



Elevating eCommerce: The Unseen Power of Upper Funnel Spending

A Fospha Research Report 2023



2023



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Who are Fospha?

The ultimate answer to your eCommerce measurement problem.



- 1 Increased competition is pushing up costs, squeezing margins and threatening growth targets.
- 2 Headwinds like iOS14, cookie deprecation and the privacy-first movement make it harder than ever to reliably see what's going on.
- 3 Cross channel reporting with a single source of truth becoming more difficult as the number of channels increases, each with their own attribution methodology.

Fospha is the future of marketing measurement.

Using machine learning to combine multi-touch attribution and marketing mix modelling in one view, Fospha gives clear, actionable insights on where to spend to maximise your growth.

Our cutting-edge approach shows you the impact of all clicks and impressions, restoring visibility you lost with iOS14 and future-proofing you against further privacy changes.

Fospha clients achieve on average:

+75% Spend growth
+33% Return on advertising spend
-9% Customer acquisition cost

Getting started with Fospha:

- 1 Fast, with a live platform in **under a week**
- 2 Easy, requiring just **10 minutes** setup
- 3 Affordable, with pricing from just **\$1,250 /month**

Click [here](#) to get started with a with a one month money-back guarantee.

Huel®

“If you're trying to scale a D2C brand – invest in Fospha!”
Ben Bokaie, Head of Performance

SPOKE

“The most sophisticated attribution model I've ever worked with”
Jake Higgins, VP Growth

OUUP

“The reporting I've been looking for my whole career”
Kathrin Paramasivam, VP Growth

Introduction

Elevating eCommerce: The Unseen Power of Upper Funnel Spending

As we continue to navigate a competitive eCommerce landscape and evolving consumer demands, many brands are opting for a more aggressive approach to marketing, focusing their efforts on Conversion activity. For brands who lack a sophisticated measurement tool, bottom-of-funnel is the easiest to track. Visibility over the impact on sales is greater, and feedback may seem more immediate. Without the ability to accurately measure performance across the whole funnel, brands are lacking the trustworthy data necessary to commit to spending beyond Conversion. Naturally, brands will spend less where they can't see performance - if you can't measure it, you can't manage it.

Fospha is here to help. With our market leading attribution model and coverage across many of the best-known eCommerce brands in the US, UK and EU, our platform is uniquely positioned to shine a light on the true impact of mid and upper funnel activity on brands' performance over time.

This report uses upper funnel to mean Brand Awareness/Reach and mid funnel to mean Consideration/Traffic. As Meta has the biggest proportion of spend in higher funnel objectives, we chose to focus our report here. We've investigated the impact of upper funnel activity on brands' metrics across both the short and long term.

The data demonstrates that brands who spend long-term (10+ months) in Brand Awareness present far lower acquisition costs and a stronger average ROAS. This is compared to brands with only 3 months of spend, and brands with no spend in this objective at all.

This indicates that although Conversion activity is more direct and easily tracked, it is ineffective as a stand-alone objective in the long-term. Instead, with Brand Awareness becoming more effective the longer it is maintained, we conclude that investing in upper funnel media is a long-term strategy for cost reduction and improvement of returns.

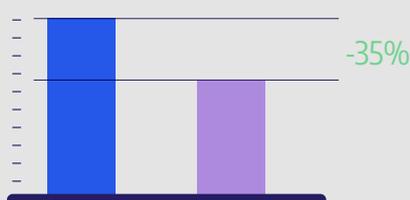


Brands maintaining long-term upper funnel spend reduce costs and improve ROAS

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To start this report, we're going to examine performance for brands who sustained their upper funnel activity for at least 10 months, compared to brands who chose not to invest in upper funnel during this same period. We know that spending in Brand Awareness can create opportunities for cost reduction further down the funnel – here we can see this effect visualised.

CAC (10 month view)

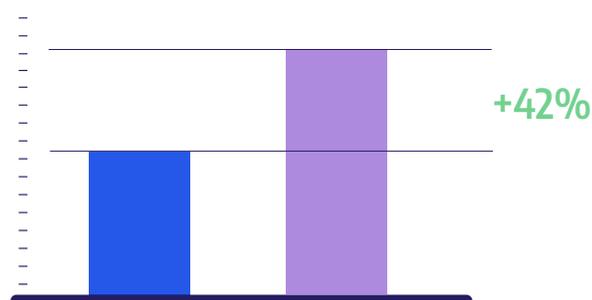


- Brands not running upper funnel
- Brands running upper funnel for 10+ months

CPP (10 month view)



ROAS (10 Month View)



The most significant difference is for ROAS, where returns are 42% stronger for brands who chose to maintain Awareness spend long-term. Coupled with this is a striking difference in CAC, as brands who focused on Conversion found it 35% more expensive to acquire a new customer. Based on common trends, this is likely due to two key factors. First, upper funnel activity lays the foundation for conversions later on, as brand awareness gradually increases. Second, CPMs tend to be cheaper for upper funnel activity due to lower levels of competition. This has a positive knock-on effect for all metrics thereafter.*

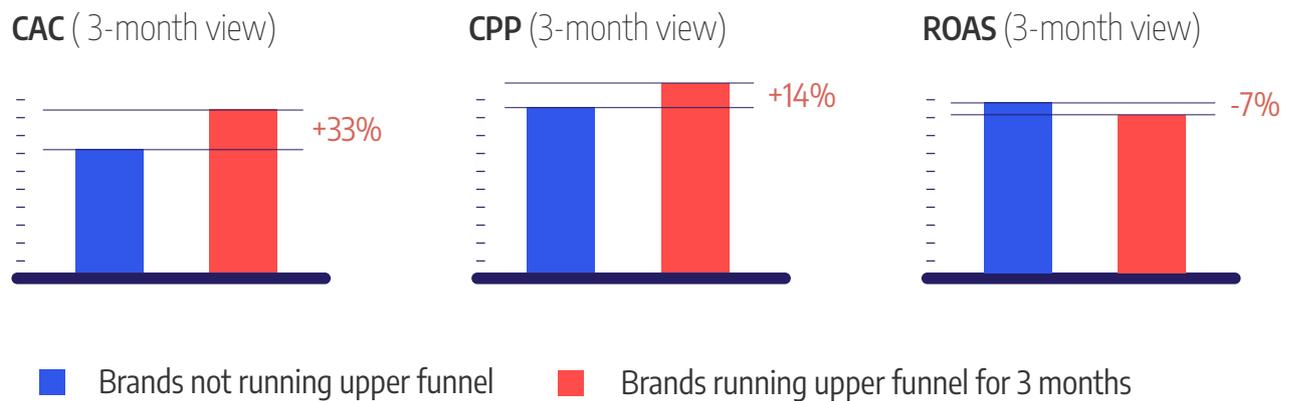
*To read more on how cheap CPMs in higher funnel media improve ROAS – see our BF/CM report linked here.



This positive impact can take time to materialise

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Having proven that upper funnel is great for long term health, the question we logically come to next is how long it takes to have an impact. To measure this, we looked at what happened when brands introduced spend but then stopped after a period of less than 3 months.



Here's where it gets interesting. While the results are incredibly compelling in the long-term, these effects hadn't yet materialised after only 3 months. When we focus on the short term, returns and acquisition costs seem stronger for brands running only Conversion ads.

Fospha regularly see that the impact of spending in Brand Awareness is not always immediate. With customers slowly progressing along the funnel, it can take a while for website visits and ad impressions to convert. Fospha anticipates a slight lag, which can sometimes take 3+ months to materialise into revenue.

That means that while in the long term spending on upper funnel is the right strategy, in the short term it can hurt your key metrics. For brands without advanced measurement therefore, they will typically experience their increased investment as causing a decay in blended metrics – for example, their overall CAC will rise. This is where frustration typically sets in, which may lead them to conclude that upper funnel activity is ineffective for them and switch it off.

However, Fospha's full-funnel measurement model allows customers to ride out this sticky patch and reap the long term benefits of their investment.



The duration of upper funnel spend significantly impacts long-term metrics

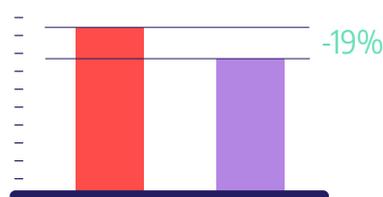
Elevating eCommerce: The Unseen Power of Upper Funnel Spending

It's clear that brands not engaging with Brand Awareness are at a disadvantage in the long run compared to those that sustain it. However, let's delve deeper into what potential benefits brands who stopped spending in upper funnel after 3 months, may have missed by not persevering.

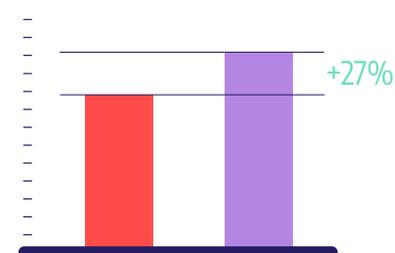
CAC (3 month vs 10 month view)



CPP (3 month vs 10 month view)



ROAS (3 month vs 10 month view)



■ Brands running upper funnel for 3 months

■ Brands running upper funnel for 10+ months

The data supports that brands who are still spending in upper funnel after 10 months experience greater efficiencies versus those who ceased the activity. It becomes far cheaper to acquire a new customer (CAC -41%) and returns see a rise of +27% over time.

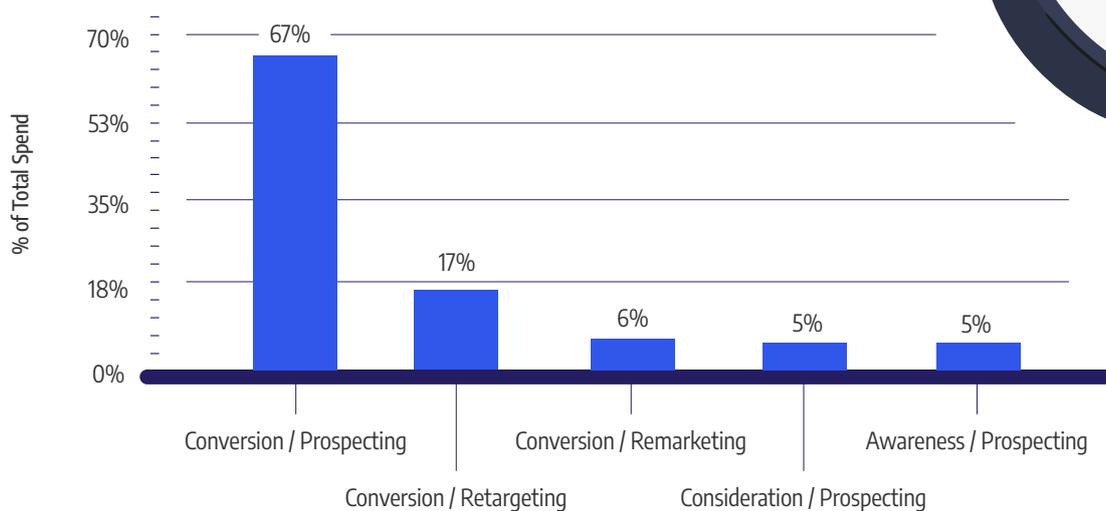
This indicates that the longevity of upper funnel spend may be a huge driver of how much success a brand ultimately finds with this objective. Therefore, prematurely halting spend if results aren't immediate, may mark a missed opportunity for future reward.



Strategies to optimise upper funnel investment

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Typical Spend Split by Meta Campaign Type (Fospha Brands)



On average, Fospha brands spend 5% of total spend on Awareness and an equal amount on Consideration. This is a small proportion of overall spend, but a starting point for creating a more balanced approach to marketing investment, which typically pays off long-term.

However, Fospha's most successful brands usually spend more than 10% beyond bottom of funnel, with the most optimized spending up to 25% in Awareness and Consideration.

For example, Huel is one of Fospha's long-term partners, who have used us to significantly scale their top of funnel while lowering costs. Huel's experience makes the macro trends we've observed in this report come to life.

Hear Huel: "Using Fospha data we successfully scaled our top of funnel, and in the first 6 months of our partnership increased our new customer conversions by 54%. Amazingly, we were able to do this within our target CAC too. During this crucial time Fospha has been the most important tool in our marketing stack."

For other brands, we've helped build the confidence to spend in upper funnel, which basic attribution tools aren't able to do. With Fospha as a strategic partner, CUUP began spending more in upper funnel, which played a large role in their efforts to effectively scale.

Hear CUUP: Fospha "help us understand the full marketing funnel and how channels are driving growth for the business... It allows us to expand into new upper-funnel channels that drive awareness and exposure of our brand"

This **Fospha G2 review** shows the power of full funnel measurement in delivering business results:



Maria. R
Mid-Market (51-1000 emp)
★★★★☆

Validated Reviewer

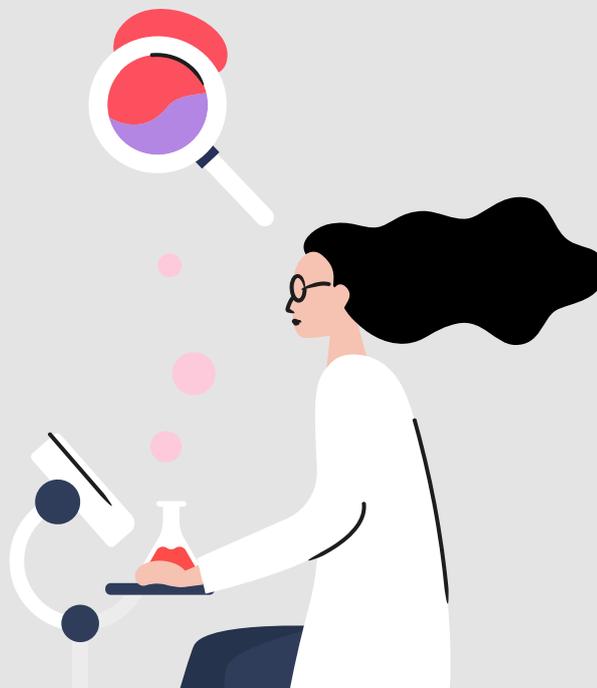
Review Source: Organic

“More visibility & better automation for optimizations”

What do you like best about Fospha?

It helps us identify which channels contribute to overall revenue, especially channels that are more upper-funnel that, in the past, we never saw the actual value of (display, social). It also integrates so well with other platforms, specifically smartly for us, which makes management super easy, allowing us to utilize automation to optimize our campaign to perform better. The dashboards also make it very easy for us to go in and see how performance is at the campaign level for when we want to drill down.

[Show More v](#)



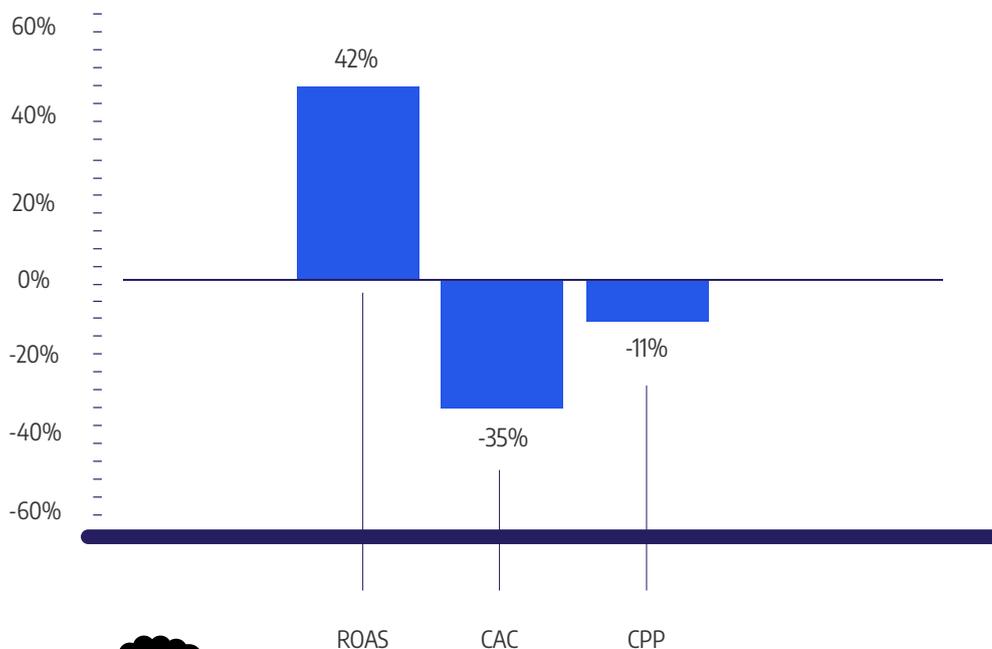
In Summary...

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Ultimately, while Brand Awareness can sometimes yield fast results, what Fospha often sees is a lag between visits and conversions, particularly when entering a new geographical market that isn't as familiar with your product. This means that upper funnel activity may initially increase acquisition costs – however, it has the potential to significantly increase the effectiveness of advertising spend in the long run. It's useful for brands to be prepared for this scenario, and to avoid reactively returning to the safety of Conversion activity. Maintaining even a small amount of spend in upper funnel, and monitoring its performance over time, is an effective test for observing if the findings of this report reflect in your data.

The key to all of this is measurement. If you can't measure it, you can't manage it - so most brands don't invest in upper funnel ads. That makes the opportunity there even more acute, as competition and CPMs are low. Use a measurement solution like Fospha to differentiate, guiding your spend as you hit the audiences your competitors can't see. Try it out today with a money back guarantee - click [here](#).

Brands who invest in upper funnel activity demonstrate significantly better results over a 10-month timeframe

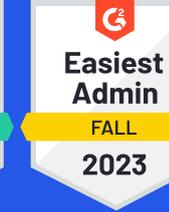


Summary of key conclusions

Elevating eCommerce: The Unseen Power of Upper Funnel Spending

- 1 Upper funnel investment is a long-term strategy for reduction of acquisition cost and increased ROAS.
- 2 Fospha brands with 10+ months of upper funnel spend have lower acquisition costs and higher ROAS on average than those who do not invest at all, as well as those who invest only for a short period.
- 3 Immediate KPI improvements may not fully reflect the eventual impact of these efforts.
- 4 A data-driven approach is crucial. Brands should monitor the success of their campaign objectives over time, rather than making decisions based solely on immediate performance.
- 5 Fospha's best-optimized brands invest up to 25% of overall spend in Brand Awareness and Consideration.
- 6 Diversifying away from just Conversion has played a key role in our most successful brands' ability to scale.
- 7 Measurement is key to making this happen, as you need the visibility to justify the investment





LJ FOSPHA



2023

