YOU FORGOT TO BUILD YOUR BRAND

YOUR MARKETING IS WORKING. YOUR BRAND IS BROKEN.

Mike Anderson | Vice President

Phil Case | Chief Client Officer, President

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ROAS IS UP. REVENUE IS DOWN.

This is not a paradox. It's the most important signal in paid media — and most teams are trained to ignore it.

↑

ROAS HOLDS STEADY

The platform reports great returns. Campaigns look efficient. Attribution dashboards are green. The algorithm is 'working.' The trap is set.

↓

REVENUE QUIETLY FALLS

Total revenue is declining month over month. Visits may be up. CVR ticks up slightly. But the top line won't grow. The signal is real.

⚡

WHAT'S ACTUALLY HAPPENING

The algorithm found your smallest, most-likely buyers and optimized down to them. It's fishing cleaner water from a pond that's evaporating.

The fix isn't more creative or tighter attribution windows. The problem is the core assumption: short-term clickers are the only buyers who matter.

THE DISCOUNT & DIRECT RESPONSE SPIRAL

What starts as a tactical shortcut becomes a structural dependency.

1

Cut brand spend.
Chase short-term ROAS.

2

Audience pool shrinks.
Revenue starts to slip.

3

Discounts fill the gap.
Conversions recover briefly.

4

Customers wait for the deal.
Conversions need promotions.

5

Need bigger promos every year to hit the same revenue number.

6

Margin erodes.
Baseline revenue falls further.

> *"Every month we need a bigger promotion than last year just to grow. That's not a strategy — that's a hamster wheel.*

THE CONVERSATION THAT CHANGES EVERYTHING

CFO: "So focusing on ROAS alone makes us do things that actually slow growth while reducing margin?"

CMO: "Yes. ROAS is an efficiency metric. We need an effectiveness metric — 180-day contribution LTV from full-price customers acquired."

YOU'RE FIGHTING OVER 5% OF YOUR MARKET.

Ehrenberg-Bass Institute. Proven across hundreds of product categories.

5%

IN-MARKET RIGHT NOW

Every competitor is bidding on these people. CPMs are highest here. The pool is far smaller than most brands assume.

This is where 90% of most budgets go.

VS

95%

FUTURE BUYERS

Not shopping today but they will be. Nobody is reaching them. CPMs are low. The brand they remember first when they go in-market is the brand they buy from in the coming weeks and months.

This is where almost nothing goes.

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IT'S A SPECTRUM. NOT TWO BUCKETS.

The question isn't 'brand or performance.' It's whether you're building demand or just harvesting it.

DEMAND CAPTURE ONLY		BALANCED FULL FUNNEL
▼ WHERE MOST BRANDS ARE		▼ WHERE BALANCED BRANDS GO
Reaches 5% in-market pool only		**Reaches 5% now & 95% future buyers**
Competes in expensive, crowded auctions	VS	**Finds audiences before competition bids them up**
Revenue depends on promotions to grow		**Baseline revenue grows organically each quarter**
ROAS looks great while revenue falls		**ROAS may soften; total revenue and margin grow**
CAC climbs relentlessly every year		**CAC stabilizes or falls as brand strength builds**

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BALANCED GROWTH HAS A MEASURABLE DEFINITION.

For e-commerce, healthy revenue has three roughly equal sources. If one dominates, you're fragile.

~50% — **BASELINE**

Branded organic & direct traffic. People who sought you out. 2-3× the revenue per session of paid clicks. This is what brand investment builds and it survives when you pause ads or skip a promotion.

~25% — **PAID**

Demand capture from in-market buyers. Essential, but not the only growth engine. As brand strengthens, paid campaigns get more efficient, lower CPAs, higher CVR.

~25% — **EMAIL + SMS**

Revenue from your owned list. Also driven by brand, people open emails from brands they like. Email revenue grows as brand grows, not just as list size grows.

IF YOUR BASELINE REVENUE IS BELOW 40% OF YOUR MIX — YOUR BRAND IS LEAKING. START MEASURING THIS WEEK.

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STOP USING BLENDED CAC.

Blended CAC hides where your money is working — and masks where you're wasting it.

MARGINAL CAC — WHY IT MATTERS

Marginal CAC = the cost to acquire the next new customer at the margin of your current spend.

BASIC	**ΔS / ΔN**	Total spend change vs. new customer change. Easy to compute but misled by seasonality.
BETTER	**ΔS / ΔNP**	Isolate paid new customer acquisition from organic. Removes organic lift distortion.
BEST	**ΔSC / ΔNC**	Campaign-level spend vs. attributed new customers. Most actionable — apply per channel.

Marginal CAC is how you fund brand investment — by finding which existing dollars aren't producing profitable returns.

BRAND = PRICING POWER

Warren Buffett doesn't evaluate ROI of marketing tactics. He evaluates pricing power. Brand moats are the most durable source of compounding equity value.

Price UP, Discounts DOWN

That's the ultimate output of brand investment. Finance understands this immediately.

Compounding Returns

Every quarter of brand investment makes paid media more efficient. It compounds.

The Board Language

CEO + CFO answer to investors who want compounding cashflow. Brand is the moat.

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THE GROWTH FRAMEWORK

Full-funnel performance that builds a resilient baseline — not just a ROAS number.

1

DEMAND CAPTURE

Purchase-conversion campaigns for in-market buyers. Efficient, measurable, and optimized on Marginal CAC, not blended averages.

2

DEMAND CREATION

Non-sales campaigns reaching the 95% before competitors. Lower CPMs, broader audiences, documented uplift in baseline revenue.

3

BASELINE REVENUE GROWTH

We track and grow the revenue mix that doesn't require an ad click: branded organic search, direct, and owned channels. That's the moat.

METRICS THAT TELL THE REAL STORY:

- New Customer Contribution
- Discount Rate Trend
- Branded Organic Search Growth
- Contribution Margin %
- Revenue Mix: Baseline %

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THREE THINGS TO DO TOMORROW MORNING.

01

Pull your revenue mix.

What % is baseline (branded organic & direct)? If it's below 40%, you have a brand deficit not a media buying problem. Log into GA4 today.

02

Calculate your marginal CAC.

Stop using blended CAC. Isolate paid new customer acquisition. Ask: is the next dollar we spend buying a profitable customer — or just propping up a number?

03

Have the pricing power conversation.

Reframe brand investment with your CFO. Not 'brand ROI.' Ask: are we building or eroding pricing power? That's the language that unlocks budget and shifts strategy.

Want to see how this maps to your actual numbers?

maxconnect.com | We're happy to look with you.

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thank you.

