



Elevating eCommerce: Secrets of Scaling Brands

A Fospha Research Report

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www.fospha.com



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Introduction

Definitions of categories and terms in Appendix

As brands scale, their approach to marketing changes significantly - but knowing the best growth strategy in each stage can be incredibly difficult. This report explores this question through two key angles. First, what are the top brands in every lifecycle stage doing? Second, what is the best overall funnel strategy?

As part of this work, we also spoke with the Meta Marketing Science team to get their take on the best growth strategies for eCommerce brands. Hear **Alfonso**, Marketing Science Partner, Third Party Measurement Lead:

“There is a pressing need for eCommerce brands to evolve their marketing activities as they advance in their lifecycle. Should I scale my existing advertising strategies, or is growth going to come from something new? Only by implementing accurate and actionable measurement systems will they be able to effectively answer these questions.”



We analyzed the strategy of 71 brands, this is what we found:

Startup



Key strategy:

Startups invest in impressions-driven channels like Paid Social to aid in establishing their audience.

Case study:

Pooch & Mutt used this strategy to achieve strong revenue gains year-on-year (YoY) while improving acquisition costs.



Scaleup



Key strategy:

Scaleups, having established their audience, lean into Conversion activity. They increase spend in impressions-led media to continue generating demand.

Case study:

The Essence Vault used this approach to scale Meta while keeping acquisition cost increases to a minimum.



Mature



Key strategy:

Mature brands increase higher funnel spend to avoid saturation and start exploring international expansion.

Case study:

Represent scaled TikTok, which increased their growth headroom across Paid Social and improved Meta efficiency. They began growing their presence in the US.

REPRESENT

Majority Offline



Key strategy:

Majority Offline brands spend primarily in click-based channels (e.g. Performance Max) but the data reveals significant opportunities in Paid Social.

Overall optimal funnel strategy

Almost everyone is under-invested in the higher funnel. At overall level, the best optimized brands spend **18%+** in Meta higher funnel, and **22%+** in TikTok higher funnel.



Who are Fospha?



- ① Increased competition is pushing up costs, squeezing margins and threatening growth targets.
- ② Headwinds like iOS14 & 17, 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 a new type of marketing measurement.

Using machine learning to combine multi-touch attribution and marketing mix modelling in one view, our platform 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 & 17 and future-proofing you against further privacy changes.

Fospha clients achieve on average:

-10%

Customer acquisition cost

+78%

Faster revenue growth

+9%

ROAS

Fospha gives you 10x better measurement than Last Click so you can spend with confidence:

- ① With an investment starting from just **\$2500/month**, your measurement will become 10x better than Last Click.
- ② **Insane time to value.** Go live in 2 weeks without pixel deployment, with 10 minutes of set up required.
- ③ You get **outcomes, not outputs.**

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

THE ESSENCE VAULT
Perfumes

“For brands like us focused on driving fast, profitable growth, you need to be speaking to the guys at Fospha”
Connor Martin, CEO



Why upper funnel ads are a must-buy for successful bigger brands

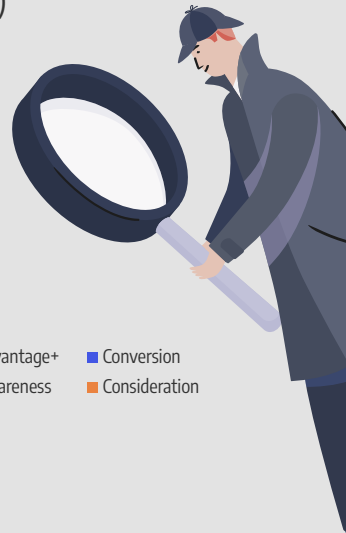
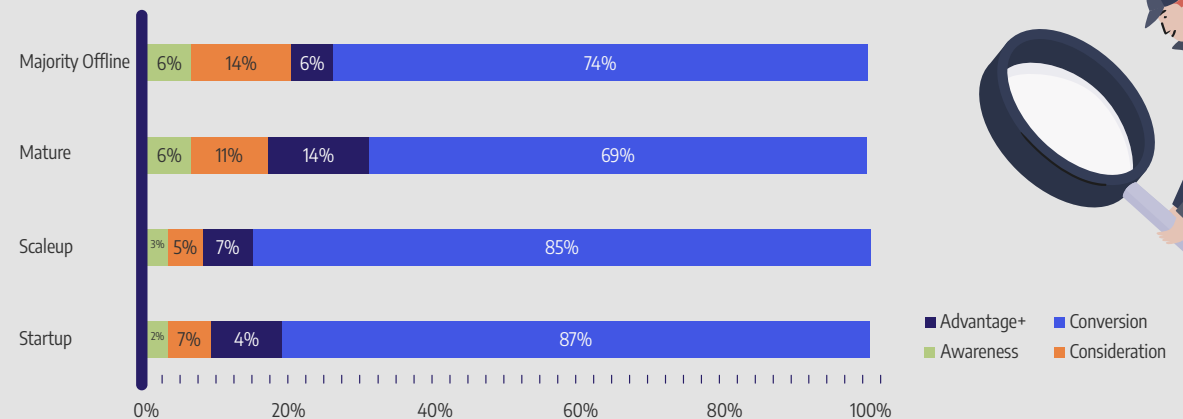
Funnel Strategy

While Conversion remains a core strategy throughout, the data indicates that as brands grow, they increasingly turn to higher funnel activity and more diversified channel mixes.

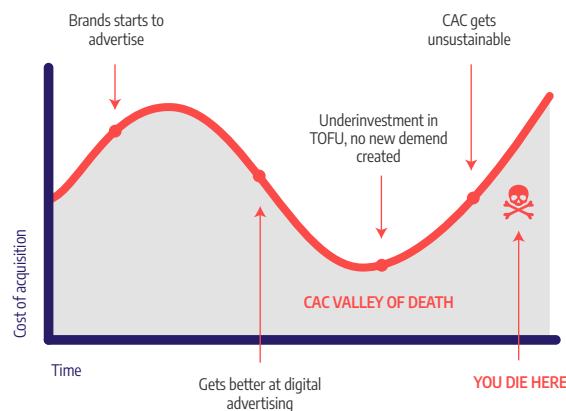
As brands out-grow their initial receptive audience they face a choice – invest in upper funnel activity to acquire new users or face unsustainable acquisition costs.

Research has shown that as brands without a full-funnel strategy scale, they reach a stage where demand is no longer being generated and CACs skyrocket.

Brands reaching maturity diversify the most into the upper funnel (all channels)



Lifecycle of a brand without a full-funnel strategy



This wisdom is reflected in the data. Mature brands reduce the proportion of Conversion activity in their strategy, while ramping Awareness and Consideration to a combined 17% of spend.

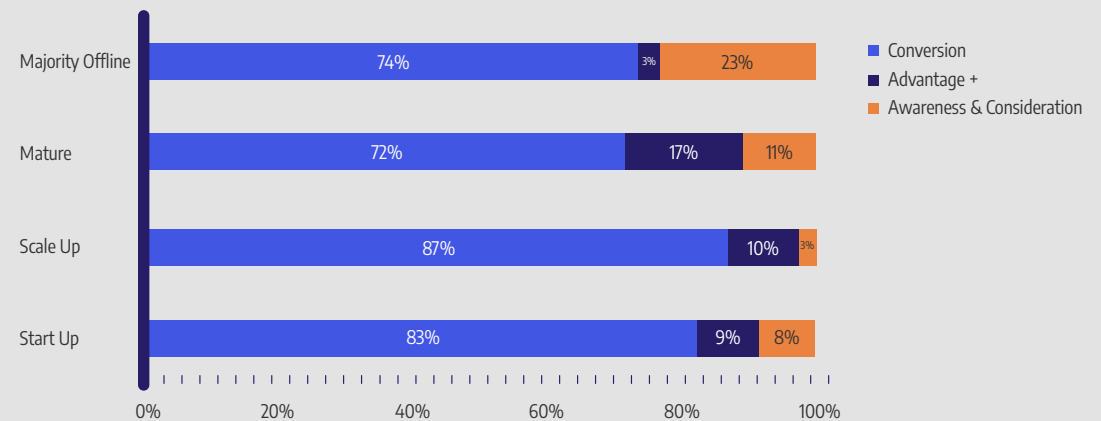
Advantage+ activity also plays an increasingly key role, bringing total investment into long term resilience to 31% for Mature brands. This suggests that full funnel activity really is the key to long term growth.

Majority Offline brands follow a similar trend – reflecting that large brands understand the importance of driving brand awareness as a constant, to continuously grow their addressable audience.

When looking specifically at strategy within Meta, we continue to see this trend persist. Notably, we notice that Scaleups index far more towards Conversion activity, compared to other lifecycle stages:

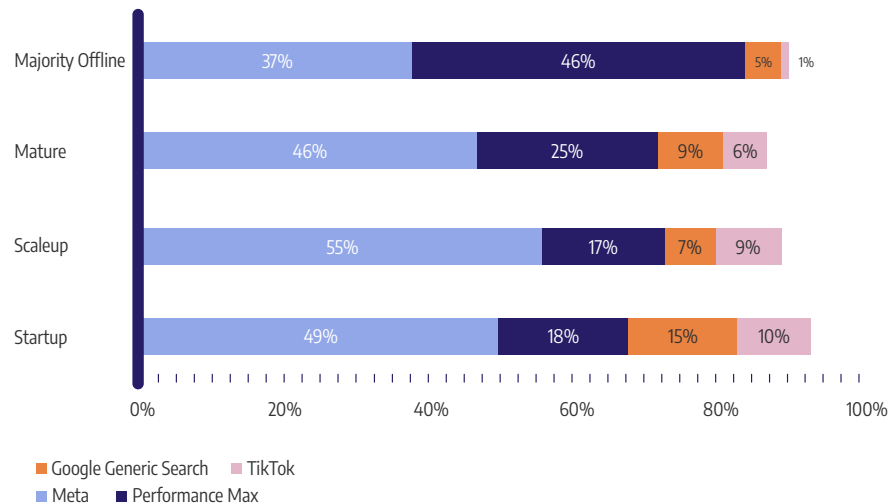
This strategy makes sense – Scaleups are typically in a phase where they have validated their product-market fit and are experiencing rapid growth. At this stage, they are focused on maximizing their return on investment and accelerating revenue generation.

Scaleups focus on Conversion activity in Meta, while larger brands scale higher funnel (Meta analysis only)



Channel Strategy*

Meta and Performance Max are dominant channels across all stages, especially Majority Offline



*focused on top 4 spend channels

Between all stages, Meta remains the dominant Paid Social channel, while Performance Max is the click-based channel of choice.

Notably, share of wallet in TikTok falls as a brand grows. Startups spend the highest proportion in TikTok, perhaps to capitalize on its algorithm-driven feed and viral potential, which create opportunities to reach new audiences.

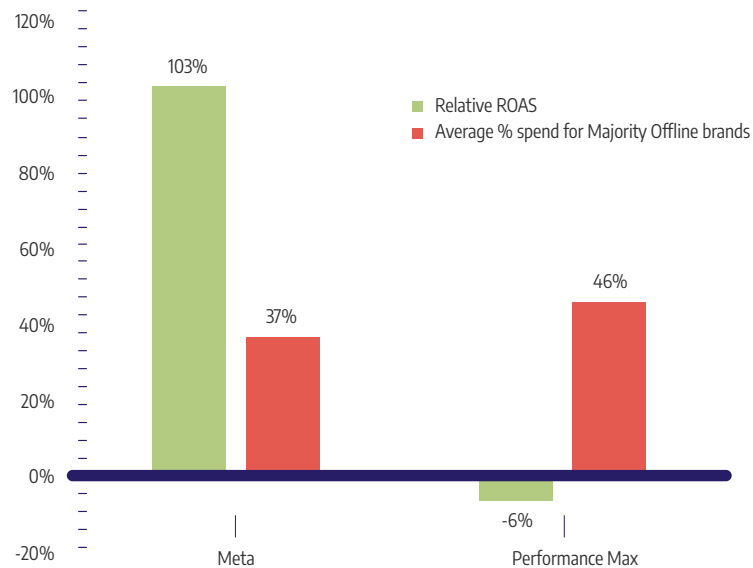
As brands progress into a Scaleup stage, rapid growth becomes the focus – naturally drawing brands to Meta. With billions of active users worldwide, the platform offers unparalleled potential for Scaleups to reach and engage with their target audience effectively.

Majority Offline brands allocate a significant portion of their budget to Performance Max. This may be due to these large brands already having an established presence, which they capitalize on through click-based channels. Last Click is also more effective at capturing the impact of click-based channels than impressions-led channels – so when looking just at Google Analytics, it's easier to justify spending in Performance Max than Paid Social.

Performance Max top pick for Majority Offline brands, but Paid Social generates stronger results

Majority Offline First brands spend half their budget in PMAX - how does this strategy impact KPIs?

Meta performs far better than Performance Max at similar scale for Majority Offline brands*



*Here, 0% represents average performance

This highlights the potential missed opportunities for Majority Offline brands in fully leveraging the impact of Paid Social campaigns. By shifting their focus towards a more balanced mix of channels, these brands can optimize their mix and achieve stronger returns. Recent Fospha research found that on average brands are hugely under-invested in Paid Social, only reaching 59% of its potential.

Relative ROAS is designed to show us not just total performance, but performance relative to what “good” looks like for each brand. So, a channel's Relative ROAS = % better or worse than the average for all channels.

For the average Majority Offline brand, Meta performs significantly better than Performance Max with a 2X stronger Relative ROAS than the average. In contrast, Performance Max under-performs, with a 6% worse ROAS relative to other channels.



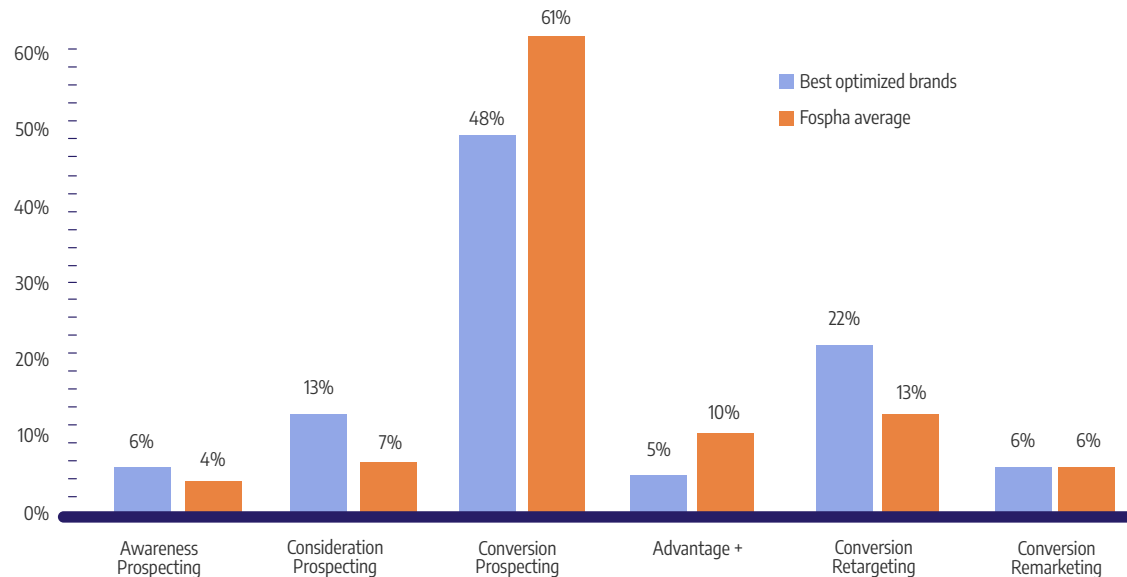
How does your strategy stack up against the best optimized brands?

We know that Majority Offline brands have room to increase their spend in Paid Social, with strong overall headroom across Meta & TikTok. But what does the funnel and channel strategy look like within Paid Social for the best optimized brands?

In this section we examine the habits of average strategies for brands with the strongest optimizations in Paid Social, which we define by the lowest CPP.

∞ Meta

The best optimized brands in Meta spend 18%+ across Awareness & Consideration*



*this analysis was also conducted at lifecycle stage level. This trend remained consistent, with some highly optimized brands spending 25% across Awareness & Consideration.

The best optimized brands in Meta go full-funnel, spending far more than the average in Awareness & Consideration.

Meta is a strong bottom-of-funnel performer, serving well to recapture the attention of audiences engaged higher up the funnel.

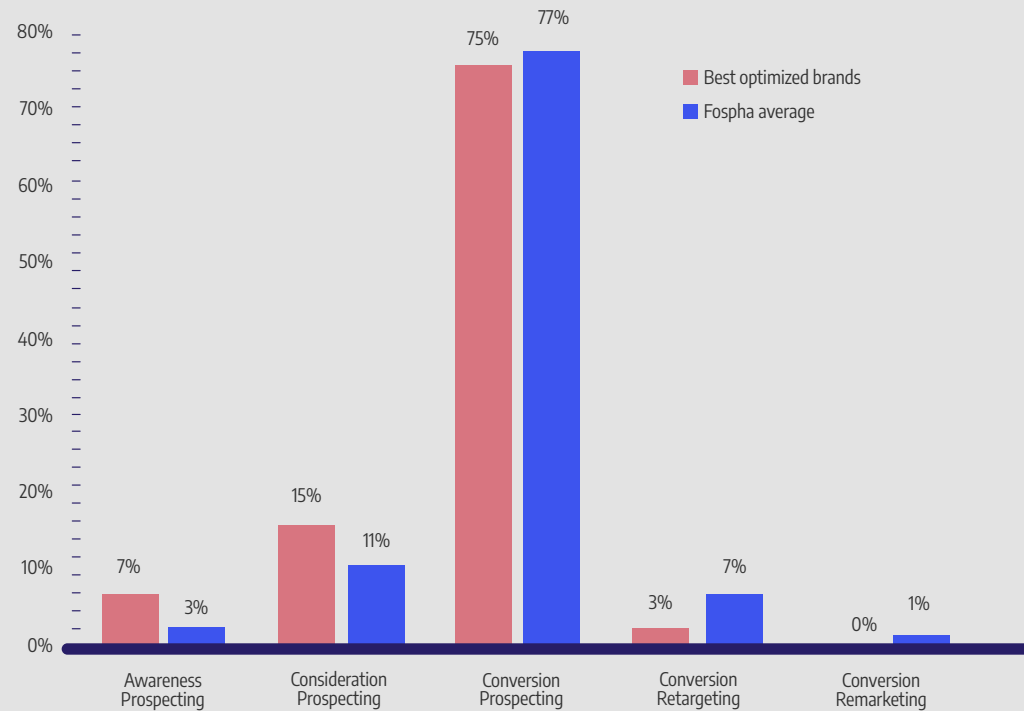
However, Brands should stay aware that Retargeting can become easily saturated if not supported by higher funnel activity. Fospha data suggests that spending in the upper funnel creates more headroom in Retargeting, which then naturally contributes to cheaper conversions and lower CPP.



These findings come as no surprise, with Fospha's previous research uncovering that brands who spend consistently in the higher funnel gain significantly better metrics long-term.

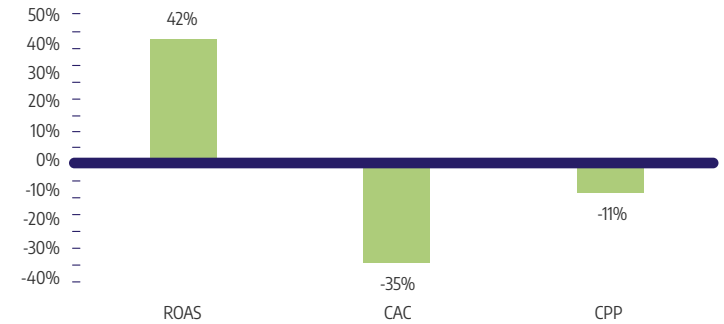


The best optimized brands in TikTok spend 22%+ across Awareness & Consideration*



*this analysis was also conducted at lifecycle stage level. This trend became even more pronounced, with the best optimized Mature brands spending over 26% in the higher funnel.

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



Upper funnel report

[View Report](#)

TikTok is a relatively new channel for a lot of advertisers – but the data already reveals that the brands with the best optimization in this channel spend even more than Meta in the higher funnel.

TikTok proves strong for generating awareness through high quality impressions and a highly engaged audience, so the best optimized are capitalizing on this opportunity.

The best brands in TikTok also spend heavily in Conversion Prospecting. This suggests that TikTok's strengths lie in driving direct response actions and engaging with potential customers early in their purchasing journey - rather than as a lever to re-engage potential or past customers.

How Pooch & Mutt scaled spend while improving CAC

We've covered the strategies of the best optimized brands on average – but the right strategy isn't a one-size-fits-all, and varies greatly based on where a brand is in their journey. In this final section we'll cover three brands – a Startup, a Scaleup and Digitally Mature brand, showcasing how they changed their strategies as they grew.

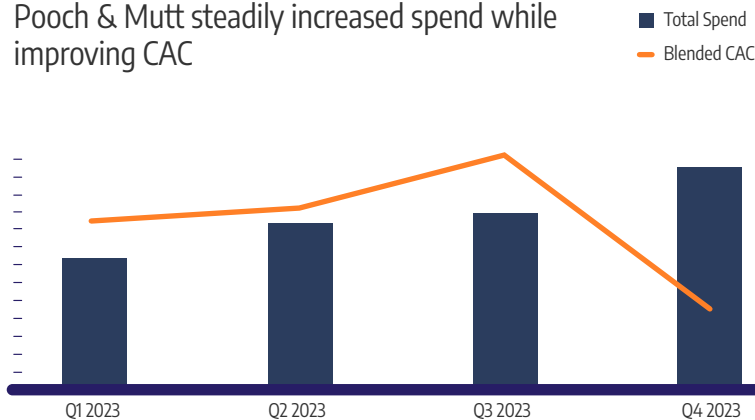
scaled spend in Paid Social for impressive return

Pooch & Mutt is a UK-based pet food company specializing in producing high-quality, natural dog food and treats. Pooch & Mutt has experienced a recent surge in growth, much of which is owed to Paid Social.

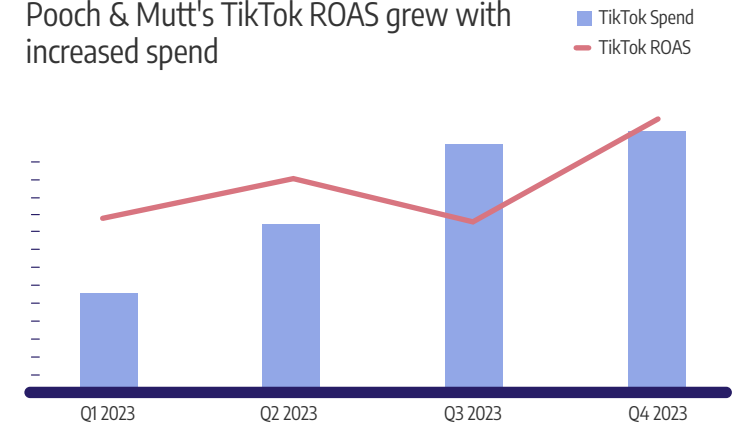
Throughout 2023, Pooch & Mutt used Fospha to gain the confidence to scale spend by almost 2x, with the largest proportional increase being in TikTok. Impressively, CAC improved by 6% during this period despite this large ramp in cost.



Pooch & Mutt steadily increased spend while improving CAC



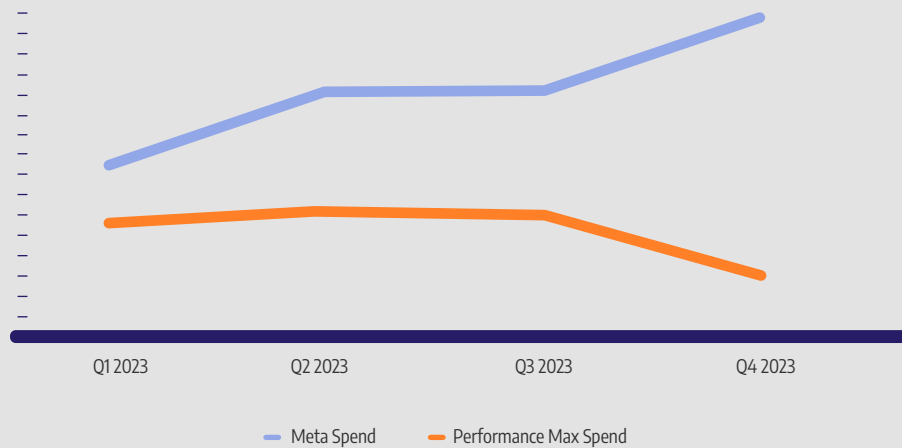
Pooch & Mutt's TikTok ROAS grew with increased spend



Meanwhile the ROAS in TikTok itself improved by 66%.

This is a striking example of TikTok performing well for Startup brands – with the ability to quickly generate awareness and capture attention, TikTok is an indispensable part of a Startup's channel mix.

Pooch & Mutt grew Meta, especially higher funnel, while decreasing Performance Max spend



Within Meta, Pooch & Mutt focused on optimizing their strategy. They diversified into the higher funnel, doubling their spend in Consideration. They also began to invest more in Advantage+ which has helped with driving growth.

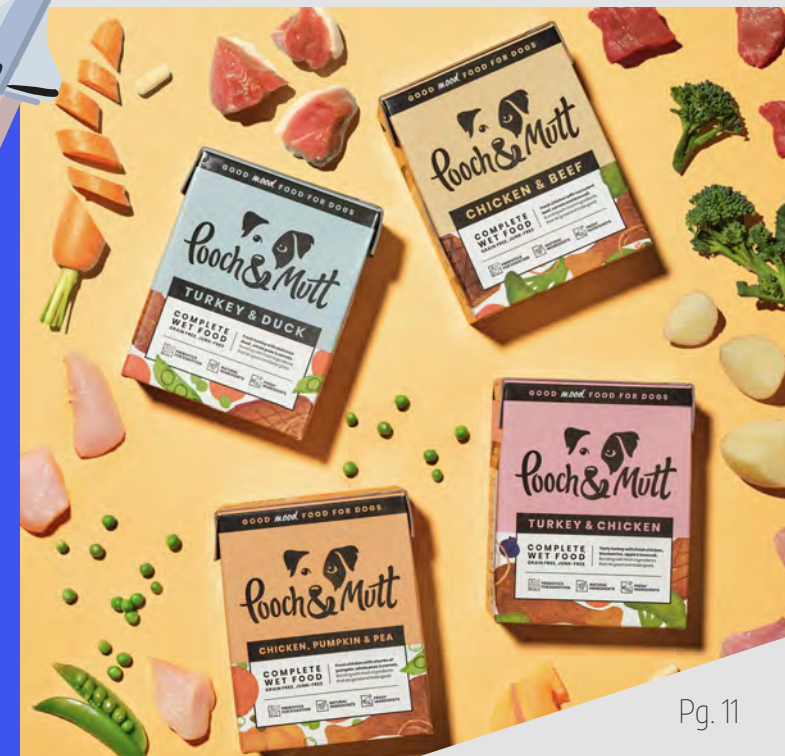
The strong investment in impressions-led channels, particularly the higher funnel in Paid Social, aligns with the average strategy we see amongst Startups.

Startups recognize the importance of establishing a strong brand presence early on to lay the foundation for long-term growth.



Pooch & Mutt's formula for success:

- 1 Increased investment across impressions-led channels particularly TikTok, while decreasing click-based channels as a proportion of their mix.
- 2 Diversified into Meta higher funnel, doubling their spend in Consideration.
- 3 Changed their Meta strategy, focusing efforts more on Advantage+.



How The Essence Vault leveraged Meta Conversion ads to elevate their performance

THE ESSENCE VAULT *Fragrances*, a leading fragrance brand, specialize in long-lasting “inspired by” scents offered at a fraction of the cost of their high street brand counterparts.

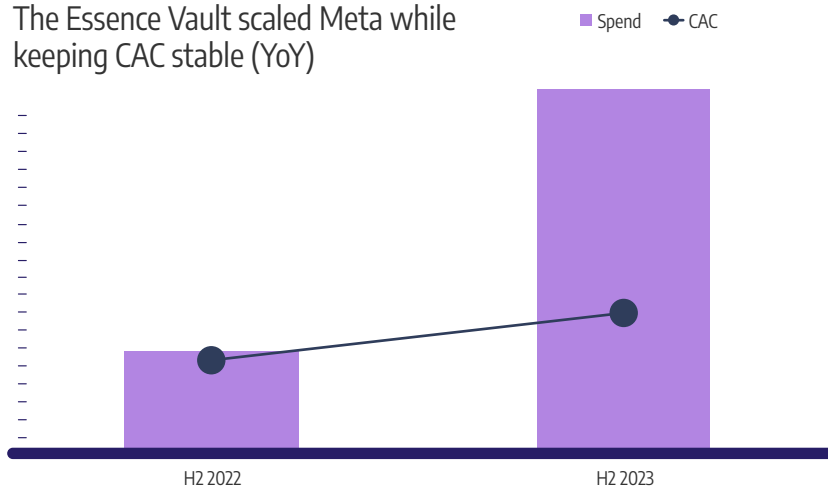
In 2023, The Essence Vault’s spend in Awareness & Consideration across Meta & TikTok was low (less than 1%) with the vast majority of spend concentrated in Conversion (99%+). This strategy is consistent with the average Scaleup, which tends to be far more focused on capturing demand than generating long-term brand equity.

We sat down with **Olly**, CMO of & co-founder of eCommerce growth agency Soar With Us to hear from his perspective:

“As we progressed from Startup to Scaleup our key focus was on improving our execution and economies of scale rather than going full-funnel. We executed better in-platform, leaning into consolidated account structure best practices.”



The Essence Vault scaled Meta while keeping CAC stable (YoY)



*The Essence Vault joined Fospha in June 2023

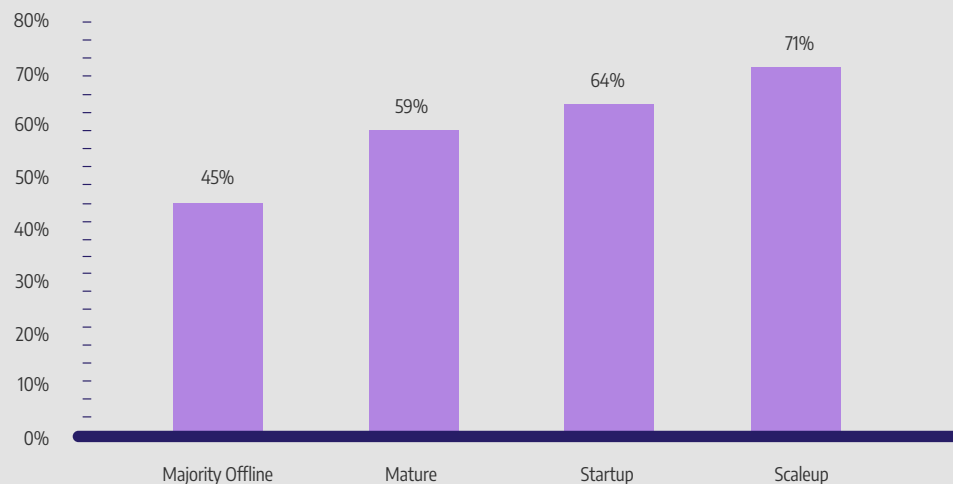
Despite going further towards the bottom-of-funnel, The Essence Vault remain firmly invested in impressions-led media. Part of this was scaling Meta spend by 250% YoY while only increasing CAC by 9%.

The brand’s ability to achieve strong results in Meta while remaining Conversion-focused is a testament to successfully capturing the demand they generated throughout their early stages.

This growth is driven by impressions-led media, with The Essence Vault increasing their spend in these channels YoY. This is also consistent with the average strategy for a Scaleup - brands in this stage lean in more than ever to impressions media.



Scale Ups invest the greatest proportion of spend in impressions-led media



Simon, Marketing Science Partner at **Meta**, also notes the importance of focusing on marginality:

“Elite advertisers focus on marginal returns. They understand that performance isn’t constant, and neither is the company’s strategy. Strategy A might have driven all the growth to date, but your next dollar isn’t getting the same return. To understand this, you need to understand your growth curves.”

Ultimately, a focus on marginal returns, creative account structure and post-click methodology unlocked efficiency and scale for The Essence Vault – a strategy that Soar With Us replicate across their other brands.

Olly gave us his reasoning behind this choice:

“Meta and TikTok are key for demand gen. You need to spend here to generate top-of-funnel awareness, making sure you have the right message, creating and offering.

This impact trickles down to lower funnel channels like Google. As we grow into a Mature stage, we’ll be spending in the higher funnel as long as we can prove its incrementality – that’s part of why we invest in Fospha.”

Using Fospha’s new predictive tool, Spend Strategist, The Essence Vault have been able to understand the incremental impact of their channels, empowering them to scale confidently. This tool demonstrates where there is headroom to either grow or scale back, using historic data to outline predictive returns for each channel. Using Spend Strategist, The Essence Vault pinpointed areas for scalable growth with the highest potential for marginal returns.



The Essence Vault’s formula for success:

- 1 Increased focused on the lower funnel to capture demand generated in their early stages.
- 2 Increased spend across impressions-led media particularly Meta, with their Conversion-heavy strategy allowing them to capture demand at stable CAC.
- 3 Focused on cultivating the right message and creative, measuring success through incremental & marginal gains.

Accelerating into maturity: Represent scaled Paid Social to improve cross-channel efficiency, and turned to international expansion

REPRESENT a contemporary streetwear brand, has rapidly grown into a leading brand in the fashion industry. Represent have scaled entirely online, and have a very sophisticated digital operation. By December 2023, they had grown revenues by 51% YoY (Dec '22 vs Dec '23) while keeping CAC stable (2% improvement).

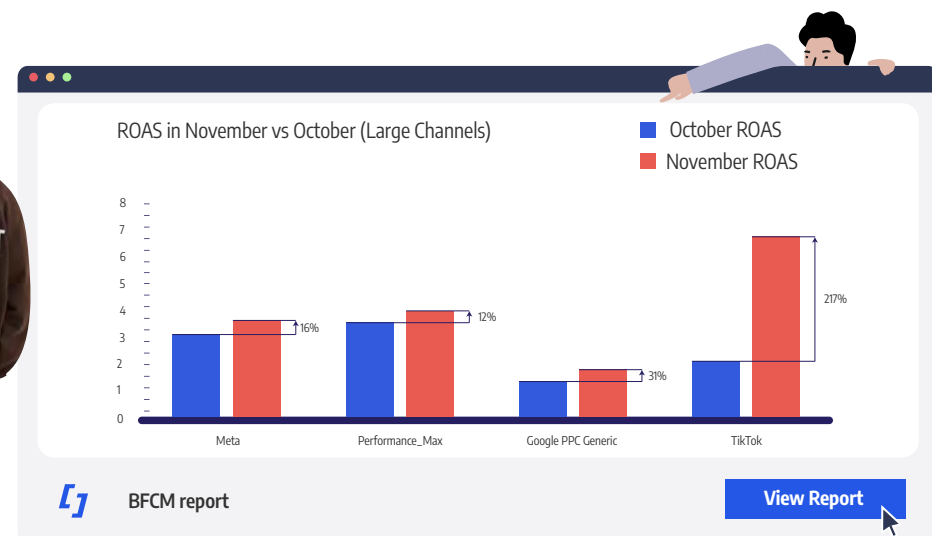
There were 3 key focal points for Represent in 2023:

- 1 Nail Black Friday
- 2 Scale TikTok
- 3 Grow internationally



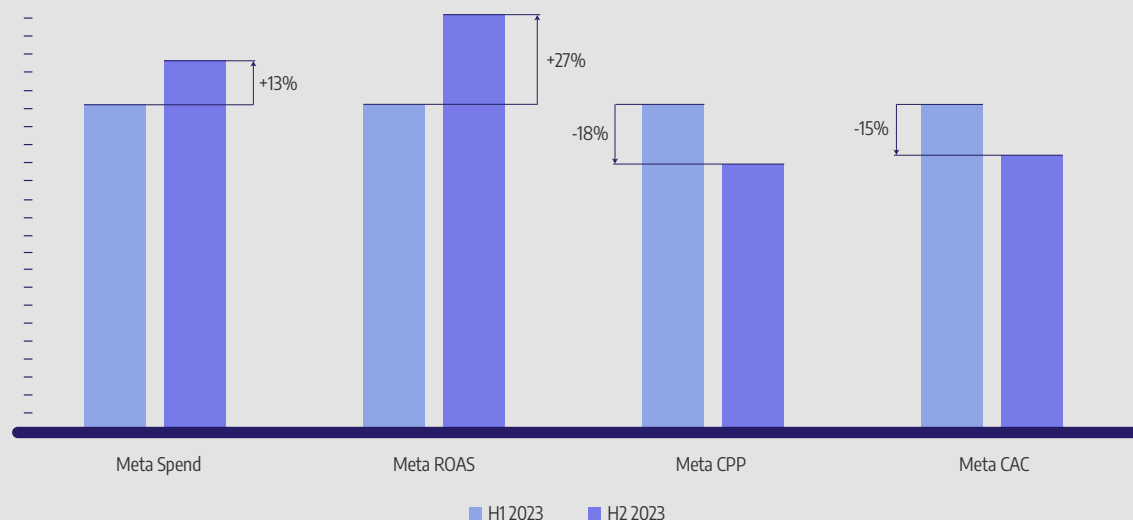
Their first two objectives worked in tandem, as their increased investment in TikTok was a strong lever to BFCM success. Represent began scaling TikTok from June 2023. Upon joining Fospha in October, they gained the confidence to scale TikTok further, having noticed a 380% higher TikTok ROAS in Fospha versus Northbeam. By November, TikTok spend was 227% higher than the previous year.

This strategy was successful, with YoY overall revenue growing by 71% from November 2022 to November 2023. This isn't surprising – in our Black Friday research, we uncovered that TikTok is a strong channel for driving returns during peak.



As a result of this strategy, efficiencies improved across Paid Social. Meta saw the largest impact, with efficiencies becoming far more optimal despite a slight spend increase.

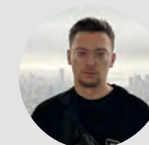
Meta efficiencies improved throughout 2023



This shows how effectively TikTok and Meta can be used together in a full-funnel approach. Meta makes up a substantial % of Represent's mix, so this improvement was also impactful at blended level.

Hear **Harrison**, Digital Marketing Manager at Represent's take on the joint impact of TikTok & Meta:

REPRESENT



“ We didn't think of this full-funnel approach before starting with Fospha – but the efficiency improvements in Paid Social as a whole were incredible and not something we expected to happen. It worked wonders. ”

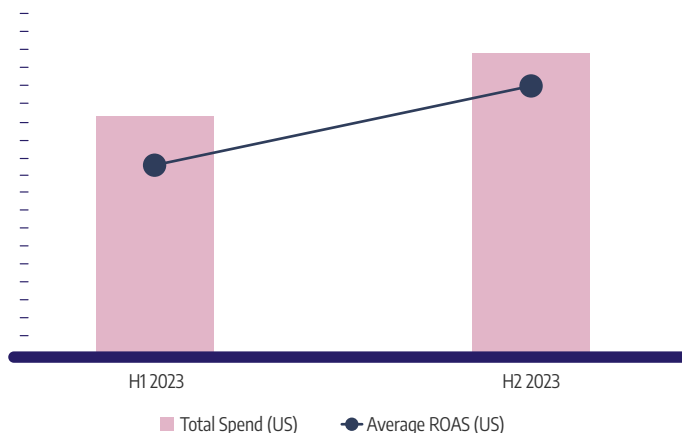
Represent set their sights on entering new markets

A second key consideration for a Mature brand is international expansion. Understanding the markets that hold opportunity to reach new audiences is crucial as Mature brands strengthen their influence. For Represent, the US is a key focus.

In 2023, Represent grew spend in their US market by 13%, seeing a proportionate ROAS improvement (+13%). Within Meta in the US, their strategy became increasingly full-funnel. Their spend in Awareness & Consideration comprised 21% in Q4, up from 16% in Q1 2023, reflecting the need to invest in brand awareness when growing new regions.

The US is a particularly popular market for growing brands from other markets. With its large market size, higher disposable income and cultural influence, the US provides ample opportunities for brand exposure and partnerships.

Represent scaled spend in the US while improving ROAS



Crucially, AOVs are often higher in the US market. Represent's US AOV is 36% higher than their average AOV, demonstrating an incredible revenue opportunity even at lower conversion numbers. But knowing how to really "break" the US can feel like a mystery. Hear **Represent** on their approach:

“ Breaking the US is a longer process, as it's an expensive market. We're steadily increasing our US spend where we see opportunity and utilizing US influencers. We're also taking a state-by-state approach in our upper funnel activity, as a consumer in California is completely different to one in New York – we're using different content to inspire them to eventually purchase. ”

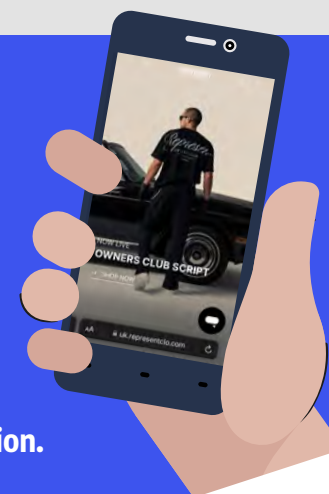
Finally, **Represent** offered a closing comment on their strategy moving forward:

“ Leaning into AI in all aspects of marketing is going to be huge - starting with AI powered on-site translation for non-English speakers to help the customer journey, then utilizing that across ads in high-powered AI campaigns such as SPC, Performance Max & Advantage +. Fospha comes in after this – utilizing the platform to find the right channels that are bringing us success in each market, especially for finding new customers & dropping our overall CAC. ”



Represent's formula for success:

- 1 Scaled Paid Social, particularly TikTok, to ensure BFCM success, helping create enduring cross-channel efficiency improvements.
- 2 Began focusing on growing internationally, particularly the US, where higher AOVs serve as an attractive revenue opportunity.
- 3 Implemented a full-funnel approach in Meta for the US, enabling them to create brand awareness in an emerging region.



Key takeaways

No two brands are the same, but there are distinct strategies at each lifecycle stage that can contribute to improving optimizations.

- 1 Startup brands focus on growing brand awareness, investing in Paid Social & adopting a more full-funnel approach comparative to Scale Ups.
- 2 Scaleup brands turn their attention to Conversion activity to capture demand.
- 3 Mature brands begin to increase their channel diversification and higher funnel spend again to avoid saturation, and turn their focus to international expansion.
- 4 Majority Offline brands predominantly spend in Performance Max, but the data reveals opportunities to scale Paid Social.
- 5 The best optimized brands spend significantly higher than average in higher funnel ads. 18% of highly optimized Meta budgets are in Awareness and Consideration, while in TikTok it's 22%.
- 6 For brands to nail their strategy as they grow, it's crucial to focus on marginal returns. Brands must understand their growth curves to know how best to develop.

Hear **Simon** from the Marketing Science team at **Meta's** conclusions.



“ Measurement is essential in getting growth right. There are two measurement concepts that separate the average from the elite.

Advanced advertisers measure incremental outcomes. They look at the change in behavior advertising causes. If your ads aren't driving a change in behaviour, why are you doing it?

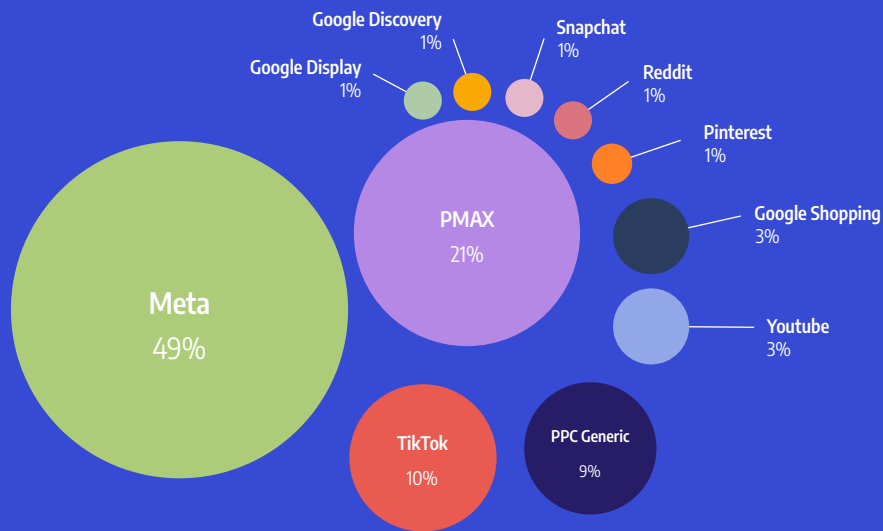
The elite go one step further and look at marginal returns. I've seen Fospha successfully progress clients from average to elite!

”

Appendix

1 Channel spend & share of budget

On average, this is what % of spend each channel constitutes in a brand's channel mix



What is an impressions-driven channel?

Definition:

Paid Social, Display and Video are channels where impact is derived from impressions. A customer may view an ad and return later to purchase via Natural Search or Direct. In a Last Click model, the impressions-driven channel receives none of the credit.

In contrast, Performance Max and Google Search drive impact through clicks that generate traffic directly to your website. This impact is therefore more easily tracked by Last Click.

Campaign objective and strategy definitions

Awareness: Brand campaigns (highest funnel).

Consideration: Traffic campaigns (higher-to-mid funnel).

Conversion: ads focused on driving sales (bottom-of-funnel).

Prospecting: ads designed to drive new customers.

Retargeting: shows ads to customers who have engaged with your brand, but not yet purchased.

Remarketing: shows ads to customers who have purchased.

What is CAC?

Definition:

CAC is the cost of acquiring a new customer, calculated by Total Cost / New Conversions.

What is CPP?

Definition:

CPP is the cost of acquiring all customers, calculated by Total Cost / Total Conversions.

Lifecycle stage definitions

Startup

Early development stage. Up to 50 employees, and up to \$16m in annual revenue.

Scaleup

Growth acceleration stage. Up to 200 employees, and \$16-60m in annual revenue.

Mature

Majority of revenue generated through **online** sales. \$60m-1bn+ in annual revenue, and over 200 employees.

Majority Offline

Majority of revenue generated through **offline** sales, with an emerging eCommerce presence. \$60m-1bn+ in annual revenue, and over 200 employees.

Sample sizes:

Startup: 21

Scaleup: 24

Mature: 16

Majority Offline: 10

