

THE 2016 ECOMMERCE PAID SEARCH REPORT

The Shifting Momentum of Paid Search

2ND EDITION: *Updated with Q1 Data*

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THE SHIFTING MOMENTUM OF PAID SEARCH

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 upon our gleanings from ecommerce client accounts across Google AdWords, Bing Ads, and Yahoo Gemini over the past two years, **this report lays out trends and opportunities for ecommerce merchants to maintain strong growth in the second half of 2016 and beyond.**

With over 270 clients and over \$200 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 is the first year we've released such analysis publicly.

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

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 2016?*

EXECUTIVE SUMMARY

FINDINGS & RECOMMENDATIONS

One in four of your Google Search ad clicks are being funneled through a mobile checkout process, so your mobile product pages and checkout need to be top notch. If you haven't yet, look to add PayPal and/or another mobile-optimized payment processor to your site.



The days of the huge Y/Y gains from the Yahoo! Bing Network have come to an end. Remember, however, Microsoft is making a lot of headway to grow Bing computer volume. You should definitely **participate in Bing Shopping to maintain your Yahoo! Bing Network growth**, if you're not doing so already.



Half of Google ad clicks are coming from Google Shopping, so optimize your product feed. Keep your products active and in stock. Make sure prices are accurate and you are utilizing all of the appropriate feed attributes.

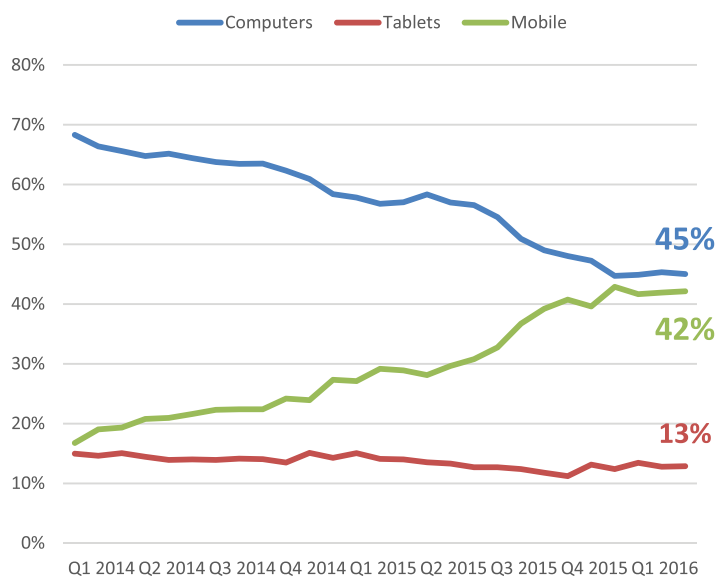
Download our feed optimization report here:
roirevolution.com/feeds-report

Google Text & Shopping Ads by Device

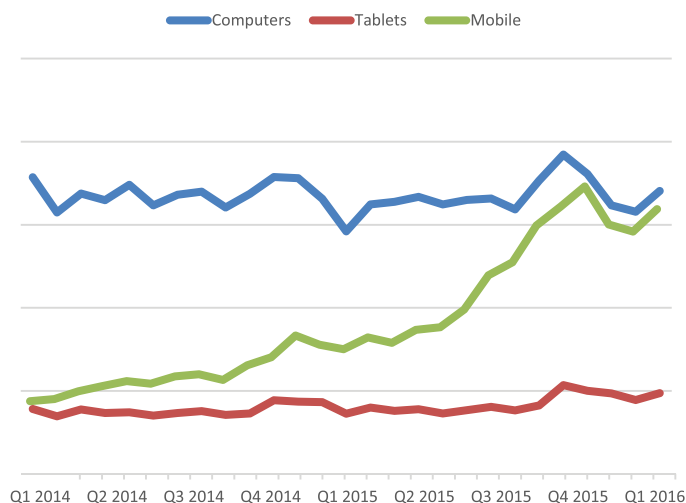
We are always looking ahead to where traffic is going to be, and increasingly, that's mobile.

Mobile is nearly at parity with desktop computers. 68% of the click share was coming from desktops two years ago. Desktop click share has now fallen to 45%, with mobile clicks just shy of this mark at 43%.

Google Click Share By Device



Google Total Click Volume By Device

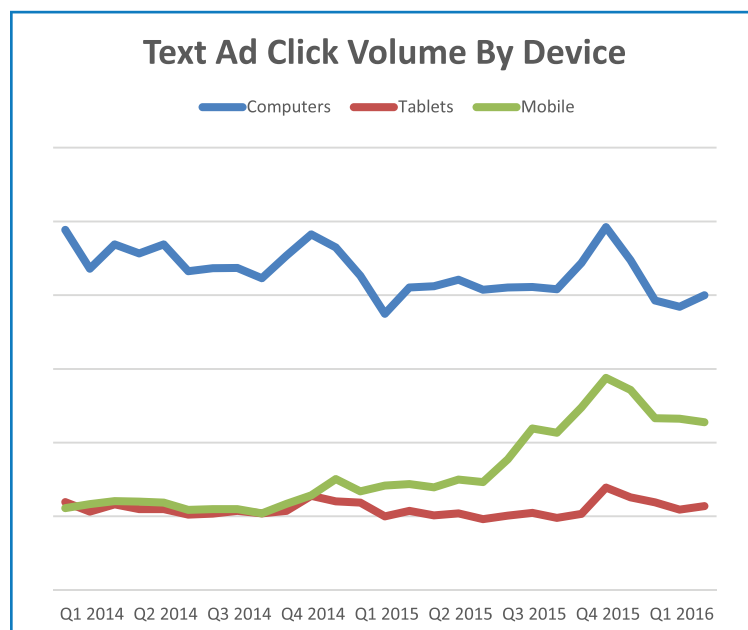
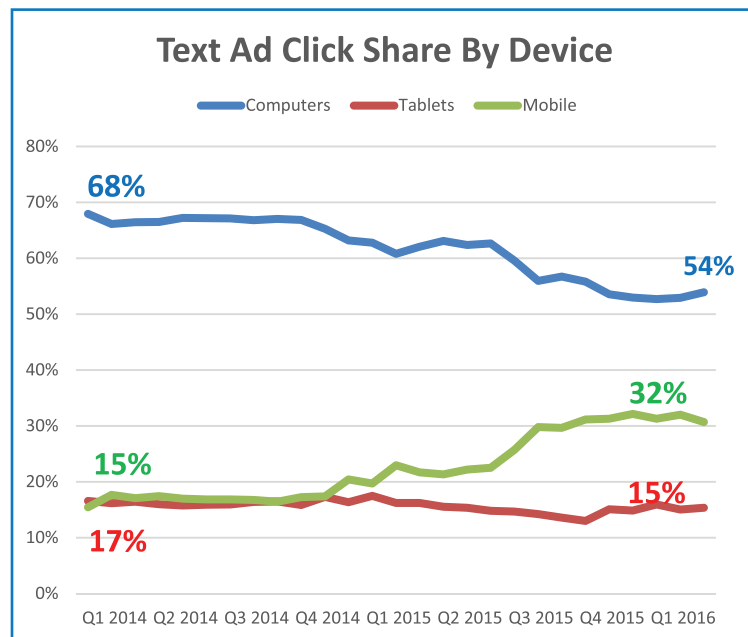


Google Text Ads by Device

Excluding Google Shopping, we are seeing quite a bump in mobile text ads. Google's introduction of a third ad slot at the top of their search results certainly didn't hurt.

Ads are squeezing out organic results even more, so if your organic results started to look poor in the second half of 2015, this could be why.

Both desktops and tablets have seen negative growth in click share and volume.



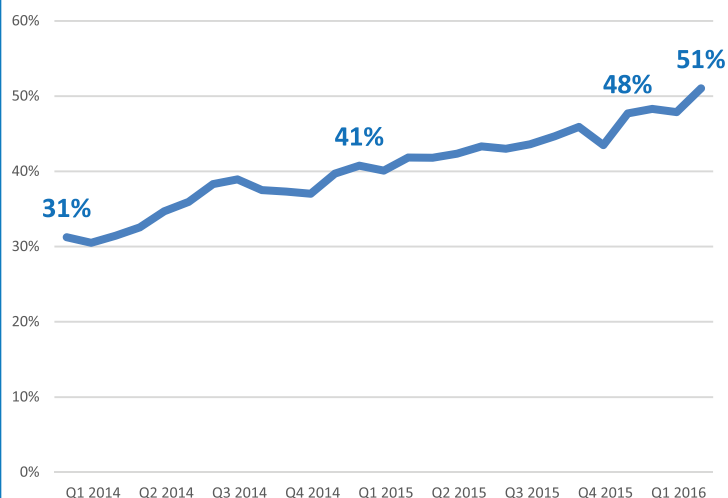
Google Shopping Growth

About half of all Google ad clicks are now Google Shopping. Two years ago, it was 31%. Two years before that, Google Shopping hadn't even been rolled out.

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

With text ads, the entire flow must be optimized, from keywords to ad groups to ads to 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 Clicks as % of Search



Google Shopping Click Volume by Device

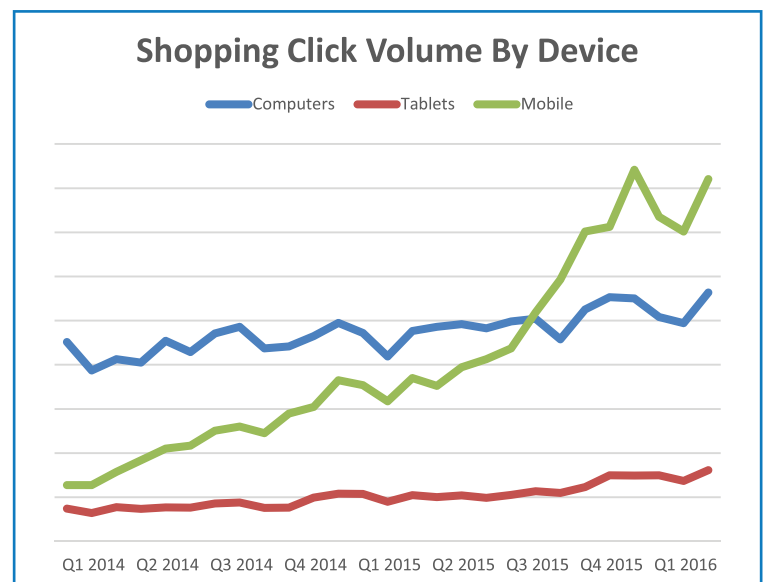
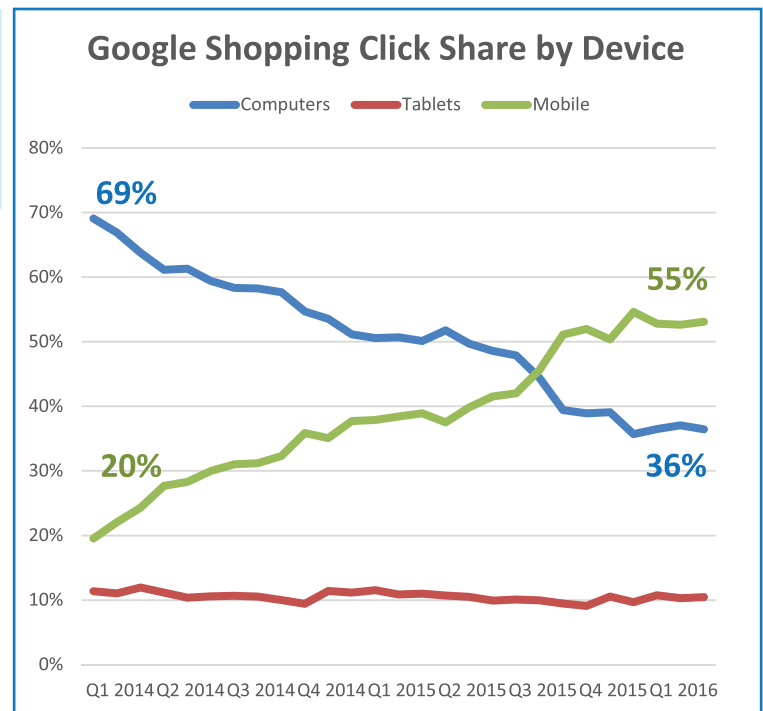
Google Shopping click share by device reveals a shocking trend: we're sitting at 55% of clicks coming from mobile Google Shopping.

While we are seeing slight growth in computers and tablets, mobile has exploded, especially in Q3 and Q4 of 2015.

If half your clicks come from shopping and half of that is mobile, then **one out of every four Google Search ad clicks are mobile shopping clicks.** 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, especially with the latest iPhone and Samsung models, 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.



With one out of every four Google Search ad clicks routed through mobile Google Shopping, a **user-friendly mobile website experience on product pages is absolutely imperative.**

Which of the following KitchenAid mixers are you most likely to add to your shopping cart?

The diagram illustrates the user journey from a Google search to a mobile product page. A Google search for "kitchenaid mixer" displays three results. Two of these results are highlighted with red boxes and arrows pointing to their respective mobile product pages. The first result, the KitchenAid 5 Quart Artisan Stand Mixer, is shown on a mobile page with a \$10 off coupon and a \$30 cash back offer. The second result, the KitchenAid Professional 5 Qt. Mixer, is shown on a mobile page with a \$249.99 sale price and an "add to cart" button.

Product	Price	Source	Rating
KitchenAid 5 Quart Artisan Stand Mixer	\$249.99	EverythingKitchen...	★★★★★ (133)
KitchenAid Professional 5 Qt. Mixer	\$249.99	Target	★★★★★ (133)
KitchenAid KSM150PS Art	\$349.99	Macy's	★★★★★ (2k)

Mobile Product Page 1: KitchenAid 5 Quart Artisan Stand Mixer

- Join Click & Collect. Exclusive Savings. Sitewide!
- FREE 3-Day Shipping* on thousands of items & orders \$49
- Exclusions
- FREE LIFETIME MEMBERSHIP! \$10 OFF** USE CODE: happychef10
- Low Price Guarantee: UP TO 7 DAYS AFTER THE SALE!
- GET \$30 CASH BACK** KitchenAid 5 Quart Artisan Stand Mixer - Silver Metallic **\$129.99 After \$30 Rebate**

Mobile Product Page 2: KitchenAid Professional 5 Qt. Mixer

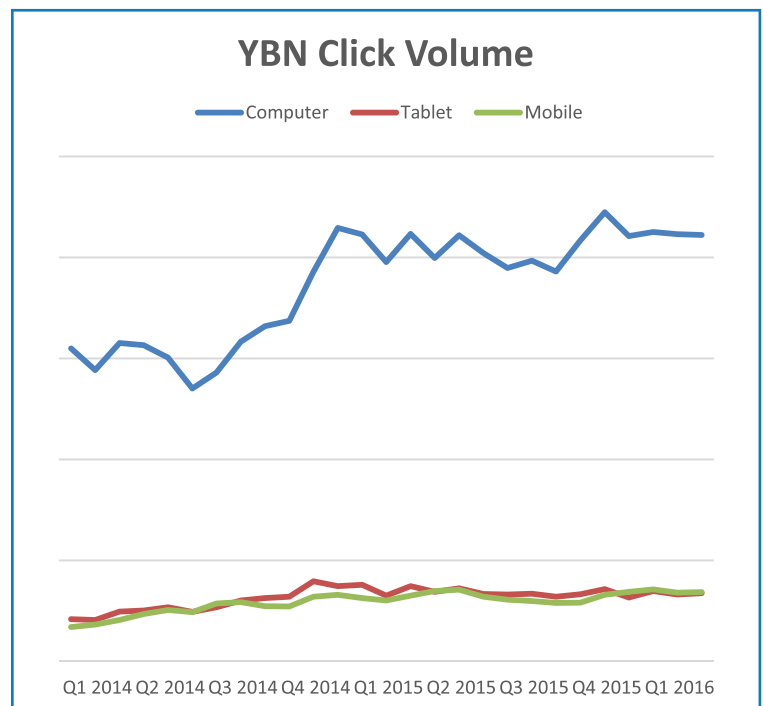
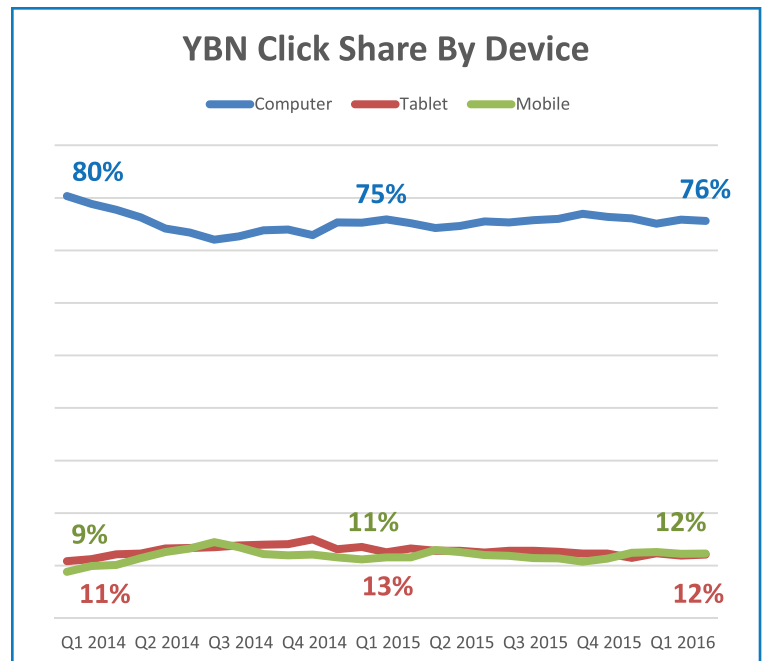
- free shipping on orders of \$25+ & free returns on eve...
- search
- \$249.99 sale
- Reg: \$449.99 Save \$200.00 (44% off)
- KitchenAid® Professional 5 Qt. Mixer KV25G0X
- color Silver Grey
- add to cart

YBN (Yahoo! Bing Network) Device Click Share

The Yahoo! Bing Network is seeing completely different trends than Google. (Since Yahoo! is serving ads from both the Bing Ads platform and their own Gemini platform, we're including all of this data under YBN.)

Desktop computers still have a huge share of clicks. This makes sense since Google is the default search engine on iPhone and Android phones. This allows Google to dominate 91% of all mobile searches.

Bing, of course, really shines on Windows computers. They're even seeing growth on desktops, which is where you'll also find the highest conversion rates.



YBN Computer Share Traffic vs. Google

Concerning desktop click share, the Yahoo! Bing Network has gained some ground on Google over the past two years.

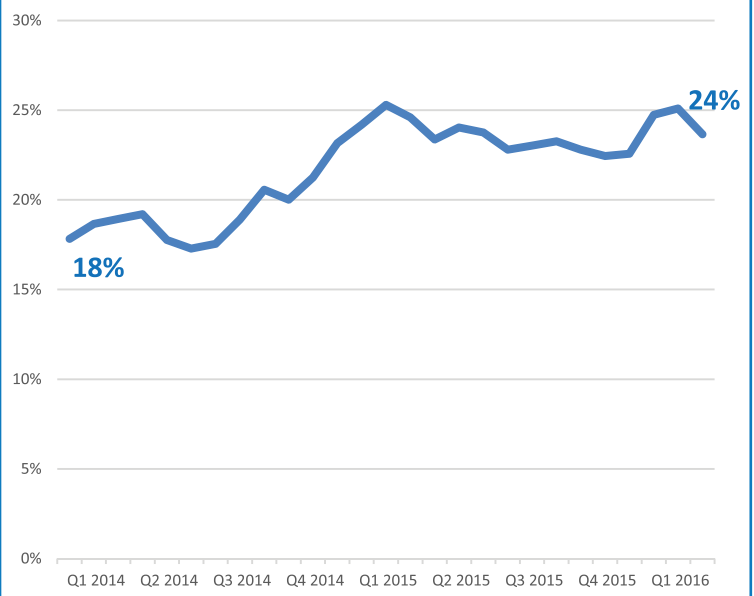
Their big gains are likely the result of Yahoo! becoming the default search provider for Firefox on desktop computers. A few people switched back to Google, hence the slight decline throughout 2015, but YBN is still sitting at 23%.

As of the start of 2016, Bing struck a new deal with AOL Search. While this makes up only 1% of Google traffic, we are seeing a 3.5% boost to YBN traffic, so it will provide another noticeable lift.

The fact that Windows 10 is now automatically installed on PCs with their Bing-default Edge browser won't hurt their cause. People who have Windows 10 use Bing search 20% percent more than people who have any other version of Windows.

Microsoft has a one billion install goal with Windows 10. With their new OS installs currently around 270 million PCs, Bing could see continued desktop gains if their lofty goals are attained.

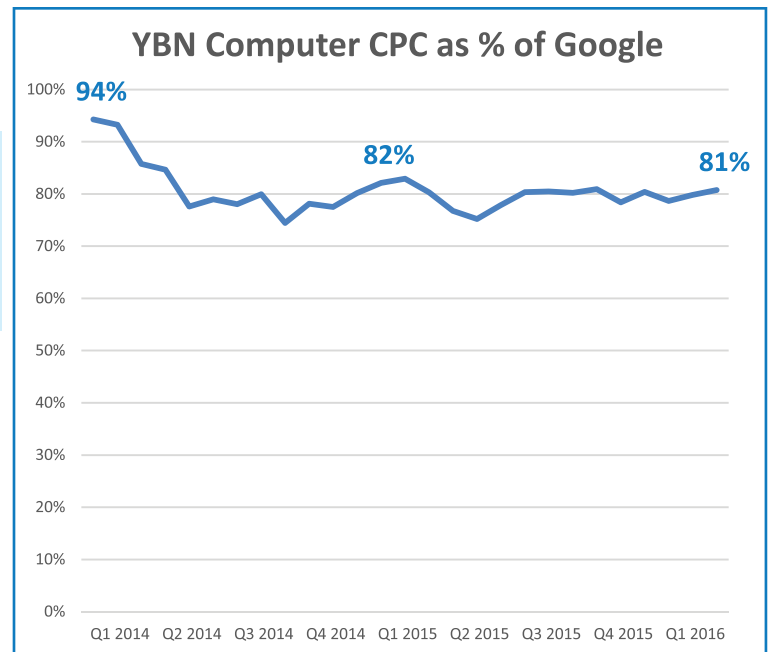
YBN Click Share of Computers vs Google



YBN Computer CPC vs. Google

In our client dataset, YBN clicks are about 20% cheaper than Google.

Given that average order value is generally higher with YBN traffic, Bing's gains will directly translate to ROI gains for retailers.

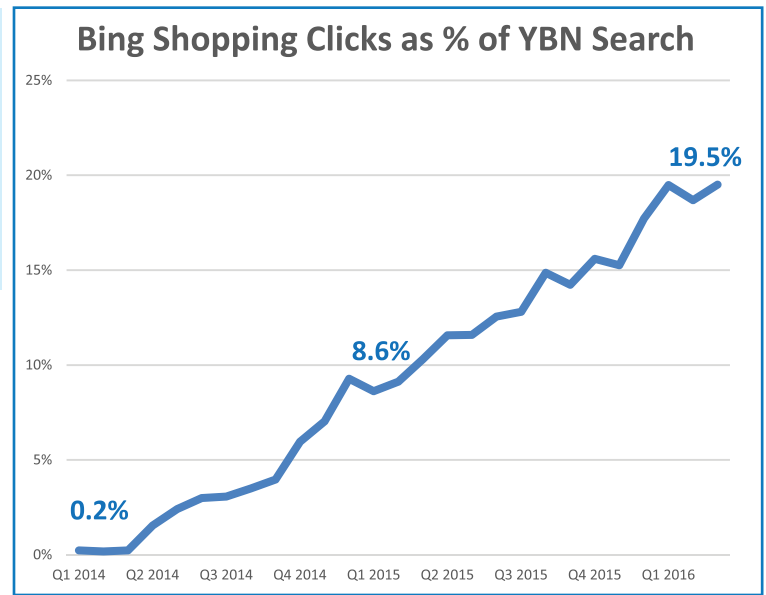


Bing Shopping Click Share of YBN

Google Shopping ad share started at 36% of their search traffic on 1/1/14 and has grown to 51% as of 3/31/16. Bing Shopping started at basically zero in Q1 2014 and has grown to nearly 20% of their clicks.

There is still a lot of runway left, so we're expecting to see more growth here. **If you're doing Google Shopping, you need to be doing Bing Shopping** because that's where the huge growth is occurring.

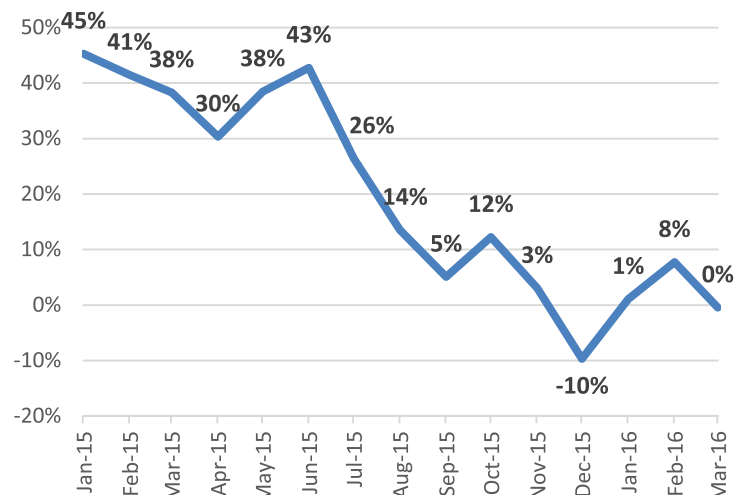
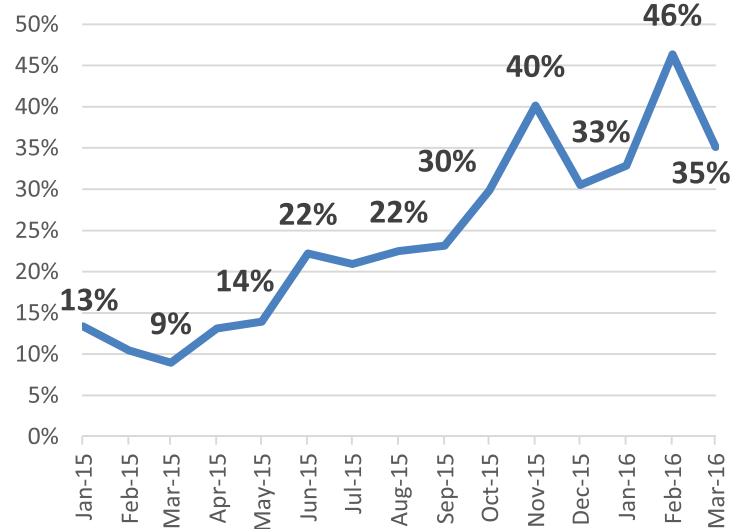
Bing Shopping is eating into their text ads. Remember, Bing has 80% desktop computer traffic, which sees the highest conversion rates.



Google vs. YBN Click Growth

We were enjoying some nice growth coming from the Yahoo! Bing Network up until about Q3 of 2015, at which point they started to decline.

February had 29 total days, 21 business days, and 5 Mondays, a popular online shopping day. This led to unusual spikes in both Google and Bing.

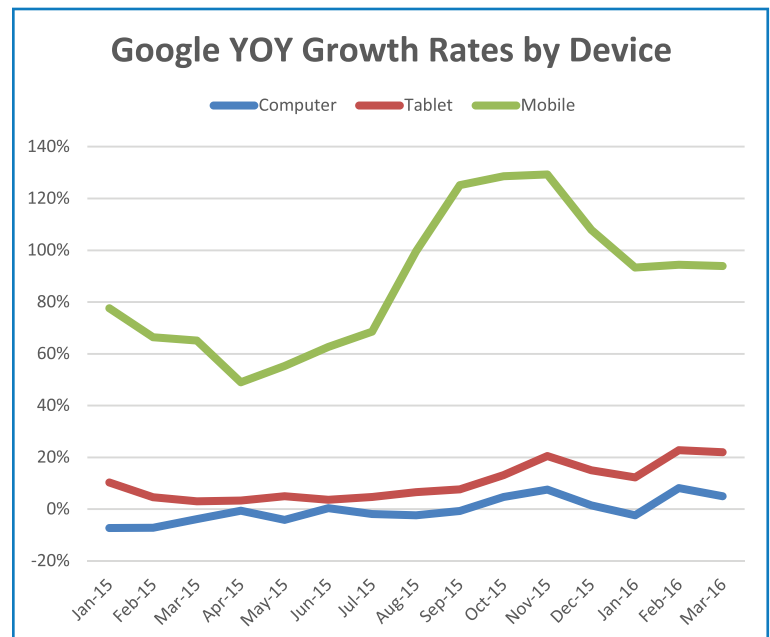
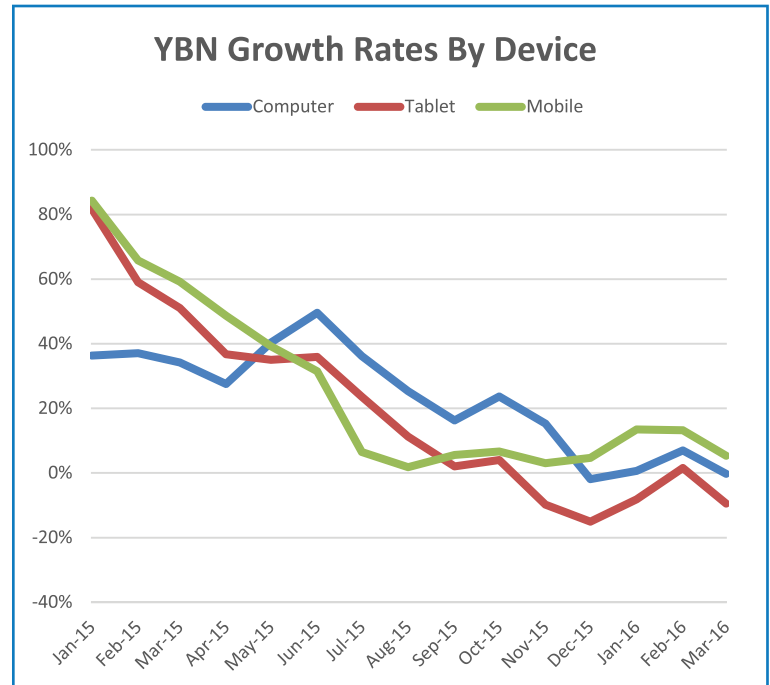


Google vs. YBN Growth by Device

With the Yahoo! Bing Network, the percentage of growth is declining on every device.

Besides an anomalous December 2015, Google's overall click growth has been exploding due to their mobile focus.

We're only seeing minimal growth from Google on computers and tablets. Mobile devices are a different story, with well over 90% YOY growth in Q1.



TAKE THE NEXT STEP

Request a Complimentary 20-Minute Paid Search Campaign Review

If you want more help in uncovering your top digital marketing opportunities, take advantage of our complimentary campaign review in Google AdWords, Bing, and Google Shopping. One of our experts will take a look at your campaigns to uncover quick-win opportunities and identify wasted spend.

 **Take Action** at roirevolution.com/reviews

Here's what to expect:

Step 1: Schedule

Once we receive your request, expect a call from one of our Retail Digital Marketing Consultants within one business day. We'll coordinate the best time for your campaign review, and then send a calendar invite with the GoToMeeting details.

Step 2: Attend the Virtual Meeting

We'll get right down to business. Here are some questions we'll try to answer during your Diagnostic Review:

- Are your campaigns bleeding money through misdirected ad spend?
- What 5-minute changes can be made to immediately increase your marketing ROI?
- Where are you limiting potential profitable growth in your campaigns?
- How many of your products are being ignored by your marketing efforts?

Step 3: Start Making Profitable Changes

Our reviews are designed to give you actionable advice for your unique account that you can start applying right away to cut spend and increase profits!

Schedule Your 20-Minute Account Review Today!

roirevolution.com/reviews

ABOUT US

Robust Technology. Responsive Experts.

We are ecommerce marketing experts who manage over \$200 Million in ad spend yearly for our 270+ clients, operating out of 7 different countries.

Our unique approach puts our proprietary software suite in the hands of dedicated account teams whose singular focus is delivering remarkable results for our clients.

Dedicated to Achieving Client Success through:

- Industry-leading paid search management or Google, Bing, and Yahoo.
- Reaching and expanding your audience through Facebook Ads management.
- Driving additional customers and sales through Amazon Marketplace management.
- Giving clients a competitive advantage with our ecommerce-empowered proprietary software suite.
- Offering expert resources and Special Reports such as this one!



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