

# BrandLoyalties.com Special Commentary

**04/21/2016: ALK Revenue Flying High, As Previously Signaled By "Big Data" Metrics**

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[BrandLoyalties](#) reported an significant year over year increase in online brand name citation share for Alaska Air Group ahead of today's earnings surprise. Investors will note that there have been acquisition rumors, linking Alaska Air Group with Virgin America Inc. However, consumer interest in the airline -- as captured from "Big Data" -- started more than a quarter earlier. Today ALK reported better than expected revenues of \$1.35 billion -- 6% better than during the same quarter last year. It was an increase that BrandLoyalties.com's clients watched unfold on a day-by-day basis over recent quarter:



**ALK** (Alaska Air Group, Inc.)



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The above chart plots the "Big Data" brand name citation share growth for Alaska Air Group, Inc. (ALK) for the past 24 months, with the earlier 12 months in green and the latest 12 months in dark blue. As can be seen from the chart, starting in October the year-over-year on-line consumer interest in Alaska Airlines began to improve significantly relative to the prior year. After the first of the year that consumer interest began to soar. In fact, on March 24th of this year ALK's trailing quarter citation share growth moved into the top 20% among all of [BrandLoyalties.com's](#) tracked equities, triggering a purely quantitative Big Data derived "buy" signal.

Savvy investors have always been interested in gauging consumer interest. Traditionally, consumer surveys, focus groups and even retail traffic counters have been deployed to understand whether certain stores, brands and products may be gaining or losing market share. Perhaps most famously, Peter Lynch became an investing legend while managing Fidelity's Magellan fund, by maintaining an awareness of consumer preferences. Today, [BrandLoyalties.com](#) synthesizes over one hundred million online consumer citations every day to offer investors "Big Data" metrics for

over 1,000 U.S. listed equities (plus another 350 Asian equities). These leading indicators are derived systematically from online consumer activity and may provide guidance and trend information ahead of quarterly earnings reports.

If you would you like to know more about BrandLoyalties.com or how the marketing strategies of your favorite consumer-oriented equity are playing out in "real time", please download our highly informative "[White Paper](#)", watch our latest 10 minute "[Big Data](#)" video (as recently presented at the Franklin Templeton AIR Summit 2015), read [our article in the Summer 2015 "Smart Beta" issue of the Journal of Index Investing](#), reply to this e-mail or contact :

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### **How Does [BrandLoyalties.com](#) Track and Rank Brand Loyalties?**

In the largest and timeliest "focus group" ever assembled, each and every day hundreds of millions of people disclose exactly what products they like and which they avoid. They do so mostly unconsciously, by leaving behind on-line digital clues that define their preferences as consumers. The challenge is extracting these brand loyalty declarations from the eight *zettabytes* of on-line cat videos and other digital debris. But when done right, resourceful portfolio managers can deduce the level of consumer activity at the leading edge of corporate revenue streams -- capturing shifting brand loyalties before even "corporate insiders" fully grasp how their own customers are behaving.

The fundamental new corporate metrics available from "Big Data" derive from on-line consumer citations of the brand names owned by those corporations. Year-over-year changes in brand name citation rates, the current quarter's citation growth rates, and relative citation "share" are becoming the key anticipatory metrics for upcoming corporate revenues.

These new fundamentals are currently being used by major

hedge funds and institutional investors. And "Big Data" has recently become the summer's hot topic in the [Journal of Index Investing](#). The reason is simple: roughly 40% of the Russell 3000 have strong and persistent correlations between citation share growth and revenue growth.

"Big Data" is big in the sense that it comprises the billions of daily on-line product searches, coupon queries, price comparisons, posts at product review forums, store location or hours queries, auction site activity, restaurant reservations, mobile app inquiries ("Siri, where is the nearest Starbucks?"), Facebook "likes" and "unlikes" or simple tweets (#LoveMyTesla). "Unfortunately, the infrastructure, technical resources and specialized knowledge necessary to quickly make sense of such vast amounts of data is often beyond the scope of existing in-house researchers at most asset managers," explains [BrandLoyalties.com](#)'s Tony Seker. "Yet it is these very same metrics that are now providing a key edge to major hedge funds and institutional portfolio managers. We see it as our job to provide those metrics in a simple and practical form."

The comprehensive suite of metrics at Tony's [BrandLoyalties.com](#) includes the real-time rankings of over 1000 major US equities (plus another 350 Asian corporations) based on the constantly changing rate of on-line brand name citations, changes in the citation "share" of those equities over the trailing quarter, the historic correlation of such citation shares to reported revenues and equity price movements, the consumer's current mood concerning those brand names, investor citation rates and current opinion of those equities, and alerts for sudden changes in citation rates that may signal an unfolding or significant PR event.

Signals derived from [BrandLoyalties.com's](#) proprietary metrics can be generated well before earnings announcements and generally before guidance is provided. Each equity exhibits a unique lag time between when a signal is generated from the online data and subsequent price movement in the stock -- a lag time that is dependent on equity-specific details such as fiscal reporting calendars and the length, complexity and inertia of the corporation's product distribution channels. [BrandLoyalties.com](#) provides 'best fit' lag times to clients for each security to help portfolio managers optimize the timing of their transactions.

Clients may also choose to opt-in for daily email alerts which highlight the equities exhibiting the most significant changes. While data aware investors are naturally interested in identifying equities with growing real-time brand loyalty,

clients may also mitigate risk in existing portfolios by monitoring or avoiding stocks which display fading customer loyalty, rapidly changing opinions or major PR events.