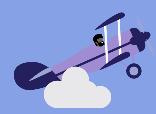
FOSPHA

Fospha's Growth Accelerator Guide: Full-Funnel Strategies for Rapid Commerce Growth

The proof your team needs to invest in **full-funnel** advertising



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The Growth Accelerator: Full Funnel Strategies for eCommerce Leaders

Gain exclusive insight into the top brands' strategies for sustainable growth.

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More than ever, consumer brands face the challenge of balancing short-term demand capture with long-term demand generation.

While most brands agree that a healthy channel and funnel mix is the obvious strategy, in reality, brands often skew heavily toward demand capture, struggling to unlock ad dollars for upper-funnel campaigns.

Why does this happen?

At its core it is a measurement problem. Last Click undervalues demand generation activities, and MTA indexes towards the bottom-of-funnel due to signal loss in customer journeys. This means brands have no way to measure the impact of upper funnel investment and hence spend the majority of their budget converting existing demand.

While Conversion campaigns deliver results in the short term, they don't grow future demand, meaning brands end up spending more and more trying to convert the same demand pool. In the long term this drives up CAC, hurts profitability, and ultimately kills businesses – at Fospha we call this the 'bottom of funnel trap'.

In this report we analyzed tens of billions of dollars of revenue from leading retail eCommerce brands in the US, UK and EU. Revenue can be seen as a vanity metric for upper-funnel initiatives, as the impact can take time to materialize.

In this report, we provide you with benchmarks that prove brands investing full-funnel perform transformationally better at blended level.

This report will show you why—and how you can be like them.

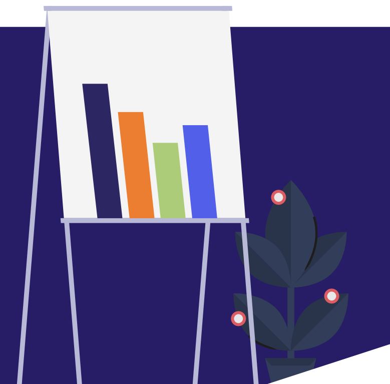
What is Fospha?

Fospha is leading the change in marketing measurement.

For over 10 years we've been pioneering privacy-safe marketing measurement. Our evolved measurement approach restores the visibility lost due to data changes resulting from the GDPR/CCPA & iOS14 whilst complying with privacy regulation globally.

With the granularity of attribution and the predictive power of MMM, our measurement solution offers full-funnel measurement and forecasting. Because we're full-funnel our clients can both generate and capture demand sustainably.

Fospha has tools for all marketing teams, creating a shared source of truth towards smarter, more confident budget decisions.



What you'll learn:

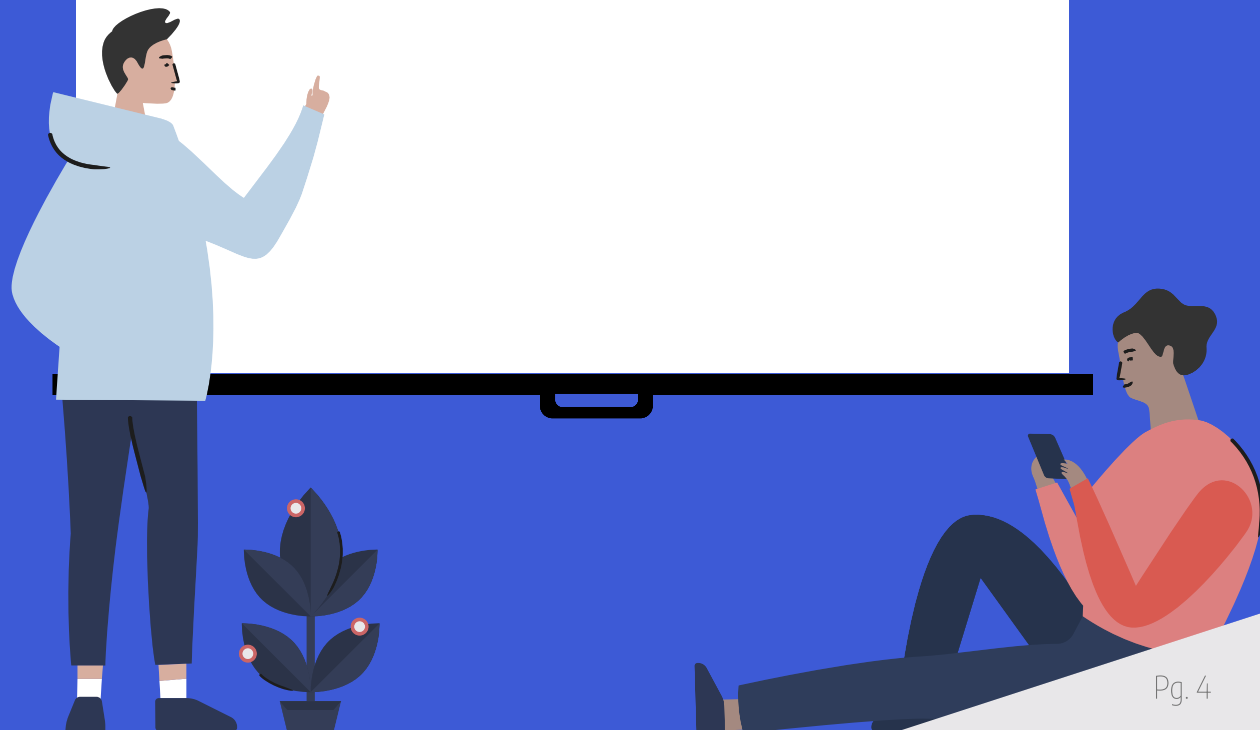
How to stay ahead of competitors by identifying emerging opportunities and trends across the full funnel

How to diversify spend across multiple channels for improved efficiency and ROAS

Actionable insights to build a sustainable, data-driven marketing strategy

This report will cover:

1. Strategic recommendations across demand gen and demand capture
2. Insights into the benefits of a full-funnel approach and its impact on growth and profitability
3. Practical tips for reallocating spend cross-channel to optimize blended performance metrics



Defining demand generation and demand capture campaigns

This report separates campaigns into two groups*: those with a demand capture (i.e. bottom-of-funnel) purpose, and those with a demand generation (i.e. upper funnel) purpose.

A demand capture strategy focuses on converting existing interest into sales. It delivers shorter-term results by leveraging immediate, high-intent demand. In contrast, a demand generation strategy creates awareness over time, fostering sustainable growth by shaping long-term demand and driving future interest.

Demand generation

- Meta Awareness & Consideration
- TikTok Awareness & Consideration
- Snapchat Awareness & Consideration
- Pinterest Awareness & Consideration
- Google Display
- Google Discovery
- YouTube

Demand capture

- Meta Conversion
- TikTok Conversion
- Snapchat Conversion
- Pinterest Conversion
- Brand Paid Search
- Google Generic PPC
- Performance Max
- Google Shopping
- Affiliates

*We report on the channels that comprise at least **1%** of spend. **AppLovin** hasn't yet reached this threshold and has therefore been omitted. **It is, however, the fastest growing emerging channel.**

This report also introduces the term 'underutilized discovery channel'. These channels are uniquely positioned to help customers discover new products, brands, or ideas. Like all discovery channels, they may yield an initially higher CAC, but their highly visual content aids demand generation long-term. They remain at a smaller % of the average budget compared to e.g. Meta & PMAX despite their benefits and are thus underutilized.

Underutilized discovery channels

- TikTok
- Snapchat
- YouTube
- Pinterest

Upper funnel campaign spend drives up to 3X better blended ROAS

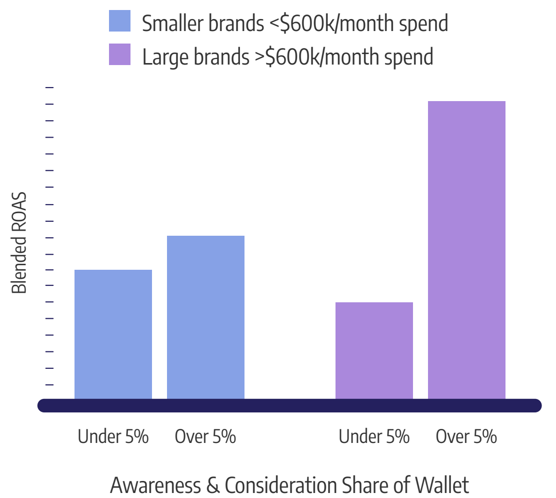
Investing in the upper funnel, such as Awareness and Consideration campaigns, is crucial for building brand recognition and generating demand.

But how much should your brand invest in Awareness & Consideration?

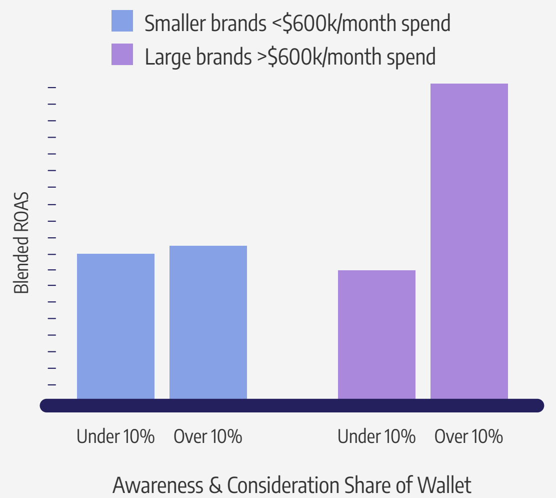
Our latest data reveals that brands should allocate at least **5%** of their budget to Awareness & Consideration to maximize performance. Brands exceeding this threshold consistently achieve significantly higher ROAS.

- **Small brands** (spending below $600k per month) see a **22% boost in ROAS** when spending more than 5% on Awareness & Consideration.
- **Large brands** (spending $600k or more per month) experience even greater benefits, with **218% higher ROAS** when surpassing this 5% threshold.

eCommerce retailers of all sizes should spend a minimum of 5% of budget on Awareness & Consideration



Large brands see continued efficiency benefits when spending over 10% on Awareness & Consideration



For large brands, the advantages continue at higher investment levels. Those dedicating over 10% of their total digital budget to these campaigns report **110% higher ROAS** than those spending under this threshold.

It's important to note that this is blended data, and the optimal spend level for Awareness & Consideration will vary between different ad platforms.

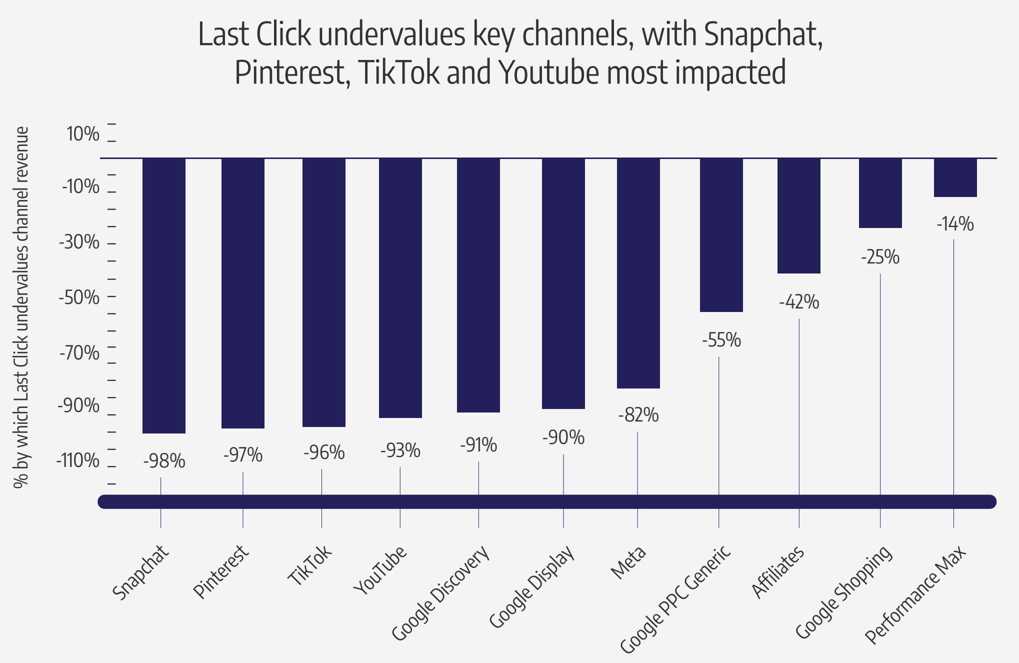
For example, Fospha's research featured in The Ultimate TikTok Playbook revealed that top-performing brands on TikTok allocate 22% or more of their TikTok budget to Awareness & Consideration campaigns.

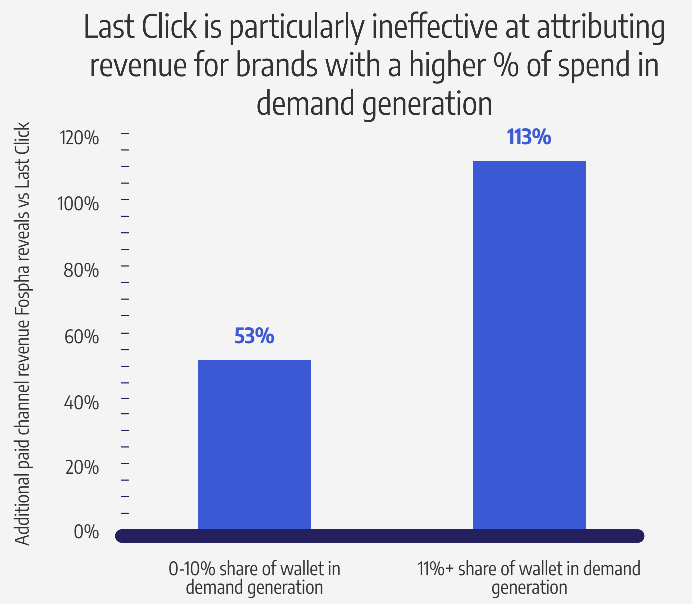
By aligning your strategy with these benchmarks, you can unlock greater efficiency and long-term growth.

Traditional MTA approaches are ineffective at measuring all channels, particularly those that drive brand awareness

As brands increasingly diversify away from just demand capture, traditional attribution models like MTA & Last Click are proving to be insufficient for accurately measuring channel performance.

We conducted an analysis investigating the extent to which Last Click undervalues paid channels, and found that it does so for all except PPC Brand. It is particularly flawed at measuring Paid Social and discovery channels.



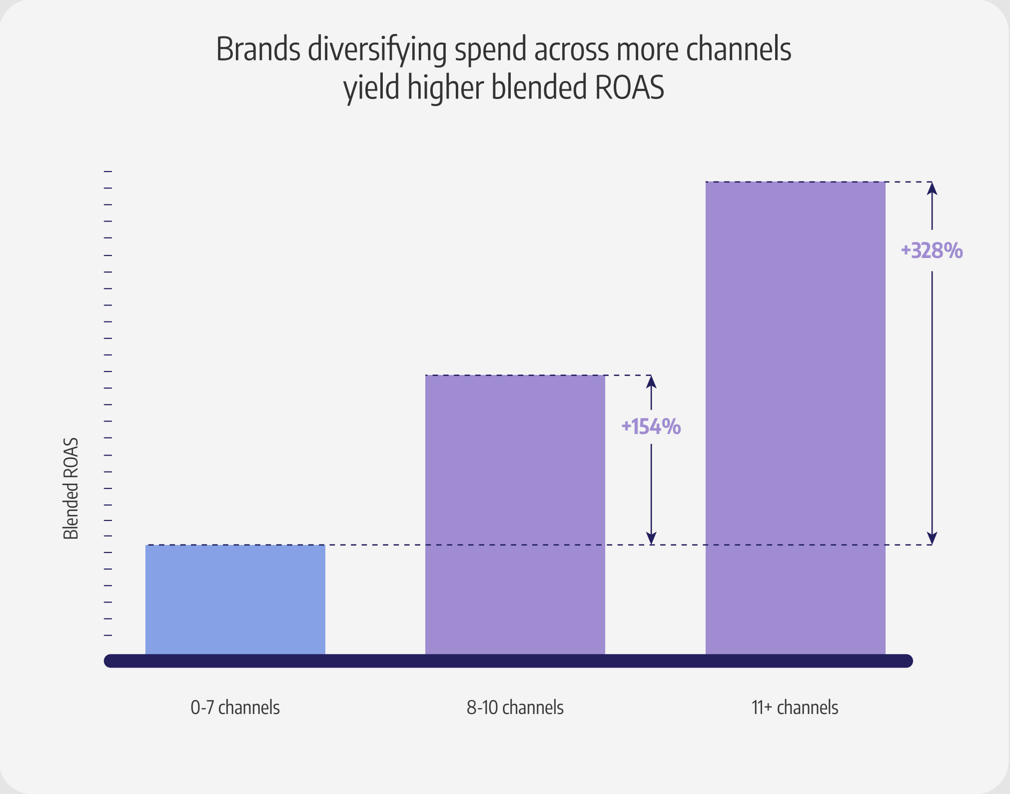


We also hypothesized that Last Click will become increasingly ineffective at attributing revenue for brands with a higher % of spend in demand generation. Indeed, Fospha reveals **53% more revenue** in the paid channels for brands spending 0-10% in demand generation, but **113%** for brands spending 11+% in demand generation. This reveals that as brands decrease their reliance on bottom-of-funnel channels & strategies, this intensifies the need to adopt sophisticated attribution like Fospha to effectively measure impact.

Diversifying cross-channel spend yields significantly higher ROAS

Diversification is a hot topic in eCom. We sought to investigate the extent to which the data supports channel diversification as a fruitful strategy for 2025.

To test this, we assessed brands spending across three groups: 0-7 channels, 8-10 channels, and 11+ channels.



Our data confirms this hypothesis: diversifying ad spend across multiple channels leads to more efficient returns and reduced costs compared to spending in fewer channels.

Brands spending in >8 channels achieve the highest blended ROAS, with an impressive **154% increase** for those spending in 8-10 channels, and a remarkable **328% rise** for brands spending in 11 or more channels compared to brands spending in fewer channels, underscoring the importance of effectively balancing cost and efficiency to optimize blended metrics.

By diversifying across multiple platforms, brands secure higher ROAS by broadening audience reach. This then reduces the diminishing returns associated with spending in over-saturated platforms.

Our next analysis explores how reallocating spend from major channels to growth channels can further improve performance and balance.

Brands who balance Meta & Google with other channels see optimal blended results

Meta and Google have long been the cornerstone of many brands' digital marketing strategies, commanding the lion's share of budget allocation (80%+ combined on average). These channels have been proven to generate results at scale. At its mammoth size Meta still has ~70% headroom for further growth. Meanwhile at 20% spend growth YoY, Performance Max's CAC and ROAS remains stable. However, as we saw above, diversifying ad spend across additional channels can lead to improved overall performance. This raises a question: what is the ideal percentage of spend beyond Meta and Google to achieve optimal results?

To identify the range that produces optimal CAC, we looked at three cohorts:

Cohort A: 0-20% of budget outside of Meta & Google
Cohort B: 21-40% of budget outside of Meta & Google
Cohort C: 41%+ of budget outside of Meta & Google

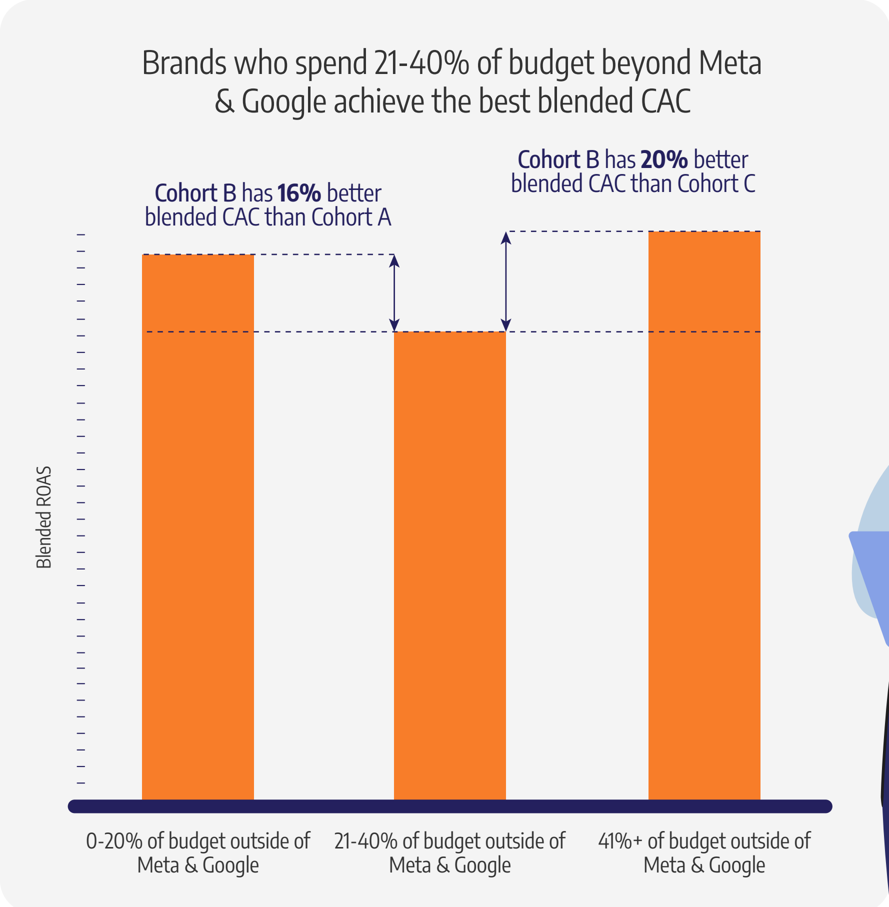
We found that Cohort B achieves far superior blended CAC.

A few factors are likely influences here:

1. Diversification without dilution: Allocating 21-40% of the budget to other channels provides enough diversification to tap into new audiences without losing the core performance Meta and Google offer.

2. Reduced dependence and risk mitigation: Relying solely on Meta and Google can expose brands to volatility, such as rising CPMs or algorithm changes. Diversifying within this range helps brands mitigate these risks while maintaining cost efficiency.

3. Channel synergy and incrementality: Other channels like TikTok, Pinterest, or Snapchat are often underutilized discovery platforms. Investing in them complements lower-funnel efforts on Meta and Google, resulting in better overall performance.



12-23% share of wallet in underutilized discovery channels is optimal for blended metrics

Underutilized discovery channels, including YouTube, Snapchat, Pinterest, and TikTok, command a small % of the average budget yet excel at enabling product and brand discovery.

Although they may initially yield higher CAC, their long-term impact on brand recognition can lead to better overall performance.

To find the optimal % of spend in this group, we analyzed 3 cohorts*:

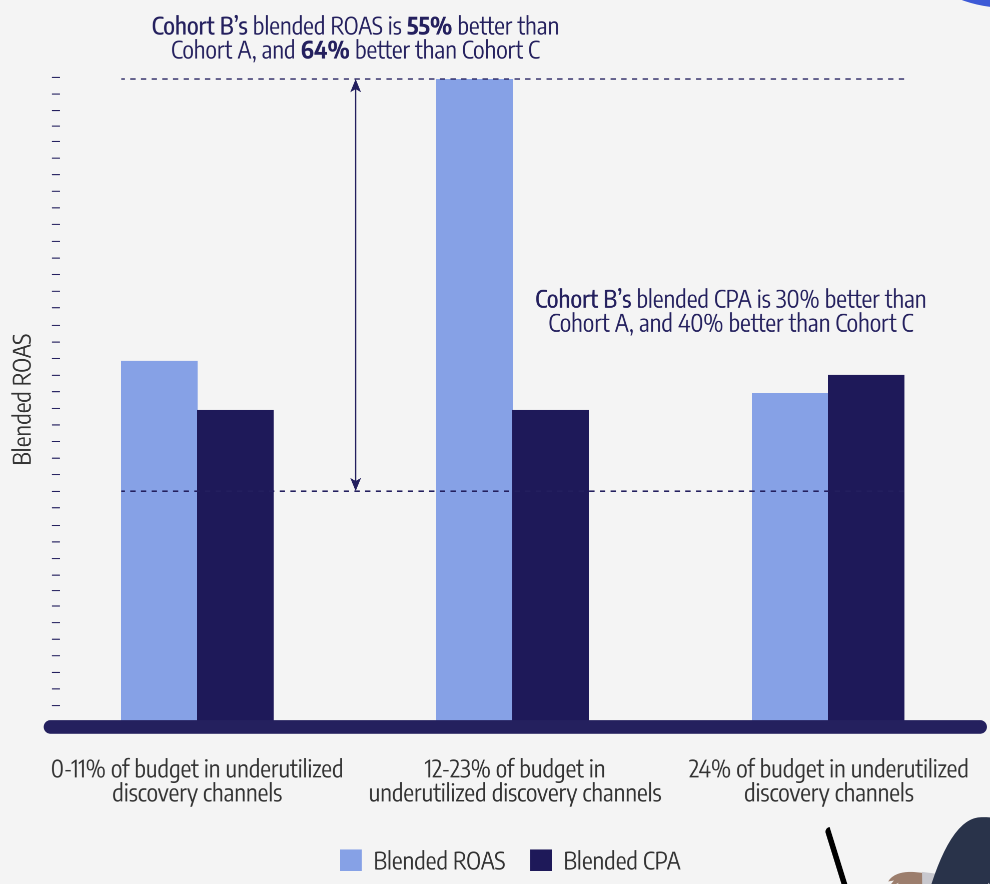
Cohort A: 0-11% of budget in underutilized discovery channels
Cohort B: 12-23% of budget in underutilized discovery channels
Cohort C: 24%+ of budget in underutilized discovery channels

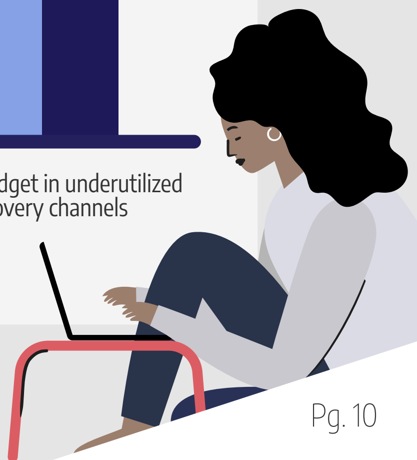
We found that Cohort B achieves far superior Blended ROAS & CPA.

This reflects a stronger funnel synergy. By allocating a moderate share of the budget to underutilized discovery channels, brands in Cohort B amplify the effectiveness of their lower-funnel campaigns on Meta and Google, creating a synergistic effect that improves blended ROAS and CPA.

*cohort segments selected to accommodate proportionate sample sizes

Brands spending 12-23% in underutilized discovery channels achieve the best blended ROAS & CPA





And we're only scratching the surface.

Without full-funnel measurement, you will already be vastly undervaluing the impact of your paid channels.

However, if you're also spending on third party sales channels (like Amazon) the problem will be even more pronounced.

Until now, Amazon data has sat behind a walled garden. Fospha is shortly releasing a study outlining the halo effect of upper funnel channels on Amazon sales - **stay tuned**.

Key takeaways

1. Upper funnel campaigns have the potential to provide up to a **218% boost in blended ROAS**, with significant benefits for both small and large brands.

2. Traditional MTA is ineffective for measuring the performance of all paid channels, particularly discovery channels like TikTok and YouTube. Brands who spend **>11%** of total budget in brand building strategies suffer the worst

3. Channel diversification produces far stronger blended results. Brands spending in **8+ channels** yield significantly higher ROAS while maintaining cheaper acquisition costs.

4. Meta & Google are rightfully the cornerstone of most brands' digital strategy. However, brands with the best blended CAC spend **21-40%** of their budget outside of these channels, balancing diversification and risk mitigation.

5. Allocating **12-23%** of the budget to underutilized discovery channels like YouTube and TikTok drives superior blended ROAS and CPA by enhancing brand awareness and complementing lower-funnel campaigns.

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