Adthena Brand Bidding Impact Report

Can AI protect your brand in search?

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Executive Summary

Brand bidding reaches critical mass in search, but could AI have the answers?

Search is a problematic channel for brand owners. Competitive brand bidding is commonplace, and the practice goes largely unchecked across major search verticals. In addition, managing trademark infringements (utilized negatively in competitor ad copy) are difficult to address at scale and can be a drain on resources. For many advertisers, these attacks on brand represent a significant threat to digital brand equity.



The true value of lost brand conversions, which is only revealed with a 'Whole Market' perspective of search, is often much greater than advertisers expect. Adthena's analysis of brand search reveals that some advertisers are facing brand bidding at unprecedented levels: up to one third of all queries now experience brand bidding, driven in part, by 50% of advertisers who engage in competitive bidding on pure brand terms.

With the scale of brand bidding infringements eroding brand equity and market clickshare, AI solutions, able to organize infringements by opportunity and threat level, offer a new opportunity for advertisers seeking to bring brand infringement back under control.

Why read this report?

Brand infringement disrupts branded purchase journeys, and negatively impacts customer acquisition and channel ROI. However, all too often the data advertisers have on this area is limited. As a consequence, brands suffer from an incomplete understanding of the full extent of infringements that are impacting potential revenues.

Through research, analysis, and conversations with industry leaders, Adthena have identified the major challenges around brand protection, and the potential solutions which help defend a brand's digital equity.



Looking forward, advertisers should investigate the benefits of AI technology which enable deeper investigation, coverage and data segmentation. The benefits for brands will be a greater ability to automate insights, identify market anomalies, and reduce the impact of infringement threats in order to protect ad spend investment and bottom line ROAS.



How big is the brand bidding problem?



Key Takeaways

For brands experiencing brand bidding and trademark infringement problems, Adthena recommends three takeaways:

1) Monitor the full extent of competitive brand bidding

Brand bidding is the biggest component of digital brand protection challenges, and many brands do not have the data they need to quantify the scale or extent of the problem. It's only by measuring the full extent of brand bidding, that advertisers can assess threats, opportunities, and protect branded search share.



2) The game changing influence of AI

An enduring challenge for brands who operate in search is scale. Al technology offers a solutions to this, providing deeper analysis and data segmentation, and allowing brands to identify specific, actionable insights. When it comes to brand infringement, intelligent solutions which provide automated anomaly detection and an integrated auto-takedown process for infringing ads can help scale brand protection measures across the breadth of branded search campaigns, saving time, and reducing the strain on available resources.

3) Focus results around reduction of brand CPCs and CPAs

Inflation of brand CPCs and CPAs are an inevitable consequence for brands suffering from brand bidding. Successful implementation of a brand protection solution seeks to bring these back in line, and ultimately to improve overall ROAS from search. This can be achieved with a comprehensive brand monitoring solution that empowers brands with insights, not just across known brand keywords, but across the whole competitive search landscape.



Overview: Brand Bidding and Trademark Infringement

Below are three common scenarios in which competitive brand bidding or trademark infringements occur in search.

Also listed are the two main ways competitive brand infringement occurs: brand bidding, and trademark infringements.

Brand Bidding and Trademark Infringement Scenarios



Scenario 1: Market leading operators or resellers matching on brand terms

In certain sectors, such as retail or travel, the major players (those with the largest ad spend budgets) often dominate search results in their core categories. Often this means that they also seek to achieve the best possible coverage across competitive brand terms.

If these market leading operators or resellers keyword match on brand terms (with either *broad or phrase match* methods) it can result in them developing a huge presence over other market brands. And whereas some brands may rely on sales via resellers, it is an element of search that requires competitive search data to fully understand.



Scenario 2: Rival competitors bidding or infringing on brand terms

Competitive brand bidding from market rivals affects both consumer facing brands and business-to-business operators. Brand bidding infringements can occur when rival competitors bid on either *pure brand*, or key *brand+generic* combination search terms of a close competitor. The intention is to grow their own market share on competitor brand keywords, and in some cases to deliberately hijack consumer purchase journeys.

Sometimes brand bidding is paired with trademark infringement in which provocative ad copy, promotions or offers are utilized on brand terms. This is one of the more common scenarios for brands suffering from brand bidding and trademark infringements.



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Scenario 3: Opportunistic, niche operators or resellers bidding on brand terms

Some brands may also suffer from smaller opportunistic operators looking to benefit from unowned brand terms. These operators may run highly targeted and specific search campaigns to capitalize on opportunities.

New businesses, opportunistic popup sites, or even scammers, may bid on the brand terms of market leaders in their space in order to establish their own brand presence.

In some industries the combined effect of many 'opportunist' operators brand bidding or violating trademark on a brand can have a significant impact on brand conversions from search.

Glossary

Brand Bidding

Brand bidding takes place when an advertiser bids on the brand terms of another advertiser. Brand bidding is common across many verticals of search, and there are few regulations which practically limit competitors from bidding on owned brand terms.

For advertisers that are experiencing brand bidding, the available recourse is either legal (which can be costly and has no guarantee of success) or to request that a competitor desists in their activity. However if this is not successful, the end result can be the CPC inflation of brand terms as advertisers retaliate and a potential bidding war develops.

Trademark Infringement

Trademark infringements take place when a rival advertiser uses a brand's trademarked brand term in headline text or ad copy. These infringements are violations of trademark law and takedown requests are enforceable.

A problem for brands however, can be the ability to detect trademark infringements in the first instance. Rivals may attempt to use brand terms to negatively influence consumers, and without comprehensive monitoring, the impact of trademark infringements can be hard to quantify.



Scenario 1

1.1 Market leading operators or resellers matching on brand terms



Amazon, as well as other market leading brands, capitalize on their ability to achieve both incredible search term depth and market penetration on brand search terms. The challenge for smaller competing brands is to understand how this kind of activity impacts their own digital brand presence.



A majority of Amazon's search ad spend is invested in longtail keywords. Adthena's data reveals that 63% of the brand keyphrases that Amazon advertise on receive less that 400 monthly searches, with these search terms also ranking higher on average than higher volume terms.

Market leading brands invest a tremendous amount of budget on search. Google's largest adwords clients, which include the likes of Amazon, or Booking.com¹, each have massive ad spend budgets at their disposal. In their respective search verticals, these advertisers frequently bid on competitor brand terms in order to maximize reach.

Amazon's search advertising activity on brand terms has a huge impact on the competitive market. The ecommerce giant, who dominate paid search clickshare from text ad units (a recent <u>Adthena study</u>² found that up to 49.65% of retail clicks are won by Amazon in search), employ a systematic and highly effective strategy which allows them to capitalize on branded click share, at unprecedented scale.



Amazon's strategy combines vast ad spend, expansive broad matching, and dynamic search ads, in brand search campaigns which are focused on boosting their own customer acquisition at the expense of other brands and ecommerce competitors.

1.2 The three components of Amazon's brand search strategy

1 Ad spend:

Rumored to be Google's largest account, and it's no secret that Amazon commands huge ad spend budgets. Significantly, a large proportion of this ad spend is devoted to brand search terms. An earlier Adthena study found that as much as 30% of category ad spend on text ads can be attributed to Amazon activity on competitive brand terms³.

Large ad spend gives Amazon a significant competitive advantage. Without budgetary restrictions, Amazon is able to achieve greater search term depth and frequency of ad appearances than other market advertisers.

3. Adthena data revealed that 32.78% of total ad spend in US consumer electronics was driven by Amazon activity on brand search terms, with the retailer devoting 16.87% to generics in the category. "How Amazon Dominates the Competitive Landscape", <u>Adthena</u>



^{1. &}quot;What Big Brands Are Spending on Google", <u>adage.com</u>

^{2. &}quot;How Amazon Dominates the Competitive Landscape", Adthena

2 Expansive broad or phrase matching:

Broad or phrase matching on brand terms enables Amazon to achieve the search term depth they require to win wide visibility on brand+generic longtail queries. This enables Amazon to reach consumers on queries such as "star wars lego set 75183" or "buy oral-b pro 7500".



Broad or phrase match queries mean that Amazon retain visibility on the longtail, ensuring they maintain visibility on specific and niche product based search queries.



3 Dynamic Search Ads:

This is what enables Amazon to match their keyword depth and market reach with compelling ad copy and messaging. DSA's enable dynamically generated headline text and ad copy, which firstly enables the scale of Amazon's campaigns, and secondly ensures that the ad copy messaging is relevant and compelling to consumer searches.



Dynamic Search Ads automatically generate headline text and ad copy, that are relevant for searchers based on the nature of their specific query.

The strategy gives Amazon tremendous market reach and coverage across even lower volume search terms (the longtail). In fact, Adthena data indicates that up to 63% of Amazon ads are visible on searches that receive less than 400 monthly search volume.



1.3 How does market leader search activity impact the market?

The combination of all three of these components give Amazon incredible reach and scale on competitive brand search terms. In particular, it allows them to capture the often underutilized long tail of brand based queries more effectively than competitors.

For smaller or independent brands and advertisers in the shadow of a big spending advertiser, it can sometimes be a challenge to secure their own share of branded search. Adopting a similar broad or phrase match strategy on brand terms can require more ad spend than is available, and running more specific matched keyword campaigns is equally challenging due to limited data on longtail keyphrases being used by consumers.

However, with exceptional data and intelligence, brands can counter by optimizing their campaigns with a greater level of granularity and detail, in order to improve conversion rates and gain a better return from branded keyword campaigns.

Key Insight

The market leaders in given search verticals employ expansive keyword matching to capture a huge share of branded search. Take Amazon: utilizing a strategy of broad or phrase matching on competitive market brand terms, they command a huge share of clicks in online retail. Amazon's search activity affects a great many brands, including those who rely on the ecommerce giant as a reseller.



1.4 How does brand bidding impact consumer purchase journeys?

The extent of Amazon's broad matching strategy should not be underestimated. To illustrate how consumers may be disrupted in brand purchase journeys, consider a typical purchase journey -- the purchase of a Russell Hobbs kettle.

A search for "russell hobbs kettle" reveals Amazon ads on both PLA and text.



Russell Hobbs Kettle at Amazon | Read Reviews & Recommendations

★★★★★ Rating for amazon.co.uk: 4.6 - Order accuracy: 95–100% Top-rated appliances from the best brands. Free UK delivery on eligible orders! Shop Online. Download App.

Russell Hobbs Kettles | Great Deals Online | argos.co.uk

Save up to 25% on selected Kettles and Toasters. Fast Track Collection



2 A search for "russell hobbs kettle 21600" indicates possible phrase match keywords and DSA ad copy:



About 14,700 results (0.55 seconds)

21600 Russell Hobbs Kettle | at Amazon.co.uk Ad www.amazon.co.uk/shopping ▼ ★★★★ Rating for amazon.co.uk: 4.6 - Average delivery time: 1–2 days Low Prices on 21600 Russell Hobbs Kettle. Free UK Delivery on Eligible Orders Home Appliances · Free UK Delivery · Deals & Offers · Large Appliances



4 The spelling error "rusell hobs kettle 21600 random" shows Amazon's keyword matching extends to spelling errors on both PLAs and text.



Low Prices on Russell Hobbs Kettle 21600. Free UK Delivery on Eligible Orders Deals & Offers · Home Appliances · Kitchen Appliances · Free UK Delivery

1.5 Takeaways

Despite a range of modifiers, variations, and even incorrect spelling of brand terms, the prevalence of Amazon text ads remained constant across this sample of test queries. It's reasonable to assume that Amazon adopts broad or phrase match strategies across large segments of search that encompass brands and product lines.

The end result for brand owners may be an increasing reliance on the resellers, aggregators, or large ecommerce sites, as these competitors build up considerable market share advantage in search.



Scenario 2

2.1 Rival competitors bidding on brand terms

Key Insight

A Whole Market perspective reveals the true extent of brand bidding in search. Adthena's analysis of internal data across major search verticals has revealed the scale and extent of competitive brand bidding in the industry. As it stands, one third of all branded search queries reveal competitive brand bidding, driven in part by activity from 50% of advertisers who bid on pure brand terms.



Brand bidding is endemic in search. To make a search on brand terms, only to see a competitor ad supplanting one's own brand is an experience shared by many advertisers.

Without rules or regulations that discourage brand bidding activity, and with many advertisers lacking meaningful data that can help them understand competitive bidding, infringing brands are free to continue to test brand bidding and benefit from unowned brand terms.

2.2 Competitive brand bidding by sector

Across all of search, an analysis of Adthena's observed data revealed that one third of brand queries experience some form of competitive brand bidding. In fact, half of all advertisers were observed bidding on pure brand search terms belonging to other advertisers.



The extent of competitive brand bidding also varies across many sectors of search. Our data indicated that advertisers in Education, Technology, and Finance are most susceptible to brand bidding in the industry.





% of impressions on brand search terms advertising competitors

Interestingly, the sectors most susceptible to brand bidding correlate to where brands have the highest customer-lifetime-value. In Education, Technology, and Finance for example, it may be that customer acquisition value potential is great enough to justify the costs of bidding on competitor brand terms.

Without exception, all the sectors we examined suffer from the impact of competitive brand bidding. These figures, which are indicative of the industry average impact on potential revenues, illustrate that disrupted consumer journeys from brand bidding are eroding brand equity and revenue potential for a significant portion of advertisers in search.



2.3 Case Study: Brand bidding in the finance sector

In certain industries, such as finance, brand terms can be contested just as much as the valuable generics that drive the bulk of customer acquisition. A recent <u>Adthena study of the finance industry</u> analyzed the number of competitive bidders on brand terms and found that lower-volume, longtail brand queries in particular are driven by a diverse set of competitive bidders.



Competitive diversity: Brand and Generic Queries, US Finance (Segment)

View interactive chart

In the above visualization, which emcompasses the search terms of a typical operator in the US finance industry, the *size of each circle* is representative of the *number of observed competitors* advertising on any specific search term.

As a segment of lower volume search queries, this visualization shows us that longtail brand queries in particular are subject to competitive brand bidding from a diverse range of competitors (in some cases just as frequently as generic queries).

This is significant. Being an industry of notoriously high CPCs, the generics within finance (which encompasses search terms such as 'best credit card for travelling') must drive customer acquisitions in order to return positive ROI. The fact that brand driven terms are experiencing brand bidding to a near or equivalent extent as generics are an indication that they must drive customer acquisition value in the industry.



2.4 Takeaways

Finance is interesting because the high cost-per-click values can have a "magnifier effect" on trends within search. In this case, it may be because the generic queries that drive ROI are so heavily contested, that there is an impact on brand bidding in the sector. It is for this reason that competitor brands may be looking to capitalize on longtail brand queries in order to hijack cheap clicks from their competitors.

It's worth noting also, that finance is not unique as an industry when it comes to brand infringement. There is often a lack of data around the true scale of brand bidding, and it's often the longtail *brand+generic* queries that are overlooked. Monitoring a static set of keywords does not surface the true extent of brand search terms experiencing infringements, or the number of competitors that are competing on these terms. It is only with this deeper view of the data, that the impact of brand bidding on all keywords or phrases, right down into low volume, long-tail searches that reference a brand is revealed.

2.5 Reducing the impact of brand bidding

Between January and September 2018, one Adthena client in luxury fashion managed to halve the average rate of brand bidding. From well over 30% to just 15%.

There is no singular way to manage brand bidding infringements in search, and depending on the intent of the competition, each advertiser may require a different approach. The first step however, is to understand the problem with data, which can then be backed up by the appropriate action:

- 1 Build out reporting workflow to map out and understand the full extent of competitive brand bidding.
- 2 Define competitor groups to monitor the most persistent infringers.
- 3 Identify brand bidding trends and patterns.
- 4 Prioritize instances of brand bidding that form the greatest threat to brand.
- 5 Take appropriate action to address brand bidding (either legal or by reaching out to competitors directly).



2.6 Case Study: Before and after Adthena Brand Protection



Reduction in bidding infringements - Luxury Fashion Brand (Jan-Sep 2018)

With a data driven and streamlined approach, it's possible to dramatically reduce the impact of brand infringement on brand. The above graph shows the percentage of search terms that were being impacted by brand infringement for a global luxury fashion brand. Between January and September 2018, this Adthena client in luxury fashion managed to reduce the average percentage of infringements taking place on their brand terms from well over 30% to 15%.

These results were achieved with a proactive brand management strategy which first identified the most damaging instances of brand bidding, and then looked to minimize the impact where possible.



Scenario 3

3.1 Opportunists capitalizing on market brand terms

·\`(\)`-Key Insight

Market challengers or opportunists often undermine the click share of leader brands. Brand bidding and/or trademark infringements from minor operators is often utilized as a tactic to break into markets or increase reach. Utilizing specific brand bidding tactics, or combative ad copy seeking to steal brand click share, the combined impact of infringements from opportunist bidders can have a significant impact.



Bidding on the brand terms of a market leader is a tried and tested means for challenger brands to establish themselves and contest click share. For many advertisers, it's a proven strategy due to the high volume of impressions that are received on such terms.

In competitive verticals such as online gaming and sports betting, it can significantly erode click share. While the searcher's query indicates strong brand intent, they may still be swayed by the deals or offers of competitor brands.



In the above example, virgingames.com bid on the brand terms of leading bookmaker Paddy Power.

3.2 Brand Protection for market leaders

The most important priority for brands experiencing this kind of challenger infringement is to have clear and actionable data on where, when, and how often this is occuring. There may not be a guaranteed course of action, however having the data is invaluable and where trademark infringements or scammers are identified it may be possible to issue a takedown request.



3.3 How actionable is search intelligence and how can it help protect my brand?

With the right competitive intelligence data, brands can redirect budget to areas where it will have the biggest impact on overall brand search performance.

Lone Rangers for instance, where a brand consistently has the only visible paid search ad, and the top ranking organic position, offer immediate cost saving opportunity. In these instances, an advertiser can reasonably expect to win equivalent click through after turning off paid search on this keyword, freeing up budget which can be reinvested elsewhere.



Lone Rangers offer cost saving opportunity where advertisers may be able to safely turn off paid search.



Common on brand terms, where advertisers are likely to perform well in organic search, cost saving efficiencies from identifying Lone Rangers can be channeled into higher priority campaigns where brand search terms are being contested.

Lateral thinking strategies such as these can be effective where there isn't a direct course of action to address a brand bidding problem. A holistic solution however, should always be built around a thorough understanding of the brand bidding and trademark infringement problems an advertiser is facing, and the full scope of available options across both paid and organic search.

How can brands solve their brand bidding and trademark infringement challenges with Adthena?

Challenge	Solution
A major ecommerce competitor or reseller is keyword matching on my brand. This is putting pressure on my brand CPCs, and it's unclear how much this is impacting my brand equity. What can I do to fight back?"	Gain intelligence on the full scope of brand or longtail <i>brand + generic</i> queries that competitors are leveraging. Optimize and expand keyword diversity across brand campaigns in order to capture more clicks and achieve better ROI.
Rival competitors bidding directly on my brand, or targeting my long tail <i>brand+generic</i> keyphrases.	Monitor competitive brand infringement across your whole market, and group the most persistent infringers by threat level. Use a data driven approach to promote performance on the most valuable keyphrases, and mitigate loss to rivals and competitors.
Opportunist competitors are bidding intermittently, or possibly undetected on my brand terms.	Introduce monitoring by competitive groups to save time and scale brand protection measures. Quickly report on each challenge by threat level. Utilize custom dashboards which report on the most current, hourly data from the SERP, and provide notifications when infringements occur on any brand term.



Challenge	Solution
Incomplete or partial data means that I am unable to quantify the true scale or extent of brand bidding or trademark infringement on my brand terms.	Gain a comprehensive understanding of the relevant search landscape with a Whole Market View. Segment data by brand, by device, by geo, to inform specific targeting strategies.
Ad Copy Trademark Infringements	Conduct Ad Copy analysis to monitor Trademark infringements. Manage brand equity and sentiment in search, and scale brand protection measures with a streamlined auto-takedown process offering end-to-end protection on your infringements.

Conclusion / Takeaways

For some time, advertisers have struggled to fully address the challenges of brand bidding and trademark infringement in search. In many cases, it is the scale that has proved difficult to quantify, assess, and manage.

However the nature of the problem is now transforming. Driven by AI and machine learning technology, brands have an opportunity to leverage technology that can map out the full extent of the search landscape. Advertisers can benefit from complete datasets which also enable them to drill down into data, and gain a precise understanding of how consumers are seeking out and being influenced by a brand in search.

When you consider the range and complexity of brand protection problems, and the sheer diversity of advertisers, resellers, and smaller opportunistic websites, endemic across any search vertical, this data can make the difference in solving brand protection challenges.



Adthena's AI-driven Brand Protection is a complete end-to-end solution for protecting brand equity in search.



Unrivaled coverage with deep AI-driven segmentation

Catch every infringement and get a deeper view of competitor attacks on your brand.



Smart Notifications and Anomaly Detection

Automatically monitor and detect every move your competition makes, so you can stay in control.



Opportunity Creation & Auto Take Down

Identify opportunities and initiate action, with an integrated, scalable takedown process for competitive infringements.

