

WHITE PAPER

# The Evolution: Performance to Growth Marketing

The traditional marketing  
funnel is collapsing.  
Are you prepared?

Accept No Limits.

## Introduction.

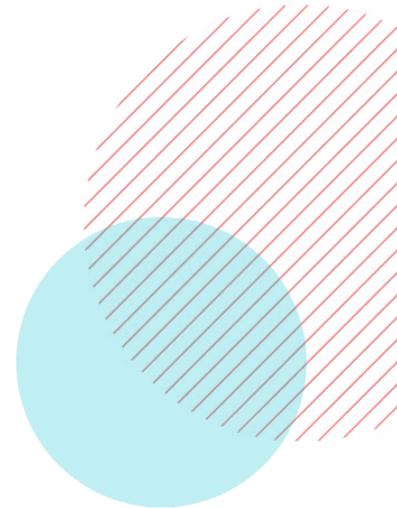
For years, marketers have relied on traditional performance marketing tactics to expand their customer base, grow market share, and increase revenue. This has been a pretty effective strategy over the last decade, and many brands (and the agencies they work with) have nailed these practices down to a science. Rapid advancements in marketing technologies and the explosion of online eCommerce marketplaces and social media platforms have enabled brands to drive sales conversions quite effectively with their target audiences.

You may examine performance marketing on its surface and think that it works, so why change it? Securing the bottom of the marketing funnel and doing business as usual will continue to generate revenue, and that's all that really matters in the end - right?

**Not. A. Chance.**

Performance marketing has been the approach most brands have taken in the past. But if it's all you rely on in the next evolution of the internet, you won't succeed. Over time, you end up chasing smaller and smaller audiences and setting a cap on your potential. This eventually becomes unsustainable and leads to limited growth, because you're not taking the measures necessary to expand your brand within the marketplace. You'll lose share to forward-thinking competitors and disruptive market forces, and will ultimately end up an afterthought in the minds of your consumers.

As a digital marketing agency that seeks to stay on the cutting edge of our industry, we at 3Q Digital recognized this reality a while ago and knew we needed to take a step back, reevaluate the situation, and evolve to best serve our clients in the future. After conversations with those clients, our own internal experts, industry analysts, marketing leaders, and consumers, we thought of a new approach - a way to change the game so that brands never have to settle for limits. We've coined it "growth marketing," and see it as the wave of the future in the digital marketing space.



We'll get into why this new marketing philosophy is so groundbreaking and critical for marketers to understand and implement going forward. But first, here are the three key takeaways you'll learn from this paper:

## Three Key Takeaways

- 1** A majority of marketers believe they know the definitions of both performance marketing and growth marketing. Based on our survey findings however, there is quite a bit of confusion in the industry.
- 2** As marketers pivot to a growth marketing mindset, the marketing "funnel" as it has been traditionally thought of is slowly but surely dying - evolving into something entirely different.
- 3** Marketers can no longer focus the majority of their efforts on the moment of conversion. To create measurable, sustainable, and limitless growth, marketers must consider the entire customer journey and infuse strategy, analytics, creative, and technology into every step.



## Clearing up Confusion: Performance Marketing Defined.

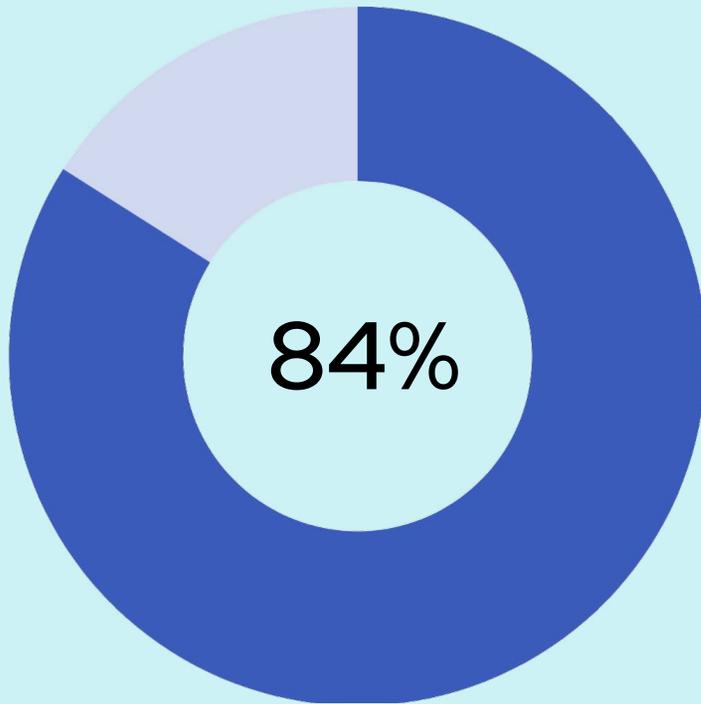
In a recent survey, we asked 400 marketers ranging from the Senior Manager level all the way up to CMO if they knew the definition of performance marketing. A whopping **97%** of respondents claimed they did. To test their knowledge, we provided respondents with six statements to choose from to define performance marketing – and only four of these six choices were correct. Based on the responses, we noticed more confusion than clarity. For example:

- Only **13%** of respondents got five or more answers correct, with **1%** selecting all right answers.
- **89%** checked off two or more incorrect answers.
- **21%** got more answers wrong than correct.

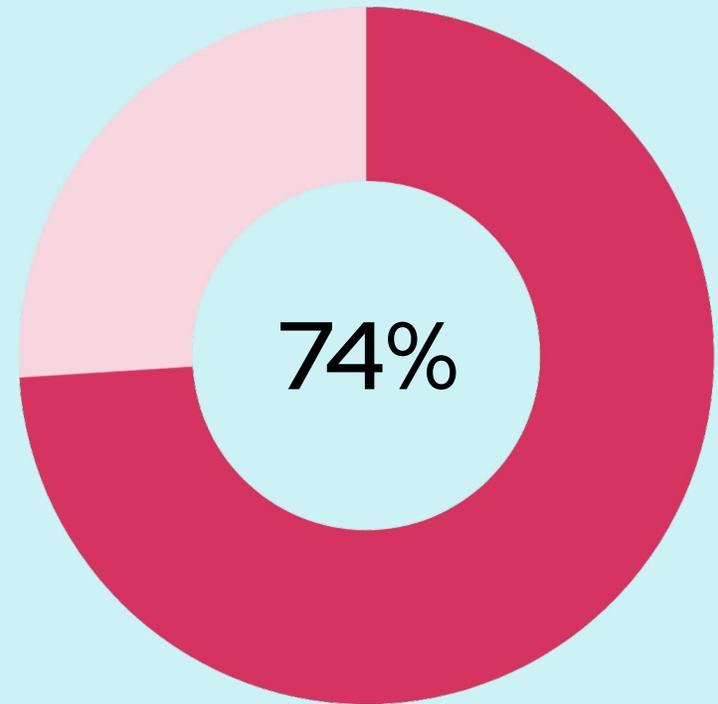
Not only that, but when we did a search engine volume on the keyword “performance marketing,” the results were shockingly low: only 3,758 searches annually. The second most popular keyword phrase was “what is performance marketing” (878 searches) and the third most popular was “definition of performance marketing” (348 searches).

It’s clear that not only are most people *not* searching for performance marketing, but those who are don’t even know what it means.

Here's what we noticed people *did* understand about performance marketing:

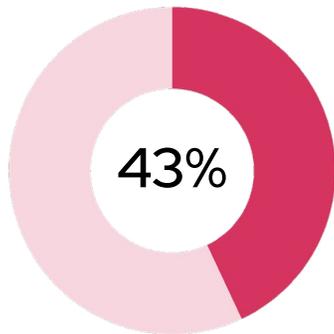


**84%** agreed that it was not across the full marketing funnel.

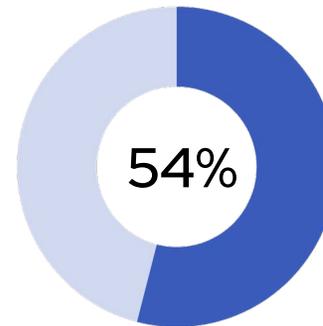


**74%** agreed it did not involve the entire customer journey.

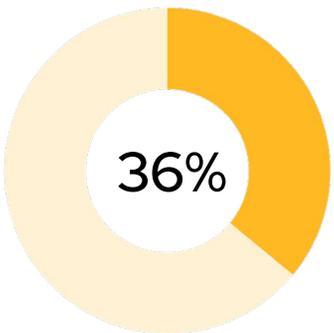
So our respondents do understand that performance marketing makes up A PART of the funnel, but they are still unclear on which part and which channels.



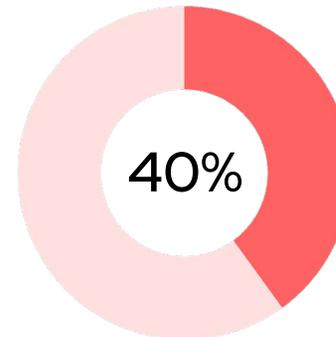
More than 4 out of 10 respondents **(43%)** were not aware that performance marketing is focused primarily on the bottom of the marketing funnel.



Over half of respondents **(54%)** believe it is a combination of both the upper funnel (demand creation) and bottom funnel (demand capture).

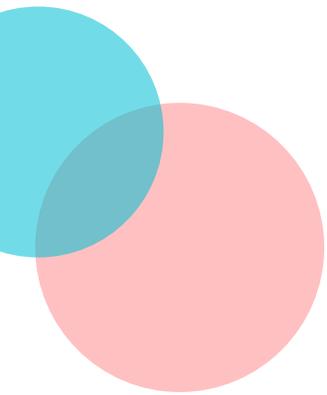
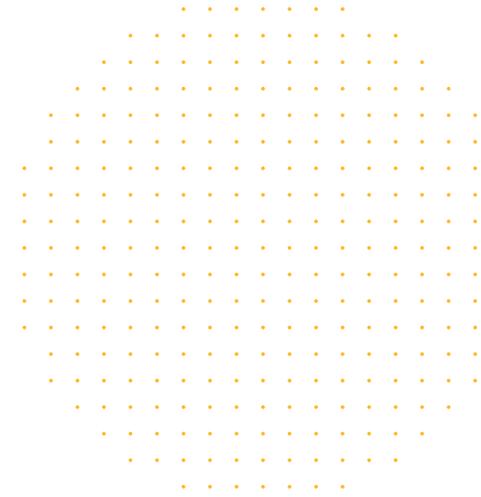


And when it comes to metrics, **36%** of respondents didn't know that performance marketing is only really looking at short-term metrics.



**40%** didn't know performance marketing was specifically focused on "all things search" - including organic (SEO) and paid (PPC/Social), conversion rate optimization, A/B testing, and driven by data and analytics to reach consumers at the right moment in the right context.

It's clear that the definition of performance marketing is unclear! To promote a better understanding, performance marketing focuses exclusively on the middle-to-lower parts of the sales funnel - not the top of it. By this, we're referring to the conversion moment of a customer that already knows your brand and product.

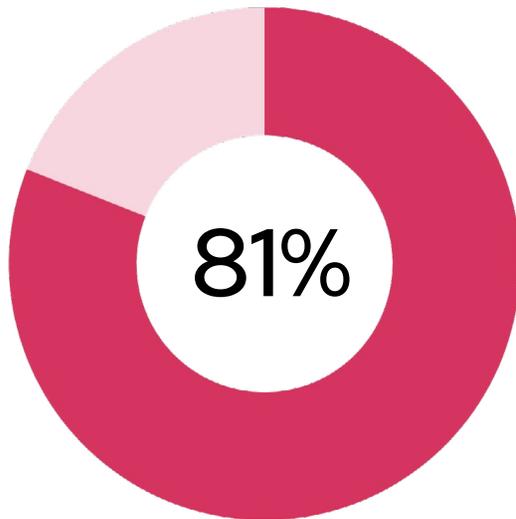


When looking for quick growth, most marketers first turn their attention to channels at the bottom of the sales funnel geared toward reaching those consumers. These activities include things like paid search, paid social, SEO, display/retargeting/remarketing, CRO, email marketing, eCommerce, and affiliate marketing. Again, while these tactics have been effective for many brands in the past, they can't be the only thing you focus on. To achieve scalable, sustainable growth, marketers need to map their strategies to core business objectives and measure against them.

## **Enter: Growth Marketing.**

## What is Growth Marketing?

We didn't stop there with our survey. In the same fashion as above, we asked our respondents if they knew the definition of growth marketing - 96% of respondents said yes. We tested their knowledge as before, giving them six statements about growth marketing to choose from, only three of which were correct. Again, confusion abounded:



**81%** did not understand that growth marketing requires using broader company goals to plan media strategy.

- Only **10%** of respondents got five or six answers correct, with only 1% selecting all of the right answers.
- **56%** got more than two or three wrong answers.
- **35%** got more answers wrong than correct.
- **81%** did not understand that growth marketing requires using broader company goals to plan media strategy, and less than half (46%) think it includes cross-channel measurement connected to the health of the business and higher-level business objectives/strategies.
- However, **75%** did believe growth marketing included long-term, full-funnel strategies.

It's been clear to us for a while that all parts of the funnel are morphing together. However, in order to promote a true growth marketing mindset, you need to align all of your activities back to your strategy, your company's broader goals, and measure all of it. And that's backed up by one of our other findings - that many marketers are outsourcing strategy and analytics to agencies, which suggests they are experiencing difficulties accomplishing those elements of growth marketing in-house.

Additionally, **62%** of our respondents believe that growth marketing includes delivering valuable customer experiences, building relationships, and fostering loyalty. While this is important to growth, it only makes up a fraction of growth marketing. Customer retention eventually hits a ceiling. From there, marketers need to seek new growth and new winnable audiences.

As with "performance marketing," we checked the search engine volume on the keyword "growth marketing." Again, these results were pretty low, with an annual search volume of only 3,092. The term "growth hacking" was much more popular, with 6,100 annual searches.



We want to make one thing clear - growth marketing is NOT growth hacking. The latter is an unsustainable trend focused on one-off marketing approaches executed on the fly. Growth hacking has gotten quite a bit of attention over the past few years, but strategy takes a backseat in favor of short term goals and you always end up scrambling to keep up instead of powering forward with a clear vision.

**Growth marketing** is a holistic approach baked into your company's overall strategy and goals, and factors in the entire customer journey experience. This means combining upper and mid-funnel activities (like programmatic and CTV advertising, organic social, mobile advertising, and CRO) with lower-funnel performance tactics. By driving a constant flow of net-new prospects to the upper-funnel, marketers can find new audiences, influence a purchase earlier in the buying cycle, increase conversions, and boost revenues.

## A Match Made in Marketing Heaven.

But this isn't the end of the story. You can't just execute upper, mid, and lower funnel tactics, say you're running a growth marketing program, and call it a day. To make this actually work, you need to combine all of your marketing activities in a cohesive manner. This means leveraging strategy and planning, analytics, creative, and ad tech in conjunction with those tactics so they can work together across the entire marketing funnel - the full customer journey - in perfect harmony.



	Performance Marketing	Growth Marketing
Includes <b>all things search</b> -- organic (SEO) and paid (PPC and Social), conversion rate optimization, A/B testing, and driven by data and analytics -- to reach consumers at the right moment in the right context.		
Includes continuous optimization driven by <b>short-term metrics</b> like return on ad spend (ROAS), ROI, conversions, and revenue.		
Includes <b>bottom of the marketing funnel</b> activity that captures demand.		
Includes measuring brand lift, reputation, recommendations, and satisfaction and overall <b>brand impact on the bottom line.</b>		
Includes <b>demand creation</b> and <b>demand capture</b> to engage people, motivate behavior, and generate intent buying.		
Involves a long-term, <b>full-funnel strategy</b> , leveraging <b>data, analytics, and technology</b> to grow a larger and highly-engaged audience.		
Includes measuring <b>market share gains</b> and <b>churn reduction</b> while <b>increasing the lifetime value</b> of each individual customer - attracting, engaging, retaining, and turning customers into brand champions.		
Includes <b>broader company goals</b> to plan digital media strategy and cross-channel measurements connected to the health of the business.		

## Navigating Growth Marketing Headwinds.

However, aligning all of your marketing activities to achieve a growth marketing program is much easier said than done. In our study, we wanted to learn how much our respondents understand about performance marketing, growth marketing, and the differences between the two. But in the end, it's not just knowing what growth marketing is - you have to fully commit to it. If you have no strategy, no measurement, no support from your company management, no digital marketing skills in-house, and no integration across the full customer experience, you're not going to achieve everything that's possible for your brand. You need a growth marketing mindset with a focus on innovation, testing, creativity, and risk-taking to create the foundation for growth.

Indeed, we found that there is a very wide spectrum of knowledge and capabilities when it comes to growth marketing, and we've outlined those in the 3Q Digital Growth Marketing Maturity Index. We will be introducing that index in an upcoming report to help the market understand what's really necessary for them to make the most of their marketing investments, improve their brand, and increase their revenue.



## What's Next?



The concept of growth marketing is just getting its start. But we're excited to introduce it to brands looking for new ways to achieve the endless possibilities ahead of them. We know growth marketing works, because we've already seen it pay huge dividends for our clients who have chosen to implement these strategies and tactics into their overall vision. Those clients have been capitalizing on new opportunities, breaking through barriers, and achieving and sustaining market leadership. They take risks, dare to be great, and accept no limits, and we couldn't be happier to partner with them.

The study on growth marketing that we had previously mentioned was extremely enlightening for our team here at 3Q Digital, and we're sure it will be for you as well. In the coming weeks, we will be releasing the results from that study and more details on on 3Q Digital's Growth Marketing Maturity Index. In the meantime, [please contact us](#) if you want to dive further into growth marketing, talk about how other leaders are thinking about it and implementing it, and learn how your business can benefit from it.

CONTACT US

### Survey Respondent Details

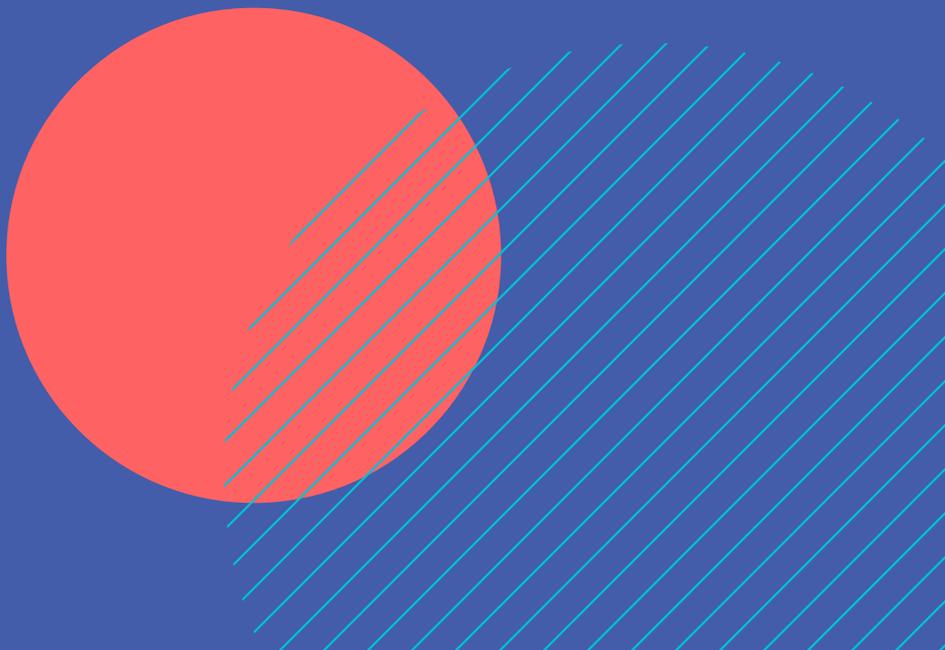
- 400 marketing decision makers (Senior Managers and above) located in the U.S.
- Representation across four industries (retail, financial services, healthcare, and SaaS/Technology)
- Annual company revenue ranging from \$100M - \$1B+
- Number of company employees ranging from 100 - 10,000+

# About Us

3Q Digital is one of the world's largest independent digital growth marketing agencies. Verified by TechCrunch as an Expert Growth Marketing Agency, it has built an impressive portfolio of clients in a range of verticals through paid media, business strategy, decision sciences, creative, SEO, and content. 3Q Digital has ranked in both Ad Age's and Inc.com's Best Places to Work lists in 2020 and 2021, and was also recognized on Adweek's Fastest Growing Agencies list in 2019.

<https://3qdigital.com/>

**Accept No Limits.**

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