

Paid media is like a 401K, not a penny stock scheme



While the allure of quick returns can be tempting, sustainable business growth thrives on long-term strategies

Introduction



You wouldn't check your stock portfolio and make changes every day, so why change up your advertising strategy every day? Paid media is a long-term investment that requires consistency and patience for sustained business growth, just as a 401K fund requires consistency and patience for future financial security. Both investments will show ups and downs in the short run, but maintaining a long view can successfully **build brand awareness, cultivate loyalty, and keep sales trending up and to the right.**

Let's dig into these parallels deeper to see what financial planners can teach us about media planning.



Investing in brand equity

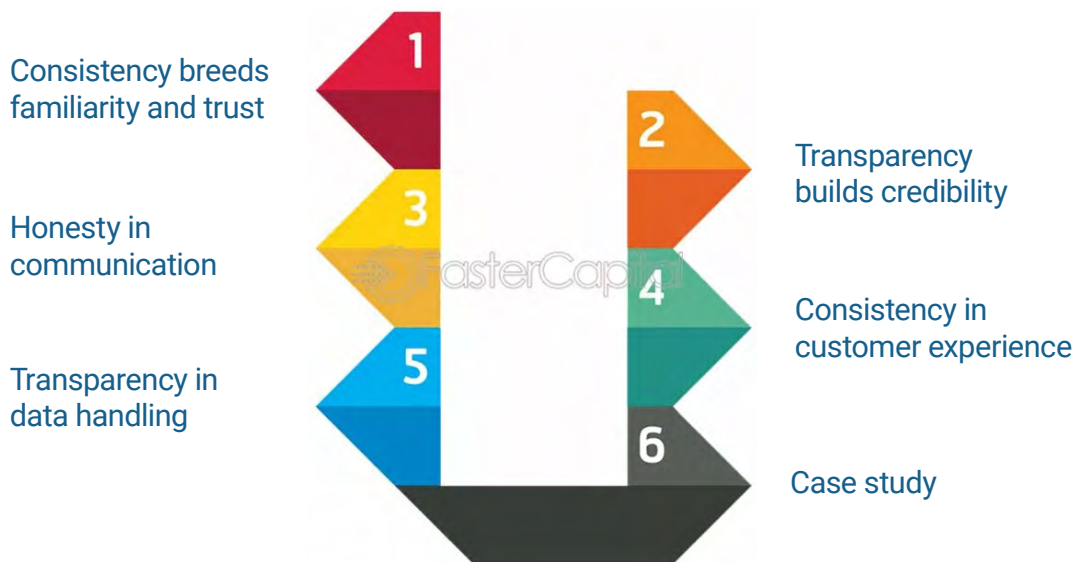


The compound interest of paid media

The [Fall 2024 CMO Survey](#) revealed that most senior brand marketers monitor short-term performance metrics like lead generation and sales volume, but fewer track the longer-term marketing performance measurements (MPMs) like brand and customer equity. A 2024 article in [MIT Sloan Management Review](#) agrees that's a problem because, "a range of activities, from branding to advertising, generate returns that take time to materialize. These returns might not be noticeable within the typical three-month time frame covered by ad hoc measurements."

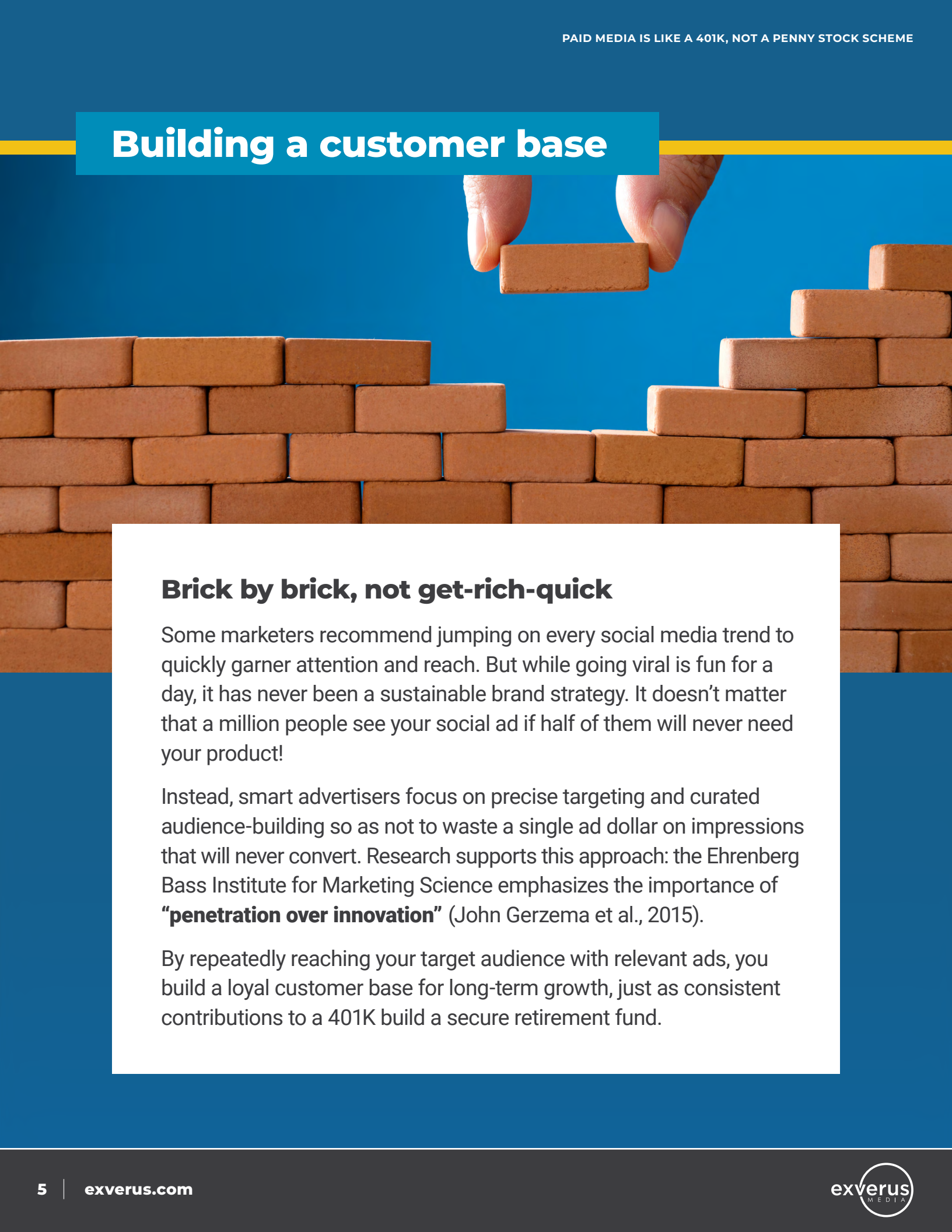
Emory University's widely cited consumer psychology research by Michael Smith et al. (2008) still holds true today: **"brand familiarity breeds trust."** Repeated exposure to a brand logo or message through paid advertising builds brand recognition, a crucial element of brand equity. Similar to compound interest in a 401k, each successful ad campaign reinforces brand memory, leading to a snowball effect of trust and future sales.

Consistency and Transparency



Source: Faster Capital

Building a customer base



Brick by brick, not get-rich-quick

Some marketers recommend jumping on every social media trend to quickly garner attention and reach. But while going viral is fun for a day, it has never been a sustainable brand strategy. It doesn't matter that a million people see your social ad if half of them will never need your product!

Instead, smart advertisers focus on precise targeting and curated audience-building so as not to waste a single ad dollar on impressions that will never convert. Research supports this approach: the Ehrenberg Bass Institute for Marketing Science emphasizes the importance of **“penetration over innovation”** (John Gerzema et al., 2015).

By repeatedly reaching your target audience with relevant ads, you build a loyal customer base for long-term growth, just as consistent contributions to a 401K build a secure retirement fund.

For maximum ROAS, slow and steady wins the race

Paid media advertising is a marathon, not a sprint.

Though it might seem wise to blast your ad campaign with heavy spends for a short period of time, research actually shows that distributing your ad spend across a longer timeline will result in a significantly stronger return on ad spend (ROAS).

At Exverus, we've demonstrated this phenomenon in our own client campaigns. Using our patent-pending, AI-based Marketing Mix Modeling (MMM) software, we looked at the difference between a particular brand investing \$10MM in advertising for just six months versus investing the same \$10MM over the course of 12 months.

When media spend was distributed across the longer timeframe, the result was a 51% increase in ROI.

Spend spread across a longer period

Revenue ROI (Same Yr): \$2.21



Source: Keen Decision Systems

Spend concentrated into a shorter period

Revenue ROI (Same Yr): \$1.46



While consistency and repetition are important considerations, so is your timeline: Blitzing your audience with a short-term barrage of ads can cause **ad fatigue** and build a negative brand perception in people's minds, rather than a positive one.

Similarly, research by the Keller Fay Group (2016) emphasized the role of "**customer-based brand equity**" in driving long-term brand value. Again, *MIT Sloan* 2024 agrees: "Growing customer equity (combined customer lifetime values) may take time to develop and require sustainable investment and sophisticated measurement protocols." Loyalty programs and precise retargeting campaigns solidify customer relationships over time, mirroring the long-term, compound approach to a 401K.

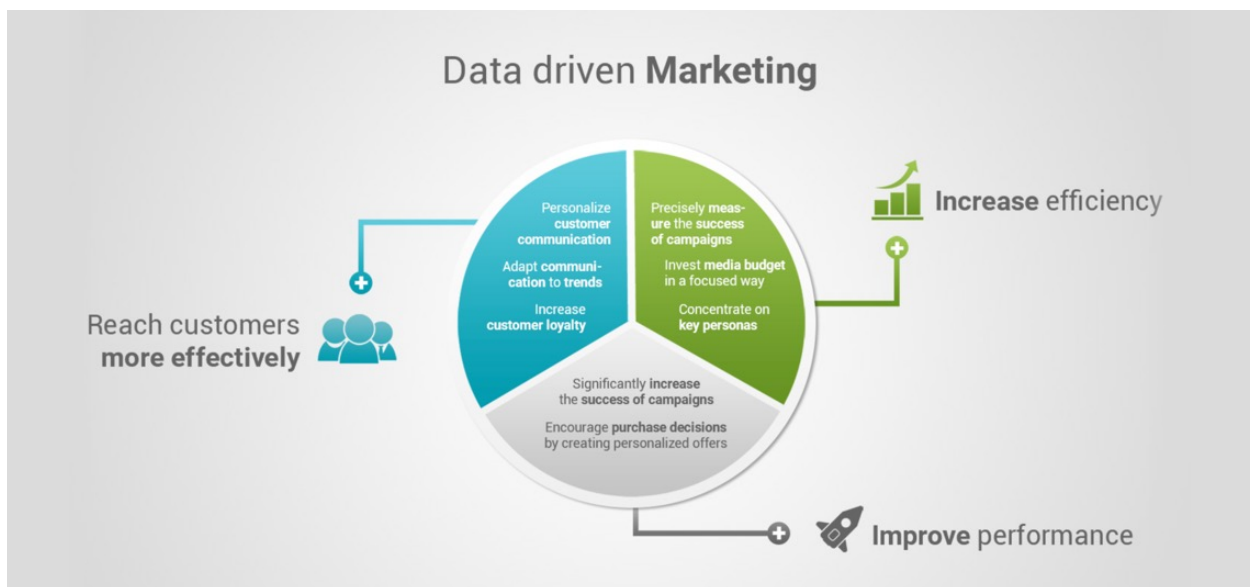
Tracking and optimization

Monitoring your investment performance

Just because you shouldn't alter your investments day by day, that doesn't mean you should never look at them! Like a regular 401K statement tracks your progress toward retirement goals, paid media platforms offer comprehensive analytics. These data sets let you track key metrics like click-through rates (CTR) and conversions, allowing for campaign optimization.

But it's imperative to ensure that the metrics you're using correctly measure your brand's goals. For example, ROI tends to favor short-term performance, so it should be complemented with KPIs like **brand perception** and **customer lifetime value (CLV)**, which measure the long-term effects of your paid media investments. Metrics work in systems like teammates, not soloists—short-term campaign ROI must be considered in tandem with longer-term brand revenue growth.

The American Marketing Association (AMA) emphasized the importance of “**data-driven marketing**” for improving the efficiency of advertising campaigns a decade ago (Paul Berger, 2014), and we've been proving it ever since.



Source: Searchmetrics

Case Study

Dollar Shave Club proves loyalty is lucrative

Dollar Shave Club (DSC), a subscription service for men's grooming products, is a prime example of long-term advertising paying off. Their viral 2012 YouTube ad campaign featured a humorous, relatable message and gained immense traction. But they didn't stop there – DSC continued to invest in paid media across multiple platforms, consistently reaching their target audience and building brand loyalty month by month. This strategy resulted in a successful acquisition by Unilever in 2016, demonstrating the power of sustained brand-building paired with performance marketing.



Photo credit: Amazon

A cautionary tale

Juicero fizzles out

In contrast, cold-pressed juice machine maker Juicero serves as a cautionary tale about short-term marketing strategies. Juicero heavily relied on influencer marketing and celebrity endorsements to create a quick buzz. However, the product itself lacked long-term value and practicality, leading to consumer dissatisfaction and ultimately, the company's demise. This case exemplifies how focusing solely on short-term gains through flashy advertising tactics can backfire without a strong underlying product and long-term brand strategy. It's now widely thought of as a symbol of startup-founder hubris.



This expensively, overly engineered machine simply squeezed the juice out of little packets (and its company).

Photo credit: Ars Technica

Recommendations for marketers

How to avoid the short-term trap

Convincing investors and board members of the value of long-term brand building requires clear communication and data-driven evidence. Marketers can leverage the following strategies:



Focus on Customer Lifetime Value (CLV): Demonstrate how paid media advertising fosters customer loyalty and repeat business, leading to higher CLV. Data analysis can show how much a loyal customer spends compared to a new one, highlighting the long-term benefits.



Showcase Long-Term Growth Trends: Present data illustrating how consistent paid media investment has increased brand awareness and market share over time. Charts and graphs can visually demonstrate the positive impact on brand metrics.



Develop a Long-Term Paid Media Strategy: Outline a comprehensive plan that details target audience segmentation, messaging strategy, and budget allocation across various paid media platforms. This demonstrates a commitment to long-term brand building, not short-term bursts.



Emphasize Brand Equity and Differentiation: Explain how paid media advertising builds brand equity, creating a differentiated position in the market. This allows you to command premium prices and attract high-quality customers.



Highlight Measurable Outcomes: Focus on metrics that go beyond short-term clicks and impressions. Showcase how paid media campaigns influence brand perception, customer engagement, and ultimately, sales growth.

Conclusion



By adopting these strategies, marketers can effectively communicate the long-term benefits of paid media and secure the buy-in needed to build a sustainable brand that **thrives, not just survives**. Remember, successful brands are built brick by brick, not through risky bets. Invest in your future with a long-term advertising strategy, and watch your business flourish.

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Long-Term Strategy, Long-Term Success

Begin your journey to sustainable growth with a paid media approach that compounds value, like a 401K. Contact us today!

Exverus Media is an award-winning media agency based in Los Angeles, amplifying global, growth-stage brands across all traditional, digital, and emerging media channels. Our omnichannel strategies combine precise market research with creative ideas to confidently allocate every ad dollar for maximum return. Named for the Latin phrase “from the truth,” Exverus dedicates itself to transparency and long-term client trust. Exverus is the 8x-winner of Adweek Media Plan of the Year and 3x Ad Age Small Agency of the Year. Learn more at www.exverus.com.



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