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INDEPENDENT
MARKETING
SCIENCES



THE BRAND EQUITY ROI MULTIPLIER

Why companies that ignore
brand building are leaving
money on the table

Kicking bad habits

Why marketers need to rebalance away from performance

Something odd is happening to B2B tech marketing professionals. Most of them understand the value of patient brand building. It is, after all, common sense. Exposure to long-term brand communications imprints a brand's messages onto the mind of decision makers. It makes it more likely that they will buy from the brand when they are in the market for its goods or services. It's marketing 101.

However, as soon as many marketers get into the office and fire up their laptops this clear-eyed understanding often goes out the window. Rather than direct their budgets to valuable brand-building activities, they instead focus on lower-funnel tactics such as search and banner ads, email sequences, and SEO-optimised landing pages.

69%

spend on short-term
performance

31%

spend on long-term
brand building

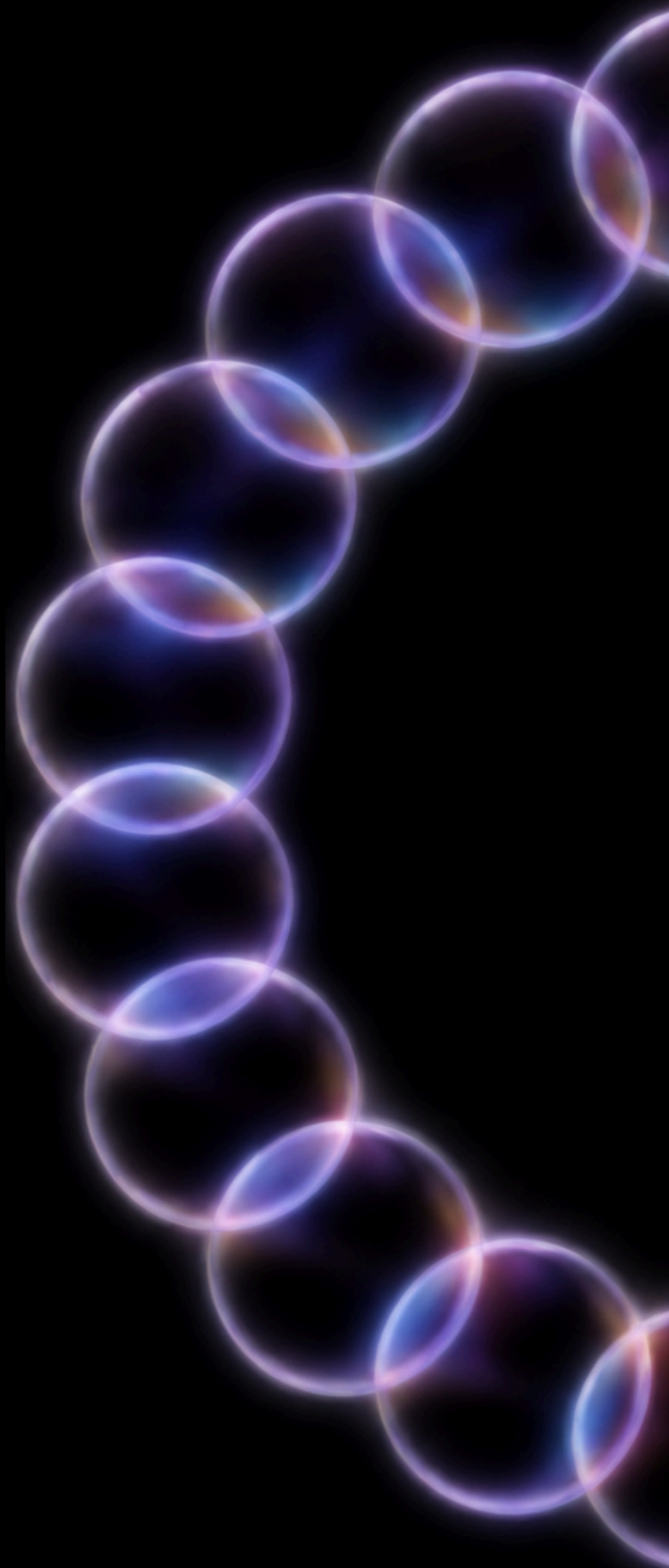
The reason for this is simple. Marketers have become addicted to the dopamine hit that comes with seeing sales attributed to the latest below-the-line campaign. Brand campaigns, the thinking goes, are too difficult to measure. The impact is harder to capture in a nice presentation to the Board.

This is an error. New research from IMS demonstrates that without sustained brand investment, sales can decline by ~15% over 5 years. The impact compounds year-on-year as brand equity erodes. Conversely, consistent brand investment delivers steady, incremental growth. Small gains (1–4% annually) build into meaningful long-term impact.

95% of your potential customers are missed by performance marketing.

In this paper we look at how tech marketers got hooked on buying sales through lower-funnel tactics. We make the case for brand building, explaining the multiplier effect that sustained brand investment has on brand-equity ROI. Finally, we explore how the rise of AI answer engines means that brand campaigns are more important than ever.

Our case is simple: companies that invest in brand campaigns alongside their performance marketing activities will enjoy more sustainable growth than their competitors.



Balancing being found and being remembered

Let's be clear: performance marketing has an important role to play. It helps companies reach people who are actively in-market, searching for products or services, and ready to convert. It's a smart way to target high-intent buyers and pay for measurable results.

Only 5% of B2B buyers are in-market at any given time.

The problem starts when companies lean too far into performance marketing at the expense of brand building. Because while performance captures the 5% who are ready now, brand builds familiarity, trust, and preference with the 95% who may not buy for months, or even years.

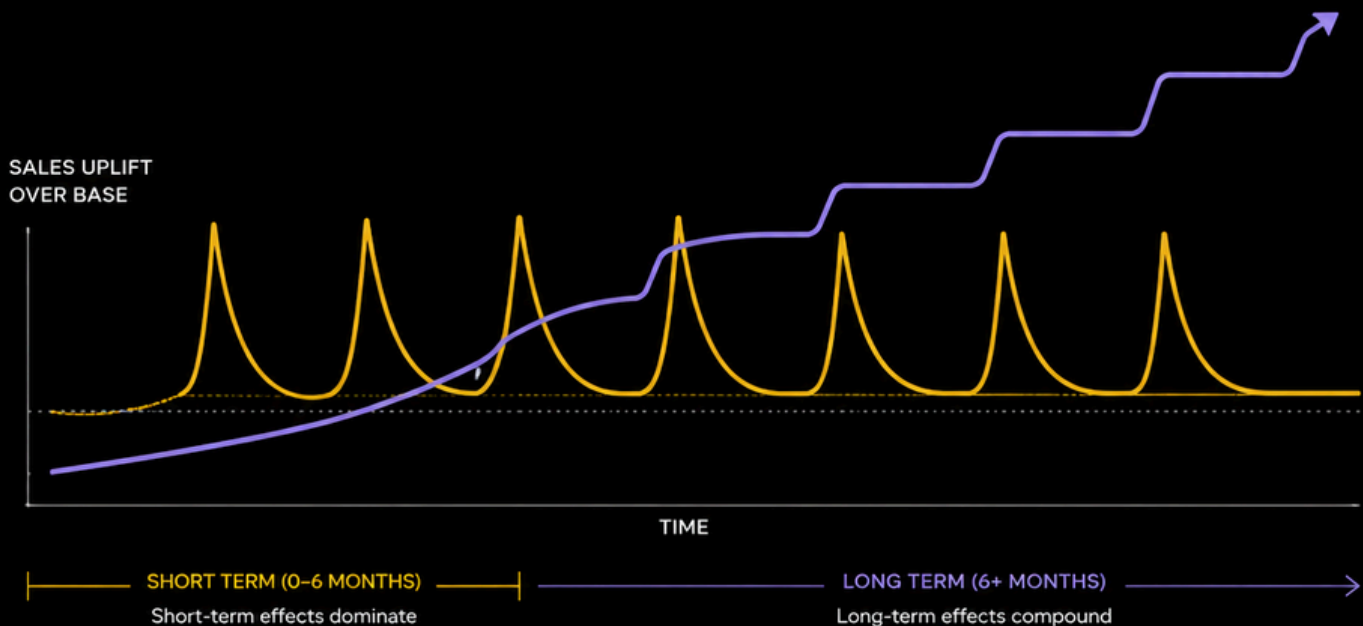
Companies that get this balance wrong are leaving most of their future market untouched. They're stuck downstream, panning for gold, while brand-focused competitors are mining the mountain.



Escaping the performance marketing trap

Overindexing on performance marketing and activation media can trap businesses. Without the awareness created by brand building, companies have no option but to keep hammering paid search and social just to stay visible.

Brand and performance are complementary tactics that work best when balanced correctly. As the graph shows, activation media creates a sharper immediate sales uplift, but its impact fades once spend stops. Brand media builds more slowly, but lasts longer, strengthening demand, pricing power, and future growth over time.



SALES ACTIVATION

Short-term uplift

- Quick spikes in sales
- Impact fades when spend stops
- Works while media is active

BRAND BUILDING

Long-term growth

- Builds demand over time
- Stronger, compounding impact
- Improved pricing power
- Creates future demand

Why the mixed model wins

Figures from WARC make the case clear: performance marketing works best when underpinned by brand. Moving from a performance-only approach to a mixed model can improve total revenue ROI by 25% to 100%, with an average uplift of 90%. Moving the other way, from a mixed model to performance-only, leads to an average ROI decline of 40%.

90%

average revenue ROI uplift when moving from performance-only to a mixed model

Case study:

Airbnb goes all in on brand

At the start of the COVID-19 pandemic, Airbnb faced a significant revenue shock and made the [decision](#) to pause all performance marketing spend. According to orthodox thinking, its traffic should have plummeted. It didn't.

Airbnb discovered that even with paid search turned off, the company retained 95% of its traffic. As CEO Brian Chesky later revealed, its long-term brand equity was so strong that 90% of Airbnb's users were coming to them directly or via unpaid organic search.

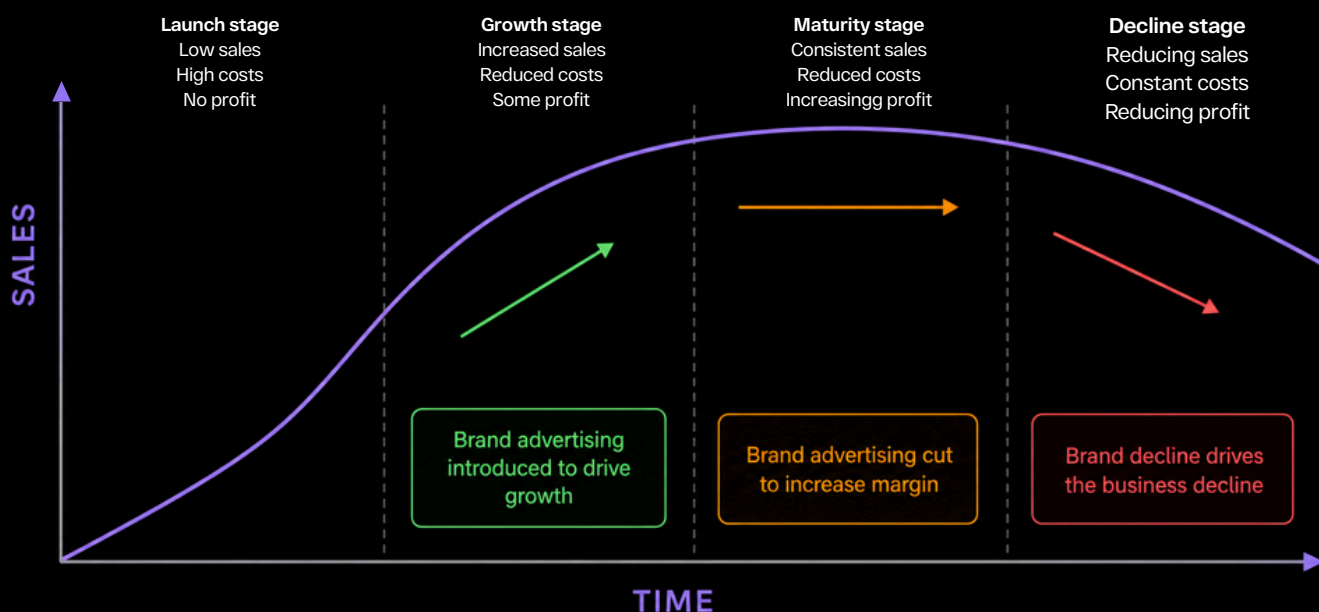
The company realised that it had been spending millions of dollars effectively buying back customers who were already looking for them. Airbnb proved that performance marketing often just takes the credit for demand that the brand has already generated.

The compounding effects of brand capital

Brand perception compounds over time. Companies that invest consistently in brand building create familiarity, trust, and preference across their full audience, not just the 5% currently in-market. That makes buyers more likely to choose them when the time is right, and more likely to forgive them when something goes wrong.

But the same compounding effect works in reverse. When brand investment is cut, the damage may not show up immediately, but over time the decline becomes harder and more expensive to reverse.

Brand decline drives business decline



BCG's latest research warns that cutting brand marketing has become even more expensive in today's attention-scarce market. Its latest research found that every unit cut from brand investment now requires 1.92x that amount in future investment to regain lost share.

Three in four marketers believe brand cuts cause more damage today than they did five years ago.

False metrics are not the answer

For brands that do invest appropriately in brand equity the ROI tends to be far greater than the short-term impact. IMS research suggests that over the long-term the brand equity ROI multiplier can be up to six times more effective than the short term activation. This compares to ROI metrics for performance marketing channels that are often not all they seem to be.

Branded search is a case in point. In most cases, branded search targets buyers that are already in-market and already actively looking to purchase from your business.

The pay-per-click spent on the branded search is therefore a complete waste of money. However, internally these sales are attributed to the branded search campaign. It makes marketing look good, but is ultimately nothing more than an illusion.

Businesses that cannot prove brand equity ROI with hard data fall into the trap of using false brand metric ROI stats. Doing so, they miss out on activities that can actually make their business grow.

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Brand investments are like retirement investments.

The idea is to invest regularly and consistently starting as early as possible, knowing that by the time retirement hits, the value will have accrued over time and the investments will have compounding returns.

Karen Tran, Principal Analyst, Forrester

Econometrics: The path to measuring brand equity ROI

Until relatively recently providing reliable data around brand equity ROI has been a challenge. This is no longer the case. The application of econometrics to this space is enabling marketers to precisely quantify the financial impact of their brand media.

Econometrics

is the use of statistical and mathematical models to construct theoretical frameworks or verify prior [hypotheses](#) in economics and to forecast future trends from historical data.

Applied to brand equity ROI measurement, econometrics seeks to isolate all factors that lead to a sale. This includes economic trends, seasonality, competitor impacts and more. With these factors controlled for, it's then possible to isolate the specific contribution of brand marketing and communications.

Econometrics aims to measure the factors that have actually driven demand for a business. Conversely, performance metrics like clicks simply records where that demand was harvested.

According to a Harvard Business Review Analytic Services study:

68% of organisations are now using econometrics specifically to prove true ROI

The discipline allows everything that contributes to a sale to be seen on an equal footing. That's important because it enables marketers to turn off channels or campaigns that are not working and channel budgets to the tactics they know do work. Using econometrics in this way, businesses often stop seeing marketing as a cost and come to view it as a strategic lever to drive measurable growth.

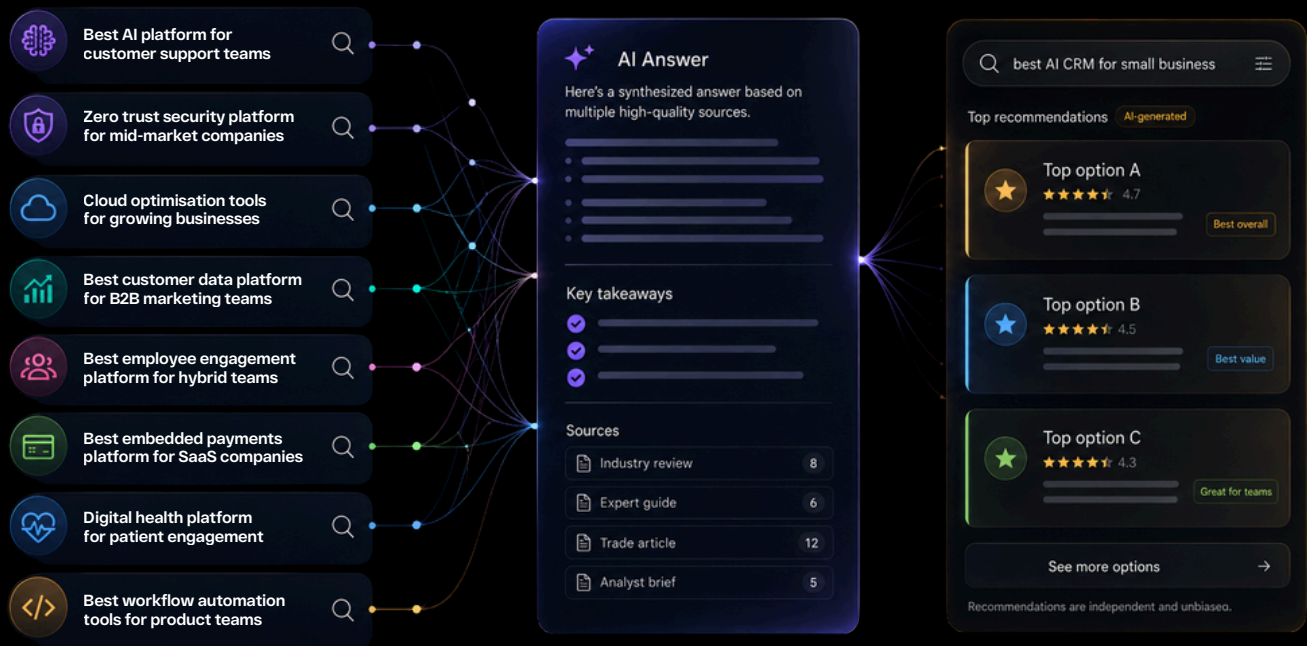
Topic-clustering

Value creators vs. value suppressors

Brand equity ROI metrics can be used to guide campaigns at an even more granular level. In PR and communications, for instance, businesses can cluster external mentions of the company into thematic topics. This approach enables them to identify top value creators (i.e., those topics that generate the most positive brand coverage) and value suppressors (i.e., [usually] negative stories that detract from brand equity).

This intelligence can help brands create PR content strategies that are optimised for the best performing topics.

Topic clustering is also a good way to surface counterintuitive insights that might otherwise be missed. For instance, a tech company might wish to talk about their new cybersecurity measures in order to show that it takes the issue seriously. In doing so, however, they might inadvertently draw attention to a historic data breach and put off potential customers. Topic clustering shows whether brand messaging is having the intended effect or whether it's doing more harm than good.



PR and brand building in the age of AI discovery

In addition to its compounding impact on revenue, brand building is becoming essential to online discoverability. **Buyers are increasingly using AI answer engines**, not just traditional search, to research and evaluate products.

That shift changes the role of PR. If AI overviews [reduce clicks](#) to publisher and brand websites, brands need to appear inside the answer itself. Visibility is no longer just about ranking. It is about being cited.

PR is ideally suited to this environment because large language models place value on credible, authoritative content. Consistent owned and earned media helps build the signals AI systems look for: expertise, trust, relevance, and third-party validation. Above all, this means earning citations in credible trade, business, and national media. That has always been the purpose of PR. In the age of AI discovery, it is becoming even more valuable.

IMS analysis suggests PR is often one of the highest-performing brand-building channels. For B2B technology brands, the benchmark is currently around 1:1, meaning every pound spent on PR returns roughly one pound in measured brand value. For subscription, licence, and repeat-revenue businesses, the true ROI is likely greater over time.

Fail to invest in brand, fail to invest in your future

If you could buy any car, what would it be? Take a moment to think about it. Did you think of a Ferrari, or Porsche? Perhaps you opted for a Land Rover or Tesla. Most likely you selected a brand that's at the upper end of the funnel for one brand attribute or another – whether that's performance, or eco-friendliness, or luxury. Every one of these brands has a unique and tangible feel to them. We understand their proposition through and through. That's why they spring so easily to mind. They're the result of many years of careful brand building. They resonate with us on a deeply emotional level.

Not once, ever, has a person bought a car on the basis of seeing a single paid search activation. Like cars, IT purchasing decisions are based on the incremental brand building work that turns simple vendors into trusted partners. Brands that focus on the careful cultivation of their audiences will be able to make them much more emotionally inclined towards that product.

Every marketer knows this. It's common sense. Yet all too often it's not put into practice. Brands that are brave enough to reject the dopamine hit that comes with CTRs of performance marketing and focus on the slow and steady accrual of brand capital will perform better over time. The difference will show up in econometrics, yes, but more importantly in the bottom line too. The rest will struggle to make up for lost ground, or even get their voice heard as the AI answer engines take over the web.

Investing in brand marketing means investing in your future customers and the future of your business. It's a common sense no-brainer that marketers should look to relearn as a priority.



Ready to level-up your brand?

[Contact IMS](#) to learn about Brand Equity ROI, its econometrics approach to measuring the impact of brand marketing.

[Get in touch](#) with SourceCode Communications to learn how to activate winning brand communications campaigns that will help you build authority and trust.