Share of Search, More than just a metric

Friends of Search
November 2021

James Hankins @ Vizer Consulting
I’m here today to not talk about PPC and SEO
Greatest database on intent
As “Friends of Search”

I’m going to introduce you to a new metric, taken from an ordinary, everyday, search tool, that has both far reaching consequences but also opportunities for planners and strategists of all types.
This is a quite “dense” presentation..
we’re going to be dealing with the following concepts

Data vs. Insight

Metrics vs. Diagnosis
As such..todays talk covers the following...

• The most important metric some people may not have heard of
  A brief introduction

• More than a metric...
  SoS as diagnosis - overlooked and undervalued
Marketing week change makers 2020

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Vizer Consulting
Effweek 2021 headliners
What is Share of Search (SoS)?
I’m not talking about that Share of SEARCH
The key observation is

\[ \text{Share of Search} = \text{Share of market} \]
The key insights are

SOS = SOM

Because people broadly search in proportion to the way they shop/buy

SOS = SOM (value = revenue)

Because “branded search” actions are a good proxy for spending with a brand
Why is Market Share important?

• Understanding why and when market share drives profit (Bhattacharya et al 2021)

• An analysis of the Market Share-profitability Relationship (Szymanski et al 1993)

• Competitor orientated metrics. The myth of market share (Armstrong and Green 2007)
So lets start...
This page is your friend (as I assume you know)…
Getting the right term is important
The equation...

12 month moving average (brand A)

Sum of (12ma brand A, 12ma brand B... 12ma brand X)

This is the base formula but; the data can be cut in different ways
Go to my blog if you want further insight on the methodology…

Theeqplanner.wordpress.com

Today is not a training session, it’s a session in possibilities…
Because it's more than just churning those numbers out...
SoS = SoM across categories, countries and languages

30 Case studies*
12 Categories
7 Countries

Much of the analysis has looked at Value Share (Share of Revenue) however we have a few cases where Vol share has also been used.
An avg. 83% correlation between SoS vs SoM across our cases**

*0.82 Pearson correlation coefficient
SoS:SOM holds true but varies by category. Country etc

The point at which the line crosses the axis varies too

Range = -0.0158 to 0.14

BE CAREFUL OF THE “STATISTICIANS LAKE”
What SoS represents (a new model)

- Customer Base (penetration)
- "Brand Size/strength"
- Promotion
- Product & Relative price
- Physical & Digital availability

- Base level
- Short term ad effect (immediate)
- Long term ad effect (12months +)

- "Demand side"/Mental Availability
- "Share of Search"

- "Supply side"
- "Conversion"

- Share of Sales/revenue/RGUs

Source – Binet & Hankins
A few words of advice...

1. Share of Search is an OUTPUT

2. It represents Market Share (value) which is the relative position of the brand vs others in category

3. It’s a whole business metric which means lots of things could be affecting performance

4. Trying to GAME search channels requires true fraud

5. It does not preclude the possibility of an individual brand growing in absolute terms i.e. profit or revenue
It’s not perfect (because no metric is)
Practical applications unlock its true power
I’ve developed 11 techniques that utilise SoS

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I’ve developed 11 techniques that utilise SoS

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Validation leads to greater understanding

We’re after market share data (vol or value) or at the very data that represents the above
I’m not going to pretend it’s a LAW...

...even if the relationship has held true every time I’ve looked
Validation forces you to go all Sherlock (mostly)

Because if you’re looking for representative data, you can’t afford official Market Share data.
Can’t I just churn SoS out?
Not if you want to bring senior stakeholders on board
And in digging deeper you’ll definitely learn more (and this is where it gets really interesting)
Because if SoS=SoM there is a lot going on behind this chart
But where do I go?
The place to start is to find representative data for your validation (SoM)

Client insight
&
Investor relations
&
Companies house
&
3rd party research
&
Official data sources

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Revenue data from Company reports...

Something interesting happening with MSM and GoCo
Brand level analysis helps too

**MSM**

<table>
<thead>
<tr>
<th>Year</th>
<th>est SoR</th>
<th>SoS</th>
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<tr>
<td>2016</td>
<td>40%</td>
<td></td>
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<tr>
<td>2017</td>
<td>35%</td>
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<tr>
<td>2018</td>
<td>30%</td>
<td></td>
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<td>2019</td>
<td>25%</td>
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**GoGo**

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<td>25%</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>20%</td>
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<tr>
<td>2019</td>
<td>15%</td>
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**Confused**

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<th>Year</th>
<th>est SoR</th>
<th>SoS</th>
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<td>2016</td>
<td>12%</td>
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<td>2017</td>
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<td>2018</td>
<td>8%</td>
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<td>2019</td>
<td>6%</td>
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**CIM**

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<th>Year</th>
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<td>2016</td>
<td>60%</td>
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<td>2017</td>
<td>55%</td>
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<td>2018</td>
<td>50%</td>
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<tr>
<td>2019</td>
<td>45%</td>
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or
A good fit within this sector
Two different brands with two different patterns

Widening gap suggests an issue with conversion (although trajectory still representative)
Or...
The tea Market in the UK (3rd party SoM data)
Some interesting trends but one important data point
Commodity prices jumped in 2017...

When prices rise, people are conditioned to flee to Private label

Significant price increase of 17% YoY explains similar leap in Value for own brand & (due to price) probably Vol of Own brand too
Even if Private label isn’t actually the cheapest!
You also may end up reading a bit more and learning some other stuff...
What has been happening under the hood at John Lewis?

JLP becoming more reliant on Waitrose (and H2)

JL has been in share decline since 2015 but there is a delayed effect.

2015/16 was the year that NEXT instigated a strategic review of their business due to increased value/importance of e-commerce.
A business looking to the future – Next

A model that plots a course forwards for the future of retail in an e-commerce world
The numbers behind the narrative at NIKE...
Becoming the customers’ favourite for food-on-the-go

A lot has changed in the past five years...

Our transformation from bakery to food-on-the-go began in 2013, and the process of creating a centralised, fully-integrated business capable of supporting 2,500 shops is nearing completion, with just two years left to go. Whilst this has required a once-in-a-generation level of capital investment and business change, it has already delivered results and helped our customers realise we’re so much more than sausage rolls! The result – a resilient brand, better able to cope with an unpredictable retail environment and economic uncertainty.

I’ve written at length with my writing partner JP Castlin on the economics of distribution and fulfilment and its strategic importance in an e-commerce world....
Share of Search is an insight tool

It's about what the metric allows you to do rather than the metric itself
Now you have a more rounded view

You know more about the commercial aspect than before

You’ve discovered something interesting

Follow the money & read the notes/exceptions
I’ve developed 11 techniques that utilise SoS

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At what growth stage is your category engaged in?

- This supports the hypothesis that the market is about “switching” (not just money saving sense) and revenue generation via cross-sell.
Reaching a plateau in terms of category penetration...

If a penetration ceiling has been reached then how do you generate growth? It's about Switchers & ARPU (new product development/pricing)
Comparing countries... how the pattern differs
Comparing brands – who has grown quicker and at what stage in the lifecycle?
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SOV vs SOM and ESOV

Brand “tend” to grow

Brend “tend” to decline

Bigger brands can get away with spending less relative to their size. Economies of scale in terms of fame generation.

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Three brands & Three growth strategies (b2b)

- Efficient growth/ growth via another input
- Geared for growth
- Managing decline
- Inefficient investment/slowing decline
A spread with some interesting movements (FMCG)

Efficient growth/ growth via another input

Geared for growth

Managing decline

Inefficient investment/slowing decline

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Spend more to grow... The power of advertising (retail)

Efficient growth/ growth via another input

Geared for growth

Managing decline

Inefficient investment/slowing decline
A different narrative to the prevailing wisdom
A brand that lost its way
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Has the “flight to digital” helped this brand?
A significant shift in budget/new creative?
Direct response….Shift in budget and media strategy
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The classic Binet and Field masterwork
You can now create your own version

© James Hankins/Vizer Consulting

Source: Vizer Consulting Ltd
SoS and the long and Short of it

FMCG

B2B

Source: Vizer Consulting LTD

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Is anyone “bucking” the Category? (no one does for long)
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