

Balancing Brand Marketing and Demand Generation

Strategic Insights for Marketing Leaders

The Ricciardi Group
2025



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Intro

It's not easy being a marketing executive in a landscape that requires creativity but demands tangible outcomes. Beyond the rapidly evolving and expanding role of marketing within most organizations, marketing leaders also face a unique challenge: a shortening average tenure. For CMOs, this means creating the right value. Quickly.

“**How do I balance brand marketing efforts with true demand gen?**”

A common question we hear from CMOs of large corporations and startups alike is, “I know we need to do both, but how do I balance brand marketing efforts with true performance marketing?” In other words, which marketing strategies and tactics should companies apply and when? When is brand marketing more applicable than performance marketing and how can organizations best allocate budgets?

A common example of marketing prioritization comes when brands have to determine how to incorporate social media. Social media makes it easier to tell stories and test messages; it's also easier to provide context for a brand and then move swiftly to an 'ask'. However, realizing a return on social media **marketing** may only be possible for brands with bigger budgets and larger digital footprints. For startups and small businesses, how much should they really invest in brand-driven social media marketing versus more tactical initiatives such as email marketing or direct response?

So many questions—it's no wonder marketers struggle with finding the right mix.

In this white paper, we provide a framework for balancing brand and performance marketing to help you make informed decisions about your marketing resources: time, energy and money. The goal is to create the **right** value for your organization, large or small.

Defining brand vs. demand

Brand: A Company's DNA

In a [recent article](#), writers at Prophet summarized brand marketing as “efforts to drive awareness and build equity.” We agree. Brand marketing is any activity that helps drive customer awareness, early consideration and ultimately loyalty—and these activities should be working closely with demand marketing to “find new and more efficient ways to reach customers.”

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For example, publishing thought leadership articles penned by a C-suite executive, posting blogs on a company website to help educate consumers about a particular topic and partnering with the local animal rescue for a charity event could all be considered brand marketing tactics. These activities don't necessarily aim to directly convert a customer, but rather raise awareness or leave a desired impression.

Brand sits at the foundation—and in the DNA—of a company and it is something that takes years to build. What's more, it evolves and shifts over time depending on a variety of outside factors. Brand is not static. Thus it requires self-awareness, adaptability, flexibility and creativity throughout the lifecycle of a business. And yet, it also relies on a level of consistency over time, rooted in trust and positive customer experiences.

Former Netflix executive Barry Enderwick [defines brand](#) as, “the sum total of everything a company does.” He argues that everything from “how it writes marketing copy” to “how it handles returns” falls under the umbrella of a brand. It is “everything that a company does and how people react and interact with a company.” From what we've seen and experienced, brand marketing—while it may not possess the instant gratification of performance marketing—ultimately has a positive financial impact long-term. Ultimately, it can [increase a company's total market value](#).

Take companies like Apple, Nike, and Microsoft, for example. They didn't become the brands they are today in a short period of time or by staying stuck. Rather, their brands took decades to build—aided by innovation, cutting edge products, and dynamic leadership. However, it's important to keep in mind that pure brand marketing done by companies like these isn't always possible, or even the right move, for many smaller firms.

Demand: An Extension of the Brand

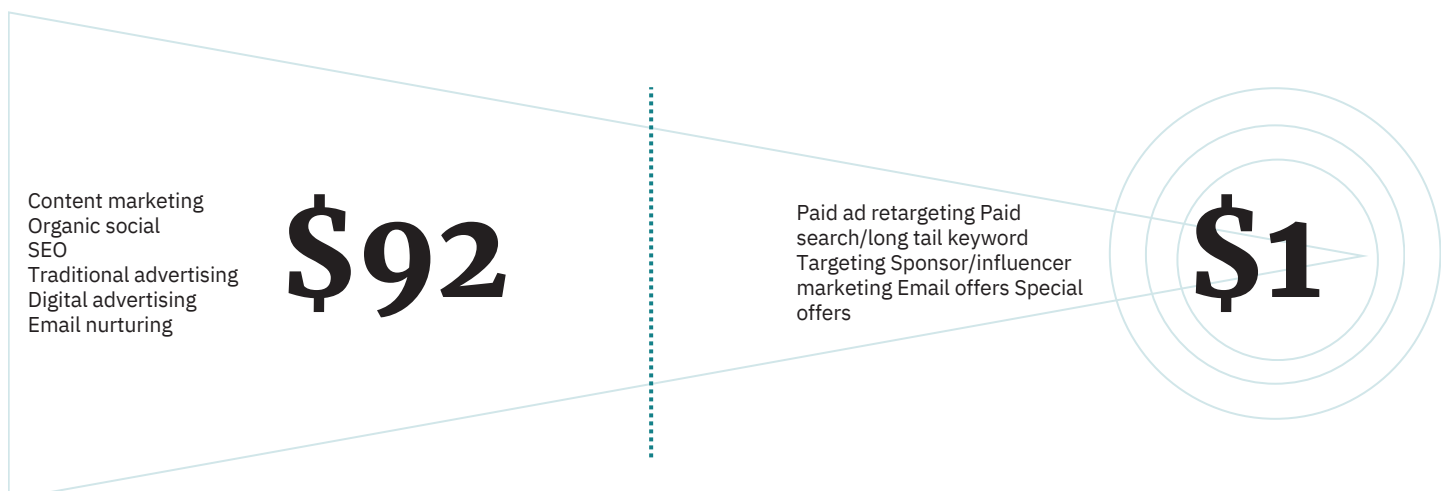
While brand marketing is concerned mostly with the intangible and difficult to measure, performance marketing is firmly rooted in tangible elements—often times derived from how well a brand is positioned. Prophet frames demand marketing as a focus on “getting audiences to take immediate action or conversion.” A [recent report](#) by Hubspot, states that 96% of searchers do their own research before speaking with a human sales rep. When we read stats like that, the importance of having a solid brand presence becomes clear.

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Compounded by increasing competition, where customers have a variety of choices within one click, companies who want successful demand generation campaigns must ensure the basic brand elements are covered: a functional and easy to navigate website, a clear value proposition, distinct benefits and a delightful customer experience. This is especially crucial during the consideration phase: a point at which the user hasn’t formed a strong opinion about a particular product they’re vetting. Strong brand recognition can help a customer say yes.

On performance, Enderwick states, “A lot of people think performance marketing is solely about the numbers. And to a large extent, it is. But performance marketing that is done without the guiding principle of brand only gives you a short-term win. When done using the brand as a guide, you not only get what worked the best but can help build the brand in the process.”

Customer acquisition tactics like emails with special offers, paid search advertising, affiliate marketing and sponsored ads all fall within the realm of performance marketing. Another interesting Hubspot statistic regarding customer acquisition versus conversion reported that for every \$92 spent acquiring customers (getting them into the funnel or store), only \$1 is spent converting them (getting them to actually pay). The takeaway: performance marketing—while it may seem the most affordable and lucrative of the two strategies—is largely reliant on brand marketing in order to get customers in the right position to cross the finish line.



Balance requires a holistic approach

In order to have a comprehensive strategy that gets results, it's clear that we need a solid mix of both brand marketing and demand generation tactics.

The question becomes: when do we do what?

The answer isn't black and white. Rather, it depends on a variety of factors employed at various intervals over time.

Enderwick offers marketers this take: "Think of performance marketing as being on a spectrum. On one end is the ruthlessly created and optimally efficient combination of words and images that bring in the best numbers up front. It moves KPIs like 'the most website visitors' or 'highest conversions.' It has no regard for building the brand, just hitting or exceeding those KPI goals. That is a short-term win."

Demand generation campaigns with the highest tangible returns generally happen when a company has a clear and compelling message, a specific ask and some level of pre-established brand equity that can effectively move a potential buyer to an immediate purchase decision. The only goal is to get them to buy, regardless of how they may connect with the brand. These are transactional decisions that require only one person to have a say – no buying committee.

On the other end of the spectrum is what Enderwick refers to as, "the maximally brand-based version, one that has everything it needs to express the brand position and attributes with only the slightest call to action (if at all). This approach may not bring in the front end numbers like the previous one, but it does a great job of building the brand."



Approach is contingent on maturity

Most firms will need a strategy that includes a good mix of both brand and demand gen, but the tactics and channels leveraged will depend on maturity. As a marketer, it's crucial that you have a clear understanding of what stage your company is in and its needs as a result. It's easy to get caught up with metrics that don't really matter and finding the metrics that really do matter is crucial.

Take Client Magnet Marketing's J.C. McBride's advice to early-stage firms for example: "Focus on marketing that gets results you can measure. Focus on tactics that put money in your pocket through sales instead of tactics that give you a dopamine hit from likes and shares. You can't pay bills with dopamine."



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We've seen this time and time again with startup companies. The marketing and leadership teams tend to zone in on vanity metrics such as social media likes and followers rather than actual performance metrics that drive sales. The collective goal should be business growth and marketing dollars should be allocated to the tactics that will close deals.

Startup firms need to establish a strong presence before social media can be used to showcase its brand personality or influence public perception. In order to reach that status, marketing teams must do the work to get in front of the audience that is in-market for the products and services they sell. Land on a strategy that focuses on paid content promotion with clear messaging and compelling calls to action to reach, convert and ultimately incentivize them to make referrals on your behalf.

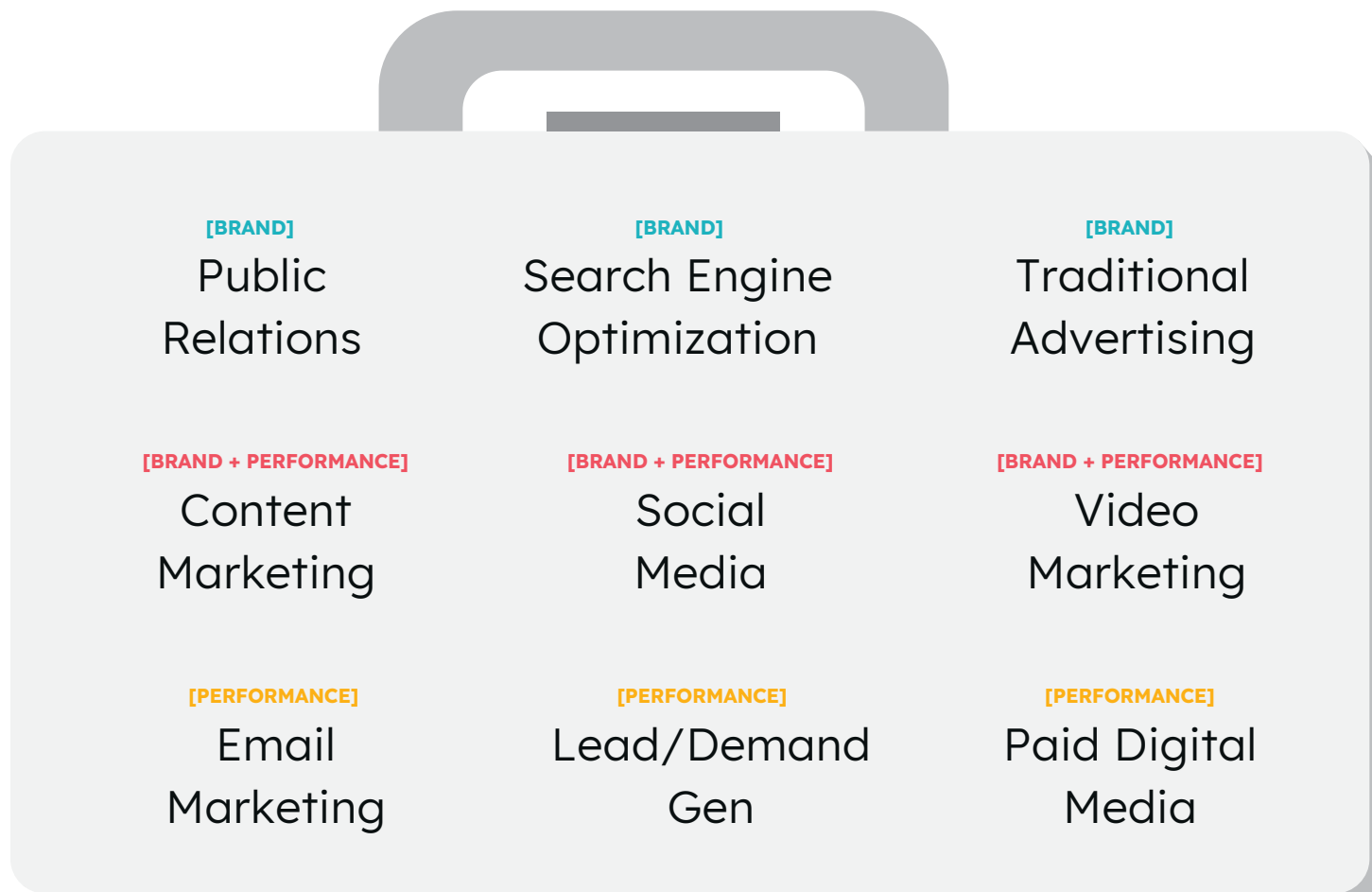
Once a company has moved from startup to grownup, the strategy evolves. As McBride points out: "Big consumer brands don't care about generating sales from social media. They care about leaving an impression." Established brands can afford to do this because they are playing the long-game with brand marketing on channels like social; and for companies who have been around for awhile, they need to continue investing in brand marketing so they can stay ahead of potential negative perceptions or (more importantly) new opportunities. Unlike early-stage companies, they have the luxury of experience, time and established budgets.

All companies, no matter what stage, need some mix of these basic tools in their marketing kit:

- Public relations (brand)
- Search engine optimization (brand)
- Traditional advertising (brand)
- Content marketing (brand + performance)
- Social media (brand + performance)
- Video marketing (brand + performance)
- Email marketing (performance)
- Lead/demand generation (performance)
- Paid media (performance)

The degree to which you deploy them depends on the maturity of your company. Our years of experience have informed our opinion on what constitutes the right mix to achieve the right balance of brand vs. performance marketing, illustrated in the following examples.

Our recommended marketing kit:



Startups need more performance

A startup company should be focused on growth via customer acquisition. At this early stage, you need to move beyond early adopters and attract new users. Your products and offerings are evolving fast with new iterations launching on a regular basis, so most of your marketing effort will be on tactical performance marketing that will drive direct sales. However, you also need to show your investors and the market that you have a product that people want. Customer stories and shared experiences can help drive authenticity and create favorable impressions about your company and your brand. A suggested ideal balance will be weighted toward measurable outcomes, as such:

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10% [brand marketing]

to develop consistent brand messaging and assets that encapsulate the company's value proposition and emphasize the technology-enabled aspects of the business that enhance customer experience.

10% [brand marketing]

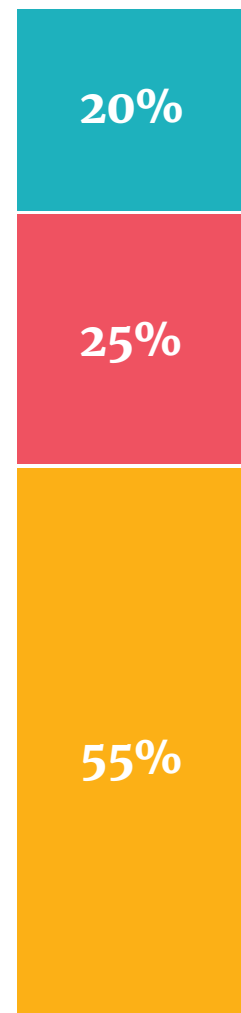
allocated to PR efforts in order to announce the brand and garner media coverage for the differentiating features new product releases.

25% [brand + demand]

reserved for paid social media in order to connect with existing and potential customers in an authentic way, that solicits their personal stories and reflects aspects of products in the voice of the customer. These user-generated stories can be utilized to improve iterations of product value propositions and inform the product marketing roadmap.

55% [demand]

spent on digital advertising with direct calls-to-action and incentives related to the release of new products and services.



As an emerging brand you should invest just enough in brand marketing to show that you are competitive and credible—to build awareness and establish a solid customer base. However, your company's stage demands an emphasis on performance marketing to promote products and maximize new customer acquisition.

Grownups can leverage their brand

For a grownup technology company with an established customer base, things are different. A brand refresh may be in order for aspects of the brand that are outdated and out-of-touch. The market is likely crowded with firms offering similar products, so brand marketing is important in order to provide existing customers with an updated impression of the brand and an opportunity to remain loyal. But you need to grow the customer base to hit higher revenue goals and that requires some level of focused attention on performance tactics.

A suggested ideal balance for a company at this stage could be as follows:

20% [brand marketing]

to develop a customer-focused, documentary style commercial that encapsulates the company's renewed mission and brand personality.

20% [brand marketing]

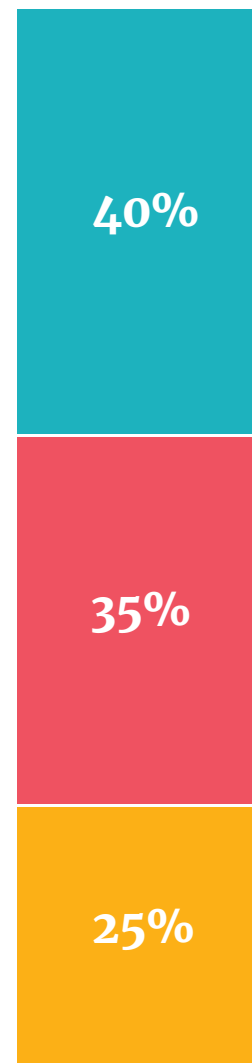
allocated to PR efforts in order to announce the rebrand and garner media coverage of campaign-related assets, including the docu-commercial.

35% [brand + demand]

invested in social media to encourage input from customers that reflects aspects of the new company brand and its overall mission. These real-world stories in the voice of the customer can be utilized to reinforce the company's commitment to listening and customer-centricity. Paid social will also be deployed in conjunction to help gain more coverage.

25% [demand]

spent on traditional/digital advertising with direct calls-to-action to try new products—all in conjunction with the rebrand.



An emphasis on brand marketing will ensure that your existing customer base is aware of your new brand and evolved mission of the company. However, the added elements of tactical performance marketing initiatives allows new customer acquisition during the rebrand launch campaign—contributing to revenue growth.

Building your balancing act

As we mentioned at the outset: Brand is not static. Thus, it requires self-awareness, adaptability, flexibility and creativity throughout the lifecycle of a business. Awareness is especially important as you make decisions about your company's mix of brand and performance marketing and the appropriate marketing strategy to deploy.

A disconnect between reality and perception is often the cause of failed marketing efforts. Say for example that your company believes it has created a brand everyone recognizes and loves and you spend a million dollars on a fabulous ad campaign touting your amazing customer service.

But if, in reality, there is a tremendous amount of negative chatter about how bad your customer service is, then you may as well have taken a match to the money you've just spent on performance marketing.

Likewise, if you're targeting millennials but your website looks like it's from 1997 and requires more than 4 clicks to make a purchase, you'll have a hard time converting, let alone acquiring, new customers. Maybe it's time for you to invest in some creative brand marketing.

Lack of adaptability, creativity and a streamlined user experience can kill even the most well-intentioned strategic marketing plans. As with anything, there is no silver bullet or perfect marketing mix. And what fun would it be if there was? Marketing, like anything else a business does, requires a strategy based on experience, testing, analysis and optimization. The good news is that once you determine the right balance of brand marketing and demand generation, your organization has a much higher probability of getting the right value out of any marketing initiative.

MARKETING STRATEGY REQUIRES:

Experience

Testing

Analysis

Optimization



Do you have a healthy marketing balance?

Improve your marketing mix.

**The Ricciardi Group
was founded to fill a
gap in the market; a
deep understanding
of complex B2B
combined with
intelligent, bold and
creative activation.**

**We help clients
realize their fullest
potential, from the
inside out.**

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