

Brand



Performance

The Awareness Advantage

TikTok | Tracksuit

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Why brand building and performance marketing are BFF goals on TikTok

New research by Tracksuit and TikTok reveals how once bitter rivals — performance and brand marketing — achieve better outcomes together.

Brand and performance marketing have long been locked in a great rivalry. This tension arises from performance having easily measurable short-term metrics such as sales, leads and clicks, which allows businesses to run targeted campaigns and demonstrate ROI. Brand building is less easily quantifiable, which has led marketers to prioritise performance.



It's easy to see why temptation leads here. Performance marketing is defined as paying for results for marketing campaigns, which can be run through sponsorships or advertising on websites. Brand marketing is defined as long-term marketing activity that influences consumers' attitudes, emotions and affinity for a product or service. This could mean everything from out-of-home campaigns, to radio jingles, to blog posts. By definition alone, brand marketing creates more of a grey area, whereas performance is very clean cut.

This great divide has led to marketing teams prioritising one over the other, which is at the expense of a business's overall holistic marketing success.

But it shouldn't be this way. Tracksuit and TikTok's Awareness Advantage study has found that brand building and performance marketing work better together as Best Friends Forever (BFFs) by putting aside their differences to achieve sustained, profitable growth.

This study proves how high brand awareness correlates with better performance marketing results on TikTok, emphasising the importance of brand building when it comes to long-term growth. For example, one key finding was that a brand known by four out of ten consumers is 43% more efficient in driving performance marketing outcomes on TikTok than a brand known by three out of ten consumers.

This report explores how brand and performance marketing can work more effectively, together.

Contributors



James Hurman Co-Founder of Tracksuit

James is a globally recognised advertising effectiveness expert who's spent over 20 years researching, publishing, practicing and teaching advertising effectiveness. He's the author of two books on effectiveness, has won more than 50 advertising effectiveness awards, and was named the world's number one strategic planning director.



Rory Dolan Head of Marketing Science at TikTok AUNZ, JP, KR

Rory is a seasoned marketing science leader with over 15 years of experience in the media and advertising industry. As the current Head of Marketing Science for TikTok Australia, New Zealand, Korea and Japan, Rory specialises in building teams that leverage data-driven insights and drive impactful results, whilst turning the tide on traditional marketing. Think of him as the Sherlock Holmes of digital advertising - solving marketing mysteries with a combination of data, strategy, and a sprinkle of creative flair.

Shared goals, different roles

BFFs can have varied interests, but work in unison together to support each other to achieve their dreams.

“ Over the years, performance marketing has taken off, producing seemingly incredible results for all sorts of companies. But those of us who were brought up in the brand marketing space had this feeling that surely, healthier brands would see more effective or efficient performance marketing.

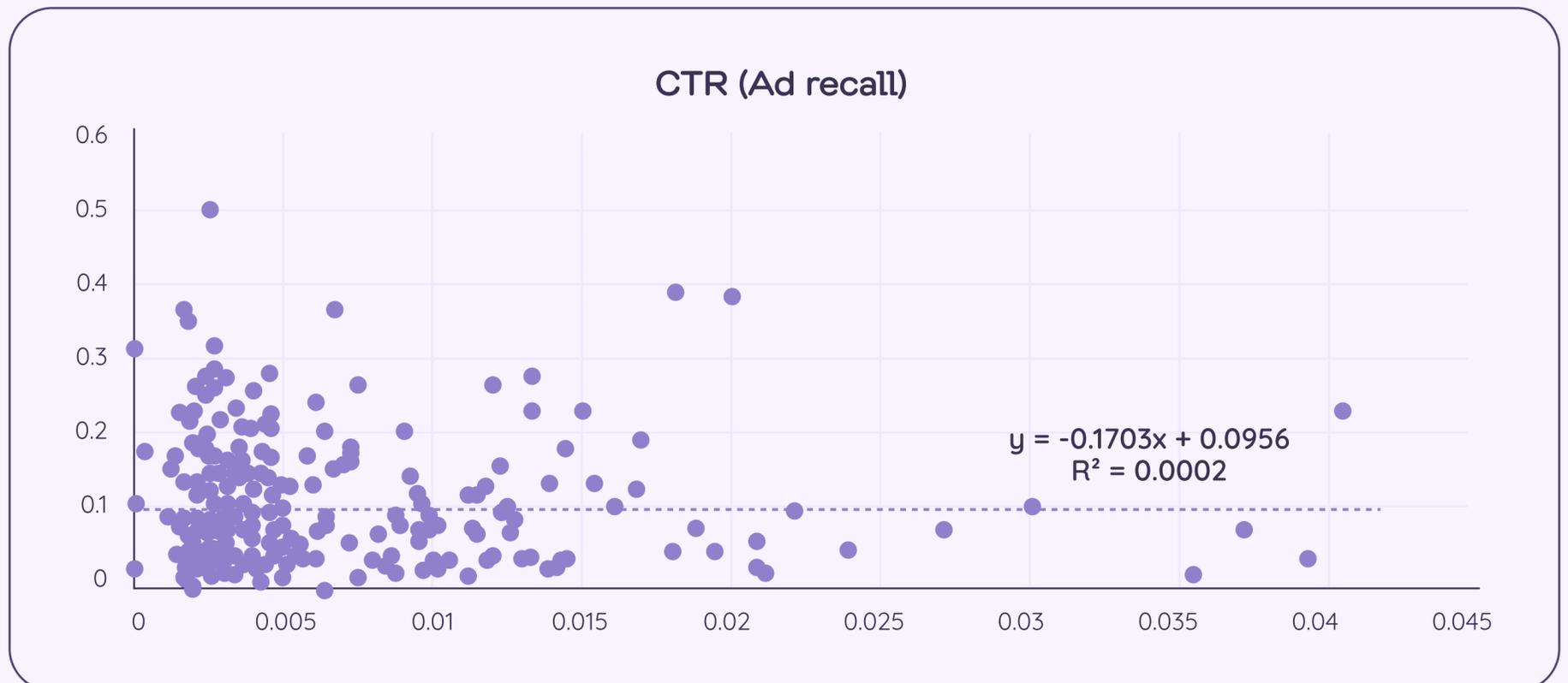
This study proves these feelings to indeed be true - that while performance and brand marketing have different and equally important roles to play, better business outcomes are achieved when they work together toward shared goals.

 James Hurman, Co-Founder of Tracksuit

While brand and performance marketing share the common goal of growing a sustainable and profitable business, their roles are quite different. Brand marketing focuses on building long-term awareness and equity, while performance marketing targets immediate response and action.

Our study results show how important it is for marketers to assess the success of their efforts holistically, not independently.

This learning is supported by a key finding in the study, which shows zero significant correlation between click-through-rate (CTR) and brand awareness.



The lesson here is simple: whilst engagement, (such as the volume of clicks and likes on your content) may be an important role for your performance marketing to play, marketers shouldn't use these sort of vanity metrics as an indicator of their overall brand health or likelihood of attracting new customers.

If the shared goal is to grow a sustainable, profitable business, we must look for data points that truly demonstrate the effectiveness of how our brand and performance marketing efforts work together.

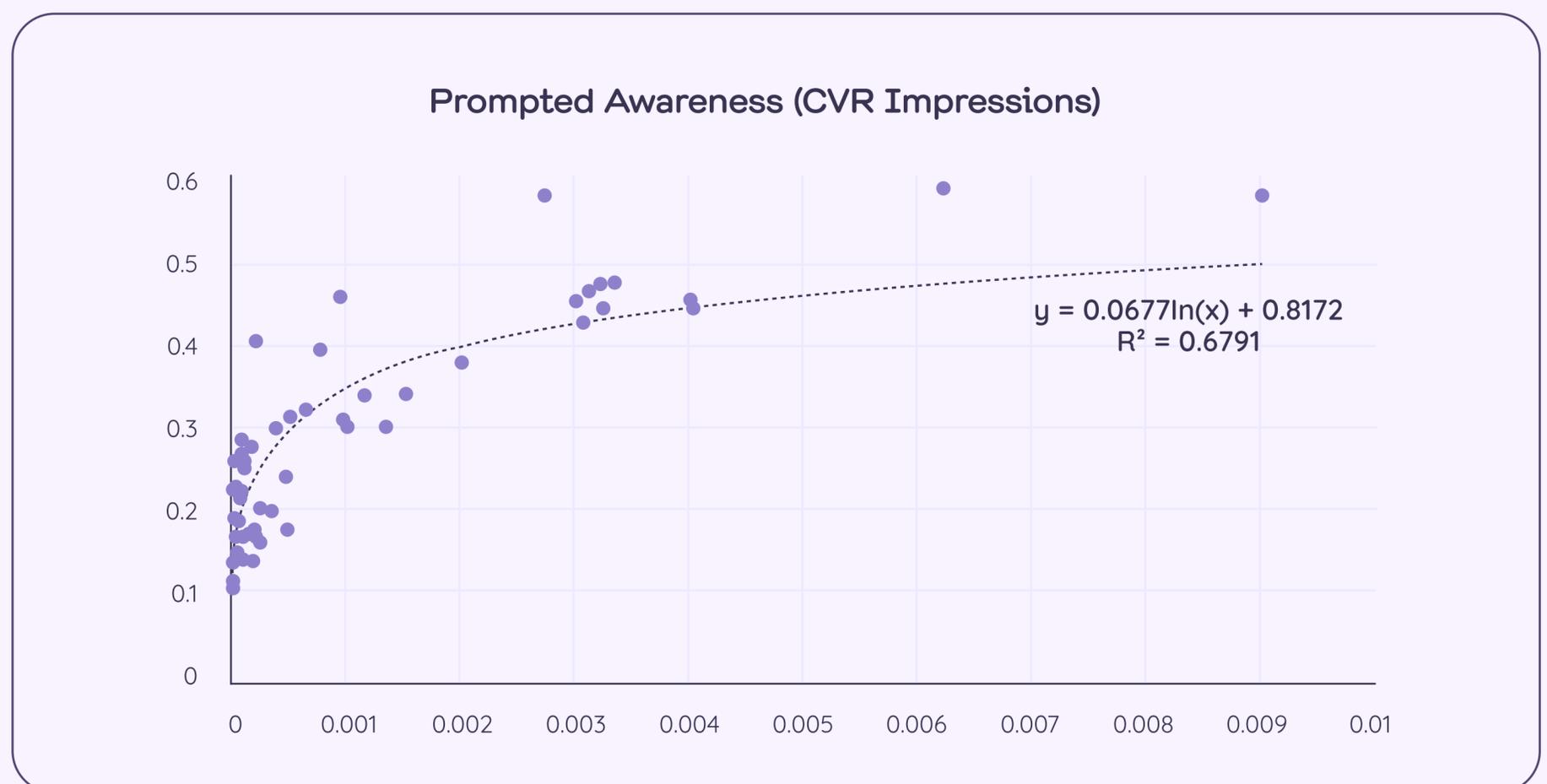


Complementary strengths

BFFs are at their most powerful when they complement each other in a friendship, rather than compete.

While brand awareness doesn't correlate with clicks (a typical performance metric) it strongly correlates with conversions (the ultimate goal of performance marketing). This shows that brand and performance marketing have complementary strengths. Brand building creates the foundation that allows performance marketing to truly shine.

When looking at metrics associated with business outcomes, like sales, the study found a strong correlation between brand awareness and conversion rate (CVR).



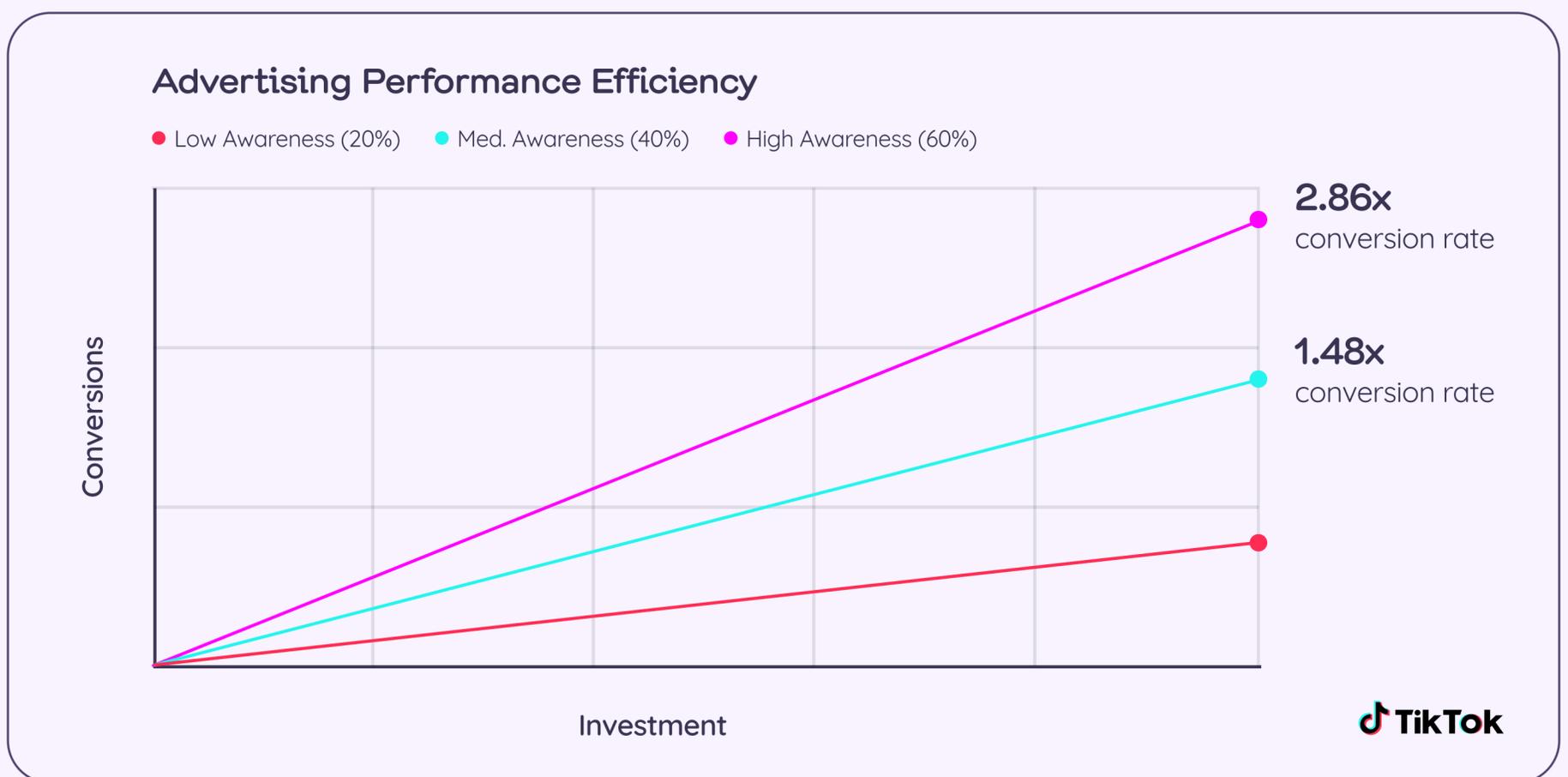
💡 What does **conversion** mean? Conversion refers to the rate at which website visitors complete a desired action, such as making a purchase or filling out a form. In this study, we focused on conversion rates from two sources:

1. **Website conversions:** The percentage of website visitors who complete a specific goal action on the client's website.
2. **Conversion objective-related campaigns:** The success rate of marketing campaigns specifically designed to drive conversions.

👁️👁️ More awareness = higher conversion rate

Results show that as brand awareness increases, performance marketing conversion rates improve significantly on TikTok. In fact, the study found that high awareness brands achieve 2.86x the conversion rate of low awareness brands. Put simply, the more familiar your brand is to all category buyers, the more efficient your performance advertising becomes.

For marketers, these findings prove that if you want to drive business metrics, brand matters. Rather than assessing the results of your brand and performance marketing in isolation, which can lead to conflicting views and misguided conclusions, the best (ie) marketing move is to unite their strengths and position brand building as essential for driving more effective, efficient and productive advertising results.



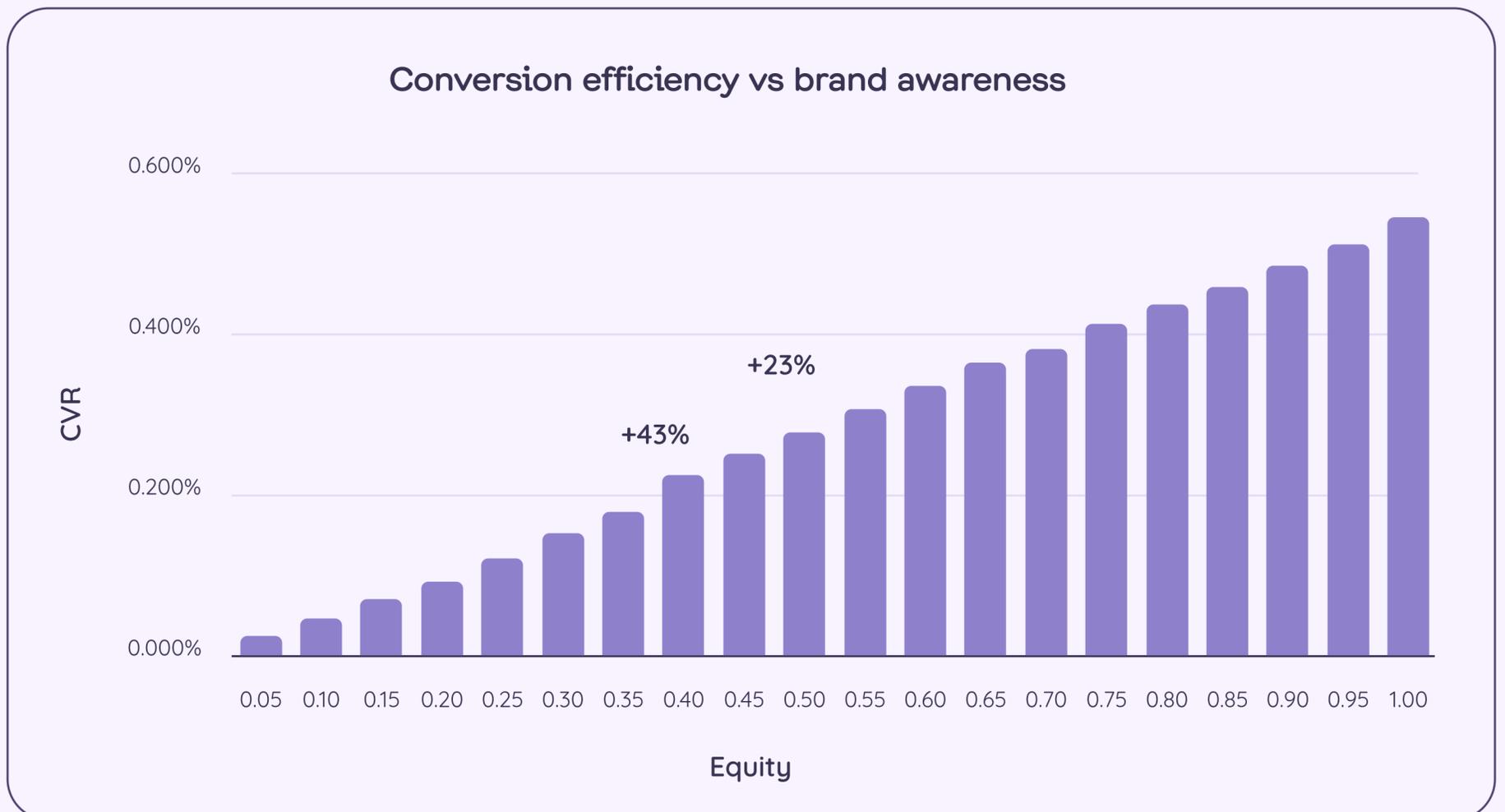
“ Brand is the foundation on which performance success is built: the stronger the brand, the stronger the foundation. But 'brand' need not be the grand campaign of old, it is built consumer by consumer, exposure by exposure, no matter how small. So identify what you want your brand to be known for, and start communicating it now, as it can build better outcomes for your performance business over the long term.

🗨️ Rory Dolan, Head of Marketing Science at TikTok AUNZ, JP, KR

Mutual benefits

BFFs build each other up to mutually benefit from each other's wins.

All great friendships that stand the test of time tend to share a common trait - they build each other up. When one wins, they both win. This is also true in the case of the relationship between brand and performance marketing. The study found that increases in prompted awareness lead to more efficient conversions - demonstrating a powerful marketing effect we call **growth efficiency**.



💡 Put simply, more awareness = higher conversion rate.

For example, results showed that a brand with 40% prompted awareness is 43% more efficient in driving conversions than one with 30% awareness. A brand with 50% prompted awareness is 29% more efficient than one with 40% awareness and so on and so forth. This finding proves the mutually beneficial relationship that exists between brand and performance marketing. The sooner marketers embrace this truth, the sooner they stand to reap the rewards in the form of long-term profitable growth.

“ What the data clearly shows is that brand awareness is a controlling factor for the performance of performance marketing. Both are equally important but as markers, if we want to maintain efficiency with our performance marketing as we grow, we need to grow our brand awareness as we grow our performance marketing spend. Then we can use these two things side by side in the right way to build a sustainable profitable business.

— James Hurman, Co-Founder of Tracksuit



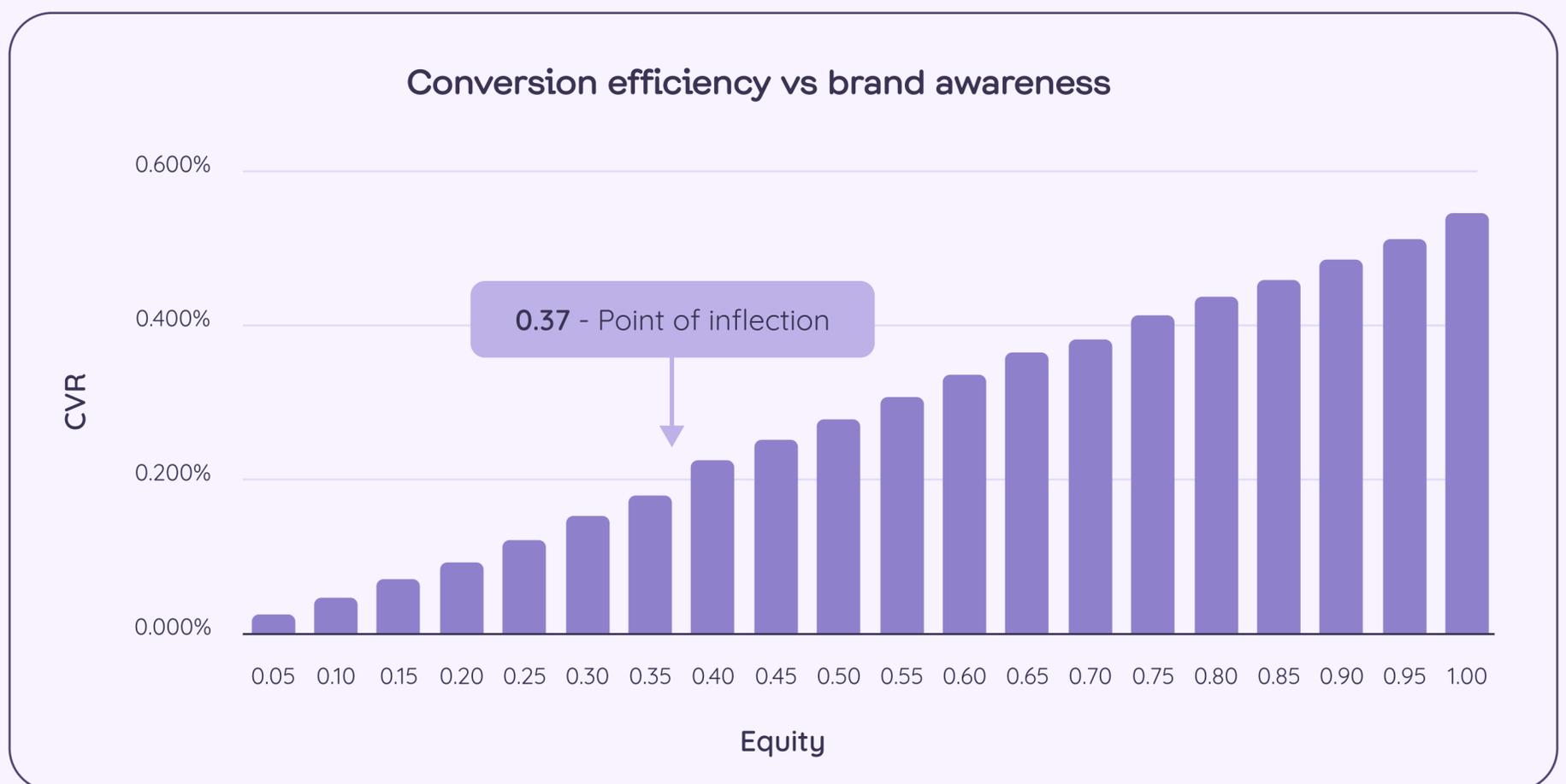
It's a two way street

Great friendships give and take equally in the relationship.

Much like how great friendships evolve over time, how marketers deploy their resources and tactics in pursuit of a sustainable, profitable business will change in the course of time, depending on overall brand and performance health metrics.

In the case of when the right time may be to change tack or shift focus with performance and brand marketing activity, there are many factors at play, however the study identifies a useful brand awareness baseline for marketers to aim for in context of advertising efficiency on TikTok.

Our study reveals an interesting trend: as prompted brand awareness grows beyond 37%, conversion efficiency continues to improve. However, the rate of improvement becomes more gradual. This means that while brands consistently benefit from increased awareness, the incremental gains in conversion efficiency become more subtle as awareness rises above this 37% threshold.



To put it simply: higher brand awareness always leads to better conversion rates, but the biggest leaps in improvement tend to happen as you build awareness up to about 37%. After that point, you'll still see improvements, just not as dramatically as before.

To be clear, the study proves that a brand with 100% awareness will enjoy more efficient conversion rates than a brand with 50% awareness, however, this finding suggests that for growing brands, the point at which their awareness reaches 37% could be great timing to review the allocation of resources across all parts of the marketing funnel such as consideration or preference.

For marketing teams that have many jobs to do, this data is a reminder of the great balancing act that our role can be. Regardless of your company size, age or other variables, it's critical that marketers are constantly reviewing and re-allocating resources effectively between brand building and performance marketing to give themselves the best odds of achieving long-term profitability.

If you want to drive business metrics, brand matters.

Whether you're Team Brand or Team Performance, it's time for a fist bump. The Tracksuit and TikTok Awareness Advantage study has revealed that these once-bitter rivals are actually secret besties.

Many marketers will have experienced the pressure of having to sacrifice brand marketing in favour of performance marketing, because it's more easily measurable (and easier to demonstrate the ROI to your boss).

Tracksuit and TikTok's research validates a long-held theory: having a stronger brand helps your performance marketing achieve better outcomes. Or, put more simply - brand building has an impact on your entire marketing funnel, including your advertising conversion rates.

Much like the tale as old as time of bitter rivals transforming into best friends, performance and brand should put their differences aside to work together to achieve long-term business success.

From this research, marketers can take comfort when engaging in brand building activity on TikTok seeing as growing brand awareness helps achieve better performance marketing outcomes.

The Awareness Advantage study reveals crucial insights for marketers looking to drive long term profitability.

Here's your cheat sheet to win over any skeptic:

- Brand and performance marketing are not rivals, but complementary forces.
- They work best when united towards the shared goal of sustainable, profitable growth.
- While performance metrics like click-through rates don't correlate with brand awareness, conversion rates - a key business outcome - do.

Next time someone tries to pit brand against performance, hit 'em with these facts. Remind them that in the TikTok playground, the brands that play nice together, stay winning together.

“ For years now we've seen a common pattern of young brands growing quickly in their early days, then plateauing as they experience increasing performance marketing costs and lower returns. The reason is that there are few customers who'll buy a brand without first being familiar with it. Once we've tapped out those 'early adopters', we need to do the critical marketing job of building our brand among those who'll enter our category in future. This study proves the link between brand building and sustainable performance efficiency. Only a brand that's unconcerned with whether it's still profitable, or even alive, three years from now would ignore this important connection.

 James Hurman, Co-Founder of Tracksuit

Methodology

The **Awareness Advantage** study combined data from Tracksuit's brand tracking and TikTok's advertising performance to uncover insights about the relationship between brand awareness and advertising effectiveness.

Data sources and sample

- We analyzed data from 147 brands that are customers of both Tracksuit and TikTok.
- The study focused on brands in Australia and New Zealand.
- Data analysed in the study was collected from January 2021 to April 2024.



Brand and performance metrics

We examined various **advertising performance** and **brand health metrics**, including:

- **From TikTok:**
 - Ad recall
 - Click-thru-rate (CTR)
 - Conversion rate (CVR).
- **From Tracksuit:**
 - Prompted awareness
 - Consideration
 - Preference
 - Usage.

Data analysis

To ensure the reliability of our findings, we applied several dataset filters such, narrowing the focus of the study to include only brands with:

1. Valid performance data (e.g. positive cost per acquisition, impressions, and conversions).
2. Consistent monthly advertising spend.
3. Data available for at least 10 consecutive months.
4. 10-60% brand awareness to avoid skewing results with very large or very small brands.

After applying these filters, we analyzed 11 brands, providing us with 60 data points to support our model. This rigorous methodology allowed us to draw meaningful conclusions about the relationship between brand awareness and marketing performance on TikTok. We used a logarithmic regression, and then converted to an ADBUG model to measure diminishing returns.



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