

# Branding vs Performance-Based Advertising: Opposing Business Models?

Dissertação de Mestrado

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Mestrado em

**Ciências Económicas e Empresariais**



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Dissertação submetida como requisito parcial para obtenção do grau de Mestre em Ciências

Económicas e Empresariais, com especialização em Marketing.



## Resumo

O E-marketing – processo de marketing efetuado através da utilização de canais de *media* digitais – tomou o mundo dos *media* de assalto na última década. As empresas tiveram de mudar drasticamente para sobreviver, e reinventar-se para permanecerem competitivas no mercado global. Algumas encararam a mudança como uma oportunidade de crescimento e de extensão da marca nos canais *online*, infiltrando-se no quotidiano dos consumidores. Outras não se adaptaram à constante mutação do ecossistema empresarial. As que prevaleceram consolidaram a consciencialização da marca e nutriram relacionamentos com os consumidores mais facilmente que nunca. Aproveitaram ainda os meios digitais para aumentar rapidamente as suas vendas através de campanhas de publicidade baseadas no desempenho (*performance*). Campanhas unicamente focadas na otimização do ROI através do rastreamento da atividade *online* dos utilizadores. Adotaram uma mentalidade *smart*, tirando partido da tecnologia, para disfrutar de um relacionamento mais próximo com os consumidores. Dois tipos de publicidade paga prosperaram em redes sociais e motores de busca: *branding* e *performance*. Contudo, serão estes modelos verdadeiramente opostos? Esta tese procura responder a esta questão de um ponto de vista complementar, que é consolidado com a análise de um caso de estudo, onde a *performance* está ao serviço de uma típica campanha de *branding*.

**Palavras-chave:** *Performance Advertising, Branding, Paid Social*, Publicidade em Redes Sociais, Publicidade em Motores de Busca, Facebook, Google

## **Abstract**

E-marketing – marketing through the usage of digital media channels – has taken the world of media by storm in the past decade. Companies have had to change drastically to survive and reinvent themselves to remain competitive in a global market. Some saw an opportunity to thrive and extend their branding to online channels, infiltrating the everyday life of consumers. Others failed to adapt to the everchanging business ecosystem. The ones that prevailed have built brand awareness and nurtured brand relationships more easily than ever before. They also leveraged digital media to rapidly grow their sales through performance-based advertising campaigns. Campaigns solely focused on the optimization of ROI via the tracking of online user activity. They have adopted a smart mindset, taking advantage of technology to enjoy a closer relationship with consumers. Two types of advertising have flourished in paid social networks and search engines: branding and performance. However, are they truly opposite models? This thesis seeks to answer this question from a complementary point of view, which is consolidated by the analysis of a case study where performance is at the service of a typical branding campaign.

**Keywords:** Performance Advertising, Branding, Paid Social, Social Network Advertising, Search Engine Advertising, Facebook, Google

## **Acknowledgements**

The following work is the consolidation of the knowledge and mindset I acquired through various sources.

It is the result of five years of academic study and research, brilliantly taught by my teachers. A period of incessant effort and determination to learn as much as possible about the subject and be able to apply it empirically. To all my teachers, and especially to my mentor Prof. Dr. Teresa Tiago – who truly helped me along the way in every possible manner and motivated me to always strive for excellence –, my sincere thank you. I will always be grateful to all of you and to the University of the Azores.

It is the result of two years of employed work and empirical learning, remarkably counseled by my managers and dear colleagues. A time of active experimentation and of understanding how business works in practical terms. To all my leaders, and especially to Ricardo, Tiago, Giuliano and Ana – who taught me everything I know about how to run online advertising campaigns, while giving me absolute support in every way imaginable – my heartfelt thank you. I respect you greatly and aspire to become your equal. My gratefulness to you and Mobipium grows with each day.

It is also the result of years of undying support and care, kindly given by my family and friends. To my family, to my sister Tânia, to my friends, and especially to my father, to whom I dedicate this project, my deepest thank you. You are the master force that drives me forward and no words can do you justice.

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## **List of Abbreviations**

AHP – Analytical Hierarchy Process

CPA – Cost Per Acquisition

CPC – Cost Per Click

CPI – Cost Per Installation

CPL – Cost Per Lead

CPM – Cost Per Thousand Impressions (“Cost Per Mille”)

CPS – Cost Per Sale

CR – Conversion Rate

CRM – Customer Relationship Management

CRO – Conversion Rate Optimization

CTA – Call to Action

CTR – Click-Through Rate

DCB – Direct Carrier Billing

eCPC – Enhanced CPC

eCPM – Enhanced CPM

EPC – Earnings Per Click

ER – Engagement Rate

FAQs – Frequently Asked Questions

GDPR – General Data Protection Regulation

KPI – Key Performance Indicator, also known as Critical Success Factors

LP – Landing Page

LTV – Lifetime Value

PPA – Pay Per Action

PPC – Pay Per Click

ROI – Return on Investment

ROAS – Return on Advertising Spend

RON – Run of Network

RTB – Real Time Bidding

SEM – Search Engine Marketing

SEO – Search Engine Optimization

SERP – Search Engine Results Page

SOSTAC – Situation, Objectives, Strategy, Tactics, Actions, Control

SWOT – Strengths, Weaknesses, Opportunities, Threats

UGC – User Generated Content

URL – Uniform Resource Locator

# **Chapter I**

## **Branding vs Performance-Based Advertising: An Introduction**

In the last few years, we have been witnessing a change of paradigm in the sphere of advertising, in the sense that the digital world has begun to surpass the traditional media, overshadowing it and allowing for a closer relationship between consumers and companies, in a web 3.0. atmosphere. The continued growth of the smartphone market in terms of users, capital and functionalities has permitted mobile platforms to become privileged means of contact with consumers.

This change of paradigm did not, however, only express itself through a higher communication proximity. Every element of the Marketing Mix was affected, in a reality where the consumer has growing power, further amplified by the rise of social networks – as stated by Moreno et al. (2015, p. 245), “social media has changed the landscape for communication and empowered publics, who are able to post, share and republish information easily and quickly (Guth & Marsh, 2001; Kent, 2008; Porter, Sweetser, & Chung, 2009; Segev, Villar, & Fiske, 2012; Smith, 2011). They are the backbone of this new type of relationship and economic reality. Brands influence and are influenced online, in a symbiotic relationship with consumers. The sense of ubiquity and suppression of physical and temporal distance has facilitated the viral character that social networks aim to provide. As added by the aforementioned authors, “this forces organizations to build and maintain positive relationships with active consumers as well as with bloggers, community managers and other gatekeepers on the social web”. Any corporate action or communication can be criticized or praised by consumers. This reality is usually managed in an organic scope – not paid –; nonetheless, it is also true that networks are composed of a multitude of other companies, fan pages, and friends of the user.

This means that users are impacted by an immeasurable quantity of daily messages, which is why the message a company wishes to transmit on a social network may go unnoticed. It is because of this immense quantity of online activity that advertising becomes indispensable. Only through promoted content can a company make sure that its message will reach all the users that are part of its target audience. Due to this proximity

between companies and consumers, branding campaigns can thrive, allowing for direct contact and constant interaction, in a bidirectional communication basis.

However, other advertising campaigns can be equally prosperous: the ones focused on commercial objectives. That is, campaigns whose focus is not the development of a relationship between the consumer and the company, but the conversion of the user – encouraging the users to perform the company's desired action, usually a sale. This is, therefore, a window of opportunity for performance-based advertising campaigns: campaigns focused on measurable commercial goals, where all KPIs (Key Performance Indicators) are carefully analyzed to help make decisions regarding the optimization of the campaign. The constant improvement of ROI is the main objective of this advertising model.

Given the contemporaneity of this theme and its dividing nature, it was decided to express a vision on both models and how they can be complementary. This is the main hypothesis of the thesis.

The objectives of this dissertation are to highlight the growing importance of mobile marketing, to establish the difference between two distinct types of advertising approaches, to demonstrate the advantages of performance-based advertising, and to stimulate the discussion of metrics (KPIs) and business models associated with it. This will be a study of essentially exploratory character, with primary and secondary data.

The paper will have five stages. The theoretical framework will assume a vital importance, given its exploratory nature. Online courses on Digital Marketing, blogs and other media of the field, knowledge acquired in conferences of the sector, scientific articles, books, and professional experience were consulted and applied.

The first stage corresponds to the definition of concepts on which the thesis relies.

The second stage consists of a study of the mobile marketing market, where statistics, trends, best practices, examples of success, among other aspects are depicted. The mobile market is the primary focus of this project due to its rising preponderance in the digital landscape.

The third stage is dedicated to the comprehension of media buying investments performed in the scope of mobile marketing.

The fourth stage describes several marketing techniques practiced in performance-based advertising. Many of which are applied in the process of segmentation and targeting, since it is the pillar of strategic marketing. The first four stages are included in chapter two.

The fifth stage corresponds to chapter three, and is reserved to a case-study, where some of the principles of performance-based advertising have been applied. The campaigns were conducted in 2016, whilst interning in Mobipium. These HR recruitment campaigns illustrate how a branding process can be improved through the careful analysis of performance. Some data may be considered classified, and henceforth not revealed.

Chapter four will include final considerations.

This chapter served as a brief introduction and roadmap to the predicament that this thesis will examine.