

# Resolve The Paradox: Navigating the New Digital Marketing Funnel

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The digital marketing landscape is constantly evolving and reinventing itself. These waves of change have only accelerated in the past decade. But even as technology, tools, metrics, customer expectations and behavior, channels and platforms, and more have undergone a seemingly endless series of transformations, one constant persists: **the marketer's prime directive to strike the balance between short-term opportunity and long-term sustainable growth.**

The events of the last two years accelerated many of these changes, and marketers were forced to reassess priorities and question long-held assumptions in the face of the radical shift in consumer behavior to a largely virtual environment. Leaders re-evaluated business goals even as the changing data privacy landscape raised questions around the long-term viability of digital marketing's primary value propositions like personalization and attribution. The most successful brands cultivated competitive differentiators that aligned with a new marketing landscape, investing in agile processes and strong brand communities.

But even the best businesses are **existing in a marketing world defined by a set of paradoxes that highlight the extent of the disruptions** and the struggle to resolve these changes into a new direction for the future of the industry. To navigate the ever-changing digital marketing landscape, leaders need to explore these seemingly disparate truths that sit at the heart of marketing's ability to impact their core business objectives.

This paper will examine four paradoxes that illustrate the specific challenges today's marketers are facing, how they've evolved over time, and what brands need to do to not just react and adapt, but set a course that will drive business growth in a brave new world:

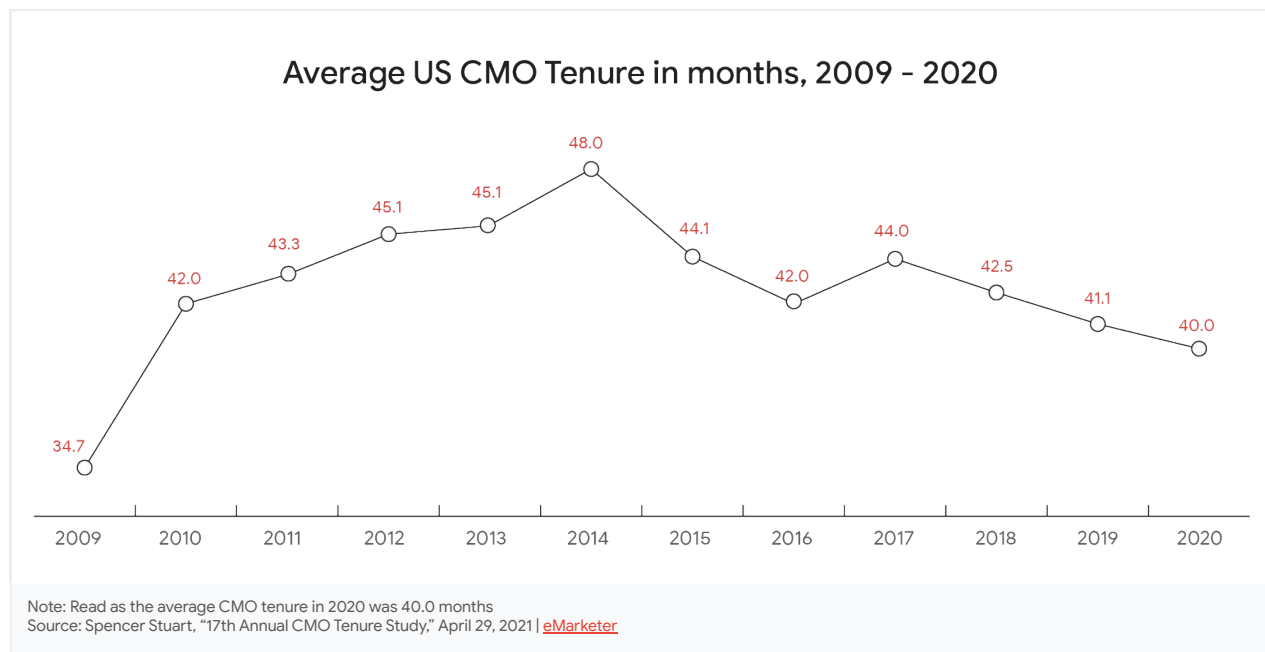
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# Performance vs. Brand

**CMOs are under pressure to deliver short-term performance gains, but brand-building strategies that power long-term sustainable growth don't generate immediate ROI.**

The siloing of brand and performance marketing has led to a strange dichotomy; most businesses are biased toward either a brand-first perspective that flows from top-of-the-funnel tactics, creative, and channels, or a performance-first mindset that is laser-focused on revenue impact, conversion, and efficiency metrics like ROI and ROAS.

According to [McKinsey](#), 83% of CEOs look to marketing as a growth engine for the business, which has put pressure on CMOs to drive measurable impact on the bottom line. At the same time, according to [Spencer Stuart's annual study](#), the tenure of the average CMO has dipped to just 40 months, while the median CMO tenure is lower than it's ever been, at just 25.5 months.

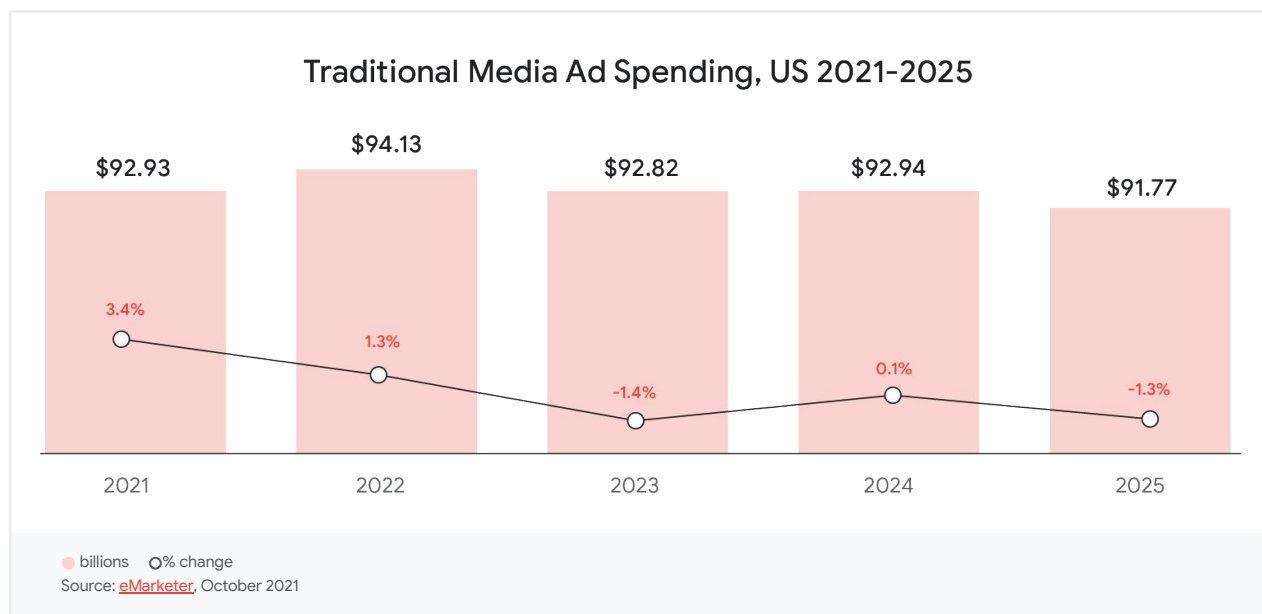


The onus on CMOs is to drive measurable growth quickly, and long-term strategies often take the backseat to capitalizing on immediate opportunities.

“Too many brands take a binary approach to brand and performance and negate one for the other. They're both very important, but a lot of brands either take a shortsighted approach that only considers immediate gains or want to focus on big-picture branding at the expense of bringing in revenue today. If you lean too far in either direction and don't balance the approach across the funnel, your brand can't maximize your growth potential.”

- Lisa Reid, Senior Director, Paid Social

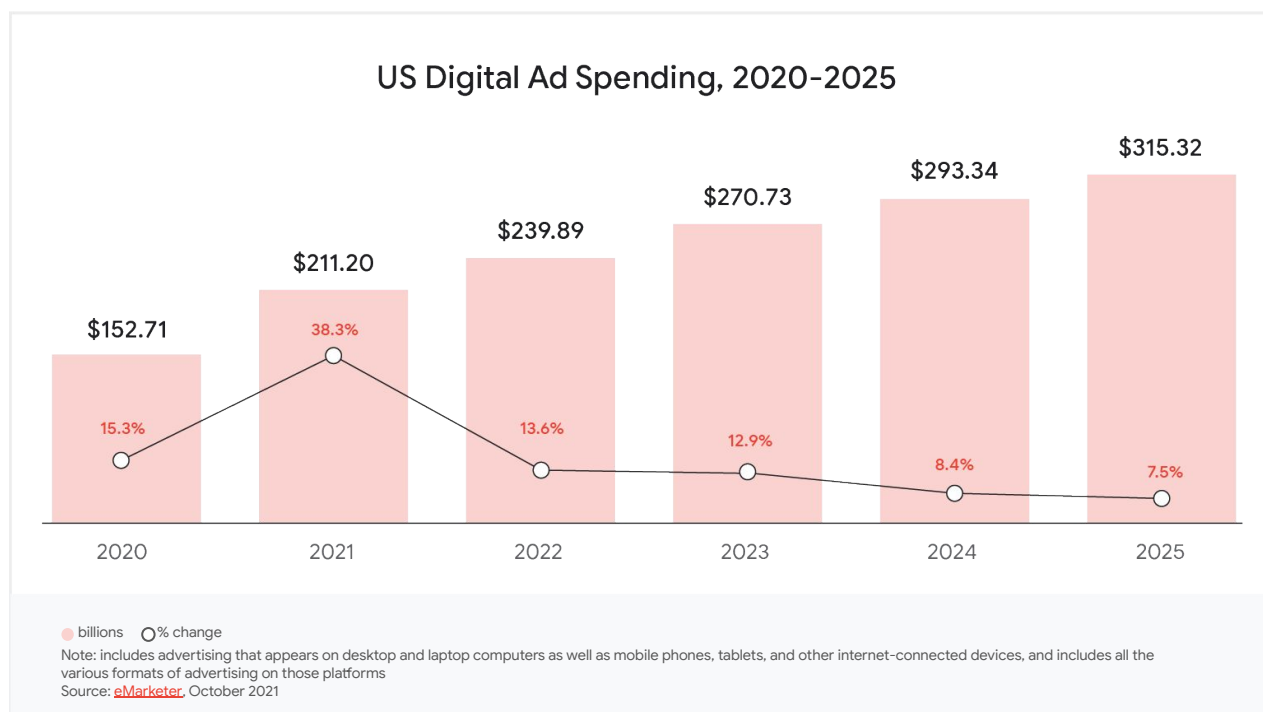
In many ways, this represents a pendulum swing from an older model of advertising. Traditional brand marketing is largely based on a one-to-many approach: one powerful message or narrative that can appeal to a mass audience. The links between brand campaigns and impact on the bottom line are much less tangible and harder to establish; performance is largely measured by reach, engagement, and other awareness metrics, which partially accounts for the decline in spend on those channels over time.



Digital introduced a much higher expectation of accountability for marketing spend that became the hallmark of performance marketing and changed the industry forever. Brands could now specifically target consumers based on characteristics that range from basic demographic information to calculated lifetime value.

Campaigns could be more personalized and hyper-specific because they were driven by data about what specific customer cohorts wanted to see and were likely to purchase. Performance data flowed from those campaigns, enabling granular reporting on KPIs and generating feedback loops that further optimized future campaigns.

Digital is likely to continue to dominate in the coming years; eMarketer forecasts that **digital ad spend will increase by nearly 50% in the next four years and hit \$300 billion by 2025, representing 75% of all media spend.**



But the rise of data and attribution as a key component in marketing decision-making has also affected upper funnel efforts on digital, from earned and owned media like content marketing and non-brand SEO to awareness campaigns on social media channels. Those are longer-term digital investments that also lack the clear attribution path that paid performance channels offer. As a result, they're facing similar issues with underbudgeting; [according to research from Wpromote and Ascend2](#), 40% of marketing leaders indicated that content marketing was the most effective upper-funnel strategy for 2021, but only 30% place it in the top budget items for 2022.

# 30%

of marketing leaders who indicated that content marketing was the most effective upper-funnel strategy for 2021 placed it in the top budget items for 2022

Today's marketers are facing additional challenges on both sides of this equation; brand marketing channels like linear TV and print publications aren't able to draw the mass audiences they once could, while digital channels are experiencing extensive data deprecation as new privacy restrictions roll out across platforms and through legislation.

The truth of the matter is that neither approach is as effective on its own then when they're working together, and that's becoming a more acute problem as marketers struggle to bridge the gap. Performance marketers inevitably experience performance plateaus and diminishing returns if they're not creating enough demand in the upper funnel, while brand marketers overindexed in the upper funnel aren't positioned to capture the awareness they're driving and convert eyeballs into business growth without a mature direct response strategy in place.

According to [research from Ascend2](#), a full 94% of marketers reported that the importance of performance marketing is increasing in 2022, with 45% indicating it is increasing significantly. But without a corresponding commitment to building the upper funnel, businesses won't be positioned to sustain long-term growth. On the plus side, the rise in streaming has presented new opportunities for brand marketing to work together with digital teams.

The most efficient conversion engine will slow down if sufficient demand isn't created at the top of the funnel. On the strategy side, that means taking an integrated approach to the full customer journey that builds the brand and drives profitable growth. If marketing leaders don't start shifting that approach now, the continuing effect of data privacy changes on performance channel capabilities will act as a forcing function.

## Brand Challenges

- As marketing budgets have gotten tighter, more pressure is put on marketing teams to make every dollar count and understand exactly what kind of return to expect from your marketing spend, driving more spend to attributable direct response campaigns.
- A lack of granular measurement and attribution capabilities across both traditional brand and earned digital media channels can lead to underinvestment in the upper funnel and a marketing strategy not built for long-term sustainable growth.
- Brand and performance marketing teams are often completely siloed in organizations and fighting for budget instead of working together, leading to separate strategies that fail to capitalize on opportunities effectively and efficiently and a disconnected overall customer experience with the brand.
- Data deprecation due to growing privacy regulations and platform restrictions will adversely affect performance marketing channels.

94%

of marketers reported that the importance of performance marketing is increasing in 2022

## Resolving the Paradox

Marketing leaders need to take a full-funnel approach to marketing strategy that balances longer-term initiatives that build the brand and generate new demand over time as well as short-term channels and tactics that capture and convert customers efficiently at scale. That includes building a positive case for investment in channels that have a less attributable impact on revenue.

To build a marketing strategy that can drive both short-term revenue impact and long-term sustainable growth, marketing leaders need to:



Define processes around overall communication, planning, and budget processing to make sure the **entire organization is aligned around the same goals**.



**Integrate brand and performance marketing strategy** and planning to maximize results on both ends and ensure a seamless customer experience.



**Leverage a fluid, flexible budget** to zero in on actions that build toward overall business goals and scale business growth holistically.



**Use your brand's existing high-value customers** as the starting point for new brand marketing initiatives.



Prove it works by **testing in a limited area, then scale**: once full-funnel coverage is achieved, the effect on lower-funnel initiatives is much clearer and can provide proof of concept.



**Set the right expectations around time, budget, and metrics** for brand campaigns with performance-minded executives and other decision-makers.



Build a holistic measurement strategy by focusing less on granular KPIs, direct revenue impact, or efficiency targets like ROAS, integrating awareness, brand lift, and reach metrics, and prioritizing overall business impact by investing in solutions like high velocity mixed media models (MMM) in concert with other forms of analytics, research, and testing.

# Sales Funnel vs. Customer Journey

**Marketing strategies aim to drive people down the funnel, but the customer experience is a multi-touchpoint journey that doesn't always fit the mold.**

As the number of different ways to reach consumers has exploded, modern marketers are often forced to take into account two not-always-compatible ways to articulate how their strategy actually functions: the sales funnel and the customer journey.

The sales funnel is simple: at the top, marketing is tasked with casting a wide net to drive brand awareness, then moving potential customers into the consideration phase where they weigh specific options and solutions. Finally, at the bottom of the funnel, marketing turns to the work of conversion: taking a consumer and turning them into a customer.

In some versions, loyalty or retention is represented below conversion, outside of the funnel entirely, or as an arrow looping back to the very top. Even that small addition is a signal that the familiar funnel is an overly simple articulation of how marketing works today.

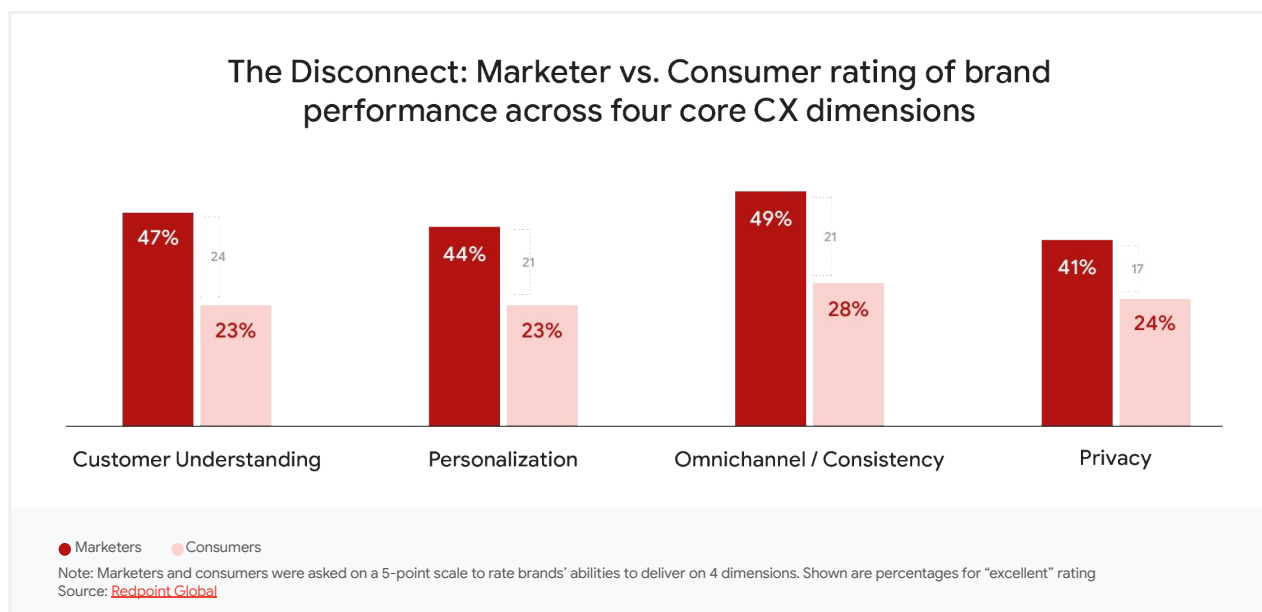
Reframing a brand's interactions with customers as a multi-touchpoint journey that is not necessarily a linear move down the funnel is a more accurate representation, but comes with its own challenges.



**51%** of marketers believe that brands are capable of delivering an excellent customer experience, but only **26%** of consumers agree

According to a [Harris Poll sponsored by Redpoint Global](#), marketers evaluate their efforts to provide a seamless, satisfying customer experience as much more successful than consumers. While 51% of marketers believe that brands are capable of delivering an excellent customer experience, only 26% of consumers agree.





The biggest disconnects were related to how brands are executing on customer understanding, personalization, omnichannel/consistency, and privacy. All four of these factors are directly related to the core challenges marketers need to tackle to bridge the gap between the customer journey and the sales funnel: the increased complexity of understanding the customer journey as a whole, the ability to optimize campaigns and integrate strategies across channels, and reliance on third-party data to understand the audience and personalize experiences.

Consumers have access to more channels than ever, and they expect interactions with brands to be seamless and consistent wherever they occur. According to a [Chief Marketing Officer Council report](#), 87% of consumers find it frustrating when they need to repeat themselves in a new channel.

# 87%

of consumers find it frustrating when they need to repeat themselves in a new channel

When marketers are setting marketing strategy, they may use a more complex customer journey-based framework as a tool for media planning, but the funnel has consistently remained at the core because it better aligns with the marketing goals of the business, even if it's inadequate when it comes to the real-world customer experience.

To successfully build an agile, channel-less strategy that both expresses the reality of consumer behavior and mirrors business priorities, marketers need enough data to power rigorous audience segmentation so they can understand every touchpoint for the business's most important audiences and quantify the value of investing in those touchpoints to the business.

“ If you consider your high-value customers your most important asset as a business, you look for ways to get that asset to appreciate. Looking at awareness driving or attention building in the upper funnel, you need to focus on how that investment drives business performance KPIs. Make the case to finance about how you can affect that number or help build future audiences. That will help you balance capturing an existing opportunity and building for the future as well. Then partner very closely with the CRM team to understand what the signals of a loyal subscriber or a loyal customer are from an audience perspective, so you can lean into them when looking up the funnel at acquisition. ”

- Claire Perez, VP of Strategic Initiatives

The journey and the funnel cannot be considered independently, but deployed in tandem. That starts with a strong alignment around the math that should underpin marketing decisions: customer lifetime value (LTV). Identifying the customer cohorts that are the most valuable to the business frees up valuable budget and resources that can be mapped against the marketing funnel to key points in their journey.

Focusing marketing efforts on those groups allows marketers to dig into a more complex variety of touchpoints, and should inform everything from the media mix to the messaging and creative from the top of the funnel to the bottom. That approach can maximize marketing ROI by driving brand loyalty and improving customer lifetime value because the brand can deploy experiences that are driven by a stronger sense of the needs of those high-value customers.

## Brand Challenges

- Too much focus on the sales funnel results in marketing that is overly focused on the brand's priorities rather than what moves the needle for consumers.
- The customer journey is too complex in today's world to fully replace the funnel when understanding how various marketing initiatives are impacting the business.
- Marketing teams that aren't leveraging customer lifetime value won't create campaigns based on the key touchpoints for their highest value customers, lowering overall ROI.
- Making the case to transition teams to using LTV as a core metric driving marketing strategy can be difficult without buy-in from finance.
- Data informing advanced audience segmentation is harder to gather across channels as privacy restrictions increase.

## Resolving the Paradox

A brand should be deploying campaigns that connect with their highest-value customers at key points in the customer journey, in the channels that are the most important to them, with messaging and creative that speaks to their needs, while articulating how those interactions are impacting the business.



**Introduce customer lifetime value** as a metric to marketing teams by making the data available in reporting to compare against campaign performance before making teams accountable to the number.



**Segment audiences and prioritize by LTV** to identify the highest value customer cohorts that align with core business objectives.



Make sure those **segments are well-defined and differentiated** so customers don't fall into multiple segments.



**Map touchpoints across channels** to learn where investment will have the most impact across the customer journey.



Identify user paths, then set up both manual and automated triggers mapped to those key touchpoints to **create a more personalized experience** and increase efficiency and results.



Start with a **core idea or creative theme tailored to the audience** to showcase at every touchpoint in creative, copy, and overall experience.



**Build an integrated campaign structure** that aligns with that journey and the interlinking audiences that feed each other when a user switches journeys.

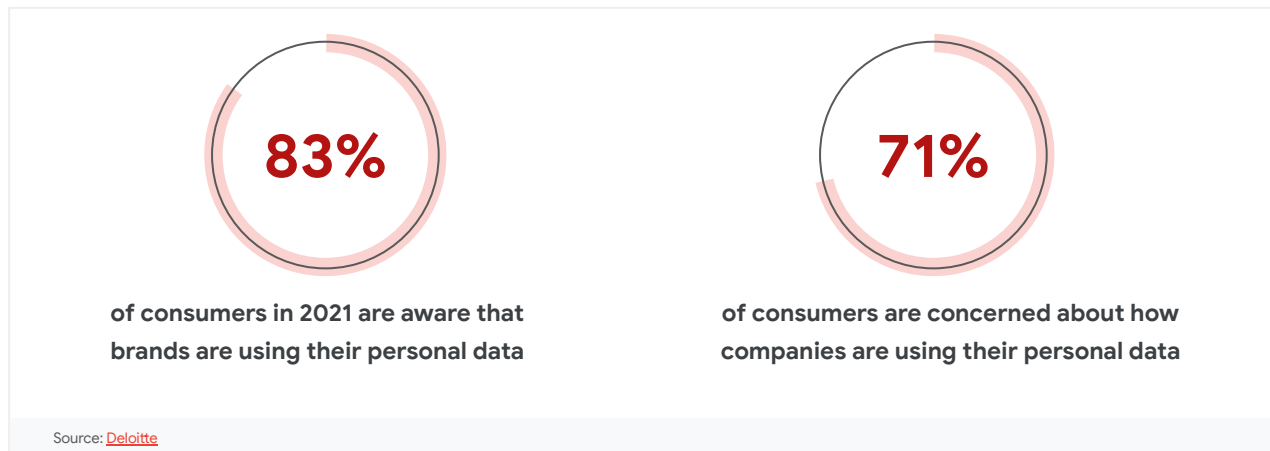


Leverage an **in-depth test, learn, and repeat approach to audience testing** to apply and scale what works and shift to new opportunities when something doesn't work.

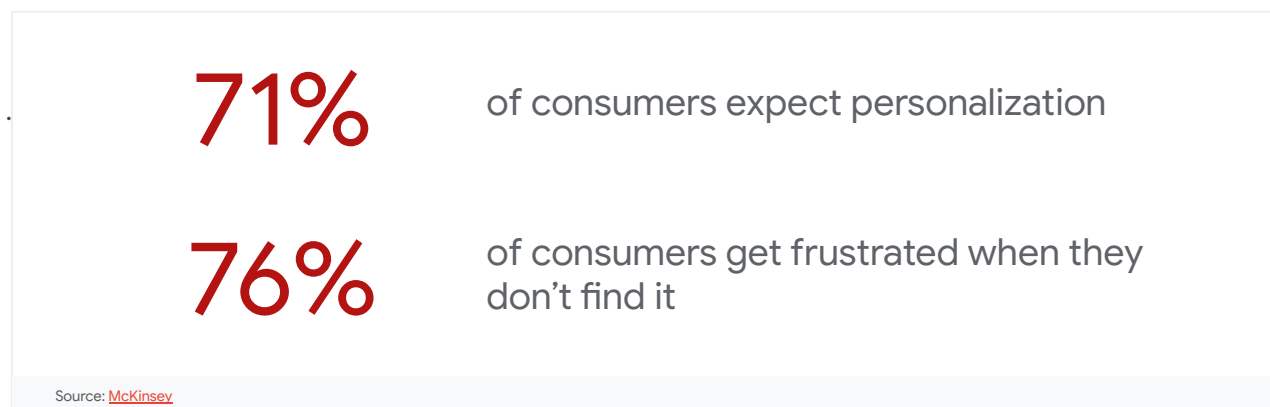
# Privacy vs. Personalization

**Consumers demand more data privacy and an end to invasive marketing, but want personalized experiences and relevant brand interactions.**

In the last couple of years, people have turned their attention to how their data is used to tailor various advertising and marketing experiences.



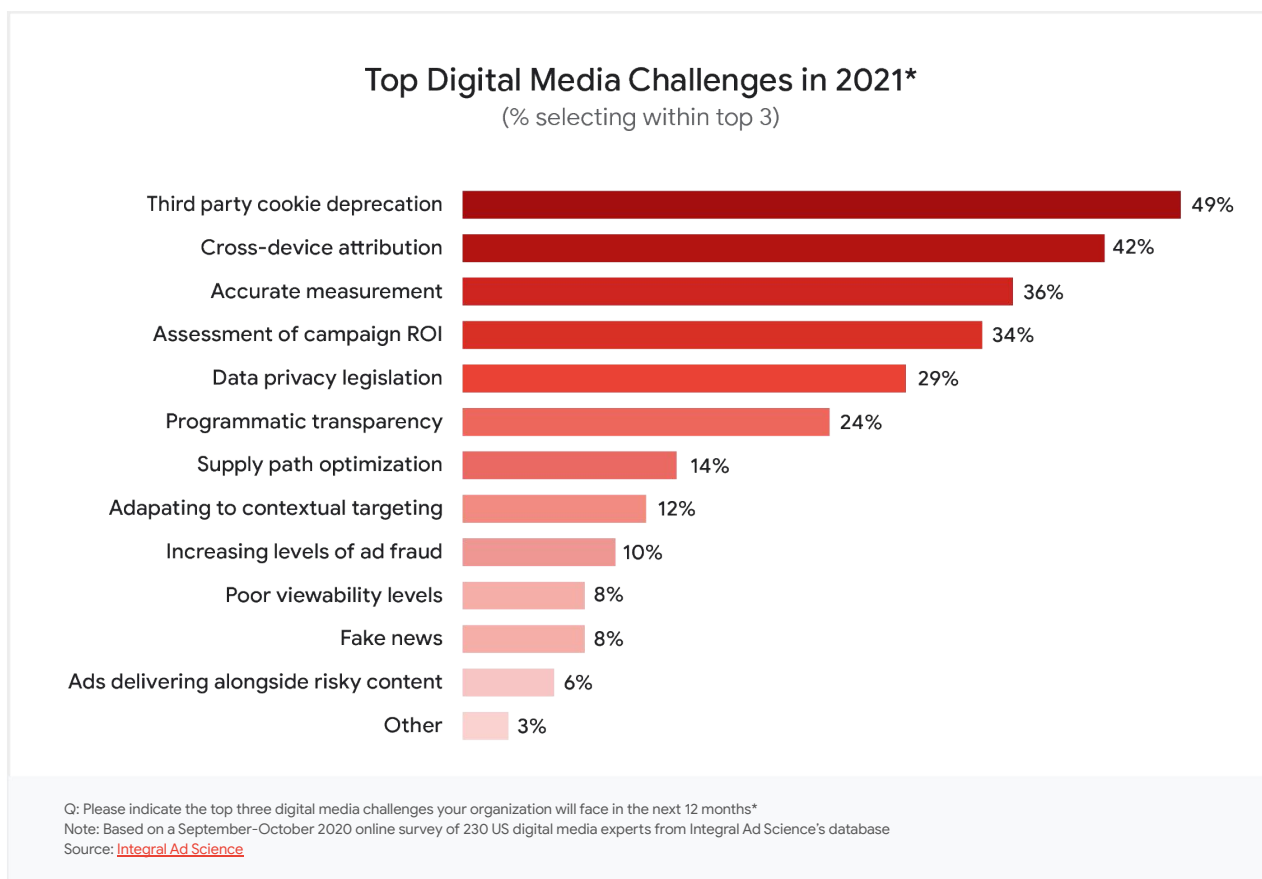
At the same time, consumers also increasingly expect relevant, personalized marketing experiences when they interact with brands, which are becoming increasingly difficult to deliver as marketers have access to less data.



Data is crucial to modern digital marketing and personalization, and two key components are already being significantly affected by these changes. The first is identity, how marketers use personally identifiable information (PII) and other signals to create audiences, target campaigns, and more. The second component is measurement, the performance data that businesses use to evaluate marketing effectiveness.

Together, identity and measurement create the feedback loop that marketers use to optimize campaigns, and that feedback loop is breaking, making it harder and harder to deliver the personalized experiences consumers expect from brands.

Marketing teams are already experiencing the effects on both their ability to tailor and serve ads to the right people and measure performance, and this is just the beginning. More bills at the state and the federal level are on the table, and tech companies are moving quickly to find new solutions.



Marketers need to figure out how to connect the dots and get a holistic, channel-agnostic view of the customer experience by investing in new data strategies that incentivize customers to share their data.

“Data zero is coming. The attack on in-browser identity isn’t over, and no amount of kicking the can down the road will stop these changes. Your ability to target and serve ads to the right people and measure marketing performance will be compromised in the not-too-distant future. Compliance is non-optional, and waiting until the last minute to try to do the bare minimum to stay in a grey zone is not a great strategy moving forward.”

- Simon Poulton, VP of Digital Intelligence

Brands need to earn the ask for consensually shared customer data, known as first-party data, by providing an exchange of value. That often takes the form of discounts or promotional offers, but mature first-party data strategies include additional value offers like exclusive content or interactive experiences that serve the double purpose of gathering data and building long-term relationships with high-value customers. Brands that are only capturing data at the very bottom of the funnel are missing out on additional opportunities to grow their data stockpile, which will be a crucial competitive differentiator in the future.

## Brand Challenges

- Various industry changes are making it more and more difficult for brands to use data to target the right customer and measure marketing performance.
- While marketers are losing access to data, consumers want personalized, relevant experiences across channels from brands.
- Brands need to prioritize first-party data to maintain the competitive advantage, but it requires budget and buy-in to execute on collection and usage effectively.
- Marketers are often overreliant on incentivizing customers to share data at the point of purchase instead of investing in full-funnel efforts to expand their data stockpile.
- Upper funnel data collection campaigns that offer a value exchange beyond promotions or discounts to consumers can help grow long-term relationships but require significant budget to build and promote.

## Resolving the Paradox

Consumers want to understand how their data is being used and a degree of control over what information advertisers can access and how they use it. To keep up with consumer demand for personalized experiences while balancing the need for privacy-first marketing now and in the future, it's essential to prioritize first-party data strategies and prepare to go up the funnel to collect more customer information.



**Be transparent with consumers about what data the brand is collecting** and how you will be using it, including the benefits they will receive, from more personalized and relevant content to a better user experience.



**Evaluate your current CRM**, marketing automation platform, or hybrid platform for use as a customer data platform (CDP), making sure it can integrate channel data to create a unified customer profile, provide actionable customer intelligence, and is built to be privacy compliant.



Make the case for **investing in upper funnel first-party data** collection by assigning an actual value to that information as an asset relative to the average lifetime value of a customer.



**Connect data points to generate new cohort information** and uncover unique opportunities for future creative assets and retargeting methods.



**Stay up to date on new changes to privacy legislation** and platform restrictions and be proactive about compliance.



Look for opportunities to **gather additional insights through interactive content at key touchpoints** to further segment and personalize cross-channel marketing efforts.

# Connection vs. Conversion

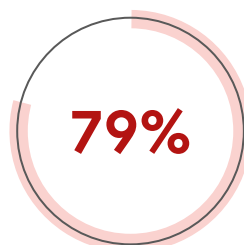
**Consumers want brands to align with their values and earn their attention, but marketers need to balance mission with achieving core business goals.**

Historically, marketers assumed consumers were primarily focused on product or service quality, with some exceptions for historically significant events. But today's consumer has different expectations when it comes to the relationship they're building with a brand. [According to a Porter Novelli/Cone study of more than 1,100 American adults](#), **76% expect businesses to positively impact society** instead of just make money and 70% feel a deeper personal connection with companies that share similar values to their own.

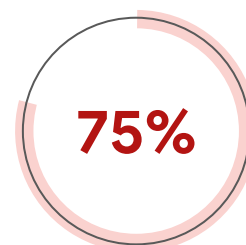
## Americans believe companies should support



Issues that directly impact, or are impacted by, the business



Issues that are important to them personally



Issues that are widely discussed in news and society

Source: [Porter Novelli/Cone Purpose Biometrics Study](#)

That doesn't mean quality, reliability, and price aren't still front of mind for consumers, but they're no longer sufficient for a large portion of the public. As the purchasing power of millennials and gen Z has grown in tandem with a larger sense of social awareness, the pressure to balance authenticity and product- or service-focused messaging in ad campaigns has increased exponentially.



“ Gen Z is a great case study for the value of authenticity in marketing. That cohort expects brands to both provide them with valuable information about their products or services and reflect their own expectations around social responsibility as a key part of their personal identity. There's a higher demand for community involvement, and it's essential that your brand shows that they're invested in the things that the audience cares about. That's how the consumer has evolved, and it's how brands have to evolve too.

”

- Rachel Bucey, VP of Earned Media, Wpromote

Consumers are becoming more socially and politically conscious purchasers, in part because of freely available digital information and the speed with which that information can spread digitally. Many expect brands to transparently articulate their values and reflect that positioning throughout the funnel. Marketing tactics that appear inauthentic or opportunistic are quickly seen as co-opting movements or taking advantage of the public. Values are a key part of modern brand positioning, but they can't be siloed in the marketing org.

Where marketing teams can take the lead is by building a sense of community and focusing on customer connection. From making space for the customer at the decision-making table to partnering with trusted influencers and thought leaders in a specific niche, brands have more options than ever to make the community itself a stakeholder in the strategy and earning their business. In fact, a survey from Clarus Commerce indicates that the number 2 driver of customer loyalty is a strong sense of community, right after the quality of the product itself.

Which of the following best describes **why you're loyal** to your favorite brand?

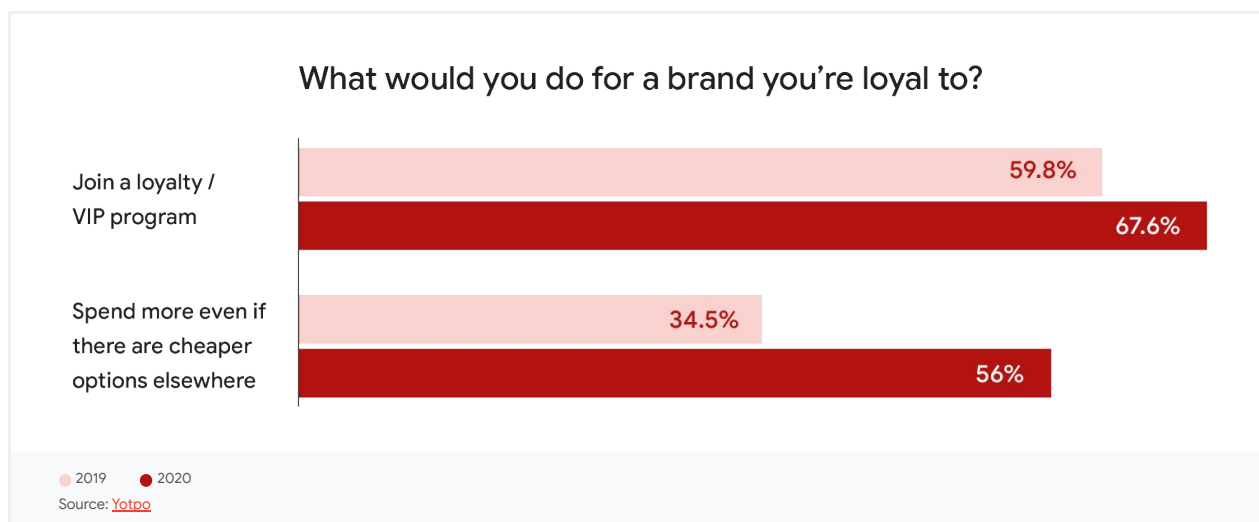


Source: [Clarus Commerce](#)

That's where data comes in; insights into what customers care about and want from your brand come from both qualitative and quantitative sources, and marketing can make an invaluable contribution to the business by bringing those insights together and surfacing them to the larger organization, then acting as

a proxy for the customer voice when setting strategy. Marketing leaders must define how the brand can align business goals with customer needs and community expectations to build effective strategies that balance long-term growth and short-term opportunities.

Consumer survey data from Yotpo indicates that **56% of consumers are willing to spend more with a brand** they're loyal to even if there are cheaper options elsewhere. There is a significant business case when it comes to investing in initiatives that build customer loyalty.



If business objectives form the backbone of marketing strategy, the customer should sit at the center. Creating opportunities for two-way conversation and authentic interactions is an important source of customer connection.

## Brand Challenges

- Consumers are becoming more selective about the brands they're willing to purchase from and engage with, looking to authentic demonstrations of value alignment as a key differentiator.
- Consumers have more access to information about companies and their practices and policies than ever, and values-based marketing is not sufficient to establish an authentic sense of a company mission and can generate significant criticism.
- Established brands who traditionally stay politically or socially agnostic can struggle to meaningfully transition to this new paradigm, leaving them open to disruptors that put values at the core of their value proposition to consumers.
- The wide variety of social issues and political questions can make it difficult for brands to identify and prioritize value alignments that make sense for the business and articulate a clear and impactful message that will resonate with consumers.
- Brands don't have mechanisms in place to bring the customer voice to the table when setting strategy, and relevant customer data and insights are often siloed in different teams.

## Resolving the Paradox

It's nearly impossible for a company to take a stand or have a point of view on every cause, and jumping on every bandwagon is not necessarily an effective way to make a meaningful connection with consumers. Marketing cannot make decisions about company mission or values in a vacuum, but they should be a key stakeholder driving those conversations and act as an advocate for customer needs and concerns that are relevant to the business.

To establish authentic connections and build customer loyalty, marketing leaders should:



Identify causes and issues that **authentically align with the company's priorities** and original mission and resonate with customers to prioritize.



**Leverage data-driven insights** to bring the voice of the customer into the larger conversation: what are their expectations, what do they need to hear from the brand, what is important to them?



**Look for thought leaders, influencers, and other organizations trusted** by the target audience to partner with that can build legitimacy.



**Assess touchpoints across the funnel** to build hypotheses around where and how values-focused messaging or creative will be most effective.



Proactively seek out opportunities to **get feedback from high-value customers** about what they want from the brand.



**Hold cross-functional brainstorming sessions** to challenge assumptions and surface new ideas for marketing initiatives aligned with specific causes or issues important to the customer.



Invest in campaigns **focused on building loyalty** with the brand's highest-value customers, not just new customer acquisition.



**Reward your loyal customers** with discounts, advanced access to new products or services, and exclusive content or events.

# Marketers Take The Lead: Building The New Digital Funnel

To resolve these four paradoxes in the new digital funnel, four imperatives have emerged as crucial differentiators. For brands to succeed in the future, marketers must:

- 1 Integrate marketing strategy across the funnel and channels to drive long-term sustainable growth for the business.
- 2 Build a better, more seamless customer experience by making decisions based on how high-value customers interact with the brand, aligned with business objectives.
- 3 Prioritize data privacy by building a new kind of digital marketing based on transparent value exchange for first-party data and consensual use of that information.
- 4 Establish strong relationships and long-term loyalty with customers by focusing on community and what customers truly value and want from the business.

Instead of playing a passive role in the constantly changing marketing landscape and relying on reaction instead of proactive preparation, marketers need to lead their businesses into the future and help shape what comes next by embracing these competing priorities and finding solutions to the next set of challenges.

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