing, Indeed.com

Tyrrell Schmidt, Chief Marketing Officer, TD Bank

Lars Hygrell, Former Chief Marketing Officer, Electrolux

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