

The Power of Search as a Signal — and Alternative Currency — for Advertisers

March 9, 2022

EDO

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in Advertising

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Who we are

John Cripps, PhD

EDO



John Cripps, PhD, is SVP of Convergent Measurement at EDO, Inc. He is a marketing science thought leader, entrepreneur and former London Business School marketing professor with deep expertise in marketing measurement and optimization.



James Hankins

IPA | Incorporated
Practitioner
in Advertising

James Hankins is Co-chair of the IPA's Share of Search ThinkTank, Founder and Consulting Strategist at Vizer Consulting, and Global VP Marketing Strategy and Planning at SAGE. Hankins was named a Marketing Week change maker in 2020.

Why are we here today?



We are here today to share recent research regarding the power of using search activity as a marketing measurement currency, as a predictor of future business results, and as a new optimization tool for TV advertisers.

Who we are: EDO, Inc. and IPA EffWorks



EDO, Inc. is a data, measurement and analytics company that identifies measurable consumer actions triggered by advertising, helping marketers optimize their audience targets, media placements and creatives to drive active engagement.

EDO continuously measures Convergent TV's effect on consumer behaviors like search engagement so advertisers know what's driving real-world behavior.

The Marketing Effectiveness Initiative, EffWorks, from Institute of Practitioners in Advertising (IPA) seeks to create a global industry movement, to promote a marketing effectiveness culture in client and agency organisations, and improve our day-to-day working practices.

What is Share of Search (SoS)?

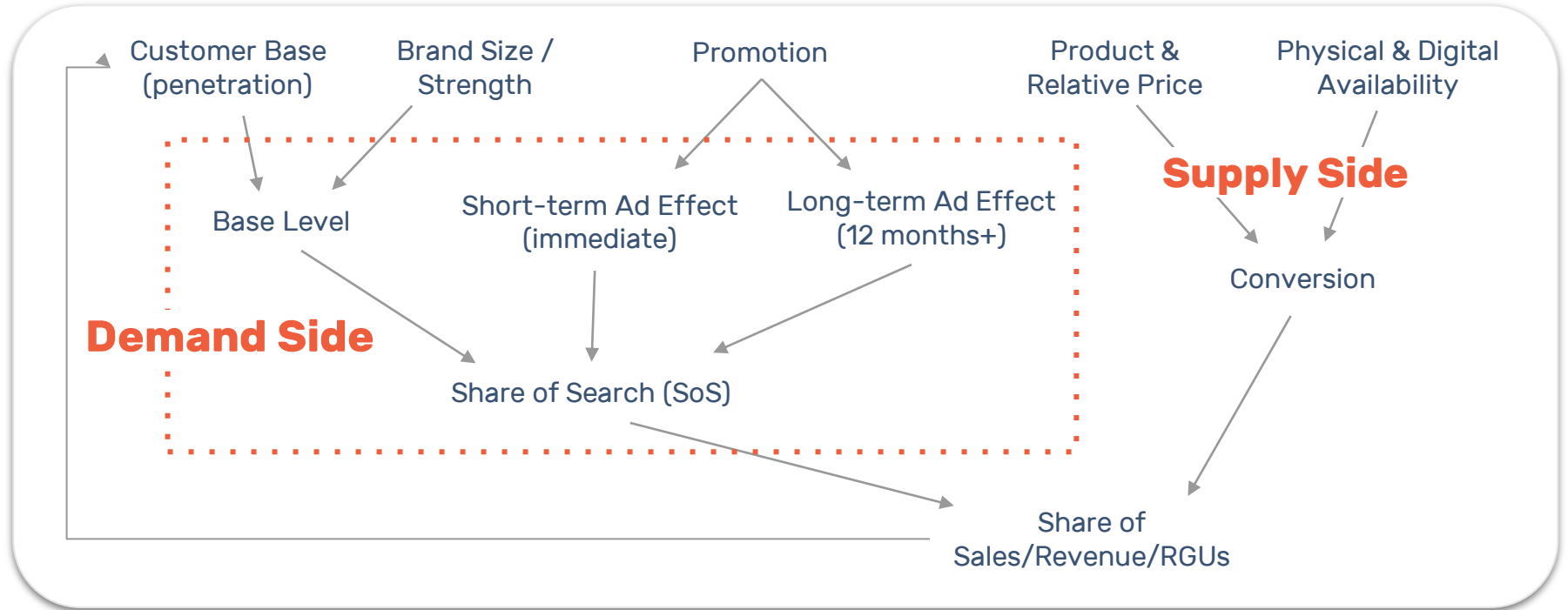
$$\text{SoS} = \frac{\text{\# of organic searches for brand X}}{\text{\# of organic searches for all brands in the competitive set}}$$

** Note: a 6 to 12 month rolled average is recommended to reduce noise/variation when calculating SoS*

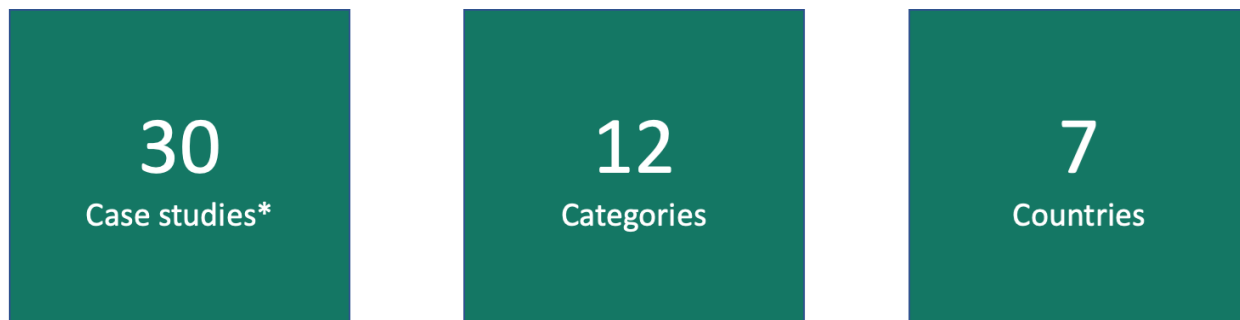
** Source: Binet & Hankins*

SoS represents the demand side

The “Marketing” Equation:



Share of Search (SoS) = Share of Market (SoM)



SoS = SoM across category, country and languages
with an average correlation of **83%**

* 0.82 Pearson correlation coefficient

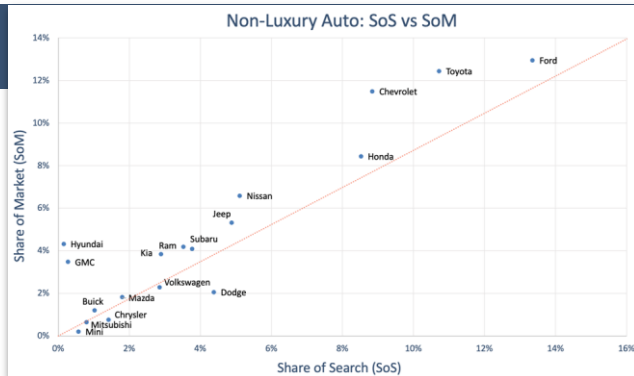
* Majority of analysis looked at Value Share (Share of Revenue) but a few cases used Share of Volume

* Most evidence is based is on 12 month rolling average (MRA); 6MRA can work, significant variation occurs below this

Share of Search (SoS) tracks Share of Market (SoM)

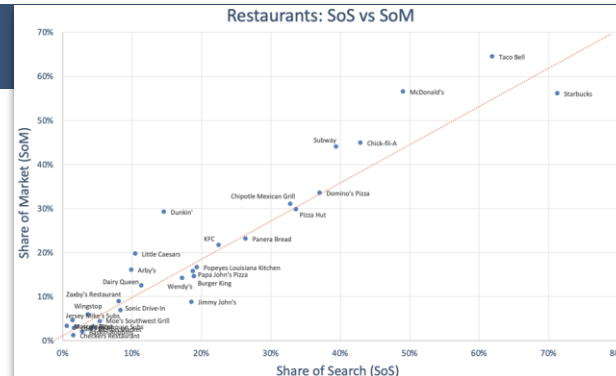
Auto

Correlation between SoS and SoM: 0.94



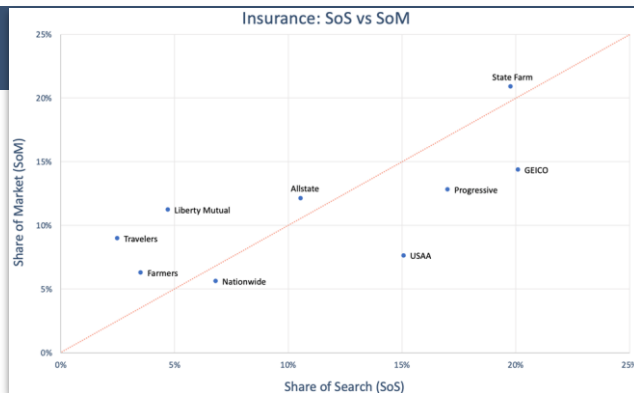
Restaurants

Correlation between SoS and SoM: 0.96



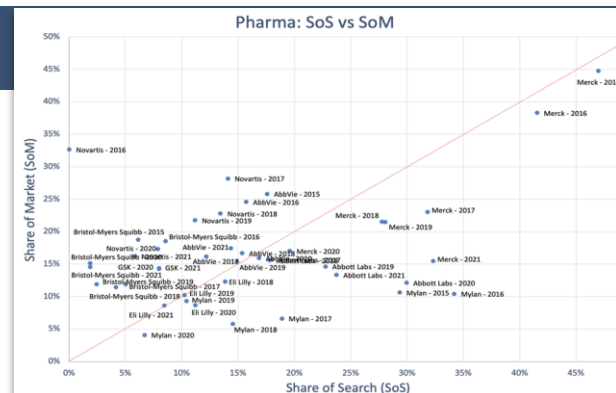
Insurance

Correlation between SoS and SoM: 0.70



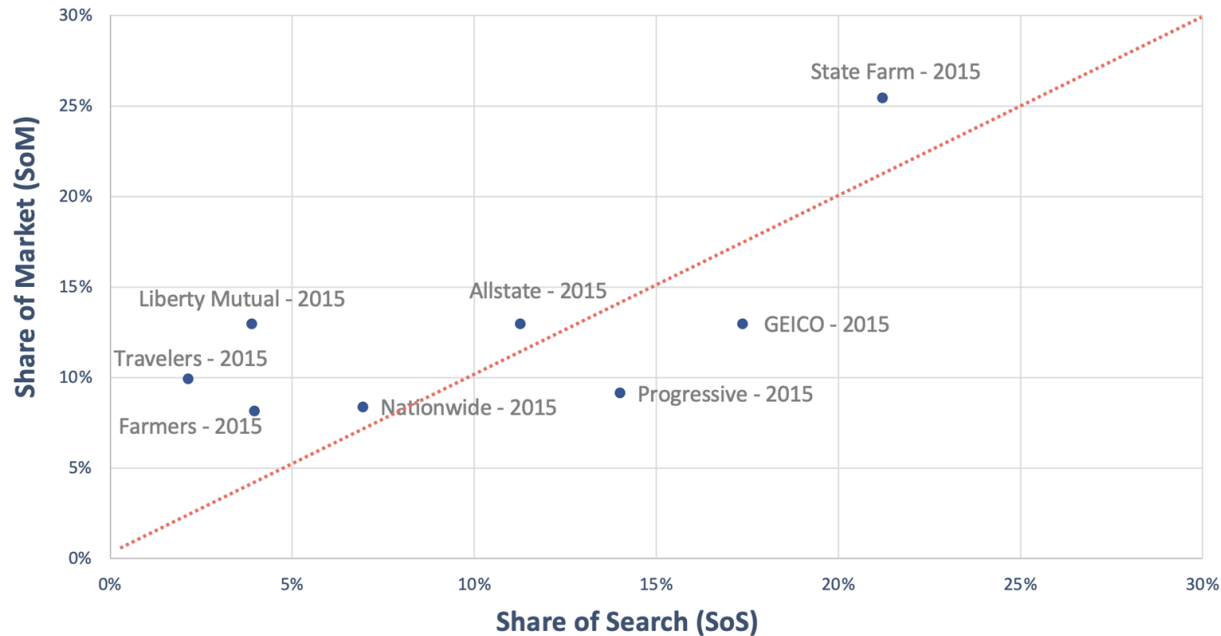
Pharma

Correlation between SoS and SoM: 0.48



Let's take a closer look at Insurance...

Insurance: SoS vs SoM

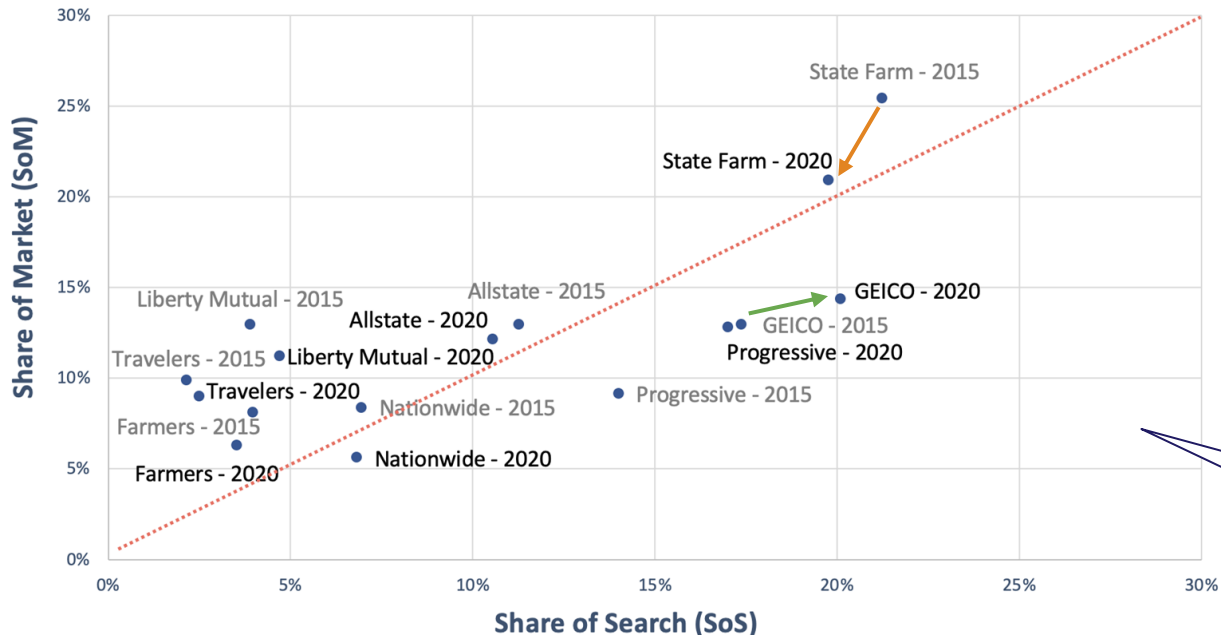


From 2015, we see...

- **State Farm** has the highest SoM with a bit over 25%, which is higher than the brand's SoS %
- **GEICO** has a higher SoS % than SoM %

From 2015 to 2020: Insurance SoS vs SoM

Insurance: SoS vs SoM



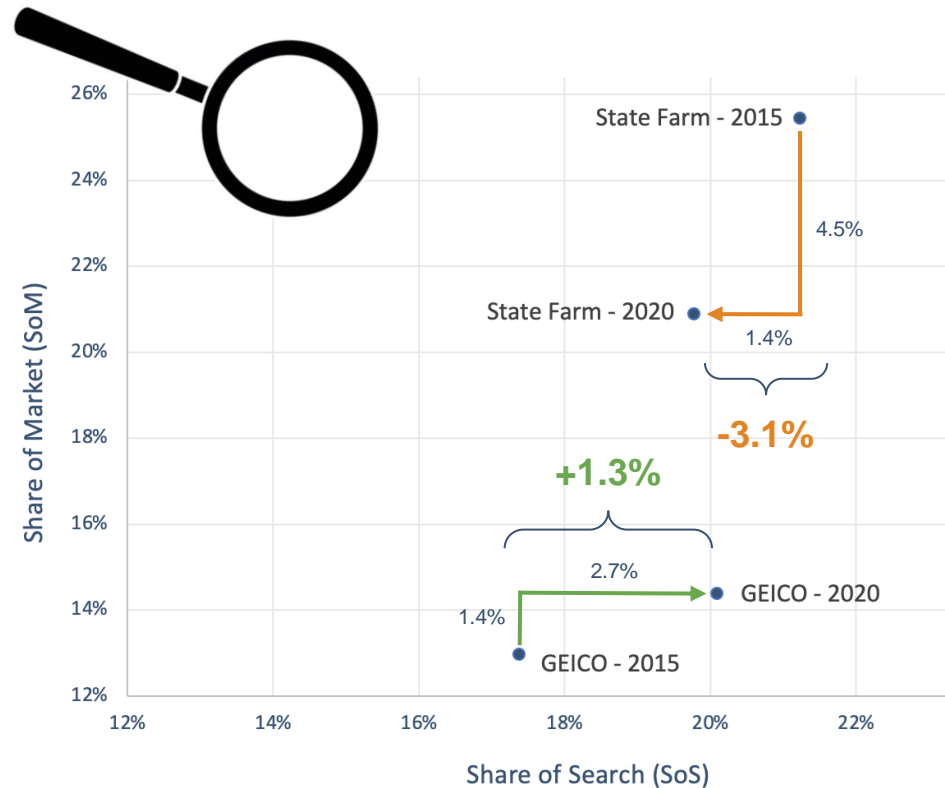
From 2015 to 2020, we see...

- **State Farm** lost ground on SoS and also SoM % over time
- **GEICO**, by contrast has seen growth in both SoS % and SoM %
- What is the relationship?

**Growth zone:
under the red line**

If a brand's present year SoS is larger than SoM, there is usually growth in SoM.

Close Up: Over time SoS and SoM move together



IPA research has shown that the SoM and SoS changes are best linked through **Excess SoS**.

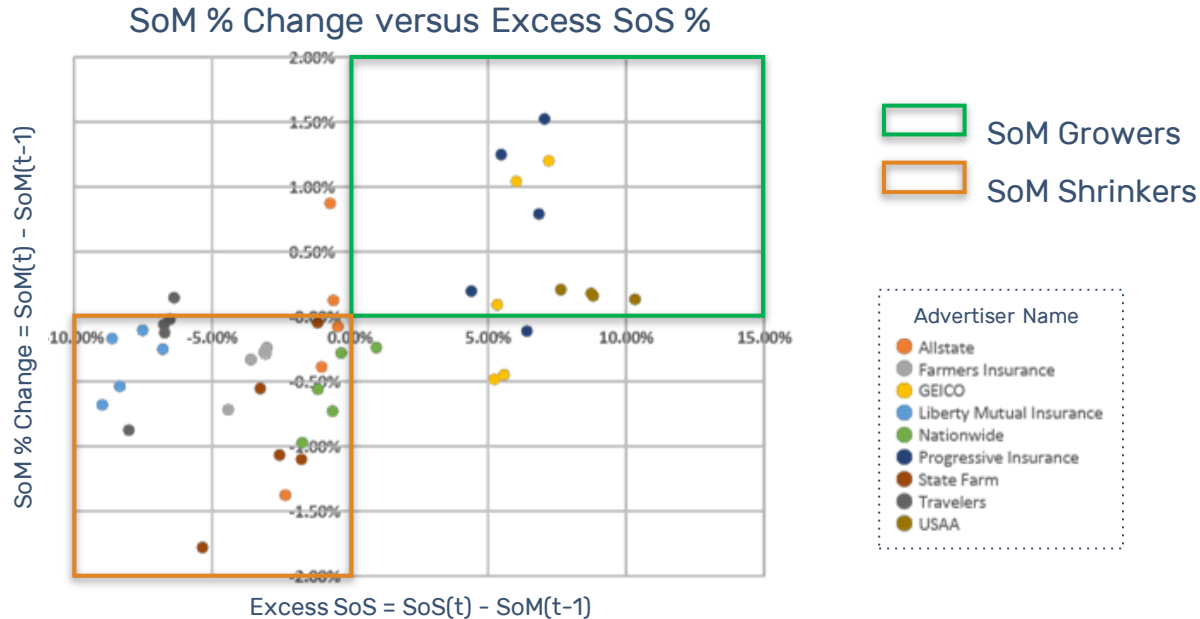
$$\text{Excess SoS} = \text{SoS}(t) - \text{SoM}(t-1)$$

Excess SoS can predict SoM growth or shrinkage:

- **State Farm** had an **Excess SoS of -3.1%** and its SoM shrunk by 4.5%.
- **GEICO** had an **Excess SoS of +1.3%** and its SoM % 1.4%

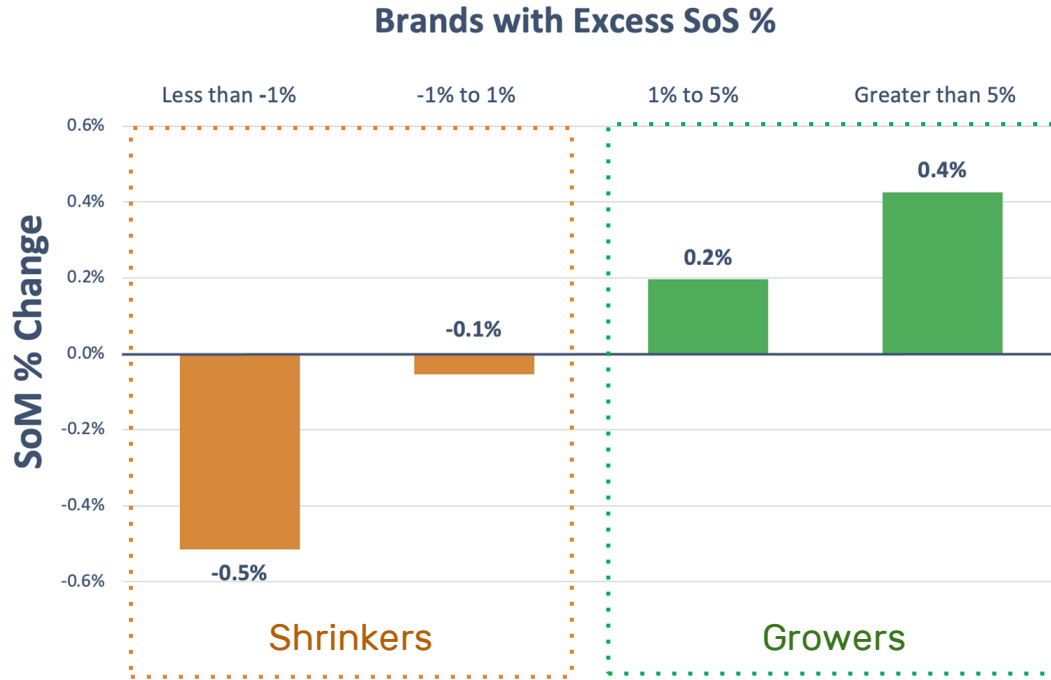
Excess SoS Growth predicts SoM growth/shrinkage

Across all insurance brand x year data points from 2015 to 2020, Excess SoS correctly predicts market share growth / shrinkage 86% of the time - it also works well for most categories we have tried.



And the revenue impacts are significant

For insurance, a 0.5 point market share gain is worth approximately \$1.6 billion in annual premiums.



From theory to practice with EDO Search Engagement metrics

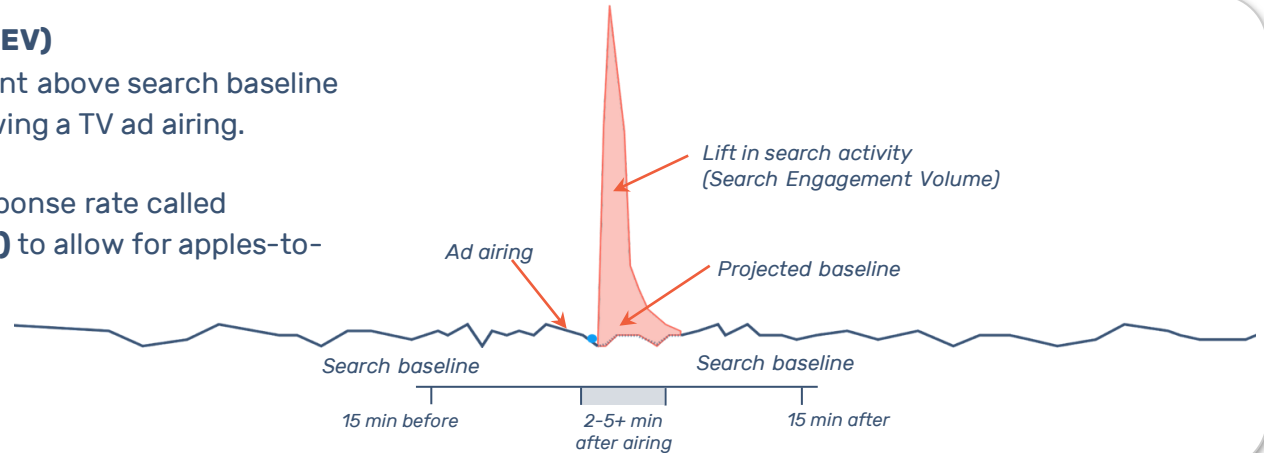
EDO has developed a set of proprietary **Search Engagement** metrics to bring search outcomes as a new measure for TV ad effectiveness. This new search-based currency offers a practical, day-to-day way to manage ad performance.

What is Search Engagement?

Search Engagement Volume (SEV)

measures incremental engagement above search baseline in the minutes immediately following a TV ad airing.

We then transform SEV into a response rate called **Search Engagement Rate (SER)** to allow for apples-to-apples comparisons.

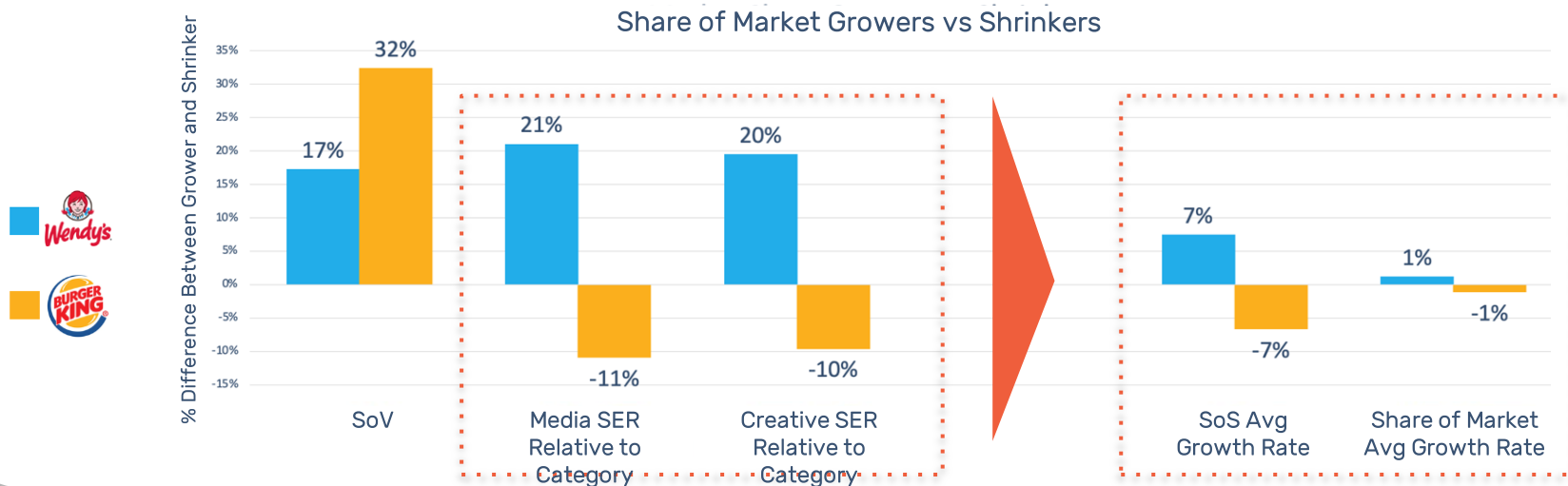


Optimizing EDO metrics can drive SoM growth

EDO found that SoM Growers have Search Engagement Rates (SER) that exceed their industry average.

Case Study:

- Wendy's has ~15% lower Share of Voice (SoV) than Burger King, but Wendy's has higher Media and Creative SER metrics.
- High SER performance, in turn, is leading Wendy's to a higher SoS and SoM Growth Rate.



Four Key Learnings

1

Share of Search (SoS) tracks Share of Market (SoM) across many verticals.

2

Excess Share of Search (current SoS exceeding historical SoM) is a strong leading indicator of future Share of Market growth.

3

TV advertisers with growing Share of Market show higher EDO Search Engagement metrics.

4

Measuring and optimizing TV ads to EDO's Search Engagement metrics drive future market share growth.

Join us!

- The IPA Share of Search Think Tank welcomes data contributions from advertisers wishing to validate these Share of Search findings for their own brands and verticals.
- EDO is looking for other U.S. marketers and researchers who want to join us in developing a body of knowledge related to the application of search to advertising measurement and optimization.

For questions and to learn more about how you can take part in this research initiative, please reach out to:

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About VAB

VAB is an insights-driven organization that inspires marketers to reimagine their media strategies resulting in fully informed decisions.

Drawing on our marketing expertise, we **simplify** the complexities in our industry and **discover** new insights that **transform** the way marketers look at their media strategy.

Simplify

We save you time by bringing you the latest data & actionable takeaways you can use to inform your marketing plans.

Discover

We keep you one step ahead with the latest thinking so you can create innovative, forward-looking strategies.

Transform

We help you build your brand by focusing on core marketing principles that will help drive tangible business outcomes.

We are committed to your business growth and proud to offer VAB members, brand marketers and agencies **complimentary access** to our continuously-growing Insights library. **Get immediate access** at theVAB.com.