

# BrandLoyalties.com Special Commentary

**01/23/2019: Year in Review: Finding Positive Returns in a Down Market**

(Web page version is [here](#))

During an otherwise brutal 2018, portfolios using alternative data based on the web luminosity of corporate brand names continued to deliver positive returns. A quick look at the performance of the 16 indexes on our [BrandLoyalties.com home page](#) shows that 14 of the 16 had positive returns for calendar year 2018, and all 16 had excess returns relative to the major indexes:



Index Name	Calendar 2018 Return	2018 Excess Return	36 Month Annualized Return	60 Month Annualized Return	2008 To Date Annualized Return	2008 To Date Annualized Excess Return
Large Caps Index	3.85%	8.64%	13.54%	12.41%	13.69%	6.39%
Mid and Large Caps Index	5.34%	10.58%	14.04%	12.97%	14.55%	7.29%
Consumer Discretionary Index	6.41%	11.65%	12.38%	11.75%	14.05%	6.79%
Consumer Staples Index	4.49%	9.73%	14.40%	12.59%	14.05%	6.79%
Consumer Goods Index	4.84%	10.08%	13.87%	12.47%	14.71%	7.45%
Consumer Services Index	-1.93%	3.31%	8.92%	6.67%	13.14%	5.88%
Retail Index	9.67%	14.91%	16.26%	16.21%	15.23%	7.97%
Apparel Index	11.34%	16.59%	16.30%	12.89%	15.83%	8.57%
Food Index	2.64%	7.88%	12.72%	10.26%	14.43%	7.18%
Dining Index	-1.17%	4.07%	17.23%	12.39%	16.06%	8.80%
Hospitality Index	4.17%	9.41%	10.28%	9.94%	16.62%	9.36%
Travel Index	7.43%	12.67%	12.60%	11.37%	15.56%	8.30%
Technology Index	15.63%	20.88%	19.30%	16.71%	14.59%	7.33%
Lifestyle Index	5.99%	11.23%	13.09%	12.03%	15.13%	7.87%
Guilty Pleasures Index	5.61%	10.86%	14.14%	11.51%	15.75%	8.50%
i-Biz Index	15.24%	20.48%	14.39%	11.37%	19.57%	12.31%

(Click [here](#) if image is not visible)

All of these returns were obtained using the simple methodologies outlined in our ['Data Usage' document](#). If you are looking for new strategies or alternative data sources, this might be a good starting point. From there you should be able to improve upon the above results by, for example, being more aggressive in the re-balancing and reconstitution frequencies.

In 2018 we also introduced our Artificial Intelligence / Machine Learning (AI/ML) initiative to our clients. We have begun providing a "starter kit" that can be used to do create a boot-strap ML environment. A simple proforma Machine Learning model using that starter kit provided +9.90% returns during calendar 2018 (+15.14% excess returns). Please let us know if you would like a copy of that starter kit.

If you are interested in discussing any aspect of our data, index methodologies or our burgeoning AI / ML initiative, please contact me at the address below. If you plan to be at BattleFin Miami next week, please stop by to say hello.

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**Further Research Resources:**

- 1) An overview video can be viewed at: [overview.BrandLoyalties.com](https://www.brandloyalties.com/overview)
- 2) An in-depth "Big Data Meets Deep Learning" video is at: [video.BrandLoyalties.com](https://www.brandloyalties.com/video)
- 3) A "Basic Concepts White Paper" can be downloaded from their [web site](https://www.brandloyalties.com/web-site) or by using [this direct link](#).

**Additional Information:**

BrandLoyalties, Inc. has been a unique quantitative research provider to institutional investors since 2012. They use online consumer behavior to generate forward looking daily signals based on shifting consumer loyalty to the brands of over 2000 publicly traded US equities (plus another roughly 500 Asian and 200 European equities). They track daily online consumer citations of brand names and identify which equities are likely to be impacted (positively or negatively) by changing consumer interest in those brands.

The key criteria for coverage include a significant online presence for the brand names of those equities (called the equity's web "luminosity") and a statistically strong link between on-line brand name citations and consequential revenue for the corporation (referred to as the "signal relevance" for that corporation's brand names). BrandLoyalties, Inc. determines the velocity of change in consumer brand loyalty -- ranking the 2000+ US stocks on this measure from top to bottom each day.

The suite of metrics also includes changes in year-over-year citation share over the trailing quarter, the historic correlation of such citation rates to reported revenues and equity price movements, and a new suite of well bounded metrics designed for importation directly into neural network based machine learning platforms. Additionally, e-mailed alerts are provided for sudden changes in citation rates that may signal unfolding or significant PR windfalls and/or nightmares.