

THE 2017 ECOMMERCE PAID SEARCH REPORT

The Shifted Momentum of Paid Search

With Industry Insights From 

2nd Edition

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2017 ECOMMERCE PAID SEARCH REPORT

Introduction

Online shopping has been changing dramatically over the past two years with paid search trends diverging strongly between Google and the Yahoo/Bing Network.

Based on our gleanings from ecommerce client accounts across AdWords and the Bing Network over the past two years, **this report lays out trends and opportunities for ecommerce merchants to maintain strong growth throughout the second half of 2017 and beyond.**

This report covers:

- How are people **searching and shopping**? How has this changed? How can retailers capitalize on this?
- How are the search wars playing out between **Google, Bing, and Yahoo**?
- Where are we expecting **search traffic growth** in the second half of 2017?

With over **300 clients** and over **\$150 million in ad spend** under our agency management yearly, we have a unique perspective into the state of ecommerce paid search marketing. While we are constantly mining our wealth of data for insights and trends to give our clients an edge, this report represents the largest analysis we have ever released publicly.

Clients included in the analysis range from \$5K to \$1MM per month in ad spend. Any performance outliers were removed from the dataset.



EXECUTIVE SUMMARY

Findings and Recommendations

Mobile Momentum

With nearly half of all search clicks, **mobile fully surpassed desktop in 2016**. Google holds a near-monopoly of this still-rising mobile momentum. Mobile is the rare trend where the reality now surpasses earlier hype-fueled predictions.



Double down on focused **campaign expansion** and **optimization** of **Google Shopping**, the dominant ad format on mobile search.

Mobile Optimization

While there aren't many online retailers still without a mobile site, **slow site speed** and **tedious checkout experiences** continue to suppress your revenue potential from mobile traffic.

Make mobile site speed optimizations an internal priority by communicating the revenue impact of falling short of the industry-recommended benchmarks. Reduce your mobile bounce-rate during checkout by **integrating with 3rd party mobile-optimized payment processors**. Offer **PayPal** at minimum, but also consider offering more options, such as **Apple Pay** and **Amazon Payments**.

Product Feed Awareness

Google Shopping ads are now responsible for **over half of Google's search ad clicks**. A well-optimized product feed has become even more critical to paid search performance overall.

Make full use of all **relevant shopping feed attributes**, paying the closest attention to maintaining **accurate pricing, inventory levels, and smartly-worded product titles & descriptions**.



Don't Discard Desktop

Desktop click volume continues to hold steady. Rather than cannibalizing desktop search, mobile's growth has been increasing the size of the entire paid search pie.

While trying to capitalize on your mobile website traffic, don't lose focus and pull back from your investment to **increase the experience and effectiveness of your desktop website**.



GOOGLE VS. BING

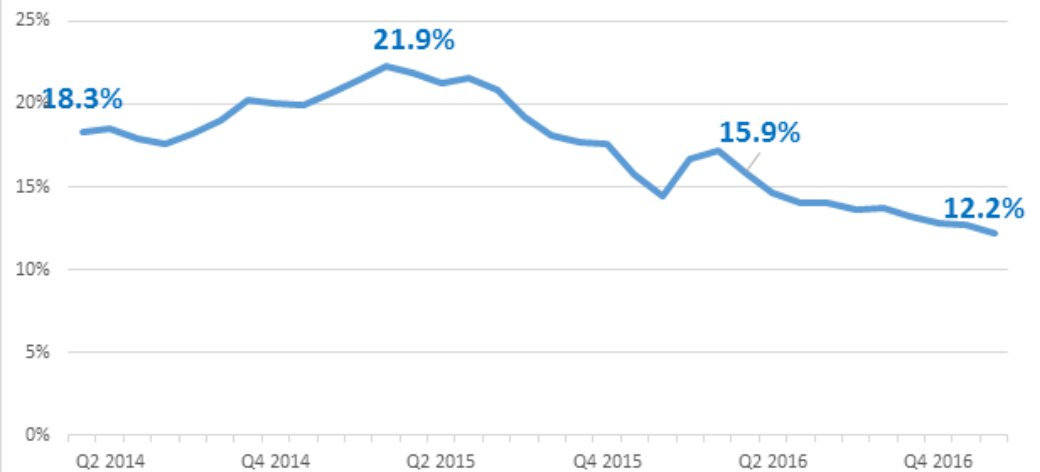
By the Numbers

Google's dominance in ecommerce paid search now approaches **90% of all paid search clicks**. Given Google's preeminence in the space, a view into the state of paid search in 2017 primarily involves an examination of Google clicks.

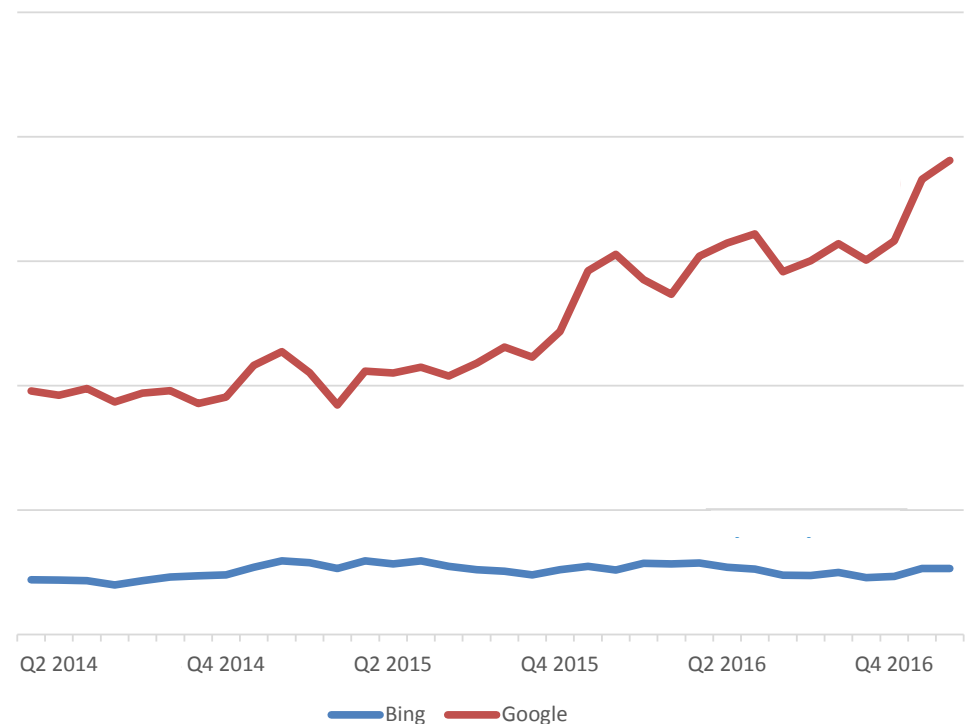
Google's mobile click growth, as will be seen, has been responsible for much of their overall growth over the past two years.



YBN Click Share vs Google



YBN Click Volume vs Google



GOOGLE CLICK SHARE

By Device

Going into holiday 2016, **mobile finally surpassed desktop**. Three years ago, 70% of clicks were from desktop. Two years ago, that number had fallen to 60%. Desktop's losses started leveling out last year, ending 2016 with 41% click share, which held constant in Q1 2017.

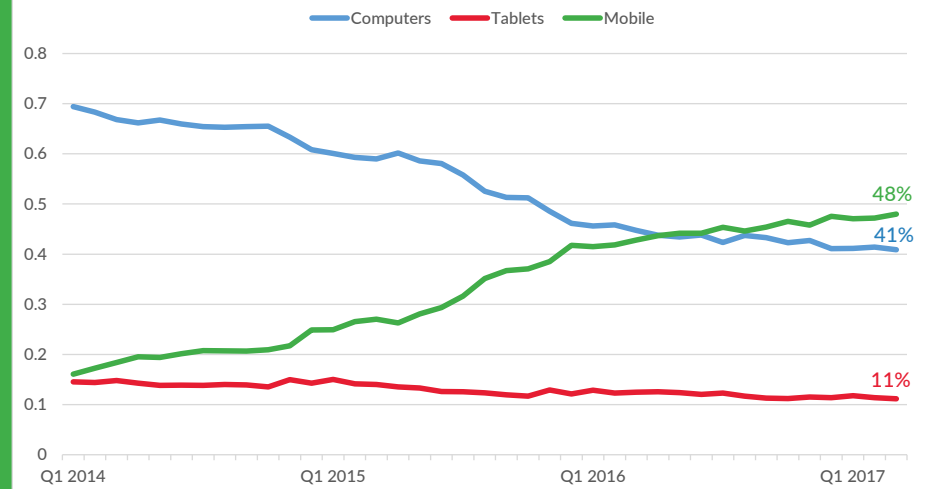
The mobile revolution continues to fuel ecommerce growth. Users feel increasingly comfortable purchasing through an increasing number of efficiently designed mobile ecommerce experiences.

Larger-screen devices and mobile-friendly ad formats empower these trends.

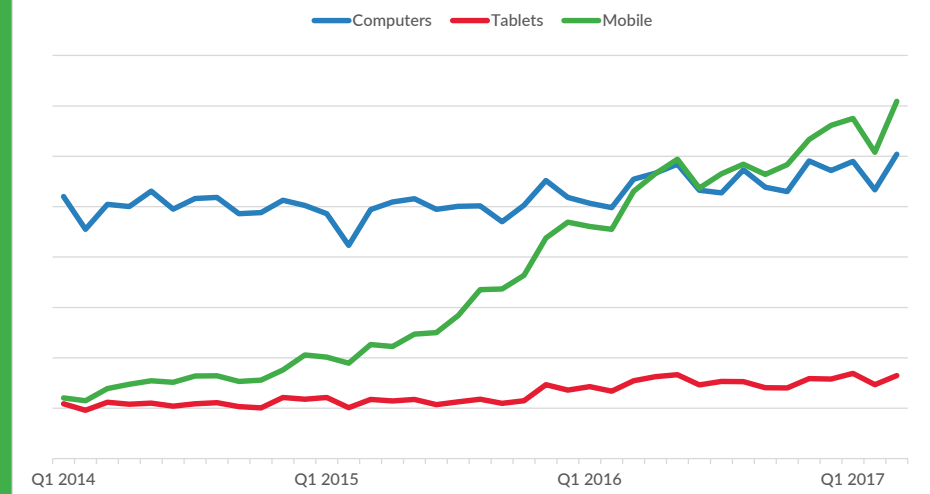
Keep in mind, however, that the above stats are only referring to click share. When we look at click volume, on the other hand, the strength of desktop doesn't look so pitiful. Desktop's share of overall clicks has only been falling when viewed in relation to the mighty rise of mobile. **By raw volume of clicks overall, desktop has been holding steady for the past three years, and has actually seen some click growth over the past year.** In Q1 2017, after an initial post-holiday decline, both mobile and desktop have rebounded extremely well in click volume.

So, while you definitely want to double-down on your mobile investment, your investment in desktop must continue strong. This is especially true when you consider that, from an ecommerce attribution perspective, **mobile often sows the seeds for a desktop harvest.**

Google Overall Click Share By Device

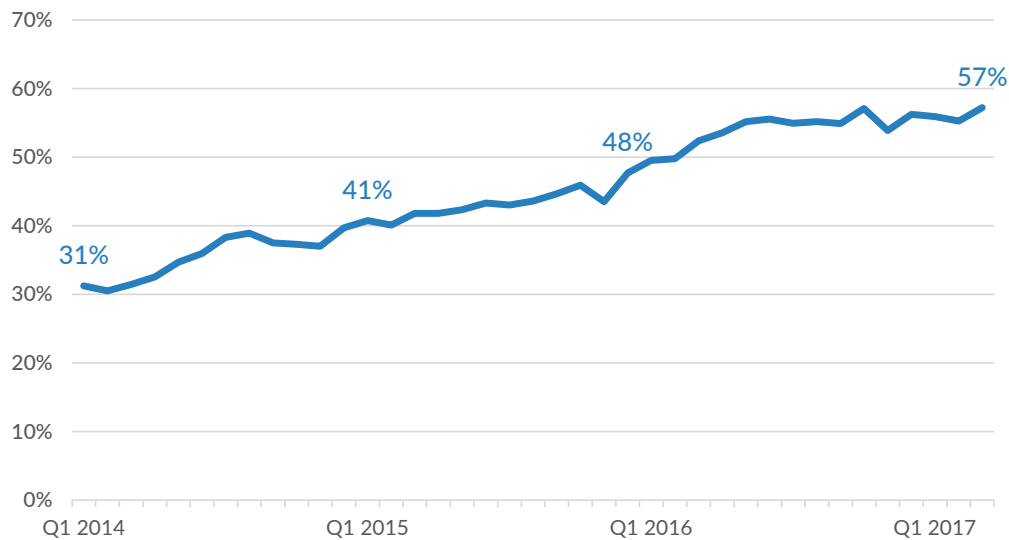


Google Total Click Volume By Device

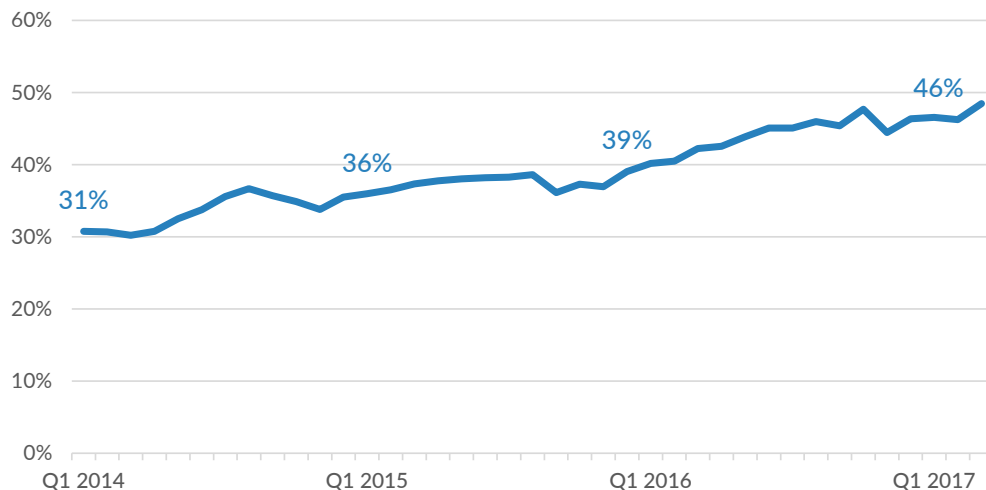


GOOGLE TEXT VS. SHOPPING ADS

Google Shopping Clicks as % of Search



Google Desktop Shopping Clicks as % of Desktop Search



Shopping Ads are responsible for over 50% of all Google paid search clicks across devices. Google Shopping's strength is bolstered by mobile. Text ads remain the dominant format on desktop computers, however Google Shopping has steadily risen and now sits at 46% of these clicks in Q1 2017.

As with keyword-driven text campaigns, a great structure is really important.

With text ads, the entire flow must be optimized: keywords, ad groups, ads, and even landing pages. **With Google Shopping, your success is almost entirely wrapped up in the quality of your product feed, so you need a great one.**

GOOGLE SHOPPING CLICK SHARE

By Device

Google Shopping click volume by device reveals a shocking trend: **we're sitting at 56% of clicks coming from mobile Google Shopping.**

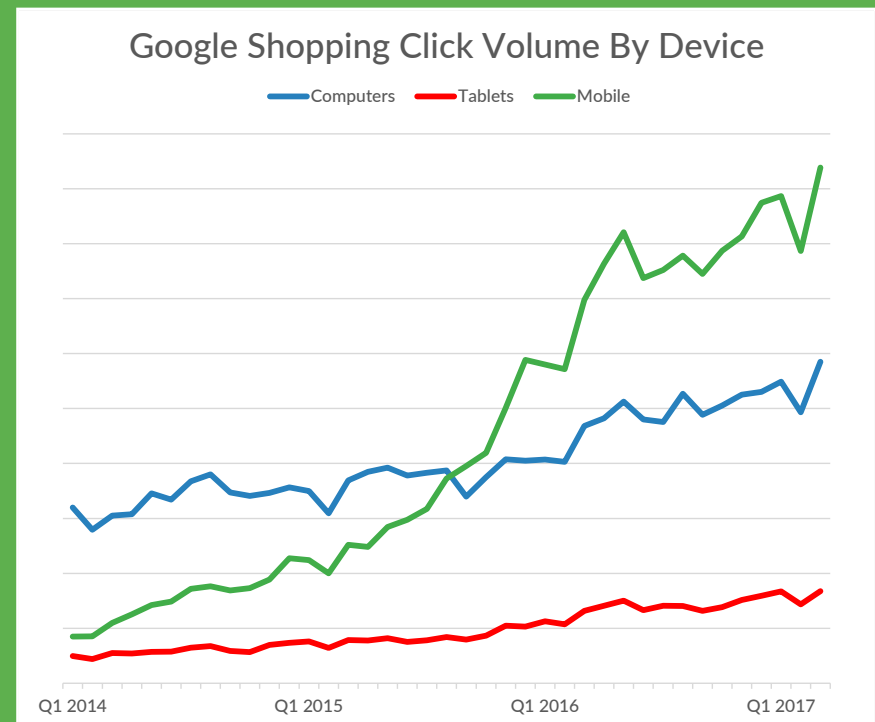
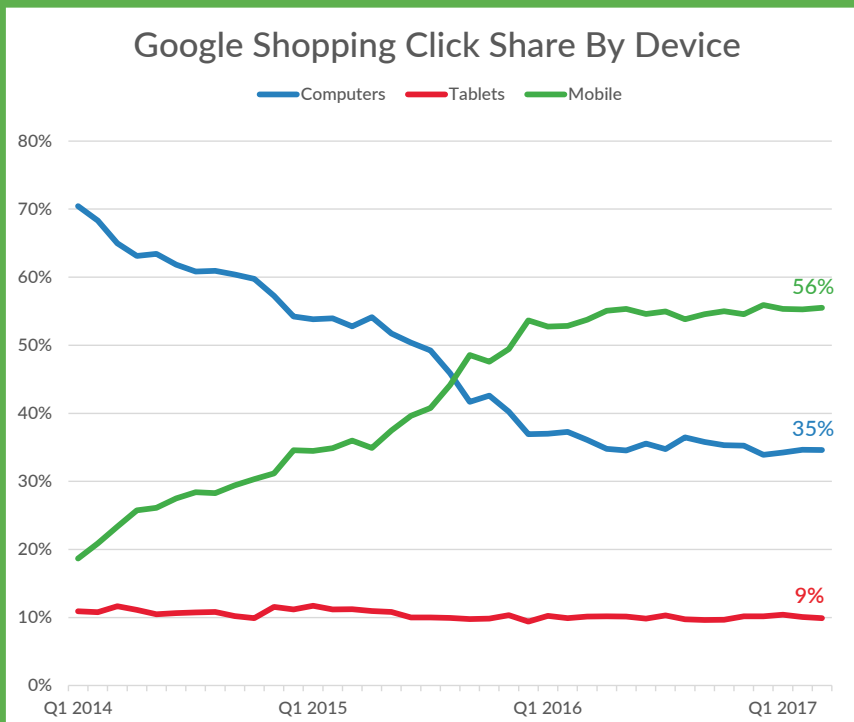
While we are seeing slight growth in computers and tablets, **mobile has exploded, especially early on in 2016.**

If over half your clicks come from Shopping, and over half of that is mobile, then **more than one out of every four Google Search ad clicks are on mobile.** You must capitalize on this.

Shopping ads now dominate Google Search on mobile devices. Much larger ad units push organic results nearly below the fold. This is a huge contributor to the big spikes we're seeing.

The increases in phone size make the path from click to purchase much more likely. People are making purchases at a much more rapid pace on these big-screen devices.

Your mobile website experience is absolutely imperative.



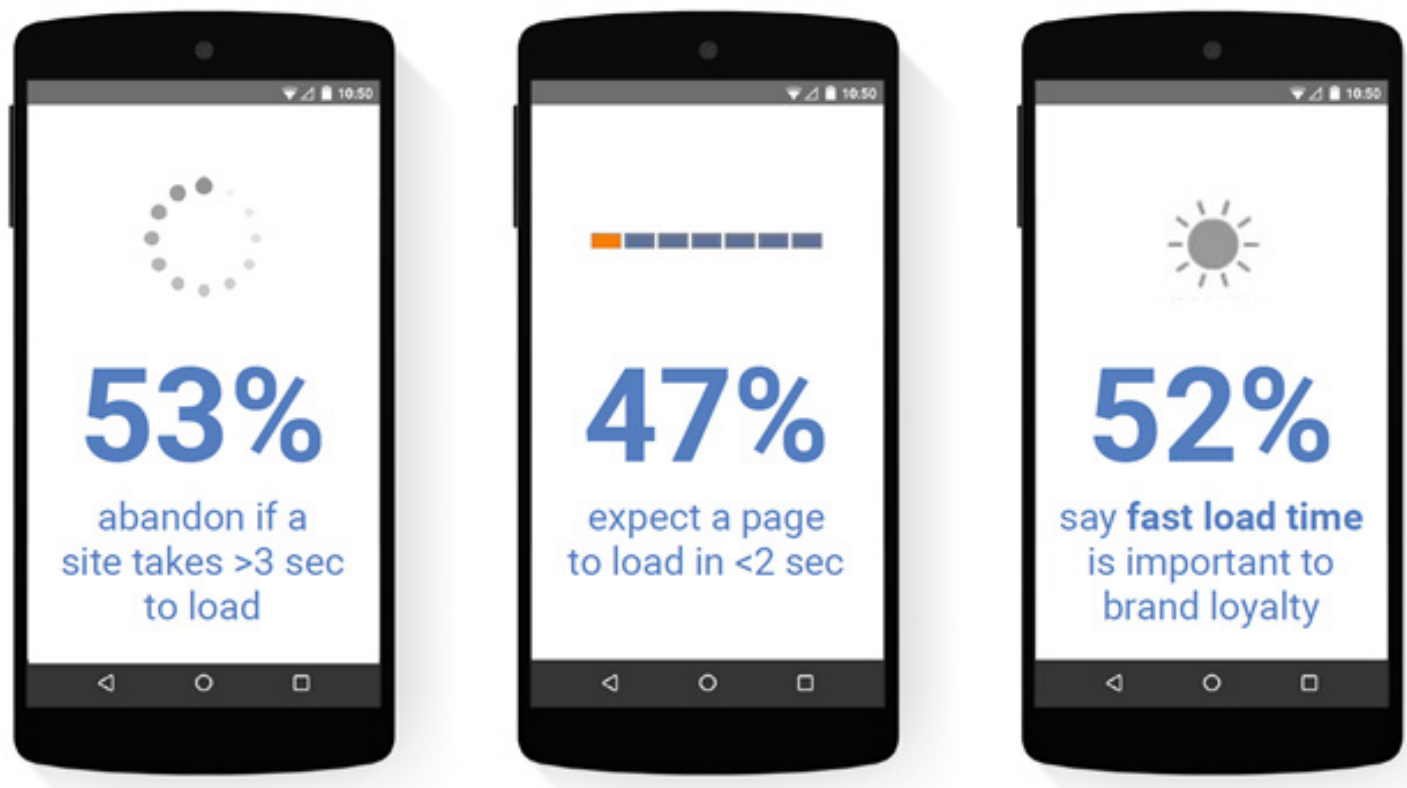
MOBILE OPTIMIZATION

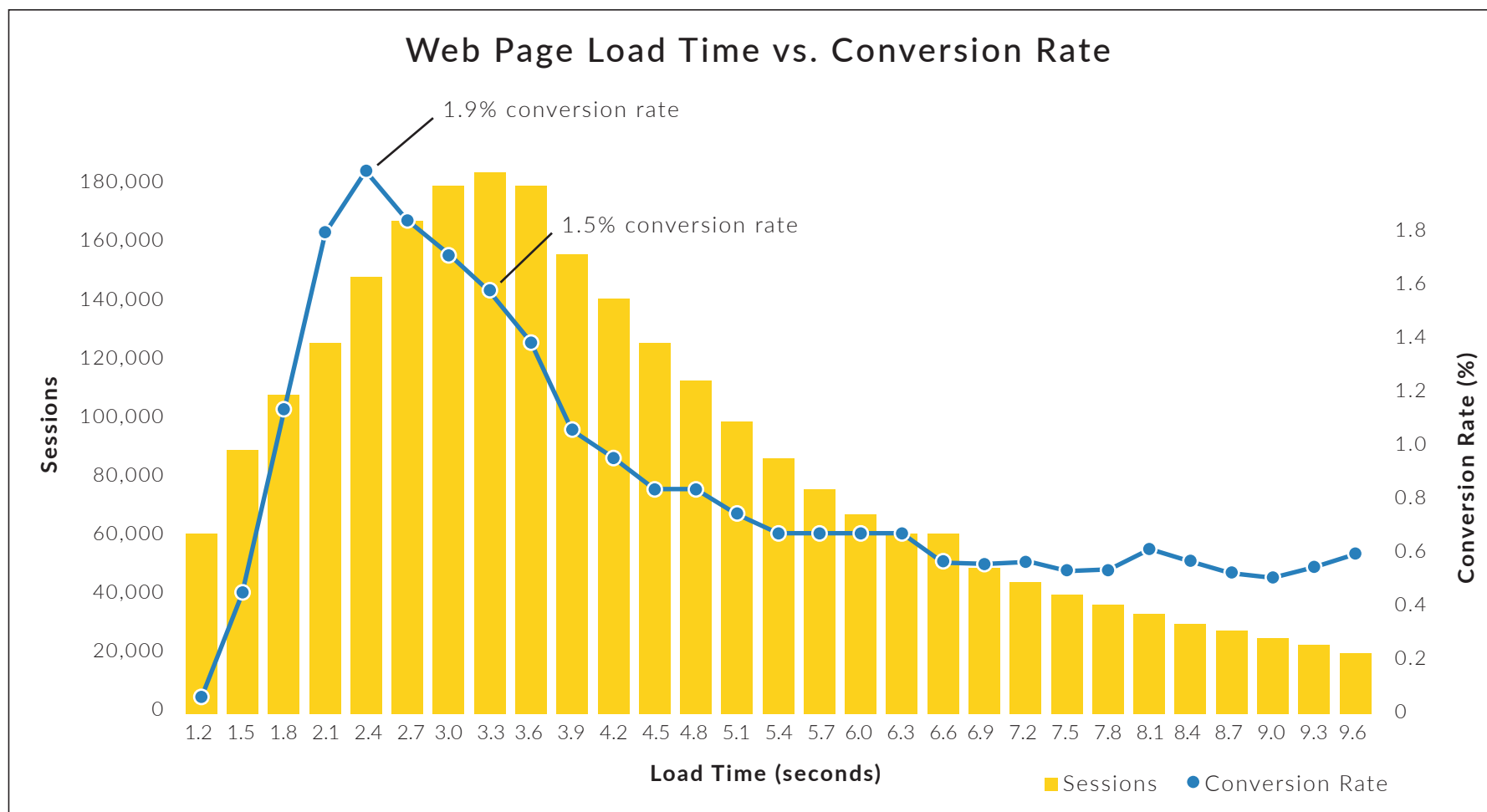
Extends Far Beyond Design

Most ecommerce sites have now invested in a mobile website. Keep in mind, however, that a mobile design will not earn you any points if you don't follow through with an optimized mobile experience.

Speed is the silent killer.

Data from Google shows that the majority of mobile traffic will abandon your website if it takes longer than 3 seconds to load. And **even those that don't abandon are less likely to convert.**





According to Google's data, **shaving a second from your page load time can increase your conversion rate by up to 27%**! Even fractions of a second can have dramatic effects. Amazon reportedly saw a 1% increase in online revenue by reducing their site latency by 100 milliseconds.

Your regular website visitors probably have all the huge elements cached, so don't trust your own page refreshes to test the speed. Better to use a tool such as the one provided by webpagetest.org. Set the test to 3G speed... Google has found that regardless of what connection you think you're on, **network and bandwidth congestion issues effectively pull 1/3 of all mobile device traffic down to 3G speeds.**

GOOGLE TEXT ADS

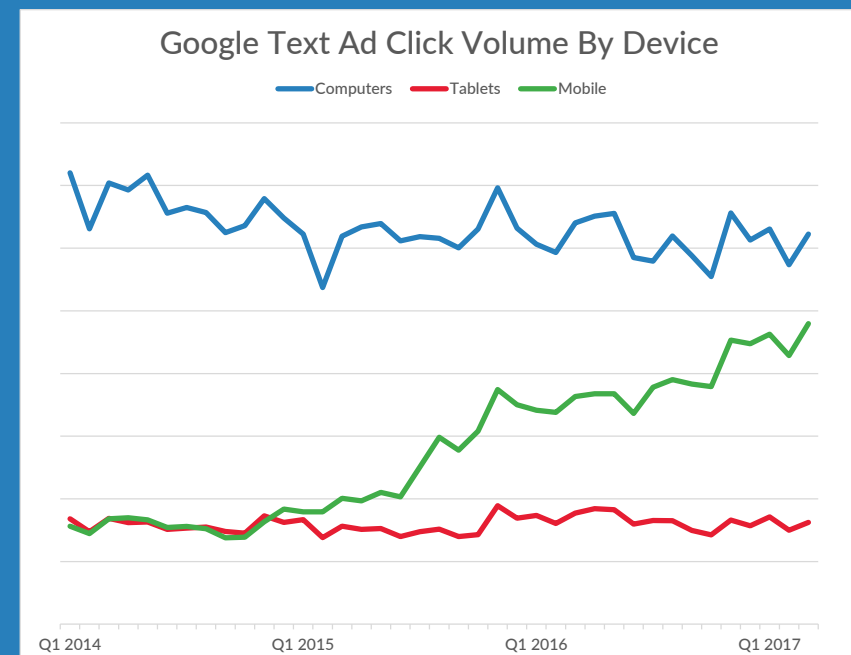
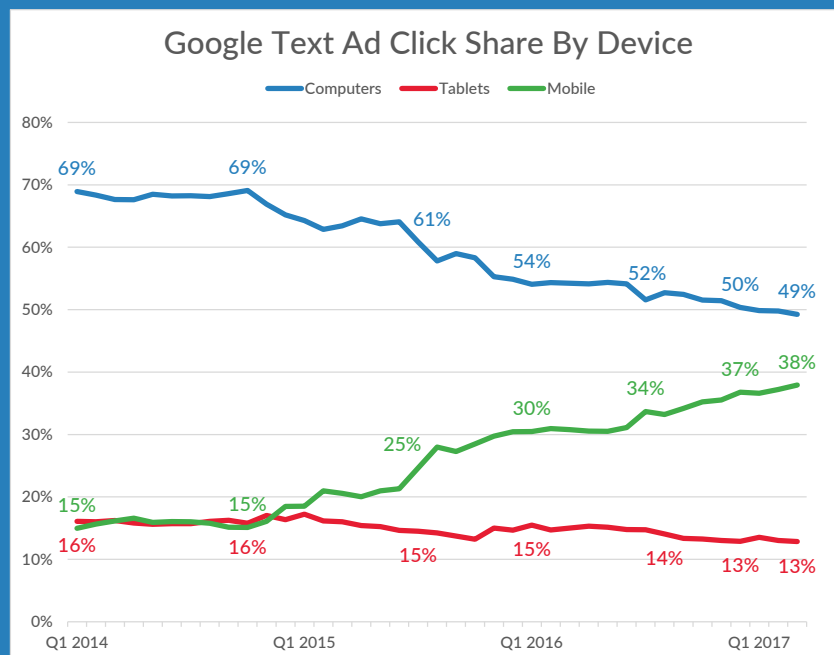
By Device

Concerning text ads, **both desktops and tablets have seen negative growth in click share and stagnant click volume**. Text ads on mobile, however, continue to hold their own.

With the ever-increasing size of shopping and text ads on mobile screens, organic results are often pushed

completely below-the-fold. In fact, a single ad unit often consumes the entire above-the-fold experience on mobile.

As such, **ecommerce advertisers with weak mobile paid search investments are being left behind**.



BING CLICK SHARE

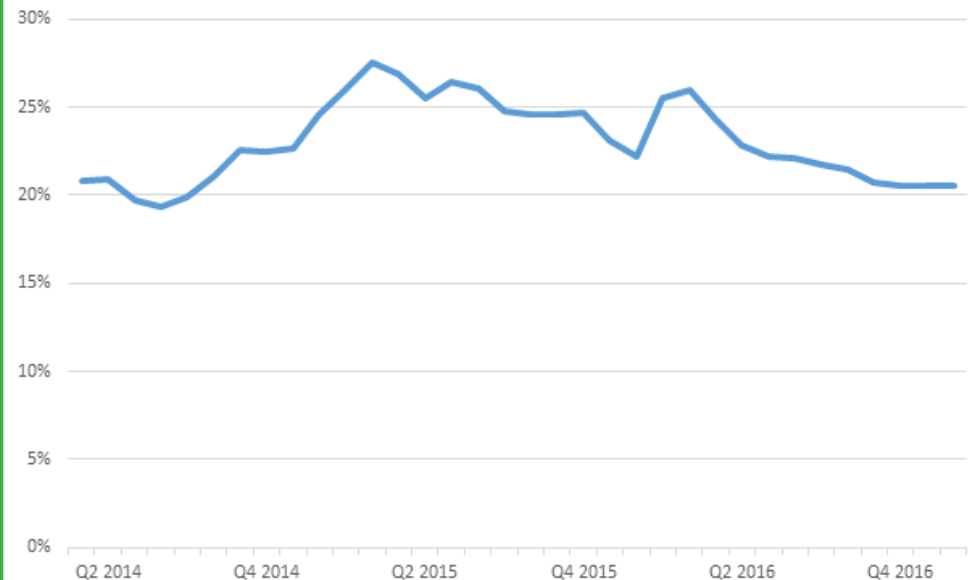
By Device

Compared to Google, Bing and Yahoo's mobile presence is considerably smaller. Concerning desktop click share, the Bing Network and Yahoo have lost any ground they gained over the past three years. According to our internal data, **Bing's share of desktop paid search clicks compared to Google is now at 21%.**

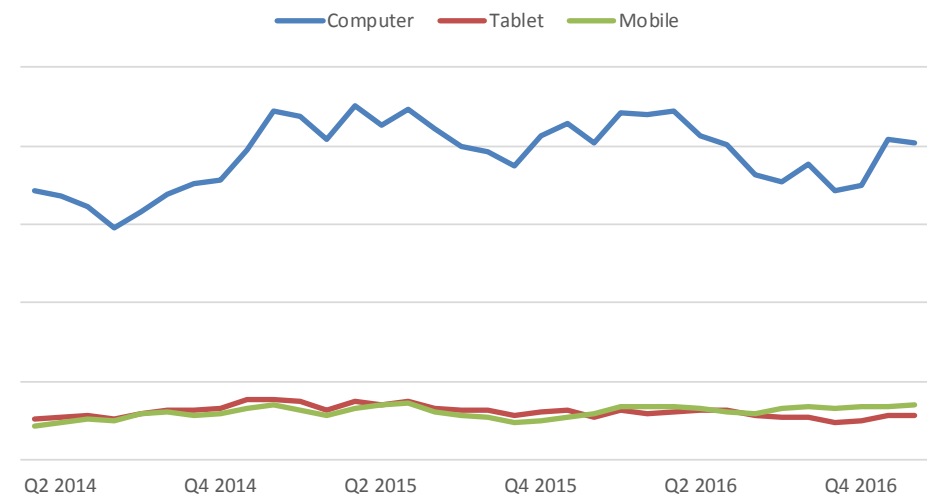
Bing and Yahoo terminated their official partnership at the beginning of 2016, with Yahoo Gemini pulling out on its own. Bing has yet to find a silver bullet in their attempts to increase their click volume through new partnerships and initiatives.

Sadly, even with the success of Windows 10, Microsoft's Edge browser with default Bing search hasn't provided much traction.

YBN Click Share of Computers vs Google



YBN Click Volume

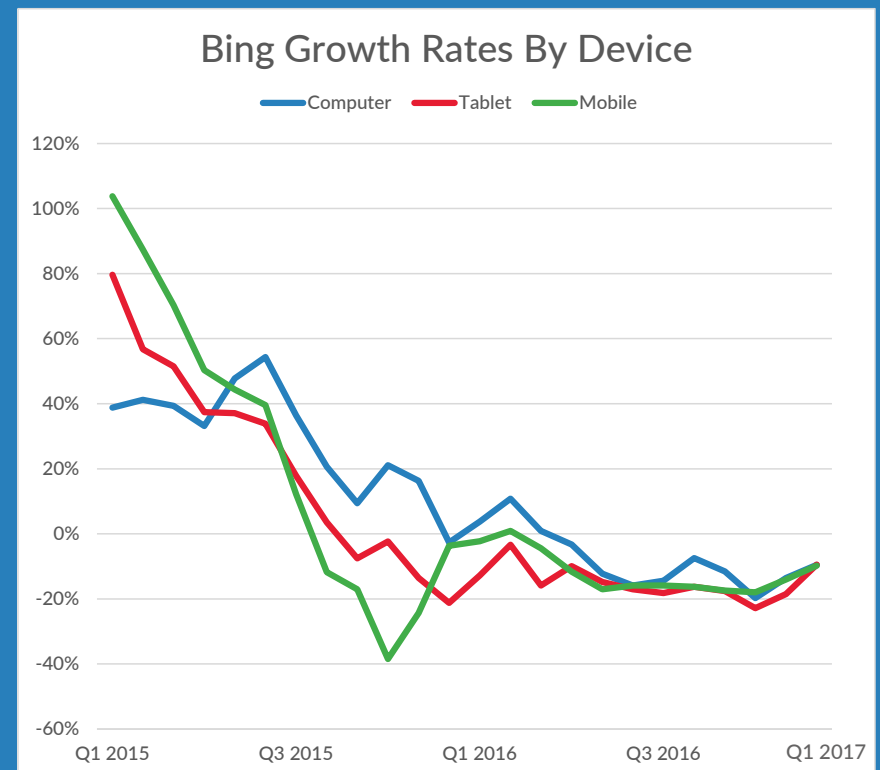
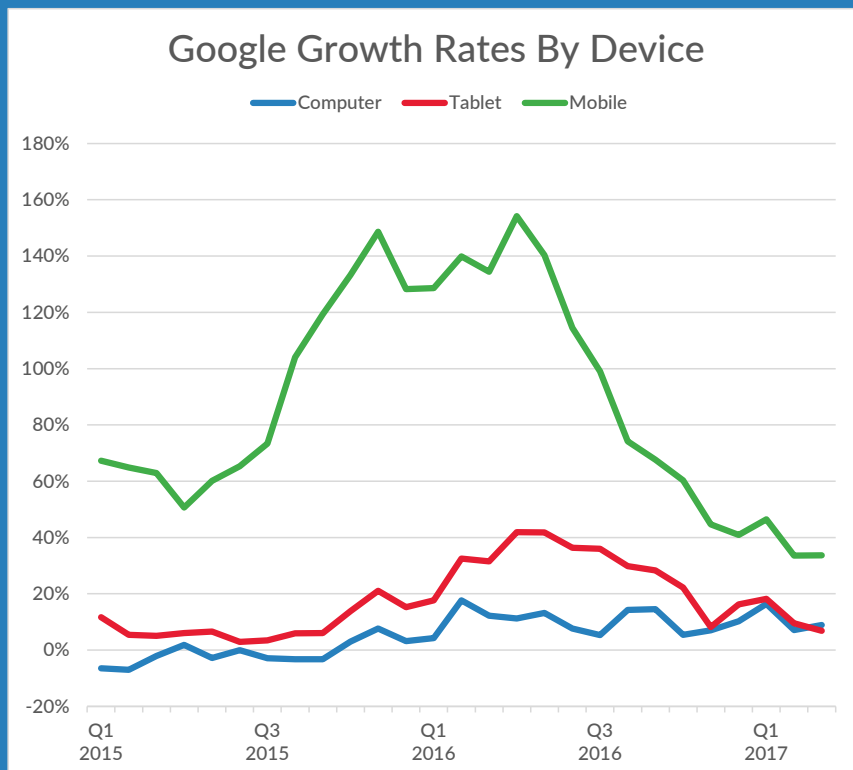


GOOGLE VS. YBN

Click Growth

Through mid-2016, Google's year-over-year (YOY) mobile click growth was explosive. Although their mobile growth has since been decreasing, there's nothing unimpressive about a **45% YOY growth rate**. It's worth noting that even **desktop and tablets have continued to experience double-digit growth rates** for Google. In Q1 2017, growth has remained pretty constant for all three device types.

Bing and Yahoo's YOY growth rates, on the other hand, have been declining on every device. Their negative growth rates persisted throughout 2016 and into Q1 2017, though they have seen a slight up-tick recently.



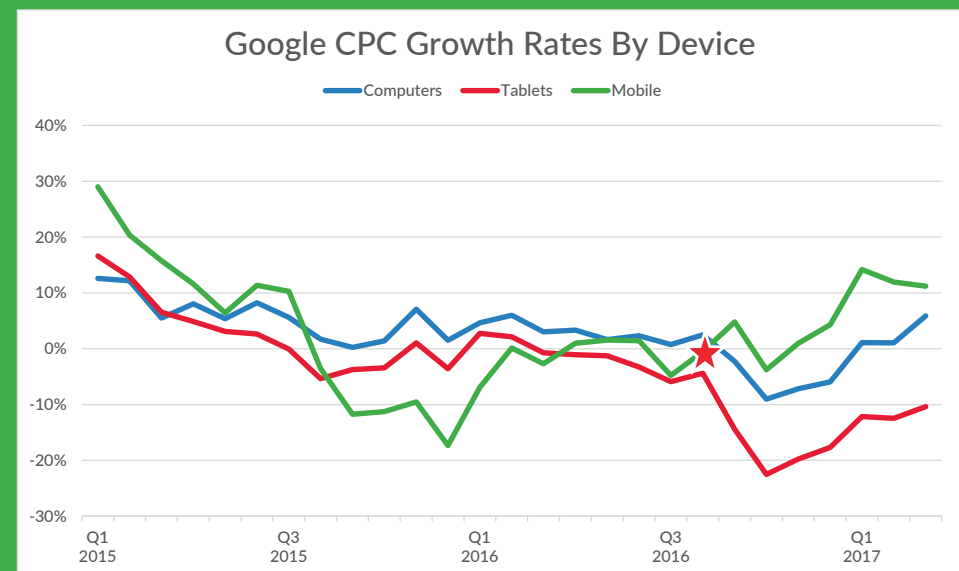
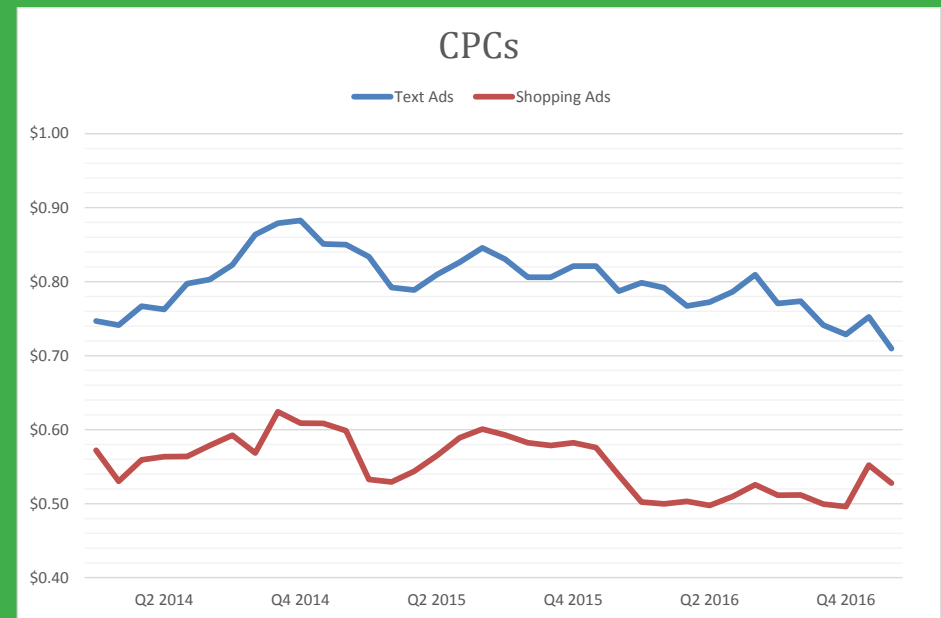
GOOGLE CLICK

Cost Comparisons

The star on the second chart shows when **Google released tablet-specific bidding**. Previously, Google required desktop computers and tablets to share the same bid. Once we had the ability to apply distinct bid modifiers for tablets, **we immediately lowered bids across campaigns where this made sense...** it turns out this applied to almost all accounts and campaigns.

As such, **tablet CPC's took a nosedive going into Q4**, with a slight bump back up for the holidays. Though Q1 2017 has seen improvement, we are still seeing negative growth rates of 10% for tablets.

Mobile CPCs went up in Q4 2016 as we got aggressive with bidding, particularly with Shopping campaigns, to capture the increasing YOY traffic and performance on this device segment. They have continued to hold relatively steady in Q1 2017, while computer CPCs have rebounded to positive growth for the first time since early Q3 2016.

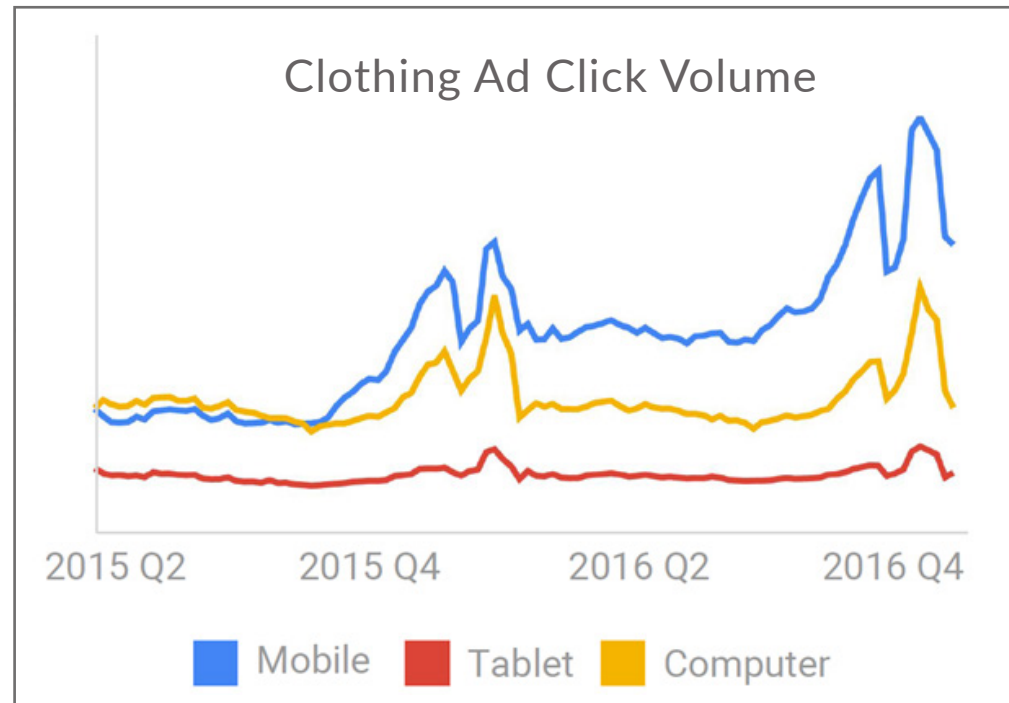
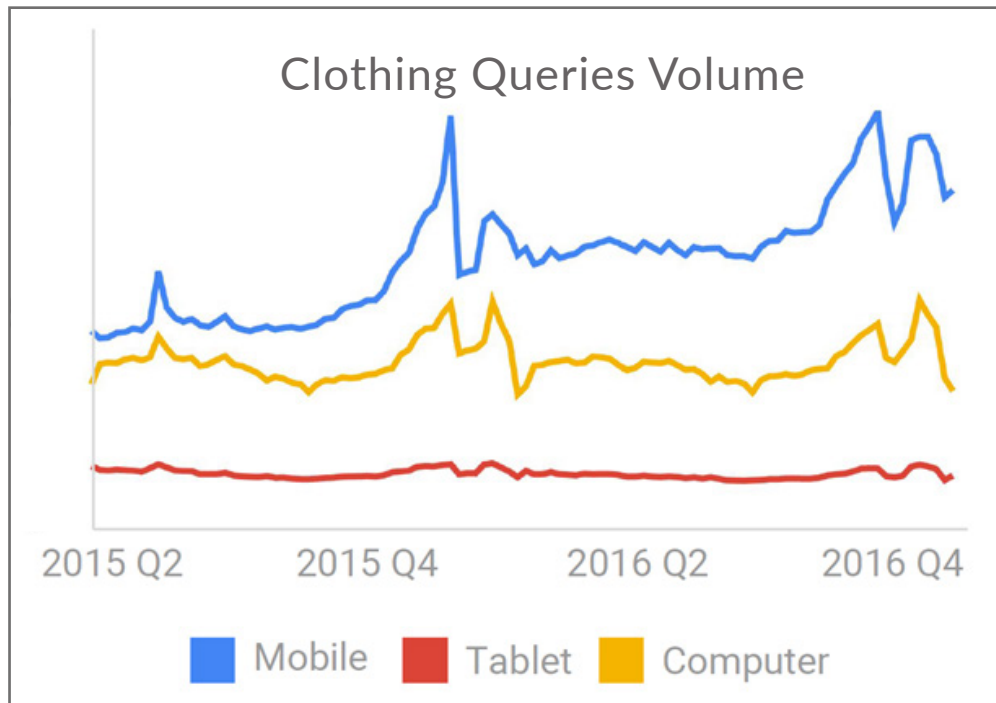


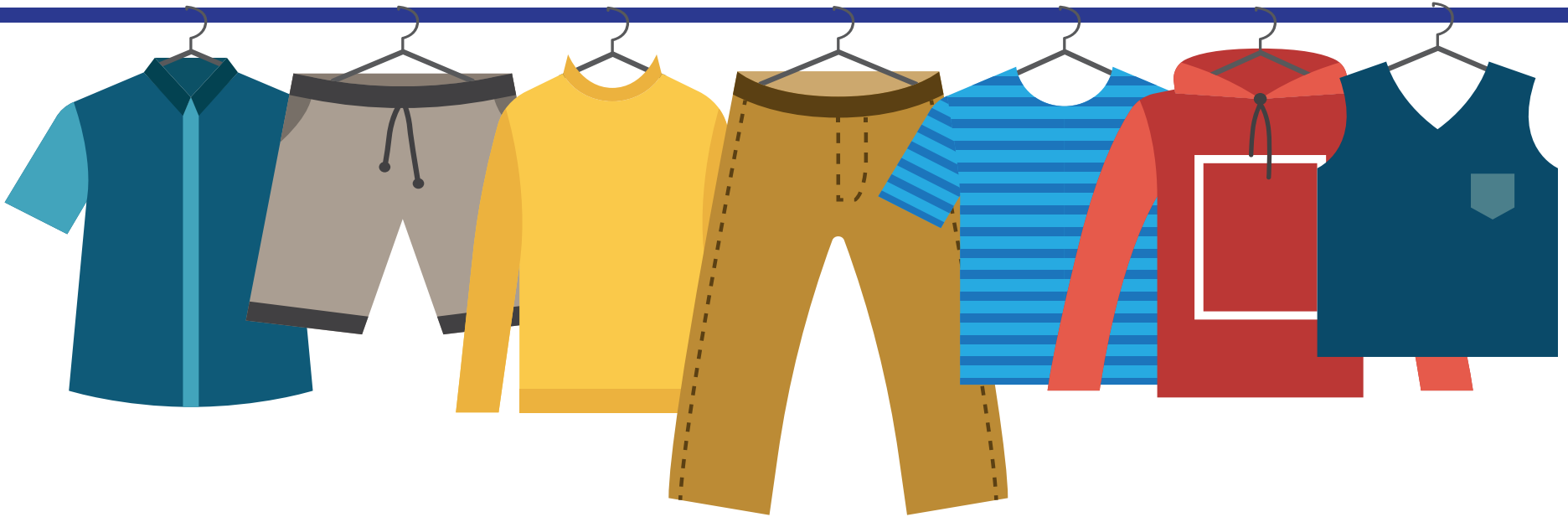
CLOTHING VERTICAL DATA SPOTLIGHT

Provided by Google

The clothing vertical has strong momentum from every angle. According to Google's in-house data, clothing-related queries grew by **23% in Q4 2016**, with **63% of all clothing searches conducted on mobile devices**.

A 23% growth in clothing queries would be amazing by itself. However, online clothing retailers with a strong presence in paid search saw growth **nearly 3x this amount**. Ad clicks on these queries rose by **61% in Q4 2016!**





“ROI Revolution clients saw similar success in the clothing vertical around the holidays. In fact, one of our industry-leading clothing retailers saw more than **140% revenue growth with Google**, with a **360%+ growth** specifically on Google Shopping. Even with an **8x increase in traffic** and a **2x increase in spend**, we came in well above return on ad spend (ROAS) target.

Another of our clothing retail clients saw tremendous growth in revenue as well as clicks. Through the five-day Thanksgiving weekend, they saw nearly **90% click growth**, more than a **150% increase in transactions**, and over **90% revenue growth**! Since more and more clothing queries are happening on mobile devices, and Google Shopping is showing more prominently on mobile, we expect continued momentum and growth in this vertical.”

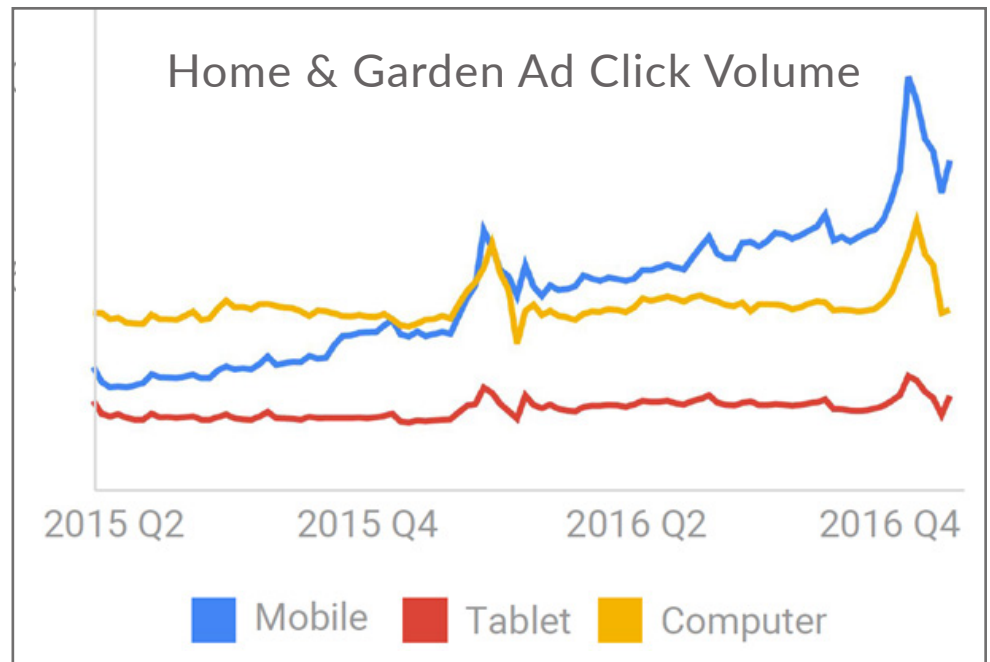
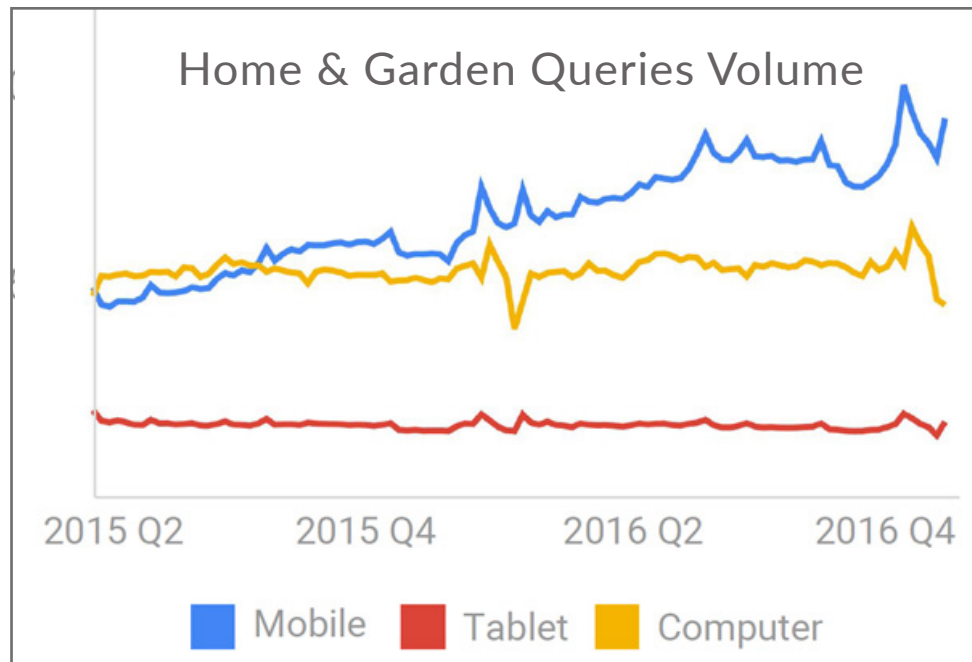
-Justin D'Angelo, Director of Client Services

HOME & GARDEN VERTICAL DATA SPOTLIGHT

Provided by Google

According to Google's in-house data, queries related to home & garden only grew by 2% in Q4 2016 vs. in Q3, with **55% of all such searches conducted on mobile devices**.

While searches only rose by 2%, **clicks rose by 17% in Q4 2016**. As seen in the chart on the right, Google has demonstrated a remarkable ability to further accelerate the number of clicks in the already-accelerating mobile search trend. A **2% growth in searches** overall within this vertical has suddenly become **high-growth for those strongly invested in mobile paid search**.





“While the click growth in the home & garden vertical for Google was significant, some of our clients found even greater success. One such home goods retailer saw more than **110% click growth** YoY for the Thanksgiving weekend. Even with the tremendous number of clicks, they saw **33% lower cost per acquisition (CPA)** and a **150%+ increase in revenue**.

Another client was equally successful, boasting an impressive **130% growth in both transactions and revenue**, including more than a **3x increase** on Cyber Monday alone! This further reinforces our belief that with the right strategies in place, vertical-specific growth can far outpace the industry average.”

-Justin D'Angelo, Director of Client Services

2017 ECOMMERCE PAID SEARCH REPORT

Conclusion

Between our internal data and that provided by Google, this report outlines several takeaways that have become crystal clear in the world of paid search:

1 The **mobile-first era** is well underway and there's no indication that will change any time soon.

2 **Google is the dominant channel for paid search**, and the gap in click share and click volume is only getting wider.

3 **Google Shopping** continues to perform exceptionally well and is a vital component of almost any paid search account.

4 There are opportunities in virtually any vertical to **push well past industry averages** with the right paid search strategies.

WE'RE HERE TO HELP!

Don't worry if you're feeling overwhelmed. We've got a team of experts to assist you with the details. Schedule a 20-minute consult and sit back as our analysts sift through your account and give you actionable takeaways to meet and exceed your business goals. What are you waiting for? It's time to grow your business, and we can help!

To schedule a consult, email:
ppcreview@roirevolution.com

Additional Resources



Own the Google Shopping Click

Discover the five hidden levers for profitable growth on Google Shopping. Read this report to discover shopping feed elements that cripple top merchants, how to keep your top products in the spotlight, and how to avoid Google Shopping's limited campaign targeting capabilities.

Download at:
roirevolution.com/levers



2017 Mobile-First Ecommerce Report

With the majority of paid search visitors now coming from so-called “secondary devices”, desktop has been dethroned. Read this report to discover data-driven results from clients showcasing the staying power of mobile, successful strategies for a high converting website, and emerging marketing channels to grow mobile sales.

Download at:
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Company Profile

ROBUST TECHNOLOGY. RESPONSIVE EXPERTS.

ROI Revolution is an ecommerce-focused digital marketing agency providing expert full-service management of paid search, online shopping, social media advertising, marketplaces, and search engine optimization.

ROI's dedicated experts use a full suite of proprietary software applications to deliver exceptional results for our 300+ clients. This ever-growing list of clients includes: Peter Millar, Kenneth Cole, Boll & Branch, Silver Jeans, and many others.

Most campaigns can gain at least 20% efficiency almost immediately with the right tactics in place. Meet with ROI Revolution for a complimentary campaign review.

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- Giving clients a competitive advantage with our ecommerce-empowered proprietary software suite.



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