

Stackline Academy
on Business Analytics

Talk to your data.

“An important and continuing issue is the slow speed with which established firms make the shift to a data-driven culture. Virtually all [Big Data Executive Survey] respondents (99%) say their firms are trying to move in that direction, but only about one-third have succeeded in this objective.”

“Big Companies are Embracing Analytics, But Most Still Don’t Have A Data-Driven Culture”

Thomas H. Davenport and Randy Bean | Harvard Business Review | February 2018

THE HYPOTHETICAL

Congratulations, MVP! The numbers are in: sales of your protein bar saw 25% growth this year. The boss gave you a high five in the hallway, and you’re about to take ownership of the ecommerce channel for two more brands in the portfolio.

That’s awesome.

But those impressive sales, important as they are, don’t tell the full story.

What if the whole protein bar category grew 35% this year, and as your sales decelerated in Q4, the category’s total sales were picking up the pace? What if your top competitor’s market share ticked up another 8%? What if the new startup on the block jumped to a 25% share of the category’s organic search traffic and your overall paid and organic search traffic slipped 10%?

Depending on what else is happening in the world that surrounds your brand, 10% sales growth may or may not be cause for wholehearted cheer. Applying a little forest-for-the-trees wisdom, your tree can add a few inches, but unless you’re growing taller and faster than your neighbors, your slice of the sunlight is still shrinking.

Fear not! You’ve got some powerful allies who can help you assess the situation and give you the tools you need to grow.

Let’s figure this out.



For every business that aspires to grow, there is at all times a gap between reality and aspiration. (That's where we come in.)

Somewhere in the funnel, something could be running more smoothly. Somewhere in the marketing budget, a dollar (or thousands) could be reallocated to improve return. Somewhere in the content, an old keyword needs a fresh take.

No matter what challenge you're pondering as an ecommerce leader — "Why am I growing slower than my category?" or "How do I grow my brand's share of voice?" or "What's the real cost of FBA?" — stepping back for some perspective is the right step forward. Looking at any of these issues in isolation (or the countless others that face your products or brand) is a surefire way to alight on a partial solution. You'll be left addressing a symptom and not the intersecting factors and forces at cause.

Look at the whole landscape

Finding out "what else" is happening in your category is essential. That context will put your reality in its proper perspective, and that's the essential predicate to the next phase of the conversation with your data. When you know what's happening to your business and the category at-large, you can move onto the more transformative questions:

- Why is that happening?
- What can I do to grow?
- Where do I begin?

But first thing's first: get the lay of the land. Here's what you need to know:

- **Your market share.** This biggest of big pictures will allow you to take stock of your overall performance relative to your competitors and category at-large.
- **Your share of voice.** Fifty-four percent of all product searches now begin on Amazon (Jumpshot Survey, Q2 2018), and less than half of them contain the specific name of a brand. That means a lot of keywords are up for grabs. Determine the top unbranded and branded keywords shoppers use to search in your category, and know how often your products show up and win clicks through both paid and organic placements.
- **Your relative ad spend and return.** Are you spending a lot more than your competitors? Not nearly as much? Are you over-indexing on paid search or display? Is your ROAS riding a bell curve? Answers to these questions will help you put your market share in context. If you're spending enough to defend your market share or grow it, make sure those dollars are doing their job.
- **Pricing trends.** Check how your products are priced relative to your competitors, in real time and over time. See when competitors are running promotions or discounts and cross-reference their ad spend, share of voice, and sales.
- **Buy box conversions.** Peer into the bottom of the funnel, and figure out how often you're driving your customers into a buy box that somebody else has claimed.



Once you have the lay of the land and a clearer idea of how you're positioned, you can figure out how to proceed.

And that requires a thorough, open-minded interrogation of the data.

For professionals who have built successful careers on *knowing*, this phase of the conversation is uncomfortable. The premise has to be: something is happening to my business; there is a gap between how things stand and how we want them to be; and I'm not yet sure why, which means I don't yet know what to do about it.

It can be a frustrating moment, but when you have the tools you need to find the answers you seek, it's also exhilarating. As an ecommerce channel owner, you can and should have access to logically-organized data that corresponds to every step in the funnel, and by interrogating each KPI, you can construct the most rational explanation for why things are the way they are.

Let's revisit the example from the beginning. Our hypothetical MVP wants to dig into why his protein bar sales were weak on a relative basis, even though they saw solid absolute growth. He evaluates his KPIs and his competitors' through the funnel and discovers some stand-out activity. Here's what the data has to say:

- X-BAR's sales are growing fast and have outpaced ours in Q4, gobbling up a sizable share of the category's total growth.

But why? First thing you might check are the sources of organic traffic for your category. You can see exactly which keywords shoppers are using in search. Millions of keywords contain the word "protein," and you now see that a rapidly increasing volume of keyword phrases include the branded term "X-BAR."

- From this organic traffic analysis, you can tell the "X-BAR" name is gaining top-of-mind awareness. But Simple Bar, the biggest competitor with the highest market share this quarter, still ranks highest in organic traffic. Your brand ranks third.

What else might the data uncover?

- Looking at all the paid search traffic by brand, you can see Simple Bar gets the relative majority of share and has the highest ad-attributed sales. You can also see the driving factor: they're by far the highest spender in the category. But X-BAR, whose organic traffic and sales have surged, also spiked their ad spend late in Q3. Your ad spend ranks third, and your paid traffic ranks second. (Smart keyword bidding – nice work.)
- You then dig into the specifics of which keywords are generating traffic every week. (Among the thousands of keywords searched in major categories, most advertisers are bidding on roughly 200 and not even scratching the surface of customer intent.) You look at the keywords Simple Bar is winning; they're driving ad clicks off their own branded keywords, but they're also targeting your branded keywords, along with high-volume keywords like "protein," "organic," and "Whole 30." Simple Bar is competing on those top unbranded keywords and driving traffic off several more farther down the long tail. This useful window into competitors' paid search strategy – and how much they're spending to execute – will help you craft a winning rebuttal.

**You know “what.” You’ve seen “why.”
It’s time to ask “what now?”**

Based on this clear-eyed assessment of the good, the bad, and the context, it’s time to figure out what to do about it. This will be highly dependent on your business goals. Though these objectives are not mutually exclusive, it can be helpful to establish consensus about whether you are primarily focused on relative growth (e.g., you’re a challenger brand or new entrant to the category and need to aggressively win customers and grow share) or primarily focused on efficiency (e.g., you’re relatively established in your category, have high brand awareness, and need to focus on driving incremental conversions with every dollar you spend.)

In the case of our MVP, he compares Simple Bar and X-Bar’s strategy to his own, knows his charter is to achieve strong relative growth, and finds some low-hanging fruit.

1. **Tune paid search campaigns to defend branded keywords**
2. **Increase spend on high-volume unbranded keywords that correspond to popular product attributes**
3. **Add spend to long-tail keywords that aren’t yet on competitors’ radar**
4. **Refresh product page content with high-volume keywords to increase organic search rank**

Once you develop a tight set of recommendations based on your challenges and objectives, it’s time to prioritize.

To determine the savviest order of operations, you’ll need to use what you’ve learned about your relative performance at the category level to contextualize cost-benefit analyses on the range of actions you’re considering at the ASIN level.

(Partners who specialize in business analytics, forecasting, and cost-benefit modeling can be particularly useful in this “what now” phase of the conversation.)

If your through-funnel analysis still yields some murkiness about the right next moves, start at the bottom and work your way up.

Begin with what you “own” (like pricing and content), move on to what you can efficiently operate (like promotions and paid search), and then turn your focus to the higher-touch, higher-investment opportunities at the top of the funnel (like display advertising).

And stay nimble. Your conversation with the data is ongoing, and new revelations will likely entail incremental shifts in thinking and tactics along the way. But that’s the best way to stay ahead in an industry that changes every day. Treat your conversation with your data less like a weekly check-in with the boss and more like a constant repartee with the fun colleague who sits next to you.

Few things are more powerful in today's business environment than being able to say,

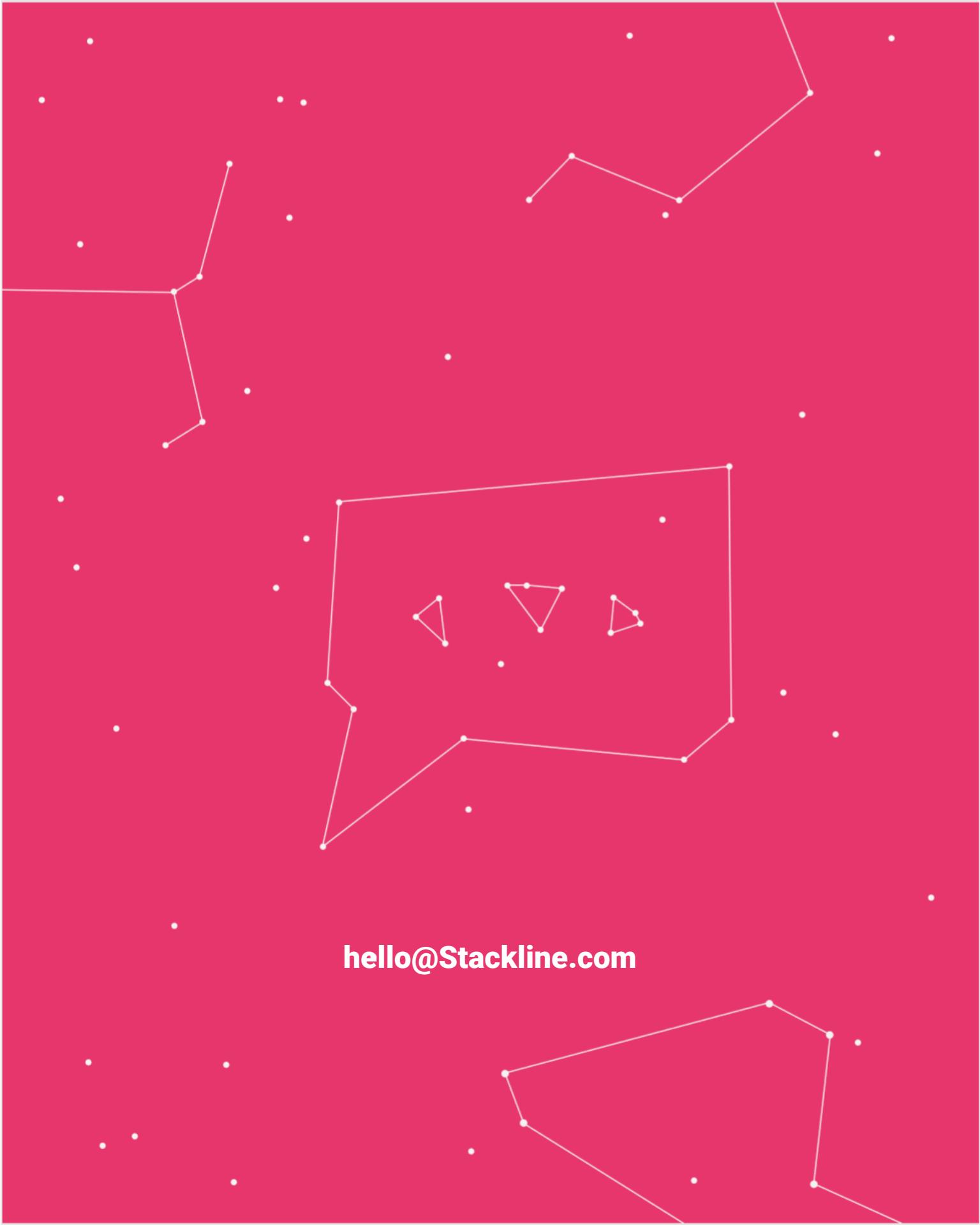
“**This isn't what I'm saying.
This is what the data is saying.**”

And the data says the smartest things when it's being asked the right questions.

Turn on those interrogation lights (don't really do that – a soft yellow desk lamp is fine), sit down with your Stackline software, and start a conversation with your data.

And if you have questions along the way that the data isn't answering, we'll be here to help.





hello@Stackline.com