

BRIGHTEDGE



UNDERSTANDING AND OUTPERFORMING YOUR COMPETITION ONLINE

4 Steps to Competitive Benchmarking that Drive Digital Marketing Results

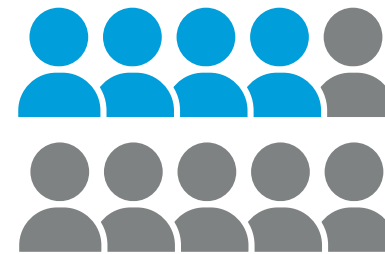
INTRODUCTION THE DIGITAL MARKETING BATTLEGROUND

On today's online battleground, brands compete aggressively for consumer attention. Understanding the competitive landscape and your rivals' positioning and strategy has become a prerequisite to digital marketing success.

However, according to a recent BrightEdge survey, more than 40% of marketers do not set competitive benchmarks before implementing digital strategies. Brands with a blind spot on how their digital campaigns stack up online versus those of their competitors are losing millions of dollars in terms of traffic, conversions and revenue.

In comparison, smart marketers are maximizing their digital performance by first understanding their competitors' strategies and then building intelligent campaigns based on untapped opportunities and competitors' weaknesses.

Competitive intelligence helps you zero-in on the digital marketing strategies and tactics that are stealing your audience's attention—and their wallet share. With the right insight, you'll identify your competitors' secrets to success while identifying opportunities to better engage customers. With targeted digital content and assets, you can guide prospective customers through the buyer's journey and maximize your return on digital investment.



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of marketers do not set competitive benchmarks before implementing digital strategies

So to take market share and remain relevant online, it's critical to pay attention to the digital performance of your competitors to uncover the techniques they are using. This insight enables you to build digital strategies that outmaneuver the competition and drive more revenue.



Marketing is a contest for people's attention. Marketing continues to be not about you, your product, and all the other awesome things that you are and have. It's still about them. As a matter of fact, with technology increasingly getting in the hands of more and more consumers, it's correspondingly becoming increasingly about them. A good marketer knows this and adjusts to the ever-changing terrain without losing sight of what needs to be done to get people's attention. — Seth Godin

DATA AND DIGITAL MARKETING INTELLIGENCE

It was not long ago that online competitive research was labor-intensive and yielded nominal results—meaningful visibility to competitor activity simply didn't exist.

Fast-forward to today—first- and third-party data sources are now available to tell you what your competitors are doing online—and how your target audience is responding.

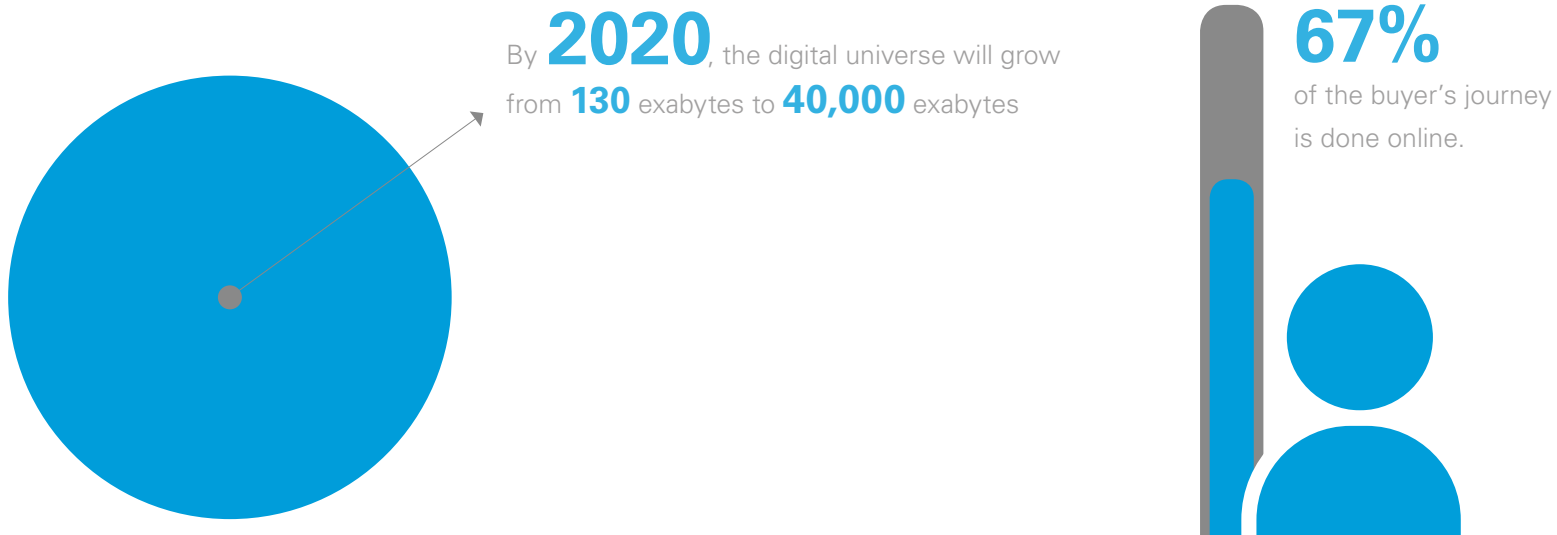
Today, over 67% of the buyer's journey is completed online¹. For digital marketing campaigns to be effective, they must keep up with the enormous digital footprint customers and competitors leave behind.

By 2020 the digital universe will grow by more than 300% to 44,000 exabytes, from an already immense 132 exabytes in 2005². So the new challenge is how to make sense of all this data.

Some marketers are finding themselves consumed with internal customer data and unaware of the substantial external data their target audiences and competitors deposit as online breadcrumbs. However, smart marketers are now analyzing these massive amounts of data, from both internal and external marketing data sources, to reveal the universal view of the competitive landscape.

With this information, leading B2C and B2B marketers attract and convert buyers at substantially higher rates.

To uncover these actionable competitive insights, there are four competitive benchmarking steps that successful marketers use.



¹ Source: SiriusDecisions

² Source: IDC

4 STEPS TO COMPETITIVE BENCHMARKING SUCCESS

STEP 1

Identify the competitors that matter

STEP 2

Understand your online share of voice

STEP 3

Identify gaps in your digital marketing strategy

STEP 4

Track market changes and monitor competitor activity



Let's drill into each of these steps below.

STEP 1 IDENTIFY THE COMPETITORS THAT MATTER

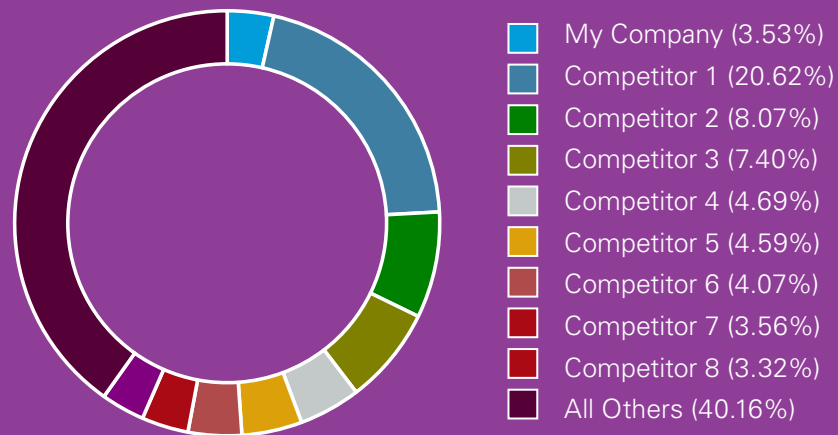


While most marketers have a list of rival brands they track, they frequently are unaware of the real competitors they face online. This competition is fierce and constantly changing.

To understand how unseen competitors might impact your business, let's take a look at a common example. Most businesses like yours have a list of top competitors identified through brand research, let's call them brands A, B and C. After conducting an online competitive analysis, however, you actually find that companies X and Y are significant digital brand competitors, meaning your online competitors may not be the usual suspects. You also find that new entrant Z, although a smaller brand offline, is actually your key online competitor and is taking the lion's share of traffic and revenue.

In the online marketplace, competitors are also those who don't compete with you directly, but are taking traffic from you by winning online market share for the topics and content that are key to your business. Although indirect competitors, these companies are taking revenue from you, as well.

So the first step to success is to understand who your main digital competitors are. Below is an example of the type of report you could build by analyzing third-party online competitive data for the topics relevant to your target audience:



STEP 2 UNDERSTAND YOUR ONLINE SHARE OF VOICE



Once you've identified your primary online competitors, the next step is to assess how well you are performing against them. This allows you to understand your digital share of voice.

Simply stated, digital share of voice (SOV) describes the percentage of the online footprint that is yours for topics relevant to your business.

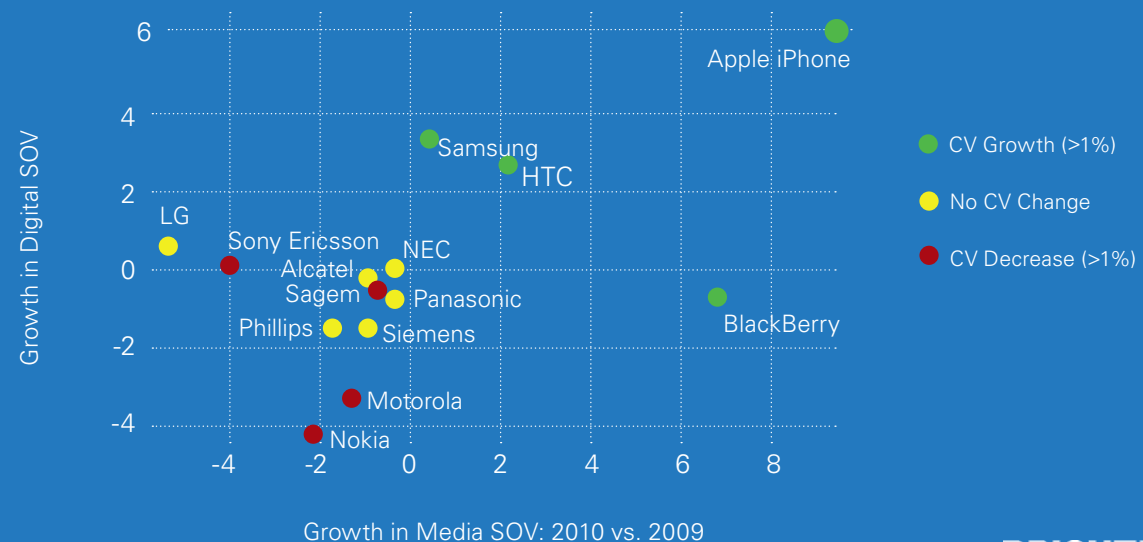
Changes in digital share of voice can relate directly to changes in market share.

A study done by [Millward Brown](#) found that brands that increase their digital SOV are more likely to increase their market share over time.

Using the BrandZ database, Millward Brown looked at over 4,000 brands from 28 countries in 56 different categories. For each brand, they measured the share of voice (both digital and traditional) and digital share of voice. They then compared these numbers to the brand's market share. They found a statistically significant correlation between growth in digital share of voice and growth in market share, meaning on average those who grew their digital share of voice also grew their market share.

Taking the French mobile phone market as an example, Millward Brown found that the three brands that increased both overall and digital shares of voice—Samsung, HTC, and the iPhone—also grew their market share. Conversely, Motorola and Nokia, the two brands with the biggest declines in digital SOV, both saw their market share fall.

SOV vs. Market Share Growth (CV) in the French Phone Market — 2010 vs. 2009³



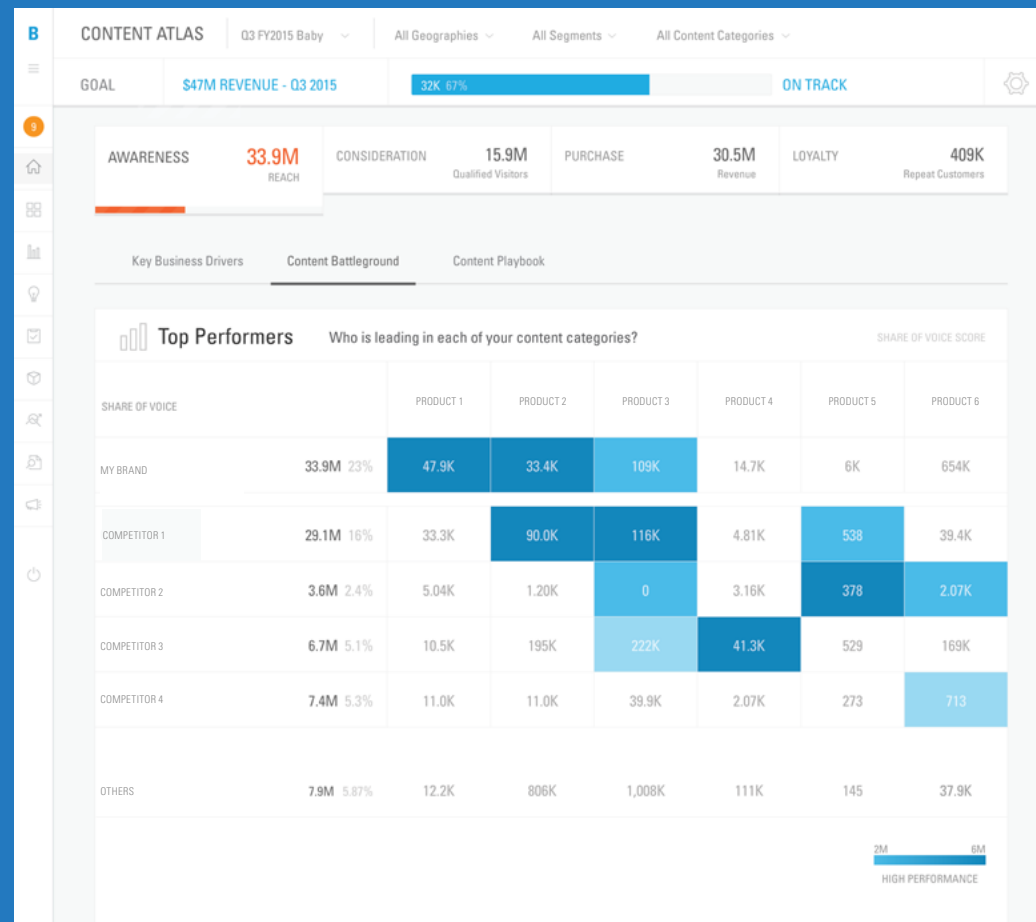
³ Source – Millward Brown



Another more advanced way to measure competitive performance is to look at how your share of voice stacks up against the competition at various stages of the buyer’s journey. Doing this allows you to align, refine and optimize digital messaging, campaigns and assets to maximize conversions across all areas of the buying cycle.

As you analyze your online share of voice, you should also find new opportunities to better attract and engage your target audience. The identification of previously hidden opportunities can result in massive increases in conversions and revenue.

An example is shown below.



STEP 3 IDENTIFY GAPS IN YOUR DIGITAL MARKETING STRATEGY



Now that you know who the competition is and how you compare, it is time to close any performance gaps. Gap analysis helps you understand how well you are attracting and engaging your target audience as compared to the competition. This analysis empowers you to:

- Find out where and how competitors are winning—and you are falling behind
- Compare the performance of campaigns, themes, topics and digital assets
- Build digital strategies and optimize campaigns to close any gaps

Gap analysis is best explained through an example, where an outdoor retailer successfully used competitive intelligence to fuel its digital marketing success.

In preparation for the 2014 ski season, this outdoor retailer launched a digital marketing campaign to boost ski jacket sales. The goal was to sell nearly \$1 million in ski jackets per week online. But it became apparent by the end of the first week that revenue was not on track—only \$200,000 in sales had come in. Marketing analysts reviewed first-party data from the company’s digital, social, paid search and email marketing campaigns, but this didn’t provide any real clues as to the cause of the shortfall.

However, after performing an online competitive analysis using third-party data, the online retailer discovered that an up-and-coming online competitor was marketing the same skiwear with content that was attracting more customers to their web properties and resulting in higher conversions through the right topics, relevant messaging, price cuts, and free shipping. Via online content and offers that resonated with the majority of the target market, the competitor had pulled ahead in the skiwear category.

It was only by analyzing external online data that the outdoor retailer gained the intelligence needed to identify the tactics used by its competitor. With this insight, the outdoor retailer modified its content strategy and promotions accordingly, and in a short amount of time was firmly back on track to meet its revenue targets.

Gap analysis is a powerful competitive weapon. It combs your online marketplace, creating a web-wide view of your competitors and what they are doing to win in particular categories or for certain products, topics, etc. It separates the signal from the noise and provides you with the specific competitive insight you need to build winning strategies, optimize digital content and boost performance.

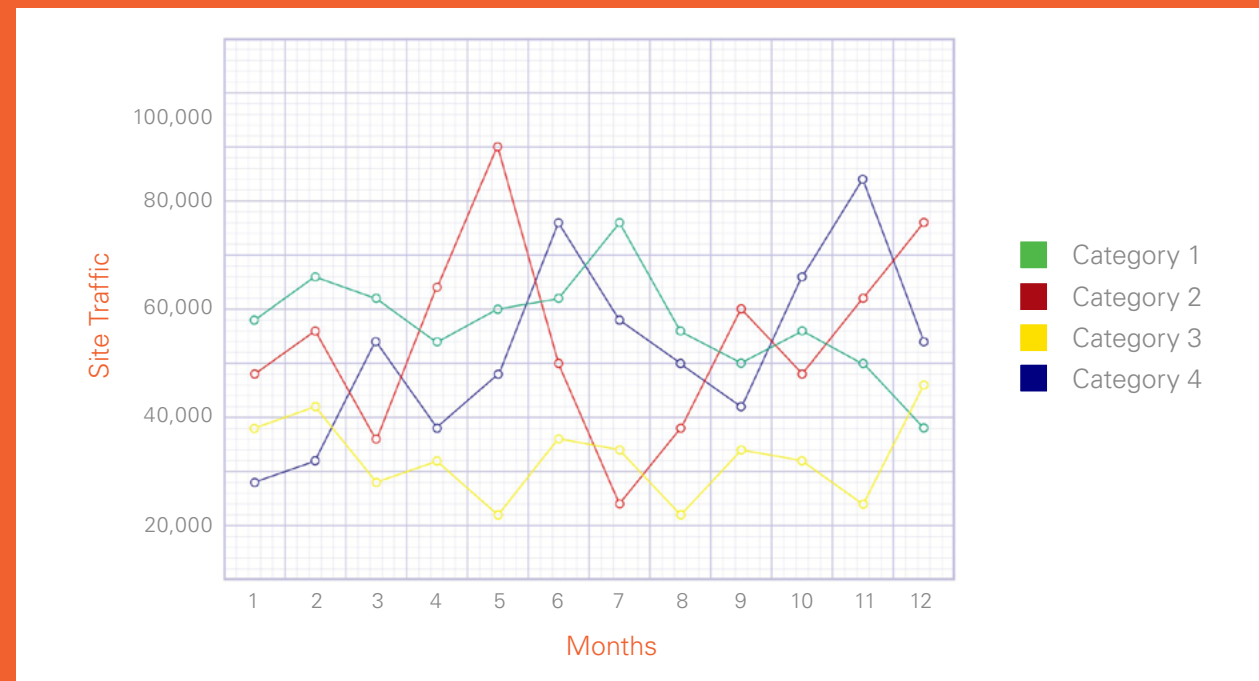
STEP 4 TRACK MARKET CHANGES AND MONITOR COMPETITOR ACTIVITY



Steps 1, 2 and 3 set you up for digital marketing success. However, digital market trends are constantly moving, customer preferences change from season to season and competitor strategies can shift dramatically. To remain competitive and stay one step ahead of your rivals, it is important to track on an ongoing basis significant shifts in the digital landscape and to monitor competitor activity and performance.

Smart digital marketers set up systems and build reports to automatically identify and notify them of anomalies in the market so that they can take immediate action. Doing this will help you move from simply being a dashboard viewer to becoming an outcome driver in your organization.

For example, knowing when your online share of voice or traffic for key product categories drops or increases significantly gives you advance notice of changes that will likely impact conversions and revenue.



Anomaly reports are also a compelling way to communicate with stakeholders and gain buy-in on your digital strategy. This is especially important when quick approval is needed in order to address critical changes in the market.

CONCLUSION

Gaining an in-depth understanding of your online competitors' strategies and tactics provides you with critical insight to counter their approach and surpass them. Uncovering who your key online competitors really are, measuring your share of voice, running gap analyses and tracking anomalies in online performance are a proven method to ensure you stay ahead of the competition.

And the results are notable. Those who take active steps to outsmart the competition achieve higher market share and revenue growth.

LEARN MORE

The four steps highlighted above are just the start. BrightEdge has developed a six-step webinar tutorial on how to scout the competition, leveraging the broadest arc of competitive insights in the digital marketing industry.

[Watch Replay and Download Presentation Now](#)

